

Hitachi Metals

Financial Results for the First Nine Months of Fiscal Year 2020 (April 1, 2020 to December 31, 2020)

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January 28, 2021

1-1. Overview of 1Q–3Q of FY2020 (1)

Overview

- For 1Q–3Q, both revenues and profit decreased year-on-year as a result of diminished demand due to the impact of the COVID-19 outbreak.
- Focusing on 3Q, exceeded forecasts for revenues and adjusted operating income due to recovery of demand.
- FY2020 operating forecasts have been revised due to recent recoveries.

Market condition

- Economic and social activities in various regions of the world remained severely restricted due to the global outbreak of COVID-19.
- The world economy remains severe on the whole, but has shown signs of economic recovery in China, the U.S. and some other regions.
- Overview by market
 - [\[Automobiles\]](#) Demand decreased in 1Q–3Q as a result of suspension of operations due to the impact of the COVID-19 outbreak in 1Q, but has continued to recover since 2Q and exceeded expectations in 3Q.
 - [\[Aircraft\]](#) Demand for aircraft-related materials decreased due to a decline in demand for aircraft materials.
 - [\[FA / robots\]](#) Production of FA and robots began to recover in 2Q and further recovered in 3Q.
 - [\[Semiconductors / smartphones\]](#) Sales related to telecommunications such as 5G-related facilities and server equipment remained strong.
 - [\[Medical devices\]](#) Demand was brisk for equipment needed to respond to the COVID-19 outbreak.

1-2. Overview of 1Q–3Q of FY2020 (2)

- Both revenues and profit decreased in 1Q–3Q year-on-year as they did in 1H as a result of diminished demand due to the impact of the COVID-19 outbreak.
- As the recovery trend became prominent in automobiles and FA/robots after the beginning of 3Q, revenues and adjusted operating income surpassed expectations for 1Q–3Q.
- Overview by business field
 - [\[Automobiles\]](#) Although sales for 1Q–3Q decreased, inventory of molds and tool steel returned to appropriate levels by year-end due to a recovery in demand beginning in 2Q. Recovery continued in industrial equipment, automotive casting products, magnetic materials and applications, and automotive electronic components, with sales exceeding forecasts in 3Q.
 - [\[Aircraft\]](#) Sluggish demand for aircraft-related materials continued due to a decline in demand for aircraft materials.
 - [\[FA / robots\]](#) Recovery of demand for electronic wires continued from 2Q, while demand for products for device manufacturers began to recover in 3Q for magnetic materials and applications.
 - [\[Semiconductors / smartphones\]](#) Sales related to telecommunications such as 5G-related facilities and server equipment remained solid.
 - [\[Medical devices\]](#) Sales of materials for CT scintillators and cables for medical devices remained firm, while sales of catheter tubes decreased.

1-3. Operating Results

¥ billions <i>(Italic letters indicate profit margin.)</i>	FY2019				FY2020				Difference				
	3Q (Oct – Dec)		1Q – 3Q (A)		1Q (Apr – Jun)		2Q (Jul – Sep)		3Q (Oct – Dec)		1Q – 3Q (B)		Year-on-Year (B/A-1) *100[%] or B-A
	US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.5		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 = ¥105 €1 = ¥125 1 yuan = ¥15.8		US\$1 = ¥106 €1 = ¥122 1 yuan = ¥15.4		
Revenues	214.1		671.0		154.8		186.0		200.6		541.4		
Adjusted operating income*	2.8%	5.9	1.8%	11.8	-4.7%	-7.3	-2.7%	-5.1	1.9%	3.8	-1.6%	-8.6	-20.4
IFRS operating income	1.4%	2.9	-5.2%	-34.7	-4.1%	-6.4	-17.3%	-32.2	0.3%	0.7	-7.0%	-37.9	-3.2
Income before income taxes	3.0		-35.7		-7.1		-32.4		0.1		-39.4		-3.7
Net income attributable to shareholders of the parent company	2.1		-38.9		-3.3		-29.9		-0.5		-33.7		+5.2

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

Sales by region

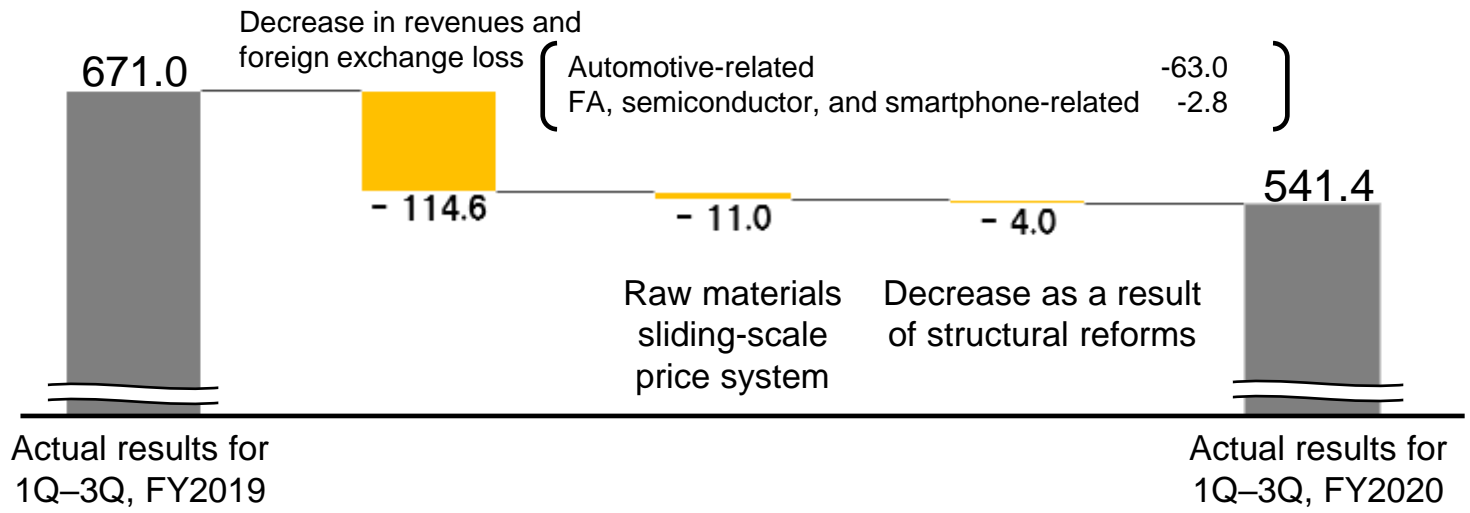
¥ billions		Japan	North America	China	Other Asian countries	Europe	Other
1Q – 3Q, FY2019	Revenues	309.2	185.8	49.6	78.6	32.7	15.1
	Sales ratio	46%	28%	7%	12%	5%	2%
1Q – 3Q, FY2020	Revenues	248.8	142.1	52.9	62.3	25.0	10.3
	Sales ratio	46%	26%	10%	11%	5%	2%
	Revenues year-on-year	-20%	-24%	+7%	-21%	-24%	-32%

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

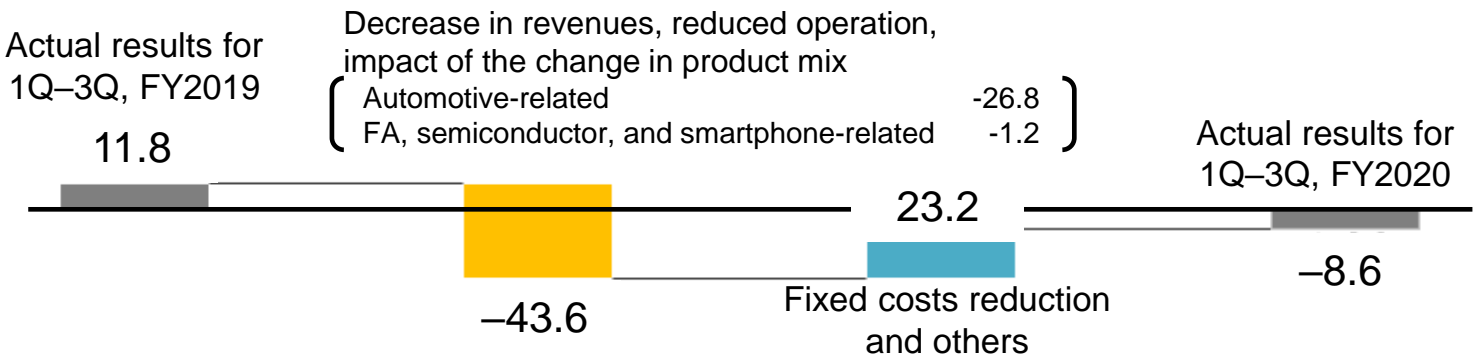


¥ billions

[Revenues]



[Adjusted operating income]

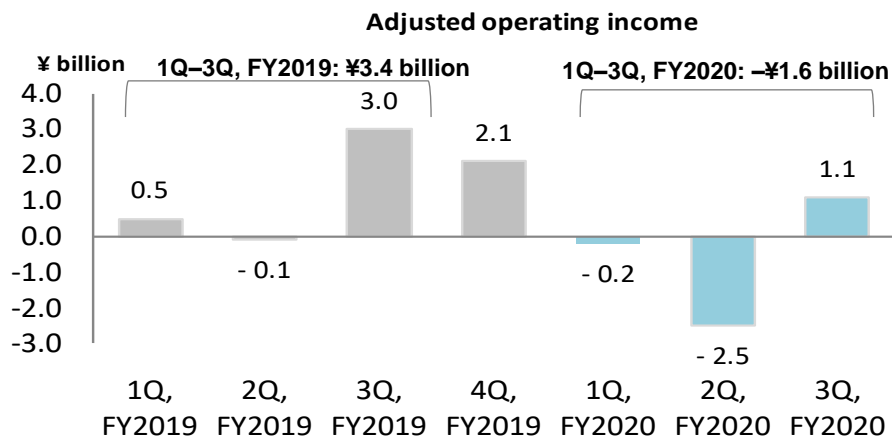
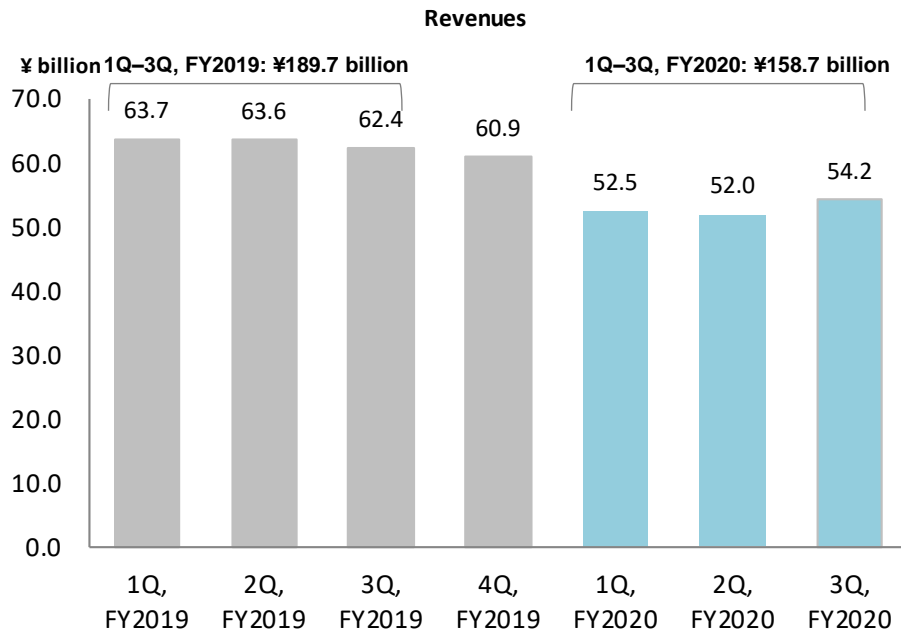


2-1. Operating Results by Segment

¥ billions (<i>Italic letters</i> indicate profit margin.)		FY2019				FY2020				Differences	
		3Q (Oct – Dec)	1Q – 3Q	1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q – 3Q	Year-on-Year			
Advanced Metals	Specialty Steel Products	Revenues	62.4	189.7	52.5	52.0	54.2	158.7	-16%		
		Adjusted operating income	4.8% 3.0	1.8% 3.4	-0.4% -0.2	-4.8% -2.5	2.0% 1.1	-1.0% -1.6	-5.0		
		IFRS operating income	3.4% 2.1	1.3% 2.5	2.9% 1.5	-19.4% -10.1	1.1% 0.6	-5.0% -8.0	-10.5		
	Functional Components and Equipment	Revenues	69.3	226.8	40.2	63.6	67.7	171.5	-24%		
		Adjusted operating income	-0.1% -0.1	0.5% 1.1	-17.4% -7.0	-4.9% -3.1	-1.8% -1.2	-6.6% -11.3	-12.4		
		IFRS operating income	-2.2% -1.5	-0.4% -0.9	-18.2% -7.3	-6.4% -4.1	-3.0% -2.0	-7.8% -13.4	-12.5		
Subtotal*	Revenues	131.7	416.5	92.7	115.6	121.9	330.2	-21%			
	Adjusted operating income	2.2% 2.9	1.1% 4.5	-7.8% -7.2	-4.8% -5.6	-0.1% -0.1	-3.9% -12.9	-17.4			
	IFRS operating income	0.5% 0.6	0.4% 1.6	-6.3% -5.8	-12.3% -14.2	-1.1% -1.4	-6.5% -21.4	-23.0			
Advanced Components & Materials	Magnetic Materials and Applications / Power Electronics	Revenues	28.3	88.9	22.1	25.7	27.7	75.5	-15%		
		Adjusted operating income	2.8% 0.8	0.1% 0.1	-2.3% -0.5	0.4% 0.1	3.6% 1.0	0.8% 0.6	+0.5		
		IFRS operating income	2.1% 0.6	-48.1% -42.8	-2.3% -0.5	-60.7% -15.6	3.2% 0.9	-20.1% -15.2	+27.6		
	Wires, Cables, and Related Products	Revenues	53.9	164.9	39.9	44.3	50.8	135.0	-18%		
		Adjusted operating income	3.0% 1.6	3.2% 5.3	-1.3% -0.5	0.5% 0.2	4.5% 2.3	1.5% 2.0	-3.3		
		IFRS operating income	3.0% 1.6	3.2% 5.3	-0.8% -0.3	-3.8% -1.7	4.7% 2.4	0.3% 0.4	-4.9		
Subtotal*	Revenues	82.2	253.8	62.0	70.0	78.5	210.5	-17%			
	Adjusted operating income	2.9% 2.4	2.1% 5.4	-1.6% -1.0	0.4% 0.3	4.2% 3.3	1.2% 2.6	-2.8			
	IFRS operating income	2.7% 2.2	-14.8% -37.5	-1.3% -0.8	-24.7% -17.3	4.2% 3.3	-7.0% -14.8	+22.7			
Others/Adjustments	Revenues	0.2	0.7	0.1	0.4	0.2	0.7	—			
	Adjusted operating income	0.6	1.9	0.9	0.2	0.6	1.7	-0.2			
	IFRS operating income	0.1	1.2	0.2	-0.7	-1.2	-1.7	-2.9			
Total	Revenues	214.1	671.0	154.8	186.0	200.6	541.4	-19%			
	Adjusted operating income	2.8% 5.9	1.8% 11.8	-4.7% -7.3	-2.7% -5.1	1.9% 3.8	-1.6% -8.6	-20.4			
	IFRS operating income	1.4% 2.9	-5.2% -34.7	-4.1% -6.4	-17.3% -32.2	0.3% 0.7	-7.0% -37.9	-3.2			

*Simple sum before eliminating intersegment revenues

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



[Revenues]

(1Q–3Q of FY2020, year-on-year)

•Molds and tool steel

Decreased for 1Q–3Q of FY2020 due to a decline in both domestic and international demand, while inventory including distribution stock was optimized and demand showed signs of recovery by year-end.

•Industrial equipment materials

Decreased for 1Q–3Q of FY2020 on the whole, despite brisk recovery in automotive-related demand since 2Q

•Aircraft- and energy-related materials

Decreased as demand for aircraft-related materials declined 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. However, overall sales remained virtually flat year on year due to a decline in demand primarily for products related to automobiles among semiconductor package components.

•Rolls

Rolls, Injection molding machine parts, and steel-frame joints for construction:
Decreased due to a decline in demand

[Adjusted operating income/loss]

Decreased income due to a decline in demand for mainstay 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 adjusted operating income

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

¥ billions	FY2019		FY2020				Differences Year-on-Year
	3Q (Oct – Dec)	1Q – 3Q	1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q – 3Q	
Revenues	62.4	189.7	52.5	52.0	54.2	158.7	-16%
Specialty Steel ^{*1}	56.0	171.0	47.0	46.6	49.5	143.1	-16%
Rolls ^{*1}	6.4	18.7	5.5	5.4	4.7	15.6	-17%
Adjusted operating income	3.0	3.4	- 0.2	- 2.5	1.1	- 1.6	-5.0
Adjusted operating margin	4.8%	1.8%	-0.4%	-4.8%	2.0%	-1.0%	-2.8%
IFRS operating income	2.1	2.5	1.5	- 10.1	0.6	- 8.0	-10.5

Change by product (year-on-year)	1Q	2Q	3Q	1Q – 3Q
Molds and tool steel ^{*2}	-30%	-32%	-21%	-28%
Industrial equipment materials ^{*2}	-27%	-23%	-13%	-21%
Aircraft- and energy-related materials ^{*2}	-34%	-37%	-45%	-38%
Electronic materials ^{*2}	0%	-2%	+4%	+1%
Rolls ^{*3}	-10%	-12%	-27%	-17%

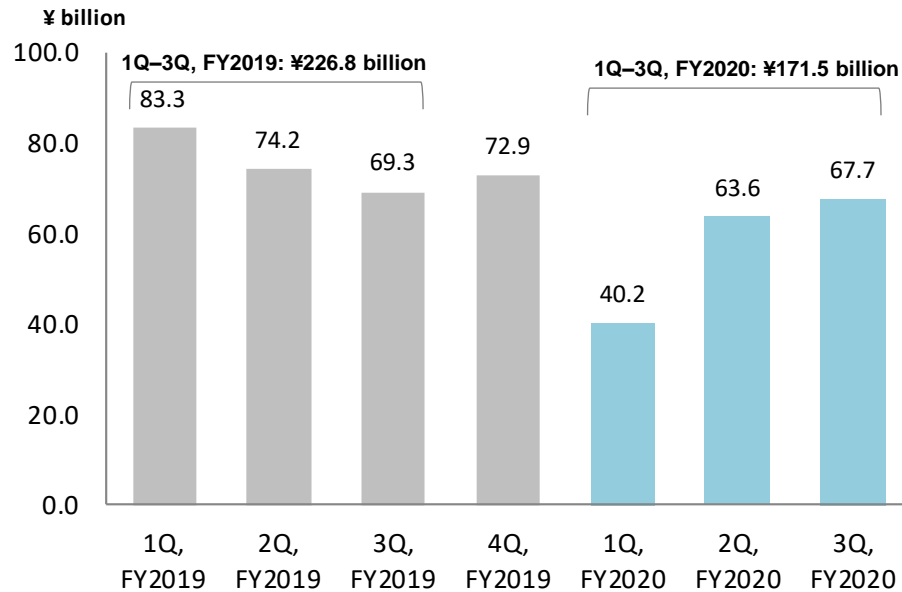
*1: Simple sum before eliminating intersegment revenues

*2: Indicates the change in revenues calculated by a simplified method

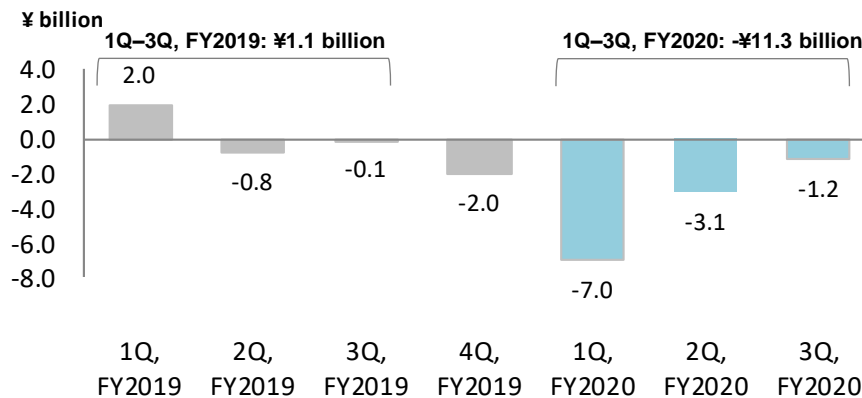
*3: Indicates the change in simple sum before eliminating intersegment revenues

2-4. Operating Results by Segment for 3Q: Functional Components and Equipment (1)

Revenues



Adjusted operating income



[Revenues]

(1Q-3Q of FY2020, year-on-year)

•Automotive casting products

Cast iron products and heat-resistant exhaust casting components:

Decreased for 1Q-3Q of FY2020 due to suspension of operations by major customers in various parts of the world in 1Q; showing signs of recovery after the start of 2Q due to an increase in automobile sales in various regions.

•Piping components

Pipe fittings:

Decreased due to a decrease in both the number of housing starts and large-scale construction projects in the domestic market

Semiconductor manufacturing equipment:

Increased on the back of recovery of demand for capital investment.

[Adjusted operating income/loss]

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

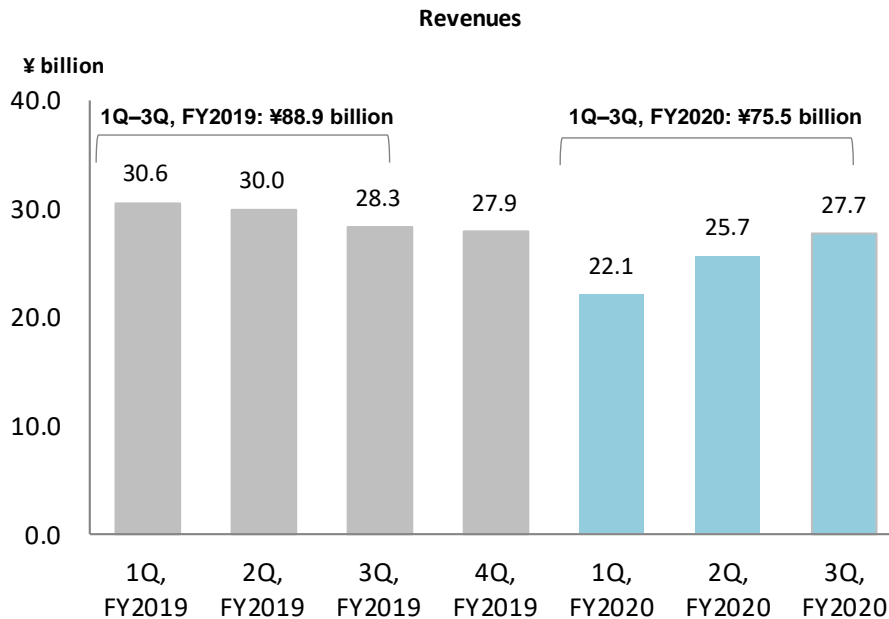
2-5. Operating Results by Segment for 3Q: Functional Components and Equipment (2)

¥ billions	FY2019		FY2020				Differences
	3Q (Oct – Dec)	1Q – 3Q	1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q – 3Q	Year-on-Year
Revenues	69.3	226.8	40.2	63.6	67.7	171.5	-24%
Automotive Casting Products*	57.0	192.0	30.4	53.5	56.4	140.3	-27%
Waupaca Foundry, Inc.*	39.1	137.5	22.2	39.8	39.4	101.4	-26%
Piping Components*	12.3	34.8	9.8	10.1	11.3	31.2	-10%
Adjusted operating income	- 0.1	1.1	- 7.0	- 3.1	- 1.2	- 11.3	-12.4
Adjusted operating margin	-0.1%	0.5%	-17.4%	-4.9%	-1.8%	-6.6%	-7.1%
IFRS operating income	- 1.5	- 0.9	- 7.3	- 4.1	- 2.0	- 13.4	-12.5

*Simple sum before eliminating intersegment revenues

Change by product (year-on-year)	1Q	2Q	3Q	1Q – 3Q
Cast iron products [Waupaca] (weight)	-55%	-10%	-2%	-23%
Cast iron products [Others] (weight)	-57%	-20%	-10%	-30%
Heat-resistant exhaust casting components (HERCUNITE™) (weight)	-29%	-9%	+21%	-5%

2-6. Operating Results by Segment for 3Q: Magnetic Materials and Applications / Power Electronics (1)



[Revenues]

(1Q–3Q of FY2020, year-on-year)

•Magnetic materials and applications

Rare earth magnets and ferrite magnets:
Decreased for 1Q–3Q of FY2020 due to the significant drop in demand, which bottomed in 1Q, but recovery of demand for automotive electronic components continued since 2Q and demand for FA/robots and electronics-related demand have gradually been recovering since 3Q.

•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:

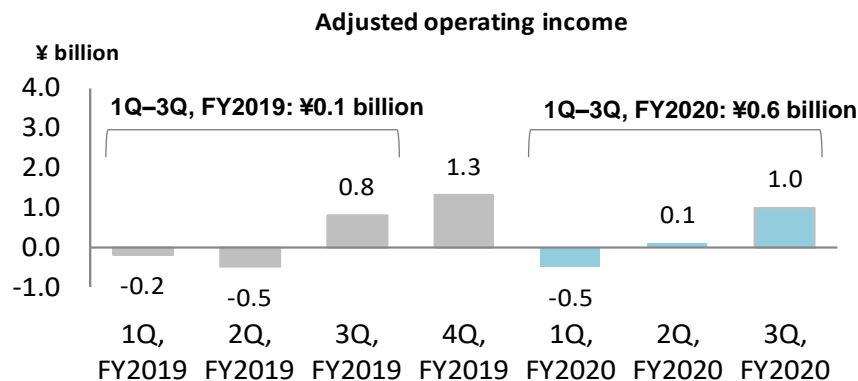
Decreased due to a decline in demand for use in telecommunications equipment, despite an increase in demand for use in medical devices.

[Adjusted operating income]

Increased for 1Q–3Q of FY2020

[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 3Q: Magnetic Materials and Applications / Power Electronics (2)

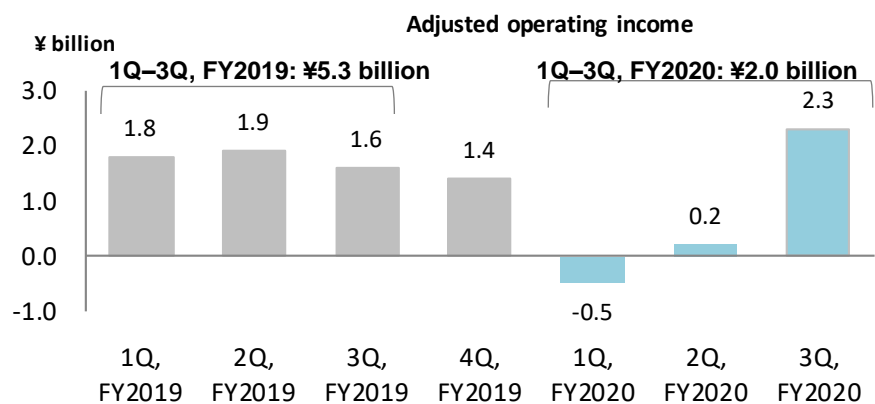
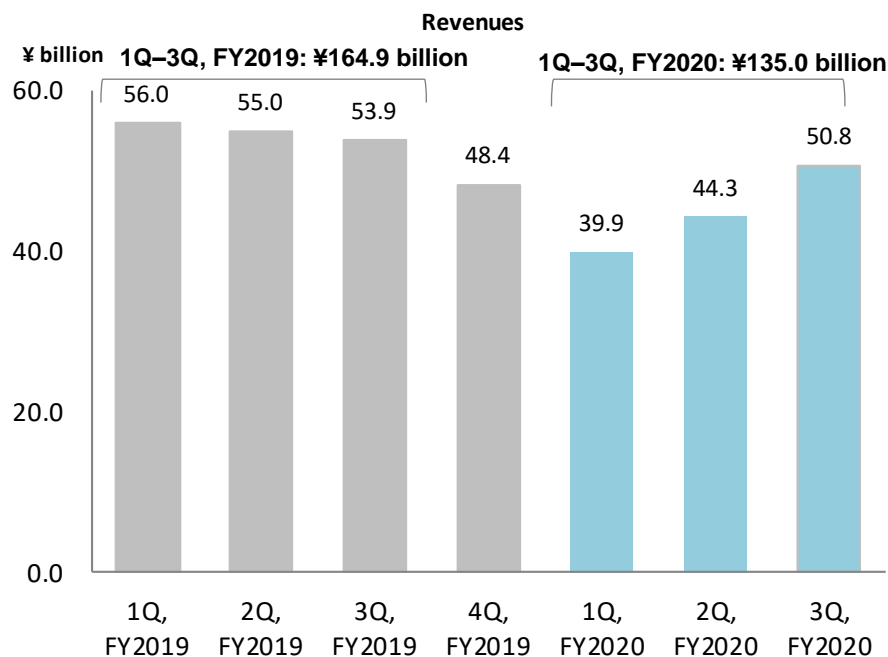


¥ billions	FY2019		FY2020				Differences Year-on-Year
	3Q (Oct – Dec)	1Q – 3Q	1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q – 3Q	
Revenues	28.3	88.9	22.1	25.7	27.7	75.5	-15%
Magnetic Materials and Applications*	19.2	61.1	13.6	17.0	18.8	49.4	-19%
Power Electronics Materials*	9.1	27.8	8.5	8.7	9.0	26.2	-6%
Adjusted operating income	0.8	0.1	- 0.5	0.1	1.0	0.6	+0.5
Adjusted operating margin	2.8%	0.1%	-2.3%	0.4%	3.6%	0.8%	+0.7%
IFRS operating income	0.6	- 42.8	- 0.5	- 15.6	0.9	- 15.2	+27.6

* Simple sum before eliminating intersegment revenues

Change by product (year-on-year)	1Q	2Q	3Q	1Q – 3Q
Rare earth magnets (weight)	-36%	-21%	-2%	-20%
Ferrite magnets (weight)	-39%	-21%	+3%	-19%

2-8. Operating Results by Segment for 3Q: Wires, Cables, and Related Products (1)



[Revenues] (1Q-3Q of FY2020, year-on-year)
 Decreased due to mainly reducing demand for automotive electronic components.

• **Electric wires and cables**

Electrical wire for rolling stock:

Increased due to a rise in demand in the Chinese market, despite a decline in domestic demand.

Medical devices:

Demand for probe cables remained flat but demand for catheter tubes decreased.

Electronic wires:

Demand for FA/robot applications and 5G base stations increased.

Magnet wires:

Decreased for 1Q-3Q, but demand recovered mainly for automotive applications after the beginning of 3Q.

• **Automotive components**

Decreased for 1Q-3Q, despite a year-on-year increase in 3Q as demand recovered mainly for automotive electronic components following the recovery of the automobile market.

[Adjusted operating income/loss]

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

2-9. Operating Results by Segment for 3Q: Wires, Cables, and Related Products (2)

¥ billions	FY2019		FY2020		Differences		
	3Q (Oct – Dec)	1Q – 3Q	1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q – 3Q	Year-on-Year
Revenues	53.9	164.9	39.9	44.3	50.8	135.0	-18%
Adjusted operating income	1.6	5.3	- 0.5	0.2	2.3	2.0	-3.3
Adjusted operating margin	3.0%	3.2%	-1.3%	0.5%	4.5%	1.5%	-1.7%
IFRS operating income	1.6	5.3	- 0.3	- 1.7	2.4	0.4	-4.9

Change by product (year-on-year)	Growth areas			
	1Q	2Q	3Q	1Q – 3Q
Rolling stock*	-15%	+10%	+12%	-2%
Medical devices*	+14%	-11%	-17%	-5%
FA/robots*	+7%	+3%	+26%	+12%
Magnet wires*	-27%	-19%	+3%	-15%
Electronic components*	-49%	-13%	+9%	-18%

Sales proportion of growth areas: 1Q–3Q, FY2019: 39%
1Q–3Q, FY2020: 42%

*Indicates the change in revenues calculated by a simplified method

3. Financial Condition

¥ billions	End of FY2019	As of end of December 2020	Differences
	US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.3	US\$1 = ¥104 €1 = ¥127 1 yuan = ¥15.9	
Total assets	977.8	916.2	-61.6
Trade receivables	157.7	163.9	+6.2
Inventories	179.9	169.1	-10.8
Total liabilities	454.9	435.9	-19.0
Interest-bearing debt	187.6	181.4	-6.2
Equity attributable to shareholders	520.3	477.9	-42.4
Non-controlling interests	2.6	2.4	-0.2
Equity attributable to shareholders	53.2%	52.2%	-1.0%
D/E ratio (times)	0.36	0.38	+0.02
NET interest-bearing debt*	145.2	132.1	-13.1

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

Fixed assets: Decreased due to the recording of impairment losses in 2Q.
 Inventories: Decreased as a result of continuous inventory control in line with demand.
 Equity attributable to shareholders of the parent company:
 Retained earnings decreased due to the impact of net loss.

4. Consolidated Cash Flows

¥ billions	1Q – 3Q FY2019	1Q – 3Q FY2020	Year-on-Year
Cash flows from operating activities (Operating CF)	57.4	13.1	-44.3
Cash flows from investing activities (Investing CF)	- 48.0	5.5	+53.5
Free cash flows (FCF)	9.4	18.6	+9.2
Core free cash flows*	9.3	- 8.6	-17.9

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

[Operating CF] Decreased by ¥44.3 billion due largely to a decline in profit.

[Investing CF] +¥26.5 billion due to mainly careful selection of fixed asset investment and +¥25.7 billion of proceeds from sale of entities accounted for using the equity method.

[FCF] Improved by ¥9.2 billion year on year as a result of applying stricter investment criteria and proceeds from sale of entities accounted for using the equity method and so on.

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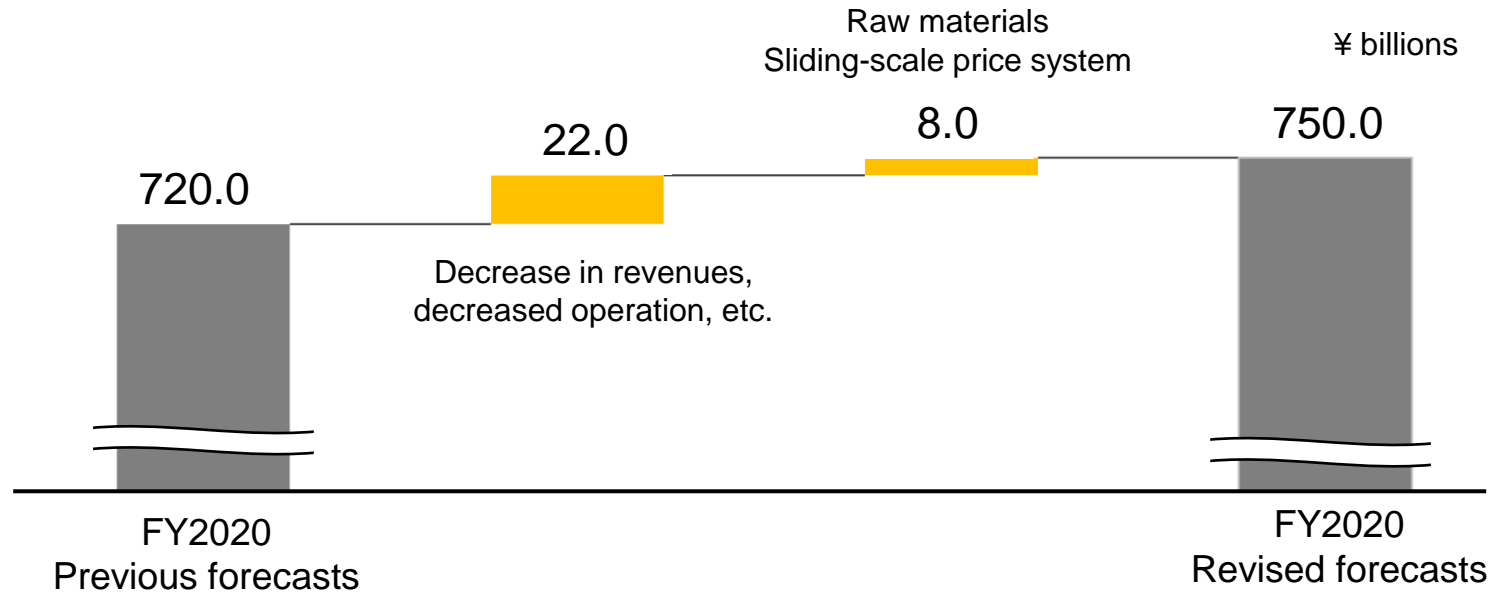
January 28, 2021

5-1. Revisions to Operating Forecast for FY2020

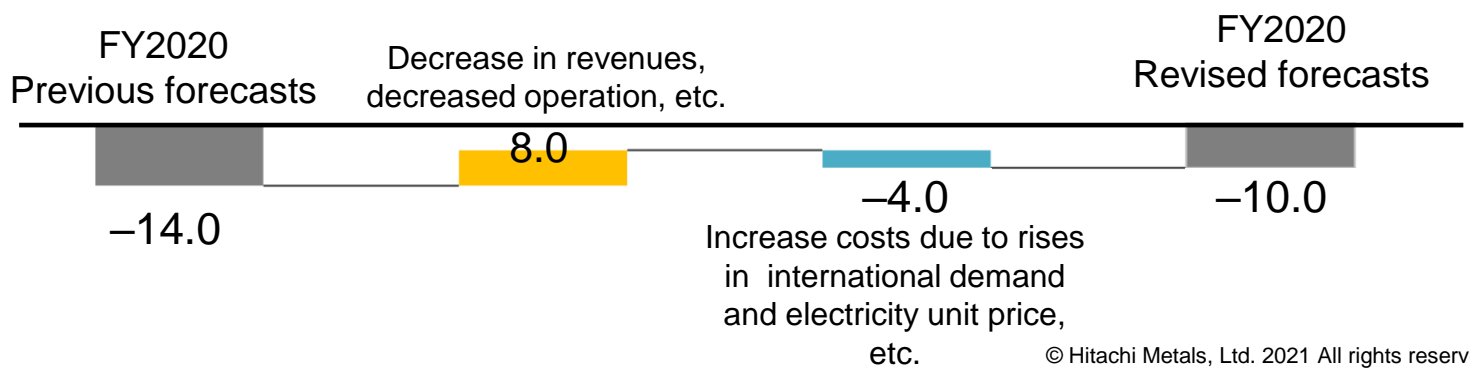
¥ billions (<i>Italic letters</i> indicate profit margin.)	FY2019 Actual US\$1 = ¥109 €1 = ¥121 1 yuan = ¥15.6	FY2020 Previous forecasts (Announced on Oct.27, 2020) US\$1 = ¥105 €1 = ¥120 1 yuan = ¥15.0	FY2020 Revised forecasts US\$1 = ¥105 €1 = ¥120 1 yuan = ¥15.0	Against Previous forecasts
Revenues	881.4	720.0	750.0	+4%
Adjusted operating income	<i>1.6%</i> 14.4	-1.9% -14.0	-1.3% -10.0	+4.0
Impairment loss	-49.2	-24.6	-25.0	-0.4
Structural reforms, etc.	-5.8	-17.4	-22.0	-4.6
Income before income taxes	-40.6	-56.0	-57.0	-1.0
Income taxes	3.0	10.0	11.0	+1.0
Net income attributable to shareholders of the parent company	-37.6	-46.0	-46.0	0.0

5-2. Factors for Revising Operating Forecast

[Revenues]



[Adjusted operating income]



5-3. Operating Result Forecast by Segment

¥ billions			FY2019	FY2020		FY2020		Against
<i>(Italic letters indicate profit margin.)</i>			Actual	Previous forecasts		Revised forecasts		previous forecasts
Advanced Metals	Specialty Steel Products	Revenues	250.6	208.0		214.0		+3%
		Adjusted operating income	2.2% 5.5	-1.9%	-4.0	-1.2%	-2.5	+1.5
		ROIC ^{*2}	1.9%	—		—		—
	Functional Components and Equipment	Revenues	299.7	226.0		244.0		+8%
		Adjusted operating income	-0.3% -0.9	-6.0%	-13.5	-4.9%	-12.0	+1.5
		ROIC ^{*2}	—	—		—		—
Subtotal ^{*1}	Revenues	550.3	434.0		458.0		+6%	
	Adjusted operating income	0.8% 4.6	-4.0%	-17.5	-3.2%	-14.5	+3.0	
	ROIC ^{*3}	0.8%	—		—		—	
Advanced Components & Materials	Magnetic Materials and Applications / Power Electronics	Revenues	116.8	102.0		104.0		+2%
		Adjusted operating income	1.2% 1.4	1.0%	1.0	1.0%	1.0	0.0
		ROIC ^{*2}	0.9%	0.6%		0.7%		—
	Wires, Cables, and Related Products	Revenues	213.3	184.0		187.0		+2%
		Adjusted operating income	3.1% 6.7	1.4%	2.5	1.9%	3.5	+1.0
		ROIC ^{*2}	5.0%	2.1%		2.8%		—
Subtotal ^{*1}	Revenues	330.1	286.0		291.0		+2%	
	Adjusted operating income	2.5% 8.1	1.2%	3.5	1.5%	4.5	+1.0	
	ROIC ^{*3}	2.5%	1.3%		1.6%		—	
Others/Adjustments	Revenues	1.0	0.0		1.0		—	
	Adjusted operating income	1.7	0.0		0.0		0.0	
Total	Revenues	881.4	720.0		750.0		+4%	
	Adjusted operating income	1.6% 14.4	-1.9%	-14.0	-1.3%	-10.0	+4.0	
	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 * (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)

Reference Data (1)

¥ billions	FY2016	FY2017	FY2018	FY2019	FY2019	FY2019	FY2019	FY2019	FY2019	FY2020	FY2020	FY2020	FY2020	FY2020	FY2020
				1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q – 3Q	4Q (Jan – Mar)		1Q (Apr – Jun)	2Q (Jul – Sep)	3Q (Oct – Dec)	1Q – 3Q	Forecast announced on Oct. 27	Forecast announced on Jan. 28
	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	US\$1 = ¥110 €1 = ¥123 1 yuan = ¥16.1	US\$1 = ¥107 €1 = ¥119 1 yuan = ¥15.3	US\$1 = ¥109 €1 = ¥120 1 yuan = ¥15.5	US\$1 = ¥109 €1 = ¥121 1 yuan = ¥15.6	US\$1 = ¥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 = ¥105 €1 = ¥125 1 yuan = ¥15.8	US\$1 = ¥106 €1 = ¥122 1 yuan = ¥15.4	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	214.1	671.0	210.4	881.4	154.8	186.0	200.6	541.4	720.0	750.0
Adjusted operating income ^{*1}	66.0	65.1	51.4	5.5	0.4	5.9	11.8	2.6	14.4	-7.3	-5.1	3.8	-8.6	-14.0	-10.0
Adjusted operating margin	7.2%	6.6%	5.0%	2.4%	0.2%	2.8%	1.8%	1.2%	1.6%	-4.7%	-2.7%	1.9%	-1.6%	-1.9%	-1.3%
Other income	14.1	5.4	10.7	0.9	0.9	0.8	2.6	6.0	8.6	3.1	1.2	1.3	5.6	-	-
Other expenses	-11.8	-24.2	-19.7	-1.2	-44.1	-3.8	-49.1	-13.0	-62.1	-2.2	-28.3	-4.5	-35.0	-	-
IFRS operating income	68.3	46.3	42.4	5.2	-42.8	2.9	-34.7	-4.4	-39.1	-6.4	-32.2	0.7	-37.9	-52.0	-56.0
EBIT	68.5	48.9	45.3	5.1	-42.6	3.5	-34.0	-4.4	-38.4	-6.7	-32.1	0.5	-38.3	-54.0	-56.0
EBITDA	111.5	95.0	96.2	19.1	-28.4	17.0	7.7	9.1	16.8	6.6	-18.9	12.4	0.1	-3.0	-6.0
(Quarterly) Income before income taxes	66.0	47.0	43.0	4.5	-43.2	3.0	-35.7	-4.9	-40.6	-7.1	-32.4	0.1	-39.4	-56.0	-57.0
(Quarterly) Net income attributable to shareholders of the parent company	50.6	42.2	31.4	3.2	-44.2	2.1	-38.9	1.3	-37.6	-3.3	-29.9	-0.5	-33.7	-46.0	-46.0
Capital expenditure	63.8	91.8	95.4	11.6	13.6	14.6	39.8	13.2	53.0	7.2	7.4	5.2	19.8	33.0	32.0
Depreciation	43.0	46.1	50.9	13.9	14.2	13.5	41.6	13.6	55.2	13.3	13.2	11.9	38.4	51.0	50.0
R&D expenses	18.0	17.7	18.6	4.0	4.2	4.0	12.2	3.7	15.9	3.5	3.8	3.5	10.8	16.0	15.0
Trade receivables	175.6	207.6	195.3	196.7	188.6	183.5	183.5	157.7	157.7	141.1	157.5	163.9	163.9	-	-
Inventories	153.6	190.2	214.8	211.1	192.6	192.9	192.9	179.9	179.9	183.5	167.1	169.1	169.1	-	-
Interest-bearing debt	194.5	160.8	202.1	239.0	227.0	228.1	228.1	187.6	187.6	215.1	212.6	181.4	181.4	167.0	174.0
Free cash flows	53.5	-36.0	-29.7	-12.2	16.3	5.3	9.4	40.1	49.5	4.9	1.7	12.0	18.6	31.0	31.0
ROIC ^{*2}	7.0%	5.8%	5.3%	-	-	-	-	-	1.7%	-	-	-	-	-	-
ROE ^{*3}	9.8%	7.7%	5.5%	-	-	-	-	-	-	-	-	-	-	-	-
ROA ^{*4}	4.9%	4.0%	2.9%	-	-	-	-	-	-	-	-	-	-	-	-
CCC ^{*5} (days)	71.1	82.7	90.7	-	-	-	-	-	87.1	-	-	-	-	93.6	93.4
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	0.38	0.38	0.36	0.38
Overseas sales ratio	56%	56%	56%	55%	54%	53%	54%	54%	54%	49%	57%	56%	54%	54%	55%
Employees	28,754	30,390	30,304	30,354	30,201	30,016	30,016	29,805	29,805	29,542	29,025	28,730	28,730	29,000	29,000
(Quarterly) Basic net income per share (yen)	118.32	98.72	73.37	7.58	-103.45	4.81	-91.06	3.01	-88.05	-7.81	-69.86	-1.19	-78.86	-107.59	-107.59
Dividend per share (yen)	26.0	26.0	34.0	-	13.0	-	13.0	13.0	26.0	-	0.0	-	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	1,244.0	1,244.0	1,216.9	1,216.9	1,195.1	1,119.9	1,117.6	1,117.6	1,075.3	1,083.2

*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

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	3Q	4Q Revised forecasts	
Specialty Steel Products	Molds and tool steel	126	124	109	109	100	103	101	84	66	67	68	80
	CVT belt materials	101	107	113	101	100	88	96	105	66	85	83	96
	Piston ring materials	112	107	110	105	100	87	101	94	44	46	111	119
	Organic EL-related components and materials	105	92	91	83	100	129	185	131	180	179	245	129
Functional Components and Equipment	Cast iron products [Waupaca Foundry, Inc.]	106	100	95	102	100	90	77	87	45	82	79	79
	Cast iron products [Other]	99	95	103	95	100	92	94	87	43	73	85	85
	Heat-resistant exhaust casting components (HERCUNITE™)	160	140	131	114	100	123	117	120	71	110	141	147
Magnetic Materials and Applications/Power Electronics	Rare earth magnets	110	110	103	96	100	95	90	86	64	75	88	95
	Ferrite magnets	115	112	108	105	100	98	98	101	61	77	101	99
	Amorphous metals Metglas®	115	100	96	104	100	84	78	63	51	63	76	71
Wires, Cables, and Related Products	Electronic components *	101	110	115	99	100	98	97	86	52	86	106	98

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

Business Portfolio

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

(For reference)

Business Operations of Hitachi Metals (From October 2020)



Business Operations

Business Divisions	Business Segments	Business	Principal Products and services
Advanced Metals	Specialty Steel Products	Specialty Steel	Molds and tool steel, Automobile-related materials, Razor and blade materials, Precision cast components, and Aircraft- and energy-related materials, Display-related materials, Semiconductor and other package materials, and Battery-related materials
		Rolls	Various rolls for steel mills, injection molding machine parts, structural ceramic products, and steel-frame joints for construction
	Functional Components and Equipment	Automotive Casting Products	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	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.

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.

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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