

# **Hitachi Metals Financial Results for the First Three Months of Fiscal Year 2020 (April 1, 2020 to June 30, 2020)**

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**July 28, 2020**

# 1-1. Overview of the First Quarter (First Three Months ) of FY2020 (1)

- Global real GDP growth forecast for 2020  
Further deteriorated to -5.2%<sup>\*1</sup> since the beginning of 1Q (initial forecast was between -3.0% and -2.8%)
- [Automobiles]
- Due to the impact of the COVID-19 outbreak, operations by the Company's customers were suspended and supply chains were disrupted globally during 1Q of FY2020. While automobile manufacturers resumed their operations, demand plunged significantly year on year.
  - Global automobile production forecast for 2020 has declined further since the beginning of 1Q. Previous forecast (as of May 27, 2020), 70 million (down 21% year on year)  
Revised forecast: 69 million (down 22% year on year) <sup>\*2</sup>
- [Aircraft]
- Demand for aircraft materials declined reflecting the dramatic fall in passenger numbers due to the impact of the COVID-19 outbreak.
- [FA / robots]
- Capital investment decreased in line with lower plant operation rates and sluggish corporate earnings due to the impact of the COVID-19 outbreak.
- [Semiconductors / smartphones]
- While the semiconductor market is expected to see negative growth for 2020, the decline will likely be smaller compared to at the time of the collapse of Lehman Brothers.
  - The decline in demand for automobiles and smartphones is expected to be underpinned by demand for server equipment.
- [Medical devices]
- Demand increased for equipment needed to respond to the COVID-19 outbreak.

\*1: Forecast by the World Bank

\*2: Estimates by the Company with reference to various materials

# 1-2. Overview of the First Quarter (2)

## Overview of 1Q

- Both revenues and profit decreased year on year as a result of diminished demand due to the impact of the COVID-19 outbreak.
  - [Automobiles] Demand dropped for molds and tool steel, industrial equipment, automotive casting products, magnetic materials and applications, and automotive electronic components.
  - [Aircraft] Demand for aircraft-related materials decreased due to a decline in demand for aircraft equipment/materials.
  - [FA / robots] While sales of magnetic materials and applications plunged, there were signs of resumption of capital investment related to electronic wires.
  - [Semiconductors / smartphones] Sales related to telecommunications such as 5G-related facilities and server equipment remained strong.
  - [Medical devices] Sales of materials for scintillators and cables for medial device remained robust.
- Adjusted operating income increased slightly against initial forecast on the back of a decrease in fixed costs and the resumption of operations by automobile manufacturers in North America which was earlier than expected.
- Implemented measures to improve managerial efficiency
  - (1) Improved capital efficiency through ongoing efforts to curb increases in inventories and investment.
  - (2) Reduction in fixed costs during 1Q: ¥13.0 billion
  - (3) Structural reforms (closure of Waupaca's plant in Pennsylvania, business transfer and withdrawal in the field of the brass product business)

## Results Forecast

- Recovery of orders has been slow as demand remained stagnant due to the impact of the COVID-19 outbreak.
- With order receipt environment remaining uncertain, the Company will continue to take measures to optimize fixed costs in line with revenues.
- Operating forecast for FY2020 have not been revised from the forecast figures released on May 27, 2020.

## Quality Assurance

- Status of investigation into the misconduct case announced on April 27, 2020
  - (1) The special investigation committee is continuing its investigation. The final report is expected by the end of this year.
  - (2) No issues related to product safety have been identified at this stage.

# 1-3. Operating Results

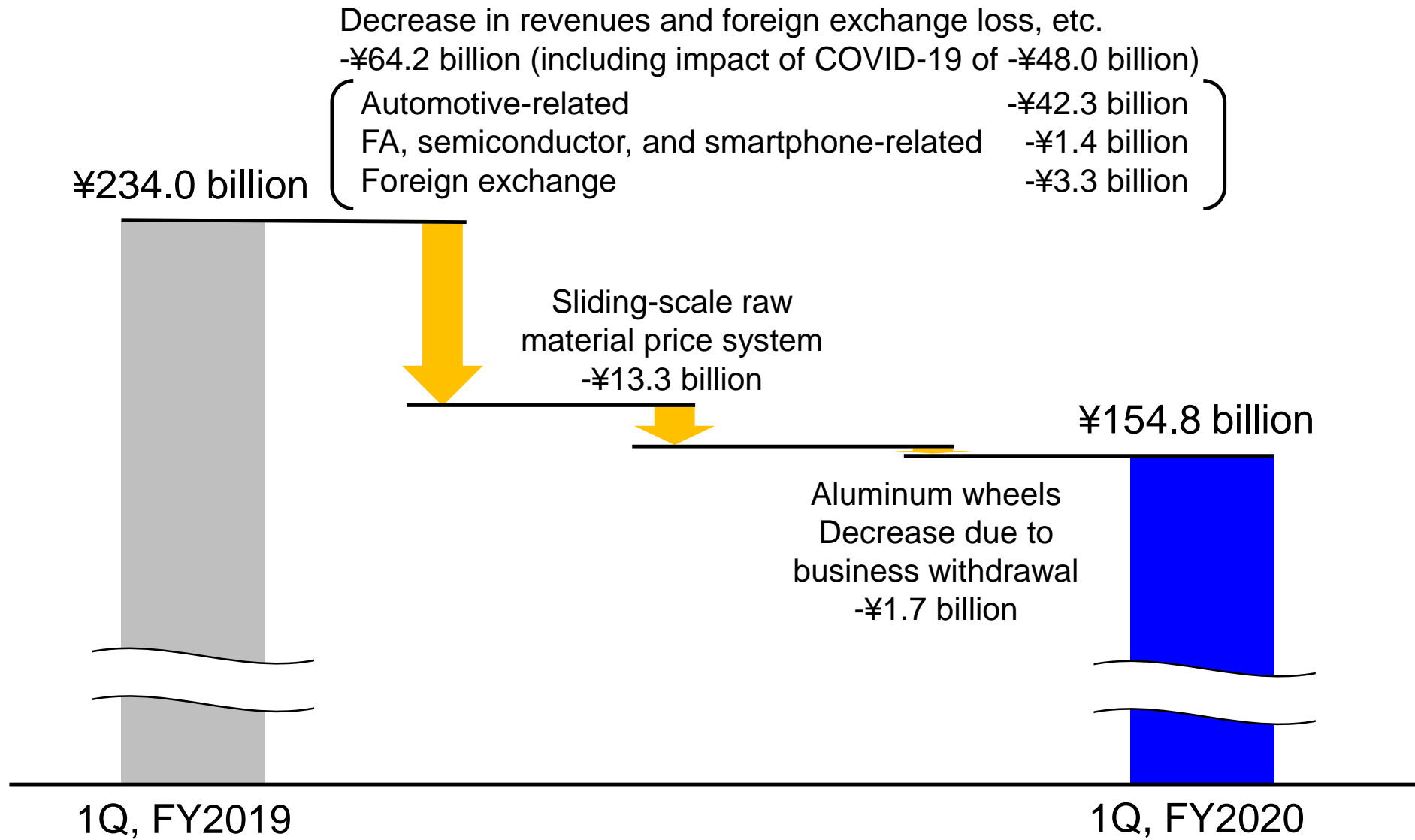
¥ billions  Profit margin in brackets	FY2019				FY2020	Differences	
	1Q (Apr. – Jun.)  US\$1 = ¥110 €1 = ¥123 1 yuan = ¥16.1	2Q (Jul. – Sep.)  US\$1 = ¥107 €1 = ¥119 1 yuan = ¥15.3	3Q (Oct. – Dec.)  US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.5	4Q (Jan. – Mar.)  US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.6	1Q (Apr. – Jun.)  US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2	Year-on-Year 1Q/1Q 1Q-1Q	Quarter-on-Quarter 1Q/4Q 1Q-4Q
Revenues	234.0	222.9	214.1	210.4	154.8	-34%	-26%
Adjusted operating income*	(2.4%) 5.5	(0.2%) 0.4	(2.8%) 5.9	(1.2%) 2.6	(-4.7%) -7.3	-12.8	-9.9
IFRS operating income	(2.2%) 5.2	(-19.2%) -42.8	(1.4%) 2.9	(-2.1%) -4.4	(-4.1%) -6.4	-11.6	-2.0
Income before income taxes	4.5	-43.2	3.0	-4.9	-7.1	-11.6	-2.2
Net income attributable to shareholders of the parent company	3.2	-44.2	2.1	1.3	-3.3	-6.5	-4.6

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

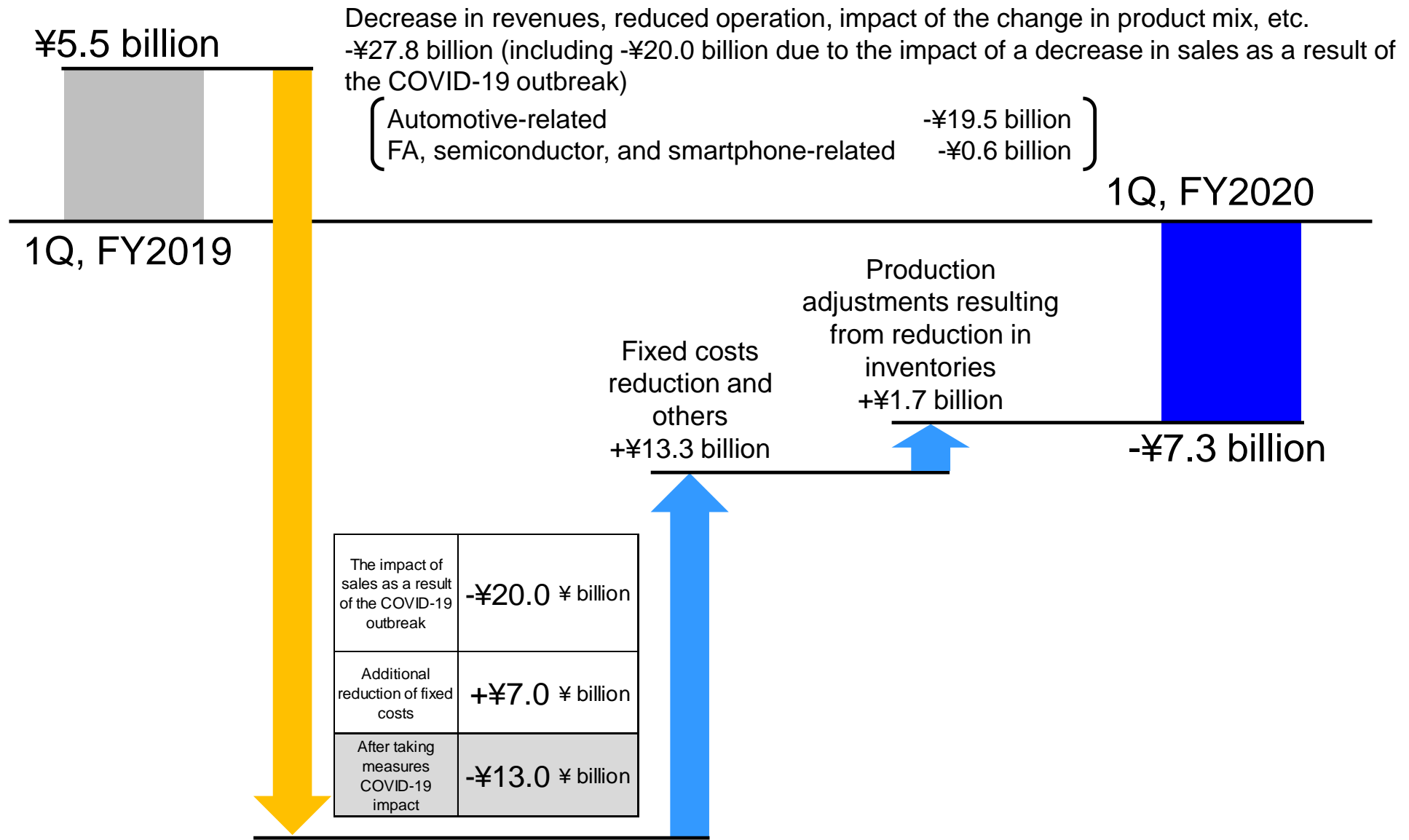
## Sales by region

¥ billions		Japan	North America	China	Other Asian countries	Europe	Others
FY2019 1Q	Revenues	104.7	69.1	16.1	27.0	11.7	5.4
	Sales ratio	45%	30%	7%	11%	5%	2%
FY2020 1Q	Revenues	78.8	33.0	16.2	17.9	6.9	2.0
	Sales ratio	51%	21%	11%	12%	4%	1%
	Revenues year-on-year	-25%	-52%	+1%	-34%	-41%	-63%

# 1-4. Factors Behind Increase/Decrease in Revenues (Year-on-Year)



# 1-5. Factors Behind Increase/Decrease in Adjusted Operating Income (Year-on-Year)



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July 28, 2020

# 2-1. Operating Results by Segment

¥ billions Profit margin in brackets		FY2019	FY2019	FY2019	FY2019	FY2019	FY2020	Differences		FY2020	
		1Q (Apr. – Jun.)	2Q (Jul. – Sep.)	3Q (Oct. – Dec.)	4Q (Jan. – Mar.)		1Q (Apr. – Jun.)	Year-on-Year	Quarter-on-Quarter	Forecast	
		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 = ¥120 1 yuan = ¥15.6	US\$1 = ¥109 €1 = ¥121 1 yuan = ¥15.6	US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2	1Q/1Q	1Q/4Q	US\$1 = ¥105 €1 = ¥120 1 yuan = ¥15.0	
								1Q-1Q	1Q-4Q		
Advanced Metals	Specialty Steel Products	Revenues	63.7	63.6	62.4	60.9	250.6	52.5	-18%	-14%	230.0
		Adjusted operating income	(0.8%) 0.5	(-0.2%) -0.1	(4.8%) 3.0	(3.4%) 2.1	(2.2%) 5.5	(-0.4%) -0.2	-0.7	-2.3	(2.2%) 5.0
		IFRS operating income	(1.1%) 0.7	(-0.5%) -0.3	(3.4%) 2.1	(8.4%) 5.1	(3.0%) 7.6	(2.9%) 1.5	+0.8	-3.6	–
	Functional Components and Equipment	Revenues	83.3	74.2	69.4	72.8	299.7	40.2	-52%	-45%	220.0
		Adjusted operating income	(2.4%) 2.0	(-1.1%) -0.8	(-0.1%) -0.1	(-2.7%) -2.0	(-0.3%) -0.9	(-17.4%) -7.0	-9.0	-5.0	(-5.9%) -13.0
		IFRS operating income	(2.0%) 1.7	(-1.5%) -1.1	(-2.2%) -1.5	(-11.4%) -8.3	(-3.1%) -9.2	(-18.2%) -7.3	-9.0	1.0	–
	Subtotal*	Revenues	147.0	137.8	131.8	133.7	550.3	92.7	-37%	-31%	450.0
		Adjusted operating income	(1.7%) 2.5	(-0.7%) -0.9	(2.2%) 2.9	(0.1%) 0.1	(0.8%) 4.6	(-7.8%) -7.2	-9.7	-7.3	(-1.8%) -8.0
		IFRS operating income	(1.6%) 2.4	(-1.0%) -1.4	(0.5%) 0.6	(-2.4%) -3.2	(-0.3%) -1.6	(-6.3%) -5.8	-8.2	-2.6	–
Advanced Components & Materials	Magnetic Materials and Applications / Power electronics	Revenues	30.6	30.0	28.3	27.9	116.8	22.1	-28%	-21%	110.0
		Adjusted operating income	(-0.7%) -0.2	(-1.7%) -0.5	(2.8%) 0.8	(4.7%) 1.3	(1.2%) 1.4	(-2.3%) -0.5	-0.3	-1.8	(1.4%) 1.5
		IFRS operating income	(-0.7%) -0.2	(–) -43.2	(2.1%) 0.6	(0%) 0	(–) -42.8	(-2.3%) -0.5	-0.3	-0.5	–
	Wires, Cables, and Related Products	Revenues	56.0	55.0	53.9	48.4	213.3	39.9	-29%	-18%	190.0
		Adjusted operating income	(3.2%) 1.8	(3.5%) 1.9	(3.0%) 1.6	(2.9%) 1.4	(3.1%) 6.7	(-1.3%) -0.5	-2.3	-1.9	(1.3%) 2.5
		IFRS operating income	(3.4%) 1.9	(3.3%) 1.8	(3.0%) 1.6	(0%) 0	(2.5%) 5.3	(-0.8%) -0.3	-2.2	-0.3	–
	Subtotal*	Revenues	86.6	85.0	82.2	76.3	330.1	62.0	-28%	-19%	300.0
		Adjusted operating income	(1.8%) 1.6	(1.6%) 1.4	(2.9%) 2.4	(3.5%) 2.7	(2.5%) 8.1	(-1.6%) -1.0	-2.6	-3.7	(1.3%) 4.0
		IFRS operating income	(2.0%) 1.7	(–) -41.4	(2.7%) 2.2	(0%) 0	(-11.4%) -37.5	(-1.3%) -0.8	-2.5	-0.8	–
Others/Adjustments	Revenues	0.4	0.1	0.1	0.4	1.0	0.1	–	–	0	
	Adjusted operating income	1.4	-0.1	0.6	-0.2	1.7	0.9	-0.5	1.1	-1.0	
	IFRS operating income	1.1	0	0.1	-1.2	0	0.2	-0.9	1.4	–	
Total	Revenues	234.0	222.9	214.1	210.4	881.4	154.8	-34%	-26%	750.0	
	Adjusted operating income	(2.4%) 5.5	(0.2%) 0.4	(2.8%) 5.9	(1.2%) 2.6	(1.6%) 14.4	(-4.7%) -7.3	-12.8	-9.9	(-0.7%) -5.0	
	IFRS operating income	(2.2%) 5.2	(–) -42.8	(1.4%) 2.9	(-2.1%) -4.4	(-4.4%) -39.1	(-4.1%) -6.4	-11.6	-2.0	–	

\*Simple sum before eliminating intersegment revenues



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

(Year-on-Year)

**[Revenues]**

**-Molds and tool steel**

Decreased due to a decrease in both domestic and international demand and ongoing inventory adjustments including distribution stock corrections mainly in Japan since the previous fiscal year.

**-Rolls**

Rolls:

Remained virtually unchanged year on year  
Injection molding machine parts and steel-frame joints for construction:  
Decreased due to a decline in demand

**-Industrial equipment materials**

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

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

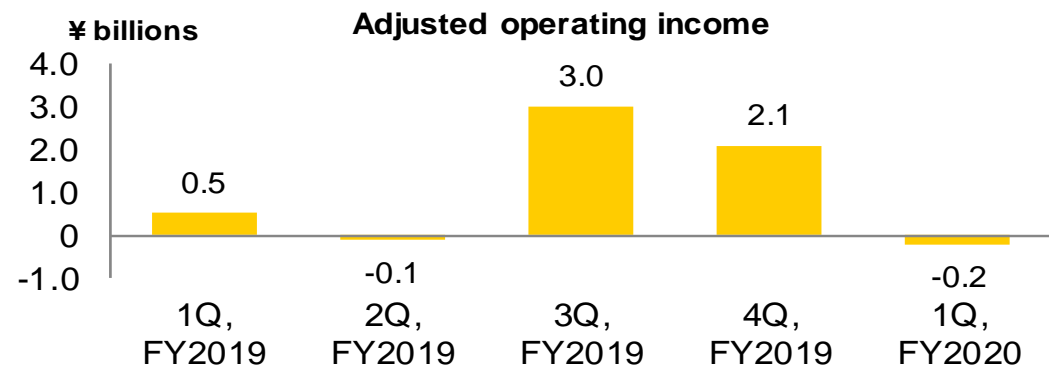
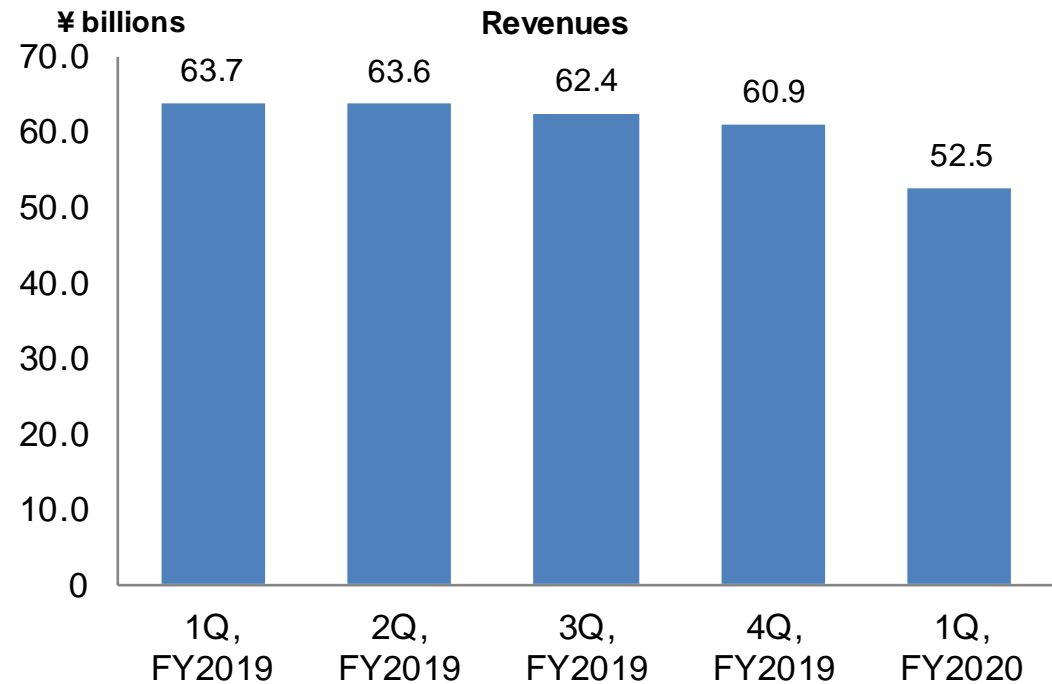
Demand for aircraft-related materials decreased mainly in the private sector.

**-Alloys for electronic products**

Sales of organic EL panel-related components grew and sales of clad metals for smartphones and batteries also increased. However, overall sales remained virtually flat year on year due to a decline in demand for products related to automobiles despite a rise in sales related to server applications among semiconductor package components.

**[Adjusted operating income/loss]**

Decreased due to a decline in demand for mainstay molds and tool steel and industrial equipment.



## 2-3. Operating Results by Segment for 1Q: Specialty Steel Products (2)

¥ billions		FY2019	FY2019	FY2019	FY2019	FY2020	Differences	
		1Q (Apr. – Jun.) US\$1 = ¥110 €1 = ¥123 1 yuan = ¥16.1	2Q (Jul. – Sep.) US\$1 = ¥107 €1 = ¥119 1 yuan = ¥15.3	3Q (Oct. – Dec.) US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.5	4Q (Jan. – Mar.) US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.6	1Q (Apr. – Jun.) US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2	Year-on-Year 1Q/1Q 1Q-1Q	Quarter-on-Quarter 1Q/4Q 1Q-4Q
Specialty Steel Products	Revenues	63.7	63.6	62.4	60.9	52.5	-18%	-14%
	Molds and tool steel*						-30%	-19%
	Rolls*						-10%	-6%
	Industrial equipment materials*						-27%	-21%
	Aircraft-related and energy-related materials*						-34%	-32%
	Alloys for electronic products*						0%	-4%
	Adjusted operating income	0.5	- 0.1	3.0	2.1	- 0.2	-0.7	-2.3
	Adjusted operating margin	0.8%	-0.2%	4.8%	3.4%	-0.4%	-1.2%	-3.8%
	IFRS operating income	0.7	- 0.3	2.1	5.1	1.5	0.8	-3.6

\*Indicates the change in revenues calculated by a simplified method

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

## [Revenues]

(Year-on-Year)

### Automotive casting products

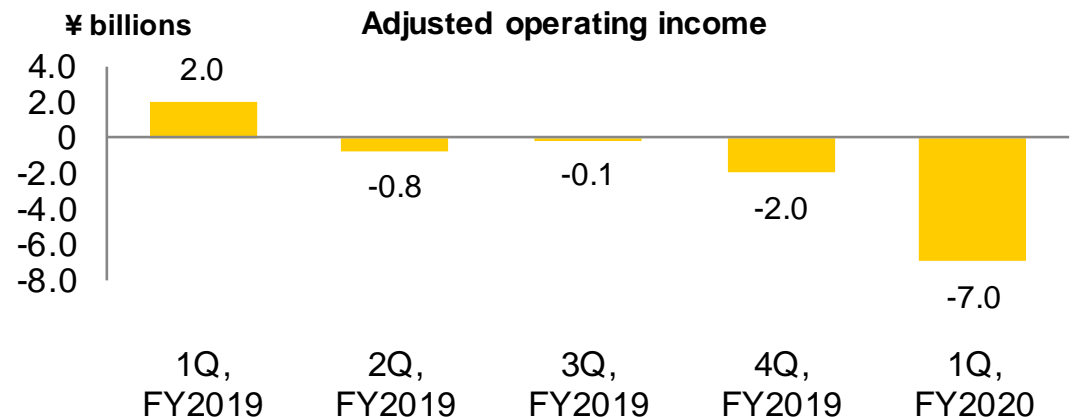
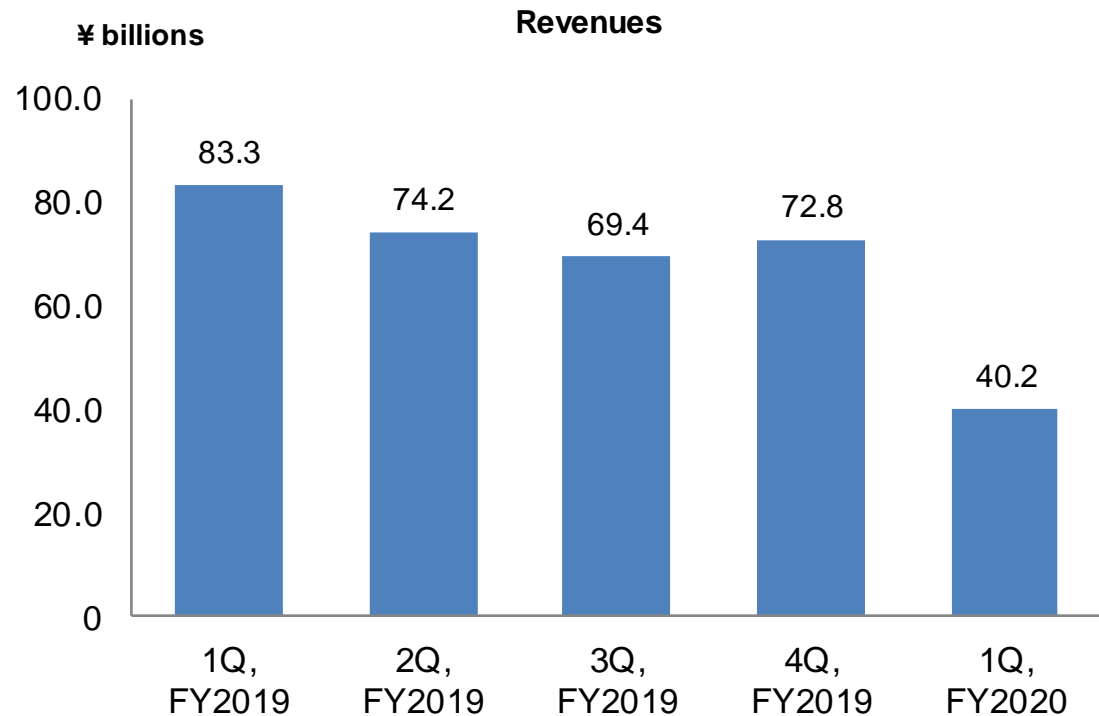
Cast iron products and heat-resistant exhaust casting components:  
Decreased due to the suspension of operations by the major customers in various parts of the world.

### Piping components

Pipe fittings:  
Both domestic and international demand decreased year on year.  
Semiconductor manufacturing equipment:  
Increased on the back of recovery of demand for capital investment.

## [Adjusted operating income/loss]

Decreased due to a decline in demand related to the automotive casting components business, which is the segment's core business.



## 2-5. Operating Results by Segment for 1Q: Functional Components and Equipment (2)

¥ billions		FY2019	FY2019	FY2019	FY2019	FY2020	Differences	
		1Q (Apr. – Jun.)	2Q (Jul. – Sep.)	3Q (Oct. – Dec.)	4Q (Jan. – Mar.)	1Q (Apr. – Jun.)	Year-on-Year 1Q/1Q 1Q-1Q	Quarter-on-Quarter 1Q/4Q 1Q-4Q
		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 = ¥120 1 yuan = ¥15.6	US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2		
Functional Components and Equipment	Revenues	83.3	74.2	69.4	72.8	40.2	-52%	-45%
	Automotive Casting Products*	72.2	62.8	57.0	61.8	30.4	-58%	-51%
	Waupaca Foundry, Inc.*	53.0	45.4	39.1	44.7	22.2	-58%	-50%
	Cast iron products [Waupaca Foundry, Inc.] (weight)						-55%	-49%
	Cast iron products [Other] (weight)						-57%	-50%
	Heat-resistant exhaust casting components (weight)						-29%	-41%
	Piping Components*	11.1	11.3	12.4	11.1	9.8	-12%	-12%
	Adjusted operating income	2.0	- 0.8	- 0.1	- 2.0	- 7.0	-9.0	-5.0
	Adjusted operating margin	2.4%	-1.1%	-0.1%	-2.7%	-17.4%	-19.8%	-14.7%
	IFRS operating income	1.7	- 1.1	- 1.5	- 8.3	- 7.3	-9.0	+1.0

\*Simple sum before eliminating intersegment revenues

# 2-6. Operating Results by Segment for 1Q:

## Magnetic Materials and Applications / Power Electronics



[Revenues] (Year-on-Year)

Decreased due to a decline in demand for magnetic materials and applications such as automotive electronic components.

**•Magnetic materials and applications**

**Rare earth magnets:**

Demand for various manufacturing equipment and industrial machinery as well as electronics-related products decreased on the back of the downturn in demand for automotive electronic components.

**Ferrite magnets:**

Demand for automotive components decreased.

**•Power electronics materials**

**Soft magnetic materials and the applied products:**

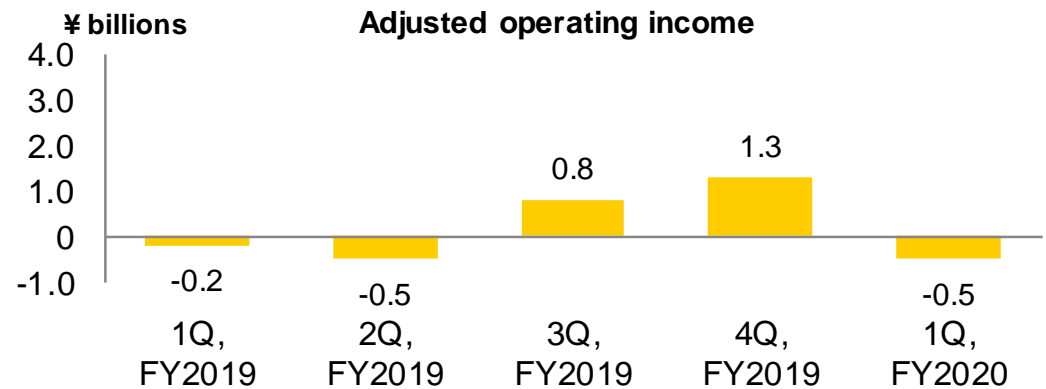
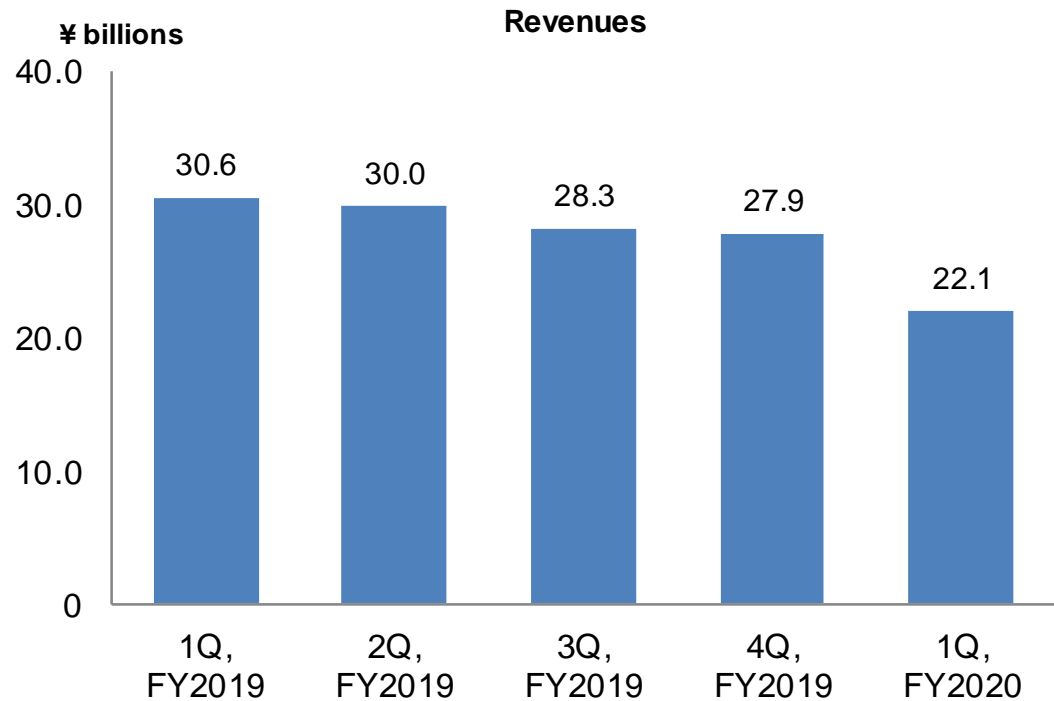
Decreased due to a decline in demand for amorphous metals for transformers, despite strong demand for use in telecommunications equipment such as servers.

**Ceramic components:**

Decreased due to a decline in demand for use in telecommunications equipment and automotive electronic components, despite an increase in demand for use in medical devices.

[Adjusted operating income/loss]

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



## 2-7. Operating Results by Segment for 1Q:

### Magnetic Materials and Applications / Power Electronics (2)

¥ billions		FY2019	FY2019	FY2019	FY2019	FY2020	Differences	
		1Q (Apr. – Jun.) US\$1 = ¥110 €1 = ¥123 1 yuan = ¥16.1	2Q (Jul. – Sep.) US\$1 = ¥107 €1 = ¥119 1 yuan = ¥15.3	3Q (Oct. – Dec.) US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.5	4Q (Jan. – Mar.) US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.6	1Q (Apr. – Jun.) US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2	Year-on-Year 1Q/1Q 1Q-1Q	Quarter-on-Quarter 1Q/4Q 1Q-4Q
Magnetic Materials and Applications/ Power Electronics	Revenues	30.6	30.0	28.3	27.9	22.1	-28%	-21%
	Magnetic Materials and Applications*	21.2	20.7	19.2	18.6	13.6	-36%	-27%
	Rare earth magnets (weight)						-36%	-25%
	Ferrite magnets (weight)						-39%	-40%
	Power Electronics Materials*	9.4	9.3	9.1	9.3	8.5	-10%	-9%
	Adjusted operating income	- 0.2	- 0.5	0.8	1.3	- 0.5	-0.3	-1.8
	Adjusted operating margin	-0.7%	-1.7%	2.8%	4.7%	-2.3%	-1.6%	-7.0%
	IFRS operating income	- 0.2	- 43.2	0.6	0	- 0.5	-0.3	-0.5

\*Simple sum before eliminating intersegment revenues

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

**[Revenues]** (Year-on-Year)

Decreased mainly for automotive electronic components.

▪ **Electric wires and cables**

Electrical wire for rolling stock:

Both domestic and international demand decreased.

Medical devices:

Increased for cables.

Electronic wires:

Demand increased for the use of FA/robots and 5G base stations.

Magnet wires:

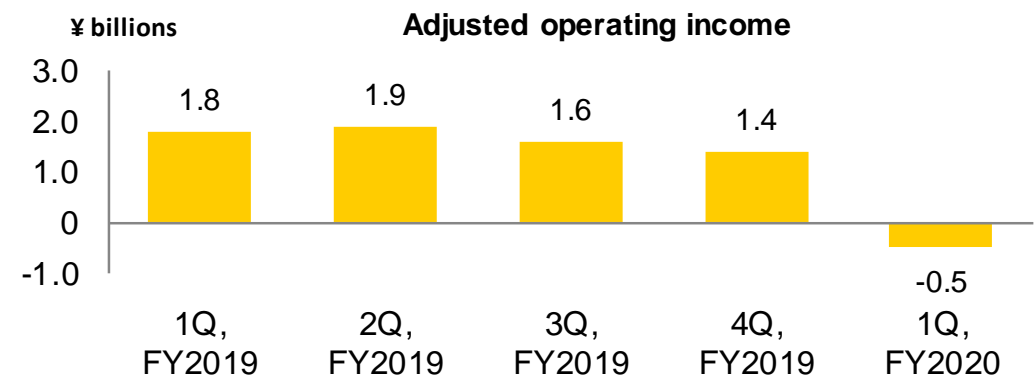
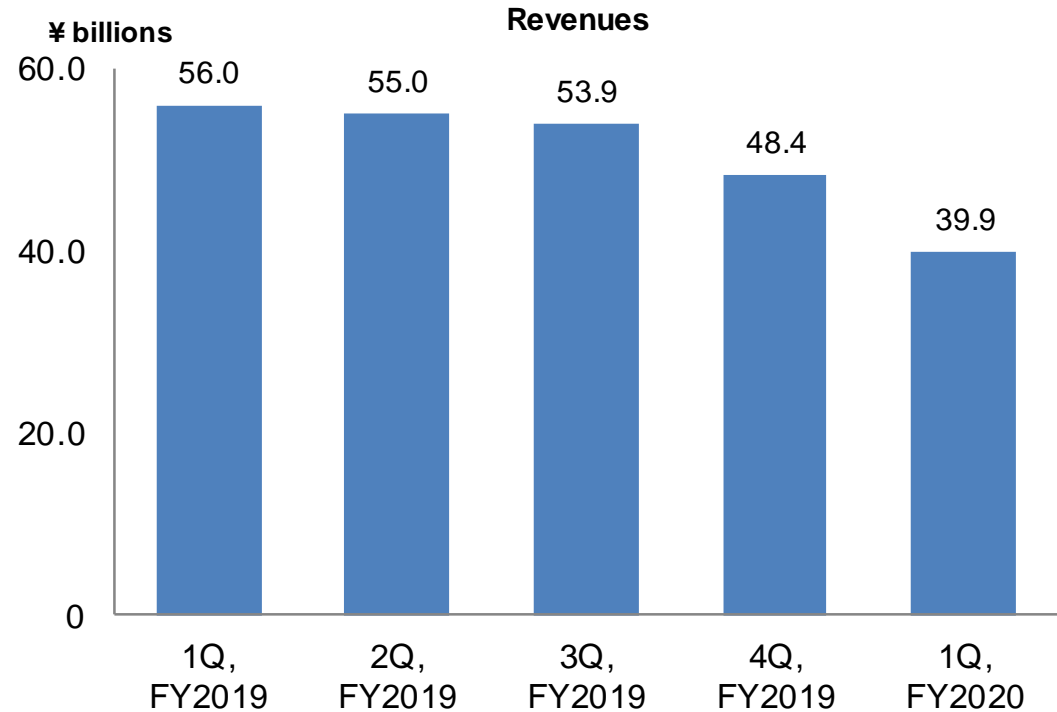
Decreased mainly for automotive applications.

▪ **Automotive components**

Decreased for both automotive electronic components and brake hoses due to a decline in demand resulting from the suspension of operations by the major customers in various parts of the world.

**[Adjusted operating income/loss]**

Decreased due to a decline in demand for wires, cables, and automotive components.



## 2-9. Operating Results by Segment for 1Q: Wires, Cables, and Related Products (2)

¥ billions		FY2019	FY2019	FY2019	FY2019	FY2020	Differences		
		1Q (Apr. – Jun.)	2Q (Jul. – Sep.)	3Q (Oct. – Dec.)	4Q (Jan. – Mar.)	1Q (Apr. – Jun.)	Year-on-Year 1Q/1Q 1Q-1Q	Quarter-on-Quarter 1Q/4Q 1Q-4Q	
		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 = ¥120 1 yuan = ¥15.6	US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2			
Wires, Cables, and Related Products	Revenues	56.0	55.0	53.9	48.4	39.9	-29%	-18%	
	Focus sectors	Rolling stock*						-13%	+20%
		Medical devices*						+11%	+27%
		FA/ robots*						+7%	+11%
		Magnet wires*						-26%	-25%
		Electronic components*						-50%	-40%
	Adjusted operating income	1.8	1.9	1.6	1.4	- 0.5	-2.3	-1.9	
	Adjusted operating margin	3.2%	3.5%	3.0%	2.9%	-1.3%	-4.5%	-4.2%	
IFRS operating income	1.9	1.8	1.6	0	- 0.3	-2.2	-0.3		

\*Indicates the change in revenues calculated by a simplified method

Sales proportion of the focus sectors: 1Q, FY2019: 40%

1Q, FY2020: 40%



### 3. Assets, Liabilities, and Net Assets

¥ billions	End of FY2019 US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.3	June 30, 2020 US\$1 = ¥108 €1 = ¥121 1 yuan = ¥15.2	Differences
Total assets	977.8	964.9	-12.9
Trade receivables	157.7	141.1	-16.6
Inventories	179.9	183.5	+3.6
Total liabilities	454.9	451.4	-3.5
Interest-bearing debt	187.6	215.1	+27.5
Equity attributable to shareholders of the parent company	520.3	511.0	-9.3
Non-controlling interests	2.6	2.5	- 0.1
Equity attributable to shareholders of the parent company ratio	53.2%	53.0%	-0.2%
D/E ratio (times)	0.36	0.42	+0.06

Trade receivables: Decreased due to a decline in revenues mainly in Japan and North America.  
 Interest-bearing debt: Increased as a result of funding such as short-term debt.  
 D/E ratio: Maintained soundness at 0.42 times.

## 4. Consolidated Cash Flows

¥ billions	FY2019 1Q (Apr – Jun) US\$1 = ¥110 €1 = ¥123 1 yuan = ¥16.1	FY2020 1Q (Apr – Jun) US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2	Year-on-Year
Cash flows from operating activities (Operating CF)	7.0	- 10.3	- 17.3
Cash flows from investing activities (Investing CF)	- 19.2	15.2	+34.4
Free cash flows (FCF)	- 12.2	4.9	+17.1
Core free cash flows*	- 13.1	- 20.8	- 7.7

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

[Operating CF] Decreased by ¥17.3 billion due to the impact of a decrease in profit, despite an improvement of operating capital by ¥5.1 billion.

[Investing CF] +¥9.6 billion due to careful selection of fixed asset investment and +¥25.3 billion of proceeds from sale of entities accounted for using the equity method.

[FCF] Improved by ¥17.1 billion year on year, through measures such as reducing working capital and applying stricter investment criteria.

# Reference Data (1)

¥ billions	FY2015	FY2016	FY2017	FY2018	FY2019	FY2019	FY2019	FY2019	FY2019	FY2020	FY2020
	US\$1 = ¥120	US\$1 = ¥108 €1 = ¥119 1 yuan = ¥16.1	US\$1 = ¥111 €1 = ¥130 1 yuan = ¥16.8	US\$1 = ¥111 €1 = ¥128 1 yuan = ¥16.5	1Q (Apr. – Jun.) US\$1 = ¥110 €1 = ¥123 1 yuan = ¥16.1	2Q (Jul. – Sep.) US\$1 = ¥107 €1 = ¥119 1 yuan = ¥15.3	3Q (Oct. – Dec.) US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.5	4Q (Jan. – Mar.) US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.6	US\$1 = ¥109 €1 = ¥121 1 yuan = ¥15.6	1Q (Apr. – Jun.) US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2	Forecast US\$1 = ¥105 €1 = ¥120 1 yuan = ¥15.0
Revenues	1,017.6	910.5	988.3	1,023.4	234.0	222.9	214.1	210.4	881.4	154.8	750.0
Adjusted operating income <sup>*1</sup>	76.1	66.0	65.1	51.4	5.5	0.4	5.9	2.6	14.4	-7.3	-5.0
Adjusted operating margin	7.5%	7.2%	6.6%	5.0%	2.4%	0.2%	2.8%	1.2%	1.6%	-4.7%	-0.7%
Other income	36.4	14.1	5.4	10.7	0.9	0.9	0.8	6.0	8.6	3.1	
Other expenses	-12.5	-11.8	-24.2	-19.7	-1.2	-44.1	-3.8	-13.0	-62.1	-2.2	
IFRS operating income	100.0	68.3	46.3	42.4	5.2	-42.8	2.9	-4.4	-39.1	-6.4	
EBITDA	99.1	68.5	48.9	45.3	5.1	-42.6	3.5	-4.4	-38.4	-6.7	-13.0
EBITDA	142.0	111.5	95.0	96.2	19.1	-28.4	17.0	9.1	16.8	6.6	40.0
(Quarterly) Income before income taxes	96.2	66.0	47.0	43.0	4.5	-43.2	3.0	-4.9	-40.6	-7.1	-15.0
(Quarterly) Net income attributable to shareholders of the parent company	69.1	50.6	42.2	31.4	3.2	-44.2	2.1	1.3	-37.6	-3.3	-12.0
Interest-bearing debt	220.4	194.5	160.8	202.1	239.0	227.0	228.1	187.6	187.6	215.1	
Capital expenditure	59.6	63.8	91.8	95.4	11.6	13.6	14.6	13.2	53.0	7.2	33.0
Depreciation	42.9	43.0	46.1	50.9	13.9	14.2	13.5	13.6	55.2	13.3	53.0
R&D expenses	19.1	18.0	17.7	18.6	4.0	4.2	4.0	3.7	15.9	3.5	17.0
D/E ratio (times)	0.44	0.36	0.29	0.34	0.42	0.43	0.43	0.36	0.36	0.42	0.29
(Quarterly) Basic net income per share (yen)	161.50	118.32	98.72	73.37	7.58	-103.45	4.81	3.01	-88.05	7.81	-28.07
Dividend per share (yen)	26.0	26.0	26.0	34.0		13.0		13.0	26.0		
Earnings per share attributable to shareholders of the parent company (yen)	1,159.7	1,254.9	1,316.1	1,375.2	1,345.9	1,238.3	1,244.0	1,216.9	1,216.9	1,195.1	1,157.5
Employees	29,157	28,754	30,390	30,304	30,354	30,201	30,016	29,805	29,805	29,542	29,500
ROIC <sup>*2</sup>	9.6%	7.0%	5.8%	5.3%					1.7%		
ROE <sup>*3</sup>	14.4%	9.8%	7.7%	5.5%					-6.8%		-2.4%
ROA <sup>*4</sup>	6.5%	4.9%	4.0%	2.9%					-3.6%		-1.3%
CCC <sup>*5</sup> (days)	62.3	71.1	82.7	90.7					87.1		86.3
Overseas sales ratio	56%	56%	56%	56%	55%	54%	53%	54%	54%	49%	51%

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

\*2 Rate of Return on Invested Capital (ROIC) [until FY2017]

= 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)

Rate of Return on Invested Capital (ROIC) [from FY2018] = {Adjusted operating income x (1 - tax rate of 25%) + (equity in earnings of affiliates)} / (average of beginning and end-year interest-bearing debts + average of beginning and end-year capital)

\*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, FY2019 as 100

Product		FY2018				FY2019				FY2020
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Specialty Steel Products	Molds and tool steel	126	124	109	109	100	103	101	84	66
	CVT belt materials	101	107	113	101	100	88	96	105	66
	Piston ring materials	112	107	110	105	100	87	101	94	44
	Organic EL-related components and materials	105	92	91	83	100	129	185	131	180
Functional Components and Equipment	Cast iron products [Waupaca Foundry, Inc.]	106	100	95	102	100	90	77	87	45
	Cast iron products [Other]	99	95	103	95	100	92	94	87	43
	Heat-resistant exhaust casting components (HERCUNITE™)	160	140	131	114	100	123	117	120	71
Magnetic Materials and Applications/ Power electronics	Rare earth magnets	110	110	103	96	100	95	90	86	64
	Ferrite magnets	115	112	108	105	100	98	98	101	61
	Amorphous metals Metglas®	115	100	96	104	100	84	78	63	50
Wires, Cables, and Related Products	Electronic components*	101	110	115	99	100	98	97	86	52


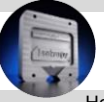











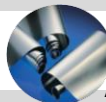

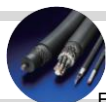
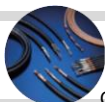

\*Figures for automotive electronic components represent the index of revenues (amount excluding the effects of foreign exchange rates) calculated by a simplified method.

## Revenues

¥ billions	FY2019 1Q	FY2019 2Q	FY2019 3Q	FY2019 4Q	FY2020 1Q
Rolls Business	6.2	6.1	6.4	5.9	5.5

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

## Business Portfolio

Business Headquarters	Business Segments	Industrial Infrastructure	Automobiles	Electronics
Advanced Metals	Specialty Steel Products	 <b>Tool steel &amp; Rolls</b> 		
		 <b>Industrial, Aircraft, &amp; Energy Materials</b> 		 <b>Electronic Materials</b> 
	Functional Components and Equipment	<b>Piping Components</b>  	<b>Automotive Casting Products</b>  	<b>Lead frame materials</b> 
Advanced Components & Materials	Magnetic Materials and Applications/ Power Electronics Materials	<b>Neodymium magnets NEOMAX®</b>  <b>Magnetic Materials and Applications</b> 		
		 <b>Power Electronics Materials</b> 		
	Wires, Cables, and Related Products	 <b>Electric Wires and Cables</b> 	<b>Automotive Components</b> 	

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

## Business Operations

Business Headquarters	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	Automotive Castings	HNM™ 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™ 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 Materials	Magnetic Materials and Applications
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 and 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.

# Information on Risks Inherent in Future Projections

**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 product demand and market conditions**
- Risks associated with raw materials procurement**
- Risks associated with changes in foreign exchange rates**
- Risks associated with the global expansion of businesses**
- Risks associated with impairment losses on fixed assets including property, plant and equipment and goodwill**
- Risks associated with M&A**
- Risks associated with business reorganization**
- Risks associated with product quality**
- Risks associated with financing activities**
- Risks associated with securing talent**
- Risks associated with relationship with the parent company**
- Risks associated with intellectual property rights**
- Risks associated with competitiveness and development and commercialization of new technologies and products**
- Risks associated with environmental regulations**
- 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**