



FY19 2nd Quarter Financial Results

October 29, 2019

Masahiro Miyazaki President and Chief Executive Officer

Shinji Sakurai Vice President and Executive Officer

Hitachi High-Technologies Corporation

FY19 2nd Quarter Financial Results

1. Outline of FY19 Q1-Q2 (Highlights)
2. FY19 Outlook
3. Status of Progress on the Mid-Term Management Strategy
4. Reference

■ FY19 Q1-Q2 Results

Revenues : 346.4 Ybn (YoY: — 5%)

EBIT : 30.8 Ybn (YoY: — 3.2 Ybn)

■ Results by Segment (YoY)

■ Analytical & Medical Solutions : Revenues and profits decreased

■ Nano-Technology Solutions : Revenues and profits increased

■ Industrial Solutions : Revenues and profits decreased

■ Although revenues and profits decreased, we decided to distribute interim cash dividend of 55 yen per share (YoY : + 10 yen)



1. Outline of FY19 Q1-Q2 (Highlights)

Outline of FY19 Q1-Q2 (Highlights)

(100 million yen)

	FY19 1H Results	FY18 1H Results	YoY	vs. Previous Forecast
Revenues	3,464	3,631	− 167(− 5%)	+ 64(+ 2%)
Adjusted Operating Income ^{*1}	309	358	− 49(− 14%)	+ 49(+ 19%)
EBIT ^{*2}	308	340	− 32(− 9%)	+ 48(+ 18%)
Income before Income Taxes	310	342	− 32(− 9%)	+ 50(+ 19%)
Net Income ^{*3}	226	246	− 19(− 8%)	+ 36(+ 19%)
Net Income per Share	164.44 yen	178.54 yen	− 14.10 yen	+ 26.28 yen
Cash Dividend Per Share	55.00 yen	45.00 yen	+ 10.00 yen	±0.00 yen

▪ Exchange rate : 1USD=109 yen, 1EUR=121 yen

*1 Adjusted operating income is presented as revenues less cost of sales as well as selling, general and administrative expenses

*2 EBIT(Earnings Before Interest and Taxes) is presented as income before income taxes less interest income and interest expenses

*3 Net Income is presented as net income attributable to Hitachi High-Technologies Corporation stockholders

Outline of FY19 Q1-Q2 (Revenues and EBIT by Segment)

(100 million yen)

	FY19 1H Results		FY18 1H Results		YoY		vs. Previous Forecast	
	Revenues	EBIT	Revenues	EBIT	Revenues	EBIT	Revenues	EBIT
Analytical & Medical Solutions	793	117	814	138	− 3%	− 21	− 2%	+ 2
Nano-Technology Solutions	1,007	208	972	203	+ 4%	+ 6	+ 2%	+ 38
Industrial Solutions	1,689	0	1,885	25	− 10%	− 24	− 0%	− 10
Total	3,464	308	3,631	340	− 5%	− 32	+ 2%	+ 48

Note: • FY18 figures are restated

• Elimination such as subtractions in intersegment transactions, etc., are included in the total

Outline of FY19 Q1-Q2 (Explanation of Deviations)

(100 million yen)

() : YoY	FY19 1H Results		Explanation of Deviations
	Revenues	EBIT	
Analytical & Medical Solutions	793 (− 3%)	117 (− 21)	Revenue and EBIT decreased due to the impact of change in foreign exchange rates and selling price in clinical analyzers.
Nano-Technology Solutions	1,007 (+ 4%)	208 (+ 6)	Revenue and EBIT increased due to the strong sales to Logic and Foundries customers investing in mass production and next-generation cutting-edge processes, despite the impact of Memory customers delaying in part of investment plans.
Industrial Solutions	1,689 (− 10%)	0 (− 24)	Revenue and EBIT decreased due to the decline in large orders for liquid crystal display exposure systems, the partial ending of automotive parts transactions, the decreased demand for and drop in price of manufacturing components and the additional costs for part of large orders.
Total	3,464 (− 5%)	308 (− 32)	

Note: •YoY are compared with restated figures of FY18 1H

•Elimination such as subtractions in intersegment transactions, etc., are included in the total

Outline of FY19 Q1-Q2 Quarter

(Statement of Financial Position in Summary)

As of End of September 2019

vs. Mar. 31, 19

(100 million yen)

vs. Mar. 31, 19

Current Assets	5,287	—26
Cash and Cash Equivalents	2,110	+ 196
Trade Receivables	1,438	—221
Inventories	1,453	+ 75
Others	286	—77
Non-Current Assets	1,453	+ 103
Property, Plant and Equipment	858	+ 73
Intangible Assets	199	+ 16
Others	397	+ 13
Total Assets	6,740	+ 76

Current Liabilities	2,032	—97
Trade Payables	1,202	—165
Others	830	+ 68
Non-Current Liabilities	347	+ 70
Retirement and Severance Benefits	250	+ 10
Others	97	+ 60
Equity	4,361	+ 103
Total Hitachi High-Tech Stockholders' Equity	4,353	+ 103
Non-controlling Interests	7	+0
Total Liabilities & Equity	6,740	+ 76

- Total Hitachi High-Tech Stockholders' Equity per Share : 3,165.38 yen (vs 19/3: + 74.79 yen)
- Total Hitachi High-Tech Stockholders' Equity Ratio : 64.6%

Outline of FY19 Q1-Q2 Quarter (Statement of Cash Flows)

(100 million yen)

	FY19 1H Results	FY18 1H Results	YoY
Cash Flow from Operating Activities	373	248	+ 124
Cash Flow from Investing Activities	—67	—26	—41
Free Cash Flow	306	223	+ 83
Cash Flow from Financing Activities	—92	—63	—29

■ Cash Flow from Operating increase : Income increased to 12.4 Ybn due to improving working funds

■ Cash Flow from Investing Activities : Expenditures increased to 4.1 Ybn due to acquiring intangible assets, etc.



2. FY19 Outlook

FY19 Outlook (Highlights : Earning Forecast)

(100 million yen)

	FY19 Outlook (Oct. 2019)	FY18 Results	YoY	vs. Previous Forecast
Revenues	7,000	7,311	—311(—4%)	—100(—1%)
Adjusted Operating Income* ¹	560	667	—107(—16%)	±0(±0%)
EBIT* ²	600	642	—42(—7%)	+ 40(+ 7%)
Income before Income Taxes	600	648	—48(—7%)	+ 40(+ 7%)
Net Income* ³	440	484	—44(—9%)	+30(+ 7%)
Net Income per Share	319.94 yen	352.06 yen	—32.12 yen	+ 21.81 yen

• Exchange rate : 1USD=105 yen, 1EUR=120 yen

*1 Adjusted operating income is presented as revenues less cost of sales as well as selling, general and administrative expenses

*2 EBIT(Earnings Before Interest and Taxes) is presented as income before income taxes less interest income and interest expenses

*3 Net Income is presented as net income attributable to Hitachi High-Technologies Corporation stockholders

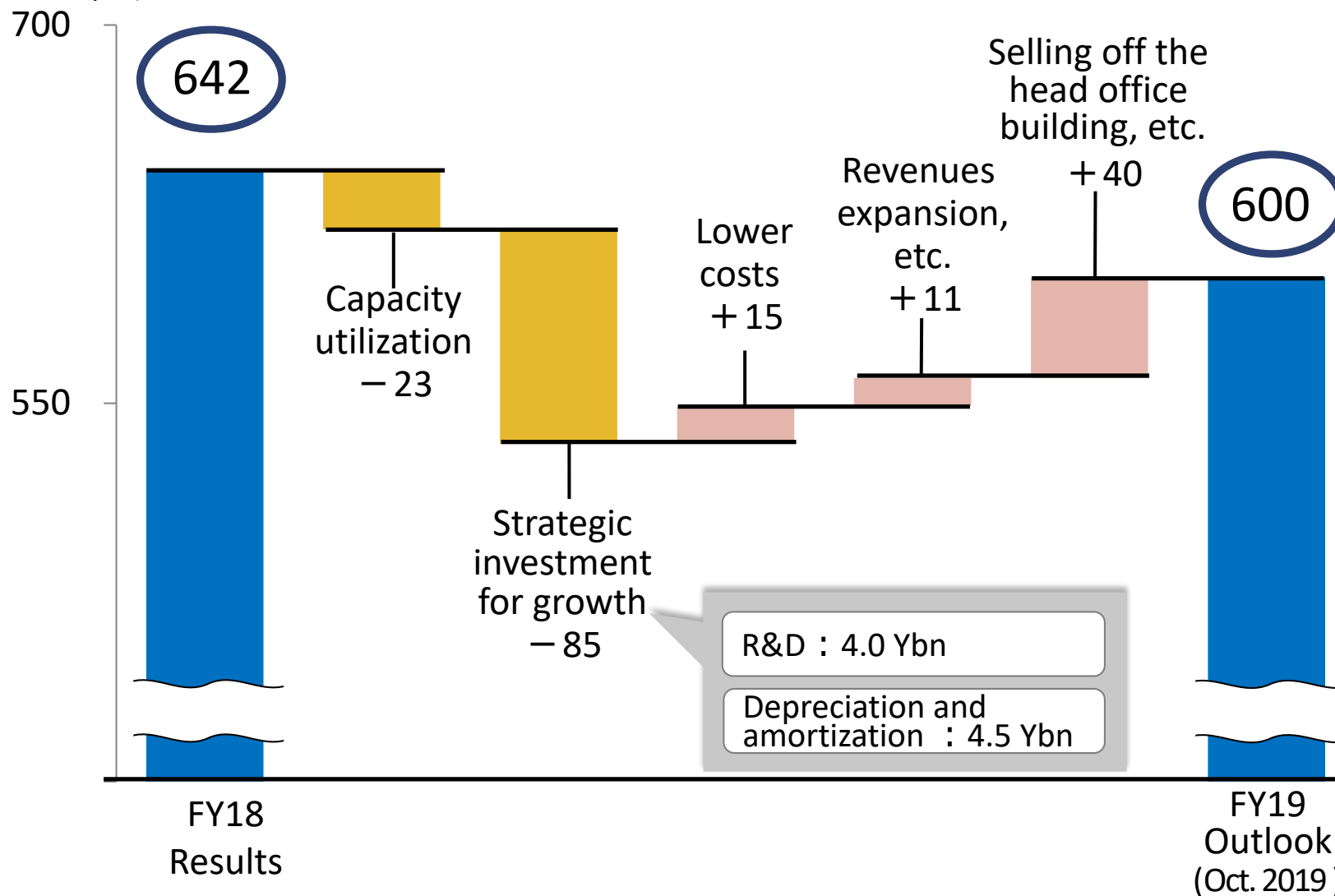
FY19 Outlook (Highlights : Management Indicators)

	FY19 Outlook (Oct. 2019)	FY18 Results	YoY	vs. Previous Forecast
ROE	10.1%	11.9%	—1.8%	+ 0.7%
ROA*	6.3%	7.3%	—1.1%	+ 0.6%
FCF	20.0 Ybn	12.1 Ybn	+ 7.9 Ybn	+ 13.0 Ybn
Cash Dividend per Share	115.00 yen	105.00 yen	+10.00 yen	±0.00 yen

*ROA(Return On Assets) : Net income before deducting non-controlling interests / total assets (end of the fiscal year) x 100

FY19 Outlook (Factors behind Change YoY: EBIT)

(100 million yen)



■ Analytical & Medical Solutions

Bio & Medical Systems	Steady demand for clinical chemistry and immunodiagnostic analyzers despite increasingly fierce competition
Analytical Systems	Although demand in the food, environment, and new energy fields remain steady, there is concern this may be affected by market growth slowing down, particularly overseas

■ Nano-Technology Solutions

Process systems		Investments in cutting-edge processes from Logic and Foundries customers remain strong
Metrology & Analysis Systems	Metrology	Investments in Memory are expected to resume
	Analysis	Although demand for development of electronic materials and pharmaceutical steady, there are concerns about decreased demand in Asian markets

■ Industrial Solutions

Although demand for automation and productivity improvements remains solid, there are concerns about uncertainty around when investment will be made, decreasing demand, price fluctuations for materials and automotive components

FY19 Outlook (Revenue and EBIT by Segment)

(100 million yen)

	FY19 Outlook (Oct. 2019)		FY18 Results		YoY		vs. Previous Forecast	
	Revenues	EBIT	Revenues	EBIT	Revenues	EBIT	Revenues	EBIT
Analytical & Medical Solutions	1,659	246	1,664	286	− 0%	− 40	− 2%	− 30
Nano-Technology Solutions	2,129	355	1,871	347	+ 14%	+ 8	+4%	+ 55
Industrial Solutions	3,329	23	3,865	64	− 14%	− 41	− 7%	− 31
Total	7,000	600	7,311	642	− 4%	− 42	− 1%	+ 40

Note: • FY18 figures are restated

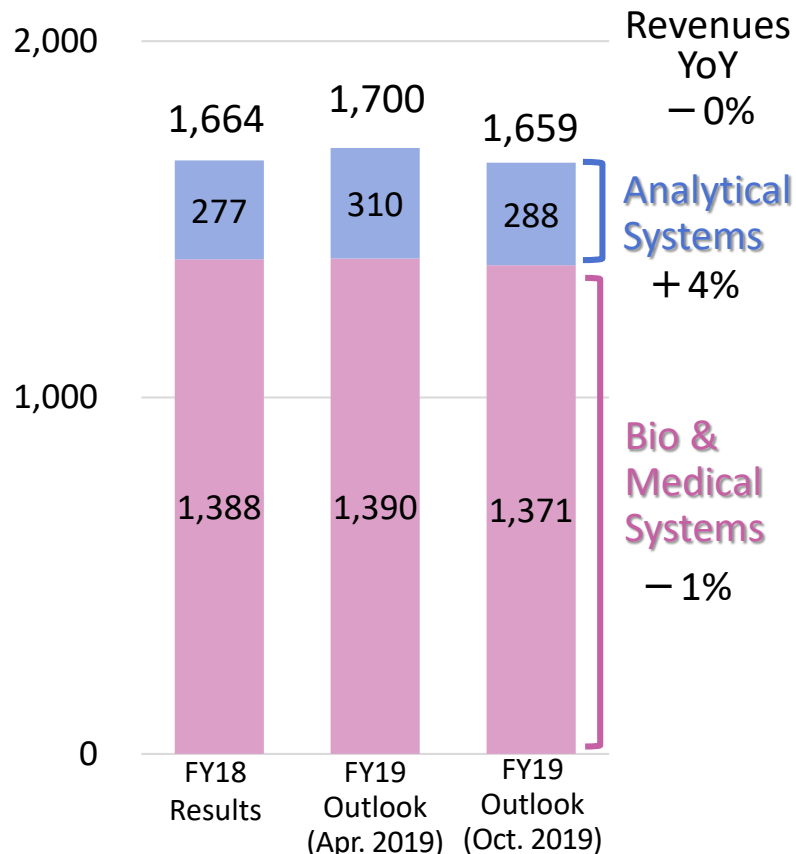
• Elimination such as subtractions in intersegment transactions, etc., are included in the total

FY19 Outlook (Analytical & Medical Solutions)

Revenues / EBIT Trend

(100 million yen)

EBIT	286	276	246
------	-----	-----	-----



*FY18 figures are restated

Explanation of Deviations (YoY)

Revenues : - 0% , EBIT : - 4.0 Ybn
(+) Analytical systems sales increase
(-) Impact of foreign exchange rates, selling-price fluctuations, increased in R&D

Actions

Bio & Medical Systems

- Expand sales of cobas e801 and cobas pro (medium size)
- Sales of products for the biotechnology field (capillary electrophoresis DNA sequencer, etc.)
- Promoting the solutions business (reagents/services)

Analytical Systems

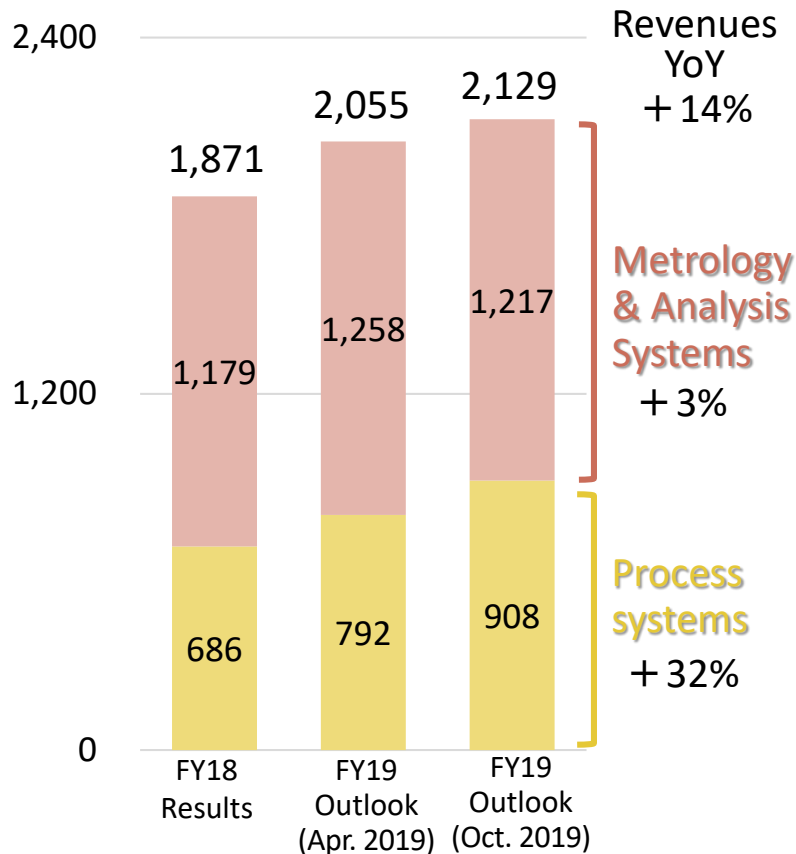
- Sale of analyzers in strategic fields (automotive battery contamination inspection systems, phthalates screening equipment for the revised RoHS Directive)
- Investment in new products for growing market (thermal analyzers/spectrophotometers)

FY19 Outlook (Nano-Technology Solutions)

Revenues / EBIT Trend

(100 million yen)

EBIT	347	300	355



*FY18 figures are restated

Hitachi High-Tech

Explanation of Deviations (YoY)

Revenues : + 14 % , EBIT : + 0.8 Ybn

(+) Sales increase to Logic and Foundries customers investing in mass production for cutting-edge processes

Actions

- Semiconductor field**
 - Provide solutions through collaboration with etch, measurement and analysis
- Process Systems**
 - Increase production capacity by expanding production facilities and recruitment
 - Promote technological development by strengthening the structure of development and engineering sites in Japan and overseas
- Metrology and Analysis Systems**
 - Create innovative production environments in new factory with advanced IoT/AI/automation
 - Strengthen product portfolio in respond to diversifying customers needs



New factory in Hitachinaka city
(to be completed in Feb. 2021)

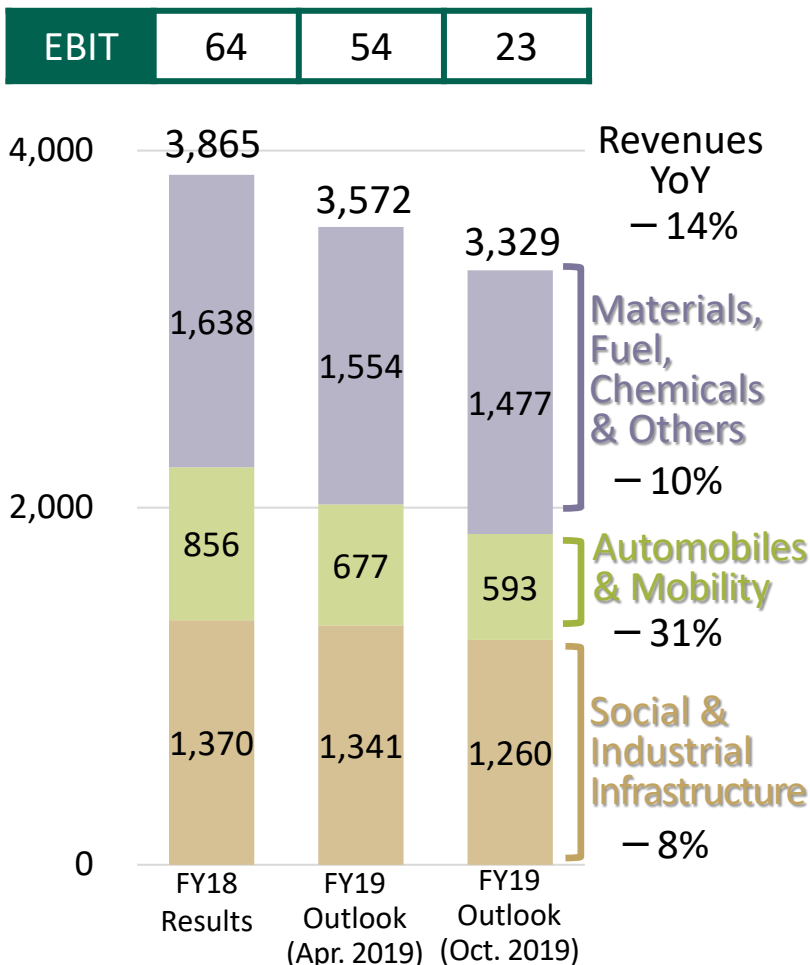


High Voltage CD-SEM
CV6300

FY19 Outlook (Industrial Solutions)

Revenues / EBIT Trend

(100 million yen)



*FY18 figures are restated

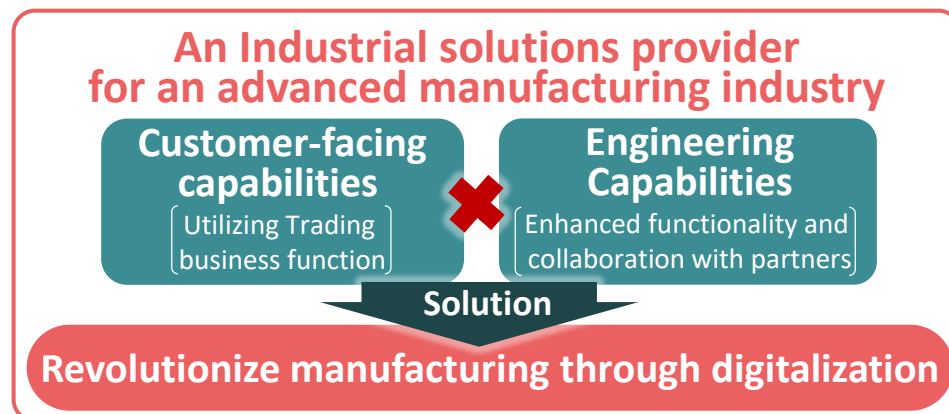
Explanation of Deviations (YoY)

Revenues : - 14% , EBIT : - 4.1 Ybn

(-) Decline in large orders for liquid crystal display exposure systems, slump in the automotive-related market, withdraw from lower-earning business and additional costs for part of large orders

Actions

Strengthen front-end engineering capabilities



Strengthen following businesses

- Digitalizing tools in the manufacturing sites and predictive diagnostics systems for the facilities
- AI analysis tools for production optimization

Withdraw from lower-earning business and accelerate strategic investment for growth strategy



3. Status of Progress on the Mid-Term Management Strategy

Management Policy

Focused Solutions Company in Global Growing Market

Basic strategy

Focusing on customers' issues, providing solutions, through its technologies, products, and services, based on our core technologies in "Observation, Measurement, and Analysis".

Basic Stance on Business Development

(Announced on April 2019)

Core Competence

Strong technology and product

Observation,
Measurement, Analysis

Automation and Control
Technology

Manufacturing
Capabilities



Foundation of customers and suppliers

Global Sales
Capabilities

Business Finding
Capabilities

Provide Focused Solutions

Turn general markets into rare specialized markets, and establish “an indispensable presence” in these markets

Expand globally

Create new specialized markets



Device
Tech

Provide dedicated
equipment and
solutions

New Fields

General market

Individualized and sophisticated customers' issues and needs

Analytical & Medical Solutions

Create Focused Solutions in the fields of
Bio/Medical and Safety/Security
by utilizing “analysis technology”

Nano-Technology Solutions

Contribute to customers’ cutting-edge R&D
and mass production
through “Processing” in addition to
“Observation, Measurement, and Analysis”

Industrial Solutions

Create high value added businesses
based on resolving customers’ issues through OT*

* OT : Operational Technology

Status of Progress on the Mid-Term Management Strategy (Summary)

KPI	FY21 Target	FY19 Outlook (Apr. 2019)	FY19 Outlook (Oct. 2019)
EBIT margin	10% or more	7.9%	8.7%
ROE	10% or more	9.4%	10.1%
ROA*	7% or more	5.7%	6.3%
Investment Strategy	FY19-FY21 Plan (Cumulative)	FY19 Outlook (Apr. 2019)	FY19 Outlook (Oct. 2019)
R&D	100.0 Ybn	34.8 Ybn	34.8 Ybn
Capital Expenditure	80.0 Ybn	36.5 Ybn	44.1 Ybn
Business Investment	100.0 Ybn	—	—
Shareholder returns policy	FY19-FY21 Target	FY19 Outlook (Apr. 2019)	FY19 Outlook (Oct. 2019)
Dividend payout ratio	40%	39%	36%

R&D

- Strengthen foundation of measurement and analysis technologies
- Develop new business in the Bio/medical fields

Capital Expenditure

- Build smart factories that use digital technologies
- Reinforce business foundation through digital transformation

Business Investment

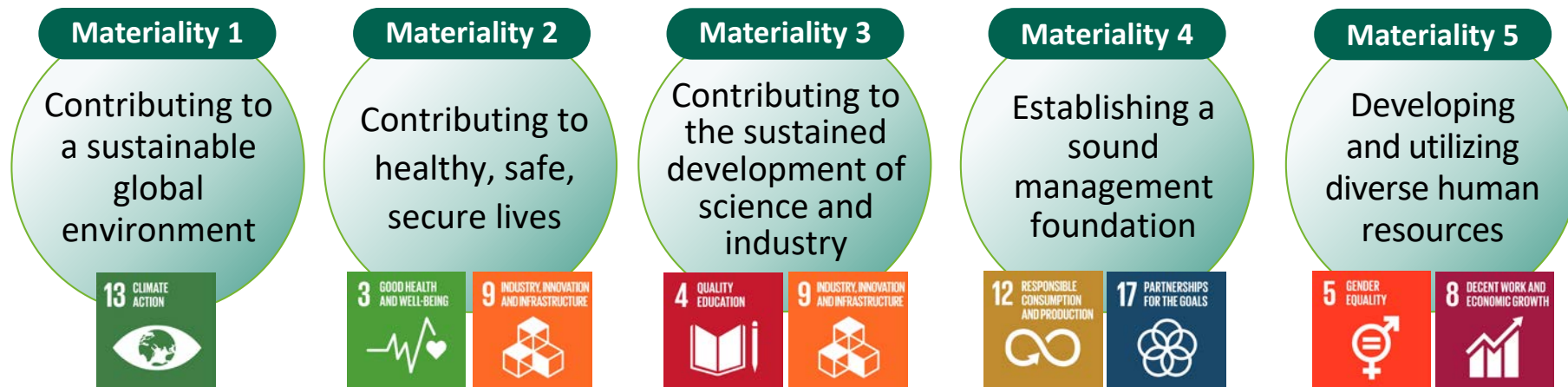
- Strengthen biotech and analysis-related businesses
- Obtain cutting-edge technologies, such as cancer diagnosis

Shareholder Returns

Distribute a stable dividend of at least 100 yen per share annually

*ROA(Return On Assets) : Net income before deducting non-controlling interests / total assets (end of the fiscal year) x 100

Hitachi High-Tech Group's Materiality



*Please see the website and Integrated Annual Report 2019 for each Materiality KPI and detailed action plans.

Running production sites using renewable energy



Hitachi High-tech
Kyusyu Corporation



New factory in Hitachinaka city
(to be completed in Feb. 2021)

Silver Medal at the 45th WorldSkills Competition

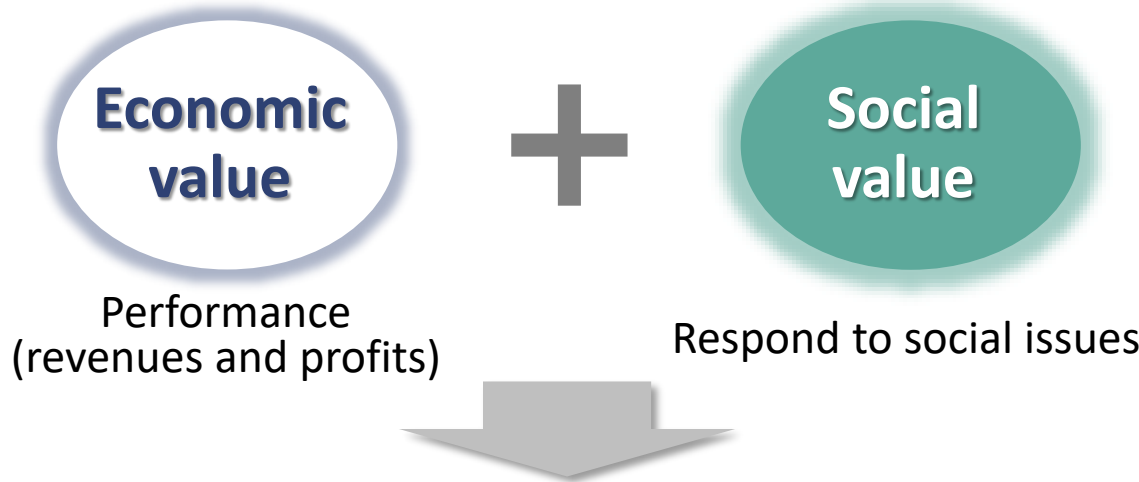


Yuto Kikuchi
who won a silver medal
in CNC Milling



Tatsuya Numahata
who won a medallion for excellence
in Mechanical Engineering CAD

Yardstick for measuring corporate value



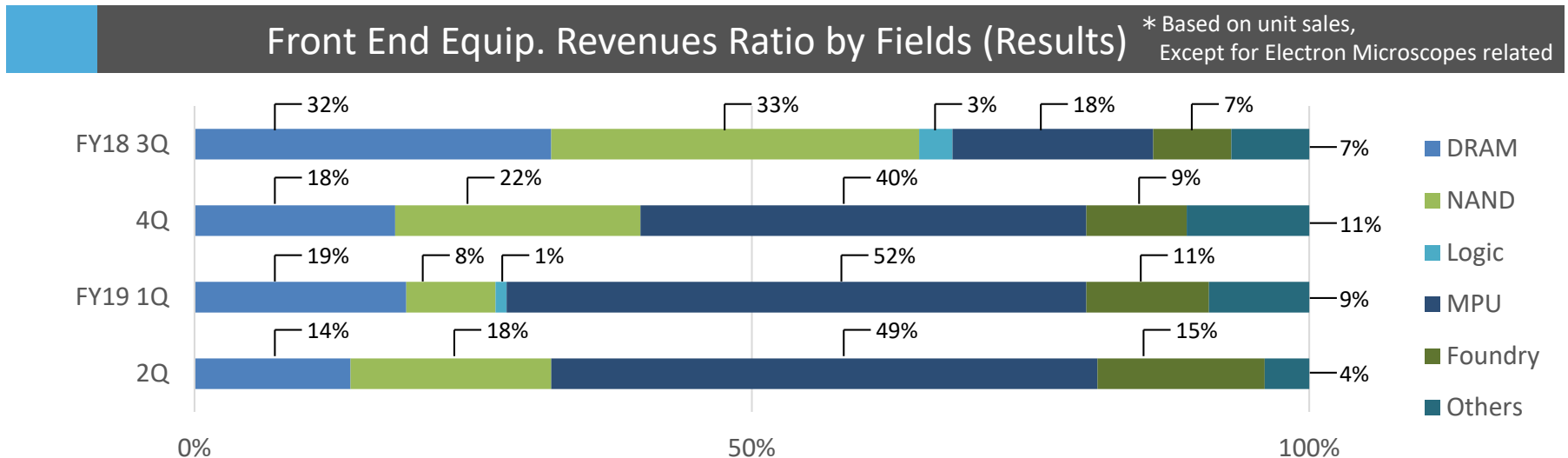
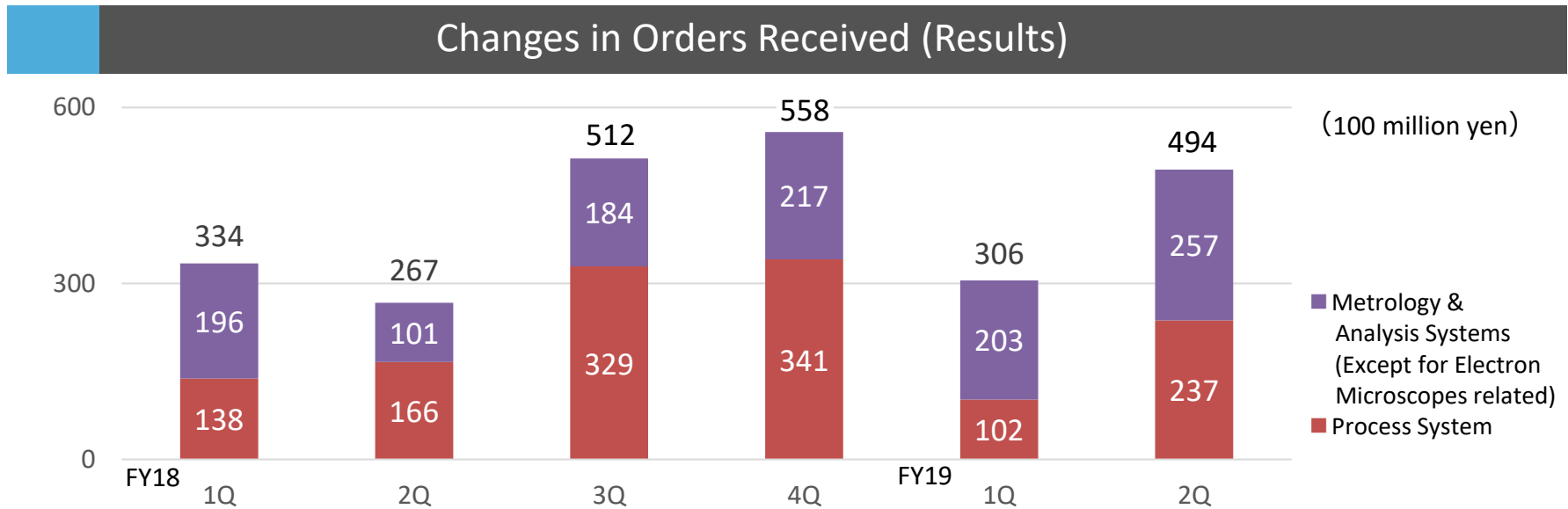
**For our sustainable growth,
we will strengthen our “Ability to respond to society”**

**Aiming to be a company always chosen
by customers worldwide and needed by society**



4. Reference

Reference of Nano-Technology Solutions



Capital Expenditure/ Depreciation Costs/ R&D / Revenues by Region

Capital Expenditure/Depreciation Costs/R&D

(100 million yen)

	FY18 1H	FY19 1H		FY18	FY19	
		Results	YoY	Results	Outlook (Oct. 2019)	YoY
Capital Expenditure	101	129	+ 28%	245	441	+ 80%
Depreciation Costs	63	78	+ 23%	132	176	+ 34%
R&D	148	153	+ 3%	308	348	+ 13%

Note: Capital expenditure is based on acquisition base

Revenues by Region

(100 million yen)

		Japan	North America	Europe	Asia	Mainland China	Others	Total
FY18 1H Results	Revenues	1,335	279	468	1,383	463	166	3,631
	Ratio	37%	8%	13%	38%	13%	4%	100%
FY19 1H Results	Revenues	1,279	564	461	1,070	502	90	3,464
	Ratio	37%	16%	13%	31%	14%	3%	100%

Changes in Quarterly Results

(100 million yen)

			FY18				FY19	
			1Q	2Q	3Q	4Q	1Q	2Q
Revenues / EBIT	Analytical & Medical Solutions	Revenues	409	405	397	454	398	396
		EBIT	80	58	74	74	64	53
	Nano-Technology Solutions	Revenues	421	551	417	482	455	552
		EBIT	80	123	75	69	92	116
	Industrial Solutions	Revenues	919	966	982	998	774	915
		EBIT	12	13	18	21	− 5	6
	Others & Elimination/Corporate	Revenues	− 19	− 20	− 22	− 28	− 11	− 15
		EBIT	− 12	− 14	− 11	− 18	− 6	− 11
	Total	Revenues	1,730	1,901	1,774	1,906	1,616	1,848
		EBIT	160	180	156	146	144	163
Income before Income Taxes			161	181	158	148	145	165
Net Income Attributable to Hitachi High-Technologies Corporation Stockholders			106	140	118	120	98	128

*FY18 figures are restated

Revenues Change in Main Business

(100 million yen)

	FY18				FY19	
	1Q	2Q	3Q	4Q	1Q	2Q
Analytical & Medical Solutions	409	405	397	454	398	396
Bio & Medical Systems	349	333	331	373	341	321
Analytical Systems	60	71	65	81	56	74
Nano-Technology Solutions	421	551	417	482	455	552
Process Systems	175	172	142	197	204	252
Metrology & Analysis Systems	245	377	274	284	250	299
Others	1	1	1	1	1	1
Industrial Solutions	919	966	982	998	774	915
Social & Industrial Infrastructure	303	363	331	374	254	398
Automobiles & Mobility	205	201	224	227	145	148
Materials, Fuel, Chemicals & Others	411	402	428	398	375	368

*FY18 figures are restated

FY19 2nd Quarter Financial Results

For further information

Mitsuru Kuwabara

General Manager, CSR & Corporate Communications Dept.,
CSR Div.

TEL:+81-3-3504-5138 FAX:+81-3-3504-5943

E-mail : mitsuru.kuwabara.ya@hitachi-hightech.com

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.

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.