

# Outline of Consolidated Financial Results for Fiscal 2015

May 13, 2016

**Hitachi, Ltd.**

# Contents

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- 1. Outline of Consolidated Financial Results for Fiscal 2015**
- 2. Outlook for Fiscal 2016**
- 3. Results of the 2015 Mid-Term Management Plan**

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# 1. Outline of Consolidated Financial Results for Fiscal 2015

# 1-1. Highlights of Fiscal 2015 Results

Revenues	<p>10,034.3 billion yen</p> <p>up 3% / 259.3 billion yen YoY, up 1% compared to previous forecast*1</p> <ul style="list-style-type: none"> <li>Higher in Social Infrastructure &amp; Industrial Systems, Information &amp; Telecommunication Systems and Automotive Systems segments, etc.</li> </ul>
Adjusted operating income*2	<p>634.8 billion yen</p> <p>down 1% / 6.4 billion yen YoY, up 4.8 billion yen compared to previous forecast*1</p> <ul style="list-style-type: none"> <li>Lower than FY2014 due to a sharp decline in profitability in the Construction Machinery segment, despite the higher earnings in areas such as Automotive Systems segment</li> </ul>
EBIT (Earnings before interest and taxes)*3	<p>531.0 billion yen</p> <p>down 1% / 3.0 billion yen YoY, down 8.9 billion yen compared to previous forecast*1</p> <ul style="list-style-type: none"> <li>Lower than FY2014 mainly due to higher costs recorded for business structure reforms in the Information &amp; Telecommunications Systems segment and the Construction Machinery segments, etc.</li> </ul>
Net income attributable to Hitachi, Ltd. stockholders	<p>172.1 billion yen</p> <p>down 21% / 45.3 billion yen YoY, down 67.8 billion yen compared to previous forecast*1</p>
Total Hitachi, Ltd. stockholders' equity ratio (Manufacturing, Services and Others)	<p>25.6 % down 2.0 points from March 31, 2015</p>
Free cash flows (Manufacturing, Services and Others)	<p>324.4 billion yen up 187.1 billion yen YoY</p> <p>[Core free cash flows*4 (Manufacturing, Services and Others): 363.5 billion yen (up 225.4 billion yen YoY)]</p>
The year-end dividend for FY2015	<p>6 yen per share</p>

\*1 Announced on February 3, 2016

\*2 "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

\*3 "EBIT" is presented as income from continuing operations, before income taxes less interest income plus interest charges.

\*4 "Core free cash flows" are operating cash flows plus collection of lease receivables less cash outflows for the purchase of property, plant and equipment, intangible assets and leased assets.

## 1-2. Consolidated Statement of Profit or Loss

Billions of yen

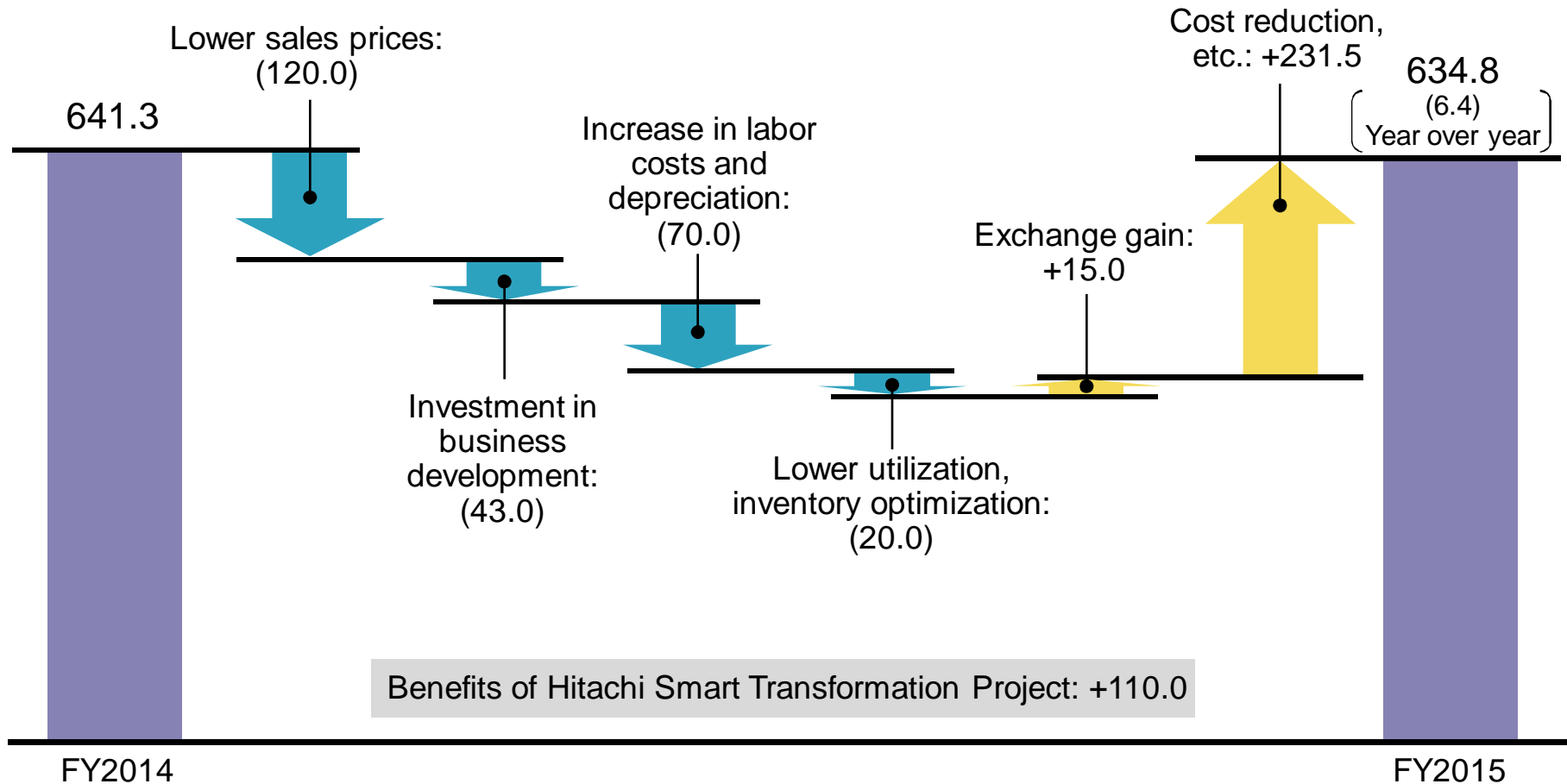
	FY2014	FY2015	Year over year	Previous forecast* <sup>2</sup> comparison
Revenues	9,774.9	10,034.3	+259.3 [103%]	+84.3 [101%]
Adjusted operating income	641.3	634.8	(6.4)	+4.8
EBIT	534.0	531.0	(3.0)	(8.9)
Income from continuing operations, before income taxes	518.9	517.0	(1.9)	(2.9)
Income taxes	(122.0)	(165.2)	(43.1)	(38.2)
Income from continuing operations	396.9	351.8	(45.0)	(41.1)
Loss from discontinued operations* <sup>1</sup>	(53.5)	(57.0)	(3.5)	(39.0)
Net income	343.4	294.7	(48.6)	(80.2)
Net income attributable to Hitachi, Ltd. stockholders	217.4	172.1	(45.3)	(67.8)

\*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 February 3, 2016

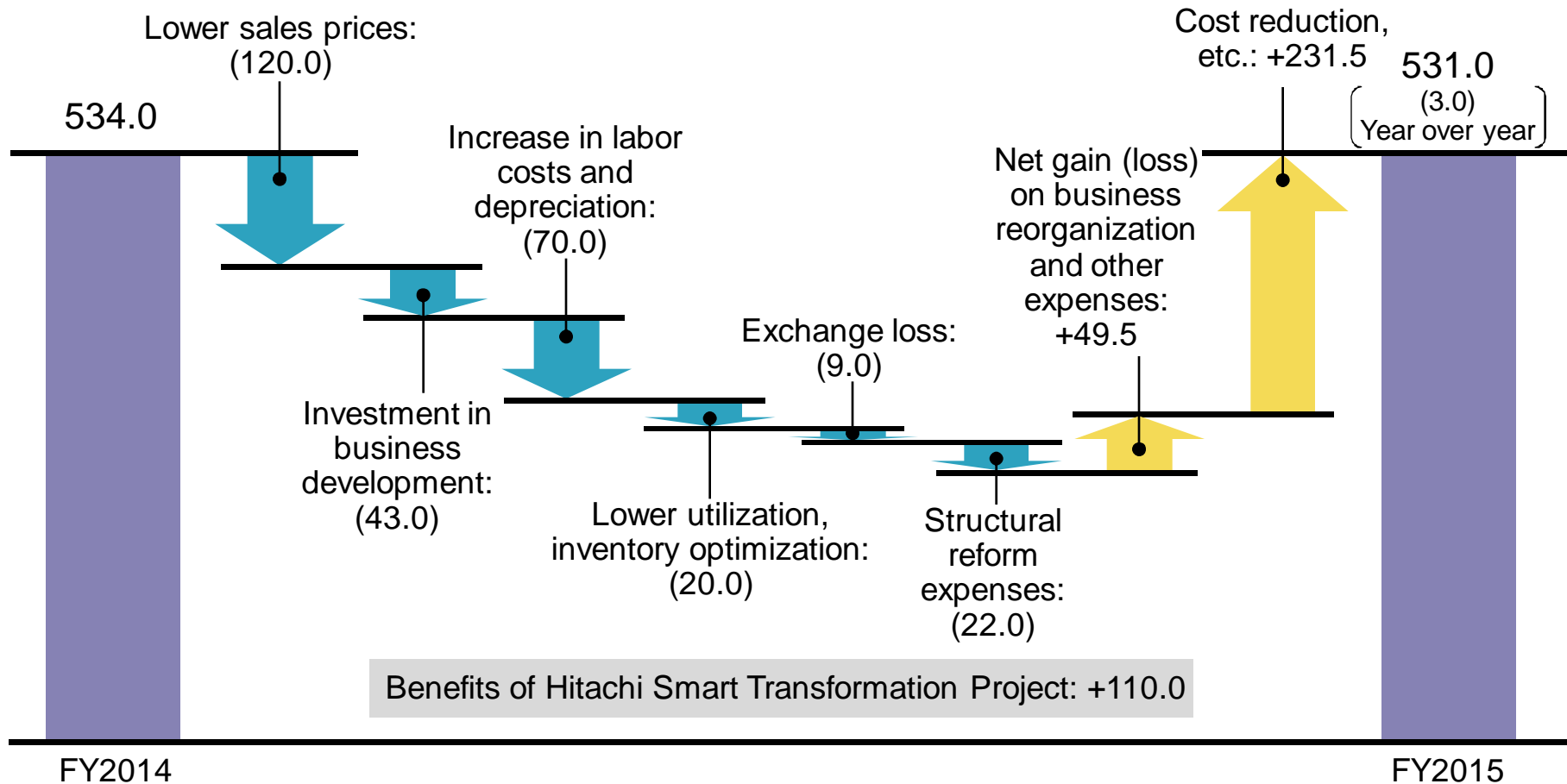
# 1-3. FY2015: Factors Affecting Changes in Adjusted Operating Income (year over year)

Billions of yen



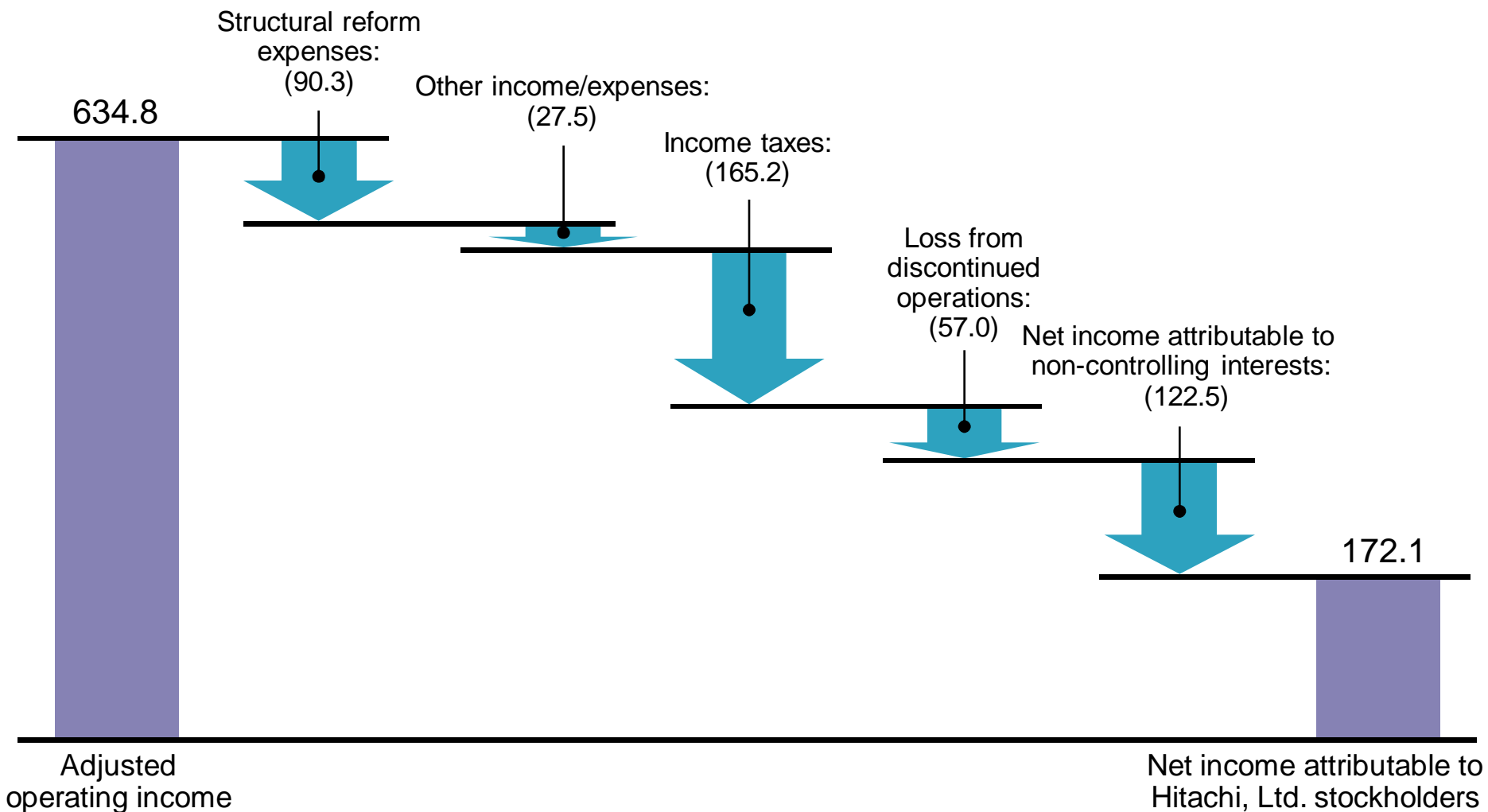
# 1-4. FY2015: Factors Affecting Changes in EBIT (year over year)

Billions of yen



# 1-5. FY2015 : Factors Affecting Changes in Net Income Attributable to Hitachi, Ltd. Stockholders

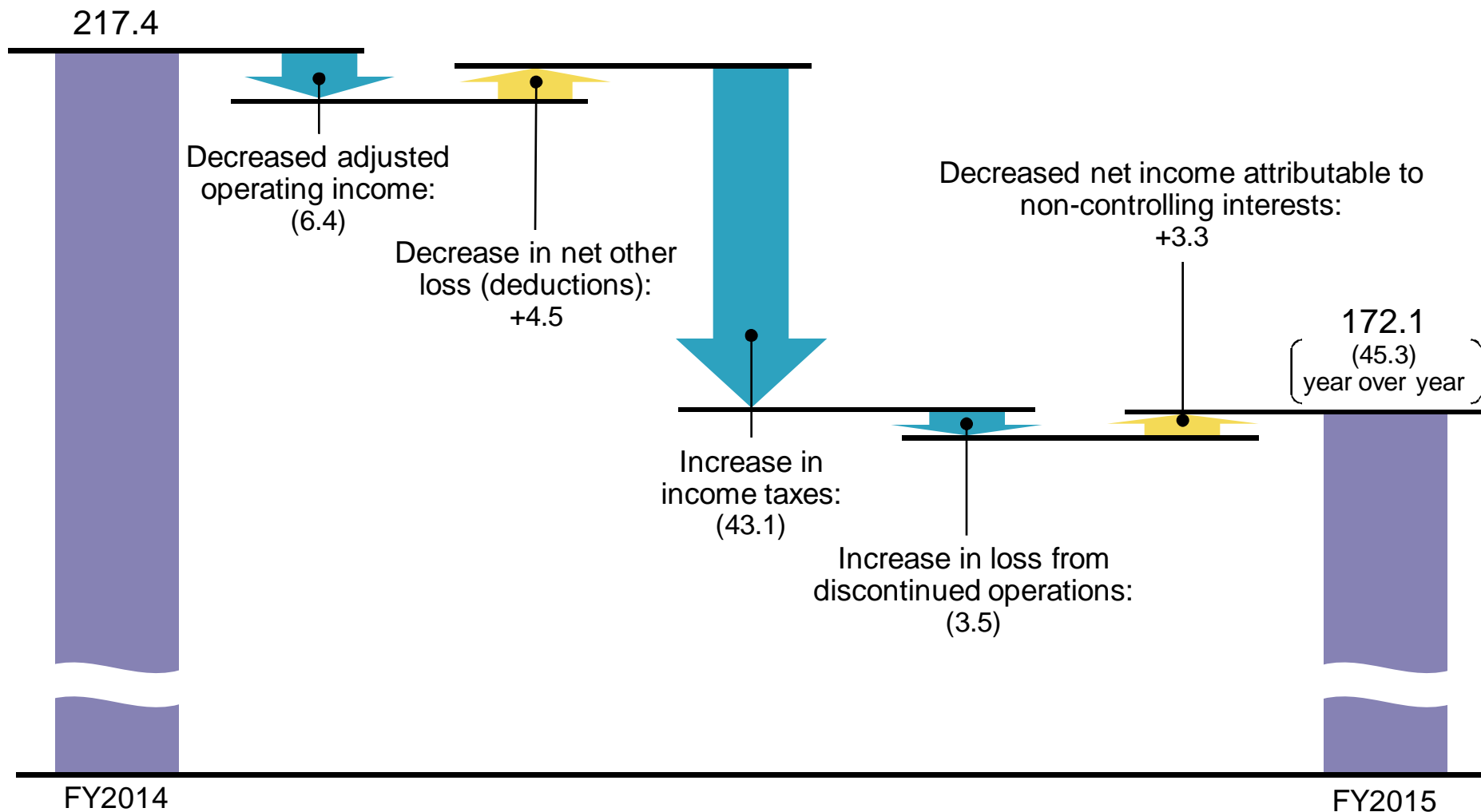
Billions of yen





1-6. FY2015 : Factors Affecting Changes in Net Income Attributable to Hitachi, Ltd. Stockholders (year over year)

Billions of yen



# 1-7. Revenues by Market

Billions of yen

	FY2014		FY2015		Year over year
		Ratio		Ratio	
Japan	5,220.3	53%	5,231.5	52%	100%
Outside Japan	4,554.5	47%	4,802.7	48%	105%
Asia	2,178.2	22%	2,112.3	21%	97%
China	1,110.3	11%	1,055.5	10%	95%
ASEAN, India, other areas	1,067.8	11%	1,056.7	11%	99%
North America	1,064.1	11%	1,280.3	13%	120%
Europe	841.9	9%	951.1	9%	113%
Other Areas	470.2	5%	459.0	5%	98%
<b>Total</b>	<b>9,774.9</b>	<b>100%</b>	<b>10,034.3</b>	<b>100%</b>	<b>103%</b>

Ratio of overseas revenues: 47% → 48%

# 1-8. Summary of Consolidated Statements of Profit or Loss by Manufacturing, Services and Others and Financial Services

## ■ Summary of Consolidated Statements of Profit or Loss

Billions of yen

	FY2014	FY2015	Year over year
Revenues	9,774.9	10,034.3	+259.3 [103%]
Adjusted operating income	641.3	634.8	(6.4)
EBIT	534.0	531.0	(3.0)

## ■ Summary of Consolidated Statements of Profit or Loss (Manufacturing, Services and Others)\*

Billions of yen

	FY2014	FY2015	Year over year
Revenues	9,569.8	9,833.9	+264.0 [103%]
Adjusted operating income	598.5	586.8	(11.7)
EBIT	499.9	490.2	(9.6)

## ■ Summary of Consolidated Statements of Profit or Loss (Financial Services)\*

Billions of yen

	FY2014	FY2015	Year over year
Revenues	356.2	365.3	+9.0 [103%]
Adjusted operating income	38.9	45.2	+6.2
EBIT	35.4	46.6	+11.2

\* Figures here represent information voluntarily prepared by the Company.

# 1-9. Summary of Consolidated Financial Position

Billions of yen

	As of March 31, 2015	As of March 31, 2016	Change from March 31, 2015
Total assets	12,433.7	12,551.0	+117.2
Trade receivables and Inventories	4,328.1	4,292.6	(35.5)
Total liabilities	8,137.3	8,425.4	+288.0
Interest-bearing debt	3,557.3	3,604.4	+47.0
Total Hitachi, Ltd. stockholders' equity	2,942.2	2,735.0	(207.2)
Non-controlling interests	1,354.0	1,390.4	+36.4
Total Hitachi, Ltd. stockholders' equity ratio	23.7%	21.8%	1.9 points decrease
D/E ratio (Including non-controlling interests)	0.83 times	0.87 times	0.04 points increase

# 1-10. Summary of Consolidated Financial Position by Manufacturing, Services and Others and Financial Services\*

## ■ Summary of Consolidated Financial Position (Manufacturing, Services and Others)

Billions of yen

	As of March 31, 2015	As of March 31, 2016	Change from March 31, 2015
Total assets	9,984.4	9,917.9	(66.5)
Trade receivables and Inventories	3,896.8	3,763.6	(133.1)
Total liabilities	6,012.5	6,133.5	+121.0
Interest-bearing debt	1,627.7	1,515.0	(112.6)
Total Hitachi, Ltd. stockholders' equity	2,760.3	2,540.8	(219.5)
Non-controlling interests	1,211.5	1,243.5	+31.9
Cash Conversion Cycle	81.8 days	71.6 days	10.2 days decrease
Total Hitachi, Ltd. stockholders' equity ratio	27.6%	25.6%	2.0 points decrease
D/E ratio (Including non-controlling interests)	0.41 times	0.40 times	0.01 points decrease

## ■ Summary of Consolidated Financial Position (Financial Services)

Billions of yen

	As of March 31, 2015	As of March 31, 2016	Change from March 31, 2015
Total assets	2,953.6	3,091.4	+137.8
Trade receivables and Inventories	698.5	714.4	+15.8
Total liabilities	2,616.8	2,744.4	+127.6
Interest-bearing debt	2,138.6	2,339.5	+200.8
Total Hitachi, Ltd. stockholders' equity	195.3	201.3	+6.0
Non-controlling interests	141.4	145.7	+4.2
Total Hitachi, Ltd. stockholders' equity ratio	6.6%	6.5%	0.1 points decrease
D/E ratio (Including non-controlling interests)	6.35 times	6.74 times	0.39 points increase

\* Figures here represent information voluntarily prepared by the Company.

# 1-11. Summary of Consolidated Statements of Cash Flows

## ■ Summary of Consolidated Statements of Cash Flows

Billions of yen

	FY2014	FY2015	Year over year
Cash flows from operating activities	451.8	812.2	+360.4
Cash flows from investing activities	(612.5)	(730.7)	(118.2)
Free cash flows	(160.7)	81.4	242.1
Core free cash flows	(176.4)	113.3	+289.8

## ■ Summary of Consolidated Statements of Cash Flows (Manufacturing, Services and Others)\*

Billions of yen

	FY2014	FY2015	Year over year
Cash flows from operating activities	586.4	843.1	+256.6
Cash flows from investing activities	(449.1)	(518.7)	(69.5)
Free cash flows	137.2	324.4	+187.1
Core free cash flows	138.1	363.5	+225.4

## ■ Summary of Consolidated Statements of Cash Flows (Financial Services)\*

Billions of yen

	FY2014	FY2015	Year over year
Cash flows from operating activities	(85.9)	(7.4)	+78.4
Cash flows from investing activities	(191.3)	(218.8)	(27.4)
Free cash flows	(277.3)	(226.2)	+51.0
Core free cash flows	(292.1)	(264.8)	+27.2

\* Figures here represent information voluntarily prepared by the Company.

# 1-12. Consolidated Capital Expenditure, Depreciation and R&D Expenditure

## ■ Consolidated Capital Expenditure (Completion basis)\*

Billions of yen

	FY2014	FY2015	Year over year
Manufacturing, Services and Others	366.1	394.8	108%
Financial Services	65.0	133.6	205%
<b>Total</b>	<b>431.2</b>	<b>528.5</b>	<b>123%</b>

\* From FY2015, capital expenditures including figures for the previous fiscal year are stated exclusive of investment in lease assets classified as a finance lease, which was previously included in capital expenditures.

## ■ Consolidated Depreciation

Billions of yen

	FY2014	FY2015	Year over year
Manufacturing, Services and Others	274.5	289.3	105%
Financial Services	76.1	77.2	101%
<b>Total</b>	<b>350.7</b>	<b>366.5</b>	<b>104%</b>

## ■ Consolidated R&D Expenditure

Billions of yen

	FY2014	FY2015	Year over year
<b>Total</b>	<b>334.8</b>	<b>333.7</b>	<b>100%</b>

# 1-13. Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		FY2014	FY2015	Year over year	Previous forecast* <sup>1</sup> comparison
Information & Telecommunication Systems	Revenues	2,034.0	2,109.3	104%	101%
	Adjusted operating income	135.1	141.3	+6.1	+4.3
	EBIT	106.0	109.1	+3.0	(3.8)
Social Infrastructure & Industrial Systems* <sup>2</sup>	Revenues	2,066.2	2,333.1	113%	102%
	Adjusted operating income	88.9	81.3	(7.5)	(8.6)
	EBIT	110.3	29.1	(81.2)	(52.8)
Electronic Systems & Equipment	Revenues	1,131.6	1,127.6	100%	99%
	Adjusted operating income	72.5	67.0	(5.5)	(5.9)
	EBIT	63.7	64.3	+0.5	(9.6)
Construction Machinery	Revenues	815.7	758.3	93%	100%
	Adjusted operating income	59.8	22.6	(37.2)	(3.3)
	EBIT	60.5	25.8	(34.7)	+3.8
High Functional Materials & Components	Revenues	1,529.4	1,564.0	102%	98%
	Adjusted operating income	120.8	125.9	+5.0	(1.0)
	EBIT	123.9	153.5	+29.6	+1.5

\*1 Announced on February 3, 2016

\*2 Effective on April 1, 2015, the "Power Systems" became part of the "Social Infrastructure & Industrial Systems."  
Figures for each segment, including figures for the previous fiscal year, reflect the changed segmentation.



# 1-14. Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		FY2014	FY2015	Year over year	Previous forecast* comparison
Automotive Systems	Revenues	936.9	1,001.1	107%	100%
	Adjusted operating income	47.4	61.9	+14.4	+0.9
	EBIT	35.0	53.9	+18.9	(6.0)
Smart Life & Ecofriendly Systems	Revenues	754.2	681.0	90%	102%
	Adjusted operating income	28.4	23.8	(4.5)	+2.8
	EBIT	34.5	41.9	+7.4	+9.9
Others (Logistics and Other services)	Revenues	1,274.2	1,252.7	98%	99%
	Adjusted operating income	41.8	52.5	+10.6	+0.5
	EBIT	51.0	40.6	(10.4)	(10.3)
Financial Services	Revenues	356.2	365.3	103%	99%
	Adjusted operating income	38.9	45.2	+6.2	+0.2
	EBIT	35.4	46.6	+11.2	+0.6
Corporate items & Eliminations	Revenues	(1,123.9)	(1,158.4)	-	-
	Adjusted operating income	7.1	13.0	+5.9	+15.0
	EBIT	(86.6)	(34.2)	+52.4	+57.7
Total	Revenues	9,774.9	10,034.3	103%	101%
	Adjusted operating income	641.3	634.8	(6.4)	+4.8
	EBIT	534.0	531.0	(3.0)	(8.9)

\* Announced on February 3, 2016

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## 2. Outlook for Fiscal 2016

### ■ Business Environment

Continuing uncertain situation due to sluggish economic growth mainly in China and natural resource and oil producing countries

- Japan Continuing sluggish economic growth due to the prolonged slump in personal consumption
- U.S. Continuing gradual economic growth, despite a recent slowdown
- Europe Sustained economic recovery with support from quantitative easing, despite political risk
- China Weak investment and production, particularly in the real estate sector and manufacturing sectors, which are saddled with excessive production capacity
- South East Asia Continued deceleration of economic growth in line with slowing economic growth in China

### ■ Summary of the FY2016 Forecast

Reflecting the conversion of Hitachi Transport System, Ltd. and Hitachi Capital Corporation to an equity-method affiliate

[Projections for FY2016 assume an exchange rate of 110 yen to the U.S. dollar and 120 yen to the euro.]

Billions of yen

	FY2015	FY2016	
		Forecast	Year over year
Revenues	10,034.3	9,000.0	(1,034.3) [90%]
Adjusted operating income	634.8	540.0	(94.8)
EBIT	531.0	450.0	(81.0)
Loss from discontinued operations	(57.0)	(5.0)	+52.0
Net income attributable to Hitachi, Ltd. stockholders	172.1	200.0	+27.8

## 2-2. Outlook for FY2016 (2)

[Projections for FY2016 assume an exchange rate of 110 yen to the U.S. dollar and 120 yen to the euro.]

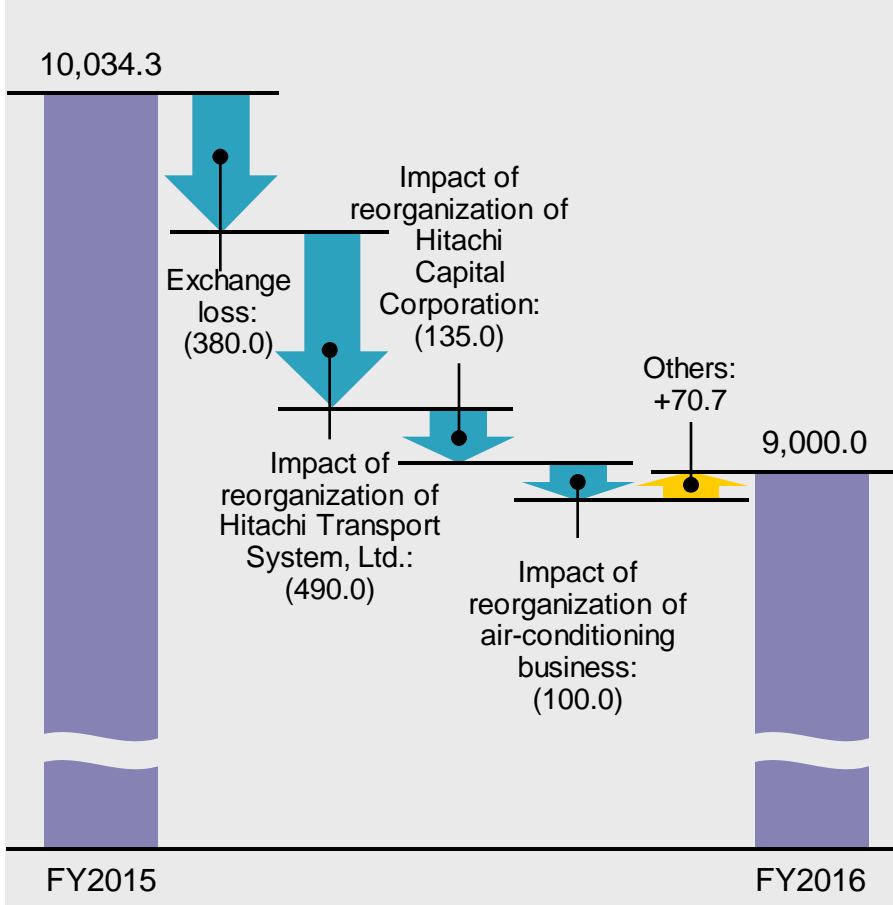
Billions of yen

	FY2015	FY2016	
		Forecast	Year over year
Revenues	10,034.3	9,000.0	(1,034.3) [90%]
Adjusted operating income	634.8	540.0	(94.8)
EBIT	531.0	450.0	(81.0)
Income from continuing operations, before income taxes	517.0	430.0	(87.0)
Income taxes	(165.2)	(130.0)	+35.2
Income from continuing operations	351.8	300.0	(51.8)
Loss from discontinued operations	(57.0)	(5.0)	+52.0
Net income	294.7	295.0	+0.2
Net income attributable to Hitachi, Ltd. stockholders	172.1	200.0	+27.8

## 2-3. FY2016: Factors Affecting Changes in Revenues and Adjusted Operating Income (year over year)

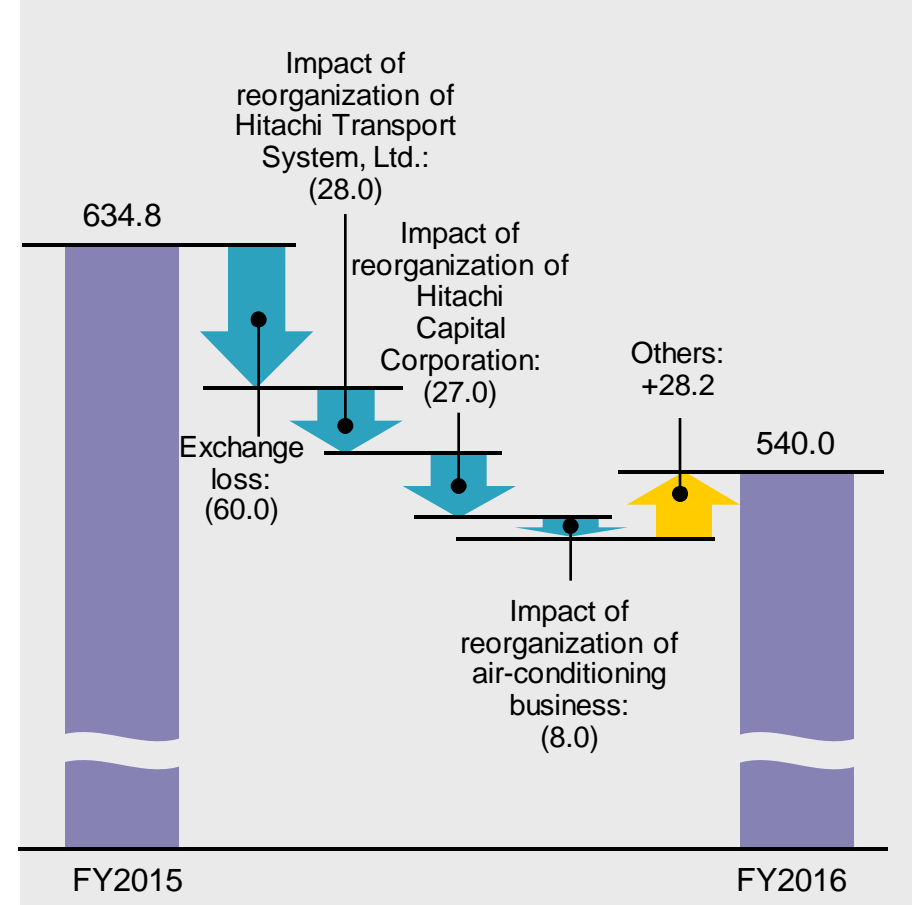
Billions of yen

### Revenues



Billions of yen

### Adjusted Operating Income



## 2-4. Outlook for FY2016: Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		FY2015	FY2016	
			Forecast	Year over year
Information & Telecommunication Systems	Revenues	2,109.3	2,040.0	97%
	Adjusted operating income	141.3	143.0	+1.6
	EBIT	109.1	84.0	(25.1)
Social Infrastructure & Industrial Systems	Revenues	2,333.1	2,340.0	100%
	Adjusted operating income	81.3	100.0	+18.6
	EBIT	29.1	110.0	+80.8
Electronic Systems & Equipment	Revenues	1,127.6	1,180.0	105%
	Adjusted operating income	67.0	65.0	(2.0)
	EBIT	64.3	61.0	(3.3)
Construction Machinery	Revenues	758.3	720.0	95%
	Adjusted operating income	22.6	34.0	+11.3
	EBIT	25.8	25.0	(0.8)
High Functional Materials & Components	Revenues	1,564.0	1,500.0	96%
	Adjusted operating income	125.9	132.0	+6.0
	EBIT	153.5	124.0	(29.5)

## 2-5. Outlook for FY2016: Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		FY2015	FY2016*1	
			Forecast	Year over year
Automotive Systems	Revenues	1,001.1	1,000.0	100%
	Adjusted operating income	61.9	60.0	(1.9)
	EBIT	53.9	59.0	+5.0
Smart Life & Ecofriendly Systems	Revenues	681.0	610.0	90%
	Adjusted operating income	23.8	16.0	(7.8)
	EBIT	41.9	19.0	(22.9)
Others*2	Revenues	1,252.7	645.0	51%
	Adjusted operating income	52.5	11.0	(41.5)
	EBIT	40.6	9.0	(31.6)
Financial Services	Revenues	365.3	130.0	36%
	Adjusted operating income	45.2	15.0	(30.2)
	EBIT	46.6	16.0	(30.6)
Corporate items & Eliminations	Revenues	(1,158.4)	(1,165.0)	-
	Adjusted operating income	13.0	(36.0)	(49.0)
	EBIT	(34.2)	(57.0)	(22.7)
Total	Revenues	10,034.3	9,000.0	90%
	Adjusted operating income	634.8	540.0	(94.8)
	EBIT	531.0	450.0	(81.0)

\*1 Figures for FY2016(forecast) reflect the conversion of Hitachi Transport System, Ltd. and Hitachi Capital Corporation into equity-method affiliates, respectively in the "Others" and the "Financial Services".

\*2 From FY2016, the "Others (Logistics and Other Services)" has been renamed to the "Others".

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### **3. Results of the 2015 Mid-Term Management Plan**



### 3-1. Results of the 2015 Mid-Term Management Plan (1)

Billions of yen

	FY2012 (US GAAP)	FY2015 (IFRS)	FY2012 – FY2015 comparison	FY2015 Initial Target* (US GAAP)	FY2016 Forecast (IFRS)
Revenues	9,041.0	10,034.3	+993.2	10,000.0	9,000.0
Adjusted Operating Income Ratio [Adjusted operating Income]	4.7% [422.0]	6.3% [634.8]	+1.6% [+212.8]	Over 7%	6.0% [540.0]
EBIT Ratio [EBIT]	4.0% [358.0]	5.3% [531.0]	+1.3% [+172.9]	Over 7%	5.0% [450.0]
Net income attributable to Hitachi, Ltd. stockholders	175.3	172.1	(3.1)	Over 350.0	200.0
Total Hitachi, Ltd. stockholders' equity ratio (Manufacturing, Services and Others)	23.2%	25.6%	+2.4%	Over 30%	-
Cash flows from operating activities (Manufacturing, Services and Others)	503.4	843.1	+339.6	-	-
Free cash flows (Manufacturing, Services and Others)	25.0	324.4	+299.3	-	-

\* Announced on May 16, 2013

### 1. Achievements

#### (1) Improved Profitability

- Adjusted Operating Income Ratio : FY2012 4.7% ⇒ FY2015 6.3%

#### (2) Strengthened Cash Generating Capability

- Operating cash flows margin\* : FY2012 5.7% ⇒ FY2015 8.6%
- Improved Cash Conversion Cycle\* :  
81.8 days (as of 31 March, 2015) ⇒ 71.6 days (as of 31 March, 2016)

#### (3) Implemented of Growth Strategies

- Ratio of overseas revenues : FY2012 41% ⇒ FY2015 48%
- Ratio of service revenues : FY2012 30% ⇒ FY2015 38%

#### (4) Executed the reform of business portfolio

- Reorganization : Established JVs in the thermal power generation systems business and the air-conditioning systems business and relisted Hitachi Maxell, Ltd.
- M&A : Acquired Pentaho Corporation, Ansaldo STS S.p.A., AnsaldoBreda S.p.A., Waupaca Foundry Holdings, Inc., etc

### 2. Challenges

(1) Speedy response to changes in market environment and thorough project management

(2) Accelerating Business Portfolio Reform

### 3. Initiatives for the Next Stage of Growth - Focusing on Cash Generation and Profit

#### (1) Continuing Business Restructuring

- FY2015 Structural Reform Expenses : 90.0 billion yen  
Benefit : 20.0 billion yen
- FY2016 Continuing Business Restructuring  
Structural Reform Expenses : 80.0 billion yen  
Benefit : 55.0 billion yen

#### (2) Accelerating Business Portfolio Reform

- Full consolidation → Equity-method affiliates:  
Hitachi Transport System, Ltd. and Hitachi Capital Corporation

#### (3) Expanding the Social Innovation Business ( IT × OT\* )

\* Operational Technology

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## Supplementary Information

# Consolidated Overseas Revenues by Business Segment

Billions of yen

	FY2014	FY2015	Year over year	FY2016 (Forecast)	Year over year
Information & Telecommunication Systems	671.0	703.5	105%		
Social Infrastructure & Industrial Systems*	697.3	872.5	125%		
Electronic Systems & Equipment	638.2	642.3	101%		
Construction Machinery	594.0	525.5	88%		
High Functional Materials & Components	758.8	885.2	117%		
Automotive Systems	486.1	575.9	118%		
Smart Life & Ecofriendly Systems	312.7	231.1	74%		
Others (Logistics and Other services)	377.1	350.0	93%		
Financial Services	135.1	139.6	103%		
Corporate items & Eliminations	(116.1)	(123.1)	-		
<b>Total</b>	<b>4,554.5</b>	<b>4,802.7</b>	<b>105%</b>	<b>4,500.0</b>	<b>94%</b>

\* Effective on April 1, 2015, the "Power Systems" became part of the "Social Infrastructure & Industrial Systems."  
Figures for each segment, including figures for the previous fiscal year, reflect the changed segmentation.

# Consolidated Capital Expenditure by Business Segment in Manufacturing, Services and Others and Financial Services\*1 (Completion basis)

Billions of yen

	FY2014	FY2015	Year over year	FY2016 (Forecast)	Year over year
Information & Telecommunication Systems	43.9	49.4	113%		
Social Infrastructure & Industrial Systems*2	60.1	61.2	102%		
Electronic Systems & Equipment	20.4	20.0	98%		
Construction Machinery	17.8	23.7	133%		
High Functional Materials & Components	74.8	85.8	115%		
Automotive Systems	77.4	72.5	94%		
Smart Life & Ecofriendly Systems	18.0	17.0	94%		
Others (Logistics and Other services)	49.2	56.3	114%		
Corporate items	4.1	8.6	206%		
Manufacturing, Services and Others	366.1	394.8	108%	380.0	96%
Financial Services	65.0	133.6	205%	45.0	34%
<b>Total</b>	<b>431.2</b>	<b>528.5</b>	<b>123%</b>	<b>425.0</b>	<b>80%</b>

\*1 From FY2015, capital expenditures including figures for the previous fiscal year are stated exclusive of investment in lease assets classified as a finance lease, which was previously included in capital expenditures. The amount of investment in lease assets classified as a finance lease in each period was 439.2 billion yen for FY2014, 447.0 billion yen for FY2015 and is forecasted 165.0 billion yen for FY2016. The total amount of investment in lease assets classified as a finance lease and capital expenditures excludes inter-segment transactions, was 850.9 billion yen for FY2014, 952.9 billion yen for FY2015 and is forecasted 570.0 billion yen for FY2016.

\*2 Effective on April 1, 2015, the "Power Systems" became part of the "Social Infrastructure & Industrial Systems." Figures for each segment, including figures for the previous fiscal year, reflect the changed segmentation.

# Consolidated Depreciation by Business Segment in Manufacturing, Services and Others and Financial Services

Billions of yen

	FY2014	FY2015	Year over year	FY2016 (Forecast)	Year over year
Information & Telecommunication Systems	40.0	49.3	123%		
Social Infrastructure & Industrial Systems*	32.5	31.6	97%		
Electronic Systems & Equipment	15.6	15.8	101%		
Construction Machinery	31.9	35.1	110%		
High Functional Materials & Components	62.3	64.5	104%		
Automotive Systems	35.2	38.7	110%		
Smart Life & Ecofriendly Systems	18.9	15.4	82%		
Others (Logistics and Other services)	34.2	35.5	104%		
Corporate items	3.5	3.0	86%		
Manufacturing, Services and Others	274.5	289.3	105%	300.0	104%
Financial Services	76.1	77.2	101%	30.0	39%
<b>Total</b>	<b>350.7</b>	<b>366.5</b>	<b>104%</b>	<b>330.0</b>	<b>90%</b>

\* Effective on April 1, 2015, the "Power Systems" became part of the "Social Infrastructure & Industrial Systems."  
Figures for each segment, including figures for the previous fiscal year, reflect the changed segmentation.

# Consolidated R&D Expenditure by Business Segment

Billions of yen

	FY2014	FY2015	Year over year	FY2016 (Forecast)	Year over year
Information & Telecommunication Systems	69.0	59.6	86%		
Social Infrastructure & Industrial Systems*	43.5	47.4	109%		
Electronic Systems & Equipment	49.6	49.3	99%		
Construction Machinery	17.8	18.8	106%		
High Functional Materials & Components	46.3	46.9	101%		
Automotive Systems	61.0	69.9	115%		
Smart Life & Ecofriendly Systems	11.2	9.4	84%		
Others (Logistics and Other services)	8.0	6.3	79%		
Corporate items	27.8	25.6	92%		
Manufacturing, Services and Others	334.5	333.6	100%		
Financial Services	0.3	0.1	35%		
<b>Total</b>	<b>334.8</b>	<b>333.7</b>	<b>100%</b>	<b>350.0</b>	<b>105%</b>
Percentage of revenues (%)	3.4	3.3	-	3.9	-

\* Effective on April 1, 2015, the "Power Systems" became part of the "Social Infrastructure & Industrial Systems." Figures for each segment, including figures for the previous fiscal year, reflect the changed segmentation.



## ■ Revenues, Adjusted operating income and EBIT\*1

Billions of yen

	FY2014	FY2015	Year over year	Previous forecast*2 comparison
Revenues	2,034.0	2,109.3	104%	101%
System Solutions*3	1,240.5	1,287.9	104%	101%
Platform*4	1,019.0	1,019.4	100%	98%
Eliminations & Others*5	(225.5)	(198.1)	-	-
Adjusted Operating Income	135.1	141.3	+6.1	+4.3
System Solutions	77.7	101.5	+23.8	+6.1
Platform	57.6	39.6	(18.0)	(5.9)
Eliminations & Others	(0.2)	0.0	-	-
EBIT	106.0	109.1	+3.0	(3.8)
System Solutions	58.1	95.1	+37.0	+3.0
Platform	47.7	34.2	(13.4)	(2.2)
Eliminations & Others	0.1	(20.3)	-	-

## ■ Storage Solutions

Billions of yen

	FY2014	FY2015	Year over year	Previous forecast*2 comparison
Revenues	485.0	510.0	105%	100%

\*1 Figures for each subsegment include intersegment transactions.

\*2 Announced on February 3, 2016

\*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 Figures for intersegment transactions, etc.

## ■ Revenues, Adjusted operating income and EBIT\*2

Billions of yen

	FY2015	FY2016	
		Forecast	Year over year
Revenues	2,109.3	2,040.0	97%
Front Business*3	1,429.8	1,420.0	99%
IT Platform & Products*4	786.5	750.0	95%
Eliminations & Others*5	(107.0)	(130.0)	-
Adjusted operating income	141.3	143.0	+1.6
Front Business	120.5	120.0	(0.5)
IT Platform & Products	19.9	27.0	+7.0
Eliminations & Others	0.8	(4.0)	-
EBIT	109.1	84.0	(25.1)
Front Business	114.1	117.0	+2.8
IT Platform & Products	10.7	(16.0)	(26.7)
Eliminations & Others	(15.7)	(17.0)	-

\*1 From FY2016, "System Solutions" and "Platform" were renamed to "Front Business" and "IT Platform & Products".

\*2 Figures for each subsegment include intersegment transactions.

\*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 Figures for intersegment transactions, etc.

## ■ Average Foreign Exchange Rate\*1

	FY2014	FY2015	FY2016 (Forecast)
U.S. dollar	110	120	110
Euro	139	133	120

Yen

## ■ Foreign Exchange Sensitivity\*2,3

	Revenues	Adjusted operating income
U.S. dollar	21.0	3.0
Euro	5.0	1.0

Billions of yen

## ■ Number of employees and consolidated subsidiaries

	As of March 31, 2015	As of March 31, 2016
Number of employees	336,670	335,244
Japan	193,638	187,936
Overseas	143,032	147,308
Number of consolidated subsidiaries*4	1,008	1,056
Japan	275	262
Overseas	733	794

## ■ Overseas Production\*3

	FY2014	FY2015	Year over year
Overseas Production (billions of yen)	2,398.3	2,652.2	111%
Percentage of revenues	25%	26%	-
Percentage of overseas revenues	53%	55%	-

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

\*2 Impact of exchange rate fluctuation (FY2016 impact by one yen depreciation from FY2016 forecasted rate)

\*3 Figures here represent information voluntarily prepared by the Company.

\*4 Consolidated trust accounts are not included into the figures of consolidated subsidiaries.

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, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- 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, particularly against the U.S. dollar and the euro;
- 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;
- 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 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 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;
- 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;
- 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;
- uncertainty as to the success of cost reduction measures;
- 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 alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- 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 potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- 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;
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its significant employee benefit-related costs; and
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel.

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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