

Laying the Groundwork for Integration

October 2001 to March 2004

Consolidation of “Manufacturing, Sales, and Services” as the Key to Integration

Hitachi High-Technologies Corporation was established on October 1, 2001. That day a ceremony to celebrate the launch of the company was held at the new Head Office (in Nishishimbashi, Minato-ku, Tokyo) with Chairman Yoshiro Kuwata, President Noriaki Higuchi, and other top executives in attendance. Grand kickoff events for the new company were also held at the Naka Division and Kasado Division.

Five Management Policies of the New Company

- Promotion of the global high-technology business
- Active promotion of business investment
- Efficient and speedy operations
- Training of personnel as professionals
- Promotion of appropriate business practices



Yoshiro Kuwata, Chairman of the Board



Noriaki Higuchi, Representative Director and President

People and Technology for High-Tech Solutions

On the occasion of the company's launch Chairman Yoshiro Kuwata expressed his aspirations for its future as follows: “Our company has world-class products and technology. We need to deliver highly reliable technologies, products, and services in cutting-edge technology fields in a speedy manner. We must utilize the reputation and knowhow built up over the years as a “high-tech trading company” to establish an integrated system comprising manufacturing, sales, and services so we can deliver solutions that anticipate the needs of the market. At the same time, we must increase our sensitivity to the global market and strongly promote product development and proposal-based sales. We are a single company operating in the contrasting business environments of the trading company and the manufacturing enterprise, and it is not an easy thing to overcome the differences between contrasting corporate cultures. Unity is a key issue that will determine the success or failure of this reorganization. I hope that through common awareness and mutual understanding, and by acting based on the customer's perspective, we can create a new corporate culture and make Hitachi High-Tech a company that will serve as a valuable precedent for operations throughout the Hitachi Group.”

President Noriaki Higuchi noted, “Hitachi High-Tech combines the functions of a trading company and a manufacturing enterprise in a way that matches the needs of a new era. We aim to use the multiplier effect of the two functions to become the world's top company in the nanotechnology field. Nanotechnology is essential in many fields, including biology, healthcare, information and communications, and the environment, and we can look forward to substantial growth moving forward. I hope Hitachi High-Tech will become “the first choice” of customers worldwide and that it will serve as the core of the high-technology business of the Hitachi Group.”

He further stated, “Through consolidation of manufacturing, sales, and services, we have put in place a corporate system that will be able to respond quickly to market changes. By making use of our global network, marketing prowess, engineering know-how, and software capabilities, we will extend our total solutions business worldwide.”

President Higuchi said his goal was for Hitachi High-Technologies to be a “high-value creator (creating high value by offering optimal solutions in cutting-edge technology fields),” with “development” and “sound management” based on putting the customer first as the fundamental management policy, and to accomplish this he would implement a set of “five management policies.” He explained that the wellspring of this approach was “people” and “technology,” and that by creating strong bonds between “people” and “technology” Hitachi High-Technologies would be able to grow and prosper.



Ceremony celebrating the launch of the new company



Trading Activities

COLUMN 1 Developing a Business in Optical PTV Engines

Creating a Competitive Organization Combining “Manufacturing, Sales, and Services”

The organization of the new company placed the human resources/general affairs, accounting, and sales administration functions; the New business Development Division and Group Strategy Division; and the Device Manufacturing Equipment Business Group, Life Science Business Group, and Information/Industry Business Group within the Head Office. Manufacturing functions were covered by the Design & Manufacturing Group, comprising the Planning Division, Naka Division, and Kasado Division, while sales was the purview of the Electronic Sales Division, Industrial Materials Division, and Electronic Materials Division.

There were four business domains: electronic device systems (device manufacturing equipment), life science, information electronics, and advanced industrial components.

With this system as a basis, the task at hand was to generate a unified corporate ethos by consolidating and creating synergies among “manufacturing, sales, and services”; to make the company market oriented by establishing a sales division profit management system; and to create a new corporate culture through a fusion of “trading company” and “manufacturing enterprise.”

The launch of the new company was accompanied by the establishment of the Hitachi High-Technologies Labor Union with Head Office, Naka, and Kasado branches. This marked a new step forward toward the aims of “a safe and fulfilling workplace” and “development of a stronger organization.”

Medium-Term Management Strategy Aiming at “¥1 Trillion in Sales”

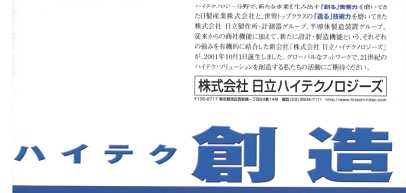
In April 2002, to mark the actual start of operations in the new fiscal year, Hitachi High-Technologies held welcoming ceremonies for new employees at the Head Office, Naka Division, and Kasado Division.

President Higuchi told the new employees, “We have put in place a system that will enable us to provide powerful solutions through the winning combination of “people” and “technology.” In order to demonstrate our strengths it is important that we quickly realize the benefits of business integration. I hope you, the new employees who will be responsible for carrying us forward in the next era, will endeavor to undertake the following four points: “embracing big ambitions,” “undertaking challenges with all your might,” “aiming to become a first-class professional,” and “making the most of your individuality.”

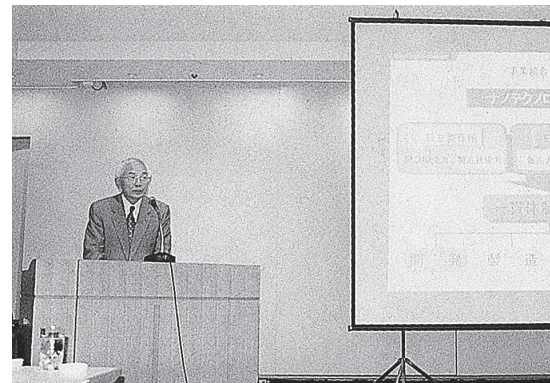
In June Hitachi High-Technologies announced its financial results for 2001. There was strong interest, and nearly 100 analysts attended the announcement. Business performance (non-consolidated results) was affected by the worldwide business slowdown due to the IT slump originating in the United States, resulting in sluggish demand for semiconductor manufacturing equipment and optical communication components. However, even though sales, operating profit, and current net profit declined compared with the financial results of Nissei Sangyo Co., Ltd., for fiscal 2000, the analysts held favorable expectations for business integration and issued reports with buy recommendations for Hitachi High-Technologies.

In addition, a three-year “consolidated medium-term management plan” to end in fiscal 2004 and containing targets of “sales of ¥1 trillion” and “operating profit of ¥30 billion” was announced.

The consolidated medium-term management plan set forth as key policies delivering total solutions with high added value by making the most of Hitachi High-Tech’s



“High-Tech Creation” corporate advertisement
This corporate advertisement appeared in the Nihon Keizai Shimbun and Nihon Sangyo Shimbun on October 1, 2001. It stated Hitachi High-Tech’s strong determination to generate high value by creating new technology and new business, and its intention to clear the way to a new era through bold action and taking on new challenges as professionals.



“Briefing on consolidated medium-term management plan” for securities analysts

チップマウンタ事業移管の共同会見



Joint press conference announcing transfer of the chip moulder business

unprecedented corporate structure fusing trading company and manufacturing functions, thoroughly implementing a sales division profit management system, strengthening the nanotechnology business comprising devices such as analyzers for the biological field, and development of new products and businesses. It identified as common strategic goals promotion of business investment (R&D and capital investment as well as investment in alliances), improving product competitiveness, and strengthening of consolidated sales. Finally, it set targets based on the business strategy for individual segments and business strategy for group companies.

With these fundamental strategic aims as the basis, reorganization and integration of the semiconductor manufacturing equipment and measuring equipment business operations in North America, Europe, and Asia got underway. In Japan the SAP R/3 Implementation Project was launched to reform the main information system in order to boost efficiency at the Head Office and branch offices.

While these initiatives were underway, in September President Higuchi resigned due to health reasons and Chairman Kuwata concurrently assumed the post of President. In October Hitachi High-Technologies announced an agreement to purchase the shares of the chip moulder manufacturer and service companies Sanyo High Technology Co., Ltd. and Sanyo High-Tech Service Co., Ltd. from Sanyo Electric Co., Ltd. Hitachi High-Technologies acquired all shares of both companies on April 1, 2003, changed their names to Hitachi High-Tech

Instruments and Hitachi High-Tech Instruments Service, respectively, and established an integrated “manufacturing, sales, and services” system for the chip moulder business. In October 2003 Hitachi High-Technologies agreed to acquire all shares of Hitachi Electronics Engineering Co., Ltd. from Hitachi, Ltd., and on March 1, 2004, it was made a subsidiary.

Business performance as reflected in the consolidated financial statement for fiscal 2001 was sluggish due to the IT slump, with sales of ¥738.3 billion, operating profit of ¥9.9 billion, and current net profit of ¥5.5 billion. In the consolidated financial statement for fiscal 2002, however, sales of life science products such as DNA sequencers were strong, and sales totaled ¥778.2 billion, operating profit ¥11.8 billion, and current net profit ¥5.9 billion, in spite of the continuing worldwide slump. The consolidated financial statement for fiscal 2003 reflected an upturn in the semiconductor market climate, notwithstanding global instability from the Iraq war and SARS epidemic, with sales of ¥831.1 billion (up 6.8% year on year), operating profit of ¥13.8 billion (up 17.0% year on year), and current net profit of ¥7.2 billion (up 20.8% year on year).

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Capillary Array DNA Sequencer Awarded Okochi Memorial Prize

In March 2002 the 48th Okochi Memorial Grand Technology Prize (2001) (presented by the Okochi Memorial Foundation) was awarded to Satoshi Takahashi and Daizo Tokinaga, both Chief Engineers at Hitachi High-Technologies, and Hideki Kambara, Senior Chief Researcher (now Fellow), Central Research Laboratory, Hitachi Ltd., for “development of a capillary array DNA sequencer.”

Since 1990 laboratories and universities around the world belonging to the International Human Genome Sequencing Consortium had been working to decode the human genome. However, since the human genome contains some three billion base pairs (six billion individual nucleotide bases), it was thought that decoding the whole thing would take 30 years.

The capillary array DNA sequencer brought a great advance in genome decoding and was lauded in the American magazine *Science* (February 2001 issue) as “a device that will lead to the rapid decoding of the human genome.”



3100 DNA sequencer (2000)

A “Corporate Vision” Aiming for Global Leadership

The Corporate Strategy Division was established in April 2003 to strengthen management planning and consolidated management functions. In the area of manufacturing, the Design & Manufacturing Group was eliminated, and the Naka Division and Kasado Division were placed under the direct control of the President in order to speed up R&D and product development.

In June Masaaki Hayashi was appointed Representative Executive Officer, President, Chief Executive Officer, and Director, and Hitachi High-Technologies underwent a corporate shift to a company with committees in order to strengthen corporate governance and make management more transparent. In January 2004 an Internal Whistleblower System was established.

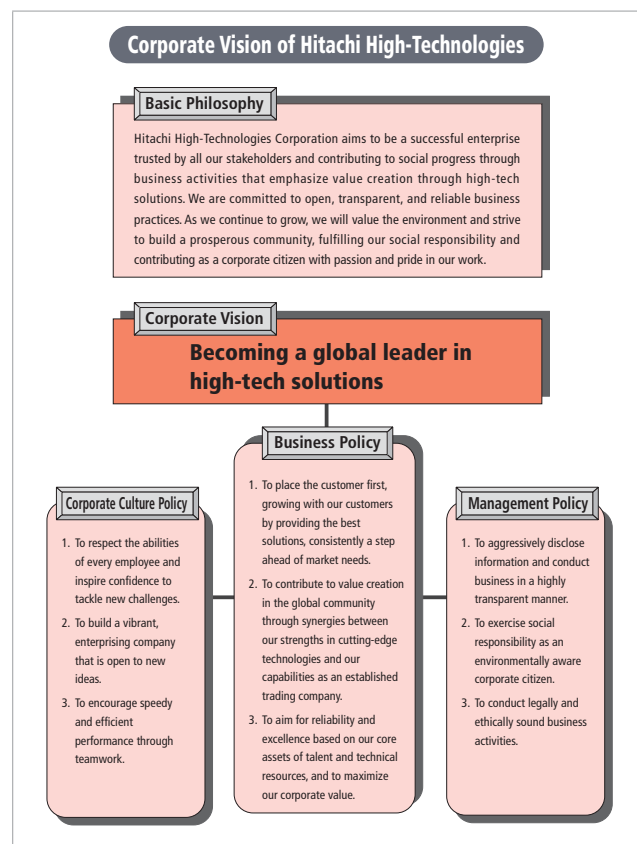
In his remarks upon assuming his post, President Hayashi gave as his management goal “to provide value to customers and to aim for a position of global leadership in the technology business.” Noting that substantial growth is anticipated in the nanotechnology field, including biotechnology, and that Hitachi High-Technologies is in a strong position in the nanotechnology market, he outlined a management policy aimed at achieving rapid expansion by focusing on four core business domains.

Specifically, the goal was to “establish the Hitachi High-Technologies” brand through the promotion of five items: a thoroughgoing commitment to putting the customer first, selection and concentration, incentives to promote leadership and a can-do spirit, improving the consolidated management efficiency, and global business expansion. The key themes were strengthening management essentials, developing new products and new customers, bringing the investment business into the black quickly, expanding global business, and strengthening business operations in China.

Based on these management goals and basic policies, a “Corporate Vision” was formulated. Formally adopted in December 2003, the Corporate Vision, alongside the Business Policy, Corporate Culture Policy, and Management Policy, continue to guide the operations of Hitachi High-Technologies today.



Masaaki Hayashi, Representative Executive Officer, President, Chief Executive Officer, and Director



Latest Corporate Vision (Current as of June 2016)

