

## **Explanatory Meeting for Business Results for the Third Quarter ended December 31, 2020**

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

January 29, 2021

**Masafumi Senzaki**

Executive Officer, President, Marketing Div.

**Keiichiro Shiojima**

Executive Officer, CFO

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



## 1. Regional Market Environments and Projections

**Masafumi Senzaki**

Executive Officer, President, Marketing Div.

## ● Impact on demand

Compact is back on course for recovery; Construction is expected to recover in FY2021 2H.\*

\*except the Chinese market

Compact	There is strong demand in North America and other markets, and Compact is back on course for recovery.
Construction	The Chinese market has been recovering ahead of the others and led global demand in FY2020. The other markets have been on a recovery path, but full-ledged recovery is expected in FY2021 2H.
Mining	A positive effect is expected from the current resource price upswing; however, full-ledged recovery has been pushed to FY2021 2H.
Parts and Service	Small and medium-sized construction machinery has been recovering, while mining machinery is expected to take until FY2021 2H for full-ledged recovery.

## ● Impact on marketing and service activities

Normal business activities continued generally. Online communication and other measures have been used in areas where in-person sales and service activities are restrained.

## ● Impact on major production base

Normal production has continued as of this moment. A BCM system is being built and implemented so that production can continue even if the impact of the spread of infections occurs.

## ● Impact on result

FY2020 forecast: Impact would be decrease of 160 billion yen for revenue, and 47 billion yen for AOI.

# Global Demand Trend for Hydraulic Excavators

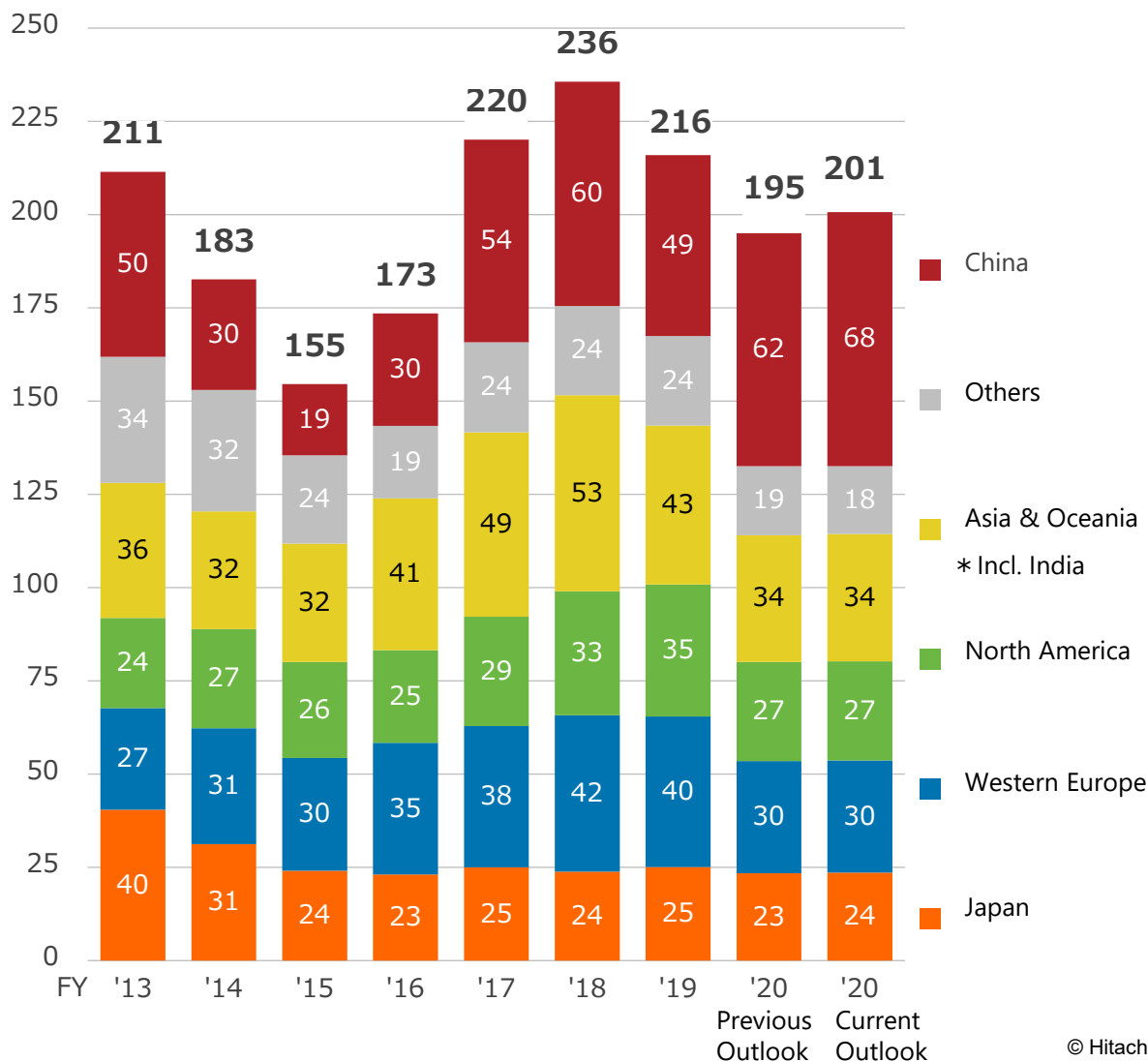
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**Emerging Markets ratio :**  
**FY2020 : 60% ( y-y Change : +7% )**

[K units]

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



**Year-on-Year-Change**

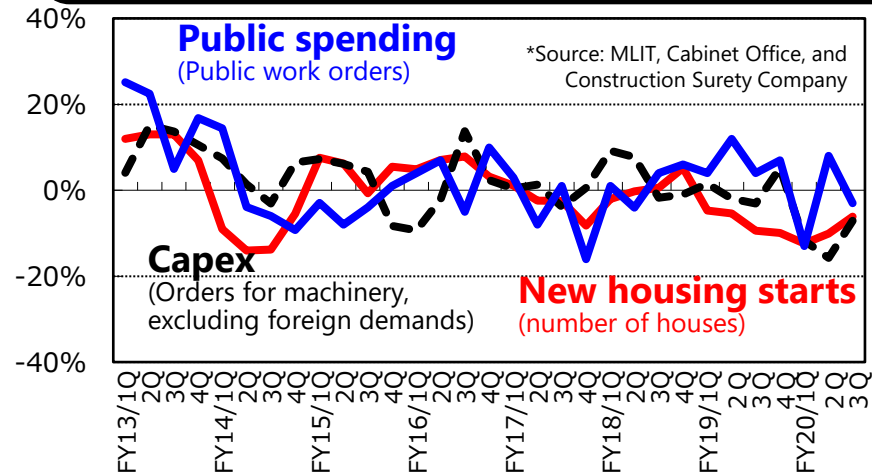
※Estimates by HCM, Excluding Chinese manufacturers

※Distributing, copying, or forwarding prohibited

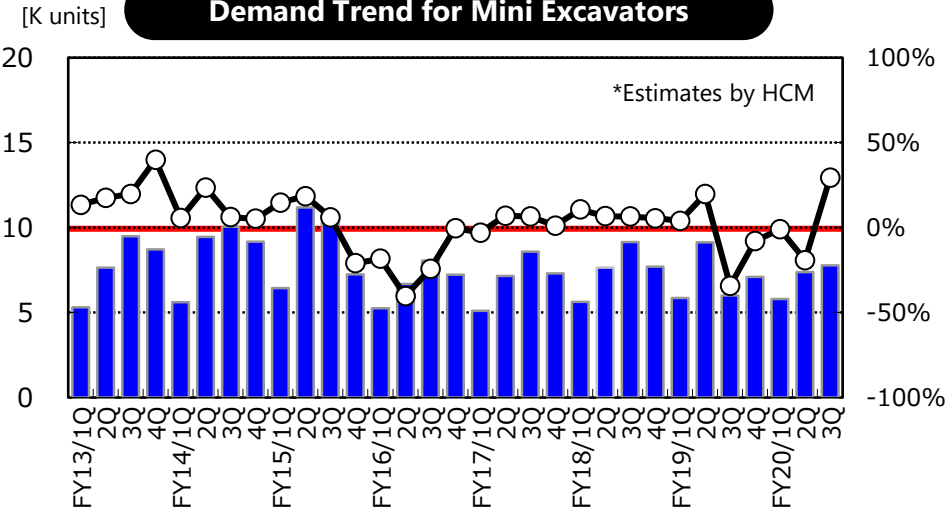
	'19	'20
Total	-8%	-7%
China	-19%	+40%
Russia,CIS, E Europe	+2%	-33%
Africa	-12%	-29%
Middle East	+10%	-11%
Latin	+13%	-22%
Others	+3%	-26%
Asia	-19%	-22%
India	-17%	-22%
Oceania	-22%	-9%
Asia & Oceania	-18%	-21%
N America	+5%	-24%
W Europe	-4%	-25%
Japan	+5%	-6%

- Housing investment and capital investment continued decreasing y-y. Public investment increased slightly.
- Demand increased except WL: Hydraulic excavators +24% (YTD +2.8%), Mini excavators +29%, Wheel loaders -12% y-y.

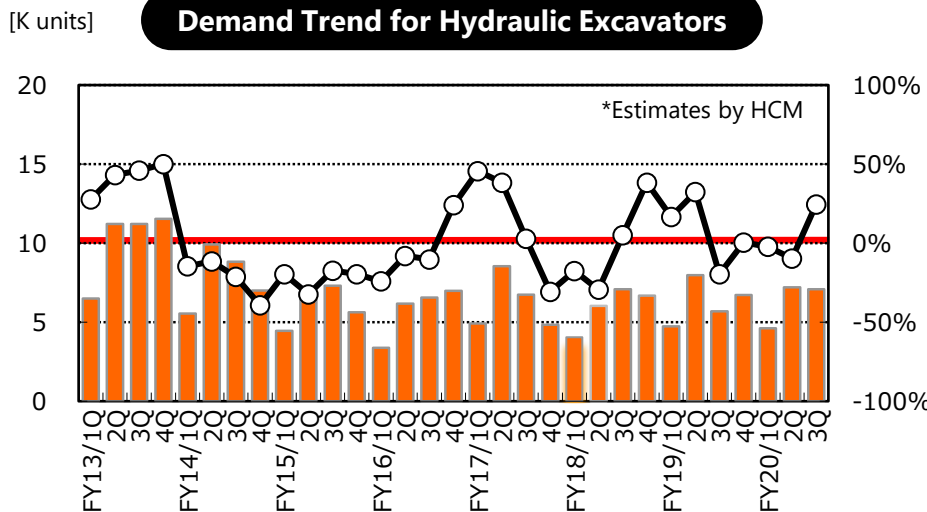
Market Environment Housing/Public Spending and Capex (y-y)



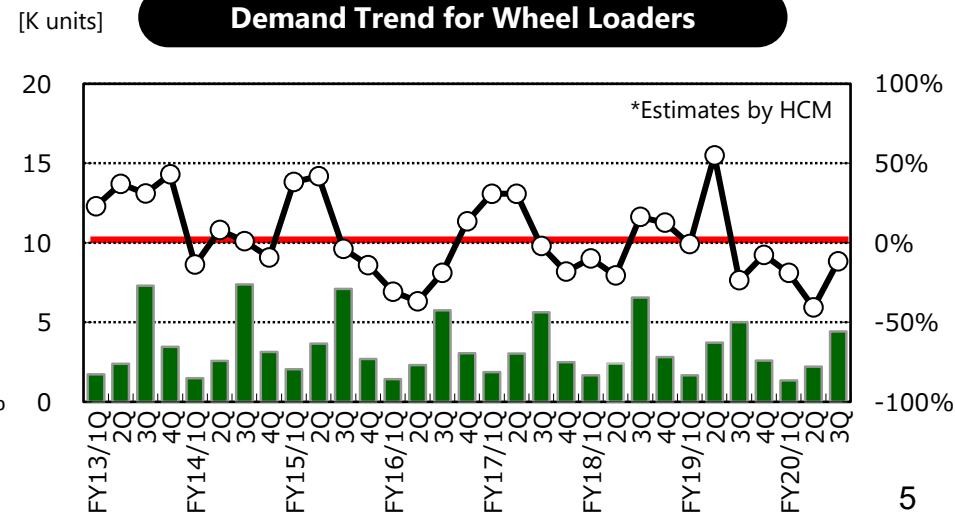
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators

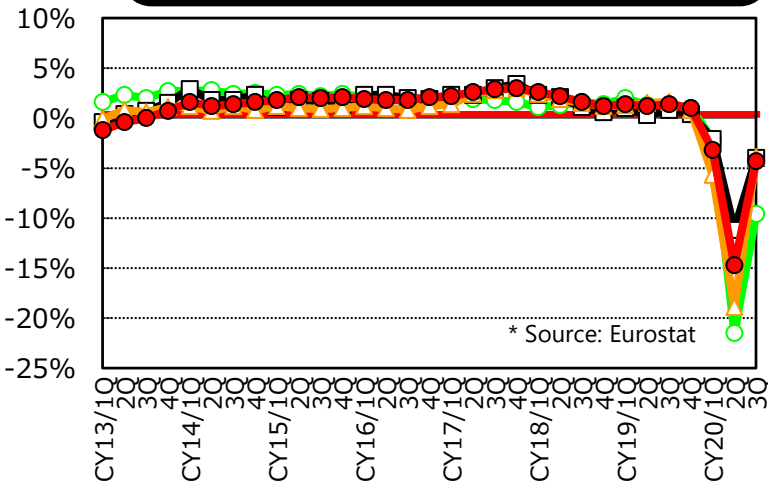


Demand Trend for Wheel Loaders

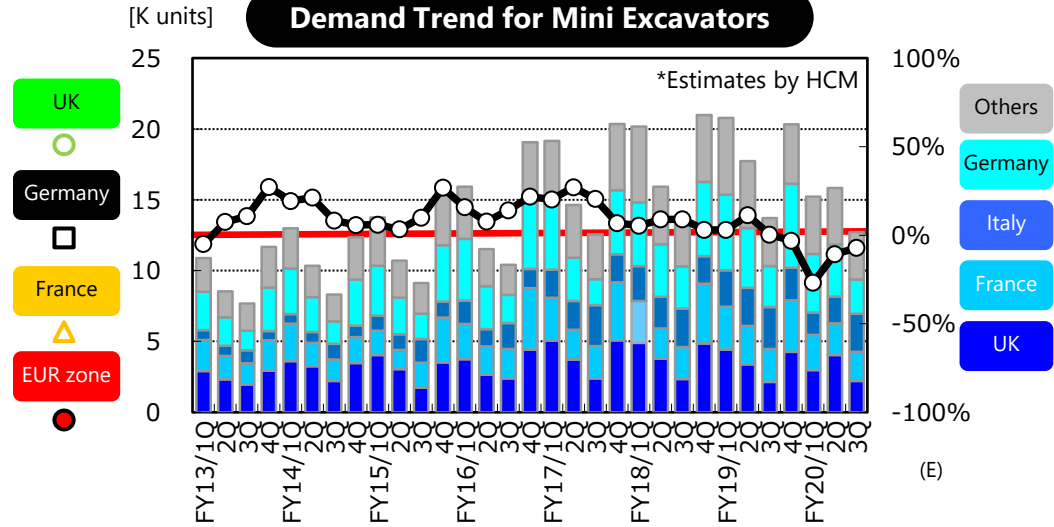


- Throughout the Eurozone, GDP growth rate increased compared to 2Q, still negative growth y-y.
- Demand decreased: Hydraulic excavators -16% (YTD -26%), Mini excavators -7%, Wheel loaders -23% y-y.

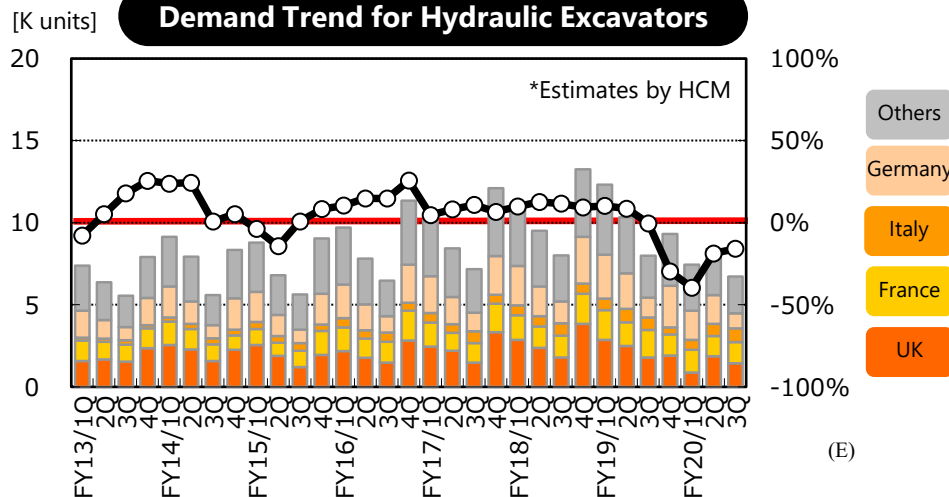
**GDP Growth Rate in Major Countries (y-y)**



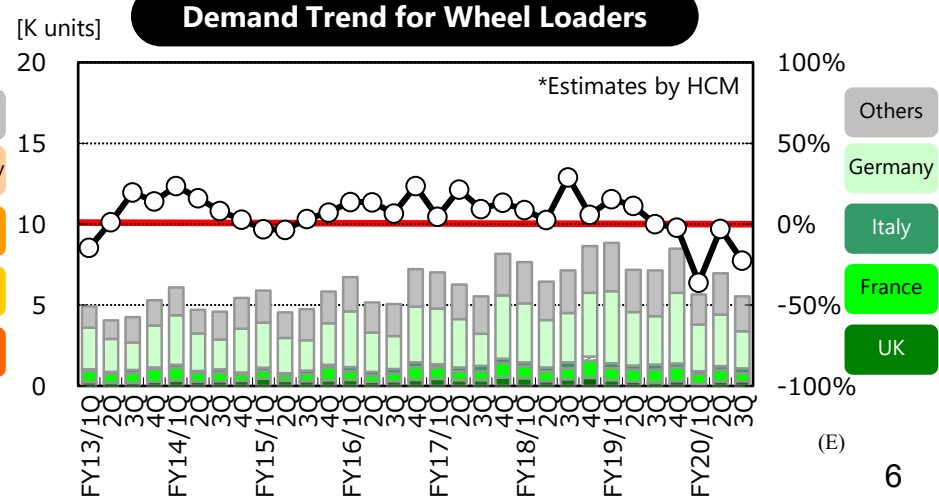
**Demand Trend for Mini Excavators**



**Demand Trend for Hydraulic Excavators**



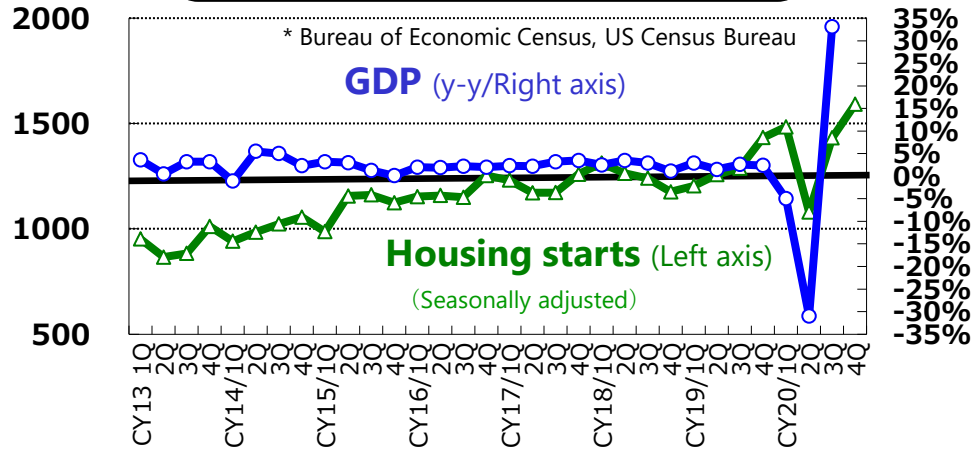
**Demand Trend for Wheel Loaders**



- Housing starts increased. Construction investment increased in Residential, leveling-off in Non-residential, and Public works.
- Demand decreased: Hydraulic excavators -15% (YTD -18%), Mini excavators +10% y-y.

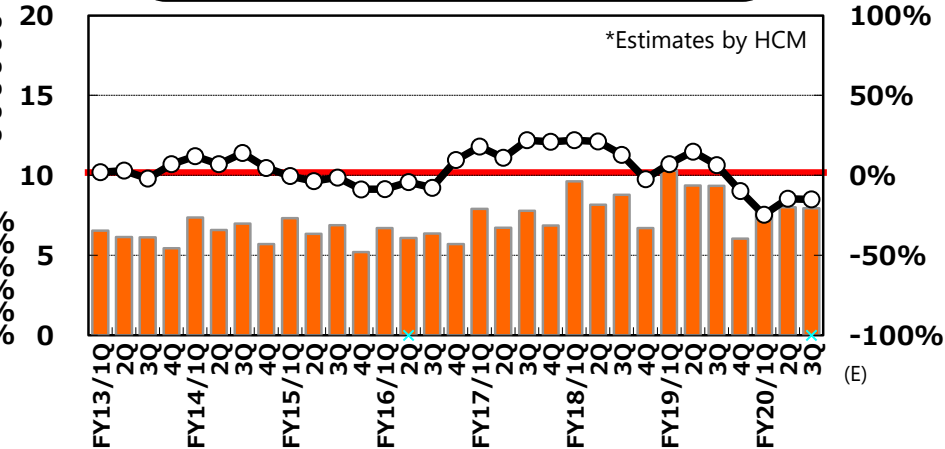
[K units]

**GDP Growth Rate, Housing Starts in US**

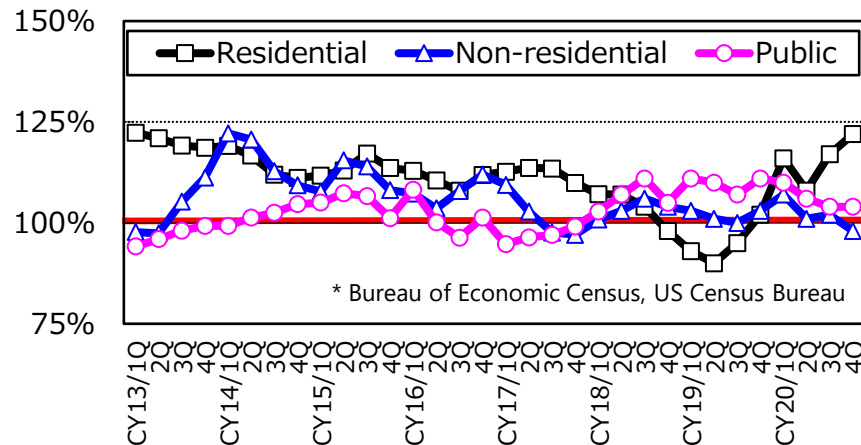


[K units]

**Demand Trend for Hydraulic Excavators**

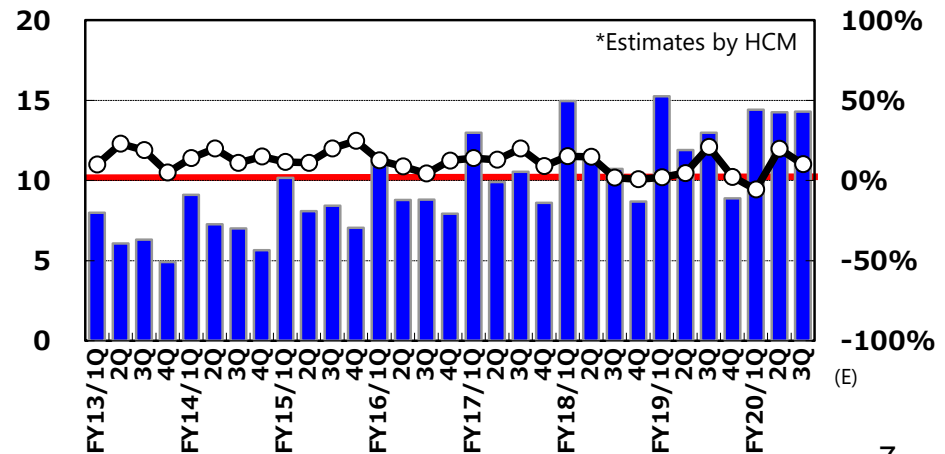


**Construction Spending in US (y-y)**



[K units]

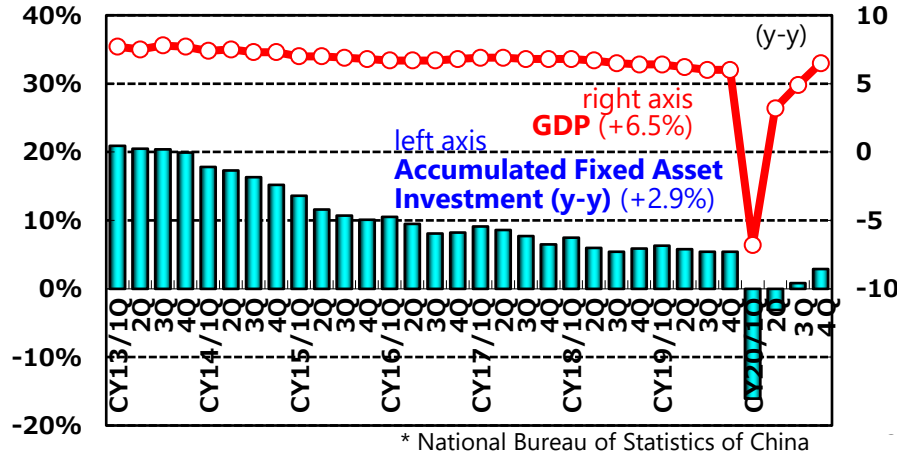
**Demand Trend for Mini Excavators**



- The GDP growth rate was +6.5%.
- Demand for hydraulic excavators in China kept increased. +28% y-y (YTD +38%), Foreign manufactures only.

## GDP and Fixed Asset Investment

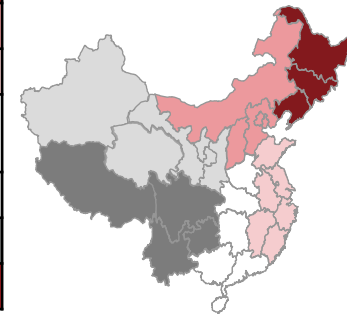
[%]



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

FY19	4Q	1Q	2Q	3Q
North East	+9	+150	+112	+27
Northe	-48	+37	+40	+23
East	-24	+59	+57	+36
Central South	-32	+42	+22	+22
North West	-41	+29	+64	+27
South West	-32	+28	+21	+26
Total	-31	+45	+40	+28

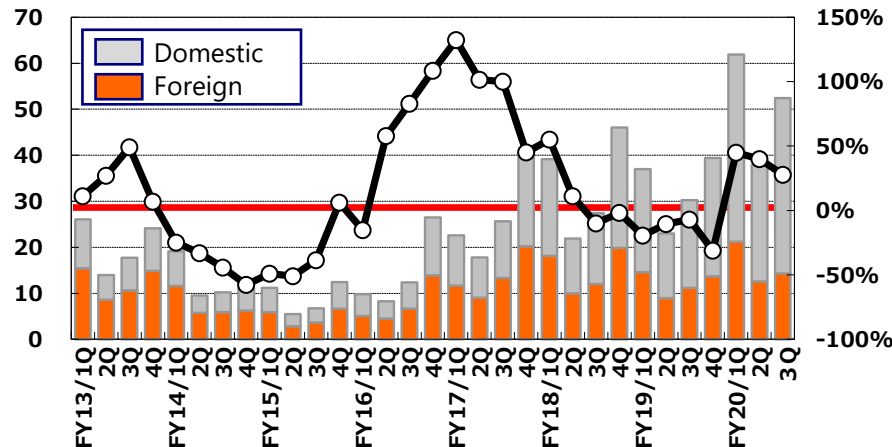
\*Estimates by HCM  
\*Foreign manufactures only



## Demand Trend for Hydraulic Excavators

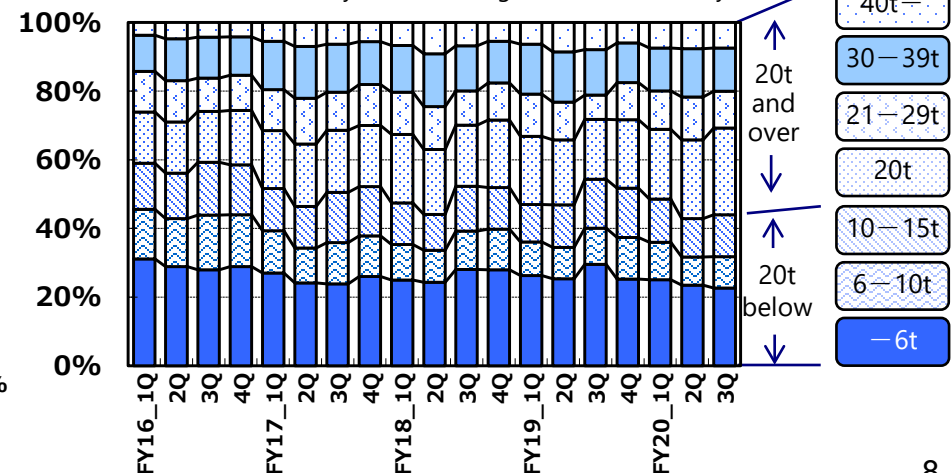
[K units]

\*Estimates by HCM  
y-y comparison data is limited to foreign manufactures only

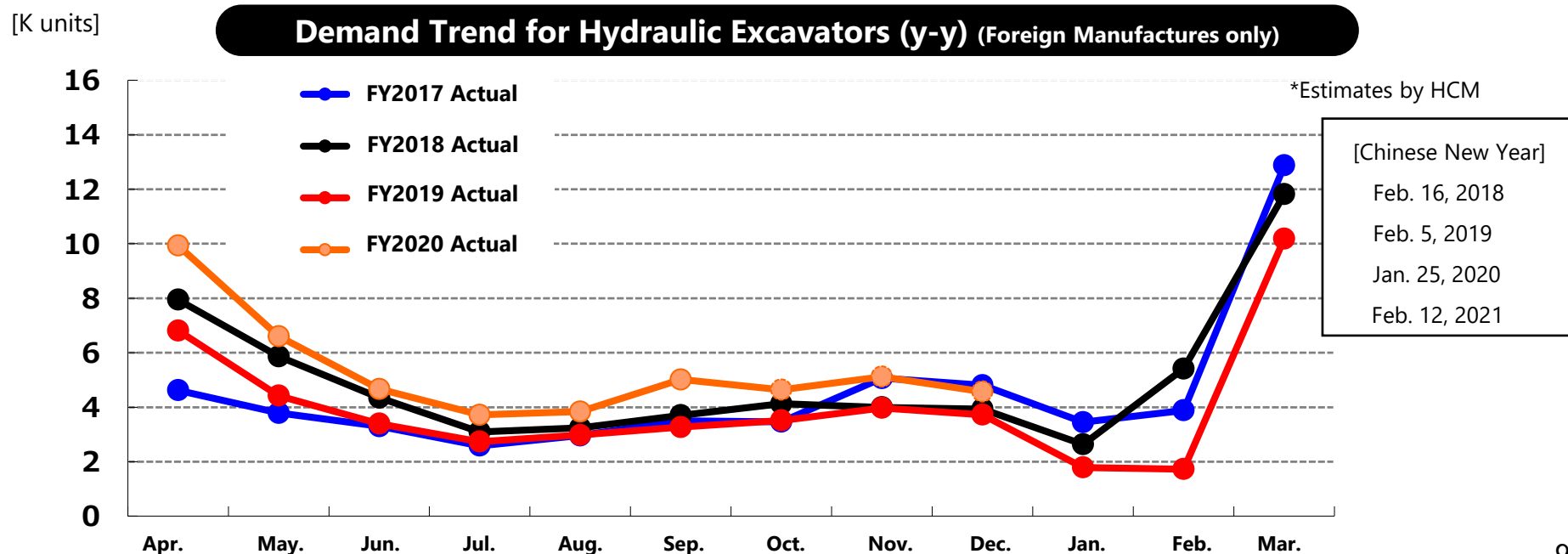
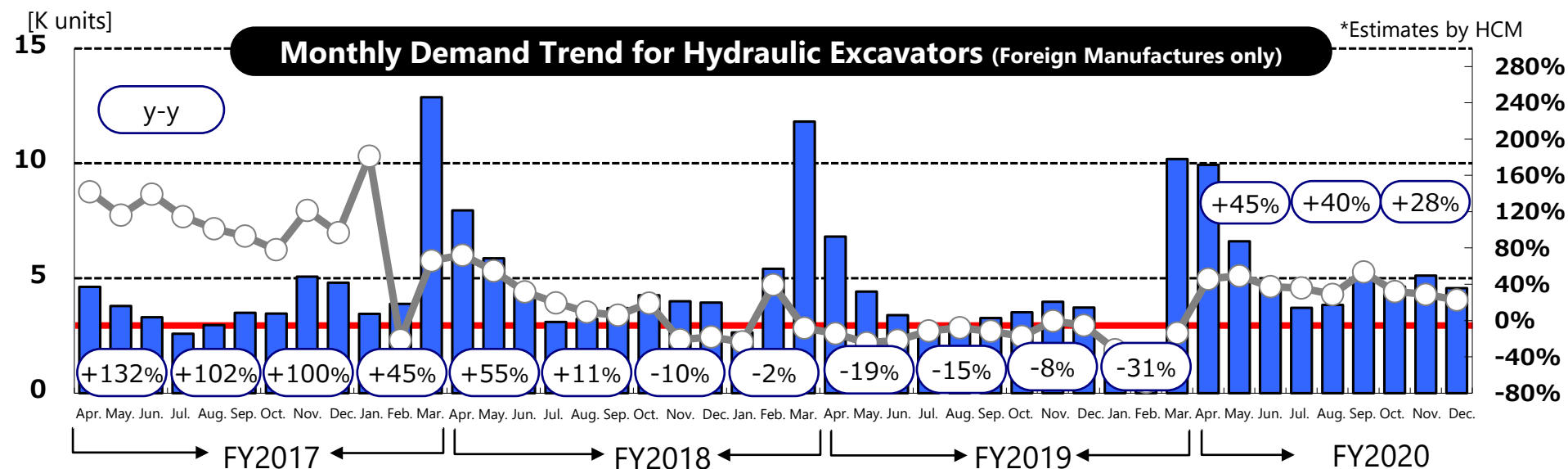


## Demand Composition by Class for Mini Excavators and Hydraulic Excavators

\*Estimates by HCM \*Foreign manufactures only

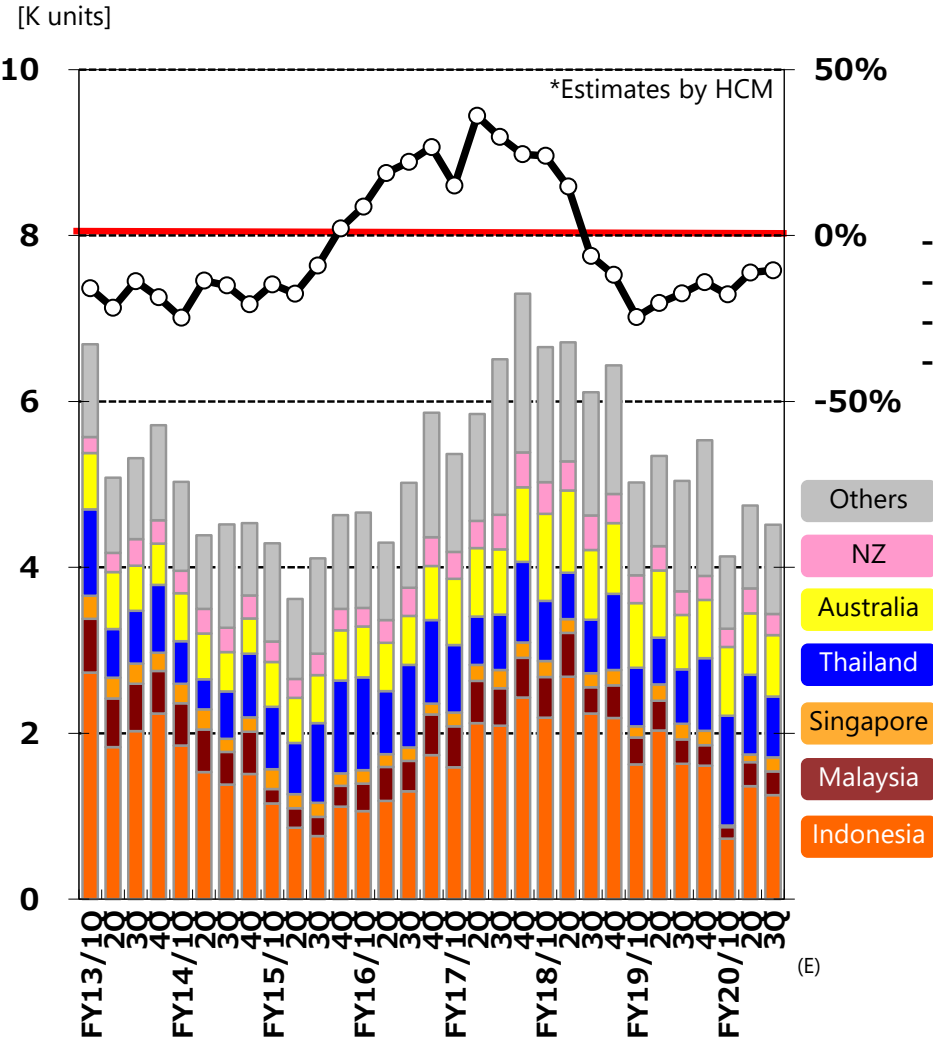




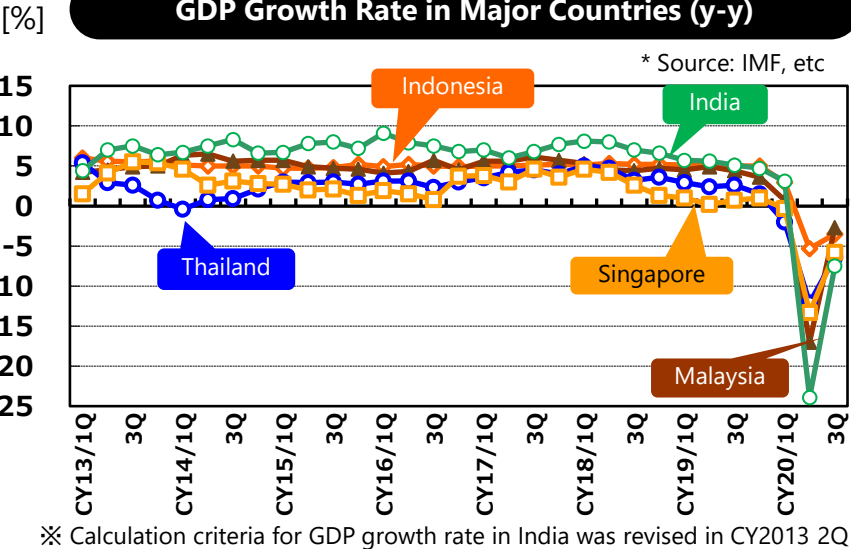


■ Demand for hydraulic excavators decreased overall in the Asia Pacific region, -10% y-y (YTD -13%)  
■ Demand for hydraulic excavators in India was +3% y-y (YTD -24%)

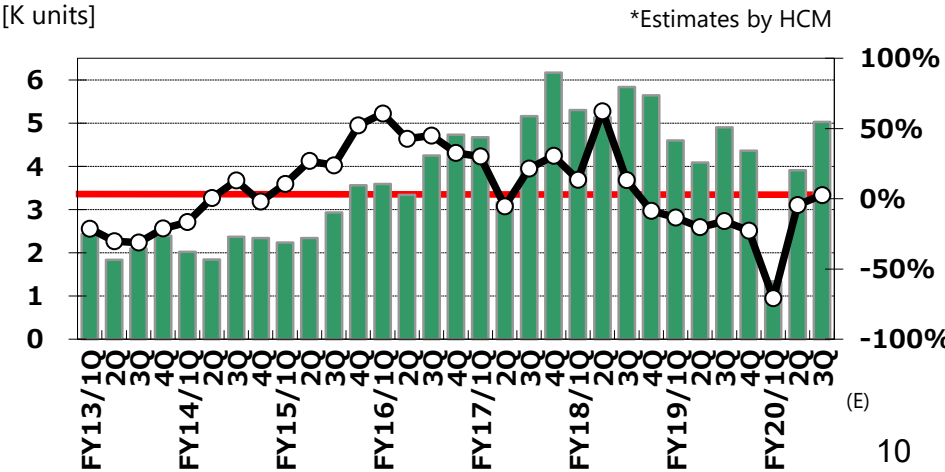
Demand Trend for Hydraulic Excavators in Asia & Oceania



GDP Growth Rate in Major Countries (y-y)

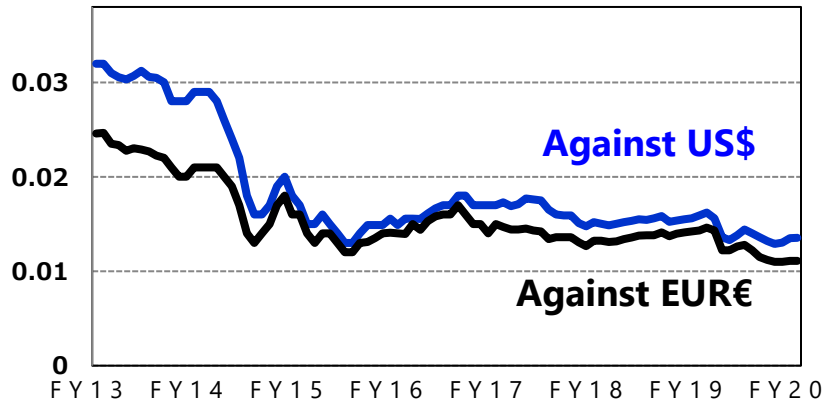


Demand Trend for Hydraulic Excavators in India



- Demand for hydraulic excavators in Russia was -23% y-y (YTD -28%)
- Demand for Hydraulic excavators in the Middle East was -11% y-y (YTD -3%)

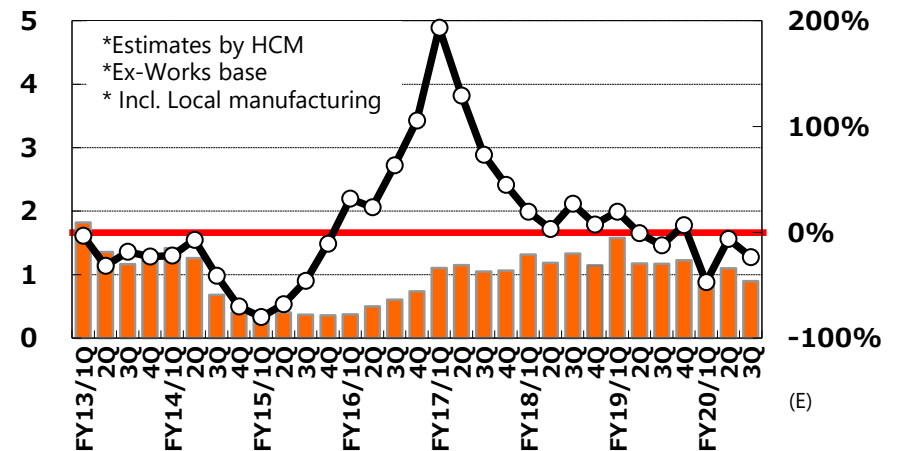
## Foreign Exchange Rate of the Ruble



\* According to HCM's research

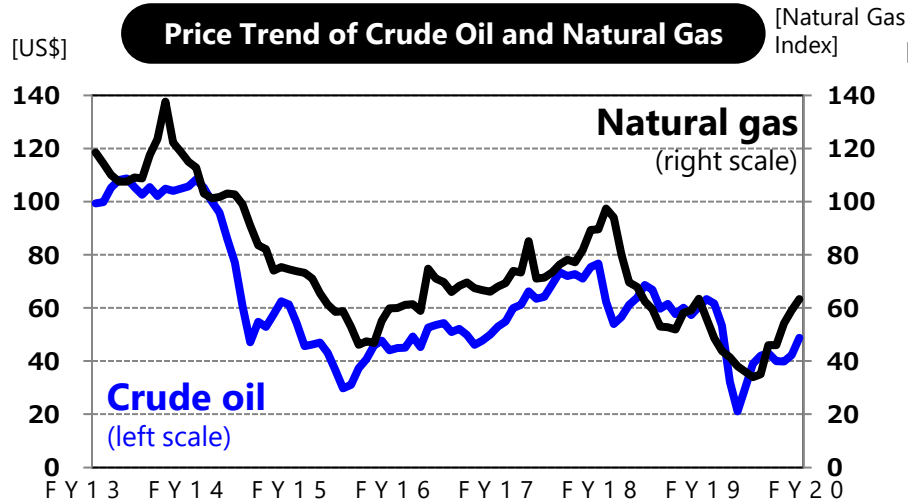
[K units]

## Demand Trend for Hydraulic Excavators in Russia



(E)

## Price Trend of Crude Oil and Natural Gas

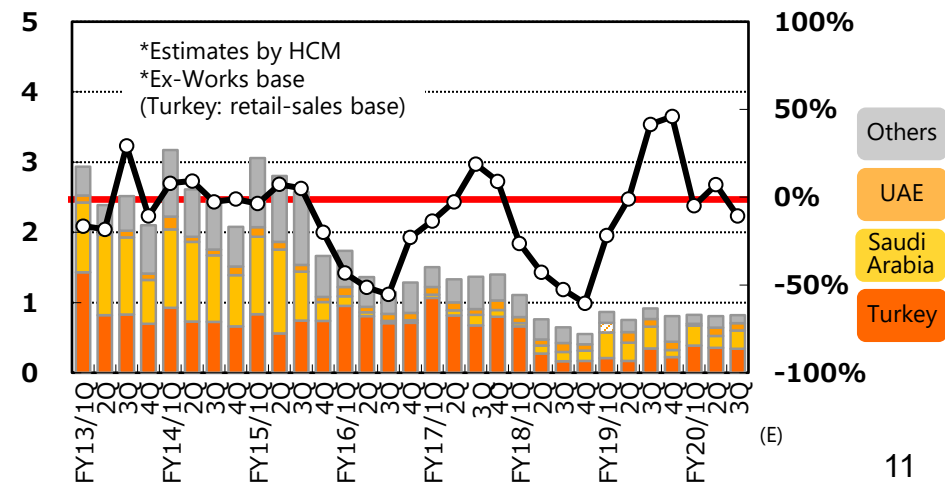


\* Created by HCM, sourced from World Bank

\* Natural Gas Index (2010 = 100)

[K units]

## Demand Trend for Hydraulic Excavators in the Middle East

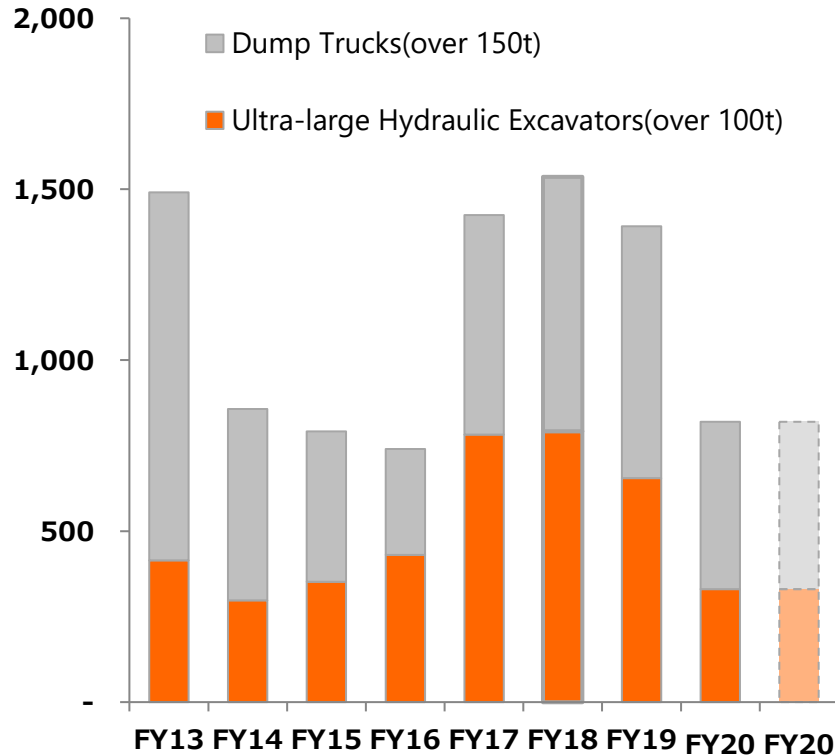


- Demand forecast for mining machinery in FY2020 remained unchanged at -40% y-y.
- Demand for coal mining is still weak, demand for hard rock mining remains steady.

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

[Units]

### Demand by product

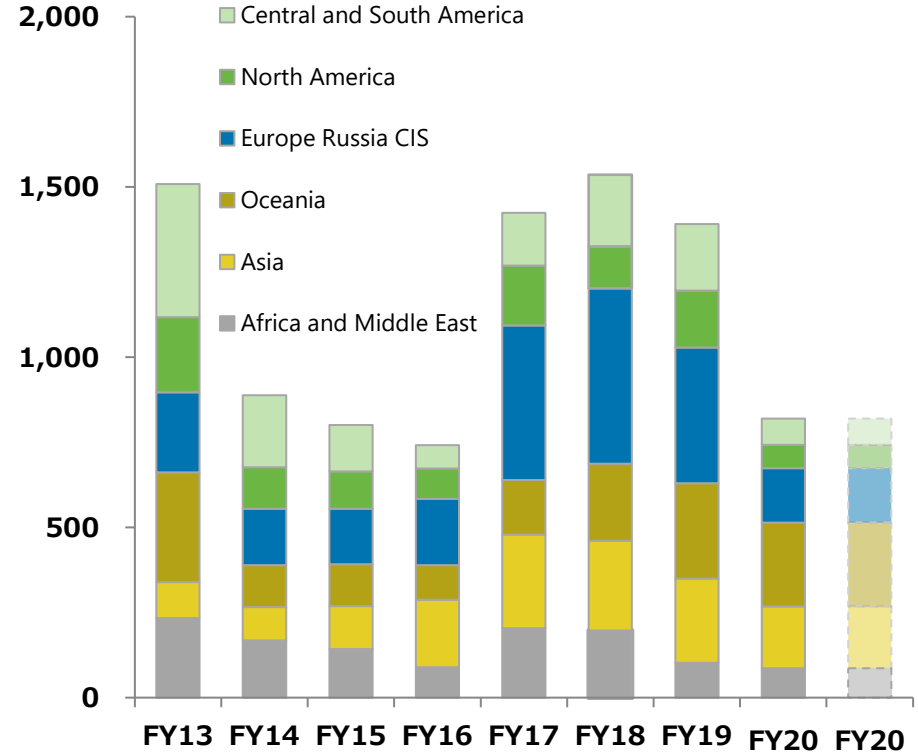


※ According to HCM's research

Previous Outlook  
Current Outlook

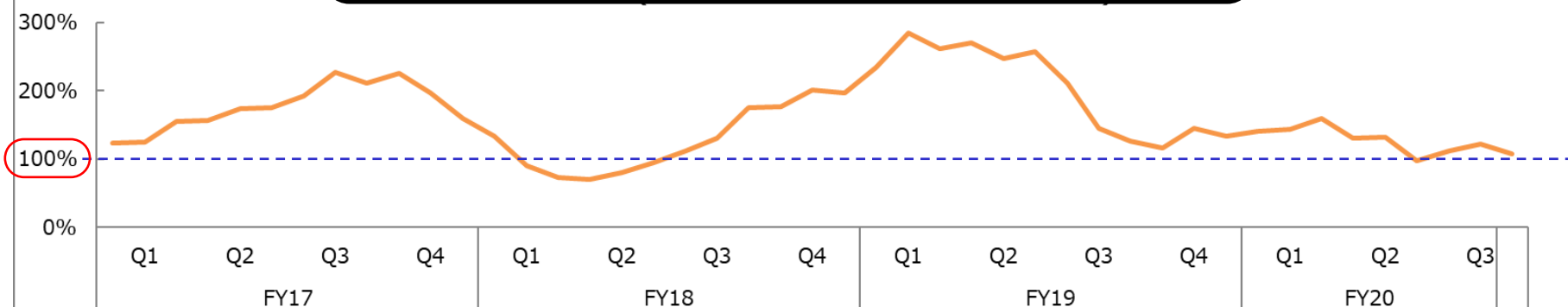
[Units]

### Demand by region

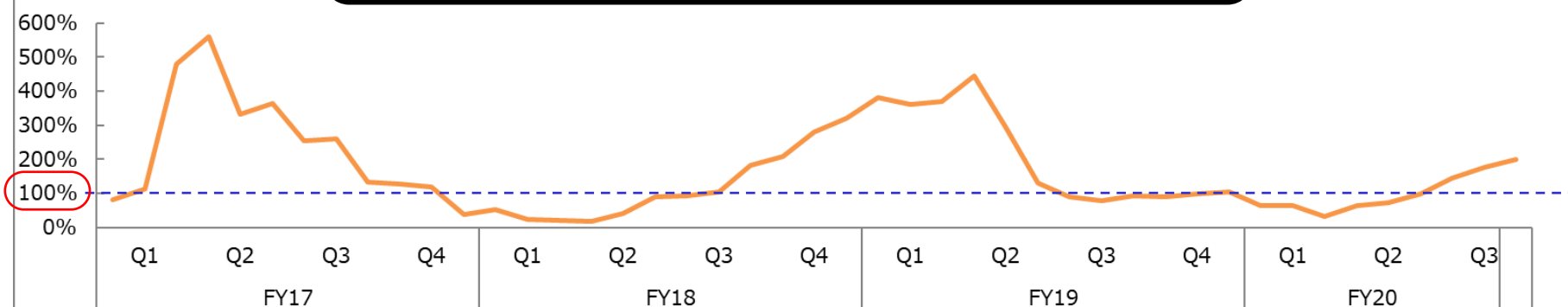


Previous Outlook  
Current Outlook

## 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)

# Topic: Proactively promoting battery-powered mini excavators in response to growing demand for electrification

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## Electric Mini Excavators now on sale since 2020 by collaboration between Japan & Europe

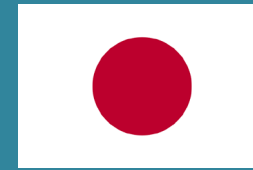
- Demand for electric construction machinery is growing, as the shift to electric vehicles becomes clear.
- 8-ton class has received orders for about 25 units in Europe for 2020, target 50 units for 2021.
- 5-ton class is scheduled to be **released** for Japan and Europe during **FY2021**.
- Equipped with **lithium-ion batteries** and powered by **both battery and commercial power**.



### European Application Center



Development based on existing models to rapidly respond to European market needs



HCM\*  
HCM Tierra

Battery-powered mini excavator with a short rear end swing design developed with an emphasis on work in narrow spaces

\* Hitachi Construction Machinery



2-ton class prototype and 8-ton class on sale



5-ton class prototype

## Expanding the product line-up of excavator for civil construction use

- Mainly targeting self-employed operators, who are the volume zone of demand
- Realizing the best suited specifications and structure for urban civil construction and **the high cost-effectiveness**
- Utilize the operating data of the models for **new product development and sales strategy in the future.**



**6-ton class**



**12-ton class**



**20-ton class**

## Strengthening our group's sales and service systems

- Newly opened three regional offices, Chengdu, Beijing, Shanghai to support dealers in their nearby regions
- Holding seminars on systematic sales methods and sales process management.

## Collaborate on rental and used equipment businesses, deepen value chain business

- Selling our rental equipment as high-quality used equipment "PREMIUM USED".



**National Dealer  
Conference**



## Explaining ESG initiatives through the business activities of Our Groups



### E : Resolving Environmental Issues

- Improvement of environmental performance of products by Hybrid construction machinery and electrification
- Reduction of waste and CO<sub>2</sub> through used equipment and parts remanufacturing business
- Focusing on hard rock mines in our mining business
- Express support for TCFD by analyzing scenario for climate change countermeasures

### S : Resolving Social Issues

- Improving safety through the development and promote of ICT construction machinery and autonomous machinery
- Reducing lifecycle costs with "ConSite®" utilizing IoT
- Contributing to the development of the community through used equipment and parts remanufacturing business

### G : Strengthening of Governance

- Promotion of Board of Directors' Committee, evaluation and improvement of the effectiveness
- Standardize and improve quality level across the entire Group
- Human resource development through a culture of "learning" and "development" by oneself

### Main KPIs

Reduce CO <sub>2</sub> in products and production	
FY2022	FY2030
<b>Products ▲20%</b>	<b>Products ▲33%</b>
<b>Production ▲25%</b>	<b>Production ▲45%</b>

Functionality to reduce accidents caused	
FY2022	FY2030
<b>Achieve cooperative control between people and machinery</b>	<b>Contribute to "zero" turnover and fatal accidents</b>

Outside, female, and foreign national directors	
FY2022	FY2030
<b>Outside directors: more than 1/3 overall</b>	<b>Shift to suitable system to strengthen business and improve governance</b>
<b>Female and foreign national directors: total of two or more</b>	

[RELATED LINKS] You can see the presentation materials and the video of the Explanatory Meeting.

[Presentation Materials : Hitachi Construction Machinery Global Site](#)

[Presentation Video : Hitachi Construction Machinery YouTube Official Channel](#)



## **2. Business Results for the Third Quarter ended December 31, 2020**

(April 1, 2020 - December 31, 2020)

**Keiichiro Shiojima**

Executive Officer, CFO

Revenue decreased by 19% and adjusted operating income decreased by 69% y-y due to the impact of COVID-19 and the appreciation of the yen, 13.7 billion yen.

[billions of yen]

		FY2020 1Q-3Q		FY2019 1Q-3Q		change
Revenue		558.7		687.2		-19%
Adjusted operating income *1		3.3%	18.3	8.5%	58.7	-69%
Operating income		2.7%	15.2	8.3%	57.4	-73%
Income before income taxes		2.1%	11.8	8.1%	55.8	-79%
Net income attributable to owners of the parent		0.6%	3.1	5.1%	35.1	-91%
EBIT *2		2.6%	14.4	8.6%	59.3	-76%
FX rate	Rate (YEN/US\$)	106.1		108.6		-2.5
	Rate (YEN/EURO)	122.8		121.1		1.7
	Rate (YEN/RMB)	15.4		15.7		-0.3
	Rate (YEN/AU\$)	74.2		74.9		-0.7

\*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 decreased in each region except China and the Middle East y-y, consolidated revenue decreased significantly by 128.5 billion yen.

[billions of yen]

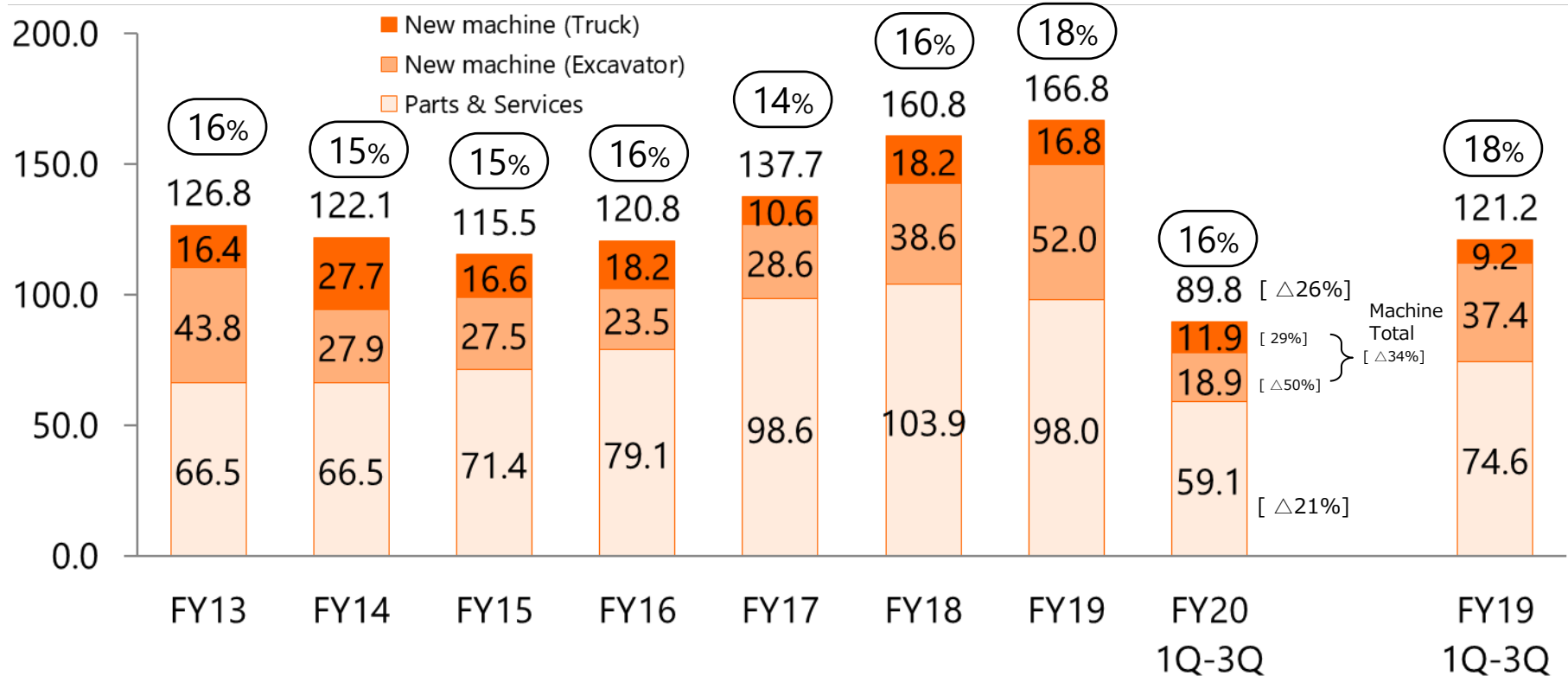
	FY2020 1Q-3Q		FY2019 1Q-3Q		change	
					amount	%
Japan	142.6	26%	145.4	21%	-2.8	-2%
Asia	34.6	6%	64.1	9%	-29.5	-46%
India	32.3	6%	38.6	6%	-6.3	-16%
Oceania	102.5	18%	108.4	16%	-5.9	-5%
Europe	54.6	10%	73.6	11%	-19.0	-26%
N.America	71.4	13%	130.0	19%	-58.7	-45%
L.America	7.8	1%	10.2	1%	-2.3	-23%
Russia-CIS	17.3	3%	25.0	4%	-7.7	-31%
M.East	10.0	2%	4.9	1%	5.1	105%
Africa	24.1	4%	28.3	4%	-4.3	-15%
China	61.5	11%	58.7	9%	2.9	5%
Total	558.7	100%	687.2	100%	-128.5	-19%
Overseas ratio	74%		79%			

Revenue of mining in FY2020 3Q decreased by 26% to 89.8 billion yen y-y, partly due to the impact of the appreciation of the yen, 5.8 billion yen.

(%) shows sales ratio against total company sales

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

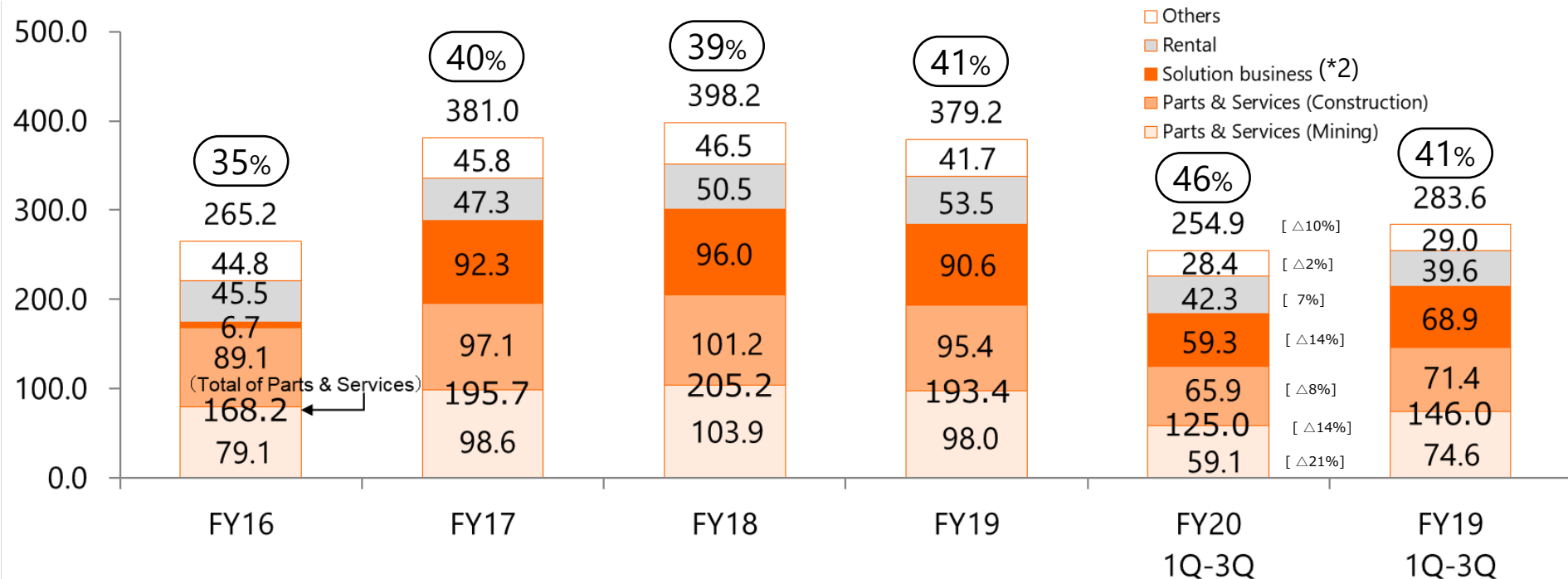
[billions of yen]



Revenue of the value chain business in FY2020 3Q decreased by 10% to 254.9 billion yen y-y, partly due to the impact of the appreciation of the yen, 6.3 billion yen despite an increase in revenue of rental by 7% y-y.

(%) shows sales ratio against total company sales  
[ % ] shows changed ratio from the same period of previous year

[billions of yen]



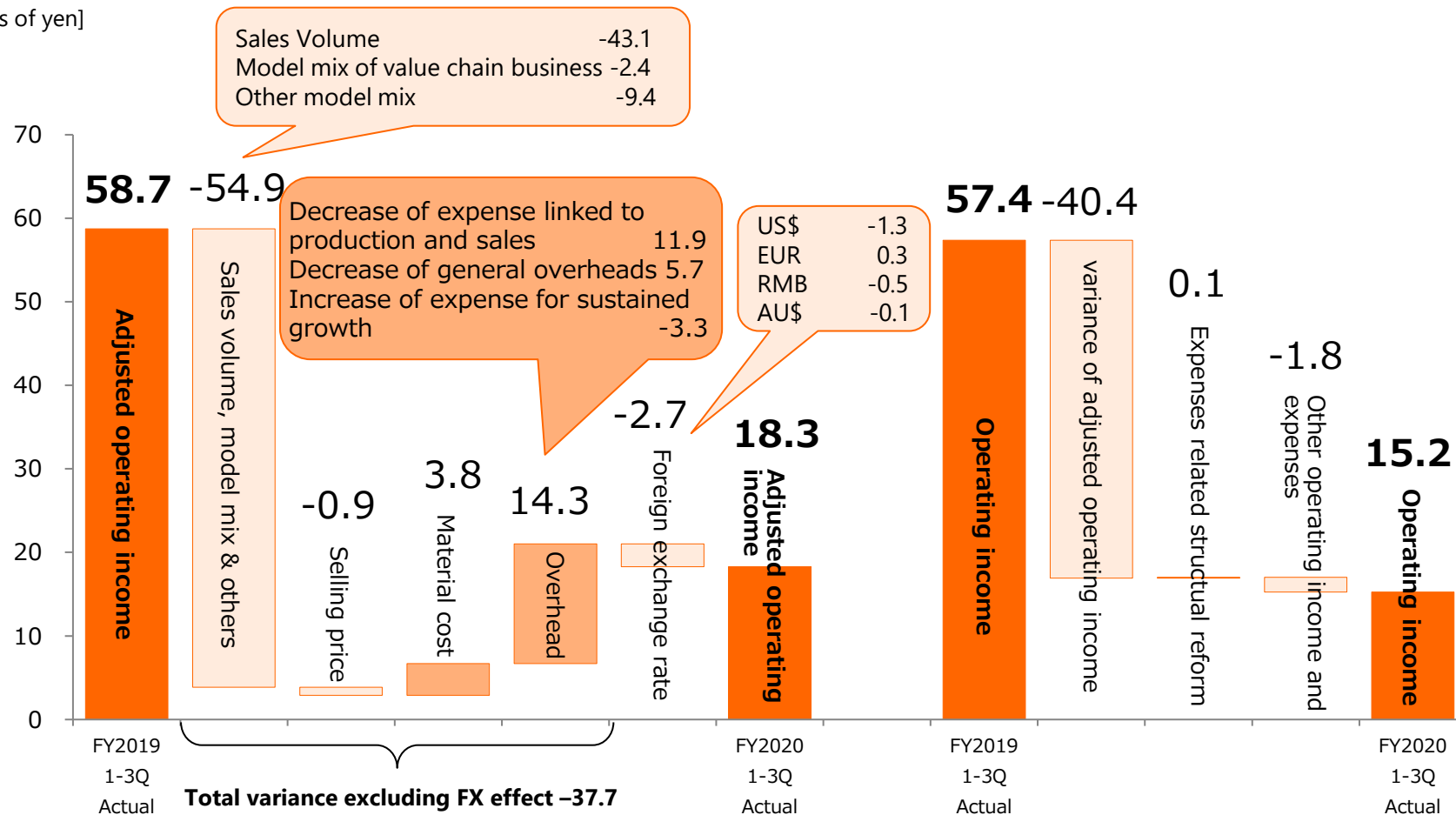
(\*1) Value chain: Total of Parts & services, Solution business, Rental etc. other than new machine sales.

(\*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 income

Adjusted operating income decreased by 40.4 billion yen y-y due to the impact of the decreased sales volume and model mix including the impact of COVID-19, the fall in the selling price and the appreciation of the yen despite the decreased overheads and material costs.

[billions of yen]



- SGA expenses decreased by -14.5 billion yen to 117.4 billion yen y-y.
- Financial income/expenses improved by 0.2 billion yen to -4.1 billion yen y-y.

[billions of yen]

	FY2020 1Q-3Q		FY2019 1Q-3Q		change	
					amount	%
Revenue		558.7		687.2	-128.5	-19%
Cost of Sales	(75.7%)	423.0	(72.3%)	496.5	-73.5	-15%
SGA expenses	(21.0%)	117.4	(19.2%)	131.9	-14.5	-11%
Adjusted operating income *1	(3.3%)	18.3	(8.5%)	58.7	-40.4	-69%
Other Income/expenses		-3.1		-1.4	-1.7	122%
Operating income	(2.7%)	15.2	(8.3%)	57.4	-42.1	-73%
Financial income/expenses		-4.1		-4.3	0.2	-4%
Share of profits of investments accounted for using the equity method		0.7		2.7	-2.1	-75%
Income before income taxes	(2.1%)	11.8	(8.1%)	55.8	-44.0	-79%
Income taxes		5.5		16.3	-10.9	-67%
Net income	(1.1%)	6.4	(5.8%)	39.5	-33.1	-84%
Net income attributable to owners of the parent	(0.6%)	3.1	(5.1%)	35.1	-32.0	-91%

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

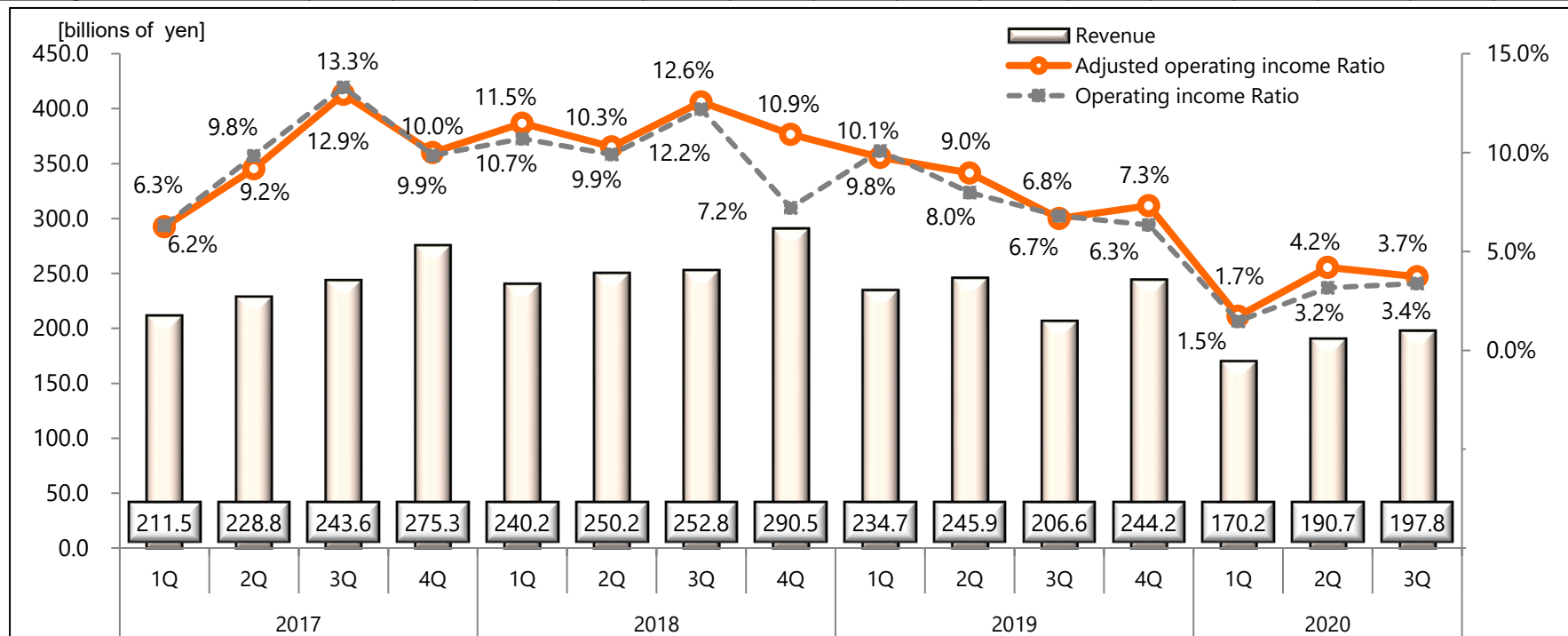
# Summary of quarterly consolidated revenue and operating income (ratio)

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[billions of yen]

	2017				2018				2019				2020		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Revenue	211.5	228.8	243.6	275.3	240.2	250.2	252.8	290.5	234.7	245.9	206.6	244.2	170.2	190.7	197.8
Adjusted operating income	13.2	21.0	31.5	27.5	27.6	25.8	31.8	31.7	22.9	22.1	13.8	17.9	2.9	8.0	7.4
Operating income	13.4	22.5	32.4	27.1	25.7	24.8	30.8	21.0	23.7	19.6	14.1	15.5	2.5	6.0	6.7



FX rate	2017				2018				2019				2020		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Rate (YEN/US\$)	111.1	111.0	113.0	108.3	109.1	111.5	112.9	110.2	109.9	107.4	108.8	108.9	107.6	106.2	104.5
Rate (YEN/EURO)	122.2	130.4	133.0	133.2	130.1	129.6	128.8	125.2	123.5	119.3	120.3	120.1	118.5	124.1	124.5
Rate (YEN/RMB)	16.2	16.6	17.1	17.1	17.1	16.4	16.3	16.3	16.1	15.3	15.5	15.6	15.2	15.4	15.8
Rate (YEN/AU\$)	83.4	87.6	86.8	85.3	82.6	81.5	81.1	78.5	76.9	73.6	74.3	71.8	70.7	75.9	76.3



Trade receivables at the end of the quarter were significantly reduced by 40.3 billion yen from the end of the previous fiscal year.

					(billions of yen)				
	(A) FY20-3Q	(B) Mar '2020	(C) FY19-3Q	(A)-(B) change		(D) FY20-3Q	(E) Mar '2020	(F) FY19-3Q	(D)-(E) change
Cash and cash equivalents	68.4	62.2	63.7	6.3	Trade and other payables	174.1	188.7	198.6	-14.7
Trade receivables	172.3	212.5	189.7	-40.3	Bonds and borrowings	335.2	338.9	342.2	-3.8
Inventories	308.9	301.2	343.4	7.7	Total liabilities	626.6	642.5	662.9	-15.9
Total current assets	586.3	612.8	645.2	-26.5	(Equity attributable to owners of the parent ratio)	(41.6%)	(40.6%)	(40.5%)	(1.1%)
Total non-current assets	579.2	554.8	563.4	24.5	Total equity	539.0	525.1	545.7	13.9
Total assets	1,165.5	1,167.6	1,208.6	-2.0	Total liabilities and equity	1,165.5	1,167.6	1,208.6	-2.0
Trade receivables incl. non-current	210.3	252.1	226.1	-41.8					
Inventories by products									
Unit	85.1	76.2	100.8	8.9		(28.8%)	(29.0%)	(28.3%)	(-0.3%)
Parts	105.0	103.0	112.9	2.0	Interest-bearing debt	335.2	338.9	342.2	-3.8
Raw materials, WIP and etc	118.7	122.0	129.6	-3.3	Cash and Cash equivalents	68.4	62.2	63.7	6.3
Total inventories	308.9	301.2	343.4	7.7		(22.9%)	(23.7%)	(23.0%)	(-0.8%)
On hand days (divided by net sales)				(Days)	Net interest-bearing debt	266.8	276.8	278.5	-10.0
Trade receivables	96	99	84	-3					
Inventories	140	118	128	22	Net D/E Ratio	0.55	0.58	0.57	-0.03
Trade payables	44	43	46	1					
Net working capital	188	171	164	17					

- Net cash provided by (used in) operating activities improved by 36.3 billion yen to positive 56.7 billion yen y-y due to improved working capital.
- Free cash flows improved by 41.6 billion yen to positive 33.5 billion yen y-y.

[billions of yen]

	FY2020 1Q-3Q		FY2019 1Q-3Q		change	
Net income		6.4		39.5		-33.1
Depreciation and amortization	44.1	37.7	72.7	33.2	-28.6	4.5
(Increase)decrease in trade/lease receivables		52.6		50.9		1.8
(Increase)decrease in inventories	33.8	3.2	-6.0	-23.5	39.8	26.6
Increase(decrease) in trade payables		-22.0		-33.4		11.4
Others, net		-21.1		-46.2		25.1
Net cash provided by (used in) operating activities		56.7		20.5		36.3
Cash flow margin for operating activities		10.2%		3.0%		7.2%
Net cash provided by (used in) investing activities		-23.3		-28.5		5.3
Free cash flows		33.5		-8.1		41.6
Net cash provided by (used in) financing activities		-29.0		5.4		-34.4

# Summary of consolidated earnings forecast

HITACHI

Reliable solutions

Consolidated earnings forecast for FY2020 remains unchanged from October forecast.

[billions of yen]

	FY2020 Forecast			FY2019 Actual	change	
					amount	%
Revenue	770.0			931.3	-161.3	-17%
Adjusted operating income	(5.2%) 40.0			(8.2%) 76.6	(-3.0%) -36.6	-48%
Operating income	(4.7%) 36.0			(7.8%) 72.8	(-3.1%) -36.8	-51%
Income before income taxes	(4.4%) 34.0			(7.2%) 67.1	(-2.8%) -33.1	-49%
Net income attributable to owners of the parent	(2.6%) 20.0			(4.4%) 41.2	(-1.8%) -21.2	-51%
EBIT	37.6			71.6	-34.0	
Currency	1Q-3Q Actual	4Q Forecast	Total Forecast	FY2019 Actual	change	
Rate (YEN/US\$)	106.1	105.0	105.7	108.7	-3.0	
Rate (YEN/EURO)	122.8	120.0	121.8	120.8	1.0	
Rate (YEN/RMB)	15.4	15.0	15.3	15.7	-0.4	
Rate (YEN/AU\$)	74.2	72.0	73.6	74.1	-0.5	
Cash dividend per share (yen) *1	to be determined			60	-	

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.

# Consolidated revenue forecast by geographic region

HITACHI

Reliable solutions

Due to the impact of COVID-19 and 16.5 billion yen of the negative impact of forex, consolidated sales revenue is expected to decrease by 161.3 billion yen y-y.

(billions of yen)

	FY2020 Forecast		FY2019 Actual		change	
					amount	%
Japan	196.4	26%	205.6	22%	-9.2	-4%
Asia	48.9	6%	85.9	9%	-37.0	-43%
India	43.5	6%	50.7	5%	-7.2	-14%
Oceania	136.4	18%	146.0	16%	-9.6	-7%
Europe	75.5	10%	103.6	11%	-28.1	-27%
N.America	107.4	14%	173.4	19%	-66.0	-38%
L.America	11.7	2%	12.9	1%	-1.2	-9%
Russia-CIS	24.7	3%	32.6	4%	-7.9	-24%
M.East	12.0	2%	7.6	1%	4.4	59%
Africa	31.3	4%	38.0	4%	-6.8	-18%
China	82.3	11%	75.0	8%	7.3	10%
Total	770.0	100%	931.3	100%	-161.3	-17%
Overseas ratio	74%		78%			

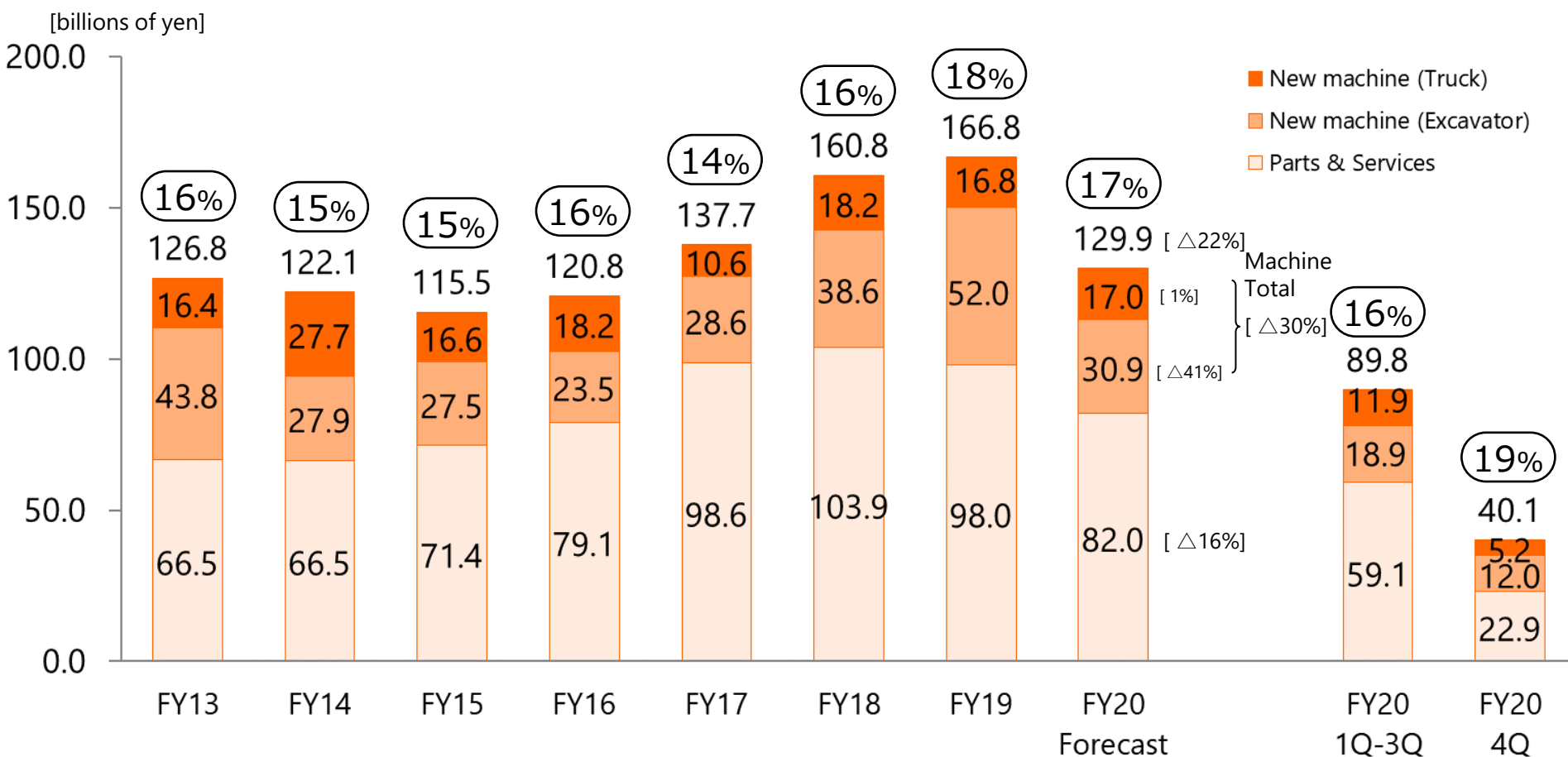
# Mining revenue forecast

HITACHI

Reliable solutions

Revenue of mining in FY2020 is expected to decrease by 22% to 129.9 billion yen y-y, partly due to the impact of the appreciation of the yen, 5.9 billion yen.

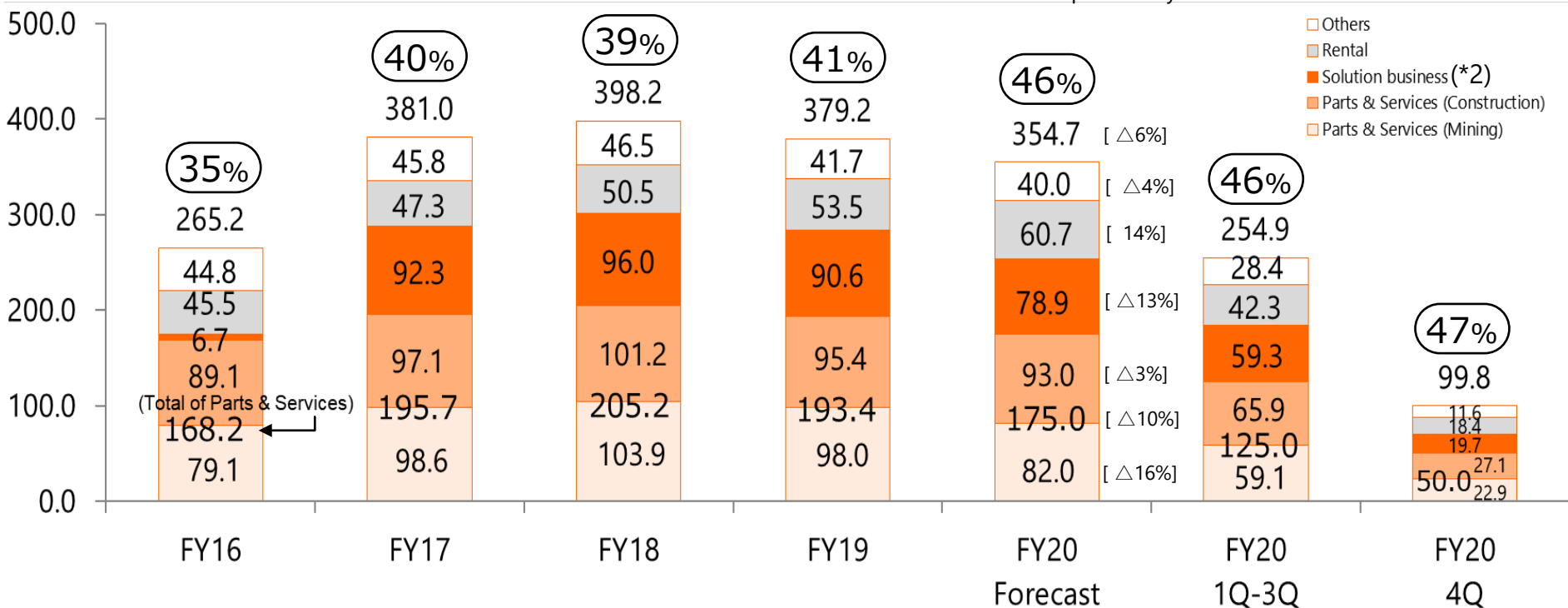
(%) shows sales ratio against total company sales  
[%] shows changed ratio from the same period of previous year



HCM forecasts a decrease in FY2020 sales of the value chain business by 6% y-y due to the impact of COVID-19 on parts and services and the appreciation of the yen, 6.9 billion yen despite an increase in the revenue of rental and used equipment.

[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.

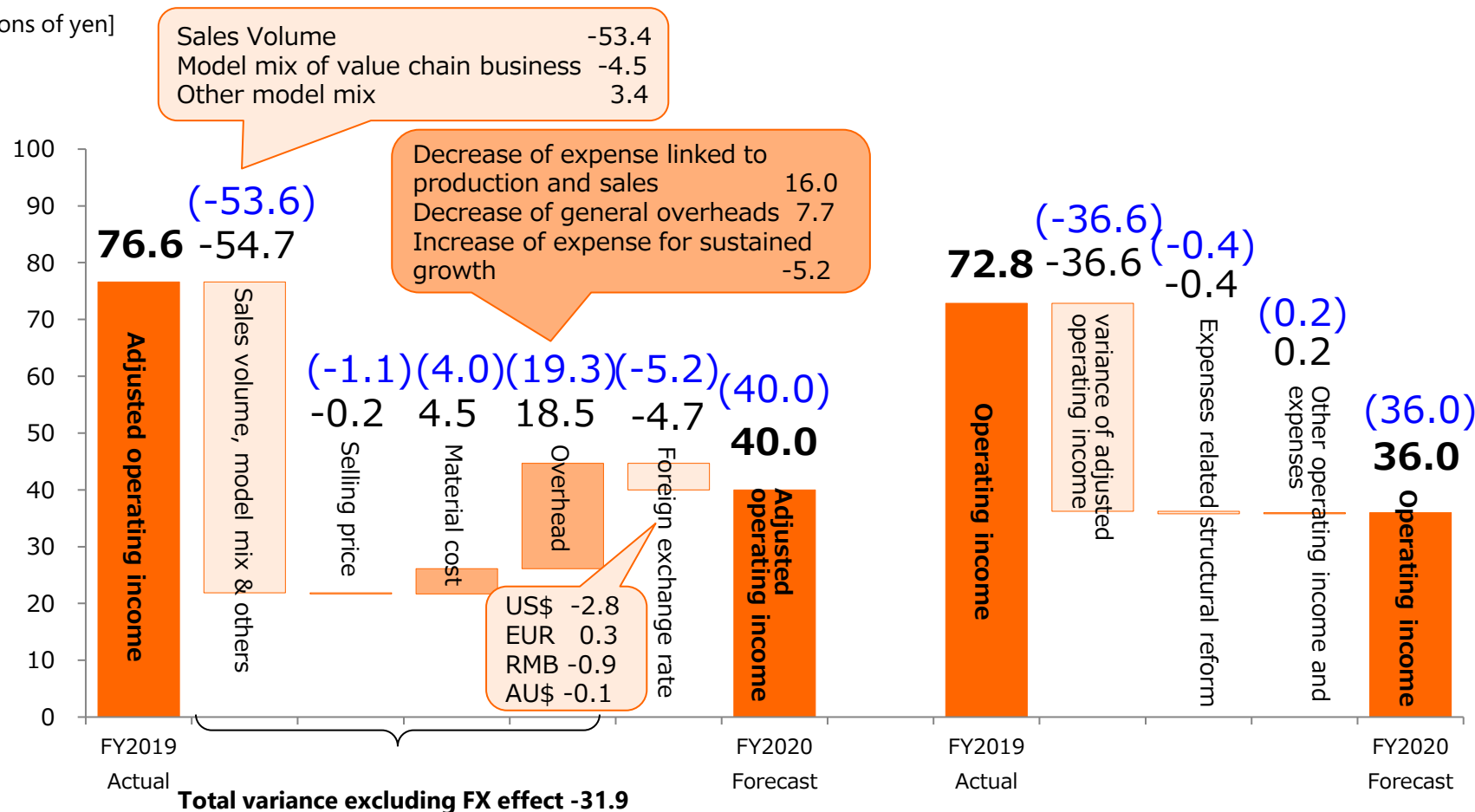
(\*2) Solution business: The business segment primarily intends to provide development, production, distribution of parts and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.

# Comparison of consolidated income forecast

Adjusted operating income for FY2020 is expected to decrease by 36.6 billion yen y-y due to a decrease in sales volume and model mix caused by the impact of the COVID-19, the fall in the selling price and the appreciation of the yen, although there is a reduction in overheads cost and material cost.

note : ( ) shows previous forecast as of October 2020

[billions of yen]



The forecast exchange rate for FY2020 4Q was set within the expected fluctuation range for each currency.

## FX rate and FX sensitivity

[billions of yen]

Currency	FX rate		FX sensitivity (4Q)		
	FY20 Forecast	FY19 Actual	Condition	Revenue	Adjusted operating income
US\$	105.7	108.7	Impact by 1 yen depreciation	0.4	0.3
EURO	121.8	120.8	Impact by 1 yen depreciation	0.2	0.1
RMB	15.3	15.7	Impact by 0.1 yen depreciation	0.2	0.1
AU\$	73.6	74.1	Impact by 1 yen depreciation	0.5	0.1



# Appendix 2: Detail of mining revenue

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		FY19 Actual			FY20 Forecast			Change		
		1-3Q	4Q	Year	1-3Q	4Q	Year	1-3Q	4Q	Year
America	Excavator	11.2	7.1	18.2	7.9	3.4	11.3	-3.3	-3.7	-6.9
	Dump Truck	3.0	0.8	3.9	0.9	1.6	2.5	-2.1	0.7	-1.4
	Total	14.2	7.9	22.1	8.8	5.0	13.8	-5.4	-2.9	-8.3
Europe, Africa and Middle East	Excavator	16.8	6.2	23.0	10.8	6.5	17.3	-6.0	0.3	-5.7
	Dump Truck	9.9	3.0	12.9	9.6	3.9	13.5	-0.4	0.9	0.6
	Total	26.7	9.2	35.9	20.4	10.4	30.8	-6.3	1.2	-5.1
Asia & Oceania	Excavator	57.1	16.3	73.4	36.3	17.0	53.3	-20.8	0.7	-20.1
	Dump Truck	21.3	11.7	32.9	22.7	6.6	29.3	1.4	-5.1	-3.6
	Total	78.3	28.0	106.3	59.0	23.6	82.6	-19.4	-4.4	-23.8
China	Excavator	0.6	0.1	0.6	0.4	0.4	0.8	-0.2	0.3	0.2
	Dump Truck	0.1	0.0	0.1	0.1	0.0	0.1	-0.1	0.0	-0.1
	Total	0.7	0.1	0.8	0.4	0.4	0.9	-0.2	0.4	0.1
Japan	Excavator	1.3	0.4	1.7	0.9	0.7	1.6	-0.4	0.3	-0.1
	Dump Truck	0.0	0.0	0.0	0.3	0.0	0.3	0.3	-0.0	0.3
	Total	1.3	0.4	1.7	1.2	0.7	1.9	-0.1	0.3	0.2
Total	Excavator	86.9	30.1	116.9	56.3	28.0	84.3	-30.6	-2.1	-32.6
	Dump Truck	34.3	15.5	49.8	33.5	12.1	45.6	-0.8	-3.4	-4.2
	Total	121.2	45.6	166.8	89.8	40.1	129.9	-31.4	-5.5	-36.9

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 third quarter of FY2020, and in the 1.1 billion yen in the forecast for FY2020.

[billions of yen]

FY2020 1Q-3Q Actual	Reportable segment		Adjustments*1	Total
	Construction Machinery Business	Solution Business		
Revenue	499.5	61.6	-2.4	558.7
Adjusted operating income	2.6% 12.9	8.7% 5.4	-	3.3% 18.3

[billions of yen]

FY2020 Forecast	Reportable segment		Adjustments *1	Total
	Construction Machinery Business	Solution Business		
Revenue	691.1	78.9	0.0	770.0
Adjusted operating income	4.8% 33.5	8.2% 6.5	-	5.2% 40.0

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

**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.

# END

**For further inquiries:**

**Corporate Brand & Communications Div.**

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