

10-Year Financial Data

U.S. GAAP

Millions of yen

For the year:	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Revenues	¥10,000,369	¥8,968,546	¥9,315,807	¥9,665,883	¥9,041,071	¥9,563,791	¥9,761,970
Operating income	127,146	202,159	444,508	412,280	422,028	538,288	600,479
EBIT (Earnings before interest and taxes)	(275,239)	77,815	443,812	573,218	358,015	585,662	551,018
Net income (loss) attributable to Hitachi, Ltd. stockholders	(787,337)	(106,961)	238,869	347,179	175,326	264,975	241,301
Cash flows from operating activities	558,947	798,299	841,554	447,155	583,508	439,406	447,348
Cash flows from investing activities	(550,008)	(530,595)	(260,346)	(195,584)	(553,457)	(491,363)	(610,255)
Free cash flows	8,939	267,704	581,208	251,571	30,051	(51,957)	(162,907)
Cash flows from financing activities	284,388	(502,344)	(584,176)	(167,838)	(180,445)	32,968	250,335
Cash dividends declared	9,971	-	36,133	36,727	47,690	50,711	57,944
Capital expenditures (Property, plant and equipment)	788,466	546,326	556,873	649,234	742,537	849,877	848,716
Depreciation (Property, plant and equipment)	478,759	441,697	382,732	360,358	300,664	329,833	349,614
R&D expenditures	416,517	372,470	395,180	412,514	341,310	351,426	335,515
At year-end:							
Total assets	9,403,709	8,964,464	9,185,629	9,418,526	9,809,230	11,016,899	12,395,379
Property, plant and equipment	2,393,946	2,219,804	2,111,270	2,025,538	2,279,964	2,342,091	2,564,105
Total Hitachi, Ltd. stockholders' equity	1,049,951	1,284,658	1,439,865	1,771,782	2,082,560	2,651,241	2,930,309
Interest-bearing debt	2,820,109	2,367,143	2,521,551	2,396,454	2,370,079	2,823,049	3,354,616

Yen

Per share data:

Net income (loss) attributable to Hitachi, Ltd. stockholders:

Basic	¥(236.86)	¥(29.20)	¥52.89	¥76.81	¥37.28	¥54.86	¥49.97
Diluted	(236.87)	(29.20)	49.38	71.86	36.29	54.85	49.93
Cash dividends declared	3.0	-	8.0	8.0	10.0	10.5	12.0
Total Hitachi, Ltd. stockholders' equity	315.86	287.13	318.73	382.26	431.13	549.02	606.87

%

Financial ratios:

Operating income ratio	1.3	2.3	4.8	4.3	4.7	5.6	6.2
EBIT ratio	-2.8	0.9	4.8	5.9	4.0	6.1	5.6
Return on revenues	-7.9	-1.2	2.6	3.6	1.9	2.8	2.5
Return on equity (ROE)	-48.9	-9.2	17.5	21.6	9.1	11.2	8.6
Return on assets (ROA)	-8.0	-0.9	3.3	4.4	2.5	3.5	3.1
D/E ratio (Including non-controlling interests) (times)	1.29	1.04	1.03	0.86	0.75	0.73	0.78
Total Hitachi, Ltd. stockholders' equity ratio	11.2	14.3	15.7	18.8	21.2	24.1	23.6

- Notes: 1 In order to be consistent with financial reporting principles and practices generally accepted in Japan, operating income is presented as total revenues less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies. Under accounting principles generally accepted in the United States of America, restructuring charges, net gain or loss on sales and disposal of rental assets and other property and impairment losses for long-lived assets are included as part of operating income.
- 2 The restructuring charges mainly represent special termination benefits incurred with the reorganization of our business structures and as the result of the Company and its subsidiaries reviewing and reshaping the business portfolio.
- 3 EBIT is presented as income before income taxes less interest income plus interest charges.
- 4 Effective from fiscal 2014, a part of the thermal power generation systems business is classified as a discontinued operation in accordance with the provision of ASC 205-20, "Presentation of Financial Statements—Discontinued Operations," which was not transferred to MITSUBISHI HITACHI POWER SYSTEMS, LTD. for the business integration in the thermal power generation systems with Mitsubishi Heavy Industries, Ltd. The results of the discontinued operation are reported separately from continuing operations. In line with this classification, "Revenues" and "Operating income" for fiscal 2013 are reclassified.
- 5 ROA (Return on Assets) = Net income / Total Assets (Average between the end of current fiscal year and the end of previous fiscal year) x 100

IFRS	Millions of yen					
	For the year:	FY2013	FY2014	FY2015	FY2016	FY2017
Revenues		¥9,666,446	¥9,774,930	¥10,034,305	¥9,162,264	¥9,368,614
Adjusted operating income		604,798	641,325	634,869	587,309	714,630
EBIT		691,230	534,059	531,003	475,182	644,257
Net income attributable to Hitachi, Ltd. stockholders		413,877	217,482	172,155	231,261	362,988
Net cash provided by operating activities		306,777	451,825	812,226	629,582	727,168
Net cash used in investing activities		(550,179)	(612,545)	(730,799)	(337,955)	(474,328)
Free cash flows		(243,402)	(160,720)	81,427	291,627	252,840
Net cash provided by (used in) financing activities		228,840	233,206	(26,467)	(209,536)	(321,454)
Cash dividends declared		50,711	57,944	57,939	62,764	72,417
Capital expenditures (Property, plant and equipment)		491,170	431,201	528,551	377,545	374,901
Depreciation (Property, plant and equipment)		331,228	350,783	366,547	302,757	265,413
R&D expenditures		354,487	334,814	333,730	323,963	332,920
At year-end:						
Total assets		11,098,191	12,433,727	12,551,005	9,663,917	10,106,603
Property, plant and equipment		2,258,933	2,472,497	2,500,226	1,998,411	2,124,827
Total Hitachi, Ltd. stockholders' equity		2,668,657	2,942,281	2,735,078	2,967,085	3,278,024
Interest-bearing debt		3,033,985	3,557,356	3,604,455	1,176,603	1,050,294
						Yen
Per share data:						
Earnings per share attributable to Hitachi, Ltd. stockholders:						
Basic		¥85.69	¥45.04	¥35.65	¥47.90	¥75.19
Diluted		85.66	45.00	35.62	47.88	75.12
Cash dividends declared		10.5	12.0	12.0	13.0	15.0
Total Hitachi, Ltd. stockholders' equity		552.62	609.35	566.48	614.56	679.00
						%
Financial ratios:						
Adjusted operating income ratio		6.3	6.6	6.3	6.4	7.6
EBIT ratio		7.2	5.5	5.3	5.2	6.9
Return on revenues		4.3	2.2	1.7	2.5	3.9
Return on equity (ROE)		17.5	7.8	6.1	8.1	11.6
Return on assets (ROA)		5.0	2.9	2.4	3.0	5.0
D/E ratio (Including non-controlling interests) (times)		0.78	0.83	0.87	0.29	0.23
Total Hitachi, Ltd. stockholders' equity ratio		24.0	23.7	21.8	30.7	32.4

- Notes: 1 In order to be consistent with financial reporting principles and practices generally accepted in Japan, adjusted operating income is presented as total revenues less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies.
- 2 A part of the thermal power generation systems business is classified as a discontinued operation 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. for the business integration in the thermal power generation systems with Mitsubishi Heavy Industries, Ltd. The results of the discontinued operation are reported separately from continuing operations.
- 3 From fiscal 2013, capital investment is stated exclusive of investment in lease assets classified as finance leases.
- 4 ROA (Return on Assets) = Net income / Total Assets (Average between the end of current fiscal year and the end of previous fiscal year) x 100

5-Year Non-Financial Data

Human Capital Development		FY2013	FY2014	FY2015	FY2016	FY2017
Number of employees	Consolidated	323,919	336,670	335,244	303,887	307,275
	Non-consolidated	33,500	31,375	37,353	35,631	34,925
Average service (years)* ¹		18.3	18.4	18.4	18.6	18.8
Turnover ratio (%) ^{*1*2}		1.4	1.4	1.3	1.5	1.5

Diversity and Inclusion		FY2013	FY2014	FY2015	FY2016	FY2017
Ratio of female employees (%) ^{*1}		16.6	16.3	16.5	16.8	17.2
Global ratio (number) of female managers ^{*3}		5.6	6.0	6.4	6.3	6.4
		(3,415)	(3,670)	(3,727)	(3,365)	(3,459)
Ratio (number) of female managers ^{*4}		3.8	3.7	4.0	4.1	4.2
		(418)	(434)	(474)	(509)	(577)
Employment ratio of people with disabilities (%) ^{*5}		2.02	2.03	2.08	2.11	2.15
Paid leave ratio (%) ^{*1}		64.7	64.3	65.3	68.1	72.0
Average overtime hours/month ^{*1}		13.5	12.2	11.9	12.8	10.9

Global Human Capital		FY2013	FY2014	FY2015	FY2016	FY2017
Number of non-Japanese employees ^{*6}		340	446	509	638	708

Occupational Health and Safety^{*7}		FY2013	FY2014	FY2015	FY2016	FY2017
Number of fatal accidents ^{*1}		1	1	2	1	0
Occupational accident rate ^{*1}		0.10	0.09	0.07	0.18	0.17
Occupational accident rate ^{*8}		0.14	0.27	0.22	0.18	0.25

Scope of Data

*1 Hitachi, Ltd.

*2 Includes only voluntary resignations.

*3 All full-time, regular female managers excluding those dispatched to non-Group companies.

*4 "Female managers" in fiscal 2017 include managerial employees dispatched from Hitachi, Ltd. to non-Group companies and those accepted from non-Group companies by Hitachi, Ltd. Earlier figures include regular managerial employees dispatched to non-Group companies but exclude those accepted from non-Group companies.

*5 Including Hitachi, Ltd. and 17 special subsidiaries and related Group companies. Data compiled on June 1 of each fiscal year (2.23 in fiscal 2018).

*6 Employees at Hitachi, Ltd. as of the end of each fiscal year.

*7 January to December each year.

*8 195 Hitachi Group companies in Japan including Hitachi, Ltd. for 2013; 251 Hitachi Group companies in Japan including Hitachi, Ltd. for 2014; 240 Hitachi Group companies in Japan including Hitachi, Ltd. for 2015; 200 Hitachi Group companies in Japan including Hitachi, Ltd. for 2016; 201 Hitachi Group companies in Japan including Hitachi, Ltd. for 2017.

Research and Development		FY2013	FY2014	FY2015	FY2016	FY2017
Ratio of R&D expenditure to revenue (%)		3.7	3.4	3.3	3.5	3.6
Patent application ratio outside Japan (%)		59	59	59	57	56

Scope of Data

Hitachi, Ltd. and consolidated subsidiaries (including variable interest entities).

Number of companies: FY2013: 948; FY2014: 996; FY2015: 1,057; FY2016: 865; FY2017: 880.

Engaging in Responsible Procurement		FY2013	FY2014	FY2015	FY2016	FY2017
Number of audits by external auditing organizations		16	20	20	20	18

Environment		FY2013	FY2014	FY2015	FY2016	FY2017
Rate of reduction in CO ₂ emissions from use of products and services (base: FY2010) ^{*1} (%)		—	—	—	35	33
CO ₂ emissions from factories and offices (kt-CO ₂)		4,165	4,128	3,895	4,577 ^{*2}	4,663^{*2}
Water use (million m ³)		49.55	46.86	43.91	41.34 ^{*2}	38.54^{*2}
Waste and valuables generation (kt)		677	692	618	1,336 ^{*2}	1,356^{*2}
Atmospheric emissions of chemical substances (t)		4,216	4,415	3,615	4,380 ^{*2*3}	4,223^{*2*3}

Scope of Data

Hitachi, Ltd. and consolidated subsidiaries.

Number of companies: FY2013: 948; FY2014: 996; FY2015: 1,057; FY2016: 865; FY2017: 880.

Environmental performance data associated with Hitachi's business operations: Hitachi Group companies whose environmental load comprises 90% of the total (based on Hitachi calculations); data for each fiscal year indicates performance within the given scope for the fiscal year.

*1 New indicator established in fiscal 2016.

*2 Figures include a materials company that has become a consolidated member of the Hitachi Group since fiscal 2016.

*3 The management scope of chemical substances has been expanded from 41 to 50 substances since fiscal 2016.

Independent Assurance of Environmental and Social Data

To enhance the reliability of the data disclosed in the *Hitachi Sustainability Report 2018*, we have received independent assurance of key environmental and social performance indicators by KPMG AZSA Sustainability Co., Ltd.

Please refer to the Third-Party Assurance Report on page 135 of the *Hitachi Sustainability Report 2018*.

<http://www.hitachi.com/sustainability/download/index.html>

Operating and Financial Review

Operating Results

Summary

Years ended March 31:	Billions of yen		Percent change
	2017	2018	
Revenues	¥9,162.2	¥9,368.6	2%
EBIT	475.1	644.2	36%
Income from continuing operations, before income taxes	469.0	638.6	36%
Net income attributable to Hitachi, Ltd. stockholders	231.2	362.9	57%

Analysis of Statement of Operations

Revenues increased 2% to ¥9,368.6 billion, as compared with the year ended March 31, 2017, despite the effect of the move to transform the business portfolio such as conversion of Hitachi Capital Corporation and Hitachi Transport System, Ltd., into equity-method affiliates and deconsolidation of Hitachi Koki Co., Ltd. (now Koki Holdings Co., Ltd.) in the year ended March 31, 2017. This increase was due mainly to higher revenues in the Construction Machinery segment, in which overseas sales increased mainly in China, and in the High Functional Materials & Components segment, in which sales of electronics- and automotive-related products increased.

Cost of sales increased 1% to ¥6,866.5 billion, as compared with the year ended March 31, 2017, and the ratio of cost of sales to revenues was 73%, a decrease of 1% from the year ended March 31, 2017. Gross profit increased 5% to ¥2,502.0 billion, as compared with the year ended March 31, 2017.

Selling, general and administrative expenses were ¥1,787.4 billion, which was the same level as for the year ended March 31, 2017, and the ratio of selling, general and administrative expenses to revenues was 19%, as compared with 20% for the year ended March 31, 2017.

Adjusted operating income increased by ¥127.3 billion to ¥714.6 billion yen, as compared with the year ended March 31, 2017. The increase was due mainly to higher profits owing to increased revenues in the Construction Machinery segment, profitability improvement for the industry & distribution field, the power and energy business, and the industrial equipment business in the Social Infrastructure & Industrial Systems segment. The increase was also attributable to higher profits in the Information & Telecommunication Systems segment owing to an improvement in the profitability of the system integration business in Japan and the effect of the structural reform implemented in the year ended March 31, 2017.

Other income decreased ¥88.6 billion to ¥12.0 billion and other expenses decreased ¥5.8 billion to ¥140.6 billion, as compared with the year ended March 31, 2017, respectively. The details are as follows. Net gain on sales and disposal of fixed assets worsened by ¥17.6 billion and turned to a loss of ¥2.5 billion, as compared with the year ended March 31, 2017. Impairment losses decreased ¥19.9 billion to ¥48.6 billion, as compared with the year ended March 31, 2017. This mainly reflected impairment losses on intangible assets, etc., in the Information &

Telecommunication Systems segment. Net gain on business reorganization and others decreased ¥71.5 billion to ¥9.7 billion, as compared with the year ended March 31, 2017, due mainly to the absence of the partial sale of the shares of Hitachi Transport System, Ltd. and the sale of Hitachi Koki Co., Ltd. shares recorded in the year ended March 31, 2017. Special termination benefits decreased ¥8.9 billion to ¥15.7 billion, as compared with the year ended March 31, 2017. Expenses related to competition law and others increased ¥7.5 billion to ¥14.2 billion, as compared with the year ended March 31, 2017.

Financial income (excluding interest income) was ¥7.0 billion, the same level as for the year ended March 31, 2017, and financial expenses (excluding interest charges) decreased ¥14.9 billion to ¥11.2 billion, as compared with the year ended March 31, 2017.

Share of profits of investments accounted for using the equity method was ¥62.4 billion, an improvement of ¥109.6 billion from the year ended March 31, 2017, for which an impairment loss for the uranium enrichment business at a U.S. equity-method associate was posted in the Social Infrastructure & Industrial Systems segment.

As a result of the foregoing, EBIT increased ¥169.0 billion to ¥644.2 billion, as compared with the year ended March 31, 2017.

Interest income increased ¥2.0 billion to ¥14.9 billion and interest charges increased ¥1.5 billion to ¥20.5 billion, as compared with the year ended March 31, 2017, respectively.

Income from continuing operations, before income taxes increased ¥169.5 billion to ¥638.6 billion, as compared with the year ended March 31, 2017.

Income taxes increased ¥6.5 billion to ¥131.7 billion, as compared with the year ended March 31, 2017, due mainly to increased income from continuing operations, before income taxes.

Loss from discontinued operations increased ¥10.0 billion to ¥16.0 billion, as compared with the year ended March 31, 2017.

Net income increased ¥152.8 billion to ¥490.9 billion, as compared with the year ended March 31, 2017.

Net income attributable to non-controlling interests increased ¥21.1 billion to ¥127.9 billion, as compared with the year ended March 31, 2017.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders increased ¥131.7 billion to ¥362.9 billion, as compared with the year ended March 31, 2017.

Revenues by Geographic Area

The following is an overview of revenues attributed to geographic areas based on customer location.

Years ended March 31:	Billions of yen		Percent change
	2017	2018	
Japan	¥4,757.6	¥4,643.0	-2%
Overseas Revenues			
Subtotal	4,404.5	4,725.5	7%
Asia	1,860.7	2,081.1	12%
North America	1,144.0	1,177.5	3%
Europe	972.6	964.4	-1%
Other Areas	427.1	502.3	18%
Total Revenues	¥9,162.2	¥9,368.6	2%

Japan

Revenues in Japan decreased 2% to ¥4,643.0 billion, as compared with the year ended March 31, 2017. This was due mainly to reduced revenues in the Social Infrastructure & Industrial Systems segment, etc. and due to the conversion of Hitachi Transport System, Ltd. and Hitachi Capital Corporation to equity-method associates in the previous fiscal year, despite increased revenues in the High Functional Materials & Components segment.

Overseas

(Asia)

Revenues in Asia increased 12% to ¥2,081.1 billion, as compared with the year ended March 31, 2017. This was due mainly to higher revenues in the Electronic Systems & Equipment segment, Construction Machinery segment, and High Functional Materials & Components segment, etc., despite reduced revenues as a result of the conversion of Hitachi Transport System, Ltd. and Hitachi Capital Corporation to equity-method associates.

(North America)

Revenues in North America increased 3% to ¥1,177.5 billion, as compared with the year ended March 31, 2017. This was due mainly to the higher revenues in the Social Infrastructure & Industrial Systems segment gained by the industrial products business expansion by acquisition and higher revenues in the Construction Machinery segment, despite reduced revenues in the Electronic Systems & Equipment segment due to the impact of the deconsolidation of Hitachi Koki Co., Ltd.

(Europe)

Revenues in Europe decreased 1% to ¥964.4 billion, as compared with the year ended March 31, 2017. This was due mainly to the impact of deconsolidation of Hitachi Koki Co., Ltd. and the conversion of Hitachi Capital Corporation to an equity-method associate. This decrease was almost partially offset by higher revenues in the Social Infrastructure & Industrial Systems segment, reflecting substantial sales growth in the railway systems business, and higher revenues in the High Functional Materials & Components segment due mainly to acquisitions.

(Other Areas)

Revenues in other areas increased 18% to ¥502.3 billion, as compared with the year ended March 31, 2017. This was due mainly to higher revenues in Construction Machinery segment owing to acquisitions, etc.

As a result of the foregoing, overseas revenues increased 7% to ¥4,725.5 billion, as compared with the year ended March 31, 2017, and the ratio to total revenues was 50%, which was 2% increase as compared with the year ended March 31, 2017.

Summary of Financial Condition, etc.

Liquidity and Capital Resources

Our management considers maintaining an appropriate level of liquidity and securing adequate funds for current and future business operations to be important financial objectives. Through efficient management of working capital and selective investment in new plants and equipment, we are working to optimize the efficiency of capital utilization throughout our business operations. We endeavor to improve our group cash management by centralizing such management among us and our overseas financial subsidiaries. Our internal sources of funds include cash flows generated by operating activities and cash on hand. Our management also considers short-term investments to be an immediately available source of funds. In addition, we raise funds both in the capital markets and from Japanese and international commercial banks in response to our capital requirements. Our management policy is to finance capital expenditures primarily by internally generated funds and to a lesser extent by funds raised through the issuance of debt and equity securities in domestic and foreign capital markets. In order to flexibly access funding, we maintain our shelf registration with the maximum outstanding balance of ¥300.0 billion.

We maintain commitment line agreements with a number of domestic banks under which we may borrow in order to ensure efficient access to necessary funds. These commitment line agreements generally provide for a one-year term, renewable upon mutual agreement between us and each of the lending banks, as well as another commitment line agreement with a contract term of three years ending on July 29, 2019. As of March 31, 2018, our unused commitment lines totaled ¥503.2 billion, including those of ¥400.0 billion which the Company maintained.

We receive debt ratings from Moody's Japan K.K. (Moody's), Standard & Poor's Rating Japan (S&P), as well as Rating and Investment Information, Inc. (R&I). Our debt ratings as of March 31, 2018 were as follows:

Rating Company	Long-term	Short-term
Moody's	A3	P-2
S&P	A-	A-2
R&I	A+	a-1

With our current ratings, we believe that our access to the global capital markets will remain sufficient for our financing needs. We seek to improve our credit ratings in order to ensure financial flexibility for liquidity and capital management, and to continue to maintain access to sufficient funding resources through the capital markets.

Cash Flows

Years ended March 31:	Billions of yen	
	2017	2018
Net cash provided by operating activities	¥ 629.5	¥ 727.1
Net cash used in investing activities	(337.9)	(474.3)
Net cash used in financing activities	(209.5)	(321.4)
Effect of exchange rate changes on cash and cash equivalents	(16.1)	1.3
Change in cash and cash equivalents	65.9	(67.2)
Cash and cash equivalents at beginning of year	699.3	765.2
Cash and cash equivalents at end of year	¥ 765.2	¥ 697.9

(Cash Flows from Operating Activities)

Net income in the year ended March 31, 2018 increased by ¥152.8 billion, as compared with the year ended March 31, 2017. Net cash outflow from a change in inventories increased by ¥158.4 billion, as compared with the year ended March 31, 2017. Net cash flow from a change in trade payables deteriorated by ¥13.6 billion. Net cash flow from a change in trade receivables improved by ¥244.0 billion. As a result, net cash outflow from changes in working capital decreased. As a result of the foregoing, net cash provided by operating activities was ¥727.1 billion in the year ended March 31, 2018, an increase of ¥97.5 billion compared with the year ended March 31, 2017.

(Cash Flows from Investing Activities)

Net amount of investments related to property, plant and equipment*1 was ¥406.4 billion, a decrease of ¥56.1 billion as compared with the year ended March 31, 2017. Proceeds from sales of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) decreased by ¥70.7 billion compared with the year ended March 31, 2017 for which partial sales of the shares of Hitachi Transport System, Ltd. and Hitachi Capital Corporation, and the sale of all shares of Hitachi Koki Co., Ltd. were conducted. Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) increased ¥65.8 billion, compared with the year ended March 31, 2017, due mainly to payment for the acquisition of "Sullair" air compressor business. As a result of the foregoing, net cash used in investing activities was ¥474.3 billion in the year ended March 31, 2018, an increase of ¥136.3 billion compared with the year ended March 31, 2017.

*1 The sum of the purchase of property, plant and equipment, the purchase of intangible assets and the purchase of leased assets, less the proceeds from sale of property, plant, equipment and intangible assets, the proceeds from sale of leased assets and the collection of lease receivables

(Cash Flows from Financing Activities)

The net cash outflow from a change in short-term debt decreased by ¥128.9 billion compared with the year ended March 31, 2017. Payments related to long-term debt*2 in the year ended March 31, 2018 were ¥113.5 billion, as compared with ¥115.5 billion of proceeds related to long-term debt in the year ended March 31, 2017. As a result of the foregoing, net cash used in financing activities was ¥321.4 billion in the year ended March 31, 2018, an increase of ¥111.9 billion compared with the year ended March 31, 2017.

*2 The proceeds from long-term debt, less the payments on long-term debt

As a result of the above items, as of March 31, 2018, cash and cash equivalents amounted to ¥697.9 billion, a decrease of ¥67.2 billion from March 31, 2017. Free cash flows, the sum of cash flows from operating and investing activities, were an inflow of ¥252.8 billion in the year ended March 31, 2018, a decrease of ¥38.7 billion from the year ended March 31, 2017.

Assets, Liabilities, and Equity

As of March 31, 2018, total assets amounted to ¥10,106.6 billion, an increase of ¥442.6 billion from March 31, 2017. This was due mainly to the acquisition of "Sullair" air compressor business in the Social Infrastructure & Industrial Systems segment and corporate acquisitions undertaken by Hitachi Chemical Company, Ltd. in the High Functional Materials & Components segment. Cash and cash equivalents as of March 31, 2018 amounted to ¥697.9 billion, a decrease of ¥67.2 billion from the amount as of March 31, 2017.

As of March 31, 2018, total interest-bearing debt, the sum of short-term debt and long-term debt, amounted to ¥1,050.2 billion, a decrease of ¥126.3 billion from March 31, 2017 as a result of bond redemption and repayment of borrowings. As of March 31, 2018, short-term debt, consisting mainly of borrowings from banks and commercial paper, amounted to ¥121.4 billion, a decrease of ¥74.9 billion from March 31, 2017. As of March 31, 2018, current portion of long-term debt amounted to ¥117.1 billion, a decrease of ¥73.0 billion from March 31, 2017. As of March 31, 2018, long-term debt (excluding current portion), consisting mainly of debentures, and loans principally from banks and insurance companies, amounted to ¥811.6 billion, an increase of ¥21.6 billion from March 31, 2017.

As of March 31, 2018, total Hitachi, Ltd. stockholders' equity amounted to ¥3,278.0 billion, an increase of ¥310.9 billion from March 31, 2017. This is due mainly to posting net income attributable to Hitachi, Ltd. stockholders. As a result, the ratio of total Hitachi, Ltd. stockholders' equity to total assets as of March 31, 2018 was 32.4%, compared with 30.7% as of March 31, 2017.

Non-controlling interests as of March 31, 2018 were ¥1,233.6 billion, an increase of ¥103.7 billion from March 31, 2017.

Total equity as of March 31, 2018 was ¥4,511.6 billion, an increase of ¥414.6 billion from March 31, 2017. The ratio of interest-bearing debt to total equity was 0.23, compared with 0.29 as of March 31, 2017.

Consolidated Statement of Financial Position

March 31, 2018 and 2017

	Millions of yen	
Assets	2017	2018
Current assets		
Cash and cash equivalents	¥ 765,242	¥ 697,964
Trade receivables	2,433,149	2,501,414
Inventories	1,225,907	1,375,232
Investments in securities and other financial assets	388,792	373,324
Other current assets	189,516	203,866
Total current assets	5,002,606	5,151,800
Non-current assets		
Investments accounted for using the equity method	691,251	743,407
Investments in securities and other financial assets	758,350	716,431
Property, plant and equipment	1,998,411	2,124,827
Intangible assets	919,201	1,054,370
Other non-current assets	294,098	315,768
Total non-current assets	4,661,311	4,954,803
Total Assets	¥9,663,917	¥10,106,603

Note: Changes in presentation have been made due to materiality of some accounts balances as a result of business reorganization and others. 'Investments in securities and other financial assets,' which were included in 'Other current assets' as of March 31, 2017, have been reclassified and presented separately. 'Lease receivables,' which were separately presented under current and non-current assets, have been included in 'Investments in securities and other financial assets' under current and non-current assets, respectively. 'Other financial liabilities,' which were separately presented under non-current liabilities, have been included in 'Other non-current liabilities.' The consolidated statement of financial position as of March 31, 2017 has been reclassified in order to reflect these changes in presentation.

	Millions of yen	
Liabilities	2017	2018
Current liabilities		
Short-term debt	¥ 196,357	¥ 121,439
Current portion of long-term debt	190,233	117,191
Other financial liabilities	274,270	254,735
Trade payables	1,402,233	1,536,983
Other current liabilities	1,657,766	1,765,046
Total current liabilities	3,720,859	3,795,394
Non-current liabilities		
Long-term debt	790,013	811,664
Retirement and severance benefits	635,684	575,156
Other non-current liabilities	420,366	412,718
Total non-current liabilities	1,846,063	1,799,538
Total Liabilities	5,566,922	5,594,932
Equity		
Hitachi, Ltd. stockholders' equity		
Common stock	458,790	458,790
Capital surplus	577,573	575,809
Retained earnings	1,793,570	2,105,395
Accumulated other comprehensive income	141,068	142,167
Treasury stock, at cost	(3,916)	(4,137)
Total Hitachi, Ltd. stockholders' equity	2,967,085	3,278,024
Non-controlling interests	1,129,910	1,233,647
Total Equity	4,096,995	4,511,671
Total Liabilities and Equity	¥9,663,917	¥10,106,603

Consolidated Statement of Profit or Loss

Years ended March 31, 2018 and 2017

	Millions of yen	
	2017	2018
Revenues	¥ 9,162,264	¥ 9,368,614
Cost of sales	(6,782,677)	(6,866,522)
Gross profit	2,379,587	2,502,092
Selling, general and administrative expenses	(1,792,278)	(1,787,462)
Adjusted operating income	587,309	714,630
Other income	100,742	12,068
Other expenses	(146,568)	(140,686)
Financial income	7,091	7,005
Financial expenses	(26,206)	(11,243)
Share of profits (losses) of investments accounted for using the equity method	(47,186)	62,483
EBIT (Earnings before interest and taxes)	475,182	644,257
Interest income	12,923	14,928
Interest charges	(19,014)	(20,539)
Income from continuing operations, before income taxes	469,091	638,646
Income taxes	(125,112)	(131,708)
Income from continuing operations	343,979	506,938
Loss from discontinued operations	(5,950)	(16,020)
Net income	¥ 338,029	¥ 490,918
Net income attributable to:		
Hitachi, Ltd. stockholders	231,261	362,988
Non-controlling interests	106,768	127,930

Consolidated Statement of Comprehensive Income

Years ended March 31, 2018 and 2017

	Millions of yen	
	2017	2018
Net income	¥338,029	¥490,918
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	59,934	1,530
Remeasurements of defined benefit plans	46,086	22,753
Share of OCI of investments accounted for using the equity method	(1,887)	3,302
Total items not to be reclassified into net income	104,133	27,585
Items that can be reclassified into net income		
Foreign currency translation adjustments	(64,761)	(8,042)
Net changes in cash flow hedges	21,303	5,703
Share of OCI of investments accounted for using the equity method	1,166	(45)
Total items that can be reclassified into net income	(42,292)	(2,384)
Other comprehensive income (OCI)	61,841	25,201
Comprehensive income	¥399,870	¥516,119
Comprehensive income attributable to:		
Hitachi, Ltd. stockholders	299,397	382,341
Non-controlling interests	100,473	133,778

Consolidated Statement of Changes in Equity

Years ended March 31, 2018 and 2017

Millions of yen

2017

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2016	¥458,790	¥586,790	¥1,609,761	¥ 83,543	¥(3,806)	¥2,735,078	¥1,390,492	¥4,125,570
Reclassified into retained earnings	-	-	10,486	(10,486)	-	-	-	-
Net income	-	-	231,261	-	-	231,261	106,768	338,029
Other comprehensive income (loss)	-	-	-	68,136	-	68,136	(6,295)	61,841
Cash dividends	-	-	(57,938)	-	-	(57,938)	(38,283)	(96,221)
Changes in treasury stock	-	(15)	-	-	(110)	(125)	-	(125)
Equity transactions and other	-	(9,202)	-	(125)	-	(9,327)	(322,772)	(332,099)
Total changes in equity	-	(9,217)	183,809	57,525	(110)	232,007	(260,582)	(28,575)
As of March 31, 2017	¥458,790	¥577,573	¥1,793,570	¥141,068	¥(3,916)	¥2,967,085	¥1,129,910	¥4,096,995

Millions of yen

2018

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2017	¥458,790	¥577,573	¥1,793,570	¥141,068	¥(3,916)	¥2,967,085	¥1,129,910	¥4,096,995
Reclassified into retained earnings	-	-	16,428	(16,428)	-	-	-	-
Net income	-	-	362,988	-	-	362,988	127,930	490,918
Other comprehensive income	-	-	-	19,353	-	19,353	5,848	25,201
Cash dividends	-	-	(67,591)	-	-	(67,591)	(34,395)	(101,986)
Changes in treasury stock	-	(27)	-	-	(221)	(248)	-	(248)
Equity transactions and other	-	(1,737)	-	(1,826)	-	(3,563)	4,354	791
Total changes in equity	-	(1,764)	311,825	1,099	(221)	310,939	103,737	414,676
As of March 31, 2018	¥458,790	¥575,809	¥2,105,395	¥142,167	¥(4,137)	¥3,278,024	¥1,233,647	¥4,511,671

Consolidated Statement of Cash Flows

Years ended March 31, 2018 and 2017

	Millions of yen	
	2017	2018
Cash flows from operating activities		
Net income	¥ 338,029	¥ 490,918
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	415,183	364,432
Change in trade receivables	(196,824)	47,216
Change in inventories	(22,731)	(181,207)
Change in trade payables	111,589	97,923
Other	(15,664)	(92,114)
Net cash provided by (used in) operating activities	629,582	727,168
Cash flows from investing activities		
Purchase of property, plant and equipment	(316,116)	(349,388)
Purchase of intangible assets	(101,034)	(90,924)
Purchase of leased assets	(292,943)	(3,263)
Proceeds from sale of property, plant and equipment, and intangible assets	52,208	27,448
Proceeds from sale of leased assets	14,539	9,628
Collection of lease receivables	180,726	-
Proceeds from sale (purchase) of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method), net	71,653	(64,936)
Other	53,012	(2,893)
Net cash provided by (used in) investing activities	(337,955)	(474,328)
Free cash flows	291,627	252,840
Cash flows from financing activities		
Change in interest-bearing debt	(118,314)	(218,409)
Dividends paid to stockholders	(57,935)	(67,568)
Dividends paid to non-controlling interests	(36,508)	(32,066)
Other	3,221	(3,411)
Net cash provided by (used in) financing activities	(209,536)	(321,454)
Effect of exchange rate changes on cash and cash equivalents	(16,164)	1,336
Change in cash and cash equivalents	65,927	(67,278)
Cash and cash equivalents at beginning of year	699,315	765,242
Cash and cash equivalents at end of year	¥ 765,242	¥ 697,964