

Supplementary Information

1. Results and Forecasts by Fields, Business Units (BUs) and Businesses in the 2018 Mid-term Management Plan

[Billions of yen]

Field, BU / Business	FY2016 Result		FY2017 Result		FY2018 Forecast ^{*1}	
	Revenues	Adjusted operating income ratio / EBIT ratio	Revenues	Adjusted operating income ratio / EBIT ratio	Revenues	Adjusted operating income ratio / EBIT ratio
Front ^{*2}	3,527.0	-	3,607.9	-	-	-
Power / Energy Field Total ^{*3}	495.7	1.8% / (11.5%)	450.9	5.7% / 8.9%	456.0	6.3% / 8.0%
Nuclear Energy BU ^{*4}	192.2	-	187.5	-	182.0	-
Power BU ^{*3}	276.9	-	273.1	-	284.0	-
Energy Solutions BU ^{*5}	78.2	-	-	-	-	-
Industry / Distribution / Water Field Total	703.0	-	702.0	-	-	-
Industry & Distribution Business ^{*6}	628.9	(0.2%) / (0.6%)	620.0	2.7% / 0.5%	633.0	7.3% / 6.5%
Industry & Distribution BU ^{*4}	376.2	-	358.1	-	356.0	-
Water Business ^{*7}	129.8	-	127.5	-	-	-
Water BU	75.5	3.3% / 4.5%	78.7	6.0% / 8.0%	76.0	8.0% / 9.2%
Urban Field Total	1,083.8	-	1,166.0	-	-	-
Building Systems BU	585.8	9.8% / 10.0%	603.0	8.3% / 8.2%	580.0	9.0% / 8.9%
Railway Systems BU	497.9	4.2% / 2.9%	562.7	4.5% / 3.8%	630.0	7.0% / 6.0%
Finance / Public / Healthcare Field Total	1,238.6	-	1,266.3	-	-	-
Financial Institutions BU ^{*8}	447.4	-	456.5	-	482.0	-
Social Infrastructure Systems BU ^{*9}	327.8	-	340.1	-	363.0	-
Healthcare Business ^{*10}	316.9	9.6% / 7.4%	309.9	8.2% / 7.4%	332.0	10.0% / 8.9%
Healthcare BU	175.2	-	188.8	-	200.0	-
Products & Platform	6,714.5	-	6,611.7	-	-	-
Services & Platforms BU ^{*11}	825.5	3.1% / (2.5%)	828.8	6.8% / 4.0%	805.0	8.1% / 8.8%
Industrial Products BU ^{*12}	344.4	4.6% / 2.5%	369.3	6.0% / 5.9%	395.0	8.4% / 7.0%
Automotive Systems	992.2	5.7% / 6.6%	1,001.0	5.0% / 4.2%	990.0	6.1% / 5.1%

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2. Growth Strategy (1) Global Business Expansion (Overseas Revenues Ratio)

BU / Business	FY2016 Result	FY2017 Result	FY2018 Forecast
Power and Energy Business ^{*3}	9%	9%	11%
Industry & Distribution Business ^{*6}	12%	11%	13%
Water BU	9%	12%	6%
Building Systems BU	54%	56%	55%
Railway Systems BU	83%	83%	83%
Financial Institutions BU ^{*8}	13%	17%	22%
Social Infrastructure Systems BU ^{*9}	0%	0%	1%
Healthcare Business ^{*10}	62%	63%	65%
Industrial Products BU ^{*12}	25%	29%	32%
Automotive Systems Business ^{*13}	60%	61%	59%

3. Growth Strategy (2) Strengthening Capability to Generate Cash (CCC: Cash Conversion Cycle)

[Days]

BU / Business	FY2016 Result	FY2017 Result	FY2018 Forecast
Power and Energy Business ^{*3}	82.0	75.0	70.0
Industry & Distribution Business ^{*6, *14}	61.1	59.8	65.5
Water BU	13.8	13.2	23.0
Building Systems BU	38.6	42.6	42.6
Railway Systems BU	139.4	80.2	53.2
Financial Institutions BU ^{*8}	-	-	-
Social Infrastructure Systems BU ^{*9}	-	-	-
Healthcare Business	137.4	143.4	110.0
Industrial Products BU ^{*12}	107.5	100.9	97.4
Automotive Systems Business	40.5	43.4	40.6

Notes

- *1 Foreign exchange rate assumption for FY2018: 105 yen / U.S. dollar and 130 yen / euro.
- *2 Figures for Front including certain products related to Lumada core business. Figures for FY2016 were revised to reflect the effects of the inclusion.
- *3 Figures for FY2017 in Power / Energy Field Total and Power BU reflecting the dissolution and transfer of Energy Solutions BU (April 2018).
- *4 Figures for FY2016 in Nuclear Energy BU and Industry & Distribution BU reflecting the transfer of the plant construction business (Hitachi Plant Construction, Ltd.) (April 2017) from the Industry & Distribution BU to the Nuclear Energy BU.
- *5 Figures for FY2016 in Energy Solutions BU includes IT systems business for the power systems and energy fields, as posted in the Information & Telecommunication Systems segment, but the IT systems business is not included into the Power / Energy Field Total.
- *6 Figures in the Industry & Distribution business includes the Industry & Distribution BU, as well as IT systems related business targeting the Industry & Distribution field as posted for the Information & Telecommunication Systems segment.
- *7 Performance for the Water business includes the Water BU and pump business targeting the water field in the Industrial Products BU.
- *8 Figures for FY2016 in Financial Institutions BU including business performance for Hitachi-Omron Terminal Solutions, Corp. (From April 2017, Hitachi-Omron Terminal Solutions, Corp. is classified into the Financial Institutions BU.).
- *9 Figures for FY2016 in Social Infrastructure Systems BU revised to reflect classification of SI, software and hardware sales and related services targeting the social infrastructure area to Public Corporation & Social Infrastructure BU (currently Social Infrastructure Systems BU) from April 2017.
- *10 Figures for FY2016 in the Health Care business revised to reflect the exclusion of business related to Hitachi Data Systems Corp (currently Hitachi Vantara) from FY2017.
- *11 Figures for FY2016 in the Services & Platforms BU reflecting the integration with the IT Platforms & Products sub-segment in the Information & Telecommunication Systems segment from April 2017.
- *12 Figures are the simple sum of two companies: Industrial Products BU and Hitachi Industrial Equipment Systems Co., Ltd.
- *13 Overseas revenue ratio for global customer bases.
- *14 Figures for FY2018 except for a large-scale construction project in the Middle East.

Cautionary Statement

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;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi's ability to attract and retain skilled personnel;
- 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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