

Hitachi Metals

Financial Results for Fiscal Year Ended March 31, 2016

Operating Results Forecast for Fiscal Year Ending March 31, 2017

April 27, 2016

1	Overview of Operating Results for FY2015 (Fiscal Year Ended Mar. 31, 2016)
2	Operating Results Forecast for FY2016 (Fiscal Year Ending Mar. 31, 2017)
3	Recap of the FY2015 Medium-Term Management Plan

Trend in demand

Overall demand has been weak in the face of the sense of stagnation in the global economy. Deceleration of the Chinese economy became strikingly evident from the start of the year onward, and the number of indicators pointing to deterioration in the business environment is rising, including appreciation of the yen and the decline in the price of crude oil.

- Automotive-related demand was strong in the U.S., while demand remained sluggish in Japan, China, and some emerging countries.
- Industrial infrastructure-related demand for steel products weakened as subcompact car production was cut and inventory adjustments were made in response to deteriorating demand in Asia; infrastructure-related demand also suffered from flat housing starts and deterioration in public spending in Japan.
- Demand for magnetic materials and applications and information systems-related demand remained sluggish.

Special factors

A non-recurring gain resulting from portfolio restructuring was posted.

- There was a gain of ¥30.2 billion on business restructuring (¥27 billion of which was related to the sale of shares in the former Hitachi Tool Engineering, Ltd.)

1-2. FY2015 Overview of Operating Results (1)

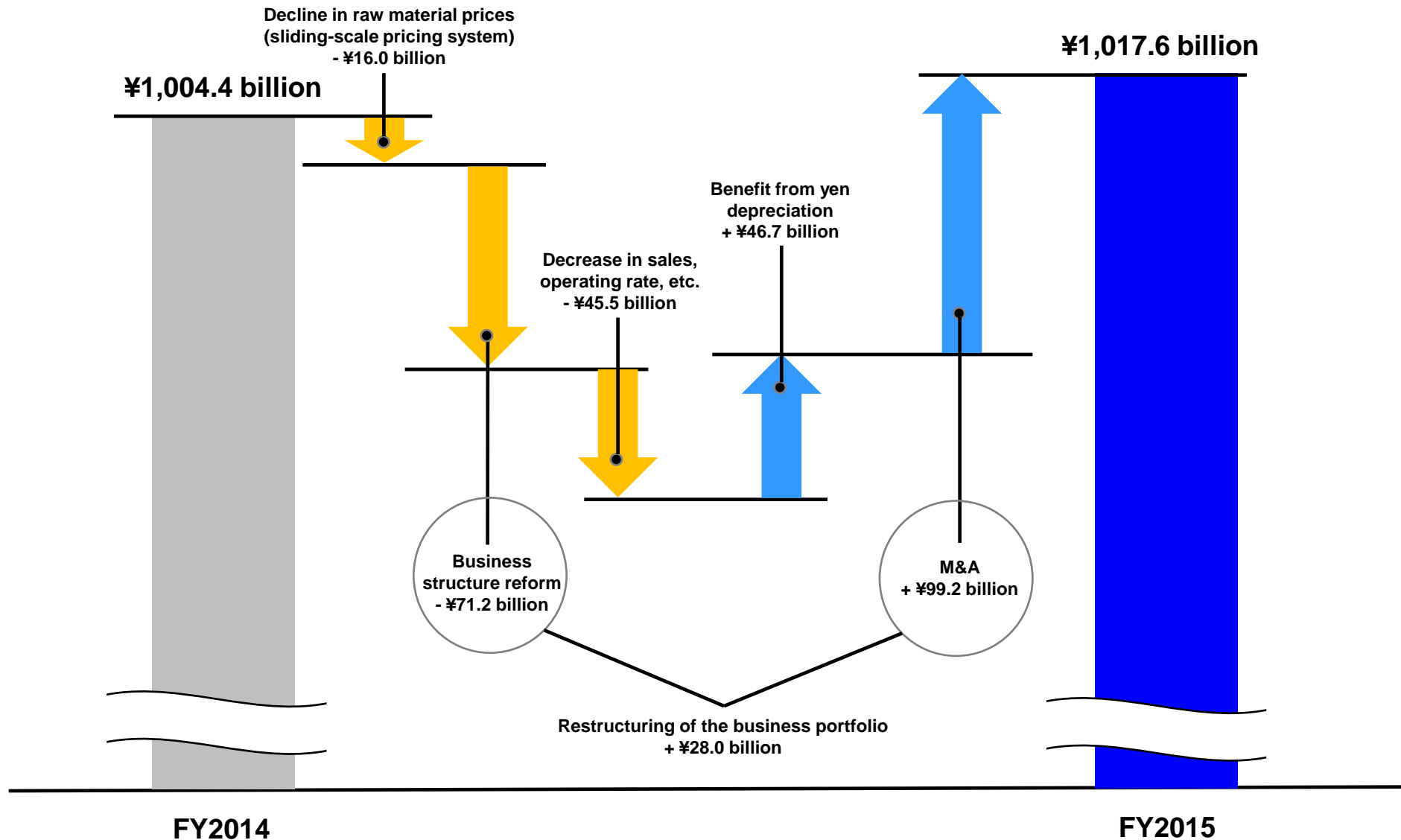
(¥billions) Profit margin in rectangular brackets ([]). Angular brackets (< >) indicate figures disclosed on October 27, 2015.	FY2014 business performance US\$1 = ¥109.93	FY2015 business performance US\$1 = ¥120.14	Change	
Revenues	1,004.4	<1,040.0> 1,017.6	+1%	Revenues were negatively impacted by the decline in demand resulting from the deterioration in the economic environment, but restructuring of the business portfolio and the benefit from yen depreciation sustain overall revenues on par with last year.
Adjusted operating income	84.4 [8.4%]	<77.0> 76.1 [7.5%]	-8.3	Declined by ¥8.3 billion from last year despite improvements derived from portfolio restructuring and the beneficial effect from yen depreciation, due to a decline in revenues for magnetic materials and applications and products related information systems, etc.
Other income	21.3	36.4	+15.1	Income of ¥30.2 billion from business restructuring and other factors was posted (¥27.0 billion of this was related to the sale of shares in the former Hitachi Tool Engineering, Ltd.)
Other expenses	(21.3)	(12.5)	+8.8	
Operating income	84.4 [8.4%]	<100.0> 100.0 [9.8%]	+15.6	
Financial income (expences)	2.0	(3.8)	-5.8	
Income before income taxes	86.4	96.2	+9.8	
Income taxes	(14.5)	(27.2)	-12.7	
Net income	71.9	69.0	-2.9	
Net income attributable to shareholders of the parent company	70.6	69.1	-1.5	

1-3. FY2015 Overview of Operating Results (2)

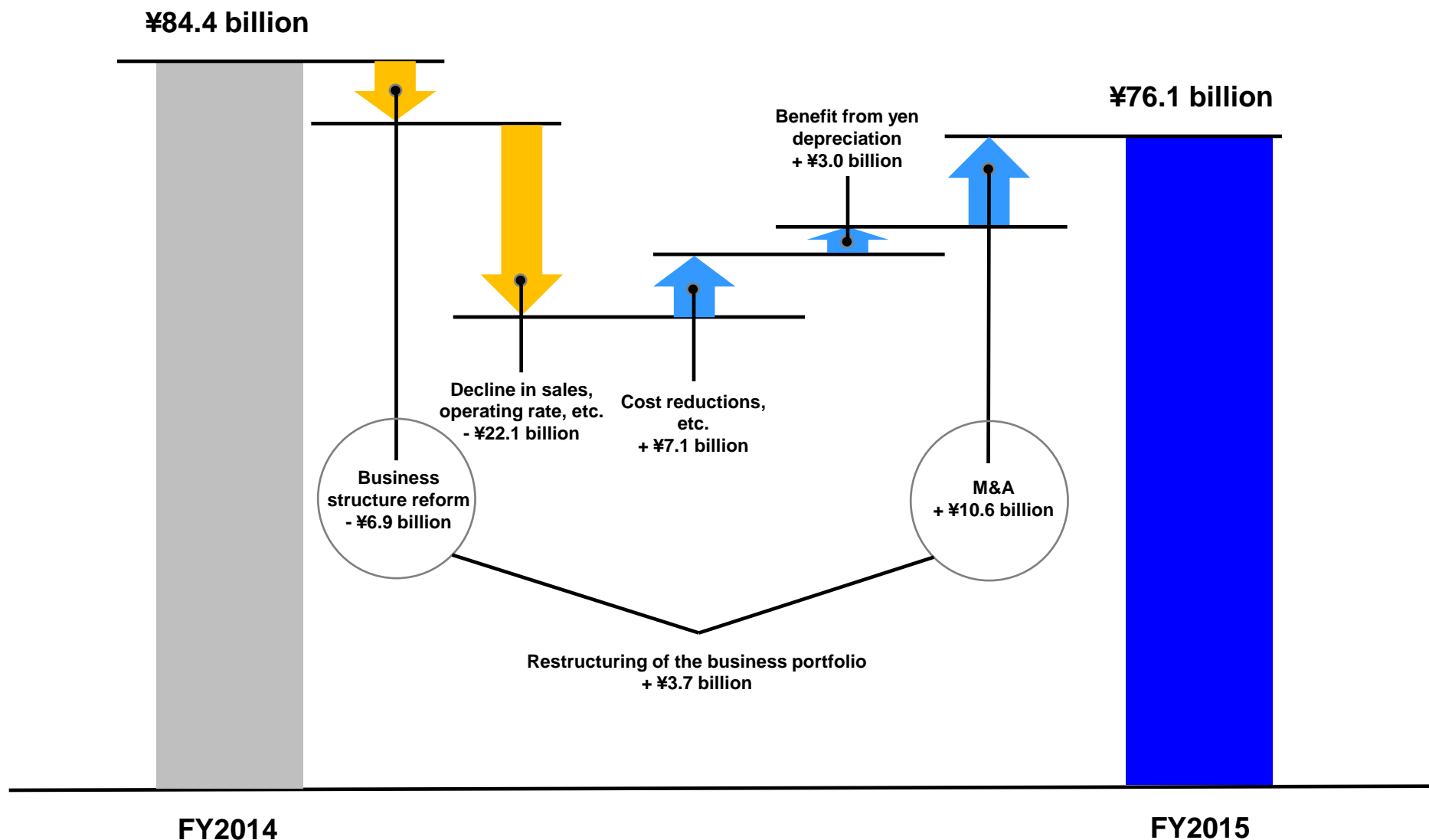
(¥billions)	FY2014 business performance US\$1 = ¥109.93	FY2015 business performance US\$1 = ¥120.14	Change	
Total assets	1,083.5	1,033.3	-50.2	
Equity attributable to shareholders of the parent company	466.4	495.9	+29.5	
Interest-bearing debt	255.4	220.4	-35.0	
D/E ratio (times)	0.55	0.44	-0.11	
ROE	16.8%	14.4%	-2.4%	
Percentage of revenues from overseas markets ^{*1}	48%	56%	+8%	Increase from the consolidation of Waupaca Foundry, Inc., among other factors.
Employees	30,278	29,157	-1,121	

*1 Overseas revenues by region: FY2015: North America, 31%; Greater China, 7%; Other Asia, 12%; Europe, 5%; Other, 1%
 FY2014: North America, 20%; Greater China, 8%; Other Asia, 13%; Europe, 5%; Other, 1%

1-4. Factors Behind Increase/Decrease in Revenues (Compared to Last Fiscal Year)



1-5. Factors Behind Increase/Decrease in Adjusted Operating Income (Compared to Last Fiscal Year)



1-6. FY2015 Overview of Operating Results by Segment

(¥billions) Profit margin in rectangular brackets ([]).		FY2014 business performance US\$1 = ¥109.93	FY2015 business performance US\$1 = ¥120.14	Change	
High-Grade Metal Products and Materials	Revenues	260.8	242.0	-7%	Decline in both revenues and income due to the sales of shares in the former Hitachi Tool Engineering, Ltd. and exclusion of the company from consolidation, among other factors.
	Adjusted operating income	[12.6%] 32.8	[11.3%] 27.3	-5.5	
	Segment operating income	[13.3%] 34.7	[22.0%] 53.3	+18.6	¥27.0 billion in income resulting from business restructuring accompanying the sale of shares, etc. posted in the first quarter of fiscal year ended March 31, 2016.
Magnetic Materials and Applications	Revenues	135.5	119.9	-12%	Automotive-related demand was strong, however revenues declined as demand related to industrial equipment and consumer electronics declined.
	Adjusted operating income	[12.4%] 16.8	[7.9%] 9.5	-7.3	Decline in income due to the above decline in revenues and to the impact of impairment losses on raw materials, among other factors.
	Segment operating income	[8.5%] 11.5	[8.0%] 9.6	-1.9	
High-Grade Functional Components and Equipment	Revenues	282.3	365.1	+29%	Substantial increase in both revenues and income in North America due to firm demand and the consolidation of Waupaca Foundry, Inc., among other factors.
	Adjusted operating income	[7.1%] 20.1	[7.7%] 28.0	+7.9	
	Segment operating income	[10.0%] 28.1	[7.0%] 25.5	-2.6	A gain of ¥9.7 billion was posted on the transfer of shares in the former Hitachi Metals Techno, Ltd. in the fourth quarter of fiscal year ended March 31, 2015, and other factors.
Wires, Cables, and Related Products	Revenues	328.0	288.2	-12%	Decline in revenues and income owing to a decline in demand for information system-related products, despite strong demand in growth areas (railway, medical, automotive electronic components)
	Adjusted operating income	[6.3%] 20.8	[5.8%] 16.7	-4.1	
	Segment operating income	[6.0%] 19.8	[6.1%] 17.7	-2.1	Gain of ¥3.9 billion on business transfer posted in the first quarter of fiscal year ended March 31, 2015.
Other and Adjustments	Revenues	(2.2)	2.4	+4.6	
	Adjusted operating income	(6.1)	(5.4)	+0.7	
	Operating income	(9.7)	(6.1)	+3.6	
Total	Revenues	1,004.4	1,017.6	+1%	
	Adjusted operating income	[8.4%] 84.4	[7.5%] 76.1	-8.3	
	Operating income	[8.4%] 84.4	[9.8%] 100.0	+15.6	

1-7. Operating Results by Segment: High-Grade Metal Products and Materials

(¥billions) Profit margin in brackets ([]).	FY2014	FY2015	Change	Comments
Revenues	260.8	242.0	-7%	Both revenues and income declined due to the sale of shares in the former Hitachi Tool Engineering, Ltd. and exclusion of the company from consolidation, among other factors.
Adjusted operating income	[12.6%] 32.8	[11.3%] 27.3	-5.5	
Segment operating income	[13.3%] 34.7	[22.0%] 53.3	+18.6	Posted ¥27.0 billion in income from business restructuring related to above sale of shares, etc.

Overview of Revenues

■ Specialty steel

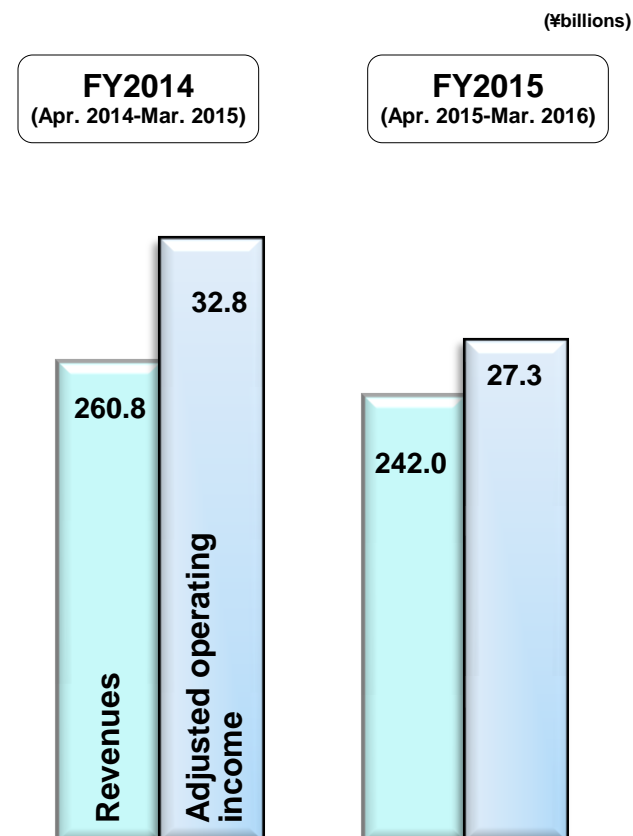
- Tool steel: Sales to Asia were impacted by the deceleration in Asian economies, but strong sales of mold materials for automobiles in Japan and progress in shifting product composition toward high value-added products resulted in revenues on par with last fiscal year.
- Materials for industrial equipment: Sales of some automotive-related components and materials continued the YoY decline seen last fiscal year, causing overall sales to decline despite growth in environmentally friendly products and continuing firm sales of other industrial components and materials overseas.
- Aircraft and energy-related materials: The substantial growth in sales resulted in part from the consolidation of Hitachi Metals MMC Superalloy, Ltd. as a consolidated subsidiary from the second quarter of fiscal year ended March 31, 2015, in addition to the continuing trend of strong demand for aircraft and energy-related materials.
- Alloys for electronic products: Sales of display-related materials and packaging materials for semiconductors and other products both recorded declines from last fiscal year.

■ Rolls

- Various types of rolls: Sales increased due to growth in exports.
- Injection molding machine parts: Strong demand for large machine parts kept sales on par with last fiscal year despite lower sales from a decrease in demand for cell phone components.

■ Amorphous Metals

Sales underperformed the same period last year due to slumping sales to China, the main market.



1-8. Operating Results by Segment: Magnetic Materials and Applications

(¥billions) Profit margin in brackets ([]).	FY2014	FY2015	Change	Comments
Revenues	135.5	119.9	-12%	Revenues declined as demand related to industrial equipment and consumer electronics declined, despite strong automotive-related demand.
Adjusted operating income	[12.4%] 16.8	[7.9%] 9.5	-7.3	Income declined due to the above decline in revenues and to the impact of an impairment loss on raw materials, among other factors.
Segment operating income	[8.5%] 11.5	[8.0%] 9.6	-1.9	

Overview of Revenues

■ Magnets

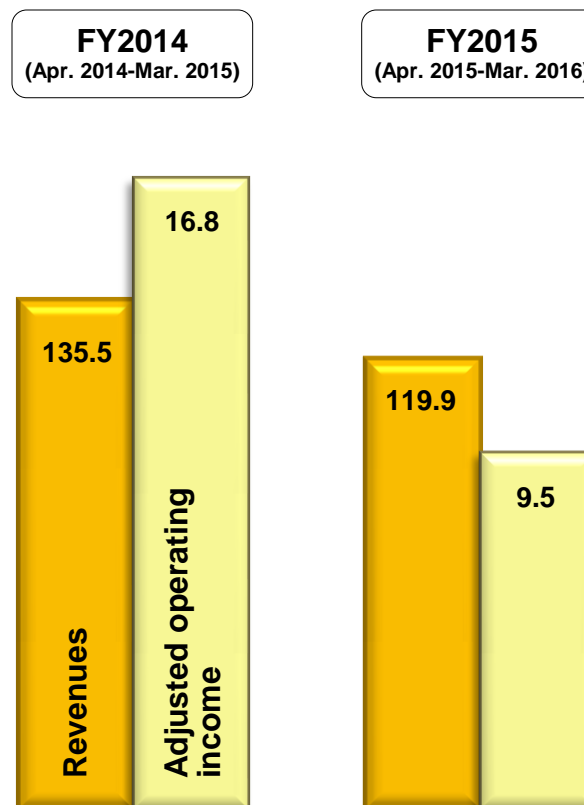
- Rare-earth magnets:
Demand was firm for automotive electronic components for automatic power steering, hybrid vehicles, and other automotive uses, however total sales of rare-earth magnets underperformed last year as demand related to industrial machinery and consumer electronics declined.
- Ferrite magnets:
Sales increased on the back of strong demand for automotive electronic components and consumer electronics parts both in Japan and overseas markets.

■ Soft magnetic materials and applied products

Sales of ferrite applied products for components used in solar power generation declined. Sales of ferrite cores also slumped as demand from China slowed.

Sales of FINEMET® declined as a result of the decline in demand for automotive electronic components and cutbacks in the production of air conditioners.

(¥billions)



1-9. Operating Results by Segment: High-Grade Functional Components and Equipment

(¥billions) Profit margin in brackets ([]).	FY2014	FY2015	Change	Comments
Revenues	282.3	365.1	+29%	Substantial increase in both revenues and income from firm demand in North America and the consolidation of Waupaca Foundry, Inc., among other factors.
Adjusted operating income	[7.1%] 20.1	[7.7%] 28.0	+7.9	
Segment operating income	[10.0%] 28.1	[7.0%] 25.5	-2.6	A gain of ¥9.7 billion was posted on the transfer of shares in the former Hitachi Metals Techno, Ltd. in the fourth quarter of fiscal year ended March 31, 2015.

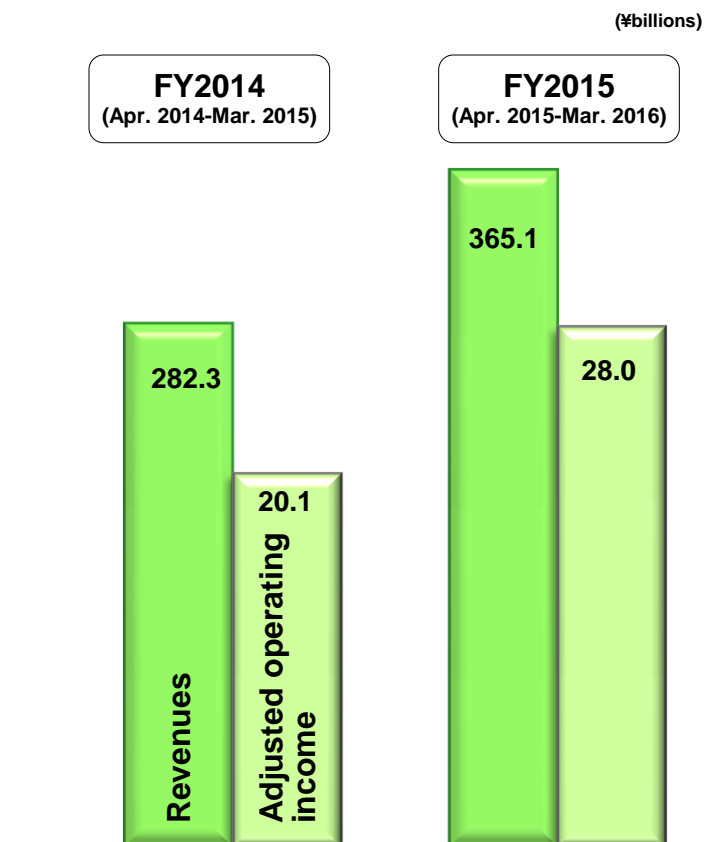
Overview of Revenues

■ Casting components for automobiles

- Cast iron products:
The consolidation of Waupaca Foundry, Inc. resulted in a substantial increase in both sales and income for automotive casting components in general.
- Heat-resistant casting components:
Demand was temporarily stagnant during the first half of the fiscal year, but sales began to increase over the same period last fiscal year during the second half as North American market sales grew along with European market sales.
- Aluminum wheels:
Strong sales, mainly in the U.S., resulted in growth over the same period last fiscal year.

■ Piping components

- Pipe fittings:
Sales to the Japanese market and overseas markets were both on par with the same period last year.
- Stainless steel and plastic piping components:
Sales were on par with last fiscal year despite strong sales for gas piping components. This was partially due to the decline in housing starts.



1-10. Operating Results by Segment: Wires, Cables, and Related Products

(¥billions) Profit margin in brackets ([]).	FY2014	FY2015	Change	Comments
Revenues	328.0	288.2	-12%	Both revenues and income declined due to the declined in demand related to information systems, despite firm demand in growth areas (railway, medical, automotive electronic components).
Adjusted operating income	[6.3%] 20.8	[5.8%] 16.7	-4.1	
Segment operating income	[6.0%] 19.8	[6.1%] 17.7	-2.1	A gain of ¥3.9 billion on a business transfer was posted during the first quarter of fiscal year ended March 31, 2015.

Overview of Revenues

■ Electric wires and cables

Revenues decreased as a result of changes made in the company's business portfolio.

Strong growth in sales of wires and cables used in rolling stock, a core area of the Group, were seen, mainly to overseas markets.

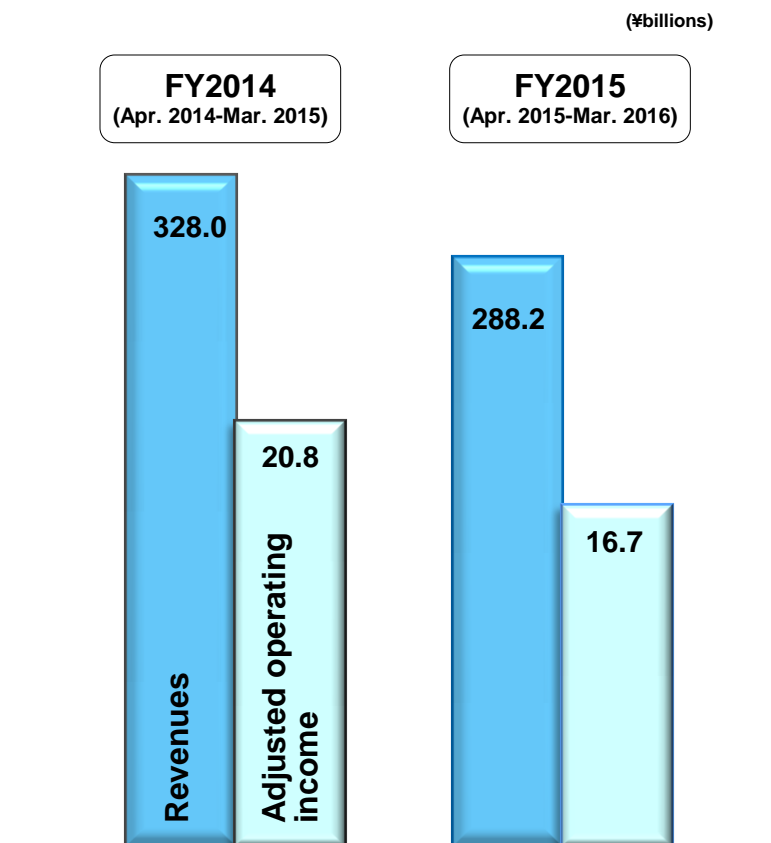
Sales of probe cables for medical use were also strong.

■ Automotive products

Sales increased over the same period last year from strong sales of both electronic components and brake hoses, supported by brisk demand for automobiles, especially in North America.

■ Information systems

Communications providers continued to refrain from capital spending, causing slow sales of both network products and wireless systems and resulting in a decline in sales from last fiscal year.



1-11. Assets, Liabilities, and Net Assets

(¥billions)

Category	March 31, 2015	March 31, 2016	Change
Cash and cash equivalents	79.0	120.3	+41.3
Trade receivables	220.5	178.3	-42.2
Inventories	166.5	147.0	-19.5
Other current assets	78.7	38.2	-40.5
Non-current assets	538.8	549.5	+10.7
Total Assets	1,083.5	1,033.3	-50.2
Interest-bearing debt	255.4	220.4	-35.0
Trade payables/other	181.1	151.4	-29.7
Other current liabilities	170.8	156.8	-14.0
Total Liabilities	607.3	528.6	-78.7
Equity attributable to shareholders of the parent company	466.4	495.9	+29.5
Non-controlling interest	9.8	8.8	-1.0
Total Net Assets	476.2	504.7	+28.5
(D/E ratio)	0.55	0.44	-0.11

Change in total assets from March 31, 2015: - ¥50.2 billion

D/E ratio 0.55 → 0.44

[Assets]

Change from March 31, 2015: - ¥50.2 billion

- Decline of ¥19.5 billion due to inventory reduction efforts
- Decline of ¥28.6 billion (in Other current assets) from the sale of shares in the former Hitachi Tool Engineering, Ltd. on April 1, 2015

[Liabilities]

Change from March 31, 2015: - ¥78.7 billion

- Improvement in the D/E ratio to 0.44 (+0.11 point) due to repayment of interest-bearing debt
- Decline of ¥10.3 billion (in Other liabilities) from the sale of shares in the former Hitachi Tool Engineering, Ltd. on April 1, 2015

[Net Assets]

Change from March 31, 2015: + ¥28.5 billion

1-12. Consolidated Cash Flows

(¥billions)

Category	FY2014	FY2015	Increase (Decrease)
Net income	71.9	69.0	-2.9
Depreciation and amortization	39.9	42.9	+3.0
Increase in operating capital	3.9	21.9	+18.0
Other	(6.7)	(18.1)	-11.4
Cash flows from operating activities	109.0	115.7	+6.7
Purchase of property, plant, and equipment	(48.2)	(57.8)	-9.6
Other	(65.6)	25.7	+91.3
Cash flows from investing activities	(113.8)	(32.1)	+81.7
Free cash flow	(4.8)	83.6	+88.4
Increase (decrease) in debt and bonds	0.3	(26.3)	-26.6
Dividend payments, etc.	(9.2)	(11.6)	-2.4
Cash flows from financing activities	(8.9)	(37.9)	-29.0
Effect of fluctuation in exchange rates	(0.2)	(4.4)	-4.2
Increase (decrease) in cash and cash equivalents	(13.9)	41.3	+55.2
Cash and cash equivalents at the end of period	79.0	120.3	+41.3

[Cash flows from operating activities]

Net cash provided by operating activities increased by ¥6.7 billion over the same period last year. This was mainly attributable to an increase in operating capital, etc. resulting from a reduction in inventory.

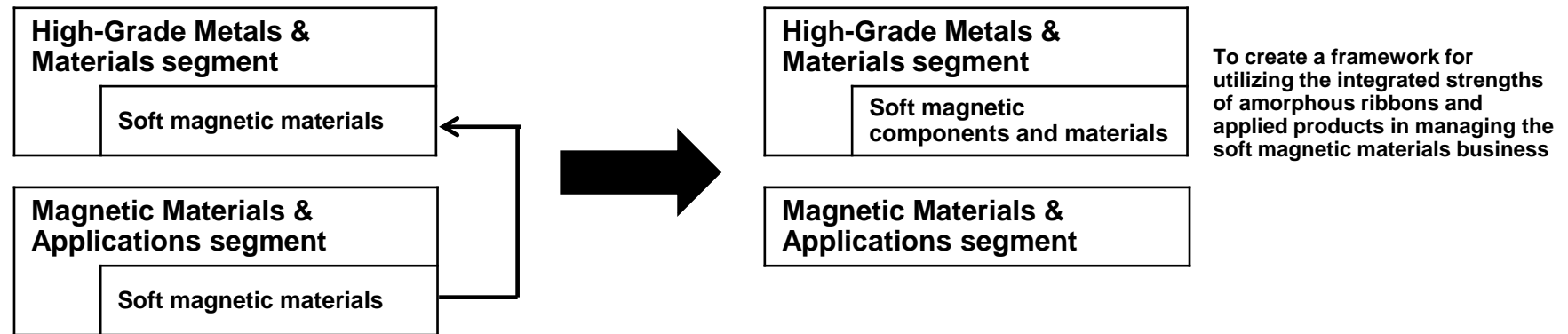
[Cash flows from investing activities]

Net cash expenditures for investing activities during the fiscal year ending March 2016 improved by ¥81.7 billion from the same period last year. This was attributable to a cash inflow derived mainly from a gain on the sale of shares in the former Hitachi Tool Engineering, Ltd., and the comparison to fiscal year ended March 31, 2015, in which a large expenditure for the acquisition of shares in Waupaca Foundry, Inc. was posted.

1	Overview of Operating Results for FY2015 (Fiscal Year Ended Mar. 31, 2016)
2	Operating Results Forecast for FY2016 (Fiscal Year Ending Mar. 31, 2017)
3	Recap of FY2015 Medium-Term Management Plan

2-1. Assumptions Underlying the Operating Results Forecast for FY2016

- The lower pace of growth in China, other emerging countries, and resource producing countries is a source of concern, despite the projection that the economic rebound will continue for countries in the Americas and Europe.
- The trend of yen appreciation, low crude oil prices, and the low level of material prices are projected to persist.
- Change in segments for fiscal year ending March 31, 2017
 - (1) Soft magnetic materials were moved from the Magnetic Materials & Applications segment to High-Grade Metals & Materials segment.



- (2) Other segment: Corporate R&D expenses were switched to allocation of expenses by each internal Company.

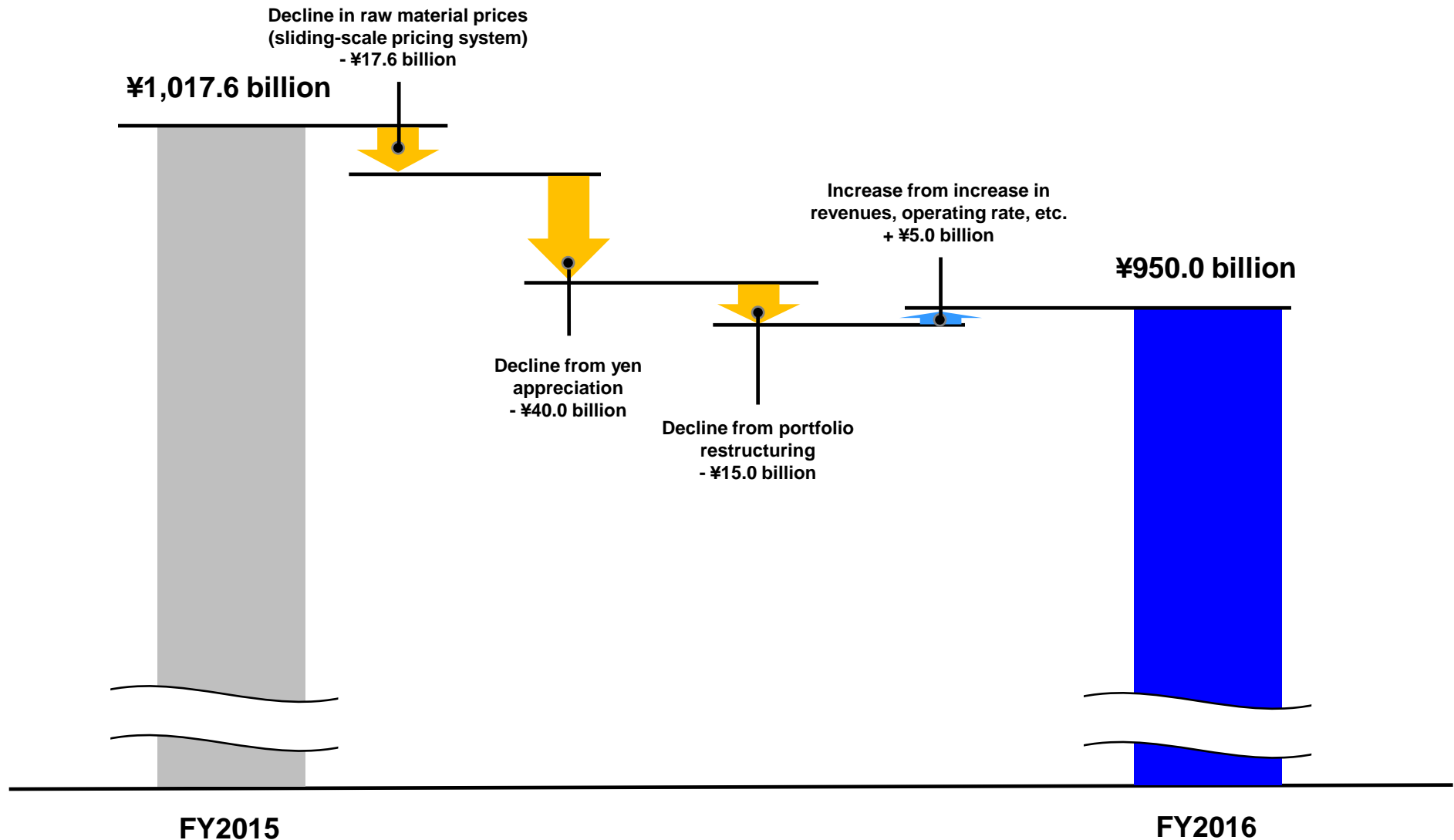
2-2. Operating Results Forecast for FY2016

(¥billions) Profit margin in brackets	FY2015 business performance US\$1 = ¥120.14	FY2016 Forecast Assuming US\$1 = ¥110	Change	
Revenues	1,017.6	950.0	-7%	Decline in revenues from appreciation in the yen and a decline in raw material prices (sliding-scale pricing system) and business portfolio restructuring.
Adjusted operating income	[7.5%] 76.1	[8.2%] 78.0	+1.9	An increase in income was achieved through an increase in revenues and operating rates and cost cutting, despite the negative impact from yen appreciation and an increase in depreciation and R&D expenses.
Operating income	[9.8%] 100.0	[7.2%] 68.0	-32.0	Income of ¥30.2 billion posted from business restructuring, etc. was posted in fiscal year ended March 31, 2015.
EBIT* ¹	99.1	68.0	-31.1	
Income before income taxes	96.2	65.0	-31.2	
Net income* ²	69.1	45.0	-24.1	
Total assets	1,033.3	1,033.0	-0.3	
Equity attributable to shareholders of the parent company	495.9	523.2	+27.3	
Interest-bearing debt	220.4	193.0	-27.4	
D/E ratio (times)	0.44	0.37	-0.07	
ROE	14.4%	8.8%	-5.6%	
Percentage of revenues from overseas markets	56%	55%	-1%	
Employees	29,157	29,000	-157	

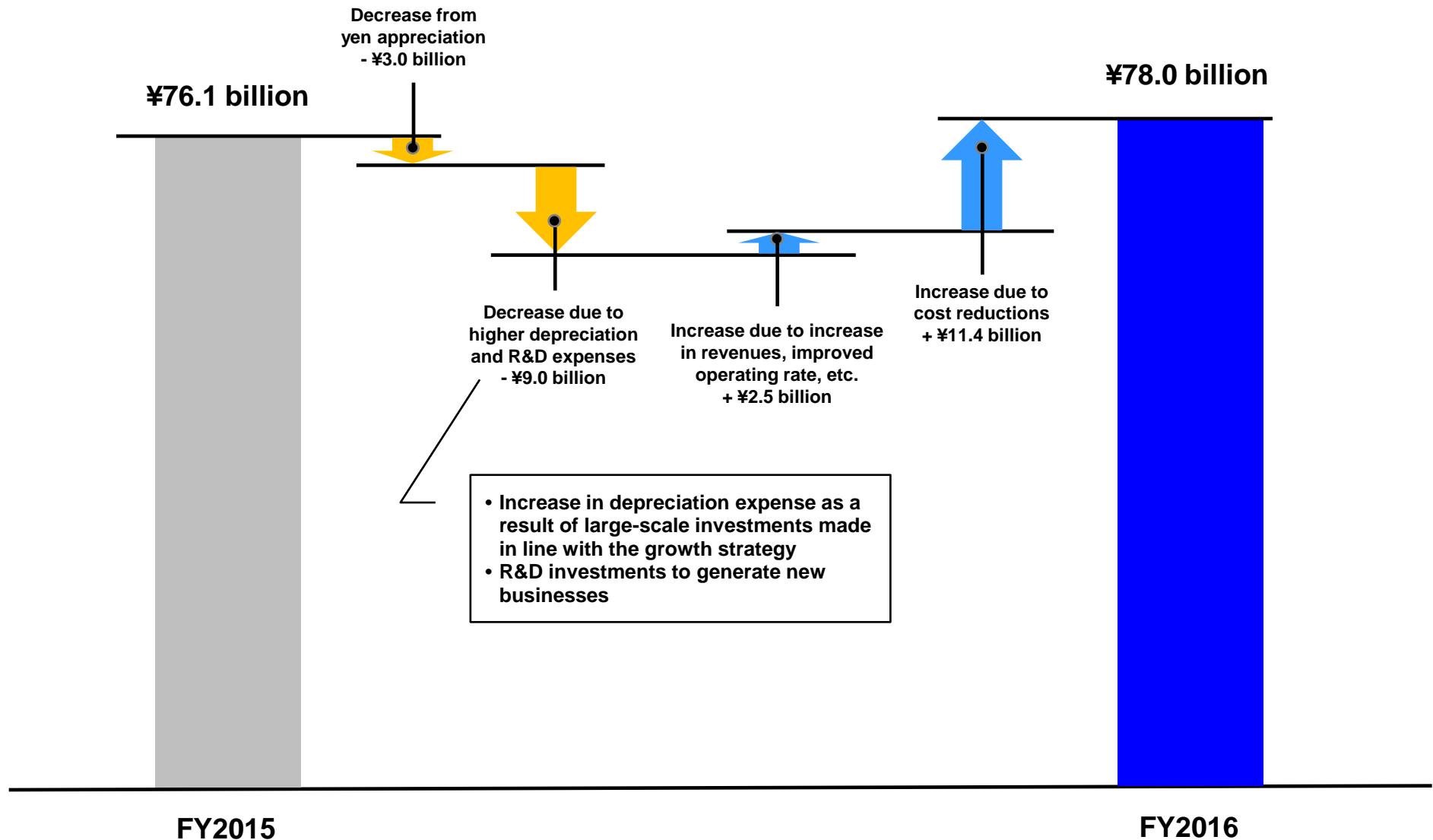
*¹ EBIT: Earnings before interest and taxes

*² Net income attributable to shareholders of the parent company

2-3. Factors Behind Increase/Decrease in Revenues (Compared to Last Fiscal Year)



2-4. Factors Behind Increase/Decrease in Adjusted Operating Income (Compared to Last Year)



2-5. Operating Results Forecast for FY2016 (By Segment)

(¥billions)		FY2015 Business Performance US\$1 = ¥120.14	FY2016 Forecast Assuming US\$1 = ¥110	Change	
High-Grade Metal Products and Materials	Revenues	256.7	251.0	-2%	Decline in revenues resulting from appreciation of the yen.
	Adjusted operating income	27.0	27.0	0	Income on par with last year due to an increase in income for tool steel and materials for industrial equipment, despite the negative impact from yen appreciation.
	Adjusted operating margin	10.5%	10.8%	+0.3%	
Magnetic Materials and Applications	Revenues	105.3	100.0	-5%	Decline in revenues due to appreciation of the yen and the decline in raw material prices (sliding-scale pricing system).
	Adjusted operating income	6.9	8.0	+1.1	Increase in income because the impact from impairment losses on raw materials is no longer a factor and due to strong automotive-related demand.
	Adjusted operating margin	6.6%	8.0%	+1.4%	
High-Grade Functional Components and Equipment	Revenues	365.1	329.0	-10%	Decline in revenues due to yen appreciation and the decline in raw material prices (sliding-scale pricing system), despite the strong demand for heat-resistant cast steel.
	Adjusted operating income	26.1	25.0	-1.1	Decrease in income resulting from yen appreciation, despite the strong demand for heat-resistant cast steel.
	Adjusted operating margin	7.1%	7.6%	+0.5%	
Wires, Cables, and Related Products	Revenues	288.2	268.0	-7%	Decline in revenues due to appreciation of the yen and the decline in raw material prices (sliding-scale pricing system).
	Adjusted operating income	15.0	17.7	+2.7	Increase in income from growth in growth areas (railway, medical, automotive electronic components).
	Adjusted operating margin	5.2%	6.6%	+1.4%	
Other Businesses and Adjustments	Revenues	2.3	2.0	-0.3	
	Adjusted operating income	1.1	0.3	-0.8	
Total	Revenues	1,017.6	950.0	-7%	
	Adjusted operating income	76.1	78.0	+1.9	
	Adjusted operating margin	7.5%	8.2%	+0.7%	

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2	Operating Results Forecast for FY2016 (Fiscal Year Ending Mar. 31, 2017)
3	Recap of the FY2015 Medium-Term Management Plan

3-1. Recap of the FY2015 Medium-Term Management Plan

Basic Policies of the FY2015 Medium-Term Management Plan

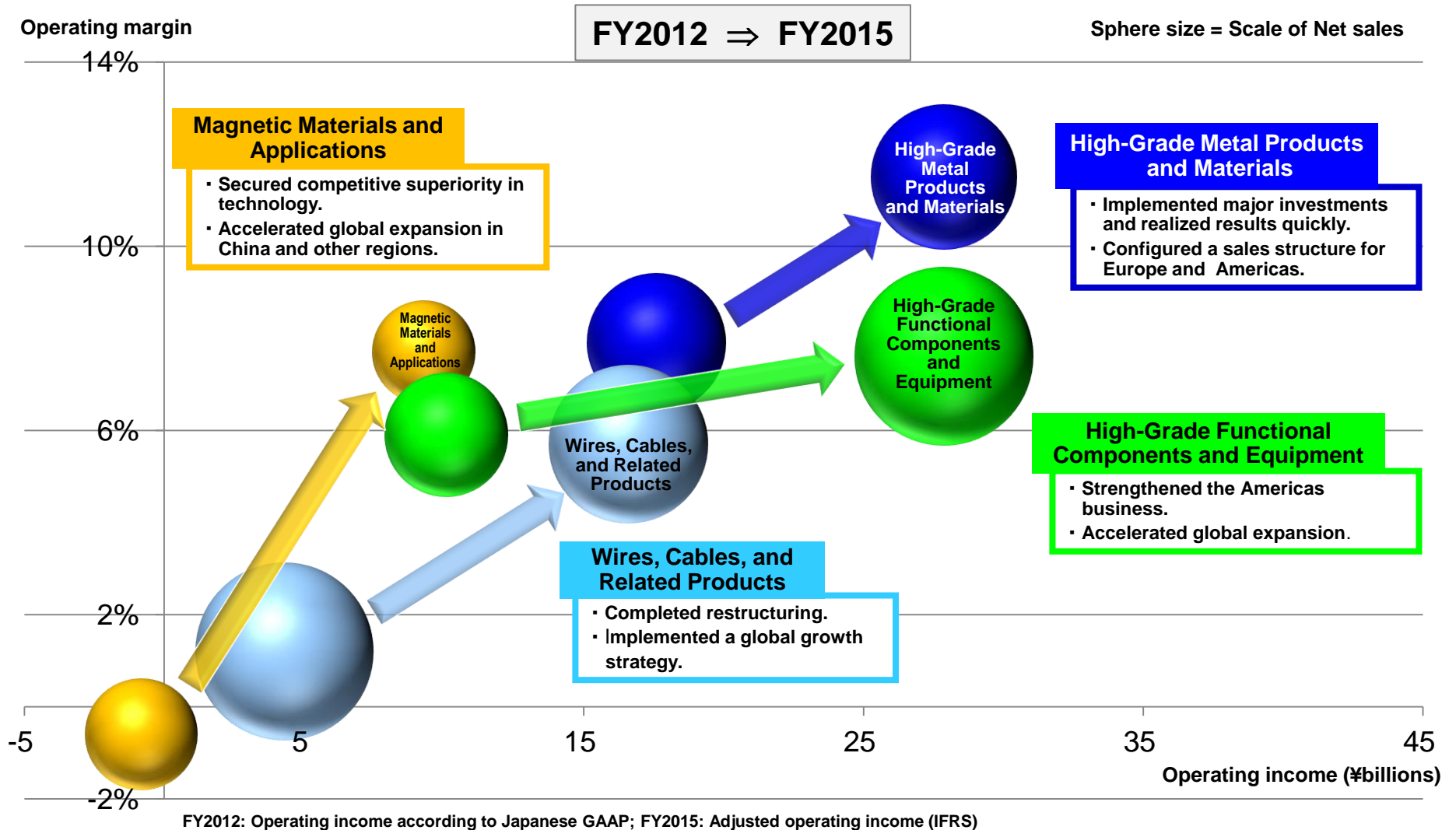
To achieve global growth as a manufacturer of high-grade metals & materials unparalleled anywhere in the world

Key Points

1. Strengthen our ability to create new products and develop new technologies.
2. Strengthen and accelerate the global growth strategy.
3. Establish a robust business base.

3-2. Business Portfolio

Shifted to profit-generating segments and built a structure targeted at sustainable growth.



Magnetic Materials and Applications

- Secured competitive superiority in technology.
- Accelerated global expansion in China and other regions.

High-Grade Metal Products and Materials

- Implemented major investments and realized results quickly.
- Configured a sales structure for Europe and Americas.

High-Grade Functional Components and Equipment

- Strengthened the Americas business.
- Accelerated global expansion.

Wires, Cables, and Related Products

- Completed restructuring.
- Implemented a global growth strategy.

3-3. FY2015 Medium-Term Management Plan: Overview of Initiatives (1)

The business portfolio was restructured with the goal of achieving sustainable growth.

■ High-Grade Metal Products and Materials

Expanded the aircraft and energy segment business domains

- Acquired MMC Superalloy Corporation shares (boosting holdings from zero to 51%) and consolidated the company. (Consolidated in July 2014)
- Hitachi Metals MMC Superalloy, Ltd. made a major investment in an 840-ton large ring mill. (Began operation in November 2015)

Made large-scale investments in upstream operations (specialty steel overall)

- Invested in a 24-ton vacuum induction melting and casting furnace, the largest in the world. (began operation in March 2015)
- Invested in a 10,000-ton class free forging press, high speed radial forging machine. (Scheduled for completion and launch of operation in FY2017)

Established a structure for expanding global sales (tool steel)

- Reconfigured the brand with the goal of expanding global sales. (October 2015)
- Began mass production of SLD-i™, a new type of cold-rolled tool steel produced with a new melting equipment. (April 2016)
- Expanded distribution network in North America with the acquisition of Diehl Tool Steel. (November 2015)

Reinforced the business base for cemented carbide tools

- Transferred shares held in Hitachi Tool Engineering, Ltd. (100%→49%). (April 2015)

■ Magnetic Materials and Applications

Established a production location in China

- Established a joint venture with Beijing Zhong Ke San Huan Hi-Tech Co., Ltd. (June 2015)

Increased production capacity at locations in Japan

- Increased production capacity for rare-earth magnets used in HEV (by over 10%). (2H of FY2014)

Reinforced the business base for ferrite magnets

- Developed ferrite magnets with the most distinctive qualities in the world (NMF™ -15 series). (July 2014)
- Expanded production capacity at the plant in South Korea (by over 20%). (2H of FY2014)

3-4. FY2015 Medium-Term Management Plan Overview of Initiatives (2)

The business portfolio was restructured with the goal of achieving sustainable growth

■ High-Grade Functional Components and Equipment

Expanded the automotive casting component business on a global basis

- Acquired shares in Waupaca Foundry, Inc. and consolidated the company (0%→100%). (November 2014)
- Merged Waupaca Foundry, Inc. and Hitachi Metals Automotive Components. (April 2016)
- Increased production capacity of heat-resistant cast steel for turbo (by over 60%). (Scheduled to begin operation in the 2H of FY2016)

Transferred shares in Hitachi Metals Techno, Ltd.

- Sold all shares held by Hitachi Metals through a public tender offer. (March 2015)

■ Wires, Cables, and Related Products

Achieved structural reform

- Sold shares in J-Power Systems Corporation (high-voltage cables), cutting holdings from 50% to zero. (April 2014)
- Reduced equity stake in Sumiden Hitachi Cable Ltd. (low-voltage cables) from 50% to 34%. (November 2014)
- Transferred the compound semiconductor business. (April 2015)
- Decreased stake in Shanghai Hitachi Metals Cable Materials Co., Ltd. (wire coils) from 100% to 10%. (November 2015)

Reinforced the business base

- Decided to invest in continuous casting and rolling line equipment. (Scheduled to begin operation in FY2018)

Expanded business in growth areas

- [Medical] Acquired the HTP-Meds Group, a manufacturer of medical tubing in North America. (February 2016)
- [Electronic components] Configured global production structure for EPB harnesses and sensors. (October 2015)

3-5. Investments and Cash Flow

Engaged in continuous investment to achieve stronger global competitiveness and expand business domains

(¥billions)

	FY2013	FY2014	FY2015	Grand total for FY2013-15
Investment amount	32.0	210.8	70.7	313.5
FCF	89.3	(4.8)	83.6	168.1

FCF: Free cash flow

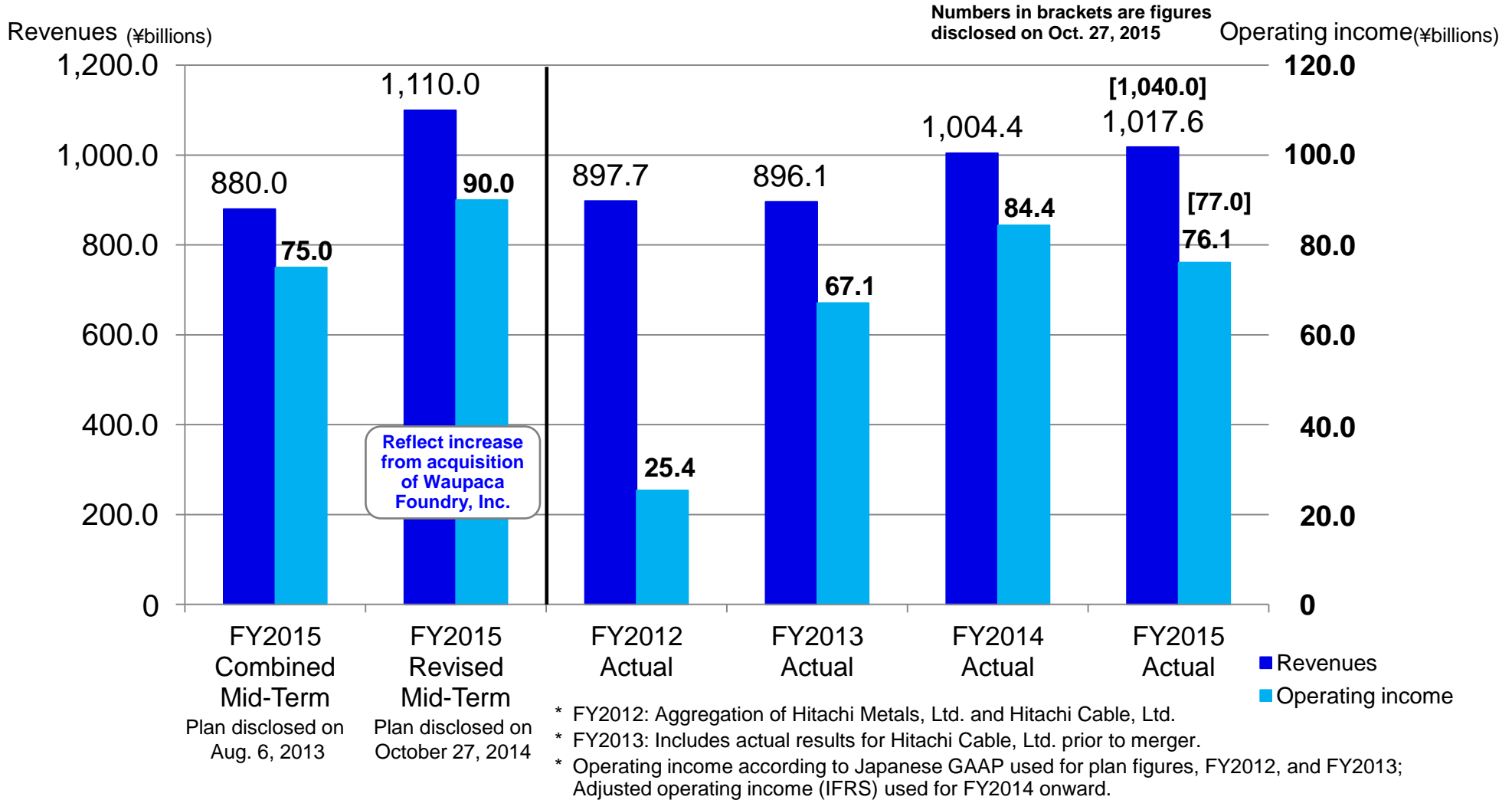
[Main investments]

- Reinforced upstream processes. (High-Grade Metal Products and Materials)
- Acquired MMC Superalloy Corporation shares. (High-Grade Metal Products and Materials)
- Acquired Waupaca Foundry, Inc. (High-Grade Functional Components and Equipment Segment)

(¥billions)

	FY2013	FY2014	FY2015	Grand total for FY2013-15
Depreciation and Amortization	33.8	39.9	42.9	116.6
R&D	16.8	20.9	19.1	56.8

3-6. Trends in Operating Results



Profitability showed steady improvement during the FY2015 Medium-Term Management Plan.

Achievements

Reallocation of business resources to achieve medium- to long-term growth

- Established a structure tailored for expansion of the aircraft and energy-related businesses.
- Achieved global growth in the automotive casting components business.
- Reformed the business structure.

Issues

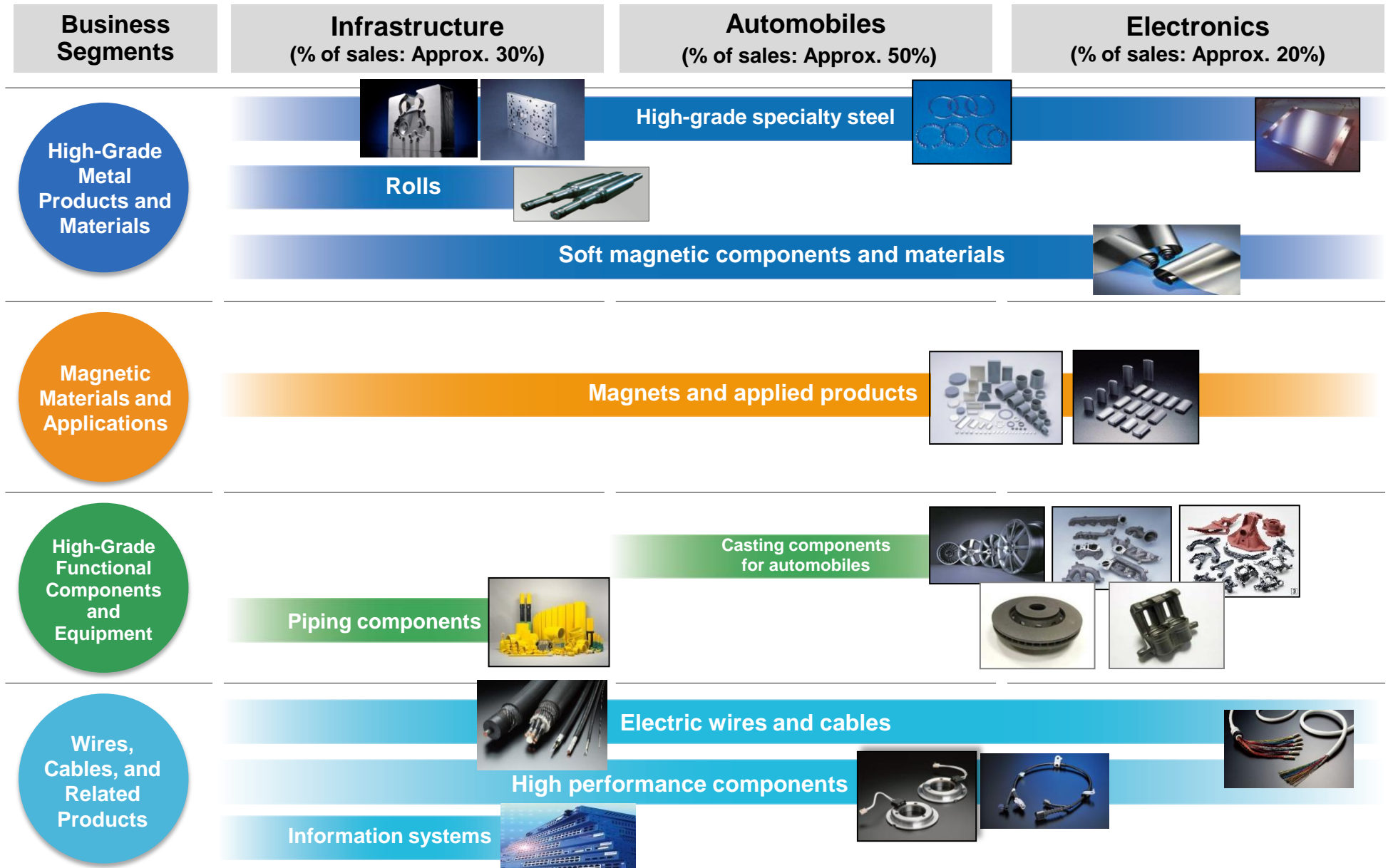
- Ensuring the growth capacity of existing businesses
- Ensuring the ability to respond to rapid changes in the business environment



Looking toward the FY2018 Medium-Term Management Plan (to be disclosed in May 2016)


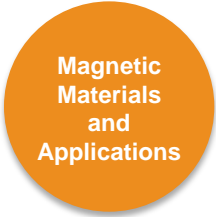


1. Ongoing restructuring of the business portfolio to align with the growth strategy
2. Expansion of the growth capacity of existing businesses
3. Establishing a business base capable of rapidly responding to changes in the business environment

(For Reference) Business Operations by Market (April 1, 2016 onward)



(For reference) Hitachi Metals: Description of Business Segments (April 1, 2016 onward)

■ Business Operations

Business segments	Business	Principal Products
 <p>High-Grade Metal Products and Materials</p>	High-Grade Metals Company	
	Specialty steel	YSS™ brand high-grade specialty steel products (molds and tool steel, alloys for electronic products [display-related materials, semiconductor and other packaging materials, and battery-related materials], materials for industrial equipment [automobile materials, razor and blade materials], aircraft-, and energy-related materials, and precision cast components)
	Rolls	Rolls for steel mills, injection molding machine parts, structural ceramic products , and steel-frame joints for construction
	Soft magnetic components and materials	Soft magnetic materials (Metglas® amorphous metals; FINEMET® nanocrystalline magnetic materials; and soft ferrite) and applied products
 <p>Magnetic Materials and Applications</p>	Magnetic Materials Company	
	Magnets and applied products	Magnets (NEOMAX® rare-earth magnets; ferrite magnets; and other magnets and applied products) Ceramic products
 <p>High-Grade Functional Components and Equipment</p>	High-Grade Functional Components Company	
	Casting components for automobiles	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 components	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)
 <p>Wires, Cables, and Related Products</p>	Cable Materials Company	
	Electric wires and cables	Industrial cables, electronic wires, electric equipment materials, and industrial rubber products
	High performance components	Cable assemblies, electronic automotive components, brake hoses, and wireless systems
	Information systems	APRESIA™ Information networks products

This document contains forward-looking statements—such as results forecasts and management plans—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:

- Changes in economic conditions and regulations in the 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**
- Fluctuations in the status of product markets, exchange rates and international commodity markets**
- Changes in financing environment**
- The capability of the Company and its subsidiaries and affiliates to cope with fluctuations in product supply and demand, the status of product markets, exchange rates and international commodity markets**
- Protection of the Company's intellectual property, and securing of licenses to use the intellectual property of other parties**
- Changes in the status of alliances with other parties for product development, etc.**
- Fluctuations in Japanese stock markets**