

## **Global Promotion of Social Innovation Business in Cooperation with Hitachi Group - Further enhancing trading company functions to focus on business expansion in the global market -**

Hitachi High-Technologies Corporation (TOKYO: 8036, Hitachi High-Tech) announced today that it will collaborate with the Hitachi Group to promote social infrastructure-related business in Indonesia. One such business will see the development of a disaster-readiness system using *One-Seg*, a high-definition broadcasting format used primarily for mobile devices in Japan. Elsewhere, Hitachi High-Tech, in its capacity as the trading company for the Hitachi Group, established the Group Global Business Div. in April 2012 to further enhance its trading company functions. The goal is to drive expansion in global procurement by the Hitachi Group and other benefits as the Group focuses on business expansion in the global market.

<Promoting Social Infrastructure-related Business in Cooperation with the Hitachi Group>

### 1. Broadcasting and disaster-readiness ICT system solutions business for Indonesia

Indonesia consists of some 17,500 large and small islands. For the most remote of these islands, the information divide has become a serious concern. The lack of communication lines and broadcasting infrastructure are just some of the problems that developing nations face. In these markets, eliminating the information divide requires the placement of systems tailored to the region in terms of low power consumption, low-bitrate transmissions, environmental durability, operational stability, and other characteristics. For remote islands, Hitachi High-Tech is proposing the introduction of *One-Seg* broadcasting systems produced by Hitachi Kokusai Electric Inc. (Hitachi Kokusai Electric). More specifically, Hitachi High-Tech will recommend adoption of the system paired with the solar power system of local partner PT. Sky Energy Indonesia under the Universal Service Obligation (USO) project, an Indonesian government initiative targeting village communities that currently lack electric power.

Beyond stand-alone demonstrations of *One-Seg* broadcasting systems, this effort will be part of an ICT system-based disaster-readiness demonstration led by NTT DATA CORPORATION that utilizes surveillance cameras produced by Hitachi Kokusai Electric and VSAT satellites. This particular project was implemented following selection as an initiative to be conducted on behalf of Japan's Ministry of Internal Affairs and Communications in fiscal 2011.

Furthermore, because Indonesia is frequently beset by natural disasters, Hitachi High-Tech is proposing a disaster-readiness ICT system linked to its own proprietary emergency bulletin system to better enable alerts and warnings issued by the Agency for Meteorology, Climatology and Geophysics (equivalent to the Japan Meteorological Agency) to reach citizens quickly.

Going forward, Hitachi High-Tech is eyeing the potential development of the same systems in Thailand, the Philippines, and other ASEAN countries facing similar challenges as Indonesia.

### 2. Security solutions business for Russia

Economic growth in Russia in recent years has made security measures for power plants, railways, airports and other social infrastructure a vital concern. For the Russian market, Hitachi High-Tech is proposing ultra-high sensitivity, all-in-one cameras produced by Hitachi Kokusai Electric for surveillance use at key facilities. Priced lower than infrared, high-sensitivity cameras, the proposed cameras can capture video with visibility comparable to daytime hours even in moonlight. The lineup also includes models suited to frigid climates, a point that is driving the uptake of these cameras for surveillance of

unauthorized entry at hydroelectric plants. Along with adding autonomous surveillance camera systems comprised of solar power generators and wireless transmission equipment to the solutions menu, Hitachi High-Tech plans to broaden the range of applications to include border surveillance, where energy-saving operations is a must, and will extend promotion of this product to Saudi Arabia and other emerging markets.

### 3. Power devices business

The power devices market is expanding rapidly, thanks to a tailwind from environmental measures and energy efficiency with respect to consumer, industrial, automotive and other application areas. In 2015, the market is projected to top ¥2 trillion. Hitachi High-Tech, together with the Infrastructure Systems Company and Power Systems Company of Hitachi, Ltd. (Hitachi), is aiming to develop a business structure for global market share expansion.

Until now, sales with respect to power, railway and other systems occurred mainly within the Hitachi Group. Going forward, though, with the automotive field as a key target, Hitachi High-Tech will take advantage of the global channels it enjoys with this industry as a trading company. Europe is home to an automobile market defined by cutting-edge technology. Leveraging sales and technological capacities honed over many years in semiconductor- and electronic component-related businesses, Hitachi High-Tech will take steps there to broaden sales to leading manufacturers, beginning with sales to manufacturers in France.

#### <Expansion of Global Procurement>

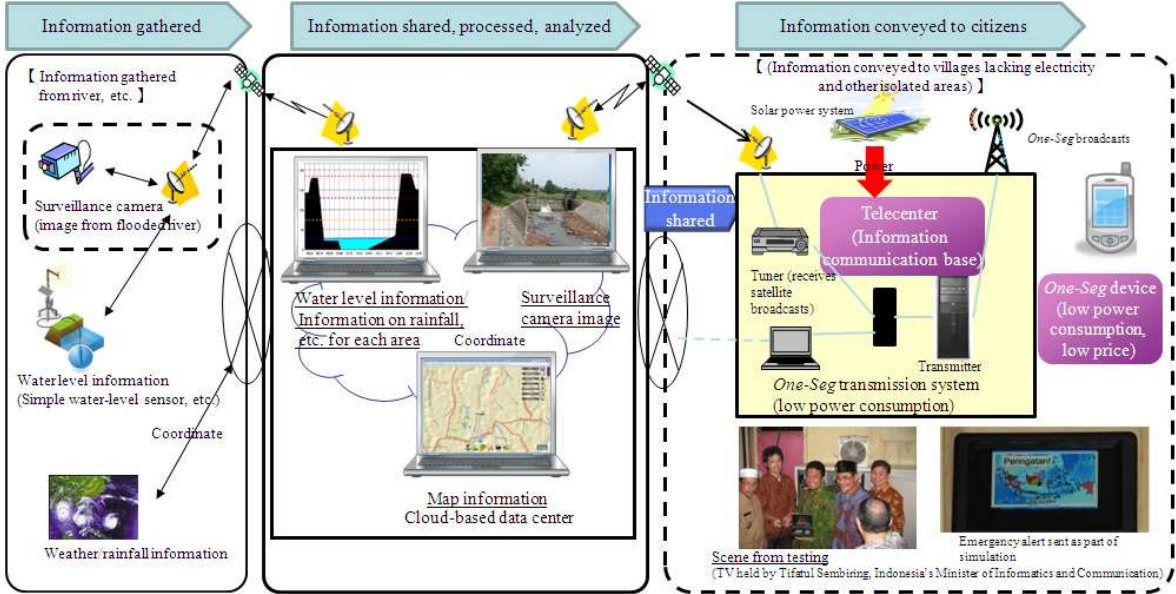
In April 2012, Hitachi High-Tech set up the Group Global Business Division under the Global Trading Group, a move designed to enhance procurement functions and promote business expansion as the trading company for the Hitachi Group. More than 100 staff members have been committed to the division, which is procuring components and materials for the Hitachi Group. As the Hitachi Group's trading arm, Hitachi High-Tech will leverage its network of 56 locations in 27 countries outside of Japan and cement ties with Hitachi's Corporate Procurement Division and related procurement departments to promote procurement from emerging markets and supply Hitachi Group overseas production bases. This will also contribute to the Hitachi Group's global procurement strategy.

In 2011, Hitachi High-Tech celebrated the 10<sup>th</sup> anniversary of its founding, and marked the occasion by announcing its new long-term management strategy, "Corporate Strategy 2011 (CS11)." Serving as a roadmap for the next decade, CS11 is a pathway to helping Hitachi High-Tech realize its corporate vision of becoming the Global Top in high-tech solutions.

The strategic statement embedded in CS11 is "Leading the way for our customers' future as a fast-moving creator," with next-generation electronics, life sciences, environment and new energy, and social innovation selected as target fields. Hitachi High-Tech will push further ahead with efforts to globalize operations, with eyes on the Asian belt zone and emerging economies as promising markets. The goal by fiscal 2020 is to raise the overseas sales ratio to 67%. Along with pursuing growth in existing businesses, Hitachi High-Tech will promote new business development backed by business creation expertise as a core competence. This will see Hitachi High-Tech fuse its strengths as a trading company and manufacturer with the comprehensive capabilities of the Hitachi Group.

Turning to trading divisions, which account for some 60% of consolidated net sales, Hitachi High-Tech, since the days of its forerunner Nissei Sangyo, has sought to expand global sales of semiconductor devices and other Hitachi Group products and promote raw material procurement operations as the trading company of the Hitachi Group. In fiscal 2009, Hitachi High-Tech established the Global Trading Group to accelerate strategic initiatives in growth fields and the creation of new businesses. As a key direction for these activities, Hitachi High-Tech, in partnership with the Hitachi Group, is focusing on business expansion in global markets to contribute to similar expansion in the social infrastructure-related businesses advanced by the Hitachi Group, as well as global procurement and other operations.

(Reference) Diagram of *One-Seg* broadcasts and ICT-based disaster-readiness demonstration project (sections in dashes conducted by Hitachi High-Tech)



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