

# **Explanatory Meeting for Business Results for the First Quarter ended June 30, 2019**

## **1. Regional Market Environments and Projections**

Masafumi Senzaki

Executive Officer      President, Marketing Div.

## **2. Business Results for the First Quarter ended June 30, 2019**

(April 1-June 30,2019)

Tetsuo Katsurayama

Senior Vice President, Executive Officer, CFO

July 25, 2019

 **Hitachi Construction Machinery Co., Ltd.**

## 1. Regional Market Environments and Projections

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Masafumi Senzaki

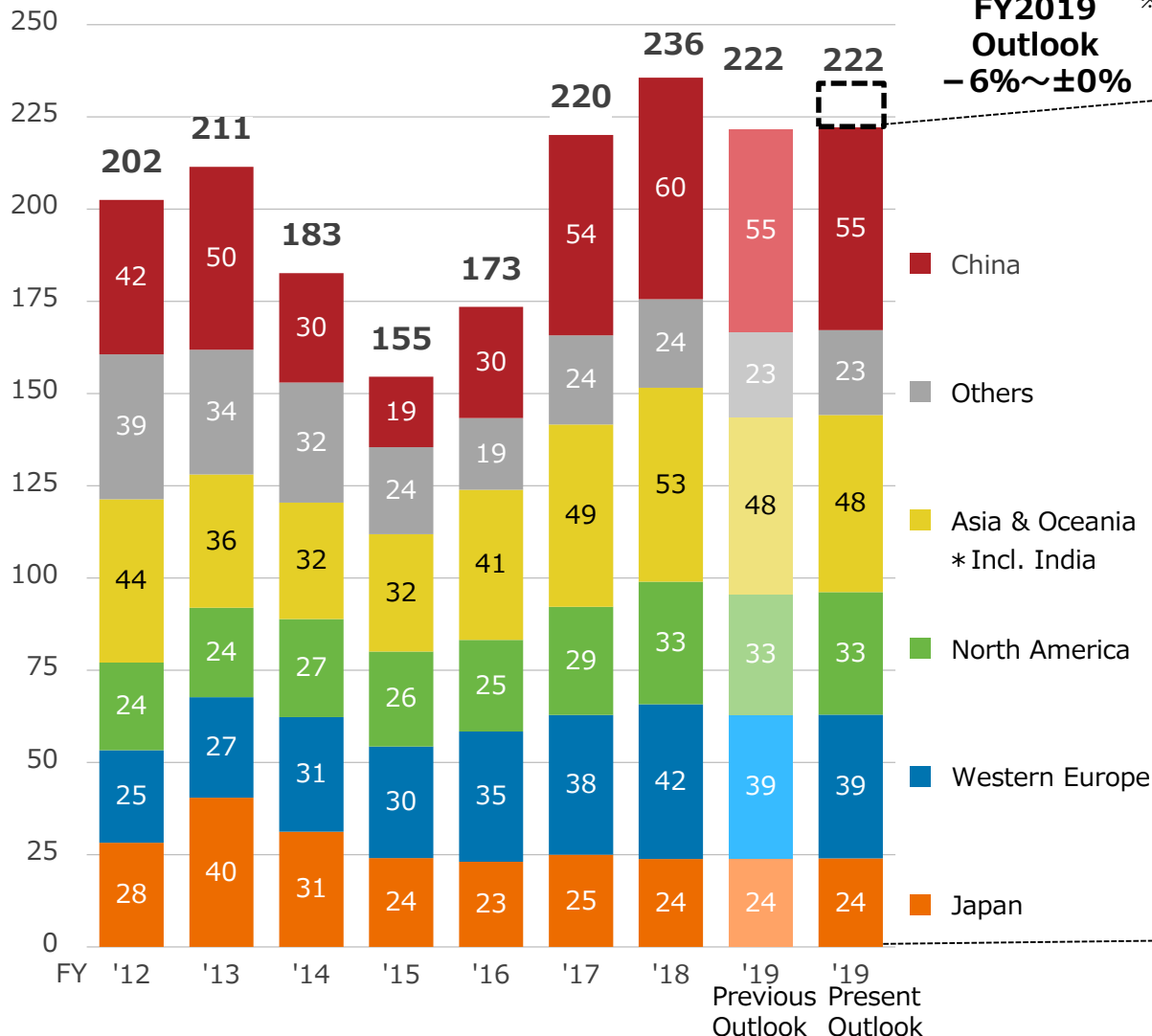
Executive Officer    President, Marketing Div.

# Global Demand Trend for Hydraulic Excavators

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(K units)



※Estimates by HCM, Excluding Chinese manufacturers  
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**FY2019 Outlook**  
 -6%~±0%

## Year-on-Year Change

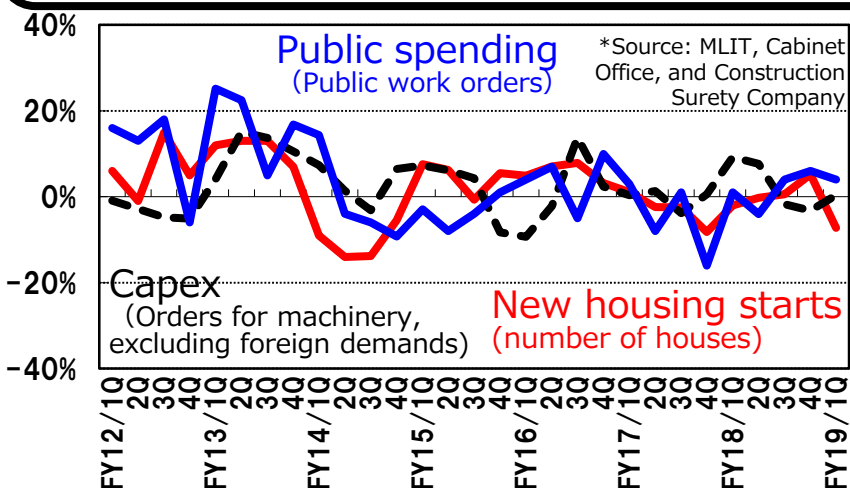
	'18	'19
Total	+7%	-6%
China	+11%	-9%
Russia,CIS, E Europe	+31%	-13%
Africa	-4%	+0%
Middle East	-45%	-2%
Latin America	+5%	-5%
Others	-1%	-6%
India	+14%	-4%
Indonesia	+13%	-18%
Others	-3%	-9%
Asia & Oceania	+6%	-9%
N America	+13%	+0%
W Europe	+11%	-7%
Japan	-5%	+1%

■ **Emerging Countries ratio FY2019 : 57% (Y-o-Y Change:-1%)**

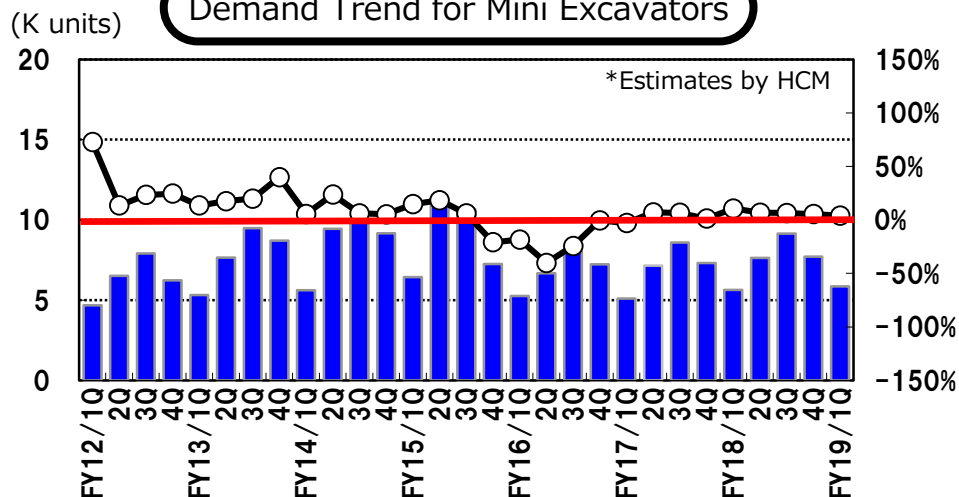
※Emerging Countries: China, Asia/Oceania, and others

- Public investment increased, capital investment remained flat, housing investment decreased y-o-y, a mixture of strong and weak economic indicators.
- Demand for hydraulic excavators and mini excavators increased, while demand for wheel loaders slightly decreased (17% 4%, and -1% y-o-y, respectively.)

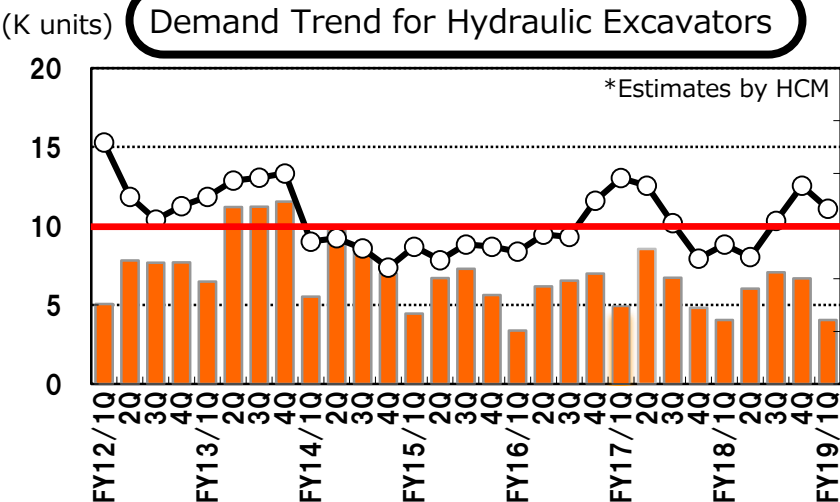
Market Environment: Housing/Public Spending and Capex (y-o-y)



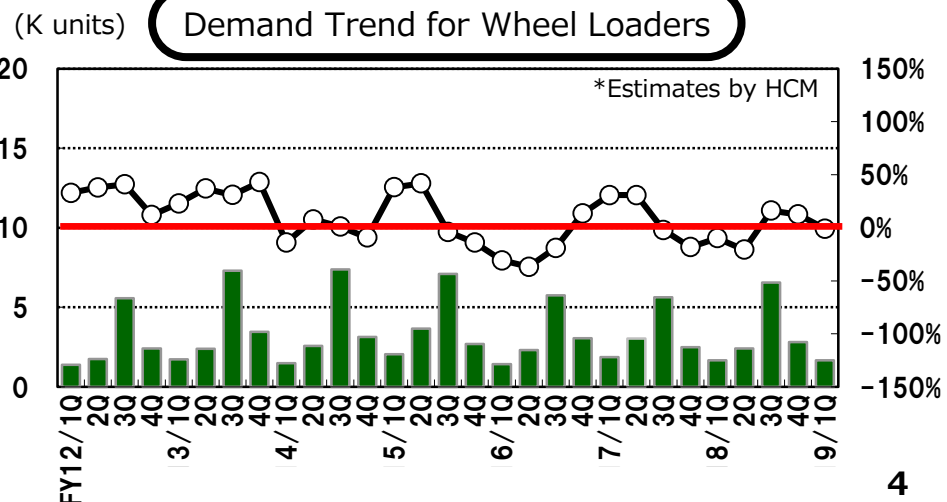
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators

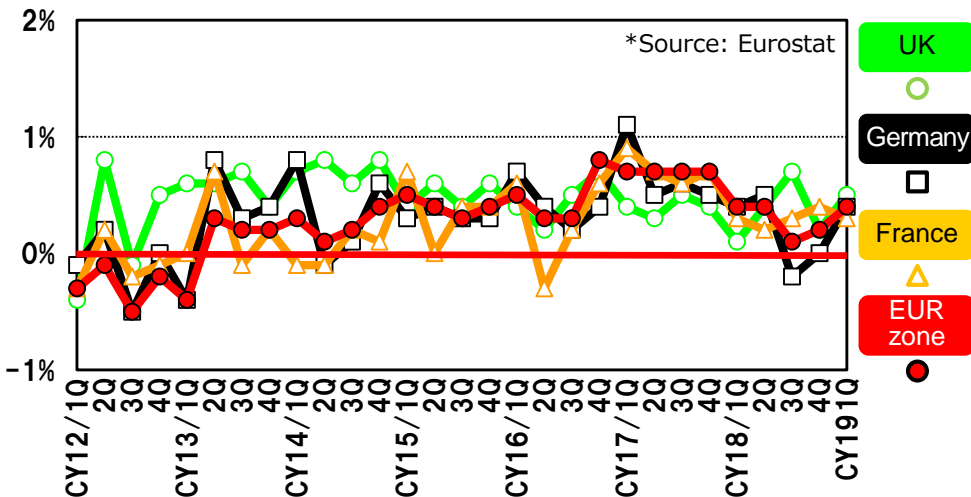


Demand Trend for Wheel Loaders

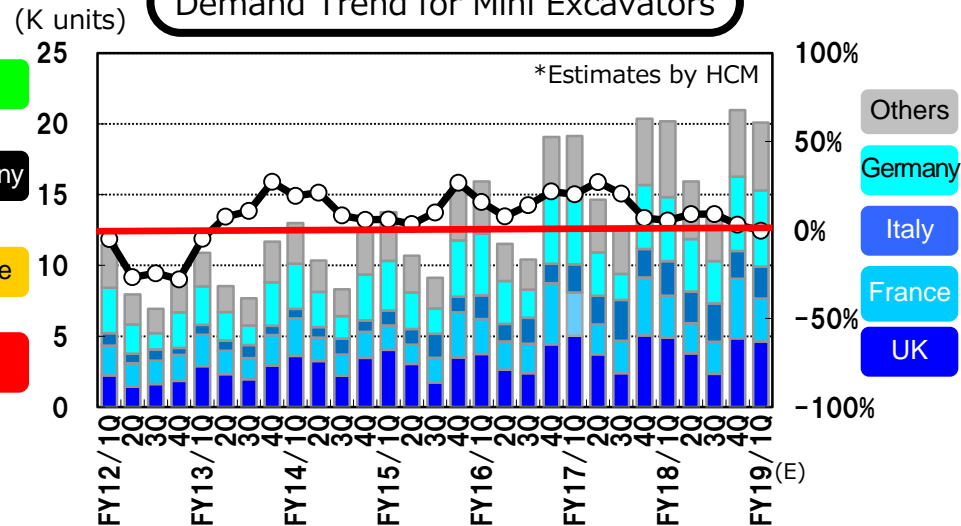


- Throughout the Eurozone, GDP growth rate slightly increased.
- Demand for hydraulic excavators and wheel loaders showed continued growth, while demand for mini excavators remained flat. (5%, 10%, and  $\pm 0\%$  y-o-y, respectively)

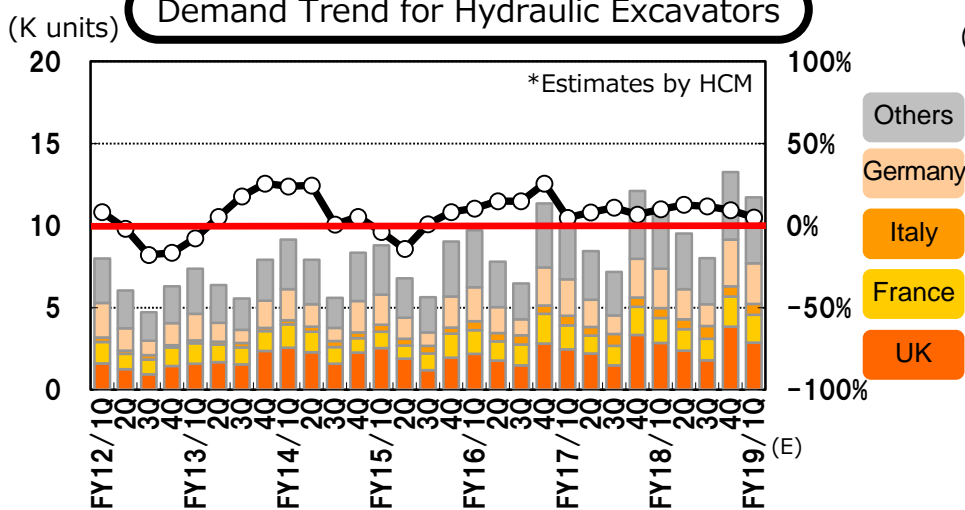
GDP Growth Rate in Major Countries (y-o-y)



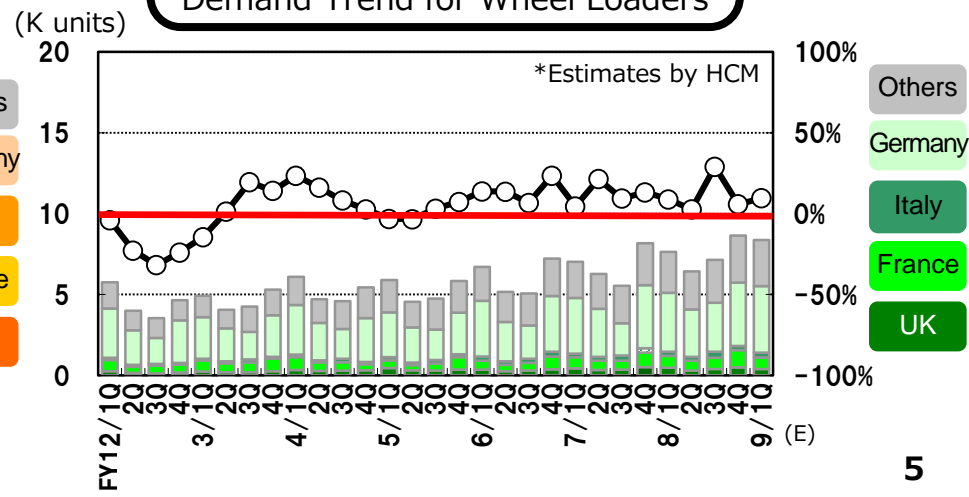
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators

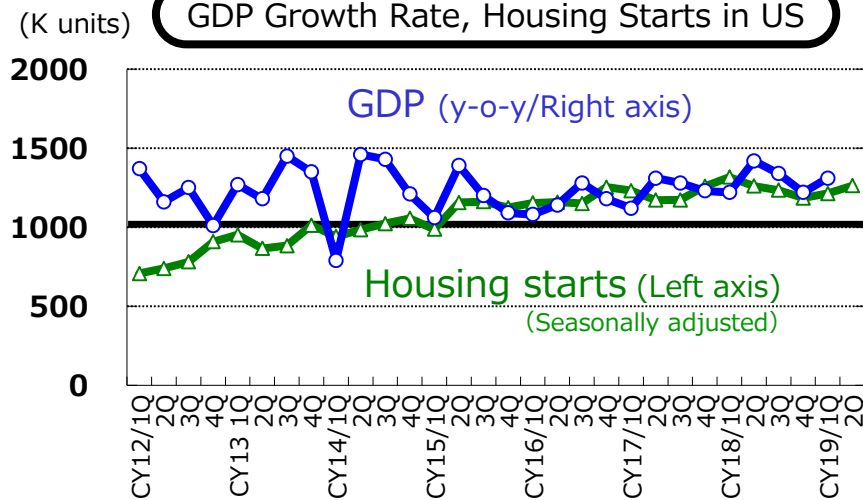


Demand Trend for Wheel Loaders



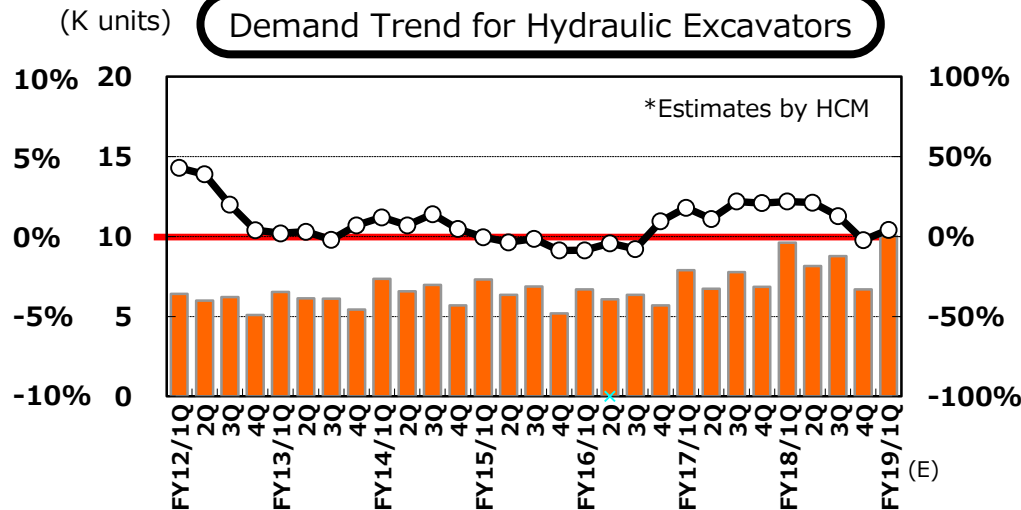
- Housing starts remained almost flat y-o-y. Public construction spending increased, while residential decreased y-o-y.
- Demand for hydraulic excavators slightly increased, while demand for mini excavators remained almost flat.  
(+4% and ±0% y-o-y, respectively).

GDP Growth Rate, Housing Starts in US

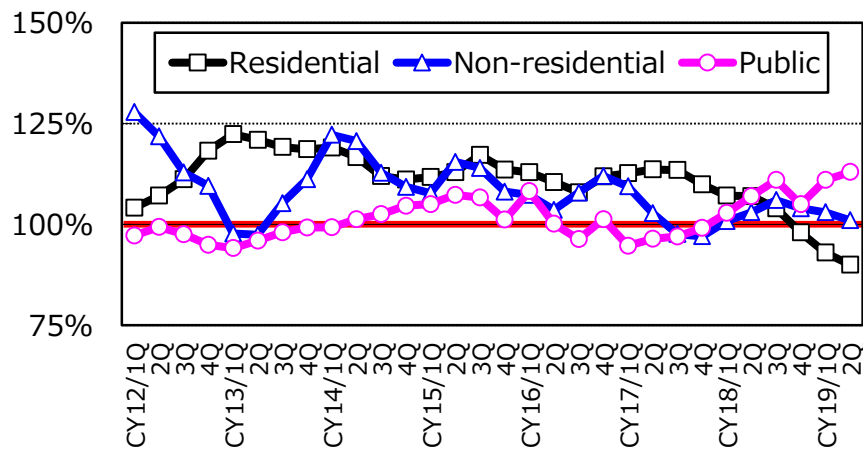


\* Bureau of Economic Census, US Census Bureau

Demand Trend for Hydraulic Excavators

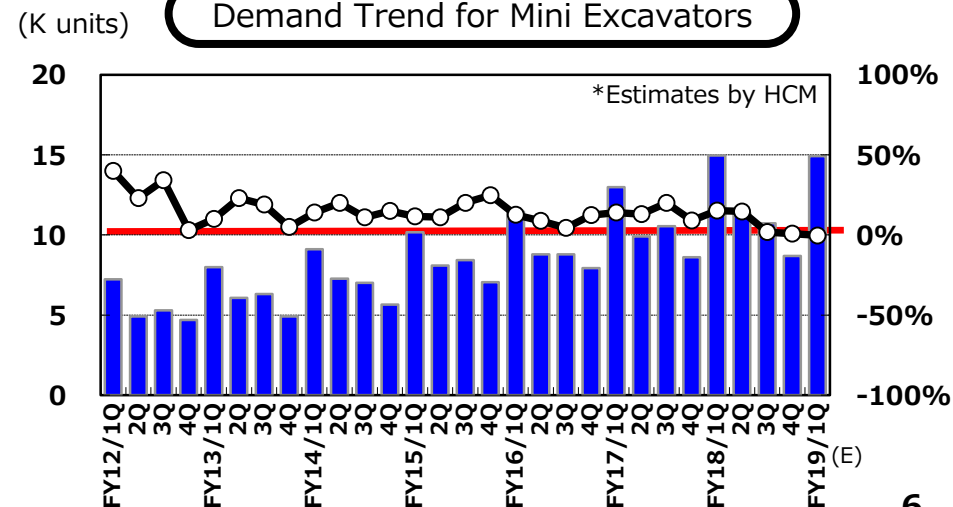


Construction Spending in US (y-o-y)



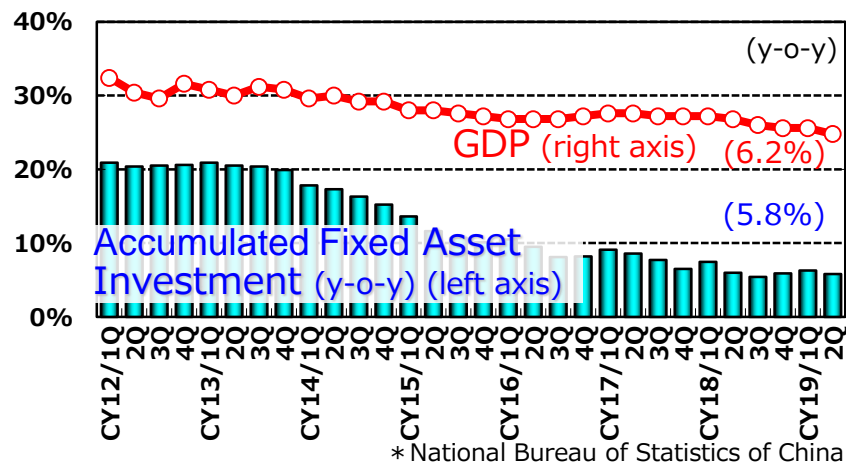
\* Bureau of Economic Census, US Census Bureau

Demand Trend for Mini Excavators

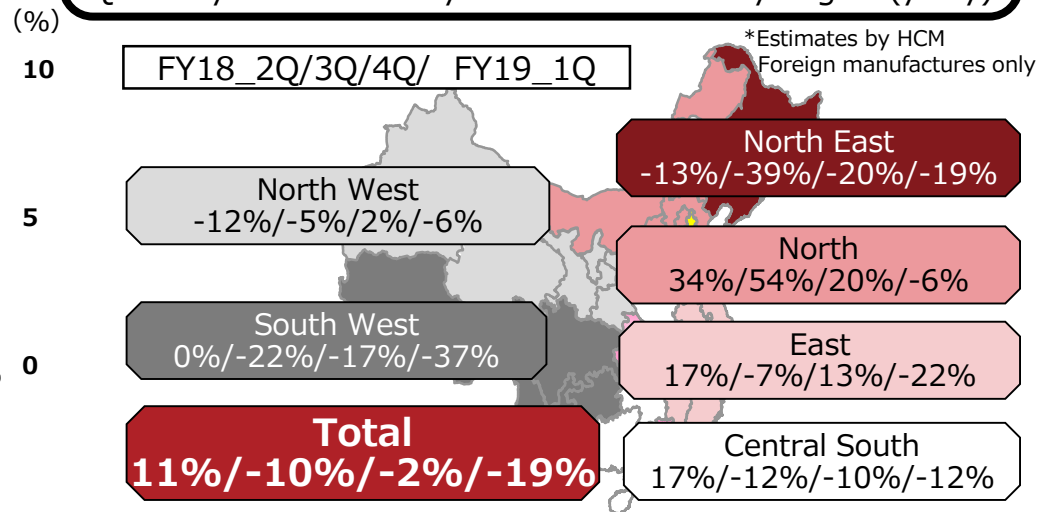


- The GDP growth rate was 6.2%.
- Demand for hydraulic excavators declined (-19% y-o-y). ※Foreign Manufactures only

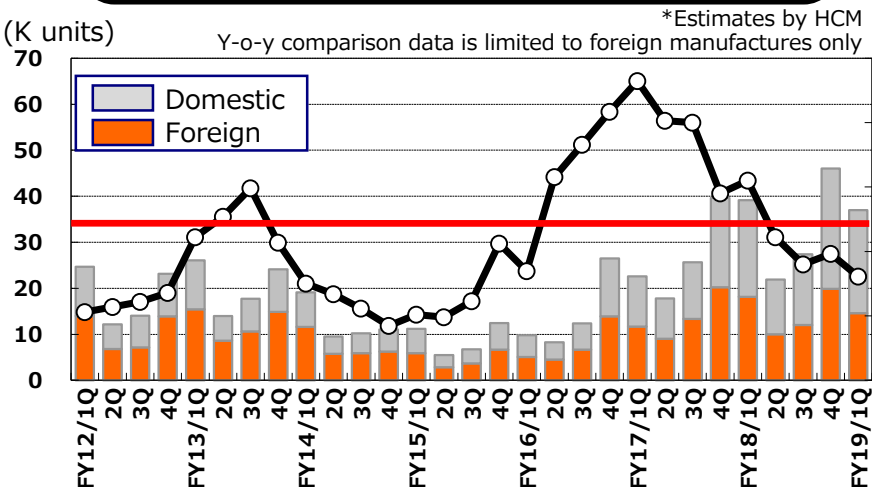
GDP and Fixed Asset Investment



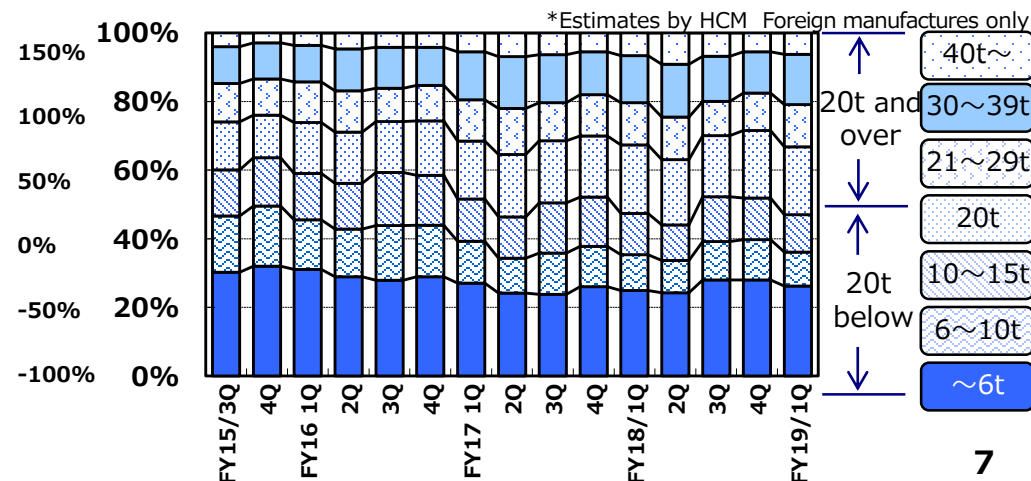
Quarterly Demand for Hydraulic Excavators by Region (y-o-y)



Demand Trend for Hydraulic Excavators



Demand Composition by Class for Mini Excavators and Hydraulic Excavators



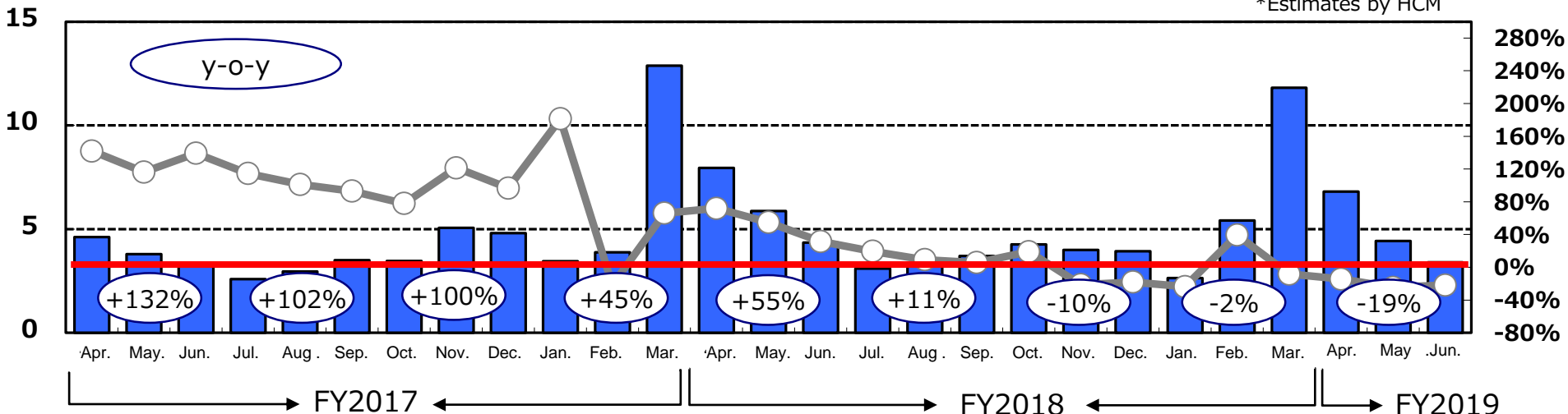
(K units)

## Monthly Demand Trend for Hydraulic Excavators

(Foreign Manufactures only)

(Compared to the same month in the previous year)

\*Estimates by HCM

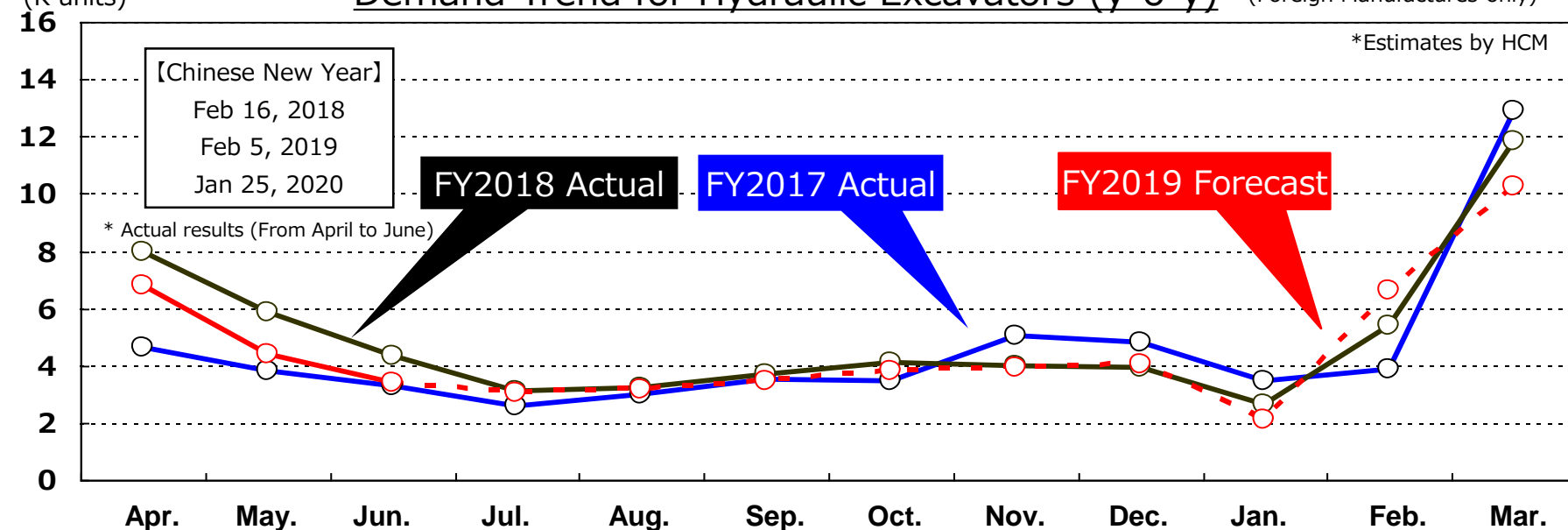


(K units)

## Demand Trend for Hydraulic Excavators (y-o-y)

(Foreign Manufactures only)

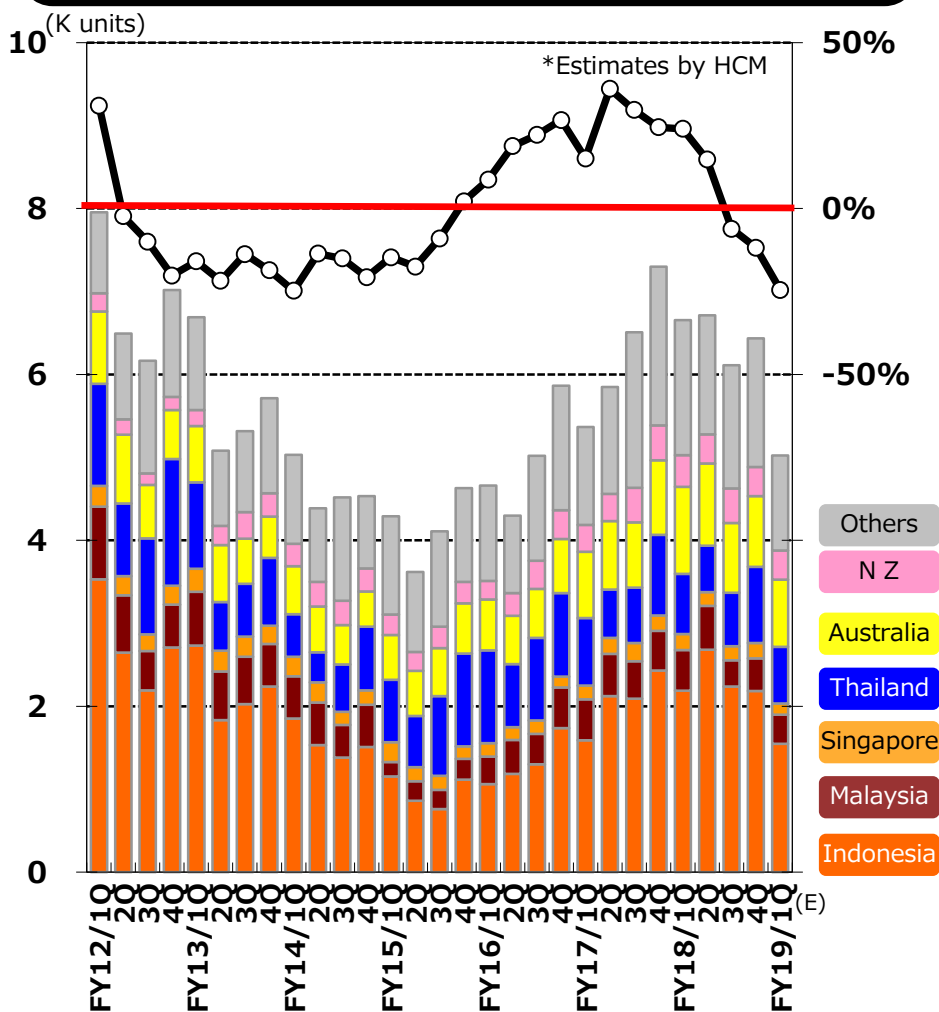
\*Estimates by HCM



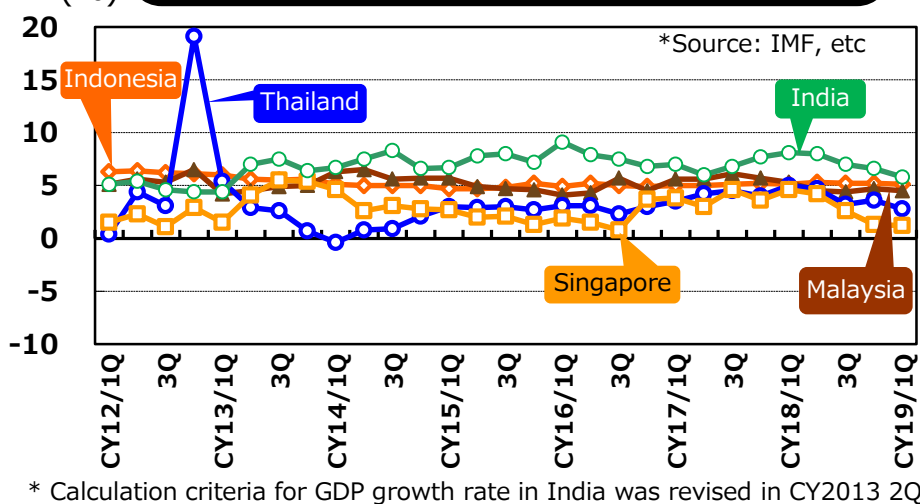


- Demand for hydraulic excavators decreased overall in the Asia Pacific region (-25% y-o-y).
- Demand for hydraulic excavators decreased in India (-20% y-o-y).

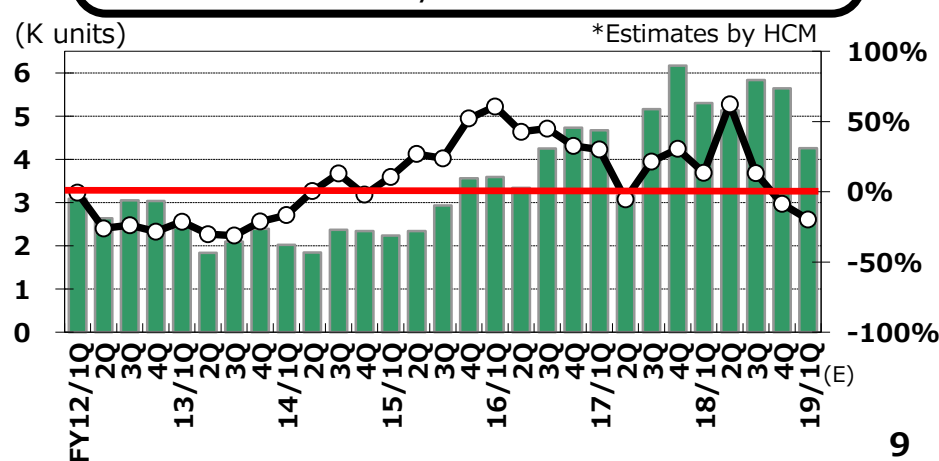
Demand Trend for Hydraulic Excavators in Asia & Oceania



GDP Growth Rate in Major Countries (y-o-y)



Demand Trend for Hydraulic Excavators in India



# <Russia and the Middle East>

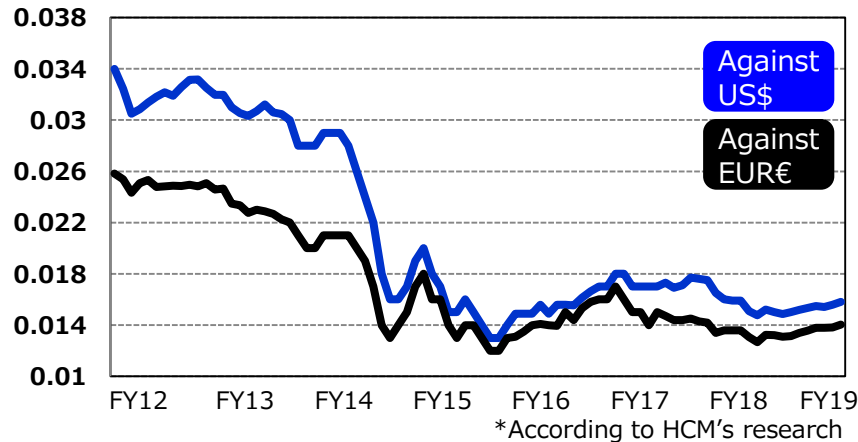
First Quarter  
(from April to June 2019)

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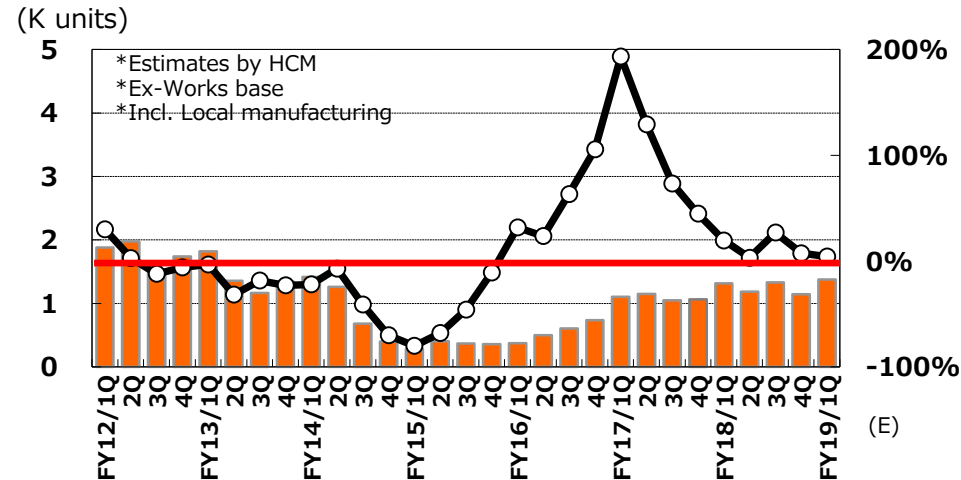
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- Demand for hydraulic excavators slightly increased (4% y-o-y) in Russia.
- In the Middle East, demand for hydraulic excavators continues to decrease in Turkey, while decreasing demand in the gulf region seems to have bottomed out.

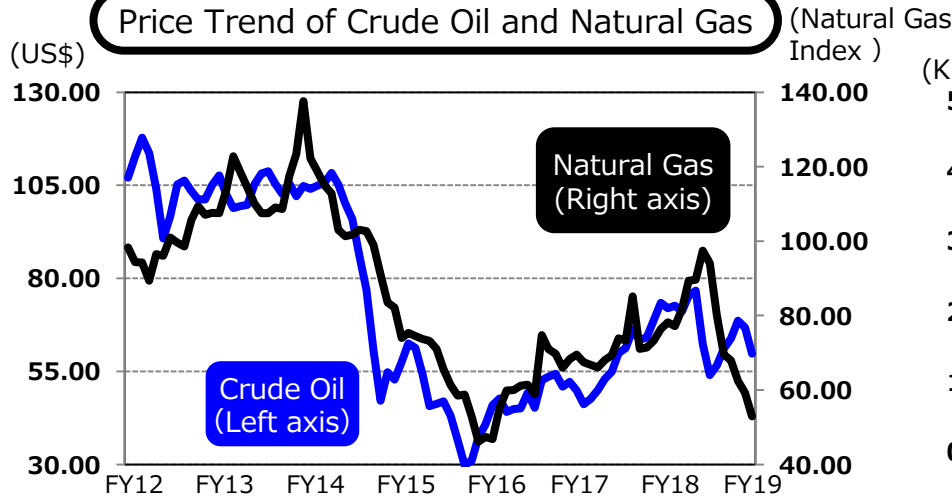
Foreign Exchange Rate of the Ruble



Demand Trend for Hydraulic Excavators in Russia



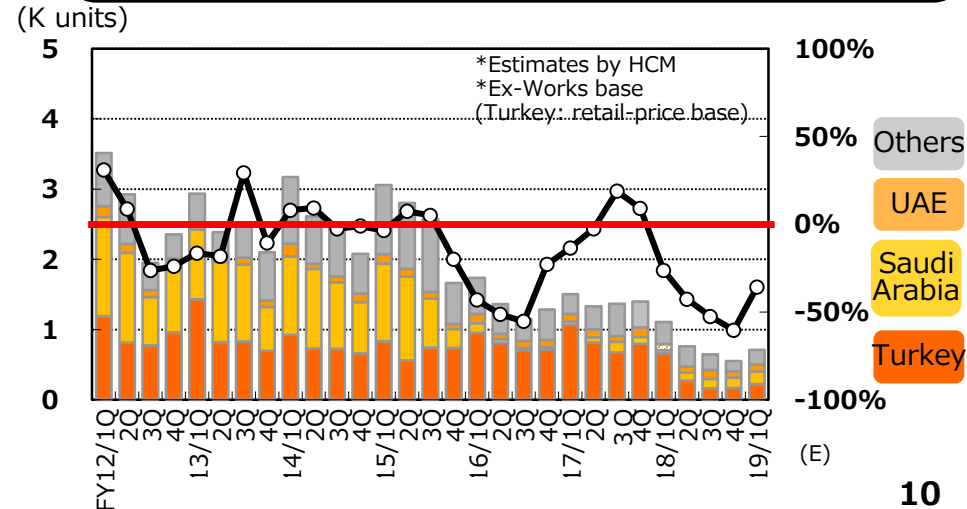
Price Trend of Crude Oil and Natural Gas



\*Created by HCM, sourced from World Bank

\*Natural Gas Index (2010=100)

Demand Trend for Hydraulic Excavators in the Middle East

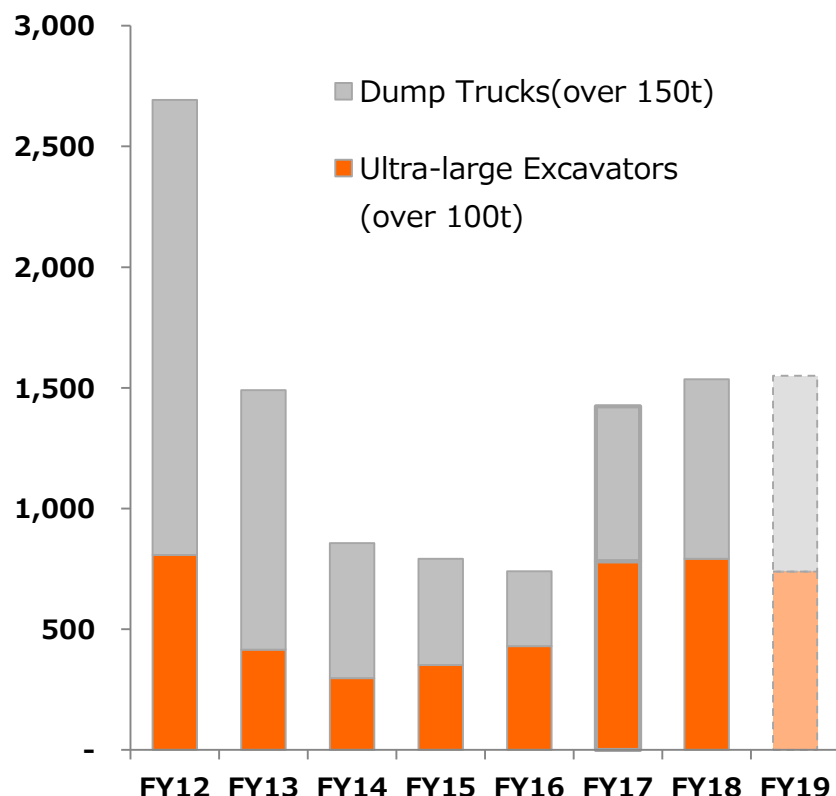


- Demand for mining machinery in FY2019 is expected to be almost flat without significantly rising or falling.
- Demand for ultra-large hydraulic excavators (operating weight 100t-250t) for medium and small sized mining sites and contractors is expected to decrease, while the sentiment for ultra-large hydraulic excavators (over 300t) and dump trucks (payload over 150t) for major mining companies is bullish.

## Ultra-large Hydraulic Excavators (over 100t), Dump Trucks (over 150t)

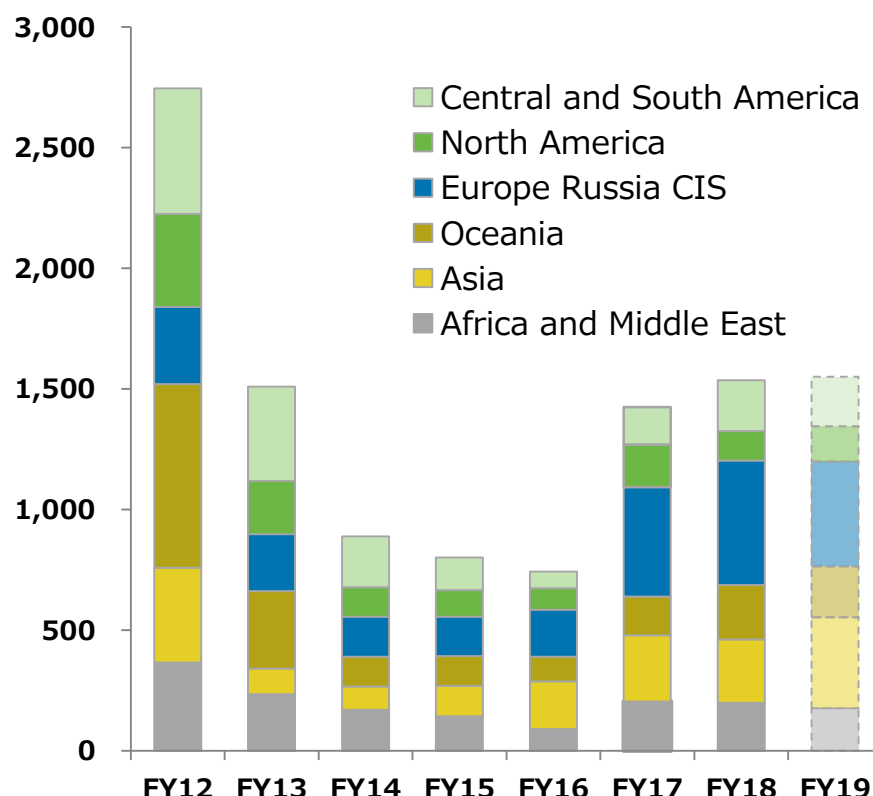
(Units)

Demand by product

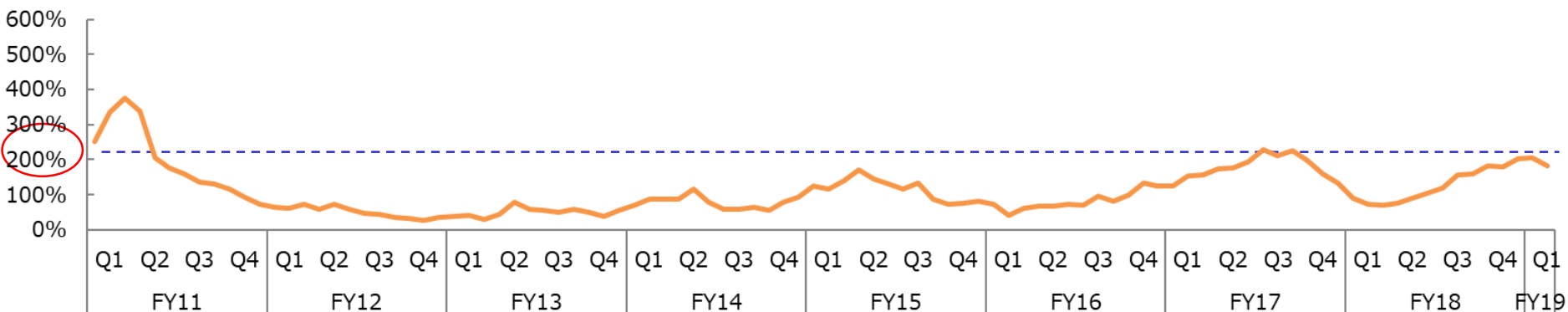


(Units)

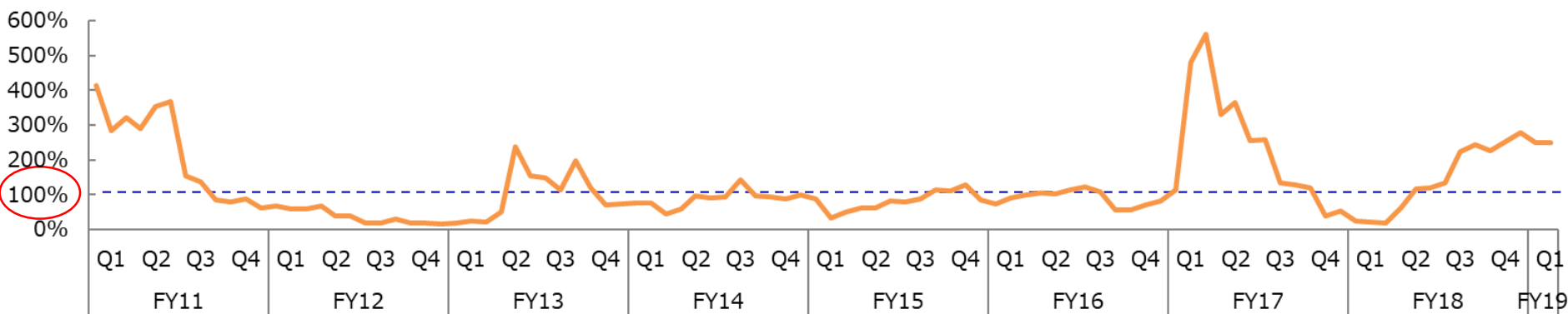
Demand by region



## BB Ratio (Ultra-large Hydraulic Excavators, over 100t)



## BB Ratio (Dump Trucks, over 150t)



※ Book-to-Bill(BB)Ratio = Bookings (Orders received)/Billings (Value of shipment)  
Non-consolidated basis (average of 6 months)

## 21 Unit Order of Large Hydraulic Excavators for Heavy Digging



Hitachi Construction Machinery (Shanghai) received a major order for the Chinese rental market from Kanamoto (China).

This order should expand and strengthen our value chain business in China.



The delivery ceremony of large hydraulic excavators (July,9)



# 《Topic》 Strengthen Our Solution Offerings Via Joint Investment in a Training Center

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## Develop and Provide Training Which Covers All Stages of ICT Construction

Joint investment in the Hitachi Construction Machinery Operators Training Center together with OUTSOURCING and their subsidiary PEO, Ltd. We will develop and provide training which covers all stages of ICT construction including surveying, design and planning, construction, inspection, and data delivery in addition to the training previously provided by the Training Center to customers engaged in ICT construction.

4 QUALITY EDUCATION



### Joint Investment



Provider of HR Outsourcing Services  
[Education/Development]

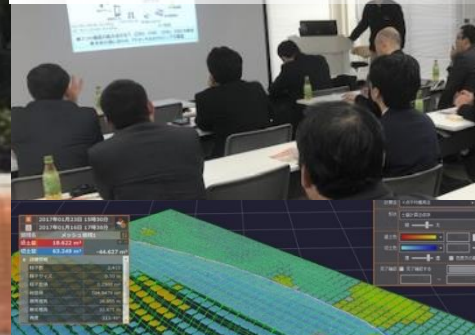
Hitachi Construction Machinery Co., Ltd.

Provider of Solutions  
for ICT Construction

Construction Surveying



Design and Construction Planning



Construction



Inspection



We have chosen to align our activities with 10 of the 17 SDG's. Topics in this explanatory material are shown together with their corresponding SDG icon.



## **2. Business Results for the First Quarter ended June 30, 2019** (April 1-June 30,2019)

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Tetsuo Katsurayama

Senior Vice President, Executive Officer, CFO



■ Revenue decreased by 2% and adjusted operating income decreased by 17% compared to the previous year due to the negative exchange impact of appreciation of the Japanese yen.

(billions of yen)						
		FY2019 1Q		FY2018 1Q		change
Revenue		234.7		240.2		-2%
Adjusted operating income *1		9.8%	22.9	11.5%	27.6	-17%
Operating income		10.1%	23.7	10.7%	25.7	-8%
Income before income taxes		9.2%	21.6	10.4%	25.0	-14%
Net income attributable to owners of the parent		5.8%	13.6	6.5%	15.7	-13%
EBIT *2		9.7%	22.8	10.7%	25.6	-11%
FX rate	Rate (YEN/US\$)	109.9		109.1		0.8
	Rate (YEN/EURO)	123.5		130.1		-6.6
	Rate (YEN/RMB)	16.1		17.1		-1.1
	Rate (YEN/AU\$)	76.9		82.6		-5.7

\*1 "Adjusted operating income" is calculated by excluding "Other income" and "Other expenses" from "Operating Income" listed in Consolidated Statements of Income.

\*2 "EBIT" stands for Earnings Before Interests and Taxes, and is calculated by excluding "Interest income" and "Interest expenses" from "Income before income taxes"

# Revenue by geographic region (consolidated)

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■ Although revenue increased in N.America, Russia-CIS, and Japan compared to the previous year, revenue in other regions decreased.

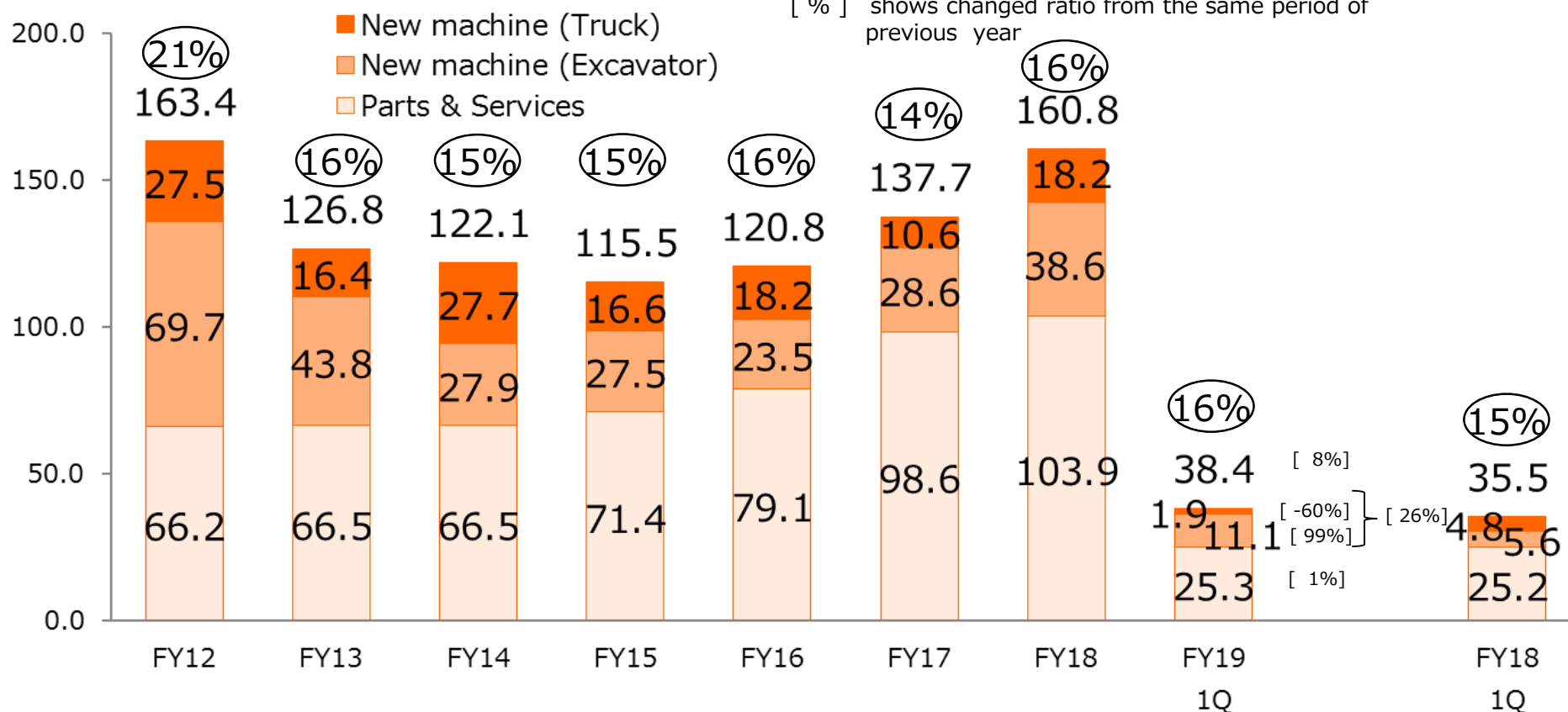
(billions of yen)						
	FY2019 1Q		FY2018 1Q		change	
					amount	%
Japan	40.9	17%	39.5	16%	1.4	4%
Asia	16.7	7%	18.2	8%	-1.5	-8%
India	13.4	6%	16.6	7%	-3.2	-19%
Oceania	38.0	16%	42.0	17%	-4.0	-10%
Europe	28.2	12%	28.6	12%	-0.4	-1%
N.America	47.1	20%	38.3	16%	8.8	23%
L.America	3.8	2%	4.8	2%	-1.0	-21%
Russia-CIS	10.1	4%	6.2	3%	3.9	62%
M.East	1.7	1%	4.4	2%	-2.7	-61%
Africa	8.3	4%	9.4	4%	-1.1	-12%
China	26.5	11%	32.2	13%	-5.7	-18%
Total	234.7	100%	240.2	100%	-5.5	-2%
Overseas ratio	83%		84%			

- Revenue of mining in FY2019 1Q increased by 8% to 38.4billion yen year on year.
- In particular, revenue of new mining machinery increased by 26% year on year.

(billions of yen)

(%) shows sales ratio against total company sales

[ % ] shows changed ratio from the same period of previous year



# Value chain revenue<sup>(\*1)</sup>

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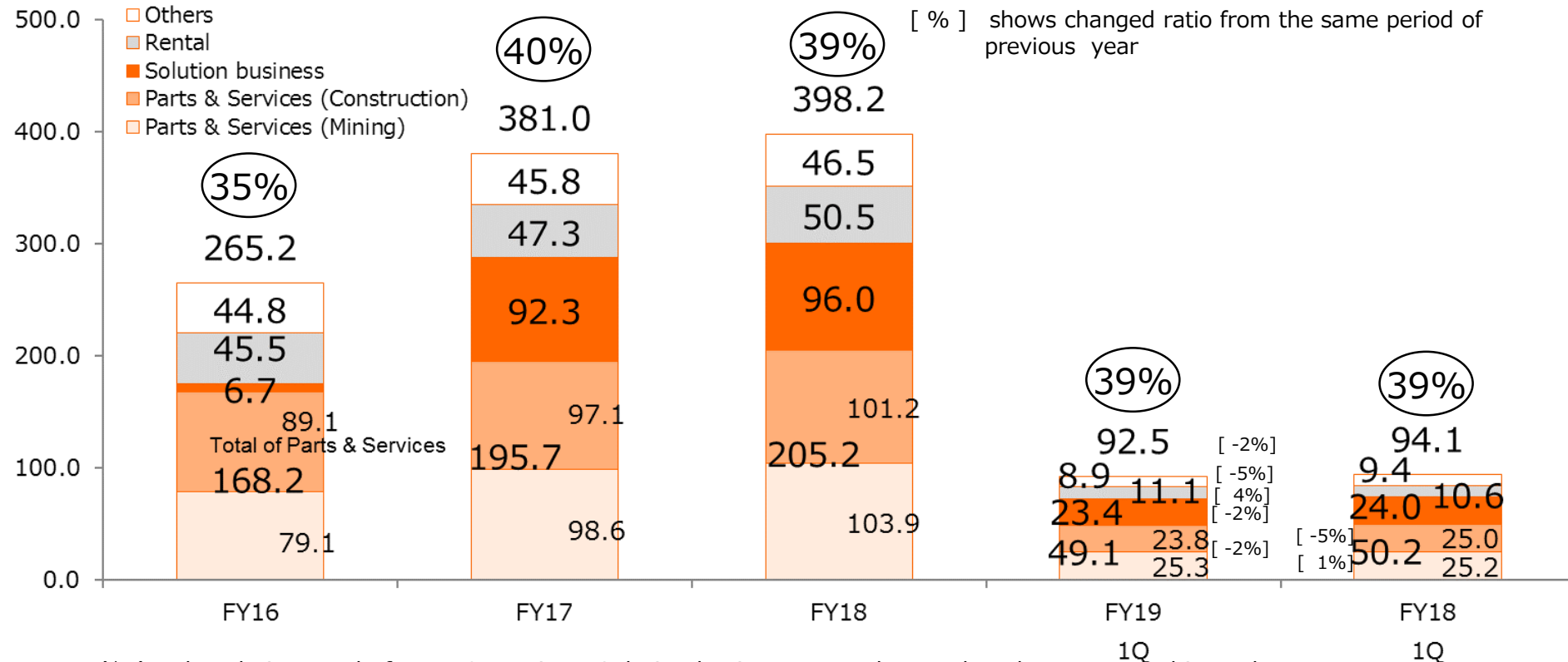
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■ Revenue of the value chain business in FY2019 1Q decreased by 1.6 billion yen year on year due to the impact of the strong exchange rate of the yen (-3.5 billion yen), while the revenue increased by 1.9 billion yen year on year excluding the impact of the strong exchange rate of the yen.

(billions of yen)

(%) shows sales ratio against total company sales

[ % ] shows changed ratio from the same period of previous year



(\*1) Value chain: Total of Parts & services, Solution business, Rental etc. other than new machine sales.

(\*2) Solution business: The business segment primarily intends to provide development, production, distribution of parts and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.

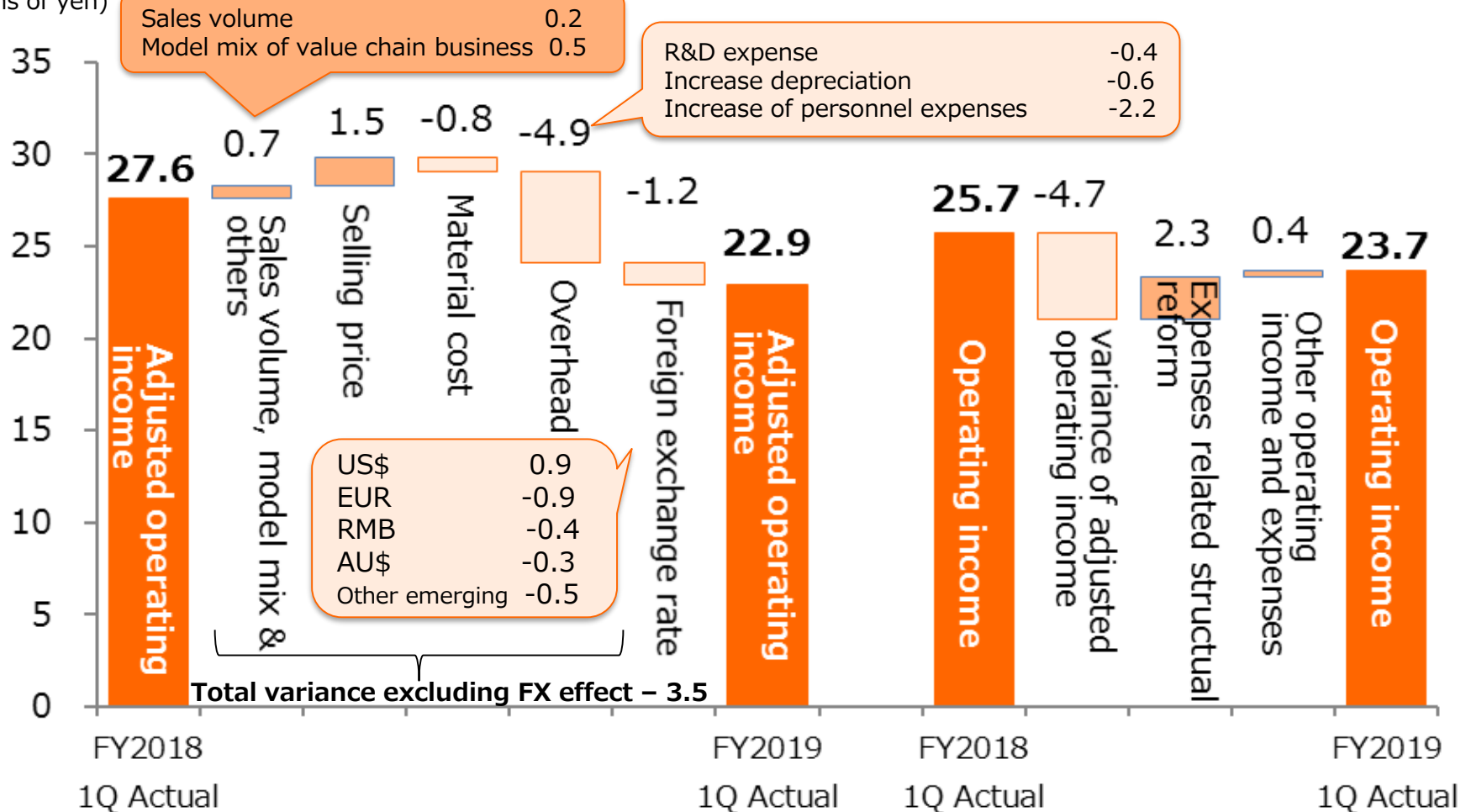
# Comparison of consolidated profit & loss

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- Adjusted operating income decreased by 4.7 billion yen year on year mainly due to the impact of the strong exchange rate of the yen and increased overheads despite the improved sales volume, model mix, and selling price.

(billions of yen)



# Consolidated statement of income

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- Operating income decreased by 8% or 2.0 billion yen to 23.7 billion yen year on year.
- Net income attributable to owners of the parent decreased by 13% or 2.1 billion yen to 13.6 billion yen year on year.

(billions of yen)						
	FY2019		FY2018		change	
		1Q		1Q	amount	%
Revenue		234.7		240.2	-5.5	-2%
Cost of Sales	(71.5%)	167.8	(70.8%)	170.0	-2.2	-1%
SGA expenses	(18.8%)	44.0	(17.7%)	42.6	1.4	3%
Adjusted operating income *1	(9.8%)	22.9	(11.5%)	27.6	-4.7	-17%
Other Income/expenses		0.8		-1.9	2.6	-
Operating income	(10.1%)	23.7	(10.7%)	25.7	-2.0	-8%
Financial income/expenses		-2.8		-1.0	-1.7	165%
Share of profits of investments accounted for using the equity method		0.7		0.4	0.4	104%
Income before income taxes	(9.2%)	21.6	(10.4%)	25.0	-3.4	-14%
Income taxes		6.1		6.7	-0.6	-10%
Net income	(6.6%)	15.5	(7.6%)	18.3	-2.8	-15%
Net income attributable to owners of the parent	(5.8%)	13.6	(6.5%)	15.7	-2.1	-13%
Comprehensive income		3.7		14.4	-10.8	-74%

\*1 "Adjusted operating income" is calculated by excluding "Other income" and "Other expenses" from "Operating Income" listed in Consolidated Statements of Income.

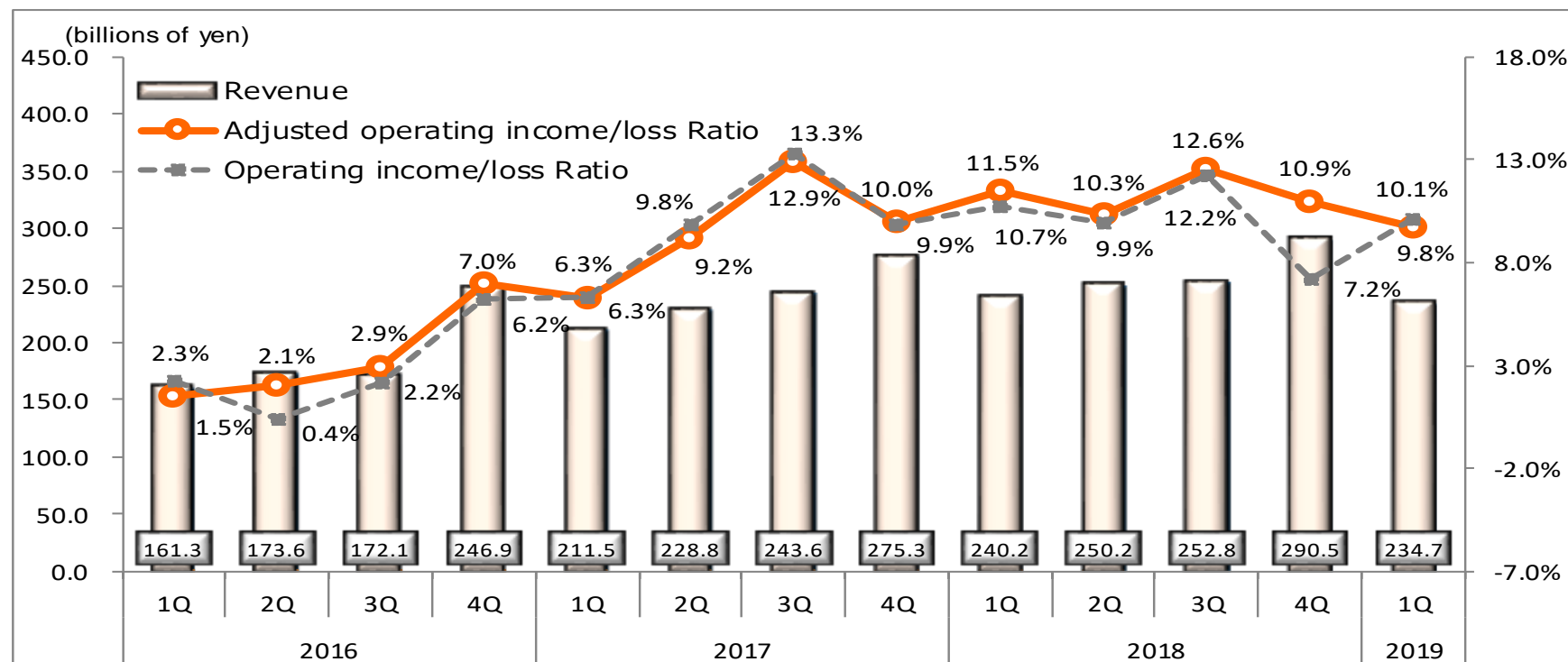
# Summary of quarterly consolidated revenue and operating income/loss (ratio)

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(billions of yen)

	2016				2017				2018				2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Revenue	161.3	173.6	172.1	246.9	211.5	228.8	243.6	275.3	240.2	250.2	252.8	290.5	234.7
Adjusted operating income/loss	2.4	3.6	5.0	17.3	13.2	21.0	31.5	27.5	27.6	25.8	31.8	31.7	22.9
Operating income/loss	3.7	0.7	3.8	15.5	13.4	22.5	32.4	27.1	25.7	24.8	30.8	21.0	23.7



FX rate	2016				2017				2018				2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Rate (YEN/US\$)	108.1	102.4	109.3	113.6	111.1	111.0	113.0	108.3	109.1	111.5	112.9	110.2	109.9
Rate (YEN/EURO)	122.0	114.3	117.8	121.1	122.2	130.4	133.0	133.2	130.1	129.6	128.8	125.2	123.5
Rate (YEN/RMB)	16.5	15.4	16.0	16.6	16.2	16.6	17.1	17.1	17.1	16.4	16.3	16.3	16.1
Rate (YEN/AU\$)	80.6	77.6	81.9	86.2	83.4	87.6	86.8	85.3	82.6	81.5	81.1	78.5	76.9

# Consolidated statement of financial position

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■ Although lease assets increased by 40.0 billion yen from the previous year end due to the impact of adoption IFRS 16, total assets increased by 23.9 billion yen year on year by decreasing cash and accounts receivable.

(billions of yen)

	(A) FY19-1Q	(B) Mar '2019	(C) FY18-1Q	(A)-(B) change		(D) FY19-1Q	(E) Mar '2019	(F) FY18-1Q	(D)-(E) change
Cash and cash equivalents	56.5	67.3	81.1	-10.9	Trade and other payables	224.5	275.8	263.1	-51.3
Trade receivables	221.6	238.2	204.8	-16.6	Bonds and borrowings	333.3	304.8	274.4	28.5
Inventories	337.5	324.8	281.9	12.7	Total liabilities	678.1	642.6	593.4	35.5
Total current assets	661.4	673.9	616.0	-12.5	(Equity attributable to owners of the parent ratio)	(39.3%)	(41.0%)	(40.9%)	(-1.7%)
Total non-current assets	547.8	511.4	486.4	36.4	Total equity	531.1	542.7	509.0	-11.5
Total assets	1,209.2	1,185.3	1,102.4	23.9	Total liabilities and equity	1,209.2	1,185.3	1,102.4	23.9
Trade receivables incl. non-current	266.8	282.6	246.0	-15.8					
Inventories by products									
Unit	95.8	89.3	67.2	6.4		(27.6%)	(25.7%)	(24.9%)	(1.8%)
Parts	104.5	102.2	96.4	2.3	Interest-bearing debt	333.3	304.8	274.4	28.5
Other	137.3	133.3	118.4	4.0	Cash and Cash equivalents	56.5	67.3	81.1	-10.9
Total inventories	337.5	324.8	281.9	12.7		(22.9%)	(20.0%)	(17.5%)	(2.9%)
On hand days(divided by revenue)				(Days)	Net interest-bearing debt	276.8	237.5	193.3	39.4
Trade receivables	95	100	91	-5					
Inventories	120	115	104	5	Net D/E Ratio	0.58	0.49	0.43	0.09
Trade payables	52	57	62	-5					
Net working capital	160	155	130	5					



■ Net cash provided by (used in) operating activities improved by 10.5 billion yen to compared to the previous year despite a negative 16.3 billion yen.

(billions of yen)

	FY2019 1Q		FY2018 1Q		change	
Net income		15.5		18.3		-2.8
Depreciation and amortization	26.2	10.7	27.2	8.9	-1.0	1.8
(Increase)decrease in trade/lease receivables		6.4		12.7		-6.3
(Increase)decrease in inventories		-20.9		-28.0		7.1
Increase(decrease) in trade payables	-22.7	-8.3	-30.2	-15.0	7.5	6.7
Others, net		-19.9		-23.8		3.9
Net cash provided by (used in) operating activities		-16.3		-26.8		10.5
Cash flow margin for operating activities		-7.0%		-11.2%		4.2%
Net cash provided by (used in) investing activities		-11.0		-4.8		-6.2
Free cash flows		-27.3		-31.6		4.3
Net cash provided by (used in) financing activities		18.0		31.7		-13.7

# Summary of consolidated earnings forecast

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- The FY2019 consolidated earnings forecast remain unchanged from the previous forecast, considering the uncertain prospects of the economic conditions and foreign exchanges.

(billions of yen)

	FY2019 Forecast			FY2018 Actual	change	
					amount	%
Revenue	950.0			1,033.7	-83.7	-8%
	(9.1%)			(11.3%)	(-2.3%)	
Adjusted operating income	86.0			116.8	-30.8	-26%
	(8.6%)			(9.9%)	(-1.3%)	
Operating income	82.0			102.3	-20.3	-20%
	(8.4%)			(9.9%)	(-1.5%)	
Income before income taxes	80.0			102.7	-22.7	-22%
	(5.1%)			(6.6%)	(-1.6%)	
Net income attributable to owners of the parent	48.0			68.5	-20.5	-30%
EBIT	83.5			105.6	-22.1	
Currency	1Q Actual	2Q-4Q Forecast	Total Forecast	FY2018 Actual	change	
Rate (YEN/US\$)	109.9	100.0	102.2	111.0	-8.8	
Rate (YEN/EURO)	123.5	110.0	113.3	127.9	-14.6	
Rate (YEN/RMB)	16.1	15.0	15.3	16.6	-1.3	
Rate (YEN/AU\$)	76.9	77.0	77.0	80.9	-4.0	
Cash dividend per share (yen) *1	to be determined			100	-	

For FX sensitivity, please refer to appendix 1.

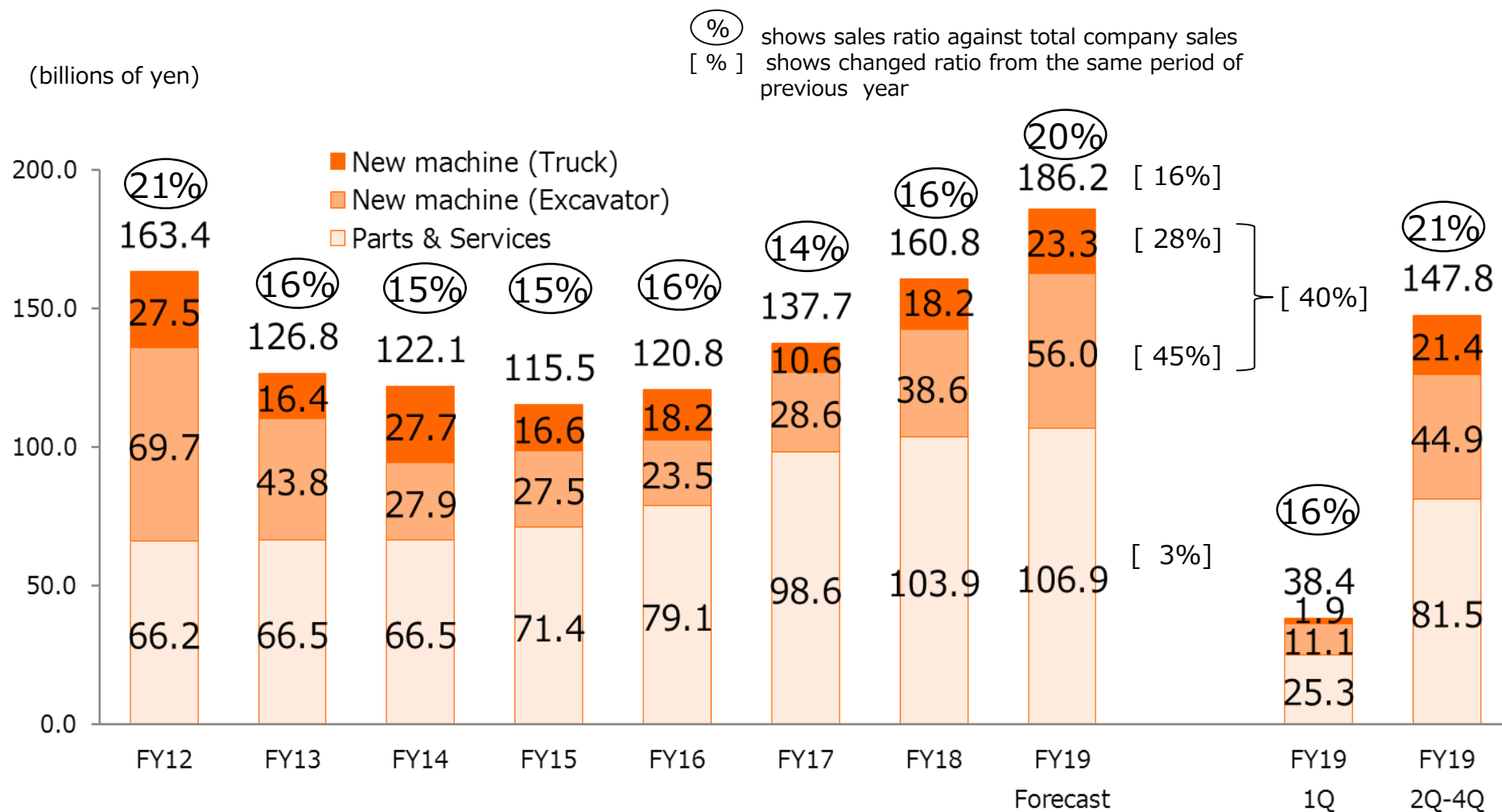
\*1 "Cash dividend per share": The Company will pay dividends linked to its consolidated business results twice, interim and year end, in the fiscal year and aim to achieve a consolidated dividend payout ratio of approx. 30% or more.

■ HCM forecasts a decrease in FY2019 total revenue by 83.7 billion yen compared to the previous year due to the 67.3 billion yen of the negative impact of foreign exchange.

(billions of yen)

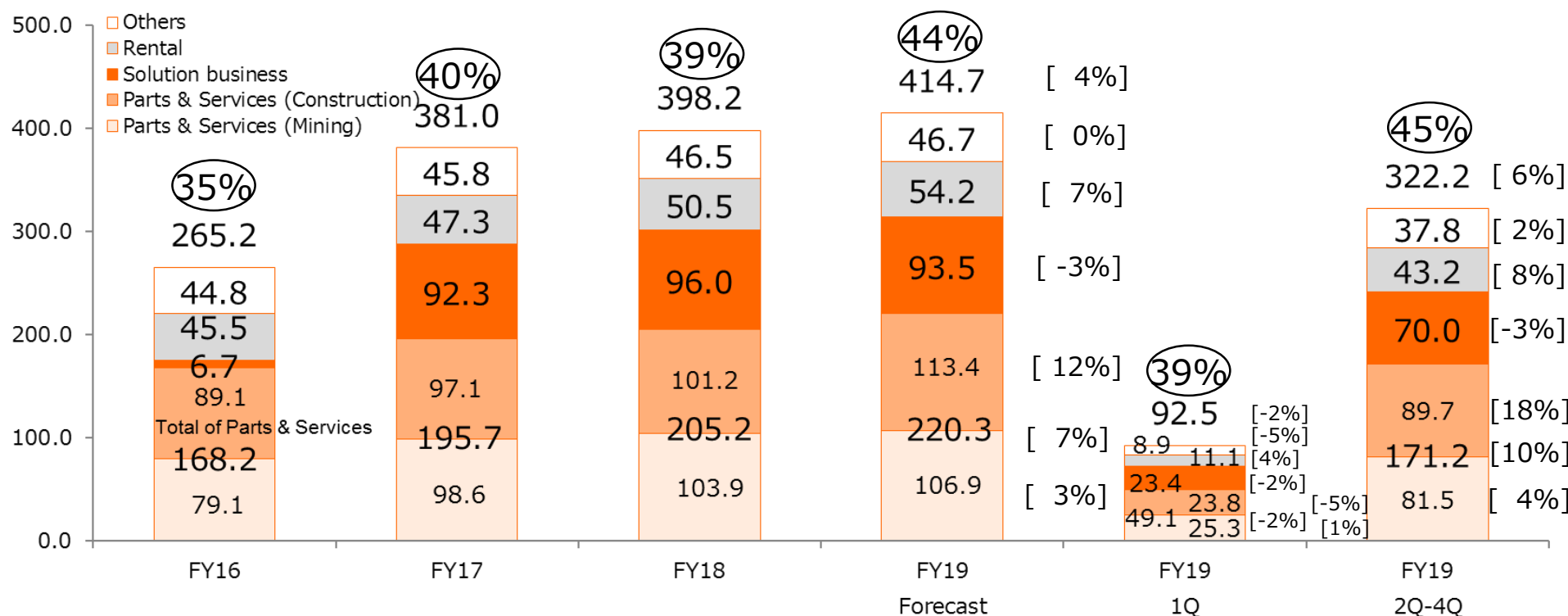
	FY2019 Forecast		FY2018 Actual		change	
					amount	%
Japan	206.6	22%	206.1	20%	0.5	0%
Asia	87.8	9%	88.5	9%	-0.7	-1%
India	65.6	7%	67.9	7%	-2.3	-3%
Oceania	148.3	16%	163.9	16%	-15.6	-10%
Europe	89.8	9%	111.6	11%	-21.8	-20%
N.America	165.0	17%	168.7	16%	-3.6	-2%
L.America	14.1	1%	17.1	2%	-3.0	-18%
Russia-CIS	34.7	4%	34.4	3%	0.3	1%
M.East	12.5	1%	11.8	1%	0.7	6%
Africa	31.4	3%	43.8	4%	-12.4	-28%
China	94.2	10%	119.9	12%	-25.7	-21%
Total	950.0	100%	1,033.7	100%	-83.7	-8%
Overseas ratio	78%		80%			

■ HCM forecasts an increase in FY2019 mining revenue by 16% to 186.2 billion yen year on year despite the expected strong appreciation of the yen.



■ HCM forecasts an increase in FY2019 sales of the value chain business by 4% compared to the previous year mainly due to the increase in the revenue of parts & services and rental business despite the expected strong appreciation of the yen.

(billions of yen)



(\*1) Value chain: Total of Parts & services, Solution business, Rental etc. other than new machine sales.

(\*2) Solution business: The business segment primarily intends to provide development, production, distribution of parts and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.

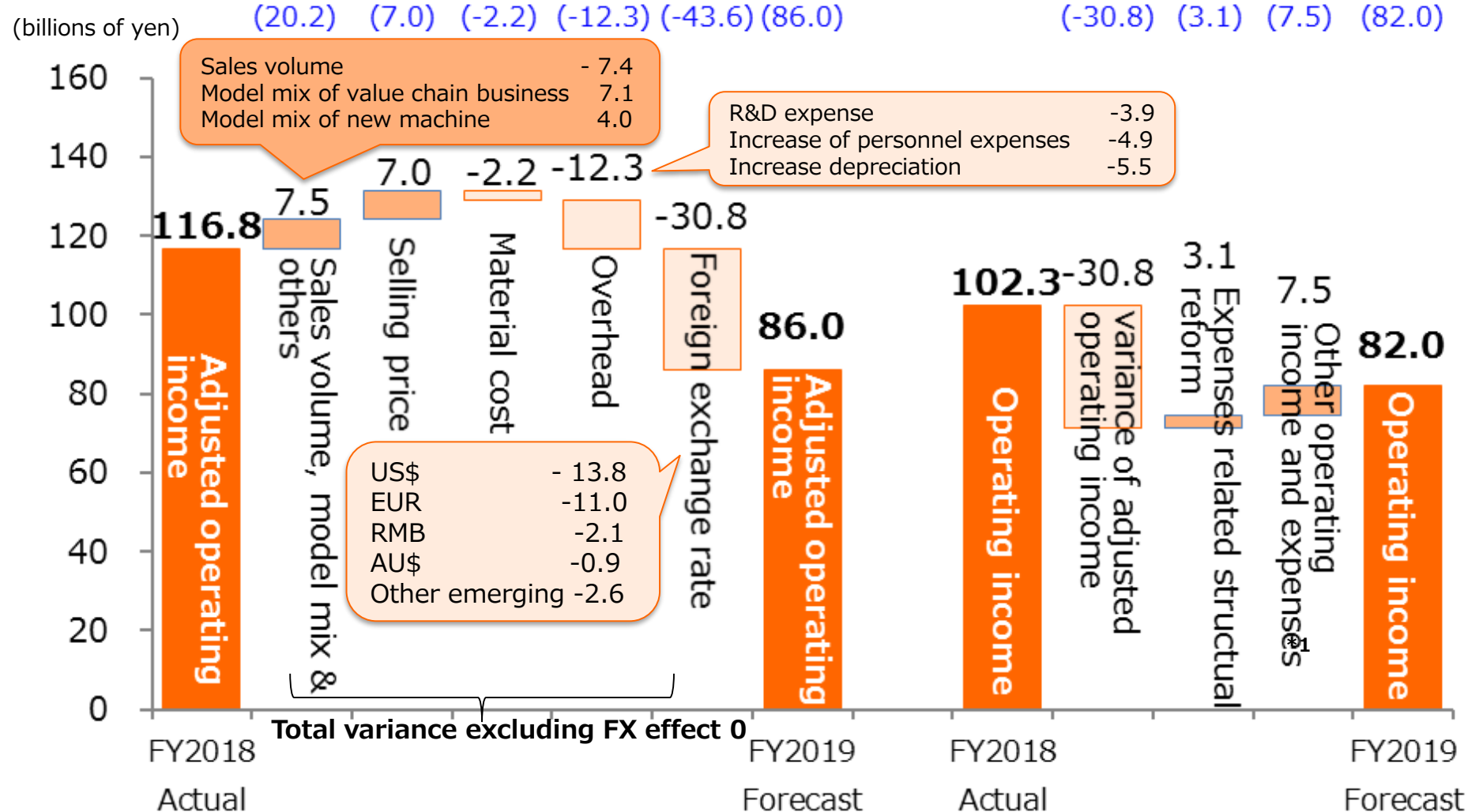
# Comparison of consolidated profit & loss forecast

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■ HCM forecasts that FY2019 adjusted operating income will remain mostly unchanged excluding the impact of the expected strong exchange rate of the yen (-30.8 billion yen).

note : ( ) shows previous forecast as of Apr. 2019



\*1 Other operating income and expenses :FY18 includes 8.8 billion yen of provision to the duplicated payment of value added tax in China.

- The forecast exchange rate for FY2019 was set based on the lower limit of the forecasted fluctuation range for each currency, considering the uncertain prospects of the global economy etc..

FX rate and FX sensitivity

(billions of yen)

Currency	FX rate				FX sensitivity (2Q-4Q)		
	FY19			FY18 Actual	Condition	Revenue	Adjusted operating income
	1Q Actual	2Q-4Q Forecast	Total Forecast				
US\$	109.9	100.0	102.2	111.0	Impact by 1 yen depreciation	1.8	1.3
EURO	123.5	110.0	113.3	127.9	Impact by 1 yen depreciation	0.5	0.6
RMB	16.1	15.0	15.3	16.6	Impact by 0.1 yen depreciation	0.4	0.1
AU\$	76.9	77.0	77.0	80.9	Impact by 1 yen depreciation	1.6	0.2

# <Appendix2> Detail of mining revenue

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(billions of yen)

		FY18 Actual			FY19 Forecast			Change		
		1Q	2-4Q	Year	1Q	2-4Q	Year	1Q	2-4Q	Year
America	Excavator	2.7	11.9	14.6	3.4	13.0	16.4	0.8	1.1	1.9
	Dump Truck	1.7	5.3	7.0	1.3	4.4	5.7	-0.4	-0.9	-1.3
	Total	4.4	17.2	21.6	4.7	17.4	22.1	0.4	0.2	0.5
Europe, Africa and Middle East	Excavator	6.6	18.1	24.8	5.8	22.4	28.2	-0.8	4.3	3.5
	Dump Truck	2.9	14.1	17.0	3.0	15.5	18.6	0.1	1.4	1.5
	Total	9.5	32.2	41.8	8.8	38.0	46.8	-0.7	5.7	5.0
Asia & Oceania	Excavator	11.8	52.0	63.8	18.0	64.7	82.7	6.2	12.7	18.9
	Dump Truck	9.6	21.9	31.5	6.0	26.5	32.5	-3.6	4.6	1.0
	Total	21.4	73.9	95.3	24.0	91.2	115.2	2.6	17.3	19.9
China	Excavator	0.1	0.8	1.0	0.2	0.8	1.0	0.1	-0.0	0.1
	Dump Truck	0.0	0.1	0.1	0.0	0.1	0.1	0.0	-0.0	-0.0
	Total	0.2	0.9	1.1	0.2	0.9	1.1	0.1	-0.0	0.0
Japan	Excavator	0.1	0.9	1.0	0.6	0.3	0.9	0.5	-0.6	-0.1
	Dump Truck	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	-0.0
	Total	0.1	0.9	1.0	0.6	0.3	0.9	0.5	-0.6	-0.1
Total	Excavator	21.3	83.7	105.1	28.0	101.2	129.3	6.7	17.5	24.2
	Dump Truck	14.2	41.5	55.7	10.3	46.6	56.9	-3.8	5.1	1.2
	Total	35.5	125.2	160.8	38.4	147.8	186.2	2.8	22.6	25.4



■ The amortizations of PPA are included in the adjusted operating income of the solution business. The amounts of 0.3 billion yen are included in the first quarter of 2019, and in the 1.4-billion-yen forecast for FY2019.

(billions of yen)

<Actual> FY2019 1Q	Reportable segment		Adjustments *1	Total
	Construction Machinery Business	Solution Business		
Revenue	211.3	24.0	-0.6	234.7
Adjusted operating income	9.8% 20.7	9.0% 2.2	-	9.8% 22.9

(billions of yen)

<Forecast> FY2019	Reportable segment		Adjustments *1	Total
	Construction Machinery Business	Solution Business		
Revenue	856.5	93.5	0.0	950.0
Adjusted operating income	9.0% 76.8	9.9% 9.2	-	9.1% 86.0

Note(\*1): Adjustments represent eliminations of intersegment transactions, and amounts of companies that do not belong to any operation segment.

### [Cautionary Statement]

This material contains forward-looking statements that reflect management's views and assumptions in the light of information currently available with respect to certain future events, including expected financial position, operating results, and business strategies. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, changes in the economic conditions in the Company's principal markets; changes in demand for the Company's products, changes in exchange rates, and the impact of regulatory changes and accounting principles and practices.

# END

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