

FOR IMMEDIATE RELEASE

Mitsubishi Electric to Transfer Distribution Transformer Business to Hitachi Industrial Equipment Systems

Tokyo, April 5, 2024 – Hitachi Industrial Equipment Systems Co., Ltd. (Head Office: Chiyoda-ku, Tokyo; President and CEO: Yasuhiro Takeuchi; hereinafter “Hitachi Industrial Equipment Systems”) and Mitsubishi Electric Corporation (Head Office: Chiyoda-ku, Tokyo; President & CEO: Kei Uruma; hereinafter “Mitsubishi Electric”) today announced that they have agreed to transfer the distribution transformer business of Mitsubishi Electric’s Nagoya Works, which develops and manufactures factory automation (FA) equipment, to Hitachi Industrial Equipment Systems and integrate their businesses (hereinafter “Business Transfer”). After obtaining approval from the relevant authorities, assets and other items related to the distribution transformer business (development, design, manufacturing, sales, and maintenance) at Mitsubishi Electric’s Nagoya Works will be transferred to Hitachi Industrial Equipment Systems in stages beginning in October 2024, with completion scheduled for April 1, 2026. The Business Transfer does not include the transformers manufactured at Mitsubishi Electric’s Transmission & Distribution Systems Center, Ako Factory.

Through this Business Transfer, Hitachi Industrial Equipment Systems will expand its product lineup of highly energy-efficient and eco-friendly transformers and accelerate the growth of grid edge solutions^{*1} centered on power distribution systems, mainly in the domestic market. Furthermore, the company aims to contribute to the sustainable evolution of Japan’s power transmission and distribution network by utilizing Hitachi Group’s wider capabilities in IT, OT, and Products. Mitsubishi Electric will focus on expanding its FA systems business based on its portfolio strategy of concentrating investments in priority growth businesses.

Distribution transformers serve the function of lowering the voltage of high-voltage electricity generated by power plants, so that the power can be used to meet the needs of the users. They are installed at relay points of the power grid, such as substations, public facilities, business facilities, and commercial facilities.

With the global diversification of power generation sources due to the spread of renewable energy and the increasing demand for electric power due to the expansion of data centers and semiconductor manufacturing with the spread of generative AI and Digital Transformation (DX), the demand for power distribution transformers is expected to grow globally over the long term.

In Japan, the Top Runner Program under the Energy Conservation Law sets targets for improving energy consumption efficiency, and distribution transformers used in factories and buildings are expected to achieve improvement by 11.4% in the fiscal year ending March 31, 2027 compared to the actual value for the same period ending 2020. The improvement of environmental performance is becoming indispensable, and in 2026, the market is expected to expand by more than 10% from the 2022 level.^{*2}

*1 Various solutions that operate where transmission and distribution systems and customer-side devices are connected

*2 Source: Fuji Keizai Group, “Current Status and Future Forecast of the Domestic Power Distribution and Receiving System Related Market, 2023 Edition”

Hitachi Group is expanding its transformer business globally as one of the key products for achieving carbon neutrality. As a leading manufacturer of distribution transformers in Japan, Hitachi Industrial Equipment Systems provides products that achieve superior energy efficiency by using “amorphous metal” with low power loss in the iron core, and products that achieve high environmental performance and safety by using vegetable oil (ester oil).

Furthermore, as part of the Hitachi Group, the global leader in transformers, Hitachi Energy, is offering liquid-filled and dry-type transformers, as well as services for complete life-cycle support to utilities, industrial and transport sectors by ensuring high reliability and optimized performance while lowering life-cycle costs and environmental impact.

Mitsubishi Electric’s distribution transformer business based at its Nagoya Works has evolved and inherited technologies cultivated through years of experience. More recently it has been promoting a rich lineup of Top Runner oil-filled transformers such as the R series, in pursuit of energy-saving performance. Looking forward, to strengthen the business further and ensure a stable supply of products, the company duly decided on the Business Transfer to Hitachi Industrial Equipment Systems.

Hitachi Industrial Equipment Systems and Mitsubishi Electric shared a common vision that integrating the technologies and assets of the two companies to improve energy efficiency and increase business value through the development and provision of more environmentally-friendly products is the best way to achieve the advanced power transmission and distribution network required in Japan. Furthermore, the integration will contribute to the Japanese government’s aim to achieve “carbon neutrality by 2050.” Accordingly, the top management of the two companies came to the agreement at this time.

Yasuhiro Takeuchi, President and CEO, Hitachi Industrial Equipment Systems

“The desire to contribute to Japan’s carbon neutrality in 2050 is behind this integration. Hitachi Industrial Equipment Systems globally provides industrial equipment that supports social infrastructure and manufacturing, and transformers are indispensable products for building a greener and more intelligent domestic power transmission and distribution network in Japan. We are confident that through a steady integration process, we can contribute to realizing the sustenance of society within ‘Planetary Boundary’ which is the target of the Hitachi Group.”

Toshie Takeuchi, Executive Officer (Group President, Factory Automation Systems), Mitsubishi Electric

“Starting in 1952, the Nagoya Works distribution transformer business has over 70 years of production experience. We are pleased that Hitachi Industrial Equipment Systems will inherit our technology that has been cultivated over many years, as it can contribute to the development of the distribution transformer industry. We will gradually proceed with the business integration while continuing our supply to the market. In the future, we will focus on expanding the factory automation systems business and our Circular Digital-Engineering business.”

Outline of Hitachi Industrial Equipment Systems Co., Ltd.

Location	5-1, Sotokanda 1-chome, Chiyoda-ku, Tokyo Sumitomo Fudosan Akihabara First Building
Date of Establishment	April 1, 2002
Business	Power distribution systems business, air compressors and related equipment business, marking equipment and systems business, pumps business, clean air equipment business, crane system-related equipment business, drives and IoT equipment business, etc.
Website	https://www.hitachi-ies.co.jp/english/

Outline of Mitsubishi Electric Corporation

Location	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo
Date of Establishment	January 15, 1921
Business	Development, production, sales, and service of products in infrastructure, industry, mobility, life, and business platforms
Website	https://www.MitsubishiElectric.com

<Customer Contacts>

Power Distribution Systems Groups

Hitachi Industrial Equipment Systems Co., Ltd.

[Hitachi Industrial Equipment Systems \(hitachi-ies.co.jp\)](https://www.hitachi-ies.co.jp)

Factory Automation Systems Group

Mitsubishi Electric Corporation

<https://www.MitsubishiElectric.com/fa/support>

Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.
