

FY09 Financial Results

*Accomplishing Business Structural Reforms in FY09 &
Engineering a V-shaped Recovery for FY10*

April 26, 2010

 **Hitachi High-Technologies Corporation**

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

FY09 Financial Results

I Outline of FY09

II FY10 Management Policy

III FY10 Outlook

IV Data

I

Outline of FY09

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

Outline of FY09 (Highlights)

(100 million yen)

	Results	YoY		vs. Previous Forecast	
		Increase/Decrease	Ratio	Increase/Decrease	Ratio
Sales	6,169	-1,581	-20%	+169	+3%
Operating Income	-16	-165	-	+37	-
Ordinary Income	-5	-170	-	+40	-
Net Income	-28	-99	-	+25	-
Net Income per Share	-20.55yen	-71.99yen		+17.98yen	
Cash Dividend per Share	15.00yen	-15.00yen		+5.00yen	
ROE	-1.2%		-4.2%		-
FIV	-122		-101		-
FCF	+141		+17		-

*Previous Forecast (Published values for Q3/Jan. 2010)

Outline of FY09 (Explanation of Deviations)

vs. Previous Forecast

1. Sales/Operating Income (Published values for Q3/Jan. 2010)

Sales (600.0Ybn → 616.9Ybn +16.9Ybn)

- Electronic Device Systems: Investment recovery for semiconductor manufacturing equipment led to the growth of 2.1Ybn
- Life Sciences : Favorable performance of clinical analyzers led to the growth of 2.0Ybn
- Information Systems & Electronic Components: Sales growth in mobile phone business for the U.S. market led to the growth of 5.0Ybn
- Advanced Industrial Products: Price rise for materials and demand recovery for automotive components led to the growth of 7.8Ybn

Operating Income (-5.3Ybn → -1.6Ybn +3.7Ybn)

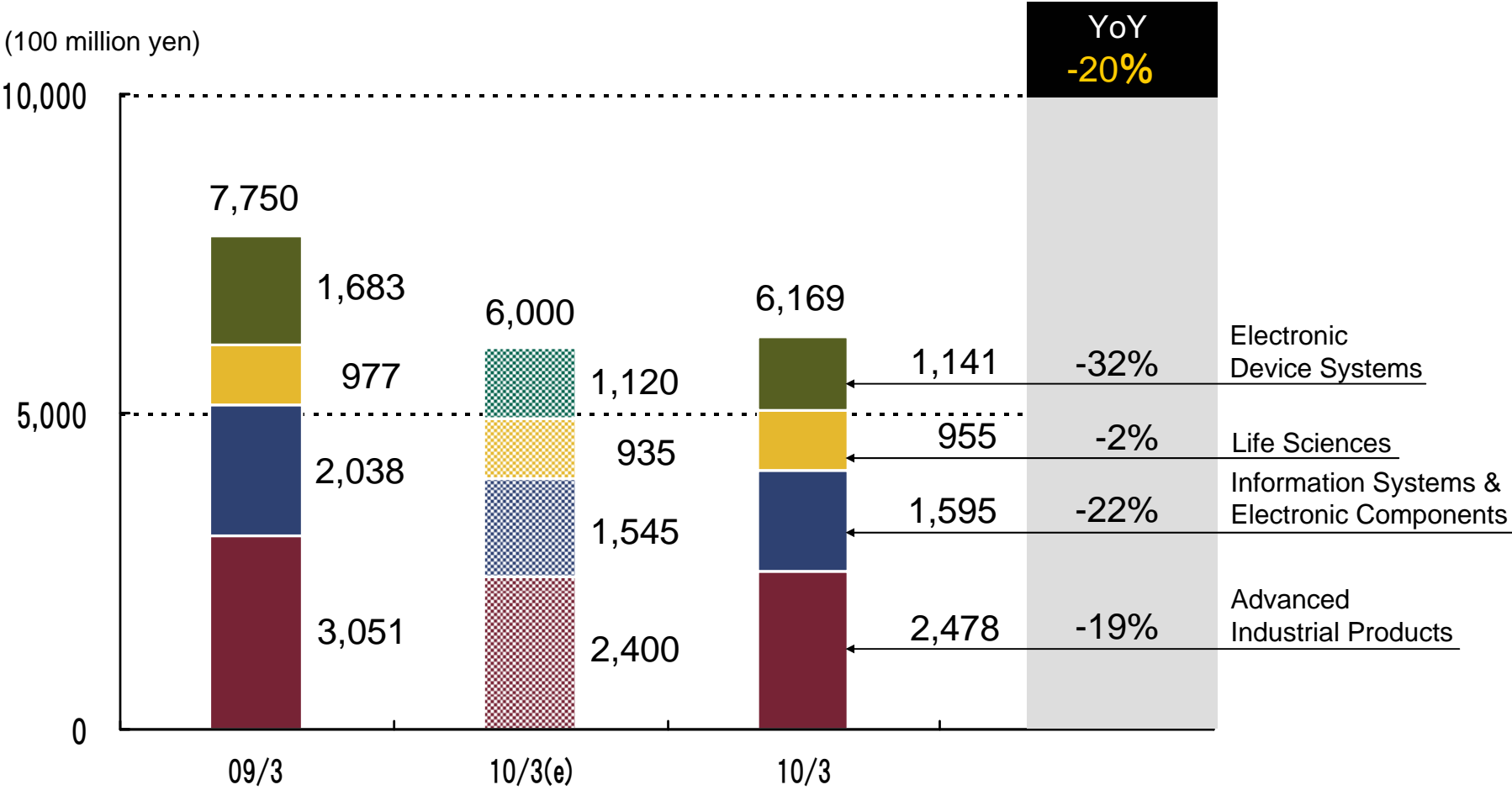
- Electronic Device Systems: Sales growth in semiconductor manufacturing equipment and recovery in production operation led to the growth of 2.2Ybn
- Life Sciences: Favorable performance of clinical analyzers led to the growth of 0.8Ybn
- Information Systems & Electronic Components: Sales growth in mobile phone business for the U.S. market led to the growth of 0.5Ybn

2. Business Structural Reforms (Published values for Q2/Oct. 2010)

	Previous Forecast	Results	Increase/Decrease
Fixed Cost Reduction	-8.5Ybn	-8.5Ybn	±0Ybn
Proper disposition of employees	-1,450 employees	-1,500 employees	-50 employees

Outline of FY09 (Sales by Segment)

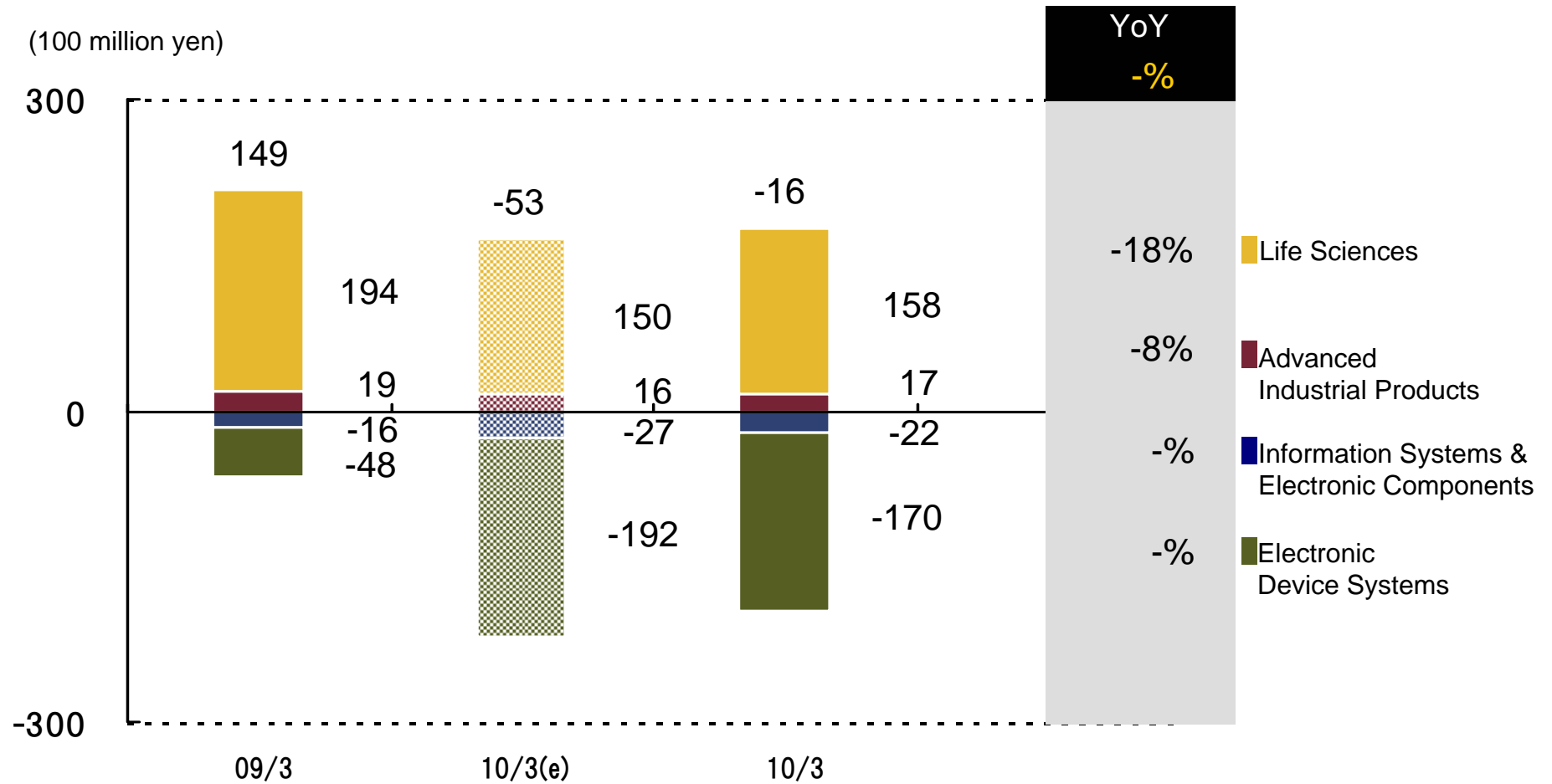
Sales



(e) Previous Forecast (Published Values for Q3/Jan. 2010)

Outline of FY09 (Operating Income by Segment)

Operating Income



(e) Previous Forecast (Published Values for Q3/Jan. 2010)

Outline of FY09 (Income Statement in Summary)

For the year ended March 31, 2010

(100 million yen)

	Results	YoY	
		Increase/Decrease	Ratio
Sales	6,169	-1,581	-20%
Cost of Sales	5,377	-1,330	-20%
Gross Profit	792	-250	-24%
Selling, General and Administrative Expenses	808	-85	-10%
Operating Income	-16	-165	-
Other Income	-19	-6	-25%
Other Expense	8	-2	-20%
Ordinary Income	-5	-170	-
Extraordinary Profit	6	-3	-35%
Extraordinary Loss	22	-13	-37%
Income Before Income Taxes and Minority Interests	-21	-160	-
Income Taxes	7	-61	-90
Net Income	-28	-99	-

Outline of FY09 (Balance Sheet in Summary)

Year ended March 31, 2010

(100 million yen)

		vs. 09/3			vs. 09/3
Current Assets		3,248	-158	Current Liabilities	
Cash & Deposits/Deposit to Hitachi Group Cash Management Fund	1,017	+118	Notes & Accounts Payable	1,100	-38
Notes & Accounts Receivable	1,445	-98	Others	457	-74
Inventories	572	-148	Fixed Liabilities		259
Others	213	-30	Retirement and severance benefits	253	-1
Fixed Assets		863	-7	Others	6
Tangible Fixed Assets	559	-25	Net Assets		2,294
Intangible Fixed Assets	49	+7	Shareholder Capital	2,293	-56
Investments & Other Assets	254	+12	Assessments/Exchange Difference etc.	-1	+7
			Minority Interests	3	+0
Total Assets	4,110	-165	Total Liabilities & Shareholders' Equity		4,110
					-165

Outline of FY09 (Cash Flow Statement in Summary)

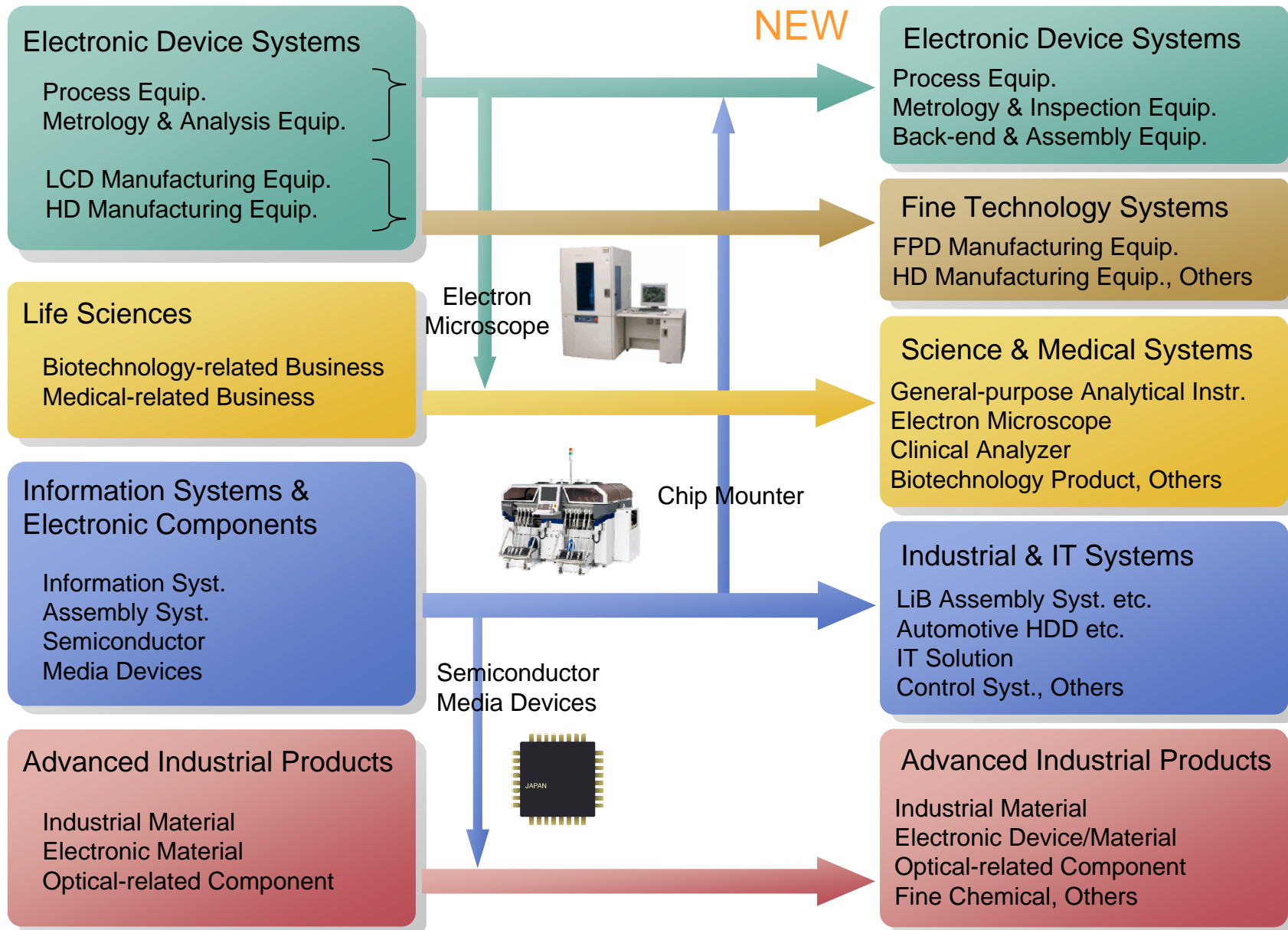
(100 million yen)

	10/3		10/3
Cash Flow from Operating Activities	+224	Cash Flow from Financing Activities	-28
Income Before Income Taxes and Minority Interests	-21	Dividends Paid	-28
Depreciation and Amortization	+96	Others	-0
Working Fund	+175	Effect of exchange rate changes	-8
Income Taxes Paid/Refund	+22		
Others	-48		
Cash Flow from Investing Activities	-83		
Capital Expenditures Proceeded from Sales / Purchase of Securities	+8		
Capital Expenditures Proceeded from Sales / Purchase of Property and Equipment	-71		
Others	-20		
Free Cash Flow	+141		
			10/3
		Cash and Cash Equivalents	
		At the Beginning of Year	796
		Net Increase (Decrease)	+106
		At the end of Term	902

II

FY10 Management Policy

Changes in Segment Classification



Engineering a V-Shaped Recovery & Accelerating Growth Strategies

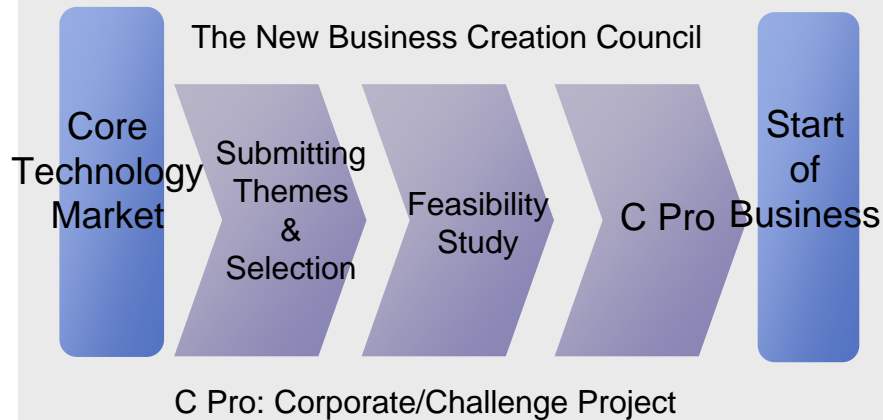
1. Steadily Implement Management Reforms

- Develop the new business creation initiative
- Transform into a truly global company
- Strengthen trading functions
- Strengthen cash flow management

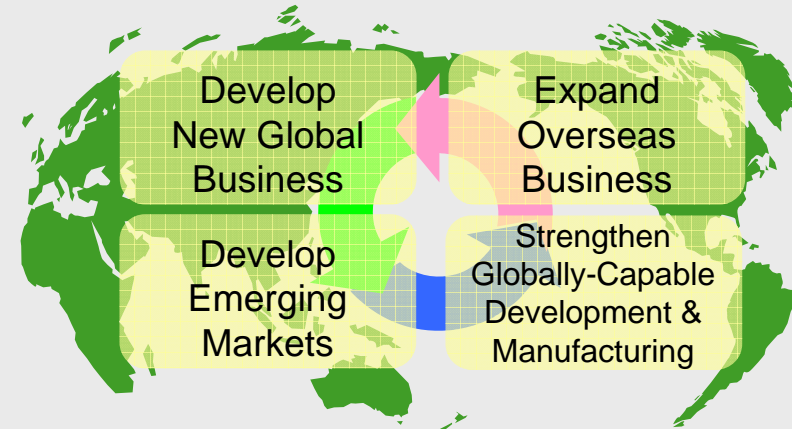
2. Implement Business Strategy Adapted to the Changes in the Management Environment

Steadily Implement Management Reforms

Develop the new business creation initiative



Transform into a true global company



Strengthen trading functions

- Established a new strategic planning division to control the trading divisions
(Strategic Function)
- Established the Energy & Environmental Solutions Div.
(Focus on Growing Fields)
- Promote transition to high value-added business
(Selection & Focus)

Strengthen cash flow management

Introduction of new management system
Promote expansion and regeneration (Triple C)
of consolidated cash flow

Consolidation

- WW business consolidation
- Promote integrated operation of manufacturing, sales and service

Cash-Flow

- Consolidated/divisional introduction of BS and CF

Challenge !

- Spiral up due to PDCA cycle
- New business creation initiative

Implement Business Strategy Adapted to the Changes in the Management Environment

Segments	Management Environment	Business Strategy
Electronic Device Systems	<ul style="list-style-type: none"> ▪ Semiconductor Manufacturing Market not expected to return to past peak levels ▪ Push ahead with technological development geared toward further scaling ▪ Shift added value from front-end to back-end processes (Near physical limits for front-end scaling) 	<ul style="list-style-type: none"> ▪ Strengthen post-sales and move into non-semiconductor fields ▪ Continue to introduce new products geared toward scaling ▪ Cultivate back-end process and mounting systems as a source of revenue
Fine Technology Systems	<ul style="list-style-type: none"> ▪ Intensifying price-competitiveness due to increasing China-oriented investment in the LCD manufacturing equipment market ▪ Recover HD manufacturing market through enhanced density and increased production 	<ul style="list-style-type: none"> ▪ Promote drastic cost cut ▪ Shift resources to new products and businesses
Science & Medical Systems	<ul style="list-style-type: none"> ▪ Gentle growth in the electron microscope market, rising need for new material analysis ▪ Single-digit growth in markets for in vitro diagnostics and DNA sequencers ▪ Growth in immunodiagnostics but clinical chemistry field saturated 	<ul style="list-style-type: none"> ▪ Create synergies with the electronic microscope/ analytical business ▪ Expand revenues by maintaining and deepening SCB* *System Collaboration Business ▪ Expand business in growing markets such as genetics etc.
Industrial & IT Systems	<ul style="list-style-type: none"> ▪ Rapid growth in the eco-vehicle (EV, HEV etc.), energy and environment (solar, wind power etc.) ▪ Rise in the emerging markets 	<ul style="list-style-type: none"> ▪ Focus on eco-vehicle, environment, and new energy-related markets ▪ Expand high value added business through collaboration with proprietary product divisions ▪ Expand business in the emerging market
Advanced Industrial Products		

III

FY10 Outlook

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

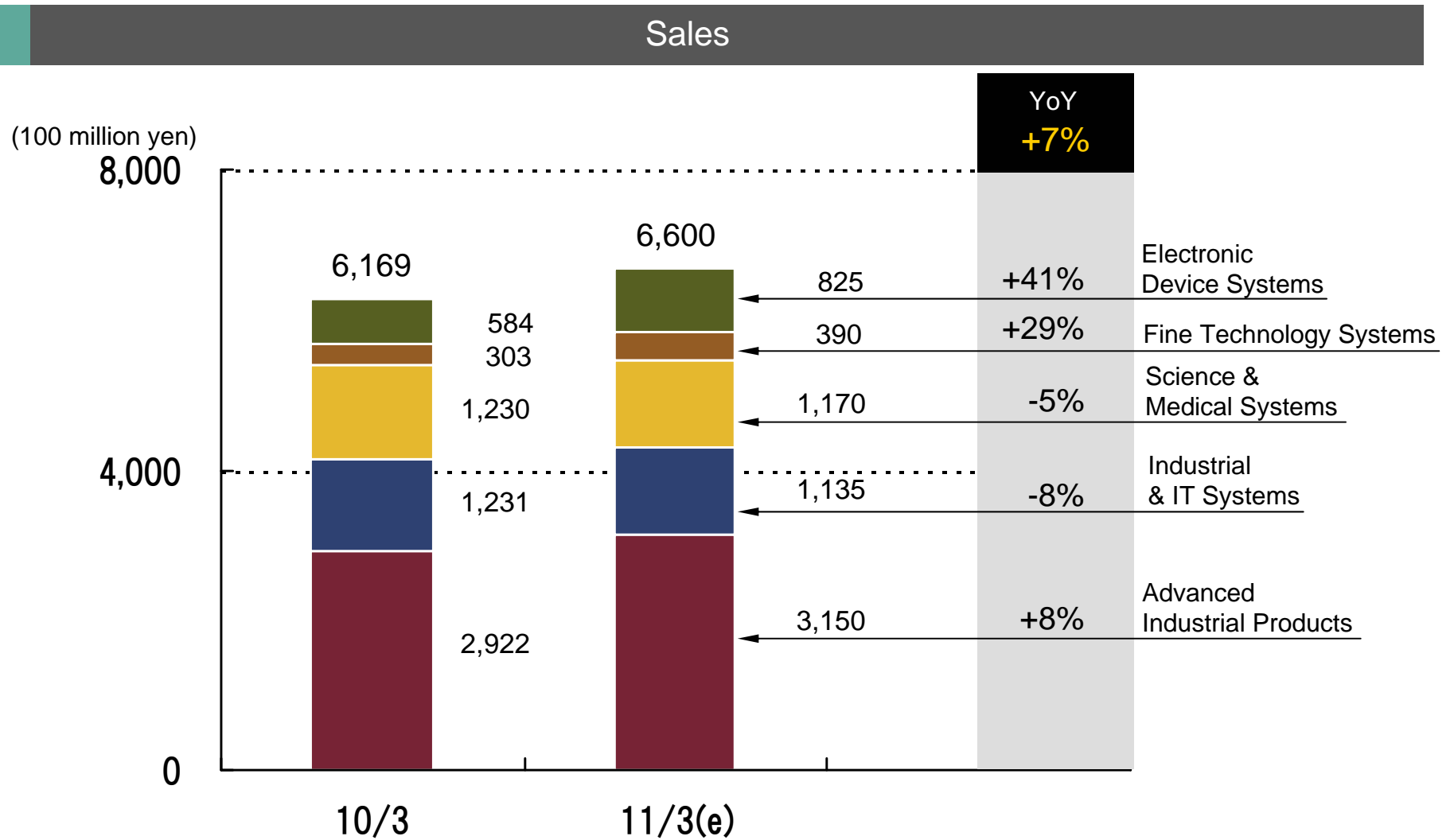
FY10 Outlook (Highlights)

(100 million yen)

	FY10 Outlook	FY09 Results	YoY	
			Increase/Decrease	Ratio
Sales	6,600	6,169	+431	+7%
Operating Income	172	-16	+188	—
Ordinary Income	175	-5	+180	—
Net Income	106	-28	+134	—
Net Income per Share	77.07yen	-20.55yen	+97.62yen	
Cash Dividend per Share	20.00yen	15.00yen	+5.00yen	
ROE	4.6%	-1.2%	+5.8%	
FIV	-12	-122	+111	
FCF	+115	+141	-26	

FX Rate Estimate : 1USD= 85 yen
1EUR=125 yen

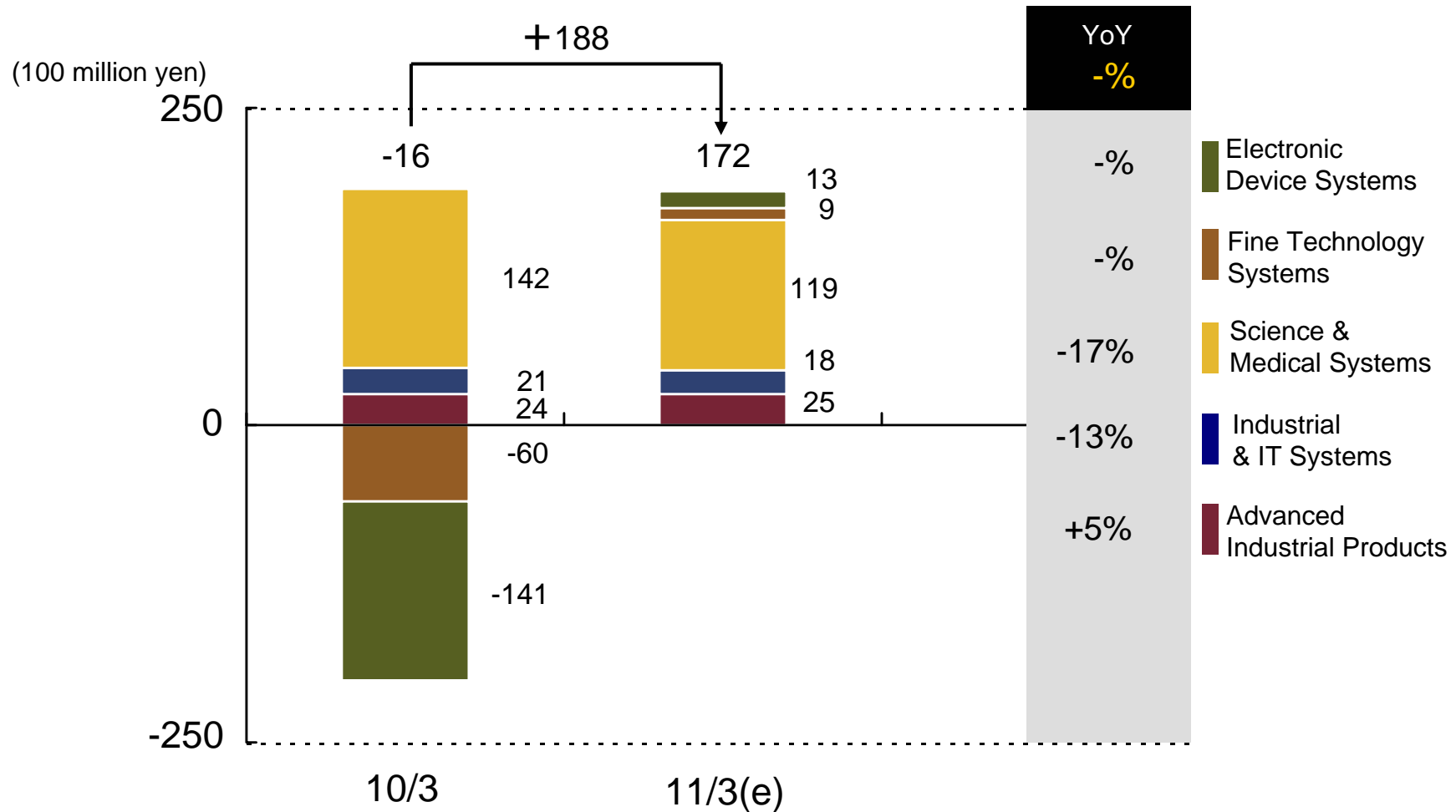
FY10 Outlook (Sales by Segment)



(note) Elimination such as intersegment transactions etc. are included in the totals

FY10 Outlook (Operating Income by Segment)

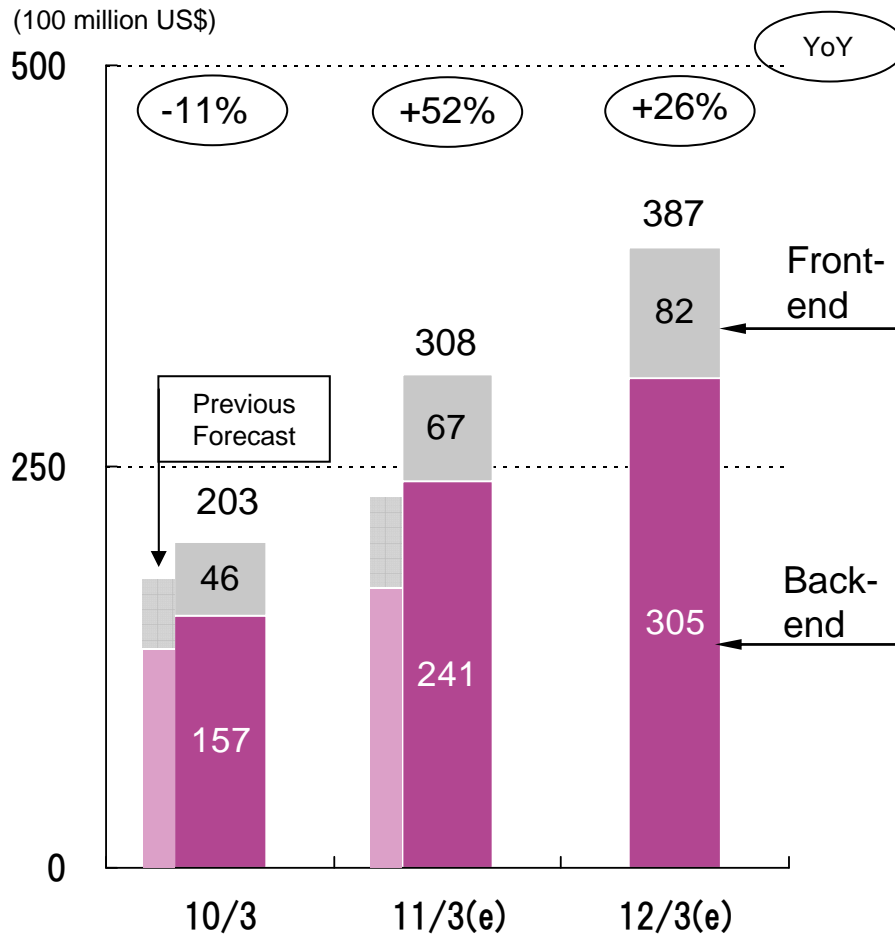
Operating Income



(note) Elimination such as intersegment transactions etc. are included in the totals

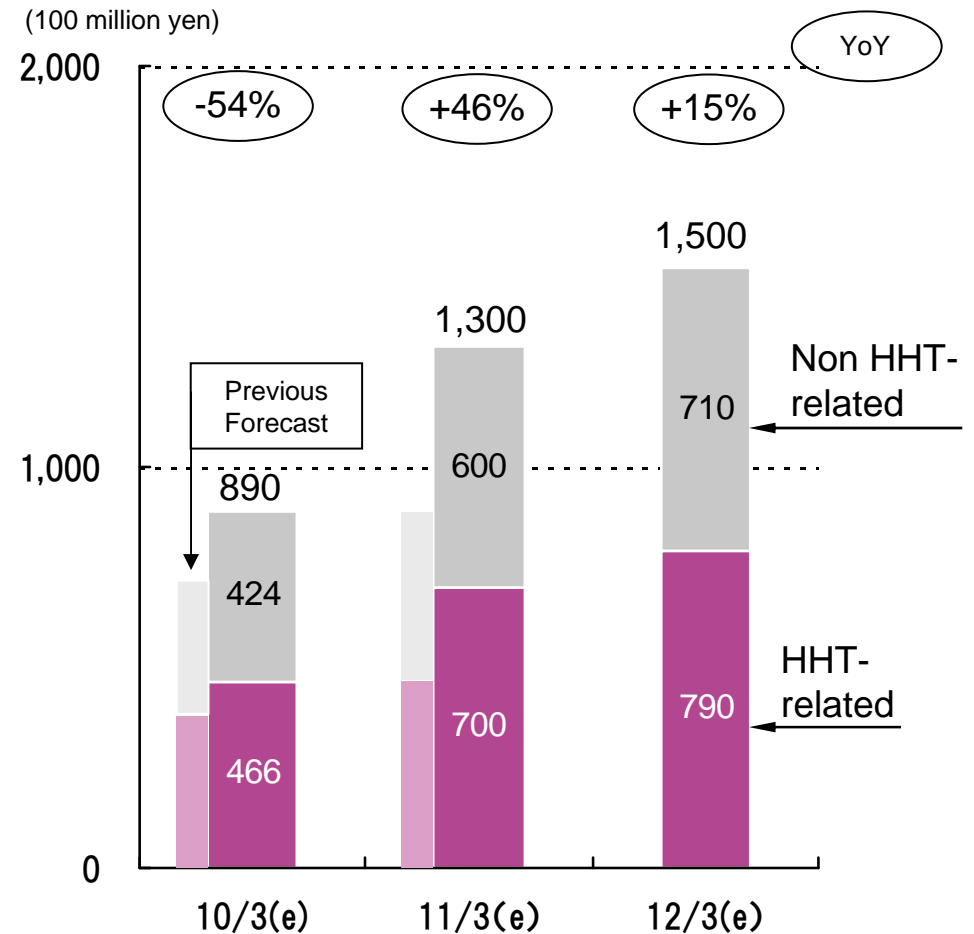
FY10 Outlook (Electronic Device Systems) ①

Semiconductor Manufacturing Equipment Market



(Source) Gartner (Mar. 2010)/HHT's estimation
Previous forecast is based on Gartner (Sep. 2009)/HHT's estimation

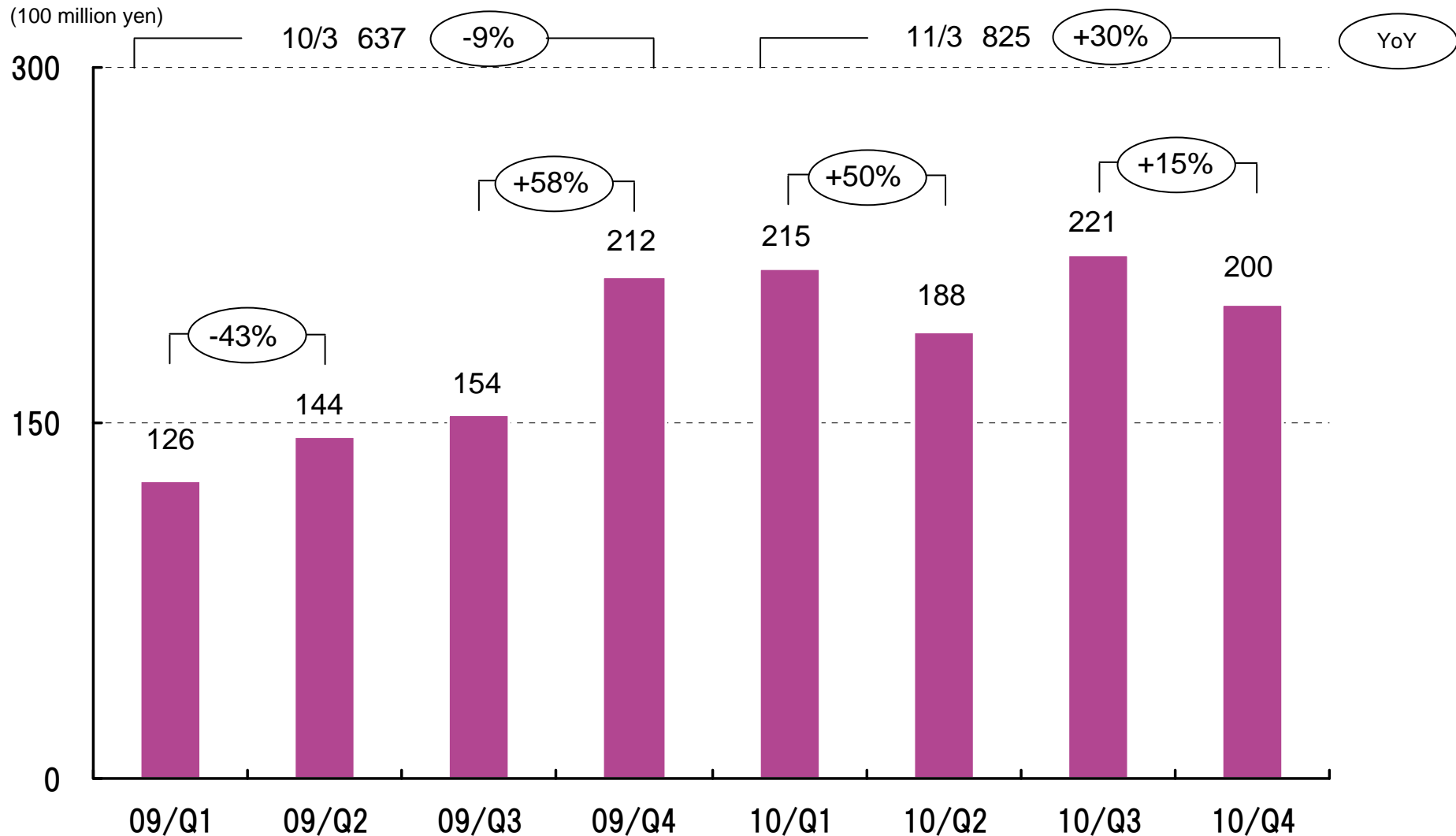
Assembly Equipment Market



(Source) Created by HHT, based on Japan Robot Association's data (Dec. 2009)
Previous forecast is based on published values for Q2/Oct. 2009

FY10 Outlook (Electronic Device Systems) ②

Changes in Order Received

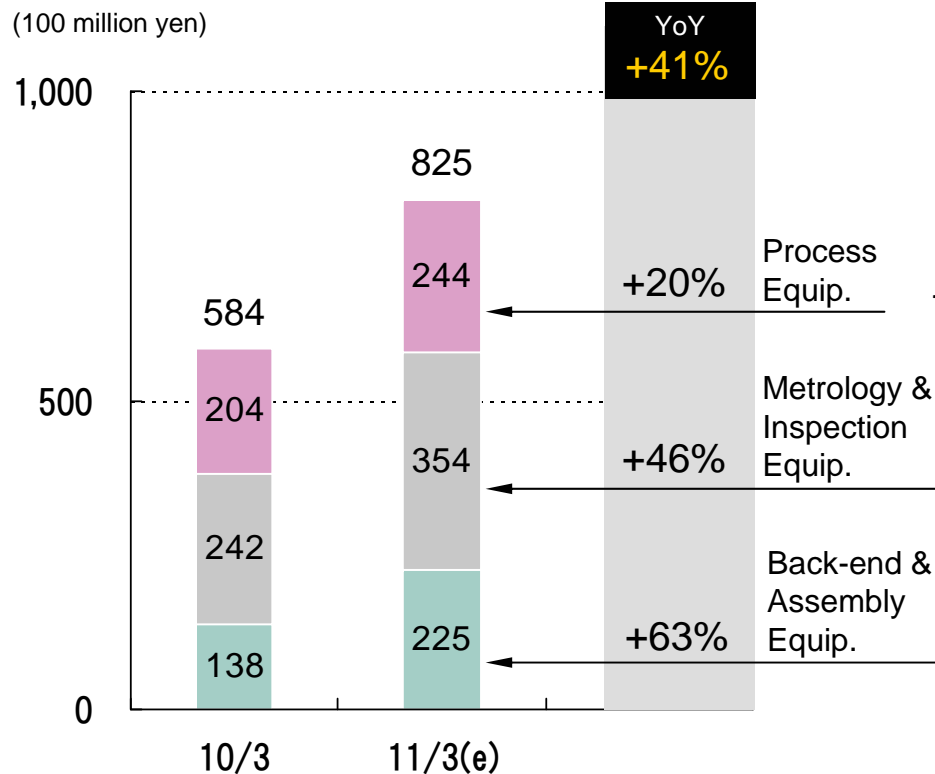


FY10 Outlook (Electronic Device Systems) ③

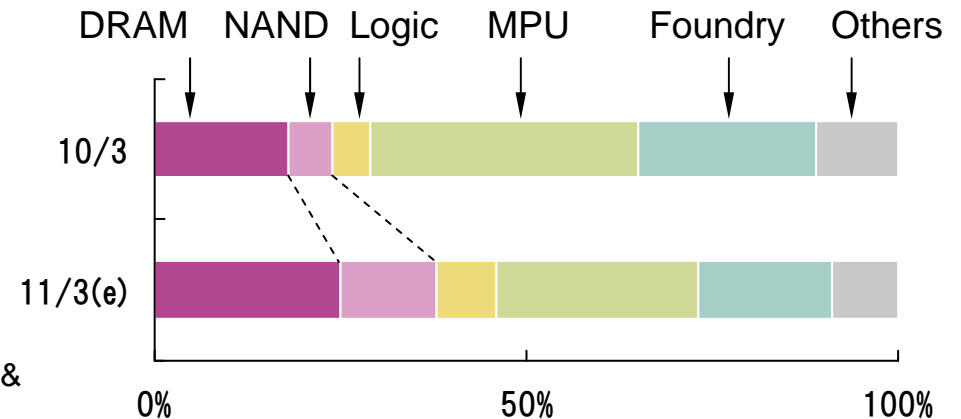
FY10 Strategies

1. Put in effort to growing fields
2. Take capital expenditures by strengthening technologies in scaling and in our unique areas of superiority

Sales Change in Main Business



Sales Ratio by Fields (Front-end Equip.)



FY09: Secured sales to MPU makers amid overall market contraction

FY10: Proportion of DRAM, NAND back to FY08 levels as memory device manufacturers resume investment

Strengthen Semiconductor Front-end Process Business

Resumption of Investment by Semiconductor Manufacturers (DRAM, NAND, MPU, ASSP)



New Products

Scaling Application

- OPC* growing more complex
- Introduction of DP* and other new technologies
- Adoption of HK/MG* and other new materials

*OPC : Optical Proximity Correction *DP : Double Patterning *HK/MG : High-k / Metal Gate

- New CD-SEM application for computational lithography
- Precision metrology application along with DP compatibility
- Advanced Gate Etch Processing Equipment



CD-SEM
CG Series



Design Based
Metrology System
DesignGauge
Series

[Effects]

- Shortened development period
- Improve productivity

Unique areas of superiority

- Response to growth fields such as HDD heads, embedded memory devices
- Correspond to causes of decreasing yield that are overt

- Non-volatile material etching
- Defect review SEM
Expand applications using design data



EMCP Etcher
E Series



Defect Review
SEM
RS Series

[Effects]

- Respond to systematic defects
- Improve yield rate

Strengthen Semiconductor Back-end & Assembly Equipment Business

● Expand the back-end memory device market

Expand NAND Application

High Capacity Application

- High integration 3D mounting

DRAM for High-end Products

High Speed Transmitting Application

- New type package

- Adoption of thin film handling control system
- High precision matching multi-layered application
- High speed bonding application for flip chip



(NAND/SiP)
DB-800 series



(DRAM)
CM-700 series

[Effects]

- Cut production cost
- Improve quality & reliability

● Expand the SMT market

Diversification in Components

- Multi-breed
- Becoming compact/thin

High speed/precision Assembly

- High productivity
- High reliability

Expand to Emerging Areas

- High quality
- Easy operation

- Adoption of easy arrangement and high speed head exchange application for multi-breed
- State of the art mechatronics and control technology application
- Smart operation system for high efficient production



Modular Mounter
G4



G5



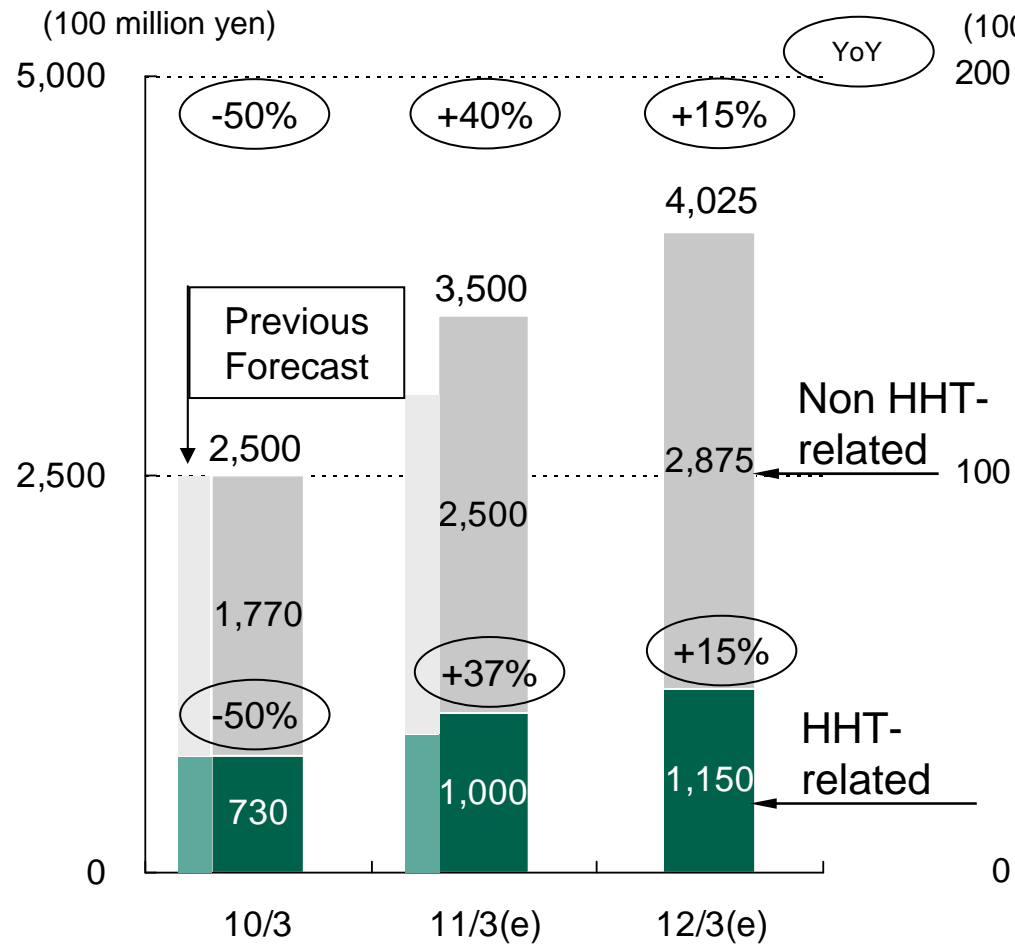
Printing Equip.
P4

[Effects]

- Flexible production
- Reduce downtime

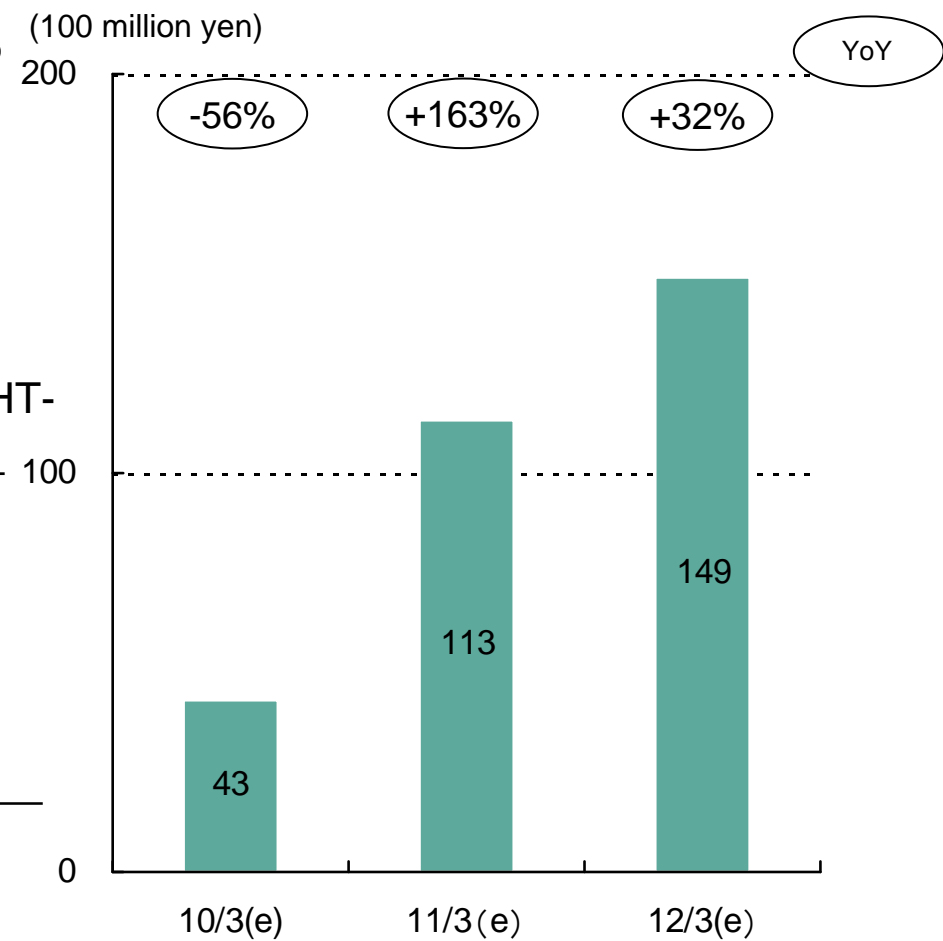
FY10 Outlook (Fine Technology Systems) ①

LCD Manufacturing Equipment Market



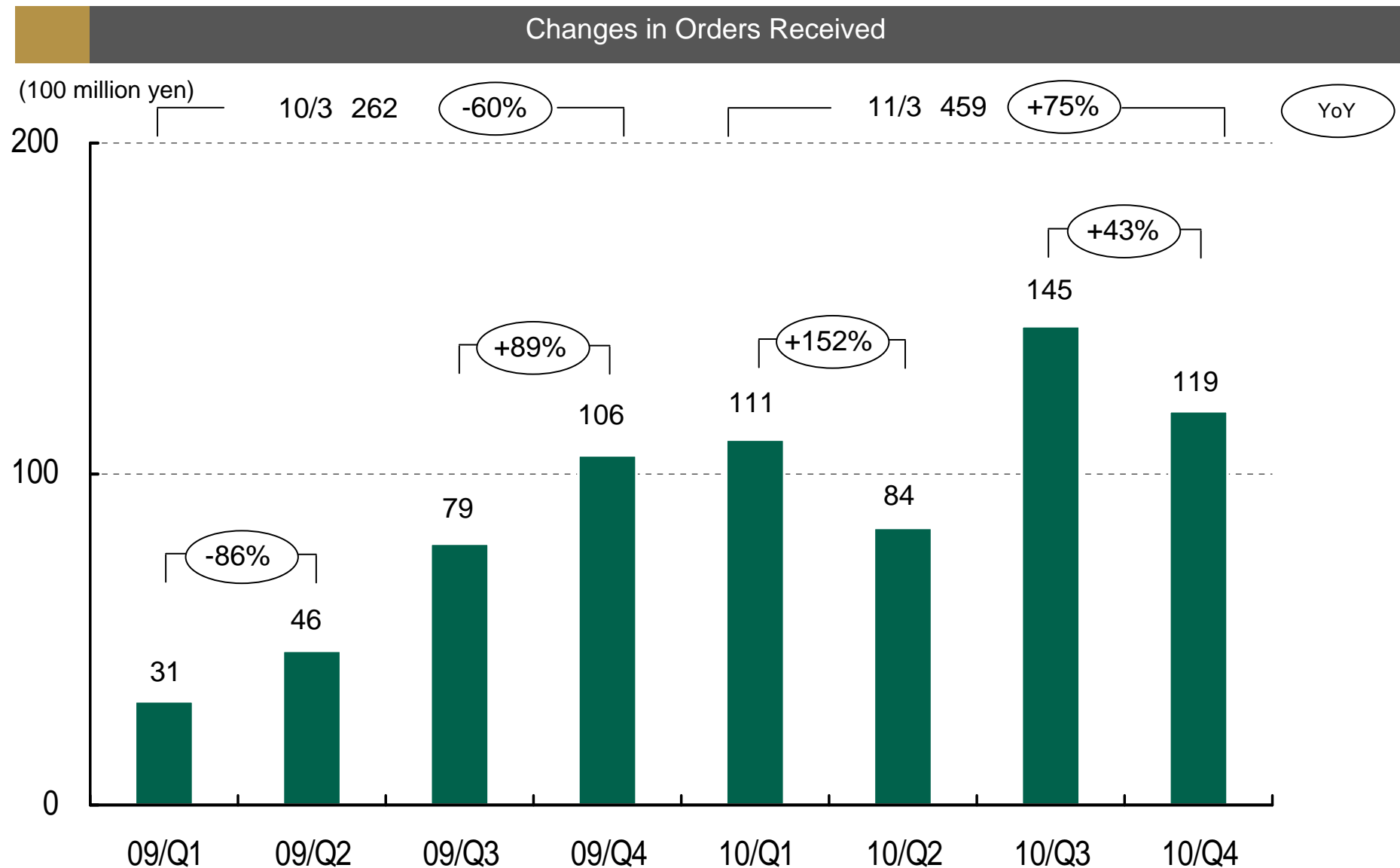
(Source)HHT's estimation based on SEAJ (Jan. 10) data
*Previous Forecast (Published Values for Q2/Oct. 2009)

HD Manufacturing Equipment Market (HHT-related)



(Source)HHT's estimation

FY10 Outlook (Fine Technology Systems) ②

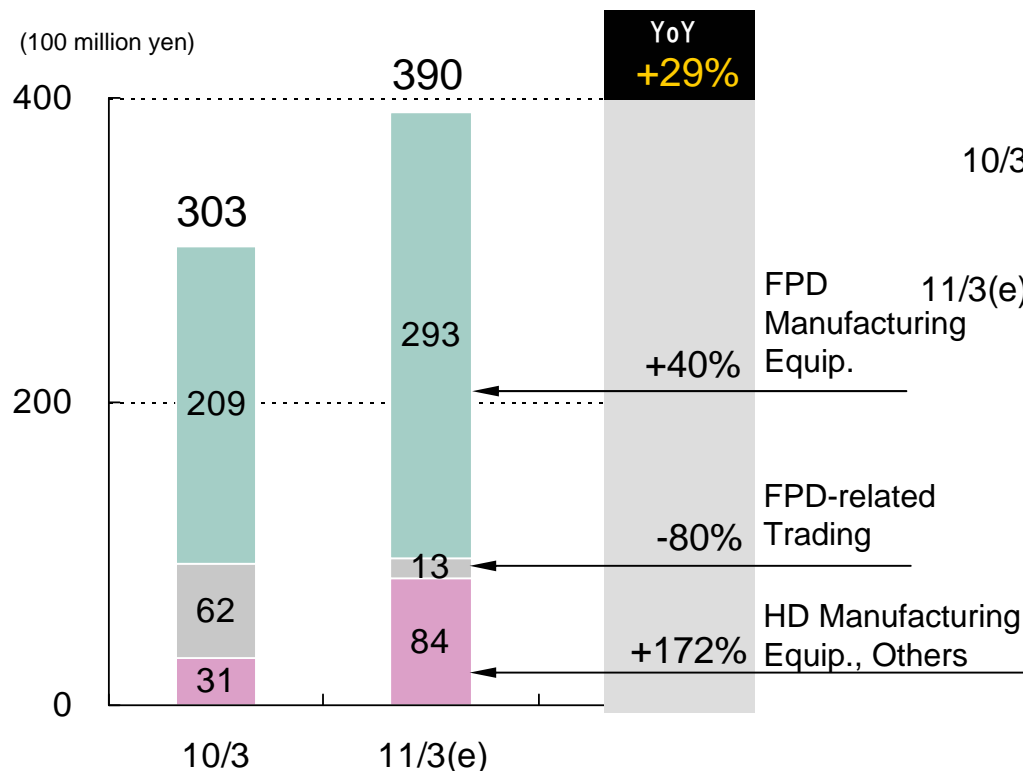


FY10 Outlook (Fine Technology Systems) ③

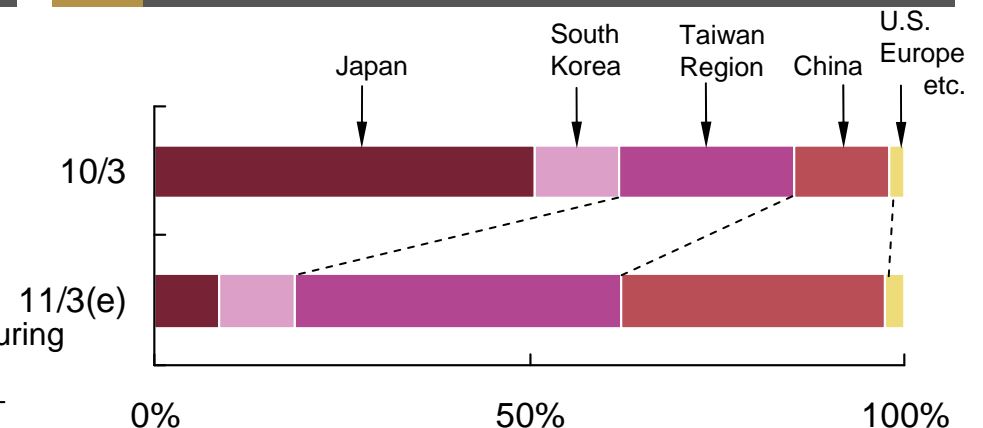
FY10 Strategies

1. Expand business by raising competitiveness of existing products and introducing new products (new-type LCD assembly system / HD inspection equipment)
2. Acceleration of development of new business (OLED manufacturing / inspection equipment)
3. Shift to a business structure that adapts to market changes (strengthen sales power in China/improve cost-competitiveness)

Sales Changes in main products




Sales Ratio by Region (LCD-related equip.)



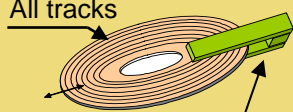
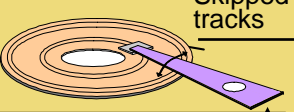
- Make shift to Taiwan region and mainland China center of LCD-related investment in FY10
- Centering on the HD-related production improvements in FY09, in FY10 make investments to raise production significantly

HD inspection: New Concept Leads to Breakthrough

[Optical patterned media inspection system] Improve quality and reduce inspection cost by inspecting entire disk




Optical patterned media inspection system

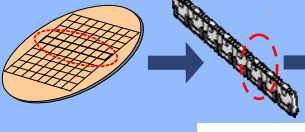
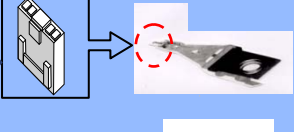
	New concept device	Conventional device
Inspection format	 <p>All tracks Optical inspection</p>	 <p>Skipped tracks Electrical properties inspection (inspection head)</p>
Inspection area	Total surface inspection (quality improvement)	1% of all tracks
Consumables	No need for inspection head (reduce inspection cost)	Use inspection head

Expand market share 20% up

[Head element configuration inspection system] Improve productivity through inspections in the head assembly front-end process



Head element configuration inspection system

	New concept device	Conventional device
Head assembly	 <p>Wafer → Cut</p>	 <p>Slider → Assembly</p>
Inspection format	Measurement of head element configuration	Measurement of electrical properties
Special features	Inspect in front-end Process (improve yield rate/reduce cost)	Final assembly process inspection

Create new markets for head inspection

FY10 Outlook (Science & Medical Systems) (Analytical Instruments)

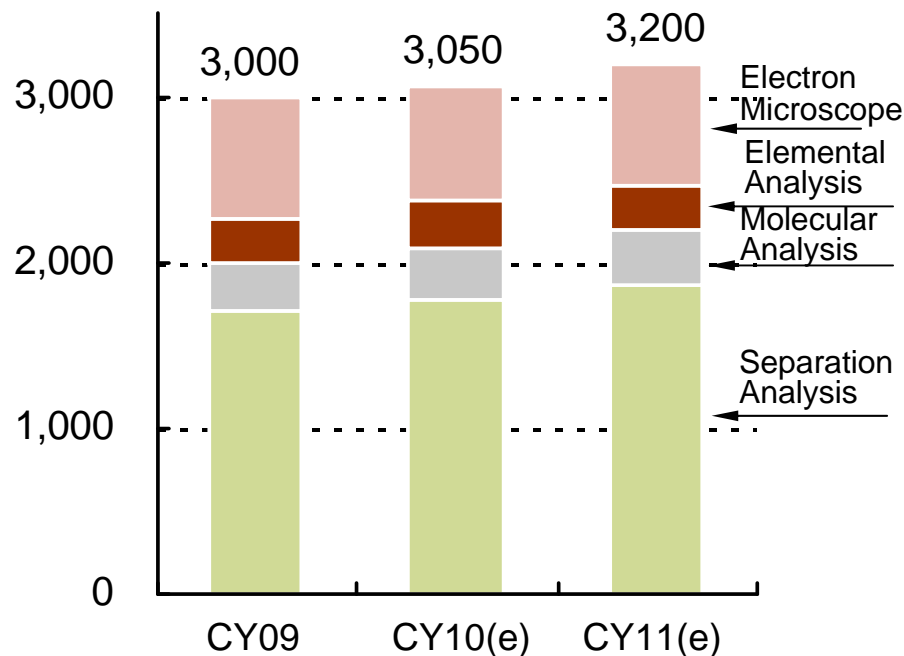
FY10 Strategies

1. Actively expand sales into growth markets (fuel cell, PV, LED, pharmacy, etc.)
2. Strengthen sales of electron microscope to biotech customers and general analysis systems to semiconductors and parts and materials customers

Overview of Analytical Instruments Market (HHT-related)

(100 million yen) (Based on Sales)

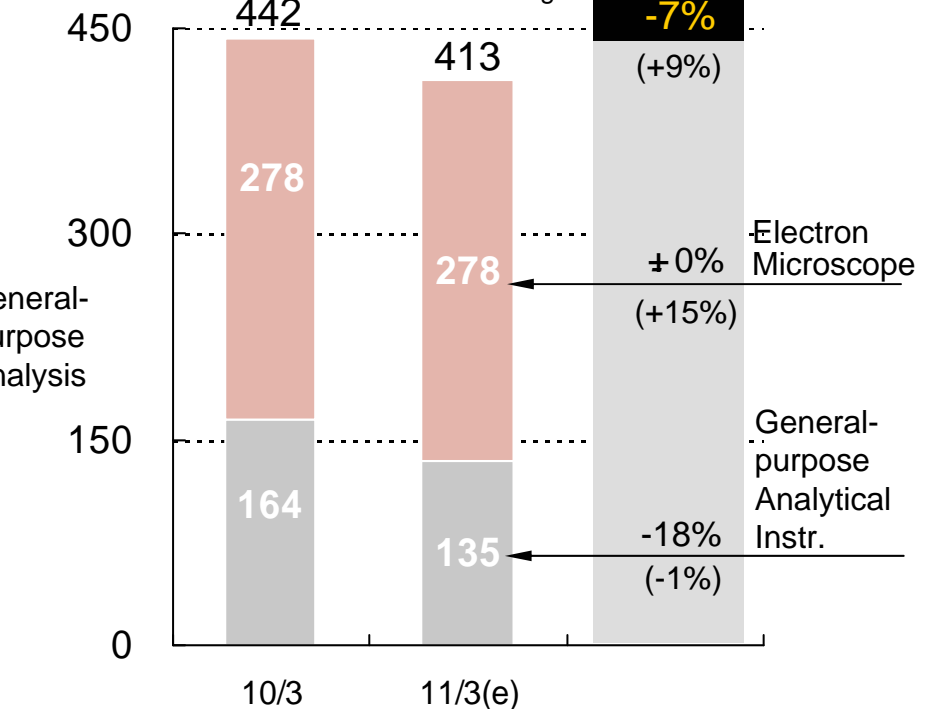
CAGR 3%



(Source) HHT's estimation based on SDI Global Assessment Report 10.5 Edition data, etc.

Changes in Sales

(100 million yen) () exclude the effect of additional budget



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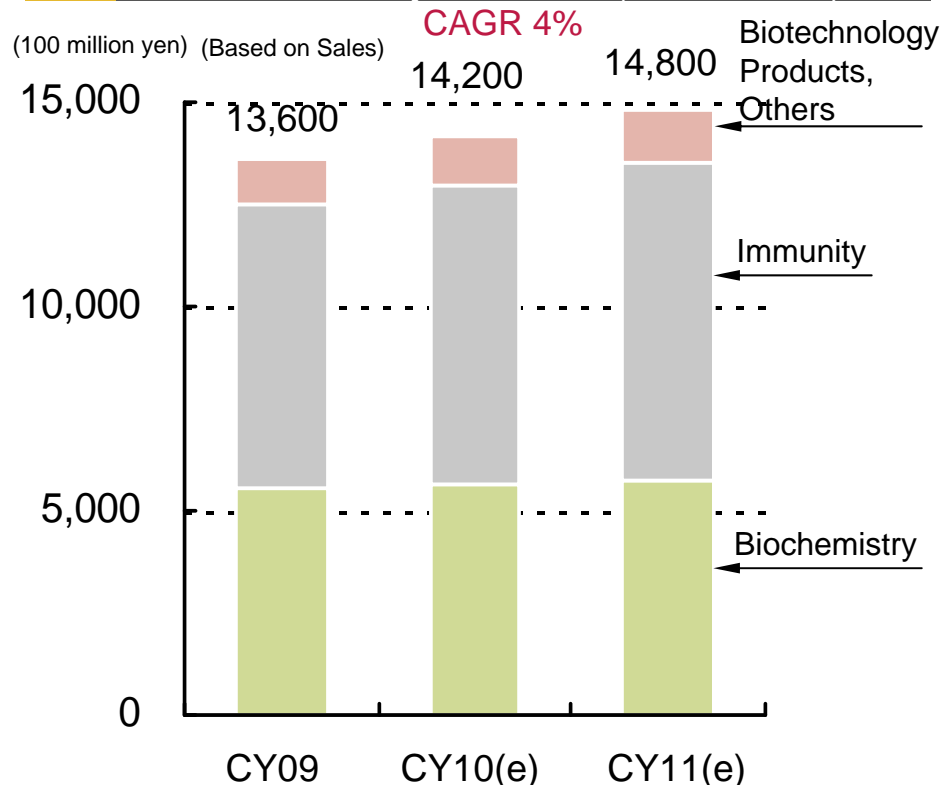
FY10 Outlook (Science & Medical Systems)

(Biotechnology Product / Clinical Analyzer)

FY10 Strategies

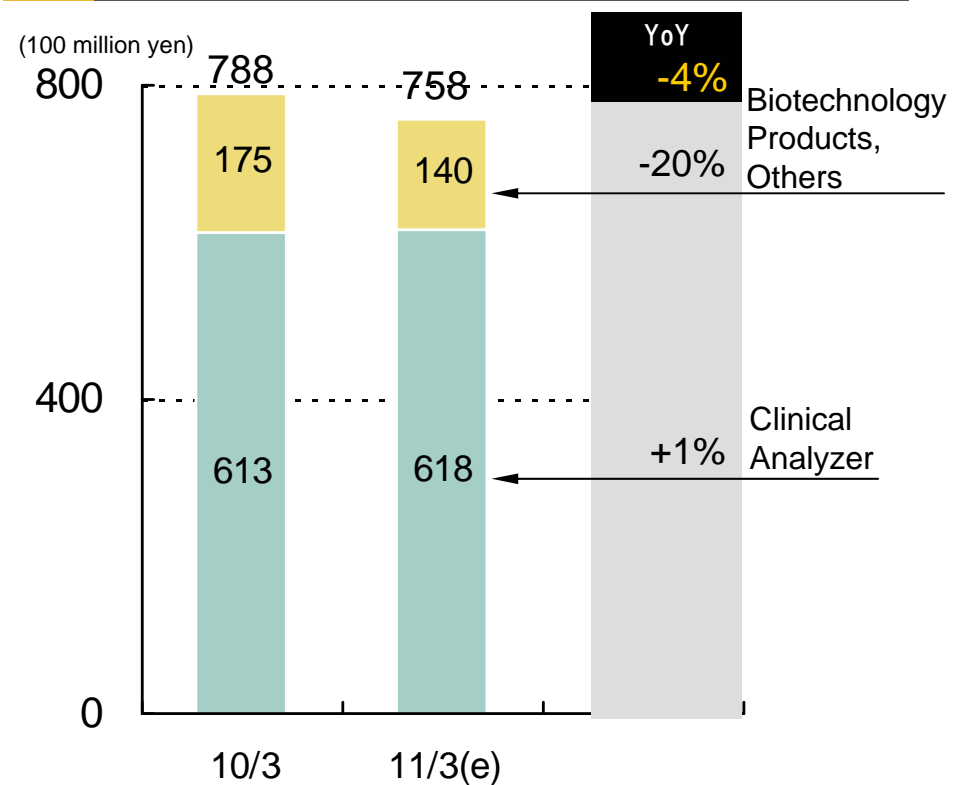
1. Promote SCB with leading companies (SCB: System Collaboration Business)
2. Promote equipment & reagent sales (China / Japan)

Overview of Biotechnology / Clinical Analyzer market (HHT-related)



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

Changes in Sales



Automated Platform Technology for Genetic Testing

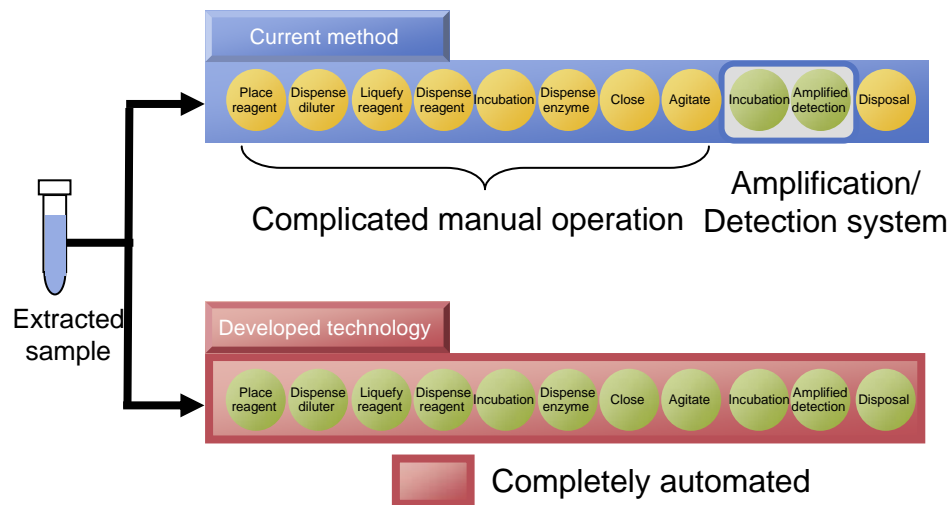
- Promote SCB with leading companies -

● What is Genetic Testing?

Genetic testing enables early detection and treatment of infectious disease and other illnesses by measuring the type of genes (nucleic acid) in pathogenic organisms and the level of contamination.

● Special Features of the Technology

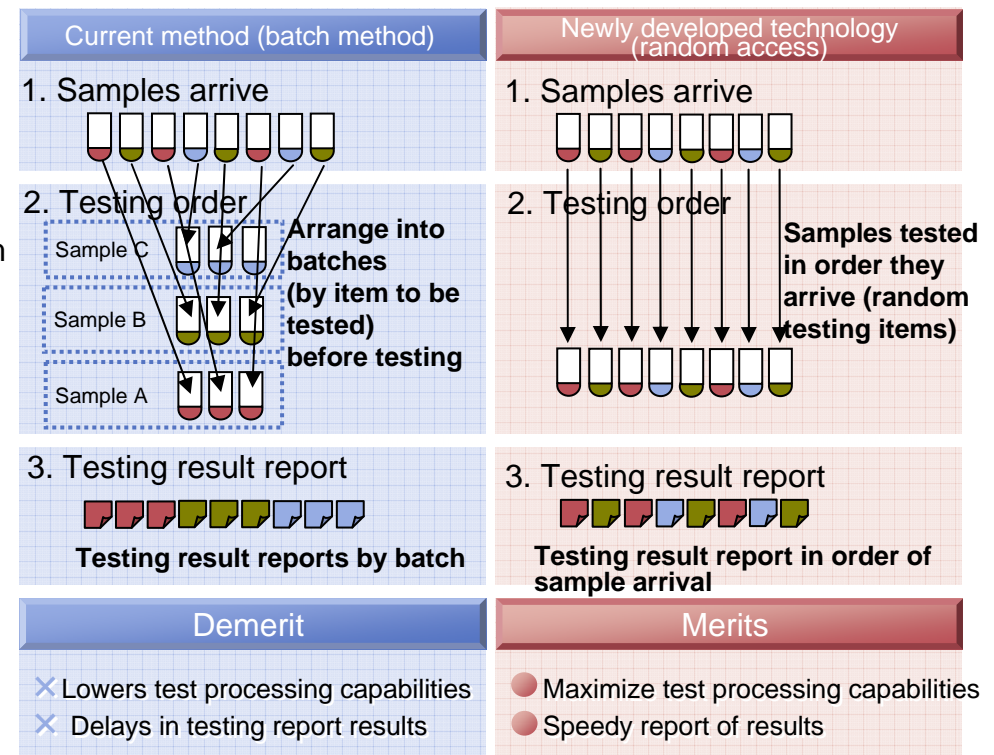
1. Complete automation of a complicated manual operations



Example: Infectious Disease Testing

Genetic Testing	Operability	Speed of Report
Current Method	×	△
Newly Developed Technology	○	○

2. Speedy report using random access



● Going Forward

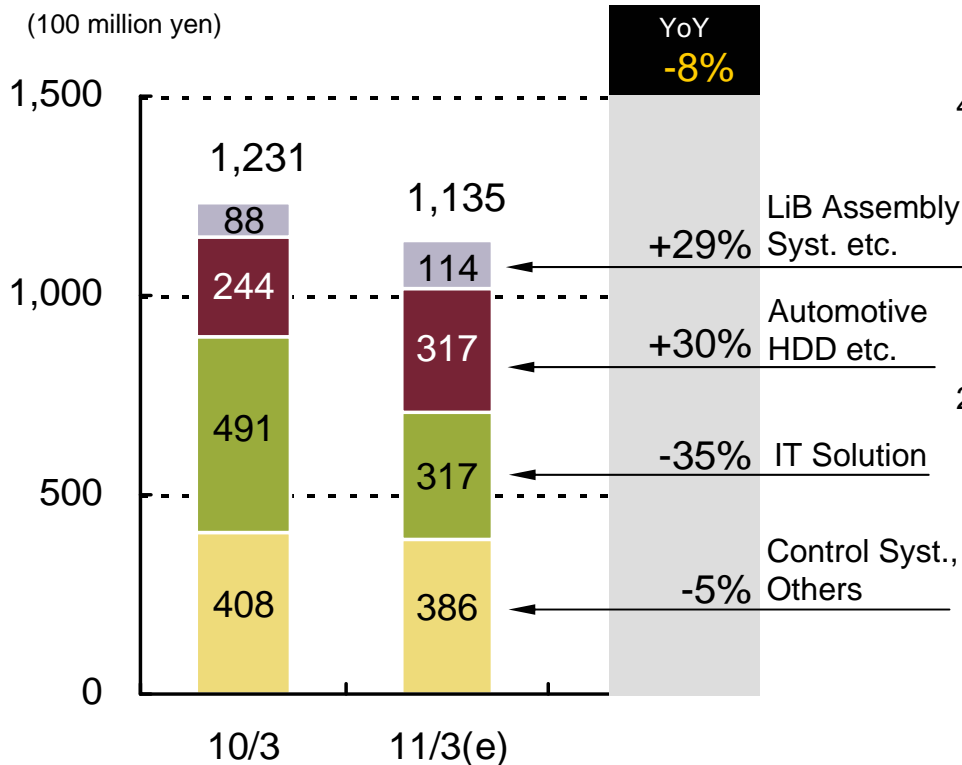
- Promote collaboration with reagent manufacturers
- Plan to bring to market in FY11 (the research market)

FY10 Outlook (Industrial & IT Systems) (Advanced Industrial Products)

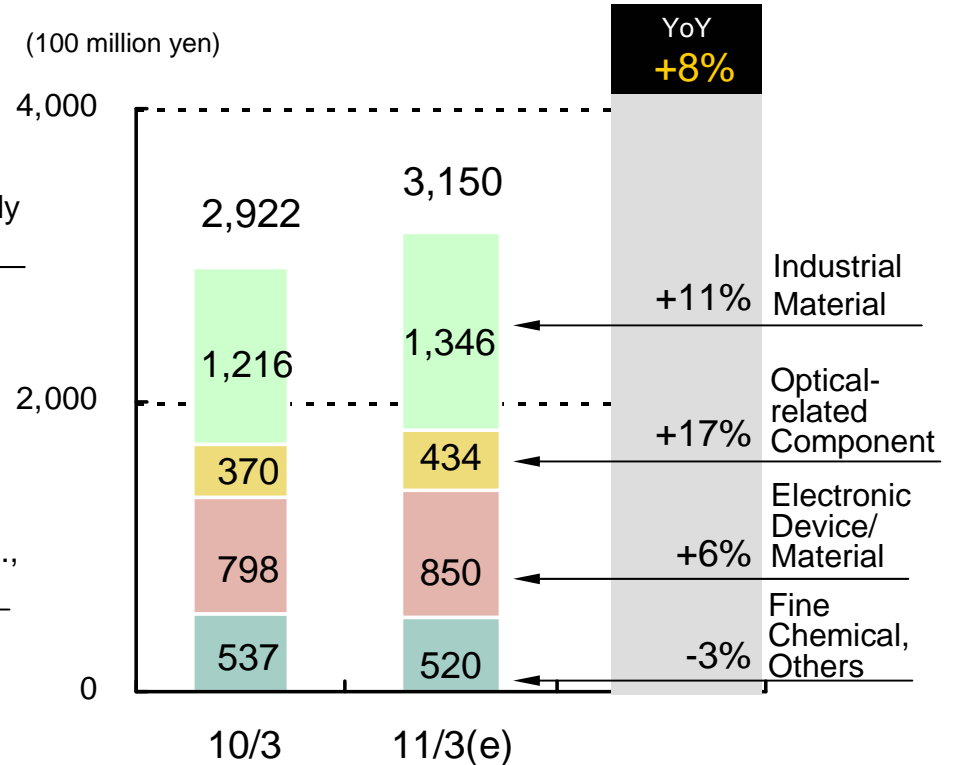
FY10 Strategies

1. Expansion of Energy & Environmental Business (PV, LiB, etc.)
2. Acceleration businesses in developing regions (BRICs – VISTA)

Changes in Sales (Industrial & IT Systems)



Changes in Sales (Advanced Industrial Products)



Energy & Environmental Business

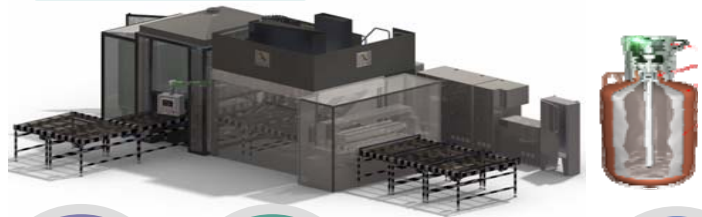
Expansion of PV Equipment and Material Business (Establish strategic partnership with XeroCoat)

Anti-reflective(AR) coating equipment and material for PV

Coating equipment



Materials



XeroCoat, Inc.

Hitachi High-Tech

Equipment / Material

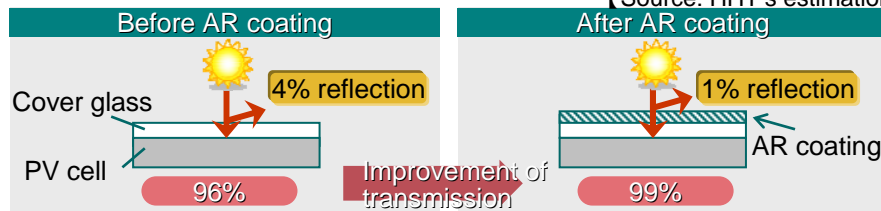
PV module manufacturers

- U.S. venture company
- Equipment (coat at room temperature) + material (bond chemically)

Technology comparison

Method	XeroCoat, Inc.	Sputtering/CVD	Etching	Sol-Gel
Efficiency	○	○	△	△
Easy processing	○	×	×	×
Coating price	200¥/m ²	400¥/m ²	500¥/m ²	600¥/m ²

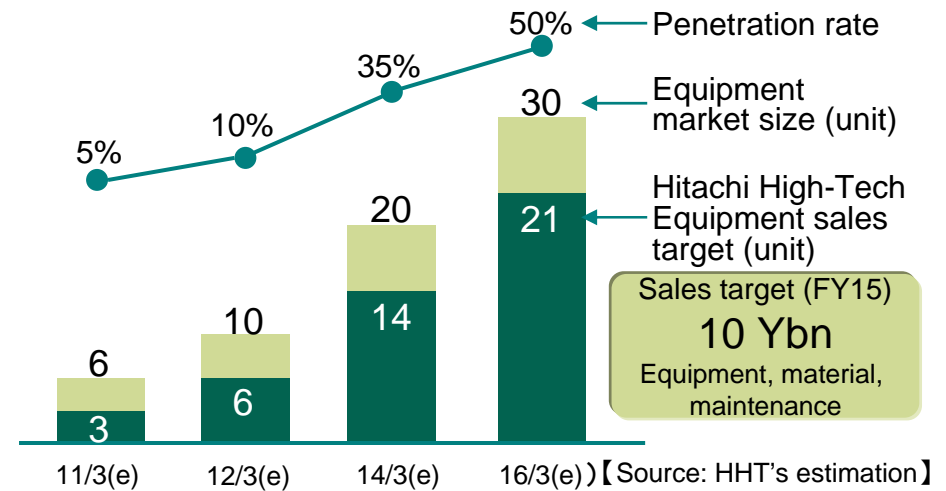
【Source: HHT's estimation】



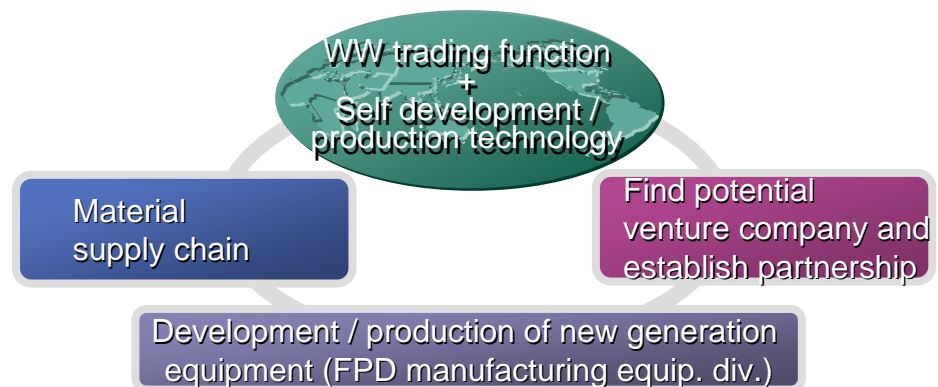
3% increase in energy production

Business Target

70% share of the AR coating equipment market (FY15)



Synergy among Trading and Manufacturing Function



IV

Financial Data

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

Quarterly Results

(100 million yen)

	08/Q1	08/Q2	08/Q3	08/Q4	09/Q1	09/Q2	09/Q3	09/Q4
Sales	1,829	2,404	1,633	1,883	1,325	1,492	1,451	1,901
Operating Income	19	106	23	1	-38	-38	4	56
Ordinary Income	26	113	30	-4	-32	-37	8	57
Net Income	-2	78	20	-25	-20	-33	-3	28

■ Sales by Segment

(100 million yen)

	08/Q1	08/Q2	08/Q3	08/Q4	09/Q1	09/Q2	09/Q3	09/Q4
Electronic Device Systems	250	612	327	494	200	233	238	470
Life Sciences	248	243	213	273	207	233	217	297
Information Systems & Electronic Components	443	616	420	558	352	398	384	462
Advanced Industrial Products	888	933	673	558	566	628	613	672

Capital Expenditure/Depreciation Costs/R&D

(100 million yen)

	09/3	10/3	YoY	11/3(e)	YoY
Capital Expenditure	122	94	-23%	118	+26%
Depreciation Costs	95	96	+1%	103	+8%
R&D	215	193	-10%	222	+15%

*Capital Expenditure is based on an acquisition bases

Context (FY09)

Capital Expenditure: 2.9Ybn decrease

Extension and renovation of Naka Works

R&D: 2.2Ybn decrease

Development of elemental technology in Electronic Device Systems and Life Sciences

Restatement of FY09 Sales by Segment

(unit: 100 million yen)

No.	Segment		Sub-Segment		FY09 Result		(b)-(a)	Ref.No. to be applied
	Old	New	Old	New	(a)Old	(b)New		
1	Electronic Device Systems	Electronic Device Systems	Process Equip.	Process Equip.	201	204	3	8
2			Metrology & Analysis Equip.	Metrology & Inspection Equip.	519	242	-277	11
3				Back-end & Assembly Equip.	0	138	138	8,16
4				Total	720	584	-136	
5		Fine Technology Systems	LCD Manufacturing Equip.	FPD Manufacturing Equip.	224	272	48	8
6			HD Manufacturing Equip.	HD Manufacturing Equip.,Others	17	31	14	8
7				Total	241	303	62	
8			Others		180	0	-180	3,5,6,21,28
9			Total	1,141	887	-254		
10	Life Sciences	Science & Medical Systems	Biotechnology-related Biz.	General-purpose Analytical Instr.		164		13
11				Electron Microscope	213	278	229	2
12			Medical-related Biz.	Clinical Analyzer		613		
13				Biotechnology Product, Others	708	175	80	10
14			Others		34	0	-34	10,11,12,13,28
15		Total	955	1,230	275			
16	Information Systems & Electronic Components	Industrial & IT Systems	Assembly Syst.	LiB Assembly Syst. etc.	162	88	-74	3
17				Automotive HDD etc.	0	244	244	18
18			Information Syst.	IT Solution	733	491	-242	17
19			Semiconductor		193	0	-193	24
20			Media Devices		176	0	-176	24
21			Others	Control Syst., Others	331	408	77	8,28
22		Total	1,595	1,231	-364			
23	Advanced Industrial Products	Advanced Industrial Products	Industrial Material	Industrial Material	1,168	1,217	49	26
24			Electric Material	Electric Device/Material	526	798	272	19,20,26
25			Optical-related Component	Optical-related Component	357	370	13	26
26			Others	Fine Chemical, Others	427	537	110	23,24,25,28
27		Total	2,478	2,922	444			
28	Eliminations & Corporate Items				0	-100	-100	8,14,21,26
29	Company Total				6,169	6,169	0	

[Notes on the data]

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END

FY09 Financial Results

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