



**Revisions of Consolidated Financial Forecast
for Fiscal 2019, the Year Ending March 31, 2020**

December 18, 2019

Hitachi, Ltd.

1. Outlook for FY2019

- Projections for the H2 (Oct.-Mar.) FY2019 assume an exchange rate of 105 yen to the U.S. dollar and 115 yen to the euro

Billions of yen

	FY2018	FY2019					Forecast
		Previous forecast* ¹	Settlement of South Africa Project	Sales of Hitachi Chemical	Tax effect	Previous forecast comparison	
Revenues	9,480.6	8,700.0	0.0	0.0	0.0	±0.0 [100%]	8,700.0
<i>Adjusted operating income ratio</i>	8.0%	7.9%				±0.0%	7.9%
Adjusted operating income	754.9	685.0	0.0	0.0	0.0	±0.0	685.0
<i>EBIT ratio</i>	5.4%	7.0%				(1.2%)	5.8%
EBIT	513.9	605.0	(378.0)	278.0	0.0	(100.0)	505.0
Income from continuing operations, before income taxes	516.5	593.0	(378.0)	278.0	0.0	(100.0)	493.0
Income taxes	(186.3)	(180.0)	0.0	(120.0)	30.0	(90.0)	(270.0)
Income from continuing operations	330.1	413.0	(378.0)	(158.0)	30.0	(190.0)	223.0
Loss from discontinued operations	(9.1)	(2.0)	0.0	0.0	0.0	±0.0	(2.0)
Net income	321.0	411.0	(378.0)	(158.0)	30.0	(190.0)	221.0
Net income attributable to Hitachi, Ltd. stockholders	222.5	360.0	(378.0)	(158.0)	30.0	(190.0)	170.0
Earnings per share* ^{2,3}	230.47 yen	372.78 yen	-	-	-	(196.74 yen)	176.04 yen
ROIC	8.5%	9.1%	-	-	-	(2.6%)	6.5%

*1 Announced on October 30, 2019

*2 On October 1, 2018, Hitachi completed the share consolidation of every five shares into one share for its common stock.
Earnings per share are calculated on the assumption that the company conducted consolidation at the beginning of FY2018.

*3 Forecast of FY2019 is affected by restricted stocks issued on May 31, 2019, etc.

2. Impact of Settlement of the South Africa Project and Sales of Hitachi Chemical Shares

1. Settlement of the South Africa Project

Billions of yen

		FY2019	FY2020	Total
	Settlement	(200.0)	0.0	(200.0)
	Transfer of loan receivable	70.0	0.0	70.0
Cash to be paid		(130.0)	0.0	(130.0)
MHPS*1 shares and transfer of assets, etc.		(248.0)	0.0	(248.0)
EBIT		(378.0)	0.0	(378.0)
Income taxes		0.0	109.0	109.0
Net income attributable to Hitachi, Ltd. stockholders		(378.0)	109.0	(269.0)
Free cash flow*2		(130.0)	109.0	(21.0)
			To be realized in FY2021	

*1 MHPS : Mitsubishi Hitachi Power Systems, Ltd.

*2 Income taxes reduction effects for FY2020 will be realized in FY2021 when the tax return is filed.

2. Sales of Hitachi Chemical Shares

Billions of yen

		FY2019	FY2020	Total
	Sales of shares	495.0	0.0	495.0
	Book value	(217.0)	0.0	(217.0)
EBIT		278.0	0.0	278.0
Income taxes		(120.0)	0.0	(120.0)
Net income attributable to Hitachi, Ltd. stockholders		158.0	0.0	158.0
Free cash flow*3		422.0	(120.0)	302.0

*3 Sales of shares 495.0 billion yen
– Hitachi Chemical's cash balance 73.0 billion yen

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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