Hitachi Energy Investor Days 2023

Supply chain and footprint – Expanding our capacity for growth

Bruno Melles
BU Managing Director Transformers
Hitachi Energy
A global footprint to serve our end customers and address local needs

120+ factories
across 6 continents

Serve the market nearest to our end customer
Build resilience in supply chain with ability to serve customers from different factories
Address local customer needs / local regulation
We are leveraging our strengths and proactively taking actions to capture the growth opportunity

### Production
- Leverage and expand global manufacturing capacity (own and partners footprint)
- Focus on operational excellence, productivity and working capital
- Leverage IT & digital transformation

### Supply Chain
- Integrated global supply chain structure (e.g., Feeder Factory)
- Manage demand and supply proactively with partners
- Innovate in collaboration with supply chain partners

### Business model
- Build partnership ecosystems across the value chain
- Improve supply chain planning (e.g., FA\(^1\) & CRA\(^2\))
- Collaborate to increase modularization and standardization

### R&D and engineering
- Build capacity in developing pioneering technologies
- Set strong focus on customer needs

### Talent
- Secure talent globally – leveraging our local presence and our purposeful value proposition

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1. Framework agreement (Long-term)
2. Capacity Reservation Agreement
We are further expanding our manufacturing capacities & global footprint

**Transformers**
- **New factory:** Bac Ninh, Vietnam
- **Expansion:** Dosquebradas, Colombia
- **New factory:** Chongqing, China

**High Voltage Products**
- **New factory:** Bangalore, India
- **New factory:** Xi’An, China

**Grid Integration**
- **New valve and C&P^1 factory:** Chennai, India
Feeder Factory Concept allows us to produce close to customers using common components from global manufacturing centers

Benefits
- Standardization of parts and components
- Modularization of products and systems
- Economies of scale in global Feeder Factories
- Local added value close to customers

Unique global operating model enables scalability and flexibility of the value chain in manufacturing and engineering
We are vertically integrated across the entire life-cycle
We proactively manage our supply chain globally and locally

We have a market leading supply chain

- Global scale across business
- Long-standing relationships with suppliers
- Feeder Factory concept and synergies

We proactively equip our supply chain to meet future demands

- Reserving capacity with suppliers/logistics partners
- Expanding supply base & partnering with suppliers
- Engaging tier 2 and tier 3 suppliers
Investing in talent, global engineering capacity and capabilities

New Global Technology and Innovation Center in Chennai, India

- 2,500+ technologists across business and functions in one campus
- Extensive capabilities from hardware to software, from HVDC to microgrids
- Over 1,000 engineering projects across 40+ countries executed every year

Front-end local engineering close to customers in all main markets

Global engineering in centralized technology & innovation center, with 15 years experience
A collaborative model enables the use of recycled oil in the distribution transformers for E.ON in Sweden

90% Lower carbon footprint of the recycled oil compared to new mineral oil

18% Increase of total recycled content of the transformer

“We are proud of this pioneering partnership model. Collaborations like these are crucial to enable a sustainable and electrified future”

Peter Hjalmar, Regional Manager South at E.ON
Transgrid and Hitachi Energy cooperation

Accelerating the energy transition in Australia
Significant investments in critical transmission projects

Enhanced Sustainability and System reliability
Important role of shunt reactors

Long term partnership

TransGrid
Reinforcing the 500kV transmission network

Hitachi Energy
Shunt reactors
Leading technology
Footprint (delivery from China)
Supply flexibility
Robust supply chain
Commitment on production slots

4 Projects
Our leading supply chain and global footprint enable our profitable and sustainable growth journey

Key takeaways

01 The energy transition growth opportunity requires scaling and flexibility

02 Feeder Factory concept allows scaling and agile production and supply chain

03 Key success factors: footprint and investment capacity, innovation in business models and supply chain management, and talent management

04 Collaboration with customers, partners across the value chain is essential