

News Release

FOR IMMEDIATE RELEASE

Hitachi High-Tech Announces Mid-term Management Strategy

TOKYO, Japan, April 27, 2016 — Hitachi High-Technologies Corporation (TSE: 8036, Hitachi High-Tech) announced that it has formulated a Mid-term Management Strategy running from FY2016 to FY2018. The plan is outlined as follows.

1. Positioning of the Mid-term Management Strategy

Hitachi High-Tech has embraced the corporate vision of consistently becoming to be Global Top in high-tech solutions. Guided by this vision, the Company has been advancing businesses with a mission to turn customers into fast-moving creator of cutting-edge businesses. Moreover, based on its Long-term Management Strategy, Hitachi High-Tech has established policies for each of its three business domains of biotechnology and healthcare, social and industrial infrastructure and advanced industrial systems, along with working to strengthen its business portfolio by shifting resources to growth fields.

Hitachi High-Tech has formulated a Mid-term Management Strategy running from FY2016 to FY2018 in order to implement concrete strategies and measures based on its business portfolio strategy, and thereby accelerate further growth toward 2020.

2. Details of the Mid-term Management Strategy

(1) Basic Policy

Hitachi High-Tech has embraced the following two themes as its basic policy, as part of its efforts to tackle the “Challenge to Change.”

■ Transform to more customer -centric organization

Respond in detail to individualized customer needs, and provide solutions based on sophisticated expertise

■ Transform to autonomous and decentralized organization

Promote a change in awareness to “Think, Decide and Act Autonomously” based on the perspective of total optimization

(2) Mid-term Management Strategy Policy

Keep profits by main business, and promote resource strengthening and investments

Until FY2015, Hitachi High-Tech had invested resources in refurbishing buildings damaged in the Great East Japan Earthquake and in restructuring unprofitable businesses. However, under the Mid-term Management Strategy from FY2016, the Company has positioned the three years through FY2018 as a crucial period for forming a growth cycle for 2020. Accordingly, the Company’s policy is to consistently keep profits by main business, and promote resources strengthening and investments. In keeping with this policy, Hitachi High-Tech will proactively implement strategic investments in R&D and other areas.

In the course of executing the Mid-term Management Strategy, Hitachi High-Tech will embrace a management approach that classifies business into “Instruments” and “Materials” according to business model characteristics, instead of the traditional approach of management by segment. Hitachi High-Tech will establish value propositions and targets in both of these two new categories in conjunction with advancing business in each area.

【Management: Classify businesses into “Instruments” and “Materials”】

[Currently]

Management by segment

Electronic Device Systems
Fine Technology Systems
Science and Medical Systems
Industrial and IT Systems
Advanced Industrial Products



[Mid-term Management Strategy]

Management: Classify businesses into “Instruments” and “Materials”

Instruments	Science and Medical Systems
	Electronic Device Systems
	Industrial Systems*
Materials	Advanced Industrial Products

* From FY2016, the Industrial and IT Systems segment and the Fine Technology Systems segment have been integrated and managed as the Industrial Systems segment.

- Instruments: Provide solutions that combine strong product and trading items with applications and services
- Materials: Further strengthen the existing materials business in conjunction with providing trading services to the manufacturing sector

(3) Mid-term Management Strategy Targets

Under the Mid-term Management Strategy, Hitachi High-Tech has set targets for business goals, investment strategies, and shareholder returns. The Company will strive to achieve its growth strategies to reach those targets.

■ Business goals

- Revenues : Targeting growth in excess of the market growth rate in each business
- Profitability : Instruments: Targeting an EBIT^{*1} margin of 10 % or more
(FY2018) Materials: Targeting an absolute EBIT of ¥5 billion or more
- Service ratio: Attain and maintain a ratio of EBIT from service business^{*2} to overall EBIT of 50% or more

*1 EBIT (Earnings before interest and taxes): Earnings after the subtraction of interest income and interest expense from income before income taxes

*2 Service business: product maintenance services, IT solutions, trading services, and others

■ Investment Strategy (FY2016-FY2018 cumulative)

- R&D: Execute investment of around ¥80 billion by increasing investments centered on the biotechnology and medical products business (Increase by 30% versus FY2013-FY2015)
- Capital investment: Execute investment of around ¥40 billion for the purpose of upgrading and expanding manufacturing capabilities and strengthening production technologies underpinning businesses, and deepening collaboration with customers by expanding demonstration facilities and other assets.
- Business investment: Execute investment of around ¥30 billion primarily in biotechnology and healthcare, and social and industrial infrastructure. Also, make additional business investments using cash on hand.

■ Shareholder Returns

Maintain a stable dividend, targeting a dividend payout ratio of 30%

Hitachi High-Tech will execute the Mid-Term Management Strategy based on the “Courage to Change and Be Changed,” with the aim of accelerating further growth toward 2020.

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