

FOR IMMEDIATE RELEASE

Hitachi Announces Consolidated Financial Results for Fiscal 2019

Tokyo, May 29, 2020 --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for fiscal 2019, ended March 31, 2020.

Note: All figures were converted at the rate of 109 yen to the U.S. dollar, as of March 31, 2020.

Summary

	Years ended March 31			
	Billions of yen		(B)/(A) (%)	Millions of U.S.dollars
	2019(A)	2020(B)		2020
1. Revenues	9,480.6	8,767.2	92	80,434
2. Adjusted operating income	754.9	661.8	88	6,072
3. EBIT (Earnings before interest and taxes)	513.9	183.6	36	1,685
4. Income from continuing operations, before income taxes	516.5	180.2	35	1,654
5. Net income	321.0	127.2	40	1,167
6. Net income attributable to Hitachi, Ltd. stockholders	222.5	87.5	39	804
7. Earnings per share attributable to Hitachi, Ltd. stockholders	(Yen)	(Yen)		(U.S.Dollars)
Basic	230.47	90.71	39	0.83
Diluted	230.25	90.60	39	0.83

Notes: 1. The Company's consolidated financial statements are prepared based on IFRS.

2. "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

3. "EBIT" is presented as income from continuing operations, before income taxes less interest income plus interest charges.

4. The figures are for 814 consolidated subsidiaries and 409 equity-method associates and joint ventures.

5. 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. for 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.

6. On October 1, 2018, the Company completed the share consolidation of every five shares into one share for its common stock. The figures for basic and diluted earnings per share attributable to Hitachi, Ltd. stockholders are calculated on the assumption that the Company conducted this consolidation at the beginning of fiscal 2018.

1. Qualitative Information Concerning Consolidated Business Results

(1) Summary of Fiscal 2019 Consolidated Business Results

	Year ended March 31, 2020		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	8,767.2	(8%)	80,434
Adjusted operating income	661.8	(93.0)	6,072
EBIT	183.6	(330.2)	1,685
Income from continuing operations, before income taxes	180.2	(336.2)	1,654
Income from continuing operations	129.0	(201.1)	1,184
Loss from discontinued operations	(1.7)	+7.3	(16)
Net income	127.2	(193.7)	1,167
Net income attributable to Hitachi, Ltd. stockholders	87.5	(134.9)	804

For fiscal 2019, the Hitachi's consolidated revenues decreased 8% year over year, to 8,767.2 billion yen. In addition to the decrease in revenues due to the COVID-19 impact in all segments, the revenues decreased mainly in Hitachi Metals segment where sales were affected by the decrease in demand for automobile, semiconductor and factory automation, the Other segment where Hitachi Kokusai Electric Inc. was converted to an equity-method associate in June 2018, the Energy segment where revenues from projects related to new nuclear regulations decreased in Nuclear Energy Business Unit, and the Smart Life segment where car information systems business and other businesses were divested in automotive systems business.

Adjusted operating income decreased 93.0 billion yen year over year, to 661.8 billion yen. The decrease was due to the decline in profit in Hitachi Construction Machinery segment and Hitachi Metals segment despite the increase in profit in the Industry segment and the IT segment.

EBIT also decreased 330.2 billion yen year over year, to 183.6 billion yen, mainly due to the loss for the settlement on the South Africa projects conducted by Mitsubishi Hitachi Power Systems and the impairment loss on fixed assets and goodwill in the magnetic materials business of Hitachi Metals segment, in addition to the decrease in adjusted operating income.

Income from continuing operations, before income taxes, decreased 336.2 billion yen year over year, to 180.2 billion yen. After deducting income taxes of 51.2 billion yen, Hitachi posted income from continuing operations of 129.0 billion yen, down 201.1 billion yen year over year. Loss from discontinued operations decreased 7.3 billion yen year over year, to 1.7 billion yen. Net income decreased 193.7 billion yen year over year, to 127.2 billion yen. Net income attributable to Hitachi, Ltd. stockholders decreased 134.9 billion yen year over year, to 87.5 billion yen.

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

Please refer to the presentation material, "Outline of Consolidated Financial Results for Fiscal 2019."

(3) Outlook for Fiscal 2020

	Year ending March 31, 2021		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	7,080.0	(19%)	64,954
Adjusted operating income	372.0	(289.8)	3,413
EBIT	614.0	+430.3	5,633
Income from continuing operations, before income taxes	600.0	+419.7	5,505
Net income	351.0	+223.7	3,220
Net income attributable to Hitachi, Ltd. stockholders	335.0	+247.4	3,073

Reflecting these business environments, Hitachi forecasts the results shown above for fiscal 2020, the year ending March 31, 2021.

Projections for fiscal 2020 assume exchange rates of 105 yen to the U.S. dollar and 120 yen to the euro.

Hitachi will accelerate the global expansion of its Social Innovation Business through collaborative creation with customers, persist with its business structural reforms and pursue efforts to strengthen its business foundations by reviewing its business portfolio, with the aim of achieving sustainable growth.

2. Financial Position

(1) Financial Position

	As of March 31, 2020		
	Yen (billions)	Change from March 31, 2019 (billion yen)	U.S. Dollars (millions)
Total assets	9,930.0	+303.4	91,102
Total liabilities	5,663.3	+451.1	51,957
Interest-bearing debt	1,485.0	+480.2	13,624
Total Hitachi, Ltd. stockholders' equity	3,159.9	(102.6)	28,991
Non-controlling interests	1,106.7	(45.0)	10,154
Cash Conversion Cycle	74.2 days	4.9 days increase	—
Total Hitachi, Ltd. stockholders' equity ratio	31.8%	2.1 points decrease	—
D/E ratio (including non-controlling interests)	0.35 times	0.12 points increase	—

Total assets increased 303.4 billion yen from March 31, 2019, to 9,930.0 billion yen, mainly reflecting the impacts of the adoption of IFRS 16 “Leases” from the beginning of the fiscal year ended March 31, 2020 and M&As such as the acquisitions of JR Automation Technologies, LLC. Interest-bearing debt increased 480.2 billion yen from March 31, 2019, to 1,485.0 billion yen, mainly due to the issuance of unsecured straight bonds in this fiscal year and the impact of the adoption of IFRS 16 “Leases.” As of March 31, 2020, the total Hitachi, Ltd. stockholders' equity decreased 102.6 billion yen from March 31, 2019, to 3,159.9 billion yen. As a result, the total Hitachi, Ltd. stockholders' equity ratio was 31.8%. The debt-to-equity ratio, including non-controlling interests, was 0.35 times and Cash Conversion Cycle was 74.2 days.

(2) Cash Flows

	Year ended March 31, 2020		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	560.9	(49.1)	5,146
Cash flows from investing activities	(525.8)	(362.9)	(4,824)
Free cash flows	35.0	(412.0)	322
Cash flows from financing activities	2.8	+323.2	26

Operating activities provided net cash of 560.9 billion yen, 49.1 billion yen less than in the previous fiscal year, mainly due to the payment regarding the settlement on the South Africa projects conducted by Mitsubishi Hitachi Power Systems, despite the progress made in collecting trade receivables. Investing activities used net cash of 525.8 billion yen, 362.9 billion yen more than in the previous fiscal year, due to an increase in expenditures related to M&As, such as the acquisition of JR Automation Technologies, LLC and Chassis Brakes International B.V. Free cash flows were positive 35.0 billion yen, a decrease of 412.0 billion yen year over year. Financing activities provided net cash of 2.8 billion yen, 323.2 billion yen more than in the previous fiscal year, mainly due to the issuance of unsecured straight bonds in this fiscal year.

Accordingly, cash and cash equivalents were 812.3 billion yen, up 4.7 billion yen from the end of the previous fiscal year.

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.

3. Basic Stance on Accounting Standard Selection

Hitachi, Ltd. applied International Financial Reporting Standards (IFRS), starting with the consolidated financial statements in its annual securities report for fiscal 2014, the year ended March 31, 2015. IFRS was applied in response to globalization, with the primary goal of building a uniform standard for evaluating operating results, standardizing operations, and improving management efficiency of the Hitachi Group.

Consolidated Statement of Profit or Loss

	Years ended March 31			
	Millions of yen		(B)/(A)	Millions of U.S. dollars
	2019 (A)	2020 (B)	(%)	2020
Revenues	9,480,619	8,767,263	92	80,434
Cost of sales	(6,964,635)	(6,396,895)	92	(58,687)
Gross profit	2,515,984	2,370,368	94	21,746
Selling, general and administrative expenses	(1,761,008)	(1,708,485)	97	(15,674)
Adjusted operating income	754,976	661,883	88	6,072
Other income	206,371	51,992	25	477
Other expenses	(442,659)	(570,635)	129	(5,235)
Financial income	13,693	5,768	42	53
Financial expenses	(3,459)	(9,033)	261	(83)
Share of profits (losses) of investments accounted for using the equity method	(15,016)	43,639	—	400
EBIT (Earnings before interest and taxes)	513,906	183,614	36	1,685
Interest income	23,122	20,638	89	189
Interest charges	(20,526)	(23,984)	117	(220)
Income from continuing operations, before income taxes	516,502	180,268	35	1,654
Income taxes	(186,344)	(51,246)	28	(470)
Income from continuing operations	330,158	129,022	39	1,184
Loss from discontinued operations	(9,136)	(1,776)	19	(16)
Net income	321,022	127,246	40	1,167
Net income attributable to:				
Hitachi, Ltd. stockholders	222,546	87,596	39	804
Non-controlling interests	98,476	39,650	40	364

Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders		Yen		U.S.Dollars
Basic	239.93	92.55	39	0.85
Diluted	239.70	92.43	39	0.85
Earnings per share attributable to Hitachi, Ltd. stockholders		Yen		U.S.Dollars
Basic	230.47	90.71	39	0.83
Diluted	230.25	90.60	39	0.83

Note: On October 1, 2018, the Company completed the share consolidation of every five shares into one share for its common stock. The figures for basic and diluted earnings per share attributable to Hitachi, Ltd. stockholders are calculated on the assumption that the Company conducted this consolidation at the beginning of fiscal 2018.

Consolidated Statement of Comprehensive Income

	Years ended March 31			
	Millions of yen		(B)/(A)	Millions of U.S. dollars
	2019 (A)	2020 (B)	(%)	2020
Net income	321,022	127,246	40	1,167
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	(45,356)	(17,207)	38	(158)
Remeasurements of defined benefit plans	(11,881)	(8,396)	71	(77)
Share of OCI of investments accounted for using the equity method	(1,964)	(963)	49	(9)
Total items not to be reclassified into net income	(59,201)	(26,566)	45	(244)
Items that can be reclassified into net income				
Foreign currency translation adjustments	(4,175)	(111,323)	—	(1,021)
Net changes in cash flow hedges	(6,274)	13,173	—	121
Share of OCI of investments accounted for using the equity method	12,009	(13,609)	—	(125)
Total items that can be reclassified into net income	1,560	(111,759)	—	(1,025)
Other comprehensive income (OCI)	(57,641)	(138,325)	240	(1,269)
Comprehensive income	263,381	(11,079)	—	(102)
Comprehensive income attributable to:				
Hitachi, Ltd. stockholders	171,140	(8,465)	—	(78)
Non-controlling interests	92,241	(2,614)	—	(24)

Consolidated Statement of Financial Position

	Millions of yen		(B)-(A)	Millions of U.S. dollars
	As of March 31, 2019 (A)	As of March 31, 2020 (B)		As of March 31, 2020
Assets				
Current assets				
Cash and cash equivalents	807,593	812,331	4,738	7,453
Trade receivables and contract assets	2,399,933	2,260,205	(139,728)	20,736
Inventories	1,356,762	1,408,937	52,175	12,926
Investments in securities and other financial assets	284,267	279,951	(4,316)	2,568
Other current assets	187,238	456,165	268,927	4,185
Total Current assets	5,035,793	5,217,589	181,796	47,868
Non-current assets				
Investments accounted for using the equity method	724,461	480,375	(244,086)	4,407
Investments in securities and other financial assets	568,349	440,514	(127,835)	4,041
Property, plant and equipment	1,956,685	2,165,311	208,626	19,865
Goodwill	561,936	635,927	73,991	5,834
Other intangible assets	398,080	479,794	81,714	4,402
Other non-current assets	381,288	510,571	129,283	4,684
Total Non-current assets	4,590,799	4,712,492	121,693	43,234
Total Assets	9,626,592	9,930,081	303,489	91,102
Liabilities				
Current liabilities				
Short-term debt	111,031	183,303	72,272	1,682
Current portion of long-term debt	185,250	231,237	45,987	2,121
Other financial liabilities	257,792	252,403	(5,389)	2,316
Trade payables	1,406,012	1,270,668	(135,344)	11,658
Accrued expenses	653,676	604,415	(49,261)	5,545
Contract liabilities	553,510	615,096	61,586	5,643
Other current liabilities	438,289	576,056	137,767	5,285
Total Current liabilities	3,605,560	3,733,178	127,618	34,249
Non-current liabilities				
Long-term debt	708,490	1,070,502	362,012	9,821
Retirement and severance benefits	526,688	514,375	(12,313)	4,719
Other non-current liabilities	371,451	345,287	(26,164)	3,168
Total Non-current liabilities	1,606,629	1,930,164	323,535	17,708
Total Liabilities	5,212,189	5,663,342	451,153	51,957
Equity				
Hitachi, Ltd. stockholders' equity				
Common stock	458,790	459,862	1,072	4,219
Capital surplus	463,786	464,795	1,009	4,264
Retained earnings	2,287,587	2,296,208	8,621	21,066
Accumulated other comprehensive income	56,360	(57,070)	(113,430)	(524)
(Foreign currency translation adjustments)	52,166	(30,686)	(82,852)	(282)
(Remeasurements of defined benefit plans)	10,312	1,958	(8,354)	18
(Net changes in financial assets measured at fair value through OCI)	95,725	66,373	(29,352)	609
(Net changes in cash flow hedges)	(101,843)	(94,715)	7,128	(869)
Treasury stock, at cost	(3,920)	(3,809)	111	(35)
Total Hitachi, Ltd. stockholders' equity	3,262,603	3,159,986	(102,617)	28,991
Non-controlling interests	1,151,800	1,106,753	(45,047)	10,154
Total Equity	4,414,403	4,266,739	(147,664)	39,144
Total Liabilities and Equity	9,626,592	9,930,081	303,489	91,102

Notes: "Goodwill" which was included in "Intangible assets" as of March 31, 2019, has been reclassified and separately presented and "Intangible assets" has been renamed to "Other intangible assets."

Consolidated Statement of Changes in Equity

Millions of yen

Year ended March 31, 2019								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of year	458,790	575,809	2,105,395	142,167	(4,137)	3,278,024	1,233,647	4,511,671
Cumulative effects of changes in accounting policies	-	-	3,209	-	-	3,209	(1,406)	1,803
Restated balance	458,790	575,809	2,108,604	142,167	(4,137)	3,281,233	1,232,241	4,513,474
Changes in equity								
Reclassified into retained earnings	-	-	33,683	(33,683)	-	-	-	-
Net income	-	-	222,546	-	-	222,546	98,476	321,022
Other comprehensive income	-	-	-	(51,406)	-	(51,406)	(6,235)	(57,641)
Dividends to Hitachi, Ltd. stockholders	-	-	(77,246)	-	-	(77,246)	-	(77,246)
Dividends to non-controlling interests	-	-	-	-	-	-	(42,968)	(42,968)
Acquisition of treasury stock	-	-	-	-	(231)	(231)	-	(231)
Sales of treasury stock	-	(237)	-	-	448	211	-	211
Changes in non-controlling interests	-	(111,786)	-	(718)	-	(112,504)	(129,714)	(242,218)
Total changes in equity	-	(112,023)	178,983	(85,807)	217	(18,630)	(80,441)	(99,071)
Balance at end of year	458,790	463,786	2,287,587	56,360	(3,920)	3,262,603	1,151,800	4,414,403

Millions of yen

Year ended March 31, 2020								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of year	458,790	463,786	2,287,587	56,360	(3,920)	3,262,603	1,151,800	4,414,403
Cumulative effects of changes in accounting policies	-	-	(2,596)	-	-	(2,596)	(1,075)	(3,671)
Restated balance	458,790	463,786	2,284,991	56,360	(3,920)	3,260,007	1,150,725	4,410,732
Changes in equity								
Reclassified into retained earnings	-	-	15,382	(15,382)	-	-	-	-
Net income	-	-	87,596	-	-	87,596	39,650	127,246
Other comprehensive income	-	-	-	(96,061)	-	(96,061)	(42,264)	(138,325)
Dividends to Hitachi, Ltd. stockholders	-	-	(91,761)	-	-	(91,761)	-	(91,761)
Dividends to non-controlling interests	-	-	-	-	-	-	(47,361)	(47,361)
Acquisition of treasury stock	-	-	-	-	(166)	(166)	-	(166)
Sales of treasury stock	-	(138)	-	-	277	139	-	139
Issuance of new shares	1,072	1,072	-	-	-	2,144	-	2,144
Changes in non-controlling interests	-	75	-	(1,987)	-	(1,912)	6,003	4,091
Total changes in equity	1,072	1,009	11,217	(113,430)	111	(100,021)	(43,972)	(143,993)
Balance at end of year	459,862	464,795	2,296,208	(57,070)	(3,809)	3,159,986	1,106,753	4,266,739

Year ended March 31, 2020								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of year	4,209	4,255	20,987	517	(36)	29,932	10,567	40,499
Cumulative effects of changes in accounting policies	-	-	(24)	-	-	(24)	(10)	(34)
Restated balance	4,209	4,255	20,963	517	(36)	29,908	10,557	40,465
Changes in equity								
Reclassified into retained earnings	-	-	141	(141)	-	-	-	-
Net income	-	-	804	-	-	804	364	1,167
Other comprehensive income	-	-	-	(881)	-	(881)	(388)	(1,269)
Dividends to Hitachi, Ltd. stockholders	-	-	(842)	-	-	(842)	-	(842)
Dividends to non-controlling interests	-	-	-	-	-	-	(435)	(435)
Acquisition of treasury stock	-	-	-	-	(2)	(2)	-	(2)
Sales of treasury stock	-	(1)	-	-	3	1	-	1
Issuance of new shares	10	10	-	-	-	20	-	20
Changes in non-controlling interests	-	1	-	(18)	-	(18)	55	38
Total changes in equity	10	9	103	(1,041)	1	(918)	(403)	(1,321)
Balance at end of year	4,219	4,264	21,066	(524)	(35)	28,991	10,154	39,144

Consolidated Statement of Cash Flows

	Years ended March 31		
	Millions of yen		Millions of U.S. Dollars
	2019	2020	2020
Cash flows from operating activities			
Net Income	321,022	127,246	1,167
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	368,044	433,158	3,974
Impairment losses	344,997	136,993	1,257
Income taxes	183,699	51,244	470
Share of (profits) losses of investments accounted for using the equity method	15,016	(43,639)	(400)
Financial income and expenses	(6,387)	870	8
Net (gain) loss on business reorganization and others	(184,630)	(19,650)	(180)
(Gain) loss on sale of property, plant and equipment	(18,966)	(30,370)	(279)
Change in trade receivables and contract assets	1,793	185,935	1,706
Change in inventories	(149,500)	(143,072)	(1,313)
Change in trade payables	(16,107)	(115,086)	(1,056)
Change in accrued expenses	(14,769)	(47,575)	(436)
Change in retirement and severance benefits	(38,461)	(22,483)	(206)
Other	(29,982)	224,378	2,059
Subtotal	775,769	737,949	6,770
Interest received	22,343	23,607	217
Dividends received	22,710	13,362	123
Interest paid	(22,530)	(24,885)	(228)
Income taxes paid	(188,267)	(189,113)	(1,735)
Net cash provided by (used in) operating activities	610,025	560,920	5,146
Cash flows from investing activities			
Purchase of property, plant and equipment	(382,351)	(322,894)	(2,962)
Purchase of intangible assets	(89,898)	(98,382)	(903)
Proceeds from sale of property, plant and equipment, and intangible assets	61,623	82,539	757
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(72,422)	(237,172)	(2,176)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	306,971	57,624	529
Other	13,205	(7,541)	(69)
Net cash provided by (used in) investing activities	(162,872)	(525,826)	(4,824)
Free cash flows	447,153	35,094	322
Cash flows from financing activities			
Change in short-term debt, net	3,706	80,849	742
Proceeds from long-term debt	87,636	334,919	3,073
Payments on long-term debt	(133,581)	(279,446)	(2,564)
Proceeds from payments from non-controlling interests	5,149	5,004	46
Dividends paid to Hitachi, Ltd. stockholders	(77,194)	(91,699)	(841)
Dividends paid to non-controlling interests	(43,375)	(43,926)	(403)
Acquisition of common stock for treasury	(231)	(166)	(2)
Proceeds from sales of treasury stock	211	139	1
Purchase of shares of consolidated subsidiaries from non-controlling interests	(162,692)	(2,345)	(22)
Other	(55)	(492)	(5)
Net cash provided by (used in) financing activities	(320,426)	2,837	26
Effect of exchange rate changes on cash and cash equivalents	(17,098)	(33,193)	(305)
Change in cash and cash equivalents	109,629	4,738	43
Cash and cash equivalents at beginning of year	697,964	807,593	7,409
Cash and cash equivalents at end of year	807,593	812,331	7,453

Notes: Changes in presentation have been made effective the fiscal year beginning April 1, 2019 for improved clarity. "Change in accrued expenses," which was previously included in "Change in other liabilities," has been reclassified and separately presented. "Change in other assets" and "Change in other liabilities," which were separately presented, have been included in "Other" under cash flows from operating activities.

The consolidated statement of cash flows for the year ended March 31, 2019 has been reclassified in order to reflect these changes in presentation.

Segment Information
(1) Business Segments

	Years ended March 31			
	Millions of yen		(B)/(A) (%)	Millions of U.S. dollars 2020
	2019 (A)	2020 (B)		
IT	2,121,685 20%	2,099,426 22%	99	19,261
Energy	453,997 4%	399,254 4%	88	3,663
Industry	895,406 9%	840,749 9%	94	7,713
Mobility	1,214,157 12%	1,144,447 12%	94	10,500
Smart Life	1,649,357 16%	1,472,992 15%	89	13,514
Hitachi High-Tech	731,103 7%	694,624 7%	95	6,373
Hitachi Construction Machinery	1,033,703 10%	931,347 10%	90	8,544
Hitachi Metals	1,023,421 10%	881,402 9%	86	8,086
Hitachi Chemical	681,025 7%	631,433 7%	93	5,793
Others	561,314 5%	484,830 5%	86	4,448
Subtotal	10,365,168 100%	9,580,504 100%	92	87,895
Corporate items & Eliminations	(884,549)	(813,241)	—	(7,461)
Revenues Total	9,480,619	8,767,263	92	80,434
IT	230,197 30%	249,412 37%	108	2,288
Energy	34,048 5%	13,528 2%	40	124
Industry	20,640 3%	54,750 8%	265	502
Mobility	92,625 12%	92,325 14%	100	847
Smart Life	64,932 9%	58,628 9%	90	538
Hitachi High-Tech	66,703 9%	60,341 9%	90	554
Hitachi Construction Machinery	115,772 15%	75,549 11%	65	693
Hitachi Metals	51,427 7%	14,383 2%	28	132
Hitachi Chemical	48,554 6%	35,213 5%	73	323
Others	31,337 4%	22,360 3%	71	205
Subtotal	756,235 100%	676,489 100%	89	6,206
Corporate items & Eliminations	(1,259)	(14,606)	—	(134)
Adjusted operating income Total	754,976	661,883	88	6,072
IT	212,607 46%	214,449 127%	101	1,967
Energy	(298,041) (64%)	(375,781) (223%)	—	(3,448)
Industry	19,112 4%	57,858 34%	303	531
Mobility	127,455 27%	112,349 67%	88	1,031
Smart Life	116,981 25%	29,548 17%	25	271
Hitachi High-Tech	64,223 14%	60,468 36%	94	555
Hitachi Construction Machinery	104,515 23%	70,515 42%	68	647
Hitachi Metals	45,343 10%	(57,274) (34%)	—	(525)
Hitachi Chemical	41,109 9%	24,806 15%	60	228
Others	30,253 6%	31,294 19%	103	287
Subtotal	463,557 100%	168,268 100%	36	1,544
Corporate items & Eliminations	50,349	15,346	—	141
EBIT Total	513,906	183,614	36	1,685

Notes: 1. Revenues by business segment include intersegment transactions.

2. Effective from April 1, 2019, the company reclassify its reportable segments. Accordingly, figures for the year ended March 31, 2019 have been restated on the basis of the reclassification.

3. The Company has changed its segment name from High-technologies segment to High-tech segment effective from February, 2020. This change in segment name does not affect segment information.

(2) Revenues by Market

	Years ended March 31			
	Millions of yen		(B)/(A) (%)	Millions of U.S. dollars 2020
	2019 (A)	2020 (B)		
Japan	4,664,535 49%	4,529,095 52%	97	41,551
Asia	2,019,598 21%	1,767,537 20%	88	16,216
North America	1,205,628 13%	1,102,987 13%	91	10,119
Europe	1,018,542 11%	924,499 10%	91	8,482
Other Areas	572,316 6%	443,145 5%	77	4,066
Overseas Revenues Subtotal	4,816,084 51%	4,238,168 48%	88	38,882
Total Revenues	9,480,619 100%	8,767,263 100%	92	80,434

Notes

(1) Notes Regarding Going Concern

Not applicable.

(2) Changes in Accounting Policies

Adoption of IFRS 16 “Leases”

From the beginning of the fiscal year ended March 31, 2020, the Company has adopted IFRS 16 “Leases” (IFRS 16).

As a transitional measure upon the adoption of IFRS 16, the Company applies this standard and a method of recognizing the cumulative effect of the initial application as an adjustment to the beginning balance of retained earnings at the date of initial application. The impact of adopting IFRS 16 on the consolidated statement of financial position at the beginning of the current consolidated fiscal year includes an increase in assets of 218,161 million yen associated with the recognition of right-of-use assets, an increase in liabilities of 221,832 million yen associated with the recognition of lease liabilities, and a decrease in equity of 3,671 million yen associated with the recognition of an adjustment to the beginning balance of retained earnings at the date of initial application. The impact on the consolidated statement of profit or loss is not material. In addition, with respect to the consolidated statement of cash flows, while lease payments for operating leases were previously included in cash flows from operating activities, adjustments for depreciation expense for right-of-use assets are included in cash flows from operating activities and payments of lease liabilities are included in cash flows from financing activities as a result of adopting IFRS 16; therefore, compared with the previous accounting standard, cash flows from operating activities increase while cash flows from financing activities decrease.

(3) Subsequent Events

(a) Sale of all shares of Hitachi Chemical Company, Ltd. (hereinafter “Hitachi Chemical”)

On December 18, 2019, the Company signed a tender offer agreement with Showa Denko K.K. (hereinafter “Showa Denko”) and HC Holdings K.K. (hereinafter “HC Holdings”), a wholly-owned subsidiary of Showa Denko, under which the Company agrees to tender all shares of common stock in Hitachi Chemical held by the Company, in response to a tender offer to be carried out by HC Holdings for the shares of common stock of Hitachi Chemical, a consolidated subsidiary of the Company in the Hitachi Chemical segment. HC Holdings commenced the tender offer on March 24, 2020, and the tender offer was completed on April 20, 2020. The consideration to be received by the Company was 495,145 million yen.

As a result, the Company’s ownership ratio of shares of Hitachi Chemical decreased from 51.4% to 0%, and Hitachi Chemical was deconsolidated. An expected gain on the sale of shares of Hitachi Chemical in the amount of 279 billion yen will be recognized in Other income in the consolidated statement of profit or loss. Furthermore, non-controlling interest in Hitachi Chemical will decrease approximately 220 billion yen in the consolidated statement of changes in equity as a result of its deconsolidation.

(b) Additional acquisition of shares of Hitachi High-Tech Corporation (hereinafter “Hitachi High-Tech”)

On January 31, 2020, the Company decided to conduct a tender offer to acquire all issued shares of Hitachi High-Tech, a consolidated subsidiary of the Company in the Hitachi High-Tech segment, to establish the measurement and analysis platform to strengthen Lumada. The Company commenced the tender offer on February 17, 2020, and the tender offer was completed on April 6, 2020.

Furthermore, the Company conducted a series of procedures to make Hitachi High-Tech a wholly-owned subsidiary of the Company. As a result, the Company's ownership ratio of shares of Hitachi High-Tech increased to 100% on May 20, 2020. The total consideration paid was 531,118 million yen, and the Company recognized a decrease in the total of capital surplus and non-controlling interest by the same amount as the consideration during the three months ending June 30, 2020.

(4) Settlement regarding the South African project

At the meeting of the Board of Directors held on December 18, 2019, the Company approved a settlement with Mitsubishi Heavy Industries, Ltd. (hereinafter "MHI") regarding the transfer price adjustment, etc. for the South African project previously in the process of arbitration based on economic rationality and business strategy, etc., and reached a settlement agreement with MHI on the same day. As a result of the conclusion of this settlement, it was agreed that all common shares of Mitsubishi Hitachi Power Systems, Ltd. (hereinafter "MHPS") held by the Company would be transferred to MHI, and the Company would pay 130,000 million yen to MHI comprising a settlement payment of 200,000 million yen offset by a consideration of 70,000 million yen in loans receivable to Mitsubishi Hitachi Power Systems Africa Proprietary Limited (hereinafter "MHPS Africa") to be transferred to MHI. Accordingly, the Company recorded other accounts payable of 200,000 million yen related to the settlement payment to MHI and other provision of 273,272 million yen related to the transfer of shares of MHPS. The Company also reversed the provision of 105,041 million yen related to the transfer price adjustment, etc. of the South African project, which had been recorded prior to the conclusion of this agreement. As a result of the above, the Energy segment recorded a loss of 375,967 million yen due to the settlement, which is included in Other expenses in the consolidated statement of profit or loss for the year ended March 31, 2020. Other provision related to this agreement is included in Other current liabilities in the consolidated statement of financial position as of March 31, 2020, and the change in the provisions, including the reversal of the provision related to the transfer price adjustment, etc. of the South African project, which had been recorded prior to the conclusion of this agreement, is included in Other under cash flows from operating activities in the consolidated statement of cash flows for the year ended March 31, 2020. The shares of MHPS will be delivered to MHI as soon as the procedures required for the transfer are completed. Regarding the assets to be transferred to MHI under this agreement, the shares of MHPS previously included in Investments accounted for using the equity method and the loans receivable to MHPS Africa previously included in Investments in securities and other financial assets classified as non-current assets in the consolidated statement of financial position, the total of which was 333,614 million yen, were reclassified to Other current assets in the consolidated statement of financial position since they met the criteria as held-for-sale assets in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations." Furthermore, on March 30, 2020, the Company transferred to MHI, the loans receivable to MHPS Africa, and paid 130,000 million yen to MHI comprising the settlement payment offset by the consideration in loans receivable. As of March 31, 2020, the corresponding amount of assets meeting the criteria as held-for-sale assets included in Other current assets is 263,614 million yen.

Per share information

	Years ended March 31		
	2019	2020	2020
	(Yen)	(Yen)	(U.S.Dollars)
Hitachi, Ltd. stockholders' equity per share	3,378.81	3,270.43	30.00
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders			
Basic	239.93	92.55	0.85
Diluted	239.70	92.43	0.85
Earnings per share from discontinued operations, attributable to Hitachi, Ltd. stockholders			
Basic	(9.46)	(1.84)	(0.02)
Diluted	(9.45)	(1.84)	(0.02)
Earnings per share attributable to Hitachi, Ltd. stockholders			
Basic	230.47	90.71	0.83
Diluted	230.25	90.60	0.83

The reconciliations of the numbers and the amounts used in the basic and diluted earnings per share attributable to Hitachi, Ltd. stockholders computations are as follows:

	Years ended March 31		
	2019	2020	2020
	(Number of shares)	(Number of shares)	
Weighted average number of shares on which basic earnings per share is calculated	965,630,489	965,708,920	
Effect of dilutive securities			
Stock options	911,653	832,420	
Restricted stock	-	339,060	
Number of shares on which diluted earnings per share is calculated	966,542,142	966,880,400	
	(Millions of yen)	(Millions of yen)	(Millions of U.S. dollars)
Net income from continuing operations, attributable to Hitachi, Ltd. stockholders			
Basic	231,682	89,372	820
Effect of dilutive securities	-	-	-
Diluted	231,682	89,372	820
Net loss from discontinued operations, attributable to Hitachi, Ltd. stockholders			
Basic	(9,136)	(1,776)	(16)
Effect of dilutive securities	-	-	-
Diluted	(9,136)	(1,776)	(16)
Net income attributable to Hitachi, Ltd. stockholders			
Basic	222,546	87,596	804
Effect of dilutive securities	-	-	-
Diluted	222,546	87,596	804

Note: On October 1, 2018, the Company completed the share consolidation of every five shares into one share for its common stock. The figures for Hitachi, Ltd. stockholders' equity per share and basic and diluted earnings per share attributable to Hitachi, Ltd. stockholders are calculated on the assumption that the Company conducted this consolidation at the beginning of fiscal 2018.

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