



Outline of Consolidated Financial Results for Fiscal 2019

[Year Ended March 31, 2020]

May 29, 2020

Yoshihiko Kawamura

Senior Vice President and Executive Officer, CFO

Hitachi, Ltd.

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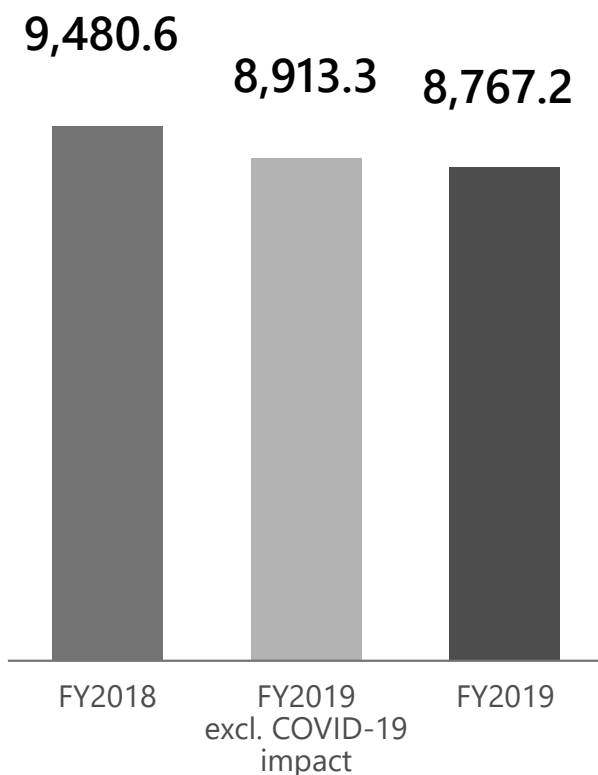


1. FY2019 Results

Revenues

YoY 8% down

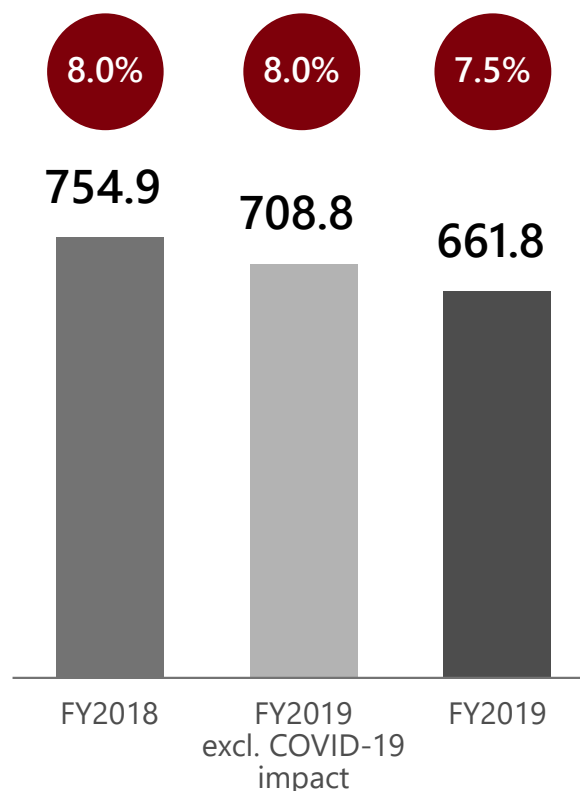
Revenues declined in all segments due to the COVID-19 impact. Revenues decreased in Smart Life segment affected by the divestiture of business, and in Hitachi Construction Machinery and Hitachi Metals, etc.



Adjusted operating income*1

YoY 0.5 points decrease
(Income ratio)

Adjusted operating income increased in IT and Industry segments, and decreased in Energy segment, Hitachi Construction Machinery and Hitachi Metals, etc.



● Adjusted operating income ratio Billions of yen

COVID-19 impact

Revenues (146.1)bn yen
Adjusted operating income (46.9)bn yen
EBIT*2 (51.9)bn yen

Revenues of Lumada business

1.22tn yen (YoY +8%)

EBIT

183.6bn yen (YoY (330.2)bn yen)

Net income attributable to Hitachi, Ltd. stockholders

87.5bn yen (YoY (134.9)bn yen)

EBITDA*3

619.0bn yen (YoY (266.3)bn yen)

Cash flows from operating activities

560.9bn yen (YoY (49.1)bn yen)

ROIC*4

9.4% (YoY +0.9 points)

Year-end Dividend

50 yen/share (YoY +5 yen*5)

FY2019 Results by Five Sectors and Listed Subsidiaries

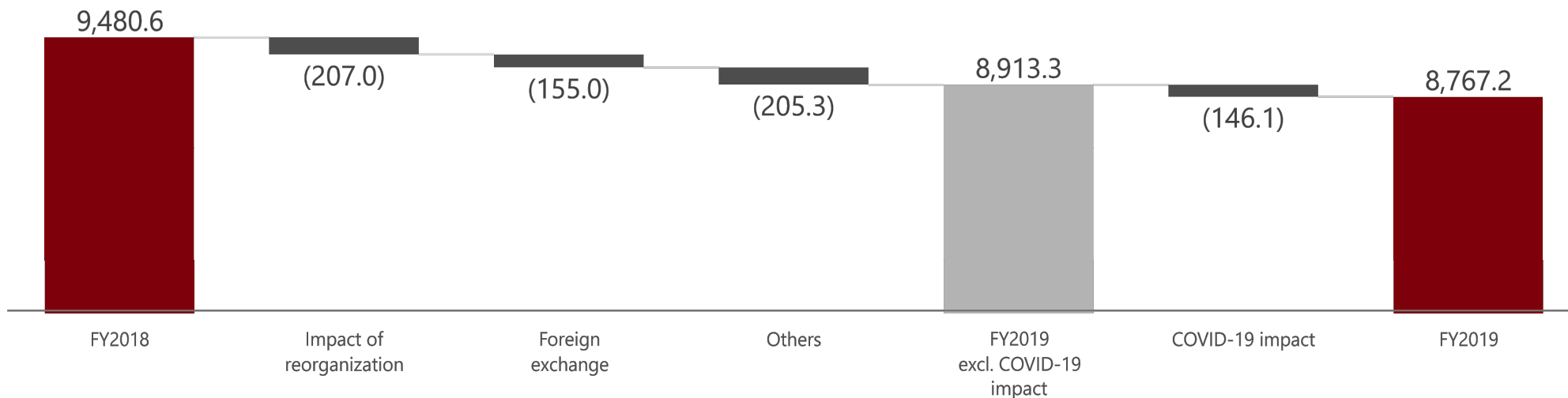
Five sectors , especially IT segment, remained firm despite the revenue decrease due to the COVID-19 impact
IT segment posted record-high performance and the total of the five sectors achieved 8.5% adjusted operating income ratio

Billions of yen	Five sectors* ⁶ [IT, Energy, Industry, Mobility, Smart Life]		Listed subsidiaries* ⁷ [Hitachi High-Tech, Hitachi Construction Machinery, Hitachi Metals, Hitachi Chemical]		Total	
	Excl. COVID-19 impact		Excl. COVID-19 impact		Excl. COVID-19 impact	
Revenues	5,729.3	5,628.4	3,184.0	3,138.8	8,913.3	8,767.2
YoY	96%	94%	91%	90%	94%	92%
Adjusted operating income	510.1	476.3	198.6	185.4	708.8	661.8
YoY	+42.1	+8.3	(88.2)	(101.4)	(46.1)	(93.0)
Adjusted operating income ratio	8.9%	8.5%	6.2%	5.9%	8.0%	7.5%
YoY	+1.1 points	+0.7 points	(2.0 points)	(2.3 points)	±0.0 point	(0.5 points)
EBIT	123.1	85.0	112.3	98.5	235.5	183.6
YoY	(130.9)	(169.0)	(147.3)	(161.1)	(278.3)	(330.2)
EBIT ratio	2.2%	1.5%	3.5%	3.1%	2.6%	2.1%
YoY	(2.0 points)	(2.7 points)	(3.9 points)	(4.3 points)	(2.8 points)	(3.3 points)
Net income attributable to Hitachi, Ltd. stockholders	–	66.0	–	21.5	–	87.5
YoY	–	(62.0)	–	(72.8)	–	(134.9)

Factors Affecting Changes in Revenues and Adjusted Operating Income (Total)

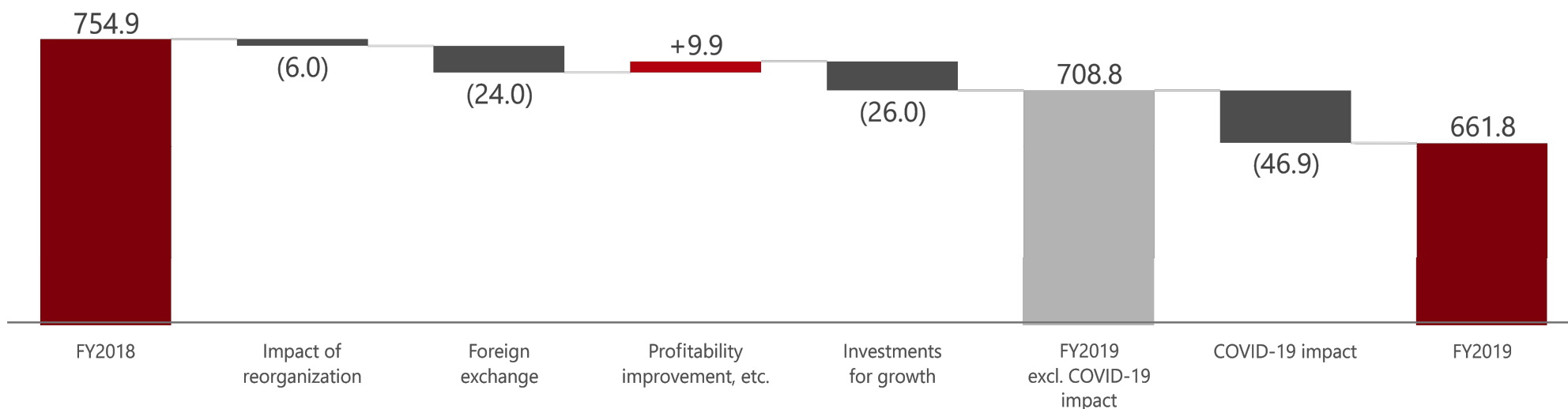
Revenues

Billions of yen



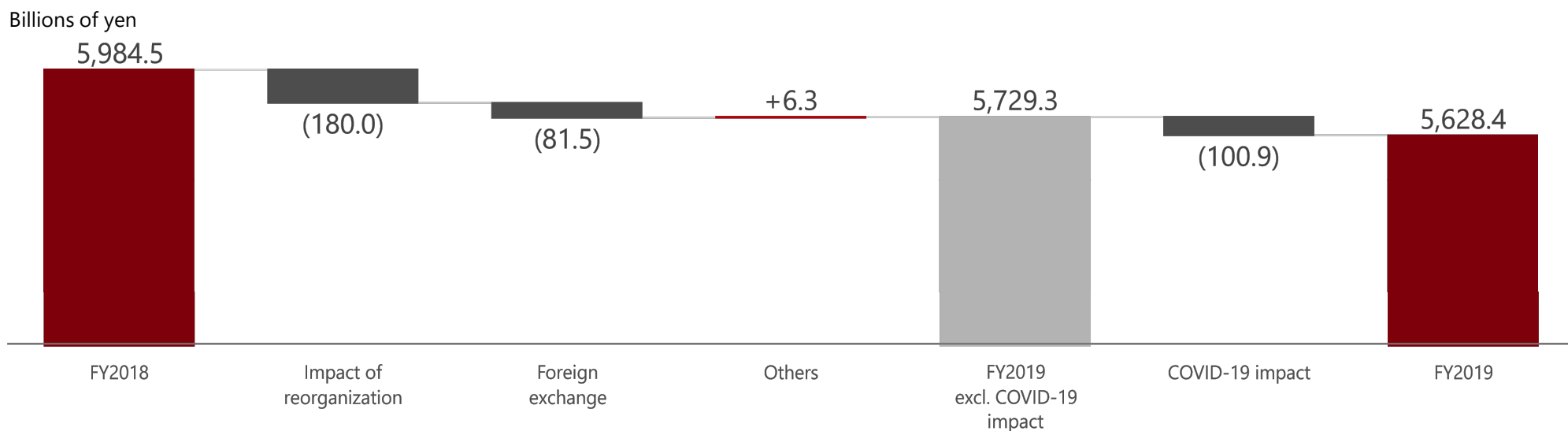
Adjusted operating income

Billions of yen

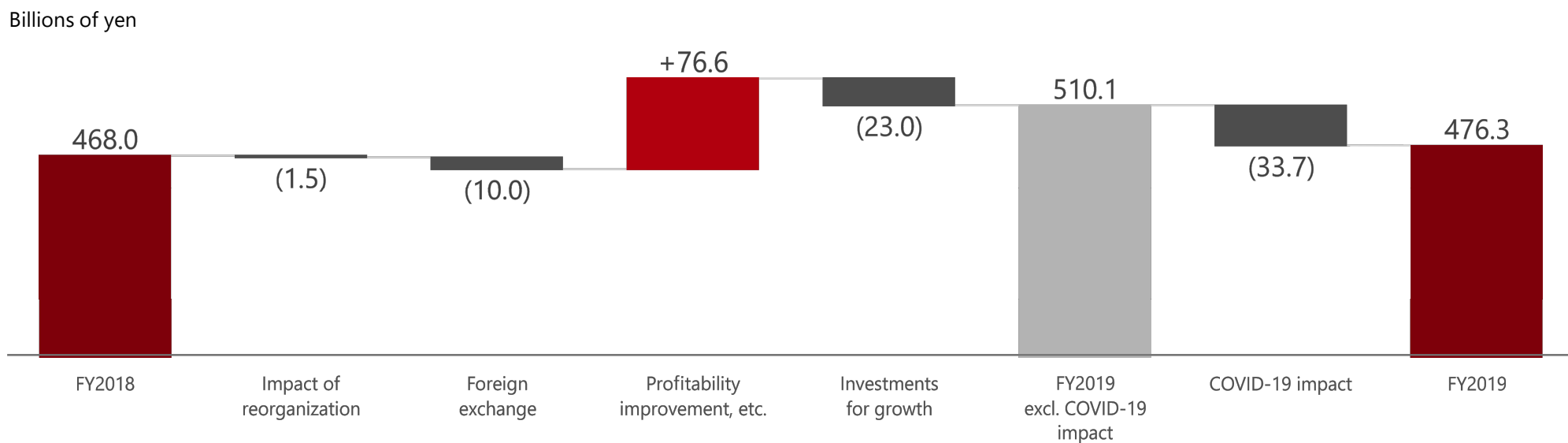


Factors Affecting Changes in Revenues and Adjusted Operating Income (Five Sectors)

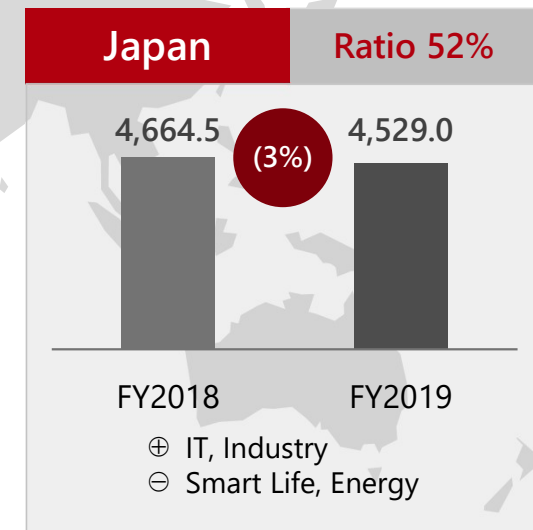
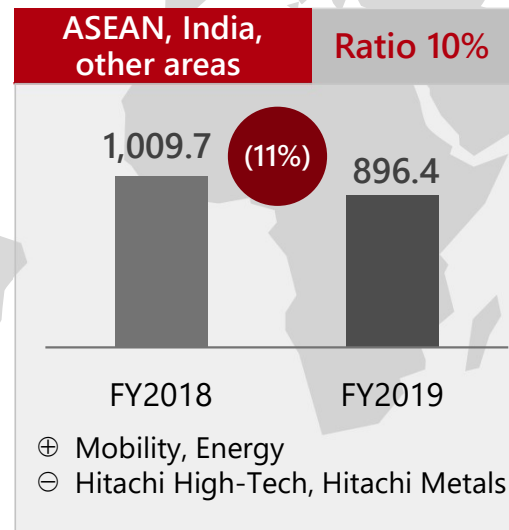
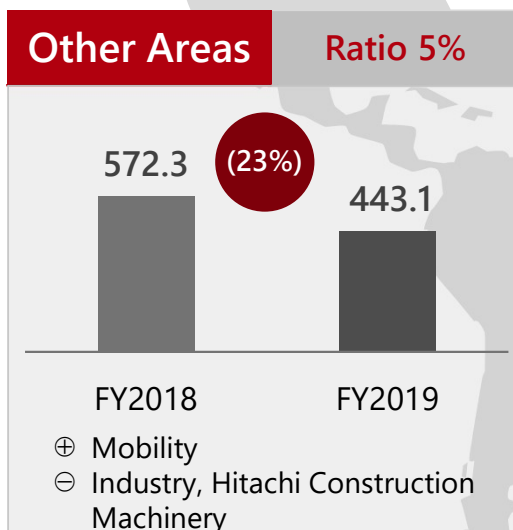
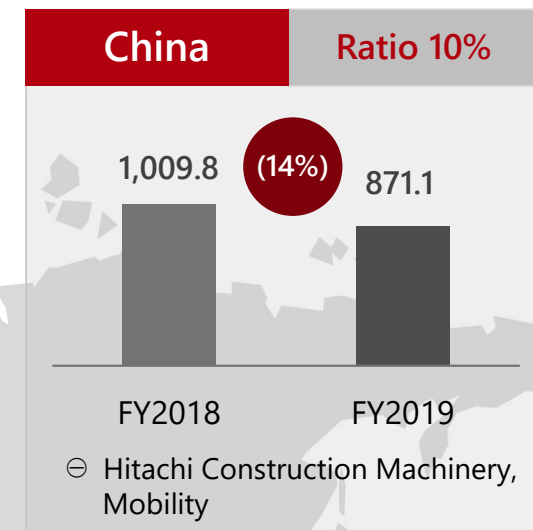
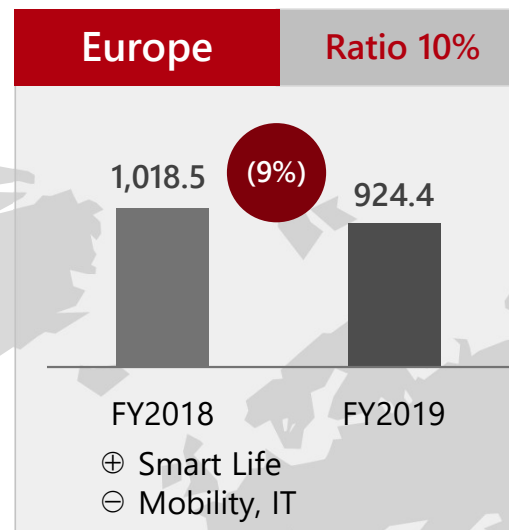
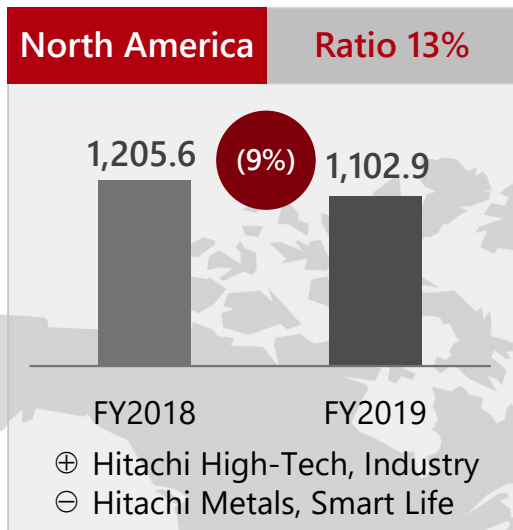
Revenues



Adjusted operating income



Revenues by Market



Overseas Revenues **4,238.1** billion yen

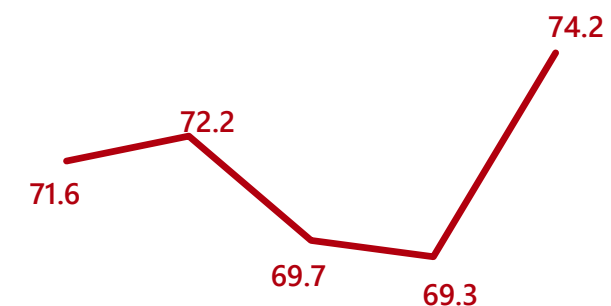
Ratio **48%**

Billions of yen

Summary of Consolidated Financial Position

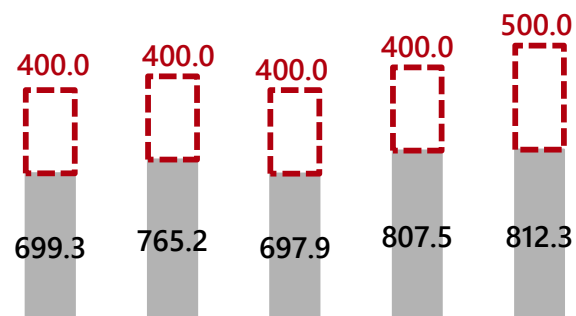
Billions of yen	As of March 31, 2019	As of March 31, 2020	Change from March 31, 2019
Total assets	9,626.5	9,930.0	+303.4
Cash and cash equivalents	807.5	812.3	+4.7
Trade receivables and contract assets	2,399.9	2,260.2	(139.7)
Total liabilities	5,212.1	5,663.3	+451.1
Interest-bearing debt	1,004.7	1,485.0	+480.2
Total Hitachi, Ltd. stockholders' equity	3,262.6	3,159.9	(102.6)
Non-controlling interests	1,151.8	1,106.7	(45.0)

Cash Conversion Cycle (CCC)



As of March 31, 2016 As of March 31, 2017 As of March 31, 2018 As of March 31, 2019 As of March 31, 2020

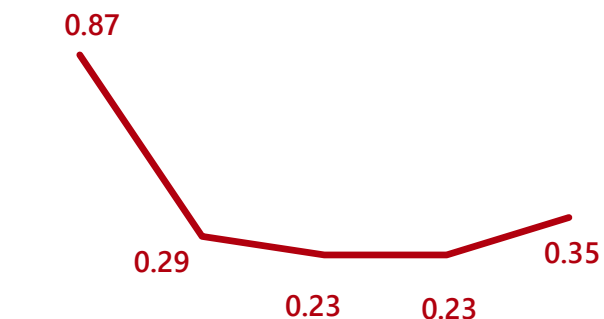
Liquidity on hand



As of March 31, 2016 As of March 31, 2017 As of March 31, 2018 As of March 31, 2019 As of March 31, 2020

■ Cash and cash equivalents □ Commitment line (Hitachi, Ltd.)

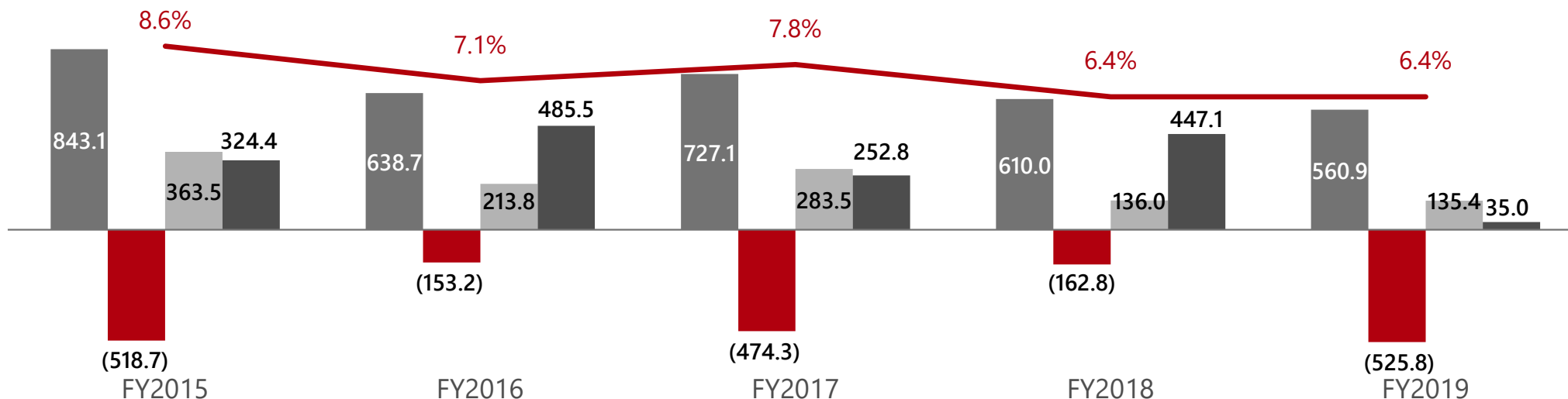
D/E ratio



As of March 31, 2016 As of March 31, 2017 As of March 31, 2018 As of March 31, 2019 As of March 31, 2020

Billions of yen

- Cash flows from operating activities
- Cash flows from investing activities
- Core free cash flows
- Free cash flows
- Cash flows margin from operating activities

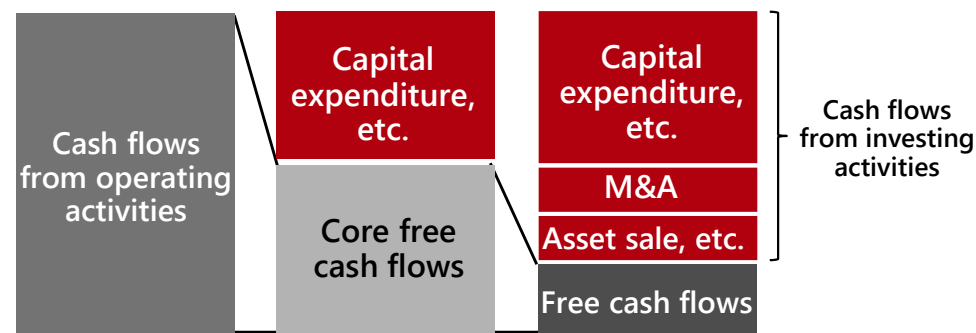


FY2019

- **Cash flows from operating activities decreased by 49.1 billion yen**
 - Although the working capital was reduced, cash flows from operating activities decreased due to the payment regarding the settlement on the South Africa projects conducted by MHPS⁽¹⁾
- **Cash flows from investing activities increased 362.9 billion yen, executing investment for growth**
 - JR Automation Technologies, LLC (North America, robotic SI)
 - Chassis Brakes International B.V. (Netherlands)

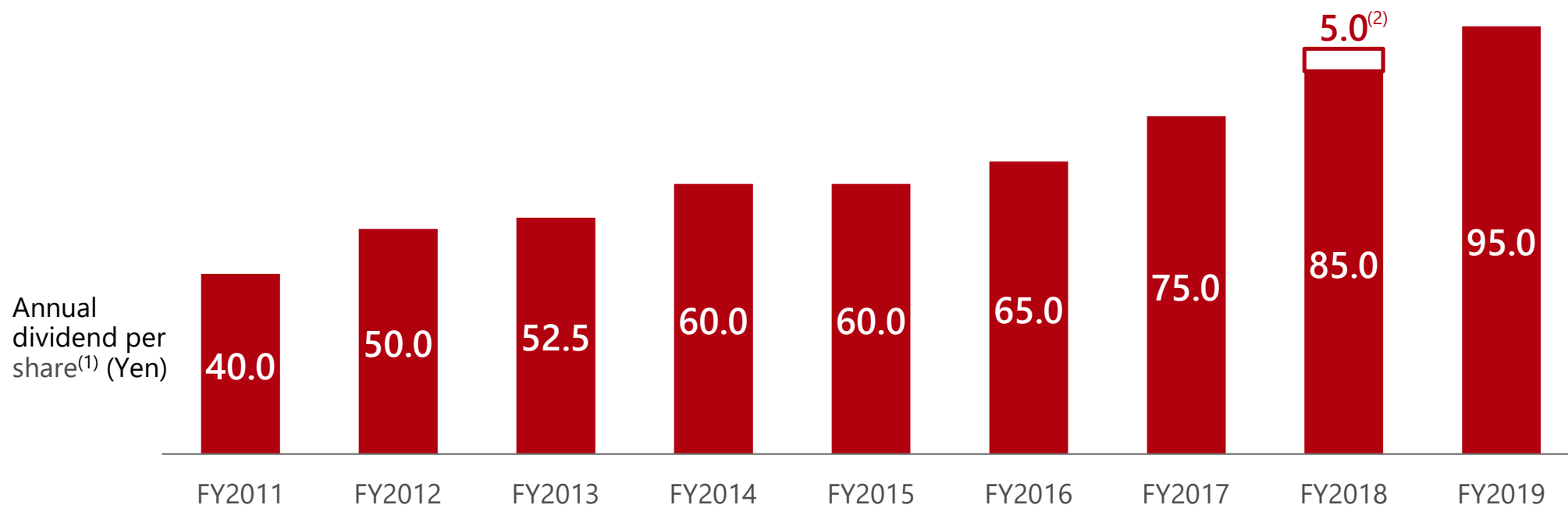
Core free cash flows

"Core free cash flows" are cash flows presented as free cash flows less M&A and asset sales, etc.



(1) Mitsubishi Hitachi Power Systems

Return to Shareholders



Dividend yield ⁽³⁾	1.5%	1.8%	1.4%	1.5%	2.3%	2.2%	1.9%	2.4%	3.0%
Payout ratio (consolidated)	10.4%	26.8%	19.1%	26.6%	33.7%	27.1%	20.0%	39.1%	104.8%
								[17.0%] ⁽⁴⁾	[19.8%] ⁽⁴⁾

(1) Hitachi completed a share consolidation of every five shares of common stock into one share on October 1, 2018. Annual dividends per share are indicated in amounts factoring in the impact of the share consolidation

(2) The annual dividend per share in FY2018 consists of an ordinary dividend of 85 yen and a special dividend of 5 yen in consideration of the level of achievement of targets set out in the 2018 Mid-term Management Plan

(3) Payout ratios are presented as annual dividend excluding a special dividend in each fiscal year divided by closing stock price at the end of the fiscal year

(4) Payout ratios (consolidated) excluding unordinary items. Payout ratio of FY2018 excludes the impact of the impairment loss for the suspension of UK nuclear power stations construction project and that of FY2019 excludes the impact of the loss for the settlement on the South Africa projects conducted by Mitsubishi Hitachi Power Systems

Business Reinforcement for Growth

- Completed the acquisition of Chassis Brakes International B.V., a leading supplier of automotive safety solutions (October 2019)
- Completed the acquisition of the robotic system integration business mainly operated by JR Automation Technologies, LLC in the United States of America (December 2019)
- Having made Hitachi High-Tech Corporation a wholly-owned subsidiary (May 2020)
- Acquire power grids business from ABB Ltd, and establish a joint venture (scheduled in the first half of 2020)
- Conduct the management integration of Hitachi Automotive Systems, Ltd., Keihin Corporation, Showa Corporation, and Nisshin Kogyo Co., Ltd. (scheduled in 2020)

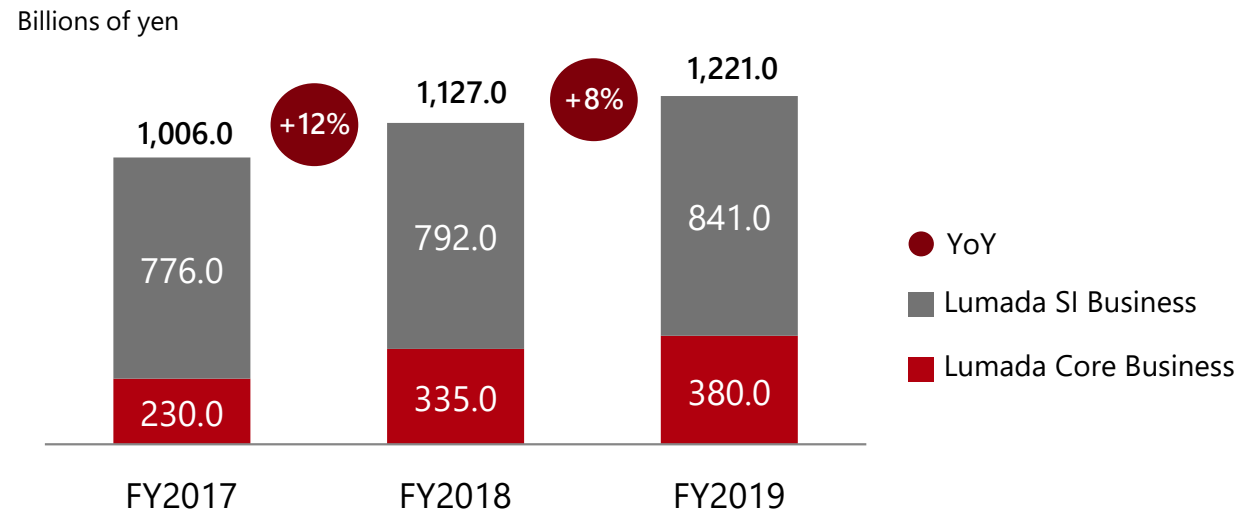
Business Portfolio Transformation

- Tendered all shares of Hitachi Chemical Company, Ltd., in response to the tender offer conducted by Showa Denko K.K (April 2020)
- Decided to transfer diagnostic imaging-related business to FUJIFILM Corporation (December 2019)

Settlement on the South Africa Projects

- Reached a settlement with Mitsubishi Heavy Industries, Ltd. on the South Africa projects conducted by Mitsubishi Hitachi Power Systems, Ltd. in conclusion of discussion (December 2019)

Revenues



Expansion of Lumada Business

- The number of customer cases reached more than 1,000
- Started a demonstration experiment to perform AI loan scoring with a consumer financial institution in Vietnam
- Hitachi's Pentaho was adopted for Japan Exchange Group's new data utilization platform
- Started full-scale operation of an AI-enabled Automatic Planning system that creates optimal production and manpower allocation planning to food facilities with Nichirei Foods Inc.

Reinforcement of Management Base for Lumada Business Expansion

- Established Hitachi Industrial Holdings Americas, Inc. to strengthen industry business in North America and to provide total seamless solutions that connect between workplaces and management through digital technologies cooperating with Hitachi Vantara and other Hitachi Group companies
- Obtained SaaS business of Fusionex International Plc and accelerate expansion of Lumada business in the Asia region
- Established "Lumada Data Science Lab." bringing together top data scientists

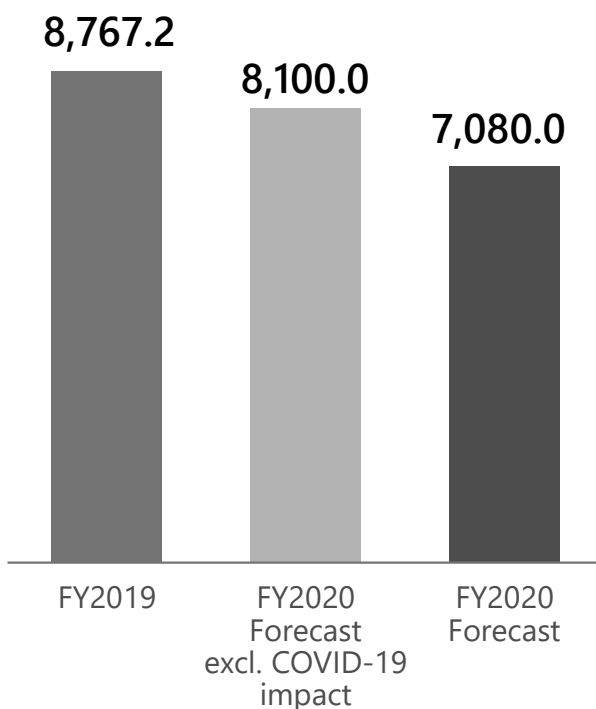


2. FY2020 Forecast

Revenues

YoY 19% down

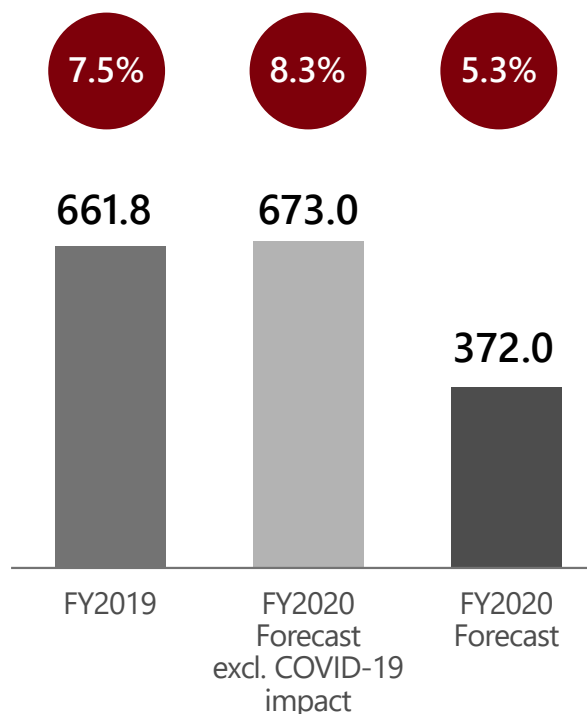
Revenue declined due to the COVID-19 impact and the deconsolidation of Hitachi Chemical



Adjusted operating income

YoY 2.2 points decrease
(Income ratio)

Focus in profitability improvement by accumulating orders and cost reduction



● Adjusted operating income ratio Billions of yen

COVID-19 impact

Revenues (1,020.0)bn yen
Adjusted operating income (301.0)bn yen
EBIT (382.0)bn yen

Revenues of Lumada business

1.16tn yen (YoY +12%)

EBIT

614.0bn yen (YoY +430.3bn yen)

Net income attributable to Hitachi, Ltd. stockholders

335.0bn yen (YoY +247.4bn yen)

EBITDA

1,021.0bn yen (YoY +401.9bn yen)

Cash flows from operating activities

500.0bn yen (YoY (60.9)bn yen)

ROIC

5.7% (YoY (3.7 points))

Assumed foreign exchange rate*

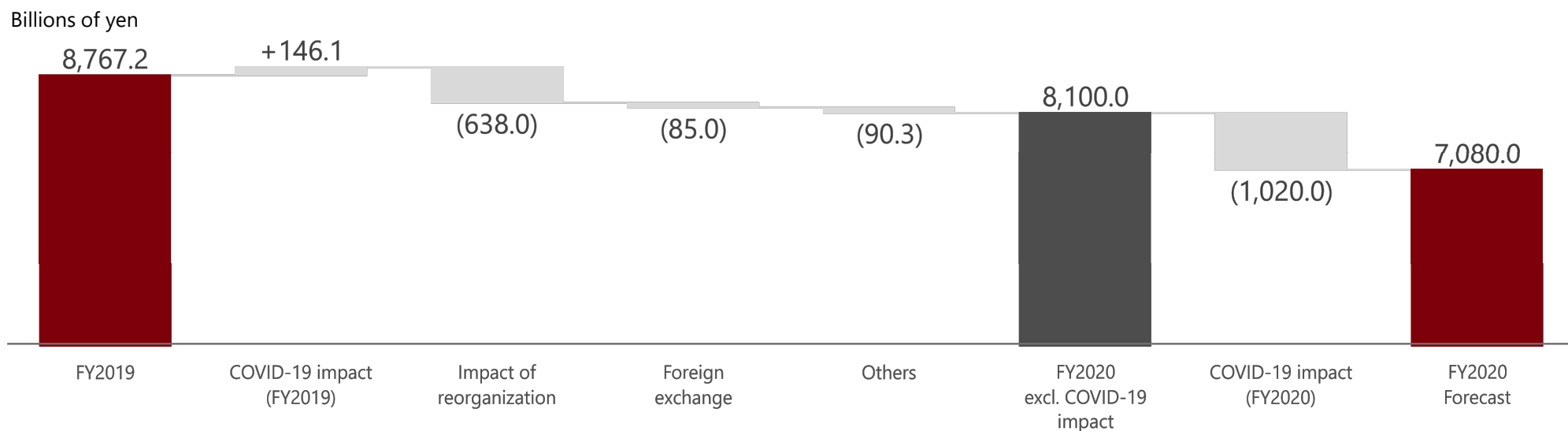
105 yen / U.S. dollar
120 yen / Euro

Revenue declined due to the COVID-19 impact and the deconsolidation of Hitachi Chemical
Focus in profitability improvement by accumulating orders and cost reduction

Billions of yen	Five sectors [IT, Energy, Industry, Mobility, Smart Life]		Listed subsidiaries [Hitachi Construction Machinery, Hitachi Metals]		Total	
	Excl. COVID-19 impact		Excl. COVID-19 impact		Excl. COVID-19 impact	
Revenues	6,320.0	5,560.0	1,780.0	1,520.0	8,100.0	7,080.0
YoY	98%	88%	72%	62%	91%	81%
Adjusted operating income	552.0	338.0	121.0	34.0	673.0	372.0
YoY	(19.5)	(198.7)	(16.3)	(91.1)	(35.8)	(289.8)
Adjusted operating income ratio	8.7%	6.1%	6.8%	2.2%	8.3%	5.3%
YoY	(0.2 points)	(2.4 points)	+1.3 points	(2.9 points)	+0.3 points	(2.2 points)
EBIT	886.0	590.0	110.0	24.0	996.0	614.0
YoY	+701.3	+444.4	+59.1	(14.0)	+760.4	+430.3
EBIT ratio	14.0%	10.6%	6.2%	1.6%	12.3%	8.7%
YoY	+11.1 points	+8.3 points	+4.2 points	±0.0 point	+9.7 points	+6.6 points
Net income attributable to Hitachi, Ltd. stockholders	—	331.5	—	3.5	—	335.0
YoY	—	+242.7	—	+4.6	—	+247.4

Factors Affecting Changes in Revenues and Adjusted Operating Income (Total)

Revenues



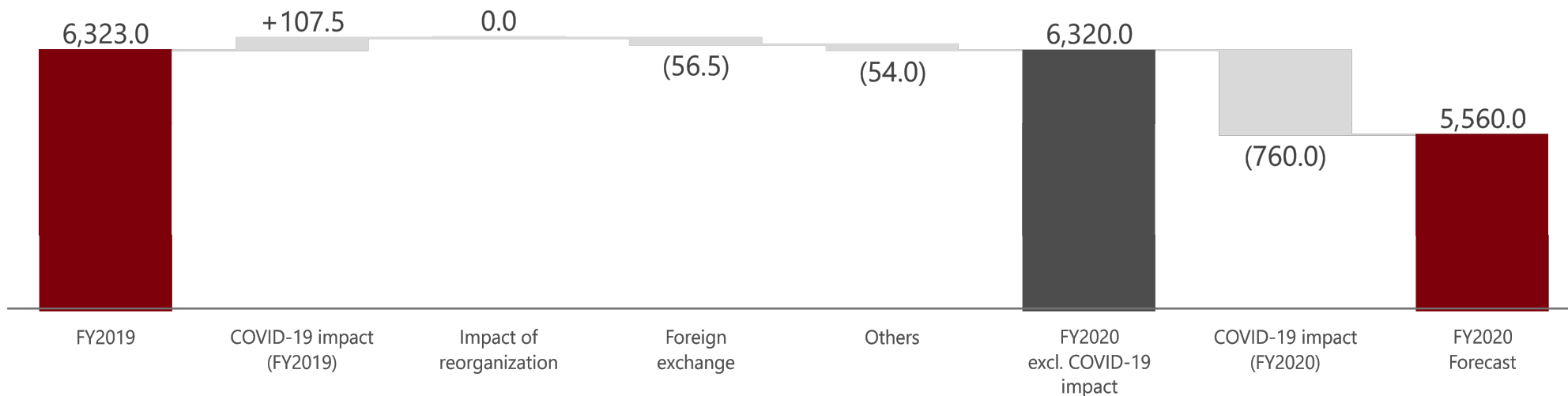
Adjusted operating income



Factors Affecting Changes in Revenues and Adjusted Operating Income (Five Sectors)

Revenues

Billions of yen



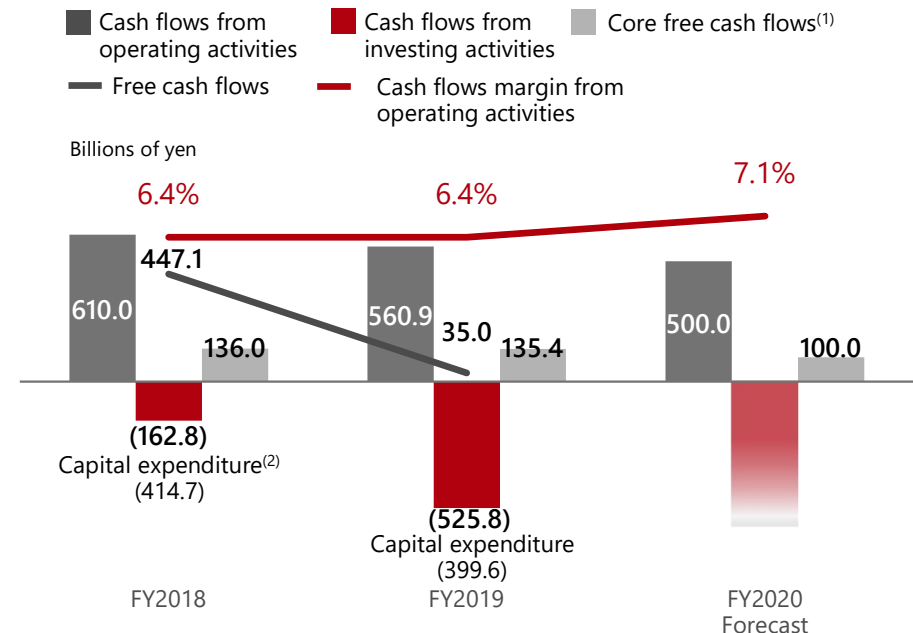
Adjusted operating income

Billions of yen



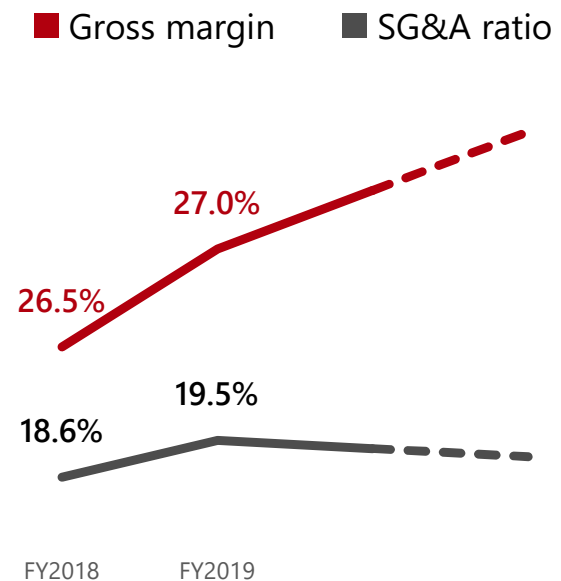
Enhance cash flow management

- Reduce inventories and working capital in response to revenue decline
- Conduct screening of capital expenditure
- Further promote sales of assets, such as equity securities held for purposes other than pure investment and real estate, etc.
- Maintain commitment line agreements with multiple financial institutions



Accumulate orders, improve gross margin and reduce SG&A

- Promote DX (Digital Transformation) and reinforce front-line functions by developing digital talents
- Accumulate orders by focusing in emerging areas
- Progress steady cost reduction and accelerate Smart Transformation activities



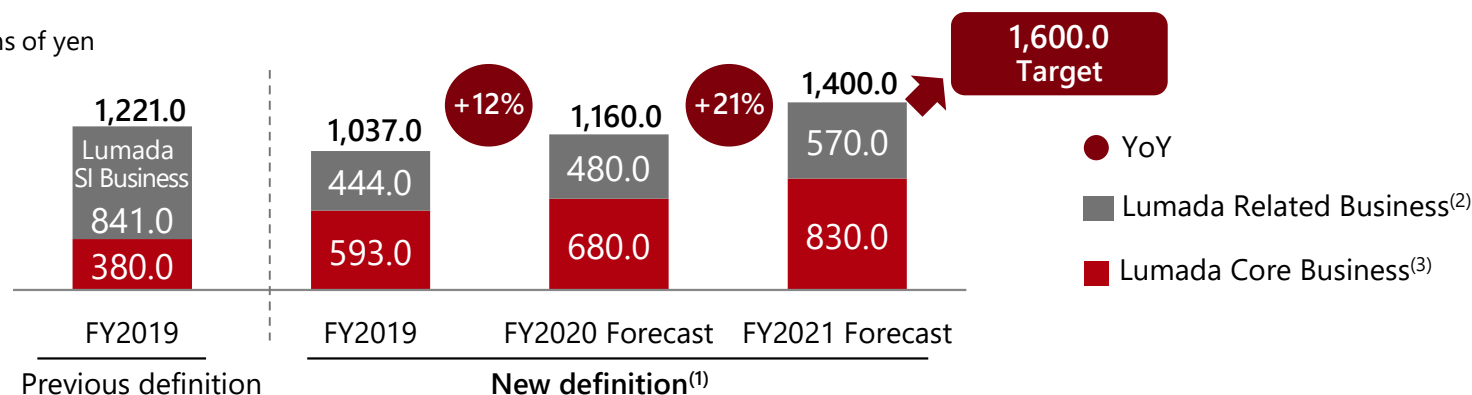
(1) Core free cash flows: cash flows presented as free cash flows less M&A and asset sales, etc.
 (2) Capital expenditure is calculated on completion basis

Forecast of Lumada Business (New Definition)

Revenues

Forecasts and targets
excl. COVID-19 impact

Billions of yen



FY2019 Revenue Breakdown

Billions of yen

Segment	Total		Lumada Core Business		Lumada Related Business	
	Revenues	CAGR (FY2019-21)	Revenues	Digital Solution Example	Revenues	System/Product Example
Total	1,037.0	Over +15%	593.0	—	444.0	—
IT ⁽⁴⁾	388.0	Over +20%	388.0	Digital solutions for financial, public, and social infrastructure sectors, AI/data analytics, Security, IoT-related services	—	—
Energy	41.0	Over +10%	8.0	Facility management solutions (predictive diagnosis, maintenance support)	33.0	Plant construction support systems (e.g. 3D data-assisted design), Connected products (for predictive diagnosis service)
Industry	153.0	Over +15%	35.0	Next-generation manufacturing / Retail / Logistics / Maintenance solution, Water solutions, Infrastructure management solutions, Equipment monitoring solutions	118.0	Control systems for manufacturers (e.g. manufacturing execution system), Next-generation utility systems, Connected products (e.g. air compressors, Industrial controllers for IoT applications)
Mobility	224.0	Over +10%	130.0	Remote monitoring services for elevators, escalators, and building equipment, Monitoring and maintenance services for rolling stocks	94.0	Modernization of elevators & escalators, Rolling stocks with monitoring and maintenance service
Smart Life	34.0	Over +15%	28.0	Remote monitoring services for CT/MRI and air conditioning, Advanced driver assistance system, IoT Solutions for manufacturers (Hitachi High-Tech)	6.0	Connected products (e.g. air conditioners), connected home appliances
Listed subsidiaries	197.0	Over +10%	4.0	Fleet management system(Hitachi Construction Machinery)	193.0	Parts and maintenance systems for construction machinery

(1) Lumada business was redefined as core business and related business with focus on the synergies generated by Hitachi's unique IT x OT x products strategy in Lumada business

(2) Lumada related business: Advanced products and systems businesses, mainly OT and products, that are expected to generate synergies with Lumada core businesses

(3) Lumada core business: Digital Solutions business (service business that converts customers data into valuable insight through AI and analytics, and improves management indicators or offers problem solutions)

(4) Added solutions in line with the definition, mainly from group companies



3. COVID-19 Impact

Assumption of the COVID-19 impact calculation by Business Segment

Segment \ Region	Japan	North America	Europe	China	ASEAN, India, other areas	Other areas
Total	<ul style="list-style-type: none"> Assuming that most part of the COVID-19 impact occurs in the first half of FY2020 and demand decrease continues in the second half of FY2020, mainly in automotive and IT-related businesses The impact is calculated based on forecasts of each segment projected from the demand outlook 					
Degree of COVID-19 impact ⁽¹⁾						
IT	<ul style="list-style-type: none"> Front Business: assuming the impact on new orders due to customer's IT investment restraint Services & Platforms: assuming downturn of the North American storage market 					
Energy	<ul style="list-style-type: none"> Nuclear Energy BU: assuming delays in order contracts and impacts on on-site work Energy BU: assuming decrease in maintenance sales for domestic and overseas customers due to movement restriction, and demand decrease in power semiconductors for automotive and other equipment 					
Industry	<ul style="list-style-type: none"> Industry & Distribution BU: assuming decrease in demand from customers related to aviation, automotive, and steel Water & Environment BU: assuming demand decrease mainly in Japan Industrial Products Business: assuming decrease in demand by products and regions, mainly of equipment for North America and Europe 					
Mobility	<ul style="list-style-type: none"> Building Systems BU: assuming sales decrease of new installation and modernization businesses, mainly in Japan. China market is expected to normalize Railway Systems BU: assuming stagnation of work progress due to the halt of factory operation, movement restriction, etc. European and US factories are recovering in the first half and are expected to normalize in the second half of FY2020 					
Smart Life	<ul style="list-style-type: none"> Smart Life & Ecofriendly Systems Business: assuming sales decrease of air conditioners and home appliances in Japan and overseas Automotive Systems Business: assuming downturn in the automotive market, mainly in the Americas, Europe and Japan Hitachi High-Tech: assuming demand decrease and price fluctuation due to stagnation of customer's production activity and capital investment 					
Hitachi Construction Machinery⁽²⁾	<ul style="list-style-type: none"> Assuming demand decrease for hydraulic excavators 					
Hitachi Metals	<ul style="list-style-type: none"> Assuming decrease in demand in automotive, electronics, and industrial infrastructure areas, mainly in Japan, China and North America 					

(1) "Degree of COVID-19 impact" shows changes caused by COVID-19 impact in revenues (FY2020 forecast) excluding the COVID-19 impact, by market of each segment

■ Change of 10% or more, to less than 15% ■ Change of 15% or more

(2) Degree of COVID-19 impact in Hitachi Construction Machinery shows the demand trend of the products

COVID-19 Impact Breakdown by Business Segment

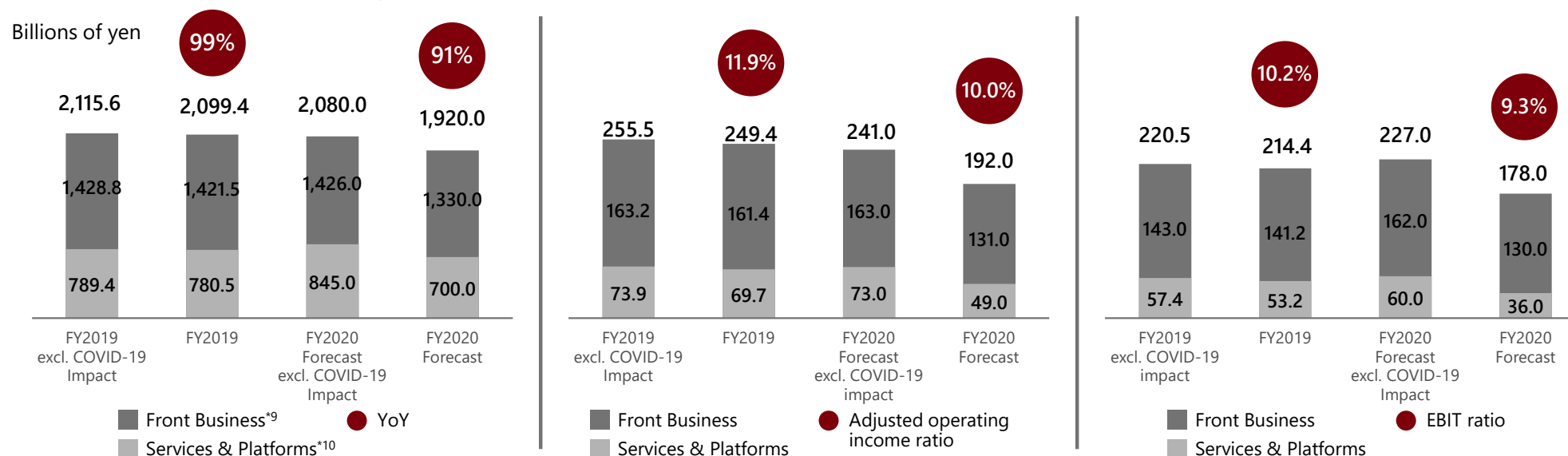
Billions of yen	FY2019			FY2020 Forecast			COVID-19 impact ratio ⁽¹⁾
	Revenues	Adjusted operating income	EBIT	Revenues	Adjusted operating income	EBIT	
Total	(146.1)	(46.9)	(51.9)	(1,020.0)	(301.0)	(382.0)	(12.6%)
IT	(16.2)	(6.1)	(6.1)	(160.0)	(49.0)	(49.0)	(7.7%)
Energy	(8.9)	(7.8)	(7.8)	(20.0)	(2.0)	(2.0)	(5.6%)
Industry	(9.0)	(2.5)	(2.6)	(140.0)	(43.0)	(43.0)	(16.1%)
Mobility	(14.1)	(1.8)	(3.2)	(200.0)	(53.0)	(53.0)	(17.1%)
Smart Life	(50.6)	(17.3)	(20.2)	(330.0)	(60.0)	(63.0)	(14.8%)
Five sectors	(100.9)	(33.7)	(38.1)	(760.0)	(214.0)	(296.0)	(12.0%)
Hitachi High-Tech	(6.6)	(1.0)	(1.0)	–	–	–	–
Hitachi Construction Machinery	(26.3)	(7.3)	(7.4)	(160.0)	(47.0)	(47.0)	(17.2%)
Hitachi Metals	(5.7)	(2.3)	(2.8)	(100.0)	(40.0)	(39.0)	(11.8%)
Hitachi Chemical	(6.6)	(2.6)	(2.6)	–	–	–	–
Listed subsidiaries	(45.2)	(13.2)	(13.8)	(260.0)	(87.0)	(86.0)	(14.6%)

(1) "COVID-19 impact ratio" shows changes caused by COVID-19 impact in revenues (FY2020 forecast) excluding COVID-19 impact

■ Change of 10% or more, to less than 15% ■ Change of 15% or more

4. Financial Results and Forecast by Business Segments

Achieved record-high profit through expansion of IT service business in FY2019
 Aim to secure adjusted operating income ratio of 10 % despite COVID-19 impact in FY2020



Revenues

FY2019

2,099.4bn yen (YoY 99%)

- ⊖ COVID-19 impact
- ⊖ Storage systems for overseas market
- ⊕ IT service business in Japan (including projects for one-time demand)

FY2020 Forecast

1,920.0bn yen (YoY 91%)

- ⊖ COVID-19 impact
- ⊖ Reactionary decrease in IT service business

Adjusted operating income

249.4bn yen (YoY +19.2bn yen)

- ⊖ Increase in strategic investment for expansion of digital solution business
- ⊕ Profitability improvement by cost reduction, etc.

192.0bn yen (YoY (57.4bn yen))

- ⊖ Decrease in revenues
- ⊖ Increase in strategic investment for expansion of digital solution business

EBIT

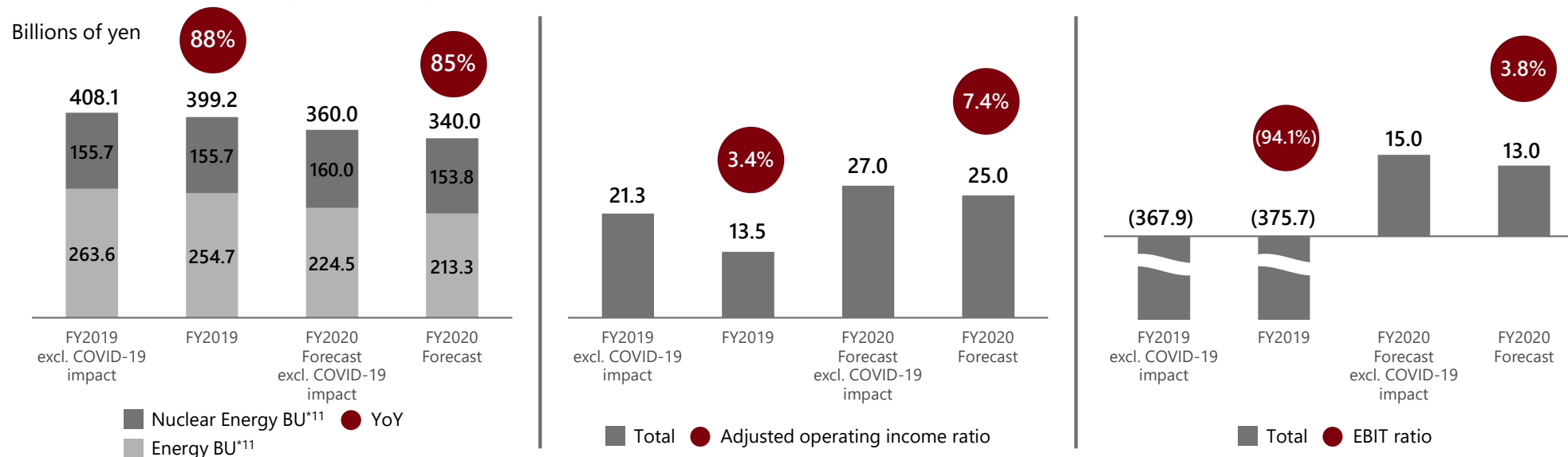
214.4bn yen (YoY +1.8bn yen)

- ⊕ Increase in adjusted operating income
- ⊖ Decrease in gains from selling lands of former production base
- ⊖ Structural reform expenses

178.0bn yen (YoY (36.4bn yen))

- ⊖ Decrease in adjusted operating income
- ⊕ Structural reform expenses in FY2019

Profit decreased due to decline in revenues and the profitability of some projects in FY2019
Aim to increase profits by profitability improvement in FY2020



Revenues

FY2019

399.2bn yen (YoY 88%)

- ⊖ COVID-19 impact
- ⊖ Transfer of power receiving and transforming facilities business for industry field
- ⊖ Projects related to new nuclear regulations in Nuclear Energy BU

FY2020 Forecast

340.0bn yen (YoY 85%)

- ⊖ COVID-19 impact
- ⊖ Energy BU

Adjusted operating income

13.5bn yen (YoY (20.5bn yen))

- ⊖ Decrease in revenues
- ⊖ Decline in profitability of some projects in Energy BU

25.0bn yen (YoY +11.4bn yen)

- ⊖ Decrease in revenues
- ⊕ Profitability improvement in Energy BU

EBIT

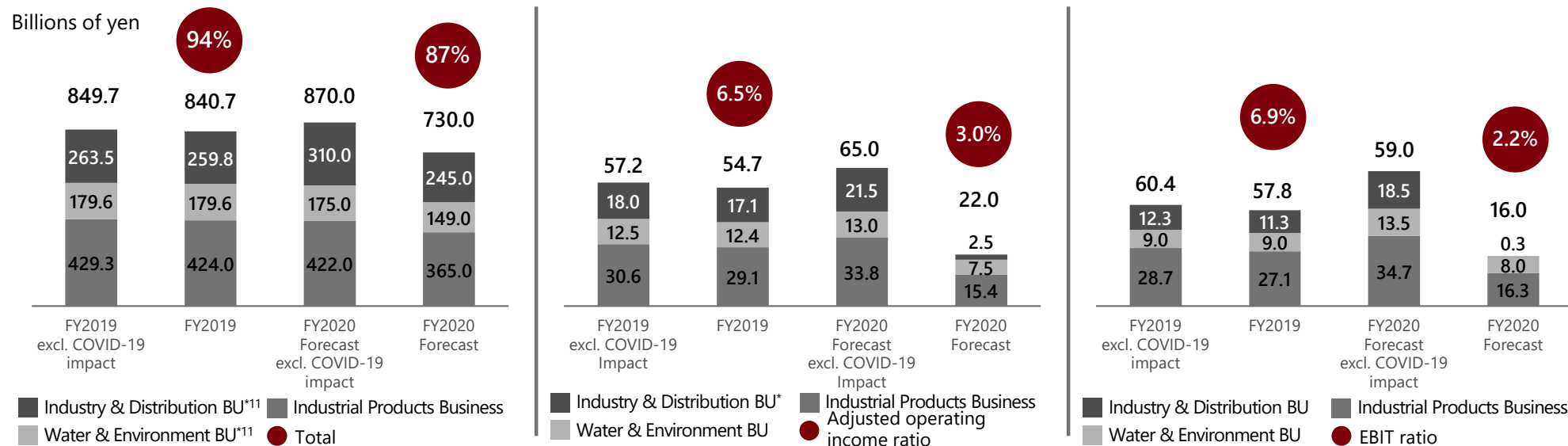
(375.7bn yen) (YoY (77.7bn yen))

- ⊖ Loss for the settlement on the South Africa projects conducted by MHPS⁽¹⁾
- ⊕ Impairment loss for the suspension of UK nuclear power stations construction project in FY2018

13.0bn yen (YoY +388.7bn yen)

- ⊕ Increase in adjusted operating income
- ⊕ Loss for the settlement on the South Africa projects conducted by MHPS in FY2019

Executed the acquisition of JR Automation in FY2019
Aim to expand overseas business, realizing the synergy of the acquisition



Revenues

FY2019

840.7bn yen (YoY 94%)

- ⊖ COVID-19 impact
- ⊖ Revenues from overseas EPC project of industry & distribution BU in FY2018
- ⊕ Acquisition of JR Automation

FY2020 Forecast

730.0bn yen (YoY 87%)

- ⊖ COVID-19 impact
- ⊕ Acquisition of JR Automation

Adjusted operating income

54.7bn yen (YoY +34.1bn yen)

- ⊕ Posting Cost of risk for overseas EPC project of Industry & Distribution BU in FY2018

22.0bn yen (YoY (32.7bn yen))

- ⊖ Decrease in revenues
- ⊕ Profit increase by acquisition of JR Automation and expansion of digital solution business

EBIT

57.8bn yen (YoY +38.7bn yen)

- ⊕ Increase in adjusted operating income

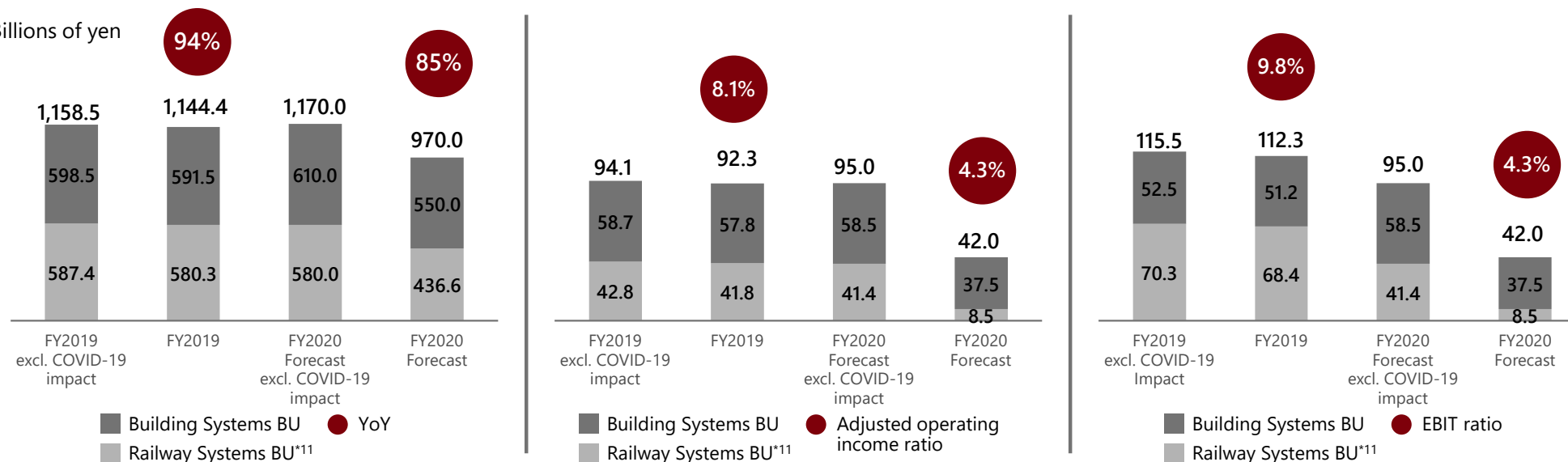
16.0bn yen (YoY (41.8bn yen))

- ⊖ Decrease in adjusted operating income

Profitability improved and order intake increased in FY2019

Aim to ensure profitability through steady execution of orders in hand and accumulation of new orders in FY2020

Billions of yen



Revenues

FY2019

1,144.4bn yen (YoY 94%)

- ⊖ COVID-19 impact
- ⊖ Revenues of Railway Systems BU in the UK
- ⊖ Impact of foreign exchange

FY2020 Forecast

970.0bn yen (YoY 85%)

- ⊖ COVID-19 impact
- ⊕ Expansion of overseas building service business in Building Systems BU

Adjusted operating income

92.3bn yen (YoY (0.3bn yen))

- ⊖ Decrease in revenues
- ⊕ Profitability improvement in Building Systems BU due to cost reduction, etc.

42.0bn yen (YoY (50.3bn yen))

- ⊖ Decrease in revenues

EBIT

112.3bn yen (YoY (15.1bn yen))

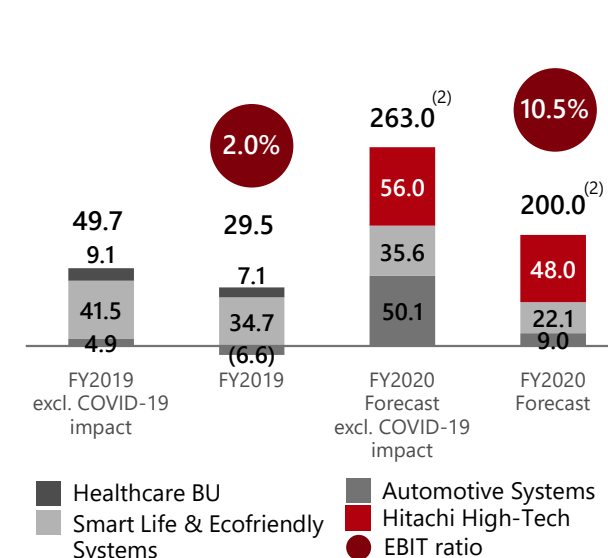
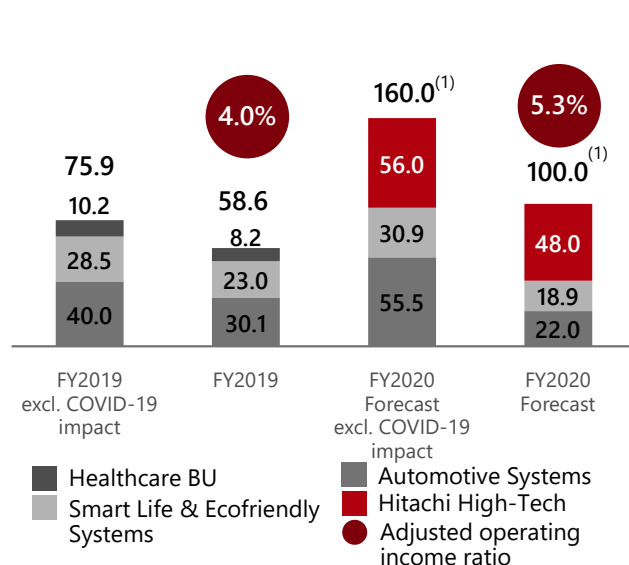
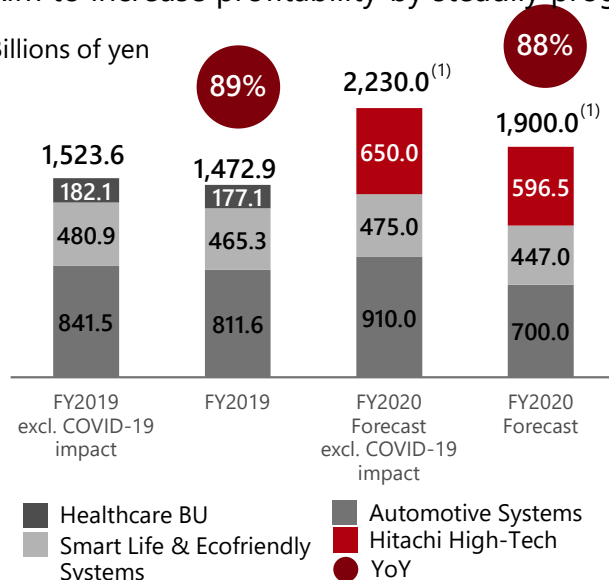
- ⊖ Decrease in gains from selling a part of Agility Trains West stocks

42.0bn yen (YoY (70.3bn yen))

- ⊖ Decrease in adjusted operating income
- ⊖ Gains from selling a part of Agility Trains West stocks in FY2019

Revenues and Profit decreased due to COVID-19 impact and divestitures
Aim to increase profitability by steadily progressing cost reduction in FY2020

Billions of yen



Revenues

FY2019

1,472.9bn yen (YoY 89%)

- ⊖ COVID-19 impact
- ⊖ Divestitures of car information systems business, etc.
- ⊕ Acquisition of Chassis Brakes International

FY2020 Forecast*12

1,900.0bn yen (YoY 88%)

- ⊖ COVID-19 impact
- ⊖ Withdrawal from low profit business in Hitachi High-Tech

Adjusted operating income

58.6bn yen (YoY (6.3bn yen))

- ⊖ Decrease in revenues
- ⊕ Profitability improvement in home appliances business, Healthcare BU and automotive systems business

100.0bn yen (YoY (18.9bn yen))

- ⊖ Decrease in revenues
- ⊕ Profitability improvement in home appliances business and automotive systems business

EBIT

29.5bn yen (YoY (87.4bn yen))

- ⊖ Decrease in adjusted operating income
- ⊖ Gains by selling of car information systems business, etc. in FY2018

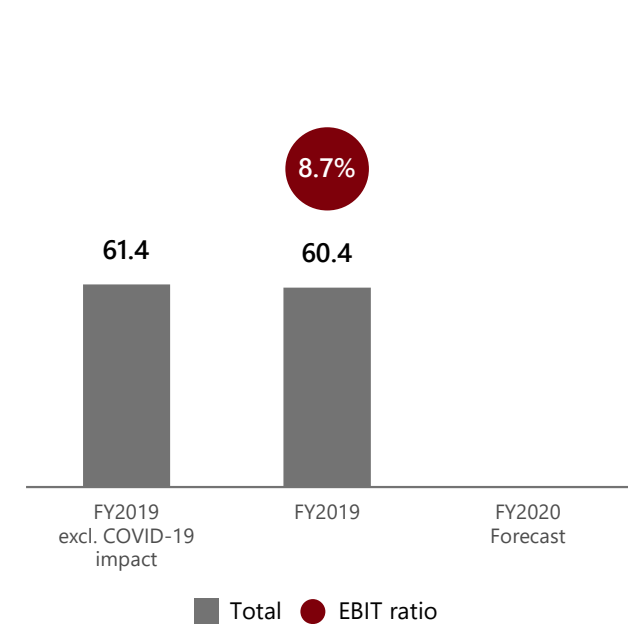
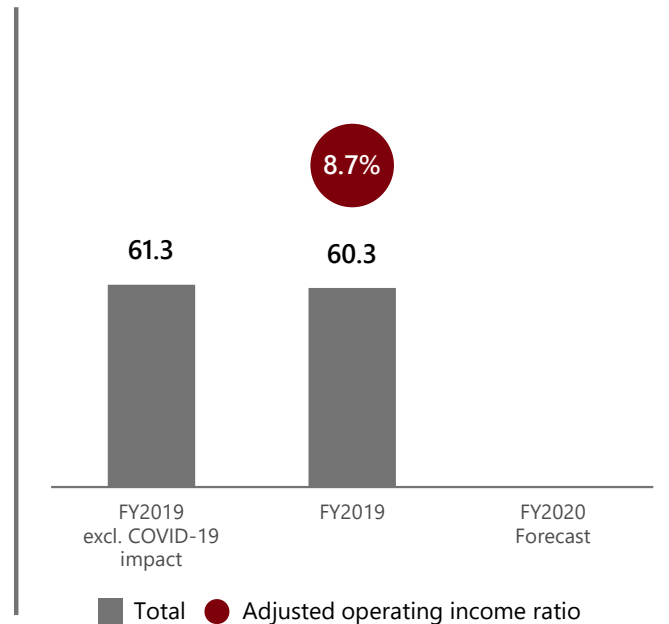
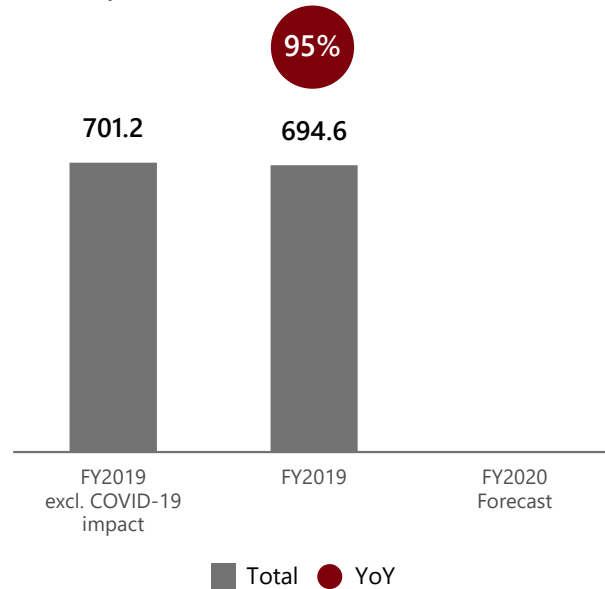
200.0bn yen (YoY +109.9bn yen)

- ⊖ Decrease in adjusted operating income
- ⊕ Gains by selling of diagnostic imaging-related business

(1) Including Healthcare BU and other businesses

(2) Including Healthcare BU, other businesses and the gain by selling of diagnostic imaging-related business

Billions of yen



Revenues

FY2019

694.6bn yen (YoY 95%)

- ⊖ COVID-19 impact
- ⊖ Industrial materials and liquid crystal display exposure systems
- ⊕ Semiconductor processing equipment

FY2020 Forecast

Adjusted operating income

60.3bn yen (YoY (6.3bn yen))

- ⊖ Decrease in revenues

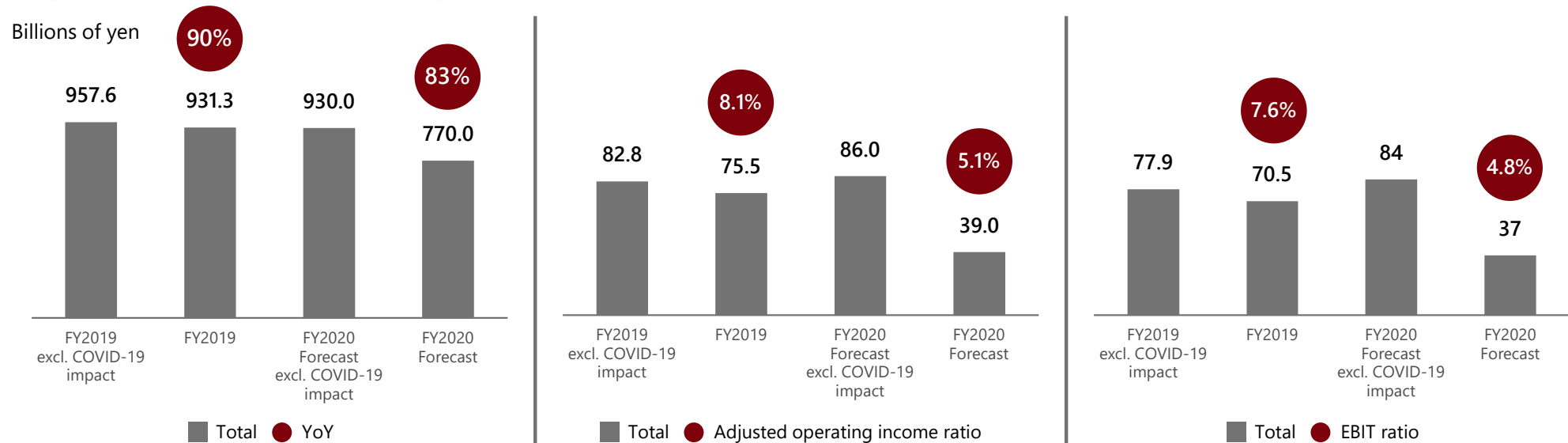
EBIT

60.4bn yen (YoY (3.7bn yen))

- ⊖ Decrease in adjusted operating income

Included in Smart Life Segment

Revenues decreased due to COVID-19 impact and the impact of foreign exchange in FY2019
Progress cost reduction for profitability improvement in FY2020



Revenues

FY2019

931.3bn yen (YoY 90%)

- ⊖ COVID-19 impact
- ⊖ Impact of foreign exchange
- ⊖ Revenues in China and India, etc.

FY2020 Forecast

770.0bn yen (YoY 83%)

- ⊖ COVID-19 impact
- ⊖ Impact of foreign exchange

Adjusted operating income

75.5bn yen (YoY (40.2bn yen))

- ⊖ Decrease in revenues
- ⊖ Impact of foreign exchange
- ⊖ Increase in indirect expenses

39.0bn yen (YoY (36.5bn yen))

- ⊖ Decrease in revenues
- ⊕ Profitability improvement due to cost reduction, etc.

EBIT

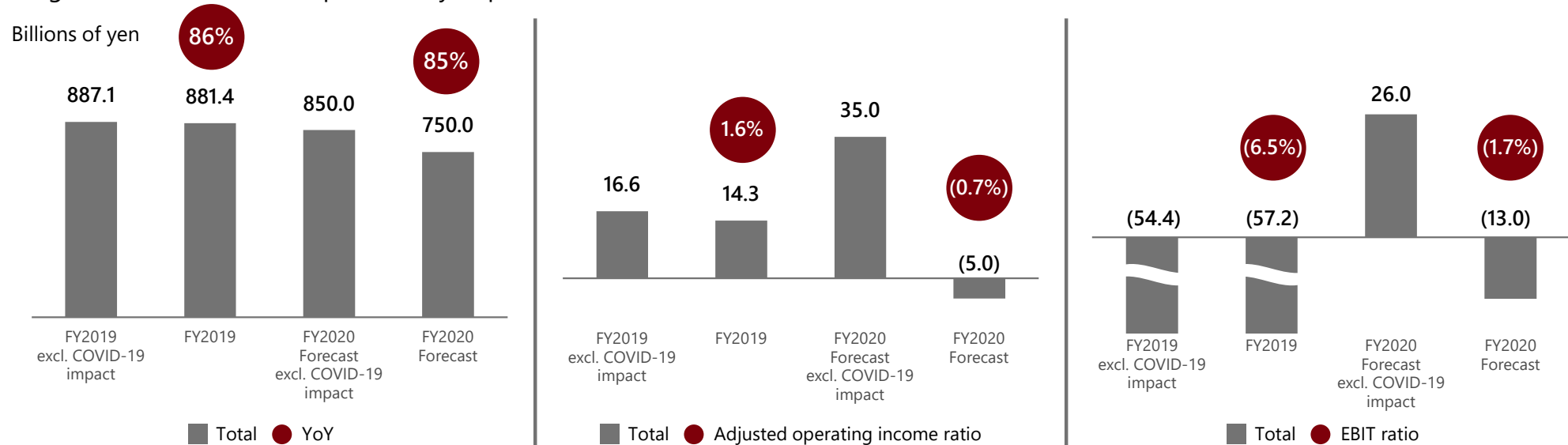
70.5bn yen (YoY (33.9bn yen))

- ⊖ Decrease in adjusted operating income
- ⊖ Structural reform expenses
- ⊕ Gains on business reorganization

37.0bn yen (YoY (33.5bn yen))

- ⊖ Decrease in adjusted operating income

Revenues and profit decreased due to demand decline for automobile, semiconductor and factory automation in FY2019
Progress cost reduction for profitability improvement in FY2020



Revenues

FY2019

881.4bn yen (YoY 86%)

- ⊖ COVID-19 impact
- ⊖ Decrease in demand for automobile, semiconductor and factory automation
- ⊖ Transfer of aluminum wheels business

FY2020 Forecast

750.0bn yen (YoY 85%)

- ⊖ COVID-19 impact
- ⊖ Decrease in demand for automobile

Adjusted operating income

14.3bn yen (YoY (37.0bn yen))

- ⊖ Decrease in revenues
- ⊖ Revaluation loss on inventories

(5.0bn yen) (YoY (19.3bn yen))

- ⊖ Decrease in revenues
- ⊕ Profitability improvement

EBIT

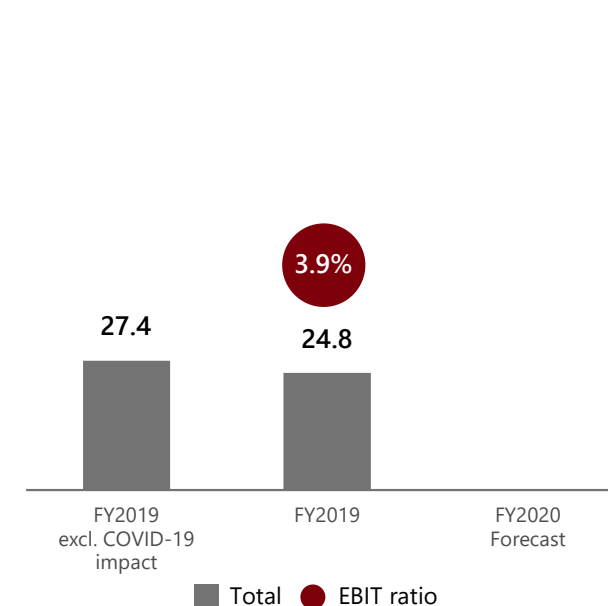
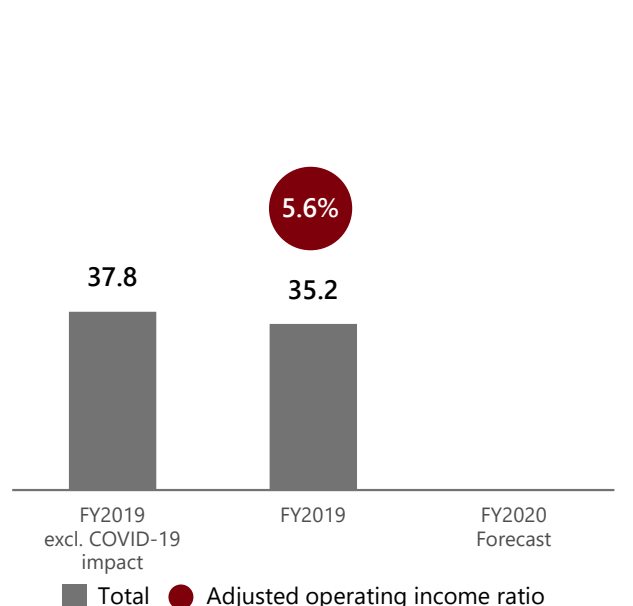
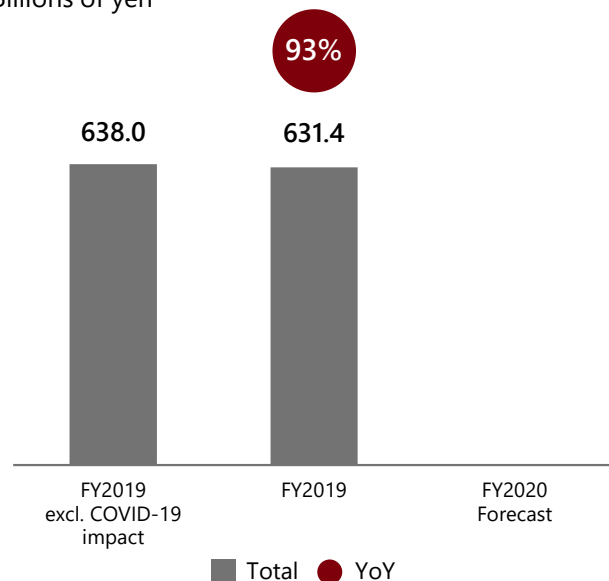
(57.2bn yen) (YoY (102.6bn yen))

- ⊖ Decrease in adjusted operating income
- ⊖ Impairment loss on fixed assets and goodwill in magnetic materials business

(13.0bn yen) (YoY +44.2bn yen)

- ⊖ Decrease in adjusted operating income
- ⊕ Impairment loss on fixed assets and goodwill in magnetic materials business in FY2019

Billions of yen



Revenues

FY2019

631.4bn yen (YoY 93%)

- ⊖ COVID-19 impact
- ⊖ Decrease in demand for automobile and semiconductor
- ⊖ Impact of foreign exchange

FY2020 Forecast

Adjusted operating income

35.2bn yen (YoY (13.3bn yen))

- ⊖ Decrease in revenues

EBIT

24.8bn yen (YoY (16.3bn yen))

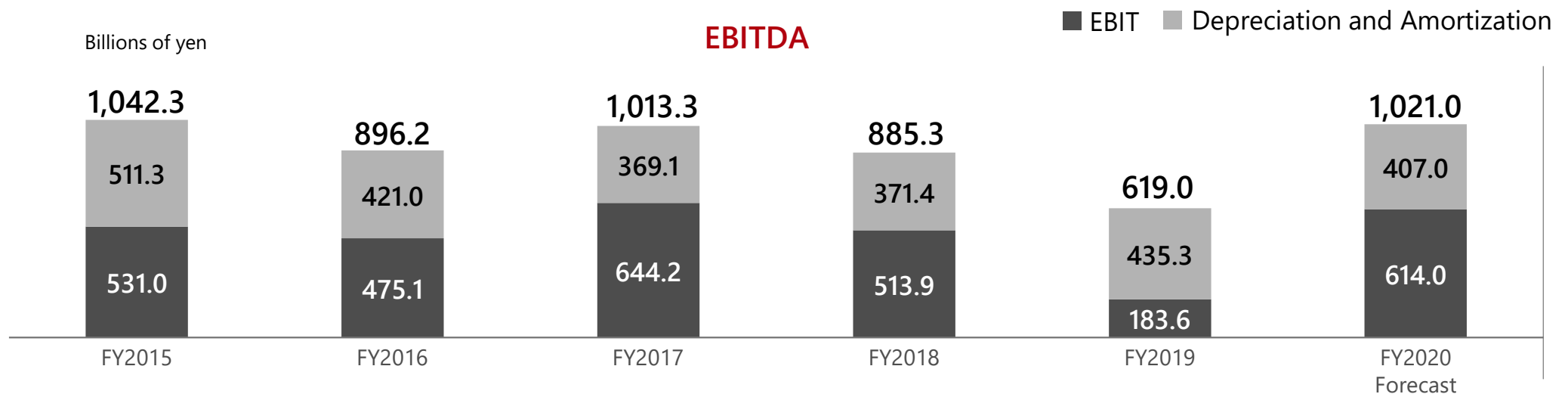
- ⊖ Decrease in adjusted operating income

Sold the shares of common stock of Hitachi Chemical to Showa Denko K.K.

Summarized supplementary information can be found in the "Supplemental Information for Consolidated Financial Results for Fiscal 2019." In addition to the information that has been disclosed thus far, new items include:

- ROIC by segment (Five Sectors)
- Adjusted operating income excluding acquisition-related amortization by segment
- EBITDA by segment
- Amortization of intangible assets and other assets from purchase price allocation by segment

etc.





5. Supplemental Information

Financial Results for 2019 and Outlook for 2020 by Business Segments (1/3)

Billions of yen		Excl. COVID-19 impact	FY2019			FY2020		
			Results	YoY	Forecast comparison*13	Excl. COVID-19 impact	Forecast	YoY
IT	Revenues	2,115.6	2,099.4	99%	101%	2,080.0	1,920.0	91%
	Adjusted operating income	255.5	249.4	+19.2	+18.4	241.0	192.0	(57.4)
	Adjusted operating income ratio	12.1%	11.9%	+1.1 points	+0.7 points	11.6%	10.0%	(1.9 points)
	EBIT	220.5	214.4	+1.8	+4.4	227.0	178.0	(36.4)
	EBIT ratio	10.4%	10.2%	+0.2 points	+0.1 points	10.9%	9.3%	(0.9 points)
Energy	Revenues	408.1	399.2	88%	108%	360.0	340.0	85%
	Adjusted operating income	21.3	13.5	(20.5)	(9.4)	27.0	25.0	+11.4
	Adjusted operating income ratio	5.2%	3.4%	(4.1 points)	(2.8 points)	7.5%	7.4%	+4.0 points
	EBIT	(367.9)	(375.7)	(77.7)	(12.7)	15.0	13.0	+388.7
	EBIT ratio	(90.2%)	(94.1%)	(28.5 points)	+4.0 points	4.2%	3.8%	+97.9 points
Industry	Revenues	849.7	840.7	94%	101%	870.0	730.0	87%
	Adjusted operating income	57.2	54.7	+34.1	(1.2)	65.0	22.0	(32.7)
	Adjusted operating income ratio	6.7%	6.5%	+4.2 points	(0.2 points)	7.5%	3.0%	(3.5 points)
	EBIT	60.4	57.8	+38.7	+7.8	59.0	16.0	(41.8)
	EBIT ratio	7.1%	6.9%	+4.8 points	+0.9 points	6.8%	2.2%	(4.7 points)
Mobility	Revenues	1,158.5	1,144.4	94%	100%	1,170.0	970.0	85%
	Adjusted operating income	94.1	92.3	(0.3)	+0.3	95.0	42.0	(50.3)
	Adjusted operating income ratio	8.1%	8.1%	+0.5 points	+0.1 points	8.1%	4.3%	(3.8 points)
	EBIT	115.5	112.3	(15.1)	+6.3	95.0	42.0	(70.3)
	EBIT ratio	10.0%	9.8%	(0.7 points)	+0.6 points	8.1%	4.3%	(5.5 points)
Smart Life*12	Revenues	1,523.6	1,472.9	89%	97%	2,230.0	1,900.0	88%
	Adjusted operating income	75.9	58.6	(6.3)	(23.3)	160.0	100.0	(18.9)
	Adjusted operating income ratio	5.0%	4.0%	+0.1 points	(1.4 points)	7.2%	5.3%	(0.2 points)
	EBIT	49.7	29.5	(87.4)	(40.4)	263.0	200.0	+109.9
	EBIT ratio	3.3%	2.0%	(5.1 points)	(2.6 points)	11.8%	10.5%	+6.3 points

Financial Results for 2019 and Outlook for 2020 by Business Segments (2/3)

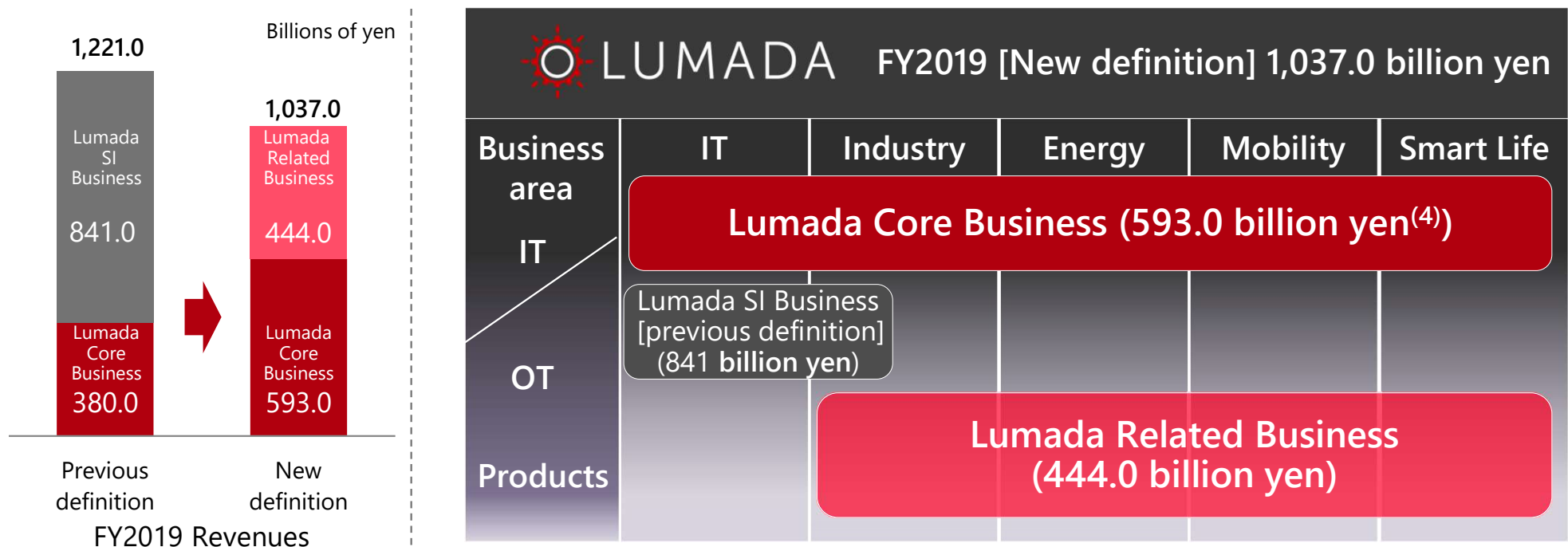
		Billions of yen	Excl. COVID-19 impact	FY2019			FY2020		
				Results	YoY	Forecast comparison	Excl. COVID-19 impact	Forecast	YoY
Hitachi High-Tech	Revenues	701.2	694.6	95%	99%	–	–	–	
	Adjusted operating income	61.3	60.3	(6.3)	+4.3	–	–	–	
	Adjusted operating income ratio	8.7%	8.7%	(0.4 points)	+0.7 points	–	–	–	
	EBIT	61.4	60.4	(3.7)	+0.4	–	–	–	
	EBIT ratio	8.8%	8.7%	(0.1 points)	+0.1 points	–	–	–	
Hitachi Construction Machinery	Revenues	957.6	931.3	90%	98%	930.0	770.0	83%	
	Adjusted operating income	82.8	75.5	(40.2)	(12.4)	86.0	39.0	(36.5)	
	Adjusted operating income ratio	8.7%	8.1%	(3.1 points)	(1.1 points)	9.2%	5.1%	(3.0 points)	
	EBIT	77.9	70.5	(33.9)	(14.4)	84.0	37.0	(33.5)	
	EBIT ratio	8.1%	7.6%	(2.5 points)	(1.3 points)	9.0%	4.8%	(2.8 points)	
Hitachi Metals	Revenues	887.1	881.4	86%	98%	850.0	750.0	85%	
	Adjusted operating income	16.6	14.3	(37.0)	+0.3	35.0	(5.0)	(19.3)	
	Adjusted operating income ratio	1.9%	1.6%	(3.4 points)	±0.0 point	4.1%	(0.7%)	(2.3 points)	
	EBIT	(54.4)	(57.2)	(102.6)	+2.7	26.0	(13.0)	+44.2	
	EBIT ratio	(6.1%)	(6.5%)	(10.9 points)	+0.2 points	3.1%	(1.7%)	+4.8 points	
Hitachi Chemical	Revenues	638.0	631.4	93%	99%	–	–	–	
	Adjusted operating income	37.8	35.2	(13.3)	(3.2)	–	–	–	
	Adjusted operating income ratio	5.9%	5.6%	(1.5 points)	(0.4 points)	–	–	–	
	EBIT	27.4	24.8	(16.3)	(5.1)	–	–	–	
	EBIT ratio	4.3%	3.9%	(2.1 points)	(0.8 points)	–	–	–	

Financial Results for 2019 and Outlook for 2020 by Business Segments (3/3)

Billions of yen		Excl. COVID-19 impact	FY2019			FY2020		
			Results	YoY	Forecast comparison	Excl. COVID-19 impact	Forecast	YoY
Others	Revenues	486.8	484.8	86%	101%	440.0	430.0	89%
	Adjusted operating income	22.7	22.3	(8.9)	+6.3	13.0	11.0	(11.3)
	Adjusted operating income ratio	4.7%	4.6%	(1.0 points)	+1.3 points	3.0%	2.6%	(2.0 points)
	EBIT	31.6	31.2	+1.0	+7.2	17.0	15.0	(16.2)
	EBIT ratio	6.5%	6.5%	+1.1 points	+1.5 points	3.9%	3.5%	(3.0 points)
Corporate items & Eliminations	Revenues	(813.2)	(813.2)	-	-	(830.0)	(730.0)	-
	Adjusted operating income	(16.8)	(14.6)	(13.3)	+12.8	(49.0)	(54.0)	(39.3)
	EBIT	13.1	15.3	(35.0)	+21.3	210.0	126.0	+110.6
Total	Revenues	8,913.3	8,767.2	92%	101%	8,100.0	7,080.0	81%
	Adjusted operating income	708.8	661.8	(93.0)	(7.1)	673.0	372.0	(289.8)
	Adjusted operating income ratio	8.0%	7.5%	(0.5 points)	(0.2 points)	8.3%	5.3%	(2.2 points)
	EBIT	235.5	183.6	(330.2)	(22.3)	996.0	614.0	+430.3
	EBIT ratio	2.6%	2.1%	(3.3 points)	(0.3 points)	12.3%	8.7%	+6.6 points

Focus on synergies generated by Hitachi's unique IT x OT x products in addition to the Lumada Core Business⁽¹⁾ = Digital Solutions Business

- The Lumada SI business⁽²⁾ is no longer included in the Lumada business.
[Lumada SI business: Consists of mainly systems integration businesses in the IT and Industry Segments.]
- The new Lumada business is defined to include Lumada related businesses⁽³⁾ [advanced products and systems businesses centered on OT and products] that are expected to generate significant synergies with the Lumada core businesses.



(1) Lumada core business: Digital Solutions 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

(3) Lumada related business: Advanced products and systems businesses, mainly OT and products, that are expected to generate synergies with Lumada core business

(4) Added solutions in line with the definition, mainly from the IT and Mobility sectors

- *1 "Adjusted operating income" is presented as revenues less selling, general and administrative expenses as well as cost of sales
- *2 "EBIT" is presented as income from continuing operations, before income taxes less interest income plus interest charges
- *3 "EBITDA" is presented as income from continuing operations, before income taxes less interest income plus interest charges, depreciation and amortization
- *4 ROIC(Return on Invested Capital)=(NOPAT + Share of profits(losses) of investments accounted for using the equity method) / "Invested Capital" x 100
NOPAT(Net Operating Profit after Tax) = Adjusted Operating Income x (1 – Tax burden rate)
Invested Capital = Interest-bearing debt + Total equity
- *5 Excluding a special dividend of 5.0 yen in year-end dividend of FY2018
- *6 The total of five sectors is presented as the financial results subtracted the total of listed subsidiaries from consolidated total. It includes others and corporate items & eliminations
- *7 Figures for FY2018 of listed subsidiaries include financial results of Hitachi Kokusai Electric
- *8 Exchange rate applied for calculating profits and losses of overseas companies (average rate for the period)
- *9 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.
- *10 Sales, maintenance and services of control systems, server, storage, related software, etc.
- *11 Figures for each BU include control systems business, which is posted in IT segment
- *12 Hitachi High-Tech is included in Smart Life segment from FY2020. The year-over-year comparison of FY2020 forecast for Smart Life segment reflecting this change
- *13 Compared with the forecast as of February 28, 2020

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

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

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

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

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