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# Hitachi Energy

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# Today's focus

**01** Strong market momentum

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**02** Hitachi Energy journey

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**03** Priorities and ambition





- **Electrical Engineer**
- **International experience across the Energy Value Chain & Industry**
- **Power Generation and Trading** incl. conventional, low-carbon fuels, nuclear, green hydrogen, renewables
- **Global T&D<sup>1</sup> experience** as utility CEO, OEM & operator
- **Rich experience driving Service and Digital transformation**

**20 years**

Siemens incl.  
Electric Utility & Building  
Technologies

**7 years**

CEO  
thyssenkrupp Elevator

**3 years**

CEO Uniper

**3 years**

Startups in green  
hydrogen, solar,  
electrolyzers

Mission to accelerate the energy transition towards a  
**carbon-neutral future together with customers and partners**

1. Transmission and Distribution

# Energy challenges of our time – we need to...

Reduce carbon emissions



Secure energy supply



Meet the increased demand



# Decarbonization is driving electrification & demand increase

## Electrification



Electric buses



Electric trains



Heating/Cooling of Buildings & Households



Arc furnaces for recycled steel



Short-haul flights



Electric Vehicles



Trucks for regional deliveries



Data Centers



Low temperature industrial heat

## Green molecules such as hydrogen, biofuels...



International transportation



Chemical, Steel etc.



Long-haul flights



International Freight

**Green Electrons**

**Green Molecules**

Renewables are the cheapest & fastest way to meet the demand

## Power generation:

Solar / Onshore & Offshore Wind  
**~1-7 years**


SMR<sup>1</sup> **~10 years**

Nuclear power reactors  
**~15 years**

Gas turbines and Hydro power

Geographical location & volatility underpin the importance of the grid

**One example:**  
the UK & Ireland

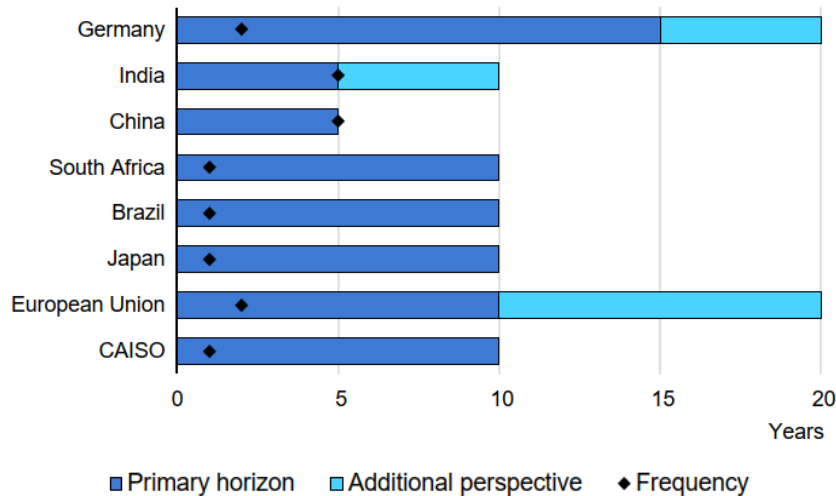
-  Load centers
-  Wind farms
-  HVDC link



1. Small Modular Reactors

The global energy supercycle will continue **~20 years**

### IEA Report: Length of planning horizons<sup>1</sup>



The **power grid** is much more important than ever before.

### US FERC<sup>2</sup> Rule 1920 – Regional Transmission Policy

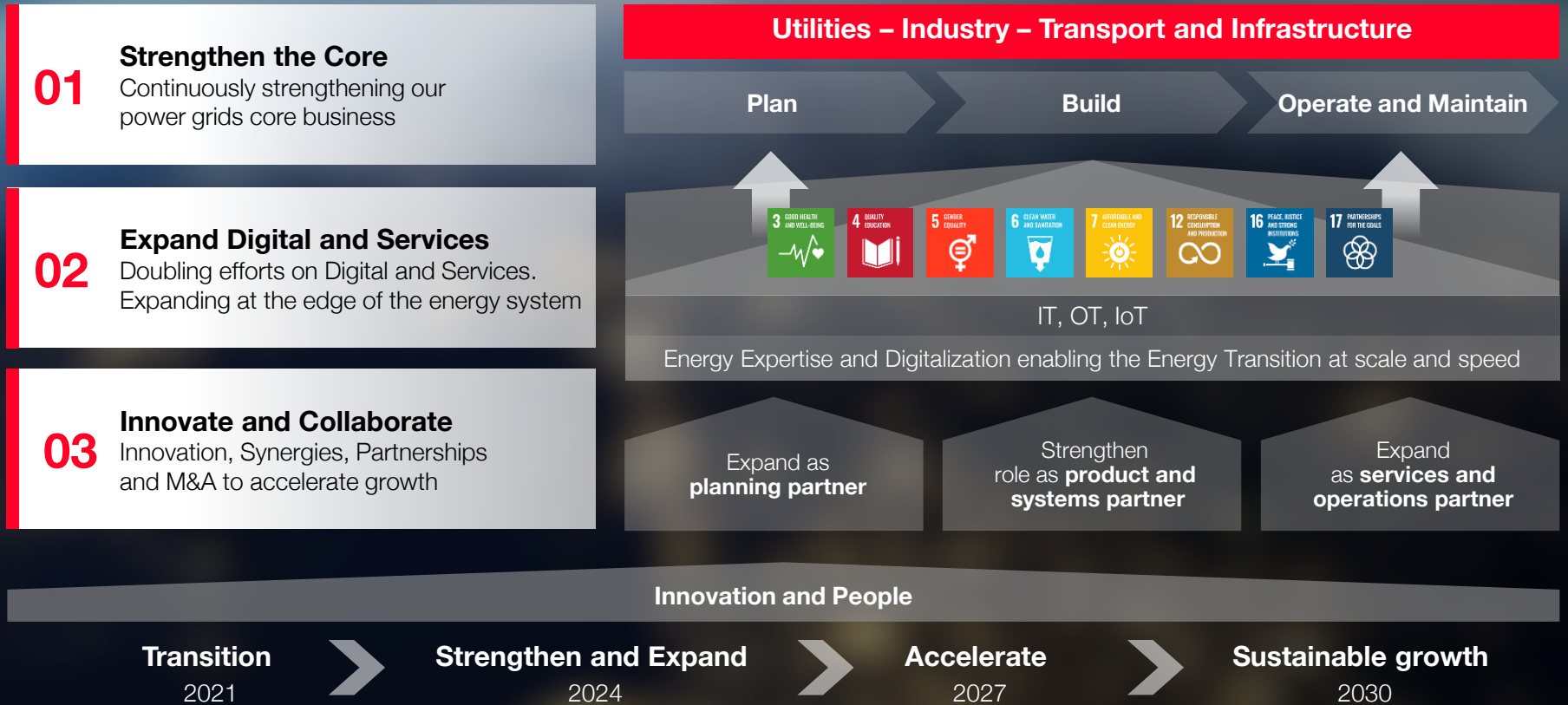
Requiring the US transmission providers to conduct long-term transmission planning over a 20-year time horizon to anticipate future needs.

“Let’s seize this moment - The grid cannot wait. Our communities cannot wait. Our nation cannot wait.”

**US FERC Chairman  
Willie Phillips**

1. IEA (2023), Electricity Grids and Secure Energy Transitions, IEA  
2. Federal Energy Regulator Commission

# Hitachi Energy 2030: Purpose-driven strategic growth plan



**Hitachi Energy 2030 - our commitment to advancing a sustainable energy future for all, delivering social, environmental, and economic value, aligned with Hitachi's vision and goals**

Automated system – No manual intervention – Harmonized data



## Enablers in place for **growing & scaling at speed**

**Live**

Across 60 countries

**150**

Harmonized global data objects

**~24,000**

users

**1,250 work processes**

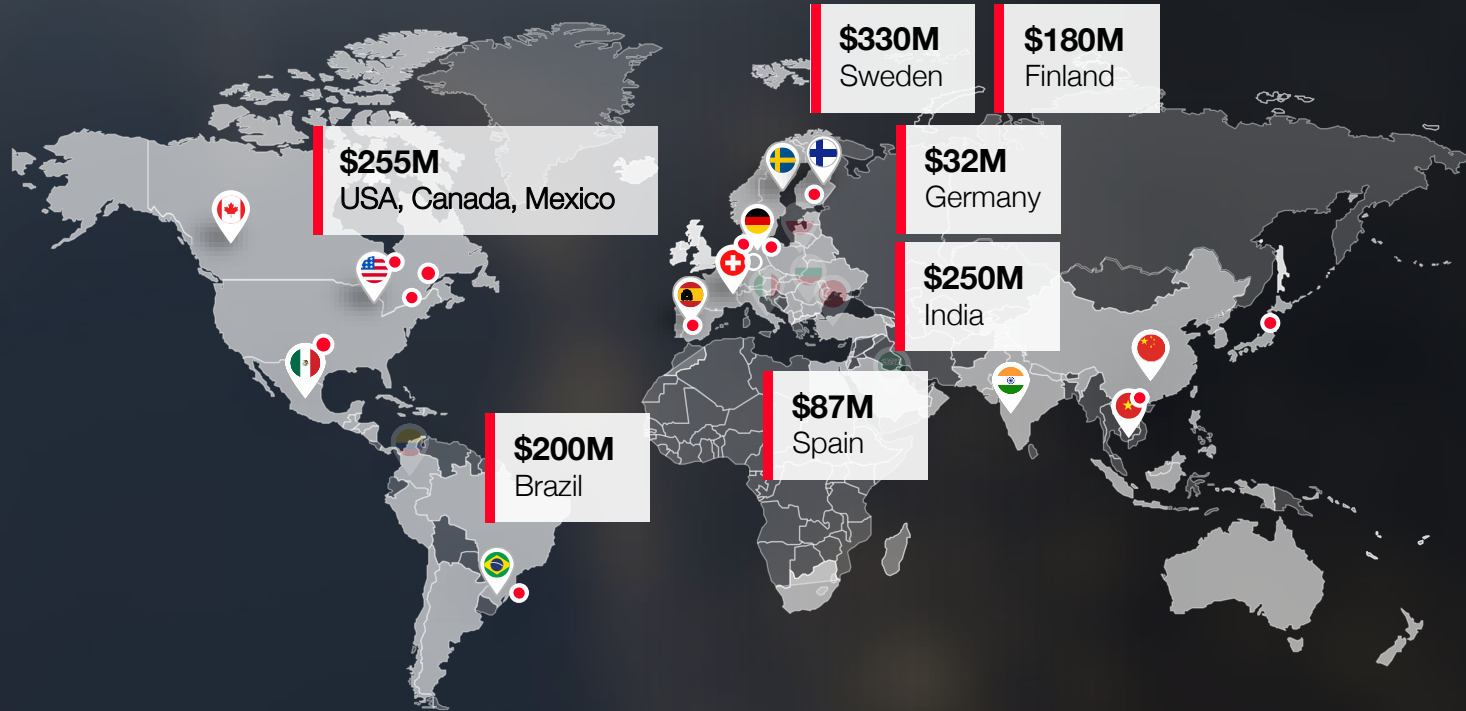
Harmonized

**~152 million**

Data object records migrated

**IT integration completed**

For growth & synergies



## Investments<sup>1</sup>

**\$9B** **\$3B** (2020-23)  
**\$6B** (2024-27)  
 2020-27

## Workforce Expansion

**>20%** **+15,000**  
 2020-23 2024-27

## Order Backlog

**>3X** (Baseline 2021) **~\$40B**  
 2024

2024 announcements. All figures in USD

1. Investments in manufacturing, engineering, digital, R&D and partnerships across all major markets. This includes investments to ramp up Hitachi Energy's global transformer manufacturing capacity.

## Capacity Expansions

Grid planning & investments needed & current planning horizons 10-20 years

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Visibility from Order Backlog, Framework Agreements, Capacity Reservation Agreements

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Widest global footprint enables natural hedging (downside protection)

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Flexible manufacturing capacity & partnerships

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Solid business case

## Operational Excellence

New business models driving standardization, FA, & CRA

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Derisking of business model (from EPC<sup>1</sup> to EP<sup>2</sup>)

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Enhanced T&Cs (e.g. price corridors)

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Value-based pricing

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Global digital core enabling automation of processes (e.g. S/4 HANA, Digital Passport)

1. Engineering Procurement & Construction  
2. Engineering Procurement

It's not enough to focus only on expansion

We also need to focus on the installed base

**01**

Capacity increase & efficiencies

**02**

Extend lifecycle

**03**

Service business underpinned by digital technologies

## 2030 Ambition

**#1**

Service Provider  
(Extending lifecycles of customer's products)



**>3X**

Service Business  
by 2030 (Baseline 2021)



**\$\$\$**

Accretive  
margin profile



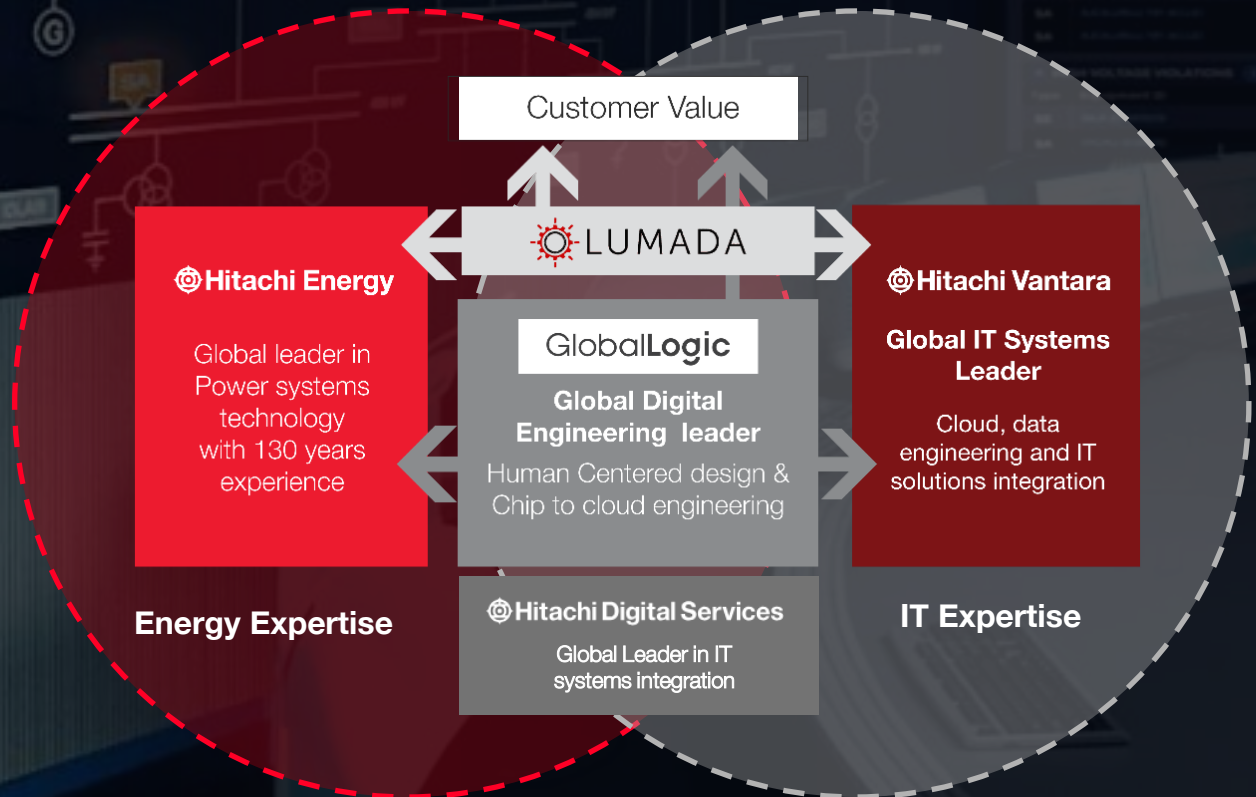
# Synergies between Hitachi Energy, GlobalLogic & Hitachi Digital Services – **An unparalleled competitive advantage**

Combining Hitachi unique IT, OT, IoT, products, and services capabilities.

## Hitachi Vegetation Manager

(part of Lumada Inspection Insights portfolio)

AI-driven solution to predict, prevent vegetation threats for greater grid resiliency, and reliability.



# Provide market system for operating nationwide energy reserve balancing market<sup>1</sup>

Optimizing proven global solution for the Japanese market

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Contribute to **efficient procurement and cost reduction**<sup>2</sup> of balancing energy

Contribute to **maintain frequency and stable power supply**

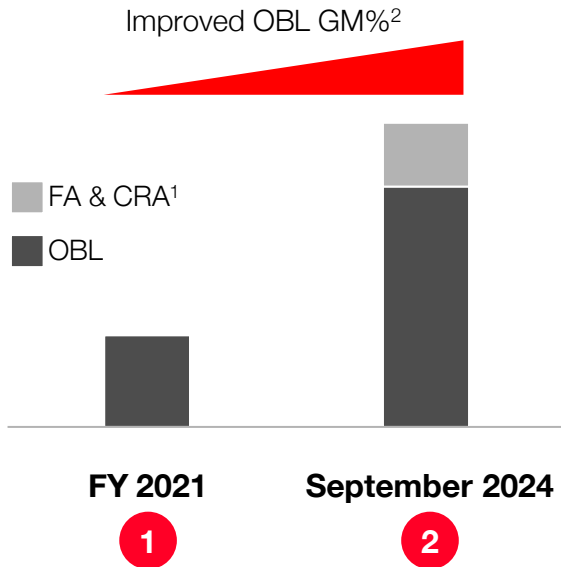
Developed **new advance technology** adapted to the characteristics of the unique market in Japan

Synergies of IT and OT solutions supporting TSOs to handle energy reserves



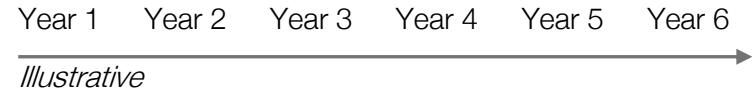
1. Social Infrastructure Information Systems Division, Hitachi, Ltd. & Hitachi Energy collaborating and providing Network Manager Market Management System & IT services. TEPCO Power Grid & Chubu Electric Power Grid representing EPRX and 10 TSOs in the energy reserve balancing market system.
2. Achieving ~30% annual savings during one year post implementation of the Tertiary Adjustment Capacity 2 market (as of November 2022).

**Growing backlog with higher margin & increased visibility of the future – securing continued revenue & profitability growth**



1

OBL volume  
FY 2021



2

FA & CRA<sup>1</sup>

OBL volume  
Sep 2024



De-risked business model (e.g. FA & CRA<sup>1</sup>)



Enhanced Terms & Conditions (T&C)

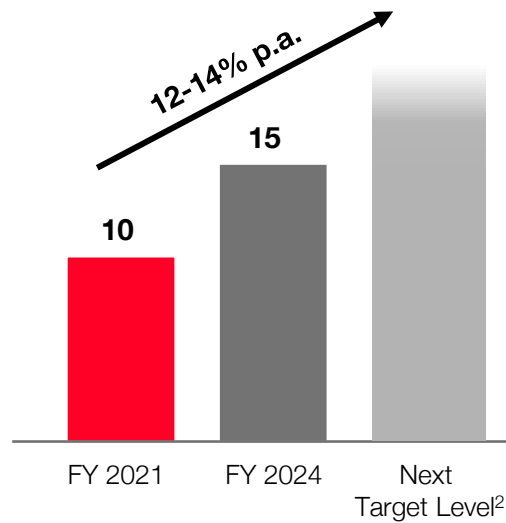


Improved order backlog gross margin %

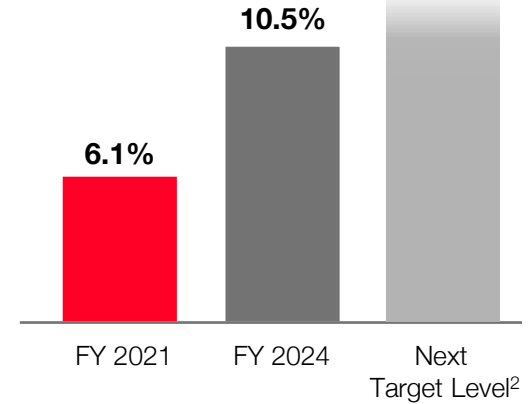
Nominal rate

1. Framework Agreement (Long-Term) and Capacity Reservation Agreement
2. Gross margin

## Revenues, BUSD



## Adj. EBITA (%), Standalone<sup>1</sup>



**Our profitable and sustainable growth journey continues...**

1. Excluding related cost
2. 2030 and beyond

# Profitable and sustainable growth



Significant market tailwinds



Profitable and sustainable growth



High capital returns



High value creating business

## Key Takeaways

**Well positioned, in attractive markets, to sustain industry leadership performance**

### Key priorities:

- Become #1 Services Provider - enabled by digital
- Accelerate strategic growth areas
- Investing in capacity expansions
- Flexible capacity & ability to scale
- Leverage digitalization, innovative technology & sustainability
- Maintain focus on operational excellence

**Maintain & improve our market & technology position**

Growth and margin expansion creating significant shareholder value

Q&A

Advancing a sustainable  
energy future for all



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