

Hitachi Metals Financial Results for the First Half of Fiscal Year 2020 (April 1, 2020 to September 30, 2020)

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October 27, 2020

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[Automobiles]

- Due to the impact of the COVID-19 outbreak, operations of the Company's customers were suspended, and supply chains were disrupted globally during 1Q of FY2020.
- While automobile manufacturers resumed their operations and demand increased during 2Q, demand plunged significantly year on year.

[Aircraft]

- Demand for aircraft materials declined reflecting the dramatic fall in passenger numbers due to the impact of the COVID-19 outbreak.

[FA / robots]

- Plant operation rates declined due to the impact of the COVID-19 outbreak, and capital investment decreased reflecting sluggish corporate earnings.

[Semiconductors / smartphones]

- While the decline in demand for automobiles and smartphones was underpinned by demand for server equipment, overall demand diminished.

[Medical devices]

- Demand increased for equipment needed to respond to the COVID-19 outbreak.

1-2. Overview of Actual Results for 1H of FY2020 (2)

- Both revenues and profit decreased year on year as a result of diminished demand due to the impact of the COVID-19 outbreak.
- Profit increased during 1Q on the back of a decrease in fixed costs and the earlier than expected resumption of operations by automobile manufacturers in North America.

Actual results for 1H of FY2020 were in line with the forecasts reflecting a decline in operations due to a more-than-expected delay in recovery in Specialty Steel Products, mainly molds and tool steel during 2Q.

[\[Automobiles\]](#) 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 components.

[\[FA / robots\]](#) 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 CT scintillators and cables for medical devices remained robust.

- Implemented measures to improve managerial efficiency
 - (1) Improved capital efficiency through ongoing efforts to optimize inventories and curb investment.
 - (2) Reduction in fixed costs during 1H: ¥20.0 billion
 - (3) Structural reforms (closure of Waupaca's plant in Pennsylvania, transfer of / withdrawal from the brass product business)
- Impairment losses were recorded as a result of reflecting a decrease in demand due to COVID-19 impact on our business plan.
 - (Magnetic Materials and Applications / Power Electronics Materials) Magnet business: ¥15.7 billion
 - (Specialty Steel Products) Aircraft-related and energy-related business: ¥6.8 billion
 - (Wires, Cables, and Related Products) Automotive components business: ¥2.0 billion

1-3. Operating Results

¥ billions (Italic letters indicate profit margin.)	FY2019				FY2020				Differences Year-on-Year (B/A-1)× 100[%] or B-A				
	1Q (Apr – Jun)		2Q (Jul – Sep)		1H (A)		1Q (Apr – Jun)			2Q (Jul – Sep)		1H (B)	
	US\$1 = ¥110 €1 = ¥123 1 yuan = ¥16.1		US\$1 = ¥107 €1 = ¥119 1 yuan = ¥15.3		US\$1 = ¥109 €1 = ¥121 1 yuan = ¥15.7		US\$1 = ¥108 €1 = ¥118 1 yuan = ¥15.2			US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.4		US\$1 = ¥107 €1 = ¥121 1 yuan = ¥15.3	
Revenues	234.0		222.9		456.9		154.8		186.0		340.8		-25%
Adjusted operating income*	2.4%	5.5	0.2%	0.4	1.3%	5.9	-4.7%	-7.3	-2.7%	-5.1	-3.6%	-12.4	-18.3
IFRS operating income	2.2%	5.2	-19.2%	-42.8	-8.2%	-37.6	-4.1%	-6.4	-17.3%	-32.2	-11.3%	-38.6	-1.0
Income before income taxes	4.5		-43.2		-38.7		-7.1		-32.4		-39.5		-0.8
Net income attributable to shareholders of the parent company	3.2		-44.2		-41.0		-3.3		-29.9		-33.2		+7.8

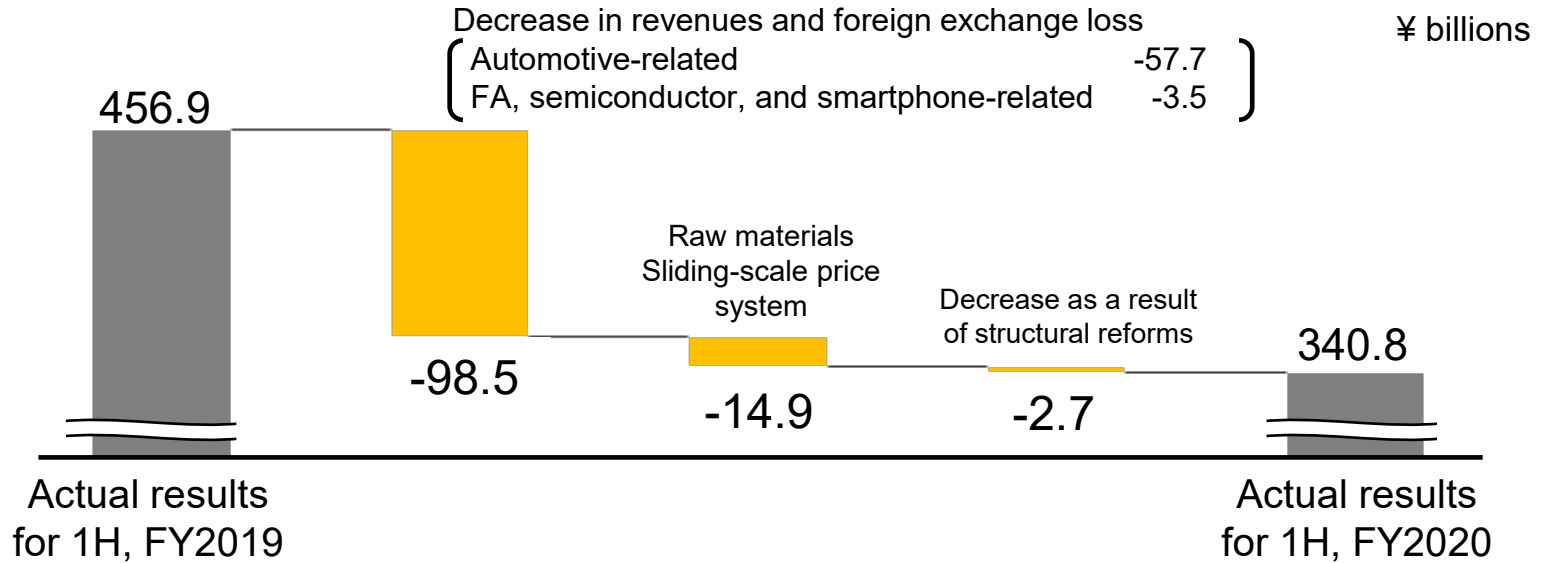
*Adjusted operating income = Revenues – Sales cost – Selling, general, & administrative expenses

Sales by region

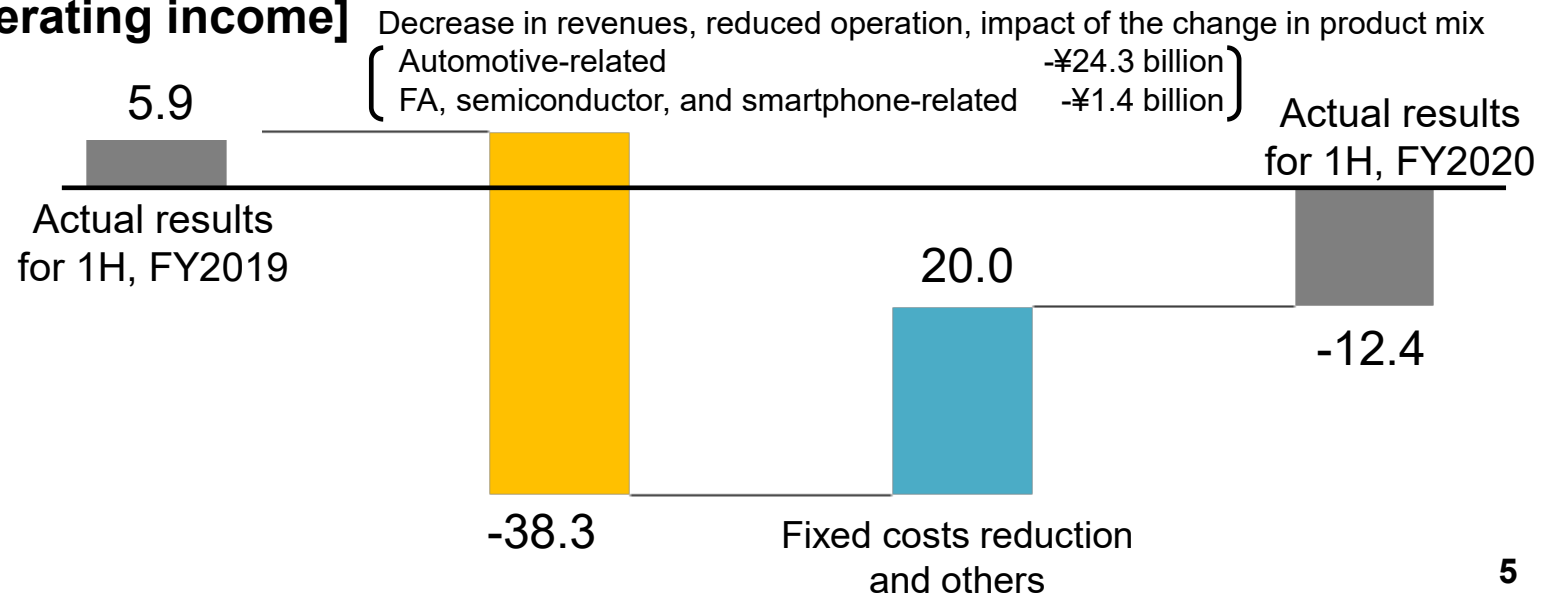
¥ billions		Japan	North America	China	Other Asian countries	Europe	Other
1H, FY2019	Revenues	207.7	130.4	32.4	53.3	22.5	10.6
	Sales ratio	45%	29%	7%	12%	5%	2%
1H, FY2020	Revenues	159.7	87.3	34.0	38.3	15.8	5.7
	Sales ratio	47%	26%	10%	11%	5%	1%
	Revenues year-on-year	-23%	-33%	+5%	-28%	-30%	-46%

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

[Revenues]



[Adjusted operating income]



I. Overview of Financial Results for the First Half of FY2020 and Operating Forecast for FY2020

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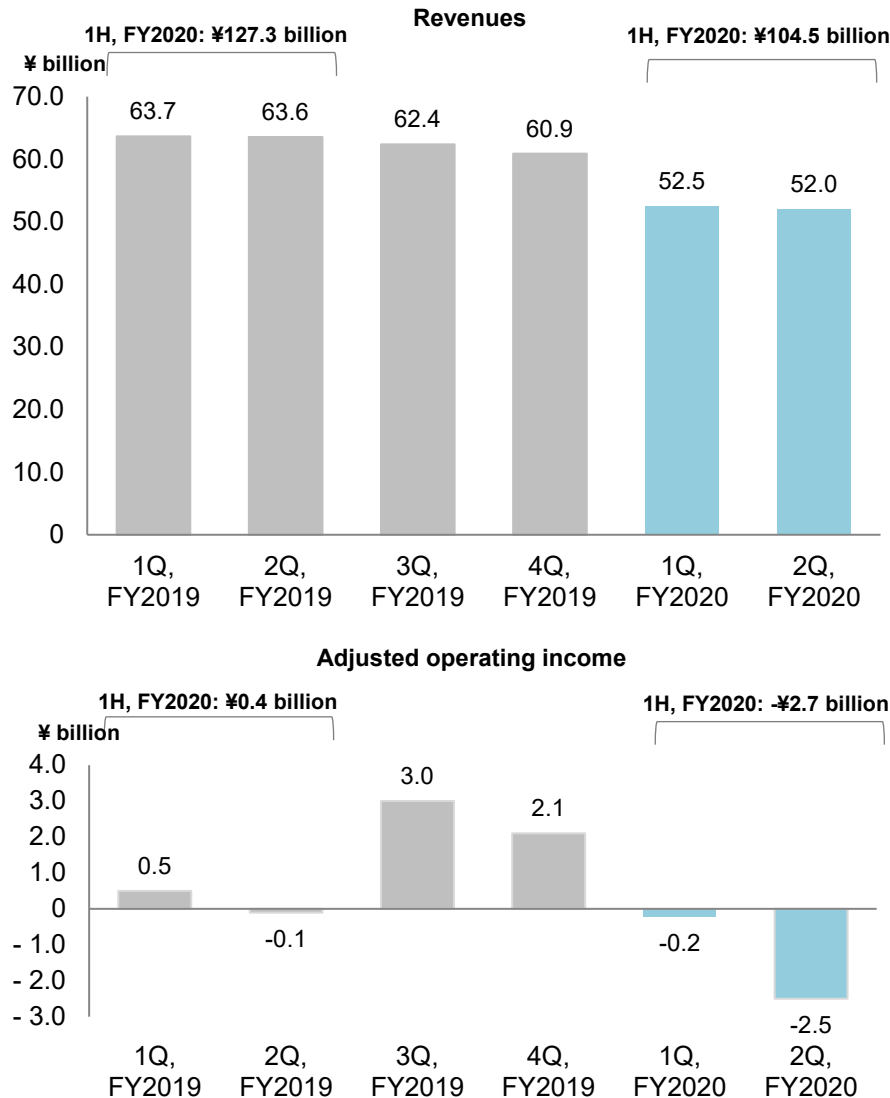
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2-1. Operating Results by Segment

¥ billions (Italic letters indicate profit margin.)		FY2019				FY2020				Differences					
		1Q (Apr – Jun)		2Q (Jul – Sep)		1H (A)		1Q (Apr – Jun)		2Q (Jul – Sep)		1H (B)		Year-on-Year	
Advanced Metals	Specialty Steel Products	Revenues	63.7		63.6		127.3		52.5		52.0		104.5		-18%
		<i>Adjusted operating income</i>	0.8%	0.5	-0.2%	-0.1	0.3%	0.4	-0.4%	-0.2	-4.8%	-2.5	-2.6%	-2.7	-3.1
		IFRS operating income	1.1%	0.7	-0.5%	-0.3	0.3%	0.4	2.9%	1.5	-19.4%	-10.1	-8.2%	-8.6	-9.0
	Functional Components and Equipment	Revenues	83.3		74.2		157.5		40.2		63.6		103.8		-34%
		<i>Adjusted operating income</i>	2.4%	2.0	-1.1%	-0.8	0.8%	1.2	-17.4%	-7.0	-4.9%	-3.1	-9.7%	-10.1	-11.3
		IFRS operating income	2.0%	1.7	-1.5%	-1.1	0.4%	0.6	-18.2%	-7.3	-6.4%	-4.1	-11.0%	-11.4	-12.0
	Subtotal*	Revenues	147.0		137.8		284.8		92.7		115.6		208.3		-27%
		<i>Adjusted operating income</i>	1.7%	2.5	-0.7%	-0.9	0.6%	1.6	-7.8%	-7.2	-4.8%	-5.6	-6.1%	-12.8	-14.4
		IFRS operating income	1.6%	2.4	-1.0%	-1.4	0.4%	1.0	-6.3%	-5.8	-12.3%	-14.2	-9.6%	-20.0	-21.0
Advanced Components & Materials	Magnetic Materials and Applications / Power Electronics	Revenues	30.6		30.0		60.6		22.1		25.7		47.8		-21%
		<i>Adjusted operating income</i>	-0.7%	-0.2	-1.7%	-0.5	-1.2%	-0.7	-2.3%	-0.5	0.4%	0.1	-0.8%	-0.4	+0.3
		IFRS operating income	-0.7%	-0.2	-	-43.2	-71.6%	-43.4	-2.3%	-0.5	-60.7%	-15.6	-33.7%	-16.1	+27.3
	Wires, Cables, and Related Products	Revenues	56.0		55.0		111.0		39.9		44.3		84.2		-24%
		<i>Adjusted operating income</i>	3.2%	1.8	3.5%	1.9	3.3%	3.7	-1.3%	-0.5	0.5%	0.2	-0.4%	-0.3	-4.0
		IFRS operating income	3.4%	1.9	3.3%	1.8	3.3%	3.7	-0.8%	-0.3	-3.8%	-1.7	-2.4%	-2.0	-5.7
	Subtotal*	Revenues	86.6		85.0		171.6		62.0		70.0		132.0		-23%
		<i>Adjusted operating income</i>	1.8%	1.6	1.6%	1.4	1.7%	3.0	-1.6%	-1.0	0.4%	0.3	-0.5%	-0.7	-3.7
		IFRS operating income	2.0%	1.7	-48.7%	-41.4	-23.1%	-39.7	-1.3%	-0.8	-24.7%	-17.3	-13.7%	-18.1	+21.6
Others/ Adjustments	Revenues	0.4		0.1		0.5		0.1		0.4		0.5		-	
	<i>Adjusted operating income</i>	1.4		-0.1		1.3		0.9		0.2		1.1		-0.2	
	IFRS operating income	1.1		0		1.1		0.2		-0.7		-0.5		-1.6	
Total	Revenues	234.0		222.9		456.9		154.8		186.0		340.8		-25%	
	<i>Adjusted operating income</i>	2.4%	5.5	0.2%	0.4	1.3%	5.9	-4.7%	-7.3	-2.7%	-5.1	-3.6%	-12.4	-18.3	
	IFRS operating income	2.2%	5.2	-19.2%	-42.8	-8.2%	-37.6	-4.1%	-6.4	-17.3%	-32.2	-11.3%	-38.6	-1.0	

*Simple sum before eliminating intersegment revenues

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



[Revenues]

(1H of FY2020, year-on-year)

• 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 for 1H of FY2020 on the whole, despite a recovery in automotive-related demand during 2Q.

• Aircraft- and energy-related materials

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

• Electronic Materials

Sales of organic EL panel-related components grew and sales of clad metals for smartphones and batteries also increased. 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 mainstays of molds and tool steel and industrial equipment.

[IFRS operating income]

Decreased due to impairment losses recorded for the aircraft- and energy-related business on top of a decline in the adjusted operating income.

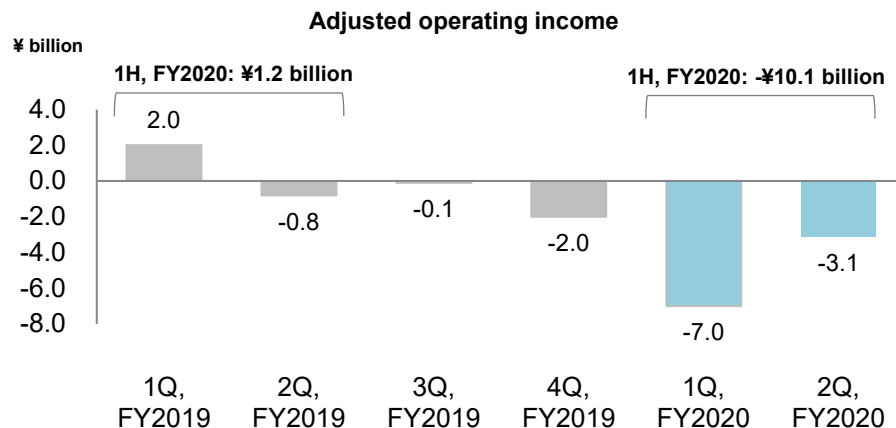
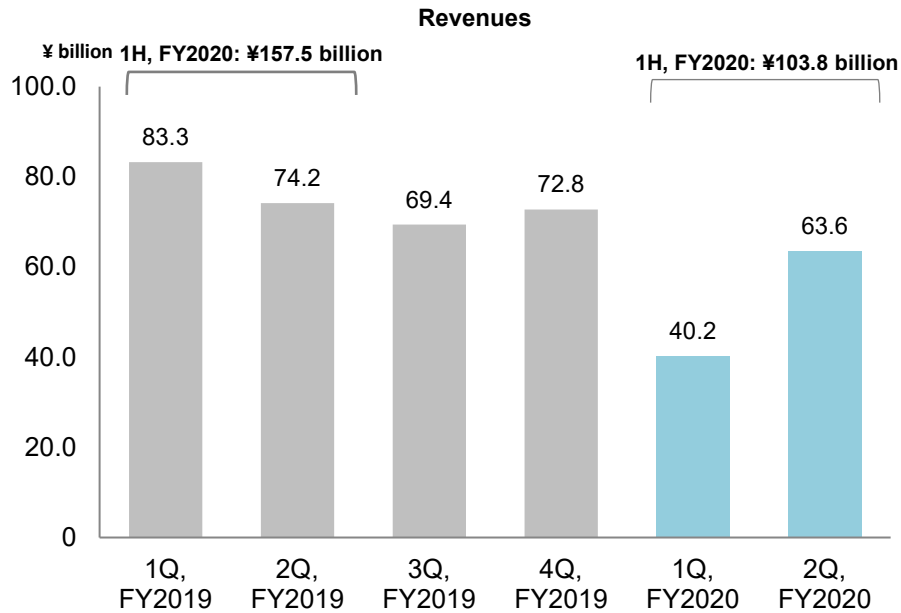
2-3. Operating Results by Segment for 2Q: Specialty Steel Products (2)

¥ billions	FY2019		1H (A)	FY2020		1H (B)	Differences Year-on-Year
	1Q (Apr – Jun)	2Q (Jul – Sep)		1Q (Apr – Jun)	2Q (Jul – Sep)		
Revenues	63.7	63.6	127.3	52.5	52.0	104.5	-18%
Adjusted operating income	0.5	-0.1	0.4	-0.2	-2.5	-2.7	-3.1
Adjusted operating margin	0.8%	-0.2%	0.3%	-0.4%	-4.8%	-2.6%	-2.9%
IFRS operating income	0.7	-0.3	0.4	1.5	-10.1	-8.6	-9.0

Change by product volume (year-on-year)	1Q	2Q	1H
Molds and tool steel*	-30%	-32%	-31%
Rolls*	-10%	-12%	-11%
Industrial equipment materials*	-27%	-23%	-25%
Aircraft-related and energy-related materials*	-34%	-37%	-35%
Electronic Materials *	0%	-2%	-1%

*Indicates the change in revenues calculated by a simplified method

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



[Revenues]

(1H of FY2020, year-on-year)

• Automotive casting products

Cast iron products and heat-resistant exhaust casting components:

Decreased since the operations by the major customers in various parts of the world were suspended during 1Q and automobile sales continued to decline year-on-year even after the resumption of operations, except for the case in China.

• 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.

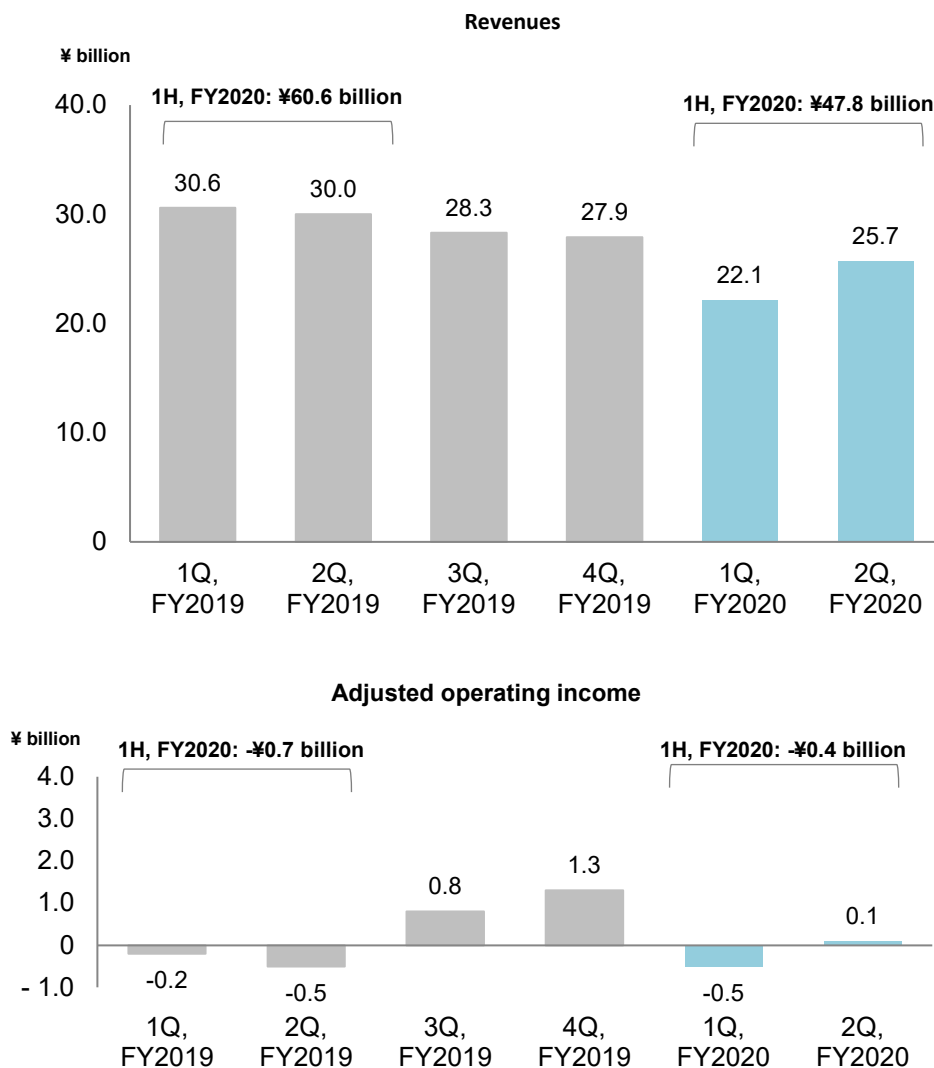
2-5. Operating Results by Segment for 2Q: Functional Components and Equipment (2)

¥ billions	FY2019		1H (A)	FY2020		1H (B)	Differences Year-on-Year
	1Q (Apr – Jun)	2Q (Jul – Sep)		1Q (Apr – Jun)	2Q (Jul – Sep)		
Revenues	83.3	74.2	157.5	40.2	63.6	103.8	-34%
Automotive Casting Products*	72.2	62.8	135.0	30.4	53.5	83.9	-38%
Waupaca Foundry, Inc.*	53.0	45.4	98.4	22.2	39.8	62.0	-37%
Piping Components*	11.1	11.4	22.5	9.8	10.1	19.9	-12%
Adjusted operating income	2.0	-0.8	1.2	-7.0	-3.1	-10.1	-11.3
Adjusted operating margin	2.4%	-1.1%	0.8%	-17.4%	-4.9%	-9.7%	-10.5%
IFRS operating income	1.7	-1.1	0.6	-7.3	-4.1	-11.4	-12.0

*Simple sum before eliminating intersegment revenues

Change by product volume (year-on-year)	1Q	2Q	1H
Cast iron products [Waupaca Foundry, Inc.] (weight)	-55%	-10%	-34%
Cast iron products [Other] (weight)	-57%	-20%	-39%
Heat-resistant exhaust casting components (HERCUNITE™) (weight)	-29%	-9%	-18%

2-6. Operating Results by Segment for 2Q: Magnetic Materials and Applications / Power Electronics Materials (1)



[Revenues] (1H of FY2020, 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 top of the downturn in demand for automotive electronic components.

Ferrite magnets:

Demand for automotive electronic 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 firm demand for use in telecommunications equipment using to 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 medical devices.

[Adjusted operating income/loss]

Impairment losses were recorded due to a decrease in demand for magnetic materials and applications.

[IFRS operating income]

Impairment losses of ¥42.6 billion in FY2019 and ¥15.7 billion in FY2020 were recorded.

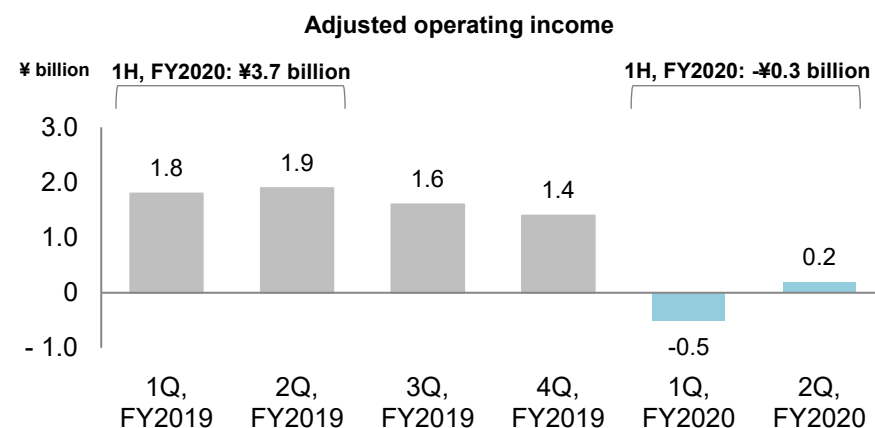
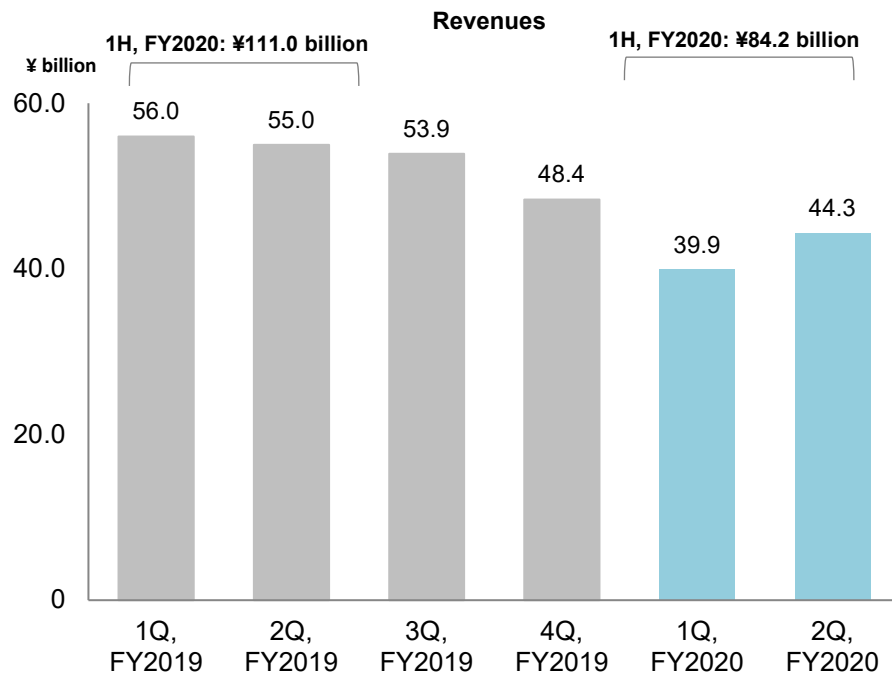
2-7. Operating Results by Segment for 2Q: Magnetic Materials and Applications / Power Electronics (2)

¥ billions	FY2019		1H (A)	FY2020		1H (B)	Differences Year-on-Year
	1Q (Apr – Jun)	2Q (Jul – Sep)		1Q (Apr – Jun)	2Q (Jul – Sep)		
Revenues	30.6	30.0	60.6	22.1	25.7	47.8	-21%
Magnetic Materials and Applications*	21.2	20.7	41.9	13.6	17.0	30.6	-27%
Power Electronics Materials*	9.4	9.3	18.7	8.5	8.7	17.2	-8%
Adjusted operating income	-0.2	-0.5	-0.7	-0.5	0.1	-0.4	+0.3
Adjusted operating margin	-0.7%	-1.7%	-1.2%	-2.3%	0.4%	-0.8%	+0.4%
IFRS operating income	-0.2	-43.2	-43.4	-0.5	-15.6	-16.1	+27.3

*Simple sum before eliminating intersegment revenues

Change by product volume (year-on-year)	1Q	2Q	1H
Rare earth magnets (weight)	-36%	-21%	-28%
Ferrite magnets (weight)	-39%	-21%	-30%

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



[Revenues] (1H of FY2020, 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:
Remained virtually unchanged from the previous year due to a decrease in demand for tubes, despite an increase in demand for cables.

Electronic wires:
Remained virtually unchanged from the previous year overall, despite an increase in demand for the use of FA/robots and 5G base stations.

Magnet wires:
Decreased mainly for automotive applications.

• **Automotive components**

Decreased both for automotive electronic components and brake hoses since the operations by the major customers in various parts of the world were suspended during 1Q and automobile sales continued to decline year-on-year even after the resumption of operations, except for the case in China.

[Adjusted operating income/loss]

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

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

¥ billions	FY2019		1H (A)	FY2020		1H (B)	Differences Year-on-Year
	1Q (Apr – Jun)	2Q (Jul – Sep)		1Q (Apr – Jun)	2Q (Jul – Sep)		
Revenues	56.0	55.0	111.0	39.9	44.3	84.2	-24%
Adjusted operating income	1.8	1.9	3.7	-0.5	0.2	-0.3	-4.0
Adjusted operating margin	3.2%	3.5%	3.3%	-1.3%	0.5%	-0.4%	-3.7%
IFRS operating income	1.9	1.8	3.7	-0.3	-1.7	-2.0	-5.7

Change by product volume (year-on-year)		1Q	2Q	1H
Growth areas	Rolling stock*	-15%	+5%	-6%
	Medical devices*	+14%	-12%	0%
	FA / robots*	+7%	+2%	+5%
	Magnet wires*	-27%	19%	-23%
	Electronic components*	-49%	13%	-32%

* Indicates the change in revenues calculated by a simplified method

Sales proportion of the focus sectors: 1H, FY2019: 39%
1H, FY2020: 41%

3. Financial Condition

¥ billions	End of FY2019	September 30, 2020	Differences
	US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.3	US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.5	
Total assets	977.8	932.2	-45.6
Trade receivables	157.7	157.5	-0.2
Inventories	179.9	167.1	-12.8
Total liabilities	454.9	450.9	-4.0
Interest-bearing debt	187.6	212.6	+25.0
Equity attributable to shareholders of the parent company	520.3	478.8	-41.5
Non-controlling interests	2.6	2.5	-0.1
Equity attributable to shareholders of the parent company ratio	53.2%	51.4%	-1.8%
D/E ratio (times)	0.36	0.44	+0.08
NET interest-bearing debt*	145.2	144.4	-0.8

*: NET interest-bearing debt = Interest-bearing debt - Cash and cash equivalent

Inventories: Decreased as a result of inventory control in line with demand.
Tangible and intangible fixed assets: Decreased due to the recording of impairment losses.
Interest-bearing debt: Increased as a result of securing liquidity on hand.
Equity attributable to shareholders of the parent company: Retained earnings decreased due to the impact of net loss.

4. Consolidated Cash Flows

¥ billions	1H, FY2019	1H, FY2020	Year-on-Year
Cash flows from operating activities (Operating CF)	40.5	-2.9	-43.4
Cash flows from investing activities (Investing CF)	-36.4	9.5	+45.9
Free cash flows (FCF)	4.1	6.6	+2.5
Core free cash flows*	4.1	-19.6	-23.7

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

[Operating CF]	Decreased by ¥43.4 billion due largely to a decline in profit.
[Investing CF]	+¥19.8 billion due to careful selection of fixed asset investment and +¥25.4 billion of proceeds from sale of entities accounted for using the equity method.
[FCF]	Improved by ¥2.5 billion year on year as a result of applying stricter investment criteria and proceeds from sale of entities accounted for using the equity method.

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- Forecast of global real GDP growth for 2020: -5.2%*
(initial forecast: Between -3.0% to -2.8%)

- Recovery of demand will be slower than expected.

[Automobiles]

- As restrictions to production such as suspension of operations and disruption of supply chains gradually improve, production is expected to rebound to the 90% level before the outbreak of COVID-19.
- Recovery will vary by region and by customer.

[Aircraft]

- Demand for aircraft materials will continue to decline reflecting the fall in passenger numbers due to the impact of the COVID-19 outbreak.

[FA / robots]

- While there will be remarkable rebound in demand for the use of smartphones and small-sized robots for PCs, demand for automobiles will pick up only those for China.

[Semiconductors / smartphones]

- The market will be led by increased memory demand due to increased data communications volume, but growth will slow during 3Q due to a pause in demand.

[Medical devices]

- While demand for equipment to respond to COVID-19 will increase, demand for conventional medical devices will stagnate.

* Forecast by the World Bank

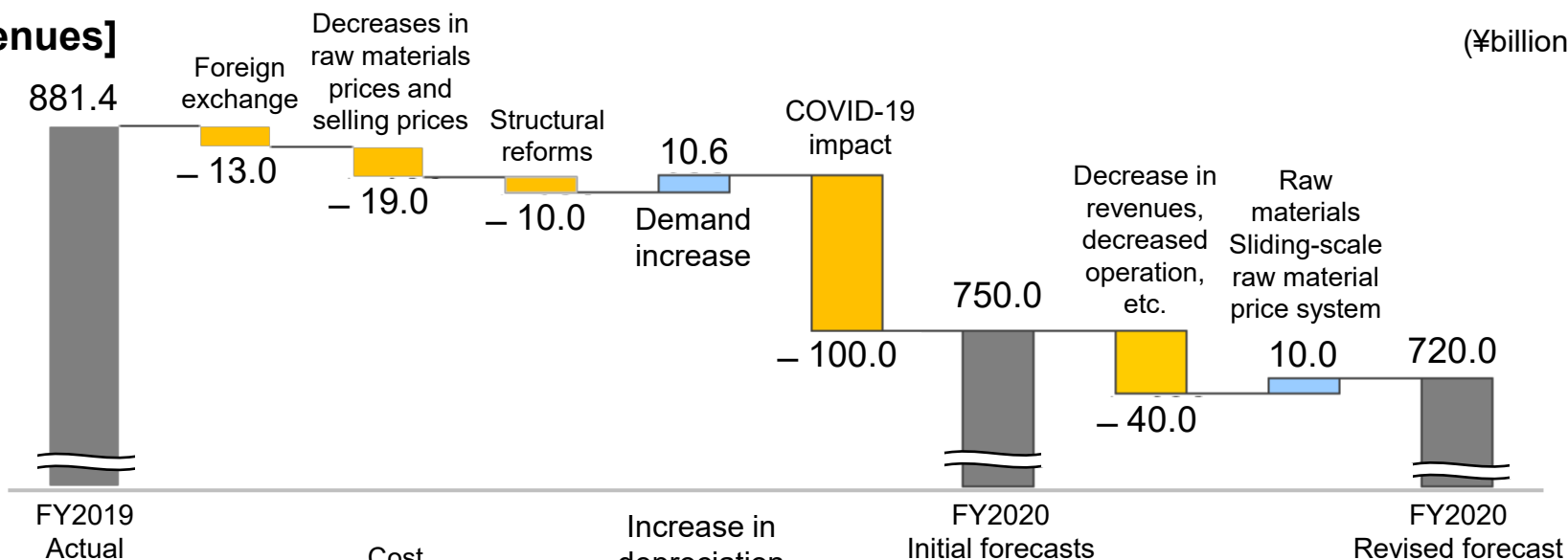
■ Key Managerial Indicators

¥ billions (Italic letters indicate profit margin.)	FY2019		FY2020		FY2020		Against existing forecasts
	Actual		Initial forecasts	Revised forecasts			
	US\$1 = ¥109 €1 = ¥121 1 yuan = ¥15.6		US\$1 = ¥105 €1 = ¥120 1 yuan = ¥15.0		US\$1 = ¥105 €1 = ¥120 1 yuan = ¥15.0		
Revenues	881.4		750.0		720.0		-4%
Adjusted operating income	<i>1.6%</i> 14.4		<i>-0.7%</i> -5.0		<i>-1.9%</i> -14.0		-9.0
Income before income taxes	-40.6		-15.0		-56.0		-41.0
Net income attributable to shareholders of the parent company	-37.6		-12.0		-46.0		-34.0

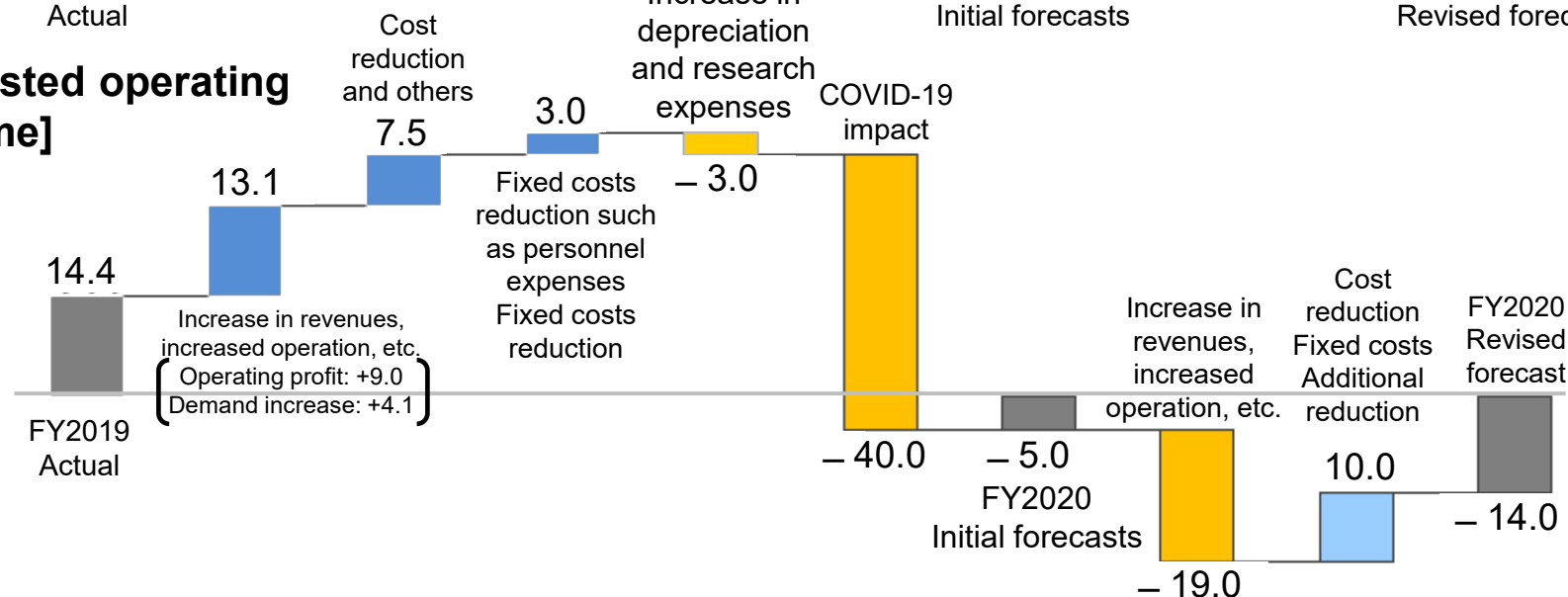
5-3. Factors Behind Revisions of Results Forecast (Revenues and Adjusted Operating Income)

[Revenues]

(¥billion)



[Adjusted operating income]



5-4. Factors Behind Revisions of Results Forecast (Net Income)

■ Structure of net income based on adjusted operating income

	FY2019 Actual	FY2020 Revised forecast	Differences
Adjusted operating income	14.4	-14.0	-28.4
Impairment loss	-49.2	-24.6	+24.6
Structural reforms, etc.	-5.8	-17.4	-11.6
Profit before tax	-40.6	-56.0	-15.4
Income taxes	3.0	10.0	+7.0
Net income	-37.6	-46.0	-8.4

* Net income attributable to shareholders of the parent company

■ Emergency measures

- Return of some of executive remunerations
- Salary cuts for managers and professionals
- Promotion of disposal of non-business assets
- Further fixed cost reduction

■ Breakdown of impairment losses

- Magnet business: -¥15.7 billion
Fixed assets: -¥10.4 billion; goodwill: -¥5.3 billion
- Aircraft-related and energy-related business: -¥6.8 billion
Fixed asset of Okegawa Works
- Automotive components business: -¥2.0 billion
Fixed asset of Ibaraki Works

Decline in demand due to COVID-19 impact

■ Dividends

FY	Interim	Year-end	Annual
2017	¥13	¥13	¥26
2018	¥17	¥17	¥34
2019	¥13	¥13	¥26
2020	(Determined amount) ¥0	TBD	TBD

Interim dividends, whose payment had been yet to be determined, will not be paid.
Payment of year-end dividends is to be determined yet.

5-5. Revenues, Adjusted Operating Income, and ROIC by Segment

¥ billions		FY2019	FY2020	FY2020	Against existing forecasts				
(Italic letters indicate profit margin.)		Actual	Initial forecasts	Revised forecasts					
Advanced Metals	Revenues		250.6	230.0	208.0	-10%			
	Specialty Steel Products	Adjusted operating income	2.2%	5.5	2.2%	5.0	-1.9%	-4.0	-9.0
		ROIC*2		1.9%		1.5%		—	—
	Revenues		299.7	220.0	226.0	+3%			
	Functional Components and Equipment	Adjusted operating income	-0.3%	-0.9	-5.9%	-13.0	-6.0%	-13.5	-0.5
		ROIC*2		—		—		—	—
	Revenues		550.3	450.0	434.0	-4%			
	Subtotal *1	Adjusted operating income	0.8%	4.6	-1.8%	-8.0	-4.0%	-17.5	-9.5
		ROIC*3		0.8%		—		—	—
Advanced Components & Materials	Revenues		116.8	110.0	102.0	-7%			
	Magnetic Materials and Applications / Power Electronics	Adjusted operating income	1.2%	1.4	1.4%	1.5	1.0%	1.0	-0.5
		ROIC*2		0.9%		0.9%		0.6%	-0.3%
	Revenues		213.3	190.0	184.0	-3%			
	Wires, Cables, and Related Products	Adjusted operating income	3.1%	6.7	1.3%	2.5	1.4%	2.5	0.0
		ROIC*2		5.0%		2.0%		2.1%	+0.1%
	Revenues		330.1	300.0	286.0	-5%			
	Subtotal *1	Adjusted operating income	2.5%	8.1	1.3%	4.0	1.2%	3.5	-0.5
		ROIC*3		2.5%		1.3%		1.3%	0.0%
Others/Adjustments	Revenues		1.0	0	0	—			
	Adjusted operating income		1.7	-1.0	0	+1.0			
Total	Revenues		881.4	750.0	720.0	-4%			
	Adjusted operating income	1.6%	14.4	-0.7%	-5.0	-1.9%	-14.0	-9.0	
	ROIC*3		1.7%		—		—	—	

*1 Simple sum before eliminating intersegment revenues

*2 Rate of Return on Invested Capital (ROIC) by segment

= {Adjusted operating income * (1 - Tax rate of 30%) + (Equity in earnings of affiliates)} / (Average of beginning and end-year working capital + Average of beginning and end-year fixed assets)

*3 Rate of Return on Invested Capital (ROIC)

= {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 equity)

Hitachi Metals, Ltd.

Financial Results for the First Half of Fiscal Year 2020 (April 1, 2020 to September 30, 2020)

[Table of Contents]

- I. Overview of Financial Results for the First Half of FY2020 and
Operating Forecast for FY2020**
- II. Revising of the Medium-term Management Plan**

October 27, 2020

Hitachi Metals, Ltd.

Financial Results for the First Half of Fiscal Year 2020 (April 1, 2020 to September 30, 2020)

[Table of Contents]

I. Overview of Financial Results for the First Half of FY2020 and
Operating Forecast for FY2020

II. Revising of the Medium-term Management Plan

October 27, 2020

Targets under FY2022 Plan
Revenues: ¥870.0 billion;
Adjusted operating income: ¥70.0 billion
Adjusted operating margin: 8%; ROIC: 8%

- 1 Revise the Medium-term Management Plan (MMP) due to the impact of COVID-19 and formulate new MMP
- 2 Build an earnings structure that is resilient to fluctuations in demand and can generate investment funds for future growth
- 3 Aim to restructure the foundation for growth

1. Background Behind the Revision of the Plan
2. Overview of the New MMP
3. Major Action Plans for Each Business

■ Recognition of Issues

Due to the impact of COVID-19, our operating environment has significantly changed since the time of formulating 21MMP*.

While “improvement of capital efficiency” and “concentration of resources into growth businesses” were listed, results have not been realized. Profitability has declined due to a decrease in revenues.

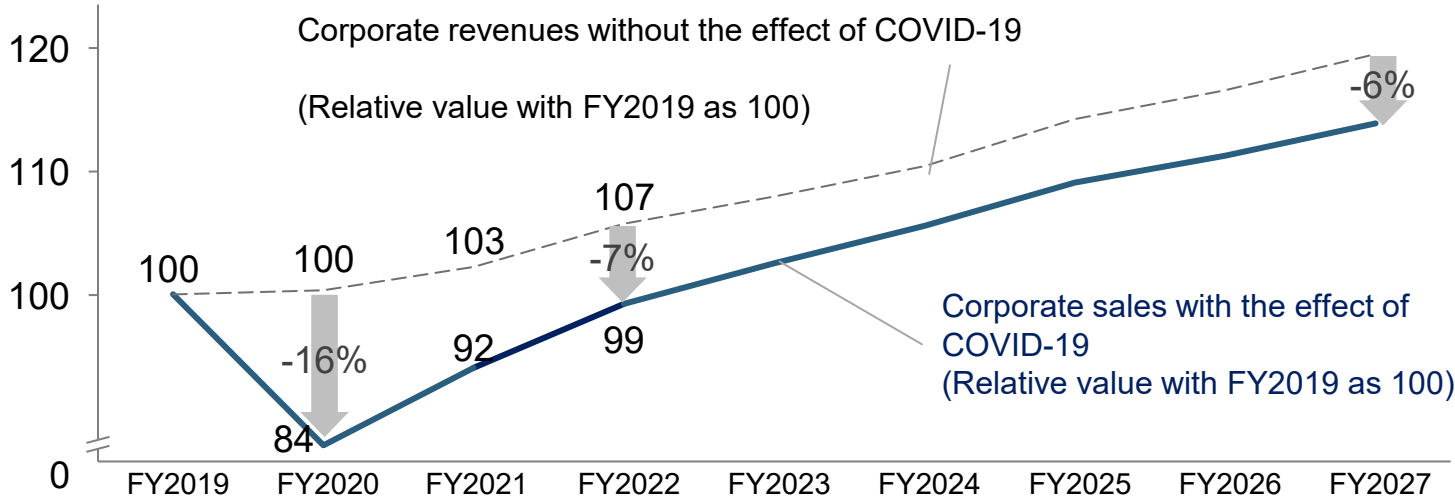
Further cost structure reforms are required for improving profits quickly.

It is necessary to transform the profits base in order to secure investment funds for future growth.

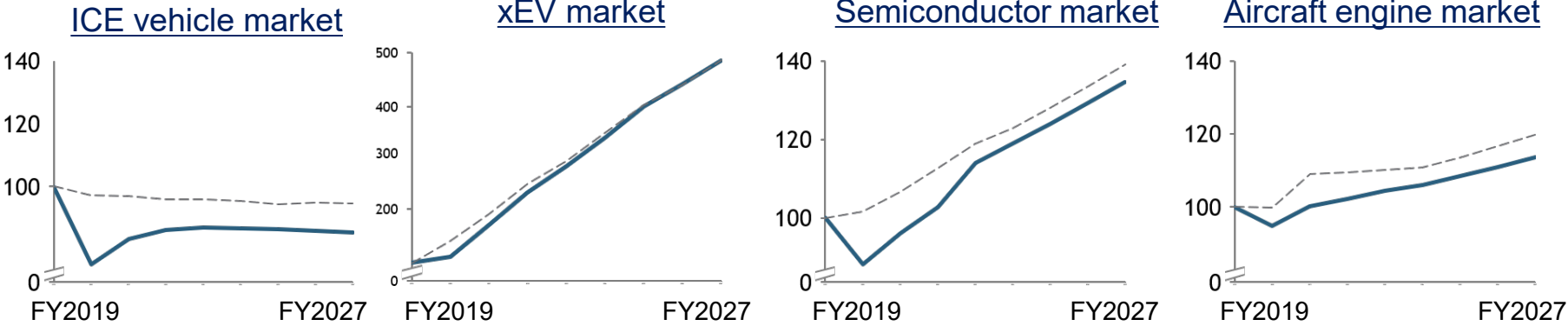
1-2. Estimated Impact of COVID-19

Compared to the forecast without the effect of COVID-19, the impact is expected to be 16% in 2020, 7% in 2022, and 6-7% in beyond 2022.

■ The effect of COVID-19 on corporate revenues forecast (relative value with FY2019 as 100)



■ Impact by major market (relative value with FY2019 as 100)

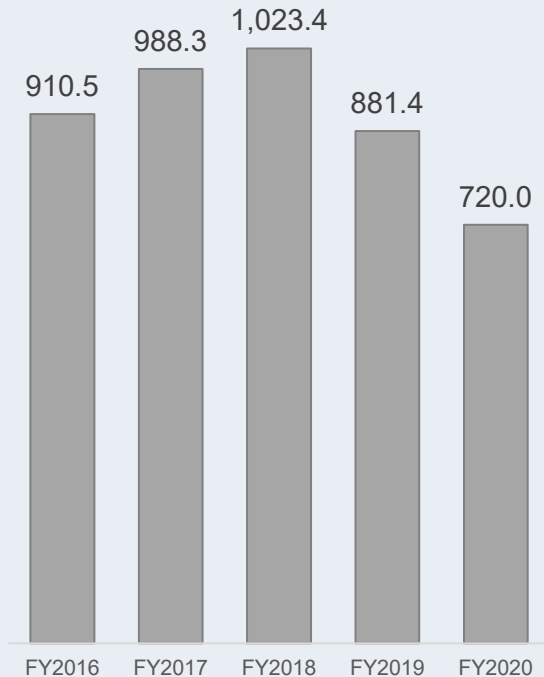


The graphs on this page are based on estimations by Hitachi Metals, Ltd. with reference to various sources.

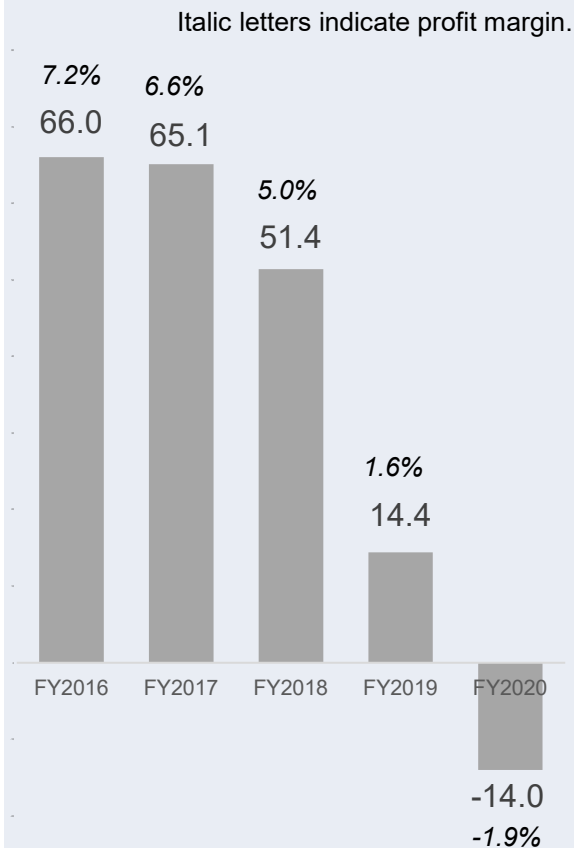
1-3. Changes in Revenues and Profit (FY2016-FY2020 Forecast)

Revenues and profits remained on a declining trend.
The most important task is to quickly rebuild the profits base by implementing structural reform measures.

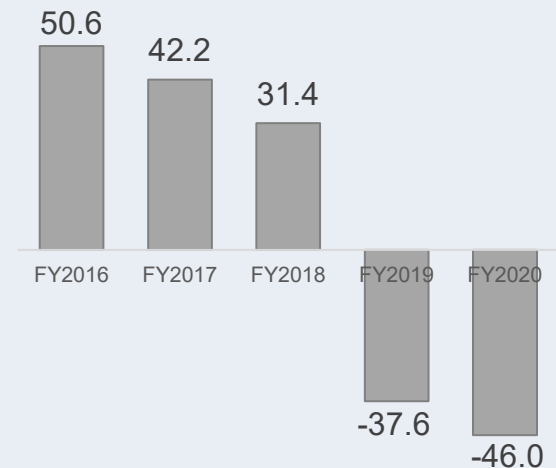
Revenues



Adjusted operating income



(Quarterly) Net income attributable to shareholders of the parent company Net income




1. Background Behind the Revision of the Plan
- 2. Overview of the New MMP**
3. Major Action Plans for Each Business

2-1. Overview of the New MMP

Achieve adjusted operating margin of 8%
by FY2022

- Secure ROIC exceeding the cost of capital (7.5%)

Forecast revenues: ¥800.0 billion through ¥900.0 billion

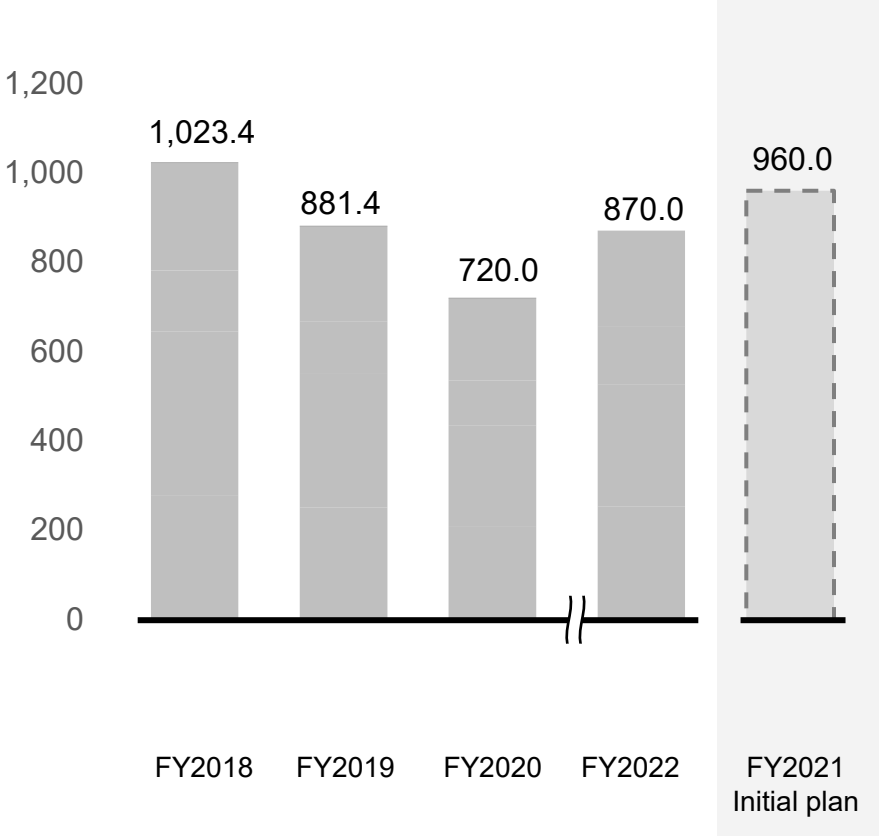
- 
- Verify the impact of COVID-19 on each business
 - Benchmark against competitors

- Build an earnings structure that is resilient to fluctuations in demand
- Lower break-even point by cutting costs

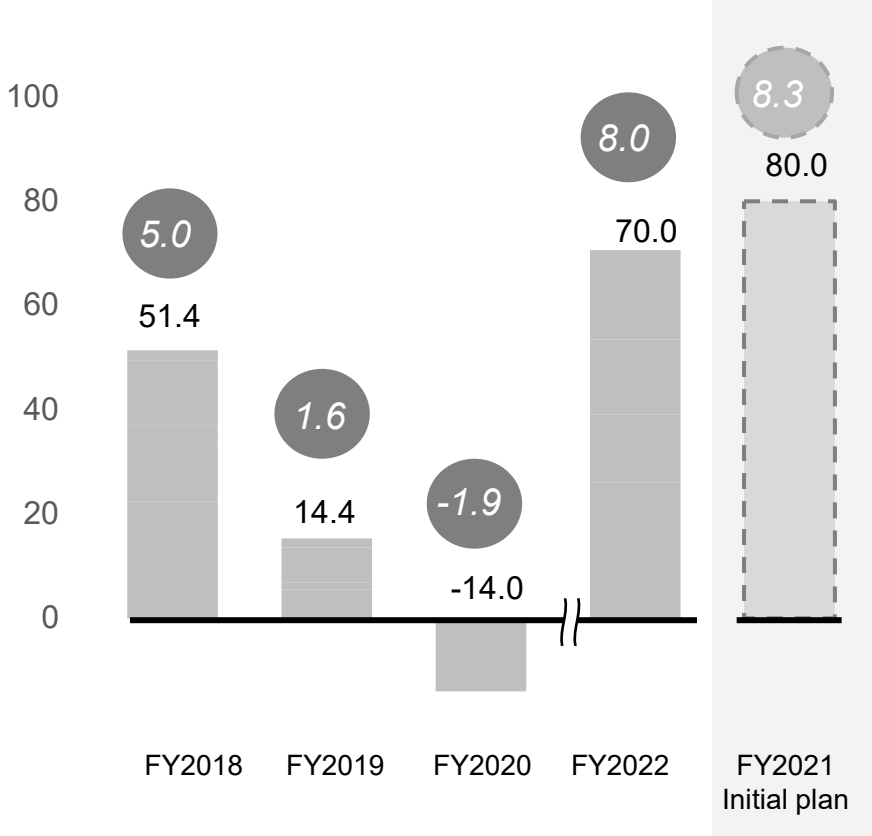
Build a business structure that can generate investment funds
for future growth

Targets under FY2022 Plan
Revenues: ¥870.0 billion; Adjusted operating income: ¥70.0 billion
Adjusted operating margin: 8%; ROIC: 8%

■ Changes in revenues



■ Changes in adjusted operating income



2-3. Changes in KPIs

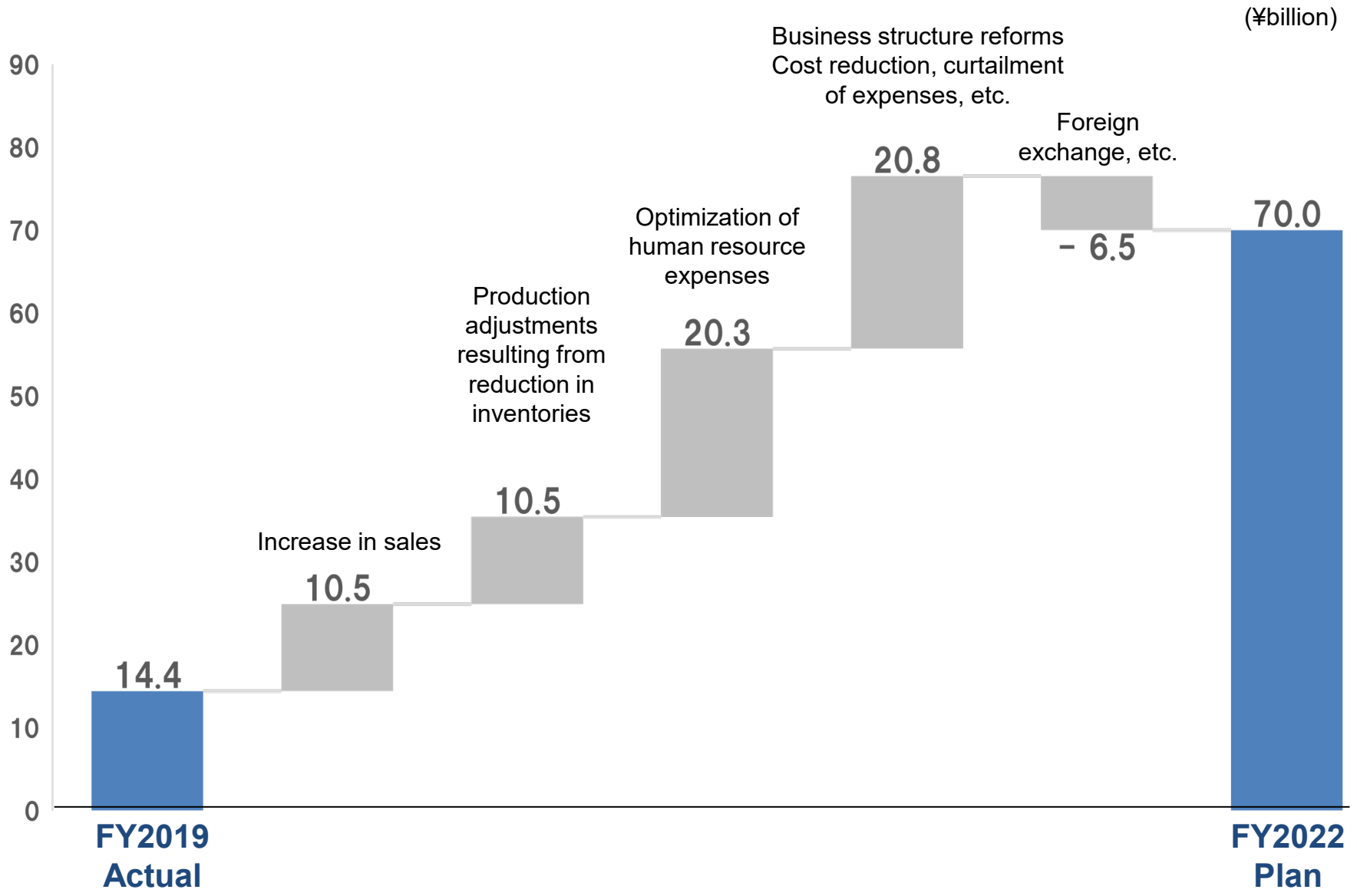
Italic letters indicate sales ratio.

	FY2018		FY2019		FY2020		FY2022		FY2021 Initial plan	
Revenues (¥ billion)		1,023.4		881.4		720.0		870.0		960.0
Adjusted operating income (¥ billion)	<i>5.0%</i>	51.4	<i>1.6%</i>	14.4	<i>-1.9%</i>	-14.0	<i>8.0%</i>	70.0	<i>8.3%</i>	80.0
EBIT (¥ billion)		45.3		-38.4		-54.0		66.0		77.0
EBITDA (¥ billion)		96.2		16.8		-3.0		116.0		137.9
Net income (¥ billion)		43.0		-40.6		-56.0		64.0		74.0
Net income attributable to shareholders of the parent company (¥ billion)		31.4		-37.6		-46.0		48.0		55.5
Total assets (¥ billion)		1,099.3		977.8		867.9		909.2		1,030.0
Equity attributable to shareholders of the parent company (¥ billion)		588.0		520.3		459.8		500.3		655.0
Interest-bearing debt (¥ billion)		202.1		187.6		167.0		153.1		150.0
D/E ratio (times)		0.34		0.36		0.36		0.31		0.23
ROIC*1		<i>5.3%</i>		<i>1.7%</i>		-		<i>8.0%</i>		<i>7.7%</i>
ROE (after tax)		<i>5.5%</i>		<i>-6.8%</i>		<i>-9.4%</i>		<i>9.9%</i>		<i>8.9%</i>
Capital expenditure (¥ billion)	<i>9.3%</i>	95.4	<i>6.0%</i>	53.0	<i>4.6%</i>	33.0	<i>4.0%</i>	35.0	<i>6.5%</i>	62.0
Depreciation (¥ billion)		50.9		55.2		51.0		50.0		60.9
R&D expenses (¥ billion)	<i>1.8%</i>	18.6	<i>1.8%</i>	15.9	<i>2.2%</i>	16.0	<i>2.0%</i>	17.0	<i>2.0%</i>	19.3
FCF (¥ billion)		-29.7		49.5		31.0		48.0		85.2
CCC (days)		90.7		87.1		93.6		84.2		81.9
Undomestic sales ratio		<i>56%</i>		<i>54%</i>		<i>54%</i>		-		<i>57%</i>
Employees*2		30,304		29,805		29,000		27,800		28,500

*1 Refer to Note 2 on p.g.46 for formula. Refer to FY2021 initial forecast [until FY2017].

*2 Number of employees excluding temporary staff

2-4. Factors Behind Increase/Decrease in Adjusted Operating Income Between FY2019 and FY2022



2-5. Changes in Operating Results by Segment



		(¥billion)			
		FY2019	FY2020	FY2022	FY2021 Initial plan
Specialty Steel Products	Revenues	250.6	208.0	253.0	320.0
	Adjusted operating income	5.5	-4.0	26.0	33.0
	Adjusted operating margin (%)	2.2	-1.9	10.3	10.3
	ROIC(%)	1.9	-	8.3	8.6
Functional Components and Equipment	Revenues	299.7	226.0	273.0	350.0
	Adjusted operating income	-0.9	-13.5	13.0	24.0
	Adjusted operating margin (%)	-0.3	-6.0	4.8	6.9
	ROIC(%)	-	-	4.2	6.8
Magnetic Materials and Applications Power Electronics Materials	Revenues	116.8	102.0	129.0	175.0
	Adjusted operating income	1.4	1.0	14.5	22.0
	Adjusted operating margin (%)	1.2	1.0	11.2	12.6
	ROIC(%)	0.9	0.6	10.2	8.2
Wires, Cables, and Related Products	Revenues	213.3	184.0	215.0	245.0
	Adjusted operating income	6.7	2.5	16.5	19.0
	Adjusted operating margin (%)	3.1	1.4	7.7	7.8
	ROIC(%)	5.0	2.1	13.5	11.3

2-6. Measures for Cost Structure Reforms

■ Emergency measures

- Return of some of executive remunerations / salary cuts for managers and professionals
- Disposal of non-business assets

■ Measures for cost structure reforms

Business structure reforms

- Withdrawal of non-profitable products –
 - Specialty Steel: brass products, etc. (scheduled in March 2021)
 - Functional Components and Equipment: aluminum wheels (completed in September 2020)
- Consolidation and abolition of bases –
 - Specialty Steel: Hitachi Alloy (operations to be suspended in March 2021)
 - Functional Components and Equipment: Waupaca's plant in Pennsylvania (scheduled to be closed in August 2020)
 - Magnetic Materials and Applications: Closure of a base in Saga (scheduled to be closed by the end of March 2022)

Cost reduction Curtailment of expenses

- Yield improvement through *Monozukuri* Innovation Project, reduced lead time, and inventory optimization
- Reduction of materials cost and expenses by leveraging corporate-wide horizontal functions
- Curtailment of corporate expenses through workstyle reforms
 - Head office and branches: Reduce office rent and space to 1/3 by the end of FY2022

Optimization of human resource expenses

- Optimization of personnel structure in line with revenues: Personnel reduction by approx. 3,200 on a consolidated basis
- * 35,400 at the end of FY2019 → 32,200 at the end of FY2021 (rationalization of temporary staff, promotion of early retirement in line with business structure reforms, in addition to natural reduction in personnel as a result of retirement, etc.)

*Number of employees excluding temporary staff

2-7. Status of Investigation into identified inadequacies related to quality assurance



Status of Investigation and Future Outlook

(1) The special investigation committee is continuing its investigation.
The final report is expected in December.

(2) No issues related to product safety have been identified at this stage.

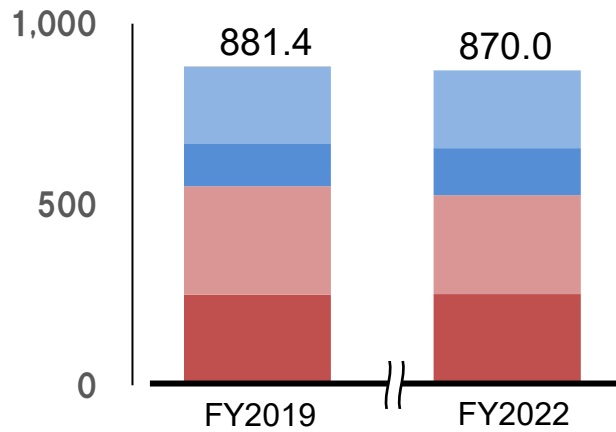
Schedule	Special Investigation Committee	Hitachi Metals		
		Reporting	Investigation	Measures to prevent recurrence
March	—	—	Implementation of company-wide inspections (Mar.19)	—
April	Establishment of Special Investigation Committee (Apr.27)	Announcement (Apr.27)	Magnetic Materials and Applications / Specialty Steel Commencement of investigation (Mar.20)	Cause analysis / formulation and implementation of measures to prevent recurrence (i) Strengthen quality compliance (ii) Review the quality management system (iii) Develop a secure inspection system (iv) Restructure the organizational system (v) Provide more opportunities for dialogues between management and employees
May	Investigation activities, verification of result. • Conformity investigation • Surveys • Interviews, etc.	Provision of reports and explanations to individual customers	Emergency conformity investigation and verification and investigation results	
June				
July				
August				
September				
October				
November	Final investigation report to Hitachi Metals	Scheduled announcement based on the final report	—	
December				

1. Background Behind the Revision of the Plan
2. Overview of the New MMP
- 3. Major Action Plans for Each Business**

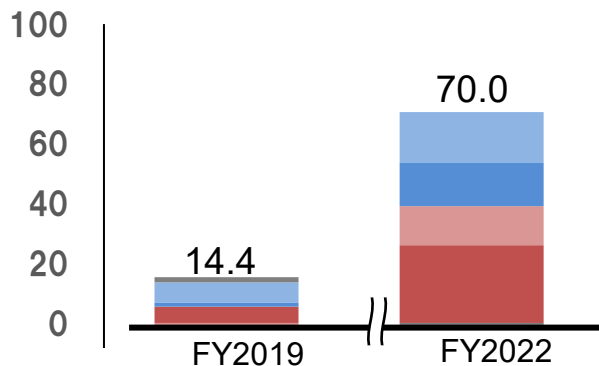
4-1. Outline of Growth Strategies

Accelerate business turnover by segment and achieve growth and optimize the portfolio of core businesses

■ Revenues (¥billion)



■ Adjusted operating income (¥billion)



■ Business strategies for each segment

Specialty Steel Products

[Key investment] Growth of Electronic Materials
 [Enhancement of competitiveness] molds and tool steel, industrial equipment materials, aircraft- and energy-related materials, rolls
 Enhancement of competitiveness, consideration of future M&A opportunities

Functional Components and Equipment

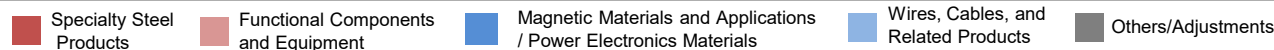
[Improvement of revenues]
 Aim to improve profitability and growth rate by withdrawing from non-profitable products and reviewing business bases

Magnetic Materials and Applications
 Power Electronics Materials

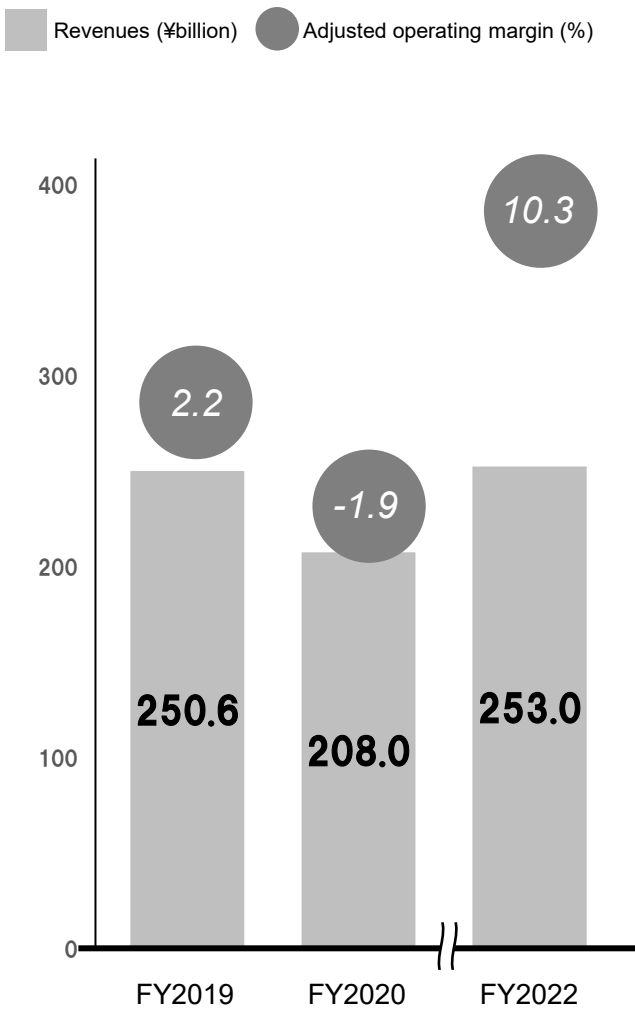
[Enhancement of competitiveness] Magnetic Materials and Applications
 Achieve cost reduction through reorganizing of production bases
 [Growth preparation] Power Electronics Materials
 Make xEVs and semiconductors growth pillars in high-growth markets

Wires, Cables, and Related Products

[Implementation of growth strategies] Five growth fields
 Grow them as profit pillars
 [Improvement of revenues]
 Withdraw from low-revenue businesses, restructure global business bases



Reap the benefits of market recovery in focused businesses and further strengthen *Monozukuri* capabilities



Key measures and strategies

Growth of Electronic materials

Reap the benefits of recovery in the semiconductor lead frame market
 Achieve growth through expansion of sales in new fields
 - Organic EL panel-related materials and in-vehicle battery-related materials

Molds and tool steel and Industrial equipment materials

Shift to high-value added products
 Improve efficiency and services through the establishment of large-scale logistics center for molds and tool steel products

Aircraft- and energy-related materials

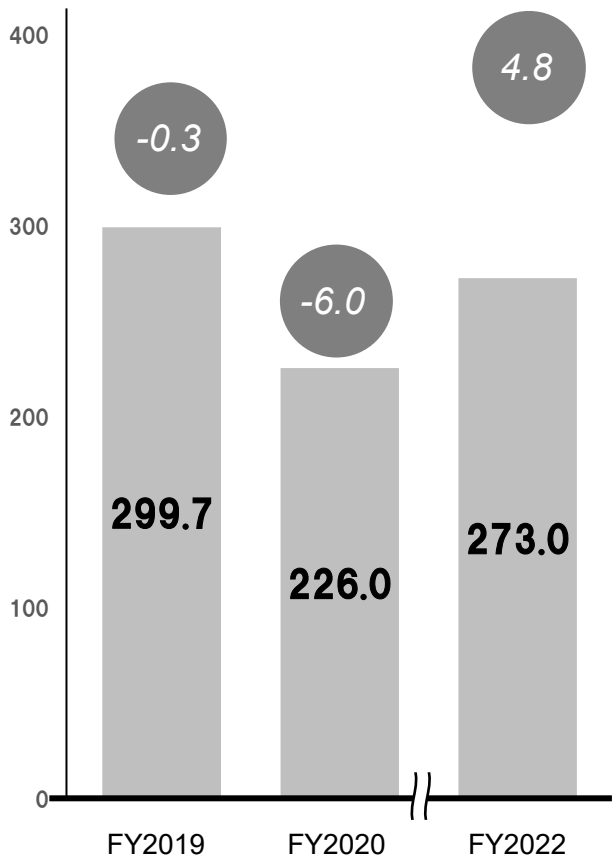
Promote new customer certification activities related to aircraft engine components and materials

Rolls

Launch new products
 Expand international sales (China, South Korea, U.S., EU)

Improve profitability through business structure reforms

■ Revenues (¥billion) ● Adjusted operating margin (%)



■ Key measures and strategies

Waupaca

Enhance profitability through the restructuring of business bases
 Capital investment in horizontal molding, automation, etc.
 (Closure of a plant in Pennsylvania in August 2020)
 Expand the heavy-duty field (commercial vehicles, construction machinery, agricultural machinery, industrial equipment)

Automotive Casting Products

Aluminum wheels: Production terminated in September 2020
 Heat-resistant exhaust casting components: Expansion of application of a new casting method, promotion of labor saving

Piping components

Enhance profitability through the development of new products
 - Pressure MFC*, special alloy piping components, adsorption filter for water treatment

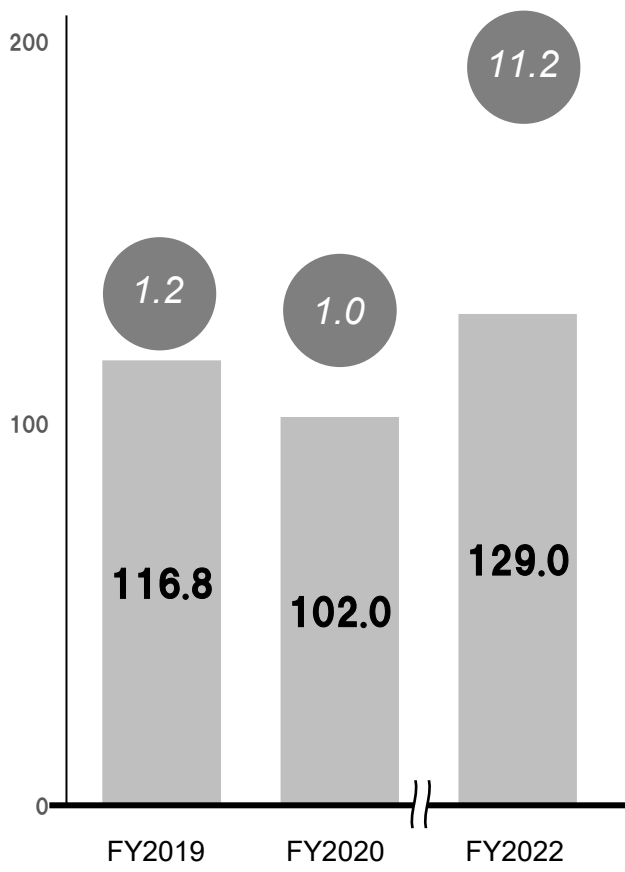
*Mass Flow Controllers

4-4. Magnetic Materials and Applications / Power Electronics Materials



Complete the reorganizing plan for Magnetic Materials and Applications and expand the Power Electronics Materials business

■ Revenues (¥billion) ● Adjusted operating margin (%)



■ Key measures and strategies

Magnetic Materials and Applications

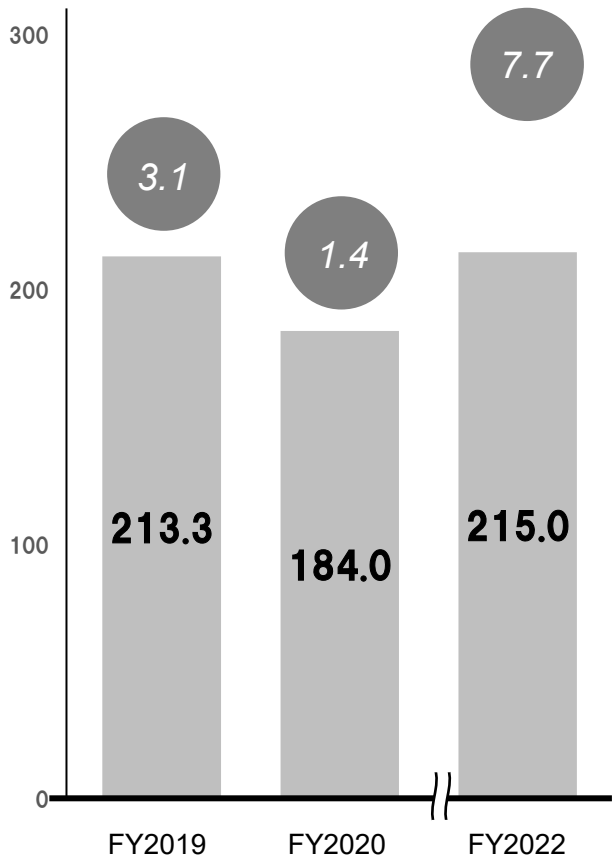
Execute the reorganizing plan steadily
 Integrate and abolish production bases and lower production cost through the expansion of international production
 Rare earth magnets: Strengthening and expansion of production bases in China and the Philippines
 Ferrite magnets: Promotion of utilization of production bases in South Korea and Indonesia
 Develop low-cost processes
 Develop saving technologies for heavy rare earth

Power Electronics Materials

<Growth businesses>
 [FINEMET® Ribbon application]: Cultivate the xEV market through the technologies for high frequency areas
 [Scintillator materials]: Achieve growth in medical and security related applications
 <New businesses>
 [SiN substrate]: Make it a growth pillar in the age of xEVs

Expand businesses in the five growth fields and improve profitability in core business fields

Revenues (¥billion)
 Adjusted operating margin (%)



Key measures and strategies

Expand the five growth areas

Rolling stock, medical devices, FA/ robots, magnet wires, and automotive electronic components
 *FY2020: 43% ⇒ FY2022: 45% ⇒ FY2027: 51%

Rolling stock	: Promote sales in China and EU
Medical devices	: Expand business in the catheter and endoscope markets
FA/ robots	: Achieve differentiation through small-diameter, light-weight and compounding technologies
Magnet wires for xEV	: Secure competitive advantage through high-voltage technology
Electronic components	: Achieve sustainable development by implementing global growth strategies

Improve profitability in core businesses

Withdrawal from low-profit products
 Reduce costs by fully utilizing international manufacturers

High-performance materials company
that supports a sustainable society

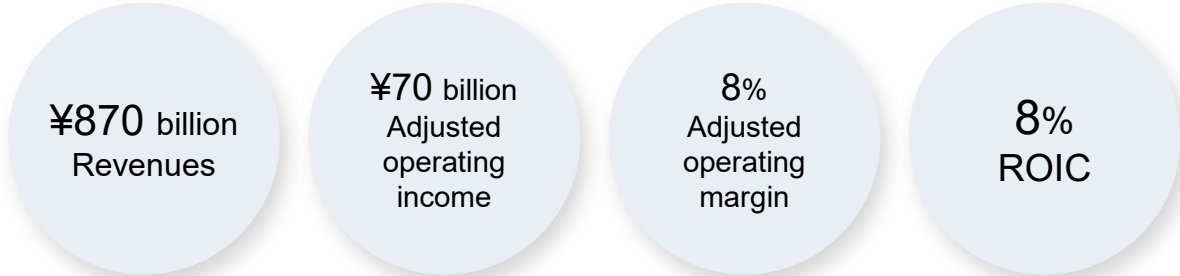


FY2020-FY2021:
Preparation period for future growth

Set to Grow

Building strength to make the leap

Targets under FY2022 Plan



Reference Data (1)

¥ billions	FY2016	FY2017	FY2018	FY2019	FY2019	FY2019	FY2019	FY2019	FY2019	FY2020	FY2020	FY2020	FY2020	FY2020
				1Q (Apr – Jun)	2Q (Jul – Sep)	1H	Q3 (Oct – Dec)	Q4 (Jan – Mar)		1Q (Apr – Jun)	2Q (Jul – Sep)	1H	Initial forecasts	Current forecasts
	US\$1 = ¥108 €1 = ¥119 1 yuan = ¥16.1	US\$1 = ¥111 €1 = ¥130 1 yuan = ¥16.8	US\$1 = ¥111 1 euro = ¥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 = ¥121 1 yuan = ¥15.7	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	US\$1 = ¥106 €1 = ¥124 1 yuan = ¥15.4	US\$1 = ¥107 €1 = ¥121 1 yuan = ¥15.3	US\$1 = ¥105 €1 = ¥120 1 yuan = ¥15.0	US\$1 = ¥105 €1 = ¥120 1 yuan = ¥15.0
Revenues	910.5	988.3	1,023.4	234.0	222.9	456.9	214.1	210.4	881.4	154.8	186.0	340.8	750.0	720.0
Adjusted operating income ^{*1}	66.0	65.1	51.4	5.5	0.4	5.9	5.9	2.6	14.4	-7.3	-5.1	-12.4	-5.0	-14.0
Adjusted operating margin	7.2%	6.6%	5.0%	2.4%	0.2%	1.3%	2.8%	1.2%	1.6%	-4.7%	-2.7%	-3.6%	-0.7%	-1.9%
Other income	14.1	5.4	10.7	0.9	0.9	1.8	0.8	6.0	8.6	3.1	1.2	4.3	-	-
Other expenses	-11.8	-24.2	-19.7	-1.2	-44.1	-45.3	-3.8	-13.0	-62.1	-2.2	-28.3	-30.5	-	-
IFRS operating income	68.3	46.3	42.4	5.2	-42.8	-37.6	2.9	-4.4	-39.1	-6.4	-32.2	-38.6	-13.0	-52.0
EBIT	68.5	48.9	45.3	5.1	-42.6	-37.5	3.5	-4.4	-38.4	-6.7	-32.1	-38.8	-13.0	-54.0
EBITDA	111.5	95.0	96.2	19.1	-28.4	-9.4	17.0	9.1	16.8	6.6	-18.9	-12.3	40.0	-3.0
(Quarterly) Income before income taxes	66.0	47.0	43.0	4.5	-43.2	-38.7	3.0	-4.9	-40.6	-7.1	-32.4	-39.5	-15.0	-56.0
(Quarterly) Net income attributable to shareholders of the parent company	50.6	42.2	31.4	3.2	-44.2	-41.0	2.1	1.3	-37.6	-3.3	-29.9	-33.2	-12.0	-46.0
Interest-bearing debt	194.5	160.8	202.1	239.0	227.0	227.0	228.1	187.6	187.6	215.1	212.6	212.6	145.0	167.0
Capital expenditure	63.8	91.8	95.4	11.6	13.6	25.2	14.6	13.2	53.0	7.2	7.4	14.6	33.0	33.0
Depreciation	43.0	46.1	50.9	13.9	14.2	28.1	13.5	13.6	55.2	13.3	13.2	26.5	53.0	51.0
R&D expenses	18.0	17.7	18.6	4.0	4.2	8.2	4.0	3.7	15.9	3.5	3.8	7.3	17.0	16.0
D/E ratio (times)	0.36	0.29	0.34	0.42	0.43	0.43	0.43	0.36	0.36	0.42	0.44	0.44	0.29	0.36
(Quarterly) Basic net income per share (yen)	118.32	98.72	73.37	7.58	-103.45	-95.87	4.81	3.01	-88.05	-7.81	-69.86	-77.67	-28.07	-107.59
Dividend per share (yen)	26.0	26.0	34.0	-	13.0	13.0	-	13.0	26.0	-	-	0.0	-	-
Earnings per share attributable to shareholders of the parent company (yen)	1,254.9	1,316.1	1,375.2	1,345.9	1,238.3	1,238.3	1,244.0	1,216.9	1,216.9	1,195.1	1,119.9	1,119.9	1,157.5	1,075.3
Employees	28,754	30,390	30,304	30,354	30,201	30,201	30,016	29,805	29,805	29,542	29,025	29,025	29,500	29,000
ROIC ^{*2}	7.0%	5.8%	5.3%	-	-	-	-	-	1.7%	-	-	-	-	-
ROE ^{*3}	9.8%	7.7%	5.5%	-	-	-	-	-	-6.8%	-	-	-	-2.4%	-9.4%
ROA ^{*4}	4.9%	4.0%	2.9%	-	-	-	-	-	-3.6%	-	-	-	-1.3%	-5.0%
Free cash flows	53.5	-36.0	-29.7	-12.2	16.3	4.1	5.3	40.1	49.5	4.9	1.7	6.6	57.0	31.0
CCC ^{*5} (days)	71.1	82.7	90.7	-	-	98.8	-	-	87.1	-	-	117.0	86.3	93.6
Undomestic sales ratio	56%	56%	56%	55%	54%	55%	53%	54%	54%	49%	57%	53%	51%	54%

*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 * (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	2Q	2H	
Specialty Steel Products	Molds and tool steel	126	124	109	109	100	103	101	84	66	67	65
	CVT belt materials	101	107	113	101	100	88	96	105	66	85	90
	Piston ring materials	112	107	110	105	100	87	101	94	44	46	80
	Organic EL-related components and materials	105	92	91	83	100	129	185	131	180	179	250
Functional Components and Equipment	Cast iron products [Waupaca Foundry, Inc.]	106	100	95	102	100	90	77	87	45	82	70
	Cast iron products [Other]	99	95	103	95	100	92	94	87	43	73	80
	Heat-resistant exhaust casting components (HERCUNITE™)	160	140	131	114	100	123	117	120	71	110	135
Magnetic Materials and Applications Power Electronics Materials	Rare earth magnets	110	110	103	96	100	95	90	86	64	75	90
	Ferrite magnets	115	112	108	105	100	98	98	101	61	77	85
	Amorphous metals Metglas®	115	100	96	104	100	84	78	63	51	63	75
Wires, Cables, and Related Products	Electronic components*	101	110	115	99	100	98	97	86	52	87	100

* 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	1Q, FY2019	2Q, FY2019	3Q, FY2019	4Q, FY2019	1Q, FY2020	2Q, FY2020
Rolls Business	6.2	6.1	6.4	5.9	5.5	5.4

Business Portfolio

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

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	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 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.

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.

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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