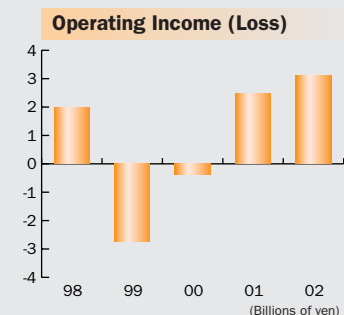
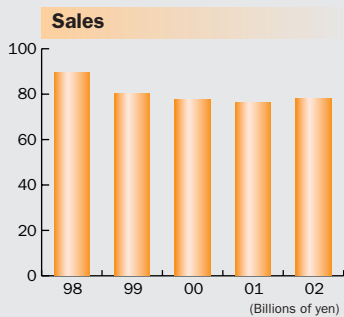


Power Tools



Overview

The Power Tools Group has sales and service bases in regions throughout the world and operates three production plants in Japan and six overseas. These facilities produce over 1,000 types of high-quality power tools, including numerous power tools for specialized tasks that are indispensable for allowing professionals to perform their jobs at the highest levels. By offering such an abundant selection of power tools, Hitachi Koki is able to respond closely to the diverse needs of professional and DIY users in markets worldwide. To continue creating power tools for specialized tasks, the Design and Development divisions are using Digital Engineering (DE), while drawing on an abundance of accumulated knowledge and unsurpassed technological capabilities as they pursue the development of even higher-value-added power tools that integrate new leading-edge technologies and feature outstanding design.

The Group strengthened its marketing network in Europe during fiscal 2002 by establishing an Italy-based marketing subsidiary, which began operating in January 2002.

A Review of Fiscal 2002

The impact of the economic slowdown in the United States restrained growth in domestic power tool sales, although the newly launched Cordless Impact Driver WH12DM was popular. Sales were robust in the United States, particularly sales of principal nailers, while sales in Europe were firm. As a result, the Power Tools Group increased its sales to ¥78.3 billion. Reflecting the group's multistage structural reform program and comprehensive cost-cutting measures, operating income grew considerably, to ¥3.1 billion.

Implemented during fiscal 2002, the second stage of the Power Tools Group's structural reform program was designed to increase efficiency through the consolidation of manufacturing operations.

- **Reappraising the role of Hitachi Koki Haramachi Co., Ltd.**—Responsibility for manufacturing such products as miter saws was shifted from that plant to Hitachi Koki Sawa Co., Ltd., enabling the plant to specialize in relatively large woodworking machines.
- **Shifting manufacturing from Hitachi Koki (Singapore) Pte. Ltd. to Hitachi Koki (Malaysia) Sdn. Bhd.**—The transfer of Hitachi Koki (Singapore)'s manufacturing operations to Hitachi Koki (Malaysia) has allowed for the consolidation of manufacturing processes and an increase in manufacturing efficiency.



Cordless Impact Driver WH12DM

Future Issues

The Power Tools Group is sustaining its efforts to promote business growth needed to attain its G13 target of boosting its share of the global market to 13%, from the current level of 8%. To realize this goal, the group is implementing the following strategies.

- **Strengthening and consolidation of manufacturing bases in China**—The group's manufacturing capabilities in China are being augmented through the introduction of new facilities at Guang Dong Hitachi Koki Co., Ltd., and Fujian Hitachi Koki Co., Ltd. These companies are steadily increasing their manufacture of new products and taking over the production of a growing number of established products. Plans call for continuing to strengthen manufacturing bases in China and thereby boosting global manufacturing efficiency.
- **Augmenting marketing capabilities**—In Japan, besides undertaking thorough marketing promotion programs for the Cordless Impact Driver WH12DM, which has become a major hit product since its launch in March 2001, the group is proactively introducing new cordless products and other products as well as promoting the marketing of consumables and other accessories. By building a chief sales partner system and launching products specifically designed for marketing through home centers, the group has upgraded its marketing capabilities and is working to expand its sales. Regarding North American operations, the group has laid the foundation for a further sales increase in the United States by embarking on a full-fledged partnership with Lowe's Companies, Inc., the second-largest home improvement retailer in the United States. The group is also striving to boost North American sales by developing new conventional marketing routes for pneumatic tools, particularly nailers.
- **Accelerating product development**—The Cordless Impact Driver WH12DM is a product that has become a major hit product in Japan because of its superior performance and because its 3-D CAD and other digital design technologies were employed to considerably reduce its development lead time. In the future, the group will continue dynamically utilizing sophisticated digital design technologies to quickly develop highly appealing new products.

Noteworthy Product Introductions

- **High-Pressure Coil Nailer NV50H**—The Coil Nailer NV50H has a high-pressure pneumatic mechanism that gives it superior nail-driving power. This power enables simple, one-stroke nail driving through up to 1.6mm steel sheets and concrete. Moreover, it features a compact body that facilitates its use in cramped locations.
- **C6MVH/C7MVH Circular Saws with Laser**—This saw employs a laser marker to shine a laser beam on the material to be cut, making it easy to maintain precise alignment with lines made with a carpenter's inking string. It also employs an electronic control mechanism to enable smooth cuts as well as features low levels of noise and vibration.



High-Pressure Coil Nailer NV50H



C6MVH Circular Saw with Laser