

# New Value for Railways and Society Delivered by True Global Operation



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In the last three years, we've seen tremendous transformation of the rail business at Hitachi. We've relocated our headquarters to the UK and dramatically transformed our business in terms of becoming a global business through the acquisition of Ansaldo Breda (now Hitachi Rail Italy) and a majority shareholding in Ansaldo STS.

With these acquisitions, we have expanded and now have a very wide portfolio of products and services servicing the rail sector. We have strengthened in particular our turnkey capability, as well as our capability for signalling and traffic management systems.

We have also dramatically expanded our global reach through this transaction. In addition to our facilities in Japan and the UK, we now have manufacturing in Italy, and the USA, allowing us to have better access to all of the world's markets which we are continuing to push and expand into.

Following the acquisitions, we've moved much closer to the big three European players. Now we have established this very strong business foundation as a great foothold, our intention is to continue this momentum and keep growing as we move forward.

In order to expand our business, we have come up with three strategic themes as a path to growth, which are Global, Service, and Innovation.

Over the next three years, we will transform our business into a true global operation through business integration and building a world-class global manufacturing capability. We are seeking new business expansion with longer term service revenues and investing in technology for tomorrow's railway.

Innovation is very much the future and it is very much a part of Hitachi's DNA. Our journey of pursuing innovation started in 1910, when the company was founded as a small machine repair shop at Kuhara Mining Company in the Ibaraki prefecture of Japan. For Hitachi Rail, our first breakthrough was in 1924, when we became the first Japanese company to develop an electric locomotive. Since then, we have a long history of delivering top quality solutions such as the Japanese high-speed Shinkansen, a traffic management system that helps improve traffic flows and passenger convenience, bi-mode trains with electric and diesel propulsion capability, and an energy-saving hybrid propulsion system using storage-battery technology, to name a few.

Now, as we face the era of the IoT, how we leverage our IT capability to work with our railway system is very much the key. The combination of big data with artificial intelligence opens up a whole new possibility in many areas from passenger service to asset management and maintenance. To our advantage, we have this capability within our Hitachi family and we are working very closely with each other across the business to accelerate the delivery of the next innovative solutions.

In this edition of Hitachi Hyoron, we talk about market environments and trends, and about the future of rail transportation from a wider mobility context. You will also see some of our activities in terms of our three strategic themes – Global, Service, and Innovation – from a technology point of view and we hope you find these interesting. As a leading total system integrator and as the fastest growing business in the rail sector, we are very ambitious to serve your needs by bringing new values and transforming the world we live in into a better place through innovation.