



Outline of Consolidated Financial Results for Fiscal 2017

April 27, 2018

Hitachi, Ltd.

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for Fiscal 2017**
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1. Outline of Consolidated Financial Results for Fiscal 2017

1-1. Highlights of FY2017 Financial Results

Revenues	9,368.6 billion yen	up 2% / up 206.3 billion yen YoY up 1% compared to previous forecast*4 ● up 4% YoY, on the assumption regarding reorganization*5 and on a constant currency basis
Adjusted operating income*1	714.6 billion yen	up 22% / up 127.3 billion yen YoY up 8% compared to previous forecast*4 ● posted record-high for FY2017*6 ● up 136.3 billion yen YoY, on the assumption regarding reorganization*5 and on a constant currency basis
EBIT*2	644.2 billion yen	up 36% / up 169.0 billion yen YoY up 11% compared to previous forecast*4 ● posted record-high for FY2017*6 ● up 218.0 billion yen YoY, on the assumption regarding reorganization*5 and on a constant currency basis
Net income attributable to Hitachi, Ltd. stockholders	362.9 billion yen	up 57% / up 131.7 billion yen YoY up 21% compared to previous forecast*4 ● posted record-high for FY2017*6
ROA*3	5.0 %	up 1.7 points from March 31, 2017 (Manufacturing, Services and Others)
Free cash flows	252.8 billion yen	down 232.6 billion yen YoY (Manufacturing, Services and Others)
Operating cash flow margin	7.8%	up 0.7 points from March 31, 2017 (Manufacturing, Services and Others)
The year-end dividend for FY2017	8.0 yen per share*7	

*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 ROA(Return on Asset) = [Net income] / [Total Asset (Average between the end of current fiscal year and the end of previous fiscal year)] x 100

*4 Announced on January 31, 2018

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

*6 Since FY1986 ended March 31, 1987 when Hitachi introduced the financial results on a consolidated basis which is covered the same scope of consolidated subsidiaries as the current.

*7 The year-end dividend for FY2017 will be decided at the Board of Directors in May 2018.

1-2. Consolidated Statement of Profit or Loss

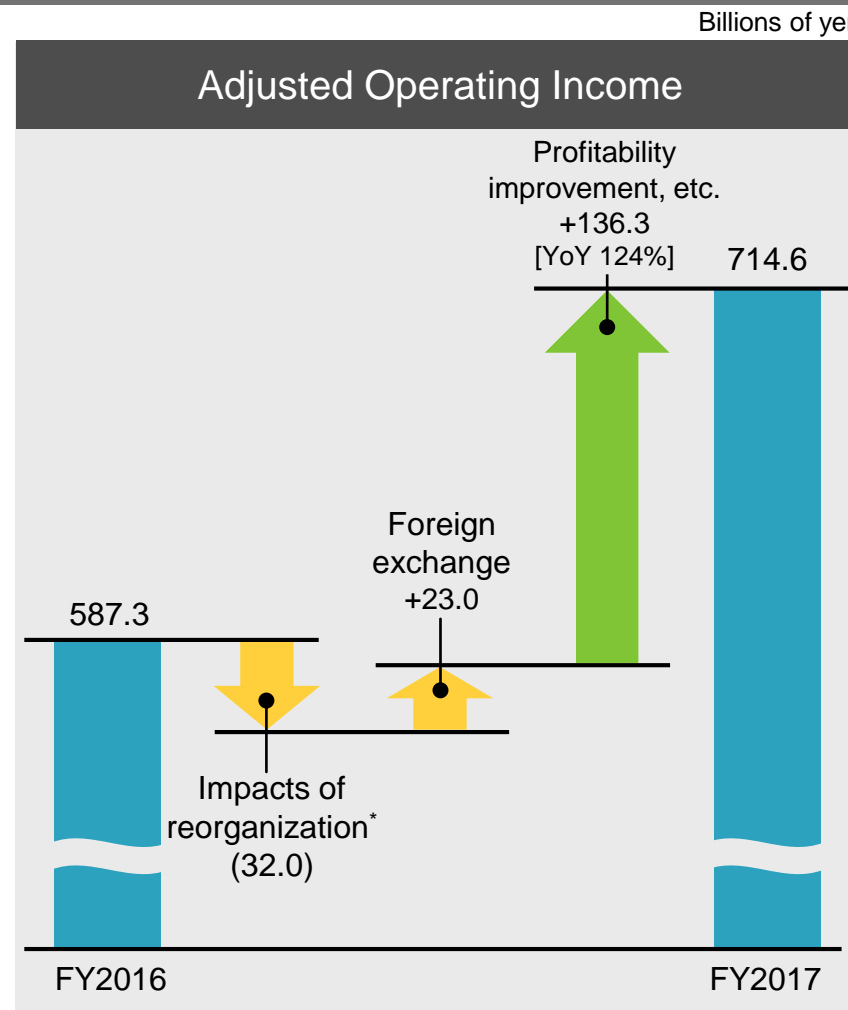
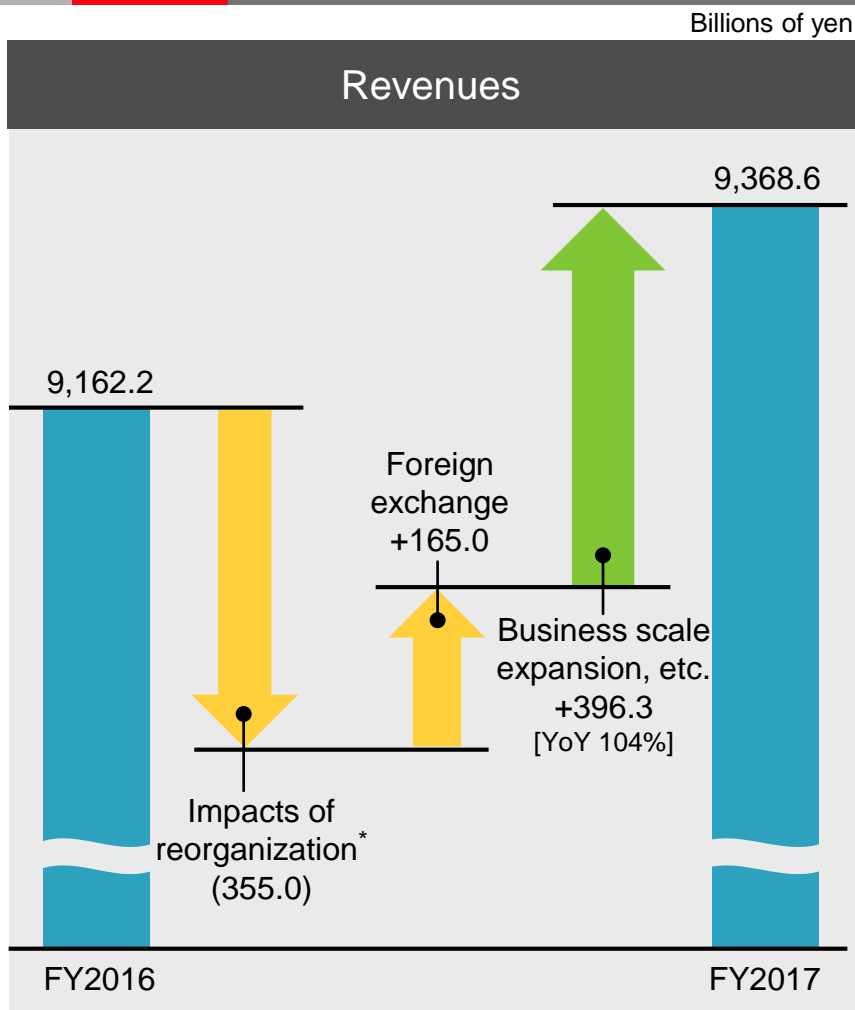
Billions of yen

	FY2016	FY2017	Year over year	Previous forecast* ² comparison
Revenues	9,162.2	9,368.6	+206.3 [102%]	+68.6 [101%]
<i>Adjusted operating income ratio</i>	6.4%	7.6%	+1.2%	+0.5%
Adjusted operating income	587.3	714.6	+127.3	+54.6
<i>EBIT ratio</i>	5.2%	6.9%	+1.7%	+0.7%
EBIT	475.1	644.2	+169.0	+64.2
Income from continuing operations, before income taxes	469.0	638.6	+169.5	+68.6
Income taxes	(125.1)	(131.7)	(6.5)	+28.2
Income from continuing operations	343.9	506.9	+162.9	+96.9
Loss from discontinued operations* ¹	(5.9)	(16.0)	(10.0)	(11.0)
Net income	338.0	490.9	+152.8	+85.9
Net income attributable to Hitachi, Ltd. stockholders	231.2	362.9	+131.7	+62.9
Earnings per share	47.90 yen	75.19 yen	+27.29 yen	+13.05 yen

*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.

*2 Announced on January 31, 2018

1-3. 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, etc.
 - M&As: Hitachi Construction Machinery, Hitachi Chemical, and Industrial products business (Sullair)

- Profitability improvement, etc.
 - Business scale expansion, cost reduction, and improvement of lower profitability businesses, etc.

* Hitachi Transport System, Hitachi Capital, and Hitachi Koki

1-4. FY2017 Revenues by Market

Billions of yen

	FY2016		FY2017		Year over year
		Ratio		Ratio	
Japan	4,757.6	52%	4,643.0	50%	98%
Outside Japan	4,404.5	48%	4,725.5	50%	107%
Asia	1,860.7	20%	2,081.1	22%	112%
China	928.9	10%	1,041.0	11%	112%
ASEAN, India, other areas	931.7	10%	1,040.1	11%	112%
North America	1,144.0	12%	1,177.5	13%	103%
Europe	972.6	11%	964.4	10%	99%
Other Areas	427.1	5%	502.3	5%	118%
Total	9,162.2	100%	9,368.6	100%	102%

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 March 31, 2018	Change from March 31, 2017
Total assets	9,663.9	10,106.6	+442.6
Trade receivables and Inventories	3,659.0	3,876.6	+217.5
Total liabilities	5,566.9	5,594.9	+28.0
Interest-bearing debt	1,176.6	1,050.2	(126.3)
Total Hitachi, Ltd. stockholders' equity	2,967.0	3,278.0	+310.9
Non-controlling interests	1,129.9	1,233.6	+103.7
Cash Conversion Cycle* ¹	72.2 days	69.7 days	2.5 days decrease
Total Hitachi, Ltd. stockholders' equity ratio	30.7%	32.4%	1.7 points increase
D/E ratio (Including non-controlling interests)	0.29 times	0.23 times	0.06 points decrease
ROA* ¹	3.3%	5.0%	1.7 points increase

■ Summary of Consolidated Statements of Cash Flows*²

Billions of yen

	Manufacturing, Services and Others			Total		
	FY2016	FY2017	Year over year	FY2016	FY2017	Year over year
Cash flows from operating activities	638.7	727.1	+88.4	629.5	727.1	+97.5
Cash flows from investing activities	(153.2)	(474.3)	(321.0)	(337.9)	(474.3)	(136.3)
Free cash flows	485.5	252.8	(232.6)	291.6	252.8	(38.7)

*¹ As of March 31, 2017, the figures are based on "Manufacturing, Services and Others".

*² 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

		FY2016*1		FY2017*1		Year over year		Previous forecast*2 comparison		Dynamics (YoY)
Information & Telecommunication Systems	Revenues	1,982.8		2,008.9		101%		98%		(+) System integration business expanded in Japan (+) Foreign exchange impact (-) Structural reform in IT Platform & Products
	Adjusted operating income	7.7%	152.9	9.4%	189.2	+1.7%	+36.2	+0.6%	+10.2	(+) Profitability improvement in system integration business in Japan (+) Effect of structural reform in IT Platform & Products
	EBIT	3.9%	76.4	6.9%	139.2	+3.0%	+62.8	(0.5%)	(11.7)	(+) Increase in adjusted operating income (+) Decrease in business structural reform expenses
Social Infrastructure & Industrial Systems	Revenues	2,331.9		2,375.0		102%		102%		(+) Railway systems business for U.K. (+) Industrial products business due to the acquisition of Sullair (-) Sales decrease in power and energy business (-) Shrink of lower profitability business in industry & distribution field
	Adjusted operating income	3.3%	77.0	4.9%	115.5	+1.6%	+38.5	(0.5%)	(9.4)	(+) Profitability improvement in industry & distribution field (+) Profitability improvement in power and energy business (+) Profitability improvement in industrial products business (-) Decrease in sales price and increase in procurement cost in elevators and escalators business in China
	EBIT	(0.9%)	(19.9)	4.3%	101.2	+5.2%	+121.2	(0.4%)	(8.7)	(+) Increase in adjusted operating income (+) Post of impairment loss in power and energy business in the previous year

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

*2 Announced on January 31, 2018

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

Billions of yen

		FY2016*1		FY2017*1		Year over year		Previous forecast*2 comparison		Dynamics (YoY)
Electronic Systems & Equipment	Revenues	1,170.3		1,086.5		93%		99%		(+) Semi-conductor production equipment at Hitachi Kokusai Electric and Hitachi High-Technologies (-) Deconsolidation of Hitachi Koki
	Adjusted operating income	<i>7.0%</i>	<i>81.5</i>	<i>8.0%</i>	<i>86.9</i>	<i>+1.0%</i>	<i>+5.3</i>	<i>+0.1%</i>	<i>(0.0)</i>	(+) Sales increase in semi-conductor production equipment (-) Deconsolidation of Hitachi Koki
	EBIT	<i>5.7%</i>	<i>66.7</i>	<i>8.2%</i>	<i>88.8</i>	<i>+2.5%</i>	<i>+22.0</i>	<i>+0.7%</i>	<i>+5.8</i>	(+) Increase in adjusted operating income (+) Decrease in business structural reform expenses
Construction Machinery	Revenues	753.9		959.1		127%		103%		(+) Overseas sales increase mainly in China (+) Acquisition of Bradken and H-E Parts (+) Foreign exchange impact
	Adjusted operating income	<i>3.5%</i>	<i>26.3</i>	<i>9.6%</i>	<i>92.5</i>	<i>+6.1%</i>	<i>+66.2</i>	<i>+1.5%</i>	<i>+17.5</i>	(+) Increase in revenues (+) Foreign exchange impact
	EBIT	<i>3.0%</i>	<i>22.7</i>	<i>10.1%</i>	<i>97.0</i>	<i>+7.1%</i>	<i>+74.3</i>	<i>+1.7%</i>	<i>+19.0</i>	(+) Increase in adjusted operating income (+) Increase in profit of an equity-method associate

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

*2 Announced on January 31, 2018

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

Billions of yen

		FY2016*1		FY2017*1		Year over year		Previous forecast*2 comparison		Dynamics (YoY)
High Functional Materials & Components	Revenues	1,464.6		1,657.5		113%		100%		(+) Sales increase of 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%	119.9	7.4%	121.8	(0.8%)	+1.9	(0.3%)	(5.1)	(+) Increase in revenues
	EBIT	8.4%	123.3	6.0%	98.6	(2.4%)	(24.6)	(0.8%)	(14.3)	(-) Post of impairment loss in Hitachi Metals (-) Absence of gains on business reorganization recorded in the previous year at Hitachi Metals (-) Post of expenses related to competition law and others at Hitachi Chemical
Automotive Systems	Revenues	992.2		1,001.0		101%		102%		(+) Sales increase in China (+) Foreign exchange impact (-) Sales decrease in North America (-) Sales decrease of car information systems
	Adjusted operating income	5.7%	56.3	5.0%	49.5	(0.7%)	(6.7)	(0.4%)	(3.4)	(-) Profitability deterioration of car information systems (-) Sales decrease in North America
	EBIT	6.6%	65.8	4.2%	42.4	(2.4%)	(23.4)	(0.7%)	(5.5)	(-) Decrease in adjusted operating income (-) Absence of gains on sale of fixed assets in the previous year

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

*2 Announced on January 31, 2018

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

Billions of yen

		FY2016*1		FY2017*1		Year over year		Previous forecast*2 comparison		Dynamics (YoY)
Smart Life & Ecofriendly Systems	Revenues		557.3		540.1		97%		98%	(-) Change of accounting to net basis revenue for a part of procured products in overseas market
	Adjusted operating Income	4.0%	22.4	4.6%	25.1	+0.6%	+2.6	+0.2%	+1.1	(+) Effect of cost reduction (+) Effect of structural reform
	EBIT	5.7%	31.8	6.2%	33.3	+0.5%	+1.5	+0.6%	+2.3	(+) Increase in adjusted operating income (+) Increase in profit of an equity-method associate
Others	Revenues		653.7		557.7		85%		100%	(-) Impact of reorganization of Hitachi Transport System
	Adjusted operating Income	3.4%	22.4	3.8%	21.4	+0.4%	(0.9)	+0.8%	+4.4	
	EBIT	3.2%	20.6	3.9%	21.8	+0.7%	+1.2	+1.4%	+7.8	
Financial Services*3	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		(924.1)		(817.5)		-		-	/
	Adjusted operating Income		6.8		12.3		+5.4		+39.3	
	EBIT		64.7		21.4		(43.2)		+69.4	
Total	Revenues		9,162.2		9,368.6		102%		101%	
	Adjusted operating income	6.4%	587.3	7.6%	714.6	+1.2%	+127.3	+0.5%	+54.6	
	EBIT	5.2%	475.1	6.9%	644.2	+1.7%	+169.0	+0.7%	+64.2	

*1 Italic figures indicate adjusted operating income ratio or EBIT ratio. *2 Announced on January 31, 2018

*3 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		FY2018	
		Initial target*		Initial target*	
Revenues of Lumada business	900.0	950.0	1,006.0	1,050.0	1,070.0
1) Lumada core business	120.0	190.0	230.0	290.0	310.0
2) Lumada SI business	780.0	760.0	776.0	760.0	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

FY2017: Achieved the initial target due to the expansion of Lumada business in the fields of social infrastructure and industry & distribution

- Digital solution for manufacturers
(Visualization of manufacturing process, improvement of productivity and quality, etc.)
- Predictive maintenance solution for rolling stocks and industrial facilities

FY2018: Expanding Lumada core business in the fields of social infrastructure, industry & distribution, and finance

- Utilization of Lumada's customer cases and solution cores accumulated by co-creation with leading companies in various business fields
- Accelerating the expansion of overseas Lumada business through Hitachi Vantara and Hitachi Consulting

* As of June 2017, at Hitachi IR Day 2017

■ Strengthening Business toward Growth

- Acquisition of the air compressor business (“Sullair business”) of Accudyne Industries (Jul. 12, 2017)
- Hitachi Chemical acquired Kyowa Medex, a company which supplies vitro diagnostics (Jan. 4, 2018), etc.
- Hitachi High-Technologies acquired Oxford Instruments, a U.K. company which operates industrial analysis business (Jul. 3, 2017)
- Acquisition of Mitsubishi Electric’s particle therapy system business (Jun, 2018), and VidiStar (Jan. 1, 2018), a U.S. company which offers solutions such as image diagnosis data analysis, in healthcare business
- Conclusion of a contract to transfer stocks and related assets of Hitachi Information & Telecommunication Manufacturing to UMC Electronics for strengthening manufacturing in the field of IT products (Apr. 3, 2018)

■ Business Portfolio Transformation

- HKE Holdings completed tender offer of Hitachi Kokusai Electric (Dec. 8, 2017). Hitachi will sell all of its shares (May 31, 2018), and will acquire 20% of stocks after company split (Jun. 4, 2018)
- Hitachi Power Solutions transferred its forged steel roll business (Mar. 1, 2018)
- Transferred stocks of ALAXALA Networks, a network device company, to Japan Industrial Partners (Mar. 30, 2018)

■ Nuclear power business in U.K. (Horizon Project)

- Progress: Promoting negotiation with U.K. government regarding financial support
- Criteria for business continuity:
 1. Obtainment of all the required licenses for business continuity
 2. Set of strike price for business continuity
 3. Agreement on funding scheme and moving Horizon Nuclear Power off balance sheet

■ Thermal Power Project in South Africa

- Taking appropriate measures in the arbitration

2. Outlook for Fiscal 2018

2-1. Outlook for FY2018

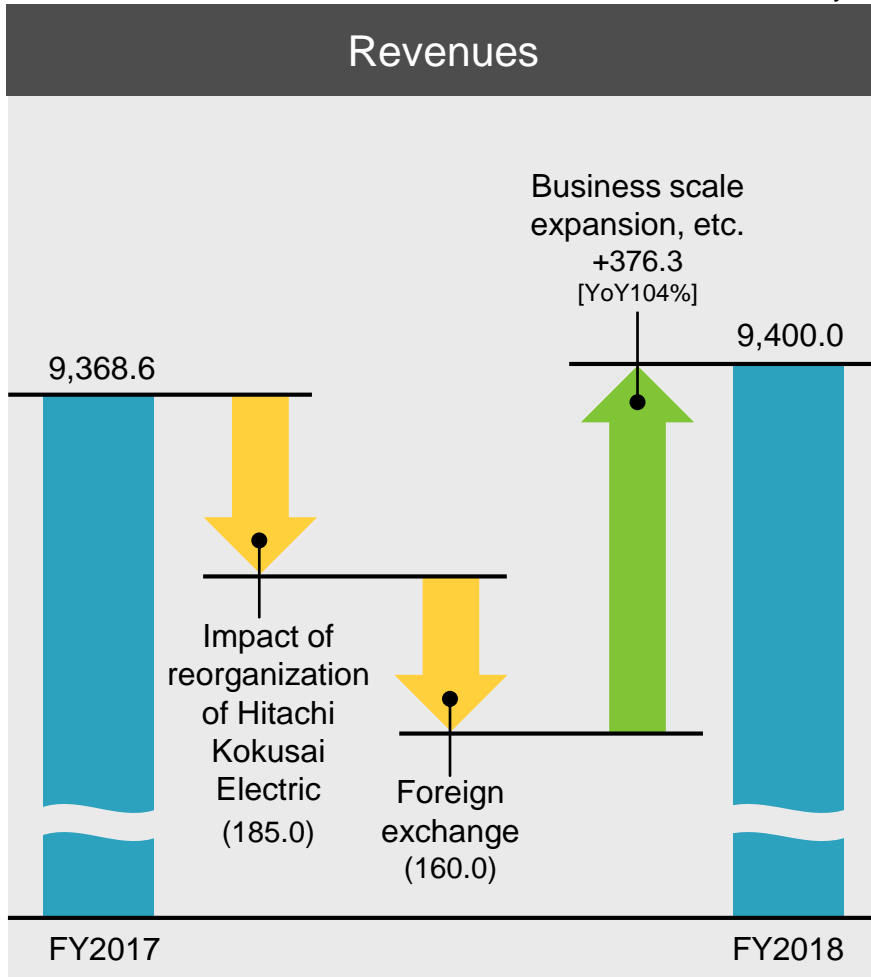
- Projections for FY2018 assume an exchange rate of 105 yen to the U.S. dollar and 130 yen to the euro. Billions of yen

	FY2017	FY2018	
		Forecast	Year over year
Revenues	9,368.6	9,400.0	+31.3 [100%]
<i>Adjusted operating income ratio</i>	7.6%	8.0%	+0.4%
Adjusted operating income	714.6	750.0	+35.3
<i>EBIT ratio</i>	6.9%	8.0%	+1.1%
EBIT	644.2	750.0	+105.7
Income from continuing operations, before income taxes	638.6	735.0	+96.3
Income taxes	(131.7)	(195.0)	(63.2)
Income from continuing operations	506.9	540.0	+33.0
Loss from discontinued operations	(16.0)	(10.0)	+6.0
Net income	490.9	530.0	+39.0
Net income attributable to Hitachi, Ltd. stockholders	362.9	400.0	+37.0
Earnings per share*	75.19 yen	82.85 yen	+7.66 yen

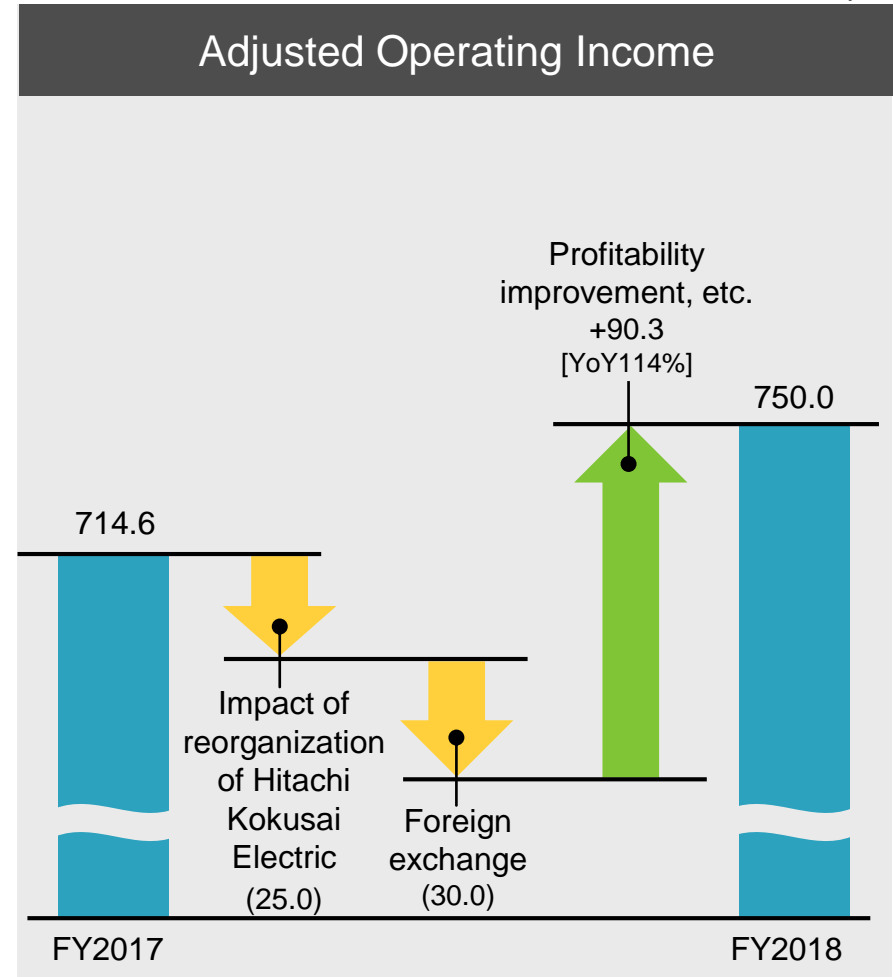
* As announced today, Hitachi decided to consolidate every five shares into one share for its common stock on October 1, 2018. However, the figure of earnings per share does not take into account the effect of the share consolidation. Assuming that the share consolidation comes into effect at the beginning of the fiscal year ending March 31, 2019, the forecast of earnings per share for FY2018 is 414.27 yen.

2-2. FY2018: Factors Affecting Changes in Revenues and Adjusted Operating Income (Year over Year)

Billions of yen



Billions of yen



- Business scale expansion, etc.
 - Hitachi High-Technologies, Railway systems business, and Hitachi Chemical, etc.

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

2-3. Outlook for FY2018: Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		FY2017*		FY2018				Dynamics
				Forecast*		Year over year		
Information & Telecommunication Systems	Revenues		2,008.9		2,000.0		100%	<ul style="list-style-type: none"> • Front Business: Increase in revenues and adjusted operating income in system integration business in Japan • IT Platform & Products: Increase in adjusted operating income due to the profitability improvement mainly in Storage business
	Adjusted operating income	9.4%	189.2	9.7%	194.0	+0.3%	+4.7	
	EBIT	6.9%	139.2	9.5%	190.0	+2.6%	+50.7	
Social Infrastructure & Industrial Systems	Revenues		2,375.0		2,460.0		104%	<ul style="list-style-type: none"> • Increase in revenues and adjusted operating income in railway systems business and industrial products business • Increase in adjusted operating income due to the profitability improvement in industry & distribution field
	Adjusted operating income	4.9%	115.5	6.7%	165.0	+1.8%	+49.4	
	EBIT	4.3%	101.2	5.5%	136.0	+1.2%	+34.7	
Electronic Systems & Equipment	Revenues		1,086.5		1,000.0		92%	<ul style="list-style-type: none"> • Decrease in revenues and adjusted operating income due to deconsolidation of Hitachi Kokusai Electric
	Adjusted operating income	8.0%	86.9	7.2%	72.0	(0.8%)	(14.9)	
	EBIT	8.2%	88.8	6.9%	69.0	(1.3%)	(19.8)	
Construction Machinery	Revenues		959.1		980.0		102%	<ul style="list-style-type: none"> • Increase in revenues and adjusted operating income due to the sales expansion mainly in North America and Europe
	Adjusted operating income	9.6%	92.5	10.5%	103.0	+0.9%	+10.4	
	EBIT	10.1%	97.0	10.3%	101.0	+0.2%	+3.9	
High Functional Materials & Components	Revenues		1,657.5		1,730.0		104%	<ul style="list-style-type: none"> • Hitachi Metals: Increase in revenues and adjusted operating income mainly due to the sales expansion of specialty steel products for the fields of automotive and electronics • Hitachi Chemical: Increase in revenues and adjusted operating income due to the sales expansion of functional materials mainly for high definition display and the effect of M&As
	Adjusted operating income	7.4%	121.8	8.0%	138.0	+0.6%	+16.1	
	EBIT	6.0%	98.6	7.5%	130.0	+1.5%	+31.3	

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

2-4. Outlook for FY2018: Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		FY2017*		FY2018				Dynamics
				Forecast*		Year over year		
Automotive Systems	Revenues		1,001.0		990.0		99%	<ul style="list-style-type: none"> Increase in adjusted operating income due to the profitability improvement mainly in North America
	Adjusted operating income	5.0%	49.5	6.1%	60.0	+1.1%	+10.4	
	EBIT	4.2%	42.4	5.1%	50.0	+0.9%	+7.5	
Smart Life & Ecofriendly Systems	Revenues		540.1		510.0		94%	<ul style="list-style-type: none"> Decrease in revenues due to change of accounting to net basis revenue for a part of procured products in Japan Increase in adjusted operating income due to profitability improvement by the effect of structural reform
	Adjusted operating income	4.6%	25.1	5.1%	26.0	+0.5%	+0.8	
	EBIT	6.2%	33.3	6.3%	32.0	+0.1%	(1.3)	
Others	Revenues		557.7		540.0		97%	
	Adjusted operating income	3.8%	21.4	3.0%	16.0	(0.8%)	(5.4)	
	EBIT	3.9%	21.8	2.8%	15.0	(1.1%)	(6.8)	
Corporate items & Eliminations	Revenues		(817.5)		(810.0)		-	
	Adjusted operating income		12.3		(24.0)		(36.3)	
	EBIT		21.4		27.0		+5.5	
Total	Revenues		9,368.6		9,400.0		100%	
	Adjusted operating income	7.6%	714.6	8.0%	750.0	+0.4%	+35.3	
	EBIT	6.9%	644.2	8.0%	750.0	+1.1%	+105.7	

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

3. Supplemental Information

Consolidated Overseas Revenues by Business Segment

Billions of yen

	FY2016	FY2017		FY2018	
			Year over year	Forecast	Year over year
Information & Telecommunication Systems	594.6	610.4	103%		
Social Infrastructure & Industrial Systems	919.4	1,016.2	111%		
Electronic Systems & Equipment	707.9	640.4	90%		
Construction Machinery	527.9	765.9	145%		
High Functional Materials & Components	828.2	977.8	118%		
Automotive Systems	568.7	578.4	102%		
Smart Life & Ecofriendly Systems	110.8	101.7	92%		
Others	168.7	121.5	72%		
Financial Services*	64.4	-	-		
Corporate items & Eliminations	(86.5)	(87.0)	-		
Total	4,404.5	4,725.5	107%	4,800.0	102%

* 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		FY2018	
			Year over year	Forecast	Year over year
Information & Telecommunication Systems	31.6	35.5	112%		
Social Infrastructure & Industrial Systems	63.1	79.9	127%		
Electronic Systems & Equipment	23.4	19.4	83%		
Construction Machinery	14.0	18.5	132%		
High Functional Materials & Components	99.9	131.3	131%		
Automotive Systems	50.4	66.1	131%		
Smart Life & Ecofriendly Systems	5.7	8.5	149%		
Others	17.9	13.1	73%		
Corporate items	3.5	2.3	64%		
Manufacturing, Services and Others	310.0	374.9	121%	420.0	112%
Financial Services*	67.5	-	-	-	-
Total	377.5	374.9	99%	420.0	112%

* 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		FY2018	
			Year over year	Forecast	Year over year
Information & Telecommunication Systems	47.7	44.7	94%		
Social Infrastructure & Industrial Systems	29.1	30.0	103%		
Electronic Systems & Equipment	17.4	14.7	85%		
Construction Machinery	30.7	32.2	105%		
High Functional Materials & Components	64.2	72.7	113%		
Automotive Systems	41.7	43.6	105%		
Smart Life & Ecofriendly Systems	10.5	8.7	83%		
Others	18.5	14.5	79%		
Corporate items	3.4	3.8	110%		
Manufacturing, Services and Others	263.6	265.4	101%	300.0	113%
Financial Services*	39.1	-	-	-	-
Total	302.7	265.4	88%	300.0	113%

* 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		FY2018	
			Year over year	Forecast	Year over year
Information & Telecommunication Systems	50.1	48.0	96%		
Social Infrastructure & Industrial Systems	48.7	56.1	115%		
Electronic Systems & Equipment	53.6	52.1	97%		
Construction Machinery	19.0	24.0	126%		
High Functional Materials & Components	46.1	48.5	105%		
Automotive Systems	70.6	69.2	98%		
Smart Life & Ecofriendly Systems	6.9	7.2	105%		
Others	5.4	4.4	82%		
Corporate items	23.0	22.9	100%		
Manufacturing, Services and Others	323.8	332.9	103%		
Financial Services*	0.0	-	-		
Total	323.9	332.9	103%	350.0	105%
Percentage of revenues (%)	3.5	3.6	-	3.7	-

* 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			FY2018	
			Year over year	Previous forecast*5 comparison	Forecast	Year over year
Revenues	1,982.8	2,008.9	101%	98%	2,000.0	100%
Front Business*3	1,389.7	1,417.2	102%	99%	1,460.0	103%
IT Platform & Products*4	736.4	744.2	101%	102%	714.0	96%
Adjusted Operating Income	<i>7.7%</i> 152.9	<i>9.4%</i> 189.2	<i>+1.7%</i> +36.2	<i>+0.6%</i> +10.2	<i>9.7%</i> 194.0	<i>+0.3%</i> +4.7
Front Business	<i>8.5%</i> 118.7	<i>10.1%</i> 142.9	<i>+1.6%</i> +24.2	<i>+0.4%</i> +2.9	<i>10.5%</i> 154.0	<i>+0.4%</i> +11.0
IT Platform & Products	<i>4.0%</i> 29.3	<i>6.5%</i> 48.4	<i>+2.5%</i> +19.1	<i>±0.0%</i> +0.9	<i>7.7%</i> 55.0	<i>+1.2%</i> +6.5
EBIT	<i>3.9%</i> 76.4	<i>6.9%</i> 139.2	<i>+3.0%</i> +62.8	<i>(0.5%)</i> (11.7)	<i>9.5%</i> 190.0	<i>+2.6%</i> +50.7
Front Business	<i>6.9%</i> 95.9	<i>8.3%</i> 116.9	<i>+1.4%</i> +20.9	<i>(1.2%)</i> (20.0)	<i>10.3%</i> 151.0	<i>+2.0%</i> +34.0
IT Platform & Products	<i>(2.4%)</i> (17.3)	<i>3.3%</i> 24.8	<i>+5.7%</i> +42.1	<i>+0.2%</i> +2.3	<i>8.4%</i> 60.0	<i>+5.1%</i> +35.1

*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 January 31, 2018

■ Revenues by Business Units (BU) included in Social Infrastructure & Industrial Systems^{*1} Billions of yen

	FY2016	FY2017			FY2018	
			Year over year	Previous forecast ^{*7} comparison	Forecast	Year over year
Social Infrastructure & Industrial Systems	2,331.9	2,375.0	102%	102%	2,460.0	104%
Nuclear Energy BU ^{*2}	192.2	187.5	98%	96%	182.0	97%
Power BU (New classification) ^{*3}	-	<273.1> ^{*3}	-	-	284.0	104%
Power BU (Old classification) ^{*3}	276.9	249.1	90%	93%	-	-
Energy Solutions BU ^{*3, 4}	78.2	71.8	91%	92%	-	-
Industry & Distribution BU ^{*2, 5}	376.2	358.1	95%	105%	356.0	99%
Water BU	75.5	78.7	104%	101%	76.0	97%
Industrial Products BU ^{*6}	344.4	369.3	107%	99%	395.0	107%
Building Systems BU	585.8	603.0	103%	102%	580.0	96%
Railway Systems BU	497.9	562.7	113%	104%	630.0	112%

*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 As Energy Solutions BU was abolished, and included in Power BU and Information & Telecommunication Systems Segment from FY2018, figures for Power BU reflected the change. Figures for old classification of Power BU are also shown for reference.

*4 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.

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

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

*7 Announced on January 31, 2018

■ Average Foreign Exchange Rate*1

Yen

	FY2016	FY2017	FY2018 (Forecast)
U.S. dollar	108	111	105
Euro	119	130	130

■ Foreign Exchange Sensitivity*2,3

Billions of yen

	Revenues	Adjusted operating income
U.S. dollar	18.0	3.0
Euro	6.0	1.0

■ Number of employees and consolidated subsidiaries

	As of March 31, 2017	As of March 31, 2018
Number of employees	303,887	307,275
Japan	169,744	168,086
Overseas	134,143	139,189
Number of consolidated subsidiaries	864	879
Japan	208	202
Overseas	656	677

■ Overseas Production*3

	FY2016	FY2017	Year over year
Overseas Production (billions of yen)	2,536.9	2,940.6	116%
Percentage of revenues	28%	31%	-
Percentage of overseas revenues	58%	62%	-

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

*2 Impact of exchange rate fluctuation (FY2018 impact by one yen depreciation from FY2018 forecasted rate)

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

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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