

# **Explanatory Meeting for Business Results for the Second Quarter ended September 30, 2022**

October 26, 2022

**Keiichiro Shiojima**

Vice President and Executive Officer & CFO

**Hidehiko Matsui**

Executive Officer & CMO

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

# 1. Regional Market Environments and Projections

**Hidehiko Matsui**  
Executive Officer & CMO

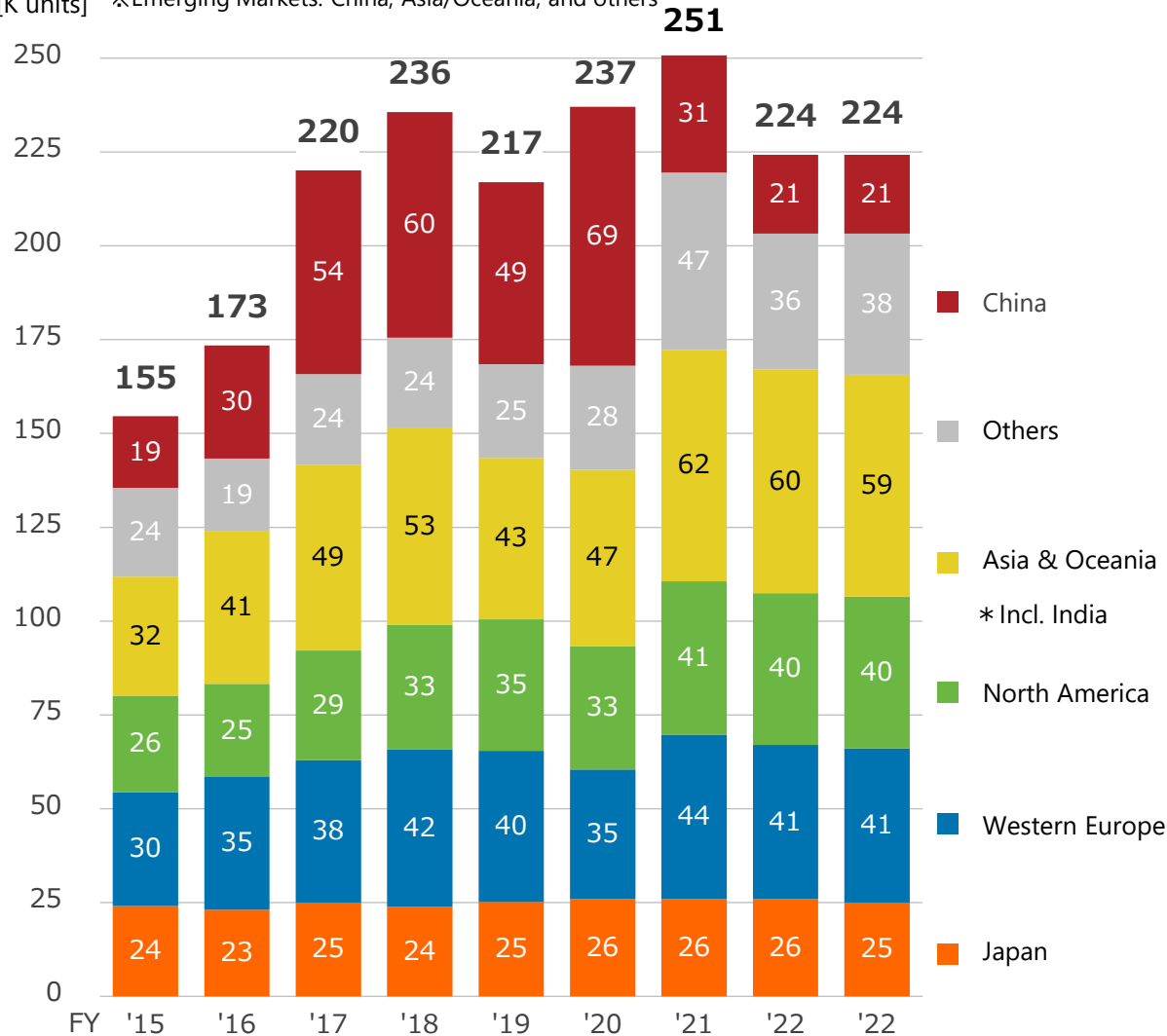
# Global Demand Trend for Hydraulic Excavators

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Reliable solutions

**Emerging Markets ratio:**  
FY22 52% ( y-y Change : -3%)

[K units] ※Emerging Markets: China, Asia/Oceania, and others



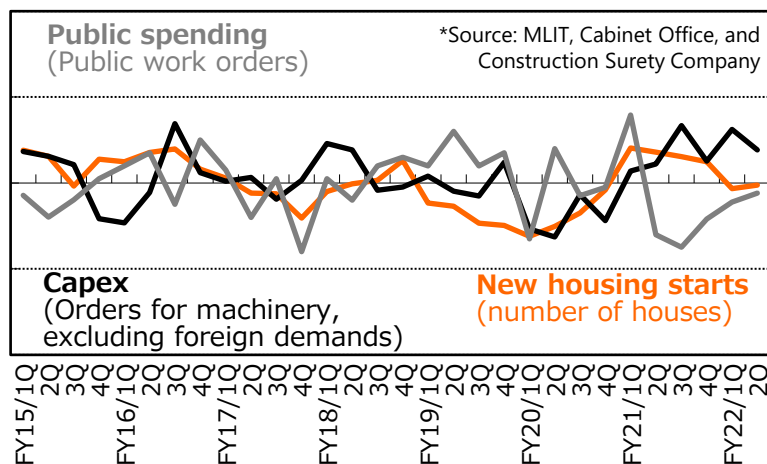
## Year-on-Year Change by Region

※Estimates by HCM, Excluding Chinese manufacturers  
※Distributing, copying, or forwarding prohibited

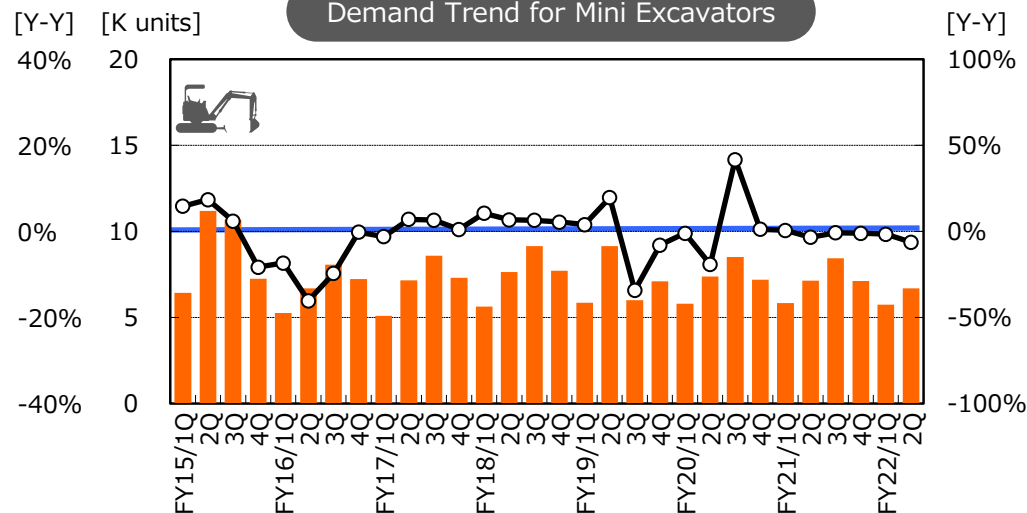
	'21	'22
Total	+6%	-11%
China	-55%	-33%
Russia,CIS, E Europe	+81%	-29%
Africa	+70%	-25%
Middle East	+77%	-0%
Latin America	+59%	-19%
Others	+70%	-20%
Asia	+47%	-3%
India	+9%	-6%
Oceania	+43%	-5%
Asia & Oceania	+31%	-4%
N America	+25%	-1%
W Europe	+27%	-6%
Japan	+0%	-4%

- Housing investment & Public spending remained flat. Capex remains strong.
- Demand for Hydraulic excavators decreased: Hydraulic Excavators -8%, Mini Excavators -6%, Wheel Loaders +1% y-y, respectively.

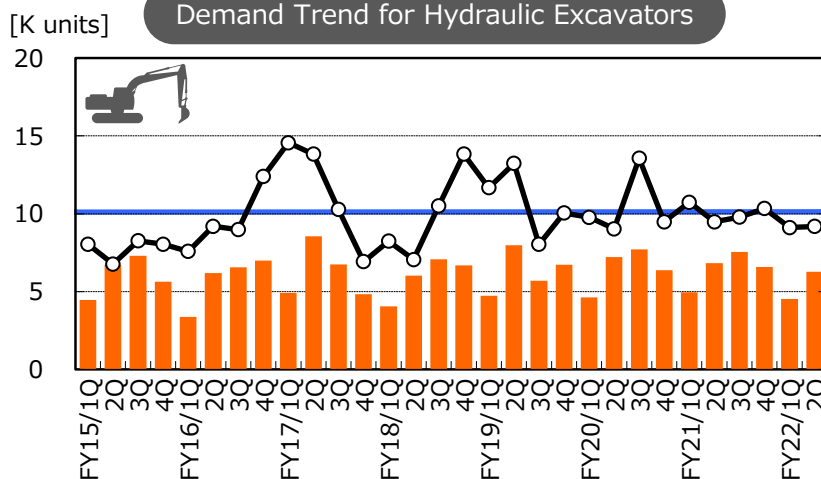
Market Environment Housing, Capex, Public Spending



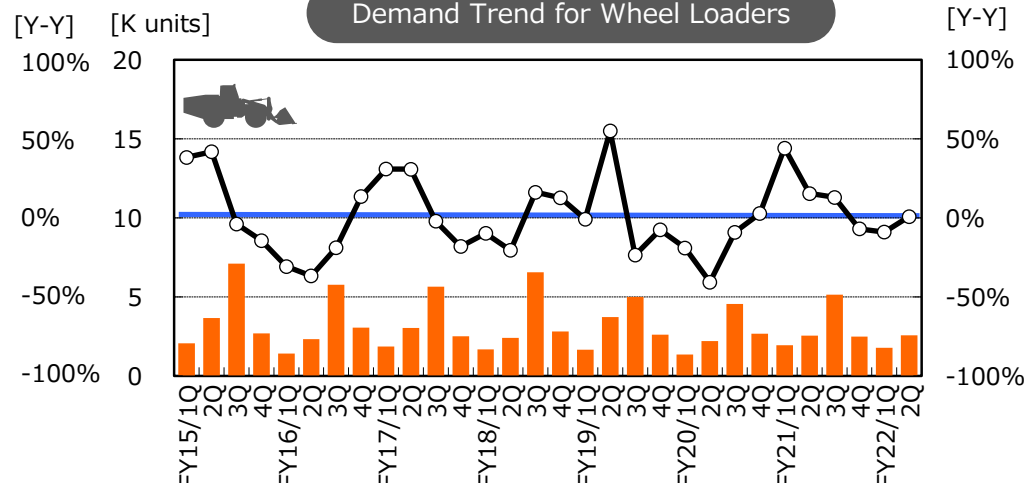
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders



# Europe: Second Quarter (July to Sept 2022)

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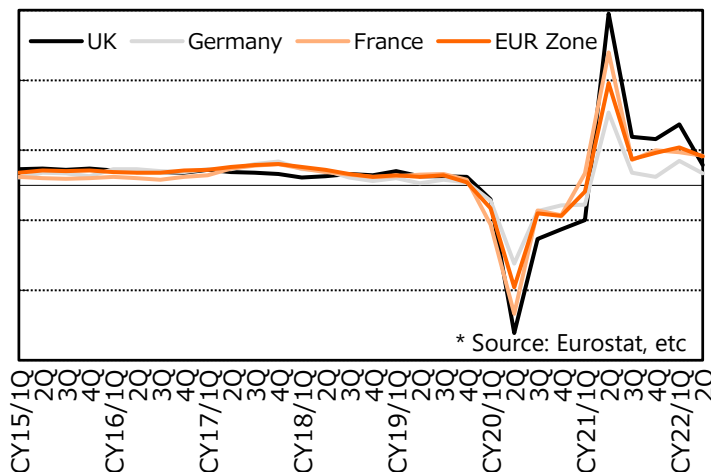
Reliable solutions

- GDP growth rate in CY22 2Q slowed.
- Demand for Hydraulic excavators decreased: Hydraulic Excavators -5%, Mini Excavators -2%, Wheel Loaders -2% y-y, respectively.

GDP Growth Rate in Major Countries

[Y-Y]

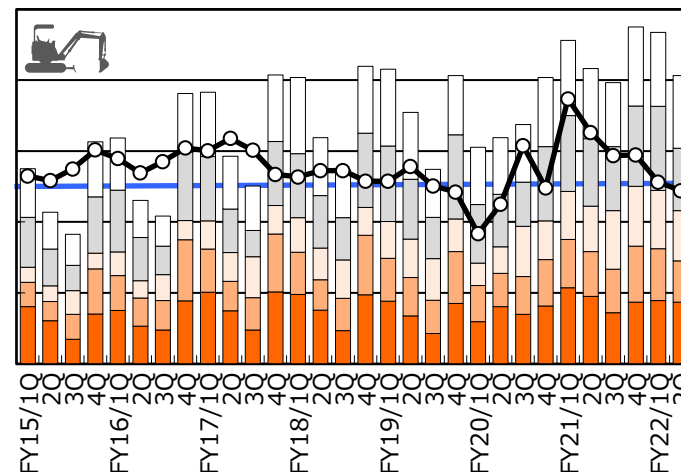
25%  
15%  
5%  
-5%  
-15%  
-25%



Demand Trend for Mini Excavators

[K units]

25  
20  
15  
10  
5  
0



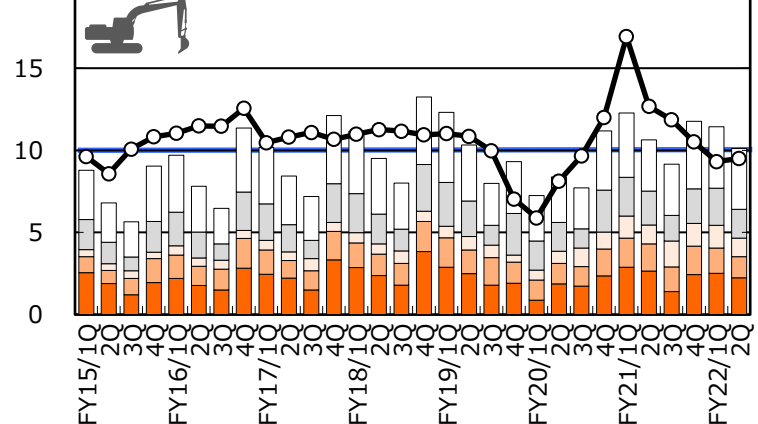
[Y-Y]

100%  
50%  
0%  
-50%  
-100%



Demand Trend for Hydraulic Excavators

[K units]



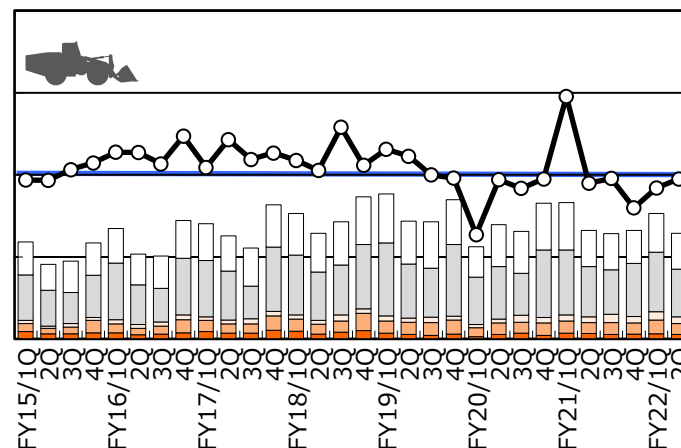
[Y-Y]

100%  
50%  
0%  
-50%  
-100%

Demand Trend for Wheel Loaders

[K units]

20  
15  
10  
5  
0



[Y-Y]

100%  
50%  
0%  
-50%  
-100%



\*Demand is Hitachi Construction Machinery estimates.

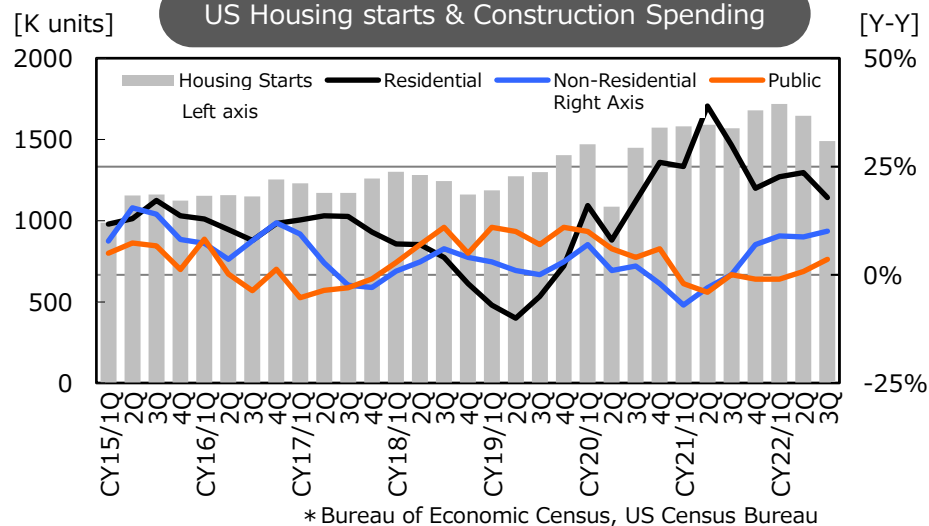
# North America: Second Quarter (July to Sept 2022)

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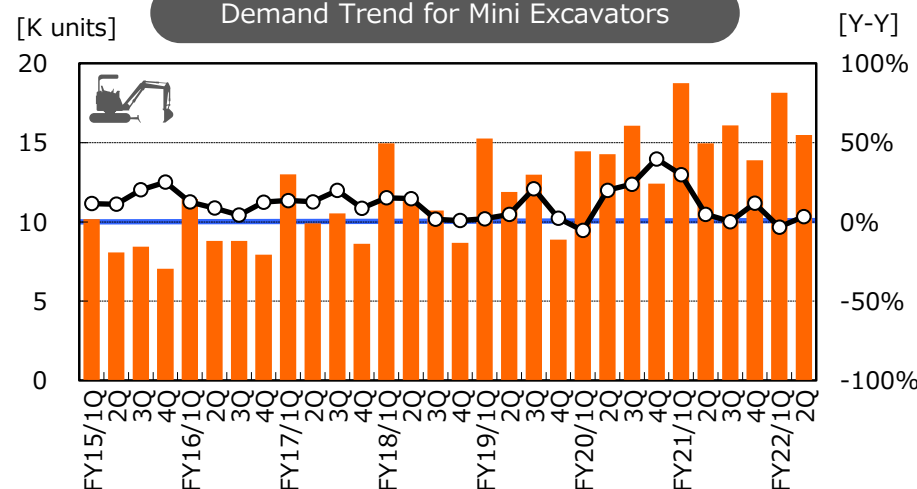
Reliable solutions

- Housing market shows signs of weakness. Construction spending increased in Non-residential & Public.
- Demand for Hydraulic excavators remained flat: Hydraulic Excavators 0%, Mini Excavators +3%, Wheel Loaders +3% y-y, respectively.

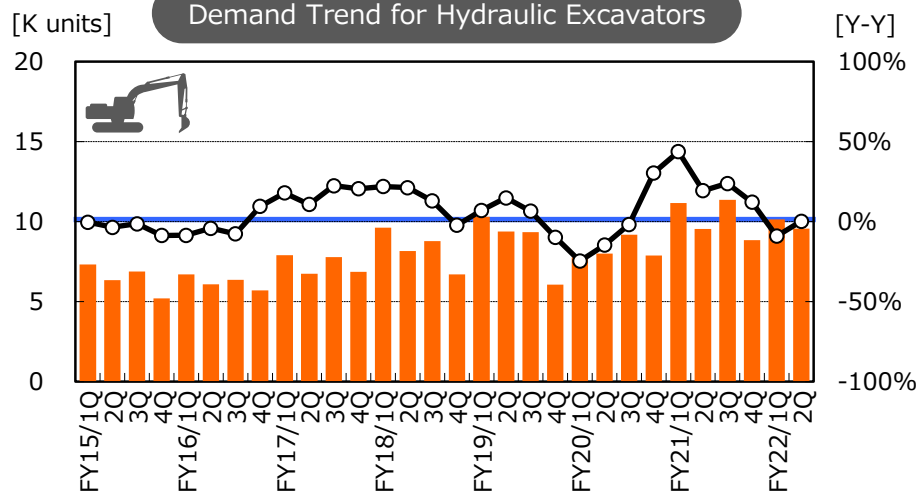
US Housing starts & Construction Spending



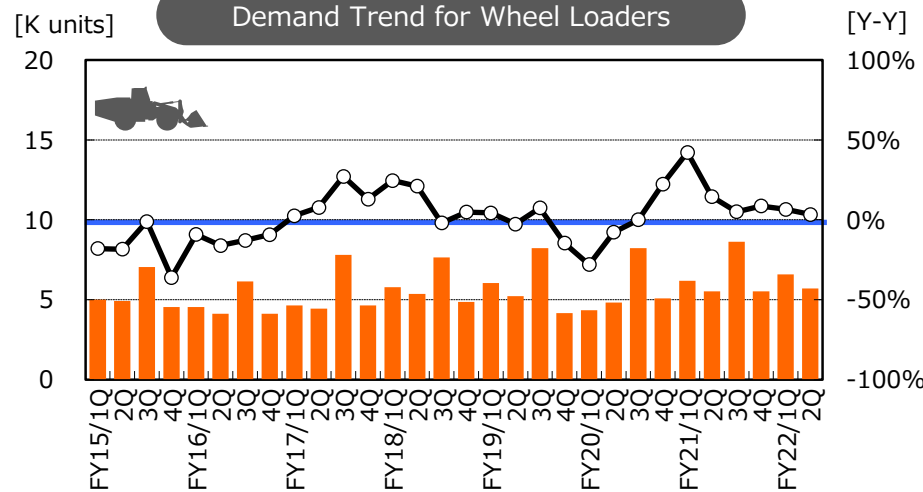
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders

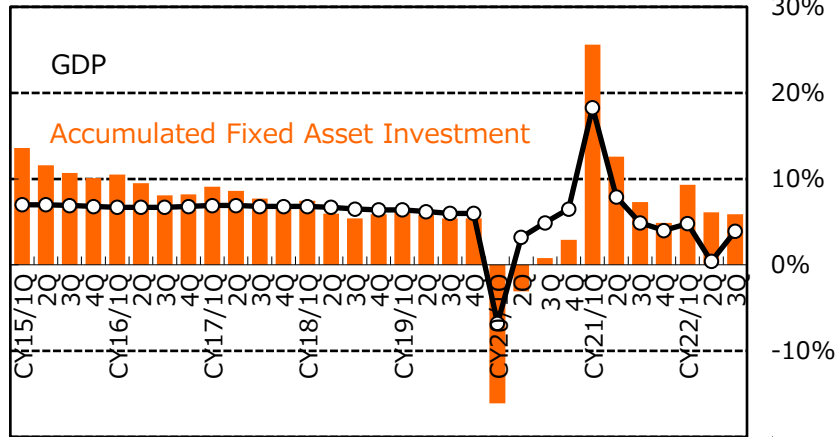


\*Demand is Hitachi Construction Machinery estimates.

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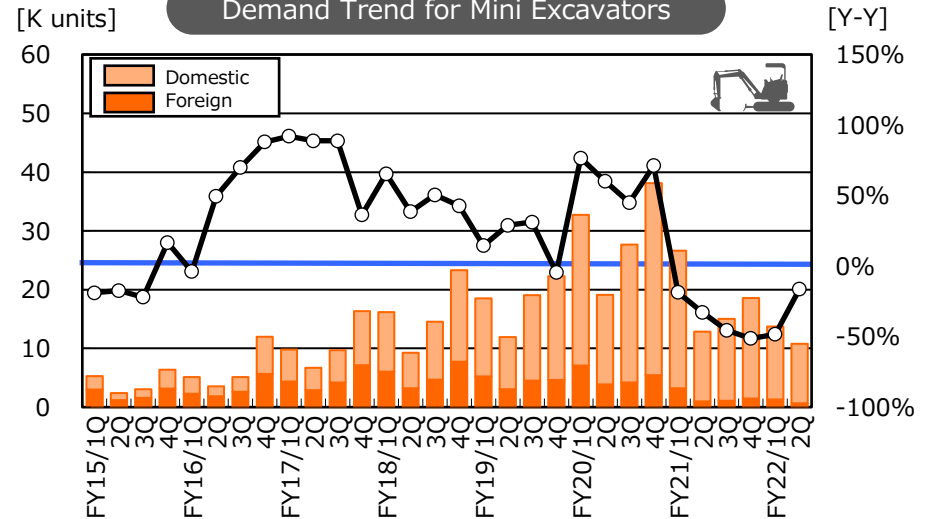
- GDP growth rate rebounded to +3.9%.
- Demand for Hydraulic excavators decreased significantly: Hydraulic Excavators -28%, Mini Excavators -16% y-y, respectively. (Includes domestic manufacturers)

GDP and Fixed Asset Investment

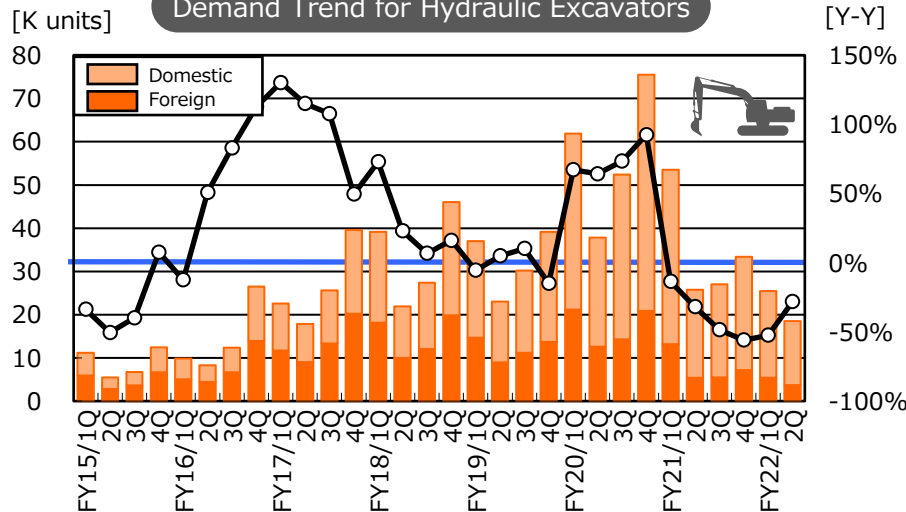


\* National Bureau of Statistics of China

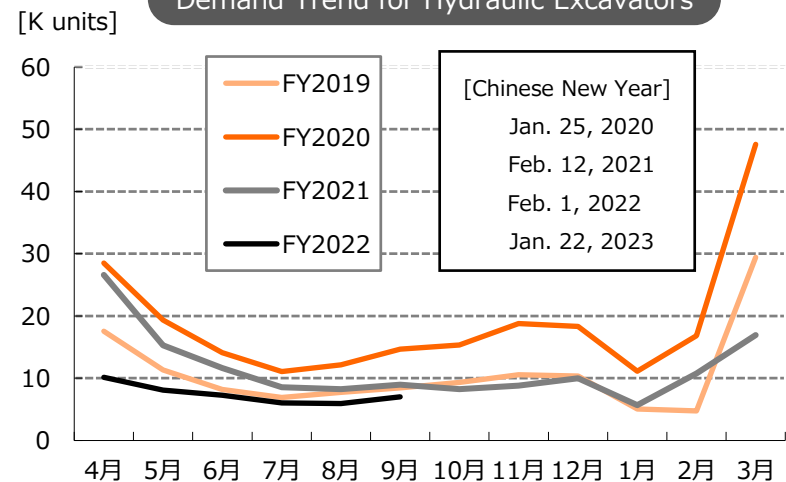
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Hydraulic Excavators



\*Demand is Hitachi Construction Machinery estimates.

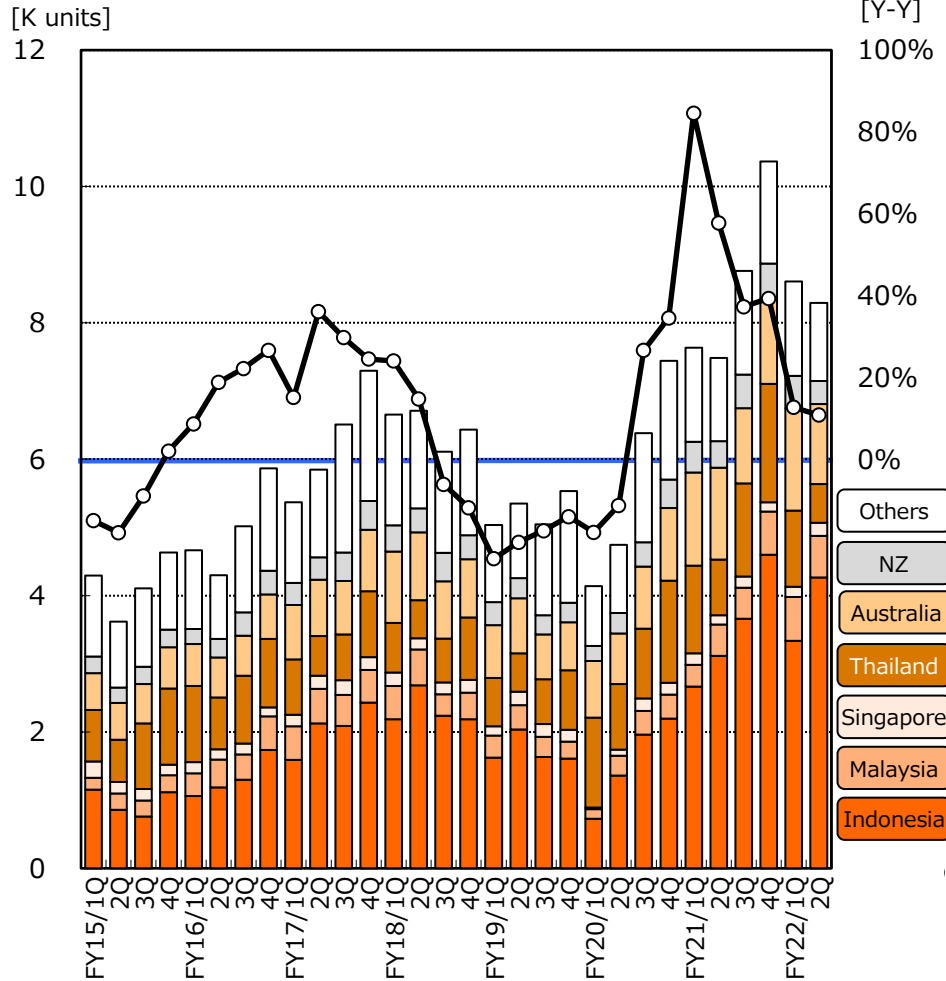
# Asia Pacific & India: Second Quarter (July to Sept 2022)

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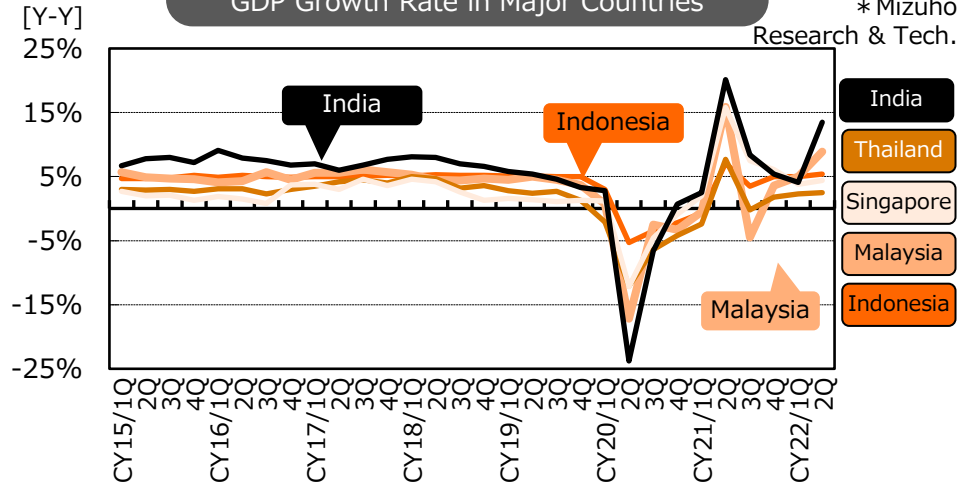
Reliable solutions

- Demand for Hydraulic excavators increased in the Asia & Oceania region +11% y-y.
- Demand in India remained flat. +0% y-y.

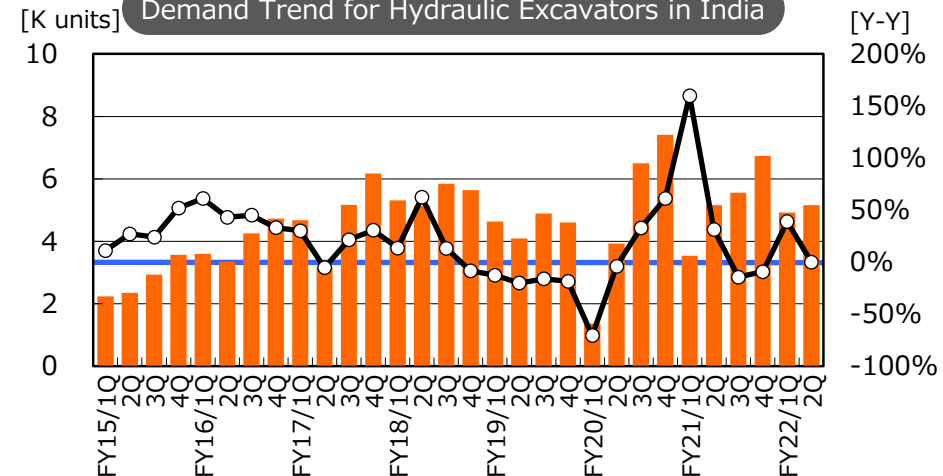
Demand Trend for Hydraulic Excavators in Asia & Oceania



GDP Growth Rate in Major Countries



Demand Trend for Hydraulic Excavators in India



\*Demand is Hitachi Construction Machinery estimates.

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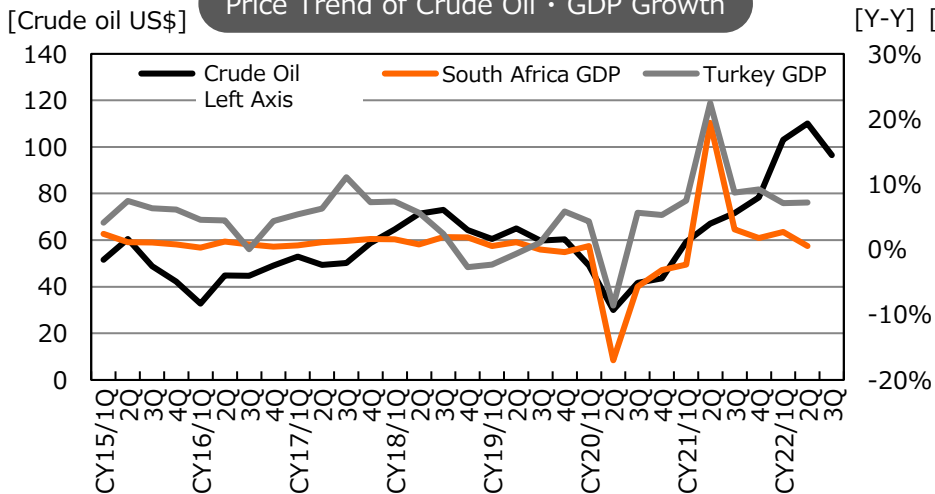
# Russia, Middle East, Africa: Second Quarter (July to Sept 2022)

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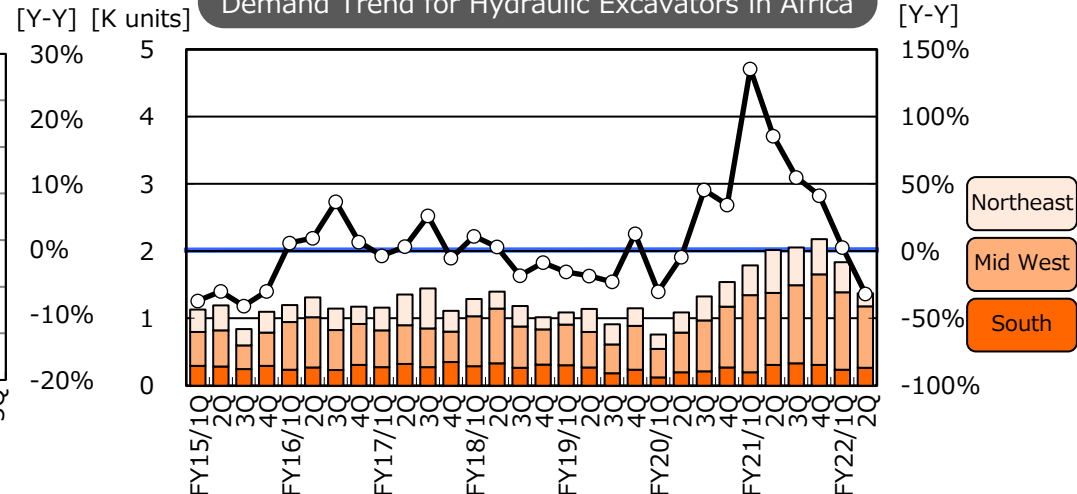
Reliable solutions

- Demand for Hydraulic excavators decreased significantly in Russia -18%, Africa -32% y-y, respectively.
- Demand for Hydraulic excavators decreased in the Middle East -8% y-y.

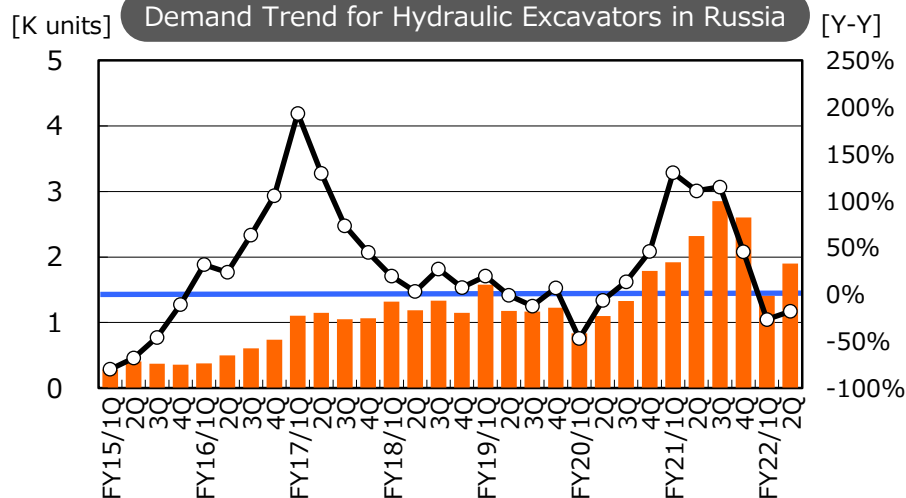
Price Trend of Crude Oil · GDP Growth



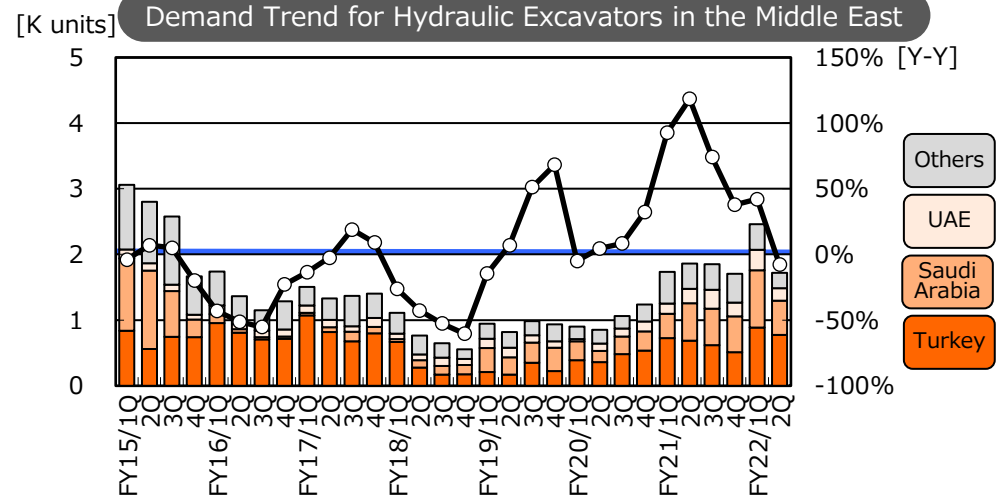
Demand Trend for Hydraulic Excavators in Africa



Demand Trend for Hydraulic Excavators in Russia



Demand Trend for Hydraulic Excavators in the Middle East

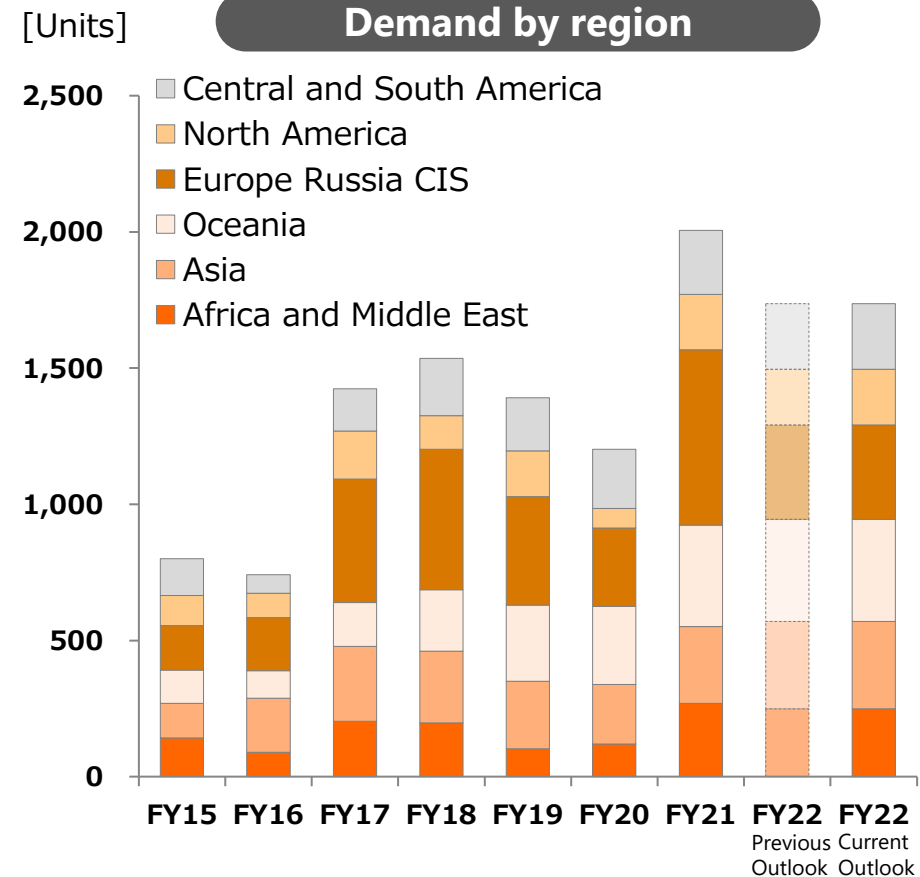
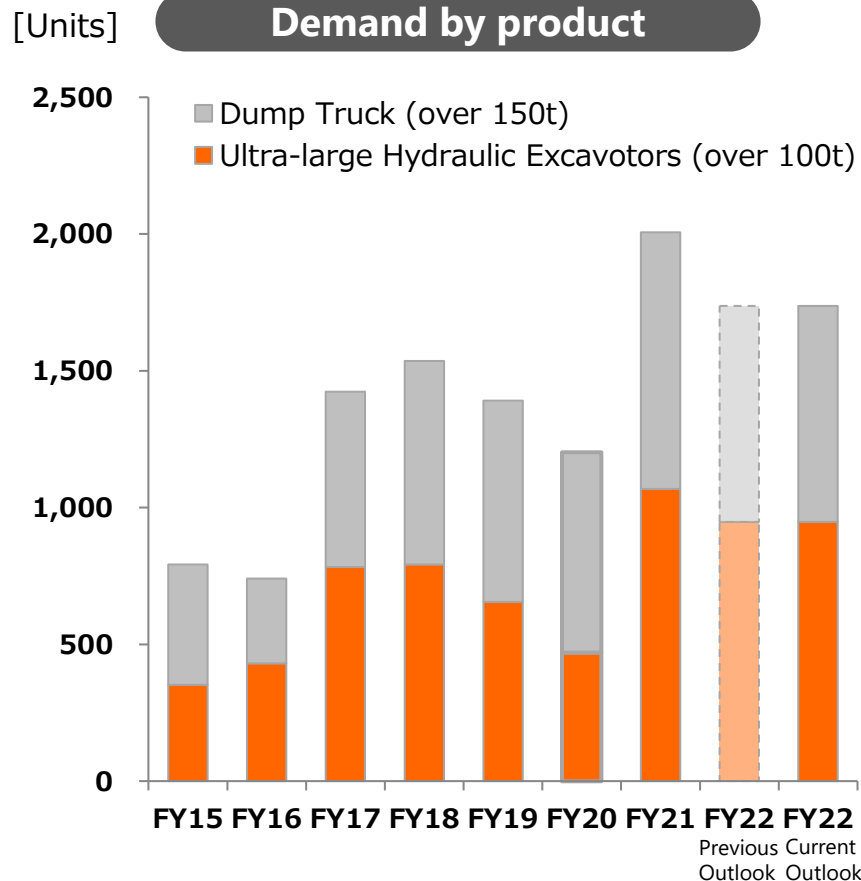


\*Demand is Hitachi Construction Machinery estimates.

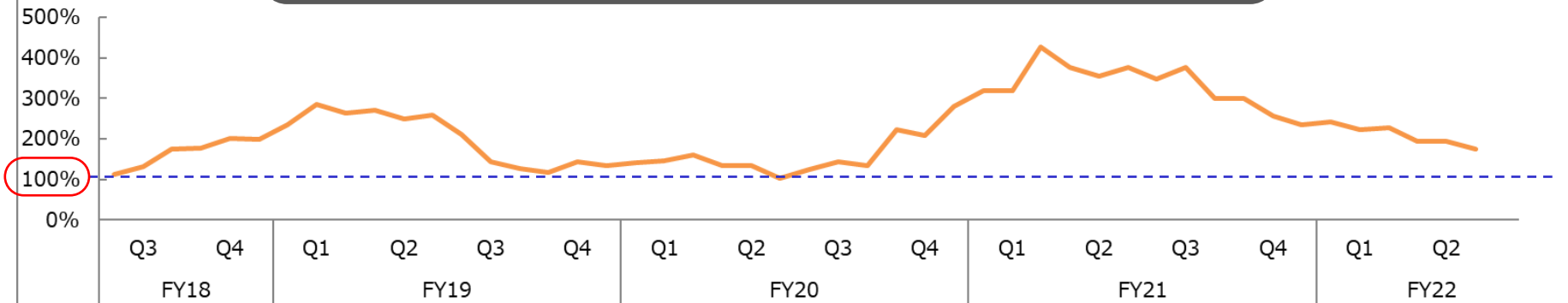
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- Demand forecasts have not changed since our last report. (y-y: -10% to -15%)
- Demand increased y-y in Africa, Oceania & Asia including Indonesia.
- Demand decreased in Russia & CIS.

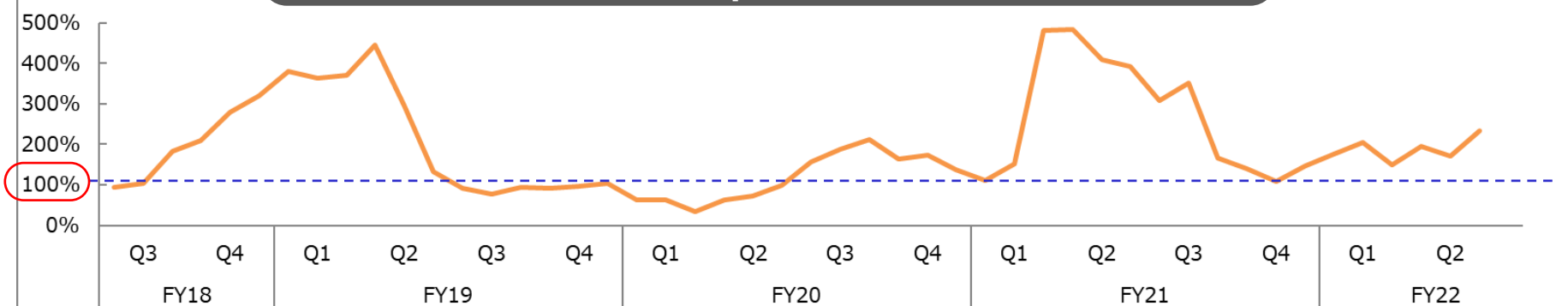
## Ultra-large Hydraulic Excavators (over 100t), Dump Trucks(over 150t)



## 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 1: Strengthening the structure in response to the European advanced market

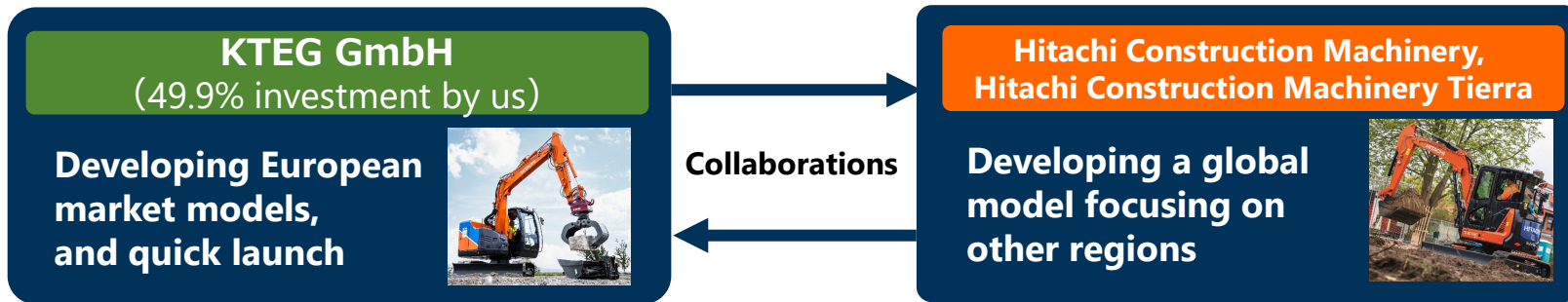
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## Strengthening the system to accelerate the market launch of zero-emission construction machinery, assist systems, and special-application products

- KTEG\* will be responsible for product marketing, development, production, sales, and service.
- European and Japanese development teams collaborate and contribute quickly to overcoming challenges.

\* After the business transfer, EAC European Application Center GmbH will be renamed "KTEG GmbH."



## Fulfilling the lineup of battery-powered mini and compact excavators for civil construction use

- The same workload as engine-powered models is maintained.
- Long operating hours are achieved by use of battery power in conjunction with a commercial power supply.

### Four models displayed at bauma 2022



2-tonne class



5-tonne class



8-tonne class



13-tonne class

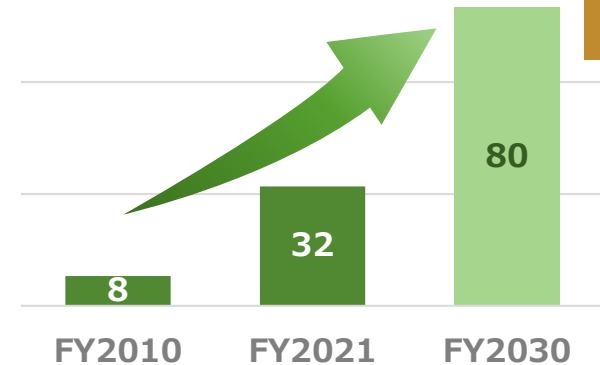
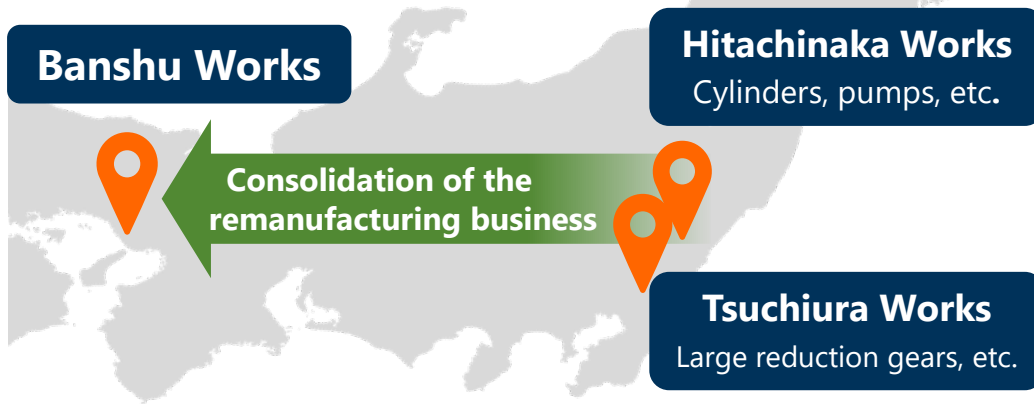
## Topic 2: Strengthening value chain businesses through radical domestic and international restructuring

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### Expansion and efficiency of the remanufacturing business

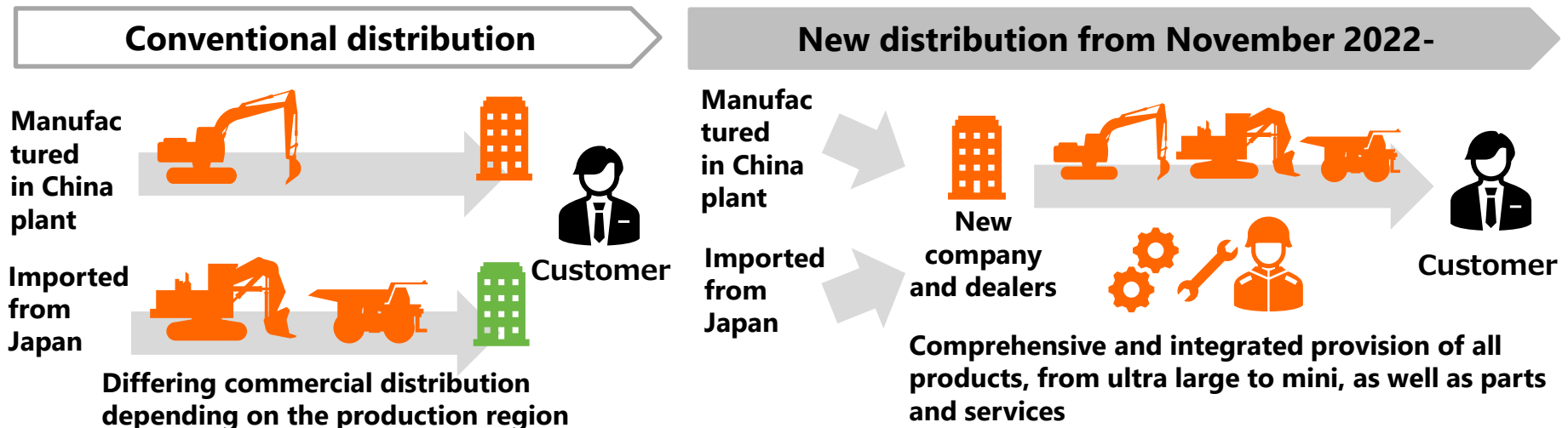
Banshu Works as the mother plant for the remanufacturing business and strengthening of global collaboration (from 2024- ).



**Global parts remanufacturing business**  
**Sales transition target** (billions of yen)



### Review of business structure in China to establish a comprehensive sales and service structure



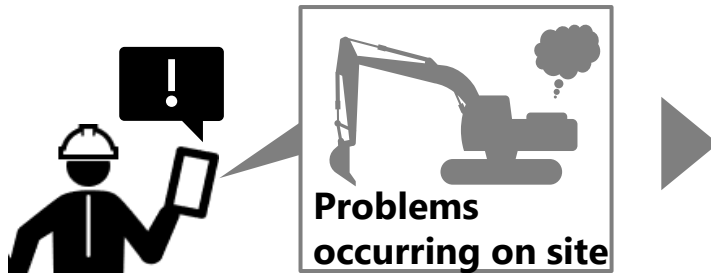
## ConSite Center strengthening value chain business in the Thai market

- Responding to customer inquiries 24/7 based on hydraulic excavator operating data.
- Support for repair and maintenance of up to 47-ton-class hydraulic excavators, and storage of 500,000 spare parts.



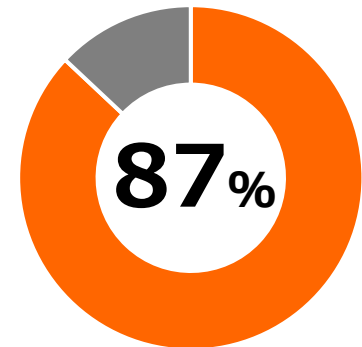
## Expansion of parts and service business based on high ConSite adoption rate

- Increased number of construction projects in Southeast Asian markets, including infrastructure development.



**Prompt repair and maintenance is important for stable machine operation.**

### ConSite adoption rate in Southeast Asia



(as of March, 2022)

## **2. Business Results for the Second Quarter ended September 30, 2022** (April 1, 2022 - September 30, 2022)

**Keiichiro Shiojima**  
Executive Officer, CFO



# Summary of consolidated results

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In 1Q-2Q of the year, revenue increased by 22% y-y and adjusted operating income increased by 37% y-y, supported by strong worldwide demand, especially in the Americas. Net income attributable to owners of the parent increased by 113% substantially excluding the profit associated with Americas business restructuring in the previous fiscal year.

[billions of yen]

		FY2022 1Q-2Q	FY2021 1Q-2Q	change
Revenue		578.9	473.7	22%
Adjusted operating income *1		9.0% 52.1	8.0% 38.1	37%
Operating income		9.2% 53.3	8.1% 38.4	39%
Income before income taxes		9.5% 55.2	9.0% 42.6	30%
Net income attributable to owners of the parent		6.2% 35.7	6.7% 31.9	12%
EBIT *2		9.9% 57.4	9.3% 43.9	31%
FX rate	Rate (YEN/US\$)	134.1	109.8	24.3
	Rate (YEN/EURO)	138.7	131.0	7.6
	Rate (YEN/RMB)	19.9	17.0	19.9
	Rate (YEN/AU\$)	93.7	82.6	11.1
Cash dividend per share (yen) *3		50	45	5

\*1 "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

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

\*3 "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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# Revenue by geographic region (consolidated)

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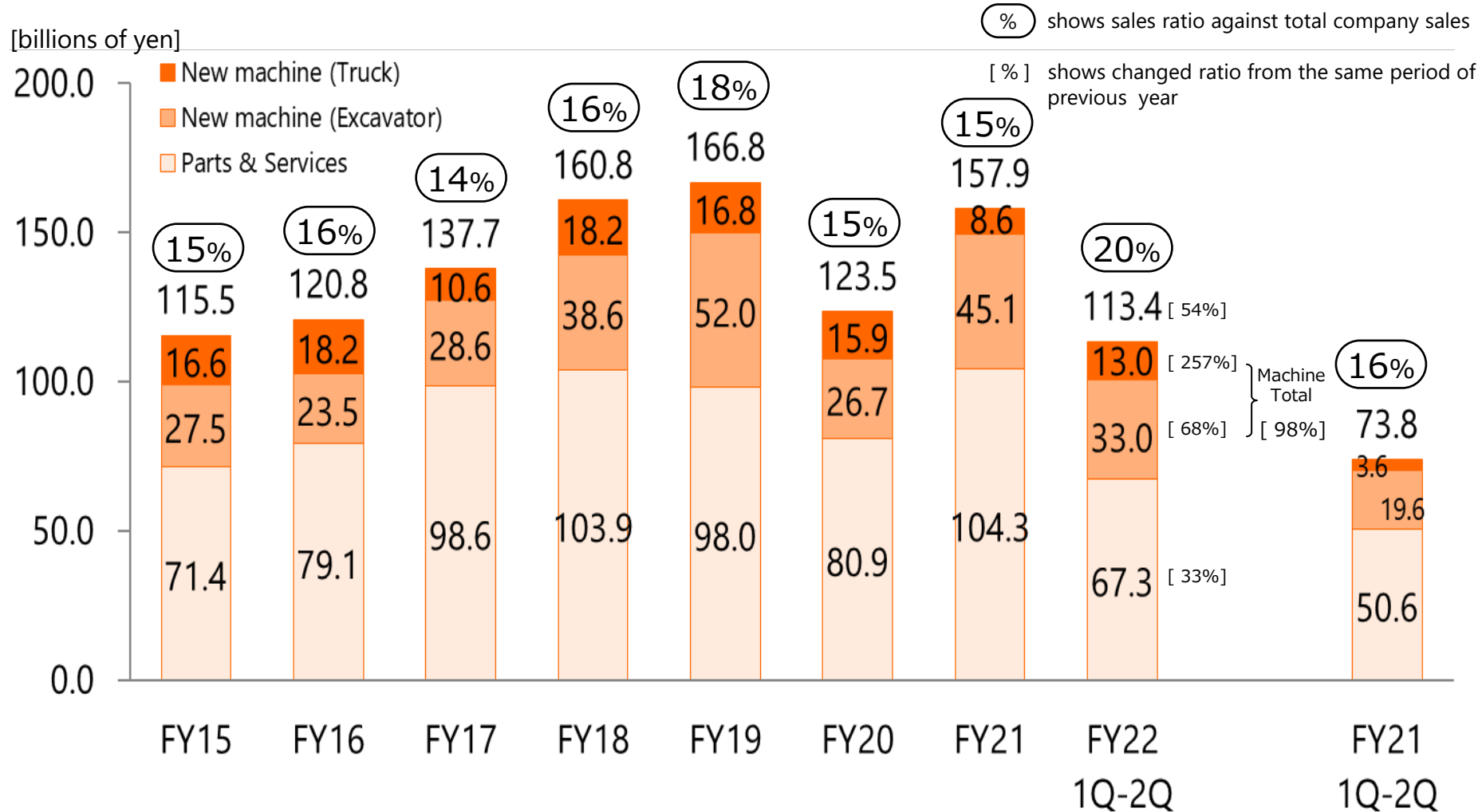
Reliable solutions

Although revenue in China decreased y-y, revenue in other overseas increased significantly, including depreciation of the yen. Consolidated total revenue increased by 105.2 billion yen.

[billions of yen]

	FY2022 1Q-2Q		FY2021 1Q-2Q		change	
					amount	%
Japan	99.5	17%	96.9	20%	2.6	3%
Asia	52.0	9%	35.7	8%	16.3	46%
India	30.6	5%	23.4	5%	7.2	31%
Oceania	113.8	20%	80.8	17%	33.0	41%
Europe	74.7	13%	58.4	12%	16.3	28%
N.America	115.1	20%	93.2	20%	21.8	23%
L.America	16.6	3%	10.2	2%	6.4	63%
Russia-CIS	20.5	4%	16.5	3%	4.0	25%
M.East	12.7	2%	10.2	2%	2.5	25%
Africa	24.6	4%	19.3	4%	5.3	28%
China	18.7	3%	29.1	6%	-10.4	-36%
Total	578.9	100%	473.7	100%	105.2	22%
Overseas ratio	83%		80%			

Revenue of mining increased by 54% to 113.4 billion yen y-y due to strong demand of units, as well as increased sales volume in parts and services.

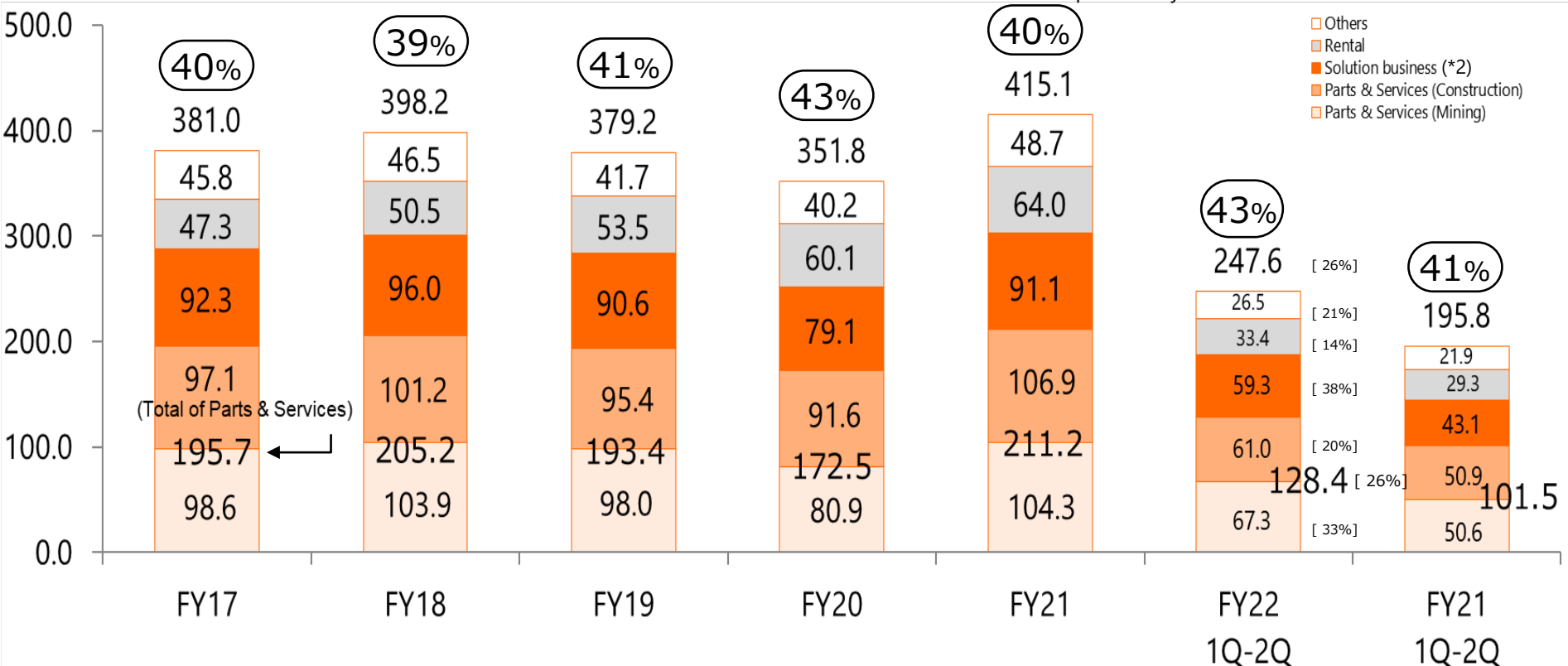


Revenue of the value chain business increased by 26% y-y to 247.6 billion yen due to increased volume in all segments.

[billions of yen]

(%) shows sales ratio against total company sales

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



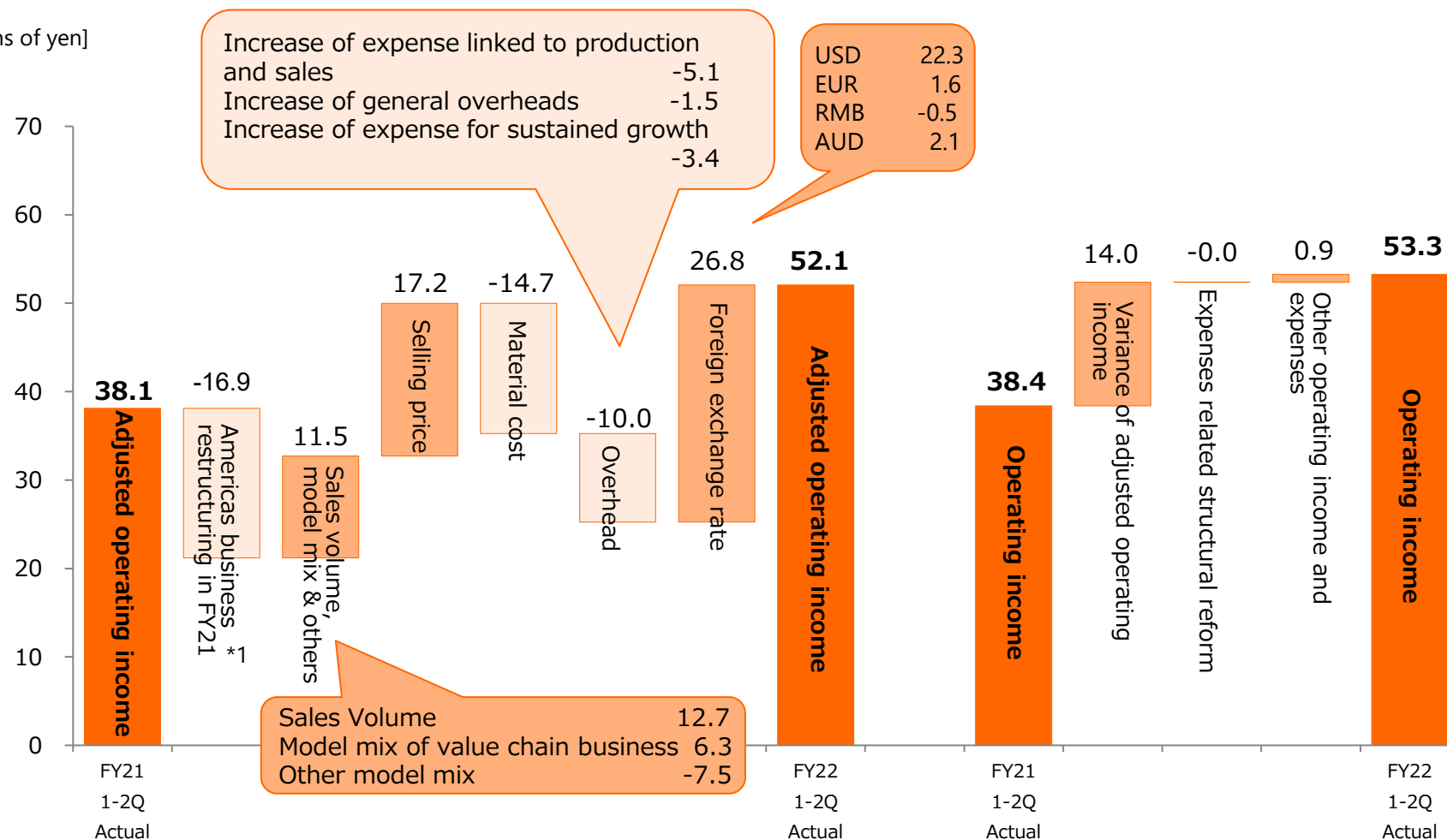
(\*1) Value chain: Total of Parts & services, Solution business, Rental etc. other than new machine sales.

(\*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

Adjusted operating income increased by 14.0 billion yen y-y due to the impact of the increased sales volume, price increase, and the currency impact despite the absence of profit from Americas business restructuring in the previous year.

[billions of yen]



\*1 Price adjustment and profit-sharing

Net income attributable to owners of the parent increased by 12% to 35.7 billion yen y-y. Net income attributable to owners of the parent increased by 113% substantially excluding the profit associated with Americas business restructuring in the previous fiscal year.

[billions of yen]

	FY2022 1Q-2Q		FY2021 1Q-2Q		change	
					amount	%
Revenue		578.9		473.7	105.2	22%
Cost of Sales	(71.5%)	414.1	(73.2%)	346.9	67.2	19%
SGA expenses	(19.5%)	112.7	(18.7%)	88.7	24.0	27%
Adjusted operating income *1	(9.0%)	52.1	(8.0%)	38.1	14.0	37%
Other Income/expenses		1.2		0.3	0.9	299%
Operating income	(9.2%)	53.3	(8.1%)	38.4	14.9	39%
Financial income/expenses		0.5		-0.5	1.0	-
Share of profits of investments accounted for using the equity method		1.5		4.7	-3.2	-68%
Income before income taxes	(9.5%)	55.2	(9.0%)	42.6	12.6	30%
Income taxes		17.0		8.6	8.4	98%
Net income	(6.6%)	38.2	(7.2%)	34.0	4.2	12%
Net income attributable to owners of the parent	(6.2%)	35.7	(6.7%)	31.9	3.8	12%

\*Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

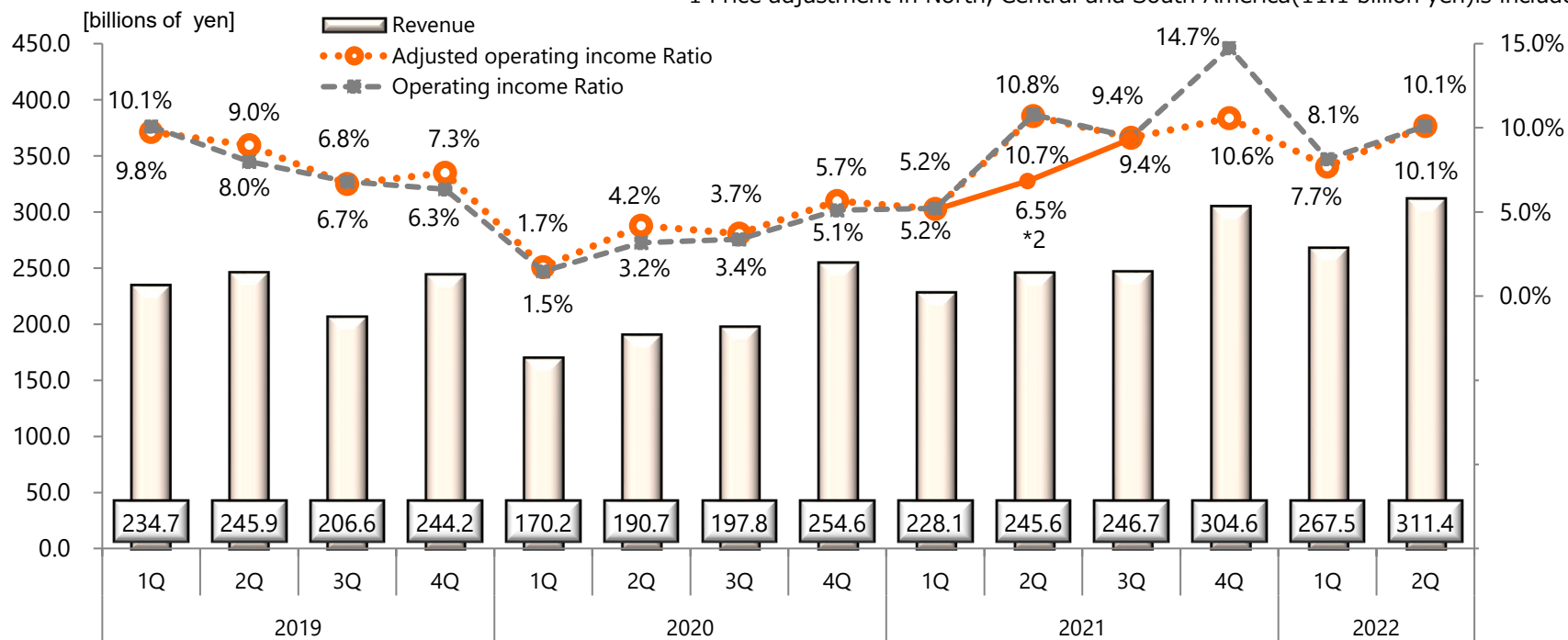
# Summary of quarterly consolidated revenue and operating income (ratio)

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[billions of yen]

	2019				2020				2021				2022	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q*1	3Q	4Q	1Q	2Q
Revenue	234.7	245.9	206.6	244.2	170.2	190.7	197.8	254.6	228.1	245.6	246.7	304.6	267.5	311.4
Adjusted operating income	22.9	22.1	13.8	17.9	2.9	8.0	7.4	14.4	11.8	26.3	23.2	32.2	20.6	31.5
Operating income	23.7	19.6	14.1	15.5	2.5	6.0	6.7	13.0	11.9	26.5	23.3	44.9	21.8	31.5

\*1 Price adjustment in North, Central and South America(11.1 billion yen)is included.



\*2 Price adjustment in North, Central and South America(11.1 billion yen)is excepted.

FX rate	2019				2020				2021				2022	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Rate (YEN/US\$)	109.9	107.4	108.8	108.9	107.6	106.2	104.5	105.9	109.5	110.1	113.7	116.2	129.6	138.4
Rate (YEN/EURO)	123.5	119.3	120.3	120.1	118.5	124.1	124.5	127.7	132.0	129.8	130.1	130.4	138.1	139.3
Rate (YEN/RMB)	16.1	15.3	15.5	15.6	15.2	15.4	15.8	16.4	17.0	17.0	17.8	18.3	19.6	20.2
Rate (YEN/AU\$)	76.9	73.6	74.3	71.8	70.7	75.9	76.3	81.8	84.3	80.9	82.9	84.0	92.6	94.5

# Consolidated statement of financial position

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Total assets increased by 128.3 billion yen from the end of last fiscal year due to increase by Inventories and depreciation of the yen.

[billions of yen]

	(A) FY22-2Q	(B) Mar '2022	(C) FY21-2Q	(A)-(B) change		(D) FY22-2Q	(E) Mar '2022	(F) FY21-2Q	(D)-(E) change
Cash and cash equivalents	103.3	94.3	87.7	9.0	Trade and other payables	256.0	252.2	206.4	3.8
Trade receivables	264.4	266.3	199.1	-1.9	Bonds and borrowings	417.4	353.1	336.4	64.3
Inventories	441.4	368.3	309.4	73.2	Total liabilities	817.4	741.6	658.6	75.7
Total current assets	852.8	764.4	645.8	88.4	(Equity attributable to owners of the parent ratio)	(43.1%)	(43.4%)	(43.3%)	(-0.3%)
Total non-current assets	685.2	645.2	608.4	40.0	Total equity	720.6	667.9	595.6	52.6
Total assets	1,537.9	1,409.6	1,254.1	128.3	Total liabilities and equity	1,537.9	1,409.6	1,254.1	128.3
Trade receivables incl. non-current	307.8	309.0	240.2	-1.2					
Inventories by products									
Unit	133.8	108.9	80.2	24.9		(27.1%)	(25.1%)	(26.8%)	(2.1%)
Parts	158.5	132.6	101.3	25.9	Interest-bearing debt	417.4	353.1	336.4	64.3
Raw materials, WIP and etc	149.1	126.8	128.0	22.4	Cash and Cash equivalents	103.3	94.3	87.7	9.0
Total inventories	441.4	368.3	309.4	73.2		(20.4%)	(18.4%)	(19.8%)	(2.1%)
On hand days(divided by revenue)				(Days)	Net interest-bearing debt	314.1	258.9	248.6	55.2
Trade receivables	99	110	95	-11					
Inventories	143	131	122	12	Net D/E Ratio	0.47	0.42	0.46	0.05
Trade payables	48	51	45	-4					
Net working capital	190	186	168	4					

Though operating cash flow was positive at 7.5 billion yen, investment cash flow was negative at 21.9 billion yen and free cash flow was negative at 14.4 billion yen.

[billions of yen]

	FY2022 1Q-2Q		FY2021 1Q-2Q		Change	
Net income		38.2		34.0		4.2
Depreciation and amortization	68.9	30.6	61.2	27.2	7.7	3.5
(Increase)decrease in trade/lease receivables		30.5		13.7		16.9
(Increase)decrease in inventories	-15.8	-43.2	5.1	-12.2	-20.9	-31.0
Increase(decrease) in trade payables		-3.1		3.6		-6.8
Others, net		-45.6		-38.2		-7.4
Net cash provided by (used in) operating activities		7.5		28.1		-20.6
Cash flow margin for operating activities		1.3%		5.9%		-4.6%
Net cash provided by (used in) investing activities		-21.9		-15.9		-6.0
Free cash flows		-14.4		12.2		-26.6
Net cash provided by (used in) financing activities		14.7		-5.6		20.3



# Summary of consolidated earnings forecast

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The consolidated income statement for FY2022 is expected to increase revenue by 13% y-y associated with depreciation of the yen although considering Russian business and supply chain constraint risk.

note : < > shows previous forecast as of July 2022

[billions of yen]

	FY2022 Forecast		FY2021 Actual	change	
				amount	%
Revenue	<1,040.0>	1,160.0	1,025.0	135.0	13%
Adjusted operating income	<9.0%> <94.0>	(9.5%) 110.0	(9.1%) 93.5	(0.4%) 16.5	18%
Operating income	<8.7%> <90.0>	(9.1%) 106.0	(10.4%) 106.6	(-1.3%) -0.6	-1%
Income before income taxes	<8.7%> <90.0>	(9.1%) 106.0	(10.8%) 110.9	(-1.7%) -4.9	-4%
Net income attributable to owners of the parent	<5.5%> <57.0>	(5.8%) 67.0	(7.4%) 75.8	(-1.6%) -8.8	-12%
EBIT	<95.0>	110.4	114.0	-3.6	

Currency	1Q-2Q Actual	3Q-4Q Forecast	Total Forecast	FY2021 Actual	change
Rate (YEN/USD)	134.1	130.0	131.8	112.6	19.2
Rate (YEN/EUR)	138.7	140.0	139.4	130.6	8.8
Rate (YEN/RMB)	19.9	19.5	19.6	17.5	2.2
Rate (YEN/AUD)	93.7	90.0	91.9	83.0	8.8
Cash dividend per share (yen) *1	to be determined			110	-

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

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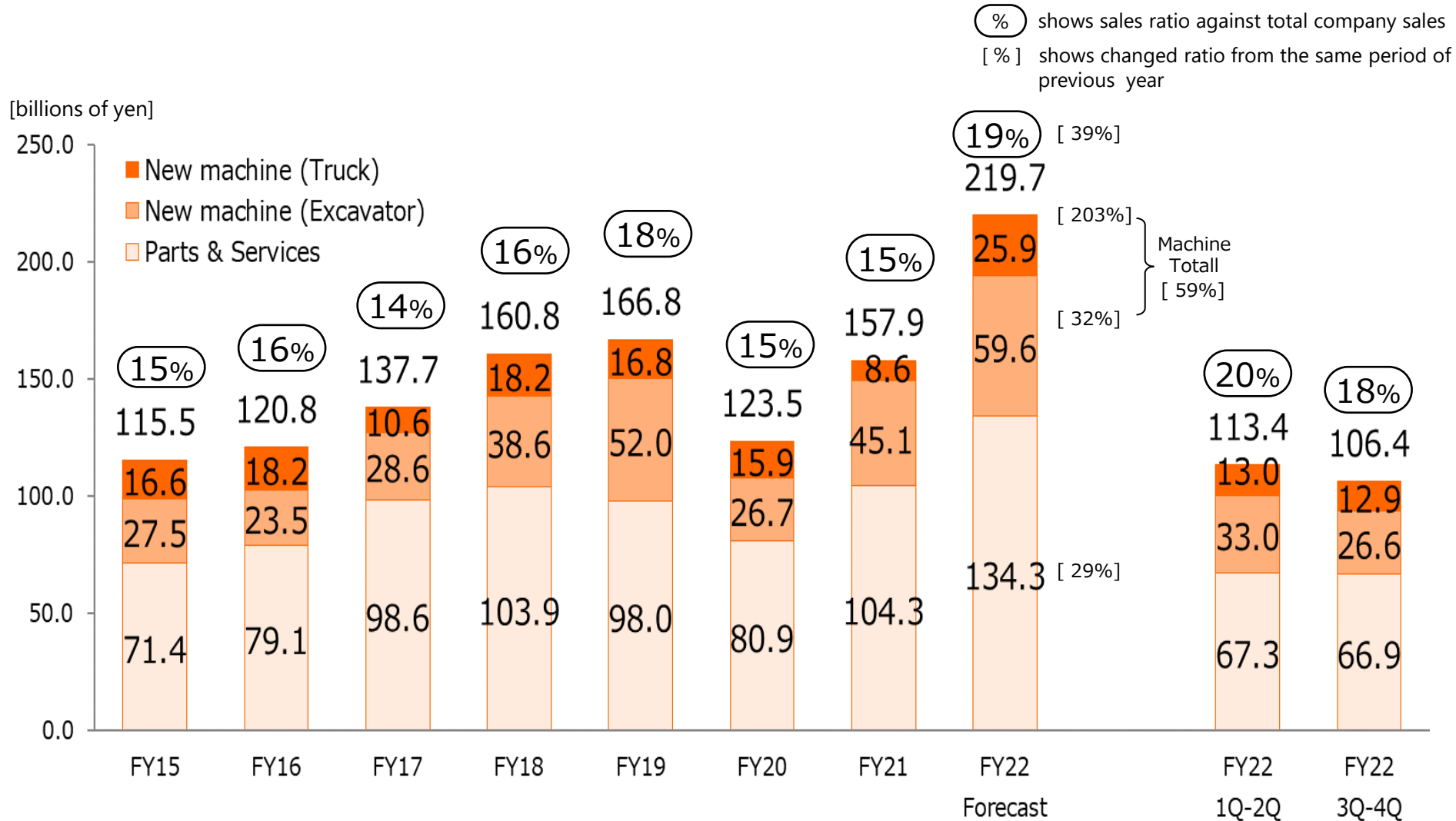
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Revenue for this fiscal year is expected to increase by 13% y-y due to strong demand trends in other regions, despite significant declines in Russia and China.

[billions of yen]

	FY2022 Forecast		FY2021 Actual		change	
					amount	%
Japan	217.8	19%	216.9	21%	0.9	0%
Asia	114.1	10%	86.4	8%	27.6	32%
India	61.9	5%	57.2	6%	4.7	8%
Oceania	209.4	18%	167.7	16%	41.7	25%
Europe	140.3	12%	124.2	12%	16.1	13%
N.America	243.8	21%	196.4	19%	47.4	24%
L.America	33.2	3%	22.7	2%	10.5	46%
Russia-CIS	29.8	3%	38.6	4%	-8.8	-23%
M.East	22.3	2%	19.2	2%	3.1	16%
Africa	52.8	5%	43.5	4%	9.3	21%
China	34.6	3%	52.1	5%	-17.5	-34%
Total	1,160.0	100%	1,025.0	100%	135.0	13%
Overseas ratio	81%		79%			

Revenue of mining in this fiscal year is expected to increase by 39% from the previous year to 219.7 billion yen y-y.



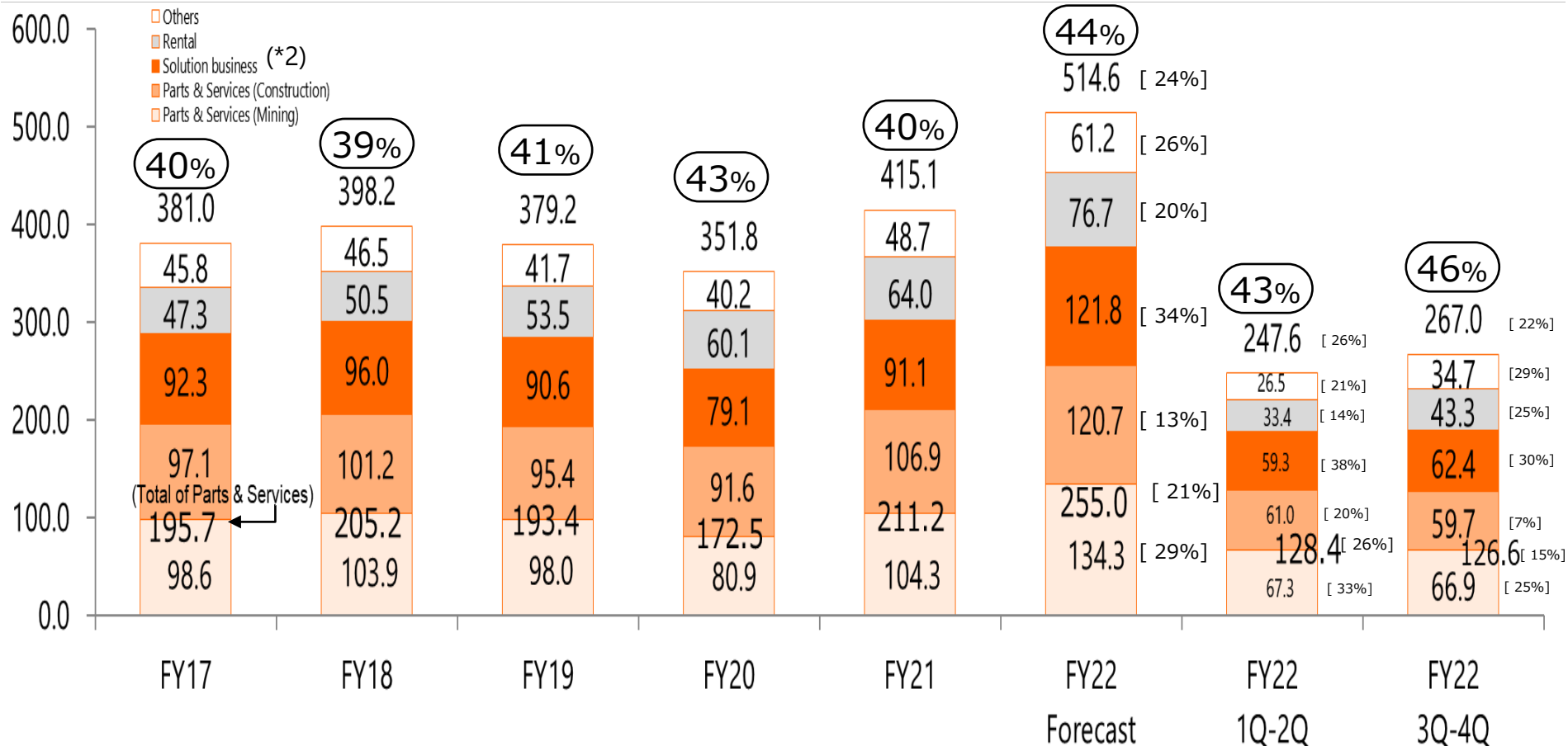
# Value chain\*<sup>1</sup> revenue forecast

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Revenue of the value chain in this fiscal year is expected to increase by 24% from the previous year to 514.6 billion yen y-y.

[billions of yen]



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

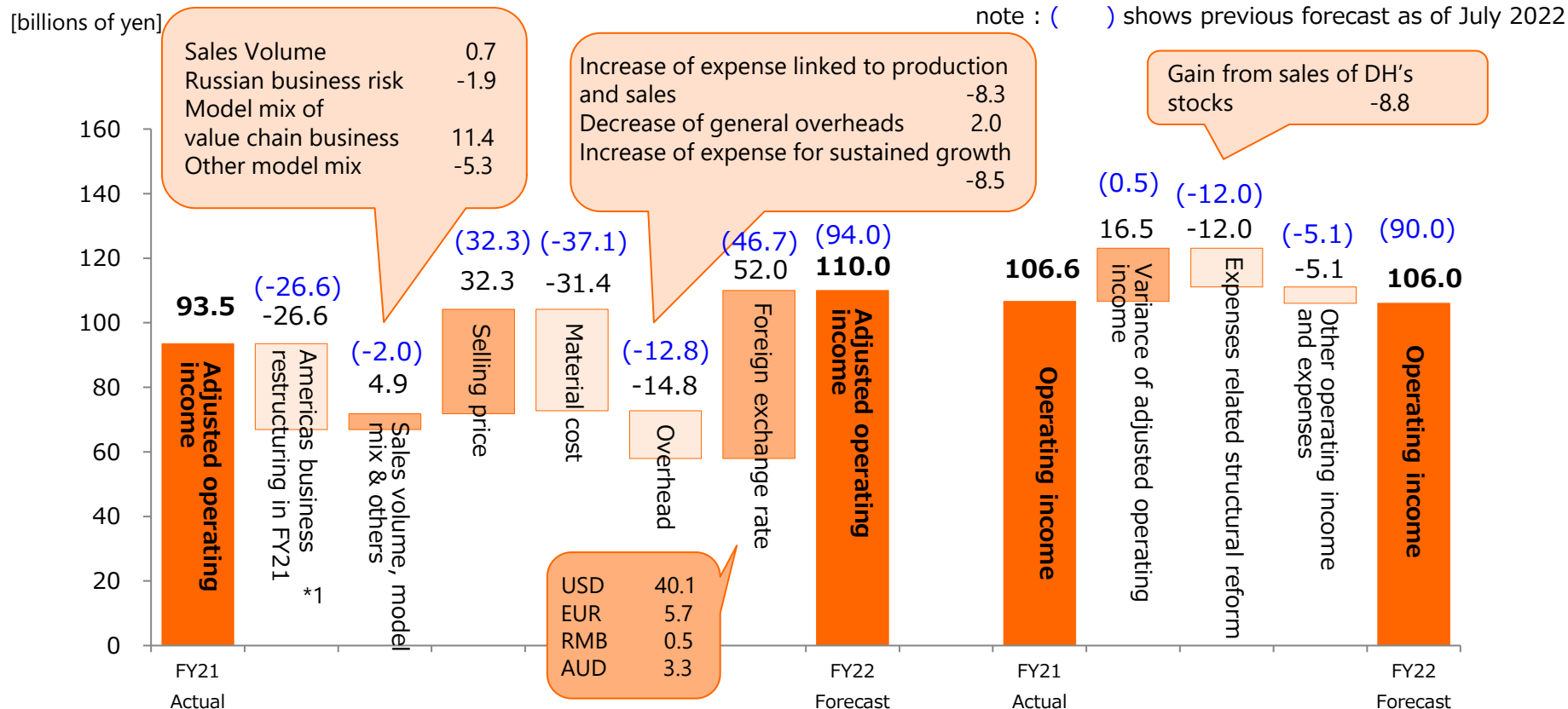
(\*2) Solution business: The business segment primarily intends to provide development, production, distribution of parts and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.

# Comparison of consolidated income forecast

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Adjusted operating income increased by 16.5 billion yen y-y due to the sales price increase and the currency impact despite the absence of profit from Americas business restructuring in the previous year besides the supply chain constraint risk and Russian business risk.



\*1 Price adjustment and profit-sharing

The forecast exchange rate of major currencies for this fiscal year is unchanged from the previous announcement.

## FX rate and FX sensitivity

[billions of yen]

Currency	FX rate				FX sensitivity (3Q-4Q)		
	FY22			FY21 Actual	Condition	Revenue	Adjusted operating income
	1Q-2Q Actual	3Q-4Q Forecast	Total Forecast				
USD	134.1	130.0	131.8	112.6	Impact by 1 yen depreciation	1.5	1.1
EUR	138.7	140.0	139.4	130.6	Impact by 1 yen depreciation	0.4	0.4
RMB	19.9	19.5	19.6	17.5	Impact by 0.1 yen depreciation	0.1	0.1
AUD	93.7	90.0	91.9	83.0	Impact by 1 yen depreciation	1.3	0.2

# Appendix 2: Detail of mining revenue

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[billions of yen]

		FY22 Forecast			FY21 Actual			Change		
		1-2Q	3-4Q	Year	1-2Q	3-4Q	Year	1-2Q	3-4Q	Year
America	Excavator	13.4	15.4	28.8	6.4	3.1	9.4	7.0	12.3	19.4
	Dump Truck	2.1	2.1	4.2	1.4	1.3	2.6	0.7	0.8	1.5
	Total	15.5	17.5	33.0	7.7	4.3	12.0	7.7	13.2	20.9
Europe, Africa and Middle East	Excavator	17.7	14.2	31.9	11.7	15.7	27.5	6.0	-1.5	4.4
	Dump Truck	11.6	11.6	23.1	7.9	9.9	17.8	3.7	1.7	5.3
	Total	29.3	25.8	55.0	19.6	25.6	45.3	9.6	0.1	9.8
Asia & Oceania	Excavator	47.1	42.8	89.9	34.1	41.5	75.6	13.0	1.3	14.3
	Dump Truck	20.5	19.7	40.2	11.3	11.7	23.1	9.2	7.9	17.1
	Total	67.7	62.5	130.1	45.4	53.3	98.7	22.3	9.2	31.5
China	Excavator	0.2	0.5	0.7	0.3	0.3	0.6	-0.1	0.2	0.1
	Dump Truck	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
	Total	0.3	0.5	0.8	0.3	0.3	0.7	-0.0	0.2	0.1
Japan	Excavator	0.6	0.2	0.8	0.7	0.6	1.3	-0.1	-0.4	-0.5
	Dump Truck	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	0.0
	Total	0.6	0.2	0.8	0.7	0.6	1.3	-0.1	-0.4	-0.5
Total	Excavator	79.1	73.0	152.1	53.2	61.2	114.4	25.9	11.8	37.7
	Dump Truck	34.3	33.4	67.6	20.6	22.9	43.6	13.6	10.4	24.1
	Total	113.4	106.4	219.7	73.8	84.1	157.9	39.5	22.3	61.8

The amortizations of PPA are included in the adjusted operating income of the solution business : 0.6 billion yen in FY2022 1Q-2Q, and 1.2 billion yen in the forecast for FY2022.

[billions of yen]

FY2022 1Q-2Q Actual	Reportable segment		Adjustments*1	Total
	Construction Machinery Business	Solution Business		
Revenue	519.6	62.6	-3.2	578.9
Adjusted operating income	9.1% 47.5	7.4% 4.6	-	9.0% 52.1

[billions of yen]

FY2022 Forecast	Reportable segment		Adjustments *1	Total
	Construction Machinery Business	Solution Business		
Revenue	1,038.2	121.8	0.0	1,160.0
Adjusted operating income	9.4% 98.0	9.9% 12.0	-	9.5% 110.0

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



# Appendix4 : Actual and forecast of consolidated capital expenditures, depreciation, and R&D expenses

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Capital expenditures for FY2022 include more than the usual, mainly for the construction of new domestic factory facilities and the expansion of the rental business.

## 1.Capital Expenditure (Based on completion)

[billion of yen]

	FY2019	FY2020	FY2021	FY2022 1Q-2Q	FY2022 3Q-4Q	FY2022
	Actual	Actual	Actual	Actual	Forecast	Forecast
Capital Expenditure	47.2	34.7	45.3	34.9	42.7	77.6
Assets held for operating lease	36.9	38.6	44.3	21.5	29.6	51.1
Total	84.1	73.4	89.6	56.4	72.3	128.7

## 2.Depreciation (tangible and intangible fixed assets)

[billion of yen]

	FY2019	FY2020	FY2021	FY2022 1Q-2Q	FY2022 3Q-4Q	FY2022
	Actual	Actual	Actual	Actual	Forecast	Forecast
Capital Expenditure	34.2	35.3	37.6	19.9	20.5	40.3
Assets held for operating lease	12.0	14.9	17.9	10.8	11.1	21.9
Total	46.1	50.2	55.5	30.6	31.6	62.3

## 3.R&D expenses

[billion of yen]

	FY2019	FY2020	FY2021	FY2022 1Q-2Q	FY2022 3Q-4Q	FY2022
	Actual	Actual	Actual	Actual	Forecast	Forecast
Total of consolidation	23.7	24.8	25.5	11.7	15.3	27.0

**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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# END



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