

# Fact Sheet 2016

June. 10, 2016

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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 <sup>(Note5)</sup>	2016.3
Revenues <sup>(Note 2)</sup>	488,725	526,687	546,468	546,468
Functional Materials	-	271,631	286,198	275,624
Advanced Components and Systems	-	229,291	252,471	278,821
Adjustment	-	(12,197)	(11,982)	(7,977)
Operating income	36,569	29,226	53,036	53,036
Functional Materials	-	25,633	23,494	38,574
Advanced Components and Systems	-	10,966	5,846	14,388
Adjustment	-	(30)	(114)	74
Income before income taxes	-	39,463	34,692	53,682
Net income	-	29,144	22,867	39,152

## Financial Position

	2013.3	2014.3	2015.3	2016.3
Total assets	457,592	494,724	542,535	535,155
Total equity	286,274	320,788	357,334	362,522
Ratio of equity attributable to owners of the parent to total assets	61.2%	63.6%	64.2%	66.6%

## Cash Flows

	2013.3	2014.3	2015.3	2016.3
Cash flows from operating activities	-	50,357	34,009	95,069
Cash flows from investing activities	-	(37,099)	(22,258)	(35,663)
Cash flows from financing activities	-	(2,374)	(16,874)	(22,123)
Cash and cash equivalents at end of year	-	87,652	88,997	119,988

## Per Share Data

	2013.3	2014.3	2015.3	2016.3
Net income (Basic)	-	141.49	108.47	184.95
Dividend	38.00	36.00	36.00	50.00
Total equity attributable to owners of the parent	1,344.19	1,512.06	1,672.33	1,710.62

## Other Data

	2013.3	2014.3	2015.3	2016.3
Return on equity (ROE)	-	9.9%	6.8%	10.9%
Return on assets (ROA)	-	8.3%	6.7%	10.0%
Interest-bearing liabilities <sup>(Note 3)</sup>	51,014	58,191	62,685	52,364
Capital expenditures	-	31,935	26,643	32,022
Depreciation and amortization	-	24,626	27,021	28,844
Research and development expenses	-	26,234	26,920	27,816
Research and development expenses / Revenues	-	5.4%	5.1%	5.1%
Number of consolidated subsidiaries	58	58	74	68
Number of employees <sup>(Note 4)</sup>	18,206	18,541	20,028	19,567

[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	2016.3
[Assets]				
Current assets	245,299	271,983	300,838	300,657
Cash and cash equivalents	73,978	87,652	88,997	119,988
Trade receivables	102,533	108,224	123,949	109,249
Inventories	48,645	50,218	61,909	51,693
Other financial assets	18,149	23,958	23,659	16,527
Other current assets	1,994	1,931	2,324	3,200
Non-current assets	212,293	222,741	241,697	234,498
Property, plant and equipment	160,495	168,855	179,196	170,332
Intangible assets	7,216	7,335	12,301	13,463
Net defined benefit assets	679	5,116	10,093	6,960
Deferred tax assets	16,271	13,681	10,684	11,566
Investments accounted for using the equity method	7,770	6,960	5,216	7,665
Other financial assets	15,279	15,054	17,591	18,183
Other non-current assets	4,583	5,740	6,616	6,329
<b>Total assets</b>	<b>457,592</b>	<b>494,724</b>	<b>542,535</b>	<b>535,155</b>
	2013.3	2014.3	2015.3	2016.3
[Liabilities]				
Current liabilities	114,936	121,496	137,694	134,195
Trade payables	48,612	49,619	51,354	51,926
Bonds and borrowings	20,387	25,269	33,658	32,564
Accrued expenses	20,948	21,929	24,251	24,149
Income tax payables	7,839	5,288	6,758	8,144
Provisions	-	-	500	500
Other financial liabilities	16,588	15,960	19,702	15,128
Other current liabilities	562	3,431	1,471	1,784
Non-current liabilities	56,382	52,440	47,507	38,438
Bonds and borrowings	27,990	30,563	26,619	18,144
Retirement and severance benefits	22,375	16,260	13,345	13,906
Provisions	1,054	1,117	1,143	1,158
Other financial liabilities	3,196	2,835	3,051	2,064
Other non-current liabilities	1,767	1,665	3,349	3,166
<b>Total liabilities</b>	<b>171,318</b>	<b>173,936</b>	<b>185,201</b>	<b>172,633</b>
[Equity]				
Common stock	15,454	15,454	15,454	15,454
Capital surplus	12,013	12,013	10,498	8,004
Treasury stock, at cost	(193)	(200)	(213)	(223)
Retained earnings	249,828	272,009	287,498	317,447
Accumulated other comprehensive income	2,823	15,600	35,004	15,525
<b>Total equity attributable to owners of the parent</b>	<b>279,925</b>	<b>314,876</b>	<b>348,241</b>	<b>356,207</b>
Non-controlling interests	6,349	5,912	9,093	6,315
<b>Total equity</b>	<b>286,274</b>	<b>320,788</b>	<b>357,334</b>	<b>362,522</b>
<b>Total liabilities and equity</b>	<b>457,592</b>	<b>494,724</b>	<b>542,535</b>	<b>535,155</b>

[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.

Note 5: From the year ended March 31, 2016, "royalty income," which was previously included in "other income" on the consolidated statements of income, will be included in "revenues." Figures for the year ended March 31, 2016, have been restated to reflect this change.

## 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	2016.3
Revenues	488,725	526,687	546,468
Cost of sales	(368,965)	(396,908)	(399,374)
Gross profit	119,760	129,779	147,094
Selling, general and administrative expenses	(88,877)	(91,120)	(97,243)
Other income	12,190	10,101	10,539
Other expenses	(6,504)	(19,534)	(7,354)
Operating income	36,569	29,226	53,036
Financial income	1,937	3,804	1,038
Financial expenses	(1,521)	(1,769)	(3,615)
Share of profits of investments accounted for using the equity method	2,478	3,431	3,223
Income before income taxes	39,463	34,692	53,682
Income taxes	(10,319)	(11,825)	(14,530)
Net income	29,144	22,867	39,152
Net income attributable to:			
Owners of the parent	29,464	22,587	38,512
Non-controlling interests	(320)	280	640

### Percentage Increase / Decrease from the Preceding Year

	2014.3	2015.3	2016.3
Revenues	-	7.4%	3.8%
Operating income	-	(20.1%)	81.5%
Income before income taxes	-	(12.1%)	54.7%
Net income	-	(21.5%)	71.2%
Net income attributable to owners of the parent	-	(23.3%)	70.5%

### Percentage of Revenues

	2014.3	2015.3	2016.3
Operating income	7.5%	5.5%	9.7%
Income before income taxes	8.1%	6.6%	9.8%
Net income	6.0%	4.3%	7.2%
Net income attributable to owners of the parent	6.0%	4.3%	7.0%

### Income Tax Rate

	2014.3	2015.3	2016.3
	26.1%	34.1%	27.1%

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

Consolidated Statement of Comprehensive Income

	2014.3	2015.3	2016.3
Net Income	29,144	22,867	39,152
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	(968)
Remeasurements of defined benefit obligations	5,250	2,887	(3,662)
Total items that cannot be reclassified into profit or loss	6,042	4,002	(4,630)
Items that can be reclassified into profit or loss			
Foreign currency translation adjustments	6,343	15,643	(15,262)
Cash flow hedges	(54)	(59)	37
Share of OCI of investments accounted for using the equity method	719	1,085	(248)
Total items that can be reclassified into profit or loss	7,008	16,669	(15,473)
Other comprehensive income (OCI)	13,050	20,671	(20,103)
Comprehensive income	42,194	43,538	19,049
Comprehensive income attributable to:			
Owners of the parent	42,455	42,390	19,424
Non-controlling interests	(261)	1,148	(375)

## Consolidated Statement of Cash Flows (Based on IFRS)

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

	2014.3	2015.3	2016.3
[Cash flows from operating activities]			
Revenues	29,144	22,867	39,152
Depreciation and amortization	24,626	27,271	29,404
Income tax expense	10,319	11,825	14,530
Impairment loss	1,897	763	1,227
Interest and dividend income	(579)	(750)	(859)
Interest expenses paid	1,517	1,736	1,471
Business structure improvement expenses	1,484	12,882	—
Share of profits of investments accounted for using the equity method	(2,478)	(3,431)	(3,223)
(Increase) decrease in trade receivables	(2,071)	(1,372)	8,461
(Increase) decrease in accounts receivables other	1,629	(4,533)	4,486
(Increase) decrease in inventories	(288)	(3,646)	7,218
Increase (decrease) in trade payables	(1,432)	(5,847)	4,640
Increase (decrease) in retirement and severance benefits	(2,466)	(4,793)	(802)
Other	1,802	1,712	(643)
<b>Subtotal</b>	<b>63,104</b>	<b>54,684</b>	<b>105,062</b>
Interest and dividends received	3,163	3,350	3,560
Interest paid	(1,460)	(1,701)	(1,555)
Business structure improvement expenses paid	-	(13,583)	(783)
Income taxes paid	(14,450)	(10,190)	(12,227)
Income taxes refund	-	1,449	1,012
<b>Net cash provided by operating activities</b>	<b>50,357</b>	<b>34,009</b>	<b>95,069</b>
[Cash flows from investing activities]			
Expenses for property, plant and equipment acquired	(31,755)	(22,896)	(29,856)
Income from sale of property, plant and equipment	539	1,125	1,459
Proceeds from redemption and sale of investments in securities	2,517	2,118	389
Purchase of investments in subsidiaries	-	(3,146)	(900)
Purchase of investments accounted for using the equity method	-	-	(2,240)
Expenses for investment securities acquired	(626)	(2,887)	(3,263)
Sale of investments in subsidiaries resulting in change in scope of consolidation	-	-	677
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)	(1,929)
<b>Net cash provided by (used in) investing activities</b>	<b>(37,099)</b>	<b>(22,258)</b>	<b>(35,663)</b>
[Cash flows from financing activities]			
Net increase (decrease) in short-term debt	5,818	157	(4,226)
Proceeds from long-term debt	4,551	1,058	3,371
Payments on long-term debt	(4,617)	(4,370)	(5,727)
Purchase of shares of consolidated subsidiaries from non-controlling interest holders	-	(5,671)	(5,866)
Dividends paid to stockholders	(7,497)	(7,497)	(8,954)
Dividends paid to non-controlling interests	(277)	(134)	(218)
Other	(352)	(417)	(503)
<b>Net cash used in financing activities</b>	<b>(2,374)</b>	<b>(16,874)</b>	<b>(22,123)</b>
Effect of exchange rate changes on cash and cash equivalents	2,790	6,468	(6,292)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>13,674</b>	<b>1,345</b>	<b>30,991</b>
Cash and cash equivalents at beginning of year	73,978	87,652	88,997
<b>Cash and cash equivalents at end of year</b>	<b>87,652</b>	<b>88,997</b>	<b>119,988</b>

## Segment Related Information (Based on IFRS)

Hitachi Chemical Co., Ltd. and Consolidated Subsidiaries

(Millions of yen)

### Business Segment Information

	2014.3	2015.3	2016.3
<b>Functional Materials</b>			
Revenues	271,631	286,198	275,624
Revenues to outside customers	261,179	277,127	269,769
Inter-segment Revenue	10,452	9,071	5,855
Segment profit	25,633	23,494	38,574
Financial income	-	-	-
Financial expenses	-	-	-
Share of profits of investments accounted for using	-	-	-
Income before income taxes	-	-	-
Depreciation and amortization	12,582	13,574	14,397
Impairment loss	1,602	476	-
<b>Advanced Components and Systems</b>			
Revenues	229,291	252,471	278,821
Revenue to outside customers	227,546	249,560	276,699
Inter-segment Revenue	1,745	2,911	2,122
Segment profit	10,966	5,846	14,388
Financial income	-	-	-
Financial expenses	-	-	-
Share of profits of investments accounted for using	-	-	-
Income before income taxes	-	-	-
Depreciation and amortization	12,044	13,697	15,007
Impairment loss	295	287	1,227
<b>Adjustment</b>			
Revenues	(12,197)	(11,982)	(7,977)
Segment profit	(30)	(114)	74

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

	2014.3	2015.3	
Functional Materials	-	6.1%	(3.7%)
Advanced Components and Systems	-	9.7%	10.9%
<b>Operating Margin*</b>			
	2014.3	2015.3	
Functional Materials	9.8%	8.5%	14.3%
Advanced Components and Systems	4.8%	2.3%	5.2%

\*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
<b>Functional Materials</b>						
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
<b>Advanced Components and Systems</b>						
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
<b>Adjustment</b>						
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)
<b>Amounts shown on consolidated statements of income</b>						
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
<b>Percentage Increase / Decrease from the Preceding Year of Sales to Outside Customers</b>						
	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%
<b>Operating Margin*</b>						
	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%
<small>*Operating Margin = Segment profit ÷ Sales to Outside Customers × 100</small>						
<b>Geographic Information</b>						
	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