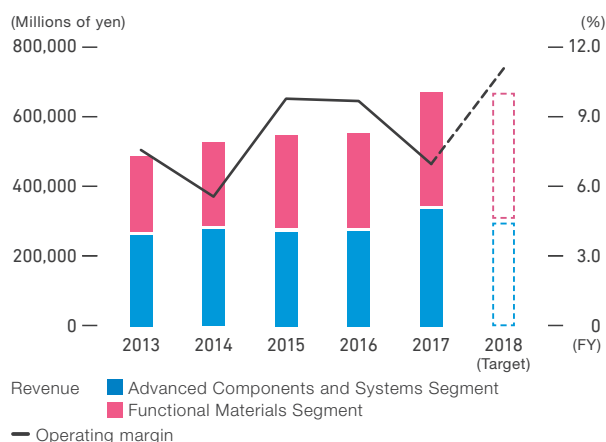


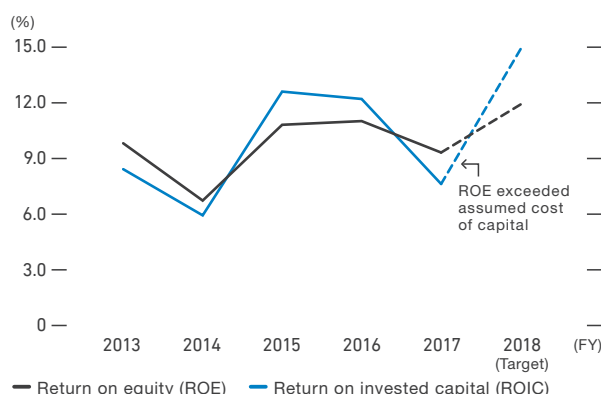
# Trends in Management Indicators

## Revenue/Operating margin



Revenue increased significantly due to a rise in demand for semiconductor materials, copper-clad laminates and lithium-ion battery (LiB) carbon anode materials and an increase in new consolidated subsidiaries as a result of M&A. Profit declined due to the posting of expenses such as financial penalties for past cartel acts in the capacitor business of the Group, in addition to the insufficient exertion of synergy effects with new consolidated subsidiaries as a result of M&A and rising raw material prices, despite factors for higher profit such as an increase in the amount of materials and continuous cost reductions.

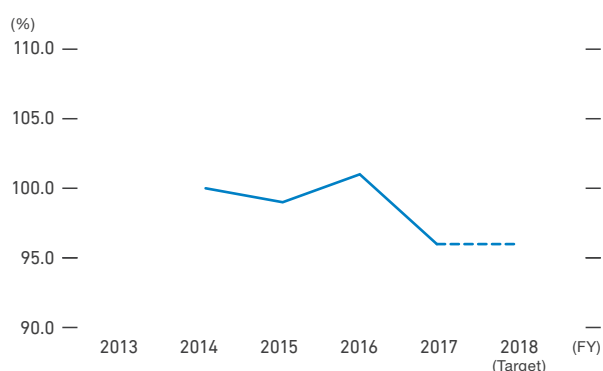
## ROE/ROIC



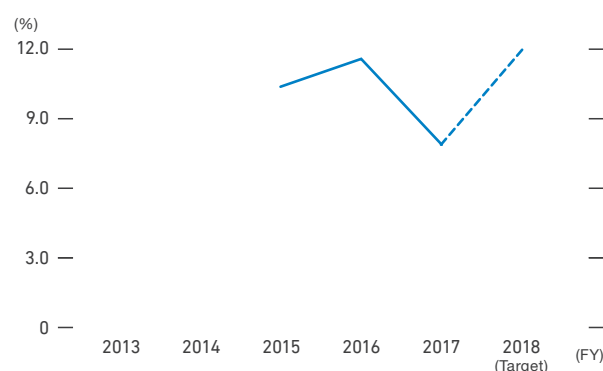
ROIC declined due to a delay in the response to rising raw material prices and the imposition of financial penalties for cartel acts, despite the expansion of business assets due to M&A. ROE also decreased due to the delay in the response to rising raw material prices and the insufficient exercise of synergy effects with new consolidated subsidiaries. In fiscal year 2018, we will take measures to improve the rate of cost shifts to prices and reduce gaps in the collection period in response to rising raw material prices and increase productivity by reviewing manufacturing in order to exert synergy effects with new consolidated subsidiaries.

Financial Data	FY2012 (JGAAP)	FY2013 (IFRS*1)	FY2014 (IFRS)	FY2015 (IFRS)	FY2016 (IFRS)	FY2017 (IFRS)
Revenue (Millions of yen)	464,655	488,725	526,687	546,468	554,144	669,234
Functional Materials Segment (Millions of yen)*2	245,157	261,179	277,127	269,769	272,994	297,051
Advanced Components and Systems Segment (Millions of yen)*2	219,498	227,546	249,560	276,699	281,150	372,183
Overseas share of revenue (%)	46.7	51.1	53.6	58.3	58.0	62.9
Operating income (Millions of yen)	23,559	36,569	29,226	53,036	53,152	46,219
Operating margin (%)	5.1	7.5	5.5	9.7	9.6	6.9
Functional Materials Segment (%)*2	8.7	9.8	8.5	14.3	16.2	15.8
Advanced Components and Systems Segment (%)*2	1.0	4.8	2.3	5.2	3.1	(0.2)
Net income attributable to owners of the parent (Millions of yen)	18,818	29,464	22,587	38,512	40,186	36,324
Net income attributable to owners of the parent to revenue (%)	4.0	6.0	4.3	7.0	7.3	5.4
Return on equity (ROE)(%)	6.4	9.9	6.8	10.9	11.0	9.4
Return on invested capital (ROIC)(%)	5.0	8.5	6.0	12.7	12.3	7.7
Return on assets (ROA) (%)	4.1	6.2	4.4	7.1	7.0	5.5
Debt/Equity attributable to owners of the parent ratio (DER) (Times)	0.2	0.2	0.2	0.2	0.1	0.3
Dividend payout ratio (%)	42.1	25.4	33.2	27.0	28.5	34.0
R&D expenses (Millions of yen)	25,534	26,234	26,920	27,816	28,164	30,839
R&D expenses to revenue (%)	5.5	5.4	5.1	5.1	5.1	4.6
Capital expenditures (Millions of yen)	46,698	31,935	26,643	32,022	39,859	42,589
Cash flows from operating activities (Millions of yen)	47,931	50,357	34,009	95,069	60,819	34,916
Cash flows from investing activities (Millions of yen)	(53,182)	(37,099)	(22,258)	(35,663)	(34,606)	(87,802)
Cash flows from financing activities (Millions of yen)	(2,867)	(2,374)	(16,874)	(22,123)	(36,476)	28,932
Cash and cash equivalents at fiscal year-end (Millions of yen)	73,978	87,652	88,997	119,988	107,649	84,037

\*1: Data based on IFRS has been used from FY2013 onwards. \*2: For detailed information on both segments, refer to page 17.

CO<sub>2</sub> emissions per unit of sales (relative to FY2014) \*<sup>3</sup>

\*3: Data covers major domestic production sites.

Proportion of female managerial positions (under age of 45)\*<sup>4</sup>

\*4: Non-consolidated, under age of 45

In the previous fiscal year, while the targets in the medium-term management plan were not achieved temporarily due to external factors including the product line and climate conditions, we were able to achieve the targets for fiscal year 2018 ahead of schedule in fiscal year 2017, overcoming the deterioration in the previous fiscal year, as a result of continuously implementing realistic energy-saving activities mainly at production sites. We will continue to aim to further reduce emissions per production unit in the final fiscal year by maintaining the promotion of energy-saving activities and further strengthening the Carbon Management Strategy on a Company-wide basis.

While the proportion of female managerial positions is still low, we have been hiring female employees in career-track positions in earnest since 2005 and taking a range of measures by setting the medium-term goal of maintaining the same proportion of female managerial positions as the proportion of female employees in career-track positions at the age of managerial appointment. Since the previous fiscal year, the number of employees who were over this age exceeded those who were newly appointed as managers, and the proportion of female managerial positions therefore declined. However, given that the proportion of female assistant managers is growing as we maintain individual development plans for candidates for female managers to build a pipeline, the proportion of female managerial positions is expected to increase in the years to come.

ESG Management Data\*<sup>5</sup>

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue of Environmental Conscious Products to total revenue (%) <sup>*6</sup>	71	66	70	74	69	58
Environmental investment (Billions of yen)	4.6	6.2	6.1	5.0	6.7	5.6
Energy consumption (TJ) <sup>*7</sup>	9,043	8,630	9,369	8,497	10,312 <sup>*8</sup>	10,446 <sup>*8</sup>
Greenhouse gas emissions (1,000 tons CO <sub>2</sub> e) <sup>*7</sup>	474	495	541	482	590 <sup>*8</sup>	590 <sup>*8</sup>
Greenhouse gas emissions per production unit (Tons CO <sub>2</sub> e per million yen) <sup>*7</sup>	1.27	1.43	1.40	1.32	1.41 <sup>*8</sup>	1.23 <sup>*8</sup>
CO <sub>2</sub> emissions per unit of sales (Percentage relative to FY2014) (%) <sup>*3</sup>	-	-	100	99	101	96
Water consumption (1,000m <sup>3</sup> ) <sup>*7</sup>	11,371	10,970	10,672	9,311	9,725 <sup>*8</sup>	9,761 <sup>*8</sup>
Volatile organic compound (VOC) emissions (Tons) <sup>*7</sup>	518	506	577	519	725 <sup>*8-9</sup>	793 <sup>*8-9</sup>
Number of participants in chemical substance management training (Persons)	-	710	374	400	460	304
Number of supplier audits (non-consolidated) (Companies) <sup>*10</sup>	96	89	73	137	162	147
Number of employees (outside Japan) (Persons)	17,732 (6,963)	18,149 (7,530)	19,499 (10,207)	19,117 (9,920)	20,043 (10,922)	22,623 (13,148)
Proportion of female managerial positions (non-consolidated) (%) <sup>*10</sup>	1.8	1.9	2.0	2.7	3.1	3.1
Proportion of female managerial positions (under age of 45) <sup>*10</sup>	-	-	-	10.4	11.6	7.9
Proportion of female assistant managers (non-consolidated) (%) <sup>*10</sup>	2.2	2.6	3.8	2.9	2.6	4.2
Number of participants in Global Coaching Program (Persons)	1,752	2,370	2,394	1,506	960	972
Accident frequency rate (Japan, consolidated)	0.25	0.34	0.09	0.10	0.15	0.20
Accident severity rate (Japan, consolidated)	0.011	0.003	0.001	0.007	0.001	0.012
Number of participants in BCP <sup>*11</sup> management simulation training (Persons)	77	71	72	73	34	94
Number of participants in compliance drill (Persons)	1,774	2,072	3,137	3,350	4,110	4,491
Number of patent applications (outside Japan) (Applications)	1,451 (724)	1,392 (727)	1,452 (651)	1,493 (576)	1,557 (642)	1,635 (860)
Number of patents held (outside Japan) (Patents)	4,545 (2,174)	4,988 (2,406)	5,501 (2,518)	6,429 (2,999)	6,870 (3,082)	6,710 (3,122)
Social contribution expenditure (Millions of yen)	111	103	107	138	159	263
Number of Directors (including Outside/ Female/Foreign Directors) (Persons) <sup>*12</sup>	7 (4/0/0)	8 (5/1/0)	9 (6/1/1)	9 (6/1/1)	11 (5/1/2)	11 (5/1/2)

\*5: For the scope of the third-party assurance of environmental and social data, refer to p.01. \*6: We have revised the definition from ECO-products until FY2015, and we have newly indexed the revenue ratio of Environmental Conscious Products. \*7: The data covers major production sites. \*8: The numbers of sites and companies have been expanded (from 32 sites at 14 companies in FY2015 to 43 sites at 24 companies in FY2017). <http://www.hitachi-chem.co.jp/english/csr/stakeholder/environment/plan-3rd.html> \*9: The selected substances for investigation have been expanded from 41 substances to 77 substances. \*10: Non-consolidated basis. \*11: Business Continuity Plan \*12: Non-consolidated basis. As of the end of June of every fiscal year, 10 persons (5/1/2) as of the end of June 2018.