
Mobility Sector

Hitachi IR Day 2019

June 4, 2019

Alistair Dormer

**Executive Vice President and Executive Officer
Hitachi, Ltd.**

1

– Mobility sector revenues have grown by 11.9% CAGR over the last 5 years with 69.3% of revenues earned overseas

2

– Very strong backlog at the end of FY2018 for both Bus with BSBU and RSBU backlog at 675.7Bn yen and 2,827.1Bn yen respectively

3

– Further global expansion is targeted in Asia for BSBU and North American markets for RSBU

4

– Investment in digital technologies over the FY2021 mid-term will improve operational efficiency and strengthen our product and service offering for our customers

5

– Towards FY2021 both BSBU and RSBU will increase service and solution revenue mix

6

– Continuous tracking of M&A opportunities

Mobility Sector

Contents

- 1. Introduction to Mobility Sector**
 2. Building Systems BU
 3. Railway Systems BU
 4. Conclusion
- Glossary
- Appendix A – Building Systems BU
- Appendix B – Railway Systems BU

1-1. We create social, environmental and economic values



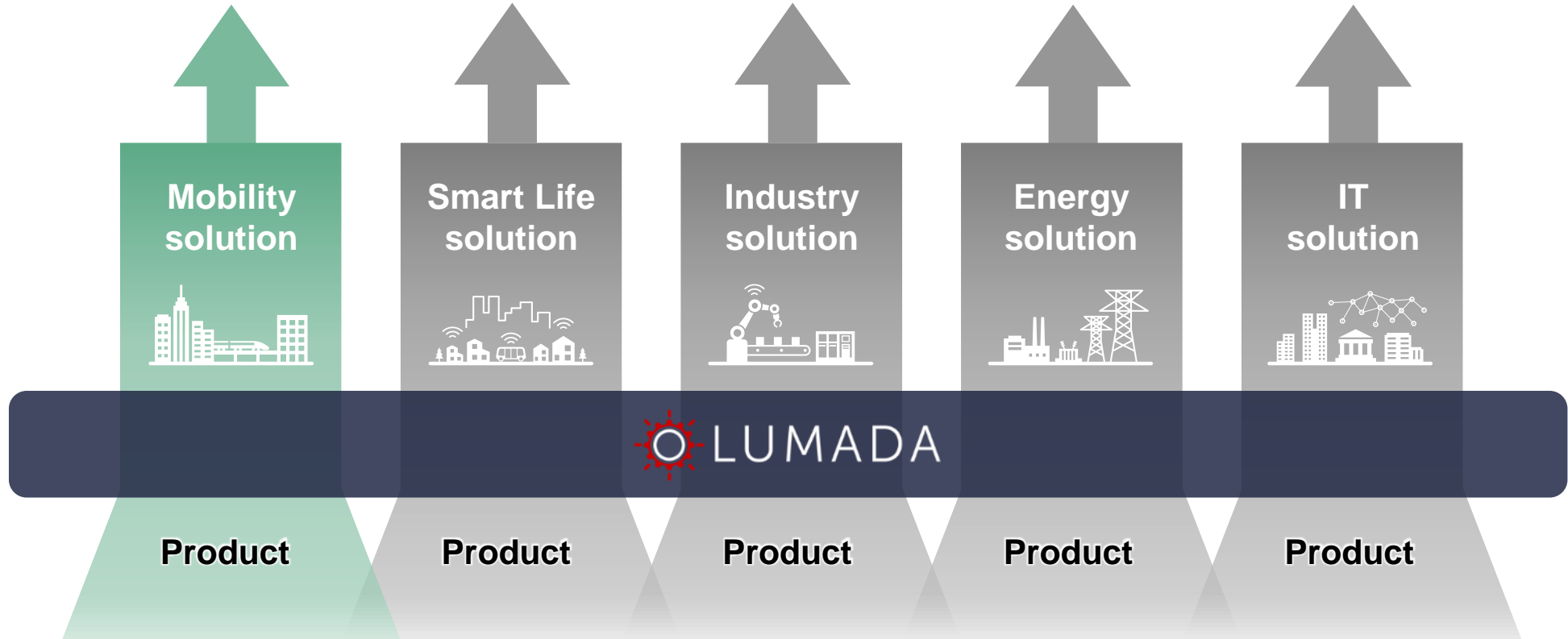
Social values



Environmental values

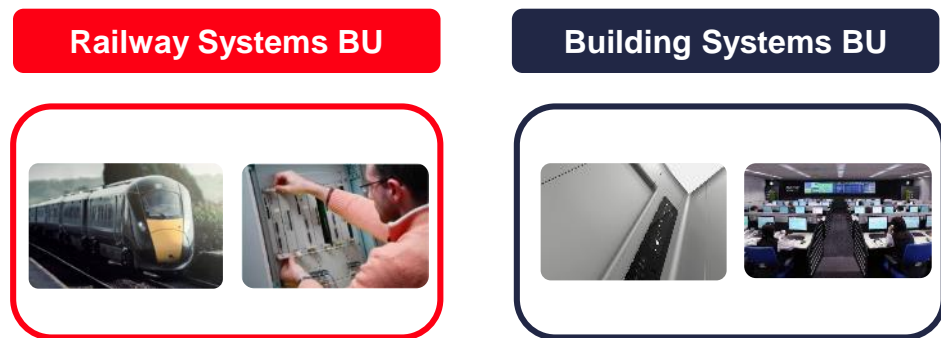


Economic values

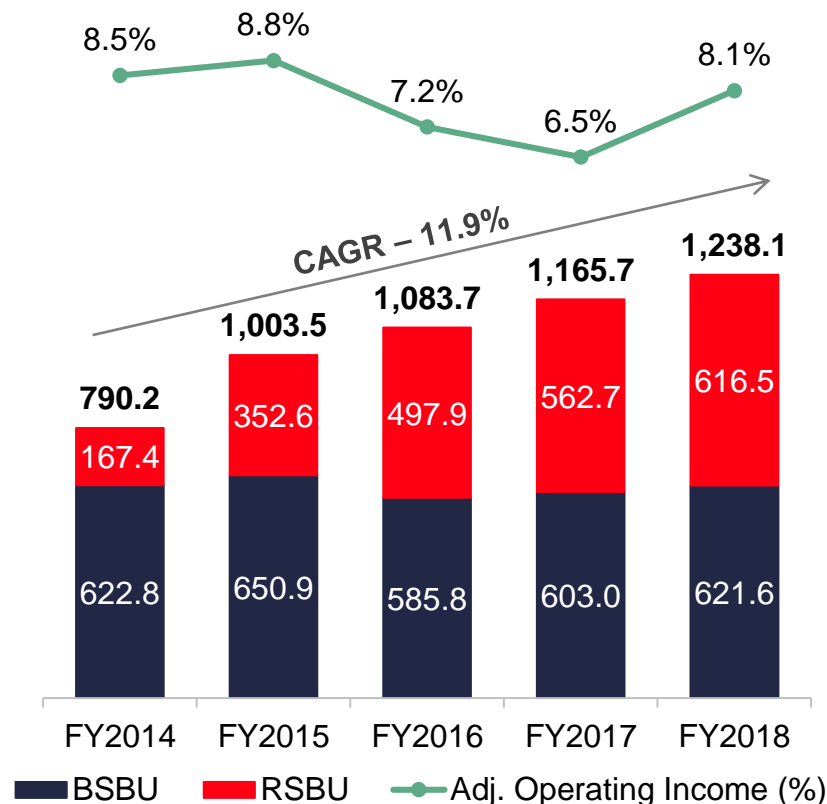
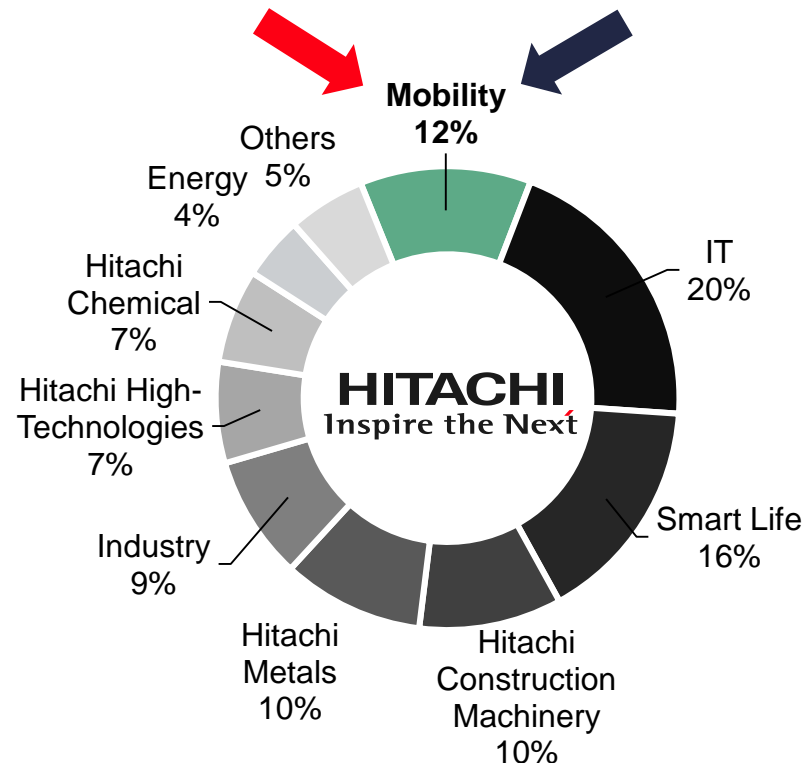


1-2. The sector demonstrated strong growth over the last 5 years (11.9% CAGR) and is the third largest within Hitachi

Mobility Revenues as % of Total Hitachi Revenues (FY2018)*



Mobility Sector Key Financials – Last 5 Years (Billion Yen)



* % of total Hitachi revenues excluding corporate items and eliminations

1-3. Society is changing and so is the way we think about Mobility

Global trends and challenges....



Population Growth

Global population is forecast to grow to approximately **9.7 billion by 2050** from 7.6 billion in 2018*¹



Urbanization

The proportion of people living in urban areas will reach **68% by 2050**, up from 55% today*²



Climate Change

The negative impact from climate change causes **environmental, economic and social damage**

...driving different Mobility solutions

Faster, cleaner intercity transport



Reduced reliance on cars within city centres

Smart solutions needed to manage people flow as population density increases within cities



Progressing towards Mobility as a Service

*1 World Bank data *2 United Nations: World Urbanization Prospects 2018

1-4. Our products, solutions and operations support the United Nations Sustainable Development Goals

Mobility sector is committed on Social Innovation Business with a positive impact on society

Mobility SDGs



Hitachi Rail was a founding member of UTC* South Durham, a **technical school for up to 600 pupils** aged 14 – 19 years old



UTC South Durham

Aiming to replace half of the 30,000 existing Hitachi legacy elevators in Japan by 2021, **reducing CO2 emissions by 45%**



Standard Elevator "Urban Ace"

New rolling stock platform built from **95% recyclable material**



New double-deck EMU "Caravaggio"

Hitachi sensor technology enables speed variation in escalators based on the approaching person, **increasing accessibility for all users**



Sensor enabled Hitachi escalator

Our products have a **positive economic, environmental and social impact** on millions of people across the world every day

"Lovely leg room on the new LNER Azuma trains. And complimentary WiFi. Recommended!"

* University Technical College

Mobility Sector

Contents

1. Introduction to Mobility Sector
 - 2. Building Systems BU**
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2-1. BSBU provides building products and services globally



Hideaki Seki—BSBU CEO

- Over 28 years of experience in BSBU; 40 years total experience in Hitachi group
- Previous engagement in revitalization of motor technology (4 years), and in automotive systems business (8 years)



E&E Modernization



E&E maintenance services

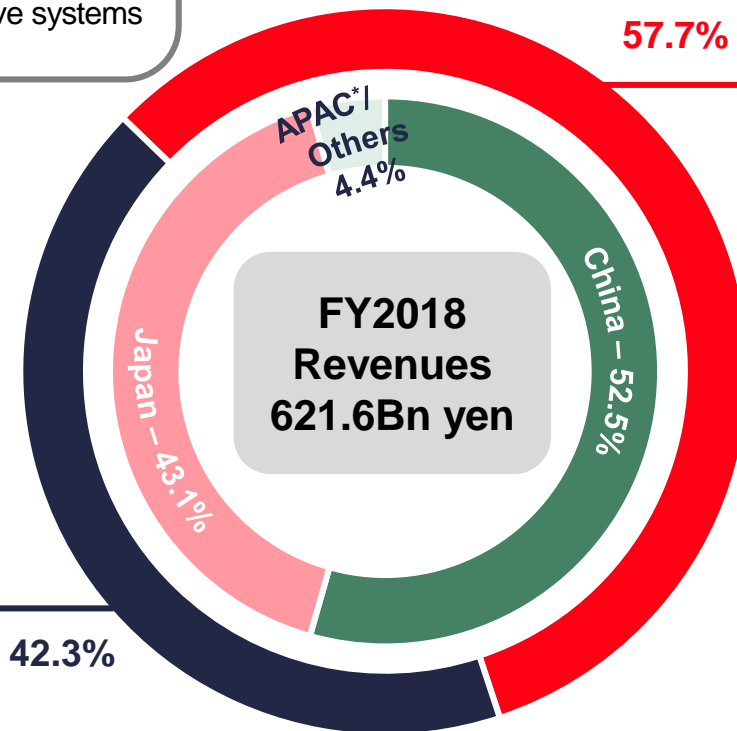


Building equipment management services



Building equipment from other BUs and other companies

Building Services



Sale / Manufacture of E&E



Elevators



Escalators



Moving walkways

SDGs



* APAC excludes Japan and China

2-2. BSBU continues to innovate, expand into new geographies and grow in its core markets

Key Achievements

1

- Delivery of the world fastest 1,260m/min elevator

2

- Elevators and Escalators new installation order received unit share no. 1 in China (FY2018)

3

- Expanded sales and service bases in South East Asia from 11 countries as of March 2014 to 16 as of March 2019

4

- Start of Social Innovation Business proposed approx. 50 projects
 - Data utilized services
 - Service robot EMIEW3, EMIEW-TT



2-3. BSBU is delivering in our core markets and winning orders in new geographies to expand our footprint in Asia

Major Deliveries



[China]
InterContinental
Shanghai Wonderland
<Shimao Group>



[Thailand]
Krungsri Ploenchit Tower
<Bank of Ayudhya Public Co., Ltd.>



[Japan]
TOKYO MIDTOWN HIBIYA
<Mitsui Fudosan Co., Ltd.>



[Japan]
Yokohama Landmark Tower
(EMIEW3, EMIEW-TT)
<MITSUBISHI ESTATE CO., LTD.>

Main Orders Received



[Japan]
Ohtemachi 1-4-2 Plan
(tentative name)
<Marubeni Corporation>



[China]
Haitian Center
<QingDao Conson
Hai Tian Center Co. LTD>









[Thailand]
Suvarnabhumi International Airport
(Expansion)
<PCS Joint Venture>



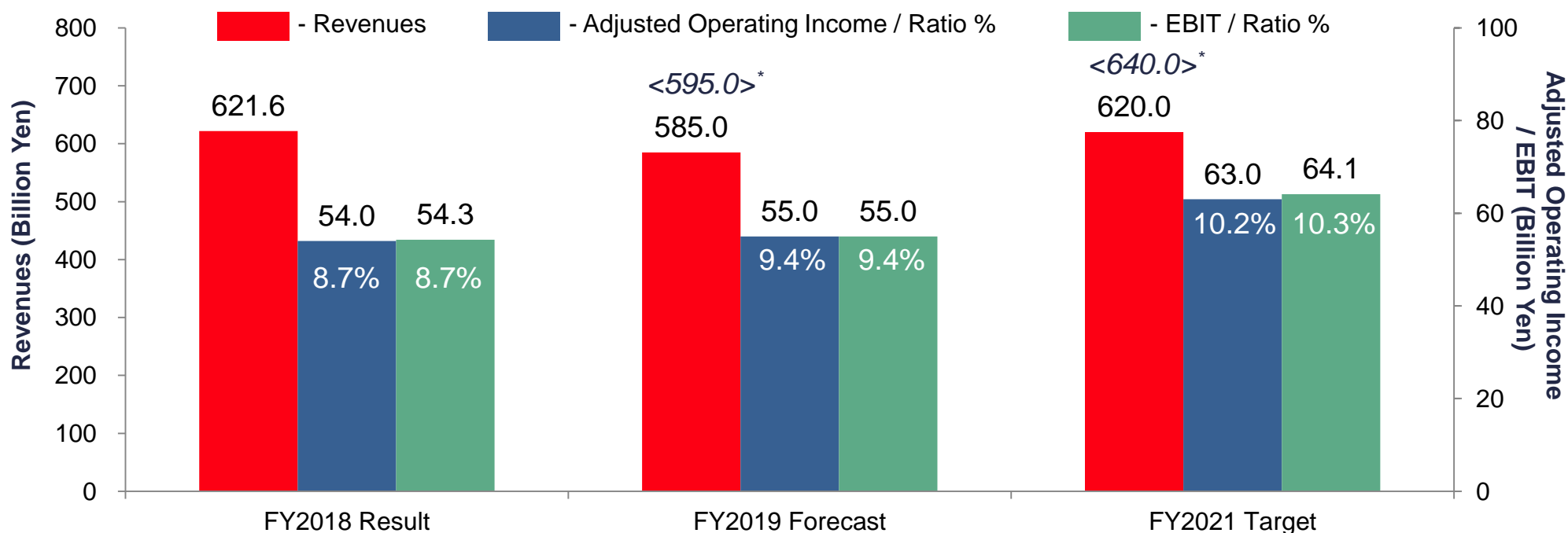
[India]
Phoenix Spaces 285
<Phoenix Spaces Private Limited>

2-4. BSBU exceeded key revenues, profit and free cash flow targets in FY2018

FY2018 Results				
	FY2018 Result	Forecast as of 8 th June 2018	Deviation	Dynamics
Revenues (Billion Yen)	621.6	580.0	+41.6 	<ul style="list-style-type: none"> - Increased as projects of FY2019 were brought forward - Increase in business scale in China
Adjusted Operating Income (Billion Yen)	54.0	52.0	+2.0 	<ul style="list-style-type: none"> - Increased as projects of FY2019 were brought forward - Increase in revenue scale affected
Adjusted Operating Income Ratio	8.7%	9.0%	(0.3%) 	<ul style="list-style-type: none"> - Slight fall in the ratio due to average unit price drop in China
EBIT (Billion Yen)	54.3	51.8	+2.5 	<ul style="list-style-type: none"> - Increased as projects of FY2019 were brought forward - Increase in revenue scale affected
EBIT Ratio	8.7%	8.9%	(0.2%) 	<ul style="list-style-type: none"> - Slight fall in the ratio due to average unit price drop in China
FCF (Billion Yen)	42.0	27.0	+15.0 	<ul style="list-style-type: none"> - Advance received increased due to the higher order received in China

2-5. BSBU is forecasting double-digital profit margins by FY2021 and growing order backlog

Order Received (Billion Yen)	615.5	599.3	650.0
Book to Bill (Ratio)	0.99x	1.02x	1.05x
Order Backlog (Billion Yen)	675.7	690.0	740.0
Overseas revenue ratio	57%	54%	55%



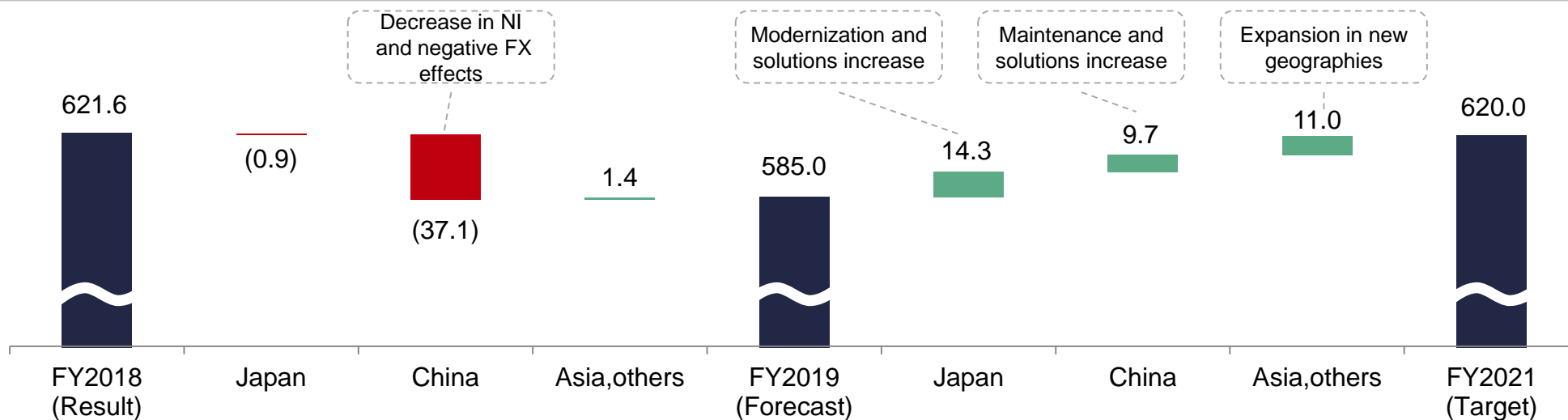
FX rates RMB to JPY at FY2018 = 1:16.5, FY2019 = 1:16.0, FY2021 = 1:15.5

* Figures restated with original exchange rate (JPY16.5/RMB)

2-6. Profitability forecasts to increase to FY2021 due to cost reduction program and growing maintenance revenues

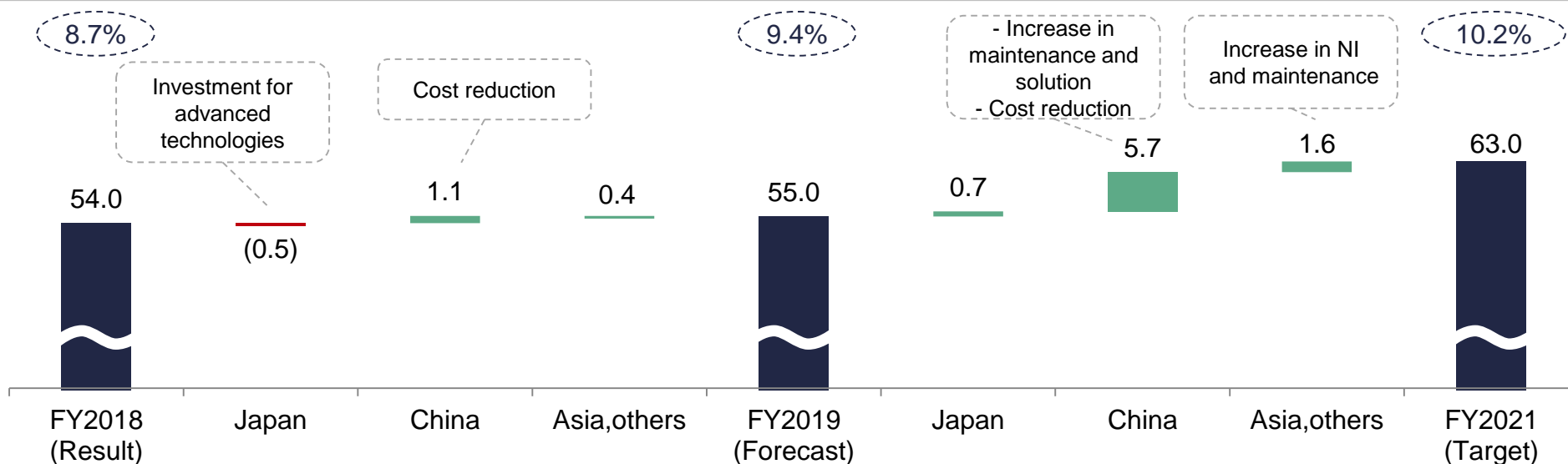
Revenue Bridge

Billion Yen



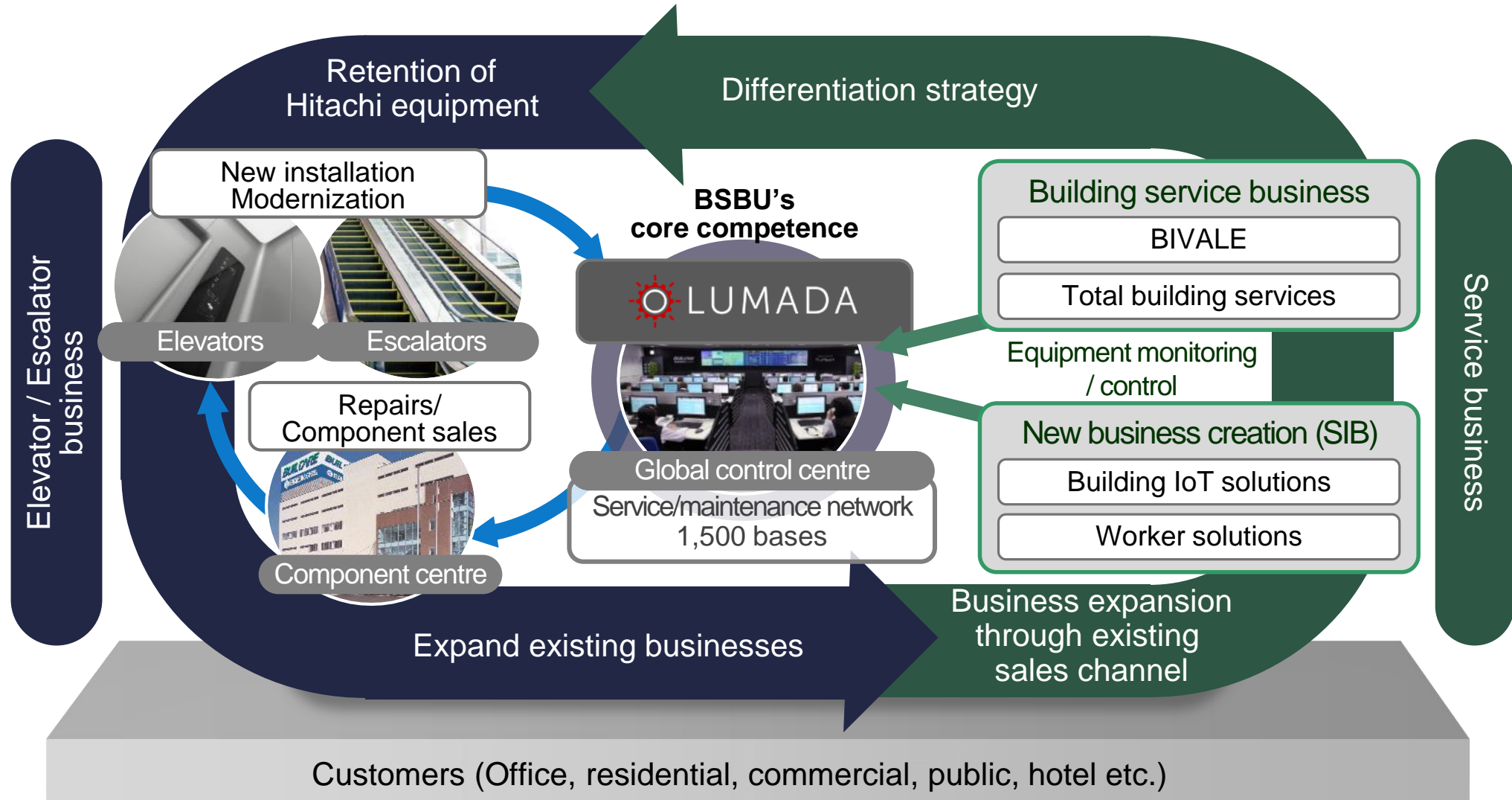
Adjusted Operating Income | Ratio %

Billion Yen



2-7. NI and services business lines are inherently linked so improving our offering across the whole business is key to growth

Expand BSBU's business by both elevator/escalator and service businesses



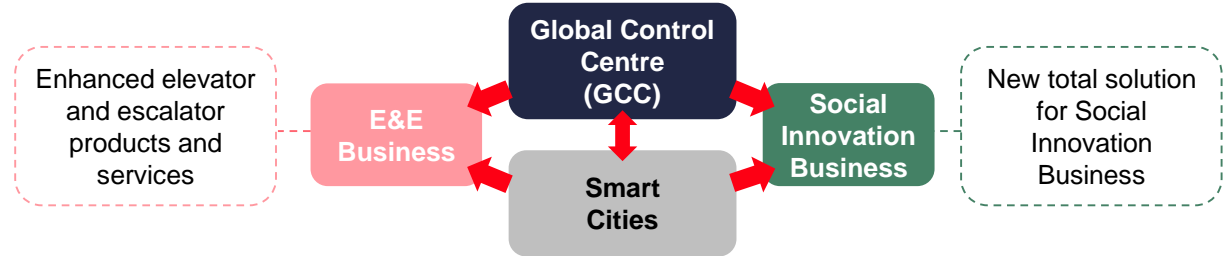
2-8. BSBU is investing in its technology and capabilities to enhance competitiveness



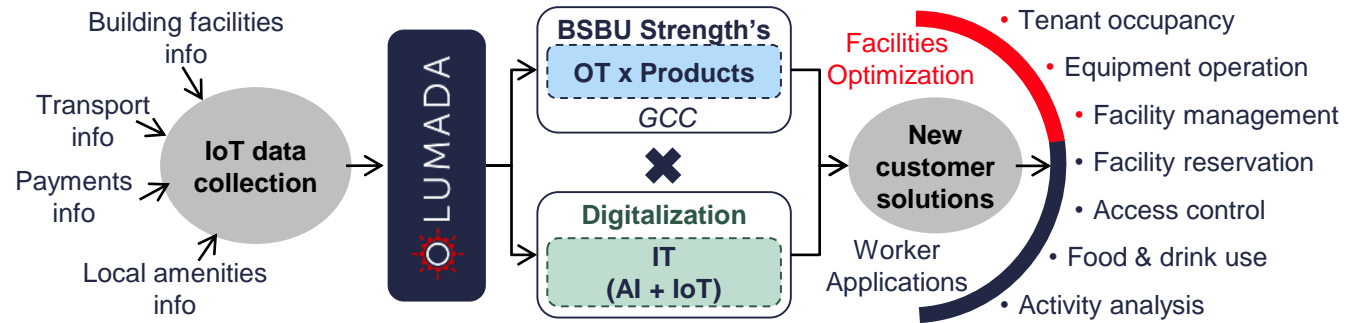
Expanding our business by strengthening our products

1. Investment in Global Control Centre

- Platform to enhance our core offering and expand advanced building services offering



2. New value proposition through Digitalization



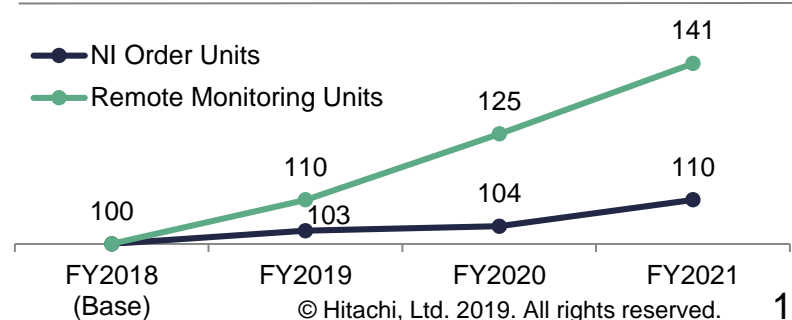
3. Expand remote monitoring service



Global Control Centre for remote monitoring

- Targeting expansion ahead of NI growth
- Expansion outside of Japan
- Utilising the investment in Global Control Centre
- Development of next generation remote monitoring terminal

New Installations and Remote Monitoring Units (Index)



2-9. BSBU will target expansion in Asia and the Middle East, utilising our manufacturing base in China and technology in Japan

Asia and Middle East

New and growing markets (e.g. India, Saudi Arabia, Cambodia, Vietnam)

- **Increase new installation orders** received by deploying Chinese and Thai product models (India is 2nd largest market globally)
- Expand E&E NI and modernization businesses to increase units, revenue and profit
- **Production of Chinese models in India** in the future

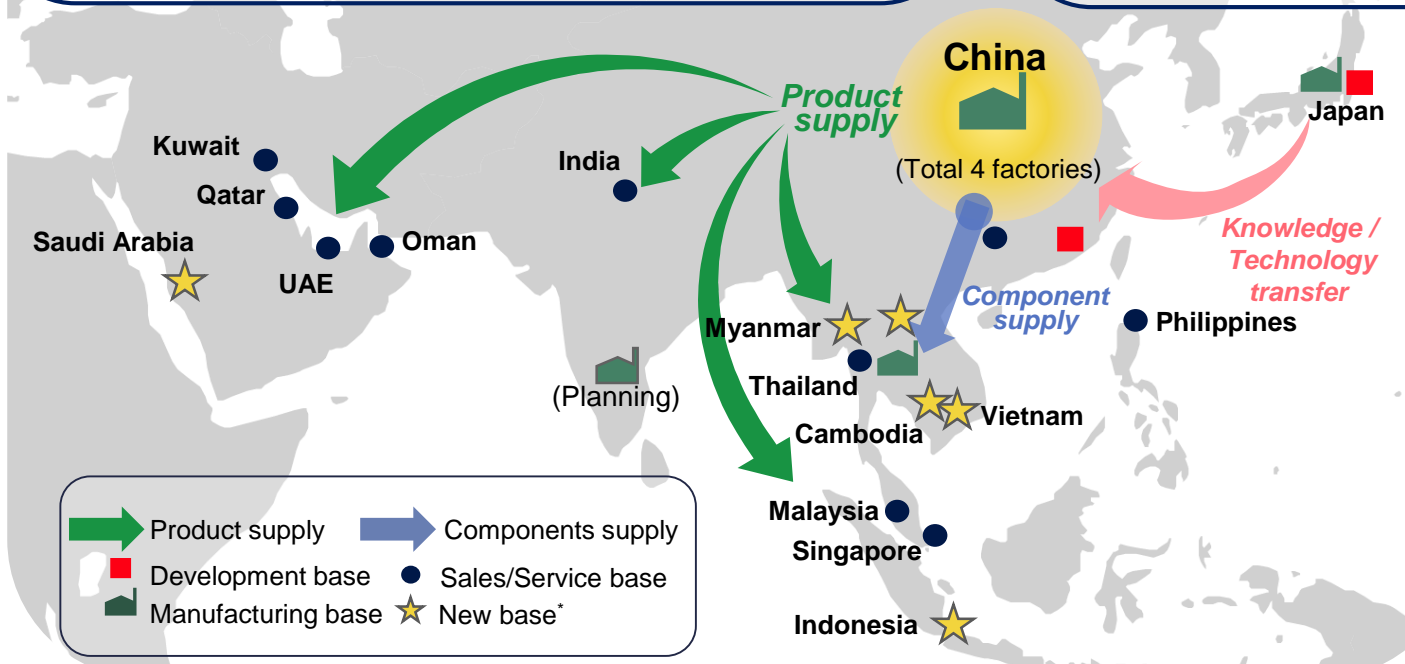
Matured markets (e.g. Singapore, Thailand, Malaysia)

- **Increase chargeable maintenance units** utilising remote monitoring solution through **Lumada** (Trials in Singapore and Thailand started)
- Start provision service of operational data of building equipment for customers (FY2020)



China

- **Become No.1 manufacturer in China** by revenue and profit
- Maximize the use of production capacity to achieve **volume efficiency**
- **Increase exports** of completed products and components to rest of Asia and the Middle East
- **Expand services business** using remote monitoring technology by utilising **Lumada**
- **Increase orders received** using new modernization product
- Collaboration with partner companies to **expand solutions business** by utilising **Lumada**



Japan

- Japan will continue to be **No.1 technology development base** by utilising **Lumada**
 - Fastest elevator in the world
 - New Global Control Centre
 - Service Robot
- Hitachi group IT capabilities will drive **new value proposition by digitalization**
- **Expansion of services business** including new advance building service solutions by utilising **Lumada**



* Established between FY2015 and FY2018 (Sales/Service). New base in United Kingdom is not shown on map

Mobility Sector

Contents

1. Introduction to Mobility Sector
 2. Building Systems BU
 - 3. Railway Systems BU**
 4. Conclusion
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- Appendix B – Railway Systems BU

3-1. RSBU is a global, full line-up rail solutions provider. Our products helped over 18 billion people travel last year*1



Andrew Barr – RSBU CEO

- 15 years of Hitachi Group experience, with 26 years in the rail industry overall
- CEO of Ansaldo STS since May 2016, successfully leading over 4,000 people worldwide



Interlocking



Satellite Train Control



CBTC



Components



TMS



ETCS

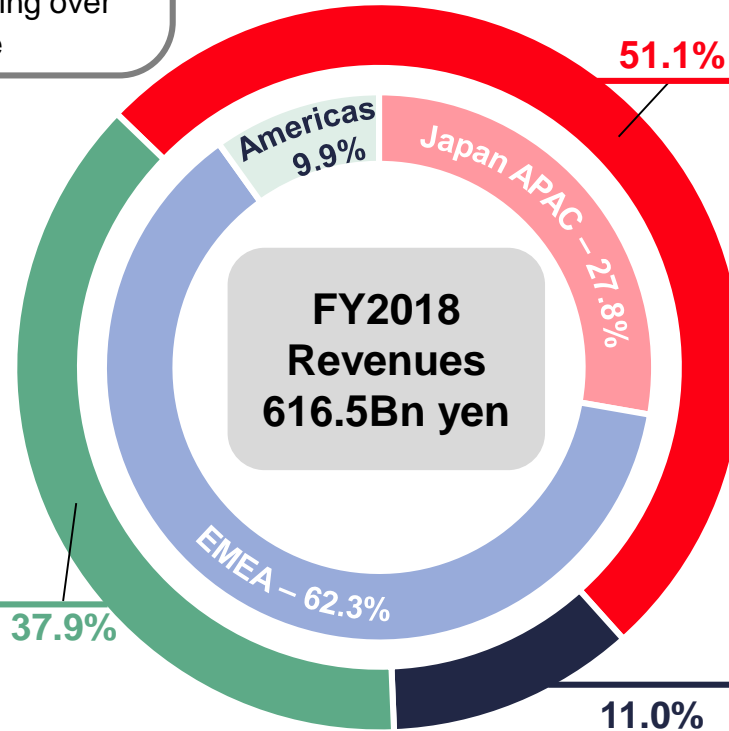


Driverless



Facility Control

Signalling & Turnkey



Rolling Stock



Very High Speed



Shinkansen



Commuter



Intercity



LRV



Metro



Monorail



Components

Service & Maintenance



RS Maintenance



RS Refurbishment



Signalling O&M



Asset Management

SDGs



*1 Hitachi internal estimate *2 © 2019 East Japan Railway Company

3-2. FY2018 was an incredibly successful year for RSBU, ensuring a solid platform for further growth

Key Achievements

1

- 9.6% organic revenue growth and 7.5% adjusted operating income ratio
- Highest revenue and adjusted operating income ratio in RSBU history

2

- Record year for train deliveries and orders. Order intake 12% higher than forecast at 714.6Bn yen with book-to-bill ratio of 1.16x

3

- FY2021 mid-term period will see significant investment with a focus on digital and IoT solutions to enhance competitiveness

4

- We successfully acquired 100% of Ansaldo STS and delisted it. Enables next stage of organisation optimisation and business expansion to take place

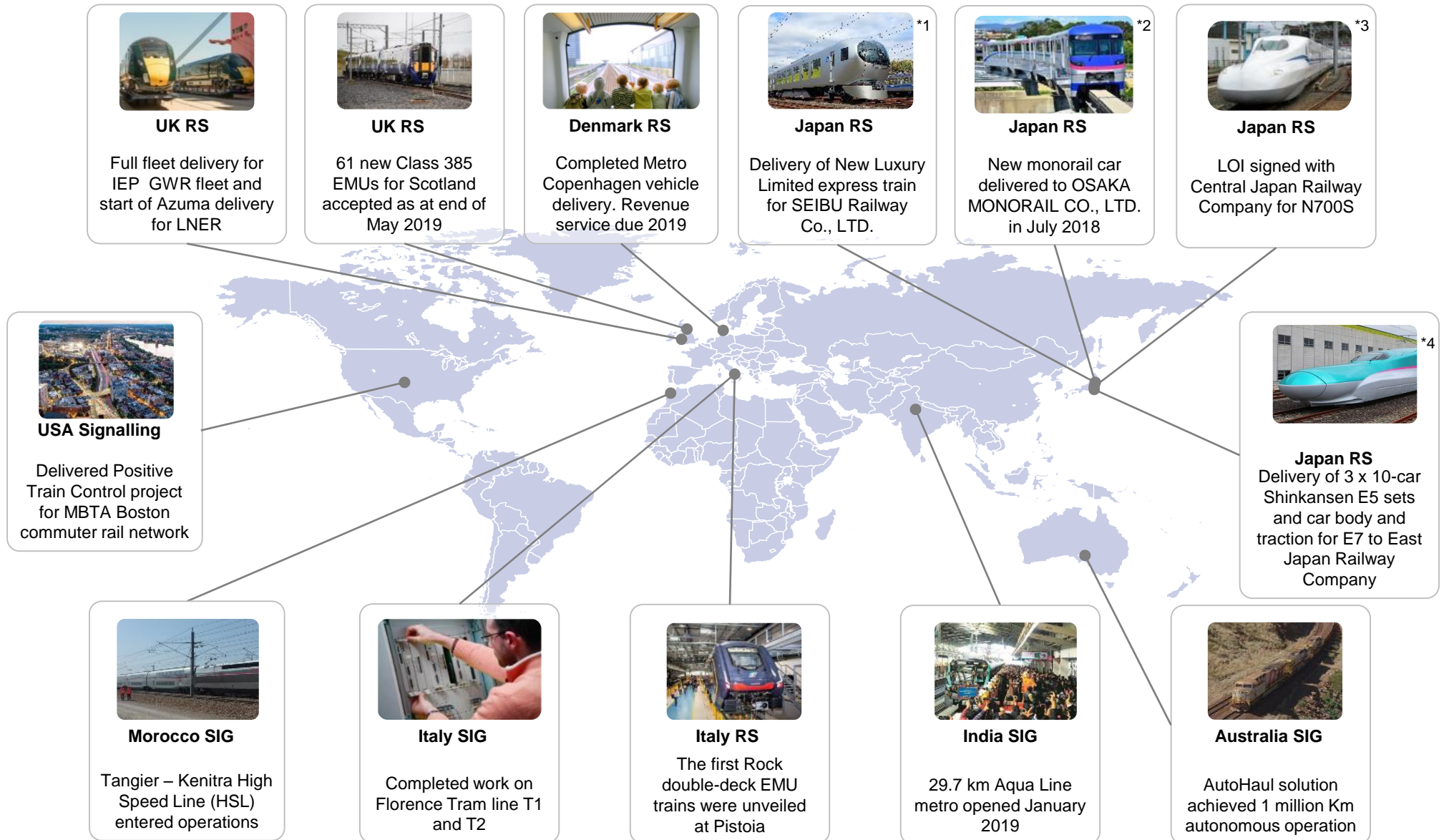


Rock Double-Deck EMU for Trenitalia



Copenhagen Driverless Metro

3-3. RSBU's major project delivery last year demonstrates the breadth of products and geographies the business covers

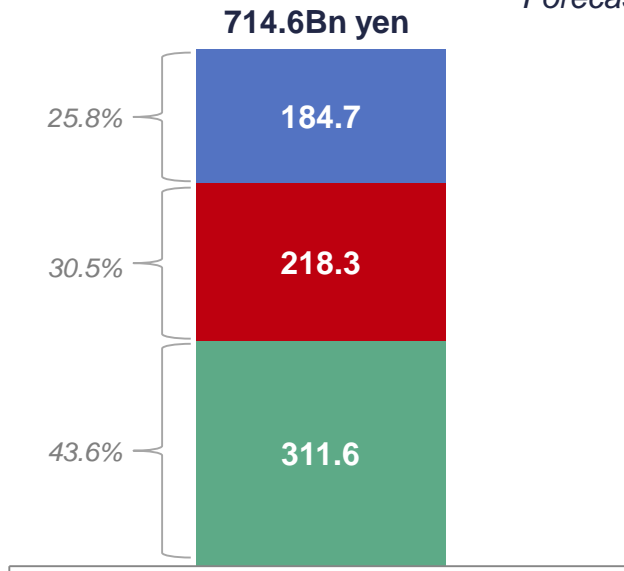


*1 © 2019 SEIBU Railway Co., LTD.
 *2 © 2019 OSAKA MONORAIL CO., LTD.
 *3 © 2019 Central Japan Railway Company
 *4 © 2019 East Japan Railway Company

3-4. Order intake in FY2018 was ahead of forecast, with a book to bill ratio of 1.16x

Book to Bill ratio – 1.16x

+12% vs. June 2018 Forecast



FY2018 Result

- Rolling Stock
- Signalling & Turnkey
- Service & Maintenance

Riyadh Metro O&M

- 12 year O&M contract for track, stations, depots and control centres of Riyadh Metro worth c.\$1Bn USD



Taiwan Intercity

- 600 new EMU train cars for Taiwan intercity services worth 152Bn yen



Shinkansen Signalling / TMS

- JR-E Hokuriku Shinkansen Tsuruga extension signalling and TMS system



Milan Metro

- Further 12 Leonardo trains ordered for Milan Metro



Johor Bahru (Malaysia)

- Mainline signalling system for 198km of track in Malaysia



Caravaggio

- Signed Framework Agreement with Ferrovie Nord Milano for up to 120 Caravaggio trains



Milan - Verona HS

- Signalling contract for new Milan to Verona high speed line in Italy










Trenitalia - DMU

- Framework for up to 135 diesel passenger trains
- 15 year maintenance contract

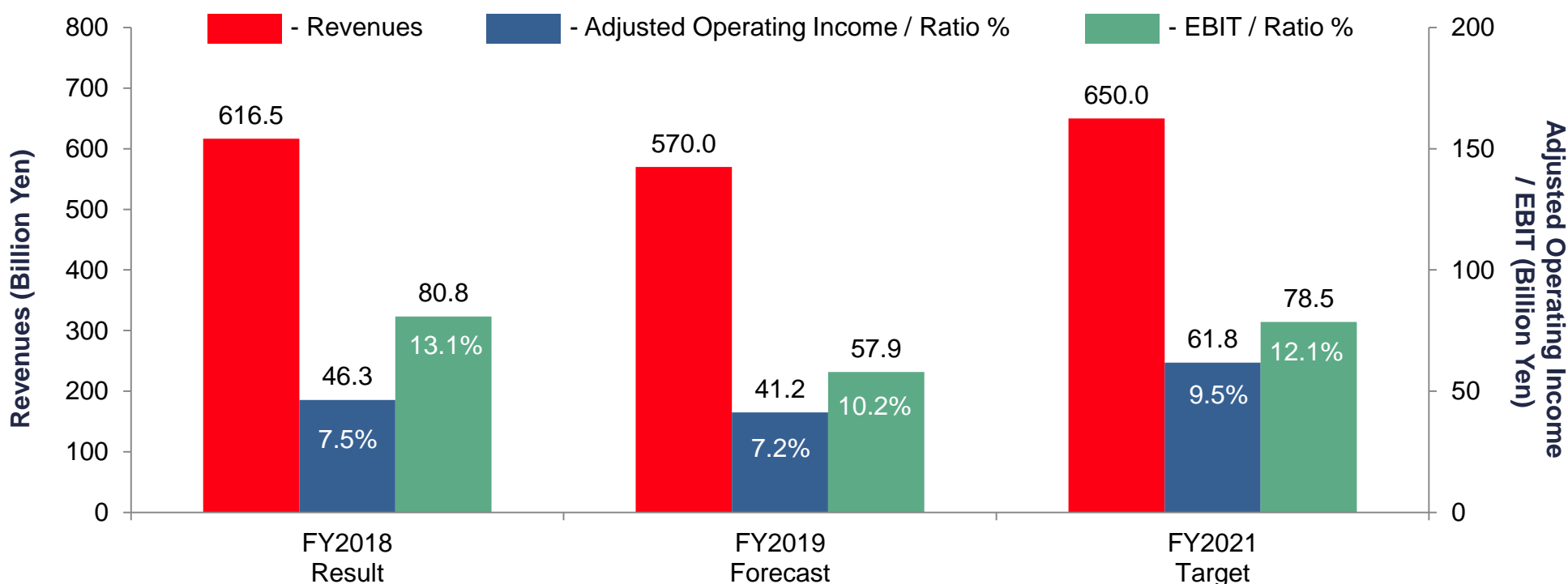


3-5. Financial results were ahead of forecast for almost all major metrics

	FY2018 Results			
	FY2018 Result	Forecast as of 8 th June 2018	Deviation	Dynamics
Revenues (Billion Yen)	616.5	630.0	(13.5) 	– Slight revenue miss due to RS project slippage
Adjusted Operating Income (Billion Yen)	46.3	43.8	+2.5 	
Adjusted Operating Income Ratio	7.5%	7.0%	+0.5% 	– Most profitable year in RSBU history
EBIT (Billion Yen)	80.8	37.8	+43.0 	– Significant EBIT and FCF beat due to the sale of 30% of Agility Trains West (see page 39 for details)
EBIT Ratio	13.1%	6.0%	+7.1% 	
FCF (Billion Yen)	91.7	32.8	+58.9 	
Order Intake (Billion Yen)	714.6	640.0	+74.6 	– Large contract wins in Taiwan and Saudi Arabia (see page 22 for details)

3-6. RSBU is targeting continued margin improvement over the Mid-Term Plan to FY2021

Orders Received (Billion Yen)	714.6	765.2	699.3
Book to Bill (Ratio)	1.16x	1.34x	1.08x
Orders Backlog* (Billion Yen)	2,827.1	2,967.5	3,063.6
Overseas revenue ratio	82%	78%	80%



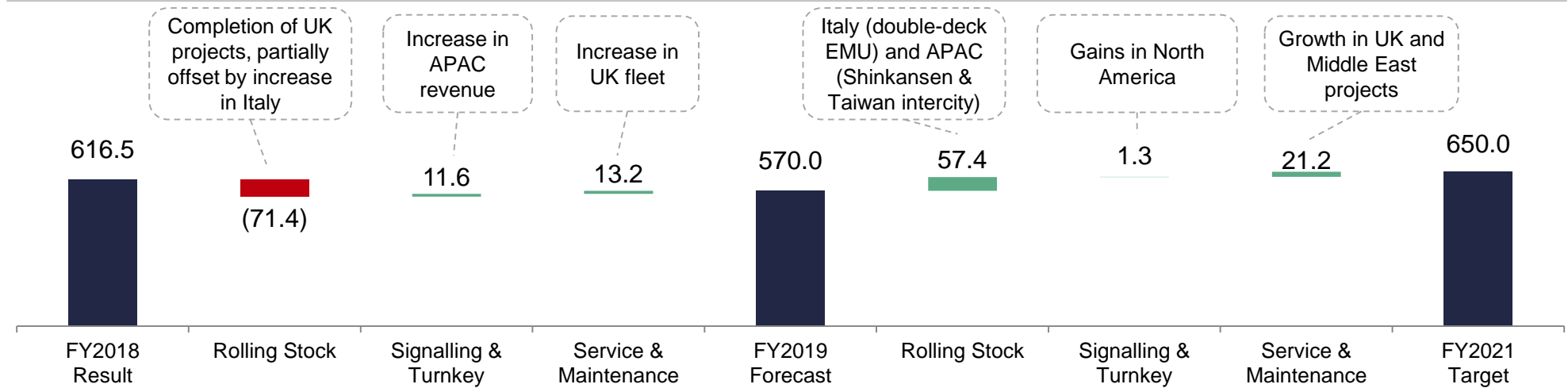
FX rates at June FY2019 forecast - Yen to Pound = 140:1; Yen to Euro = 125:1

* Include maintenance backlog

3-7. Revenues and margins will recover and grow again post FY2020, following completion of IEP manufacturing this financial year

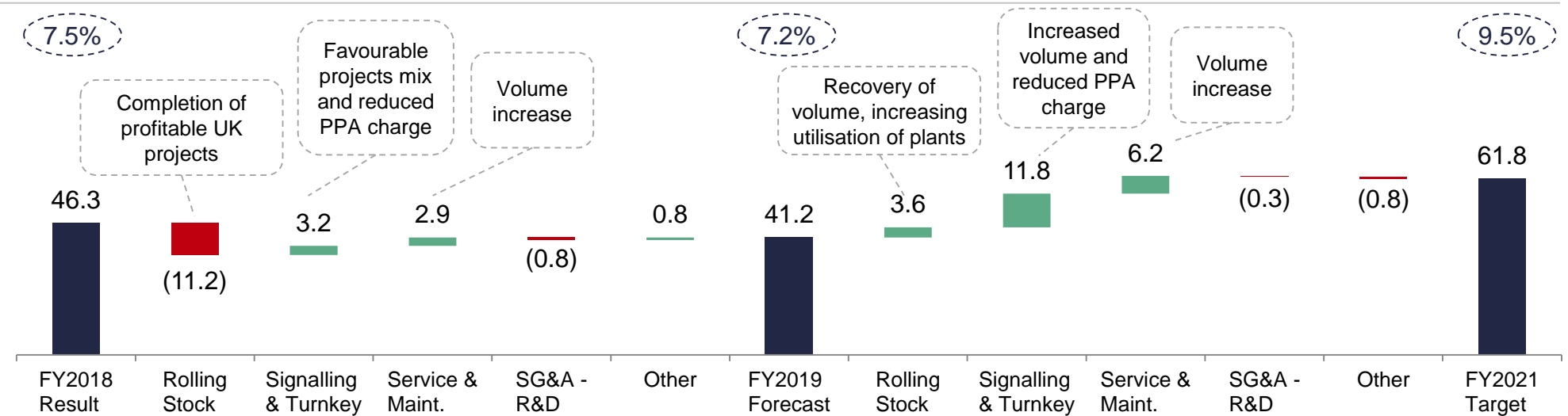
Revenue Bridge

Billion Yen



Adjusted Operating Income | Ratio %

Billion Yen



3-8. Investment in core products and technology will enhance RSBU's offering for customers, and increase competitiveness

Rolling Stock



- Development of new Rolling Stock platforms
- Balance factory workload globally
- Innovate to anticipate customers' needs
- Improve efficiency using Digital / IoT solutions

Signalling & Turnkey



Full systems provider



- Organisation optimization following ASTS de-listing
- Strengthen global project management capability
- Strengthen ERTMS and identify CBTC market position
- Develop ATO ERTMS; Satellite Automation; and Digital

Service & Maintenance



- Further optimize digital IoT for predictive maintenance
- Reduce life-cycle cost of vehicles
- Increase control over supply chain; "Make vs Buy"
- Continually improve service and reliability of fleet

3-9. Targeting continued growth through strong customer relationships in core markets, and expansion in new geographies

Americas

Key Facts

- FTEs – 933
- 3 manufacturing sites
- 10% of revenue



Baltimore, USA



Lima, Peru

Strategic Priorities

Increase engineering capacity to facilitate growth

Enhance S&M presence and establish local bases

Target wins in Turnkey PPP and CBTC markets

Actively seek the right M&A opportunities

EMEA

Key Facts

- FTEs – 8,322
- 6 manufacturing sites
- 62% of revenue



London, UK



Riyadh, Saudi Arabia

Strategic Priorities

Entry into UK Signalling and IoT market

Expand Services revenue in UK & Italy

Target 'jumbo' turnkey projects in Middle East

Balance factory loading

Japan & APAC

Key Facts

- FTEs – 4,377
- 2 manufacturing sites
- 28% of revenue



Tokyo, Japan



Taipei, Taiwan

Strategic Priorities

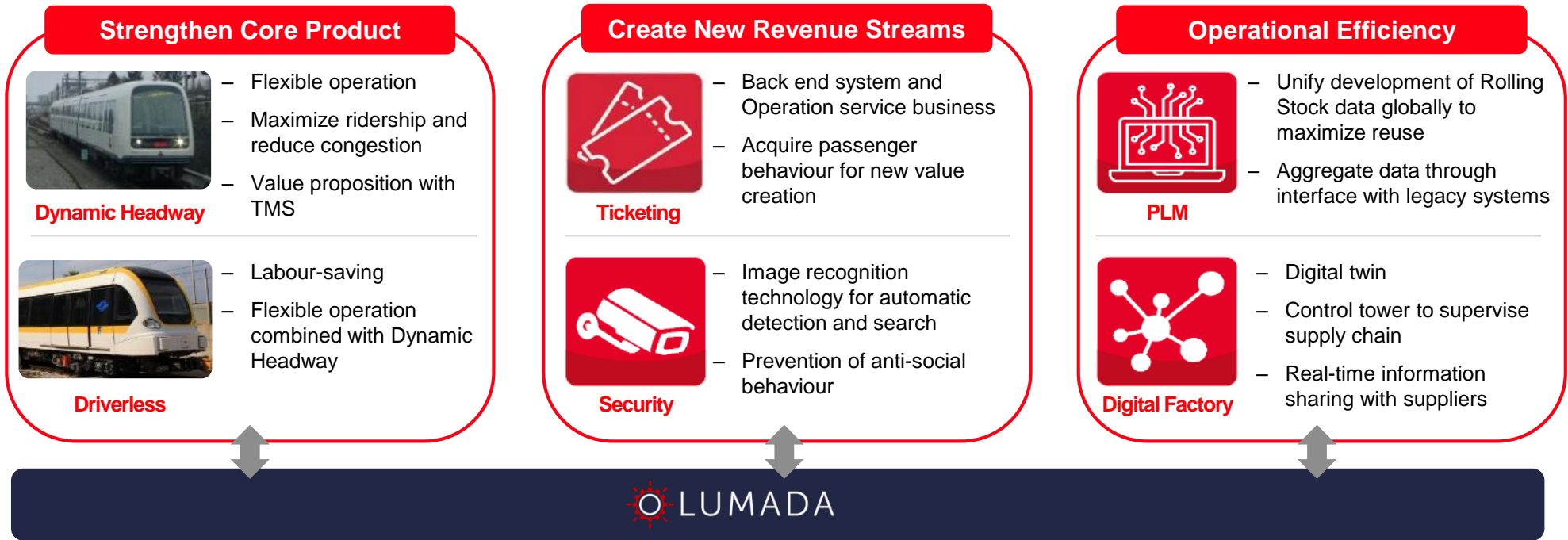
Maintain and strengthen order intake in Japan (e.g. TMS/CBTC, Shinkansen)

Group-wide collaboration on Signalling, TMS, IoT and Digital

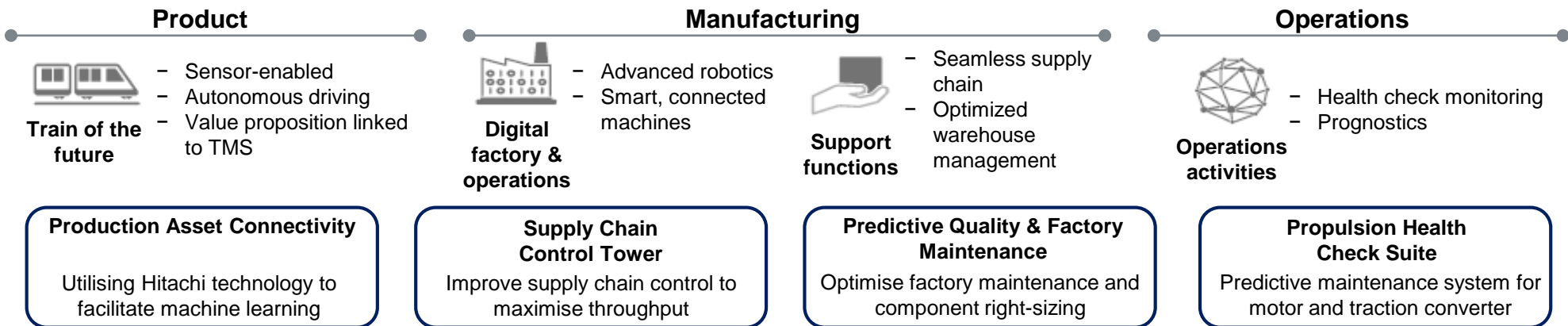
Continue to be develop and deliver cutting-edge technologies (e.g. automation, traction, battery)

Develop and expand into new APAC markets

3-10. Utilising Hitachi technology for digital solutions to improve processes and create new revenue streams



FY2019 Pilots to Improve Operational Efficiency



Mobility Sector

Contents

1. Introduction to Mobility Sector
 2. Building Systems BU
 3. Railway Systems BU
 - 4. Conclusion**
- Glossary
- Appendix A – Building Systems BU
- Appendix B – Railway Systems BU

4-1. Both Building and Railway Systems businesses are successfully pursuing growth and operational transformation

Building Systems BU

- Strong and stable business targeting top line growth and double digit profitability in FY2021
- Slow down of new installations forecast in China offset by targeting new installation growth in Asia and Middle East using Chinese resource and growing maintenance business
- Continuous cost down in NI business utilising Chinese supply chain and factory efficiency improvements
- Investment planned in digital to grow solutions and Buildings IoT technology
- Investment planned in digital connectivity to further improve customer service and further optimise maintenance business
- Continuous tracking of M&A opportunities



HF-1



Suvarnabhumi International Airport in Thailand (expansion)

Railway Systems BU

- IEP manufacturing revenues reducing offset by strong order intake of 714.6Bn Yen in FY2018 and record backlog of 2,827.1Bn Yen
- Significant investment planned in smart factory and digital capability to deliver higher volumes from existing assets
- Service and maintenance business will grow strongly from delivery of rolling stock backlog and new signalling contracts in Middle East
- Full integration of Ansaldo STS, transformation programme to re-energize and deliver further operational efficiency
- Target business expansion in North America
- Continuous tracking of M&A opportunities



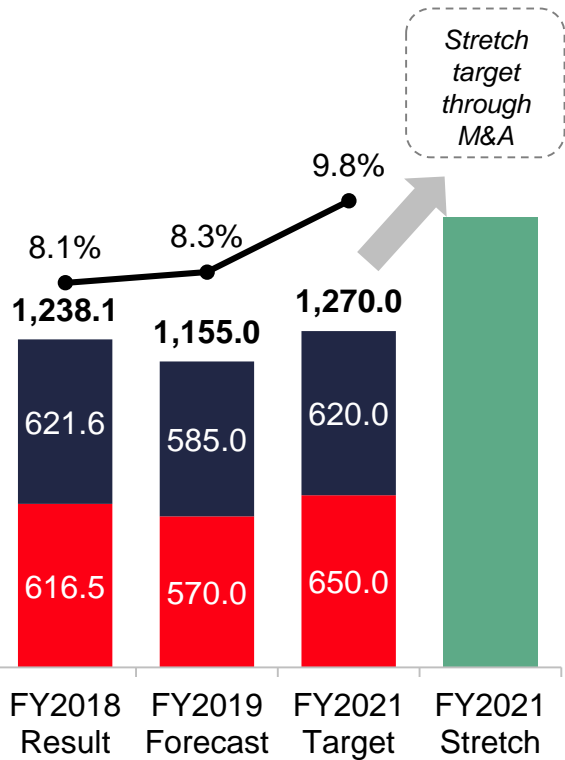
Launch of new Azuma train for London North Eastern Railway



Unveiling of new JR-East ALFA-X train

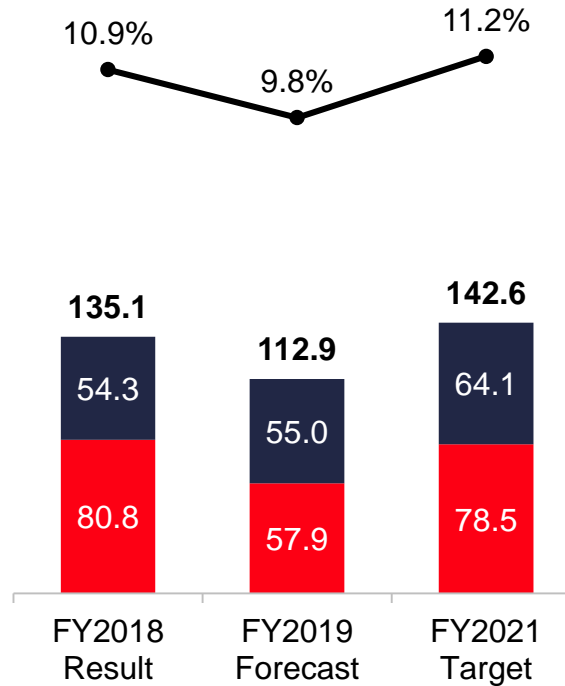
4-2. The Mobility sector is in a strong position to achieve its growth ambition and improve profitability

Revenues (Bn yen) and Adjusted Operating Income Ratio (%)



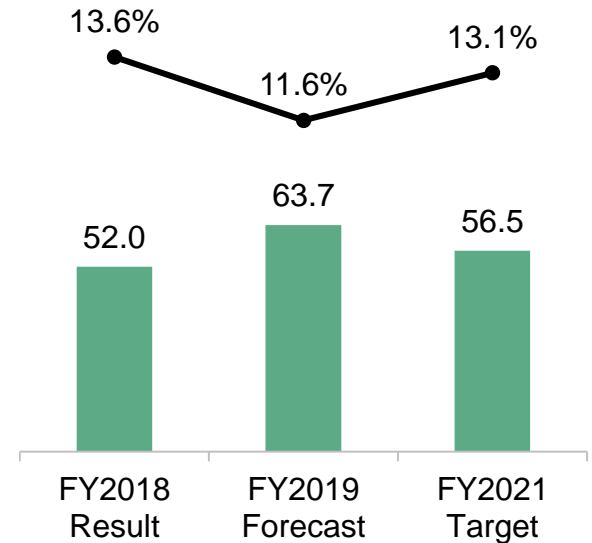
- Recovery in revenues by FY2021
- Forecasting continued improvement in profitability
- Potential to increase revenues through M&A (e.g. Yungtay Engineering*)

EBIT (Bn yen) and EBIT Ratio (%)



- Disposal of non-core assets in RSBU lead EBIT to be higher than adjusted operating income

Investment (CAPEX + R&D) (Bn yen) and ROIC (%)



- Careful investment in CAPEX and R&D to improve efficiency and competitiveness
- Efficient ROIC management through improving operating margins and disposal of non-core assets

* Yungtay Engineering Co., Ltd. (Taiwan)

■ - RSBU ■ - BSBU ■ - Mobility

Mobility Sector

Contents

1. Introduction to Mobility Sector
2. Building Systems BU
3. Railway Systems BU
4. Conclusion

Glossary

Appendix A – Building Systems BU

Appendix B – Railway Systems BU

ASTS	Ansaldo STS
ATO	Automatic Train Operation
BIVALE	Solution service to solve problems for building management by total control with “Energy”, “Security” and “Building Maintenance”
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CBTC	Communications-Based Train Control
DMU	Diesel Multiple Unit
EBIT	Earnings Before Interest and Taxes
E&E	Elevators & Escalators
EMEA	Europe, Middle East and Africa
EMU	Electric Multiple Unit
ERTMS	European Railway Traffic Management System
ETCS	European Train Control System
FCF	Free Cash Flow
GWR	Great Western Railway
IEP	Intercity Express Programme

IoT	Internet of Things
JAPAC	Japan and Asia Pacific
LOI	Letter of Intent
LRV	Light Rail Vehicle
LNER	London North Eastern Railway
MBTA	Massachusetts Bay Transportation Authority
NI	New Installation
O&M	Operations & Maintenance
PLM	Product Lifecycle Management
PPA	Purchase Price Allocation
PPP	Public-Private Partnership
PTC	Positive Train Control
R&D	Research and Development
ROIC	Return on Invested Capital
RS	Rolling Stock
SDGs	Sustainable Development Goals
SIB	Social Innovation Business
SIG	Signalling
TMS	Traffic Management System

Mobility Sector

Contents

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2. Building Systems BU
3. Railway Systems BU
4. Conclusion

Glossary

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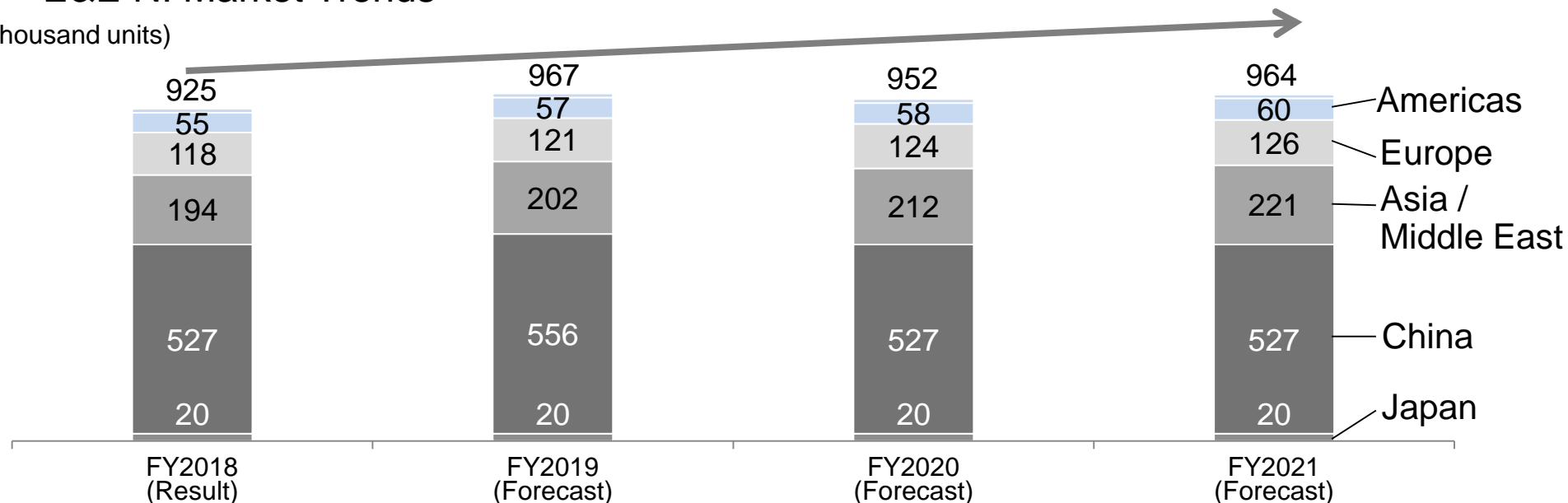
Appendix B – Railway Systems BU

A-1. Market Trend

Low growth in Japan & China markets, but strong growth in global markets

● E&E NI Market Trends*

(Thousand units)



● Hitachi Analysis on E&E Markets by Target Regions

◆ Asia / Middle East

NI demand growth in multiple countries (CAGR: 4.4%)

◆ China

Still over 50% of world's NI market, but slow down in growth
 Expect growth driver shift to maintenance

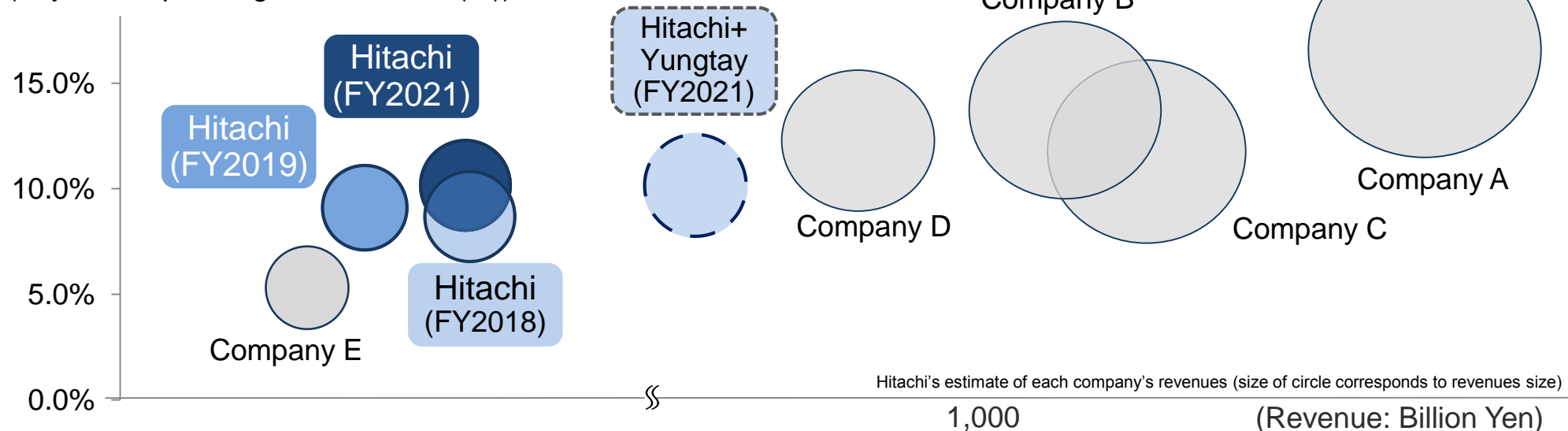
◆ Japan

NI demand to decrease gradually (modernization demand to increase)

A-2. Towards FY2021: Target Position

Direction for Future Growth

(Adjusted Operating Income Ratio (%))



Key Strategies by Target Region

◆ Asia / Middle East

Growth responding to strong E&E NI demand, improve profitability (shift in phase from investing to reaping returns)

◆ China

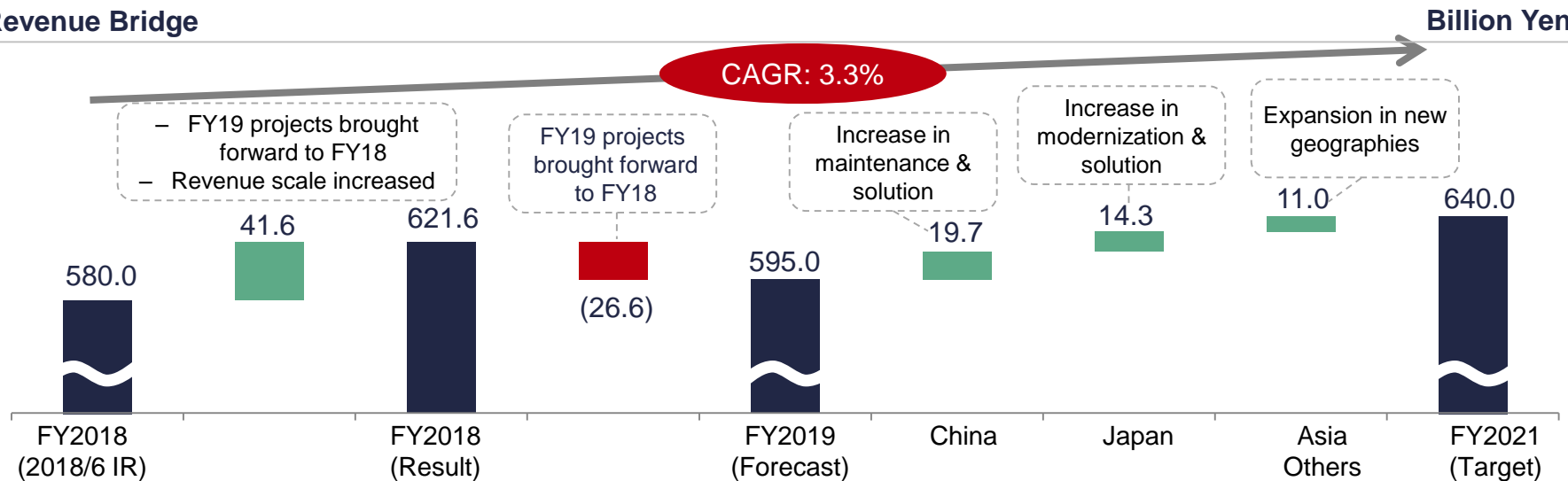
Improve profitability by expanding building service business, mainly with E&E maintenance

◆ Japan

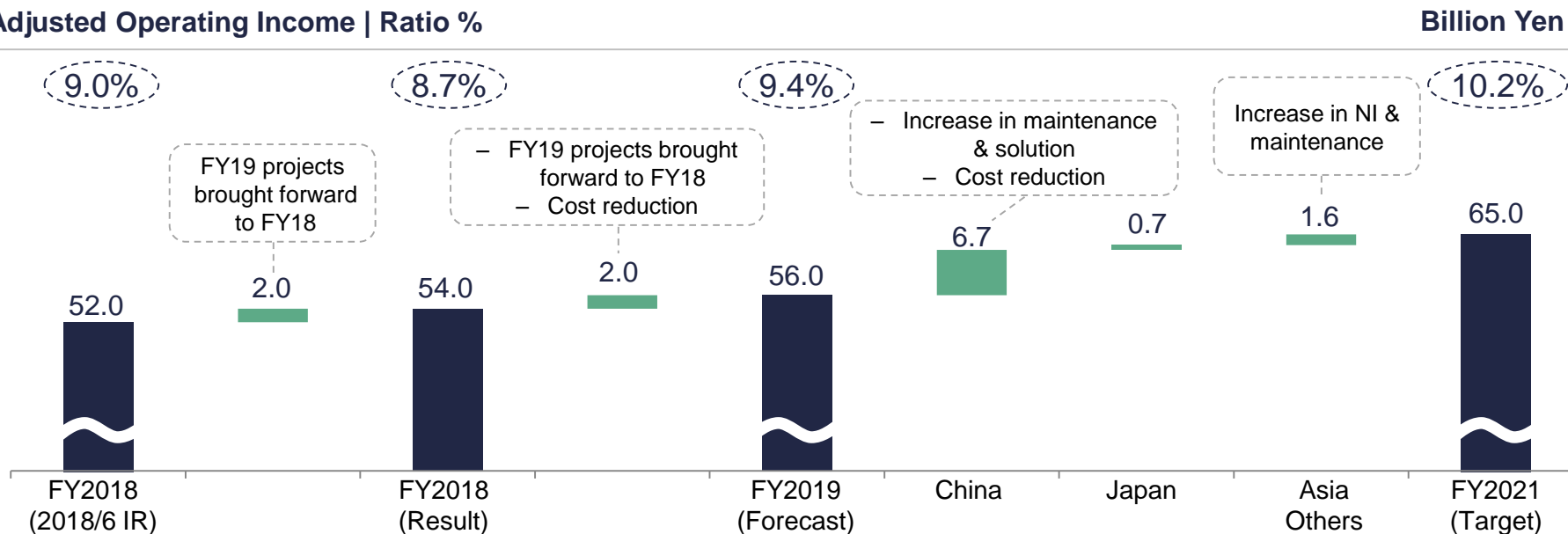
As “global mother function”, promote development of building service utilising data

A-3. Business performance trends (Except FX effects)

Revenue Bridge



Adjusted Operating Income | Ratio %



FX rates Yen to RMB at FY2018 = 16.5 :1, FY2019 = 16.0 :1, FY2021 = 15.5 :1

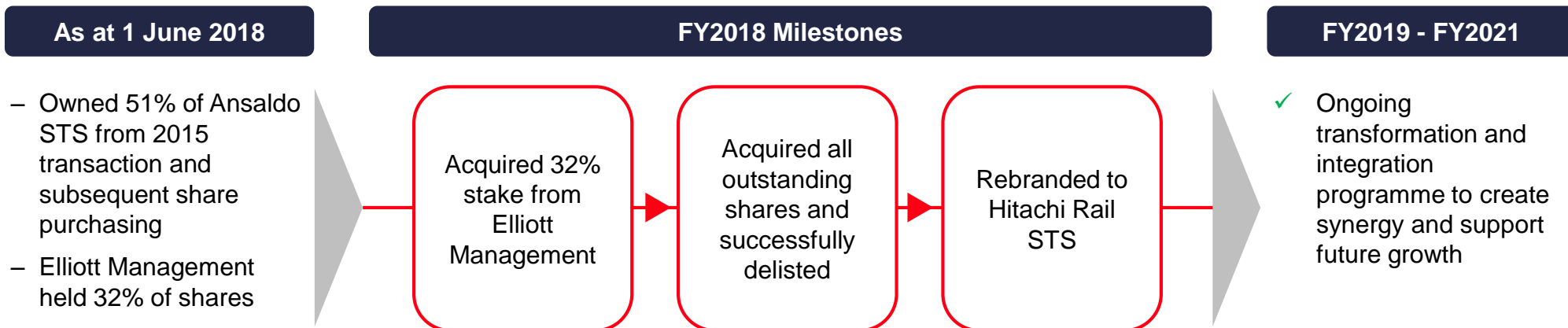
Mobility Sector

Contents

1. Introduction to Mobility Sector
 2. Building Systems BU
 3. Railway Systems BU
 4. Conclusion
- Glossary
- Appendix A – Building Systems BU
- Appendix B – Railway Systems BU**

B-1. We closed two major deals, demonstrating strong returns and enabling the next phase of transformation

Ansaldo STS delisted to unlock next step in transformation and growth



45% equity sale in Agility Trains West delivering enhanced return following successful project delivery

Situation Overview

- Agility Trains West and East (“ATW” and “ATE”) are SPVs which finance and own the two IEP fleets
- RSBU held 70% of the equity in both ATW and ATE as part of the contract to build and maintain the fleets
- Owning rolling stock is not the core capability of RSBU, although the maintenance contracts remain essential to our business



Partial Disposal of ATW

- In FY2018 we sold a 30% stake in ATW to a consortium of Equitix, Dalmore Capital, JII and Rock Rail. Further 15% sold to the consortium in Q1 FY2019
- Deals demonstrated RSBU’s ability to recover the capital previously invested for growth
- RSBU still holds 25% of ATW and 70% of ATE

SPV: Special Purpose Vehicle

B-2. We are well positioned to compete in a growing market

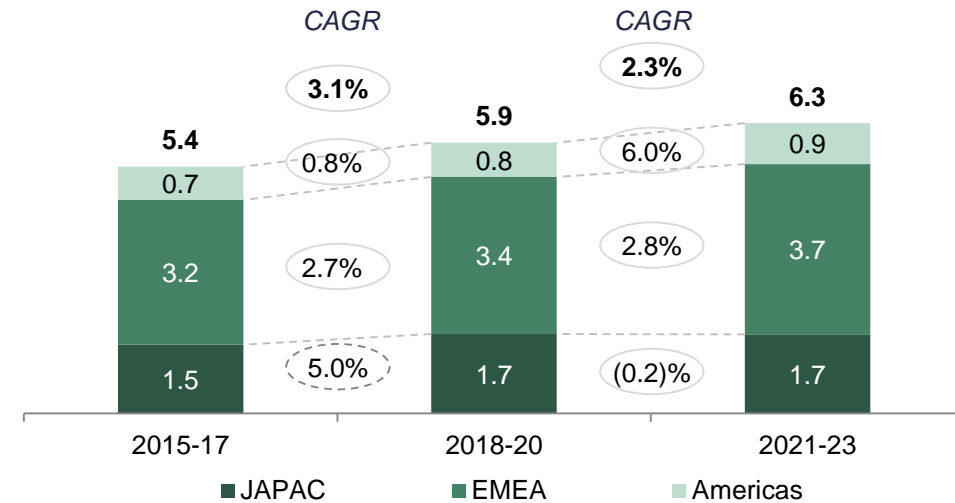
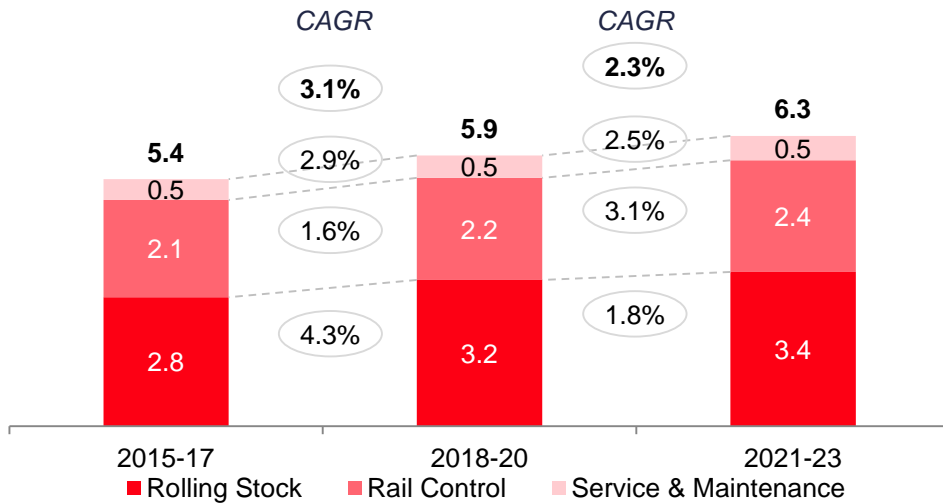
Industry Growth

Market Growth by Product*1

Annual Average, Trillion Yen

Market Growth by Region*1

Annual Average, Trillion Yen

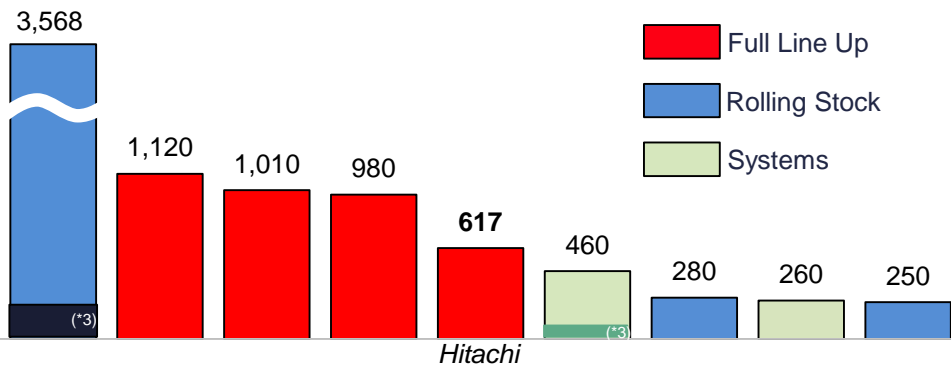


*1 Source: UNIFE World Rail Market Study 2018 and Hitachi internal estimates. FX rate Euro :Yen = 1:130

Competitive Landscape

Revenue vs. Competitors*2

Billion Yen



Hitachi Rail has become a major global supplier and will aim to increase market share through:

- Creating cost advantage and utilising wider Hitachi Group technology to increase competitiveness
- Providing customers with whole life cost of ownership benefits through our integrated offering

*2 Financials calendarised to March 2019. Source: Annual reports, broker estimates and Capital IQ consensus estimates. Average FX rate over last 12 months to 31 March 2019 used. Competitors revenues rounded to nearest 10Bn yen.

*3 Overseas revenue ratio is less than 10% in each case

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.

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- 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.

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