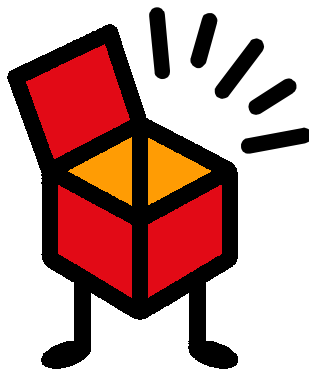


Financial Highlights

(the third quarterly ended December 31, 2004)



Materials Mag!c

Jan. 31, 2005

 **Hitachi Metals, Ltd.**

<http://www.hitachi-metals.co.jp>

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Notes: " " signs ahead of figures mean "minus".

Business Segments

High-Grade Metal Products and Materials

Specialty Steel Company

Roll Company

Hitachi Tool Engineering Group

Electronics and IT Devices

Information Systems Components Company

NEOMAX Group

Finemet / Metglas Business
Development Office
OE Device Division

High-Grade Functional Components and Equipment

Automotive Components Company

Piping Components Company

Hitachi Metals Techno Group

Service and Others

Environmental Systems Division

Sales and Service Company

Other Manufacturing Company

1

Net sales up 36% (¥110.8bn) from year earlier

High-Grade Metal Products and Materials (up 22%)
Electronics and IT Devices (up 199%)
High-Grade Functional Components and Equipment (up 8%)
Service and Others (up 11%)

- Strong sales in the electronics and automotive fields
- Substantial rise in Electronics and IT Devices
- Greater share of sales overseas (up 4.8% from year earlier), especially in Asia, which rose 6.1%

2

Operating income triples, up ¥19.9bn

High-Grade Metal Products and Materials (up ¥7.3bn)
Electronics and IT Devices (up ¥9.4bn)
High-Grade Functional Components and Equipment (up ¥1.7bn)
Service and Others (up ¥1.5bn)

- Continued strong performance of operations
- Increases in all segments despite rising raw material costs

Upward revision from forecasts at interim

Net Sales

- From ¥540.0bn → ¥550.0bn (+2%, ¥10.0bn)
- Increase of ¥129.9bn (+31%) from FY03
 - High-Grade Metal Products and Materials +18%
 - Electronics and IT Devices +188%
 - High-Grade Functional Components and Equipment +5%

Operating Income

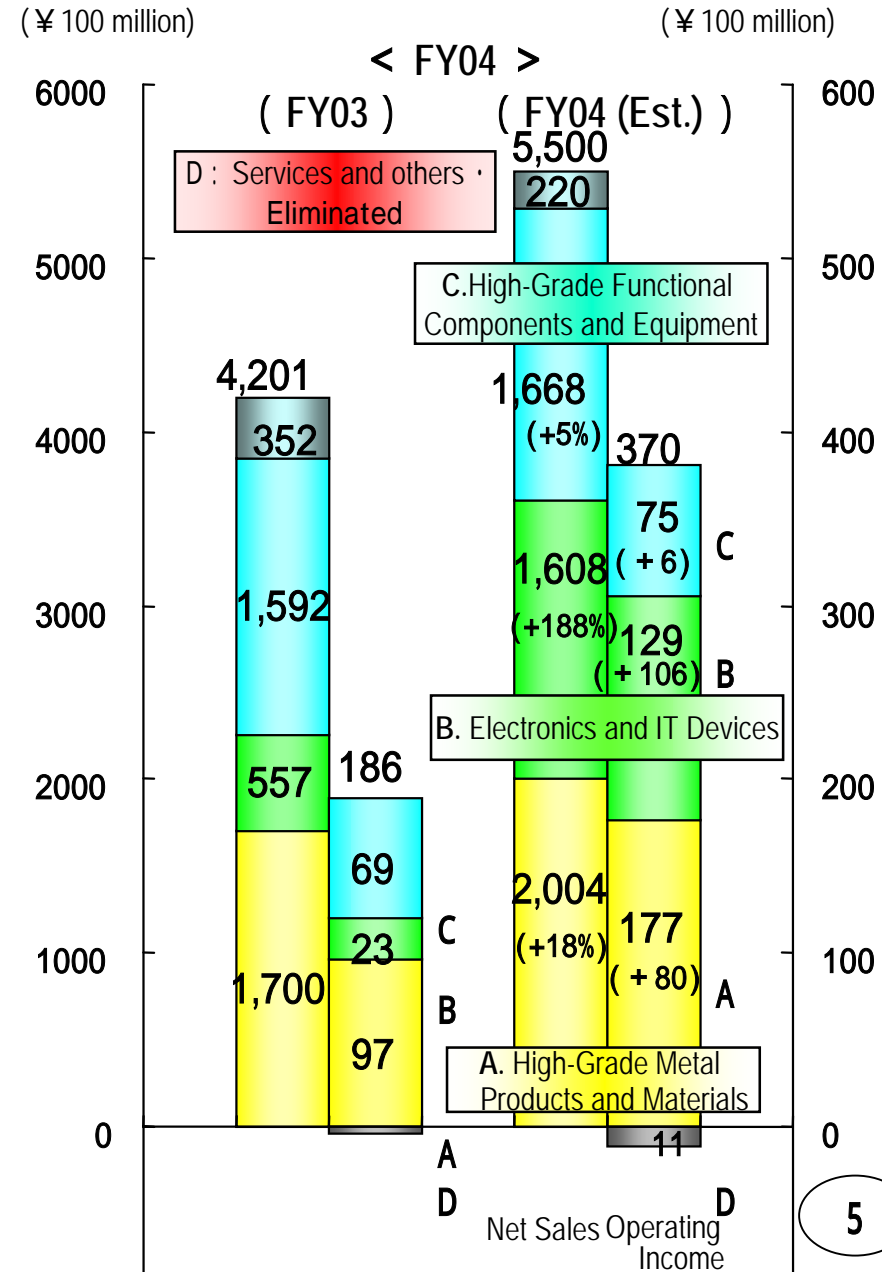
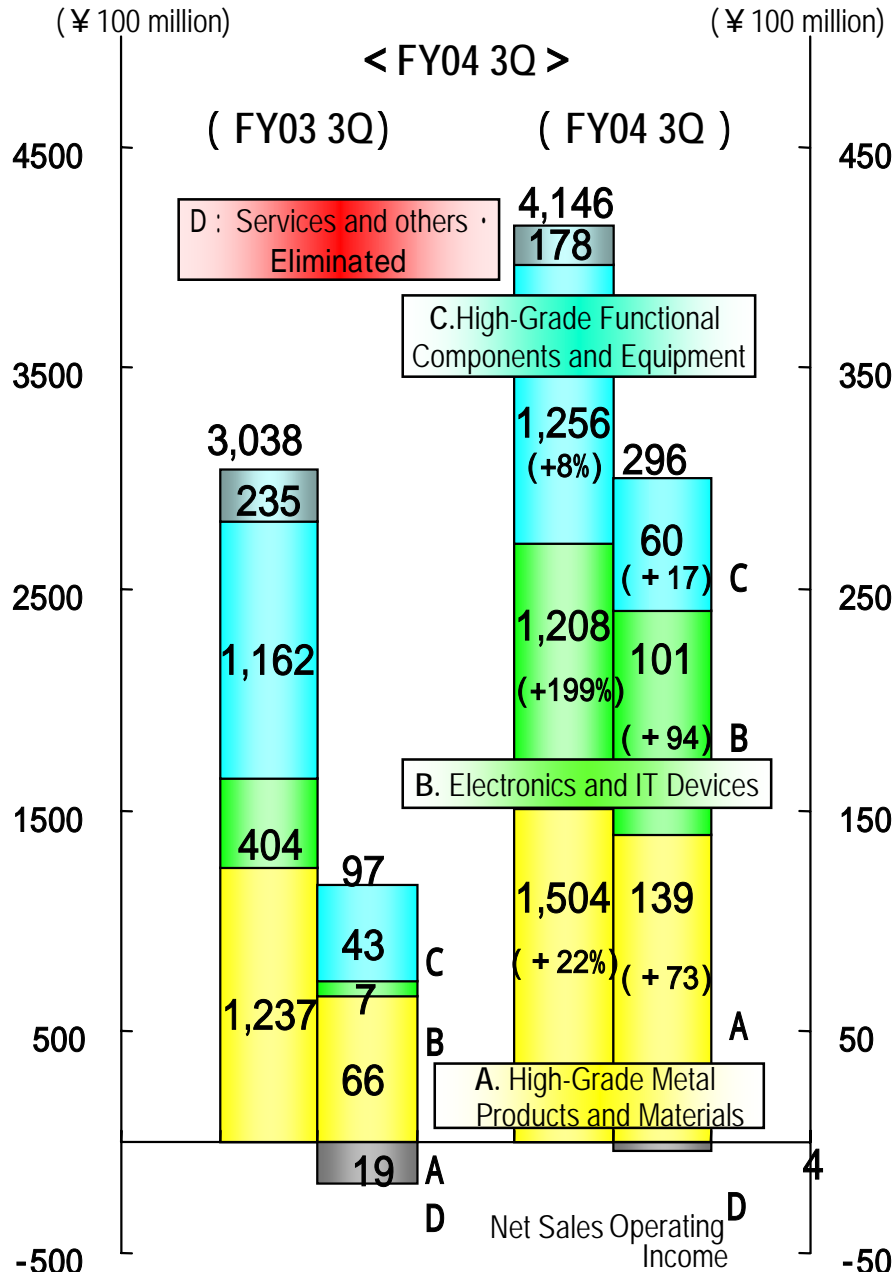
- From ¥34.0bn ¥37.0bn (+9%, ¥3.0bn)
- Increase of ¥18.4bn from FY03
 - High-Grade Metal Products and Materials +¥8.0bn
 - Electronics and IT Devices +¥10.6
 - High-Grade Functional Components and Equipment +¥0.6bn
- Continued effects from rise in raw material prices

Highlights

(¥ 100 million) (%:year-on-year)

	FY03			FY04		
	FY03 1H	12/03 (quarter)	FY03 2H	FY04 1H	12/04 (quarter)	FY04 (Est.)
Net Sales	1,978	3,038	4,201	2,732 (138%)	4,146 (136%)	5,500 (131%)
Operating Income	55	97	186	193 (+138)	296 (+199)	370 (+184)
Ordinary Income	38	74	152	173 (+135)	266 (+192)	335 (+183)
Income before income tax	27	58	97	169 (+142)	266 (+208)	270 (+173)
Net Income	1	18	34	82 (+81)	131 (+113)	125 (+91)
ROE (%)	0.1%	1.6%	2.2%	10.6%	11.2%	8.0%
Capital investment	98	128	176	115 (+17)	172 (+44)	250 (+74)
Depreciation costs	96	144	191	110 (+14)	172 (+28)	240 (+49)
Research & Development Expenses	47	68	92	49 (+2)	73 (+5)	103 (+11)

Consolidated Net Sales & Operating Profit (By Segment)



High-Grade Metal Products and Materials

Net Sales: ¥150.4bn (up 22%, ¥26.7bn YoY)

Operating Income: ¥13.9bn (up ¥7.3bn YoY)

- Sales increase from high-grade specialty steels and cutting tools to automakers, mainly in Asia and North America
- Strong demand for electronics materials for digital consumer electronics and AV equipment

Electronics and IT Devices

Net Sales: ¥120.8bn (up 199%, ¥80.4bn YoY)

Operating Income: ¥10.1bn (up ¥9.4bn YoY)

- Sales of magnets up significantly due to healthy sales of electronics components, factory automation systems, and automobiles
- Sales of IT components also up due to strong sales of LCD displays and mobile phones, and adoption by new customers
- Sales increase for FINEMET® due to rising demand for digital consumer electronics

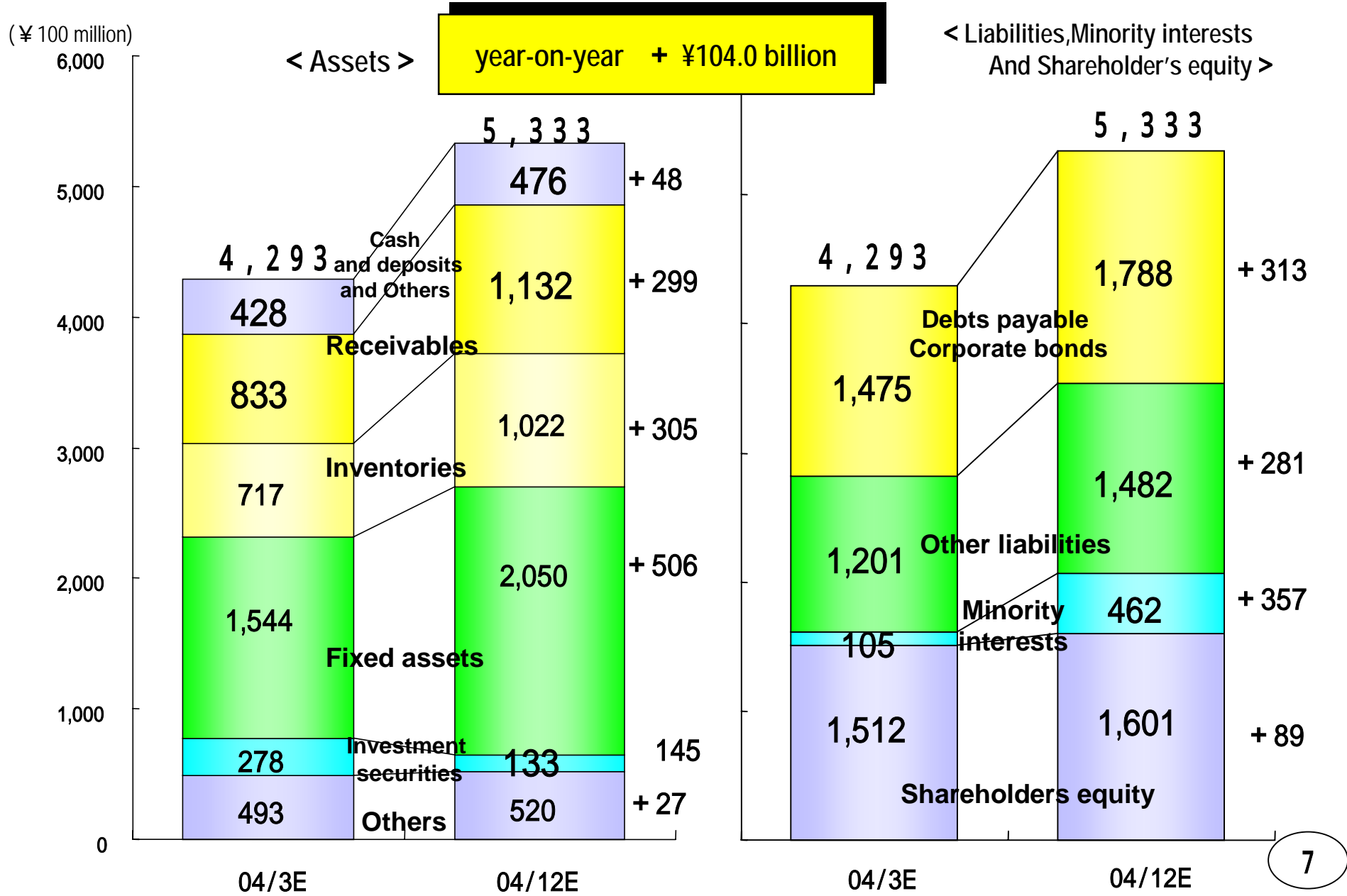
High-Grade Functional Components and Equipment

Net Sales: ¥125.6bn (up 8%, ¥9.4bn YoY)

Operating Income: ¥6.0bn (up ¥1.7bn YoY)

- Despite declines in heat-resistant steel castings, sales up due to demand from truck companies following strengthened emissions regulations
- Sales and earnings on piping components on par YoY due to change in pipe materials

Balance Sheet

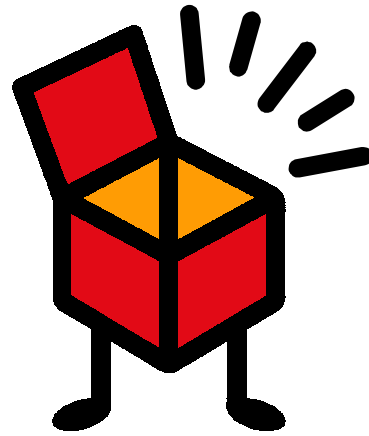


Consolidated Cash Flows



(¥ 100 million)

Item	12/03 (quarter)	12/04 (quarter)	FY03
Net income before tax adjustments	5 8	2 6 6	9 7
Depreciation costs	1 4 4	1 7 2	1 9 1
Capital investment	1 3 5	1 6 2	1 8 0
Others Others	1 6 7	2 2 5	8 4
Free cash flow	1 0 0	5 1	2 4
Reducing borrowings	1 1 8	5 5	1 2 5
Dividend payments	1 9	3 4	1 9
Others	1 0	2 0	2 5
Net increase in cash during Current Period	2 4 7	5 8	1 4 5



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