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Hitachi Investor Day 2025

Connective Industries Business Strategy

June 11, 2025

Brice Koch

**Representative Executive Officer, Executive Vice President and Executive Officer,
Assistant to the President, Head of Connective Industries Business
Hitachi, Ltd.**

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- 1. Highlights of the Mid-term Management Plan 2024**
- 2. Business Environment**
- 3. Growth Strategy in Inspire 2027**
- 4. Conclusion**

1. Highlights of the Mid-term Management Plan 2024 (1)

Total Seamless Solution*1 (TSS) by Products × OT × IT



Connected

Connected Products*2

1,200k ↗ 2,500k

Digitalized products have boosted maintenance productivity 3x



Recurring

Recurring Revenues

10% CAGR*5

Accelerating recurring business through operational excellence and strategic M&A



Green

GX Revenues*3

¥725bn ↗ ¥846bn*4

Green Business expansion supporting customers' GX journey



Global

North America

+35%

Revenues Growth*5



Europe

+66%

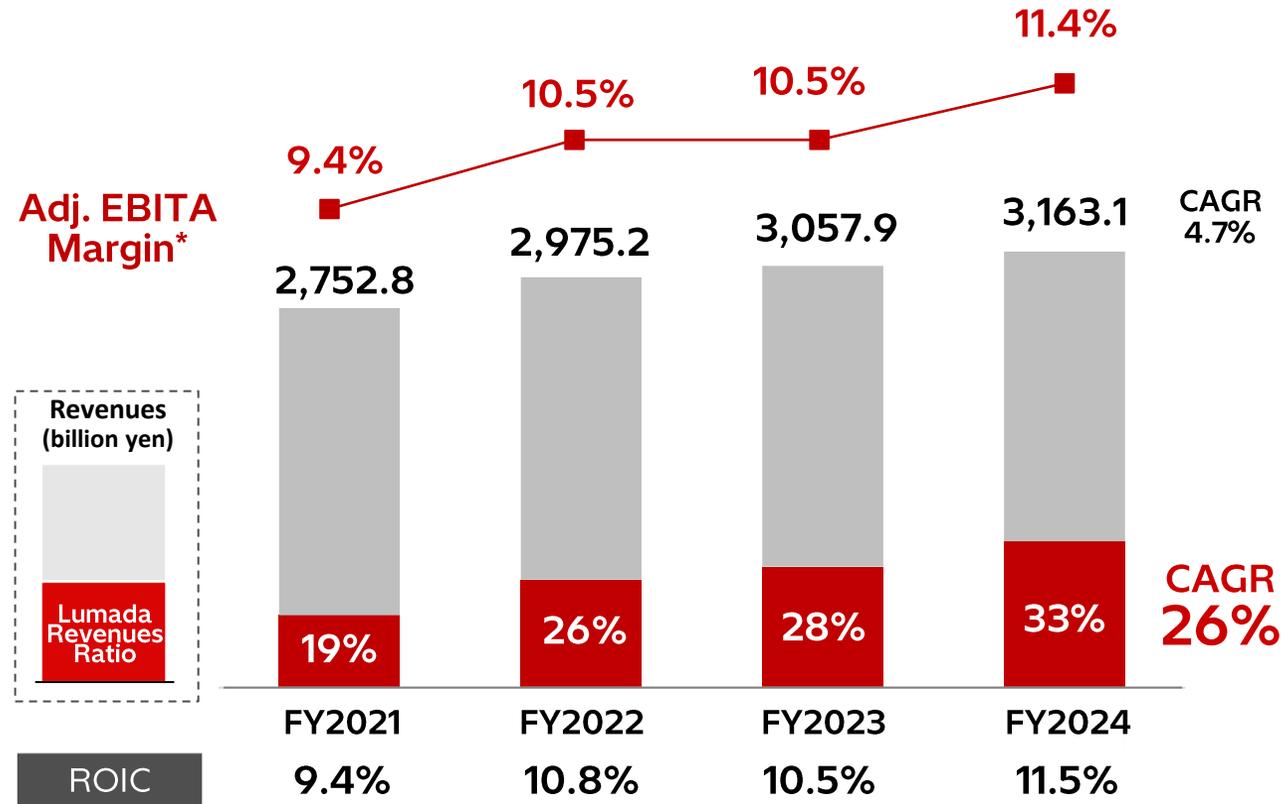
Revenues Growth*5



*1 "Total Seamless Solution" is a registered trademark of Hitachi, Ltd. in the U.S. and Japan. *2 from FY2022 to FY2024 *3 GX Revenue refer to the sales revenue from businesses that Hitachi has selected as 'GX businesses' based on its own criteria. *4 from FY2022 to FY2024, these figures are based on sales revenue recognized in the Connective Industries Sector, including contributions from collaboration and synergies with other sectors

2 *5 from FY2021 to FY2024

Lumada delivering strong CAGR of 26%, with continued profitability improvement



Achievements

- Improve profit margin
- Expand recurring business [Recurring Revenues]
0.7 Trillion yen (FY2021) → **1.0** Trillion yen (FY2024)
 (CAGR **10%**)
- Expansion of global business

Priorities for further growth/transformation

- Acceleration of topline growth
- Portfolio transformation & simplification
- Expansion of global business

* Adj. EBITA (Old Definition) : Adj. operating income plus acquisition-related amortization and equity in earnings (losses) of affiliates

All figures are before Hitachi Power Solutions' transfer

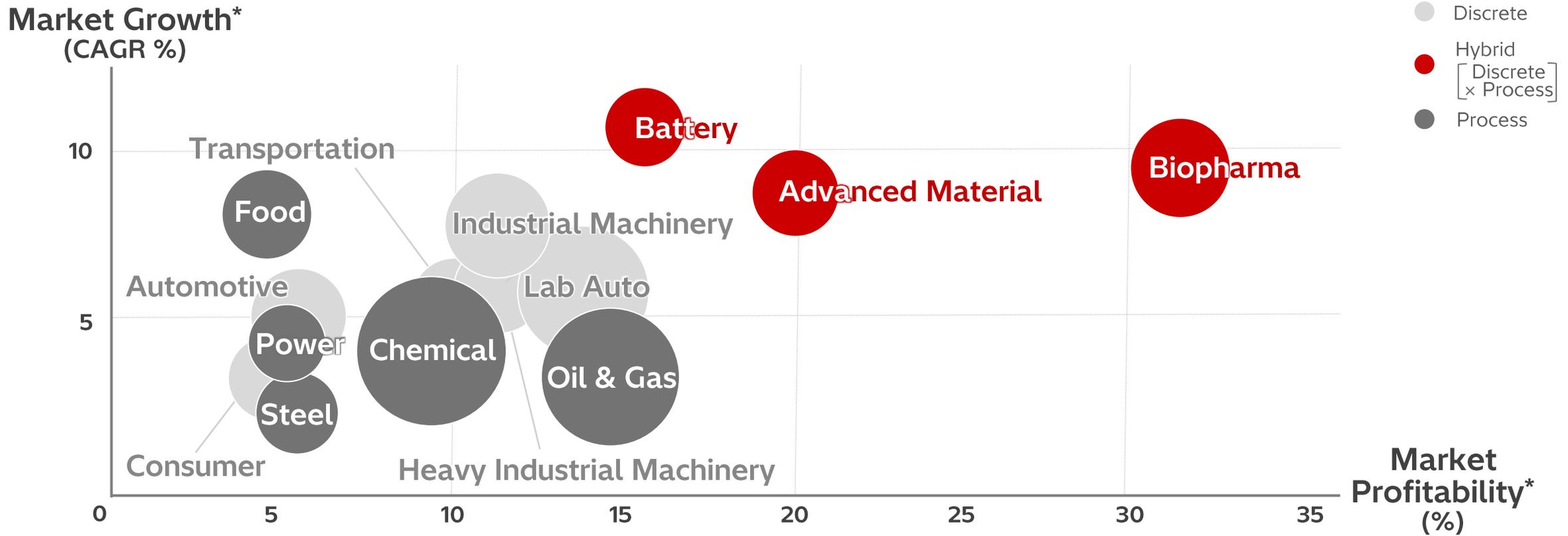
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Structural changes in the industry market

Industry	Structural Change	Value Required 
Discrete	Automation optimization seamlessly between design and manufacturing 	Improvement of Asset Efficiency
Process	With advancements in AI, development time is shortened, and manufacturing efficiency improves 	
Common	As skilled workers in mission-critical domains decrease, AI ensures efficiency, skill and safety 	Improvement of Labor Productivity

Hybrid industries show relatively high market growth and profitability



Size of each bubble indicates the size of the market

* In-house analysis based on industry reports, from FY2024 to FY2030

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Realize a harmonized society by driving innovation for frontline workers by One Hitachi



Harmonized society

Integrated Industry Automation

Abundant installed base of mission-critical products

 Domain knowledge



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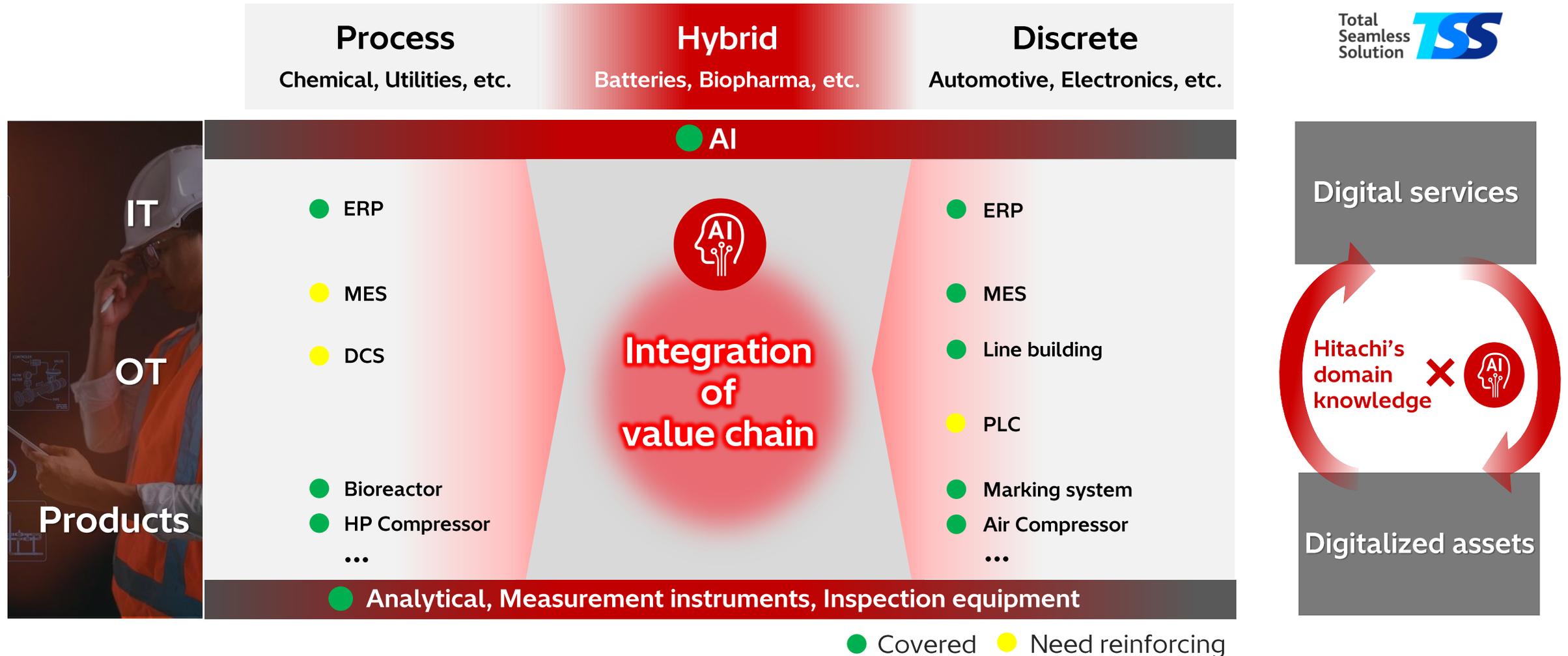


Digital capability

Differentiate with Integrated Industry Automation Solutions by vertically combining Hitachi strengths

- 01** Capture opportunities in **high growth & high value mission-critical market segments** e.g. **Hybrid Industries**
- 02** **Live One Hitachi**, differentiating by Products × OT × IT integration, powered by AI, boosting recurring business with HMAX
- 03** Achieve leadership with **portfolio transformation** to strengthen integrated and synergistic core

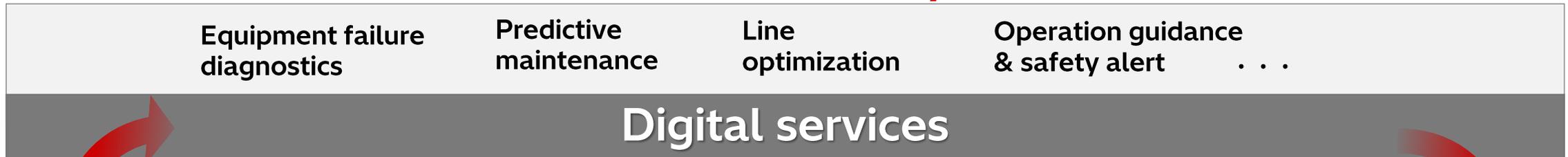
AI-powered value chain integration as evolution of TSS: HMAX for Industry



Lead digital service by leveraging AI with abundant installed base of mission-critical products, and accelerate global scaling

HMAX* for Industry

Lumada 3.0



Hitachi's domain knowledge ×



HP Compressor
(1.4k units)



Measurement instruments
(CD-SEM: 7k units)



Bioreactor
(0.5k units)



Marking system
(100k units)



Air compressors
(200k units)

CI's abundant installed base of mission-critical products

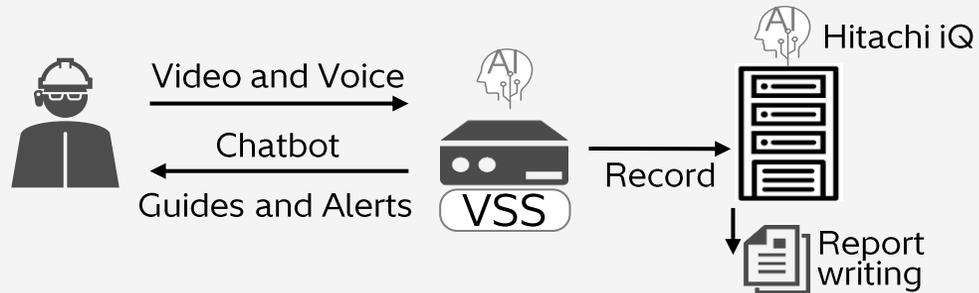


Enhance safety guidance through AI to improve work efficiency and safety

Various industries



Guides and alerts using NVIDIA AI Blueprint for Video Search and Summarization (VSS) for facility O&M



Labor productivity \uparrow

Work efficiency of periodic inspection:
2x

Safety alert for maintenance operations

Digital services

OT x AI

Digitalized assets



Field engineering



Leverage AI with maintenance OT to enhance stable operation and transfer of skills

Industrial machinery



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AI Agent accelerates equipment failure diagnostics

OT data

- Maintenance Record
- Operating Instructions
- Equipment Drawings



OT skills

- Analysis Process

Labor productivity ↗

Shorten diagnosis time

Response : ~10 seconds

Accuracy: 90+%

Equipment failure diagnostics

Digital services

OT x AI



Digitalized assets

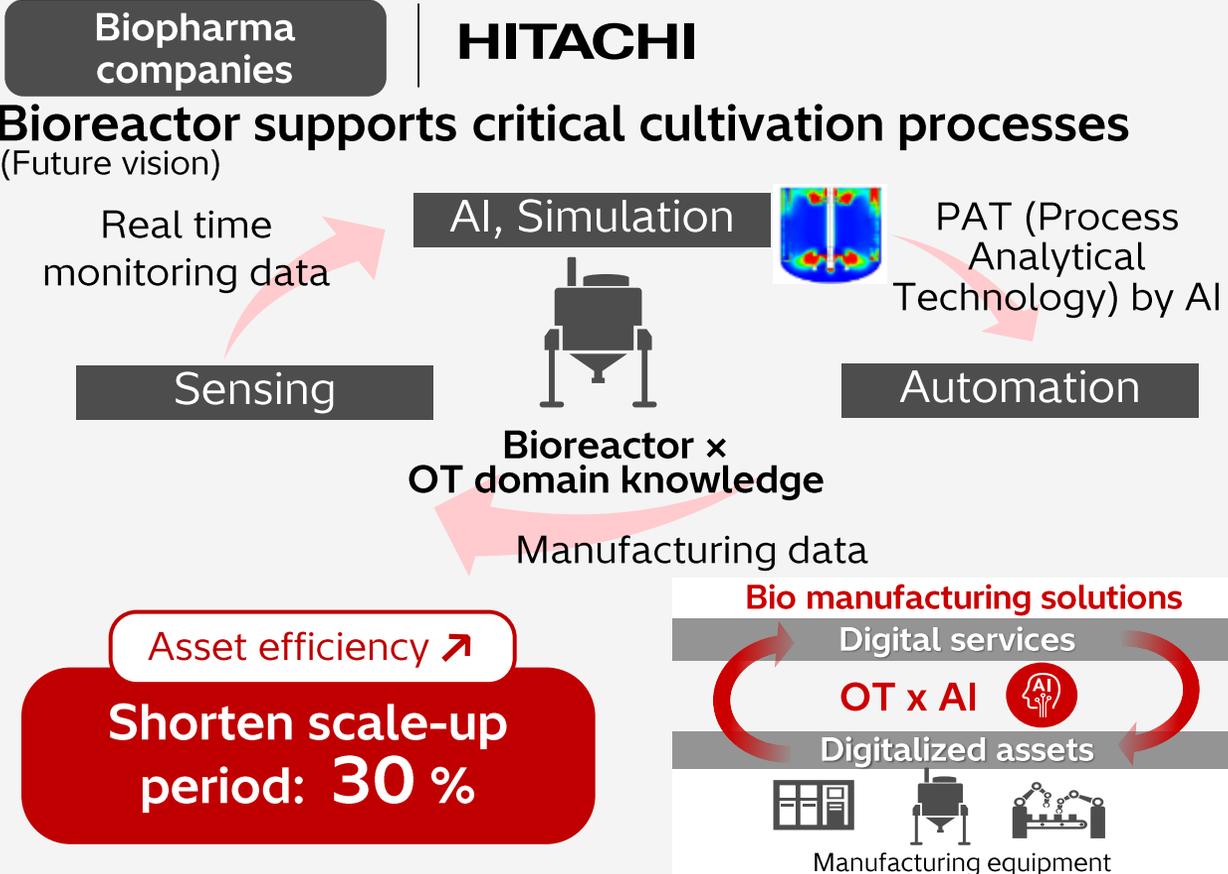


Maintenance of factory equipment



Integrate advanced AI, bio culturing simulation and sensing to shorten scale-up period

Biopharmaceutical



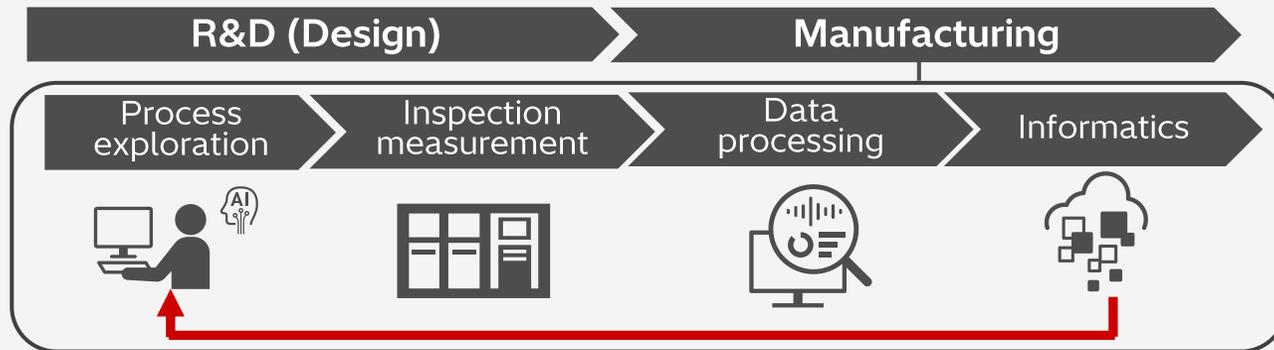
Expand the scope of automation optimization seamlessly between design and manufacturing

Advanced material

Advanced material companies

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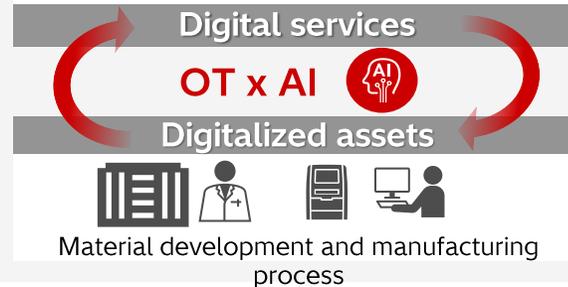
Data quantification and informatics accelerate development and improve manufacturing process



Asset efficiency ↗

- Material design time : 1/900
- Process improvement

Lab Automation Platform

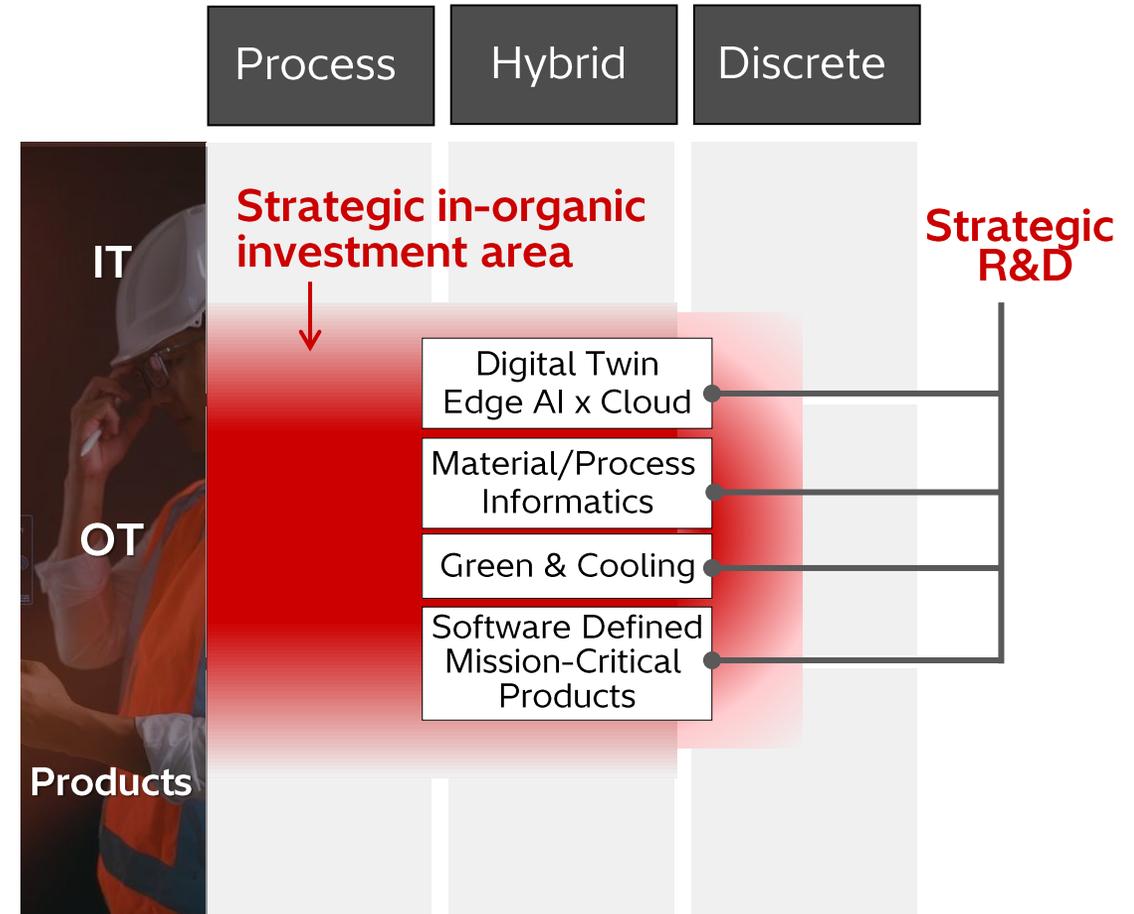


Accelerate portfolio transformation by strengthening integrated and synergistic core

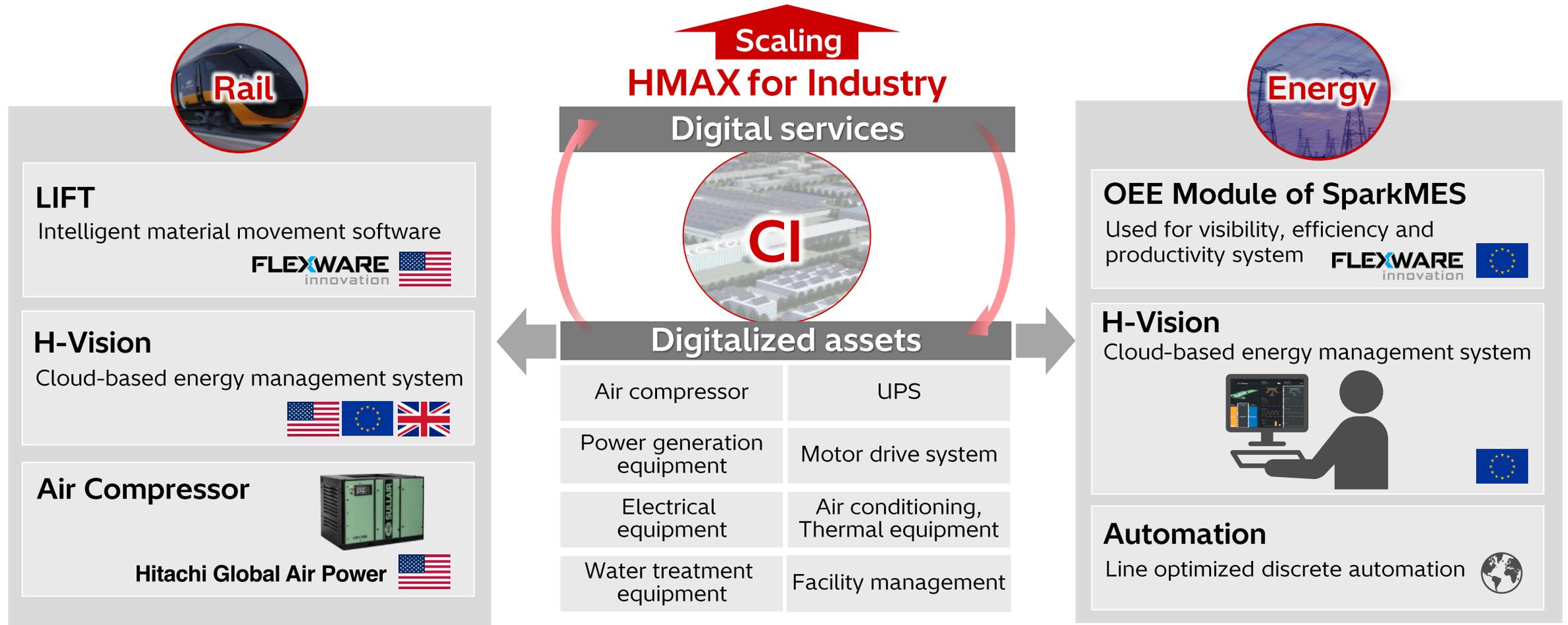
Global Aim for global leadership

M&A Transformative acquisitions and divestments

R&D Focus on strategic R&D on the core growth domains



Accelerate global expansion through deploying CI's products and solutions also to other sectors' global properties



3-7. Enhance Sustainable Global Management

Human capital global strategy

Build **growth-oriented culture** and **global mindset**

Create **leadership pipeline** in CI utilizing new Leadership Development Program

Develop **digital talents** to expand AI-driven businesses to capture growth

Digital Skilled Professionals

5,600 people (FY2022)

→ **9,500** people (FY2024) **[+70%]**

Diverse talents



Sector Head
Brice Koch



COO
Noriharu Amiya



CMO
Takashi Saito



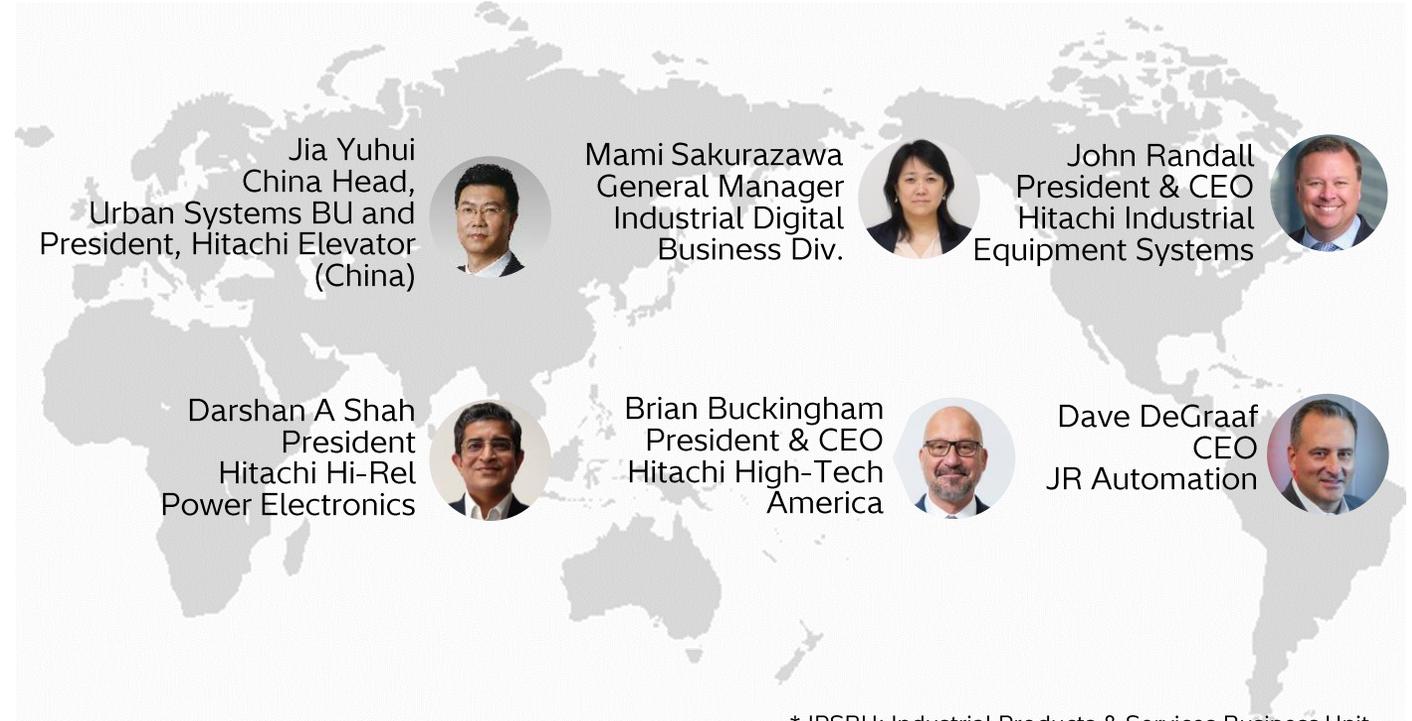
CFO
Kazuyuki Irie



CHRO
Ameer Desjourdy



CEO, IPSBU*
Hideshi Nakatsu

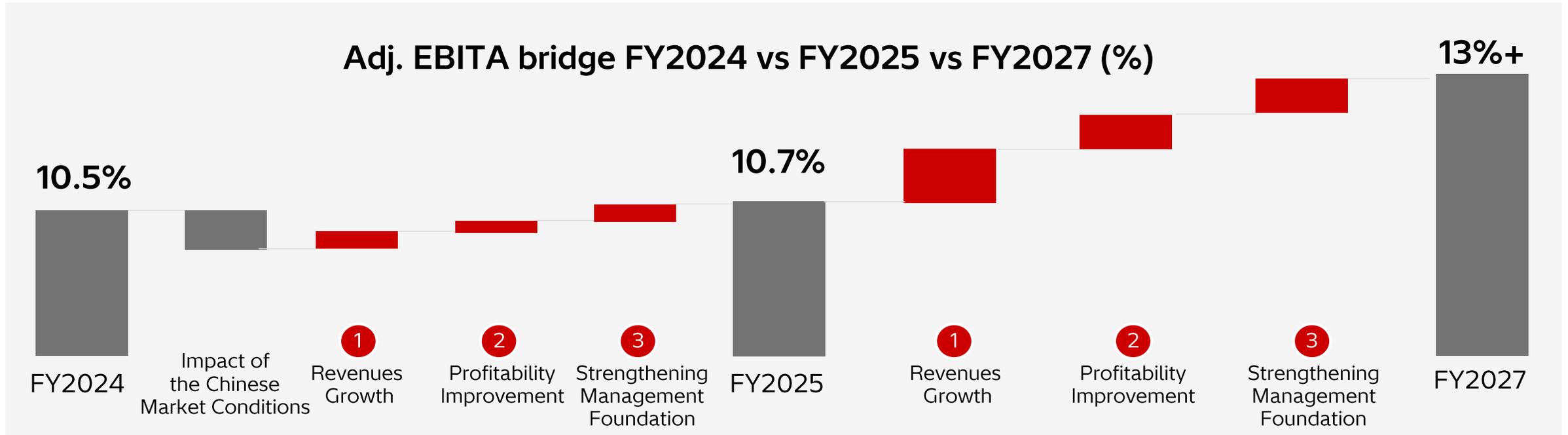


* IPSBU: Industrial Products & Services Business Unit

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Drive profitability growth



① Revenues Growth

- Address global mission-critical markets
- Expand digital service with HMAX for Industry
- Grow with One Hitachi initiatives

② Profitability Improvement

- Improve Lumada revenues ratio
- Boost digitalized recurring business
- In FY25, growing service business in China

③ Strengthening Management

- Simplify business portfolio & organization
- Improve efficiency with AI utilization
- Strengthen global governance

Toward Inspire 2027

- Clear business focus on Integrated Industry Automation
- Portfolio transformation
- Global expansion
- Enhance recurring businesses with data utilization
- Global diverse talents

	FY2024	FY2025	FY2027
Revenues Growth Rate	YoY +3%	YoY (2)%	+6-8% FY2024-FY2027 CAGR
Adj. EBITA Margin	10.5%	10.7%	13%+
ROIC	11.5%	10.8%	11-13%
Lumada Business Revenues Ratio	34%	38%	ca. 45%

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Recurring business maximizing value in the product lifecycle

Digital Services

- Digital services such as predictive maintenance and remote monitoring
- AI and data generated from connected products create digital services and revolutionizes frontline worker's productivity.



- Predictive maintenance system
- Remote condition monitoring service
- Automatic reporting after inspection

After-parts & Consumables

- Spare parts and consumables to maximize efficiency and quality of mission-critical customer's production activities and fit to green society
- Optimize supply combined with remote monitoring



- Spare parts and modules
- Consumables for industrial and IVD related products

Maintenance & Services

- Professional maintenance services supporting stable operation of mission-critical products
- Increase efficiency and safety with AI and operational data



- Inspection and maintenance services
- Subscribe based full maintenance package
- Call center service for mission-critical customer

[Recurring Revenues] **0.7 Trillion yen** (FY2021) **➔1.0 Trillion yen** (FY2024) **CAGR 10%**

Urban Systems BU

Building Systems Business

Provide smart building solutions and green x digital solutions based on connected building equipment such as elevators and escalators



Elevator



Control Center



Building IoT Platform

Hitachi Global Life Solutions, Inc.

Sale and provide engineering and maintenance services for home appliances, air conditioning equipment and other equipment and devices; and provide products and solutions utilizing digital technologies



Home Appliances



Air Conditioning

The air conditioning IoT solution



Industrial Products & Services BU

Hitachi Industrial Equipment Systems Co., Ltd

Connecting green products for industry and infrastructure digitally to provide innovative customer experiences throughout the product lifecycle



Air Compressor



Power Distribution System

Infrastructure System



Hitachi Industrial Products, Ltd.

Providing key products and recurring services globally that lead to solutions for challenges in the industrial sector



Centrifugal Compressor



Electric Drive System



UPS



Multi-port EV Charger

Hitachi Power Solutions Co., Ltd.

Provide systems, services, and solutions utilizing digital technology in the fields of energy, industry, and social infrastructure



Field Service



Roll Press Equipment for Battery Manufacturing



Carbon Neutral Solution

UPS: Uninterruptible Power Supply

Industrial AI BU

Hitachi High-Tech Corporation

Provide solutions that resolve social and customers' issues by utilizing technological capabilities and global network in various fields such as semiconductors, healthcare, batteries, biopharmaceuticals, communications infrastructure



Etch Systems



CD-SEM



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Integrated Clinical Chemistry and Immunoassay Analyzer



Particle Therapy System



Electron Microscope



Analytical System

Industrial Digital Business Division

Provide digital solutions and robotic SI integrating IT and OT in the industry and distribution fields



Manufacturing Solution



Robotic SI

Water and Environment Business Division

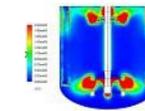
Provide a wide range of utility solutions, from social infrastructure facilities for water supply, sewerage, etc. to air conditioning and industrial plant facilities



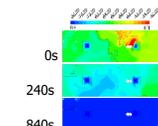
Bioreactor



Dry Clean Room



Bio Culture Simulation



Dew Point Temperature Simulation

Cautionary Statement

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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.