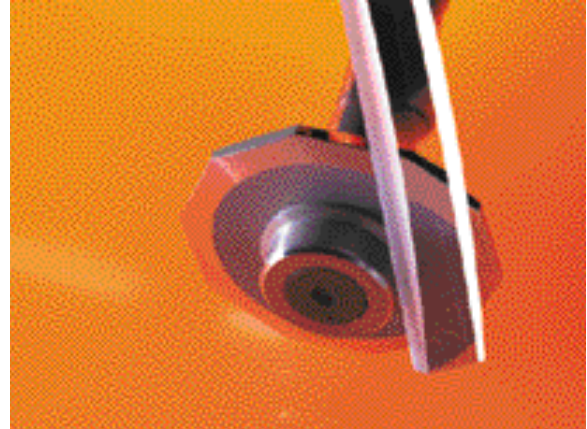
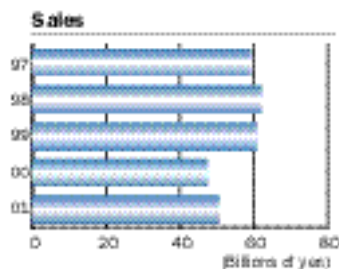


# Printing Systems



Hitachi Koki boasts the world's highest levels of technologies as a printing solutions company and commands the top shares of the domestic market for high-speed laser printers and dot line printers. The Company has over 20 years' experience in the field of laser printers, which are the most commonly used type of printer in the world today. Our laser printers have earned extensive acclaim within the industry and have garnered a growing list of accolades that include some awards from a former Science & Technology Agency (currently, the Ministry of Education, Culture, Sports, Science & Technology), The Japan Electrical Manufacturers' Engineers, and etc. Hitachi Koki's dot line printers also play an important role in areas close to people's daily lives. For example, Hitachi Koki's dot line printers are widely used for printing on noncarbon-type receipts used in the dispatch and receipt of home delivery services.

## Fiscal 2001 in Review

Domestic sales of high-speed and medium-speed continuous-form laser printers declined from the previous fiscal year, owing to such factors as a decrease in new orders resulting from the consolidation of

domestic financial institutions. Exports of these printers were also lower, reflecting the effects of the slowdown of the U.S. economy in the second half of the fiscal year. Intense competition in the market for midrange printers mirrored a shift in customer needs toward printers compatible with any operating system—which enhances ease of operation by all users—along with the advance of networks. This development has paved the way for entry into this sector by numerous competing companies from other industries.

Amid this market environment, we introduced our DDP70 high-speed cut-sheet laser printers, the first line of printers in our DDP series. Sales of the newly launched the DDP70 series compensated for an overall decline in sales of other printer models.

However, the Printing Systems Group was unable to attain an operating profit during the fiscal year. Slower-than-anticipated progress in reducing operating losses at HIKIS, an overseas affiliated company, was a principal reason why the Printing Systems Group was unable to achieve an operating profit. In January 2001, we introduced a new management staff at HIKIS and are implementing a plan to

rebuild that company's operations by making large reductions in staff, eliminating and consolidating marketing bases and expanding product sales. We expect that these measures will enable the Printing Systems Group to record an operating profit in the current fiscal year.

As a result of the previous factors, sales in the Printing Systems Group amounted to ¥50.6 billion.

## Principal Issues in the Printing Systems Group

The Printing Systems Group is focusing mainly on three tasks—developing various types of new products, improving the efficiency of its operations and restructuring the operations of HIKIS.

Regarding new product development, we are proceeding with the development of next-generation, continuous-form laser-beam printers. Specifically, this group is developing even higher-speed, higher-image quality printers that integrate the world's fastest printing speed technologies. These printers have output quality that reaches 600dpi at speeds as high as 324 pages per minute. Following the launch of the DDP70 series of high-speed cut-sheet laser printers in fiscal 2001, this group



plans to strengthen sales of its print-on-demand products by launching the DDP92 series, which achieves even higher speeds. As a new business, the Printing Systems Group has designated the development of high-speed, high-end color printers as one of its strategic projects and is working ambitiously to develop such products.

This group is forging stronger ties with Hitachi for the development of such products as controllers and systems and will proceed with the independent marketing of print-on-demand products.

To raise the efficiency of its operations, Hitachi Koki first intends to progress with extensive cost reduction measures at the parent company by cutting expenses, lowering its cost ratio, and shrinking inventories through the introduction of TSCM.

Hitachi Koki has been rebuilding the management of HIKIS. However, along with a delay in the initial restructuring plan, we reworked this plan amid an extremely volatile business environment. We are now vigorously implementing this plan, which contains such measures as making large reductions in staff, consolidating or eliminating marketing bases, and expanding product sales.

Successfully rebuilding the operations of HIKIS will be the key to achieving an operating profit in the Printing Systems Group.

### **Noteworthy Product Introductions** **DDP70 Series Cut-Sheet Laser Printers**

This new-generation printer enables easy print-on-demand. By using this printer, data from PCs can be rapidly printed out and stapled or bound together as a book. This printer can easily meet the most arduous demands, for example, of making 300 copies of a 200-page manual for use the following day. The DDP70 series has already been earning high acclaim in Europe and North America.



DDP70 Series Cut-Sheet Laser Printers