



Hitachi High-Tech Medium-term Management Plan 2013

To consistently aim to be Global Top in high-tech solutions

October 25, 2011

@ Hitachi High-Technologies Corporation

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I Long-term Management Strategy (CS11: Corporate Strategy 2011)

1-1. Strategic Positioning and Outline of Long-term Management Strategy(CS11: Corporate Strategy 2011)



Corporate Vision

Becoming a Global Top in high-tech solutions

CS11

- Present a clear roadmap of business progress over the next decade in order to achieve our corporate vision. (A guide to decision-making in the course of advancing business.)
- Formulated as the Company's top policy in the milestone year of its 10th founding anniversary.

CS11 Strategy Statement

Leading the way

1. Scope of activities

For our customers' future

As a fast moving creator

3. Core competence

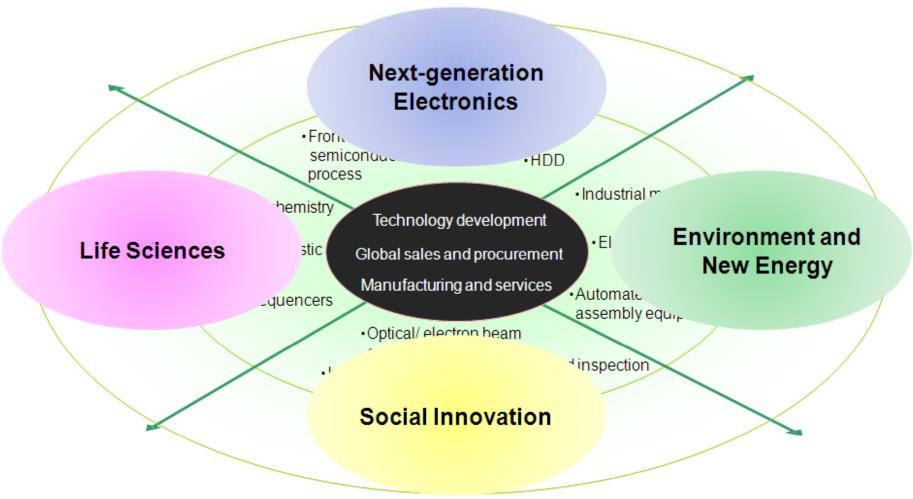
2. Target

Foster a shared understanding of our long-term strategy to realize our ideals for the Company in 2020.



Selected four cutting-edge target fields

Own strengths x Growth markets \Rightarrow Promising business fields



1-2. CS11 (1) Scope of activity: "Leading the way"



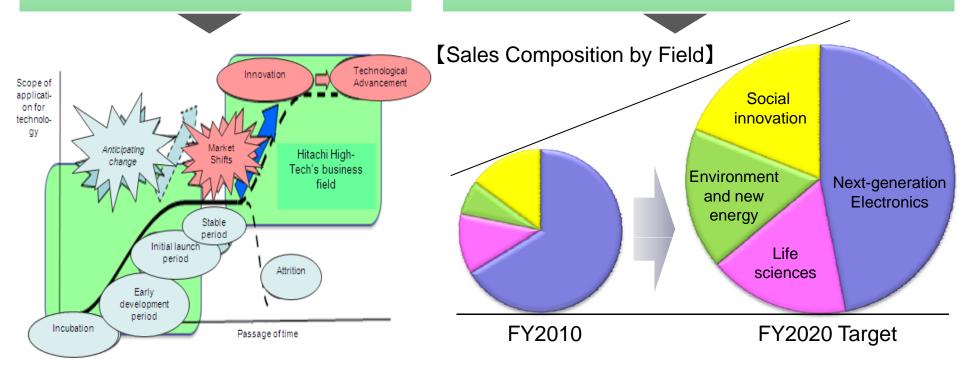
Continuously addressing tomorrow's needs in fresh growth domains by anticipating shifts in the market.

1. Business Field

Expanding business by shifting resources to innovation-driven fields

2. Strengthening the business portfolio

Developing future core businesses in the life sciences, environment and new energy, and social innovation fields.

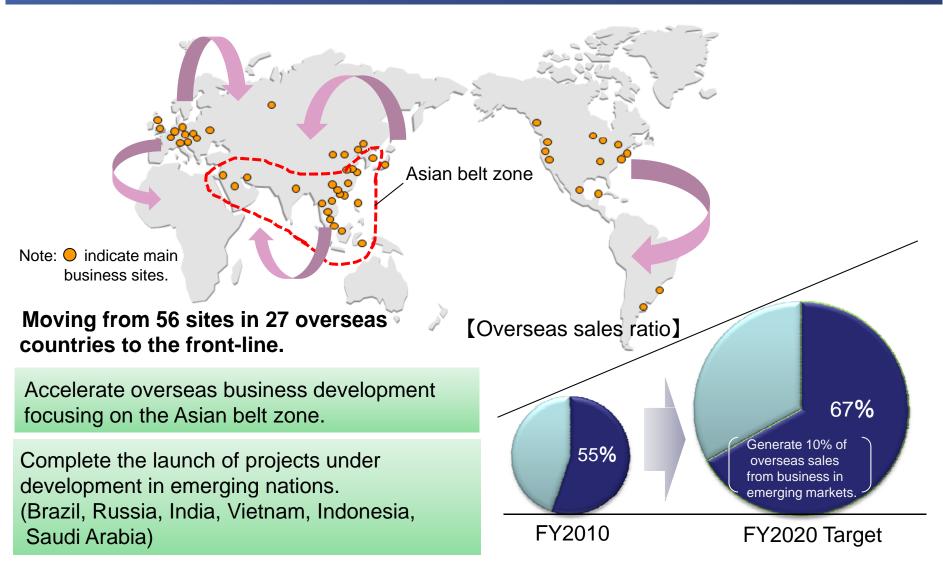


Note: Above four business fields differ from accounting report based segmentations.

1-2. CS11 (1) Scope of activity: "Leading the way"



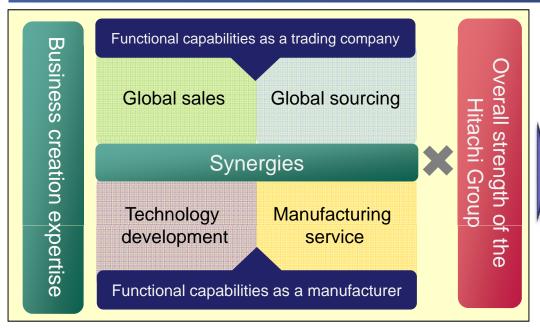
Use our global network of bases as a starting point to respond to growing global markets.

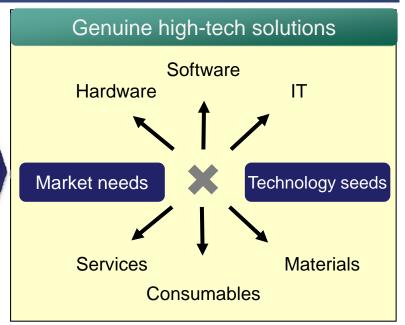


1-3. CS11 (2) Core competence: "As a fast moving creator"

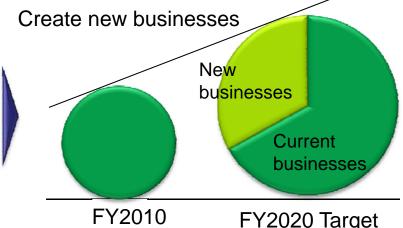


[Fusion of strengths as a trading company and manufacturer] × [the overall strength of the Hitachi Group]=[Business creation expertise]





Develop a business model unique to Hitachi High-Tech as a company possessing functional capabilities as both a trading company and a manufacturer.

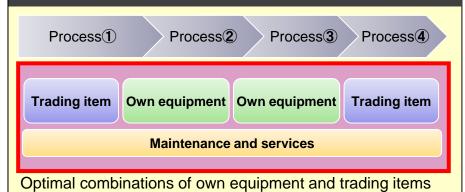


1-3. CS11 (2) Core competence: "As a fast moving creator"



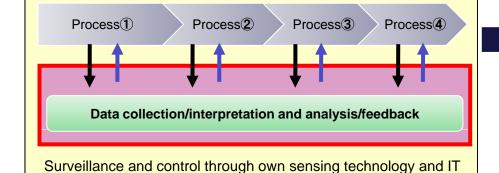
Example of initiatives in cutting-edge (new fields/next-generation) manufacturing processes

(1) Strengthen equipment lineups spanning multiple processes

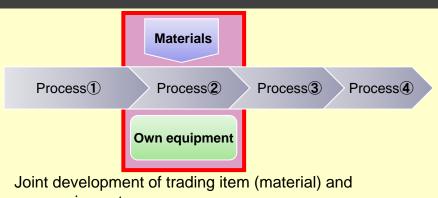


(3) Manufacturing process control to optimally utilize equipment and processes

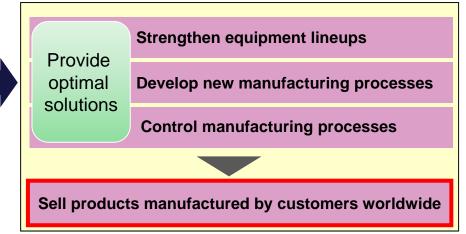
(equipment)



(2) Collaboration between materials and equipment to develop a new manufacturing process



Joint development of trading item (material) and own equipment



1-4. CS11 (3) Target: "For our customers' future"



Pursue added value from the customer's perspective.

Focus mainly on development.

Promote highly profitable business Continue to embrace challenges, while establishing high medium-term earnings targets.



Execute active, sustained investments

Capital investment

- Establish optimal global production systems worldwide
- Strengthen global IT infrastructure

Research and development investment

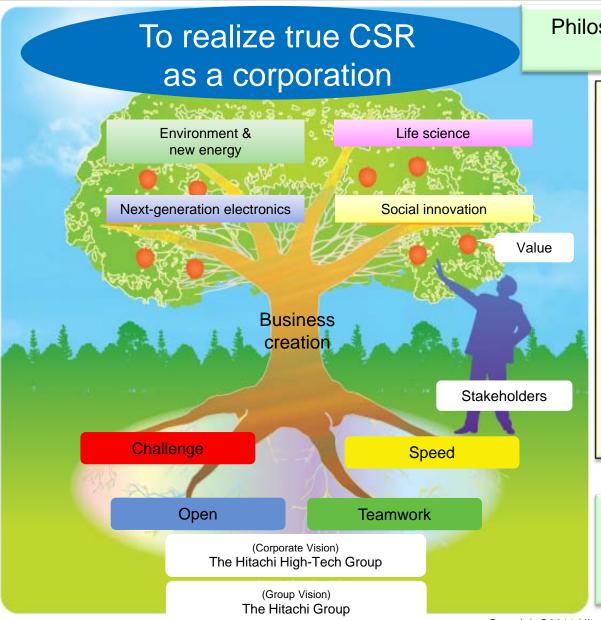
- Continue to invest the equivalent of 10% of own product sales (approx 30 billion yen/year)
- •Of this, allocate 10% to new business development (approx 3 billion yen/year)

Business investment (M&As/Investments)

- Accelerate growth of priority businesses, invest actively to launch new businesses
- Focus on life sciences and environment and new energy fields in particular

1-5. Hitachi High-Tech WAY





Philosophy, values and strategies to be shared and implemented

"The soil" = our corporate vision

"The roots"= our corporate culture
- Hitachi High-Tech SPIRIT -

"The trunk"= our existing businesses and CS11

"The fruit"= value we create

Creative Minds.
Innovative Solutions.

■ Medium-term Management Plan — Business Policies and Targets

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

2-1. Medium-term Management Plan 2013" — Business Policies



Establish a stable earnings base (Maintain and strengthen core businesses, reduce costs) Strengthen business portfolio by investing resources in growth fields 3 Increase profitability by promoting solutions business Promote environment-related business 5 Promote social innovation business in emerging markets

2-2. Initiatives for Realizing the "Hitachi High-Tech Medium-term Management Plan 2013" (Optimal Global Business Management)



Establish an optimal global business management structure.

Realize speedier business management by having each business division assume full responsibility for business operations.

A structure comprising Electronic Science & Fine Technology Global four Business Groups **Device Systems** Medical **Systems** Trading **Business Group Systems Business Group** Group (from April 2011) **Business Group Corporate Strategy Business Strategies Business Strategies Business Strategies Business Strategies** Group Optimized management for the entire company (Cross-group functions Corporate Marketing Sales Sales Sales Sales Group Research & R&D R&D R&D **Development Group** Corporate Manufacturing Production Production Strategy Group Corporate

- Accelerate global development of sales and manufacturing.
 - Sales bases: established overseas subsidiary in Indonesia (Oct 2011), and systematically increased personnel (in Brazil and other countries).
 - Overseas production: secured land in China (Suzhou) for new manufacturing plants → plan to expand the line-up of production items and production capacity.

2-2. Initiatives for Realizing the "Hitachi High-Tech Medium-term Management Plan 2013" (New Business Creation)



Accelerate new business creation activities

(1) New business creation scheme

Commercialization

C Project *

Feasibility Study

Select

Solicit themes

Market

(*)Corporate • Challenge Project

New business creation activities (started 2009)

Total No. of themes submitted: 162

Total No. of feasibility studies of themes: 16

Total No. of C project themes: 3

(2) Progress on C projects

(1) Drug manufacturing research support

Business providing solutions for new drug manufacturing processes. (2) Social infrastructure analysis solutions

Business providing solutions for applying analysis technologies for a safe and secure society.

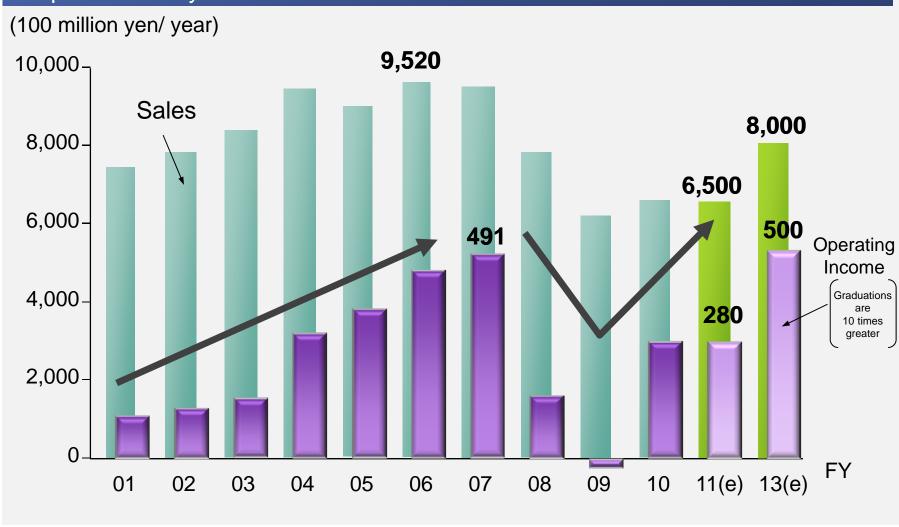
(3) Coating and deposition solutions

Business providing total solutions for equipment, raw material, and manufacturing processes using new technologies.

2-3. Medium-term Management Plan 2013" — Business Targets



Target the best operating income in FY2013 even if the market environment is expected to stay unclear.



2-3. Medium-term Management Plan 2013" — Business Targets



(100 million yen)

	FY2011 Forecast (a)	FY2013 Target (b)	Increase/ Decrease (b-a)	Increase/ Decrease Ratio
Sales	6,500	8,000	+1,500	+23%
Operating Income	280	500	+220	+79%
Operating Income Ratio	4.3%	6.3%		+2.0%
Net income	180	310	+130	+72%
ROE	7.2%	10.7%		+3.5%

Note: FX Rate Estimate: 1USD=80 yen

1EUR=110 yen

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Medium-term Management Plan — Business Strategies by Segment

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

3-1. Electronic Device Systems ①



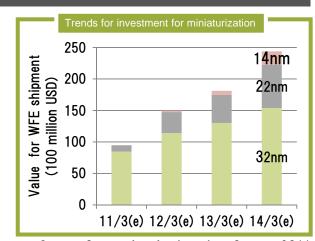
Basic Medium-term Plan Policies

- Actively roll out new products in the cutting-edge semiconductor equipment business.
- Upgrade and expand ultra-fine 3D processing and nano-scale metrology and inspection solutions.
- Promote the high-precision mounting business addressing mobile electronics.
- Enhance product variations and address new materials and 450 mm wafers



Business Environment

- Semiconductor production has been increasing, along with progress on the construction of new semiconductor fabrication plants and the adoption of large-diameter wafers.
- Investment in front-end semiconductor process equipment has been concentrated on miniaturization and cutting-edge fields (see chart on the right).
- In cutting-edge fields, mass production of 3D devices and next-generation memory has commenced.
- New mounting technologies have been rolled out, such as 3D packages for mobile applications.



Source: Own estimation based on Gartner 3Q11

3-1. Electronic Device Systems 2

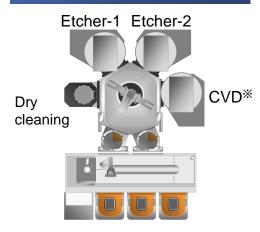


Business Strategies and Strategic Products

- Enhance high-productivity plasma solutions for next-generation applications.
 - High-precision gate etching module system
 - Non-volatile material etching for next-generation memory
 - Dry cleaning addressing ultra-low dust scattering
- Upgrade and expand solutions for ramping up mass production in cutting-edge fields.
 - Ultra-high precision metrology technology addressing the 1 X nm generation
 - Review and analysis systems incorporating design information
 - High-sensitivity inspection system for ultra-small defects
- Develop new package and mounting businesses for mobile devices
 - High-speed bonder for multilayering, FC*1, and TSV*2
 - High-speed, high-precision mounters for smartphones
 - Modular mounters optimized to production format

%1 FC: Flip Chip **%2** TSV: Through-Silicon Via

High-precision gate etching module



SiP Bonder DB800HSD

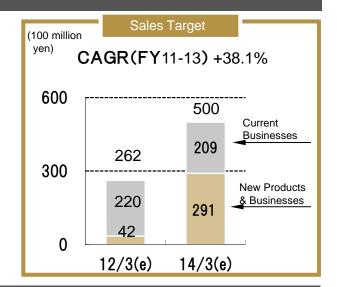


3-2. Fine Technology Systems ①



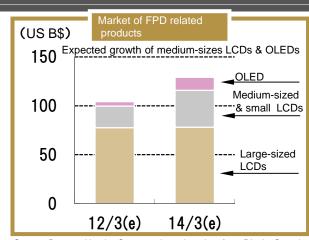
Basic Medium-term Plan Policies

- Strengthen current businesses in response to the changing market.
- Shift businesses to growth fields.
 - OLED-related equipment business
 - Printable electronics business
- Promoting manufacturing reforms



Business Environment

- Investment in large-scale LCD panels has been concentrated on China, but growth is slowing.
- Demand has been increasing for small and medium-sized highdefinition LCDs and OLEDs, as well as touchpanel displays, for smartphones and tablet computers.
- Growth rates for HDs will decline due to expanding demand for tablet computers, but will continue to grow in step with burgeoning data volumes.



Source: Prepared by the Company based on data from DisplaySearch.

3-2. Fine Technology Systems 2



Business Strategies

- Enhancing core businesses
 - LCD-related products

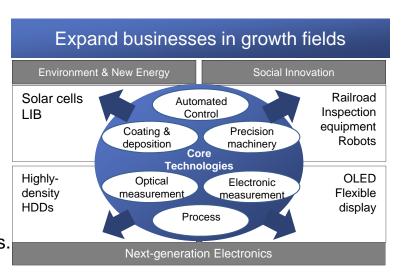
Proximity exposure systems: Develop business in growth fields (high-definition) based on new concepts (direct patterning exposure systems).

Mounting equipment: Upgrade and expand product line-up to swiftly fulfill market demand.

HD-related products

Continuously launch new products with the view to capturing a greater share of overseas customers.

- Initiatives in growth fields
 - Launch the OLED manufacturing equipment business.
 Push forward with the development of inspection and repair equipment in the panel and lighting fields in addition to manufacturing equipments.
 - Enter the printable electronics business.
 Develop applications in growth fields, namely printing, and coating and deposition processes.
- Bolster product competitiveness by promoting manufacturing reforms.
 - Promote overseas procurement and lead time reductions.



3-3. Science & Medical Systems (1)



Basic Medium-term Plan Policies

- Maintain and expand stable earnings in core businesses.
- Actively develop business in growth fields.

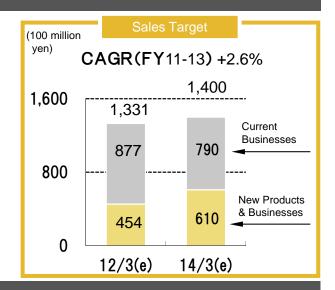
*SCB:

System

Business

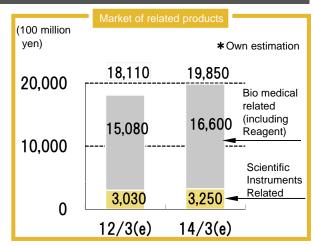
Deepen and promote SCB* with prominent reagent manufacturers in Japan and overseas.





Business Environment

- The analytical instrument market has expanded gradually. Sales to China and other emerging countries have increased.
- The electron microscope market has expanded gradually. Demand has risen for analyzers for new energy and new materials, among other areas.
- In the clinical chemistry and immunodiagnostic analyzer market, government policies to curb medical expenditures have gathered pace, leading to a decrease in the number of facilities using this equipment. Legislation is being tightened in various countries
- In the DNA sequencer market, growth has been driven by second-generation DNA sequencers.



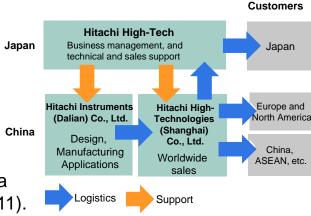
3-3. Science & Medical Systems 2



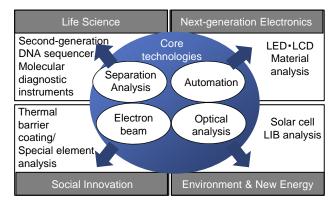
Business Strategies

- Strengthen core businesses
 - Continuously launch new leading products in the market.
 - Expand sales and enhance profitability of analytical instruments and electron microscopes in China and other emerging countries. Japan
 - ① Establish an integrated business structure for analyzers for emerging countries (China).
 - 2 Enhance presence in China. Actively promote products at academic conferences, exhibitions, new product seminars and other events.
 - Improve consulting-based sales and strengthen ties with academia by establishing the Tokyo Solution Lab (planned for December 2011).
- Initiatives in growth fields
 - Address new businesses
 - 1 Enter the second-generation DNA sequencer market.
 - ② Promote the commercialization of molecular diagnostic instruments
 - Expand business in growth fields by strengthening applications
- Promote business continuity planning (BCP) (biotechnology and medical business)
 - Bi-polarize important consumable supplies and product manufacturing bases at two sites.

Integrated business structure for analyzers for emerging countries



Business expansion in growth fields



3-4. Trading Divisions (Industrial & IT Systems / Advanced Industrial Products) ①

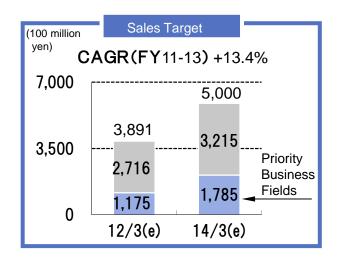


Basic Medium-term Plan Policies

- Shift to priority business fields.
 - Environment and new energy
 - Automobiles
 - LIB
 - Social/industrial innovation
- Strengthen business promotion in key emerging countries.

China, Indonesia, India, Thailand and Brazil

- Actively promote close coordination and collaboration with the Hitachi Group.
 - Contribute to the Hitachi Group's procurement business
 - Promote global business development in priority business fields



Business Environment

- New energy Expansion in the renewable energy market
- Automobiles Growth in the automobile market driven primarily by hybrid vehicles.
- LIB...... Expansion in the market for lithium-ion batteries for automotive and industrial use
- Social/industrial innovation.... Burgeoning demand for social and industrial infrastructure in emerging countries.
- Others The Japanese manufacturing sector is shifting production to overseas sites due to

the yen's appreciation, leading to an increase in overseas production ratios.

3-4. Trading Divisions (Industrial & IT Systems / Advanced Industrial Products) ②



Business strategies

- Focus on growth fields, bolster businesses.
 - Environment and new energy
 - 1 Drive global business expansion by harnessing the Hitachi Group's collective engineering capabilities.
 - 2 Promote businesses through investment and collaboration with local partners in each emerging country.
 - Automobiles
 - 1 Spur global business expansion in unique automotive materials, components and component assembly equipment.
 - 2 Establish a production system in emerging countries through collaboration with the Hitachi Group and prominent suppliers.

•LIB

- 1) Bolster automotive lithium-ion battery-related businesses (parts and materials, manufacturing equipment, protection circuit chips)
- ② Market competitive South Korean lithium-ion battery parts and materials globally.

Social/industrial innovation

1 Establish businesses in response to social and industrial needs (power, water, communications, security) in Indonesia, and expand business to other emerging countries.

3-4. Trading Divisions (Industrial & IT Systems / Advanced Industrial Products) ③

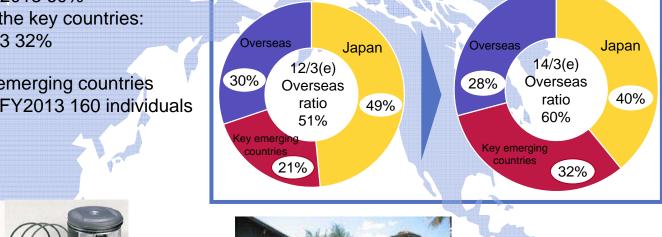


Global strategies

Strengthen business promotion in key emerging countries

China, Indonesia, India, Thailand, Brazil

- Net sales target
- ①Overseas sales ratio: FY2013 60%
- ②Overseas sales ratio for the key countries: FY2011 21% ⇒ FY2013 32%
- Shift personnel to the key emerging countries
 FY2011 125 individuals ⇒ FY2013 160 individuals



(100 million yen)

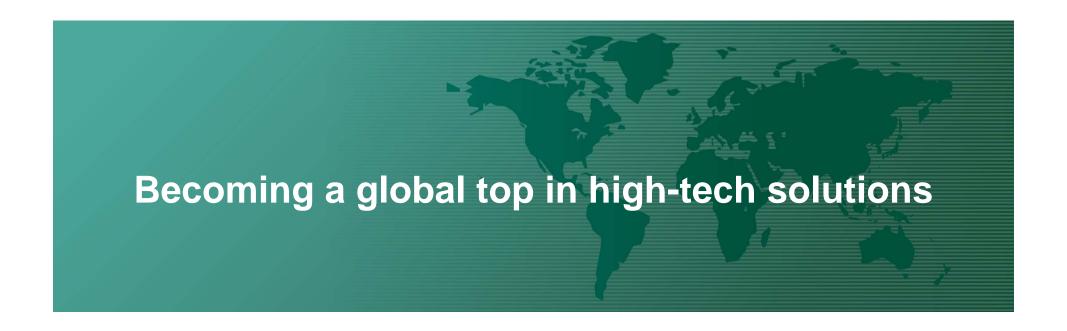


Automotive components (Various sensors and turbo charger components)



Solar power generation evaluation system (On the island of Sumbawa, Indonesia)

Overseas sales ratio



Creative Minds. Innovative Solutions.

References: Medium-term Management Plan by Segment (Sales/Operating Income)

References: Medium-term Management Plan by Segment (Sales/Operating Income)



(100 million yen)

			FY2011 Forecast	FY2013 Target
Sales/ Operation Income Industr	Electronia Dovice Systems	Sales	1, 095	1, 200
	Electronic Device Systems	Operating Income	115	190
	ine Technology Systems -	Sales	262	500
	riffe recliffology Systems	Operating Income	Δ28	50
	Science & Modical Systems	Sales	1, 331	1, 400
	Science & Medical Systems	Operating Income	169	220
	Industrial 9 IT Systems	Sales	1, 093	1, 400
	Industrial & IT Systems	Operating Income	10	40
	Advanced Industrial Products	Sales	2, 799	3, 600
	Advanced industrial Products	Operating Income	25	40
	Others & Elimination	Sales	△81	△100
	Others & Elimination	Operating Income	Δ12	Δ40
Total		Sales	6, 500	8, 000
		Operating Income	280	500



Notes on the data

- 1. All financial statement summaries and results predictions included in this presentation are on a consolidated basis unless otherwise stated. Numerical data is rounded off to the nearest 100 million yen.
- 2. In its disclosures, Hitachi High-Technologies may make statements that constitute forward-looking statements that reflect management's views with respect to certain future events and financial performance at the time of disclosure. Such statements are based on information available at the time of disclosure and may differ from actual results due to various external factors, both direct and indirect. In the event of a major discrepancy with the items disclosed, the Company will disclose on a case-by-case basis based on the law and/or the timely disclosure rules and regulations of the stock exchanges on which the Company is listed.

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Hitachi High-Tech Medium-term Management Plan 2013

To consistently aim to be Global Top in high-tech solutions

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Bringing the frontier to the forefront.