FY2011 Outlook

June 8, 2011

Hitachi High-Technologies Corporation
President, Chief Executive Officer
Masao Hisada

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FY11 Management Policy

(Note) YY/M denotes the year and month of the accounting period-end.
FY11 Management Policies

Achieve our corporate vision
To consistently aim to be Global Top in high-tech solutions

1. Shift our resources to growing market and develop new business models
2. Transform to high-profitable structures by building up our global businesses
3. Create stronger management foundation for the next growth
4. Strengthen our consolidated management and cash flow management
5. Promote CSR-conscious management and foster our employees
1. Restoration status of buildings

- Completed relocation and started up all workplaces from May 6th.
- Changed a reconstruction plan for earthquake-resistant buildings and improving manufacturing sites started since FY08. Hitachi High-Tech will make additional investment (approximately 5 billion yen in total) and build new buildings to promote higher manufacturing efficiency and abilities.

2. Manufacturing status

By June, build up more manufacturing abilities as well as logistics abilities and start production increases from July.
Our restoration status after the Great East Japan Earthquake

Status of Supply Chain

Supply Chain has been improved rapidly in Japan. Hitachi High-Technologies will continue to source parts from other suppliers as well as consider alternatives to minimize risks.

Power Conservation Measures

- Hitachi High-Tech will join Hitachi Group’s co-strategies of holiday shift rotations and summer holiday distribution. Moreover, Hitachi High-Tech will carry out own strategies and achieve 15% \(^{\text{Ref 1}}\) power saving in total.

  \(^{\text{Ref 1}}\): More than 10% of maximum electric usage from last year need to be cut in Tokyo Electric Power Company and Tohoku Electric Power Corporation areas.
  
  (Tokyo Electric Power Company area: from Jul 1st to Sep 22nd, 2011; Tohoku Electric Power Corporation area: from Jul 1st to Sep 20th, 2011)

- Consideration of independent electronic power equipment installation will be continued by checking related legal issues for BCP’s point of view.
(Note) YY/M denotes the year and month of the accounting period-end.
## FY11 Outlook (Highlights)

<table>
<thead>
<tr>
<th></th>
<th>FY10 Outlook</th>
<th>FY10 Results</th>
<th>YOY</th>
<th>Increase/Decrease</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>6,800</td>
<td>6,534</td>
<td></td>
<td>+266</td>
<td>+4%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>280</td>
<td>279</td>
<td></td>
<td>+1</td>
<td>+0%</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>280</td>
<td>295</td>
<td></td>
<td>-15</td>
<td>-5%</td>
</tr>
<tr>
<td>Net Income</td>
<td>180</td>
<td>178</td>
<td></td>
<td>+2</td>
<td>+1%</td>
</tr>
<tr>
<td>Net Income per Share</td>
<td>130.87yen</td>
<td>129.07yen</td>
<td></td>
<td>+1.80yen</td>
<td></td>
</tr>
<tr>
<td>Cash Dividend per Share</td>
<td>20.00yen</td>
<td>20.00yen</td>
<td></td>
<td>±0.00yen</td>
<td></td>
</tr>
<tr>
<td>ROE</td>
<td>7.2%</td>
<td>7.5%</td>
<td></td>
<td>-0.3%</td>
<td></td>
</tr>
<tr>
<td>FIV</td>
<td>+44</td>
<td>+59</td>
<td></td>
<td>-15</td>
<td></td>
</tr>
<tr>
<td>FCF</td>
<td>+150</td>
<td>+221</td>
<td></td>
<td>-71</td>
<td></td>
</tr>
</tbody>
</table>

FX Rate Estimate: 1USD=80 yen  
1EUR=115 yen
**Explanation of YoY Variations**

- **Electronic Device Systems**  
  Expected to rise 18% YoY due to obtaining business opportunities related to investment for scaling-based mass production of major device manufacturers.

- **Fine Technologies Systems**  
  Expected to decline 22% YoY due to the delay of investment related to LCD production in the Chinese market as well as a temporary delay of investment for HD-related manufacturing equipments related to industry reorganization.

- **Science & Medical Systems**  
  Expected to rise 11% YoY due to increasing demand for analytical systems and medical analysis equipments in European and Asian market (Chinese market in particular.)

- **Industrial & IT Systems**  
  Expected to decrease 3% YoY due to declined sales of automotive HDD caused by the Great East Japan Earthquake.

- **Advanced Industrial Products**  
  Expected to rise 3% YoY due to re-increasing demand for solar cell-related materials in Chinese market.
**Explanation of YoY Variations**

Similar reasons as the sales can be applied for the operating income.
<table>
<thead>
<tr>
<th><strong>Semiconductor Devices Market</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Approximately 6% market growth can be expected due to increasing shipments of mobile related products including smartphones, tablets and so on in FY11.</td>
</tr>
<tr>
<td>Markets for NAND, MPU and ASSP will continue to grow in FY11. Growth for DRAM was between -10% to -15% as demand for PC has been declined since FY10/2H. However, demand for mobile DRAM will increase.</td>
</tr>
<tr>
<td>Effect of the Great East Japan Earthquake to global market will be limited.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Semiconductor Manufacturing Equipment Market</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The market kept growing in 4Q of FY10, which was the 7th successful term.</td>
</tr>
<tr>
<td>In FY11, approximately 7% of market growth can be expected. Capital investment will be planned in FY11/2H due to the effect of positive investment in FY10/2H.</td>
</tr>
<tr>
<td>Investment for mass production of logic, MPU and NAND (2Xnm) will increase. New fab construction of MPU and NAND manufactures and foundries will be planned.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Assembly Equipment Market</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Although the number of shipments will increase particularly in Chinese market in FY11, market size in cash will be equivalent to the one in FY10 due to deflation of ASP.</td>
</tr>
</tbody>
</table>

Due to increased shipments of mobile related products including smartphones, tablets and so on, semiconductor device market including NAND, flash memories and ASSP will continue to grow. Total sales related to DRAM will decline since ratio of the number of shipments of PC is expected to rise only single digit percent. Major DRAM manufacturers will plan to increase the production amount of mobile DRAM or shift to produce other products, for example NOR flash and so on.

Thanks to the market growth of semiconductors, the semiconductor manufacturing equipment market kept growing in 4Q of FY10, which was the 7th successful term after 1Q of FY09. FY11/1H will be quite since investments planned by foundries and so on were concentrated in 1Q of 2011. However, the amount of investments will increase again since new fab construction of MPU and NAND manufacturers and foundries is planned according to trend of scaling.

Issues in Europe including financial unease might affect the market.

Thanks to the sales growth of mobile related products such as smartphones and so on, assembly equipment market will continue to grow in FY11.
Trend of Semiconductor Device Scaling

- **Expectation to semiconductor devices and process technologies**
  Mobile related devices such as smartphones and tablets will drive semiconductor technologies.
  - Miniaturization and reduction of footprint will be accelerated due to scaling.
  - Reduction of power consumption related to lower power operation. (Table 1)

- **Trend of next generation transistor technologies**
  - Trend will move on from the current planar type to 3D FinFET (see Note) transistor to achieve scaling and low power operation.
  - Double patterning (DP) is applied for scaling.

- **Strategies to handle future semiconductor process**
  - Establish high performance etching technologies for FinFET.
  - Establish high performance metrology technologies for DP.
  - Co-development with device manufacturers.
  - Establish defect review technologies for scaling.

Note: FinFET: Fin-type Field Effect Transistor

As shown in Table 1, expectation for lower power operation will accelerate according to the ITRS roadmap. To answer customer’s demand, various process technologies are also promoted. Structure of transistors is considered to be modified from the current planar type to 3D FinFet to achieve lower power operation. Major manufacture in the U.S. is planning mass production based on this modification. Double Patterning (DP) is applied for both structures.

The number of process related to Hitachi High-Tech will also increase and provide opportunities to expand the market.

Strategies are
- Establish high performance etching technologies for FinFET.
- Establish high performance metrology technologies for DP.
- Co-development with device makers.
- Establish defect review technologies for scaling to increase yield rate.
Explanation of Semiconductor Manufacturing Equipment Market

- **FY11**: Expected to grow 7% YoY due to positive investments planned by foundries, MPU and memory manufacturers.

- **FY12**: Considered to be a quiet term after the positive investments of FY11 by foundries and so on, and decline 7% YoY.

Explanation of Assembly Equipment Market

- **FY11**: The number of shipments will increase due to popular demand of smartphones and tablets. Production amount will rise in major Chinese EMSs particularly. However, price reduction will also be expected. Therefore, the market size will be almost equivalent to FY10 (1% decline).

- **FY12**: Considered to decline 5% YoY after positive investments of major Chinese EMSs of FY11.
Circumstances of Orders Received

- **11/1H**: Orders will decline 16% YoY due to effects of the Great East Japan earthquake.
- **11/2H**: Orders will be expected to rise 12% YoY due to recovery from FY11/1H.
FY11 Outlook (Electric Device Systems)

FY11 Strategies

1. Expansion of sales for main products and increasing the number of customers by releasing new products.
   - Expansion of sales of gate etching equipments.
   - Promote next generation process technologies for CD-SEM and die bonders.
   - Increase the number of customers for inspection equipments.
2. Strengthen marketing abilities and carry out growth strategies via global market development
   - Create stronger development structure with customers.
   - Strengthen sales and support structures for multi-national customers.
   - Concentrate on areas and customers located in growing markets.

Explanation of YoY Deviations

Process Equipments
- Expected to rise 43% YoY due to increase of positive investments of major customers as well as expansion of application process.

Metrology & Inspection Equipments
- Expected to rise 12% YoY due to obtaining business opportunities related to investments of major customers.

Back-end & Assembly Equipments
- Expected to rise 4% YoY due to strengthening marketing in growing markets including China.

Sales Ratio by Field (Front-end Equipment)
- Ratio will rise due to positive investments by MPU manufacturers.
- Ratio related to foundries will also grow continuously.
■ Trend of FPD market
- Delay of the execution of investment in China due to impact of a downturn of large-size panel market.
- Continuous growth of market related to middle and small-size panels for mobile and touch panels.

■ Trend of HD market
- Changes of business environment due to industry reorganization
- Acquisition of HGST done by WD planned in 3Q FY11
- Acquisition of Samsung’s HD unit done by Seagate planned in December in 2011

■ Trend of FPD market
- Downturn of large-size panel market
  Demand for larger panel size will keep increasing although the number of shipment will decrease due to price deduction of panels for TV and PC.
- Continuous growth of market related to middle and small-size panels for mobile and touch panels.

■ Trend of HD market
Industry reorganization
CY11 will be a year when market structure might change after the HD industry reorganization.
- Market share of Toshiba
- In-house production of reorganized Seagate as well as WD
■ Circumstances of the LCD Manufacturing Equipment Market

- **FY11**: Expected to decline 5% YoY. The outlook for the size and timing of investment remains unclear because the execution of investment plans for LCD panel production in China is falling behind schedule.
- **FY12**: LCD investment in China from Korea and Taiwan and for middle and small size panel will lead YoY 14% growth.

■ Circumstances of the HD Manufacturing Equipment Market

- **FY11**: Growth in the market is projected to temporarily slow down due industry reorganization as well as effects of the Great East Japan Earthquake. Expected to decline 34% YoY.
- **FY12**: Delayed investment in FY11 will be realized in FY12 and expected increase 42% YoY.
**Circumstances of Orders Received**

**FY11/1H:** Expected to decrease 38% YoY and 4% QoQ.
- FPD related equipments
  The execution of investment plans falling behind schedule for both exposure systems and assembly equipments.
- HD related equipments
  Sales expansion based on disk testers developed with new concepts as well as releasing a new type of surface inspection equipments for glass substrate.

**FY11/2H:** Expected to increase 97% YoY and 105% QoQ.
- FPD related equipments
  Increasing investments related to large-size panels mainly in China.
- HD related equipments
  Sales expansion for disk testers as well as surface inspection equipments for glass substrate.
  Promote head element configuration inspection systems and target new customers.
**FY11 Outlook (Fine Technology Systems)**

**FY11 Strategies**

1. Expand businesses by raising competitiveness of existing products and introducing new products
   - LCD-related: Raising competitiveness of exposure systems for middle and small-size high definition panels. Sales expansion of new assembly equipments, AL/AB9000 series.
   - HD-related: Sales equipments for new products - Optical disk tester RQ9000 series - Head element configuration inspection systems BM3100 series - Function improvements for surface inspection equipments for substrate.

2. Accelerate development of new businesses
   - Commercializing manufacturing and inspection equipments for OLED

3. Shift a business structure that adapts to market changes
   - Shift sales force to growing markets
   - Strengthen cost-competitiveness and enable quick turnaround through procurement and production system reforms.

**Explanation of YoY Variations**

**FPD Manufacturing Equipment**
- Expected to decrease 14% YoY due to declined sales related to delayed schedule of exposure systems for Chinese market.

**HD Manufacturing Equipment**
- Expected to decrease 43% YoY due to declined sales related to delayed decision making related to industry reorganization.
State of Analytical Instruments Market

• Capital investment from private sectors recover gradually from financial recession triggered by the Lehman shock.
  Capital investment are especially active in the new energy/material-related market mainly in Japan/Asia.
  Demands for China/emerging markets expand though competition will aggravate due to strong yen.

  • 4% growth is expected mainly in electron microscopes/separation analysis.

• The effects of the Great East Japan Earthquake are limited from a global perspective.
**FY11 Strategies and Future Actions**

- Introducing new products plus active sales to growing markets (fuel cell, PV, LED, pharmaceutical etc.) by developing applications.

  - Launched new type FE-SEM (SU9000) in April.
    Created with a world class resolution with low sample damage.
    Expand sales mainly in the new energy/new materials/semiconductor-related field.

  - Launched new type chromatograph (Chomaster) in February.
    Improved re-creation/stability functions and realized easy use, easy maintenance with strong body.
    Expand sales mainly in the pharmaceutical/food market.

  - Extended contract with our partner Techcomp Holdings Ltd. which handles our science system business.
    Strengthen applications by strengthening sales/field services and by building a new application laboratory.

**Explanations of YoY Deviations**

**Electron Microscopes**
- Expect YoY 16% growth due to effects of launching new products.

**General-purpose Analytical Instrument**
- Expect YoY 3% growth due to expanding sales of new type liquid chromatograph.
Clinical testing data are used to determine the method of treatment at medical institutions. Though there are restraints in medical bills, market size of the biochemistry market is said to be stable due to the importance of this clinical testing. In the immunity market, new markers for infectious diseases and cancer are developing and have high expectations in the market.

Hospital reorganizations and outsourcing by test centers are progressing. On the other hand, demands to meet safety and quality standards are getting high.

- Expect 6% growth due to 2nd generation sequencers leading the market.
FY11 Outlook (Science & Medical Systems) ④
Biotechnology Product/Clinical Analyzer

FY11 Strategies

1. Early recovery from the Great East Japan Earthquake
2. Expand sales by promoting SCB with leading companies
   (SCB: System Collaboration Business)

Sales Change in Main Businesses

<table>
<thead>
<tr>
<th>(100 million yen)</th>
<th>Clinical Analyzer</th>
<th>R&amp;D Technology Products, Others</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/3</td>
<td>588</td>
<td>766</td>
<td>+10%</td>
</tr>
<tr>
<td>12/3(e)</td>
<td>658</td>
<td>846</td>
<td>+5%</td>
</tr>
</tbody>
</table>

Future Actions

- Early recovery by speeding up production from Q2
- Expand sales of new large-size clinical chemistry and immunodiagnostic systems by strengthening partnership
- Enter into the 2nd generation market by the launch of the DNA sequencer type 5500

FY11 Strategies and Future Actions

- Worldwide support to boost sales of new large-size clinical chemistry and immunodiagnostic systems. (cobas8000 series)

- Expand sales in the application market with 1st and 2nd generation (type 5500) DNA sequencers.

Explanations of YoY Deviations

- Expect YoY 10% growth due to increase in sales for clinical chemistry and immunodiagnostic systems.
FY11 Strategies

1. Shift business areas to markets where Hitachi High-Tech is able to aim global top.
   - Create businesses which can promote core competence
   - Shift resources to growing business areas globally
   - Promote business development with local partners in target areas.

2. Strongly promote businesses targeting Asian belt areas.
   Note: Asia belt areas include 24 countries/areas between Japan and the Arabian Peninsula as shown in figure below.
   - Expand alternative energy and water related businesses in Indonesia.
   - Promote business development related to automotive as well as alternative energy in India.
Explaination of YoY Variations

Industrial & IT Systems

- Sales of LiB Assembly Systems will grow 4% YoY since automotive industry is expected to recover in FY11/2H despite of effect of the Great East Japan Earthquake in FY11/1H.
- Sales of automotive HDDs and so on will decrease 3% YoY due to effects from supply chain after the earthquake.
- Sales of IT solutions will grow 5% due to business expansion of smartphones.
- Sales of control systems and others will decrease 12% due to returning part of commercial rights.

Advanced Industrial Products

- Sales of industrial materials will grow 2% YoY due to increasing sales of materials related to solar cells despite of effect of the Great East Japan Earthquake.
- Sales of optical-related components will decline 8% YoY due to decreasing business deals of optical components for projectors and so on, although demand of modules for optical communication is expected to increase.
- Sales of electronic device and materials will grow 1% YoY due to increasing demand for materials related to smartphones despite of returning part of commercial rights.
- Sales of fine chemicals and others will grow 14% YoY due to expansion of procurement solution businesses.
## Capital Expenditure/ Depreciation Costs/ R&D

(100 million yen)

<table>
<thead>
<tr>
<th></th>
<th>10/3</th>
<th>11/3</th>
<th>YoY</th>
<th>12/3(e)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>94</td>
<td>90</td>
<td>-4%</td>
<td>184</td>
<td>+105%</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>96</td>
<td>90</td>
<td>-7%</td>
<td>101</td>
<td>+12%</td>
</tr>
<tr>
<td>Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td>193</td>
<td>208</td>
<td>+8%</td>
<td>258</td>
<td>+24%</td>
</tr>
</tbody>
</table>

Note: Capital Expenditure is based on an acquisition bases

### Context (FY10)

Capital Expenditure: 9.4Ybn increase
- Design Building construction in Naka Division

R&D: 5.0Ybn increase
- Development of elemental technologies in in-house manufactured equipments
Notes on the data
1. All financial statement summaries and results predictions included in this presentation are on a consolidated basis unless otherwise stated.
   Numerical data is rounded off to the nearest 100 million yen.
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FY2011 Outlook

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