

Explanatory Material for Financial Report for the Year Ended March 31, 2013

May 8, 2013



Hitachi Cable, Ltd.

- 1. Outline of the Financial Report for the Year Ended March 31, 2013**
2. Progress in Business Structural Reform
3. Forecast of Business Performance for the Year Ending March 31, 2014

1-1. Consolidated Statement of Profit and Loss

Units: billion yen

	Year Ended March 31, 2012	Year Ended March 31, 2013	Change from Previous Year	Change from Previous Forecast*1
Net sales (Overseas sales ratio)	432.5 (27.5%)*2	362.0 (27.5%)	(70.6)	+2.0
Operating income	2.0	4.3	+2.3	+0.3
Non-operating income/loss	(1.0)	3.0	+4.0	+1.5
Ordinary income	0.9	7.3	+6.4	+1.8
Extraordinary income/loss	(22.1)	(15.2)	+6.8	+0.8
Net income before taxes and other adjustments	(21.1)	(7.9)	+13.2	+2.6
Corporate taxes, etc	1.4	1.0	(0.3)	(1.1)
Gains to minority investors	0.3	0.2	(0.1)	(0.1)
Net income	(22.8)	(9.2)	+13.6	+3.8

The year ended March 31, 2013(fiscal 2012): From April 1, 2012 to March 31, 2013

*1 Change from the forecast as of February 1, 2013

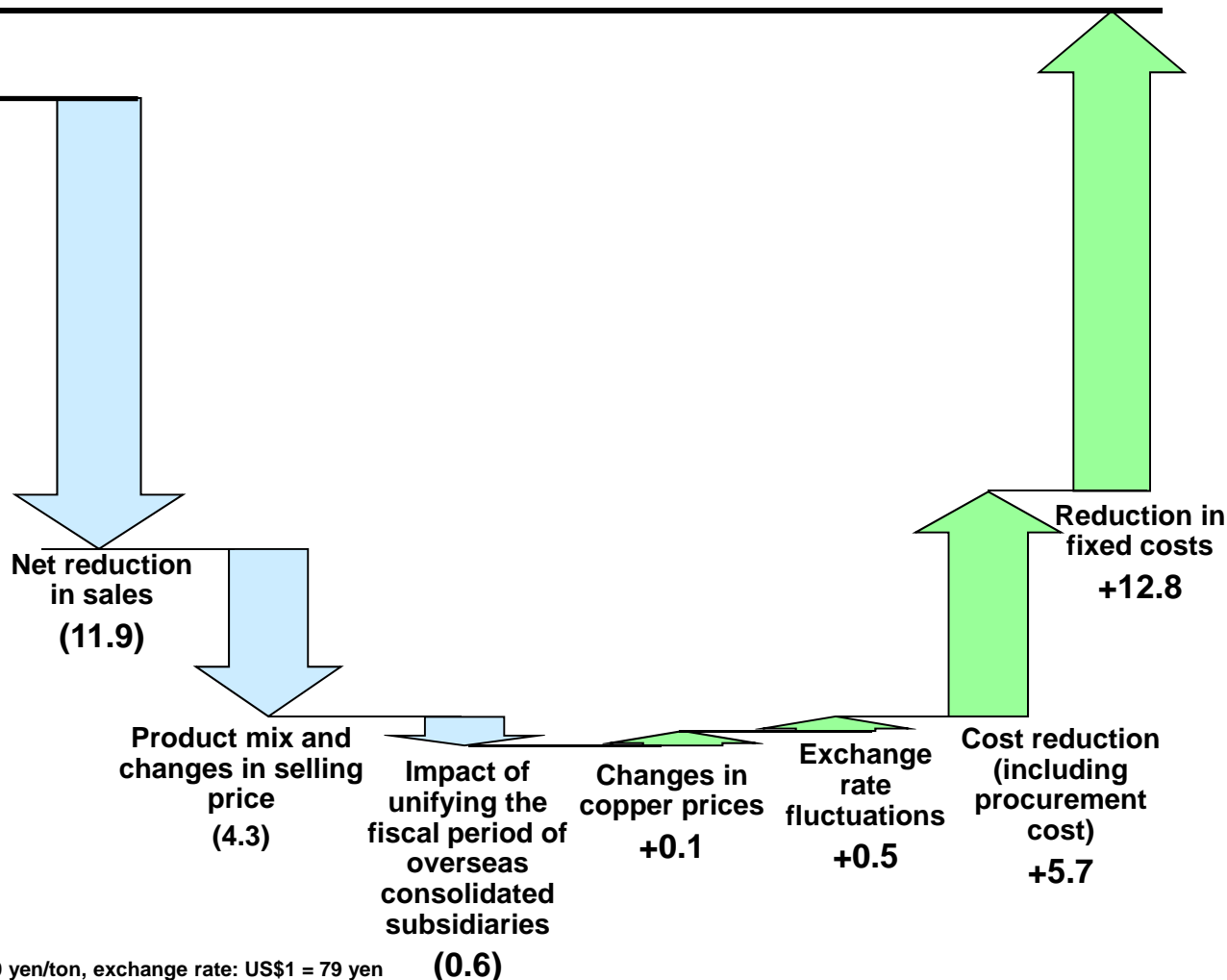
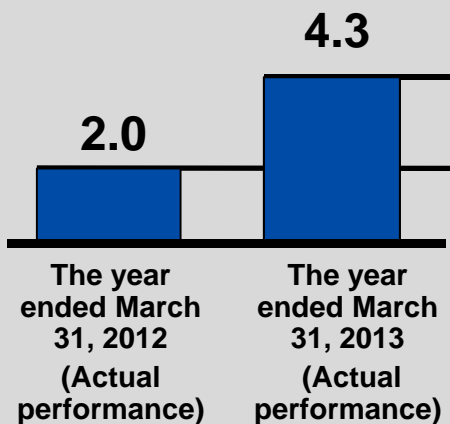
*2 Figures for the overseas revenue ratio for Year Ended March 31, 2012 do not factor in the impact of revisions at overseas consolidated subsidiaries.

Note: Figures are rounded off to the nearest 0.1 billion yen. Totals and sums of figures may not agree.

1-2. Major Factors Contributing to the Change in Operating Income (From Previous Year)

Operating income

Units: billion yen

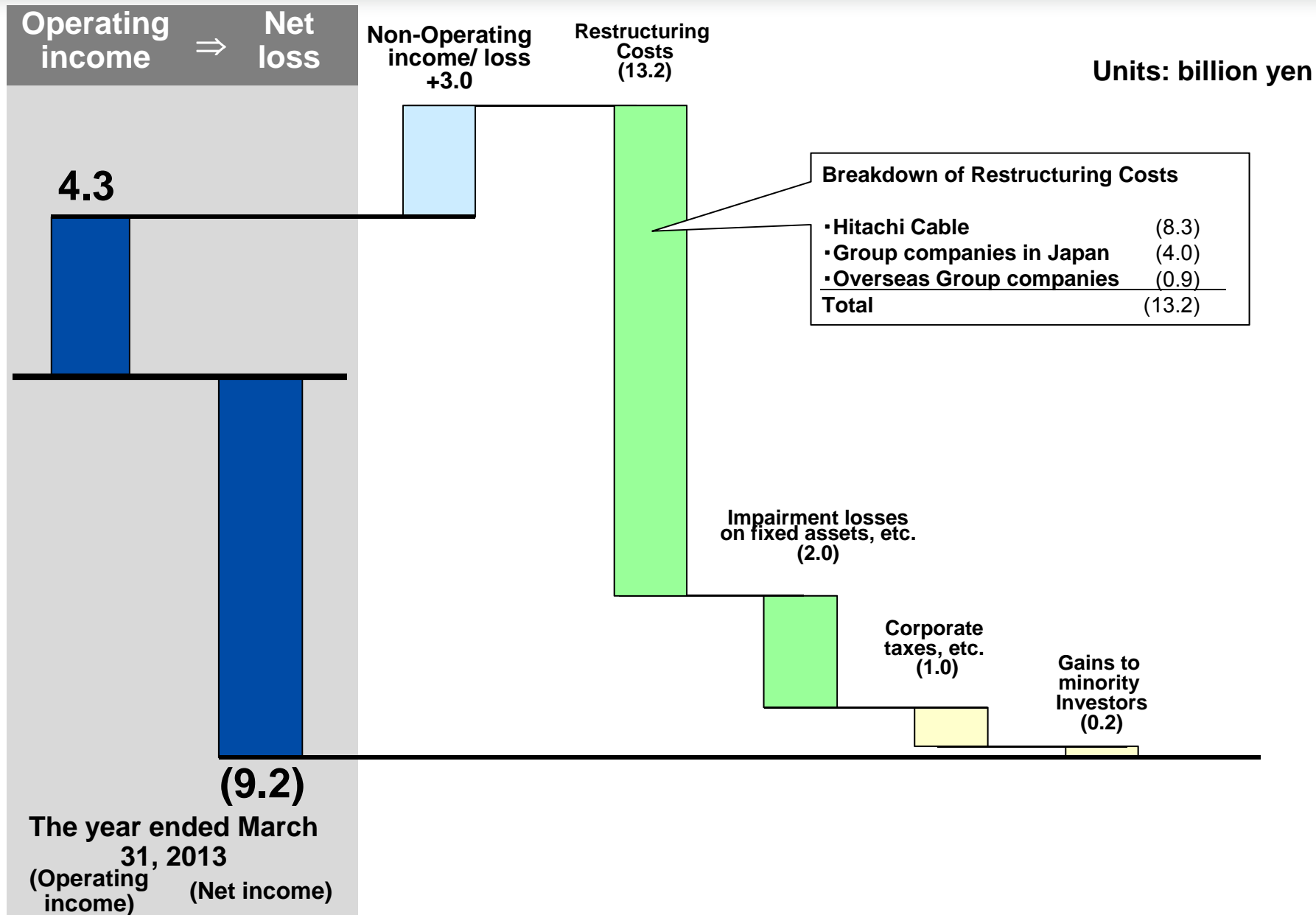


(Units: billion yen)

Changes in Sales	
432.5 billion yen → 362.0 billion yen	
Factors Accounting for Changes	
• Exchange rate fluctuations	+3.7
• Changes in copper price	(10.4)
• Impact of unifying the fiscal period	(22.6)
• Net reduction in sales	(41.2)
Total	(70.6)

The year ended March 31, 2012: Copper price: 720,000 yen/ton, exchange rate: US\$1 = 79 yen
 The year ended March 31, 2013: Copper price: 700,000 yen/ton, exchange rate: US\$1 = 83 yen

1-3. Breakdown of Net Income



1-4. Consolidated Balance Sheet, Cash Flows

Units: billion yen

	End of Fiscal 2011	End of Fiscal 2012	Change from Previous Fiscal Year-End
Total assets	245.9	258.6	+12.7
Total liabilities	162.8	181.0	+18.1
Liabilities comprising interest-bearing debt	50.2	56.8	+6.6
Equity	81.2	75.4	(5.8)
Equity ratio	33.0%	29.1%	(3.9%)
Debt to equity ratio	0.60	0.73	+0.13
Net Debt/equity ratio*	0.46	0.55	+0.09

	Year Ended March 31, 2012	Year Ended March 31, 2013	Change from Previous Year
cash flows from operating activities	7.4	2.2	(5.1)
Cash flows from investing activities	(12.6)	(2.9)	+9.7
Free Cash flows	(5.3)	(0.7)	+4.6

*Net Debt/equity ratio = (Interest-bearing debt - Cash and cash equivalents) / Net assets

Note: Figures are rounded off to the nearest 0.1 billion yen. Totals and sums of figures may not agree.

1-5. Sales by Reporting Segment

Units: billion yen

	Year Ended March 31, 2012	Year Ended March 31, 2013	Change from Previous Year	Change from Previous Forecast*
Industrial Infrastructure Products	120.0	107.4	90%	102%
Electronic Materials & Automotive Components	133.2	118.4	89%	101%
Information Systems Devices & Materials	48.0	44.9	94%	99%
Metal Materials & Component Products	86.5	54.3	63%	99%
Sales Companies & Distribution	44.8	37.0	82%	100%
Total	432.5	362.0	84%	101%

The year ended March 31, 2012: Copper price: 720,000 yen/ton, exchange rate: US\$1 = 79 yen

The year ended March 31, 2013: Copper price: 700,000 yen/ton, exchange rate: US\$1 = 83 yen

* Change from the forecast as of February 1, 2013

Note: Figures are rounded off to the nearest 0.1 billion yen. Totals and sums of figures may not agree.

1-6. Operating Income by Reporting Segment

Units: billion yen

	Year Ended March 31, 2012	Year Ended March 31, 2013	Change from Previous Year	Change from Previous Forecast*
Industrial Infrastructure Products	(0.4)	1.0	+1.4	0.0
Electronic Materials & Automotive Components	1.9	3.8	+1.9	+0.3
Information Systems Devices & Materials	0.5	2.5	+1.9	+0.5
Metal Materials & Component Products	(2.1)	(3.2)	(1.1)	(0.2)
Sales Companies & Distribution	2.8	2.1	(0.7)	+0.1
Adjustment amount	(0.8)	(1.8)	(1.0)	(0.3)
Total	2.0	4.3	+2.3	+0.3

The year ended March 31, 2012: Copper price: 720,000 yen/ton, exchange rate: US\$1 = 79 yen

The year ended March 31, 2013: Copper price: 700,000 yen/ton, exchange rate: US\$1 = 83 yen

* Change from the forecast as of February 1, 2013

Note: Figures are rounded off to the nearest 0.1 billion yen. Totals and sums of figures may not agree.

1-7. Capital Investment, R&D Expense, and Number of Employees

(1) Capital investment, Depreciation and R&D expenses

Units: billion yen

	Year Ended March 31, 2012	Year Ended March 31, 2013	Change from Previous Year
Capital investment	12.9	10.8	84%
Depreciation	16.7	12.3	74%
R&D expense (R&D expense/Net sales)	8.8 (2.0%)	7.7 (2.1%)	88%

The depreciation method for tangible fixed assets for Hitachi Cable and its consolidated subsidiaries in Japan has changed from a declining-balance method to a straight-line method from the current consolidated fiscal year.

(2) Number of employees (Full-time employees only)

Units: persons

	End of Fiscal 2011	End of Fiscal 2012	Change from Previous Fiscal Year-End
Number of employees	14,142	11,168	(2,974)

1-8. Overview by Segment: Industrial Infrastructure Products

Units: billion yen

	Year Ended March 31, 2012 (Actual performance)	Year Ended March 31, 2013 (Forecast as of Feb. 1)	Year Ended March 31, 2013 (Actual performance)	Change from Previous Year	Change from Previous Forecast*
Energy and Industrial System Products	70.4	67.0	69.1	98%	103%
Electronic & Communication Products	49.6	38.5	38.3	77%	100%
Total net sales	120.0	105.5	107.4	90%	102%
Operating income	(0.4)	1.0	1.0	+1.4	0.0

Energy and Industrial System Products
[Net sales]

Although net sales of construction wires and cables were favorable, net sales of heat-resistant wires and wires and cables for rolling stock fell below the previous year's levels due to a weak domestic demand for private sector capital investment and weak demand for new railway projects.

Electronic & Communication Products
[Net sales]

Net sales was less than previous results. This was due to sluggish sales of electronic products for the electronic device market as well as for the semiconductor manufacturing machinery and machine tool markets. In addition, sales for fiber optic products dropped sharply, severely affected by intensified competition in the domestic market.

Operating income

Although net sales decreased, operating income surpassed the previous year's level thanks to cost reduction effects.

* Change from the forecast as of February 1, 2013

Note: Figures are rounded off to the nearest 0.1 billion yen. Totals and sums of figures may not agree.

1-9. Overview by Segment: Electric Materials & Automotive Components

Units: billion yen

	Year Ended March 31, 2012 (Actual performance)	Year Ended March 31, 2013 (Forecast as of Feb. 1)	Year Ended March 31, 2013 (Actual performance)	Change from Previous Year	Change from Previous Forecast*
Automotive Components	50.5	44.5	44.7	89%	101%
Electric Materials	82.7	72.5	73.6	89%	102%
Total net sales	133.2	117.0	118.4	89%	101%
Operating income	1.9	3.5	3.8	+1.9	+0.3

Automotive Components [Net sales]

Demand in the domestic market decreased temporarily due to the termination of the government's new eco-car subsidy program. However, sales remained favorable as auto sales increased globally and automotive electronic components, which is our priority sector, grew. As a result, net sales exceeded the previous year's figure (leaving aside the impact of unifying the accounting periods of overseas subsidiaries).

Electric Materials [Net sales]

Sales for automotive electronic components decreased, affected by the termination of the Japanese government's new eco-car subsidy program. Demand for heavy electric machinery decreased in line with the reduction of large-scale projects, while general- and industrial-use demand also declined as a result of slow overseas demand. Net sales were lower than the previous year.

Operating income

Although net sales decreased, operating income surpassed both the previous year's result and the forecast thanks to cost reduction effects and favorable performance of the automotive electronic components business.

* Change from the forecast as of February 1, 2013

Note: Figures are rounded off to the nearest 0.1 billion yen. Totals and sums of figures may not agree.

1-10. Overview by Segment: Information Systems Devices & Materials

Units: billion yen

	Year Ended March 31, 2012 (Actual performance)	Year Ended March 31, 2013 (Forecast as of Feb. 1)	Year Ended March 31, 2013 (Actual performance)	Change from Previous Year	Change from Previous Forecast*
Information Networks	27.3	28.5	29.1	107%	102%
Wireless Systems	11.2	12.0	11.0	98%	92%
Compound Semiconductor Products	9.5	5.0	4.9	51%	98%
Total net sales	48.0	45.5	44.9	94%	99%
Operating income	0.5	2.0	2.5	+1.9	+0.5

Information Networks [Net sales]

Net sales for network integration were slightly lower than the previous year's as a result of a decrease in large-scale projects. However, net sales for network devices increased significantly thanks to the brisk demand of mobile phone carriers for capital investment. On the whole, net sales exceeded the previous year's level.

Wireless Systems [Net sales]

Construction demand increased from mobile phone carriers who obtained new licenses for a frequency band known as the "platinum band." However, the number of products shipped decreased in the second half of the fiscal year due to delays in such projects. Demand for broadcasting antenna systems was also weak. Net sales in this business as a whole fell below the previous year's level.

Compound Semiconductor Products [Net sales]

Sales of products for both optical devices and high-frequency devices slumped in consequence of the falloff in demand for electronic devices. Net sales dropped drastically from the previous year.

Operating income

Although net sales decreased, operating income surpassed both the previous year's result and the forecast, owing to cost reduction effects and product mix improvement.

* Change from the forecast as of February 1, 2013

Note: Figures are rounded off to the nearest 0.1 billion yen. Totals and sums of figures may not agree.

1-11. Overview by Segment: Metal Materials & Component Products

Units: billion yen

	Year Ended March 31, 2012 (Actual performance)	Year Ended March 31, 2013 (Forecast as of Feb. 1)	Year Ended March 31, 2013 (Actual performance)	Change from Previous Year	Change from Previous Forecast*
Copper Strips	29.1	23.0	24.7	85%	107%
Copper Products for Electrical Use	36.7	19.0	16.8	46%	88%
Lead Frames	13.1	9.5	9.6	74%	101%
Package Materials	7.6	3.5	3.2	42%	91%
Total net sales	86.5	55.0	54.3	63%	99%
Operating income	(2.1)	(3.0)	(3.2)	(1.1)	(0.2)

Copper Strips [Net sales]

Net sales for copper foil were strong in products for circuit boards in tandem with the popularization of smartphones and tablet terminals and steady sales in products for automobile components. However, sales of copper strips for semiconductors decreased sharply as the electronics and semiconductor markets continued to falter. On the whole, net sales of the Copper Strips business fell below the previous year's level.

Copper Products for Electrical Use [Net sales]

Sales for superconductors stayed at the same level as in the previous year as the shipment of products for international projects concentrated in the 4Q. However, net sales of this business fell below the previous year's result, affected by decreased demand for copper products and finished products for electrical use in the domestic capital investment market, in addition to withdrawal from the copper tube business in Japan.

Lead Frames [Net sales]

Net sales were lower than the previous year's level as sales of products for the electronics and semiconductor markets continued to decline and production was scaled down as a result of business restructuring in the Southeast Asia region.

Package Materials [Net sales]

Demand for products for memory and special-purpose applications dropped to a lower level and thus net sales fell below the previous level.

Operating income

Operating income fell below the previous year's level, affected by the decrease in net sales.

* Change from the forecast as of February 1, 2013

Note: Figures are rounded off to the nearest 0.1 billion yen. Totals and sums of figures may not agree.

1-12. supplement :Net Sales by Reporting Segment



Units: billion yen

	Year Ended March 31, 2012 (Actual performance)	Impact of unifying the fiscal period	Year Ended March 31, 2012 (Except Impact of unifying the fiscal period)	Year Ending March 31, 2013 (Actual performance)	Change from Previous Year
	A	B	C=A-B	D	D/C
Energy & Industrial System Products	70.4	0.0	70.4	69.1	98%
Electronic & Communication Products	49.6	2.8	46.8	38.3	82%
Industrial Infrastructure Products	120.0	2.8	117.2	107.4	92%
Automotive Components	50.5	8.1	42.4	44.7	105%
Electric Materials	82.7	7.1	75.6	73.6	97%
Electric Materials & Automotive Components	133.2	15.2	118.0	118.4	100%
Information Networks	27.3	0.0	27.3	29.1	107%
Wireless Systems	11.2	0.0	11.2	11.0	98%
Compound Semiconductor Products	9.5	0.2	9.3	4.9	52%
Information Systems Devices & Materials	48.0	0.2	47.8	44.9	94%
Copper Strips	29.1	0.0	29.1	24.7	85%
Copper Products for Electrical Use	36.7	0.0	36.7	16.8	46%
Lead Frames	13.1	0.9	12.2	9.6	79%
Package Materials	7.6	0.0	7.6	3.2	42%
Metal Materials & Component Products	86.5	0.9	85.6	54.3	63%
Sales Companies & Distribution	44.8	3.6	41.3	37.0	90%
Total	432.5	22.6	410.0	362.0	88%

The year ended March 31, 2012 : Copper price of 720 thousand yen/ton, exchange rate of US\$1 = 79 yen
 The year ended March 31, 2013 : Copper price of 700 thousand yen/ton, exchange rate of US\$1 = 83 yen
 The figures for each segment for the year ended March 31, 2013 have not been audited by accountants.
 Figures are rounded off to the nearest 0.1 billion yen. Totals and sums of figures may not agree.

1-13. supplement : Operating Income/Loss by Reporting Segment

Units: billion yen

	Year Ended March 31, 2012 (Actual performance)	Impact of unifying the fiscal period	Year Ended March 31, 2012 (Except Impact of unifying the fiscal period)	Year Ending March 31, 2013 (Actual performance)	Change from Previous Year
	A	B	C=A-B	D	D-C
Industrial Infrastructure Products	(0.4)	(0.1)	(0.3)	1.0	+1.3
Electric Materials & Automotive Components	1.9	0.6	1.4	3.8	+2.4
Information Systems Devices & Materials	0.5	(0.0)	0.6	2.5	+1.9
Metal Materials & Component Products	(2.1)	(0.1)	(2.1)	(3.2)	(1.2)
Sales Companies & Distribution	2.8	0.2	2.6	2.1	(0.5)
Adjustment amount	(0.8)	(0.0)	(0.8)	(1.8)	(1.0)
Total	2.0	0.6	1.4	4.3	+2.9

The year ended March 31, 2012 : Copper price of 720 thousand yen/ton, exchange rate of US\$1 = 79 yen
The year ended March 31, 2013 : Copper price of 700 thousand yen/ton, exchange rate of US\$1 = 83 yen
The figures for each segment for the year ended March 31, 2013 have not been audited by accountants.
Figures are rounded off to the nearest 0.1 billion yen. Totals and sums of figures may not agree.

1. Outline of the Financial Report for the Year Ended March 31, 2013
- 2. Progress in Business Structural Reform**
3. Forecast of Business Performance for the Year Ending March 31, 2014

■ Selection and concentration of business operations

Unification

- Copper products and lead frames businesses
(To be completed in FY2013)
- Wires and cables business in China (To be continued in FY2013)

Withdrawal

- Optical submarine cables (completed in September 2011)
- Copper tubes in Japan (completed in March 2012)
- Fiber optic cable business of ACS*
(Scheduled to terminate production in May 2013)

Transfer

- Logistics business (Completed in March 2013)
- Semiconductor packaging material business
(To be transferred in June 2013)

Consolidation of production center

- PV wires, FFC, metal communication cables, industrial rubber products, lead frames, electronic wires, etc.
(Completed in March 2013)

■ Enhancement of operational efficiency

Elimination and consolidation

- Consolidation of domestic sales offices into 2 companies
(Completed in April 2012)
- Shift of USA and UK to a single-operator-per-country system
(Completed in April 2012)

■ Cost reduction measures

Cost cuts

- Relocation of the head office of Hitachi Cable
(Completed in March 2013)
- Hitachi Cable and Hitachi Densen Shoji office space sharing
(Completed in March 2013)

■ Optimization of personnel structure

Reduction of personnel in Japan

- Early retirement, loan to outside companies, job transfers
(From Jan. 2011 to Dec. 2012 and from Oct. 2012 to Mar. 2013)

• **Number of employees** (including part-time workers and temporary staff)

Units: persons

	End of March 2011	End of March 2012	End of March 2013
Japan	9,200	7,700	5,900
Overseas	8,950	7,700	6,200
Total	18,150	15,400	12,100

**Effect of fixed cost to be reduced in FY2013 by structural reform:
Approximately 7.0 billion yen (from FY2012)**

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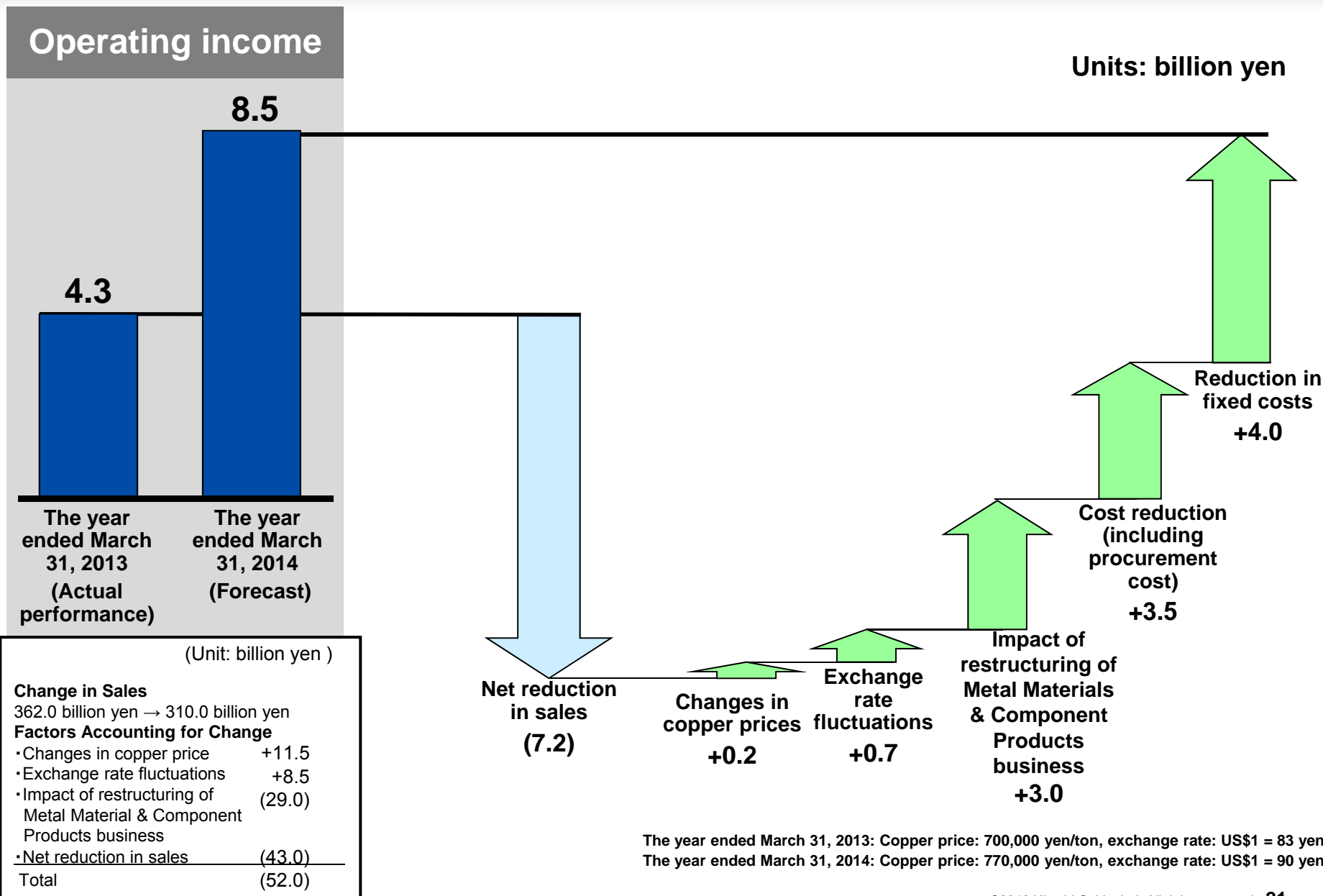
3-1. Forecast of Business Performance for the Year Ending March 31, 2014

Units: billion yen

	Year Ended March 31, 2013 (Actual performance) New Segments	Year Ended March 31, 2014 (Forecast) New Segments	Change from Previous Year
Industrial Infrastructure Products	107.4	85.5	80%
Electric Materials & Automotive Components	118.4	127.0	107%
Information Systems Devices & Materials	44.9	43.5	97%
Metal Materials & Component Products	54.3	27.5	51%
Sales Companies & Distribution	37.0	26.5	72%
Total net sales	362.0	310.0	86% (52.0)
Operating income	4.3	8.5	+4.2

Year Ended March 31, 2013 (Actual performance): Copper price: 700,000 yen/ton, exchange rate: US\$1 = 83 yen;
 Year Ending March 31, 2014 (Forecast): Copper price: 770,000 yen/ton, exchange rate: US\$1 = 90 yen
 The figures for each segment (new segment) for the year ended March 31, 2013 have not been audited by accountants.
 Note: Figures are rounded off to the nearest 0.1 billion yen. Totals and sums of figures may not agree.

3-2. Major Factors Contributing to the Change in Operating Income (From Previous Year)



3-3. Capital Investment, R&D Expense, and Number of Employees

(1) Capital investment, Depreciation and R&D expense

Units: billion yen

	Year ended March 31, 2013 (Actual performance)	Year ending March 31, 2014 (Forecast)	Change from previous year
Capital investment	10.8	10.0	92%
Depreciation	12.3	10.0	81%
R&D expense (R&D expense/Net sales)	7.7 (2.1%)	7.5 (2.4%)	97%

(2) Number of employees (Full-time employees only)

Units: persons

	End of fiscal 2012 (Actual number)	End of fiscal 2013 (Forecast)	Change from previous fiscal year-end
Number of employees	11,168	9,500	(1,668)

Business performance and other figures in this document for fiscal 2013 and beyond represent forecasts or targets as of May 8, 2013. These figures are based on certain assumptions deemed reasonable at the time in which the Company prepared this document. Actual business performance may vary significantly from these forecasts and targets.

Listed below are the primary factors that may result in such variations.

- Economic conditions in key markets (particularly Japan, the United States and Asia)
- The capacity of the Company and members of its group companies to respond to rapid technological changes, to develop new products and technologies, to bring products to market in a timely manner, and to achieve low-cost production
- Fluctuations in product and materials markets and in the conditions of such markets
- Fluctuations in exchange rates
- Conditions for raising capital
- The capacity of the Company and members of its group companies to respond to fluctuating demand for products and materials, market conditions for products and materials, exchange rates and other circumstances
- Safeguarding the Company's own patents and securing rights to use patents owned by other companies
- Partnership with other companies in areas such as product development
- Fluctuations in the stock market

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