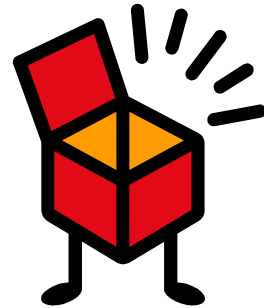


Financial Highlights

the 3-month period ended June 30, 2012
(Fiscal 2012)



Materials Mag!c

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Performance Overview

First Quarter of FY2012 (April–June 2012)

Net sales: ¥141.1 billion (up 9% from FY2011 1Q, down 6% from FY2011 4Q)
Operating income: ¥10.3 billion (down ¥0.6 billion from FY2011 1Q, down ¥1.3 billion from FY2011 4Q)

■ Demand Trends

Automobile-related product sector: Domestic performance was solid, benefiting from government policies, while demand remained favorable in North America. Slowdowns continued in China and Europe.

Electronics-related products: Demand was solid for tablet terminals, although sales for products used in personal computers were sluggish, while adjustments continued in other LCD-related products.

Industrial infrastructure sector: Despite ongoing adjustments in machine tool-related areas, domestic demand for construction-related products picked up, while overseas demand was solid.

■ Segment Trends (Net Sales and Operating Income)

High-Grade Metal Products and Materials:

Net sales of ¥57.7 billion (down 5% from FY2011 1Q, up 3% from FY2011 4Q)

Operating income of ¥4.4 billion (down ¥2.0 billion from FY2011 1Q, up ¥1.5 billion from FY2011 4Q)

⇒ Although domestic sales of tool steels for the automobile sector remained strong, overseas sales were sluggish. An adjustment phase continued in electronic materials for LCDs and semiconductors and a recovery apparent in amorphous metals

Electronics and IT Devices: Net sales of ¥41.7 billion (up 40% from FY2011 1Q, down 14% from FY2011 4Q)

Operating income of ¥4.9 billion (up ¥0.9 billion from FY2011 1Q, down ¥3.1 billion from FY2011 4Q)

⇒ Although adjustments continued for factory automation and household appliance magnets, automotive demand was strong. The Company restructured IT devices to reinforce capabilities

High-Grade Functional Components and Equipment:

Net sales of ¥41.8 billion (up 8% from FY2011 1Q, down 9% from FY2011 4Q)

Operating income of ¥2.2 billion (up ¥0.1 billion from FY2011 1Q, down ¥0.1 billion from FY2011 4Q)

⇒ Domestic and North American demand continued to rise in casting components for automobiles and aluminum wheels. Sales of heat-resistant exhaust casting components decreased owing to the economic downturn in Europe.

■ Overseas Sales: ¥61.0 billion (accounting for 43.2% of net sales)

North America (¥15.8 billion; 11.2% of total), Asia (¥33.2 billion; 23.5%), Europe (¥9.8 billion; 6.9%), and Other (¥2.2 billion; 1.6%)

Although the business climate outlook remains uncertain, an outlook for automotive- and infrastructure-related demand is solid. We will continue striving to expand global sales and restructure operations while deploying action plans to drive further growth.

Consolidated Financial Highlights



(Unit: ¥ billion; []: year-on-year)

	FY2011 (Actual)							FY2012			
	1Q	2Q	1H	3Q	4Q	2H	Full year	1Q Actual	Announced on April 25, 2012		
									1H Est.	2H Est.	Full year Est.
Net sales	129.4	132.3	261.7	145.5	149.7	295.2	556.9	141.1 [109%]	284.0 [109%]	306.0 [104%]	590.0 [106%]
Operating income	10.9	5.6	16.5	16.8	11.6	28.4	44.9	10.3 [(0.6)]	22.0 [+5.5]	28.0 [(0.4)]	50.0 [+5.1]
Income before income taxes	10.0	5.3	15.3	13.4	7.7	21.1	36.4	11.7 [+1.7]	21.0 [+5.7]	25.0 [+3.9]	46.0 [+9.6]
Net income	6.2	0.6	6.8	7.9	3.2	11.1	17.9	7.3 [+1.1]	12.5 [+5.7]	16.0 [+4.9]	28.5 [+10.6]
Capital investment	4.2	5.9	10.1	4.8	9.4	14.2	24.3	6.7 [+2.5]	17.0 [+6.9]	15.0 [+0.8]	32.0 [+7.7]
Depreciation and amortization	6.6	6.8	13.4	6.9	7.2	14.1	27.5	5.7 [(0.9)]	14.0 [+0.6]	15.0 [+0.9]	29.0 [+1.5]
R&D expenses	2.8	3.0	5.8	3.1	3.3	6.4	12.2	2.8 [±0]	6.1 [+0.3]	6.2 [(0.2)]	12.3 [+0.1]

Performance Overview by Segment for FY2012 1Q

Net Sales: ¥14.11 billion

up 9% from FY2011 1Q, down 6% from FY2011 4Q

High-Grade Metal Products and Materials :

¥57.7 billion (down 5% from FY2011 1Q, up 3% from FY2011 4Q)

Electronics and IT Devices :

¥41.7 billion (up 40% from FY2011 1Q, down 14% from FY2011 4Q)

High-Grade Functional Components and Equipment :

¥41.8 billion (up 8% from FY2011 1Q, down 9% from 2011 4Q)

■ High-Grade Metal Products and Materials

In specialty steels, domestic demand was solid for tool steels, while an overseas demand recovery had yet to materialize. Demand remained slow in electronic materials for LCD-related fields. Overseas demand was strong in rolls. In amorphous metals, demand recovered in China and was again favorable in India.

■ Electronics and IT Devices

Despite demand adjustments for factory automation applications for neodymium magnets, demand remained favorable for automobile-related products, particularly for hybrid electric vehicles. Demand for ferrite magnets was similarly solid, for both automobiles and household appliances use. In IT devices, demand trended upward for solar power generation components but continued to fall for cell phone-related products.

■ High-Grade Functional Components and Equipment

In casting components for automobiles, sales should again be favorable in the North American and Asian markets for ductile iron products (NM). There will likely be only a slight recovery in HERCUNITE® demand because of a delayed turnaround in Europe. Domestic as well as overseas sales of aluminum wheels should be solid.

Operating Income: ¥10.3 billion

down ¥0.6 billion from FY2011 1Q, down ¥1.3 billion from FY2011 4Q

High-Grade Metal Products and Materials

¥4.4 billion (down ¥2.0 billion from FY2011 1Q, up ¥1.5 billion from FY2011 4Q)

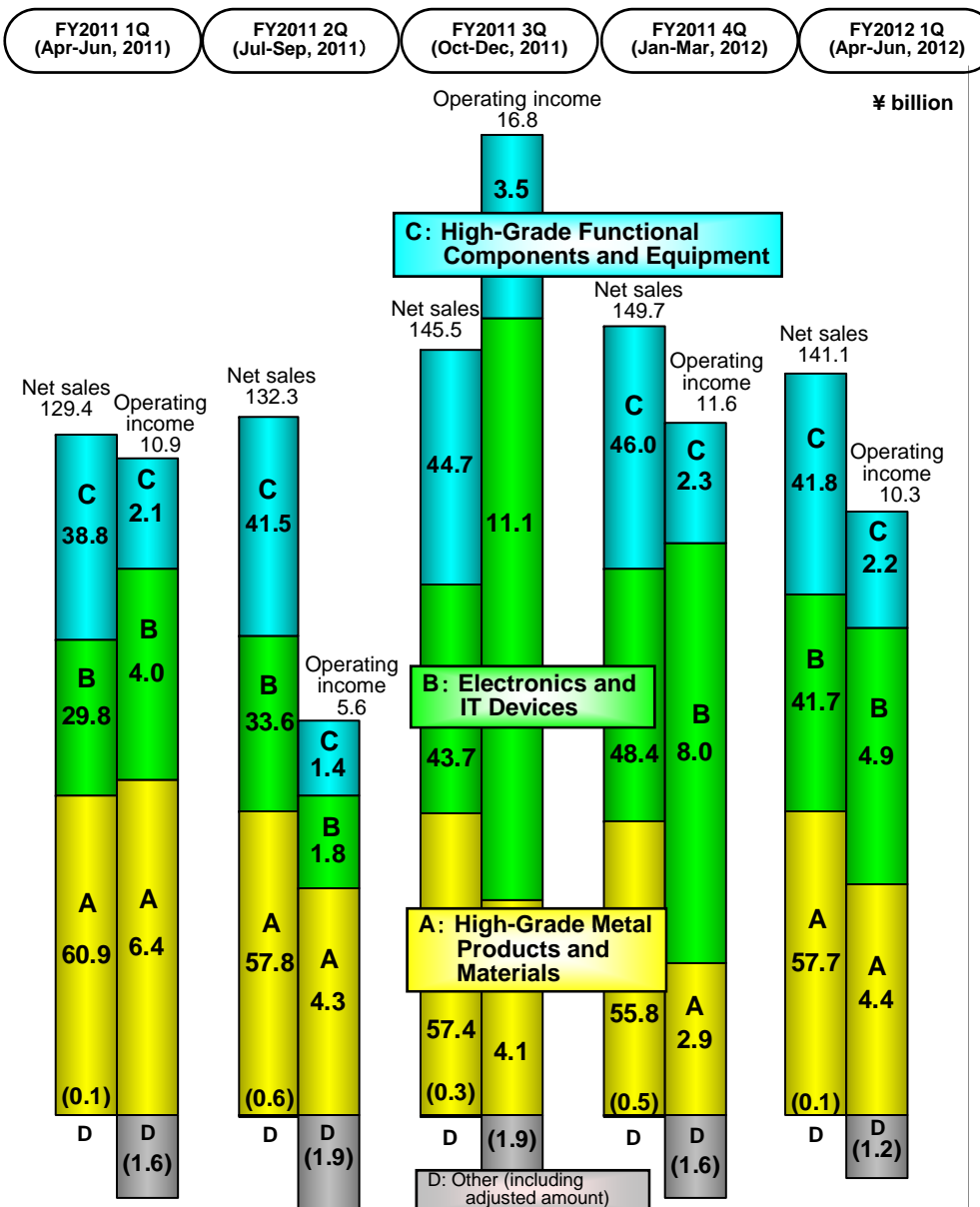
Electronics and IT Devices

¥4.9 billion (up ¥0.9 billion from FY2011 1Q, down ¥3.1 billion from FY2011 4Q)

High-Grade Functional Components and Equipment

¥2.2 billion (up ¥0.1 billion from FY2011 1Q, down ¥0.1 billion from FY2011 4Q)

Although overseas demand for infrastructure-related products to recover and strengthened capabilities in IT devices business operations to contribute to performance were expected, operating income declined ¥0.6 billion year-on-year (FY2011 1Q) owing to sluggish demand for electronics-related products, and operating income dropped ¥1.3 billion from the previous quarter (FY2011 4Q).



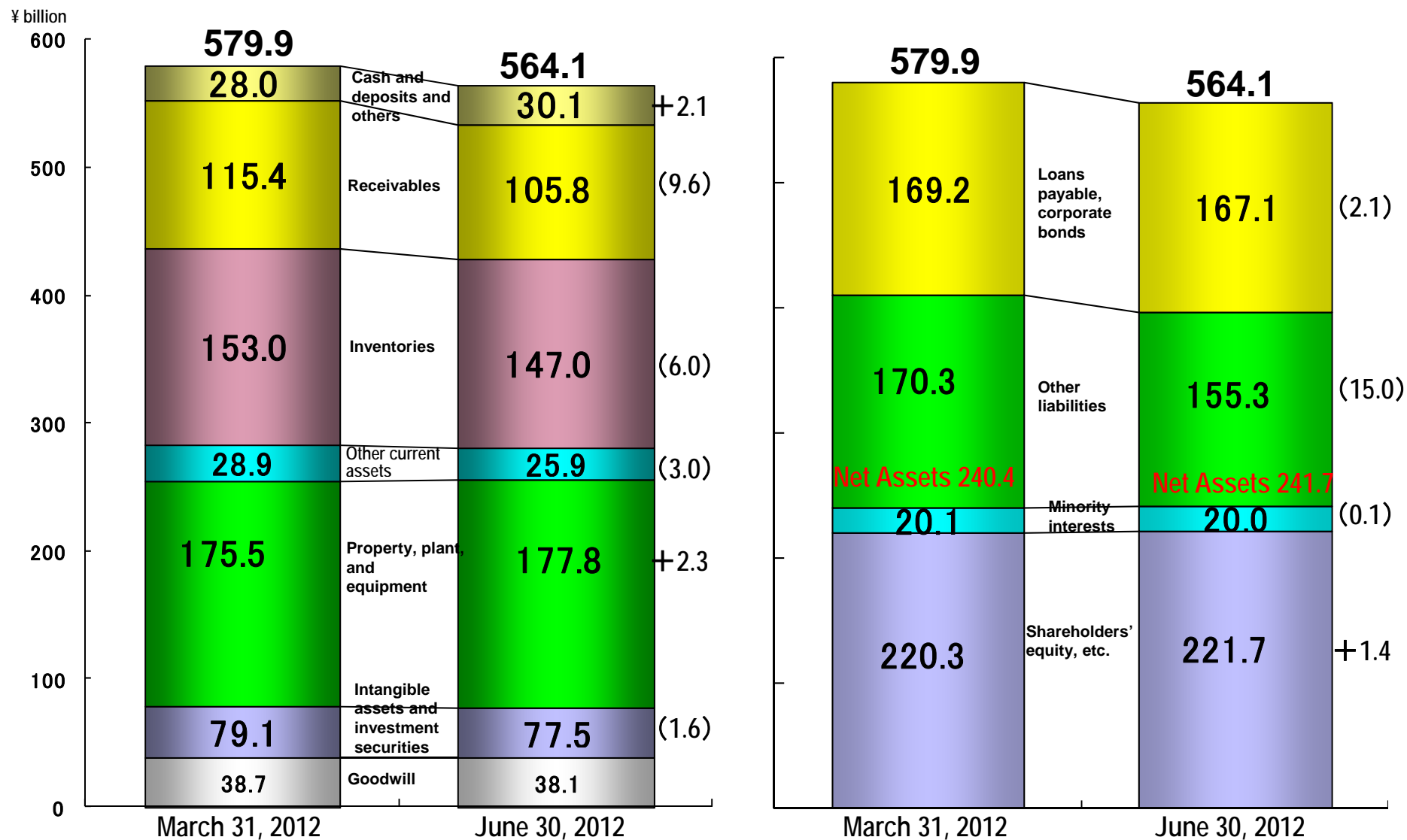
From the current fiscal year, the Soft Magnetic Materials Division, which was part of Information and Telecommunications Equipment, is now part of High-Grade Metal Products and Materials. Segment data for the previous fiscal year (FY2011) has been restated to reflect this segment change.

Consolidated Balance Sheets

Assets

Change (15.8)¥ billion
D/E ratio 0.75

Liabilities and Net Assets



Consolidated Cash Flows

(¥ billion)

Item	1Q FY2011	1Q FY2012
Cash and cash equivalents at beginning of year	34.0	28.0
Income before income taxes and minority interests	10.0	11.7
Depreciation and amortization	6.6	5.7
Decrease (increase) in inventories	(12.8)	1.7
Other	1.6	(4.6)
Cash flows from operating activities	5.4	14.5
Capital investment*	(4.2)	(6.7)
Other	(0.2)	(0.7)
Free cash flow	1.0	7.1
Decrease (increase) in borrowings and bonds	2.7	(1.0)
Dividend payments, etc.	(2.8)	(2.9)
Net cash flow	0.9	3.2
Effect of exchange rate changes, etc.	(0.4)	(1.1)
Net increase (decrease)	0.5	2.1
Cash and cash equivalents at end of year	34.5	30.1

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

(Reference) Business Operations by Segment

Business Segment	Business Units		Principal Products
High-Grade Metal Products and Materials	High-Grade Metal Company	Specialty Steel Division	High-grade specialty steel [YSS™] : 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 Division	Rolls for steel, nonferrous, and nonmetal applications; injection molding machine parts; structural ceramic products; and steel-frame joints for construction
		Soft Magnetic Materials Division	Amorphous metals [Metglas®]
	Hitachi Tool Engineering, Ltd.	Cutting tools	
Electronics and IT Devices	Electronics and IT Devices Company	NEOMAX Division	Magnets (rare earth magnets [NEOMAX®], ferrite magnets, and other magnets and applied products)
		Information System Components Division	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
High-Grade Functional Components and Equipment	High-Grade Functional Components Company	Automotive Components Division	High-grade casting components for automobiles (heat-resistant exhaust casting components [HERCUNITE®], ductile iron [HNM™]), aluminum wheels [SCUBA™] , and other aluminum components, forging components for automobiles
		Piping Components Division	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