



Outline of Consolidated Financial Results for the First Quarter Ended June 30, 2018

July 27, 2018

Hitachi, Ltd.

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for the First Quarter Ended June 30, 2018**
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1. Outline of Consolidated Financial Results for the First Quarter Ended June 30, 2018

1-1. Highlights of the First Quarter FY2018 Financial Results

Revenues	2,165.8 billion yen	up 4% / 77.2 billion yen YoY <ul style="list-style-type: none"> ● Increased in Social Infrastructure & Industrial Systems, High Functional Materials & Components, Construction Machinery, Information & Telecommunication Systems segments, etc.
Adjusted operating income*1	148.1 billion yen	up 12% / 16.3 billion yen YoY <ul style="list-style-type: none"> ● posted record-high for Q1(Apr. - Jun.)*3 ● Increased in Construction Machinery, Social Infrastructure & Industrial Systems, Information & Telecommunication Systems segments, etc.
EBIT*2	180.4 billion yen	up 26% / 37.1 billion yen YoY <ul style="list-style-type: none"> ● posted record-high for Q1(Apr. - Jun.)*3 ● Increased mainly due to gains by selling Hitachi Kokusai Electric Inc. stock
Net income attributable to Hitachi, Ltd. stockholders	105.2 billion yen	up 40% / 30.1 billion yen YoY <ul style="list-style-type: none"> ● posted record-high for Q1(Apr. - Jun.)*3
Free cash flows	30.4 billion yen	up 8.1 billion yen YoY

*1 "Adjusted Operating Income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

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

*3 Since FY2001 ended March 31, 2002 when Hitachi introduced quarterly announcement of financial results.

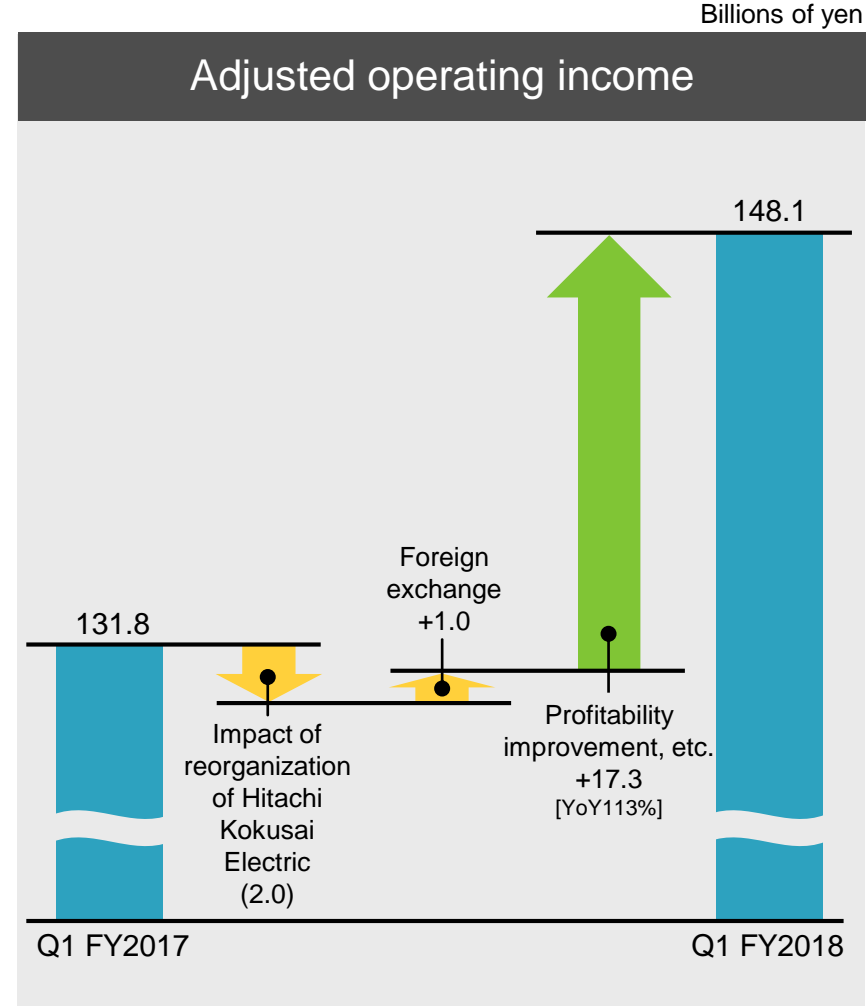
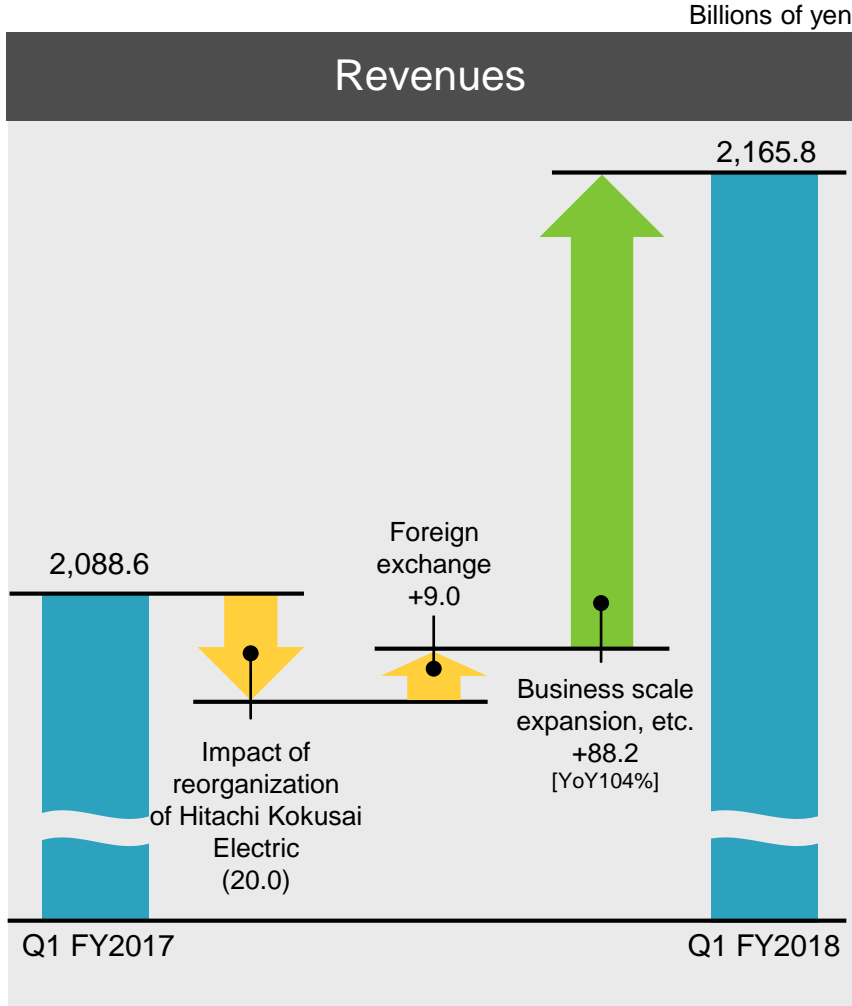
1-2. Consolidated Statement of Profit or Loss

Billions of yen

	Q1 FY2017	Q1 FY2018	Year over year
Revenues	2,088.6	2,165.8	+77.2 [104%]
<i>Adjusted operating income ratio</i>	6.3%	6.8%	+0.5%
Adjusted operating income	131.8	148.1	+16.3
<i>EBIT ratio</i>	6.9%	8.3%	+1.4%
EBIT	143.2	180.4	+37.1
Income from continuing operations, before income taxes	141.5	180.4	+38.9
Income taxes	(35.1)	(48.9)	(13.7)
Income from continuing operations	106.3	131.5	+25.1
Income (loss) from discontinued operations*	(0.0)	5.8	+5.9
Net income	106.2	137.4	+31.1
Net income attributable to Hitachi, Ltd. stockholders	75.0	105.2	+30.1

* 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.

1-3. Factors Affecting Changes in Revenues and Adjusted Operating Income (Year over Year)



■ Business scale expansion, etc.

- Hitachi Construction Machinery, Industrial Equipment business, Hitachi Chemical, Hitachi Metals, and Railway systems business, etc.

■ Profitability improvement, etc.

- Business scale expansion and cost reduction, etc.

1-4. Revenues by Market

Billions of yen

	Q1 FY2017		Q1 FY2018		Year over year
		Ratio		Ratio	
Japan	976.0	47%	981.4	45%	101%
Outside Japan	1,112.6	53%	1,184.4	55%	106%
Asia	490.8	23%	520.3	24%	106%
China	248.9	12%	261.3	12%	105%
ASEAN, India, other areas	241.9	11%	258.9	12%	107%
North America	287.1	14%	299.6	14%	104%
Europe	218.0	10%	248.1	12%	114%
Other Areas	116.5	6%	116.4	5%	100%
Total	2,088.6	100%	2,165.8	100%	104%

1-5. Summary of Consolidated Financial Position and Summary of Consolidated Statements of Cash Flows

■ Summary of Consolidated Financial Position

Billions of yen

	As of March 31, 2018	As of June 30, 2018	Change from March 31, 2018
Total assets	10,106.6	9,934.5	(172.0)
Trade receivables and contract assets	2,501.4	2,142.7	(358.6)
Total liabilities	5,594.9	5,395.2	(199.7)
Interest-bearing debt	1,050.2	1,208.5	+158.2
Total Hitachi, Ltd. stockholders' equity	3,278.0	3,357.2	+79.1
Non-controlling interests	1,233.6	1,182.1	(51.4)
Cash Conversion Cycle	69.7 days	60.4 days	9.3 days decrease
Total Hitachi, Ltd. stockholders' equity ratio	32.4%	33.8%	1.4 points increase
D/E ratio (Including non-controlling interests)	0.23 times	0.27 times	0.04 points increase

■ Summary of Consolidated Statements of Cash Flows

Billions of yen

	Q1 FY2017	Q1 FY2018	Year over year
Cash flows from operating activities	126.9	134.3	+7.4
Cash flows from investing activities	(104.6)	(103.9)	+0.6
Free cash flows	22.3	30.4	+8.1

1-6. Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		Q1 FY2017*		Q1 FY2018*		Year over year		Dynamics
Information & Telecommunication Systems	Revenues		434.7		440.5		101%	(+) Expansion of system integration business in Japan (-) Stock transfer of ALAXALA Networks
	Adjusted operating income	6.3%	27.1	7.9%	34.5	+1.6%	+7.4	(+) Profitability improvement in system integration business in Japan (+) Profitability improvement in IT Platform & Products
	EBIT	6.0%	25.9	6.5%	28.6	+0.5%	+2.7	(+) Increase in adjusted operating income (-) Posting of exchange loss
Social Infrastructure & Industrial Systems	Revenues		478.7		518.3		108%	(+) Increase in revenues of railway systems business for Europe (+) Increase in revenues of industrial products business due to the acquisition of Sullair
	Adjusted operating income	2.8%	13.3	4.0%	20.9	+1.2%	+7.5	(+) Profitability improvement in power and energy business (+) Profitability improvement in industry & distribution field (-) Decrease in sales price in elevators and escalators business in China
	EBIT	3.5%	16.5	2.0%	10.1	(1.5%)	(6.4)	(-) Impact of foreign exchange fluctuations etc.

* Italic figures indicate adjusted operating income ratio or EBIT ratio.

1-7. Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		Q1 FY2017*		Q1 FY2018*		Year over year		Dynamics
Electronic Systems & Equipment	Revenues		245.1		239.9		98%	(+) Sales increase of clinical analyzers at Hitachi High-Technologies (+) Sales increase of diagnostic imaging equipments in healthcare business (-) Deconsolidation of Hitachi Kokusai Electric
	Adjusted operating income	7.9%	19.4	8.0%	19.1	+0.1%	(0.2)	(+) Increase in revenues at Hitachi High-Technologies, in healthcare business (-) Deconsolidation of Hitachi Kokusai Electric
	EBIT	7.8%	18.9	7.8%	18.6	±0.0%	(0.3)	(+) Increase in adjusted operating income at Hitachi High-Technologies, in healthcare business (-) Deconsolidation of Hitachi Kokusai Electric
Construction Machinery	Revenues		211.4		240.2		114%	(+) Sales increase mainly in Asia-Pacific, North America, and China
	Adjusted operating income	7.8%	16.5	11.4%	27.3	+3.6%	+10.7	(+) Increase in revenues
	EBIT	8.4%	17.8	10.5%	25.3	+2.1%	+7.4	(+) Increase in adjusted operating income (-) Posting of exchange loss (-) Posting of structural reform expenses

* Italic figures indicate adjusted operating income ratio or EBIT ratio.

1-8. Revenues, Adjusted Operating Income and EBIT by Business Segment (3)

Billions of yen

		Q1 FY2017*		Q1 FY2018*		Year over year		Dynamics	
High Functional Materials & Components	Revenues		393.3		427.9		109%	(+) Impact of M&As; - Thai Storage Battery by Hitachi Chemical - Santoku, rare earths metal manufacturer, by Hitachi Metals (+) Increase of sales price linked to higher raw material costs at Hitachi Metals	
	Adjusted operating income	8.0%	31.3	6.5%	27.6	(1.5%)	(3.6)	(-) Change in product mix at Hitachi Chemical (-) Effects of changes in raw material costs at Hitachi Metals	
	EBIT	8.7%	34.0	7.8%	33.4	(0.9%)	(0.5)	(+) Gains on business reorganization at Hitachi Metals (-) Decrease in adjusted operating income	
Automotive Systems	Revenues		244.1		238.5		98%	(-) Sales decrease in North America and Japan (-) Sales decrease of car information systems	
	Adjusted operating income	4.3%	10.4	2.2%	5.3	(2.1%)	(5.1)	(-) Decrease in revenues (-) Profitability deterioration in North America (-) Increase of development investment	
	EBIT	4.0%	9.8	1.9%	4.4	(2.1%)	(5.3)	(-) Decrease in adjusted operating income	

* Italic figures indicate adjusted operating income ratio or EBIT ratio.

1-9. Revenues, Adjusted Operating Income and EBIT by Business Segment (4)

Billions of yen

		Q1 FY2017*		Q1 FY2018*		Year over year		Dynamics
Smart Life & Ecofriendly Systems	Revenues		131.1		114.3		87%	(-) Change of accounting to net basis revenue for a part of procured products in Japan (-) Sales decrease of home appliances in Asia
	Adjusted operating income	<i>1.6%</i>	2.1	<i>2.3%</i>	2.6	<i>+0.7%</i>	<i>+0.5</i>	(+) Effect of structural reform
	EBIT	<i>5.7%</i>	7.4	<i>6.7%</i>	7.6	<i>+1.0%</i>	<i>+0.2</i>	(+) Increase in adjusted operating income
Others	Revenues		132.8		124.4		94%	
	Adjusted operating income	<i>3.1%</i>	4.1	<i>4.0%</i>	4.9	<i>+0.9%</i>	<i>+0.8</i>	
	EBIT	<i>2.1%</i>	2.8	<i>5.3%</i>	6.5	<i>+3.2%</i>	<i>+3.7</i>	
Corporate items & Eliminations	Revenues		(183.0)		(178.4)		-	
	Adjusted operating income		7.2		5.4		(1.8)	
	EBIT		9.8		45.4		+35.5	(+) Increase due to gains by selling Hitachi Kokusai Electric stock
Total	Revenues		2,088.6		2,165.8		104%	
	Adjusted operating income	<i>6.3%</i>	131.8	<i>6.8%</i>	148.1	<i>+0.5%</i>	<i>+16.3</i>	
	EBIT	<i>6.9%</i>	143.2	<i>8.3%</i>	180.4	<i>+1.4%</i>	<i>+37.1</i>	

* Italic figures indicate adjusted operating income ratio or EBIT ratio.

■ Progress of Lumada Business

Billions of yen

	FY2017		FY2018			
	Q1	Total	Q1		Total (Forecast)	
				Year over year		Year over year
Revenues of Lumada business	204.0	1,006.0	223.0	109%	1,070.0	106%
1) Lumada core business	38.0	230.0	56.0	147%	310.0	135%
2) Lumada SI business	166.0	776.0	167.0	101%	760.0	98%

1) Lumada core business: Service business that converts customers data into valuable insight through AI and analytics, and improves management indicators or offers problem solutions

2) Lumada SI business: SI business which is deployed within the IoT area (industry / manufacturing and social infrastructure area) that is led by the Lumada core business

- Expansion of Lumada solution core in industrial business field:
 - ✓ Commencement of collaborative creation with AMADA, a company manufacturing sheet metal processing machines, for optimizing value chain:
 - Utilization of “high-efficiency production model”, established at Omika works in 2016, and having been provided as Lumada solution core since 2017
 - ✓ Development of solution core “maintenance & repairing service”:
 - Development of service platform, utilizing AI to automatically propose optimal repairs for industrial machinery
 - Conduction of demonstrative testing at U.S. subsidiary Sullair, aiming to develop as solution core
- Strengthening IoT communication platform for creation of new value such as remote monitoring:
 - ✓ Connecting KDDI’s Global Communication Platform and Lumada:
 - Trial implementation of KDDI’s Global Communication Platform to industrial ink jet printers manufactured by Hitachi Industrial Equipment Systems

■ Global business expansion

- Hitachi Vantara announced the acquisition of REAN Cloud, a U.S. company, for strengthening cloud service business (acquisition scheduled to be completed by Dec. 2018)
- In June, Hitachi Solutions Europe acquired implexis GmbH, a German company, for expanding IT solution business in Europe (acquisition completed on July 2)

■ Progress of important projects

- Deconsolidation of Hitachi Kokusai Electric (sale of its shares, reinvestment in video and communication solutions business)
- Continual discussion on Horizon Project with the UK government toward the final investment decision (Announced on June 5)

2. Outlook for Fiscal 2018

2-1. Outlook for FY2018

- Projections for Q2-Q4 (Jul.-Mar.) FY2018 assume an exchange rate of 105 yen to the U.S. dollar and 130 yen to the euro.

Billions of yen

	FY2017	FY2018		
		Forecast	Year over year	Previous forecast*1 comparison
Revenues	9,368.6	9,400.0	+31.3 [100%]	±0.0 [100%]
<i>Adjusted operating income ratio</i>	7.6%	8.0%	+0.4%	±0.0%
Adjusted operating income	714.6	750.0	+35.3	±0.0
<i>EBIT ratio</i>	6.9%	8.0%	+1.1%	±0.0%
EBIT	644.2	750.0	+105.7	±0.0
Income from continuing operations, before income taxes	638.6	735.0	+96.3	±0.0
Income taxes	(131.7)	(195.0)	(63.2)	±0.0
Income from continuing operations	506.9	540.0	+33.0	±0.0
Loss from discontinued operations	(16.0)	(10.0)	+6.0	±0.0
Net income	490.9	530.0	+39.0	±0.0
Net income attributable to Hitachi, Ltd. stockholders	362.9	400.0	+37.0	±0.0
Earnings per share	75.19 yen	82.85 yen	+7.66 yen	±0.00 yen
Earnings per share (after share consolidation)*2	375.93 yen	414.23 yen	+38.30 yen	(0.04 yen)

*1 Announced on April 27, 2018

*2 Hitachi plans to consolidate every five shares into one share for its common stock on October 1, 2018. FY2018 forecast takes into account changes in the number of Treasury stock, at cost for the three months ended at June 30, 2018.

2-2. Outlook for FY2018: Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		FY2017*1		FY2018					
				Forecast*1		Year over year		Previous forecast*2 comparison	
Information & Telecommunication Systems	Revenues		2,008.9		2,000.0		100%		100%
	Adjusted operating income	9.4%	189.2	9.7%	194.0	+0.3%	+4.7	±0.0%	±0.0
	EBIT	6.9%	139.2	9.5%	190.0	+2.6%	+50.7	±0.0%	±0.0
Social Infrastructure & Industrial Systems	Revenues		2,375.0		2,460.0		104%		100%
	Adjusted operating income	4.9%	115.5	6.7%	165.0	+1.8%	+49.4	±0.0%	±0.0
	EBIT	4.3%	101.2	5.5%	136.0	+1.2%	+34.7	±0.0%	±0.0
Electronic Systems & Equipment	Revenues		1,086.5		1,000.0		92%		100%
	Adjusted operating income	8.0%	86.9	7.2%	72.0	(0.8%)	(14.9)	±0.0%	±0.0
	EBIT	8.2%	88.8	6.9%	69.0	(1.3%)	(19.8)	±0.0%	±0.0
Construction Machinery	Revenues		959.1		980.0		102%		100%
	Adjusted operating income	9.6%	92.5	10.5%	103.0	+0.9%	+10.4	±0.0%	±0.0
	EBIT	10.1%	97.0	10.3%	101.0	+0.2%	+3.9	±0.0%	±0.0
High Functional Materials & Components	Revenues		1,657.5		1,730.0		104%		100%
	Adjusted operating income	7.4%	121.8	8.0%	138.0	+0.6%	+16.1	±0.0%	±0.0
	EBIT	6.0%	98.6	7.5%	130.0	+1.5%	+31.3	±0.0%	±0.0

*1 Italic figures indicate adjusted operating income ratio or EBIT ratio.

*2 Announced on April 27, 2018

2-3. Outlook for FY2018: Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		FY2017*1		FY2018					
				Forecast*1		Year over year		Previous forecast*2 comparison	
Automotive Systems	Revenues		1,001.0		990.0		99%		100%
	Adjusted operating income	<i>5.0%</i>	49.5	<i>6.1%</i>	60.0	<i>+1.1%</i>	+10.4	<i>±0.0%</i>	±0.0
	EBIT	<i>4.2%</i>	42.4	<i>5.1%</i>	50.0	<i>+0.9%</i>	+7.5	<i>±0.0%</i>	±0.0
Smart Life & Ecofriendly Systems	Revenues		540.1		510.0		94%		100%
	Adjusted operating income	<i>4.6%</i>	25.1	<i>5.1%</i>	26.0	<i>+0.5%</i>	+0.8	<i>±0.0%</i>	±0.0
	EBIT	<i>6.2%</i>	33.3	<i>6.3%</i>	32.0	<i>+0.1%</i>	(1.3)	<i>±0.0%</i>	±0.0
Others	Revenues		557.7		540.0		97%		100%
	Adjusted operating income	<i>3.8%</i>	21.4	<i>3.0%</i>	16.0	<i>(0.8%)</i>	(5.4)	<i>±0.0%</i>	±0.0
	EBIT	<i>3.9%</i>	21.8	<i>2.8%</i>	15.0	<i>(1.1%)</i>	(6.8)	<i>±0.0%</i>	±0.0
Corporate items & Eliminations	Revenues		(817.5)		(810.0)		-		-
	Adjusted operating income		12.3		(24.0)		(36.3)		±0.0
	EBIT		21.4		27.0		+5.5		±0.0
Total	Revenues		9,368.6		9,400.0		100%		100%
	Adjusted operating income	<i>7.6%</i>	714.6	<i>8.0%</i>	750.0	<i>+0.4%</i>	+35.3	<i>±0.0%</i>	±0.0
	EBIT	<i>6.9%</i>	644.2	<i>8.0%</i>	750.0	<i>+1.1%</i>	+105.7	<i>±0.0%</i>	±0.0

*1 Italic figures indicate adjusted operating income ratio or EBIT ratio.

*2 Announced on April 27, 2018

3. Supplemental Information

Consolidated Overseas Revenues by Business Segment

Billions of yen

	Q1 FY2017	Q1 FY2018		FY2018	
			Year over year	Forecast	Year over year
Information & Telecommunication Systems	148.8	134.2	90%		
Social Infrastructure & Industrial Systems	223.6	268.4	120%		
Electronic Systems & Equipment	156.8	151.8	97%		
Construction Machinery	171.0	200.7	117%		
High Functional Materials & Components	234.0	255.5	109%		
Automotive Systems	145.5	142.2	98%		
Smart Life & Ecofriendly Systems	26.0	23.4	90%		
Others	32.3	28.4	88%		
Corporate items & Eliminations	(25.8)	(20.5)	-		
Total	1,112.6	1,184.4	106%	4,800.0	102%

Consolidated Capital Expenditure by Business Segment (Completion basis)

Billions of yen

	Q1 FY2017	Q1 FY2018		FY2018	
			Year over year	Forecast	Year over year
Information & Telecommunication Systems	7.7	11.2	145%		
Social Infrastructure & Industrial Systems	13.1	16.6	127%		
Electronic Systems & Equipment	4.2	4.5	108%		
Construction Machinery	2.6	4.7	182%		
High Functional Materials & Components	23.9	33.6	141%		
Automotive Systems	10.9	17.1	156%		
Smart Life & Ecofriendly Systems	2.0	2.9	148%		
Others	2.3	2.3	100%		
Corporate items	0.2	0.3	111%		
Total	67.2	93.6	139%	420.0	112%

Consolidated Depreciation by Business Segment

Billions of yen

	Q1 FY2017	Q1 FY2018		FY2018	
			Year over year	Forecast	Year over year
Information & Telecommunication Systems	11.3	11.8	105%		
Social Infrastructure & Industrial Systems	7.1	7.5	105%		
Electronic Systems & Equipment	3.4	2.9	85%		
Construction Machinery	7.8	7.8	100%		
High Functional Materials & Components	17.2	19.1	111%		
Automotive Systems	10.6	11.6	110%		
Smart Life & Ecofriendly Systems	2.1	2.3	110%		
Others	3.7	3.4	92%		
Corporate items	0.9	0.9	102%		
Total	64.5	67.7	105%	300.0	113%

Consolidated R&D Expenditure by Business Segment

Billions of yen

	Q1 FY2017	Q1 FY2018		FY2018	
			Year over year	Forecast	Year over year
Information & Telecommunication Systems	12.1	11.3	94%		
Social Infrastructure & Industrial Systems	11.9	12.6	106%		
Electronic Systems & Equipment	10.5	9.9	94%		
Construction Machinery	4.5	5.5	121%		
High Functional Materials & Components	11.2	12.4	110%		
Automotive Systems	15.8	16.5	105%		
Smart Life & Ecofriendly Systems	1.7	1.8	105%		
Others	0.7	(0.2)	-		
Corporate items	5.3	5.3	100%		
Total	74.2	75.4	102%	350.0	105%
Percentage of revenues (%)	3.6	3.5	-	3.7	-

■ Revenues, Adjusted operating income and EBIT*^{1, 2}

Billions of yen

	FY2017		FY2018				
	Q1	Total	Q1		Total (Forecast)		
				Year over year		Year over year	Previous forecast* ⁵ comparison
Revenues	434.7	2,008.9	440.5	101%	2,000.0	100%	100%
Front Business* ³	300.5	1,417.2	313.0	104%	1,460.0	103%	100%
IT Platform & Products* ⁴	169.9	744.2	163.7	96%	714.0	96%	100%
Adjusted Operating Income	6.3%	9.4%	7.9%	+1.6%	9.7%	+0.3%	±0.0%
	27.1	189.2	34.5	+7.4	194.0	+4.7	±0.0
Front Business	5.7%	10.1%	6.7%	+1.0%	10.5%	+0.4%	±0.0%
	17.1	142.9	20.8	+3.7	154.0	+11.0	±0.0
IT Platform & Products	6.3%	6.5%	7.9%	+1.6%	7.7%	+1.2%	±0.0%
	10.6	48.4	12.8	+2.1	55.0	+6.5	±0.0
EBIT	6.0%	6.9%	6.5%	+0.5%	9.5%	+2.6%	±0.0%
	25.9	139.2	28.6	+2.7	190.0	+50.7	±0.0
Front Business	5.7%	8.3%	6.4%	+0.7%	10.3%	+2.0%	±0.0%
	17.0	116.9	20.1	+3.0	151.0	+34.0	±0.0
IT Platform & Products	6.0%	3.3%	5.2%	(0.8%)	8.4%	+5.1%	±0.0%
	10.2	24.8	8.4	(1.7)	60.0	+35.1	±0.0

*1 Figures for each subsegment include intersegment transactions.

*2 Italic figures indicate adjusted operating income ratio or EBIT ratio.

*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 Announced on April 27, 2018

■ Revenues by Business Units (BU) included in Social Infrastructure & Industrial Systems*¹ Billions of yen

	FY2017		FY2018				
	Q1	Total	Q1		Total (Forecast)	Year over year	Previous forecast* ⁶ comparison
				Year over year			
Social Infrastructure & Industrial Systems	478.7	2,375.0	518.3	108%	2,460.0	104%	100%
Nuclear Energy BU	29.2	187.5	21.9	75%	182.0	97%	100%
Power BU (New classification)* ²	<56.5>	<273.1>	56.2	99%	284.0	104%	100%
Power BU (Old classification)* ²	51.1	249.1	-	-	-	-	-
Energy Solution BU* ^{2, 3}	15.3	71.8	-	-	-	-	-
Industry & Distribution BU* ⁴	66.7	358.1	68.8	103%	356.0	99%	100%
Water BU	9.9	78.7	8.5	86%	76.0	97%	100%
Industrial Products BU* ⁵	68.1	369.3	87.8	129%	395.0	107%	100%
Building Systems BU	139.3	603.0	147.7	106%	580.0	96%	100%
Railway Systems BU	120.3	562.7	136.9	114%	630.0	112%	100%

*1 Figures for each BU include intersegment transactions.

*2 As Energy Solutions BU was abolished, and included in Power BU and Information & Telecommunication Systems Segment from FY2018, figures for Power BU reflected the change. Figures for old classification of Power BU are also shown for reference.

*3 Figures for Energy Solution BU include IT systems business for the power systems and energy fields, which is posted in the Information & Telecommunication Systems Segment.

*4 Figures for Industry & Distribution BU include IT systems business for the industry & distribution fields, which is posted in the Information & Telecommunication Systems Segment.

*5 Figures are the simple sum of Industrial Products BU and Hitachi Industrial Equipment System Co., Ltd.

*6 Announced on April 27, 2018

■ Average Foreign Exchange Rate*1

Yen

	FY2017		FY2018	
	Q1	Full-year	Q1	Q2-Q4 (Forecast)
U.S. dollar	111	111	109	105
Euro	122	130	130	130

■ Foreign Exchange Sensitivity*2,3

Billions of yen

	Revenues	Adjusted operating income
U.S. dollar	15.0	2.5
Euro	4.0	1.0

■ Number of employees and consolidated subsidiaries

	As of March 31, 2018	As of June 30, 2018
Number of employees	307,275	306,788
Japan	168,086	168,625
Overseas	139,189	138,163
Number of consolidated subsidiaries	879	851
Japan	202	191
Overseas	677	660

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

*2 Impact of exchange rate fluctuation (Q2-Q4 FY2018 impact by one yen depreciation from Q2-Q4 FY2018 forecast rate)

*3 Figures here represent information voluntarily prepared by the company.

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,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi’s customers and suppliers;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

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