

Looking Back on Past Mid-term Management Plans

Mid-term Management Plan 2012 (FY2010–2012)

Rebuilding Management Recovery

Achievements

- Created a product-based company system clarifying responsibilities and authority**
 - Clarified responsibility and authority through introduction of an in-house company system
 - Consolidated business into six Groups, focused on growth fields under an integrated system of operations, and accelerated management
- Rebuilt/Withdrew from low-profit businesses**
 - Automotive systems business: Rebuilt through structural reform
 - Flat-panel TV business: Withdrew from in-house production
 - HDD business: Divestiture
- Strengthened cost competitiveness**
 - Started “Hitachi Smart Transformation Project” for cost structure reform
 - Expanded centralized purchasing and global procurement
 - Optimized and consolidated manufacturing sites

Mid-term Management Plan 2015 (FY2013–2015)

Building a Foundation for Growth The Swapping Out of Businesses

Challenges

- Realizing further improvements to business profitability
- Enhancing business with social innovations as a core
- Developing business globally

Achievements

- Promoted the Social Innovation Business on a global basis by strengthening frontline functions**
 - Expanded service businesses through use of digitalization
 - Strengthened digital capabilities through the acquisition of Pentaho
- Reviewed non-core businesses**
 - Thermal power business: Established joint-venture firm with Mitsubishi Heavy Industries
 - Air-conditioning business: Established joint-venture firm with Johnson Controls
 - Batteries business: Relisted Hitachi Maxell, drew down its stake in the company
- Promoted globalization**
 - Relocated the railway systems business headquarters to the United Kingdom
 - Introduced Global Performance Management aimed at enhancing the use of global human capital

Mid-term Management Plan 2018 (FY2016–2018)

Strengthened the Social Innovation Business Leveraging Digital Technologies

Challenges

- Speeding up management to rapidly respond to changes in market environments
- Launching a platform for digital growth
- Addressing low-profit businesses to improve profitability

Achievements

- Transitioned away from a product-based company system to a three-level structure comprising frontline, platform, and product tiers**
 - Accelerated decision-making with the introduction of a business unit system
- Strengthened the global frontline**
 - Bolstered global frontline operations through acquisitions (Ansaldo STS, Sullair)
- Expanded the digital solutions business with Lumada**
 - Launched Lumada
 - Established Hitachi Vantara to deliver digital solutions
 - Lumada business revenue grew to 1 trillion yen
- Executed ongoing business reviews**
 - Divestiture and deconsolidation of listed subsidiaries
 - Divestiture of Hitachi Koki and Clarion
 - Sold a part of shares in Hitachi Transport System, Hitachi Capital, and Hitachi Kokusai Electric
 - Reduced/Withdrew from low-profit businesses such as the information and telecommunications equipment business and the overseas EPC business

Mid-term Management Plan 2021 (FY2019–2021)

Realized Social Innovations with Digitalization, Built a Platform for Global Growth

Challenges

- Business growth through expansion of co-creation with Lumada as a core
- Completing business portfolio revisions
- Improving capital efficiency

Performance targets and results

Although targets at the start of fiscal 2019 were revised due to the COVID-19 pandemic in 2020, revenue expanded, profitability was maintained and operating cash flows were generated, and net income attributable to Hitachi, Ltd. stockholders reached an all-time high.

(billion yen)

	Mid-term Management Plan 2021 targets (as announced in April 2021)	Fiscal 2021 results
Revenue	9,500.0	10,264.6
Adjusted operating income/ratio	740.0 / 7.8%	738.2 / 7.2%
Net income attributable to Hitachi, Ltd. stockholders	550.0	583.4
Operating cash flows (FY2019–2021 cumulative total)	Over 2,100	Approx. 2,100
ROIC	8.3%	7.7%

Achievements

- Launched the digital business platform and achieved growth**
 - Launched the Lumada Solution Hub and Lumada Alliance Program
 - Expanded Lumada business revenue from 1.1 trillion yen to 1.6 trillion yen
- Enhanced efforts toward digital and environmental growth**
 - 2019: Acquired JR Automation
 - 2020: Made Hitachi High-Tech a wholly owned subsidiary Established Hitachi ABB Power Grids (now Hitachi Energy)
 - 2021: Established Hitachi Astemo
Acquired GlobalLogic
Transferred the diagnostic imaging-related business
Participated in COP26 as a principal partner
- Reinforced and improved the business foundation by resolving management issues**
 - Made progress in reviewing the capital policies of listed subsidiaries
 - Divestiture of Hitachi Chemical and Hitachi Metals*
 - Sale of a part of shares in Hitachi Construction Machinery and Hitachi Transport System*
 - Responded to management issues
 - Settled with Mitsubishi Heavy Industries on South Africa projects
 - Withdrew business operations on the UK nuclear power stations construction project
 - Promoted diversity, increased digital talent, and enhanced risk management

*Scheduled for completion during fiscal 2022