



**HITACHI**  
Inspire the Next

Japan-Europe Forum 2022

# International trade & economic system ; How we apply this when doing business between Europe and Japan

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Executive General Manager  
Government Relations Office (Brussels Office)  
Hitachi Europe GmbH  
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# 1. Introduction of Hitachi

# 1-1. Corporate Foundation

- ❑ Founded in 1910 as a machine repair shop at Kuhara Mining Company in Hitachi City, Ibaraki Pref.
- ❑ Mission: **Contribute to society through the development of superior, original technology and products**
- ❑ Values (**Hitachi Founding Spirit**) : **Harmony, Sincerity, Pioneering Spirit**

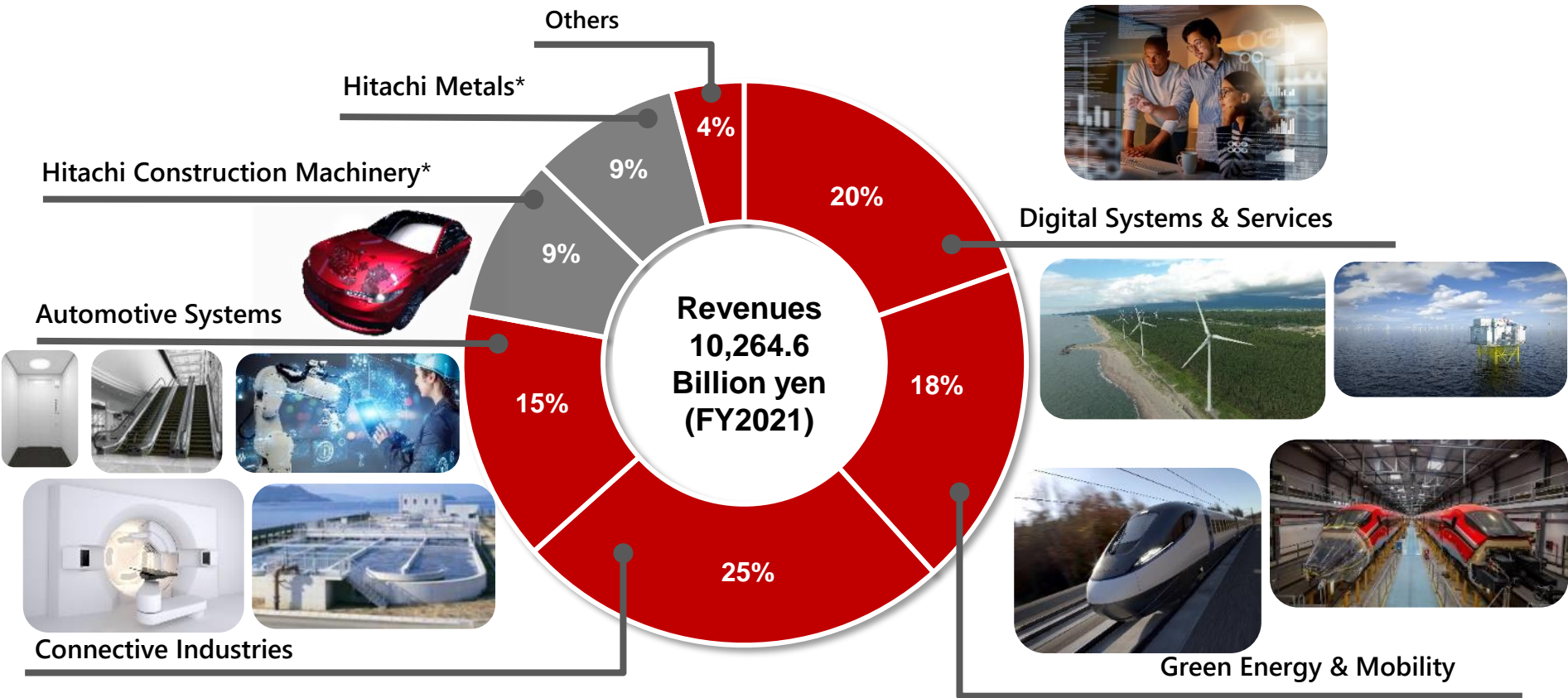


Hitachi Founder,  
Namihei Odaira



Initial shop in Ibaraki  
(1910)

# 1-2. Diversified Business for Social Innovation Business (FY2021)



- The figures are based on the new segment classifications effective from FY2022
- Hitachi Construction Machinery and Hitachi Metals are scheduled to be deconsolidated in FY2022

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## 2. Hitachi's Globalization

## Sold / Withdraw

## Enhance capability (Acquisition)

2022

- Hitachi Metals
- Hitachi Construction Machinery
- Diagnostic Imaging-related Business
- Home Appliance (JV with Arçelik)
- Thermal Power Plant Business
- Hitachi Chemicals

- Clarion (Vehicle Information Sys.)
- Hitachi Kokusai Electric
- Hitachi Power Tools
- Hitachi Capital
- Hitachi Transport Systems
- Air Conditioning Equipment (JV with Johnson Controls)
- Hitachi Maxell

- Flat Panel TV
- LCD
- Hard Disk Drive

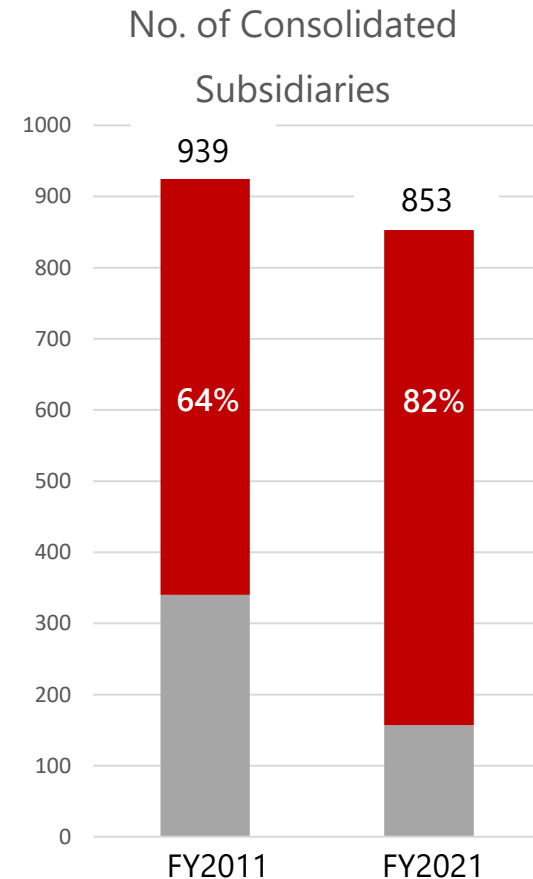
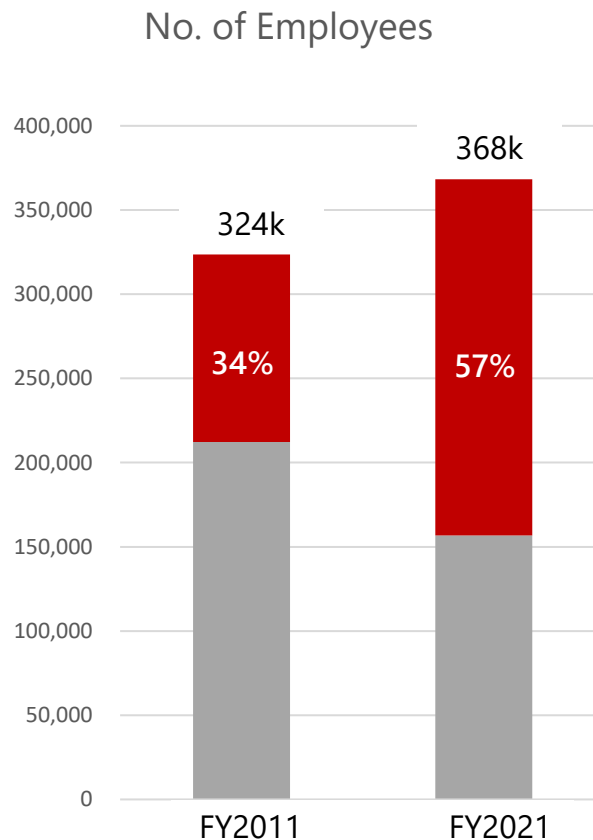
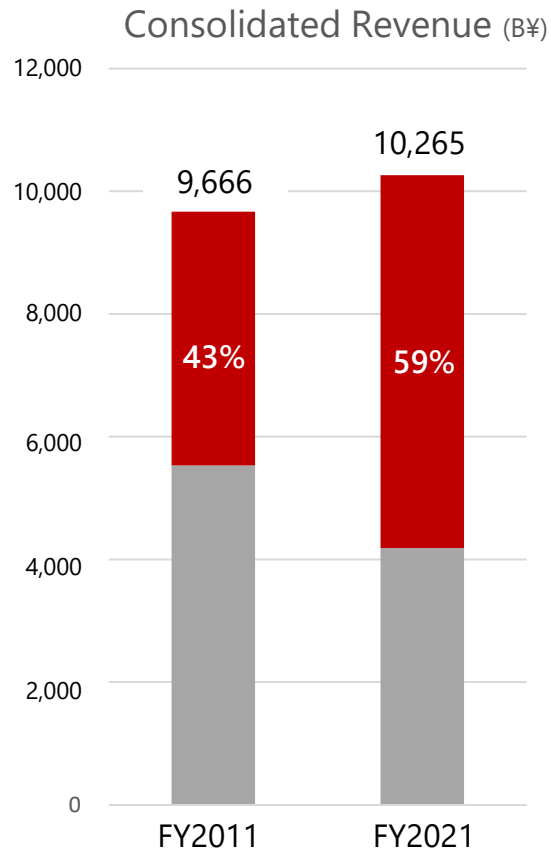
2012

- Thales Ground Transportation Systems Business (France)
- GlobalLogic (digital engineering) (US)
- Hitachi Astemo (JV with Honda)
- Chassis Brakes International (Netherlands)
- ABB Power Grid Business (Swiss)
- Hitachi High-Tech (100% subsidiary)
  
- JR Automation (robot SI) (US)
  
- Sullair (air compressor) (US)
  
- Ansaldo Breda / STS (Italy)
  
- Pentaho (data analytics) (US)
- Newton Aycliffe Train Factory (UK)

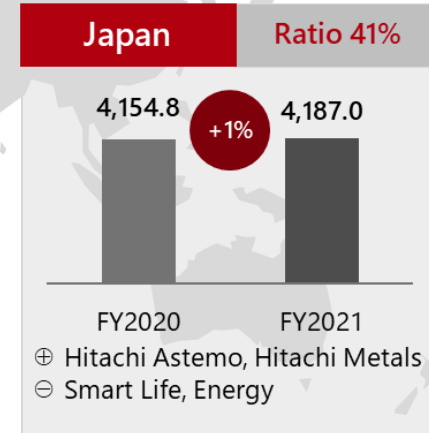
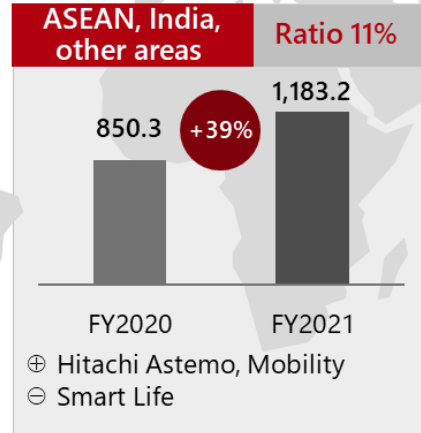
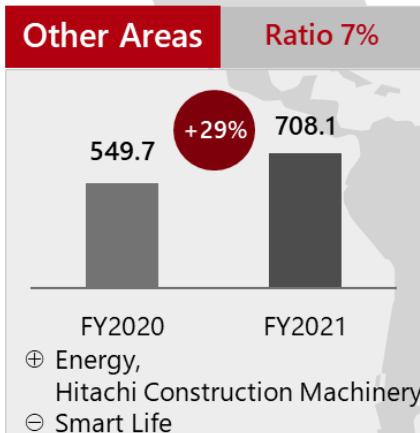
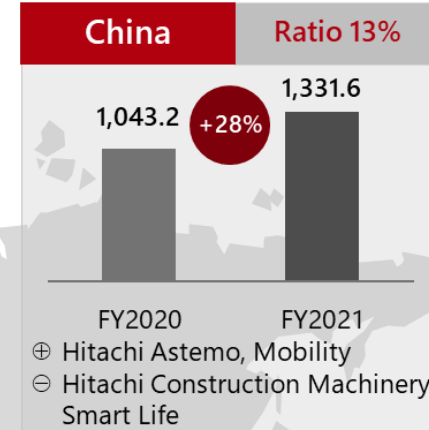
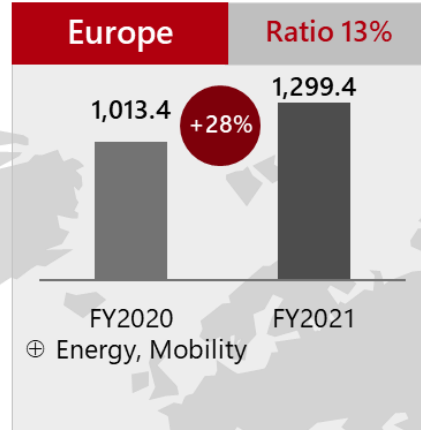
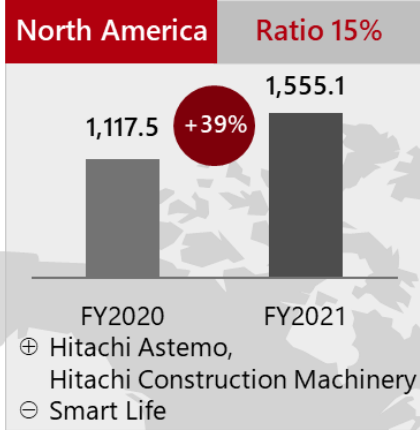
## 2-2. Progress of Globalization (FY2011 ~ FY2021)

■ Japan ■ Outside Japan

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## 2-3. Big Growth Outside Japan





## 2-4. Strong Governance for Globalization (Independent Directors)



Katsumi Ihara (71)



Ravi Venkatesan (59)



Cynthia Carroll (65)



Ikuro Sugawara (65)



Joe Harlan (63)



Louise Pentland (50)



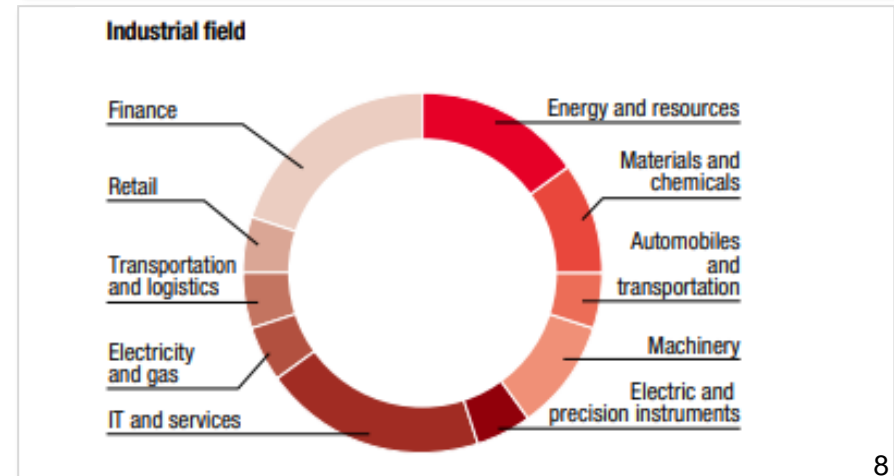
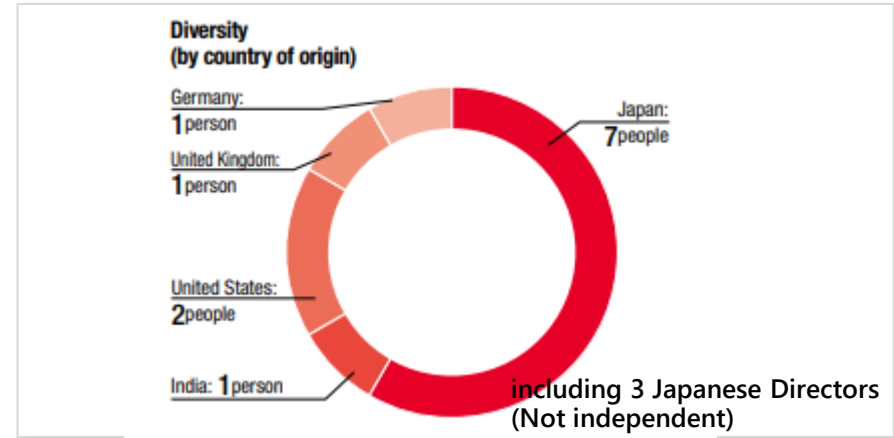
Takatoshi Yamamoto (69)



Hiroaki Yoshihara (65)



Helmuth Ludwig (59)



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## 3. Growth in Europe

## Sold / Withdraw

2022

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- Hitachi Construction Machinery
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- Hitachi Chemicals

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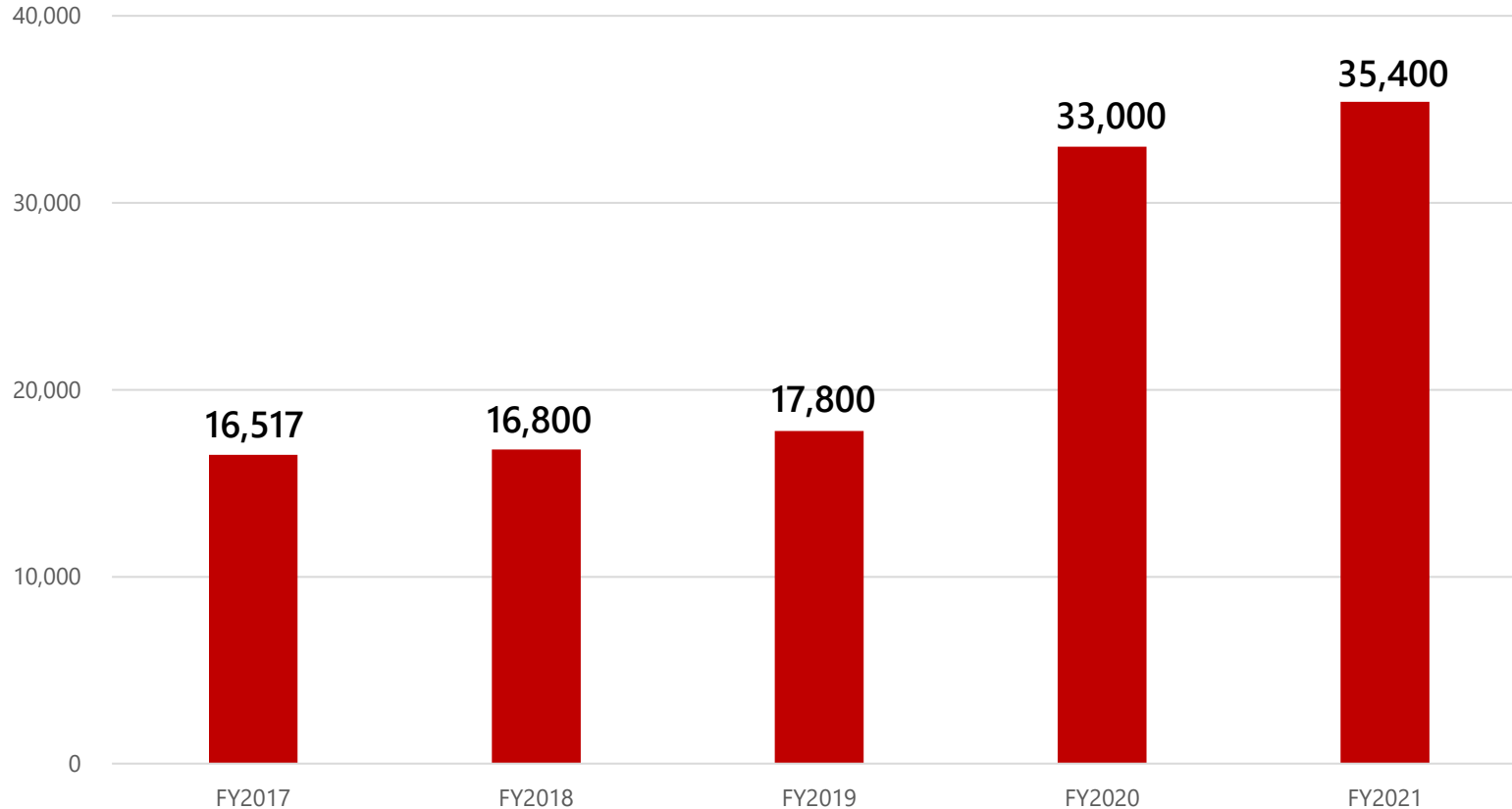
2012

## Enhance capability (Acquisition)

- **Thales Ground Transportation Systems Business (France)**
- GlobalLogic (digital engineering) (US)
- Hitachi Astemo (JV with Honda)
- **Chassis Brakes International (Netherlands)**
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- Pentaho (data analytics) (US)
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Screen Only

### 3-3. Contribute to the European society (No. of employees)



## 3-4. Europeans lead green business globally



### Claudio Facchin

Senior Vice President and Executive Officer,  
CEO of Power Grids Business Unit, Hitachi, Ltd.  
CEO of Hitachi Energy Ltd.



### Andrew Barr

Vice President and Executive Officer,  
CEO of Railway Systems Business Unit, Hitachi, Ltd.  
Director of Hitachi Rail Ltd.



### Lorena Dellagiovanna

Vice President and Executive Officer,  
Chief Sustainability Officer, General Manager of Sustainability Gr.,  
Head of Global Environment Division, and CDEIO  
Hitachi, Ltd.

# 3-5. Developing World Leading Technologies in Europe

LONDON	European R&D Centre Headquarters Sustainability Lab (Energy, <b>Carbon management</b> , Environment) Mobility System Lab (Mobility solution, Rail) Digital & Data Innovation Lab ( <b>AI</b> , Optimisation, Security & trust) Design Lab (Design thinking, Systems thinking, Futures design)
CAMBRIDGE	Cambridge Lab ( <b>Quantum computing</b> , Synthetic biology)
PISTOIA	Mobility System Lab (Mobility solution, Rail)
COPENHAGAN	Digital & Data Innovation Lab ( <b>AI</b> , Optimisation, Security & trust)
MUNICH	Autonomy & Circularity Lab ( <b>Autonomy for transport</b> , <b>Circular industry</b> , Data-driven services) Digital & Data Innovation Lab ( <b>AI</b> , Optimisation, Security & trust)
HEILBRONN	Hitachi Astemo Brake Business (Customer engineering - Design and Test)
SOPHIA ANTIPOLIS	Autonomy & Circularity Lab ( <b>Autonomy for transport</b> , <b>Circular industry</b> , Data-driven services)
PARIS/ DRANCY	Hitachi Astemo Brake Business (Global R&D - Design and Test, Innovation and Customer engineering)
ZURICH	Swiss Branch (Since 2022, Energy strategy)



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## 4. Risk Management



### **Hitachi's Business Situation in Ukraine and Russia**

Tokyo, March 10, 2022 – Hitachi Group considers the safety and health of all employees and their families as its top priority. In Ukraine, the company is engaged in various activities to realize this goal and hopes that peace will return as soon as possible.

In Ukraine, there are engineering hubs of GlobalLogic, a U.S. subsidiary. As part of its strategy to put top priority on the safety of employees and their families, GlobalLogic has been taking actions based on Business Continuity Plan (BCP) including evacuation to safer location in Ukraine and across borders to other countries. While there has been some interruption of services during employee transition, the company has been able to resume client projects and is working to get operations back to normal status. Due to the nature of the software engineering work, employees are able to perform their duties from remote locations as they were doing because of the pandemic and there has not been a significant impact on GlobalLogic's operation at this moment.

Regarding business in Russia, Hitachi Group is suspending exports to Russia and pausing all manufacturing activities within the country for the time being, with the exception of products, services and support for electrical power equipment that are indispensable to the daily lives of people.

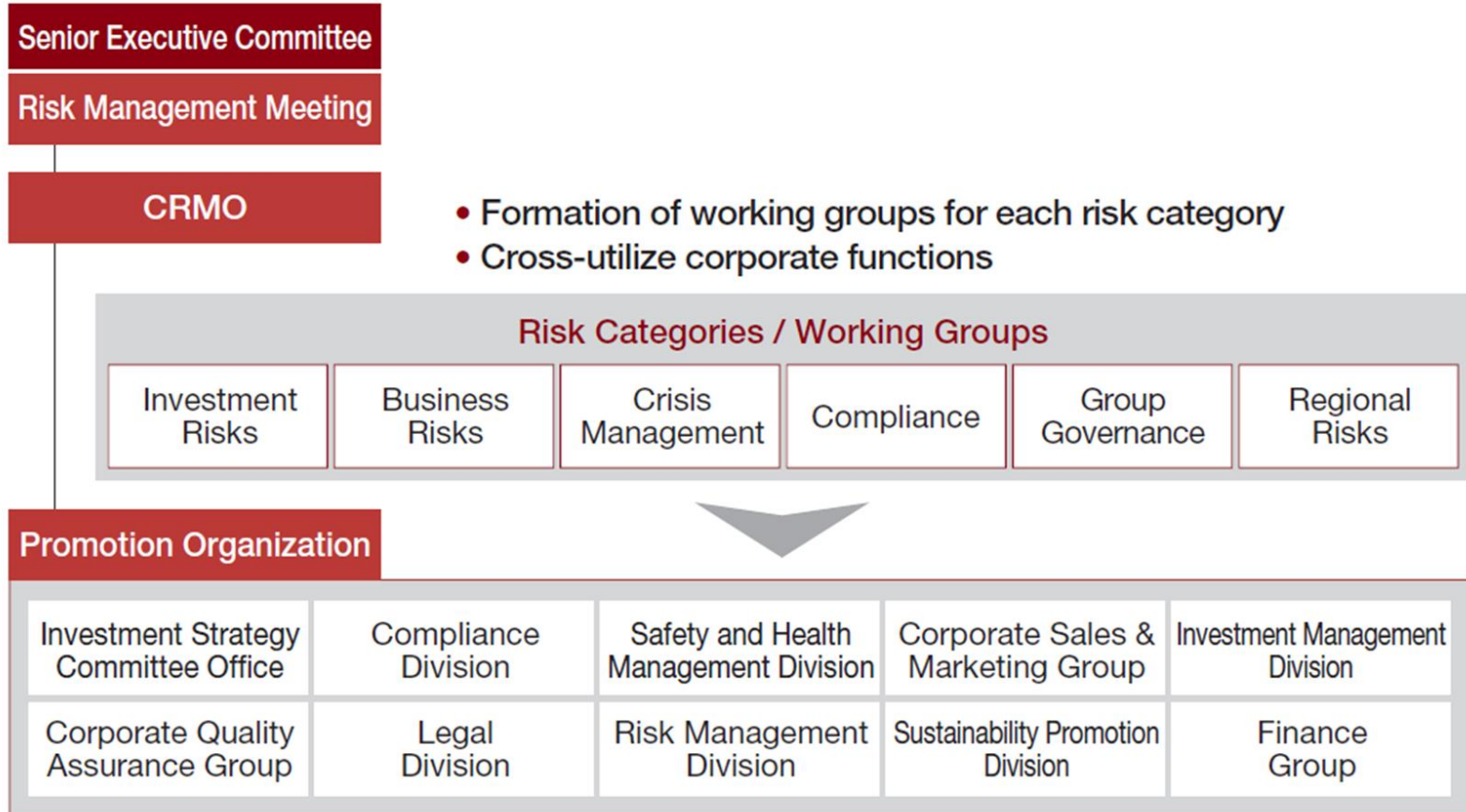
## 4-2. Disclosing the Impacts of Global Risks

### Business Environment (Q4 FY21)

- Semiconductor shortage is affecting mainly Hitachi Astemo (Shortages of some logic, analog, and discrete semiconductors)
- Soaring material prices are impacting mainly on Hitachi Astemo, Hitachi Energy and Building Systems business (Market prices soared approx. +50% for steel, approx. +28% for copper and approx. +65% for aluminum year over year)
- Relatively minor impact of the situation in Ukraine and Russia on current business. Of the FY2021 total consolidated revenues, less than 1% is for Ukraine and Russia

	Semiconductor shortage	Soaring material prices (steel, copper, etc.)	Activity constraint due to pandemic	Logistics	Situation in Ukraine and Russia
<b>IT</b>	Revenues decrease in IT products	Minor Impact	Some customer investment restraint in Japan, ATM shipping delay due to the lockdown in China	Minor Impact	Minimized business impact while some business bases of GlobalLogic exist in Ukraine
<b>Energy</b>	Revenues decrease and cost increase in power grids business	Cost increase of electrical steel sheet, etc. in power grids business	Minor Impact	Logistic cost increase in power grids business	Minor Impact
<b>Industry</b>	Impact on delivery date of products (factory automation equipment, etc.)	Cost increase in some products business	Minor Impact	Minor Impact	Minor Impact
<b>Mobility</b>	Minor Impact	Cost increase in Building Systems BU	Minor Impact	Minor Impact	Minor Impact
<b>Smart Life</b>	Minor Impact	Cost increase in Smart Life & Ecofriendly Systems business	Delay in procuring some parts in Smart Life & Ecofriendly Systems business	Impact on production of Measurement & Analysis Systems business due to delay in parts supply	Minor Impact
<b>Hitachi Astemo</b>	Large revenues decrease due to OEM production cutbacks	Cost increase in some products due to price increase in materials such as steel and copper	Decrease in parts supply in India and China	Minor Impact	Minor Impact

# 4-3. Risk Management Structure



### The Major Role of the “Economic Security Office”

1. Responding to global economic security laws and regulations in major countries
  - Supply chain resilience, core technologies, data transfer, human rights, foreign direct investments, etc.
2. Managing project risks in global business operations
  - Reviewing the economic security risks associated with project managements and coordinations
  - Mitigating potential risks
3. Strengthening internal capacity for economic security
  - Enhancing company-wide response capabilities

1. **Promotion of globalization and diversity is essential for Hitachi's growth.**
2. **While rule-based free trade is desirable, currently economic security is the priority.**
3. **Global companies need to enhance their ability to respond to various risks, including geopolitics.**



An aerial view of a city at sunset, with a globe in the foreground and a dotted graphic. The text is overlaid on the cityscape.

Hitachi Social Innovation is  
**POWERING GOOD**

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