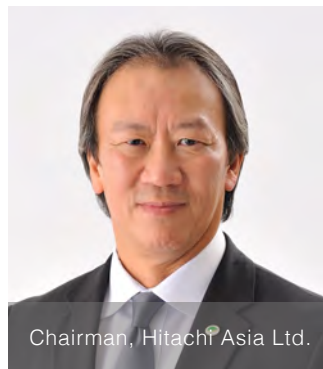


Message from Mr Kojin Nakakita



Chairman, Hitachi Asia Ltd.

Dear Colleagues,

Since my appointment as Chairman of Hitachi Asia Ltd. in April, I officially moved to Singapore in June. Being located at the regional headquarters of ASEAN also gives me closer proximity to visit the neighbouring countries in the coming months. This would help me to familiarise and understand better about Hitachi in ASEAN and to know our fellow colleagues on a deeper level.

Our customers and investors have rising expectations of us, and FY2017 will be a crucial juncture for us to showcase that Hitachi has fully entered the growth phase. We need to effectively implement growth strategies and secure profits. As a focal region of Hitachi, the management is now in the midst of discussing Hitachi's regional strategy for ASEAN. We will announce the details at a later date.

In order to demonstrate that Hitachi has entered the growth phase, we need to achieve an operating income ratio of 7% in FY2017. To achieve this, our main drivers would still be Hitachi's Social Innovation Business and the Base Load Business.

.....

Hitachi will continue to accelerate the global expansion of its Social Innovation Business through collaborative creation with customers, continue its business structural reforms and carry out efforts to solidify its business foundations by reviewing its business portfolio in a bid to secure continued growth.

.....

Albeit the increasingly uncertain future business environment surrounding Hitachi, economy in the United States is expected to remain bullish. While the Chinese economy anticipates that investment, particularly the manufacturing sector will shrink. The Japanese government's economic package will help boost investment, however the European market will continue to experience political unrest. Overall, the geopolitical risks globally are on the rise and these will also affect the region.

JULY 2017:

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As such, I hope that all of you will join me to do whatever it takes to achieve the goals of the 2018 Mid-Term Management Plan so that we will earn the trust of stakeholders such as our customers, and the capital markets. Echoing the words of President Higashihara, let us all work together to hear customers say, "When we think of an Innovation Partner, we think of Hitachi."

Progress of the 2018 Mid-Term Management Plan

	FY2015 (Results)	FY2016		FY2017 (Forecasts)	FY2018 (Targets)
		(Original plan)	(Results)		
Revenues	10,034.3 billion yen	9,000.0 billion yen	9,162.2 billion yen	9,050.0 billion yen	10,000.0 billion yen
ratio Adjusted operating income	6.3% 634.8 billion yen	6.0% 540.0 billion yen	6.4% 587.3 billion yen	7.0% 630.0 billion yen	Over 8.0% Over 800.0 billion yen
ratio EBIT	5.3% 531.0 billion yen	5.0% 450.0 billion yen	5.2% 475.1 billion yen	6.4% 580.0 billion yen	Over 8.0% Over 800.0 billion yen
Net income attributable to Hitachi, Ltd. stockholders	172.1 billion yen	200.0 billion yen	231.2 billion yen	300.0 billion yen	Over 400.0 billion yen
FX rate (Average)	U.S. Dollar Euro	120 yen 133 yen	110 yen 120 yen	108 yen 118 yen	110 yen 115 yen
					110 yen 120 yen

* As of May 2016

The 2018 Mid-Term Management Plan was first announced in May 2016, in which Hitachi aims to be an innovation partner for the IoT era. The four focus business domains are Power/Energy, Industry/Distribution/Water, Urban, and Finance/Public Healthcare. President and CEO of Hitachi, Ltd., Mr Toshiaki Higashihara updated our stakeholders on the progress of the 2018 Mid-Term Management Plan on 12 May.

Progress in FY2016 included business reorganisation for the growth of Social Innovation Business, increased empowerment of growing businesses such as railway, industrial and power, as well as the establishment of the IoT platform to drive the Social Innovation Business where the Lumada IoT platform was launched.

For full details of the progress of the 2018 Mid-Term Management Plan, please click [here](#) for the presentation slides or [here](#) to watch the video.

.....

Hitachi is on track to achieving our targets set out in the Mid-Term Plan as our results for FY2016 have exceeded the original plan.

.....

The wait is over – our virtual doors have finally opened in Singapore! Go to www.hitachiconsumer.com.sg to buy your favourite Hitachi Home Appliances!

*This e-store is only available for Singapore.
All items are available for ordering online except air-conditioners and business products.



Hitachi Addresses Urbanisation Issues at the 14th Hitachi Young Leaders Initiative



Mr Toshiaki Higashihara, President & CEO, Hitachi, Ltd. delivering a welcome message and keynote address to student delegates and audience at the opening ceremony of 14th HYLI.

Earlier this month, Hitachi held the 14th Hitachi Young Leaders Initiative (HYLI) at Yangon, Myanmar from 10 to 13 July. A total of 32 student delegates from Indonesia, Japan, Malaysia, Philippines, Singapore, Thailand, Vietnam and Myanmar attended the 4-day programme held at Sule Shangri-La Hotel. Plenary activities held on 10, 11 and 13 July received a combined attendance of close to 270 attendees from media, local organisations and institutions.

Themed “Sustainable Urbanisation through Collaborative Creation”, interactive plenary discussions on the value of smart cities, sustainable urban transportation, and environmentally sustainable cities took place. Renowned speakers from local and regional institutions were invited to share their experience and perspectives to the student delegates and local audience.

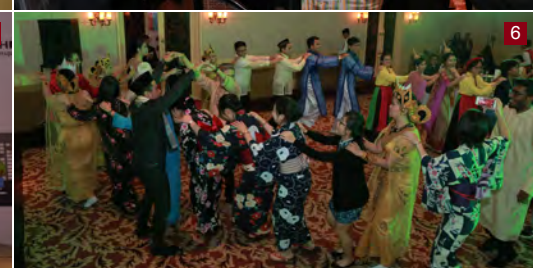
The event was graced by H. E. U Phyo Min Thein, Chief Minister, Yangon Region

Government as Guest-of-Honour. Other notable guests and speakers included H. E. Tateshi Higuchi, Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of the Union of Myanmar, who delivered the opening remarks; Mr Aik Htun, Chairman, Shwe Taung Group was keynote speaker; H.E. U Maung Maung Soe, Mayor, Yangon City Development Committee (YCDC); and Mr Bijay Karmacharya, Country Manager, UN Habitat Myanmar who received the students at their offices respectively on 12 July to share their urban development plans and activities.

On the final day of the programme, student delegates presented their recommendations for sustainable urbanisation of Yangon City to an esteemed advisor panel led by the Mayor, YCDC and supported by UN Habitat, Yangon Heritage Trust and Hitachi Asia Ltd. Myanmar Branch (HAS-MM). The programme concluded with students pledging to contribute to a better society.

Student delegates will be invited again later this year to attend the HYLI Report Meeting in their home countries.

For this event, each country delegation will be requested to provide recommendations on their chosen home city to a local audience and HYLI alumni.



1 A group photo of student delegates with the Guest of Honour, H. E. U Phyo Min Thein, Chief Minister of Yangon Region Government. **2** A plenary session discussing the value of smart cities. From left to right: Mr Thauang Su Nyein (Moderator), Mrs Nina Yang of Ascendas Singbridge, Mr Setiaji of Jakarta Capital City Government and Mr Keizo Kobayashi, Hitachi, Ltd. **3** Mr Aik Htun, Chairman, Shwe Taung Group interacting with student delegates after his keynote speech. **4** Student delegates from Group 3 holding a discussion to prepare for their city recommendations on 13 July. These workshops were held daily from 10 to 12 July to prepare the students for their presentation. Each student group was guided by two mentors from Hitachi Asia Ltd. **5** Student delegates from Group 2 presenting their city recommendations to Advisors and local audience on the fourth day of HYLI programme (12 July). **6** Student delegates, in their national costumes, joining a performance by Indonesian student delegates. **7** Myanmar student delegates posing for a photo after their cultural performance at the farewell dinner on 13 July.

Hitachi Social Innovation Forum 2017 in Manila



The Hitachi Social Innovation Forum (HSIF) 2017 in Manila was held at Fairmont Makati, on 28 June.



Dr Ernesto M. Pernia, Secretary of Socioeconomic Planning, National Economic and Development Authority (NEDA), graced the event as Guest-of-Honour.



The event also saw many external speakers share their expertise in smart cities and urban planning. They included (from left to right) Mr George T. Barcelon, President, Philippine Chamber of Commerce and Industry (PCCI); Mr Roberto Jose L. Castillo, President & Chief Executive Officer, EEI Corporation; Ms Aileen Anunciacion R. Zosa, Executive Vice President, Bases Conversion and Development Authority (BCDA) (on behalf of Mr Vivencio B. Dizon, President and CEO, BCDA); and Mr Mitsuhiro Shimizu, General Manager of Hitachi Asia Ltd. Philippine Branch.



A panel discussion, "What Makes a City 'Smart'?" highlighted how Manila can become an ideal urban city by exploring the roles of key stakeholders such as the government, citizens, and the private sector.



The event concluded with a cocktail reception to provide ample opportunity for mingling and to facilitate the sharing of ideas among key stakeholders in the Philippine market.

Click [here](#) for the full happenings at the forum.

The New National Cancer Centre Singapore Groundbreaking Ceremony



Mr Nakamura (extreme right), together with esteemed guests participated in the groundbreaking ceremony.

In August 2016, Hitachi Asia Ltd. received an order for a PBT System from the National Cancer Centre Singapore (NCCS), including a 10-year service and maintenance agreement. The Proton Beam Technology (PBT) system* planned for NCCS will be equipped with Hitachi's latest technology and will be the first PBT System in Southeast Asia.

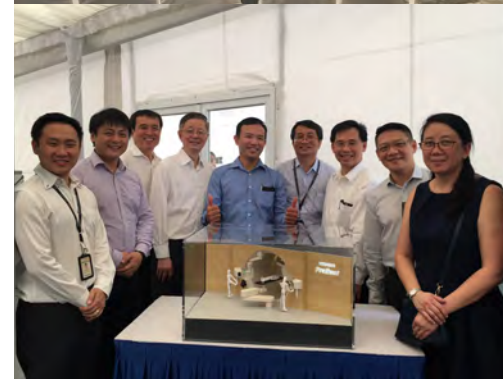
The PBT System will be housed in the NCCS' new building. It will act as a one-stop cancer care hub, where it strives to be a global leading centre providing the best in cancer care.

A groundbreaking ceremony for the new building was held on 2 June. Mr Fumito Nakamura, Chief Executive (Radiation Oncology), Healthcare Business Unit, Hitachi, Ltd., together with his team graced the ceremony. Mr Nakamura was specially invited to break ground along with other esteemed guests.

A small-scale exhibition was held alongside where a model of Hitachi's PBT System was showcased, which attracted curious visitors including Mr Gan Kim Yong, Minister for Health, and Dr Amy Khor, Senior Minister of State, Ministry of the Environment and Water Resources and Ministry of Health.

Through this partnership with NCCS, Hitachi hopes to advance cancer research and treatment across Southeast Asia, accelerating the expansion of its global market share of PBT Systems to contribute to cancer treatment around the world and to the growth of its healthcare business.

*For more information about Hitachi's PBT System, please click [here](#).



1 A model of the PBT system. **2** Mr Naoya Nishimura, Chief Project Manager, Particle Therapy Solution Department, Particle Therapy System Division, Healthcare Business Unit, Hitachi, Ltd. (second from left) explaining the benefits of Hitachi's PBT system to Mr Gan and Dr Khor. **3** The Hitachi and NCCS teams who made this collaboration possible.



Teachers and head masters from 26 vocational schools attended the conference.

Inter Vocational High School Conference

On 5 May, PT. Hitachi Power Systems Indonesia (HPSI) together with PT. Hitachi Asia Indonesia (HAS-IDN) held an Inter Vocational High School Conference within the compounds of HPSI. Amongst the attendees were Mr Sulistio Mukti Cahyono, Directorate General of Vocation School, Ministry of Education, Republic of Indonesia, as well as teachers and head masters from 26 vocational schools.

Aimed at building better relationships between schools and HPSI for continuing education and other activities for mutual benefit, the conference aimed to discuss how to nurture the next generation of talents to fulfill the needs of the industry in Indonesia.

In his opening speech, President of HPSI, Mr Akio Watanabe highlighted the evolving business environment and the industry's increasing need for fresh talents in order to remain competitive globally.

About 80% of the current workers in HPSI are graduates from vocational schools. Since 1995, HPSI has maintained close relationship with vocational schools to fulfil manpower requirement by being involved with internship programmes, sharing industrial behaviour to schools, as well as latest recruitment practices.

Of the resolutions that were proposed during the brainstorming session, the key is for companies to work closely together with schools and stakeholders to generate a strategy to create demand for graduates. Other government institutions such as the Ministry of Industry or Ministry of Labour should connect with the vocational schools to further develop the industry and country as a whole to eliminate any gaps.

This includes solving the lack of facilities such as machinery, tools or materials in order to meet the on-going technology requirement. Another important discussion point was to extend the duration of the on-the-job-training (OJT) programmes to improve the skills of students.

Part of the conference agenda included a factory tour at HPSI where participants had the opportunity to visit the Machining Shop, Fabrication Shop, Assembling Shop and Quality Assurance.

The conference ended with the release of balloons, an act commemorating the National Education Day in the Republic of Indonesia.



1 Part of the agenda included a factory tour at HPSI. 2 A group photo was taken just before the release of balloons to commemorate the National Education Day in the Republic of Indonesia. 3 The release of balloons was done in celebration of the National Education Day in the Republic of Indonesia, which is commemorated on 2 May annually.

Heart to Hand Project



Kudos to all volunteers who helped out despite their busy schedule!

To ensure sufficient funding for this project, a fund-raising campaign was held in April 2017 within HDS Malaysia's office, where a stall was set up weekly to sell various types of food for breakfast. In the afternoon, the sale items included books and items that were donated by individuals and departments.

HDS Malaysia is proud to have contributed generously during the fund-raising campaign. All volunteers were grateful to be able to help the less fortunate, and happy to know that their efforts made a difference.

Employees of Hitachi Data Systems Sdn. Bhd. (HDS Malaysia) recently brought cheer to five needy families on 20 May by giving them food supplies and other household necessities. In addition to gifts, a fresh coat of paint was given to one family's home. HDS Malaysia was also happy to have fulfilled the wishes of another family to have a dough mixer and freezer so that they can generate more income by making curry puff for sale.

This was part of their "Heart to Hand" corporate social responsibility (CSR) efforts, where HDS Malaysia worked with The Social Welfare Department of Subang Jaya to identify the families in their community. Led by Ms Suriatul Ahmad of HDS Malaysia, the main aim was to provide help to families who have disabled family members in need of public contributions.



1 Volunteers painting one family's house. 2 The end result with a fresh coat of paint. 3 Volunteers hard at work by bringing the dough mixer and freezer to one family. 4 The many lives that were touched on 20 May.

Interview with Katsumi Hiruta, General Manager, Hitachi, Ltd. Philippines Branch (HIMAC)



Katsumi Hiruta, General Manager, Hitachi, Ltd. Philippines Branch (HIMAC)

1. Why did you first join Hitachi and what is your current role in your company?

After I graduated, I planned to enter an engineering company so I chose Hitachi because it is one of the best companies in Japan.

I first joined Hitachi Construction (HPC) in 1979 and transferred to Hitachi, Ltd. in 2003. At the beginning, I was engaged in layout designs of nuclear power plants at CAE (Computer Aided Engineering) Centre in Japan.

It was not until April 1998 that Hitachi, Ltd. Philippine Branch (HIMAC) was established and I was posted here as Technical Supervisor in 2006. In the succeeding years, I worked very hard and eventually rose to General Manager of HIMAC in 2013. Since then, I have been involved in a wide range of tasks including administration, personnel, accounting, IT, guest correspondence and many others.

Now, HIMAC does engineering work, specifically in drafting by maintaining high quality, 2D, 3D data and drawing work. The engineering department also pays attention to stress analysis related to plant piping design, thermal analysis, earthquake resistance calculation, piping route planning, and nuclear power decommissioning business.

We are also responsible for Rail System CAD (Computer Aided Design) works at the Kasado Plant and some operations on the *Shinkansen* since 2015. HIMAC recognises the meaning of globalisation and hopes to lead the ASEAN region as an overseas design base.

2. Did you have any key mentors or people who deeply influenced who you are, what you believe in and what you're committed to in your work and life? Tell us about them.

I have been blessed with wonderful seniors, bosses and friends since I joined the company. Thanks to them, I am in this position today.

My ex-boss Mr T. Y, is my lifetime benefactor. He is a very strong leader who is also very strict at the same time. He is a man who does not believe in praises or compliments even if a job was done well. He was the one who guided and led me to where I am today. Till today, I respect him very much.

3. What motivates you? What are you most excited or passionate about in life?

Currently, the expansion of HIMAC excites me as we are in the midst of securing many new orders.

4. What are your goals and dreams for the next ten years? What's next for you in your work? What are you looking forward to?

.....
In the next 10 years it is my goal to ensure that HIMAC can build its own unique management system and to make it a company strong enough to stand on its own, produce active engineers in a wide range of fields, and grow into an esteemed company that other companies in ASEAN would emulate.
.....

5. What do you think about the Philippines?

As I've stayed in the Philippines for more than a decade, I can see that HIMAC still has many hidden potentials. Filipinos are brilliant and I want to see their abilities fully utilised in HIMAC and provide significant contribution to the growth of Hitachi.

6. How do you manage stress?

I have never really felt stress at work because I love my job. But when it comes to my golf score, I am extremely stressed out! However at the end of the day, drinking cold beer helps me forget everything (laughs!).

7. Tell us something your colleagues don't know about you.

I am a very sporty person. So far, I have participated in five full marathons (though I only completed twice); swam 15km across the Ocean Pacific; cycled the main island of Japan (*Honshu*), as well as cycled the *Shikoku* pilgrim.

I am also a soft tennis player. I participated in the Philippine National Team and attended international convention. At the moment my new interest is golf!

8. Tell us about your family.

I have been in Manila for over 11 years. As a result of my work, I cannot meet my family easily.

My wife manages a beauty salon, while our three sons are unfortunately all single. Though I sometimes think that maybe they are dating in secret. I am still looking forward to the time when they decide to settle down and start their own family.

My mother is 92 years old this year and her sisters are 90 and 80. My mother and aunties say, which I agree, that to live an old ripe age and have good health without being a burden to anyone is a job in itself (laughs!).



Interview with Katsumi Hiruta, General Manager, Hitachi, Ltd. Philippines Branch (HIMAC)



9. Please share with us one life-changing experience.

.....

It has got to be my overseas assignment to HIMAC.

.....

10. If you have the chance to meet any one person in the world, who would it be?

I find the President of the Philippines, Mr Rodrigo Duterte very interesting. If there's any chance, I would like to meet him. Maybe we can stay in a beautiful island for a month, discuss about Philippines and HIMAC future without hesitations.

11. What is your favourite movie and/or book?

My favorite author is Mr Keigo Higashino.

12. If you could live your life all over again, what would you do differently and why?

I would like to be someone who can maintain world peace, protect the environment, help the poor and the sick and make the world a better place. So maybe I should become a politician in my next life?



Company Feature: Hitachi Soe Electric and Machinery Co., Ltd.

Welcome to the brand new 'Company Feature' segment - an initiative where more can be learnt about Hitachi's businesses across ASEAN. One company will be featured on a rotating basis from each of the seven ASEAN country namely, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

Selected Country: Myanmar

To kick start this feature, we bring you on an insightful factory tour of Hitachi Soe Electric & Machinery Co., Ltd. (HISEM) in Yangon.

Company Background

With almost 500 employees, HISEM was formed in 2015 by merging Hitachi's technological innovation and 23 years of electrical transformer manufacturing experience of Soe Electric & Machinery Co., Ltd. (SEM) for manufacturing, installation, leasing, maintenance, repair and sales of electrical transformers, switchgears and transformer-related accessories, thereby addressing the entire business life cycle.

The family-run SEM's origins are interestingly similar to Hitachi. It started as a motor repair shop and focused on manufacturing their own products. Over time, SEM became a pioneer in transformer business to fulfill the needs of Myanmar Electrical Sector.

Factory Tour

The 40,000 square-metre plant area is almost 6 times the size of a football field. We first saw coil being manufactured in an air-conditioned area. This is necessary due to Myanmar's high humidity and temperature.



Manufacturing of LT & HT coil winding in an air-conditioned environment

The coil was then wound and reshaped into rectangular copper conductors wrapped with high quality insulation papers. This enables them to withstand dynamic forces due to short circuit and abnormal voltage surges stemming from switching and lighting impulses.

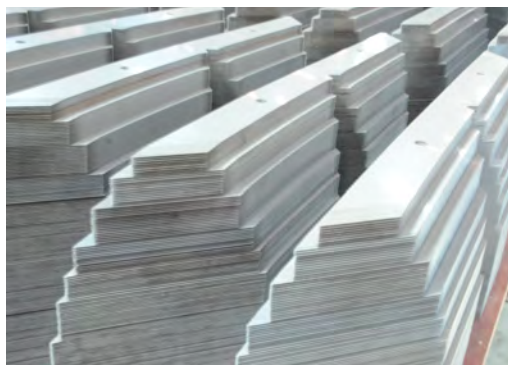
At the heart of the transformer lies the magnetic core which is responsible for transforming electric power from one system of voltage to another by induction. After slicing the magnetic cores into thin pieces, they are stacked together tightly to form a stacked core. Multi-step laps' cores offer better and more efficient performance over conventionally stacked ones.



Grain Orientated Silicon Steel Core



Core Slitting Machine



Production of the stacked magnetic core

Company Feature: Hitachi Soe Electric and Machinery Co., Ltd.

Mechanical tank fabrication are made by computer added flame/plasma cutting machines and Computer Numerical Control (CNC) machines such as cutting machines, hydraulic press brakes (shown below), hydraulic swing beam shears and power crank presses.



Production of Transformer Tank body by CNC Plasma Cutting Machine & CNC Pressbrake



Welded by Robot Welding Machine



Power Transformer Tank body

After multiple welding, steel grits are inserted to the Growell Shot Blasting Machine to ensure that the tank surface is even and smooth. And then the tank of the transformer can finally be painted. It has to be vacuum dried afterwards since moisture can deteriorate the insulation of the transformer. The transformer is then oiled with mineral oil purified in vacuum, which acts as a coolant media to ensure uninterrupted performance.



Growell Shot Blasting Machine & Painting and Heating Oven

Core and coil assembly is crucial to ensure that electrical power from one system to another can be transformed successfully. Loose cable connections will lead to hot spot temperatures in the transformer, which lowers performance.



Core and coil assembly at different stages of the transformer

Multiple testing is done on the assembly line to check for quality assurance. After the entire process, the transformer will be installed, maintained and repaired according to clients' needs.



Testing and Quality check



The finished product!

Want to learn more about HISEM?

Click [here](#) to visit their website!