



The Power Tools Sector, which is the Company's core business, has remained committed to providing products that are among the best in the world in terms of quality and performance since the Company's foundation in 1948. Many of these products have earned recognition as indispensable "premium" tools that are extremely responsive to the needs of both professionals and do-it-yourself (DIY) users throughout the world. Our R&D section and design section are striving to add value to products through newly created technologies and designs, our abundant know-how, and the superior technologies we already possess.

Fiscal 2004 Review

In Japan, sales in this sector rose 7% compared with the previous fiscal year, thanks to strong sales of pneumatic tools and accessories (parts) as well as sales through home center channels resulting from various proactive sales campaigns, including a nationwide "quantum-leap sale," and the continuous introduction of new products to the market. Overseas, sales surged 30% compared with the previous fiscal year due to strong sales from home center channels, favorable sales of our mainstay pneumatic tools in the United States, and dramatic sales growth in Russia and Eastern Europe.

As a result, sales in this sector increased 21% compared with the previous term, to ¥113,616 million, while operating income soared 66%, to ¥10,102 million.

In addition, in the first quarter of fiscal 2005, performance outstripped that in the same period of the previous fiscal year, with sales in this sector rising 25%, to ¥32,726 million, and operating income surging 51%, to ¥3,255 million.

Future Challenges

(1) Promotion of Mergers and Acquisitions (M&A) and Alliances

As part of efforts to build its own sales network in northern Europe, Hitachi Koki acquired shares in Markt & Co AS, a successful power tools sales company, and made it into a subsidiary. In addition, the Company acquired shares in Sankyo Diamond Industrial Co., Ltd., which enjoys an uncontested position in Japan's diamond tools market, and made it into a subsidiary with the aim of breaking into the accessories business, which is expected to produce synergistic effects to fuel reciprocal growth with the power tools sector. The Company will continue to actively utilize M&A as an important measure to expand its business foundation. We will also further promote strengthening the alliance program.

(2) Expansion of European Sales

The Hitachi Koki Group is committed to significantly increasing sales by expanding its sales networks and attracting new customers in the emerging markets of Russia and Eastern Europe. In Europe as a whole, the Company is striving to secure and



expand sales by strengthening collaboration with major regional sales outlets and expanding sales through the active introduction of strategic products, thereby aiming at a sales increase in Europe.

(3) Efforts to Make Our Pneumatic Tools Business No. 1 in the Global Market

In Japan, the Company is working to increase sales by organizing and strengthening tie-ups with dealers and reinforcing relationships with homebuilders. Overseas, the Company is striving to expand sales and boost its market share by fully participating in the markets for gas-powered and finish nailers and fully operating its newly established Taiwan manufacturing base. With these measures, the Company is aiming to be the top player in the global pneumatic tools market.



Featured Products

- **Sliding Compound Miter Saw (C7RSH)**—This tool is used for precise woodcutting in interior construction projects. To facilitate “wide cutting” in narrow spaces, this tool adopts the world’s first sliding method, which prevents the sliding pipe from emerging out of the backside. It also comes with a laser marker and double-level function that enable a smooth, high-precision finish.
- **Demolition Hammer (H25PV)**—This tool is a demolition hammer for chipping and demolishing tiles or other materials at construction sites. This lightweight, compact hammer has a user-friendly, innovative design that enables low vibration and noise emissions and superior work efficiency. Moreover, its durability has been substantially improved, and it won the European iF Design Award in 2005.



C7RSH



H25PV