



True satisfaction for all

Medium-Term Management Plan 2019 (Construction Crane Business)

**Sumitomo Heavy
Industries Construction
Cranes Co., Ltd.**

Shogo Yokoyama, President

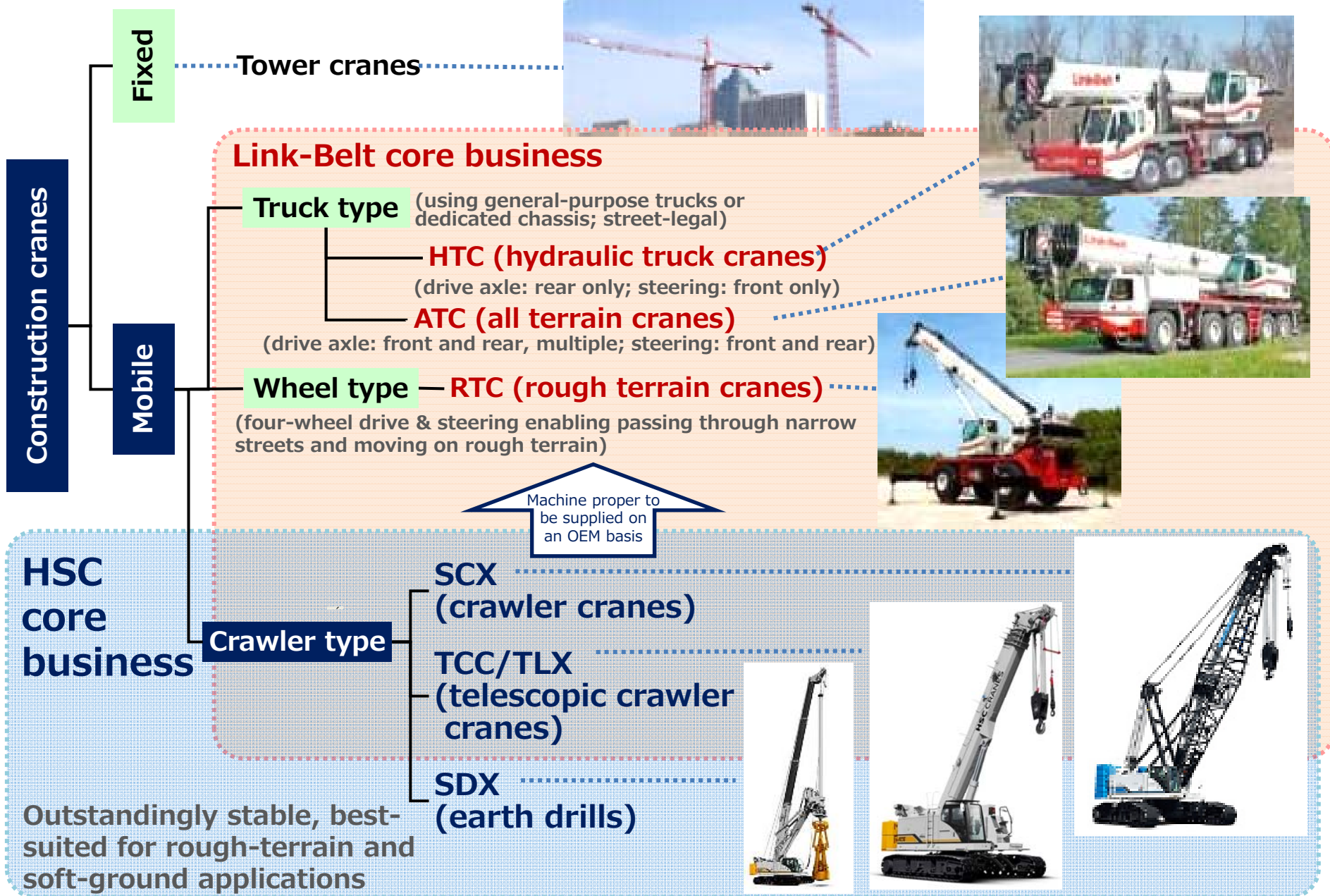
September 21, 2018

HSC's Corporate Vision

HSC is committed to improving society through innovation based on confidence and reliability in the crane business.

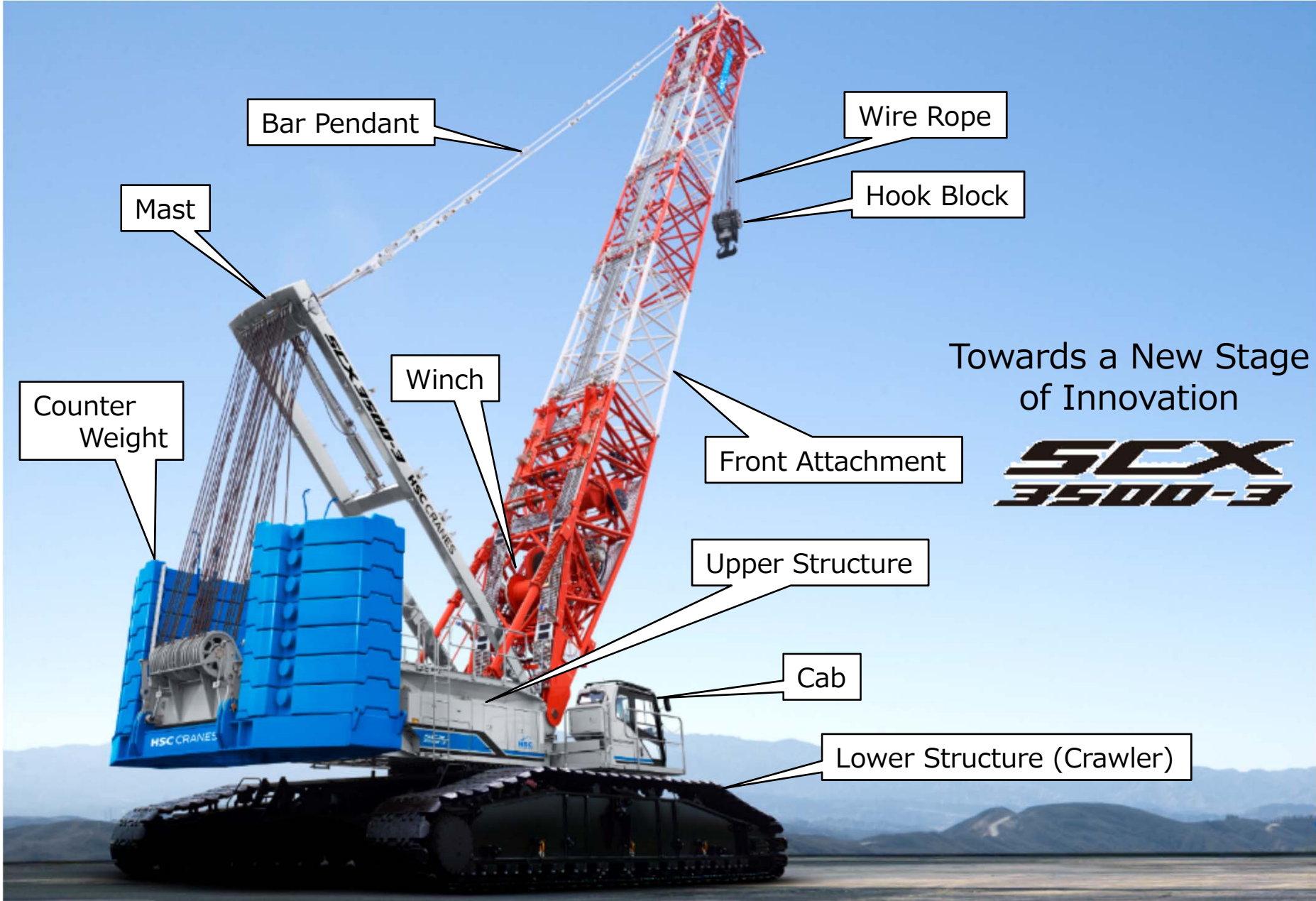
- 00 About construction cranes
- 01 What is a crawler crane?
- 02 Market environment
- 03 From SHI & HCM to HSC
- 04 Outline of our medium-term management plan "Soaring 2019 for the Next Stage"

Classification of Construction Cranes



- 00 About construction cranes
- 01 What is a crawler crane?**
- 02 Market environment
- 03 From SHI & HCM to HSC
- 04 Outline of our medium-term management plan "Soaring 2019 for the Next Stage"

Crawler Crane (Structure & Part Name)



SCX3500-3 features (Easy assembly & transport)

Front-rear Split Frame



Quick Draw system
(Self-removal system
of crawler side frame)



SCX
3500-3

SCX3500-3 (winner of 2017 MACHIN DESIGN award and the Minister of Economy, Trade and Industry award)

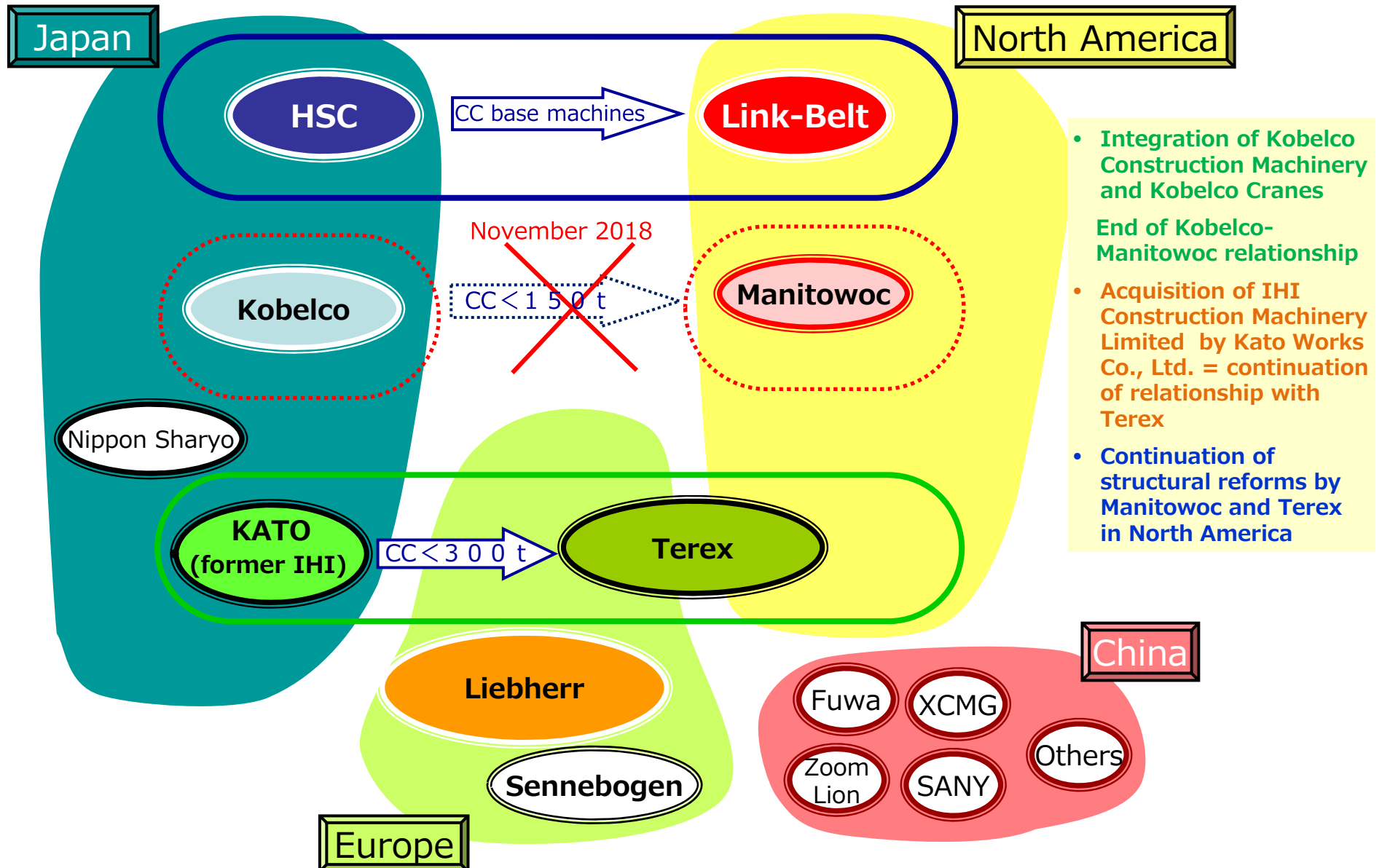
HSC
CRANES

Moving toward a
future of progress

SCX
3500-3

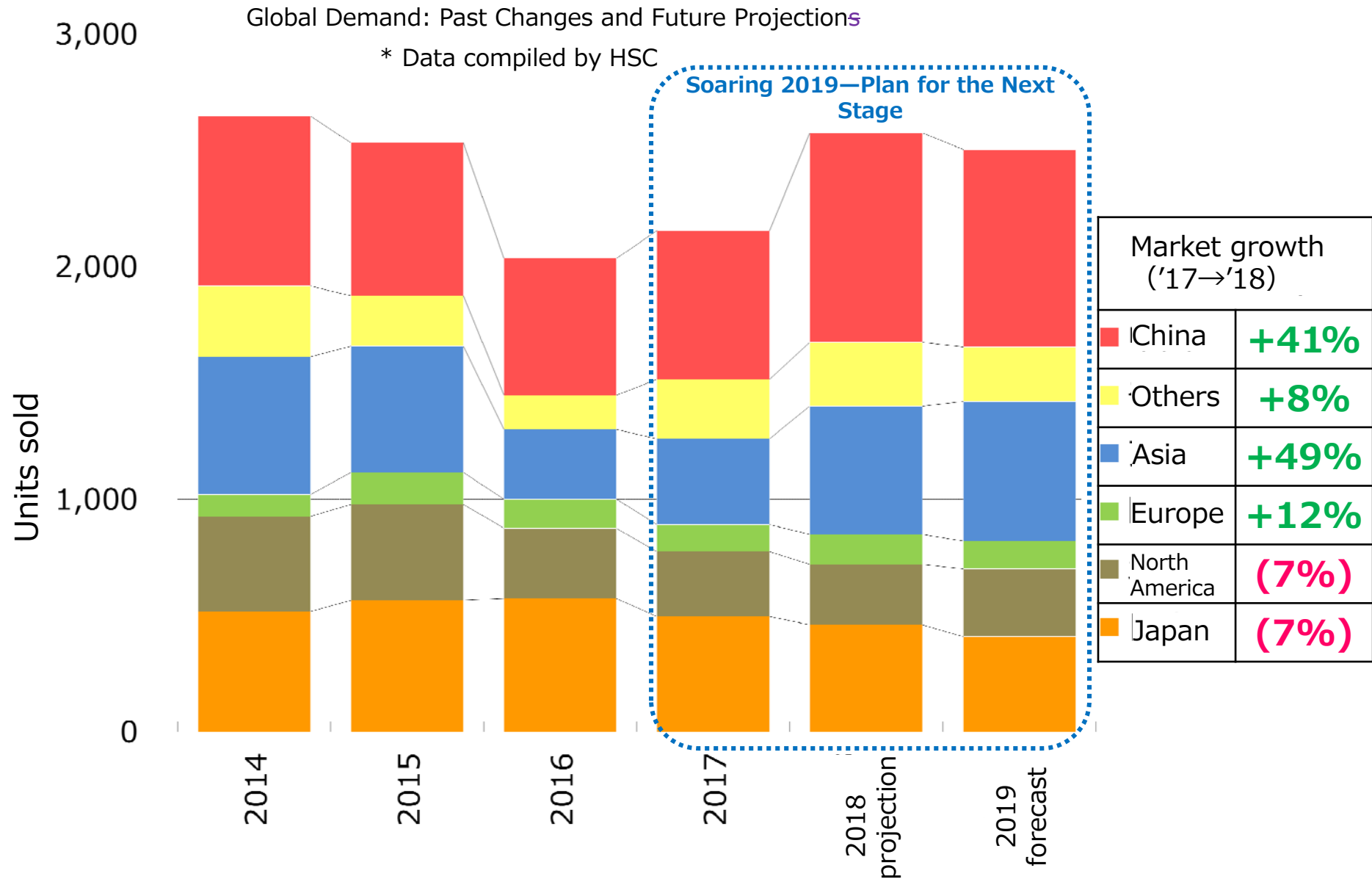
- 00 About construction cranes
- 01 What is a crawler crane?
- 02 Market environment**
- 03 From SHI & HCM to HSC
- 04 Outline of our medium-term management plan "Soaring 2019 for the Next Stage"

Crawler Crane Global Players



- Integration of Kobelco Construction Machinery and Kobelco Cranes
- End of Kobelco-Manitowoc relationship
- Acquisition of IHI Construction Machinery Limited by Kato Works Co., Ltd. = continuation of relationship with Terex
- Continuation of structural reforms by Manitowoc and Terex in North America

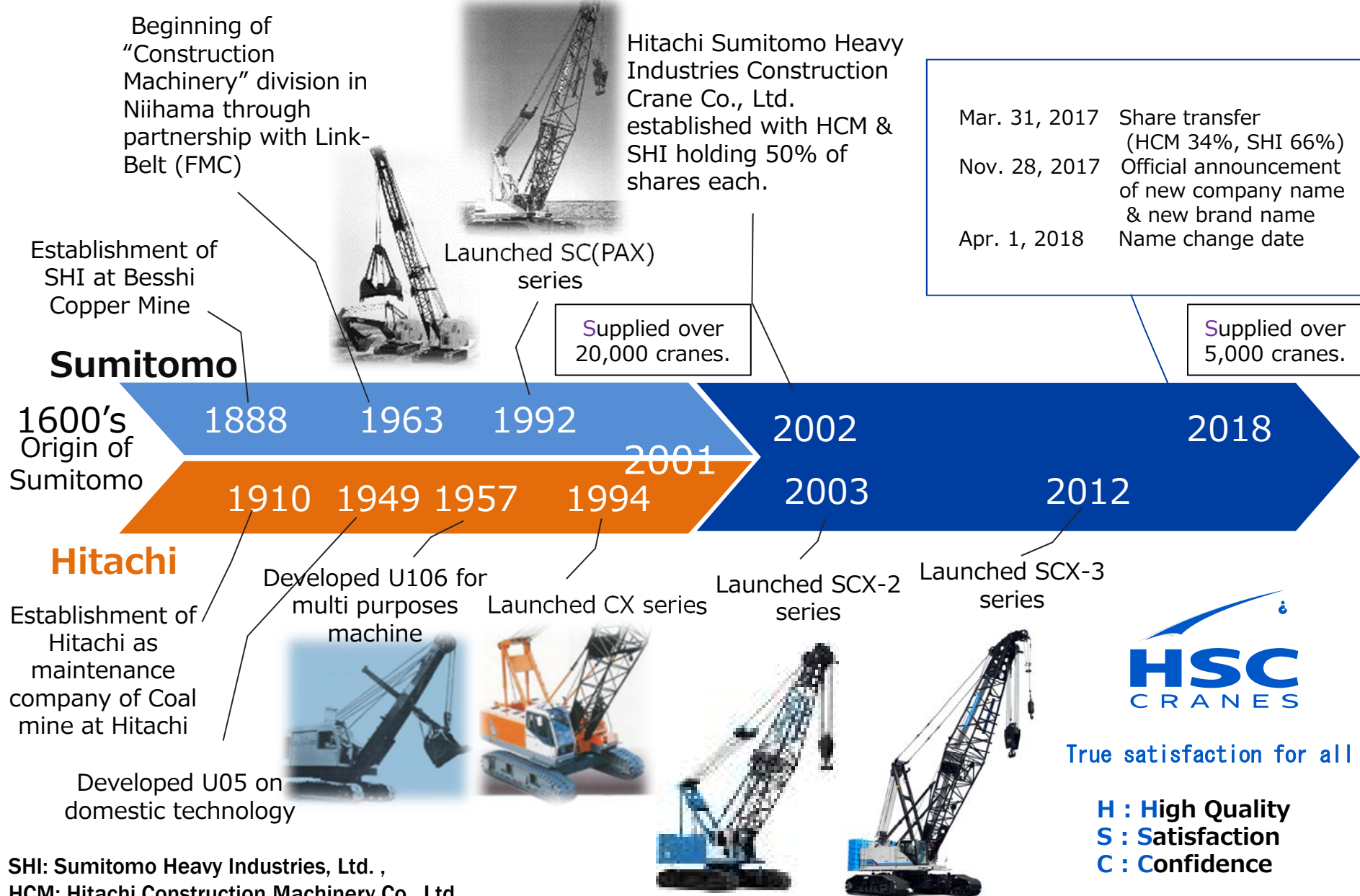
Global Demand for Crawler Cranes: Past Changes and Future Projection



Others = Central & South America + East Europe, Russia & CIS + Middle East & Africa
 Asia = Australian-Asiatic + India

- 00 About construction cranes
- 01 What is a crawler crane?
- 02 Market environment
- 03 From SHI & HCM to HSC**
- 04 Outline of our medium-term management plan "Soaring 2019 for the Next Stage"

History SHI & HCM to HSC



SHI: Sumitomo Heavy Industries, Ltd. ,
 HCM: Hitachi Construction Machinery Co., Ltd. ,
 FMC: FMC corporation

HSC Product Lineup (Crawler Crane Series)



800HLX
SCX900HD-2
1000HLX
SCX1200HD-2
1500HLX
2000HLX

Crawler crane at Saijo Office
6000SLX: 500t capacity



**Crawler cranes
55t–500t (7 models)**



**Crawler cranes
(high line pull, heavy duty)
80t–200t (6 models)**



**OEM crawler cranes
(machine proper)
supplied to Link-Belt
80USt–300USt (9
models)**

SCX550
SCX700-3
SCX900-3
SCX1200-3
SCX2000-3
SCX3500-3
6000SLX



SDX207
SDX407-2
SDX612

**Earth drills
(3 models)**



SGX120S-2

**Foundation
improvement
machine
(1 model)**



SDX207
SDX407-2
650TLX

**Telescopic
crawler
cranes
(3 models)**



SQX500HD-2

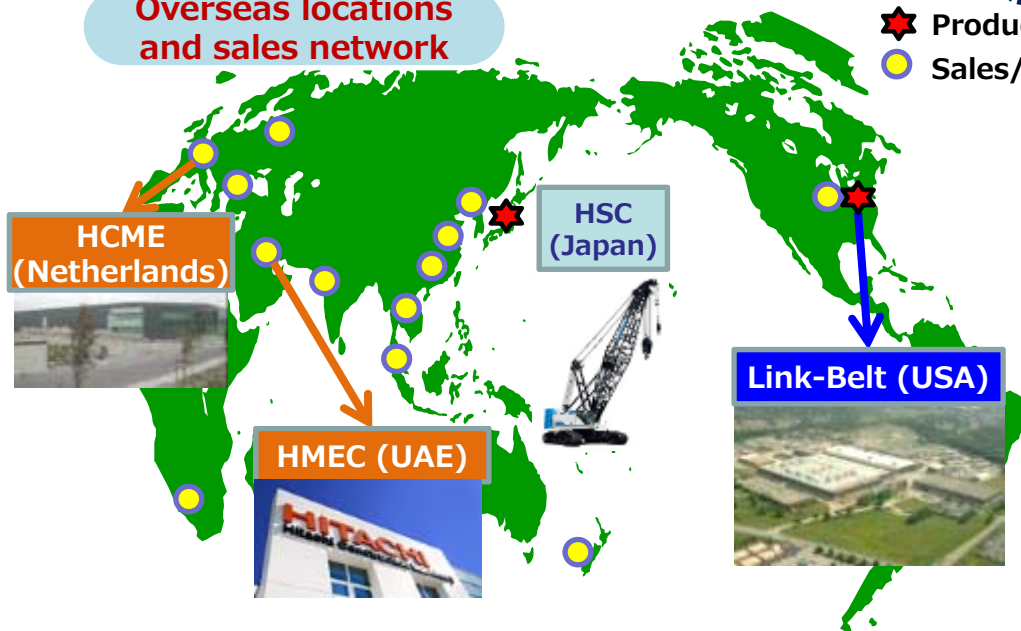
**Crane for
port cargo
handling
(1 model)**

HSC Production Facilities, Domestic Sales and Service Locations and Overseas Sales Network

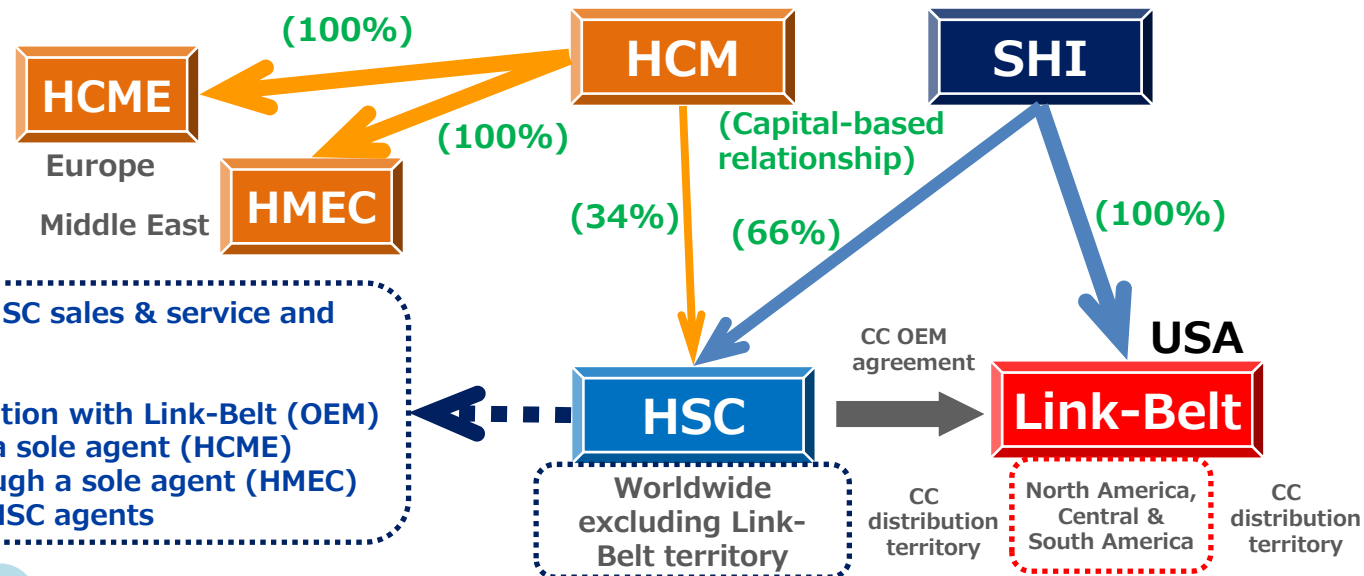
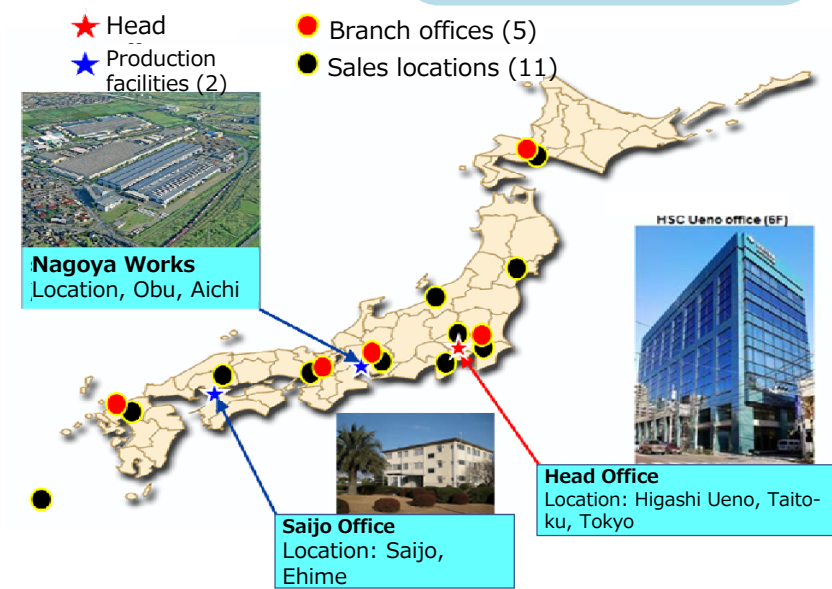
HSC Organization

Japan: Collaboration of HSC sales & service and group companies
 Overseas:
 North America: Collaboration with Link-Belt (OEM)
 Europe: Supply through a sole agent (HCME)
 Middle East: Supply through a sole agent (HMEC)
 Others: Supply through HSC agents

Overseas locations and sales network

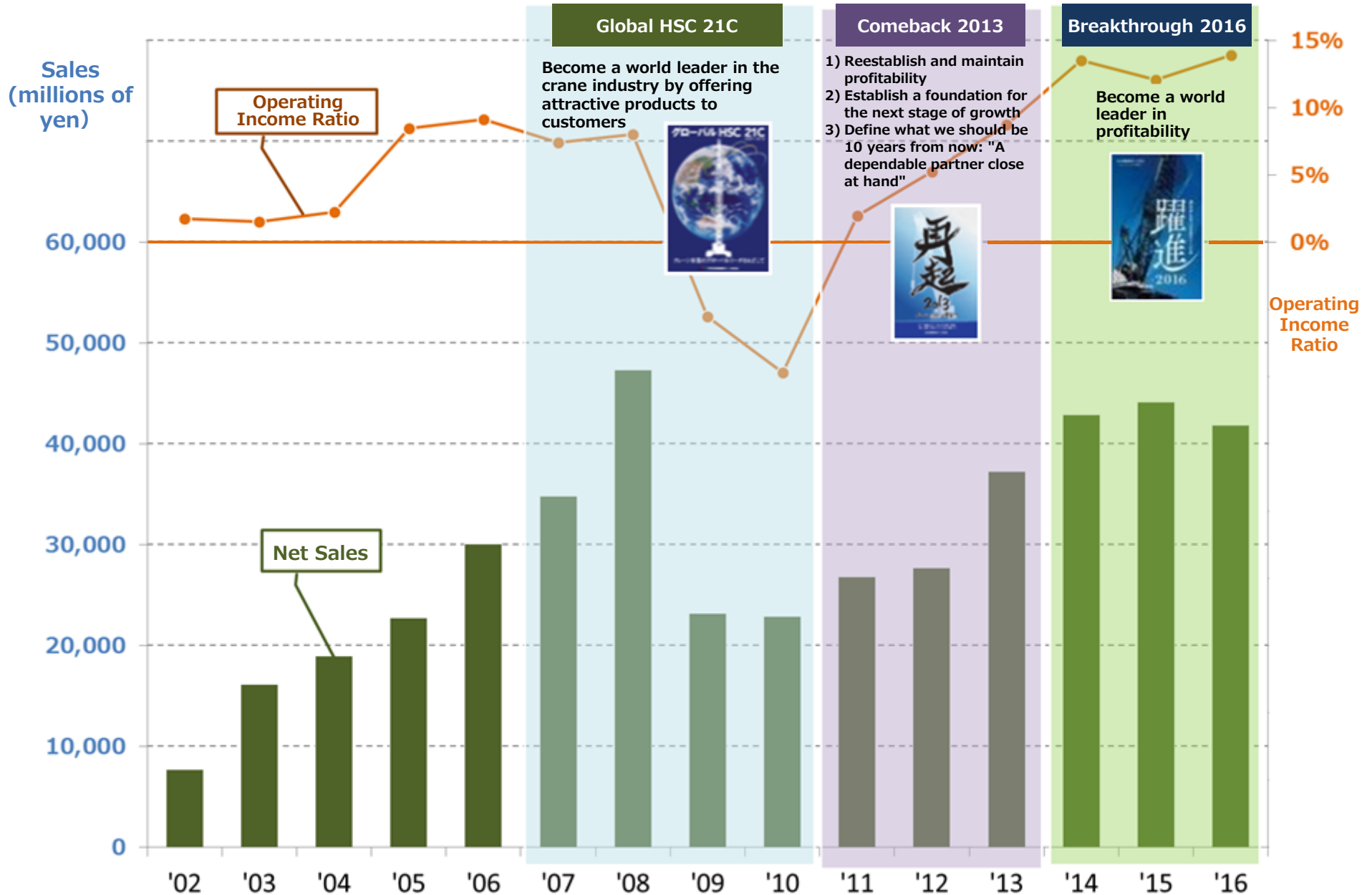


Domestic locations and sales network



HCME: Hitachi Construction Machinery (Europe) N.V.
 HMEC: Hitachi Construction Machinery Middle East Corporation FZE

Sales and Margins



- 00 About construction cranes
- 01 What is a crawler crane?
- 02 Market environment
- 03 From SHI & HCM to HSC
- 04 Outline of our medium-term management plan "Soaring 2019 for the Next Stage"

➤ Goal

Maintain and increase profitability

➤ Numerical management target

Operating income ratio > 8 %

➤ Strategy

Maintain a virtuous cycle by front-loading^{*} and investment to achieve differentiation in product development, production efficiency, quality and cost

* Front-loading:

When used in the context of product development, "front-loading" refers to a strategy that aims for early identification and resolution of quality and cost problems in the product development process.

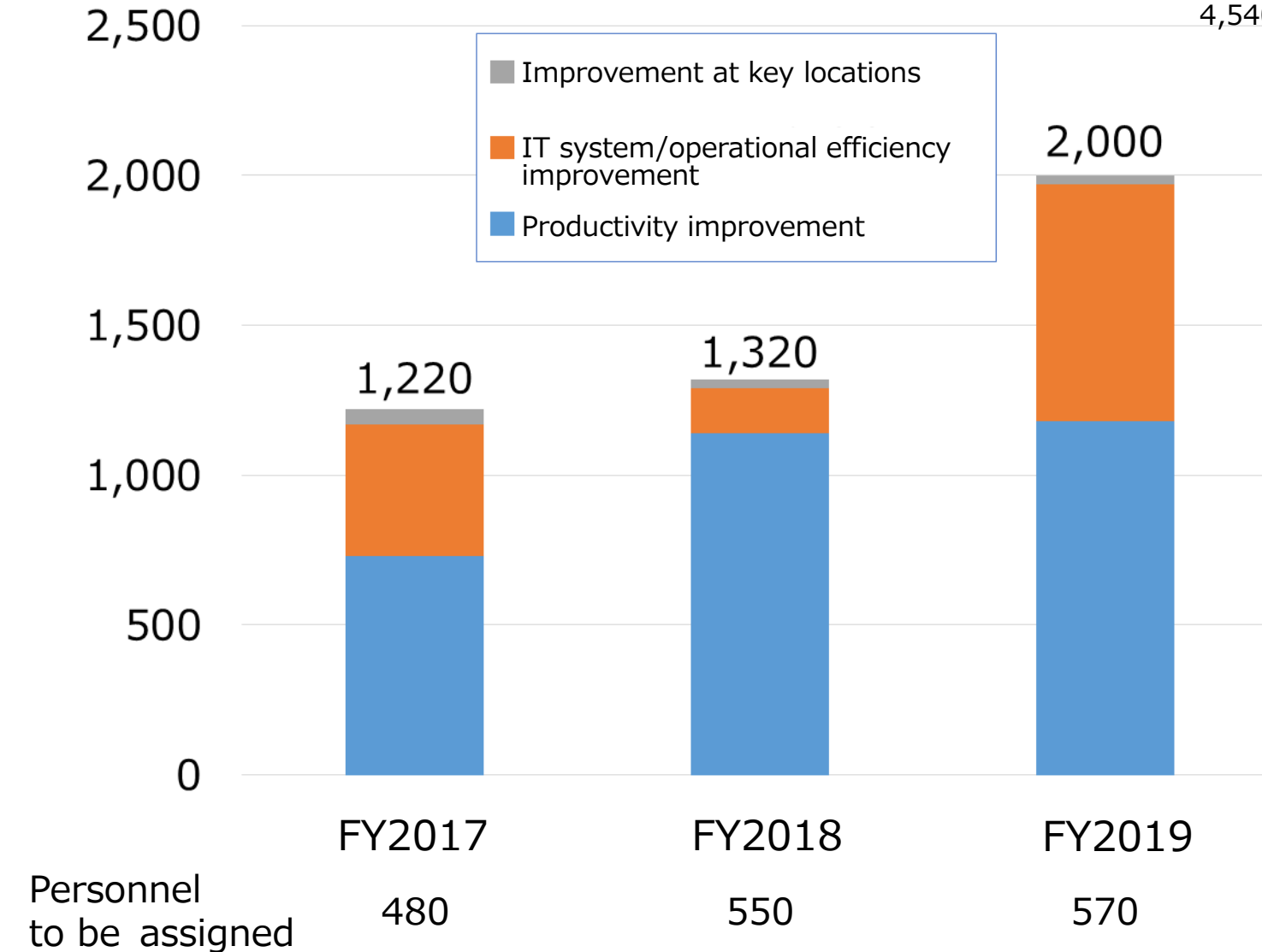
Strategic Goals and Priority Measures of Medium-Term Management Plan "Soaring 2019 for the Next

Strengthen management foundation	<ul style="list-style-type: none">● <u>Personnel recruiting and training</u>● <u>Operational efficiency improvement (including necessary capital investment)</u>● <u>Defective work cost reduction (including the implementation of retroactive measures)</u>
Make products more competitive	<ul style="list-style-type: none">● <u>Making next models more competitive (development of concepts and basic modules)</u>● <u>Making next-generation models more competitive (R&D goal setting and technology development)</u>
Establish presence	<ul style="list-style-type: none">● <u>Strengthen sales and marketing efforts (strengthening systems for collecting and analyzing market information)</u>● <u>Strengthening agent business (establishment of agent support program)</u>
Increase parts and maintenance sales	<ul style="list-style-type: none">● <u>Increasing direct support (improving profitability and efficiency through preventive maintenance)</u>● <u>Expansion of parts sales (improving estimation work efficiency and making parts prices reasonable)</u>
Improve productivity	<ul style="list-style-type: none">● <u>Improving productivity of key products (improving the assembling efficiency of new 200t and 350t models)</u>● <u>Establishing a production system capable of meeting changing market needs (improvement of bottleneck processes)</u>

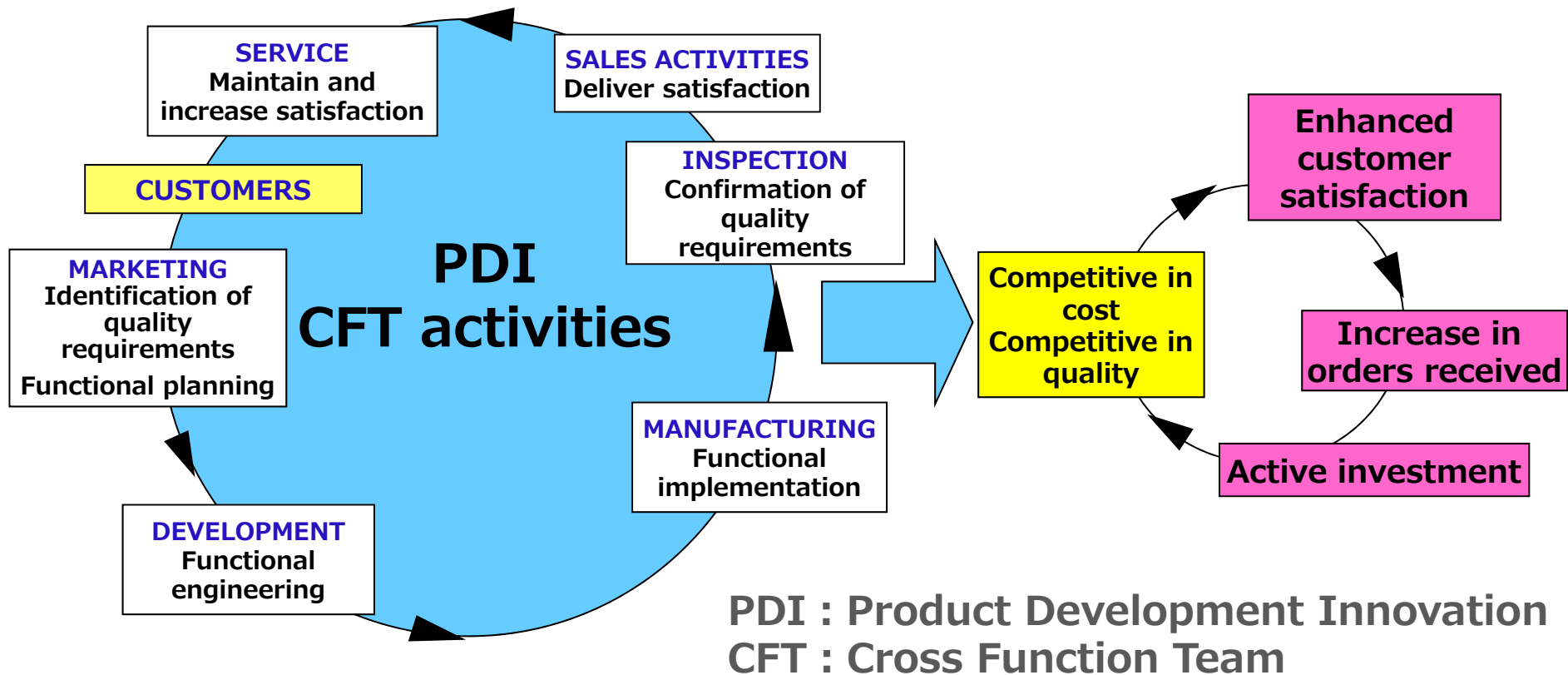
Capital Investment Plan

[millions of yen]

Three-year total:
4,540 (million yen)



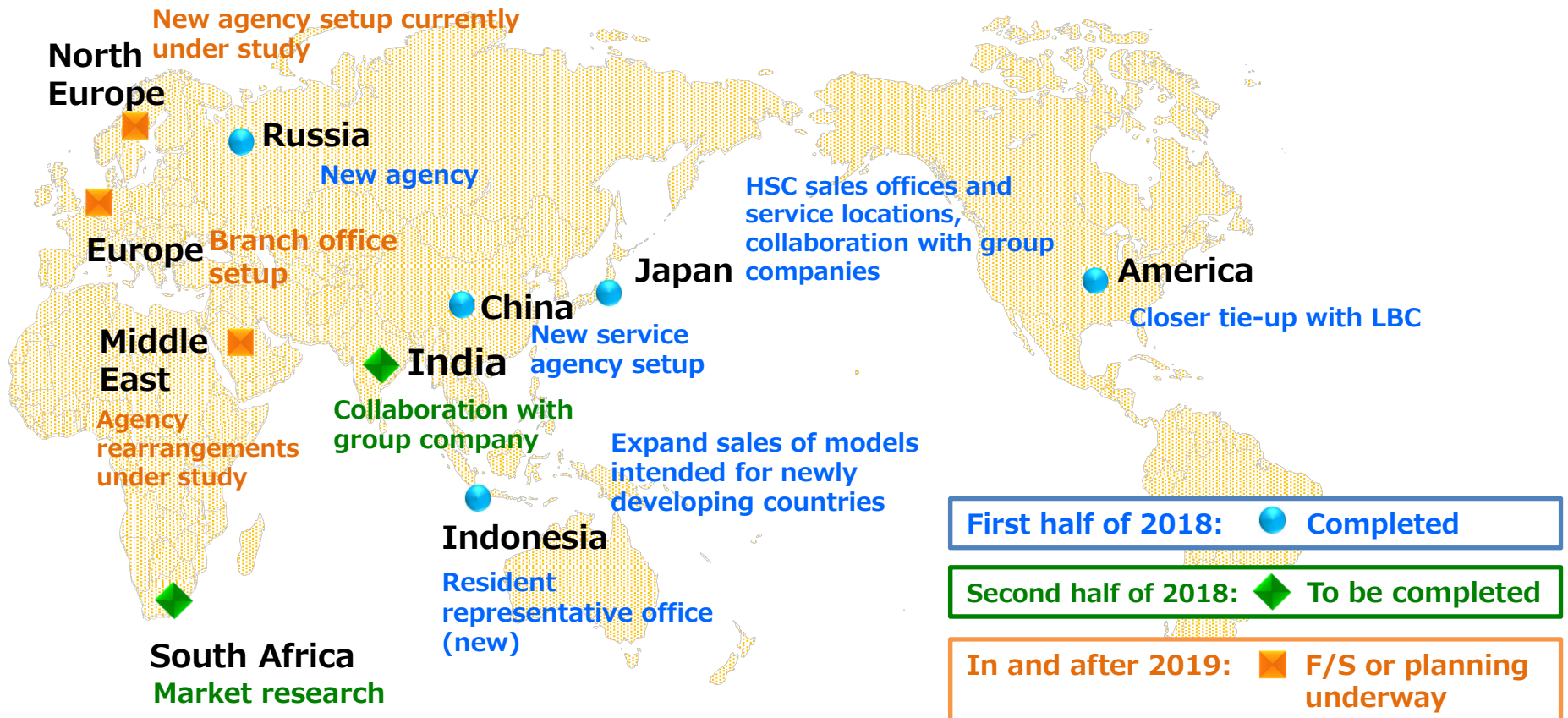
Strategy: Maintain a virtuous cycle through front-loading and investment and achieve differentiation in product development, production efficiency, quality and cost



Establish Presence

		China	Others	Asia	Europe	North America	Japan
Market trend ('17 → '18)		☁ → ☁	☁ → ☁	☂ → ☀	☁ → ☁	☁ → ☁	☀ → ☁
Market size (relative to total demand)	Incl. China	35%	11%	21%	5%	10%	18%
	Excl. China	--	16%	33%	8%	16%	27%
Market growth (over previous year)		41%	8%	49%	12%	(7%)	(-7%)

Others = Central & South America + East Europe, Russia & CIS + Middle East & Africa
 Asia = Australian-Asiatic + India

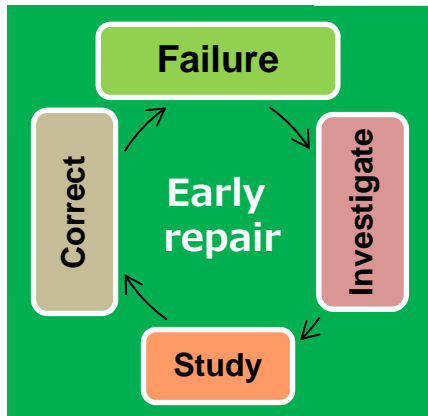


Increase Sales of Parts and Maintenance Services



Utilization of remote sensing

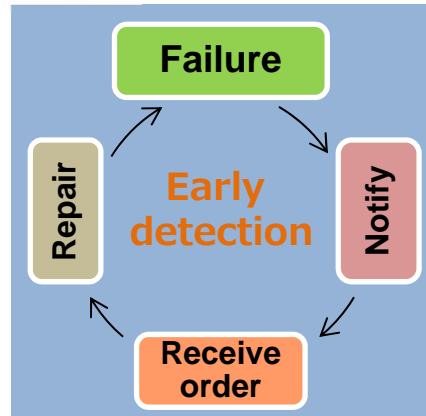
Quality Assurance



Identify machine location accurately so as not to miss repair opportunities

Check!

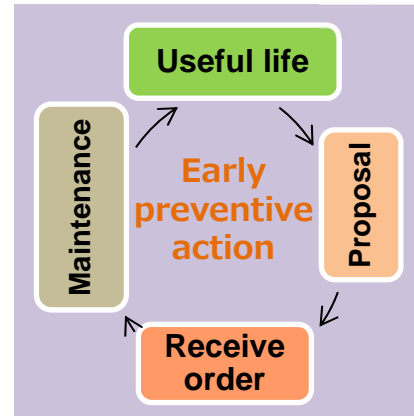
Corrective Maintenance



Check on operation status as required in order to detect problems and minimize downtime

Check!

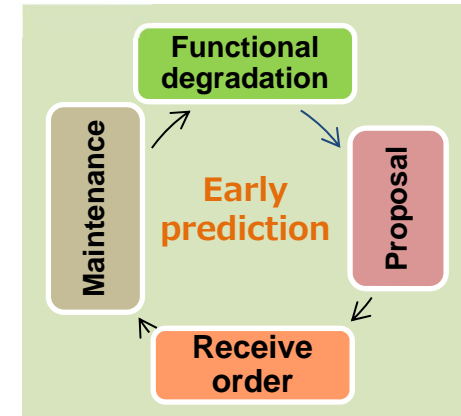
Preventive Maintenance



Check on oil and filters for replacement needs prior to regular inspections

Check!

Predictive Maintenance



Check on machine status and keep an eye on important parts

Check!

稼働場所

管理番号: [REDACTED] モデル名: S
 定期交換: [REDACTED] 性能検査: 2

定期交換部品(最新) 稼働場所 稼働情報 帳票 メール

仕様
 TW 61M+33M
 稼働期間
 2018/03/29~2018/09/19
 稼働時間(HR)
 1054.6
 稼働場所
 日本、〒104-0053 東京都中央区晴海5丁目6-20

OWNER'S
 a-Servant Owner's Site

機種一覧

機種	管理番号	モデル名	型式	定期交換	性能検査	稼働日	仕様
<input type="checkbox"/>	SXC2000-3C3	4次	SXC200-9030	[REDACTED]	2020/03/09	2018/09/19	TW 61M+33
<input type="checkbox"/>	SXC1200-3C3	4次	SXC120-9030	[REDACTED]	2019/02/28	2018/09/19	CR 24M+09

機種状態:定期交換部品(最新)

管理番号	モデル名	定期交換	性能検査
[REDACTED]	SXC2000-3C3	2020/03/09	

定期交換部品(最新)

品名	交換時期	交換時期(時数設定)	種別
ベンチドリロープ(クレーン作業)	4000 08HR/48ヶ月	4000 08HR	要交換
エンジンオイル(エンジン)	500 08HR	500 08HR	5
エンジンオイル(フィルタ)	500 08HR	500 08HR	5
オイルフィルタ(ホース(エンジン)オイルフィルタ)	2000 08HR/24ヶ月	2000 08HR	要交換
燃料フィルタ	500 08HR	500 08HR	5
燃料ホース(タンク)フィルタ	2000 08HR/24ヶ月	2000 08HR	要交換
燃料ホース(フィルタ)サブライボンダ	2000 08HR/24ヶ月	2000 08HR	要交換
エンジン	500 08HR	500 08HR	5

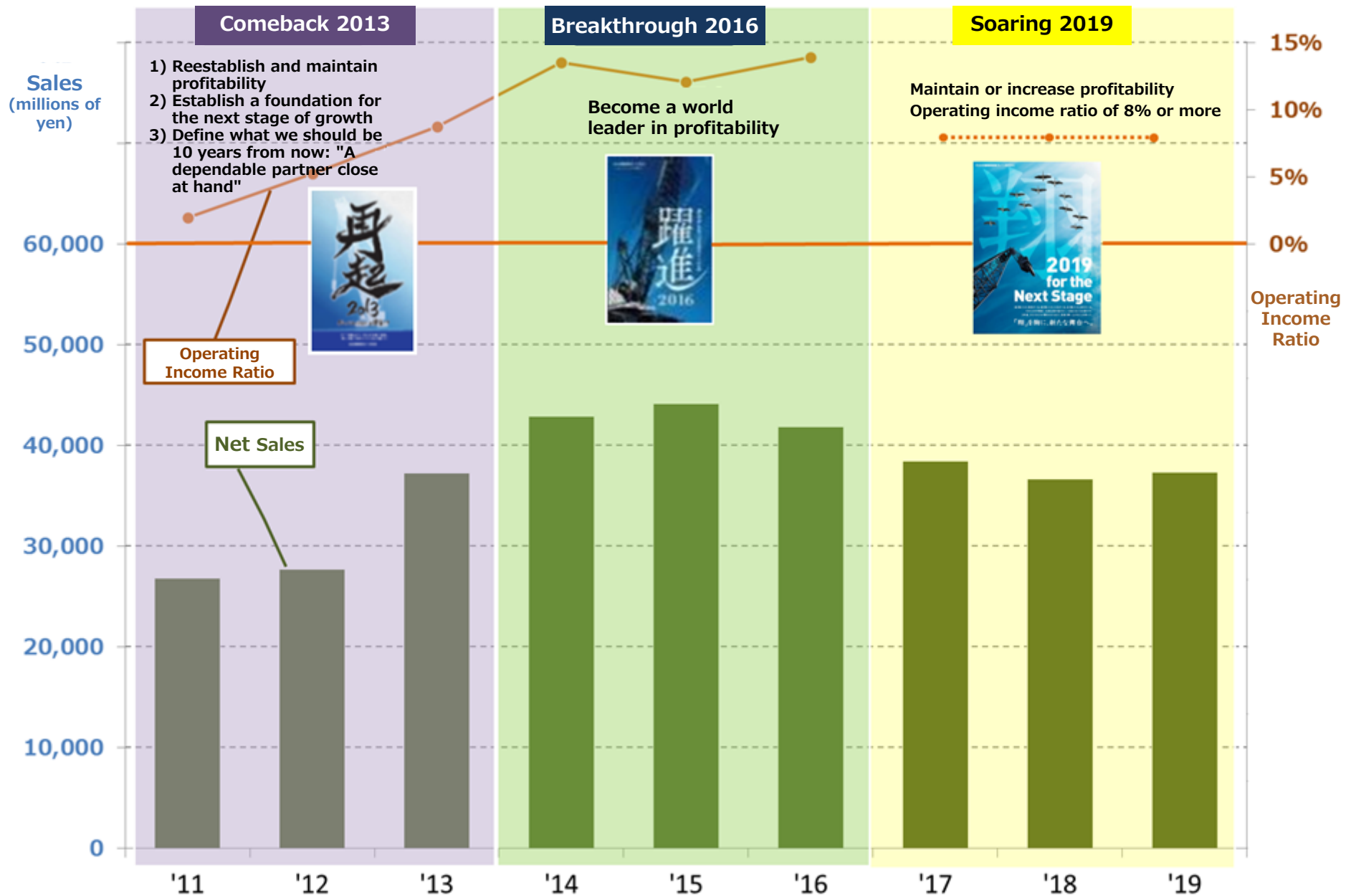
管理番号: [REDACTED] モデル名: SXC2000-3C3
 定期交換: [REDACTED] 性能検査: 2020/03/09

定期交換部品(最新) 稼働場所 稼働情報 帳票 メール設定 通信履歴

稼働時間(時)

日付	仕様	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
2018/09/19	TW 61M+33M																								
2018/09/18	TW 61M+33M																								
2018/09/17	-																								
2018/09/16	-																								
2018/09/15	TW 61M+33M																								
2018/09/14	TW 61M+33M																								

Progress of Medium-Term Management Plan





Thank you

For more information, please visit our Website:
www.hsc-cranes.com