

Consolidated Results

for the First Quarter of the Fiscal Year Ending March 31, 2019

July 23, 2018

 **Hitachi Chemical Co., Ltd.**

Contents

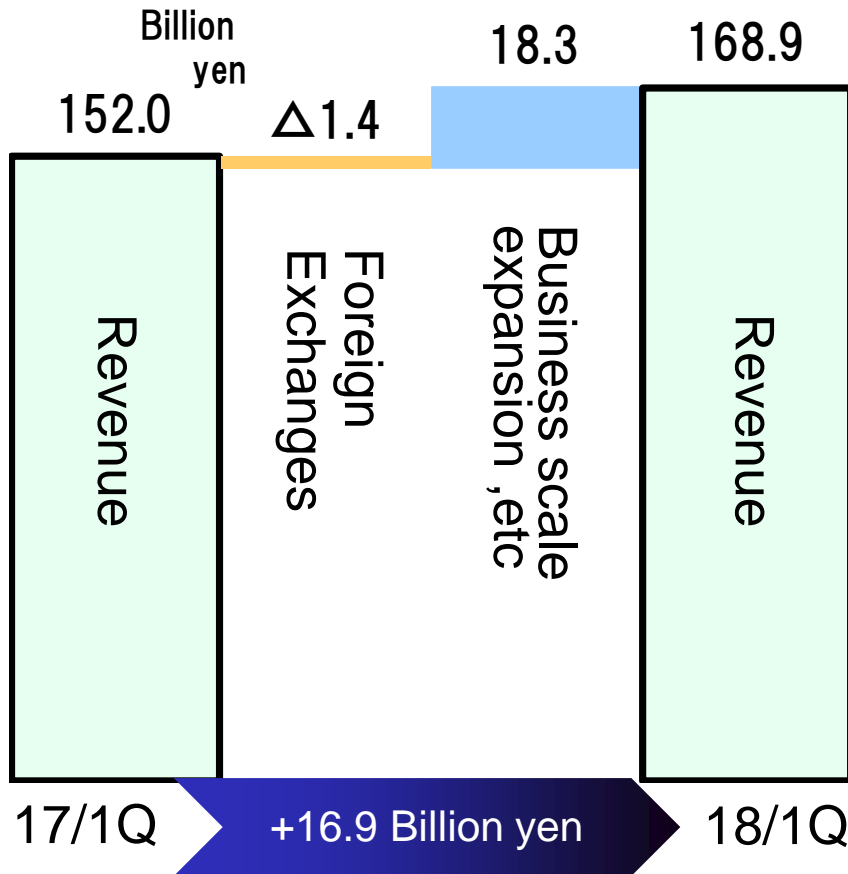
- 1.FY2018/1Q Consolidated Results
- 2.FY2018 Consolidated Forecasts

(Billion yen)

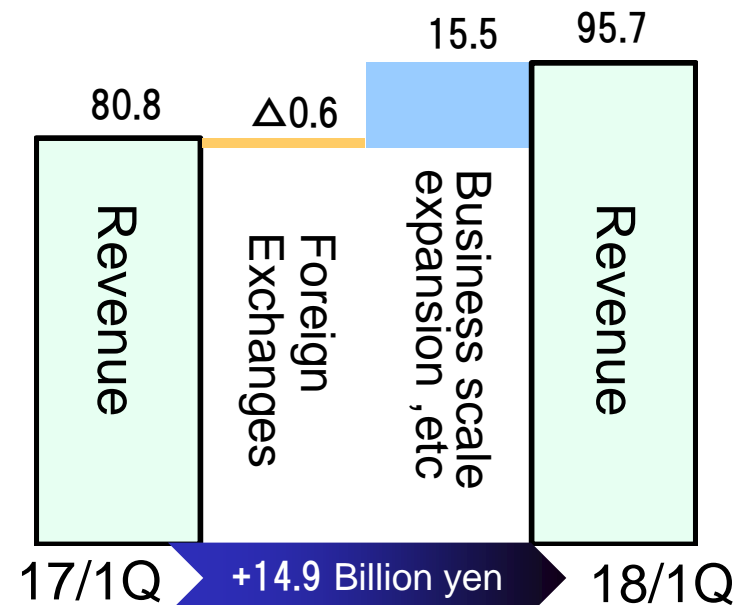
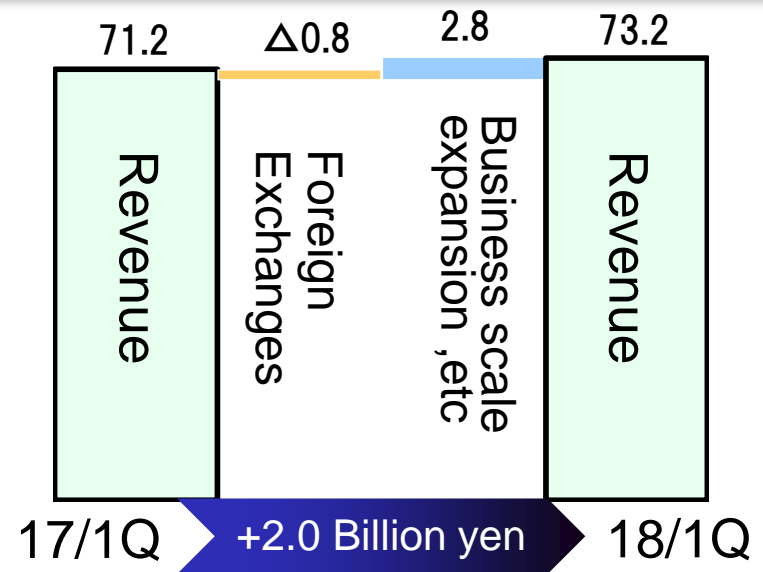
Item	17/1Q	18/1Q	17/1Q VS. 18/1Q
Revenue	152.0	168.9	16.9 ^{111%}
<i>Adjusted Operating Income ratio</i>	8.9%	6.9%	
Adjusted Operating Income	13.6	11.7	Δ 1.9
<i>Operating Income ratio</i>	8.9%	5.9%	
Operating Income	13.6	9.9	Δ 3.7
Income before Income Taxes	15.2	11.4	Δ 3.8
Net Income Attributable to owners of the parent	11.2	8.2	Δ 3.0

(Note) "Adjusted Operating Income" is presented as revenues less cost of sales as selling , general and administrative expenses.

Explanation of Revenue Deviation



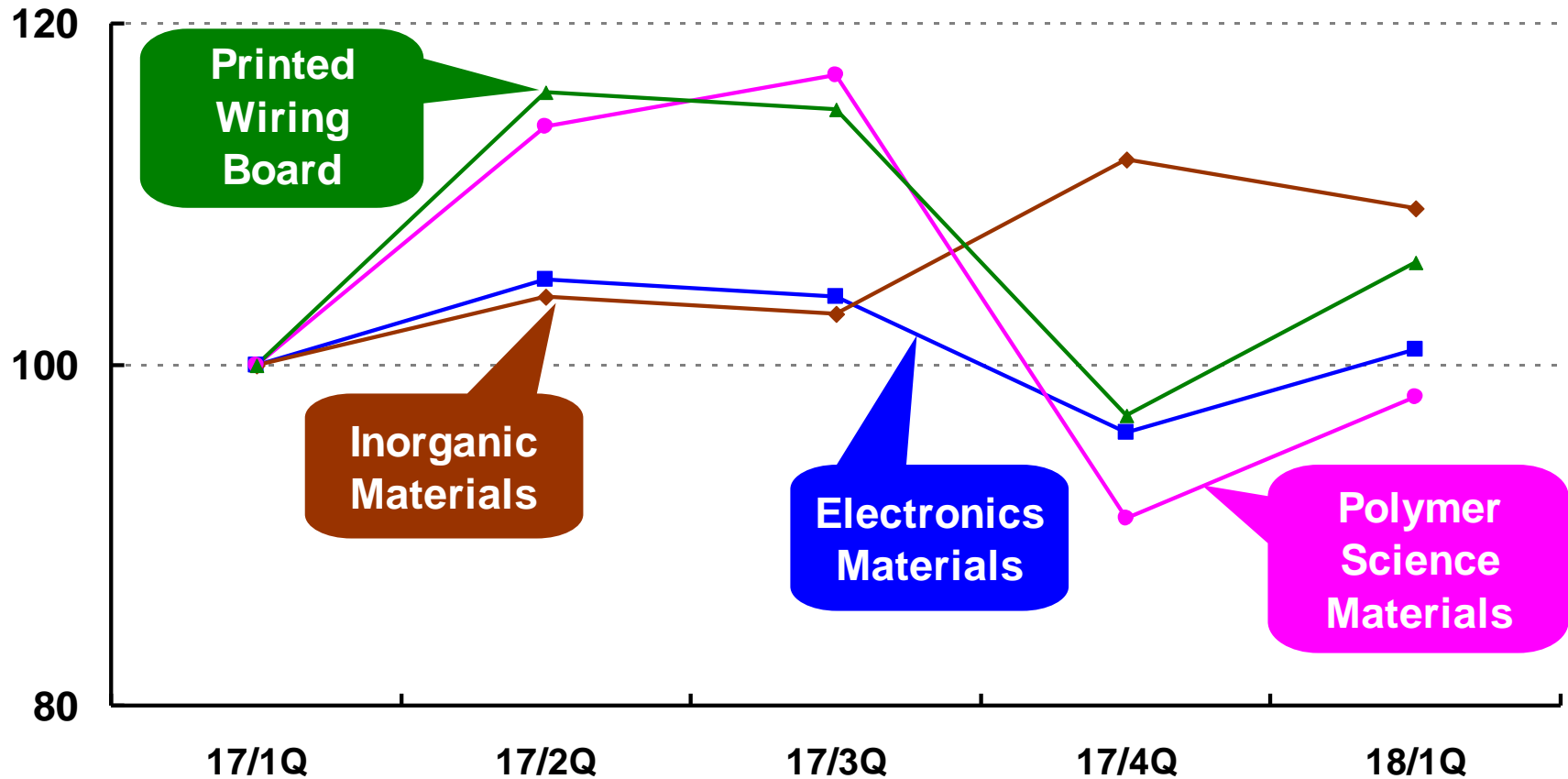
Functional Materials
Advanced Components and Systems



vs. 17/1Q

Functional Materials	73.2 Billion yen	103%
Electronics Materials	24.0	101%
Epoxy Molding Compounds		98%
Die Bonding Materials		99%
CMP Slurry		115%
Inorganic Materials	8.0	109%
Carbon Anode Materials for LiB		116%
Polymer Science Materials	14.4	98%
Anisotropic Conductive Films		98%
Printed Wiring Board Materials	20.6	106%
Copper-Clad Laminates		109%
Photosensitive Dry Films		100%

vs.FY17/1Q
benchmark



TOTAL	100%	110%	110%	97%	103%
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FY18/1Q Revenue by Advanced Components and Systems (1)

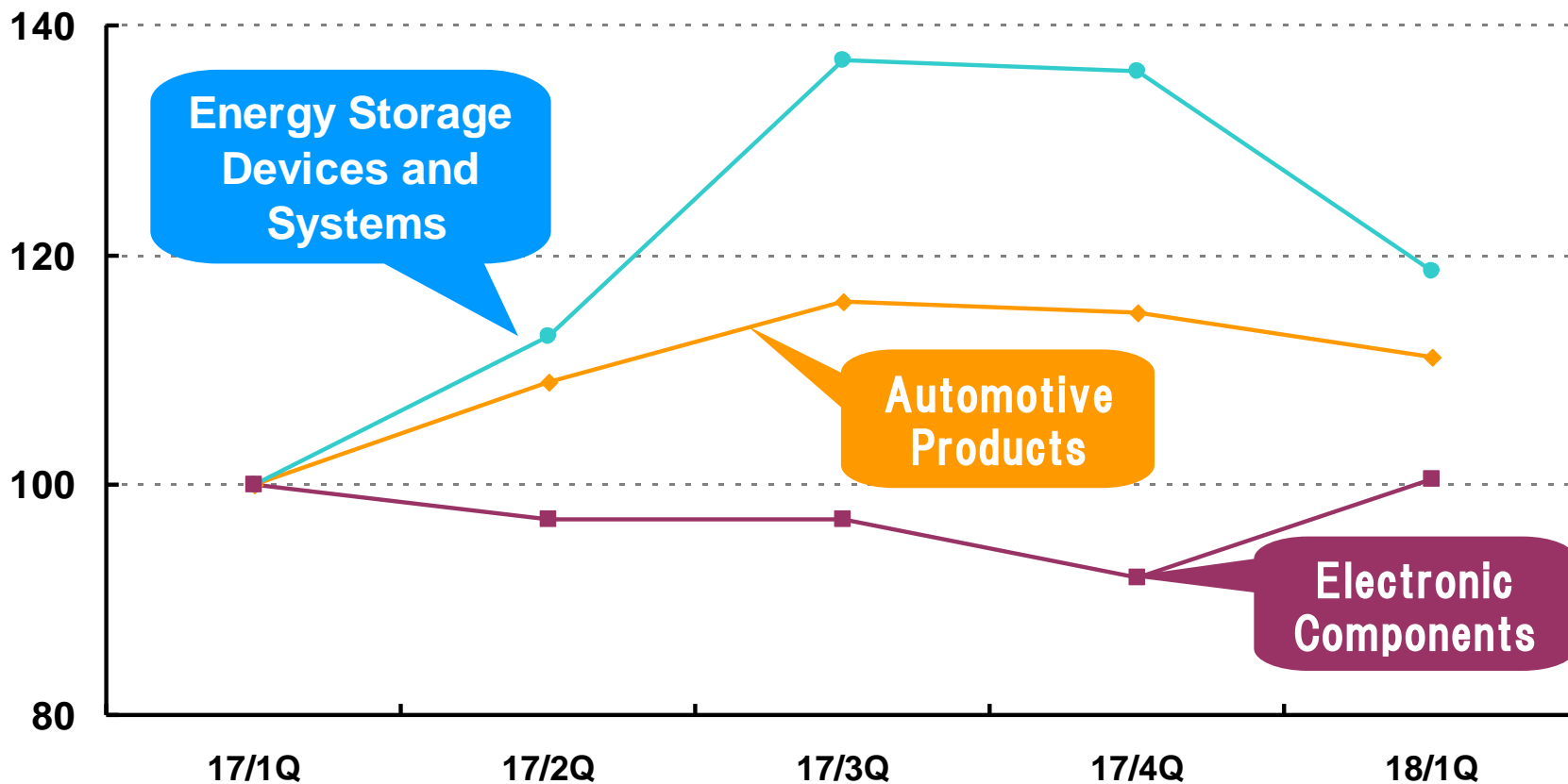
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vs. 17/1Q

Advanced Components and Systems	95.7 billion yen	118 %
Automotive Products	35.8	111%
Plastic Molded Products		124%
Friction Materials		107%
Powder Metal Products		102%
Energy Storage Devices and Systems	42.9	119%
Automobile Batteries		127%
Industrial Batteries		112%
Electronic Components	11.0	101%

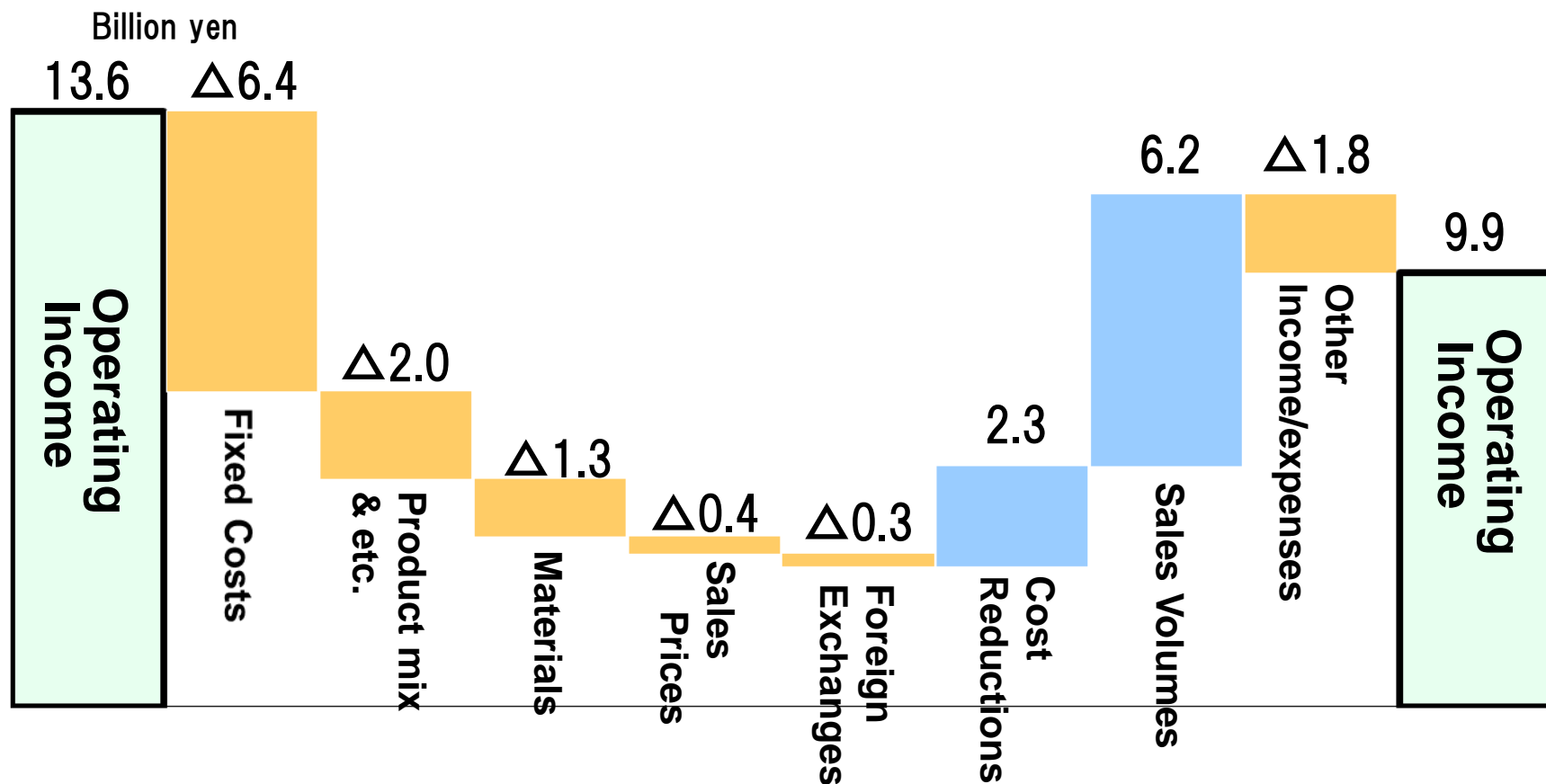
FY18/1Q Revenue by Advanced Components and Systems (2)

vs.FY17/1Q
benchmark



TOTAL	100%	111%	123%	126%	118%
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Explanation of Operating Income Deviation (1)



17/1Q

Δ3.7 billion yen

18/1Q

Explanation of Operating Income Deviation (2)

(Billion yen)

	17/1Q	Fixed Costs	Product mix & etc.	Materials	Sales Prices	Foreign Exchanges	Cost Reductions	Sales Volumes	Other Income/expenses	18/1Q
Functional Materials	11.1	△1.4	△1.2	△0.2	△0.8	△0.2	1.2	1.2	0.8	10.5
Advanced Components and Systems	2.5	△5.0	△0.8	△1.1	0.4	△0.1	1.1	5.0	△2.6	△0.6
計	13.6	△6.4	△2.0	△1.3	△0.4	△0.3	2.3	6.2	△1.8	9.9

Consolidated Financial Position and Cash Flows

(Billion yen)

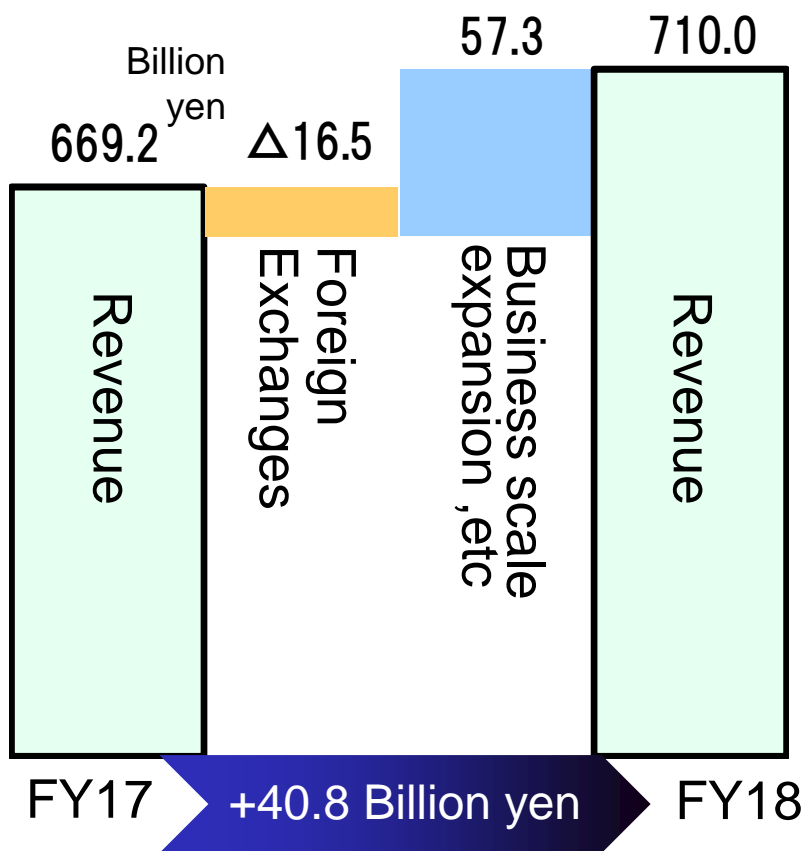
Item	Mar-18	Jun-18	Increase/ Decrease
Total assets	701.2	702.0	0.8
Trade receivables and Inventories	241.9	246.0	4.1
Property, plant, equipment and intangible assets	286.7	287.9	1.2
Total liabilities	292.1	289.8	△ 2.3
Trade payables	85.3	83.5	△ 1.8
Interest-bearing debt	99.0	102.1	3.1
Owner of the parent	400.4	403.5	3.1
Non-controlling interests	8.7	8.7	0.0
Ratio of equity attributable to owners of the parent to total assets	57.1%	57.5%	0.4%
D / E ratio (times)	0.25	0.25	0
Item	171Q	181Q	Increase/ Decrease
C Cash flows from Operating activities	8.3	7.9	△ 0.4
/ Cash flows from Investing activities	△ 19.0	△ 14.9	4.1
F Free Cash flows	△ 10.7	△ 7.0	3.7

(Billion yen)

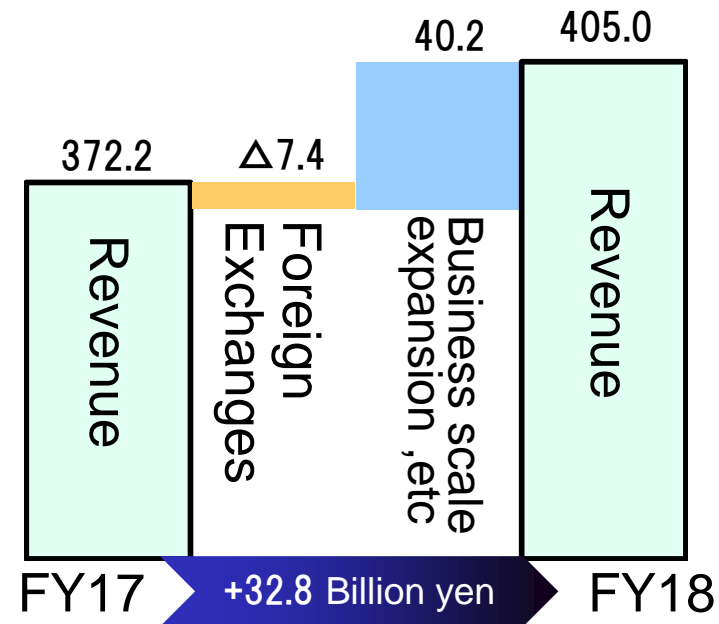
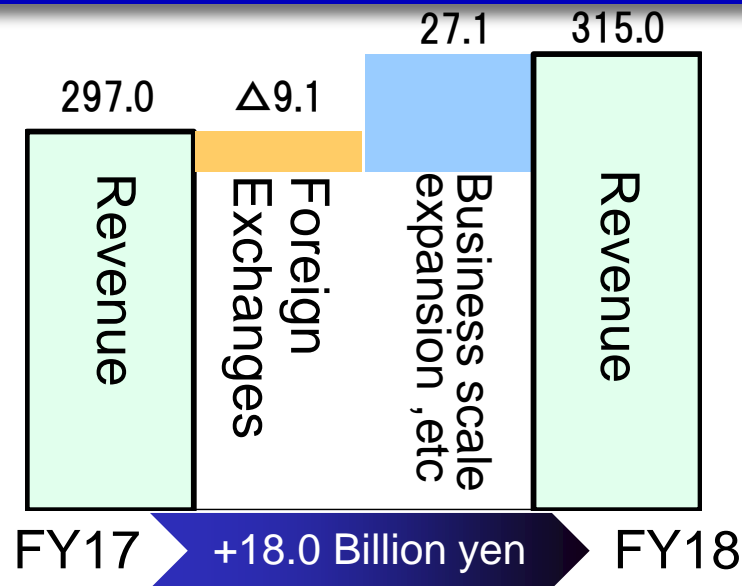
Item	FY17	FY18	FY17 VS. FY18
Revenue	669.2	710.0	40.8 ^{106%}
<i>Adjusted Operating Income ratio</i>	8.5%	9.2%	
Adjusted Operating Income	56.7	65.0	8.3
<i>Operating Income ratio</i>	6.9%	8.3%	
Operating Income	46.2	59.0	12.8
Income before Income Taxes	48.9	62.0	13.1
Net Income Attributable to owners of the parent	36.3	46.0	9.7
ROIC	7.7 %		
ROE	9.4 %		

No revisions have been made to full-year performance forecasts announced on April 24, 2018.

Explanation of Revenue Deviation (Forecasts)



Functional Materials Advanced Components and Systems



FY18 Forecasts by Segment

(Billion yen)

Item	Revenue			Operating Income		
	FY17	FY18	FY17 vs. FY18	FY17	FY18	FY17 vs. FY18
Functional Materials	297.0	315.0	106%	46.8	51.0	4.2
Electronics Materials	96.0	102.3	107%			
Inorganic Materials	30.6	33.7	110%			
Polymer Science Materials	62.2	64.7	104%			
Printed Wiring Board Materials	83.3	87.0	104%			
Advanced Components and Systems	372.2	405.0	109%	Δ 0.6	11.0	11.6
Automotive Products	141.6	146.2	103%			
Energy Storage Devices and Systems	176.0	192.9	110%			
Electronic Components	42.2	40.8	97%			
Adjustment		Δ 10.0			Δ 3.0	
Total	669.2	710.0	106%	46.2	59.0	12.8

Price Trend (Main Materials)

Item	17/1Q	17/2Q	17/3Q	17/4Q	18/1Q
Crude Oil (Dubai) *	100	102	119	129	145
Lead *	100	106	116	115	108
Epoxy Resin	100	100	100	100	107
PET film *	100	100	100	100	100
MMA *	100	100	100	111	111
Glass fabric	100	100	101	103	103
Copper foil	100	98	109	107	107

* : Market price (not Purchase price)

Appendix (1)

(Billion yen)

Item	17/1Q		18/1Q			FY18	
		Composition ratio		Composition ratio	171Q vs. 181Q		Composition ratio
Domestic Revenue	57.6	38%	60.0	36%	104%	235.0	33%
Overseas Revenue	94.5	62%	108.9	64%	115%	475.0	67%
Asia	65.8	43%	75.1	44%	114%	-	-
Other regions	28.6	19%	33.8	20%	118%	-	-
Total	152.0	100%	168.9	100%	111%	710.0	100%

• Capital Investment (Billion yen)

Item	Segment	17/1Q	18/1Q	17/1Q vs 18/1Q	FY18
Capital Investment	Functional Materials	4.0	5.5	138%	-
	Advanced Components and Systems	4.8	6.7	140%	-
	Total	8.8	12.2	139%	60.0
Depreciation and amortization		7.6	8.6	113%	40.6
Sales Depreciation ratio		5.0%	5.1%	102%	5.7%

• Research and Development Expenses

Item	17/1Q	18/1Q	17/1Q vs 18/1Q
Research and Development Expenses	7.4	7.9	107%
Sales research expense ratio	4.9%	4.7%	96%

• Research and Development Expenses

Item	17/1Q	18/1Q	FY18	Foreign Exchanges Sensitivities(Billion yen)	
				Revenue	Operating Income
USD	111.09	109.07	105.00	2.8	0.5

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(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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