Hitachi Energy Investor Day 2026

HITACHI

# Financial performance and outlook

**Ismo Haka**
CFO, Hitachi Energy

**Date**
November 3, 2026

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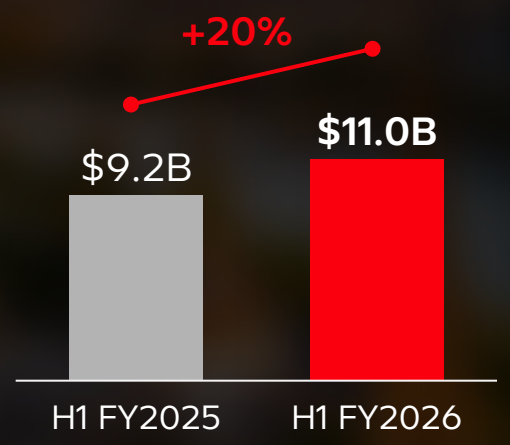



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# H1 2026: Profitable growth & strong cash conversion drive higher returns

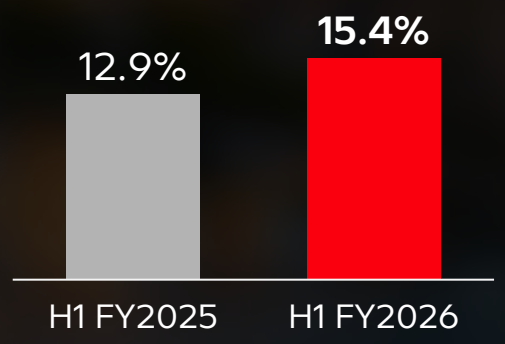
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## Revenue[1] (B USD)



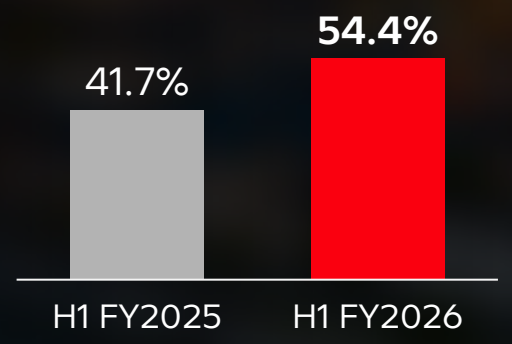

**High growth across our portfolio and geographies**

## Adj. EBITA[2] (%)




**Margin accretion through disciplined execution**

## ROIC[3] (%)




**Record high returns on capital**

[1] In nominal rate;
[2] Adj. EBITA: adjusted operating income plus acquisition-related amortization;
[3] Hitachi Energy standalone Return on Invested Capital (ROIC)

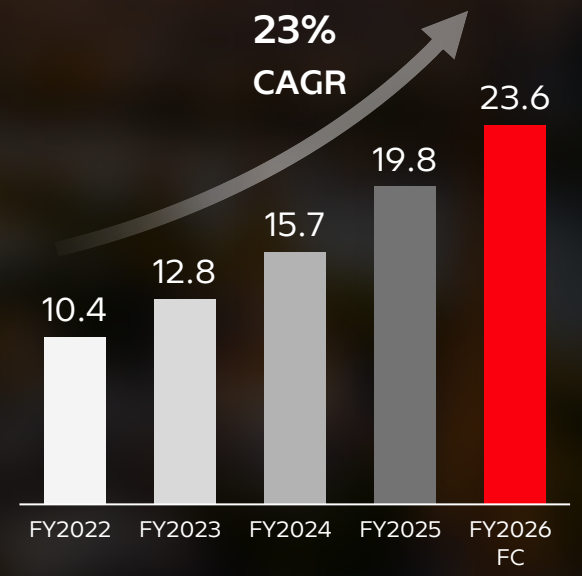


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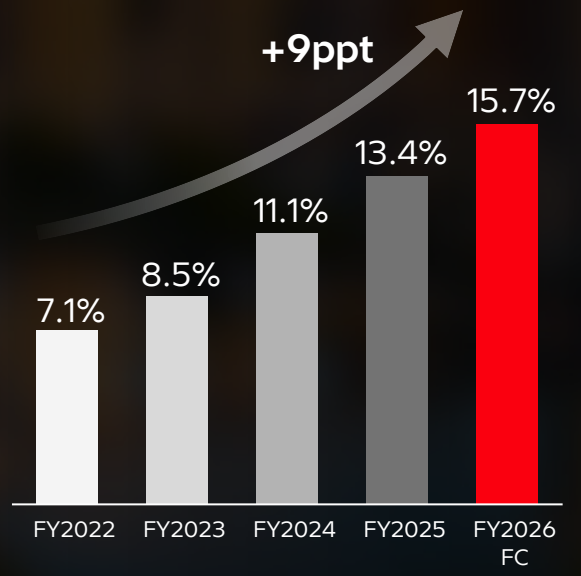
# Building on a proven track record of profitable growth

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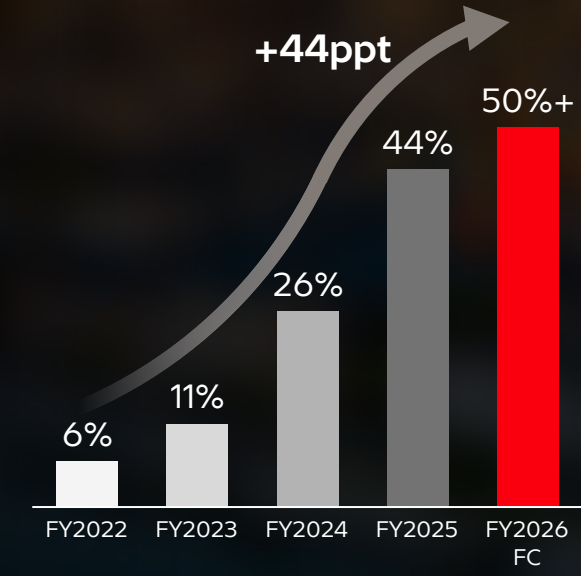
## Revenue[1] (B USD)




## Adj. EBITA[2] (%)




## ROIC[3] (%)




[1] In nominal rate;
[2] Adj. EBITA (FY2021-FY2024): Including equity in earnings (losses) of affiliates and excluding structural reform expenses; [3] Hitachi Energy standalone ROIC

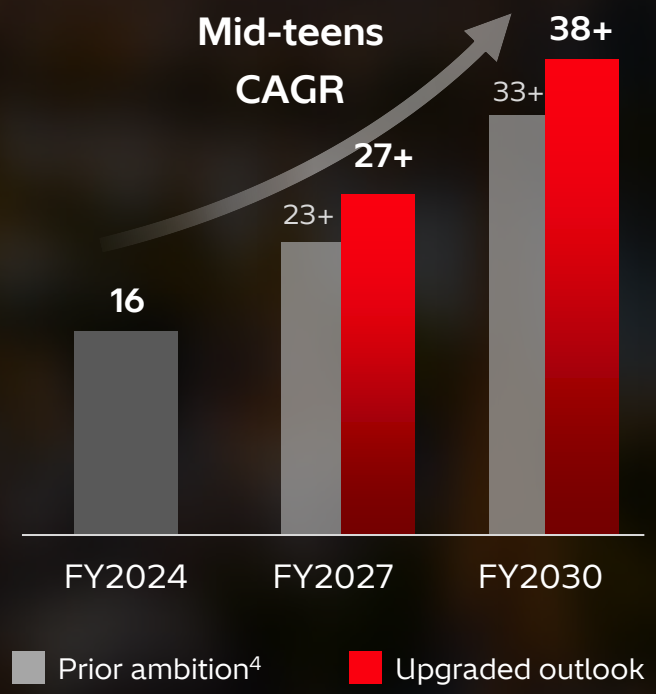


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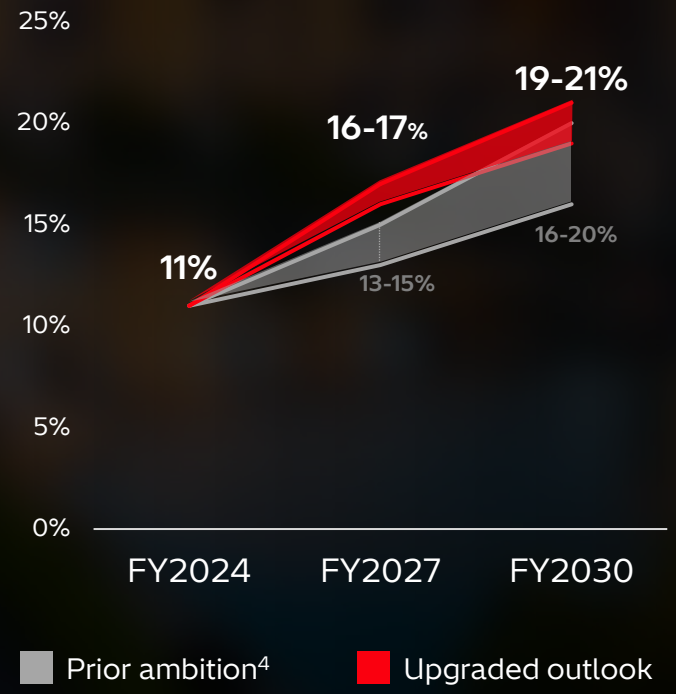
# Building on proven performance, raising our 2030 ambition

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## Revenue[1] (B USD)




## Adj. EBITA[2] (%)




## ROIC[3] (%)

25-30%

30-40%

[1] Constant currency; [2] Adj. EBITA: adjusted operating income plus acquisition-related amortization; In FY2024, include equity in earnings (losses) of affiliates, excluding structural reform expenses;
[3] Hitachi Energy standalone ROIC [4] Ambition per Hitachi Energy Investor Day in October 2025



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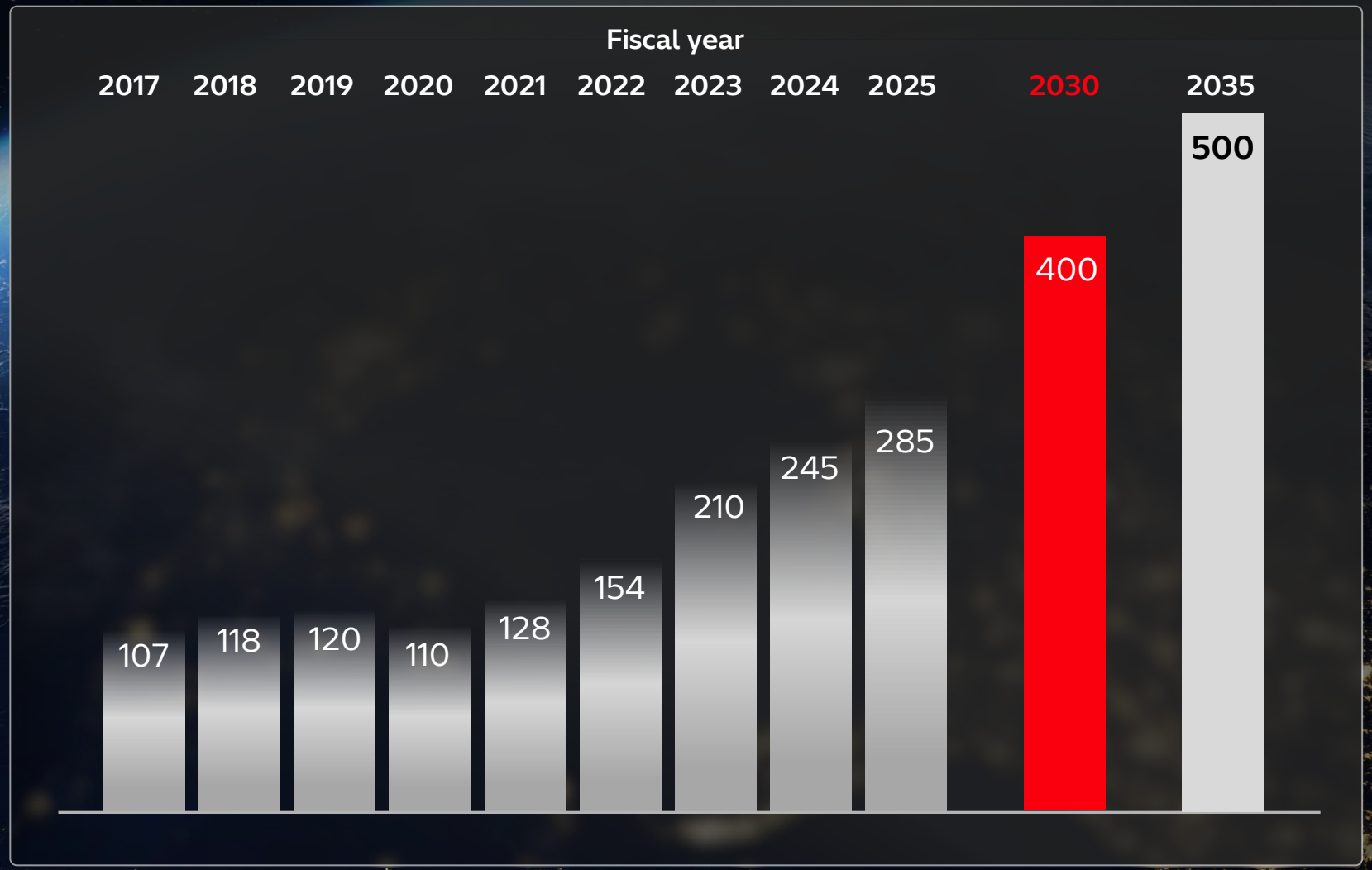
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# Market size for Hitachi Energy is expected to nearly double 2025-2035

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**By 2030**

**$400B**

**CAGR 2025-2030**

**~7%**

**CAGR 2030-2035**

**~5%**

Unconsolidated, constant currency, B USD



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# Our strategic priorities, enabling profitable growth

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**01**

## Deliver backlog

Convert our $65B+ backlog into revenue, reinforcing market leadership

**02**

## Capacity expansion

Scale capacity through Digital Core, AI and targeted investments

**03**

## Operational efficiency

Leverage AI to increase engineering and SG&A productivity

**04**

## Technology-enabled service

Expand service through HMAX, innovation and large installed base

**05**

## New high-growth offerings

Deliver end-to-end edge solutions with partnerships and M&A



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# Larger, stronger order backlog supports sustained revenue growth

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## Quantity

- >4x backlog from FY2021
- Market and technology leadership positions enable us to capture outsized opportunities

**Backlog H1 FY26**

**$65B[1]+**

## Quality

- Enhanced T&C, de-risked business model
- Expansion of service and digital offerings

**Backlog margin vs. FY2022**

**+~7%**

## Visibility

- Better predictability from backlog
- Partnering with customers & suppliers with FA & CRA to secure long-term supply

**Outlook**

**3-5 years**

**+23%**

**Revenue**

(CAGR FY2022-FY2026)

[1] In nominal rate

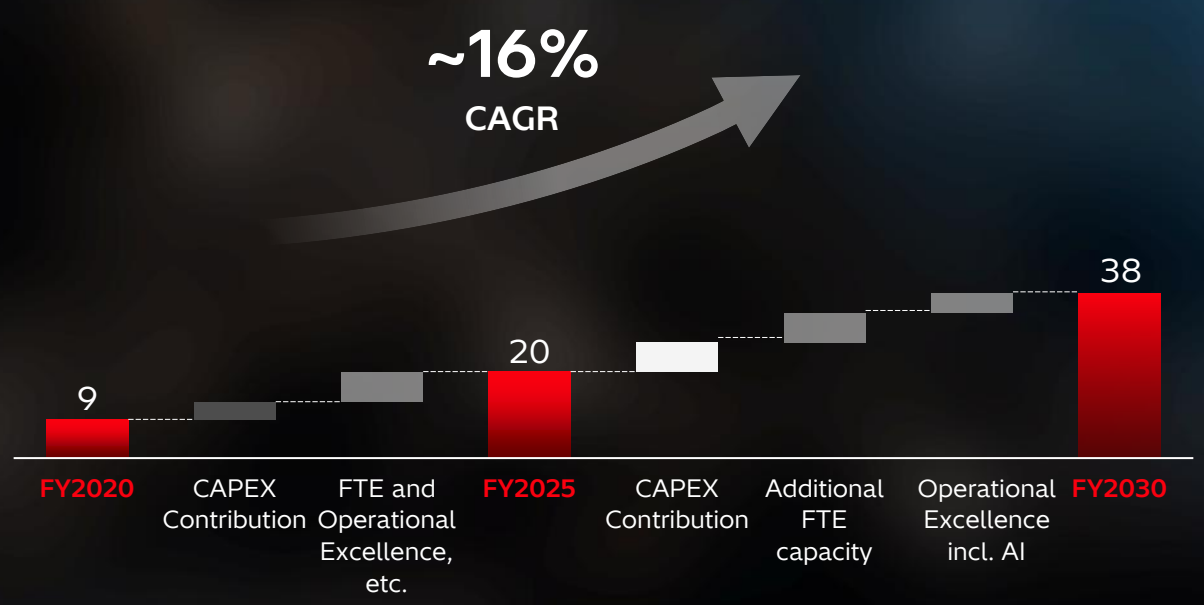


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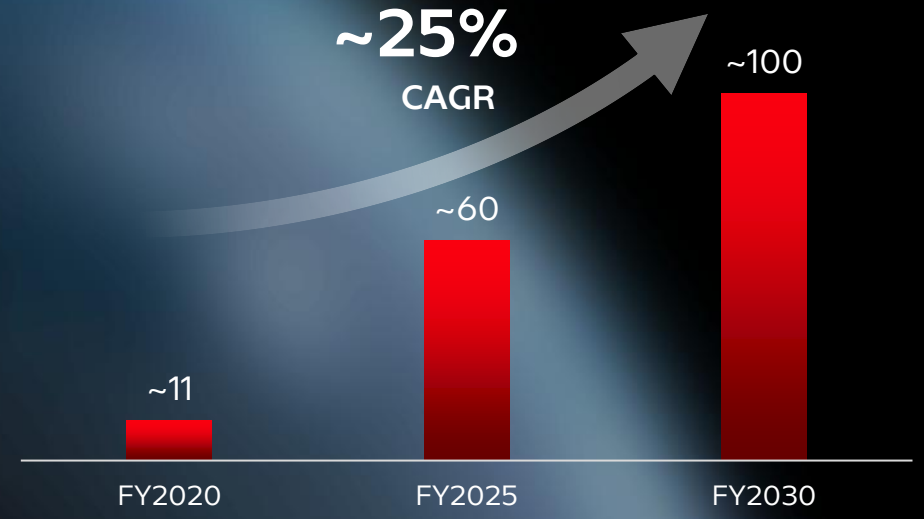
# Scaling capacity to enable sustainable revenue growth

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## Revenue growth driven by capacity expansion (B USD)[1]




## Backlog evolution up to FY2030 (B USD)[1]




## Improved demand visibility

Long-cycle demand and framework agreements provide revenue visibility and predictability

## Smarter capacity, disciplined capex

Delivering higher revenue growth with lower capital intensity through operational excellence, increased throughput and AI-driven productivity gains.

[1] In constant currency

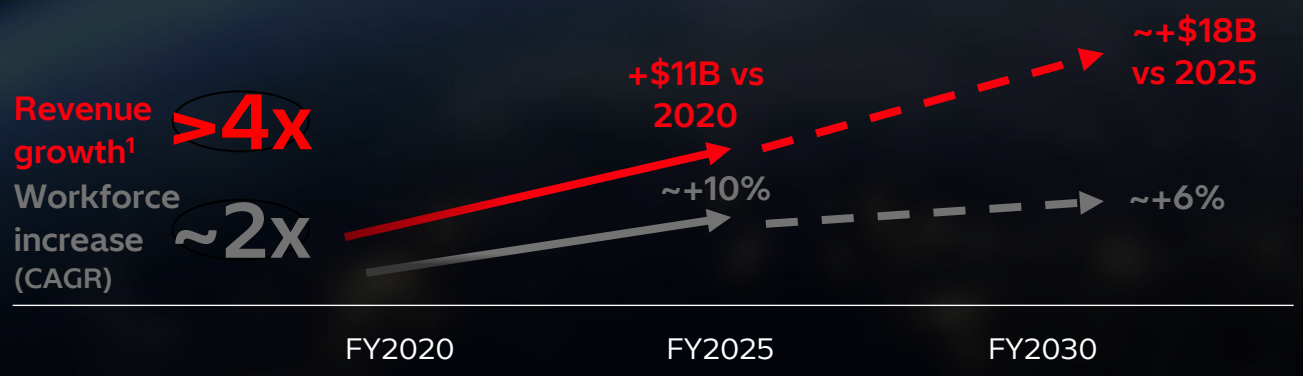


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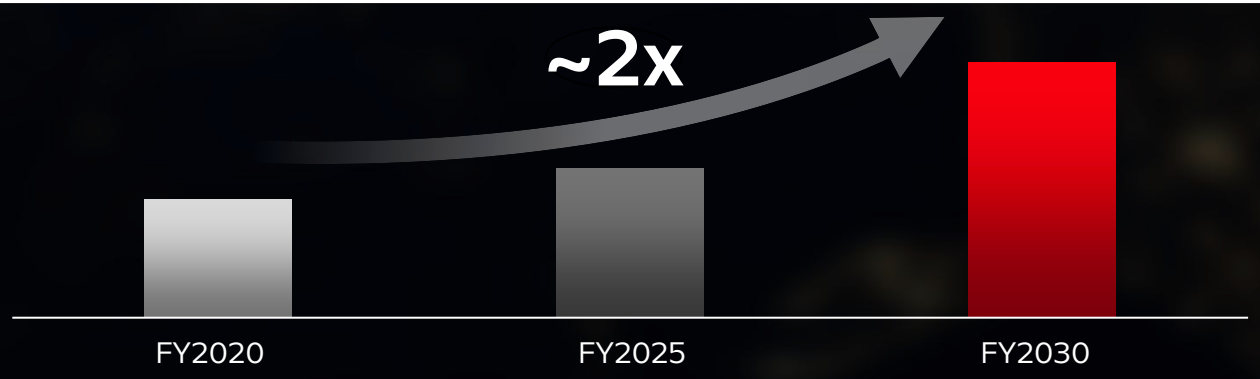
# Disciplined scaling of capacity to capture growth opportunities

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## Hitachi Energy workforce & revenue evolution




## Example: Transformer capacity in GVA[2]




## Workforce optimization

- Balance workforce scaling with AI-driven productivity improvements
- Attract, develop and retain talent

## Smarter capacity, disciplined capex

- New and expanded capacity in operation in factories in Türkiye, China, Vietnam, Mexico and Sweden
- Factory optimization and productivity gains underpinned by automation and AI will enable growth with lower capital intensity



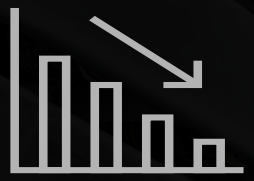
[1] In constant currency
[2] Gigavolt-ampere

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# Capturing operating leverage through scale and AI

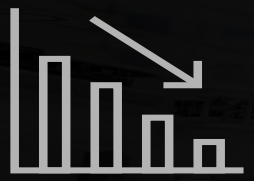
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## Sales cost %



- ~100 b.p. improvement from FY2023 to FY2026
- Achieved higher sales productivity, while investing to maintain market leadership
- Sharpened go-to-market, volume leverage through AI

## G&A cost %



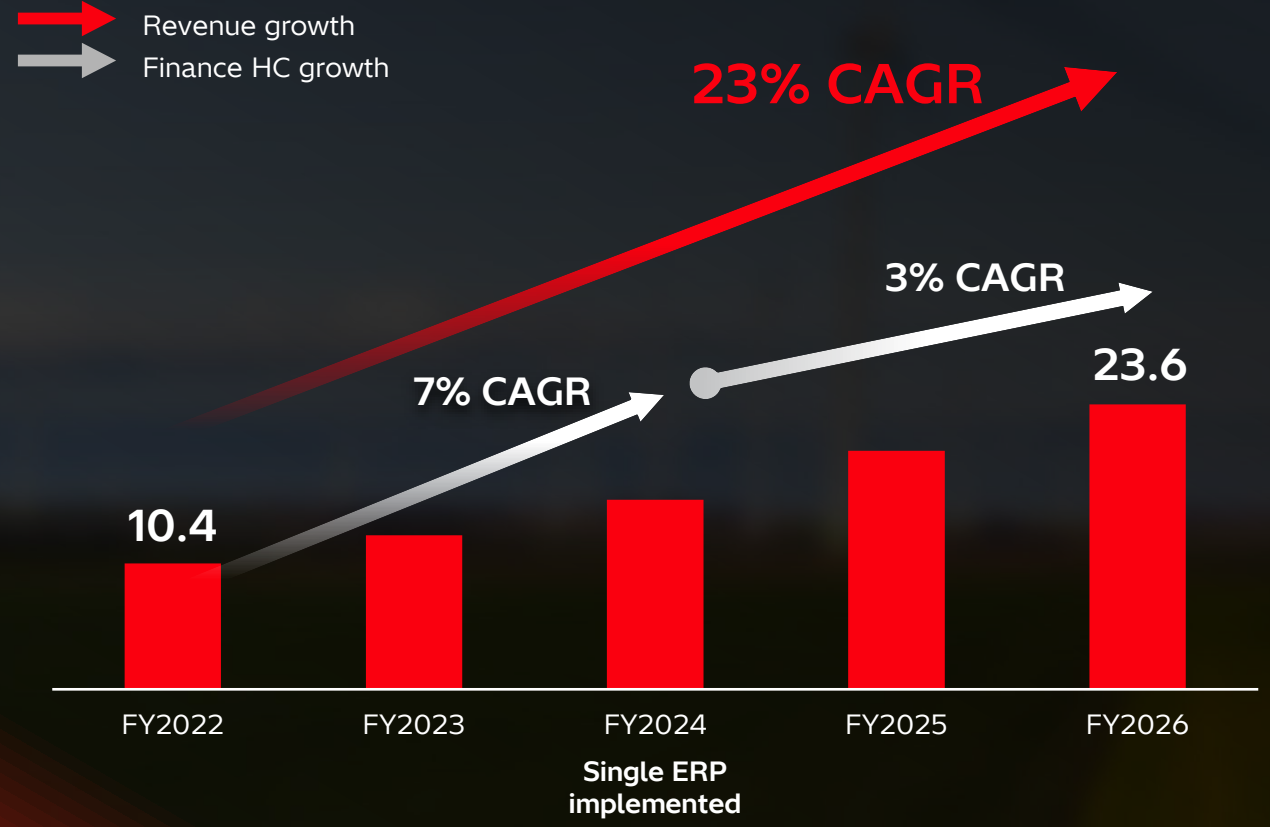
- ~100 b.p. improvement from FY2023 to FY2026
- Mid-term target: Keep G&A flat leveraging our Digital Core & AI
- One Hitachi synergies with DSS in AI implementation



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# Finance efficiency driven by digitalization and automation

## Revenue & Finance headcount growth




**INVOICE TO PAY**

**22%**

**YoY increase in productivity** powered by Machine Learning, AI language recognition and AI-embedded processing

**PARTNER MASTER DATA**

**600k**

**Approvals eliminated per year** powered by SAP MDG solution

**REPORTING**

**>80%**

**of reporting automated** powered by Tagetik

**TRAVEL & EXPENSE**

**20%**

**YoY increase in productivity** powered by SAP Concur

**CASH APPLICATION**

**55%**

**Increase in productivity** with single centralized Serrala Autobank

**CHATBOT**

**>6k**

**Yearly chatbot conversations**
Natural language multi language chatbot



[1] In nominal currency

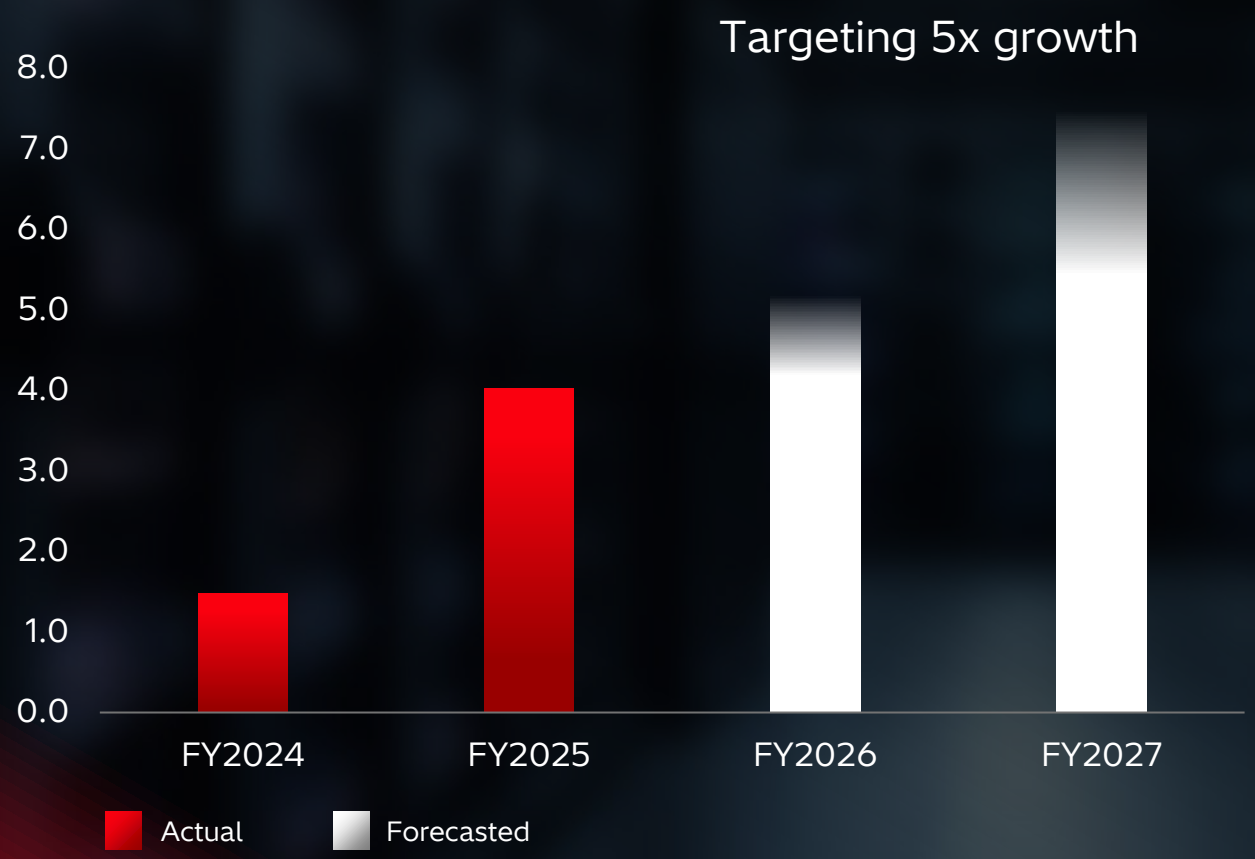
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# High growth markets: data centers

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## Hitachi Energy data center orders[1]

B USD




## We offer

- Grid-to-Rack, modular solutions
- Reliable, scalable and efficient solutions
- Full-lifecycle service agreements

## Where we are

- Data centers are a key growth driver
- **Utilities** remain our core market

[1] In constant currency

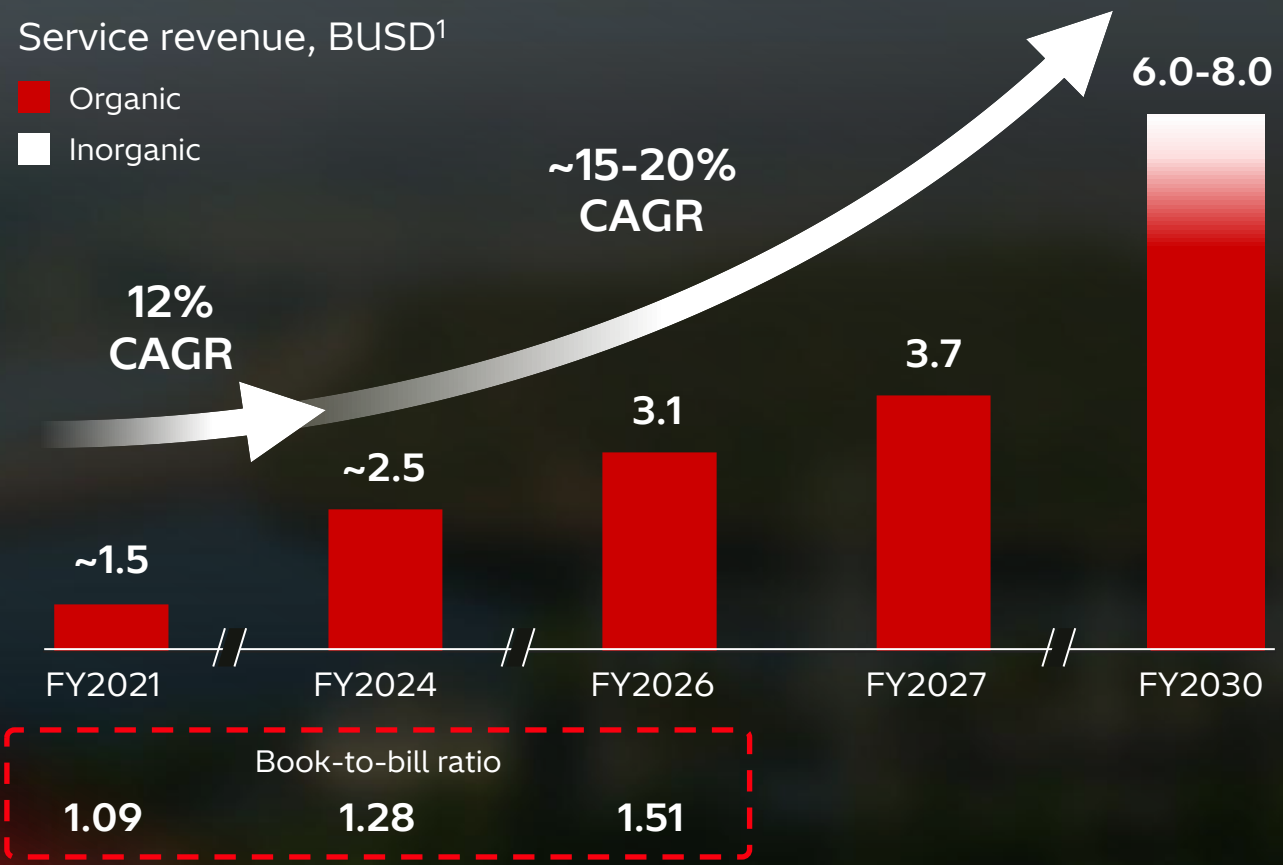


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# High growth markets: service

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## Service revenue growth & book-to-bill ratio




## Profitable growth through strong backlog

- Order growth contributing to increasing book to bill ratio

## Strategic footprint and partnership-led expansion

- Shermco: performance in-line with plan, synergies contributing to Service expansion
- Investing in regional presence and customer proximity

## Digital and capability led portfolio expansion

- HMAX Energy portfolio expansion and R&D investments to advance digitally-enabled service
- Partnerships and M&A to accelerate growth

[1] Total HE Service offering includes Software and select service activities delivered through systems and projects; In constant currency



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# Partnering to finance energy infrastructure funding gap

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**$3-4 trillion**

**capital gap to fund the Energy Transition[1]**

**Hitachi Energy** + **Financial partners**



Third-party financing solutions



Grid connection as a service



Independent energy ecosystems (Energy Hub)



Minority stakeholder share

**Strong governance paired with disciplined risk management to support sustained value creation with focus on strategic customers**



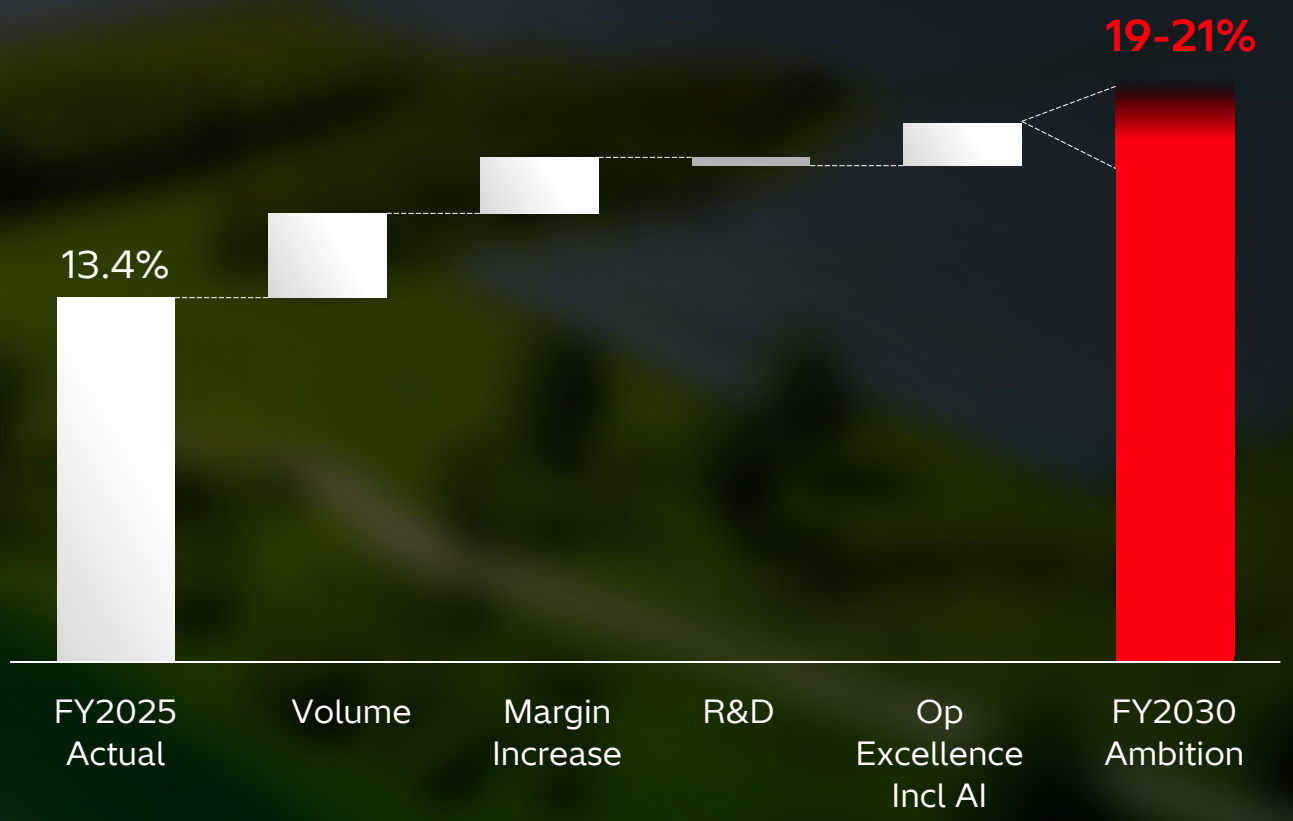
[1] Source: Bloomberg and IRENA

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# Margin expansion through growth, discipline, volume leverage and AI

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## Adjusted EBITA[1] bridge to FY2030 ambition




## Key value drivers

### Volume

Factory optimization and increased throughput enabled by Physical AI, results in higher growth with lower capital intensity

### Margin expansion

Margin increase from strong order backlog, market-leading technology and expanding share of Service & Digital

### AI & productivity improvement

Volume leverage and margin expansion accelerated by AI at scale

[1] Adj. EBITA: adjusted operating income plus acquisition-related amortization



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# Driving cash generation with disciplined capital allocation

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## Cash generation

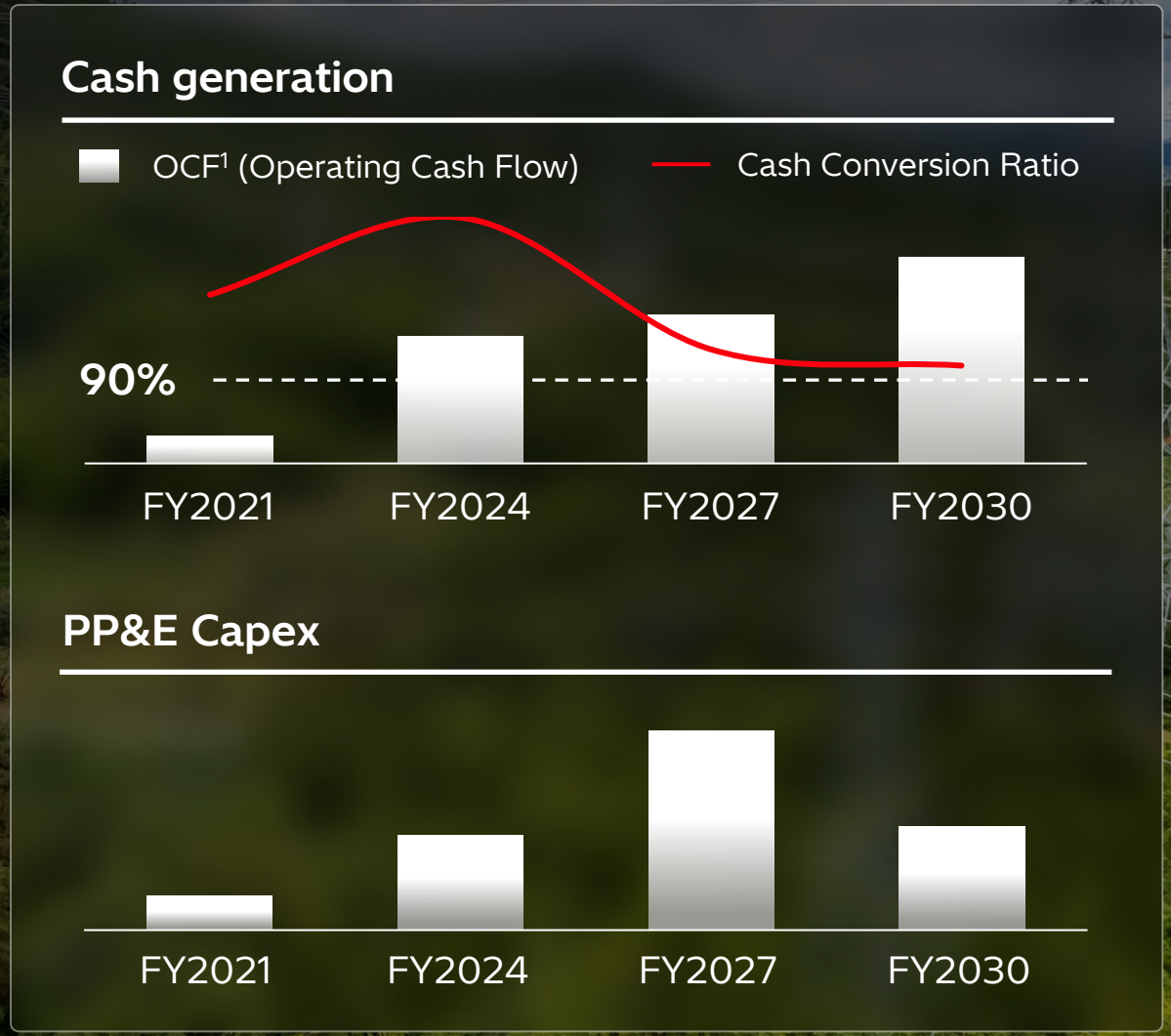
- Enhanced Terms & Conditions (CRAs and advances) deliver more cash earlier in project lifecycle
- Continued NWC optimization leveraging our Digital Core and AI

## Capacity expansion

- Factory optimization, AI-driven productivity gains
- Capex on bankable business cases
- Enable growth with lower capital intensity

## M&A / partnerships

- Leverage strong balance sheet to strengthen presence in core markets and high-growth segments
- Expand capabilities in high-growth segments






[1] OCF: Cash Flow from Operating Activities before interest and taxes paid

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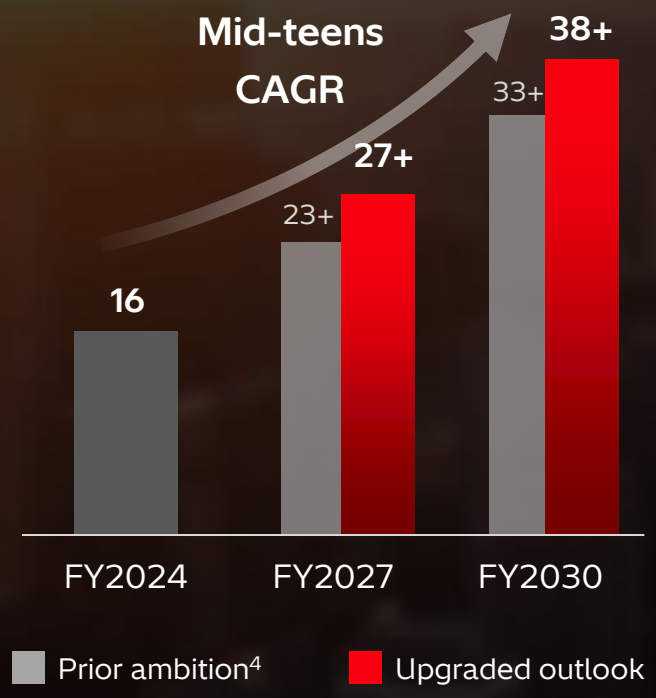



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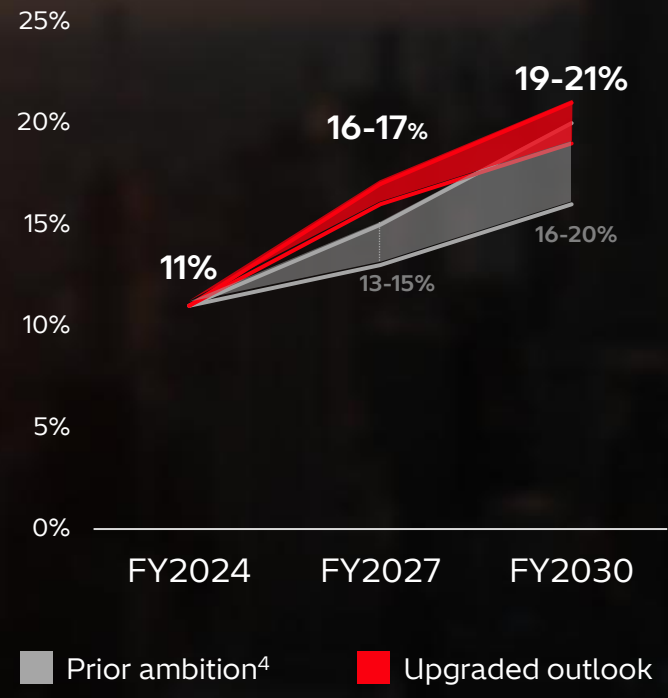
# Building on proven performance, raising our 2030 ambition

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## Revenue[1] (B USD)




## Adj. EBITA[2] (%)




## ROIC[3] (%)

25-30%

30-40%

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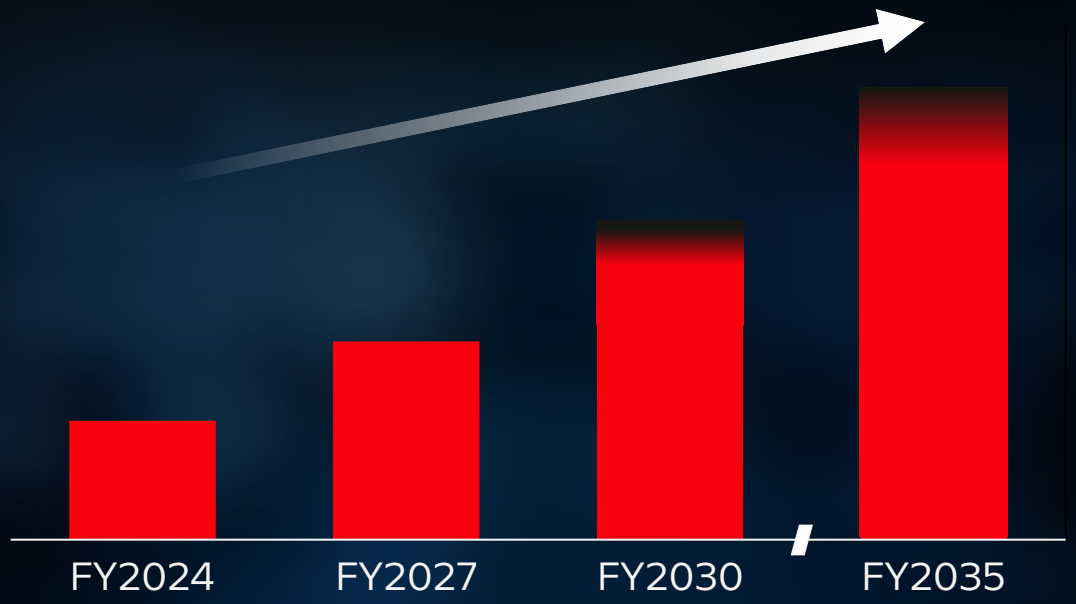
# FY2035 perspective

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## Strong market outlook




## Continued solid revenue growth






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# Key takeaways

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**01** Energy transition, high growth markets and operational excellence drive mid-teens revenue CAGR between FY2024-FY2030

**02** Profitable growth, volume leverage, and AI-enabled productivity gains lift Adjusted EBITA[1] margin to 19-21%

**03** Disciplined investments in capacity combined with higher profit results in ROIC[2] between 30-40% and average cash flow conversion above 90%

Scaling for **growth.**
Disciplined **execution.**
Focused on **returns.**



[1] Adj. EBITA: adjusted operating income plus acquisition-related amortization
[2] Hitachi Energy standalone ROIC

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# Cautionary Statement

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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, 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;
- credit conditions of Hitachi’s customers and suppliers;
- 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 Hitachi’s ability to respond to tightening of regulations to prevent climate change;
- 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 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;
- 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;
- 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;
- 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;
- 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;
- 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 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.

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