
Services & Platforms Business Unit Business Strategy

Hitachi IR Day 2016

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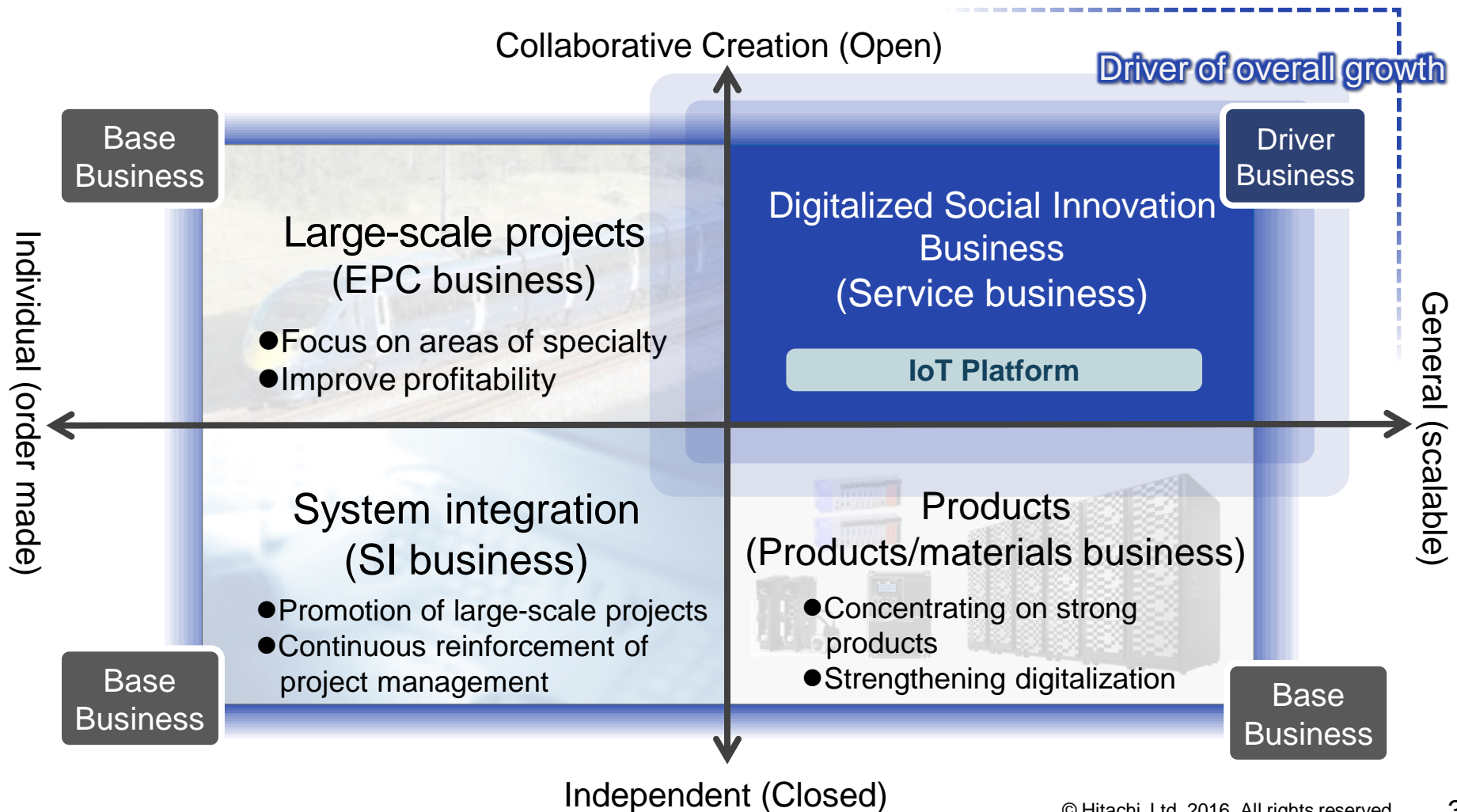
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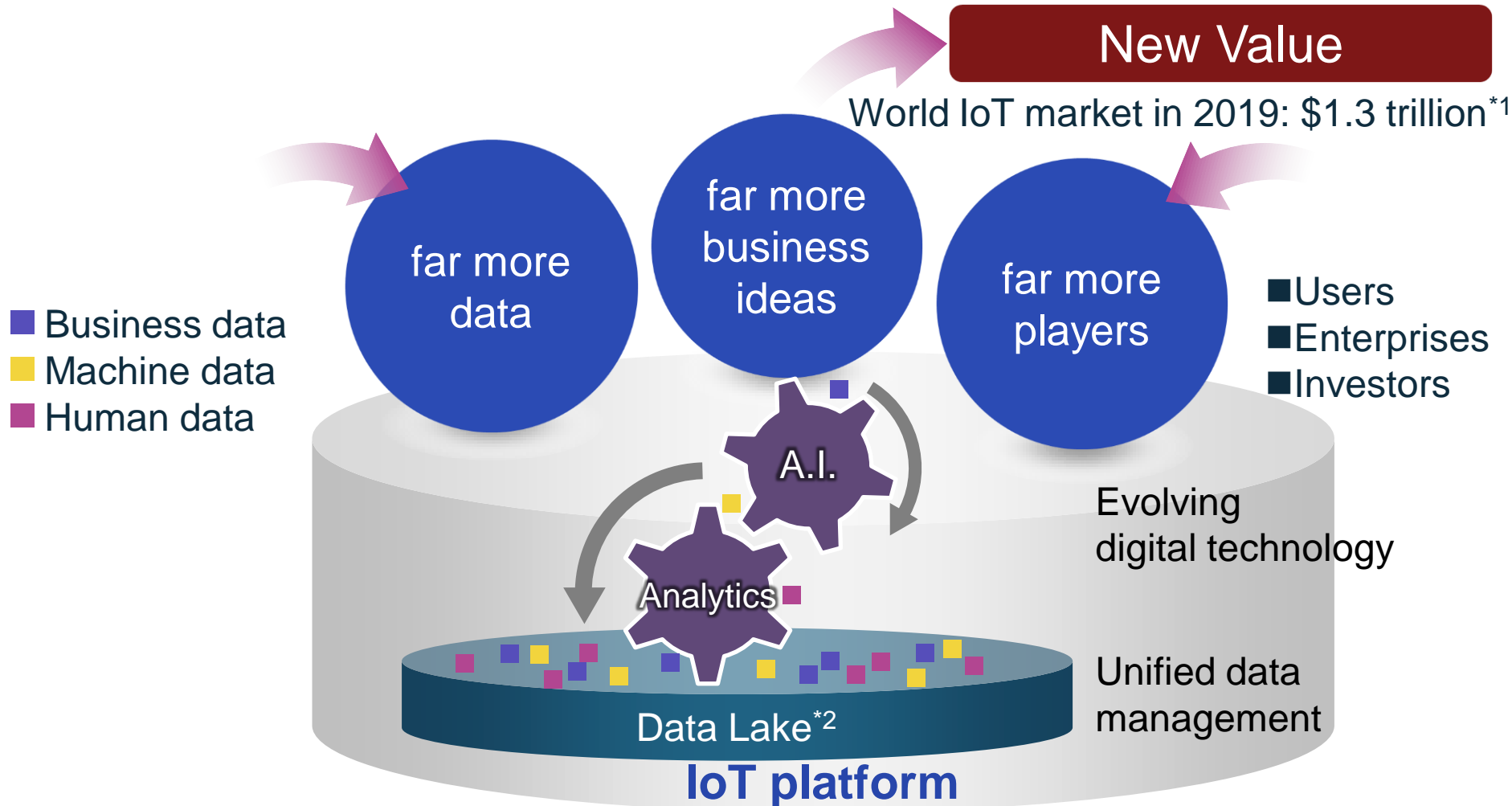
1-1. Mission of Services & Platforms Business Unit HITACHI Inspire the Next

Deliver social innovations to customers through the IoT platform using digital technologies in the rapidly expanding market of digital solution



1-2. Roll of IoT Platform

Offer an open field to create high-value-added digital solutions

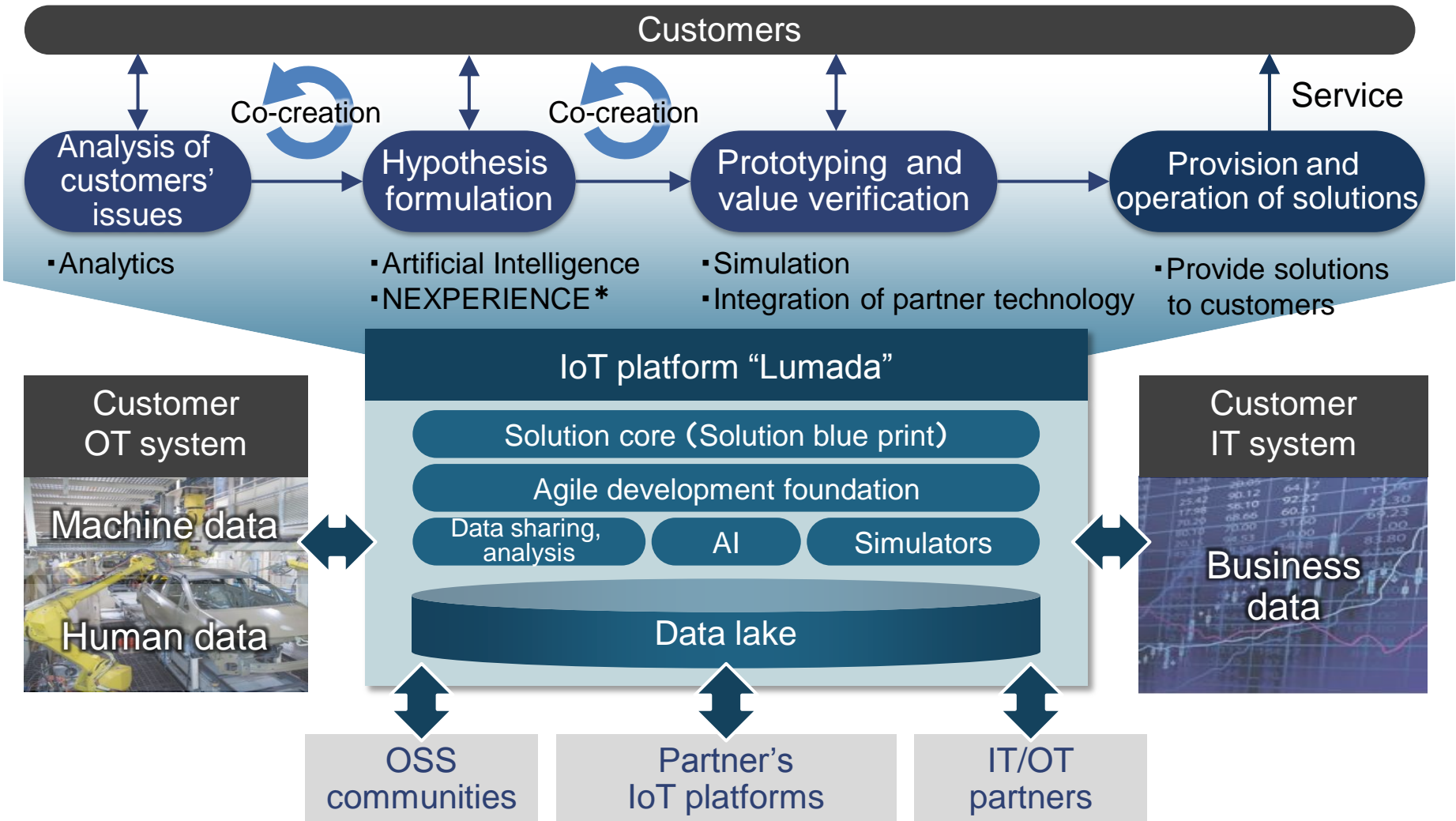


*1 Source: IDC, Mar 2016 "Worldwide Internet of Things 2016–2019 Forecast: Market Opportunity by Region and Narrowing the Lens on Use Cases"(US41056415)

*2 An enabler for various data aggregation and utilization

1-3. Collaborative Creation Model of Digital Solution HITACHI Inspire the Next

Prompt collaborative creation of solutions through connecting to partners' and customers' systems



* NEXPERIENCE: Hitachi's Co-creation methodology for service business

OSS: Open Source Software

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Core of Social Innovation

Means for customers to enjoy digitalized innovation quickly and easily

Characteristics of Lumada

Lumada = illuminate data

1 Single Platform, Multiple Solutions

Realize solutions in various business fields
“Cross Domain Business EcoSystem”

2 Open

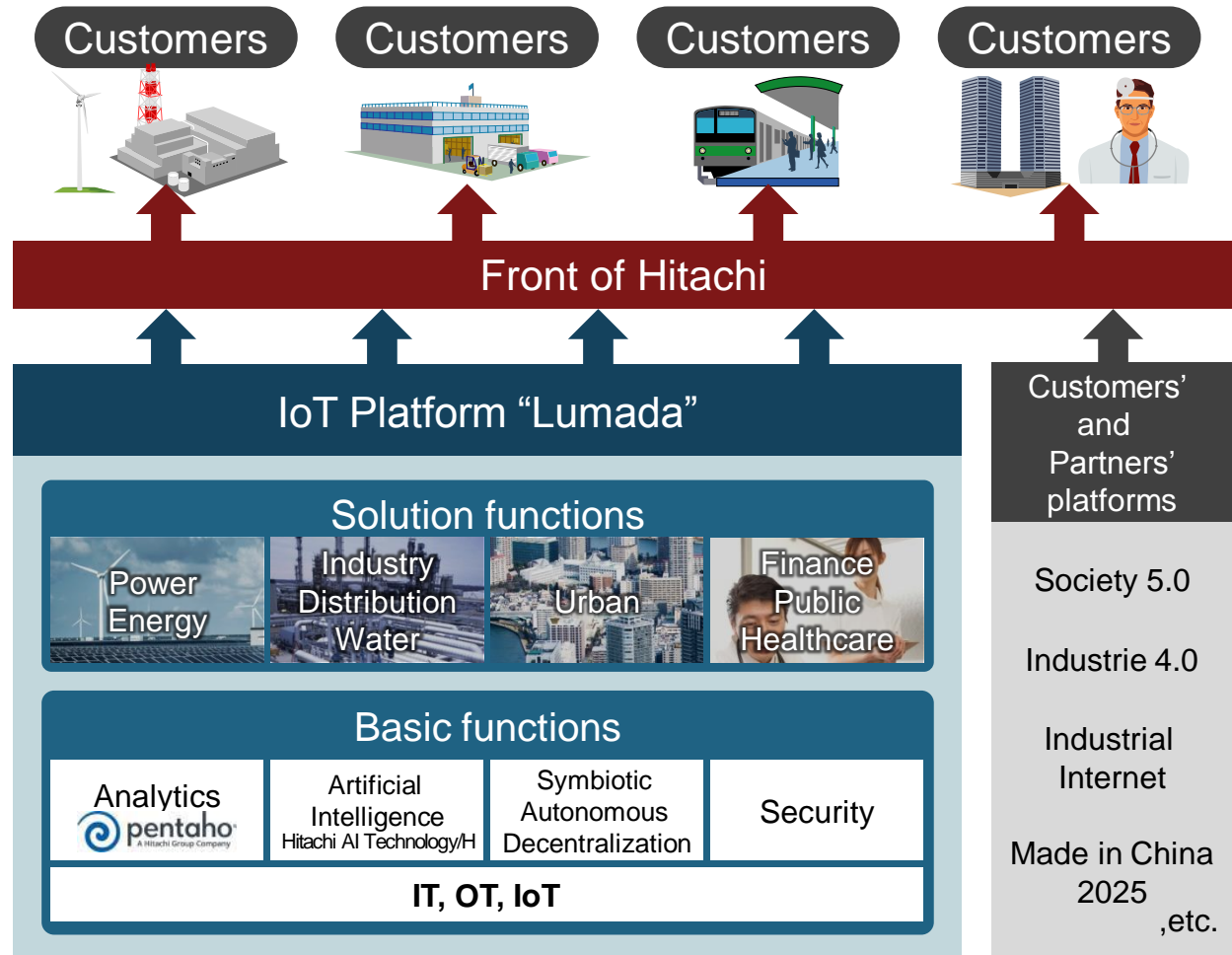
Open architecture available for partners

3 Adaptable

Easily connected to customers' assets
Graduated dilatation is possible
(Symbiotic Autonomous Decentralization)

4 Verified and Secure

Reliable technologies based on experiences in Social Innovation



2-2. Characteristics of Lumada(1) Single Platform, Multiple Solutions

Lumada provides solutions to multiple business fields

- Focusing solution cores in FY2016 -



Micro-grid

Optimized Factory

City Data Exchange

Digital Payment

Smart Energy

Smart Logistics

Public Safety

Clinical Repository

Predictive Maintenance

IoT platform "Lumada"

2-3. Examples of Solution Cores

Develop solutions through collaborative creation with customers and partners to accelerate innovations in each business field

Front

Power,
Energy



Industry,
Distribution, Water



Urban



Finance, Public,
Healthcare



Optimized Factory

Increase productivity by analyzing behavior of operators, goods and facilities.

Customer
Value

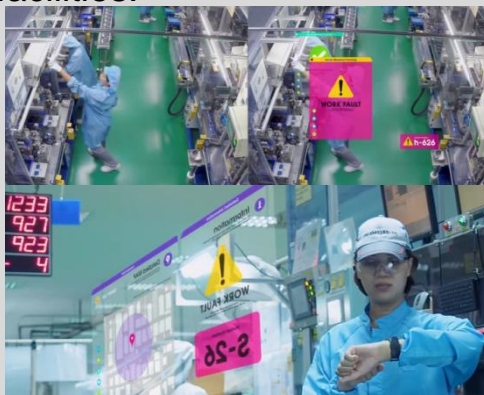
Predictive Maintenance

Increase asset efficiency by maintenance based on the analysis of its running status.

City Data Exchange

Improve convenience of civic life by interactive usage of big data.

Case



Automobile component factory, Hitachi's in-house factories, etc.



Product maintenance service, etc. (rail, construction machinery, healthcare, etc.)

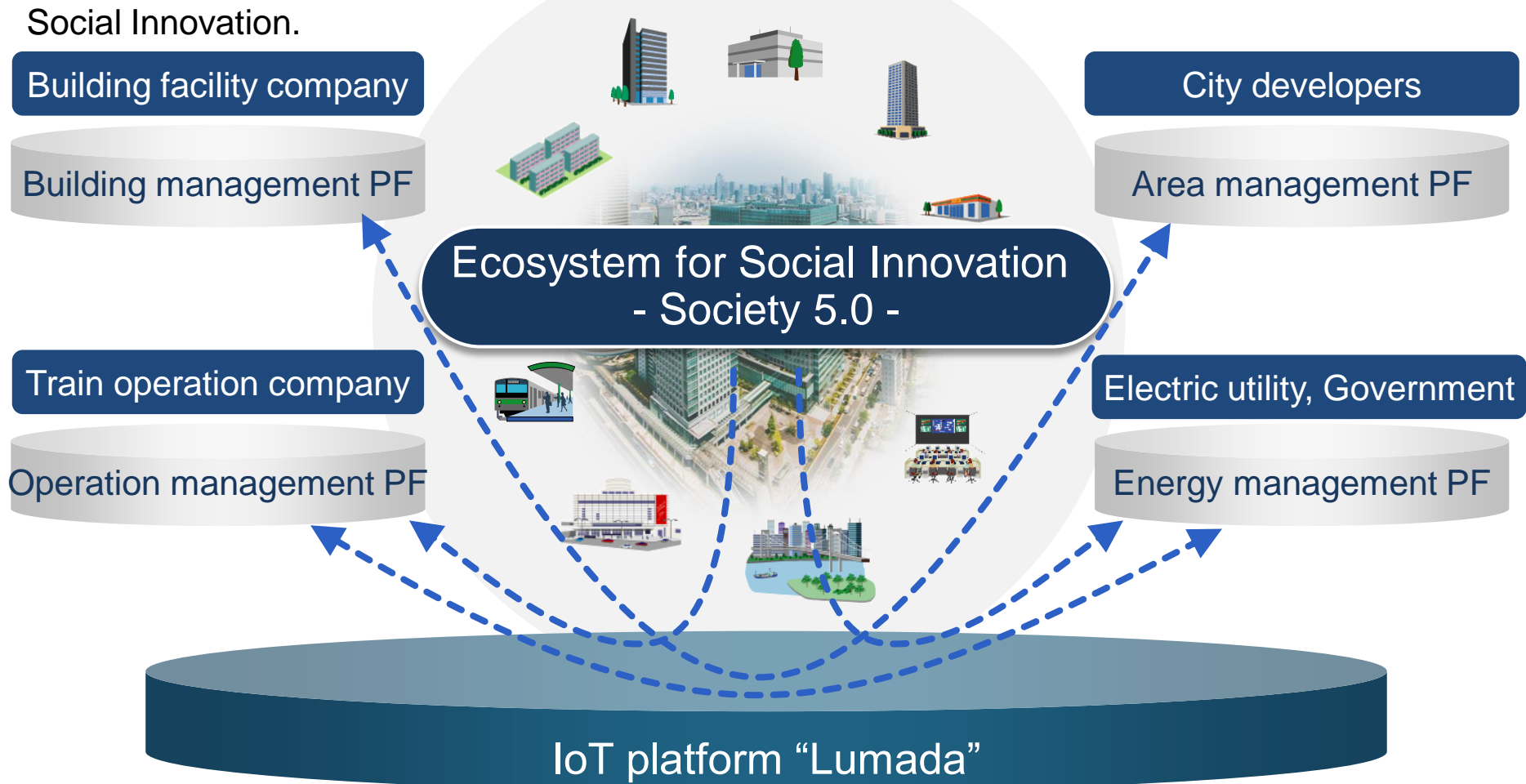


Copenhagen (Denmark)

2-4. Characteristics of Lumada(2) Open

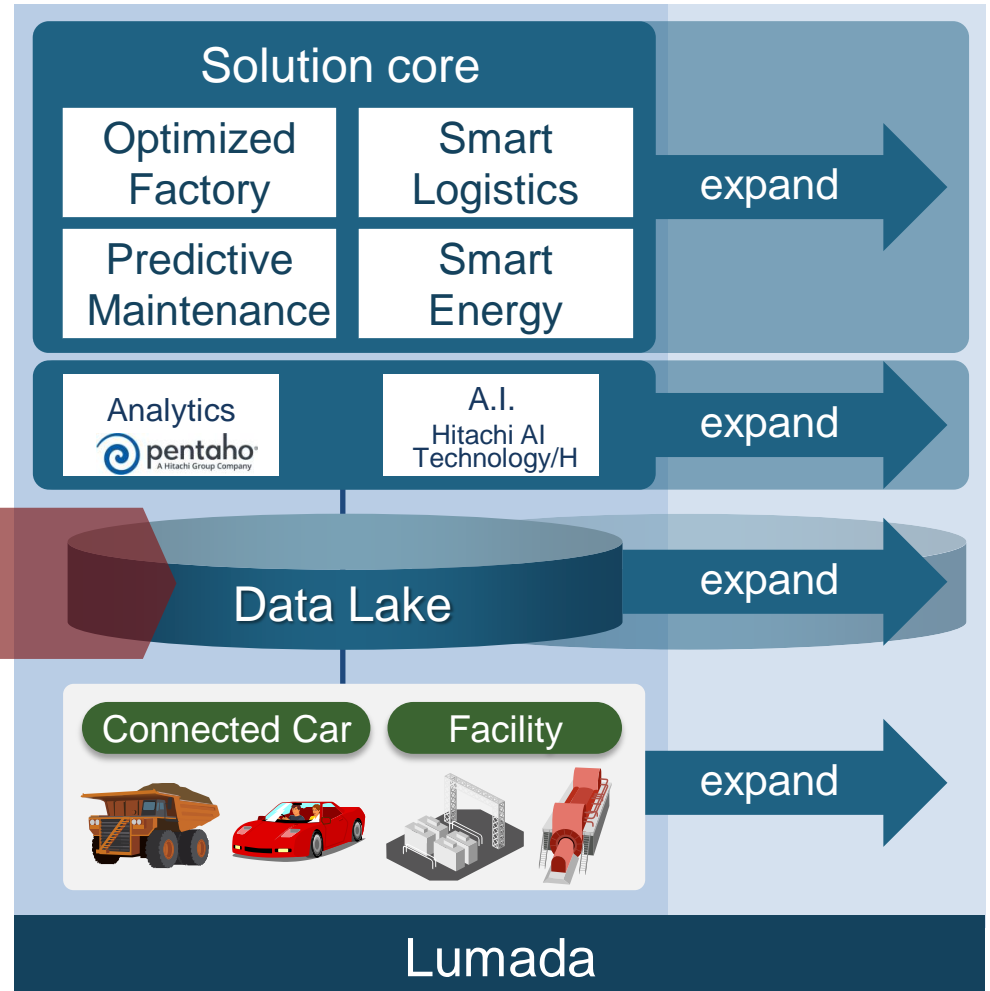
Value creation through cross-industrial and open collaboration

Lumada has an open architecture to connect each independent platform and create solutions. Lumada realizes “Symbiotic Autonomous Decentralization,” the basic concept of Hitachi’s Social Innovation.



2-5. Characteristics of Lumada(3) Adaptable

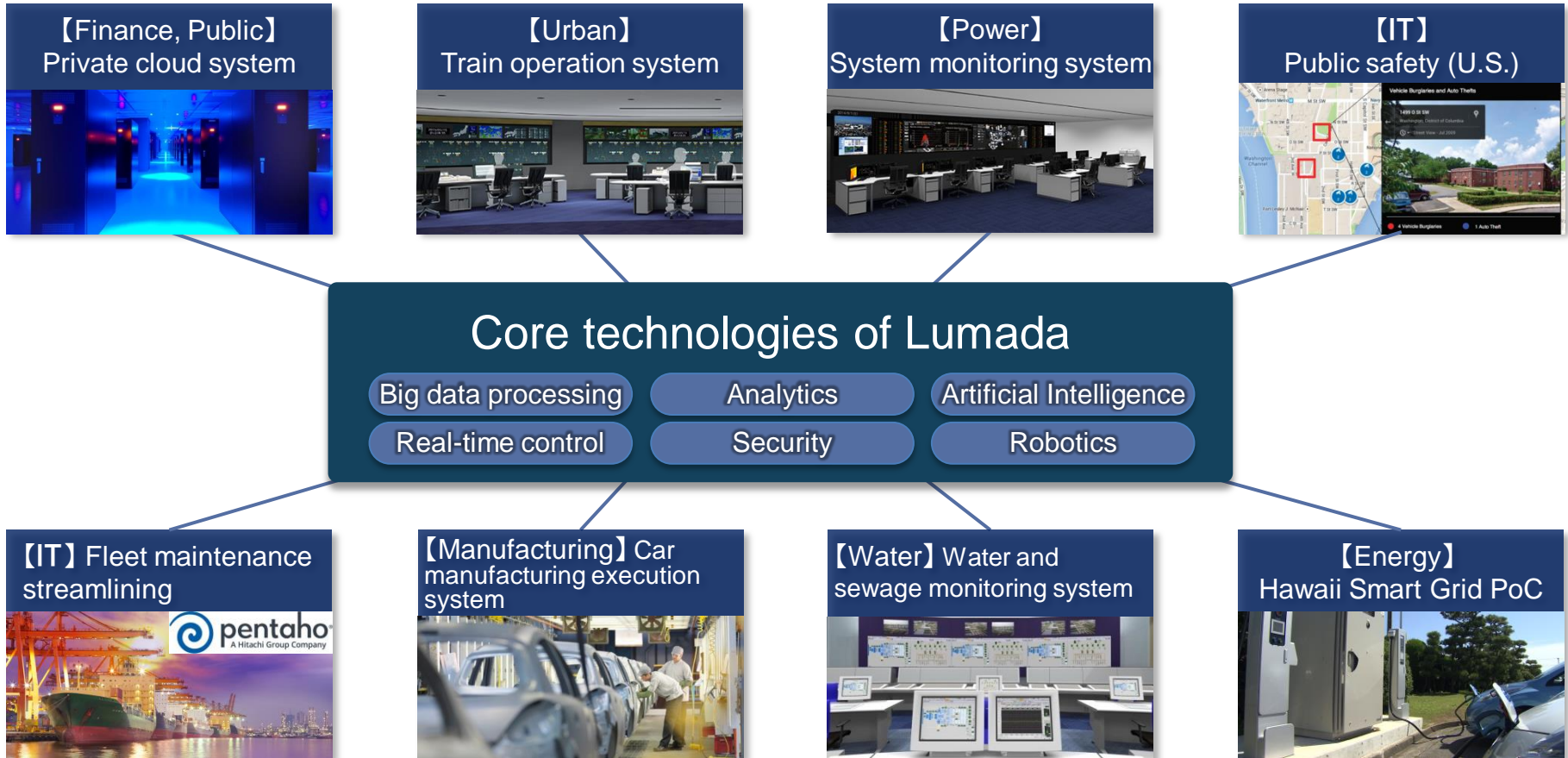
Deploy and expand digital solutions with customer's existing system as it is



ERP: Enterprise Resource Planning, MES: Manufacturing Execution System, CRM: Customer Relationship Management

2-6. Characteristics of Lumada(4) Verified and Secure **HITACHI** Inspire the Next

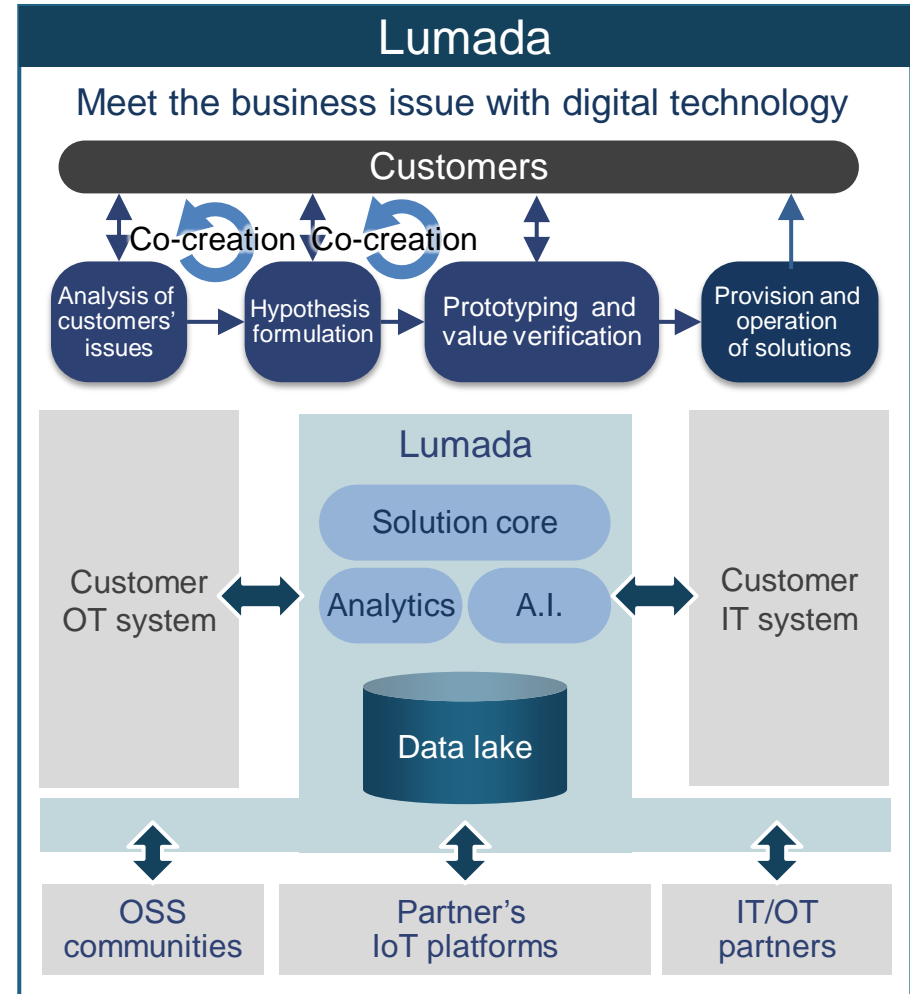
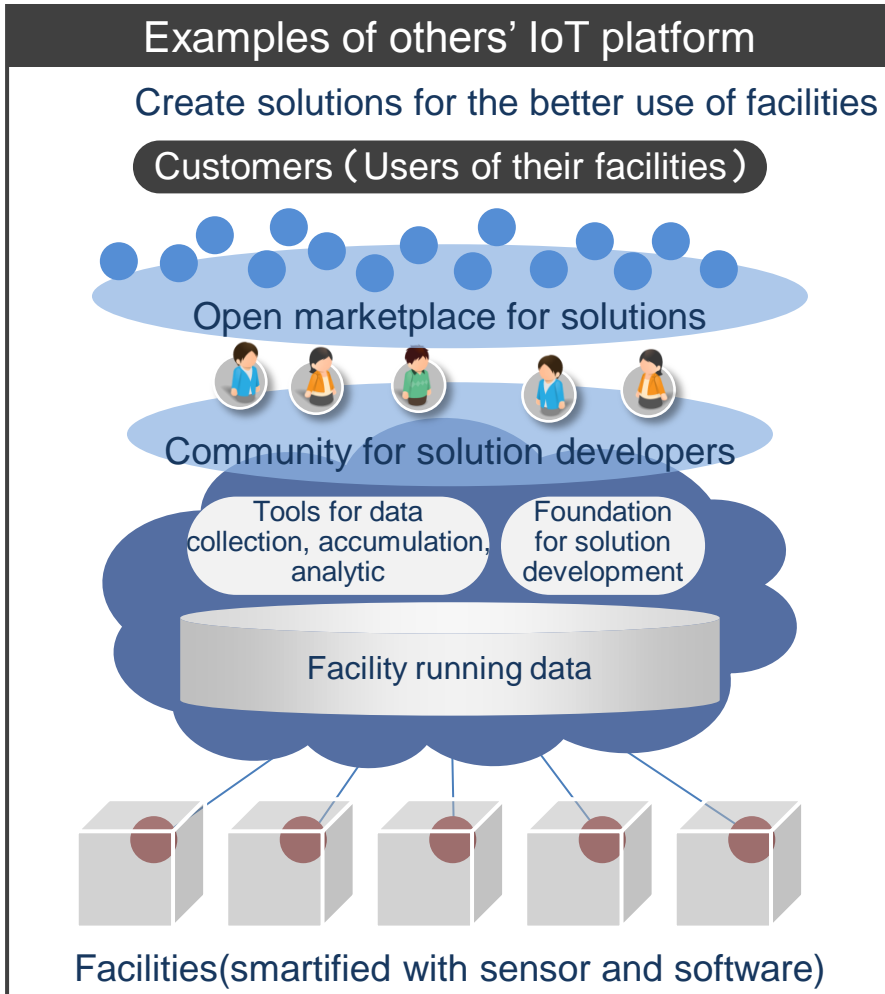
Contribute to safe and secure digital solutions for customer utilizing proven OT and IT that have been supporting Hitachi's Social Innovations



with the assistance of NEDO

2-7. Characteristics of Lumada(5) Target of Business HITACHI Inspire the Next

Lumada aims at developing business utilizing Hitachi's uniqueness to own SI capabilities both in OT and IT, while competitors target solution business based on their products foot-prints



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Global business structure to accelerate digital solution

- In May 2016 established global HQ in U.S. and started business with 6,000 workforce.



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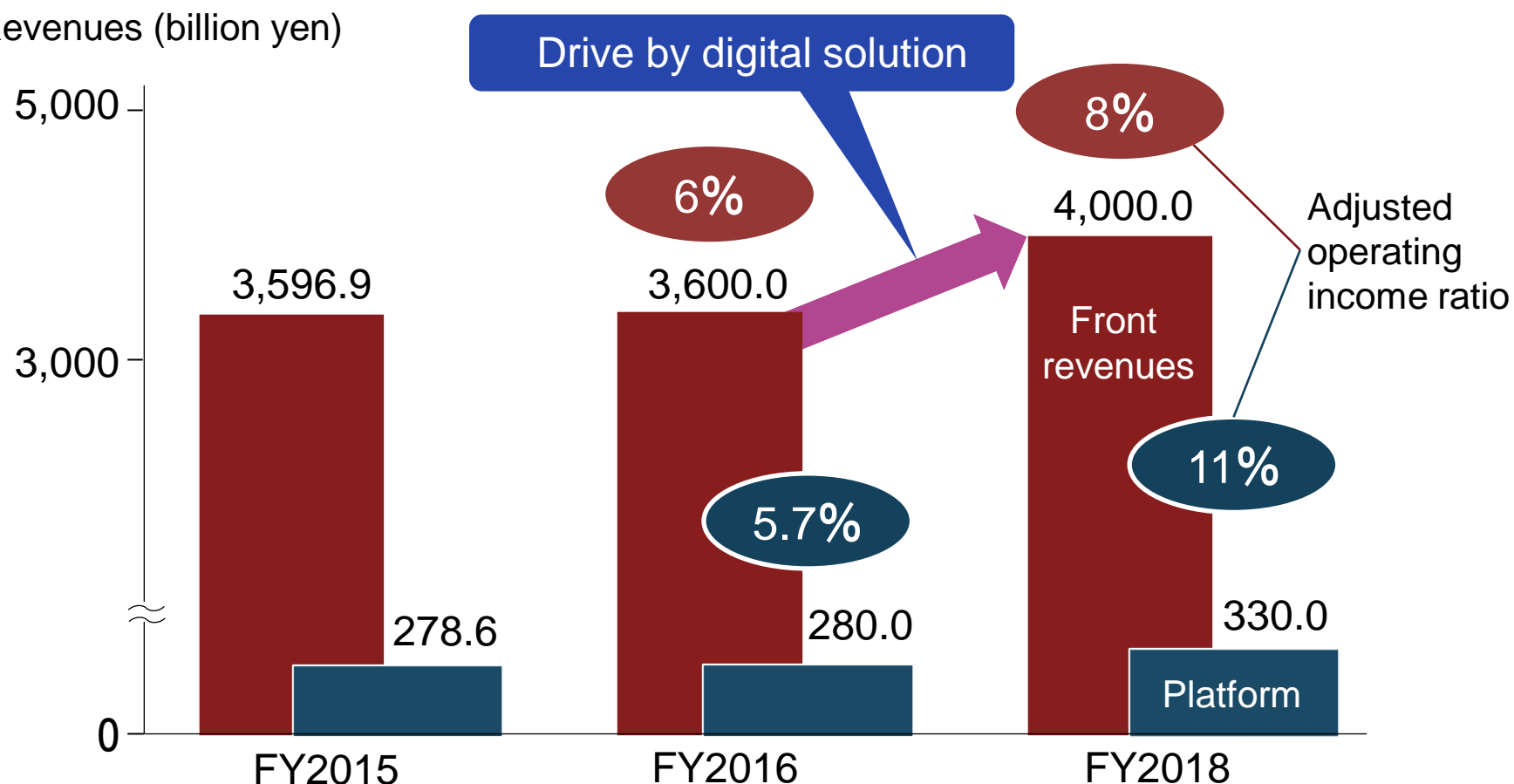
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4-1. Sales Target in 2018

Drive the sales and profit of Front

- Invest 100 billion Yen* in FY2016~2018 and accelerate digital solution

Revenues (billion yen)



* not including M&A

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- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly against the U.S. dollar and the euro;
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- fluctuations in product demand and industry capacity;
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- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
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- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
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- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
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- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its significant employee benefit-related costs; and
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

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