

Summary of Consolidated Financial Results for the Third Quarter ended December 31, 2016

(Japan GAAP)

January 27, 2017

Listed company: Hitachi Maxell, Ltd. Stock exchange: Tokyo (first section)
 Code number: 6810 URL: <http://www2.maxell.co.jp/ir/>
 Representative: Yoshiharu Katsuta (President)
 Contact person: Kazuhiro Kaizaki (Executive Director)
 Planned date of submittal of financial statement report: February 10, 2017
 Planned date of beginning payment of dividends: —

(Figures are rounded off to the nearest 1 million yen)

1. Consolidated Business Results and Financial Position for the Third Quarter ended December 31, 2016 (April 1, 2016 through December 31, 2016)

(1) Consolidated Operating Results (% change compared with the same term of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2016	101,054	(15.2)	5,279	(9.6)	5,167	(9.3)	3,209	(14.4)
December 31, 2015	119,164	1.3	5,842	27.0	5,699	8.1	3,751	—

Note: Comprehensive income: December 31, 2016 3,532 millions of yen (increased by 23.5%)
 December 31, 2015 2,860 millions of yen (decreased by 34.2%)

	Net income per share	Net income per share (Diluted)
	Yen	Yen
December 31, 2016	60.73	-
December 31, 2015	70.99	-

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
December 31, 2016	156,860	115,449	72.5
March 31, 2016	154,356	113,826	72.6

References: Shareholders' equity: December 31, 2016 113,653 millions of yen; March 31, 2016 112,100 millions of yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
March 31, 2016	-	18.00	-	18.00	36.00
March 31, 2017	-	18.00	-	-	-
March 31, 2017 (Forecast)	-	-	-	18.00	36.00

Note: Revision of the latest dividend forecast: None

3. Consolidated Business Forecast for the year ending March 31, 2017 (April 1, 2016 through March 31, 2017)

(% change from the previous year)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Full year	140,000 (10.4)	6,000 (17.9)	5,600 (16.4)	3,900 (0.8)	73.81

Note: Revision of the latest consolidated financial forecast: None

4. Other

(1) Changes in significant subsidiaries during the period: None

(2) Application of special accounting method: Yes

Standard used to calculate income taxes

Tax expenses are calculated by making a reasonable estimation of the effective tax rate on income before income taxes for the fiscal year including the first half after the application of deferred tax accounting and applying the estimated effective tax rate to the quarterly income before income taxes. However, when an estimated effective tax rate is unreasonable, the effective statutory tax rate shall be applied.

(3) Changes in accounting policies, accounting estimates and restatement

1) Changes as a result of revision of accounting standards: None

2) Changes other than 1): None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of shares issued (common stock)

1) Number of shares issued at end of period (including treasury share) :

December 31, 2016 53,341,500 shares

March 31, 2016 53,341,500 shares

2) Number of shares of treasury share at end of period :

December 31, 2016 500,025 shares

March 31, 2016 500,025 shares

3) Average number of shares during the term:

December 31, 2016 52,841,475 shares

December 31, 2015 52,841,475 shares

*** Explanation regarding the appropriate use of forecasts of business results and other special instructions**

Forecasts of business results and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable. Actual business results may differ significantly due to a variety of factors. For further information on the above-mentioned forecast preconditions and other related matters, please see page 4, "3. Qualitative Information relating to Projections of Consolidated Business Results".

[Qualitative Information / Financial Statements]

1. Qualitative Information relating to Consolidated Business Results

(Unless otherwise stated, all comparisons are with operating results in third quarter of the previous fiscal year, from April 1, 2015 to December 31, 2015.)

The global economy in this third quarter accumulated period has changed by low growth continuously. In the U.S., economic recovery continued by improvement of interest rates and the employment environment. Stock prices and the dollar exchange rate have risen after presidential election in November. Also, Christmas holiday season sales have grown. In the Europe, although the influence of Brexit is limited, the mind of consumers has been continuously low. In China, although the support of infrastructure investments led by government has supported the economic growth, slowdown continued same as other developing countries. As for Japan, both fixed asset investment and consumer spending changed in the standstill state.

Under these circumstances, although sales of micro batteries and optical components for automotive market and adhesive tapes, etc. changed favorably, sales of lithium ion battery for consumer and magnetic tape decreased. Also, there was substantial decrease of sales of projector due to influence of Kumamoto earthquake and effect of strong Japanese yen. As a result, total sales of this third quarter accumulated period decreased by 15.2% (18,110 million yen) to 101,054 million yen. In terms of profitability, although it was affected by the expansion of the key growth area and by the improvement of business portfolio, as well as an effort toward continuous cost reduction, operating income decreased by 9.6% (563 million yen) to 5,279 million yen due to sales decrease of projector and influence of exchange rate fluctuation. Ordinary income decreased by 9.3% (532 million yen) to 5,167 million yen, and profit attributable to owners of parent decreased by 14.4% (542 million yen) to 3,209 million yen.

The average foreign exchange rate over this third quarter accumulated period under review was US\$1=107 yen.

Operating results by segment were as follows.

Energy

Sales of micro batteries, such as coin-type lithium battery and cylindrical-type lithium battery for meter market, changed firmly. On the other hand, sales of prismatic lithium ion battery for smart phone decreased. As a result, sales for Energy segment decreased by 16.7% (5,246 million yen) to 26,159 million yen. Operating income decreased by 25.5% (378 million yen) to 1,102 million yen, although sales increase of micro batteries for professional use contributed, due to sales decrease of lithium ion batteries and affected by strong yen exchange rate.

Industrial Material

Although sales of optical components for automotive market and adhesive tapes expanded smoothly, sales of magnetic tapes substantially decreased. As a result, sales for Industrial Material segment decreased by 8.5% (2,938 million yen) to 31,804 million yen. Operating income increased by 65.4% (939 million yen) to 2,375 million yen, mainly affected by the increase of operating income of adhesive tapes and optical components for automotive market.

Electronic Appliance and Consumer Product

Sales of Electronic Appliance and Consumer Products segment decreased by 18.7% (9,926 million yen) to 43,091 million yen, due to a substantial decrease of projector sales due to influence of Kumamoto earthquake, although sales of certain consumer products increased. Operating income decreased by 38.4% (1,124 million yen) to 1,802 million yen, although contributed by sales shift to high value added items in beauty care products and increase of operating income of consumer products by improvement of product mix, mainly affected by the substantial sales decrease of projector.

Further, for information for the year under review on sales by region, capital expenditure, depreciation, and research and development expenses, please see the supplementary information on page 5.

2. Qualitative Information relating to Consolidated Financial Position

Assets

As of December 31, 2016, total assets amounted 156,860 million yen, an increase of 2,504 million yen from the previous consolidated fiscal year (as of March 31, 2016) mainly by increase of inventories as well as investments and other assets. As a result, total current assets increased by 1,701 million yen and total non-current assets increased by 803 million yen.

Liabilities

As of December 31, 2016, total liabilities amounted 41,411 million yen, an increase of 881 million yen from the previous consolidated fiscal year, mainly by increase of notes and accounts payable-trade.

Net Assets

As of December 31, 2016, total net assets amounted 115,449 million yen, an increase of 1,623 million yen from the previous consolidated fiscal year mainly by appropriation of 3,209 million yen as profit attributable to owners of parent and by increase of valuation difference on available-for-sale securities by 538 million yen, although 1,902 million yen has been paid as dividend.

3. Qualitative Information relating to Projections of Consolidated Business Results

Although it is expected that a future global market demand in the three key growth area is expanded, the future uncertainty remain same due to trends in economic policy of the new U.S. government and economy decline in Europe, China and other developing countries.

Under these circumstances, although sales of lithium ion batteries for consumer use, magnetic tapes and projector decreased in this third quarter accumulated period, in coming fourth quarter period, sales expansion of the micro battery for automotive and meter market is expected in the Energy segment, sales expansion of optical components for automotive and adhesive tapes is expected in the Industrial Material segment, and the recovery of sales of projector led by production quantity increase is expected in the Electronic Appliance and Consumer Products segment. Furthermore, we are planning promotion of the reformation of business portfolio and reinforcement of cost reduction activity in all the segments.

Although it is expected to recognize an extraordinary income as announced today in the “Announcement about transfer of non-current assets and recognition of extraordinary income”, the consolidated financial forecast for fiscal year ending March 31, 2017 has not been changed from the forecast announced on April 28, 2016, since the future uncertainty of global economy will continue after this fourth quarter, including unstable elements, such as fluctuation of exchange rate.

For projections of business performance by segment, please refer to the supplementary information on page 5.

Supplementary information
Consolidated Financial Results and Forecast

(Millions of yen)

	Third Quarter ended: December 31, 2015	Third Quarter ended: December 31, 2016	Change* (%)	March 31, 2017 Forecast	Change* (%)
Net sales	119,164	101,054	(15.2)	140,000	(10.4)
Operating income	5,842	5,279	(9.6)	6,000	(17.9)
Ordinary income	5,699	5,167	(9.3)	5,600	(16.4)
Profit attributable to owners of parent	3,751	3,209	(14.4)	3,900	(0.8)

* % change from the same term of the previous year

Sales and Operating Income by Segment

	December 31, 2015	December 31, 2016		Change* (%)	March 31, 2017 Forecast		Change* (%)
	Millions of yen	Millions of Yen	Composition (%)		Millions of yen	Composition (%)	
Net sales	119,164	101,054	100.0	(15.2)	140,000	100.0	(10.4)
Energy	31,405	26,159	25.9	(16.7)	34,500	24.6	(15.4)
Industrial Materials	34,742	31,804	31.5	(8.5)	41,000	29.3	(11.5)
Electronic Appliances & Consumer Products	53,017	43,091	42.6	(18.7)	64,500	46.1	(6.7)
Operating income	5,842	5,279	100.0	(9.6)	6,000	100.0	(17.9)
Energy	1,480	1,102	20.9	(25.5)	1,300	21.7	(33.7)
Industrial Materials	1,436	2,375	45.0	65.4	1,900	31.7	24.3
Electronic Appliances & Consumer Products	2,926	1,802	34.1	(38.4)	2,800	46.6	(26.7)

* % change from the same term of the previous year

Sales by Regional Segment

	December 31, 2015	December 31, 2016		Change* (%)
	Millions of yen	Millions of yen	Composition (%)	
Overseas sales	75,627	54,759	54.2	(27.6)
America	15,415	10,362	10.3	(32.8)
Europe	11,153	9,340	9.2	(16.3)
Asia and other	49,059	35,057	34.7	(28.5)
Domestic sales	43,537	46,295	45.8	6.3
Total	119,164	101,054	100.0	(15.2)

* % change from the same term of the previous year

Capital investment, Depreciation, R&D expenses

(Millions of yen)

	December 31, 2015	December 31, 2016	Change* (%)	March 31, 2017 Forecast	Change* (%)
Capital investment	3,027	2,764	(8.7)	6,500	54.3
Depreciation	3,377	3,256	(3.6)	5,000	6.9
R&D expenses	6,575	6,994	6.4	9,000	2.5

* % change from the same term of the previous year

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31,2016	As of December 31,2016
Assets		
Current assets		
Cash and deposits	42,017	42,019
Notes and accounts receivable - trade	29,543	28,819
Inventories	13,900	15,718
Other	7,319	7,984
Allowance for doubtful accounts	(458)	(518)
Total current assets	92,321	94,022
Non-current assets		
Property, plant and equipment		
Land	33,678	33,660
Other, net	21,480	20,911
Total property, plant and equipment	55,158	54,571
Intangible assets	1,047	952
Investments and other assets		
Investments and other assets, gross	6,055	7,535
Allowance for doubtful accounts	(225)	(220)
Total investments and other assets	5,830	7,315
Total non-current assets	62,035	62,838
Total assets	154,356	156,860
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,063	17,319
Current portion of long-term loans payable	35	35
Income taxes payable	201	762
Provision for litigation and related expenses	482	1,165
Other	12,941	11,311
Total current liabilities	29,722	30,592
Non-current liabilities		
Long-term loans payable	457	430
Provision for directors' retirement benefits	70	70
Net defined benefit liability	6,350	6,065
Other	3,931	4,254
Total non-current liabilities	10,808	10,819
Total liabilities	40,530	41,411

(Millions of yen)

	As of March 31,2016	As of December 31,2016
Net assets		
Shareholders' equity		
Capital stock	12,203	12,203
Capital surplus	33,527	33,527
Retained earnings	77,313	78,620
Treasury shares	(996)	(996)
Total shareholders' equity	122,047	123,354
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	303	841
Foreign currency translation adjustment	(5,297)	(5,777)
Remeasurements of defined benefit plans	(4,953)	(4,765)
Total accumulated other comprehensive income	(9,947)	(9,701)
Non-controlling interests	1,726	1,796
Total net assets	113,826	115,449
Total liabilities and net assets	154,356	156,860

(2) Consolidated Statements of Income

	(Millions of yen)	
	Nine months ended December 31,2015 (April 1,2015- December 31,2015)	Nine months ended December 31,2016 (April 1,2016- December 31,2016)
Net sales	119,164	101,054
Cost of sales	93,740	78,880
Gross profit	25,424	22,174
Selling, general and administrative expenses	19,582	16,895
Operating income	5,842	5,279
Non-operating income		
Interest income	105	89
Dividend income	26	41
Foreign exchange gains	137	—
Other	378	131
Total non-operating income	646	261
Non-operating expenses		
Interest expenses	16	21
Sales discounts	106	118
Share of loss of entities accounted for using equity method	84	94
Foreign exchange losses	—	9
Loss on reduction of non-current assets	170	—
Foreign local tax	202	—
Other	211	131
Total non-operating expenses	789	373
Ordinary income	5,699	5,167
Extraordinary income		
Gain on sales of non-current assets	13	68
Gain on liquidation of subsidiaries and associates	43	—
Gain on insurance adjustment	—	66
Other	25	0
Total extraordinary income	81	134
Extraordinary losses		
Loss on sales and retirement of non-current assets	81	180
Business structure improvement expenses	—	54
Cost of product compensation related	—	133
Litigation expenses	—	646
Other	—	1
Total extraordinary losses	81	1,014
Profit before income taxes	5,699	4,287
Income taxes	1,088	975
Income taxes for prior periods	814	—
Profit	3,797	3,312
Profit attributable to non-controlling interests	46	103
Profit attributable to owners of parent	3,751	3,209

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31,2015 (April 1,2015- December 31,2015)	Nine months ended December 31,2016 (April 1,2016- December 31,2016)
Profit	3,797	3,312
Other comprehensive income		
Valuation difference on available-for-sale securities	18	538
Foreign currency translation adjustment	(1,321)	(489)
Remeasurements of defined benefit plans, net of tax	368	188
Share of other comprehensive income of entities accounted for using equity method	(2)	(17)
Total other comprehensive income	(937)	220
Comprehensive income	2,860	3,532
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,892	3,455
Comprehensive income attributable to non-controlling interests	(32)	77