



Outline of Consolidated Financial Results for the First Quarter Ended June 30, 2020

[Fiscal 2020]

July 30, 2020

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Senior Vice President and Executive Officer, CFO
Hitachi, Ltd.

1

Unchanged assumption of the COVID-19 impact calculation

2

Five sectors, especially IT segment, remained firm

- Q1 FY20 adjusted operating income ratio excl. COVID-19 impact was 6.6%

3

Accelerate digital transformation through continuous strategic investment in the expansion of the Lumada business

4

Hitachi ABB Power Grids established,
reviewed FY20 Hitachi consolidated forecast

- Maintain previous consolidated forecast of adjusted operating income, EBIT and net income attributable to Hitachi, Ltd. stockholders, offsetting related costs generated with the establishment of the joint venture company with upward revision of Industry and Mobility segments

5

Enhanced cash flows management, secured sufficient liquidity

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1. Q1 FY2020 Results
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3. Power Grids Business
4. Financial Results and Forecasts by Business Segments
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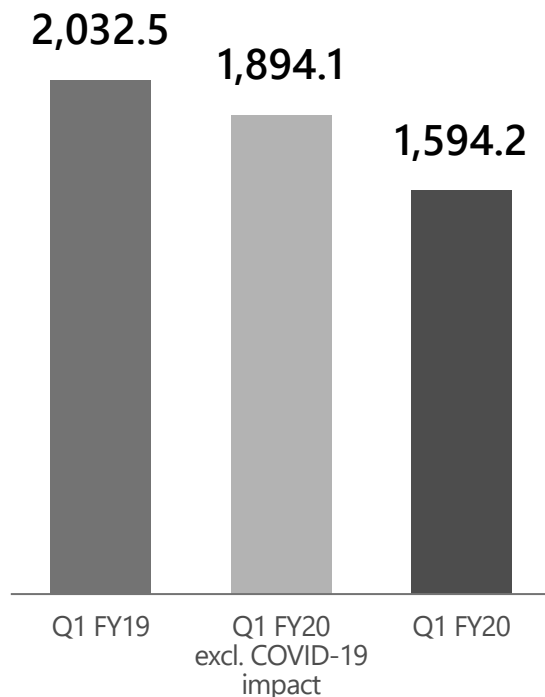


1. Q1 FY2020 Results

Revenues

YoY 22% down

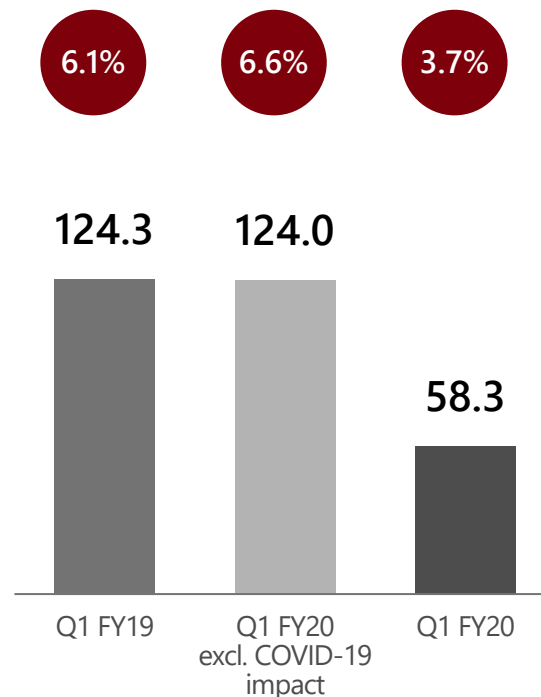
Due to the COVID-19 impact and the divestiture of Hitachi Chemical, revenues decreased as a whole, while revenues increased in Energy and Industry segments



Adjusted operating income*1

YoY 2.4 points decrease
(Income ratio)

Adjusted operating income decreased, mainly in Smart Life segment, Hitachi Construction Machinery and Hitachi Metals



● Adjusted operating income ratio Billions of yen

COVID-19 impact

Revenues (299.8bn yen)
Adjusted operating income (65.7bn yen)
EBIT*2 (73.6bn yen)

Revenues of Lumada business

219.0bn yen (YoY (10%))

EBIT

340.4bn yen (YoY +157.9bn yen)

Net income attributable to Hitachi, Ltd. stockholders

223.2bn yen (YoY +102.9bn yen)

EBITDA*3

439.1bn yen (YoY +152.5bn yen)

Cash flows from operating activities

153.7bn yen (YoY +74.9bn yen)

Results by Five Sectors and Listed Subsidiaries

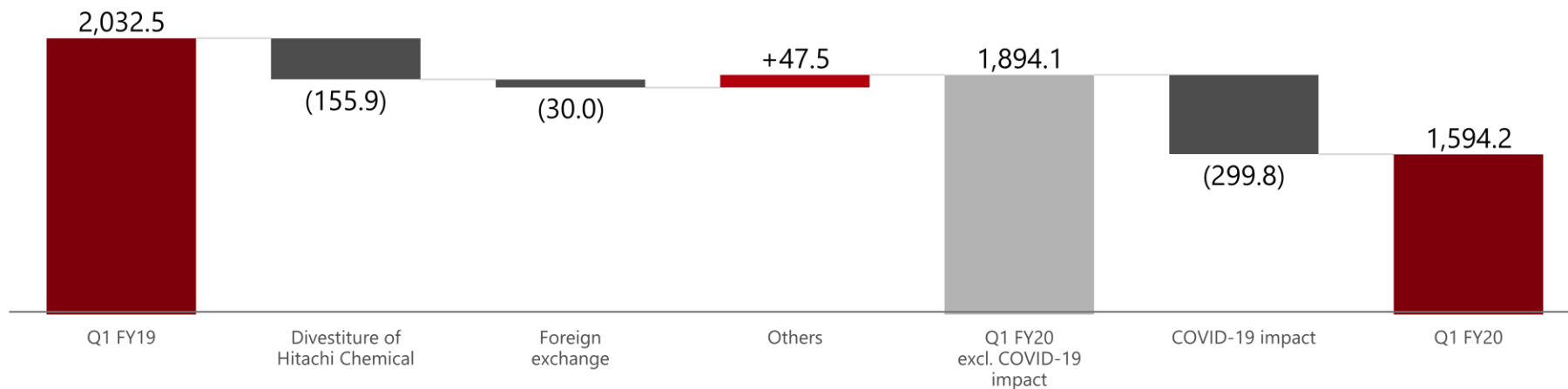
Revenues decreased in five sectors and listed subsidiaries, due to the COVID-19 impact and the divestiture of Hitachi Chemical, which brought gains of 278.8 bn yen. Five sectors, especially IT segment, remained firm, with 1Q FY20 adjusted operating income ratio (excl. COVID-19 impact) of 6.6%

Billions of yen	Five sectors* ⁴ [IT, Energy, Industry, Mobility, Smart Life]		Listed subsidiaries* ⁵ [Hitachi Construction Machinery, Hitachi Metals]		Total	
	Excl. COVID-19 impact		Excl. COVID-19 impact		Excl. COVID-19 impact	
Revenues	1,471.3	1,269.3	422.7	324.9	1,894.1	1,594.2
YoY	105%	90%	68%	52%	93%	78%
Adjusted operating income	97.6	62.9	26.4	(4.6)	124.0	58.3
YoY	+8.8	(25.8)	(9.1)	(40.1)	(0.2)	(66.0)
Adjusted operating income ratio	6.6%	5.0%	6.3%	(1.4%)	6.6%	3.7%
YoY	+0.3 points	(1.3 points)	+0.6 points	(7.1 points)	+0.5 points	(2.4 points)
EBIT	387.2	344.6	26.7	(4.2)	414.0	340.4
YoY	+240.2	+197.6	(8.6)	(39.7)	+231.5	+157.9
EBIT ratio	26.3%	27.2%	6.3%	(1.3%)	21.9%	21.4%
YoY	+15.9 points	+16.8 points	+0.6 points	(7.0 points)	+12.9 points	+12.4 points
Net income attributable to Hitachi, Ltd. stockholders	—	225.0	—	(1.7)	—	223.2
YoY	—	+116.0	—	(13.0)	—	+102.9

Factors Affecting Changes in Revenues and Adjusted Operating Income (Total)

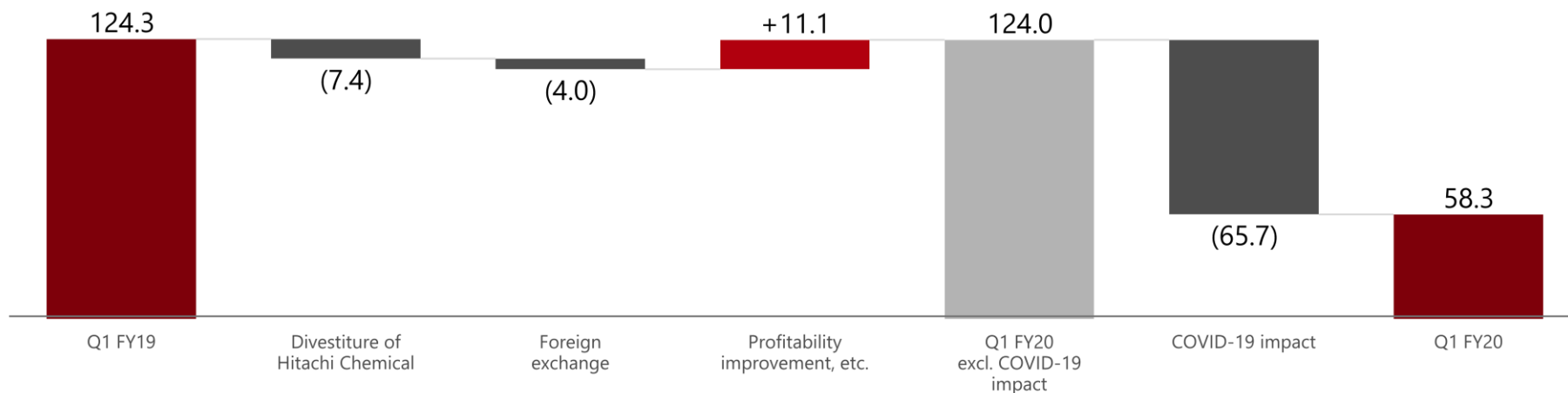
Revenues

Billions of yen



Adjusted operating income

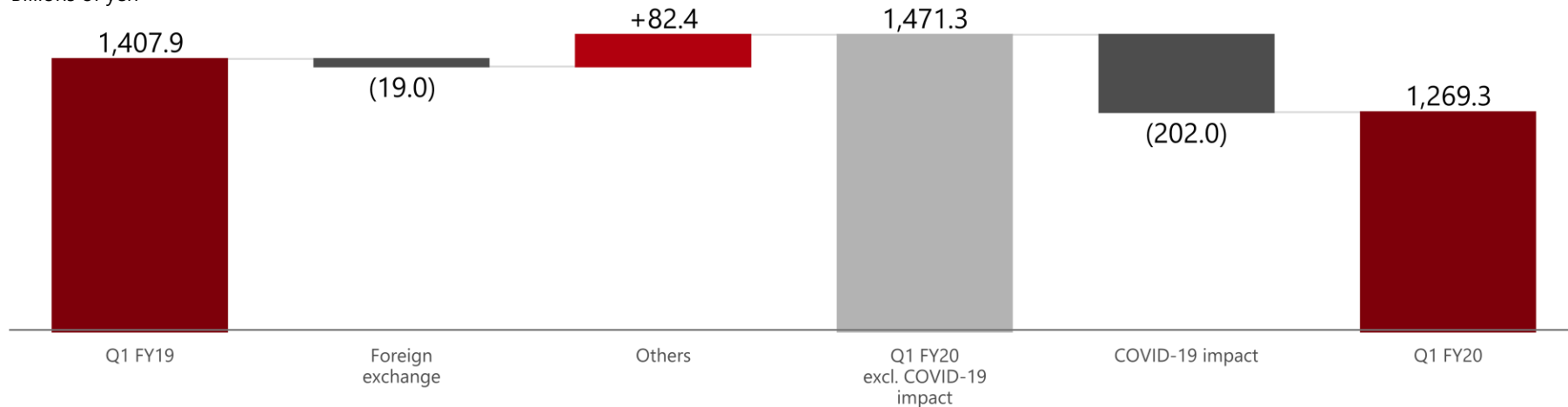
Billions of yen



Factors Affecting Changes in Revenues and Adjusted Operating Income (Five Sectors)

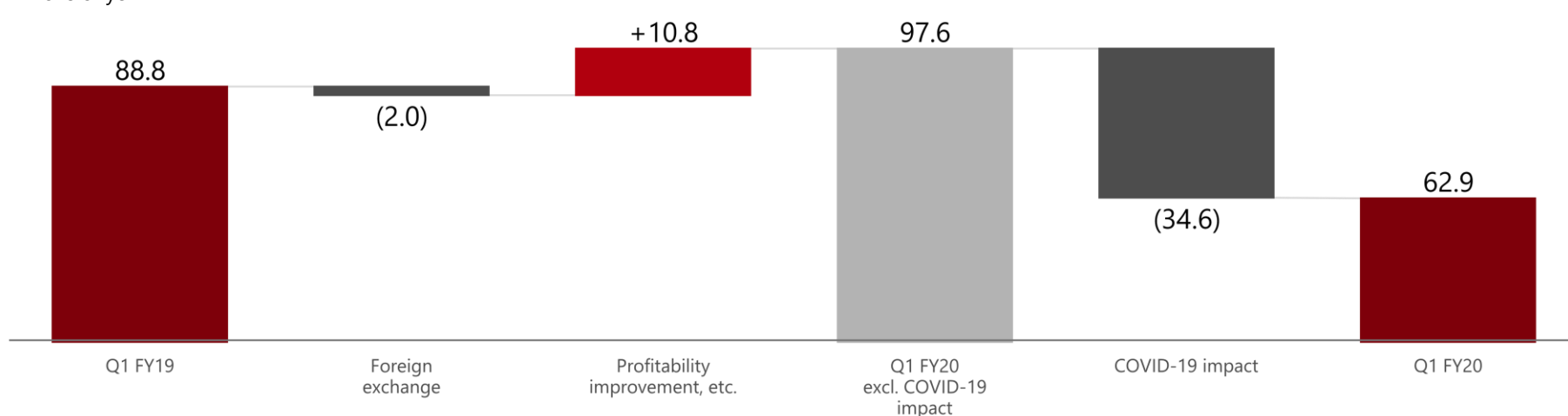
Revenues

Billions of yen



Adjusted operating income

Billions of yen



Summary of Consolidated Financial Position

Billions of yen	As of March 31, 2020	As of June 30, 2020	Change from March 31, 2020
Total assets	9,930.0	10,160.5	+230.4
Cash and cash equivalents	812.3	1,851.0	+1,038.7
Trade receivables and contract assets	2,260.2	1,743.6	(516.5)
Total liabilities	5,663.3	6,459.6	+796.3
Interest-bearing debt	1,485.0	2,441.2	+956.1
Total Hitachi, Ltd. stockholders' equity	3,159.9	3,036.5	(123.4)
Non-controlling interests	1,106.7	664.3	(442.4)
Cash Conversion Cycle	74.2 days	63.9 days	(10.3 days)
Total Hitachi, Ltd. stockholders' equity ratio	31.8%	29.9%	(1.9 points)
D/E ratio	0.35 times	0.66 times	+0.31 points

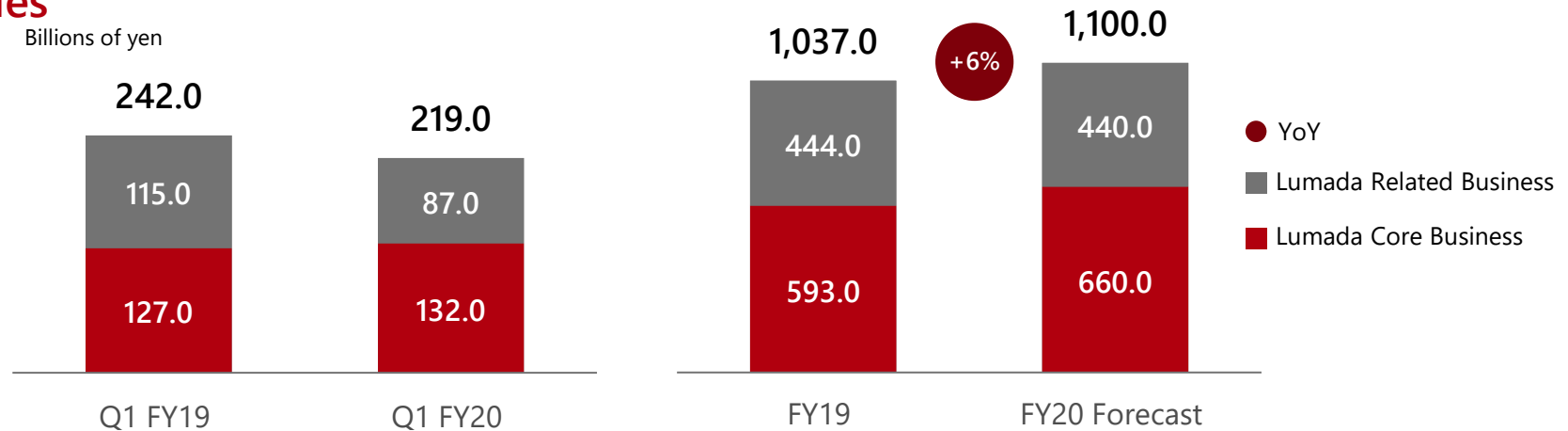
Summary of Consolidated Statement of Cash Flows

Billions of yen	Q1 FY2019	Q1 FY2020	YoY
Cash flows from operating activities	78.8	153.7	+74.9
Cash flows from investing activities	(105.1)	357.4	+462.5
Free cash flows	(26.2)	511.2	+537.5
Core free cash flows* ⁶	(19.8)	80.7	+100.5

Revenues increase in Lumada Core Business, despite the revenues decrease in Lumada Related Business due to the COVID-19 impact
Continue strategic investment in the expansion of the Lumada business

Revenues

Billions of yen



Expansion of Lumada Business

- Hitachi Vantara named Gajen Kandiah, former president of Cognizant's multi-billion-dollar Digital Business, as its new CEO. He will drive global penetration and business acceleration with an integrated suite of customer- and industry-centric digital solutions
- Formed a strategic alliance with Microsoft to advance next-generation digital solutions for manufacturing and logistics across Southeast Asia, North America and Japan
- Launched "Hitachi Global Data Integration" service, which offers support for companies' global IoT businesses, ranging from preparing and managing telecommunication lines to providing a platform for collecting, storing and utilizing data
- Started operation of business planning and execution support solution for production and sales in chemicals business of Daikin Industries, Ltd.
- Started collaborative creation to promote digital transformation in Teijin's R&D for advanced materials

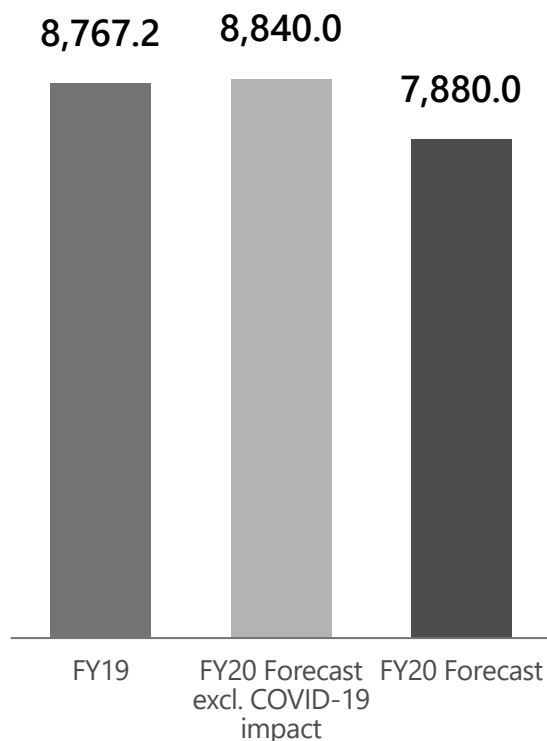
2. FY2020 Forecast

Revenues

YoY 10% down

Previous forecast comparison
11% up

Revenues decreased YoY due to the COVID-19 impact and the deconsolidation of Hitachi Chemical. Revenue increase from previous forecast due to the establishment of Hitachi ABB Power Grids

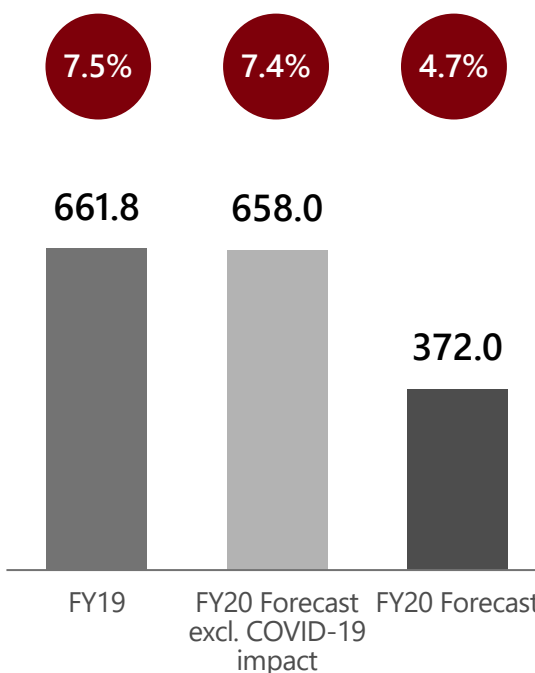


Adjusted operating income

YoY 2.8 points decrease
(Income ratio)

Previous forecast comparison
0.6 points decrease
(Income ratio)

Maintain profit by offsetting amortization, etc. generated by the establishment of Hitachi ABB Power Grids, with upward revision of Industry and Mobility segments due to the decrease in the COVID-19 impact



● Adjusted operating income ratio Billions of yen

COVID-19 impact

Revenues (960.0bn yen)
Adjusted operating income (286.0bn yen)
EBIT (357.0bn yen)

EBIT

614.0bn yen
(YoY +430.3bn yen)
(Previous forecast comparison ±0.0bn yen)

Net income attributable to Hitachi, Ltd. stockholders

335.0bn yen
(YoY +247.4bn yen)
(Previous forecast comparison ±0.0bn yen)

EBITDA

1,097.0bn yen
(YoY +477.9bn yen)
(Previous forecast comparison +76.0bn yen)

Cash flows from operating activities

500.0bn yen
(YoY (60.9)bn yen)
(Previous forecast comparison ±0.0bn yen)

Assumed foreign exchange rate

105 yen / U.S. dollar
120 yen / Euro

Forecast by Five Sectors and Listed Subsidiaries

Revenues declined due to the COVID-19 impact and the deconsolidation of Hitachi Chemical
Focus on profitability improvement by accumulating orders and cost reduction

Billions of yen	Five sectors [IT, Energy, Industry, Mobility, Smart Life]		Listed subsidiaries [Hitachi Construction Machinery, Hitachi Metals]		Total	
	Excl. COVID-19 impact		Excl. COVID-19 impact		Excl. COVID-19 impact	
Revenues	7,060.0	6,360.0	1,780.0	1,520.0	8,840.0	7,880.0
YoY	110%	101%	72%	62%	99%	90%
Adjusted operating income	537.0	338.0	121.0	34.0	658.0	372.0
YoY	(34.5)	(198.7)	(16.3)	(91.1)	(50.8)	(289.8)
Adjusted operating income ratio	7.6%	5.3%	6.8%	2.2%	7.4%	4.7%
YoY	(1.3 points)	(3.2 points)	+1.3 points	(2.9 points)	(0.6 points)	(2.8 points)
EBIT	861.0	590.0	110.0	24.0	971.0	614.0
YoY	+676.3	+444.4	+59.1	(14.0)	+735.4	+430.3
EBIT ratio	12.2%	9.3%	6.2%	1.6%	11.0%	7.8%
YoY	+9.3 points	+7.0 points	+4.2 points	±0.0 point	+8.4 points	+5.7 points
Net income attributable to Hitachi, Ltd. stockholders	—	331.5	—	3.5	—	335.0
YoY	—	+242.7	—	+4.6	—	+247.4

Adjusted EBITA⁽¹⁾ ratio excluding COVID-19 impact is expected to be 7.8%, while the related costs, including acquisition-related amortization, generated temporarily during the joint venture establishment period

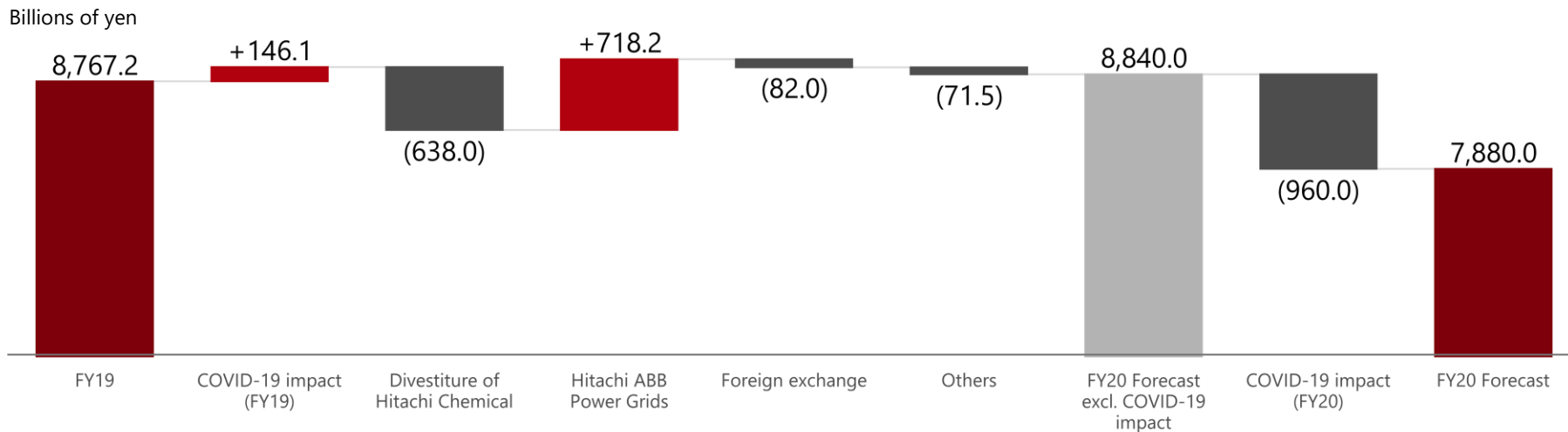
Billions of yen	Hitachi ABB Power Grids		Related costs		Total
	Excl. COVID-19 impact	Forecast	Structural reform expenses, etc.	Acquisition-related amortization ⁽²⁾	Forecast
Revenues	718.2	693.0	—	—	693.0
Adjusted operating income	54.5	43.7	(15.9)	(60.5)	(32.7)
Adjusted operating income ratio	7.6%	6.3%	—	—	—
EBIT	54.5	43.7	(26.0)	(60.5)	(42.8)
EBIT ratio	7.6%	6.3%	—	—	—
Adjusted EBITA	56.0	45.2	(15.9)	0.0	29.3
Adjusted EBITA ratio	7.8%	6.5%	—	—	—
EBITDA	72.8	62.0	(25.8)	0.0	36.2
EBITDA ratio	10.1%	8.9%	—	—	—

(1) Adjusted EBITA: adjusted operating income less acquisition-related amortization

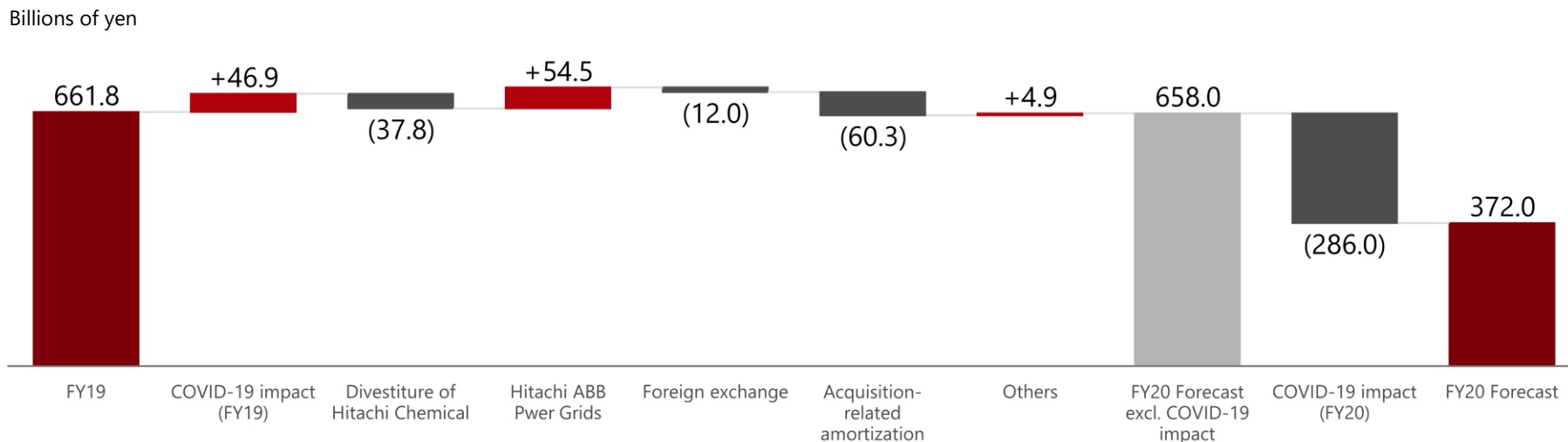
(2) Acquisition-related amortization: amortization and depreciation of intangible assets and other assets allocated from goodwill recognized through fair-value evaluation of an acquired company's assets and liabilities. This cost is a non-cash cost and included in the purchase price for the company. Acquisition-related amortization regarding Hitachi ABB Power Grids is a pro forma cost calculated based on the asset amount assumed when Hitachi determined the acquisition of power grid business

Factors Affecting Changes in Revenues and Adjusted Operating Income (Total)

Revenues

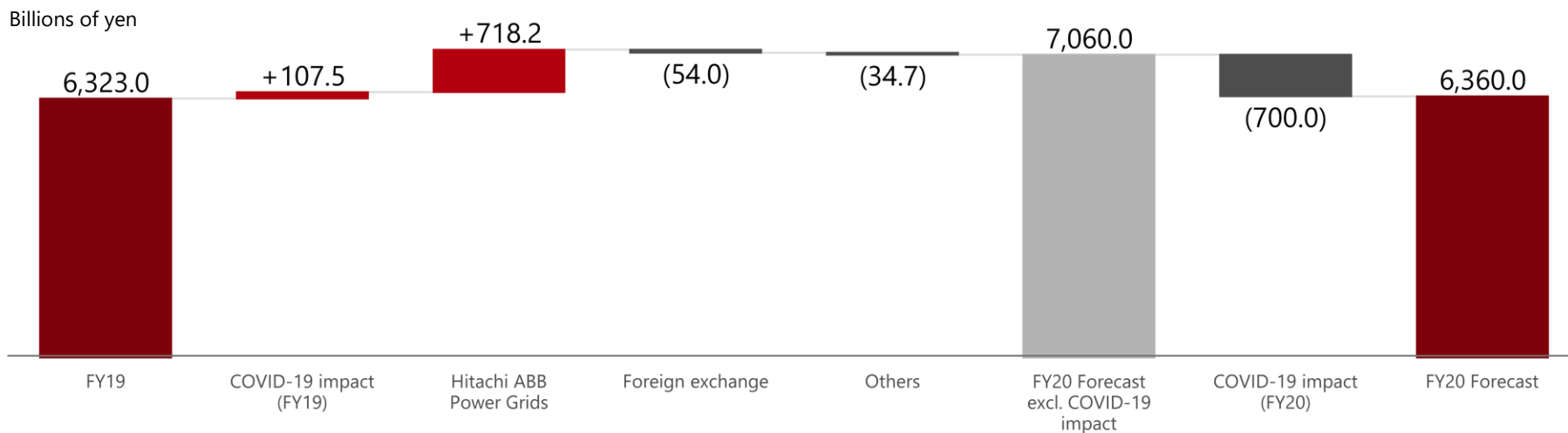


Adjusted operating income

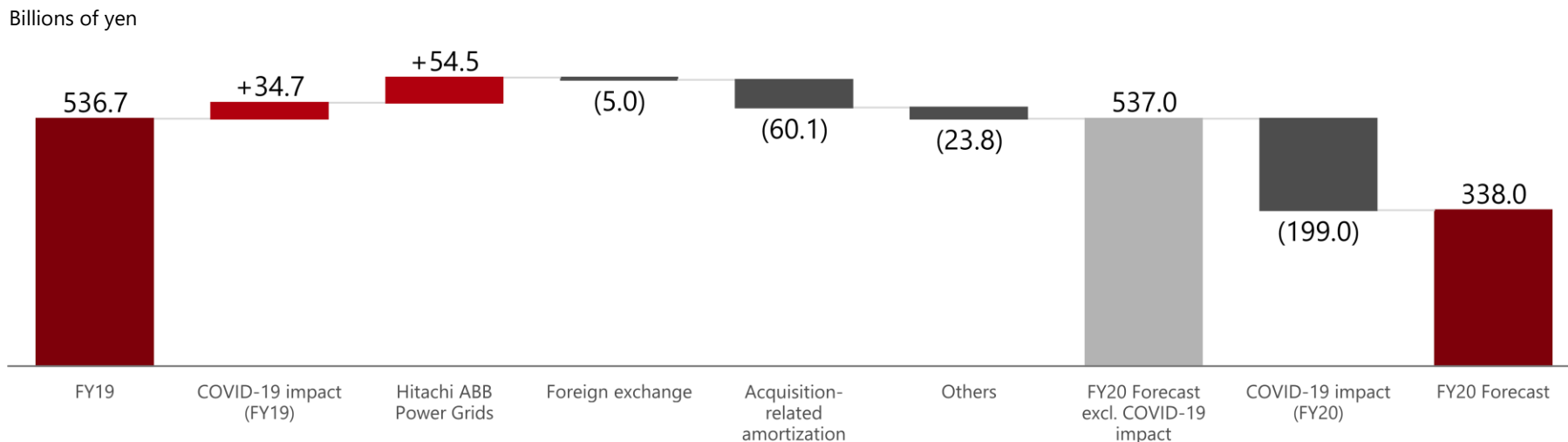


Factors Affecting Changes in Revenues and Adjusted Operating Income (Five Sectors)

Revenues



Adjusted operating income



3. Power Grids Business

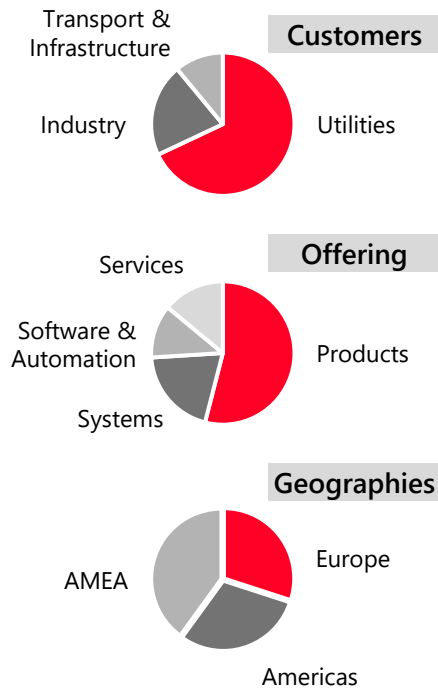
Claudio Facchin

CEO

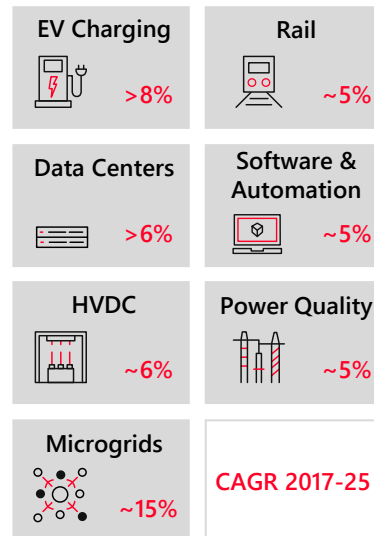
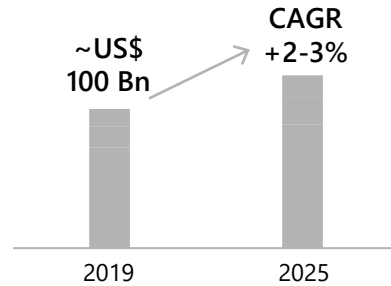
Hitachi ABB Power Grids Ltd

Well positioned...

- ~US\$10 Bn Business Volume
- ~36,000 employees
- ~90 countries, 115 factories: 200 offices
- World's largest installed base



in attractive markets...



Transformation underway...

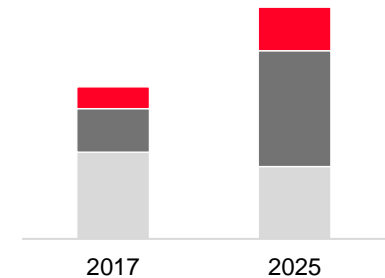
3 pillars

- Becoming a growth engine**
World-class front end performance
- Sharpening our winning portfolio & business models**
Service penetration & digitalization
- Driving world-class execution**
Industry leading performance, cost efficiency & quality

2 Foundations

- Innovation
- People

...to deliver profitable and sustainable growth



- Consultancy, Service, Software
- Digitalized products and systems (incl. automation)
- Conventional products and systems

Strengthen #1 position & grow faster than the market

Challenges and Response

- Short-term COVID-19 crisis impacts energy sector:
 - Oil & Gas/other energy sources hit - renewables only exception
 - Power consumption fall during lockdown hurts utilities
 - YoY global energy investment could plummet by 20% (~ \$400bn)⁽¹⁾ IEA calls for 3 trillion investment
 - Unprecedented reduction in carbon emissions
- Central Banks & Governments have unleashed **US\$15 trillion** of stimulus packages to boost economy⁽²⁾
- Stimulus packages can help accelerate green energy transition and decarbonization – electricity will be key

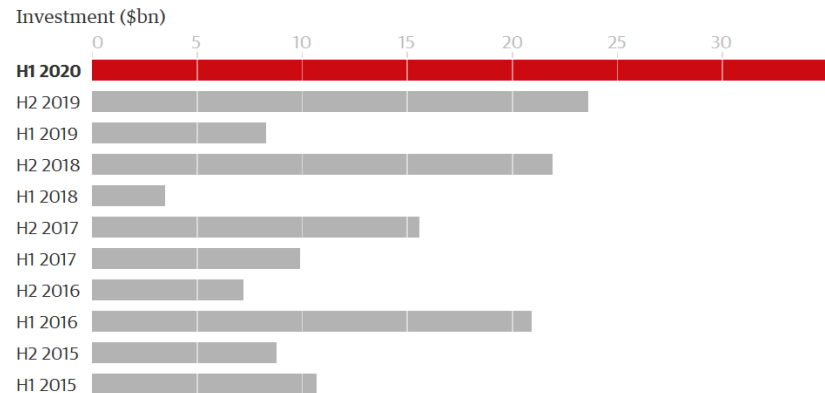


Opportunities

- Renewable integration
- HVDC Interconnections
- Offshore Grids
- Grid digitalization
- Grid upgrades and Power Quality
- Grid capacity, resilience, efficiency, reliability
- Smart sector integration (e.g. e-mobility)
- Microgrids & Grid-edge solutions
- Technology push (e.g. Storage, Hydrogen)

Example of Opportunity

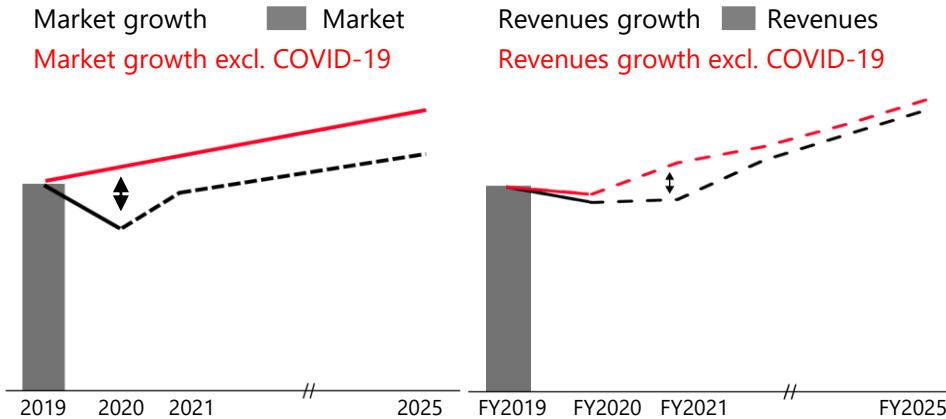
Global offshore wind investments reached fresh highs of \$34.9bn in the first half of 2020, despite the Covid-19 economic shock



(1) IEA World Energy Investment Report 2020
(2) Reuters

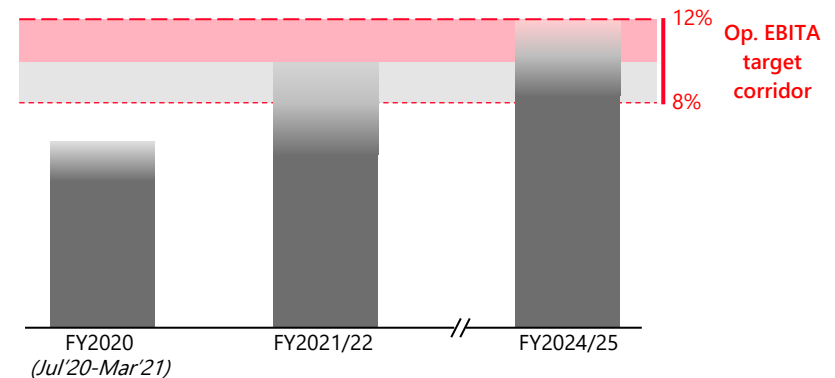
Guardian graphic | Source: BloombergNEF

Market and Revenues development



Short-term COVID-19 market impact will negatively affect 2020 order intake, resulting in revenue delays by ~18 months. Fundamental market drivers intact - trajectory & ambition level unchanged.

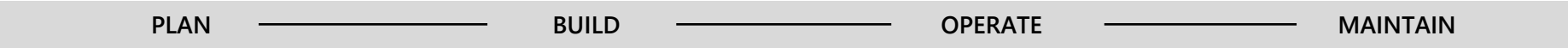
Earnings development (margin)



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

- Hitachi ABB Power Grids is in an attractive market as electricity demand continues to grow
The Grid is at the center of an unprecedented power sector transformation
- COVID-19 has resulted in a market dip as governments focus on health and relief measures, resulting in postponement of some projects
- We are cautiously optimistic of a recovery from mid 2021, subject to the virus being addressed and effective stimulus measures focusing on a green energy transition
- 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

Hitachi ABB Power Grids – Well positioned



Products and components
Broadest portfolio and footprint



Systems
Technology and innovation leader



Software and automation
Deepest application know-how



Service
Largest installed base



Global Technology and Market Leader with a combined pioneering innovation heritage of 2.5 centuries
Bringing together the world's leading energy and digital platforms



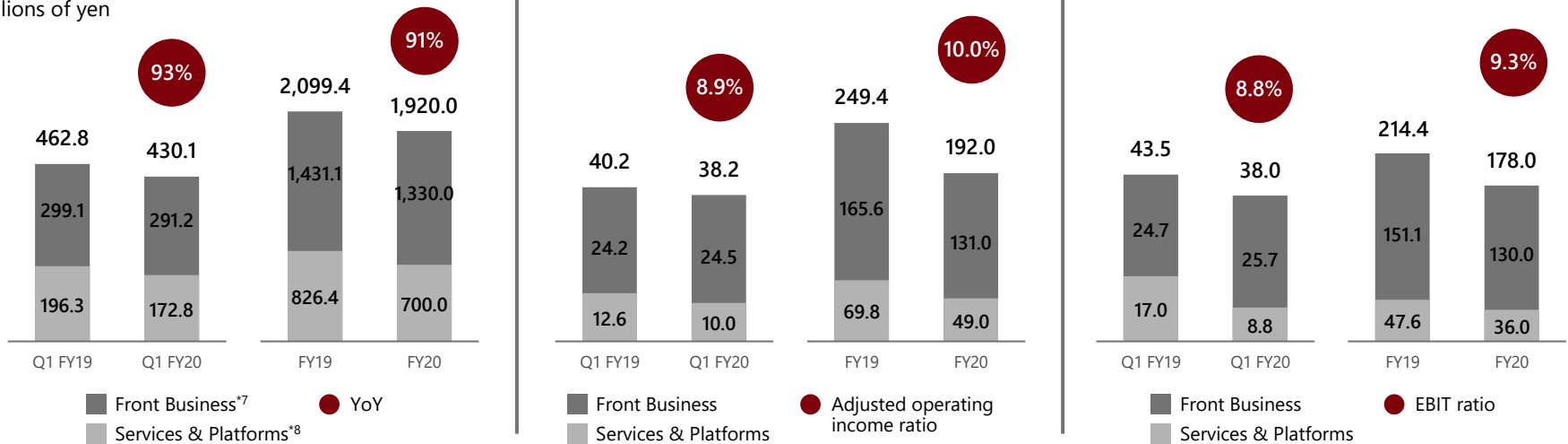
Powering good for a sustainable energy future, with pioneering and digital technologies, as the partner of choice for enabling a stronger, smarter and greener grid.

4. Financial Results and Forecasts by Business Segments

Secured profitability through cost structure improvement, despite revenue decline due to the reactionary decrease in the IT service business in Q1 FY20

Aim to secure adjusted operating income ratio of 10 % despite the COVID-19 impact in FY20

Billions of yen



Revenues

Q1 FY2020

430.1bn yen (YoY 93%)

- ⊖ COVID-19 impact
- ⊖ Reactionary decrease in IT service business (including projects for one-time demand)

Adjusted operating income

38.2bn yen (YoY (1.9bn yen))

- ⊖ Decrease in revenues
- ⊕ Secured profitability by improved cost structure

EBIT

38.0bn yen (YoY (5.4bn yen))

- ⊖ Decrease in adjusted operating income
- ⊖ Decrease in gains from selling lands of former production base in Q1 FY19

FY2020 Forecast: No change from previous forecast

1,920.0bn yen (YoY 91%)

- ⊖ COVID-19 impact
- ⊖ Reactionary decrease in IT service business (including projects for one-time demand)

192.0bn yen (YoY (57.4bn yen))

- ⊖ Decrease in revenues
- ⊖ Continuous strategic investment in the expansion of the Lumada business

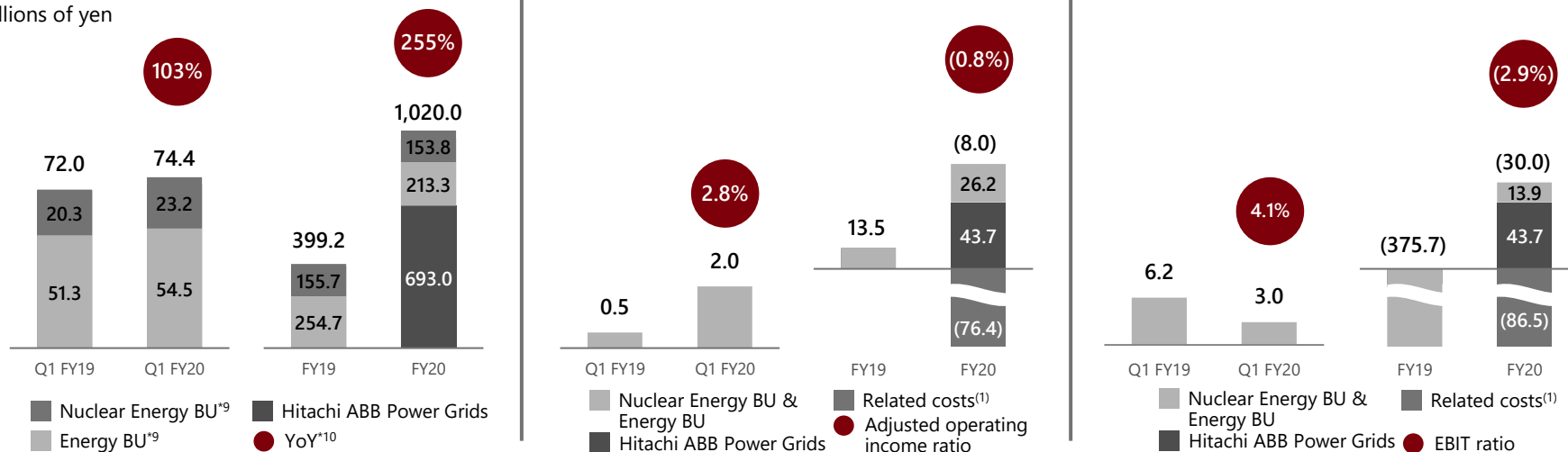
178.0bn yen (YoY (36.4bn yen))

- ⊖ Decrease in adjusted operating income
- ⊕ Structural reform expenses in FY19

Nuclear Energy BU and Energy BU remained firm in Q1 FY20

Profit decreases due to the amortization, etc. generated by the establishment of Hitachi ABB Power Grids in FY20

Billions of yen



Revenues

Adjusted operating income

EBIT

Q1 FY2020

74.4bn yen (YoY 103%)

⊕ Firm revenues in Nuclear Energy BU and Energy BU

2.0bn yen (YoY +1.5bn yen)

⊕ Increase in revenues
⊕ Reduction of fixed cost

3.0bn yen (YoY (3.2bn yen))

⊖ Decrease in profit of an equity-method associate

FY2020 Forecast

Previous forecast comparison: with the establishment of Hitachi ABB Power Grids, revenues increase 680.0bn yen, adjusted operating income and EBIT decrease each 33.0bn yen and 43.0bn yen due to the increase in amortization and others

1,020.0bn yen (YoY 255%)

⊕ Hitachi ABB Power Grids
⊖ Energy BU
⊖ COVID-19 impact

(8.0bn yen) (YoY (21.5bn yen))

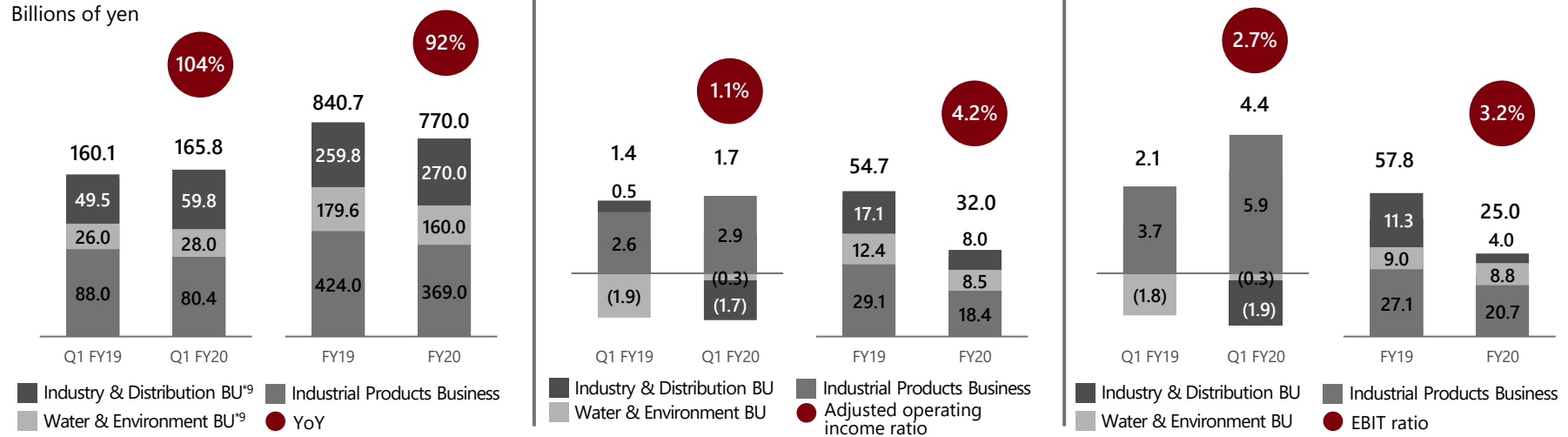
⊕ Increase in revenues
⊕ Profitability improvement in Energy BU
⊖ Acquisition-related amortization

(30.0bn yen) (YoY +345.7bn yen)

⊖ Decrease in adjusted operating income
⊕ Loss for the settlement on the South Africa projects conducted by MHPS in FY19

Revenues and profit increased due to the acquisition of JR Automation and others in Q1 FY20
Aim to expand overseas business, realizing the synergy of the acquisition in FY20

Billions of yen



Revenues

Q1 FY2020

165.8bn yen (YoY 104%)

- ⊖ COVID-19 impact
- ⊕ Acquisition of JR Automation

FY2020 Forecast

Previous forecast comparison: revenues, adjusted operating income and EBIT increase each 40.0bn yen, 10.0bn yen and 9.0bn yen due to the revision of COVID-19 impact

770.0bn yen (YoY 92%)

- ⊖ COVID-19 impact
- ⊕ Acquisition of JR Automation

Adjusted operating income

1.7bn yen (YoY +0.3bn yen)

- ⊕ Increase in revenues

32.0bn yen (YoY (22.7bn yen))

- ⊖ Decrease in revenues
- ⊕ Profit increase by acquisition of JR Automation and expansion of digital solution business

EBIT

4.4bn yen (YoY +2.2bn yen)

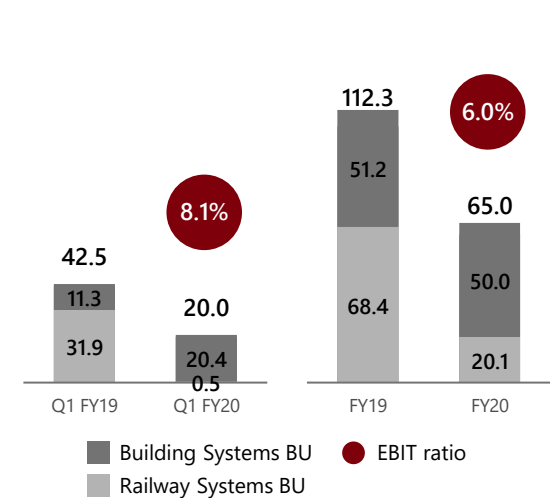
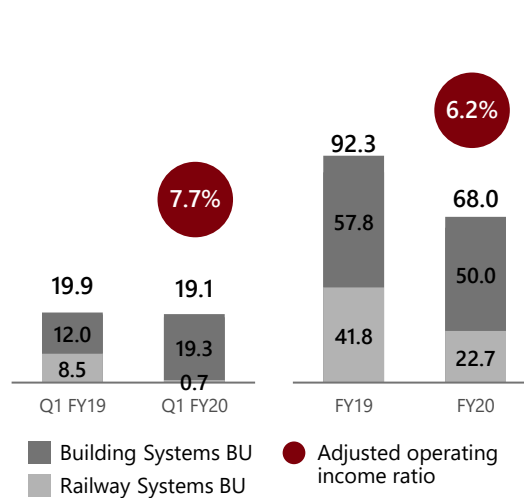
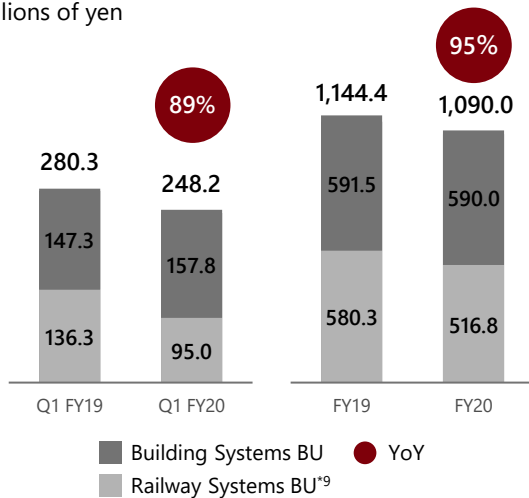
- ⊕ Increase in adjusted operating income
- ⊕ Gains from selling lands

25.0bn yen (YoY (32.8bn yen))

- ⊖ Decrease in adjusted operating income

Total revenues decreased due to the COVID-19 and FX impact, while revenues and profit increased in Building Systems BU in Q1 FY20
Aim to ensure profitability through steady execution of orders in hand and accumulation of new orders in FY20

Billions of yen



Revenues

Q1 FY2020

248.2bn yen (YoY 89%)

- ⊖ COVID-19 impact
- ⊖ Impact of foreign exchange
- ⊕ Expansion of business in Building Systems BU

FY2020 Forecast

Previous forecast comparison: revenues, adjusted operating income and EBIT increase each 120.0bn yen, 26.0bn yen and 23.0bn yen due to the revision of COVID-19 impact

1,090.0bn yen (YoY 95%)

- ⊖ COVID-19 impact
- ⊕ Expansion of Chinese business in Building Systems BU

Adjusted operating income

19.1bn yen (YoY (0.7bn yen))

- ⊖ Decrease in revenues of Railway Systems BU
- ⊕ Increase in revenues and profitability improvement due to cost reduction, etc. in Building Systems BU

68.0bn yen (YoY (24.3bn yen))

- ⊖ Decrease in revenues

EBIT

20.0bn yen (YoY (22.5bn yen))

- ⊖ Gains from selling a part of Agility Trains West stocks in FY19

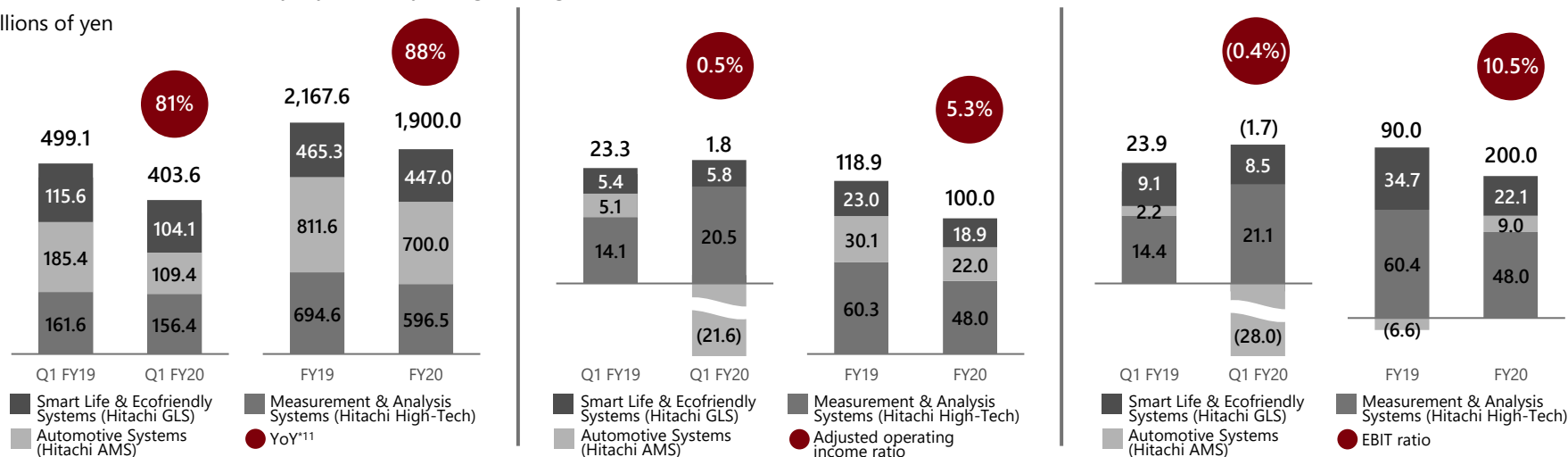
65.0bn yen (YoY (47.3bn yen))

- ⊖ Decrease in adjusted operating income
- ⊖ Gains from selling a part of Agility Trains West stocks in FY19

Despite the impact of acquisition of Chassis Brakes International and sales increase of semiconductor processing equipment, total revenues decreased due to the COVID-19 impact in Q1 FY20

Aim to increase profitability by steadily progressing cost reduction in FY20

Billions of yen



Revenues

Adjusted operating income

EBIT

Q1 FY2020

403.6bn yen (YoY 81%)

- ⊖ COVID-19 impact
- ⊕ Acquisition of Chassis Brakes International
- ⊕ Sales increase in semiconductor processing equipment

1.8bn yen (YoY (21.5bn yen))

- ⊖ Decrease in revenues

(1.7bn yen) (YoY (25.7bn yen))

- ⊖ Decrease in adjusted operating income

FY2020 Forecast: No change from previous forecast

1,900.0bn yen (YoY 88%)

- ⊖ COVID-19 impact
- ⊖ Withdrawal from low profit business in Measurement & Analysis Systems (Hitachi High-Tech)

100.0bn yen (YoY (18.9bn yen))

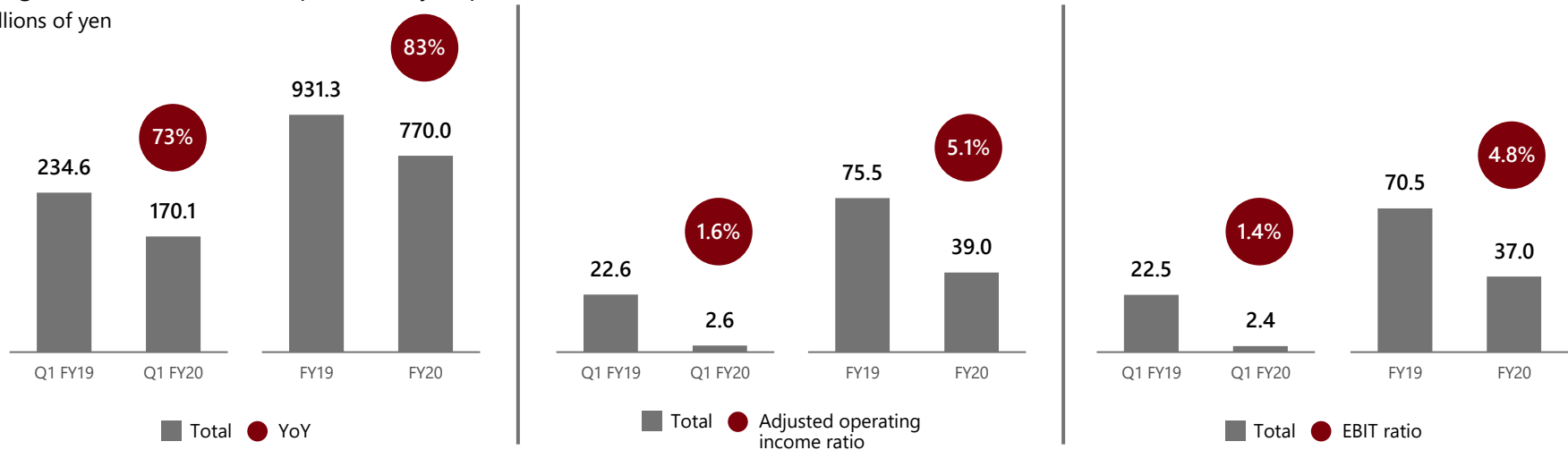
- ⊖ Decrease in revenues
- ⊕ Profitability improvement in home appliances business and automotive systems business

200.0bn yen (YoY +109.9bn yen)

- ⊖ Decrease in adjusted operating income
- ⊕ Gains from selling of diagnostic imaging-related business

Revenues and profit decreased due to the COVID-19 and foreign exchange impact in Q1 FY20
Progress cost reduction for profitability improvement in FY20

Billions of yen



Revenues

Q1 FY2020

170.1bn yen (YoY 73%)

- ⊖ COVID-19 impact
- ⊖ Impact of foreign exchange

Adjusted operating income

2.6bn yen (YoY (19.9bn yen))

- ⊖ Decrease in revenues
- ⊕ Profitability improvement due to cost reduction, etc.

EBIT

2.4bn yen (YoY (20.0bn yen))

- ⊖ Decrease in adjusted operating income

FY2020 Forecast: No change from previous forecast

770.0bn yen (YoY 83%)

- ⊖ COVID-19 impact
- ⊖ Impact of foreign exchange

39.0bn yen (YoY (36.5bn yen))

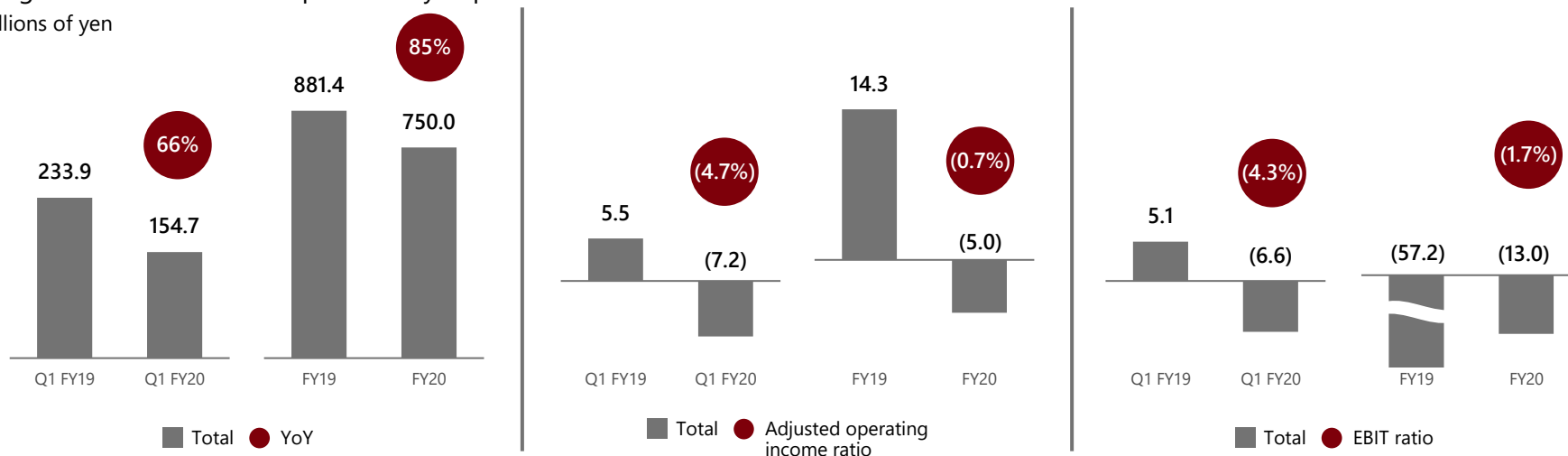
- ⊖ Decrease in revenues
- ⊕ Profitability improvement due to cost reduction, etc.

37.0bn yen (YoY (33.5bn yen))

- ⊖ Decrease in adjusted operating income

Revenues and profit decreased due to demand decline for automobile, semiconductor and factory automation in Q1 FY20
Progress cost reduction for profitability improvement in FY20

Billions of yen



Revenues

Q1 FY2020

154.7bn yen (YoY 66%)

- ⊖ COVID-19 impact
- ⊖ Decrease in demand for automobile

Adjusted operating income

(7.2bn yen) (YoY (12.7bn yen))

- ⊖ Decrease in revenues

EBIT

(6.6bn yen) (YoY (11.8bn yen))

- ⊖ Decrease in adjusted operating income

FY2020 Forecast: No change from previous forecast

750.0bn yen (YoY 85%)

- ⊖ COVID-19 impact
- ⊖ Decrease in demand for automobile

(5.0bn yen) (YoY (19.3bn yen))

- ⊖ Decrease in revenues
- ⊕ Profitability improvement

(13.0bn yen) (YoY +44.2bn yen)

- ⊖ Decrease in adjusted operating income
- ⊕ Impairment loss on fixed assets and goodwill in magnetic materials business in FY19

5. Appendix

Financial Results and Forecasts by Business Segments (1/2)

Billions of yen		Q1 FY2020			FY2020			
		Excl. COVID-19 impact	Results	YoY	Excl. COVID-19 impact	Forecast	YoY	Previous forecast Comparison
IT	Revenues	460.2	430.1	93%	2,080.0	1,920.0	91%	100%
	Adjusted operating income	40.6	38.2	(1.9)	241.0	192.0	(57.4)	±0.0
	Adjusted operating income ratio	8.8%	8.9%	+0.2 points	11.6%	10.0%	(1.9 points)	±0.0 point
	EBIT	40.4	38.0	(5.4)	227.0	178.0	(36.4)	±0.0
	EBIT ratio	8.8%	8.8%	(0.6 points)	10.9%	9.3%	(0.9 points)	±0.0 point
Energy	Revenues	74.4	74.4	103%	1,070.0	1,020.0	255%	300%
	Adjusted operating income	2.0	2.0	+1.5	5.0	(8.0)	(21.5)	(33.0)
	Adjusted operating income ratio	2.8%	2.8%	+2.1 points	0.5%	(0.8%)	(4.2 points)	(8.2 points)
	EBIT	3.0	3.0	(3.2)	(17.0)	(30.0)	+345.7	(43.0)
	EBIT ratio	4.1%	4.1%	(4.6 points)	(1.6%)	(2.9%)	+91.2 points	(6.7 points)
Industry	Revenues	188.1	165.8	104%	870.0	770.0	92%	105%
	Adjusted operating income	6.8	1.7	+0.3	65.0	32.0	(22.7)	+10.0
	Adjusted operating income ratio	3.7%	1.1%	+0.2 points	7.5%	4.2%	(2.3 points)	+1.2 points
	EBIT	9.8	4.4	+2.2	59.0	25.0	(32.8)	+9.0
	EBIT ratio	5.2%	2.7%	+1.3 points	6.8%	3.2%	(3.7 points)	+1.0 points
Mobility	Revenues	277.5	248.2	89%	1,200.0	1,090.0	95%	112%
	Adjusted operating income	23.6	19.1	(0.7)	100.0	68.0	(24.3)	+26.0
	Adjusted operating income ratio	8.5%	7.7%	+0.6 points	8.3%	6.2%	(1.9 points)	+1.9 points
	EBIT	26.4	20.0	(22.5)	100.0	65.0	(47.3)	+23.0
	EBIT ratio	9.5%	8.1%	(7.1 points)	8.3%	6.0%	(3.8 points)	+1.7 points
Smart Life*11	Revenues	546.5	403.6	81%	2,230.0	1,900.0	88%	100%
	Adjusted operating income	24.4	1.8	(21.5)	160.0	100.0	(18.9)	±0.0
	Adjusted operating income ratio	4.5%	0.5%	(4.2 points)	7.2%	5.3%	(0.2 points)	±0.0 point
	EBIT	26.4	(1.7)	(25.7)	263.0	200.0	+109.9	±0.0
	EBIT ratio	4.8%	(0.4%)	(5.2 points)	11.8%	10.5%	+6.3 points	±0.0 point

Financial Results and Forecasts by Business Segments (2/2)

Billions of yen		Q1 FY2020			FY2020			Previous forecast comparison
		Excl. COVID-19 impact	Results	YoY	Excl. COVID-19 impact	Forecast	YoY	
Hitachi Construction Machinery	Revenues	220.0	170.1	73%	930.0	770.0	83%	100%
	Adjusted operating income	20.7	2.6	(19.9)	86.0	39.0	(36.5)	±0.0
	Adjusted operating income ratio	9.4%	1.6%	(8.0 points)	9.2%	5.1%	(3.0 points)	±0.0 point
	EBIT	20.4	2.4	(20.0)	84.0	37.0	(33.5)	±0.0
	EBIT ratio	9.3%	1.4%	(8.2 points)	9.0%	4.8%	(2.8 points)	±0.0 point
Hitachi Metals	Revenues	202.7	154.7	66%	850.0	750.0	85%	100%
	Adjusted operating income	5.7	(7.2)	(12.7)	35.0	(5.0)	(19.3)	±0.0
	Adjusted operating income ratio	2.8%	(4.7%)	(7.1 points)	4.1%	(0.7%)	(2.3 points)	±0.0 point
	EBIT	6.3	(6.6)	(11.8)	26.0	(13.0)	+44.2	±0.0
	EBIT ratio	3.1%	(4.3%)	(6.5 points)	3.1%	(1.7%)	+4.8 points	±0.0 point
Others	Revenues	105.9	98.5	92%	460.0	420.0	87%	98%
	Adjusted operating income	1.6	1.6	(1.7)	13.0	6.0	(16.3)	(5.0)
	Adjusted operating income ratio	1.6%	1.6%	(1.5 points)	2.8%	1.4%	(3.2 points)	(1.2 points)
	EBIT	4.4	4.4	(0.3)	17.0	10.0	(21.2)	(5.0)
	EBIT ratio	4.2%	4.5%	+0.1 points	3.7%	2.4%	(4.1 points)	(1.1 points)
Corporate items & Eliminations	Revenues	(181.6)	(151.6)	-	(850.0)	(760.0)	-	-
	Adjusted operating income	(1.7)	(1.7)	(1.7)	(47.0)	(52.0)	(37.3)	+2.0
	EBIT	276.5	276.5	+252.7	212.0	142.0	+126.6	+16.0
Total	Revenues	1,894.1	1,594.2	78%	8,840.0	7,880.0	90%	111%
	Adjusted operating income	124.0	58.3	(66.0)	658.0	372.0	(289.8)	±0.0
	Adjusted operating income ratio	6.6%	3.7%	(2.4 points)	7.4%	4.7%	(2.8 points)	(0.6 points)
	EBIT	414.0	340.4	+157.9	971.0	614.0	+430.3	±0.0
	EBIT ratio	21.9%	21.4%	+12.4 points	11.0%	7.8%	+5.7 points	(0.9 points)

Assumption of the COVID-19 impact calculation by Business Segment

Segment \ Region	Japan	North America	Europe	China	ASEAN, India, other areas	Other areas
Total	<ul style="list-style-type: none"> Assuming that most part of the COVID-19 impact occurs in the first half of FY20 and demand decrease continues in the second half of FY20, mainly in automotive and IT-related businesses The impact is calculated based on forecasts of each segment projected from the demand outlook 					
Degree of COVID-19 impact ⁽¹⁾						
IT	<ul style="list-style-type: none"> Front Business: assuming the impact on new orders due to customer's IT investment restraint Services & Platforms: assuming downturn of the North American storage market 					
Energy	<ul style="list-style-type: none"> Nuclear Energy BU: assuming delays in order contracts and impacts on on-site work Energy BU: assuming decrease in maintenance sales for domestic and overseas customers due to movement restriction, and demand decrease in power semiconductors for automotive and other equipment 					
Industry	<ul style="list-style-type: none"> Industry & Distribution BU: assuming decrease in demand from customers related to aviation, automotive, and steel Water & Environment BU: assuming demand decrease mainly in Japan Industrial Products Business: assuming decrease in demand by products and regions, mainly for equipment for North America and Europe 					
Mobility	<ul style="list-style-type: none"> Building Systems BU: assuming sales decrease of new installation and modernization businesses, mainly in Japan. China market is expected to normalize Railway Systems BU: assuming stagnation of work progress due to the halt of factory operation, movement restriction, etc. European and US factories are recovering in the first half and are expected to normalize in the second half of FY20 					
Smart Life	<ul style="list-style-type: none"> Smart Life & Ecofriendly Systems Business: assuming sales decrease of air conditioners and home appliances in Japan and overseas Automotive Systems Business: assuming downturn in the automotive market, mainly in the Americas, Europe and Japan Measurement & Analysis Systems Business: assuming demand decrease due to stagnation of customer's production activity and capital investment 					
Hitachi Construction Machinery⁽²⁾	<ul style="list-style-type: none"> Assuming demand decrease for hydraulic excavators 					
Hitachi Metals	<ul style="list-style-type: none"> Assuming decrease in demand in automotive, electronics, and industrial infrastructure areas, mainly in Japan, China and North America 					

(1) "Degree of COVID-19 impact" shows changes caused by COVID-19 impact in revenues (FY20 forecast) excluding the COVID-19 impact, by market of each segment

■ Change of 10% or more, to less than 15% ■ Change of 15% or more

(2) Degree of COVID-19 impact in Hitachi Construction Machinery shows the demand trend of the products

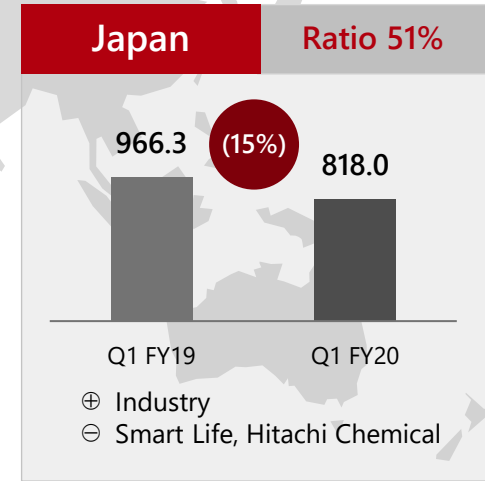
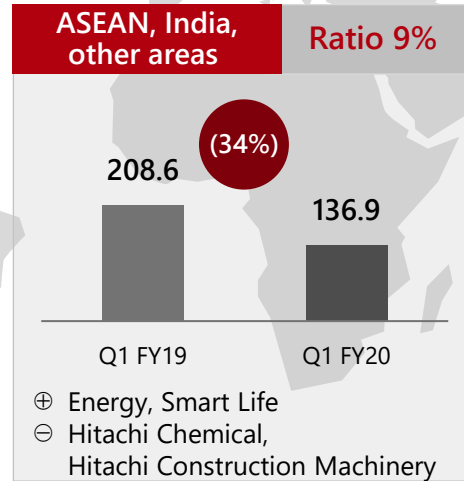
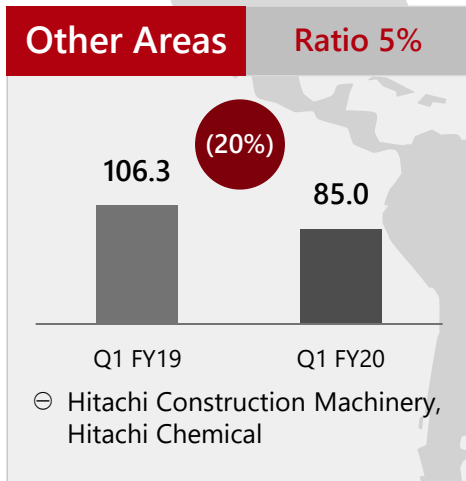
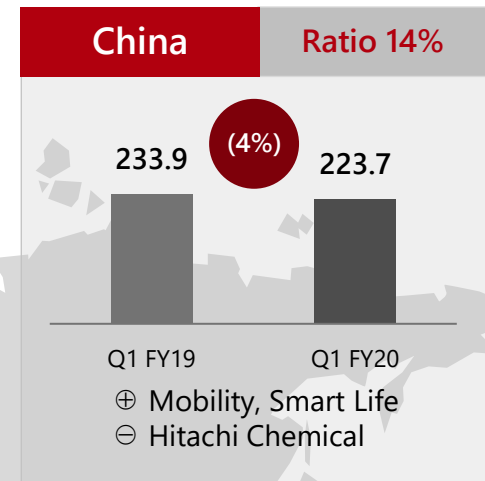
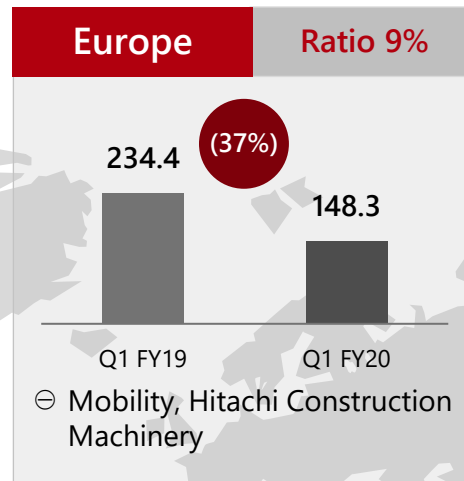
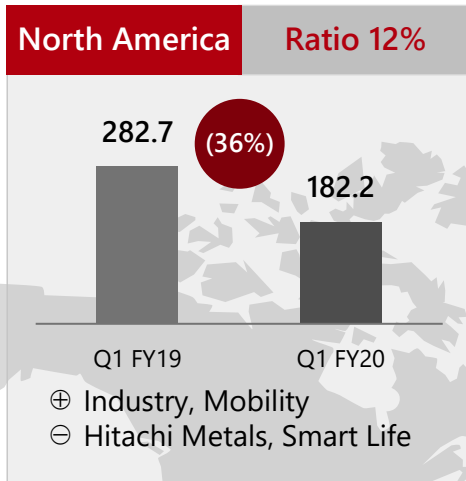
COVID-19 Impact Breakdown by Business Segment

Billions of yen

	Q1 FY2020 (result)			FY2020 (forecast)			COVID-19 impact ratio ⁽¹⁾	Forecast as of May 29
	Revenues	Adjusted operating income	EBIT	Revenues	Adjusted operating income	EBIT		
Total	(299.8)	(65.7)	(73.6)	(960.0)	(286.0)	(357.0)	(10.9%)	(12.6%)
IT	(30.1)	(2.4)	(2.4)	(160.0)	(49.0)	(49.0)	(7.7%)	(7.7%)
Energy	±0.0	±0.0	±0.0	(50.0)	(13.0)	(13.0)	(4.7%)	(5.6%)
Industry	(22.2)	(5.0)	(5.4)	(100.0)	(33.0)	(34.0)	(11.5%)	(16.1%)
Mobility	(29.3)	(4.4)	(6.4)	(110.0)	(32.0)	(35.0)	(9.2%)	(17.1%)
Smart Life	(142.9)	(22.6)	(28.2)	(330.0)	(60.0)	(63.0)	(14.8%)	(14.8%)
Five sectors	(202.0)	(34.6)	(42.5)	(700.0)	(199.0)	(271.0)	(9.9%)	(12.0%)
Hitachi Construction Machinery	(49.8)	(18.0)	(18.0)	(160.0)	(47.0)	(47.0)	(17.2%)	(17.2%)
Hitachi Metals	(48.0)	(13.0)	(13.0)	(100.0)	(40.0)	(39.0)	(11.8%)	(11.8%)
Listed subsidiaries	(97.8)	(31.0)	(31.0)	(260.0)	(87.0)	(86.0)	(14.6%)	(14.6%)

(1) "COVID-19 impact ratio" shows changes caused by COVID-19 impact in revenues (FY20 forecast) excluding COVID-19 impact
 Change of 10% or more, to less than 15% Change of 15% or more

Revenues by Market



Overseas Revenues **776.2** billion yen

Ratio **49%**

Billions of yen

- *1 "Adjusted operating income" is presented as revenues less selling, general and administrative expenses as well as cost of sales
- *2 "EBIT" is presented as income from continuing operations, before income taxes less interest income plus interest charges
- *3 "EBITDA" is presented as income from continuing operations, before income taxes less interest income plus interest charges, depreciation and amortization
- *4 The total of five sectors is presented as the consolidated total less the total of listed subsidiaries. It includes others and corporate items & eliminations
- *5 Figures for FY19 of listed subsidiaries include financial results of Hitachi Chemical
- *6 "Core free cash flows" are cash flows presented as free cash flows excluding cash flows from M&A and asset sales, etc.
- *7 System integration, sales, maintenance and related services of software and hardware for financial, public, enterprise and social infrastructure (power, rail, telecommunication, etc.) sectors, consulting, etc.
- *8 Sales, maintenance and services of control systems, server, storage, related software, etc.
- *9 Figures for each BU include control systems business, which is posted in IT segment
- *10 Figures of Q1 FY19 and FY19 does not include the financial results of Hitachi ABB Power Grids
- *11 Measurement & Analysis Systems (Hitachi High-Tech) is included in Smart Life segment from FY20. The year-over-year comparison of FY20 forecast for Smart Life segment reflects this change

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.

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