Results of Value Creation

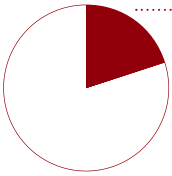
Information & Telecommunication Systems

Hitachi provides IT services that address customers' diverse needs by combining Hitachi's extensive expertise in a diverse range of business fields, including financial services, with advanced information technology. Our services cover the entire life cycle of systems, ranging from consulting to system integration, operation, maintenance, and other support.

Flash Storage

Share of Revenues

20 %



Overseas Revenue Ratio

30 %

Capital Expenditure by Business Segment
(Completion basis)

35.5 billion yen

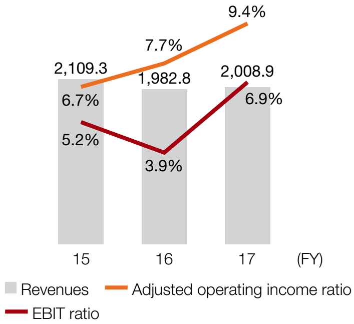
Depreciation by Business Segment

44.7 billion yen

R&D Expenditure by Business Segment

48.0 billion yen

Revenues and Profit
(Billions of yen)



Main Products and Services
Systems integration, consulting, cloud services, servers, storage, software, telecommunications & networks, ATMs

Segment Performance

Revenues increased 1% to ¥2,008.9 billion, as compared with the year ended March 31, 2017, due mainly to higher revenues from system integration business in Japan and the impact of foreign currency translation.

Adjusted operating income increased ¥36.2 billion to ¥189.2 billion, as compared with the year ended March 31, 2017, due mainly to profitability improvement in system integration business in Japan and the effect of structural reform for the IT platform & products business.

EBIT increased ¥62.8 billion to ¥139.2 billion, as compared with the year ended March 31, 2017, due mainly to a decrease in business structural reform expenses as well as the increase in adjusted operating income.

Examples of Digital Solutions

Human Flow Visualization Utilizing CCTV

In a collaborative creation project with Tokyu Corporation, Hitachi has utilized Lumada technology to develop the "Eki-Shi Vision*" monitoring service for gauging passenger congestion inside stations in real time based on CCTV (Closed-Circuit Television) footage.

As of the end of July 2018, the service covers 74 Tokyu Line stations, with plans to expand it to all stations on the Tokyu rail network (excluding the Kodomonokuni Line and the Setagaya Line) by the end of March 2019.

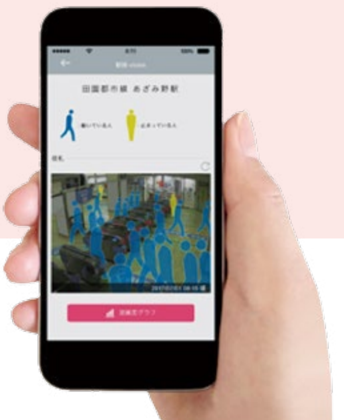
Analysis of images taken from CCTV using Hitachi's people flow analysis technology automatically detects whether people are moving or stopped.

Each human image is replaced with a human-shaped icon and the analysis results are sent at one-minute intervals to the Tokyu Line smartphone app and cable TV feed. By providing information on station congestion level to help Tokyu rail network users choose whether to wait to take a train or take an alternative route if there is significant disruption, the service aims to relieve stress for users and enhance Tokyu rail network safety.

* Eki-Shi Vision is a registered trademark of Tokyu Corporation.

Normal rush hour

Service disruption



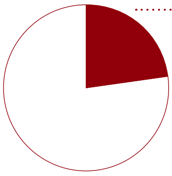
Social Infrastructure & Industrial Systems

Class 800 train for the Intercity Express Programme (IEP)

Hitachi has a long and proven track record of high reliability in supporting people's daily lives through such products and services as rolling stock and train management systems, power generation systems and transmission & distribution systems, elevators and escalators, and water solutions. It also offers industrial solutions and equipment to enhance the sophistication of manufacturing workplaces. Hitachi utilizes digital technologies to provide optimum solutions in addressing the issues and diversifying needs of customers worldwide.

Share of Revenues

23%



Overseas Revenue Ratio

43%

Capital Expenditure by Business Segment
(Completion basis)

79.9 billion yen

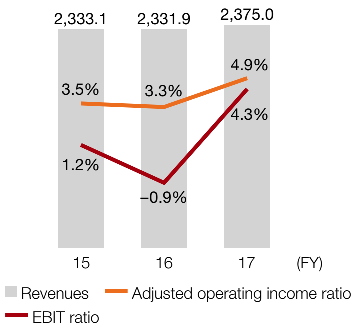
Depreciation by Business Segment

30.0 billion yen

R&D Expenditure by Business Segment

56.1 billion yen

Revenues and Profit
(Billions of yen)



Main Products and Services
Manufacturing and logistics systems, water treatment systems, industrial machinery, elevators, escalators, railway systems, nuclear and renewable energy power generation systems, transmission & distribution systems

Segment Performance

Revenues increased 2% to ¥2,375.0 billion, as compared with the year ended March 31, 2017, despite lower revenues from the power & energy business and shrink of less profitable business in industry & distribution field. This mainly reflected increased revenues from the railway systems business for the U.K. and that in the industrial products business due to the acquisition of Sullair brand air compressor business.

Adjusted operating income increased ¥38.5 billion to ¥115.5 billion, as compared with the year ended March 31, 2017, due mainly to an improvement in profitability of business for the industry & distribution field, power & energy business and industrial products business, despite a decrease in average sales price and an increase in procurement cost in elevators and escalators business in China.

EBIT was ¥101.2 billion, an improvement of ¥121.2 billion from the year ended March 31, 2017, because of the absence of impairment loss recognized in the preceding fiscal year in relation to the uranium enrichment business at an equity-method associate in the U.S.

Examples of Digital Solutions

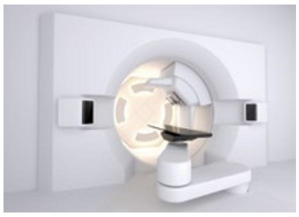
Smart Manufacturing Solutions

In recent years, amid rapidly changing business conditions, manufacturers need to develop greater competitiveness to respond to trends such as increasingly fierce global competition, more diverse user requirements, and digitalization. Hitachi is providing smart manufacturing solutions based on Lumada to help customers in the manufacturing sector address these major challenges. One example is the development of the high-efficiency production model established at Omika Works into Lumada solutions. Hitachi offers innovative solutions that contribute to higher manufacturing productivity through IoT-enabled visualization of manufacturing workplace and related workflow, or the adoption of simulator to optimize production planning.

Hitachi is also developing solutions in collaborative creation with customers, such as initiatives to reinforce quality by building systems for detecting abnormal operator actions or facility operations at production sites using image-analysis technology. For customers focusing on skills transfer within the workforce, Hitachi is also building systems that use cameras and sensors to capture the expertise of veteran technicians in digital form as part of efforts to develop personnel and improve quality assurance.

Electronic Systems & Equipment

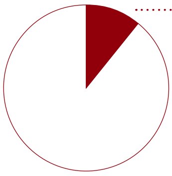
Drawing on the Hitachi Group's advanced technologies, Hitachi provides systems supporting the information society, including semiconductor manufacturing equipment, measurement and analysis equipment, broadcasting and video systems, wireless communications and information systems, and healthcare solutions that support healthy lifestyles.



Particle beam therapy

Share of Revenues

11 %



Overseas Revenue Ratio

59 %

Capital Expenditure by Business Segment
(Completion basis)

19.4 billion yen

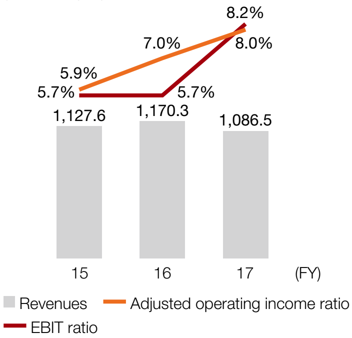
Depreciation by Business Segment

14.7 billion yen

R&D Expenditure by Business Segment

52.1 billion yen

Revenues and Profit
(Billions of yen)



Main Products and Services
Semiconductor manufacturing equipment, measurement and analysis equipment, advanced industrial products, medical equipment

Segment Performance

Revenues decreased 7% to ¥1,086.5 billion, as compared with the year ended March 31, 2017, due mainly to the impact of deconsolidation of Hitachi Koki Co., Ltd. (now Koki Holdings Co., Ltd.) in the preceding fiscal year, despite higher sales of semiconductor manufacturing equipment at Hitachi Kokusai Electric Inc. and Hitachi High-Technologies Corporation.

Adjusted operating income increased ¥5.3 billion to ¥86.9 billion, as compared with the year ended March 31, 2017, due mainly to an increase in profit of Hitachi Kokusai Electric Inc. as a result of higher sales of semiconductor manufacturing equipment.

EBIT increased ¥22.0 billion to ¥88.8 billion, as compared with the year ended March 31, 2017, due mainly to the increased adjusted operating income as well as a decrease in business structural reform expenses of Hitachi Kokusai Electric Inc.

Examples of Digital Solutions

Predictive Maintenance Service for Superconducting MRI Systems

Superconducting MRI systems use powerful superconducting magnets to image the brain or other internal organs. Costs can quickly mount up if these machines unexpectedly break down, due to the need to reschedule scans and undertake emergency repairs. Hitachi has developed AI technology to predict potential breakdowns months in advance by analyzing vast amounts of sensor data acquired from superconducting MRI systems. This predictive maintenance service can help to reduce machine downtime, improving the efficiency of diagnostic procedures within the hospital and ensuring that patients can receive MRI scans with peace of mind. Going forward, Hitachi plans to expand predictive maintenance services to further improve the degree of machine utilization and hospital management by promoting greater utilization of digital data.

* The Company transferred all shares of Hitachi Kokusai Electric Inc. stock owned by the Company on May 31, 2018, and then, the Company partially re-acquired shares of Hitachi Kokusai Electric Inc. stock on June 4, 2018. As a result, Hitachi Kokusai Electric Inc. turned into an equity-method associate of the Company.

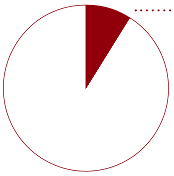
Construction Machinery

Leveraging decades of technological expertise and know-how, Hitachi offers solutions that address the needs of a broad range of industries, including civil engineering and construction, building and structural demolition, and mining and excavation. Hitachi also handles the sale, servicing, and maintenance of hydraulic excavators and other construction machinery to provide integrated solutions globally.

Hitachi Construction Machinery's ultra-large hydraulic excavator and mining dump truck

Share of Revenues

9 %



Overseas Revenue Ratio

80 %

Capital Expenditure by Business Segment
(Completion basis)

18.5 billion yen

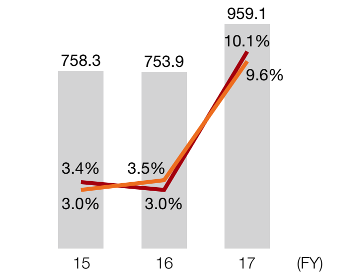
Depreciation by Business Segment

32.2 billion yen

R&D Expenditure by Business Segment

24.0 billion yen

Revenues and Profit
(Billions of yen)



Main Products and Services
Hydraulic excavators, wheel loaders, mining machinery

Segment Performance

Revenues increased 27% to ¥959.1 billion, as compared with the year ended March 31, 2017, due mainly to increased sales in China and other overseas countries, the effect of corporate acquisitions in Australia and the U.S. conducted by Hitachi Construction Machinery Co., Ltd. in the preceding fiscal year, and the impact of foreign currency translation.

Adjusted operating income increased ¥66.2 billion to ¥92.5 billion, as compared with the year ended March 31, 2017, due mainly to the increased revenues because of higher sales and the effect of the corporate acquisitions.

EBIT increased ¥74.3 billion to ¥97.0 billion, as compared with the year ended March 31, 2017, due mainly to the increased adjusted operating income as well as an increase in profit of an equity-method associate.

Examples of Digital Solutions

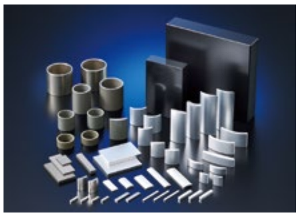
Introduction of Integrated Energy/Facilities Data Management Service EMilia

In the Construction Machinery segment, Hitachi has deployed EMilia, an integrated management service for energy/facilities data management, at five production plants in Japan making hydraulic excavators and wheel loaders. EMilia is a Lumada solution that can realize benefits such as energy savings, improved operational efficiency and enhanced business continuity planning (BCP) through the centralized management of energy and facilities data from multiple sites. The EMilia system collects and visualizes power-related data from monitoring points on around 14,000 breakers installed on the roughly 1,000 pieces of capital equipment located in Hitachi Construction Machinery's domestic production plants. The analysis and management of power data at this level enables finer control, cutting peak power and realizing other savings through reductions in standby power consumption. In the future, Hitachi aims to develop EMilia to realize even smarter factories, based on the collection and analysis of production management data relating to areas such as product manufacturing history and facilities maintenance. This promises not only to realize energy savings, but also to enable shorter production lead-times and predictive maintenance of onsite facilities, based on real-time understanding of the energy requirements of each machine, process and production line; the cost of production; and the incidence of emergency repairs.

The Tsuchiura Plant has installed EMilia

High Functional Materials & Components

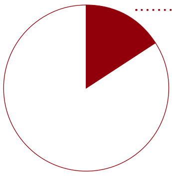
Hitachi draws on its wealth of technological expertise and know-how to provide a variety of materials and components—such as semiconductor- and display-related materials, synthetic resin products, specialty steels, magnetic materials, casting components, and wires and cables—that enable advanced functions in products for such sectors as autos, IT and consumer electronics, and industrial and social infrastructure. Business operations are focused in Asia, North America, and Europe.



Hitachi Metals' Nd-Fe-B "NEOMAX®" magnets

Share of Revenues

16 %



Overseas Revenue Ratio

59 %

Capital Expenditure by Business Segment
(Completion basis)

131.3 billion yen

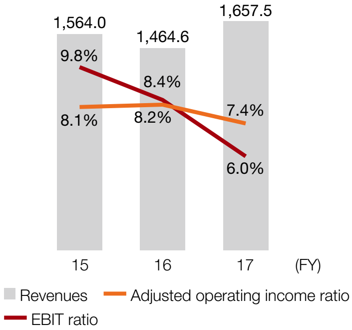
Depreciation by Business Segment

72.7 billion yen

R&D Expenditure by Business Segment

48.5 billion yen

Revenues and Profit
(Billions of yen)



Main Products and Services
Semiconductor and display-related materials, circuit boards and materials, automotive parts, energy storage devices, specialty steel products, magnetic materials and applications, functional components and equipment, wires, cables, and related products

Segment Performance

Revenues increased 13% to ¥1,657.5 billion, as compared with the year ended March 31, 2017, due mainly to increased sales of electronics- and automotive-related products at Hitachi Metals, Ltd. and Hitachi Chemical Company, Ltd., the effect of acquisitions in Italy, etc. by Hitachi Chemical Company, Ltd., and the increase in sales price linked to higher raw material costs for Hitachi Metals, Ltd.

Adjusted operating income increased ¥1.9 billion to ¥121.8 billion, as compared with the year ended March 31, 2017, due mainly to increased revenues, despite of Hitachi Metals, Ltd. having a drop in profitability of heat-resistant exhaust casting components business and aluminum wheels business, and rise in raw materials prices.

EBIT decreased ¥24.6 billion to ¥98.6 billion, as compared with the year ended March 31, 2017, due mainly to recognition of impairment loss at Hitachi Metals, Ltd. in relation to deteriorated profitability of the aluminum wheel business as well as absence of gain on business reorganization and others recorded in the previous fiscal year, and due to posting expenses related to competition law and others at Hitachi Chemical Company, Ltd.

Examples of Digital Solutions

Data-Visualization Solution to Prevent Inventory Shortfalls in Businesses with Short Delivery Lead-Times and Seasonal Demand Patterns

To help prevent product lines running out of stock within a rapidly changing business environment, characterized by short delivery lead-times and seasonal demand volatility, Hitachi Chemical developed its own data-visualization solution. This case was registered as a Lumada customer case in October 2017. Collecting real-time data on orders, inventories, and shipments from every site, the solution integrates information across sites by using business intelligence tools to show changes in volumes for every product in dashboard format. To ensure full transparency, the dashboard information is also continually displayed on monitors inside offices to promote early measures to mitigate the risk of product lines running out of stock. By supporting more appropriate production planning and inventory management, the solution is helping to eliminate such occurrences.

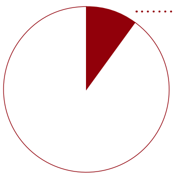
Automotive Systems

To contribute to the realization of an affluent society by creating new value-added systems, products, and services through the harmonization of people, vehicles, and society, Hitachi is accelerating its technological development in the fields of environment and safety. We will further develop our Advanced Vehicle Control System, integrating our safety and information technologies with the Hitachi Group's social infrastructure services to meet society's needs for environmental conservation, accident elimination, and traffic congestion reduction.

Hitachi Automotive Systems' motor for a hybrid vehicle

Share of Revenues

10%



Overseas Revenue Ratio

58%

Capital Expenditure by Business Segment
(Completion basis)

66.1 billion yen

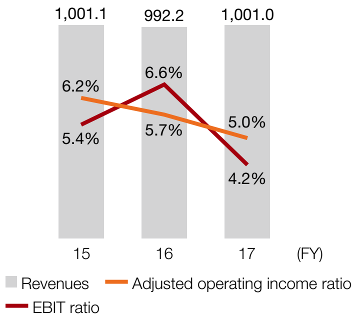
Depreciation by Business Segment

43.6 billion yen

R&D Expenditure by Business Segment

69.2 billion yen

Revenues and Profit
(Billions of yen)



Main Products and Services
Engine management systems, electric powertrain systems, drive control systems, car information systems

Segment Performance

Revenues increased 1% to ¥1,001.0 billion, as compared with the year ended March 31, 2017, due mainly to increased sales in China, despite of sales decrease of car information systems business and demand decrease in North America.

Adjusted operating income decreased ¥6.7 billion to ¥49.5 billion, due mainly to profitability deterioration of car information systems business and sales decrease in North America of Clarion Co., Ltd.

EBIT decreased ¥23.4 billion to ¥42.4 billion, as compared with the year ended March 31, 2017, due mainly to the decrease in adjusted operating income as well as absence of gain on sales and disposals of fixed assets in the preceding fiscal year.

Examples of Digital Solutions

Wireless Update Solution for Automotive Software

Software penetration in automobiles has increased in recent years with the greater use of electronics. Timely post-manufacture updates to ECU*1 automotive control software are increasingly needed, too, either for security purposes or adding new functionality to vehicles connected to infrastructure enhancements. The Hitachi Group offers a wireless solution for OTA*2 software updates.

This solution involves the distribution of automotive software updates from a datacenter known as the OTA center. The updated software is received by an onboard wireless receiver and transmitted to the ECU via a gateway board fitted with chips that have OTA software update control and security functions. In addition to this OTA software update solution, the Hitachi Group is actively developing other equipment and solutions to support wider commercialization of connected cars and other types of autonomous vehicles.

*1 ECU: Electronic Control Unit
*2 OTA: Over-the-Air

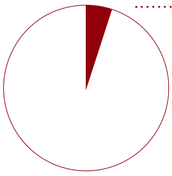
Smart Life & Ecofriendly Systems

Hitachi provides solutions and services aimed at resolving lifestyle issues through its home appliances, lighting and housing equipment, refrigeration and air-conditioning products. Hitachi also contributes to the resolution of societal issues by helping reduce environmental impact and making an ongoing effort to improve products' energy efficiency.

Hitachi Appliances' large-capacity refrigerator

Share of Revenues

5 %



Overseas Revenue Ratio

19 %

Capital Expenditure by Business Segment
(Completion basis)

8.5 billion yen

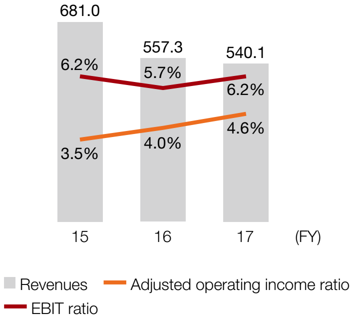
Depreciation by Business Segment

8.7 billion yen

R&D Expenditure by Business Segment

7.2 billion yen

Revenues and Profit
(Billions of yen)



Main Products and Services
Refrigerator, washing machine, vacuum cleaner, residential air conditioner, air-conditioning equipment

Segment Performance

Revenues decreased 3% to ¥540.1 billion, as compared with the year ended March 31, 2017.

Adjusted operating income increased ¥2.6 billion to ¥25.1 billion, due mainly to effects of cost reduction and structural reform, despite the decline in revenues.

EBIT increased ¥1.5 billion to ¥33.3 billion, as compared with the year ended March 31, 2017, due mainly to the increase in adjusted operating income and an increase in profit of an equity-method associate on air compressor business, despite the absence of gain on sales and disposals of fixed assets posted in previous fiscal year.

Examples of Digital Solutions

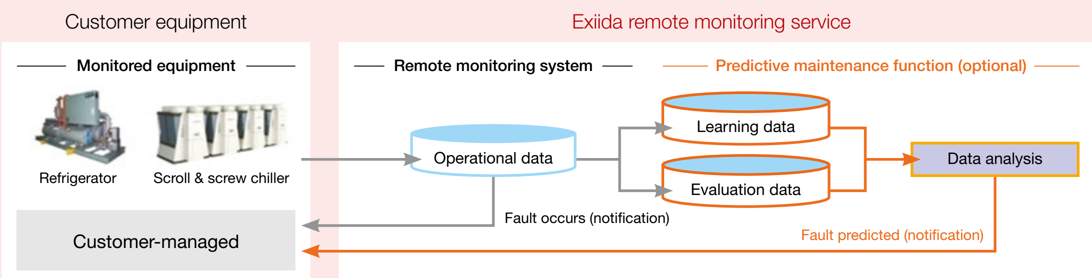
Exiida Remote Monitoring Service Provides IoT Solution for Air-Conditioning

Since April 2018, Hitachi has been developing Exiida*1 as a service business for creating new value and broadening the possibilities for air-conditioning, based on the utilization of various data and know-how relating to air-conditioning, heating, and cooling systems. This remote monitoring service for commercial refrigeration and scroll & screw chillers (including equipment for creating the chilled water used in office or factory air-conditioning systems) can enable predictive maintenance of such equipment by detecting reliable indicators of pending malfunctions, based on the application of machine learning over a certain period to normal operating data collected from similar equipment. The aim of the service is to curtail opportunity losses for customers due to unexpected breakdowns in air-conditioning or other heating and cooling systems. Building on the equipment maintenance expertise amassed by Hitachi to date, Exiida data analysis is based on patented Hitachi technology that utilizes the LSC*2 classification approach.

*1 The name "Exiida" incorporates the elements of Expansion (as a prefix), Internet, Individuality and Data to express the concept of addressing the challenge of creating new value through the connection of Hitachi air-conditioning or other heating and cooling systems to the Internet.

*2 LSC: Local Subspace Classifier (a type of classification protocol)

Exiida Remote Monitoring Service (With Predictive Maintenance Function)



10-Year Financial Data

U.S. GAAP

Millions of yen

For the year:	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Revenues	¥10,000,369	¥8,968,546	¥9,315,807	¥9,665,883	¥9,041,071	¥9,563,791	¥9,761,970
Operating income	127,146	202,159	444,508	412,280	422,028	538,288	600,479
EBIT (Earnings before interest and taxes)	(275,239)	77,815	443,812	573,218	358,015	585,662	551,018
Net income (loss) attributable to Hitachi, Ltd. stockholders	(787,337)	(106,961)	238,869	347,179	175,326	264,975	241,301
Cash flows from operating activities	558,947	798,299	841,554	447,155	583,508	439,406	447,348
Cash flows from investing activities	(550,008)	(530,595)	(260,346)	(195,584)	(553,457)	(491,363)	(610,255)
Free cash flows	8,939	267,704	581,208	251,571	30,051	(51,957)	(162,907)
Cash flows from financing activities	284,388	(502,344)	(584,176)	(167,838)	(180,445)	32,968	250,335
Cash dividends declared	9,971	–	36,133	36,727	47,690	50,711	57,944
Capital expenditures (Property, plant and equipment)	788,466	546,326	556,873	649,234	742,537	849,877	848,716
Depreciation (Property, plant and equipment)	478,759	441,697	382,732	360,358	300,664	329,833	349,614
R&D expenditures	416,517	372,470	395,180	412,514	341,310	351,426	335,515
At year-end:							
Total assets	9,403,709	8,964,464	9,185,629	9,418,526	9,809,230	11,016,899	12,395,379
Property, plant and equipment	2,393,946	2,219,804	2,111,270	2,025,538	2,279,964	2,342,091	2,564,105
Total Hitachi, Ltd. stockholders' equity	1,049,951	1,284,658	1,439,865	1,771,782	2,082,560	2,651,241	2,930,309
Interest-bearing debt	2,820,109	2,367,143	2,521,551	2,396,454	2,370,079	2,823,049	3,354,616

Yen

Per share data:	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Net income (loss) attributable to Hitachi, Ltd. stockholders:							
Basic	¥(236.86)	¥(29.20)	¥52.89	¥76.81	¥37.28	¥54.86	¥49.97
Diluted	(236.87)	(29.20)	49.38	71.86	36.29	54.85	49.93
Cash dividends declared	3.0	–	8.0	8.0	10.0	10.5	12.0
Total Hitachi, Ltd. stockholders' equity	315.86	287.13	318.73	382.26	431.13	549.02	606.87

%

Financial ratios:	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Operating income ratio	1.3	2.3	4.8	4.3	4.7	5.6	6.2
EBIT ratio	–2.8	0.9	4.8	5.9	4.0	6.1	5.6
Return on revenues	–7.9	–1.2	2.6	3.6	1.9	2.8	2.5
Return on equity (ROE)	–48.9	–9.2	17.5	21.6	9.1	11.2	8.6
Return on assets (ROA)	–8.0	–0.9	3.3	4.4	2.5	3.5	3.1
D/E ratio (Including non-controlling interests) (times)	1.29	1.04	1.03	0.86	0.75	0.73	0.78
Total Hitachi, Ltd. stockholders' equity ratio	11.2	14.3	15.7	18.8	21.2	24.1	23.6

Notes:
1. In order to be consistent with financial reporting principles and practices generally accepted in Japan, operating income is presented as total revenues less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies. Under accounting principles generally accepted in the United States of America, restructuring charges, net gain or loss on sales and disposal of rental assets and other property and impairment losses for long-lived assets are included as part of operating income.
2. The restructuring charges mainly represent special termination benefits incurred with the reorganization of our business structures and as the result of the Company and its subsidiaries reviewing and reshaping the business portfolio.
3. EBIT is presented as income before income taxes less interest income plus interest charges.
4. Effective from fiscal 2014, a part of the thermal power generation systems business is classified as a discontinued operation in accordance with the provision of ASC 205-20, "Presentation of Financial Statements—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 operation are reported separately from continuing operations. In line with this classification, "Revenues" and "Operating income" for fiscal 2013 are reclassified.
5. ROA (Return on Assets) = Net income / Total Assets (Average between the end of current fiscal year and the end of previous fiscal year) x 100

IFRS

Millions of yen

For the year:	FY2013	FY2014	FY2015	FY2016	**FY2017**
Revenues	¥9,666,446	¥9,774,930	¥10,034,305	¥9,162,264	**¥9,368,614**
Adjusted operating income	604,798	641,325	634,869	587,309	**714,630**
EBIT	691,230	534,059	531,003	475,182	**644,257**
Net income attributable to Hitachi, Ltd. stockholders	413,877	217,482	172,155	231,261	**362,988**
Net cash provided by operating activities	306,777	451,825	812,226	629,582	**727,168**
Net cash used in investing activities	(550,179)	(612,545)	(730,799)	(337,955)	**(474,328)**
Free cash flows	(243,402)	(160,720)	81,427	291,627	**252,840**
Net cash provided by (used in) financing activities	228,840	233,206	(26,467)	(209,536)	**(321,454)**
Cash dividends declared	50,711	57,944	57,939	62,764	**72,417**
Capital expenditures (Property, plant and equipment)	491,170	431,201	528,551	377,545	**374,901**
Depreciation (Property, plant and equipment)	331,228	350,783	366,547	302,757	**265,413**
R&D expenditures	354,487	334,814	333,730	323,963	**332,920**
At year-end:					
Total assets	11,098,191	12,433,727	12,551,005	9,663,917	**10,106,603**
Property, plant and equipment	2,258,933	2,472,497	2,500,226	1,998,411	**2,124,827**
Total Hitachi, Ltd. stockholders' equity	2,668,657	2,942,281	2,735,078	2,967,085	**3,278,024**
Interest-bearing debt	3,033,985	3,557,356	3,604,455	1,176,603	**1,050,294**

Yen

Per share data:					
Earnings per share attributable to Hitachi, Ltd. stockholders:					
Basic	¥85.69	¥45.04	¥35.65	¥47.90	**¥75.19**
Diluted	85.66	45.00	35.62	47.88	**75.12**
Cash dividends declared	10.5	12.0	12.0	13.0	**15.0**
Total Hitachi, Ltd. stockholders' equity	552.62	609.35	566.48	614.56	**679.00**

%

Financial ratios:					
Adjusted operating income ratio	6.3	6.6	6.3	6.4	**7.6**
EBIT ratio	7.2	5.5	5.3	5.2	**6.9**
Return on revenues	4.3	2.2	1.7	2.5	**3.9**
Return on equity (ROE)	17.5	7.8	6.1	8.1	**11.6**
Return on assets (ROA)	5.0	2.9	2.4	3.0	**5.0**
D/E ratio (Including non-controlling interests) (times)	0.78	0.83	0.87	0.29	**0.23**
Total Hitachi, Ltd. stockholders' equity ratio	24.0	23.7	21.8	30.7	**32.4**

Notes:
1 In order to be consistent with financial reporting principles and practices generally accepted in Japan, adjusted operating income is presented as total revenues less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies.
2 A part of the thermal power generation systems business is classified as a discontinued operation 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 operation are reported separately from continuing operations.
3 From fiscal 2013, capital investment is stated exclusive of investment in lease assets classified as finance leases.
4 ROA (Return on Assets) = Net income / Total Assets (Average between the end of current fiscal year and the end of previous fiscal year) x 100

5-Year Non-Financial Data

Human Capital Development		FY2013	FY2014	FY2015	FY2016	**FY2017**
Number of employees	Consolidated	323,919	336,670	335,244	303,887	**307,275**
	Non-consolidated	33,500	31,375	37,353	35,631	**34,925**
Average service (years)*1		18.3	18.4	18.4	18.6	**18.8**
Turnover ratio (%)*1*2		1.4	1.4	1.3	1.5	**1.5**
Diversity and Inclusion						
Ratio of female employees (%)*1		16.6	16.3	16.5	16.8	**17.2**
Global ratio (number) of female managers*3		5.6 (3,415)	6.0 (3,670)	6.4 (3,727)	6.3 (3,365)	**6.4** **(3,459)**
Ratio (number) of female managers*4		3.8 (418)	3.7 (434)	4.0 (474)	4.1 (509)	**4.2** **(577)**
Employment ratio of people with disabilities (%)*5		2.02	2.03	2.08	2.11	**2.15**
Paid leave ratio (%)*1		64.7	64.3	65.3	68.1	**72.0**
Average overtime hours/month*1		13.5	12.2	11.9	12.8	**10.9**
Global Human Capital						
Number of non-Japanese employees*6		340	446	509	638	**708**
Occupational Health and Safety*7						
Number of fatal accidents*1		1	1	2	1	**0**
Occupational accident rate*1		0.10	0.09	0.07	0.18	**0.17**
Occupational accident rate*8		0.14	0.27	0.22	0.18	**0.25**

Scope of Data

*1 Hitachi, Ltd.
*2 Includes only voluntary resignations.
*3 All full-time, regular female managers excluding those dispatched to non-Group companies.
*4 "Female managers" in fiscal 2017 include managerial employees dispatched from Hitachi, Ltd. to non-Group companies and those accepted from non-Group companies by Hitachi, Ltd. Earlier figures include regular managerial employees dispatched to non-Group companies but exclude those accepted from non-Group companies.
*5 Including Hitachi, Ltd. and 17 special subsidiaries and related Group companies. Data compiled on June 1 of each fiscal year (2.23 in fiscal 2018).
*6 Employees at Hitachi, Ltd. as of the end of each fiscal year.
*7 January to December each year.
*8 195 Hitachi Group companies in Japan including Hitachi, Ltd. for 2013; 251 Hitachi Group companies in Japan including Hitachi, Ltd. for 2014; 240 Hitachi Group companies in Japan including Hitachi, Ltd. for 2015; 200 Hitachi Group companies in Japan including Hitachi, Ltd. for 2016; 201 Hitachi Group companies in Japan including Hitachi, Ltd. for 2017.

Research and Development	FY2013	FY2014	FY2015	FY2016	**FY2017**
Ratio of R&D expenditure to revenue (%)	3.7	3.4	3.3	3.5	**3.6**
Patent application ratio outside Japan (%)	59	59	59	57	**56**

Scope of Data

Hitachi, Ltd. and consolidated subsidiaries (including variable interest entities).
Number of companies: FY2013: 948; FY2014: 996; FY2015: 1,057; FY2016: 865; FY2017 880.

Engaging in Responsible Procurement	FY2013	FY2014	FY2015	FY2016	**FY2017**
Number of audits by external auditing organizations	16	20	20	20	**18**

Environment	FY2013	FY2014	FY2015	FY2016	**FY2017**
Rate of reduction in CO_2 emissions from use of products and services (base: FY2010)*1 (%)	—	—	—	35	**33**
CO_2 emissions from factories and offices (kt-CO_2)	4,165	4,128	3,895	4,577*2	**4,663*2**
Water use (million m^3)	49.55	46.86	43.91	41.34*2	**38.54*2**
Waste and valuables generation (kt)	677	692	618	1,336*2	**1,356*2**
Atmospheric emissions of chemical substances (t)	4,216	4,415	3,615	4,380*2*3	**4,223*2*3**

Scope of Data

Hitachi, Ltd. and consolidated subsidiaries.
Number of companies: FY2013: 948; FY2014: 996; FY2015: 1,057; FY2016: 865; FY2017: 880.
Environmental performance data associated with Hitachi's business operations: Hitachi Group companies whose environmental load comprises 90% of the total (based on Hitachi calculations); data for each fiscal year indicates performance within the given scope for the fiscal year.
*1 New indicator established in fiscal 2016.
*2 Figures include a materials company that has become a consolidated member of the Hitachi Group since fiscal 2016.
*3 The management scope of chemical substances has been expanded from 41 to 50 substances since fiscal 2016.

Independent Assurance of Environmental and Social Data

To enhance the reliability of the data disclosed in the *Hitachi Sustainability Report 2018*, we have received independent assurance of key environmental and social performance indicators by KPMG AZSA Sustainability Co., Ltd.

Please refer to the Third-Party Assurance Report on page 135 of the *Hitachi Sustainability Report 2018*.
http://www.hitachi.com/sustainability/download/index.html

Operating and Financial Review

Operating Results

Summary

Years ended March 31:	2017	2018	Percent change
	Billions of yen		
Revenues	¥9,162.2	**¥9,368.6**	2%
EBIT	475.1	**644.2**	36%
Income from continuing operations, before income taxes	469.0	**638.6**	36%
Net income attributable to Hitachi, Ltd. stockholders	231.2	**362.9**	57%

Analysis of Statement of Operations

Revenues increased 2% to ¥9,368.6 billion, as compared with the year ended March 31, 2017, despite the effect of the move to transform the business portfolio such as conversion of Hitachi Capital Corporation and Hitachi Transport System, Ltd., into equity-method affiliates and deconsolidation of Hitachi Koki Co., Ltd. (now Koki Holdings Co., Ltd.) in the year ended March 31, 2017. This increase was due mainly to higher revenues in the Construction Machinery segment, in which overseas sales increased mainly in China, and in the High Functional Materials & Components segment, in which sales of electronics- and automotive-related products increased.

Cost of sales increased 1% to ¥6,866.5 billion, as compared with the year ended March 31, 2017, and the ratio of cost of sales to revenues was 73%, a decrease of 1% from the year ended March 31, 2017. Gross profit increased 5% to ¥2,502.0 billion, as compared with the year ended March 31, 2017.

Selling, general and administrative expenses were ¥1,787.4 billion, which was the same level as for the year ended March 31, 2017, and the ratio of selling, general and administrative expenses to revenues was 19%, as compared with 20% for the year ended March 31, 2017.

Adjusted operating income increased by ¥127.3 billion to ¥714.6 billion yen, as compared with the year ended March 31, 2017. The increase was due mainly to higher profits owing to increased revenues in the Construction Machinery segment, profitability improvement for the industry & distribution field, the power and energy business, and the industrial equipment business in the Social Infrastructure & Industrial Systems segment. The increase was also attributable to higher profits in the Information & Telecommunication Systems segment owing to an improvement in the profitability of the system integration business in Japan and the effect of the structural reform implemented in the year ended March 31, 2017.

Other income decreased ¥88.6 billion to ¥12.0 billion and other expenses decreased ¥5.8 billion to ¥140.6 billion, as compared with the year ended March 31, 2017, respectively. The details are as follows. Net gain on sales and disposal of fixed assets worsened by ¥17.6 billion and turned to a loss of ¥2.5 billion, as compared with the year ended March 31, 2017. Impairment losses decreased ¥19.9 billion to ¥48.6 billion, as compared with the year ended March 31, 2017. This mainly reflected impairment losses on intangible assets, etc., in the Information & Telecommunication Systems segment. Net gain on business reorganization and others decreased ¥71.5 billion to ¥9.7 billion, as compared with the year ended March 31, 2017, due mainly to the absence of the partial sale of the shares of Hitachi Transport System, Ltd. and the sale of Hitachi Koki Co., Ltd. shares recorded in the year ended March 31, 2017. Special termination benefits decreased ¥8.9 billion to ¥15.7 billion, as compared with the year ended March 31, 2017. Expenses related to competition law and others increased ¥7.5 billion to ¥14.2 billion, as compared with the year ended March 31, 2017.

Financial income (excluding interest income) was ¥7.0 billion, the same level as for the year ended March 31, 2017, and financial expenses (excluding interest charges) decreased ¥14.9 billion to ¥11.2 billion, as compared with the year ended March 31, 2017.

Share of profits of investments accounted for using the equity method was ¥62.4 billion, an improvement of ¥109.6 billion from the year ended March 31, 2017, for which an impairment loss for the uranium enrichment business at a U.S. equity-method associate was posted in the Social Infrastructure & Industrial Systems segment.

As a result of the foregoing, EBIT increased ¥169.0 billion to ¥644.2 billion, as compared with the year ended March 31, 2017.

Interest income increased ¥2.0 billion to ¥14.9 billion and interest charges increased ¥1.5 billion to ¥20.5 billion, as compared with the year ended March 31, 2017, respectively.

Income from continuing operations, before income taxes increased ¥169.5 billion to ¥638.6 billion, as compared with the year ended March 31, 2017.

Income taxes increased ¥6.5 billion to ¥131.7 billion, as compared with the year ended March 31, 2017, due mainly to increased income from continuing operations, before income taxes.

Loss from discontinued operations increased ¥10.0 billion to ¥16.0 billion, as compared with the year ended March 31, 2017.

Net income increased ¥152.8 billion to ¥490.9 billion, as compared with the year ended March 31, 2017.

Net income attributable to non-controlling interests increased ¥21.1 billion to ¥127.9 billion, as compared with the year ended March 31, 2017.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders increased ¥131.7 billion to ¥362.9 billion, as compared with the year ended March 31, 2017.

Revenues by Geographic Area

The following is an overview of revenues attributed to geographic areas based on customer location.

Years ended March 31:	2017	2018	Percent change
	Billions of yen		
Japan	¥4,757.6	**¥4,643.0**	-2%
Overseas Revenues Subtotal	4,404.5	**4,725.5**	7%
Asia	1,860.7	**2,081.1**	12%
North America	1,144.0	**1,177.5**	3%
Europe	972.6	**964.4**	-1%
Other Areas	427.1	**502.3**	18%
Total Revenues	¥9,162.2	**¥9,368.6**	2%

Japan
Revenues in Japan decreased 2% to ¥4,643.0 billion, as compared with the year ended March 31, 2017. This was due mainly to reduced revenues in the Social Infrastructure & Industrial Systems segment, etc. and due to the conversion of Hitachi Transport System, Ltd. and Hitachi Capital Corporation to equity-method associates in the previous fiscal year, despite increased revenues in the High Functional Materials & Components segment.

Overseas
(Asia)
Revenues in Asia increased 12% to ¥2,081.1 billion, as compared with the year ended March 31, 2017. This was due mainly to higher revenues in the Electronic Systems & Equipment segment, Construction Machinery segment, and High Functional Materials & Components segment, etc., despite reduced revenues as a result of the conversion of Hitachi Transport System, Ltd. and Hitachi Capital Corporation to equity-method associates.

(North America)
Revenues in North America increased 3% to ¥1,177.5 billion, as compared with the year ended March 31, 2017. This was due mainly to the higher revenues in the Social Infrastructure & Industrial Systems segment gained by the industrial products business expansion by acquisition and higher revenues in the Construction Machinery segment, despite reduced revenues in the Electronic Systems & Equipment segment due to the impact of the deconsolidation of Hitachi Koki Co., Ltd.

(Europe)
Revenues in Europe decreased 1% to ¥964.4 billion, as compared with the year ended March 31, 2017. This was due mainly to the impact of deconsolidation of Hitachi Koki Co., Ltd. and the conversion of Hitachi Capital Corporation to an equity-method associate. This decrease was almost partially offset by higher revenues in the Social Infrastructure & Industrial Systems segment, reflecting substantial sales growth in the railway systems business, and higher revenues in the High Functional Materials & Components segment due mainly to acquisitions.

(Other Areas)
Revenues in other areas increased 18% to ¥502.3 billion, as compared with the year ended March 31, 2017. This was due mainly to higher revenues in Construction Machinery segment owing to acquisitions, etc.

As a result of the foregoing, overseas revenues increased 7% to ¥4,725.5 billion, as compared with the year ended March 31, 2017, and the ratio to total revenues was 50%, which was 2% increase as compared with the year ended March 31, 2017.

Summary of Financial Condition, etc.

Liquidity and Capital Resources
Our management considers maintaining an appropriate level of liquidity and securing adequate funds for current and future business operations to be important financial objectives. Through efficient management of working capital and selective investment in new plants and equipment, we are working to optimize the efficiency of capital utilization throughout our business operations. We endeavor to improve our group cash management by centralizing such management among us and our overseas financial subsidiaries. Our internal sources of funds include cash flows generated by operating activities and cash on hand. Our management also considers short-term investments to be an immediately available source of funds. In addition, we raise funds both in the capital markets and from Japanese and international commercial banks in response to our capital requirements. Our management policy is to finance capital expenditures primarily by internally generated funds and to a lesser extent by funds raised through the issuance of debt and equity securities in domestic and foreign capital markets. In order to flexibly access funding, we maintain our shelf registration with the maximum outstanding balance of ¥300.0 billion.

We maintain commitment line agreements with a number of domestic banks under which we may borrow in order to ensure efficient access to necessary funds. These commitment line agreements generally provide for a one-year term, renewable upon mutual agreement between us and each of the lending banks, as well as another commitment line agreement with a contract term of three years ending on July 29, 2019. As of March 31, 2018, our unused commitment lines totaled ¥503.2 billion, including those of ¥400.0 billion which the Company maintained.

We receive debt ratings from Moody's Japan K.K. (Moody's), Standard & Poor's Rating Japan (S&P), as well as Rating and Investment Information, Inc. (R&I). Our debt ratings as of March 31, 2018 were as follows:

Rating Company	Long-term	Short-term
Moody's	A3	P–2
S&P	A–	A–2
R&I	A+	a–1

With our current ratings, we believe that our access to the global capital markets will remain sufficient for our financing needs. We seek to improve our credit ratings in order to ensure financial flexibility for liquidity and capital management, and to continue to maintain access to sufficient funding resources through the capital markets.

Cash Flows

Years ended March 31:	2017	2018
	Billions of yen	
Net cash provided by operating activities	¥ 629.5	**¥ 727.1**
Net cash used in investing activities	(337.9)	**(474.3)**
Net cash used in financing activities	(209.5)	**(321.4)**
Effect of exchange rate changes on cash and cash equivalents	(16.1)	**1.3**
Change in cash and cash equivalents	65.9	**(67.2)**
Cash and cash equivalents at beginning of year	699.3	**765.2**
Cash and cash equivalents at end of year	¥ 765.2	**¥ 697.9**

(Cash Flows from Operating Activities)
Net income in the year ended March 31, 2018 increased by ¥152.8 billion, as compared with the year ended March 31, 2017. Net cash outflow from a change in inventories increased by ¥158.4 billion, as compared with the year ended March 31, 2017. Net cash flow from a change in trade payables deteriorated by ¥13.6 billion. Net cash flow from a change in trade receivables improved by ¥244.0 billion. As a result, net cash outflow from changes in working capital decreased. As a result of the foregoing, net cash provided by operating activities was ¥727.1 billion in the year ended March 31, 2018, an increase of ¥97.5 billion compared with the year ended March 31, 2017.

(Cash Flows from Investing Activities)
Net amount of investments related to property, plant and equipment*1 was ¥406.4 billion, a decrease of ¥56.1 billion as compared with the year ended March 31, 2017. Proceeds from sales of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) decreased by ¥70.7 billion compared with the year ended March 31, 2017 for which partial sales of the shares of Hitachi Transport System, Ltd. and Hitachi Capital Corporation, and the sale of all shares of Hitachi Koki Co., Ltd. were conducted. Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) increased ¥65.8 billion, compared with the year ended March 31, 2017, due mainly to payment for the acquisition of "Sullair" air compressor business. As a result of the foregoing, net cash used in investing activities was ¥474.3 billion in the year ended March 31, 2018, an increase of ¥136.3 billion compared with the year ended March 31, 2017.

*1 The sum of the purchase of property, plant and equipment, the purchase of intangible assets and the purchase of leased assets, less the proceeds from sale of property, plant, equipment and intangible assets, the proceeds from sale of leased assets and the collection of lease receivables

(Cash Flows from Financing Activities)
The net cash outflow from a change in short-term debt decreased by ¥128.9 billion compared with the year ended March 31, 2017. Payments related to long-term debt*2 in the year ended March 31, 2018 were ¥113.5 billion, as compared with ¥115.5 billion of proceeds related to long-term debt in the year ended March 31, 2017. As a result of the foregoing, net cash used in financing activities was ¥321.4 billion in the year ended March 31, 2018, an increase of ¥111.9 billion compared with the year ended March 31, 2017.

*2 The proceeds from long-term debt, less the payments on long-term debt

As a result of the above items, as of March 31, 2018, cash and cash equivalents amounted to ¥697.9 billion, a decrease of ¥67.2 billion from March 31, 2017. Free cash flows, the sum of cash flows from operating and investing activities, were an inflow of ¥252.8 billion in the year ended March 31, 2018, a decrease of ¥38.7 billion from the year ended March 31, 2017.

Assets, Liabilities, and Equity

As of March 31, 2018, total assets amounted to ¥10,106.6 billion, an increase of ¥442.6 billion from March 31, 2017. This was due mainly to the acquisition of "Sullair" air compressor business in the Social Infrastructure & Industrial Systems segment and corporate acquisitions undertaken by Hitachi Chemical Company, Ltd. in the High Functional Materials & Components segment. Cash and cash equivalents as of March 31, 2018 amounted to ¥697.9 billion, a decrease of ¥67.2 billion from the amount as of March 31, 2017.

As of March 31, 2018, total interest-bearing debt, the sum of short-term debt and long-term debt, amounted to ¥1,050.2 billion, a decrease of ¥126.3 billion from March 31, 2017 as a result of bond redemption and repayment of borrowings. As of March 31, 2018, short-term debt, consisting mainly of borrowings from banks and commercial paper, amounted to ¥121.4 billion, a decrease of ¥74.9 billion from March 31, 2017. As of March 31, 2018, current portion of long-term debt amounted to ¥117.1 billion, a decrease of ¥73.0 billion from March 31, 2017. As of March 31, 2018, long-term debt (excluding current portion), consisting mainly of debentures, and loans principally from banks and insurance companies, amounted to ¥811.6 billion, an increase of ¥21.6 billion from March 31, 2017.

As of March 31, 2018, total Hitachi, Ltd. stockholders' equity amounted to ¥3,278.0 billion, an increase of ¥310.9 billion from March 31, 2017. This is due mainly to posting net income attributable to Hitachi, Ltd. stockholders. As a result, the ratio of total Hitachi, Ltd. stockholders' equity to total assets as of March 31, 2018 was 32.4%, compared with 30.7% as of March 31, 2017.

Non-controlling interests as of March 31, 2018 were ¥1,233.6 billion, an increase of ¥103.7 billion from March 31, 2017.

Total equity as of March 31, 2018 was ¥4,511.6 billion, an increase of ¥414.6 billion from March 31, 2017. The ratio of interest-bearing debt to total equity was 0.23, compared with 0.29 as of March 31, 2017.

Consolidated Statement of Financial Position

March 31, 2018 and 2017

Assets	2017	2018
	Millions of yen	
Current assets		
Cash and cash equivalents	¥ 765,242	**¥ 697,964**
Trade receivables	2,433,149	**2,501,414**
Inventories	1,225,907	**1,375,232**
Investments in securities and other financial assets	388,792	**373,324**
Other current assets	189,516	**203,866**
Total current assets	5,002,606	**5,151,800**
Non-current assets		
Investments accounted for using the equity method	691,251	**743,407**
Investments in securities and other financial assets	758,350	**716,431**
Property, plant and equipment	1,998,411	**2,124,827**
Intangible assets	919,201	**1,054,370**
Other non-current assets	294,098	**315,768**
Total non-current assets	4,661,311	**4,954,803**
Total Assets	¥9,663,917	**¥10,106,603**

Note: Changes in presentation have been made due to materiality of some accounts balances as a result of business reorganization and others. 'Investments in securities and other financial assets,' which were included in 'Other current assets' as of March 31, 2017, have been reclassified and presented separately. 'Lease receivables,' which were separately presented under current and non-current assets, have been included in 'Investments in securities and other financial assets' under current and non-current assets, respectively. 'Other financial liabilities,' which were separately presented under non-current liabilities, have been included in 'Other non-current liabilities.' The consolidated statement of financial position as of March 31, 2017 has been reclassified in order to reflect these changes in presentation.

Millions of yen

Liabilities	2017	**2018**
Current liabilities		
Short-term debt	¥ 196,357	**¥ 121,439**
Current portion of long-term debt	190,233	**117,191**
Other financial liabilities	274,270	**254,735**
Trade payables	1,402,233	**1,536,983**
Other current liabilities	1,657,766	**1,765,046**
Total current liabilities	3,720,859	**3,795,394**
Non-current liabilities		
Long-term debt	790,013	**811,664**
Retirement and severance benefits	635,684	**575,156**
Other non-current liabilities	420,366	**412,718**
Total non-current liabilities	1,846,063	**1,799,538**
Total Liabilities	5,566,922	**5,594,932**

Equity		
Hitachi, Ltd. stockholders’ equity		
Common stock	458,790	**458,790**
Capital surplus	577,573	**575,809**
Retained earnings	1,793,570	**2,105,395**
Accumulated other comprehensive income	141,068	**142,167**
Treasury stock, at cost	(3,916)	**(4,137)**
Total Hitachi, Ltd. stockholders’ equity	2,967,085	**3,278,024**
Non-controlling interests	1,129,910	**1,233,647**
Total Equity	4,096,995	**4,511,671**
Total Liabilities and Equity	¥9,663,917	**¥10,106,603**

Consolidated Statement of Profit or Loss

Years ended March 31, 2018 and 2017

	Millions of yen	
	2017	**2018**
Revenues	¥ 9,162,264	**¥ 9,368,614**
Cost of sales	(6,782,677)	**(6,866,522)**
Gross profit	2,379,587	**2,502,092**
Selling, general and administrative expenses	(1,792,278)	**(1,787,462)**
Adjusted operating income	587,309	**714,630**
Other income	100,742	**12,068**
Other expenses	(146,568)	**(140,686)**
Financial income	7,091	**7,005**
Financial expenses	(26,206)	**(11,243)**
Share of profits (losses) of investments accounted for using the equity method	(47,186)	**62,483**
EBIT (Earnings before interest and taxes)	475,182	**644,257**
Interest income	12,923	**14,928**
Interest charges	(19,014)	**(20,539)**
Income from continuing operations, before income taxes	469,091	**638,646**
Income taxes	(125,112)	**(131,708)**
Income from continuing operations	343,979	**506,938**
Loss from discontinued operations	(5,950)	**(16,020)**
Net income	¥ 338,029	**¥ 490,918**
Net income attributable to:		
Hitachi, Ltd. stockholders	231,261	**362,988**
Non-controlling interests	106,768	**127,930**

Consolidated Statement of Comprehensive Income

Years ended March 31, 2018 and 2017

	Millions of yen	
	2017	**2018**
Net income	¥338,029	**¥490,918**
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	59,934	**1,530**
Remeasurements of defined benefit plans	46,086	**22,753**
Share of OCI of investments accounted for using the equity method	(1,887)	**3,302**
Total items not to be reclassified into net income	104,133	**27,585**
Items that can be reclassified into net income		
Foreign currency translation adjustments	(64,761)	**(8,042)**
Net changes in cash flow hedges	21,303	**5,703**
Share of OCI of investments accounted for using the equity method	1,166	**(45)**
Total items that can be reclassified into net income	(42,292)	**(2,384)**
Other comprehensive income (OCI)	61,841	**25,201**
Comprehensive income	¥399,870	**¥516,119**
Comprehensive income attributable to:		
Hitachi, Ltd. stockholders	299,397	**382,341**
Non-controlling interests	100,473	**133,778**

Consolidated Statement of Changes in Equity

Years ended March 31, 2018 and 2017

Millions of yen

2017

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2016	¥458,790	¥586,790	¥1,609,761	¥ 83,543	¥(3,806)	¥2,735,078	¥1,390,492	¥4,125,570
Reclassified into retained earnings	–	–	10,486	(10,486)	–	–	–	–
Net income	–	–	231,261	–	–	231,261	106,768	338,029
Other comprehensive income (loss)	–	–	–	68,136	–	68,136	(6,295)	61,841
Cash dividends	–	–	(57,938)	–	–	(57,938)	(38,283)	(96,221)
Changes in treasury stock	–	(15)	–	–	(110)	(125)	–	(125)
Equity transactions and other	–	(9,202)	–	(125)	–	(9,327)	(322,772)	(332,099)
Total changes in equity	–	(9,217)	183,809	57,525	(110)	232,007	(260,582)	(28,575)
As of March 31, 2017	¥458,790	¥577,573	¥1,793,570	¥141,068	¥(3,916)	¥2,967,085	¥1,129,910	¥4,096,995

Millions of yen

2018

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2017	**¥458,790**	**¥577,573**	**¥1,793,570**	**¥141,068**	**¥(3,916)**	**¥2,967,085**	**¥1,129,910**	**¥4,096,995**
Reclassified into retained earnings	–	–	**16,428**	**(16,428)**	–	–	–	–
Net income	–	–	**362,988**	–	–	**362,988**	**127,930**	**490,918**
Other comprehensive income	–	–	–	**19,353**	–	**19,353**	**5,848**	**25,201**
Cash dividends	–	–	**(67,591)**	–	–	**(67,591)**	**(34,395)**	**(101,986)**
Changes in treasury stock	–	**(27)**	–	–	**(221)**	**(248)**	–	**(248)**
Equity transactions and other	–	**(1,737)**	–	**(1,826)**	–	**(3,563)**	**4,354**	**791**
Total changes in equity	–	**(1,764)**	**311,825**	**1,099**	**(221)**	**310,939**	**103,737**	**414,676**
As of March 31, 2018	**¥458,790**	**¥575,809**	**¥2,105,395**	**¥142,167**	**¥(4,137)**	**¥3,278,024**	**¥1,233,647**	**¥4,511,671**

Consolidated Statement of Cash Flows

Years ended March 31, 2018 and 2017

	2017	2018
	Millions of yen	
Cash flows from operating activities		
Net income	¥ 338,029	**¥ 490,918**
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	415,183	**364,432**
Change in trade receivables	(196,824)	**47,216**
Change in inventories	(22,731)	**(181,207)**
Change in trade payables	111,589	**97,923**
Other	(15,664)	**(92,114)**
Net cash provided by (used in) operating activities	629,582	**727,168**
Cash flows from investing activities		
Purchase of property, plant and equipment	(316,116)	**(349,388)**
Purchase of intangible assets	(101,034)	**(90,924)**
Purchase of leased assets	(292,943)	**(3,263)**
Proceeds from sale of property, plant and equipment, and intangible assets	52,208	**27,448**
Proceeds from sale of leased assets	14,539	**9,628**
Collection of lease receivables	180,726	**–**
Proceeds from sale (purchase) of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method), net	71,653	**(64,936)**
Other	53,012	**(2,893)**
Net cash provided by (used in) investing activities	(337,955)	**(474,328)**
Free cash flows	291,627	**252,840**
Cash flows from financing activities		
Change in interest-bearing debt	(118,314)	**(218,409)**
Dividends paid to stockholders	(57,935)	**(67,568)**
Dividends paid to non-controlling interests	(36,508)	**(32,066)**
Other	3,221	**(3,411)**
Net cash provided by (used in) financing activities	(209,536)	**(321,454)**
Effect of exchange rate changes on cash and cash equivalents	(16,164)	**1,336**
Change in cash and cash equivalents	65,927	**(67,278)**
Cash and cash equivalents at beginning of year	699,315	**765,242**
Cash and cash equivalents at end of year	¥ 765,242	**¥ 697,964**

Corporate Data / Stock Information

As of March 31, 2018

Corporate Name
Hitachi, Ltd. (Kabushiki Kaisha Hitachi Seisakusho)

URL
http://www.hitachi.com/

Principal Office
6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8280, Japan

Founded
1910 (Incorporated in 1920)

Capital Stock
458,790 million yen

Number of Employees
307,275

Number of Shares Issued Common Stock (including treasury stock)
4,833,463,387 shares

Number of Shareholders
335,411

Administrator of Shareholders' Register
Tokyo Securities Transfer Agent Co., Ltd.
6th Floor, NMF Takebashi Building, 3-11, Kanda Nishiki-cho, Chiyoda-ku, Tokyo 101-0054, Japan

Stock Exchange Listings
Tokyo, Nagoya

Accounting Auditor
Ernst & Young ShinNihon LLC

Investor Relations Contacts

JAPAN
Hitachi, Ltd.
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TEL: +81-3-3258-1111
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50 Prospect Avenue,
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TEL: +1-914-333-2987
E-mail: investor.info@hal.hitachi.com

U.K.
Hitachi Europe Ltd.
Whitebrook Park,
Lower Cookham Road,
Maidenhead, Berkshire SL6 8YA
TEL: +44-1628-585384

10 Largest Shareholders

Name	Number of Shares (shares)	Percentage of Total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	315,175,000	6.53
Japan Trustee Services Bank, Ltd. (Trust Account)	289,061,315	5.99
Hitachi Employees' Shareholding Association	99,765,384	2.07
Nippon Life Insurance Company	93,264,995	1.93
Japan Trustee Services Bank, Ltd. (Trust Account 9)	92,858,000	1.92
State Street Bank West Client-Treaty 505234	92,679,162	1.92
Japan Trustee Services Bank, Ltd. (Trust Account 5)	91,756,000	1.90
The Dai-ichi Life Insurance Company, Limited*	71,361,222	1.48
Japan Trustee Services Bank, Ltd. (Trust Account 7)	70,797,000	1.47
Japan Trustee Services Bank, Ltd. (Trust Account 1)	68,201,000	1.41

* The number of shares held by The Dai-ichi Life Insurance Company, Limited includes its contribution of 6,560,000 shares to the retirement allowance trust (the holder of said shares, as listed in the Shareholders' Register, is "Dai-ichi Life Insurance Account, Retirement Allowance Trust, Mizuho Trust & Banking Co., Ltd.").

Ratings

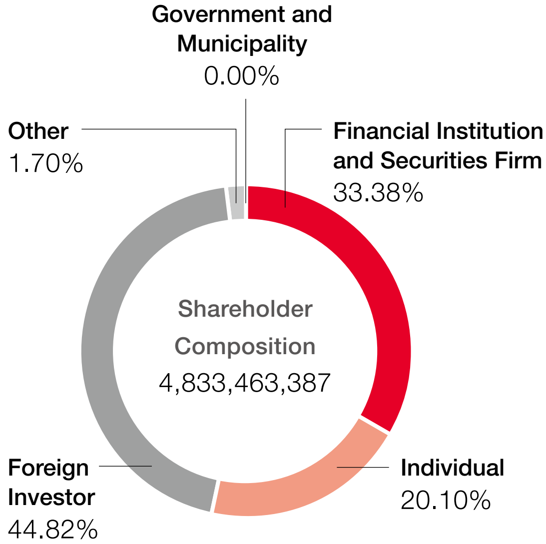
Rating Company	Long-term	Short-term
Moody's Japan K.K. (Moody's)	A3	P–2
Standard & Poor's Ratings Japan (S&P) *	A–	A–2
Rating and Investment Information, Inc. (R&I)	A+	a–1

* On August 7, 2018, S&P raised Hitachi's long-term and short-term corporate debt ratings by a single notch, to "A" and "A-1," respectively.

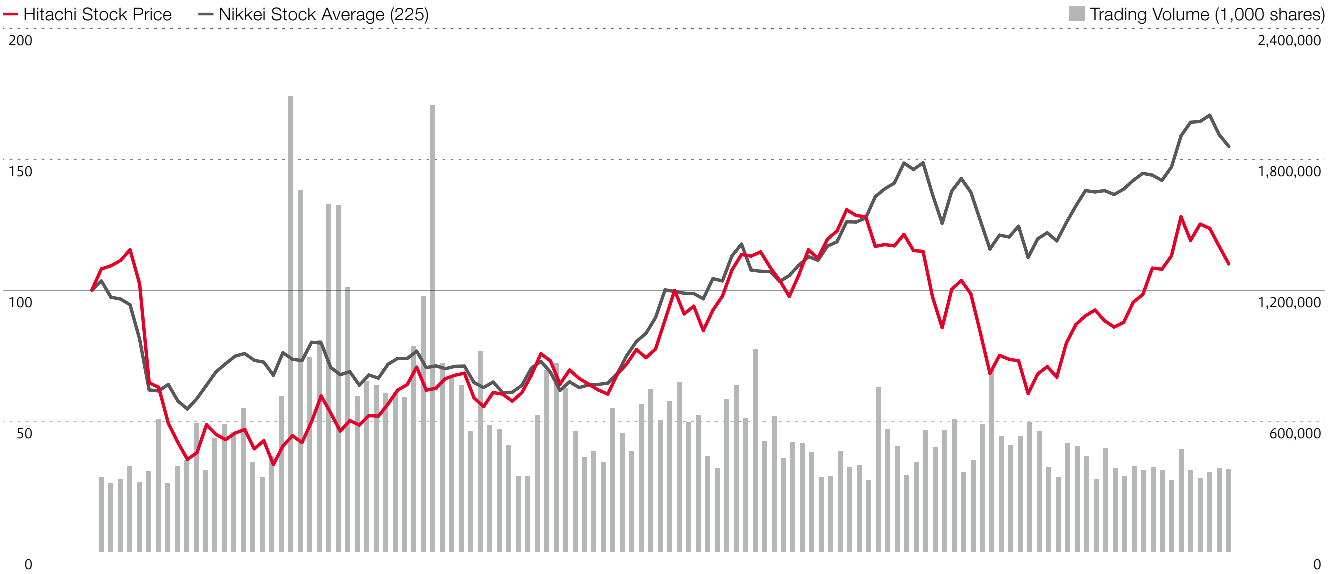
Shareholder Composition

Class of Shareholders	Number of Shareholders	Share Ownership (shares)
● Financial Institution and Securities Firm	363	1,613,562,519
● Individual	330,471	971,762,712
● Foreign Investor	1,474	2,166,160,307
● Other	3,099	81,931,281
● Government and Municipality	4	46,568
Total	335,411	4,833,463,387

* Treasury stock is included in "Other."



Stock Price and Trading Volume



	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018
High (Yen)	843	404	523	547	578	877	939.9	858	679.5	944.2
Low (Yen)	230	227	313	360	401	508	660	431	400	566.3
Price at end of March	266	349	433	531	543	762	823.2	526.6	602.5	770.8

*1 The closing price on March 31, 2008 equals 100.
*2 Hitachi, Ltd. undertook a 1-for-5 reverse-split of the Company's common stock on October 1, 2018. The stock information in this report relates to data prior to the reverse stock split.

Website Information

Detailed information is available on the Company's website.

About Hitachi Group

http://www.hitachi.co.jp/about/corporate/
(Japanese)

http://www.hitachi.com/corporate/about/
(English)

Investor Relations

http://www.hitachi.co.jp/IR/
(Japanese)

http://www.hitachi.com/IR-e/
(English)

Sustainability

http://www.hitachi.co.jp/sustainability/
(Japanese)

http://www.hitachi.com/sustainability/
(English)