

**Outline of Consolidated Financial Results
for the Third Quarter
Ended December 31, 2018**

February 1, 2019

Hitachi, Ltd.

Contents

- 1. Outline of Consolidated Financial Results
for the Third Quarter Ended December 31, 2018**
- 2. Outlook for Fiscal 2018**
- 3. Supplemental Information**



**1. Outline of Consolidated Financial Results
for the Third Quarter Ended December 31, 2018**

1-1. Highlights of Q3 (Apr. - Dec.) FY2018 Financial Results

Revenues	6,782.9 billion yen	up 2% / 108.9 billion yen YoY <ul style="list-style-type: none"> ● Increased in Information & Telecommunication Systems, Social Infrastructure & Industrial Systems, Construction Machinery, High Functional Materials & Components segments, etc.
Adjusted operating income*1	534.5 billion yen	up 13% / 59.9 billion yen YoY <ul style="list-style-type: none"> ● Posted record-high for Q3 (Apr. - Dec.)^{*3} ● Increased in Information & Telecommunication Systems, Social Infrastructure & Industrial Systems, Construction Machinery segments, etc.
EBIT*2	305.4 billion yen	down 35% / 167.3 billion yen YoY <ul style="list-style-type: none"> ● Decreased mainly due to impairment loss attributed to the suspension of the UK nuclear power stations construction project, etc.
Net income attributable to Hitachi, Ltd. stockholders	82.6 billion yen	down 68% / 175.9 billion yen YoY
Free cash flows	26.8 billion yen	down 132.1 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 the quarterly announcement of financial results.

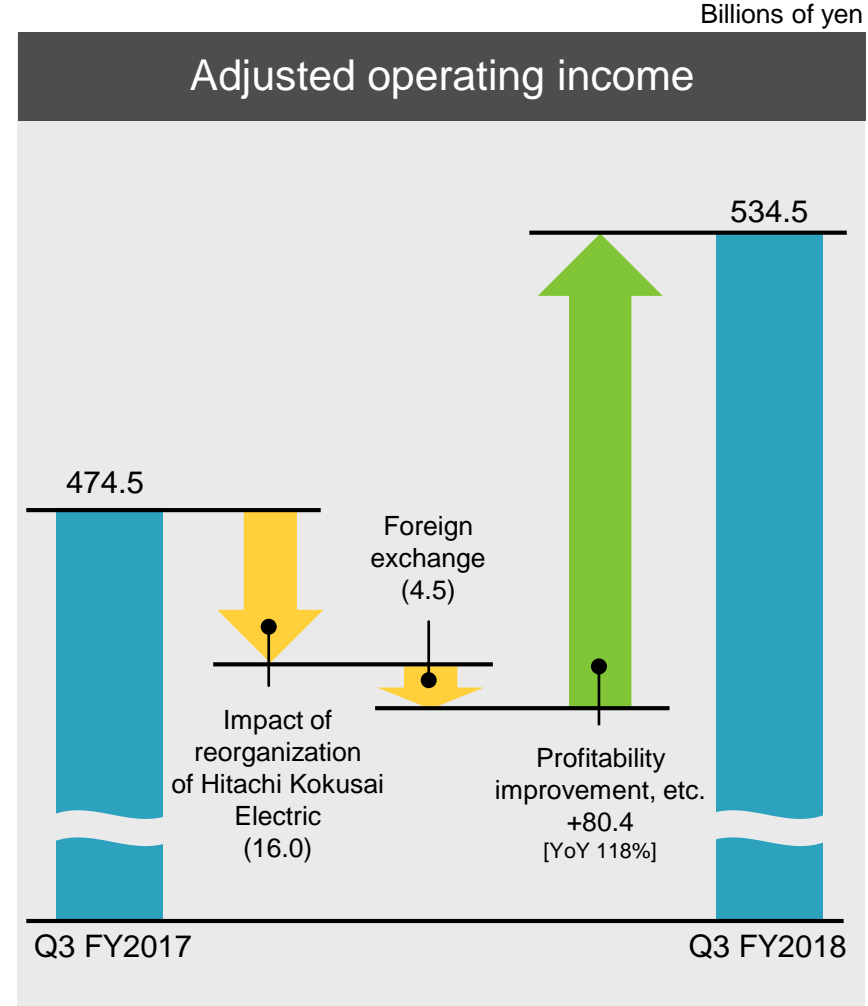
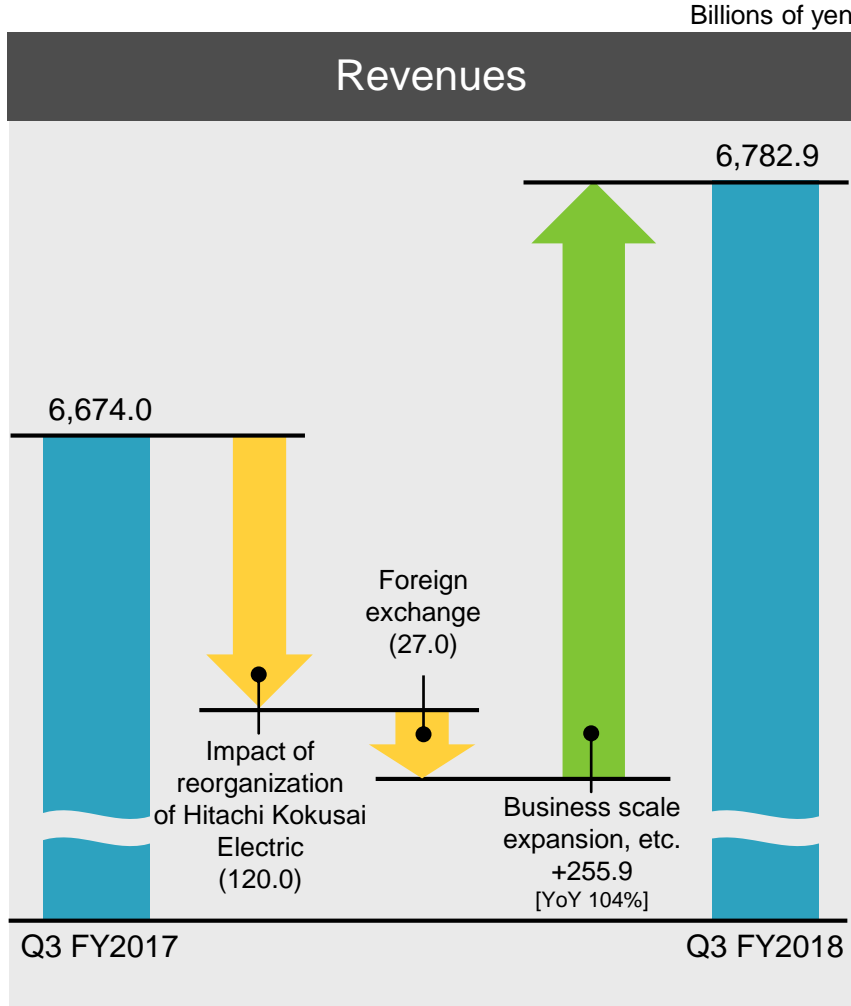
1-2. Q3 (Apr. - Dec.) FY2018 Consolidated Statement of Profit or Loss

Billions of yen

	Q3 FY2017	Q3 FY2018	Year over year
Revenues	6,674.0	6,782.9	+108.9 [102%]
<i>Adjusted operating income ratio</i>	7.1%	7.9%	+0.8%
Adjusted operating income	474.5	534.5	+59.9
<i>EBIT ratio</i>	7.1%	4.5%	(2.6%)
EBIT	472.8	305.4	(167.3)
Income from continuing operations, before income taxes	468.1	306.7	(161.3)
Income taxes	(116.4)	(137.5)	(21.0)
Income from continuing operations	351.6	169.2	(182.4)
Income (Loss) from discontinued operations*	0.0	(4.4)	(4.5)
Net income	351.7	164.8	(186.9)
Net income attributable to Hitachi, Ltd. stockholders	258.5	82.6	(175.9)

* 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. Q3 (Apr. - Dec.) FY2018 Factors Affecting Changes in Revenues and Adjusted Operating Income (Year over Year)



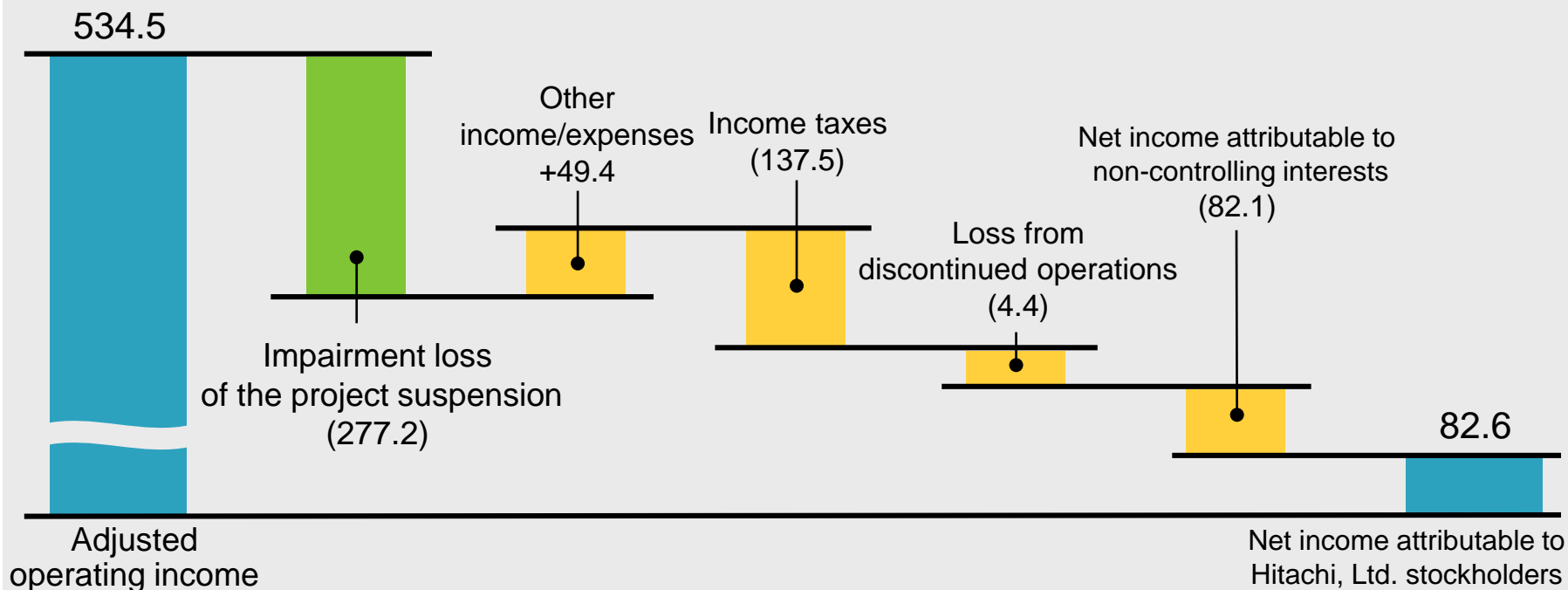
- Business scale expansion, etc.
 - Hitachi Construction Machinery, Railway systems business, Hitachi High-Technologies, Hitachi Metals, and Information & Telecommunication Systems business, etc.

- Profitability improvement, etc.
 - Business scale expansion and cost reduction, etc.

1-4. Suspension of UK Nuclear Power Stations Construction Project (Horizon Project)

Billions of yen

Q3 (Apr. - Dec.) FY2018: Factors affecting changes in net income attributable to Hitachi, Ltd. stockholders



■ Cost due to the project suspension

Billions of yen

	FY2018	
	Q3	Q4 (Forecast)
Impairment loss	277.2	-
Other expenses	-	approx. 21.0

■ Cash flows impact

No cash flow impact from the impairment loss posted in Q3 FY2018

■ Tax effect

Impairment loss is not taken into account for taxable income and deferred tax asset is not recognized.

1-5. Q3 (Apr. - Dec.) FY2018 Revenues by Market

Billions of yen

	Q3 FY2017		Q3 FY2018		Year over year
		Ratio		Ratio	
Japan	3,190.5	48%	3,221.5	47%	101%
Outside Japan	3,483.5	52%	3,561.4	53%	102%
Asia	1,554.1	23%	1,546.7	23%	100%
China	793.0	12%	786.5	12%	99%
ASEAN, India, other areas	761.1	11%	760.1	11%	100%
North America	863.6	13%	895.9	13%	104%
Europe	700.7	10%	750.1	11%	107%
Other Areas	364.9	6%	368.5	6%	101%
Total	6,674.0	100%	6,782.9	100%	102%

1-6. Q3 (Apr. - Dec.) FY2018 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 December 31, 2018	Change from March 31, 2018
Total assets	10,106.6	9,693.4	(413.1)
Trade receivables and contract assets	2,501.4	2,212.6	(288.7)
Total liabilities	5,594.9	5,395.1	(199.8)
Interest-bearing debt	1,050.2	1,324.8	+274.5
Total Hitachi, Ltd. stockholders' equity	3,278.0	3,142.2	(135.7)
Non-controlling interests	1,233.6	1,156.0	(77.5)
Cash Conversion Cycle	69.7 days	70.9 days	1.2 days increase
Total Hitachi, Ltd. stockholders' equity ratio	32.4%	32.4%	±0.0 points
D/E ratio (Including non-controlling interests)	0.23 times	0.31 times	0.08 points increase

■ Summary of Consolidated Statements of Cash Flows

Billions of yen

	Q3 FY2017	Q3 FY2018	Year over year
Cash flows from operating activities	473.2	202.3	(270.8)
Cash flows from investing activities	(314.2)	(175.4)	+138.7
Free cash flows	158.9	26.8	(132.1)

1-7. Q3 (Apr. - Dec.) FY2018 Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		Q3 FY2017*		Q3 FY2018*		Year over year		Dynamics
Information & Telecommunication Systems	Revenues		1,413.0		1,450.8		103%	(+) Expansion of system integration business (-) Stock transfer of ALAXALA Networks
	Adjusted operating income	8.4%	118.3	10.8%	157.0	+2.4%	+38.7	(+) Profitability improvement in system integration business (+) Profitability improvement in IT Platform & Products
	EBIT	7.4%	104.4	11.4%	164.9	+4.0%	+60.5	(+) Increase in adjusted operating income (+) Gains by selling the land of Totsuka Works (former telecommunication network products base)
Social Infrastructure & Industrial Systems	Revenues		1,622.9		1,698.2		105%	(+) 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	3.9%	63.4	5.8%	97.7	+1.9%	+34.2	(+) Increase in revenues of railway systems business (+) Profitability improvement in industry & distribution field (+) Increase in revenues and profitability improvement in industrial products business
	EBIT	3.5%	57.5	(9.1%)	(153.7)	(12.6%)	(211.2)	(-) Impairment loss due to the suspension of Horizon Project (+) Gains by selling a part of Agility Trains West stocks

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

1-8. Q3 (Apr. - Dec.) FY2018 Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		Q3 FY2017*		Q3 FY2018*		Year over year		Dynamics
Electronic Systems & Equipment	Revenues		763.2		693.0		91%	(+) Sales increase of clinical analyzers and semiconductor processing equipment at Hitachi High-Technologies (+) Sales increase of radiation therapy systems in healthcare business (-) Deconsolidation of Hitachi Kokusai Electric
	Adjusted operating income	7.3%	55.8	8.0%	55.1	+0.7%	(0.7)	(+) Increase in revenues at Hitachi High-Technologies and in healthcare business (-) Deconsolidation of Hitachi Kokusai Electric
	EBIT	7.4%	56.6	7.5%	51.9	+0.1%	(4.7)	(+) Increase in adjusted operating income at Hitachi High-Technologies and in healthcare business (-) Deconsolidation of Hitachi Kokusai Electric
Construction Machinery	Revenues		683.9		743.1		109%	(+) Sales increase mainly in Asia-Pacific and North America
	Adjusted operating income	9.5%	65.2	11.3%	84.3	+1.8%	+19.0	(+) Increase in revenues
	EBIT	10.3%	70.5	10.8%	80.1	+0.5%	+9.6	(+) Increase in adjusted operating income (-) Posting of exchange loss (-) Posting of structural reform expenses

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

1-9. Q3 (Apr. - Dec.) FY2018 Revenues, Adjusted Operating Income and EBIT by Business Segment (3)

Billions of yen

		Q3 FY2017*1		Q3 FY2018*1		Year over year		Dynamics
High Functional Materials & Components	Revenues		1,230.8		1,297.8		105%	(+) 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 prices at Hitachi Metals
	Adjusted operating income	7.6%	93.1	6.3%	82.0	(1.3%)	(11.1)	(-) Change of product mix and increase in raw material prices at Hitachi Chemical (-) Decrease in demand of materials for FA*2, semiconductors and electronics products at Hitachi Metals
	EBIT	6.9%	85.2	5.6%	72.6	(1.3%)	(12.5)	(-) Decrease in adjusted operating income (-) Impairment loss in Hitachi Metals
Automotive Systems	Revenues		738.4		726.8		98%	(-) Sales decrease in China and North America (-) Sales decrease of car information systems
	Adjusted operating income	4.5%	33.4	2.6%	18.6	(1.9%)	(14.7)	(-) Decrease in revenues (-) Profitability deterioration in North America
	EBIT	4.1%	30.1	(2.3%)	(16.4)	(6.4%)	(46.6)	(-) Decrease in adjusted operating income (-) Posting of structural reform expenses

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

*2 Factory Automation

1-10. Q3 (Apr. - Dec.) FY2018 Revenues, Adjusted Operating Income and EBIT by Business Segment (4)

Billions of yen

		Q3 FY2017*		Q3 FY2018*		Year over year		Dynamics
Smart Life & Ecofriendly Systems	Revenues		399.5		352.8		88%	(-) Change of accounting to net basis revenue for a part of procured products in Japan (-) Decrease in sales overseas, mainly in the Middle East market (-) Price down of home appliances in Japan
	Adjusted operating income	3.9%	15.5	2.7%	9.6	(1.2%)	(5.8)	(-) Increase in raw material prices (-) Impact of foreign exchange (-) Price down of home appliances in Japan
	EBIT	6.2%	24.6	5.2%	18.3	(1.0%)	(6.2)	(-) Decrease in adjusted operating income
Others	Revenues		405.1		395.3		98%	
	Adjusted operating income	3.9%	15.9	5.6%	22.0	+1.7%	+6.1	
	EBIT	4.3%	17.5	6.1%	24.2	+1.8%	+6.6	
Corporate items & Eliminations	Revenues		(583.1)		(575.3)		-	
	Adjusted operating income		13.5		7.8		(5.6)	
	EBIT		26.1		63.4		+37.2	(+) Gains by selling Hitachi Kokusai Electric stock
Total	Revenues		6,674.0		6,782.9		102%	
	Adjusted operating income	7.1%	474.5	7.9%	534.5	+0.8%	+59.9	
	EBIT	7.1%	472.8	4.5%	305.4	(2.6%)	(167.3)	

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

■ Progress of Lumada Business

Billions of yen

	FY2017		FY2018			
	Q3 (Apr. - Dec.)	Total	Q3 (Apr. - Dec.)		Total (Forecast)	
				Year over Year		Year over year
Revenues of Lumada business	677.0	1,006.0	757.0	112%	1,080.0	107%
1) Lumada core business	134.0	230.0	205.0	153%	320.0	139%
2) Lumada SI business	543.0	776.0	552.0	102%	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 solutions

- Developed a production planning system utilizing AI through collaborative creation with Suntory Beverage & Food, supporting stable product supply adapted to demand and improvement in workflow efficiency
- Started collaborative creation with Tokio Marine & Nichido to promote digitalization of manufacturing sites, and developed a new service combining the predictive maintenance service and insurance utilizing Lumada solution

- Expansion of global co-creation

- Established a joint venture with State Bank of India(SBI), the largest state-owned commercial bank in India, on January 19, aiming to create a digital payments platform that will enable better convenience and quality for India through integrating SBI's the largest merchant network in the market and Hitachi's digital technologies

■ **Acquire ABB's Power Grids Business to Strengthen Hitachi's Energy solutions Business (Scheduled to Establish a Joint Venture in the First Half of 2020)**

- Acquire global customer base and build an energy platform

■ **Structural Reform of Automotive Systems Business**

- Promoting the structural reform of automotive systems business aiming to establish the global leader position in automotive equipment industry
 - Tender all shares of Clarion, a consolidated subsidiary of Hitachi, in response to the tender offer conducted by Faurecia S.A.
(Tender offer period: from January 30 to February 28
Scheduled to be deconsolidated: by the end of March, 2019)
 - Transfer the shares of Hitachi Automotive Systems Measurement which engages in an energy station business to Polaris Capital Group Co., Ltd. (February 1)
 - Transfer commercial vehicle steering business to Knorr-Bremse AG
(scheduled on March 1)
 - Transfer part of shares of Hitachi Vehicle Energy which engages in automotive lithium-ion battery business to INCJ, Ltd. and Maxell Holdings, Ltd. (scheduled on March 29)

■ **Strengthen the Management Base of Railway Systems Business**

- Sold part of shares of Agility Trains West Limited
- Acquired remaining shares of Ansaldo STS to make it a wholly owned subsidiary to increase synergies (January 30)

2. Outlook for Fiscal 2018

2-1. Outlook for FY2018

- Projections for Q4 (Jan.- Mar.) FY2018 assume an exchange rate of 105 yen to the U.S. dollar and 120 yen to the euro.

Billions of yen

	FY2017	FY2018				Impact of the suspension of Horizon Project (C)	FY2018 Forecast (B) - (C)
		Previous forecast* ¹ (A)	Forecast (B)	Year over year	(B) - (A)		
Revenues	9,368.6	9,400.0	9,400.0	+31.3 [100%]	±0.0 [100%]	-	9,400.0
<i>Adjusted operating income ratio</i>	7.6%	8.0%	8.0%	+0.4%	±0.0%		8.0%
Adjusted operating income	714.6	750.0	750.0	+35.3	±0.0	-	750.0
<i>EBIT ratio</i>	6.9%	4.8%	5.3%	(1.6%)	+0.5%		8.5%
EBIT	644.2	450.0	500.0	(144.2)	+50.0	(298.0)	798.0
Income from continuing operations, before income taxes	638.6	435.0	490.0	(148.6)	+55.0	(298.0)	788.0
Income taxes	(131.7)	(195.0)	(190.0)	(58.2)	+5.0	(2.0)	(188.0)
Income from continuing operations	506.9	240.0	300.0	(206.9)	+60.0	(300.0)	600.0
Loss from discontinued operations	(16.0)	(10.0)	(10.0)	+6.0	±0.0	-	(10.0)
Net income	490.9	230.0	290.0	(200.9)	+60.0	(300.0)	590.0
Net income attributable to Hitachi, Ltd. stockholders	362.9	100.0	180.0	(182.9)	+80.0	(294.0)	474.0
Earnings per share* ²	375.93 yen	103.56 yen	186.41 yen	(189.52 yen)	+82.85 yen	(304.47 yen)	490.88 yen

*1 Announced on January 17, 2019

*2 On October 1, 2018, Hitachi completed the share consolidation of every five shares into one share for its common stock.

The figures for Earnings per share are calculated on the assumption that the company conducted this consolidation at the beginning of the previous fiscal year.

© Hitachi, Ltd. 2019. All rights reserved.

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		Dynamics (Previous forecast comparison)
Information & Telecommunication Systems	Revenues	2,008.9		2,000.0		100%		100%		<ul style="list-style-type: none"> Adjusted operating income: (+) Profitability improvement in IT Platform & Products
	Adjusted operating income	<i>9.4%</i>	189.2	<i>10.4%</i>	207.0	<i>+1.0%</i>	+17.7	<i>+0.4%</i>	+7.0	
	EBIT	<i>6.9%</i>	139.2	<i>9.8%</i>	196.0	<i>+2.9%</i>	+56.7	<i>±0.0%</i>	±0.0	
Social Infrastructure & Industrial Systems	Revenues	2,375.0		2,450.0		103%		100%		<ul style="list-style-type: none"> Adjusted operating income: (+) Increase in adjusted operating income due to the increase in revenues of building systems business (+) Profitability improvement, etc. EBIT: (+) Gains by selling a part of Agility Trains West stocks
	Adjusted operating income	<i>4.9%</i>	115.5	<i>7.1%</i>	175.0	<i>+2.2%</i>	+59.4	<i>+0.4%</i>	+10.0	
	EBIT	<i>4.3%</i>	101.2	<i>(5.1%)</i>	(125.0)	<i>(9.4%)</i>	(226.2)	<i>+1.6%</i>	+39.0	
Electronic Systems & Equipment	Revenues	1,086.5		980.0		90%		98%		<ul style="list-style-type: none"> Revenues: (-) Decrease in demand for semiconductor-related products
	Adjusted operating income	<i>8.0%</i>	86.9	<i>7.3%</i>	72.0	<i>(0.7%)</i>	(14.9)	<i>+0.1%</i>	±0.0	
	EBIT	<i>8.2%</i>	88.8	<i>7.0%</i>	69.0	<i>(1.2%)</i>	(19.8)	<i>+0.1%</i>	±0.0	
Construction Machinery	Revenues	959.1		1,010.0		105%		103%		<ul style="list-style-type: none"> Revenues: (+) Sales expansion mainly in Asia-Pacific and North America
	Adjusted operating income	<i>9.6%</i>	92.5	<i>10.4%</i>	105.0	<i>+0.8%</i>	+12.4	<i>(0.3%)</i>	±0.0	
	EBIT	<i>10.1%</i>	97.0	<i>10.0%</i>	101.0	<i>(0.1%)</i>	+3.9	<i>(0.3%)</i>	±0.0	
High Functional Materials & Components	Revenues	1,657.5		1,710.0		103%		99%		<ul style="list-style-type: none"> Adjusted operating income, EBIT: (-) Decrease in demand of products for semiconductor and automobile at Hitachi Metals (-) Change of product mix at Hitachi Chemicals
	Adjusted operating income	<i>7.4%</i>	121.8	<i>6.3%</i>	108.0	<i>(1.1%)</i>	(13.8)	<i>(1.7%)</i>	(30.0)	
	EBIT	<i>6.0%</i>	98.6	<i>5.6%</i>	95.0	<i>(0.4%)</i>	(3.6)	<i>(1.9%)</i>	(35.0)	

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

*2 As of January 17, 2019

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		Dynamics (Previous forecast comparison)
Automotive Systems	Revenues	1,001.0		960.0		96%		97%		<ul style="list-style-type: none"> Revenues, Adjusted operating income: (-) Sales decrease of car information systems (-) Sales decrease in China EBIT: (+) Gains by selling businesses through the structural reform
	Adjusted operating income	5.0%	49.5	4.0%	38.0	(1.0%)	(11.5)	(1.1%)	(12.0)	
	EBIT	4.2%	42.4	9.4%	90.0	+5.2%	+47.5	+4.3%	+40.0	
Smart Life & Ecofriendly Systems	Revenues	540.1		500.0		93%		98%		<ul style="list-style-type: none"> Revenues, Adjusted operating income: (-) Sales decrease in overseas market (-) Price down of home appliances in Japan
	Adjusted operating income	4.6%	25.1	4.4%	22.0	(0.2%)	(3.1)	(0.7%)	(4.0)	
	EBIT	6.2%	33.3	6.4%	32.0	+0.2%	(1.3)	+0.1%	±0.0	
Others	Revenues	557.7		530.0		95%		98%		
	Adjusted operating income	3.8%	21.4	4.3%	23.0	+0.5%	+1.5	+1.3%	+7.0	
	EBIT	3.9%	21.8	4.2%	22.0	+0.3%	+0.1	+1.4%	+7.0	
Corporate items & Eliminations	Revenues	(817.5)		(740.0)		-		-		
	Adjusted operating income	12.3		0.0		(12.3)		+22.0		
	EBIT	21.4		20.0		(1.4)		(1.0)		
Total	Revenues	9,368.6		9,400.0		100%		100%		
	Adjusted operating income	7.6%	714.6	8.0%	750.0	+0.4%	+35.3	±0.0%	±0.0	
	EBIT	6.9%	644.2	5.3%	500.0	(1.6%)	(144.2)	+0.5%	+50.0	

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

*2 As of January 17, 2019

3-1. Supplemental Information

Consolidated Revenues by Market and Business Segment (1)

Billions of yen

	Information & Telecommunication Systems						Social Infrastructure & Industrial Systems					
	FY2017		FY2018				FY2017		FY2018			
	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)		Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)	
				Year over year		Year over year				Year over year		Year over year
Japan	315.2	959.3	336.2	107%	1,014.1	106%	301.1	863.0	301.7	100%	854.8	99%
Outside Japan	164.4	453.7	154.4	94%	436.6	96%	282.5	759.9	298.2	106%	843.3	111%
China	19.6	53.7	15.8	81%	44.2	82%	109.2	304.6	116.4	107%	318.2	104%
ASEAN, India, other areas	28.6	79.1	29.0	102%	85.0	107%	30.5	82.0	32.4	106%	86.8	106%
North America	59.2	172.7	51.7	87%	149.6	87%	23.8	58.9	28.5	119%	85.9	146%
Europe	45.5	117.5	45.4	100%	125.2	107%	97.9	255.2	99.6	102%	295.9	116%
Other Areas	11.3	30.5	12.3	109%	32.5	107%	20.8	58.9	21.1	101%	56.3	96%
Total	479.7	1,413.0	490.7	102%	1,450.8	103%	583.7	1,622.9	599.9	103%	1,698.2	105%

Consolidated Revenues by Market and Business Segment (2)

Billions of yen

	Electronic Systems & Equipment						Construction Machinery					
	FY2017		FY2018				FY2017		FY2018			
	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)		Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)	
				Year over year		Year over year				Year over year		Year over year
Japan	101.9	299.0	90.3	89%	273.4	91%	48.2	142.3	55.8	116%	145.5	102%
Outside Japan	147.6	464.1	127.8	87%	419.6	90%	195.4	541.5	196.9	101%	597.6	110%
China	29.8	94.9	27.8	93%	85.1	90%	30.0	78.3	25.4	85%	82.3	105%
ASEAN, India, other areas	58.7	185.8	40.3	69%	152.9	82%	38.5	100.4	40.7	106%	112.2	112%
North America	24.3	66.2	21.0	87%	64.2	97%	38.1	103.2	44.9	118%	124.2	120%
Europe	26.9	96.2	31.6	117%	91.9	96%	30.0	91.1	32.7	109%	101.0	111%
Other Areas	7.6	20.9	6.8	90%	25.3	121%	58.6	168.3	53.0	90%	177.7	106%
Total	249.6	763.2	218.2	87%	693.0	91%	243.6	683.9	252.7	104%	743.1	109%

Consolidated Revenues by Market and Business Segment (3)

Billions of yen

	High Functional Materials & Components						Automotive Systems					
	FY2017		FY2018				FY2017		FY2018			
	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)		Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)	
				Year over year		Year over year				Year over year		Year over year
Japan	178.5	503.7	182.7	102%	532.6	106%	104.5	309.4	111.0	106%	316.0	102%
Outside Japan	250.1	727.1	252.7	101%	765.2	105%	144.8	428.9	136.8	94%	410.8	96%
China	51.1	141.4	46.9	92%	145.9	103%	37.8	98.1	28.6	76%	87.3	89%
ASEAN, India, other areas	78.5	224.7	79.5	101%	238.5	106%	12.8	37.3	15.4	121%	43.7	117%
North America	81.0	250.1	88.1	109%	268.4	107%	65.9	203.1	64.1	97%	195.7	96%
Europe	32.5	88.7	29.9	92%	91.2	103%	13.2	43.3	14.9	113%	43.1	100%
Other Areas	6.8	22.1	7.9	116%	21.0	95%	14.9	46.9	13.6	91%	40.8	87%
Total	428.6	1,230.8	435.4	102%	1,297.8	105%	249.4	738.4	247.8	99%	726.8	98%

Consolidated Revenues by Market and Business Segment (4)

Billions of yen

	Smart Life & Ecofriendly Systems						Consolidated Revenues							
	FY2017		FY2018				FY2017		FY2018					
	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)		Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)		Total (Forecast)	
			Year over year	Year over year	Year over year	Year over year			Year over year	Year over year				
Japan	98.0	323.4	87.7	90%	281.9	87%	1,079.5	3,190.5	1,099.6	102%	3,221.5	101%	4,600.0	99%
Outside Japan	25.1	76.1	22.1	88%	70.9	93%	1,217.9	3,483.5	1,191.4	98%	3,561.4	102%	4,800.0	102%
China	3.4	13.1	3.1	91%	12.7	98%	283.5	793.0	267.3	94%	786.5	99%		
ASEAN, India, other areas	15.2	43.8	13.2	87%	41.8	95%	262.2	761.1	247.7	94%	760.1	100%		
North America	0.4	1.1	0.3	91%	1.0	95%	295.4	863.6	300.4	102%	895.9	104%		
Europe	0.8	2.5	0.7	91%	2.4	96%	250.9	700.7	255.9	102%	750.1	107%		
Other Areas	5.1	15.4	4.5	89%	12.8	83%	125.8	364.9	119.9	95%	368.5	101%		
Total	123.1	399.5	109.8	89%	352.8	88%	2,297.5	6,674.0	2,291.1	100%	6,782.9	102%	9,400.0	100%

Consolidated Capital Expenditure by Business Segment (Completion basis)

Billions of yen

	FY2017		FY2018				Total (Forecast)	
	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)		Year over year	Year over year
				Year over year		Year over year		
Information & Telecommunication Systems	6.8	24.1	7.1	104%	24.6	102%		
Social Infrastructure & Industrial Systems	20.6	55.4	24.3	118%	61.5	111%		
Electronic Systems & Equipment	3.4	12.3	5.1	146%	14.8	121%		
Construction Machinery	4.0	12.0	7.9	193%	20.0	167%		
High Functional Materials & Components	29.1	87.3	40.1	138%	108.1	124%		
Automotive Systems	18.2	47.9	15.4	85%	46.4	97%		
Smart Life & Ecofriendly Systems	2.4	6.2	1.3	54%	8.4	134%		
Others	2.6	7.3	4.1	154%	9.1	125%		
Corporate items	0.7	1.5	0.2	37%	1.1	72%		
Total	88.4	254.4	105.8	120%	294.5	116%	420.0	112%

Consolidated Depreciation by Business Segment

Billions of yen

	FY2017		FY2018				Total (Forecast)	
	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)			
				Year over year		Year over year		Year over year
Information & Telecommunication Systems	10.3	33.8	11.4	111%	33.6	99%		
Social Infrastructure & Industrial Systems	7.6	22.3	7.5	98%	22.5	101%		
Electronic Systems & Equipment	3.7	10.8	3.1	86%	9.1	84%		
Construction Machinery	7.8	23.7	8.3	105%	23.8	101%		
High Functional Materials & Components	18.9	54.0	20.3	107%	59.0	109%		
Automotive Systems	10.7	32.2	11.1	104%	34.1	106%		
Smart Life & Ecofriendly Systems	2.2	6.4	2.2	103%	6.8	106%		
Others	3.6	11.0	3.4	94%	10.3	94%		
Corporate items	0.9	2.8	0.8	94%	2.7	98%		
Total	66.2	197.4	68.6	104%	202.3	102%	300.0	113%

Consolidated R&D Expenditure by Business Segment

Billions of yen

	FY2017		FY2018					
	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)		Total (Forecast)	
				Year over year		Year over year		Year over year
Information & Telecommunication Systems	11.4	36.0	11.7	103%	34.6	96%		
Social Infrastructure & Industrial Systems	14.3	40.3	13.3	93%	40.2	100%		
Electronic Systems & Equipment	12.1	36.9	11.1	92%	32.7	88%		
Construction Machinery	4.5	16.4	6.0	133%	18.0	110%		
High Functional Materials & Components	12.3	35.4	12.8	104%	38.3	108%		
Automotive Systems	15.9	51.7	15.2	96%	47.6	92%		
Smart Life & Ecofriendly Systems	1.7	5.3	1.8	103%	5.9	110%		
Others	0.2	1.6	0.0	-	0.4	27%		
Corporate items	5.5	16.5	5.4	98%	16.0	97%		
Total	78.3	240.6	77.6	99%	234.1	97%	350.0	105%
Percentage to revenues (%)	3.4	3.6	3.4	-	3.5	-	3.7	-

■ Revenues, Adjusted operating income and EBIT*1, 2

Billions of yen

	FY2017		FY2018						
	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)		Total (Forecast)		
				Year over year		Year over year		Year over year	Previous forecast ⁵ comparison
Revenues	479.7	1,413.0	490.7	102%	1,450.8	103%	2,000.0	100%	100%
Front Business*3	321.1	977.6	335.8	105%	1,023.1	105%	1,460.0	103%	100%
IT Platform & Products*4	191.6	546.1	187.3	98%	537.7	98%	714.0	96%	100%
Adjusted operating income	8.8%	8.4%	12.0%	+3.2%	10.8%	+2.4%	10.4%	+1.0%	+0.4%
	42.2	118.3	58.8	+16.6	157.0	+38.7	207.0	+17.7	+7.0
Front Business	9.1%	8.2%	10.8%	+1.7%	9.9%	+1.7%	11.0%	+0.9%	±0.0%
	29.2	80.5	36.1	+6.8	101.1	+20.5	160.0	+17.0	±0.0
IT Platform & Products	6.9%	6.9%	11.1%	+4.2%	9.7%	+2.8%	8.7%	+2.2%	+1.0%
	13.2	37.4	20.8	+7.6	51.9	+14.4	62.0	+13.5	+7.0
EBIT	7.1%	7.4%	15.8%	+8.7%	11.4%	+4.0%	9.8%	+2.9%	±0.0%
	34.0	104.4	77.3	+43.3	164.9	+60.5	196.0	+56.7	±0.0
Front Business	7.4%	7.5%	9.2%	+1.8%	9.2%	+1.7%	10.3%	+2.0%	(0.5%)
	23.6	73.2	30.8	+7.2	93.6	+20.4	150.0	+33.0	(7.0)
IT Platform & Products	5.7%	5.9%	24.5%	+18.8%	12.9%	+7.0%	9.4%	+6.1%	+1.0%
	10.8	32.1	45.8	+34.9	69.4	+37.2	67.0	+42.1	+7.0

*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 As of January 17, 2019

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

	FY2017		FY2018						
	Q3 (Oct. - Dec.)	Q3 (Apr. - Dec.)	Q3 (Oct. - Dec.)		Q3 (Apr. - Dec.)		Total (Forecast)		
				Year over year		Year over year		Year over year	Previous forecast ⁶ comparison
Social Infrastructure & Industrial Systems	583.7	1,622.9	599.9	103%	1,698.2	105%	2,450.0	103%	100%
Nuclear Energy BU	33.7	97.7	35.1	104%	92.0	94%	162.0	86%	100%
Power BU (New classification) ^{*2}	<59.7>	<178.2>	57.2	96%	168.0	94%	274.0	100%	100%
Power BU (Old classification) ^{*2}	54.2	161.8	-	-	-	-	-	-	-
Energy Solution BU ^{*2, 3}	17.3	51.0	-	-	-	-	-	-	-
Industry & Distribution BU ^{*4}	83.5	238.4	86.6	104%	249.2	105%	356.0	99%	100%
Water BU	12.6	34.9	11.4	91%	31.9	91%	76.0	97%	100%
Industrial Products BU ^{*5}	90.4	251.0	93.5	104%	279.0	111%	395.0	107%	100%
Building Systems BU	158.9	457.0	169.5	107%	473.1	104%	600.0	99%	103%
Railway Systems BU	152.6	393.5	160.8	105%	443.1	113%	624.0	111%	99%

*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 As of January 17, 2019

■ Average Foreign Exchange Rate*1

	FY2017				FY2018				Yen
	Q3	Q3	Q4	Total	Q3	Q3	Q4	Total	
	(Oct. - Dec.)	(Apr. - Dec.)	(Jan. - Mar.)		(Oct. - Dec.)	(Apr. - Dec.)	(Forecast)		
U.S. dollar	113	112	108	111	113	111	105	110	
Euro	133	129	133	130	129	129	120	127	

■ Foreign Exchange Sensitivity*2,3

	Billions of yen	
	Revenues	Adjusted operating income
U.S. dollar	5.0	1.0
Euro	1.5	0.3


■ Number of employees and consolidated subsidiaries

	As of March 31, 2018	As of December 31, 2018
Number of employees	307,275	305,289
Japan	168,086	165,936
Overseas	139,189	139,353
Number of consolidated subsidiaries	879	840
Japan	202	187
Overseas	677	653

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

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

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



**3-2. Supplemental Information:
Financial Results of Q3 (Oct. – Dec.) FY2018**

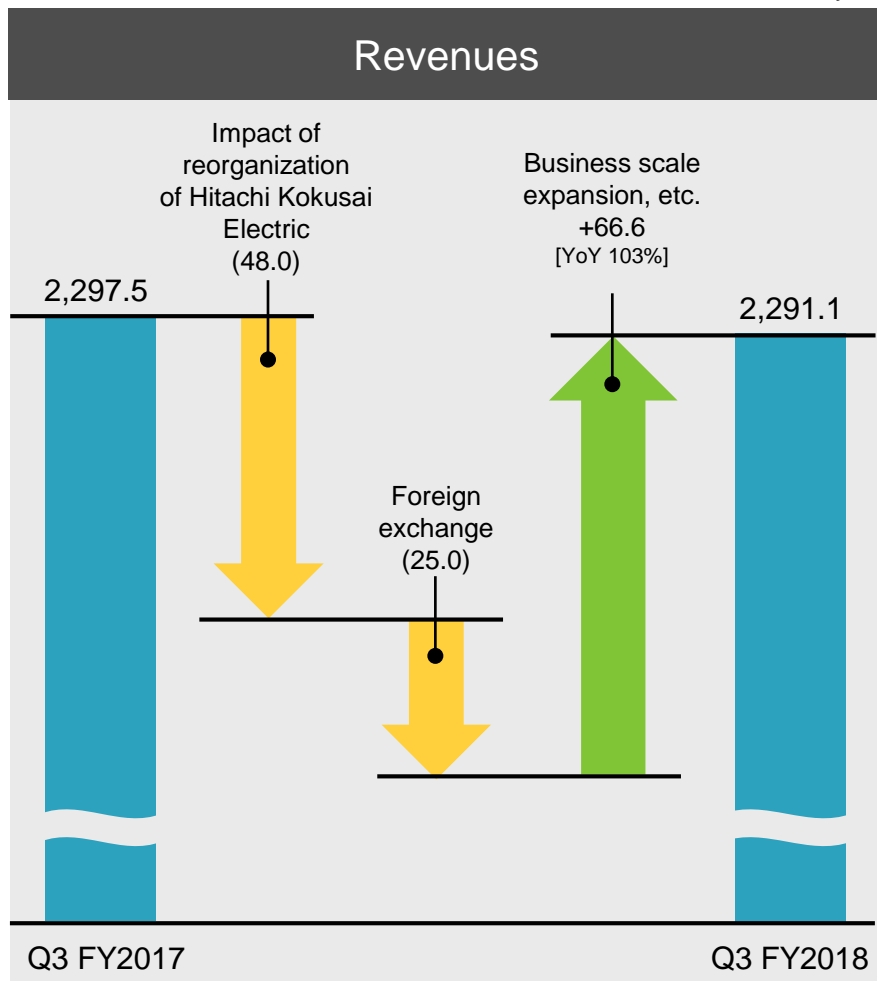
Q3 (Oct. - Dec.) FY2018 Consolidated Statement of Profit or Loss

Billions of yen

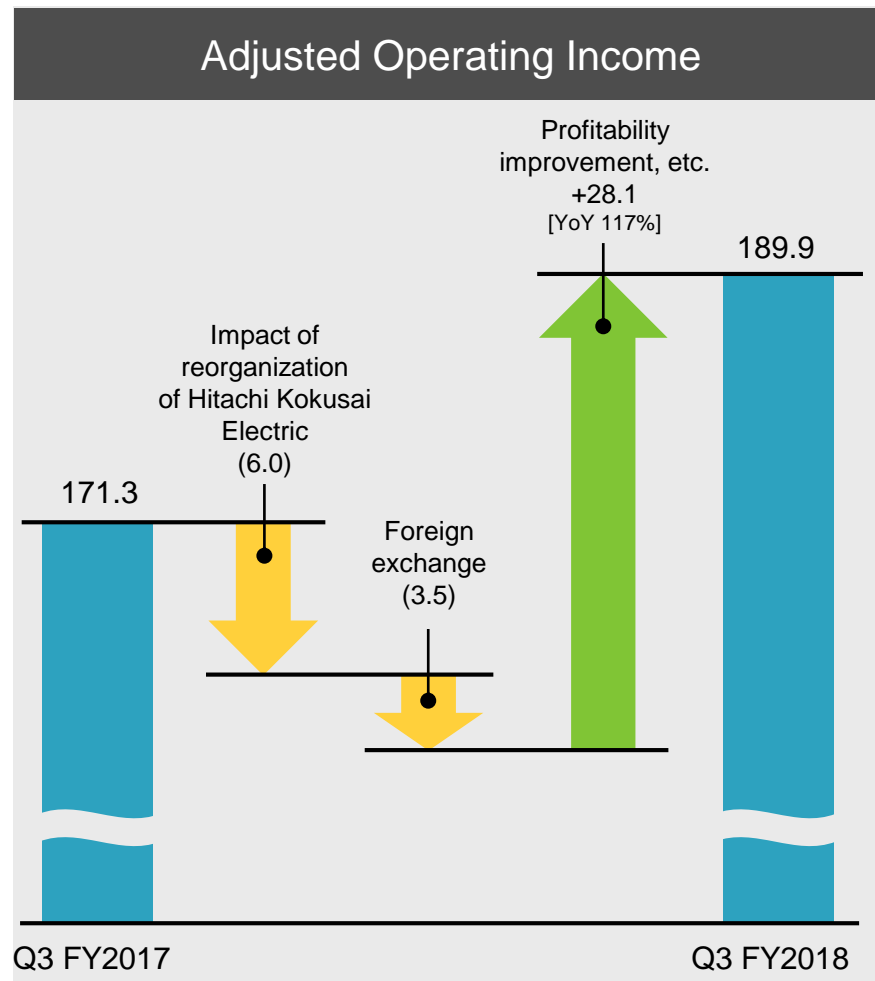
	Q3 FY2017	Q3 FY2018	Year over year
Revenues	2,297.5	2,291.1	(6.4) [100%]
<i>Adjusted operating income ratio</i> Adjusted operating income	7.5% 171.3	8.3% 189.9	+0.8% +18.6
<i>EBIT ratio</i> EBIT	7.7% 176.3	(2.0%) (46.8)	(9.7%) (223.2)
Income(Loss) from continuing operations, before income taxes	175.0	(46.1)	(221.2)
Income taxes	(43.6)	(44.7)	(1.1)
Income(Loss) from continuing operations	131.4	(90.9)	(222.4)
Income(Loss) from discontinued operations	1.3	(0.4)	(1.7)
Net income	132.8	(91.3)	(224.2)
Net income(Loss) attributable to Hitachi, Ltd. stockholders	97.9	(110.3)	(208.3)

Q3 (Oct. - Dec.) FY2018 Factors Affecting Changes in Revenues and Adjusted Operating Income (Year over Year)

Billions of yen



Billions of yen



Q3 (Oct. - Dec.) FY2018 Revenues by Market and Summary of Consolidated Statements of Cash Flows

Revenues by Market

Billions of yen

	Q3 FY2017		Q3 FY2018		Year over year
		Ratio		Ratio	
Japan	1,079.5	47%	1,099.6	48%	102%
Outside Japan	1,217.9	53%	1,191.4	52%	98%
Asia	545.7	24%	515.1	23%	94%
China	283.5	12%	267.3	12%	94%
ASEAN, India, other areas	262.2	12%	247.7	11%	94%
North America	295.4	13%	300.4	13%	102%
Europe	250.9	11%	255.9	11%	102%
Other Areas	125.8	5%	119.9	5%	95%
Total	2,297.5	100%	2,291.1	100%	100%

Summary of Consolidated Statements of Cash Flows

Billions of yen

	Q3 FY2017	Q3 FY2018	Year over year
Cash flows from operating activities	194.7	(9.6)	(204.3)
Cash flows from investing activities	(79.7)	(33.0)	+46.7
Free cash flows	114.9	(42.6)	(157.6)

Q3 (Oct. - Dec.) FY2018 Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		Q3 FY2017*	Q3 FY2018*	Year over year	
Information & Telecommunication Systems	Revenues	479.7	490.7	102%	
	Adjusted operating income	<i>8.8%</i> 42.2	<i>12.0%</i> 58.8	+3.2%	+16.6
	EBIT	<i>7.1%</i> 34.0	<i>15.8%</i> 77.3	+8.7%	+43.3
Social Infrastructure & Industrial Systems	Revenues	583.7	599.9	103%	
	Adjusted operating income	<i>5.3%</i> 31.1	<i>6.9%</i> 41.2	+1.6%	+10.0
	EBIT	<i>5.6%</i> 32.6	<i>(33.0%)</i> (198.2)	<i>(38.6%)</i>	<i>(230.8)</i>
Electronic Systems & Equipment	Revenues	249.6	218.2	87%	
	Adjusted operating income	<i>6.5%</i> 16.3	<i>6.9%</i> 15.1	+0.4%	(1.1)
	EBIT	<i>6.9%</i> 17.1	<i>6.6%</i> 14.5	<i>(0.3%)</i>	<i>(2.6)</i>
Construction Machinery	Revenues	243.6	252.7	104%	
	Adjusted operating income	<i>11.6%</i> 28.1	<i>12.5%</i> 31.4	+0.9%	+3.3
	EBIT	<i>12.1%</i> 29.4	<i>12.2%</i> 30.7	+0.1%	+1.3
High Functional Materials & Components	Revenues	428.6	435.4	102%	
	Adjusted operating income	<i>7.5%</i> 31.9	<i>5.5%</i> 24.1	<i>(2.0%)</i>	<i>(7.8)</i>
	EBIT	<i>7.9%</i> 33.6	<i>2.5%</i> 10.9	<i>(5.4%)</i>	<i>(22.7)</i>

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

Q3 (Oct. - Dec.) FY2018 Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		Q3 FY2017*	Q3 FY2018*	Year over year	
Automotive Systems	Revenues	249.4	247.8	99%	
	Adjusted operating income	3.6% 9.0	3.6% 8.8	±0.0%	(0.2)
	EBIT	3.1% 7.8	(1.1%) (2.7)	(4.2%)	(10.5)
Smart Life & Ecofriendly Systems	Revenues	123.1	109.8	89%	
	Adjusted operating income	3.6% 4.4	0.7% 0.7	(2.9%)	(3.6)
	EBIT	5.0% 6.1	2.1% 2.3	(2.9%)	(3.8)
Others	Revenues	128.1	129.5	101%	
	Adjusted operating income	3.6% 4.6	6.7% 8.6	+3.1%	+4.0
	EBIT	5.4% 6.9	7.2% 9.3	+1.8%	+2.4
Corporate items & Eliminations	Revenues	(188.6)	(193.3)	-	
	Adjusted operating income	3.3	0.8	(2.4)	
	EBIT	8.4	8.7	+0.2	
Total	Revenues	2,297.5	2,291.1	100%	
	Adjusted operating income	7.5% 171.3	8.3% 189.9	+0.8%	+18.6
	EBIT	7.7% 176.3	(2.0%) (46.8)	(9.7%)	(223.2)

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

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.

HITACHI
Inspire the Next