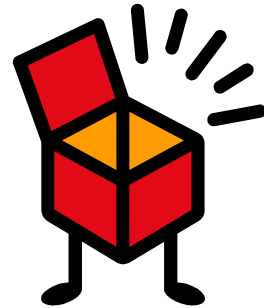


Financial Highlights

First Half of FY2012
(the 6-month period ended Sep.30,2012)



Materials Mag!c

October 26, 2012

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Consolidated Financial Highlights



(Unit: ¥ billion; []: year-on-year)

	FY2011 (Actual)							FY2012						
	1Q	2Q	1H	3Q	4Q	2H	Full year	1Q Actual	2Q Actual	1H Actual	2H Est.	Full Year		
												Previous	Revised	Change
Net sales	129.4	132.3	261.7	145.5	149.7	295.2	556.9	141.1 (109%)	133.3 (101%)	274.4 (105%)	273.6 (93%)	590.0	548.0 (98%)	Δ42.0
Operating income	10.9	5.6	16.5	16.8	11.6	28.4	44.9	10.3 (Δ0.6)	6.7 (+1.1)	17.0 (+0.5)	25.5 (Δ2.9)	50.0	42.5 (Δ2.4)	Δ7.5
Income before income taxes	10.0	5.3	15.3	13.4	7.7	21.1	36.4	11.7 (+1.7)	6.0 (+0.7)	17.7 (+2.4)	22.1 (+1.0)	46.0	39.8 (+3.4)	Δ6.2
Net income	6.2	0.6	6.8	7.9	3.2	11.1	17.9	7.3 (+1.1)	3.6 (+3.0)	10.9 (+4.1)	14.3 (+3.2)	28.5	25.2 (+7.3)	Δ3.3
Capital investment	4.2	5.9	10.1	4.8	9.4	14.2	24.3	6.7 (+2.5)	6.8 (+0.9)	13.5 (+3.4)	15.0 (+0.8)	32.0	28.5 (+4.2)	Δ3.5
Depreciation and amortization	6.6	6.8	13.4	6.9	7.2	14.1	27.5	5.7 (Δ0.9)	5.9 (Δ0.9)	11.6 (Δ1.8)	13.0 (Δ1.1)	29.0	24.6 (Δ2.9)	Δ4.4
R&D expenses	2.8	3.0	5.8	3.1	3.3	6.4	12.2	2.8 (±0)	2.7 (Δ0.3)	5.5 (Δ0.3)	6.2 (Δ0.2)	12.3	11.7 (Δ0.5)	Δ0.6

■ Net Sales and Operating Income

Net Sales: ¥274.4 billion (up 5% from 1H of FY2011, down 7% from 2H of FY2011)

Operating Income: ¥17.0 billion (up ¥0.5 billion from 1H of FY2011, down ¥11.4 billion from 2H of FY2011)

■ Segment Trends (net sales and operating income)

High-Grade Metal Products and Materials:

Net sales: ¥113.0 billion (down 5.0% from 1H of FY2011, no change from 2H of FY2011)

Operating income: ¥8.2 billion (down ¥2.5 billion from 1H of FY2011, up ¥1.2 billion from 2H of FY2011)

⇒ Domestic sales of tool steels remained solid while overseas sales were sluggish; an adjustment phase continued in electronic materials for LCDs and semiconductors. In amorphous metals, demand was favorable.

Electronics and IT Devices:

Net sales: ¥78.0 billion (up 23.0% from 1H of FY2011, down 15.0% from 2H of FY2011)

Operating income: ¥6.9 billion (up ¥1.1 billion from 1H of FY2011, down ¥12.2 billion from 2H of FY2011)

⇒ Magnet sales were firm for automobiles, while inventory adjustments continued in the factory automation sector and remained slow for hard disc drives. In IT devices, the Company strengthened its operations through structural reform.

High-Grade Functional Components and Equipment:

Net sales: ¥83.6 billion (up 4.0% from 1H of FY2011, down 8.0% from 2H of FY2011)

Operating income: ¥4.5 billion (up ¥1.0 billion from 1H of FY2011, down ¥1.3 billion from 2H of FY2011)

⇒ Domestic and North American demand continued to rise in casting components for automobiles and aluminum wheels. There was a mild recovery trend in European demand for heat-resistant exhaust casting components.

■ Net Income and ROE

Net income: ¥10.9 billion (up ¥4.1 billion from 1H of FY2011, down ¥0.2 billion from 2H of FY2011)

ROE: 9.8% (up 3.3% from 1H of FY2011, down 0.6% from 2H of FY2011)

■ Capital Investment, Depreciation and Amortization, and R&D Expenses

Capital investment: ¥13.5 billion; **depreciation and amortization:** ¥11.6 billion; **R&D expenses:** ¥5.5 billion

■ Overseas Sales: ¥115.8 billion (accounting for 42.2% of net sales)

North America (¥30.5 billion, 11.1% of overseas sales); Asia (¥63.0 billion, 23.0%); Europe (¥18.2 billion, 6.6%); and Other (¥4.1 billion, 1.5%)

■ New Products Sales Ratio: 30% of net sales

Performance Overview by Segment for the First Half of FY2012

Net Sales: ¥274.4 billion

(up 5% from 1H of FY2011, down 7% from 2H of FY2011)

High-Grade Metal Products and Materials:

¥113.0 billion (down 5% from 1H of FY2011, no change from 2H of FY2011)

Electronics and IT Devices:

¥78.0 billion (up 23% from 1H of FY2011, down 15% from 2H of FY2011)

High-Grade Functional Components and Equipment:

¥83.6 billion (up 4% from 1H of FY2011, down 8% from 2H of FY2011)

■ High-Grade Metal Products and Materials

In specialty steels, while domestic sales were solid for tool steels, Chinese demand failed to recover. In semiconductor materials, demand was sluggish in semiconductor package- and LCD-related fields. Overseas demand remained solid in rolls. Chinese and Indian demand recovered in amorphous materials.

■ Electronics and IT Devices

Although demand was favorable for neodymium magnets in automobile-related products, particularly hybrid electric vehicles, adjustments continued for magnets in factory automation and hard disk drive applications, as demand failed to turn around. Sales were strong for ferrite magnets in automotive and household appliance applications. In IT devices, demand was solid for antennas and other in-car devices, while the Company strengthened its operations by withdrawing from unprofitable product lines.

■ High-Grade Functional Components and Equipment

In casting components for automobiles, sales of ductile casting products were again buoyant in North American and Asian markets. There was a mild recovery trend in European demand for HERCUNITE®. Both domestic and overseas sales were solid for aluminum wheels. Despite the lack of full-fledged recovery demand for piping components, demand remained favorable owing to a pickup in construction.

Operating Income: ¥17.0 billion

(up ¥0.5 billion from 1H of FY2011, down ¥11.4 billion from 2H of FY2011)

High-Grade Metal Products and Materials:

¥8.2 billion (down ¥2.5 billion from 1H of FY2011, up ¥1.2 billion from 2H of FY2011)

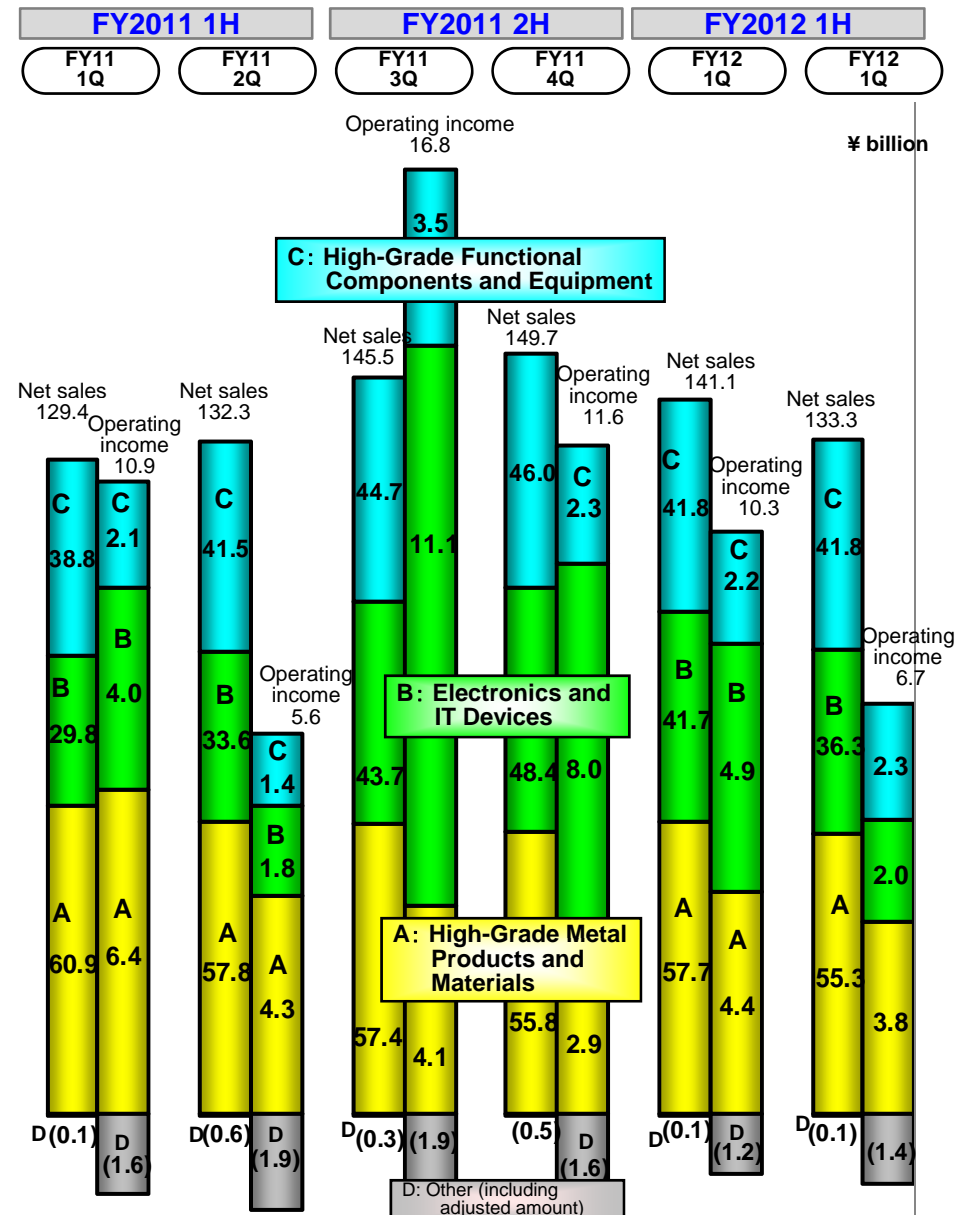
Electronics and IT Devices:

¥6.9 billion (up ¥1.1 billion from 1H of FY2011, down ¥12.2 billion from 2H of FY2011)

High-Grade Functional Components and Equipment:

¥4.5 billion (up ¥1.0 billion from 1H of FY2011, down ¥1.3 billion from 2H of FY2011)

Production adjustments continued for electronics-related products, and demand declined for machine tool- and factory automation-related products. Nonetheless, operating income increased ¥0.5 billion from 1H of FY2011 on a favorable automobile-related products performance. Operating income decreased ¥11.4 billion from 2H of FY2011, owing to such temporary factors as the time needed in raw materials price transfers.



From the current fiscal year, the Soft Magnetic Materials Division, which was part of Information and Telecommunications Equipment, is now part of High-Grade Metal Products and Materials. Segment data for the previous fiscal year (FY2011) has been restated to reflect this segment change.

Forecast for FY2012 * Announced on October 25, 2012

Net Sales: ¥548.0 billion (down 2% from FY2011)
Operating Income: ¥42.5 billion (down ¥2.4 billion from FY2011)

■ **High-Grade Metal Products and Materials**

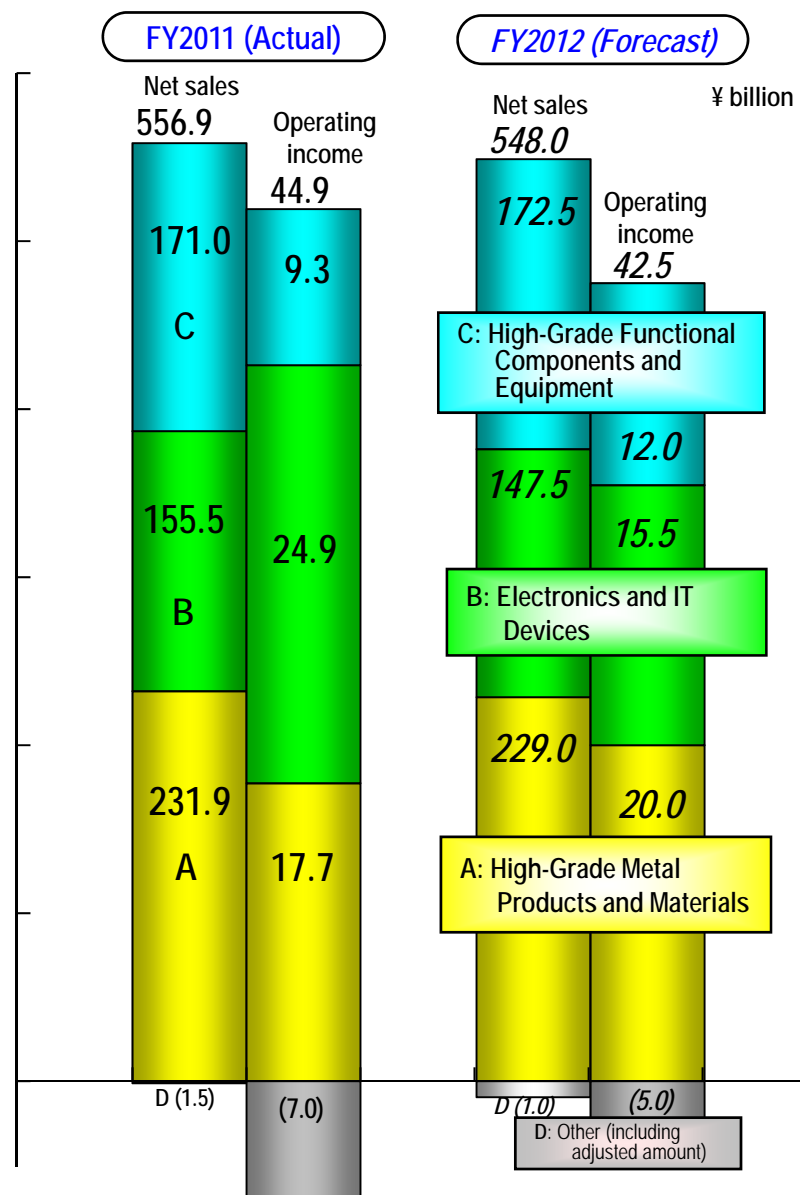
Sales: ¥229.0 billion (down 1%)
 Operating income: ¥20.0 billion (up ¥2.3 billion)

■ **Electronics and IT Devices**

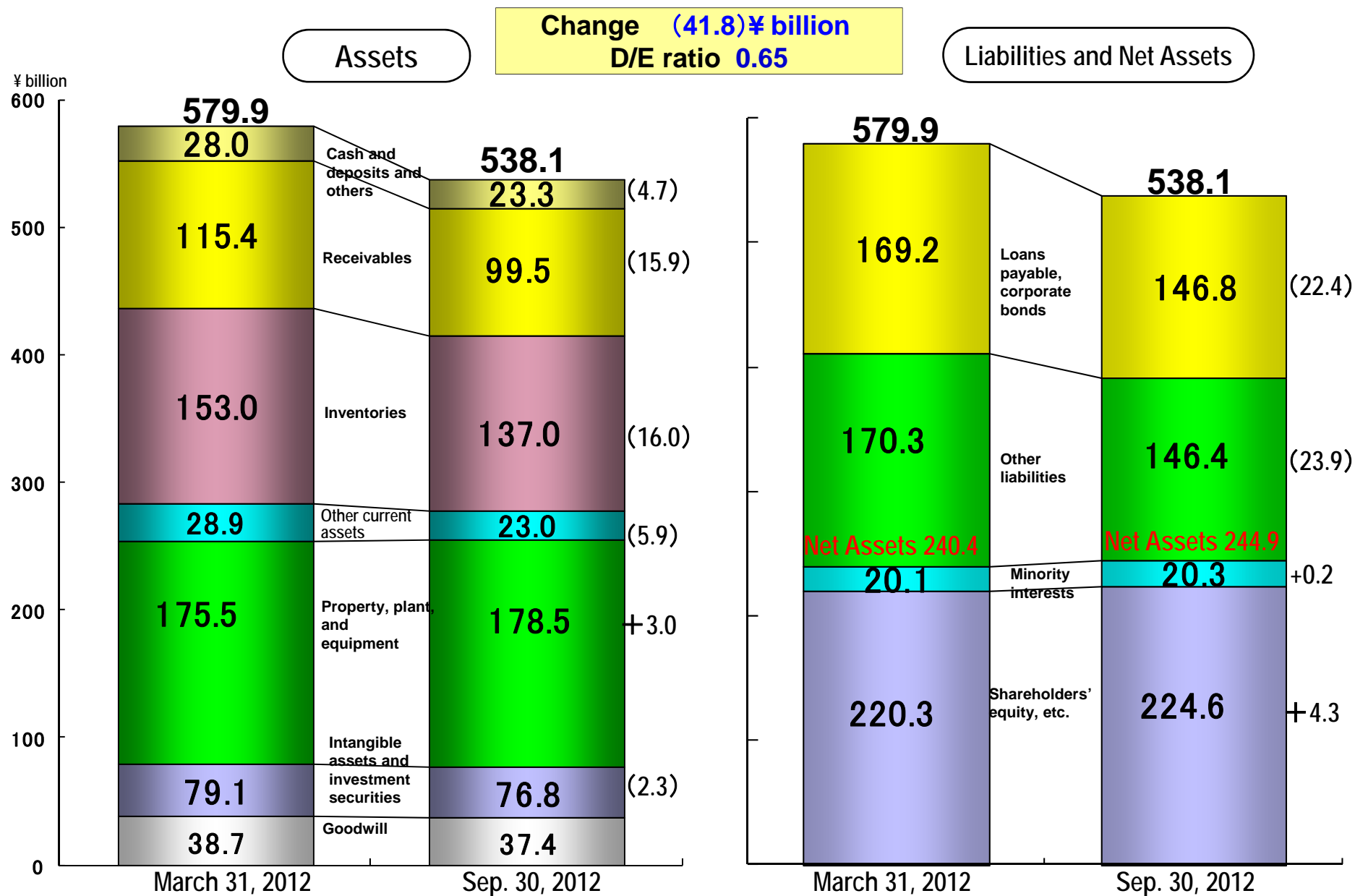
Sales: ¥147.5 billion (down 5%)
 Operating income: ¥15.5 billion (down ¥9.4 billion)

■ **High-Grade Functional Components and Equipment**

Sales: ¥172.5 billion (up 1%)
 Operating income: ¥12.0 billion (up ¥2.7 billion)



Consolidated Balance Sheets



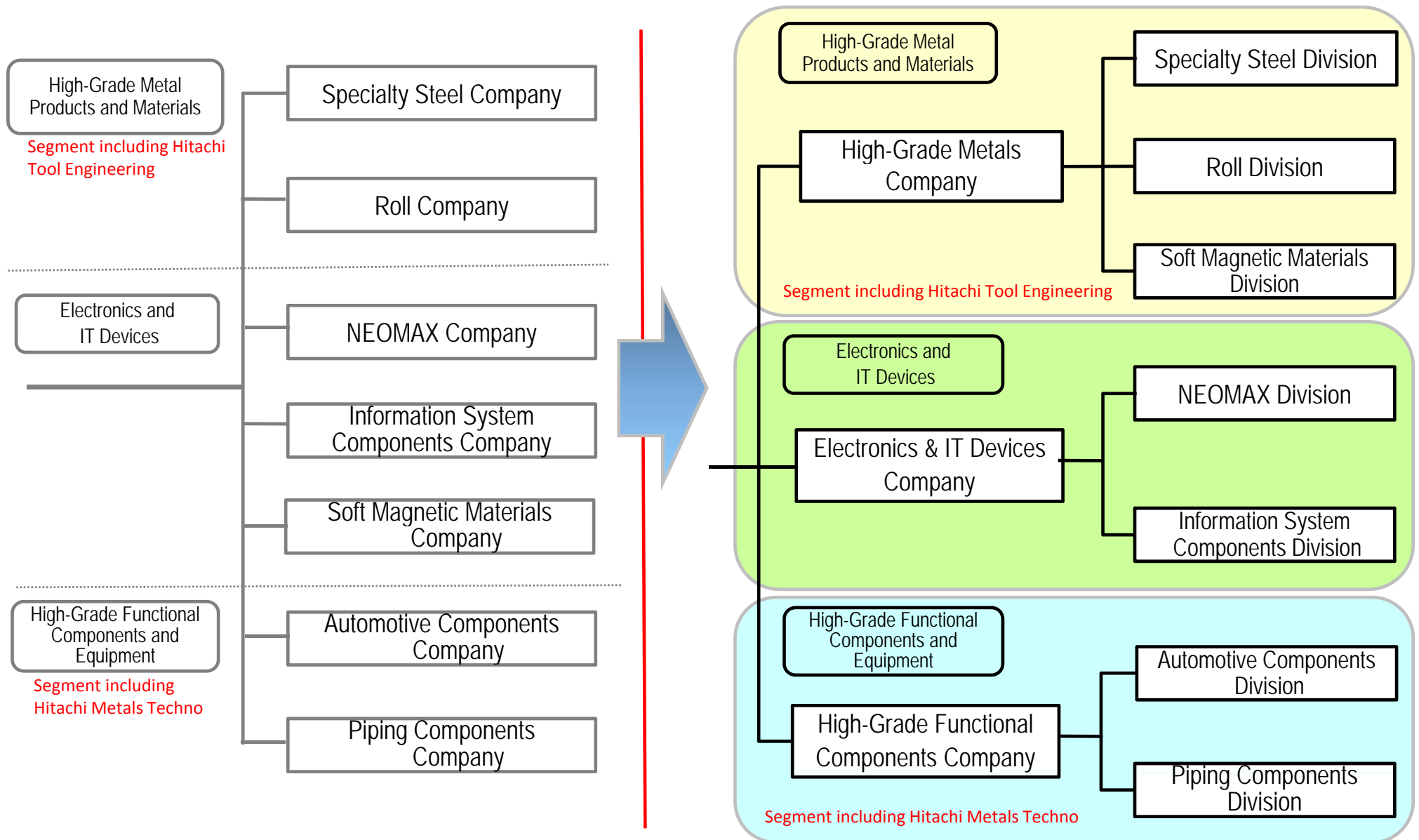
Consolidated Cash Flows

(¥ billion)

Item	1H FY2011	1H FY2012
Cash and cash equivalents at beginning of year	34.0	28.0
Income before income taxes and minority interests	15.3	17.7
Depreciation and amortization	13.4	11.6
Decrease (increase) in inventories	(31.7)	11.5
Other	4.8	(4.3)
Cash flows from operating activities	1.8	36.5
Capital investment*	(10.1)	(13.5)
Other	0	(2.3)
Free cash flow	(8.3)	20.7
Decrease (increase) in borrowings and bonds	5.6	(20.9)
Dividend payments, etc.	(3.3)	(3.3)
Net cash flow	(6.0)	(3.5)
Effect of exchange rate changes, etc.	(1.9)	(1.2)
Net increase (decrease)	(7.9)	(4.7)
Cash and cash equivalents at end of year	26.1	23.3

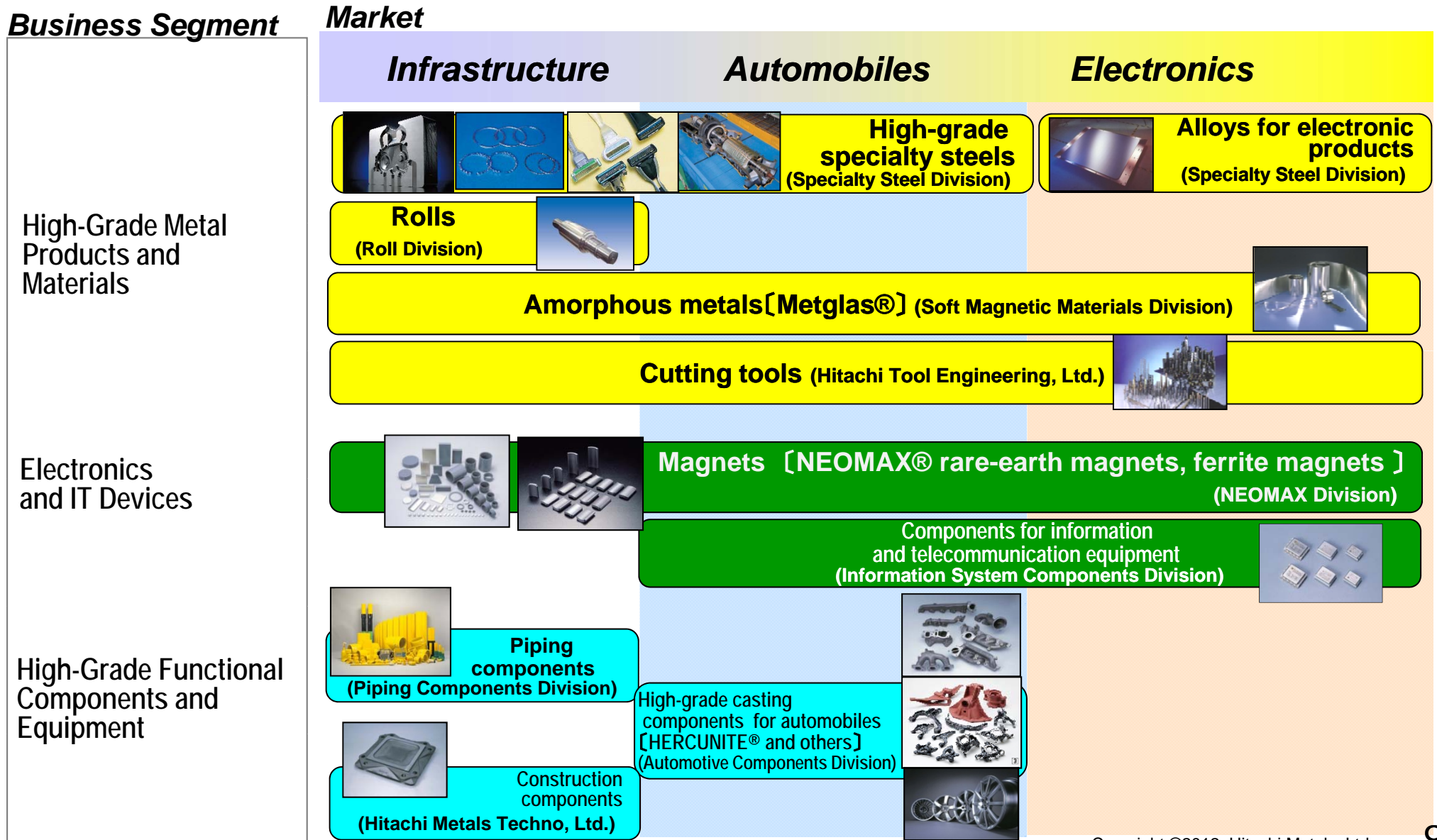
*On an accrual basis (i.e., expenditures are recognized upon receipt and inspection of items)

(Reference) Corporate Reorganization of April 1, 2012


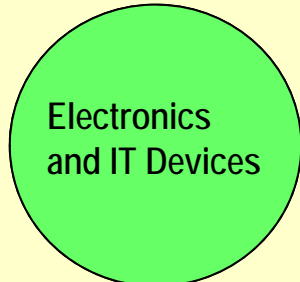
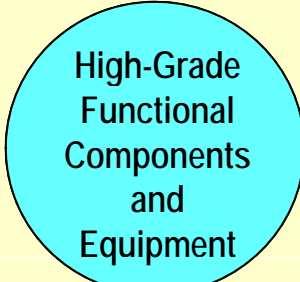


(Reference) Hitachi Metals' Business Structure

Hitachi Metals is a materials manufacturer that offers quality in a wide range of industrial fields based on materials development.



(Reference) Business Operations by Segment

Business Segment	Business Units		Principal Products
	High-Grade Metal Company	Specialty Steel Division	High-grade specialty steel [YSS™] : Molds and tool steel, alloys for electronic products (display-related materials and semiconductor and other package materials), industrial equipment and energy-related materials, and razor and blade materials
		Roll Division	Rolls for steel, nonferrous, and nonmetal applications; injection molding machine parts; structural ceramic products; and steel-frame joints for construction
		Soft Magnetic Materials Division	Amorphous metals [Metglas®]
	Hitachi Tool Engineering, Ltd.	Cutting tools	
	Electronics and IT Devices Company	NEOMAX Division	Magnets (rare earth magnets [NEOMAX®], ferrite magnets, and other magnets and applied products)
		Information System Components Division	Components for information and telecommunications equipment (multilayered devices and isolators), IT materials and components, materials and components for medical equipment, soft ferrite cores and applied products, nanocrystalline magnetic material [FINEMET®] and applied devices, and amorphous metals [Metglas®] and applied products
	High-Grade Functional Components Company	Automotive Components Division	High-grade casting components for automobiles (heat-resistant exhaust casting components [HERCUNITE®], ductile iron [HNM™]), aluminum wheels [SCUBA™] , and other aluminum components, forging components for automobiles
		Piping Components Division	Piping and infrastructure components ([Gourd®] brand pipe fittings, stainless steel and plastic piping components, water cooling equipment, precision mass flow control devices, and sealed expansion tanks)
	Hitachi Metals Techno, Ltd.	Construction components (access floor system, structural systems, and roofing systems), Chain(material handling systems)	

This document contains forward-looking statements, such as results forecasts and management plans, which are not historical facts. All such forward-looking statements were based upon all available information and upon assumptions and projections that were deemed rational at the time the Company prepared this document. Changes to the underlying assumptions or circumstances could cause actual results to differ substantially. Factors for causing such differences include, but are not limited to, the following:

- Changes in economic conditions and regulations in main markets where the Company operates, particularly Japan, the United States, Asia and Europe
- Sudden changes in technological trends
- Changes in competitive advantage and the capabilities of the Company and its subsidiaries and affiliates to develop and commercialize new products and businesses
- Fluctuation in status and conditions of product markets, exchange rates or international commodity markets
- Changes in financing environments
- Capability of the Company and its subsidiaries and affiliates to cope with fluctuations in product supply and demand, status and conditions of product markets, exchange rates or international commodity markets
- Protection of the Company's intellectual property, and securing of licenses to use intellectual property of other parties
- Changes in status of alliances with other parties for product development, etc.
- Fluctuation of Japanese stock markets