
FY16 2nd Quarter Financial Results [IFRS]

October 27, 2016

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Hitachi High-Technologies Corporation

FY16 2nd Quarter Financial Results [IFRS]

1. FY16 Q1-Q2 (Highlights)
2. FY16 Outlook / Status of Progress on the Mid-Term Management Strategy
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1. FY16 Q1-Q2 (Highlights)

Note: YY/M denotes the year and month of the accounting period-end
(e) denotes the previous forecast (July 2016)

FY16 Q1-Q2 (Highlights)

(100 million yen)	FY16 1H Results	YoY		vs. Previous Forecast (e)	
		Increase / Decrease	Ratio	Increase / Decrease	Ratio
Revenues	3,048	-92	-3%	-52	-2%
Adjusted Operating Income*1	286	+58	+25%	+69	+32%
EBIT*2	273	+52	+23%	+44	+19%
Income before Income Taxes	274	+51	+23%	+44	+19%
Net Income	209	+40	+23%	+30	+17%
Net Income per Share	151.85 yen	+28.76 yen		+21.70 yen	
Cash Dividend per Share	35.00 yen	+10.00 yen		+5.00 yen	
FCF	+160	+139		+30	

Notes: •Exchange rate: 1USD=105 yen, 1EUR=118 yen

*1 Adjusted Operating Income: A performance indicator calculated by subtracting cost of sales, and selling, general and administrative expenses from revenue

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

FY16 Q1-Q2 (Revenues and EBIT by Segment)

(100 million yen)

(100 million yen)		FY16 1H Results		FY15 1H Results		YoY		FY16 1H Outlook(e)	
		Revenues	EBIT	Revenues	EBIT	Revenues	EBIT	Revenues	EBIT
	Science & Medical Systems	926	145	854	139	+8%	+6	881	130
	Electronic Device Systems	572	136	547	74	+4%	+61	591	119
	Industrial Systems	412	−1	452	−1	−9%	−0	426	−4
	Advanced Industrial Products	1,186	9	1,313	18	−10%	−9	1,224	9
Total		3,048	273	3,141	221	−3%	+52	3,100	229

Note: Elimination such as subtractions in intersegment transactions, etc., are included in the totals

vs. Previous Forecast (July 2016)

Revenues (310 Ybn → 304.8 Ybn —5.2 Ybn)

- | | |
|---------------------------------|--|
| ■ Science & Medical Systems: | Increased 4.5 Ybn due to growth in large orders for clinical analyzers and higher sales of clinical analyzers for the Chinese market |
| ■ Electronic Device Systems: | Decreased 2.0 Ybn due to the foreign exchange impact of the stronger yen |
| ■ Advanced Industrial Products: | Decreased 3.8 Ybn due to low material prices and a decline in sales in the procurement business for the Hitachi Group |

EBIT (22.9 Ybn → 27.3 Ybn +4.4 Ybn)

- | | |
|------------------------------|--|
| ■ Science & Medical Systems: | Increased 1.5 Ybn for the same reason as revenues |
| ■ Electronic Device Systems: | Increased 1.6 Ybn due mainly to a strong performance in the process equipment servicing business for major customers |

FY16 Q1-Q2 (Statement of Financial Position in Summary)

As of end of September 2016 (100 million yen)

			vs. 16/3				vs. 16/3
Current Assets		4,227	+109	Current Liabilities		1,659	-18
Cash and Cash Equivalents	1,762	+68		Trade Payables	1,026	-74	
Trade Receivables	1,271	-74		Others	633	+56	
Inventories	956	+23		Non-Current Liabilities		403	-19
Others	238	+93		Retirement and Severance Benefits	331	+0	
Non-Current Assets		1,149	-44	Others	73	-20	
Property, Plant and Equipment	688	-19		Equity		3,314	+103
Intangible Assets	78	-25		Total Hitachi High-Tech Stockholders' Equity	3,311	+103	
Others	382	+0		Non-controlling Interests	3	+0	
Total Assets		5,376	+66	Total Liabilities & Shareholder Equity		5,376	+66

Note: Total Hitachi High-Tech Stockholders' Equity per Share: 2,407.33 yen (vs.16/3 +74.83 yen)

FY16 Q1-Q2 (Statement of Cash Flows)

(100 million yen)

(100 million yen)		16/1H			16/1H
Cash Flow from Operating Activities		+329	Cash Flow from Financing Activities		−55
Net Income		+209	Dividends Paid		−55
Depreciation and Amortization		+52	Others		−0
Working Fund		+22	Effect of Exchange Rate Changes		−37
Income Tax Expense and Refund		−2			
Others		+48			
Cash Flow from Investing Activities		−170			
Proceeds from Sale / Purchase of Investments in Securities and Other Financial Assets		−3			
Proceeds from Sale / Purchase of Property, Plant, Equipment and Intangible Assets		−41			
Others		−126			
Free Cash Flow		+160			
			16/1H		
			Cash and Cash Equivalents		
			At the Beginning of Year		1,694
			Net Increase (Decrease)		+68
			At the End of Term		1,762



2. FY16 Outlook / Status of Progress on the Mid-Term Management Strategy

Note: YY/M denotes the year and month of the accounting period-end
(e) denotes the previous forecast (April 2016)
(e1) denotes the current forecast (October 2016)

FY16 Outlook (Highlights)

(100 million yen)

	FY16 Outlook (e1)	YoY		vs. Previous Forecast (e)	
		Increase / Decrease	Ratio	Increase / Decrease	Ratio
Revenues	6,300	+10	+0%	−300	−5%
Adjusted Operating Income	465	−5	−1%	+65	+16%
EBIT	458	−24	−5%	+61	+15%
Income before Income Taxes	460	−26	−5%	+60	+15%
Net Income	355	−5	−1%	+40	+13%
Net Income per Share	258.13 yen	−3.55 yen		+29.09 yen	
Cash Dividend per Share	70.00 yen	+5.00 yen		+5.00 yen	
ROE	10.7%	−0.8%		+1.2%	
FCF	+205	−41		+170	

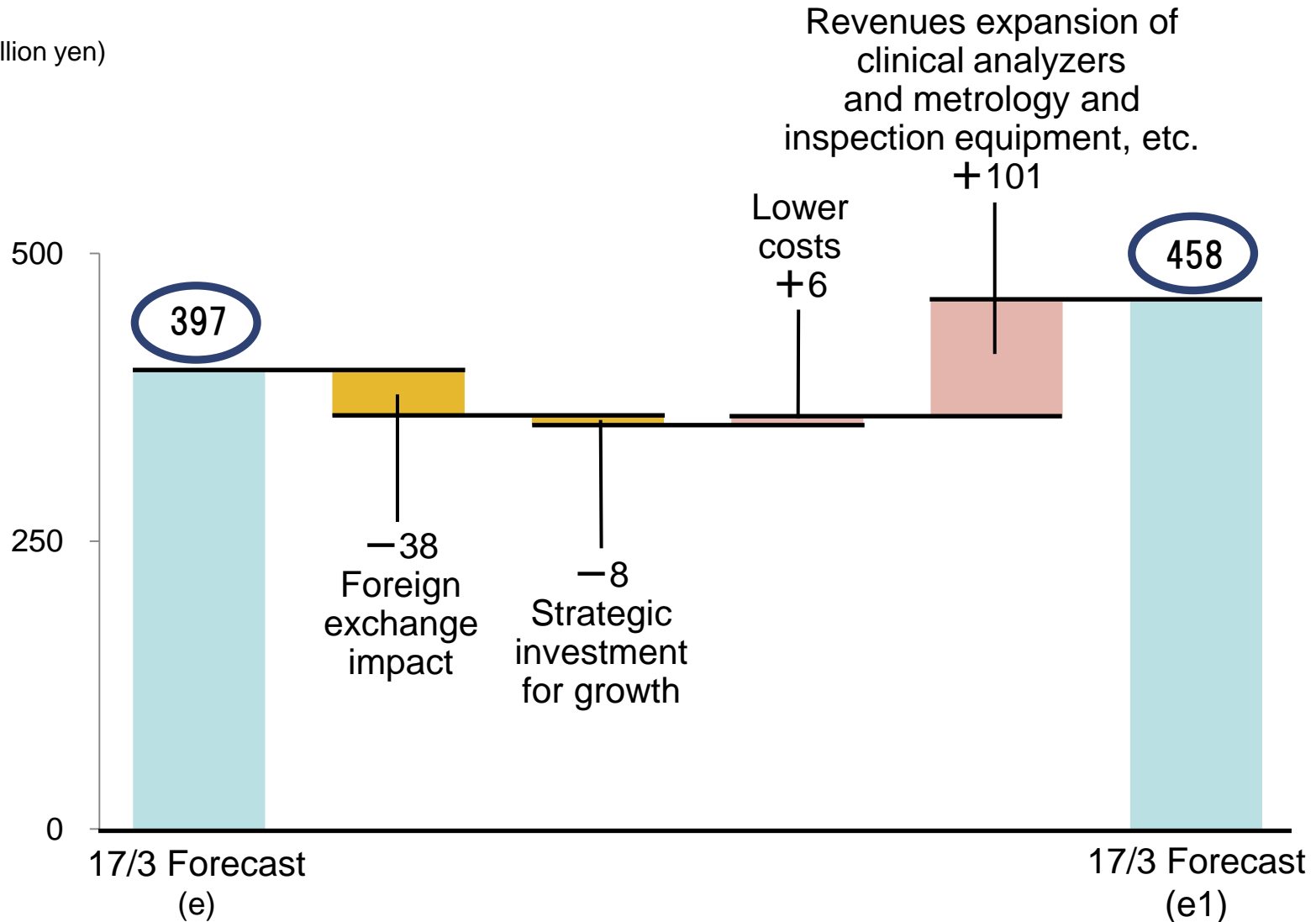
Notes: •FX rate estimate : 1USD=100 yen, 1EUR=110 yen

•In FY15 EBIT, impacts have been 3.8 Ybn due to partial transition from a defined benefit pension plan to a defined contribution pension plan

FY16 Outlook

(Factors behind Changes from Previous Forecast: EBIT)

(100 million yen)



Mid-Term Management Strategy

(Material Disclosed with Financial Results in April 2016)

KPI

Formulate and execute growth strategies to achieve targets

Revenues	Achieve progress beyond market growth	Revenues CAGR by business > Market growth rate
Profitability (FY18)	Instruments	EBIT margin of 10% or more
	Materials	Absolute EBIT of ¥5 billion or more
Service ratio	Ratio of EBIT from service business* to overall EBIT: maintain at 50% or more	

Investment strategy

Proactively make investments to execute growth strategies

Size of Investment

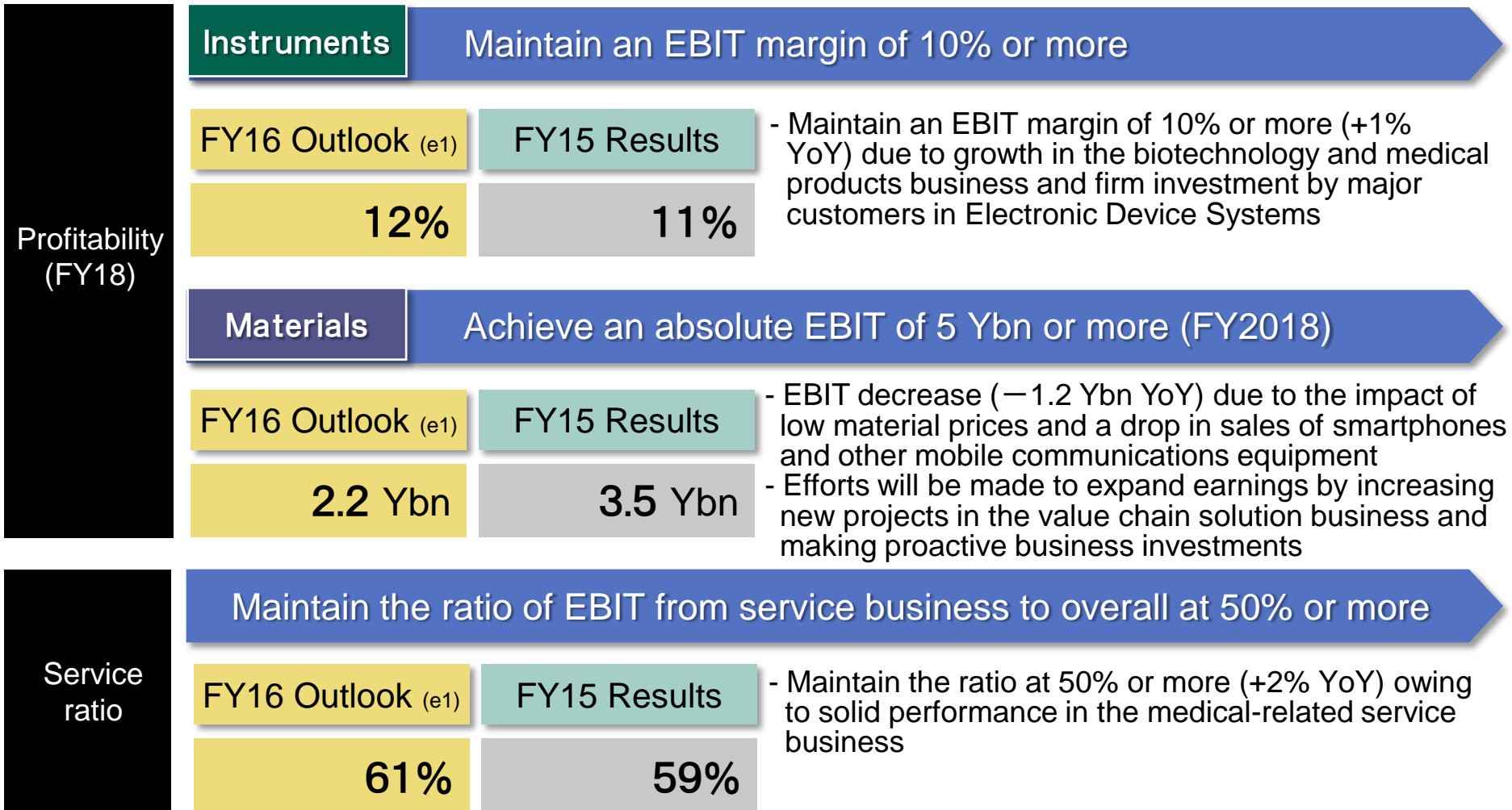
(FY2016-FY2018 cumulative)

R&D	¥80 billion	Increase investments centered on the biotechnology and medical products business (Increase by 30% versus FY2013-FY2015)
Capital investment	¥40 billion	<ul style="list-style-type: none"> Manufacturing ability expansion, and technology strengthening to support business Strengthening collaboration with customers through demonstration facilities expansion
Business investment	¥30 billion	<div>Biotechnology and Healthcare</div> <div>Social and Industrial Infrastructure</div> <div>+</div> <div>Make additional business investments using cash on hand</div>

Shareholder returns

Maintain a stable dividend, targeting a dividend payout ratio of 30%

* Service business: product maintenance services, IT solutions, trading services, and others



Status of Progress on the Mid-Term Management Strategy (2)

R&D

FY16 Outlook (e1)

24.7 Ybn

FY15 Results

20.2 Ybn

Main Accomplishments and Future Plans

Science & Medical Systems

- Develop new products to enhance competitiveness in the clinical chemistry and immunoassays market
- Allocate development resources heading for the launch of genetic and bacterial testing (new business)

Electronic Device Systems

- Solve the issues facing cutting-edge customers in semiconductor scaling
- Develop new solutions to address diverse needs such as new structures and materials

Capital investment

FY16 Outlook (e1)

17.3 Ybn

FY15 Results

12.0 Ybn

Main Accomplishments and Future Plans

Science & Medical Systems

- Strengthened manufacturing bases in the biotechnology and medical products business through the establishment of Hitachi High-Tech Kyushu Corporation (October)
- Establish a development site for scientific instruments in North America

Electronic Device Systems

- Strengthen the process development framework for expanding business in the field of semiconductor scaling

Business investment

Main Accomplishments and Future Plans

Science & Medical Systems

- China: Established a joint venture to strengthen the in-vitro diagnostics business (September)
- Europe: Concluded an agreement to acquire all shares of an electron microscope distributor (October)

Advanced Industrial Products

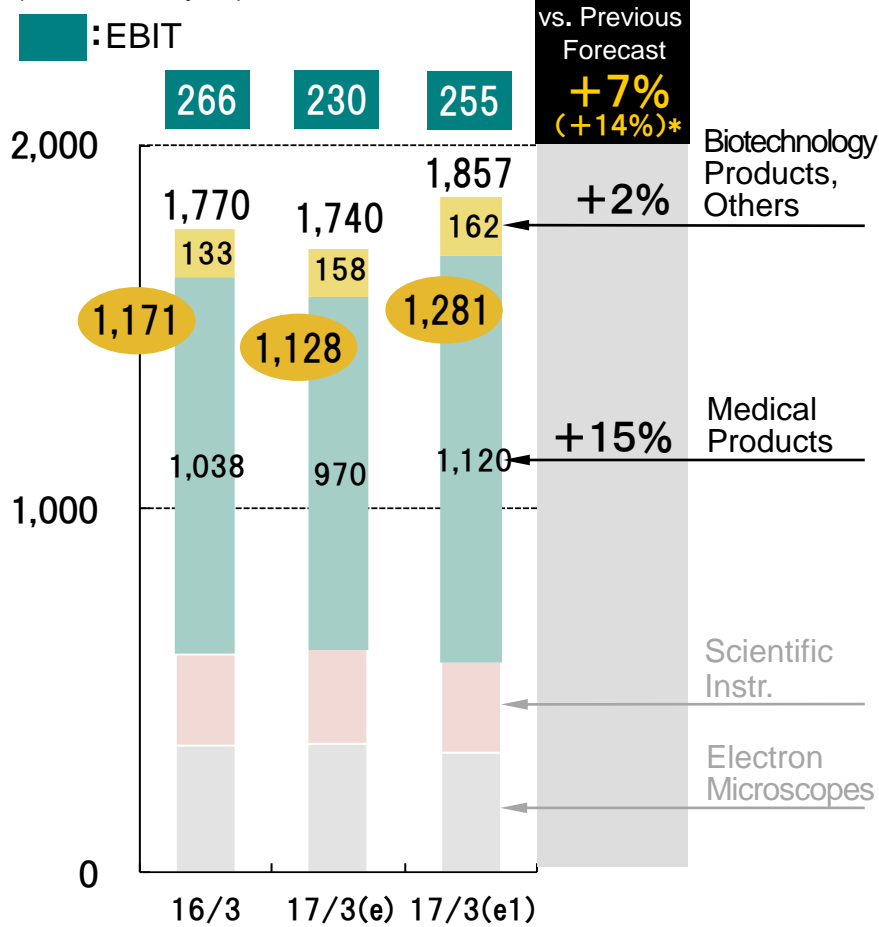
- Brazil: Acquired all shares of a local mold steel sales company (October)



Continuously review investment deals in Biotechnology and Healthcare and Social and Industrial Infrastructure

Revenues / EBIT Trend

(100 million yen)



* Changes from previous forecast for the biotechnology and medical products business

Main Accomplishments and Future Actions

Accomplishments in the FY16/1H

- Steady start to sales of new clinical chemistry and immunodiagnostic analyzers
- Strengthened the competitiveness of existing businesses
Launched the new clinical analyzer LABOSPECT 008 α
- Started up new businesses
Obtained regulatory approval for and launched sales in Japan of simultaneous multiple gene testing reagents for Verigene rapid bacterial testing systems



LABOSPECT 008 α



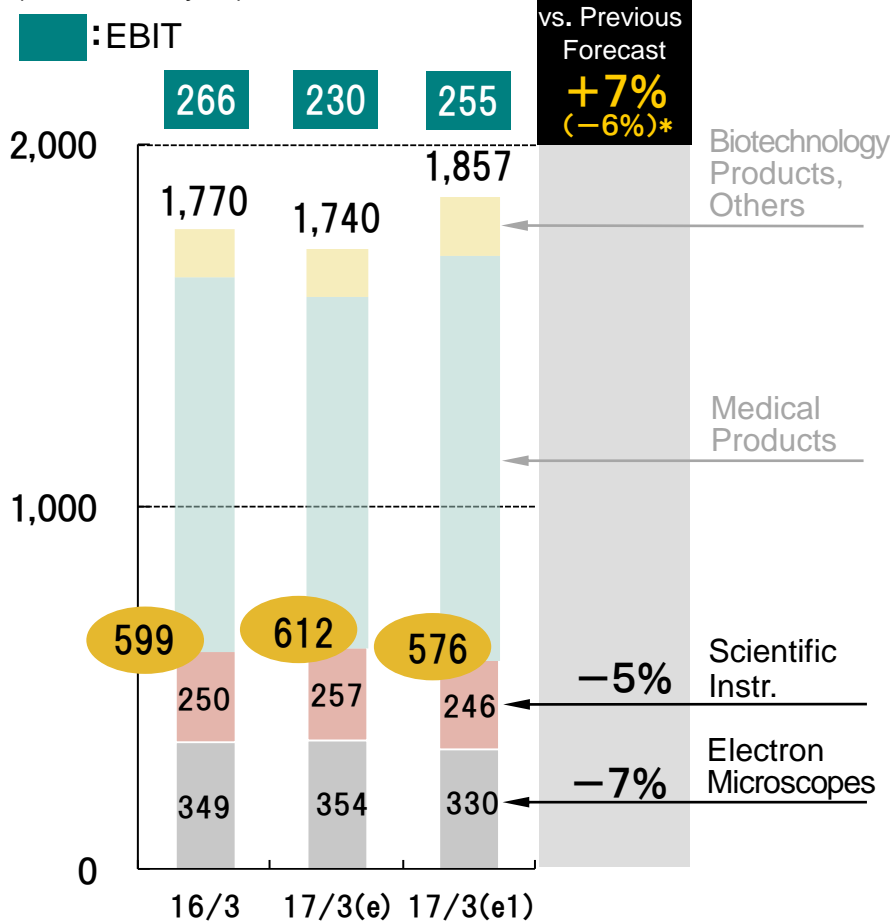
Verigene rapid bacterial testing systems

Future Actions

- Create new products and businesses
:Promote development of products in the gene testing and diagnostic fields
:Provide total solutions from sales of equipment and reagents to services, through the establishment of Hitachi High-Tech Diagnostics (Shanghai) Ltd.
- Enhance profitability by improving production and development efficiency
Strengthen competitiveness through Hitachi High-Tech Kyushu Corporation
- Promote investments for realizing growth in 2020
Examine M&As and collaboration to expand business fields

Revenues / EBIT Trend

(100 million yen)

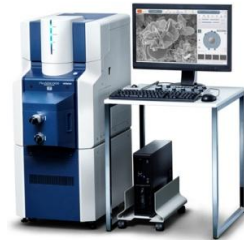


* Changes from previous forecast for the scientific systems business

Main Accomplishments and Future Actions

Accomplishments in the FY16/1H

- Revenues decreased mainly due to the yen's appreciation and restrained investment in Europe
- Continuously introduced new products for the volume zone
FlexSEM 1000 Scanning Electron Microscope, AFM5500M Scanning Probe Microscope, etc.
- Developed dedicated machines and conducted sales promotions
Sold in-line metal particle contamination inspection equipment for fuel cells
- Provided solutions
Provided correlative analysis with optical microscopes through the joint development and sales of systems for Correlative Light and Electron Microscopy (CLEM)



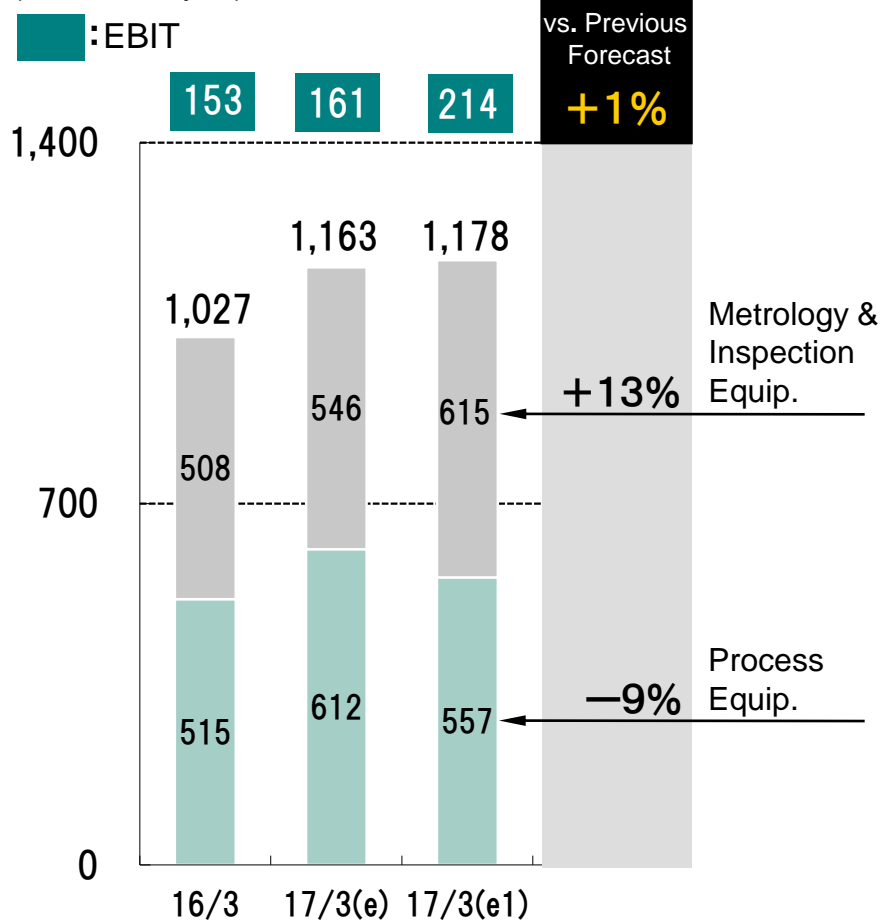
FlexSEM 1000

Future Actions

- Strengthen the global sales network and marketing functions
 - : Strengthen sales through the merger of Spectral Solutions AB of Europe (Plan to establish the Sweden Branch of Hitachi High-Tech Europe in April 2017)
 - : Establish a research/new business development and manufacturing site in the U.S.
 - : Strengthen the sales network in China (agreements with new sales agents, etc.)
- Develop high-value-added dedicated machines
Launch phthalic ester testing equipment compliant with new RoHS regulations

Revenues / EBIT Trend

(100 million yen)



Main Accomplishments and Future Actions

Accomplishments in the FY16/1H

- Delivered solid business results centered on Critical Dimension-Scanning Electron Microscopes (CD-SEM), as major customers brought forward or made additional investments, despite the impact of foreign exchange rates
- Maximized value to customers by providing solutions for three-dimensional structures
 - : Achieved measurement of High Aspect Ratio (HAR) trenches and contact holes, and overlay measurements of device patterns
 - ⇒ New product: Launched Advanced High Voltage CD-SEM CV5000 (October)

CV5000 Series

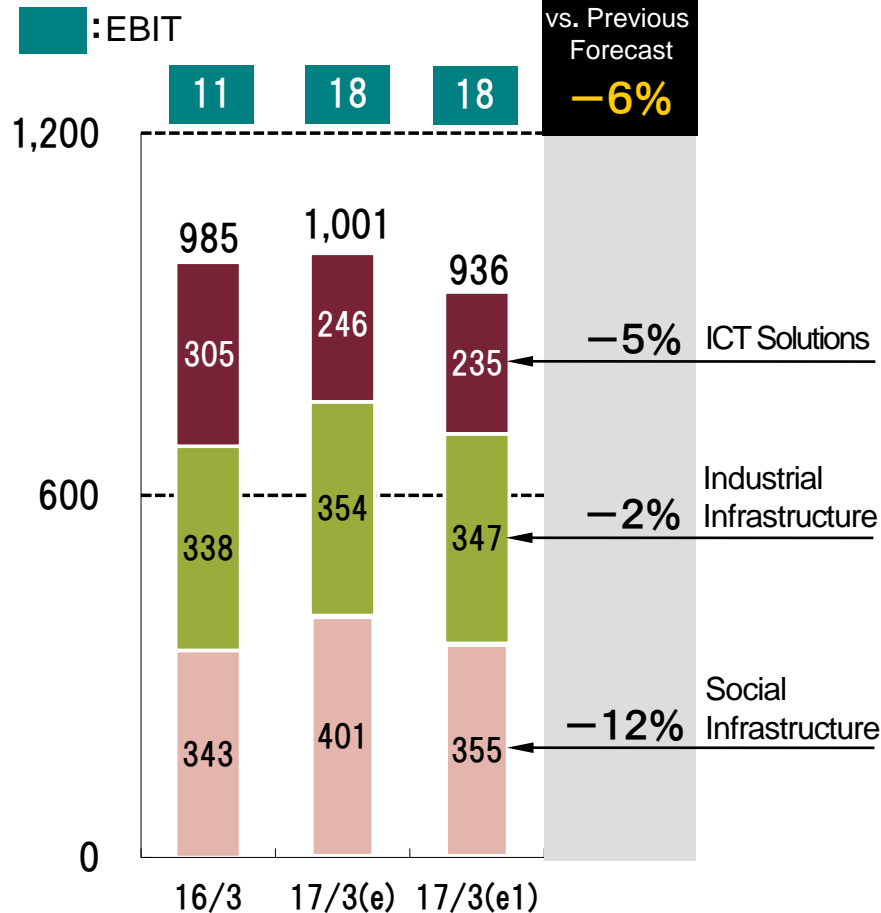


Future Actions

- Further deepen early collaboration
 - Strengthen a seamless response structure, from R&D to demonstration, by increasing the number of engineers and facilities primarily at overseas sites (North America and Taiwan)
- Focus on accelerating the launch of new businesses for IoT and power devices and enhancing service lineups

Revenues / EBIT Trend

(100 million yen)



*1 EPC: Engineering, Procurement and Construction

*2 LiB: Lithium-ion Battery

*3 IJP: Ink-Jet Printer

Main Accomplishments and Future Actions

Accomplishments in the FY16/1H

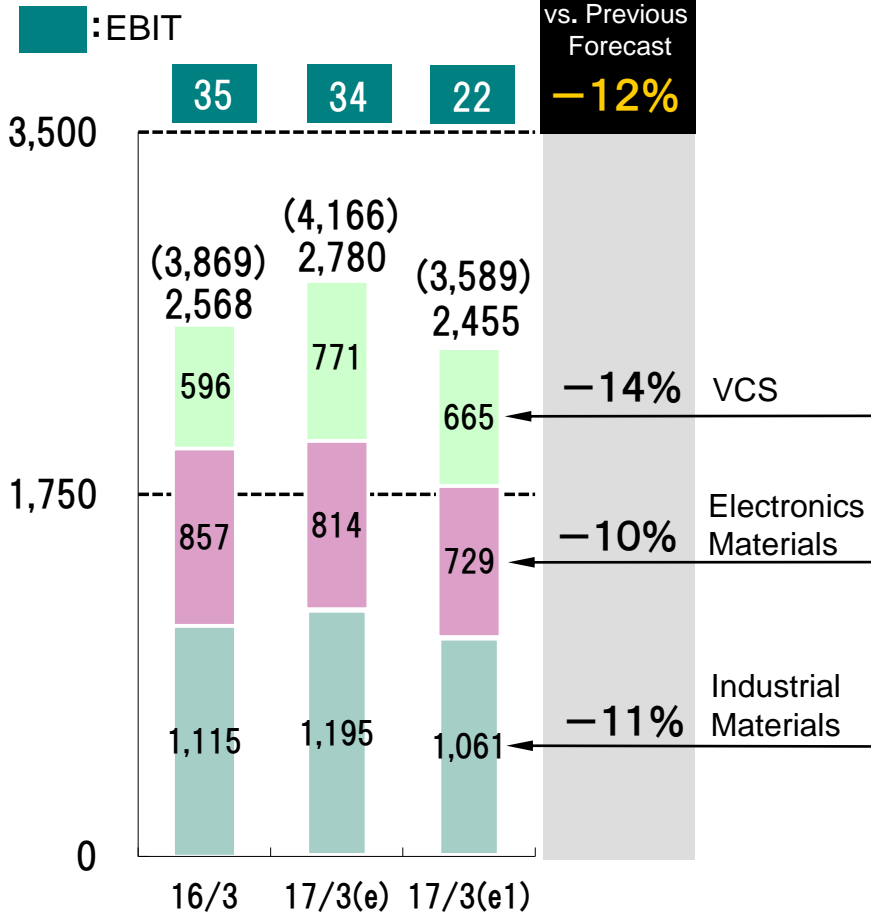
- Social infrastructure
 - : Promoted the joint mega-solar business (EPC*1) (Misawa City, Aomori Pref.; Komatsu City, Ishikawa Pref.)
 - : Expanded the power generation business for Cuba
- Industrial infrastructure
 - : Expanded sales of automobile component assembly systems
 - : Captured large orders for thin-film manufacturing systems for OLED and other applications

Future Actions

- Social infrastructure
 - : Complete construction of joint mega-solar business project (EPC) in Shizukuishi Town, Iwate Pref. (November)
 - : Expand sales of new products and solutions for general control systems and industrial instruments
 - : Increase sales and expand overseas in the railway inspection equipment business
- Industrial infrastructure
 - : Expand sales of mass-production facilities for LiB*2 for electric vehicles
 - : Cultivate the market for IJP*3 for decoration in collaboration with partners
- ICT solutions
 - : Expand sales of IoT platforms and develop data analysis and optimal solutions

Revenues / EBIT Trend

(100 million yen)



Main Accomplishments and Future Actions

Accomplishments in the FY16/1H

- Revenues and EBIT both decreased mainly due to falling material prices and a decrease in demand for smartphone-related materials and components
- Strengthened the mold steel business in Brazil
 - : Acquired all shares of Alltech Steel do Brasil Ltda. (mold steel sales company) (October)
 - : Provided technical guidance and peripheral facilities for the mold production process in line with the needs of customers and suppliers, in addition to mold steel sales leveraging local networks

Future Actions

- “Establish, expand and upgrade Full Value Chain platforms”
- Achieve smart factory services
 - Help to strengthen the international business expansion and competitiveness of Japanese suppliers and overseas manufacturing customers through overseas factories utilizing the Hitachi Group’s IT and IoT technologies (smart factories)
 - Promote collaboration in plastic molding businesses in Latin America
 - Launch local production in the second half of FY2016

FY16 2nd Quarter Financial Results [IFRS]

“Move forward with the Courage to Change and Be Changed”

Change to customer focus

Respond in detail to individualized needs, and provide solutions with highly expertise

Change to autonomous-decentralized organization

Promote changing awareness to “Think, Decide and Act Autonomously” with the perspective of total optimization

END



3. Reference

Note: YY/M denotes the year and month of the accounting period-end
(e) denotes the previous forecast (April 2016)
(e1) denotes the current forecast (October 2016)

FY16 Outlook (Revenues and EBIT by Segment)

(100 million yen)

(100 million yen)

FY16 Outlook (e1)		FY15 Results		YoY		FY16 Outlook (e)		
	Revenues	EBIT	Revenues	EBIT	Revenues	EBIT	Revenues	EBIT
<div></div> Science & Medical Systems	1,857	255	1,770	266	+5%	−10	1,740	230
<div></div> Electronic Device Systems	1,178	214	1,027	153	+15%	+61	1,163	161
<div></div> Industrial Systems	936	18	985	11	−5%	+7	1,001	18
<div></div> Advanced Industrial Products	2,455	22	2,568	35	−4%	−12	2,780	34
Total	6,300	458	6,290	482	+0%	−24	6,600	397

Notes: • Elimination such as subtractions in intersegment transactions, etc., are included in the totals

• In FY15 EBIT, impacts have been 3.8 Ybn due to partial transition from a defined benefit pension plan to a defined contribution pension plan

Changes in Orders Received and Market Trend

(Electronic Device Systems)

Changes in Orders Received

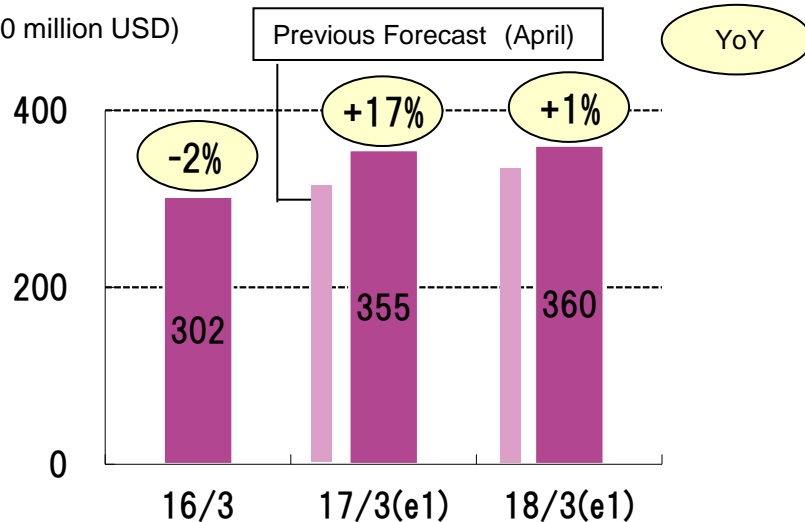
(100 million yen)

	1H	2H	Total
16/3 Results	456	726	1,182
17/3 Forecast (April)	506	505	1,011
17/3 Forecast (July)	545	—	—
17/3 1H Results / 2H Forecast (October)	643	396	1,039

- : Results
- : Initial / Previous forecasts
- : Current forecast

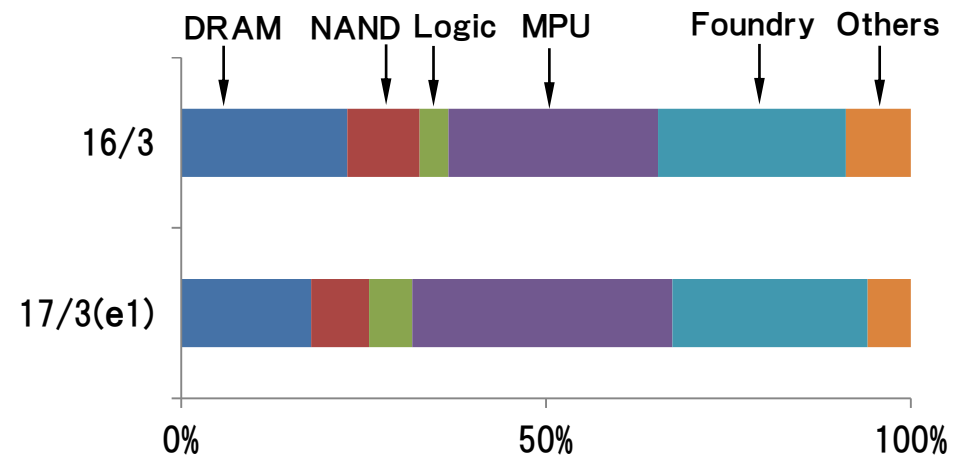
Semiconductor Manufacturing Equipment Market (Front-end)

(100 million USD)



Source: Gartner (Oct. 2016) /
Company's estimation

Revenues Ratio by Fields (Front-end Equip.)



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

■Capital Expenditure/Depreciation Costs/R&D

(100 million yen)

	15/1H	16/1H	YoY	16/3	17/3 (e1)	YoY
Capital Expenditure	62	46	-27%	120	173	+44%
Depreciation Costs	52	52	+1%	105	111	+5%
R&D	98	111	+14%	202	247	+23%

Note: Capital expenditure is based on acquisition base

■Revenues by Region

(100 million yen)

		Japan	North America	Europe	Asia	Mainland China	Others	Total
15/1H	Revenues	1,226	311	457	1,116	456	30	3,141
	Ratio	39%	10%	15%	35%	15%	1%	100%
16/1H	Revenues	1,160	293	459	1,085	402	51	3,048
	Ratio	38%	10%	15%	35%	13%	2%	100%

Changes in Quarterly Results

(100 million yen)			FY15 Q1	FY15 Q2	FY15 Q3	FY15 Q4	FY16 Q1	FY16 Q2
Revenues / EBIT	Science & Medical Systems	Revenues	404	450	419	497	458	468
		EBIT	63	76	66	61	92	53
	Electronic Device Systems	Revenues	284	263	208	272	279	293
		EBIT	55	19	25	53	78	58
	Industrial Systems	Revenues	186	265	198	336	184	228
		EBIT	−6	5	−3	15	−6	5
	Advanced Industrial Products	Revenues	643	670	642	613	599	587
		EBIT	9	9	13	4	5	4
	Others & Elimination/Corporate	Revenues	−12	−13	−16	−20	−24	−24
		EBIT	−4	−6	35	−7	−5	−11
Total		Revenues	1,506	1,635	1,451	1,698	1,496	1,552
		EBIT	118	103	136	125	164	109
Income before Income Taxes			119	104	137	126	165	110
Net Income Attributable to Hitachi High-Technologies Corporation Stockholders			77	92	104	87	129	80

Revenues Change in Main Business

(100 million yen)	FY15/Q1	FY15/Q2	FY15/Q3	FY15/Q4	FY16/Q1	FY16/Q2
Science & Medical Systems	404	450	419	497	458	468
Electron Microscopes	56	96	75	122	50	88
Scientific Instr.	45	72	54	79	42	65
Medical Products	270	250	251	267	333	280
Biotechnology Products, Others	33	32	39	29	32	34
Electronic Device Systems	284	263	208	272	279	293
Process Equipment	153	127	101	135	146	139
Metrology & Inspection Equipment	129	136	107	137	131	152
Others	2	1	0	0	1	2
Industrial Systems	186	265	198	336	184	228
Social Infrastructure	60	89	70	124	76	78
Industrial Infrastructure	46	94	63	133	53	91
ICT Solutions	80	81	65	78	55	60
Advanced Industrial Products	643	670	642	613	599	587
Industrial Materials	295	284	263	256	255	252
Electronics Materials	214	231	214	198	193	188
VCS	134	155	165	159	151	147

FY16 2nd Quarter Financial Results [IFRS]

For further information

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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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