

Hitachi Investor Day 2021

Energy Sector

June 8, 2021

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1

Changes in the Energy Markets and Business Opportunities

2

New Growth Strategy for Energy Business

3

Strengths and Growth Potential of Hitachi's Power Grids Business

Energy Sector

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1. Position of Energy Sector

Hitachi Astemo

Automotive Systems Business

Hitachi High-Tech

Hitachi Global Life Solutions

Smart Life

Railway Systems BU

Building Systems BU

Mobility

Water & Environment BU

Industry & Distribution BU

Industry

Hitachi ABB Power Grids
Transmission & Distribution Systems Division

Power Grids BU



Facchin
CEO

Hitachi Power Semiconductor Device
Hitachi Power Solutions
Renewable Energy Solution Division
Power Generation Systems Division

Energy BU



Urase
CEO

Hitachi Plant Construction
Hitachi-GE Nuclear Energy

Nuclear Energy BU



Kume
CEO

Energy

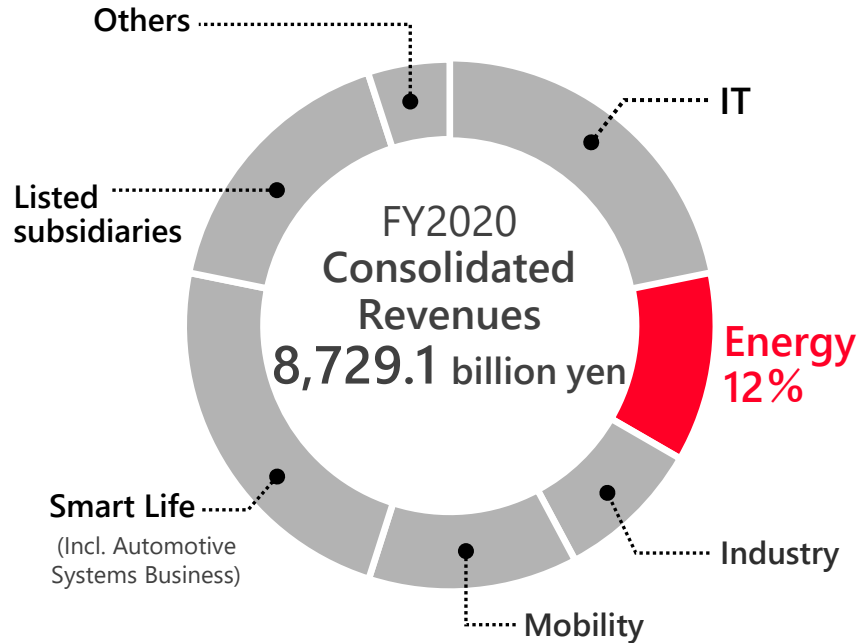
Social Infrastructure Systems BU

Financial Institutions BU

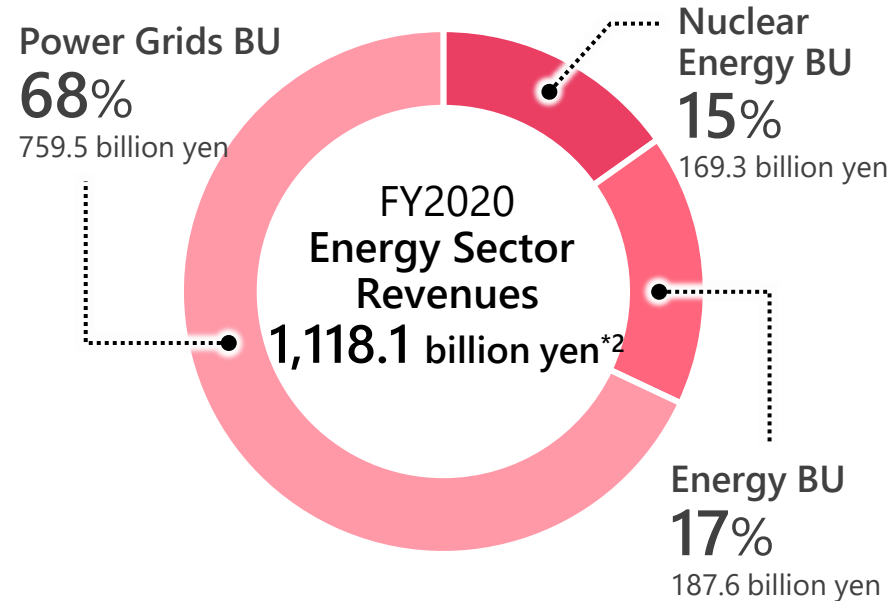
Services & Platforms BU

Product Business

Revenues of the Energy Sector
 as a Percentage of Hitachi as a whole



Revenues by Business
 within Energy Sector*1



*1 Figures for each business unit have been retroactively adjusted to reflect the impact of the reorganization in FY2021.

*2 Figures include control systems included in the IT sector

Power Grids Business

● Grid Automation

Automation products, SCADA systems, Services, Enterprise software

● High Voltage

High voltage switchgear components (GIS,AIS), GCB, maintenance services

● Grid Integration

HVDC, FACTS & Power quality systems, Power semiconductor

● Transformer

Power converters, power distribution converters, maintenance service



Delivery

Chubu Electric Power Grid Co., Inc. Hida Converter Station starts operation (Support for regional interconnection in Japan and stable electricity supply)



Order

VSC-HVDC order received for Dogger Bank Offshore Wind Farm (Promoting the introduction of renewable energy in UK)



Delivery

Start of demonstration of the world's first hybrid phase control system for the UK (Utilization of renewable energy and support for grid stabilization)



Development

Grid-eMotion™ Fleet Deployment (Support for clean urbanization)

Energy Business

● Energy Solution Services

EFaaS, regional energy management, maintenance services

● Green (Renewable Energy)

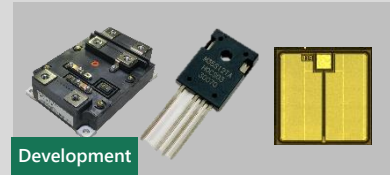
Renewable energy solutions, power generation systems

● Power Semiconductor



Order

Order received for Nomaoi-no-sato Wind Power Plant (Contributing to the expansion of renewable energy in Japan)



Development

Commercialization of SiC devices such as TED-MOS (Contribution to decarbonization through higher efficiency and energy saving)

Nuclear Energy Business

● New Plant

● Restart, Preventive Maintenance, Decommissioning

Restart (Response to the New Regulatory Requirements), preventive maintenance, revitalization of Fukushima, decommissioning and radioactive waste processing

● Fuel Cycle



Delivery

Completion of dry-up work at Fukushima Daiichi Units 1 to 4 (Support for Fukushima Decommissioning and Revitalization)



Order

Dry cask order received for Onagawa and Fukushima Daiichi Unit 5 (Radioactive waste processing)

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1-2. Vision and Growth Strategy

1. Expanding Energy-Related Markets and Business Opportunities

Energy-Related Market



[Global] Recovery from COVID-19

- Changes in industrial structure (digitalization) due to economic stagnation and declining capital investment
- Promotion of economic recovery policies in conjunction with green policies
- New normal and change to SDGs management



[Global] Climate Change and Decarbonization

- Return of the United States to the Paris Agreement and strengthening efforts in each country toward COP 26
- Strengthening resilience and risk management
- Promotion of Net Zero Innovation



[Japan] Climate Change and Decarbonization

- 2050 Carbon Neutral Declaration and review of 2030 greenhouse gas emission reduction target
- Review of energy and environmental policies (Revision of Act on Promotion of Global Warming Countermeasures and Basic Energy Plan)
- Large-scale Introduction of renewable energy and creation of a next-generation electric power network

Source: Website of the Prime Minister's Office

Energy Sector's Business Opportunities



E R

Creation of a next-generation electric power network to support renewable energy

E R

Advanced operation of energy networks utilizing digital technology

R S

Asset management solutions realizing the enhancement of resilience

E R

Next-generation energy management solutions

E R

Promotion of green business (Expansion of renewable energy and power semiconductors and creation of hydrogen business)

R S

Energy system utilizing digital technology



E R

S

Support for restarting domestic nuclear power plants as a CO₂-free and stable power source (Safe plants)

E R

Development of innovative small modular reactors



Enhancing Our value as a global leader in the field of energy in a sustainable society

Improve Quality of Life
Add value for customers

Social value

Environmental
value

Economic
value

Solving customer energy-related issues by providing three types of value

Environment

Contribute to the realization
of a decarbonized society

Resilience

Supporting the stable supply
of energy

Security & Safety

Providing light to areas without electricity
and areas with frequent power outages

Provide OT x IT x Products as a Package



Achieve further revenues growth by exceeding the market growth rate in the Power Grid and Digital Services Business

Global No.1 T&D business

T&D business share*

1st place Hitachi 12%

2nd place	Overseas Company A	8%
3rd place	Overseas Company B	5%
4th place	Overseas Company C	3%
⋮	⋮	⋮

Product share*

- Grid Automation 1st place
- Grid Integration (HVDC, etc.) 1st place
- High Voltage (GIS, etc.) 1st place
- Transformer 1st place

Strengthen integration and service businesses with Hitachi ABB Power Grids

Integration of power grid technology and digital technology

- Fusion with Lumada
 - Digital assets of Hitachi ABB Power Grids implemented in Lumada
 - Smart digital substation using Lumada
- Collaboration with GlobalLogic Inc.

Shift to service and solution-oriented businesses

- Service business expansion through digital utilization
 - Working together in the digital enterprise
 - Strategic sharing and consideration of common front structure
- Expansion of service solution business
 - Strengthen energy management service business

Business portfolio transformation

Strengthen digital services in the power grid business



Digital substation



Maintenance and service

Expansion of energy business services



Remote monitoring service



Maintenance and service

5% growth outpacing the target market growth rate (+ 2 ~ 3% (CAGR ~ 2025))

* Based on 2020 orders (Investigated by Hitachi ABB Power Grids)

4. Growth Strategy (Target Markets and Focused Regions)

Accelerate growth in target markets and focused regions by creating digital synergy

Europe Eco-friendly grid

- EV + EV Stations
- Hybrid train

China Energy portfolio transformation

- From coal to renewable energy
- Eco-friendly grid (Expansion of EV and Zero waste energy)

North America Progress of Digitalization

- High value-added digital solutions
- Energy blockchain
- Resilience · Cybersecurity

Middle East De-oiling & Gas

- Uptake of renewable energy
- Smart urban infrastructure

Japan Decarbonization, grid transformation and resilience enhancement

- Grid stabilization and regional interconnection, utilization of digital solutions
- Expansion of green business (Support decarbonization, energy management)
- Expansion of renewable energy

India High economic growth

- National grid development + Digitalization
- Energy management for industrial conglomerates

Target Market Growth (CAGR 2017 -2025)*

Microgrid



~ 15%

EV charging system



8% or more

Data center



6% or more

HVDC



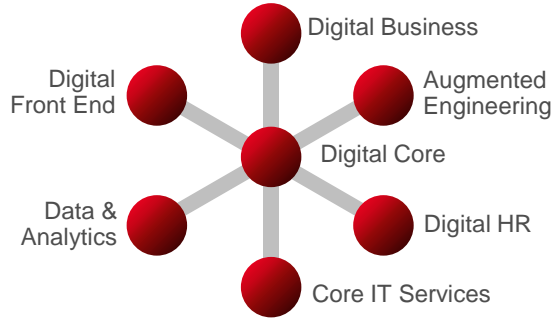
~ 6%

Railway



~ 5%

Common ERP



- Harmonized business processes
- Simplified enterprise IT backbone with digital at the core
- Globally aligned with business needs

Global Shared Services



- Consolidated country service teams in 5 hubs
- Standardized HR, IT, SCM, Finance processes
- Global engineering and service centers (eg. India >2,000 employees)

Group wide CRM



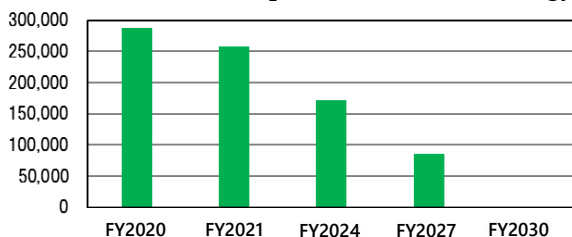
- >10K users connecting Sales to Sales Ops.
- Enable cross-selling, collaboration & strengthened customer relationships
- Improved sales planning & forecast accuracy

Leveraging Hitachi ABB Power Grids capabilities to enable agility, scale, reach and customer intimacy across Hitachi

Achievement of carbon neutrality in FY2030 through reform of the in-house energy portfolio

1. CO₂ emission reduction plan for in-house production activities

(t-CO₂) Transition in CO₂ emissions from the Energy Sector



2. Reforming the Energy Portfolio at Business Sites

Energy saving

- (1) Advancement of energy saving activities through introduction of EMS
- (2) Replacement of electrical and mechanical equipment with high-efficiency equipment
- (3) Construction of a microgrid system (with perspective of using hydrogen fuel) with neighboring sites (Omika and Katsuta)

Energy creation

- (1) Introduction of solar power generation facilities (Unused area in the sites)
- (2) Transportation from off-site renewable energy power generation facilities (PPA, VPP)

Non-fossil power generation

- (1) Switching to non-fossil power sources
- (2) Electrification and hydrogenation of heat sources

Offset

- (1) Differences due to heat source fuel, peak power, etc. are offset by certificate credit

3. Contributing to decarbonization through collaboration with green businesses

- Establishing a Next-Generation Microgrid in the Hitachi Works that interconnects power, heat, environmental value, and information
- Total optimization through the transition from a one-way power supply model to two-way interchange of energy
- Create an in-house model platform and expand its sales (Leading the world with advanced technology)
- Demonstration of EFaaS business and consideration of showcasing (Develop highly effective solutions for decarbonization)



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1. Financial Performance & Progress of 2021 Mid-term Management Plan

Adjusted operating income ratio

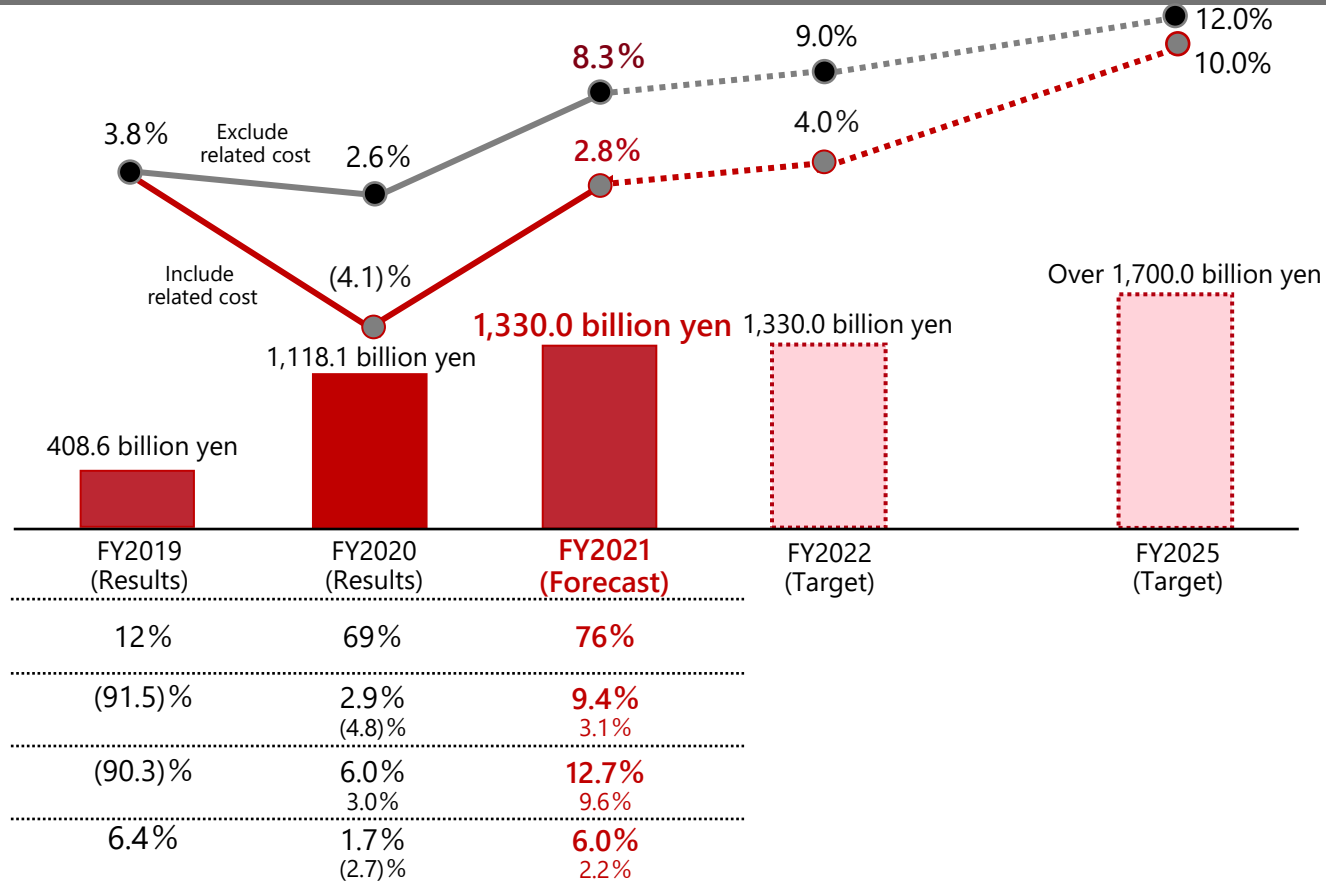
Revenues

Overseas revenue ratio

EBIT ratio

EBITDA ratio

ROIC(Return on Invested Capital)



Figures include control systems included in the IT sector. Figures of FY2020 have been retroactively adjusted to reflect the impact of the reorganization in FY2021. The upper rows of EBIT ratio, EBITDA ratio, and ROIC exclude related expenses (Restructuring, PPA amortization, etc.); the lower rows include them.

FY2021 (Forecast)

Revenues

1.33 trillion yen

Adjusted Operating
Income Ratio

2.8%

- Increase in revenues due to the establishment of Hitachi ABB Power Grids
- Hitachi ABB Power Grids revenues increase, Increase in profit due to completion of measures for some Energy BU projects

FY2022 (Target)

Revenues

1.33 trillion yen

Adjusted Operating
Income Ratio

4.0%

- Although Power Grids BU expands, revenues are flat due to portfolio restructuring of Energy BU business
- Increase in revenues in the power grid business due to a decrease in the impact of COVID-19, Increase in profit due to expansion of service business and improvement of operations

Powering Good for Sustainable Energy

Achieving a Decarbonized Society, Supporting Stable Energy Supply, and Contributing to Improving Quality of Life



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Utilities

Industry

Transport & Infrastructure

PLAN

BUILD

OPERATE

MAINTAIN

Products and components
Broadest portfolio and footprint



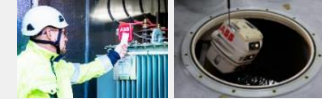
Systems
Technology and innovation leader



Software and automation
Deepest application know-how



Service
Largest installed base



Global Technology and Market Leader with a combined pioneering innovation heritage of 2.5 centuries

Bringing together the world's leading energy and digital platforms

OT



IT



Energy



IT



Industry



Mobility



Smart Life



Hitachi Astemo

Powering good for a sustainable energy future, with pioneering and digital technologies, as the partner of choice for enabling a stronger, smarter and greener grid.

2-1. Overview of Operations

2. Hitachi ABB Power Grids : Overview

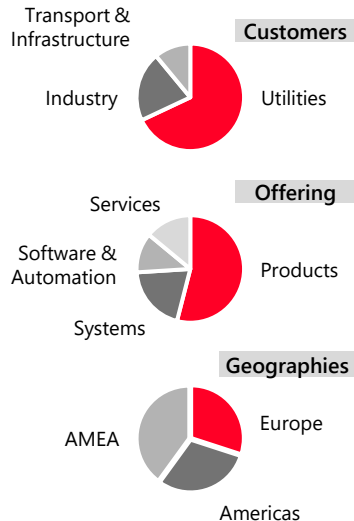
Well positioned ...

US\$10 Bn Business Volume

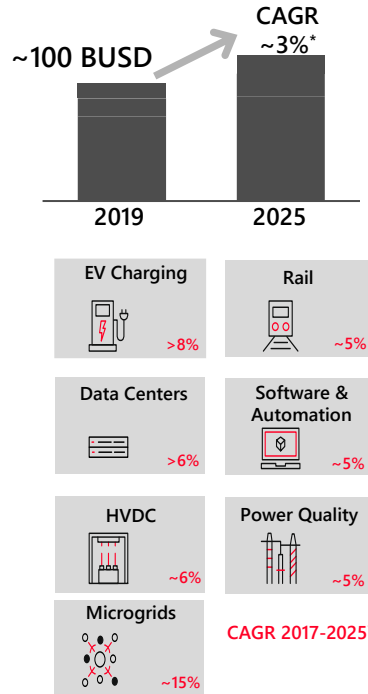
~36,000 employees

~90 countries, 115 factories: 200 offices

World's largest installed base



in attractive markets ...



Transformation underway...

3 pillars

Becoming a growth engine
World-class front-end performance

Sharpening our winning portfolio & business models
Service penetration & digitalization

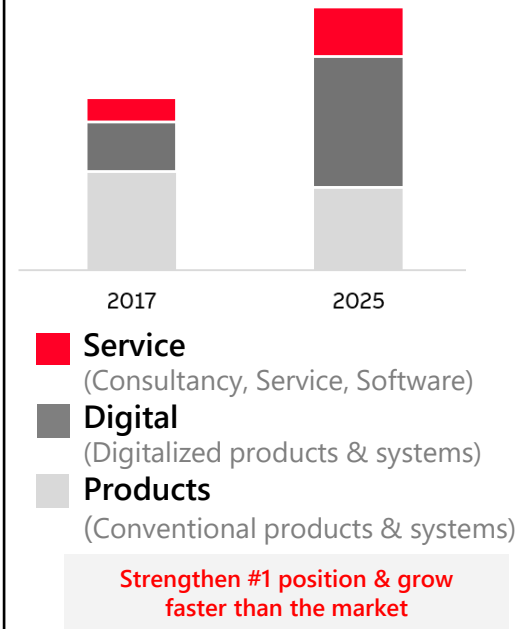
Driving world-class execution
Industry leading performance, cost efficiency & quality

2 Foundations

Innovation

People

... to deliver profitable and sustainable growth



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1. Growth opportunities as climate commitments gather pace

Global investments

\$2.2 trillion expected investment in the power sector until 2030*1

1/3 of this to expand, modernize and digitalize electricity networks*1

Global grid investments in 2030 increasing from \$255 billion to **\$800bn***1

Number of grid-connected devices reach **30-40bn** by 2025*2 (2X)

Increasing number of geographies committed to net zero by **2050**



\$100bn power infrastructure investment proposed*3



Emission peak by 2030 - carbon neutrality by 2060



€58bn a year investment in power grids (2021-30)*4



450 GW of renewables by 2030



40GW offshore wind ambition by 2030



Up to 45GW offshore wind ambition by 2040

“ Avoiding new emissions is not enough. If nothing is done about emissions from existing infrastructure, climate goals are surely out of reach. If today’s energy infrastructure continues to operate as it has in the past, it would lock in by itself a temperature rise of 1.65 °C.

IEA World Energy Outlook 2020

Source: Country announcements

*1 Source: IEA World Energy Outlook 2020 *2 Source: IEA Power Systems in Transition *3 Source: THE WHITE HOUSE FACT SHEET announced March 31,2021 *4 Investment needed to achieve 2030 climate ambitions (compared to 24bn 2011-20). After 2030 annual investments need go up to >€80bn: by a factor of 4.

Growth opportunities with the combination of Hitachi ABB Power Grids energy platform & Lumada



Enabling carbon-neutral energy systems through large scale renewable integration, highly efficient end-to-end electrification and eco-efficient products



Renewable integration



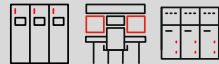
Energy efficiency



Eco-efficient portfolio



Enabling Power Systems to actively minimize consequences of unexpected failures whose likelihood cannot be estimated from historical data



Real-time network management for flexible protection & control



Combination of Digital (Lumada based solutions) + Power Electronics (HVDC, FACTS etc.)



Ensuring safe & secure mission-critical infrastructure with a combination of flexible cyber and physical technology concepts



Cybersecurity Services



Physical security



Flexible network control centers

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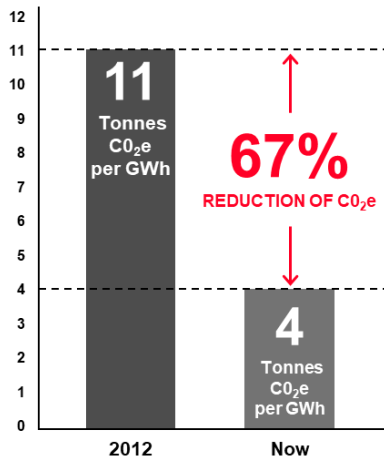
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Environmental benefits from HVDC Light® connectors

Constantly innovating to reduce power losses, the carbon footprint has been reduced by two thirds in the latest generation HVDC Light® saving millions of tons of CO₂ emissions over lifetime



Offshore wind HVDC connection Dogger Bank (UK)

- 3 x 1200 MW, 320 kV DC connection
- 190 km from shore



- Capable of meeting ~5% of the UK electricity demand with clean fossil-free electricity*¹
- Can reduce 200t of CO₂ emission per GWh*²
- Most compact and low losses
- Innovative partnership business model focusing on core competencies and creating competitive advantage for customer

7 AFFORDABLE AND CLEAN ENERGY



Technology and collaborative business models supporting SDG 7

Towards a carbon-neutral future creating value for our customers



Cost of the Ownership: SF₆ 420 kV GIS*



**based on 45 years of utilization, 0.5% leakage p.a., commissioning and EoL losses, \$100 / tCC*

- EconiQ™ portfolio: superior environmental performance compared to conventional solution
- The alternative gas mixture for high-voltage switchgear is the first big step in the EconiQ™ portfolio
- EconiQ™ SF₆ free solutions create significant customer value

BENEFITS

- Collaborating with our customers & partners to reduce carbon footprint
- Work towards a standard solution for the industry
- Future-proof investments
- Enable more efficient use of energy and resources



Technology and collaborative business models supporting SDG 7

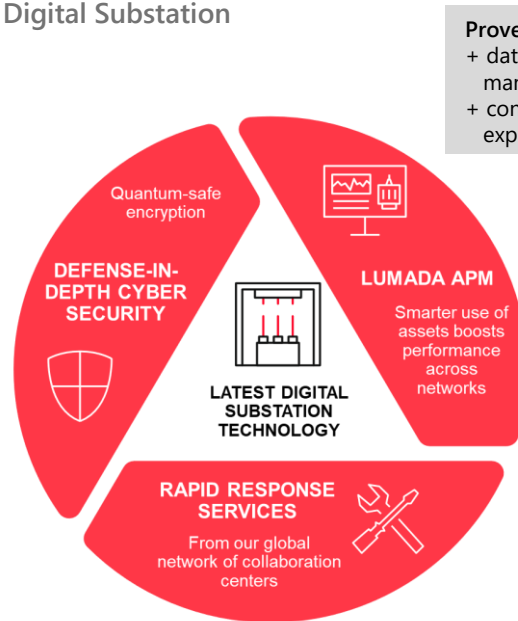
Eco-efficient portfolio for sustainability designed to reduce environmental impact
Towards a carbon-neutral energy future

Hitachi ABB Power Grids' Digital Enterprise joins Lumada ecosystem



Exploring synergies to accelerate value creation with GlobalLogic®

Smart Digital Substation



Proven substation hardware
+ data-driven asset management
+ connected domain expertise and support

Joining forces to deliver advanced digital solutions and services for turning data into actionable insights

Examples of some recent large-scale power outages



Aug 4, 2019 Java-Bali, Indonesia
Loss of demand 100% (blackout)
Full restoration in ~12 hours



Aug 9, 2019 United Kingdom
Loss of demand ~3%
Full restoration in 45 min



Jan 10, 2021 Pakistan
Loss of demand 100% (blackout)
Full restoration in ~20 hours



Feb 15, 2021 Texas, USA
Loss of demand ~30%
Full restoration took several days

Power system resilience* : a key focus area for Hitachi ABB Power Grids

System Advisory services e.g. grid reinforcement planning with enhanced resilience focus

Technologies for enabling a stronger, smarter, greener, interconnected transmission grid and flexible integrated distributed energy systems e.g. microgrids and storage

Grid Automation and controls to manage increasing complexities while optimizing power flows with Secure and intelligent digital grid management

Predictive maintenance & security services (physical & cyber) to increase stress capability of critical elements in the system

*The ability to limit the extent, severity & duration of system degradation following an unexpected, rare & extreme event whose likelihood cannot be estimated from historical data

Japan – Grid opportunities



4th

largest electricity market globally*¹
- opportunities from continued deregulation



2020

record installations of onshore
wind and solar*²

2050

commitment to net-zero



46%

reduction in CO₂ emissions by 2030*³

Up to **45GW**

offshore wind ambition by 2040

Hitachi ABB Power Grids solutions

HVDC (Renewable integration,
interconnections)

Back-to Back connections based on HVDC /
FACTS synchronizing 50/60Hz systems

Grid Automation (control & flexibility) - incl.
Digital substations & Lumada based solutions

Grid-edge solutions & microgrids
(Distributed power)

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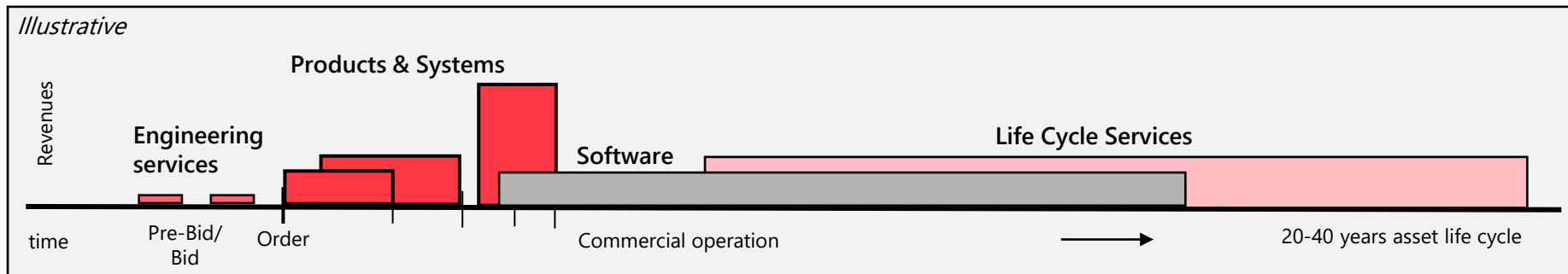
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1. Business operating model and key characteristics



Products & Systems

- Broad mix – from components to large systems, short and long cycle. Average ~ 18 months conversion time between Orders & Revenues
- Shorter cycle Base orders provide steady business while large system orders (timing difficult to predict) support growth
- We focus on our core by driving innovation in de-risked models

Services & Software

- Largest installed base – opportunity to leverage, extend and upgrade by supporting customers to optimize Capex and Opex through lifecycle
- Product/System-centric services – installation, maintenance, upgrades and digitalization/software for optimizing performance
- High growth segments early adopters of Eco-system - as a Service

Business mix of products, systems, service, software across the power value chain - long and short cycle

Ongoing transformation efforts yielding results despite COVID-19 headwinds

Becoming a growth engine

Steady orders with **6%** growth in service business*1

Sharpening our winning portfolio

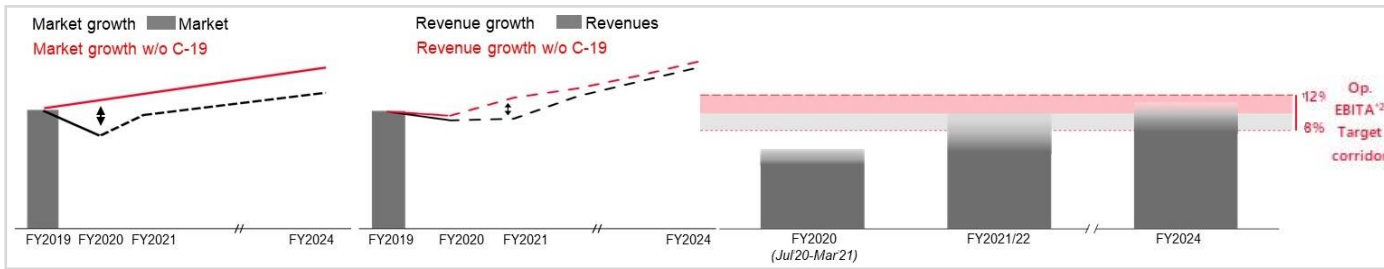
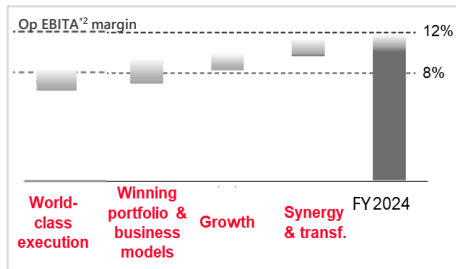
Total approximate **\$700M** Orders*1 for integration of renewables with new HVDC business model

Driving world-class execution

Total approximate **\$50M** incremental savings*1 from supply chain and operational efficiency while maintaining competitiveness

Innovation

People Strategy



*1 9 months Jul. 2020-Mar. 2021 *2 Op. EBITA: Indicator calculated by eliminating FX/commodity timing differences (gains/losses), structural reform expenses, and adding back income from equity accounted companies, etc. to Adjusted EBITA

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1. Our journey...

ABB

HITACHI

HITACHI ABB

HITACHI ABB POWER GRIDS



Start of the new journey & building up collaboration and identifying synergies

Leveraging synergies (digital, technology, broader portfolio)

Social value

Environmental value

Economic value

Transformation

Transition

Profitable & Sustainable Growth

2018

2019

2020

2021...

...2024

COVID-19 disruption

- We are well positioned in attractive markets. A Solid foundation to secure the leading position in a transforming energy market
- We continue to drive profitable & sustainable growth, portfolio competitiveness & world class execution via our Transformation program
- COVID-19 has a short-term impact, but recovery plans and accelerated energy transition offer mid/long-term growth opportunities
- Jointly with Hitachi we will contribute through growth synergy program to deliver additional value to all key stakeholders
- We target above market order growth ~4 to 5% (CAGR) & aim to reach the upper end of our 8-12% operational EBITA target margin corridor by FY2024-2025

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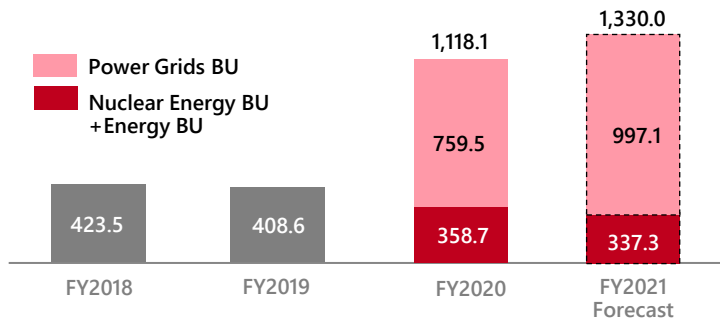
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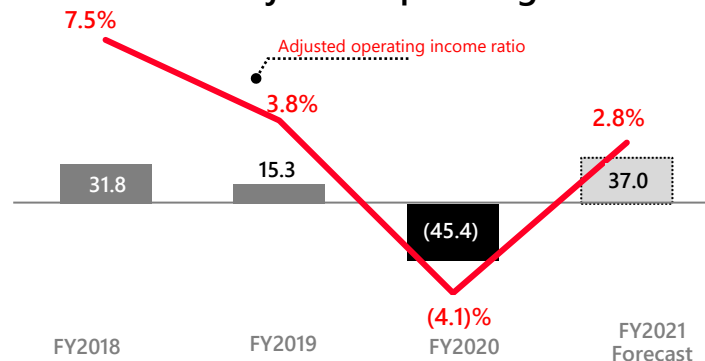
1. Business Forecast and Target

Unit : Billions of yen

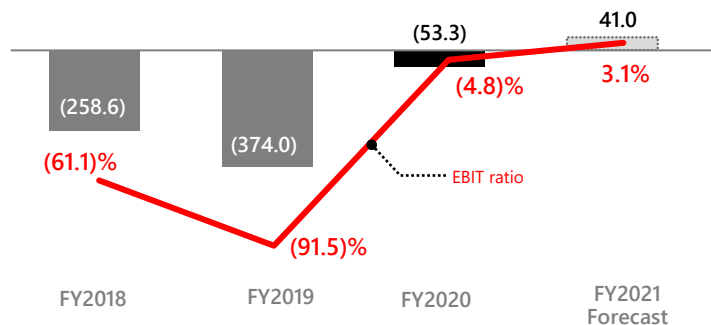
Revenues



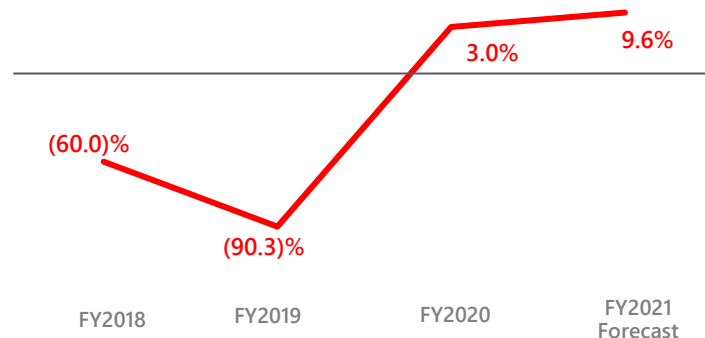
Adjusted operating income



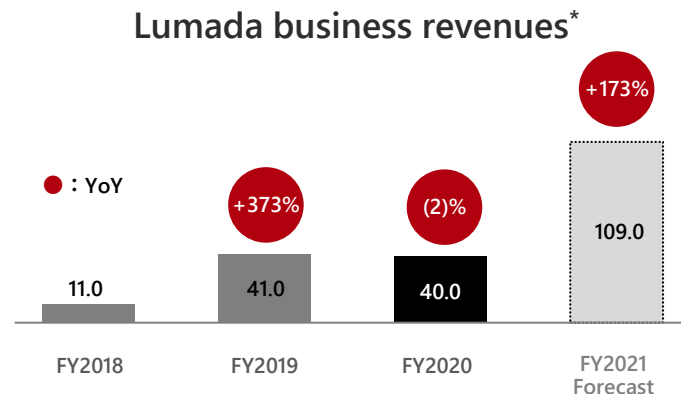
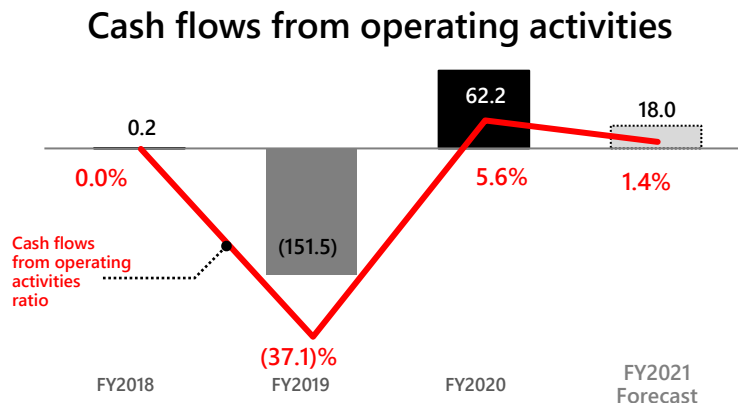
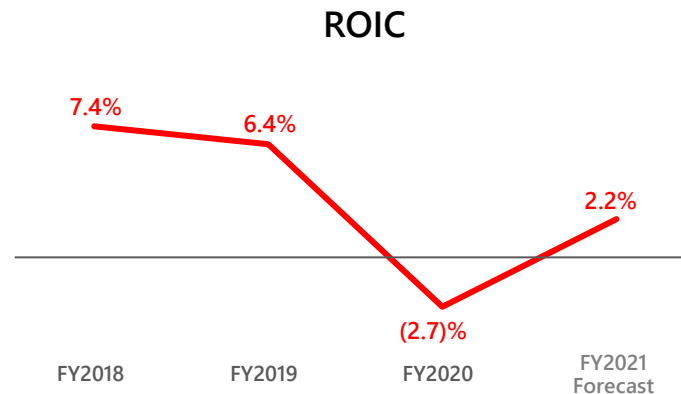
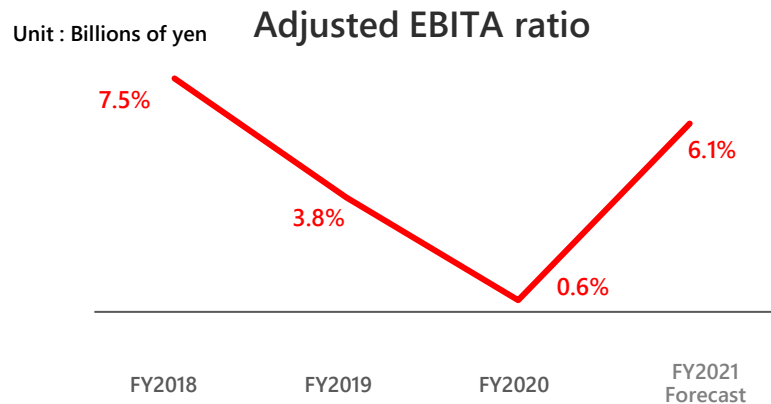
EBIT



EBITDA ratio



Figures include control systems included in the IT sector and related costs.
The figures for FY2020 are retroactively adjusted to reflect the impact of the reorganization in FY2021.



Figures include control systems included in the IT sector and related costs. The figures for FY2020 are retroactively adjusted to reflect the impact of the reorganization in FY2021. * Figures from FY2019 onwards are based on the new definition announced in the FY2020 financial results.

3-1. Performance Data

3. FY2020 Results and FY2021 Forecast

Unit : Billions of yen	FY2019		FY2020		FY2021		Target (As of June 2019)	Changes from the previous target
		YoY		YoY	Forecast (As of April 2021)	YoY		
Orders	356.3	83%	1,149.7	323%	1,356.5	118%	-	-
Order backlog	635.3	93%	1,897.8	299%	1,924.3	101%	-	-
Revenues	408.6	96%	1,118.1	274%	1,330.0	119%	1,700.0	78%
Overseas revenue ratio	12%	+4.4 points	68.8%	+56.9 points	76.2%	+7.3 points	80%	(3.8) points
Adjusted operating income	15.3	(16.5)	(45.4)	(60.8)	37.0	+82.4	170.0	(133.0)
Adjusted operating income ratio	3.8%	(3.8) points	(4.1)%	(7.8) points	2.8%	+6.8 points	10%	(7.2) points
EBIT	(374.0)	(115.4)	(53.3)	+320.7	41.0	+94.3	170.0	(129.0)
EBIT ratio	(91.5)%	(30.5) points	(4.8)%	+86.8 points	3.1%	+7.8 points	10%	(6.9) points
Adjusted EBITA ratio	3.8%	(3.8) points	0.6%	(3.1) points	6.1%	+5.4 points	-	-
EBITDA ratio	(90.3)%	(30.4) points	3.0%	+93.3 points	9.6%	+6.6 points	-	-
ROIC (Return on Invested Capital)	6.4%	(1.0) points	(2.7)%	(9.1) points	2.2%	+5.0 points	7.5%	(5.3) points
CCC	63.9 days	-	84.2 days	-	70.4 days	-	-	-

FY2020 Results

■ Performance

- Revenues: Increased due to establishment of Hitachi ABB Power Grids
- Adjusted operating income: Profit decreased due to acquisition-related amortization
- ROIC: Deteriorated due to a decrease in adjusted operating income

FY2021 Forecast

■ Performance

- Revenues: Increased due to Hitachi ABB Power Grids recording revenues for the first quarter
- Adjusted operating income: Profit increased due to revenues and profitability improvement in Hitachi ABB Power Grids
- ROIC: Improved due to higher revenue and higher adjusted operating income

■ Main reasons for the forecast revision

- Review of forecasts after the establishment of Hitachi ABB Power Grids
- Impact of COVID-19
- Various structural reforms

*Figures include control systems included in the IT sector and related costs. The figures for FY2020 are retroactively adjusted to reflect the impact of the reorganization in FY2021.

4. FY2020 Results and FY2021 Forecast (Detail(1))

Unit : Billions of yen		FY2019	FY2020	FY2021 Forecast
Orders	Sector Total	356.3	1,149.7	1,356.5
	Nuclear Energy BU +Energy BU	356.3	337.7	343.9
	Power Grids BU	-	811.9	1,012.7
	Hitachi ABB Power Grids	-	783.6	986.5
Order backlog	Sector Total	635.3	1,897.8	1,924.3
	Nuclear Energy BU + Energy BU	635.3	519.5	530.5
	Power Grids BU	-	1,378.3	1,393.9
	Hitachi ABB Power Grids	-	1,299.7	1,320.2
Revenues	Sector Total	408.6	1,118.1	1,330.0
	Nuclear Energy BU	155.7	169.3	156.6
	Energy BU	254.7	187.6	188.4
	Power Grids BU	-	759.5	997.1
	Hitachi ABB Power Grids	-	722.4	966.0
Overseas revenue ratio	Sector Total	12%	68.8%	76.2%
	Nuclear Energy BU + Energy BU	12%	10.3%	12.3%
	Power Grids BU	-	96.5%	97.4%
	Hitachi ABB Power Grids	-	99.3%	99.5%
Adjusted operating income [ratio]	Sector Total	15.3[3.8%]	(45.4)[(4.1)%]	37.0[2.8%]
	Nuclear Energy BU + Energy BU	15.3[3.8%]	(4.1)[(1.2)%]	33.6[10.0%]
	Power Grids BU	-	(41.3)[(5.4)%]	4.0[0.4%]
	Hitachi ABB Power Grids	-	32.2[4.5%]	75.0[7.8%]

* Figures include control systems included in the IT sector and related costs.

The figures for FY2020 are retroactively adjusted to reflect the impact of the reorganization in FY2021.

* Figures of Hitachi ABB Power Grids is a standalone figure that does not include related costs.

3-1. Performance Data

5. FY2020 Results and FY2021 Forecast (Detail(2))

Unit : Billions of yen		FY2019	FY2020	FY2021 Forecast
EBIT [ratio]	Sector Total	(374.0)[(91.5)%]	(53.3)[(4.8)%]	41.0[3.1%]
	Nuclear Energy BU + Energy BU	(374.0)[(91.5)%]	(5.6)[(1.6)%]	32.5[9.6%]
	Power Grids BU	-	(47.7)[(6.3)%]	(2.6)[(0.3)%]
	Hitachi ABB Power Grids	-	36.5[5.1%]	77.6[8.0%]
Adjusted EBITA ratio	Sector Total	3.8%	0.6%	6.1%
	Nuclear Energy BU + Energy BU	3.8%	(1.2)%	10.0%
	Power Grids BU	-	1.5%	4.8%
	Hitachi ABB Power Grids	-	4.5%	7.8%
EBITDA ratio	Sector Total	(90.3)%	3.0%	9.6%
	Nuclear Energy BU + Energy BU	(90.3)%	(0.1)%	11.5%
	Power Grids BU	-	4.5%	7.7%
	Hitachi ABB Power Grids	-	9.0%	11.8%
ROIC (Return on Invested Capital)	Sector Total	6.4%	(2.7)%	2.2%
	Nuclear Energy BU + Energy BU	6.4%	(3.0)%	24.1%
	Power Grids BU	-	(2.8)%	0.4%
CCC	Sector Total	63.9 days	84.2 days	70.4 days
	Nuclear Energy BU + Energy BU	63.9 days	51.7 days	58.9 days
	Power Grids BU	-	99.1 days	74.4 days

* Figures include control systems included in the IT sector and related costs.

The figures for FY2020 are retroactively adjusted to reflect the impact of the reorganization in FY2021.

* Figures of Hitachi ABB Power Grids is a standalone figure that does not include related costs.

Supporting Decarbonization as a Leader in the Energy Market and Achieving Sustainable Growth

	Growth (Value) Drivers	Risk Factors
Macro Factors	<ul style="list-style-type: none"> ● Green policies in countries around the world linked to sustainability ● Acceleration of investment in renewable energy on both the supply and demand side by accelerating movements toward climate change countermeasures and decarbonization ● Acceleration of grid development in each country and region 	<ul style="list-style-type: none"> ● Prolonged economic slowdown and curbing of investment due to the impact of COVID-19 ● Realization of geopolitical risks in major markets ● Worsening trade friction between the United States and China
Micro Factors	<ul style="list-style-type: none"> ● Increase in high value-added grid projects such as HVDC ● Increase in environment-related investments such as data centers and EVs ● Creating synergies between Hitachi and Hitachi ABB Power Grids ● Effects of structural reforms such as business restructuring 	<ul style="list-style-type: none"> ● Delay in the start-up of offshore wind markets ● Intensifying competition in the product business ● Delay in restarting nuclear power plant ● Significant exchange rate fluctuations and rising material costs

Energy Sector

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3-1. Performance Data

3-2. Glossary of Terms

Adjusted EBITA	Adjusted Earnings Before Interests, Taxes and Amortization
AIS	Air Insulated Switchgear
APM	Asset Performance Management
CAGR	Compound Average Growth Rate
Capex	Capital Expenditure
CCC	Cash Conversion Cycle
CO ₂ e	CO ₂ equivalent
CRM	Customer Relationship Management
E2E	End-to-End
EAM	Enterprise Asset Management
EBIT	Earnings Before Interests and Taxes
EBITA	Earnings Before Interests, Taxes and Amortization
EBITDA	Earnings Before Interests, Taxes, Depreciation and Amortization
EFaaS	Energy & Facility Management as a Service
EMS	Energy Management Service
EoL	End of Life
ERP	Enterprise Resources Planning

EV	Electric Vehicle
FACTS	Flexible Alternating Current Transmission Systems
FSM	Field Service Management
GCB	Gas Circuit Breaker
GIS	Gas Insulated Switchgear
HVDC	High Voltage Direct Current
Opex	Operational Expenditure
OT	Operational Technology
PPA(Page 12)	Power Purchase Agreement
PPA(Page 14)	Purchase Price Allocation
QoL	Quality of Life
SCADA	Supervisory Control And Data Acquisition
SCM	Supply Chain Management
SDG(s)	Sustainable Development Goal(s)
SF ₆	Sulfur hexafluoride
T&D	Transmission & Distribution
tCC	ton of carbon credit
VPP	Virtual Power Plant

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 report.

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:

- exacerbation of social and economic impacts of the spread of COVID-19;
- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, 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;
- estimates, fluctuations in cost and cancellation of long-term projects for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- 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 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;
- fluctuations in demand of products, etc. and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in demand of products, etc., exchange rates and/or price of raw materials or shortages of materials, parts and components;
- credit conditions of Hitachi’s customers and suppliers;
- 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;
- 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;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- uncertainty as to the success of cost structure overhaul;
- 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 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;
- 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;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property; 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 elsewhere in this report and in other materials published by Hitachi.

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