



CEO Remarks

Hitachi IR Day 2019

June 4, 2019

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**President & CEO
Hitachi, Ltd.**

2021 Mid-term Management Plan (Announced on May 10th, 2019)

1

Will become a global leader in
Social Innovation Business

2

Operate business to create three value propositions:
improving customer's social values,
environmental values, and economic values

3

Plan on more aggressive investment in
select focused areas for further growth
- 2.0~2.5 trillion yen investment for the next 3 years
(2018 Mid-term Management Plan: 0.5 trillion yen)

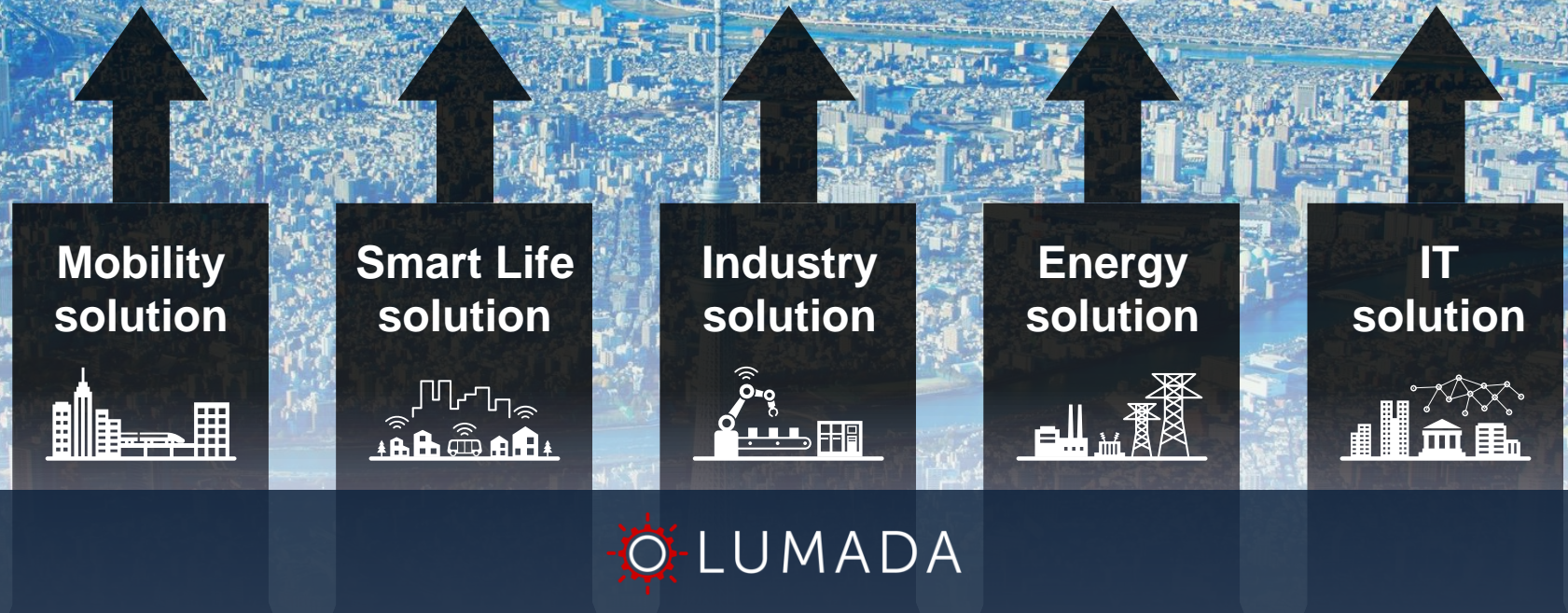
4

Strengthen corporate management system
- Introducing ROIC and improving capital efficiencies

To improve the Quality of Life and add values for customers



To increase the three values of social, environmental and economic by five-sector business and technology solutions



Product

Product

Product

Product

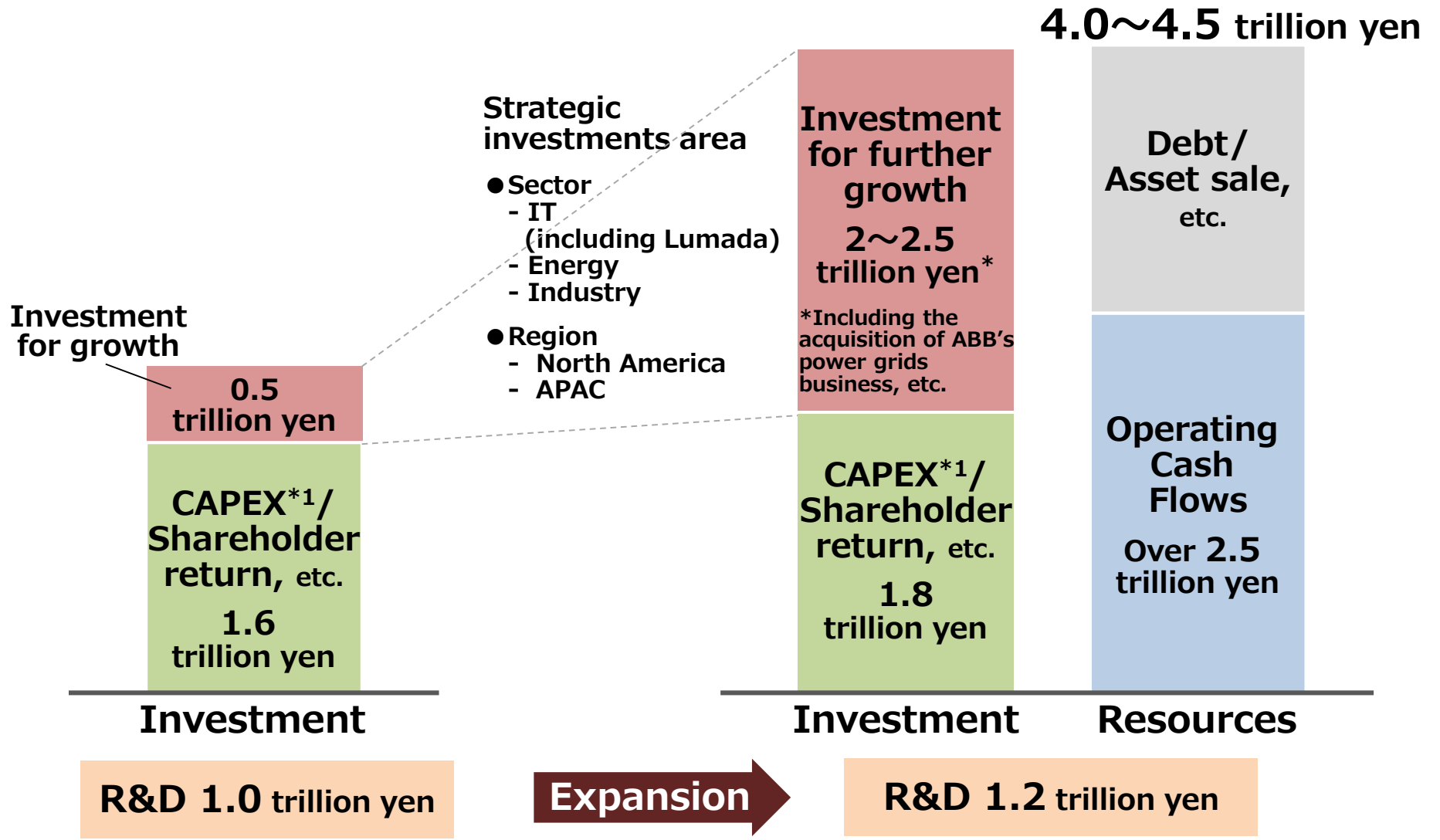
Product

Strategies of each sector

	Strategies for the 2021 Mid-term Management Plan	Focus region	Social & environmental values for the 2021 Mid-term Management Plan
IT	<p>More strategic investments</p> <ul style="list-style-type: none"> ● Enhance Lumada and accelerate global growth 	<ul style="list-style-type: none"> ● North America ● APAC 	<ul style="list-style-type: none"> ● Accelerating customer's innovation with advanced IT solutions 
Energy	<p>To prepare for growth</p> <ul style="list-style-type: none"> ● Prepare for global expansion of energy solution 	— (World-Wide)	<ul style="list-style-type: none"> ● Providing stable, high-efficiency energy such as electricity and its management systems 
Industry	<p>More strategic investments</p> <ul style="list-style-type: none"> ● Accelerate global expansion by strengthening industrial SI 	<ul style="list-style-type: none"> ● North America 	<ul style="list-style-type: none"> ● Increasing the efficiency of customer's production and processing systems, and providing the supply of safe, secure city water, and sewage water systems  
Smart Life	<p>To improve profitability</p> <ul style="list-style-type: none"> ● Plan and execute strategic actions for future growth 	<ul style="list-style-type: none"> ● APAC 	<ul style="list-style-type: none"> ● Designing smart cities to be more convenient and environmentally-friendly  
Mobility	<p>To explore growth</p> <ul style="list-style-type: none"> ● Global rollouts by using acquired assets 	<ul style="list-style-type: none"> ● Europe ● North America ● APAC 	<ul style="list-style-type: none"> ● Providing with safe, comfortable transportation systems and service 

2018 Mid-term Management Plan

2021 Mid-term Management Plan



*1 : Capital Expenditure

FY2021 targets of each sector

The annual growth rate for revenues (organic)

Over **3%**

Adjusted operating income ratio

Over **10%**

ROIC

(Return on invested capital)

Over **10%**

IT



2.6 trillion yen
13.0%
15.0%

Energy



1.7 trillion yen
10.0%
7.5%

Industry



1.0 trillion yen
10.0%
10.8%

Smart Life



2.1 trillion yen
10.0%
15.0%

Mobility



1.2 trillion yen
9.8%
13.1%

Others










<Explanatory notes>

Revenues

Adjusted operating income ratio

ROIC

Today's speakers

	Business Unit/Companies	Speaker
IT (Lumada)	<ul style="list-style-type: none"> ● Financial Institutions BU ● Social Infrastructure Systems BU ● Services & Platforms BU ● Defense Systems BU 	<p>Keiichi Shiotsuka, EVP</p> 
Energy	<ul style="list-style-type: none"> ● Energy BU ● Nuclear Energy BU 	<p>Toshikazu Nishino, EVP  Atsushi Oda, SVP </p>
Industry	<ul style="list-style-type: none"> ● Industry & Distribution BU ● Water & Environment BU ● Hitachi Industrial Products ● Hitachi Industrial Equipment Systems 	<p>Masakazu Aoki, EVP</p> 
Smart Life	<ul style="list-style-type: none"> ● Healthcare BU ● Hitachi Automotive Systems ● Hitachi Global Life Solutions 	<p>Keiji Kojima, EVP</p> 
Mobility	<ul style="list-style-type: none"> ● Railway Systems BU ● Building Systems BU 	<p>Alistair Dormer, EVP</p> 
		<p>Mitsuaki Nishiyama, SVP, CFO</p> 

EVP: Executive Vice President
SVP: Senior Vice President

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.

Hitachi Social Innovation is

POWERING GOOD

HITACHI
Inspire the Next 

[Billions of yen]

Sector	Item	FY2018 result	FY2019 forecast	FY2021 target
IT	Revenues	2,121.6	2,060.0	2,600.0
	Op. income*4	[10.8%] 230.1	[10.7%] 220.0	[13.0%] 338.0
	ROIC	19.6%	15.9%	15.0%
Energy*1*3	Revenues	456.6	384.9	over 1,700.0
	Op. income*4	[7.9%] 35.9	[6.5%] 24.9	[over 10%] over 170.0
	ROIC	5.8%	6.0%	7.5%
Industry*1*3	Revenues	843.6	839.6	1,000.0
	Op. income*4	[6.9%] 58.2	[7.0%] 58.4	[10%] 100.0
	ROIC	9.0%	10.1%	10.8%
Smart Life*2	Revenues	1,816.0	1,723.2	over 2,100.0
	Op. income*4	[5%] 93.4	[7%] 119.0	[over 10%] over 210.0
	ROIC	10.0%	10.0%	over 15%
Mobility*1	Revenues	1,238.1	1,155.0	1,270.0
	Op. income*4	[8.1%] 100.2	[8.3%] 96.2	[9.8%] 124.8
	ROIC	13.6%	11.6%	13.1%

*1 Figures for each sector include control systems business, which is posted in IT sector

*2 Including healthcare business of Hitachi High-Technologies

*3 Figures for FY2018 except one-time expenses.

*4 Adjusted operating income