



Consolidated Financial Report [IFRS]

For the 9-month period ended December 31, 2017

January 29, 2018

Listed Company: Hitachi Metals, Ltd. (URL <http://www.hitachi-metals.co.jp/e/index.html>)

Listed Stock Exchanges: Tokyo Stock Exchange, Inc. (First Section, Code Number 5486)

Representative: Akitoshi Hiraki, President and Chief Executive Officer

Contact: Tatsuya Minami, General Manager, Corporate Communications Office Tel: +81-3-6774-3077

Note: Figures are rounded off to the nearest million yen.

1. Performance for the Third Quarter Ended December 31, 2017 (April 1, 2017 to December 31, 2017)

(1) Operating Results (% indicates the rate of +/- compared with the same term of the previous fiscal year)

	Revenues		Adjusted Operating Income		Operating Income		Income before Income Taxes		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Dec., 2017	733,113	10.0	47,821	1.4	42,393	(14.5)	44,089	(7.5)	34,849	(3.5)
Dec., 2016	666,536	(13.8)	47,179	(12.9)	49,571	(37.4)	47,642	(38.7)	36,123	(35.5)

Note: Adjusted operating income is the operating income recorded in the condensed interim consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and losses. Adjusted operating income is a unified profit indicator for the Hitachi Group, including Hitachi, Ltd.

	Net Income attributable to Shareholders of the Parent Company		Comprehensive Income		Earnings per Share attributable to Shareholders of the Parent Company (Basic)	Earnings per Share attributable to Shareholders of the Parent Company (Diluted)
	Million yen	%	Million yen	%	Yen	Yen
Dec., 2017	34,808	(3.8)	42,458	1.8	81.41	—
Dec., 2016	36,193	(34.9)	41,696	(14.8)	84.65	—

(2) Financial Standing

	Total Asset	Total Equity	Equity attributable to Shareholders of the Parent Company	Equity attributable to Shareholders of the Parent Company Ratio	Equity per Share attributable to Shareholders of the Parent Company
	Million yen	Million yen	Million yen	%	Yen
Dec., 2017	1,054,042	573,762	565,803	53.7	1,323.29
Mar., 2017	1,040,390	548,746	536,563	51.6	1,254.89

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Term-end	Annual
	Yen	Yen	Yen	Yen	Yen
Mar., 2017	—	13.00	—	13.00	26.00
Mar., 2018	—	13.00	—		
Mar., 2018 (Forecast)				13.00	26.00

Note: Revision of the latest forecasts of results : No

3. Business results forecast for the year ending March 31, 2018 (Apr.1, 2017 to Mar.31, 2018)

(% indicates the rate of +/- compared with the previous fiscal year)

	Revenues		Adjusted Operating Income		Income before Income Taxes		Net Income attributable to Shareholders of the Parent Company		Basic Earnings per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	990,000	8.7	68,000	3.1	58,000	(12.1)	45,000	(11.1)	105.24

Note: 1. Revision of the latest forecasts of results : Yes

2. Adjusted operating income is the operating income recorded in the consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and losses. Adjusted operating income is a unified profit indicator for the Hitachi Group, including Hitachi, Ltd.

※ Other Notes

Numbers of shares issued (Common stock)

(i) Number of shares outstanding at end of period

(Including treasury stock)

Dec., 2017	428,904,352	Mar., 2017	428,904,352
Dec., 2017	1,331,489	Mar., 2017	1,327,900
Dec., 2017 (3Q)	427,574,480	Dec., 2016 (3Q)	427,578,988

(ii) Number of treasury stock outstanding at end of period

(iii) Average number of shares issued during the term

*This quarterly consolidated financial report is not subject to the quarterly review procedure.

*The forecast figures, with the exception of actual results, are based on certain assumptions and predictions of the management at the time of preparation. Changes in business conditions or underlying assumptions may cause actual results may differ from those projected. Please refer to “(3)Forecasts for the Fiscal Year Ending March 31, 2018, including Consolidated Operating Forecasts” on page 7 for precondition and assumption as the basis of the above forecasts.

○ **Table of Contents**

1. Qualitative Information Regarding Financial Results for the Nine Months Ended December 31, 2017.....	4
(1) Information Regarding Operating Results.....	4
(2) Analysis of Financial Condition.....	6
(3) Forecasts for the Fiscal Year Ending March 31, 2018, including Consolidated Operating Forecasts.....	7
2. Condensed Interim Consolidated Financial Statements and Notes to Condensed Interim Consolidated Financial Statements...	8
(1) Condensed Interim Consolidated Statement of Financial Position.....	8
(2) Condensed Interim Consolidated Statement of Income and Condensed Interim Consolidated Statement of Comprehensive Income.....	10
[Condensed Interim Consolidated Statement of Income].....	10
[Condensed Interim Consolidated Statement of Comprehensive Income].....	11
(3) Condensed Interim Consolidated Statement of Changes in Equity.....	12
(4) Condensed Interim Consolidated Statement of Cash Flows.....	13
(5) Segment Information.....	15

1. Qualitative Information Regarding Financial Results for the Nine Months Ended December 31, 2017

(1) Information Regarding Operating Results

The global economy during the nine months ended December 31, 2017, remained on a modest rebound track primarily in developed countries. The United States maintained steady economic growth, backed by an improvement in the employment situation and an increase in individual consumption and capital expenditures. European economies, especially in the euro-zone, continued a moderate recovery due to an improvement in capital investment and productivity. The Chinese economy showed some signs of a partial rally in the market due to the effects of the government's various economic measures, and economic growth in other emerging countries in Asia also remained on a recovery track. Amid these conditions, the Japanese economy continued to recover gradually as a result of the ongoing improvement in the employment and income environment and increased exports and capital investment supported by the steady recovery of the global economy.

Among the industries in which Hitachi Metals Group (the "Group") operates, in the automobile industry, sales in Japan significantly increased, led by strong demand for new models; and Europe and China also showed steady demand, while sales in new vehicles decreased in the United States compared with those for the nine months ended December 31, 2016. Demand for steel increased mainly in the manufacturing sector, including automobile and industrial machinery. The number of new housing starts remained at the same level. In the electronics industry, mobile device shipments increased.

Under the business circumstances described above, for the nine months ended December 31, 2017, revenues of the Group increased by 10.0% to ¥733,133 million, compared with those for the nine months ended December 31, 2016. This result was affected mainly by a rise in raw materials prices (a sliding-scale raw material price system) and the depreciation of the yen, in addition to an increase in demand for mainstays. Adjusted operating income* increased by ¥642 million to ¥47,821 million, compared with those for the nine months ended December 31, 2016, mainly due to an increase in income associated with increased revenue and effects of cost reduction activities, despite a rise in costs associated with active investment and raw materials prices. Operating income decreased by ¥7,178 million to ¥42,393 million, compared with that for the nine months ended December 31, 2016, due to the recording of a gain on business reorganization and others as other operating revenue in the same period of the prior year, as well as an increase in other expenses during the nine months ended December 31, 2017. For the nine months ended December 31, 2017, income before income taxes decreased by ¥3,553 million to ¥44,089 million and net income attributable to shareholders of the parent company decreased by ¥1,385 million to ¥34,808 million, compared with those for the nine months ended December 31, 2016.

Results by business segment are as follows. Note that revenues for each segment include intersegment revenues. There were no changes to the businesses of the Group during the nine months ended December 31, 2017.

The Group has changed its segment names from "High-Grade Metal Products and Materials" to "Specialty Steel Products" and from "High-Grade Functional Components and Equipment" to "Functional Components and Equipment" effective from April 1, 2017. This change in segment names does not affect the segment information.

The Company has also changed the business segment of SH Copper Products Co., Ltd, a subsidiary of the Company, and one other subsidiary from the Wires, Cables, and Related Products segment to the Specialty Steel Products segment as of July 1, 2017, aiming to strengthen battery-related components in the Specialty Steel Products segment. Due to this change, the results of SH Copper Products, etc. for the nine months ended December 31, 2017, have been recorded under the Specialty Steel Products segment.

Specialty Steel Products

Revenues in the Specialty Steel Products segment for the nine months ended December 31, 2017, were ¥215,310 million, an increase of 23.7%, and adjusted operating income increased by ¥3,177 million to ¥20,417 million, as compared with those for the nine months ended December 31, 2016. Operating income of the segment increased by ¥4,142 million to ¥20,049 million for the same period.

<Specialty Steel>

Sales of molds and tool steel exceeded those for nine months ended December 31, 2017, due to a recovery in demand for both Japan and Asia. Sales of industrial equipment materials increased overall compared with those for the nine months ended December 31, 2016, as sales of environmentally friendly products related to automobiles as well as other industrial components, in particular, components for semiconductor-related equipment, increased. Sales of alloys for electronic products significantly increased compared with those for the nine months ended December 31, 2016, due to strong sales in semiconductor package components in addition to increased sales of battery-related and organic EL panel-related components. Aircraft-related and energy-related materials showed weak sales.

<Rolls>

Sales of injection molding machine parts showed recovery resulting from an increase in demand for mobile devices. Meanwhile, in September 2016, the Group discontinued production of rolls at a Chinese subsidiary for the purpose of concentrating management resources in high value-added products. As a result, sales of rolls as a whole fell year on year.

<Soft Magnetic Materials and Applied Products>

Sales of soft magnetic materials and applied products as a whole fell below those for the nine months ended December 31, 2016, due to a drop in demand of amorphous metals, although sales of applied products for mobile devices and automobiles increased because of the robust demand.

Magnetic Materials and Applications

Revenues in the Magnetic Materials and Applications segment for the nine months ended December 31, 2017, were ¥79,188 million, an increase of 7.5%, and adjusted operating income increased by ¥479 million to ¥6,880 million, as compared with those for the nine months ended December 31, 2016. Operating income of the segment increased by ¥384 million to ¥6,783 million for the same period.

Sales of rare earth magnets overall exceeded those for the nine months ended December 31, 2016. The increase in sales is attributable to strong demand in automotive electronic components for electric power steering and hybrid automobiles and solid sales of industrial equipment, supported by increased capital investment-related demand for flat-panel displays, mobile devices, and semiconductors. Sales of ferrite magnets increased compared with those for the nine months ended December 31, 2016, due to strong demand for automotive electronic components, reflecting increased automobile production as well as a robust demand for household appliance parts.

Functional Components and Equipment

Revenues in the Functional Components and Equipment segment for the nine months ended December 31, 2017, were ¥266,574 million, an increase of 10.1%, while adjusted operating income decreased by ¥3,918 million to ¥8,501 million due to declined profitability of heat-resistant exhaust casting components and aluminum wheels, as compared with those for the nine months ended December 31, 2016. Also, operating income of the segment decreased by ¥4,659 million to ¥7,273 million for the same period.

<Casting Components for Automobiles>

Despite a slowdown in demand for casting components for pickup trucks and other light trucks as well as passenger vehicles in North America, sales of casting components for automobiles increased as a whole compared with those for the nine months ended December 31, 2016. This is due to an increase in demand for casting components for commercial vehicles, farming machinery, and construction machinery in North America, and increased demand for automobiles in Asia.

Revenues for heat-resistant exhaust casting components increased as compared with the same period of the prior year due to an increase in demand in the American, European, Asian and Japanese markets, but profits decreased for the same period due to productivity issues and other factors.

Sales of aluminum wheels fell below those for the nine months ended December 31, 2016, mainly affected by decreased demand for passenger vehicles in North America and productivity issues.

<Piping Components>

Sales of pipe fittings were robust due to an increased number of new housing starts in the United States, an increase in large construction projects in Japan, and strong performance in devices for semiconductor manufacturing equipment, reflecting an increase in demand for semiconductor-related equipment.

Wires, Cables, and Related Products

Due to effects of a reorganization conducted for the purpose of renewing the Group's business portfolio, revenues in the Wires, Cables, and Related Products segment for the nine months ended December 31, 2017, were ¥171,380 million, a decrease of 2.6% while adjusted operating income increased by ¥879 million to ¥10,923 million, as compared with those for the nine months ended December 31, 2016, because of the expansion of the focused fields. Operating income for the segment decreased by ¥7,169 million to ¥7,396 million for the same period, due to the recording of a gain on business reorganization and others as other operating revenue in the same period of the prior year, as well as an increase in other expenses during the nine months ended December 31, 2017.

<Electric Wires and Cables>

Sales of wires and cables for rolling stock grew significantly, including growth in China. Sales of electric wires for semiconductor manufacturing equipment and working tools increased, and magnet wires for automobiles and industrial machinery also resulted in greater sales.

<High Performance Components>

Demand for various sensors, harnesses for electric parking brakes and hybrid automobiles increased, and demand for brake hoses was also strong. Sales of probe cables for medical use increased as compared with the same period of the prior year due to increased demand in overseas countries.

Other

Revenues in the Other segment for the nine months ended December 31, 2017, were ¥2,465 million, an increase of 11.8%, and adjusted operating income decreased by ¥31 million to ¥130 million, as compared with those for the nine months ended December 31, 2016. Operating income of the segment decreased by ¥79 million to ¥126 million for the same period.

*Adjusted operating income is the operating income recorded in the condensed interim consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and losses. Adjusted operating income is a unified profit indicator for the Hitachi Group, including Hitachi, Ltd.

(2) Analysis of Financial Condition

1) Assets, liabilities, and equity

The analysis of changes in the Group's condensed interim consolidated statement of financial position as of the end of the period ended December 31, 2017, is as follows:

Total assets were ¥1,054,042 million, an increase of ¥13,652 million compared with the end of the fiscal year ended March 31, 2017. Current assets were ¥476,856 million, a decrease of ¥15,039 million compared with the end of the fiscal year ended March 31, 2017. This was mainly attributable to increases in trade receivables and inventories of ¥27,001 million and ¥34,316 million, respectively, and a decrease in cash and cash equivalents of ¥86,348 million. Non-current assets were ¥577,186 million, an increase of ¥28,691 million compared with the end of the fiscal year ended March 31, 2017. This was mainly attributable to increases in property, plant and equipment of ¥27,647 million, respectively.

Total liabilities were ¥480,280 million, a decrease of ¥11,364 million compared with the end of the fiscal year ended March 31, 2017. This was mainly attributable to the net effect of a decrease in current portion of long-term debt and long-term debt of ¥31,544 million in total and increases in short-term debt of ¥5,618 million and trade payables of ¥12,813 million. Total equity was ¥573,762 million, an increase of ¥25,016 million compared with the end of the fiscal year ended March 31, 2017. This was mainly attributable to an increase in retained earnings of ¥23,709 million.

2) Cash flows

Cash and cash equivalents as of December 31, 2017, were ¥53,063 million, a decrease of ¥86,348 million from March 31, 2017, as a result of net cash used in investing activities and financing activities exceeding the cash provided by operating activities.

The analysis of cash flows for each category as of December 31, 2017, is as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities was ¥12,627 million. This was mainly attributable to net income of ¥34,849 million, and depreciation and amortization of ¥34,479 million despite of increases in trade receivables of ¥24,022 million, inventories of ¥32,409 million.

<Cash Flows from Investing Activities>

Net cash used in investing activities was ¥57,610 million, which was mainly attributable to payment of ¥58,791 million for the purchase of property, plant and equipment.

<Cash Flows from Financing Activities>

Net cash used in financing activities was ¥43,516 million. This was mainly attributable to a repayment of long-term debt of ¥31,877 million and a payment of dividends of ¥11,282 million to shareholders.

(3) Forecasts for the Fiscal Year Ending March 31, 2018, including Consolidated Operating Forecasts

Revenues of the Group have been trending above forecasts from the beginning of the fiscal year due to factors such as an increase in demand mainly for mainstays, a rise in raw materials prices (sliding-scale raw material price system) and depreciation of the yen. Profit, however, is expected to fall below the forecast from the beginning of the fiscal year due to factors including a drop in profitability of heat-resistant exhaust casting components and aluminum wheels, and an increase in costs owing to a rise in raw materials prices. As a result, we have revised the figures in the operating forecast for the fiscal year ending March 31, 2018 (April 1, 2017 through March 31, 2018) that was announced on April 28, 2017 as follows:

	Revenues (million yen)	Adjusted Operating Income (million yen)	Income before Income Taxes (million yen)	Net Income attributable to Shareholders of the Parent Company (million yen)	Basic Earnings per Share (yen)
Forecasts announced on April 28, 2017 (A)	950,000	80,000	63,000	45,000	105.24
Revised forecasts (B)	990,000	68,000	58,000	45,000	105.24
Differences (B) - (A)	40,000	(12,000)	(5,000)	0	
Changes (%)	4.2%	(15.0)%	(7.9)%	0.0%	
(Reference) Results for the fiscal year ended March 31, 2017	910,486	65,983	66,016	50,593	118.32

Note: Adjusted operating income is the operating income recorded in the consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and losses. Adjusted operating income is a unified profit indicator for the Hitachi Group, including Hitachi, Ltd.

**2. Condensed Interim Consolidated Financial Statements
and Notes to Condensed Interim Consolidated Financial Statements**
(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	139,411	53,063
Trade receivables	175,568	202,569
Inventories	153,556	187,872
Other current assets	23,360	33,352
Total current assets	491,895	476,856
Non-current assets		
Investments accounted for using the equity method	26,239	27,222
Investments in securities and other financial assets	20,964	21,755
Property, plant and equipment	324,667	352,314
Goodwill and intangible assets	151,195	149,397
Deferred tax assets	11,651	11,372
Other non-current assets	13,779	15,126
Total non-current assets	548,495	577,186
Total assets	1,040,390	1,054,042

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Short-term debt	26,301	31,919
Current portion of long-term debt	35,462	30,702
Other financial liabilities	26,360	23,845
Trade payables	150,785	163,598
Accrued expenses	37,817	39,130
Advances received	858	746
Other current liabilities	6,002	7,355
Total current liabilities	<u>283,585</u>	<u>297,295</u>
Non-current liabilities		
Long-term debt	132,694	105,910
Other financial liabilities	1,641	1,119
Retirement and severance benefits	60,299	63,292
Deferred tax liabilities	8,758	9,022
Other non-current liabilities	4,667	3,642
Total non-current liabilities	<u>208,059</u>	<u>182,985</u>
Total liabilities	<u>491,644</u>	<u>480,280</u>
Equity		
Equity attributable to shareholders of the parent company		
Common stock	26,284	26,284
Capital surplus	115,806	114,150
Retained earnings	376,069	399,778
Accumulated other comprehensive income	19,555	26,748
Treasury stock, at cost	(1,151)	(1,157)
Total equity attributable to shareholders of the parent company	<u>536,563</u>	<u>565,803</u>
Non-controlling interests	12,183	7,959
Total equity	<u>548,746</u>	<u>573,762</u>
Total liabilities and equity	<u>1,040,390</u>	<u>1,054,042</u>

**(2) Condensed Interim Consolidated Statement of Income
and Condensed Interim Consolidated Statement of Comprehensive Income**
[Condensed Interim Consolidated Statement of Income]
[For the nine months ended December 31, 2017]

(Millions of yen)

	Note	For the third quarter ended December 31, 2016	For the third quarter ended December 31, 2017
Revenues		666,536	733,113
Cost of sales		(535,387)	(596,012)
Gross profit		131,149	137,101
Selling, general and administrative expenses		(83,970)	(89,280)
Other income		9,339	3,634
Other expenses		(6,947)	(9,062)
Operating income	1	49,571	42,393
Interest income		328	332
Other financial income		221	1,035
Interest charges		(2,180)	(1,808)
Other financial expenses		(480)	(1)
Share of (losses) profits of investments accounted for using the equity method		182	2,138
Income before income taxes		47,642	44,089
Income taxes		(11,519)	(9,240)
Net income		36,123	34,849
Net income attributable to:			
Shareholders of the parent company		36,193	34,808
Non-controlling interests		(70)	41
Net income		36,123	34,849
Earnings per share attributable to shareholders of the parent company			
Basic		¥84.65	¥81.41
Diluted		—	—

Note: 1. Adjusted operating income, which is the operating income presented in the condensed interim consolidated statement of income, excluding other income and other expenses, is ¥47,179 million and ¥47,821 million for the nine months ended December 31, 2016 and 2017, respectively.

[Condensed Interim Consolidated Statement of Comprehensive Income]

[For the nine months ended December 31, 2017]

(Millions of yen)

	For the third quarter ended December 31, 2016	For the third quarter ended December 31, 2017
Net income	36,123	34,849
Other comprehensive income		
Items not to be reclassified into net income		
Net change in fair value of financial assets measured at fair value through other comprehensive income	66	563
Remeasurements of defined benefit plans	—	(163)
Share of other comprehensive income of investments accounted for using the equity method	9	205
Total items not to be reclassified into net income	75	605
Items that can be reclassified into net income		
Foreign currency translation adjustments	4,647	6,465
Net change in fair value of cash flow hedges	1,276	386
Share of other comprehensive income of investments accounted for using the equity method	(425)	153
Total items that can be reclassified into net income	5,498	7,004
Total other comprehensive income	5,573	7,609
Comprehensive income	41,696	42,458
Comprehensive income attributable to:		
Shareholders of the parent company	41,538	42,019
Non-controlling interests	158	439
Comprehensive income	41,696	42,458

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	For the third quarter ended December 31, 2016	For the third quarter ended December 31, 2017
Cash flows from operating activities:		
Net income	36,123	34,849
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31,893	34,479
Impairment losses	745	98
Share of losses (profits) of investments accounted for using the equity method	(182)	(2,138)
Financial income and expenses	2,111	442
Restructuring expenses	990	247
Net loss (gain) on business reorganization and others	(4,309)	(320)
Income taxes	11,519	9,240
(Increase) decrease in trade receivables	1,058	(24,022)
(Increase) decrease in inventories	(6,905)	(32,409)
(Increase) decrease in accounts receivable - other	177	(4,698)
Increase (decrease) in trade payables	(4,948)	10,505
Increase (decrease) in accrued expenses	(3,093)	1,345
Increase (decrease) in retirement and severance benefits	(2,062)	2,465
Other	(5,907)	(7,488)
Subtotal	57,210	22,595
Interest and dividends received	1,808	1,539
Interest paid	(2,556)	(2,230)
Payments for structural reforms	(257)	(247)
Income taxes paid	(12,445)	(9,030)
Net cash provided by operating activities	43,760	12,627

(Millions of yen)

	For the third quarter ended December 31, 2016	For the third quarter ended December 31, 2017
Cash flows from investing activities:		
Purchase of property, plant and equipment	(44,173)	(58,791)
Purchase of intangible assets	(1,801)	(775)
Proceeds from sales of property, plant and equipment	1,374	1,178
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(525)	(70)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	18,315	832
Payments for transfer of business	—	(86)
Other	69	102
Net cash used in investing activities	(26,741)	(57,610)
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	7,323	5,509
Proceeds from long-term debt	—	300
Repayment of long-term debts	(21,218)	(31,877)
Proceeds from payments from non-controlling interests	3,013	—
Purchase of shares of consolidated subsidiaries from non-controlling interests	—	(6,160)
Dividends paid to shareholders	(11,118)	(11,117)
Dividends paid to non-controlling interests	(146)	(165)
Acquisition of common stock for treasury	(3)	(6)
Proceeds from sales of treasury stock	0	0
Net cash used in financing activities	(22,149)	(43,516)
Effect of exchange rate changes on cash and cash equivalents	1,311	2,151
Net increase (decrease) in cash and cash equivalents	(3,819)	(86,348)
Cash and cash equivalents at the beginning of the first quarter	120,300	139,411
Cash and cash equivalents at the end of the third quarter	116,481	53,063

(5) Segment Information

I The primary products and services included in each segment are as follows:

Reportable segment	Major products and services
Specialty Steel Products	<ul style="list-style-type: none"> •YASUGI SPECIALTY STEEL brand high-grade specialty steel products (molds and tool steel, alloys for electronic products [display-related materials, semiconductor and other package materials, and battery-related materials], materials for industrial equipment [automobile related materials, and razor and blade materials] aircraft- and energy-related materials, and precision cast components) •Rolls for steel mills •Injection molding machine parts •Structural ceramic products •Steel-frame joints for construction •Soft magnetic materials (Metglas® amorphous metals; FINEMET® nanocrystalline magnetic material; and soft ferrite) and applied products
Magnetic Materials and Applications	<ul style="list-style-type: none"> •Magnets (NEOMAX® rare-earth magnets; ferrite magnets; and other magnets and applied products) •Ceramic components
Functional Components and Equipment	<ul style="list-style-type: none"> •Casting components for automobiles (HNM™ high-grade ductile cast iron products, cast iron products for transportation equipment, and HERCUNITE™ heat-resistant exhaust casting components) •SCUBA™ aluminum wheels and other aluminum components •Forged components for automobiles •Piping and infrastructure components (G™ Gourd brand pipe fittings, valves, stainless steel and plastic piping components, water cooling equipment, precision mass flow control devices, and sealed expansion tanks)
Wires, Cables, and Related Products	<ul style="list-style-type: none"> •Industrial cables, electronic wires, electric equipment materials, and industrial rubber products •Cable assemblies •Electronic components for automotive, and brake hoses

II Last consolidated fiscal year (from April 1 to December 31, 2016)

(Millions of yen)

	Business Segment					Others	Total	Adjustments	Condensed Interim Consolidated Statement of Income
	Specialty Steel Products	Magnetic Materials and Applications	Functional Components and Equipment	Wires, Cables, and Related Products	Subtotal				
Revenues									
External customers	173,931	73,633	242,110	175,867	665,541	995	666,536	—	666,536
Intersegment transactions	71	5	—	29	105	1,209	1,314	(1,314)	—
Total revenues	174,002	73,638	242,110	175,896	665,646	2,204	667,850	(1,314)	666,536
Segment profit	15,907	6,399	11,932	14,565	48,803	205	49,008	563	49,571
Financial income	—	—	—	—	—	—	—	—	549
Financial expenses	—	—	—	—	—	—	—	—	(2,660)
Share of (losses) profits of investments accounted for using the equity method	—	—	—	—	—	—	—	—	182
Income before income taxes	—	—	—	—	—	—	—	—	47,642

Note: 1. Segment profit is based on operating income.

2. Intersegment transactions are recorded at the same prices used in transactions with third parties. Adjustments represent mainly allocation variances of general and administrative expenses for corporate assets, which are not allocated to each reportable segment.

III Current year (from April 1 to December 31, 2017)

(Millions of yen)

	Business Segment					Others	Total	Adjustments	Condensed Interim Consolidated Statement of Income
	Specialty Steel Products	Magnetic Materials and Applications	Functional Components and Equipment	Wires, Cables, and Related Products	Subtotal				
Revenues									
External customers	215,175	79,176	266,574	170,911	731,836	1,277	733,113	—	733,113
Intersegment transactions	135	12	—	469	616	1,188	1,804	(1,804)	—
Total revenues	215,310	79,188	266,574	171,380	732,452	2,465	734,917	(1,804)	733,113
Segment profit	20,049	6,783	7,273	7,396	41,501	126	41,627	766	42,393
Financial income	—	—	—	—	—	—	—	—	1,367
Financial expenses	—	—	—	—	—	—	—	—	(1,809)
Share of (losses) profits of investments accounted for using the equity method	—	—	—	—	—	—	—	—	2,138
Income before income taxes	—	—	—	—	—	—	—	—	44,089

Note: 1. Segment profit is based on operating income.

2. Intersegment transactions are recorded at the same prices used in transactions with third parties. Adjustments represent mainly allocation variances of general and administrative expenses for corporate assets, which are not allocated to each reportable segment.

The Company has also changed the business segment of SH Copper Products Co., Ltd, a subsidiary of the Company, and one other subsidiary from the Wires, Cables, and Related Products segment to the Specialty Steel Products segment as of July 1, 2017, aiming to strengthen battery-related components in the Specialty Steel Products segment. Due to this change, the results of SH Copper Products, etc. for the nine months ended December 31, 2017, have been recorded under the Specialty Steel Products segment.