

## FY08 Financial Results

*Regardless of drastic changes in the business environment, Hitachi High-Tech secured ¥14.9 billion yen in OP and promotes business structural reforms*

April 23rd, 2009

 **Hitachi High-Technologies Corporation**

President, Chief Executive Officer  
Hidehito Obayashi, Ph.D.

## FY08 Financial Results

**I** Outline of FY08

**II** Outline of Business Structural Reforms

**III** FY09 Outlook

**IV** Financial Data

# I

## Outline of FY08

(Note) YY/M denotes the year and month of the accounting period-end.

# Outline of FY08 (Highlights)

(100 million yen)

	(New criteria) Previous Forecast (e)	Impact from Business Results Change	(New criteria) Results	vs. Previous Forecast	Impact from Accounting Policy Change	(Old criteria) Results	(Old criteria) YoY
Sales	7,600	+150	7,750	+2%	-189	7,939	-16%
Operating Income	170	-21	149	-12%	-36	185	-62%
Ordinary Income	183	-18	165	-10%	-36	201	-59%
Net Income	91	-20	71	-22%	-	-	-

(Note) From April 1, 2008, the Company has changed its revenue recognition criteria with regard to products such as semiconductor manufacturing equipment and LCD manufacturing equipment which require post-delivery installation. In principle, revenue is now recognized on complete installation, rather than on delivery.

(New Criteria) Previous Forecast (e)  
→ figures announced on January 2009 (FY08/Q3)

# Outline of FY08 (Explanation of Deviations)

vs. Previous Forecast (Published Values for Q3/Jan. 2009)

## 1. Explanation of Deviations

Sales ( 760.0Ybn → 775.0Ybn +15.0Ybn)

- Life Sciences: Shipping increase of clinical analyzers for the European/U.S. market led to the growth of 9.2Ybn
- Information Systems & Electronic Components: Shipping increase of mobile phones for the U.S. market led to the growth of 9.3Ybn
- Advanced Industrial Products: Decrease in demands for LCD-related components and silicon wafers led to decrease of 3.4Ybn

Operating Income ( 17.0Ybn → 14.9Ybn -2.1Ybn)

- Electronic Device Systems: Severe deteriorated capacity utilization for semiconductor manufacturing equipments, LCD manufacturing equipments and inventory valuation loss led to decrease of 3.0Ybn
- Life Sciences: Favorable performances of clinical analyzers for the European/U.S. market led to the growth of 1.4Ybn

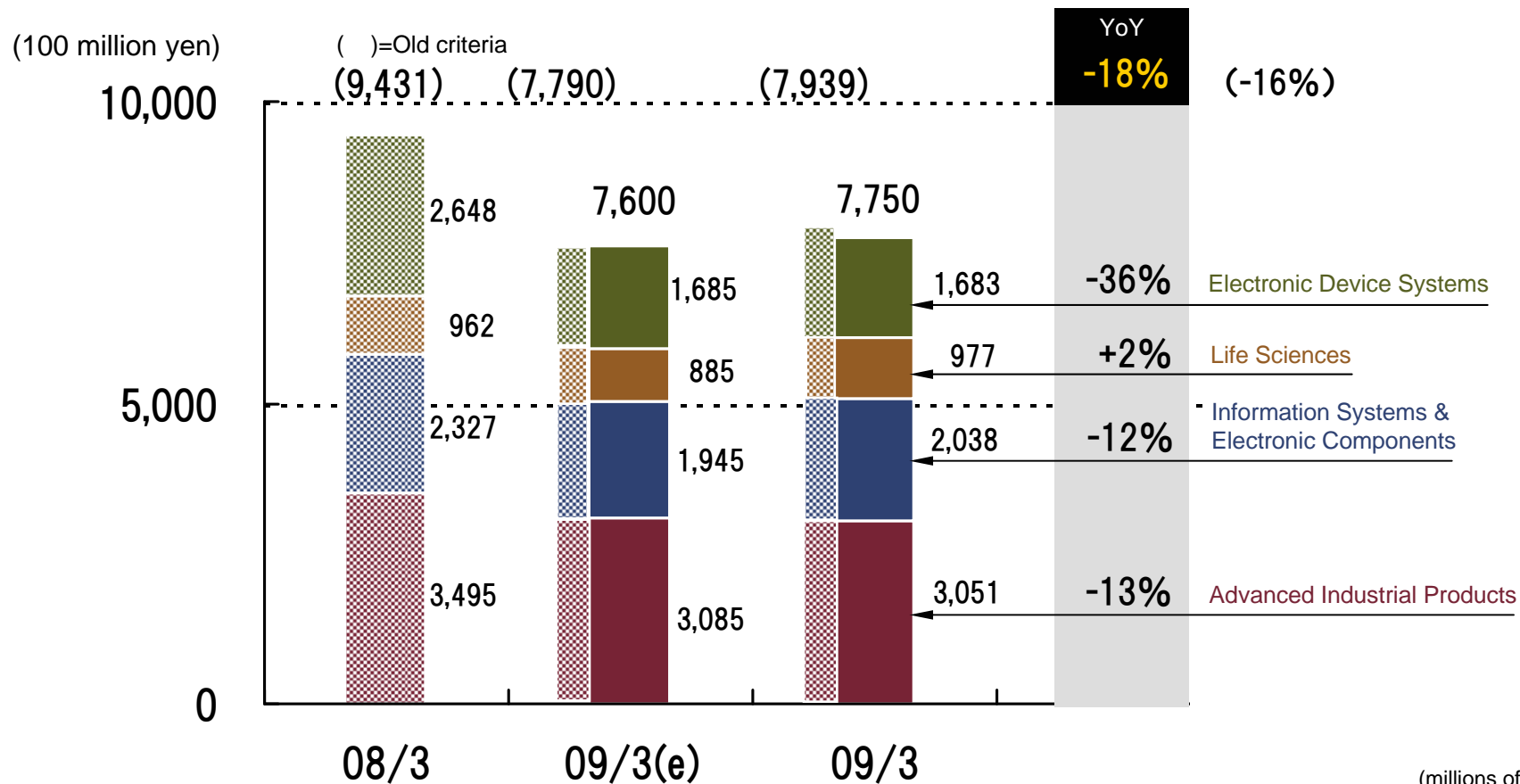
## 2. Impact from Accounting Policy Change

(100 million yen)

	Previous Forecast	Results	Change
Sales	-190	-189	+1
Operating Income	-37	-36	+1

# Outline of FY08 (Sales by Segment)

## Sales



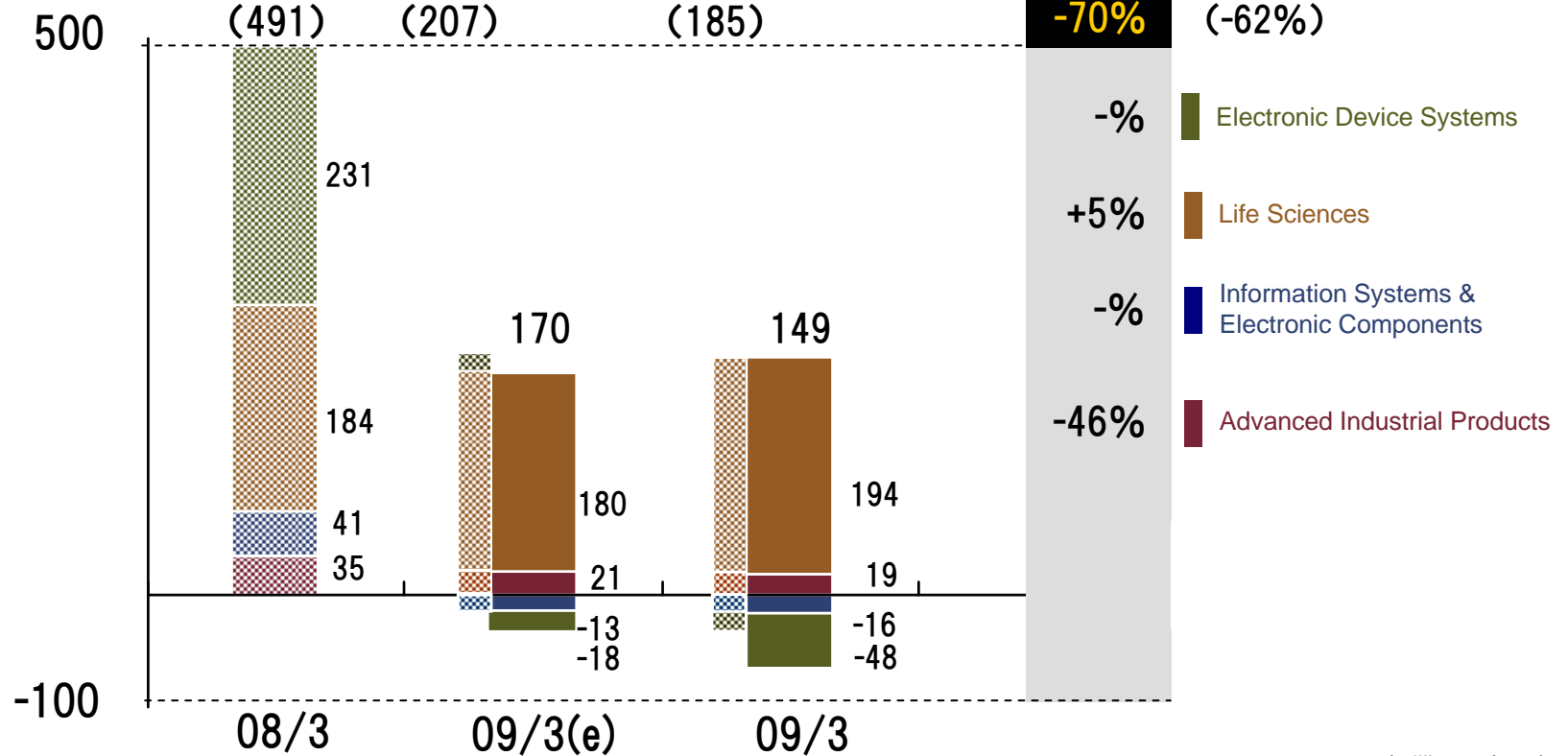
	09/3 Results	Impact from Business Results Change	(Old criteria) 09/3 Results	(Old criteria) YoY	Impact from Accounting Policy Change
Electronic Device Systems	2,648	-806	1,842	-30%	-158
Information Systems & Electronic Components	2,327	-282	2,045	-12%	-7

# Outline of FY08 (Operating Income by Segment)

## Operating Income

(100 million yen)

( )=Old criteria



(millions of yen)

	09/3 Results	Impact from Business Results Change	(Old criteria) 09/3 Results	(Old criteria) YoY	Impact from Accounting Policy Change
Electronic Device Systems	231	-247	-16	-%	-32
Information Systems & Electronic Components	41	-56	-15	-%	-1

# Outline of FY08 (Income Statement)

Year ended March 31, 2009

(millions of yen)

Sales	7,750
Cost of Sales	6,707
Gross Profit	1,042
Selling, General and Administrative Expenses	893
Operating Income	149
Other Income	26
Other Expense	10
Ordinary Income	165
Extraordinary Profit	8
Extraordinary Loss	34
Income Before Income Taxes and Minority Interests	139
Income Taxes	68
Net Income	71

## Extraordinary P/L

- Gains from sales of fixed assets +0.7Ybn  
(Selling of office in the U.S. due to operation review)
- Loss from evaluation/disposition of investment securities -0.8Ybn
- Impairment losses -1.0Ybn  
(Partial production capacity impairment due to profitability loss)
- Cost for business structure reforms -1.7Ybn  
(Premium retirement allowance due to early retirement)



# Financial Position (Balance Sheet in Summary)

Year ended March 31, 2009

(100 million of yen)

		Changes vs. 08/3			Changes vs. 08/3
<b>Current Assets</b>		<b>3,406</b>	<b>-710</b>	<b>Current Liabilities</b>	
Cash & Deposits/Deposit to Hitachi Group Cash Management Fund	900	+182	Notes & Accounts Payable	1,139	-643
Notes & Accounts Receivable	1,543	-931	Others	531	-116
Inventories	720	+49	<b>Fixed Liabilities</b>		<b>264</b>
Others	244	-10	Retirement and severance benefits	254	-4
<b>Fixed Assets</b>		<b>869</b>	<b>-63</b>	Others	10
Tangible Fixed Assets	584	-3	<b>Net Assets</b>		<b>2,343</b>
Intangible Fixed Assets	43	+4	Shareholder Capital	2,349	+26
Investments & Other Assets	242	-65	Assessments/Exchange Difference etc.	-8	-34
			Minority Interests	2	+0
<b>Total Assets</b>	<b>4,276</b>	<b>-773</b>	<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>4,276</b>
					<b>-773</b>

# Financial Position (Cash Flow in Summary)

(100 million yen)	09/3		09/3
Cash Flow from Operating Activities	+311	Cash Flow from Financing Activities	-93
Income Before Income Taxes and Minority Interests	+139	Dividends Paid	-45
Depreciation and Amortization	+95	Others	-48
Impairment Losses	+10	Cash and Cash Equivalents at the end of Term	+796
Working Fund	+211	Effect of Exchange Rate Changes on Cash and Cash Equivalents	-13
Income Taxes Paid	-167	Net Increase (Decrease) in Cash and Cash Equivalents	+18
Others	+23	Cash and Cash Equivalents at the Beginning of Year	+779
Cash Flow from Investing Activities	-187		
Capital Expenditures Proceeded from Sales / Purchase of Securities	+48		
Capital Expenditures Proceeded from Sales / Purchase of Property and Equipment	-85		
Others	-150		
Free Cash Flow	+124		

## II

## Outline of Business Structural Reforms

Drastic Review  
of  
Employees  
and  
Costs

Reconstruction  
of  
Optimum  
Management  
System

Accelerate  
Growth  
Strategies  
through  
“Selection &  
Concentration”

## Drastic Review of Employees and Costs

### Main Countermeasures

- Production capacity impairment
- Proper disposition of employees
- Establishing closures
- Careful selection of capital investment and R&D
- Reduce inventories
- Thorough review of expenses

■ Practiced in FY08   ■ Practice through FY08-FY09

# Business Structural Reforms

(Reconstruction of Optimum Management Structure)

## Proprietary Products Division

- Unified the Chipmounter Division to the Assembly Division which handles back-end processes
- Transferred the analysis system business that handles electron microscopes to the Analytical System Division in the Life Sciences Division

## Trading Division

- Established the Global Trading Group and Strategic Planning Division
- Established the Ecology & Energy Business Division

Establish a meeting to create new businesses

Maximum Synergies

- Changing to value-added business by shifting the management resource to the growing market
- Accelerating product development, sharing information among divisions and reducing costs

(Note) There are no changes in segments due to the business structure reform

## *1. Continuous R&D for New Businesses*

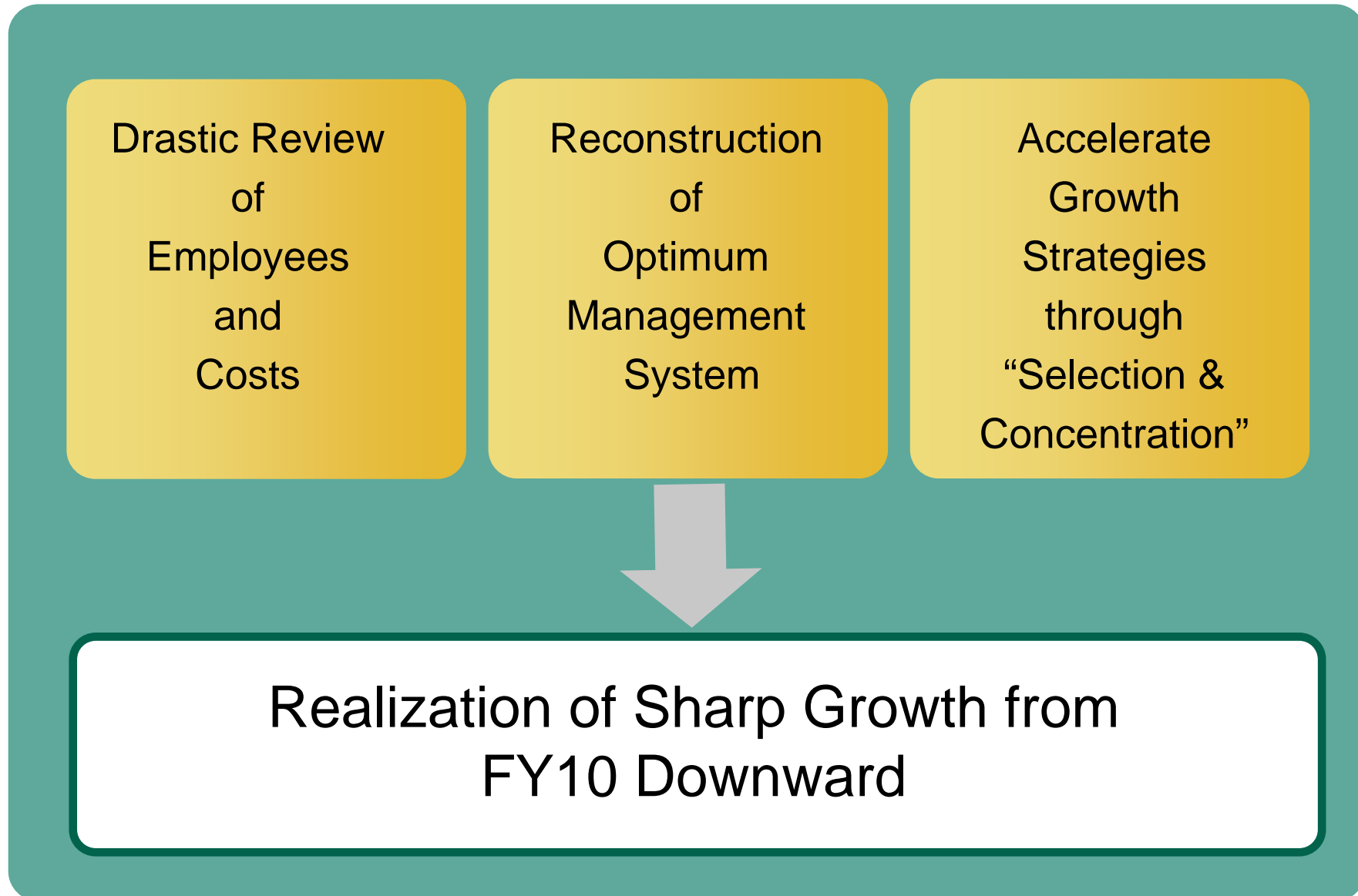
- Develop analysis applications for the growing market and advance into the in vitro diagnostics market
- Involve in the OLED manufacturing equipment business
- Expand ecology and energy-related business

## *2. Construction of Speedy/Robust Management Basis through IT Promotion*

- Visualize the PDCA cycle
- Reinforce consolidated management

## *3. Promotion of Globalization*

- Reinforce the emerging market (India, Brazil, Russia, Vietnam)
- Extend consolidated management and expand overseas business





### III

## FY09 Outlook

(Note) YY/M denotes the year and month of the accounting period-end.

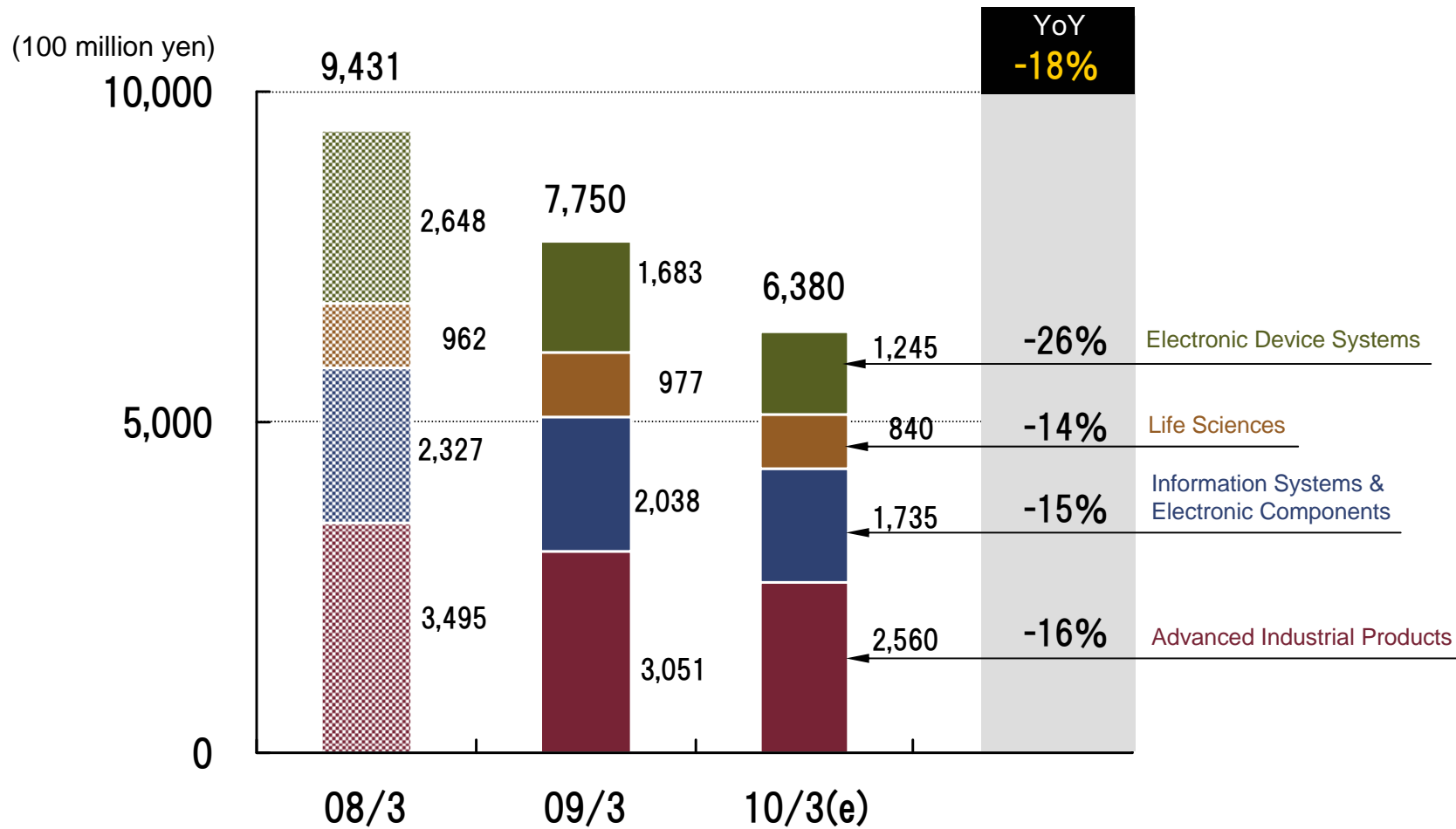
# FY09 Outlook (Highlights)

	FY09 (100 million yen)	FY08 (100 million yen)	YoY
Sales	6,380	7,750	-18%
Operating Income	-47	149	-
Ordinary Income	-48	165	-
Net Income	-57	71	-
Net Income per Share	-41.44yen	51.44yen	-92.88yen
Cash Dividend per Share	10.00yen	30.00yen	-20.00yen
ROE	-2.5%	3.0%	-5.5%
FIV	-165	-21	-144

FX Rate Estimate : 1USD= 90 yen  
1EUR=120 yen

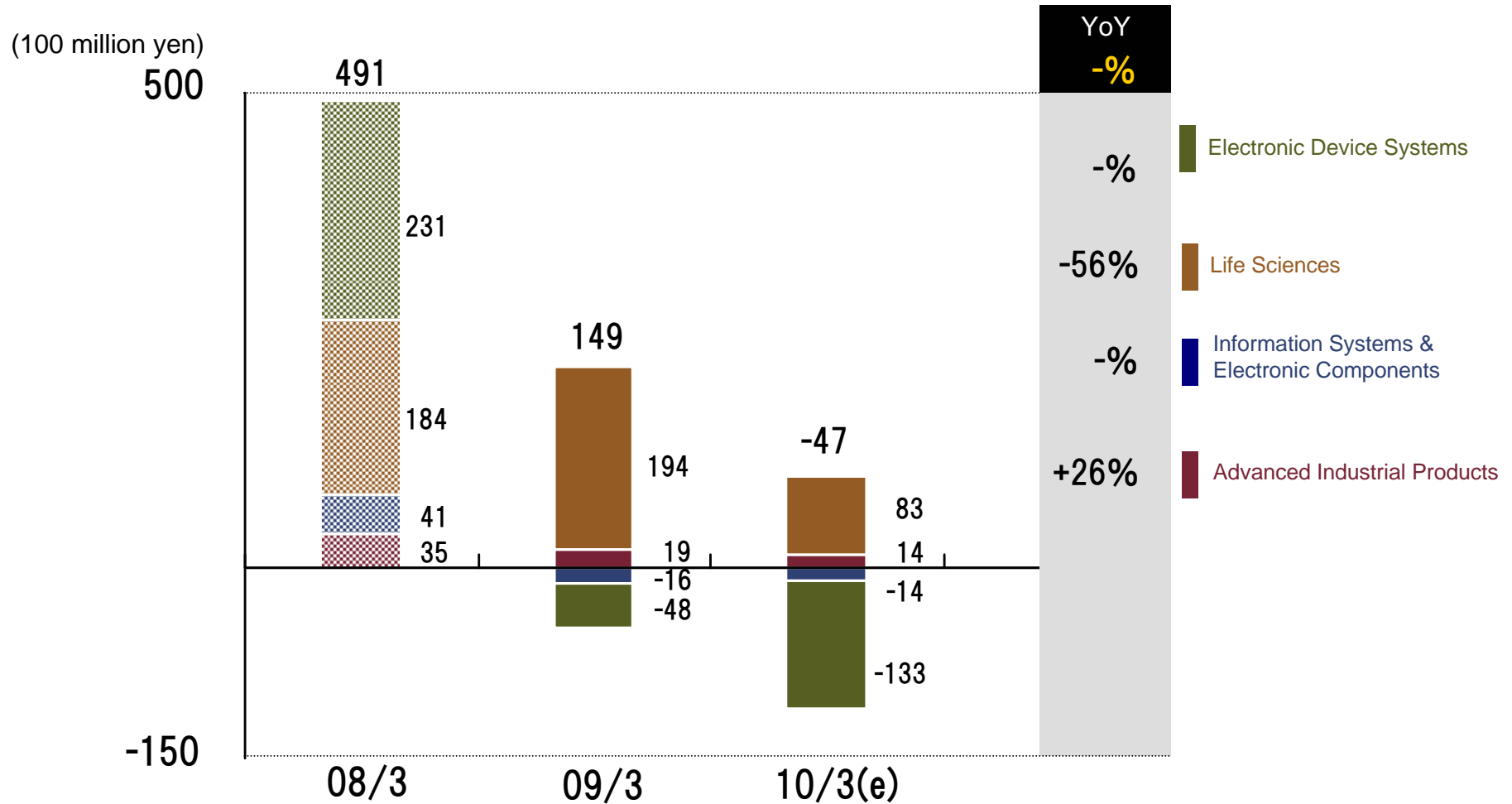
# FY09 Outlook (Sales by Segment)

## Sales



# FY09 Outlook (Operating Income by Segment)

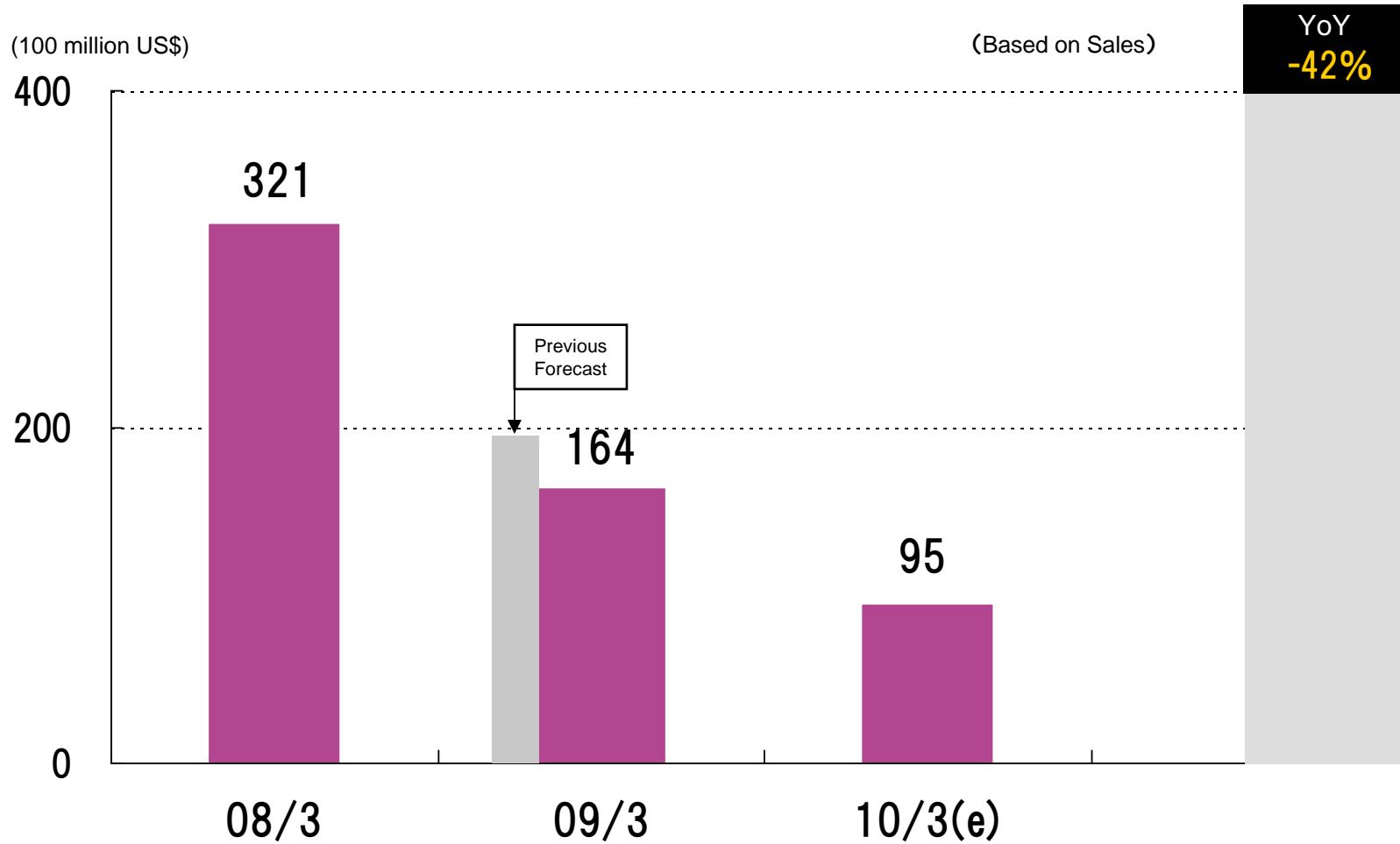
## Operating Income



# Market Trend

## (Semiconductor Manufacturing Equipment)

### SPE Market (front-end process)



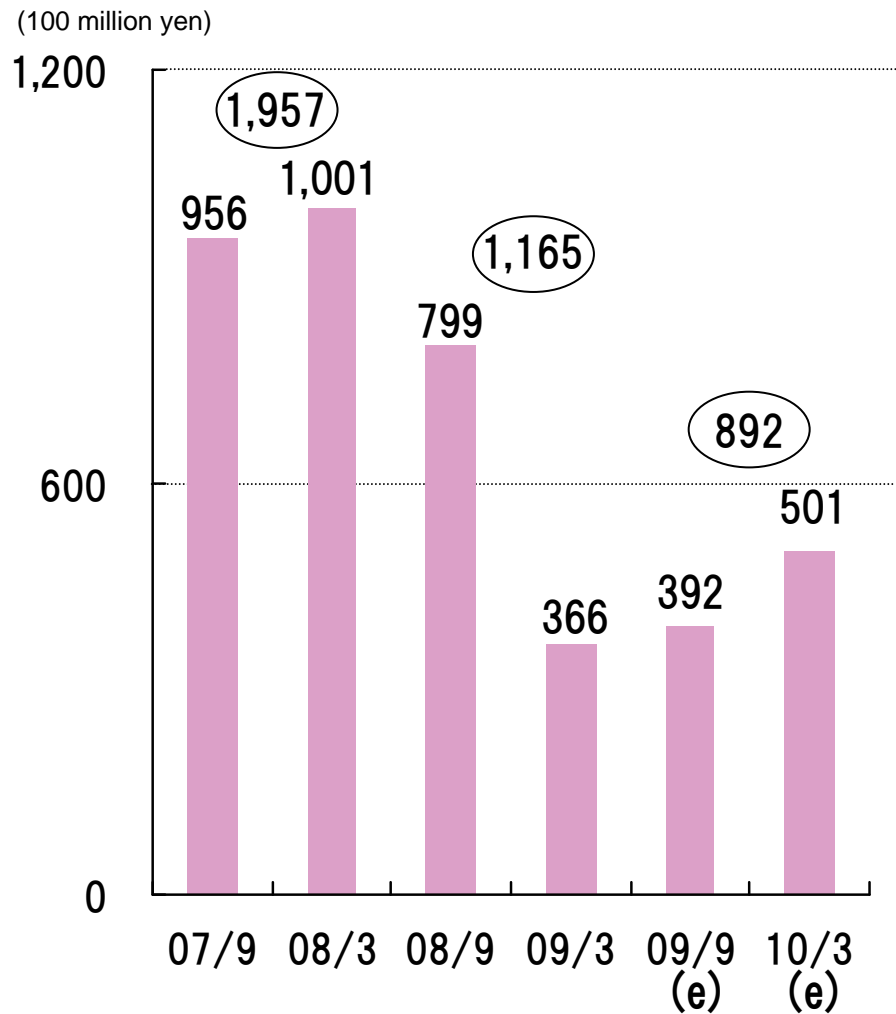
(Source) Actual results from SEMI & HHT's estimation (Dec. 2008)

\*Previous Forecast (Published Values for Q2/Oct. 2008)

# Changes in Orders Received

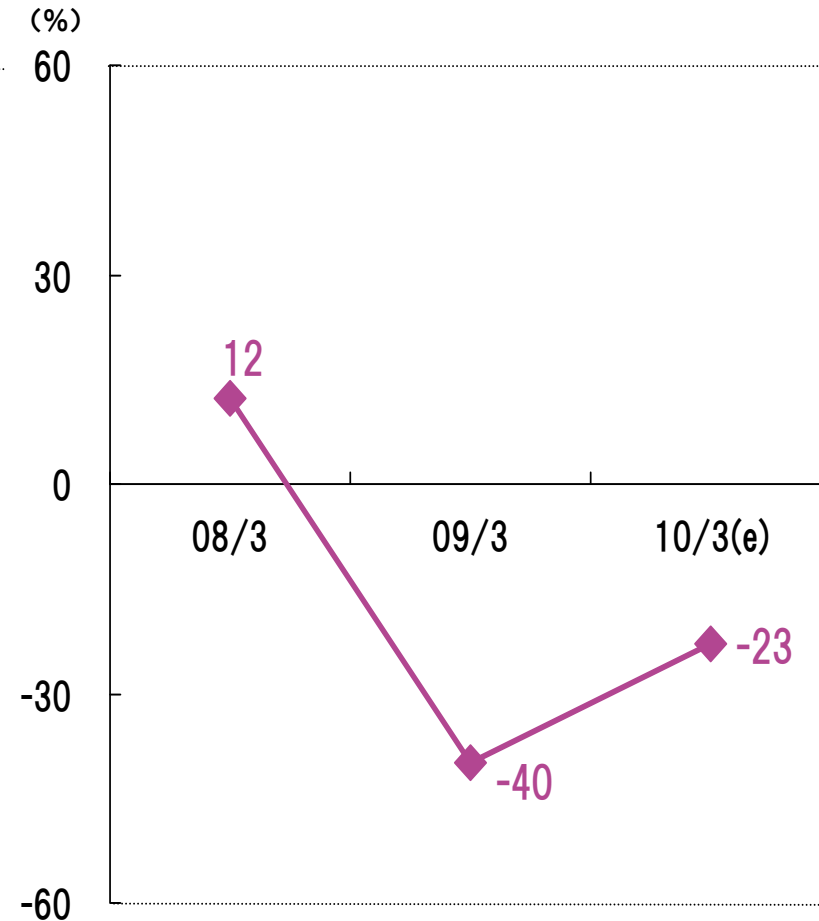
## (Semiconductor Manufacturing Equipment)

Changes in Orders Received



○ =FY total

Changes in Orders Received (YoY)



Expansion of business by supreme technology that synchronizes with resumption of investment for finer patterning

- Finer patterning technology
- Improve yield technology
- Improve productivity/OEE\* technology



Double Patterning  
TSV\*\*  
Computational Lithography  
⋮

## CD-SEM

- ◆ Adoption of new technology/R&D investment
- ◆ Offer solutions to enhance productivity through new functions of DesignGauge®

## Inspection Systems (DR-SEM/Dark Field Wafer Inspection System)

- ◆ Reinforce competitiveness by high-performance/high-productivity
- ◆ Expand share by acquisition of new major customers and by broadening related markets such as materials etc.

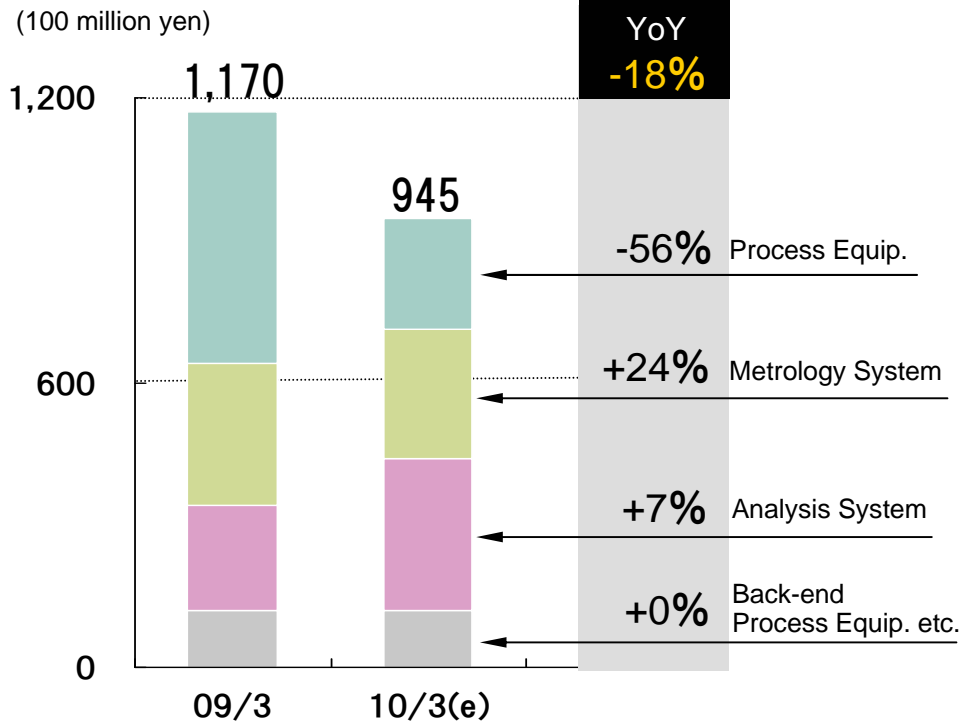
\*OEE...Overall Equipment Efficiency

\*\*TSV...Through Silicon Via

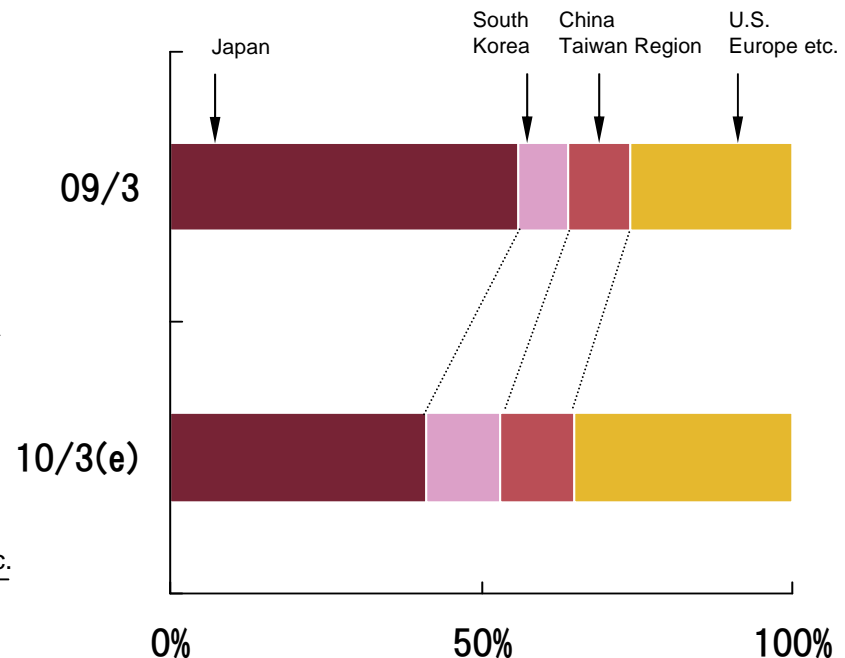
# Changes in Sales

## (Semiconductor Manufacturing Equipment)

### Sales Change in Main Business



### Sales Ratio by Region



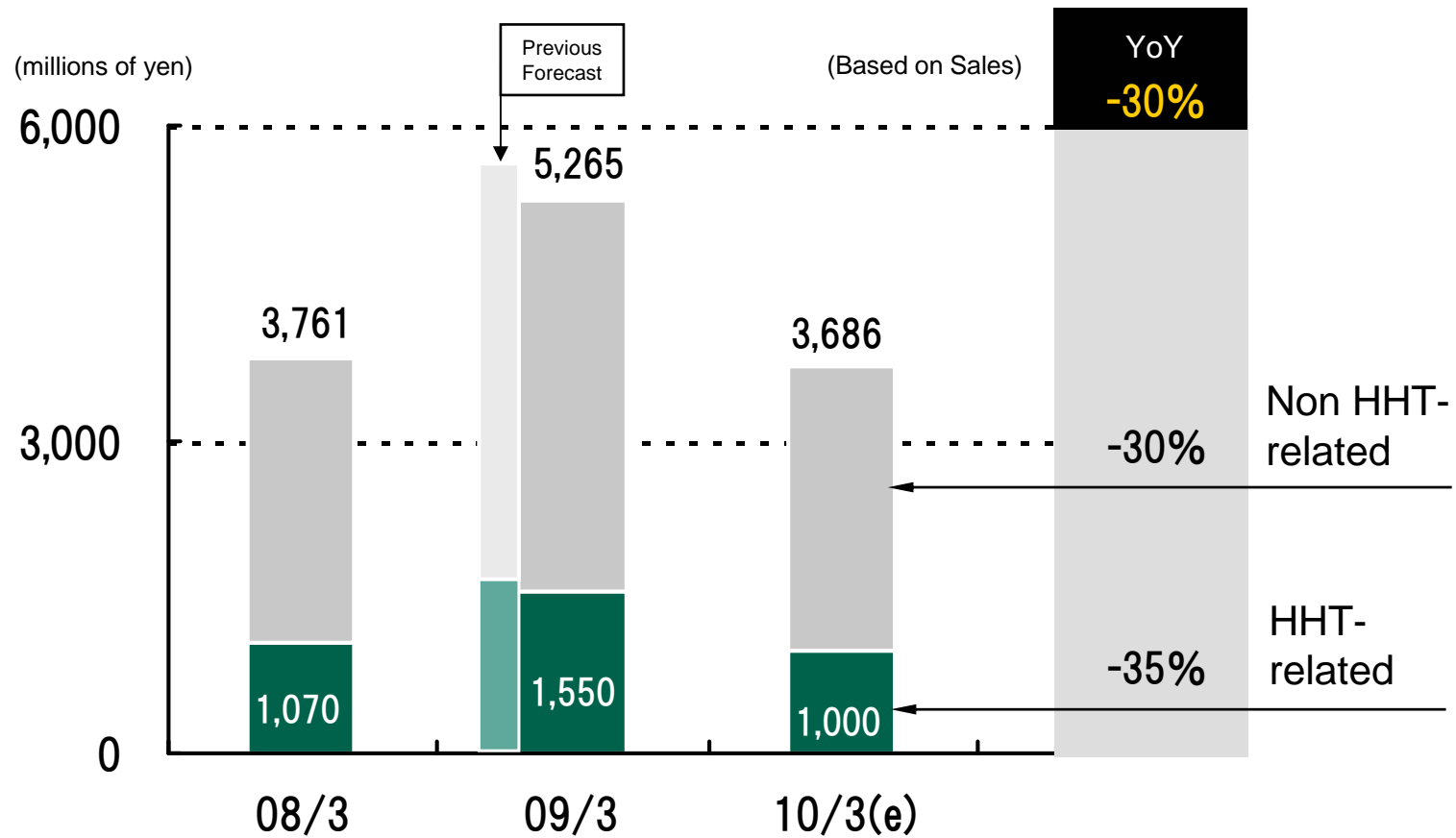
### FY09 Strategies

1. Fulfill customer-value  
(correspond to new technologies, productivity: improve yield, reduce cost)
2. Accelerate "selection & concentration"  
(promote development that can expect growth and dominance)



# Market Trend (LCD Manufacturing Equipment)

## LCD Manufacturing Equipment Market

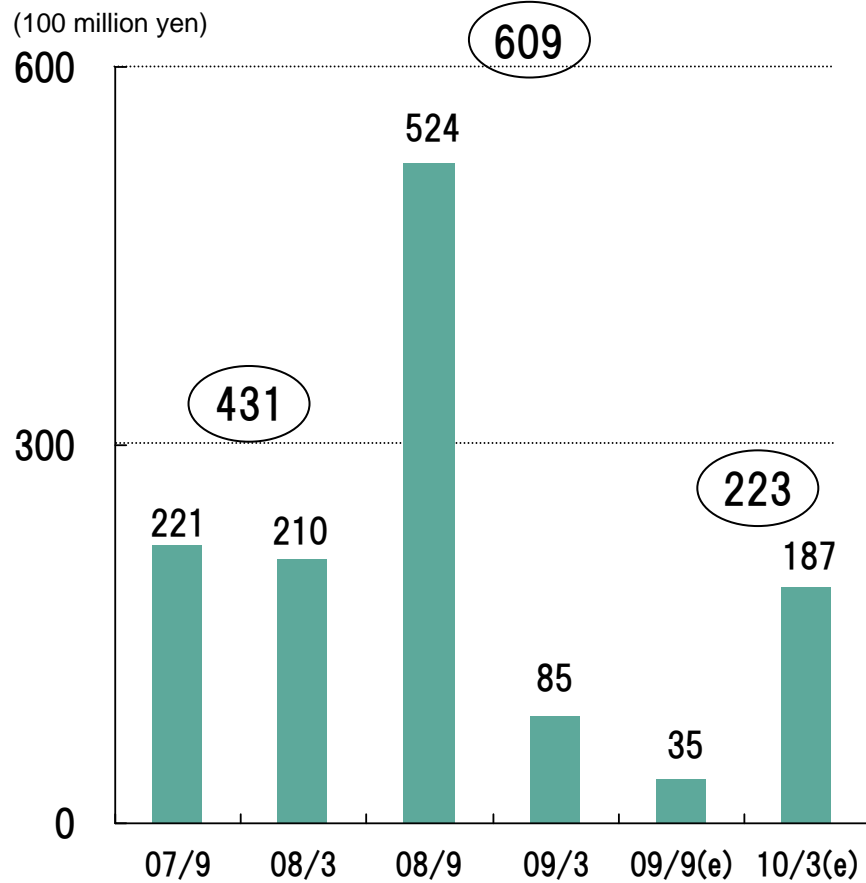


(Source)HHT's estimation based on SEAJ (Jan. 09) data

\*Previous Forecast (Published Values for Q2/Oct. 2008)

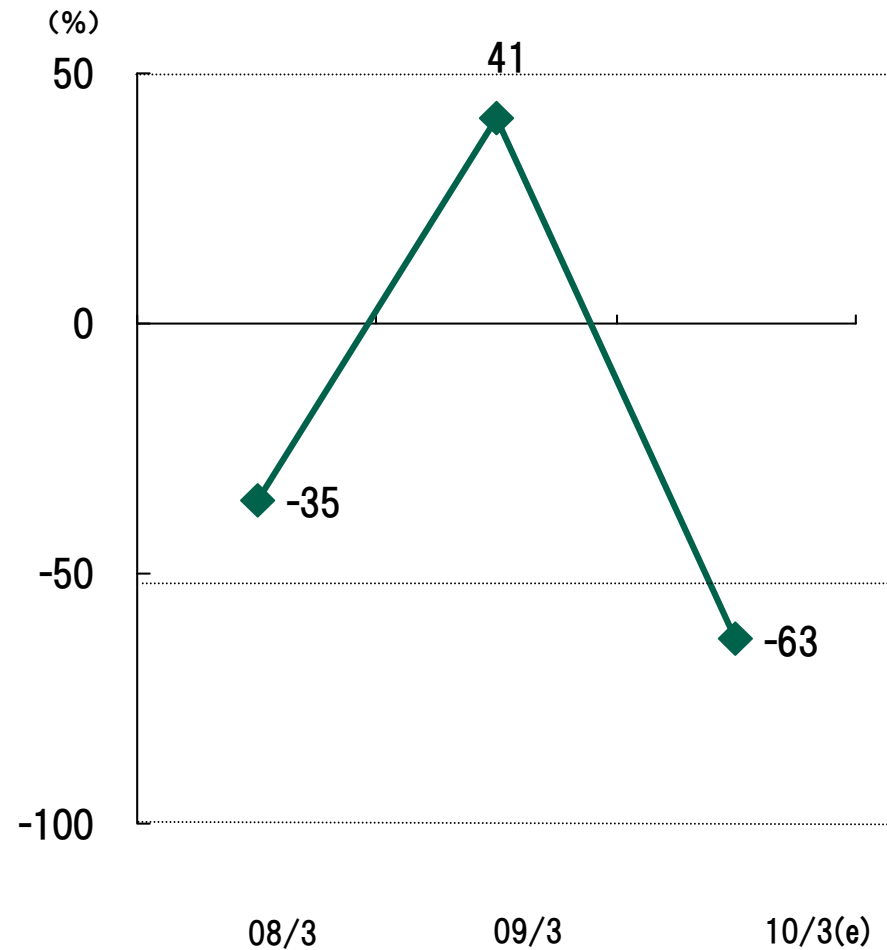
# Changes in Orders Received (LCD Manufacturing Equipment)

Changes in Orders Received



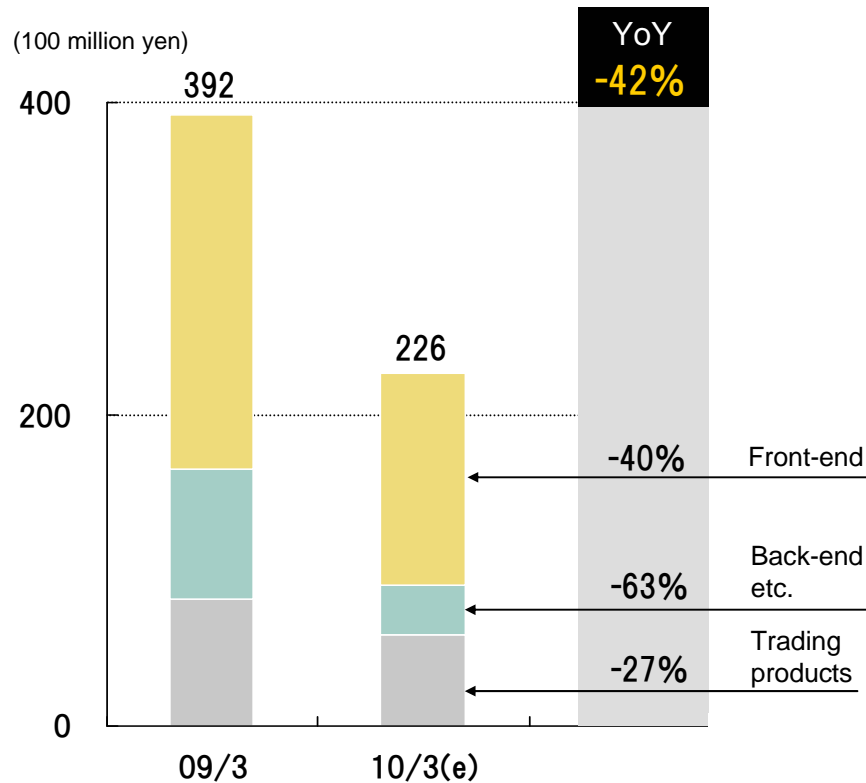
○ =FY total

Changes in Orders Received (YoY)

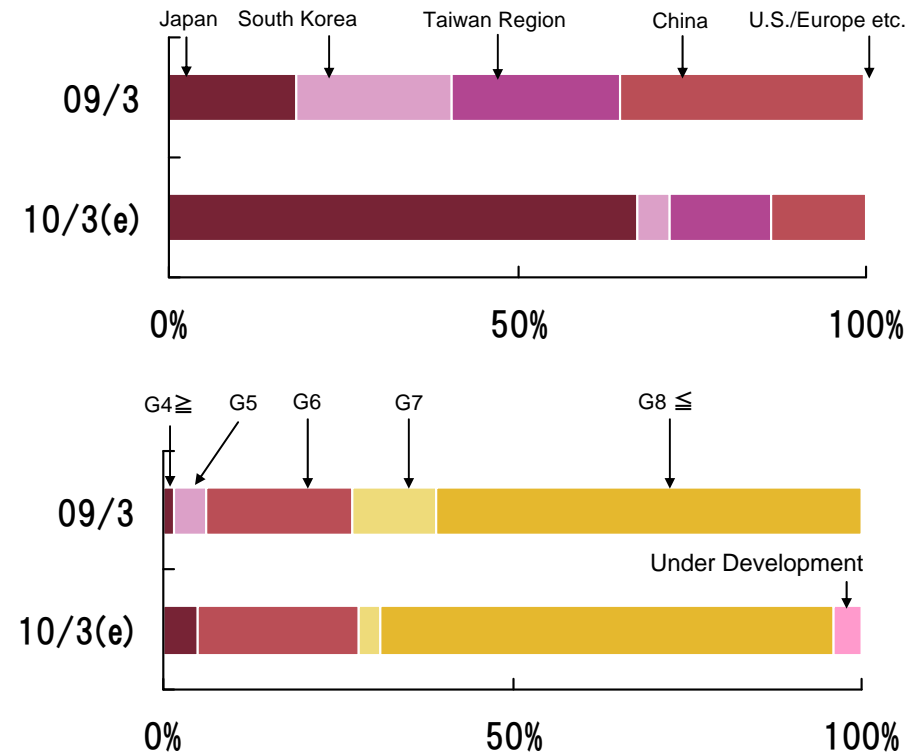


# Changes in Sales (LCD Manufacturing Equipment)

## Sales Change in Main Business



## Sales Ratio by Region/Generation (front-end)

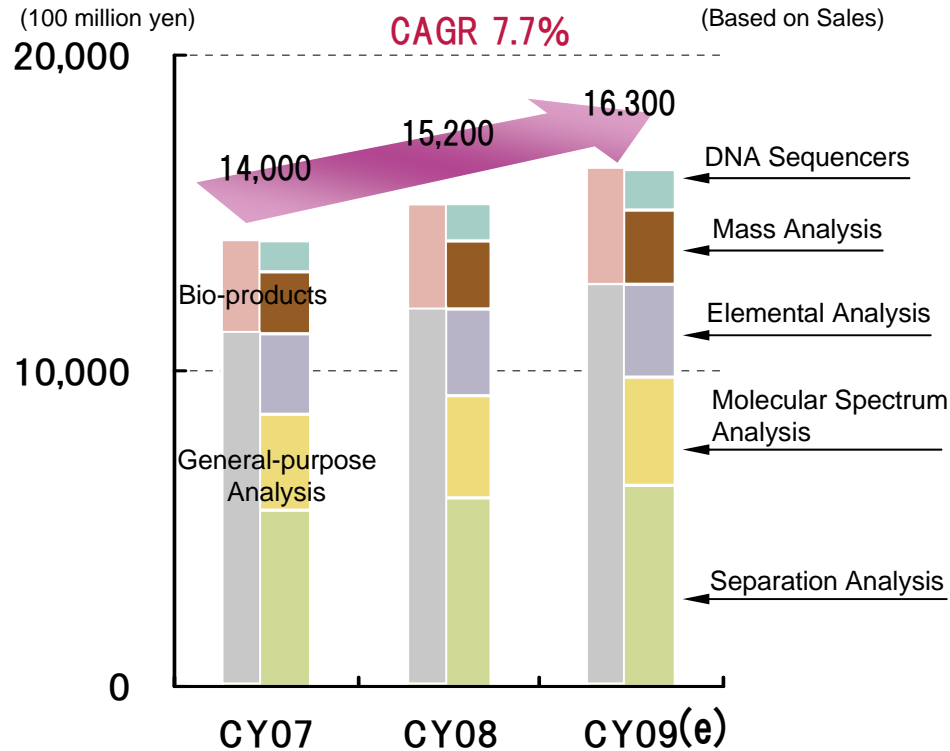


## FY09 Strategies

1. Increase share by development of new products and introducing it to the market
2. Develop new businesses  
(OLED manufacturing/inspection equipment, PV manufacturing equipment)
3. Reinforce sales to important customers (China's new investment plan etc.)

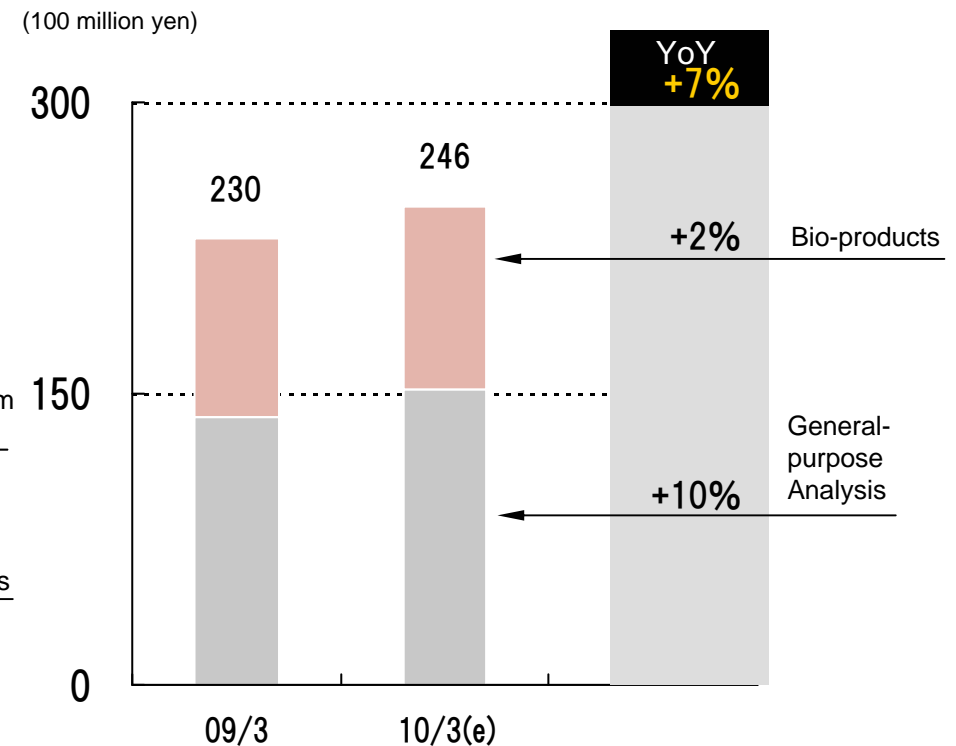
# Biotechnology-related Business

## Overview of Lab Analysis & Life Science Equipment Market (HHT-related)



(Source)HHT's estimation based on SDi Report 10th Edition(08) data

## Changes in Sales

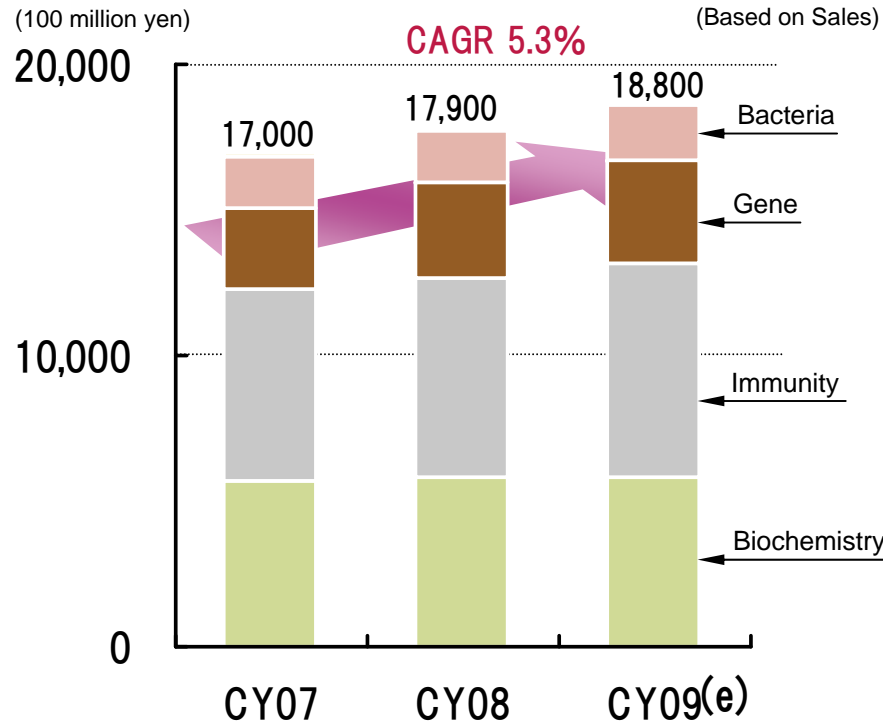


## FY09 Strategies

1. Expand sales actively to growing markets by ample applications (food, environment, energy, biotechnology, pharmacy)
2. Creating synergies by unifying the electron microscope business

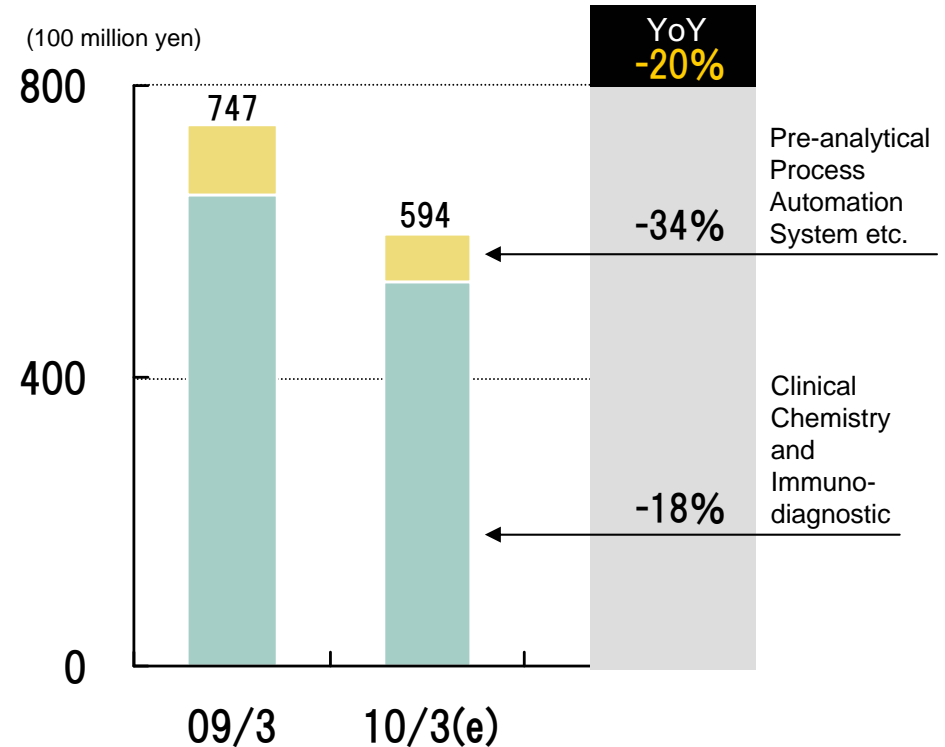
# Medical-related Business

## Overview of In-vitro Diagnostics-related Market (HHT-related)



(Source)HHT's estimation based on Kalorama Information 6th Edition (08) data (reagents, equipment included)

## Changes in Sales



## FY09 Strategies

1. Promote SCB with important overseas manufacturers (SCB: System Collaboration Business)
2. Promote equipment + reagent sales (Following the 49 contents in the Chinese market, HbA1c will enter the domestic metabolic diagnostics)

# Development of Clinical Analyzer which Corresponds to Diabetes Examination, Metabolic Diagnostics

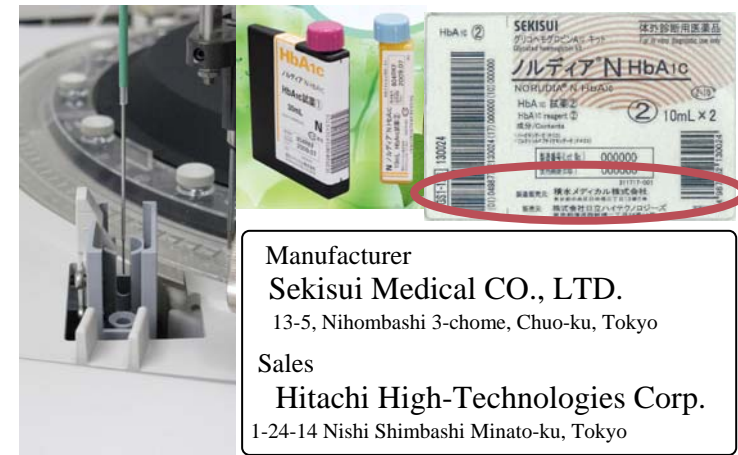
## Characteristics of HbA1c Automatic Measurement System by Enzyme Method (Model 7180: Option of Hitachi's Clinical Analyzer)



- HbA1c measurement equipment can change from exclusive equipment to general purpose equipment and enables to integrate with other testing contents using only one unit
- Can abbreviate and test efficiently by pre-analytical process automation for blood hemolysis, which was done conventionally by hand
- Can set up to about 700 units (instant delivery) in addition to new delivery sites

### Reagent Sales Started

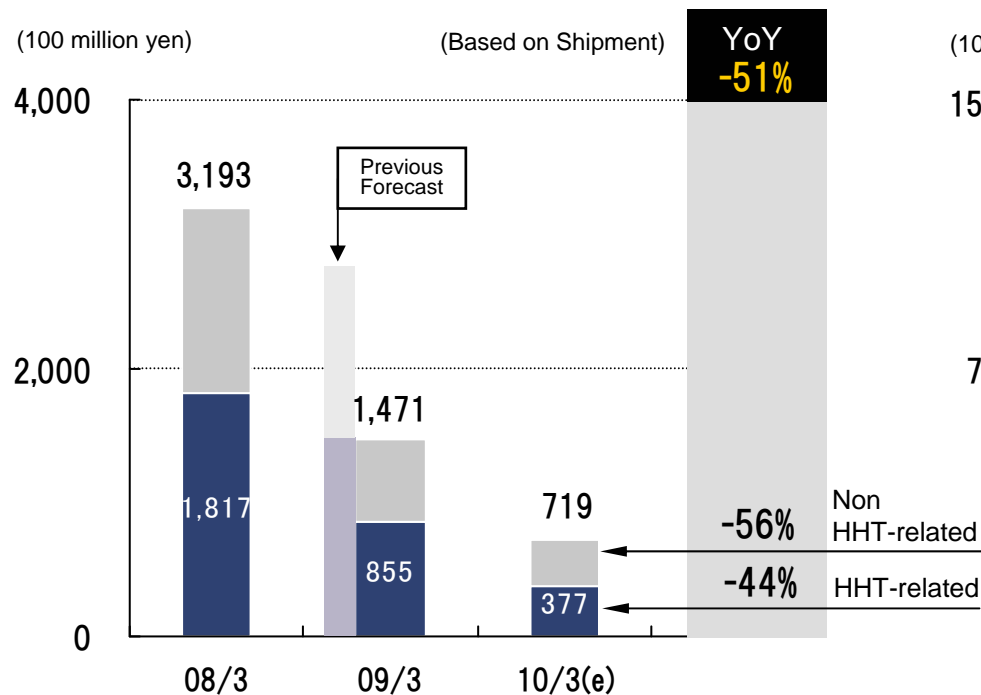
We aim to improve customer satisfaction by establishing consistent customer support from manufacturing, sales to after care services through systematic sales of equipments and reagents.



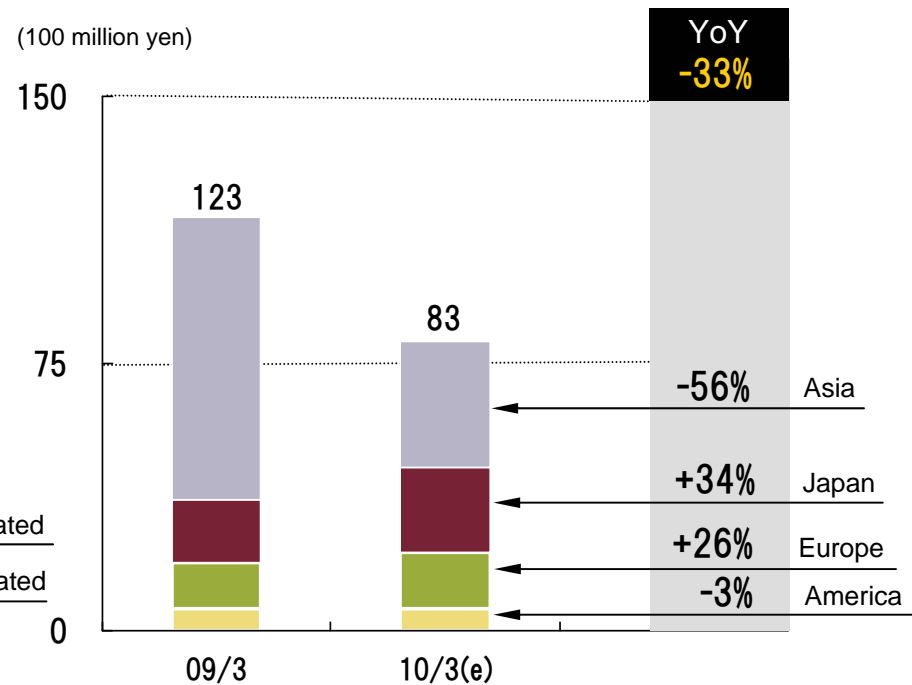
Manufacturer  
Sekisui Medical CO., LTD.  
13-5, Nihombashi 3-chome, Chuo-ku, Tokyo  
Sales  
Hitachi High-Technologies Corp.  
1-24-14 Nishi Shimbashi Minato-ku, Tokyo

# Market Trend/Changes in Sales (Chip Mounter)

## Chip Mounter Market



## Changes in Sales



(Source) Created by HHT, based on Japan Robot Association's data (Feb. 2009)

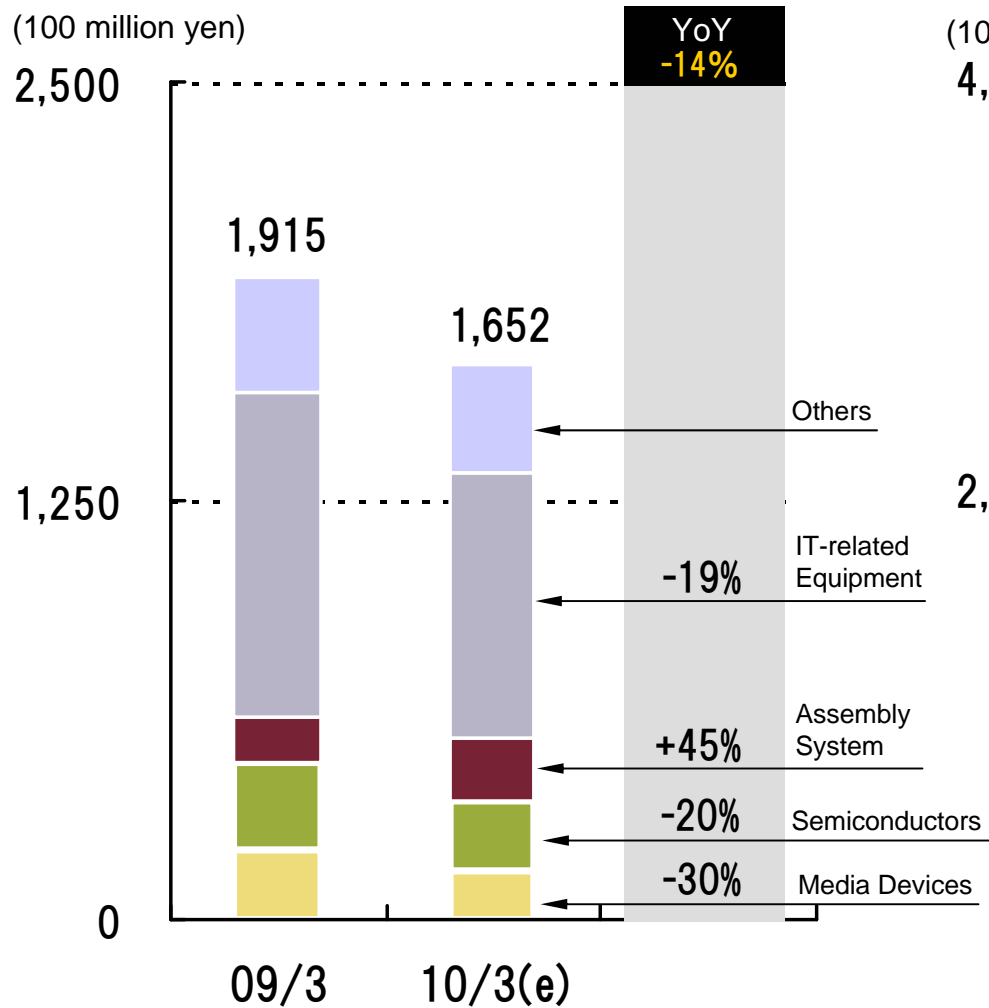
\*Previous Forecast (Published Values for Q2/Oct. 2008)

## FY09 Strategies

1. Start-up sales and expand share that synchronize with the market recovery by thorough precession sales
2. Reinforce competitiveness by thorough cost reduction

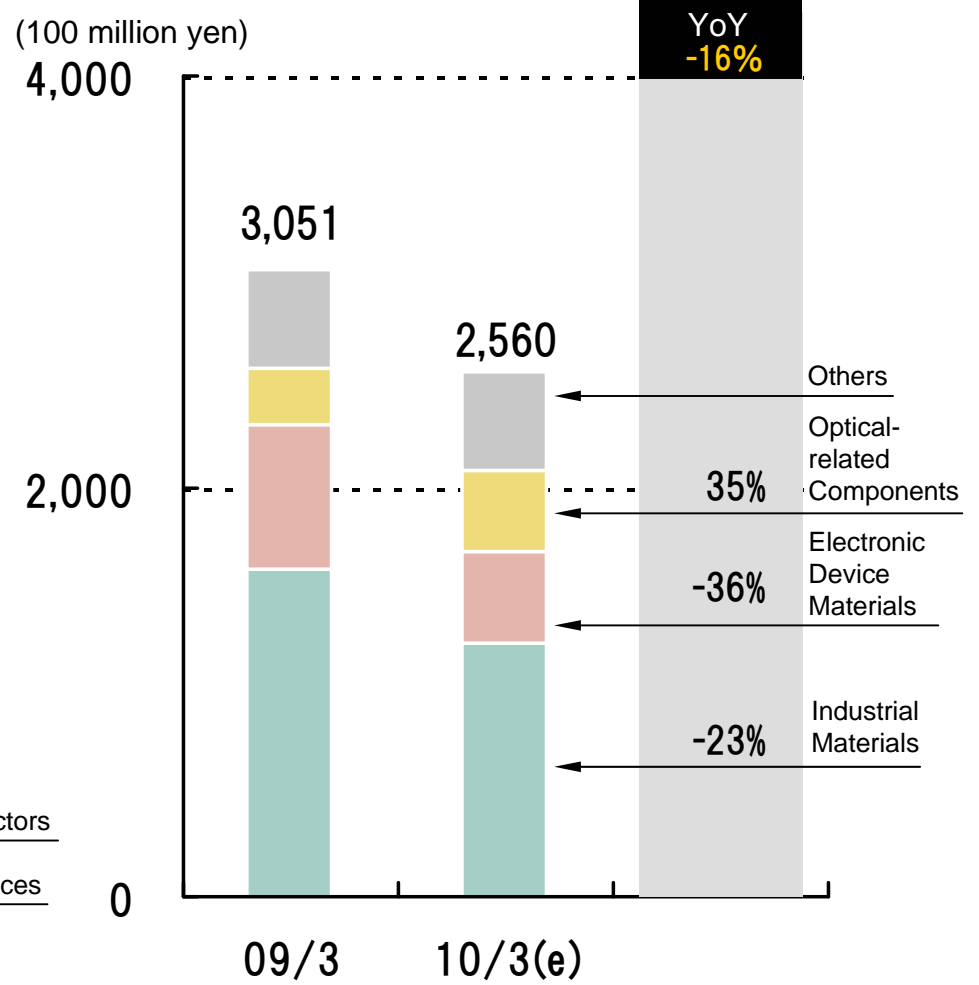
# Trading Divisions

Changes in Sales  
(Information Systems & Electronic Components)



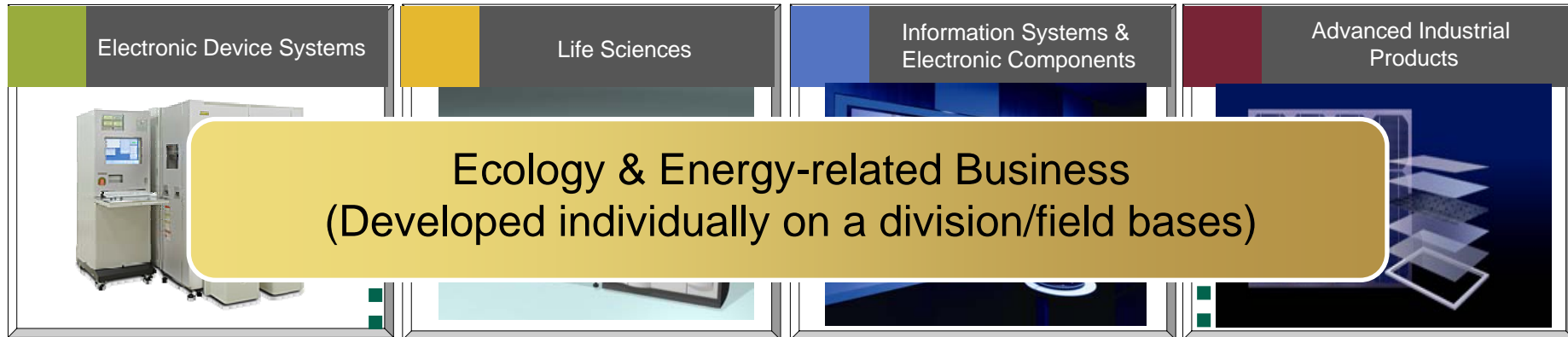
\*Chipmounters (proprietary product) is excluded

Changes in Sales  
(Advanced Industrial Products)





Contributing to the environment with technology through business



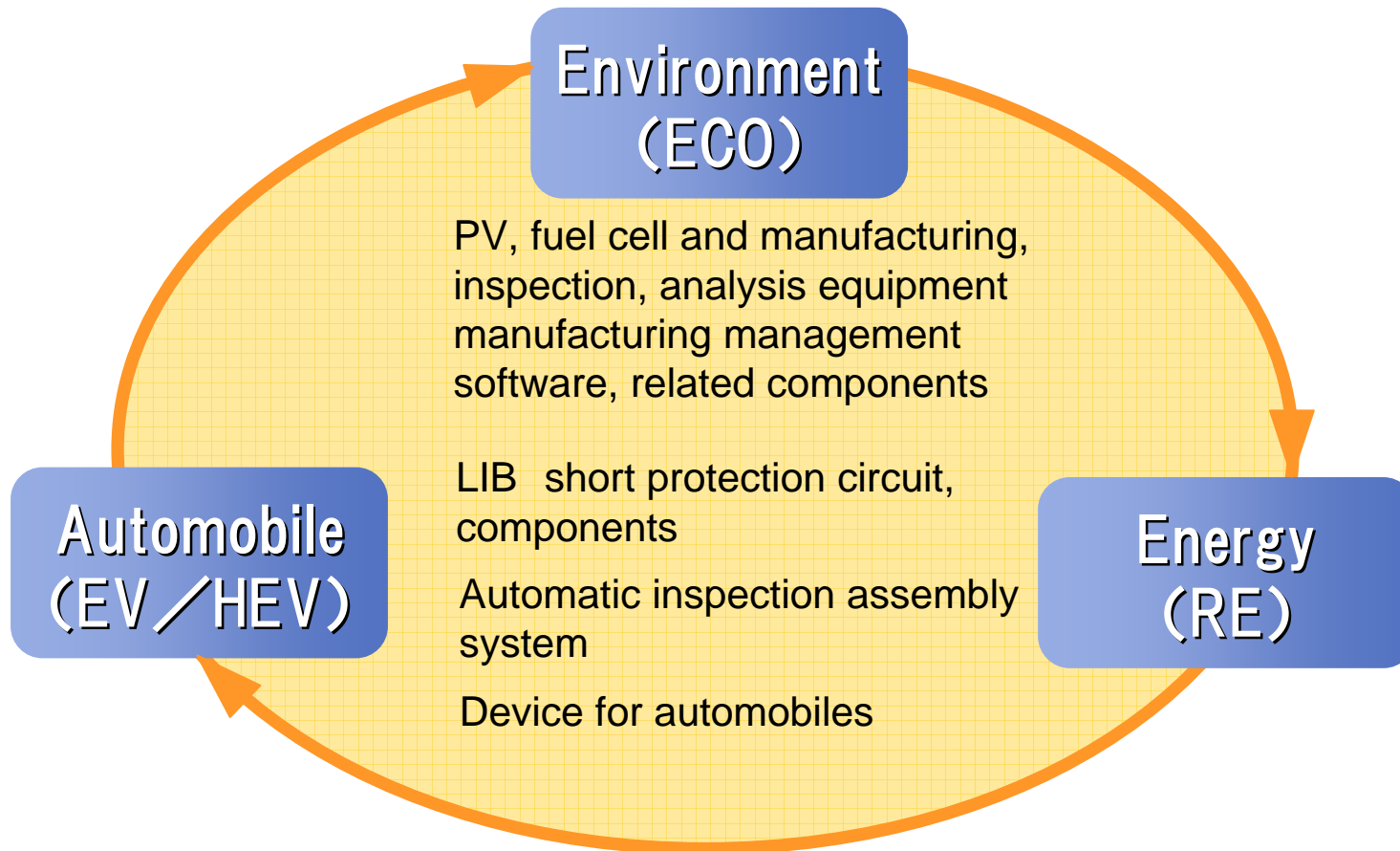
Environment Management  
(Platform to decrease environmental loads)



Reinforce  
Ecological Business

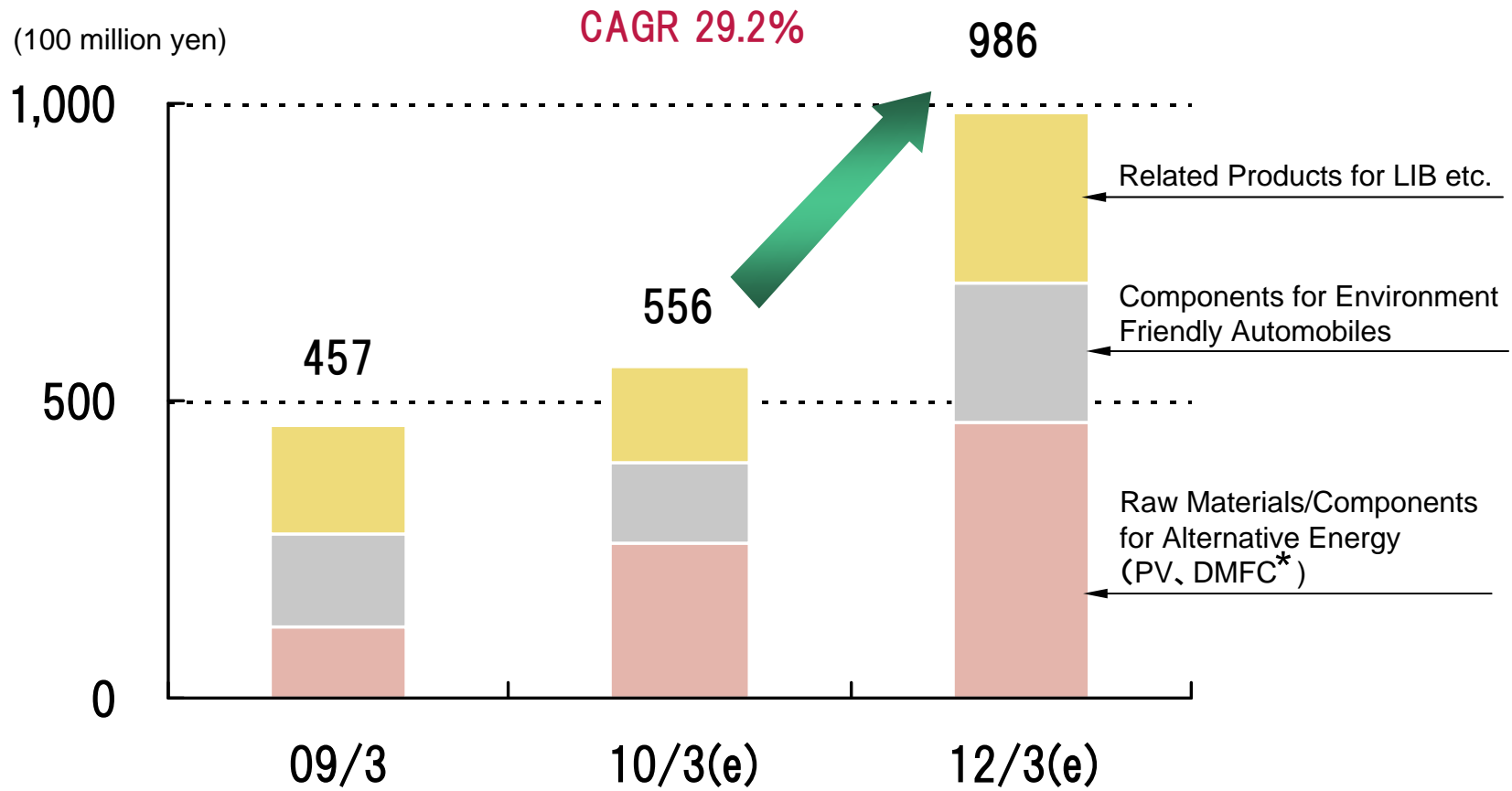
- Maximize synergies of current businesses
- Metrology + Analysis Technology → Promote development of solutions that contributes to the environment

Developing Markets



# Ecology & Energy Business

Changes in Sales by Business Fields



(\*) DMFC :Direct Methanol Fuel Cell

Received the  
“Minister of Economy, Trade and Industry’s Commendation (outstanding patent strategy company)”



President Obayashi (right)  
received the award

## ■ Points of Evaluation

- Develops global business, boasts leading global shares
- The management team has a keen interest in intellectual property (IP)
- Has a three-pronged structure that integrates business strategies, R&D strategies and intellectual property strategies,
- Uses thorough analysis of its own and others’ patents to produce highly visible R&D roadmaps and clarify its IP strategies.
- Has a commendation and incentive systems for all employees

## IV

## Financial Data

(注)YY/MはYY年M月期を表しています。

# Quarterly Results

(100 million yen)

	07/Q1	07/Q2	07/Q3	07/Q4	08/Q1	08/Q2	08/Q3	08/Q4
Sales	2,251	2,621	2,263	2,296	1,829	2,404	1,633	1,883
Operating Income	87	146	81	178	19	106	23	1
Ordinary Income	91	147	86	164	26	113	30	-4
Net Income	57	90	55	67	-2	78	20	-25

## ■ Sales by Segment

(100 million yen)

	07/Q1	07/Q2	07/Q3	07/Q4	08/Q1	08/Q2	08/Q3	08/Q4
Electronic Device Systems	635	766	587	661	250	612	327	494
Life Sciences	196	243	261	261	248	243	213	273
Information Systems & Electronic Components	546	700	543	539	443	616	420	558
Advanced Industrial Products	874	913	873	834	888	933	673	558

# Capital Expenditure/Depreciation Costs/R&D

(100 million yen)

	08/3	09/3	YoY	10/3(e)	YoY
Capital Expenditure	113	122	+9%	85	-31%
Depreciation Costs	89	95	+7%	103	+9%
R&D	204	215	+5%	208	-3%

\*Capital Expenditure is based on an acquisition bases

## Context (FY08)

- Capital Expenditure: 1.0Ybn increase

Extension and renovation of Naka Works

- R&D: 1.0Ybn increase

Development of elemental technology in Electronic Device Systems and Life Sciences

# Sales Trends by Main Group

(100 million yen)	08/3	09/3	YoY	10/3(e)	YoY
<u>Electronic Device Systems</u>	2,648	1,683	-36%	1,245	-26%
Process Equipment	748	532	-29%	232	-56%
Metrology & Analysis System	902	519	-42%	594	+14%
LCD Manufacturing System	500	392	-22%	226	-42%
HD Manufacturing System	140	48	-66%	19	-59%
Others	358	192	-46%	174	-9%
<u>Life Sciences</u>	962	977	+2%	840	-14%
Biotechnology-related Business	213	196	-8%	219	+12%
Medical-related Business	631	730	+16%	586	-20%
Others	118	51	-57%	36	-30%
<u>Information Systems &amp; Electronic Components</u>	2,327	2,038	-12%	1,735	-15%
Information System	910	976	+7%	792	-19%
Assembly System	334	255	-24%	275	+8%
Semiconductor	394	265	-33%	211	-20%
Media Devices	313	205	-34%	144	-30%
Others	376	337	-10%	314	-7%
<u>Advanced Industrial Products</u>	3,495	3,051	-13%	2,560	-16%
Industrial Material	1,714	1,590	-7%	1,230	-23%
Electronic Material	764	707	-8%	451	-36%
Optical-related Component	284	288	+1%	387	+35%
Others	733	468	-36%	492	+5%



[Notes on the data]

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- Numerical data is rounded off to the nearest 100 million yen.
- Rates of change up or down are generally calculated in units of yen.
- The predictions in this presentation that relate to the future results of the Company were based on information that could be known at the current time.  
In the industry in which we are active, the rate of technological change is rapid and competition is fierce.  
Various external factors, including the world economy, the semiconductor market, and exchange rates also directly and indirectly affect results.  
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\*The information included in this material is for reference when investing, and not a canvass to invest. Brand selection and the final decision is at your own judgment.

END

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## FY08 Financial Results

 **Hitachi High-Technologies Corporation**

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