

# About the Hitachi Metals Group

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# Business Foundation: Our Sources of Strength

The keys to the Hitachi Metals Group's strengths are its "advanced technologies" and "intelligent human resources." Since our foundation, our widely knowledgeable personnel have maintained a commitment to quality. Rather than keeping pace with and following the competition, we develop a wide range of products brimming with creativity and backed by advanced technologies, to meet the needs of customers all over the world.

## Advanced Technologies

In addition to exploiting our knowledge about the characteristics of various materials to pursue extremely high-quality core technologies and enhance quality, we have monozukuri skills that enable us to create and mass-produce items that meet customers' needs. We deploy these capabilities to achieve "the mass production of high-quality materials" and support value creation at the Hitachi Metals Group.

By exhaustively targeting "the mass production of high-quality materials" in this way, we have achieved the top market share in our fields of focus.

### The mass production of high-quality materials

#### Core technologies

Technologies and ideas to extract materials' maximum performance

Alloys and design technologies

Manufacturing and processing technologies

Analysis/evaluation technologies

#### Monozukuri skills

Industry-leading production capacity

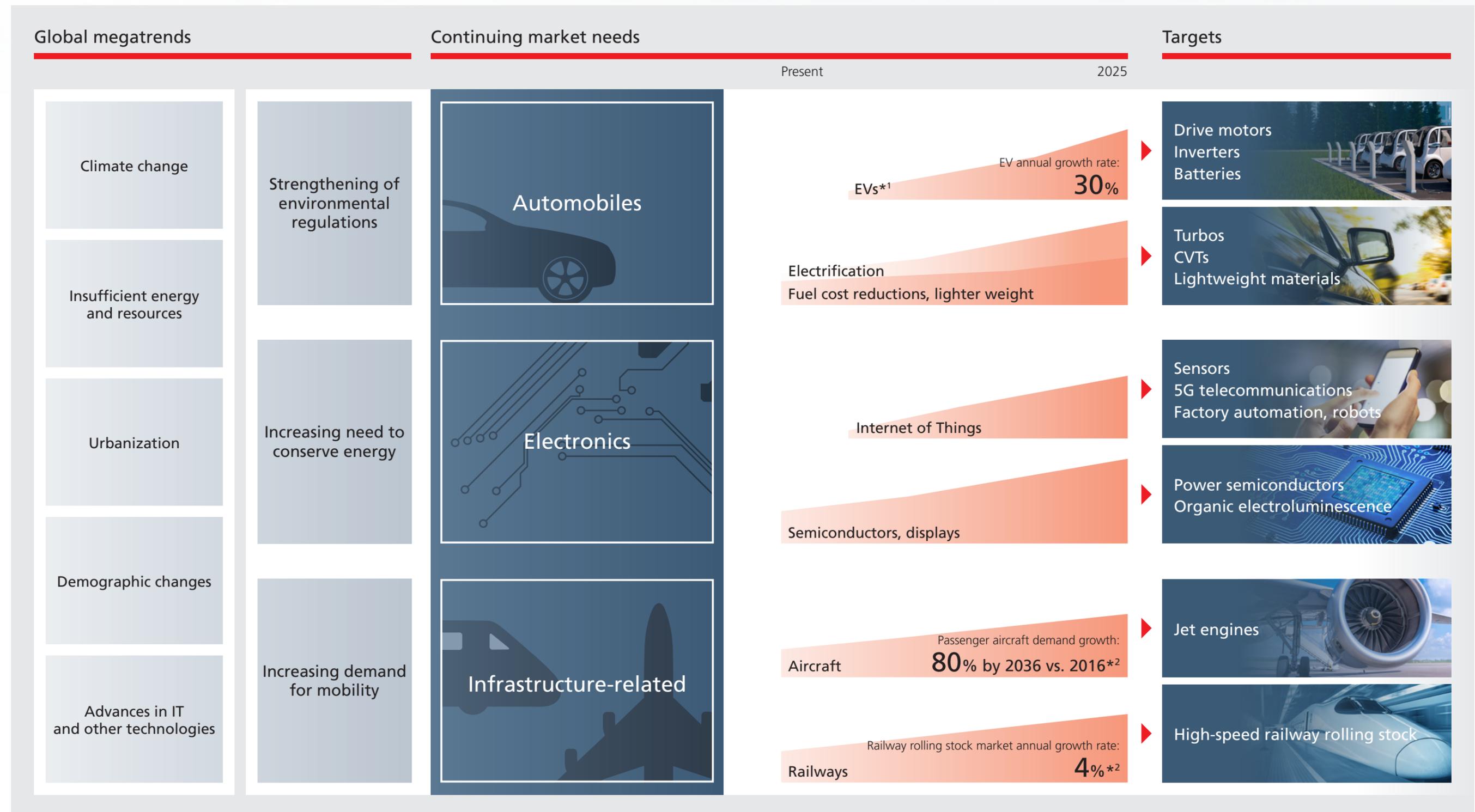
Industry-leading cost competitiveness

## Top Market Share Achieved

- 1 CVT belt materials
- 2 Ni-based lead frame materials
- 3 Organic EL-related components/materials
- 4 Rolls for steel mills
- 5 Cast iron products
- 6 Razor and blade materials
- 7 SOFLEX™ flexible piping system
- 8 Amorphous alloys Metglas®
- 9 Neodymium magnets NEOMAX®
- 10 Ferrite magnets NMF™
- 11 Cylinders and screws for injection molding machines
- 12 Stainless steel piston ring materials
- 13 Probe cables for ultrasound diagnostic equipment
- 14 Wires and cables for rolling stock

# Target Areas

Megatrends like climate change and insufficient energy and materials are bringing about major transformations to the industrial sector as a whole. The Hitachi Metals Group is working to understand market needs from a customer perspective, to transform megatrends into business opportunities and identify threats, and accurately address social needs for the future.

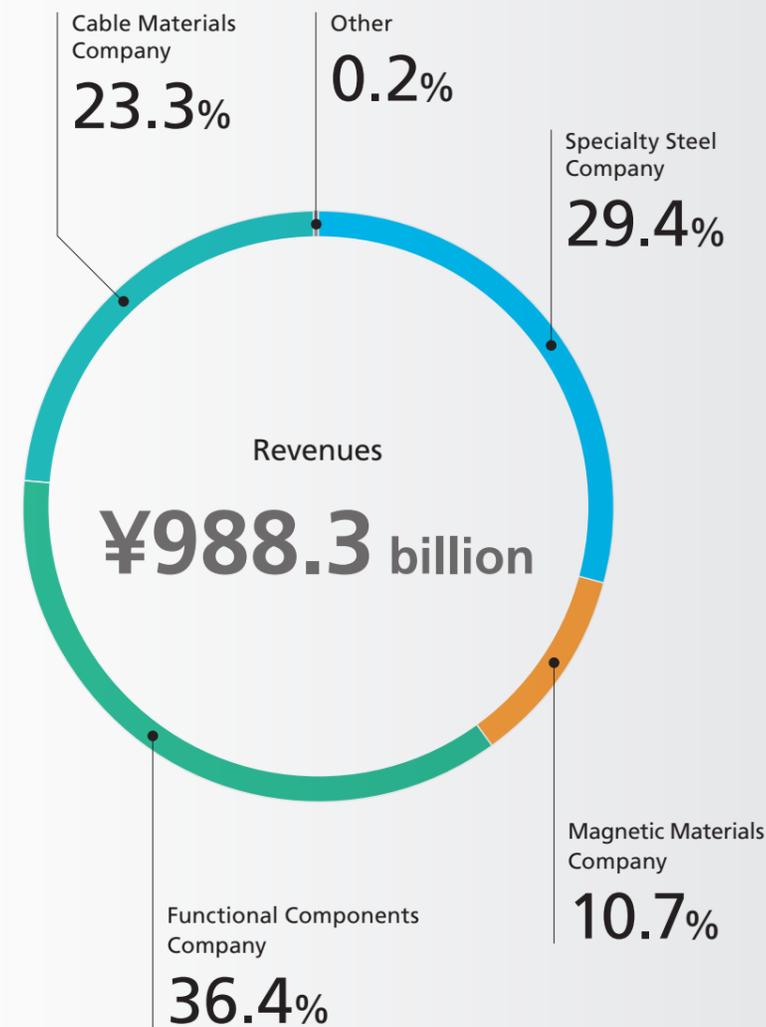


\*1 Refers to electric vehicles (EVs) including hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs).  
 \*2 Market trends are Company estimates based on various sources.

# Business Portfolio

The Hitachi Metals Group specializes in the development of high-performance materials. Leveraging this expertise, we supply materials and products mainly to customers in the industrial infrastructure-, automotive-, and electronics-related segments.

Percentage of FY2017 Revenues by Segment\*



\* The percentage of revenues by segment is calculated based on sales to external customers.

## Market segments

	Industrial infrastructure-related	Automobile-related	Electronics-related
<b>Specialty Steel Company</b> Revenues <b>¥290.6 billion</b> Adjusted operating income <b>¥27.9 billion</b>	Turbine case materials 	Specialty steel 	Cladding materials for lithium batteries 
	Rolls 	"SLD-MAGIC™" cold work tool steel 	
	"Metglas®" amorphous alloys 	Common mode choke coils 	Soft magnetic components and materials 
			High-frequency low-loss soft ferrite cores 
<b>Magnetic Materials Company</b> Revenues <b>¥106.1 billion</b> Adjusted operating income <b>¥9.6 billion</b>		"NMF™" ferrite magnets 	Magnets and applied products 
		"NEOMAX®" neodymium magnets 	
<b>Functional Components Company</b> Revenues <b>¥360.1 billion</b> Adjusted operating income <b>¥11.8 billion</b>	Piping components 	Casting components for automobiles 	
	Polyethylene gas piping systems 	"SCUBA™" fashionable aluminum road wheels 	"HERCUNITE™" heat-resistant cast components 
		Cast iron products 	
<b>Cable Materials Company</b> Revenues <b>¥230.5 billion</b> Adjusted operating income <b>¥14.9 billion</b>	Wires and cables for rolling stock 	Magnetic wire for high-efficiency motors 	Electric wires and cables 
		High-performance components 	Probe cables for ultrasound diagnostic equipment 
		Harness for electric parking brakes 	

# Performance

## Highlights of fiscal 2017

Revenues

**¥988.3 billion**

ROE\*<sup>2</sup>

**7.7%**

EBIT

**¥48.9 billion**

Adjusted operating income\*<sup>1</sup>

**¥65.1 billion**

ROA\*<sup>3</sup>

**4.5%**

R&D expenses

**¥17.7 billion**

Adjusted operating margin

**6.6%**

Overseas sales ratio

**56%**

Number of employees

**30,390**

\*1 Adjusted operating income = Revenues – Cost of sales – Selling, general and administrative expenses

\*2 ROE (return on equity) = Net income attributable to owners of the parent company ÷ Equity attributable to owners of the parent company (the average of the beginning and ending balances of the year) x 100

\*3 ROA (return on assets) = Income before income taxes ÷ Total assets (the average of the beginning and ending balances of the year) x 100

## Scope of operations by region in fiscal 2017

Europe

Revenues **¥51.4 billion**

Number of employees **212**

North America

Revenues **¥294.8 billion**

Number of employees **7,765**

Japan

Revenues **¥431.5 billion**

Number of employees **13,054**

China

Revenues **¥75.3 billion**

Number of employees **3,055**

Other Asia

Revenues **¥122.7 billion**

Number of employees **6,304**