

**Outline of Consolidated Financial Results  
for the Third Quarter ended  
December 31, 2014**

February 4, 2015

**Hitachi, Ltd.**

# Contents

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- 1. Outline of Consolidated Financial Results for the Third Quarter ended December 31, 2014**
- 2. Outlook for Fiscal 2014**
- 3. Development of the Social Innovation Business for the Next Stage of Growth**

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**1. Outline of Consolidated Financial Results for  
the Third Quarter ended December 31, 2014**

# 1-1. Highlights of 3<sup>rd</sup> Quarter (Oct. – Dec.) FY2014 Financial Results

Revenues	2,321.2 billion yen (up 1% / 17.5 billion yen YoY) <ul style="list-style-type: none"> <li>● Higher in the High Functional Materials &amp; Components, Social Infrastructure &amp; Industrial Systems and Information &amp; Telecommunication Systems segments, etc.</li> </ul>
Operating income	108.1 billion yen (down 11% / 13.8 billion yen YoY) <ul style="list-style-type: none"> <li>● Lower in the Power Systems, Construction Machinery and Information &amp; Telecommunication Systems segments, etc.</li> </ul>
EBIT (Earnings before interest and taxes)*1	150.4 billion yen (down 11% / 19.3 billion yen YoY) <ul style="list-style-type: none"> <li>● Lower in the Power Systems, Automotive Systems and Construction Machinery segments, etc.</li> </ul>
Net income attributable to Hitachi, Ltd. stockholders	83.3 billion yen (down 12% / 11.1 billion yen YoY)
Total Hitachi, Ltd. stockholders' equity ratio (Manufacturing, Services and Others)	26.9% (down 0.5 of a point from March 31, 2014)
Core free cash flows*2 (Manufacturing, Services and Others)	Negative 79.4 billion yen (increased 53.8 billion yen YoY) [Free cash flows (Manufacturing, Services and Others): Negative 102.8 billion yen (decreased 59.6 billion yen YoY)]

\*1 Presented as income before income taxes less interest income plus interest charges.

\*2 Operating cash flow plus collection of investments in leases less cash outflows for the purchase of property, plant and equipment, intangible assets, software, and the assets to be leased.

## 1-2. Highlights of 3<sup>rd</sup> Quarter (Apr. – Dec.) FY2014 Financial Results

Revenues	6,818.0 billion yen (up 1% / 43.5 billion yen YoY) <ul style="list-style-type: none"> <li>Higher in the Information &amp; Telecommunication Systems, High Functional Materials &amp; Components and Social Infrastructure &amp; Industrial Systems segments, etc.</li> </ul>
Operating income	322.1 billion yen (up 9% / 26.7 billion yen YoY) <ul style="list-style-type: none"> <li>Higher in the Social Infrastructure &amp; Industrial Systems , Electronic Systems &amp; Equipment and High Functional Materials &amp; Components segments, etc.</li> </ul>
EBIT (Earnings before interest and taxes)*1	367.8 billion yen (up 18% / 56.0 billion yen YoY) <ul style="list-style-type: none"> <li>Higher in the Social Infrastructure &amp; Industrial Systems , Electronic Systems &amp; Equipment and High Functional Materials &amp; Components segments, etc.</li> </ul>
Net income attributable to Hitachi, Ltd. stockholders	174.9 billion yen (up 37% / 47.6 billion yen YoY)
Total Hitachi, Ltd. stockholders' equity ratio (Manufacturing, Services and Others)	26.9% (down 0.5 of a point from March 31, 2014)
Core free cash flows*2 (Manufacturing, Services and Others)	Negative 41.9 billion yen (increased 84.9 billion yen YoY) [Free cash flows (Manufacturing, Services and Others): Negative 51.6 billion yen (decreased 38.1 billion yen YoY)]

\*1 Presented as income before income taxes less interest income plus interest charges.

\*2 Operating cash flow plus collection of investments in leases less cash outflows for the purchase of property, plant and equipment, intangible assets, software, and the assets to be leased.

# 1-3. Consolidated Statements of Operations

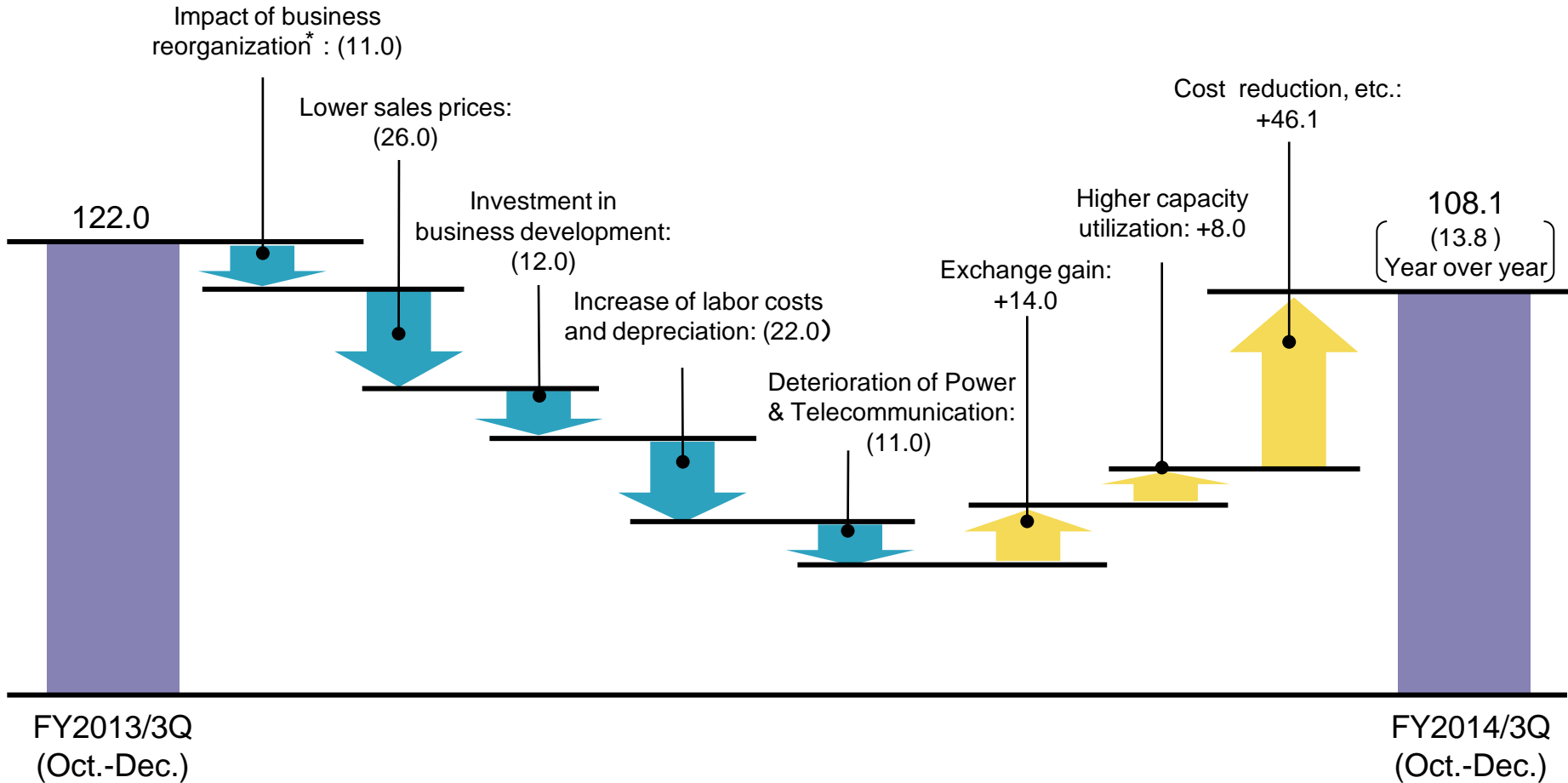
Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
Revenues	2,303.7	2,321.2	+17.5 [101%]	6,774.4	6,818.0	+43.5 [101%]
Operating income	122.0	108.1	(13.8)	295.4	322.1	+26.7
EBIT	169.7	150.4	(19.3)	311.7	367.8	+56.0
Net other income (deductions)	43.7	37.9	(5.8)	5.8	33.3	+27.5
Income before income taxes	165.7	146.0	(19.6)	301.2	355.5	+54.2
Income taxes	(39.9)	(34.1)	+5.8	(106.1)	(98.7)	+7.3
Net income	125.7	111.9	(13.8)	195.1	256.7	+61.6
Net income attributable to noncontrolling interests	(31.2)	(28.5)	+2.6	(67.8)	(81.8)	(13.9)
Net income attributable to Hitachi, Ltd. stockholders	94.5	83.3	(11.1)	127.2	174.9	+47.6

# 1-4. Factors for Changes in Operating Income for Three Months Ended Dec 31, 2014 (Year over year)

Billions of yen

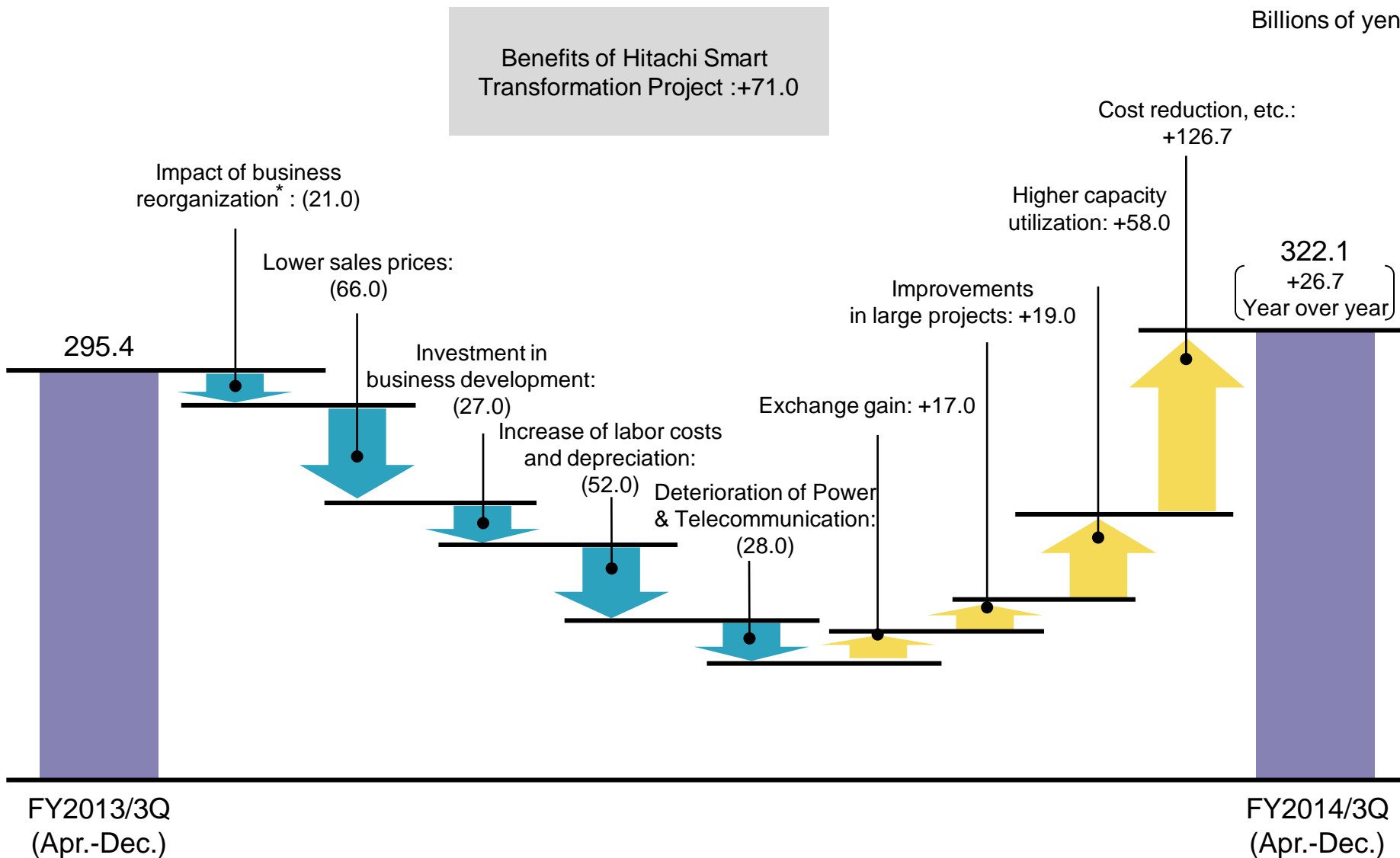
Benefits of Hitachi Smart Transformation Project: +23.0



\* The integration of the thermal power generation systems business with Mitsubishi Heavy Industries, Ltd., and the conversion of Hitachi Maxell, Ltd. into an equity-method affiliate.

# 1-5. Factors for Changes in Operating Income for Nine Months Ended Dec 31, 2014 (Year over year)

Billions of yen



FY2013/3Q  
(Apr.-Dec.)

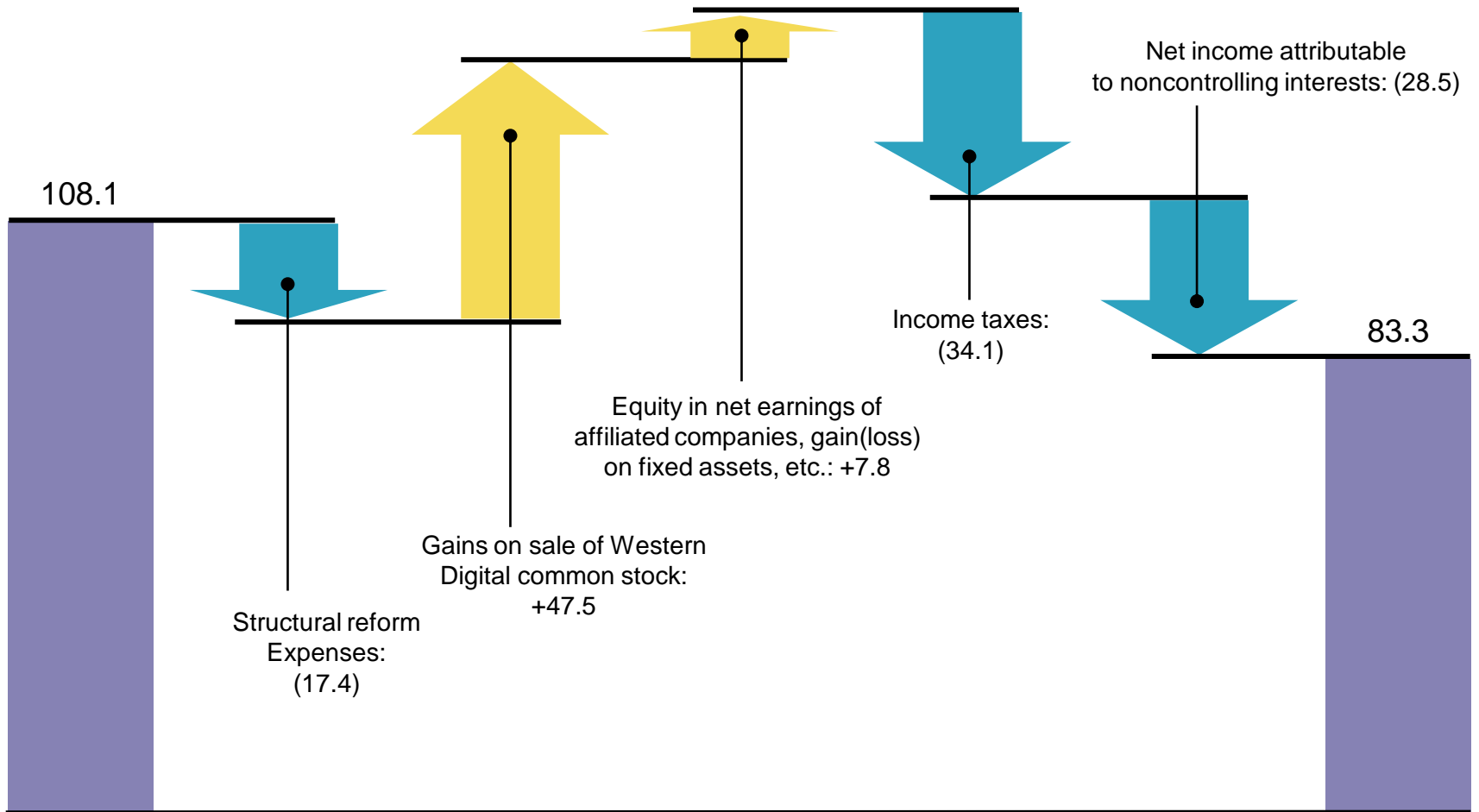
FY2014/3Q  
(Apr.-Dec.)

\* The integration of the thermal power generation systems business with Mitsubishi Heavy Industries, Ltd., and the conversion of Hitachi Maxell, Ltd. into an equity-method affiliate.



1-6. Factors for Change in Net Income Attributable to Hitachi, Ltd. Stockholders for Three Months Ended Dec 31, 2014

Billions of yen

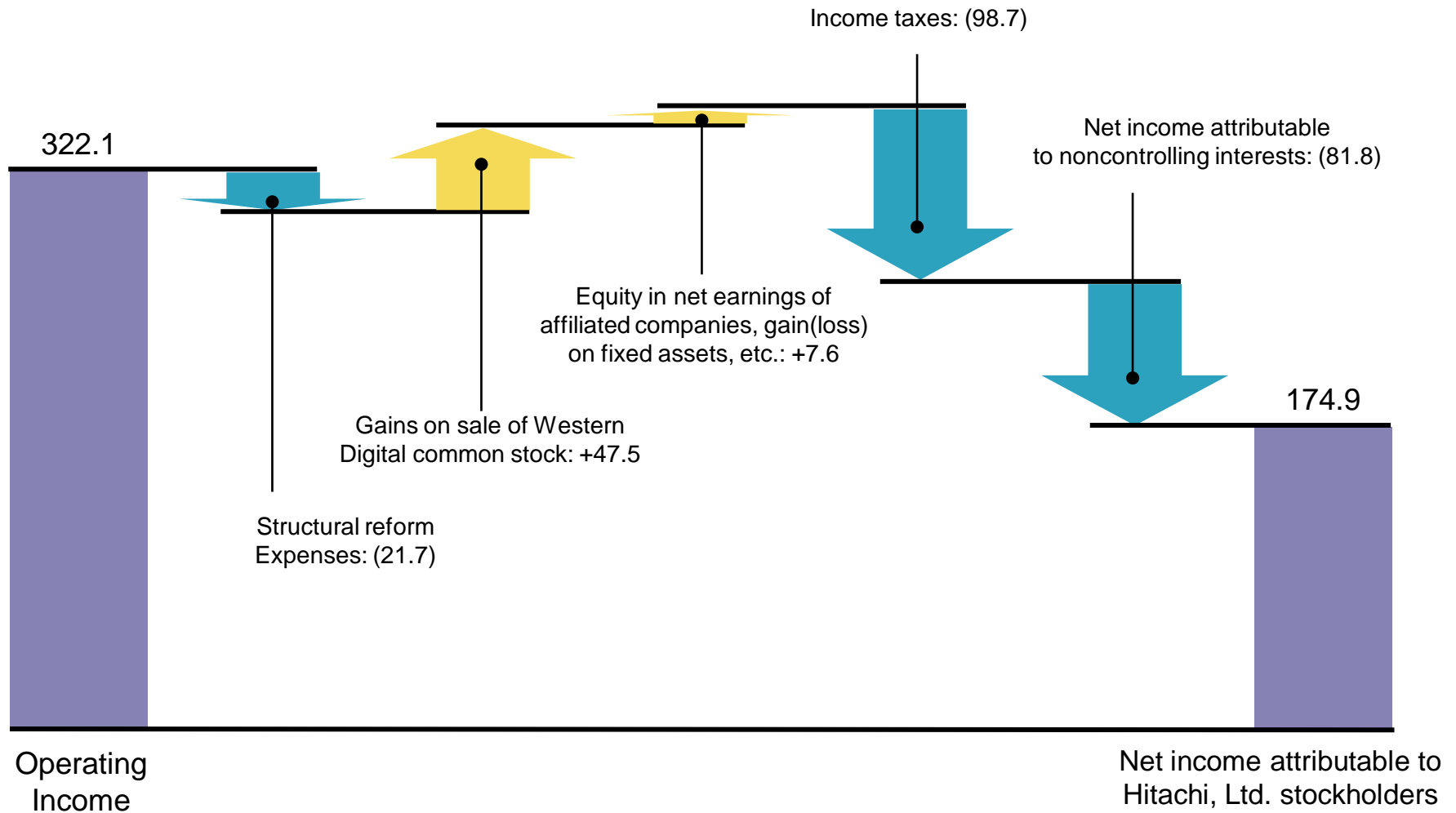


Operating  
Income

Net income attributable to  
Hitachi, Ltd. stockholders

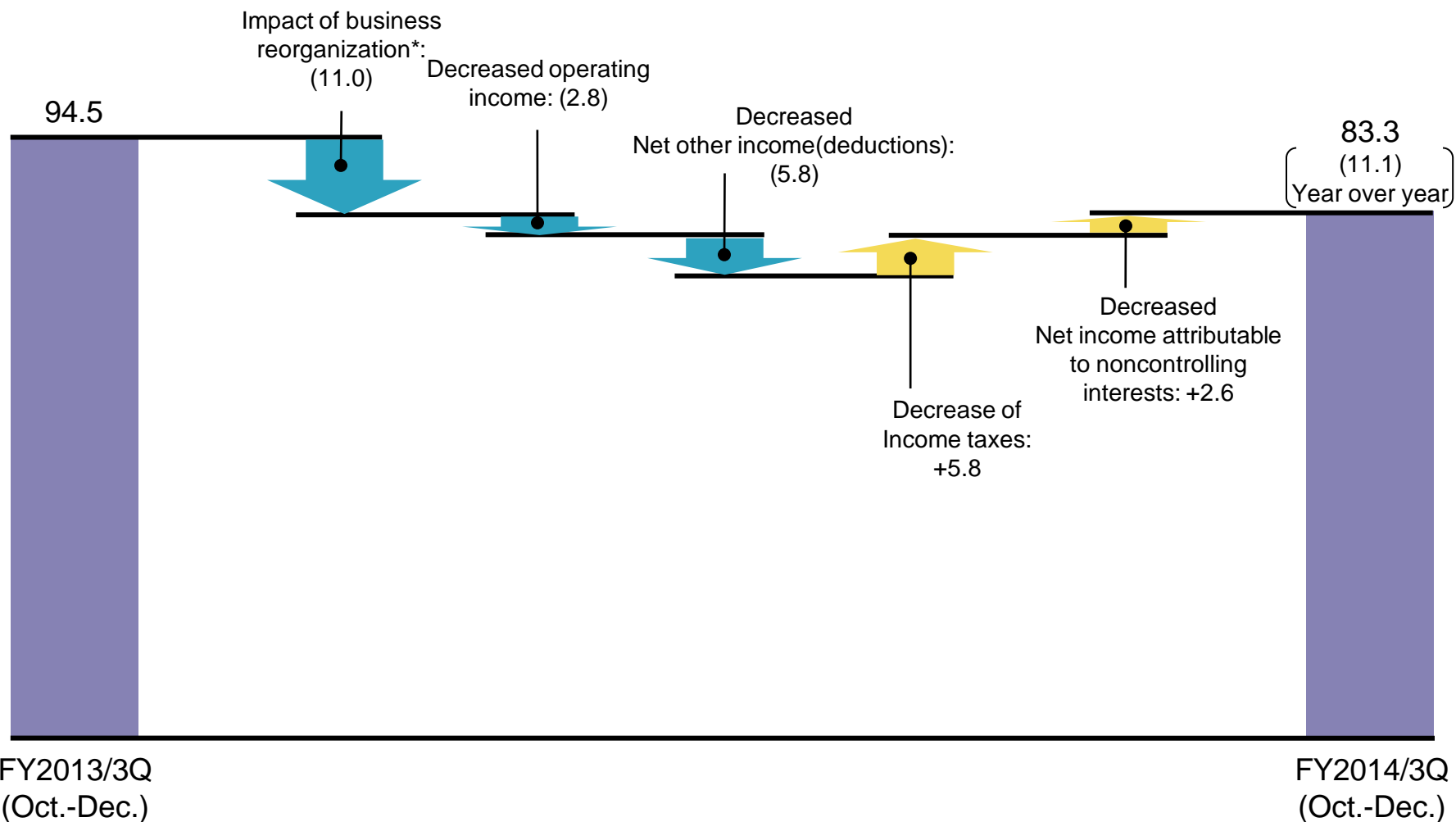
# 1-7. Factors for Change in Net Income Attributable to Hitachi, Ltd. Stockholders for Nine Months Ended Dec 31, 2014

Billions of yen



1-8. Factors for Change in Net Income Attributable to Hitachi, Ltd. Stockholders for Three Months Ended Dec 31, 2014 (Year over year)

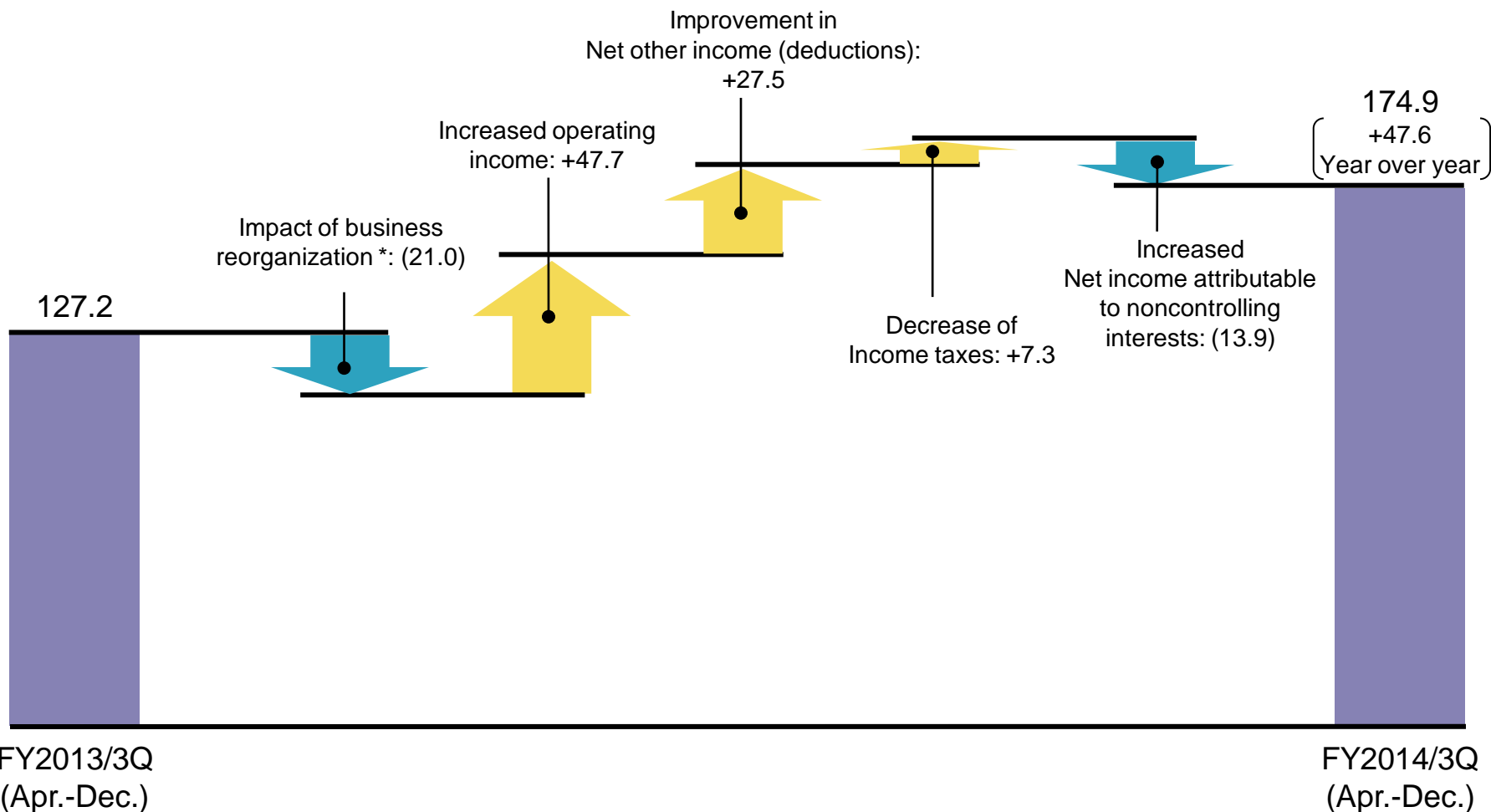
Billions of yen



\* The integration of the thermal power generation systems business with Mitsubishi Heavy Industries, Ltd., and the conversion of Hitachi Maxell, Ltd. into an equity-method affiliate.

# 1-9. Factors for Change in Net Income Attributable to Hitachi, Ltd. Stockholders for Nine Months Ended Dec 31, 2014 (Year over year)

Billions of yen



\* The integration of the thermal power generation systems business with Mitsubishi Heavy Industries, Ltd., and the conversion of Hitachi Maxell, Ltd. into an equity-method affiliate.

# 1-10. Revenues by Market

Billions of yen

	3Q (Oct. – Dec.)					3Q (Apr. – Dec.)				
	FY2013		FY2014		Year over year	FY2013		FY2014		Year over year
		Ratio		Ratio			Ratio		Ratio	
Japan	1,239.0	54%	1,191.9	51%	96%	3,652.1	54%	3,593.7	53%	98%
Outside Japan	1,064.6	46%	1,129.3	49%	106%	3,122.3	46%	3,224.2	47%	103%
Asia	489.9	21%	526.3	23%	107%	1,484.0	22%	1,518.5	22%	102%
China	261.8	11%	277.3	12%	106%	756.1	11%	784.8	11%	104%
ASEAN, India, other areas	228.1	10%	248.9	11%	109%	727.8	11%	733.6	11%	101%
North America	232.4	10%	283.7	12%	122%	675.8	10%	738.1	11%	109%
Europe	213.1	9%	213.3	9%	100%	568.6	8%	632.8	9%	111%
Other Areas	129.1	6%	105.8	5%	82%	393.7	6%	334.7	5%	85%
<b>Total</b>	<b>2,303.7</b>	<b>100%</b>	<b>2,321.2</b>	<b>100%</b>	<b>101%</b>	<b>6,774.4</b>	<b>100%</b>	<b>6,818.0</b>	<b>100%</b>	<b>101%</b>

3Q (Apr. – Dec.) Ratio of overseas revenues: 46% → 47%

# 1-11. Summary of Consolidated Statements of Operations by Manufacturing, Services and Others and Financial Services

## ■ Summary of Consolidated Statements of Operations

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
Revenues	2,303.7	2,321.2	+17.5 (101%)	6,774.4	6,818.0	+43.5 (101%)
Operating income	122.0	108.1	(13.8)	295.4	322.1	+26.7
EBIT	169.7	150.4	(19.3)	311.7	367.8	+56.0

## ■ Summary of Consolidated Statements of Operations (Manufacturing, Services and Others)\*

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
Revenues	2,249.8	2,266.0	+16.2 (101%)	6,616.0	6,646.1	+30.1 (100%)
Operating income	112.9	100.3	(12.6)	271.1	294.7	+23.6
EBIT	162.4	145.2	(17.1)	289.1	343.2	+54.1

## ■ Summary of Consolidated Statements of Operations (Financial Services)\*

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
Revenues	83.3	87.0	+3.7 (104%)	247.0	268.8	+21.8 (109%)
Operating income	9.0	10.1	+1.0	25.1	28.6	+3.4
EBIT	9.0	9.4	+0.3	26.4	29.4	+2.9

\* Figures here represent unaudited information prepared by the Company

# 1-12. Summary of Consolidated Balance Sheets

Billions of yen

	As of March 31, 2014 (A)	As of December 31, 2014 (B)	(B) - (A)
Total assets	11,016.8	12,315.7	+1,298.8
Trade receivables and Inventories	4,204.9	4,749.8	+544.8
Total liabilities	7,164.4	8,123.9	+959.4
Interest-bearing debt	2,823.0	3,578.6	+755.5
Total Hitachi, Ltd. stockholders' equity	2,651.2	2,873.4	+222.1
Noncontrolling interests	1,201.2	1,318.4	+117.2
Total Hitachi, Ltd. stockholders' equity ratio	24.1%	23.3%	0.8 points decrease
D/E ratio (Including noncontrolling interests)	0.73 times	0.85 times	0.12 points increase

# 1-13. Summary of Consolidated Balance Sheets by Manufacturing, Services and Others and Financial Services

## ■ Summary of Consolidated Balance Sheets (Manufacturing, Services and Others)\*

Billions of yen

	As of March 31, 2014 (A)	As of December 31, 2014 (B)	(B) - (A)
Total assets	9,067.9	10,000.5	+932.6
Trade receivables and Inventories	3,558.4	3,836.3	+277.9
Total liabilities	5,512.0	6,129.5	+617.5
Interest-bearing debt	1,418.2	1,811.1	+392.8
Total Hitachi, Ltd. stockholders' equity	2,483.8	2,691.9	+208.1
Noncontrolling interests	1,072.0	1,179.0	+106.9
Cash Conversion Cycle	81.3 days	84.3 days	3.0 days increase
Total Hitachi, Ltd. stockholders' equity ratio	27.4%	26.9%	0.5 points decrease
D/E ratio (Including noncontrolling interests)	0.40 times	0.47 times	0.07 points increase

## ■ Summary of Consolidated Balance Sheets (Financial Services)\*

Billions of yen

	As of March 31, 2014 (A)	As of December 31, 2014 (B)	(B) - (A)
Total assets	2,446.1	2,872.2	+426.1
Trade receivables and Inventories	878.3	1,192.5	+314.2
Total liabilities	2,138.1	2,539.1	+400.9
Interest-bearing debt	1,647.1	2,019.0	+371.9
Total Hitachi, Ltd. stockholders' equity	178.4	192.7	+14.3
Noncontrolling interests	129.5	140.3	+10.8
Total Hitachi, Ltd. stockholders' equity ratio	7.3%	6.7%	0.6 points decrease
D/E ratio (Including noncontrolling interests)	5.35 times	6.06 times	0.71 points increase

\* Figures here represent unaudited information prepared by the Company



# 1-14. Summary of Consolidated Statements of Cash Flows

## ■ Summary of Consolidated Statements of Cash Flows

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
Cash flows from operating activities	(65.0)	(54.3)	+10.6	138.1	112.7	(25.3)
Cash flows from investing activities	(30.8)	(162.9)	(132.0)	(276.3)	(427.2)	(150.8)
Free cash flows	(95.8)	(217.2)	(121.3)	(138.2)	(314.4)	(176.2)
Core free cash flows	(198.2)	(202.0)	(3.7)	(296.6)	(317.9)	(21.3)

## ■ Summary of Consolidated Statements of Cash Flows (Manufacturing, Services and Others)\*

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
Cash flows from operating activities	(25.1)	28.6	+53.7	212.9	274.4	+61.4
Cash flows from investing activities	(18.0)	(131.4)	(113.3)	(226.4)	(326.1)	(99.6)
Free cash flows	(43.2)	(102.8)	(59.6)	(13.5)	(51.6)	(38.1)
Core free cash flows	(133.2)	(79.4)	+53.8	(126.8)	(41.9)	+84.9

## ■ Summary of Consolidated Statements of Cash Flows (Financial Services)\*

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
Cash flows from operating activities	(32.3)	(71.7)	(39.4)	(54.1)	(129.4)	(75.2)
Cash flows from investing activities	(11.7)	(33.9)	(22.1)	(64.7)	(110.9)	(46.2)
Free cash flows	(44.0)	(105.6)	(61.6)	(118.9)	(240.4)	(121.4)
Core free cash flows	(60.9)	(115.1)	(54.1)	(160.6)	(255.3)	(94.6)

\* Figures here represent unaudited information prepared by the Company

# 1-15. Consolidated Capital Expenditure, Depreciation and R&D Expenditure

## Consolidated Capital Expenditure (Completion basis, including Leasing Assets)

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
Manufacturing, Services and Others	86.1	88.2	102%	284.2	256.5	90%
Financial Services	109.8	122.5	111%	334.6	360.4	108%
Total*	192.0	208.9	109%	609.4	601.4	99%

\* Total figures exclude inter-segment transactions.

## Consolidated Depreciation

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
Manufacturing, Services and Others	66.4	70.1	106%	195.5	198.6	102%
Financial Services	17.4	18.3	106%	49.9	53.4	107%
Total	83.9	88.5	106%	245.5	252.0	103%

## Consolidated R&D Expenditure

Billions of yen

	3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
	FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
Total	84.0	79.7	95%	259.2	244.6	94%

# 1-16. Revenues, Operating Income and EBIT by Business Group (1)\*

Billions of yen

		3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
		FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
Infrastructure Systems <sup>†1, 2</sup>	Revenues	755.8	792.5	105%	2,248.7	2,369.3	105%
	Operating income	29.6	32.8	+3.1	49.4	93.3	+43.9
	EBIT	35.8	35.4	(0.3)	60.8	99.6	+38.8
Information & Telecommunication Systems <sup>†1</sup>	Revenues	611.7	650.4	106%	1,775.1	1,908.7	108%
	Operating income	23.7	23.2	(0.5)	62.8	67.8	+5.0
	EBIT	25.9	22.7	(3.1)	62.9	66.7	+3.8
Power Systems	Revenues	199.3	96.7	49%	575.6	301.8	52%
	Operating income	4.1	(10.5)	(14.7)	6.3	(33.1)	(39.4)
	EBIT	7.4	(2.2)	(9.7)	10.9	(26.1)	(37.1)
Construction Machinery	Revenues	175.2	182.0	104%	533.3	555.3	104%
	Operating income	17.4	14.1	(3.2)	46.8	39.1	(7.6)
	EBIT	18.1	13.0	(5.0)	44.8	39.0	(5.7)

\* Figures here represent unaudited information prepared by the Company

†1, 2 See notes concerning individual business groups and business segments (page 35)

# 1-17. Revenues, Operating Income and EBIT by Business Group (2)\*

Billions of yen

		3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
		FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
High Functional Materials & Components <sup>†3</sup>	Revenues	346.8	396.0	114%	1,016.4	1,084.7	107%
	Operating income	23.9	31.3	+7.3	73.2	84.2	+11.0
	EBIT	26.8	27.8	+1.0	76.0	90.4	+14.4
Automotive Systems	Revenues	221.9	237.1	107%	648.7	683.3	105%
	Operating income	11.5	11.4	(0.1)	32.3	39.5	+7.2
	EBIT	13.1	5.1	(7.9)	15.1	24.7	+9.6
Financial Services	Revenues	83.3	87.0	104%	247.0	268.8	109%
	Operating income	9.0	10.1	+1.0	25.1	28.6	+3.4
	EBIT	9.0	9.4	+0.3	26.4	29.4	+2.9
Total	Revenues	2,303.7	2,321.2	101%	6,774.4	6,818.0	101%
	Operating income	122.0	108.1	(13.8)	295.4	322.1	+26.7
	EBIT	169.7	150.4	(19.3)	311.7	367.8	+56.0

\* Figures here represent unaudited information prepared by the Company

†3 See notes concerning individual business groups and business segments (page 35)

# 1-18. Revenues, Operating Income and EBIT by Business Segment (1)

Billions of yen

		3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
		FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
Information & Telecommunication Systems <sup>†4</sup>	Revenues	448.7	475.6	106%	1,324.8	1,410.5	106%
	Operating income	17.3	16.0	(1.2)	48.1	52.8	+4.7
	EBIT	19.2	14.9	(4.3)	48.0	50.3	+2.2
Power Systems	Revenues	199.3	96.7	49%	575.6	301.8	52%
	Operating income	4.1	(10.5)	(14.7)	6.3	(33.1)	(39.4)
	EBIT	7.4	(2.2)	(9.7)	10.9	(26.1)	(37.1)
Social Infrastructure & Industrial Systems <sup>†4</sup>	Revenues	323.6	351.0	108%	943.7	1,010.8	107%
	Operating income	9.2	13.5	+4.2	12.5	31.7	+19.2
	EBIT	11.7	13.8	+2.0	18.4	34.0	+15.6
Electronic Systems & Equipment	Revenues	252.4	259.2	103%	752.3	788.0	105%
	Operating income	13.4	13.5	+0.1	24.0	41.4	+17.4
	EBIT	15.1	13.7	(1.3)	24.4	39.7	+15.3
Construction Machinery	Revenues	175.2	182.0	104%	533.3	555.3	104%
	Operating income	17.4	14.1	(3.2)	46.8	39.1	(7.6)
	EBIT	18.1	13.0	(5.0)	44.8	39.0	(5.7)
High Functional Materials & Components	Revenues	346.8	396.0	114%	1,016.4	1,084.7	107%
	Operating income	23.9	31.3	+7.3	73.2	84.2	+11.0
	EBIT	26.8	27.8	+1.0	76.0	90.4	+14.4

<sup>†4</sup> See notes concerning individual business groups and business segments (page 35)

# 1-19. Revenues, Operating Income and EBIT by Business Segment (2)

Billions of yen

		3Q (Oct. – Dec.)			3Q (Apr. – Dec.)		
		FY2013	FY2014	Year over year	FY2013	FY2014	Year over year
Automotive Systems	Revenues	221.9	237.1	107%	648.7	683.3	105%
	Operating income	11.5	11.4	(0.1)	32.3	39.5	+7.2
	EBIT	13.1	5.1	(7.9)	15.1	24.7	+9.6
Smart Life & Ecofriendly Systems <sup>†5</sup>	Revenues	179.7	182.1	101%	552.6	570.4	103%
	Operating income	7.0	5.7	(1.2)	12.8	20.0	+7.2
	EBIT	8.8	7.9	(0.9)	17.7	25.7	+8.0
Others (Logistics and Other services) <sup>†5</sup>	Revenues	362.2	303.7	84%	1,026.3	897.6	87%
	Operating income	10.6	11.3	+0.7	22.4	26.5	+4.1
	EBIT	12.9	13.5	+0.5	25.4	28.3	+2.8
Financial Services	Revenues	83.3	87.0	104%	247.0	268.8	109%
	Operating income	9.0	10.1	+1.0	25.1	28.6	+3.4
	EBIT	9.0	9.4	+0.3	26.4	29.4	+2.9
Corporate items & Eliminations	Revenues	(289.8)	(249.6)	-	(846.6)	(753.7)	-
	Operating income	(1.8)	(8.5)	(6.7)	(8.5)	(9.2)	(0.6)
	EBIT	27.2	33.2	+6.0	4.2	31.9	+27.7
Total	Revenues	2,303.7	2,321.2	101%	6,774.4	6,818.0	101%
	Operating income	122.0	108.1	(13.8)	295.4	322.1	+26.7
	EBIT	169.7	150.4	(19.3)	311.7	367.8	+56.0

<sup>†5</sup> See notes concerning individual business groups and business segments (page 35)

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## 2. Outlook for Fiscal 2014

### ■ Business Environment

- Global : Slowing growth particularly in mainly resource and oil producing countries following the decline in oil prices
- Japan : Gradual economic growth driven by improving employment environment and recovery in capital expenditure, etc.
- U.S. : Accelerating economic recovery, mainly supported by recovering consumer spending and housing investment due to improving employment and income levels
- Europe : Geopolitical risks, and financial uncertainty mainly in southern European countries
- China : Decelerating economic growth due to a slowdown in investment and production
- Southeast Asia : Economic stagnation due to geopolitical risk and slowdown in China's economic growth

### ■ Summary of the FY2014 Forecast

[Projections for the fourth quarter of FY2014 assume an exchange rate of 115 yen to the U.S. dollar and 130 yen to the euro.]

Billions of yen

	FY2013	Previous forecast* (A)	Revised forecast (B)	Year over year	(B) - (A)
Revenues	9,616.2	9,500.0	9,600.0	(16.2) [100%]	+100.0 [101%]
Operating Income	532.8	580.0	580.0	+47.1	±0.0
EBIT	580.1	540.0	540.0	(40.1)	±0.0
Net income	364.0	360.0	360.0	(4.0)	±0.0
Net income attributable to Hitachi, Ltd. stockholders	264.9	250.0	250.0	(14.9)	±0.0

\* Announced on October 29, 2014



## 2-2. Outlook for FY2014: Revenues, Operating income and EBIT by Business Group (1)\*1

Billions of yen

		FY2013	FY2014 (Forecast)	Year over year	Previous forecast*2 comparison
Infrastructure Systems <sup>†1, 2</sup>	Revenues	3,358.2	3,480.0	104%	100%
	Operating income	137.9	179.0	+41.0	(5.0)
	EBIT	139.4	174.0	+34.5	(5.0)
Information & Telecommunication Systems <sup>†1</sup>	Revenues	2,546.2	2,680.0	105%	102%
	Operating income	123.0	143.0	+19.9	(16.0)
	EBIT	109.7	132.0	+22.2	(16.0)
Power Systems	Revenues	777.3	500.0	64%	100%
	Operating income	16.7	(14.0)	(30.7)	±0.0
	EBIT	152.9	2.0	(150.9)	±0.0
Construction Machinery	Revenues	767.3	700.0	91%	100%
	Operating income	73.9	58.0	(15.9)	±0.0
	EBIT	63.3	59.0	(4.3)	±0.0

\*1 Figures here represent unaudited information prepared by the Company

\*2 Announced on October 29, 2014

†1,2 See notes concerning individual business groups and business segments (page 35)

## 2-3. Outlook for FY2014: Revenues, Operating income and EBIT by Business Group (2)\*1

Billions of yen

		FY2013	FY2014 (Forecast)	Year over year	Previous forecast*2 comparison
High Functional Materials & Components†3	Revenues	1,363.2	1,480.0	109%	100%
	Operating income	101.7	120.0	+18.2	±0.0
	EBIT	96.5	112.0	+15.4	+3.0
Automotive Systems	Revenues	892.1	930.0	104%	100%
	Operating income	47.3	60.0	+12.6	±0.0
	EBIT	4.9	46.0	+41.0	(7.0)
Financial Services	Revenues	338.5	360.0	106%	103%
	Operating income	33.1	37.0	+3.8	+2.0
	EBIT	34.6	36.0	+1.3	+1.0
Total	Revenues	9,616.2	9,600.0	100%	101%
	Operating income	532.8	580.0	+47.1	±0.0
	EBIT	580.1	540.0	(40.1)	±0.0

\*1 Figures here represent unaudited information prepared by the Company

\*2 Announced on October 29, 2014

†3 See notes concerning individual business groups and business segments (page 35)

## 2-4. Outlook for FY2014: Revenues, Operating income and EBIT by Business Segment (1)

Billions of yen

		FY2013	FY2014 (Forecast)	Year over year	Previous forecast* comparison
Information & Telecommunication Systems†4	Revenues	1,934.9	2,020.0	104%	102%
	Operating income	106.5	120.0	+13.4	(16.0)
	EBIT	96.3	110.0	+13.6	(16.0)
Power Systems	Revenues	777.3	500.0	64%	100%
	Operating income	16.7	(14.0)	(30.7)	±0.0
	EBIT	152.9	2.0	(150.9)	±0.0
Social Infrastructure & Industrial Systems†4	Revenues	1,501.4	1,570.0	105%	99%
	Operating income	59.0	88.0	+28.9	(7.0)
	EBIT	61.1	83.0	+21.8	(7.0)
Electronic Systems & Equipment	Revenues	1,116.7	1,150.0	103%	100%
	Operating income	59.1	65.0	+5.8	+2.0
	EBIT	52.6	60.0	+7.3	+1.0
Construction Machinery	Revenues	767.3	700.0	91%	100%
	Operating income	73.9	58.0	(15.9)	±0.0
	EBIT	63.3	59.0	(4.3)	±0.0
High Functional Materials & Components	Revenues	1,363.2	1,480.0	109%	100%
	Operating income	101.7	120.0	+18.2	±0.0
	EBIT	96.5	112.0	+15.4	+3.0

\* Announced on October 29, 2014 †4 See notes concerning individual business groups and business segments (page 35)

## 2-5. Outlook for FY2014: Revenues, Operating income and EBIT by Business Segment (2)

Billions of yen

		FY2013	FY2014 (Forecast)	Year over year	Previous forecast* comparison
Automotive Systems	Revenues	892.1	930.0	104%	100%
	Operating income	47.3	60.0	+12.6	±0.0
	EBIT	4.9	46.0	+41.0	(7.0)
Smart Life & Ecofriendly Systems <sup>†5</sup>	Revenues	740.0	760.0	103%	103%
	Operating income	19.8	26.0	+6.1	±0.0
	EBIT	25.4	31.0	+5.5	+1.0
Others (Logistics and Other services) <sup>†5</sup>	Revenues	1,388.9	1,180.0	85%	100%
	Operating income	30.8	36.0	+5.1	±0.0
	EBIT	19.7	38.0	+18.2	±0.0
Financial Services	Revenues	338.5	360.0	106%	103%
	Operating income	33.1	37.0	+3.8	+2.0
	EBIT	34.6	36.0	+1.3	+1.0
Corporate items & Eliminations	Revenues	(1,204.6)	(1,050.0)	-	-
	Operating income	(15.4)	(16.0)	(0.5)	+19.0
	EBIT	(27.6)	(37.0)	(9.3)	+24.0
Total	Revenues	9,616.2	9,600.0	100%	101%
	Operating income	532.8	580.0	+47.1	±0.0
	EBIT	580.1	540.0	(40.1)	±0.0

\* Announced on October 29, 2014 †5 See notes concerning individual business groups and business segments (page 35)

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### **3. Development of the Social Innovation Business for the Next Stage of Growth**

**Top Line Growth + Cash Generation  
= Earning Power Reinforcement**

### 1. Acceleration of Global Management

- Establishment of global structure for the Social Innovation Business with goal of increasing the ratio of overseas sales to more than 50 %
  - Dividing global market into four regions - the Americas, China, Asia-Pacific and Europe-Russia-Middle East and other areas (EMEA•CIS) \*, and establishing regional chief executive system with appointing four chief executives.
  - Transforming to an “autonomous decentralized global management” structure in which each region leads its business autonomously
  - Chief Executives will be responsible for investments, return on investment and regional profit and loss for the Social Innovation Business in regions where growth is expected
- Adaptation of international financial reporting standards (IFRS) for the Hitachi Group beginning in the fiscal year 2015 (ending March 31, 2016)
  - Corresponds to globalization and unifies the evaluation criteria for financial results throughout the Hitachi group

\* EMEA-CIS Europe, the Middle East and Africa, Commonwealth of Independent States

### 2. Progress on the “2015 Mid-Term Management Plan” and Evolution of the Social Innovation Business

- Information & Telecommunication Systems Segment
  - Strengthened production structure by reorganizing manufacturing bases in Japan (IT platform-related products and ATM/terminal business related products)
  - Accelerated global business expansion through by strengthening the solution services business foothold in Asia
  - Accelerating cost-reduction measures and optimization of personnel placement and promoting organizational reforms to reinforce potential IoT-related business in the telecommunications & network systems business
- Power Systems Segment
  - Strengthened and expanded the high voltage direct current business in Japan through a strategic alliance with ABB
  - Promoted the development of solutions for achieving an energy mix and stable electricity supplies through participation in demonstration projects in Japan, the U.S. and Europe
- Social Infrastructure & Industrial Systems Segment
  - Established new Train Depot maintenance facility, and modified existing ones in the UK
  - Accelerating optimization of business portfolio, screening for overseas projects and further strengthening project management in the Infrastructure system company
- Electronic Systems & Equipment Segment
  - Received a first order for Heavy Particle Beam Therapy and made a full-scale entry into the Heavy Particle Beam Therapy field in addition to the Proton Beam Therapy field

### 2. Progress on the “2015 Mid-Term Management Plan” and Evolution of the Social Innovation Business

- Construction Machinery Segment
  - Used technologies in areas such as social infrastructure and IT to begin providing mine operation consulting services for resource companies.
- High Functional Materials & Components Segment
  - Strengthened global production and sales system through Hitachi Metals' acquisition of Waupaca Foundry (completed in November 2014), a company that provides iron castings for the transportation industry
  - Expanded the energy storage devices business and enhanced global development through making Taiwan-based CSB Battery a wholly owned subsidiary of Hitachi Chemical
- Automotive Systems Segment
  - Strengthening and expanding global development, production, and sales system based on regional headquarters in the Americas, Europe, Asia, and China
  - Strengthening development of advanced driving support system technologies such as safe driving support and automatic parking
- Smart Life & Ecofriendly Systems Segment
  - Aim to increased global competitiveness capabilities in the air conditioning system business by establishing a joint venture with Johnson Controls.



Benefits of the Hitachi Smart Transformation Project for FY2014/3Q: 71.0 billion yen

Making steady progress to achieve increased FY2014 cost reduction target of 100 billion yen, up from 90 billion yen

#### Main Initiatives and Progress Up to Third Quarter of FY 2014

##### (1) Initiatives to reform cost structure and strengthen cash generation

- Transferred administrative financial and accounting operations in Japan to Genpact with BPO (November 2014)
- Partial BPO of overseas HR operations (Planned for April 2015 onward)
- Continued to promote global logistics reforms
  - Shared logistics IT platform
  - Started concentrating transport-related operations and shared transportation through links between businesses
- Refined global procurement and improved cash flow
  - Streamlined linked operations with Hitachi High-Tech, Hitachi Capital, and Hitachi Transport System. Started global procurement scheme utilizing each company's functions

##### (2) Business process reforms

- Revised business processes aimed to achieve higher efficiency in administrative operations
- Started reforms aimed at overall optimization of manufacturing processes (design, manufacture, project management, etc.) and administrative operations

Business Group	Segment and Subsidiary
Infrastructure Systems Group	Social Infrastructure & Industrial Systems segment, Electronic Systems & Equipment segment, Smart Life & Ecofriendly Systems segment
Information & Telecommunication Systems Group	Information & Telecommunication Systems Segment, Hitachi Transport System
Power Systems Group	Power Systems Segment
Construction Machinery Group	Construction Machinery Segment
High Functional Materials & Components Group	High Functional Materials & Components Segment
Automotive Systems Group	Automotive Systems Segment
Financial Services	Financial Services Segment

Some businesses are not included in the table above.

## ■ Individual Business Groups

- †1 Effective on April 1, 2014, Hitachi Information & Control Solutions and Ibaraki Hitachi Information Service (both companies merged and changed its corporate name to Hitachi Industry & Control Solutions on April 1, 2014), which were previously included in the “Information & Telecommunication Systems”, have been included in the “Infrastructure Systems”. Figures for each group, including figures for the previous fiscal year, reflect the changed segmentation.
- †2 Effective on April 1, 2014, Hitachi-LG Data Storage, Hitachi Consumer Electronics and Hitachi Media Electronics, which were previously included in the “Infrastructure Systems”, have not been included in the group. Figures for each group, including figures for the previous fiscal year, reflect the changed segmentation.
- †3 Effective on April 1, 2014, Hitachi Maxell, which were previously included in the “High Functional Materials & Components”, has not been included in the group. Figures for each group, including figures for the previous fiscal year, reflect the changed segmentation.

## ■ Individual Business Segments

- †4 Effective on April 1, 2014, Hitachi Information & Control Solutions and Ibaraki Hitachi Information Service (both companies merged and changed its corporate name to Hitachi Industry & Control Solutions on April 1, 2014), which were previously included in the “Information & Telecommunication Systems”, have been included in the “Social Infrastructure & Industrial Systems”. Figures for each segment, including figures for the previous fiscal year, reflect the changed segmentation.
- †5 Effective on April 1, 2014, Hitachi-LG Data Storage, Hitachi Consumer Electronics and Hitachi Media Electronics, which were previously included in the “Digital Media & Consumer Products”, have been included in “Others (Logistics and Other services)”. The “Digital Media & Consumer Products” has been renamed to the “Smart Life & Ecofriendly Systems” based on these changes, and Hitachi Appliances and Hitachi Consumer Marketing have been included in this segment. Figures for each segment, including figures for the previous fiscal year, reflect the changed segmentation.

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, including, without limitation, the information, electronics, automotive, construction and financial sectors;
- 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, particularly against the U.S. dollar and the euro;
- 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;
- 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;
- rapid technological innovation;
- 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;
- 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;
- 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;
- 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 restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- uncertainty as to the success of cost reduction measures;
- 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 alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property rights, particularly those related to electronics and data processing technologies;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method affiliates have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the potential for significant losses on Hitachi’s investments in equity-method affiliates;
- the possibility of disruption of Hitachi’s operations by earthquakes, tsunamis or other natural disasters;
- 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;
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its significant employee benefit-related costs; and
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel.

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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**Inspire the Next**