

Hitachi Investor Day 2022

Green Energy & Mobility Sector

June 13, 2022

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President & CEO,
General Manager of Green Energy & Mobility Strategy Planning Division
Hitachi, Ltd.

Green Energy & Mobility Sector

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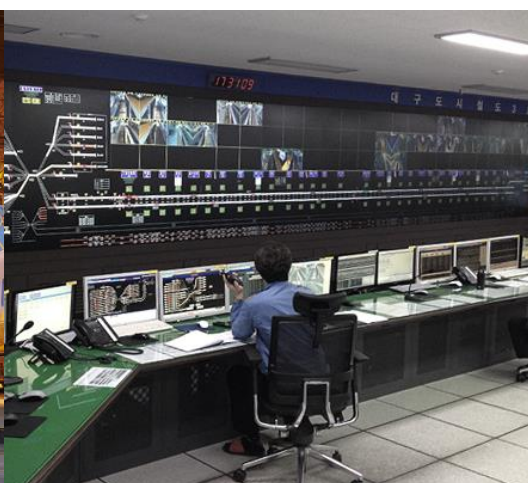
- 1. Green Energy & Mobility Sector overview**
2. Hitachi Energy
3. Railway Systems
4. Appendix

- 1 | Sector's Purpose: "Ensure happiness of people around the globe through delivering green energy & mobility"
- 2 | Adversity such as climate change or Ukraine crisis urges acceleration of Energy Transformation and Electrification.
- 3 | We deliver high added value in energy and mobility high-growth areas by leveraging unique "One Hitachi" offerings created by IT x OT x product.
- 4 | We contribute achieving carbon neutrality through our green offerings, and roll out standardized global operation frameworks to other business sectors.

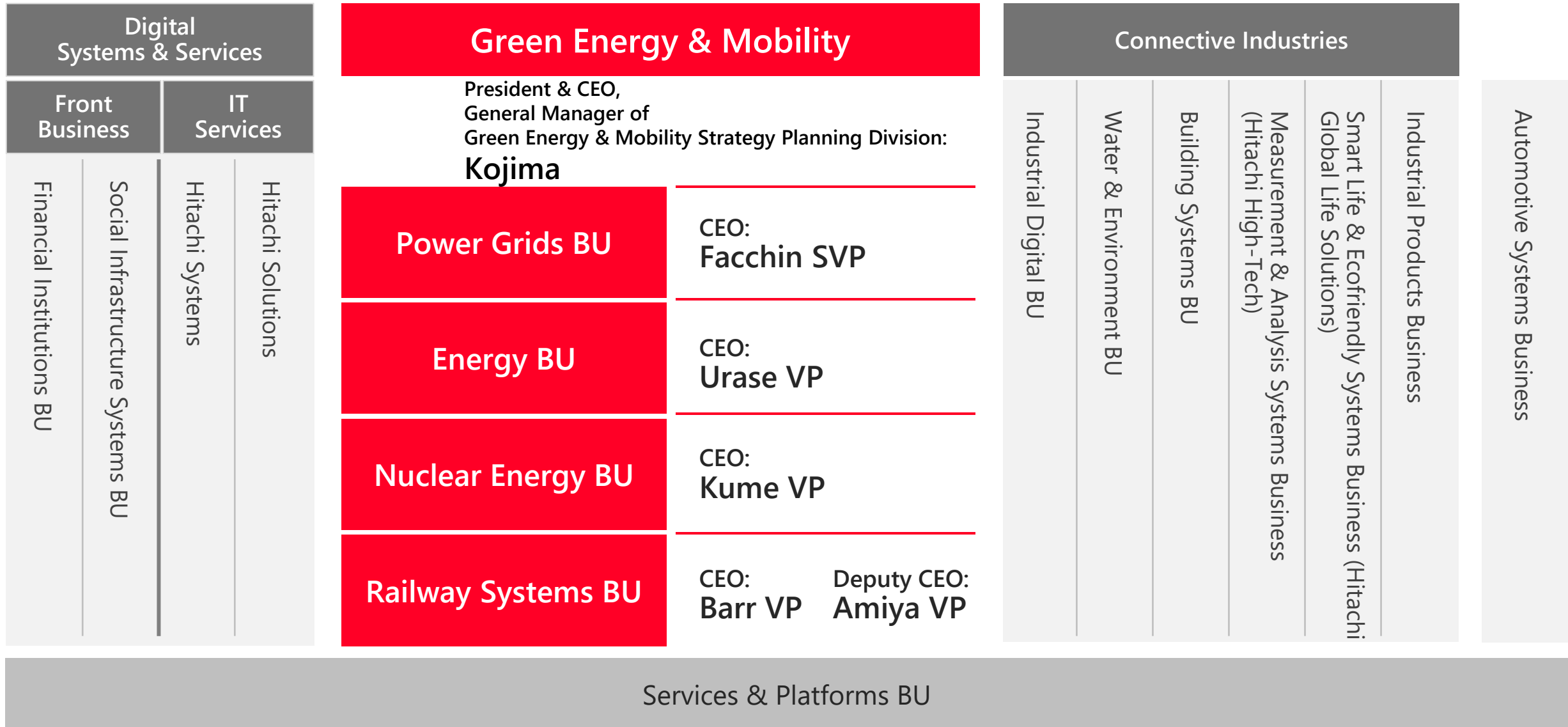
1-2. Green Energy & Mobility Sector's Purpose



Ensure happiness of people around the globe through delivering green energy & mobility.

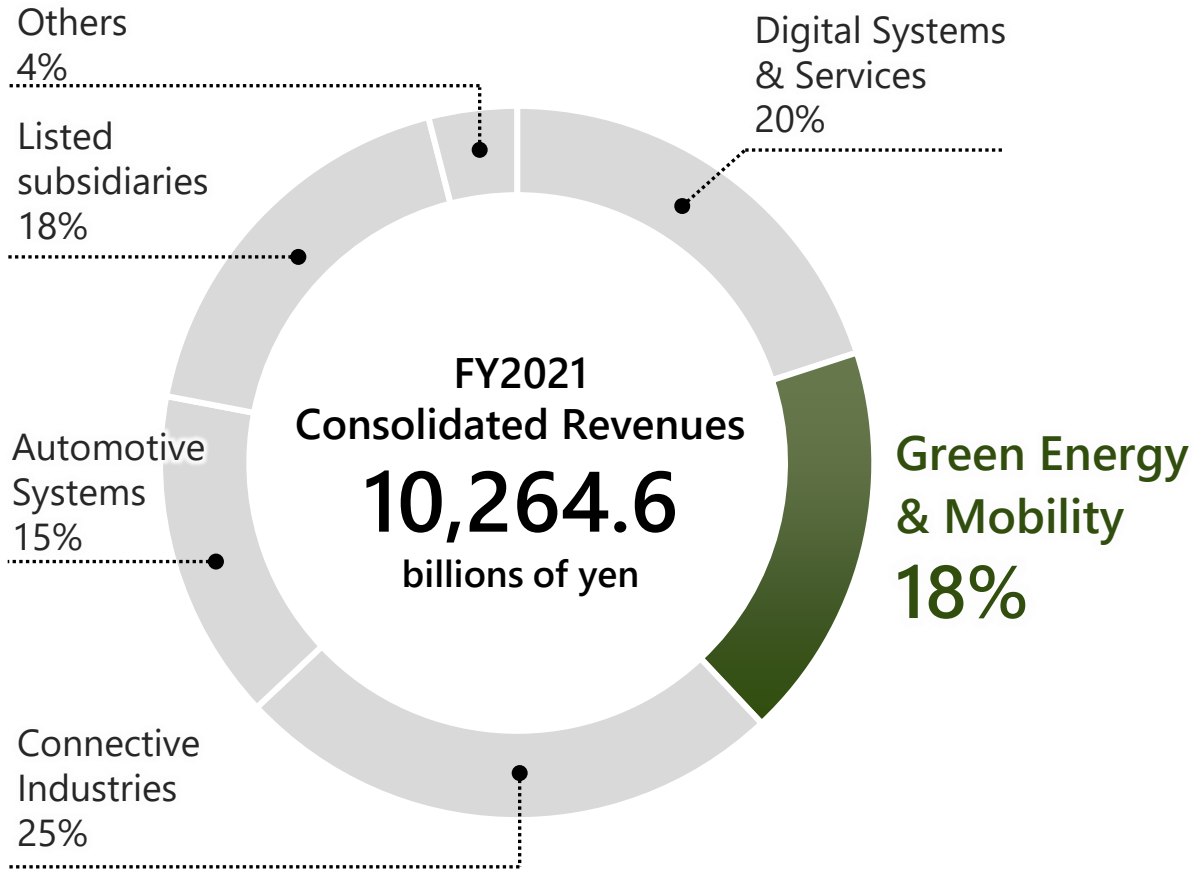


1-3. Position of Green Energy & Mobility Sector

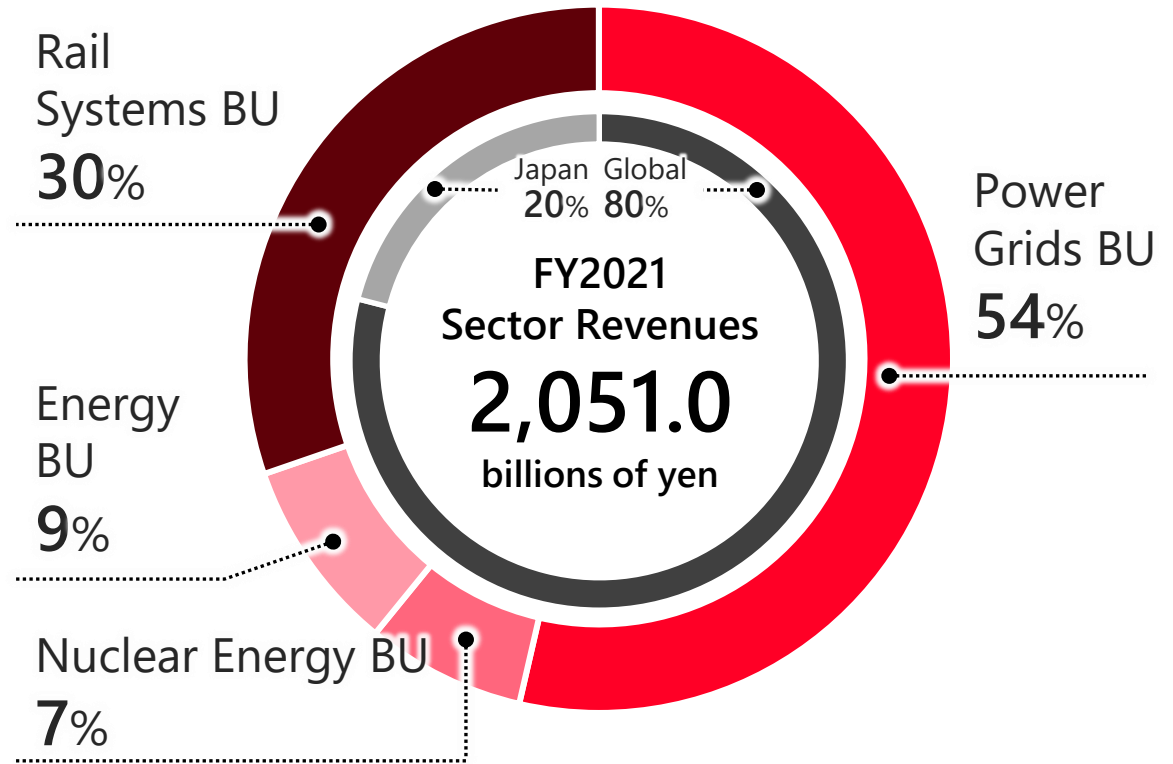


1-4. Business Structure

Revenue from the Green Energy & Mobility Sector as a percentage of Hitachi's total revenue



Revenue by business & region within the Green Energy & Mobility Sector



Unit of BU information: billions of yen, and %

1-5. 2021 Results and 2024 Mid-term Management Plan

Green Energy & Mobility Sector

Billions of yen	FY2021 Total	FY2022 Total (Forecast)	FY2024 Total (Target)
Revenues	2,051.0	2,170.0	2,600
Nuclear Energy	150.7	160.4	-
Energy	183.7	177.3	-
Hitachi Energy	1,075.8	1,192.8	-
Railway Systems	628.3	658.1	-
Adjusted EBITA	92.3	152.0	260
	4.5%	7.0%	10%
Nuclear Energy & Energy	29.5	33.3	-
	8.8%	10.3%	-
Hitachi Energy	65.2	96.0	-
	6.1%	8.0%	-
Related cost ⁽¹⁾	(24.2)	(25.6)	-
Railway Systems	28.9	41.5	-
	4.6%	6.3%	-
ROIC	2.0%	4.3%	8%
Core FCF	17.2	(48.5)	100

(1) Related cost includes PMI related costs associated with the acquisition of power grids business

1-6. Market for Green Energy & Mobility Sector

Market is attractive - huge investment to accelerate green transition and electrification even in adversity.

Key trends

Net zero in 20-30 years

Geopolitics and energy independence

Accelerated shift from fossil-based to clean power

Growing electrification (Mobility, Industry, Buildings)

Advancing Remote & Automation

Challenges

Local Regulations, Supply Chain

Energy Security

Power Resilience to Climate Change

Power Stability

Business Process Transformation

Opportunities (Key segments and our offerings)

High Growth Areas

Digitalization, Mobility, Grid-edge, HVDC

Grid-eMotion™
For buses, trucks

Digitally connected BESS
For Grid Edge

Grids HVDC interconnections

IoT Train for MaaS

Critical Infrastructures

Utility (Power Generation, T&D), Transport

Global #1 Power Grids Technologies

HVDC #1 Installed base

Resume existing NPPs
Develop SMR

Investment on Digital Rail Control

Emerging Opportunities

Servitization, Carbon Neutral

EFaaS for retailers

CNaaS
For multi-sites, Local areas

Inner CN initiative

Lumada EAM, APM, FSM
Proven in utility

General risks (Enhance Risk Management)

Cyber Security

Geopolitics

Commodity and supply disruption

Inflation

COVID-19 Impact

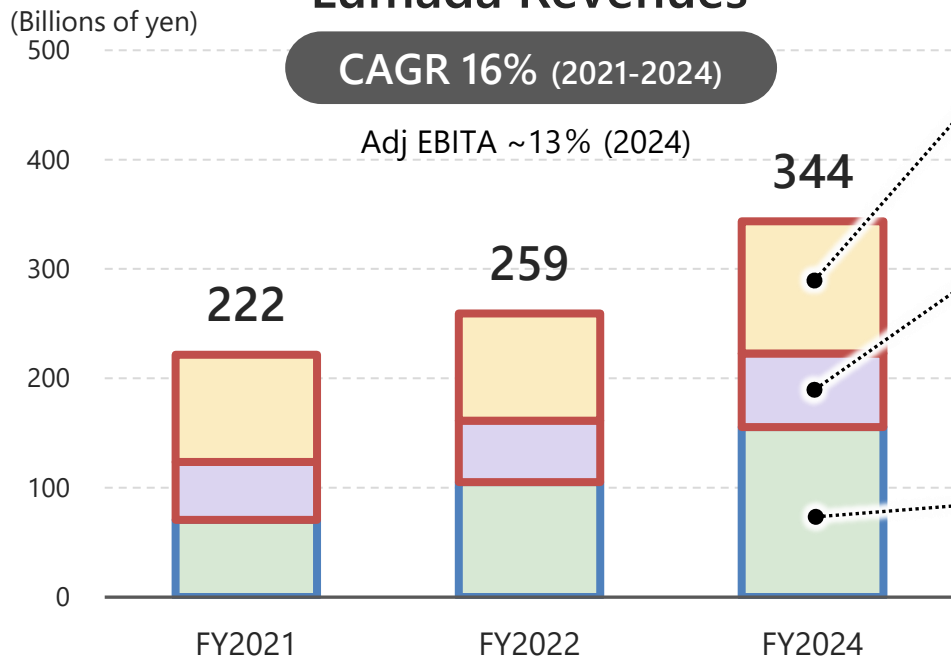
1-7. Lumada in Green Energy & Mobility Sector

Outperform in high growth segments leveraged by IT × OT × Products offerings

Lumada Revenues

CAGR 16% (2021-2024)

Adj EBITA ~13% (2024)



Managed Services Offerings

System Integration Offerings

Connected Products Offerings

EFaaS for retailers

CNaaS
For multi-sites,
Local areas

Energy management
for microgrid

Investment on
Digital Rail Control

HVDC
#1 Installed base

Grid-eMotion™
For buses, trucks

IoT Train for MaaS

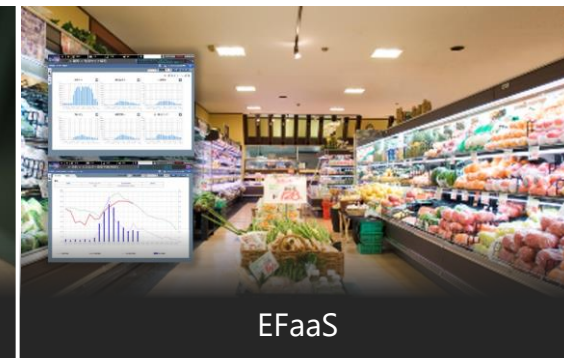
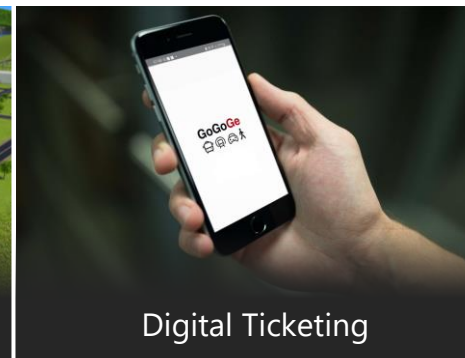
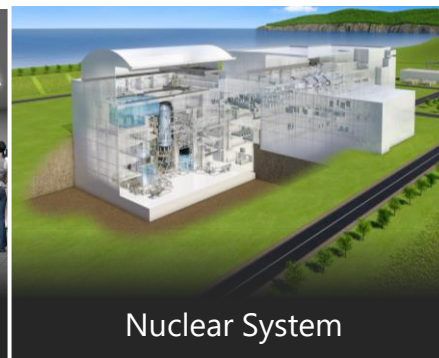
Digitally connected
BESS
For Grid Edge

Lumada EAM, APM,
FSM
Proven in utility

Inner CN initiative

Resume existing
NPPs
Develop SMR

Global #1 Power
Grids Technologies



CNaaS: Carbon Neutral as a Service, EFaaS: Energy & Facility as a Service, HVDC: High Voltage Direct Current, BESS: Battery Energy Storage System, MaaS: Mobility as a Service, SMR: Small Modular Reactor, NPP: Nuclear Power Plant

1-8. Wide range of green offerings by Green Energy & Mobility Sector

Power Grids

- Digital grids, Interconnections and bulk renewable energy integration (e.g. HVDC)



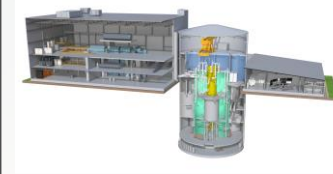
Railway Systems

- Delivered hybrid multiple unit for Europe
- ~50% less energy consumption compared to current diesel trains
- Up to 95% recyclable



Nuclear Energy

- Contribute to Fukushima and resume existing projects
- Promote the new design (e.g. SMR) reactors with advanced technology



EFaaS

- An all-inclusive service for energy operation and facility management



eMobility

- Offerings for bus, truck and mining



Power Electronics

- Centric technologies that will be vital to our future energy and mobility system



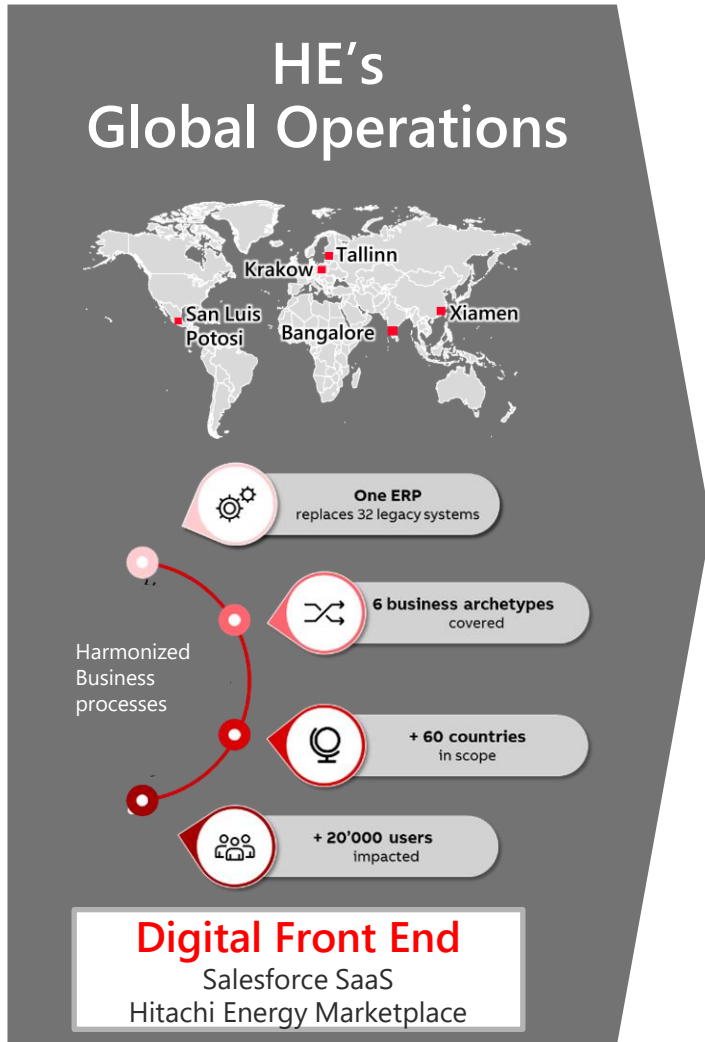
Greenification

- Prove concept internally, expand proven solutions for customers



**Green Energy & Mobility Sector:
Achieving > 80% of avoided CO2 emission by products of Hitachi
FY24: 89 million tons**

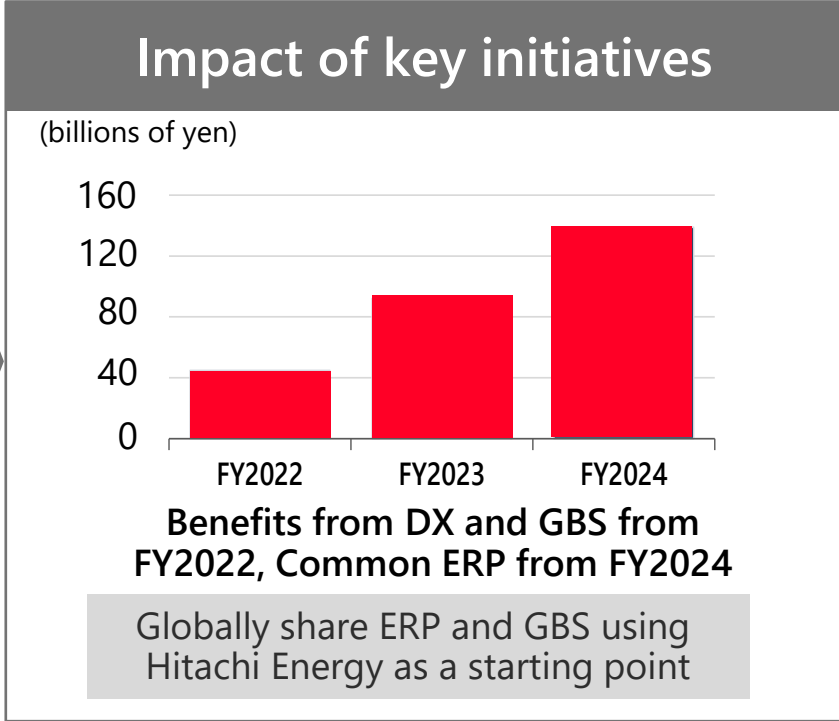
Using digital technologies, innovate management platforms, and improve speed, flexibility, and transparency



- Using digital technologies, transform into a management platform that demonstrates global growth
(3-year cumulative investments: 80 billion yen)
- Cost optimization through standardization and aggregation of operations

Key initiatives

ERP PRJ	Share management data in real time
DX	Automate operations and achieve predictive management
One Hitachi CRM	Strategic salesforce based on global account information
GBS	Optimized SG&A by aggregating operations



Support the execution and acceleration of growth strategies by sharing management information and by automating and aggregating operations

Green Energy & Mobility Sector

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1

We are well-positioned in attractive markets to accelerate the clean energy transition in collaboration with customers and partners as a market and technology leader in power grids.

2

We drive profitable and sustainable growth with our Hitachi Energy 2030 strategy, in line with the Hitachi Mid-term Management Plan.

3

We will continue to invest in energy and digital platforms, creating social, environmental and economic value for customers, employees, investors and other key stakeholders.

4

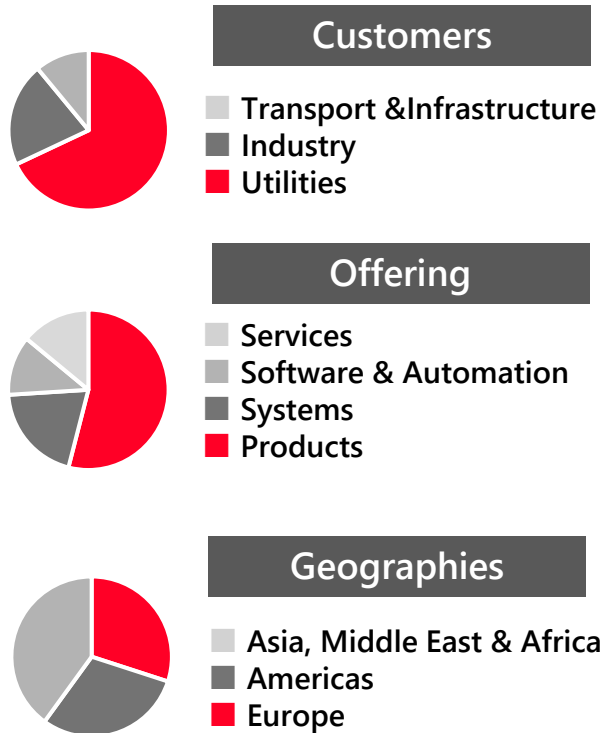
We are committed to deliver sustainable growth in earnings and cash.

Hitachi Energy is uniquely positioned to deliver profitable and sustainable growth, collaborating with customers and partners to accelerate the clean energy transition.

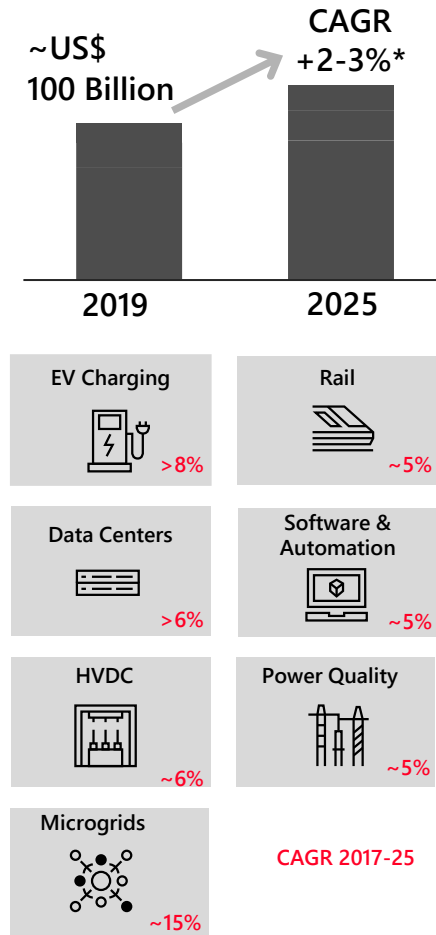
2-2. Hitachi Energy: well positioned for profitable and sustainable growth

Well-positioned ...

Hitachi Energy global leader
 ~US \$10bn business volume
 ~38,000 employees
 90+ countries, 115 factories;
 World's largest installed base



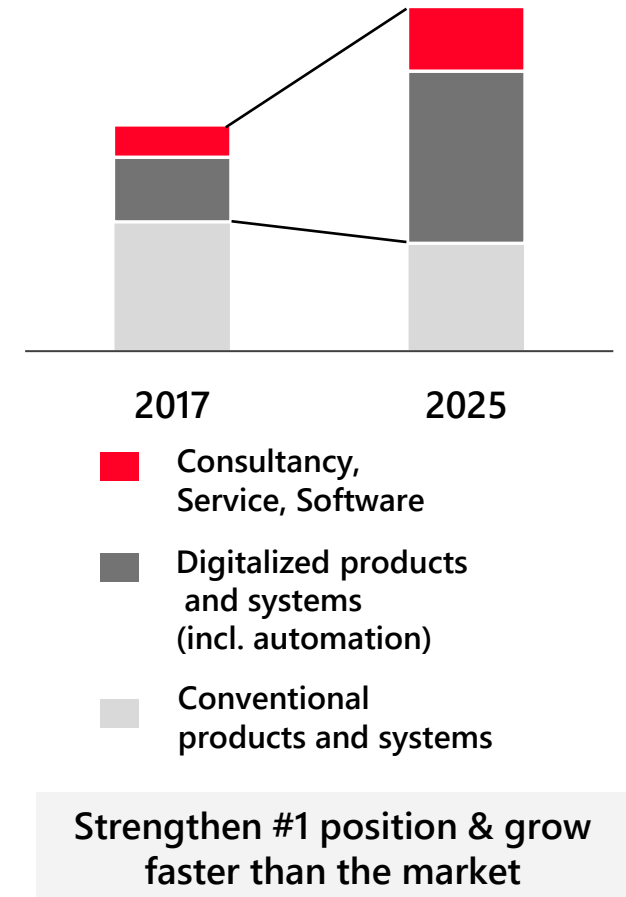
in attractive markets ...



Transformation yielding results ...



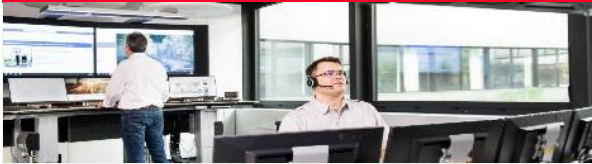
... to deliver profitable and sustainable growth



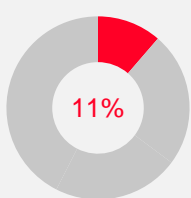
*As presented July 2020

2-3. Hitachi Energy: global leader across business units

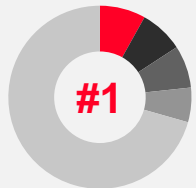
Grid Automation (GA)



- Supporting 50% of the top 250 global electric utilities
- Grid Edge projects span >220 references & 700 MW
- \$4 trillion+ critical infrastructure assets managed



Revenues

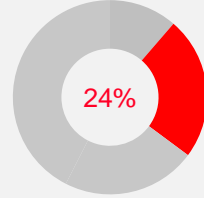


Market share

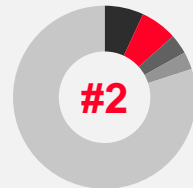
Grid Integration (GI)



- #1 in HVDC globally: 200 GW installed systems
- 4,000+ projects delivered the last 15 years
- ~15,000 systems operating globally



Revenues

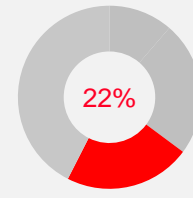


Market share

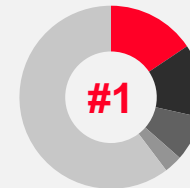
High Voltage Products (HV)



- Installed 1 in every 4 high-voltage switchgear in the world
- >Half a million high-voltage circuit-breakers installed
- >100 locations worldwide providing 24/7 service



Revenues

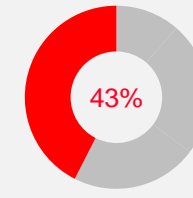


Market share

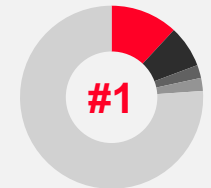
Transformers (TR)



- Complete range transformers, components & services
- Voltage from medium voltage up to 1,200 kV AC & 1,100 kV DC
- With ~30 service centers supporting world's largest installed base and portfolio



Revenues



Market share

Driving innovation, pioneering digital technologies and leveraging the world's largest installed base for service opportunities

2-4. Leveraging transformation to strengthen the Core

Ongoing transformation efforts yielding results despite headwinds

Becoming a growth engine

~10%

Growth

(CAGR 2019-2021)

Gaining share across customer and high growth market segments

Sharpening our winning portfolio

~\$2bn* orders

for integration of renewables

(of which ~\$1.3bn in FY2021)

Using partnerships and new business models for HVDC

Driving world class execution

~\$0.5bn

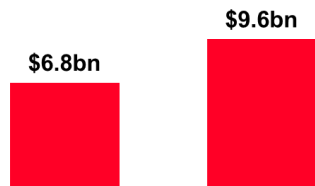
across business

Addressing commodity and inflationary headwinds with pricing and productivity

Innovation

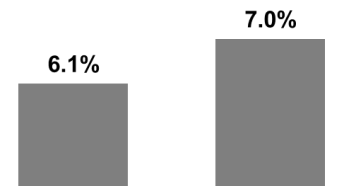
People Strategy

Revenues



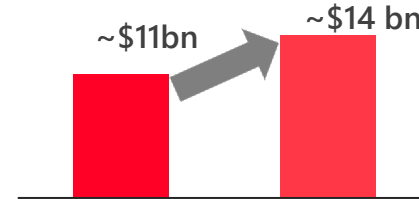
FY 2020 (9 months) FY 2021

Operational EBITA



FY 2020 (9 months) FY 2021

Order Backlog



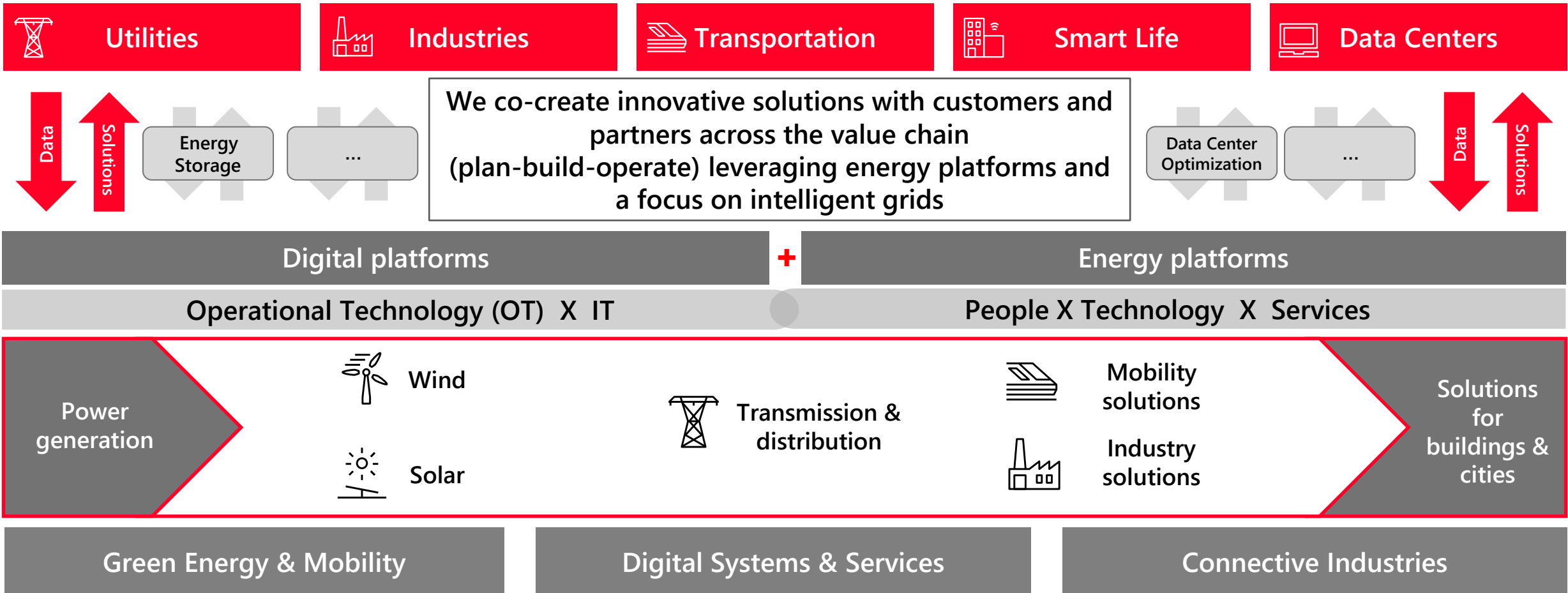
2020 Day1 FY 2021

- Growth across regions and sectors
- Disciplined focus on core competencies as technology provider
- Robust & consistent risk management throughout project life cycle
- Risk mitigation through enhanced pricing and cost escalation terms

... resulting in a record order backlog of >\$14bn driven by strategic focus on profitable growth and lower risk profile

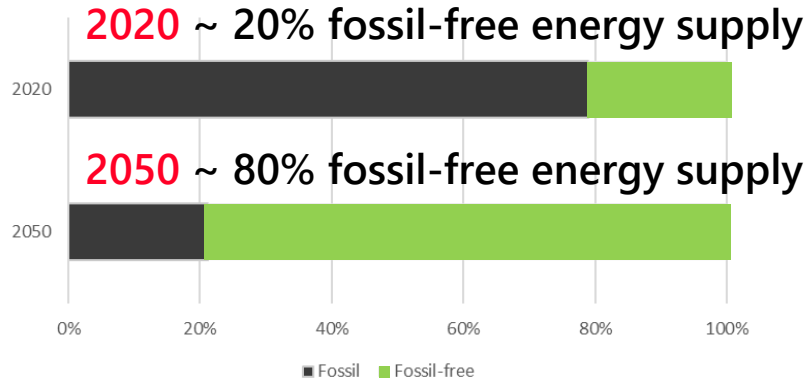
2-5. Leveraging synergies across Hitachi

Technology and business model innovation - leveraging collaboration across Digital & Energy Platforms

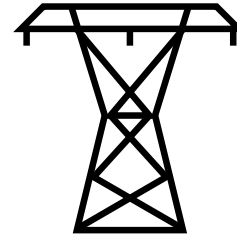


Uniquely positioned with Digital and Energy platforms at scale, to deliver customer solutions

Share of fossil-free energy:



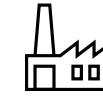
Variable renewable capacity must grow **>15X** from 2020 to 2050



Power System in 2050 must transfer **~3X** the electrical energy of today

- with less predictable generation and consumption patterns
- without compromising on reliability and affordability

Electricity demand growth to 2050:



Industries doubling to **>20 PWh**



Buildings growing **~50% to >15 PWh**



Transportation growing **>30x to ~10 PWh**

(PWh: 1×10^{15} Wh)

Electric car sales are expected to increase **18X** from 2020 to 2030

Technologies – enabling the energy transition



Sustainable products & solutions



Power Electronics



Digital technology and services

Advancing a sustainable energy future for all

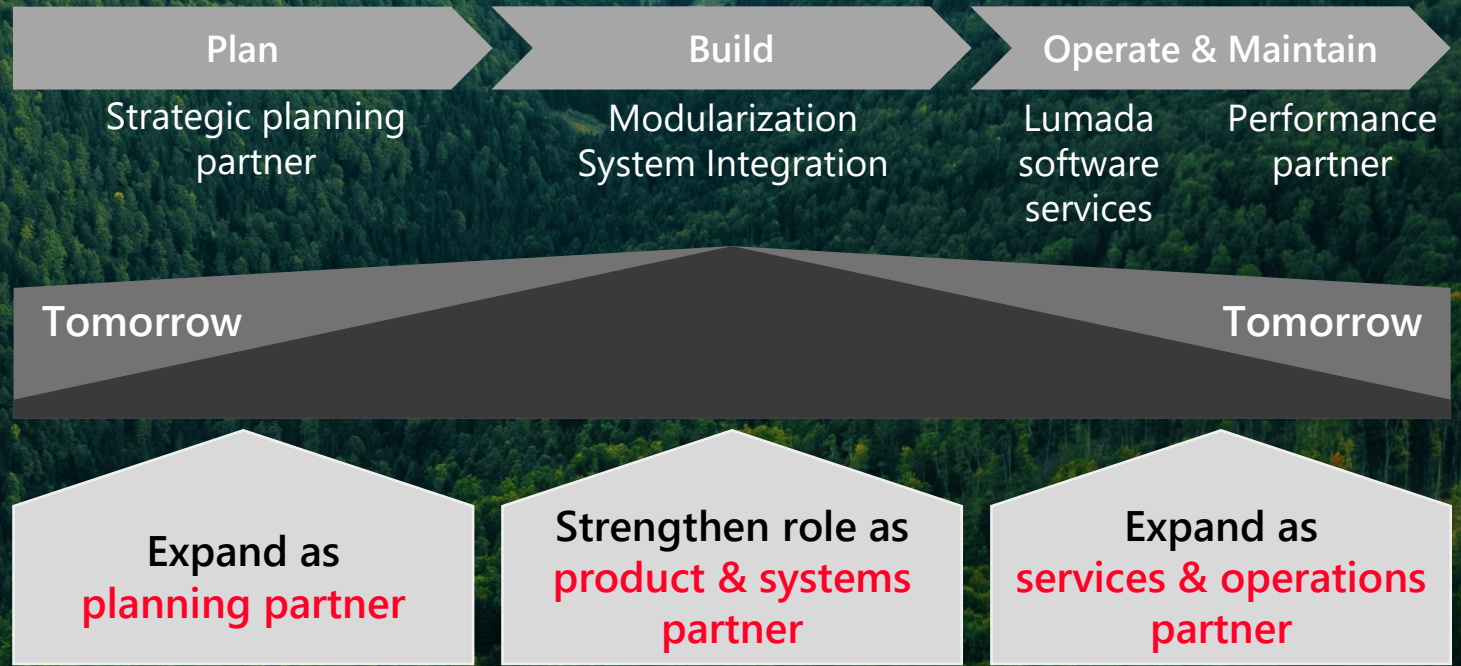
Building the foundation for a system of systems

2-7. Hitachi Energy 2030: Purpose driven growth

Continuously strengthening our power grids core business

Doubling up on Digital and Services and expanding at the edge of the energy system

Innovation, Synergies, Partnerships and M&A to accelerate growth



2021

2024

2027

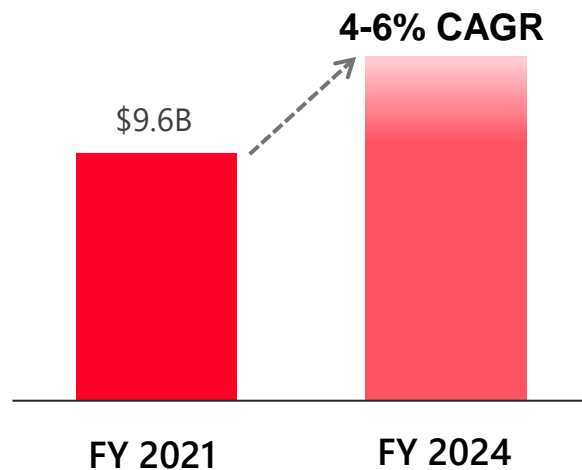
2030

Hitachi Energy 2030 - our commitment to advancing a sustainable energy future for all, delivering social, environmental and economic value, aligned with Hitachi's vision and goals

2-8. Hitachi Energy - Mid-term Management Plan 2024

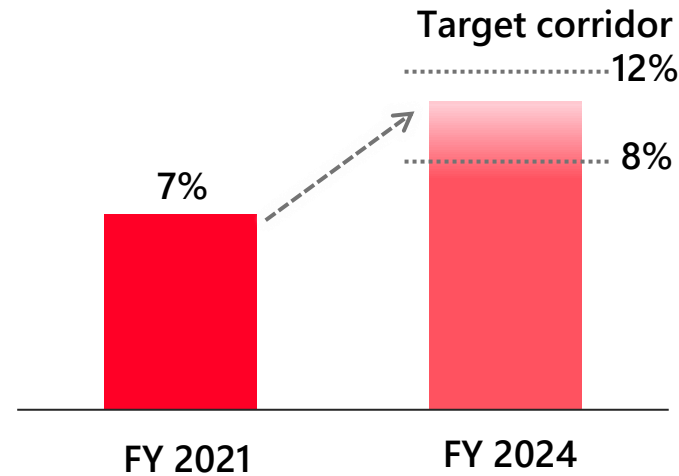
Revenues

Target annual growth of 4-6%



Earnings (Op. EBITA / Adj. EBITA)

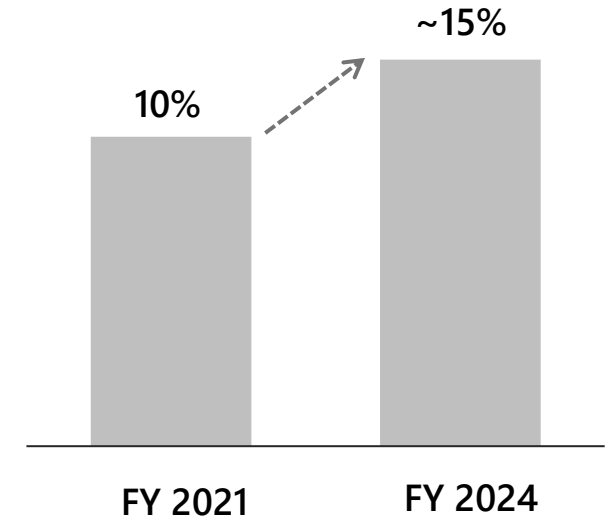
Target 15-20% Earnings growth and Op. EBITA % at upper end of 8-12% corridor



Adj. EBITA: 6.1% in 2021 and 10% in 2024

ROIC

Target ~15% ROIC



Sustaining industry leadership in performance

Continue to grow above market and sustain margins, at upper end of range 2024+

2-9. Enabling the energy transition with focus on high growth markets

Strengthening our power grids core business

HVDC Light®:
Power-from-shore solutions enabling
>30%
carbon reductions*



Eco-efficient portfolio for reducing environmental impact:
EconiQ™
High-voltage portfolio, Transformers & Consulting



Enhance Digital & Service

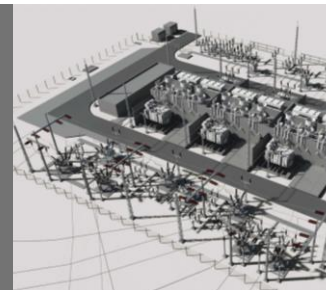
Hitachi Energy & Hitachi Vantara

Asset & Operations Optimization boosting production to 100K tons

with **Lumada** software solutions for Bengalla Mining Co.



Rail Static Frequency Converters, service & digitalization
securing power supply for the rail network



Expanding at the edge

100% renewables
Battery Energy Storage Systems
& e-mesh™ Microgrid Controls to help power Fort Chipewyan



Grid-eMotion™ Fleet grid-to-plug smart charging solution for bus & commercial vehicle fleets



 **Data Centers**
>6%


 **EV Charging**
>8%

 **Rail**
~5%

 **Power Quality**
~5%

 **HVDC**
~6%

 **Microgrids**
~15%

 **Software & Automation**
~5%

CAGR 2017-25

*News release announced on Dec. 22
(Hitachi Energy wins major contract for the first-of-its-kind sub-sea power transmission network in the MENA region advancing a sustainable energy future for Abu Dhabi)

2-10. Investing in Partnerships and Innovation to accelerate growth

Hitachi Energy to support ABB pioneering subsea power technologies with innovative subsea transformers

to power the Jansz-Io C (J-IC) project - one of the world's largest natural gas developments, reducing coal dependence in the quest for decarbonization in Asia-Pacific.

Hitachi Energy and Schneider Electric sign non-exclusive memorandum

to deliver sustainable and smart solutions to accelerate the energy transition

- Leverage complementary portfolios to provide enhanced offerings that strengthen the supply chain.
- Enhanced joint value proposition across grids and for renewables, industries & data centers.

New joint venture Artech

Expanding gas-insulated instrument transformer portfolio in JV with Artech – addressing growing market needs.

EPC Partners & Offshore wind

- Partnerships with Aibel & Keppel for offshore platforms and BW Ideol for floating offshore wind projects.
- Linxon, well-established JV with SNC-Lavalin for substations.

ETRM* with Pioneer Solutions

Software and services to help customers trade, hedge risk, track emission and renewable energy credits with faster, greener, digitalized energy services.

HVDC Interoperability

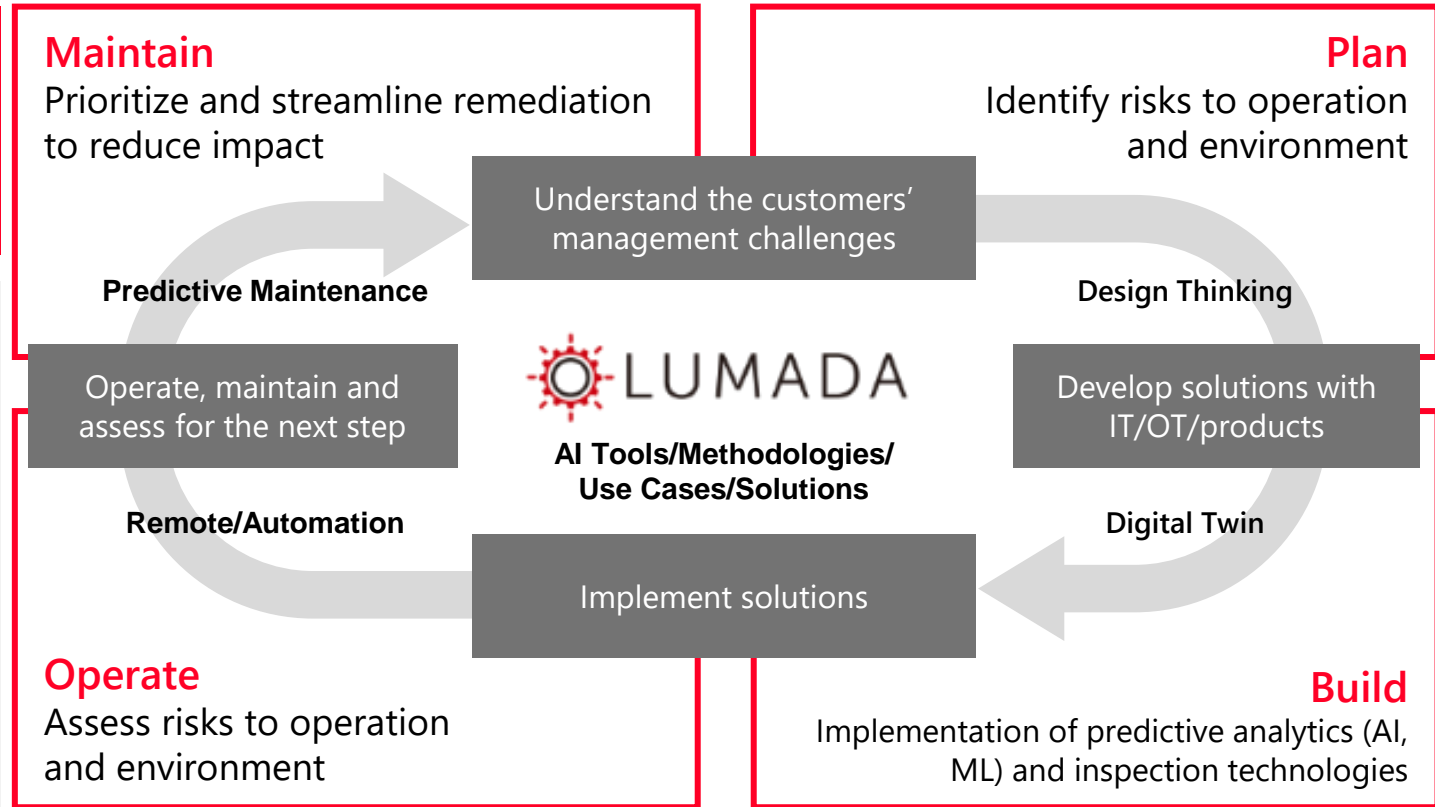
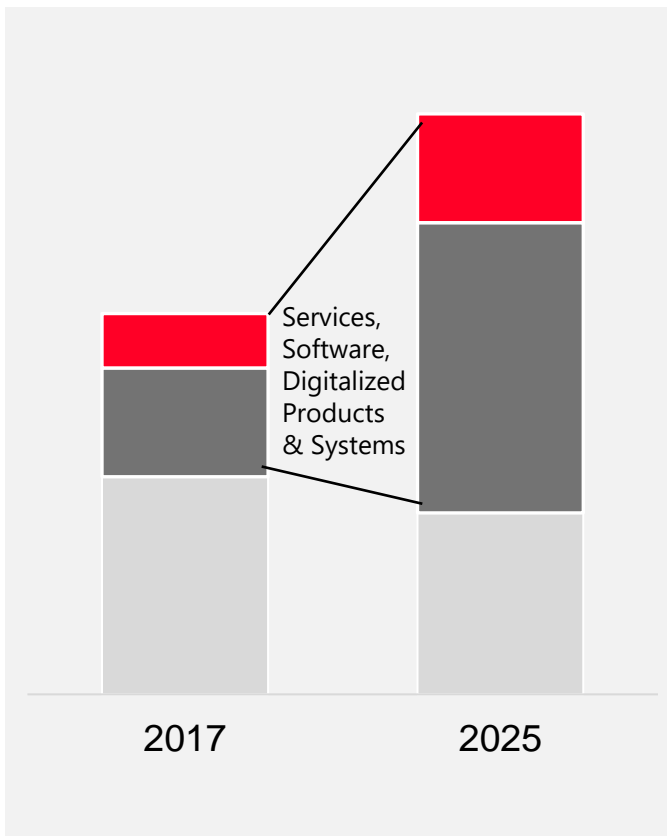
Collaborative development activities towards a meshed HVDC grid together with customers & partners.

EconIQ™ HV solutions

Collaborative development of eco-efficient (non SF6) high-voltage solutions, enabling utilities to accelerate the energy transition

2-11. Lumada growth cycle to support the value pool shift

Growth in Service & Digital across business and sectors



Just released in May 2022:

Lumada Inspection Insights Portfolio Intelligence From Still, Video, and Satellite Cameras

1

We are well-positioned in attractive markets to accelerate the clean energy transition in collaboration with customers and partners as a market and technology leader.

- A solid foundation of four global leading businesses: Grid Automation, Grid Integration, HV Products, Transformers
- Broadest portfolio: products, systems, services, software and digital offering
- Largest global installed base and footprint

2

We drive profitable and sustainable growth with our Hitachi Energy 2030 plan, by

- Continuously strengthening our core power grids business
- Doubling up on **Digital** and **Services** and Expanding at the **edge** (demand and supply) of the energy system
- Investing in R&D and M&A to accelerate growth, while creating a **partnering** ecosystem across the value chain

3

We will continue to invest in energy and digital platforms - co-creating with customers and partners across the entire value chain (plan-build-operate-maintain)

4

Hitachi Energy is committed to deliver profitable and sustainable growth:

- Target Growth 4-6% CAGR on Revenues (upgraded from 3-5%) and 15-20% on Earnings (Op EBITA % at upper end of 8-12% corridor in 2024)
- Target ROIC ~15%

Hitachi Energy is uniquely positioned to deliver profitable and sustainable growth, collaborating with customers and partners to accelerate the clean energy transition.

Green Energy & Mobility Sector

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3-1. Key messages

1

Railway Systems BU delivered increased revenue and strong order intake in FY2021 despite challenging market conditions.

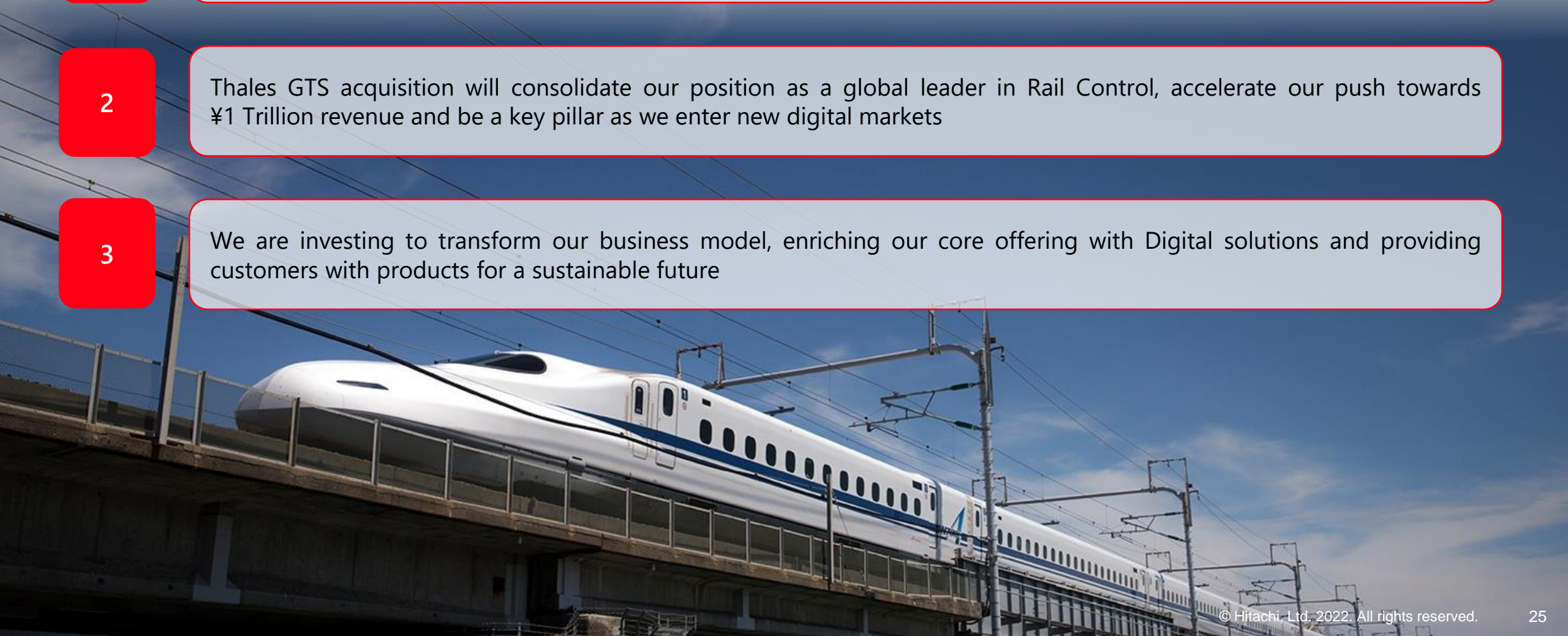
The new mid-term management plan targets best ever financial performance by FY2024

2

Thales GTS acquisition will consolidate our position as a global leader in Rail Control, accelerate our push towards ¥1 Trillion revenue and be a key pillar as we enter new digital markets

3

We are investing to transform our business model, enriching our core offering with Digital solutions and providing customers with products for a sustainable future



3-2. Overview of Railway Systems BU

A leading global supplier of transportation products and services including Vehicles, Rail Control, Service & Maintenance and Turnkey solutions



High Speed



Shinkansen



VHS

Main Line



Intercity



Regional

Mass Transit



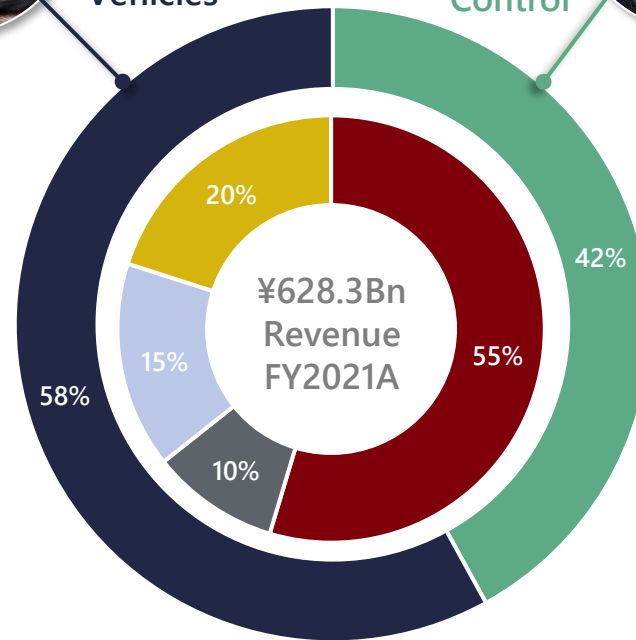
Tram



Monorail



Metro



Key



Main Line



ERTMS / ETCS



Driverless



Satellite



Wayside

Mass Transit



CBTC



Driverless



Components



On-board

3-3. Overview of FY2021 Results

In FY2021 Railway Systems BU outperformed on revenue and order intake but saw a reduction in profitability

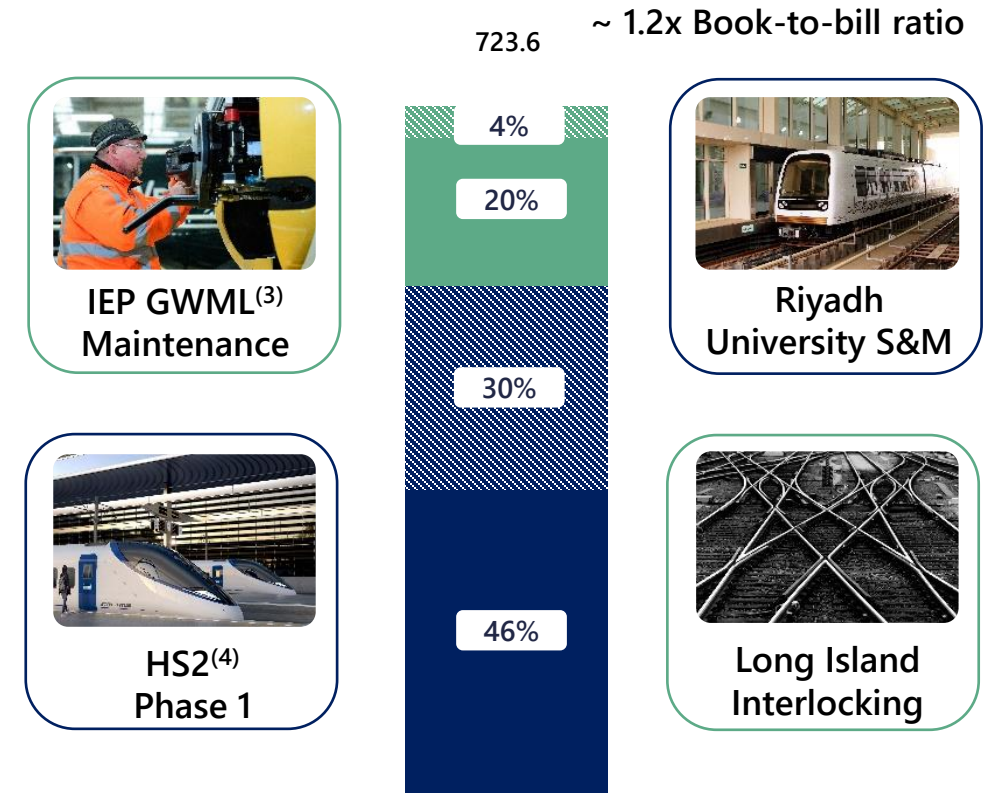
Overview of FY2021A Results

<i>Billion Yen</i>	FY2021A	FY2020A	Change	FY2021B	Difference
Order intake	723.6	623.2	↑ 116.1%	712.1	↑ 101.6%
Revenue	628.3	547.7	↑ 114.7%	560.0	↑ 112.2%
Adj. EBITA	28.9	25.7	↑ 3.2	36.8	↓ (7.9)
Adj. EBITA margin	4.6%	4.7%	↓ (10) bps	6.6%	↓ (200) bps
FCF	60.0	50.9	↑ 9.1	28.4	↑ 31.6

- Order Intake outperformance driven by strong win-rate in Service & Maintenance contracts, which will drive higher profitability
- Revenue was positively impacted by FX rates and improvement in production rate in the second half of the year
- Profitability impacted by non-recurring costs on legacy projects and lower asset efficiency due to effects on covid-19 on production
- The favourable variance of FCF ⁽¹⁾ is due to the positive result of asset disposal while the OCF ⁽²⁾ is fully aligned to budget expectation

⁽¹⁾ Free Cash Flow ⁽²⁾ Operating Cash Flow ⁽³⁾ Intercity Express Programme Great Western Main Line ⁽⁴⁾ High Speed 2 ⁽⁵⁾ Service & Maintenance

Breakdown of FY2021A Order Intake by LoB

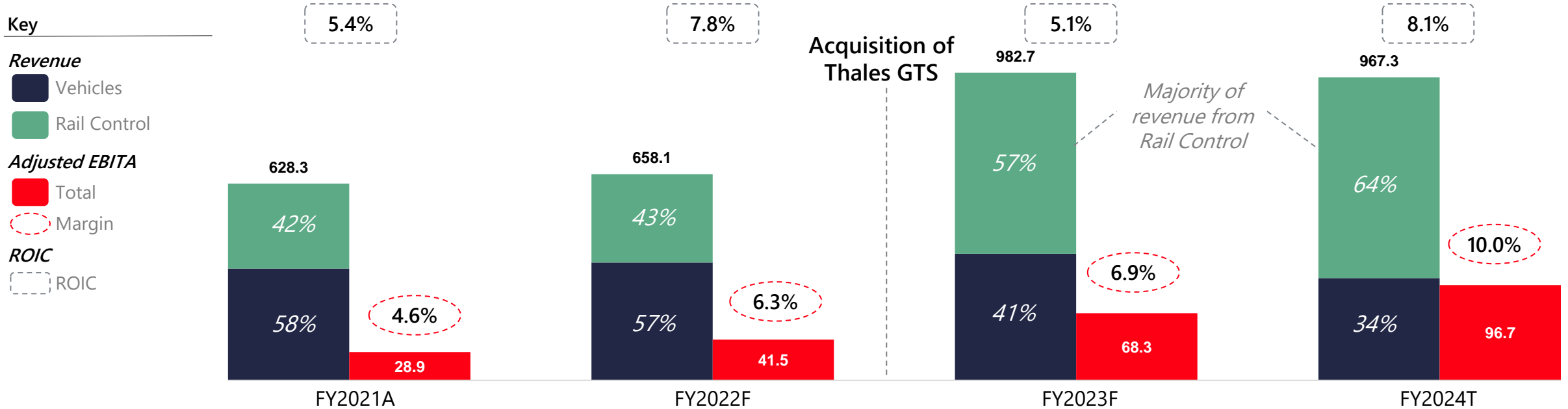


FY2021A Order Intake



3-4. Railway Systems BU Mid-term Management Plan FY2024

FY2021A – FY2024T Revenue, adjusted EBITA (¥Bn) and margin (%) and ROIC (%) ⁽¹⁾



Acquisition of Thales GTS

Majority of revenue from Rail Control

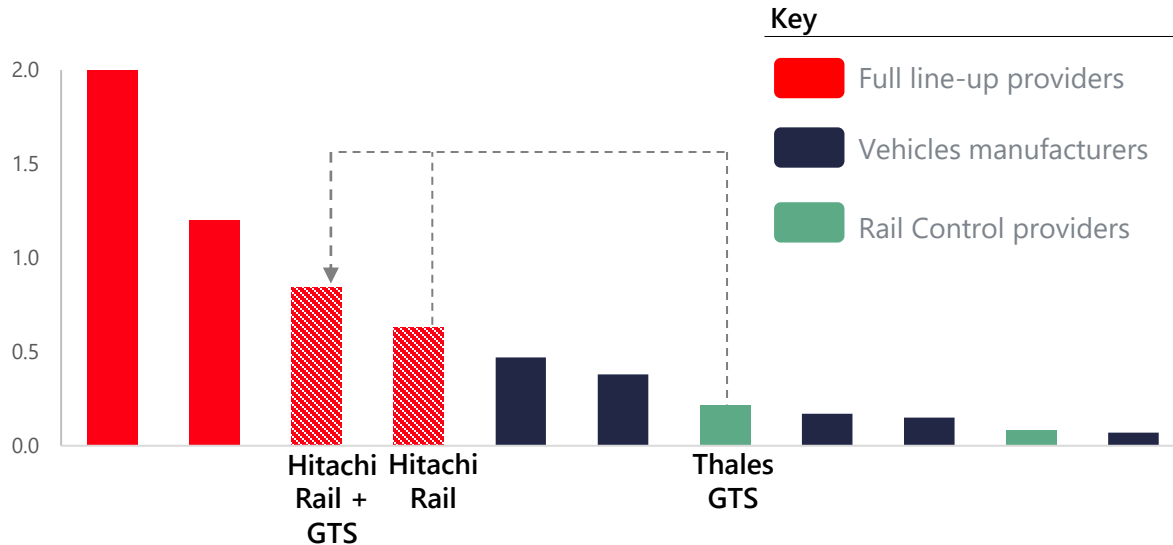
Clear priorities for core business complimented with investment in Digital and collaboration with Hitachi Ltd. capabilities to reach FY2024 target

Vehicles	Focus on efficient project delivery and quality	Selective bidding on high quality projects with long term S&M contracts	Right size manufacturing to match market demand	Digital & Lumada	<ul style="list-style-type: none"> Lumada revenue to reach ¥152Bn by FY2024 (12% CAGR) Investment in digital design and manufacturing technologies Utilize Lumada business cycle to create value for customers Entry to adjacent markets (e.g. Smart Ticketing)
	Rail Control	Significant organic CAGR forecast to FY2024	Acquisition of Thales GTS accelerates shift towards high margin Rail Control		

⁽¹⁾ FY2023F and FY2024T ROIC excluding impact of Thales GTS would be 9.7% and 10.4% respectively

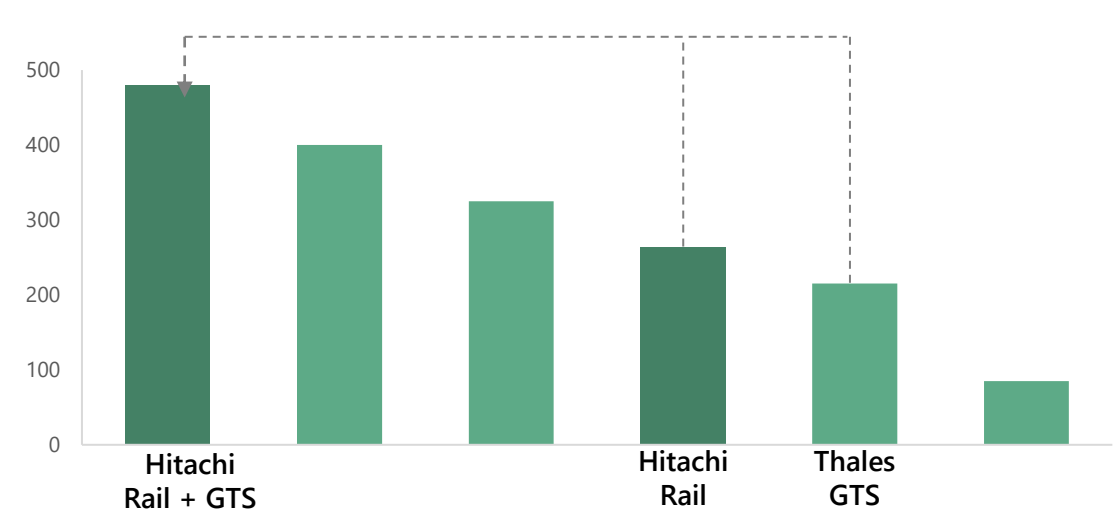
3-5. Forecast Market Growth and Competitive Landscape

Rail Sector Competitors by Revenue ⁽¹⁾ Trillion Yen

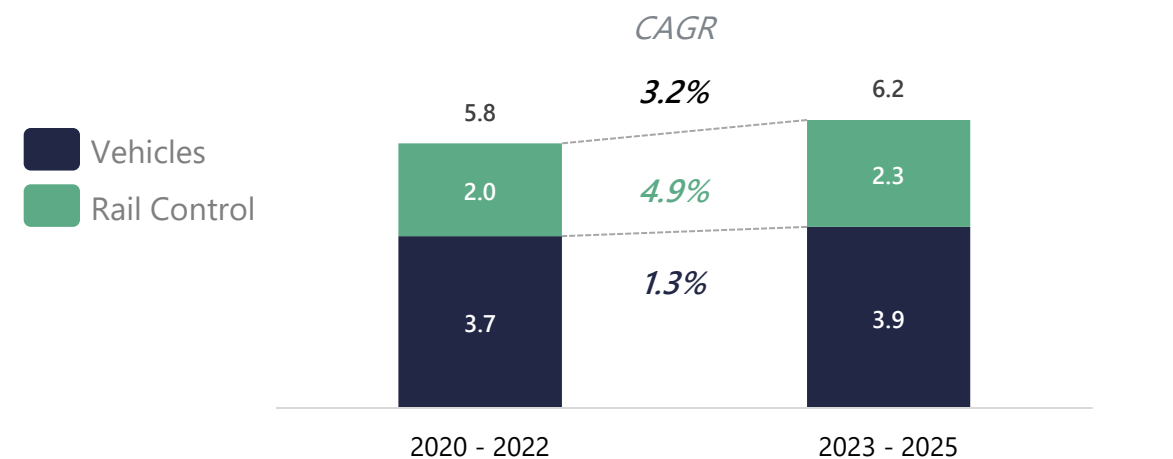


⁽¹⁾ Last report full year financials. Source: Company accounts and Hitachi Rail estimates. Competitors figures rounded

Rail Control Competitors by Revenue ⁽¹⁾ Billion Yen



Market Growth by Product ⁽²⁾ Annual Average, Trillion Yen



⁽²⁾ Source: UNIFE World Rail Market Study 2020 and Hitachi internal estimates. FX rate Euro – Yen 1:130

- Acquisition of Thales GTS will close the gap to largest competitors and make Railway Systems BU a global leader in Rail Control
- Growth in Vehicles over short term below historic average as the market recovers from Covid-19
 - ✓ Our strategy is to match Vehicles manufacturing with market demand
- Strong growth in Rail Control driven by countries upgrading their signalling networks and moving to Digital solutions
 - ✓ Ambition to outperform market growth in Rail Control supported by strong pipeline

3-6. Key initiatives supporting Railway Systems BU to achieve FY2024T

Business As Usual Strategy



Focusing on expanding core markets, optimizing portfolio and improving quality

Adjusting strategy to match capacity in Vehicles to current market demands

Effective delivery of Legacy projects

Adapting our approach



Enhancing processes to better manage risk and improved project delivery

Streamline working practices and efficiency through new organization structure

Preparation commenced for integration of Thales GTS ⁽¹⁾

Investing for the future



Focus on battery train development supported by hydrogen as appropriate

Digitalization initiatives driving efficiency and providing value-add for customers

Transformation from hardware-based to 'as a Service' business

(1) – Anticipating transaction close prior to end of FY2022

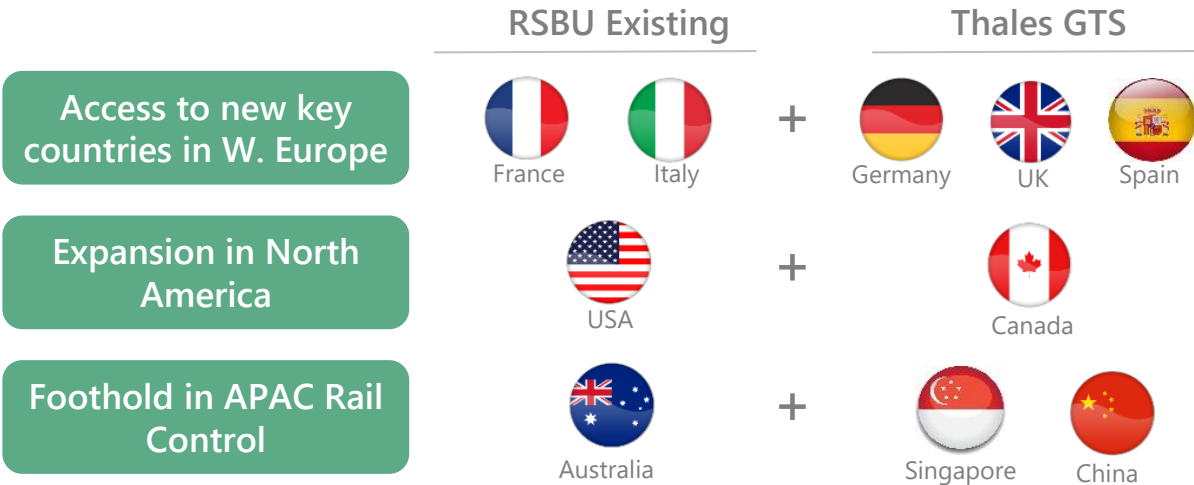
3-7. Acquisition of Thales Ground Transportation Systems

Overview of Transaction

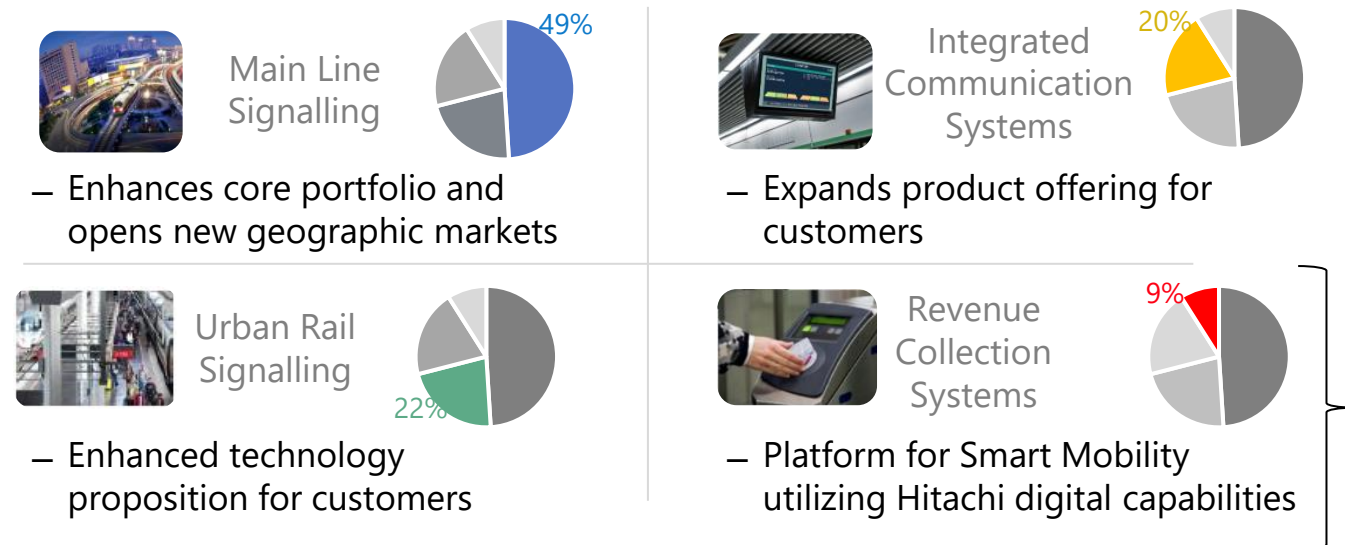
- Enhances Hitachi Rail’s global leadership position in the rail signalling market
- Thales GTS reported c. ¥215Bn revenue for 2021⁽¹⁾
- Transaction anticipated to close before end of FY2022
- Targeting run-rate synergies of ¥13Bn per annum by FY2026
- Complimentary geographical presence, product and service offering

(1) – Source: Thales press release. FX rate Euro – Yen 1:130

Complimentary geographic overlap will consolidate RSBU’s position in key markets and enable expansion in strategically important regions

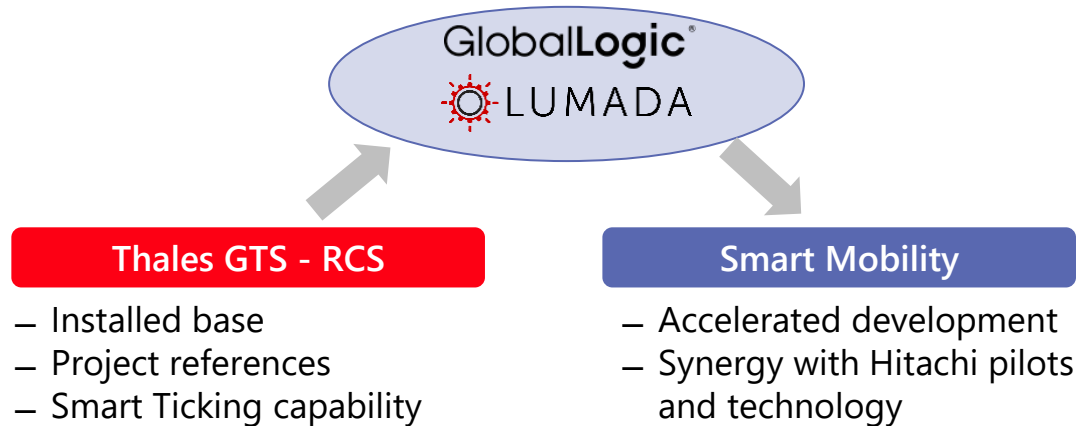


Thales GTS product portfolio will enhance existing core offering for customers and create new opportunities to expand digital solutions ⁽²⁾



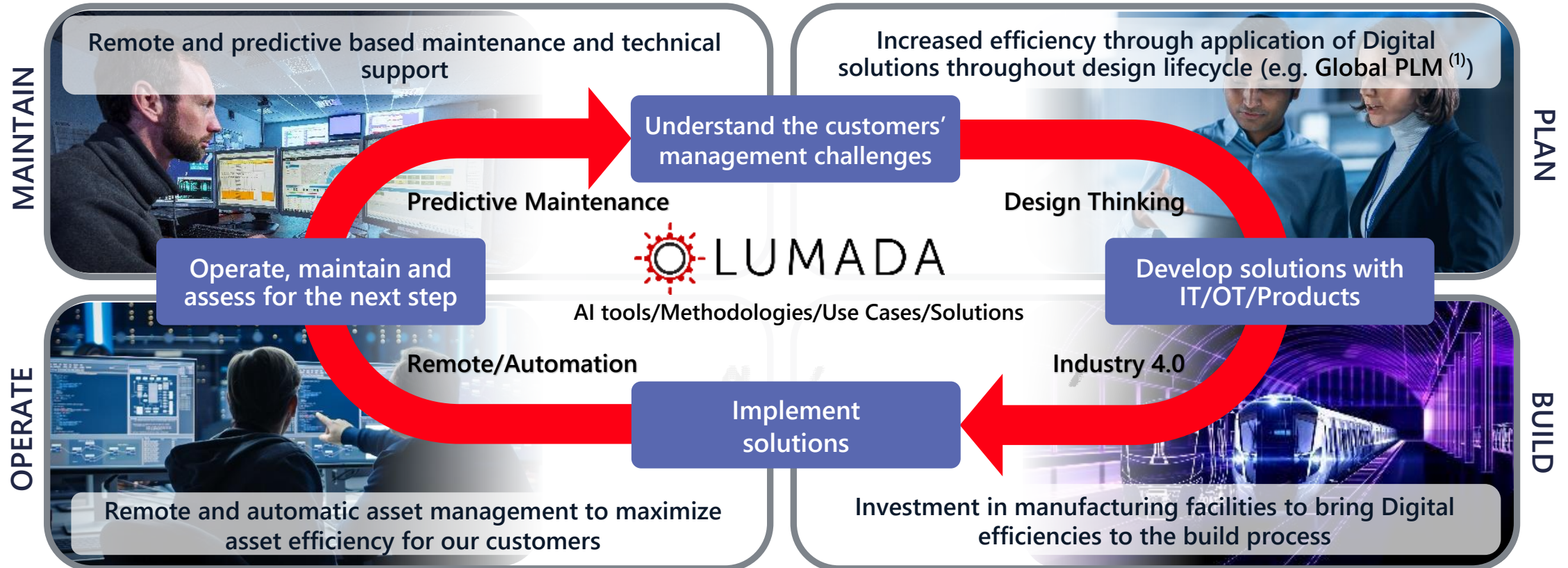
(2) - Pie charts show business segment percentage of FY2020A revenue

Acquisition of Thales GTS can unlock next phase of Hitachi Smart Mobility development



3-8. Leveraging Lumada Capabilities to Accelerate Digitalization

Lumada related revenue is forecast to grow organically at c.12% CAGR to FY2024 reaching c.¥150bn



Case Study

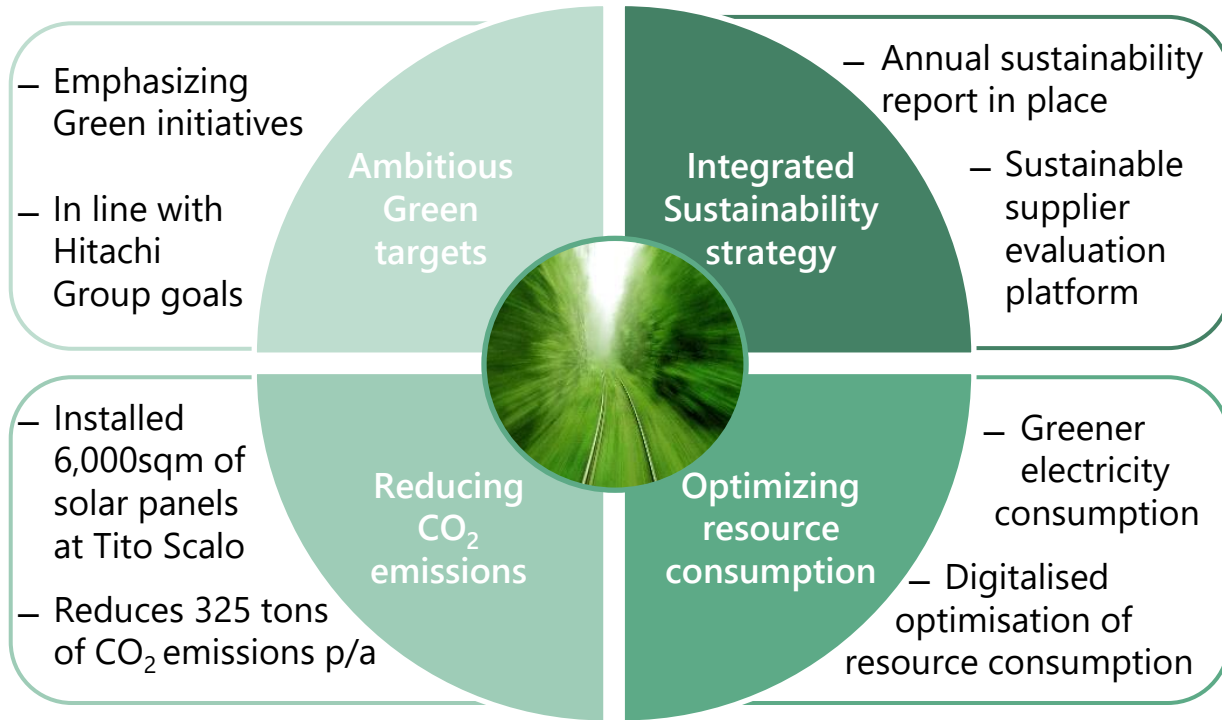
GoGoGe – MaaS solution pilot in Genoa, Italy

- Partnership between Hitachi Rail and Municipality of Genoa
- Smart-phone app connecting multimodal transport solutions
- Initial pilot of 1,000 users commenced May 2022
- Targeting full roll-out of app in Genoa once pilot completed and leveraging experience to expand into other regions

(1) Product Lifecycle Management

3-9. Railway Systems BU focus on Green Initiatives

We are making strong commitments towards carbon neutrality



We are investing in sustainable new products for our customers



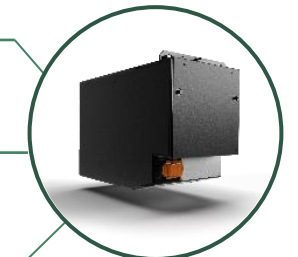
Sustainable 'core' products

- Masaccio hybrid product for Europe uses ~50% less energy consumption compared to current diesel trains
- Masaccio platform up to 95% recyclable
- Digital and Cloud based signalling solutions reducing need for new infrastructure

First test of battery tram in Italy February 2021

Retrofitting batteries on existing fleets

HYBARI hydrogen hybrid train under test in Japan in partnership with JR-East and Toyota



Alternative power



New Green customer solutions

- New Digital Mobility LoB to drive innovation
- Mobility Accelerator with Hitachi Energy on Smart City solutions
- Remote monitoring and fault detection on infrastructure assets to improve quality and safety

3-10. Conclusion

- Focused on delivering our new mid-term management plan, **targeting the best ever financial performance** for Railway Systems BU
- Strategic initiatives in place to **optimize our core business** enabling us to reach our financial targets
- Thales GTS acquisition will consolidate our position as a **global leader in Rail Control** and be a key pillar as we enter new digital markets
- **Digitisation of our core business** and entry into new markets moving towards 'as a service' business model





Hitachi Social Innovation is
POWERING GOOD

Green Energy & Mobility Sector

Contents

1. Green Energy & Mobility Sector overview
2. Hitachi Energy
3. Railway Systems
4. Appendix

Appendix 1. Business Performance Trends (1/2)

Billions of yen

	FY2021	FY2022 Forecast	FY2024 Target
Orders	2,532.2	2,559.7	2,926
Revenues	2,051.0	2,170.0	2,600
Adjusted operating income	38.2	99.0	–
Adjusted operating income ratio	1.9%	4.6%	–
Adjusted EBITA	92.3	152.0	260
Adjusted EBITA ratio	4.5%	7.0%	10%
Overseas revenue ratio	80%	81%	83%
Lumada revenue	221.6	259.3	344

Appendix 1. Business Performance Trends (2/2)

Billions of yen

	FY2021	FY2022 Forecast	FY2024 Target
EBITDA	183.2	208.0	324
EBITDA ratio	8.9%	9.6%	13%
ROIC	2.0%	4.3%	8%

Appendix 1. Business Performance Trends by Sub Segment (1/3)

Billions of yen

	FY2021	FY2022 Forecast	FY2024 Target
Orders	2,532.2	2,559.7	2,926
Nuclear Energy & Energy	385.0	397.4	—
Power Grids	1,423.6	1,347.6	—
Hitachi Energy	1,396.5	1,320.0	—
Railway Systems	723.6	814.7	—
Revenues	2,051.0	2,170.0	2,600
Nuclear Energy	150.7	160.4	—
Energy	183.7	177.3	—
Power Grids	1,112.6	1,212.0	—
Hitachi Energy	1,075.8	1,192.8	—
Railway Systems	628.3	658.1	—

Appendix 1. Business Performance Trends by Sub Segment (2/3)

Billions of yen

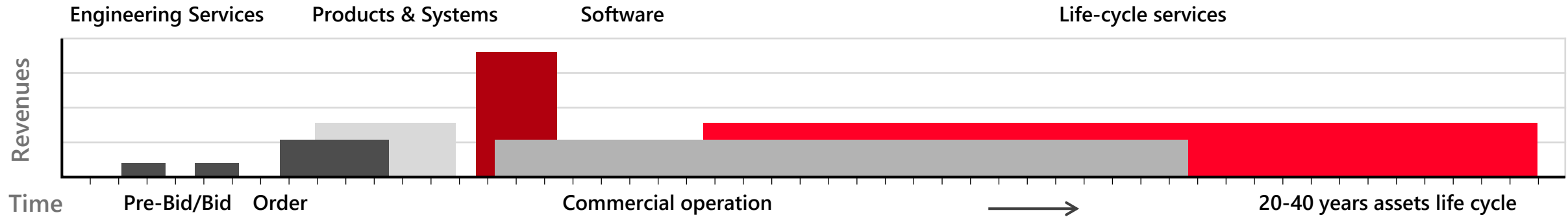
	FY2021	FY2022 Forecast	FY2024 Target
Overseas revenue ratios	80%	81%	83%
Nuclear Energy & Energy	14%	11%	—
Power Grids	97%	98%	—
Hitachi Energy	99%	99%	—
Railway Systems	80%	81%	—
Lumada Revenues	221.6	259.3	344
Energy Segment	112.9	132.3	—
Railway Systems	108.7	127.0	—
Adjusted operating income (ratio)	38.2 (1.9%)	99.0 (4.6%)	—
Nuclear Energy & Energy	27.6 (8.2%)	30.9 (9.6%)	—
Power Grids	(9.5)((0.9%))	18.9 (1.6%)	—
Hitachi Energy	62.4 (5.8%)	92.9 (7.8%)	—
Railway Systems	25.6 (4.1%)	36.8 (5.6%)	—

Appendix 1. Business Performance Trends by Sub Segment (3/3)

Billions of yen

	FY2021	FY2022 Forecast	FY2024 Target
Adjusted EBITA (ratio)	92.3 (4.5%)	152.0 (7.0%)	260 (10%)
Nuclear Energy & Energy	29.5 (8.8%)	33.3 (10.3%)	—
Power Grids	39.4 (3.5%)	64.6 (5.3%)	—
Hitachi Energy	65.2 (6.1%)	96.0 (8.0%)	—
Railway Systems	28.9 (4.6%)	41.5 (6.3%)	—
EBITDA (ratio)	183.2 (8.9%)	208.0 (9.6%)	324 (13%)
Nuclear Energy & Energy	36.0 (10.7%)	35.2 (10.9%)	—
Power Grids	81.6 (7.3%)	107.2 (8.8%)	—
Hitachi Energy	104.4 (9.7%)	143.9 (12.1%)	—
Railway Systems	71.1 (11.3%)	54.2 (8.2%)	—

Illustrative



Products & Systems

- Wide mix – from components to large systems, short and long cycle
- Average 18 months conversion time between Orders & Revenues
- Shorter cycle Base Orders provide steady business
- Large system orders support growth but higher timing uncertainty
- We focus on our core by driving innovation in de-risked models

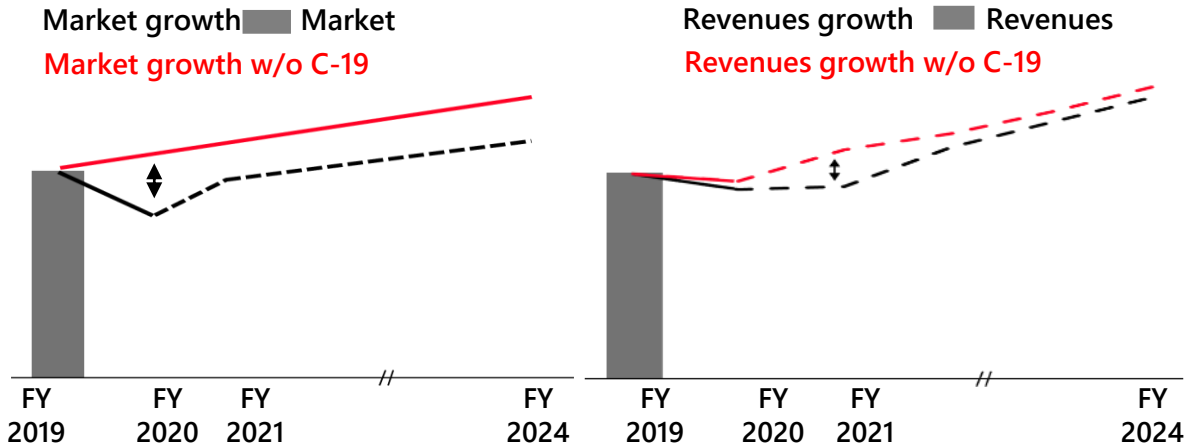
Services & Software

- Largest installed base – opportunity to leverage, extend and upgrade
- Supporting customers to optimize Capex and Opex during the lifecycle
- Product/system-centric services: installation, maintenance, upgrades
- Digitalization & software optimize performance and business outcomes
- High growth segments early adopters of eco-system – as a Service

Mix of products, systems, service, software, long and short cycle, across the power value chain

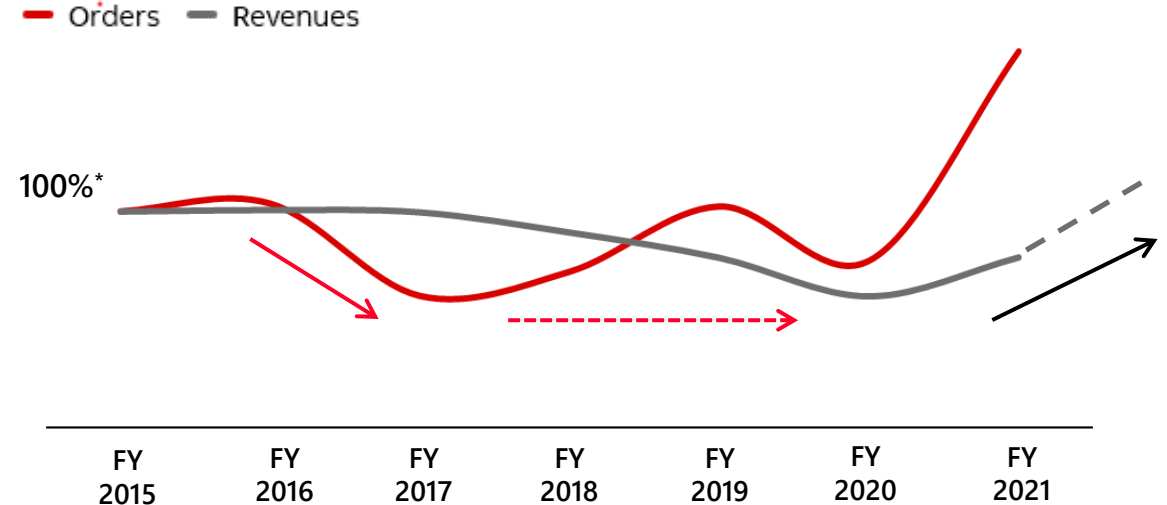
Appendix 2. COVID-19 will have a short-term impact on our business

Market & Revenues development –Hitachi Investor Day 2021



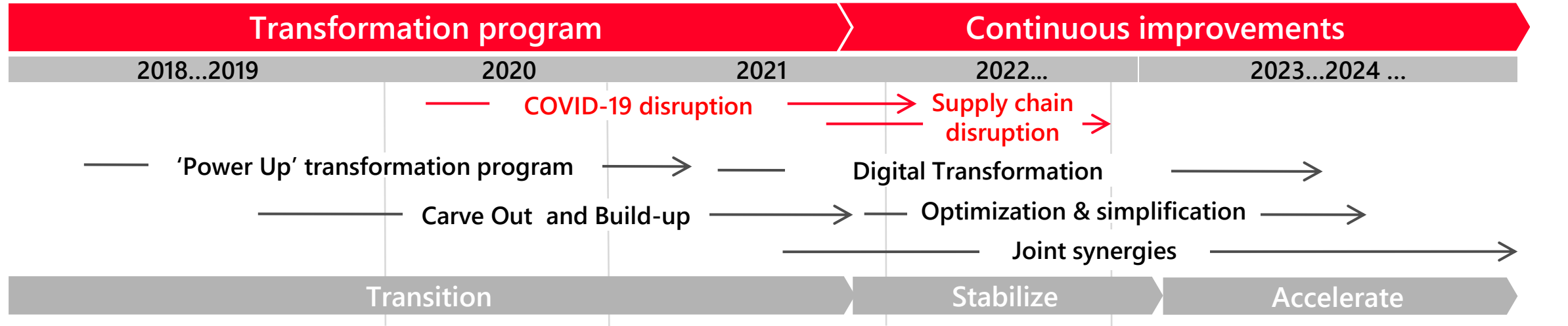
COVID-19 market impact will negatively affect order intake, resulting in revenue delays by ~18 months. Fundamental market drivers intact - trajectory & ambition level unchanged

Orders & Revenues development – Actual 2020 & 2021



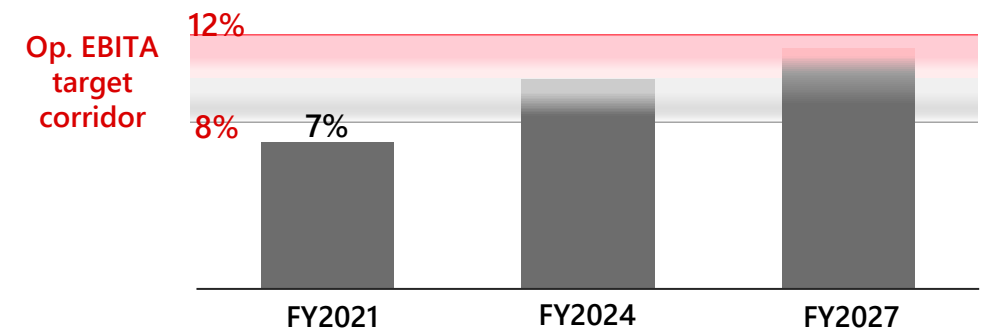
- Hitachi Energy is in an attractive market as electricity demand continues to grow. The Grid is at the center of an unprecedented power sector transformation towards decarbonization, digitalization and the need for greater resiliency.
- COVID-19 has resulted in a market dip as governments focus on health and relief measures, resulting in postponement of some projects
- We have a business mix of products, systems, service, software across the power value chain including Transmission & Distribution. Large orders support growth but timing is hard to predict
- We have a long business cycle with an average ~18 months conversion time between Order intake and Revenues

* Charts are illustrative



- We continue to drive growth, portfolio competitiveness and world-class execution via our transformation program embedded in the business
- We complete the build-up of a sustainable “stand-alone” company
- COVID-19 impact followed by supply chain and Europe crisis have a short/mid-term impact, but the energy transition and recovery plans provide mid-/long-term opportunities and support our Acceleration phase to meet 2024 targets
- We will leverage the investments in the digital transformation (Business & IT/IS) with the digital transformation program to simplify and optimize operations
- Jointly Hitachi and Hitachi Energy will contribute through a growth synergy program to deliver additional value to customers, employees, and shareholders
- Despite the longer transition phase, we remain committed to grow above market and target the high-end of margin corridor 8-12%

Earnings development (margin)



Margin is negatively impacted in the short term by lower revenues and increased market pressure resulting from COVID-19

Appendix 2. World's largest installed base & service footprint

\$200bn installed base value

Customers
12,000+

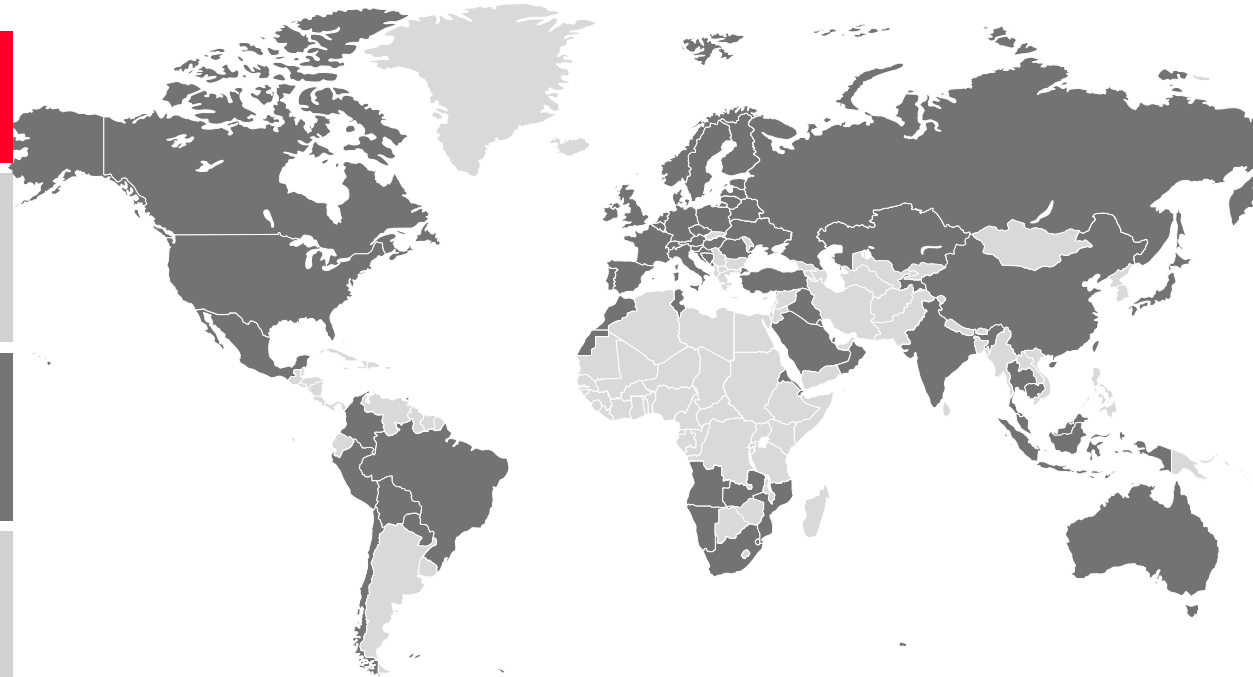
Local service
centers
200+

Field engineers
1,500+

150+
HVDC links

100,000+
Power
transformer

300,000+
High-voltage
assets



“
Unparalleled global
installed base,
aging grids &
energy transition
offer attractive
growth
opportunities.”

■ Installed base
■ Installed base with Service footprint

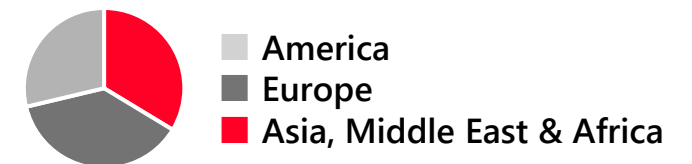
Customers (orders)



Service Offerings (orders)



Geographies (orders)



Appendix 2. EconiQ™ retrofill supports National Grid in achieving sustainability targets



Focus on sustainability services to deliver net-zero grid assets

“

This new transformational green technology allows us to achieve a wide-scale decarbonization of our transmission network. The retrofill solution from Hitachi Energy enables us to cut emissions and save costs.

Chris Bennett
Acting President, National Grid

World-first replacement of SF₆

- National Grid eliminating sulfur hexafluoride (SF₆) from its high-voltage assets by 2050.

EconiQ retrofill solution

- 420 kV substation in the UK
- Fast and effective process
- Gas exchange only

Around 50% reduction in SF₆

- First step: eliminating 755 kilos of SF₆ - equivalent to taking 100 passenger cars off the road.

Cautionary Statement

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this report.

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:

- exacerbation of social and economic impacts of the spread of COVID-19;
- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, 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;
- estimates, fluctuations in cost and cancellation of long-term projects for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s ability to 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;
- fluctuations in demand of products, etc. and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in demand of products, etc., exchange rates and/or price of raw materials or shortages of materials, parts and components;
- credit conditions of Hitachi’s customers and suppliers;
- 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;
- 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;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- uncertainty as to the success of cost structure overhaul;
- 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 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;
- 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 Hitachi’s access to, or ability to protect, certain intellectual property; 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 elsewhere in this report and in other materials published by Hitachi.