

Consolidated Results

for the Third Quarter of the Fiscal Year Ending March 31, 2018

January 30, 2018

 **Hitachi Chemical Co., Ltd.**

(Billion yen)

Item	17/3Q	FY17/3Q	FY17/1Q	FY17/1Q~3Q
		vs. FY16/3Q	~3Q	vs. FY16/1Q~3Q
Revenue	177.9	124 %	497.8	124 %
Operating Income	16.3 9.1%	106 %	35.9	88 % 7.2%
Net Income (Attributable to owners of the parent)	12.8	88 %	29.6	94 %
Operating Income without other income and expenses	16.3 9.2%	101 %	45.4	111 % 9.1%

Exchange rate (1US\$)	Average	¥112.98	¥109.30	¥111.70	¥106.62
	End	¥113.00	¥116.49	¥113.00	¥116.49

Functional Materials

¥78.4 billion (YoY:108%)

◆ Electronics Materials

Sales of CMP slurry increased, particularly for 3D-NAND flash memory applications.

◆ Inorganic Materials

Sales of anode materials for eco-friendly automobiles were up.

◆ Polymer Science Materials

Sales of anisotropic conductive films for displays for use in smartphones were up.

◆ Printed Wiring Board Materials

Sales of copper-clad laminates and photosensitive dry films grew, largely for smartphone and server applications.

Advanced Components and Systems

¥99.5 billion (YoY: 140%)

◆ Automotive Products

Sales increased for plastic molded products, friction materials, and powder metal products due to factors including the benefits of consolidating ISOLITE GmbH in FY17 2Q and the start of new projects.

◆ Energy Storage Devices and Systems

Sales of automotive and industrial batteries were up due to the consolidation of FIAMM Energy Technology S.p.A. in FY16 4Q and of Thai Storage Battery Public Company Limited in FY17 2Q.

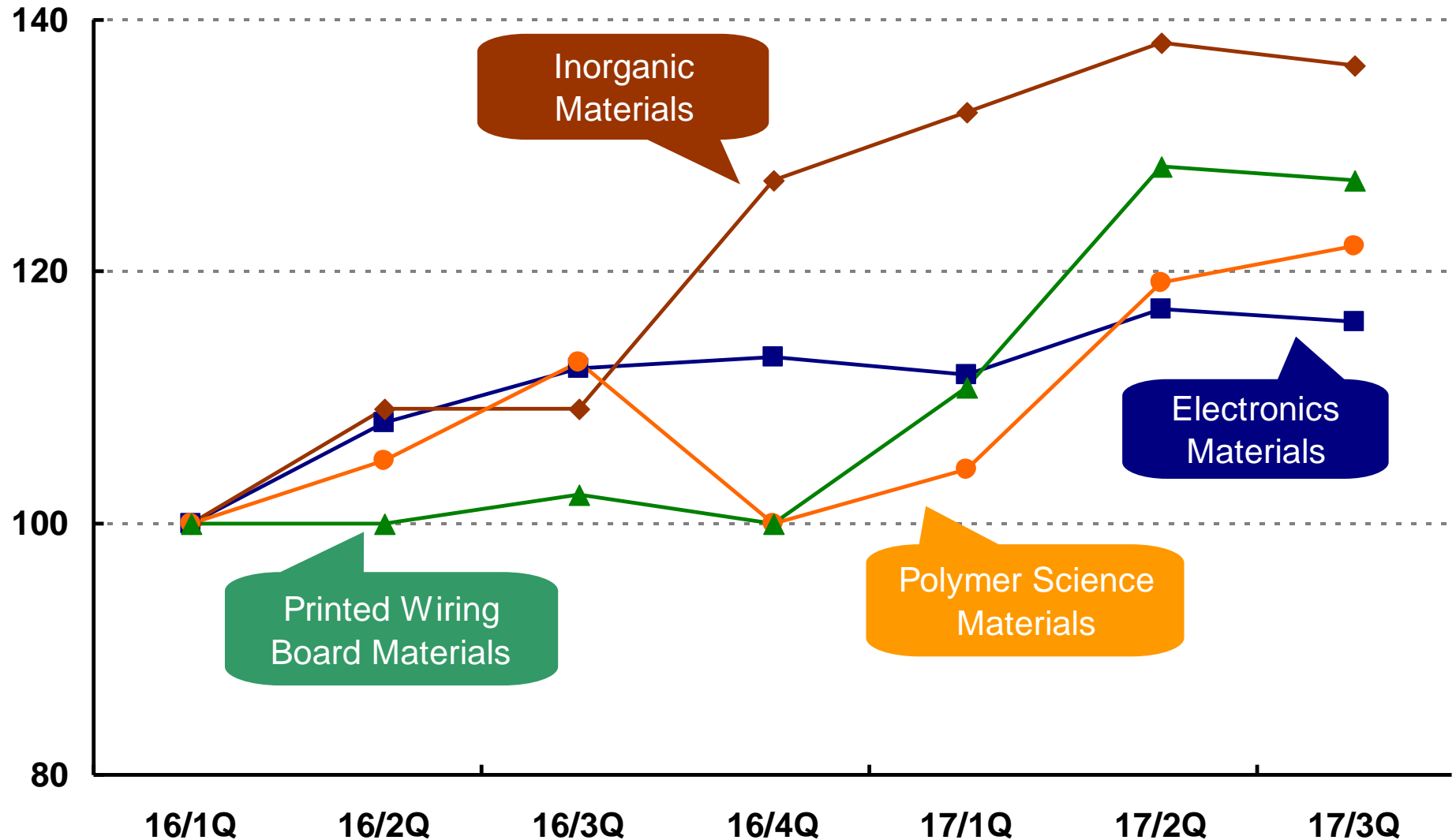
◆ Electronic Components

Sales of printed wiring boards increased, largely for semiconductor inspection device applications.

	Revenue	vs. FY16/3Q
Functional Materials	¥78.4 billion	108 %
Electronics Materials	24.6	104
Epoxy Molding Compounds		107
Die Bonding Materials		83
CMP Slurry		113
Inorganic Materials	7.5	125
Carbon Anode Materials for LiB		133
Polymer Science Materials	17.2	108
Anisotropic Conductive Films		102
Printed Wiring Board Materials	22.4	124
Copper-Clad Laminates		121
Photosensitive Dry Films		129

FY17/3Q Revenue by Functional Materials (2)

vs. FY16/1Q
benchmark



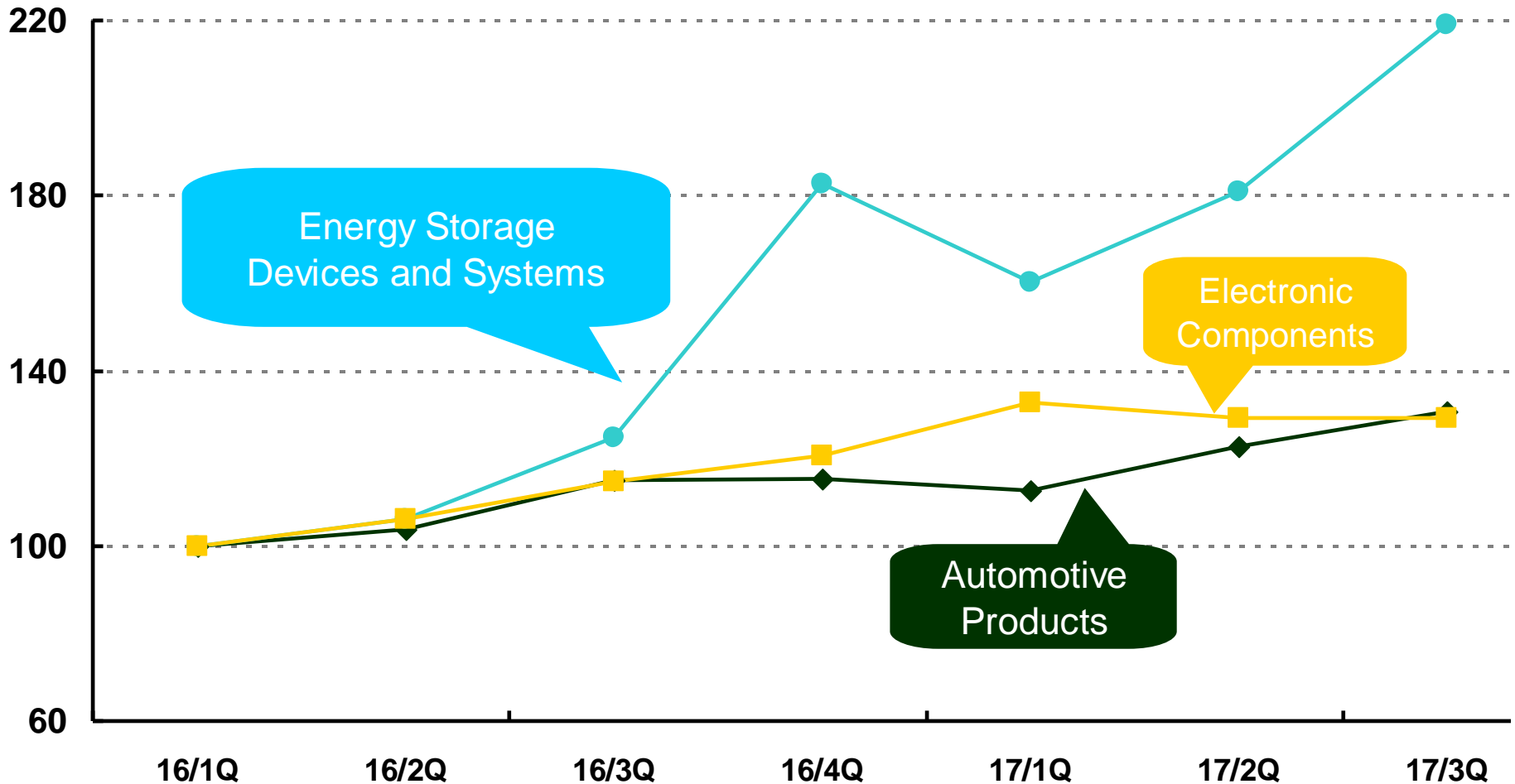
FY17/3Q Revenue by Advanced Components and Systems (1)

Revenue vs. FY16/3Q

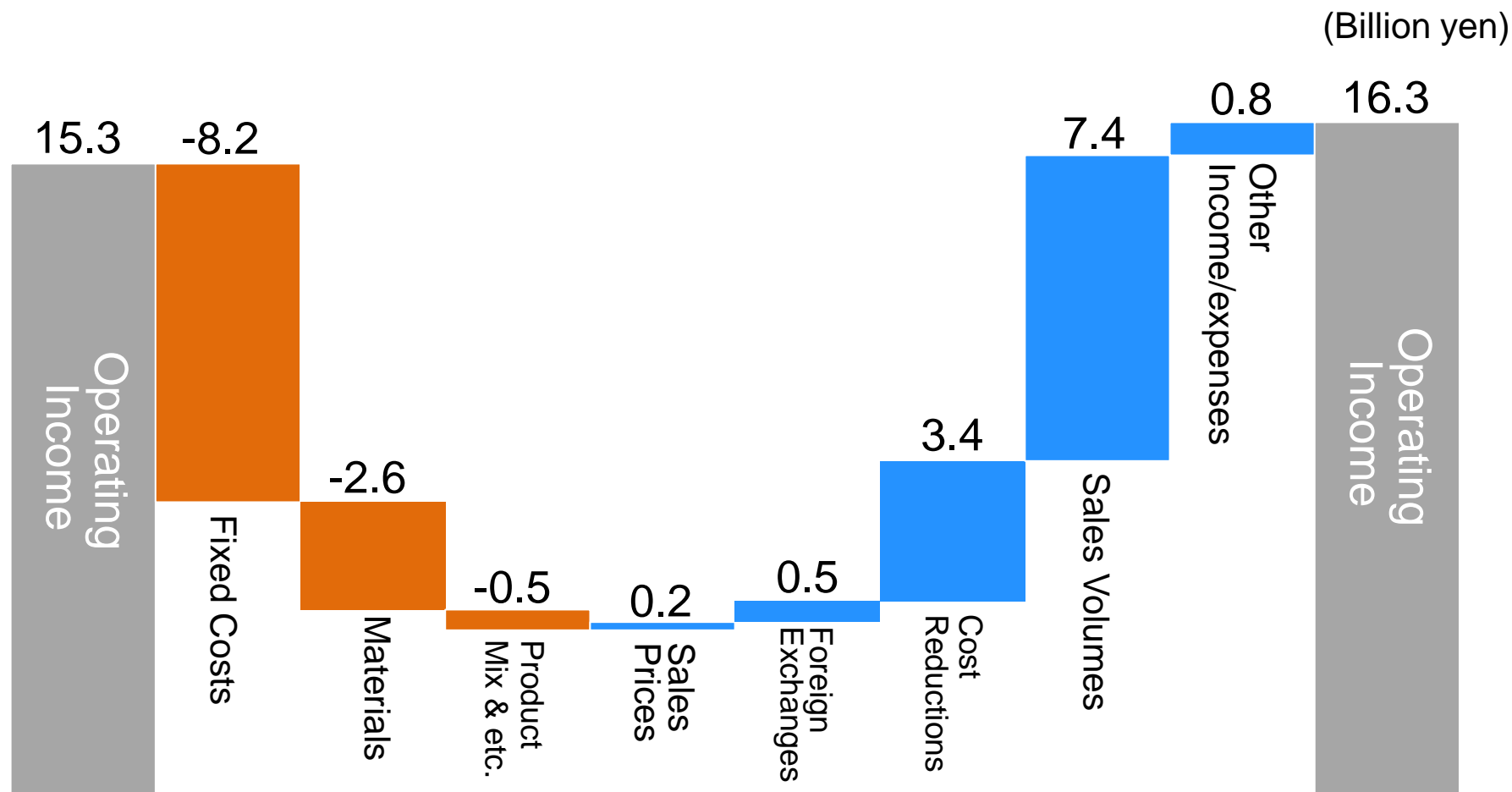
Advanced Components and Systems	¥99.5 billion	140 %
Automotive Products	37.4	114
Plastic Molded Products		119
Friction Materials		121
Powder Metal Products		106
Energy Storage Devices and Systems	49.5	176
Automobile Batteries		240
Industrial Batteries		143
Electronic Components	10.6	112

FY17/3Q Revenue by Advanced Components and Systems (2)

vs. FY16/1Q
benchmark



Explanation of Operating Income Deviation (1)



FY16/3Q

1.0 billion yen

FY17/3Q

Explanation of Operating Income Deviation (2)

(Billion yen)

Segment	FY16 /3Q	Sales Volumes	Sales Prices	Foreign Exchanges	Materials	Cost Reductions	Fixed Costs	Product mix & etc.	Other Income/ expenses	FY17 /3Q
Functional Materials	11.5	1.8	-1.3	0.3	-0.2	2.0	-0.7	-0.1	0.4	13.7
Advanced Components and Systems	3.8	5.6	1.5	0.2	-2.4	1.4	-7.5	-0.4	0.4	2.6
Total	15.3	7.4	0.2	0.5	-2.6	3.4	-8.2	-0.5	0.8	16.3

Consolidated Financial Position

Item	(Billion yen)		
	FY16/4Q (March 2017)	FY17/3Q (Dec. 2017)	Increase/ Decrease
Total assets	609.2	695.1	86.0
Total Liabilities	227.7	285.1	57.4
interest-bearing debt	47.4	100.7	53.3
Equity	381.4	410.0	28.6
attributable to owners of the parent	375.0	401.4	26.4
	61.6%	57.7%	

Note: In the third quarter ended December 31, 2017, the provisional accounting treatments related to the management integration were finalized, and figures for the fiscal year ended March 31, 2017, have been restated accordingly.

(Billion yen)

Item	FY16/3Q	FY17/3Q	Increase/ Decrease
Cash flows from operating activities	9.2	6.6	-2.6
Cash flows from investing activities	-10.1	-12.5	-2.5
Cash flows from financing activities	-5.2	17.3	22.5
Cash balance at the end	106.5	93.0	-13.5

(Billion yen)

Item	FY16 results	FY17 forecast		FY17 vs. FY16	
		publication in October	Revised	Based on a comparison of publication in October	Based on a comparison of publication in October
Revenue	554.1	670.0	670.0	121 %	100 %
Operating Income	53.2	51.0	49.0	92 %	96 %
	9.6%	7.6%	7.3%		
Net Income (Attributable to owners of the parent)	40.2	40.5	40.0	100 %	99 %
Operating Income without other income and expenses	54.0	62.0	59.0	109 %	95 %
	9.8%	9.3%	8.8%		

Exchange rate (1US\$)	Average	¥108.38	¥110.53	¥111.78
		End	¥112.19	¥110.00

Functional Materials ¥298.0 billion (YoY: 109%)

Despite the seasonal factors experienced every year and the decline in demand for products for smartphone applications, sales are anticipated to grow due to the overall solid demand for semiconductor-related products.

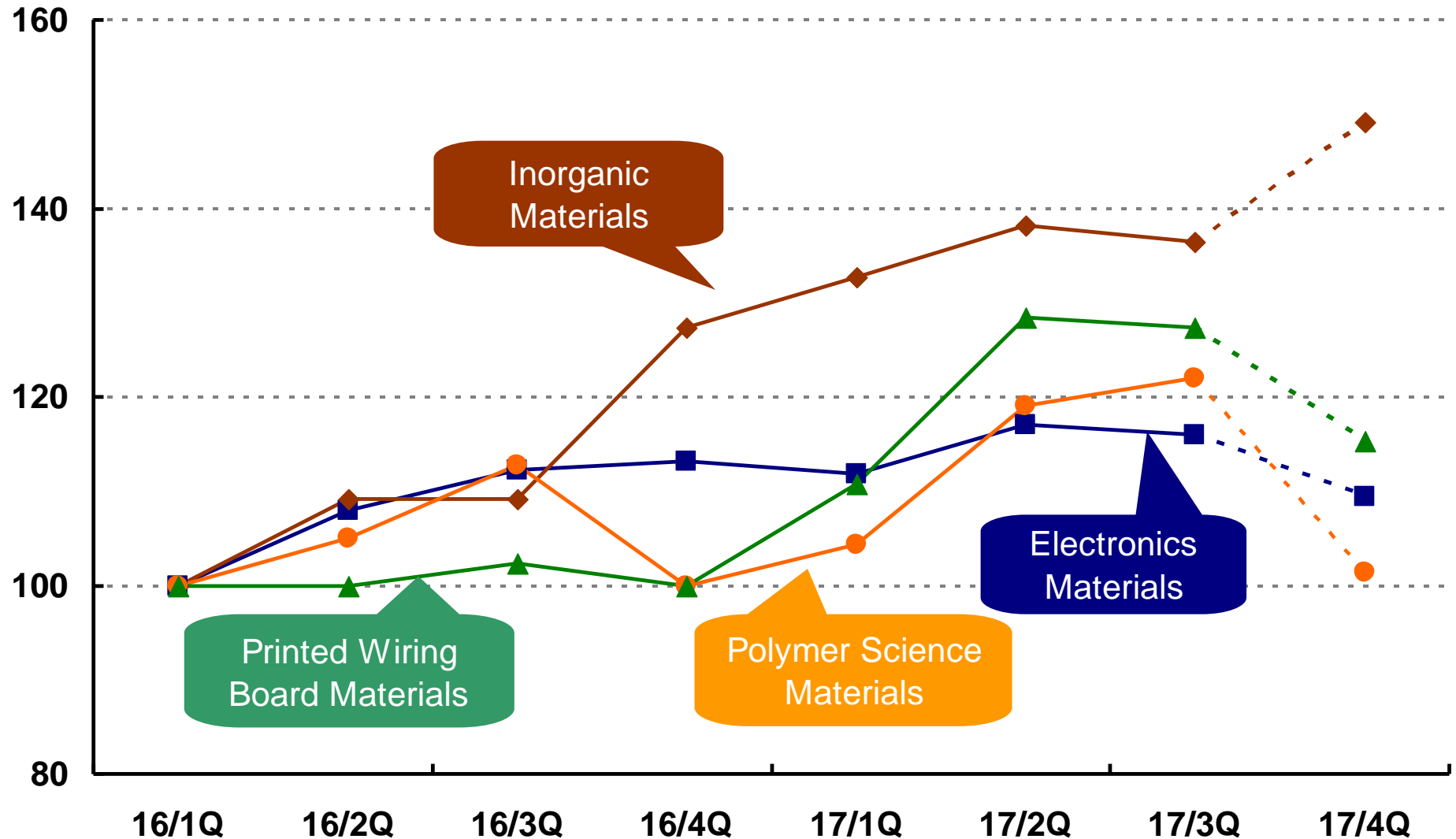
Advanced Components and Systems ¥372.0 billion (YoY: 132%)

Sales are expected to increase due to the rise in sales associated with newly consolidated subsidiaries as well as the benefits of newly launched automotive products.

	Revenue	vs. FY16
Functional Materials	¥298.0 billion	109 %
Electronics Materials	96.4	105
Epoxy Molding Compounds		107
Die Bonding Materials		88
CMP Slurry		122
Inorganic Materials	30.6	125
Carbon Anode Materials for LiB		137
Polymer Science Materials	63.1	107
Anisotropic Conductive Films		106
Printed Wiring Board Materials	84.8	120
Copper-Clad Laminates		119
Photosensitive Dry Films		121

FY17 Forecasts by Functional Materials (2)

vs. FY16/1Q
benchmark

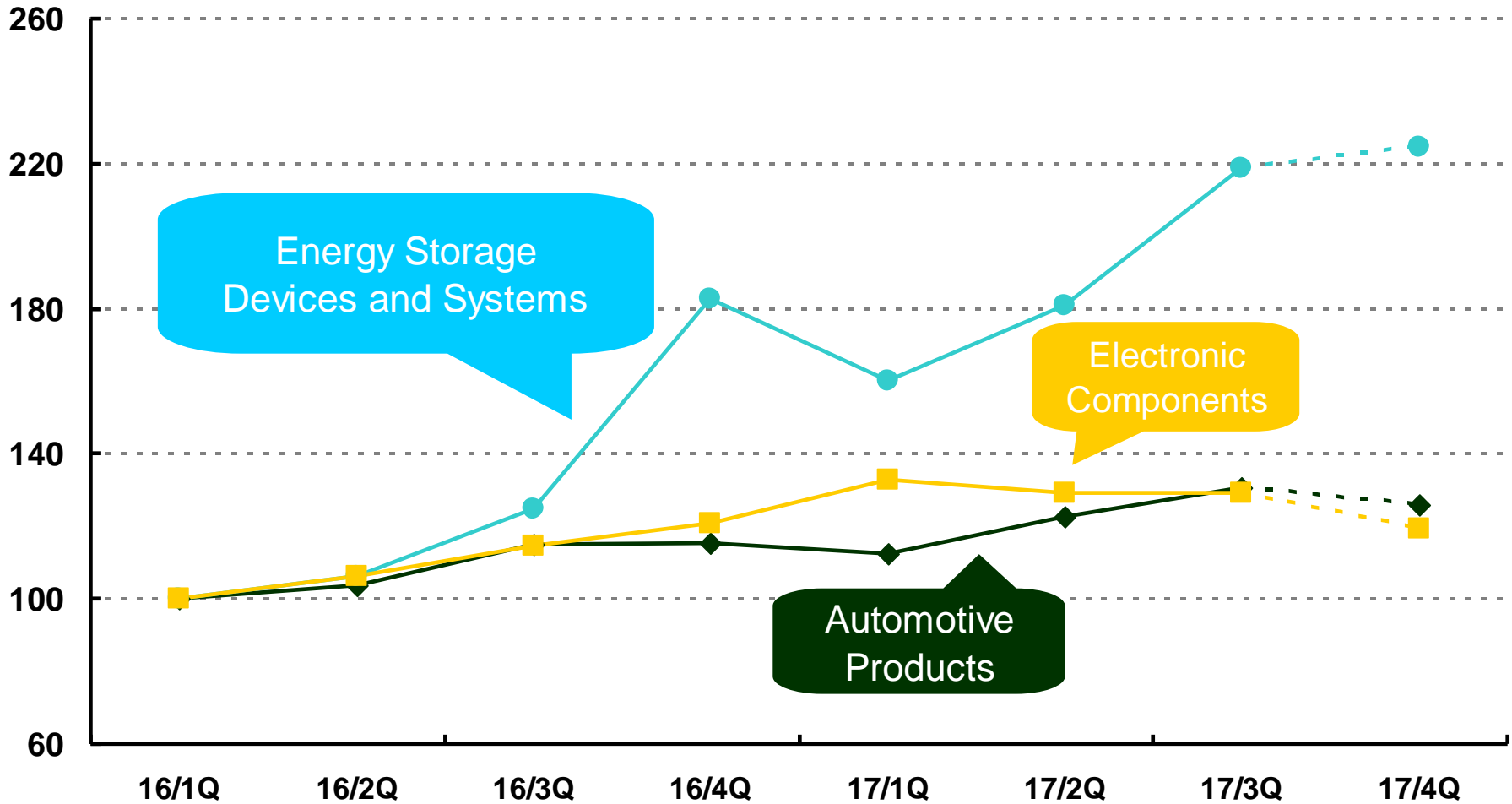


FY17 Forecasts by Advanced Components and Systems (1)

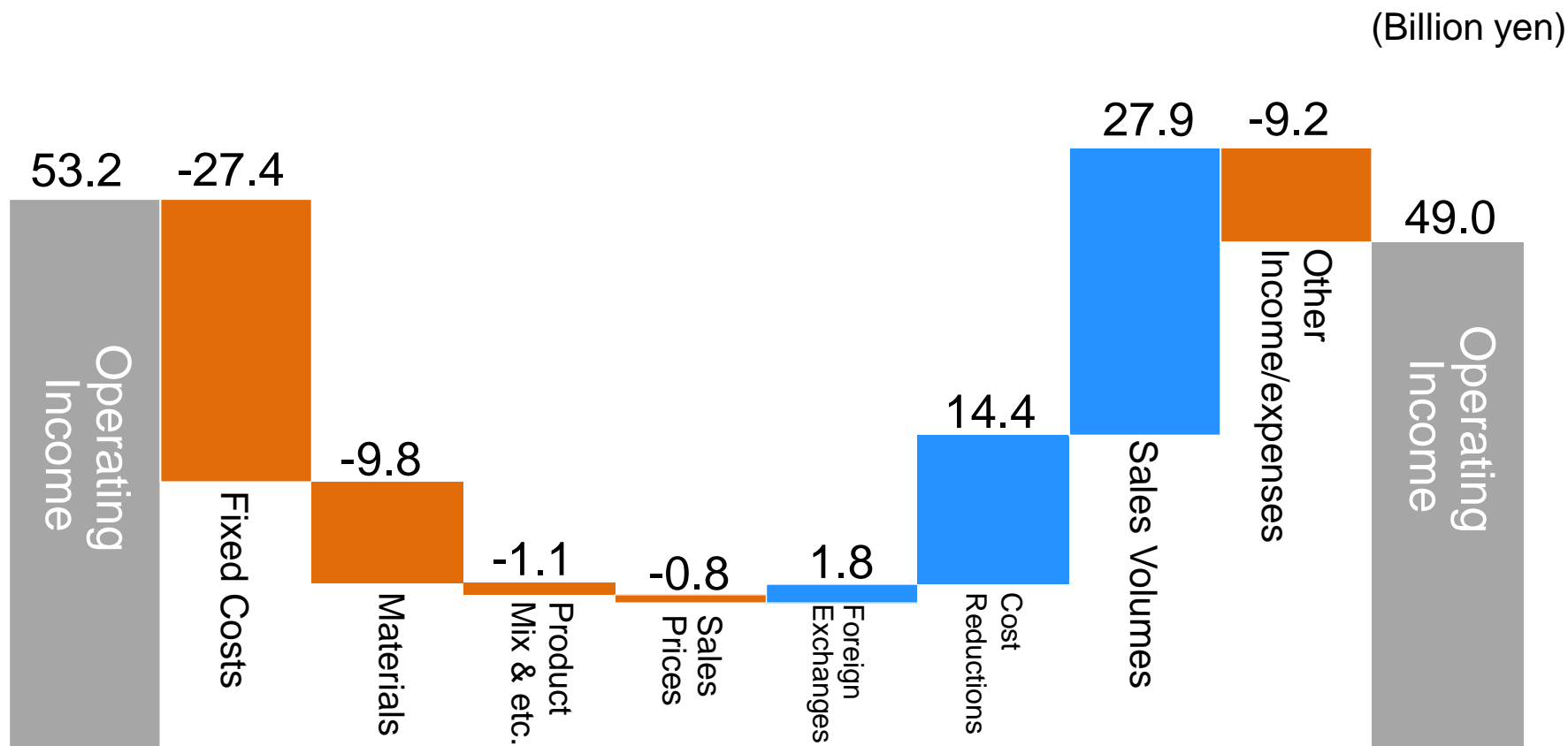
	Revenue	vs. FY16
Advanced Components and Systems	¥372.0 billion	132 %
Automotive Products	140.6	113
Plastic Molded Products		118
Friction Materials		119
Powder Metal Products		107
Energy Storage Devices and Systems	177.4	153
Automobile Batteries		186
Industrial Batteries		137
Electronic Components	41.9	116

FY17 Forecasts by Advanced Components and Systems (2)

vs.FY16/1Q
benchmark



Explanation of Operating Income Deviation (1)



FY16
results

-4.2 billion yen

FY17
forecasts

Explanation of Operating Income Deviation (2)

(Billion yen)

Segment	FY16 results	Sales Volumes	Sales Prices	Foreign Exchanges	Materials	Cost Reductions	Fixed Costs	Product mix & etc.	Other Income/ expenses	FY17 forecasts
Functional Materials	44.3	8.4	-5.2	1.1	-2.1	7.6	-4.4	0.3	-3.0	47.0
Advanced Components and Systems	8.9	19.5	4.4	0.7	-7.7	6.8	-23.0	-1.4	-6.2	2.0
Total	53.2	27.9	-0.8	1.8	-9.8	14.4	-27.4	-1.1	-9.2	49.0

Purchase price Trend (Main Materials)

20

(vs.FY16 benchmark)

Item	FY16	17/1Q	17/2Q	17/3Q	17/4Q
Crude Oil (Dubai)	100	106	108	127	139
Lead	100	105	111	122	122
Epoxy Resin	100	100	100	100	105
PET film	100	100	100	100	100
Methyl Metha Acrylate	100	107	107	107	121
Glass fabric	100	112	112	113	116
Copper foil	100	110	108	120	125

Hitachi Chemical

Working On Wonders

(Notes)

These materials contain projections based on information available at the time of formulation. Various factors may cause actual results in the future to differ.

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 **Hitachi Chemical Co., Ltd.**