

# Hitachi Metals, Ltd. (Apr. 27, 2010)

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URL <http://www.hitachi-metals.co.jp>

2-1 Shibaura 1chome, Minato-ku, Tokyo

Representative: Hiroyuki Fujii, President and Chief Executive Officer

Contact: Kazutsugu Kamatani, Officer and General Manager

Corporate Communications Tel: +81-3-5765-4075

Stock Exchanges where Listed (section): Tokyo (First), Osaka (First)

## Formulation of Fiscal 2012 Medium-Term Management Plan

Aiming to succeed as a global company that achieves sustainable growth  
through quality-based management

Tokyo, Japan, April 27, 2010 — Hitachi Metals, Ltd. has announced the formulation of a three-year medium-term management plan to be in effect until fiscal 2012 (fiscal year ending March 31, 2013). The plan aims to strengthen Hitachi Metals' overall manufacturing capabilities based on materials development and to achieve sustainable growth amid the increasing pace of market globalization.

### 1. Underlying Principles of the Fiscal 2012 Medium-Term Management Plan

Since its inauguration, the Hitachi Metals Group's management philosophy has been to aggressively pursue quality and to contribute to society by offering distinctive materials and products for use in a variety of areas, including in the automotive, electronics and industrial infrastructure industries. As efforts to realize a low-carbon society in countries and regions throughout the world move forward, Hitachi Metals is concentrating management resources on eco-friendly products, accelerating the pace of such products' development and market launch. In tandem with this, the Company is working to strengthen its corporate structure while aiming for sustainable growth.

As the Japanese market matures, the pace of market globalization gains momentum. Today, Hitachi Metals is confronting a profound turning point in the business environment. With an acute awareness of the situation and with a view toward the realization of new growth, Hitachi Metals has formulated its 2015 Vision, focusing on the five-year period beginning with the fiscal year ending March 31, 2011, as well as the Fiscal 2012 Medium-Term Management Plan, an action plan aimed at realizing this Vision.

### 2. Numerical Management Targets (Consolidated)

(Billions of yen)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Net Sales	500	540	600
Operating Income	33	50	65
Income Before Income Taxes and Minority Interests	27	44	59
Net Income	14	25	30
ROE	7%	12%	13%
Overseas Sales Ratio	44%	46%	50%
New Product Sales Ratio	24%	27%	30%

### 3. Medium-Term Management Plan

The Fiscal 2012 Medium-Term Management Plan aims to strengthen the Company’s overall manufacturing capabilities and enable it to achieve sustainable growth in global markets.

Fiscal 2012 Medium-Term Management Plan		2015 Vision
	<b>Strengthening of Overall Manufacturing Capabilities</b>	To succeed as a global company that achieves sustainable growth through quality-based management
Global 50	Global business expansion and reorganization of production structure Restructuring of business segments and product portfolio	
New Products 30	Building and development of the next pillar of business	
CO <sub>2</sub> Emission Regulations	Process innovation	
Structures and Systems That Can Adapt to Globalization	Strengthening of marketing function and development of world-class human talent	

**(1) Global 50: Global business expansion and reorganization of production structure, restructuring of business segments and product portfolio**

It is expected that economic growth in newly emerging countries will be what drives the global economy. Therefore, the Hitachi Metals Group needs to step up its global expansion efforts as an active participant in overseas markets. Through its endeavors, the Group aims to raise its overseas sales ratio to 50% over the next three years.

**Global business expansion and reorganization of production structure**

Hitachi Metals must anticipate market needs, reflect them accurately in manufacturing, and launch products on the global market in a timely manner. Hitachi Metals will drastically streamline and introduce process innovations while developing a structure that ensures that customers are offered products at the most appropriate cost, modes of delivery and service.

**Restructuring of business segments and product portfolio**

Promoting the select and focus approach, the Group will concentrate management resources on eco-friendly products that meet rising market needs. In the energy field, products that contribute to energy conservation—amorphous metals, high-performance magnets essential to highly efficient motors in automobiles and electronics-related products and the heat-resistant exhaust casting components required for increasingly compact automobile engines—will perform as drivers of growth that will heighten profit generating capabilities.

**(2) New Products 30: Building and development of the next pillar of business**

Materials development is the starting point of change and evolution of industry, and is the source of the Hitachi Metals Group’s ability to carry out reliable business operations and contribute to society. In order to cement its position as a cutting-edge materials manufacturer, Hitachi Metals aims for a new product sales ratio of 30% as it continually replaces that portion of its product lineup.

The ever-increasing pace of technical innovation demands an ever-shorter interval between development and market launch. By synchronizing product development, manufacturing and sales functions, the Group will quicken the pace of development, market introduction, mass production and expansion of sales, as well as accelerate the building and development of new products that will be growth drivers.

### (3) CO<sub>2</sub> Emission Regulations: Process innovation

The introduction of CO<sub>2</sub> emission regulations provides ideal opportunities to thoroughly review manufacturing processes. The Group will make efforts to reform its manufacturing processes, and will work to further strengthen manufacturing productivity, starting with shortened lead times.

### (4) Structures and Systems That Can Adapt to Globalization: Strengthening market function and development of world-class human talent

Taking into account changes in the external environment and pursuing synergies among internal and Group companies, the Group will formulate business strategies and endeavor to create a structure that boosts strategy effectiveness. In addition, in the implementation of the medium-term management plan, the Group will work to develop the right kind of human talent for tomorrow—the driving force to realize sustainable growth.

## 【Reference】

### 1. Medium-Term Management Plan Numerical Targets by Segment (Consolidated)

【Net Sales】

(Billions of yen)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
High-Grade Metal Products and Materials	223	240	260
Electronics and IT Devices	130	145	174
High-Grade Functional Components and Equipment	148	156.5	170
Service and Others, Eliminated	(1)	(1.5)	(4)
Total	500	540	600

【Operating Income】

(Billions of yen)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
High-Grade Metal Products and Materials	18	26	32
Electronics and IT Devices	12.5	18	23
High-Grade Functional Components and Equipment	9	12	16.5
Service and Others, Eliminated	(6.5)	(6)	(6.5)
Total	33	50	65

### 2. Medium-Term Management Plan Numerical Targets (Consolidated)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Capital Expenditures (Billions of yen)	23	31	30
Depreciation and Amortization (Billions of yen)	29	30	30
R&D Expenditures (Billions of yen)	13	13	14
Interest-Bearing Debt (Billions of yen)	170	170	168
Number of Employees	18,000	18,300	18,800