

MISSION
Corporate Creed

The origins of our company can be traced back one hundred ten 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.

VALUE
Corporate Philosophy

Wa sureba tsuyoshi

“*Wa*” refers to “individuals with different characters coming together to create harmony.” “*Tsuyoshi*” means “strength to accomplish the results we hope for.” “*Wa sureba tsuyoshi*” portrays our endeavor to work as one while improving ourselves individually in order to create the best possible company.

To Our Stakeholders

On the Publication of the Hitachi Metals Group Report 2019

I took office as Representative Executive Officer, and President and Chief Executive Officer in April 2019. The Hitachi Metals Group began operating under a new Medium-Term Management Plan from fiscal 2019. Under this new plan, all of us will move forward one step, one day at a time, to be “One step ahead tomorrow of where you are today!” to build innovation that contributes to the resolution of customers’ and society’s issues, and become a high-performance materials company supporting sustainable societies.

This report is a communications tool to help our stakeholders understand how we are working to enhance corporate value, including the Group’s strengths, Corporate Creed, and our process for creating value, together with a systematic compilation of financial and non-financial information that can be considered important for continuous growth. This report references the International Integrated Reporting Council’s The International Integrated Reporting Framework and the Ministry of Economy, Trade and Industry’s Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation. The report is prepared in close cooperation with our corporate divisions to consolidate our thinking across the Group, and is intended to present this information in a way that is easy to understand.

Koji Sato

Representative Executive Officer,
President and Chief Executive Officer

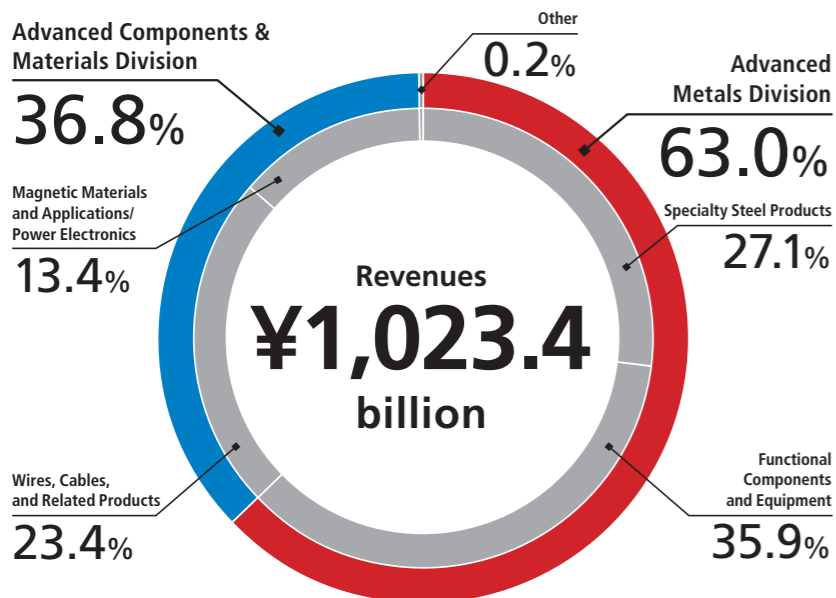


Highlights of fiscal 2018

Revenues	ROE*2	EBIT
¥1,023.4 billion	5.5%	¥45.3 billion
Adjusted operating income*1	ROA*3	R&D expenses
¥51.4 billion	2.9%	¥18.6 billion
Adjusted operating margin	Overseas sales ratio	Number of employees
5.0%	56%	30,304

*1 Adjusted operating income = Revenues – Cost of sales – Selling, general and administrative expenses
 *2 ROE (return on equity) = Net income attributable to shareholders of the parent company ÷ Average of beginning and end-year equity attributable to shareholders of the parent company x 100
 *3 ROA (return on assets) = Net income attributable to owners of the parent company ÷ Average of beginning and end-year total assets x 100

Percentage of fiscal 2018 revenues by segment*



Advanced Metals Division

Revenues **¥644.5 billion**
 Adjusted operating income **¥32.9 billion**

Advanced Components & Materials Division

Revenues **¥377.1 billion**
 Adjusted operating income **¥16.5 billion**

* As of April 1, 2019, soft magnetic and materials and applied products were transferred from the Specialty Steel Products segment to the Magnetic Materials and Applications segment, and the name of the Magnetic Materials and Applications segment was changed to the Magnetic Materials and Applications/Power Electronics segment. Fiscal 2018 actual results have been retroactively adjusted to reflect the segment change (the adjusted figures have not been audited).
 * Segment results are simple totals prior to eliminations for intersegment transactions.

Scope of operations by region in fiscal 2018

Europe	North America	Japan
Revenues ¥50.4 billion	Revenues ¥310.9 billion	Revenues ¥449.0 billion
Number of employees 180	Number of employees 7,235	Number of employees 13,860
China	Other Asia	Other
Revenues ¥76.2 billion	Revenues ¥124.5 billion	Revenues ¥12.4 billion
Number of employees 3,222	Number of employees 5,807	Number of employees —

External ESG-related recognitions

 Included in the MSCI Japan ESG Select Leaders Index, a fundamental index for ESG investment.	 Included in the MSCI Japan Empowering Women Index, an index comprising companies from various industries with high scores for gender diversity.	 Included in the FTSE Blossom Japan Index, an index of companies that demonstrate strong environmental, social, and governance practices.
 Included in the new S&P/JPX Carbon Efficient Index, which focuses on the "E" (Environment) in ESG.	 The MSCI ESG Leaders Indexes comprise companies from various sectors that demonstrate strong ESG practices.	 Included as a target for investment in the SNAM Sustainability Index, which is used to invest in companies that are rated highly for their ESG performance.
 The FTSE4Good Index is an index of companies recognized for their environmental and social sustainability, and is used by various market participants when structuring sustainable investment products.	 Selected as a fiscal 2017 Nadeshiko Brand by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a company that "encourages women's success in the workplace."	

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Expanding "Only 1, No. 1" products and businesses with the aim of an operating margin above 10%

The Hitachi Metals Group is expanding its "Only 1, No. 1" products and businesses in growing businesses and core businesses with the aim of achieving an operating margin of above 10% by fiscal 2025.

During the period covered by the Fiscal Year 2021 Medium-Term Management Plan, we are focusing on strengthening and expanding our "Only 1, No. 1" products and businesses in both growing businesses and core businesses. At the same time, we are pursuing selection and concentration to downsize, withdraw from, or spin off products and businesses that are deemed not to be core to our business. We are, therefore, forecasting a turnaround to a decline in revenues in fiscal 2021, but with an increase in the operating margin. We will develop a muscular product and business portfolio made up of highly competitive "Only 1, No. 1" products and businesses with the aim of achieving an operating margin of above 10% by fiscal 2025.

Downsizing, withdrawing, spinning off

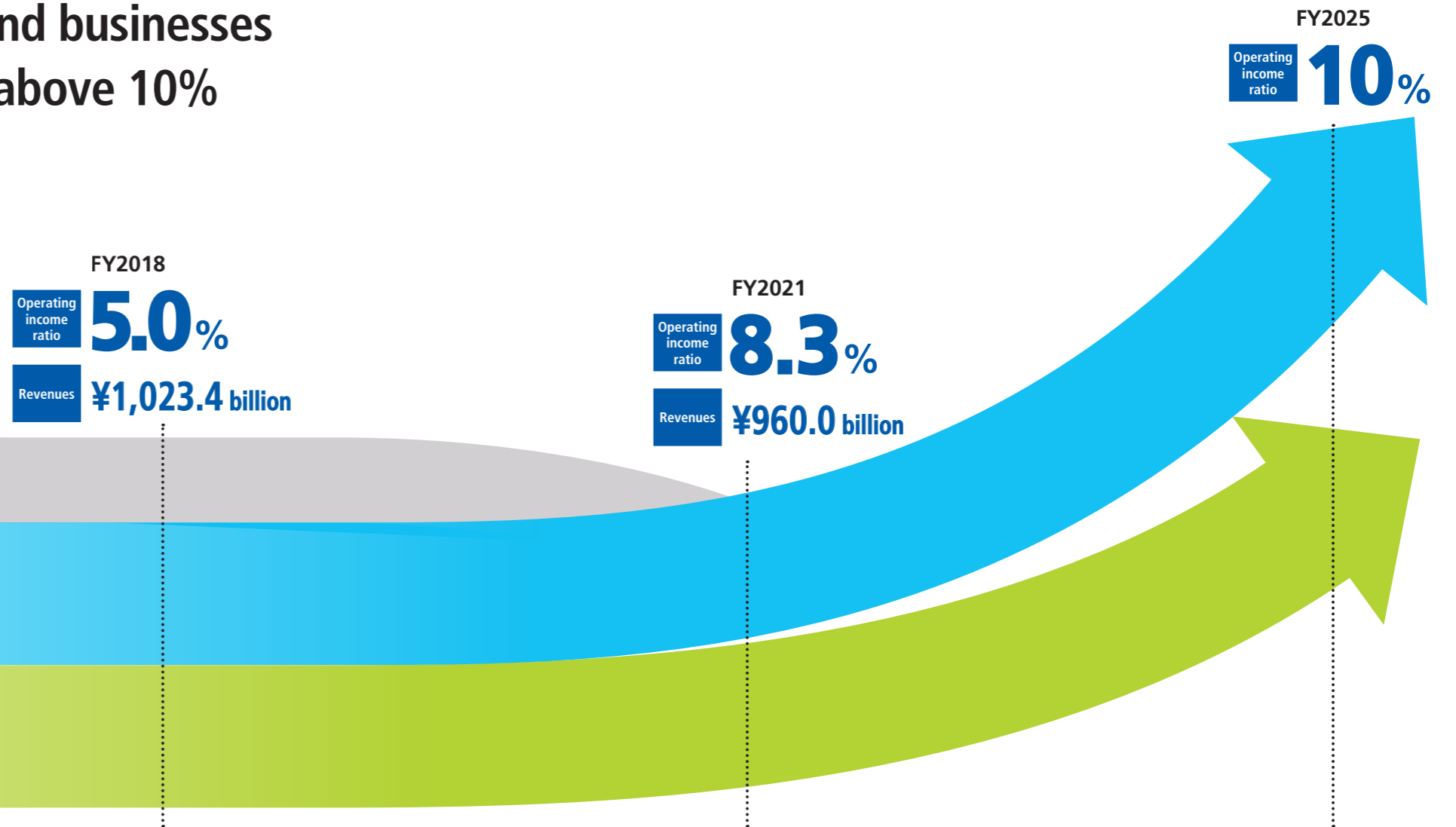
(business selection and concentration to downsize, withdraw from, or spin off non-core businesses)

Growing businesses

(aiming for business expansion through proactive, disciplined investment in growth areas)

Core businesses

(continuing to expand high-value-added products for which there is strong market demand)



Product/Business Portfolio

Growing businesses

The largest share worldwide		Components and materials for aircraft		Magnet wires
The largest share worldwide		Power electronics materials		Medical cables and tubes
The largest share worldwide		Magnets for drive motors		Magnet wires

Core businesses

The largest share worldwide		The largest share worldwide		The largest share in Japan	
The largest share worldwide		The largest share worldwide		The largest share in Japan	
The largest share worldwide		The largest share in Japan		The largest share in Japan	

* Shares are Hitachi Metals' estimates in target markets.

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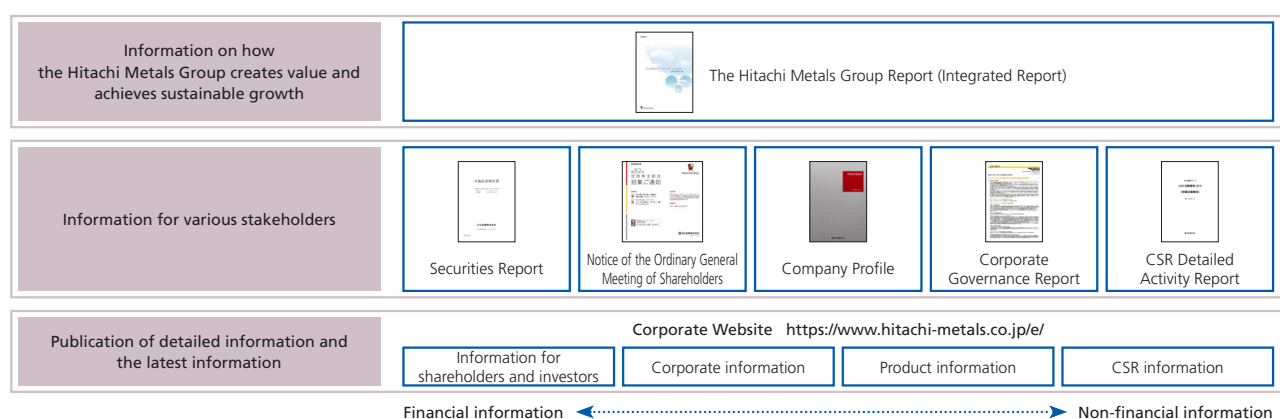
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Information provided by the Hitachi Metals Group



Editorial Policy

From 2016 (Fiscal 2015 Report), we have released the Hitachi Metals Group Report (Integrated Report) for all stakeholders, including shareholders and other investors. The aim of the report is to deepen understanding among stakeholders about how the Group utilizes its strengths to create value for customers and achieve sustainable growth. This report was edited referencing the International Integrated Reporting Council's The International Integrated Reporting Framework and the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation. In addition to the Hitachi Metals Group Report (Integrated Report), we provide information to our various stakeholders as shown in the chart. We also periodically update our corporate website with the latest information, including detailed information and news releases.

Review Period

Fiscal 2018 (April 1, 2018–March 31, 2019)

Note: Where possible, the latest information is used at the time of publication.

Relevant Entities

Hitachi Metals, Ltd. and its consolidated subsidiaries

Note: In cases where information contained herein refers to a review period and/or relevant entities different from those stated above, this is pointed out accordingly.

Environment
Social
Governance

Guidance for
Collaborative
Value Creation