

Supplementary Information

1. Targets by Sector in the 2021 Mid-term Management Plan

		[billions of yen]		
		FY2018	FY2019 (Forecast)	FY2021 (Target)
Total	Revenues	9,480.6	9,000.0	CAGR over 3%
	Adjusted operating income	754.9	765.0	-
	Adjusted operating income ratio	8.0%	8.5%	over 10%
	EBIT	513.9	750.0	-
	EBIT ratio	5.4%	8.3%	-
	ROIC	8.5%	10.3%	over 10%
IT	Revenues	2,121.6	2,060.0	2,600.0
	Front Business	1,393.0	1,356.0	-
	Services & Platforms	817.6	818.0	-
	Adjusted operating income	230.1	220.0	338.0
	Front Business	155.3	143.0	-
	Services & Platforms	76.2	64.0	-
	Adjusted operating income ratio	10.8%	10.7%	13.0%
	Front Business	11.2%	10.5%	-
	Services & Platforms	9.3%	7.8%	-
	EBIT	212.6	210.0	325.0
	Front Business	131.4	141.0	-
	Services & Platforms	87.2	54.0	-
	EBIT ratio	10.0%	10.2%	12.5%
	Front Business	9.4%	10.4%	-
	Services & Platforms	10.7%	6.6%	-
ROIC	19.6%	15.9%	15.0%	
Energy ^{*1}	Revenues	456.6	384.9	over 1,700.0
	Nuclear Energy BU	171.6	153.0	over 180.0
	Energy BU	304.2	246.9	over 1,520.0
	Adjusted operating income	35.9	24.9	over 170.0
	Adjusted operating income ratio	7.9%	6.5%	over 10%
	EBIT	(254.8)	29.0	over 170.0
	EBIT ratio	(55.8%)	7.5%	over 10%
	ROIC ^{*3}	5.8%	6.0%	7.5%

		[billions of yen]		
		FY2018	FY2019 (Forecast)	FY2021 (Target)
Industry ^{*1, 3, 4}	Revenues	843.6	839.6	1,000.0
	Industry & Distribution BU ^{*3}	251.8	234.5	348.0
	Water & Environment BU	169.1	171.2	181.5
	Industrial Products Business	419.8	432.9	470.5
	Adjusted operating income	58.2	58.4	91.0
	Industry & Distribution BU ^{*3}	12.7	14.0	30.5
	Water & Environment BU	12.7	12.1	16.0
	Industrial Products Business	32.9	33.2	45.1
	Adjusted operating income ratio	6.9%	7.0%	9.1%
	Industry & Distribution BU ^{*3}	5.0%	6.0%	8.8%
	Water & Environment BU	7.5%	7.1%	8.8%
	Industrial Products Business	7.8%	7.7%	9.6%
	EBIT	56.6	50.1	86.0
	Industry & Distribution BU ^{*3}	9.4	10.5	31.9
	Water & Environment BU	14.5	12.5	16.0
	Industrial Products Business	32.9	28.2	39.3
	EBIT ratio	6.7%	6.0%	8.6%
Industry & Distribution BU ^{*3}	3.7%	4.5%	9.2%	
Water & Environment BU	8.6%	7.3%	8.8%	
Industrial Products Business	7.8%	6.5%	8.4%	
ROIC	9.0%	10.1%	10.8%	
Mobility ^{*1}	Revenues	1,238.1	1,155.0	1,270.0
	Building Systems BU	621.6	585.0	620.0
	Railway Systems BU	616.5	570.0	650.0
	Adjusted operating income	100.2	96.2	124.8
	Building Systems BU	54.0	55.0	63.0
	Railway Systems BU	46.3	41.2	61.8
	Adjusted operating income ratio	8.1%	8.3%	9.8%
	Building Systems BU	8.7%	9.4%	10.2%
	Railway Systems BU	7.5%	7.2%	9.5%
	EBIT	135.1	112.9	142.6
	Building Systems BU	54.3	55.0	64.1
	Railway Systems BU	80.8	57.9	78.5
	EBIT ratio	10.9%	9.8%	11.2%
	Building Systems BU	8.7%	9.4%	10.3%
	Railway Systems BU	13.1%	10.2%	12.1%
	ROIC	13.6%	11.6%	13.1%

		[billions of yen]		
		FY2018	FY2019 (Forecast)	FY2021 (Target)
Smart Life ^{*2}	Revenues	1,816.0	1,723.2	over 2,100.0
	Healthcare Business	360.0	377.0	over 400.0
	Smart Life & Ecofriendly Systems Business	485.0	501.2	over 500.0
	Automotive Systems Business	971.0	845.0	1,200.0 - 1,700.0
	Adjusted operating income	93.4	119.0	over 210.0
	Healthcare Business	33.0	40.0	over 44.0
	Smart Life & Ecofriendly Systems Business	22.4	27.7	over 40.0
	Automotive Systems Business	38.0	51.3	over 120.0
	Adjusted operating income ratio	5%	7%	over 10%
	Healthcare Business	9.2%	10.6%	over 11%
	Smart Life & Ecofriendly Systems Business	4.6%	5.5%	over 8%
	Automotive Systems Business	3.9%	6.1%	over 10%
	EBIT	145.5	121.3	over 210.0
	Healthcare Business	30.7	36.0	over 44.0
	Smart Life & Ecofriendly Systems Business	29.5	37.5	over 50.0
	Automotive Systems Business	85.3	47.8	over 120.0
	EBIT ratio	8%	7%	over 10%
	Healthcare Business	8.5%	9.5%	over 11%
	Smart Life & Ecofriendly Systems Business	6.1%	7.5%	over 10%
	Automotive Systems Business	8.8%	5.7%	over 10%
ROIC	10.0%	10.0%	over 15%	

*1 Figures for each sector include control systems business, which is posted in IT sector.

*2 Figures for Healthcare Business include Healthcare BU, as well as healthcare businesses in Hitachi High-Technologies.

*3 Figures for FY2018 except one-time expenses.

*4 Industry sector set stretch goals of 100 billion yen in adjusted operating income and 10% in adjusted operating income ratio for FY2021.

2. Consolidated Financial Results in FY2018 and Forecasts in FY2019 by Segment

		[billions of yen]	
		FY2018	FY2019 (Forecast)
Total	Revenues	9,480.6	9,000.0
	Adjusted operating income	754.9	765.0
	Adjusted operating income ratio	8.0%	8.5%
	EBIT	513.9	750.0
	EBIT ratio	5.4%	8.3%
IT	Revenues	2,121.6	2,060.0
	Front Business	1,393.0	1,356.0
	Services & Platforms	817.6	818.0
	Adjusted operating income	230.1	220.0
	Front Business	155.3	143.0
	Services & Platforms	76.2	64.0
	Adjusted operating income ratio	10.8%	10.7%
	Front Business	11.2%	10.5%
	Services & Platforms	9.3%	7.8%
	EBIT	212.6	210.0
	Front Business	131.4	141.0
	Services & Platforms	87.2	54.0
	EBIT ratio	10.0%	10.2%
Front Business	9.4%	10.4%	
Services & Platforms	10.7%	6.6%	
Energy	Revenues	453.9	370.0
	Nuclear Energy BU	171.6	153.0
	Energy BU	304.2	246.9
	Adjusted operating income	34.0	23.0
	Adjusted operating income ratio	7.5%	6.2%
	EBIT	(298.0)	27.0
	EBIT ratio	(65.6%)	7.3%

		[billions of yen]	
		FY2018	FY2019 (Forecast)
Industry	Revenues	895.4	800.0
	Industry & Distribution BU	331.6	234.5
	Water & Environment BU	169.1	171.2
	Industrial Products Business	419.8	432.9
	Adjusted operating income	20.6	56.0
	Industry & Distribution BU	(21.5)	14.0
	Water & Environment BU	12.7	12.1
	Industrial Products Business	32.9	33.2
	Adjusted operating income ratio	2.3%	7.0%
	Industry & Distribution BU	(6.5%)	6.0%
	Water & Environment BU	7.5%	7.1%
	Industrial Products Business	7.8%	7.7%
	EBIT	19.1	47.0
	Industry & Distribution BU	(24.8)	10.5
	Water & Environment BU	14.5	12.5
	Industrial Products Business	32.9	28.2
EBIT ratio	2.1%	5.9%	
Industry & Distribution BU	(7.5%)	4.5%	
Water & Environment BU	8.6%	7.3%	
Industrial Products Business	7.8%	6.5%	
Mobility	Revenues	1,214.1	1,130.0
	Building Systems BU	621.6	585.0
	Railway Systems BU	616.5	570.0
	Adjusted operating income	92.6	93.0
	Building Systems BU	54.0	55.0
	Railway Systems BU	46.3	41.2
	Adjusted operating income ratio	7.6%	8.2%
	Building Systems BU	8.7%	9.4%
	Railway Systems BU	7.5%	7.2%
	EBIT	127.4	110.0
	Building Systems BU	54.3	55.0
	Railway Systems BU	80.8	57.9
	EBIT ratio	10.5%	9.7%
	Building Systems BU	8.7%	9.4%
	Railway Systems BU	13.1%	10.2%

		[billions of yen]	
		FY2018	FY2019 (Forecast)
Smart Life	Revenues	1,649.3	1,550.0
	Healthcare BU	176.1	187.3
	Smart Life & Ecofriendly Systems Business	485.0	501.2
	Automotive Systems Business	971.0	845.0
	Adjusted operating income	64.9	88.0
	Healthcare BU	4.3	11.7
	Smart Life & Ecofriendly Systems Business	22.4	27.7
	Automotive Systems Business	38.0	51.3
	Adjusted operating income ratio	3.9%	5.7%
	Healthcare BU	2.4%	6.2%
	Smart Life & Ecofriendly Systems Business	4.6%	5.5%
	Automotive Systems Business	3.9%	6.1%
	EBIT	116.9	90.0
	Healthcare BU	1.6	8.2
	Smart Life & Ecofriendly Systems Business	29.5	37.5
	Automotive Systems Business	85.3	47.8
	EBIT ratio	7.1%	5.8%
	Healthcare BU	0.9%	4.4%
	Smart Life & Ecofriendly Systems Business	6.1%	7.5%
	Automotive Systems Business	8.8%	5.7%

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 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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