

Operating and Financial Review

Operating Results

The Year Ended March 31, 2013 Compared with the Year Ended March 31, 2012

Summary

Years ended March 31,	Millions of yen		Percent change
	2013	2012	
Total revenues	¥9,041,071	¥9,665,883	-6%
Income before income taxes	344,537	557,730	-38%
Net income	237,721	412,808	-42%
Net income attributable to Hitachi, Ltd. stockholders	175,326	347,179	-49%

In the year ended March 31, 2013, total revenues decreased 6% compared with the year ended March 31, 2012. Income before income taxes for the year ended March 31, 2013 decreased ¥213.1 billion to ¥344.5 billion, as compared with the year ended March 31, 2012, due primarily to the significant net gain on securities recorded in the year ended March 31, 2012. In the year ended March 31, 2013, net income attributable to Hitachi, Ltd. stockholders was ¥175.3 billion, a decrease of ¥171.8 billion compared with the year ended March 31, 2012.

Analysis of Statement of Operations

Total revenues decreased 6% to ¥9,041.0 billion compared with the year ended March 31, 2012. This was primarily due to the significant decrease in revenues in the Others segment owing to the impact of the sale of the HDD business in the year ended March 31, 2012. This decrease was partially offset by increased revenues in the Power Systems segment due mainly to the acquisition of part of the transmission and distribution business of Japan AE Power Systems Corporation, and also in the Social Infrastructure & Industrial Systems segment due mainly to the strong performance of the elevator and escalator business in China. Our overseas revenues decreased 11% to ¥3,685.9 billion in the year ended March 31, 2013, compared with the year ended March 31, 2012, due primarily to the sale of the HDD business.

Cost of sales was ¥6,743.9 billion, a decrease of 7% compared with the year ended March 31, 2012. The ratio of cost of sales to total revenues was 75%, approximately the same as in the year ended March 31, 2012.

Selling, general and administrative expenses decreased 5% to ¥1,875.0 billion compared with the year ended March 31, 2012. The ratio of selling, general and administrative expenses to total revenues increased 1% to 21% compared with the year ended March 31, 2012.

Impairment losses for long-lived assets decreased ¥8.6 billion to a total of ¥23.2 billion, as compared with the year ended March 31, 2012.

Restructuring charges increased ¥7.4 billion to ¥30.4 billion, as compared with the year ended March 31, 2012.

Interest income increased ¥0.5 billion to ¥13.2 billion, as compared with the year ended March 31, 2012.

Dividend income increased ¥0.8 billion to ¥6.4 billion, as compared with the year ended March 31, 2012.

Other income decreased ¥202.6 billion to ¥26.2 billion as compared with the year ended March 31, 2012. This decrease was due primarily to a decrease in the net gain on securities and the net gain on sale and disposal of rental assets and other property, as compared with the year ended March 31, 2012. Net gain on securities decreased ¥192.4 billion to ¥17.2 billion due primarily to the sale of shares of subsidiaries in conjunction with the sale of the HDD business and the small and medium-sized LCD panel business in the year ended March 31, 2012. Net loss on sale and disposal of rental assets and other property was ¥1.8 billion in the year ended March 31, 2012, compared with the net gain of ¥19.1 billion in the year ended March 31, 2012.

Interest charges decreased ¥1.4 billion to ¥26.7 billion, as compared with the year ended March 31, 2012.

Other deductions decreased ¥0.5 billion to ¥2.4 billion, as compared with the year ended March 31, 2012.

Equity in net loss of affiliated companies increased ¥24.8 billion to ¥40.4 billion compared with the year ended March 31, 2012. This was due primarily to an increase in the loss