

**FOR IMMEDIATE RELEASE**

**Hitachi Announces Suspension of UK Nuclear Power Stations Construction Project and Posting of Impairment Loss and Related Expenses on Consolidated Basis, Posting of Extraordinary Loss on Unconsolidated Basis, and Revisions to Full-year Consolidated Business Forecast**

**Tokyo, January 17, 2019** --- Hitachi, Ltd. (TSE: 6501) today announced that it has decided to suspend its new nuclear power stations project in the UK (“Horizon Project”) that Horizon Nuclear Power Limited (“HNP”), a subsidiary of Hitachi and power generation development company in the UK, has been undertaking at Wylfa Newydd on Anglesey Island in north-west Wales. The decision was made from the viewpoint of Hitachi’s economic rationality as a private enterprise.

Accordingly, Hitachi plans to post an impairment loss and other expenses on consolidated financial results for fiscal 2018, the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019). It also plans to post an extraordinary loss on unconsolidated financial results for fiscal 2018, the year ending March 31, 2019. Based on these points, Hitachi has revised its full-year consolidated business forecast for fiscal 2018, the year ending March 31, 2019 as follows.

**1. Posting Losses Associated with the Suspension of the Horizon Project**

**(1) Backgrounds and Contents of the Losses**

Hitachi acquired HNP from the UK subsidiaries of the two German power companies for 88.9 billion yen (697 million pounds) in November 2012 to develop its nuclear business in the UK and to contribute to the UK Government’s energy policy, and to maintain and reinforce the business base that supports the Japanese nuclear industry. Based on an Advanced Boiling Water Reactor (ABWR\*1), which is a “Generation III+” reactor with an extensive construction and operation track record in Japan, Hitachi has worked on developing a nuclear power plant in order to build two UK ABWR units adapted to UK requirements.

Hitachi has held detailed discussions with the UK Government over various options about how the UK Government might support the project including potential for equity and debt investments. The parties, with the cooperation of the Japanese Government,

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have held discussions in good faith in regard to the financial structure for the project and various conditions for the building and operation of the nuclear power station.

Since the acquisition of HNP, Hitachi has set the following three points as the main criteria for business continuation and reviewed the Horizon Project from the viewpoint of its economic rationality: (1) securing reasonable returns as a private enterprise, (2) realizing a financial structure on the premise of making Horizon Project off balance sheet, (3) limiting an investment amount to an acceptable range as a private enterprise.

Unfortunately, despite the best efforts of everyone involved the parties have not been able to reach an agreement to the satisfaction of all concerned. As a result, Hitachi has decided to suspend the project at this time from the viewpoint of its economic rationality as a private enterprise, as it is now clear that further time is needed to develop a financial structure for the Horizon Project and the conditions for building and operating the nuclear power stations.

Consequently, Hitachi plans to post an impairment loss and related expenses of approximately 300.0 billion yen as other expenses on consolidated financial results for fiscal 2018, the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019). It also plans to post losses of approximately 300.0 billion yen associated with the suspension of the nuclear power plant construction project in the UK as extraordinary losses on unconsolidated financial results for fiscal 2018, the year ending March 31, 2019. These amounts are current estimates, and will be settled in its consolidated and unconsolidated financial results for fiscal 2018, the year ending March 31, 2019.

## (2) Nuclear Energy Business in the Future

To further contribute to UK energy policy, Hitachi will continue to discuss a nuclear power program with the UK Government. Also going forward, considering that Hitachi has the global head office function for its Railway Systems business, the rolling stock manufacturing base, and the base for research and development of cutting-edge digital solutions in the UK, Hitachi will maintain its contribution to the UK economy, further technology development, and improvement of QoL<sup>\*2</sup> in the UK through its Social Innovation Business.

In Japan, Hitachi will be steadily engaged in the restarting of domestic nuclear power plants and the decommissioning of Fukushima Daiichi Nuclear Power Station for the

foreseeable future. Furthermore, Hitachi will continue to develop businesses that make use of its strengths with strong reliability and expertise, such as solutions to support improvements in availability of power plants and extension of plant life.

\*1 Advanced Boiling Water Reactor

\*2 Quality of Life

## 2. Revisions of Business Forecast

### (1) Revisions of Full-year Consolidated Business Forecast for Fiscal 2018

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Revenues	Adjusted operating income	EBIT	Income from continuing operations, before income taxes	Net income	Net income attributable to Hitachi, Ltd. stockholders	Earnings per share attributable to Hitachi, Ltd. stockholders (basic)
Previous forecast (A)	9,400,000	750,000	750,000	735,000	530,000	400,000	414.23 yen
Revised forecast (B)	9,400,000	750,000	450,000	435,000	230,000	100,000	103.56 yen
(B) - (A)	0	0	(300,000)	(300,000)	(300,000)	(300,000)	(310.67) yen
% change	0	0	(40.0)	(40.8)	(56.6)	(75.0)	(75.0)
Year Ended March 31, 2018	9,368,614	714,630	644,257	638,646	490,918	362,988	375.93 yen

Notes: 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. On October 1, 2018, the Company completed the share consolidation of every five shares into one share for its common stock. The figures for basic earnings per share attributable to Hitachi, Ltd. stockholders are calculated on the assumption that the Company conducted this consolidation at the beginning of the previous fiscal year.

### (2) Reasons for Revisions

The impairment loss of approximately 300.0 billion yen will be posted as other expenses due to the suspension of the Horizon Project. As a result, Hitachi has revised its forecasts for consolidated financial results for fiscal 2018, the year ending March 31, 2019, which were announced on October 26, 2018, as indicated above.

### **About Hitachi, Ltd.**

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges, combining its operational technology, information technology, and products/systems. The company's consolidated revenues for fiscal 2017 (ended March 31, 2018) totaled 9,368.6 billion yen (\$88.4 billion). The Hitachi Group is an innovation partner for the IoT era, and it has approximately 307,000 employees worldwide. Through collaborative creation with customers, Hitachi is deploying Social Innovation Business using digital technologies in a broad range of sectors, including Power/Energy, Industry/Distribution/Water, Urban Development, and Finance/Social Infrastructure/Healthcare. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

### **Cautionary Statement**

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;
  - uncertainty as to Hitachi's ability to attract and retain skilled personnel;
  - increased commoditization of and intensifying price competition for products;
  - 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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Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.

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