

The Hitachi logo is displayed in a bold, black, sans-serif font. The background of the slide features a large orange Hitachi excavator bucket filled with dark soil, set against a bright blue sky with scattered white clouds. The excavator's arm and body are visible, with the 'HITACHI' name printed on the boom.

HITACHI

Reliable solutions

Acquisition of H-E Parts International

December 21, 2016

Hitachi Construction Machinery Co., Ltd.
Yuichi Tsujimoto (President, CEO and Director)



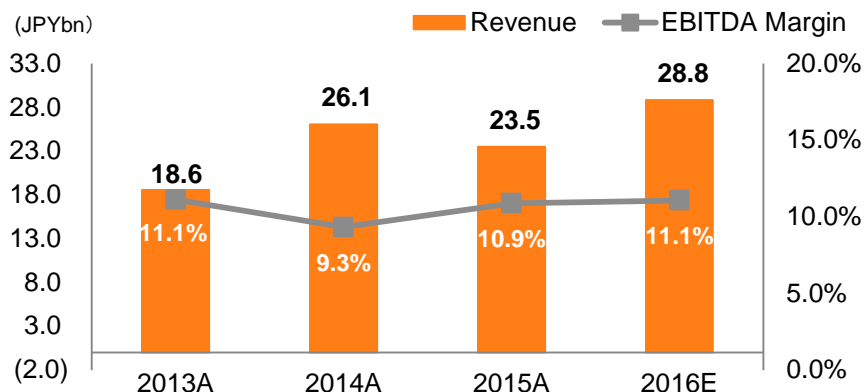
Overview of H-E Parts International

Business Description	Provides service solutions for mining / construction machines and develops, manufactures and sales aftermarket parts
CEO	Steve McBrayer
Headquarters	Atlanta (USA)
Countries	Australia, USA, Chile, Canada, et al.
Foundation	2006 (commencement of business)
Employees	approx. 750

Transaction Overview

Acquisition Ownership	100%
Enterprise Value	USD 240mn
Key Dates	Board Resolution: Dec 21, 2016 Agreement: Dec 21, 2016 Closing: Dec 21, 2016
Seller	H-E Parts Investors LLC (SPC owned by Frontenac and Champ Ventures)

Financial Overview⁽¹⁾



Overview of Seller

Frontenac	<ul style="list-style-type: none"> US-based PE fund established in 1971 Focus on food, services and industrials Invests in mid-sized companies
Champ Ventures	<ul style="list-style-type: none"> Australia-based PE fund established in 1987 Invests in a broad range of companies from seed stage to later stage Invests in mid-sized companies

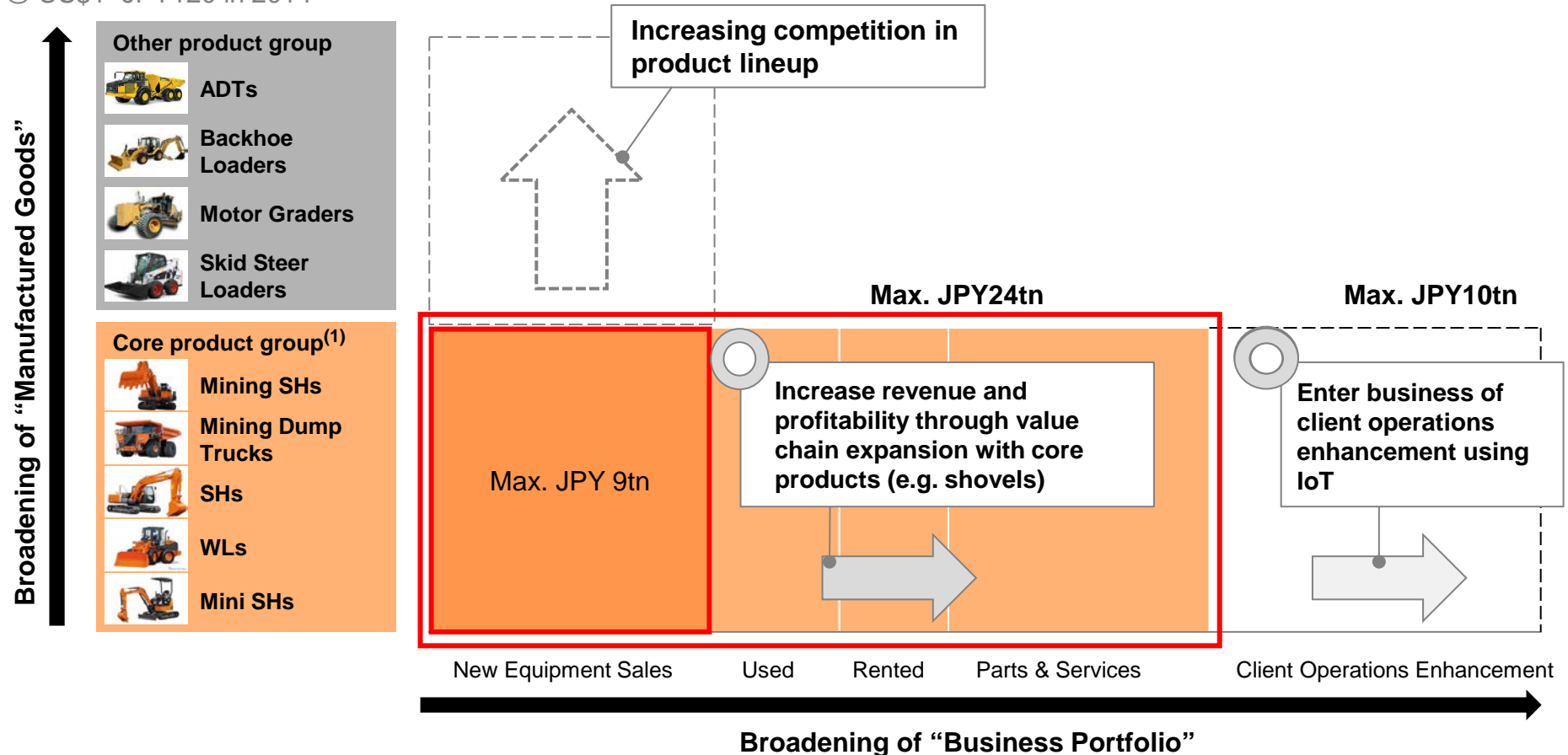
(1) Consolidated base, exchange rate of USD/JPY:115.0, AUD/JPY:85.0

Strategy To Strengthen HCM's Value Chain

Total addressable market will double in size through the development of the entire value chain

Market Size of Core Product Group in Construction & Mining Machinery

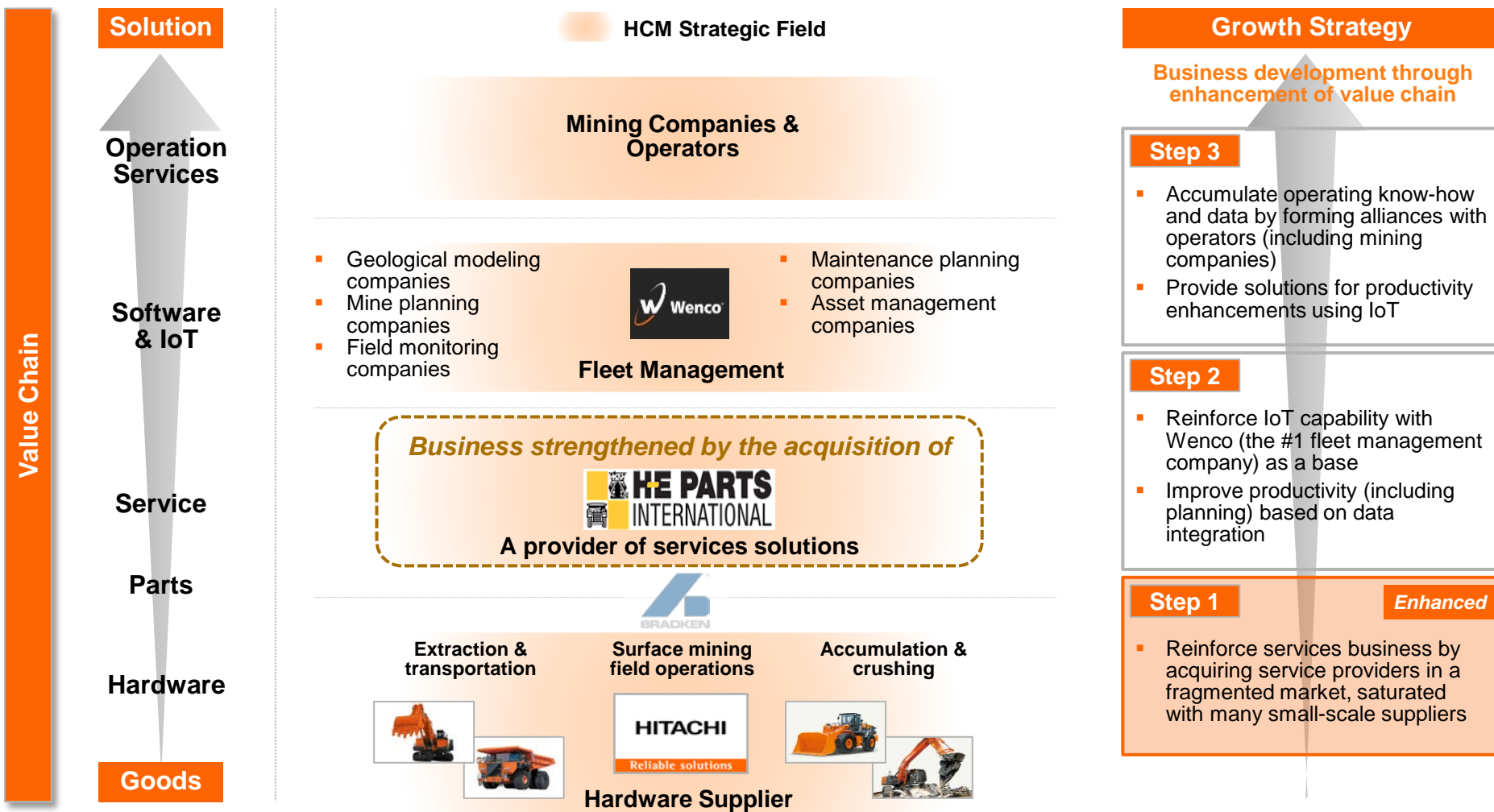
@ US\$1=JPY120 in 2014



(1) Mining shovels, mining RDTs, mini shovels, wheel loaders, medium-sized shovels

Source: Off-Highway, Freedonia, Company Reports, IRN, Expert Interview, Team Analysis, Parkerbay, Capital IQ

The acquisition of H-E Parts will enable HCM to provide comprehensive solutions for client productivity enhancements, as well as develop a stronger aftermarket services business with H-E Parts as its core parts and services provider



Industry Trends

- ❑ Demand for mining equipment is recovering
 - Growth market in the medium to long-term
- ❑ Increase in customers' needs driven by improvements in safety and productivity as well as decreases in life-cycle cost
 - Market participants are differentiated by providing value added solutions to customers' challenges
- ❑ Innovation led by ICT-IoT at production & operating site



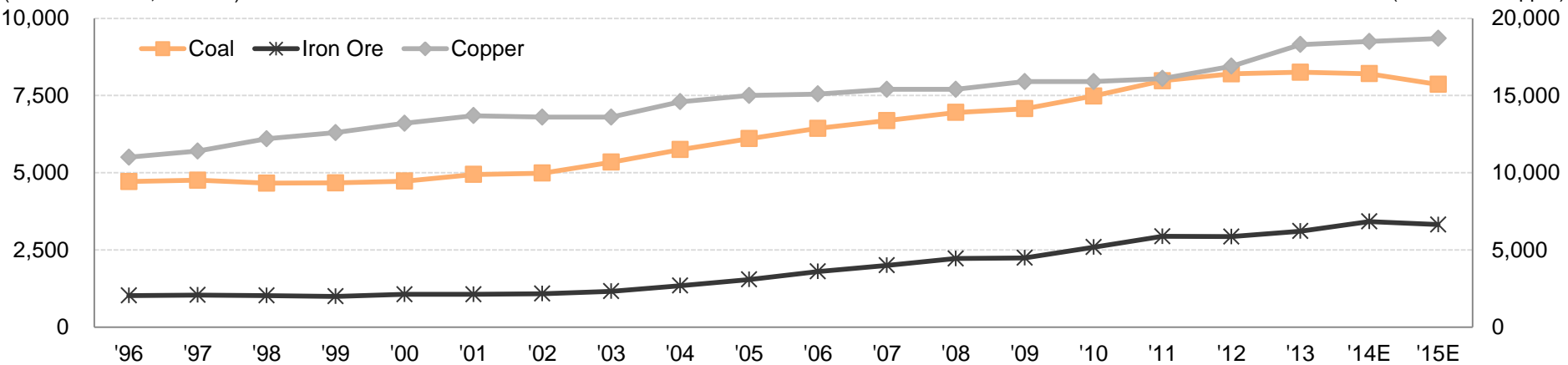
Strategic Rationale of the Acquisition

- ❑ Grow solutions business and establish a leading position in the aftermarket services segment by leveraging H-E Parts' platform
- ❑ Strengthen distribution network by utilizing sales and services network of H-E Parts
- ❑ Enhancement of our value chain through gaining access to the aftermarket services, remanufactured parts, and non-genuine parts markets
- ❑ Effective use of remanufacturing / rebuilding facilities

Global Production of Coal, Iron Ore & Copper⁽¹⁾

(M Metric t: Coal, Iron Ore)

(K Metric t: Copper)



(1) HCM research

H-E Parts Operating Segments

Mining Solutions

59% of Total Revenue

- Comprehensive aftermarket solutions for mobile mining equipment including haul trucks, shovels and dozers
- Maintenance and repair services and alternative parts for major makes and models
- Largest global footprint and broadest product coverage of any non-OEM
- Customize parts to meet clients' demands



Products and Services Offered:

- General Parts
- Clutch & Brakes
- Drive Systems
- Hydraulics
- Cooling Systems

Crushing Solutions

28% of Total Revenue

- Aftermarket services & parts for crushing equipment as well as on-site and off-site services & repairs
- Services to design, evaluate and optimize to reduce costs and increase productivity
- Innovative computer modelling and scanning for application-specific crushing machines



Products and Services Offered:

- Crusher Parts
- Wear Plates

Engine Solutions

6% of Total Revenue

- Comprehensive, high-horsepower diesel engine remanufacturing solutions
- Parts and rebuilds for diesel engines ranging from 1,500 to 4,000 horsepower
- Provide rebuilding services using customized parts and components, which boast the industry's lowest failure rates and superior engine performance



Products and Services Offered:

- Camshaft Machining
- Cylinder Block Machining
- Dyno Testing
- Magnaflux
- Crankshafts Machining

Construction

7% of Total Revenue

- Comprehensive undercarriage parts and ground engagement tools (G.E.T.) for mobile construction equipment
- In-house designing and engineering to lower the total cost of undercarriage and G.E.T.

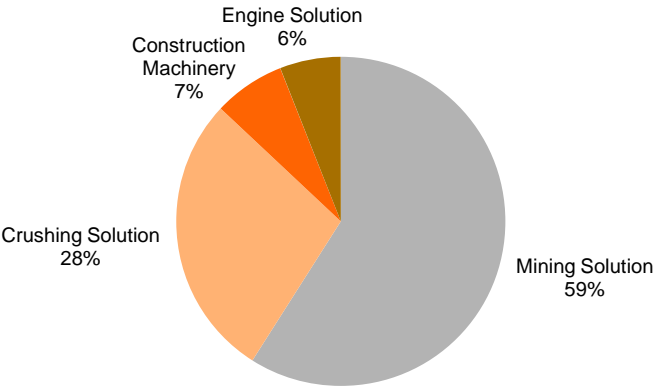


Products and Services Offered:

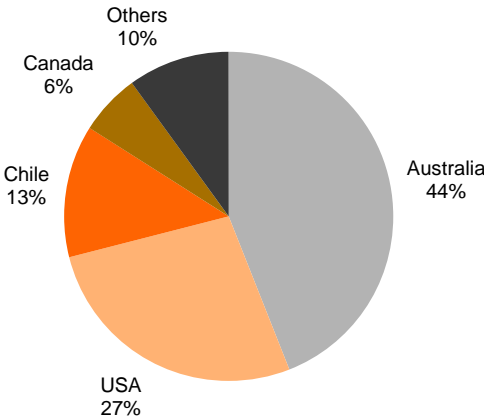
- Undercarriage for construction
- G.E.T. (Ground Engaging Tools) for construction

Note: Revenue share for FY2015

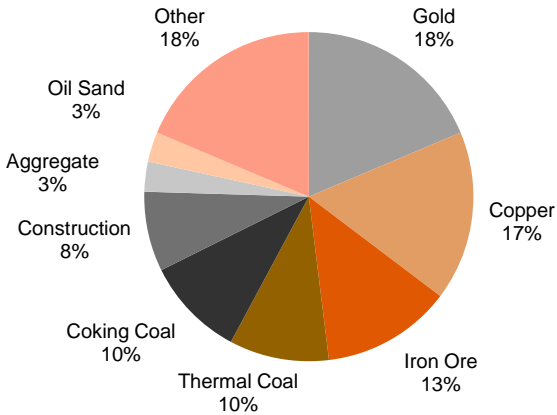
Segment



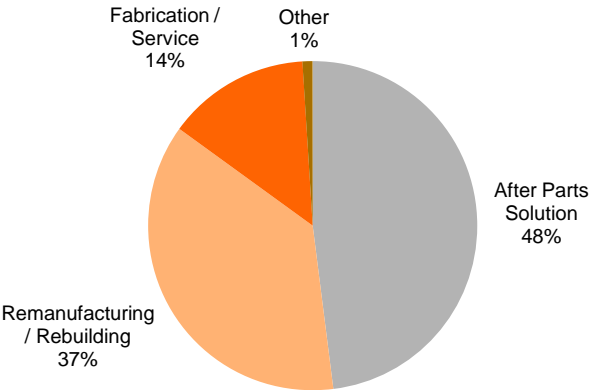
Geography



Commodity



Solution Sales by Type



Headquartered in Atlanta with operations throughout the Americas and Australia

