

About the Hitachi Metals Group

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Hitachi Metals WAY

The Hitachi Metals WAY has been systematically developed based on our Corporate Creed (Mission), Corporate Philosophy (Value), and our diverse DNA that are the embodiment of Hitachi Metals' uniqueness, which has been cultivated over the more than 100 years of the Hitachi Metals Group's history.

We are pursuing new challenges every day through our various business activities. The Hitachi Metals WAY refers to the systematic philosophy that is derived from our corporate culture and Good Practice Guidance, to bring together these diverse individual strengths and create harmony that is unique to the Hitachi Metals Group.

We will build on the Hitachi Metals WAY, which has evolved from our diverse history and culture, as Hitachi Metals' uniqueness, which we will focus on developing as we continue to grow.

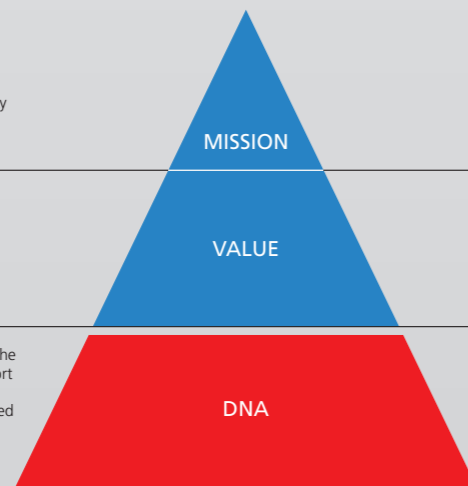
Hitachi Metals' uniqueness, referred to as the Hitachi Metals WAY, forms the foundation on which we set our direction and strategies.

Hitachi Metals WAY

Mission to be fulfilled in society by the Hitachi Metals Group

Values that the Hitachi Metals Group protects and fosters in order to realize the corporate creed

The unique DNA nurtured by the Hitachi Metals Group to support the corporate creed and the corporate philosophy. It is added to through the process of corporate evolution such as mergers, integrations, etc.



Corporate Creed

The origins of our company can be traced back more than one hundred years, and our main products have been standing at the top in each industry both qualitatively as well as quantitatively. We devote ourselves to technology and aspire to contribute to society by being the best enterprise based on "wa sureba tsuyoshi" our people possess and their loyalty to the company.

Corporate Philosophy

Wa sureba tsuyoshi

一則一強

Under our corporate philosophy of "wa sureba tsuyoshi," our group is One Force for Change.

Diverse DNA is the basis of our corporate culture that realizes *Wa Sureba Tsuyoshi*.

The development of the Hitachi Metals Group's uniqueness over time

Sustainable growth by achieving "the mass production of high-quality materials"

The Hitachi Metals Group has grown through numerous mergers and acquisitions. The Group's uniqueness lies in the unique and diverse technologies, products, and business portfolio that have emerged from that process, and is our main strength.

The Hitachi Metals Group's unique and diverse human resources, technologies, and products have top-level competence in their respective fields, giving them a strong sense of individuality. Bringing together this strong individuality enables us to create successive innovations in a way that other companies cannot match. At the same time, we use the success of those innovations to deliver products and services to resolve the issues of customers and society leveraging advanced *monozukuri* skills that achieve both quality and quantity.

In this way, the success of this diversity-based innovation achieves "the mass production of high-quality materials," and this ability for sustainable growth is what constitutes the Hitachi Metals Group's uniqueness.

Path to pursue

The world's leading high-performance materials company

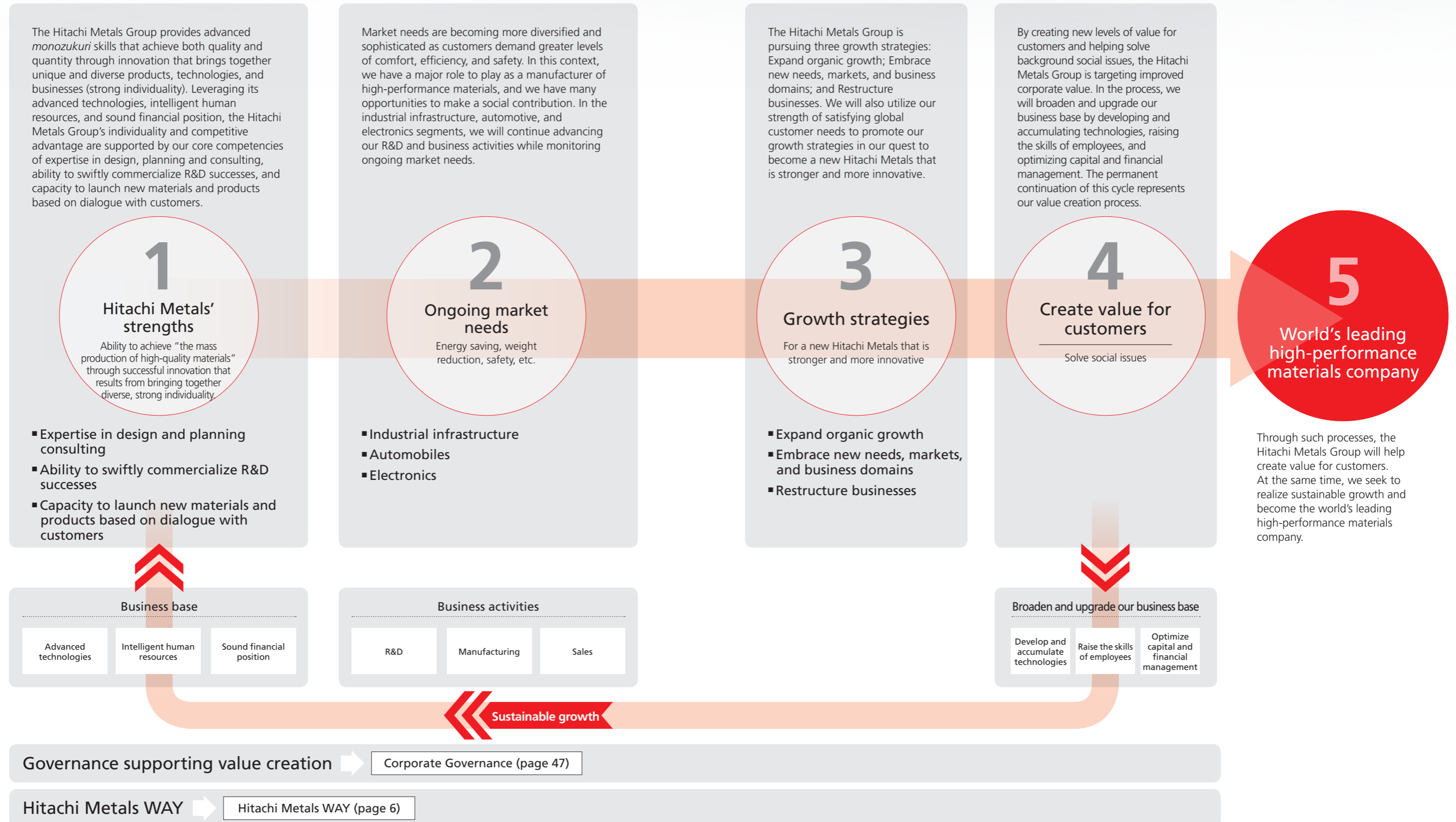
Amid the constant changes ongoing in society, the materials area, in which the Hitachi Metals Group operates, is experiencing increasingly drastic change. To continue to be a company with sustainable growth that is indispensable to customers and society, we are extending and strengthening our uniqueness, to contribute to the creation of new value sought by society through a broad variety of environmentally conscious products, while at the same time pursuing sustainable growth as we strive to be the world's leading high-performance materials company.

Corporate Philosophy | *Wa sureba tsuyoshi*

"Wa" refers to "individuals with different characters coming together to create harmony," while "tsuyoshi" means "strength to accomplish the results we hope for." The Hitachi Metals Group's Corporate Philosophy is to endeavor to work as one while improving ourselves individually, to create the best possible company.

Value Creation

In these ever-changing times, the Hitachi Metals Group constantly monitors the requirements of customers and markets and supplies advanced new products and technologies that are at the forefront of their era. For us, creating value for our customers means providing help to solve social issues in various fields and leads to enhanced corporate value. Through this process of value creation, we embrace the challenge of becoming the world's leading high-performance materials company.



Business Foundation: Our Sources of Strength

The keys to the Hitachi Metals Group's strengths are its "advanced technologies" and "intelligent human resources." Since our foundation, our widely knowledgeable personnel have maintained a commitment to quality. Rather than keeping pace with and following the competition, we develop a wide range of products brimming with creativity and backed by advanced technologies, to meet the needs of customers all over the world.

Advanced Technologies

In addition to exploiting our knowledge about the characteristics of various materials to pursue extremely high-quality core technologies and enhance quality, we have *monozukuri* skills that enable us to create and mass-produce items that meet customers' needs. We deploy these capabilities to achieve "the mass production of high-quality materials" and support value creation at the Hitachi Metals Group.

By exhaustively targeting "the mass production of high-quality materials" in this way, we have achieved the top market share in our fields of focus.

The mass production of high-quality materials

Core technologies

Technologies and ideas to extract materials' maximum performance

Alloys and design technologies

Manufacturing and processing technologies

Analysis/evaluation technologies

Monozukuri skills

Industry-leading production capacity

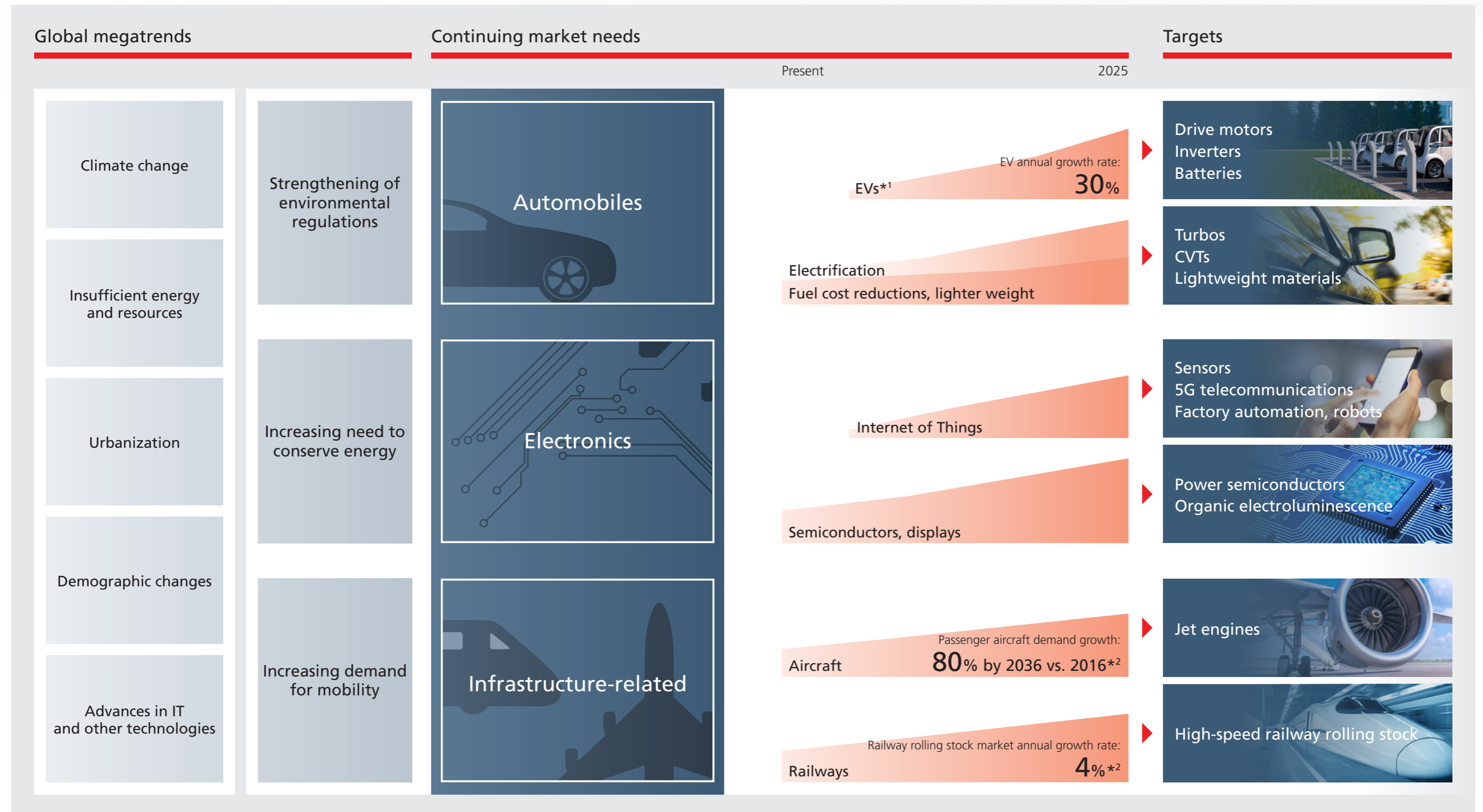
Industry-leading cost competitiveness

Top Market Share Achieved

- 1 CVT belt materials
- 2 Ni-based lead frame materials
- 3 Organic EL-related components/materials
- 4 Rolls for steel mills
- 5 Cast iron products
- 6 Razor and blade materials
- 7 SOFLEX™ flexible piping system
- 8 Amorphous alloys Metglas®
- 9 Neodymium magnets NEOMAX®
- 10 Ferrite magnets NMF™
- 11 Cylinders and screws for injection molding machines
- 12 Stainless steel piston ring materials
- 13 Probe cables for ultrasound diagnostic equipment
- 14 Wires and cables for rolling stock

Target Areas

Megatrends like climate change and insufficient energy and materials are bringing about major transformations to the industrial sector as a whole. The Hitachi Metals Group is working to understand market needs from a customer perspective, to transform megatrends into business opportunities and identify threats, and accurately address social needs for the future.

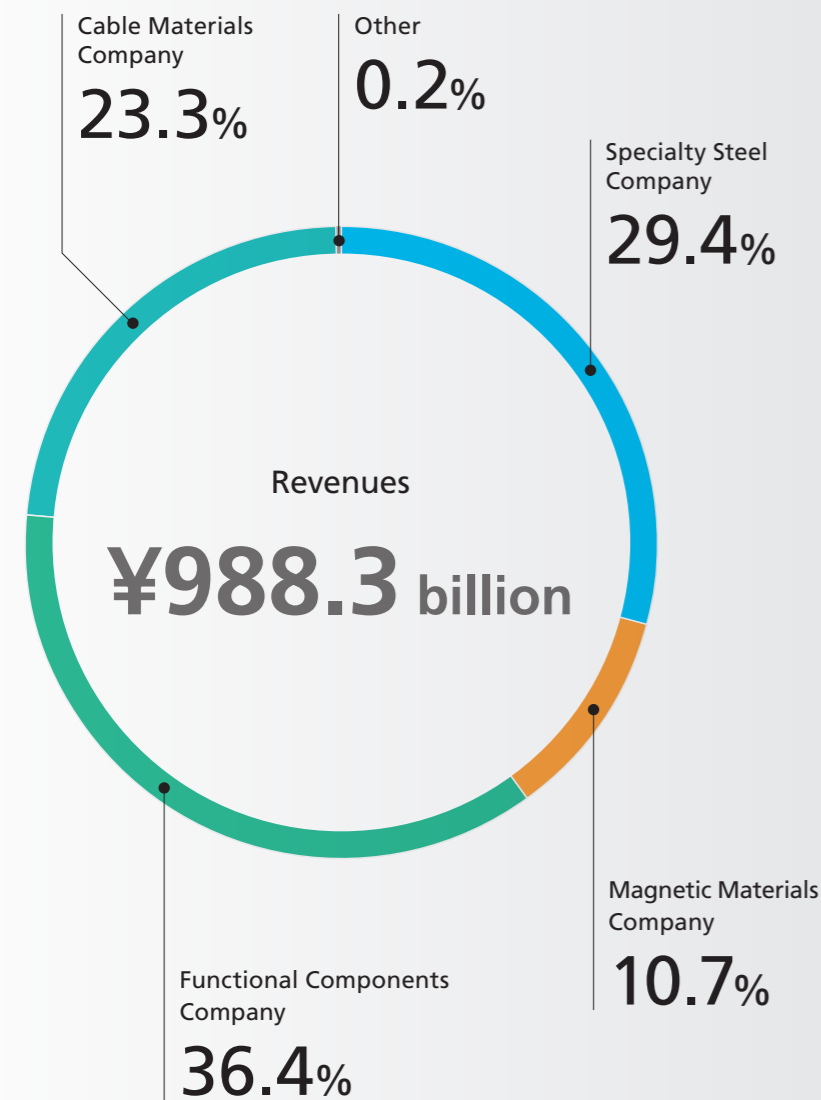


*1 Refers to electric vehicles (EVs) including hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs).
 *2 Market trends are Company estimates based on various sources.

Business Portfolio

The Hitachi Metals Group specializes in the development of high-performance materials. Leveraging this expertise, we supply materials and products mainly to customers in the industrial infrastructure-, automotive-, and electronics-related segments.

Percentage of FY2017 Revenues by Segment*



* The percentage of revenues by segment is calculated based on sales to external customers.

Market segments

	Industrial infrastructure-related	Automobile-related	Electronics-related
Specialty Steel Company Revenues ¥290.6 billion Adjusted operating income ¥27.9 billion	Turbine case materials 	Specialty steel 	Cladding materials for lithium batteries
	Rolls 	"SLD-MAGIC™" cold work tool steel 	
	"Metglas®" amorphous alloys 	Common mode choke coils 	Soft magnetic components and materials High-frequency low-loss soft ferrite cores
Magnetic Materials Company Revenues ¥106.1 billion Adjusted operating income ¥9.6 billion		"NMF™" ferrite magnets 	Magnets and applied products
		"NEOMAX®" neodymium magnets 	
Functional Components Company Revenues ¥360.1 billion Adjusted operating income ¥11.8 billion	Piping components 	Casting components for automobiles 	
	Polyethylene gas piping systems 	"SCUBA™" fashionable aluminum road wheels 	"HERCUNITE™" heat-resistant cast components
		Cast iron products 	
Cable Materials Company Revenues ¥230.5 billion Adjusted operating income ¥14.9 billion	Wires and cables for rolling stock 	Magnetic wire for high-efficiency motors 	Probe cables for ultrasound diagnostic equipment
		Electric wires and cables 	
		High-performance components 	Harness for electric parking brakes

Performance

Highlights of fiscal 2017

Revenues

¥988.3 billion

ROE*²

7.7%

EBIT

¥48.9 billion

Adjusted operating income*¹

¥65.1 billion

ROA*³

4.5%

R&D expenses

¥17.7 billion

Adjusted operating margin

6.6%

Overseas sales ratio

56%

Number of employees

30,390

*1 Adjusted operating income = Revenues – Cost of sales – Selling, general and administrative expenses

*2 ROE (return on equity) = Net income attributable to owners of the parent company ÷ Equity attributable to owners of the parent company (the average of the beginning and ending balances of the year) x 100

*3 ROA (return on assets) = Income before income taxes ÷ Total assets (the average of the beginning and ending balances of the year) x 100

Scope of operations by region in fiscal 2017

Europe

Revenues **¥51.4 billion**

Number of employees **212**

North America

Revenues **¥294.8 billion**

Number of employees **7,765**

Japan

Revenues **¥431.5 billion**

Number of employees **13,054**

China

Revenues **¥75.3 billion**

Number of employees **3,055**

Other Asia

Revenues **¥122.7 billion**

Number of employees **6,304**