

# Growth History

1910 ▶ 1945 (founding period)

## Challenges faced by Hitachi's pioneers

Major events

- 1910 Founded as a repairing yard attached to Kuhara Mining Co., Ltd.'s Hitachi mine
- 1920 Split off independently as Hitachi, Ltd.
- 1934 Listed on the Tokyo Stock Exchange and established Hitachi Research Laboratory

Changes in management

### Founding

Namihei Odaira, the founder of Hitachi, Ltd., wanted to utilize his own abilities to contribute to society by producing electric machines and developing Japan's machinery industry. In accordance with these desires, he founded our company after constructing a power station at Hitachi mine and directing the production of mining equipment.

At the time of our founding, our mistakes were as numerous as the number of products we produced, but we improved our technical capabilities by focusing on our own technologies and strengthening our testing and research. In 1918, we launched a technical journal and appointed a full-time patent authority in 1921. Later, in 1934, we established a research laboratory.

Mr. Odaira placed an emphasis on cost accounting since our founding and created a system allowing for regular cost estimation meetings employees working in sales and in factories. Through this system, we secured orders based on careful cost accounting. Overcoming many failures and difficulties since its establishment, Hitachi has grown into a technological powerhouse that has gained the trust of its customers; in 1937, we had more than 10,000 stockholders. At that time, we produced a wide variety of major products, including power generation equipment, large industrial machines, railway cars, elevators, escalators, electric fans, ventilating fans, well pumps, electric refrigerators, air conditioners and diesel buses.

OT and product development

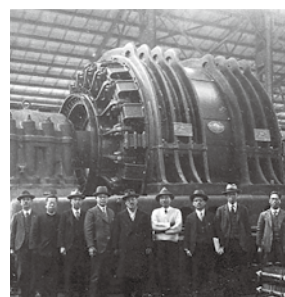
**1910**  
A five-horsepower induction motor, one of the products we offered during our founding period (motor)



**1924**  
The ED15, the first large electric locomotive manufactured in Japan



**1932**  
Our first electric refrigerator



**1933**  
The world's largest mill motor at the time (DC motor for metal rolling)



**1942**  
Electron microscope (first for commercial use produced in Japan)

OT, IT and product development

Together with society

### School-based education that began with our founding

At the time of our founding, we were experiencing difficulty in securing orders due to the recession that occurred following the Russo-Japanese War. Working to acquire promising human resources and educate employees, we established the Apprenticeship Training School in 1910. This institution recruited human resources from all over Japan and trained them for two years. We often lost graduates from the school to competitors due to their high levels of education. Despite this, Mr. Odaira always stated that "Our goal should be to train talented technicians and industrialists." The Apprenticeship Training School was renamed "Hitachi Industrial College" in 1928 and continues to operate under this name today. Each year, this institution produces human resources that handle manufacturing for the Hitachi Group.



Class being conducted at the Apprenticeship Training School (1917)

1946 ▶ 1960 (postwar reconstruction period)

## Path to reconstruction

- 1947 Chikara Kurata becomes our 2nd president
- 1958 Won the grand prize at the World Exposition
- 1959 HITAC 301 computer is completed
- 1960 MARS-1 seat reservation system is completed

1961 ▶ 1970 (rapid growth period)

## Fostering comprehensive strength

- 1961 Kenichiro Komai becomes our 3rd president
- 1964 The Tokaido Shinkansen and Tokyo Monorail cars are completed
- 1966 Development of metal oxide semiconductor (MOS) transistors

### Achievements produced through our original technologies and our adoption of new technologies

Hitachi lost 40% of its production capacity due to war damage, and the war's impact on the Hitachi factory, which lost 80% of its capacity, was particularly strong. Despite these setbacks, under Mr. Kurata, our second president, we grew into a company not only involved in energy businesses, such as hydroelectric and thermal power generation, but also in railways systems, social infrastructure, such as elevators and escalators, and consumer electronics. In particular, we created a mass production system and sales network using our "three sacred treasures," TVs, refrigerators and washing machines, becoming a major player in the industry.

At the Brussels World's Fair in 1958 (in Belgium), Hitachi's electron microscope won the grand prize, while its portable analog computer received first prize. By winning these awards, these products became symbolic of our capacity for developing original technologies and our ability to keep up with cutting-edge advancements by adopting new technologies.

### Rapid progress toward becoming a comprehensive electrical machinery manufacturer

Kenichiro Komai, who became our president in 1961, worked to strengthen our international competitiveness by proactively raising funds overseas. Under his direction, we focused on priority goals of strengthening our financial structure, raising production efficiency, enhancing sales and export systems, promoting technological development and improving training. In terms of operations, we made bold investments in growth sectors, including electronics and information devices, such as semiconductors and computers, nuclear power plants and control devices, while increasing our international competitiveness through proactive efforts to adopt new technologies.

It was at this time that the "3C (color TVs, coolers [air conditioners], cars) Boom" occurred, spurring substantial growth for Hitachi in terms of home appliances and automotive parts. Thanks to this growth, Hitachi developed into a comprehensive manufacturer of electrical machinery.



**1949**  
Escalators that became vertical metropolitan pathways



**1964**  
The world's first Shinkansen (bullet train) cars to reach 200 km/h



**1965**  
Hitac 5020 system (produced in Japan)



**1969**  
Developed and mass-produced all-transistor color televisions



**1968**  
The fastest elevators in Japan at the time (in the high-rise Kasumigaseki Building)

### The "Hitachi Car," the world's first vehicle for mass stomach screenings

In 1960, we launched the "Hitachi Car," the world's first vehicle for mass stomach screenings targeting the early detection of stomach cancer. Since then, Hitachi has developed medical equipment that has helped improve people's health, including ultrasound system reflectoscopes, X-ray CT scanners and magnetic resonance imaging (MRI) systems.



The "Hitachi Car," the world's first vehicle for mass stomach screenings (1960)

### For the development of electrical machinery industry

Since its founding, Hitachi has emphasized patents as an important indicator of a company's technological capabilities. In September 1970, we had decided to make our patents publicly available for sale to contribute to technological improvement throughout the industry. Newspapers throughout Japan reported this move as "the nation's first full-scale public opening of patents," making Hitachi a pioneer of technical exchange in the electrical machinery industry.

# Growth History

1971 ▶ 1985 (transitional period)

## Focus on growth sectors

1986 ▶ 2008

## Strengthening of

Major events

- 1971 Hirokichi Yoshiyama becomes our 4th president  
COMTRAC, Computer Aided Traffic Control System for Shinkansen, is completed
- 1974 Operation begins at Chugoku Electric Power Company's Shimane Nuclear Power Station, Japan's first domestic nuclear power plant
- 1975 HITAC M-series, large-scale computer is completed
- 1981 Katsushige Mita becomes our 5th president
- 1982 We become a listed company on the New York Stock Exchange

- 1991
- 1995
- 1999
- 2006

Changes in management

### Hitachi's restructuring

In the 1970s, the entire industry was forced to undergo major structural changes due to events that shock the Japanese economy, such as the Nixon shock, the transition to a free-floating exchange rate system and the oil crises of 1973 and 1979. Hirokichi Yoshiyama, who became president of Hitachi in 1971, launched a policy of "lightweight management" in anticipation of changes in the industrial structure and a period of slow growth. Under his direction, Hitachi strengthened its business structure by restructuring factories and reducing overhead costs while focusing on the electronics-related business, which was an important growth sector at the time. Katsushige Mita, who was appointed president in 1981, promoted product planning based on market needs, rejecting policies aimed at pleasing every single individual. During his tenure, he emphasized the importance of expanding growth products designed to meet future needs.

As a result of this period of restructuring, we became a comprehensive electrical machinery manufacturer with well-balanced electrical equipment and machinery and electronics businesses.

### Reorganization initiatives

In an era of global competition, the Japanese economy was hit by trade friction and a high yen rate and, suffering from the aftereffects of the collapse of the bubble economy, entered a long period of sluggish performance. During this period, Hitachi focused on restructuring its business. Under Tsutomu Kanai, who assumed the position of president in 1991, Hitachi implemented a Groupwide system aimed at speeding up management and integrating development, manufacturing and sales processes. During the tenure of Etsuhiko Shoyama, who took office as president in 1999, we formulated two Mid-term Management Plans: i.e. HITACHI Plan and i.e. HITACHI Plan II. Under these plans, we reviewed our business

OT, IT and product development



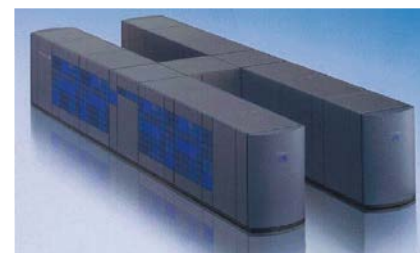
**1972**  
COMTRAC, Computer Aided Traffic Control System for Shinkansen, operations launched



**1974**  
Shimane Nuclear Power Station, Japan's first commercial-use nuclear power station



**1975**  
HITAC M-series, large-scale computer



**1999**  
Super technical server (world's fastest at the time)

Together with society

### Contribution to social living and industry in China

The year 1978 marked the signing of the Japan-China Peace and Friendship Treaty. As part of this agreement, a steel mill construction project was launched in Shanghai. Hitachi also participated in the project and established a high level of trust with the Chinese authorities. Since then, Hitachi has gradually built a system of cooperation in China that ranges from plant construction to the establishment of joint ventures. Over the years, we have contributed to industry development, enhanced technological capabilities and improved lifestyles in China through our business.

### Social Contribution as a corporate citizen

Hitachi's social contribution activities were inspired by the sentiments of its founder, Namihei Odaira. Mr. Odaira dedicated himself to his employees and to the development of the City of Hitachi, where we were founded. His spirit of social contribution was adopted by all successive management teams, leading to the establishment of seven charitable corporate foundations in Japan and overseas (now merged into the Hitachi Global Foundation).

(reform period)

## Group management

Tsutomu Kanai becomes our sixth president  
 Environmental Division is established.  
 Enacted the Hitachi Environmental Protection Principles.  
 Implemented a Group system  
 Etsuhiko Shoyama becomes our 7th president  
 Kazuo Furukawa becomes our 8th president

2009 ▶ 2018 (regeneration period)  
**Toward a global Hitachi**

2009 Takashi Kawamura becomes our 9th president  
 Implemented a Company system  
 2010 Hiroaki Nakanishi becomes our 10th president  
 2014 Toshiaki Higashihara becomes our 11th president  
 2016 Implemented a Business Unit system  
 Launched Lumada

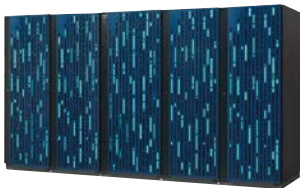
from the perspectives of consolidated management and global expansion while actively engaging in M&A and business collaboration. Later, Kazuo Furukawa, who was appointed president in 2006, further implemented these reforms under his policy of "collaboration and profit management." Hitachi became a company with more than 1,000 consolidated subsidiaries, and its Group companies expanded business through independent and creative management. However, Hitachi recorded its largest loss ever in fiscal 2008, due to rising crude oil and raw material prices and global financial instability.

### Evolution of our Social Innovation Business

Takashi Kawamura was appointed chairman and president in 2009, as global economic growth further slowed. In 2010, which marked the 100th anniversary of our founding, Hiroaki Nakanishi took over as president while Mr. Kawamura remained in the position of chairman. Under this leadership structure, we launched initiatives aimed at reviving the Hitachi Group and developing the Social Innovation Business. Further reforms were implemented and we introduced a Company system under the 2012 Mid-term Management Plan (FY2010 -FY2012) in an effort to clarify responsibilities and authorities. In 2012, we started a Group system that consolidated strongly related businesses into five groups (later six). We have also promoted business reforms, severing non-core businesses and performing restructuring. Through the 2018 Mid-term Management Plan (FY2016 -FY2018), we have determined our business areas of focus and, with primary support from our Social Innovation Business, are aiming to become a leading global innovation partner for the IoT era and to transform into a comprehensive digital solutions company.



2001  
 Proton therapy system  
 (University of Tsukuba  
 Hospital)



2004  
 The World's first storage system equipped with virtualization functions



2017  
 Class 800 train for the Intercity Express Programme (IEP)



Omika Works ▶ P.51

The Hitachi Global Foundation complements Hitachi's social contribution activities by conducting initiatives with a wide range of aims, including the promotion of academic research, science and technology, the development of next-generation human resources and building multicultural symbiotic & diversity societies. In 2002, Hitachi developed the principles and policies that govern its social contribution activities and has since focused on activities that take advantage of its unique characteristics, concentrating primarily on human development, the environment and community support.

### Promoting STEM education<sup>\*1</sup> as One Hitachi

With the rapid development of information technology using artificial intelligence (AI) and big data, the development of IT personnel has become a major issue. Under these circumstances, STEM education is being regarded as important around the world as an education method that aims to nurture human resources who are capable of using cutting-edge technologies, primarily including IT, to demonstrate their creativity, power of expression and problem-solving skills. Hitachi is conducting a variety of social contribution activities involving STEM education to develop next-generation human resources who will provide leadership in the future.



Children learning through STEM education

\*1 STEM education is education in Science, Technology, Engineering and Mathematics.