

Results of the 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 to deliver innovation by standardized and speedy operation

Results of the 2015 Mid-term Management Plan

	FY2012 (US GAAP)	FY2013 (IFRS)	FY2014 (IFRS)	Billions of yen	
				FY2015 (IFRS)	Initial Target*1 (US GAAP)
Revenues	9,041.0	9,666.4	9,774.9	10,034.3	10,000.0
(ratio)	(4.7%)	(6.3%)	(6.6%)	(6.3%)	Over 7%
Adjusted operating income**2	422.0	604.7	641.3	634.8	Over 7%
(ratio)	(4.0%)	(7.2%)	(5.5%)	(5.3%)	Over 7%
EBIT**3	358.0	691.2	534.0	531.0	Over 7%
Net income attributable to Hitachi, Ltd. stockholders	175.3	413.8	217.4	172.1	Over 350.0
(margin)	(5.7%)	(4.8%)	(6.1%)	(8.6%)	—
Net cash provided by operating activities (Manufacturing, Services and Others)	503.4	460.8	586.4	843.1	—
Free cash flows (Manufacturing, Services and Others)	25.0	73.1	137.2	324.4	—

*1 Announced on May 16, 2013

*2 Adjusted operating income = Revenues – Cost of sales – Selling, general and administrative expenses

*3 EBIT (Earnings before interest and taxes) is presented as income from continuing operations, before income taxes less interest income plus interest charges.

Principal Achievements and Future Challenges

Achievements

- (1) Improved profitability
- (2) Strengthened cash-generating capability
 - Improved cash conversion cycle (Manufacturing, Services and Others)
81.8 days (as of March 31, 2015) ⇒ 71.6 days (as of March 31, 2016)
- (3) Implemented growth strategies
 - Ratio of overseas revenues: FY2012 41% ⇒ FY2015 48%
 - Ratio of service revenues: FY2012 30% ⇒ FY2015 38%
- (4) Executed reform of the business portfolio

	FY2013-FY2015	As of May 2016
M&As	Sales increase: 600.0 billion yen per year - Acquired Pentaho Corporation, Ansaldo STS S.p.A., AnsaldoBreda S.p.A., Waupaca Foundry Holdings, Inc., etc.	—
Reorganization	Sales decrease: 900.0 billion yen per year - Established joint ventures in the thermal power generation systems business and the air-conditioning systems business and relisted Hitachi Maxell, Ltd.	Sales decrease: 1.1 trillion yen per year - Logistics, financial services, etc.

Challenges

- (1) Speedy response to changes in market environment and thorough project management
- (2) Accelerating business portfolio reform