

Hitachi Metals Financial Results for the First Nine Months of Fiscal Year 2019 (April 1, 2019 to December 31, 2019)

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Financial Results for the Third Quarter of Fiscal Year 2019

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January 30, 2020

1-1. Overview of the Third Quarter of Fiscal Year 2019

Progressed mostly in accordance with the plan following the revisions to the operating forecast announced on October 29, 2019

● Sales by product area

[Automobiles]

- Demand for many mainstays decreased due to decreased automotive sales in the worldwide markets.

[FA/robots]

- There were no signs of recovery in demand, and sales of rare earth magnets and cable materials remained sluggish.

[Smartphones]

- With signs of a rebound, sales of specialty steel electronic materials (clad metals) increased.

[Semiconductors]

- While the customer inventory adjustment of both copper and nickel series was completed, no signs of strong recovery have been witnessed.

● Implemented measures to improve operational efficiency and raise cash flows

- Free cash flow improved by ¥55.9 billion year on year.
- Reduction in inventory: ¥21.9 billion from the end of last fiscal year

● Reduction in fixed costs, etc.

- Reduction of fixed costs and others: Reduced ¥17.9 billion year on year (Progress rate against operating forecast for FY2019: 77%)

● Operating forecast for FY2019

- While there is a risk of a decrease in demand toward the end of FY2019, the steady progress is being made toward realizing operating forecast for FY2019.
- Toward realizing the operating forecast for FY2019, Hitachi Metals Group will further promote the improvement of operating efficiency and the reduction of fixed costs (1Q–3Q progress rate against operating forecast for FY2019: Revenues 75%, Adjusted operating income 84%).

1-2. Operating Results for the Third Quarter of Fiscal Year 2019



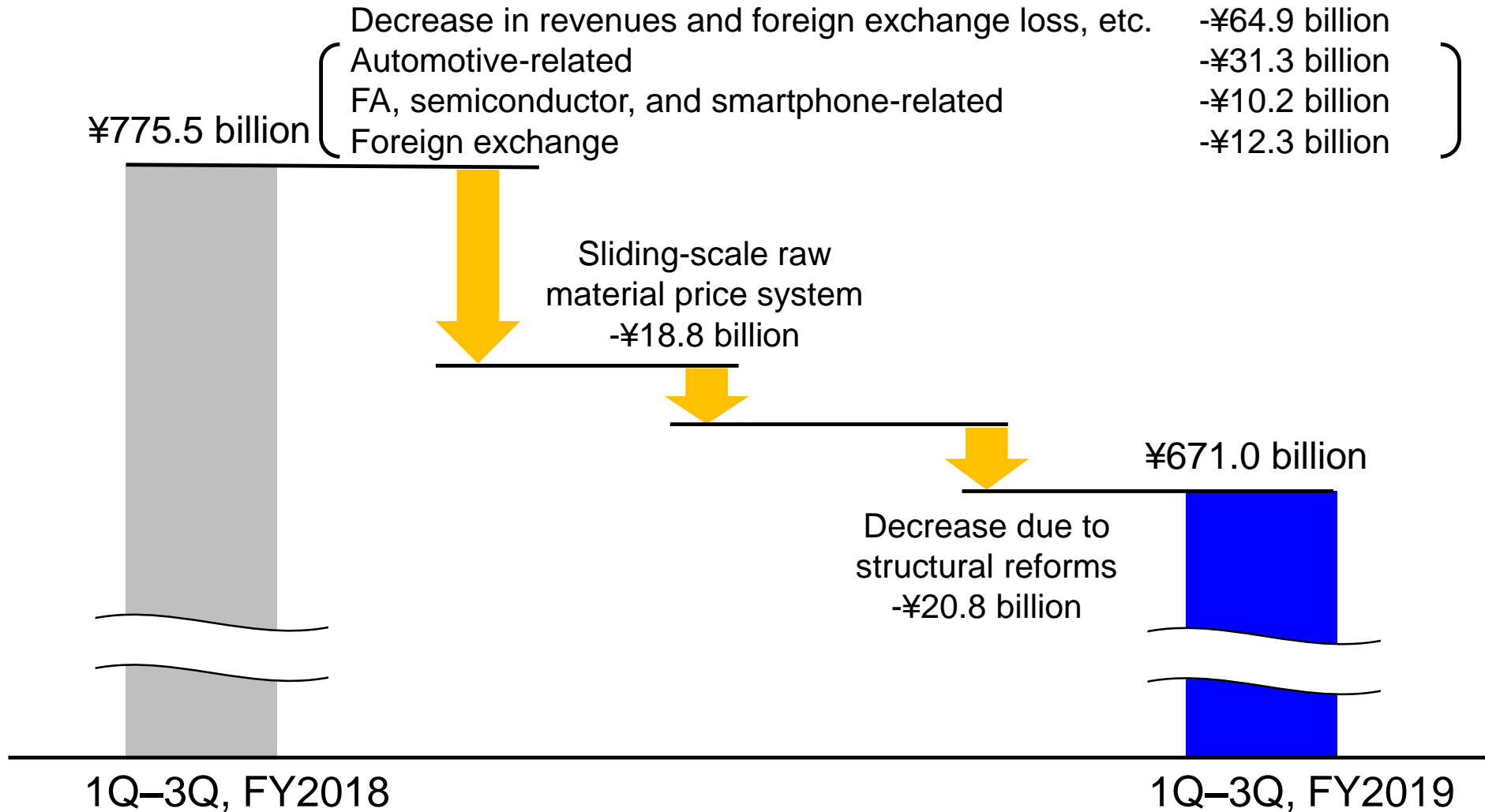
¥ billions Profit margin in brackets	FY2018		FY2019				Changes		
	3Q (Oct–Dec)	1Q–3Q	1Q (Apr–Jun)	2Q (Jul–Sep)	3Q (Oct–Dec)	1Q–3Q	Quarter-on-Quarter vs2Q	Year-on-Year	
	US\$1 = ¥113 € 1 = ¥129 1 yuan = ¥16.3	US\$1 = ¥111 € 1 = ¥129 1 yuan = ¥16.6	US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	US\$1 = ¥107 € 1 = ¥119 1 yuan = ¥15.3	US\$1 = ¥109 € 1 = ¥120 1 yuan = ¥15.5	US\$1 = ¥109 € 1 = ¥121 1 yuan = ¥15.6		3Q	1Q–3Q
Revenues	256.5	775.5	234.0	222.9	214.1	671.0	-4%	-17%	-13%
Adjusted operating income*	[3.8%] 9.7	[5.5%] 42.8	[2.4%] 5.5	[0.2%] 0.4	[2.8%] 5.9	[1.8%] 11.8	+5.5	-3.8	-31.0
IFRS operating income	[-0.5%] -1.2	[4.5%] 34.6	[2.2%] 5.2	[-19.2%] -42.8	[1.4%] 2.9	[-5.2%] -34.7	+45.7	+4.1	-69.3
Income before income taxes	-1.9	35.3	4.5	-43.2	3.0	-35.7	+46.2	+4.9	-71.0
Net income attributable to shareholders of the parent company	-1.1	27.0	3.2	-44.2	2.1	-38.9	+46.3	+3.2	-65.9

* Adjusted operating income = Revenues – Sales cost – Selling, general, & administrative expenses

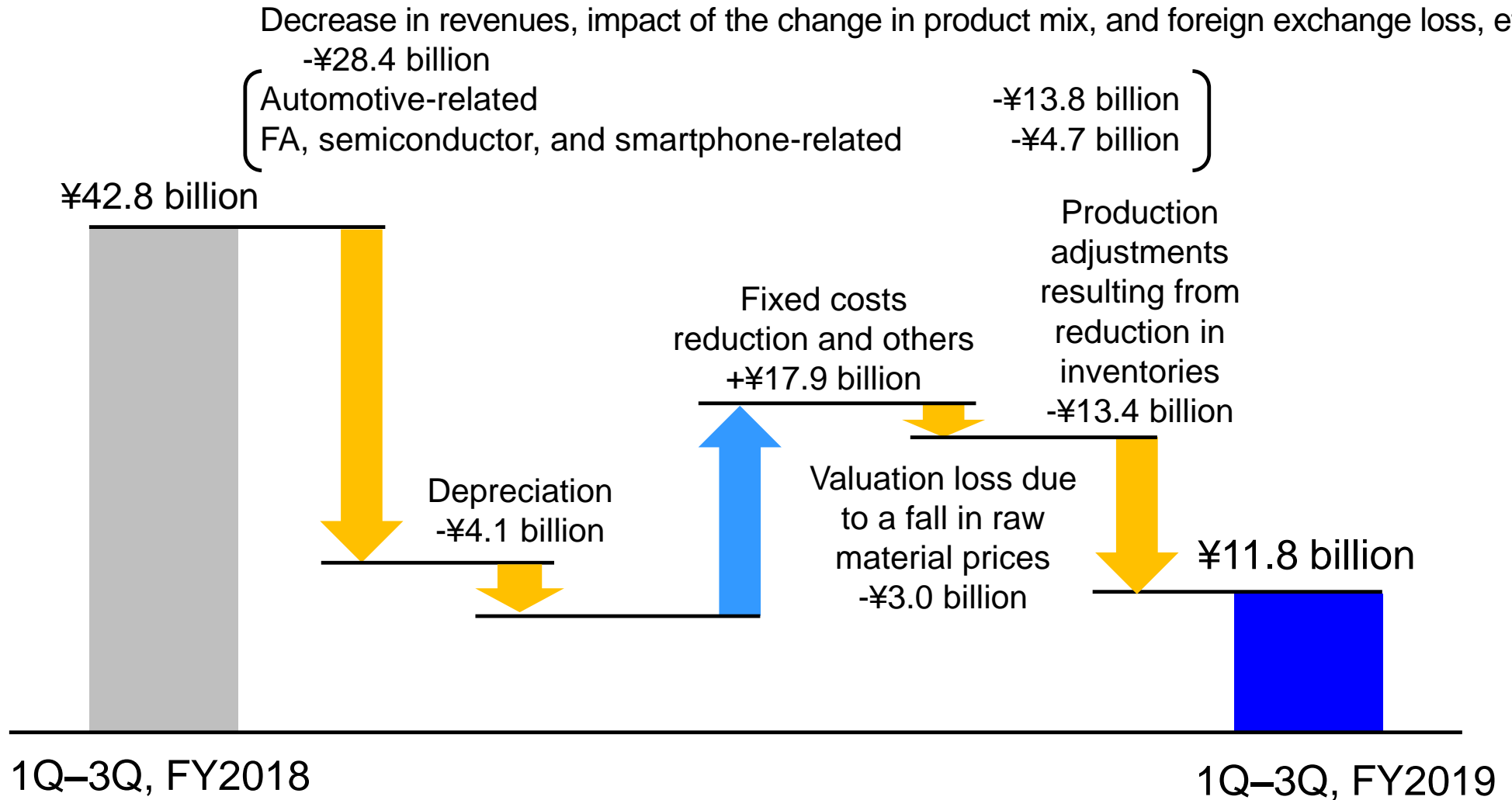
Sales by region

¥ billions		Japan	North America	China	Other Asian countries	Europe	Other
1Q–3Q, FY2018	Revenues	342.2	231.9	59.9	94.8	37.7	9.0
	Sales ratio	44%	30%	8%	12%	5%	1%
1Q–3Q, FY2019	Revenues	309.2	185.8	49.6	78.6	32.7	15.1
	Sales ratio	46%	28%	7%	12%	5%	2%
	Revenues (YoY)	-10%	-20%	-17%	-17%	-13%	+68%

1-3. Factors Behind Increase/Decrease in Revenues (Year-on-Year)



1-4. Factors Behind Increase/Decrease in Adjusted Operating Income (Year-on-Year)



2-1. Operating Results by Segment for the First Nine Months of Fiscal Year 2019

¥ billions Profit margin in brackets			FY2018		FY2019				Changes		
			3Q	1Q-3Q	1Q	2Q	3Q	1Q-3Q	Quarter-on-Quarter	Year-on-Year	
			US\$1 = ¥113 € 1 = ¥129 1 yuan = ¥16.3	US\$1 = ¥111 € 1 = ¥129 1 yuan = ¥16.6	US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	US\$1 = ¥107 € 1 = ¥119 1 yuan = ¥15.3	US\$1 = ¥109 € 1 = ¥120 1 yuan = ¥15.5	US\$1 = ¥109 € 1 = ¥121 1 yuan = ¥15.6	vs2Q	3Q	1Q-3Q
Advanced Metals	Specialty Steel Products	Revenues	69.4	210.0	63.7	63.6	62.4	189.7	-2%	-10%	-10%
		Adjusted operating income	[6.5%] 4.5	[9.4%] 19.7	[0.8%] 0.5	[-0.2%] -0.1	[4.8%] 3.0	[1.8%] 3.4	+3.1	-1.5	-16.3
		Operating income of the segment	[5.6%] 3.9	[8.8%] 18.4	[1.1%] 0.7	[-0.5%] -0.3	[3.4%] 2.1	[1.3%] 2.5	+2.4	-1.8	-15.9
	Functional Components and Equipment	Revenues	91.7	276.1	83.3	74.2	69.4	226.8	-6%	-24%	-18%
		Adjusted operating income	[0.5%] 0.5	[2.7%] 7.4	[2.4%] 2.0	[-1.1%] -0.8	[-0.1%] -0.1	[0.5%] 1.1	+0.7	-0.6	-6.3
		Operating income of the segment	[-10.5%] -9.6	[-1.7%] -4.7	[2.0%] 1.7	[-1.5%] -1.1	[-2.2%] -1.5	[-0.4%] -0.9	-0.4	+8.1	+3.8
	Subtotal [◎]	Revenues	161.1	486.1	147.0	137.8	131.8	416.5	-4%	-18%	-14%
		Adjusted operating income	[3.1%] 5.0	[5.6%] 27.1	[1.7%] 2.5	[-0.7%] -0.9	[2.2%] 2.9	[1.1%] 4.5	+3.8	-2.1	-22.6
		Operating income of the segment	[-3.5%] -5.7	[2.8%] 13.7	[1.6%] 2.4	[-1.0%] -1.4	[0.5%] 0.6	[0.4%] 1.6	+2.0	6.3	-12.1
Advanced Components & Materials	Magnetic Materials and Applications / Power Electronics	Revenues	32.9	105.0	30.6	30.0	28.3	88.9	-6%	-14%	-15%
		Adjusted operating income	[1.2%] 0.4	[3.3%] 3.5	[-0.7%] -0.2	[-1.7%] -0.5	[2.8%] 0.8	[0.1%] 0.1	+1.3	+0.4	-3.4
		Operating income of the segment	[0.9%] 0.3	[8.7%] 9.1	[-0.7%] -0.2	— -43.2	[2.1%] 0.6	[-48.1%] -42.8	+43.8	+0.3	-51.9
	Wires, Cables, and Related Products	Revenues	62.1	183.1	56.0	55.0	53.9	164.9	-2%	-13%	-10%
		Adjusted operating income	[5.5%] 3.4	[5.8%] 10.6	[3.2%] 1.8	[3.5%] 1.9	[3.0%] 1.6	[3.2%] 5.3	-0.3	-1.8	-5.3
		Operating income of the segment	[5.2%] 3.2	[5.5%] 10.1	[3.4%] 1.9	[3.3%] 1.8	[3.0%] 1.6	[3.2%] 5.3	-0.2	-1.6	-4.8
	Subtotal [◎]	Revenues	95.0	288.1	86.6	85.0	82.2	253.8	-3%	-13%	-12%
		Adjusted operating income	[4.0%] 3.8	[4.9%] 14.1	[1.8%] 1.6	[1.6%] 1.4	[2.9%] 2.4	[2.1%] 5.4	+1.0	-1.4	-8.7
		Operating income of the segment	[3.7%] 3.5	[6.7%] 19.2	[2.0%] 1.7	[-48.7%] -41.4	[2.7%] 2.2	[-14.8%] -37.5	+43.6	-1.3	-56.7
Others / Adjustments	Revenues	0.4	1.3	0.4	0.1	0.1	0.7	—	—	—	
	Adjusted operating income	0.9	1.6	1.4	-0.1	0.6	1.9	+0.7	-0.3	+0.3	
	Operating income of the segment	1.0	1.7	1.1	0	0.1	1.2	+0.1	-0.9	-0.5	
Total	Revenues	256.5	775.5	234.0	222.9	214.1	671.0	-4%	-17%	-13%	
	Adjusted operating income	[3.8%] 9.7	[5.5%] 42.8	[2.4%] 5.5	[0.2%] 0.4	[2.8%] 5.9	[1.8%] 11.8	+5.5	-3.8	-31.0	
	IFRS operating income	[-0.5%] -1.2	[4.5%] 34.6	[2.2%] 5.2	[-19.2%] -42.8	[1.4%] 2.9	[-5.2%] -34.7	+45.7	+4.1	-69.3	

◎ Simple sum before eliminating intersegment revenues

Remarks: As of April 1, 2019, soft magnetic components and materials were transferred from the Specialty Steel Products segment to the Magnetic Materials and Applications segment, and the name of the Magnetic Materials and Applications segment was changed to the Magnetic Materials and Applications / Power Electronics segment.

The figures in the FY2018 actual results were adjusted retrospectively to reflect this segment change.

2-2. Operating Results by Segment: Specialty Steel Products (1)

[Revenues]

Decreased due to a decline in demand

- **Molds and tool steel**

Decreased due to a decline in demand in international markets mainly in China and inventory adjustments including domestic distribution

- **Rolls**

Rolls: Domestic sales increased

Injection molding machine parts: Decreased owing to a decline in demand since 3Q

- **Industrial equipment materials**

Decreased on the back of a decline in demand for products related to automobiles

- **Aircraft- and energy-related materials**

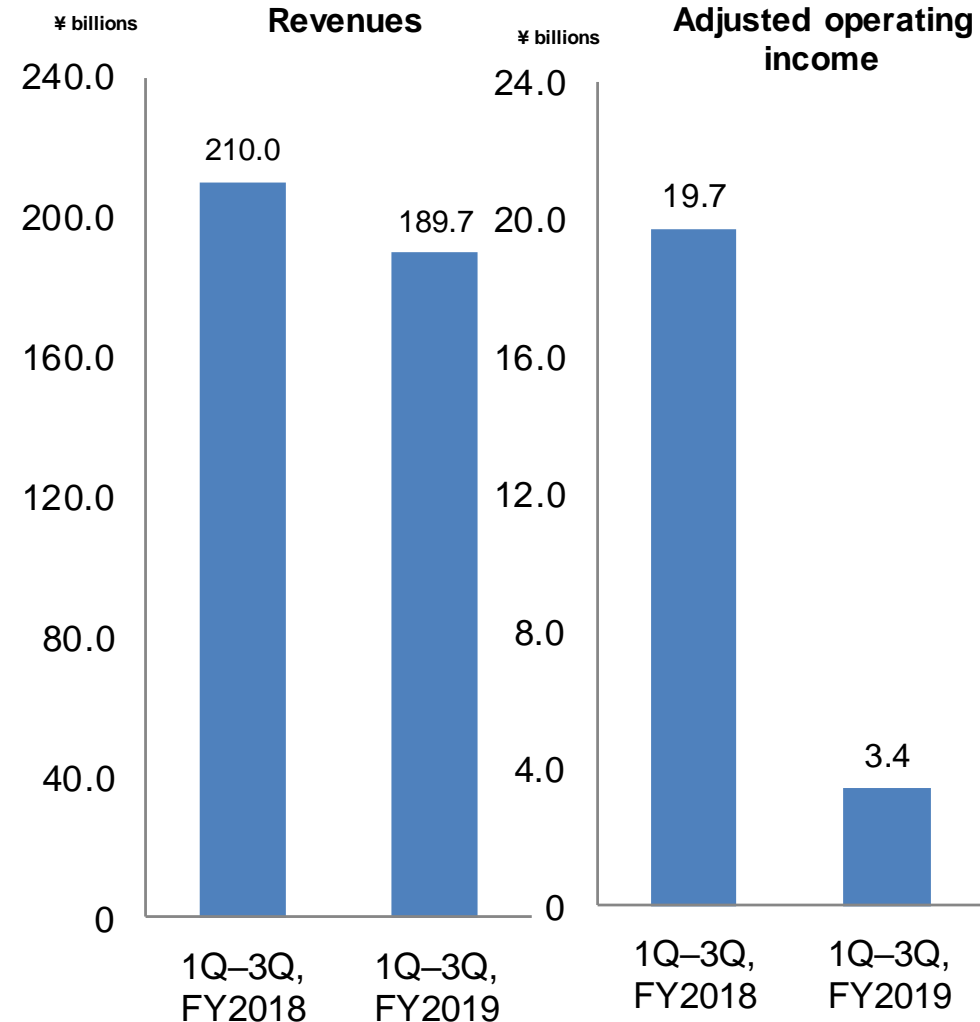
Increased due to an increase in demand for aircraft-related components and materials

- **Electronic materials**

Decreased due to a decline in demand for semiconductor package components, despite the growth in sales of organic EL panel-related materials and brisk sales of clad metals for smartphones and batteries

[Adjusted operating income]

Decreased due to a decline in demand for the mainstays including tool steel and industrial equipment materials, the effects of a fall in raw material prices and the reduction of work in process in line with demand, among other factors



2-3. Operating Results by Segment: Specialty Steel Products (2)

¥ billions		FY2018		FY2019				Changes		
		3Q	1Q-3Q	1Q	2Q	3Q	1Q-3Q	Quarter-on-Quarter	Year-on-Year	
		US\$1 = ¥113 € 1 = ¥129 1 yuan = ¥16.3	US\$1 = ¥111 € 1 = ¥129 1 yuan = ¥16.6	US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	US\$1 = ¥107 € 1 = ¥119 1 yuan = ¥15.3	US\$1 = ¥109 € 1 = ¥120 1 yuan = ¥15.5	US\$1 = ¥109 € 1 = ¥121 1 yuan = ¥15.6	2Q	3Q	1Q-3Q
Specialty Steel Products	Revenues	69.4	210.0	63.7	63.6	62.4	189.7	-2%	-10%	-10%
	Molds and tool steel [□]							-9%	-20%	-16%
	Rolls [□]							+5%	+2%	+5%
	Industrial equipment materials [□]							-5%	-16%	-15%
	Aircraft- and energy-related materials [□]							-1%	+3%	+14%
	Electronic materials [□]							+3%	-6%	-10%
	Adjusted operating income	4.5	19.7	0.5	-0.1	3.0	3.4	+3.1	-1.5	-16.3
	Adjusted operating margin	6.5%	9.4%	0.8%	-0.2%	4.8%	1.8%	+5.0%	-1.7%	-7.6%
Operating income of the segment	3.9	18.4	0.7	-0.3	2.1	2.5	+2.4	-1.8	-15.9	

□ Indicates the change in revenues calculated by a simplified method

2-4. Operating Results by Segment: Functional Components and Equipment (1)

[Revenues]

Decreased due to a drop in automotive sales and the withdrawal from the aluminum wheel business

▪ Casting components for automobiles

Cast iron products:

Decreased due to a continued decline in demand for light trucks and passenger vehicles in North America, as well as a fall in sales of cast iron products for commercial vehicles and construction and agricultural machinery since the beginning of 3Q

Heat-resistant exhaust casting components:

Decreased mainly due to a drop in sales of new vehicles and careful selection of orders in order to improve earnings

▪ Piping components

Pipe fittings:

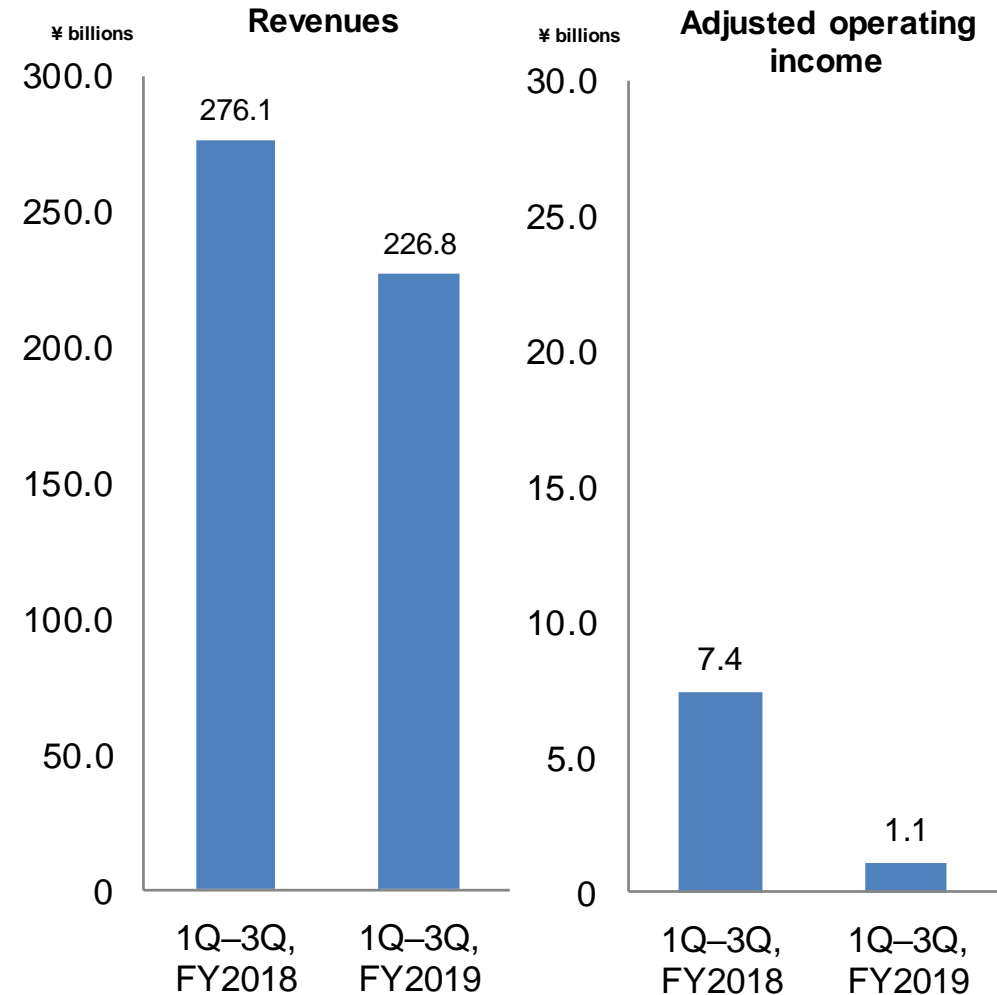
Both domestic and international sales remained unchanged year on year

Semiconductor manufacturing equipment:

Decreased due to the delay of some capital investment projects

[Adjusted operating income]

Decreased largely due to a decrease in sales from the automotive casting components business in North America, which is the segment's core business, and continuously stagnant sales of semiconductor manufacturing equipment



2-5. Operating Results by Segment: Functional Components and Equipment (2)

¥ billions		FY2018		FY2019				Changes		
		3Q	1Q-3Q	1Q	2Q	3Q	1Q-3Q	Quarter-on-Quarter	Year-on-Year	
		US\$1 = ¥113 € 1 = ¥129 1 yuan = ¥16.3	US\$1 = ¥111 € 1 = ¥129 1 yuan = ¥16.6	US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	US\$1 = ¥107 € 1 = ¥119 1 yuan = ¥15.3	US\$1 = ¥109 € 1 = ¥120 1 yuan = ¥15.5	US\$1 = ¥109 € 1 = ¥121 1 yuan = ¥15.6	vs2Q	3Q	1Q-3Q
Functional Components and Equipment	Revenues	91.7	276.1	83.3	74.2	69.4	226.8	-6%	-24%	-18%
	Casting components for automobiles [®]	78.9	239.7	72.2	62.8	57.0	192.0	-9%	-28%	-20%
	Waupaca Foundry, Inc. [®]	53.0	161.8	53.0	45.4	39.1	137.5	-14%	-26%	-15%
	Cast iron products [Waupaca] (weight)							-14%	-19%	-11%
	Cast iron products [Others] (weight)							+2%	-8%	-4%
	Heat-resistant exhaust casting components (HERCUNITE™) (weight)							-5%	-11%	-21%
	Piping components [®]	12.8	36.3	11.1	11.3	12.4	34.8	+10%	-3%	-4%
	Adjusted operating income	0.5	7.4	2.0	-0.8	-0.1	1.1	+0.7	-0.6	-6.3
	Adjusted operating margin	0.5%	2.7%	2.4%	-1.1%	-0.1%	0.5%	+1.0%	-0.6%	-2.2%
	Operating income of the segment	-9.6	-4.7	1.7	-1.1	-1.5	-0.9	-0.4	+8.1	+3.8

©Simple sum before eliminating intersegment revenues

2-6. Operating Results by Segment:

Magnetic Materials and Applications / Power Electronics (1)



[Revenues]

Decreased due to a decrease in demand for magnetic materials and applications for FA, robots, and automotive applications

▪ Magnetic materials and applications

Rare earth magnets:

Demand for FA/robots declined significantly.

Demand for automotive components also decreased.

Ferrite magnets:

Demand for automotive components decreased.

▪ Power electronics materials

Soft magnetic materials and the applied products:

Demand related to EVs increased although demand related to transformers and some components for the use of consumer equipment decreased

Ceramic components:

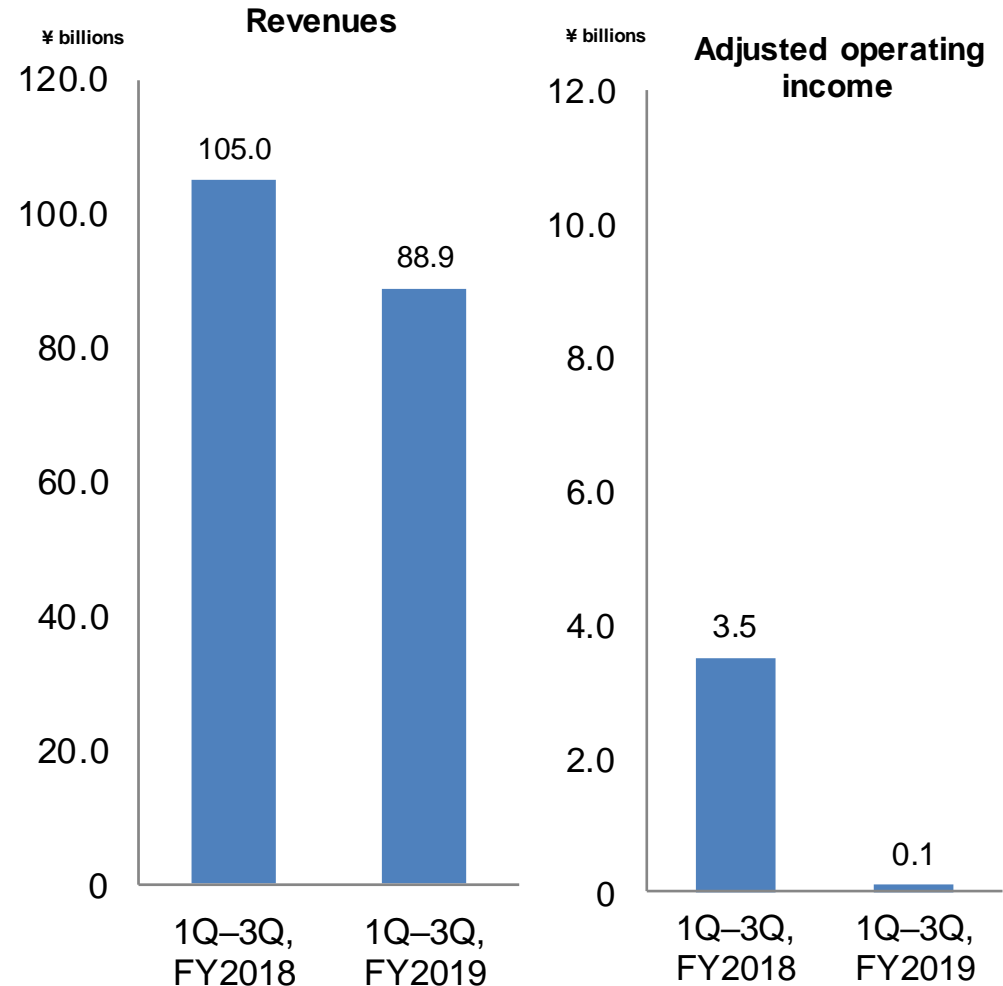
Increased due to an increase in demand mainly for the use of automotive electronic components and medical and security-related devices

[Adjusted operating income]

Decreased due to a decrease in demand for magnetic materials and applications

[Operating income of the segment]

Decreased as a result of the posting of impairment losses of ¥42.6 billion (property, plant and equipment: ¥22.6 billion, goodwill: ¥20.0 billion), in addition to a decline in demand for magnetic materials and applications



2-7. Operating Results by Segment:

Magnetic Materials and Applications / Power Electronics (2)

¥ billions		FY2018		FY2019				Changes		
		3Q	1Q-3Q	1Q	2Q	3Q	1Q-3Q	Quarter-on-Quarter	Year-on-Year	
		US\$1 = ¥113 € 1 = ¥129 1 yuan = ¥16.3	US\$1 = ¥111 € 1 = ¥129 1 yuan = ¥16.6	US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	US\$1 = ¥107 € 1 = ¥119 1 yuan = ¥15.3	US\$1 = ¥109 € 1 = ¥120 1 yuan = ¥15.5	US\$1 = ¥109 € 1 = ¥121 1 yuan = ¥15.6	vs2Q	3Q	1Q-3Q
Magnetic Materials and Applications/ Power Electronics	Revenues	32.9	105.0	30.6	30.0	28.3	88.9	-6%	-14%	-15%
	Magnetic materials and applications [©]	23.4	76.9	21.2	20.7	19.2	61.1	-7%	-18%	-21%
	Rare earth magnets (weight)							-5%	-12%	-12%
	Ferrite magnets (weight)							0%	-9%	-11%
	Power Electronics Materials [©]	9.5	28.2	9.4	9.3	9.1	27.8	-2%	-4%	-1%
	Adjusted operating income	0.4	3.5	-0.2	-0.5	0.8	0.1	+1.3	+0.4	-3.4
	Adjusted operating margin	1.2%	3.3%	-0.7%	-1.7%	2.8%	0.1%	+4.5%	+1.6%	-3.2%
	Operating income of the segment	0.3	9.1	-0.2	-43.2	0.6	-42.8	+43.8	+0.3	-51.9

© Simple sum before eliminating intersegment revenues

2-8. Operating Results by Segment: Wires, Cables, and Related Products (1)

[Revenues]

Decreased mainly in automotive electronic components and FA/robots.

▪ Electric wires and cables

Medical use:

Sales of both tubes and cables increased.

Wires for rolling stock:

Decreased as large-scale projects entered the in-between season

Magnet wires:

Decreased both for automotive and industrial applications

Electronic wires:

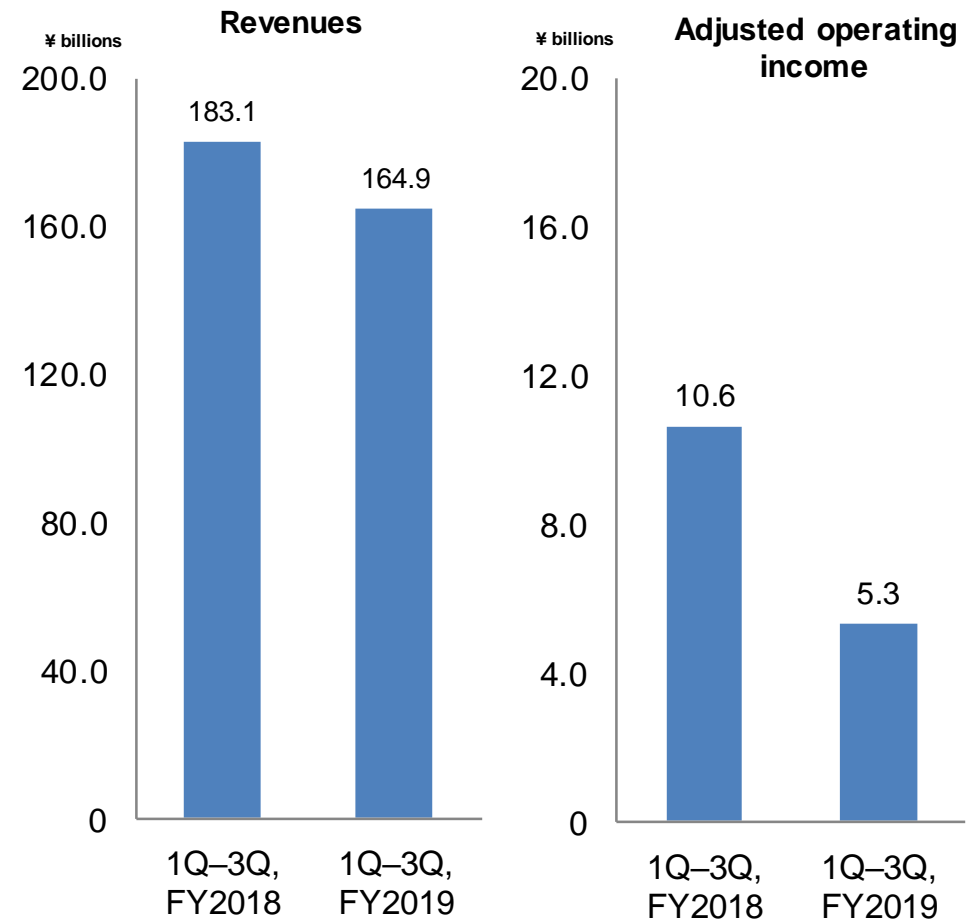
Decreased mainly for the use of FA/robots

▪ Automotive components

Demand fell for both automotive electronic components and brake hoses due to a decrease in new vehicle sales in the worldwide markets

[Adjusted operating income]

Decreased mainly due to a decline in demand



2-9. Operating Results by Segment: Wires, Cables, and Related Products (2)

¥ billions		FY2018		FY2019				Changes		
		3Q	1Q-3Q	1Q	2Q	3Q	1Q-3Q	Quarter-on-Quarter	Year-on-Year	
		US\$1 = ¥113 € 1 = ¥129 1 yuan = ¥16.3	US\$1 = ¥111 € 1 = ¥129 1 yuan = ¥16.6	US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	US\$1 = ¥107 € 1 = ¥119 1 yuan = ¥15.3	US\$1 = ¥109 € 1 = ¥120 1 yuan = ¥15.5	US\$1 = ¥109 € 1 = ¥121 1 yuan = ¥15.6	vs2Q	3Q	1Q-3Q
Wires, Cables, and Related Products	Revenues	62.1	183.1	56.0	55.0	53.9	164.9	-2%	-13%	-10%
	Focus sectors									
	Rolling stock [□]							+6%	-10%	-20%
	Medical devices [□]							-8%	+8%	+9%
	Automotive electronic components [□]							-6%	-21%	-12%
	FA/robots [□]							+1%	-30%	-42%
	Magnet wires [□]							-5%	-24%	-22%
	Adjusted operating income	3.4	10.6	1.8	1.9	1.6	5.3	-0.3	-1.8	-5.3
	Adjusted operating margin	5.5%	5.8%	3.2%	3.5%	3.0%	3.2%	-0.5%	-2.5%	-2.6%
Operating income of the segment	3.2	10.1	1.9	1.8	1.6	5.3	-0.2	-1.6	-4.8	

□ Indicates the change in revenues calculated by a simplified method

Sales proportion of the focus sectors: 1Q-3Q, FY2018: 42%
1Q-3Q, FY2019: 39%

3. Assets, Liabilities, and Net Assets

¥ billions	March 31, 2019 US\$1 = ¥111 € 1 = ¥125 1 yuan = ¥16.5	December 31, 2019 US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥15.7	Change
Total assets	1,099.3	1,025.1	-74.2
Trade receivables	195.3	183.5	-11.8
Inventories	214.8	192.9	-21.9
Total liabilities	504.1	489.5	-14.6
Interest-bearing debt	202.1	228.1	+26.0
Equity attributable to shareholders of the parent company	588.0	531.9	-56.1
Non-controlling interests	7.2	3.7	-3.5
Equity attributable to shareholders of the parent company ratio	53.5%	51.9%	-1.6%
D/E ratio (times)	0.34	0.43	+0.09

- Inventories decreased by ¥21.9 billion through the improvement measures.
- Interest-bearing debts increased by ¥26.0 billion mainly due to the effect of the first year in which IFRS 16 “Leases” was adopted (¥17.4 billion), in addition to short-term funding.

4. Consolidated Cash Flows

¥ billions	1Q–3Q, FY2018	1Q–3Q, FY2019	Year-on-Year
Cash flows from operating activities (Operating CF)	27.8	57.4	+29.6
Cash flows from investing activities (Investing CF)	-74.3	-48.0	+26.3
Free cash flows (FCF)	-46.5	9.4	+55.9
Core free cash flows*	-49.4	9.3	+58.7

* Core free cash flows = Cash flows from operating activities – Capital expenditure

Free cash flow improved by ¥55.9 billion year on year, through measures such as reducing working capital and selecting investments more carefully.

Reference Data (1)

¥ billions	FY2015	FY2016	FY2017	FY2018	FY2018	FY2018	FY2018	FY2018	FY2018	FY2018	FY2019	FY2019	FY2019	FY2019	FY2019
	US\$1 = ¥120	US\$1 = ¥108 € 1 = ¥119 1 yuan = ¥16.1	US\$1 = ¥111 € 1 = ¥130 1 yuan = ¥16.8	US\$1 = ¥109 € 1 = ¥130 1 yuan = ¥17.1	US\$1 = ¥111 € 1 = ¥130 1 yuan = ¥16.4	US\$1 = ¥113 € 1 = ¥129 1 yuan = ¥16.3	US\$1 = ¥111 € 1 = ¥129 1 yuan = ¥16.6	US\$1 = ¥110 € 1 = ¥125 1 yuan = ¥16.3	US\$1 = ¥111 € 1 = ¥128 1 yuan = ¥16.5	US\$1 = ¥110 € 1 = ¥123 1 yuan = ¥16.1	US\$1 = ¥107 € 1 = ¥119 1 yuan = ¥15.3	US\$1 = ¥109 € 1 = ¥120 1 yuan = ¥15.5	US\$1 = ¥109 € 1 = ¥121 1 yuan = ¥15.6	US\$1 = ¥107	
				1Q (Apr–Jun)	2Q (Jul–Sep)	3Q (Oct–Dec)	1Q–3Q	4Q (Jan–Mar)			1Q (Apr–Jun)	2Q (Jul–Sep)	3Q (Oct–Dec)	1Q–3Q	Forecast
Revenues	1,017.6	910.5	988.3	259.7	259.3	256.5	775.5	247.9	1,023.4	234.0	222.9	214.1	671.0	895.0	
Adjusted operating income ^{*1}	76.1	66.0	65.1	16.0	17.1	9.7	42.8	8.6	51.4	5.5	0.4	5.9	11.8	14.0	
Adjusted operating margin	7.5%	7.2%	6.6%	6.2%	6.6%	3.8%	5.5%	3.5%	5.0%	2.4%	0.2%	2.8%	1.8%	1.6%	
Other income	36.4	14.1	5.4	6.8	0.9	1.0	8.7	2.0	10.7	0.9	0.9	0.8	2.6		
Other expenses	-12.5	-11.8	-24.2	-2.2	-2.8	-11.9	-16.9	-2.8	-19.7	-1.2	-44.1	-3.8	-49.1		
IFRS operating income	100.0	68.3	46.3	20.6	15.2	-1.2	34.6	7.8	42.4	5.2	-42.8	2.9	-34.7		
EBIT	99.1	68.5	48.9	21.9	16.3	-1.2	37.0	8.3	45.3	5.1	-42.6	3.5	-34.0	-41.0	
Income before income taxes	96.2	66.0	47.0	21.4	15.8	-1.9	35.3	7.7	43.0	4.5	-43.2	3.0	-35.7	-43.5	
Net income attributable to shareholders of the parent company	69.1	50.6	42.2	17.0	11.1	-1.1	27.0	4.4	31.4	3.2	-44.2	2.1	-38.9	-47.0	
Interest-bearing debt	220.4	194.5	160.8	183.4	201.4	218.3	218.3	202.1	202.1	239.0	227.0	228.1	228.1		
Capital expenditure	59.6	63.8	91.8	22.7	21.7	27.0	71.4	24.0	95.4	11.6	13.6	14.6	39.8	50.0	
Depreciation	42.9	43.0	46.1	12.2	12.6	13.1	37.9	13.0	50.9	13.9	14.2	13.5	41.6	55.5	
R&D expenses	19.1	18.0	17.7	4.5	4.8	4.6	13.9	4.7	18.6	4.0	4.2	4.0	12.2	17.5	
D/E ratio (times)	0.44	0.36	0.29	0.32	0.34	0.37	0.37	0.34	0.34	0.42	0.43	0.43	0.43	0.38	
Earnings per share (basic) (yen)	161.50	118.32	98.72	39.82	26	-2.65	63.16	73.37	73.37	7.58	-103.45	4.81	-91.06	-109.92	
Dividend per share (yen)	26.0	26.0	26.0		17.0		17.0	17.0	34.0		13.0		13.0	26.0	
Equity per share attributable to shareholders of the parent company (yen)	1,159.7	1,254.9	1,316.1	1,357.4	1,398.6	1,362.9	1,362.9	1,375.2	1,375.2	1,345.9	1,238.3	1,244.0	1,244.0	1,211.2	
Employees	29,157	28,754	30,390	31,086	31,016	31,173	31,173	30,304	30,304	30,354	30,201	30,016	30,016	30,200	
ROIC ^{*2}	9.6%	7.0%	5.8%						4.1%					-6.2%	
ROE ^{*3}	14.4%	9.8%	7.7%						5.5%					-8.5%	
ROA ^{*4}	6.5%	4.9%	4.0%						2.9%					-4.5%	
CCC ^{*5}	62.3	71.1	82.7						90.7					87.8	
Overseas sales ratio	56%	56%	56%	57%	56%	55%	56%	57%	56%	55%	54%	53%	54%	55%	

*1 Adjusted operating income = Revenues – Sales cost – Selling, general, & administrative expenses

*2 Rate of Return on Invested Capital (ROIC) = Net income attributable to shareholders of the parent company / (Average of beginning and end-year interest-bearing debts + Average of beginning and end-year equity attributable to shareholders of the parent company)

*3 Return on equity attributable to shareholders of the parent company (ROE) = Net income attributable to shareholders of the parent company / Average of beginning and end-year equity attributable to shareholders of the parent company * 100

*4 Return on total assets (ROA) = Net income attributable to shareholders of the parent company / Average of beginning and end-year total assets * 100

*5 Cash Conversion Cycle (CCC) = Working capital (Trade receivables + Inventories – Debts) / Daily average revenues

Reference Data (2)

Major products' volume trends (weight basis) Index numbers calculated by taking the value of 1Q FY2018 as 100

Product		FY2017				FY2018				FY2019		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Specialty Steel Products	Molds and tool steel	101	94	92	99	100	98	87	87	80	82	80
	CVT belt materials	93	104	109	119	100	106	112	100	99	87	96
	Piston ring materials	98	91	90	96	100	96	98	93	89	78	90
	Organic EL-related materials	49	80	85	106	100	87	87	79	95	123	176
Functional Components and Equipment	Cast iron products [Waupaca]	99	90	84	97	100	94	89	96	94	85	73
	Cast iron products [Others]	100	95	99	97	100	96	103	96	101	92	95
	Heat-resistant exhaust casting components (HERCUNITE™)	99	97	104	100	100	88	82	71	63	77	73
Magnetic Materials and Applications / Power Electronics	Rare earth magnets	101	103	107	100	100	100	93	87	91	86	82
	Ferrite magnets	104	103	102	99	100	97	94	91	87	85	85
	Amorphous metals Metglas®	95	72	100	103	100	87	84	90	87	73	67
Wires, Cables, and Related Products	Automotive electronic components*	89	93	100	106	100	109	113	98	99	97	92


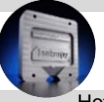










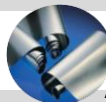




*Figures for automotive electronic components represent the index of revenues (amount excluding the effects of foreign exchange rates) calculated by a simplified method.

Revenues

¥ billion	FY2018		FY2019			
	3Q	1Q-3Q	1Q	2Q	3Q	1Q-3Q
Roll business	6.3	17.8	6.2	6.1	6.4	18.7

(For reference) Business Operations by Market (From April 2019)

Business Portfolio

Business Divisions	Business Segments	Industrial Infrastructure	Automobiles	Electronics
Advanced Metals	Specialty Steel Products	Tool Steel & Rolls  Rolls for steel mills  Hot molds and tool steel		
	Functional Components and Equipment	Industrial, Aircraft & Energy Materials  Turbine case  CVT belt materials		Electronic Materials  Lead frame materials  Clad metals
		Piping Components  Pipe fittings  Polyethylene gas piping systems	Casting Components for Automobiles  Cast iron products  HERCUNITE™, heat-resistant exhaust casting components	
Advanced Components & Materials	Magnetic Materials and Applications/ Power Electronics	Magnetic Materials and Applications  Neodymium magnets, NEOMAX®  Ferrite magnets, NMF™		
	Wires, Cables, and Related Products	Power Electronics Materials  Amorphous metals, Metglas®  Silicon nitride substrate		
		Electric Wires and Cables  Cables for rolling stock  Cables for FA/industrial robots		Automotive Components  Harnesses for electric parking brakes

(For reference) Business Operations of Hitachi Metals (From April 2019)

■ Business Operations

Business Divisions	Business Segments	Business	Principal Products
Advanced Metals	Specialty Steel Products	Tool Steel & Rolls	Molds and tool steel, various rolls for steel mills, injection molding machine parts, structural ceramic products, and steel-frame joints for construction
		Industrial, Aircraft & Energy Materials	Automobile-related materials, razor and blade materials, precision cast components, and aircraft- and energy-related materials
		Electronic Materials	Display-related materials, semiconductor and other package materials, and battery-related materials
	Functional Components and Equipment	Casting Components for Automobiles	HNM™ high-grade ductile cast iron products, cast iron products for transportation equipment, HERCUNITE™ heat-resistant exhaust casting components, and aluminum components
		Piping Components	Piping and infrastructure components (Gourd™ Gourd brand pipe fittings, various valves, stainless steel and plastic piping components, water cooling equipment, precision mass flow control devices, and sealed expansion tanks)
Advanced Components & Materials	Magnetic Materials and Applications/ Power Electronics	Magnetic Materials and Applications	NEOMAX® rare-earth magnets, ferrite magnets, other various magnets and their applied products
		Power Electronics Materials	Soft magnetic materials (Metglas® amorphous metals, FINEMET® nanocrystalline magnetic materials, soft ferrite) and its applied products, and ceramic components
	Wires, Cables, and Related Products	Electric Wires & Cables	Industrial cables, electronic wires, electric equipment materials, cable assemblies, and industrial rubber products
		Automotive Components	Automotive electronic components and brake hoses

The Group's business results are disclosed by business segment.

This document contains forward-looking statements, such as results forecasts, management plans and dividend forecasts, that are not historical facts.

All such forward-looking statements are based upon all available information and upon assumptions and projections that were deemed reasonable at the time the Company prepared this document.

Changes to the underlying assumptions or circumstances could cause the actual results to differ substantially.

The factors causing such differences include, but are not limited to, the following:

- Risks associated with market conditions related to product demand
- Risks associated with changes in raw material prices
- Risks associated with financing activities
- Risks associated with changes in foreign exchange rates
- Risks associated with changes in the value of securities
- Risks associated with the global expansion of businesses
- Risks associated with competitiveness and development and commercialization of new technologies and products
- Risks associated with intellectual property rights
- Risks associated with environmental regulations
- Risks associated with product defects
- Risks associated with laws and regulations, and official regulations
- Risks associated with earthquakes and other natural disasters
- Risks associated with information security
- Risks associated with retirement benefit obligations
- Risks associated with relationship with the parent company
- Risks associated with M&A
- Risks associated with securing talent