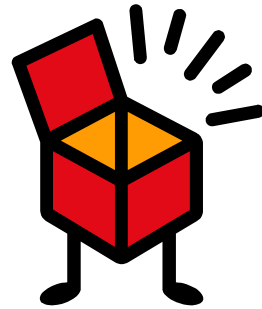


Financial Highlights

Third Quarter Fiscal 2012 Results

Three and Nine Months Ended December, 31, 2012



Materials Mag!c

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Hitachi Metals, Ltd.

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■ Demand Trends

Automobile-related: Although North American demand remained favorable, European demand failed to recover, while Chinese demand declined.

Electronics-related: While demand for tablet terminals and other devices was steady, demand was sluggish for PCs and LCD-related products.

Industrial infrastructure-related: Adjustments continued for machine tool-related products, but demand was solid in construction- and reconstruction-related areas and overseas.

■ Net Sales and Operating Income

Net Sales: ¥130.9 billion (down 10% from 3Q of FY2011, down 2% from 2Q of FY2012)

Operating Income: ¥0.4 billion (down ¥16.4 billion from 3Q of FY2011, down ¥6.3 billion from 2Q of FY2012)

Operating income in the High-Grade Metal Products and Materials and the High-Grade Functional Components and Equipment Segments increased from the second quarter (July through September 2012).

In the Electronics and IT Devices Segment, management posted write-downs in light of declining prices of rare earths, which the Company had strategically stockpiled, resulting in an impact on earnings.

*Overseas Sales: ¥55.9 billion (accounting for 42.7% of net sales)

North America (¥16.1 billion, 12.3% of overseas sales); Asia (¥29.5 billion, 22.5%); Europe (¥8.6 billion, 6.6%); and Other (¥1.7 billion, 1.3%)

■ Full-Year Outlook

Although North American automobile-related demand remains strong, management expects adjustments to continue in electronics-, machine tool-, and factory automation-related products. Management has accordingly revised its initial forecasts, as these factors would likely cause sales to decline, while operating income would also decrease reflecting the impact of around ¥15 billion in extraordinary factors stemming from lower raw materials prices.

The Company will take steps to reduce rare earth inventories.

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	3Q 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%]	130.9 [90%]	257.6 [87%]	548.0	532.0 [96%]	(16.0)	
Operating income	10.9	5.6	16.5	16.8	11.6	28.4	44.9	10.3 [(0.6)]	6.7 [+1.1]	17.0 [+0.5]	0.4 [(16.4)]	5.0 [(23.4)]	42.5	22.0 [(22.9)]	(20.5)	
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]	Δ0.3 [(13.7)]	2.3 [(18.8)]	39.8	20.0 [(16.4)]	(19.8)	
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]	Δ0.7 [(8.6)]	1.1 [(10.0)]	25.2	12.0 [(5.9)]	(13.2)	
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]	5.1 [+0.3]	14.7 [+0.8]	28.5	28.2 [+3.9]	(0.3)	
Depreciation and amortization	6.6	6.8	13.4	6.9	7.2	14.1	27.5	5.7 [(0.9)]	5.9 [(0.9)]	11.6 [(1.8)]	6.1 [(0.8)]	12.6 [(1.5)]	24.6	24.2 [(3.3)]	(0.4)	
R&D expenses	2.8	3.0	5.8	3.1	3.3	6.4	12.2	2.8 [±0]	2.7 [(0.3)]	5.5 [(0.3)]	2.8 [(0.3)]	6.2 [(0.2)]	11.7	11.7 [(0.5)]	±0	

Performance Overview by Segment for FY2012 3Q (Oct.-Dec. 2012)

Net Sales: ¥130.9 billion

(down 10% from 3Q of FY2011, down 2% from 2Q of FY2012)

High-Grade Metal Products and Materials:

¥55.3 billion (down 4% from 3Q of FY2011, no change from 2Q of FY2012)

Electronics and IT Devices:

¥32.0 billion (down 27% from 3Q of FY2011, down 12% from 2Q of FY2012)

High-Grade Functional Components and Equipment:

¥44.1 billion (down 1% from 3Q of FY2011, up 6% from 2Q of FY2012)

■ High-Grade Metal Products and Materials

In specialty steels, tool steel demand failed to recover overseas, particularly in machine tool-related products and in China. In semiconductor materials, demand was sluggish in semiconductor package- and LCD-related fields. Domestic and overseas demand for rolls was weak. Amorphous materials demand remained strong, particularly in China.

■ Electronics and IT Devices

Adjustments continued for neodymium magnets in factory automation and hard disc drive applications. Sales of automobile-related products slowed amid lower production of vehicles for export and slower domestic sales of automobiles, while adjustments continued for ferrite magnets in household appliance applications. In IT devices, demand was firm for soft ferrite for solar power generation and tablet-related applications.

■ High-Grade Functional Components and Equipment

In casting components for automobiles, sales of ductile casting products remained favorable in North American and Asian markets. Demand for HERCUNITE® was solid particularly in Europe. Overseas demand for aluminum wheels was again strong.

Recovery demand has become full-fledged for piping components, while construction demand continued to pick up.

Operating Income: ¥0.4 billion

(down ¥16.4 billion from 3Q of FY2011, down ¥6.3 billion from 2Q of FY2012)

High-Grade Metal Products and Materials:

¥4.8 billion (up ¥0.7 billion from 3Q of FY2011, up ¥1.0 billion from 2Q of FY2012)

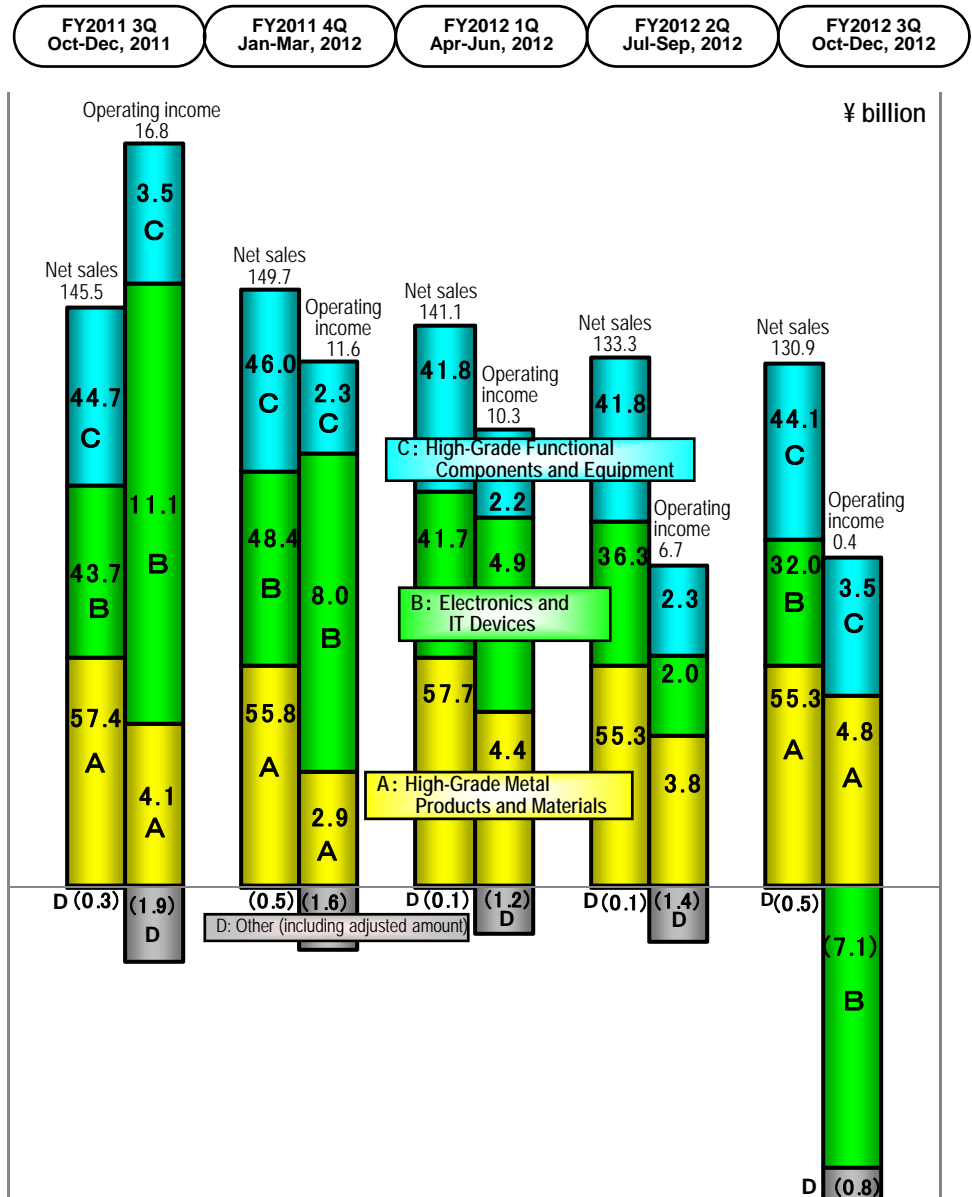
Electronics and IT Devices:

¥(7.1) billion (down ¥18.2 billion from 3Q of FY2011, down ¥9.1 billion from 2Q of FY2012)

High-Grade Functional Components and Equipment:

¥3.5 billion (No change from 3Q of FY2011, up ¥1.2 billion from 2Q of FY2012)

Production adjustments continued for electronics-, machine tool-, and factory automation-related products. Despite cost-cutting efforts, operating income was down ¥16.4 billion from a year earlier, when the Company benefited from the compression of a time lag in raw materials price transfers, and down ¥6.3 billion from the second quarter, reflecting the impact of extraordinary factors including notably lower raw materials prices.



From the current fiscal year, the Soft Magnetic Materials Division, which was part of Electronics and IT Devices, 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 January 30, 2013

Net Sales: ¥532.0 billion (down 4% from FY2011)

Operating Income: ¥22.0 billion (down ¥22.9 billion from FY2011)

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

Sales: ¥220.0 billion (down 4%)

Operating income: ¥17.0 billion (down ¥0.7 billion)

■ **Electronics and IT Devices**

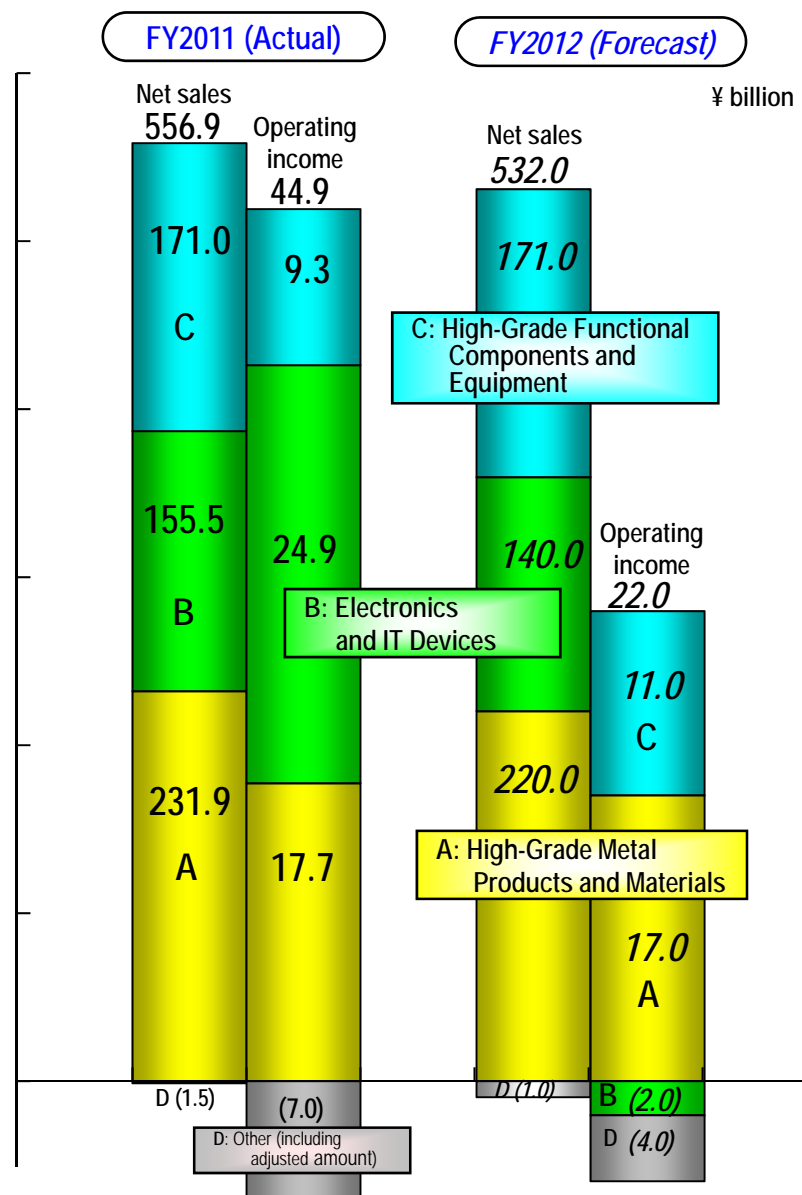
Sales: ¥140.0 billion (down 10%)

Operating income: (¥2 billion) (down ¥26.9 billion)

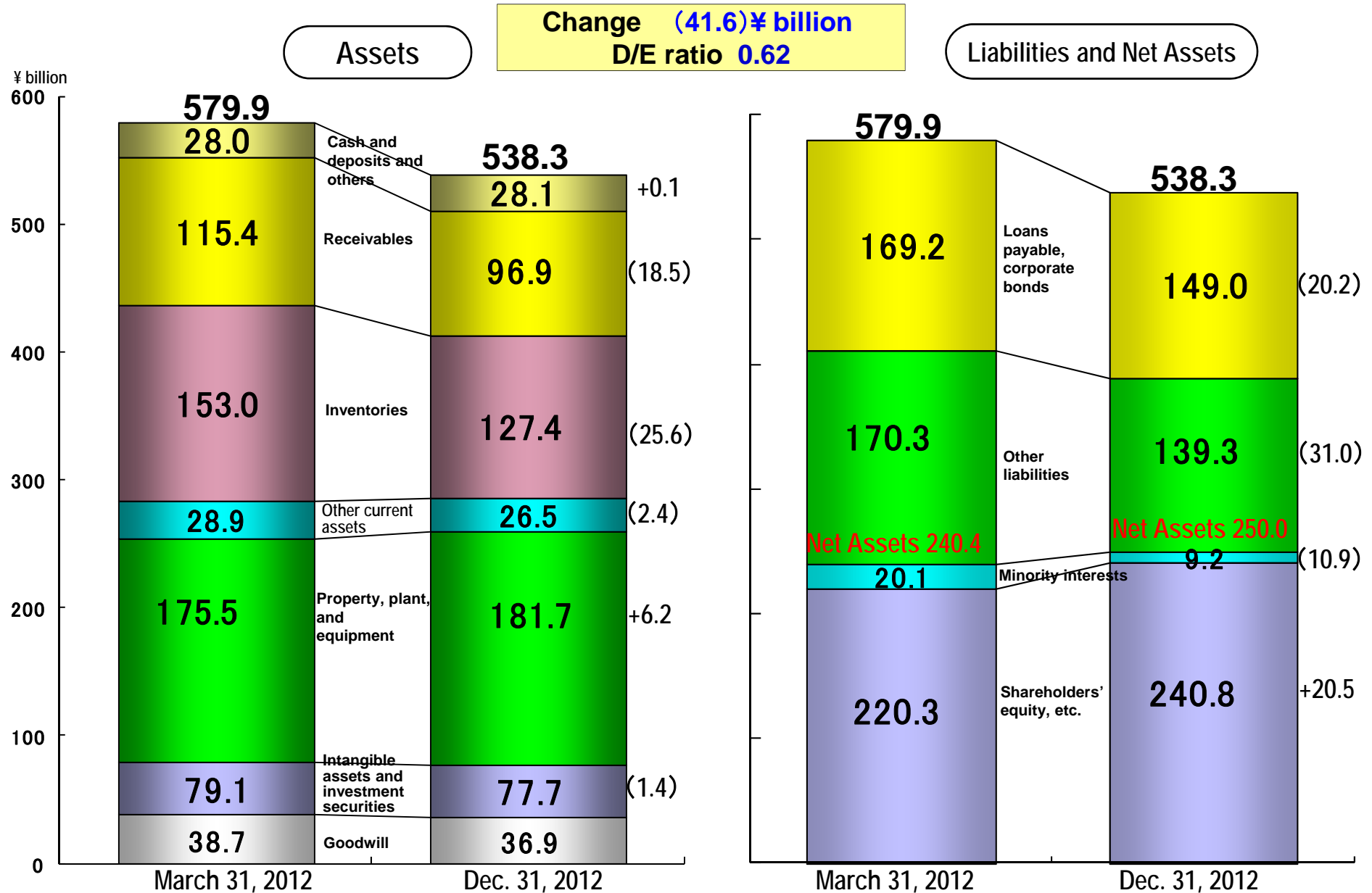
■ **High-Grade Functional Components and Equipment**

Sales: ¥171.0 billion (no change)

Operating income: ¥11.0 billion (up ¥1.7 billion)



Consolidated Balance Sheets



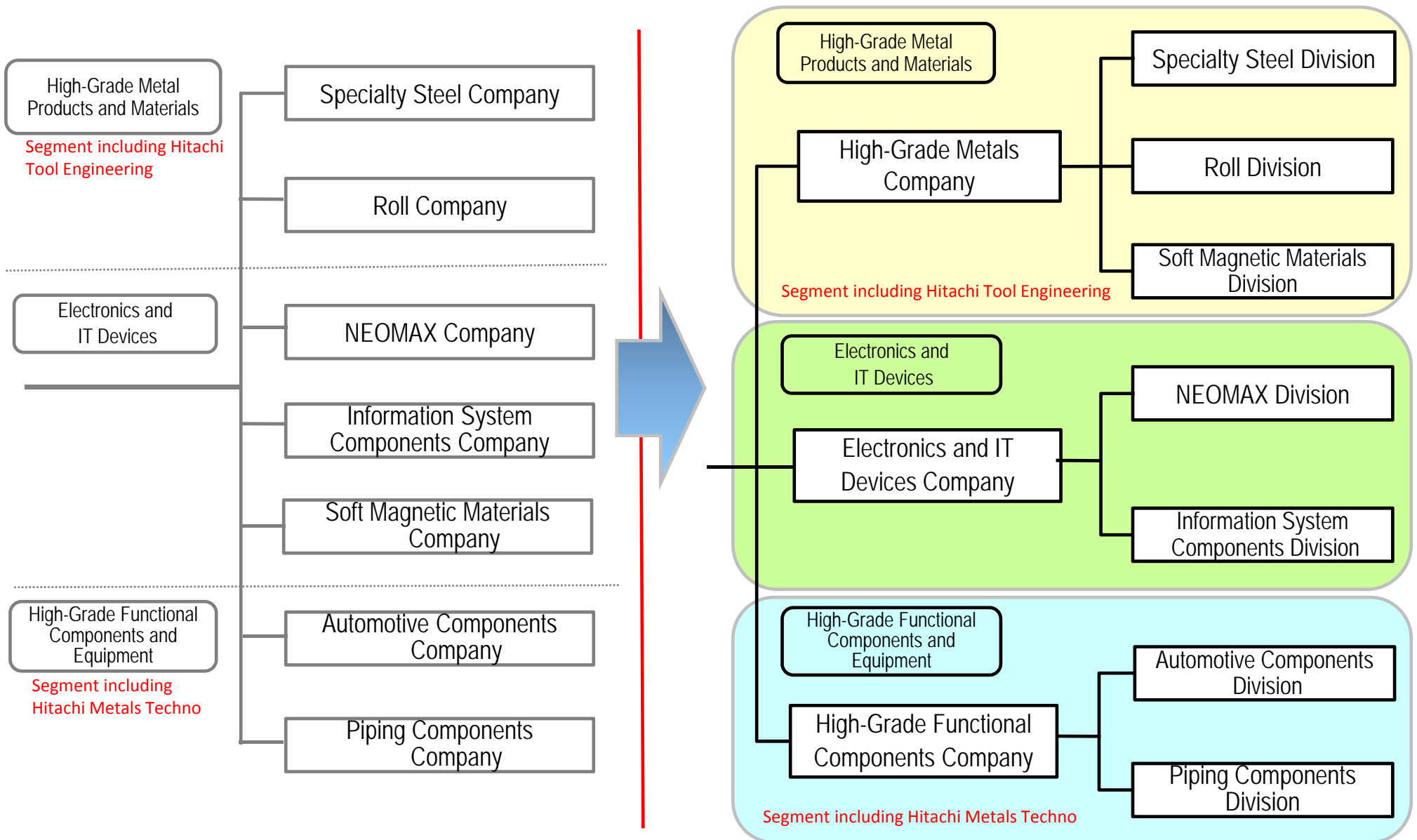
Consolidated Cash Flows

(¥ billion)

Item	3Q FY2011	3Q FY2012
Cash and cash equivalents at beginning of year	34.0	28.0
Income before income taxes and minority interests	28.7	17.5
Depreciation and amortization	20.3	17.7
Decrease (increase) in inventories	(51.3)	25.1
Other	(8.3)	(13.3)
Cash flows from operating activities	(10.6)	47.0
Capital investment*	(14.9)	(18.6)
Other	0.4	(3.0)
Free cash flow	(25.1)	25.4
Decrease (increase) in borrowings and bonds	29.3	(19.7)
Dividend payments, etc.	(6.0)	(7.0)
Net cash flow	(1.8)	(1.3)
Effect of exchange rate changes, etc.	(1.7)	1.4
Net increase (decrease)	(3.5)	0.1
Cash and cash equivalents at end of year	30.5	28.1

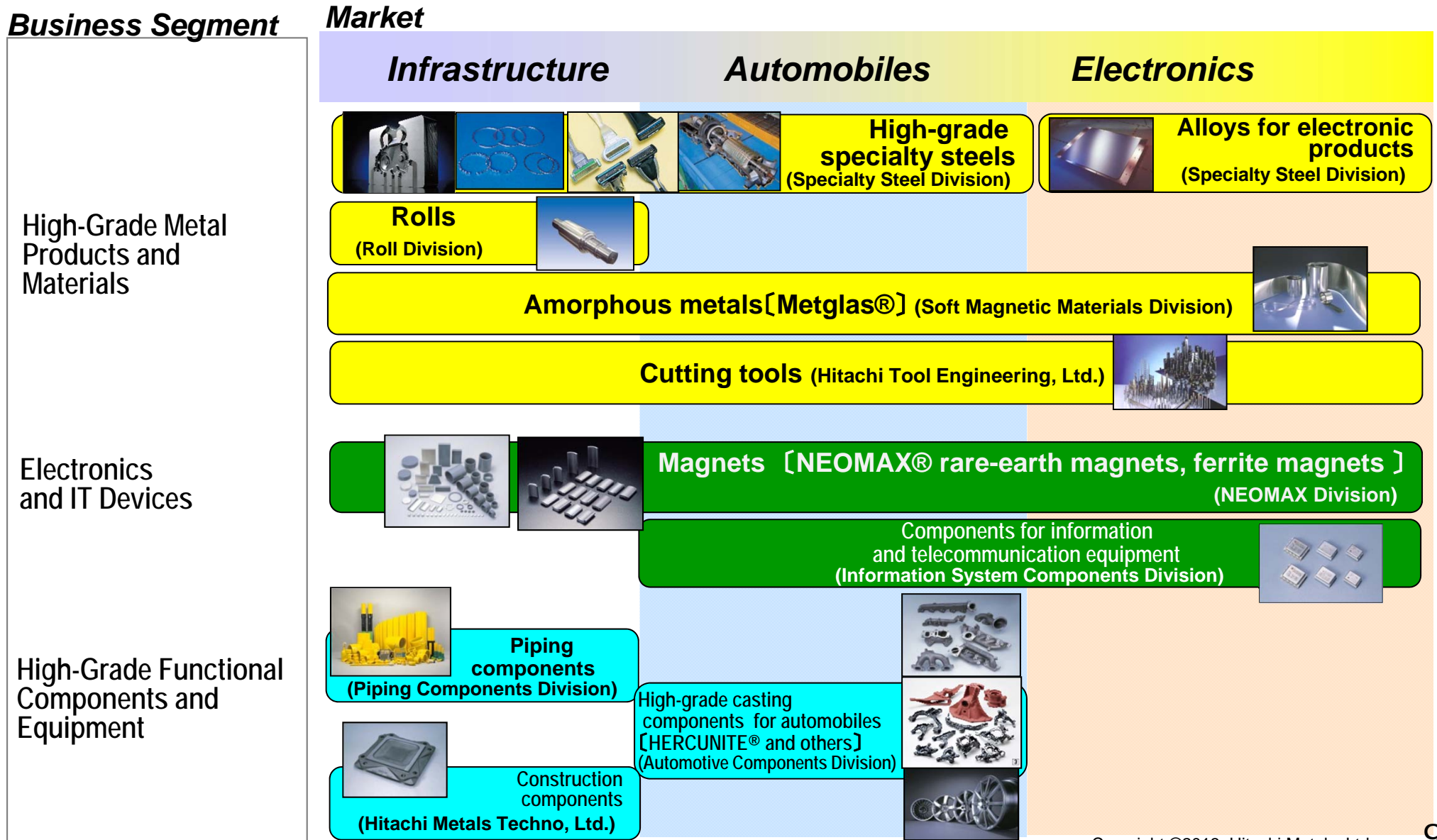
*On an accrual basis (i.e., expenditures are recognized upon receipt and inspection of items)

(Reference) Corporate Reorganization of April 1, 2012


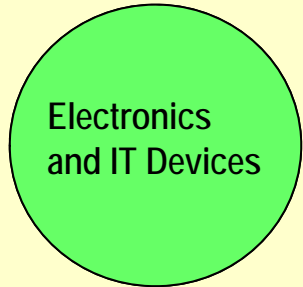



(Reference) Hitachi Metals' Business Structure

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