

# OUR BUSINESS MODEL

## OUR FOUNDATION

Hitachi's business is supported by shared company values that have stood the test of time and by collaborative creation with its stakeholders.

### 46-79 PERFORMANCE

#### Ready to Engage in Collaborative Creation

Revenues* <sup>1</sup>	Net income attributable to Hitachi, Ltd. stockholders* <sup>1</sup>	Total assets* <sup>2</sup>
9,162.2 billion yen	231.2 billion yen	9,663.9 billion yen
R&D expenditures* <sup>1</sup>	Number of patents owned* <sup>3</sup>	Open innovation (research collaboration) partners* <sup>4</sup>
323.9 billion yen	93,992	65 research institutes outside Japan 243 research institutes in Japan
Consolidated number of employees* <sup>2</sup>	Business locations in	Instilling of the Hitachi Group Identity in employees
303,887	68 countries and regions* <sup>5</sup>	78.8%

\*1 Fiscal 2016 figures.

\*2 Numbers as of the end of March 2017.

\*3 Number of patents owned in Japan, the United States, China, Germany, and South Korea as of the end of December 2016.

\*4 "Open innovation" is Hitachi's attempt to go beyond organizational frameworks and create broadly shared bodies of knowledge and technology toward the development of new technologies and products. These figures are for industrial-academic R&D partnerships, as of fiscal 2016.

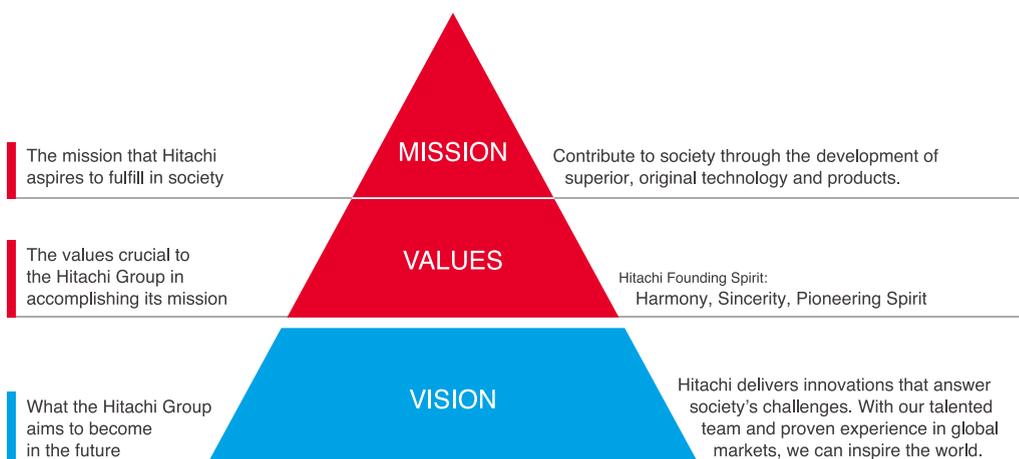
\*5 Hitachi, Ltd. and consolidated subsidiary business locations (as of the end of March 2017).

#### Hitachi Group Identity

Throughout its 100 year history, the Hitachi Group has passed on its Mission and its Values to generations of employees and external stakeholders.

The Vision has been created based on the Mission and the Values.

It is an expression of what the Hitachi Group aims to become in the future.



# OUR STRATEGY

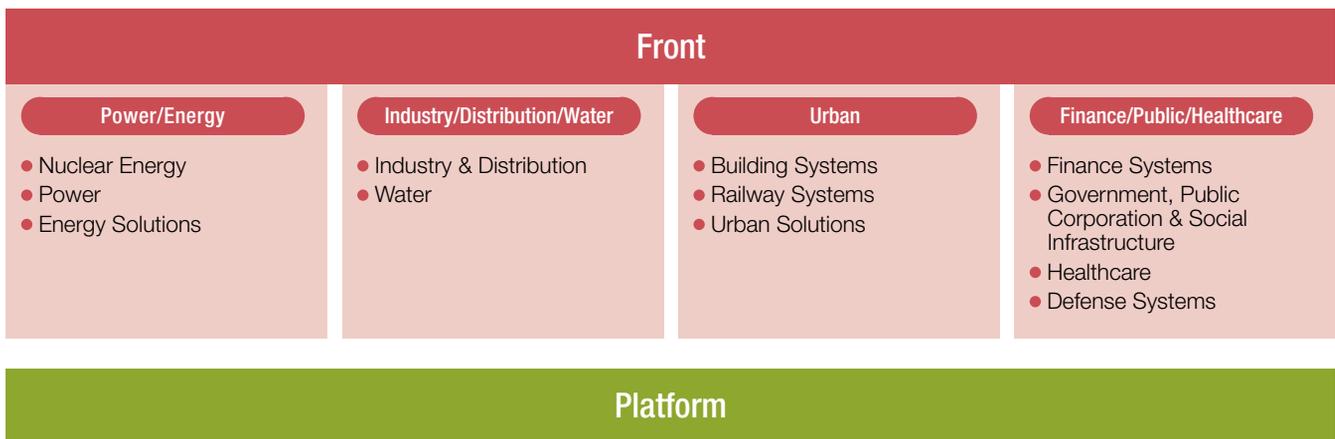
## An Innovation Partner for the IoT Era

Under the 2018 Mid-term Management Plan, Hitachi will accelerate collaborative creation with customers and partners through the advanced Social Innovation Business, with a focus on the trend toward digitalization that is significantly changing society and industry. Leveraging three strengths—the operational technology we have amassed since our founding, IT, and products/systems—we deliver innovations to society and customers.

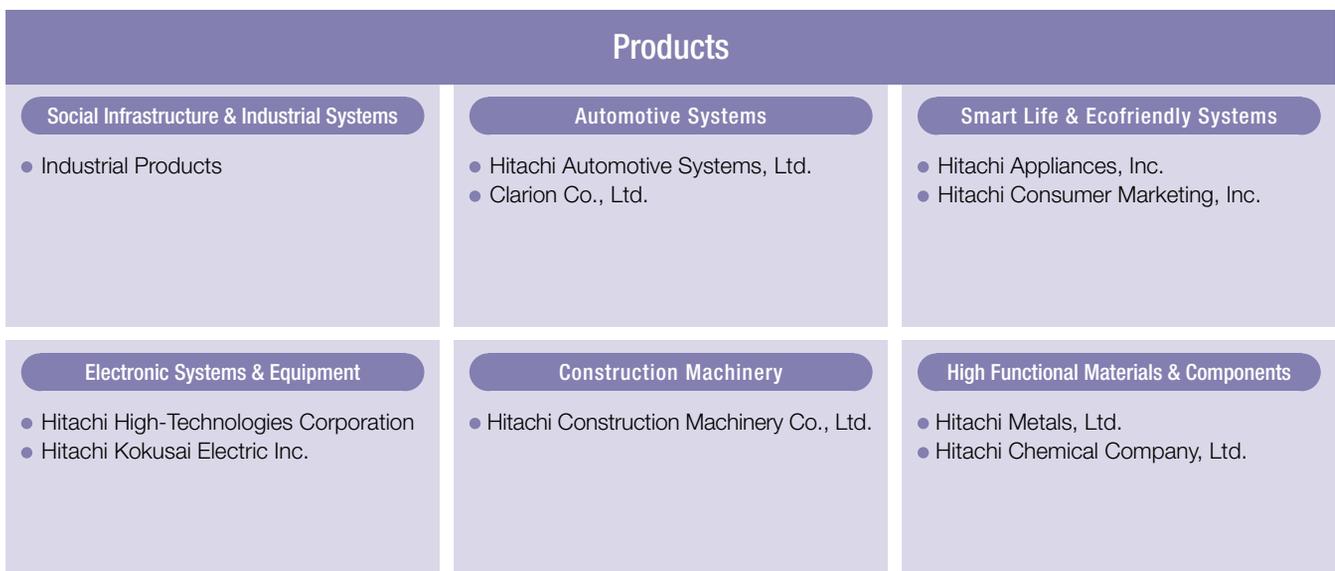
14-17 STRATEGIC FOCUS

### Four Focus Business Domains

#### Growth Strategies and Investments



IoT Platform



# OUR VALUE CREATION

Creating value to fulfill our Mission—contributing to society through the development of superior, original technology and products—has underpinned our business development for more than a century. Hitachi's R&D program focuses on products and services that help to resolve social issues.

## 18-27 VALUE CREATION

### Key Business Segments for Social Contributions

#### Information & Telecommunication Systems



A storage system

Hitachi provides IT services that address customers' diverse needs by combining Hitachi's extensive expertise in a diverse range of business fields, including financial services, with advanced information technology. Our services cover the entire life cycle of systems, ranging from consulting to system integration, operation, maintenance, and other support.

To help resolve issues confronting society and our customers, we provide IT solutions to support data utilization on a global basis.

Locations of our business operations: **Over 100** countries and regions

#### Social Infrastructure & Industrial Systems



A seawater desalination system

Hitachi has a long and proven track record of high reliability in supporting people's daily lives through such products and services as rolling stock and train management systems, power plants and transmission and distribution systems, elevators and escalators, and water solutions. It also offers industrial solutions and equipment to enhance the sophistication of production facilities. Hitachi utilizes digital technologies to provide optimum solutions in addressing the issues and diversifying needs of customers worldwide.

Through our OT (operational technology) and IT, Hitachi offers comprehensive water solutions on a global scale, such as seawater desalination equipment, monitoring and control systems, design and construction of water treatment plants, and operation and maintenance of plants.

Installation of water solutions: **1,800** sites

#### Electronic Systems & Equipment



Hokkaido University Hospital's particle beam cancer therapy system

Drawing on the Hitachi Group's advanced technologies, Hitachi provides systems supporting the information society, including semiconductor manufacturing equipment, measurement and analysis equipment, broadcasting and video systems, and healthcare solutions that support healthy lifestyles.

Particle therapy mitigates the burden on the body and allows patients to maintain their quality of life, and it is expected to make its mark in pediatric oncology, which entails great physical strain. The global share of Hitachi's highly reliable particle therapy system has been rising.

Number of operating particle therapy facilities: **3** in Japan, **4** in the United States (as of June 30, 2017)

## Construction Machinery



Hitachi Construction Machinery's ultralarge hydraulic excavator and mining dump truck

Leveraging decades of technological expertise and know-how, Hitachi offers solutions that address the needs of a broad range of industries, including civil engineering and construction, building and structural demolition, and mining and excavation. Hitachi also handles the sale, servicing, and maintenance of hydraulic excavators and other construction machinery to provide integrated solutions globally.

Hitachi Construction Machinery's hydraulic excavators, wheel loaders, and dump trucks are used at construction sites and mines around the world.

Global share of hydraulic mining excavator market: **Approximately 30%**

## High Functional Materials & Components



Hitachi Chemical's molded plastic rear door module

Hitachi draws on its wealth of technological expertise and know-how to provide a variety of materials and components—such as semiconductor- and display-related materials, synthetic resin products, specialty steels, magnetic materials, casting components, and wires and cables—that enable advanced functions in products for such sectors as autos, IT and consumer electronics, and industrial and social infrastructure. Business operations are focused in Asia, North America, and Europe.

Hitachi Chemical's molded plastic rear door module achieves a substantial reduction in weight compared to conventional steel products. Japan's first plastic rear door module (according to Hitachi Chemical findings) has been made into reality, taking advantage of resin's superior workability to enable designs not possible with steel without sacrificing rigidity and strength.

Weight of molded plastic rear door module: **30% reduction (compared to steel)**

## Automotive Systems



Hitachi Automotive Systems' air flow sensor

To contribute to the realization of an affluent society by creating new value-added systems, products, and services through the harmonization of people, vehicles, and society, Hitachi is accelerating its technological development in the fields of environment and safety. We will further develop our Advanced Vehicle Control System, integrating our safety and information technologies with the Hitachi Group's social infrastructure services to meet society's needs for environmental conservation, accident elimination, and traffic congestion reduction.

Hitachi Automotive Systems' air flow sensor is widely used by automakers around the world and commands the highest global share. It accurately measures the volume and temperature of the air intake and contributes to a more efficient engine.

Global share of air flow sensor market: **Approximately 40%** (as of March 31, 2016)

## Smart Life & Ecofriendly Systems



Hitachi Appliances' robot cleaner "minimaru"

Hitachi's home appliances, lighting and housing equipment, and refrigerating and air-conditioning solutions deliver new value and lifestyle innovations to society and people around the world. Hitachi also helps reduce environmental impact by making an ongoing effort to improve products' energy efficiency.

Hitachi Appliances markets various home appliances products in over 120 countries and regions. By providing home appliances in accordance with each country's and region's needs, we continue to contribute to improving quality of life.

Home appliance products: **Sold in Over 120** countries and regions

Note: We conduct a broad range of business activities from product development to production, sales, and servicing in eight segments in all, including "Others," in addition to the above.