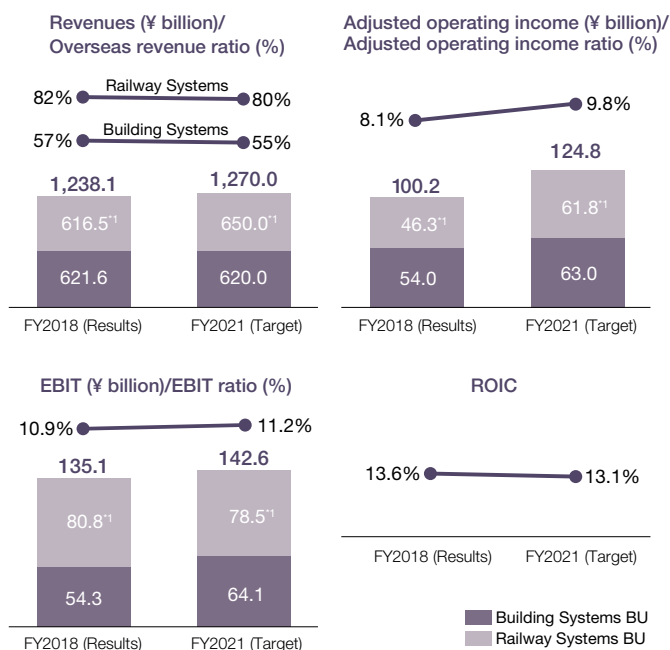


Story of Value Creation in the Mobility Sector

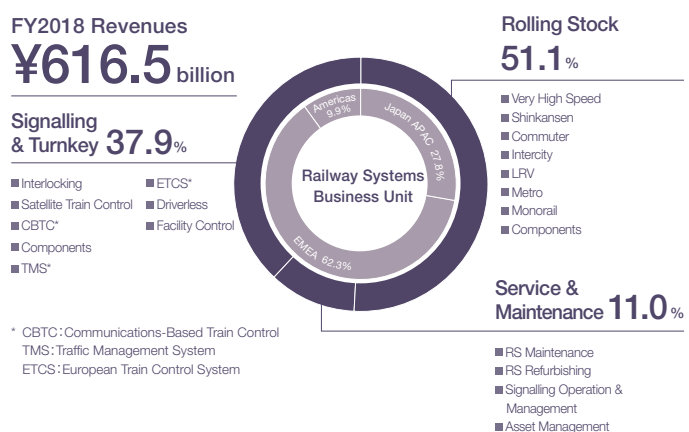
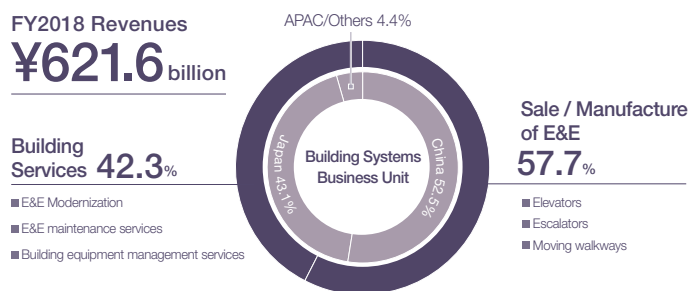
Global population is growing and urbanization is advancing rapidly, so that the proportion of people living in urban areas is expected to rise to 68% by 2050, from around 55% today. In addition, the negative impact from climate change is causing environmental, economic and social damages. Against this backdrop, in the mobility realm, the demand for clean and highly efficient mobility solutions such as one for faster and more environmentally friendly intercity transportation and alleviation of dependency on car use within city centers, and smart solution to manage the people flow in high-rise buildings.

Results and Targets



¹ Figures for Railway Systems BU include the control systems business, which is posted in the IT segment.

Principal Products and Services



* CBTC: Communications-Based Train Control
 TMS: Traffic Management System
 ETCS: European Train Control System

Our Ideal under the 2021 Mid-term Management Plan

Providing People with Safe, Secure and Comfortable Transportation Services

In the Mobility Sector, we deliver social value by providing people with safe, secure and comfortable transportation services, and products and services for urban spaces such as buildings. At the same time, we create environmental value by realizing transportation services that have a low environmental impact and contribute to, for example, reducing CO₂ emissions.

Growth Strategies under the 2021 Mid-term Management Plan

In the Building Systems Business Unit, we expand technologically advanced and competitive products and services, which include the world's fastest elevator (according to our research as of September 2019) with the speed of 1,260 meters per minute, and Lumada solutions leveraging Hitachi Group's robust resources on digital technologies such as Internet of Things (IoT) and artificial intelligence.

Meanwhile, in the Railway Systems Business Unit, we realize the differentiation from other competitors by providing total solutions spanning the manufacture of rolling stock to operational control, IC ticketing and seat reservation system, and solutions utilizing IoT and digital technologies for operation optimization, driverless operation and digital ticketing.

■ Building Systems Business Unit

The market for elevators and escalators (E&E) is expected to continue expanding steadily. Particularly high rates of growth are expected in the Asian market, especially in India, which has the world's second largest market scale. In the largest market, China, the expected growth area has been shifted from new installation to maintenance and modernization of E&E. In Japan, the demand for E&E modernization is expanding and the expectation for new solutions leveraging digital technologies for workers and tenants in buildings is increasing.

Against this backdrop, the Building Systems Business Unit has achieved growth globally based on its sophisticated products and technologies, which are exemplified by the top share (Hitachi research) of order received in fiscal 2018 by unit in China, the world's largest market for new installation of E&E, accounting for more than 50% of the total. Going forward, we plan to combine manufacturing and sales of E&E with building services to realize business growth and increased profitability. To this end, we are stepping up investment centering on digitalization. Specifically, we are accelerating investment in a global control center that functions as a basement for providing leading-edge building services, such as a sophisticated remote monitoring service which utilizes digital technologies and a solution which realizes efficient and comfortable movement by using sensors in buildings and analyzing the flow of people.

In addition, in Asia and Middle East, where demand for new installation of E&E is surging, we are deploying our sales and service bases, and expanding our business through maximizing the capacity utilization of factories in China and utilizing sophisticated maintenance and modernization technologies which we have developed in Japan.



■ Railway Systems Business Unit

Demand in the railway market is expected to expand throughout the world thanks to economic development. Growth, mainly for rolling stock, signaling system and control system, is expected in Europe, Middle East, Africa and Americas.

In fiscal 2018, the Railway Systems Business Unit set records for rolling stock deliveries and orders, revenue and adjusted operating income ratio, highlighting our efforts to build a firm global business platform. In the future, we intend to move forward with rolling stock, signaling system and turnkey business as core businesses. We will also concentrate investment in digital technologies and IoT to enhance our competitiveness further. We are encouraging our Dynamic Headway, which optimizes operations based on demand, autonomous

operation, and digital ticketing utilizing location information and other data to realize automatic payments via smartphones. In addition to further reinforcing services and solutions such as these, we will augment the value for customers and provide safe, secure and comfortable transportation services.

In January 2019, we acquired Ansaldo STS (now Hitachi Rail STS), an Italian leader in railway signaling systems, converting the company to a wholly owned subsidiary and delisting it. In addition to further enhancing our strength in the signaling and turnkey businesses, we expect this move to generate synergies through organizational optimization and increased production efficiency, allowing us to further expand our global operations.



Value Co-Creation in the Mobility Sector

In the Building Systems Business Unit, we are working on enhancing our products and services through the analysis of the data gathered from elevators, escalators and building equipment, increasing added value of maintenance services such as sophisticated remote monitoring and control, providing data to building owners and managers, and creating new businesses leveraging Lumada.

By positioning the global control center as a core competence and deploying new solutions leveraging Lumada to the customer base we have built in E&E business, we aim to develop our business further and realize the expansion of building service business other than E&E and differentiation from manufacturers specializing in E&E.

In the Railway Systems Business Unit, for Denmark's Copenhagen Metro we are working on the maximization of transportation capability, congestion alleviation and cost reduction through detecting demand based on the number of people waiting at station platforms and realizing autonomous and flexible operation. With core products such as this, we aim to expand business in the urban transport market in Europe, where business volume is the highest in the world. Demand is also expected to flourish in Americas. There, we aim to secure growth opportunities by utilizing existing manufacturing bases and leveraging our market presence in services and maintenance.

In the Mobility Sector, through social innovation businesses such as these, we will provide people around the world with products and services that are safe, secure, comfortable and environmentally friendly.