

**Explanatory Meeting
for Business Results for the Third Quarter
ended December 31, 2019**

- 1. Regional Market Environments and Projections**
- 2. Business Results Outline**

Tetsuo Katsurayama

Senior Vice President, Executive Officer, CFO

Masafumi Senzaki

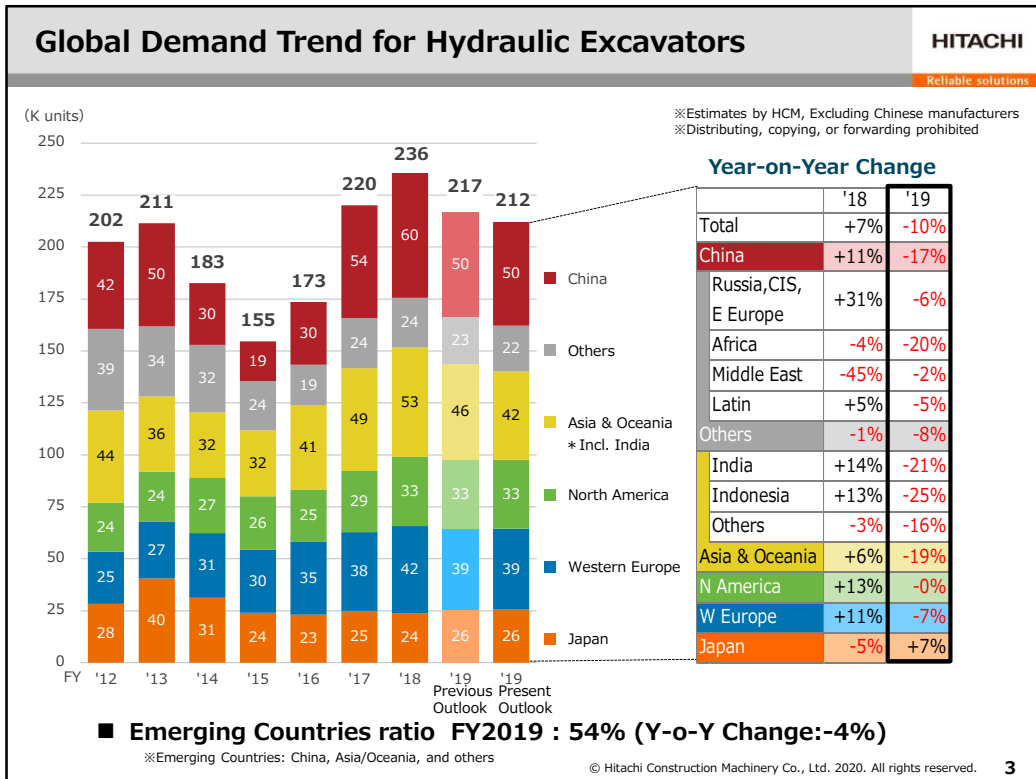
Executive Officer President, Marketing Div.

January 29, 2020

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1. Regional Market Environments and Projections

Masafumi Senzaki
Executive Officer President, Marketing Div.



In fiscal 2019, global demand for hydraulic excavators decreased by 5,000 units from the previous forecast of 217,000 units to 212,000 units, down 10% from the previous year.

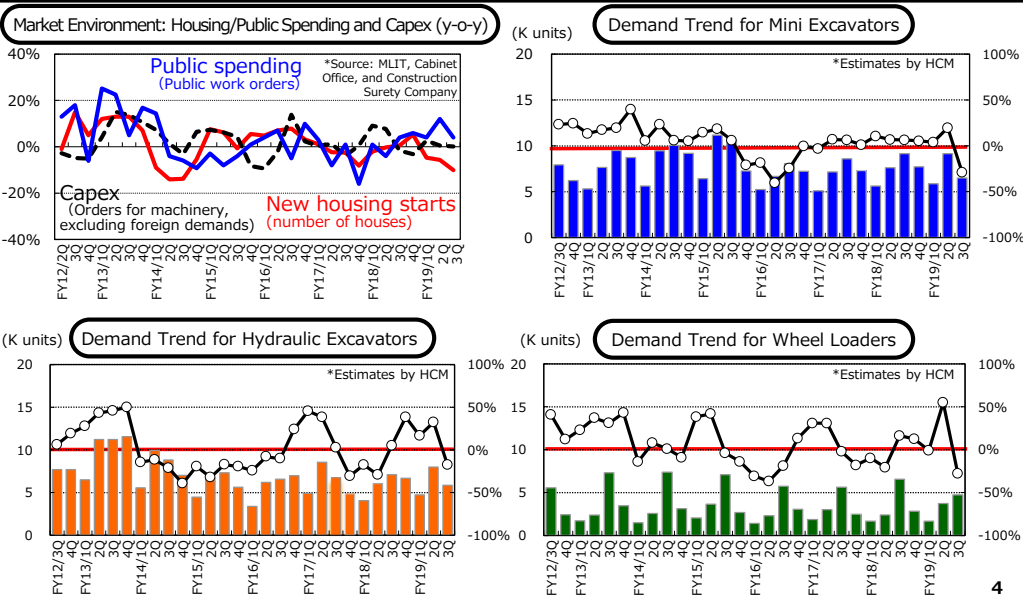
- In China, the previous forecast of 50,000 units has been left unchanged due to steady demand for construction in line with the government's investment policy and high operating hours of excavators.
- In Asia and Oceania, demand remained sluggish in Indonesia and India, and the previous forecast has been lowered by 4,000 units to 42,000 units, down 19% year-on-year.

In other regions, there have been no more than expected changes in the market since the previous forecast.

- In Japan, the previous forecast of 26,000 units remained unchanged, up 7% year-on-year.
- In North America, the previous forecast of 33,000 units remained unchanged, at the same level as the previous year.
- In Western Europe, the previous forecast of 39,000 units remained unchanged, down 7% year-on-year.

While there is a delay in the recovery of demand in Asia and Oceania, including India, there is a possibility that demand in Europe and North America may exceed expectations, so we will implement measures in line with market trends.

- Housing investment decreased, but public investment increased.
Capital investment remained at the same level as the same period of the previous fiscal year.
- Demand for hydraulic excavators, mini excavators and wheel loaders decreased (-17%, -29%, and -28% y-o-y, respectively).

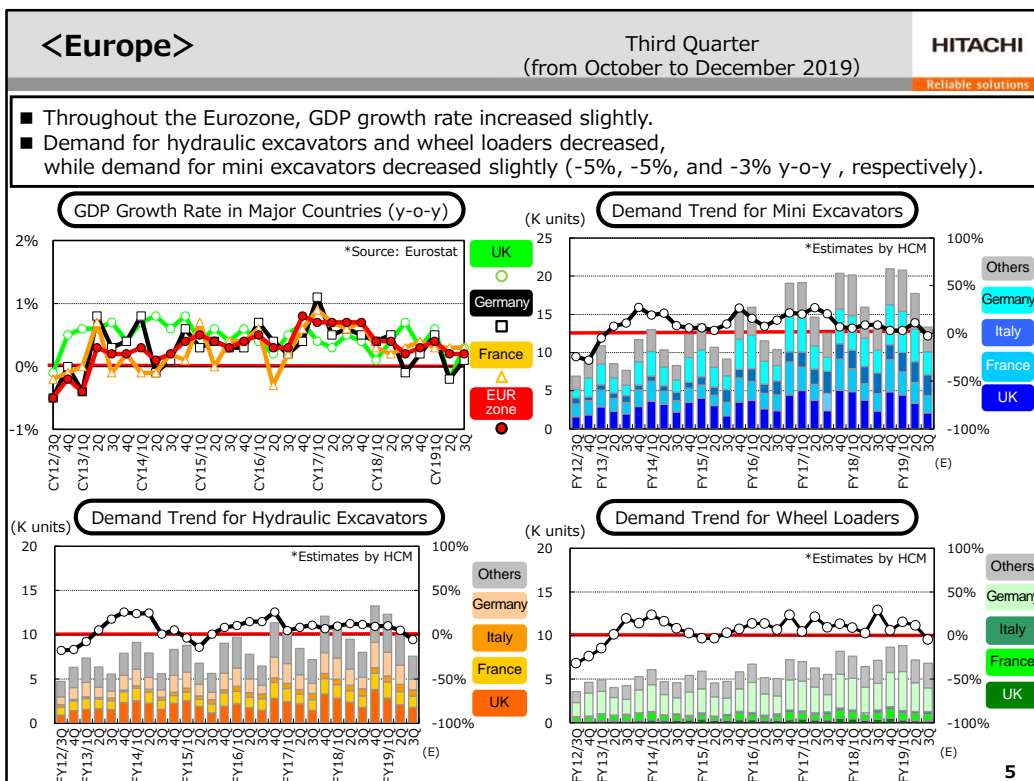


Housing investment decreased year-on-year in the third quarter, but public investment increased steadily in urban areas such as the Kanto, Kansai, and Chubu regions and disaster recovery areas. Capital investment remained unchanged year-on-year.

The demand for hydraulic excavators decreased by 17% year-on-year in the third quarter due to the impact of production decrease in some manufacturing companies caused by Typhoon No.19 (Hagibis), although demand was supported by continued disaster recovery work and increased rental demand.

The demand for mini excavators and wheel loaders decreased by 29% and 28%, respectively, compared with the same period of the previous fiscal year, due to the impact of typhoons and a reaction to a rush in demand prior to the consumption tax hike in the second quarter.

We expect the impact of typhoons on our sales to recover roughly in the fourth quarter.



The GDP for the entire Eurozone increased slightly during the third quarter of the 2019 calendar year

The demand for hydraulic excavators decreased by 5% year-on-year in Europe as a whole against the backdrop of continued uncertainty in economic conditions. Slight increase in UK, significant decrease in Germany.

Th demand for mini excavators and wheel loaders decreased by 3% and 5% year-on-year, respectively.

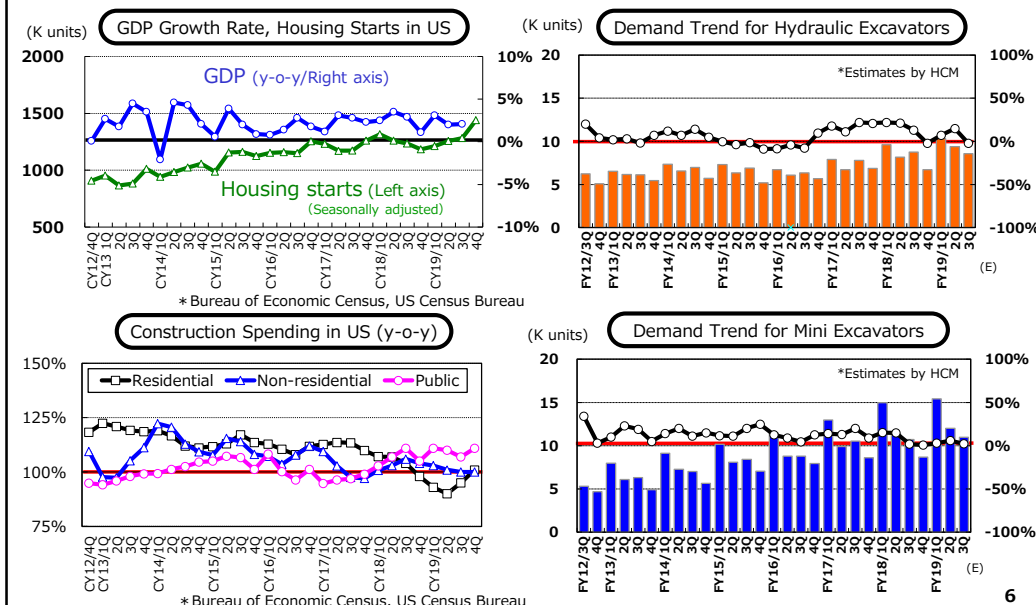
<North America>

Third Quarter
(from October to December 2019)

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Reliable solutions

- The U.S. GDP is firm, housing starts are trending strongly, and construction investment continues to increase in public works.
- Demand for hydraulic excavators decreased slightly, while demand for mini excavators increased slightly (-2% and +2% y-o-y, respectively).



U.S. GDP growth rate increased steadily by 2.1% during the third quarter of the 2019 calendar year.

Housing starts increased significantly due to the impact of the decline in the U.S. policy interest rate.

Construction spending in the US continues to increase in public works, and it has turned positive in residential.

Although there are still concerns about U.S.-China trade friction problems, the economic situation as a whole is steady.

The high-level demand environment is continuing with the demand for hydraulic excavators decreasing slightly by 2% year-on-year and the demand for mini excavators increasing slightly by 2% year-on-year.

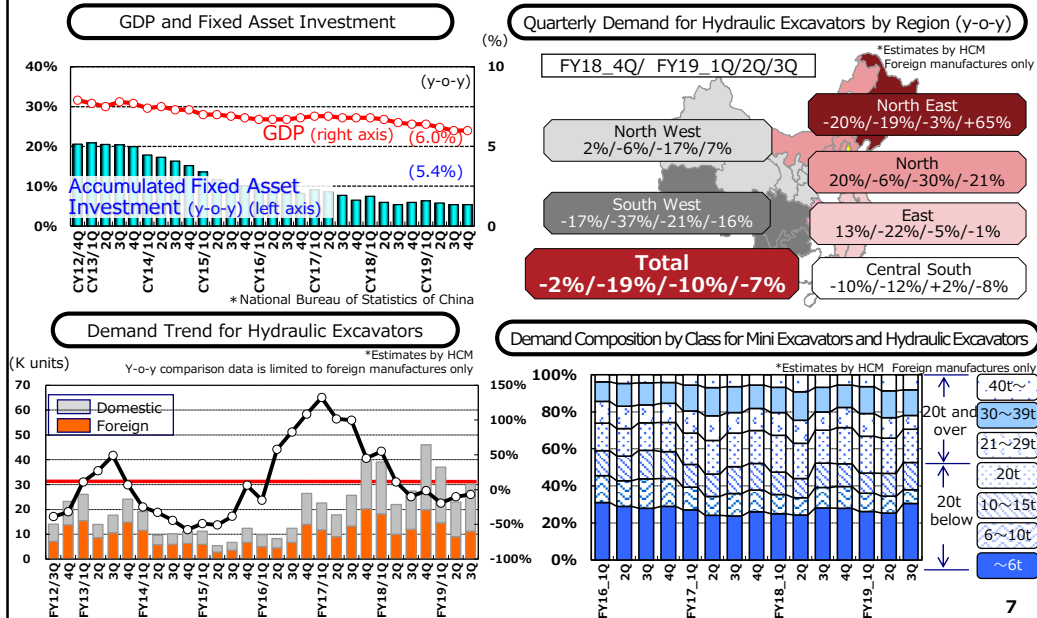
<China>

Third Quarter
(from October to December 2019)

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- GDP growth rate was 6.0%
- Demand for hydraulic excavators decreased (-7% y-o-y, Foreign Manufactures only).



GDP growth rate increased by 6.0% during the fourth quarter of the 2019 calendar year.

Fixed asset investment increased by 5.4% from January to December, slowing growth.

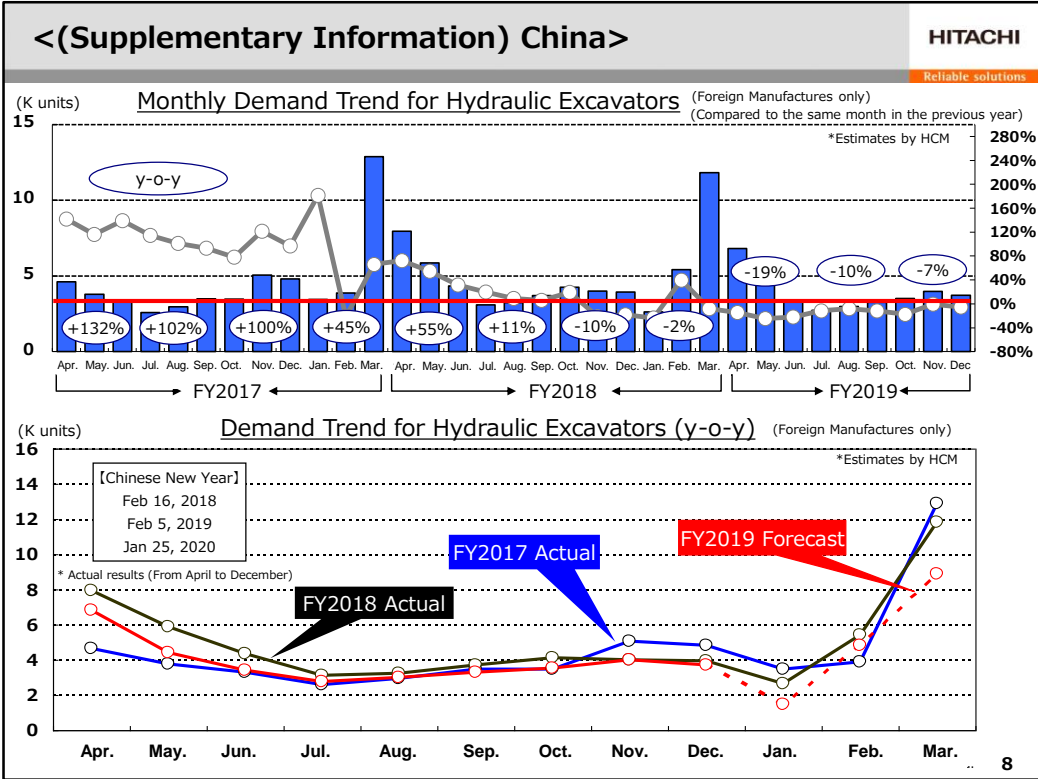
Regarding the total demand for hydraulic excavators including Chinese manufactures units in the third quarter increased by 10% year-on-year. The demand increased by 24% among Chinese manufactures and the demand decreased by 7% among foreign manufactures only.

Viewing the demand for hydraulic excavators by region, in Eastern China, which has the highest demand composition ratio, it decreased by 1%, almost flat year-on-year.

In Central South, where demand accounts for a second highest proportion of the total, the demand have started to decrease by 8%. There are variations in changes according to region.

Viewing the demand composition ratio by class, the proportion of demand for small-sized machinery, mainly 6 tons or less, increased in the third quarter.

We will keep a close watch on the trends going forward.

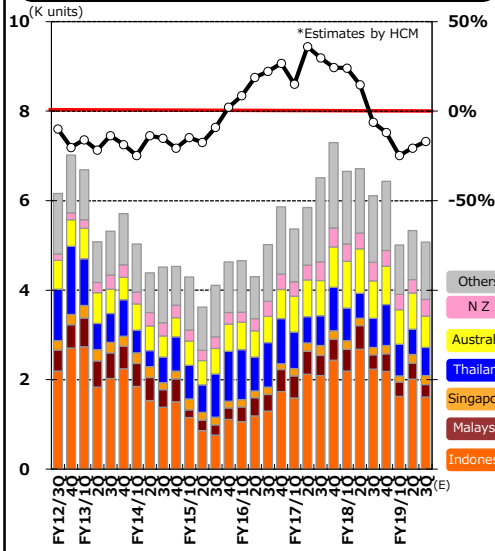
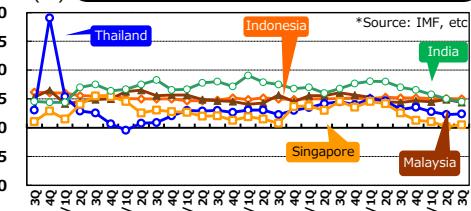


Monthly demand for hydraulic excavators by foreign manufactures remained below the previous year's level, but the rate of decline narrowed.

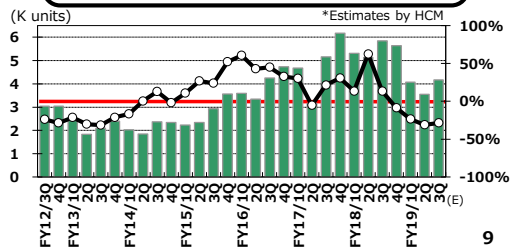
Comparing the monthly demand change with the previous year, it decreased 7% from the previous year during the fourth quarter of the 2019 calendar year. The previous forecast of 50,000 units remained unchanged, down 17% year-on-year.

Continue to closely monitor trends in trade frictions between the U.S. and China, as well as the development of economic stimulus measures by the central government of China.

- Demand for hydraulic excavators decreased overall in the Asia Pacific region (-17% y-o-y).
- Demand for hydraulic excavators decreased in India (-29% y-o-y).

Demand Trend for Hydraulic Excavators in Asia & Oceania**GDP Growth Rate in Major Countries (y-o-y)**

* Calculation criteria for GDP growth rate in India was revised in CY2013 2Q

Demand Trend for Hydraulic Excavators in India

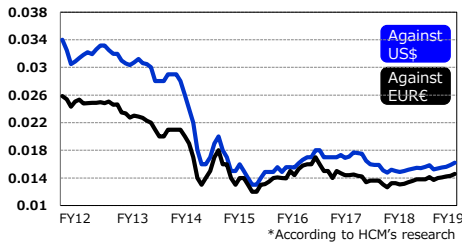
The demand for hydraulic excavators in Asia and Oceania remained sluggish, mainly in Indonesia. Overall demand decreased by 17% year-on-year.

The demand for hydraulic excavators in India remained sluggish and decreased by 29% year-on-year.

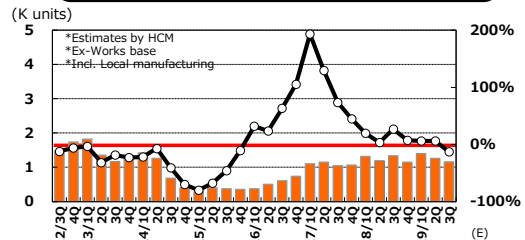
GDP growth rate is also slowing, but we will keep a close watch on the timing of demand recovery going forward.

- Demand for hydraulic excavators decreased (-13% y-o-y) in Russia.
- Demand for hydraulic excavators in the Middle East has turned upward.

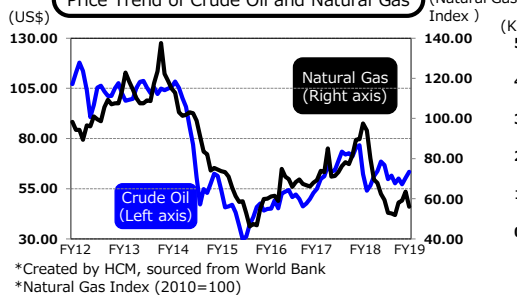
Foreign Exchange Rate of the Ruble



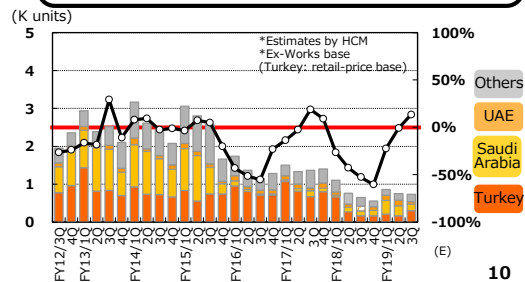
Demand Trend for Hydraulic Excavators in Russia



Price Trend of Crude Oil and Natural Gas

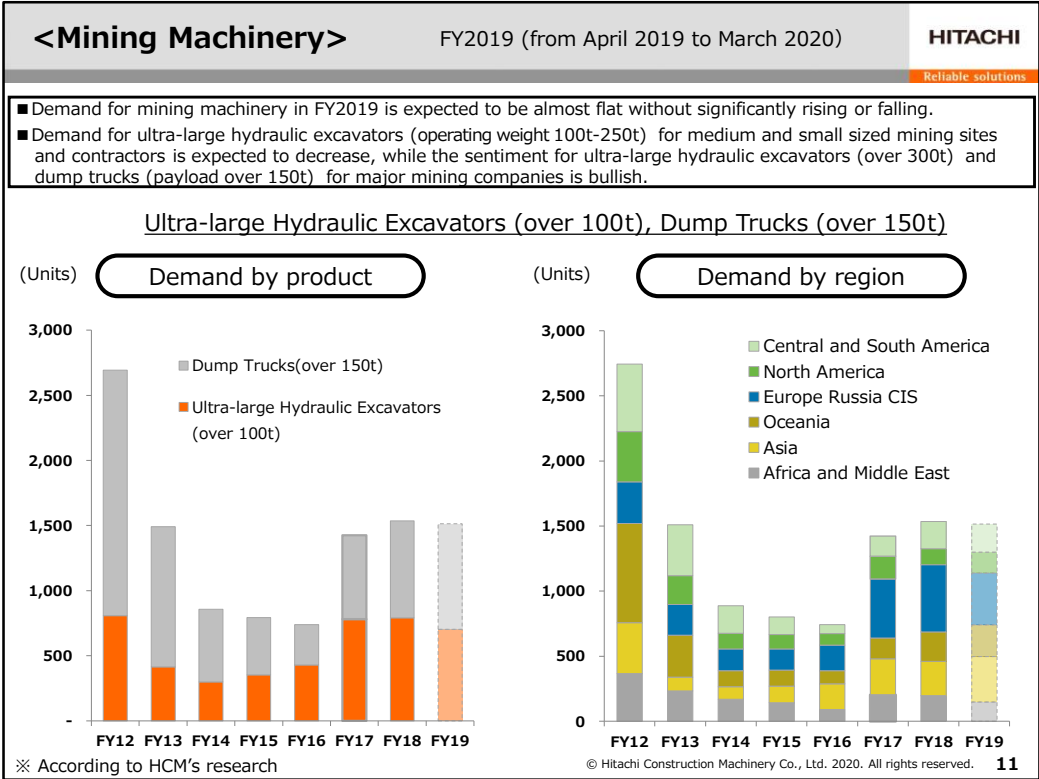


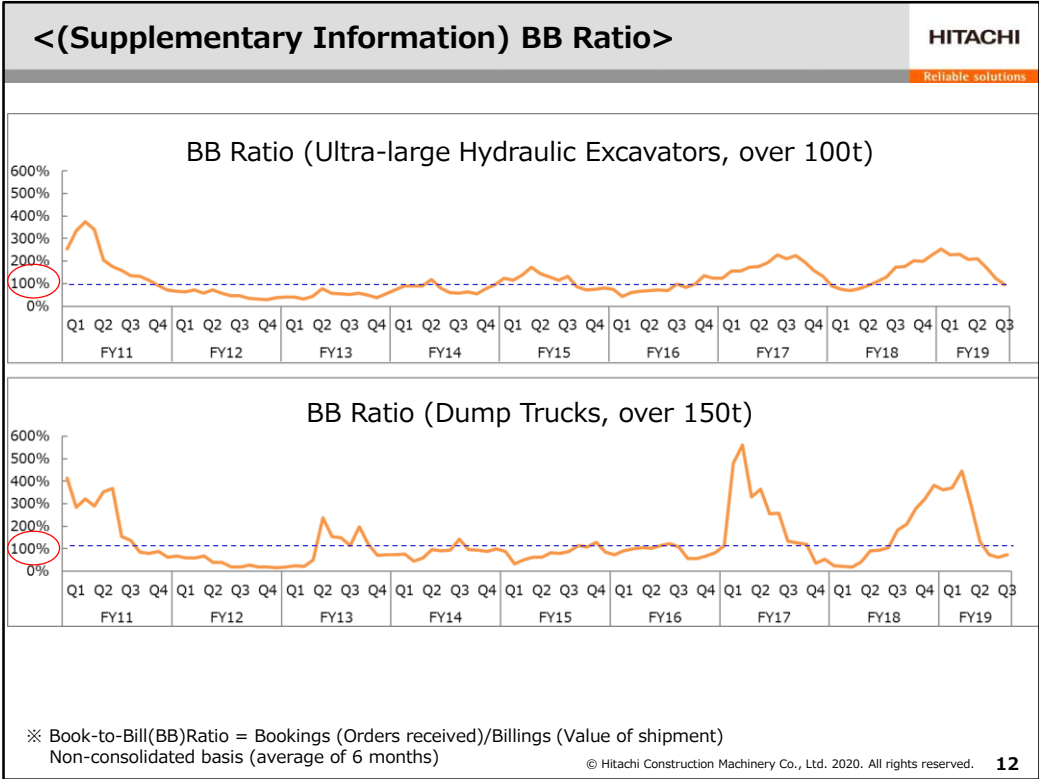
Demand Trend for Hydraulic Excavators in the Middle East



The demand for hydraulic excavators in Russia decreased by 13% year-on-year due to the impact of the global economic slowdown.

The demand for hydraulic excavators in the Middle East has started to increase in Turkey, following the Gulf area





BB ratio of ultra-large hydraulic excavators in over 300 tons class for large mines is maintained at 100% or more, but in 100-250 tons class for small-and medium-sized mining sites and contractors, it was below 100% due to declining demand and orders. Accordingly, it is below 100% in total for ultra-large hydraulic excavators.

Although new orders were received for dump trucks in 3Q, shipments of large-scale projects received in the past continued steadily during the same period, and the value of shipments exceeded orders received. Therefore BB ratio fell below 100%.

Hitachi Construction Machinery Thailand handover HITACHI EX3600E-6LD 7 Units to Italian-Thai Development



Our excavator EX2500E has been operating continuously over the past 25 years, and we have received these orders for its durability and services.



On 14th January 2020, a delivery ceremony was held at the Mae Moh Mine owned by Electricity Generating Authority of Thailand

Delivered seven electric ultra-large hydraulic excavators "EX3600E" to ItalianThai Development Public Limited Company, one of the largest builders in Thailand, at the Mae Moh Mine owned by the Electric Generating Agency of Thailand.

Our EX2500 delivered 25 years ago and are working in this mine, and not only the durability of the machine, but also the service support received high marks. This resulted in the simultaneous receipt of orders for seven units.

■ Developed a prototype battery-driven mini excavator at Hitachi Construction Machinery Tierra

- Developed environmentally friendly electric construction equipment in collaboration between Japan and Europe (European Application Center GmbH Corporation *1)
- Characteristics are that it can combine a battery power supply with a commercial power supply.
- Aiming for compact size development to fit it into the same size as the engine model with miniaturizing the battery system.

*1: Hitachi Construction Machinery and KTEG, a subsidiary of Kiesel, a distributor in Europe, established joint venture in 2018 to develop electric construction machinery and applied development products.



Battery-driven 5t class short swing design prototype

■ Start offering ConSite® for mini excavators from FY2020

- Apply service solutions for protecting construction machinery through remote monitoring to mini excavators as well
- Know the position, operating status, etc. of multiple machines in real time through the wireless service
- Reduces life cycle costs and provides high convenience when managing many machines



Global e-Service®: service which allows customers to view operational and position information for construction machinery

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Introduction of measures for the compact market, which is expected to continue to grow in the future.

■ Hitachi Construction Machinery Tierra, in cooperation with European Application Center GmbH in Europe, developed a prototype of a 5-ton battery-powered mini excavator.

The background to the development is heightened expectations of the environment-conscious electric construction machinery market, especially in Europe.

We are pursuing smaller battery systems and longer operating hours, and have a high prospect of developing technologies of the same size as conventional engine models. We plan to utilize these technologies for market research in the future and to absorb further market demands.

■ Start offering ConSite for mini excavators from fiscal 2020. ConSite, a service solution for protecting construction machinery through remote monitoring, has been equipped on medium to large-sized hydraulic excavators and wheel loaders until now. We developed a communication terminal system for mini excavators and will apply it to mini excavators of 3 tons or more. Contribute to provide high-value-added service solutions through ConSite and lowering the total life cycle costs of customers who manage a large number of machines.

Yukie Nakayama of the Hitachi Construction Machinery Clay Firing Department ^{*1} won a copper medal in the women's trap competition at 14th Asian Championship^{*2}. Based on the results, the participation in the Tokyo Olympics will be announced.



We look forward to your warm support.

^{*1}: Foundation 1997, Clay Shooting is Our Symbol Sport

^{*2}: Held in Qatar (Doha) in November 2019

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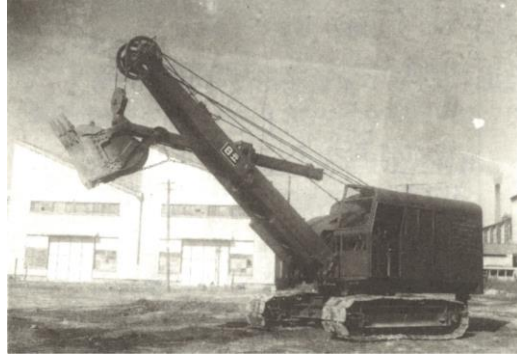
In November last year, our employee Yukie Nakayama won a wonderful bronze medal at the Asian Continental Championship on clay shooting held in Doha, Qatar. Based on this result, the participation in the Tokyo Olympics to be held this year will be announced.

Nakayama will take part in the Olympics for the fifth time.

We look forward to your warm support.

In 2020, we will mark the 70th anniversary*¹ of the start of full-scale manufacturing of construction machinery.

In appreciation of our customers and other stakeholders, we will continue to take on the challenge of achieving further growth.



U06 mechanical excavators developed using pure domestic technology

*¹: With the start of full-scale production in 1950 as the driving force behind Japan's post-war national land reconstruction

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We at Hitachi Construction Machinery Co., Ltd. celebrate 70 years of full-scale production of construction machinery in 2020.

We developed mechanical excavators using pure domestic technology, and began full-scale production of "U-06" in 1950. We contributed as a driving force to national land reconstruction in Japan after the war.

We will continue to take on the challenge of achieving further growth with the appreciation of our customers and other stakeholders in mind.

2. Business Results for the Third Quarter ended December 31, 2019

(April 1-December 31, 2019)

Tetsuo Katsurayama

Senior Vice President, Executive Officer, CFO

Summary of consolidated results

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Reliable solutions

Revenue decreased by 8% and adjusted operating income decreased by 31% compared to the previous year due to the negative exchange impact of appreciation of the Japanese yen and decrease in sales volume.

(billions of yen)

	FY2019 1Q-3Q		FY2018 1Q-3Q		change
Revenue	687.2		743.2		-8%
Adjusted operating income *1	8.5%	58.7	11.5%	85.1	-31%
Operating income	8.3%	57.4	10.9%	81.3	-29%
Income before income taxes	8.1%	55.8	10.6%	78.9	-29%
Net income attributable to owners of the parent	5.1%	35.1	6.9%	51.3	-32%
EBIT *2	8.6%	59.3	10.9%	81.0	-27%
FX rate	Rate (YEN/US\$)		108.6		-2.7
	Rate (YEN/EURO)		121.1		-8.4
	Rate (YEN/RMB)		15.7		-1.0
	Rate (YEN/AU\$)		74.9		-6.8

*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"

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The revenue for the third quarter of fiscal 2019 decreased by 8% year-on-year to ¥687.2 billion.

The adjusted operating income decreased by 31% year-on-year to ¥58.7 billion, with a profitability of 8.5%.

The operating income was ¥57.4 billion, a profitability of 8.3%.

The net income attributable to owners of the parent decreased by 32% year-on-year to ¥35.1 billion.

The significant yen appreciated by ¥2.7 against the U.S. dollar, by ¥8.4 against the euro, by ¥1.0 against the yuan and by ¥6.8 against the Australian dollar for the nine months ended December 31, 2019, on a year-on-year basis.

Revenue by geographic region (consolidated)

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Revenue decreased compared to the previous year due to the 28.1 billion yen of the negative exchange impact of appreciation of the Japanese yen despite the revenue increase in Asia, N.America and Russia-CIS compared to the previous year.

	FY2019 1Q-3Q		FY2018 1Q-3Q		(billions of yen) change	
					amount	%
Japan	145.4	21%	145.5	20%	-0.1	0%
Asia	64.1	9%	62.5	8%	1.6	2%
India	38.6	6%	49.7	7%	-11.1	-22%
Oceania	108.4	16%	126.0	17%	-17.6	-14%
Europe	73.6	11%	76.7	10%	-3.1	-4%
N.America	130.0	19%	124.2	17%	5.8	5%
L.America	10.2	1%	13.0	2%	-2.9	-22%
Russia-CIS	25.0	4%	24.3	3%	0.7	3%
M.East	4.9	1%	9.0	1%	-4.1	-46%
Africa	28.3	4%	29.8	4%	-1.4	-5%
China	58.7	9%	82.4	11%	-23.7	-29%
Total	687.2	100%	743.2	100%	-56.0	-8%
Overseas ratio	79%		80%			

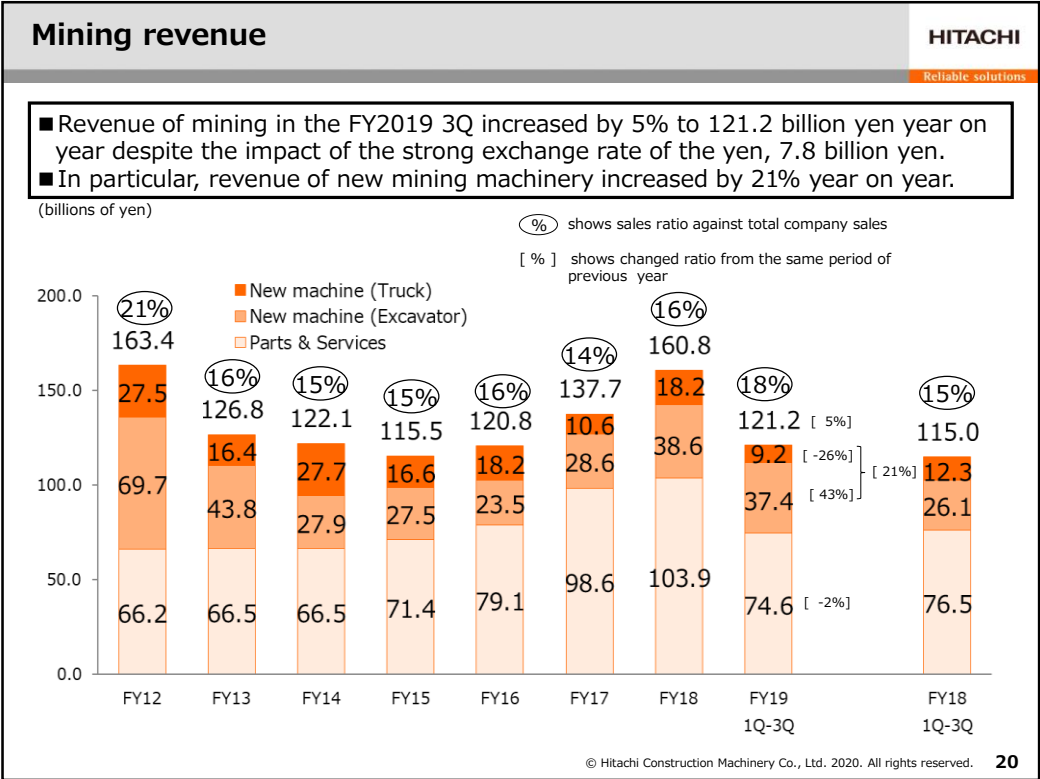
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In Japan, the revenue was ¥145.4 billion, almost the same as in the same period of the previous fiscal year, due to an increase in demand from the disaster recovery work, etc.

Overseas, despite the significant yen appreciation, revenue in North America increased ¥5.8 billion, or 5%, year-on-year to ¥130.0 billion yen. Revenue in Asia and Russia-CIS also increased year-on-year, but revenue in other overseas regions decreased year-on-year.

Overseas revenue ratio decreased by 1 percentage point year-on-year to 79% due to strong performance in Japan.

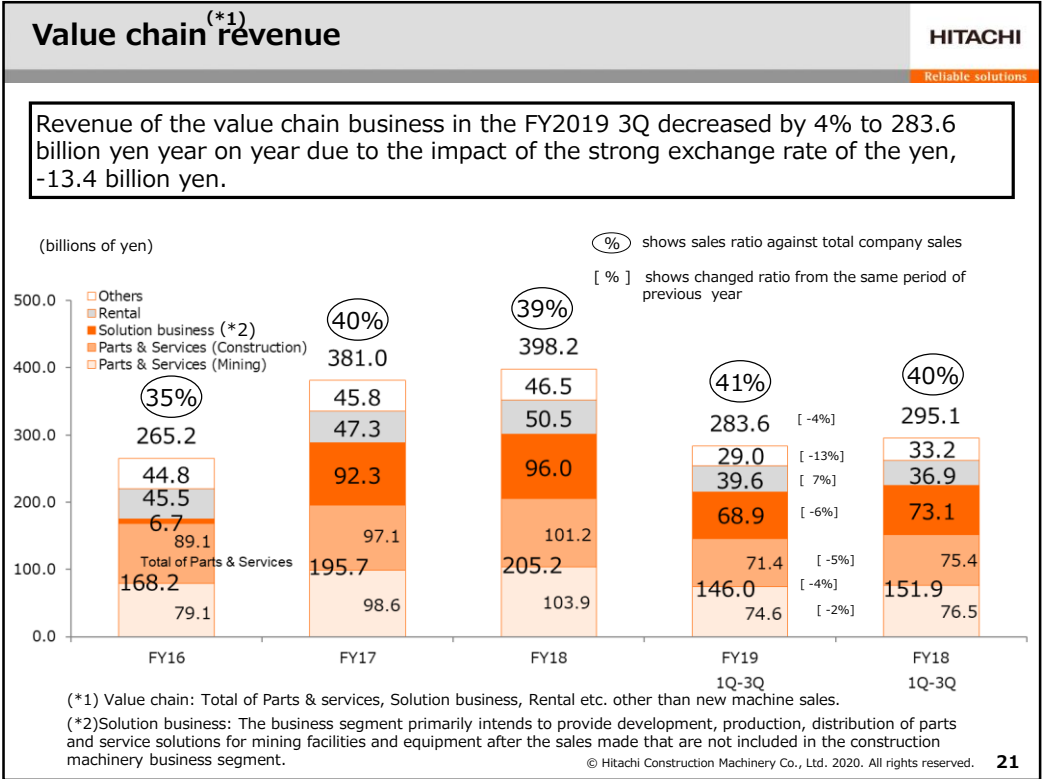
Revenue decreased ¥56.0 billion year-on-year to ¥687.2 billion, including the negative impact of ¥28.1 billion due to the yen appreciation impact. On a local currency basis, revenue decreased ¥27.9 billion.



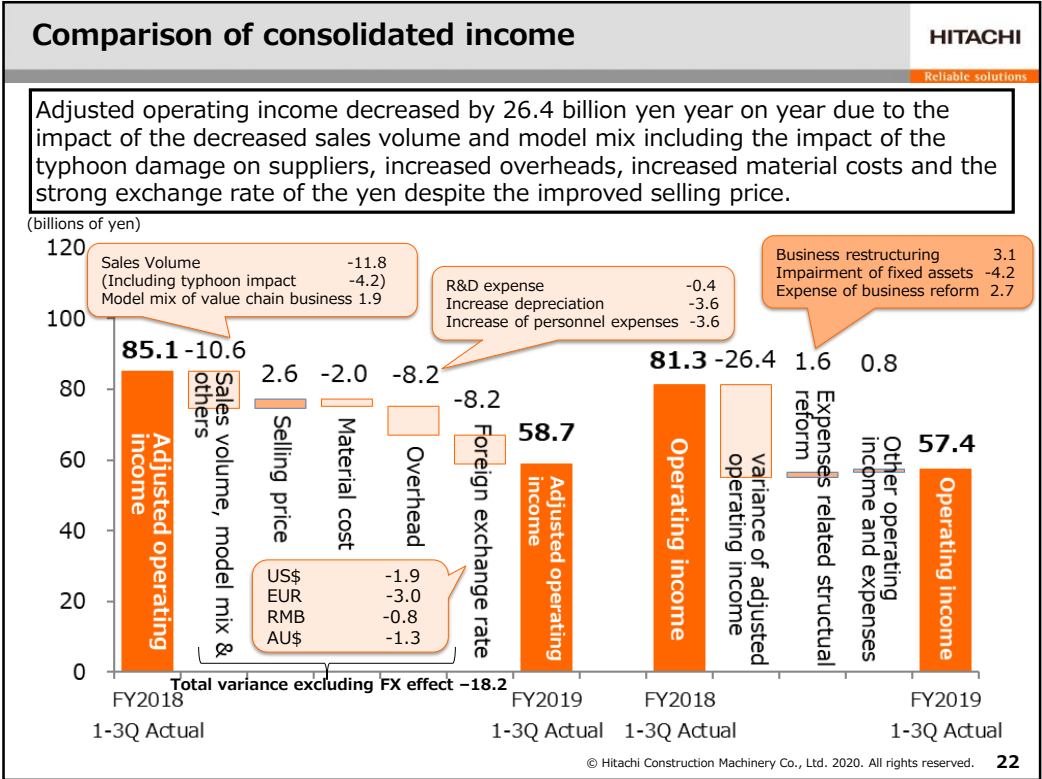
Mining revenue increased by 5% year-on-year to ¥121.2 billion despite the yen appreciation impact.

New machinery sales increased by 21% year-on-year. While trucks sales decreased year-on-year due to fewer deliveries compared with the previous fiscal year, excavators sales increased by a significant 43% year-on-year.

Parts & services for mining decreased by 2% year-on-year due to the yen's appreciation impact, but increased on a local currency basis.



The value chain revenue for the nine months ended December 31, 2019 decreased by 4% year-on-year to ¥283.6 billion. However, because yen appreciation impact accounted for 5% of the decrease, the value chain revenue slightly increased on a local current basis.



The adjusted operating profit decreased by ¥26.4 billion year-on-year as follows.

The income of sales volume, model mix and others decreased by ¥10.6 billion, including ¥4.2 billion, due to a deterioration in the market environment in the third quarter and the production decrease because of a delay in procurement of parts resulting from some suppliers being damaged by typhoon No. 19(Hagibis) in last October.

Although the selling prices improved, overheads increased by ¥8.2 billion due to higher materials costs in India and other countries, higher depreciation, and personnel expenses resulting from improved employee compensation. The yen appreciation impact increased by ¥8.2 billion.

Operating income decreased by ¥24.0 billion year-on-year to ¥57.4 billion.

Consolidated statement of income

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- Operating income decreased by 29% or 24.0 billion yen to 57.4 billion yen year on year.
- Net income attributable to owners of the parent decreased by 32% or 16.2 billion yen to 35.1 billion yen year on year.

			(billions of yen)	
			change	
	FY2019 1Q-3Q	FY2018 1Q-3Q	amount	%
Revenue	687.2	743.2	-56.0	-8%
Cost of Sales	(72.3%) 496.5	(70.7%) 525.3	-28.8	-5%
SGA expenses	(19.2%) 131.9	(17.9%) 132.8	-0.9	-1%
Adjusted operating income *1	(8.5%) 58.7	(11.5%) 85.1	-26.4	-31%
Other Income/expenses	-1.4	-3.8	2.4	-63%
Operating income	(8.3%) 57.4	(10.9%) 81.3	-24.0	-29%
Financial income/expenses	-4.3	-5.5	1.2	-23%
Share of profits of investments accounted for using the equity method	2.7	3.0	-0.3	-11%
Income before income taxes	(8.1%) 55.8	(10.6%) 78.9	-23.0	-29%
Income taxes	16.3	20.9	-4.6	-22%
Net income	(5.8%) 39.5	(7.8%) 57.9	-18.4	-32%
Net income attributable to owners of the parent	(5.1%) 35.1	(6.9%) 51.3	-16.2	-32%

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

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Financial income and expenses improved by ¥1.2 billion year-on-year, mainly due to an improvement in foreign exchange losses.

Share of profits of investments accounted for using the equity method decreased by ¥300 million year-on-year, but income taxes and non-controlling interests improved.

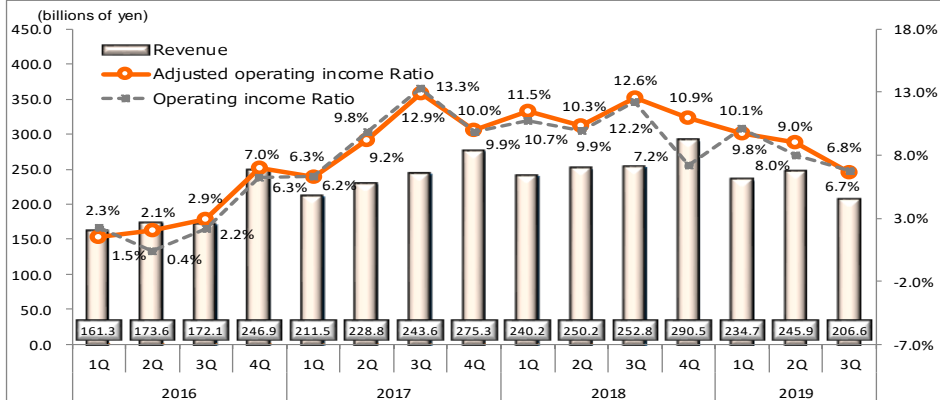
Net income attributable to owners of the parent decreased by 32% year-on-year to ¥35.1 billion.

Summary of quarterly consolidated revenue and operating income (ratio)

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	2016				2017				2018				2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
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	245.9	206.6
Adjusted operating income	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	22.1	13.8
Operating income	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	19.6	14.1



FX rate	2016				2017				2018				2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
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	107.4	108.8
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	119.3	120.3
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	15.3	15.5
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	73.6	74.3

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Revenues for the nine months ended December 31, 2019 were ¥206.6 billion, a significant decrease of ¥46.2 billion compared with the third quarter of the previous fiscal year. This was due to a decrease in sales volumes, the yen appreciation impact of ¥8.5 billion, and a decrease in revenues of ¥14.5 billion caused by the typhoon.

The adjusted operating income margin for the third quarter was 6.7%.

Consolidated statement of financial position

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Total assets increased by 23.3 billion yen year on year due to lease assets increased by 42.2 billion yen from the previous year end due to the impact of the adoption IFRS 16 and increased 18.5 billion yen due to inventories, although decreasing by 56.5 billion yen due to trade receivables and non-current assets.

(billions of yen)									
	(A) FY19-3Q	(B) Mar '2019	(C) FY18-3Q	(A)-(B) change		(D) FY19-3Q	(E) Mar '2019	(F) FY18-3Q	(D)-(E) change
Cash and cash equivalents	63.7	67.3	59.7	-3.6	Trade and other payables	198.6	278.1	252.7	-79.5
Trade receivables	189.7	238.2	204.8	-48.5	Bonds and borrowings	342.2	304.8	307.1	37.4
Inventories	343.4	324.8	325.9	18.5	Total liabilities	662.9	642.6	615.5	20.3
Total current assets	645.2	673.9	645.0	-28.7	(Equity attributable to owners of the parent ratio)	(40.5%)	(41.0%)	(41.0%)	(-0.5%)
Total non-current assets	563.4	511.4	497.6	52.0	Total equity	545.7	542.7	527.2	3.1
Total assets	1,208.6	1,185.3	1,142.6	23.3	Total liabilities and equity	1,208.6	1,185.3	1,142.6	23.3
Trade receivables incl. non-current	226.1	282.6	245.1	-56.5					
Inventories by products									
Unit	100.8	89.3	99.4	11.5	Interest-bearing debt	342.2	304.8	307.1	37.4
Parts	112.9	102.2	101.7	10.8	Cash and Cash equivalents	63.7	67.3	59.7	-3.6
Raw materials, WIP and etc	129.6	133.3	124.9	-3.7	Net interest-bearing debt	278.5	237.5	247.4	41.0
Total inventories	343.4	324.8	325.9	18.5					
On hand days(divided by net sales)				(Days)	Net D/E Ratio	0.57	0.49	0.53	0.08
Trade receivables	84	100	88	-16					
Inventories	128	115	117	13					
Trade payables	46	57	54	-11					
Net working capital	164	155	147	9					

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At the end of December 2019, lease assets increased by ¥42.2 billion in accordance with IFRS 16 international accounting standards from this fiscal year.

Total assets were ¥1,208.6 billion, an increase of ¥23.3 billion from the previous fiscal year-end in March 2019, due to a reduction of ¥56.5 billion in trade receivables, including non-current receivables, to ¥226.1 billion.

Inventories increased by ¥18.5 billion from the previous fiscal year-end to ¥343.4 billion.

The number of days on hand for trade receivables was 84 days, a decrease of 16 days from the previous fiscal year-end, while the number of days on hand for inventories was 128 days, an increase of 13 days from the previous fiscal year-end.

As a result, the number of days on hand for net working capital was 164 days, an increase of 9 days from the previous fiscal year-end.

Therefore, the interest-bearing debt increased by ¥37.4 billion from the previous fiscal year-end to ¥342.2 billion.

The total equity was ¥545.7 billion, with 40.5% of the equity attributable to owners of the parent ratio and the net D/E ratio of 0.57.

Consolidated cash flow

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Net cash provided by (used in) operating activities improved by 69.6 billion yen to positive 20.5 billion yen year on year due to improved working capital.

(billions of yen)

	FY2019 1Q-3Q	FY2018 1Q-3Q	change
Net income	39.5	57.9	-18.4
Depreciation and amortization	72.7 33.2	85.3 27.4	-12.6 5.8
(Increase)decrease in trade/lease receivables	50.9	8.0	42.9
(Increase)decrease in inventories	-23.5	-78.9	55.5
Increase(decrease) in trade payables	-6.0 -33.4	-98.6 -27.7	92.6 -5.8
Others, net	-46.2	-35.9	-10.3
Net cash provided by (used in) operating activities	20.5	-49.2	69.6
Cash flow margin for operating activities	3.0%	-6.6%	9.6%
Net cash provided by (used in) investing activities	-28.5	-19.8	-8.7
Free cash flows	-8.1	-69.0	60.9
Net cash provided by (used in) financing activities	5.4	49.7	-44.3

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Net cash provided by operating activities for the nine months ended December 31, 2019 was positive at ¥20.5 billion, an improvement of ¥69.6 billion year-on-year.

Net cash used in investing activities was an over-expenditure of ¥28.5 billion, mainly due to an increase of ¥7.2 billion in purchases of property, plant and equipment. Free cash flow reached a total over-expenditure of ¥8.1 billion.

Summary of consolidated earnings forecast

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The FY2019 consolidated statement of income forecast remains unchanged from the previous forecast.

(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-3Q Actual	4Q Forecast	Total Forecast	FY2018 Actual	change	
Rate (YEN/US\$)	108.6	100.0	106.4	111.0	-4.6	For FX sensitivity, please refer to appendix 1.
Rate (YEN/EURO)	121.1	110.0	117.9	127.9	-10.0	
Rate (YEN/RMB)	15.7	14.5	15.3	16.6	-1.3	
Rate (YEN/AU\$)	74.9	70.0	73.7	80.9	-7.3	
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.

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The consolidated earnings forecast for fiscal 2019 remains unchanged from the previous forecast.

As previously announced in last October, revenue of ¥950 billion, adjusted operating income of ¥86 billion, and net income attributable to owners of the parent of ¥48 billion.

The decrease of revenue and profit due to typhoons damage in the third quarter are expected to more or less recover in the fourth quarter.

The exchange rate forecast for the fourth quarter has not been changed, is being set to the lower limit for the expected range of fluctuation for each currency as in the past.

In Appendix 1, lists exchange sensitivities that affect revenue and adjusted operating income during the fourth quarter.

Consolidated for revenue forecast by geographic region

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HCM forecasts a decrease in FY2019 total revenue by 83.7 billion yen compared to the previous year due to the 50.0 billion yen of the negative impact of foreign exchange.

(billions of yen)

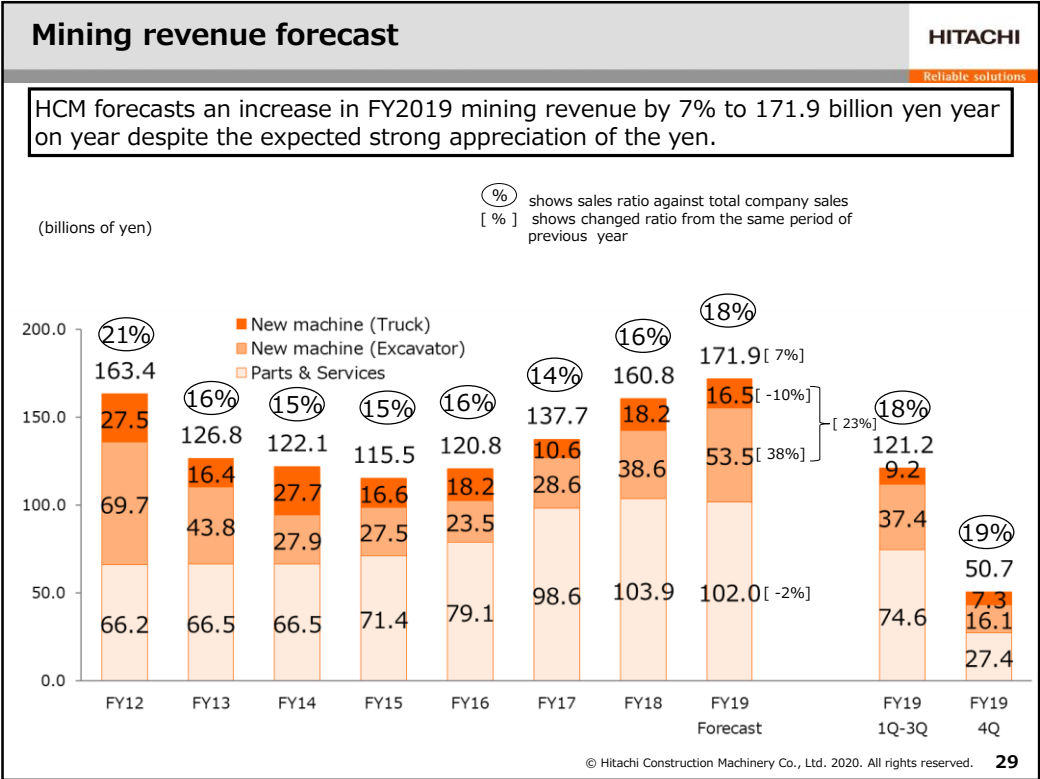
	FY2019 Forecast		FY2018 Actual		change	
					amount	%
Japan	217.1	23%	206.1	20%	11.1	5%
Asia	84.3	9%	88.5	9%	-4.2	-5%
India	58.1	6%	67.9	7%	-9.9	-15%
Oceania	147.4	16%	163.9	16%	-16.5	-10%
Europe	94.6	10%	111.6	11%	-17.0	-15%
N.America	172.1	18%	168.7	16%	3.4	2%
L.America	14.6	2%	17.1	2%	-2.5	-15%
Russia-CIS	32.4	3%	34.4	3%	-2.0	-6%
M.East	6.2	1%	11.8	1%	-5.5	-47%
Africa	35.2	4%	43.8	4%	-8.5	-20%
China	88.0	9%	119.9	12%	-31.9	-27%
Total	950.0	100%	1,033.7	100%	-83.7	-8%
Overseas ratio	77%		80%			

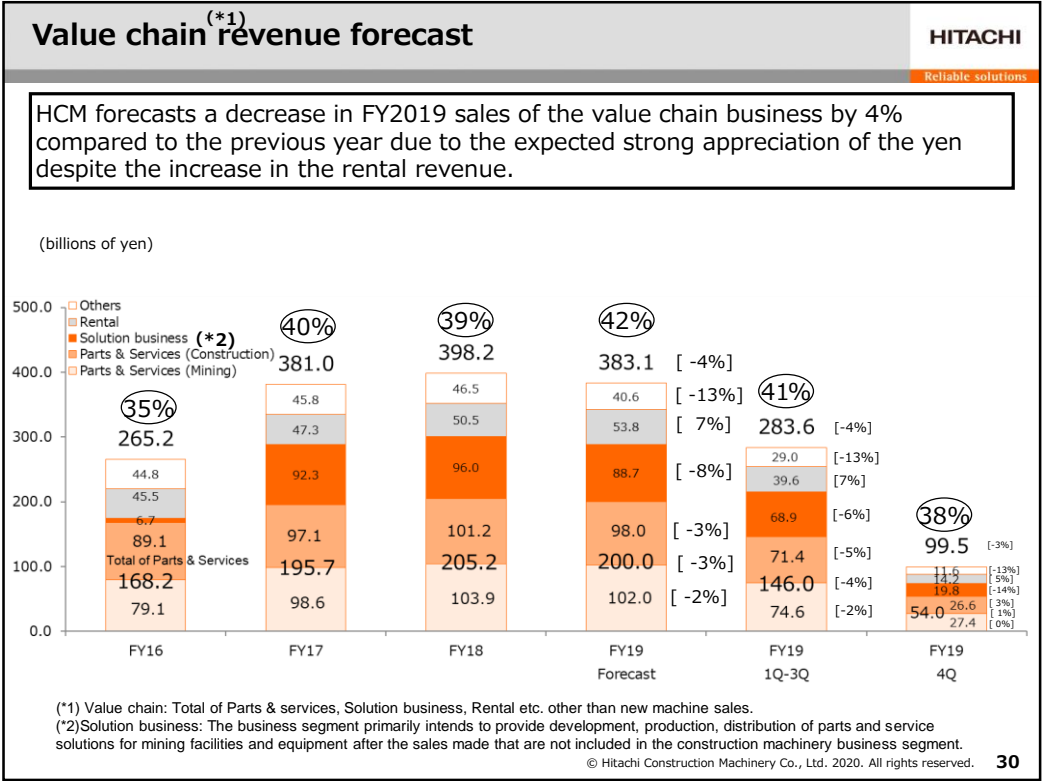
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The total revenue for fiscal 2019 is forecast to decrease by ¥83.7 billion to ¥950 billion, a 8% year-on-year decrease, including the ¥50 billion negative impact of yen appreciation.

Revenues forecast in Japan and North America are expected to increase from the previous fiscal year, while the other regions are expected to decrease including the yen appreciation impact.



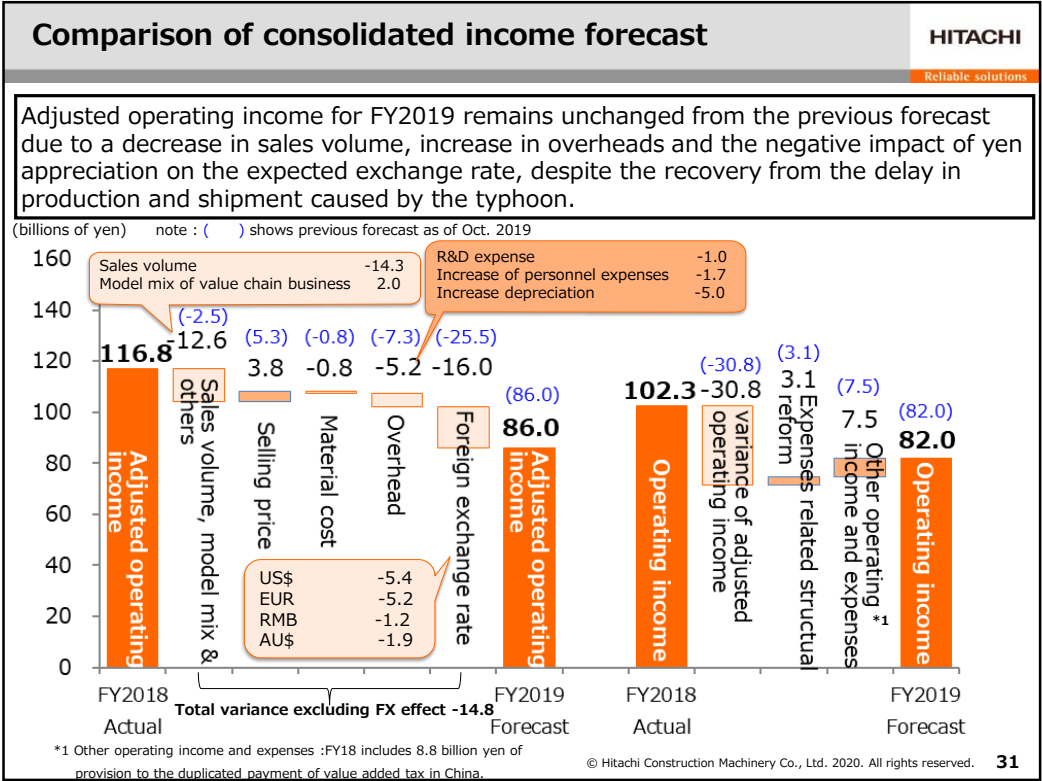


The value chain revenue forecast for fiscal 2019 is expected to decrease by 4% year-on-year to ¥383.1 billion due to the yen appreciation impact, but to increase on a local currency basis.

Parts & services are expected to decrease by 3% year-on-year to ¥200.0 billion. Solution business are expected to decrease by 8% year-on-year to ¥88.7 billion due to the yen appreciation impact against the Australian dollar and other currencies.

Rental is expected to increase by 7% year-on-year to ¥53.8 billion due to the strong performance in Japan and the smooth start in the U.K.

The sales ratio is expected to increase by a 1-point year-on-year to 40%.



The adjusted operating income for fiscal 2019 remains unchanged from the previous forecast, and is expected to decrease by ¥30.8 billion year-on-year to ¥86.0 billion.

Due to a decrease in sales volume of ¥14.3 billion, an increase in overheads of ¥5.2 billion, and the yen appreciation impact of ¥16.0 billion. However, the range of decrease is expected to be smaller than the previous forecast in overheads and the yen appreciation impact.

The operating income forecast is left unchanged to decreased by ¥20.3 billion year-on-year to ¥82.0 billion, reflecting an improvement in other operating income and expenses.

The forecast exchange rate for FY2019 was set based on the lower limit of the forecasted fluctuation range for each currency.

FX rate and FX sensitivity (billions of yen)

Currency	FX rate				FX sensitivity (4Q)		
	FY19			FY18 Actual	Condition	Revenue	Adjusted operating income
	1Q-3Q Actual	4Q Forecast	Total Forecast				
US\$	108.6	100.0	106.4	111.0	Impact by 1 yen depreciation	0.5	0.4
EURO	121.1	110.0	117.9	127.9	Impact by 1 yen depreciation	0.2	0.2
RMB	15.7	14.5	15.3	16.6	Impact by 0.1 yen depreciation	0.2	0.0
AU\$	74.9	70.0	73.7	80.9	Impact by 1 yen depreciation	0.5	0.1

<Appendix2> Detail of mining revenue

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(billions of yen)

		FY18 Actual			FY19 Forecast			Change		
		1-3Q	4Q	Year	1-3Q	4Q	Year	1-3Q	4Q	Year
America	Excavator	9.8	4.7	14.6	11.2	5.3	16.4	1.3	0.5	1.9
	Dump Truck	5.6	1.4	7.0	3.0	1.1	4.1	-2.6	-0.3	-2.9
	Total	15.5	6.1	21.6	14.2	6.4	20.6	-1.3	0.2	-1.0
Europe, Africa and Middle East	Excavator	17.5	7.2	24.8	16.8	7.7	24.5	-0.8	0.5	-0.2
	Dump Truck	10.7	6.3	17.0	9.9	3.0	13.0	-0.8	-3.3	-4.1
	Total	28.3	13.5	41.8	26.7	10.8	37.5	-1.6	-2.7	-4.3
Asia & Oceania	Excavator	45.4	18.4	63.8	57.1	21.6	78.7	11.7	3.2	14.9
	Dump Truck	24.2	7.3	31.5	21.3	11.3	32.5	-2.9	3.9	1.0
	Total	69.5	25.7	95.3	78.3	32.9	111.2	8.8	7.1	15.9
China	Excavator	0.7	0.3	1.0	0.6	0.3	0.8	-0.2	-0.0	-0.2
	Dump Truck	0.1	0.0	0.1	0.1	0.0	0.1	-0.0	-0.0	-0.0
	Total	0.8	0.3	1.1	0.7	0.3	0.9	-0.2	-0.0	-0.2
Japan	Excavator	0.9	0.1	1.0	1.3	0.5	1.8	0.4	0.3	0.8
	Dump Truck	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.0	-0.0
	Total	0.9	0.2	1.0	1.3	0.5	1.8	0.4	0.3	0.7
Total	Excavator	74.3	30.8	105.1	86.9	35.3	122.2	12.6	4.6	17.1
	Dump Truck	40.7	15.0	55.7	34.3	15.4	49.7	-6.3	0.4	-6.0
	Total	115.0	45.8	160.8	121.2	50.7	171.9	6.2	4.9	11.2

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<Appendix3> Segment information

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The amortizations of PPA are included in the adjusted operating income of the solution business. The amounts of 0.8 billion yen are included in the third quarter of 2019, and in the 1.1 billion yen forecast for FY2019.

(billions of yen)

<Actual> FY2019 1Q-3Q	Reportable segment		Adjustments *1	Total
	Construction Machinery Business	Solution Business		
Revenue	618.3	70.2	-1.3	687.2
Adjusted operating income	8.5% 52.4	9.1% 6.4	-	8.5% 58.7

(billions of yen)

<Forecast> FY2019	Reportable segment		Adjustments *1	Total
	Construction Machinery Business	Solution Business		
Revenue	862.6	88.7	-1.3	950.0
Adjusted operating income	9.0% 77.7	9.4% 8.3	-	9.1% 86.0

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

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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.



[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.

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