

## Consolidated Financial Summary

### (For the Fiscal Year Ended March 31, 2019 (IFRS basis))

Listed company: Hitachi Chemical Co., Ltd.

(Code number: 4217 Stock exchange: Tokyo)

(URL <https://www.hitachi-chem.co.jp/english/index.html>)

Representative: Hisashi Maruyama

Position of the person: President, Chief Executive Officer and Director

Person in charge of the reference: Masahiko Okamura

Position of the person: General Manager, Brand Communication Department

Tel: 81-3-5533-7144

Date of annual stockholders' meeting (schedule): June 21, 2019

Date of the start of dividend payment: June 4, 2019

Date of the release of asset securities report (schedule): June 21, 2019

(Amounts rounded to the nearest million yen)

1. Consolidated Financial Highlights for the Fiscal Year Ended March 31, 2019 (April 1, 2018 through March 31, 2019)

(1) Consolidated Financial Results (% indicates the rate of +/- compared with the previous fiscal year)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March, 2019	681,025	1.8	36,353	(21.3)	40,500	(17.2)	29,451	(20.7)	28,723	(20.9)	28,397	(30.8)
March, 2018	669,234	20.8	46,219	(13.0)	48,941	(10.0)	37,121	(8.8)	36,324	(9.6)	41,064	2.9

	Basic earnings per share		Diluted earnings per share		Return on equity attributable to owners of the parent		Income before income taxes to total assets		Operating income to revenue	
	Yen		Yen		%		%		%	
March, 2019	137.94		—		7.0		5.7		5.3	
March, 2018	174.45		—		9.4		7.5		6.9	

Reference: Share of profits of investments accounted for using the equity method

March, 2019: 3,690 million yen      March, 2018: 3,948 million yen

Note: Basic earnings per share is calculated based on net income attributable to owners of the parent.

Note: The earnings capacity of the Company's ordinary operations, calculated by deducting the amounts for cost of sales and selling, general and administrative expenses from the figure for revenues noted in the consolidated statements of income, was 56,730 million yen in the fiscal year ended March 31, 2018. The consolidated result for earnings capacity of the Company's ordinary operations calculated by this method was 48,622 million yen in the fiscal year ended March 31, 2019.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
March, 2019	708,659	429,621	420,095	59.3	2,017.54
March, 2018	701,163	409,059	400,383	57.1	1,922.85

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
	Million yen	Million yen	Million yen	Million yen
March, 2019	77,159	(47,397)	(12,664)	101,292
March, 2018	34,916	(87,802)	28,932	84,037

## 2. Dividend

	Dividend per Share					Total Dividends Paid (Total)	Dividends Payout Ratio (Consolidated)	Dividends to equity attributable to owners of the parent (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March, 2018	—	30.00	—	30.00	60.00	12,494	34.4	3.2
March, 2019	—	30.00	—	30.00	60.00	12,493	43.5	3.0
March, 2020 (Forecast)	—	—	—	—	—		—	

Note: Interim and year-end dividends for the fiscal year ending March 2020 are to be determined.

## 3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 through March 31, 2020) (% indicates the rate of +/- compared with the same term of the previous fiscal year)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Basic earnings per share
Fiscal year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	690,000	1.3	41,000	12.8	43,500	7.4	32,500	10.4	31,000	7.9	148.88

Note: The consolidated forecast for earnings capacity of the Company's ordinary operations calculated by deducting the amounts for cost of sales and selling, general and administrative expenses from the figure for revenues noted in the consolidated statements of income, is 50,000 million yen for the fiscal year ending March 31, 2020.

### \* Notes

#### (1) Changes in significant subsidiaries during the term

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Exclusion: 4 companies (CSB Battery (GUANGZHOU) Co., Ltd., CSB Battery Holding Co., Ltd.,

Ensys Global, Inc., Hitachi Storage Battery (Dongguan) Co., Ltd. )

#### (2) Changes of Accounting Policies Applied, Changes in Accounting Estimates

(a) Changes of accounting policies required by IFRS: Yes

(b) Changes of accounting policies other than (a): None

(c) Changes in accounting estimates: None

Note: Adoption of IFRS 9 (2014) "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers"

#### (3) Number of Shares Issued (Common Stock):

(a) Number of shares at the end of the term

(Including treasury stock):

March 31, 2019:	March 31, 2018:
208,364,913 shares	208,364,913 shares
March 31, 2019:	March 31, 2018:
143,345 shares	140,908 shares
Fiscal 2018:	Fiscal 2017:
208,222,783 shares	208,225,837 shares

\* These financial results are not subject to audit procedures.

\* Explanation on the appropriate use of financial forecasts and other important items

The financial forecasts shown on this report are estimated based on information available as of the issuing date of this report, and therefore the actual results for the future terms may differ from these forecasted figures due to various unknown factors.

1. Consolidated Financial Statements  
(1) Consolidated Statements of Financial Position

(Million yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	84,037	101,292
Trade receivables	156,504	139,579
Inventories	85,410	87,604
Other financial assets	22,350	20,549
Other current assets	4,782	4,549
Total current assets	353,083	353,573
Non-current assets		
Property, plant and equipment	210,210	221,729
Intangible assets	76,495	71,979
Net defined benefit assets	13,489	15,651
Deferred tax assets	15,187	14,987
Investments accounted for using the equity method	6,495	6,990
Other financial assets	18,083	16,545
Other non-current assets	8,121	7,205
Total non-current assets	348,080	355,086
Total assets	701,163	708,659
<b>Liabilities</b>		
Current liabilities		
Trade payables	85,293	80,215
Bonds and borrowings	42,951	41,901
Accrued expenses	27,945	28,991
Income tax payables	4,204	4,747
Other financial liabilities	21,095	18,630
Other current liabilities	5,737	3,606
Total current liabilities	187,225	178,090
Non-current liabilities		
Bonds and borrowings	53,493	53,174
Retirement and severance benefits	17,237	17,581
Provisions	1,737	1,861
Other financial liabilities	24,363	19,917
Other non-current liabilities	8,049	8,415
Total non-current liabilities	104,879	100,948
Total liabilities	292,104	279,038
<b>Equity</b>		
Common stock	15,454	15,454
Capital surplus	—	4,130
Treasury stock, at cost	(246)	(251)
Retained earnings	367,999	384,472
Accumulated other comprehensive income	17,176	16,290
Total equity attributable to owners of the parent	400,383	420,095
Non-controlling interests	8,676	9,526
Total equity	409,059	429,621
Total liabilities and equity	701,163	708,659

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
(Consolidated statements of income)

(Million yen)

	Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 - March 31, 2019)
Revenues	669,234	681,025
Cost of sales	(495,557)	(508,814)
Gross profit	173,677	172,211
Selling, general and administrative expenses	(116,947)	(123,589)
Other income	5,768	3,397
Other expenses	(16,279)	(15,666)
Operating Income	46,219	36,353
Financial income	1,160	2,108
Financial expenses	(2,386)	(1,651)
Share of profits of investments accounted for using the equity method	3,948	3,690
Income before income taxes	48,941	40,500
Income taxes	(11,820)	(11,049)
Net income	37,121	29,451
Net income attributable to:		
Owners of the parent	36,324	28,723
Non-controlling interests	797	728
Earnings per share attributable to owners of the parent (yen)		
Basic	174.45	137.94
Diluted	—	—

## (Consolidated statements of comprehensive income)

(Million yen)

	Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 - March 31, 2019)
Net income	37,121	29,451
Other comprehensive income (OCI)		
Items that cannot be reclassified into profit or loss		
Net gains and losses from financial assets measured at fair value through OCI	690	(846)
Remeasurements of defined benefit obligations	1,478	782
Total items that cannot be reclassified into profit or loss	2,168	(64)
Items that can be reclassified into profit or loss		
Foreign currency translation adjustments	2,168	(979)
Cash flow hedges	(181)	(298)
Share of OCI of investments accounted for using the equity method	(212)	287
Total items that can be reclassified into profit or loss	1,775	(990)
Other comprehensive income (OCI)	3,943	(1,054)
Comprehensive income	41,064	28,397
Comprehensive income attributable to:		
Owners of the parent	39,953	27,699
Non-controlling interests	1,111	698

## (3) Consolidated Statements of Cash Flows

(Million yen)

	Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 - March 31, 2019)
Cash flows from operating activities:		
Net income	37,121	29,451
Depreciation and amortization	34,721	37,760
Income tax expense	11,820	11,049
Impairment losses	306	5,266
Interest and dividends income	(1,052)	(1,216)
Interest expenses paid	1,537	1,510
Share of profits of investments accounted for using the equity method	(3,948)	(3,690)
(Increase) decrease in trade receivables	(14,681)	16,169
(Increase) decrease in accounts receivable other	1,846	(1,256)
(Increase) decrease in inventories	(8,938)	(2,889)
Increase (decrease) in trade payables	(530)	(4,589)
Increase (decrease) in retirement and severance benefits	(747)	(602)
Other	(5,632)	(2,510)
Sub total	51,823	84,453
Interest and dividends received	4,919	4,633
Interest paid	(1,374)	(1,557)
Income taxes paid	(20,452)	(10,370)
Net cash provided by operating activities	34,916	77,159
Cash flows from investing activities:		
Expenses for property, plant and equipment acquired	(42,454)	(48,821)
Income from sale of property, plant and equipment	1,152	832
Proceeds from redemption and sale of investments in securities	1,910	746
Purchase of investments in subsidiaries	(33,863)	—
Purchase of investments accounted for using the equity method	(8,061)	—
Expenses for investment securities acquired	(970)	(367)
Other	(5,516)	213
Net cash provided by (used in) investing activities	(87,802)	(47,397)
Cash flows from financing activities:		
Net increase (decrease) in short-term debt	12,142	1,628
Proceeds from long-term debt	26,389	2,686
Payments on long-term debt	(16,102)	(4,523)
Proceeds from issuance of bonds payable	19,906	—
Dividends paid to stockholders	(12,494)	(12,493)
Dividends paid to non-controlling interests	(152)	(178)
Other	(757)	216
Net cash used in financing activities	28,932	(12,664)
Effect of exchange rate changes on cash and cash equivalents	342	157
Net increase (decrease) in cash and cash equivalents	(23,612)	17,255
Cash and cash equivalents at beginning of year	107,649	84,037
Cash and cash equivalents at end of year	84,037	101,292

(4) Items Regarding Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable

(Segment information)

(1) Overview of reportable segment

The Company's reportable segment includes items in the constituent units of our business, for which separate financial information is available, and those items to be reviewed periodically by the Board of Directors of the Company to determine the allocation of management resources and evaluate business results.

The Company is developing business activities based on the organizational structure that is categorized depending on the degree of product processing, from materials through components to parts. Based on the above, according to the degree of product processing, the Company determines two reportable segments, namely categorizing materials as "Functional Materials Segment" and the components and parts as "Advanced Components and Systems Segment."

In the "Functional Materials" business, the Company manufactures and sells Electronics Materials, Inorganic Materials, Polymer Science Materials, Printed Wiring Board Materials and the others. In the "Advanced Components and Systems" business, the Company manufactures and sells Automotive Products, Energy Storage Devices and Systems, Electronics Components and the others.

Main products by Segments are as follows.

Segment	Main Products
Functional Materials	Electronics Materials Epoxy Molding Compounds for Semiconductors, Die Bonding Materials for Semiconductors, Slurry for Chemical Mechanical Planarization, Varnishes Inorganic Materials Carbon Anode Materials for Lithium Ion Batteries Polymer Science Materials Functional Resins, Anisotropic Conductive Films for Displays, Touch Panel Supporting Materials, Adhesive Films Printed Wiring Board Materials Copper-Clad Laminates for Printed Wiring Boards, Photosensitive Dry Films for Printed Wiring Boards
Advanced Components and Systems	Automotive Products Plastic Molded Products, Friction Materials, Powder Metal Products Energy Storage Devices and Systems Vehicle Batteries, Industrial Batteries and Systems, Capacitors Electronics Components Printed Wiring Boards Others Diagnostics / Instruments

## (2) Information related to revenue, income (loss), and others of reportable segments

Fiscal Year ended March 31, 2018 (April 1, 2017 through March 31, 2018)

(Million yen)

Item	Reportable segment			Adjustment (Note)	Total
	Functional Materials	Advanced Components and Systems	Total		
Revenue					
Revenue from outside customers	297,051	372,183	669,234	—	669,234
Intersegment revenue	4,575	1,462	6,037	(6,037)	—
Total	301,626	373,645	675,271	(6,037)	669,234
Segment profit (loss)	46,836	(612)	46,224	(5)	46,219
Financial income	—	—	—	—	1,160
Financial expenses	—	—	—	—	(2,386)
Share of profits of investments accounted for using the equity method	—	—	—	—	3,948
Income before income taxes	—	—	—	—	48,941
Other items					
Depreciation and amortization	15,364	19,357	34,721	—	34,721
Impairment losses	120	186	306	—	306
Reversal of impairment loss	62	—	62	—	62

Note: Segment profit adjustments are the amounts eliminated for intersegment transactions.

Fiscal Year ended March 31, 2019 (April 1, 2018 through March 31, 2019)

(Million yen)

Item	Reportable segment			Adjustment (Note)	Total
	Functional Materials	Advanced Components and Systems	Total		
Revenue					
Revenue from outside customers	292,845	388,180	681,025	—	681,025
Intersegment revenue	4,967	3,015	7,982	(7,982)	—
Total	297,812	391,195	689,007	(7,982)	681,025
Segment profit (loss)	36,858	(504)	36,354	(1)	36,353
Financial income	—	—	—	—	2,108
Financial expenses	—	—	—	—	(1,651)
Share of profits of investments accounted for using the equity method	—	—	—	—	3,690
Income before income taxes	—	—	—	—	40,500
Other items					
Depreciation and amortization	16,271	21,489	37,760	—	37,760
Impairment losses	511	4,755	5,266	—	5,266

Note: Segment profit adjustments are the amounts eliminated for intersegment transactions.