

Hitachi's Downward Revision of Earnings Forecasts— Limited Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the downward revision of business forecasts for the fiscal year ending March 2019 by Hitachi, Ltd. (security code: 6501).

- (1) Hitachi, Ltd. (the "Company") announced on January 17 the downward revision of its business forecasts for the fiscal year ending March 2019 (FY2018). Net income forecast now is 100 billion yen, down from the previous 400 billion yen. This is because an impairment loss of approximately 300 billion yen as other expenses will be posted due to the suspension of the nuclear power plant construction project in the U.K. The forecast for revenues and adjusted operating income remain unchanged.
- (2) Although the amount of the impairment loss, etc. to be recorded is not small, the Company is still likely to attain a net income, and the impact on cash flow will probably be limited. From a rating perspective, JCR believes that the aforementioned project suspension will help reduce future risks.

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<Reference>

Issuer: Hitachi, Ltd.

Long-term Issuer Rating: AAP

Outlook: Stable

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