

FOR IMMEDIATE RELEASE

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**Hitachi Announces Consolidated Financial Results
for the Third Quarter Ended December 31, 2018**

Tokyo, February 1, 2019 --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for the third quarter of fiscal 2018, ended December 31, 2018.

Note: All figures were converted at the rate of 111 yen to the U.S. dollar as of December 31, 2018.

Summary

	Nine months ended December 31			
	Yen (billions)		(B)/(A) (%)	U.S. Dollars (millions)
	2017(A)	2018(B)		2018
1. Revenues	6,674.0	6,782.9	102	61,108
2. Adjusted operating income	474.5	534.5	113	4,816
3. EBIT (Earnings before interest and taxes)	472.8	305.4	65	2,752
4. Income from continuing operations, before income taxes	468.1	306.7	66	2,764
5. Net income	351.7	164.8	47	1,485
6. Net income attributable to Hitachi, Ltd. stockholders	258.5	82.6	32	744
7. Earnings per share attributable to Hitachi, Ltd. stockholders	(Yen)	(Yen)		(U.S.Dollars)
Basic	267.80	85.57	32	0.77
Diluted	267.55	85.50	32	0.77

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 840 consolidated subsidiaries and 416 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 Third Quarter (Nine Months Ended December 31, 2018)

Consolidated Business Results

	Nine months ended December 31, 2018		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	6,782.9	+2%	61,108
Adjusted operating income	534.5	+59.9	4,816
EBIT	305.4	(167.3)	2,752
Income from continuing operations, before income taxes	306.7	(161.3)	2,764
Income from continuing operations	169.2	(182.4)	1,525
Loss from discontinued operations	(4.4)	(4.5)	(40)
Net income	164.8	(186.9)	1,485
Net income attributable to Hitachi, Ltd. stockholders	82.6	(175.9)	744

During the nine-month period ended December 31, 2018, Hitachi's consolidated revenues increased 2% year over year, to 6,782.9 billion yen. The revenues increased in the Construction Machinery segment where sales rose mainly in Asia-Pacific and North America, the High Functional Materials and Components segment where Hitachi Chemical Company, Ltd. and Hitachi Metals, Ltd. conducted M&As, the Social Infrastructure & Industrial Systems segment where the railway systems business for Europe was strong in addition to the impact of acquisition of the air compressor business (Sullair) in July 2017, and the Information & Telecommunication Systems segment where system integration business remained firm.

Adjusted operating income was 534.5 billion yen, an increase of 59.9 billion yen year over year. The increase was mainly in the Social Infrastructure & Industrial Systems segment, the Information & Telecommunication Systems segment and the Construction Machinery segment, in which profit increased due to increase in revenues and improvement in profitability, despite the decrease in profit in the Automotive Systems segment, the Smart Life & Ecofriendly Systems segment, and the High Functional Materials and Components segment.

EBIT decreased 167.3 billion yen year over year, to 305.4 billion yen, mainly reflecting 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 Inc. stock, 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 161.3 billion yen year over year, to 306.7 billion yen. After deducting income taxes of 137.5 billion yen, Hitachi posted income from continuing operations of 169.2 billion yen, down 182.4 billion yen year over year. Loss from discontinued operations increased 4.5 billion yen year over year, to 4.4 billion yen. Net income decreased 186.9 billion yen year over year, to 164.8 billion yen. Net income attributable to Hitachi, Ltd. stockholders decreased 175.9 billion yen year over year, to 82.6 billion yen.

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

Please refer to the presentation material, "Outline of Consolidated Financial Results for the Third Quarter Ended December 31, 2018."

2. Financial Position

(1) Financial Position

	As of December 31, 2018		
	Yen (billions)	Change from March 31, 2018 (billion yen)	U.S. Dollars (millions)
Total assets	9,693.4	(413.1)	87,329
Total liabilities	5,395.1	(199.8)	48,605
Interest-bearing debt	1,324.8	+274.5	11,935
Total Hitachi, Ltd. stockholders' equity	3,142.2	(135.7)	28,309
Non-controlling interests	1,156.0	(77.5)	10,415
Cash Conversion Cycle	70.9 days	1.2 days increase	—
Total Hitachi, Ltd. stockholders' equity ratio	32.4%	±0.0 points	—
D/E ratio (including non-controlling interests)	0.31 times	0.08 points increase	—

Total assets decreased 413.1 billion yen from March 31, 2018, to 9,693.4 billion yen, mainly reflecting the conversion of Hitachi Kokusai Electric into an equity-method associate and the collection of trade receivables, 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 increased 274.5 billion yen from March 31, 2018, to 1,324.8 billion yen, mainly due to an increase in short-term debt. As of December 31, 2018, the total Hitachi, Ltd. stockholders' equity decreased 135.7 billion yen from March 31, 2018, to 3,142.2 billion yen. As a result, the total Hitachi, Ltd. stockholders' equity ratio was 32.4%. The debt-to-equity ratio, including non-controlling interests, was 0.31 times, an increase of 0.08 points from March 31, 2018. Cash Conversion Cycle increased 1.2 days from March 31, 2018, to 70.9 days.

(2) Cash Flows

	Nine months ended December 31, 2018		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	202.3	(270.8)	1,823
Cash flows from investing activities	(175.4)	+138.7	(1,581)
Free cash flows	26.8	(132.1)	242
Cash flows from financing activities	3.8	+146.2	35

During the nine-month period ended December 31, 2018, operating activities provided net cash of 202.3 billion yen, 270.8 billion yen less than in the same period last year, mainly due to a decrease of trade payables and a decrease in collection of trade receivables. Investing activities used net cash of 175.4 billion yen, 138.7 billion yen less than in the same period last year, due to the absence of expenditure related to M&A, such as the acquisition of Sullair, which was recorded in the same period last year, and gains on the sale of a part of shares of Agility Trains West Limited. Free cash flows were positive 26.8 billion yen, a decrease of 132.1 billion yen year over year. Financing activities provided net cash of 3.8 billion yen, 146.2 billion yen more than in the same period last year, due to an increase in borrowings.

Accordingly, cash and cash equivalents were 708.7 billion yen, up 10.7 billion yen from the end of the previous fiscal year.

3. Outlook for Fiscal 2018

	Year ending March 31, 2019		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	9,400.0	0%	84,685
Adjusted operating income	750.0	+35.3	6,757
EBIT	500.0	(144.2)	4,505
Income from continuing operations, before income taxes	490.0	(148.6)	4,414
Net income	290.0	(200.9)	2,613
Net income attributable to Hitachi, Ltd. stockholders	180.0	(182.9)	1,622

Hitachi forecasts the results shown above for fiscal 2018, the year ending March 31, 2019, reflecting revisions from the forecasts announced on January 17, 2019 in terms of EBIT, income from continuing operations, before income taxes, net income and net income attributable to Hitachi, Ltd. stockholders. The assumed exchange rates are at 105 yen to the U.S. dollar and 120 yen to the euro for the fourth quarter of the fiscal year ending March 31, 2019. For details, please refer to the presentation material, "Outline of Consolidated Financial Results for the Third Quarter Ended December 31, 2018."

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

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.

Condensed Quarterly Consolidated Statement of Profit or Loss

	Nine months ended December 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2018
	2017 (A)	2018 (B)		
Revenues	6,674,028	6,782,969	102	61,108
Cost of sales	(4,896,973)	(4,948,029)	101	(44,577)
Gross profit	1,777,055	1,834,940	103	16,531
Selling, general and administrative expenses	(1,302,504)	(1,300,400)	100	(11,715)
Adjusted operating income	474,551	534,540	113	4,816
Other income	4,613	108,784	—	980
Other expenses	(52,624)	(360,615)	685	(3,249)
Financial income	7,142	14,349	201	129
Financial expenses	(6,302)	(2,077)	33	(19)
Share of profits (losses) of investments accounted for using the equity method	45,469	10,473	23	94
EBIT (Earnings before interest and taxes)	472,849	305,454	65	2,752
Interest income	10,821	16,711	154	151
Interest charges	(15,518)	(15,404)	99	(139)
Income from continuing operations, before income taxes	468,152	306,761	66	2,764
Income taxes	(116,464)	(137,541)	118	(1,239)
Income from continuing operations	351,688	169,220	48	1,525
Income (loss) from discontinued operations	98	(4,404)	—	(40)
Net income	351,786	164,816	47	1,485
Net income attributable to:				
Hitachi, Ltd. stockholders	258,582	82,627	32	744
Non-controlling interests	93,204	82,189	88	740

Condensed Quarterly Consolidated Statement of Comprehensive Income

	Nine months ended December 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2018
	2017 (A)	2018 (B)		
Net income	351,786	164,816	47	1,485
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	13,632	(60,405)	—	(544)
Remeasurements of defined benefit plans	(505)	—	—	—
Share of OCI of investments accounted for using the equity method	1,438	(1,488)	—	(13)
Total items not to be reclassified into net income	14,565	(61,893)	—	(558)
Items that can be reclassified into net income				
Foreign currency translation adjustments	82,338	(24,881)	—	(224)
Net changes in cash flow hedges	1,426	(1,855)	—	(17)
Share of OCI of investments accounted for using the equity method	(12)	20,192	—	182
Total items that can be reclassified into net income	83,752	(6,544)	—	(59)
Other comprehensive income (OCI)	98,317	(68,437)	—	(617)
Comprehensive income	450,103	96,379	21	868
Comprehensive income attributable to:				
Hitachi, Ltd. stockholders	324,628	25,247	8	227
Non-controlling interests	125,475	71,132	57	641

Condensed Quarterly Consolidated Statement of Financial Position

	Yen (millions)		(B)-(A)	U.S. Dollars (millions)
	As of March 31, 2018 (A)	As of December 31, 2018 (B)		As of December 31, 2018
Total Assets	10,106,603	9,693,492	(413,111)	87,329
Current assets	5,151,800	5,079,823	(71,977)	45,764
Cash and cash equivalents	697,964	708,745	10,781	6,385
Trade receivables and contract assets	2,501,414	2,212,661	(288,753)	19,934
Inventories	1,375,232	1,586,428	211,196	14,292
Investments in securities and other financial assets	373,324	321,812	(51,512)	2,899
Other current assets	203,866	250,177	46,311	2,254
Non-current assets	4,954,803	4,613,669	(341,134)	41,565
Investments accounted for using the equity method	743,407	735,139	(8,268)	6,623
Investments in securities and other financial assets	716,431	564,530	(151,901)	5,086
Property, plant and equipment	2,124,827	1,948,086	(176,741)	17,550
Intangible assets	1,054,370	990,261	(64,109)	8,921
Other non-current assets	315,768	375,653	59,885	3,384

Total Liabilities and Equity	10,106,603	9,693,492	(413,111)	87,329
Total Liabilities	5,594,932	5,395,121	(199,811)	48,605
Current liabilities	3,795,394	3,744,644	(50,750)	33,736
Short-term debt	121,439	397,391	275,952	3,580
Current portion of long-term debt	117,191	177,789	60,598	1,602
Other financial liabilities	254,735	261,324	6,589	2,354
Trade payables	1,536,983	1,354,388	(182,595)	12,202
Other current liabilities	1,765,046	1,553,752	(211,294)	13,998
Non-current liabilities	1,799,538	1,650,477	(149,061)	14,869
Long-term debt	811,664	749,640	(62,024)	6,754
Retirement and severance benefits	575,156	538,947	(36,209)	4,855
Other non-current liabilities	412,718	361,890	(50,828)	3,260
Total Equity	4,511,671	4,298,371	(213,300)	38,724
Hitachi, Ltd. stockholders' equity	3,278,024	3,142,280	(135,744)	28,309
Common stock	458,790	458,790	0	4,133
Capital surplus	575,809	489,060	(86,749)	4,406
Retained earnings	2,105,395	2,134,435	29,040	19,229
Accumulated other comprehensive income	142,167	63,888	(78,279)	576
(Foreign currency translation adjustments)	60,807	39,478	(21,329)	356
(Remeasurements of defined benefit plans)	22,675	23,859	1,184	215
(Net changes in financial assets measured at fair value through OCI)	174,588	93,117	(81,471)	839
(Net changes in cash flow hedges)	(115,903)	(92,566)	23,337	(834)
Treasury stock, at cost	(4,137)	(3,893)	244	(35)
Non-controlling interests	1,233,647	1,156,091	(77,556)	10,415

Note: In adoption of IFRS 15, "Trade receivables" which were included in "Current assets" have been changed to "Trade receivables and contract assets".

Condensed Quarterly Consolidated Statement of Changes in Equity

Yen (millions)

	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	-	-	11,048	(11,048)	-	-	-	-
Net income	-	-	258,582	-	-	258,582	93,204	351,786
Other comprehensive income	-	-	-	66,046	-	66,046	32,271	98,317
Cash dividends	-	-	(67,591)	-	-	(67,591)	(31,427)	(99,018)
Changes in treasury stock	-	(24)	-	-	(176)	(200)	-	(200)
Equity transactions and other	-	(1,575)	-	(1,839)	-	(3,414)	4,972	1,558
Total changes in equity	-	(1,599)	202,039	53,159	(176)	253,423	99,020	352,443
As of December 31, 2017	458,790	575,974	1,995,609	194,227	(4,092)	3,220,508	1,228,930	4,449,438
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
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
Reclassified into retained earnings	-	-	20,450	(20,450)	-	-	-	-
Net income	-	-	82,627	-	-	82,627	82,189	164,816
Other comprehensive loss	-	-	-	(57,380)	-	(57,380)	(11,057)	(68,437)
Cash dividends	-	-	(77,246)	-	-	(77,246)	(37,940)	(115,186)
Changes in treasury stock	-	(237)	-	-	244	7	-	7
Equity transactions and other	-	(86,512)	-	(449)	-	(86,961)	(109,342)	(196,303)
Total changes in equity	-	(86,749)	25,831	(78,279)	244	(138,953)	(76,150)	(215,103)
As of December 31, 2018	458,790	489,060	2,134,435	63,888	(3,893)	3,142,280	1,156,091	4,298,371

U.S. Dollars (millions)

	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, 2018	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
Reclassified into retained earnings	-	-	184	(184)	-	-	-	-
Net income	-	-	744	-	-	744	740	1,485
Other comprehensive loss	-	-	-	(517)	-	(517)	(100)	(617)
Cash dividends	-	-	(696)	-	-	(696)	(342)	(1,038)
Changes in treasury stock	-	(2)	-	-	2	0	-	0
Equity transactions and other	-	(779)	-	(4)	-	(783)	(985)	(1,768)
Total changes in equity	-	(782)	233	(705)	2	(1,252)	(686)	(1,938)
As of December 31, 2018	4,133	4,406	19,229	576	(35)	28,309	10,415	38,724

Condensed Quarterly Consolidated Statement of Cash Flows

	Nine months ended December 31		
	Yen (millions)		U.S. Dollars (millions)
	2017	2018	2018
Cash flows from operating activities			
Net income	351,786	164,816	1,485
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	271,944	270,807	2,440
Change in trade receivables and contract assets	369,035	266,479	2,401
Change in inventories	(321,693)	(353,866)	(3,188)
Change in payables	1,146	(101,345)	(913)
Other	(199,008)	(44,540)	(401)
Net cash provided by (used in) operating activities	473,210	202,351	1,823
Cash flows from investing activities			
Purchase of property, plant and equipment	(253,310)	(293,081)	(2,640)
Purchase of intangible assets	(62,860)	(60,830)	(548)
Proceeds from sale of property, plant and equipment, and intangible assets	18,172	60,349	544
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	(5,502)	120,088	1,082
Other	(10,738)	(2,021)	(18)
Net cash provided by (used in) investing activities	(314,238)	(175,495)	(1,581)
Free cash flows	158,972	26,856	242
Cash flows from financing activities			
Change in interest-bearing debt	(41,339)	254,449	2,292
Dividends paid to stockholders	(67,614)	(77,264)	(696)
Dividends paid to non-controlling interests	(31,126)	(39,363)	(355)
Other	(2,334)	(133,965)	(1,207)
Net cash provided by (used in) financing activities	(142,413)	3,857	35
Effect of exchange rate changes on cash and cash equivalents	29,523	(19,932)	(180)
Change in cash and cash equivalents	46,082	10,781	97
Cash and cash equivalents at beginning of period	765,242	697,964	6,288
Cash and cash equivalents at end of period	811,324	708,745	6,385

Note: 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 condensed quarterly consolidated statement of cash flows for the nine months ended December 31, 2017 has been reclassified in order to reflect these changes in presentation.

Segment Information

(1) Business Segments

	Nine months ended December 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2018
	2017 (A)	2018 (B)		
Information & Telecommunication Systems	1,413,048 19%	1,450,830 20%	103	13,071
Social Infrastructure & Industrial Systems	1,622,950 22%	1,698,255 23%	105	15,300
Electronic Systems & Equipment	763,260 11%	693,032 9%	91	6,244
Construction Machinery	683,902 9%	743,192 10%	109	6,695
High Functional Materials & Components	1,230,899 17%	1,297,897 18%	105	11,693
Automotive Systems	738,415 10%	726,871 10%	98	6,548
Smart Life & Ecofriendly Systems	399,557 6%	352,896 5%	88	3,179
Others	405,183 6%	395,371 5%	98	3,562
Subtotal	7,257,214 100%	7,358,344 100%	101	66,291
Corporate items & Eliminations	(583,186)	(575,375)	—	(5,184)
Revenues Total	6,674,028	6,782,969	102	61,108
Information & Telecommunication Systems	118,372 26%	157,091 30%	133	1,415
Social Infrastructure & Industrial Systems	63,460 14%	97,702 19%	154	880
Electronic Systems & Equipment	55,855 12%	55,108 10%	99	496
Construction Machinery	65,280 14%	84,311 16%	129	760
High Functional Materials & Components	93,183 20%	82,051 16%	88	739
Automotive Systems	33,448 7%	18,698 3%	56	168
Smart Life & Ecofriendly Systems	15,514 3%	9,636 2%	62	87
Others	15,910 4%	22,056 4%	139	199
Subtotal	461,022 100%	526,653 100%	114	4,745
Corporate items & Eliminations	13,529	7,887	—	71
Adjusted operating income Total	474,551	534,540	113	4,816
Information & Telecommunication Systems	104,419 23%	164,920 68%	158	1,486
Social Infrastructure & Industrial Systems	57,526 13%	(153,773) (63%)	—	(1,385)
Electronic Systems & Equipment	56,677 13%	51,942 21%	92	468
Construction Machinery	70,518 16%	80,153 33%	114	722
High Functional Materials & Components	85,204 19%	72,644 30%	85	654
Automotive Systems	30,122 7%	(16,485) (7%)	—	(149)
Smart Life & Ecofriendly Systems	24,623 5%	18,346 8%	75	165
Others	17,577 4%	24,267 10%	138	219
Subtotal	446,666 100%	242,014 100%	54	2,180
Corporate items & Eliminations	26,183	63,440	—	572
EBIT Total	472,849	305,454	65	2,752

Note: Revenues by business segment include intersegment transactions.

(2) Revenues by Market

	Nine months ended December 31			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions)
	2017 (A)	2018 (B)		2018
Japan	3,190,513 48%	3,221,536 47%	101	29,023
Asia	1,554,175 23%	1,546,727 23%	100	13,934
North America	863,605 13%	895,987 13%	104	8,072
Europe	700,770 10%	750,159 11%	107	6,758
Other Areas	364,965 6%	368,560 6%	101	3,320
Overseas Revenues Subtotal	3,483,515 52%	3,561,433 53%	102	32,085
Total Revenues	6,674,028 100%	6,782,969 100%	102	61,108

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.

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