

**Outline of Consolidated Financial Results
for the Third Quarter
Ended December 31, 2017**

January 31, 2018

Hitachi, Ltd.

Contents

- 1. Outline of Consolidated Financial Results
for the Third Quarter Ended December 31, 2017**
- 2. Outlook for Fiscal 2017**
- 3. Supplemental Information**

1. Outline of Consolidated Financial Results for the Third Quarter Ended December 31, 2017

1-1. Highlights of Q3 (Oct. - Dec.) FY2017 Financial Results

Revenues	2,297.5 billion yen	up 6% / up 132.0 billion yen YoY <ul style="list-style-type: none"> ● up 5% YoY, on the assumption regarding reorganization^{*3} and on a constant currency basis
Adjusted operating income ^{*1}	171.3 billion yen	up 22% / up 31.0 billion yen YoY <ul style="list-style-type: none"> ● posted record-high for Q3 (Oct. - Dec.)^{*4} ● up 23.0 billion yen YoY, on the assumption regarding reorganization^{*3} and on a constant currency basis
EBIT ^{*2}	176.3 billion yen	up 23% / up 32.8 billion yen YoY <ul style="list-style-type: none"> ● posted record-high for Q3 (Oct. - Dec.)^{*4} ● up 19.8 billion yen YoY, on the assumption regarding reorganization^{*3} and on a constant currency basis
Net income attributable to Hitachi, Ltd. stockholders	97.9 billion yen	up 26% / up 20.2 billion yen YoY <ul style="list-style-type: none"> ● posted record-high for Q3 (Oct. - Dec.)^{*4}
Free cash flows	114.9 billion yen	down 53.7 billion yen YoY (Manufacturing, Services and Others)

*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 Koki Co., Ltd. was not consolidated in FY2016.

*4 Since FY2001 ended March 31, 2002 when Hitachi introduced the quarterly announcement of financial results.

1-2. Highlights of Q3 (Apr. - Dec.) FY2017 Financial Results

Revenues	6,674.0 billion yen	up 2% / up 154.7 billion yen YoY <ul style="list-style-type: none"> ● up 5% YoY, on the assumption regarding reorganization*1 and on a constant currency basis
Adjusted operating income	474.5 billion yen	up 27% / up 101.4 billion yen YoY <ul style="list-style-type: none"> ● posted record-high for Q3 (Apr. - Dec.)*2 ● up 105.4 billion yen YoY, on the assumption regarding reorganization*1 and on a constant currency basis
EBIT	472.8 billion yen	up 31% / up 110.7 billion yen YoY <ul style="list-style-type: none"> ● posted record-high for Q3 (Apr. - Dec.)*2 ● up 122.7 billion yen YoY, on the assumption regarding reorganization*1 and on a constant currency basis
Net income attributable to Hitachi, Ltd. stockholders	258.5 billion yen	up 35% / up 67.3 billion yen YoY <ul style="list-style-type: none"> ● posted record-high for Q3 (Apr. - Dec.)*2
Free cash flows	158.9 billion yen	down 213.4 billion yen YoY (Manufacturing, Services and Others)

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

*2 Since FY2001 ended March 31, 2002 when Hitachi introduced the quarterly announcement of financial results.

1-3. Consolidated Statement of Profit or Loss

Billions of yen

	Q3 (Oct. - Dec.)			Q3 (Apr. - Dec.)		
	FY2016	FY2017	Year over year	FY2016	FY2017	Year over year
Revenues	2,165.5	2,297.5	+132.0 [106%]	6,519.3	6,674.0	+154.7 [102%]
<i>Adjusted operating income ratio</i>	6.5%	7.5%	+1.0%	5.7%	7.1%	+1.4%
Adjusted operating income	140.2	171.3	+31.0	373.1	474.5	+101.4
<i>EBIT ratio</i>	6.6%	7.7%	+1.1%	5.6%	7.1%	+1.5%
EBIT	143.4	176.3	+32.8	362.0	472.8	+110.7
Income from continuing operations, before income taxes	142.7	175.0	+32.2	356.9	468.1	+111.1
Income taxes	(33.2)	(43.6)	(10.3)	(86.8)	(116.4)	(29.6)
Income from continuing operations	109.5	131.4	+21.9	270.1	351.6	+81.5
Income (loss) from discontinued operations*	(0.8)	1.3	+2.2	(0.8)	0.0	+0.9
Net income	108.6	132.8	+24.2	269.2	351.7	+82.5
Net income attributable to Hitachi, Ltd. stockholders	77.7	97.9	+20.2	191.2	258.5	+67.3

* 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.

1-5. Q3 (Apr. - Dec.) FY2017 Revenues by Market

Billions of yen

	Q3 FY2016		Q3 FY2017		Year over year
		Ratio		Ratio	
Japan	3,300.5	51%	3,190.5	48%	97%
Outside Japan	3,218.7	49%	3,483.5	52%	108%
Asia	1,380.0	21%	1,554.1	23%	113%
China	710.3	11%	793.0	12%	112%
ASEAN, India, other areas	669.7	10%	761.1	11%	114%
North America	833.1	13%	863.6	13%	104%
Europe	710.1	11%	700.7	10%	99%
Other Areas	295.5	4%	364.9	6%	124%
Total	6,519.3	100%	6,674.0	100%	102%

1-6. Q3 (Apr. - Dec.) FY2017 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 December 31, 2017	Change from March 31, 2017
Total assets	9,663.9	10,196.1	+532.2
Trade receivables and Inventories	3,659.0	3,773.8	+114.7
Total liabilities	5,566.9	5,746.7	+179.7
Interest-bearing debt	1,176.6	1,246.9	+70.3
Total Hitachi, Ltd. stockholders' equity	2,967.0	3,220.5	+253.4
Non-controlling interests	1,129.9	1,228.9	+99.0
Cash Conversion Cycle	72.2 days	68.6 days	3.6 days decrease
Total Hitachi, Ltd. stockholders' equity ratio	30.7%	31.6%	0.9 points increase
D/E ratio (Including non-controlling interests)	0.29 times	0.28 times	0.01 points decrease

■ Summary of Consolidated Statements of Cash Flows*

Billions of yen

	Manufacturing, Services and Others			Total		
	Q3 FY2016	Q3 FY2017	Year over year	Q3 FY2016	Q3 FY2017	Year over year
Cash flows from operating activities	388.3	473.2	+84.8	379.1	473.2	+94.0
Cash flows from investing activities	(15.9)	(314.2)	(298.3)	(200.6)	(314.2)	(113.5)
Free cash flows	372.4	158.9	(213.4)	178.5	158.9	(19.5)

* 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.

1-7. Q3 (Apr. - Dec.) FY2017 Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		Q3 FY2016*		Q3 FY2017*		Year over year		Dynamics
Information & Telecommunication Systems	Revenues		1,397.3		1,413.0		101%	(+) System integration business in Japan expanded (+) Foreign exchange impact (-) Sales decrease in ATMs
	Adjusted operating income	6.6%	91.7	8.4%	118.3	+1.8%	+26.6	(+) Profitability improvement in system integration business in Japan (+) Effect of structural reform in IT Platform & Products
	EBIT	3.7%	51.5	7.4%	104.4	+3.7%	+52.8	(+) Increase in adjusted operating income (+) Decrease in business structural reform expenses
Social Infrastructure & Industrial Systems	Revenues		1,587.6		1,622.9		102%	(+) Railway systems business for U.K. (+) Industrial products business due to the acquisition of Sullair (-) Shrink of low-profitable business in industry & distribution field
	Adjusted operating income	2.1%	34.0	3.9%	63.4	+1.8%	+29.3	(+) Profitability improvement in business in industry & distribution field (+) Profitability improvement in power and energy business (+) Profitability improvement in industrial products business (-) Increase in procurement cost and decrease in sales price in elevators and escalators business in China
	EBIT	2.3%	36.5	3.5%	57.5	+1.2%	+20.9	(+) Increase in adjusted operating income

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

1-8. Q3 (Apr. - Dec.) FY2017 Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		Q3 FY2016*		Q3 FY2017*		Year over year		Dynamics
Electronic Systems & Equipment	Revenues		817.8		763.2		93%	(+) Semi-conductor production equipment at Hitachi Kokusai Electric and Hitachi High-Technologies (-) Deconsolidation of Hitachi Koki
	Adjusted operating income	6.4%	52.5	7.3%	55.8	+0.9%	+3.2	(+) Sales increase in semi-conductor production equipment (-) Sales decrease in clinical analyzers at Hitachi High-Technologies (-) Deconsolidation of Hitachi Koki
	EBIT	6.0%	48.9	7.4%	56.6	+1.4%	+7.7	(+) Increase in adjusted operating income
Construction Machinery	Revenues		507.0		683.9		135%	(+) Overseas sales increase mainly in China (+) Acquisition of Bradken and H-E Parts (+) Foreign exchange impact
	Adjusted operating income	2.0%	10.1	9.5%	65.2	+7.5%	+55.1	(+) Increase in revenues (+) Foreign exchange impact
	EBIT	1.8%	9.2	10.3%	70.5	+8.5%	+61.3	(+) Increase in adjusted operating income (+) Increase in profit of an equity-method associate

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

1-9. Q3 (Apr. - Dec.) FY2017 Revenues, Adjusted Operating Income and EBIT by Business Segment (3)

Billions of yen

		Q3 FY2016*		Q3 FY2017*		Year over year		Dynamics
High Functional Materials & Components	Revenues		1,067.3		1,230.8		115%	(+) Electronics- and automotive-related products (+) Acquisition of FIAMM Energy Technology, etc. by Hitachi Chemical (+) Foreign exchange impact (+) Increase of sales price linked to higher raw material costs
	Adjusted operating income	8.2%	87.9	7.6%	93.1	(0.6%)	+5.2	(+) Increase in revenues
	EBIT	8.6%	91.6	6.9%	85.2	(1.7%)	(6.4)	(-) Absence of gains on business reorganization recorded in the previous year at Hitachi Metals (-) Posting expenses related to competition law and others at Hitachi Chemical
Automotive Systems	Revenues		723.1		738.4		102%	(+) Sales increase in China (+) Foreign exchange impact (-) Sales decrease in North America (-) Sales decrease of car information systems
	Adjusted operating income	4.9%	35.3	4.5%	33.4	(0.4%)	(1.9)	(-) Profitability deterioration of car information systems (-) Sales decrease in North America
	EBIT	4.9%	35.5	4.1%	30.1	(0.8%)	(5.4)	(-) Decrease in adjusted operating income

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

1-10. Q3 (Apr. - Dec.) FY2017 Revenues, Adjusted Operating Income and EBIT by Business Segment (4)

Billions of yen

		Q3 FY2016*1		Q3 FY2017*1		Year over year		Dynamics
Smart Life & Ecofriendly Systems	Revenues		420.7		399.5		95%	(-) Change of accounting to net basis revenue for a part of procured products in overseas market (-) Sales decrease of home appliances in Japan
	Adjusted operating income	2.9%	12.1	3.9%	15.5	+1.0%	+3.3	(+) Effect of cost reduction (+) Effect of structural reform
	EBIT	4.6%	19.2	6.2%	24.6	+1.6%	+5.3	(+) Increase in adjusted operating income (+) Increase in profit of an equity-method associate
Others	Revenues		496.4		405.1		82%	(-) Impact of reorganization of Hitachi Transport System
	Adjusted operating income	3.9%	19.3	3.9%	15.9	±0.0%	(3.4)	
	EBIT	3.0%	14.6	4.3%	17.5	+1.3%	+2.9	
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		(677.5)		(583.1)		-	
	Adjusted operating income		8.4		13.5		+5.0	
	EBIT		31.7		26.1		(5.5)	
Total	Revenues		6,519.3		6,674.0		102%	
	Adjusted operating income	5.7%	373.1	7.1%	474.5	+1.4%	+101.4	
	EBIT	5.6%	362.0	7.1%	472.8	+1.5%	+110.7	

*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	
		Q3 (Apr. - Dec.)	Forecast
Revenues of Lumada business	900.0	677.0	950.0
1) Lumada core business	120.0	134.0	190.0
2) Lumada SI business	780.0	543.0	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

- Started to provide “Hitachi AI Technology / Planning Optimizing Service” in Japan: digitalizing know-how of skilled experts in creating production plan using AI. Demonstration with Nippon Steel & Sumitomo Metal is underway.
- Started collaborative creation using AI with SBI Sumishin Net Bank: aiming at significant improvement in examination accuracy for personal loan and loan for small to middle-size enterprise.
- Establishing a joint venture with FANUC and Preferred Networks: aiming to develop “Intelligent Edge System^{*}” for the field of industrial & social infrastructure.

^{*} Intelligent Edge Systems: Systems that use AI as an intermediary between the Cloud and edge devices such as machine tools, industrial machinery, and robots in order to achieve cyclic, real-time control

■ Business portfolio transformation

- Acquiring Mitsubishi Electric’s particle therapy system business (Apr. 2018), and VidiStar (Jan.1, 2018), a U.S company which offers solutions such as image diagnosis data analysis, in healthcare business.
- HKE Holdings completed tender offer of Hitachi Kokusai Electric (Dec.8, 2017).
- Transferring stocks of ALAXALA Networks, a network devices company, to Japan Industrial Partners (Mar. 2018).

■ Progress of Horizon Project

- GDA (Generic Design Assessment) process of UK Advanced Boiling Water Reactor completed in Dec. 2017.

2. Outlook for Fiscal 2017

2-1. Outlook for FY2017

- Projections for the Q4 (Jan. - 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	9,300.0	9,300.0	+137.7 [102%]	±0.0 [100%]
<i>Adjusted operating income ratio</i>	6.4%	7.1%	7.1%	+0.7%	±0.0%
Adjusted operating income	587.3	660.0	660.0	+72.6	±0.0
<i>EBIT ratio</i>	5.2%	6.2%	6.2%	+1.0%	±0.0%
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 October 26, 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	8.8%	179.0	+1.1%	+26.0	+0.5%	+9.0
	EBIT	3.9%	76.4	7.4%	151.0	+3.5%	+74.5	+0.4%	+9.0
Social Infrastructure & Industrial Systems	Revenues		2,331.9		2,320.0		99%		100%
	Adjusted operating income	3.3%	77.0	5.4%	125.0	+2.1%	+47.9	(0.2%)	(5.0)
	EBIT	(0.9%)	(19.9)	4.7%	110.0	+5.6%	+129.9	(0.4%)	(9.0)
Electronic Systems & Equipment	Revenues		1,170.3		1,100.0		94%		100%
	Adjusted operating income	7.0%	81.5	7.9%	87.0	+0.9%	+5.4	±0.0%	±0.0
	EBIT	5.7%	66.7	7.5%	83.0	+1.8%	+16.2	±0.0%	±0.0
Construction Machinery	Revenues		753.9		930.0		123%		104%
	Adjusted operating income	3.5%	26.3	8.1%	75.0	+4.6%	+48.6	+1.9%	+20.0
	EBIT	3.0%	22.7	8.4%	78.0	+5.4%	+55.2	+2.4%	+25.0
High Functional Materials & Components	Revenues		1,464.6		1,660.0		113%		102%
	Adjusted operating income	8.2%	119.9	7.7%	127.0	(0.5%)	+7.0	(1.1%)	(15.0)
	EBIT	8.4%	123.3	6.8%	113.0	(1.6%)	(10.3)	(0.7%)	(8.0)

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

*2 Announced on October 26, 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		980.0		99%		98%
	Adjusted operating income	5.7%	56.3	5.4%	53.0	(0.3%)	(3.3)	(0.8%)	(9.0)
	EBIT	6.6%	65.8	4.9%	48.0	(1.7%)	(17.8)	(1.2%)	(13.0)
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	±0.0%	±0.0
	EBIT	5.7%	31.8	5.6%	31.0	(0.1%)	(0.8)	±0.0%	±0.0
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)		(840.0)		-		-
	Adjusted operating income		6.8		(27.0)		(33.8)		±0.0
	EBIT		64.7		(48.0)		(112.7)		(4.0)
Total	Revenues		9,162.2		9,300.0		102%		100%
	Adjusted operating income	6.4%	587.3	7.1%	660.0	+0.7%	+72.6	±0.0%	±0.0
	EBIT	5.2%	475.1	6.2%	580.0	+1.0%	+104.8	±0.0%	±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 October 26, 2017

3-1. Supplemental Information

Consolidated Overseas Revenues by Business Segment

Billions of yen

	FY2016		FY2017				Total (Forecast)	
	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)			
			Year over year	Year over year	Year over year			
Information & Telecommunication Systems	157.5	436.7	164.4	104%	453.7	104%		
Social Infrastructure & Industrial Systems	250.4	697.7	282.5	113%	759.9	109%		
Electronic Systems & Equipment	179.9	510.7	147.6	82%	464.1	91%		
Construction Machinery	115.1	348.2	195.4	170%	541.5	156%		
High Functional Materials & Components	201.4	596.2	250.1	124%	727.1	122%		
Automotive Systems	144.2	416.6	144.8	100%	428.9	103%		
Smart Life & Ecofriendly Systems	25.6	83.8	25.1	98%	76.1	91%		
Others	33.5	129.6	28.5	85%	96.0	74%		
Financial Services*	-	64.4	-	-	-	-		
Corporate items & Eliminations	(19.9)	(65.6)	(20.7)	-	(64.1)	-		
Total	1,088.1	3,218.7	1,217.9	112%	3,483.5	108%	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)	
		Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)			Year over year
					Year over year		Year over year		
	Information & Telecommunication Systems	4.8	21.4	6.8	141%	24.1	113%		
	Social Infrastructure & Industrial Systems	14.2	43.4	20.6	145%	55.4	128%		
	Electronic Systems & Equipment	9.5	16.4	3.4	36%	12.3	75%		
	Construction Machinery	2.6	10.3	4.0	155%	12.0	116%		
	High Functional Materials & Components	26.5	66.9	29.1	110%	87.3	130%		
	Automotive Systems	11.9	34.5	18.2	153%	47.9	139%		
	Smart Life & Ecofriendly Systems	1.1	4.0	2.4	215%	6.2	155%		
	Others	3.9	12.7	2.6	68%	7.3	58%		
	Corporate items	0.2	2.7	0.7	302%	1.5	58%		
	Manufacturing, Services and Others	75.1	212.6	88.4	118%	254.4	120%	350.0	113%
	Financial Services*	-	67.5	-	-	-	-	-	-
	Total	75.1	280.1	88.4	118%	254.4	91%	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)	
		Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)			Year over year
					Year over year		Year over year		
	Information & Telecommunication Systems	11.1	36.2	10.3	93%	33.8	93%		
	Social Infrastructure & Industrial Systems	7.2	21.6	7.6	107%	22.3	103%		
	Electronic Systems & Equipment	4.2	12.6	3.7	87%	10.8	86%		
	Construction Machinery	7.5	23.0	7.8	105%	23.7	103%		
	High Functional Materials & Components	16.0	47.0	18.9	119%	54.0	115%		
	Automotive Systems	10.5	30.7	10.7	102%	32.2	105%		
	Smart Life & Ecofriendly Systems	2.7	7.8	2.2	81%	6.4	82%		
	Others	4.1	14.4	3.6	89%	11.0	76%		
	Corporate items	0.9	2.4	0.9	104%	2.8	114%		
	Manufacturing, Services and Others	64.4	196.1	66.2	103%	197.4	101%	270.0	102%
	Financial Services*	-	39.1	-	-	-	-	-	-
	Total	64.4	235.3	66.2	103%	197.4	84%	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)	
		Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)		Total (Forecast)	Year over year
					Year over year		Year over year		
Information & Telecommunication Systems	11.3	37.4	11.4	100%	36.0	96%			
Social Infrastructure & Industrial Systems	12.2	34.7	14.3	117%	40.3	116%			
Electronic Systems & Equipment	12.3	38.2	12.1	98%	36.9	97%			
Construction Machinery	4.9	14.3	4.5	92%	16.4	115%			
High Functional Materials & Components	11.3	34.6	12.3	109%	35.4	102%			
Automotive Systems	16.9	52.5	15.9	94%	51.7	98%			
Smart Life & Ecofriendly Systems	1.4	4.6	1.7	119%	5.3	116%			
Others	0.3	1.4	0.2	80%	1.6	111%			
Corporate items	5.7	16.7	5.5	97%	16.5	99%			
Manufacturing, Services and Others	76.8	234.8	78.3	102%	240.6	102%			
Financial Services*	-	0.0	-	-	-	-			
Total	76.8	234.9	78.3	102%	240.6	102%	350.0	108%	
Percentage of revenues (%)	3.5	3.6	3.4	-	3.6	-	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, 2

Billions of yen

	FY2016		FY2017						
	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)		Total (Forecast)		
				Year over year		Year over year		Year over year	Previous forecast*5 comparison
Revenues	470.3	1,397.3	479.7	102%	1,413.0	101%	2,040.0	103%	100%
Front Business*3	318.8	966.4	321.1	101%	977.6	101%	1,437.0	103%	99%
IT Platform & Products*4	182.9	533.9	191.6	105%	546.1	102%	729.0	99%	101%
Adjusted Operating Income	7.7% 36.0	6.6% 91.7	8.8% 42.2	+1.1% +6.1	8.4% 118.3	+1.8% +26.6	8.8% 179.0	+1.1% +26.0	+0.5% +9.0
Front Business	6.6% 21.2	7.2% 69.4	9.1% 29.2	+2.5% +8.0	8.2% 80.5	+1.0% +11.1	9.7% 140.0	+1.2% +21.2	±0.0% ±0.0
IT Platform & Products	7.7% 14.1	3.6% 19.3	6.9% 13.2	(0.8%) (0.8)	6.9% 37.4	+3.3% +18.1	6.5% 47.5	+2.5% +18.1	+0.9% +7.5
EBIT	6.8% 31.9	3.7% 51.5	7.1% 34.0	+0.3% +2.0	7.4% 104.4	+3.7% +52.8	7.4% 151.0	+3.5% +74.5	+0.4% +9.0
Front Business	6.4% 20.2	6.9% 66.7	7.4% 23.6	+1.0% +3.3	7.5% 73.2	+0.6% +6.5	9.5% 137.0	+2.6% +41.0	±0.0% ±0.0
IT Platform & Products	6.4% 11.6	(2.6%) (14.0)	5.7% 10.8	(0.7%) (0.7)	5.9% 32.1	+8.5% +46.2	3.1% 22.5	+5.4% +39.8	+1.0% +7.5

*1 Figures for each subsegment include intersegment transactions.

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

*3 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.

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

*5 Announced on October 26, 2017

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

Billions of yen

	FY2016		FY2017						
	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)		Total (Forecast)		
				Year over year		Year over year	Year over year	Previous forecast* ⁶ comparison	
Social Infrastructure & Industrial Systems	557.7	1,587.6	583.7	105%	1,622.9	102%	2,320.0	99%	100%
Nuclear Energy BU* ²	30.6	96.2	33.7	110%	97.7	102%	196.0	102%	100%
Power BU	61.8	176.2	54.2	88%	161.8	92%	267.0	96%	100%
Energy Solutions BU* ³	15.8	49.0	17.3	110%	51.0	104%	74.0	95%	100%
Industry & Distribution BU* ^{2, 4}	82.2	250.1	83.5	102%	238.4	95%	341.0	91%	100%
Water BU	13.4	35.9	12.6	94%	34.9	97%	78.0	103%	100%
Industrial Products BU* ⁵	79.5	235.3	90.4	114%	251.0	107%	373.0	108%	101%
Building Systems BU	167.1	458.1	158.9	95%	457.0	100%	590.0	101%	98%
Railway Systems BU	127.3	349.1	152.6	120%	393.5	113%	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 October 26, 2017

■ Average Foreign Exchange Rate*1

	FY2016				FY2017				Yen
	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q4 (Jan. - Mar.)	Total	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q4 (Forecast)	Total (Forecast)	
	U.S. dollar	109	107	114	108	113	112	110	111
Euro	118	118	121	119	133	129	120	126	

■ Foreign Exchange Sensitivity*2,3

	Revenues	Adjusted operating income	Billions of yen
U.S. dollar	4.5	0.7	
Euro	1.5	0.1	

■ Number of employees and consolidated subsidiaries

	As of March 31, 2017	As of December 31, 2017
Number of employees	303,887	309,243
Japan	169,744	168,987
Overseas	134,143	140,256
Number of consolidated subsidiaries	864	885
Japan	208	203
Overseas	656	682

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

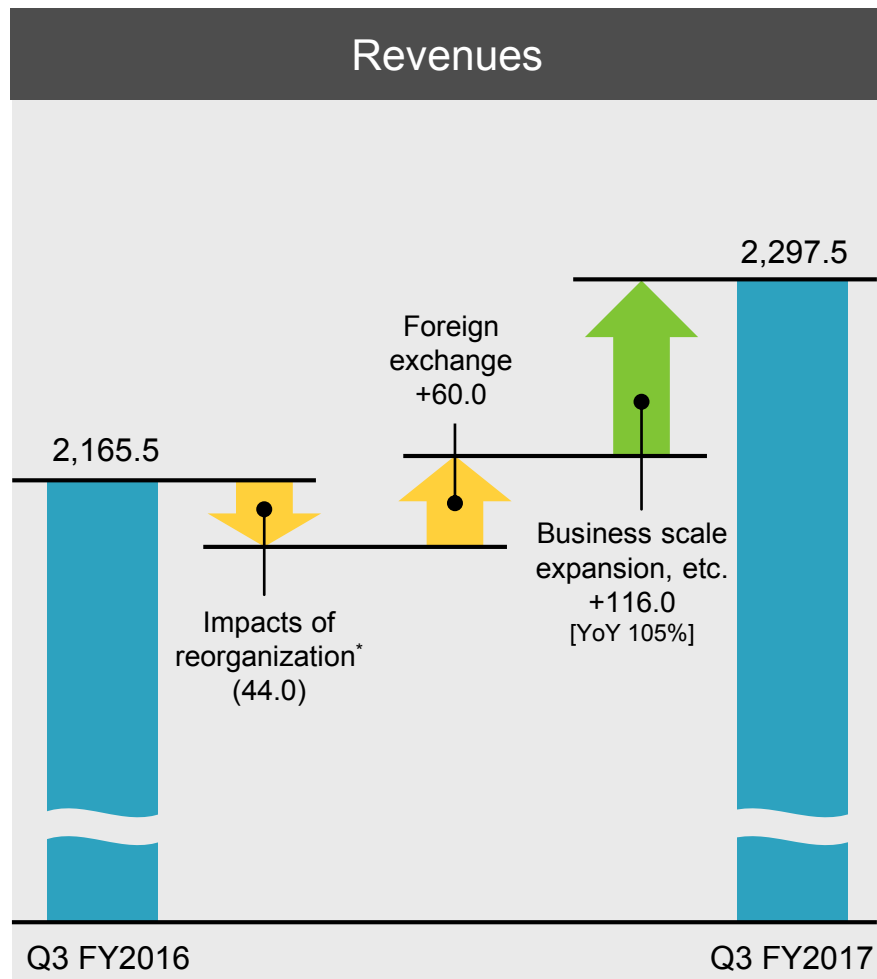
*2 Impact of exchange rate fluctuation (Q4 FY2017 impact by one yen depreciation from Q4 forecast rate.)

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

3-2. Supplemental Information: Financial Results of Q3 (Oct. – Dec.) FY2017

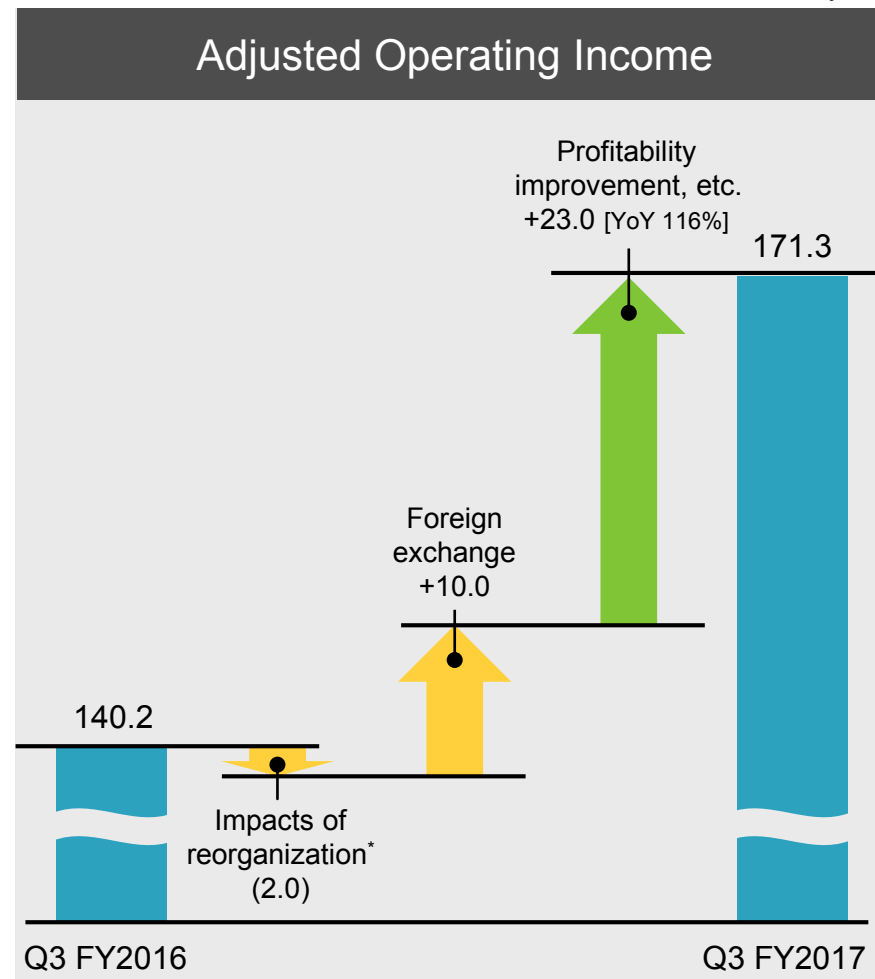
Q3 (Oct. - Dec.) FY2017 Factors Affecting Changes in Revenues and Adjusted Operating Income (Year over Year)

Billions of yen



* Hitachi Koki

Billions of yen



Q3 (Oct. - Dec.) FY2017 Revenues by Market and Summary of Consolidated Statements of Cash Flows

Revenues by Market

Billions of yen

	Q3 FY2016		Q3 FY2017		Year over year
		Ratio		Ratio	
Japan	1,077.3	50%	1,079.5	47%	100%
Outside Japan	1,088.1	50%	1,217.9	53%	112%
Asia	489.3	23%	545.7	24%	112%
China	259.2	12%	283.5	12%	109%
ASEAN, India, other areas	230.1	11%	262.2	12%	114%
North America	268.4	12%	295.4	13%	110%
Europe	223.0	10%	250.9	11%	112%
Other Areas	107.3	5%	125.8	5%	117%
Total	2,165.5	100%	2,297.5	100%	106%

Summary of Consolidated Statements of Cash Flows*

Billions of yen

	Manufacturing, Services and Others			Total		
	Q3 FY2016	Q3 FY2017	Year over year	Q3 FY2016	Q3 FY2017	Year over year
Cash flows from operating activities	94.2	194.7	+100.5	94.2	194.7	+100.5
Cash flows from investing activities	74.4	(79.7)	(154.2)	15.8	(79.7)	(95.6)
Free cash flows	168.7	114.9	(53.7)	110.1	114.9	+4.8

* 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.

Q3 (Oct. - Dec.) FY2017 Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		Q3 FY2016*	Q3 FY2017*	Year over year	
Information & Telecommunication Systems	Revenues	470.3	479.7		102%
	Adjusted operating income	7.7% 36.0	8.8% 42.2	+1.1%	+6.1
	EBIT	6.8% 31.9	7.1% 34.0	+0.3%	+2.0
Social Infrastructure & Industrial Systems	Revenues	557.7	583.7		105%
	Adjusted operating income	3.4% 19.0	5.3% 31.1	+1.9%	+12.0
	EBIT	5.9% 33.1	5.6% 32.6	(0.3%)	(0.5)
Electronic Systems & Equipment	Revenues	280.3	249.6		89%
	Adjusted operating income	7.9% 22.1	6.5% 16.3	(1.4%)	(5.8)
	EBIT	8.0% 22.4	6.9% 17.1	(1.1%)	(5.2)
Construction Machinery	Revenues	172.0	243.6		142%
	Adjusted operating income	2.7% 4.6	11.6% 28.1	+8.9%	+23.4
	EBIT	3.3% 5.6	12.1% 29.4	+8.8%	+23.8
High Functional Materials & Components	Revenues	364.1	428.6		118%
	Adjusted operating income	8.9% 32.3	7.5% 31.9	(1.4%)	(0.3)
	EBIT	11.5% 41.9	7.9% 33.6	(3.6%)	(8.2)

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

Q3 (Oct. - Dec.) FY2017 Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		Q3 FY2016*1	Q3 FY2017*1	Year over year	
Automotive Systems	Revenues	251.2	249.4		99%
	Adjusted operating income	5.9% 14.7	3.6% 9.0	(2.3%)	(5.6)
	EBIT	5.9% 14.9	3.1% 7.8	(2.8%)	(7.0)
Smart Life & Ecofriendly Systems	Revenues	133.2	123.1		92%
	Adjusted operating income	4.5% 5.9	3.6% 4.4	(0.9%)	(1.5)
	EBIT	7.1% 9.4	5.0% 6.1	(2.1%)	(3.3)
Others	Revenues	137.0	128.1		94%
	Adjusted operating income	3.4% 4.6	3.6% 4.6	+0.2%	(0.0)
	EBIT	1.5% 2.1	5.4% 6.9	+3.9%	+4.7
Financial Services*2	Revenues	-	-		-
	Adjusted operating income	-	-		-
	EBIT	-	-		-
Corporate items & Eliminations	Revenues	(200.6)	(188.6)		-
	Adjusted operating income	0.5	3.3		+2.7
	EBIT	(18.2)	8.4		+26.6
Total	Revenues	2,165.5	2,297.5		106%
	Adjusted operating income	6.5% 140.2	7.5% 171.3	+1.0%	+31.0
	EBIT	6.6% 143.4	7.7% 176.3	+1.1%	+32.8

*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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