

Hitachi Investor Day 2024

Green Strategy

June 11, 2024

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Hitachi, Ltd.

Contents

1. Strong Market Momentum
2. Our Ambition in FY24 and Beyond
3. Conclusion

Contents

1. **Strong Market Momentum**
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1-1. Strong Market Momentum

Gen AI x Energy Transition brings us unprecedented opportunities

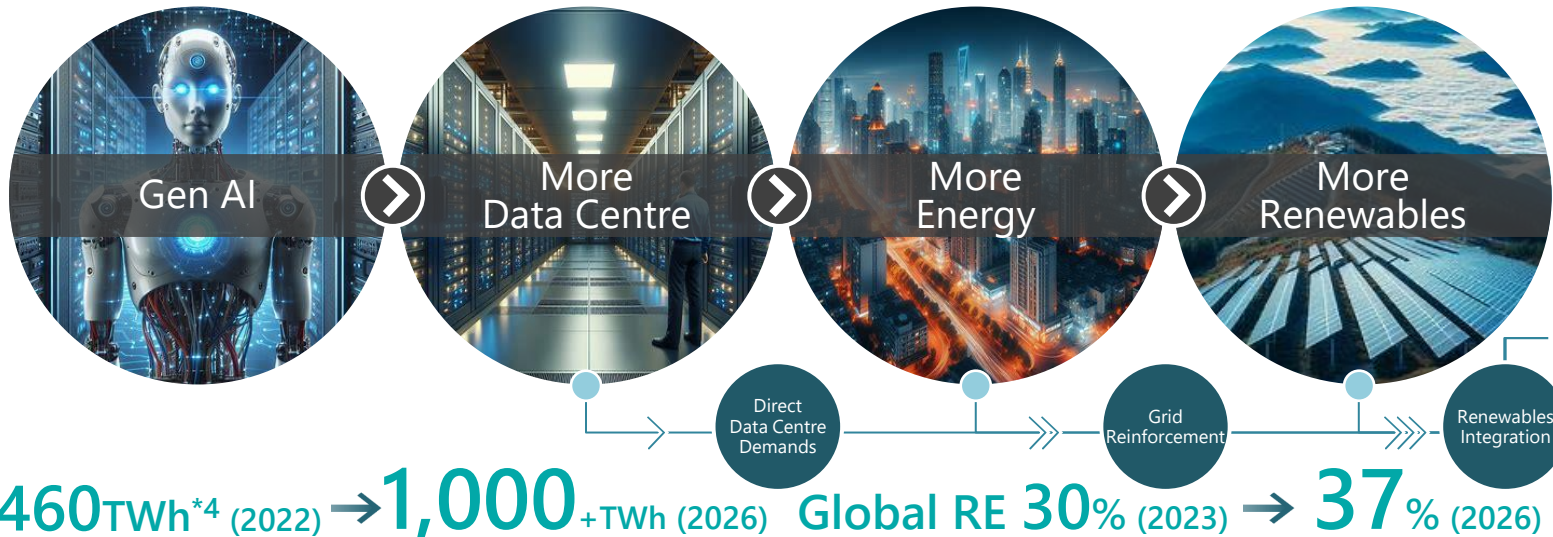
Gen AI demand

X

Energy Transition

=

Opportunities



⋮

"Data centres' total electricity consumption could reach more than 1,000 TWh in 2026. This demand is roughly equivalent to the electricity consumption of Japan"^{*5}

"Renewables are set to provide more than one-third of total electricity generation globally by early 2025, overtaking coal."^{*5}

*1: High Voltage Direct Current *2: Energy Management System

*3: Small Modular Reactor

*4: Terawatt hours

*5: Source: IEA, Electricity 2024 Analysis and forecast to 2026

1-2. Strong Market Momentum - Energy

Electricity will be the backbone of the entire energy system

Global electricity demand growth to 2050



Industries doubling to...

>20 PWh*2



Buildings growing...

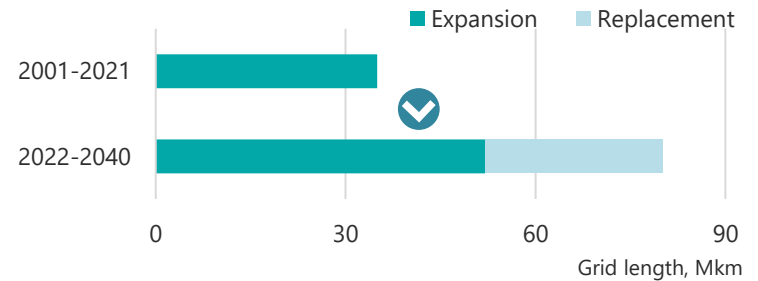
~50 % to >15 PWh



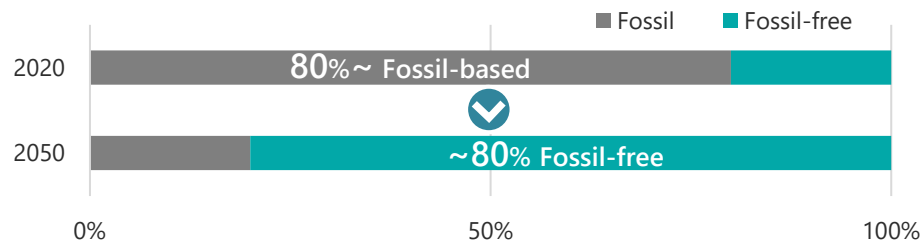
Transportation growing...

>30x to ~10 PWh

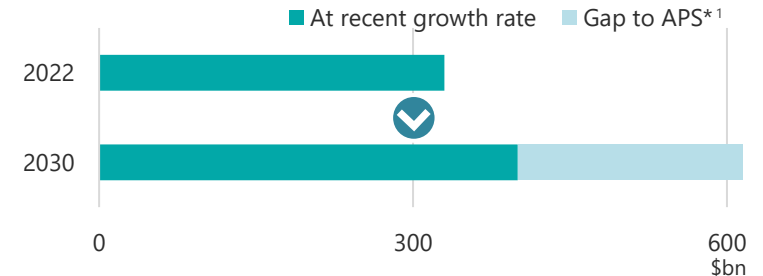
Requiring massive expansion of the grid



Growing share of Renewables



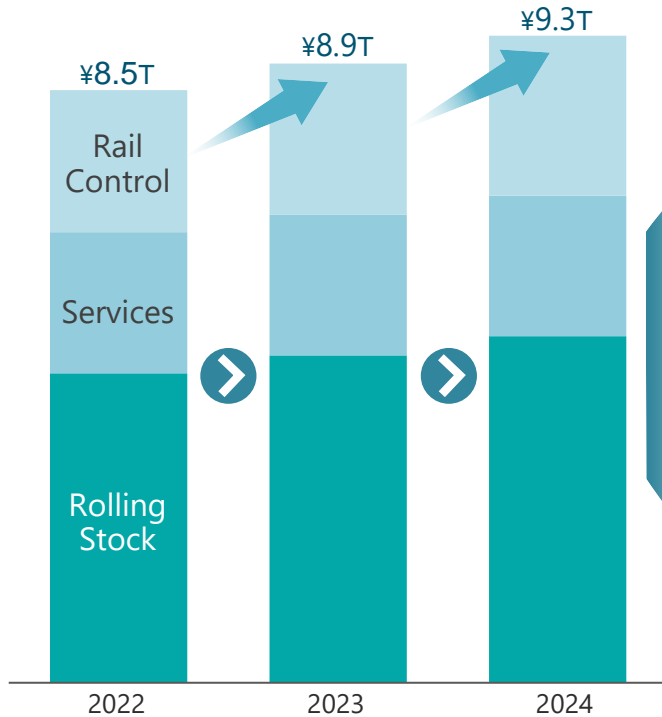
Over \$600bn of grid investment planned



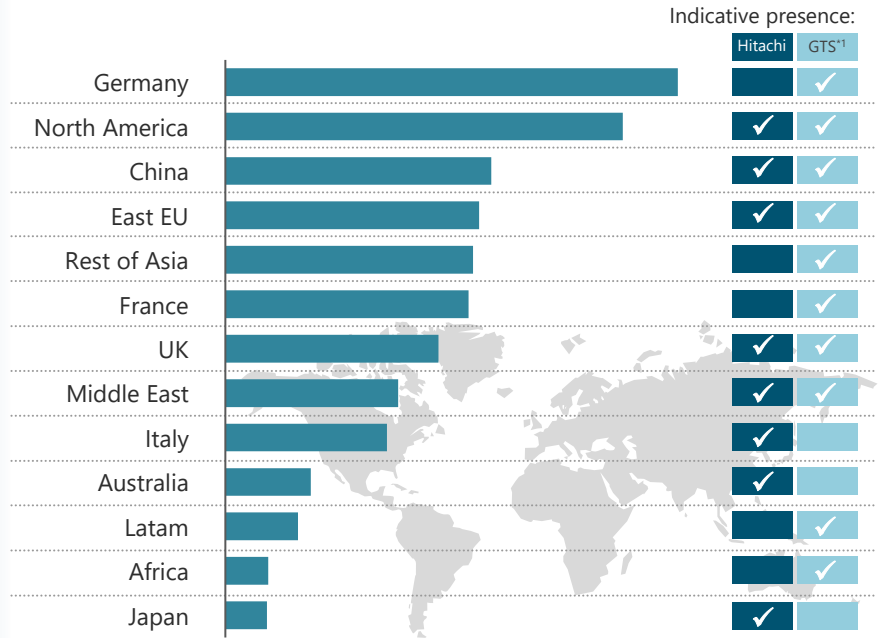
1-3. Strong Market Momentum - Mobility

Railway market remains positive, driven by sustainability tailwinds

Railway accessible market by Segment



Railway accessible market by Geography expanded by Thales GTS acquisition



*Accessible market as of 2024

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2-1. Our Ambition in FY24 and Beyond

Key financial targets in FY24

We will grow further in FY24 and beyond

REVENUE

C.A. **¥3.4T**

YoY + **¥378B**

Adj. EBITA

C.A. **¥295B**

YoY + **¥96B**

C.A. **8.6%**

YoY + **2.1pts**

2-2. Our Ambition in FY24 and Beyond

The numbers expect to become stronger as we continue to deliver

The quality of our Order backlog is in continuous improvement
(Hitachi Energy example)

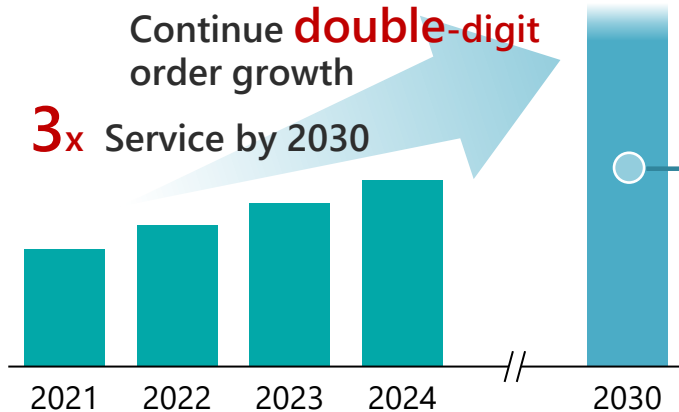


2-3. Our Ambition in FY24 and Beyond

Service & Digital Business Growth

Our strategy for growth in Service and Digital
(Hitachi Energy example)

HE 2030 Ambition on Services



Leverage
Installed Base
(IB)

Strengthen service (Spares, Field services, Upgrades, SLAs, Consulting, Support etc) foundation to capture opportunities in our largest IB

Aging IB needs Upgrades/Maintenance & Asset connectivity

Transforming the customer experience through Asset connectivity, Digital twins, Robotics, Advanced analytics, AI and Scalable solutions for transactional services

Digital Customer Experience

Close collaboration with DSS (GlobalLogic, Hitachi Digital)

New Growth Segments

New growth segments (e.g. Data Centres with high digital affinity and low O&M appetite) offer increasing service opportunities in coming decades

Sustainability tailwinds

2-4. Our Ambition in FY24 and Beyond

Service & Digital Business Growth

An Example of our recent success in Service & Digital in Japan

A Next-generation nationwide load dispatching system

First of its kind system
integrating nationwide balancing operations enabled by combining Hitachi & Hitachi Energy IT/OT world-leading capabilities

A Nationwide Standardised Energy platform in Japan*¹

Energy
Globally proven Software package

Digital
Strong expertise on Japanese utilities

working together with T&D companies in Japan

*1: The system will cover the area under the jurisdiction of 9 general power transmission and distribution companies excluding Okinawa

2-5. Our Ambition in FY24 and Beyond

A New Leadership to drive further growth in Energy Transition

Andreas Schierenbeck

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

* Effective 1ST July 2024

- 2003 Senior Vice President, Power Transmission & Distribution, Energy Management System, SIEMENS
- 2006 President & CEO, Building Automation, SIEMENS
- 2010 President, Building Technology, Americas, SIEMENS
- 2012 CEO, thyssenkrupp Elevator
- 2019 CEO, Uniper
- 2022 Co-founder & Board member, HH2E



2-6. Our Ambition in FY24 and Beyond

We are committed to deliver what we've promised

Some examples of our investment in Capacity and Innovation

RAILWAY SYSTEMS

ENERGY

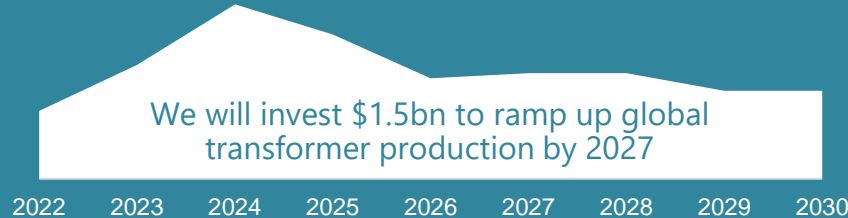
We invest to accelerate the Energy Transition



We plan to invest \$6bn by 2027
in manufacturing, engineering, digital,
R&D and partnerships

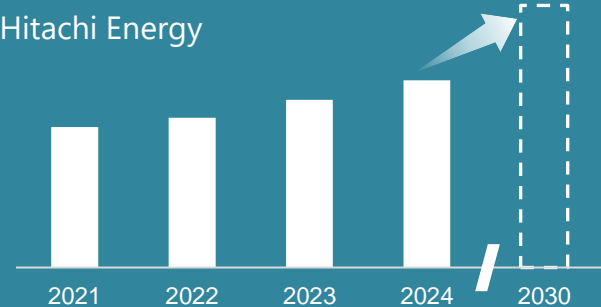
- These investments will increase engineering and manufacturing capacity of our world-leading products and also support deployment of our software solutions and services
- Investments will also go into R&D, partnerships, supply chain, digitalization and automation

CAPEX investment for Transformers (illustrative)



Headcount growth

Hitachi Energy



2-7. Our Ambition in FY24 and Beyond

Growth through strategic M&A

Recent strategic acquisitions to capture growth in emerging markets

RAILWAY SYSTEMS

ENERGY



Advanced power electronics and energy management software capabilities to meet accelerated, global demand for Battery energy storage solutions



Advanced power electronics technology and production capacity for Electric vehicle charging infrastructure and other Grid edge applications

2-8. Our Ambition in FY24 and Beyond

We are committed to deliver what we've promised

Some examples of our investment in Capacity and Innovation

RAILWAY SYSTEMS

ENERGY

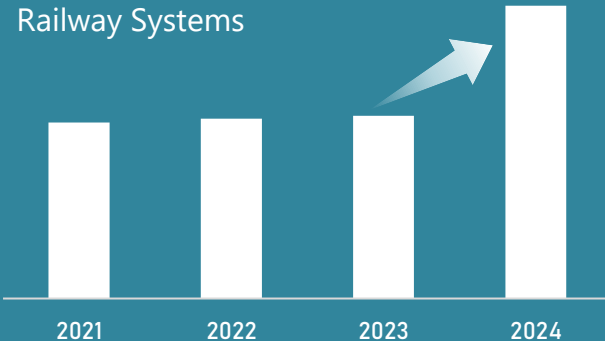
We are building the Most Advanced Digital Factory

HAGERSTOWN, MARYLAND



- \$70M train factory and 800-yard test track, will be capable of manufacturing trains for railways across North America. It will manufacture new fleet for Washington Metro.

Headcount growth



2-9. Our Ambition in FY24 and Beyond

Growth through strategic M&A

Closing of Thales GTS acquisition occurred on 31 May 2024

RAILWAY SYSTEMS

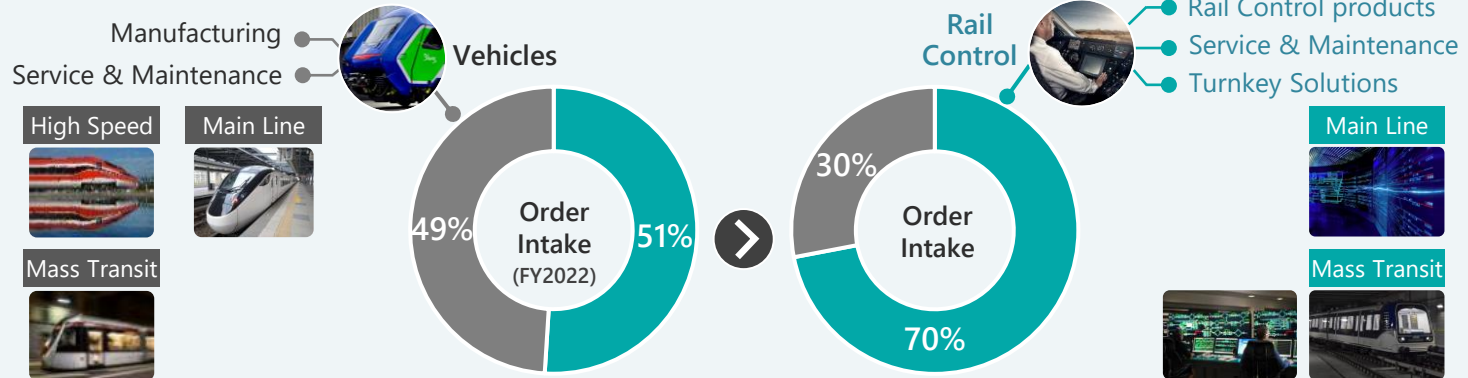
ENERGY

Key Strategic Objectives

- Position as a global leader in a consolidating market
- Get access to new attractive geographies
- Build on GTS offering and skills to expand Digital Services

Integration Program

- Integration Program underway focusing on avoiding duplications and targeting 3 key objectives: Continuity, Business integration, Business transformation
- Preliminary synergy potential estimated as 90-95 M€ additional EBITA per year



2-10. Our Ambition in FY24 and Beyond

Growth through strategic M&A

Closing of Thales GTS acquisition occurred on 31 May 2024

RAILWAY SYSTEMS

ENERGY

New Railway Systems Business Unit in numbers

€7.3B

Revenues
2023*1

~23k

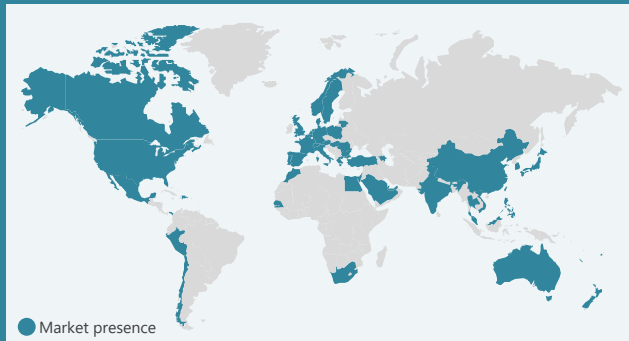
Total
employees

12

Manufacturing
plants

50+

Total countries
covered



*1: Pro-forma figures

2-11. Our Ambition in FY24 and Beyond

Driving other Green Businesses

Nuclear

Contribute to carbon neutrality through our nuclear technology



- Fuel loading completed for restart of K7*1
- Develop innovative Light-water reactor, SMR and Fast reactor
- Fully committed to Fukushima decommissioning

Huge potential for Small Modular Reactor



- Top runner in SMR through partnership with GE Vernova
- Capture huge market opportunities including Canada, USA, UK and Poland

Hitachi Power Solutions

Carbon Neutral as a Service (CNaaS)



Energy and Facility Management as a Service (EFaaS)

- "as a service" offering with :
 - Improved Energy mgmt.
 - End-to-end Facility mgmt.



Microgrid Solutions

- Realise local power generation and consumption by renewable energy to drive sustainability

Mega solar power plant, secondary battery, grid control system etc.

*1: Tokyo Electric Power Company Holdings' Kashiwazaki-Kariwa Nuclear Power Station Unit 7

2-12. Our Ambition in FY24 and Beyond

Hitachi is investing for a bright Green future

Short-term

Mid-term

Longer term to 2050

Removing dependence on old societal legacy such as fossil fuels

Realising circular society

Toward regenerative, resilient and environmentally adaptive society

Energy

Scaling up of Renewables and Inter-connectivity

Grid stability, resiliency and flexibility

Energy storage (battery/hydrogen)

Local area multi-energy hub – ports, data centres, industry

Lifecycle Management for circularity

Small Modular Reactor

Nature-based Solutions, CO₂ Upcycling

Nuclear Fusion

- Shift to larger-scale and lower cost renewables
- Improve security of energy supply

- Overcoming “tough to decarbonise” challenges & preparing for next generation renewables

- Delivering abundant and self-sustaining green energy & solutions for post net zero society

Digital

“Generative AI Center” to promote the safe and effective use

Carbon Value Chain, Secure data sharing

Product Passporting for Circularity

Life cycle management, behavioural change
CO₂

Natural capital accountability

Quantum Ready Cyber Security

“Re-generative Social System AI”

- Leveraging Gen-AI for Accountable & Green Energy & Mobility

- Enabling sustainable society through security, traceability and accountability

- Towards human-machine symbiosis for next society

Mobility

Electrified vehicles

e-Mobility – bus, fleet, freight, car

Software Defined Train & Digital Railway

Sustainable fuel

MaaS & Modal Shift
MaaS
Mobility as a service

3D mobility

Autonomy

- Accelerating the shift to e-Mobility

- Delivering smart, sustainable and integrated green transportation

- Delivering breakthrough automated and 3D mobility

Hitachi will invest more than ¥0.8tn*1 on R&D activities during 2024 MMP period

*1: Total investment in 3 sectors plus corporate advanced research. The equivalent investment during 2021 MMP was approx. ¥0.6tn.

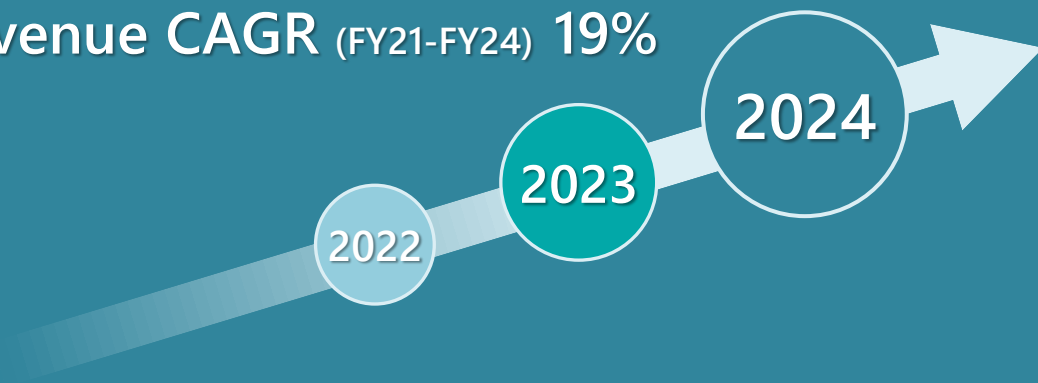
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GEM Sector Revenue and Margin Ambitions

	2022	2023	2024
Revenue	¥2.5T	¥3.0T	¥3.4T
Adj. EBITA Margin	5.3%	6.5%	8.6%
Lumada Business Ratio			13%

Revenue CAGR (FY21-FY24) 19%



Target

Adj. EBITA Margin:
10-12%

Lumada Business Ratio:
30%



Hitachi Social Innovation is
POWERING GOOD



Cautionary Statement

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this report.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- credit conditions of Hitachi’s customers and suppliers;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to Hitachi’s ability to respond to tightening of regulations to prevent climate change
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- exacerbation of social and economic impacts of the spread of COVID-19;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- estimates, fluctuations in cost and cancellation of long-term projects for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- increased commoditization of and intensifying price competition for products;
- fluctuations in demand of products, etc. and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in demand of products, etc., exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained elsewhere in this report and in other materials published by Hitachi.

* This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.