

Consolidated Results

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

October 22, 2018

 **Hitachi Chemical Co., Ltd.**

Contents

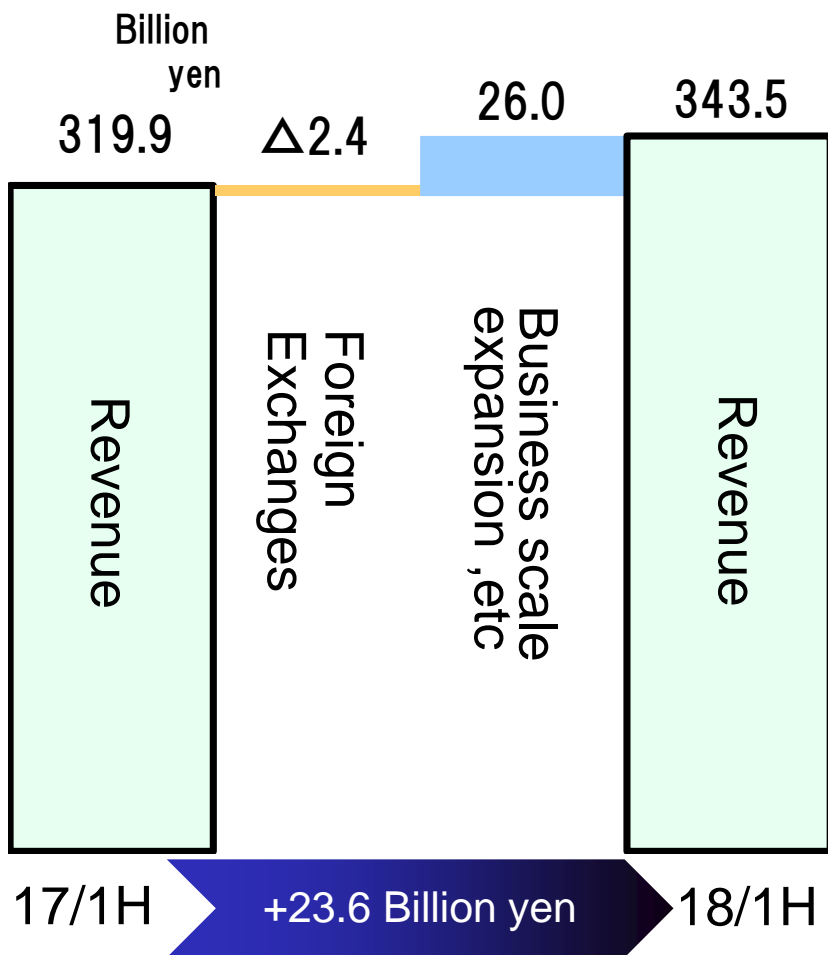
- 1.FY2018/2Q Consolidated Results
- 2.FY2018 Consolidated Forecasts

(Billion yen)

Item	17/1H	18/1H	17/1H VS. 18/1H
Revenue	319.9	343.5	23.6 ^{107%}
<i>Adjusted Operating Income ratio</i>	9.1%	7.2%	
Adjusted Operating Income	29.0	24.8	Δ 4.2
<i>Operating Income ratio</i>	6.2%	6.0%	
Operating Income	19.7	20.5	0.8
Income before Income Taxes	21.9	23.3	1.4
Net Income Attributable to owners of the parent	16.8	16.4	Δ 0.4

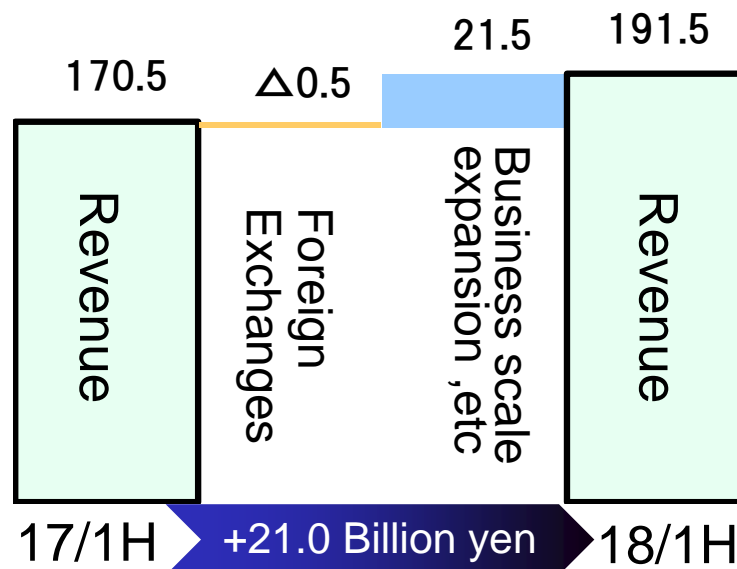
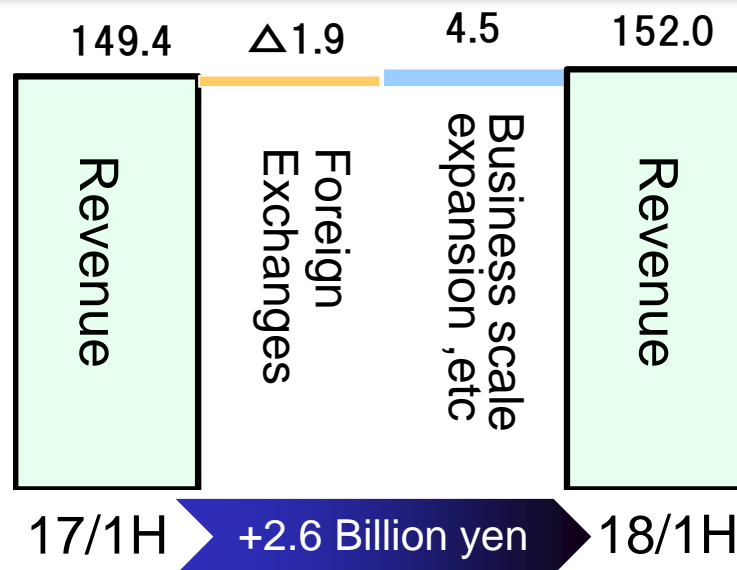
(Note) "Adjusted Operating Income" is presented as revenues less cost of sales as selling, general and administrative expenses.

Explanation of Revenue Deviation



Functional Materials

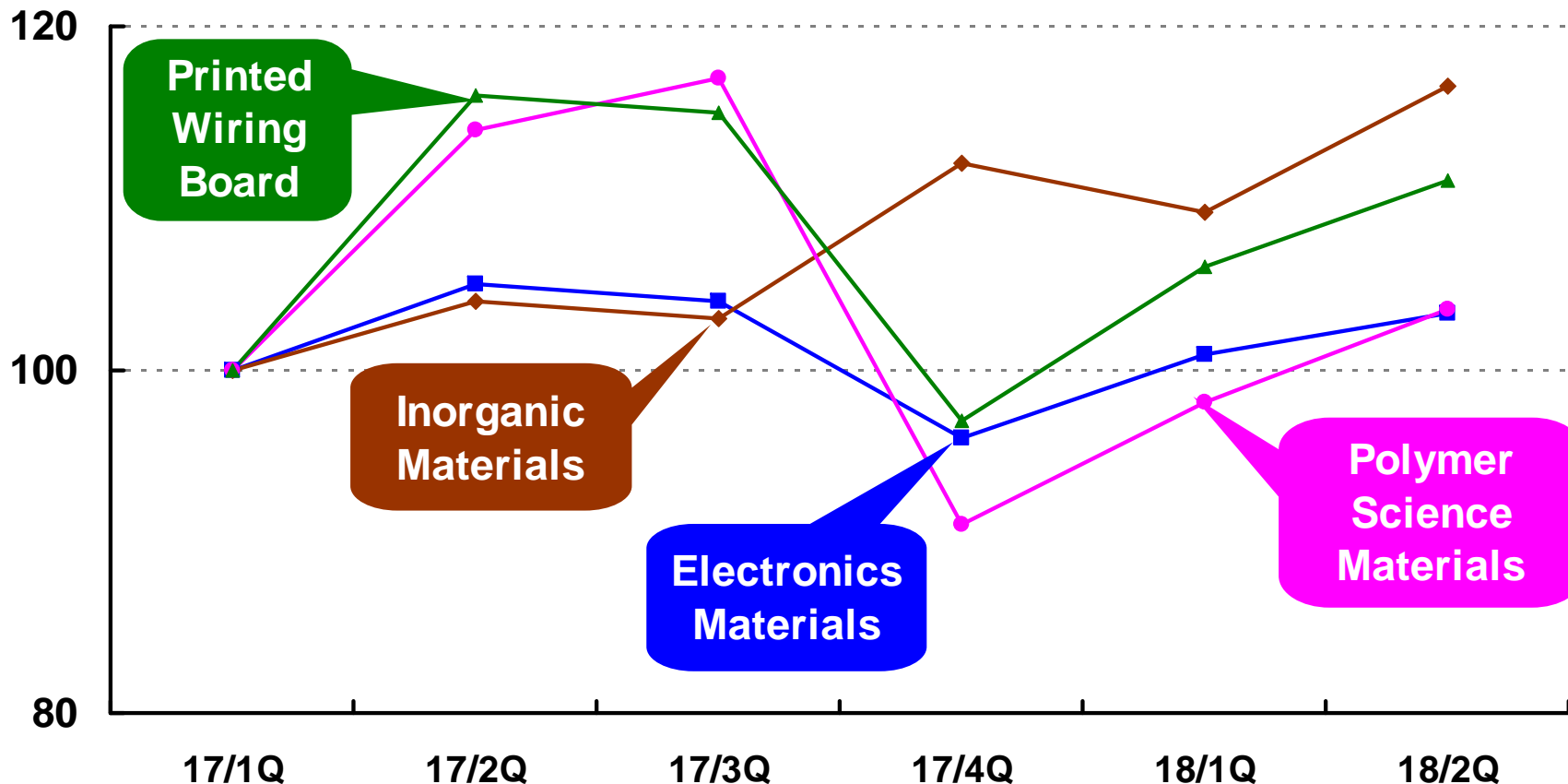
Advanced Components and Systems



vs. 17/1H

Functional Materials	152.0 Billion yen	102%
Electronics Materials	48.5	100%
Epoxy Molding Compounds		99%
Die Bonding Materials		96%
CMP Slurry		107%
Inorganic Materials	16.5	111%
Carbon Anode Materials for LiB		117%
Polymer Science Materials	29.7	94%
Anisotropic Conductive Films		93%
Printed Wiring Board Materials	42.2	100%
Copper-Clad Laminates		102%
Photosensitive Dry Films		97%

vs.FY17/1Q
benchmark



TOTAL	100%	110%	110%	97%	103%	111%
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FY18/2Q Revenue by Advanced Components and Systems (1)

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vs. 17/1H

Advanced Components and Systems 191.5 billion yen 112 %

Automotive Products 70.0 104%

Plastic Molded Products 109%

Friction Materials 104%

Powder Metal Products 99%

Energy Storage Devices and Systems 87.4 113%

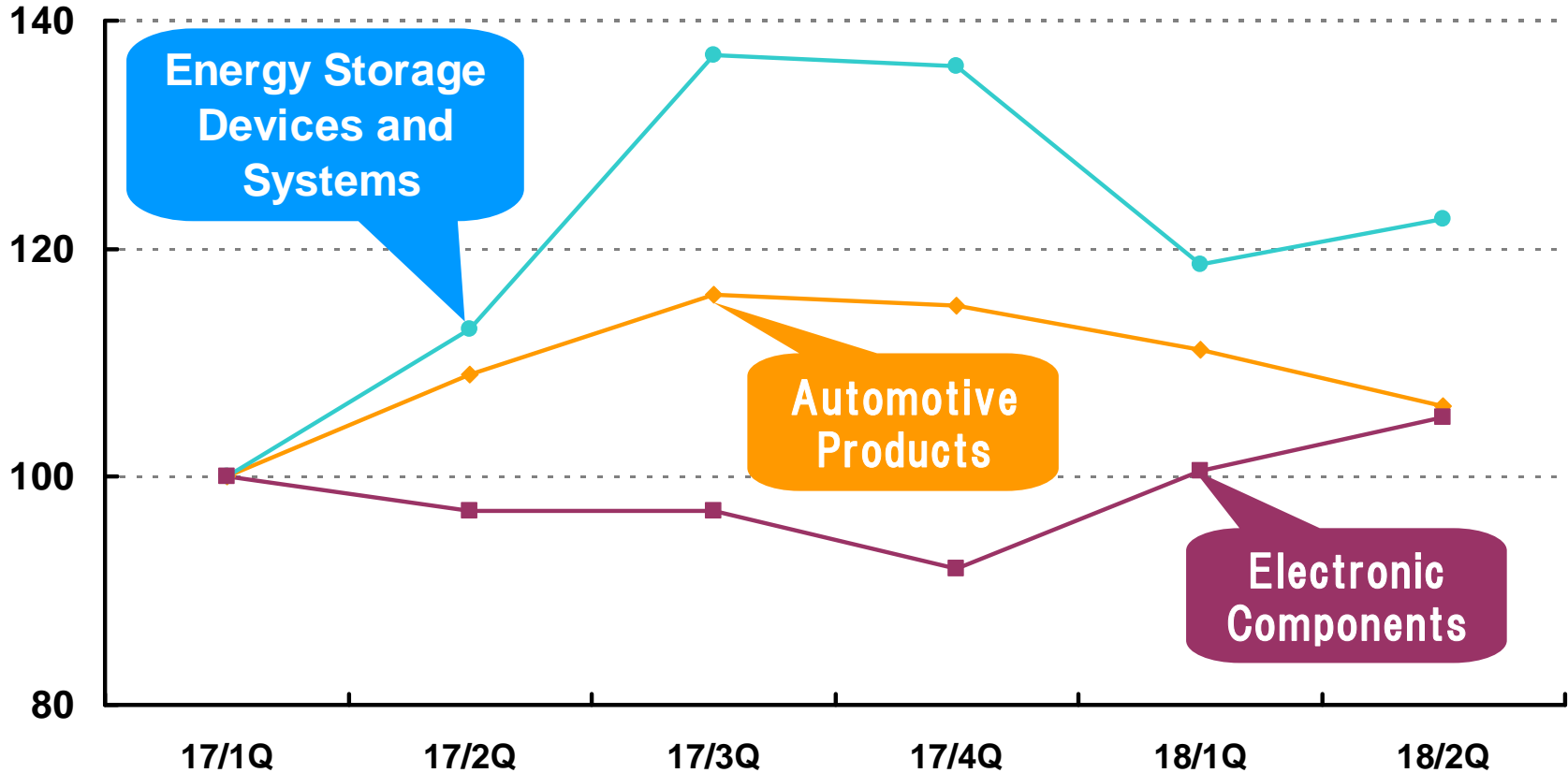
Automobile Batteries 117%

Industrial Batteries 111%

Electronic Components 22.5 104%

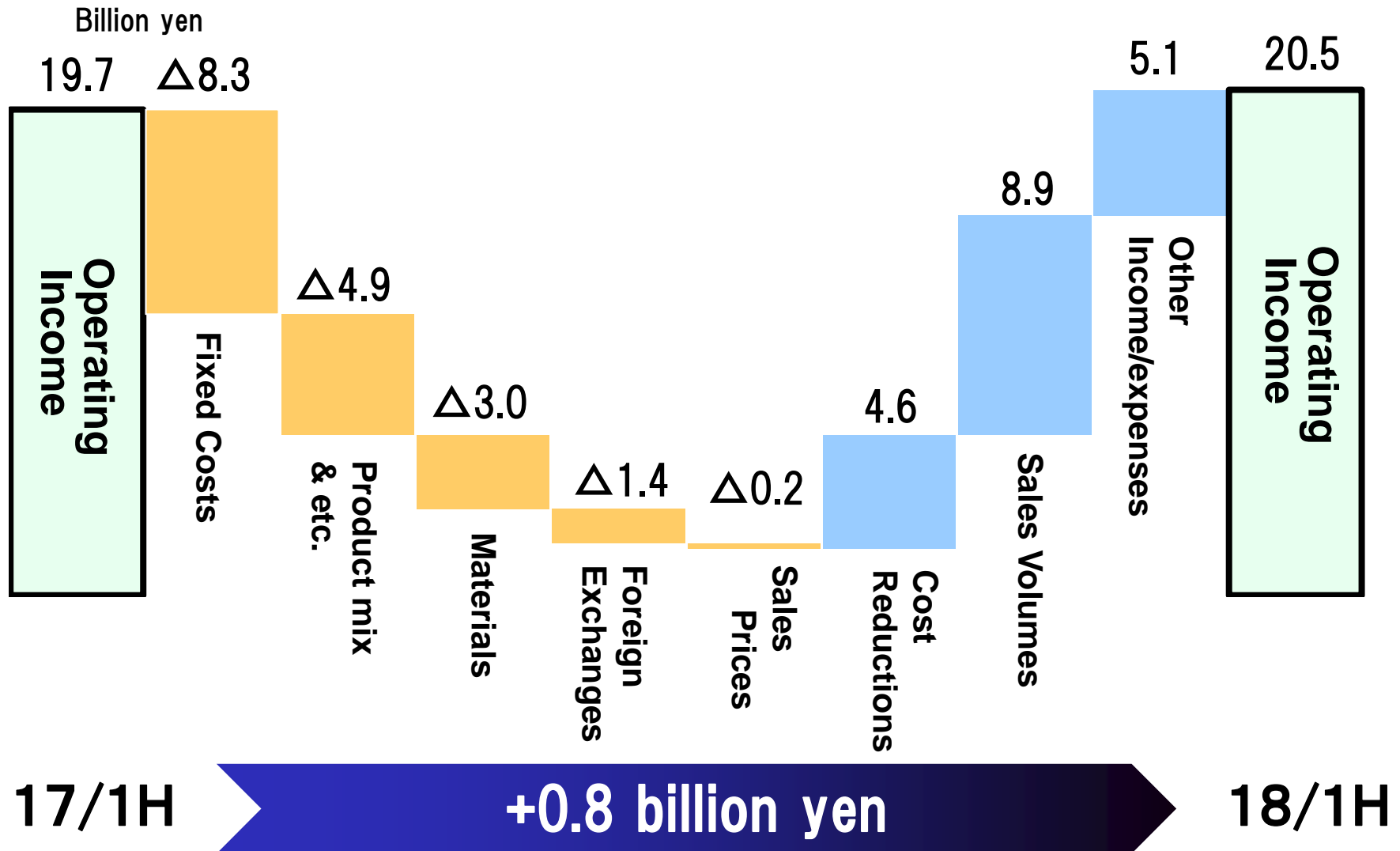
FY18/2Q Revenue by Advanced Components and Systems (2)

vs.FY17/1Q
benchmark



TOTAL	100%	111%	123%	126%	118%	119%
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Explanation of Operating Income Deviation (1)



Explanation of Operating Income Deviation (2)

(Billion yen)

	17/1H	Fixed Costs	Product mix & etc.	Materials	Foreign Exchanges	Sales Prices	Cost Reductions	Sales Volumes	Other Income/expenses	18/1H
Functional Materials	24.6	△1.7	△3.8	△0.9	△1.3	△0.6	2.1	1.6	1.1	21.1
Advanced Components and Systems	△4.9	△6.6	△1.1	△2.1	△0.1	0.4	2.5	7.3	4.0	△0.6
Total	19.7	△8.3	△4.9	△3.0	△1.4	△0.2	4.6	8.9	5.1	20.5

Consolidated Financial Position and Cash Flows

(Billion yen)

Item	Mar-18	Sep-18	Increase/ Decrease
Total assets	701.2	723.2	22.0
Trade receivables and Inventories	241.9	249.4	7.5
Property, plant, equipment and intangible assets	286.7	293.6	6.9
Total liabilities	292.1	299.5	7.4
Trade payables	85.3	83.4	△ 1.9
Interest-bearing debt	99.0	107.7	8.7
Owner of the parent	400.4	414.8	14.4
Non-controlling interests	8.7	9.0	0.3
Ratio of equity attributable to owners of the parent to total assets	57.1%	57.4%	0.3%
D / E ratio (times)	0.25	0.26	0.01

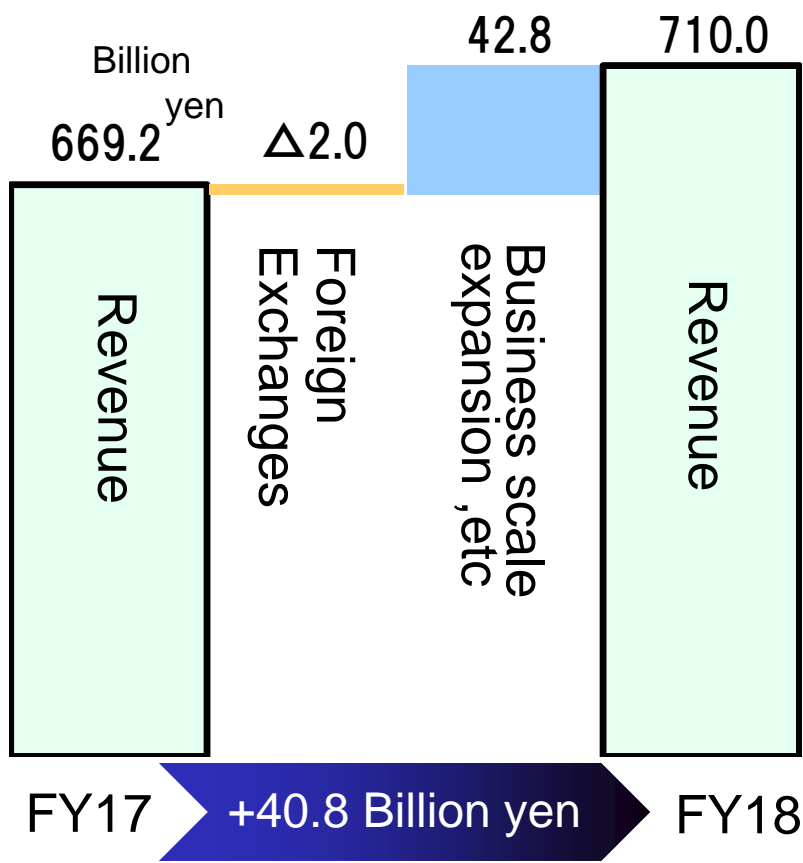
Item	171H	181H	Increase/ Decrease
C Cash flows from Operating activities	13.6	27.6	14.0
/ Cash flows from Investing activities	△ 54.5	△ 23.0	31.5
F Free Cash flows	△ 40.9	4.6	45.5

(Billion Yen)

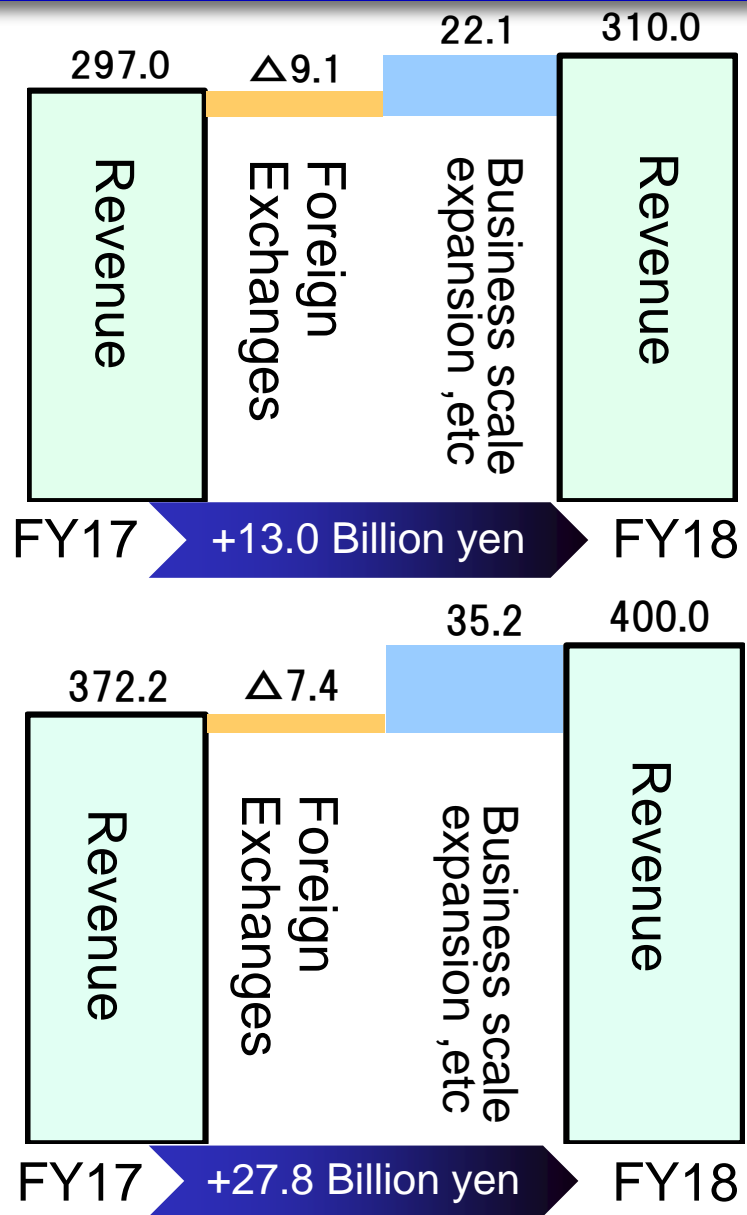
Item	FY17	FY18	FY17 VS. FY18
Revenue	669.2	710.0	40.8 ^{106%}
<i>Adjusted Operating Income ratio</i>	8.5%	9.2%	
Adjusted Operating Income	56.7	65.0	8.3
<i>Operating Income ratio</i>	6.9%	8.3%	
Operating Income	46.2	59.0	12.8
Income before Income Taxes	48.9	62.0	13.1
Net Income Attributable to owners 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	310.0	104%	46.8	49.0	2.2
Electronics Materials	96.0	99.0	103%			
Inorganic Materials	30.6	35.0	114%			
Polymer Science Materials	62.2	61.0	98%			
Printed Wiring Board Materials	83.3	85.0	102%			
Advanced Components and Systems	372.2	400.0	107%	Δ 0.6	10.0	10.6
Automotive Products	141.6	143.0	101%			
Energy Storage Devices and Systems	176.0	189.0	107%			
Electronic Components	42.2	44.0	104%			
Adjustment		0.0			0.0	
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	18/2Q
Crude Oil (Dubai) *	100	102	119	129	145	149
Lead *	100	106	116	115	108	97
Epoxy Resin	100	100	100	100	107	107
PET film *	100	100	100	100	100	100
Methyl Metha Acrylate *	100	100	100	111	111	111
Glass fabric	100	100	101	103	103	104
Copper foil	100	98	109	107	107	102

* : Market price (not Purchase price)

(Billion yen)

Item	17/1H		18/1H			FY18	
		Composition ratio		Composition ratio	171H vs. 181H		Composition ratio
Domestic Revenue	118.3	37%	123.3	36%	104%	250.0	35%
Overseas Revenue	201.6	63%	220.2	64%	109%	460.0	65%
Asia	139.3	44%	153.6	45%	110%	-	-
Other regions	62.3	19%	66.6	19%	107%	-	-
Total	319.9	100%	343.5	100%	107%	710.0	100%

▪ Capital Investment

(Billion yen)

Item	Segment	17/1H	18/1H	17/1H vs 18/1H	FY18
Capital Investment	Functional Materials	7.0	10.8	154%	-
	Advanced Components and Systems	13.2	15.2	115%	-
	Total	20.2	26.0	129%	55.0
Depreciation and amortization		15.5	17.2	111%	37.0
Sales Depreciation ratio		4.8%	5.0%	+0.2%	5.2%

▪ Research and Development Expenses

Item	17/1H	18/1H	17/1H vs 18/1H
Research and Development Expenses	15.1	16.2	107%
Sales research expense ratio	4.7%	4.7%	-0.0%

▪ Foreign Exchanges Rate

Item	17/1H	18/1H	FY18	Foreign Exchanges Sensitivities(Billion yen)	
				Revenue	Operating Income
USD	111.10	110.30	110.00	1.4	0.3

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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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