

Supplemental Information for Hitachi Investor Day 2023

Hitachi Investor Day 2023 補足情報

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Hitachi, Ltd.

株式会社日立製作所

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1. Financial Results and Forecast 実績および見通し

(Billions of yen)		FY2021 Actual	FY2022 Actual	FY2023 Forecast	FY2024 Target
Three sectors total ^{*1} (Digital Systems & Services/ Green Energy & Mobility/ Connective Industries)	Revenues	6,699.2	7,638.2	7,840.0	CAGR5%-7% (7,800.0-8,200.0) ^{*2}
	Adjusted operating income	560.9	597.2	642.0	-
	Adjusted operating income ratio	8.4%	7.8%	8.2%	-
	Adjusted EBITA	662.1	724.8	800.0	-
	Adjusted EBITA ratio	9.9%	9.5%	10.2%	12%
Astemo (Automotive Systems)	Revenues	1,597.7	1,920.0	960.0	-
	Adjusted operating income	58.7	69.6	33.0	-
	Adjusted operating income ratio	3.7%	3.6%	3.4%	-
	Adjusted EBITA	62.3	73.4	35.0	-
	Adjusted EBITA ratio	3.9%	3.8%	3.6%	-
Listed subsidiaries total (Hitachi Construction Machinery/ Hitachi Metals)	Revenues	1,967.6	1,322.8	-	-
	Adjusted operating income	118.5	81.2	-	-
	Adjusted operating income ratio	6.0%	6.1%	-	-
	Adjusted EBITA	130.8	86.2	-	-
	Adjusted EBITA ratio	6.7%	6.5%	-	-
Total	Revenues	10,264.6	10,881.1	8,800.0	CAGR 5%-7% (7,800.0-8,200.0)
	Adjusted operating income	738.2	748.1	675.0	-
	Adjusted operating income ratio	7.2%	6.9%	7.7%	-
	Adjusted EBITA	855.3	884.6	835.0	-
	Adjusted EBITA ratio	8.3%	8.1%	9.5%	12%
	Net income attributable to Hitachi, Ltd. stockholders	583.4	649.1	500.0	c. 600
	Return on Invested Capital (ROIC)	7.7%	7.6%	7.5%	10%

*1 "Three sectors total" is presented as the consolidated total less the total of Astemo, Hitachi Construction Machinery and Hitachi Metals.
It includes others and corporate items & eliminations.

*2 In parentheses, revenues are calculated from CAGR.

2. Digital Systems & Services Segment^{*1} デジタルシステム&サービスセグメント

(Billions of yen)	FY2021 Actual	FY2022 Actual	FY2023 Forecast ^{*5}	FY2024 Target
Revenues (total)	2,153.6	2,389.0	2,450.0	CAGR7% (2,600.0) ^{*6}
Front Business ^{*2}	948.0	982.5	1,030.0	-
IT Services ^{*3}	842.7	898.3	919.0	-
Services & Platforms ^{*4}	776.4	938.1	978.0	-
Adjusted operating income (total)	268.1	274.3	289.0	-
Adjusted operating income ratio	12.4%	11.5%	11.8%	-
Front Business	96.3	93.1	110.5	-
	10.2%	9.5%	10.7%	-
IT Services	99.9	101.5	104.9	-
	11.9%	11.3%	11.4%	-
Services & Platforms	71.4	76.2	95.6	-
	9.2%	8.1%	9.8%	-
Adjusted EBITA (total)	281.4	293.7	308.0	-
Adjusted EBITA ratio	13.1%	12.3%	12.6%	14%
Front Business	97.4	94.3	112.0	-
	10.3%	9.6%	10.9%	-
IT Services	100.4	102.1	105.5	-
	11.9%	11.4%	11.5%	-
Services & Platforms	73.4	78.0	95.5	-
	9.5%	8.3%	9.8%	-
Return on Invested Capital (ROIC)	10.6%	8.3%	8.2%	-

*1 Figures for each subsegment include intersegment transactions.

*2 System integration, sales, maintenance, related services of software and hardware, and consulting businesses for financial, public, enterprise and social infrastructure (power, rail, telecommunication, etc.) sectors, and information control systems business.

*3 Businesses of Hitachi Solutions, Hitachi Systems, and Hitachi Consulting Japan.

*4 Businesses of digital solutions (artificial Intelligence, IoT platform, software, cloud service, etc.), sales of IT products (storage and server), maintenance, etc.

*5 From FY2023, figures for Hitachi Consulting Japan, which were included in IT Services until FY2022, are included in Services & Platforms.

*6 In parentheses, revenues are calculated from CAGR.

3. Green Energy & Mobility Segment^{*1,2} グリーンエナジー&モビリティセグメント

(Billions of yen)	FY2021 Actual	FY2022 Actual	FY2023 Forecast ^{*3,4}	FY2024 Target
Revenues (total)	2,051.0	2,492.5	2,580.0	CAGR13% (2,900.0) ^{*5}
Nuclear Energy BU	150.7	171.5	156.6	-
Energy BU	183.7	177.4	-	-
Hitachi Power Solutions	-	-	124.0	-
Power Grids BU	1,112.6	1,438.7	1,380.5	-
Hitachi Energy (standalone)	1,075.8	1,413.9	1,362.5	-
Railway Systems BU	628.3	736.0	907.3	-
Adjusted operating income (total)	38.2	73.2	100.0	-
Adjusted operating income ratio	1.9%	2.9%	3.9%	-
Sum of Nuclear Energy BU and Energy BU	27.6	3.7	-	-
	8.2%	1.1%	-	-
Sum of Nuclear Energy BU and Hitachi Power Solutions	-	-	36.3	-
	-	-	11.2%	-
Power Grids BU	(9.5)	31.5	32.2	-
	(0.9)%	2.2%	2.3%	-
Hitachi Energy (standalone)	62.4	98.1	110.1	-
	5.8%	6.9%	8.1%	-
Railway Systems BU	25.6	40.3	33.5	-
	4.1%	5.5%	3.7%	-
Adjusted EBITA (total)	92.3	132.7	173.0	-
Adjusted EBITA ratio	4.5%	5.3%	6.7%	9%
Sum of Nuclear Energy BU and Energy BU	29.5	5.6	-	-
	8.8%	1.7%	-	-
Sum of Nuclear Energy BU and Hitachi Power Solutions	-	-	37.7	-
	-	-	11.6%	-
Power Grids BU	39.4	81.9	81.0	-
	3.5%	5.7%	5.9%	-
Hitachi Energy (standalone)	65.2	101.0	112.5	-
	6.1%	7.1%	8.3%	-
Railway Systems BU	28.9	47.6	56.8	-
	4.6%	6.5%	6.3%	-
Return on Invested Capital (ROIC)	2.0%	3.2%	3.6%	-

*1 Figures for each subsegment include intersegment transactions.

*2 Figures for each BU include information control systems business, which is posted in Digital Systems & Services segment.

*3 From FY2023, figures for Hitachi Power Solutions, which were included in Energy BU until FY2022, are disclosed independently.

*4 From FY2023, figures for Business Management Reinforcement Division, which were included in Energy BU until FY2022, are included in Others Segment.

*5 In parentheses, revenues are calculated from CAGR.

4. Connective Industries Segment^{*1,2} コネクティブインダストリーズセグメント

(Billions of yen)	FY2021 Actual	FY2022 Actual	FY2023 Forecast	FY2024 Target
Revenues (total)	2,752.8	2,975.2	3,000.0	CAGR4% (3,100.0 ^{*4})
Building Systems BU	822.7	891.0	840.0	-
Smart Life & Ecofriendly Systems (Hitachi GLS)	396.6	392.3	400.0	-
Measurement & Analysis Systems (Hitachi High-Tech)	576.8	674.2	670.0	-
Industrial Digital BU ^{*3}	343.1	361.5	360.0	-
Water & Environment BU	182.3	186.5	194.0	-
Industrial Products	409.4	451.1	458.6	-
Adjusted operating income (total)	228.8	280.5	300.0	-
Adjusted operating income ratio	8.3%	9.4%	10.0%	-
Building Systems BU	67.4	79.8	82.0	-
	8.2%	9.0%	9.8%	-
Smart Life & Ecofriendly Systems (Hitachi GLS)	25.0	20.9	29.0	-
	6.3%	5.3%	7.3%	-
Measurement & Analysis Systems (Hitachi High-Tech)	58.7	92.4	80.0	-
	10.2%	13.7%	11.9%	-
Industrial Digital BU	38.5	34.2	37.6	-
	11.2%	9.5%	10.5%	-
Water & Environment BU	16.4	17.9	20.8	-
	9.0%	9.6%	10.7%	-
Industrial Products	33.5	40.6	45.1	-
	8.2%	9.0%	9.8%	-
Adjusted EBITA (total)	257.8	312.1	330.0	-
Adjusted EBITA ratio	9.4%	10.5%	11.0%	12%
Building Systems BU	69.8	83.6	84.2	-
	8.5%	9.4%	10.0%	-
Smart Life & Ecofriendly Systems (Hitachi GLS)	40.0	35.5	45.5	-
	10.1%	9.0%	11.4%	-
Measurement & Analysis Systems (Hitachi High-Tech)	59.8	92.6	80.3	-
	10.4%	13.7%	12.0%	-
Industrial Digital BU	42.7	40.7	41.8	-
	12.4%	11.3%	11.6%	-
Water & Environment BU	17.5	19.0	21.5	-
	9.6%	10.2%	11.1%	-
Industrial Products	37.8	46.0	49.9	-
	9.2%	10.2%	10.9%	-
Return on Invested Capital (ROIC)	9.4%	10.8%	11.3%	-

*1 Figures for each subsegment include intersegment transactions.

*2 Figures for Industrial Digital BU and Water & Environment BU include information control systems business, which is posted in Digital Systems & Services segment.

*3 From FY2022, Industrial & Distribution Business Unit renamed Industrial Digital Business Unit.

*4 In parentheses, revenues are calculated from CAGR.

5. Lumada Business Lumada事業

(Billions of yen)	FY2021 Actual	FY2022 Actual	FY2023 Forecast	FY2024 Target
Revenues (total) ^{*1}	1,378.0	1,960.0	2,280.0	2,650.0
Digital Systems & Services	631.0	859.0	1,000.0	1,200.0
Green Energy & Mobility	221.0	318.0	370.0	440.0
Connective Industries	525.0	783.0	910.0	1,100.0
Adjusted EBITA ratio ^{*2}	c. 12%	c. 14%	c. 15%	c. 16%

*1 Excluding Hitachi Astemo

*2 Adjusted EBITA for Lumada business includes equity method profits of Hitachi Construction Machinery.

6. Cautionary Statement 将来予想に関する記述

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, 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
- 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;
- credit conditions of Hitachi’s customers and suppliers;
- 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 Hitachi’s ability to response to tightening of regulations to prevent climate change
- 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 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;
- exacerbation of social and economic impacts of the spread of COVID-19;
- 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;
- 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;
- 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;
- uncertainty as to the success of cost structure overhaul;
- 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
- 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;
- 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 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 in other materials published by Hitachi.

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