

Fact Sheet 2015

Oct. 8, 2015

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Notes

- 1 This fact sheet is intended to provide information about Hitachi Chemical, and does not constitute a solicitation to buy or sell the Company's marketable securities. This fact sheet does not necessarily always contain or reflect the most recent information.
- 2 In no event will Hitachi Chemical be liable for any loss or damage that may occur as a result of the use of the information on this fact sheet. We ask that you make any investment-related decisions at your own discretion.
- 3 The financial figures presented in this fact sheet are based on the figures in the financial summaries (*kessan tanshin*) for each fiscal period, which are prepared in conformity with accounting principles generally accepted in Japan.
- 4 Amounts less than the unit are rounded off.

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Financial Highlights (Based on IFRS) ^(Note 1)

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries

(Millions of yen)

Management performance

	2013.3	2014.3	2015.3
Revenues ^(Note 2)			
Functional Materials	-	271,631	284,840
Advanced Components and Systems	-	229,291	252,203
Adjustment	-	△ 12,197	△ 11,982
Operating income			
Functional Materials	-	25,633	23,494
Advanced Components and Systems	-	10,966	5,846
Adjustment	-	△ 30	△ 114
Income before income taxes	-	39,463	34,692
Net income	-	29,144	22,867

Financial Position

	2013.3	2014.3	2015.3
Total assets	457,592	494,724	542,535
Total equity	286,274	320,788	357,334
Ratio of equity attributable to owners of the parent to total assets	61.2%	63.6%	64.2%

Cash Flows

	2013.3	2014.3	2015.3
Cash flows from operating activities	-	50,357	34,009
Cash flows from investing activities	-	△ 37,099	△ 22,258
Cash flows from financing activities	-	△ 2,374	△ 16,874
Cash and cash equivalents at end of year	-	87,652	88,997

Per Share Data

	2013.3	2014.3	2015.3
Net income (Basic)	-	141.49	108.47
Dividend	38.00	36.00	36.00
Total equity attributable to owners of the parent	1,344.19	1,512.06	1,672.33

Other Data

	2013.3	2014.3	2015.3
Return on equity (ROE)	-	9.9%	6.8%
Return on assets (ROA)	-	8.3%	6.7%
Interest-bearing liabilities ^(Note 3)	51,014	58,191	62,685
Capital expenditures	-	31,935	26,620
Depreciation and amortization	-	24,626	27,271
Research and development expenses	-	26,234	26,920
Research and development expenses / Revenues	-	5.4%	5.1%
Number of consolidated subsidiaries	58	58	74
Number of employees ^(Note 4)	18,206	18,541	19,499

[Notes] Please see the notes on page 3.

Consolidated Statement of Financial Position (Based on IFRS)

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries
(Millions of yen)

	2013.3	2014.3	2015.3
[Assets]			
Current assets	245,299	271,983	300,838
Cash and cash equivalents	73,978	87,652	88,997
Trade receivables	102,533	108,224	123,949
Inventories	48,645	50,218	61,909
Other financial assets	18,149	23,958	23,659
Other current assets	1,994	1,931	2,324
Non-current assets	212,293	222,741	241,697
Property, plant and equipment	160,495	168,855	179,196
Intangible assets	7,216	7,335	12,301
Net defined benefit assets	679	5,116	10,093
Deferred tax assets	16,271	13,681	10,684
Investments accounted for using the equity method	7,770	6,960	5,216
Other financial assets	15,279	15,054	17,591
Other non-current assets	4,583	5,740	6,616
Total assets	457,592	494,724	542,535
	2013.3	2014.3	2015.3
[Liabilities]			
Current liabilities	114,936	121,496	137,694
Trade payables	48,612	49,619	51,354
Bonds and borrowings	20,387	25,269	33,658
Accrued expenses	20,948	21,929	24,251
Income tax payables	7,839	5,288	6,758
Provisions	-	-	500
Other financial liabilities	16,588	15,960	19,702
Other current liabilities	562	3,431	1,471
Non-current liabilities	56,382	52,440	47,507
Bonds and borrowings	27,990	30,563	26,619
Retirement and severance benefits	22,375	16,260	13,345
Provisions	1,054	1,117	1,143
Other financial liabilities	3,196	2,835	3,051
Other non-current liabilities	1,767	1,665	3,349
Total liabilities	171,318	173,936	185,201
[Equity]			
Common stock	15,454	15,454	15,454
Capital surplus	12,013	12,013	10,498
Treasury stock, at cost	△ 193	△ 200	△ 213
Retained earnings	249,828	272,009	287,498
Accumulated other comprehensive income	2,823	15,600	35,004
Total equity attributable to owners of the parent	279,925	314,876	348,241
Non-controlling interests	6,349	5,912	9,093
Total equity	286,274	320,788	357,334
Total liabilities and equity	457,592	494,724	542,535

[Notes]

Note 1: The Company is making voluntary application of International Financial Reporting Standards (IFRS) starting with the consolidated financial statements in the Securities Report for the fiscal year ended March 31, 2015.

Note 2: Segment sales are sales to outside customers.

Note 3: Interest-bearing liabilities include trade notes discounted.

Note 4: Number of employees includes temporary staff.

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income (Based on IFRS)

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries
(Millions of yen)

Consolidated Statement of Income

	2014.3	2015.3
Revenues	488,725	525,061
Cost of sales	△ 368,965	△ 396,908
Gross profit	119,760	128,153
Selling, general and administrative expenses	△ 88,877	△ 91,120
Other income	12,190	11,727
Other expenses	△ 6,504	△ 19,534
Operating income	36,569	29,226
Financial income	1,937	3,804
Financial expenses	△ 1,521	△ 1,769
Share of profits of investments accounted for using the equity method	2,478	3,431
Income before income taxes	39,463	34,692
Income taxes	△ 10,319	△ 11,825
Net income	29,144	22,867
Net income attributable to:		
Owners of the parent	29,464	22,587
Non-controlling interests	△ 320	280

Percentage Increase / Decrease from the Preceding Year

Revenues	-	7.4%
Operating income	-	△ 20.1%
Income before income taxes	-	△ 12.1%
Net income	-	△ 21.5%
Net income attributable to owners of the parent	-	△ 23.3%

Percentage of Revenues

	2014.3	2015.3
Operating income	7.5%	5.6%
Income before income taxes	8.1%	6.6%
Net income	6.0%	4.4%
Net income attributable to owners of the parent	6.0%	4.3%

Income Tax Rate

	2014.3	2015.3
	26.1%	34.1%

Note: Income Tax Rate = Income Taxes ÷ Income before Income Taxes × 100

Consolidated Statement of Comprehensive Income

	2014.3	2015.3
Net Income	29,144	22,867
Other comprehensive income (OCI)		
Items that cannot be reclassified into profit or loss		
Net gains and losses from financial assets measured at fair value through OCI	792	1,115
Remeasurements of defined benefit obligations	5,250	2,887
Total items that cannot be reclassified into profit or loss	6,042	4,002
Items that can be reclassified into profit or loss		
Foreign currency translation adjustments	6,343	15,643
Cash flow hedges	△ 54	△ 59
Share of OCI of investments accounted for using the equity method	719	1,085
Total items that can be reclassified into profit or loss	7,008	16,669
Other comprehensive income (OCI)	13,050	20,671
Comprehensive income	42,194	43,538
Comprehensive income attributable to:		
Owners of the parent	42,455	42,390
Non-controlling interests	△ 261	1,148

Consolidated Statement of Cash Flows (Based on IFRS)

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries

(Millions of yen)

	2014.3	2015.3
[Cash flows from operating activities]		
Revenues	29,144	22,867
Depreciation and amortization	24,626	27,271
Income tax expense	10,319	11,825
Impairment loss	1,897	763
Interest and dividend income	△ 579	△ 750
Interest expenses paid	1,517	1,736
Business structure improvement expenses	1,484	12,882
Share of profits of investments accounted for using the equity method	△ 2,478	△ 3,431
(Increase) decrease in trade receivables	△ 2,071	△ 1,372
(Increase) decrease in accounts receivables other	1,629	△ 4,533
(Increase) decrease in inventories	△ 288	△ 3,646
Increase (decrease) in trade payables	△ 1,432	△ 5,847
Increase (decrease) in retirement and severance benefits	△ 2,466	△ 4,793
Other	1,802	1,712
Subtotal	63,104	54,684
Interest and dividends received	3,163	3,350
Interest paid	△ 1,460	△ 1,701
Business structure improvement expenses paid	-	△ 13,583
Income taxes paid	△ 14,450	△ 10,190
Income taxes refund	-	1,449
Net cash provided by operating activities	50,357	34,009
[Cash flows from investing activities]		
Expenses for property, plant and equipment acquired	△ 31,755	△ 22,896
Income from sale of property, plant and equipment	539	1,125
Proceeds from redemption and sale of investments in securities	2,517	2,118
Purchase of investments in subsidiaries	-	△ 3,146
Expenses for investment securities acquired	△ 626	△ 2,887
Payments into deposits paid in subsidiaries and affiliates	△ 7,000	-
Proceeds from withdrawal of deposits paid in subsidiaries and affiliates	-	7,000
Other	△ 774	△ 3,572
Net cash provided by (used in) investing activities	△ 37,099	△ 22,258
[Cash flows from financing activities]		
Net increase (decrease) in short-term debt	5,818	157
Proceeds from long-term debt	4,551	1,058
Payments on long-term debt	△ 4,617	△ 4,370
Purchase of shares of consolidated subsidiaries from non-controlling interest holders	-	△ 5,671
Dividends paid to stockholders	△ 7,497	△ 7,497
Dividends paid to non-controlling interests	△ 277	△ 134
Other	△ 352	△ 417
Net cash used in financing activities	△ 2,374	△ 16,874
Effect of exchange rate changes on cash and cash equivalents	2,790	6,468
Net increase (decrease) in cash and cash equivalents	13,674	1,345
Cash and cash equivalents at beginning of year	73,978	87,652
Cash and cash equivalents at end of year	87,652	88,997

Segment Related Information (Based on IFRS)

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries

(Millions of yen)

Business Segment Information

	2014.3	2015.3
Functional Materials		
Revenues	271,631	284,840
Revenues to outside customers	261,179	275,769
Inter-segment Revenue	10,452	9,071
Segment profit	25,633	23,494
Financial income	-	-
Financial expenses	-	-
Share of profits of investments accounted for using	-	-
Income before income taxes	-	-
Depreciation and amortization	12,582	13,574
Impairment loss	1,602	476
Advanced Components and Systems		
Revenues	229,291	252,203
Revenue to outside customers	227,546	249,292
Inter-segment Revenue	1,745	2,911
Segment profit	10,966	5,846
Financial income	-	-
Financial expenses	-	-
Share of profits of investments accounted for using	-	-
Income before income taxes	-	-
Depreciation and amortization	12,044	13,697
Impairment loss	295	287
Adjustment		
Revenues	△ 12,197	△ 11,982
Segment profit	△ 30	△ 114

Percentage Increase / Decrease from the Preceding Year of Revenues to Outside Customers

	2014.3	2015.3
Functional Materials	-	5.6%
Advanced Components and Systems	-	9.6%
Operating Margin*		
	2014.3	2015.3
Functional Materials	9.8%	8.5%
Advanced Components and Systems	4.8%	2.3%

*Operating Margin = Segment profit ÷ Revenues to Outside Customers × 100

Segment Related Information (Based on JGAAP)

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries

(Millions of Yen)

Business Segment Information

	2010.3	2011.3	2012.3	2013.3	2014.3	2015.3
Functional Materials						
Sales	-	-	252,869	253,258	271,252	284,935
Sales to outside customers	-	-	244,855	245,157	260,800	275,864
Inter-segment sales	-	-	8,014	8,101	10,452	9,071
Segment profit	-	-	20,139	21,358	24,400	31,672
Segment assets	-	-	253,255	270,357	292,946	317,471
Depreciation and amortization	-	-	14,567	12,804	12,540	13,418
Amortization of goodwill	-	-	136	453	1,466	28
Investments in equity method affiliates	-	-	4,747	5,666	4,265	5,262
Increase in property, plant and equipment and intangible assets	-	-	19,645	22,619	13,607	12,484
Advanced Components and Systems						
Sales	-	-	228,630	220,802	234,711	261,002
Sales to outside customers	-	-	228,214	219,498	232,966	258,091
Inter-segment sales	-	-	416	1,304	1,745	2,911
Segment profit	-	-	4,374	2,218	3,379	3,568
Segment assets	-	-	189,381	209,587	218,073	242,139
Depreciation and amortization	-	-	13,673	12,451	11,913	13,685
Amortization of goodwill	-	-	672	3,272	2,950	2,440
Investments in equity method affiliates	-	-	1,680	2,120	2,715	-
Increase in property, plant and equipment and intangible assets	-	-	41,773	27,263	19,885	17,360
Adjustment						
Sales	-	-	△ 8,430	△ 9,405	△ 12,197	△ 11,982
Segment profit	-	-	△ 18	△ 17	△ 4	△ 96
Segment assets	-	-	△ 1,655	△ 2,064	△ 2,939	△ 4,539
Amounts shown on consolidated statements of income						
Sales	455,287	497,452	473,069	464,655	493,766	533,955
Segment profit	38,341	43,471	24,495	23,559	27,775	35,144
Segment assets	426,586	432,184	440,981	477,880	508,080	555,071
Depreciation and amortization	31,666	28,985	28,240	25,255	24,453	27,103
Amortization of goodwill	-	316	808	3,725	4,416	2,468
Investments in equity method affiliates	6,717	5,544	6,427	7,786	6,980	5,262
Increase in property, plant and equipment and intangible assets	20,984	32,112	61,418	49,882	33,492	29,844
Percentage Increase / Decrease from the Preceding Year of Sales to Outside Customers						
	2010.3	2011.3	2012.3	2013.3	2014.3	2015.3
Functional Materials	-	-	-	△ 0.1%	6.4%	5.8%
Advanced Components and Systems	-	-	-	△ 3.8%	6.1%	10.8%
Operating Margin*						
	2010.3	2011.3	2012.3	2013.3	2014.3	2015.3
Functional Materials	-	-	8.2%	8.7%	9.4%	11.5%
Advanced Components and Systems	-	-	1.9%	0.1%	1.5%	1.4%
Geographic Information						
	2010.3	2011.3	2012.3	2013.3	2014.3	2015.3
Net Sales	455,287	497,452	473,069	464,655	493,766	533,955
Japan	259,914	281,352	272,355	247,736	244,105	251,808
Asia	163,267	181,535	171,613	188,590	215,567	239,609
Other Areas	32,106	34,565	29,101	28,329	34,094	42,538
Net Property, Plant and Equipment	-	120,513	131,295	162,020	171,704	182,877
Japan	-	92,874	90,769	96,371	98,663	98,197
Asia	-	24,064	35,865	59,248	63,697	74,487
Other Areas	-	3,575	4,661	6,401	9,344	10,193

*Operating Margin = Segment profit ÷ Sales to Outside Customers × 100