

**Outline of Consolidated Financial Results
for the Second Quarter
ended September 30, 2017**

October 26, 2017

Hitachi, Ltd.

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for the Second Quarter ended September 30, 2017**
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1. Outline of Consolidated Financial Results for the Second Quarter ended September 30, 2017

1-1. Highlights of the 1st Half (Apr. – Sep.) FY2017 Financial Results

Revenues	4,376.4 billion yen	up 1% / up 22.6 billion yen YoY ● up 4% YoY, on the assumption regarding reorganization ^{*3} and on a constant currency basis
Adjusted operating income ^{*1}	303.2 billion yen	up 30% / up 70.4 billion yen YoY ● up 82.4 billion yen YoY, on the assumption regarding reorganization and on a constant currency basis
EBIT ^{*2}	296.4 billion yen	up 36% / up 77.9 billion yen YoY ● up 102.9 billion yen YoY, on the assumption regarding reorganization and on a constant currency basis
Net income attributable to Hitachi, Ltd. stockholders	160.6 billion yen	up 42% / up 47.1 billion yen YoY
Free cash flows	44.0 billion yen	down 159.7 billion yen YoY (Manufacturing, Services and Others)
The interim dividend for FY2017	7 yen per share	

*1 "Adjusted Operating Income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

*2 "EBIT" is presented as income from continuing operations, before income taxes less interest income plus interest charges.

*3 The assumption is that Hitachi Transport System, Ltd., Hitachi Capital Corporation and Hitachi Koki Co., Ltd. were not consolidated in FY2016.

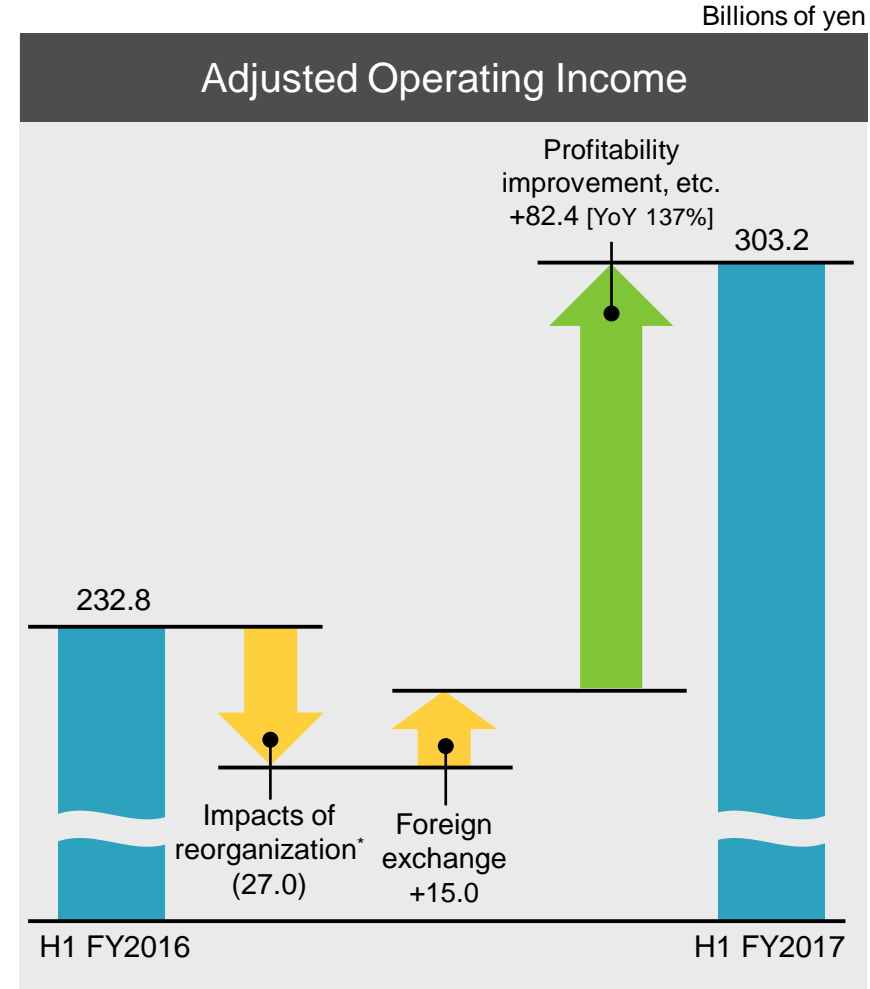
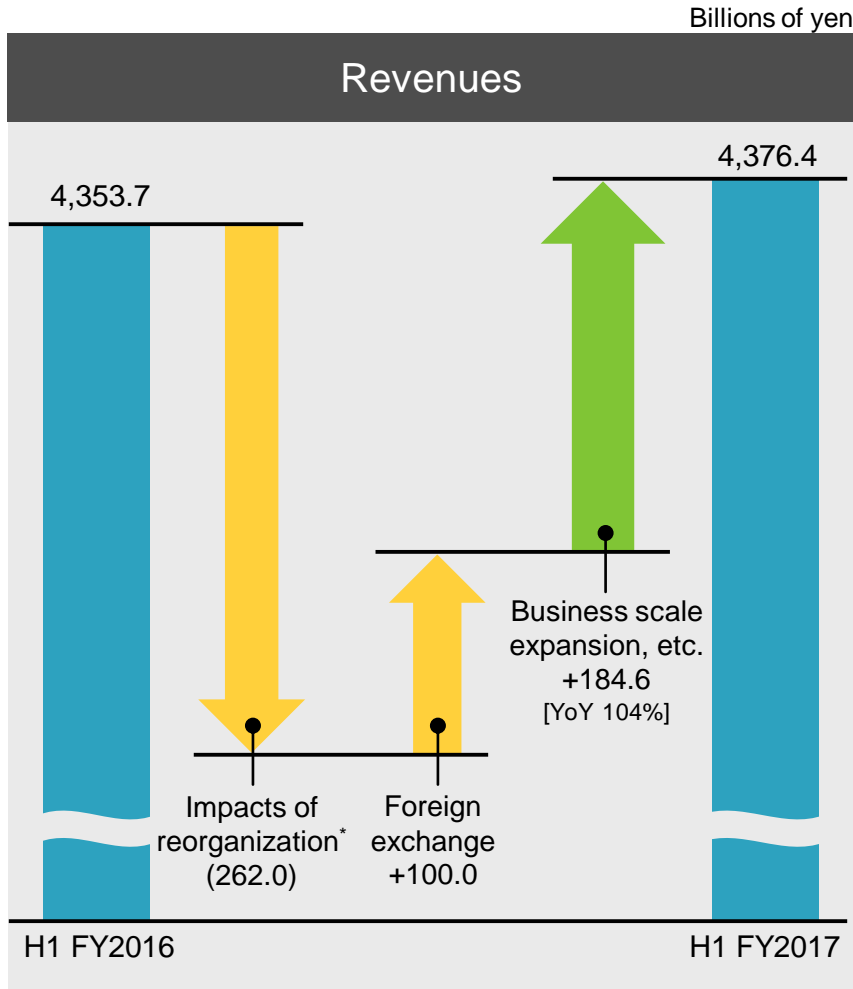
1-2. Consolidated Statement of Profit or Loss

Billions of yen

	H1 FY2016	H1 FY2017	Year over year
Revenues	4,353.7	4,376.4	+22.6 [101%]
<i>Adjusted operating income ratio</i>	5.3%	6.9%	+1.6%
Adjusted operating income	232.8	303.2	+70.4
<i>EBIT ratio</i>	5.0%	6.8%	+1.8%
EBIT	218.5	296.4	+77.9
Income from continuing operations, before income taxes	214.1	293.0	+78.8
Income taxes	(53.5)	(72.8)	(19.2)
Income from continuing operations	160.6	220.2	+59.6
Income (loss) from discontinued operations*	0.0	(1.2)	(1.2)
Net income	160.6	218.9	+58.3
Net income attributable to Hitachi, Ltd. stockholders	113.5	160.6	+47.1

* A part of the thermal power generation systems business is classified as discontinued operations in accordance with the provision of IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," which was not transferred to Mitsubishi Hitachi Power Systems, Ltd. as part of the business integration in the thermal power generation systems with Mitsubishi Heavy Industries, Ltd. The results of the discontinued operations are reported separately from continuing operations.

1-3. H1 (Apr. – Sep.) FY2017 Factors Affecting Changes in Revenues and Adjusted Operating Income (year over year)



- Business scale expansion, etc.
 - Organic growth: Hitachi Construction Machinery, Hitachi Chemical, and Railway systems business
 - M&As: Hitachi Construction Machinery, Hitachi Chemical, and Industrial products business (Sullair)

- Profitability improvement, etc.
 - Business scale expansion and cost reduction, etc.

* Hitachi Transport System, Hitachi Capital and Hitachi Koki

1-4. Revenues by Market

Billions of yen

	H1 FY2016		H1 FY2017		Year over year
		Ratio		Ratio	
Japan	2,223.1	51%	2,110.9	48%	95%
Outside Japan	2,130.6	49%	2,265.5	52%	106%
Asia	890.7	21%	1,008.4	23%	113%
China	451.1	11%	509.4	12%	113%
ASEAN, India, other areas	439.6	10%	498.9	11%	113%
North America	564.7	13%	568.1	13%	101%
Europe	487.0	11%	449.8	10%	92%
Other Areas	188.1	4%	239.1	6%	127%
Total	4,353.7	100%	4,376.4	100%	101%

1-5. Summary of Consolidated Financial Position and Summary of Consolidated Statements of Cash Flows

■ Summary of Consolidated Financial Position

Billions of yen

	As of March 31, 2017	As of September 30, 2017	Change from March 31, 2017
Total assets	9,663.9	10,042.3	+378.4
Trade receivables and Inventories	3,659.0	3,761.0	+101.9
Total liabilities	5,566.9	5,700.4	+133.5
Interest-bearing debt	1,176.6	1,271.5	+94.9
Total Hitachi, Ltd. stockholders' equity	2,967.0	3,145.4	+178.3
Non-controlling interests	1,129.9	1,196.4	+66.5
Cash Conversion Cycle	72.2 days	72.0 days	0.2 days decrease
Total Hitachi, Ltd. stockholders' equity ratio	30.7%	31.3%	0.6 points increase
D/E ratio (Including non-controlling interests)	0.29 times	0.29 times	±0.00 point

■ Summary of Consolidated Statements of Cash Flows*

Billions of yen

	Manufacturing, Services and Others			Total		
	H1 FY2016	H1 FY2017	Year over year	H1 FY2016	H1 FY2017	Year over year
Cash flows from operating activities	294.1	278.4	(15.6)	284.9	278.4	(6.4)
Cash flows from investing activities	(90.4)	(234.4)	(144.0)	(216.5)	(234.4)	(17.9)
Free cash flows	203.7	44.0	(159.7)	68.4	44.0	(24.3)

* Since Hitachi Capital, which belonged to the Financial Services segment, was converted into an equity-method associate as of October 3, 2016, the Financial Services segment is not presented as a reportable segment. The figures of cash flows for "Manufacturing, Services and Others" are still presented for reference purpose only.

1-6. Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		H1 FY2016*		H1 FY2017*		Year over year		Dynamics
Information & Telecommunication Systems	Revenues		927.0		933.3		101%	(+) Foreign exchange impact (+) Sales increase in system integration business in Japan (-) Sales decrease in ATMs
	Adjusted operating income	<i>6.0%</i>	55.6	<i>8.2%</i>	76.1	<i>+2.2%</i>	<i>+20.5</i>	(+) Effect of structural reform in IT Platform & Products (+) Sales increase in high-end flash storage (+) Profitability improvement in system integration business in Japan
	EBIT	<i>2.1%</i>	19.6	<i>7.5%</i>	70.3	<i>+5.4%</i>	<i>+50.7</i>	(+) Increase in adjusted operating income (+) Decrease in business structural reform expenses
Social Infrastructure & Industrial Systems	Revenues		1,029.8		1,039.1		101%	(+) Sales increase in railway systems business for U.K. (+) Acquisition of Sullair business in industrial products business (-) Withdrawal from low-profitable business in industry & distribution field
	Adjusted operating income	<i>1.5%</i>	15.0	<i>3.1%</i>	32.3	<i>+1.6%</i>	<i>+17.3</i>	(+) Profitability improvement in industrial products business (+) Profitability improvement in power and energy business (-) Increase in procurement cost and price decline in elevators and escalators business in China
	EBIT	<i>0.3%</i>	3.4	<i>2.4%</i>	24.9	<i>+2.1%</i>	<i>+21.4</i>	(+) Increase in adjusted operating income

* Italic figures indicate adjusted operating income ratio or EBIT ratio.

1-7. Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		H1 FY2016*		H1 FY2017*		Year over year		Dynamics
Electronic Systems & Equipment	Revenues		537.5		513.6		96%	(+) Sales increase in semi-conductor production equipment at Hitachi High-Technologies and Hitachi Kokusai Electric (-) Deconsolidation of Hitachi Koki
	Adjusted operating income	5.7%	30.4	7.7%	39.5	+2.0%	+9.1	(+) Sales increase in semi-conductor production equipment (-) Deconsolidation of Hitachi Koki
	EBIT	4.9%	26.4	7.7%	39.4	+2.8%	+12.9	(+) Increase in adjusted operating income
Construction Machinery	Revenues		334.9		440.2		131%	(+) Overseas sales increase mainly in China (+) Acquisition of Bradken and H-E Parts (+) Foreign exchange impact
	Adjusted operating income	1.6%	5.4	8.4%	37.1	+6.8%	+31.6	(+) Increase in revenues (+) Foreign exchange impact
	EBIT	1.1%	3.5	9.3%	41.0	+8.2%	+37.4	(+) Increase in adjusted operating income (+) Increase in profit of an equity-method associate

* Italic figures indicate adjusted operating income ratio or EBIT ratio.

1-8. Revenues, Adjusted Operating Income and EBIT by Business Segment (3)

Billions of yen

		H1 FY2016*		H1 FY2017*		Year over year		Dynamics
High Functional Materials & Components	Revenues		703.2		802.2		114%	(+) Sales increase in electronics- and automotive-related products (+) Acquisition of FIAMM Energy Technology by Hitachi Chemical (+) Foreign exchange impact and increase of sales price accompanying higher raw material costs
	Adjusted operating income	7.9%	55.6	7.6%	61.2	(0.3%)	+5.5	(+) Increase in revenues
	EBIT	7.1%	49.7	6.4%	51.5	(0.7%)	+1.8	(+) Increase in adjusted operating income (-) Posting expense related to capacitor cartel at Hitachi Chemical
Automotive Systems	Revenues		471.8		488.9		104%	(+) Sales increase in China, Japan and Europe (+) Foreign exchange impact
	Adjusted operating income	4.4%	20.6	5.0%	24.3	+0.6%	+3.7	(+) Increase in revenues
	EBIT	4.4%	20.6	4.6%	22.2	+0.2%	+1.6	(+) Increase in adjusted operating income

* Italic figures indicate adjusted operating income ratio or EBIT ratio.

1-9. Revenues, Adjusted Operating Income and EBIT by Business Segment (4)

Billions of yen

		H1 FY2016*1		H1 FY2017*1		Year over year		Dynamics
Smart Life & Ecofriendly Systems	Revenues		287.4		276.3		96%	(-) Change of accounting to net basis revenue for a part of procured products in overseas market
	Adjusted operating income	2.2%	6.1	4.0%	11.0	+1.8%	+4.8	(+) Effect of cost reduction (+) Effect of structural reform
	EBIT	3.4%	9.7	6.7%	18.4	+3.3%	+8.6	(+) Increase in adjusted operating income (+) Increase in profit of an equity-method associate
Others	Revenues		359.3		277.0		77%	(-) Impact of reorganization of Hitachi Transport System
	Adjusted operating income	4.1%	14.6	4.1%	11.2	±0.0%	(3.3)	
	EBIT	3.5%	12.5	3.8%	10.6	+0.3%	(1.8)	
Financial Services*2	Revenues		179.2		-		-	(-) Impact of reorganization of Hitachi Capital
	Adjusted operating income	11.9%	21.3		-		(21.3)	
	EBIT	12.7%	22.8		-		(22.8)	
Corporate items & Eliminations	Revenues		(476.8)		(394.5)		-	
	Adjusted operating income		7.9		10.2		+2.2	
	EBIT		49.9		17.7		(32.1)	
Total	Revenues		4,353.7		4,376.4		101%	
	Adjusted operating income	5.3%	232.8	6.9%	303.2	+1.6%	+70.4	
	EBIT	5.0%	218.5	6.8%	296.4	+1.8%	+77.9	

*1 Italic figures indicate adjusted operating income ratio or EBIT ratio.

*2 As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment from Q3 FY2016.

■ Progress of Lumada Business

Billions of yen

	FY2016	FY2017	
		H1	Forecast
Revenues of Lumada business	900.0	452.0	950.0
1) Lumada core business	120.0	86.0	190.0
2) Lumada SI business	780.0	366.0	760.0

- 1) Lumada core business: Service business that converts customers data into valuable insight through AI and analytics, and improves management indicators or offers problem solutions
- 2) Lumada SI business: SI business which is deployed within the IoT area (industry / manufacturing and social infrastructure area) that is led by the Lumada core business

- Launched Hitachi Vantara which leads global expansion of digital solutions business
- Expanded collaborative creation using Lumada in the industrial sector
 - Daikin Industries, Ltd.: Digitalizing know-how in manufacturing workplace by utilizing image analysis technology
 - Toyota Motor Corporation: Accelerating PDCA cycle at manufacturing sites by utilizing technologies of data collection and analysis

■ Business strengthening toward growth

- Completed acquisition of the air compressor business ("Sullair" business) of Accudyne Industries on July 12
- Hitachi Chemical acquired a thermal insulation manufacturer in Germany on July 3 and a lead storage battery company in Thailand on September 5.

■ Business portfolio transformation

- HKE Holdings G.K. commenced the tender offer for the common share of Hitachi Kokusai Electric Inc. on October 12.
- Hitachi Power Solutions concluded an agreement to transfer its forged steel roll business on October 10 and the effective date of transfer will be March 1, 2018.
- Hitachi Urban Support transferred its facility management business on September 1.

2. Outlook for Fiscal 2017

2-1. Outlook for FY2017

- Projections for the H2 (Oct.-Mar.) FY2017 assume an exchange rate of 110 yen to the U.S. dollar and 120 yen to the euro.

Billions of yen

	FY2016	FY2017			
		Previous forecast* (A)	Forecast (B)	Year over year	(B) – (A)
Revenues	9,162.2	9,050.0	9,300.0	+137.7 [102%]	+250.0 [103%]
<i>Adjusted operating income ratio</i>	6.4%	7.0%	7.1%	+0.7%	+0.1%
Adjusted operating income	587.3	630.0	660.0	+72.6	+30.0
<i>EBIT ratio</i>	5.2%	6.4%	6.2%	+1.0%	(0.2%)
EBIT	475.1	580.0	580.0	+104.8	±0.0
Income from continuing operations, before income taxes	469.0	570.0	570.0	+100.9	±0.0
Income taxes	(125.1)	(160.0)	(160.0)	(34.8)	±0.0
Income from continuing operations	343.9	410.0	410.0	+66.0	±0.0
Loss from discontinued operations	(5.9)	(5.0)	(5.0)	+0.9	±0.0
Net income	338.0	405.0	405.0	+66.9	±0.0
Net income attributable to Hitachi, Ltd. stockholders	231.2	300.0	300.0	+68.7	±0.0
Earnings per share	47.90 yen	62.14 yen	62.14 yen	+14.24 yen	±0.00 yen

* Announced on July 28, 2017

2-2. Outlook for FY2017: Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		FY2016*1		FY2017					
				Forecast*1		Year over year		Previous forecast*2 comparison	
Information & Telecommunication Systems	Revenues		1,982.8		2,040.0		103%		100%
	Adjusted operating income	7.7%	152.9	8.3%	170.0	+0.6%	+17.0	±0.0%	+1.0
	EBIT	3.9%	76.4	7.0%	142.0	+3.1%	+65.5	+0.1%	+1.0
Social Infrastructure & Industrial Systems	Revenues		2,331.9		2,320.0		99%		100%
	Adjusted operating income	3.3%	77.0	5.6%	130.0	+2.3%	+52.9	±0.0%	±0.0
	EBIT	(0.9%)	(19.9)	5.1%	119.0	+6.0%	+138.9	±0.0%	±0.0
Electronic Systems & Equipment	Revenues		1,170.3		1,100.0		94%		112%
	Adjusted operating income	7.0%	81.5	7.9%	87.0	+0.9%	+5.4	+1.6%	+25.0
	EBIT	5.7%	66.7	7.5%	83.0	+1.8%	+16.2	+1.6%	+25.0
Construction Machinery	Revenues		753.9		890.0		118%		110%
	Adjusted operating income	3.5%	26.3	6.2%	55.0	+2.7%	+28.6	+0.8%	+11.0
	EBIT	3.0%	22.7	6.0%	53.0	+3.0%	+30.2	+1.2%	+14.0
High Functional Materials & Components	Revenues		1,464.6		1,620.0		111%		104%
	Adjusted operating income	8.2%	119.9	8.8%	142.0	+0.6%	+22.0	(0.2%)	+1.0
	EBIT	8.4%	123.3	7.5%	121.0	(0.9%)	(2.3)	(0.6%)	(5.0)

*1 Italic figures indicate adjusted operating income ratio or EBIT ratio.

*2 Announced on July 28, 2017

2-3. Outlook for FY2017: Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		FY2016*1		FY2017					
				Forecast*1		Year over year		Previous forecast*3 comparison	
Automotive Systems	Revenues		992.2		1,000.0		101%		100%
	Adjusted operating income	5.7%	56.3	6.2%	62.0	+0.5%	+5.6	±0.0%	±0.0
	EBIT	6.6%	65.8	6.1%	61.0	(0.5%)	(4.8)	±0.0%	±0.0
Smart Life & Ecofriendly Systems	Revenues		557.3		550.0		99%		100%
	Adjusted operating income	4.0%	22.4	4.4%	24.0	+0.4%	+1.5	+0.2%	+1.0
	EBIT	5.7%	31.8	5.6%	31.0	(0.1%)	(0.8)	+0.3%	+2.0
Others	Revenues		653.7		560.0		86%		100%
	Adjusted operating income	3.4%	22.4	3.0%	17.0	(0.4%)	(5.4)	±0.0%	±0.0
	EBIT	3.2%	20.6	2.5%	14.0	(0.7%)	(6.6)	±0.0%	±0.0
Financial Services*2	Revenues		179.2		-		-		-
	Adjusted operating income	11.9%	21.3		-		(21.3)		-
	EBIT	12.7%	22.8		-		(22.8)		-
Corporate items & Eliminations	Revenues		(924.1)		(780.0)		-		-
	Adjusted operating income		6.8		(27.0)		(33.8)		(9.0)
	EBIT		64.7		(44.0)		(108.7)		(37.0)
Total	Revenues		9,162.2		9,300.0		102%		103%
	Adjusted operating income	6.4%	587.3	7.1%	660.0	+0.7%	+72.6	+0.1%	+30.0
	EBIT	5.2%	475.1	6.2%	580.0	+1.0%	+104.8	(0.2%)	±0.0

*1 Italic figures indicate adjusted operating income ratio or EBIT ratio.

*2 As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment from Q3 FY2016.

*3 Announced on July 28, 2017

3-1. Supplemental Information

Consolidated Overseas Revenues by Business Segment

Billions of yen

	FY2016		FY2017				Total (Forecast)	
	Q2	H1	Q2		H1			
			Year over year	Year over year	Year over year	Year over year		
Information & Telecommunication Systems	138.4	279.2	140.5	101%	289.3	104%		
Social Infrastructure & Industrial Systems	225.8	447.2	253.7	112%	477.3	107%		
Electronic Systems & Equipment	169.1	330.8	159.7	94%	316.5	96%		
Construction Machinery	113.9	233.0	175.0	154%	346.1	149%		
High Functional Materials & Components	194.6	394.7	242.9	125%	477.0	121%		
Automotive Systems	133.5	272.3	138.5	104%	284.0	104%		
Smart Life & Ecofriendly Systems	26.5	58.2	24.8	94%	50.9	88%		
Others	37.4	96.1	35.1	94%	67.4	70%		
Financial Services*	32.3	64.4	-	-	-	-		
Corporate items & Eliminations	(24.7)	(45.7)	(17.5)	-	(43.4)	-		
Total	1,047.2	2,130.6	1,152.8	110%	2,265.5	106%	4,650.0	106%

* As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment from Q3 FY2016.

Consolidated Capital Expenditure by Business Segment (Completion basis)

Billions of yen

		FY2016		FY2017				Total (Forecast)	
		Q2	H1	Q2		H1			
					Year over year		Year over year		
	Information & Telecommunication Systems	8.1	16.5	9.4	116%	17.2	104%		
	Social Infrastructure & Industrial Systems	15.1	29.2	21.7	143%	34.8	119%		
	Electronic Systems & Equipment	3.9	6.8	4.6	116%	8.8	129%		
	Construction Machinery	3.8	7.6	5.3	139%	7.9	103%		
	High Functional Materials & Components	23.3	40.3	34.2	147%	58.1	144%		
	Automotive Systems	11.1	22.5	18.7	168%	29.7	131%		
	Smart Life & Ecofriendly Systems	1.8	2.9	1.8	96%	3.8	131%		
	Others	2.8	8.8	2.3	82%	4.6	53%		
	Corporate items	1.3	2.5	0.5	41%	0.8	33%		
	Manufacturing, Services and Others	71.6	137.5	98.7	138%	166.0	121%	350.0	113%
	Financial Services*	37.5	67.5	-	-	-	-	-	-
	Total	109.2	205.0	98.7	90%	166.0	81%	350.0	93%

* As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment from Q3 FY2016.

Consolidated Depreciation by Business Segment

Billions of yen

		FY2016		FY2017				Total (Forecast)	
		Q2	H1	Q2		H1			
				Year over year	Year over year				
Information & Telecommunication Systems	12.5	25.1	12.1	97%	23.4	93%			
Social Infrastructure & Industrial Systems	6.9	14.4	7.5	109%	14.6	102%			
Electronic Systems & Equipment	4.3	8.3	3.6	85%	7.1	86%			
Construction Machinery	7.5	15.4	8.0	106%	15.8	102%			
High Functional Materials & Components	15.4	31.0	17.7	115%	35.0	113%			
Automotive Systems	10.0	20.2	10.9	109%	21.5	107%			
Smart Life & Ecofriendly Systems	2.5	5.1	2.1	82%	4.2	82%			
Others	4.0	10.3	3.6	88%	7.3	71%			
Corporate items	0.8	1.5	0.9	111%	1.8	119%			
Manufacturing, Services and Others	64.3	131.7	66.7	104%	131.2	100%	270.0	102%	
Financial Services*	20.5	39.1	-	-	-	-	-	-	
Total	84.9	170.8	66.7	79%	131.2	77%	270.0	89%	

* As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment from Q3 FY2016.

Consolidated R&D Expenditure by Business Segment

Billions of yen

		FY2016		FY2017				Total (Forecast)	
		Q2	H1	Q2		H1		Total (Forecast)	Year over year
					Year over year		Year over year		
Information & Telecommunication Systems	12.9	26.0	12.5	97%	24.6	94%			
Social Infrastructure & Industrial Systems	11.4	22.4	14.1	123%	26.0	116%			
Electronic Systems & Equipment	14.5	25.8	14.2	98%	24.8	96%			
Construction Machinery	5.2	9.3	7.3	141%	11.9	127%			
High Functional Materials & Components	12.1	23.3	11.8	97%	23.0	99%			
Automotive Systems	17.4	35.6	19.9	114%	35.8	101%			
Smart Life & Ecofriendly Systems	1.6	3.1	1.7	111%	3.5	115%			
Others	0.1	1.0	0.5	409%	1.3	122%			
Corporate items	6.0	11.0	5.6	93%	10.9	99%			
Manufacturing, Services and Others	81.5	158.0	88.0	108%	162.2	103%			
Financial Services*	0.0	0.0	-	-	-	-			
Total	81.6	158.1	88.0	108%	162.2	103%	350.0	108%	
Percentage of revenues (%)	3.7	3.6	3.8	-	3.7	-	3.8	-	

* As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment from Q3 FY2016.

■ Revenues, Adjusted operating income and EBIT*1

Billions of yen

	FY2016		FY2017				Total (Forecast)		
	Q2	H1	Q2		H1		Year over year	Previous forecast*4 comparison	
				Year over year		Year over year			
Revenues	492.0	927.0	498.5	101%	933.3	101%	2,040.0	103%	100%
Front Business*2	352.7	647.5	355.9	101%	656.5	101%	1,447.0	104%	100%
IT Platform & Products*3	179.4	351.0	184.4	103%	354.4	101%	719.0	98%	100%
Adjusted Operating Income	43.3	55.6	48.9	+5.5	76.1	+20.5	170.0	+17.0	+1.0
Front Business	36.5	48.2	34.2	(2.2)	51.3	+3.0	140.0	+21.2	±0.0
IT Platform & Products	6.3	5.2	13.5	+7.2	24.2	+19.0	40.0	+10.6	+1.0
EBIT	18.8	19.6	44.4	+25.5	70.3	+50.7	142.0	+65.5	+1.0
Front Business	35.3	46.4	32.5	(2.7)	49.6	+3.1	137.0	+41.0	±0.0
IT Platform & Products	(15.4)	(25.7)	11.0	+26.5	21.2	+47.0	15.0	+32.3	+1.0

*1 Figures for each subsegment include intersegment transactions.

*2 System integration, sales, maintenance and related services of software and hardware for financial, public, enterprise and social infrastructure (power, rail, telecommunication, etc.) sectors, consulting, etc.

*3 Sales, maintenance and services of server, storage, telecommunication & network equipment and related software, etc.

*4 Announced on July 28, 2017

■ Revenues by Business Units (BU) included in Social Infrastructure & Industrial Systems*¹

Billions of yen

	FY2016		FY2017				Total (Forecast)		
	Q2	H1	Q2		H1		Year over year	Previous forecast* ⁶ comparison	
				Year over year		Year over year			
Social Infrastructure & Industrial Systems	546.8	1,029.8	560.4	102%	1,039.1	101%	2,320.0	99%	100%
Nuclear Energy BU* ²	38.0	65.6	34.8	92%	64.0	98%	196.0	102%	100%
Power BU	65.9	114.4	56.5	86%	107.5	94%	267.0	96%	100%
Energy Solutions BU* ³	18.3	33.2	18.3	100%	33.7	101%	74.0	95%	100%
Industry & Distribution BU* ^{2, 4}	92.4	167.9	88.3	95%	154.9	92%	342.0	91%	101%
Water BU	14.0	22.4	12.5	89%	22.4	100%	78.0	103%	100%
Industrial Products BU* ⁵	84.3	155.7	92.6	110%	160.7	103%	371.0	108%	101%
Building Systems BU	150.3	291.0	158.8	106%	298.1	102%	602.0	103%	101%
Railway Systems BU	108.8	221.8	120.7	111%	241.0	109%	540.0	108%	100%

*1 Figures for each BU include intersegment transactions.

*2 From FY2017, Nuclear Energy BU includes Hitachi Plant Construction, Ltd., which was included in Industry & Distribution BU in FY2016.

Figures for each BU, including figures for the previous fiscal year, reflect the changed segmentation.

*3 Figures for Energy Solutions BU include IT systems business for the power systems and energy fields, which is posted in the Information & Telecommunication Systems Segment.

*4 Figures for Industry & Distribution BU include IT systems business for the industry & distribution fields, which is posted in the Information & Telecommunication Systems Segment.

*5 Figures are the simple sum of Industrial Products BU and Hitachi Industrial Equipment System Co., Ltd..

*6 Announced on July 28, 2017

■ Average Foreign Exchange Rate*¹

	FY2016				FY2017			
	Q2	H1	H2	Total	Q2	H1	H2 (Forecast)	Total (Forecast)
U.S. dollar	102	105	111	108	111	111	110	111
Euro	114	118	119	119	130	126	120	123

Yen

■ Foreign Exchange Sensitivity*^{2,3}
 Billions of yen

	Revenues	Adjusted operating income
U.S. dollar	9.0	1.5
Euro	3.0	0.5

■ Number of employees and consolidated subsidiaries

	As of March 31, 2017	As of September 30, 2017
Number of employees	303,887	307,844
Japan	169,744	170,063
Overseas	134,143	137,781
Number of consolidated subsidiaries	864	887
Japan	208	205
Overseas	656	682

*1 Exchange rate applied for calculating profits and losses of overseas companies (average rate for the period)

*2 Impact of exchange rate fluctuation (FY2017-H2 impact by one yen depreciation from H2 forecast rate.)

*3 Figures here represent information voluntarily prepared by the company.

3-2. Supplemental Information: Financial Results of Q2 (Jul. – Sep.) FY2017

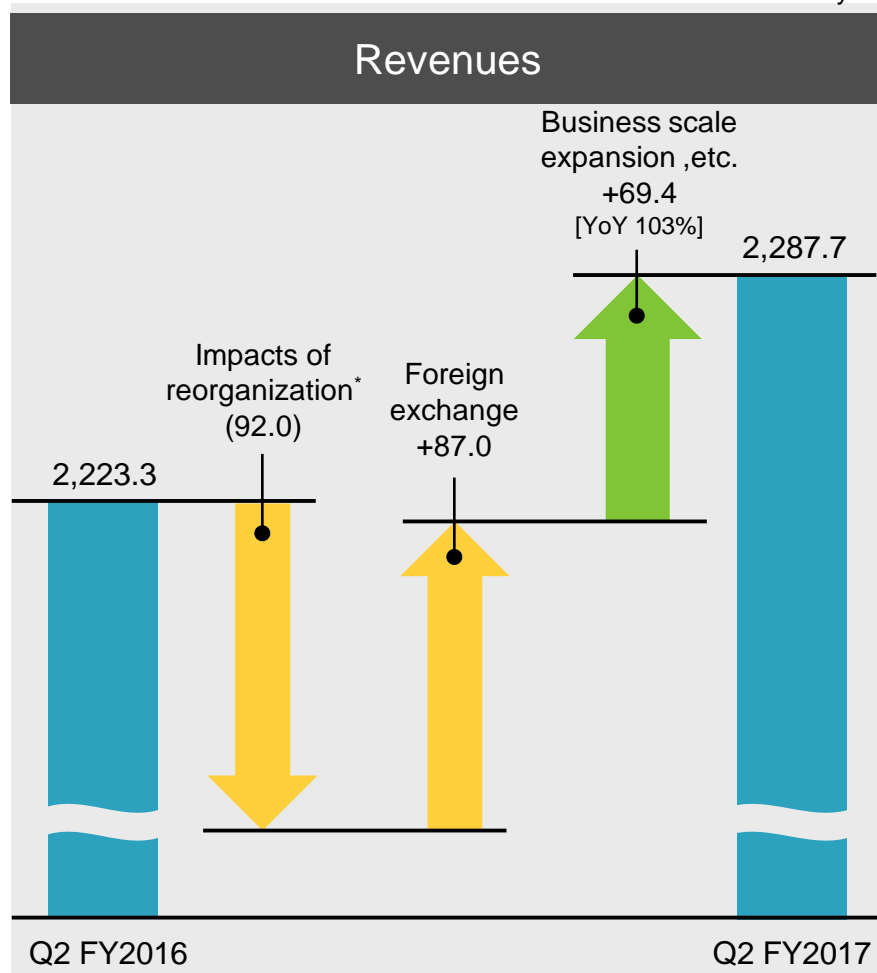
Q2 FY2017 Consolidated Statement of Profit or Loss

Billions of yen

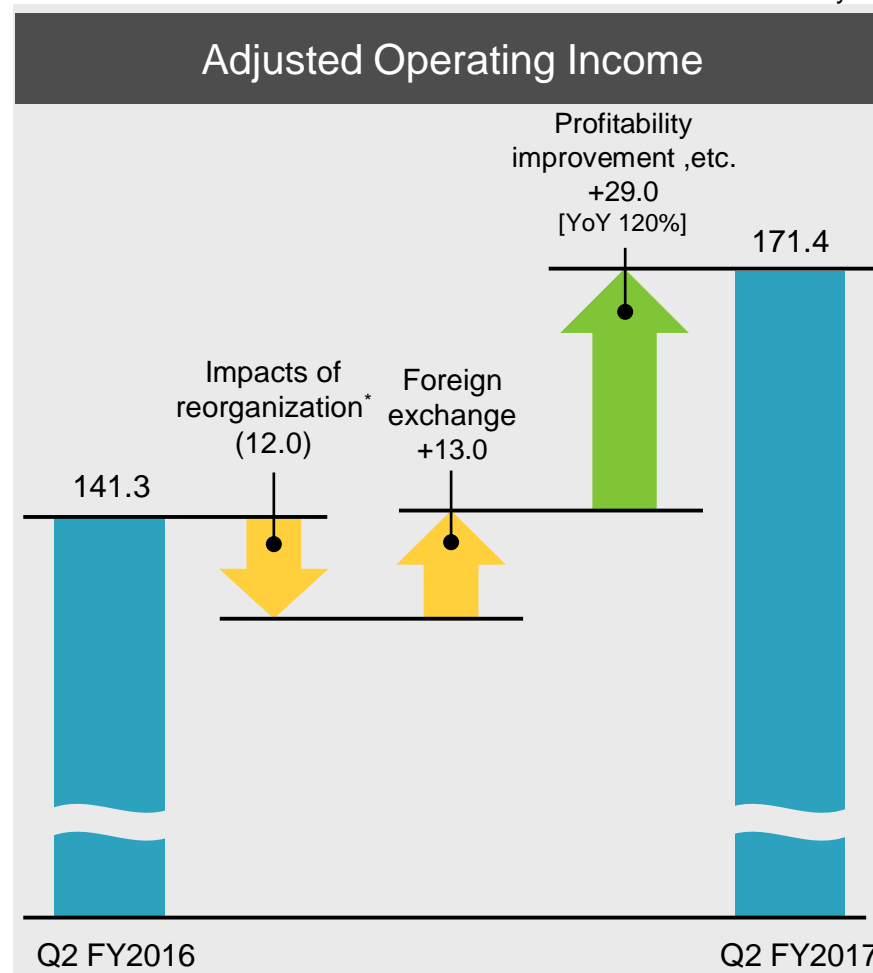
	Q2 FY2016	Q2 FY2017	Year over year
Revenues	2,223.3	2,287.7	+64.4 [103%]
<i>Adjusted operating income ratio</i>	6.4%	7.5%	+1.1%
Adjusted operating income	141.3	171.4	+30.0
<i>EBIT ratio</i>	4.8%	6.7%	+1.9%
EBIT	106.0	153.1	+47.1
Income from continuing operations, before income taxes	104.4	151.5	+47.0
Income taxes	(20.1)	(37.6)	(17.4)
Income from continuing operations	84.2	113.8	+29.6
Loss from discontinued operations	(0.4)	(1.2)	(0.7)
Net income	83.8	112.6	+28.8
Net income attributable to Hitachi, Ltd. stockholders	57.0	85.5	+28.4

Q2 (Jul. – Sep.) FY2017 Factors Affecting Changes in Revenues and Adjusted Operating Income (year over year)

Billions of yen



Billions of yen



* Hitachi Capital and Hitachi Koki

Q2 FY2017 Revenues by Market and Summary of Consolidated Statements of Cash Flows

Revenues by Market

Billions of yen

	Q2 FY2016		Q2 FY2017		Year over year
		Ratio		Ratio	
Japan	1,176.0	53%	1,134.9	50%	96%
Outside Japan	1,047.2	47%	1,152.8	50%	110%
Asia	454.0	21%	517.5	23%	114%
China	229.9	11%	260.5	12%	113%
ASEAN, India, other areas	224.0	10%	256.9	11%	115%
North America	273.8	12%	280.9	12%	103%
Europe	227.9	10%	231.7	10%	102%
Other Areas	91.3	4%	122.6	5%	134%
Total	2,223.3	100%	2,287.7	100%	103%

Summary of Consolidated Statements of Cash Flows*

Billions of yen

	Manufacturing, Services and Others			Total		
	Q2 FY2016	Q2 FY2017	Year over year	Q2 FY2016	Q2 FY2017	Year over year
Cash flows from operating activities	161.8	151.5	(10.2)	199.9	151.5	(48.4)
Cash flows from investing activities	(71.3)	(129.8)	(58.4)	(135.1)	(129.8)	+5.3
Free cash flows	90.4	21.7	(68.7)	64.8	21.7	(43.1)

* Since Hitachi Capital, which belonged to the Financial Services segment, was converted into an equity-method associate as of October 3, 2016, the Financial Services segment is not presented as a reportable segment. The figures of cash flows for "Manufacturing, Services and Others" are still presented for reference purpose only.

Q2 FY2017 Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		Q2 FY2016*	Q2 FY2017*	Year over year	
Information & Telecommunication Systems	Revenues	492.0	498.5		101%
	Adjusted operating income	<i>8.8%</i> 43.3	<i>9.8%</i> 48.9	<i>+1.0%</i>	<i>+5.5</i>
	EBIT	<i>3.8%</i> 18.8	<i>8.9%</i> 44.4	<i>+5.1%</i>	<i>+25.5</i>
Social Infrastructure & Industrial Systems	Revenues	546.8	560.4		102%
	Adjusted operating income	<i>2.0%</i> 10.6	<i>3.4%</i> 18.9	<i>+1.4%</i>	<i>+8.2</i>
	EBIT	<i>1.8%</i> 9.5	<i>1.5%</i> 8.3	<i>(0.3%)</i>	<i>(1.1)</i>
Electronic Systems & Equipment	Revenues	281.5	268.5		95%
	Adjusted operating income	<i>6.0%</i> 16.7	<i>7.5%</i> 20.1	<i>+1.5%</i>	<i>+3.3</i>
	EBIT	<i>5.3%</i> 14.9	<i>7.6%</i> 20.4	<i>+2.3%</i>	<i>+5.5</i>
Construction Machinery	Revenues	173.6	228.7		132%
	Adjusted operating income	<i>1.9%</i> 3.2	<i>9.0%</i> 20.5	<i>+7.1%</i>	<i>+17.3</i>
	EBIT	<i>1.2%</i> 2.1	<i>10.1%</i> 23.1	<i>+8.9%</i>	<i>+21.0</i>
High Functional Materials & Components	Revenues	351.8	408.8		116%
	Adjusted operating income	<i>8.0%</i> 28.0	<i>7.3%</i> 29.9	<i>(0.7%)</i>	<i>+1.8</i>
	EBIT	<i>7.5%</i> 26.3	<i>4.3%</i> 17.4	<i>(3.2%)</i>	<i>(8.8)</i>

* Italic figures indicate adjusted operating income ratio or EBIT ratio.

Q2 FY2017 Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		Q2 FY2016*1	Q2 FY2017*1	Year over year	
Automotive Systems	Revenues	238.9	244.7	102%	
	Adjusted operating income	5.6% 13.3	5.7% 13.8	+0.1%	+0.5
	EBIT	5.4% 12.8	5.1% 12.4	(0.3%)	(0.4)
Smart Life & Ecofriendly Systems	Revenues	147.6	145.2	98%	
	Adjusted operating income	3.7% 5.4	6.2% 8.9	+2.5%	+3.4
	EBIT	4.4% 6.4	7.6% 11.0	+3.2%	+4.6
Others	Revenues	146.2	144.1	99%	
	Adjusted operating income	5.2% 7.6	4.9% 7.1	(0.3%)	(0.4)
	EBIT	5.3% 7.7	5.4% 7.8	+0.1%	+0.1
Financial Services*2	Revenues	89.9	-	-	
	Adjusted operating income	11.8% 10.5	-	(10.5)	
	EBIT	12.9% 11.6	-	(11.6)	
Corporate items & Eliminations	Revenues	(245.4)	(211.5)	-	
	Adjusted operating income	2.1	2.9	+0.7	
	EBIT	(4.4)	7.8	+12.3	
Total	Revenues	2,223.3	2,287.7	103%	
	Adjusted operating income	6.4% 141.3	7.5% 171.4	+1.1%	+30.0
	EBIT	4.8% 106.0	6.7% 153.1	+1.9%	+47.1

*1 Italic figures indicate adjusted operating income ratio or EBIT ratio.

*2 As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment from Q3 FY2016.

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi’s customers and suppliers;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

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