

**FOR IMMEDIATE RELEASE**

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**Hitachi Announces Consolidated Financial Results  
for the Second Quarter Ended September 30, 2018**

**Tokyo, October 26, 2018** --- Hitachi, Ltd. (TSE:6501) today announced its consolidated financial results for the second quarter of fiscal 2018, ended September 30, 2018.

Note: All figures were converted at the rate of 114 yen to the U.S. dollar as of September 30, 2018.

## Summary

	Six months ended September 30			
	Yen (billions)		(B)/(A) (%)	U.S. Dollars (millions)
	2017(A)	2018(B)		2018
1. Revenues	4,376.4	4,491.8	103	39,402
2. Adjusted operating income	303.2	344.5	114	3,023
3. EBIT (Earnings before interest and taxes)	296.4	352.3	119	3,091
4. Income from continuing operations, before income taxes	293.0	352.9	120	3,096
5. Net income	218.9	256.1	117	2,247
6. Net income attributable to Hitachi, Ltd. stockholders	160.6	192.9	120	1,693
7. Earnings per share attributable to Hitachi, Ltd. stockholders	(Yen)	(Yen)		(U.S.Dollars)
Basic	166.34	199.86	120	1.75
Diluted	166.18	199.69	120	1.75

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 844 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 First Half (Six Months Ended September 30, 2018)

### Consolidated Business Results

	Six months ended September 30, 2018		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Revenues	4,491.8	+3%	39,402
Adjusted operating income	344.5	+41.3	3,023
EBIT	352.3	+55.8	3,091
Income from continuing operations, before income taxes	352.9	+59.8	3,096
Income from continuing operations	260.1	+39.9	2,282
Loss from discontinued operations	(4.0)	(2.7)	(35)
Net income	256.1	+37.2	2,247
Net income attributable to Hitachi, Ltd. stockholders	192.9	+32.3	1,693

During the first half of fiscal 2018, the year ending March 31, 2019, Hitachi's consolidated revenues increased 3% year over year, to 4,491.8 billion yen. The revenues increased in the Construction Machinery segment where overseas sales rose mainly in Asia-Pacific, North America and China, the High Functional Materials & 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 344.5 billion yen, an increase of 41.3 billion yen year over year. The increase was mainly in the Social Infrastructure & Industrial Systems segment, the Construction Machinery segment, and the Information & Telecommunication Systems segment, in which profit increased due to increase in revenues and improvement in profitability, despite the decrease in profit at the Automotive Systems segment, the Smart Life & Ecofriendly Systems segment, and the High Functional Materials & Components segment.

EBIT increased 55.8 billion yen year over year, to 352.3 billion yen, due mainly to the rise in adjusted operating income and gains by selling Hitachi Kokusai Electric Inc. stock.

Income from continuing operations, before income taxes increased 59.8 billion yen year over year, to 352.9 billion yen. After deducting income taxes of 92.7 billion yen, Hitachi posted income from continuing operations of 260.1 billion yen, up 39.9 billion yen year over year. Loss from discontinued operations increased 2.7 billion yen year over year, to 4.0 billion yen. Net income increased 37.2 billion yen year over year, to 256.1 billion yen. Net income attributable to Hitachi, Ltd. stockholders increased 32.3 billion yen year over year, to 192.9 billion yen.

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

Please refer to the presentation material.

## 2. Financial Position

### (1) Financial Position

	As of September 30, 2018		
	Yen (billions)	Change from March 31, 2018 (billion yen)	U.S. Dollars (millions)
Total assets	10,060.1	(46.4)	88,247
Total liabilities	5,393.1	(201.7)	47,308
Interest-bearing debt	1,201.4	+151.1	10,539
Total Hitachi, Ltd. stockholders' equity	3,449.2	+171.2	30,257
Non-controlling interests	1,217.7	(15.8)	10,682
Cash Conversion Cycle	66.7 days	3.0 days decrease	—
Total Hitachi, Ltd. stockholders' equity ratio	34.3%	1.9 points increase	—
D/E ratio (including non-controlling interests)	0.26 times	0.03 points increase	—

Total assets decreased 46.4 billion yen from March 31, 2018, to 10,060.1 billion yen, mainly reflecting conversion of Hitachi Kokusai Electric into an equity-method associate and the collection of trade receivables. Interest-bearing debt increased 151.1 billion yen from March 31, 2018, to 1,201.4 billion yen, as a result of an increase in short-term debt, etc. As of September 30, 2018, the total Hitachi, Ltd. stockholders' equity increased 171.2 billion yen from March 31, 2018, to 3,449.2 billion yen. As a result, the total Hitachi, Ltd. stockholders' equity ratio was 34.3%, an improvement of 1.9 points from March 31, 2018. The debt-to-equity ratio, including non-controlling interests, was 0.26 times, an increase of 0.03 points from March 31, 2018. Cash Conversion Cycle improved 3.0 days from March 31, 2018, to 66.7 days.

### (2) Cash Flows

	Six months ended September 30, 2018		
	Yen (billions)	Year over year change (billion yen)	U.S. Dollars (millions)
Cash flows from operating activities	211.9	(66.4)	1,860
Cash flows from investing activities	(142.4)	+91.9	(1,250)
Free cash flows	69.5	+25.5	610
Cash flows from financing activities	59.9	+119.5	526

Operating activities provided net cash of 211.9 billion yen, 66.4 billion yen less than in the same period last year, due to the decrease of trade payables and an increase in inventories. Investing activities used net cash of 142.4 billion yen, 91.9 billion yen less than in the same period last year, due to the absence of expenditure related to M&A, such as for the acquisition of Sullair, which recorded in the same period last year. Free cash flows were positive 69.5 billion yen, an increase of 25.5 billion yen year over year. Financing activities provided net cash of 59.9 billion yen, 119.5 billion yen more than in the same period last year, due to an increase in borrowings.

Accordingly, cash and cash equivalents were 825.5 billion yen, up 127.6 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	750.0	+105.7	6,757
Income from continuing operations, before income taxes	735.0	+96.3	6,622
Net income	530.0	+39.0	4,775
Net income attributable to Hitachi, Ltd. stockholders	400.0	+37.0	3,604

Hitachi forecasts the results shown above for fiscal 2018, the year ending March 31, 2019, which are equivalent to the forecasts from that announced on July 27, 2018. The assumed exchange rates are at 105 yen to the U.S. dollar and 130 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 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**

	Six months ended September 30			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions)
	2017 (A)	2018 (B)		2018
Revenues	4,376,467	4,491,834	103	39,402
Cost of sales	(3,205,599)	(3,279,482)	102	(28,767)
Gross profit	1,170,868	1,212,352	104	10,635
Selling, general and administrative expenses	(867,625)	(867,762)	100	(7,612)
Adjusted operating income	303,243	344,590	114	3,023
Other income	3,284	38,218	—	335
Other expenses	(42,214)	(46,972)	111	(412)
Financial income	11,624	14,484	125	127
Financial expenses	(937)	(1,152)	123	(10)
Share of profits (losses) of investments accounted for using the equity method	21,492	3,166	15	28
EBIT (Earnings before interest and taxes)	296,492	352,334	119	3,091
Interest income	6,724	10,238	152	90
Interest charges	(10,154)	(9,652)	95	(85)
Income from continuing operations, before income taxes	293,062	352,920	120	3,096
Income taxes	(72,855)	(92,751)	127	(814)
Income from continuing operations	220,207	260,169	118	2,282
Loss from discontinued operations	(1,274)	(4,003)	314	(35)
Net income	218,933	256,166	117	2,247
Net income attributable to:				
Hitachi, Ltd. stockholders	160,613	192,995	120	1,693
Non-controlling interests	58,320	63,171	108	554

**Condensed Quarterly Consolidated Statement of Comprehensive Income**

	Six months ended September 30			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions)
	2017 (A)	2018 (B)		2018
Net income	218,933	256,166	117	2,247
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	6,422	(23,750)	—	(208)
Remeasurements of defined benefit plans	—	—	—	—
Share of OCI of investments accounted for using the equity method	850	421	50	4
Total items not to be reclassified into net income	7,272	(23,329)	—	(205)
Items that can be reclassified into net income				
Foreign currency translation adjustments	56,459	34,388	61	302
Net changes in cash flow hedges	(672)	(3,231)	481	(28)
Share of OCI of investments accounted for using the equity method	9,484	10,642	112	93
Total items that can be reclassified into net income	65,271	41,799	64	367
Other comprehensive income (OCI)	72,543	18,470	25	162
Comprehensive income	291,476	274,636	94	2,409
Comprehensive income attributable to:				
Hitachi, Ltd. stockholders	212,260	204,468	96	1,794
Non-controlling interests	79,216	70,168	89	616

**Condensed Quarterly Consolidated Statement of Financial Position**

	Yen (millions)		(B)-(A)	U.S. Dollars (millions)
	As of March 31, 2018 (A)	As of September 30, 2018 (B)		As of September 30, 2018
Total Assets	10,106,603	10,060,173	(46,430)	88,247
Current assets	5,151,800	5,085,160	(66,640)	44,607
Cash and cash equivalents	697,964	825,598	127,634	7,242
Trade receivables and contract assets	2,501,414	2,238,131	(263,283)	19,633
Inventories	1,375,232	1,487,643	112,411	13,050
Investments in securities and other financial assets	373,324	300,560	(72,764)	2,636
Other current assets	203,866	233,228	29,362	2,046
Non-current assets	4,954,803	4,975,013	20,210	43,640
Investments accounted for using the equity method	743,407	744,875	1,468	6,534
Investments in securities and other financial assets	716,431	625,773	(90,658)	5,489
Property, plant and equipment	2,124,827	2,153,258	28,431	18,888
Intangible assets	1,054,370	1,073,017	18,647	9,412
Other non-current assets	315,768	378,090	62,322	3,317

Total Liabilities and Equity	10,106,603	10,060,173	(46,430)	88,247
Total Liabilities	5,594,932	5,393,135	(201,797)	47,308
Current liabilities	3,795,394	3,747,624	(47,770)	32,874
Short-term debt	121,439	270,306	148,867	2,371
Current portion of long-term debt	117,191	215,002	97,811	1,886
Other financial liabilities	254,735	217,602	(37,133)	1,909
Trade payables	1,536,983	1,371,254	(165,729)	12,029
Other current liabilities	1,765,046	1,673,460	(91,586)	14,679
Non-current liabilities	1,799,538	1,645,511	(154,027)	14,434
Long-term debt	811,664	716,093	(95,571)	6,282
Retirement and severance benefits	575,156	546,588	(28,568)	4,795
Other non-current liabilities	412,718	382,830	(29,888)	3,358
Total Equity	4,511,671	4,667,038	155,367	40,939
Hitachi, Ltd. stockholders' equity	3,278,024	3,449,257	171,233	30,257
Common stock	458,790	458,790	0	4,024
Capital surplus	575,809	577,113	1,304	5,062
Retained earnings	2,105,395	2,282,144	176,749	20,019
Accumulated other comprehensive income	142,167	135,027	(7,140)	1,184
(Foreign currency translation adjustments)	60,807	87,888	27,081	771
(Remeasurements of defined benefit plans)	22,675	24,226	1,551	213
(Net changes in financial assets measured at fair value through OCI)	174,588	130,519	(44,069)	1,145
(Net changes in cash flow hedges)	(115,903)	(107,606)	8,297	(944)
Treasury stock, at cost	(4,137)	(3,817)	320	(33)
Non-controlling interests	1,233,647	1,217,781	(15,866)	10,682

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	-	-	9,170	(9,170)	-	-	-	-
Net income	-	-	160,613	-	-	160,613	58,320	218,933
Other comprehensive income	-	-	-	51,647	-	51,647	20,896	72,543
Cash dividends	-	-	(33,796)	-	-	(33,796)	(19,280)	(53,076)
Changes in treasury stock	-	(25)	-	-	(79)	(104)	-	(104)
Equity transactions and other	-	1,682	-	(1,682)	-	-	6,573	6,573
Total changes in equity	-	1,657	135,987	40,795	(79)	178,360	66,509	244,869
As of September 30, 2017	458,790	579,230	1,929,557	181,863	(3,995)	3,145,445	1,196,419	4,341,864
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	-	-	19,166	(19,166)	-	-	-	-
Net income	-	-	192,995	-	-	192,995	63,171	256,166
Other comprehensive income	-	-	-	11,473	-	11,473	6,997	18,470
Cash dividends	-	-	(38,621)	-	-	(38,621)	(22,919)	(61,540)
Changes in treasury stock	-	(236)	-	-	320	84	-	84
Equity transactions and other	-	1,540	-	553	-	2,093	(61,709)	(59,616)
Total changes in equity	-	1,304	173,540	(7,140)	320	168,024	(14,460)	153,564
As of September 30, 2018	458,790	577,113	2,282,144	135,027	(3,817)	3,449,257	1,217,781	4,667,038

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	4,024	5,051	18,468	1,247	(36)	28,755	10,821	39,576
Cumulative effects of changes in accounting policies	-	-	28	-	-	28	(12)	16
Restated balance	4,024	5,051	18,497	1,247	(36)	28,783	10,809	39,592
Reclassified into retained earnings	-	-	168	(168)	-	-	-	-
Net income	-	-	1,693	-	-	1,693	554	2,247
Other comprehensive income	-	-	-	101	-	101	61	162
Cash dividends	-	-	(339)	-	-	(339)	(201)	(540)
Changes in treasury stock	-	(2)	-	-	3	1	-	1
Equity transactions and other	-	14	-	5	-	18	(541)	(523)
Total changes in equity	-	11	1,522	(63)	3	1,474	(127)	1,347
As of September 30, 2018	4,024	5,062	20,019	1,184	(33)	30,257	10,682	40,939

**Condensed Quarterly Consolidated Statement of Cash Flows**

	Six months ended September 30		
	Yen (millions)		U.S. Dollars (millions)
	2017	2018	2018
Cash flows from operating activities			
Net income	218,933	256,166	2,247
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	179,787	179,384	1,574
Change in trade receivables and contract assets	212,053	293,004	2,570
Change in inventories	(167,202)	(222,468)	(1,951)
Change in payables	(39,945)	(120,687)	(1,059)
Other	(125,154)	(173,405)	(1,521)
Net cash provided by (used in) operating activities	278,472	211,994	1,860
Cash flows from investing activities			
Purchase of property, plant and equipment	(170,101)	(197,873)	(1,736)
Purchase of intangible assets	(44,379)	(41,754)	(366)
Proceeds from sale of property, plant and equipment, and intangible assets	10,423	15,247	134
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	(20,056)	85,852	753
Other	(10,350)	(3,943)	(35)
Net cash provided by (used in) investing activities	(234,463)	(142,471)	(1,250)
Free cash flows	44,009	69,523	610
Cash flows from financing activities			
Change in interest-bearing debt	(10,081)	118,393	1,039
Dividends paid to stockholders	(33,772)	(38,591)	(339)
Dividends paid to non-controlling interests	(18,287)	(23,396)	(205)
Other	2,553	3,565	31
Net cash provided by (used in) financing activities	(59,587)	59,971	526
Effect of exchange rate changes on cash and cash equivalents	18,515	(1,860)	(16)
Change in cash and cash equivalents	2,937	127,634	1,120
Cash and cash equivalents at beginning of period	765,242	697,964	6,122
Cash and cash equivalents at end of period	768,179	825,598	7,242

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 six months ended September 30, 2017 has been reclassified in order to reflect these changes in presentation.

**Segment Information**

**(1) Business Segments**

	Six months ended September 30			
	Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions) 2018
	2017 (A)	2018 (B)		
Information & Telecommunication Systems	933,337 19%	960,129 20%	103	8,422
Social Infrastructure & Industrial Systems	1,039,191 22%	1,098,295 22%	106	9,634
Electronic Systems & Equipment	513,650 11%	474,760 10%	92	4,165
Construction Machinery	440,276 9%	490,413 10%	111	4,302
High Functional Materials & Components	802,225 17%	862,476 18%	108	7,566
Automotive Systems	488,950 10%	479,012 10%	98	4,202
Smart Life & Ecofriendly Systems	276,374 6%	243,009 5%	88	2,132
Others	277,003 6%	265,794 5%	96	2,332
Subtotal	4,771,006 100%	4,873,888 100%	102	42,753
Corporate items & Eliminations	(394,539)	(382,054)	—	(3,351)
Revenues Total	4,376,467	4,491,834	103	39,402
Information & Telecommunication Systems	76,155 26%	98,210 29%	129	861
Social Infrastructure & Industrial Systems	32,351 11%	56,501 17%	175	496
Electronic Systems & Equipment	39,523 13%	39,956 12%	101	350
Construction Machinery	37,113 13%	52,822 16%	142	463
High Functional Materials & Components	61,223 21%	57,899 17%	95	508
Automotive Systems	24,352 8%	9,883 3%	41	87
Smart Life & Ecofriendly Systems	11,077 4%	8,895 2%	80	78
Others	11,246 4%	13,379 4%	119	117
Subtotal	293,040 100%	337,545 100%	115	2,961
Corporate items & Eliminations	10,203	7,045	—	62
Adjusted operating income Total	303,243	344,590	114	3,023
Information & Telecommunication Systems	70,370 25%	87,552 29%	124	768
Social Infrastructure & Industrial Systems	24,910 9%	44,436 15%	178	390
Electronic Systems & Equipment	39,480 14%	37,427 13%	95	328
Construction Machinery	41,057 15%	49,372 17%	120	433
High Functional Materials & Components	51,527 18%	61,676 21%	120	541
Automotive Systems	22,268 8%	(13,749) (5%)	—	(121)
Smart Life & Ecofriendly Systems	18,462 7%	15,985 5%	87	140
Others	10,661 4%	14,912 5%	140	131
Subtotal	278,735 100%	297,611 100%	107	2,611
Corporate items & Eliminations	17,757	54,723	—	480
EBIT Total	296,492	352,334	119	3,091

Note: Revenues by business segment include intersegment transactions.

**(2) Revenues by Market**

		Six months ended September 30			
		Yen (millions)		(B)/(A) (%)	U.S. Dollars (millions)
		2017 (A)	2018 (B)		2018
Japan		2,110,949 48%	2,121,868 47%	101	18,613
	Asia	1,008,425 23%	1,031,592 23%	102	9,049
	North America	568,120 13%	595,511 13%	105	5,224
	Europe	449,824 10%	494,249 11%	110	4,336
	Other Areas	239,149 6%	248,614 6%	104	2,181
Overseas Revenues Subtotal		2,265,518 52%	2,369,966 53%	105	20,789
Total Revenues		4,376,467 100%	4,491,834 100%	103	39,402

## 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

The Company announced that it decided to conduct a public tender offer to acquire all issued shares of Yungtay Engineering Co., Ltd. (“Yungtay”), an elevator and escalator company in Taiwan. Please refer to the News Release “Hitachi Decides to Conduct Public Tender Offer for Shares of Yungtay, Elevator Company Based in Taiwan” announced today for detailed information.

The Company announced that it has executed a tender offer agreement with Hennape Six SAS (the “Offeror”), a subsidiary of Faurecia S.A. (“Faurecia”), and Faurecia under which the Company agrees to tender all shares of common stock in Clarion Co., Ltd. (“Clarion”) held by the Company, in response to a tender offer to be carried out by the Offeror for the shares of common stock of Clarion, a consolidated subsidiary of the Company in the Automotive Systems segment.

Please refer to the News Release “Notification of Tender of Shares of Subsidiary in Tender Offer and Recognizing Extraordinary Item on an Unconsolidated Basis” announced today for detailed information.

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