
Hitachi IR Day 2015 Summary

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Hitachi, Ltd.**

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- 1. Progress of 2015 Mid-term Management Plan**
2. Growth Strategy

2015 Mid-term Management Plan

- Achieving Growth and Hitachi's Transformation -

Innovation

Strengthen service businesses that maximize the utilization of IT and bring about innovation

Global

Deliver Innovation to Customers and Society globally

Transformation

Transform Hitachi:
To deliver innovation by standardized and speedy operation

1-2. FY2014 Progress Overview and FY2015 Forecast

| | 2015 Mid-term Plan Initial target (US GAAP) | FY2013 Result (US GAAP) | FY2014 Result (US GAAP) | FY2015 Forecast (US GAAP) (IFRS)*1 | |
|---|---|---------------------------------|---------------------------------|---------------------------------------|-----------------------------------|
| Revenues*1 | 10,000.0 billion yen | 9,563.7 billion yen | 9,761.9 billion yen | 9,900.0 billion yen | 9,950.0 billion yen |
| (Operating Income Margin) Operating Income | (Over 7%) Over 700.0 billion yen | (5.6 %) 538.2 billion yen | (6.2 %) 600.4 billion yen | (6.7 %) 660.0 billion yen | (6.8 %) 680.0 billion yen*2 |
| (EBIT Margin) EBIT*3 | (Over 7%) Over 700.0 billion yen | (6.1 %) 585.6 billion yen | (5.6 %) 551.0 billion yen | (6.6 %) 650.0 billion yen | (6.2 %) 620.0 billion yen |
| Net Income attributable to Hitachi, Ltd. Stockholders | Over 350.0 billion yen | 264.9 billion yen | 241.3 billion yen | 330.0 billion yen | 310.0 billion yen |
| [Breakdown] | - | 270.4 billion yen | 294.0 billion yen | 334.0 billion yen | 314.0 billion yen |
| Continuing operations | - | -5.5 billion yen | -52.7 billion yen | -4.0 billion yen | -4.0 billion yen |
| Discontinued operations*4 | - | - | - | - | - |
| Stockholder's Equity Ratio (Manufacturing, Service and others) | Over 30% | 27.4 % | 27.3 % | 29 % | 29 % |

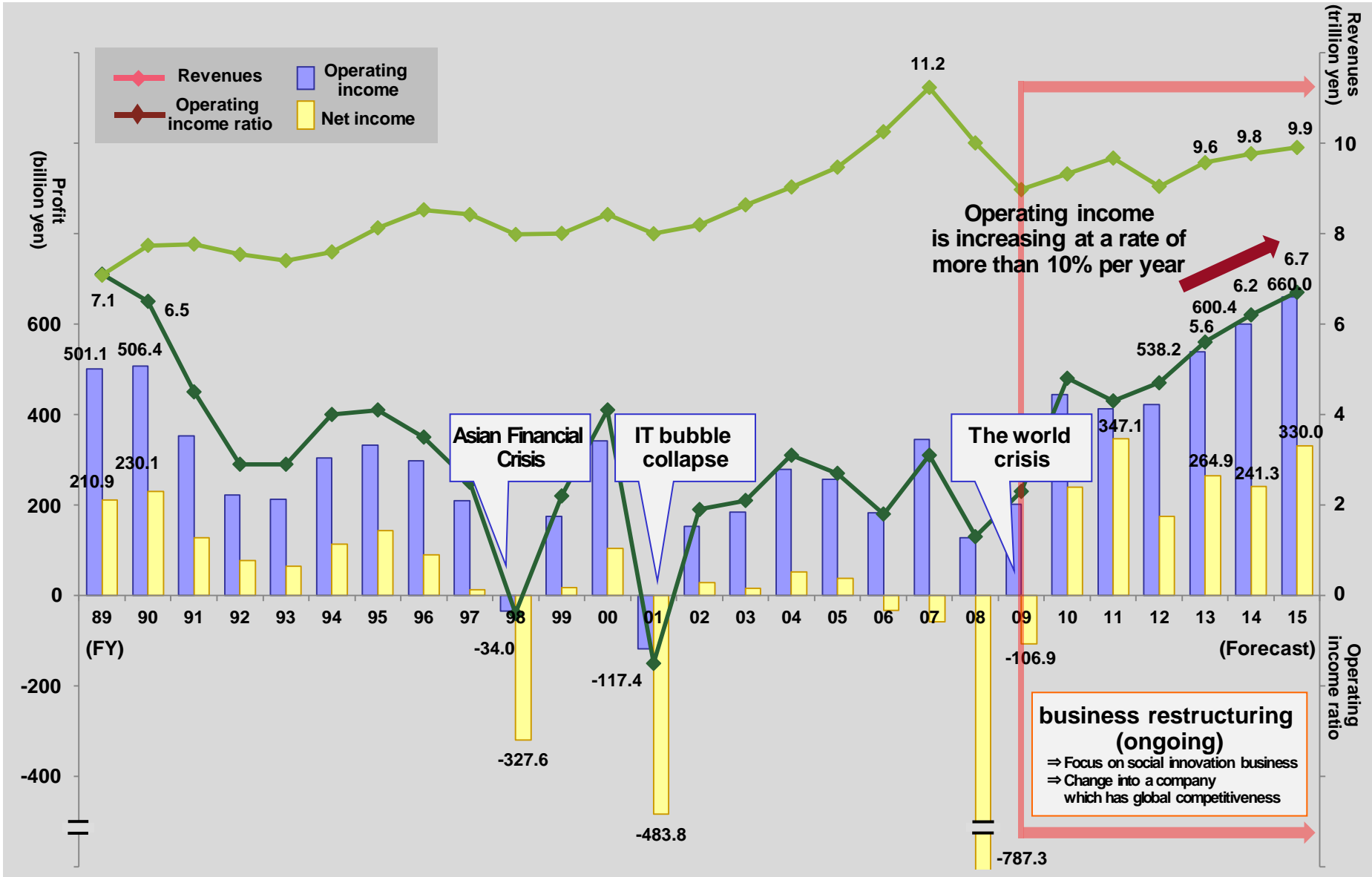
*1 IFRS:International Financial Reporting Standards

*2 This column shows "operating income after adjustments." (an "Adjusted Operating Income" presented as revenues less cost of sales as well as selling, general and administrative expenses)

*3 EBIT: Earnings Before Interest and Taxes (Net earnings before interest income and payment interest adjustments)

*4 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 Co., Ltd for the business integration in the thermal power generation systems with Mitsubishi Heavy Industries, Co., Ltd. The results of the discontinued operation are reported separately from continuing operations. In line with this classification, the results of the business for the year ended March 31, 2014 are reclassified as the discontinued. 2014 have been reflected.

1-3. Business Performance Trends



* US GAAP

1-4. Progress of 2015 Mid-term Management Plan

Revenues, Operating Income and EBIT by Business Segment (1)

Billions of yen

| | | FY2014 Result | FY2015 Forecast | | | In – house companies /subsidiaries which will be presented in Hitachi IR Day 2015*3 |
|--|------------------|---------------|-----------------|----------------|---------|---|
| | | US GAAP | US GAAP | Year over year | IFRS*1 | |
| Information & Telecommunication Systems*2 | Revenues | 2,032.1 | 2,100.0 | 103% | 2,100.0 | Information & Telecommunication Systems Company*2 |
| | Operating income | 116.2 | 140.0 | +23.7 | 158.0 | |
| | EBIT | 93.6 | 132.0 | +38.3 | 144.0 | |
| Social Infrastructure & Industrial Systems | Revenues | 2,119.5 | 2,140.0 | 101% | 2,140.0 | Power Systems Company, Energy Solutions Company, Infrastructure Systems Company, Hitachi Industrial Equipment Systems Co., Ltd., Industrial Products Company, Rail Systems Company, Urban Planning and Development Systems Company, Defense Systems Company, etc. |
| | Operating income | 78.5 | 124.0 | +45.4 | 131.0 | |
| | EBIT | 98.7 | 133.0 | +34.2 | 140.0 | |
| Electronic Systems & Equipment*2 | Revenues | 1,132.3 | 1,180.0 | 104% | 1,180.0 | Healthcare Company*2, Hitachi Medical Corporation*2, Hitachi High-Technologies Corporation*2, Hitachi Koki Co., Ltd., Hitachi Kokusai Electric Inc. |
| | Operating income | 69.4 | 75.0 | +5.5 | 76.0 | |
| | EBIT | 59.9 | 75.0 | +15.0 | 75.0 | |
| Construction Machinery | Revenues | 779.9 | 760.0 | 97% | 800.0 | Hitachi Construction Machinery Co., Ltd. |
| | Operating income | 54.7 | 45.0 | -9.7 | 50.0 | |
| | EBIT | 55.6 | 47.0 | -8.6 | 49.0 | |
| High Functional Materials & Components*2 | Revenues | 1,504.5 | 1,640.0 | 109% | 1,670.0 | Hitachi Metals, Ltd., Hitachi Chemical Co., Ltd.*2 |
| | Operating income | 123.0 | 144.0 | +20.9 | 146.0 | |
| | EBIT | 129.2 | 162.0 | +32.7 | 164.0 | |

*1 “Operating income” is presented as “Adjusted operating income” in IFRS (an “Adjusted Operating Income” presented as revenues less cost of sales as well as selling, general and administrative expenses)

*2 Healthcare Business is the sum of Hitachi group’s healthcare related business.

*3 In - house companies/subsidiaries which will be presented in Hitachi IR Day 2015 are written in red characters.

1-5. Progress of 2015 Mid-term Management Plan

Revenues, Operating Income and EBIT by Business Segment (2)*1

Billions of yen

| | | FY2014 Result | FY2015 Forecast | | | In – house companies /subsidiaries which will be presented in Hitachi IR Day 2015*2 |
|---------------------------------------|------------------|---------------|-----------------|----------------|----------|---|
| | | US GAAP | US GAAP | Year over year | IFRS*1 | |
| Automotive Systems | Revenues | 936.9 | 1,000.0 | 107% | 1,000.0 | Hitachi Automotive Systems, Ltd., Clarion |
| | Operating income | 56.1 | 70.0 | +13.8 | 68.0 | |
| | EBIT | 34.9 | 70.0 | +35.0 | 70.0 | |
| Smart Life & Ecofriendly Systems | Revenues | 780.1 | 650.0 | 83% | 650.0 | Hitachi Appliances, Inc., etc. |
| | Operating income | 27.9 | 18.0 | -9.9 | 18.0 | |
| | EBIT | 32.1 | 22.0 | -10.1 | 22.0 | |
| Others (Logistics and Other services) | Revenues | 1,210.7 | 1,210.0 | 100% | 1,220.0 | Hitachi Transport System, Ltd., etc. |
| | Operating income | 40.4 | 35.0 | -5.4 | 43.0 | |
| | EBIT | 51.3 | 39.0 | -12.3 | 42.0 | |
| Financial Services | Revenues | 355.5 | 370.0 | 104% | 370.0 | Hitachi Capital Corporation |
| | Operating income | 38.0 | 40.0 | +1.9 | 41.0 | |
| | EBIT | 36.2 | 41.0 | +4.7 | 42.0 | |
| Corporate items & Eliminations | Revenues | -1,089.9 | -1,150.0 | - | -1,180.0 | - |
| | Operating income | -4.1 | -31.0 | -26.8 | -51.0 | |
| | EBIT | -40.8 | -71.0 | -30.1 | -128.0 | |
| Total | Revenues | 9,761.9 | 9,900.0 | 101% | 9,950.0 | - |
| | Operating income | 600.4 | 660.0 | +59.5 | 680.0 | |
| | EBIT | 551.0 | 650.0 | +98.9 | 620.0 | |

*1 "Operating income" is presented as "Adjusted operating income" in IFRS

(an "Adjusted Operating Income" presented as revenues less cost of sales as well as selling, general and administrative expenses)

*2 In – house companies/subsidiaries which will be presented in Hitachi IR Day 2015 are written in red characters.

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1. Progress of 2015 Mid-term Management Plan
- 2. Growth Strategy**

2-1. Key Performance of Growth Strategy

| | | FY2015 Initial target*1 | FY2015 Forecast*1 |
|----------|--|--|--|
| 1 | Global business expansion | Ratio of overseas revenues Over 50% | Ratio of overseas revenues 50% |
| 2 | Service business expansion | Ratio of service revenues Over 40% | Ratio of service revenues 38% |
| 3 | Cost reductions through the Hitachi Smart Transformation PJ | Cumulative cost reduction benefits*2 400 billion yen | Cumulative cost reduction benefits*2 420 billion yen |

*1 US GAAP

*2 Cumulative cost reduction benefits: Cumulative five years, from FY2011 to FY2015

Global business is expanding steadily

Overseas revenue ratio^{3*}

| | FY2012 (Result) | FY2013 (Result) | FY2014 (Result) | FY2015 (Forecast) |
|--|--------------------|--------------------|--------------------|----------------------|
| Total | 41% | 45% | 47% | 50% |
| Information & Telecommunication Systems | 26% | 30% | 33% | 36% |
| Power Systems ^{*1} | 36% | 36% | 11% | 11% |
| Infrastructure Systems | 21% | 24% | 28% | 29% |
| Rail Systems | 26% | 35% | 38% | 62% |
| Urban Planning and Development Systems | 41% | 52% | 57% | 59% |
| Hitachi Automotive Systems ^{*2} | 50% | 53% | 56% | 60% |
| Healthcare | - | 57% | 62% | 61% |

- Strengthen “autonomous decentralized global management” structure (started in 4 regions, the Americas, EMEA-CIS, China and Asia/Pacific)
- Reorganized R&D structure globally: (Established the Global Center for Social Innovation to share issues and develop with customers (Tokyo, North America, China, Europe))

*1 Excludes discontinued operations since FY2013.

*2 Overseas revenue ratio for global customer bases

*3 US GAAP

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

Service business of Hitachi Group is expanding

Service revenues ratio^{2*}

| | FY2012 (Result) | FY2013 (Result) | FY2014 (Result) | FY2015 (Forecast) |
|---|--------------------|--------------------|--------------------|----------------------|
| Total | 30% | 32% | 35% | 38% |
| Information & Telecommunication Systems | 60% | 62% | 64% | Over 65% |
| Power Systems* ¹ | - | 25% | 36% | 44% |
| Infrastructure Systems | 28% | 29% | 29% | 29% |
| Rail Systems | - | 8 % | 11% | 11% |
| Urban Planning and Development Systems | 45% | 37% | 33% | 33% |
| Healthcare | - | 21% | 23% | 23% |

- O&M services revenue is expanding
- Expand profitable services by responding to customer's needs, shifting from "ownership" to "sharing".

*1 Excludes discontinued operations .

*2 US GAAP

Accelerate measures for profitable strength

(Unit: Billion)

| | FY2011 (Result) | FY2012 (Result) | FY2013 (Result) | FY2014 (Result) | FY2015 (Forecast) | cumulative total vs FY2010 |
|---|--------------------|--------------------|--------------------|--------------------|----------------------|----------------------------------|
| Total | 35.0 | 75.0 | 110.0 | 100.0 | 100.0 | 420.0 |
| Information & Telecommunication Systems | 5.0 | 7.0 | 16.0 | 14.5 | 22.5 | 65.0 |
| Power Systems | 1.5 | 23.0 | 10.0 | 9.0 | 9.5 | 53.0 |
| Infrastructure Systems | 4.0 | 9.0 | 11.5 | 9.5 | 8.0 | 42.0 |
| Rail Systems | 0.5 | 2.0 | 1.0 | 2.0 | 4.5 | 10.0 |
| Urban Planning and Development Systems | 0.0 | 1.0 | 7.0 | 10.5 | 6.5 | 25.0 |

Cost reductions effects^{*1}

- Achieved cost reductions exceeding targets in FY2014
- Reduce Cost of Sales and SG&A^{*2}, 100 billion yen, in FY2015

*1 US GAAP

*2 SG&A: Selling, General & Administrative expenses

Cash generation for growth investments

CCC^{*1} improvement^{*2}

| | FY2012 (Result) | FY2013 (Result) | FY2014 (Result) | FY2015 (Forecast) |
|---|--------------------|--------------------|--------------------|----------------------|
| Total^{*3} | 79.2 days | 81.3 days | 81.5 days | 76.5 days |
| Information & Telecommunication Systems | 68.1 days | 67.0 days | 67.5 days | 62.2 days |
| Power Systems ^{*3} | - ^{*4} | 112.3 days | 123.1 days | 110.0 days |
| Infrastructure Systems | 79.5 days | 84.7 days | 87.8 days | 97.1 days |
| Rail Systems | 94.1 days | 118.7 days | 111.0 days | 110.2 days |
| Urban Planning and Development Systems | - ^{*4} | 47.1 days | 46.5 days | 46.7 days |
| Hitachi Automotive Systems | 37.3 days | 40.5 days | 40.5 days | 42.3 days |

- CCC in FY2014 is on par with the previous year, due to increased inventory resulting from changes in the market environment and concentration of sales at the end of the fiscal year
- 5-day reduction(+130 billion yen) of FY2015 CCC from the previous year by reviewing inventory assets, improving cash flow, improving cash management and business process reforms

*1 Manufacturing, services and others CCC(Cash Conversion Cycle)

*2 US GAAP

*3 Power Systems does not include discontinued operations. Total includes discontinued operations.

*4 A part of Thermal Power Business transferred into Mitsubishi Hitachi Power Systems, Ltd. in FY2013, and Urban Planning and Development Systems transferred solution business into Infrastructure Systems in FY2013. The impact of this business restructuring is large, so from the standpoint of continuity, the figures of CCC in 2012 is left out.

An aerial photograph of a dense city skyline, likely Tokyo, viewed from a high vantage point. The city is filled with numerous skyscrapers and buildings, extending to the horizon. The sky is a clear, vibrant blue with scattered white clouds. The overall scene is bright and optimistic.

**Serving the World with
Our Social Innovation Business**
SOCIAL INNOVATION - IT'S OUR FUTURE

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 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;
- 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 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;
- 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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