

Hitachi Metals

Financial Results for the Nine Months Ended December 31, 2017

January 29, 2018

1. Overview of the Nine Months Ended December 31, 2017

Trend in demand

The global economy remained on a modest rebound track primarily in advanced countries. The Japanese economy continued to recover gradually as a result of the ongoing improvement in the employment and income environment with increasing exports and capital investment supported by a steady recovery of the global economy.

- **In the automobile field, sales in Japan significantly increased, led by strong demand for new models; and Europe and China also showed steady demand, while sales of new vehicles decreased in the United States compared with those for the nine months ended December 31, 2016.**
- **Industrial infrastructure-related demand for steel products increased mainly in the manufacturing sector, including automobiles and industrial machinery.**
The number of new housing starts remained at the same level.
- **In the electronics field, mobile device shipments increased.**

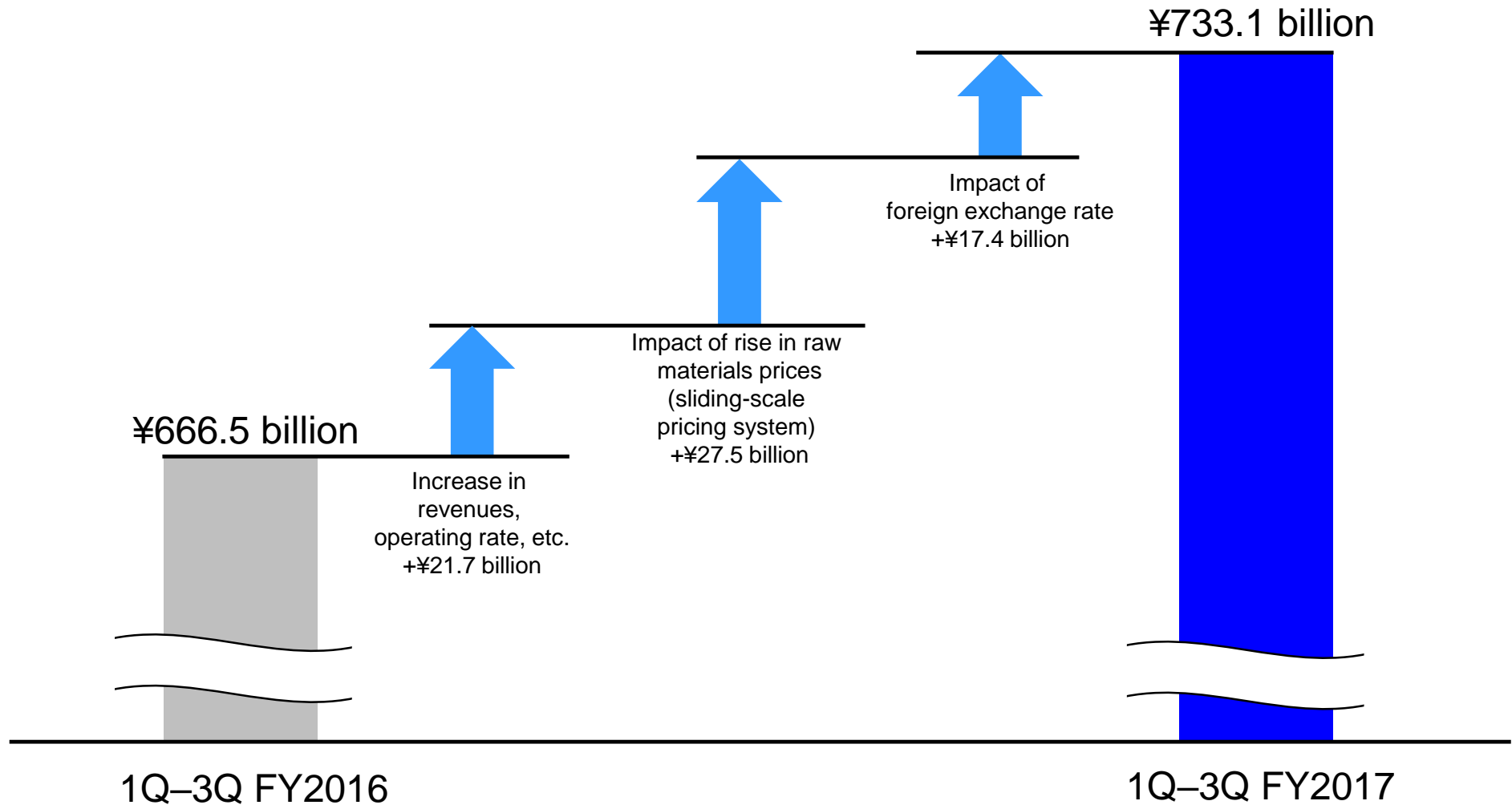
2. Operating Results for the Nine Months Ended December 31, 2017

| (¥ billions) Profit margin in brackets | 1Q–3Q FY2016 Actual US\$1 = ¥107 1 euro = ¥118 1 yuan = ¥16.0 | 1Q–3Q FY2017 Actual US\$1 = ¥112 1 euro = ¥129 1 yuan = ¥16.6 | Year-on- Year | Supplementary Note |
|---|---|---|------------------|--|
| Revenues | 666.5 | 733.1 | +10% | Increase in revenues, influenced 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 mainstay products. |
| Adjusted operating income ^{*1} | [7.1%] 47.2 | [6.5%] 47.8 | +0.6 | Increase due to an increase in income owing to an increase in revenues and effects of <i>Monozukuri</i> Innovation Project, despite an increase in costs due to aggressive investment and higher raw materials prices. |
| Other income | 9.3 | 3.6 | -5.7 | Income resulting from business restructuring was posted in the same period of the previous year. |
| Other expenses | -6.9 | -9.0 | -2.1 | |
| IFRS operating income | [7.4%] 49.6 | [5.8%] 42.4 | -7.2 | |
| EBIT | 49.5 | 45.6 | -3.9 | Improvement in foreign exchange gain and increase in share of profit of entities accounted for using the equity method. |
| Income before income taxes | 47.6 | 44.1 | -3.5 | |
| Income taxes | -11.5 | -9.2 | +2.3 | Decrease in costs due to tax reforms in the U.S. |
| Net income attributable to shareholders of the parent company | 36.2 | 34.8 | -1.4 | |
| Overseas sales ratio ^{*2} | 55% | 56% | +1% | |

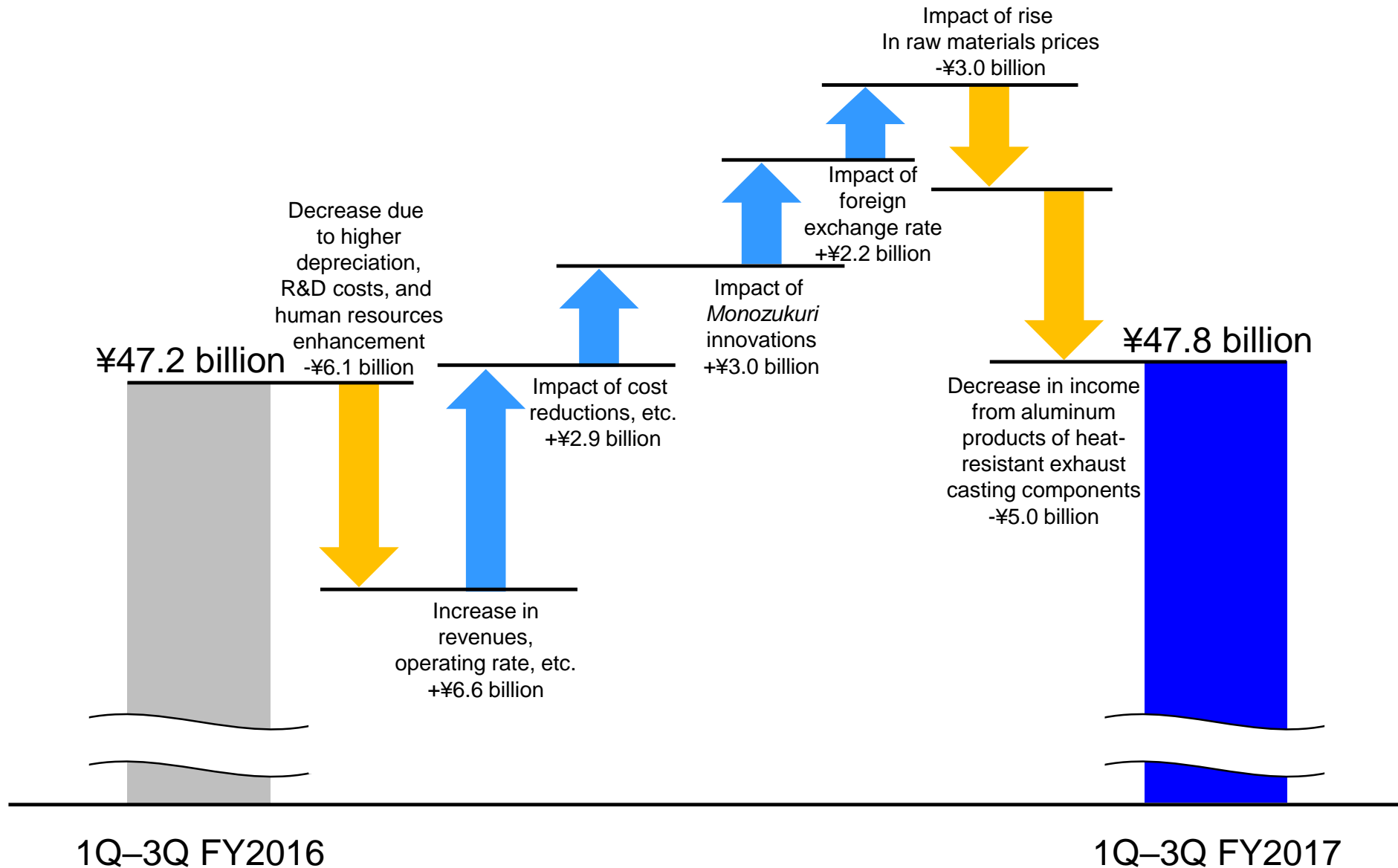
*1 Adjusted operating income: (Revenues) – (Cost of sales) – (Selling, General, & Administrative expenses)

*2 Overseas sales by region: 1Q–3Q, FY2017: North America, 30%; China, 8%; Asia (exc. China), 12%; Europe, 5%; Others, 1%
1Q–3Q, FY2016: North America, 30%; China, 7%; Asia (exc. China), 12%; Europe, 5%; Others, 1%

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



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



5. Operating Results by Segment for the Nine Months Ended December 31, 2017

| (¥ billions) Profit margin in brackets | | 1Q–3Q FY2016 Actual US\$1 = ¥107 1 euro = ¥118 1 yuan = ¥16.0 | 1Q–3Q FY2017 Actual US\$1 = ¥112 1 euro = ¥129 1 yuan = ¥16.6 | Year-on-Year |
|---|---------------------------------|---|---|--------------|
| Specialty Steel Products | Revenues | 174.0 | 215.3 | +24% |
| | Adjusted operating income | [9.9%] 17.2 | [9.5%] 20.4 | +3.2 |
| | Operating income of the segment | [9.1%] 15.9 | [9.3%] 20.0 | +4.1 |
| Magnetic Materials and Applications | Revenues | 73.6 | 79.2 | +8% |
| | Adjusted operating income | [8.7%] 6.4 | [8.7%] 6.9 | +0.5 |
| | Operating income of the segment | [8.7%] 6.4 | [8.6%] 6.8 | +0.4 |
| Functional Components and Equipment | Revenues | 242.1 | 266.6 | +10% |
| | Adjusted operating income | [5.1%] 12.4 | [3.2%] 8.5 | -3.9 |
| | Operating income of the segment | [4.9%] 11.9 | [2.7%] 7.3 | -4.6 |
| Wires, Cables, and Related Products | Revenues | 175.9 | 171.4 | -3% |
| | Adjusted operating income | [5.7%] 10.0 | [6.4%] 10.9 | +0.9 |
| | Operating income of the segment | [8.3%] 14.6 | [4.3%] 7.4 | -7.2 |
| Other Adjustments | Revenues | 0.9 | 0.6 | — |
| | Adjusted operating income | 1.2 | 1.1 | -0.1 |
| | Operating income of the segment | 0.8 | 0.9 | +0.1 |
| Total | Revenues | 666.5 | 733.1 | +10% |
| | Adjusted operating income | [7.1%] 47.2 | [6.5%] 47.8 | +0.6 |
| | IFRS operating income | [7.4%] 49.6 | [5.8%] 42.4 | -7.2 |

As of July 1, 2017, the segment classification to which SH Copper Products Co., Ltd., a consolidated subsidiary, and another company belonged, was changed from "Wires, Cables, and Related Products" to "Specialty Steel Products," and operating results of SH Copper Products and the other company for the nine months ended December 31, 2017 were recorded under the "Specialty Steel Products" segment.

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

■ Overall Summary

[Revenues, adjusted operating income]

Both revenues and income increased, reflecting a rise in demand for molds and tool steel, industrial equipment materials and alloys for electronic products.

■ Overview by Product

[Specialty steel]

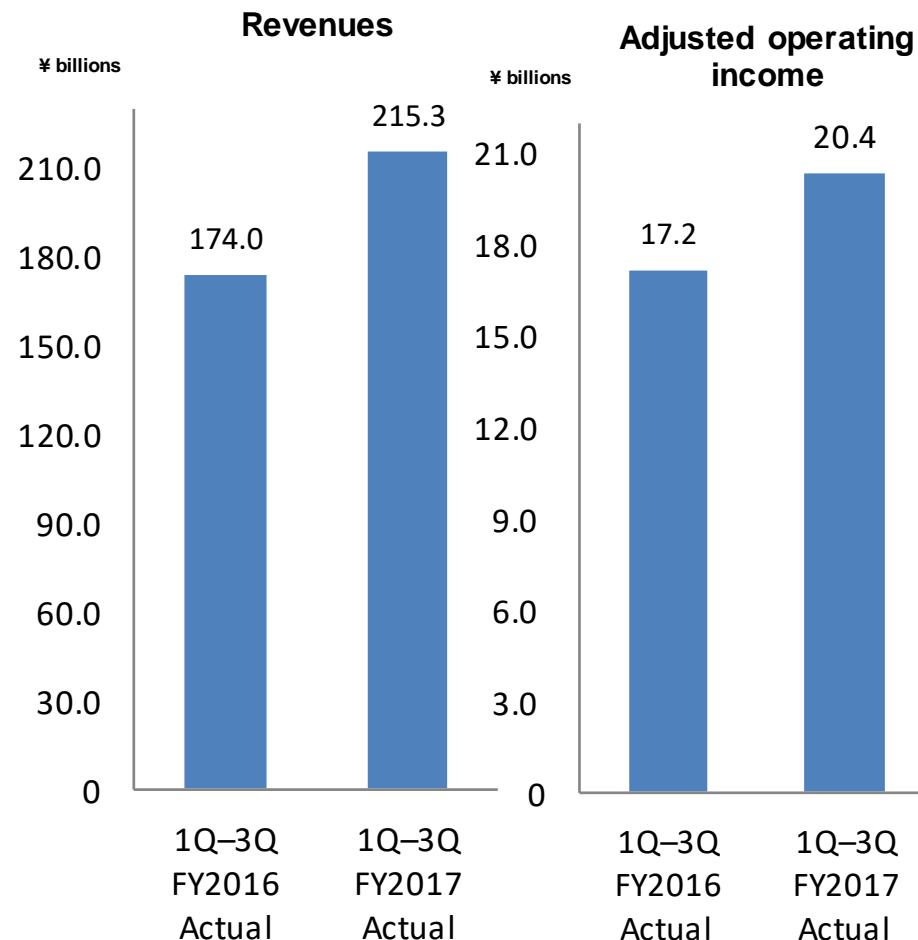
- **Molds and tool steel:** Sales exceeded those for the nine months ended December 31, 2016, due to a recovery in demand in both Japan and Asia.
- **Industrial equipment materials:** Sales increased year on year, as sales of environmentally friendly products related to automobiles as well as other industrial components, in particular, components for semiconductor-related equipment, increased.
- **Alloys for electronic products:** Sales significantly increased year on year, due to strong sales of semiconductor package components, battery materials, and OLED panel-related components.
- **Aircraft-related and energy-related materials:** The situation of the sales was weak.

[Rolls]

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

[Soft magnetic components and materials]

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



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

| (¥ billions) | | 1Q–3Q FY2016 Actual US\$1 = ¥107 1 euro = ¥118 1 yuan = ¥16.0 | 1Q–3Q FY2017 Actual US\$1 = ¥112 1 euro = ¥129 1 yuan = ¥16.6 | Year-on- Year |
|-----------------------------|--|--|--|------------------|
| Specialty Steel Products | Revenues | 174.0 | 215.3 | +24% |
| | Specialty steel [◎] | 136.9 | 180.7 | +32% |
| | Molds and tool steel [□] | | | +9% |
| | Industrial equipment materials [□] | | | +13% |
| | Aircraft-related and energy-related materials [□] | | | -7% |
| | Alloys for electronic products [□] | | | +84% |
| | Rolls [◎] | 16.0 | 15.6 | -3% |
| | Soft magnetic components and materials [◎] | 21.0 | 19.0 | -10% |
| | Adjusted operating income | 17.2 | 20.4 | +3.2 |
| | Adjusted operating margin | 9.9% | 9.5% | -0.4% |
| | Operating income of the segment | 15.9 | 20.0 | +4.1 |

◎ Simple sum before eliminating intersegment revenues

□ Indicates the change in revenues calculated by a simplified method

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

■ Overall Summary

[Revenues, adjusted operating income]

Both revenues and income increased, reflecting strong demand for automotive electronic components and industrial equipment.

■ Overview by Product

[Rare earth magnets]

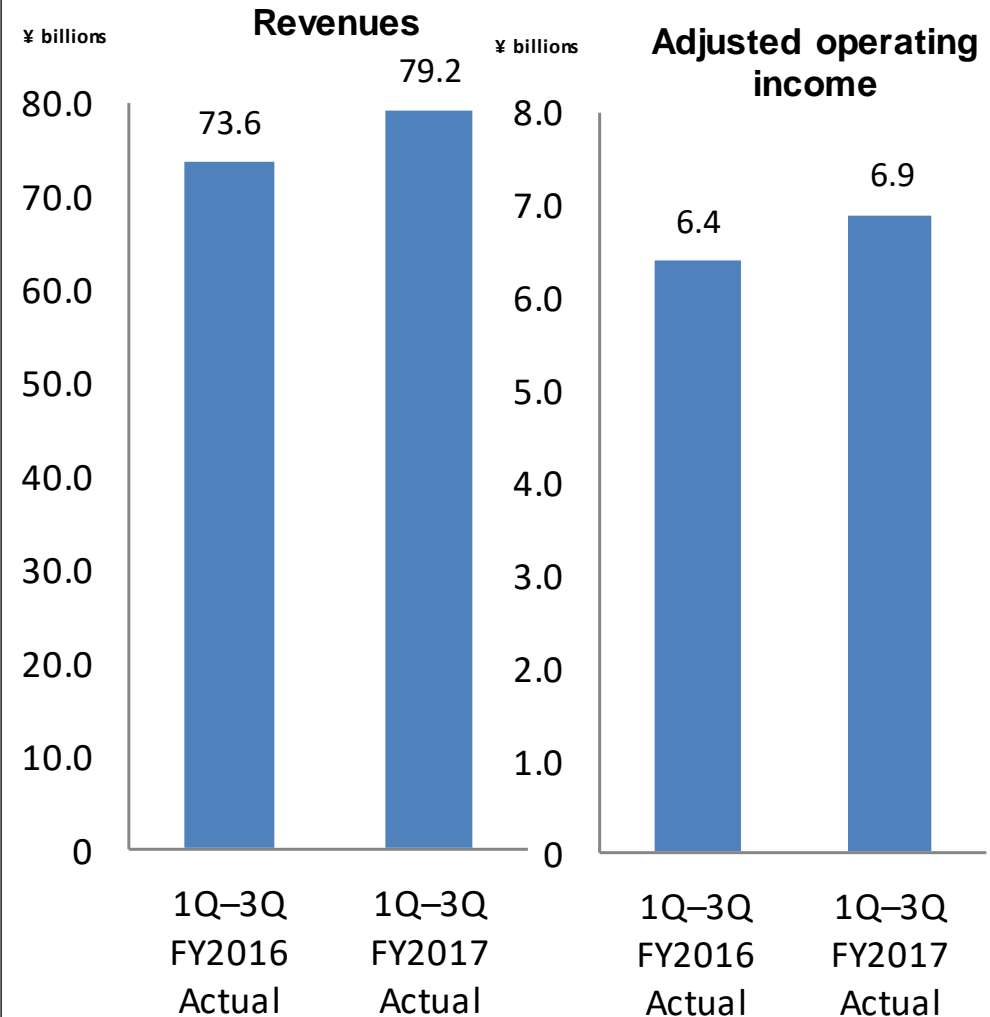
Demand for automotive electronic components mainly for electric power steering and hybrid automobiles was strong.

Sales of industrial equipment were also solid, supported by increased capital investment-related demand for flat-panel displays, mobile devices, and semiconductors.

As a result, sales of rare earth magnets overall exceeded those for the nine months ended December 31, 2016.

[Ferrite magnets]

Sales increased year on year due to strong demand for automotive electronic components, reflecting increased automobile production as well as firm demand for household appliance parts.



9. Operating Results by Segment: Magnetic Materials and Applications (2)

| (¥ billions) | | 1Q–3Q FY2016 Actual US\$1 = ¥107 1 euro = ¥118 1 yuan = ¥16.0 | 1Q–3Q FY2017 Actual US\$1 = ¥112 1 euro = ¥129 1 yuan = ¥16.6 | Year-on- Year |
|---|------------------------------------|--|--|------------------|
| Magnetic Materials and Applications | Revenues | 73.6 | 79.2 | +8% |
| | Rare earth magnets (weight) | | | +8% |
| | Ferrite magnets (weight) | | | +3% |
| | Adjusted operating income | 6.4 | 6.9 | +0.5 |
| | Adjusted operating margin | 8.7% | 8.7% | 0.0% |
| | Operating income of the segment | 6.4 | 6.8 | +0.4 |

10. Operating Results by Segment:

Functional Components and Equipment (1)

■Overall Summary

[Revenues]

Revenues increased due to increased demand for cast iron products and heat-resistant exhaust casting components.

[Adjusted operating income]

Income decreased due to a drop in profitability of heat-resistant exhaust casting components and aluminum wheels.

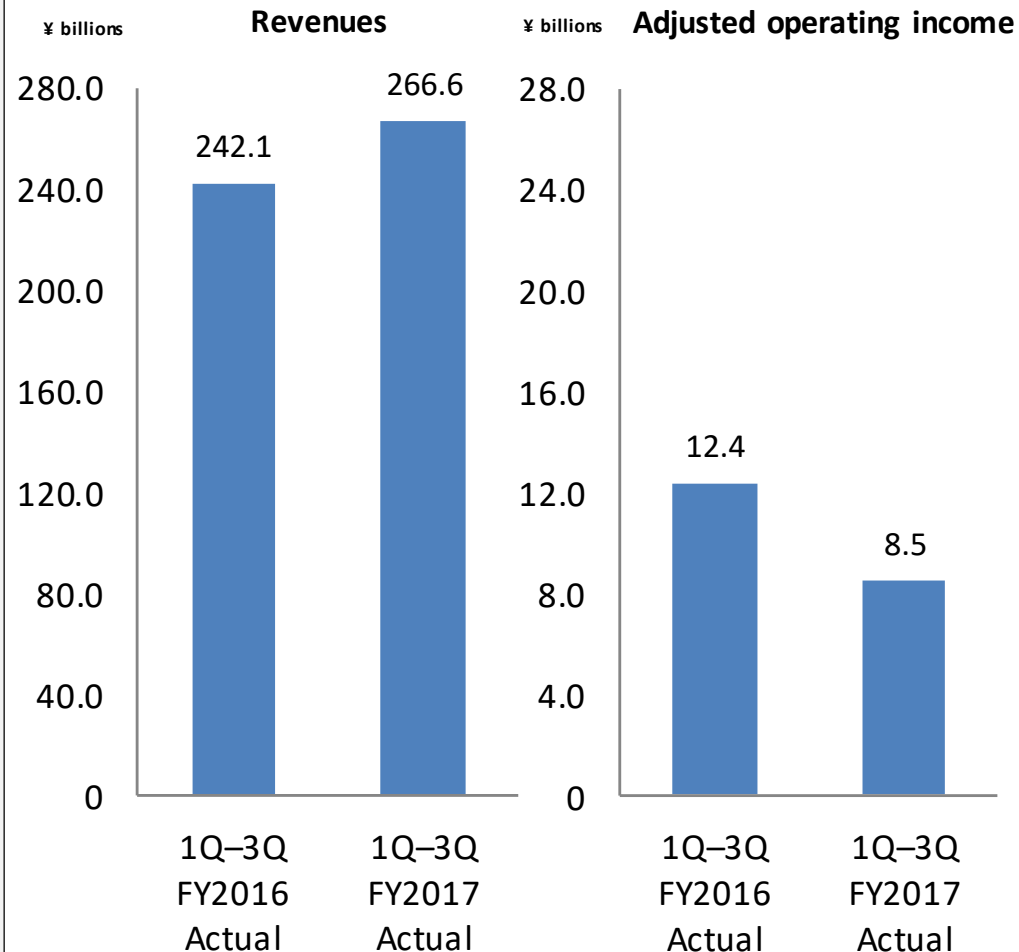
■Overview by Product

[Casting components for automobiles]

- Cast iron products: Despite a slowdown in demand for casting components for pickup trucks and other light trucks as well as passenger vehicles, sales of casting components for automobiles increased in North America. This was due to an increase in demand for casting components for commercial vehicles, farming machinery, and construction machinery. Sales also increased due to increased demand for automobiles in Asia. As a result, sales increased year on year as a whole.
- Heat-resistant exhaust casting components: Revenues increased year on year due to an increase in demand in the American, European, Asian, and Japanese markets. However, income fell below that for the nine months ended December 31, 2016, affected mainly by productivity issues.
- Aluminum wheels: Sales fell below that for the nine months ended December 31, 2016, owing to decreased demand for passenger vehicles in North America, productivity issues, and so on.

[Piping components]

Sales of pipe fittings as a whole exceeded that for the nine months ended December 30, 2016, due to increased housing starts in the United States, an increase in large-scale construction projects in Japan, and strong performance in devices for semiconductor manufacturing equipment, reflecting an increase in demand for semiconductor-related equipment.



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

| (¥ billions) | | 1Q-3Q FY2016 Actual US\$1 = ¥107 1 euro = ¥118 1 yuan = ¥16.0 | 1Q-3Q FY2017 Actual US\$1 = ¥112 1 euro = ¥129 1 yuan = ¥16.6 | Year-on- Year |
|---|---|--|--|------------------|
| Functional Components and Equipment | Revenues | 242.1 | 266.6 | +10% |
| | Casting components for automobiles [◎] | 206.1 | 227.6 | +10% |
| | Cast iron products (weight) | | | +3% |
| | Heat-resistant casting components (HERCUNITE™) (weight) | | | +44% |
| | Aluminum wheels (number) | | | -20% |
| | Piping components [◎] | 36.0 | 39.0 | +8% |
| | Adjusted operating income | 12.4 | 8.5 | -3.9 |
| | Adjusted operating margin | 5.1% | 3.2% | -1.9% |
| | Operating income of the segment | 11.9 | 7.3 | -4.6 |

◎ Simple sum before eliminating intersegment revenues

12. Operating Results by Segment: Wires, Cables, and Related Products (1)

■ Overall Summary

[Revenues]

Revenues decreased due to the impact of business restructuring aimed at business portfolio remodeling.

[Adjusted operating income]

Income increased, reflecting an increase in focus areas.

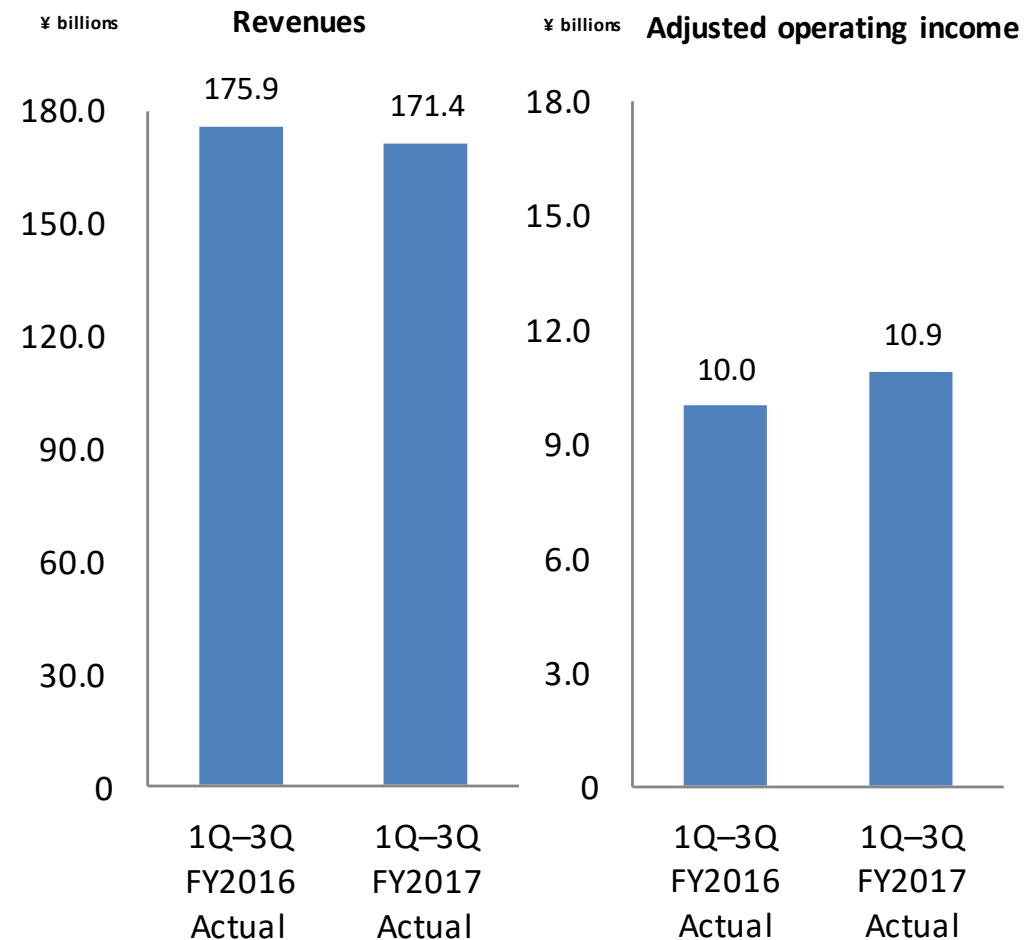
■ Overview by Product

[Electric wires and cables]

Sales of wires and cables for rolling stock grew significantly, mainly 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]

- **Automotive products:** Demand for various sensors, harnesses for electric parking brakes and hybrid automobiles increased, and demand for brake hoses was also strong.
- **Probe cables for medical use:** Sales increased year on year due to increased demand in overseas countries.



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

| (¥ billions) | | 1Q–3Q FY2016 Actual US\$1 = ¥107 1 euro = ¥118 1 yuan = ¥16.0 | 1Q–3Q FY2017 Actual US\$1 = ¥112 1 euro = ¥129 1 yuan = ¥16.6 | Year-on- Year |
|---|--|--|--|------------------|
| Wires, Cables, and Related Products | Revenues | 175.9 | 171.4 | -3% |
| | Focus sectors | | | |
| | Rolling stocks [□] | | | +29% |
| | Medical devices [□] | | | +15% |
| | Automotive electronic components [□] | | | +20% |
| | Adjusted operating income | 10.0 | 10.9 | +0.9 |
| | Adjusted operating margin | 5.7% | 6.4% | +0.7% |
| | Operating income of the segment | 14.6 | 7.4 | -7.2 |

□ Indicates the change in revenues calculated by a simplified method

14. Assets, Liabilities, and Net Assets

| (¥ billions) | March 31, 2017 US\$1 = ¥112 1 euro = ¥120 1 yuan = ¥16.3 | Dec 31, 2017 US\$1 = ¥113 1 euro = ¥135 1 yuan = ¥17.3 | Change |
|---|---|---|--------|
| Total assets | 1,040.4 | 1,054.0 | +13.6 |
| Trade receivables and inventories | 329.1 | 390.4 | +61.3 |
| Total liabilities | 491.6 | 480.3 | -11.3 |
| Interest-bearing debt | 194.5 | 168.5 | -26.0 |
| Equity attributable to shareholders of the parent company | 536.6 | 565.8 | +29.2 |
| Non-controlling interests | 12.2 | 8.0 | -4.2 |
| Equity attributable to shareholders of the parent company ratio | 51.6% | 53.7% | +2.1% |
| D/E ratio | 0.36 | 0.30 | -0.06 |

[Assets] Change from March 2017: +¥13.6 billion ⇒ Increase in trade receivables and inventories, etc.

[Liabilities] Change from March 2017: -¥11.3 billion

[D/E ratio] Largely flat

15. Consolidated Cash Flows

| (¥ billions) | 1Q–3Q FY2016 Actual | 1Q–3Q FY2017 Actual | Year-on-Year |
|--------------------------------------|------------------------|------------------------|--------------|
| Cash flows from operating activities | 43.8 | 12.6 | -31.2 |
| Cash flows from investing activities | -26.8 | -57.6 | -30.8 |
| Free cash flows | 17.0 | -45.0 | -62.0 |
| Core free cash flows [*] | -2.2 | -46.9 | -44.7 |

[Cash flows from operating activities]

A decrease in net income, and increases in trade receivables and inventories resulted in a net cash outflow of ¥31.2 billion compared to 1Q–3Q, FY2016.

[Cash flows from investing activities]

Purchase of property, plant and equipment increased (1Q–3Q FY2016: ¥44.2 billion → 1Q–3Q FY2017: ¥58.8 billion), and the sale of securities, etc. decreased, causing a net cash outflow of ¥30.8 billion compared to 1Q–3Q, FY2016.

[Free cash flows]

Decreased by ¥62.0 billion due to a net cash outflow of cash flows from operating activities and an increase in investing activities.

^{*}Core free cash flows: (Cash flows from operating activities) – (Capital expenditure)

16. FY2017 Results Forecast Revision

| (¥ billions) Adjusted operating margin in brackets | FY2016 | FY2017 | | Comparison with the previous forecast |
|---|---|--|---|--|
| | Actual US\$1 = ¥108 1 euro = ¥119 1 yuan = ¥16.1 | Previous forecast Announced Apr. 28, 2018 US\$1 = ¥110 | New forecast Announced Jan. 29, 2018 US\$1 = ¥111 | |
| Revenues | 910.5 | 950.0 | 990.0 | +4% |
| Adjusted operating income | [7.2%] 66.0 | [8.4%] 80.0 | [6.9%] 68.0 | -12.0 |
| EBIT | 68.5 | 66.0 | 60.0 | -6.0 |
| Income before income taxes | 66.0 | 63.0 | 58.0 | -5.0 |
| Net income attributable to shareholders of the parent company | 50.6 | 45.0 | 45.0 | 0.0 |
| ROE ^{*1} | 9.4% | 8.1% | 8.1% | 0.0% |
| ROA ^{*2} | 4.9% | 4.3% | 4.2% | -0.1% |

- Increase in revenues due to increased demand, a rise in raw materials prices (sliding-scale pricing system), and depreciation of the yen
- A drop in profitability of heat-resistant exhaust casting components and aluminum products
- Increase in cost due to a rise in raw materials prices

*1 Return on equity attributable to owners of the parent company ratio (ROE) = Net income attributable to owners of the parent company / Term-end equity attributable to owners of the parent company x 100

*2 Return on total assets (ROA) = Net income attributable to owners of the parent company / Term-end total assets x 100

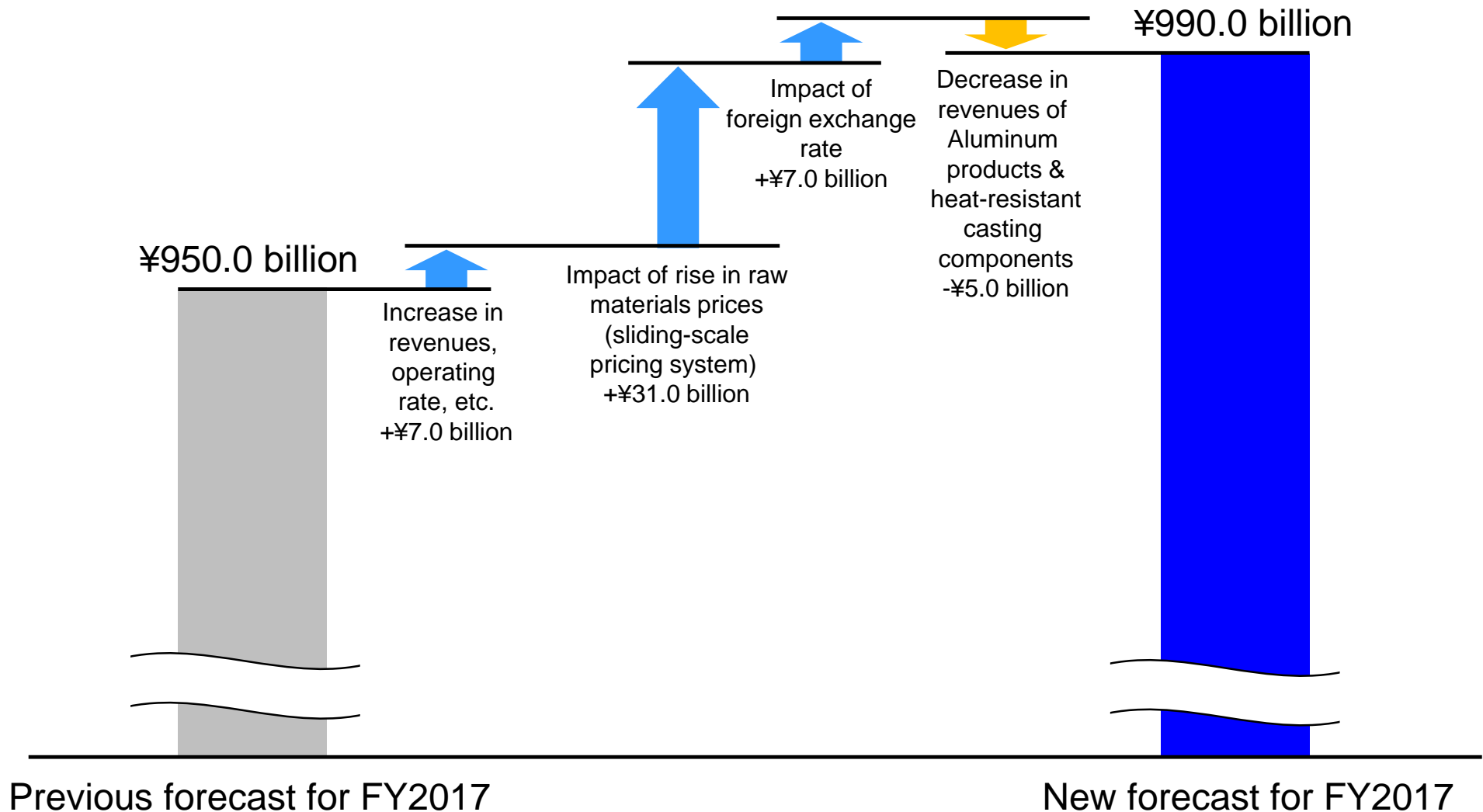
17. Revenues and Adjusted Operating Income by Segment

Forecast Revision

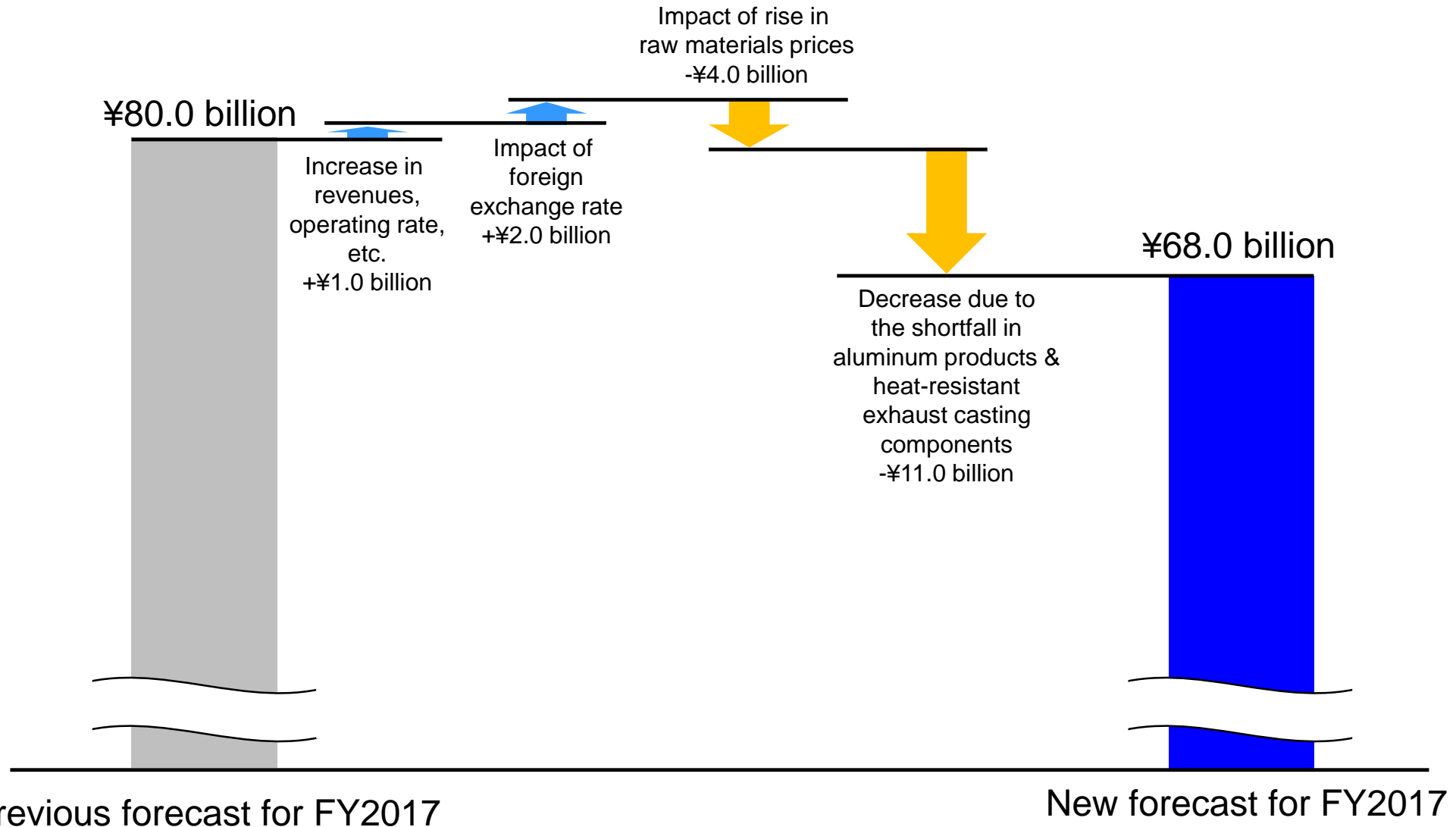
| (¥ billions) | | FY2016 | FY2017 | | Comparison with the previous forecast |
|-------------------------------------|---------------------------|---|--|---|---------------------------------------|
| | | Actual US\$1 = ¥108 1 euro = ¥119 1 yuan = ¥16.1 | Previous forecast Announced Apr. 28, 2018 US\$1 = ¥110 | New forecast Announced Jan. 29, 2018 US\$1 = ¥111 | |
| Specialty Steel Products | Revenues | 243.2 | 290.0 | 293.0 | +1% |
| | Adjusted operating income | 23.5 | 30.0 | 29.5 | -0.5 |
| | Adjusted operating margin | 9.7% | 10.3% | 10.1% | -0.2% |
| Magnetic Materials and Applications | Revenues | 99.8 | 110.0 | 107.0 | -3% |
| | Adjusted operating income | 9.3 | 11.5 | 10.0 | -1.5 |
| | Adjusted operating margin | 9.3% | 10.5% | 9.3% | -1.2% |
| Functional Components and Equipment | Revenues | 333.5 | 340.0 | 357.0 | +5% |
| | Adjusted operating income | 17.5 | 21.5 | 12.0 | -9.5 |
| | Adjusted operating margin | 5.2% | 6.3% | 3.4% | -2.9% |
| Wires, Cables, and Related Products | Revenues | 232.9 | 210.0 | 232.0 | +10% |
| | Adjusted operating income | 14.7 | 17.0 | 15.5 | -1.5 |
| | Adjusted operating margin | 6.3% | 8.1% | 6.7% | -1.4% |
| Other & Adjustments | Revenues | 1.1 | 0 | 1.0 | — |
| | Adjusted operating income | 1.0 | 0 | 1.0 | +1.0 |
| Total | Revenues | 910.5 | 950.0 | 990.0 | +4% |
| | Adjusted operating income | 66.0 | 80.0 | 68.0 | -12.0 |
| | Adjusted operating margin | 7.2% | 8.4% | 6.9% | -1.5% |

As of July 1, 2017, the segment classification to which SH Copper Products Co., Ltd., a consolidated subsidiary, and another company belonged, was changed from “Wires, Cables, and Related Products” to “Specialty Steel Products,” and figures after the segment change are indicated.

18. Factors Behind Increase/Decrease in Revenues (Comparison with Previous Forecast)



19. Factors Behind Increase/Decrease in Adjusted Operating Income (Comparison with Previous Forecast)



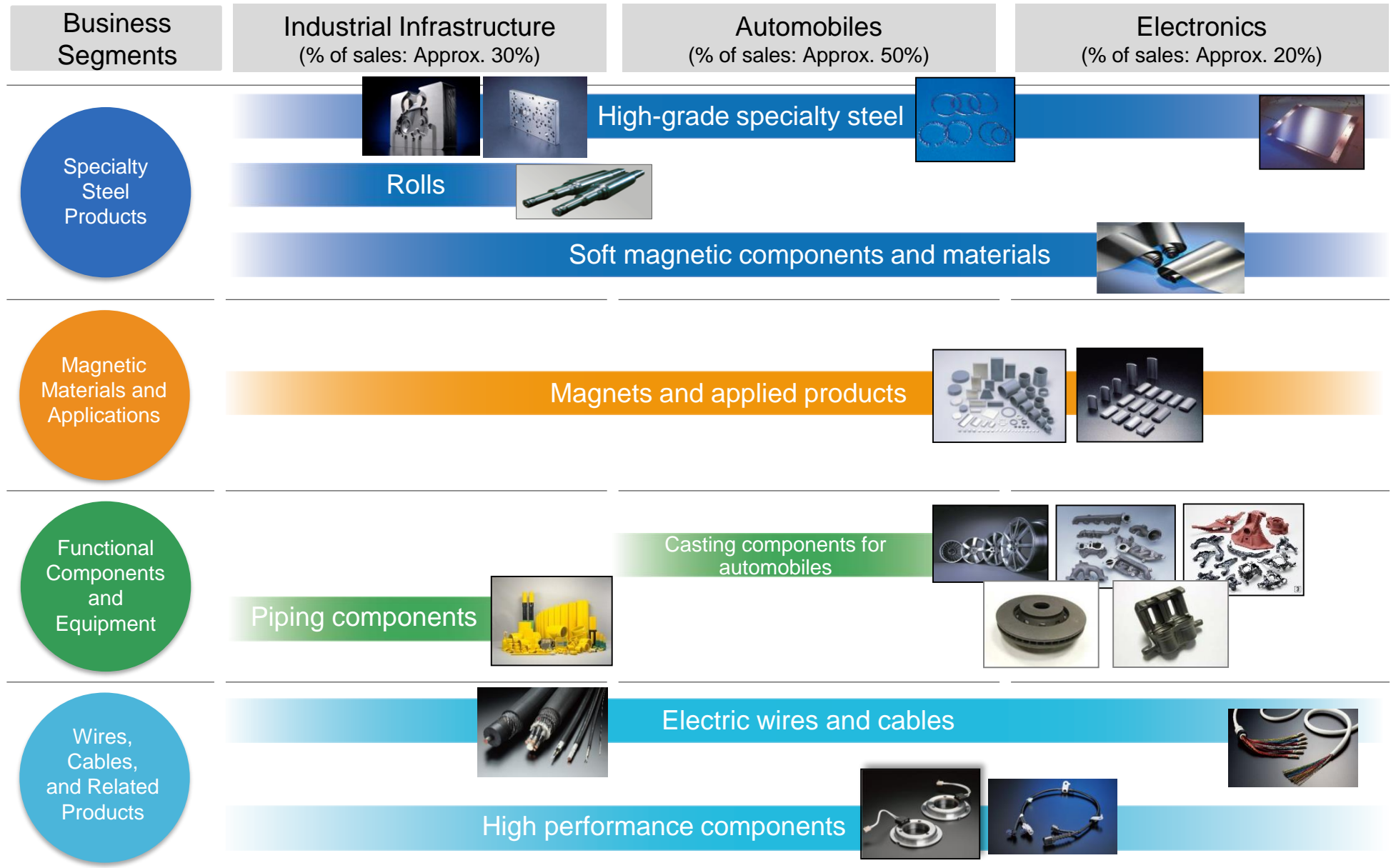
Reference Data (1)

| (¥ billions) | FY2016 Actual US\$1 = ¥108 1 euro = ¥119 1 yuan = ¥16.1 | 1Q-3Q FY2016 Actual US\$1 = ¥107 1 euro = ¥118 1 yuan = ¥16.0 | 1Q-3Q FY2017 Actual US\$1 = ¥112 1 euro = ¥129 1 yuan = ¥16.6 | FY2017 New forecast Announced Jan. 29, 2018 US\$1 = ¥111 |
|---|---|---|---|--|
| Revenues | 910.5 | 666.5 | 733.1 | 990.0 |
| Adjusted operating income | 66.0 | 47.2 | 47.8 | 68.0 |
| Adjusted operating income margin | 7.2% | 7.1% | 6.5% | 6.9% |
| Other income | 14.1 | 9.3 | 3.6 | |
| Other expenses | -11.8 | -6.9 | -9.0 | |
| IFRS operating income | 68.3 | 49.6 | 42.4 | |
| EBIT | 68.5 | 49.5 | 45.6 | 60.0 |
| Income before income taxes | 66.0 | 47.6 | 44.1 | 58.0 |
| Net income attributable to shareholders of the parent company | 50.6 | 36.2 | 34.8 | 45.0 |
| Interest-bearing debt | 194.5 | 209.2 | 168.5 | |
| Capital expenditure | 63.8 | 43.3 | 59.2 | 88.0 |
| Depreciation | 43.0 | 31.9 | 34.5 | 46.0 |
| R&D expenses | 18.0 | 13.7 | 12.5 | 18.0 |
| D/E ratio (times) | 0.36 | 0.40 | 0.30 | 0.30 |
| Earnings per share (yen) | 118.32 | 84.65 | 81.41 | 105.24 |
| Dividend per share (yen) | 26.0 | 13.0 | 13.0 | 26.0 |
| Parent company shareholder equity per share (yen) | 1,254.9 | 1,230.9 | 1,323.3 | 1,333.1 |
| Employees | 28,754 | 28,290 | 30,390 | 30,400 |
| ROE | 9.4% | | | 8.1% |
| ROA | 4.9% | | | 4.2% |
| Overseas sales ratio | 56% | 55% | 56% | |

Major products' volume trends (weight basis) (1Q–3Q FY2017)


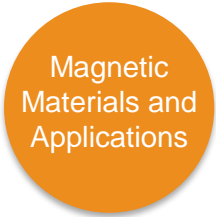


| Product | | Year-on-Year |
|-------------------------------------|--|--------------|
| Specialty Steel Products | Molds and tool steel | +3% |
| | CVT belt materials | +16% |
| | Piston ring materials | +11% |
| Magnetic Materials and Applications | Rare earth magnets | +8% |
| Functional Components and Equipment | Cast iron products | +3% |
| | Heat-resistant casting components (HERCUNITE™) | +44% |
| | Aluminum wheels (number) | -20% |

(For reference) Business Operations by Market



(For reference) Hitachi Metals: Description of Business Segments (October 1, 2017 onward)

■ Business Operations

| Business Segments | Business | Principal Products |
|---|--|--|
|  | Specialty Steel Company | |
| | Specialty steel | 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 blade materials], aircraft- and energy-related materials, and precision cast components) |
| | Rolls | Rolls for steel mills, structural ceramic products, injection molding machine parts, 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 |
|  | Magnetic Materials Company | |
| | Magnets and applied products | Magnets (NEOMAX® rare-earth magnets; ferrite magnets; and other magnets and applied products), ceramic components |
|  | 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) and SCUBA™ aluminum wheels and other aluminum components |
| | Piping components | Piping and infrastructure components {Gourd brand pipe fittings and valves, stainless steel and plastic piping components, water cooling equipment, precision mass flow control devices, and sealed expansion tanks) |
|  | Cable Materials Company | |
| | Electric wires and cables | Industrial cables, electronic wires, electric equipment materials, and industrial rubber products |
| | High performance components | Cable assemblies, automotive electronic components, and brake hoses |

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:

- **Changes in economic conditions and regulations in the main markets where the Company operates, particularly Japan, the Americas, 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 technologies**
- **Fluctuations in the status of product markets, exchange rates and international commodity markets**
- **Changes in the 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**