

IT solutions

Along with Vietnam Post, we are expanding electronic services related to the distribution of public funds. Starting in 2020, we will contribute to improved convenience for **six million** subsidy recipients.

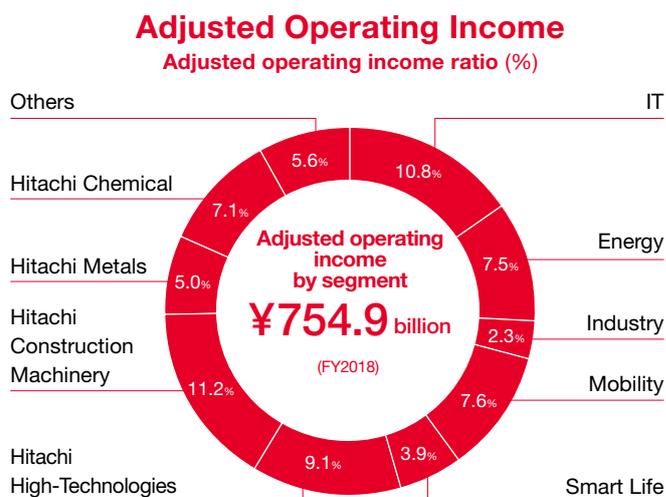
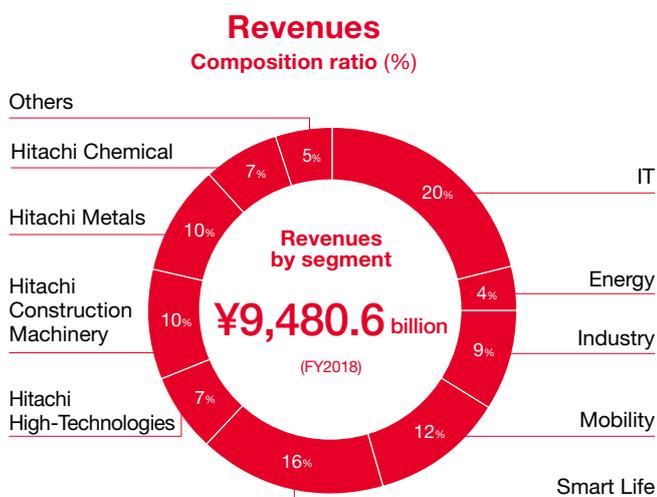


About the Hitachi Group

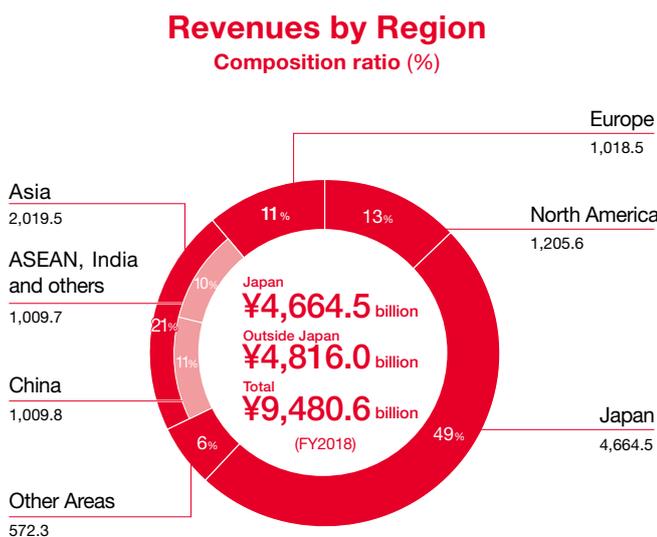
■ Business of the Hitachi Group	2
Revenues	
Adjusted Operating Income	
Revenues by Market	
Revenues/Adjusted Operating Income Ratio/Net Income	
Revenues of Lumada Business	
■ The Hitachi Group Identity and Social Innovation Business	4
■ Growth History	6

Business of the Hitachi Group

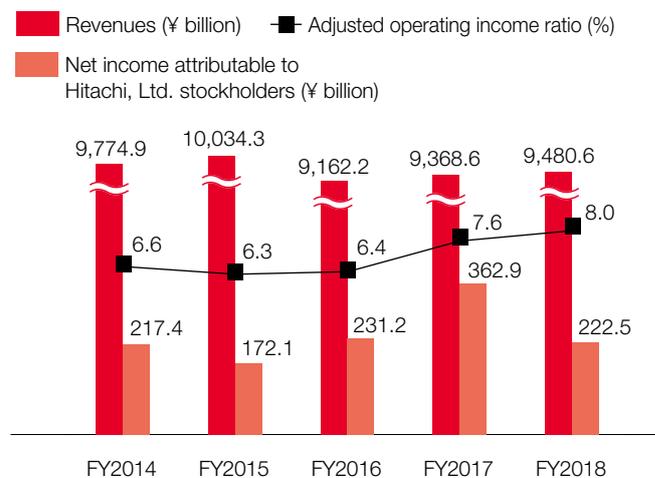
In April 2019, Hitachi announced its three-year 2021 Mid-term Management Plan, positioning IT, Energy, Industry, Mobility and Smart Life as growth sectors, assigning relevant business units to each of them. Hitachi is characterized by two strengths: The first is our ability to provide solutions that use digital technology to resolve issues facing customers and society through our cutting-edge IT and our operational technology (OT), which moves social infrastructure such as equipment and systems at production sites, railways and power plants. The second is our highly reliable and superior products. In these five sectors, Lumada will function as a platform that creates value from customers' data and supports the rapid delivery of solutions.



Note: Figures for each subsegment include intersegment transactions.



Revenues/Adjusted Operating Income Ratio/ Net Income





IT

- Consulting
- Systems integration
- Cloud services
- Software
- IT products (storage, servers)
- Control systems
- ATMs



Energy

- Energy solutions
- Power grid system



Industry

- Industry & distribution system
- Water & environment system
- Industrial products



Mobility

- Building services (Elevators, escalators)
- Railway system



Revenues of Lumada Business

¥1,127.0 billion
(FY2018)

▶P48 Strengthen Lumada



Smart Life

- Medical equipment
- Smart life & eco-friendly system (Refrigerator, washing machine, air conditioner, commercial air conditioning system)
- Automotive systems (Powertrain, chassis parts, advanced driving assistance system)



Hitachi High-Technologies

Ownership percentage of voting rights: **51.8%**

Main products and services

- Medical and Life Science Products
- Analytical Equipment
- Semiconductor Processing Equipment
- Manufacturing and Inspection Equipment
- Advanced Industrial Products

Hitachi Construction Machinery

Ownership percentage of voting rights: **51.5%**

Main products and services

- Hydraulic Excavators
- Wheel Loaders
- Mining Machinery
- Maintenance and Services
- Construction Solutions
- Mine Management Systems

Hitachi Metals

Ownership percentage of voting rights: **53.5%**

Main products and services

- Specialty Steel Products
- Functional Components and Equipment
- Magnetic Materials and Applications
- Power Electronics
- Wires, Cables, and Related Materials

Hitachi Chemical

Ownership percentage of voting rights: **51.4%**

Main products and services

- Functional materials (Electronics materials, printed wiring board materials, electronic components)
- Advanced components and systems (Mobility components, energy storage devices and systems, life science related products)

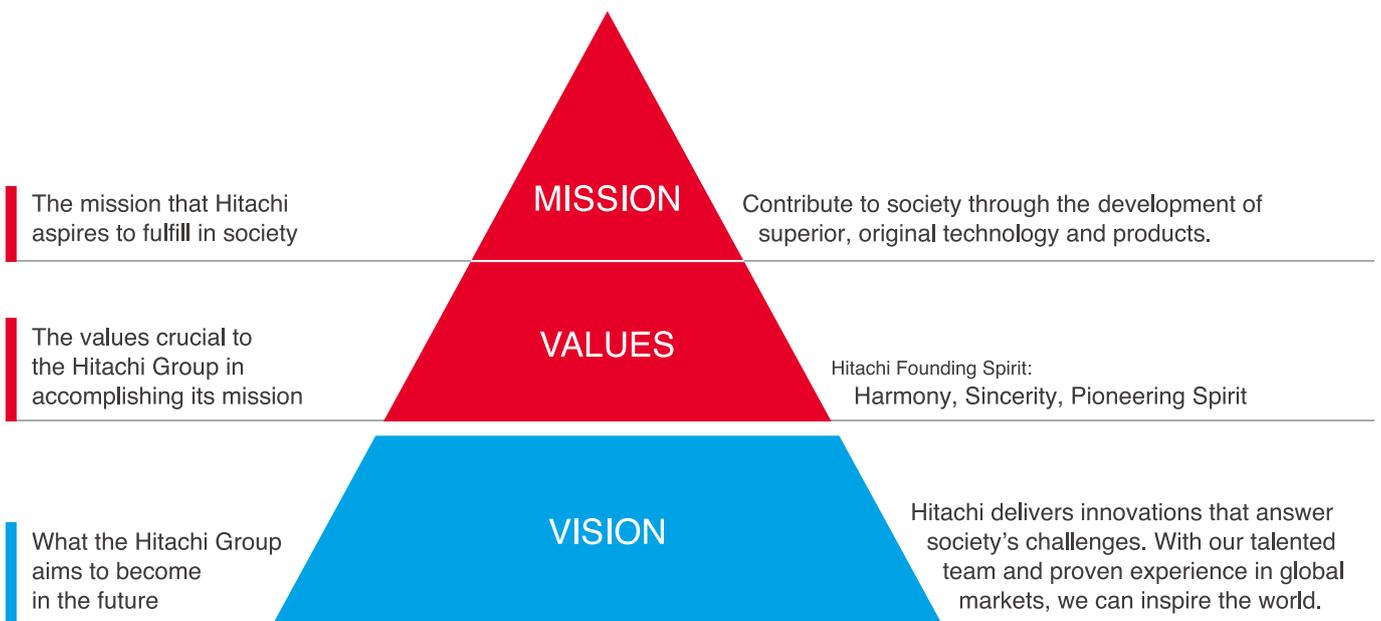
The Hitachi Group Identity and Social Innovation Business

Grounded in the Hitachi Group Identity, we will raise the social, environmental and economic value we provide to customers and aim to achieve a sustainable society by focusing on our Social Innovation Business.

The present world is said to be an era of volatility, uncertainty, complexity and ambiguity (VUCA), in which the future is difficult to predict. Looking around the world, we can see a wide variety of steadily approaching change that will have an impact on people's lives, including climate change, resource shortages, demographic changes due to aging and problems related to urbanization.

Since its establishment, Hitachi has operated under the Mission expressed by its founder: "Contribute to society through the development of superior, original technology and products." In accordance with this Mission, we have solved challenges facing society during each era through the development of social infrastructure technologies while raising people's quality of life (QoL) and, in recent years, contributing to the achievement of a sustainable society.

Originally set by Hitachi founder Namihei Odaira, the Mission has been carefully passed on to generations of employees and stakeholders throughout the Company's 100-year history. The Values reflect the Hitachi Founding Spirit, which was shaped by the achievements of our company predecessors as they worked hard to fulfill Hitachi's Mission. The Vision has been created based on the Mission and Values. It is an expression of what the Hitachi Group aims to become in the future as it advances to its next stage of growth. The Mission, Values and Vision are made to be shared in a simple concept: Hitachi Group Identity.



Our Social Innovation Business accelerates collaborative creation with customers using the latest digital technologies in a wide range of fields, including social infrastructure. It also solves various issues faced by society and customers by taking advantage of the Hitachi Group's business bases; its total solutions, which combine the operational technology (OT), IT, products and systems it has cultivated over many years; digital solutions such as Lumada; and open innovation achieved through partnerships with operators worldwide.

MISSION

In 1910, Hitachi was founded as a mining machinery repair shop in Ibaraki Prefecture, Japan.

At a time when Japan was relying on imported products and technology, Hitachi founder Namihei Odaira formed a team that chose to rely on a different resource—themselves. With perseverance and enduring passion, the team created, developed, and delivered original products and technologies.

The driving force behind the team was Odaira's noble belief: "Contribute to society through the development of superior, original technology and products." This belief was the starting point for the Hitachi Group. Today, it forms Hitachi's Mission, which is the overarching concept of the Hitachi Group Identity.

VALUES

Harmony

The willingness to respect the opinions of others and discuss matters in a manner that is thorough and frank, but fair and impartial, and once a conclusion has been reached, to cooperate and work together to achieve a common goal.

Sincerity

To act with a sense of ownership and honesty at all times and never pass the buck. The spirit to meet society's expectations and generate credibility for Hitachi.

Pioneering Spirit

To work creatively, using novel approaches to enter new areas. To always act as a pioneer within our areas of expertise and to have the passion to pursue higher goals beyond our capabilities.

The power station at the Hitachi mine (1916)



Six years after its establishment, Hitachi employees proudly sit in front of a generator and a water turbine installed at the power station of the Hitachi mine. From this photo, we can distinctly feel their senses of accomplishment and fulfillment, as well as their hopes for the future.

However, shortly after the station started operating, the generator broke down due to defective parts, which had a serious impact on the operation of the mine, leading our founder, Namihei Odaira, to prepare an unofficial resignation. The employees worked tirelessly to restore the generator and investigate the cause of the breakdown. In addition to problems involving the generator, our employees faced difficult issues every time they set about making products. They raised quality, cultivated technology and gained trust through their devoted and resolute work on solving each and every one of these issues.

These efforts crystallized into Hitachi's Founding Spirit, which remains alive and well to this very day.

Growth History

1910 ▶ 1945 (founding period)

Challenges faced by Hitachi's pioneers

Major events

- 1910 Founded as a repairing yard attached to Kuhara Mining Co., Ltd.'s Hitachi mine
- 1920 Split off independently as Hitachi, Ltd.
- 1934 Listed on the Tokyo Stock Exchange and established Hitachi Research Laboratory

Changes in management

Founding

Namihei Odaira, the founder of Hitachi, Ltd., wanted to utilize his own abilities to contribute to society by producing electric machines and developing Japan's machinery industry. In accordance with these desires, he founded our company after constructing a power station at Hitachi mine and directing the production of mining equipment.

At the time of our founding, our mistakes were as numerous as the number of products we produced, but we improved our technical capabilities by focusing on our own technologies and strengthening our testing and research. In 1918, we launched a technical journal and appointed a full-time patent authority in 1921. Later, in 1934, we established a research laboratory.

Mr. Odaira placed an emphasis on cost accounting since our founding and created a system allowing for regular cost estimation meetings employees working in sales and in factories. Through this system, we secured orders based on careful cost accounting. Overcoming many failures and difficulties since its establishment, Hitachi has grown into a technological powerhouse that has gained the trust of its customers; in 1937, we had more than 10,000 stockholders. At that time, we produced a wide variety of major products, including power generation equipment, large industrial machines, railway cars, elevators, escalators, electric fans, ventilating fans, well pumps, electric refrigerators, air conditioners and diesel buses.

OT and product development

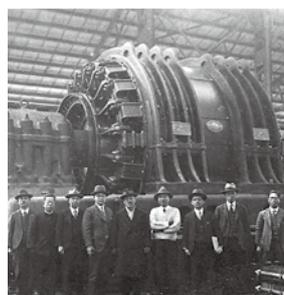
1910
A five-horsepower induction motor, one of the products we offered during our founding period (motor)



1924
The ED15, the first large electric locomotive manufactured in Japan



1932
Our first electric refrigerator



1933
The world's largest mill motor at the time (DC motor for metal rolling)



1942
Electron microscope (first for commercial use produced in Japan)

OT, IT and product development

Together with society

School-based education that began with our founding

At the time of our founding, we were experiencing difficulty in securing orders due to the recession that occurred following the Russo-Japanese War. Working to acquire promising human resources and educate employees, we established the Apprenticeship Training School in 1910. This institution recruited human resources from all over Japan and trained them for two years. We often lost graduates from the school to competitors due to their high levels of education. Despite this, Mr. Odaira always stated that "Our goal should be to train talented technicians and industrialists." The Apprenticeship Training School was renamed "Hitachi Industrial College" in 1928 and continues to operate under this name today. Each year, this institution produces human resources that handle manufacturing for the Hitachi Group.



Class being conducted at the Apprenticeship Training School (1917)

1946 ▶ 1960 (postwar reconstruction period)

Path to reconstruction

- 1947 Chikara Kurata becomes our 2nd president
- 1958 Won the grand prize at the World Exposition
- 1959 HITAC 301 computer is completed
- 1960 MARS-1 seat reservation system is completed

1961 ▶ 1970 (rapid growth period)

Fostering comprehensive strength

- 1961 Kenichiro Komai becomes our 3rd president
- 1964 The Tokaido Shinkansen and Tokyo Monorail cars are completed
- 1966 Development of metal oxide semiconductor (MOS) transistors

Achievements produced through our original technologies and our adoption of new technologies

Hitachi lost 40% of its production capacity due to war damage, and the war's impact on the Hitachi factory, which lost 80% of its capacity, was particularly strong. Despite these setbacks, under Mr. Kurata, our second president, we grew into a company not only involved in energy businesses, such as hydroelectric and thermal power generation, but also in railways systems, social infrastructure, such as elevators and escalators, and consumer electronics. In particular, we created a mass production system and sales network using our "three sacred treasures," TVs, refrigerators and washing machines, becoming a major player in the industry.

At the Brussels World's Fair in 1958 (in Belgium), Hitachi's electron microscope won the grand prize, while its portable analog computer received first prize. By winning these awards, these products became symbolic of our capacity for developing original technologies and our ability to keep up with cutting-edge advancements by adopting new technologies.

Rapid progress toward becoming a comprehensive electrical machinery manufacturer

Kenichiro Komai, who became our president in 1961, worked to strengthen our international competitiveness by proactively raising funds overseas. Under his direction, we focused on priority goals of strengthening our financial structure, raising production efficiency, enhancing sales and export systems, promoting technological development and improving training. In terms of operations, we made bold investments in growth sectors, including electronics and information devices, such as semiconductors and computers, nuclear power plants and control devices, while increasing our international competitiveness through proactive efforts to adopt new technologies.

It was at this time that the "3C (color TVs, coolers [air conditioners], cars) Boom" occurred, spurring substantial growth for Hitachi in terms of home appliances and automotive parts. Thanks to this growth, Hitachi developed into a comprehensive manufacturer of electrical machinery.



1949
Escalators that became vertical metropolitan pathways



1964
The world's first Shinkansen (bullet train) cars to reach 200 km/h



1965
Hitac 5020 system (produced in Japan)



1969
Developed and mass-produced all-transistor color televisions



1968
The fastest elevators in Japan at the time (in the high-rise Kasumigaseki Building)

The "Hitachi Car," the world's first vehicle for mass stomach screenings

In 1960, we launched the "Hitachi Car," the world's first vehicle for mass stomach screenings targeting the early detection of stomach cancer. Since then, Hitachi has developed medical equipment that has helped improve people's health, including ultrasound system reflectoscopes, X-ray CT scanners and magnetic resonance imaging (MRI) systems.



The "Hitachi Car," the world's first vehicle for mass stomach screenings (1960)

For the development of electrical machinery industry

Since its founding, Hitachi has emphasized patents as an important indicator of a company's technological capabilities. In September 1970, we had decided to make our patents publicly available for sale to contribute to technological improvement throughout the industry. Newspapers throughout Japan reported this move as "the nation's first full-scale public opening of patents," making Hitachi a pioneer of technical exchange in the electrical machinery industry.

Growth History

1971 ▶ 1985 (transitional period)

Focus on growth sectors

1986 ▶ 2008

Strengthening of

Major events

- 1971 Hirokichi Yoshiyama becomes our 4th president
- COMTRAC, Computer Aided Traffic Control System for Shinkansen, is completed
- 1974 Operation begins at Chugoku Electric Power Company's Shimane Nuclear Power Station, Japan's first domestic nuclear power plant
- 1975 HITAC M-series, large-scale computer is completed
- 1981 Katsushige Mita becomes our 5th president
- 1982 We become a listed company on the New York Stock Exchange

- 1991
- 1995
- 1999
- 2006

Changes in management

Hitachi's restructuring

In the 1970s, the entire industry was forced to undergo major structural changes due to events that shock the Japanese economy, such as the Nixon shock, the transition to a free-floating exchange rate system and the oil crises of 1973 and 1979. Hirokichi Yoshiyama, who became president of Hitachi in 1971, launched a policy of "lightweight management" in anticipation of changes in the industrial structure and a period of slow growth. Under his direction, Hitachi strengthened its business structure by restructuring factories and reducing overhead costs while focusing on the electronics-related business, which was an important growth sector at the time. Katsushige Mita, who was appointed president in 1981, promoted product planning based on market needs, rejecting policies aimed at pleasing every single individual. During his tenure, he emphasized the importance of expanding growth products designed to meet future needs.

As a result of this period of restructuring, we became a comprehensive electrical machinery manufacturer with well-balanced electrical equipment and machinery and electronics businesses.

Reorganization initiatives

In an era of global competition, the Japanese economy was hit by trade friction and a high yen rate and, suffering from the aftereffects of the collapse of the bubble economy, entered a long period of sluggish performance. During this period, Hitachi focused on restructuring its business. Under Tsutomu Kanai, who assumed the position of president in 1991, Hitachi implemented a Groupwide system aimed at speeding up management and integrating development, manufacturing and sales processes. During the tenure of Etsuhiko Shoyama, who took office as president in 1999, we formulated two Mid-term Management Plans: i.e. HITACHI Plan and i.e. HITACHI Plan II. Under these plans, we reviewed our business

OT, IT and product development



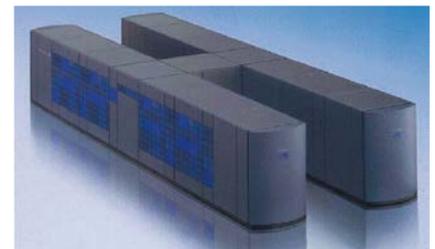
1972
COMTRAC, Computer Aided Traffic Control System for Shinkansen, operations launched



1974
Shimane Nuclear Power Station, Japan's first commercial-use nuclear power station



1975
HITAC M-series, large-scale computer



1999
Super technical server (world's fastest at the time)

Together with society

Contribution to social living and industry in China

The year 1978 marked the signing of the Japan-China Peace and Friendship Treaty. As part of this agreement, a steel mill construction project was launched in Shanghai. Hitachi also participated in the project and established a high level of trust with the Chinese authorities. Since then, Hitachi has gradually built a system of cooperation in China that ranges from plant construction to the establishment of joint ventures. Over the years, we have contributed to industry development, enhanced technological capabilities and improved lifestyles in China through our business.

Social Contribution as a corporate citizen

Hitachi's social contribution activities were inspired by the sentiments of its founder, Namihei Odaira. Mr. Odaira dedicated himself to his employees and to the development of the City of Hitachi, where we were founded. His spirit of social contribution was adopted by all successive management teams, leading to the establishment of seven charitable corporate foundations in Japan and overseas (now merged into the Hitachi Global Foundation).

(reform period)

Group management

Tsutomu Kanai becomes our sixth president
 Environmental Division is established.
 Enacted the Hitachi Environmental Protection Principles.
 Implemented a Group system
 Etsuhiko Shoyama becomes our 7th president
 Kazuo Furukawa becomes our 8th president

2009 ▶ 2018 (regeneration period) Toward a global Hitachi

2009 Takashi Kawamura becomes our 9th president
 Implemented a Company system
 2010 Hiroaki Nakanishi becomes our 10th president
 2014 Toshiaki Higashihara becomes our 11th president
 2016 Implemented a Business Unit system
 Launched Lumada

from the perspectives of consolidated management and global expansion while actively engaging in M&A and business collaboration. Later, Kazuo Furukawa, who was appointed president in 2006, further implemented these reforms under his policy of "collaboration and profit management." Hitachi became a company with more than 1,000 consolidated subsidiaries, and its Group companies expanded business through independent and creative management. However, Hitachi recorded its largest loss ever in fiscal 2008, due to rising crude oil and raw material prices and global financial instability.

Evolution of our Social Innovation Business

Takashi Kawamura was appointed chairman and president in 2009, as global economic growth further slowed. In 2010, which marked the 100th anniversary of our founding, Hiroaki Nakanishi took over as president while Mr. Kawamura remained in the position of chairman. Under this leadership structure, we launched initiatives aimed at reviving the Hitachi Group and developing the Social Innovation Business. Further reforms were implemented and we introduced a Company system under the 2012 Mid-term Management Plan (FY2010 -FY2012) in an effort to clarify responsibilities and authorities. In 2012, we started a Group system that consolidated strongly related businesses into five groups (later six). We have also promoted business reforms, severing non-core businesses and performing restructuring. Through the 2018 Mid-term Management Plan (FY2016 -FY2018), we have determined our business areas of focus and, with primary support from our Social Innovation Business, are aiming to become a leading global innovation partner for the IoT era and to transform into a comprehensive digital solutions company.



2001
 Proton therapy system
 (University of Tsukuba
 Hospital)



2004
 The World's first storage system equipped with virtualization functions



2017
 Class 800 train for the Intercity Express Programme (IEP)



Omika Works ▶ P.51

The Hitachi Global Foundation complements Hitachi's social contribution activities by conducting initiatives with a wide range of aims, including the promotion of academic research, science and technology, the development of next-generation human resources and building multicultural symbiotic & diversity societies. In 2002, Hitachi developed the principles and policies that govern its social contribution activities and has since focused on activities that take advantage of its unique characteristics, concentrating primarily on human development, the environment and community support.

Promoting STEM education^{*1} as One Hitachi

With the rapid development of information technology using artificial intelligence (AI) and big data, the development of IT personnel has become a major issue. Under these circumstances, STEM education is being regarded as important around the world as an education method that aims to nurture human resources who are capable of using cutting-edge technologies, primarily including IT, to demonstrate their creativity, power of expression and problem-solving skills. Hitachi is conducting a variety of social contribution activities involving STEM education to develop next-generation human resources who will provide leadership in the future.



Children learning through STEM education

*1 STEM education is education in Science, Technology, Engineering and Mathematics.