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## **FY15 2nd Quarter Financial Results**

October 26, 2015

Hitachi High-Technologies Corporation

President and Chief Executive Officer Masahiro Miyazaki

Vice President and Executive Officer Shunichi Uno

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## FY15 2nd Quarter Financial Results

1. Outline of FY15 Q1-Q2
2. Management Policy
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## 1. Outline of FY15 Q1-Q2

Note: YY/M denotes the year and month of the accounting period-end  
(e) denotes the previous forecast (July 2015)

\*Hitachi High-Technologies Corporation has applied International Financial Reporting Standards (IFRS), starting with the consolidated financial statements in its annual securities report for the year ended March 31, 2015 (FY14)

# Outline of FY15 Q1-Q2 (Highlights)

(100 million yen)

	FY15 1H Results	YoY		vs. Previous Forecast	
		Increase / Decrease	Ratio	Increase / Decrease	Ratio
Revenues	3,141	+130	+4%	+41	+1%
EBIT	221	-3	-1%	+31	+16%
Income before Income Taxes	223	-3	-2%	+31	+16%
Net Income	169	+0	+0%	+30	+22%
Net Income per Share	123.09 yen	+0.26 yen		+22.02 yen	
Cash Dividend per Share	25.00 yen	+5.00 yen		±0.00 yen	
FCF	+21		-82		-33

Notes: •Previous forecast (July 2015)

•Exchange rate: 1USD=122 yen, 1EUR=135 yen

•EBIT (Earnings before interest and taxes): Earnings after the subtraction of interest income and interest expense from income before income taxes

# Outline of FY15 Q1-Q2 (Revenues and EBIT by Segments)

(100 million yen)		FY15 1H Results		FY14 1H Results		YoY		FY15 1H Outlook(e)	
		Revenues	EBIT	Revenues	EBIT	Revenues	EBIT	Revenues	EBIT
	Electronic Device Systems	547	74	522	102	+5%	-27	535	68
	Fine Technology Systems	58	2	45	0	+29%	+2	64	2
	Science & Medical Systems	854	139	799	130	+7%	+9	814	119
	Industrial & IT Systems	394	-2	385	-2	+2%	-0	378	-4
	Advanced Industrial Products	1,313	18	1,286	10	+2%	+8	1,338	14
	<b>Total</b>	<b>3,141</b>	<b>221</b>	<b>(3,129) 3,011</b>	<b>(221) 225</b>	<b>(+0%) +4%</b>	<b>(-0) -3</b>	<b>3,100</b>	<b>191</b>

Notes: • Elimination such as subtractions in intersegment transactions, etc., are included in the totals  
 • In the row for Total, figures in parentheses include the performance of discontinued operations

# Outline of FY15 Q1-Q2 (Explanation of Deviations)

vs. Previous Forecast (July 2015)

Revenues (310 Ybn → 314.1 Ybn +4.1 Ybn)

- Electronic Device Systems: Increased 1.2 Ybn due mainly to sales growth of servicing and components of process equipment for U.S. customers
- Science & Medical Systems: Increased 4.0 Ybn due to sales growth of clinical analyzer for the Chinese market
- Industrial & IT Systems: Increased 1.6 Ybn due mainly to sales growth of automotive HDD
- Advanced Industrial Products: Decreased 2.5 Ybn due mainly to a sag in construction machinery demand from falling resource prices

EBIT (19.1 Ybn → 22.1 Ybn +3.1 Ybn)

- Electronic Device Systems: Increased 0.6 Ybn for the same reason as revenues
- Science & Medical Systems: Increased 2.0 Ybn for the same reason as revenues

# Outline of FY15 Q1-Q2 (Statement of Financial Position in Summary) **HITACHI** Inspire the Next

As of end of September 2015 (100 million yen)

		vs. 15/3			vs. 15/3
<b>Current Assets</b>		<b>3,936</b>	<b>-148</b>	<b>Current Liabilities</b>	
Cash and Cash Equivalents	<b>1,524</b>	<b>-15</b>	Trade Payables	<b>1,049</b>	<b>-167</b>
Trade Receivables	<b>1,363</b>	<b>-3</b>	Others	<b>558</b>	<b>-108</b>
Inventories	<b>922</b>	<b>+15</b>	<b>Non-Current Liabilities</b>		<b>468</b>
Others	<b>127</b>	<b>-145</b>	Retirement and severance benefits	<b>440</b>	<b>+1</b>
<b>Non-Current Assets</b>		<b>1,292</b>	<b>+9</b>	Others	<b>28</b>
Property, Plant and Equipment	<b>723</b>	<b>+6</b>	<b>Equity</b>		<b>3,152</b>
Intangible Assets	<b>127</b>	<b>-5</b>	Equity attributable to owners of the parent	<b>3,149</b>	<b>+135</b>
Others	<b>442</b>	<b>+9</b>	Non-controlling interests	<b>3</b>	<b>-0</b>
<b>Total Assets</b>	<b>5,228</b>	<b>-139</b>	<b>Total Liabilities &amp; Shareholder Equity</b>		<b>5,228</b>
					<b>-139</b>

Note: Shareholder Equity per Share: 2,289.65 yen (vs.15/3 +98.33yen)

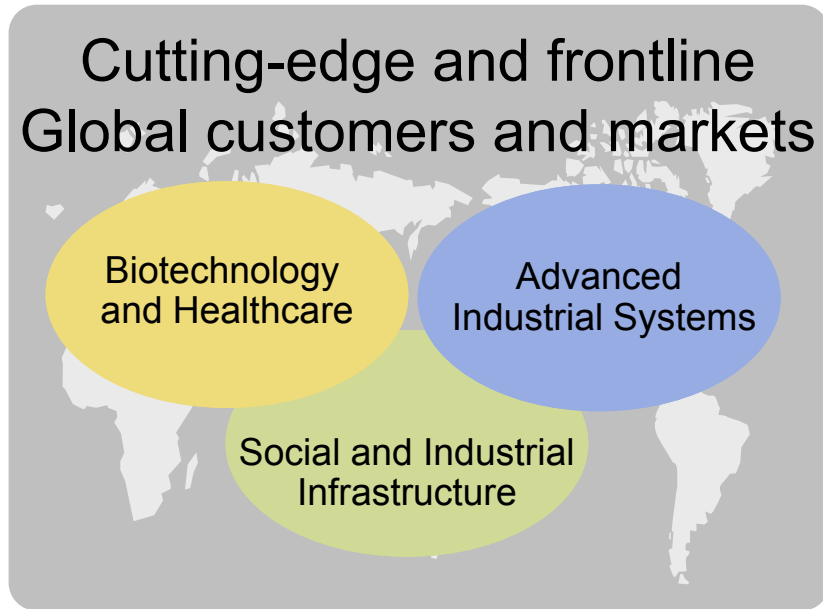
# Outline of FY15 Q1-Q2 (Statement of Cash Flows)

(100 million yen)		15/1H			15/1H
Cash Flow from Operating Activities		-49	Cash Flow from Financing Activities		-36
Net Income		+169	Dividends Paid		-35
Depreciation and Amortization		+52	Others		-1
Working Fund		-207	Effect of Exchange Rate Changes		+0
Income Tax Expense and Refund		-97			
Others		+34			
Cash Flow from Investing Activities		+70			
Proceeds from Sale / Purchase of Investments in Securities and Other Financial Assets		-6			
Proceeds from Sale / Purchase of Property, Plant, Equipment and Intangible Assets		-53			
Others		+129			
Free Cash Flow		+21			
					15/1H
			Cash and Cash Equivalents		
			At the Beginning of Year		1,539
			Net Increase (Decrease)		-15
			At the End of Term		1,524



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## 2. Management Policy



Biotechnology  
and Healthcare

## Invest intensively in this top priority field

- Expand existing businesses and actively develop new fields and new businesses  
In vitro diagnostics, Biotechnology, Life sciences informatics

Social and  
Industrial  
Infrastructure

## Strengthen as the Company's core competence

- Make further use of infrastructure solutions  
Scientific systems and trading business underpinning industry and society at large, social infrastructure business, narrowly defined as renewable energy and certain other fields

Advanced  
Industrial  
Systems

## Enhance profitability through selection and concentration

- Specialize in cutting-edge, growing domains  
Focus on: Semiconductor Metrology and Inspection Equipment, Process Equipment  
Withdraw from: Chip moulder, Bonder



Provide high-tech solutions

**Core competence**  
**Business creation expertise**

Global sales and  
Procurement capabilities

Technology development,  
manufacturing and  
service capabilities

(Trading Functions) (Manufacturing Functions)

1. Strengthen business portfolio by shifting resources to growth fields
2. Accelerate global growth strategies based on business fields and local characteristics
3. Strengthen business creation capabilities from the customers' perspective

## “Challenge to Change”

Operate autonomous and decentralized organizations predicated on prioritizing the best interests of the entire Group

Develop highly specialized solutions businesses that respond in detail to individual customer needs

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## 3. FY15 Outlook

Note: YY/M denotes the year and month of the accounting period end  
(e) denotes the previous forecast (April 2015)  
(e1) denotes the current forecast (October 2015)

# FY15 Outlook (Highlight)

(100 million yen)

	FY15 Outlook(e1)	YoY		vs. Previous Forecast	
		Increase / Decrease	Ratio	Increase / Decrease	Ratio
Revenues	6,400	+204	+3%	-370	-5%
EBIT	420	-28	△6%	-38	-8%
Income before Income Taxes	425	-27	△6%	-35	-8%
Net Income	324	+13	+4%	-20	-6%
Net Income per Share	235.58 yen	+9.50 yen		-14.54 yen	
Cash Dividend per Share	55.00 yen	+10.00 yen		±0.00 yen	
ROE	10.3%		-0.6%		-0.2%
FCF	+160		-91		±0

Notes: ▪ Previous forecast (April 2015)  
▪ FX rate estimate: 1USD=115 yen, 1EUR=130 yen

# FY15 Outlook (Revenues and EBIT by Segments)

(100 million yen)		FY15 Outlook (e1)		FY14 Results		YoY		FY15 Outlook (e)	
		Revenues	EBIT	Revenues	EBIT	Revenues	EBIT	Revenues	EBIT
	Electronic Device Systems	1,059	151	1,059	174	-0%	-23	1,138	198
	Fine Technology Systems	163	4	114	7	+44%	-3	161	5
	Science & Medical Systems	1,720	233	1,643	261	+5%	-28	1,681	231
	Industrial & IT Systems	841	7	849	2	-1%	+6	864	11
	Advanced Industrial Products	2,700	33	2,581	22	+5%	+11	2,960	42
	<b>Total</b>	<b>6,400</b>	<b>420</b>	<b>( 6,383 ) 6,196</b>	<b>( 434 ) 448</b>	<b>(+0%) +3%</b>	<b>(-14) -28</b>	<b>6,770</b>	<b>458</b>

Notes: • Elimination such as subtractions in intersegment transactions, etc., are included in the totals  
 • In the row for Total, figures in parentheses include the performance of discontinued operations  
 • Hitachi High-Tech Group has transitioned in part from a defined benefit pension plan to a defined contribution pension plan.  
 Subsequent impacts have been factored in the earnings outlook.

vs. Previous Forecast (April 2015)

## Revenues (677 Ybn → 640 Ybn -37 Ybn)

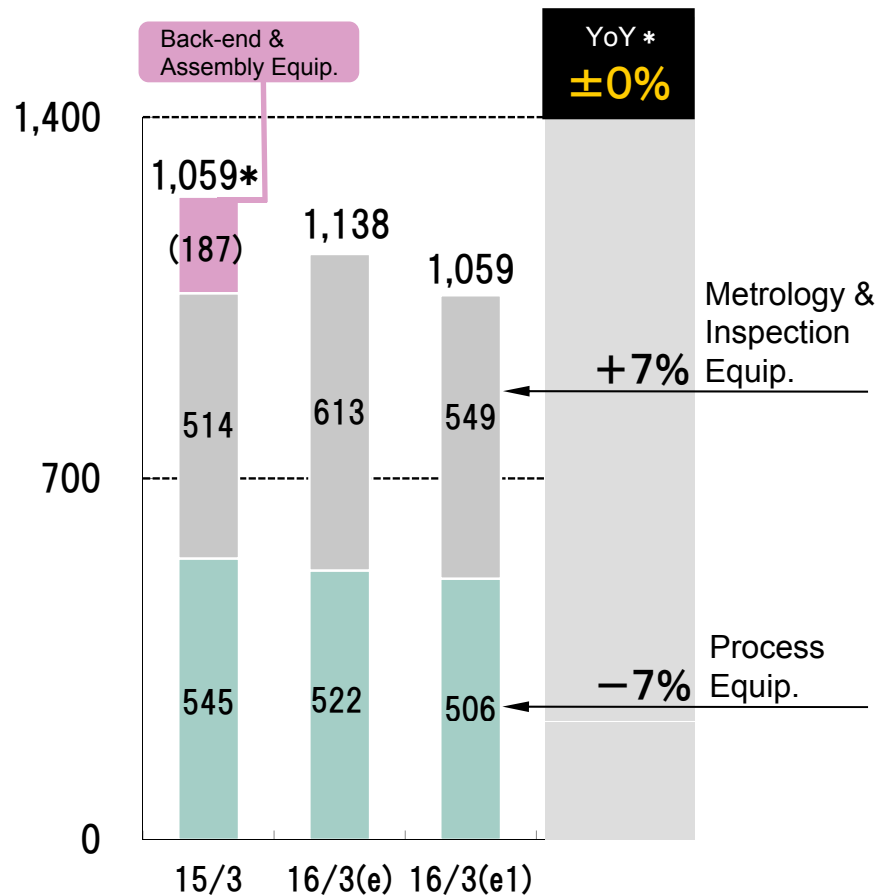
- Electronic Device Systems: Decreased 7.9 Ybn due mainly to sales declining as a result of major semiconductor manufacturing equipment customers postponing investments
- Science & Medical Systems: Increased 3.9 Ybn due mainly to sales growth of clinical analyzer for the Chinese market
- Advanced Industrial Products: Decreased 26 Ybn due mainly to a sag in construction machinery demand from falling resource prices

## EBIT (45.8 Ybn → 42 Ybn -3.8 Ybn)

- Electronic Device Systems: Decreased 4.8 Ybn for the same reason as Revenues

## Revenues Trend

(100 million yen)



\* Excludes Back-end Assembly Equip.

## Business Environment

- Investments in the next-generation MPU mass production process have been postponed
- Investments planned for logic devices are slowing with sluggish growth in the smartphone market
- Investments for memory chips (DRAM, 3D-NAND) are proceeding as planned

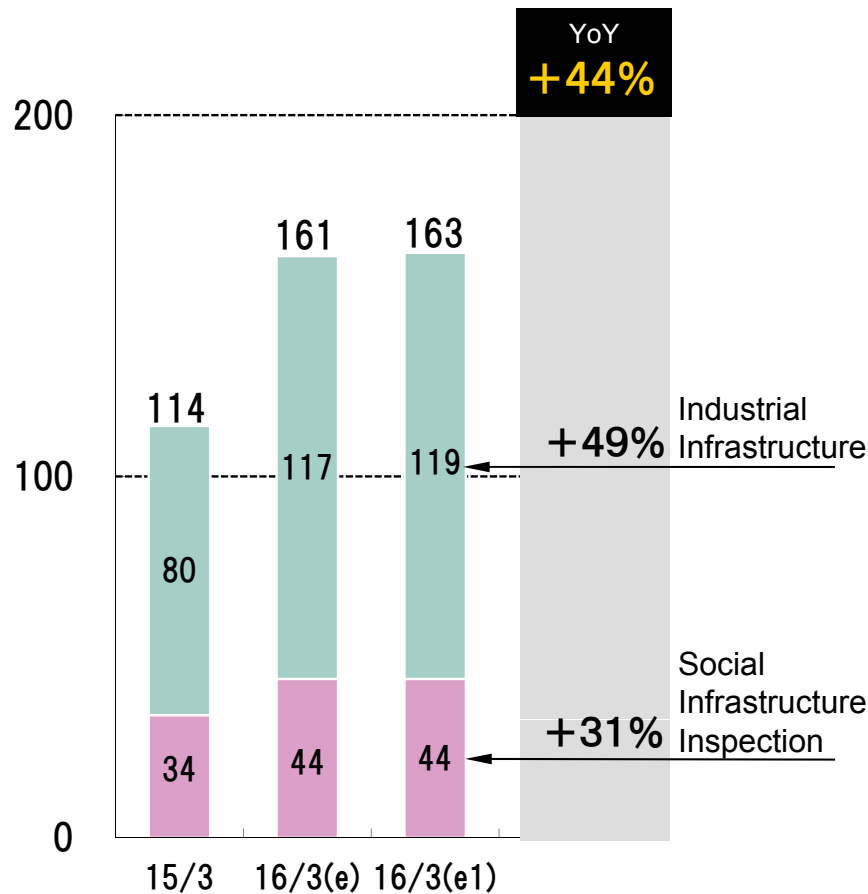
## Status of Progress and Future Actions

- Orders are recovering, although revenues have declined 7% compared to initial forecasts with certain customers postponing investments
- Maximized value to customers by providing solutions for multiple exposure and three-dimensional structures
  - Enhanced the lineup based on platforms
  - October: Launched sales of Advanced High Resolution CD-SEM CG6300 in response to development and mass production of advanced devices
- Promoted development in close contact with customers at overseas engineering sites (U.S. and Taiwan)
- Deployed core technologies in the IoT, automotive, power device and other new fields and peripheral markets



## Revenues Trend

(100 million yen)



## Status of Progress and Future Actions

### Social infrastructure inspection business

- Railway inspection  
Expanded business mainly by promoting of railway inspection equipment mounted in operating rolling stock, developing overseas business and enhancing the lineup of products for inspecting peripheral facilities
- New field (roads and bridges)  
Cultivated new social infrastructure inspection domains, including inspection and maintenance systems for expressways

### Industrial infrastructure-related business

- Automation facilities
  - Business progress in facilities for the automotive industry, as well as in the advanced materials and analysis and inspection technology fields
  - Developed facilities with high added value by fusing ink-jet, robot and other technologies with the Company's core technologies
- Service business (FPD and HD-related)  
Expanded post-sales businesses by replacing equipment and providing high-quality services to enhance value for customers

## Business Environment

### Scientific Instruments Market

- Worldwide market for electron microscopes expected to remain mostly flat. Research expense budgets shrinking globally, mainly due to an economic slump caused by China's economic slowdown, the stall in the EU economy, and falling resource prices centered on oil
- In analytical instruments, the global market is expected to continue growing at around 2 to 3% annually. The market for fuel cells and other primary batteries and lithium-ion batteries will become more active. In particular, demand will increase for metal particle contamination inspection for rechargeable batteries used in automobiles and for high polymer material structural analysis in the chemical industry

### Biotechnology and Medical Markets

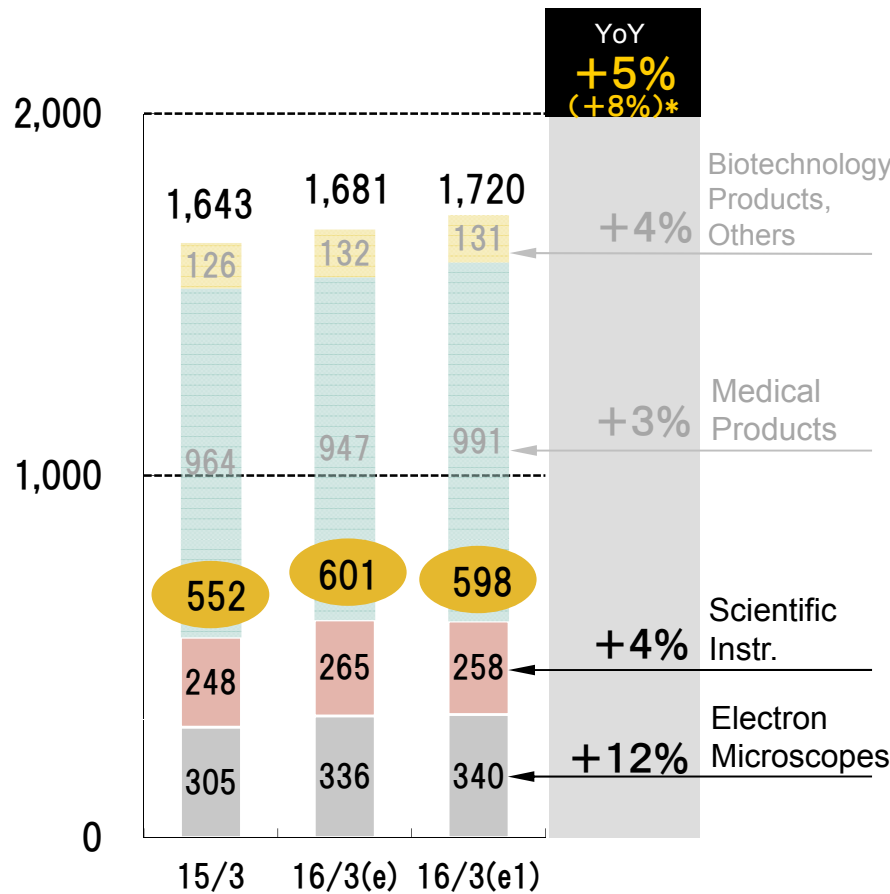
- The clinical chemistry and immunodiagnostic analyzer market (reagents + analyzers) is projected to continue growing at an annual rate of around 4%, driven by expanding demand for reagents. Demand for analyzers is projected to remain flat year over year
  - Europe: Equipment renewal tending to be postponed due to economic slump in Southern Europe and reduction of medical expenditures in major countries
  - U.S.: Limited growth of equipment renewal demand
  - China: Increasing patient numbers, mainly at large-scale medical institutions in cities, due to healthcare system reforms
- DNA sequencer market expected to continue growing at 10% or more annually, driven by next-generation sequencers. CE\* sequencers are expected to see declining annual growth of 3% to 5% annually, despite current replacement demand

\* CE:Capillary Electrophoresis

# FY15 Outlook (Scientific Systems)

## Revenues Trend

(100 million yen)



\*YoY change for the scientific systems business

## Status of Progress and Future Actions

Continually develop strategic new products for Introduction and sales expansion in the volume zone

### Main New Products Launched in FY15 Q1- Q2

- June 3D Analytical FIB-SEM NX9000
- July Scanning White Light Interferometer Microscope VS1000 series
- Sep. Atmospheric pressure SEM AeroSurf 1500
- Sep. Fluorescence Spectrophotometer F-7100
- Sep. UV-Visible/NIR Spectrophotometer UH4150AD

Further cultivate the environment and new energy field by expanding sales of metal particle contamination inspection equipment for lithium-ion batteries and fuel cells

- Several deliveries in the field of metal particle contamination inspection equipment for lithium-ion batteries
- Advance sales expansion in the fields of metal particle contamination inspection equipment for lithium-ion batteries

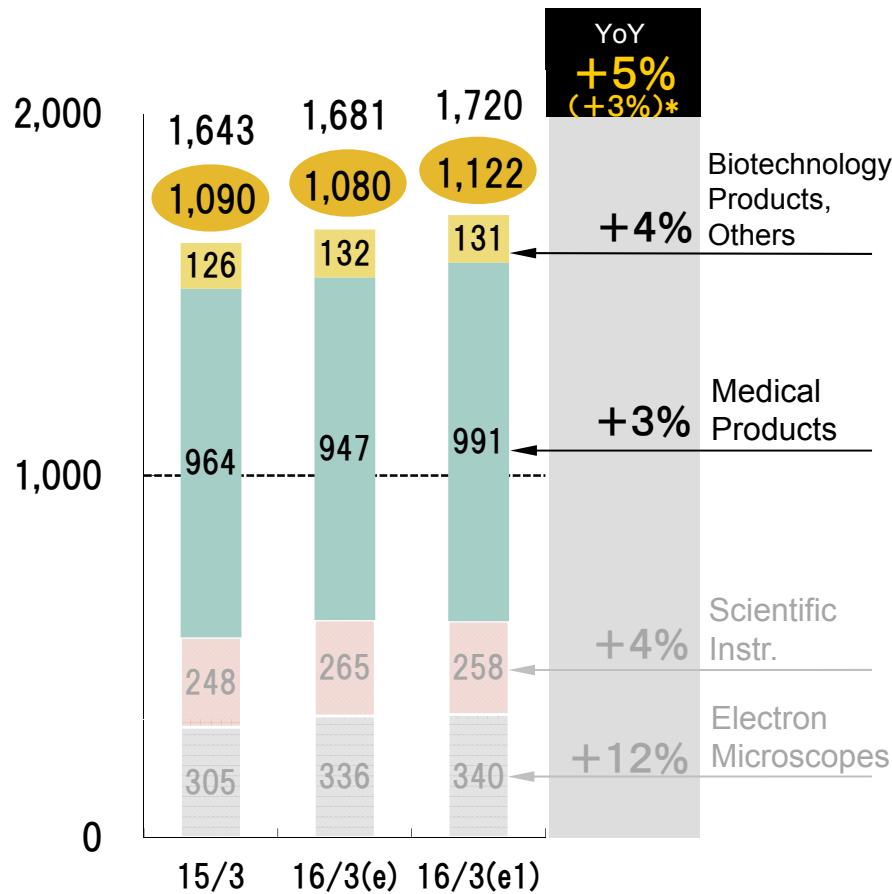
Enhance global marketing capabilities and utilize sales networks to expand sales worldwide

- Concluded scientific equipment sales agency contracts with 58 overseas companies
- Advance sales expansion by strengthening the sales agency support system

# FY15 Outlook (Biotechnology & Medical Products)

## Revenues Trend

(100 million yen)



\*YoY change for the biotechnology & medical products

## Status of Progress and Future Actions

**Brisk sales of immunodiagnostic analyzers, mainly to China**

**New products announced for Europe and the U.S.**

- Announced cobas 8000 series high-speed immunodiagnostic module e801 in Europe (Paris, June)



Sales to be rolled out in stages starting in Europe in 2016

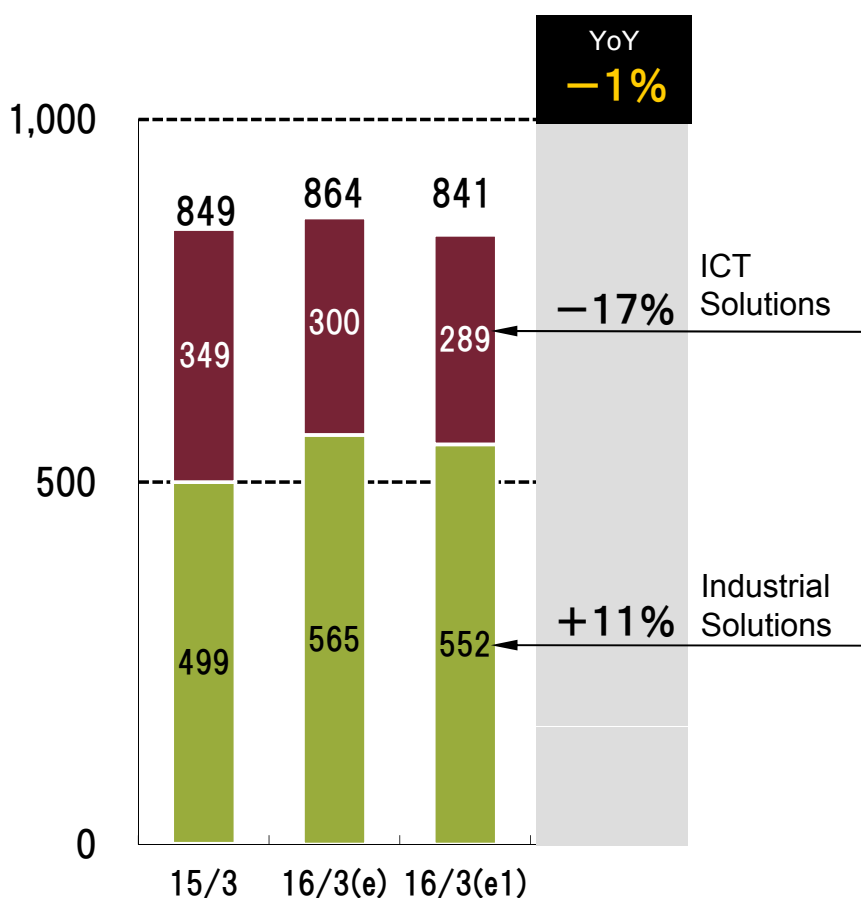
- Dedicated hemoglobin A1c (HbA1c) analyzer (diabetes test) for Europe and the U.S. cobas c513 announced for Europe and the U.S. at an academic conference (Atlanta, July). Launched in October

**Entered into long-term strategic collaboration for molecular testing with QIAGEN N.V. of Germany**

- Joint development of molecular testing system (equipment and reagents), and a diagnostic DNA sequencer

## Revenue Trend

(100 million yen)



## Status of Progress and Future Actions

### Industrial Solutions

- Solar component projects decreased, as connection to the power grid had been put on hold
- Concentrated on capturing orders for automotive manufacturing equipment where capital investments by customers are prolific
- Captured demand for renewing general control systems
- Expanded the mega solar joint venture (EPC\*) with Etrion Corporation (Switzerland)
  - Began power generation at the Mito City (Ibaraki Prefecture) site (August 2015)
  - Complete construction of the Shizukuishi Town (Iwate Prefecture) site (planned December 2016)

Haru Mito Solar Power Generation



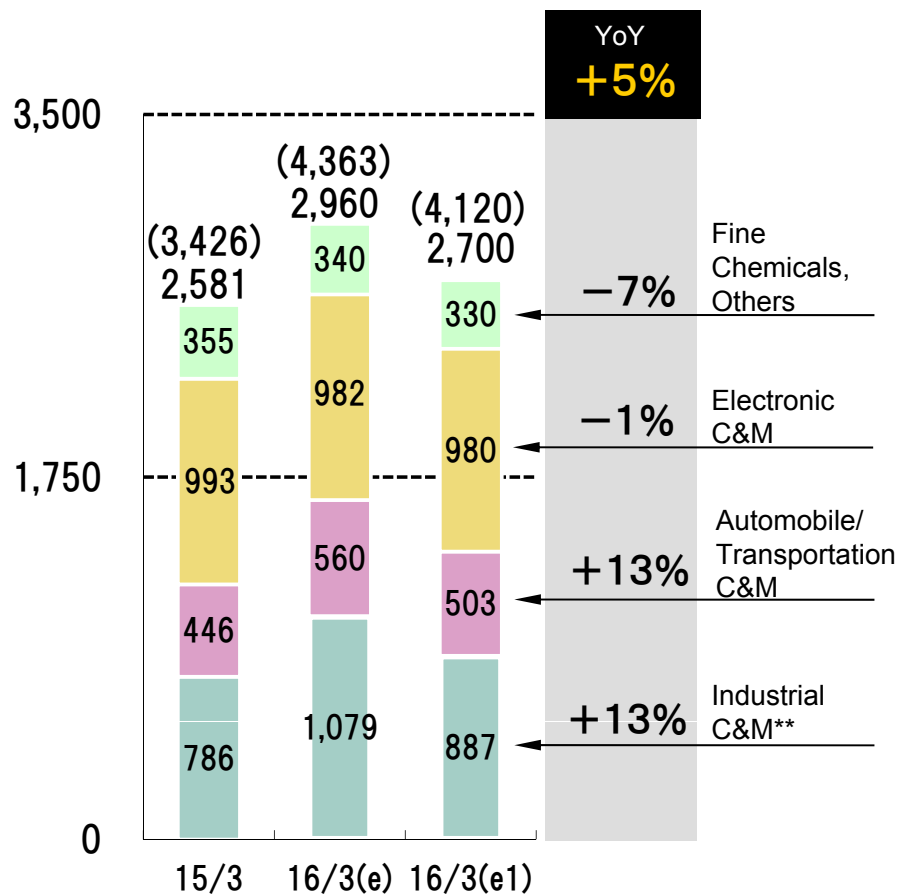
### ICT Solutions

- Optimized the in-house software business (for transfer to another Hitachi Group company)
- Expanded sales of automotive HDDs for the European market
- Expanded joint business in IoT solutions within the Hitachi Group
  - Worked on Hitachi Solutions, Ltd.'s JP1 General Systems Operation Management platform and other business collaborations

\*EPC: Engineering, Procurement and Construction

## Revenue Trend

(100 million yen)



\* Figures in parenthesis are transaction amounts that include net transaction amounts

\*\*C&M: Components & Materials

## Status of Progress and Future Actions

### Business environment

The environment is expected to turn tougher than initially forecast due mainly to a sag in construction machinery demand from falling resource prices and slowdowns in the Chinese and ASEAN automotive markets

### Concentration in businesses with high added value

Enhance and expand electronics-related EMS contract manufacturing in the ASEAN market

### Business investment strategies

- Invest in business alliances with domestic chemical companies to cultivate new fields and markets
- Joint ventures with automotive component-related companies in Mexico and Brazil

### Development of the supply-chain solutions business

- Expand and enhance functions and accelerate globalization, including in logistics and finance

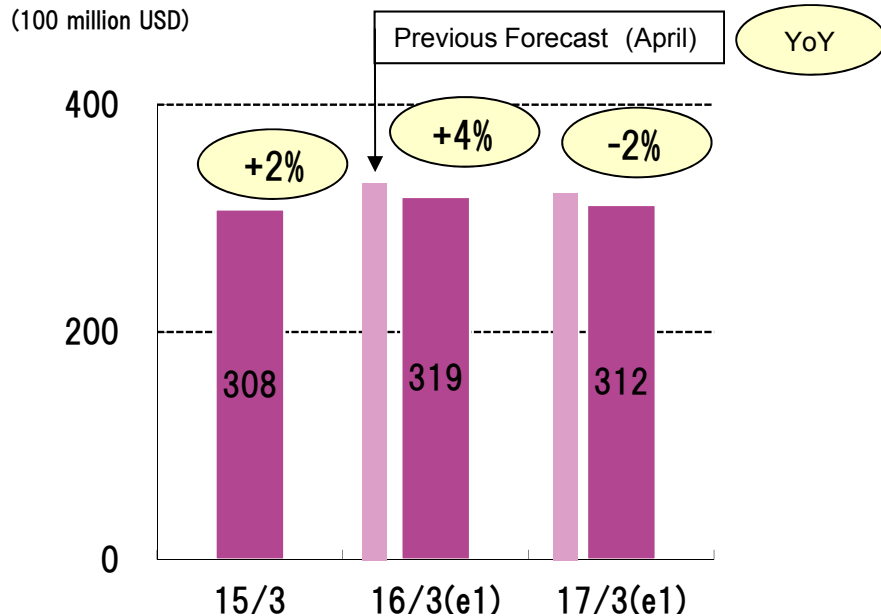
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## 4. Reference

Note: YY/M denotes the year and month of the accounting period-end  
(e) denotes the current forecast (October 2015)

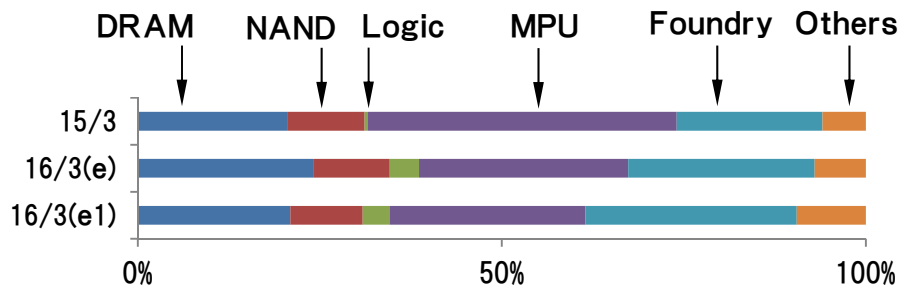
# Market Trend and Changes in Orders Received (Electronic Device Systems)

## Semiconductor Manufacturing Equipment Market (Front-end)

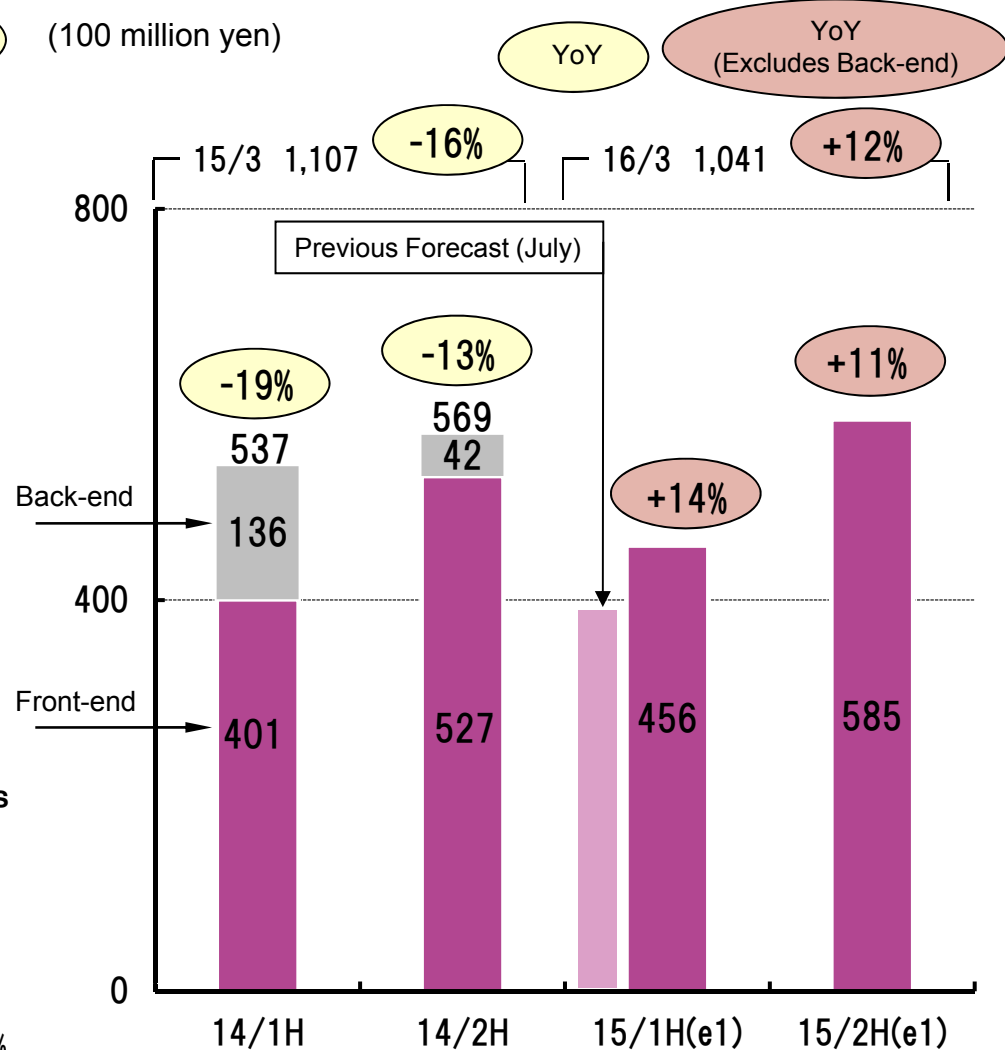


Source: Gartner (Oct. 2015) / Company's estimation  
Previous forecast is based on published value for 4Q/April 2015

## Revenues Ratio by Fields (Front-end Equip.)



## Changes in Orders Received





# Changes in Quarterly Results

(100 million yen)

			FY14 1Q	FY14 2Q	FY14 3Q	FY14 4Q	FY15 1Q	FY15 2Q
Revenues / EBIT	Electronic Device Systems	Revenues	294	228	217	321	284	263
		EBIT	81	21	31	41	55	19
	Fine Technology Systems	Revenues	13	31	19	50	16	41
		EBIT	-5	5	0	6	-3	4
	Science & Medical Systems	Revenues	388	411	399	445	404	450
		EBIT	67	63	67	65	63	76
	Industrial & IT Systems	Revenues	173	212	185	278	170	224
		EBIT	-9	7	-4	8	-3	1
	Advanced Industrial Products	Revenues	643	644	648	647	643	670
		EBIT	6	4	7	5	9	9
	Others & Elimination/Corporate	Revenues	-14	-12	-9	-13	-12	-13
		EBIT	-2	-12	1	-5	-4	-6
	Total	Revenues	1,497	1,514	1,458	1,727	1,506	1,635
		EBIT	138	87	102	121	118	103
Income before Income Taxes			139	88	103	122	119	104
Net Income attributable to owners of the Parent			96	73	73	69	77	92

Note: The amounts of revenues, EBIT and income before income taxes are presented only for continuing operations

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

## ■ Capital Expenditure/Depreciation Costs/R&D

(100 million yen)

	14/1H	15/1H	YoY	15/3	16/3(e1)	YoY
Capital Expenditure	67	62	-7%	145	130	-10%
Depreciation Costs	52	52	+0%	106	110	+4%
R&D	98	98	-1%	196	212	+8%

Note: Capital expenditure is based on acquisition base  
(100 million yen)

## ■ Revenues by Region

(100 million yen)

		Japan	North America	Europe	Asia	Mainland China	Others	Total
14/1H	Revenues	1,207	357	508	906	368	34	3,011
	Ratio	40%	12%	17%	30%	12%	1%	100%
15/1H	Revenues	1,226	311	457	1,116	456	30	3,141
	Ratio	39%	10%	15%	35%	15%	1%	100%

# Revenues Change in Main Business

(100 million yen)

	FY14/Q1	FY14/Q2	FY14/Q3	FY14/Q4	FY15/Q1	FY15/Q2
<b>Electronic Device Systems</b>	294	228	217	321	284	263
Process Equipment	158	129	123	136	153	127
Metrology & Inspection Equipment	136	99	94	185	129	136
Others	—	—	—	—	2	1
<b>Fine Technology Systems</b>	13	31	19	50	16	41
Social Infrastructure Inspection	1	5	4	24	5	11
Industrial Infrastructure	13	26	15	26	11	30
<b>Science &amp; Medical Systems</b>	388	411	399	445	404	450
Electron Microscopes	45	93	67	100	56	96
Scientific Instr.	47	63	52	86	45	72
Medical Products	260	222	253	230	270	250
Biotechnology Products, Others	36	34	27	29	33	32
<b>Industrial &amp; IT Systems</b>	173	212	185	278	170	224
Industrial Solutions	70	130	109	190	90	142
ICT Solutions	103	82	76	88	80	81
<b>Advanced Industrial Products</b>	643	644	648	647	643	670
Industrial C&M	192	192	199	203	202	203
Automobile/Transportation C&M	103	109	118	116	118	127
Electronic C&M	258	246	246	244	242	269
Fine Chemicals, Others	90	97	85	84	81	71

Note: • The quarterly performance of continuing operations only is presented for FY14 • C&M: Components & Materials



#### 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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## FY15 2nd Quarter Financial Results

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