

# “Medium-Term Management Plan 2026” (Logistics & Construction Segment)

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2024/4/17



Sumitomo Heavy Industries, Ltd.

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**Our Future Ideal State and Each Business Policy**

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**“Medium-Term Management Plan 2026” (MTMP26)**

01

# Outline of LC Segment

## (Outline of Logistics & Construction Segment)

# Organization and Product Composition

Logistics & Construction segment  
(LC segment)

Corporate Planning Dept.

Development Center

Sumitomo Heavy Industries Material Handling  
Systems (MH)  
MH: Material Handling

Industrial cranes and logistics systems

Sumitomo Heavy Industries  
Construction Cranes (HSC)

Mobile cranes (crawlers)

Link-Belt Cranes(LBC)

Mobile cranes (trucks & crawlers)

Sumitomo Construction Machinery  
(SCM)

Construction machinery

The LC segment's businesses consist of 4 consolidated subsidiaries.



## Market

Industrial infrastructure market  
(Electricity/steel/ports/shipbuilding)  
Logistics market (FA/DA  
(Distribution and logistics))  
Construction market (PS)

## Competitors

Material handling: MES, IUK,  
Hitachi PM  
Logistics: Daifuku, Murata  
PS: IUK, Nissei



## Market

Construction/Civil engineering markets  
Advanced countries: Japan, Europe/US (via LBC)  
Emerging countries: ASEAN

## Competitors

Advanced countries: Kobelco Construction  
Machinery, Liebherr  
Emerging countries: SANY, XCMG



## Market

Construction/Civil engineering markets:  
Mainly in North America

## Competitors

Manitowoc, Liebherr, Tadano, Kobelco  
Construction Machinery



## Market

Construction/Civil engineering markets  
Advanced countries: Japan, US, Europe  
Emerging countries: China, ASEAN

## Competitors

Japan: Komatsu, Hitachi, Kobelco Construction  
Machinery  
Europe and US: CAT, Deere, Volvo  
China: SANY, XCMG

# What Is the Logistics & Construction Segment?

**Ideal state  
in 2030**

**Business group leveraging technological innovation to construct social infrastructure using people- and environmentally friendly logistics and construction machinery**

## Business plan



## Strategic direction

### (i) Growth in key investment areas

#### Robotics/automation fields

##### ■ Development strategy

- Establish a development system for the segment, and focus on development of advanced elemental technologies, such as electrification, automation, DX and other universally applied technologies
- Promote the exploration of new models through collaborative development

### (ii) Enhancing the profitability of foundational business areas

##### ■ Marketing & sales strategy

- Securing revenue in advanced markets including Japan, the US and Europe
- US: Sales collaboration led by LBC with the participation of HSC and SHI-MH
- Europe: Establish a foothold by setting up a sales base in collaboration with the crane business

##### ■ Production strategy

- Utilize production bases in 4 Japanese locations (including newly added Yokosuka Works) and 3 overseas locations to develop an optimum production system that can flexibly respond to changes in the global market
- Enhance quality assurance efforts to maintain our brand's high reliability

**ROIC improvement points:** ◇ Increase revenue in advanced countries  
◇ Establish an optimum global production system

## 02

# Our Future Ideal State and Each Business Policy



# Sumitomo Heavy Industries Material Handling Systems

MH: Material Handling

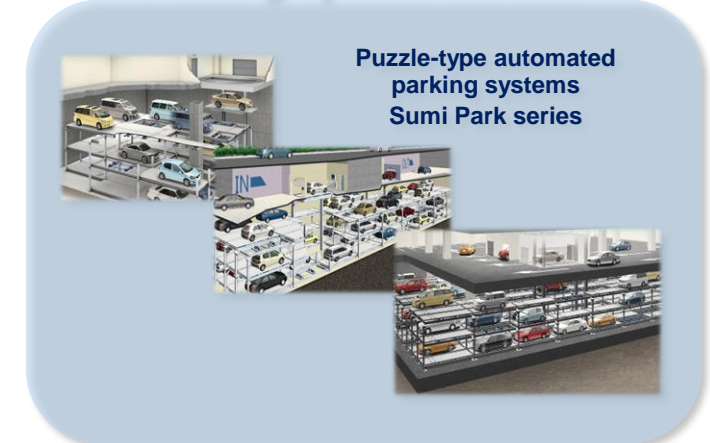
## Industrial crane models



## Logistics system models



## Parking system models



## Future ideal state and business

- Industrial crane models: As a leading company, we will offer products that solve social issues to customers across various industrial infrastructures. By doing so, we aim to secure our position in the industry and expand our market share overseas.

- Logistics system models: As the leading company in the high-density storage market, a sector we have pioneered, we will drive logistics transformation and expand the market

- Parking system models: Secure the top market share in the underground-type sector, focusing on urban redevelopment opportunities

## Strategic issues (Words in red: segment-related issues)

- Develop and offer high value-added models that incorporate remote control and automation, address CN issues, and leverage DX
- Promote collaborative work for sales services when releasing products overseas (LBC)
- Develop and expand the target market by offering high value-added solutions that achieve optimal automation in conjunction with Magic Rack, a high-density storage system.
- Promote offering high value-added and highly-convenient products and services that leverage DX

# Sumitomo Heavy Industries Construction Cranes/Link-Belt Cranes

## Mobile crane models (crawler & truck cranes)

HSC



Crawler crane for foundation work



Large-size lattice boom crawler crane



Lattice boom crawler crane



Lattice boom crawler crane

Main body: HSC  
Boom and ATT: LBC



Truck crane

LBC



Rough terrain crane



Telescopic crawler crane



All terrain crane

## Future ideal state and business policies

- HSC's crawler crane models:  
We will change the target market to advanced countries and secure our position in the industry by offering high value-added machines demanded by customers.
- HSC's and LBC's crawler crane (LCC) models:  
HSC and LBC will secure the top share in the Japanese and US markets, respectively, by enhancing products and maintaining their position in the markets through the promotion of collaborative work between the two companies.
- LBC's truck crane models:  
Secure a solid position in the North American market by increasing our lineup of differentiated products and expand into the European market as well.

## Strategic issues (Words in red: segment-related issues)

- HSC's crawler crane models  
Concentrate on developing large-size, electrified, automated, and other high value-added products, and refine the development system
- HSC's and LBC's crawler crane (LCC) models:  
Aim to widen the market base, targeting the large-size model market and the European market, and further enhance the collaborative development & sales activities, thereby maximizing the values of both companies.
- LBC's truck crane models:  
North America: Further strengthen the competitiveness of our strong medium- and large-size model products.  
Europe: Conduct a feasibility study on machines subject to European standards and specifications and expand into Europe (with HSC providing cooperation)



# Sumitomo Construction Machinery

## Construction machinery (Hydraulic excavators/road machinery)

### Hydraulic excavators

Slewing-type mini/ultra mini excavator



Medium size



Large size



Applied machines



Road machinery  
Asphalt finisher



### Future ideal state and business

- Construction machine models
  - Give priority to advanced countries' markets that are robust and sound and in which demand for solutions to social issues will grow, secure a solid position in the markets and expand our market share by offering differentiated products.

- For new functions/new models, we specify the electrified and automated models that solve social issues as prioritized models, and make concentrated investments in product development

### Strategic issues (Words in red: segment-related issues)

- In advanced countries, we will target the urban civil engineering and applied machine markets in which we have a competitive advantage. In emerging countries, we will focus on customers who rely on our products' quality. In doing so, we will further improve operability and high productivity, and expand our market share through stable and effective supply that meets demand.

- Electrification: Taking advantage of our electro-hydraulic control technology, develop and release products featuring high operability and productivity for which we have garnered a solid reputation
- Automation: Promote commercialization by maximizing the utilization of core elemental technologies such as motion control and environmental recognition, and by leveraging collaborative efforts with external parties  
Through our automation efforts, identify and develop practical and effective operations based on on-site work analysis and then incorporate these operations into our products

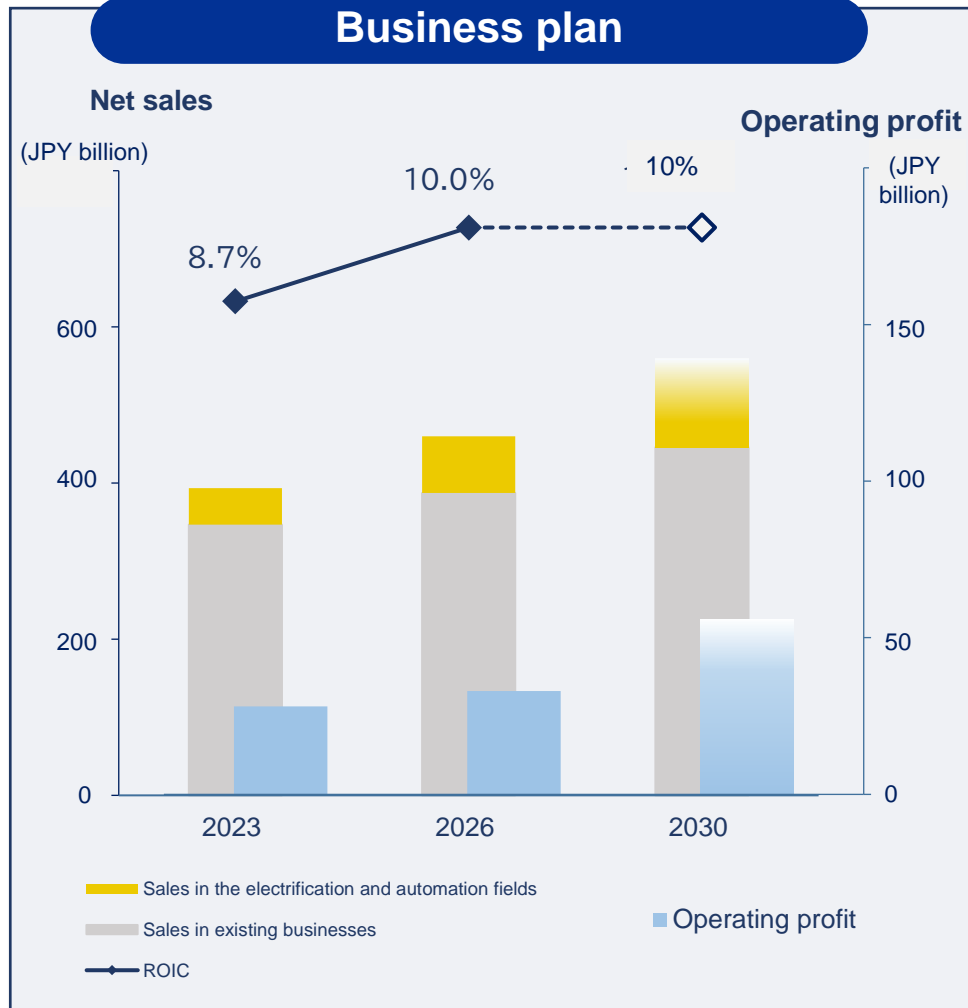
# 03

## “Medium-Term Management Plan 2026”

# 03 “Medium-Term Management Plan 2026” Development Strategy

Ideal state  
in 2030

Business group leveraging technological innovation to construct social infrastructure using people- and environmentally friendly logistics and construction machinery



## Strategic direction

### (i) Growth in key investment areas

#### Robotics/automation fields

##### ■ Development strategy

- Establish a development system for the segment, and focus on development of advanced elemental technologies, such as electrification, automation, DX and other universally applied technologies
- Promote the exploration of new models through collaborative development

### (ii) Enhancing the profitability of foundational business areas

#### ■ Marketing & sales strategy

- Securing revenue in advanced markets including Japan, the US and Europe
- US: Sales collaboration led by LBC with the participation of HSC and SHI-MH
- Europe: Establish a foothold by setting up a sales base in collaboration with the crane business

#### ■ Production strategy

- Utilize production bases in 4 Japanese locations (including newly added Yokosuka Works) and 3 overseas locations to develop an optimum production system that can flexibly respond to changes in the global market
- Enhance quality assurance efforts to maintain our brand's high reliability

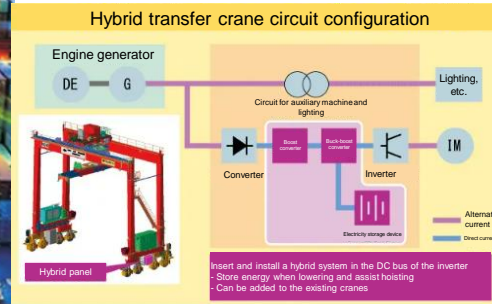
**ROIC improvement points:** ◇ Increase revenue in advanced countries  
◇ Establish an optimum global production system



# 03 Accumulation of Elemental Technologies for Electrification

We have commercialize “hybrid technologies” in the past and accumulated elemental technologies for electrification

## Hybrid RTG



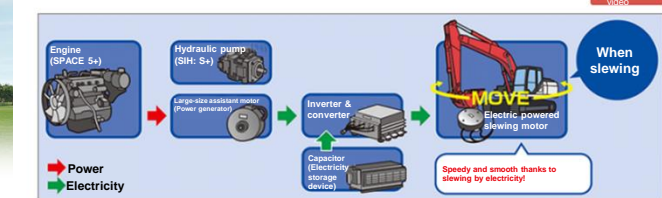
- We released the product for markets in Japan and overseas in 2007 and received orders for 274 units on a cumulative basis
- A diesel engine generator is combined with batteries to control regenerative electric power
- Regenerative energy is charged into batteries when lowering, and used to assist hoisting
- CO2 emission reduction by 60%

## Hybrid excavators

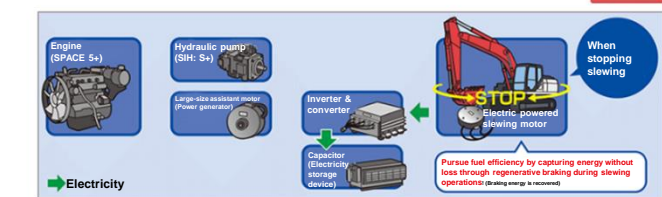


Outline of active hybrid system control

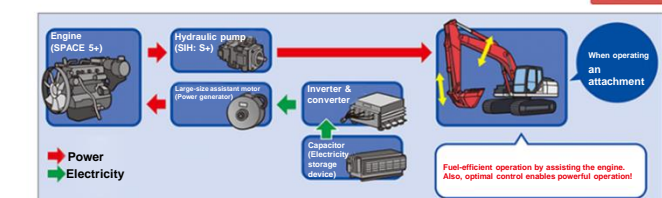
Control when slewing



Control when stopping slewing



Control when operating an attachment



- We released the product for the Japanese market in 2014 and sold 403 units on a cumulative basis
- Electrification of the slewing motor enables energy to be captured when stopping slewing and be stored in capacitors. That energy can be used to assist the engine during the periods of high load

We will make our development activities even more carbon neutral



# “Medium-Term Management Plan 2026” Development Strategy

## 03 Electrification Development

2024/4/17

**Electrification** Promote electrification development utilizing control technologies of the Group in order to solve social issues such as carbon neutrality and energy conservation

### Fuel cell retrofit RTG



#### Development of hybrid RTG retrofitted with a fuel cell

- Transitioning to zero emission (no exhaust gas emission) by replacing the engine with a fuel cell
- “Hybrid type” employs a combination of batteries, minimizing the fuel cell space and achieving energy conservation through our unique and proven optimal electricity control system

### Electric excavators



#### Development of prototype 7.5 t mini electric hydraulic excavator

- Transitioning to zero emissions (no exhaust gas emissions)
- Exhibited in CSPI-EXPO in Japan in May 2023
- Leveraging the torque response of electric power and demonstrate greater power compared to diesel engine-driven machines
- Sumitomo Construction Machinery has established an electrification promotion office to enhance its development system. Models under development have been diversified.

### Electric crawler crane



#### Development of prototype 80t electric crawler crane

- Transitioning to zero emissions (no exhaust gas emissions)
- Exhibited in Bauma in Germany in October 2022
- Maintains the same level of power and mobility as engine-powered machines, and uses the electricity storage method that enables cableless operation by mounting large-capacity batteries
- Currently under development with the goal of achieving a continuous operation time of 8 to 9 hours.

### Automation

Promote automation development utilizing core technologies such as motion control and peripheral environment recognition, in order to solve social issues such as work style reform and shortages of operators

#### High-density automatic warehouse & AGF

Magic Rack



AGF

- Development of AGF for the high-density automated warehouse “Magic Rack”
- Further develop the appeal of MR (already placed on the market) by making it coordinate with a newly developed AGF. (Compliant with the safety standard JISD6802)
  - Enable automatic tracking of manually placed pallets through pallet detection

#### Remotely controlled/autonomous excavator

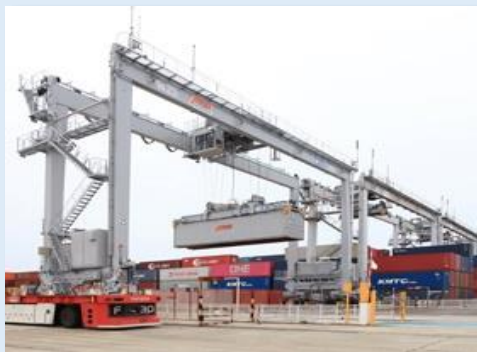


**Excavator designed for movement via remote control and capable of excavating and loading autonomously**

- Motion control based on hydraulic model
- Peripheral environment recognition
- Movements and trajectory generated by AI
- A demo video released in CSPI-EXPO in May 2023

The machine will automatically determine the loaded amount on the dump truck and level it.

#### ARTG (Remotely controlled and automated RTG)



- Currently under development as an automated product, taking into consideration manual cargo transfer to trucks
- Products featuring container stacking and automated transfer to AGVs have already been placed on the market
- Utilize relative position recognition and automatic motion control through image processing

#### Crawler crane operation support



- Development of automatic material handling control system
- Automatic hook position measurement
- Stopping the swing caused by slewing
- Holding the halt position steady and eliminating sway
- Peripheral environment recognition (humans & obstacles)



## 03 Enhancement of the Development System (“LC Segment Development Center”)

### LC segment development

- **Establish a development system for the segment**, and focus on development of **advanced elemental technologies**, such as electrification, automation, DX and other universally applied technologies
- Promote the exploration of new models through collaborative development



### Full-fledged operations were started in 2024

(Relocation to a new building of the Technology Research Center and start of operations are scheduled for April 2025)

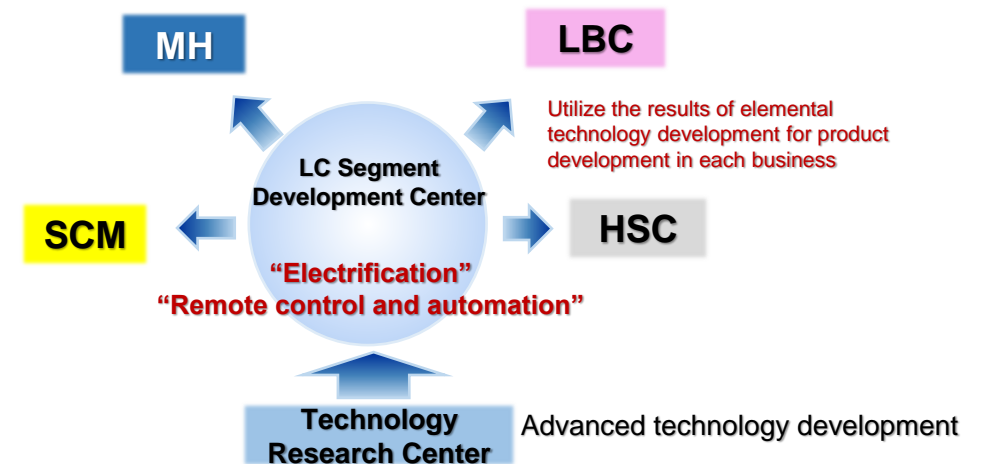
### Roles of the Development Center

- **Concentrated development of elemental technologies:** Focus on development of elemental technologies, such as electrification and automation, which are applied across segments and are the sources of differentiation, utilize the results for product development in each business and endeavor to maximize development efficiency.
- **Enhancement of development OC:** Enhance development capabilities through re-skilling and human resources development
- **Deepening coordination between research centers:** Established within Yokosuka Works' new Technology Research Center to deepen coordination with the Technology Research Center dedicated to advanced technical development.
- **Promoting exploration for new models:** Promote exploration for new models while leveraging technologies from various departments and the Technology Research Center and coordination with external parties.



New Technology Research Center of Yokosuka Works: Scheduled for completion in January 2025

\*Sumitomo Construction Machinery's second factory in Japan is also scheduled to start operation in Yokosuka Works in August 2025



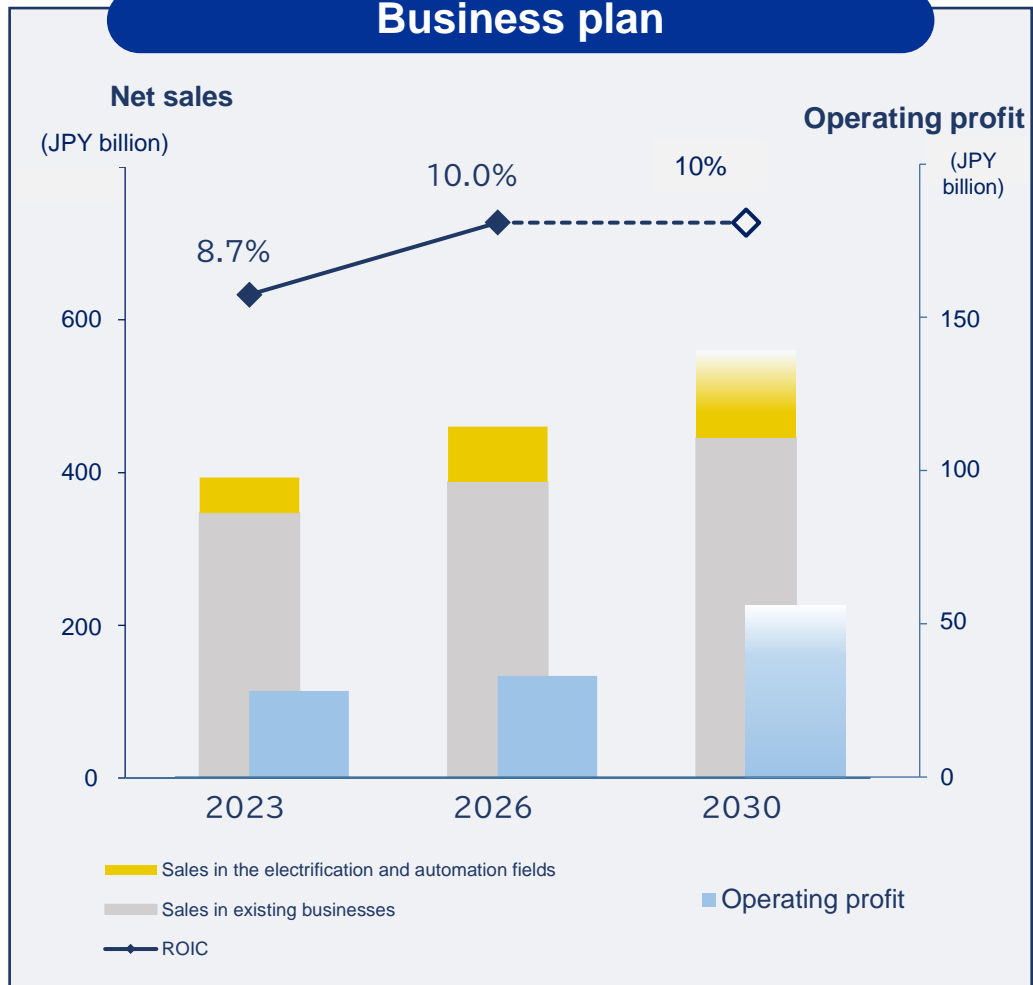
## 03

# “Medium-Term Management Plan 2026” Marketing & Sales Strategy

**Ideal state  
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## Business plan



## Strategic direction

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**ROIC improvement points:**   
 ◇ Increase revenue in advanced countries   
 ◇ Establish an optimum global production system



## 03

## “Medium-Term Management Plan 2026” Marketing &amp; Sales Strategy

## ◆ Europe

**Lifting business**

Establishment of a local base that serves as a launching point for the crane business

**Mobile cranes**

Collaboration in sales and services between HSC and LBC

**Construction machinery**

Expansion of sales channels (including utilization of alliance)

## ◆ Japan

**Industrial cranes**

Focus on activities to capture demand for replacements and demand for ESG investments

**Mobile cranes:**

Strengthening of integrated management of sales and services

**Construction machinery**

Capturing and retaining customers through enhancement of premium sales channels and stable supply, thereby expanding our market share

## ◆ North America

**Industrial cranes**

Collaboration in sales between MH and LBC

**Mobile cranes**

Collaboration between HSC and LBC to expand the sales of medium- to large-size products

**Construction machinery**

Introduction of new models, enhancement of dealers' sales capabilities and expansion of sales channels (including utilization of alliance)

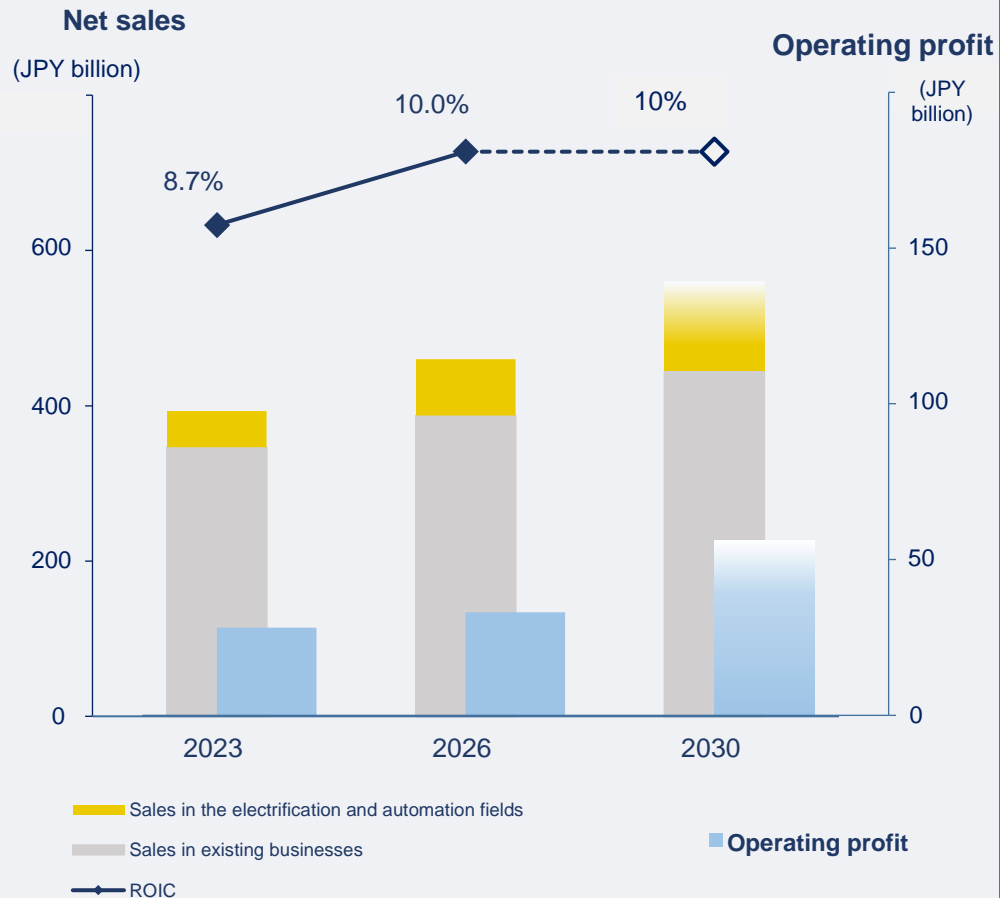
- (1) Markets of advanced countries including Japan, Europe and the US are our target
- (2) Focus on collaboration in the lifting business (MH, HSC and LBC)
  - North America: Making the most use of LBC's sales and service bases along with its brand
  - Europe: Making inroads and expanding our market share by securing a base that serves as a launching pad

# 03 “Medium-Term Management Plan 2026” Production Strategy

**Ideal state  
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**Business group leveraging technological innovation to construct social infrastructure using people- and environmentally friendly logistics and construction machinery**

## Business plan



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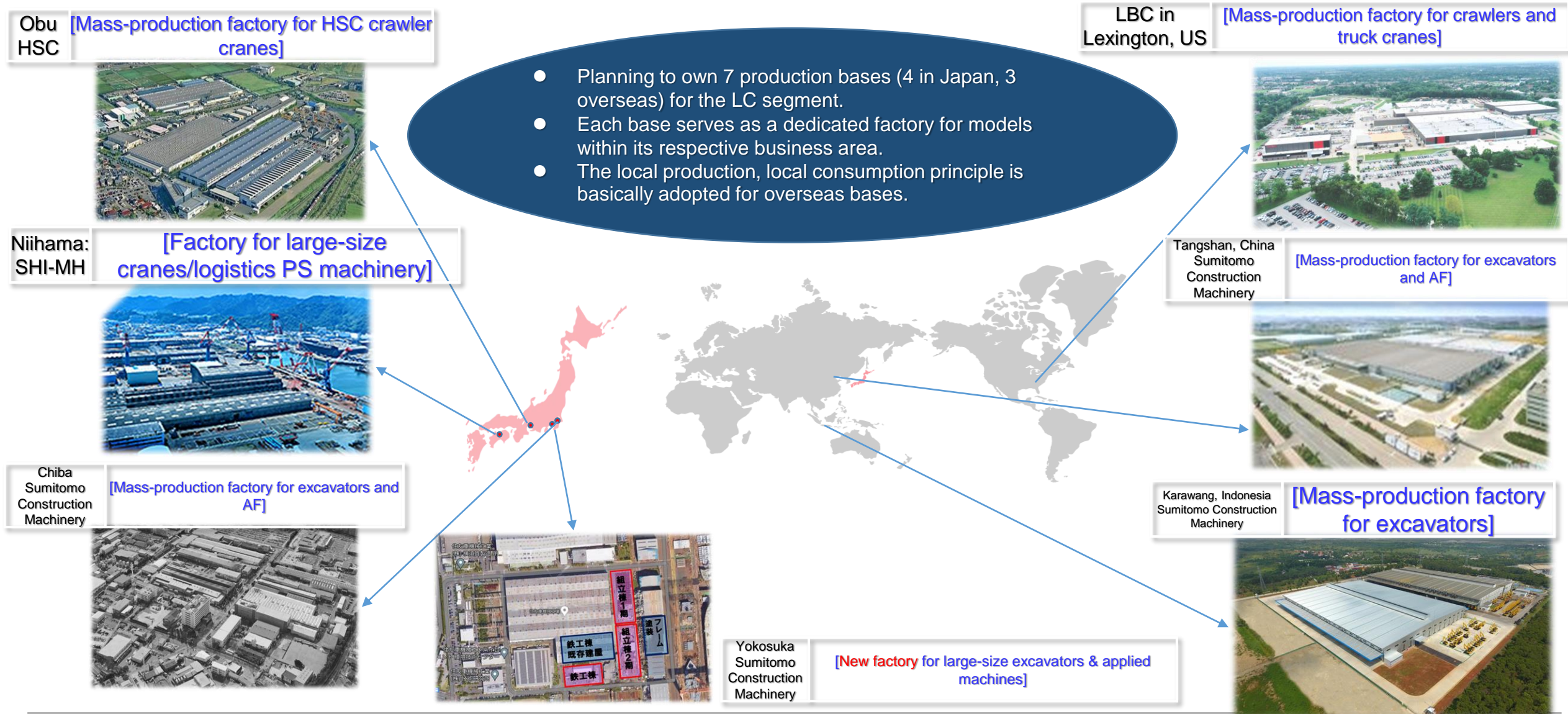
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# 03 LC Segment: Global Production Bases



# 03

## Establishment of an “Optimal Production System” to Respond to Global Market Fluctuations

### The establishment of an optimal production system means...

“To remove barriers between businesses, re-analyze the production/assembly processes of ASSYs, sub-ASSYs, parts and other components within model production in consideration of production quality, production/logistics costs, excess production capacity and other factors, and thereby identify the optimal production solution for the entire segment”

#### Current state

- The application of optimal production solutions is confined within each business
- The basic approach is local production, local consumption



#### Ideal state

- Remove barriers between businesses
- Utilize the segments' global production bases to produce each component

Meet customer trust by flexibly responding to market environment risks as well as demand fluctuations

### Utilization of each base

- HSC (Obu), LBC (Lexington): Collaboration is ongoing on the production of lattice boom crawler cranes for sale in North America
- ➡ Enhancing production collaboration among three companies (the above two companies + SHI-MH (Niihama)) engaging in the lifting business

- Sumitomo Construction Machinery (Chiba & Yokosuka)
- Streamlining the production of models (Chiba: small- to medium-size, Yokosuka: large-size & applied machines) through the establishment of a new Yokosuka factory
- ➡ Improving not only supply volume but also production efficiency (cost) to boost business outcomes in terms of both quantity and quality

Lattice boom crawler crane







All forward-looking statements regarding the company's future performance are based on information currently available to Sumitomo Heavy Industries and determined subjectively. Future performance is not guaranteed and all information related to future performance contained herein is subject to changes in business environments.