

# Industry/Distribution/Water

In this domain covering the Social Infrastructure & Industrial Systems segment, Hitachi develops products and services such as industry/distribution solutions, water solutions, and industrial equipment. With a 108-year manufacturing history since Hitachi was founded in 1910, we can supply everything from products for the manufacturing workplace to control systems for facilities and business support IT systems. Our goal is to be the best solution partner for customers throughout industries worldwide.

## Future Growth Drivers of the Business

### Smart Manufacturing Solutions

Utilizing Lumada, our smart manufacturing solutions help customers in various manufacturing industries to increase production efficiency, automate production, develop more reliable quality, transfer skills, or address other production-related issues. Solution development often utilizes the high-efficiency production model established at the Omika Works, or systems are developed in collaborative creation with customers. We offer a wide range of solutions, from manufacturing site visualization and predictive equipment failure detection systems to debottlenecking support and production planning optimization. Reforming the manufacturing workplace using digital technology helps our customers become more competitive.



Monitoring System for the Progress and Operational Status developed in collaborative creation with Okuma Corporation

### Generating Post-acquisition Synergies with Sullair

In 2017, Hitachi acquired Sullair, a manufacturer of air compressors with operations in North America, China, and other countries. This move strengthened Hitachi's global air compressor business. Air compressors are an important source of power for various types of equipment used in factories, and this market is expected to grow in the future. The combination of the Sullair sales network with a range of products that incorporate Hitachi's high-level technical expertise in this field promises to help us expand this business globally. The acquisition will also support global expansion of Hitachi's overall business in the Industry/Distribution/Water domain by affording opportunities to supply Sullair customers with marking systems and other industrial equipment, as well as air compressors and digital solutions.



Town hall meeting at US factory of Sullair

## Executive Vice President's Message

### Market-related Issues

In the Industry/Distribution/Water domain, we supply products, systems, and services to a wide range of customers, mostly manufacturers but also firms in the retail and transport sectors.

Today, to tackle challenges such as declining working-age populations, increased workforce diversity, and supply chain globalization, manufacturers in Japan and other countries are looking to address urgent issues such as making operations more efficient or labor-saving, or ensuring the transfer of technical know-how. Faced with climate change, water shortages and other issues, reducing the environmental impact of operations is also of increasing concern. These structural shifts within industry and social issues are leading customers to focus not only on our tangible products, but also on intangible aspects such as the value that Hitachi can add to their business.

### Where Hitachi Is Focusing

In this domain, Hitachi can supply everything from industrial equipment for the manufacturing workplace (Products) to facility control systems (Operational Technology, OT) and IT systems to manage operations. Our aim is to be the best solution partner for customers based on our ability to supply the total package of products, OT, and IT.

We have begun offering smart manufacturing solutions that use Lumada, based on systems we have developed in collaborative creation with Daicel Corporation, Okuma Corporation, Daikin Industries and other customers for tackling manufacturing challenges such as increasing production efficiency or transferring technical know-how. We are reinforcing our lineup by developing unique products that incorporate amorphous motors with world-class efficiency. Our vision is to offer the best solutions to customers by understanding their issues based on Hitachi's more than a century of manufacturing heritage, and by developing value-added combinations of products, OT, and IT.

### Our Future Mission and Role

My objective is to scale up the business significantly through closer links between the various divisions that I lead. Including Group companies, the Industry/Distribution/Water domain spans different industrial sectors and customer bases of differing size. Starting from the systems and products offered by each of these companies, we are expanding the business by providing



**Masakazu Aoki**

Executive Vice President and Executive Officer

fully integrated Hitachi total solutions and services aimed at raising production efficiency or developing more sophisticated operations. Hitachi's acquisition in 2017 of the Sullair-branded air compressor business has also secured us new customer channels in North America and China. Our customers in the industry domain face the same issues worldwide. Leveraging our experience in Japan and Hitachi's strengths in products (manufacturing and production technology), OT (control/operational technology), and IT (technologies for data analysis and processing), we will develop the Social Innovation Business using our digital technology through approaches to a broad range of customers around the world.

### The Creation of Social Value

Solving issues for customers also helps to achieve the SDGs. We will contribute to realizing a sustainable society in which people can enjoy dynamic and comfortable lives worldwide through the supply of systems with low environmental impact and energy-saving products.

#### SDG Focus

