

## **FY09 2<sup>nd</sup> Quarter Financial Results**

Operating income cumulative for FY09 2Q was -7.6Ybn, amid ongoing business structural reforms

October 23, 2009

 **Hitachi High-Technologies Corporation**

President, Chief Executive Officer  
Hidehito Obayashi, Ph.D.

## FY09 2<sup>nd</sup> Quarter Financial Results

**I** Outline of FY09 Q1-Q2

**II** FY09 Outlook

**III** Financial Data

# I

## Outline of FY09 Q1-Q2

(Note) YY/M denotes the year and month of the accounting period-end.

# Outline of FY09 Q1-Q2 (Highlights)

(100 million yen)

	Results	Y o Y		vs. Previous Forecast	
		Increase/Decrease	Ratio	Increase/Decrease	Ratio
Sales	2,817	-1,417	-34%	-46	-2%
Operating Income	-76	-202	-	+11	-
Ordinary Income	-70	-209	-	+14	-
Net Income	-53	-129	-	+0	-
Net Income per Share	-38.58yen	-93.57yen		+00.32yen	
Net Assets per Share	1,650.50yen	-91.40yen			-

\*Previous Forecast (Published values for Q1/Jul. 2009)

# Outline of FY09 Q1-Q2 (Explanation of Deviations)

vs. Previous Forecast (Published values for Q1/Jul. 2009)

Sales ( 286.3Ybn → 281.7Ybn -4.6Ybn )

- Electronic Device Systems: Decrease of 1.2Ybn mainly from curtailed investment in analysis systems
- Life Sciences: Favorable performance of clinical analyzers led to the growth of 2.1Ybn
- Information Systems & Electronic Components: Decrease of ¥2.6 billion due largely to lower demand for IT solutions and semiconductor devices
- Advanced Industrial Products: Decrease of 2.9Ybn primarily from falling prices for PV materials

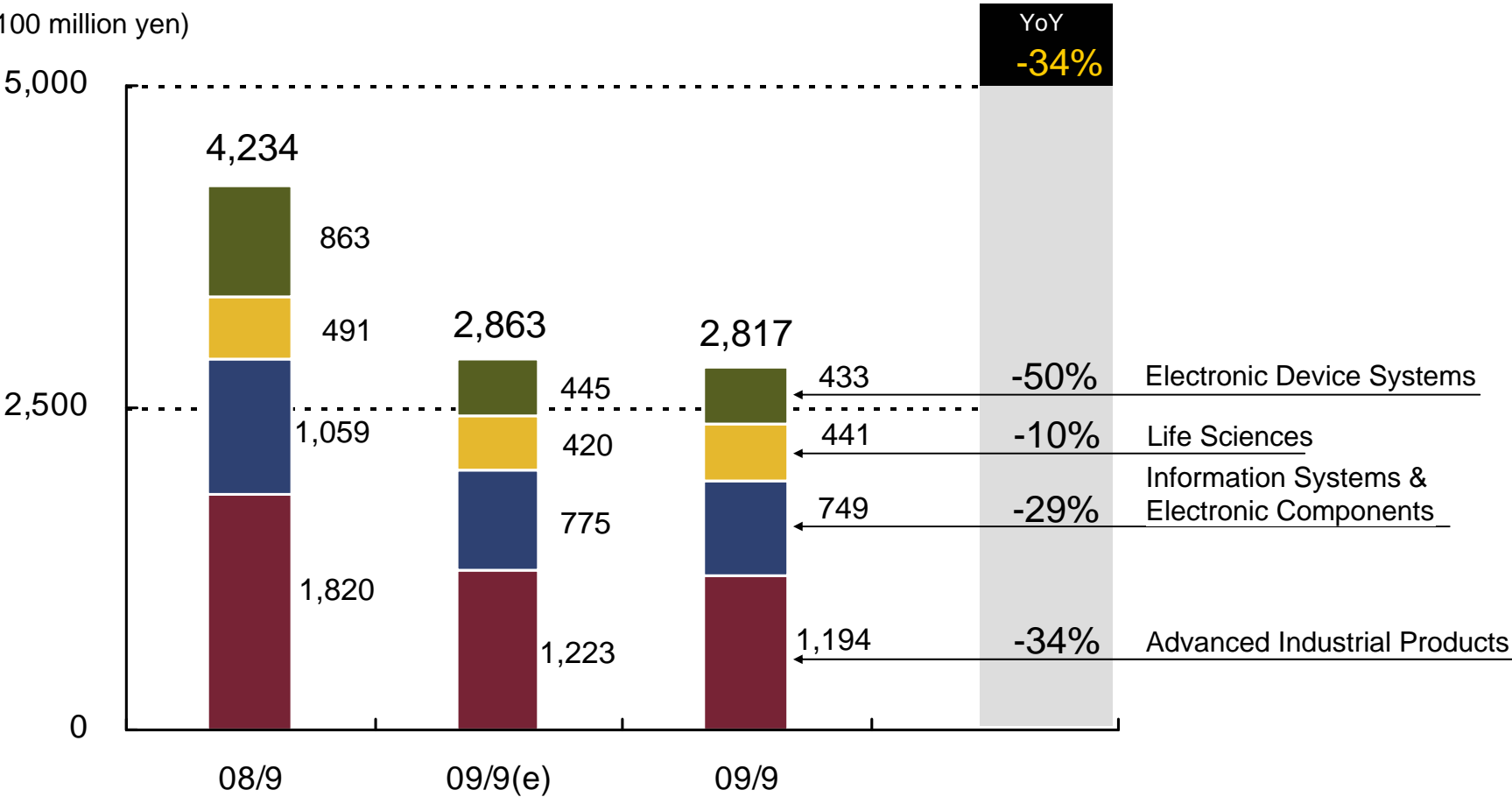
Operating Income ( -8.7Ybn → -7.6Ybn +1.1Ybn )

- Electronic Device Systems: Increase of 0.4Ybn mainly from cost reductions
- Life Sciences: Favorable performance of clinical analyzers led to the growth of 1.3Ybn
- Information Systems & Electronic Components: Decline of ¥0.5 billion, largely reflecting lower demand for IT solutions

# Outline of FY09 Q1-Q2 (Sales by Segment)

## Sales

(100 million yen)

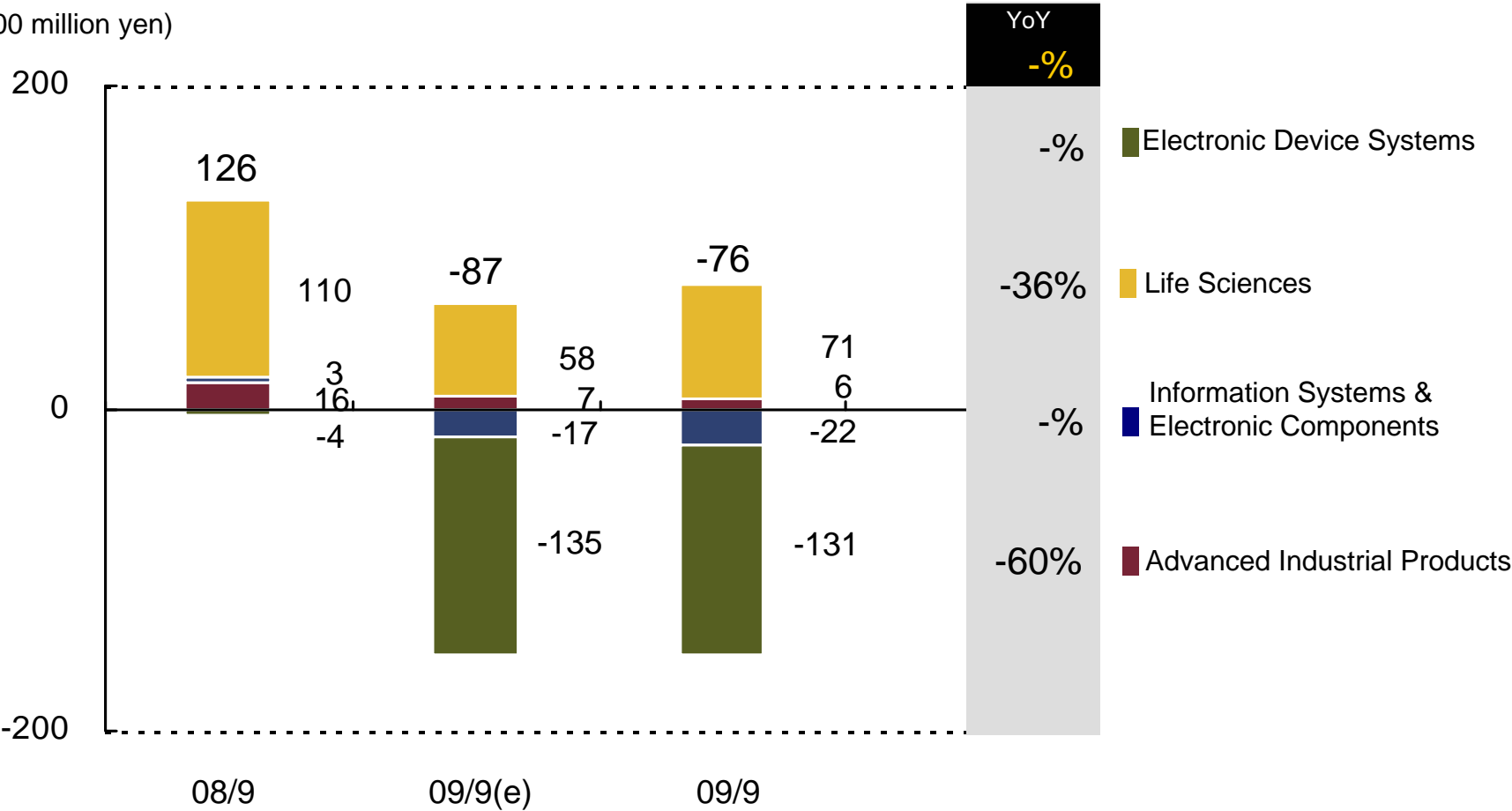


(e) :Previous Forecast (Published Values for Q1/Jul. 2009)

# Outline of FY09 Q1-Q2 (Operating Income by Segment)

## Operating Income

(100 million yen)



(e) :Previous Forecast (Published Values for Q1/Jul. 2009)

# Outline of FY09 (Income Statement)

For the six months ended September 30, 2009

(100 million of yen)

	Results	Y o Y	
		Increase/Decrease	Ratio
Sales	2,817	-1,417	-33%
Cost of Sales	2,492	-1,157	-32%
Gross Profit	325	-260	-44%
Selling, General and Administrative Expenses	401	-58	-13%
Operating Income	-76	-202	-
Other Income	10	-7	-41%
Other Expense	4	-0	-2%
Ordinary Income	-70	-209	-
Extraordinary Profit	3	-5	-64%
Extraordinary Loss	1	-5	-85%
Income Before Income Taxes and Minority Interests	-68	-209	-
Income Taxes	-15	-80	-
Net Income	-53	-129	-

# Financial Position (Balance Sheet in Summary)

Second Quarter ended September 30, 2009

(100 million of yen)		Changes vs. 09/3			Changes vs. 09/3	
<b>Current Assets</b>		<b>3,059</b>	<b>-347</b>	<b>Current Liabilities</b>		
Cash & Deposits/Deposit to Hitachi Group Cash Management Fund	864	-35	Notes & Accounts Payable		982	
Notes & Accounts Receivable	1,337	-206	Others		409	
Inventories	634	-85	<b>Fixed Liabilities</b>		<b>263</b>	
Others	223	-21	Retirement and severance benefits		255	
<b>Fixed Assets</b>		<b>867</b>	<b>-3</b>	Others		8
Tangible Fixed Assets	583	-2	<b>Net Assets</b>		<b>2,272</b>	
Intangible Fixed Assets	45	+2	Shareholder Capital		2,275	
Investments & Other Assets	239	-3	Assessments/Exchange Difference etc.		-5	
			Minority Interests		2	
<b>Total Assets</b>	<b>3,926</b>	<b>-350</b>	<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>3,926</b>	
					<b>-350</b>	

# Financial Position (Cash Flow Statement in Summary)

(100 million of yen)

	09/1H		09/1H
Cash Flow from Operating Activities	+20	Cash Flow from Financing Activities	-21
Income Before Income Taxes and Minority Interests	-68	Dividends Paid	-21
Depreciation and Amortization	+46	Others	-0
Working Fund	+111	Effect of exchange rate changes	-14
Income Taxes Paid	+31	Cash and Cash Equivalents at the end of Term	+696
Others	-100	Net Increase (Decrease) in Cash and Cash Equivalents	-100
Cash Flow from Investing Activities	-86	Cash and Cash Equivalents at the Beginning of Year	+796
Capital Expenditures Proceeded from Sales / Purchase of Securities	+4		
Capital Expenditures Proceeded from Sales / Purchase of Property and Equipment	-45		
Others	-45		
Free Cash Flow	-65		

## II

## FY09 Outlook

(Note) YY/M denotes the year and month of the accounting period-end.

(e) :Previous Forecast (Published Values for Q1/Jul. 2009)

(e1):Revised Forecast (Published Values for Q2/Oct. 2009)

# FY09 Outlook (Highlights)

(100 million yen)

	Results	Y o Y		vs. Previous Forecast	
		Increase/Decrease	Ratio	Increase/Decrease	Ratio
Sales	6,000	-1,750	-23%	-380	-6%
Operating Income	-66	-215	-	-19	-
Ordinary Income	-60	-225	-	-12	-
Net Income	-63	-134	-	-6	-
Net Income per Share	-45.80yen	-97.24yen		-4.36yen	
Cash Dividend per Share	10.00yen	-20.00yen		00.00yen	
ROE	-2.7%		-5.8%		-0.2%
FIV	-177		-156		-12

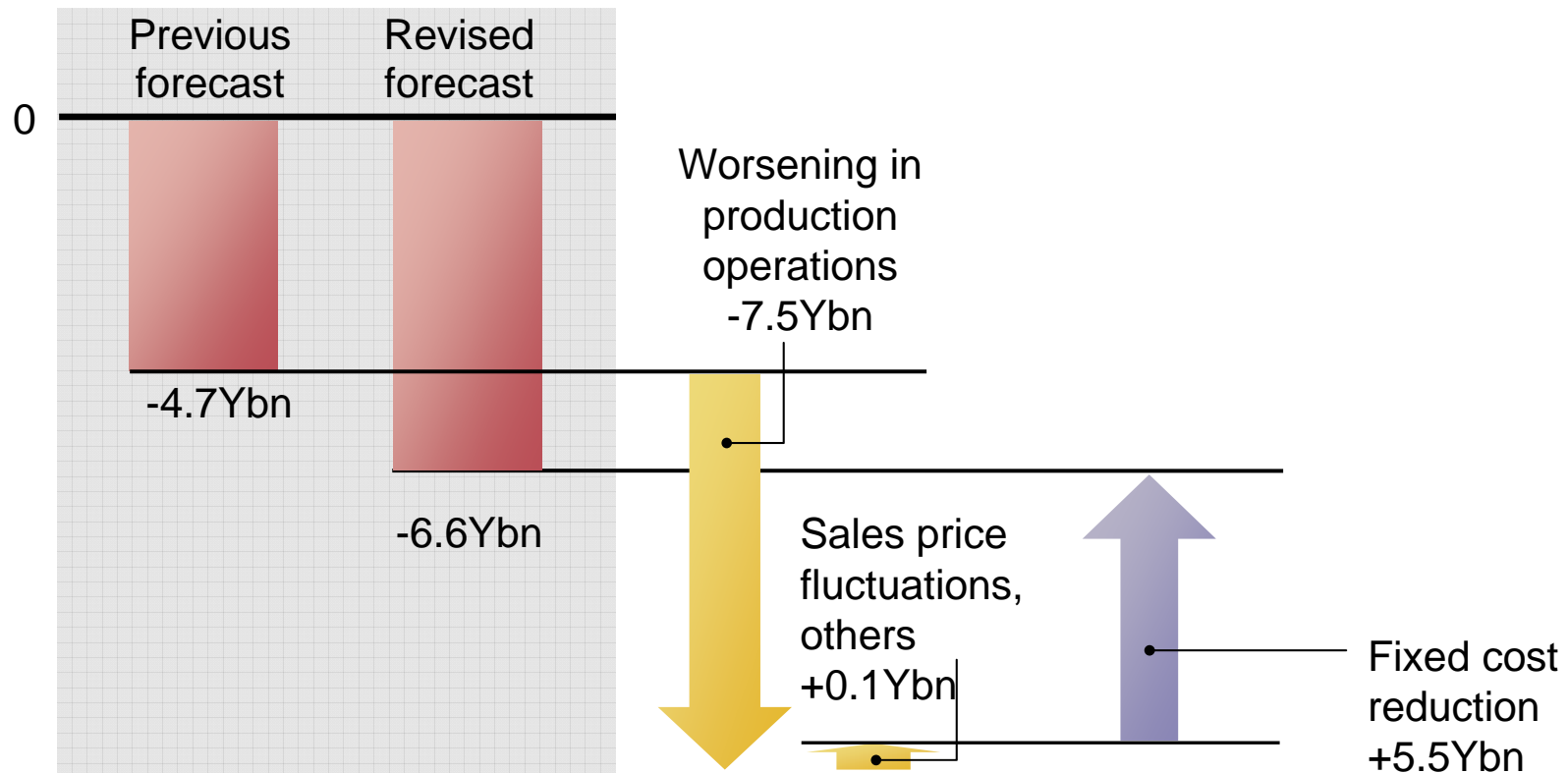
FX Rate Estimate : 1USD= 90 yen  
1EUR=125 yen

Previous Forecast (Published Values for Q1/Jul. 2009)

# FY09 Outlook (Explanation of OP Deviations)

vs. Previous Forecast (Published Values for Q1/Jul. 2009)

Operating Income ( -4.7Ybn → -6.6Ybn -1.9Ybn )

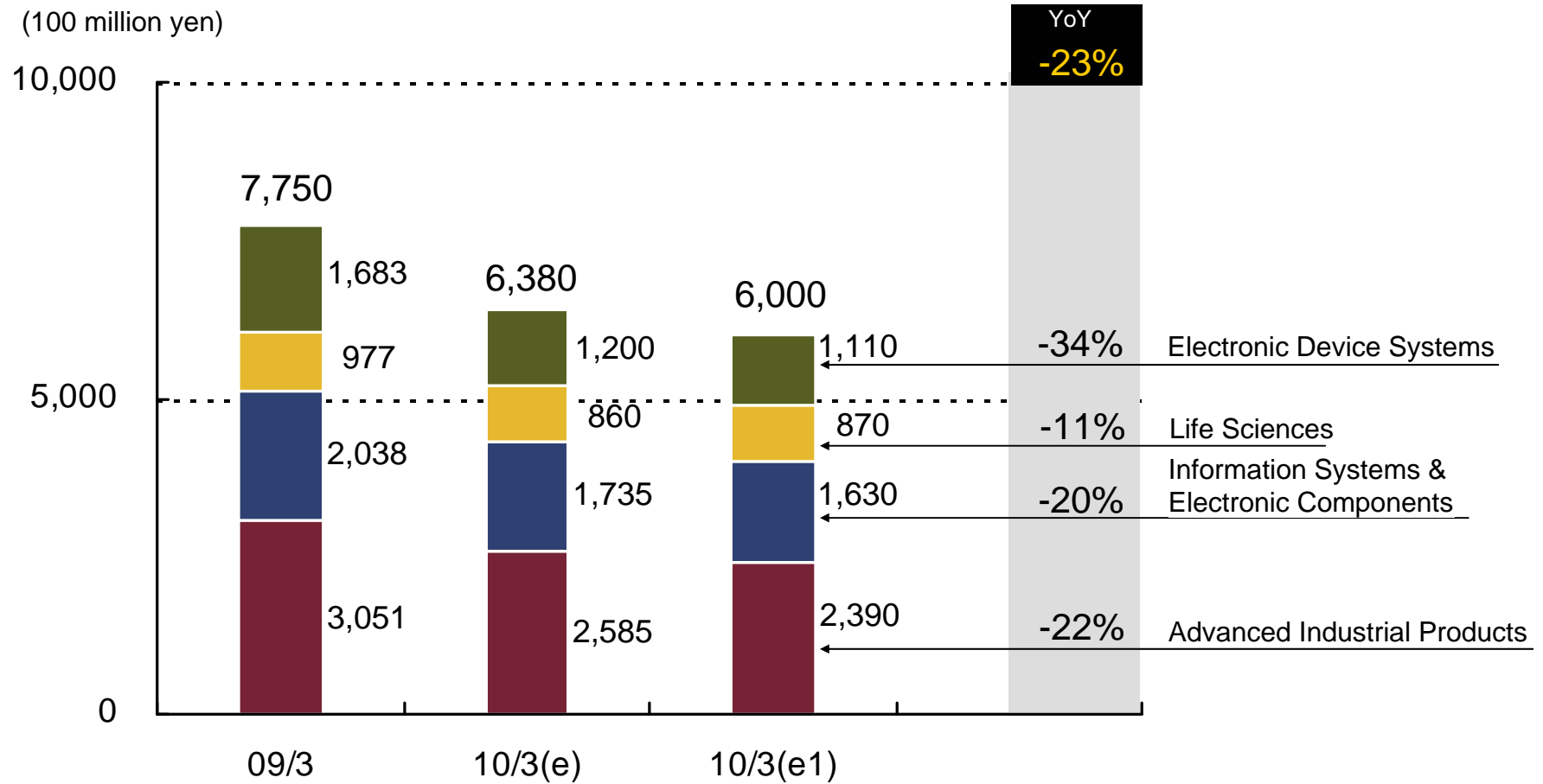


■ Proper disposition of employees

09/3 → 10/3 target -1,450 employees (09/9 -910 employees)

# FY09 Outlook (Sales by Segment)

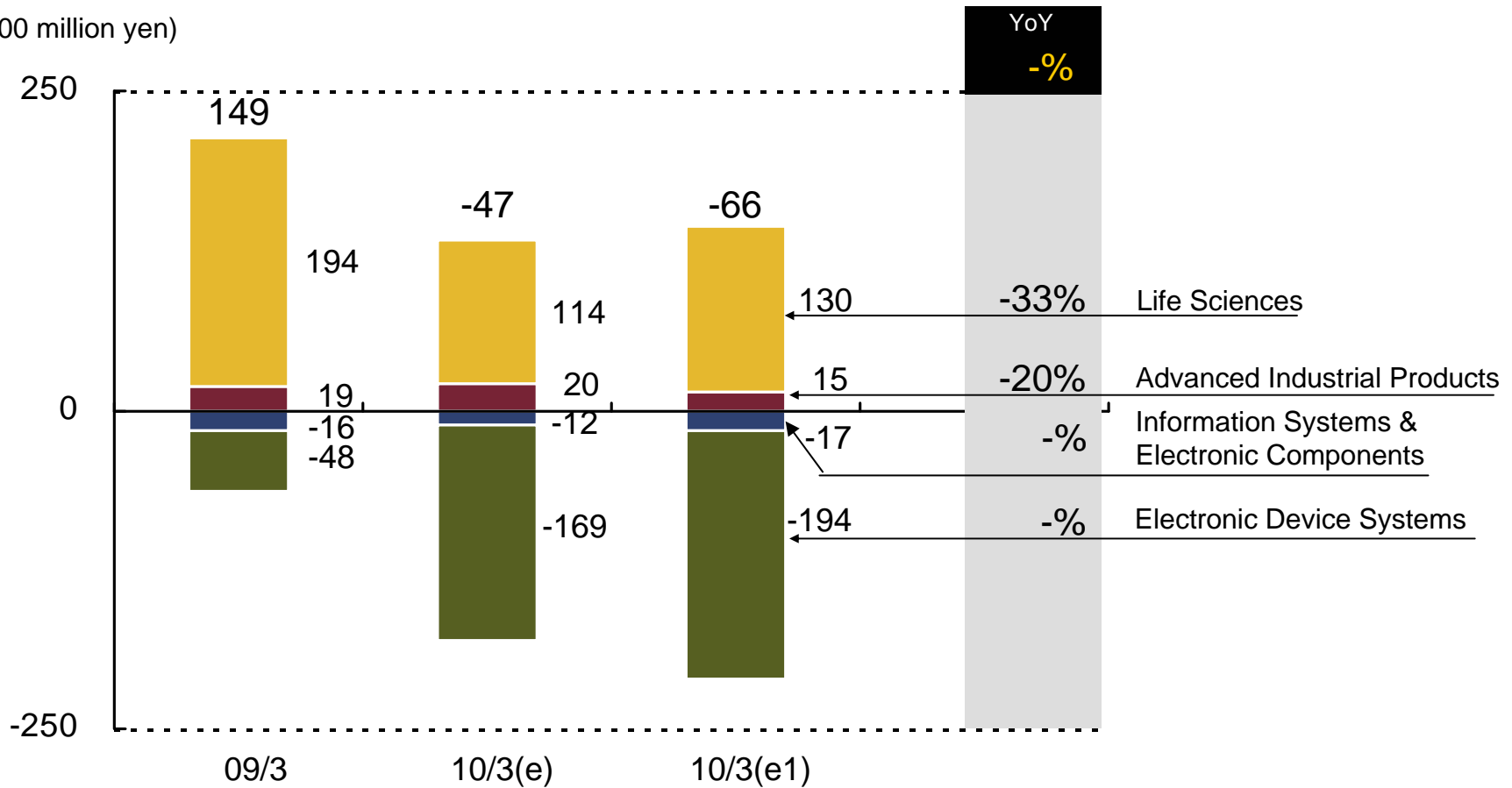
## Sales



# FY09 Outlook (Sales by Operating Income)

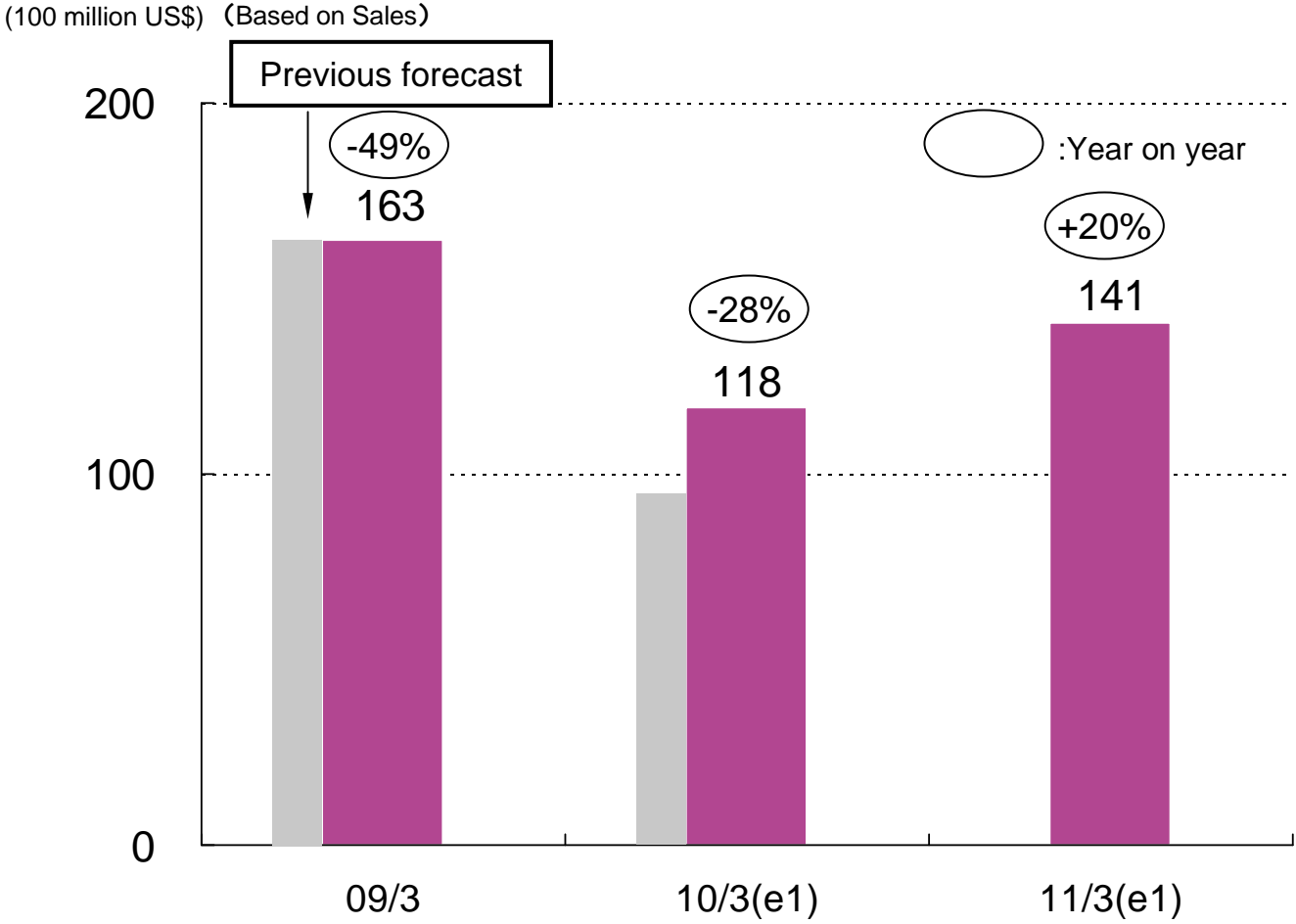
## Operating Income

(100 million yen)



# (Semiconductor Manufacturing Equipment) Market Trend

## SPE Market (front-end process)

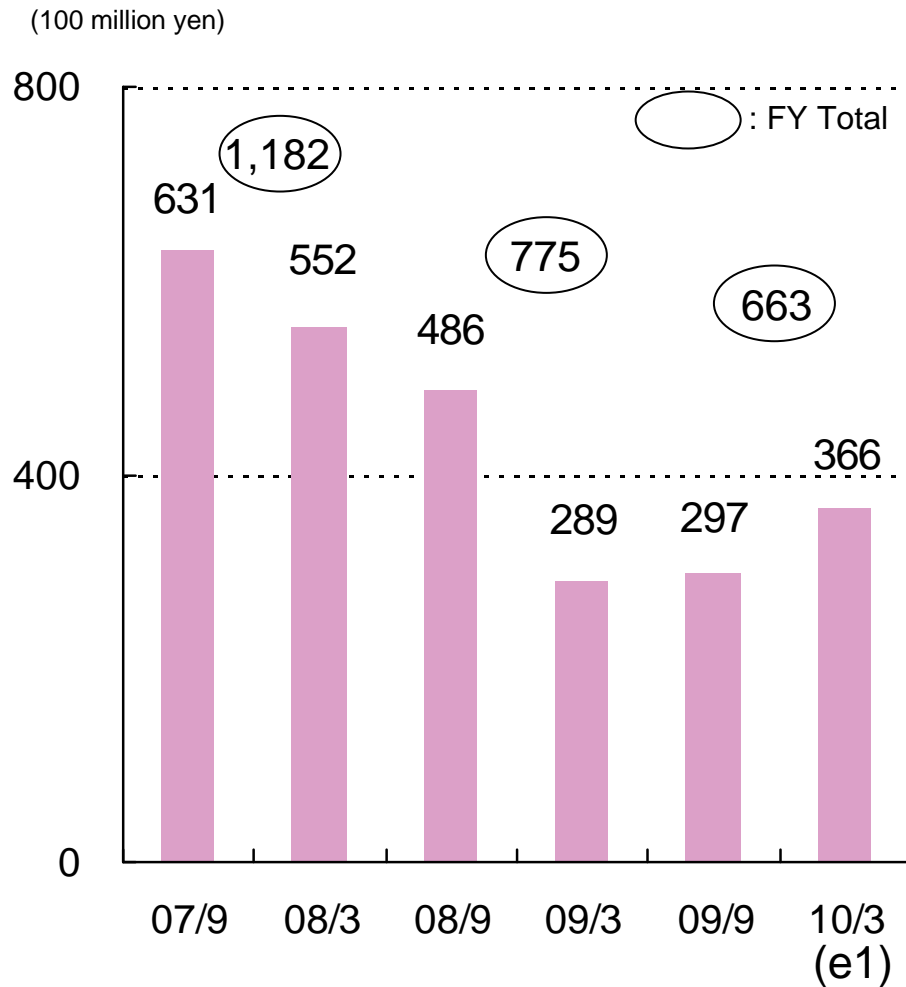


(Source) Actual results from SEMI/SEAJ(Aug,09), Gartner/HHT's estimation

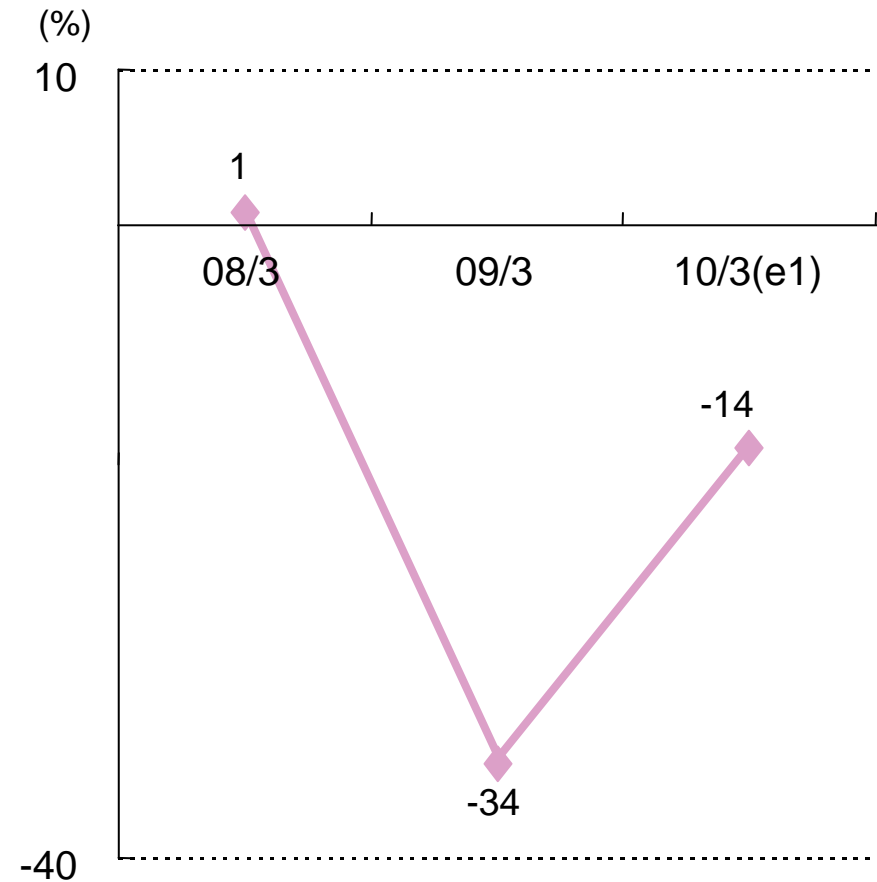
\*Previous Forecast (Published Values for Q4/Apr. 2009)

# (Semiconductor Manufacturing Equipment) Changes in Orders Received

Changes in Orders Received (In-house products)

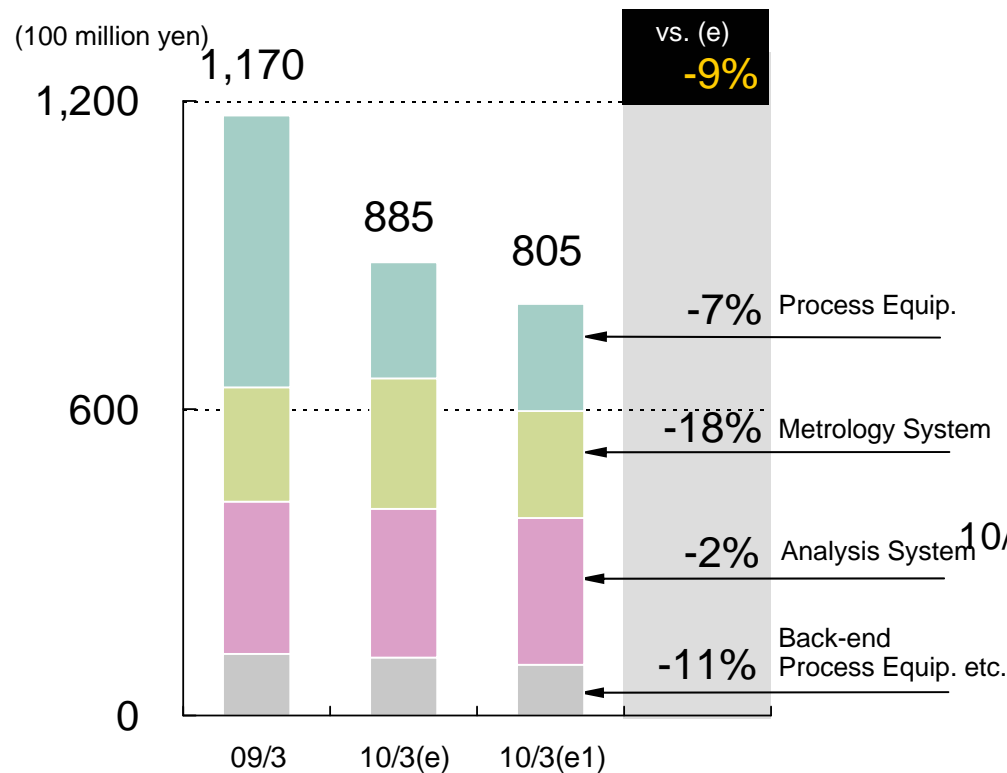


Changes in Orders Received (YoY) (In-house products)

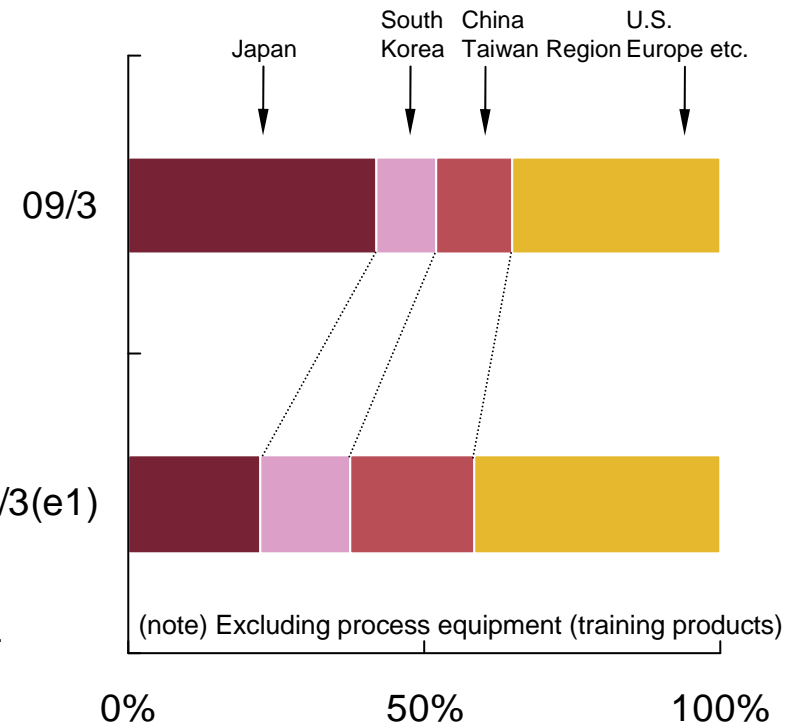


# (Semiconductor Manufacturing Equipment) Changes in Sales

## Sales Change in Main Business



## Sales Ratio by Region



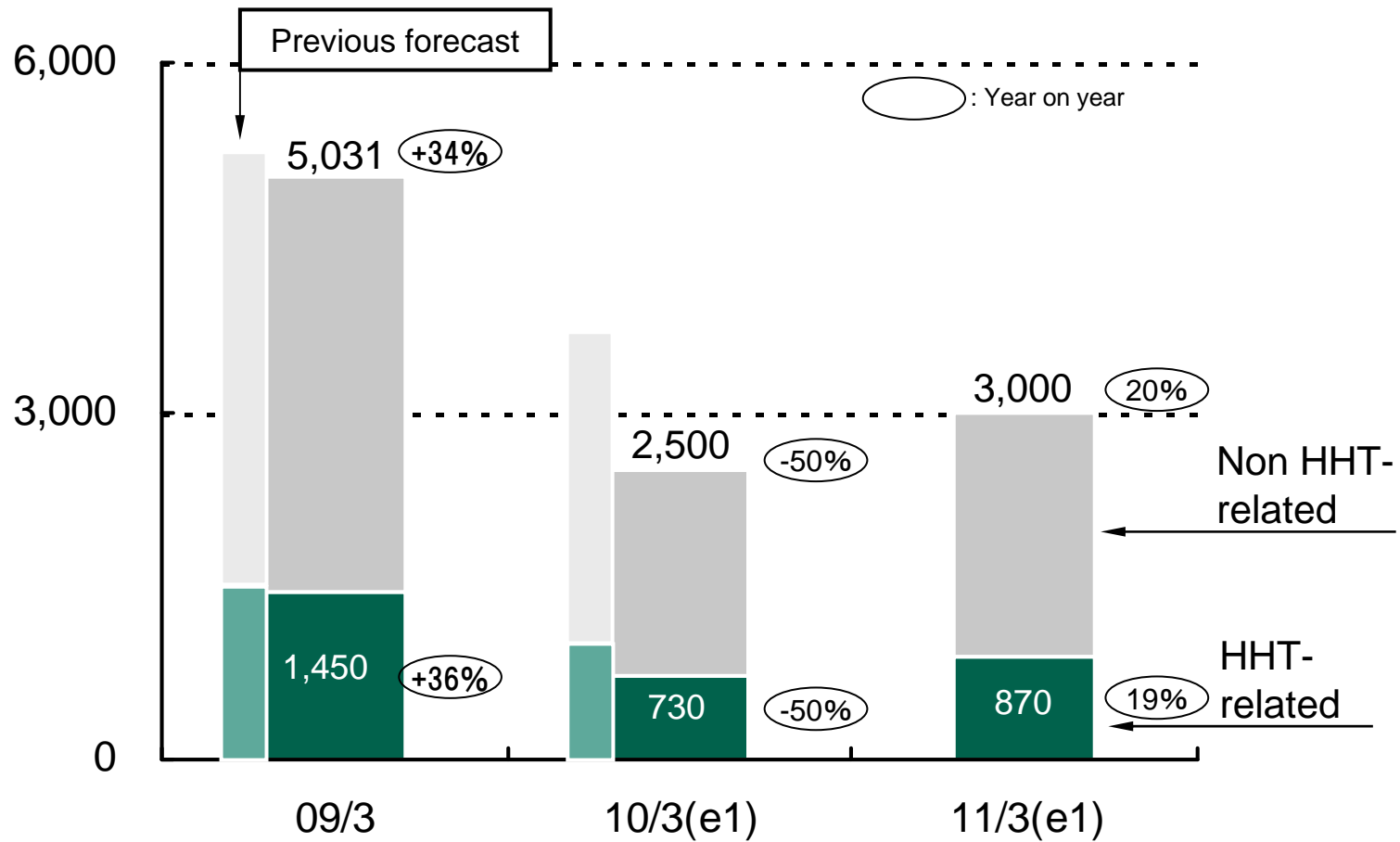
## Future Actions

1. Fulfill customer-value (correspond to new technologies, productivity: improve yield, reduce cost)
2. Response to qualitative market changes (ex. Concentration of investment in major semiconductor manufacturers, promotion of joint development)
3. Capture position in advantageous fields centered on core products and technologies

# (LCD Manufacturing Equipment) Market Trend

## LCD Manufacturing Equipment Market

(100 million yen) (Based on Sales)



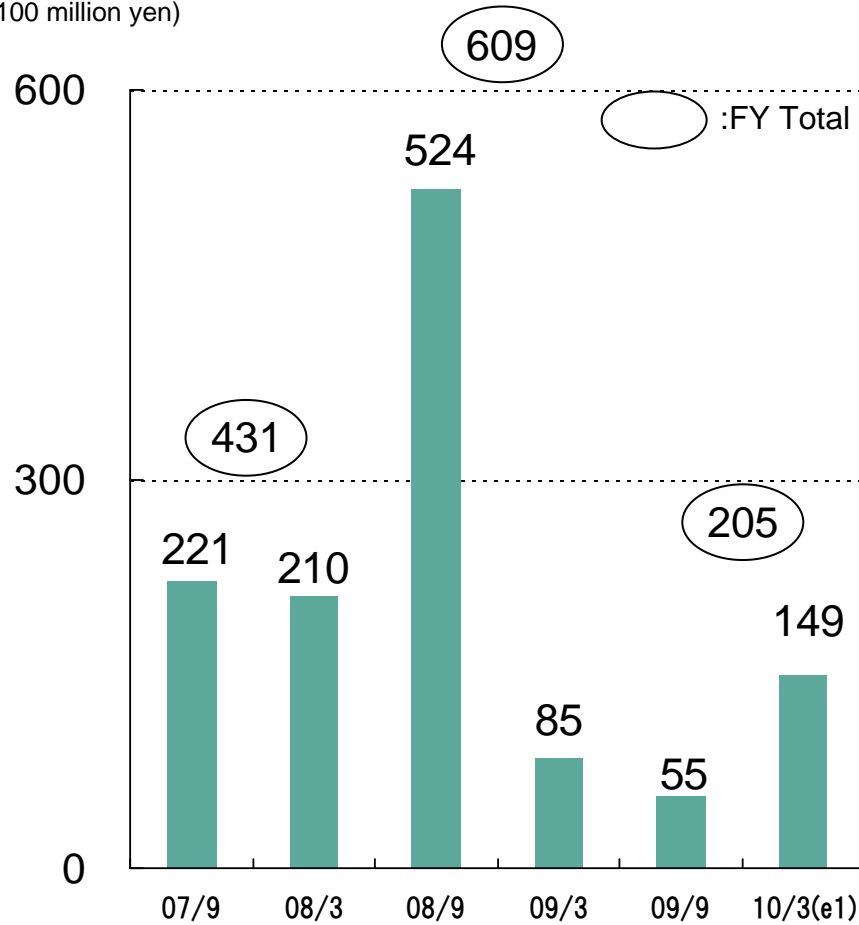
(Source)HHT's estimation based on SEAJ (Jul. 09) data

\*Previous Forecast (Published Values for Q4/Apr. 2009)

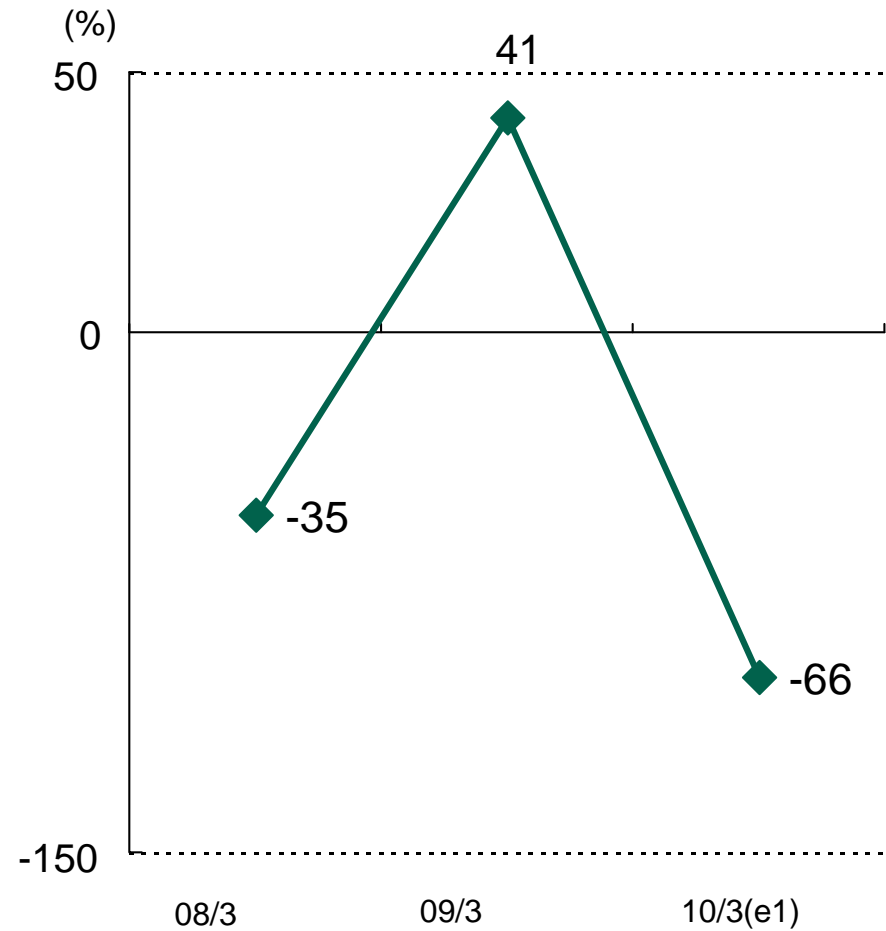
# (LCD Manufacturing Equipment) Changes in Orders Received

Changes in Orders Received

(100 million yen)

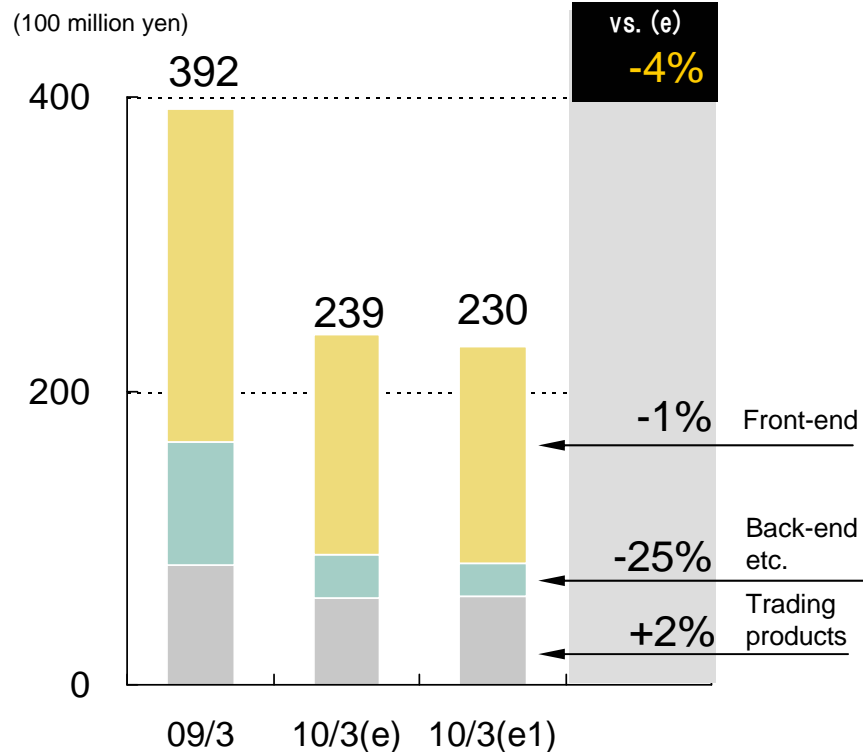


Changes in Orders Received (YoY)

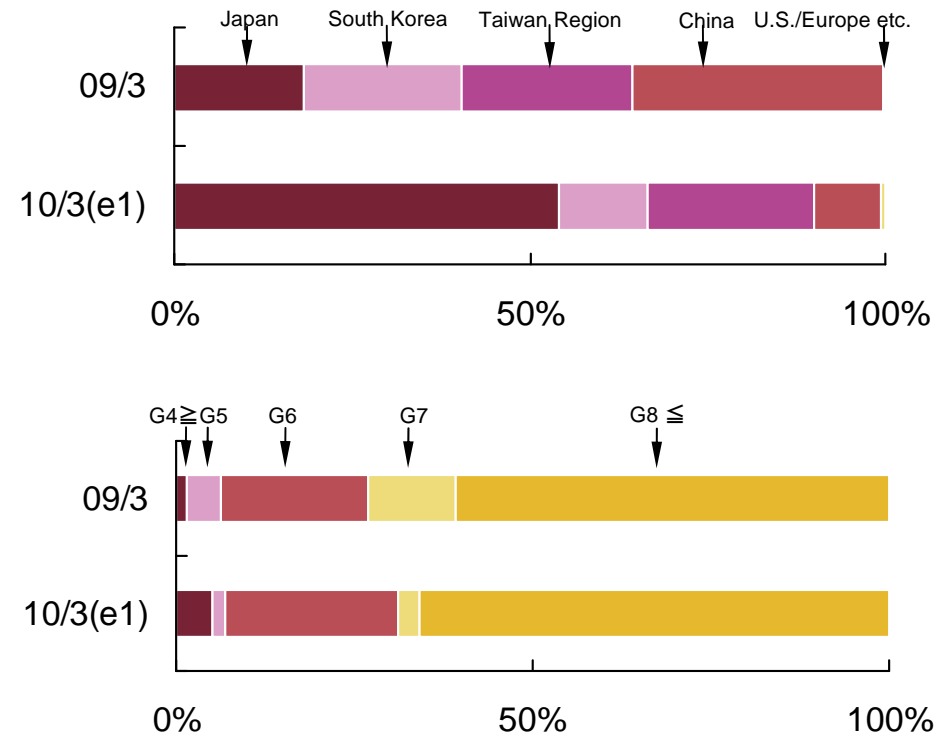


# (LCD Manufacturing Equipment) Changes in Sales

## Sales Change in Main Business



## Sales Ratio by Region/Generation (front-end)

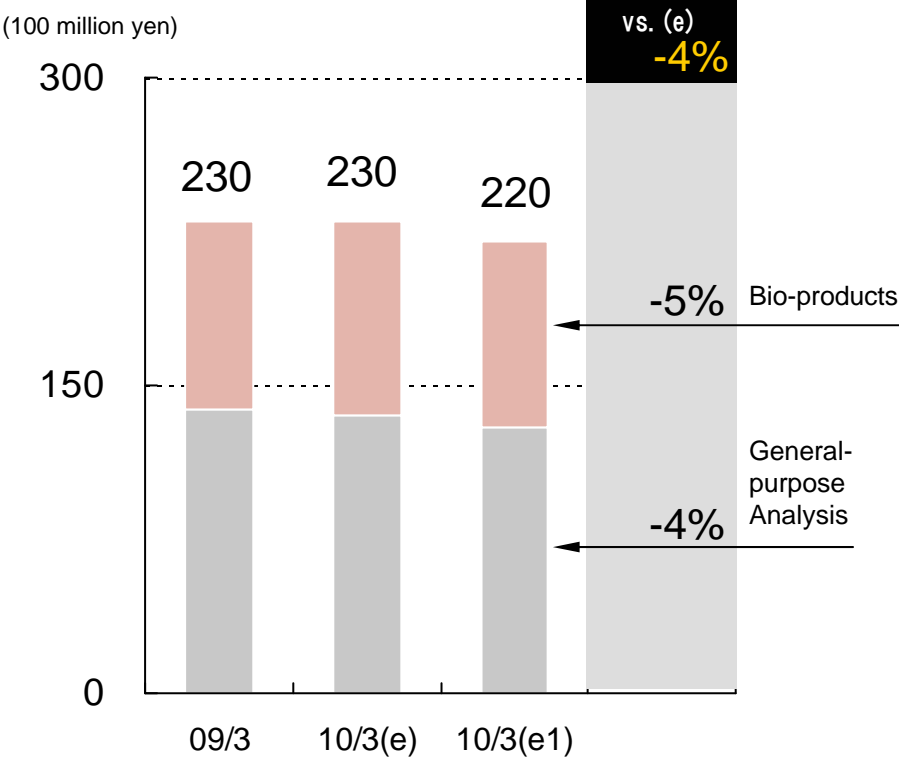


## Future Actions

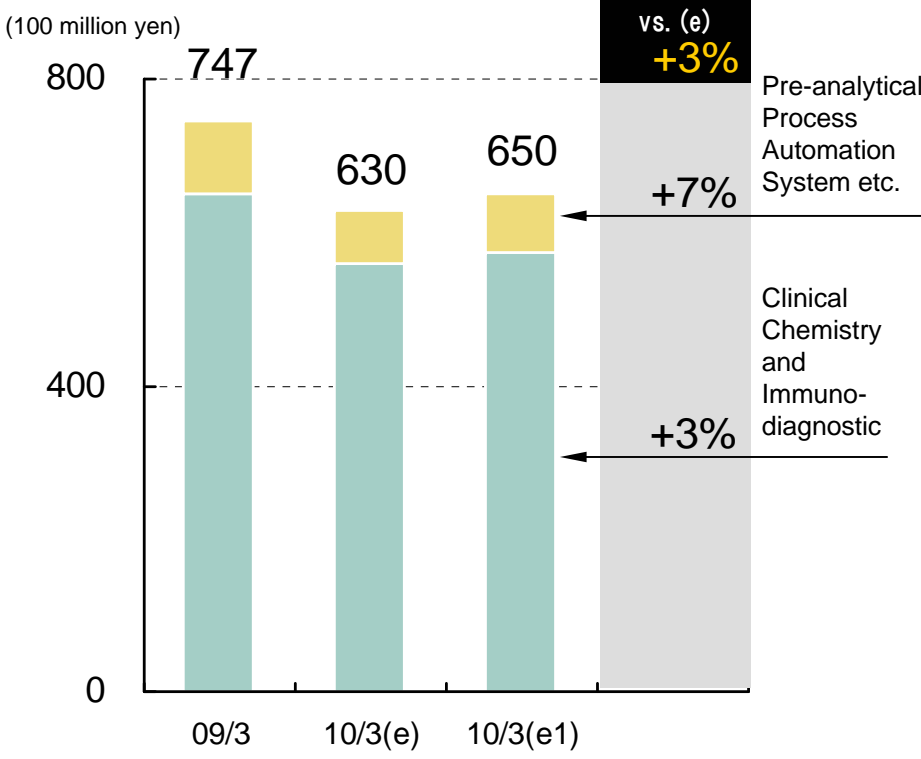
1. Increase share by development of new products and introducing it to the market
2. Develop new businesses  
(OLED manufacturing/inspection equipment, PV manufacturing equipment)
3. Reinforce sales to important customers (China's new investment plan etc.)

# (Life Sciences) Changes in Sales

**Changes in Sales (Biotechnology-related Business)**



**Changes in Sales (Medical-related Business)**



## Future Actions

1. Vigorous response to growth markets through upgrade of applications (Biotechnology, pharmaceutical manufacture, food, environment, energy)
2. Promote SCB (System Collaboration Business) with prominent domestic and overseas manufacturers

# (Life Sciences) Opening of the Tokyo Technical Center

## ■ Purpose

Established in the city to train customers in the use of automatic clinical chemistry analyzers, to enable research and demonstrations prior to purchase, and for academic learning purposes. By strengthening customer support, it will contribute to expand orders.



Note: Training Image

## ■ Number of Staff

Total 8 staff

## ■ Established

October 1, 2009

## ■ Address

4-1, Shibakouen 2-chome,  
Minato-ku, Tokyo, Japan

【Nearest Station】  
Hamamatsucho Sta.  
7min.  
Daimon/Shibakouen Sta.  
3min.



## ■ Models

LABOSPECT008/003,7700,7180,9000 etc.

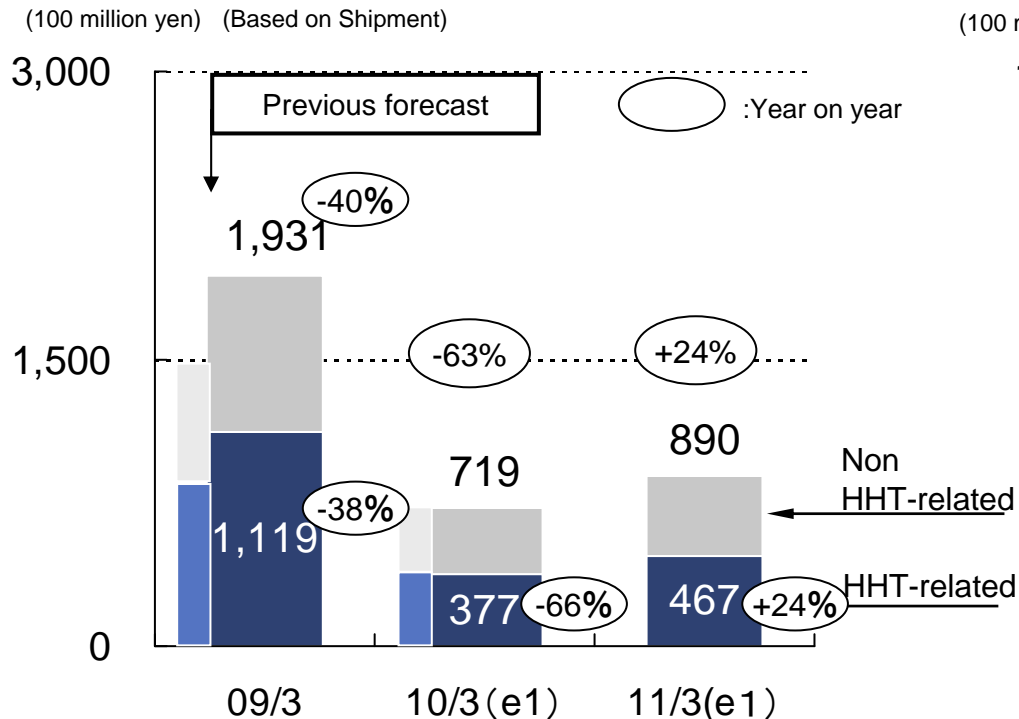
## ■ Others

Floor space  
1,092m<sup>2</sup>



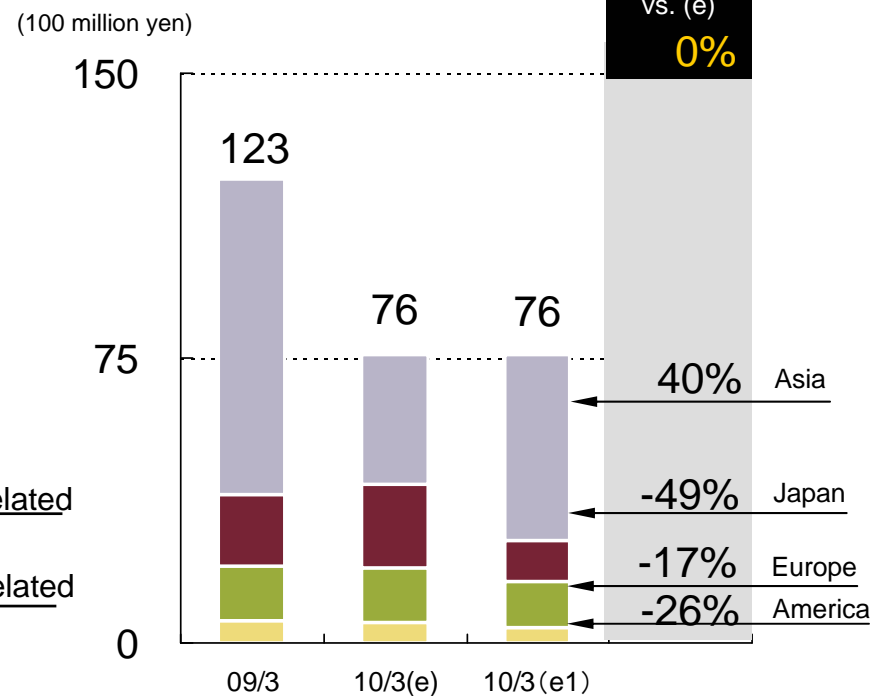
# (Chipmounters) Market Trend/Changes in Sales

## Chipmounters Market



(Source) Created by HHT, based on Japan Robot Association's data (Jun. 2009)  
\*Previous Forecast (Published Values for Q4/Apr. 2009)

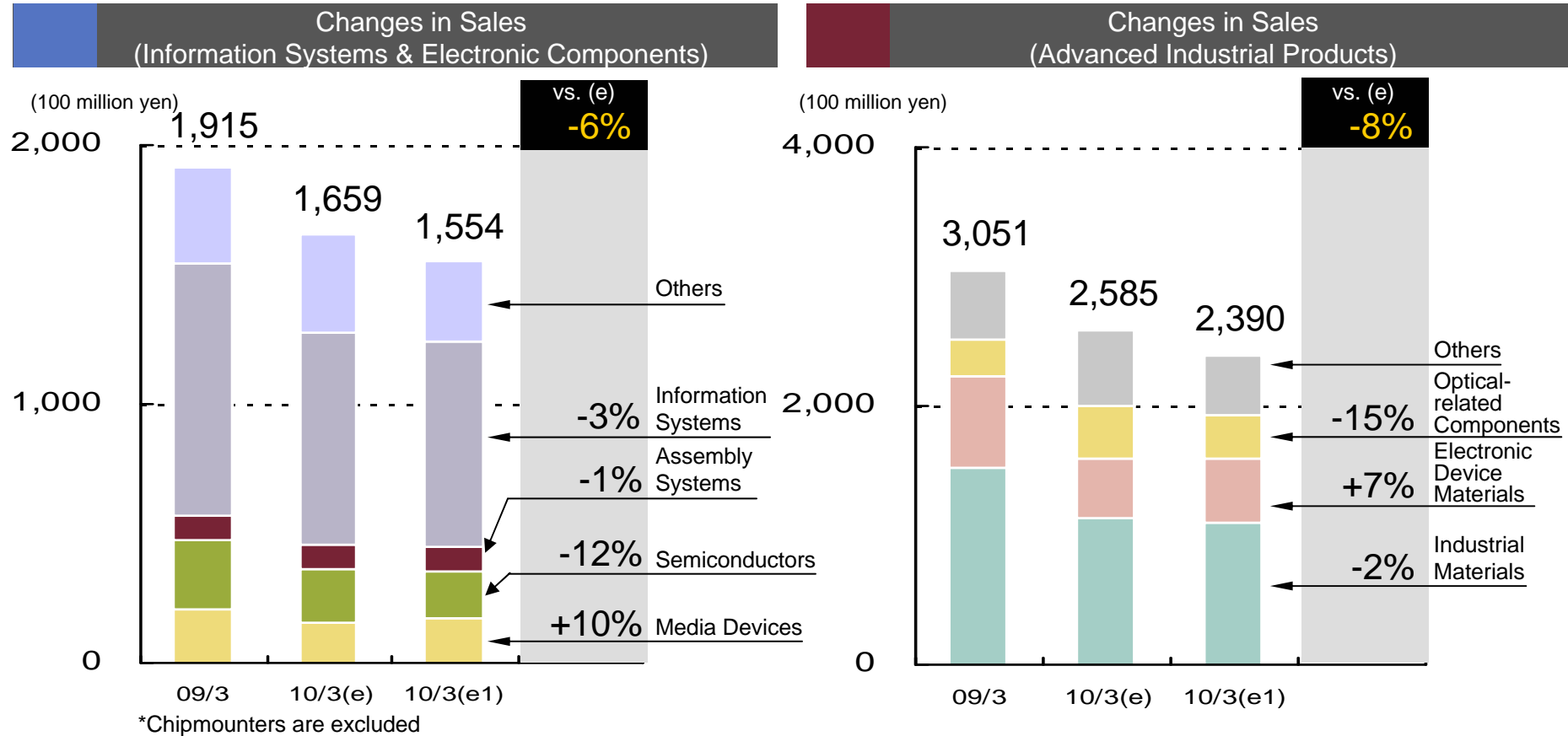
## Changes in Sales



## Future Actions

1. Start-up sales and expand share that synchronize with the market recovery by thorough precession sales
2. Reinforce competitiveness by thorough cost reduction

# (Trading Divisions) Changes in Sales



## Future Actions

1. Expansion of favorable business fields  
(Lithium ion batteries, onboard HDDs, liquid crystal materials, fiber-optic telecommunications etc.)
2. Accelerate development in growth regions

# (Topics) Organizational Reform Solutions Derived from Our Business Microscope

## Overview of the Organizational Reform Solutions

### What is the Business Microscope?

“World’s first” analytical tool able to quantitatively measure the actual degree of knowledge worker activity and communication

【2008 Received the Good Design Award 】

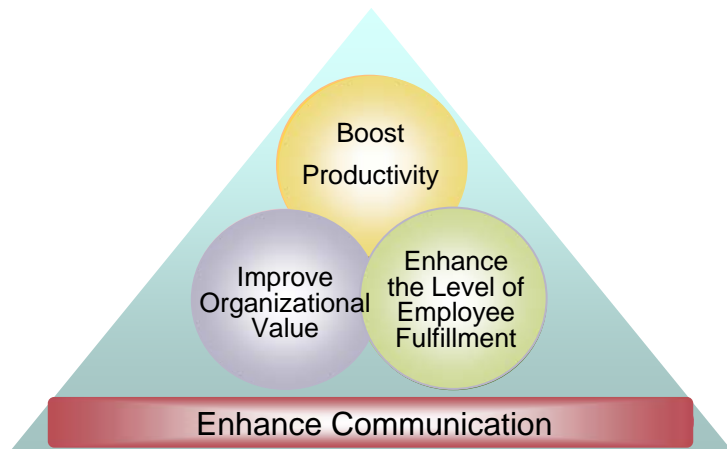
### Brief Background to Business Establishment

2004: Start of R&D by Hitachi, Ltd.’s Advanced Research Laboratory

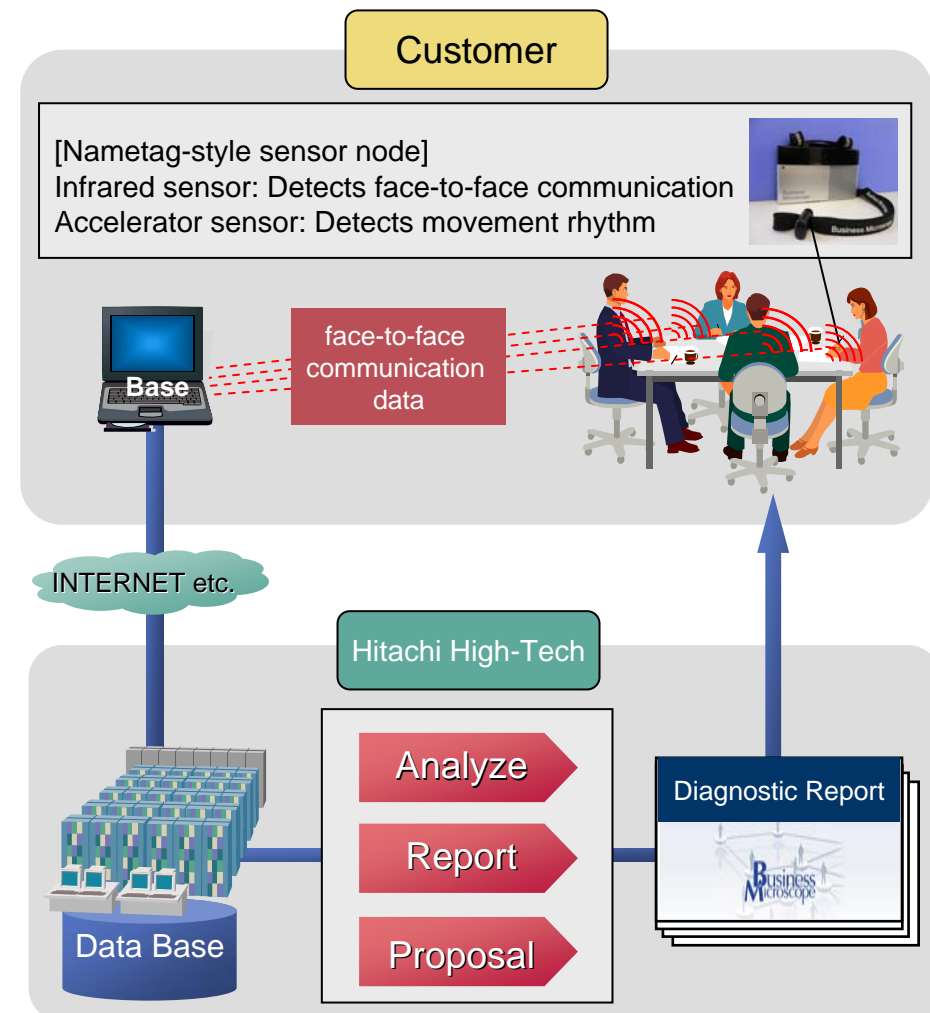
2008: Launch of feasibility study

2009: Embarks on commercialization

### Boosting Knowledge Worker Productivity



### Flow of Organizational Reform Solutions



# (Topics) Organizational Reform Solutions Derived from Our Business Microscope

## Example of Adoption by the System Development Divisions (100 people)

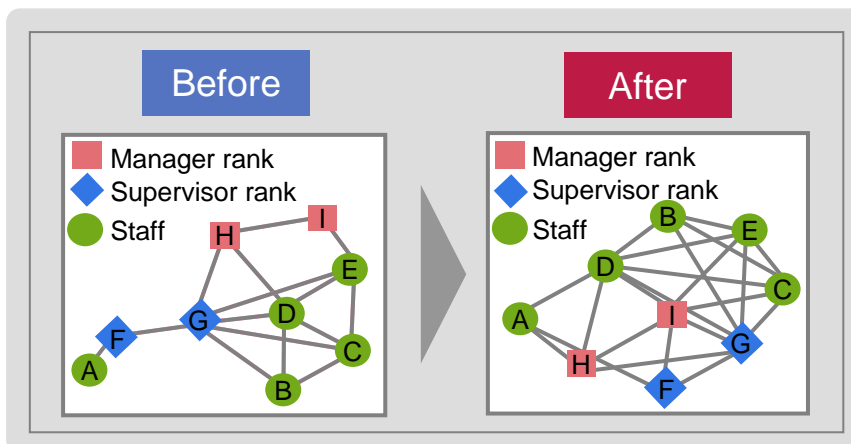
### Issues identified by Business Microscope

Classification	Issues
Barrier	A barrier exists between regular employees and employees from partner companies
Links	-Parts of the setup unclear to those in charge -Weak links across supervisor ranks
Fulfillment	High rate of stress-related health issues

### Effects of Introduction

Improved Productivity		
	Before	After
Productivity (Relative Value)	100	116
◆ Effects of Introduction		
<b>Improved Productivity (100 people)</b> $\text{¥1M/person}(\text{month}) \times 16\% \times 100\text{people} = \text{¥16M/month}$ <u>Effect on Operating Results = ¥190M/year</u>		

### Enactment of improvement measures to resolve issues



Reduced Risk of Stress-related Health Issues		
	Before	After
Reduced Risk of Illness	7%	3%
◆ Effects of Introduction		
<b>Reduced Risk of Stress-related Health Issues (100 people)</b> $\text{¥1M/person}(\text{month}) \times 4\% \times 100\text{people} = \text{¥4M/month}$ <u>Effect on Personnel Costs = ¥50M/year</u>		

### III

## Financial Data

(Note) YY/M denotes the year and month of the accounting period-end.

# Quarterly Results

(100 million yen)

	08/Q1	08/Q2	08/Q3	08/Q4	09/Q1	09/Q2
Sales	1,829	2,404	1,633	1,883	1,325	1,492
Operating Income	19	106	23	1	-38	-38
Ordinary Income	26	113	30	-4	-32	-37
Net Income	-2	78	20	-25	-20	-33

## ■ Sales by Segment

(100 million yen)

	08/Q1	08/Q2	08/Q3	08/Q4	09/Q1	09/Q2
Electronic Device Systems	250	612	327	494	200	233
Life Sciences	248	243	213	273	207	233
Information Systems & Electronic Components	443	616	420	558	352	398
Advanced Industrial Products	888	933	673	558	566	628

# Capital Expenditure/Depreciation Costs/R&D

(100 million yen)

	08/1H	09/1H	Y o Y	09/3	10/3(e1)	Y o Y
Capital Expenditure	57	52	-8%	122	85	-31%
Depreciation Costs	43	46	+7%	95	99	+4%
R&D	106	94	-11%	215	193	-10%

\*Capital Expenditure is based on an acquisition bases

## Explanation of Y o Y Variations (FY09)

- Capital Expenditure: 3.7Ybn decrease
  - Deferment of extension and renovation of Naka Works
- R&D: 2.2Ybn decrease
  - Element technology development of Electronic Device Systems and Life Sciences

# Sales Trends by Main Group

(100 million yen)	08/9	09/9	Y o Y	09/3	10/3(e1)	Y o Y
<u>Electronic Device Systems</u>	863	433	-50%	1,683	1,110	-34%
Process Equipment	288	97	-66%	532	211	-60%
Metrology & Analysis System	281	175	-38%	519	495	-5%
LCD Manufacturing System	138	72	-48%	392	230	-41%
HD Manufacturing System	31	7	-79%	48	17	-65%
Others	124	82	-34%	192	157	-18%
<u>Life Sciences</u>	491	441	-10%	977	870	-11%
Biotechnology-related Business	93	90	-3%	196	199	+1%
Medical-related Business	367	339	-8%	730	645	-12%
Others	32	12	-62%	51	26	-49%
<u>Information Systems &amp; Electronic Components</u>	1,059	749	-29%	2,038	1,630	-20%
Information System	459	371	-19%	976	793	-19%
Assembly System	143	65	-55%	222	174	-22%
Semiconductor	168	84	-50%	265	183	-31%
Media Devices	124	95	-24%	205	169	-18%
Others	164	133	-19%	370	311	-16%
<u>Advanced Industrial Products</u>	1,820	1,194	-34%	3,051	2,390	-22%
Industrial Material	900	551	-39%	1,517	1,101	-27%
Electronic Material	464	265	-43%	707	495	-30%
Optical-related Component	155	162	+4%	288	338	+17%
Others	302	217	-28%	540	455	-16%

(note) Restate 'Assembly System' (Information System & Electronic Components) and 'Industrial Material' (Advanced Industrial Products) in 09/03  
Differences are included 'Others' in each segment.

[Notes on the data]

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- Numerical data is rounded off to the nearest 100 million yen.
- Rates of change up or down are generally calculated in units of yen.
- The predictions in this presentation that relate to the future results of the Company were based on information that could be known at the current time.  
In the industry in which we are active, the rate of technological change is rapid and competition is fierce.  
Various external factors, including the world economy, the semiconductor market, and exchange rates also directly and indirectly affect results.  
Accordingly, please be aware of the possibility that future results may differ from those in this presentation.  
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\*The information included in this material is for reference when investing, and not a canvass to invest. Brand selection and the final decision is at your own judgment.

END

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FY09 2<sup>nd</sup> Quarter Financial Results

 **Hitachi High-Technologies Corporation**

For further information  
Hiroyuki Kato  
Manager  
Public & Investor Relations Group  
Secretary's Office  
TEL: +81-3-3504-5138 FAX: +81-3-3504-5943  
E-mail: kato-hiroyuki@nst.hitachi-hitec.com

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