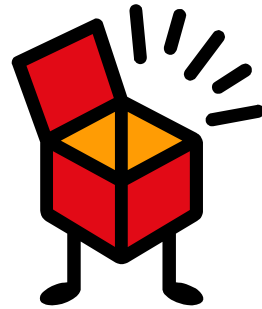


Financial Highlights

the 6-month period ended Sep.30,2011
(Fiscal 2011)



Materials Mag!c

October 28, 2011

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Highlights



¥billion, (): year-on-year

	Fiscal2010							Fiscal2011						
	1Q Actual	2Q Actual	1H Actual	3Q Actual	4Q Actual	2H Actual	Full Year	1Q Actual	2Q Actual	1H Actual	2H Est.	Full Year		
												Previous Est.	Revised	Change
Net sales	126.9	127.3	254.2	133.8	132.2	266.0	520.2	129.4 (102%)	132.3 (104%)	261.7 (103%)	308.3 (116%)	533.0	570.0 (110%)	+37.0
Operating income	12.0	9.9	21.9	12.1	9.1	21.2	43.1	10.9	5.6	16.5	28.0	43.0	44.5	+1.5
Income before income taxes	10.7	7.9	18.6	11.3	6.2	17.5	36.1	10.0	5.3	15.3	23.2	37.0	38.5	+1.5
Net income	5.5	4.8	10.3	6.2	5.7	11.9	22.2	6.2	0.6	6.8	14.9	20.9	21.7	+0.8
Capital investment	3.4	4.8	8.2	4.9	7.3	12.2	20.4	4.2	5.9	10.1	17.9	28.0	28.0	±0
Depreciation costs	6.7	6.8	13.5	7.3	7.6	14.9	28.4	6.6	6.8	13.4	15.2	28.6	28.6	±0
R&D expenses	2.7	3.0	5.7	3.2	3.3	6.5	12.2	2.8	3.0	5.8	7.2	13.0	13.0	±0

■ Net Sales and Operating Income

Net sales: ¥261.7 billion (103% of FY2010 1h)

Operating income: ¥16.5 billion (down ¥5.4 billion from FY2010 1h)

■ Demand Trends

The automobile-related product sector in Japan recovered in the latter half of the first quarter, with overseas demand shifting into solid territory for all sectors other than aluminum wheels.

Electronics-related demand witnessed continued adjustments for LCD-related products, with semiconductor-related products also entering an adjustment phase from the second quarter.

In the infrastructure sector, demand for industrial machinery-related products decreased while showing gradual recovery. Demand related to rebuilding from the Great East Japan Earthquake slowed from the second quarter.

■ Net Sales and Operating Income by Segment

High-Grade Metal Products and Materials: Net sales of ¥111.9 billion (100% of FY2010 1h) and operating income of ¥11.0 billion (down ¥1.2 billion from FY2010 1h)

⇒ Tool steel sales achieved strong results both for use in automobiles and household appliances. LCD-related sales remained in adjustment, while semiconductor-related sales also entered an adjustment phase from the second quarter.

Electronics and IT Devices: Net sales of ¥70.2 billion (106% of FY2010 1h) and operating income of ¥5.5 billion (down ¥2.4 billion from FY2010 1h)

⇒ Magnet sales were firm for the automobile, household appliance, and factory automation sectors. IT component-related demand and demand for soft magnetic material (amorphous metals) continued to slump due to inventory adjustments and other factors.

High-Grade Functional Components and Equipment: Net sales of ¥80.3 billion (104% of FY2010 1h) and operating income of ¥3.5 billion (down ¥1.8 billion from FY2010 1h)

⇒ Sales of automotive-use casting components recorded a solid recovery, despite the impact of the decline in automobile production in Japan. Piping component sales benefited from a temporary rise in demand but then slipped into an adjustment phase.

■ Net Income and ROE

Net income: ¥6.8 billion (down ¥3.5 billion from FY2010 1h)

ROE: 6.5% (down 4.0% from FY2010 1h)

■ Capital Investment, Depreciation and Amortization, and R&D Expenses

Capital investment: ¥10.1 billion (up ¥1.9 billion from FY2010 1h)

Depreciation and amortization: ¥13.4 billion (down ¥100 million from FY2010 1h)

R&D expenses: ¥5.8 billion (up ¥100 million from FY2010 1h)

■ Overseas Sales Ratio 43.7% (no change from FY2010 1h) ■ New-Product Sales Ratio 26% (up 3% from FY2010 1h)

Performance Overview in the First Half of Fiscal 2011



Net Sales: ¥261.7 Billion (103% of FY2010 1H)

High-Grade Metal Products and Materials	¥111.9 billion (100% of FY2010 1h)
Electronics and IT Devices	¥70.2 billion (106% of FY2010 1h)
High-Grade Functional Components and Equipment	¥80.3 billion (104% of FY2010 1h)

High-Grade Metal Products and Materials

In specialty steels, tool steel sales were supported by brisk automobile-related demand in overseas markets, with domestic sales also recovering in the second half of the period under review. Alloys for electronic products saw continued adjustments in the LCD-related field, while semiconductor-related demand also entered an adjustment phase from the second quarter. For rolls, domestic demand stayed sluggish, while overseas demand, especially in Asia, also experienced a slowdown.

Electronics and IT Devices

Magnet sales displayed strength in both the household appliance and factory automation markets. Automotive-related demand was impacted by the earthquake, but recovered with greater speed than originally expected.

Under IT devices, two factors combined to slow sales: delays in production launches by customers who were scheduled to adopt new smartphone components; and ongoing inventory adjustments for solar power-related products.

Sales of amorphous metals (soft magnetic material) ebbed under the impact of delayed bidding procedures in China.

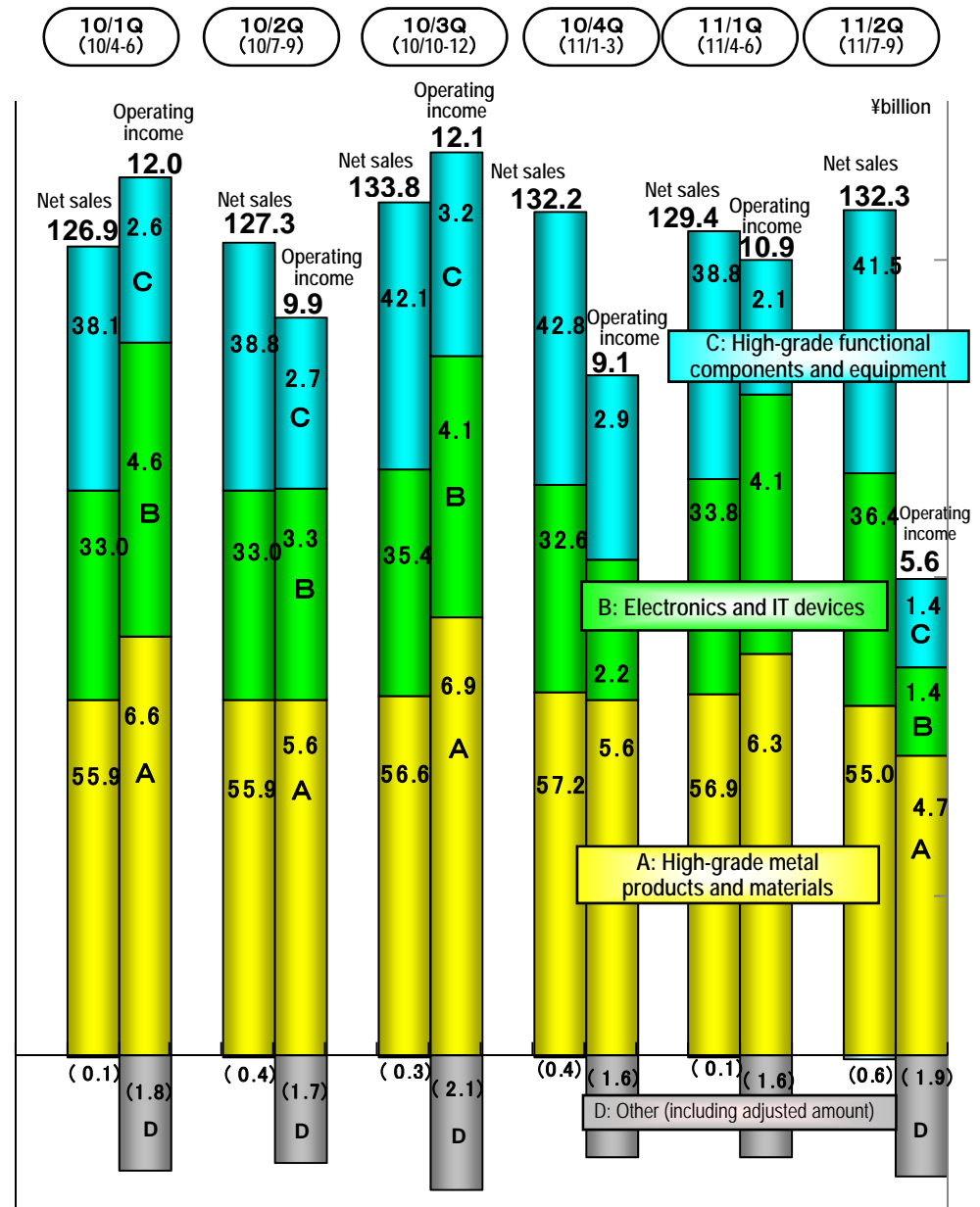
High-Grade Functional Components and Equipment

In casting components for automobiles, while domestic sales of ductile iron products felt the impact of the earthquake, overseas demand continued to be solid primarily in the rest of Asia, supporting overall growth for this product sector. Sales of HERCUNITE® were strong, supported by shipments to Europe and demand in North America as well. Aluminum wheel demand declined in both Japan and the United States, reflecting the impact of the earthquake. Piping component sales rose in the first quarter, linked to demand for temporary housing following the earthquake, although slowing down in the second quarter.

Operating Income: ¥16.5 Billion (Down ¥5.4 Billion from FY2010 1H)

High-Grade Metal Products and Materials	¥11.0 billion (down ¥1.2 billion from FY2010 1h)
Electronics and IT Devices	¥5.5 billion (down ¥2.4 billion from FY2010 1h)
High-Grade Functional Components and Equipment	¥3.5 billion (down ¥1.8 billion from FY2010 1h)

Operating income declined compared to the first half of fiscal 2010 due to the impact of decreased automobile production, the delay in product pricing to catch up with the cost of raw materials, and other contributing factors. Operations showed strength, however, due to the recovery of domestic production, overseas demand, and other developments, with the effects of cost reductions also felt. As a result, final operating income surpassed initial projections (¥15 billion).



Consolidated Net Sales and Operating Income Projections for FY2011



Net Sales: ¥570 Billion

(Up ¥37 Billion from Initial Projection; 110% of FY2010)

Operating Income: ¥44.5 Billion

(Up ¥1.5 Billion from Initial Projection; Up ¥1.4 Billion from FY2010)

■ High-Grade Metal Products and Materials

Net sales ¥225 billion (up ¥1.5 billion from initial projection)
100% of FY2010

Operating income ¥23 billion (down ¥1.0 billion from initial projection)
Down ¥1.7 billion from FY2010

■ Electronics and IT Devices

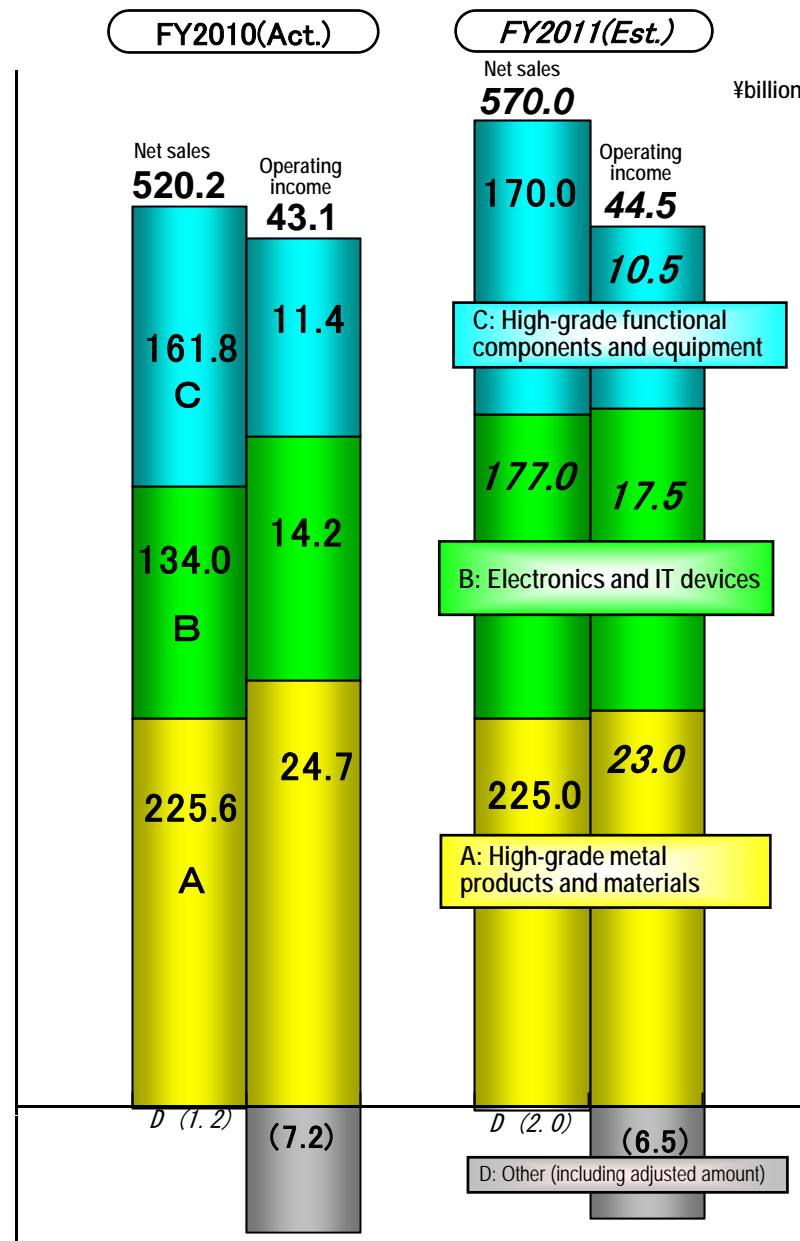
Net sales ¥177 billion (up ¥26 billion from initial projection)
132% of FY2010

Operating income ¥17.5 billion (up ¥2.5 billion from initial projection)
Up ¥3.3 billion from FY2010

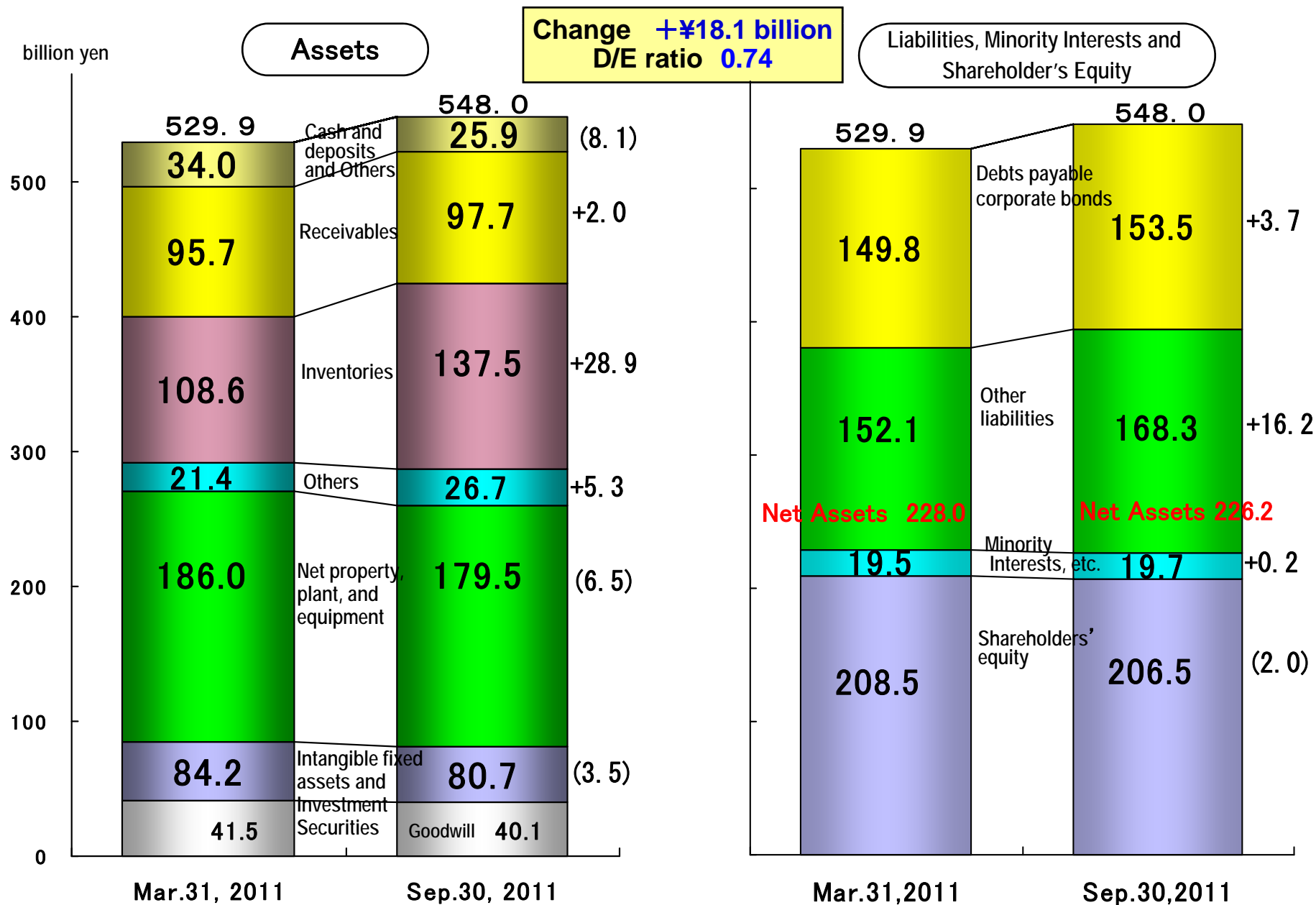
■ High-Grade Functional Components and Equipment

Net sales ¥170 billion (up ¥5.0 billion from initial projection)
105% of FY2010

Operating income ¥10.5 billion (down ¥500 million from initial projection)
Down ¥900 million from FY2010



Consolidated Balance Sheet



Consolidated Cash Flows






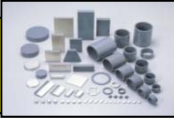
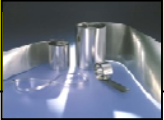


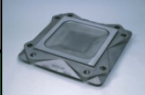

(¥ billion)

Item	FY2010 1H	FY2011 1H
Cash and cash equivalents at beginning of year	43.6	34.0
Income (loss) before income taxes and minority interests	18.6	15.3
Depreciation and amortization	13.5	13.4
Decrease (increase) in inventories	(16.4)	(31.7)
Other	11.7	4.8
Cash flows from operating activities	27.4	1.8
Capital investment*	(8.2)	(10.1)
Other	(0.3)	0.0
Free cash flow	18.9	(8.3)
Borrowings, debts, and bonds	(11.9)	5.6
Dividend payments, etc.	(3.3)	(3.3)
Net cash flow	3.7	(6.0)
Effect of exchange rate changes, etc.	(2.6)	(1.9)
Net increase (decrease)	1.1	(7.9)
Cash and cash equivalents at end of year	44.7	26.1

*On an accrual basis (i.e., expenditures are recognized upon receipt and inspection of items)

(Ref.) Hitachi Metal's Business Portfolio

Hitachi Metals is a materials manufacturer that offers quality in a wide range of industrial fields based on materials development.

Segment	Market		
	Industrial Infrastructure	Automobiles	Electronics
High-Grade Metal Products and Materials	 <p>High-grade specialty steel (Specialty Steel Company)</p>		 <p>Alloys for electronic products (Specialty Steel Company)</p>
	 <p>Rolls (Roll Company)</p>		
	<p>Cutting tools (Hitachi Tool Engineering, Ltd.)</p>		
Electronics and IT Devices	 <p>Magnets (NEOMAX Company)</p>		
	 <p>Soft magnetic materials (Soft Magnetic Materials Company)</p>		
	<p>Information system components (Information System Components Company)</p>		
High-Grade Functional Components and Equipment	 <p>Piping components (Piping Components Company)</p>		
	 <p>Construction Components (Hitachi Metals Techno, Ltd.)</p>	<p>Casting components for automobiles (Automotive Components Company)</p> 	

(Ref.) Business Operations by Segment



Business Segment	Business Units	Principal Products
High-Grade Metal Products and Materials Fiscal 2009 Results: Net sales of ¥187.9 billion Operating income of ¥6.5 billion Fiscal 2010 Results: Net sales of ¥225.6 billion Operating income of ¥24.7 billion	Specialty Steel Company	High-grade specialty steel (YSSTM): Molds and tool steel, alloys for electronic products (display-related materials and semiconductor and other package materials), industrial equipment and energy-related materials, and razor and blade materials
	Roll Company	Rolls for steel, nonferrous, and nonmetal applications; injection molding machine parts; structural ceramic products; and steel-frame joints for construction
	Hitachi Tool Engineering, Ltd.	Cutting tools
Electronics and IT Devices Fiscal 2009 Results: Net sales of ¥105.9 billion Operating income of ¥7.1 billion Fiscal 2010 Results: Net sales of ¥134.0 billion Operating income of ¥14.2 billion	NEOMAX Company	Magnets (rare earth magnets [NEOMAX®], ferrite magnets, and other magnets and applied products)
	Information System Components Company	Components for information and telecommunications equipment (multilayered devices and isolators), IT materials and components, materials and components for medical equipment, soft ferrite cores and applied products, nanocrystalline magnetic material (FINEMET®) and applied devices, and amorphous metals (Metglas®) and applied products
	Soft Magnetic Materials Company	Amorphous metals (Metglas®)
High-Grade Functional Components and Equipment Fiscal 2009 Results: Net sales of ¥138.0 billion Operating income of ¥5.5 billion Fiscal 2010 Results: Net sales of ¥161.8 billion Operating income of ¥11.4 billion	Automotive Components Company	High-grade casting components for automobiles (heat-resistant exhaust casting components [HERCUNITE®], ductile iron [HNMTM]), aluminum wheels (SCUBATM), and other aluminum components
	Piping Components Company	Piping and infrastructure components (Gourd® brand pipe fittings, stainless steel and plastic piping components, water cooling equipment, precision mass flow control devices, and sealed expansion tanks)
	Hitachi Metals Techno, Ltd.	Construction components (access floor systems, structural systems, and material handling systems)

All forward-looking statements in this document, such as results forecasts, management plans, and dividend forecasts, are not historical facts but are based upon all available information as well as assumptions and projections that were deemed rational at the time the Company prepared this document. Changes to underlying assumptions or circumstances could cause actual results to differ substantially. Factors that cause such differences include, but are not limited to, the following:

- Changes in economic conditions and regulations in main markets where the Company operates, particularly Japan, the United States, the rest of Asia, and Europe
- Sudden changes in technological trends
- Changes in competitive advantage and the capabilities of the Company and its subsidiaries and affiliates to develop and commercialize new products and businesses
- Fluctuation in the status and conditions of product markets, exchange rates, or international commodity markets
- Changes in financing environments
- The capability of the Company and its subsidiaries and affiliates to cope with fluctuations in product supply and demand and the status and conditions of product markets, exchange rates, or international commodity markets
- The protection of the Company's intellectual property and the securing of licenses to use the intellectual property of other parties
- Changes in the status of alliances with other parties for product development, etc.
- Fluctuation in Japanese stock markets