

**Outline of Consolidated Financial Results
for the Second Quarter
Ended September 30, 2020**
[Fiscal 2020]

October 28, 2020

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1. Key Messages

1

IT segment leading Hitachi's performance

- Business environment is severe due to the deterioration of global market conditions and a decrease in demand caused by COVID-19 impact
- IT segment, Mobility segment (Building Systems business) and Smart Life segment (Measurement & Analysis Systems business) maintained high profitability

2

Hitachi ABB Power Grids - steady progress in challenging times

- Solid order intake despite COVID-19 challenge / Q2 FY20 orders : \$2.2bn
- Environment and digital focused investments: software, smart grid, e-mobility

3

Accelerating expansion of Lumada solutions

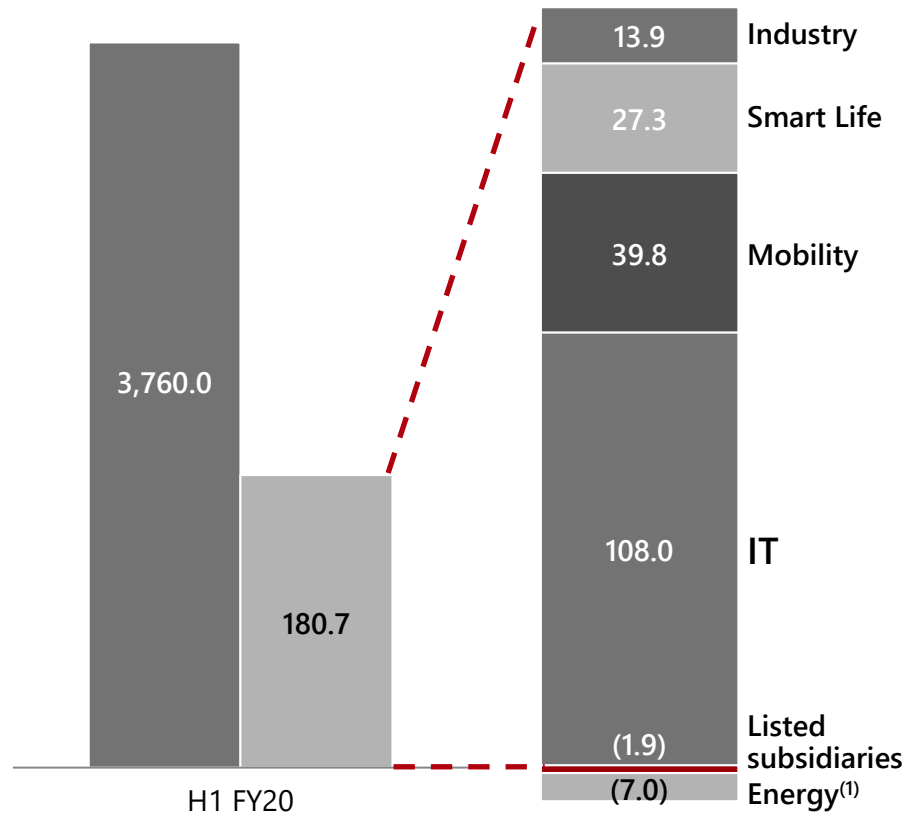
- Revenues of Core business increased by 9% YoY
- Continued investment in the expansion of Lumada business despite the revenue decrease in Lumada related business due to COVID-19 impact

IT Segment Leading Hitachi's Performance

Billions of Yen

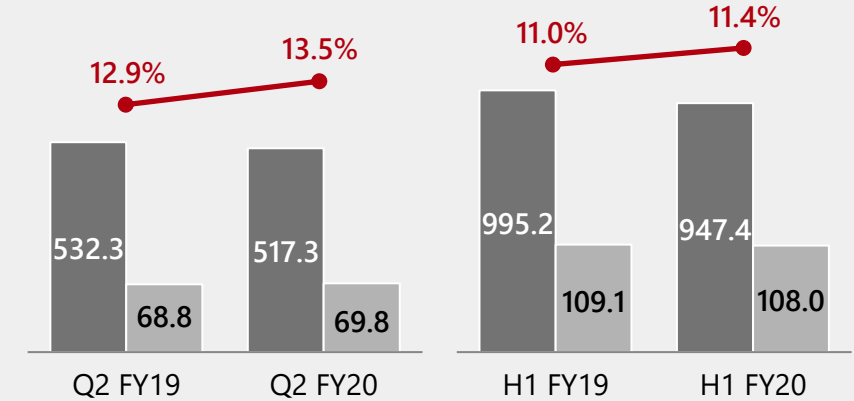
Total (H1 FY20)

■ Revenues ■ Adjusted operating income*1

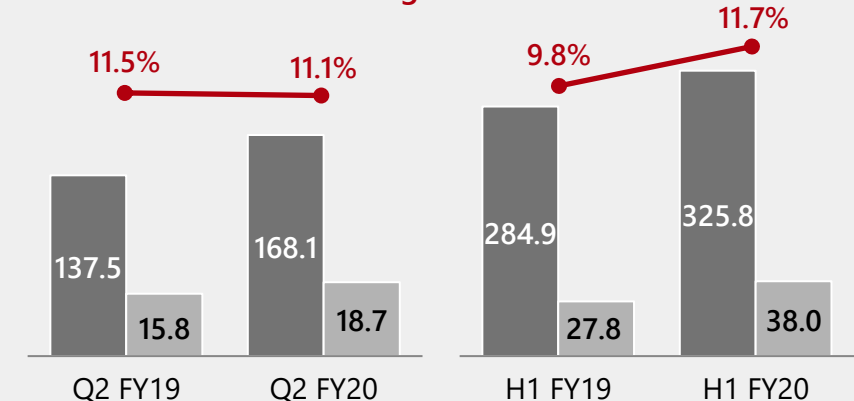


■ Revenues ■ Adjusted operating income ● Adjusted operating income ratio

IT segment; maintained profitability through cost structure reform



Building Systems business; China business and building service business remained firm



(1) Adjusted EBITA (adjusted operating income less acquisition-related amortization) of Energy segment is 15.5 bn yen
Notes which are not included in each page of this material are listed on page 29

Hitachi ABB Power Grids – Steady Progress in Challenging Times

Becoming a growth engine



Integrating Renewables

Order for HVDC link between Shetland islands and the UK grid



Eco-efficient digital solution

Tensio order for Norway's 1st fully digital, eco-efficient substation



Smart asset management

GCCIA⁽¹⁾ contract in Middle East for Asset lifecycle mgt. substation solution



Sustainable transportation

Electrification order from Indian Railways for Traction Transformers

Sharpening our winning portfolio



Expanding Software portfolio

Acquisition of Pioneer Solutions to expand Energy Portfolio Management offering



Investment of >\$100m

in strategic realignment of global high-voltage switchgear business



Driving e-Mobility

Launch of Grid-eMotion™ Fleet grid-to-plug large-scale EV charging system



Enabling a smarter grid

Launch of open, scalable TXpert™ Ecosystem for digitalization of Transformers

Driving world-class execution



Ensuring Business Continuity

Through customer focus and relentless execution :
Q2 orders \$2.2bn
Order Backlog \$11bn



Bringing power to the people

Energization 6,000 MW, 800kV, 1,800km UHVDC link capable of supplying electricity to over 80mn people in India



Digital transformation

Investment in digitally enabled business transformation to boost operational excellence



'Synergy' program

Maximizing business opportunities and customer value :
Hitachi-ABB-Hitachi ABB Power Grids

Enhancing environmental value and contributing to a low-carbon society by
powering a sustainable energy future

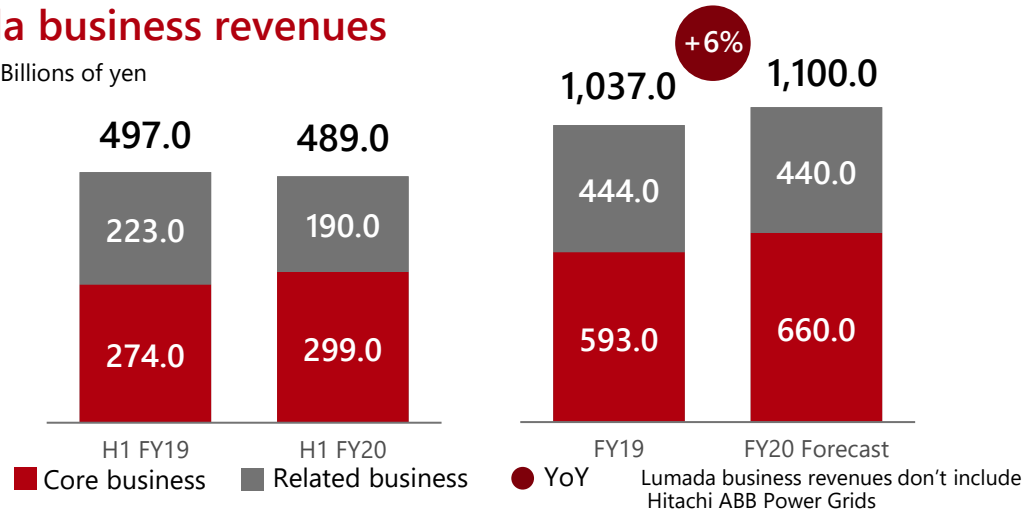
Accelerating Expansion of Lumada Solutions

Core business of IT segment and Mobility segment remained firm

Digital solution for financial, public, enterprise and social infrastructure, remote monitoring service for escalators and elevators / building facilities, etc.

Lumada business revenues

Billions of yen



IT

Hitachi Named a Leader in 2020 Gartner Magic Quadrant for Industrial IoT Platforms

Achieved Highest Placement for Ability to Execute

IT

Lumada×5G

Install dedicated 5G network in Silicon Valley Research Center and Central Research Lab. to create new 5G solutions for digital transformation

Mobility

Touch-less solutions

Provide solutions for touch-less mobility and life in the building to respond to social issues after the expansion of COVID-19 infection

Industry

Co-creation with Alfresa and others

Construct Japan's first platform for the integrated management of cell and trace information throughout the value chain for regenerative medicine products

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■ research citation
Gartner 2020 Magic Quadrant for Industrial IoT Platforms, Eric Goodness, Alfonso Velosa, Ted Friedman, Emil Berthelsen, Scot Kim, Peter Havart-Simkin, Katell Thielemann, October 19, 2020
■ the download URL
<https://www.hitachivantara.com/ext/gartner-magic-quadrant-for-iiot-platforms-2020.html>

Awarded the contract with San Francisco Bay Area Rapid Transit District to upgrade its train control system in the U.S. (approx. 85.0bn yen)

- New digital train control system will result in increased capacity and improved service
- Expand businesses in North America

Utilized environmental evaluation type finance and Growth Investment Facility of JBIC for approx. 430.0bn yen funding of the acquisition of power grid business

- Contributing to increasing environmental value through business, and aiming to realize a sustainable society
- Strong orders as environmental business

Management integration of Hitachi Automotive Systems, Ltd. and Honda Motor Co., Ltd. affiliated companies (Keihin Corporation, Showa Corporation, Nisshin Kogyo Co., Ltd.)

- New company is "Hitachi Astemo, Ltd.", named by combining the first letters of the words "Advanced Sustainable Technologies for Mobility."
- To be integrated in Jan. or Feb. 2021



2. H1 FY2020 Results

Revenues decreased YoY due to the deconsolidation of Hitachi Chemical and deterioration of market conditions, while there was an increase in revenues from the acquisition of power grids business

Adjusted operating income decreased, mainly in Smart Life segment, Hitachi Construction Machinery and Hitachi Metals

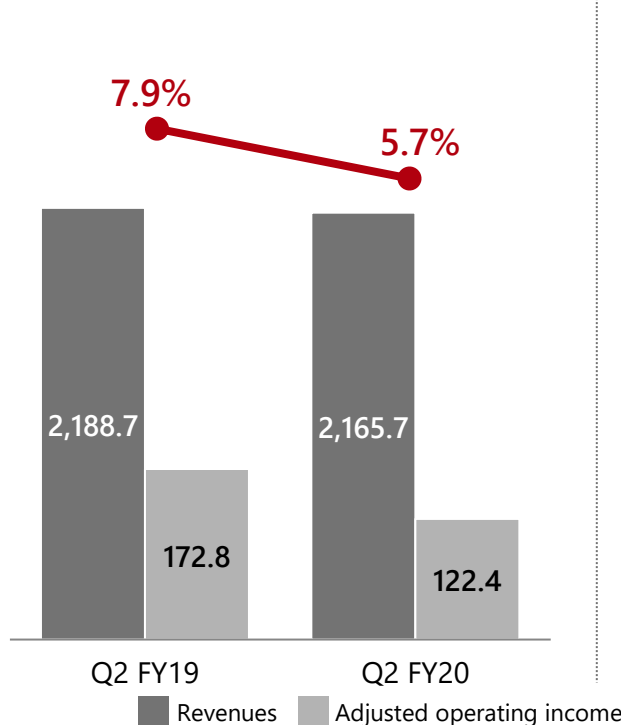
Q2 FY20

Revenues

2,165.7bn yen (YoY (1)%)

Adjusted operating income

122.4bn yen (YoY (50.3)bn yen)



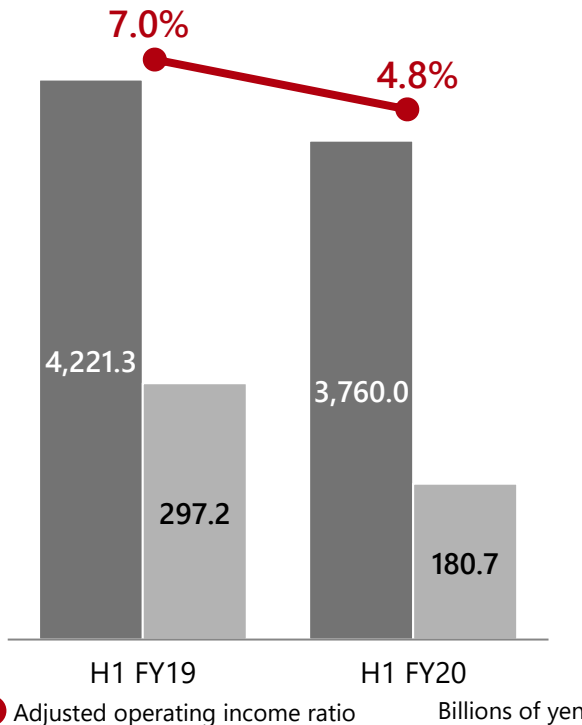
H1 FY20

Revenues

3,760.0bn yen (YoY (11)%)

Adjusted operating income

180.7bn yen (YoY (116.4)bn yen)



Overseas revenues

1,926.4bn yen (YoY (8)%)

Lumada business revenues

489.0bn yen (YoY (2)%)

EBIT*2

386.2bn yen
(YoY +95.6bn yen)

Net income attributable to Hitachi, Ltd. stockholders

250.7bn yen
(YoY +61.4bn yen)

EBITDA*3

612.6bn yen
(YoY +112.7bn yen)

Cash flows from operating activities

214.4bn yen
(YoY +8.8bn yen)

Results by Five Sectors and Listed Subsidiaries (H1 FY20)

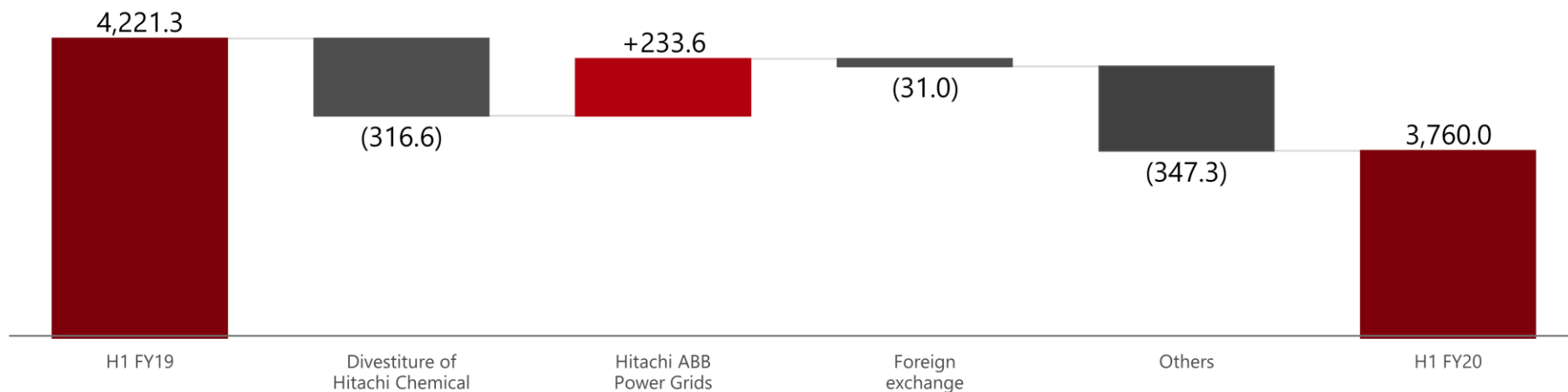
- Five sectors; increased revenues, decreased income (due to the increase in revenues from the acquisition of power grids business)
- Listed subsidiaries; both revenues and income decreased (due to divestiture of Hitachi Chemical and deterioration of market conditions of Hitachi Construction Machinery and Hitachi Metals)

Billions of yen	Five sectors* ⁴ [IT, Energy, Industry, Mobility, Smart Life]	Listed subsidiaries* ⁵ [Hitachi Construction Machinery, Hitachi Metals]	Total
Revenues	3,058.3	701.7	3,760.0
YoY	103%	56%	89%
Adjusted operating income	182.7	(1.9)	180.7
YoY	(47.2)	(69.2)	(116.4)
Adjusted operating income ratio	6.0%	(0.3)%	4.8%
YoY	(1.7) points	(5.7) points	(2.2) points
EBIT	419.0	(32.8)	386.2
YoY	+130.5	(34.8)	+95.6
EBIT ratio	13.7%	(4.7)%	10.3%
YoY	+4.0 points	(4.9) points	+3.4 points
Net income (loss) attributable to Hitachi, Ltd. Stockholders	268.5	(17.7)	250.7
YoY	+64.6	(3.1)	+61.4

Factors Affecting Changes in Revenues and Adjusted Operating Income (H1 FY20 Total)

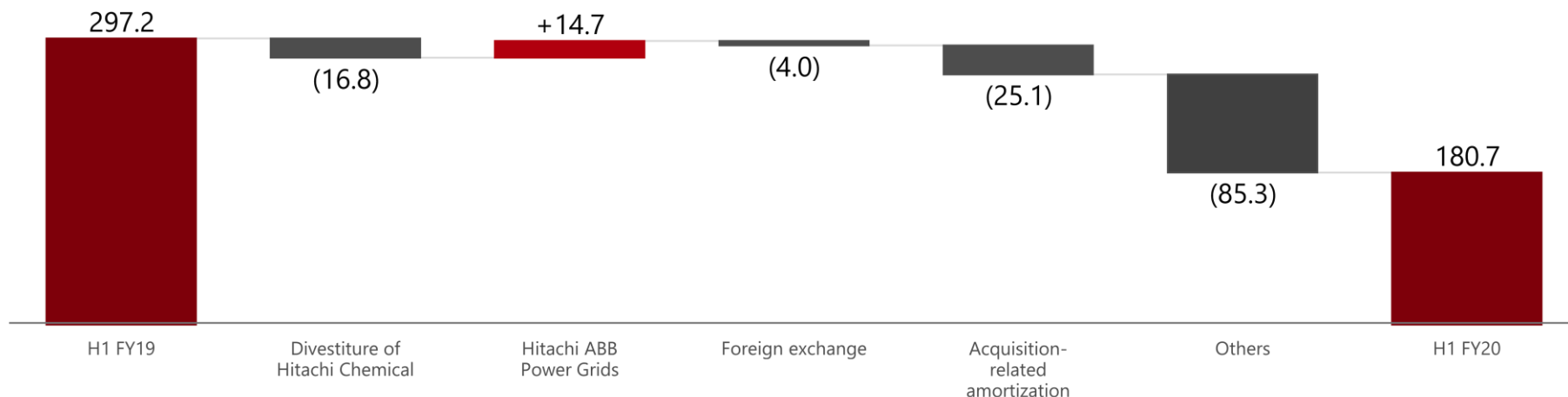
Revenues

Billions of yen



Adjusted operating income

Billions of yen



3. FY2020 Forecast

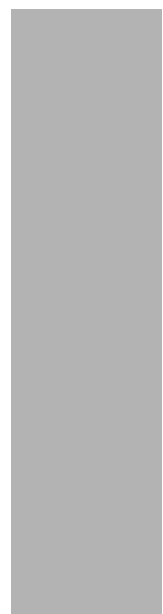
Revenues

YoY 9% down

Previous forecast comparison
1% up

Revenues decreased YoY due to the deconsolidation of Hitachi Chemical and deterioration of market conditions, while there was an increase in revenues from the acquisition of power grids business

8,767.2



FY19

FY20 Forecast

Adjusted operating income

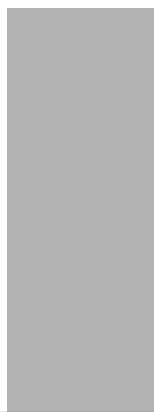
YoY (261.8)bn yen

Previous forecast comparison
+28.0bn yen

IT segment, Industry segment and Mobility segment revised upward, while Hitachi Metals decreased from previous forecast

7.5%

661.8



FY19

FY20 Forecast

5.0%

400.0



● Adjusted operating income ratio Billions of yen

Lumada business revenues

1,100.0bn yen (YoY +6%)

EBIT

586.0bn yen

(YoY +402.3bn yen)

(Previous forecast comparison (28.0)bn yen)

Net income attributable to Hitachi, Ltd. stockholders

300.0bn yen

(YoY +212.4bn yen)

(Previous forecast comparison (35.0)bn yen)

EBITDA

1,053.0bn yen

(YoY +433.9bn yen)

(Previous forecast comparison (44.0)bn yen)

Cash flows from operating activities

500.0bn yen

(YoY (60.9)bn yen)

(Previous forecast comparison ±0bn yen)

Assumed foreign exchange rate for H2 FY20

105 yen / U.S. dollar

120 yen / Euro

Forecast by Five Sectors and Listed Subsidiaries (FY20)

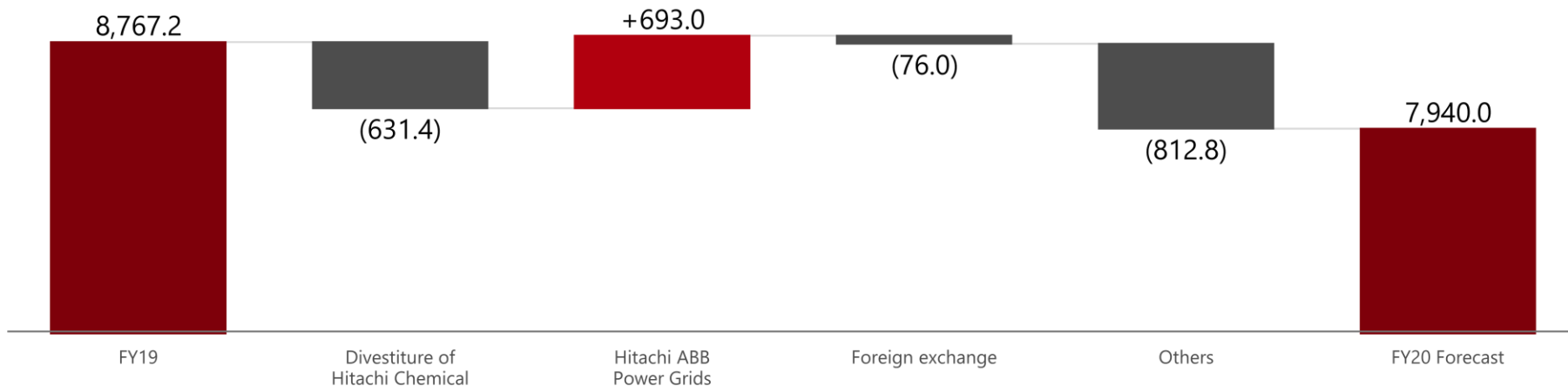
- IT segment, Industry segment and Mobility segment revised upward from previous forecast
- Hitachi Metals decreased from previous forecast, considering recovery measures including structural reforms

Billions of yen	Five sectors [IT, Energy, Industry, Mobility, Smart Life]	Listed subsidiaries [Hitachi Construction Machinery, Hitachi Metals]	Total
Revenues	6,450.0	1,490.0	7,940.0
YoY	102%	61%	91%
Adjusted operating income	375.0	25.0	400.0
YoY	(161.7)	(100.1)	(261.8)
Adjusted operating income ratio	5.8%	1.7%	5.0%
YoY	(2.7) points	(3.4) points	(2.5) points
EBIT	603.0	(17.0)	586.0
YoY	+457.4	(55.0)	+402.3
EBIT ratio	9.3%	(1.1)%	7.4%
YoY	+7.0 points	(2.7) point	+5.3 points
Net income (loss) attributable to Hitachi, Ltd. Stockholders	316.0	(16.0)	300.0
YoY	+227.2	(14.8)	+212.4

Factors Affecting Changes in Revenues and Adjusted Operating Income (FY20 Total)

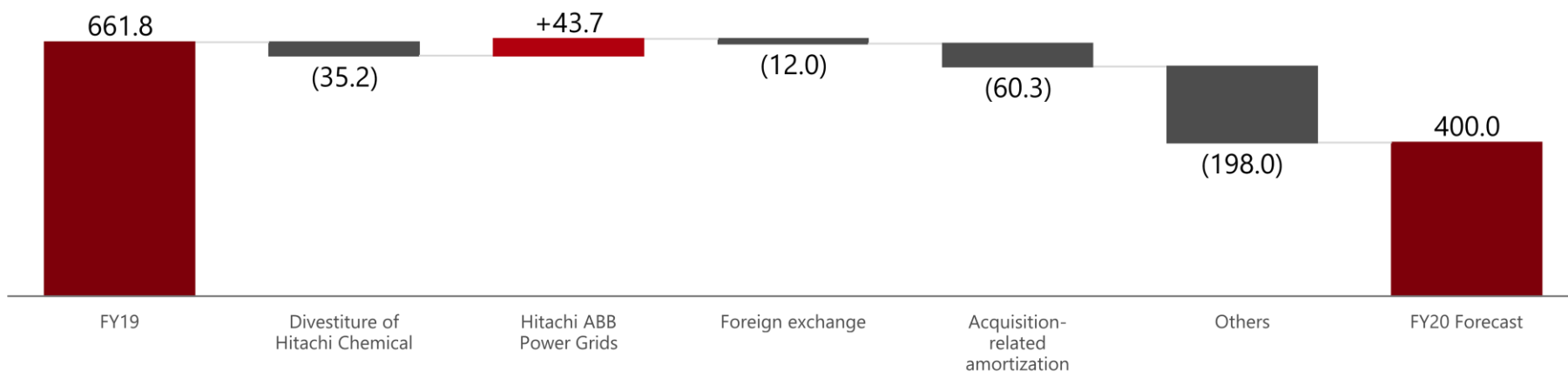
Revenues

Billions of yen



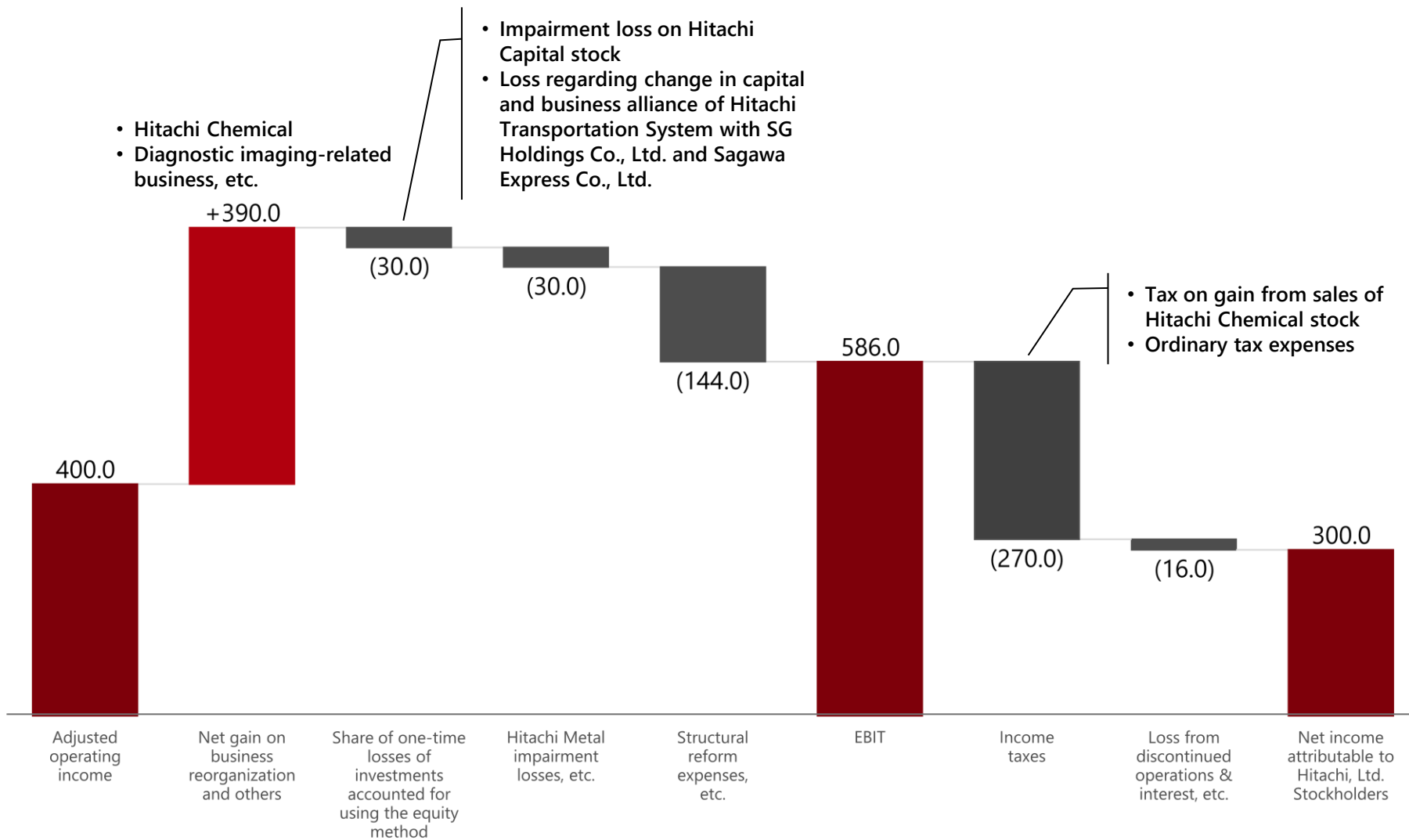
Adjusted operating income

Billions of yen



Factors Affecting Changes in Net Income Attributable to Hitachi, Ltd. Stockholders (FY20 Total)

Billions of yen

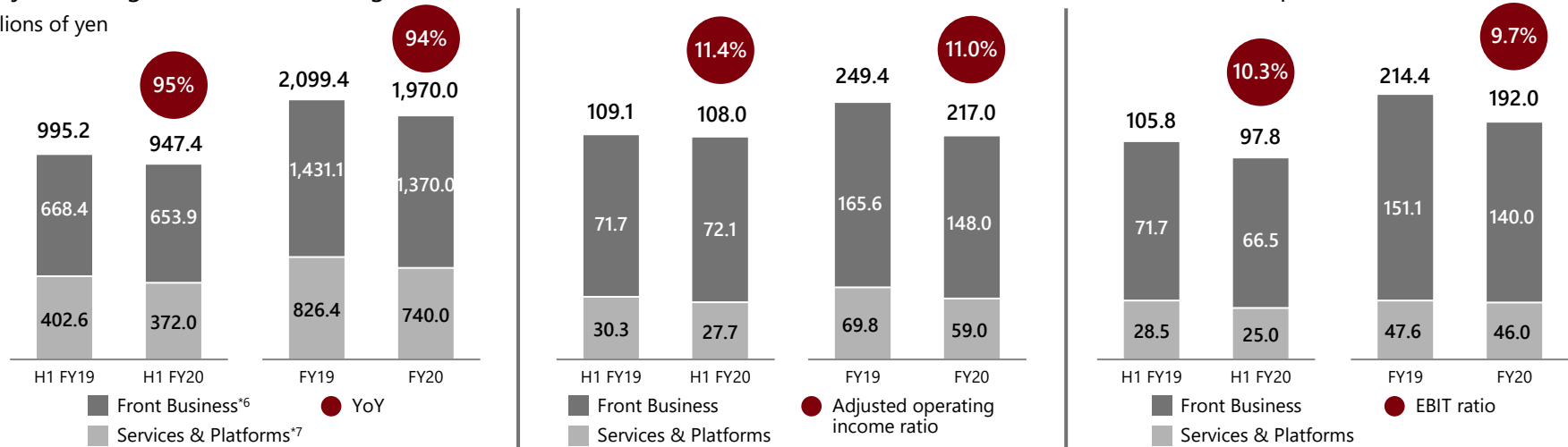


4. Appendix

H1 FY20 achieved the highest operating margin of 11.4%.

Maintain double digit margin in FY20 by continuous cost structure improvement, correspondence to the new normal demand and thorough project management in the existing business, etc., while the outlook of FY20 is uncertain due to the COVID-19 impact

Billions of yen



Revenues

Adjusted operating income

EBIT

H1 FY2020

947.4bn yen (YoY 95%)

- ⊖ Decline in overseas sales, mainly in North America
- ⊖ Reactionary decrease in IT service business (including projects for one-time demand in FY19)

108.0bn yen (YoY (1.0)bn yen)

- ⊖ Decrease in revenues
- ⊕ Secured profitability by improved cost structure

97.8bn yen (YoY (8.0)bn yen)

- ⊖ Decrease in adjusted operating income
- ⊖ Decrease in gains from selling lands of former production base

FY2020 Forecast

Previous forecast comparison: revenues, adjusted operating income and EBIT increase each 50.0bn yen, 25.0bn yen and 14.0bn yen

1,970.0bn yen (YoY 94%)

- ⊖ COVID-19 impact
- ⊖ Reactionary decrease in IT service business (including projects for one-time demand in FY19)

217.0bn yen (YoY (32.4)bn yen)

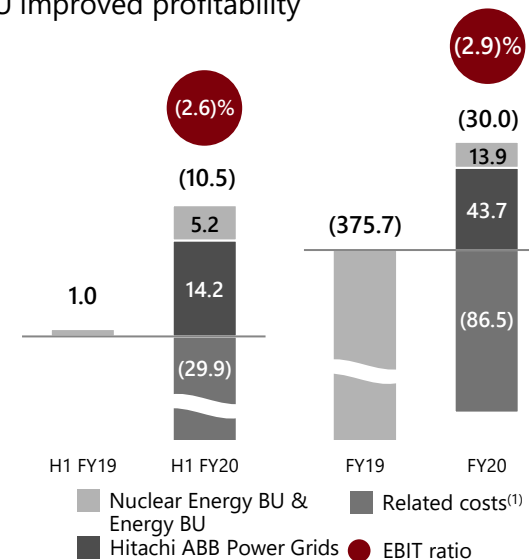
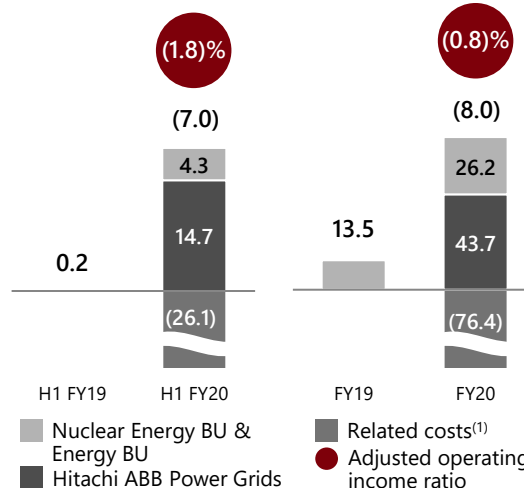
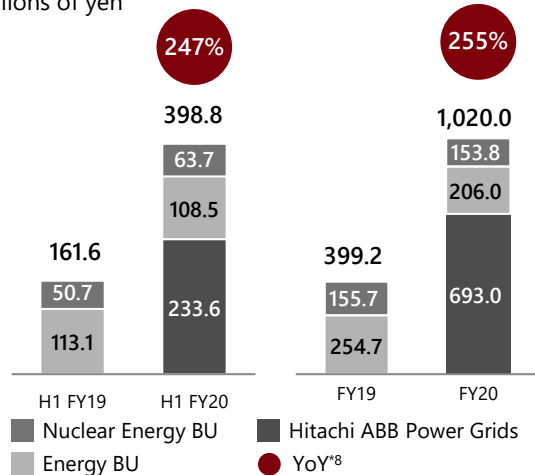
- ⊖ Decrease in revenues
- ⊖ Continuous strategic investment for expansion of Lumada business

192.0bn yen (YoY (22.4)bn yen)

- ⊖ Decrease in adjusted operating income
- ⊕ Structural reform expenses in FY19

Order intake remained stable within Hitachi ABB Power Grids, Nuclear Energy BU and Energy BU improved profitability

Billions of yen



Revenues

H1 FY2020

398.8bn yen (YoY 247%)

- ⊕ Hitachi ABB Power Grids
- ⊕ Firm revenues in Nuclear Energy BU

FY2020 Forecast: No change from previous forecast

1,020.0bn yen (YoY 255%)

- ⊕ Hitachi ABB Power Grids
- ⊖ Energy BU
- ⊖ COVID-19 impact

Adjusted operating income

(7.0)bn yen (YoY (7.3)bn yen)

- ⊖ Acquisition-related amortization
- ⊕ Increase in revenues
- ⊕ Profitability increase in Nuclear Energy and Energy BU

(8.0)bn yen (YoY (21.5)bn yen)

- ⊕ Increase in revenues
- ⊕ Profitability improvement in Energy BU
- ⊖ Acquisition-related amortization

EBIT

(10.5)bn yen (YoY (11.6)bn yen)

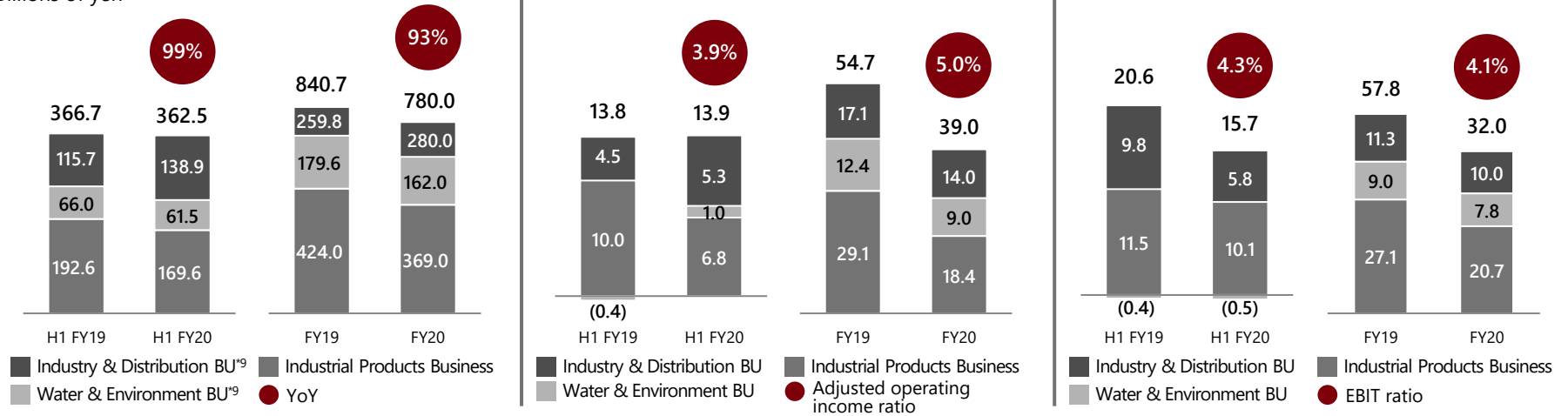
- ⊖ Decrease in adjusted operating income
- ⊖ Acquisition-related structural reform expenses

(30.0)bn yen (YoY +345.7bn yen)

- ⊖ Decrease in adjusted operating income
- ⊕ Loss for the settlement on the South Africa projects conducted in FY19

H1 FY20 was almost flat due to the deterioration of market conditions while there was an increase in revenues from the acquisition of JR Automation. FY20 forecast is revised upward with firm demand in digital solution business in Industry & Distribution BU

Billions of yen



Revenues

H1 FY2020

362.5bn yen (YoY 99%)

- ⊖ Industrial Products Business
- ⊕ Acquisition of JR Automation

FY2020 Forecast

Previous forecast comparison: revenues, adjusted operating income and EBIT increase each 10.0bn yen, 7.0bn yen and 7.0bn yen

780.0bn yen (YoY 93%)

- ⊖ Industrial Products Business
- ⊕ Acquisition of JR Automation

Adjusted operating income

13.9bn yen (YoY +0.1bn yen)

- ⊖ Decrease in revenues
- ⊕ Reduction in expenses, etc.

39.0bn yen (YoY (15.7)bn yen)

- ⊖ Decrease in revenues
- ⊕ Profit increase from acquisition of JR Automation and expansion of digital solution business

EBIT

15.7bn yen (YoY (4.9)bn yen)

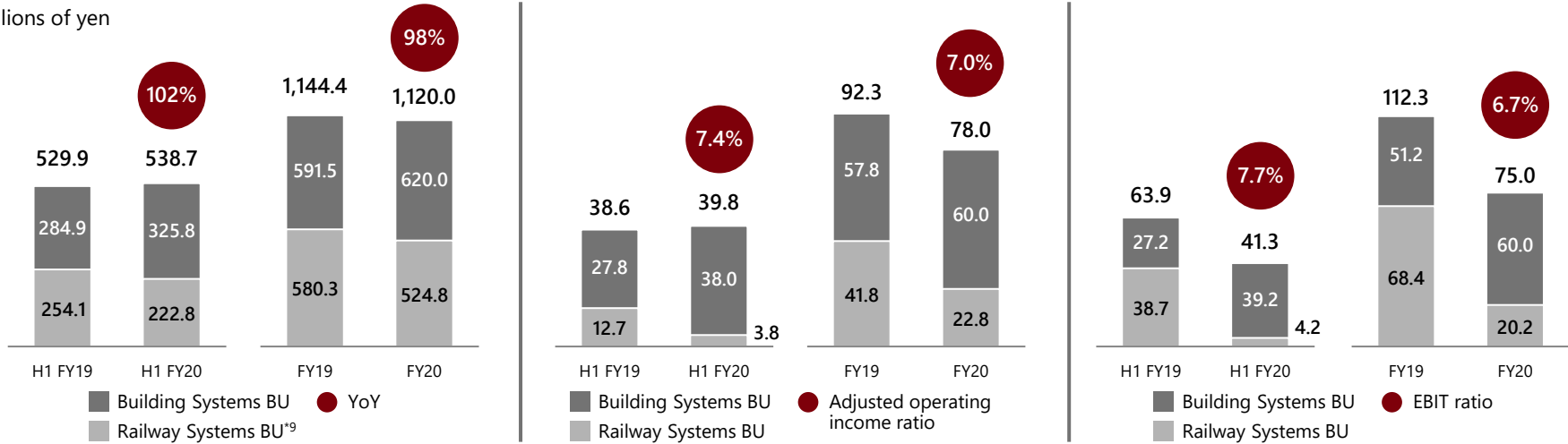
- ⊖ Decrease in profit of an equity-method associate

32.0bn yen (YoY (25.8)bn yen)

- ⊖ Decrease in adjusted operating income

H1 FY20 revenues and adjusted operating income increased with strong Building Systems BU in China, Railway Systems BU won large-scale project order and maintained over 3tn yen order backlog

Billions of yen



Revenues

H1 FY2020

538.7bn yen (YoY 102%)

- ⊕ Expansion of Chinese business in Building Systems BU
- ⊖ Decrease in workload of Railway Systems BU

FY2020 Forecast

Previous forecast comparison: revenues, adjusted operating income and EBIT increase each 30.0bn yen, 10.0bn yen and 10.0bn yen

1,120.0bn yen (YoY 98%)

- ⊖ Decrease in workload of Railway Systems BU
- ⊕ Expansion of Chinese business in Building Systems BU

Adjusted operating income

39.8bn yen (YoY +1.2bn yen)

- ⊕ Increase in revenues and profitability improvement due to cost reduction, etc. in Building Systems BU
- ⊖ Decrease in revenues of Railway Systems BU

78.0bn yen (YoY (14.3)bn yen)

- ⊖ Decrease in revenues

EBIT

41.3bn yen (YoY (22.5)bn yen)

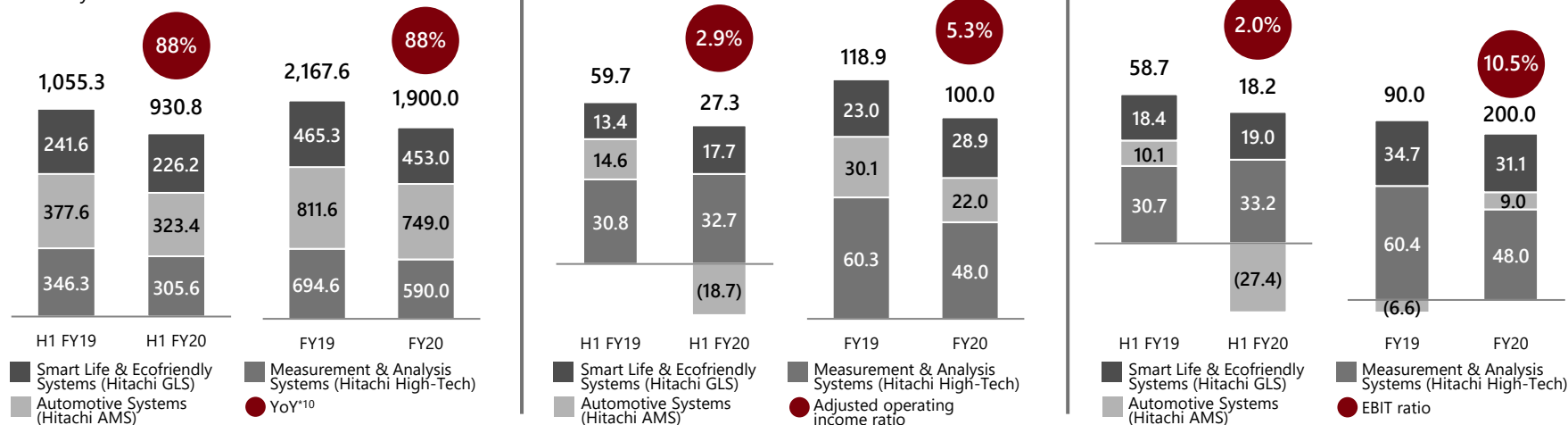
- ⊖ Gains from selling a part of Agility Trains West stocks in FY19
- ⊕ Increase in adjusted operating income

75.0bn yen (YoY (37.3)bn yen)

- ⊖ Decrease in adjusted operating income
- ⊖ Gains from selling a part of Agility Trains West stocks in FY19

Revenues and profit decreased due to declining sales of Automotive Systems business in North America and Japan, while profitability of the Smart Life & Ecofriendly Systems business improved. The Nano-Technology Solutions business in the Measurement & Analysis Systems business remained strong and maintained high profitability

Billions of yen



Revenues

Adjusted operating income

EBIT

H1 FY2020

930.8bn yen (YoY 88%)

- ⊖ Sales decrease of Automotive Systems in North America and Japan
- ⊖ Demand decrease in trading business, etc. in Measurement & Analysis Systems (Hitachi High-Tech)

27.3bn yen (YoY (32.3)bn yen)

- ⊖ Decrease in revenues

18.2bn yen (YoY (40.4)bn yen)

- ⊖ Decrease in adjusted operating income

FY2020 Forecast: No change from previous forecast

1,900.0bn yen (YoY 88%)

- ⊖ Demand decrease in trading business, etc. in Measurement & Analysis Systems (Hitachi High-Tech)
- ⊖ Sales decrease of Automotive Systems in North America and Japan

100.0bn yen (YoY (18.9)bn yen)

- ⊖ Decrease in revenues
- ⊕ Profitability improvement in home appliances business

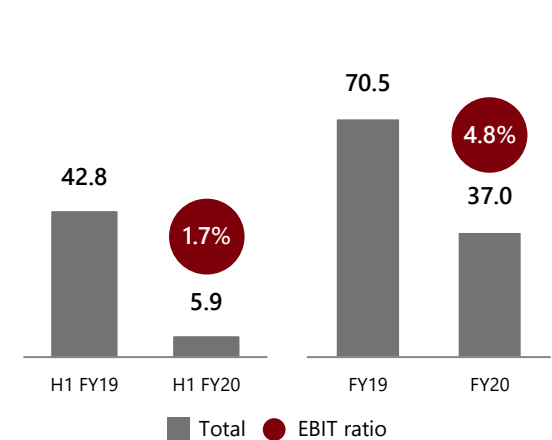
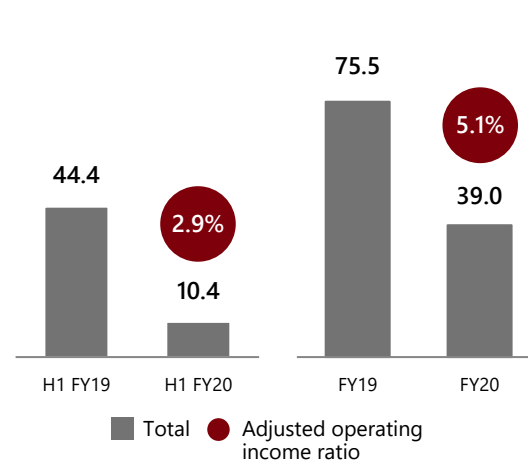
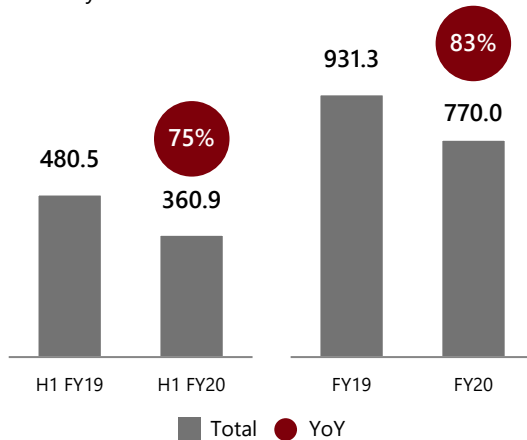
200.0bn yen (YoY +109.9bn yen)

- ⊖ Decrease in adjusted operating income
- ⊕ Gains from selling of diagnostic imaging-related business

The results and forecasts of Smart Life segment include the revenues, adjusted operating income and EBIT of Healthcare BU and other businesses, as well as the gain from selling of diagnostic imaging-related business
Hitachi GLS: Hitachi Global Life Solutions, Hitachi AMS: Hitachi Automotive Systems

H1 FY20 revenues and profit decreased due to the impacts of COVID-19 and the foreign exchange rate
Progress cost reduction for profitability improvement in FY20

Billions of yen



Revenues

H1 FY2020

360.9bn yen (YoY 75%)

- ⊖ COVID-19 impact
- ⊖ Impact of foreign exchange

Adjusted operating income

10.4bn yen (YoY (34.0)bn yen)

- ⊖ Decrease in revenues
- ⊕ Profitability improvement due to cost reduction, etc.

EBIT

5.9bn yen (YoY (36.8)bn yen)

- ⊖ Decrease in adjusted operating income

FY2020 Forecast: No change from previous forecast

770.0bn yen (YoY 83%)

- ⊖ COVID-19 impact
- ⊖ Impact of foreign exchange

39.0bn yen (YoY (36.5)bn yen)

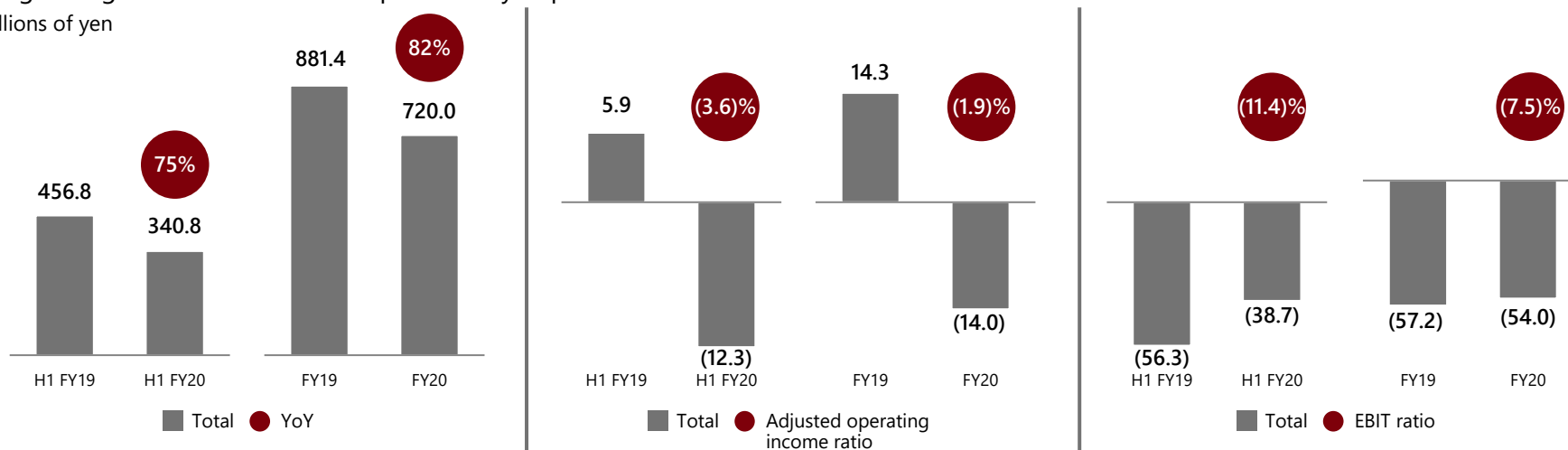
- ⊖ Decrease in revenues
- ⊕ Profitability improvement due to cost reduction, etc.

37.0bn yen (YoY (33.5)bn yen)

- ⊖ Decrease in adjusted operating income

Revenues and adjusted operating income decreased due to demand decline for automobile and others in H1 FY20
Progressing structural reforms for profitability improvement in FY20

Billions of yen



Revenues

H1 FY2020

340.8bn yen (YoY 75%)

⊖ Decrease in demand for automobile

FY2020 Forecast

Previous forecast comparison: revenues, adjusted operating income and EBIT decrease each 30.0bn yen, 9.0bn yen and 41.0bn yen

720.0bn yen (YoY 82%)

⊖ Decrease in demand for automobile

Adjusted operating income

(12.3)bn yen (YoY (18.2)bn yen)

⊖ Decrease in revenues

(14.0)bn yen (YoY (28.3)bn yen)

⊖ Decrease in revenues

EBIT

(38.7)bn yen (YoY +17.5bn yen)

⊖ Decrease in adjusted operating income
⊕ Impairment loss on fixed assets and goodwill in magnetic materials business in FY19

(54.0)bn yen (YoY +3.2bn yen)

⊖ Decrease in adjusted operating income
⊕ Decrease in impairment loss

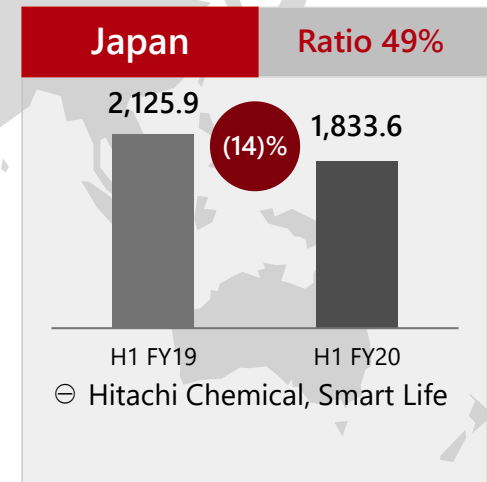
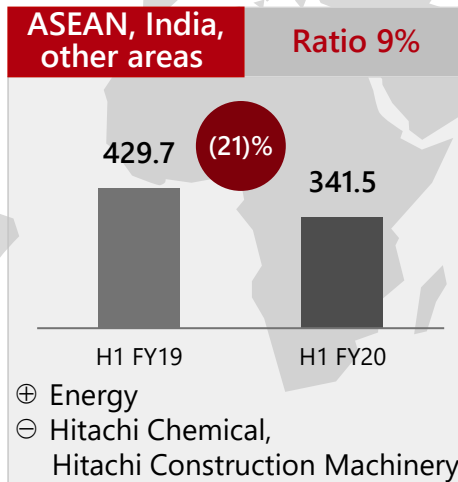
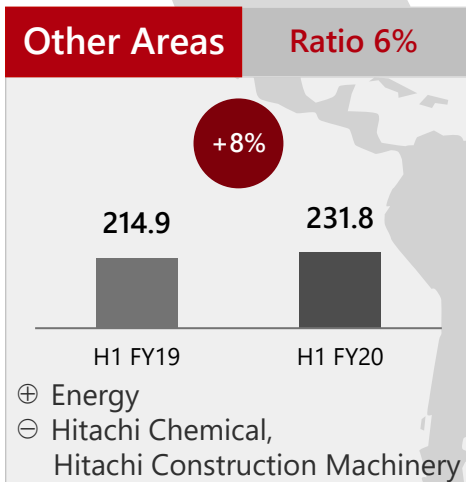
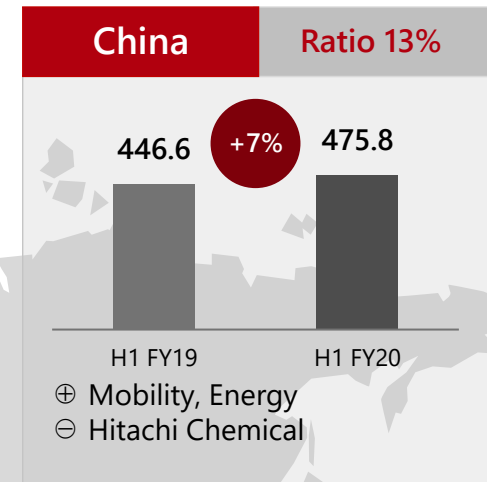
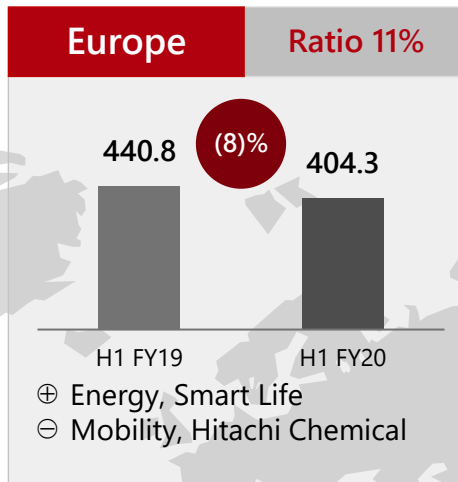
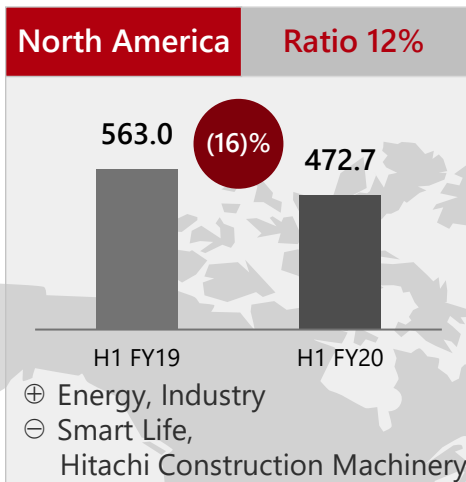
Financial Results and Forecasts by Business Segments (1/2)

Billions of yen		H1 FY2019	H1 FY2020	YoY	FY2019	FY2020 Forecast	YoY	Previous forecast comparison
IT	Revenues	995.2	947.4	95%	2,099.4	1,970.0	94%	103%
	Adjusted operating income	109.1	108.0	(1.0)	249.4	217.0	(32.4)	+25.0
	Adjusted operating income ratio	11.0%	11.4%	+0.4 points	11.9%	11.0%	(0.9) points	+1.0 points
	EBIT	105.8	97.8	(8.0)	214.4	192.0	(22.4)	+14.0
	EBITDA	158.3	148.6	(9.7)	326.9	294.0	(32.9)	+1.0
Energy	Revenues	161.6	398.8	247%	399.2	1,020.0	255%	100%
	Adjusted operating income	0.2	(7.0)	(7.3)	13.5	(8.0)	(21.5)	±0.0
	Adjusted operating income ratio	0.1%	(1.8)%	(1.9) points	3.4%	(0.8)%	(4.2) points	±0.0 point
	EBIT	1.0	(10.5)	(11.6)	(375.7)	(30.0)	+345.7	±0.0
	EBITDA	3.5	22.9	+19.4	(370.9)	550	+425.9	±0.0
Industry	Revenues	366.7	362.5	99%	840.7	780.0	93%	101%
	Adjusted operating income	13.8	13.9	+0.1	54.7	39.0	(15.7)	+7.0
	Adjusted operating income ratio	3.8%	3.9%	+0.1 points	6.5%	5.0%	(1.5) points	+0.8 points
	EBIT	20.6	15.7	(4.9)	57.8	32.0	(25.8)	+7.0
	EBITDA	30.5	27.8	(2.6)	80.1	55.0	(25.1)	+7.0
Mobility	Revenues	529.9	538.7	102%	1,144.4	1,120.0	98%	103%
	Adjusted operating income	38.6	39.8	+1.2	92.3	78.0	(14.3)	+10.0
	Adjusted operating income ratio	7.3%	7.4%	+0.1 points	8.1%	7.0%	(1.1) points	+0.8 points
	EBIT	63.9	41.3	(22.5)	112.3	75.0	(37.3)	+10.0
	EBITDA	78.6	56.9	(21.6)	143.0	105.0	(38.0)	+9.0
Smart Life ^{*10}	Revenues	1,055.3	930.8	88%	2,167.6	1,900.0	88%	100%
	Adjusted operating income	59.7	27.3	(32.3)	118.9	100.0	(18.9)	±0.0
	Adjusted operating income ratio	5.7%	2.9%	(2.8) points	5.5%	5.3%	(0.2) points	±0.0 point
	EBIT	58.7	18.2	(40.4)	90.0	200.0	+109.9	±0.0
	EBITDA	96.6	60.9	(35.6)	170.8	285.0	+114.1	±0.0

Financial Results and Forecasts by Business Segments (2/2)

Billions of yen		H1 FY2019	H1 FY2020	YoY	FY2019	FY2020 Forecast	YoY	Previous forecast comparison
Hitachi Construction Machinery	Revenues	480.5	360.9	75%	931.3	770.0	83%	100%
	Adjusted operating income	44.4	10.4	(34.0)	75.5	39.0	(36.5)	±0.0
	Adjusted operating income ratio	9.2%	2.9%	(6.3) points	8.1%	5.1%	(3.0) points	±0.0 point
	EBIT	42.8	5.9	(36.8)	70.5	37.0	(33.5)	±0.0
	EBITDA	64.8	31.1	(33.7)	117.6	88.0	(29.6)	±0.0 point
Hitachi Metals	Revenues	456.8	340.8	75%	881.4	720.0	82%	96%
	Adjusted operating income	5.9	(12.3)	(18.2)	14.3	(14.0)	(28.3)	(9.0)
	Adjusted operating income ratio	1.3%	(3.6)%	(4.9) points	1.6%	(1.9)%	(3.5) points	(1.2) points
	EBIT	(56.3)	(38.7)	+17.5	(57.2)	(54.0)	+3.2	(41.0)
	EBITDA	(28.2)	(12.3)	+15.9	(2.0)	(3.0)	(0.9)	(43.0)
Others	Revenues	236.3	208.6	88%	484.8	450.0	93%	107%
	Adjusted operating income	11.8	7.5	(4.3)	22.3	9.0	(13.3)	+3.0
	Adjusted operating income ratio	5.0%	3.6%	(1.4) points	4.6%	2.0%	(2.6) points	+0.6 points
	EBIT	14.2	10.4	(3.7)	31.2	14.0	(17.2)	+4.0
	EBITDA	29.2	26.1	(3.0)	60.7	44.0	(16.7)	+4.0
Corporate items & Eliminations	Revenues	(377.9)	(328.7)	-	(813.2)	(790.0)	-	-
	Adjusted operating income	(3.4)	(6.9)	(3.4)	(14.6)	(60.0)	(45.3)	(8.0)
	EBIT	24.0	245.9	+221.9	15.3	120.0	+104.6	(22.0)
Total	Revenues	4,221.3	3,760.0	89%	8,767.2	7,940.0	91%	101%
	Adjusted operating income	297.2	180.7	(116.4)	661.8	400.0	(261.8)	+28.0
	Adjusted operating income ratio	7.0%	4.8%	(2.2) points	7.5%	5.0%	(2.5) points	+0.3 points
	EBIT	290.5	386.2	+95.6	183.6	586.0	+402.3	(28.0)
	EBITDA	499.8	612.6	+112.7	619.0	1,053.0	+433.9	(44.0)

Revenues by Market



Overseas Revenues **1,926.4** billion yen

Ratio **51** %

Billions of yen

Summary of Consolidated Financial Position

Billions of yen	As of March 31, 2020	As of September 30, 2020	Change from March 31, 2020
Total assets	9,930.0	10,616.0	+685.9
Cash and cash equivalents	812.3	759.8	(52.4)
Trade receivables and contract assets	2,260.2	2,297.5	+37.3
Total liabilities	5,663.3	7,043.2	+1,379.8
Interest-bearing debt	1,485.0	2,510.8	+1,025.8
Total Hitachi, Ltd. stockholders' equity	3,159.9	2,915.9	(244.0)
Non-controlling interests	1,106.7	656.8	(449.9)
Cash Conversion Cycle	74.2 days	79.9 days	+5.7 days
Total Hitachi, Ltd. stockholders' equity ratio	31.8%	27.5%	(4.3) points
D/E ratio	0.35 times	0.70 times	+0.35 points

Summary of Consolidated Statement of Cash Flows

Billions of yen	H1 FY2019	H1 FY2020	YoY
Cash flows from operating activities	205.6	214.4	+8.8
Cash flows from investing activities	(207.0)	(703.8)	(496.8)
Free cash flows	(1.3)	(489.3)	(488.0)
Core free cash flows* ¹¹	(5.0)	50.6	55.7

- *1 "Adjusted operating income" is presented as revenues less selling, general and administrative expenses as well as cost of sales
- *2 "EBIT" is presented as income from continuing operations, before income taxes less interest income plus interest charges
- *3 "EBITDA" is presented as income from continuing operations, before income taxes less interest income plus interest charges, depreciation and amortization
- *4 The total of five sectors is presented as the consolidated total less the total of listed subsidiaries. It includes others and corporate items & eliminations
- *5 Figures for FY19 of listed subsidiaries include financial results of Hitachi Chemical
- *6 System integration, sales, maintenance and related services of software and hardware for financial, public, enterprise and social infrastructure (power, rail, telecommunication, etc.) sectors, consulting, etc.
- *7 Sales, maintenance and services of control systems, server, storage, related software, etc.
- *8 Figures of H1 FY19 and FY19 does not include the financial results of Hitachi ABB Power Grids
- *9 Figures for each BU include control systems business, which is posted in IT segment
- *10 Measurement & Analysis Systems (Hitachi High-Tech) is included in Smart Life segment from FY20. The year-over-year comparison of FY20 forecast for Smart Life segment reflects this change
- *11 "Core free cash flows" are cash flows presented as free cash flows excluding cash flows from M&A and asset sales, etc.

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 report.

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:

- exacerbation of social and economic impacts of the spread of COVID-19;
- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, 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;
- estimates, fluctuations in cost and cancellation of long-term projects for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s ability to 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;
- fluctuations in demand of products, etc. and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in demand of products, etc., exchange rates and/or price of raw materials or shortages of materials, parts and components;
- credit conditions of Hitachi’s customers and suppliers;
- 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;
- 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;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- uncertainty as to the success of cost structure overhaul;
- 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 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;
- 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;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property; 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 elsewhere in this report and in other materials published by Hitachi.

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