



FY18 2nd Quarter Financial Results [IFRS]


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Hitachi High-Technologies Corporation

FY18 2nd Quarter Financial Results [IFRS]

1. FY18 Q1-Q2 (Highlights)
2. FY18 Outlook
3. Status of Progress on the Mid-Term Management Strategy
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1. FY18 Q1-Q2 (Highlights)

Note: YY/M denotes the year and month of the accounting period-end
(e) denotes the figures announced on July 2018

FY18 Q1-Q2 (Highlights)

(100 million yen)	FY18 1H Results	YoY		vs. Previous Forecast (e)	
		Increase / Decrease	Ratio	Increase / Decrease	Ratio
Revenues	3,631	+275	+8%	−69	−2%
Adjusted Operating Income*1	358	+82	+30%	+48	+15%
EBIT*2	340	+69	+25%	+30	+10%
Income before Income Taxes	342	+70	+26%	+32	+10%
Net Income	246	+44	+22%	+36	+17%
Net Income per Share	178.54 yen	+31.66 yen		+25.84 yen	
Cash Dividend per Share	45.00 yen	+5.00 yen		±0.00 yen	

Notes: •Exchange rate: 1USD=110 yen, 1EUR=130 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

FY18 Q1-Q2 (Revenues and EBIT by Segment)

(100 million yen)

		FY18 1H Results		FY17 1H Results		YoY		FY18 1H Outlook (e)	
		Revenues	EBIT	Revenues	EBIT	Revenues	EBIT	Revenues	EBIT
	Science & Medical Systems	983	133	876	97	+12%	+36	998	123
	Electronic Device Systems	802	208	701	178	+14%	+29	822	208
	Industrial Systems	385	3	338	−9	+14%	+12	385	2
	Advanced Industrial Products	1,500	22	1,475	19	+2%	+3	1,495	19
Total		3,631	340	3,356	271	+8%	+69	3,700	310

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

vs. FY17 Q1-Q2 Results

Revenues (335.6 Ybn → 363.1 Ybn +27.5 Ybn)

- Science & Medical Systems: Increased 10.8 Ybn due to higher sales of clinical analyzers for the Asian market and the end of inventory adjustments in the supply chains with customers
- Electronic Device Systems: Increased 10.1 Ybn due to strong sales to customers investing in next-generation cutting-edge processes and mass production of memory

EBIT (27.1 Ybn → 34.0 Ybn +6.9 Ybn)

□ Increased for the same reason as revenues

FY18 Q1-Q2 (Statement of Financial Position in Summary)

As of end of September 2018
(100 million yen)

			vs. 18/3				vs. 18/3
Current Assets		5,103	+148	Current Liabilities		2,030	-26
Cash and Cash Equivalents	2,101	+178		Trade Payables	1,244	-77	
Trade Receivables	1,536	-57		Others	786	+52	
Inventories	1,242	+77		Non-Current Liabilities		282	+8
Others	224	-50		Retirement and Severance Benefits	242	+10	
Non-Current Assets		1,308	+30	Others	40	-2	
Property, Plant and Equipment	761	+23		Equity		4,100	+195
Intangible Assets	168	-2		Total Hitachi High-Tech Stockholders' Equity	4,094	+193	
Others	380	+9		Non-controlling Interests	6	+2	
Total Assets		6,411	+178	Total Liabilities & Shareholder Equity		6,411	+178

Note: ▪ Total Hitachi High-Tech Stockholders' Equity per Share: 2,976.81 yen (vs.18/3 +140.55 yen)
▪ Total Hitachi High-Tech Stockholders' Equity Ratio : 63.9%

HITACHI
Inspire the Next

(100 million yen)	18/1H		18/1H
Cash Flow from Operating Activities	+248	Cash Flow from Financing Activities	-63
Net Income	+247	Dividends Paid	-63
Depreciation and Amortization	+63	Others	-0
Working Fund	-77	Effect of Exchange Rate Changes	+18
Income Tax Expense and Refund	-75		
Others	+89		
Cash Flow from Investing Activities	-26		
Proceeds from Sale / Purchase of Investments in Securities and Other Financial Assets	-3		
Proceeds from Sale / Purchase of Property, Plant, Equipment and Intangible Assets	-98		
Others	+75		
Free Cash Flow	+223		
			18/1H
		Cash and Cash Equivalents	
		At the Beginning of Year	+1,924
		Net Increase (Decrease)	+178
		At the End of Term	+2,101



2. FY18 Outlook

Note: YY/M denotes the year and month of the accounting period-end
(e1) denotes the figures announced on April 2018
(e2) denotes the figures announced on October 2018

Science & Medical Systems

Biotechnology and Medical Products

- Demand remained steady for clinical chemistry and immunodiagnostic analyzers in the Asian market, primarily in China
- Intensified price competition due to reduced medical expenditures in various countries and the launch of new products by competitors

Scientific Systems

- Electron Microscopes: Expanding demand from electronic device and materials manufacturers in the Asian market
- Scientific Instruments: Growth in demand for rechargeable batteries and RoHS-compliant

Electronic Device Systems

Logic

Certain cutting-edge process investments were delayed, but investment is expected to continue due to expansion of server market demand

Foundries

Investment expected in 5 nm development and future mass production

Memory

Certain investments in 3D-NAND and DRAM were postponed to FY2019

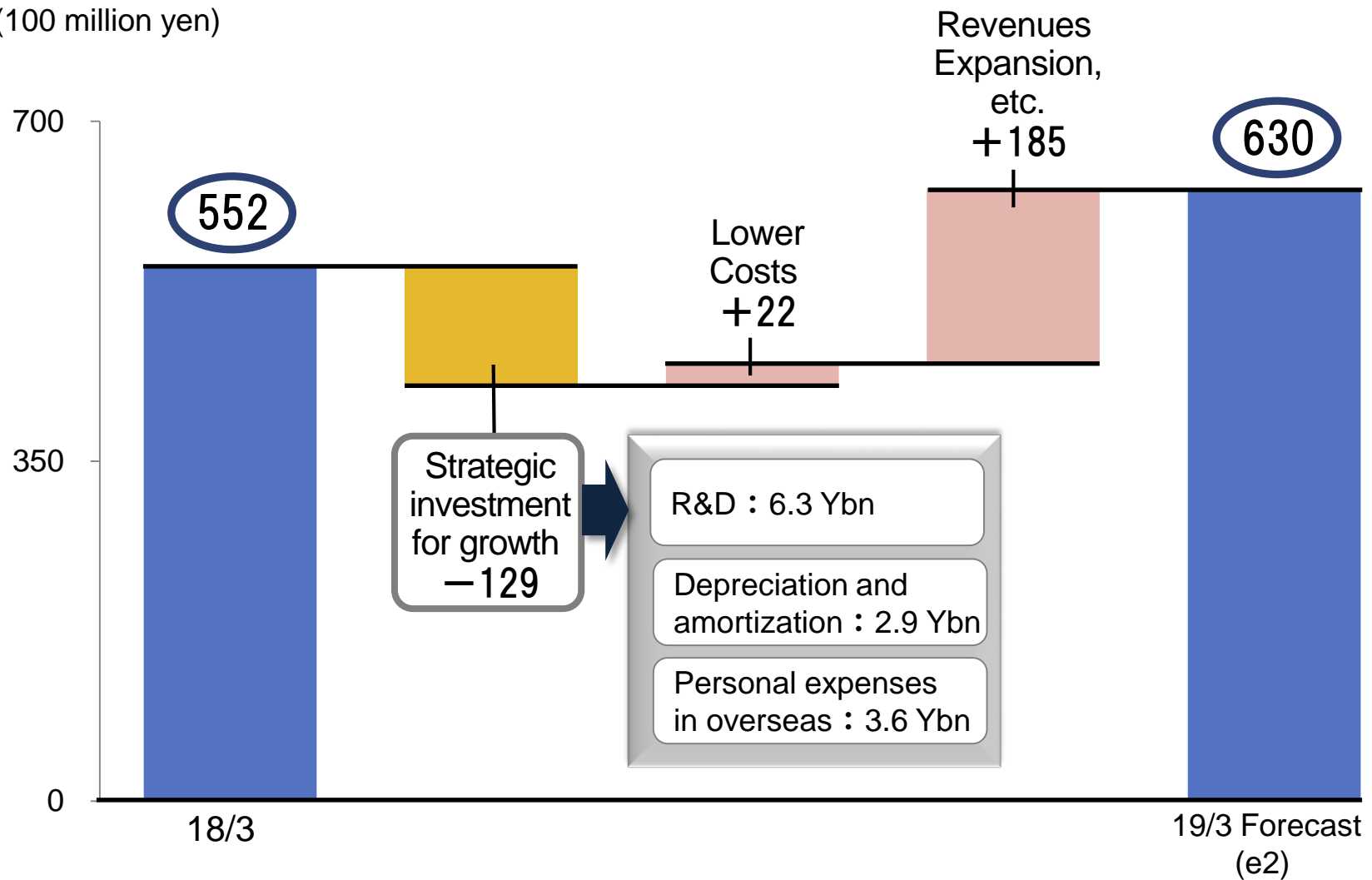
FY18 Outlook (Highlights)

(100 million yen)

	FY18 Outlook (e2)	YoY		vs. Previous Forecast (e1)	
		Increase / Decrease	Ratio	Increase / Decrease	Ratio
Revenues	7,500	+623	+9%	−300	−4%
Adjusted Operating Income	630	+75	+13%	±0	±0%
EBIT	630	+78	+14%	±0	±0%
Income before Income Taxes	630	+74	+13%	±0	±0%
Net Income	450	+41	+10%	±0	±0%
Net Income per Share	327.21 yen	+29.94 yen		±0.00 yen	
Cash Dividend per Share	95.00 yen	+10.00 yen		±0.00 yen	
ROE	11.1%	+0.1%		±0.0%	
FCF	+32	−130		±0	

FY18 Outlook (Factors behind Change YoY: EBIT)

(100 million yen)



FY18 Outlook (Revenues and EBIT by Segment)

(100 million yen)

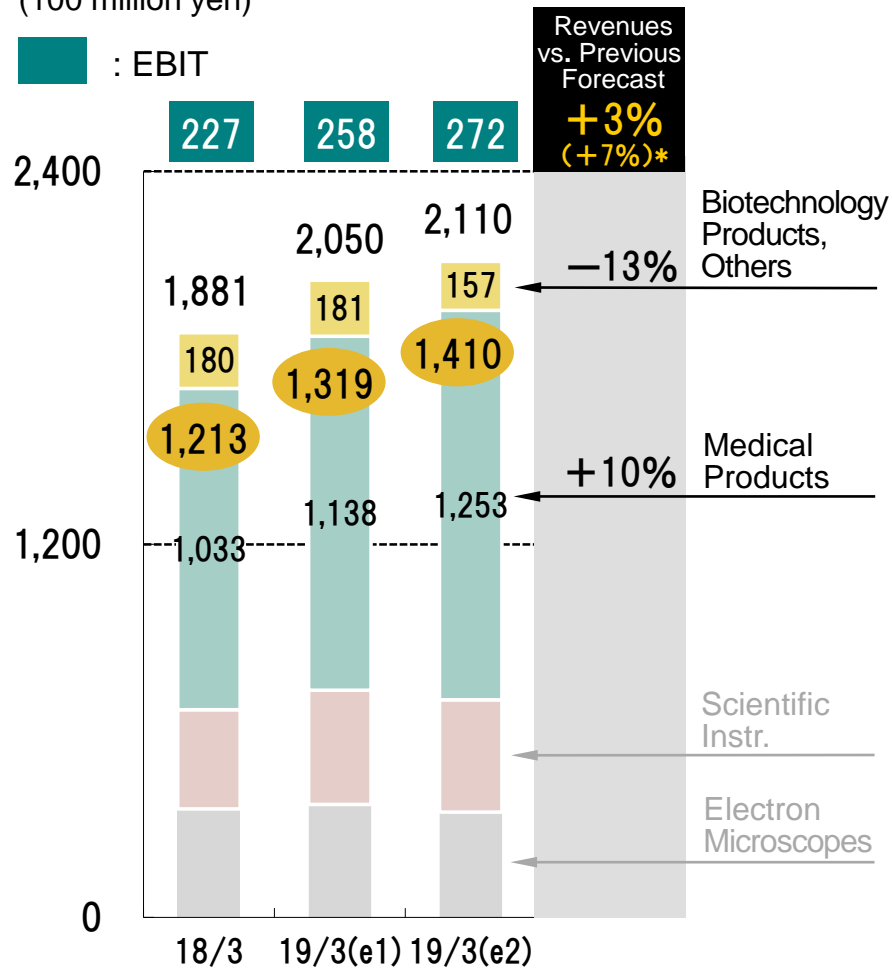
FY18 Outlook (e2)		FY17 Results		YoY		FY18 Outlook (e1)	
Revenues	EBIT	Revenues	EBIT	Revenues	EBIT	Revenues	EBIT
2,110	272	1,881	227	+12%	+46	2,050	258
1,484	340	1,357	317	+9%	+24	1,685	379
941	36	765	10	+23%	+26	1,000	35
3,080	50	2,943	37	+5%	+12	3,233	50
7,500	630	6,877	552	+9%	+78	7,800	630

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

Revenues / EBIT Trend

(100 million yen)

■ : EBIT



* Changes from previous forecast for the Biotechnology and Medical products business

Future Actions

- Continue sales expansion for “cobas e801” new high-speed immunodiagnostic analyzer
- Start sales of new products for the biotechnology field
 - Compact CE* sequencer/gene testers, etc.
- Develop new business in the high precision cancer diagnostic field
 - Collaboration with MagArray, Inc./OmniSeq®, Inc. in the U.S.



Immunoassays module “e801” for “cobas 8000” integrated clinical chemistry and immunoassay analysis



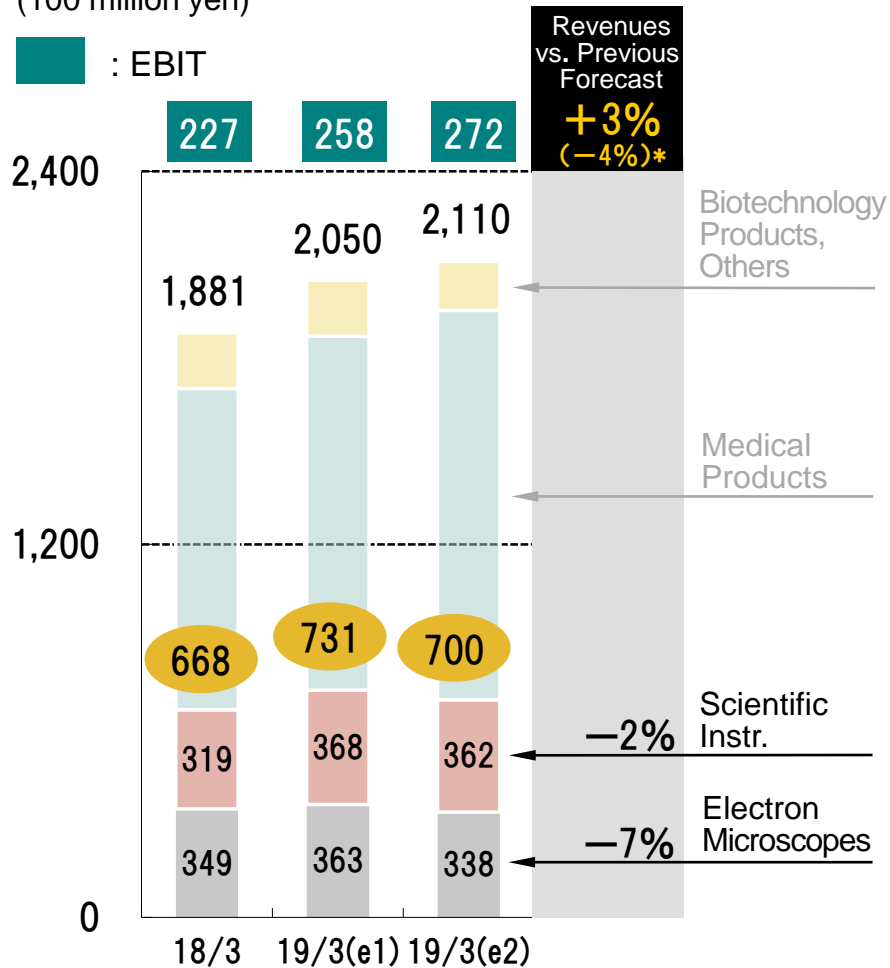
Compact CE sequencer (Completed image)

*CE: Capillary Electrophoresis

Revenues / EBIT Trend

(100 million yen)

■ : EBIT



* Changes from previous forecast for the Scientific Systems business

Future Actions

- Expand sales of new products in growth fields
 - Expand sales of SEM SU7000 and FIB-SEM Ethos NX5000
 - Commence domestic sales of handheld analyzers capable of on-site analysis
- Develop and expand sales of TSS*1
 - Rechargeable battery testing equipment (X-ray fluorescence contaminant analyzers, etc.)
 - RoHS II-compliant new product HM1000A
- Accelerate Global Development
 - Strengthen sales and manufacturing capabilities of Scientific Instr. by Group synergies
 - Promote collaboration with customers by Hitachi High-Tech Science Park



Schottky FE-SEM
SU7000

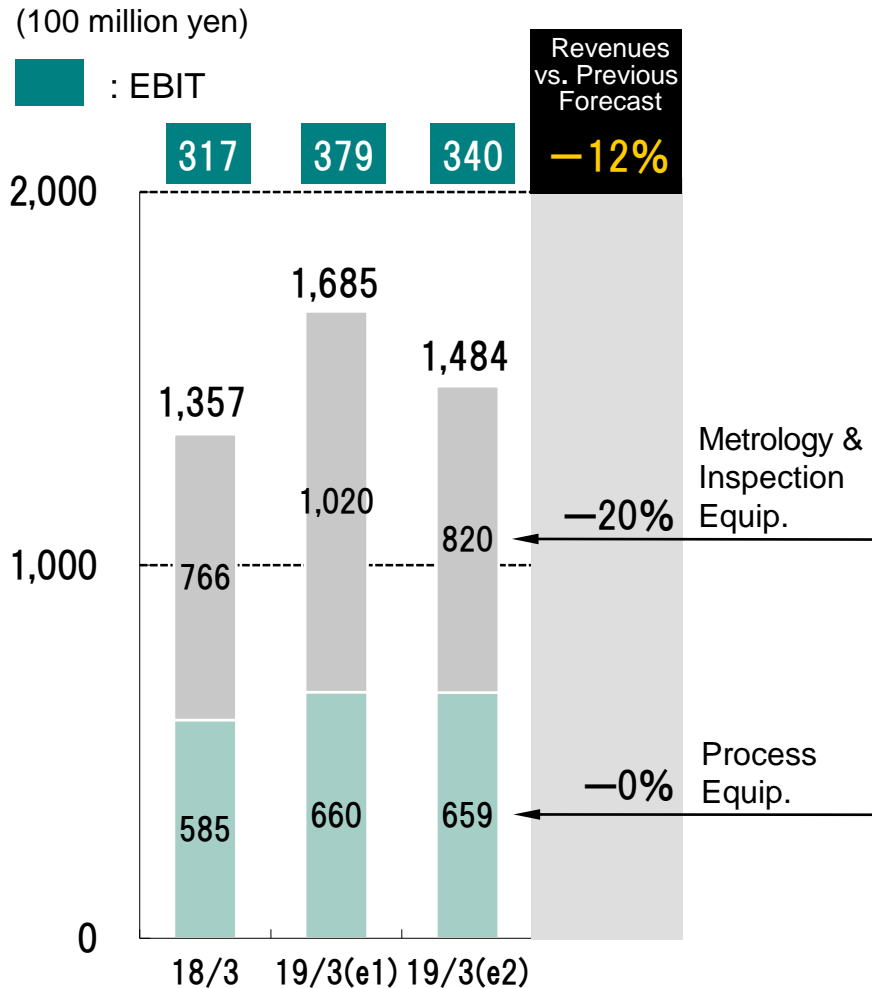


Handheld LIBS*2 analyzer
VULCAN series

*1 TSS(Targeted Solution System): high-value-added dedicated equipment

*2 LIBS: Laser Induced Breakdown Spectroscopy

Revenues / EBIT Trend



Future Actions

- Strengthen product portfolio in response to diversifying customer needs
 - Promote development of products that support EUV processes
 - Expand solutions through collaboration between etch systems, CD-SEMs and defect inspection systems
- Build a global development environment
 - Conduct active R&D investment (+26% compared with FY17)
 - Reinforce the engineers at overseas engineering sites
 - Implement a joint research project with the University of Tsukuba



Conductor Etch System
9000-Series



Advanced CD-SEM
CG6300

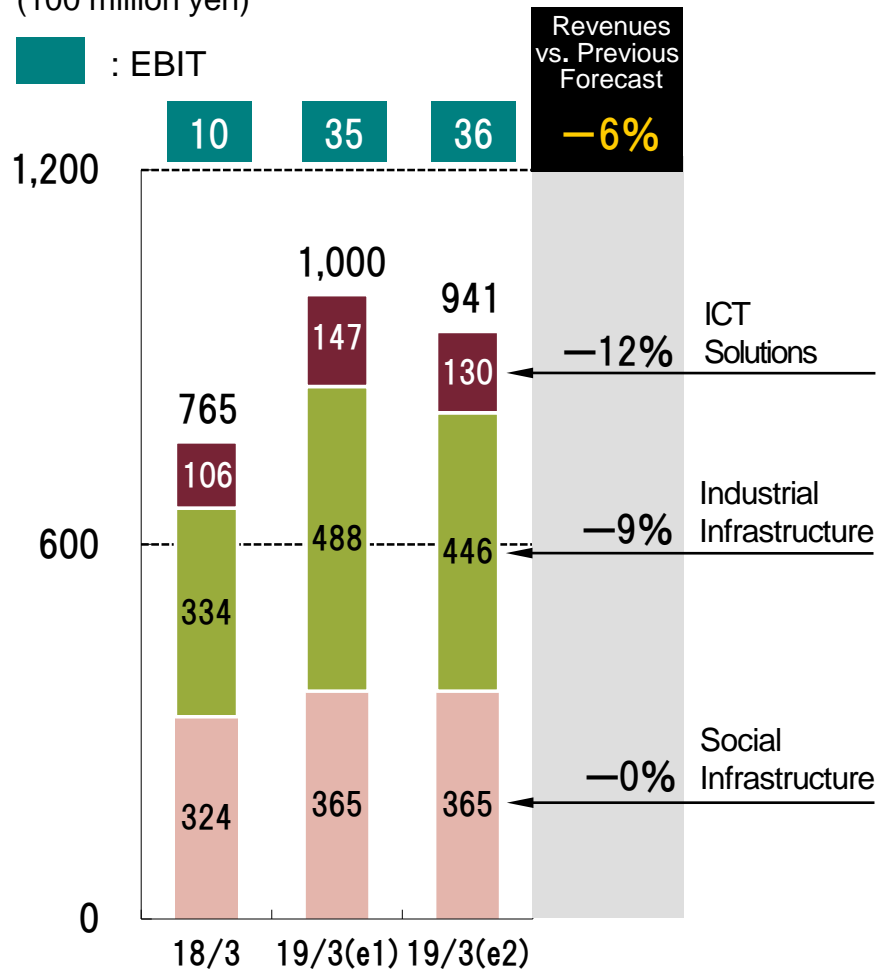


Wafer Surface
Inspection System
LS Series

Revenues / EBIT Trend

(100 million yen)

■ : EBIT



Future Actions

Social Infrastructure

Railway inspections

Expand product lineups

Control systems

Advance support for smart-process automation systems through control systems and big data analysis

Industrial Infrastructure

Auto Assembly

Expand sales of rechargeable battery manufacturing equipment

Thin-films

Promote development of new manufacturing systems for flexible devices

ICT Solutions

IoT

Launch an issue-solving solutions business for the manufacturing industry



Integrated Control System

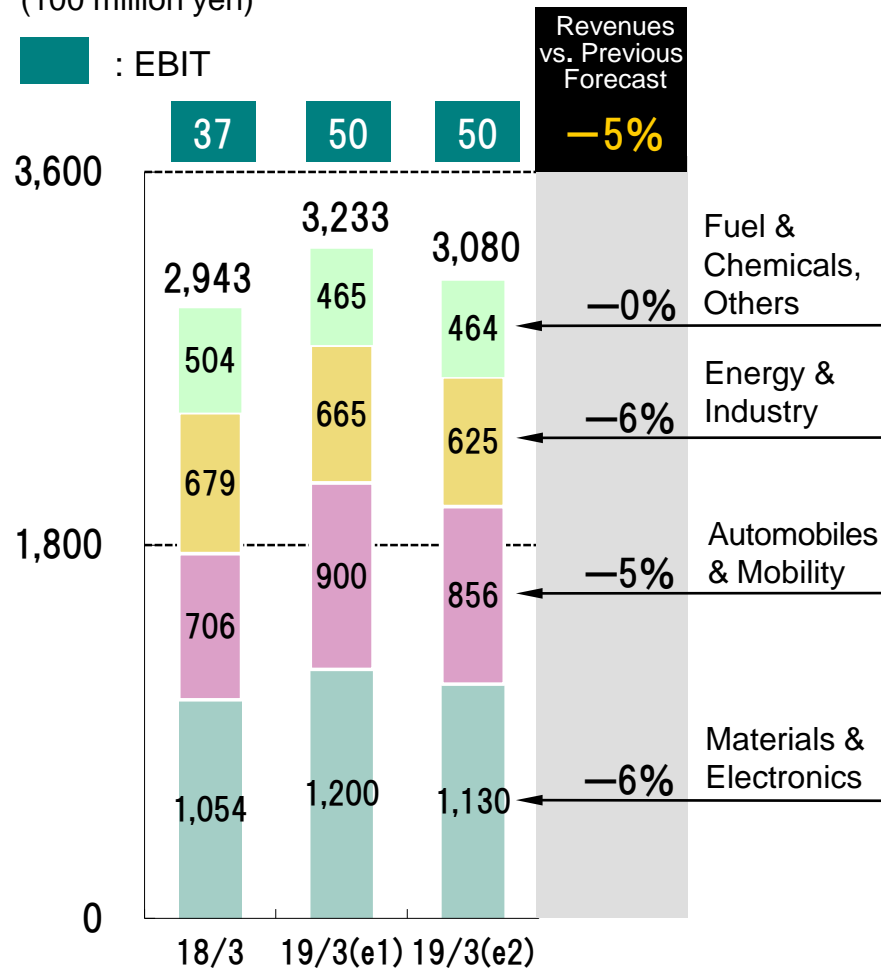


Predictive Diagnostic Systems

Revenues / EBIT Trend

(100 million yen)

■ : EBIT



Future Actions

Railway-related business

- Establish joint venture with a Chinese interior manufacturer and start expanding sales to transportation equipment and construction machinery manufacturers

Shared factory as a service

- Establish a shared factory services company and begin providing various services to Japanese companies entering overseas markets

R&D assessment outsourcing service

- Enter into an agency agreement with JTL*
- Commence high-quality services by supplying analytical equipment



Assessment services carried out at JTL

*JAPAN TESTING LABORATORIES, Inc.



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

Note: YY/M denotes the year and month of the accounting period-end
(e2) denotes the figures announced on October 2018

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

Revenues

Achieve progress beyond market growth
(Revenues CAGR by business > Market growth rate)

FY15-18(CAGR)

Market

Hitachi High-Tech's
Forecast (e2)

The biochemical and
Immunodiagnostics testing

*1 4%

6%

Scientific Instruments

4%

5%

Front-end semiconductor
manufacturing equipment

*2 19%

13%

*1 Equipment and reagents cumulative *2 CY

Profitability

Instruments Maintain an EBIT margin of 10% or more

Materials Achieve an absolute EBIT of 5.0 Ybn or more

FY16 Results

FY17 Results

FY18 Outlook (e2)

13%

13%

14%

2.3 Ybn

3.7 Ybn

5.0 Ybn

Service ratio

Maintain the ratio of EBIT from
service business*3 to overall at 50% or more

57%

54%

55%

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

R&D

¥80 billion ▪ Increase by 30% vs FY13-FY15

▪ Increase size of investments
centered on the biotechnology and
medical products business

*4 83.3 Ybn

Capital Investment

¥40 billion ▪ Expand demonstration facilities
▪ Strengthen manufacturing
ability and technology

▪ Actively promote mass-production
response + automation and adoption
of IoT

*4 57.3 Ybn

Business Investment

¥30 billion ▪ Centered on the
biotechnology and healthcare ,
social and industrial infrastructure

▪ Reinforce technologies, sales channels
and human resources
▪ Conduct M&As and capital participation

*5 17.8 Ybn

*4 FY16-FY17 results and FY18 outlook(e2) cumulative

*5 FY16 and FY17 results cumulative

Toward Further Growth (Identifying Materiality)

Basic Philosophy : Contributing to social progress through business activities that emphasize value creation through high-tech solutions

▶▶ A company needed by society

A company continually chosen by customers worldwide

Societal demands

- Form a sustainable society
- Solve social issues

Hitachi High-Tech Group

- Unique strengths developed over time
- Business fields, Business characteristics

Material issues that should be addressed through business activities (Materiality)

Contributing to a sustainable global environment



Contributing to healthy, safe, secure lives



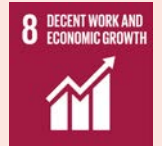
Contributing to the sustained development of science and industry



Establishing a sound management foundation



Developing and utilizing diverse human resources





4. Reference

Note: YY/M denotes the year and month of the accounting period-end
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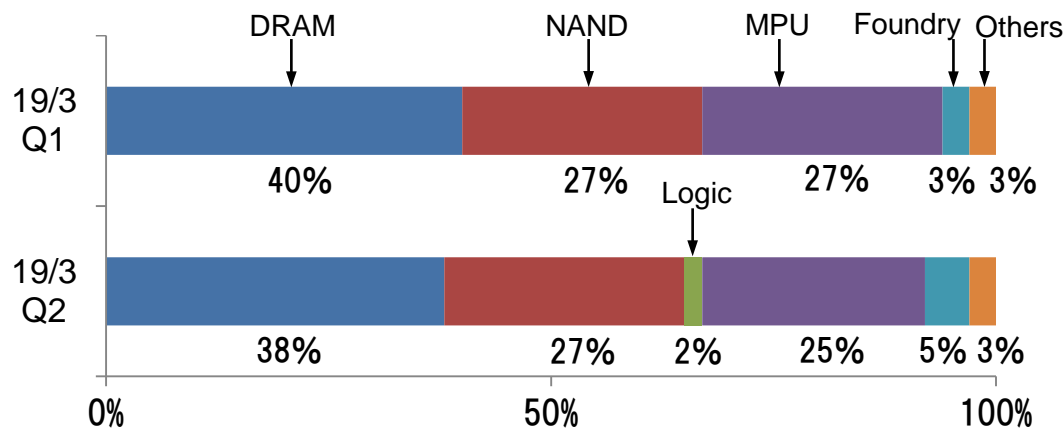
Changes in Orders Received (Results)

(100 million yen)

		Q1	Q2	Q3	Q4	Total
18/3	Process Equip.	91	109	185	206	591
	Metrology & Inspection Equip.	217	128	200	378	923
	Total	308	237	385	584	1,514
19/3	Process Equip.	138	166	—	—	304
	Metrology & Inspection Equip.	196	101	—	—	297
	Total	334	267	—	—	601

Revenues Ratio by Fields (Results)

* Based on unit sales



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

■ Capital Expenditure/Depreciation Costs/R&D

(100 million yen)

	18/3 1H	19/3 1H	YoY	18/3	19/3 _(e2)	YoY
Capital Expenditure	72	101	+40%	157	272	+73%
Depreciation Costs	57	63	+11%	118	147	+24%
R&D	126	148	+17%	267	330	+24%

Note: Capital expenditure is based on acquisition base

■ Revenues by Region

(100 million yen)

		Japan	North America	Europe	Asia	Mainland China	Others	Total
18/3 1H	Revenues	1,263	254	393	1,341	469	104	3,356
	Ratio	38%	7%	12%	40%	14%	3%	100%
19/3 1H	Revenues	1,335	279	468	1,383	463	166	3,631
	Ratio	37%	8%	13%	38%	13%	4%	100%

Changes in Quarterly Results

(100 million yen)			FY17 Q1	FY17 Q2	FY17 Q3	FY17 Q4	FY18 Q1	FY18 Q2
Revenues / EBIT	Science & Medical Systems	Revenues	397	478	424	581	473	510
		EBIT	45	52	52	77	71	62
	Electronic Device Systems	Revenues	381	321	281	374	357	445
		EBIT	114	64	54	84	89	118
	Industrial Systems	Revenues	152	185	159	268	158	227
		EBIT	—9	0	—0	19	—3	6
	Advanced Industrial Products	Revenues	729	746	751	718	761	739
		EBIT	11	8	13	5	14	7
	Others & Elimination/Corporate	Revenues	—17	—17	—13	—22	—19	—20
		EBIT	—5	—9	—4	—20	—12	—14
Total		Revenues	1,642	1,714	1,602	1,919	1,730	1,901
		EBIT	156	115	116	165	160	180
Income before Income Taxes			157	116	117	167	161	181
Net Income Attributable to Hitachi High-Technologies Corporation Stockholders			117	85	90	117	106	140

Revenues Change in Main Business

(100 million yen)	FY17/Q1	FY17/Q2	FY17/Q3	FY17/Q4	FY18/Q1	FY18/Q2
Science & Medical Systems	397	478	424	581	473	510
Electron Microscopes	70	88	68	124	58	93
Scientific Instr.	45	84	78	112	66	84
Medical Products	242	256	232	302	319	297
Biotechnology Products, Others	40	50	45	44	30	37
Electronic Device Systems	381	321	281	374	357	445
Process Equipment	160	158	125	142	175	172
Metrology & Inspection Equipment	219	161	155	230	181	271
Others	2	1	1	2	1	1
Industrial Systems*	152	185	159	268	158	227
Social Infrastructure	69	85	70	99	53	82
Industrial Infrastructure	61	75	66	133	80	113
ICT Solutions	22	25	23	35	25	32
Advanced Industrial Products*	729	746	751	718	761	739
Materials & Electronics	261	267	263	263	300	287
Automobiles & Mobility	167	171	186	183	201	198
Energy & Industry	177	181	174	146	148	139
Fuel & Chemicals, Others	124	127	128	126	112	115

* The sub-segment classification of Industrial Systems and Advanced Industrial Products has been changed from FY18.
FY17 figures are restated.

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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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