

**Outline of Consolidated Financial Results
for the Second Quarter
Ended September 30, 2018**

October 26, 2018

Hitachi, Ltd.

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for the Second Quarter Ended September 30, 2018**
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**1. Outline of Consolidated Financial Results
for the Second Quarter Ended September 30, 2018**

1-1. Highlights of the 1st Half (Apr. - Sep.) FY2018 Financial Results

Revenues	4,491.8 billion yen	up 3% / 115.3 billion yen YoY <ul style="list-style-type: none"> ● Increased in Social Infrastructure & Industrial Systems, Information & Telecommunication Systems, Construction Machinery, High Functional Materials & Components segments, etc.
Adjusted operating income*1	344.5 billion yen	up 14% / 41.3 billion yen YoY <ul style="list-style-type: none"> ● Posted record-high for H1(Apr. - Sep.)*3 ● Increased in Social Infrastructure & Industrial Systems, Information & Telecommunication Systems, Construction Machinery segments, etc.
EBIT*2	352.3 billion yen	up 19% / 55.8 billion yen YoY <ul style="list-style-type: none"> ● Posted record-high for H1(Apr. - Sep.)*3 ● Increased mainly due to gains by selling Hitachi Kokusai Electric Inc. stock
Net income attributable to Hitachi, Ltd. stockholders	192.9 billion yen	up 20% / 32.3 billion yen YoY <ul style="list-style-type: none"> ● Posted record-high for H1(Apr. - Sep.)*3
Free cash flows	69.5 billion yen	up 25.5 billion yen YoY
The interim dividend for FY2018	8.0 yen per share	

*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 FY1986 ended March 31, 1987 when Hitachi introduced the financial results on a consolidated basis which is covered the same scope of consolidated subsidiaries as the current.

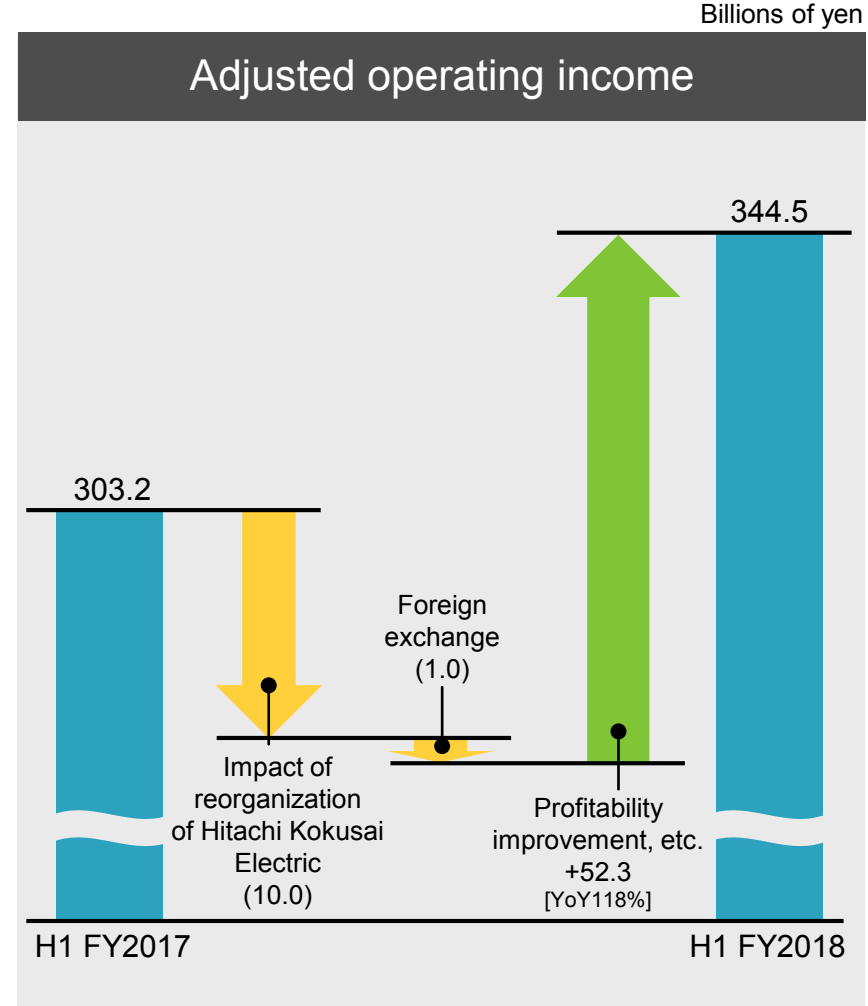
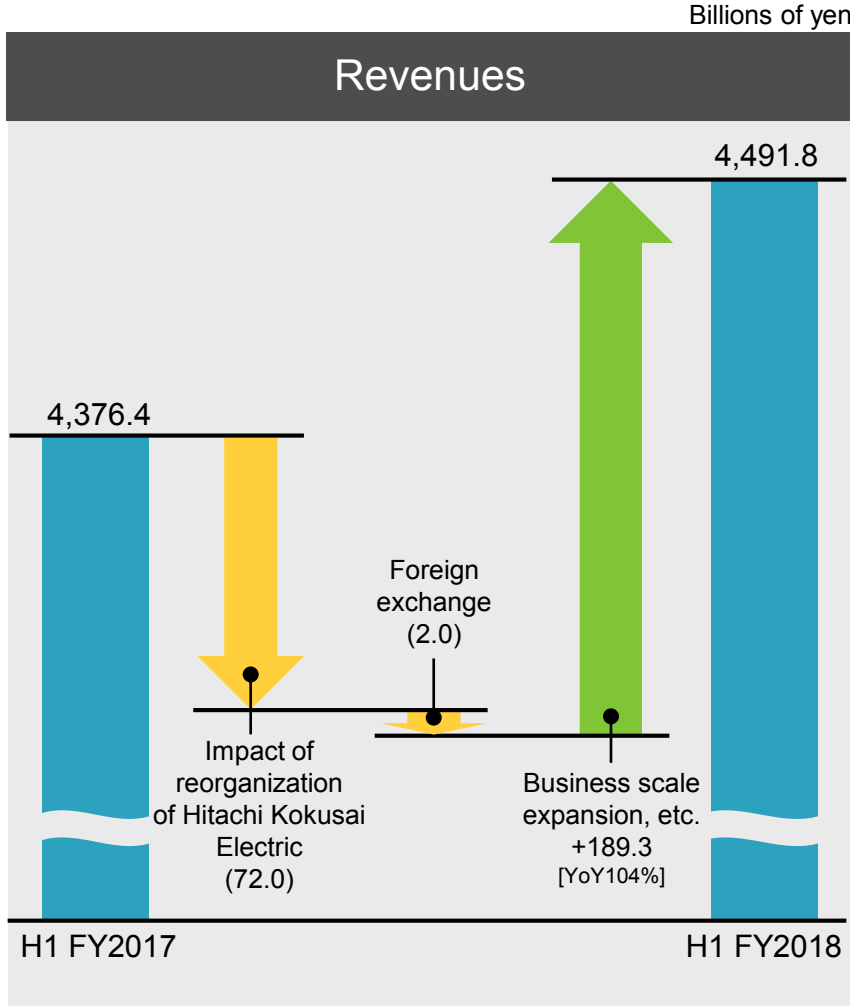
1-2. Consolidated Statement of Profit or Loss

Billions of yen

	H1 FY2017	H1 FY2018	Year over year
Revenues	4,376.4	4,491.8	+115.3 [103%]
<i>Adjusted operating income ratio</i>	6.9%	7.7%	+0.8%
Adjusted operating income	303.2	344.5	+41.3
<i>EBIT ratio</i>	6.8%	7.8%	+1.0%
EBIT	296.4	352.3	+55.8
Income from continuing operations, before income taxes	293.0	352.9	+59.8
Income taxes	(72.8)	(92.7)	(19.8)
Income from continuing operations	220.2	260.1	+39.9
Loss from discontinued operations*	(1.2)	(4.0)	(2.7)
Net income	218.9	256.1	+37.2
Net income attributable to Hitachi, Ltd. stockholders	160.6	192.9	+32.3

* 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. H1 FY2018 Factors Affecting Changes in Revenues and Adjusted Operating Income (Year over Year)



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

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

1-4. Revenues by Market

Billions of yen

	H1 FY2017		H1 FY2018		Year over year
		Ratio		Ratio	
Japan	2,110.9	48%	2,121.8	47%	101%
Outside Japan	2,265.5	52%	2,369.9	53%	105%
Asia	1,008.4	23%	1,031.5	23%	102%
China	509.4	12%	519.1	12%	102%
ASEAN, India, other areas	498.9	11%	512.4	11%	103%
North America	568.1	13%	595.5	13%	105%
Europe	449.8	10%	494.2	11%	110%
Other Areas	239.1	6%	248.6	6%	104%
Total	4,376.4	100%	4,491.8	100%	103%

1-5. 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 September 30, 2018	Change from March 31, 2018
Total assets	10,106.6	10,060.1	(46.4)
Trade receivables and contract assets	2,501.4	2,238.1	(263.2)
Total liabilities	5,594.9	5,393.1	(201.7)
Interest-bearing debt	1,050.2	1,201.4	+151.1
Total Hitachi, Ltd. stockholders' equity	3,278.0	3,449.2	+171.2
Non-controlling interests	1,233.6	1,217.7	(15.8)
Cash Conversion Cycle	69.7 days	66.7 days	3.0 days decrease
Total Hitachi, Ltd. stockholders' equity ratio	32.4%	34.3%	1.9 points increase
D/E ratio (Including non-controlling interests)	0.23 times	0.26 times	0.03 points increase

■ Summary of Consolidated Statements of Cash Flows

Billions of yen

	H1 FY2017	H1 FY2018	Year over year
Cash flows from operating activities	278.4	211.9	(66.4)
Cash flows from investing activities	(234.4)	(142.4)	+91.9
Free cash flows	44.0	69.5	+25.5

1-6. Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		H1 FY2017*		H1 FY2018*		Year over year		Dynamics
Information & Telecommunication Systems	Revenues		933.3		960.1		103%	(+) Expansion of system integration business (-) Stock transfer of ALAXALA Networks
	Adjusted operating income	8.2%	76.1	10.2%	98.2	+2.0%	+22.0	(+) Profitability improvement in system integration business (+) Profitability improvement in IT Platform & Products
	EBIT	7.5%	70.3	9.1%	87.5	+1.6%	+17.1	(+) Increase in adjusted operating income (-) Posting of exchange loss
Social Infrastructure & Industrial Systems	Revenues		1,039.1		1,098.2		106%	(+) 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	3.1%	32.3	5.1%	56.5	+2.0%	+24.1	(+) Increase in revenues of railway systems business (+) Profitability improvement in industry & distribution field (+) Profitability improvement in power and energy business (-) Decrease in sales price in elevators and escalators business in China
	EBIT	2.4%	24.9	4.0%	44.4	+1.6%	+19.5	(+) Increase in adjusted operating income (-) Impact of foreign exchange fluctuations etc.

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

1-7. Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		H1 FY2017*		H1 FY2018*		Year over year		Dynamics
Electronic Systems & Equipment	Revenues		513.6		474.7		92%	(+) Sales increase of clinical analyzers and semi-conductor processing equipment at Hitachi High-Technologies (+) Sales increase of radiation therapy systems in healthcare business (-) Deconsolidation of Hitachi Kokusai Electric
	Adjusted operating income	7.7%	39.5	8.4%	39.9	+0.7%	+0.4	(+) Increase in revenues at Hitachi High-Technologies, in healthcare business (-) Deconsolidation of Hitachi Kokusai Electric
	EBIT	7.7%	39.4	7.9%	37.4	+0.2%	(2.0)	(+) Increase in adjusted operating income at Hitachi High-Technologies, in healthcare business (-) Deconsolidation of Hitachi Kokusai Electric
Construction Machinery	Revenues		440.2		490.4		111%	(+) Sales increase mainly in Asia-Pacific, North America, and China
	Adjusted operating income	8.4%	37.1	10.8%	52.8	+2.4%	+15.7	(+) Increase in revenues
	EBIT	9.3%	41.0	10.1%	49.3	+0.8%	+8.3	(+) Increase in adjusted operating income (-) Posting of exchange loss (-) Posting of structural reform expenses

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

1-8. Revenues, Adjusted Operating Income and EBIT by Business Segment (3)

Billions of yen

		H1 FY2017*		H1 FY2018*		Year over year		Dynamics
High Functional Materials & Components	Revenues		802.2		862.4		108%	(+) 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%	61.2	6.7%	57.8	(0.9%)	(3.3)	(-) Change in product mix and increase in raw material prices at Hitachi Chemical
	EBIT	6.4%	51.5	7.2%	61.6	+0.8%	+10.1	(+) Decrease of expenses related to competition law and others at Hitachi Chemical (+) Gains on business reorganization at Hitachi Metals
Automotive Systems	Revenues		488.9		479.0		98%	(-) Sales decrease in North America
	Adjusted operating income	5.0%	24.3	2.1%	9.8	(2.9%)	(14.4)	(-) Decrease in revenues (-) Profitability deterioration in North America
	EBIT	4.6%	22.2	(2.9%)	(13.7)	(7.5%)	(36.0)	(-) Decrease in adjusted operating income (-) Posting of impairment loss

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

1-9. Revenues, Adjusted Operating Income and EBIT by Business Segment (4)

Billions of yen

		H1 FY2017*		H1 FY2018*		Year over year		Dynamics
Smart Life & Ecofriendly Systems	Revenues		276.3		243.0		88%	(-) Change of accounting to net basis revenue for a part of procured products in Japan
	Adjusted operating income	<i>4.0%</i>	11.0	<i>3.7%</i>	8.8	<i>(0.3%)</i>	(2.1)	(-) Impact of foreign exchange (-) Increase in raw material prices
	EBIT	<i>6.7%</i>	18.4	<i>6.6%</i>	15.9	<i>(0.1%)</i>	(2.4)	(-) Decrease in adjusted operating income
Others	Revenues		277.0		265.7		96%	
	Adjusted operating income	<i>4.1%</i>	11.2	<i>5.0%</i>	13.3	<i>+0.9%</i>	+2.1	
	EBIT	<i>3.8%</i>	10.6	<i>5.6%</i>	14.9	<i>+1.8%</i>	+4.2	
Corporate items & Eliminations	Revenues		(394.5)		(382.0)		-	
	Adjusted operating income		10.2		7.0		(3.1)	
	EBIT		17.7		54.7		+36.9	(+) Gains by selling Hitachi Kokusai Electric stock
Total	Revenues		4,376.4		4,491.8		103%	
	Adjusted operating income	<i>6.9%</i>	303.2	<i>7.7%</i>	344.5	<i>+0.8%</i>	+41.3	
	EBIT	<i>6.8%</i>	296.4	<i>7.8%</i>	352.3	<i>+1.0%</i>	+55.8	

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

■ **Progress of Lumada Business**

Billions of yen

	FY2017		FY2018			
	H1	Total	H1		Total (Forecast)	
			Year over Year	Year over year	Year over year	
Revenues of Lumada business	452.0	1,006.0	500.0	111%	1,070.0	106%
1) Lumada core business	86.0	230.0	131.0	152%	310.0	135%
2) Lumada SI business	366.0	776.0	369.0	101%	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 solutions utilizing Lumada**
【Industry】

- Started selling new IoT solution for optimizing whole manufacturing process, which had applied to joint demonstration with Toyota Motor Corporation for establishing high-efficiency production model
- Started providing AI-assisted predictive maintenance service for petrochemical plants, which had applied to Showa Denko's ethylene plant, and aims to improve efficiency in operation and maintenance

【Finance】

- Started providing risk-simulating service for hospitalization due to lifestyle disease, which takes advantage of know-how of big data analysis through joint research with The Dai-ichi Life Insurance Company, and business support for Hitachi Health Insurance Society

- **Expansion of co-creation in Southeast Asia**

- Launched Lumada Center in Thailand for expanding co-creation in Southeast Asia
- Started co-creation with Siam Cement Group, one of the major manufacturers in Thailand, for promoting energy saving across factories and increase efficiency in dispatching process

■ Business structural reforms and strengthening management base

- Tender of shares of Clarion in tender offer by Faurecia Group
 - Enable Clarion to realize further acceleration of growth and increase of its corporate value
 - Focus Hitachi's management resources on the Social Innovation Business
- Reorganize the large-sized industrial equipment business
 - Strengthen global competitiveness through prompt decision-making and flexible business operation by spinning off the Industrial Products Business Unit

■ Investment for global business expansion

- Decided to conduct public tender offer for shares of Yungtay Engineering Co., Ltd., the elevator/escalator company in Taiwan (To be conducted in 2019)
 - Expand new installation and maintenance service businesses in China and other Asian regions by enriching the product lineup and strengthening the cost competitiveness

2. Outlook for Fiscal 2018

2-1. Outlook for FY2018

- Projections for the H2 (Oct.-Mar.) FY2018 assume an exchange rate of 105 yen to the U.S. dollar and 130 yen to the euro.
Billions of yen

	FY2017	FY2018		
		Forecast	Year over year	Previous forecast*1 comparison
Revenues	9,368.6	9,400.0	+31.3 [100%]	±0.0 [100%]
<i>Adjusted operating income ratio</i>	7.6%	8.0%	+0.4%	±0.0%
Adjusted operating income	714.6	750.0	+35.3	±0.0
<i>EBIT ratio</i>	6.9%	8.0%	+1.1%	±0.0%
EBIT	644.2	750.0	+105.7	±0.0
Income from continuing operations, before income taxes	638.6	735.0	+96.3	±0.0
Income taxes	(131.7)	(195.0)	(63.2)	±0.0
Income from continuing operations	506.9	540.0	+33.0	±0.0
Loss from discontinued operations	(16.0)	(10.0)	+6.0	±0.0
Net income	490.9	530.0	+39.0	±0.0
Net income attributable to Hitachi, Ltd. stockholders	362.9	400.0	+37.0	±0.0
Earnings per share*2	375.93 yen	414.23 yen	+38.30 yen	±0.00 yen

*1 Announced on July 27, 2018

*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.

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 (Year over year)
Information & Telecommunication Systems	Revenues		2,008.9		2,000.0		100%		100%	<ul style="list-style-type: none"> • Front Business: Increase in revenues and adjusted operating income in system integration business • IT Platform & Products: Increase in adjusted operating income due to the profitability improvement mainly in storage business
	Adjusted operating income	9.4%	189.2	10.0%	200.0	+0.6%	+10.7	+0.3%	+6.0	
	EBIT	6.9%	139.2	9.8%	196.0	+2.9%	+56.7	+0.3%	+6.0	
Social Infrastructure & Industrial Systems	Revenues		2,375.0		2,460.0		104%		100%	<ul style="list-style-type: none"> • Increase in revenues and adjusted operating income in railway systems business and industrial products business • Increase in adjusted operating income due to the profitability improvement in industry & distribution field
	Adjusted operating income	4.9%	115.5	6.7%	165.0	+1.8%	+49.4	±0.0%	±0.0	
	EBIT	4.3%	101.2	5.5%	136.0	+1.2%	+34.7	±0.0%	±0.0	
Electronic Systems & Equipment	Revenues		1,086.5		1,000.0		92%		100%	<ul style="list-style-type: none"> • Decrease in revenues and adjusted operating income due to deconsolidation of Hitachi Kokusai Electric
	Adjusted operating income	8.0%	86.9	7.2%	72.0	(0.8%)	(14.9)	±0.0%	±0.0	
	EBIT	8.2%	88.8	6.9%	69.0	(1.3%)	(19.8)	±0.0%	±0.0	
Construction Machinery	Revenues		959.1		980.0		102%		100%	<ul style="list-style-type: none"> • Increase in revenues and adjusted operating income due to the sales expansion mainly in North America, Europe, and Asia-Pacific
	Adjusted operating income	9.6%	92.5	10.7%	105.0	+1.1%	+12.4	+0.2%	+2.0	
	EBIT	10.1%	97.0	10.3%	101.0	+0.2%	+3.9	±0.0%	±0.0	
High Functional Materials & Components	Revenues		1,657.5		1,730.0		104%		100%	<ul style="list-style-type: none"> • Hitachi Metals: Increase in revenues and adjusted operating income mainly due to the sales expansion of specialty steel products for the fields of automotive and electronics, and the effect of M&As • Hitachi Chemical: Increase in revenues and adjusted operating income due to the sales expansion of functional materials mainly for eco-car and the effect of M&As
	Adjusted operating income	7.4%	121.8	8.0%	138.0	+0.6%	+16.1	±0.0%	±0.0	
	EBIT	6.0%	98.6	7.5%	130.0	+1.5%	+31.3	±0.0%	±0.0	

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

*2 Announced on July 27, 2018

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 (Year over year)
Automotive Systems	Revenues		1,001.0		990.0		99%		100%	<ul style="list-style-type: none"> Year over Year: Flat in revenues and adjusted operating income due to sales decrease and profitability deterioration in North America Previous forecast comparison: Downward revision of adjusted operating income due to delay of productivity improvement
	Adjusted operating income	5.0%	49.5	5.1%	50.0	+0.1%	+0.4	(1.0%)	(10.0)	
	EBIT	4.2%	42.4	5.1%	50.0	+0.9%	+7.5	±0.0%	±0.0	
Smart Life & Ecofriendly Systems	Revenues		540.1		510.0		94%		100%	<ul style="list-style-type: none"> Decrease in revenues due to change of accounting to net basis revenue for a part of procured products in Japan
	Adjusted operating income	4.6%	25.1	5.1%	26.0	+0.5%	+0.8	±0.0%	±0.0	
	EBIT	6.2%	33.3	6.3%	32.0	+0.1%	(1.3)	±0.0%	±0.0	
Others	Revenues		557.7		540.0		97%		100%	
	Adjusted operating income	3.8%	21.4	3.0%	16.0	(0.8%)	(5.4)	±0.0%	±0.0	
	EBIT	3.9%	21.8	2.8%	15.0	(1.1%)	(6.8)	±0.0%	±0.0	
Corporate items & Eliminations	Revenues		(817.5)		(810.0)		-		-	
	Adjusted operating income		12.3		(22.0)		(34.3)		+2.0	
	EBIT		21.4		21.0		(0.4)		(6.0)	
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	8.0%	750.0	+1.1%	+105.7	±0.0%	±0.0	

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

*2 Announced on July 27, 2018

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			
	Q2	H1	Q2	Year over year	H1	Year over year	Q2	H1	Q2	Year over year	H1	Year over year
Japan	358.0	644.0	371.5	104%	677.9	105%	306.7	561.8	303.2	99%	553.1	98%
Outside Japan	140.5	289.3	147.9	105%	282.2	98%	253.7	477.3	276.6	109%	545.1	114%
China	9.6	34.1	13.9	144%	28.3	83%	105.8	195.3	102.6	97%	201.8	103%
ASEAN, India, other areas	27.3	50.5	30.4	111%	55.9	111%	26.8	51.4	27.1	101%	54.4	106%
North America	55.5	113.4	51.1	92%	97.9	86%	20.8	35.0	28.6	137%	57.4	164%
Europe	38.3	71.9	41.9	109%	79.7	111%	79.4	157.3	97.7	123%	196.2	125%
Other Areas	9.4	19.2	10.4	110%	20.1	105%	20.7	38.1	20.5	99%	35.2	92%
Total	498.5	933.3	519.5	104%	960.1	103%	560.4	1,039.1	579.9	103%	1,098.2	106%

Consolidated Revenues by Market and Business Segment (2)

Billions of yen

	Electronic Systems & Equipment						Construction Machinery					
	FY2017		FY2018				FY2017		FY2018			
	Q2	H1	Q2		H1		Q2	H1	Q2		H1	
				Year over year		Year over year				Year over year		Year over year
Japan	108.8	197.0	94.9	87%	183.0	93%	53.7	94.1	50.2	94%	89.7	95%
Outside Japan	159.7	316.5	139.8	88%	291.7	92%	175.0	346.1	199.9	114%	400.6	116%
China	31.2	65.0	29.8	96%	57.2	88%	21.7	48.2	24.7	114%	56.9	118%
ASEAN, India, other areas	63.1	127.0	48.7	77%	112.5	89%	31.5	61.9	36.6	116%	71.4	115%
North America	22.7	41.8	20.0	88%	43.1	103%	32.7	65.1	40.9	125%	79.2	122%
Europe	37.6	69.2	29.9	80%	60.2	87%	30.9	61.1	33.4	108%	68.3	112%
Other Areas	4.8	13.2	11.2	231%	18.4	139%	58.0	109.6	64.0	110%	124.7	114%
Total	268.5	513.6	234.7	87%	474.7	92%	228.7	440.2	250.2	109%	490.4	111%

Consolidated Revenues by Market and Business Segment (3)

Billions of yen

	High Functional Materials & Components						Automotive Systems					
	FY2017		FY2018				FY2017		FY2018			
	Q2	H1	Q2		H1		Q2	H1	Q2		H1	
				Year over year		Year over year				Year over year		Year over year
Japan	165.8	325.1	177.6	107%	349.9	108%	106.2	204.8	108.7	102%	205.0	100%
Outside Japan	242.9	477.0	256.9	106%	512.5	107%	138.5	284.0	131.7	95%	274.0	96%
China	47.0	90.2	50.6	108%	98.9	110%	30.3	60.2	26.8	89%	58.6	97%
ASEAN, India, other areas	75.7	146.1	80.2	106%	158.9	109%	12.9	24.4	14.6	114%	28.2	116%
North America	82.3	169.1	89.3	109%	180.2	107%	64.2	137.1	62.8	98%	131.6	96%
Europe	30.1	56.2	29.8	99%	61.2	109%	14.0	30.1	13.5	97%	28.2	94%
Other Areas	7.7	15.2	6.7	88%	13.0	86%	16.9	31.9	13.7	81%	27.1	85%
Total	408.8	802.2	434.5	106%	862.4	108%	244.7	488.9	240.4	98%	479.0	98%

Consolidated Revenues by Market and Business Segment (4)

Billions of yen

	Smart Life & Ecofriendly Systems						Consolidated Revenues							
	FY2017		FY2018				FY2017		FY2018					
	Q2	H1	Q2	H1		Q2	H1	Q2	H1		Total (Forecast)			
				Year over year	Year over year				Year over year	Year over year				
Japan	120.3	225.4	103.3	86%	194.2	86%	1,134.9	2,110.9	1,140.4	100%	2,121.8	101%	4,600.0	99%
Outside Japan	24.8	50.9	25.3	102%	48.7	96%	1,152.8	2,265.5	1,185.4	103%	2,369.9	105%	4,800.0	102%
China	4.6	9.6	4.5	99%	9.6	100%	260.5	509.4	257.7	99%	519.1	102%		
ASEAN, India, other areas	14.4	28.5	14.9	104%	28.5	100%	256.9	498.9	253.5	99%	512.4	103%		
North America	0.4	0.6	0.4	103%	0.6	97%	280.9	568.1	295.9	105%	595.5	105%		
Europe	0.9	1.7	0.8	96%	1.7	98%	231.7	449.8	246.1	106%	494.2	110%		
Other Areas	4.4	10.3	4.4	100%	8.2	80%	122.6	239.1	132.1	108%	248.6	104%		
Total	145.2	276.3	128.6	89%	243.0	88%	2,287.7	4,376.4	2,325.9	102%	4,491.8	103%	9,400.0	100%

Consolidated Capital Expenditure by Business Segment (Completion basis)

Billions of yen

	FY2017		FY2018				Total (Forecast)	
	Q2	H1	Q2		H1		Year over year	
				Year over year		Year over year		
Information & Telecommunication Systems	9.4	17.2	6.2	66%	17.5	102%		
Social Infrastructure & Industrial Systems	21.7	34.8	20.5	95%	37.2	107%		
Electronic Systems & Equipment	4.6	8.8	5.2	113%	9.7	111%		
Construction Machinery	5.3	7.9	7.4	140%	12.1	154%		
High Functional Materials & Components	34.2	58.1	34.2	100%	67.9	117%		
Automotive Systems	18.7	29.7	13.8	74%	31.0	104%		
Smart Life & Ecofriendly Systems	1.8	3.8	4.1	228%	7.0	186%		
Others	2.3	4.6	2.7	117%	5.0	108%		
Corporate items	0.5	0.8	0.5	99%	0.8	103%		
Total	98.7	166.0	95.0	96%	188.6	114%	420.0	112%

Consolidated Depreciation by Business Segment

Billions of yen

	FY2017		FY2018				Total (Forecast)	
	Q2	H1	Q2		H1			
			Year over year	Year over year	Year over year	Year over year		
Information & Telecommunication Systems	12.1	23.4	10.2	85%	22.1	94%		
Social Infrastructure & Industrial Systems	7.5	14.6	7.5	100%	15.0	102%		
Electronic Systems & Equipment	3.6	7.1	3.0	83%	5.9	84%		
Construction Machinery	8.0	15.8	7.7	97%	15.5	98%		
High Functional Materials & Components	17.7	35.0	19.4	110%	38.6	110%		
Automotive Systems	10.9	21.5	11.2	103%	22.9	106%		
Smart Life & Ecofriendly Systems	2.1	4.2	2.2	106%	4.5	108%		
Others	3.6	7.3	3.4	96%	6.9	94%		
Corporate items	0.9	1.8	0.9	98%	1.8	100%		
Total	66.7	131.2	65.9	99%	133.7	102%	300.0	113%

Consolidated R&D Expenditure by Business Segment

Billions of yen

	FY2017		FY2018				Total (Forecast)	
	Q2	H1	Q2		H1		Total (Forecast)	Year over year
				Year over year		Year over year		
Information & Telecommunication Systems	12.5	24.6	11.5	92%	22.9	93%		
Social Infrastructure & Industrial Systems	14.1	26.0	14.3	102%	26.9	104%		
Electronic Systems & Equipment	14.2	24.8	11.6	82%	21.5	87%		
Construction Machinery	7.3	11.9	6.4	88%	12.0	101%		
High Functional Materials & Components	11.8	23.0	13.0	110%	25.4	110%		
Automotive Systems	19.9	35.8	15.8	79%	32.3	90%		
Smart Life & Ecofriendly Systems	1.7	3.5	2.1	124%	4.0	114%		
Others	0.5	1.3	0.7	125%	0.4	34%		
Corporate items	5.6	10.9	5.2	93%	10.6	97%		
Total	88.0	162.2	81.1	92%	156.5	96%	350.0	105%
Percentage to revenues (%)	3.8	3.7	3.5	-	3.5	-	3.7	-

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

Billions of yen

	FY2017		FY2018				Total (Forecast)		
	Q2	H1	Q2		H1		Year over year	Previous forecast ⁵ comparison	
			Year over Year	Year over Year					
Revenues	498.5	933.3	519.5	104%	960.1	103%	2,000.0	100%	100%
Front Business ^{*3}	355.9	656.5	374.3	105%	687.3	105%	1,460.0	103%	100%
IT Platform & Products ^{*4}	184.4	354.4	186.7	101%	350.4	99%	714.0	96%	100%
Adjusted operating income	9.8% 48.9	8.2% 76.1	12.2% 63.6	+2.4% +14.6	10.2% 98.2	+2.0% +22.0	10.0% 200.0	+0.6% +10.7	+0.3% +6.0
Front Business	9.6% 34.2	7.8% 51.3	11.8% 44.1	+2.2% +9.8	9.5% 65.0	+1.7% +13.6	11.0% 160.0	+0.9% +17.0	+0.5% +6.0
IT Platform & Products	7.3% 13.5	6.8% 24.2	9.7% 18.1	+2.4% +4.6	8.9% 31.0	+2.1% +6.8	7.7% 55.0	+1.2% +6.5	±0.0% ±0.0
EBIT	8.9% 44.4	7.5% 70.3	11.3% 58.8	+2.4% +14.4	9.1% 87.5	+1.6% +17.1	9.8% 196.0	+2.9% +56.7	+0.3% +6.0
Front Business	9.1% 32.5	7.6% 49.6	11.4% 42.6	+2.3% +10.0	9.1% 62.8	+1.5% +13.1	10.8% 157.0	+2.5% +40.0	+0.5% +6.0
IT Platform & Products	6.0% 11.0	6.0% 21.2	8.1% 15.0	+2.1% +4.0	6.7% 23.5	+0.7% +2.2	8.4% 60.0	+5.1% +35.1	±0.0% ±0.0

*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 Announced on July 27, 2018

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

	FY2017		FY2018				Total (Forecast)		
	Q2	H1	Q2		H1		Year over year	Previous forecast ⁶ comparison	
			Year over year	Year over year					
Social Infrastructure & Industrial Systems	560.4	1,039.1	579.9	103%	1,098.2	106%	2,460.0	104%	100%
Nuclear Energy BU	34.8	64.0	35.0	101%	56.9	89%	162.0	86%	89%
Power BU (New classification) ^{*2}	<62.0>	<118.5>	54.7	88%	110.9	94%	274.0	100%	96%
Power BU (Old classification) ^{*2}	56.5	107.5	-	-	-	-	-	-	-
Energy Solution BU ^{*2, 3}	18.3	33.7	-	-	-	-	-	-	-
Industry & Distribution BU ^{*4}	88.3	154.9	93.9	106%	162.6	105%	356.0	99%	100%
Water BU	12.5	22.4	11.9	96%	20.4	91%	76.0	97%	100%
Industrial Products BU ^{*5}	92.6	160.7	97.7	106%	185.5	115%	395.0	107%	100%
Building Systems BU	158.8	298.1	156.0	98%	303.7	102%	580.0	96%	100%
Railway Systems BU	120.7	241.0	145.5	121%	282.3	117%	630.0	112%	100%

*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 Announced on July 27, 2018

■ Average Foreign Exchange Rate*1

	FY2017				FY2018			
	Q2	H1	H2	Total	Q2	H1	H2 (Forecast)	Total (Forecast)
U.S. dollar	111	111	111	111	111	110	105	108
Euro	130	126	133	130	130	130	130	130

Yen

■ Foreign Exchange Sensitivity*2,3

	Revenues	Adjusted operating income
U.S. dollar	10.0	2.0
Euro	3.0	0.5

Billions of yen

■ Number of employees and consolidated subsidiaries

	As of March 31, 2018	As of September 30, 2018
Number of employees	307,275	305,615
Japan	168,086	166,744
Overseas	139,189	138,871
Number of consolidated subsidiaries	879	844
Japan	202	187
Overseas	677	657

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

*2 Impact of exchange rate fluctuation FY2018-H2 impact by one yen depreciation from H2 forecast rate

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

3-2. Supplemental Information: Financial Results of Q2 (Jul. – Sep.) FY2018

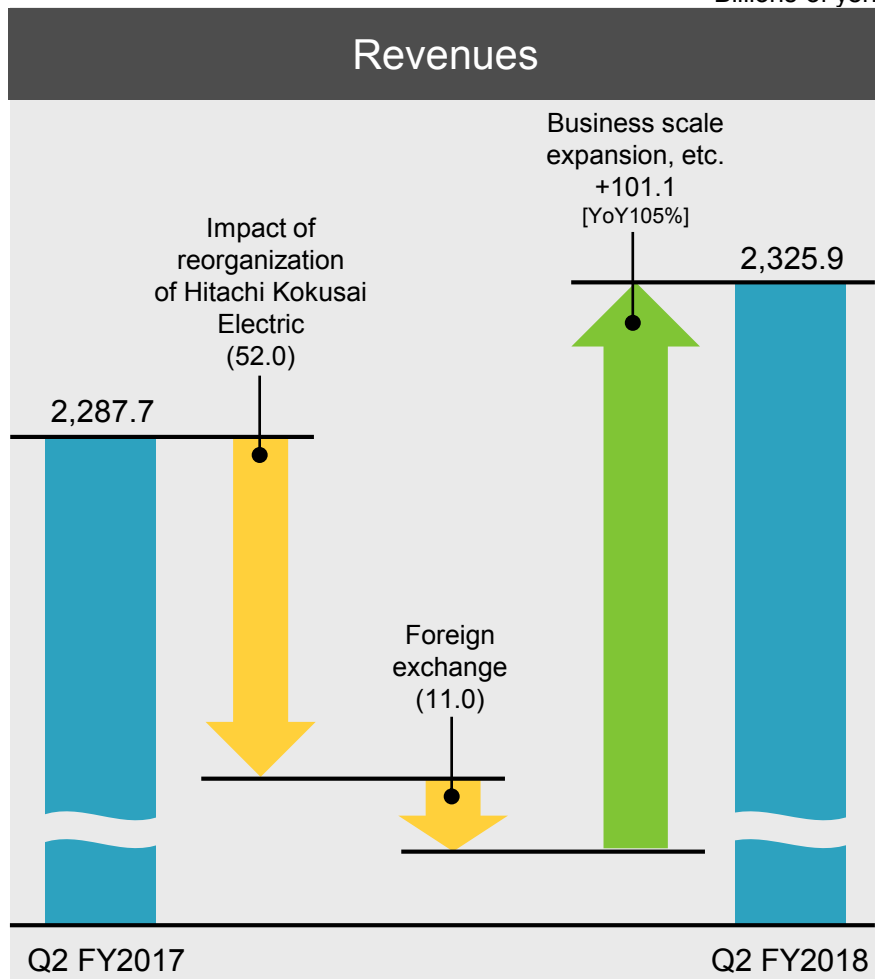
Q2 FY2018 Consolidated Statement of Profit or Loss

Billions of yen

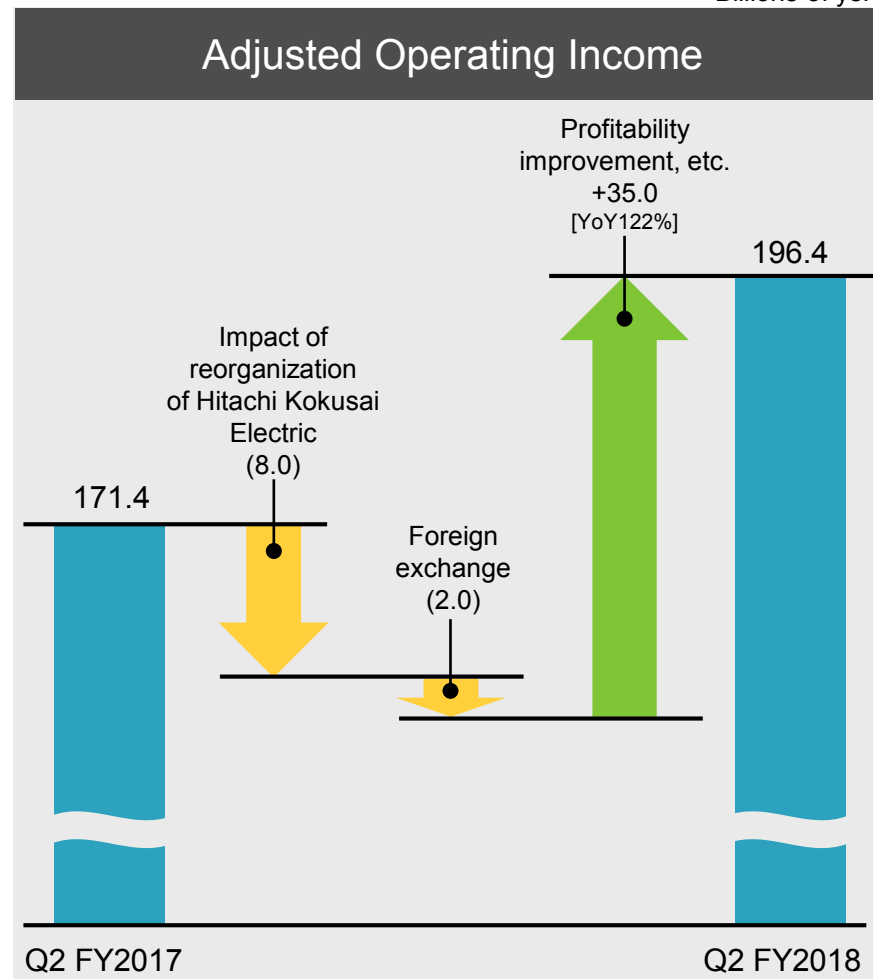
	Q2 FY2017	Q2 FY2018	Year over year
Revenues	2,287.7	2,325.9	+38.1 [102%]
<i>Adjusted operating income ratio</i> Adjusted operating income	7.5% 171.4	8.4% 196.4	+0.9% +25.0
<i>EBIT ratio</i> EBIT	6.7% 153.1	7.4% 171.8	+0.7% +18.6
Income from continuing operations, before income taxes	151.5	172.4	+20.9
Income taxes	(37.6)	(43.8)	(6.1)
Income from continuing operations	113.8	128.6	+14.7
Loss from discontinued operations	(1.2)	(9.8)	(8.6)
Net income	112.6	118.7	+6.0
Net income attributable to Hitachi, Ltd. stockholders	85.5	87.7	+2.2

Q2 FY2018 Factors Affecting Changes in Revenues and Adjusted Operating Income (Year over Year)

Billions of yen



Billions of yen



Q2 FY2018 Revenues by Market and Summary of Consolidated Statements of Cash Flows

Revenues by Market

Billions of yen

	Q2 FY2017		Q2 FY2018		Year over year
		Ratio		Ratio	
Japan	1,134.9	50%	1,140.4	49%	100%
Outside Japan	1,152.8	50%	1,185.4	51%	103%
Asia	517.5	23%	511.2	22%	99%
China	260.5	12%	257.7	11%	99%
ASEAN, India, other areas	256.9	11%	253.5	11%	99%
North America	280.9	12%	295.9	13%	105%
Europe	231.7	10%	246.1	10%	106%
Other Areas	122.6	5%	132.1	6%	108%
Total	2,287.7	100%	2,325.9	100%	102%

Summary of Consolidated Statements of Cash Flows

Billions of yen

	Q2 FY2017	Q2 FY2018	Year over year
Cash flows from operating activities	151.5	77.6	(73.9)
Cash flows from investing activities	(129.8)	(38.5)	+91.3
Free cash flows	21.7	39.1	+17.4

Q2 FY2018 Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		Q2 FY2017*	Q2 FY2018*	Year over year	
Information & Telecommunication Systems	Revenues	498.5	519.5	104%	
	Adjusted operating income	9.8% 48.9	12.2% 63.6	+2.4%	+14.6
	EBIT	8.9% 44.4	11.3% 58.8	+2.4%	+14.4
Social Infrastructure & Industrial Systems	Revenues	560.4	579.9	103%	
	Adjusted operating income	3.4% 18.9	6.1% 35.5	+2.7%	+16.5
	EBIT	1.5% 8.3	5.9% 34.3	+4.4%	+25.9
Electronic Systems & Equipment	Revenues	268.5	234.7	87%	
	Adjusted operating income	7.5% 20.1	8.8% 20.7	+1.3%	+0.6
	EBIT	7.6% 20.4	8.0% 18.7	+0.4%	(1.7)
Construction Machinery	Revenues	228.7	250.2	109%	
	Adjusted operating income	9.0% 20.5	10.2% 25.5	+1.2%	+4.9
	EBIT	10.1% 23.1	9.6% 24.0	(0.5%)	+0.8
High Functional Materials & Components	Revenues	408.8	434.5	106%	
	Adjusted operating income	7.3% 29.9	7.0% 30.2	(0.3%)	+0.3
	EBIT	4.3% 17.4	6.5% 28.2	+2.2%	+10.7

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

Q2 FY2018 Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		Q2 FY2017*	Q2 FY2018*	Year over year	
Automotive Systems	Revenues	244.7	240.4	98%	
	Adjusted operating income	5.7% 13.8	1.9% 4.5	(3.8%)	(9.3)
	EBIT	5.1% 12.4	(7.6%) (18.2)	(12.7%)	(30.6)
Smart Life & Ecofriendly Systems	Revenues	145.2	128.6	89%	
	Adjusted operating income	6.2% 8.9	4.8% 6.2	(1.4%)	(2.7)
	EBIT	7.6% 11.0	6.4% 8.2	(1.2%)	(2.7)
Others	Revenues	144.1	141.3	98%	
	Adjusted operating income	4.9% 7.1	6.0% 8.4	+1.1%	+1.2
	EBIT	5.4% 7.8	5.9% 8.3	+0.5%	+0.4
Corporate items & Eliminations	Revenues	(211.5)	(203.6)	-	
	Adjusted operating income	2.9	1.6	(1.2)	
	EBIT	7.8	9.3	+1.4	
Total	Revenues	2,287.7	2,325.9	102%	
	Adjusted operating income	7.5% 171.4	8.4% 196.4	+0.9%	+25.0
	EBIT	6.7% 153.1	7.4% 171.8	+0.7%	+18.6

* 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.

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