

**FOR IMMEDIATE RELEASE**

**Hitachi Announces Consolidated Financial Results for Fiscal 2018**

**Tokyo, April 26, 2019** --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for fiscal 2018, ended March 31, 2019.

Note: All figures were converted at the rate of 111 yen to the U.S. dollar, as of March 31, 2019.

## Summary

	Years ended March 31			
	Yen (billions)		(B)/(A) (%)	U.S. Dollars (millions)
	2018(A)	2019(B)		2019
1. Revenues	9,368.6	9,480.6	101	85,411
2. Adjusted operating income	714.6	754.9	106	6,802
3. EBIT (Earnings before interest and taxes)	644.2	513.9	80	4,630
4. Income from continuing operations, before income taxes	638.6	516.5	81	4,653
5. Net income	490.9	321.0	65	2,892
6. Net income attributable to Hitachi, Ltd. stockholders	362.9	222.5	61	2,005
7. Earnings per share attributable to Hitachi, Ltd. stockholders	(Yen)	(Yen)		(U.S.Dollars)
Basic	375.93	230.47	61	2.08
Diluted	375.60	230.25	61	2.07

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

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

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

4. The figures are for 803 consolidated subsidiaries and 418 equity-method associates and joint ventures.

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

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

## 1. Qualitative Information Concerning Consolidated Business Results

### (1) Summary of Fiscal 2018 Consolidated Business Results

	Year ended March 31, 2019		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	9,480.6	+1%	85,411
Adjusted operating income	754.9	+40.3	6,802
EBIT	513.9	(130.3)	4,630
Income from continuing operations, before income taxes	516.5	(122.1)	4,653
Income from continuing operations	330.1	(176.7)	2,974
Loss from discontinued operations	(9.1)	+6.8	(82)
Net income	321.0	(169.8)	2,892
Net income attributable to Hitachi, Ltd. stockholders	222.5	(140.4)	2,005

For fiscal 2018, the Hitachi's consolidated revenues increased 1% year over year, to 9,480.6 billion yen. While the revenues were affected by the deconsolidation of Hitachi Kokusai Electric Inc., the revenues increased in the Construction Machinery segment where sales rose mainly in North America and Asia-Pacific, the Social Infrastructure & Industrial Systems segment where the railway systems business for Europe was strong, the Information & Telecommunications Systems segment where the system integration business remained firm, and the High Functional Materials & Components segment where sales increased due to M&As conducted by Hitachi Chemical Company, Ltd. and Hitachi Metals, Ltd.

Adjusted operating income increased 40.3 billion yen year over year, to 754.9 billion yen. The increase was mainly in the Social Infrastructure & Industrial Systems segment, the Construction Machinery segment, and the Information & Telecommunications Systems segment, in which profit increased due to the increase in revenues and an improvement in profitability, despite the decrease in profit in the Automotive Systems segment and the High Functional Materials & Components segment, etc.

EBIT also decreased 130.3 billion yen year over year, to 513.9 billion yen, mainly reflecting an impairment loss attributable to the suspension of the UK nuclear power stations construction project in the power and energy business, despite the increase in adjusted operating income, gains by selling Hitachi Kokusai Electric stock, gains on the sale of shares of Clarion Co., Ltd. and the others in the Automotive Systems segment, and gains on the sale of a part of shares of Agility Trains West Limited in the railway systems business of the Social Infrastructure & Industrial Systems segment.

Income from continuing operations, before income taxes, decreased 122.1 billion yen year over year, to 516.5 billion yen. After deducting income taxes of 186.3 billion yen, Hitachi posted income from continuing operations of 330.1 billion yen, down 176.7 billion yen year over year. Loss from discontinued operations decreased 6.8 billion yen year over year, to 9.1 billion yen. Net income decreased 169.8 billion yen year over year, to 321.0 billion yen. Net income attributable to Hitachi, Ltd. stockholders decreased 140.4 billion yen year over year, to 222.5 billion yen.

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

Please refer to the presentation material, "Outline of Consolidated Financial Results for Fiscal 2018."

**(3) Outlook for Fiscal 2019**

	Year ending March 31, 2020		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	9,000.0	(5%)	81,081
Adjusted operating income	765.0	+10.0	6,892
EBIT	750.0	+236.0	6,757
Income from continuing operations, before income taxes	740.0	+223.4	6,667
Net income	543.0	+221.9	4,892
Net income attributable to Hitachi, Ltd. stockholders	435.0	+212.4	3,919

Reflecting these business environments, Hitachi forecasts the results shown above for fiscal 2019, the year ending March 31, 2020.

Projections for fiscal 2019 assume exchange rates of 110 yen to the U.S. dollar and 125 yen to the euro.

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

## 2. Financial Position

### (1) Financial Position

	As of March 31, 2019		
	Yen (billions)	Change from March 31, 2018 (billion yen)	U.S. Dollars (millions)
Total assets	9,626.5	(480.0)	86,726
Total liabilities	5,212.1	(382.7)	46,957
Interest-bearing debt	1,004.7	(45.5)	9,052
Total Hitachi, Ltd. stockholders' equity	3,262.6	(15.4)	29,393
Non-controlling interests	1,151.8	(81.8)	10,377
Cash Conversion Cycle	69.3 days	0.4 days decrease	—
Total Hitachi, Ltd. stockholders' equity ratio	33.9%	1.5 points increase	—
D/E ratio (including non-controlling interests)	0.23 times	±0.00 points	—

Total assets decreased 480.0 billion yen from March 31, 2018, to 9,626.5 billion yen, mainly reflecting the conversion of Hitachi Kokusai Electric into an equity-method associate and the conversion of Clarion into a non-consolidated company, as well as the posting of an impairment loss on related assets due to the suspension of the UK nuclear power stations construction project. Interest-bearing debt decreased 45.5 billion yen from March 31, 2018, to 1,004.7 billion yen, mainly due to progress in the repayment of debt. As of March 31, 2019, the total Hitachi, Ltd. stockholders' equity decreased 15.4 billion yen from March 31, 2018, to 3,262.6 billion yen. As a result, the total Hitachi, Ltd. stockholders' equity ratio was 33.9%, an improvement of 1.5 points from March 31, 2018. The debt-to-equity ratio, including non-controlling interests, was 0.23 times, remaining unchanged from March 31, 2018. Cash Conversion Cycle improved 0.4 days from March 31, 2018, to 69.3 days.

**(2) Cash Flows**

	Year ended March 31, 2019		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	610.0	(117.1)	5,496
Cash flows from investing activities	(162.8)	+311.4	(1,467)
Free cash flows	447.1	+194.3	4,028
Cash flows from financing activities	(320.4)	+1.0	(2,887)

Operating activities provided net cash of 610.0 billion yen, 117.1 billion yen less than in the previous fiscal year, mainly due to a decrease in trade payables and a decrease in the collection of trade receivables. Investing activities used net cash of 162.8 billion yen, 311.4 billion yen less than in the previous fiscal year, due to the absences of expenditures related to M&A, such as the acquisition of Sullair, which was recorded in the previous fiscal year, and gains on the sale of shares of Clarion and Agility Trains West Limited. Free cash flows were positive 447.1 billion yen, an increase of 194.3 billion yen year over year. Financing activities used net cash of 320.4 billion yen, 1.0 billion yen less than in the previous fiscal year, mainly due to a decrease in repayment of borrowings.

Accordingly, cash and cash equivalents were 807.5 billion yen, up 109.6 billion yen from the end of the previous fiscal year.

## **Cautionary Statement**

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi’s customers and suppliers;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

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

### **3. Basic Stance on Accounting Standard Selection**

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



**Consolidated Statement of Profit or Loss**

	Years ended March 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions)
	2018 (A)	2019 (B)		2019
Revenues	9,368,614	9,480,619	101	85,411
Cost of sales	(6,866,522)	(6,964,635)	101	(62,744)
Gross profit	2,502,092	2,515,984	101	22,667
Selling, general and administrative expenses	(1,787,462)	(1,761,008)	99	(15,865)
Adjusted operating income	714,630	754,976	106	6,802
Other income	12,068	206,371	—	1,859
Other expenses	(140,686)	(442,659)	315	(3,988)
Financial income	7,005	13,693	195	123
Financial expenses	(11,243)	(3,459)	31	(31)
Share of profits (losses) of investments accounted for using the equity method	62,483	(15,016)	—	(135)
EBIT (Earnings before interest and taxes)	644,257	513,906	80	4,630
Interest income	14,928	23,122	155	208
Interest charges	(20,539)	(20,526)	100	(185)
Income from continuing operations, before income taxes	638,646	516,502	81	4,653
Income taxes	(131,708)	(186,344)	141	(1,679)
Income from continuing operations	506,938	330,158	65	2,974
Loss from discontinued operations	(16,020)	(9,136)	57	(82)
Net income	490,918	321,022	65	2,892
Net income attributable to:				
Hitachi, Ltd. stockholders	362,988	222,546	61	2,005
Non-controlling interests	127,930	98,476	77	887

Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders			Yen	U.S. Dollars
Basic	392.52	239.93	61	2.16
Diluted	392.17	239.70	61	2.16
Earnings per share attributable to Hitachi, Ltd. stockholders			Yen	U.S. Dollars
Basic	375.93	230.47	61	2.08
Diluted	375.60	230.25	61	2.07

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

**Consolidated Statement of Comprehensive Income**

	Years ended March 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions)
	2018 (A)	2019 (B)		2019
Net income	490,918	321,022	65	2,892
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	1,530	(45,356)	—	(409)
Remeasurements of defined benefit plans	22,753	(11,881)	—	(107)
Share of OCI of investments accounted for using the equity method	3,302	(1,964)	—	(18)
Total items not to be reclassified into net income	27,585	(59,201)	—	(533)
Items that can be reclassified into net income				
Foreign currency translation adjustments	(8,042)	(4,175)	52	(38)
Net changes in cash flow hedges	5,703	(6,274)	—	(57)
Share of OCI of investments accounted for using the equity method	(45)	12,009	—	108
Total items that can be reclassified into net income	(2,384)	1,560	—	14
Other comprehensive income (OCI)	25,201	(57,641)	—	(519)
Comprehensive income	516,119	263,381	51	2,373
Comprehensive income attributable to:				
Hitachi, Ltd. stockholders	382,341	171,140	45	1,542
Non-controlling interests	133,778	92,241	69	831

**Consolidated Statement of Financial Position**

	Yen (millions)		(B)-(A)	U.S. Dollars (millions)
	As of March 31, 2018 (A)	As of March 31, 2019 (B)		As of March 31, 2019
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	697,964	807,593	109,629	7,276
Trade receivables	2,501,414	—	(2,501,414)	—
Trade receivables and contract assets	—	2,399,933	2,399,933	21,621
Inventories	1,375,232	1,356,762	(18,470)	12,223
Investments in securities and other financial assets	373,324	284,267	(89,057)	2,561
Other current assets	203,866	187,238	(16,628)	1,687
<b>Total Current assets</b>	<b>5,151,800</b>	<b>5,035,793</b>	<b>(116,007)</b>	<b>45,368</b>
<b>Non-current assets</b>				
Investments accounted for using the equity method	743,407	724,461	(18,946)	6,527
Investments in securities and other financial assets	716,431	568,349	(148,082)	5,120
Property, plant and equipment	2,124,827	1,956,685	(168,142)	17,628
Intangible assets	1,054,370	960,016	(94,354)	8,649
Other non-current assets	315,768	381,288	65,520	3,435
<b>Total Non-current assets</b>	<b>4,954,803</b>	<b>4,590,799</b>	<b>(364,004)</b>	<b>41,359</b>
<b>Total Assets</b>	<b>10,106,603</b>	<b>9,626,592</b>	<b>(480,011)</b>	<b>86,726</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Short-term debt	121,439	111,031	(10,408)	1,000
Current portion of long-term debt	117,191	185,250	68,059	1,669
Other financial liabilities	254,735	257,792	3,057	2,322
Trade payables	1,536,983	1,406,012	(130,971)	12,667
Accrued expenses	697,185	653,676	(43,509)	5,889
Advances received	551,182	—	(551,182)	—
Contract liabilities	—	553,510	553,510	4,987
Other current liabilities	516,679	438,289	(78,390)	3,949
<b>Total Current liabilities</b>	<b>3,795,394</b>	<b>3,605,560</b>	<b>(189,834)</b>	<b>32,483</b>
<b>Non-current liabilities</b>				
Long-term debt	811,664	708,490	(103,174)	6,383
Retirement and severance benefits	575,156	526,688	(48,468)	4,745
Other non-current liabilities	412,718	371,451	(41,267)	3,346
<b>Total Non-current liabilities</b>	<b>1,799,538</b>	<b>1,606,629</b>	<b>(192,909)</b>	<b>14,474</b>
<b>Total Liabilities</b>	<b>5,594,932</b>	<b>5,212,189</b>	<b>(382,743)</b>	<b>46,957</b>
<b>Equity</b>				
Hitachi, Ltd. stockholders' equity				
Common stock	458,790	458,790	0	4,133
Capital surplus	575,809	463,786	(112,023)	4,178
Retained earnings	2,105,395	2,287,587	182,192	20,609
Accumulated other comprehensive income	142,167	56,360	(85,807)	508
(Foreign currency translation adjustments)	60,807	52,166	(8,641)	470
(Remeasurements of defined benefit plans)	22,675	10,312	(12,363)	93
(Net changes in financial assets measured at fair value through OCI)	174,588	95,725	(78,863)	862
(Net changes in cash flow hedges)	(115,903)	(101,843)	14,060	(918)
Treasury stock, at cost	(4,137)	(3,920)	217	(35)
<b>Total Hitachi, Ltd. stockholders' equity</b>	<b>3,278,024</b>	<b>3,262,603</b>	<b>(15,421)</b>	<b>29,393</b>
Non-controlling interests	1,233,647	1,151,800	(81,847)	10,377
<b>Total equity</b>	<b>4,511,671</b>	<b>4,414,403</b>	<b>(97,268)</b>	<b>39,769</b>
<b>Total liabilities and equity</b>	<b>10,106,603</b>	<b>9,626,592</b>	<b>(480,011)</b>	<b>86,726</b>

Notes: 1. From the fiscal year ended March 31, 2019, the consolidated statement accounts were presented in detail.

2. In adoption of IFRS 15, "Trade receivables" which were included in "Current assets" have been changed to "Trade receivables and contract assets" and "Advances received" which were included in "Current liabilities" have been changed to "Contract liabilities".

**Consolidated Statement of Changes in Equity**

Yen (millions)

Year ended March 31, 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
Balance at beginning of year	458,790	577,573	1,793,570	141,068	(3,916)	2,967,085	1,129,910	4,096,995
Changes in equity								
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
Dividends to Hitachi, Ltd. stockholders	-	-	(67,591)	-	-	(67,591)	-	(67,591)
Dividends to non-controlling interests	-	-	-	-	-	-	(34,395)	(34,395)
Acquisition of treasury stock	-	-	-	-	(292)	(292)	-	(292)
Sales of treasury stock	-	(27)	-	-	71	44	-	44
Changes in non-controlling interests	-	(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
Balance at end of year	458,790	575,809	2,105,395	142,167	(4,137)	3,278,024	1,233,647	4,511,671

Yen (millions)

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

U.S. Dollars (millions)

Year ended March 31, 2019								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of year	4,133	5,187	18,968	1,281	(37)	29,532	11,114	40,646
Cumulative effects of changes in accounting policies	-	-	29	-	-	29	(13)	16
Restated balance	4,133	5,187	18,996	1,281	(37)	29,561	11,101	40,662
Changes in equity								
Reclassified into retained earnings	-	-	303	(303)	-	-	-	-
Net income	-	-	2,005	-	-	2,005	887	2,892
Other comprehensive loss	-	-	-	(463)	-	(463)	(56)	(519)
Dividends to Hitachi, Ltd. stockholders	-	-	(696)	-	-	(696)	-	(696)
Dividends to non-controlling interests	-	-	-	-	-	-	(387)	(387)
Acquisition of treasury stock	-	-	-	-	(2)	(2)	-	(2)
Sales of treasury stock	-	(2)	-	-	4	2	-	2
Changes in non-controlling interests	-	(1,007)	-	(6)	-	(1,014)	(1,169)	(2,182)
Total changes in equity	-	(1,009)	1,612	(773)	2	(168)	(725)	(893)
Balance at end of year	4,133	4,178	20,609	508	(35)	29,393	10,377	39,769

Note: From the fiscal year ended March 31, 2019, the consolidated statement items were presented in detail.

**Consolidated Statement of Cash Flows**

	Years ended March 31		
	Yen (millions)		U.S. Dollars (millions)
	2018	2019	2019
<b>Cash flows from operating activities</b>			
Net income	490,918	321,022	2,892
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	364,432	368,044	3,316
Impairment losses	48,656	344,997	3,108
Income taxes	131,659	183,699	1,655
Share of (profits) losses of investments accounted for using the equity method	(62,483)	15,016	135
Financial income and expenses	(862)	(6,387)	(58)
Net (gain) loss on business reorganization and others	(9,774)	(184,630)	(1,663)
(Gain) loss on sale of property, plant and equipment	2,395	(18,966)	(171)
Change in trade receivables	47,216	-	-
Change in trade receivables and contract assets	-	1,793	16
Change in inventories	(181,207)	(149,500)	(1,347)
Change in other assets	(17,321)	(13,419)	(121)
Change in trade payables	97,923	(16,107)	(145)
Change in retirement and severance benefits	(40,137)	(38,461)	(346)
Change in other liabilities	44,320	(35,257)	(318)
Other	(7,743)	3,925	35
Subtotal	907,992	775,769	6,989
Interest received	9,767	22,343	201
Dividends received	17,902	22,710	205
Interest paid	(21,582)	(22,530)	(203)
Income taxes paid	(186,911)	(188,267)	(1,696)
Net cash provided by (used in) operating activities	727,168	610,025	5,496
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(352,047)	(382,351)	(3,445)
Purchase of intangible assets	(91,528)	(89,898)	(810)
Proceeds from sale of property, plant and equipment, and intangible assets	37,076	61,623	555
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(243,124)	(72,422)	(652)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	178,188	306,971	2,766
Other	(2,893)	13,205	119
Net cash provided by (used in) investing activities	(474,328)	(162,872)	(1,467)
<b>Free cash flows</b>	<b>252,840</b>	<b>447,153</b>	<b>4,028</b>
<b>Cash flows from financing activities</b>			
Change in short-term debt, net	(104,819)	3,706	33
Proceeds from long-term debt	143,354	87,636	790
Payments on long-term debt	(256,944)	(133,581)	(1,203)
Proceeds from payments from non-controlling interests	3,953	5,149	46
Dividends paid to Hitachi, Ltd. stockholders	(67,568)	(77,194)	(695)
Dividends paid to non-controlling interests	(32,066)	(43,375)	(391)
Acquisition of common stock for treasury	(292)	(231)	(2)
Proceeds from sales of treasury stock	49	211	2
Purchase of shares of consolidated subsidiaries from non-controlling interests	(6,982)	(162,692)	(1,466)
Proceeds from partial sales of shares of consolidated subsidiaries to non-controlling interests	205	-	-
Other	(344)	(55)	(0)
Net cash provided by (used in) financing activities	(321,454)	(320,426)	(2,887)
Effect of exchange rate changes on cash and cash equivalents	1,336	(17,098)	(154)
Change in cash and cash equivalents	(67,278)	109,629	988
Cash and cash equivalents at beginning of year	765,242	697,964	6,288
Cash and cash equivalents at end of year	697,964	807,593	7,276

Notes: 1. From the fiscal year ended March 31, 2019, the consolidated statement items were presented in detail.  
2. Changes in presentation have been made due to materiality of some cash-flow items as a result of business reorganization and others. "Purchase of leased assets," which was separately presented, has been included in "Purchase of property, plant and equipment" or "Purchase of intangible assets." "Proceeds from sale of leased assets," which were separately presented, have been included in "Proceeds from sale of property, plant and equipment, and intangible assets."  
The consolidated statement of cash flows for the year ended March 31, 2018 has been reclassified in order to reflect these changes in presentation.

**Segment Information**  
**(1) Business Segments**

	Years ended March 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2019
	2018 (A)	2019 (B)		
Information & Telecommunication Systems	2,008,907 20%	2,065,913 20%	103	18,612
Social Infrastructure & Industrial Systems	2,375,012 23%	2,539,812 25%	107	22,881
Electronic Systems & Equipment	1,086,551 11%	951,213 9%	88	8,569
Construction Machinery	959,153 9%	1,033,703 10%	108	9,313
High Functional Materials & Components	1,657,537 16%	1,704,446 17%	103	15,355
Automotive Systems	1,001,036 10%	971,007 9%	97	8,748
Smart Life & Ecofriendly Systems	540,152 5%	485,089 5%	90	4,370
Others	557,776 6%	534,465 5%	96	4,815
Subtotal	10,186,124 100%	10,285,648 100%	101	92,663
Corporate items & Eliminations	(817,510)	(805,029)	—	(7,253)
Revenues Total	9,368,614	9,480,619	101	85,411
Information & Telecommunication Systems	189,221 27%	225,266 30%	119	2,029
Social Infrastructure & Industrial Systems	115,560 17%	151,358 20%	131	1,364
Electronic Systems & Equipment	86,992 12%	75,600 10%	87	681
Construction Machinery	92,548 13%	115,772 15%	125	1,043
High Functional Materials & Components	121,866 17%	99,981 13%	82	901
Automotive Systems	49,569 7%	38,041 5%	77	343
Smart Life & Ecofriendly Systems	25,109 4%	22,483 3%	90	203
Others	21,437 3%	26,848 4%	125	242
Subtotal	702,302 100%	755,349 100%	108	6,805
Corporate items & Eliminations	12,328	(373)	—	(3)
Adjusted operating income Total	714,630	754,976	106	6,802
Information & Telecommunication Systems	139,279 22%	210,917 46%	151	1,900
Social Infrastructure & Industrial Systems	101,257 16%	(151,984) (33%)	—	(1,369)
Electronic Systems & Equipment	88,852 14%	70,841 15%	80	638
Construction Machinery	97,095 16%	104,515 23%	108	942
High Functional Materials & Components	98,672 16%	86,452 19%	88	779
Automotive Systems	42,429 7%	85,361 18%	201	769
Smart Life & Ecofriendly Systems	33,352 5%	29,560 6%	89	266
Others	21,874 4%	25,695 6%	117	231
Subtotal	622,810 100%	461,357 100%	74	4,156
Corporate items & Eliminations	21,447	52,549	—	473
EBIT Total	644,257	513,906	80	4,630

Note: Revenues by business segment include intersegment transactions.

**(2) Revenues by Market**

	Years ended March 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2019
	2018 (A)	2019 (B)		
Japan	4,643,080 50%	4,664,535 49%	100	42,023
Asia	2,081,150 22%	2,019,598 21%	97	18,195
North America	1,177,581 13%	1,205,628 13%	102	10,862
Europe	964,474 10%	1,018,542 11%	106	9,176
Other Areas	502,329 5%	572,316 6%	114	5,156
Overseas Revenues Subtotal	4,725,534 50%	4,816,084 51%	102	43,388
Total Revenues	9,368,614 100%	9,480,619 100%	101	85,411

## Notes

### (1) Notes Regarding Going Concern

Not applicable.

### (2) Changes in Accounting Policies

#### (a) Adoption of IFRS 9 “Financial Instruments” (amended in July 2014)

From the beginning of the fiscal 2018, the year ended March 31, 2019, Hitachi, Ltd. (“the Company”) has adopted IFRS 9 “Financial Instruments” (amended in July 2014). As a transitional measure upon the adoption of IFRS 9 (amended in July 2014), the Company applies this standard and recognizes the cumulative effect of initially applying this standard as an adjustment to the beginning balance of retained earnings for the current fiscal year. The effect of adopting this standard on the Company’s financial position and operating results is not material.

#### (b) Adoption of IFRS 15 “Revenue from Contracts with Customers”

From the beginning of the fiscal 2018, the year ended March 31, 2019, the Company has adopted IFRS 15 “Revenue from Contracts with Customers.” As a transitional measure upon the adoption of IFRS 15, the Company applies this standard retrospectively and recognizes the cumulative effect of initially applying this standard as an adjustment to the beginning balance of retained earnings for the current fiscal year. The effect of the adopting this standard on the Company’s financial position and operating results is not material.

### (3) Subsequent Events

#### (a) Revision of defined benefit pension plan

On April 1, 2019, for current employees participating in the defined benefit pension plan managed by the Hitachi Corporate Pension Fund, the Company introduced a risk-sharing corporate pension plan. Under this plan, a risk reserve contribution is determined in advance in accordance with the rules governing the plan, and the pension benefits are adjusted annually based on the financial position of the plan to maintain balanced finance.

In terms of the corresponding accounting treatment for retirement benefits, risk-sharing corporate pension plans, for which an entity accepts contribution obligations to the extent stipulated in the rules but has no further obligations to make any additional contributions, are classified as defined contribution plans. Since this risk-sharing corporate pension plan imposes no additional contribution obligations, at the time of the shift to the revised plan, the difference between the defined benefit obligations related to the portion transferred to the revised plan and the amount of assets transferred to the revised plan corresponding to the decrease in defined benefit obligations, approximately 20.0 billion yen, will be recognized as a settlement gain.

Furthermore, the shift to the risk-sharing corporate pension plan is only applicable to the Company at present, but will be expanded to other subsidiaries participating in the Hitachi Corporate Pension Fund.

#### (b) Issuance of New Shares as Restricted Stock Compensation

The Company announced that, pursuant to the decision made by the President in accordance with the authority delegated by the resolution of the Board of Directors, the Company decided to issue new shares as restricted stock compensation to Executive Officers and Corporate Officers.

Please refer to the News Release “Issuance of New Shares as Restricted Stock Compensation” announced on April 23, 2019, for detailed information.

(c) Acquisition of JR Automation’s robotic systems integration business

The Company announced that on April 23, 2019 it entered into a definitive contract for the acquisition of the robotic systems integration business mainly operated by an American headquartered company, JR Automation Technologies, LLC, from funds managed by Crestview Partners.

Please refer to the News Release “Hitachi Agrees to Acquire JR Automation, a Robotic System Integrator in the US” announced on April 24, 2019, for detailed information.



**Per share information**

	Years ended March 31		
	2018	2019	2019
	(Yen)	(Yen)	(U.S.Dollars)
Hitachi, Ltd. stockholders' equity per share	3,395.00	3,378.81	30.44
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders			
Basic	392.52	239.93	2.16
Diluted	392.17	239.70	2.16
Earnings per share from discontinued operations, attributable to Hitachi, Ltd. stockholders			
Basic	(16.59)	(9.46)	(0.09)
Diluted	(16.58)	(9.45)	(0.09)
Earnings per share attributable to Hitachi, Ltd. stockholders			
Basic	375.93	230.47	2.08
Diluted	375.60	230.25	2.07

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

	Years ended March 31		
	2018	2019	2019
	(Number of shares)	(Number of shares)	
Weighted average number of shares on which basic earnings per share is calculated	965,574,865	965,630,489	
Effect of dilutive securities			
Stock options	857,637	911,653	
Number of shares on which diluted earnings per share is calculated	966,432,502	966,542,142	
	(Millions of yen)	(Millions of yen)	(Millions of U.S. dollars)
Net income from continuing operations, attributable to Hitachi, Ltd. stockholders			
Basic	379,008	231,682	2,087
Effect of dilutive securities	-	-	-
Diluted	379,008	231,682	2,087
Net loss from discontinued operations, attributable to Hitachi, Ltd. stockholders			
Basic	(16,020)	(9,136)	(82)
Effect of dilutive securities	-	-	-
Diluted	(16,020)	(9,136)	(82)
Net income attributable to Hitachi, Ltd. stockholders			
Basic	362,988	222,546	2,005
Effect of dilutive securities	-	-	-
Diluted	362,988	222,546	2,005

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

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