



Outline of Consolidated Financial Results for the First Quarter ended June 30, 2017

July 28, 2017

Hitachi, Ltd.

Contents

- 1. Outline of Consolidated Financial Results
for the First Quarter ended June 30, 2017**
- 2. Outlook for Fiscal 2017**



**1. Outline of Consolidated Financial Results
for the First Quarter ended June 30, 2017**

1-1. Highlights of the First Quarter FY2017 Financial Results

Revenues	2,088.6 billion yen	down 2% / 41.7 billion yen YoY	<ul style="list-style-type: none"> ● up 6% YoY, on the assumption regarding reorganization*3 and on a constant currency basis
Adjusted operating income*1	131.8 billion yen	up 44% / 40.3 billion yen YoY	<ul style="list-style-type: none"> ● up 53.3 billion yen YoY, on the assumption regarding reorganization*3 and on a constant currency basis
EBIT (Earnings before interest and taxes)*2	143.2 billion yen	up 27% / 30.8 billion yen YoY	<ul style="list-style-type: none"> ● up 71.8 billion yen YoY, on the assumption regarding reorganization*3 and on a constant currency basis
Net income attributable to Hitachi, Ltd. stockholders	75.0 billion yen	up 33% / 18.6 billion yen YoY	
Free cash flows (Manufacturing, Services and Others)	22.3 billion yen	down 90.9 billion yen YoY	

*1 "Adjusted Operating Income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

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

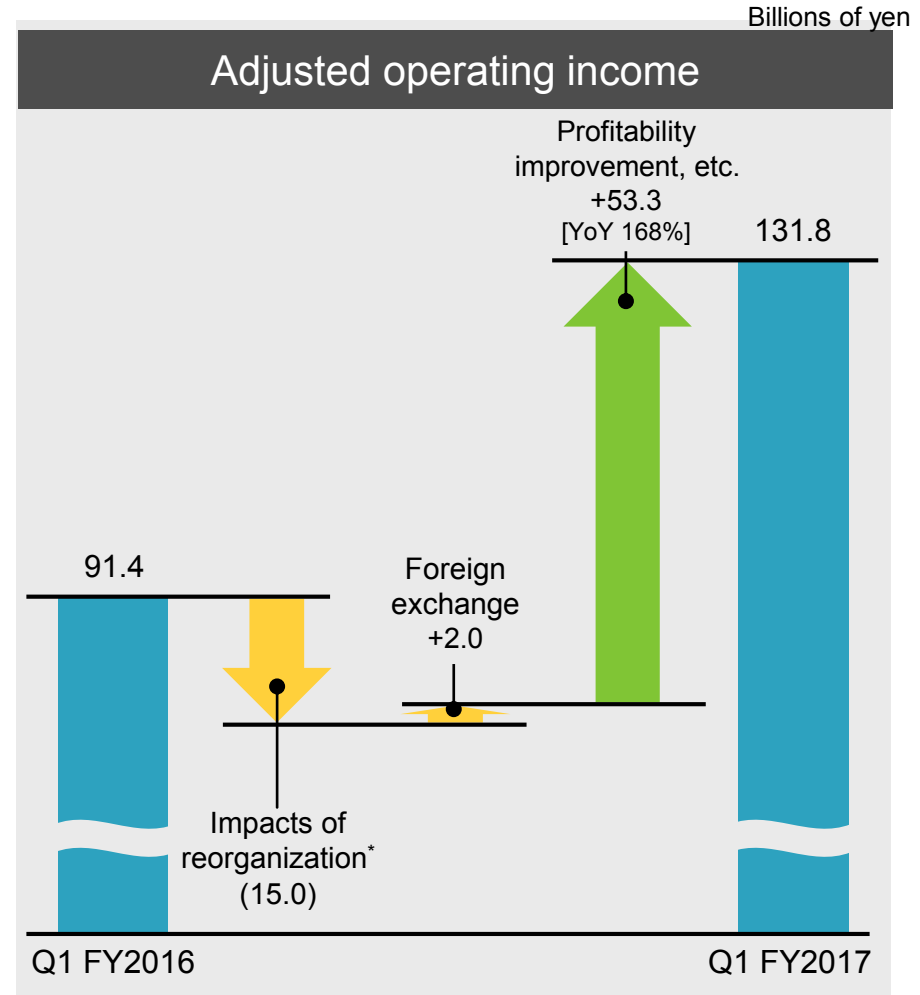
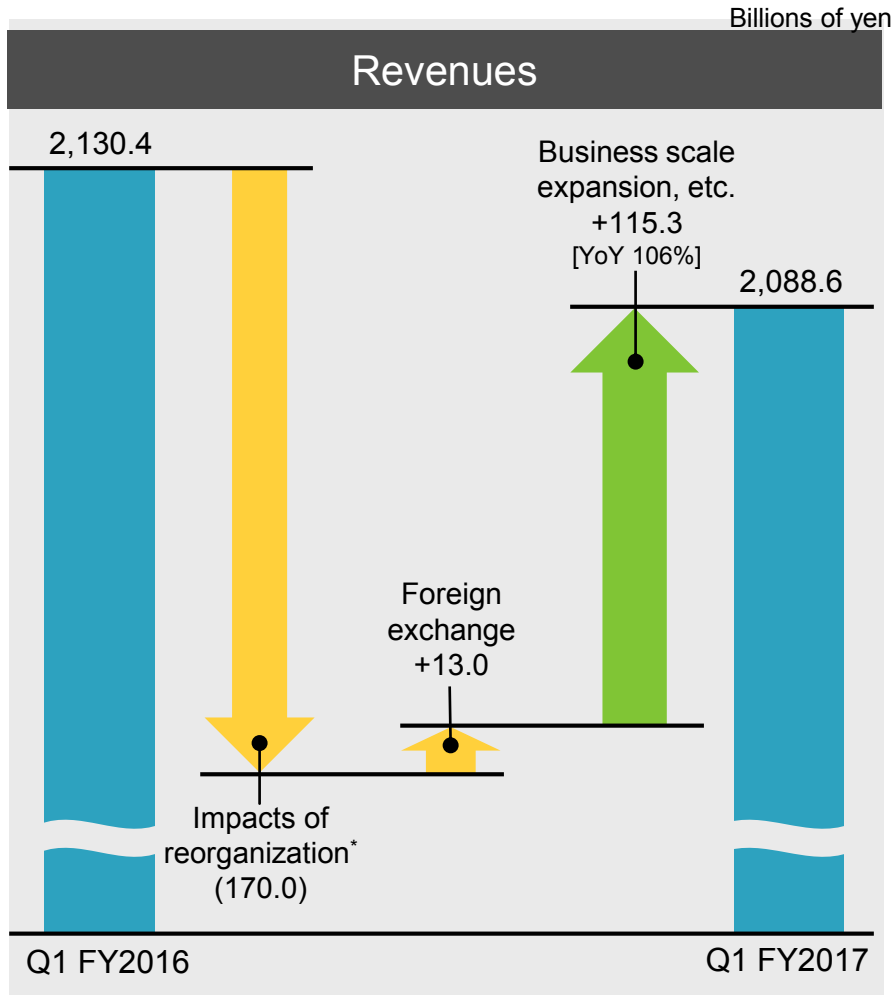
*3 The assumption is that Hitachi Transport System, Ltd., Hitachi Capital Corporation and Hitachi Koki Co., Ltd. were not consolidated in FY2016.

1-2. Consolidated Statement of Profit or Loss

	Billions of yen		
	Q1 FY2016	Q1 FY2017	Year over year
Revenues	2,130.4	2,088.6	(41.7) [98%]
<i>Adjusted operating income ratio</i>	4.3%	6.3%	+2.0%
Adjusted operating income	91.4	131.8	+40.3
<i>EBIT ratio</i>	5.3%	6.9%	+1.6%
EBIT	112.4	143.2	+30.8
Income from continuing operations, before income taxes	109.7	141.5	+31.7
Income taxes	(33.3)	(35.1)	(1.8)
Income from continuing operations	76.3	106.3	+29.9
Income (loss) from discontinued operations*	0.4	(0.0)	(0.5)
Net income	76.8	106.2	+29.4
Net income attributable to Hitachi, Ltd. stockholders	56.4	75.0	+18.6

* A part of the thermal power generation systems business is classified as discontinued operations in accordance with the provision of IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," which was not transferred to Mitsubishi Hitachi Power Systems, Ltd. as part of the business integration in the thermal power generation systems with Mitsubishi Heavy Industries, Ltd. The results of the discontinued operations are reported separately from continuing operations.

1-3. Factors Affecting Changes in Revenues and Adjusted Operating Income (year over year)



- Business scale expansion, etc.
 - Organic growth: Hitachi Construction Machinery, Hitachi High-Technologies and railway systems business
 - M&As

- Profitability improvement, etc.
 - Organic growth: Business scale expansion and cost reduction, etc.

* Hitachi Transport System, Hitachi Capital and Hitachi Koki

1-4. Revenues by Market

Billions of yen

	Q1 FY2016		Q1 FY2017		Year over year
		Ratio		Ratio	
Japan	1,047.0	49%	976.0	47%	93%
Outside Japan	1,083.4	51%	1,112.6	53%	103%
Asia	436.7	20%	490.8	23%	112%
China	221.1	10%	248.9	12%	113%
ASEAN, India, other areas	215.5	10%	241.9	11%	112%
North America	290.8	14%	287.1	14%	99%
Europe	259.0	12%	218.0	10%	84%
Other Areas	96.7	5%	116.5	6%	120%
Total	2,130.4	100%	2,088.6	100%	98%

1-5. Summary of Consolidated Financial Position and Summary of Consolidated Statements of Cash Flows

Summary of Consolidated Financial Position

Billions of yen

	As of March 31, 2017	As of June 30, 2017	Change from March 31, 2017
Total assets	9,663.9	9,691.4	+27.5
Trade receivables and Inventories	3,659.0	3,566.5	(92.5)
Total liabilities	5,566.9	5,526.2	(40.6)
Interest-bearing debt	1,176.6	1,268.1	+91.5
Total Hitachi, Ltd. stockholders' equity	2,967.0	3,013.0	+46.0
Non-controlling interests	1,129.9	1,152.1	+22.2
Cash Conversion Cycle	72.2 days	67.9 days	4.3 days decrease
Total Hitachi, Ltd. stockholders' equity ratio	30.7%	31.1%	0.4 points increase
D/E ratio (Including non-controlling interests)	0.29 times	0.30 times	0.01 points increase

Summary of Consolidated Statements of Cash Flows

Billions of yen

	Manufacturing, Services and Others*			Total		
	Q1 FY2016	Q1 FY2017	Year over year	Q1 FY2016	Q1 FY2017	Year over year
Cash flows from operating activities	132.3	126.9	(5.3)	84.9	126.9	+41.9
Cash flows from investing activities	(19.0)	(104.6)	(85.5)	(81.4)	(104.6)	(23.2)
Free cash flows	113.2	22.3	(90.9)	3.5	22.3	+18.7

* Since Hitachi Capital, which belonged to the Financial Services segment, was converted into an equity-method associate as of October 3, 2016, the Financial Services segment is not presented as a reportable segment. The figures of cash flows for "Manufacturing, Services and Others" are still presented for reference purpose only.

1-6. Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		Q1 FY2016*		Q1 FY2017*		Year over year		Dynamics
Information & Telecommunication Systems	Revenues		435.0		434.7		100%	(+) Sales increase in system integration business in Japan (-) Sales decrease in storage and ATMs in Japan
	Adjusted operating income	2.8%	12.2	6.3%	27.1	+3.5%	+14.9	(+) Effect of structural reform (+) Profitability improvement in system integration business in Japan
	EBIT	0.2%	0.7	6.0%	25.9	+5.8%	+25.1	(+) Increase in adjusted operating income (+) Decrease in business structural reform expenses
Social Infrastructure & Industrial Systems	Revenues		483.0		478.7		99%	(+) Sales increase in railway systems business for U.K. (-) Withdrawal from low-profitable business in industry & distribution field (-) Impact of low oil price in industrial products business
	Adjusted operating income	0.9%	4.3	2.8%	13.3	+1.9%	+9.0	(+) Withdrawal from low-profitable business in industry & distribution field (+) Profitability improvement in industrial products business (+) Profit increase in railway systems business
	EBIT	(1.3%)	(6.1)	3.5%	16.5	+4.8%	+22.6	(+) Increase in adjusted operating income (+) Impact of exchange rate fluctuations (+) Improvement in the business performance of an equity-method associate

* Italic figures indicate adjusted operating income ratio or EBIT ratio.

1-7. Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		Q1 FY2016*		Q1 FY2017*		Year over year		Dynamics
Electronic Systems & Equipment	Revenues		255.9		245.1		96%	(+) Sales increase in semi-conductor production equipment at Hitachi High-Technologies and Hitachi Kokusai Electric (-) Deconsolidation of Hitachi Koki
	Adjusted operating income	5.3%	13.6	7.9%	19.4	+2.6%	+5.8	(+) Profit increase at Hitachi Kokusai Electric (-) Deconsolidation of Hitachi Koki
	EBIT	4.5%	11.5	7.8%	18.9	+3.3%	+7.4	(+) Increase in adjusted operating income
Construction Machinery	Revenues		161.3		211.4		131%	(+) Sales increase in China, etc. (+) Acquisition of Bradken and H-E Parts
	Adjusted operating income	1.3%	2.1	7.8%	16.5	+6.5%	+14.3	(+) Increase in revenues
	EBIT	0.9%	1.4	8.4%	17.8	+7.5%	+16.4	(+) Increase in adjusted operating income

* Italic figures indicate adjusted operating income ratio or EBIT ratio.

1-8. Revenues, Adjusted Operating Income and EBIT by Business Segment (3)

Billions of yen

		Q1 FY2016*		Q1 FY2017*		Year over year		Dynamics
High Functional Materials & Components	Revenues		351.4		393.3		112%	(+) Sales increase in electronics- and automotive-related products (+) Acquisition of FIAMM Energy Technology by Hitachi Chemical
	Adjusted operating income	7.9%	27.5	8.0%	31.3	+0.1%	+3.7	(+) Increase in revenues
	EBIT	6.7%	23.3	8.7%	34.0	+2.0%	+10.6	(+) Increase in adjusted operating income (+) Improvement in exchange loss
Automotive Systems	Revenues		232.9		244.1		105%	(+) Sales increase in China and Japan
	Adjusted operating income	3.1%	7.3	4.3%	10.4	+1.2%	+3.1	(+) Increase in revenues
	EBIT	3.3%	7.8	4.0%	9.8	+0.7%	+2.0	(+) Increase in adjusted operating income

* Italic figures indicate adjusted operating income ratio or EBIT ratio.

1-9. Revenues, Adjusted Operating Income and EBIT by Business Segment (4)

Billions of yen

		Q1 FY2016*1		Q1 FY2017*1		Year over year		Dynamics
Smart Life & Ecofriendly Systems	Revenues		139.8		131.1		94%	(-) Less demand in Southeast Asia (-) Sales decrease in a part of appliances in Japan
	Adjusted operating income	0.5%	0.6	1.6%	2.1	+1.1%	+1.4	(+) Effect of cost reduction
	EBIT	2.4%	3.3	5.7%	7.4	+3.3%	+4.0	(+) Increase in adjusted operating income (+) Profit of an equity-method associate
Others	Revenues		213.1		132.8		62%	(-) Impact of reorganization of Hitachi Transport System
	Adjusted operating income	3.3%	7.0	3.1%	4.1	(0.2%)	(2.8)	
	EBIT	2.3%	4.8	2.1%	2.8	(0.2%)	(2.0)	
Financial Services*2	Revenues		89.2		-		-	(-) Impact of reorganization of Hitachi Capital
	Adjusted operating income	12.0%	10.7		-		(10.7)	
	EBIT	12.6%	11.2		-		(11.2)	
Corporate items & Eliminations	Revenues		(231.4)		(183.0)		-	
	Adjusted operating income		5.7		7.2		+1.5	
	EBIT		54.3		9.8		(44.4)	
Total	Revenues		2,130.4		2,088.6		98%	
	Adjusted operating income	4.3%	91.4	6.3%	131.8	+2.0%	+40.3	
	EBIT	5.3%	112.4	6.9%	143.2	+1.6%	+30.8	

*1 Italic figures indicate adjusted operating income ratio or EBIT ratio.

*2 As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment from Q3 FY2016.

■ Progress of Lumada Business

Billions of yen

	FY2016	FY2017	
		Q1	Forecast
Revenues of Lumada business	900.0	204.0	950.0
1) Lumada core business	120.0	38.0	190.0
2) Lumada SI business	780.0	166.0	760.0

1) Lumada core business: Service business that converts customers data into valuable insight through AI and analytics, and improves management indicators or offers problem solutions

2) Lumada SI business: SI business which is deployed within the IoT area (industry / manufacturing and social infrastructure area) that is led by the Lumada core business

Expanding Collaborative Creation with Lumada

- In July 2017, Deloitte Tohmatsum Group and Hitachi jointly launched telematics services*, which calculates premium rates based on a car's mileage and driving characteristics, for insurers in Japan.

* Information service with telecommunication system for moving vehicles

Applying Hitachi Group Cases to Customers

- In May 2017, Okuma Corporation and Hitachi started a joint demonstration experiment based on the high-efficiency production model of Hitachi's Omika Works.
- In July 2017, Hitachi launched the "work progress visualization support system" and the "work improvement support system" in high-mix low-volume manufacturing plants as a solution core of Lumada.

■ Acquisition of Sullair

- Closed the acquisition of Sullair on July 12.
- Targeted sales of over 100 billion yen in air compressor business by utilizing Sullair's distribution network and accelerating cross-selling.
- Establish the "Industrial Equipment Management Division" on August 1 to generate further synergies.

2. Outlook for Fiscal 2017

2-1. Outlook for FY2017

- Projections for the Q2-Q4 (Jul.-Mar.) FY2017 assume an exchange rate of 110 yen to the U.S. dollar and 120 yen to the euro.

Billions of yen

	FY2016	FY2017		
		Forecast	Year over year	Previous forecast* comparison
Revenues	9,162.2	9,050.0	(112.2) [99%]	±0 [100%]
<i>Adjusted operating income ratio</i>	6.4%	7.0%	+0.6%	±0.0%
Adjusted operating income	587.3	630.0	+42.6	±0
<i>EBIT ratio</i>	5.2%	6.4%	+1.2%	±0.0%
EBIT	475.1	580.0	+104.8	±0
Income from continuing operations, before income taxes	469.0	570.0	+100.9	±0
Income taxes	(125.1)	(160.0)	(34.8)	±0
Income from continuing operations	343.9	410.0	+66.0	±0
Loss from discontinued operations	(5.9)	(5.0)	+0.9	±0
Net income	338.0	405.0	+66.9	±0
Net income attributable to Hitachi, Ltd. stockholders	231.2	300.0	+68.7	±0
Earnings per share	47.90 yen	62.14 yen	+14.24 yen	±0

* Announced on May 12, 2017

2-2. Outlook for FY2017: Revenues, Adjusted Operating Income and EBIT by Business Segment (1)

Billions of yen

		FY2016*1		FY2017					
				Forecast*1		Year over year		Previous forecast*3 comparison	
Information & Telecommunication Systems	Revenues		1,982.8		2,040.0		103%		100%
	Adjusted operating income	7.7%	152.9	8.3%	169.0	+0.6%	+16.0	±0.0%	±0
	EBIT	3.9%	76.4	6.9%	141.0	+3.0%	+64.5	±0.0%	±0
Social Infrastructure & Industrial Systems	Revenues		2,331.9		2,320.0		99%		100%
	Adjusted operating income	3.3%	77.0	5.6%	130.0	+2.3%	+52.9	±0.0%	±0
	EBIT	(0.9%)	(19.9)	5.1%	119.0	+6.0%	+138.9	±0.0%	±0
Electronic Systems & Equipment*2	Revenues		1,170.3		980.0		84%		100%
	Adjusted operating income	7.0%	81.5	6.3%	62.0	(0.7%)	(19.5)	±0.0%	±0
	EBIT	5.7%	66.7	5.9%	58.0	+0.2%	(8.7)	±0.0%	±0
Construction Machinery	Revenues		753.9		810.0		107%		100%
	Adjusted operating income	3.5%	26.3	5.4%	44.0	+1.9%	+17.6	±0.0%	±0
	EBIT	3.0%	22.7	4.8%	39.0	+1.8%	+16.2	±0.0%	±0
High Functional Materials & Components	Revenues		1,464.6		1,560.0		107%		100%
	Adjusted operating income	8.2%	119.9	9.0%	141.0	+0.8%	+21.0	±0.0%	±0
	EBIT	8.4%	123.3	8.1%	126.0	(0.3%)	+2.6	±0.0%	±0

*1 Italic figures indicate adjusted operating income ratio or EBIT ratio.

*2 Reflecting the conversion of Hitachi Kokusai Electric Inc. into an equity-method associate

*3 Announced on May 12, 2017

2-3. Outlook for FY2017: Revenues, Adjusted Operating Income and EBIT by Business Segment (2)

Billions of yen

		FY2016*1		FY2017					
				Forecast*1		Year over year		Previous forecast comparison*3	
Automotive Systems	Revenues		992.2		1,000.0		101%		100%
	Adjusted operating income	5.7%	56.3	6.2%	62.0	+0.5%	+5.6	±0.0%	±0
	EBIT	6.6%	65.8	6.1%	61.0	(0.5%)	(4.8)	±0.0%	±0
Smart Life & Ecofriendly Systems	Revenues		557.3		550.0		99%		100%
	Adjusted operating income	4.0%	22.4	4.2%	23.0	+0.2%	+0.5	±0.0%	±0
	EBIT	5.7%	31.8	5.3%	29.0	(0.4%)	(2.8)	±0.0%	±0
Others	Revenues		653.7		560.0		86%		100%
	Adjusted operating income	3.4%	22.4	3.0%	17.0	(0.4%)	(5.4)	±0.0%	±0
	EBIT	3.2%	20.6	2.5%	14.0	(0.7%)	(6.6)	±0.0%	±0
Financial Services*2	Revenues		179.2		-		-		-
	Adjusted operating income	11.9%	21.3		-		(21.3)		-
	EBIT	12.7%	22.8		-		(22.8)		-
Corporate items & Eliminations	Revenues		(924.1)		(770.0)		-		100%
	Adjusted operating income		6.8		(18.0)		(24.8)	±0.0%	±0
	EBIT		64.7		(7.0)		(71.7)	±0.0%	±0
Total	Revenues		9,162.2		9,050.0		99%		100%
	Adjusted operating income	6.4%	587.3	7.0%	630.0	+0.6%	+42.6	±0.0%	±0
	EBIT	5.2%	475.1	6.4%	580.0	+1.2%	+104.8	±0.0%	±0

*1 Italic figures indicate adjusted operating income ratio or EBIT ratio.

*2 As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment from Q3 FY2016.

*3 Announced on May 12, 2017



Supplementary Information

Consolidated Overseas Revenues by Business Segment

Billions of yen

	Q1 FY2016	Q1 FY2017		FY2017	
			Year over year	Forecast	Year over year
Information & Telecommunication Systems	140.7	148.8	106%		
Social Infrastructure & Industrial Systems	221.4	223.6	101%		
Electronic Systems & Equipment	161.7	156.8	97%		
Construction Machinery	119.0	171.0	144%		
High Functional Materials & Components	200.1	234.0	117%		
Automotive Systems	138.7	145.5	105%		
Smart Life & Ecofriendly Systems	31.6	26.0	82%		
Others	58.6	32.3	55%		
Financial Services*	32.1	-	-		
Corporate items & Eliminations	(20.9)	(25.8)	-		
Total	1,083.4	1,112.6	103%	4,500.0	102%

* As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment from Q3 FY2016.

Consolidated Capital Expenditure by Business Segment (Completion basis)

Billions of yen

	Q1 FY2016	Q1 FY2017		FY2017	
			Year over year	Forecast	Year over year
Information & Telecommunication Systems	8.3	7.7	93%		
Social Infrastructure & Industrial Systems	14.0	13.1	93%		
Electronic Systems & Equipment	2.8	4.2	147%		
Construction Machinery	3.8	2.6	68%		
High Functional Materials & Components	17.0	23.9	140%		
Automotive Systems	11.4	10.9	96%		
Smart Life & Ecofriendly Systems	1.0	2.0	196%		
Others	5.9	2.3	39%		
Corporate items	1.1	0.2	24%		
Manufacturing, Services and Others	65.8	67.2	102%	350.0	113%
Financial Services*	29.9	-	-	-	-
Total	95.7	67.2	70%	350.0	93%

* As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment from Q3 FY2016.

Consolidated Depreciation by Business Segment

Billions of yen

	Q1 FY2016	Q1 FY2017		FY2017	
			Year over year	Forecast	Year over year
Information & Telecommunication Systems	12.6	11.3	90%		
Social Infrastructure & Industrial Systems	7.5	7.1	95%		
Electronic Systems & Equipment	4.0	3.4	87%		
Construction Machinery	7.9	7.8	99%		
High Functional Materials & Components	15.6	17.2	111%		
Automotive Systems	10.2	10.6	104%		
Smart Life & Ecofriendly Systems	2.5	2.1	82%		
Others	6.2	3.7	60%		
Corporate items	0.7	0.9	129%		
Manufacturing, Services and Others	67.4	64.5	96%	270.0	102%
Financial Services*	18.5	-	-	-	-
Total	85.9	64.5	75%	270.0	89%

* As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment from Q3 FY2016.

Consolidated R&D Expenditure by Business Segment

Billions of yen

	Q1 FY2016	Q1 FY2017		FY2017	
			Year over year	Forecast	Year over year
Information & Telecommunication Systems	13.1	12.1	92%		
Social Infrastructure & Industrial Systems	10.9	11.9	109%		
Electronic Systems & Equipment	11.2	10.5	94%		
Construction Machinery	4.1	4.5	110%		
High Functional Materials & Components	11.2	11.2	100%		
Automotive Systems	18.1	15.8	87%		
Smart Life & Ecofriendly Systems	1.5	1.7	119%		
Others	0.9	0.7	77%		
Corporate items	4.9	5.3	107%		
Manufacturing, Services and Others	76.4	74.2	97%		
Financial Services*	0.0	-	-		
Total	76.4	74.2	97%	350.0	108%
Percentage of revenues (%)	3.6	3.6	-	3.9	-

* As Hitachi Capital was converted into an equity-method associate as of October 3, 2016, there is no company which belongs to the Financial Services Segment from Q3 FY2016.

■ Revenues, Adjusted operating income and EBIT*1

Billions of yen

	FY2016		Q1 FY2017		FY2017	
	Q1	Full-year		Year over year	Forecast	Year over year
Revenues	435.0	1,982.8	434.7	100%	2,040.0	103%
Front Business*2	294.7	1,389.7	300.5	102%	1,447.0	104%
IT Platform & Products*3	171.6	736.4	169.9	99%	719.0	98%
Adjusted Operating Income	12.2	152.9	27.1	+14.9	169.0	+16.0
Front Business	11.7	118.7	17.1	+5.3	140.0	+21.2
IT Platform & Products	(1.0)	29.3	10.6	+11.7	39.0	+9.6
EBIT	0.7	76.4	25.9	+25.1	141.0	+64.5
Front Business	11.1	95.9	17.0	+5.9	137.0	+41.0
IT Platform & Products	(10.2)	(17.3)	10.2	+20.5	14.0	+31.3

*1 Figures for each subsegment include intersegment transactions.

*2 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.

*3 Sales, maintenance and services of server, storage, telecommunication & network equipment and related software, etc.

■ Revenues by Business Units (BU) included in Social Infrastructure & Industrial Systems*1

Billions of yen

	FY2016		Q1 FY2017		FY2017	
	Q1	Full-year		Year over year	Forecast	Year over year
Social Infrastructure & Industrial Systems	483.0	2,331.9	478.7	99%	2,320.0	99%
Nuclear Energy BU*2	27.6	192.2	29.2	106%	196.0	102%
Power BU	48.6	276.9	51.1	105%	267.0	96%
Energy Solution BU*3	14.9	78.2	15.3	103%	74.0	95%
Industry & Distribution BU*2, 4	75.5	376.2	66.7	88%	338.0	90%
Water BU	8.4	75.5	9.9	117%	78.0	103%
Industrial Products BU*5	71.5	344.4	68.1	95%	368.0	107%
Building Systems BU	140.7	585.8	139.3	99%	595.0	102%
Railway Systems BU	113.0	497.9	120.3	106%	540.0	108%

*1 Figures for each BU include intersegment transactions.

*2 From FY2017, Nuclear Energy BU includes Hitachi Plant Construction, Ltd., which was included in Industry & Distribution BU in FY2016.

Figures for each BU, including figures for the previous fiscal year, reflect the changed segmentation.

*3 Figures for Energy Solution BU include IT systems business for the power systems and energy fields, which is posted in the Information & Telecommunication Systems Segment.

*4 Figures for Industry & Distribution BU include IT systems business for the industry & distribution fields, which is posted in the Information & Telecommunication Systems Segment.

*5 Figures are the simple sum of Industrial Products BU and Hitachi Industrial Equipment System Co., Ltd..

■ Average Foreign Exchange Rate*1

Yen

	FY2016		FY2017	
	Q1	Full-year	Q1	Q2-Q4 (Forecast)
U.S. dollar	108	108	111	110
Euro	122	119	122	120

■ Foreign Exchange Sensitivity*2,3

Billions of yen

	Revenues	Adjusted operating income
U.S. dollar	13.0	2.0
Euro	4.0	1.0

■ Number of employees and consolidated subsidiaries

	As of March 31, 2017	As of June 30, 2017
Number of employees	303,887	307,699
Japan	169,744	171,839
Overseas	134,143	135,860
Number of consolidated subsidiaries	864	864
Japan	208	204
Overseas	656	660

*1 Exchange rate applied for calculating profits and losses of overseas companies (average rate for the period)

*2 Impact of exchange rate fluctuation (Q2-Q4 FY2017 impact by one yen depreciation from Q2-Q4 FY2017 forecast rate)

*3 Figures here represent information voluntarily prepared by the company.

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,” “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;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

HITACHI
Inspire the Next