

**FOR IMMEDIATE RELEASE**

**Hitachi Enters into Agreement to Acquire Air Compressor  
Manufacturer,  
Making a Full-scale Entry into the North America Industrial Business**  
Developing digital solutions by acquiring a strong, global sales network

**Tokyo, Japan, April 25, 2017** --- Hitachi, Ltd. (TSE:6501, “Hitachi”) and Accudyne Industries (CEO : Charles Treadway; “Accudyne”) today announced that the two companies have entered into an agreement regarding Hitachi’s acquisition of Accudyne’s subsidiaries and certain related assets that manufacture and sell air compressors under the “Sullair” brand ( Sullair (President: John (Jack) Carlson)).

In order to become the “Innovation Partner for the IoT Era” by accelerating collaborative creation with customers through the advanced Social Innovation Business, Hitachi has introduced a market-in business structure composed of “front”, “platform”, and “products” in April 2016. Hitachi’s “front” business has strived to work side by side with its customers to create new value through the rapid and effective utilization of its Social Innovation Business by leveraging digital technology, with the “Lumada” IoT platform at its core.

Hitachi’s goal in this acquisition is to gain access to Sullair’s global sales network, mainly in North America. Furthermore, Hitachi will accelerate the global rollout of the Social Innovation Business, by providing Sullair’s customer base with digital solutions or IoT-compatible products that leverage the expertise in IT and OT (operational technology) which Hitachi has cultivated over many years.

As for the product business, in an effort to establish a strong product business that meets a broad range of industrial needs, Hitachi has been developing the product business through the unified strengths of the Industrial Products Business Unit (CEO: Masakazu Aoki), which integrated Hitachi’s industrial product business in May 2015, and Hitachi Industrial Equipment Systems Co., Ltd. (President: Yutaka Araya; “HIES”), which handles small or medium sized industrial products. Air compressors in particular have been positioned as a core business, in which Hitachi provides high-quality, high-efficiency products mainly in Japan and Asia. Hitachi plans to add its products to Sullair’s highly complementary product lineup, and utilize the global sales network Sullair has established, mainly in North America, and increase the scale of the air compressor business.

Since its foundation in 1965, Sullair has been selling its very reliable air compressor products on a global scale. Sullair has established a strong sales network and customer base especially in North America. Accudyne has selected Hitachi as the best partner to ensure long-term success of Sullair given its sales network in Japan and Asia as well as the complementary relationship. Integration into Hitachi will secure a bright future for Sullair and its employees.

Masakazu Aoki, Executive Vice President at Hitachi and CEO of the Industrial Products Business Unit, said: "I am very pleased to announce that Hitachi has today agreed with Accudyne to proceed with the acquisition of Sullair, a leader in the air compressor business. Through this fusion with Sullair's strengths, Hitachi will increase its competitiveness and strengthen the air compressor business, and at the same time, by utilizing Sullair's global footprint, mainly in North America, we will accelerate the global rollout of the Social Innovation Business."

Charles Treadway, CEO of Accudyne, said, "We are very pleased with the transaction, as the combination represents a uniquely attractive opportunity for Sullair, its employees, distributor partners and end-customers."

Jack Carlson, Sullair President, said, "We are thrilled by the prospect of partnering with Hitachi to grow Sullair as we embark together on the next chapter in our proud history."

The agreed purchase price of Sullair is US\$1.245 billion (approx. JPY135.7 billion). It is subject to certain customary adjustments at effective date of the transaction (for example, for fluctuations in Sullair's net working capital and net debt).

■ **Overview of Accudyne**

Name	Accudyne Industries Acquisition Sarl	
Head Office	Luxembourg	
Title and name of representative	CEO / Charles L. Treadway	
Description of business	Manufacturer, distributor, and service provider of flow control and industrial air compressors	
Establishment date	May 4, 2012 (Establishment: 1999)	
Capital (as of Dec 31, 2016)	US\$1,319mn (JPY143,774mn)	
Consolidated net assets (as of Dec 31, 2016)	US\$231mn (JPY25,233mn)	
Consolidated total assets (as of Dec 31, 2016)	US\$2,729mn (JPY297,479mn)	
Major shareholder and ratio of shareholding	Affiliates of BC Partners: approx. 49.0% (indirect) Affiliates of The Carlyle Group: approx. 49.0% (indirect)	
Relationship between Hitachi and Accudyne	Capital relationship	None
	Personnel relationship	None
	Transaction relationship	None
	Status as related party	None
Total number of employees	Approx. 2,500	

■ Overview of Sullair (1)

Name	Sullair US Purchaser, Inc.		
Head Office	Illinois, USA		
Title and name of representative	President / Jack Carlson		
Description of business	Manufacturer, distributor, and service provider of industrial air compressors		
Capital (as of Dec 31, 2016)	US\$377mn (JPY41,055mn)		
Establishment date	August 9, 2012 (Establishment: 1965)		
Major shareholder and ratio of shareholding	Accudyne Industries Acquisition Sarl: 100.0% (indirect)		
Relationship between Hitachi and Sullair US Purchaser, Inc.	Capital relationship	None	
	Personnel relationship	None	
	Transaction relationship	None	
	Status as related party	None	
Total number of employees	Approx. 890		
Consolidated financial conditions and business results for past three fiscal years (US GAAP) (2)			
Fiscal year-end	Dec 2014	Dec 2015	Dec 2016
Total net assets (million yen)	81,851	130,819	115,542
Total assets (million yen)	94,073	145,239	128,895
Total revenues (million yen)	55,238	50,245	43,186
EBIT (million yen) (3)	9,424	(6,759)	(8,838)
Profit before tax (million yen)	9,068	(6,981)	(13,139)
Net profit after tax (million yen)	8,186	(6,277)	(12,485)
Adjusted EBITDA (million yen) (4)	11,662	10,202	7,044

- (1) Categories between "Name" and "Relationship between Hitachi and Sullair US Purchaser, Inc." refers to Sullair US Purchaser, Inc., which is the main company of Sullair, while categories "Total number of employees" and "Consolidated financial conditions and business results for past 3 fiscal years" refer to the entirety of Sullair.
- (2) Foreign exchange rate of US\$/JPY = 109.
- (3) EBIT of Sullair is largely impacted by the amortization of intangible assets which was recorded as a result of the acquisition of Sullair from United Technologies Corporation in December 2012.
- (4) Adjusted EBITDA of Sullair is adjusted by Sullair management for non-recurring costs, etc. and US GAAP is not applied.

■ Overview of Sullair Asia Pte. Ltd.

Name	Sullair Asia Pte. Ltd.		
Head Office	Singapore		
Title and name of representative	Representative / Teck Huang Teo		
Description of business	Manufacturer, distributor, and service provider of industrial air compressors		
Capital (as of Dec 31, 2016)	US\$487mn (JPY53,076mn)		
Establishment date	September 7, 2012		
Major shareholder and ratio of shareholding	Silver II UK Holdings Ltd.: 100%		
Relationship between Hitachi and Sullair Asia Pte. Ltd.	Capital relationship	None	
	Personnel relationship	None	
	Transaction relationship	None	
	Status as related party	None	
Total number of employees	Approx. 293		
Consolidated financial conditions and business results for past three fiscal years (US GAAP) (1)			
Fiscal year-end	Dec 2014	Dec 2015	Dec 2016
Total net assets (million yen)	10,659	46,047	39,860
Total assets (million yen)	14,207	56,221	48,635
Net assets per share (yen)	21.89	94.56	81.86
Total revenues (million yen)	16,813	16,150	10,466
EBIT (million yen)	3,653	(2,547)	(4,185)
Profit before tax (million yen)	3,673	(2,441)	(4,006)
Net profit after tax (million yen)	2,767	(2,187)	(3,354)
Net profit per share (yen)	5.68	(4.49)	(6.89)

(1) Foreign exchange rate of US\$/JPY = 109.

■ **Shares acquired, shares owned before and after acquisition and acquisition price (1)**

① **Sullair US Purchaser, Inc.**

Shares owned before the acquisition	0 shares (Ratio of voting rights: 0.0%)
Shares acquired	1,000 shares (2)
Shares owned after the acquisition	1,000 shares (Ratio of voting rights: 100% (voting rights owned indirectly: 100%))

- (1) In this transaction, in addition to the shares of Sullair US Purchaser, Inc. and Sullair Asia Pte. Ltd., Hitachi will also acquire 100% shares of Silver II Australia Holdings Pty Ltd.  
 (2) The shares of Sullair US Purchaser Inc. are being acquired from Silver II Guernsey Holdings, Ltd., a subsidiary of Accudyne Industries Acquisition Sarl.

② **Sullair Asia Pte. Ltd.**

Shares owned before the acquisition	0 shares (Ratio of voting rights: 0.0%)
Shares acquired	486,934,364 shares (3)
Shares owned after the acquisition	486,934,364 shares (Ratio of voting rights: 100% (voting rights owned indirectly: 100%))

- (3) The shares of Sullair Asia Pte. Ltd. are being acquired from Silver II UK Holdings Ltd.

③ **Acquisition price of Sullair**

US\$1.245 billion (approx. JPY135.7 billion) (4)

- (4) Subject to certain customary adjustments at effective date of the transaction (for example, for fluctuations in Sullair's net working capital and net debt).

■ **Schedule**

Execution of the agreement	April 25, 2017
Effective date of transfer	Undecided

■ **Outlook**

In case that this transfer has a significant impact on Hitachi's consolidated business results for the year ending March 31, 2018, Hitachi will immediately announce it.

### **About Hitachi, Ltd.**

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges. The company's consolidated revenues for fiscal 2015 (ended March 31, 2016) totaled 10,034.3 billion yen (\$88.8 billion). The Hitachi Group is a global leader in the Social Innovation Business, and it has approximately 335,000 employees worldwide. Through collaborative creation, Hitachi is providing solutions to customers in a broad range of sectors, including Power / Energy, Industry / Distribution / Water, Urban Development, and Finance / Government & Public / Healthcare. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

### **About Sullair**

Since 1965, Sullair has developed and manufactured air compressors with proven reliability and wear-free durability. Sullair is globally recognized as a leading manufacturer of portable air compressors, contractors' air tools, stationary air compressors, compressed air treatment equipment and vacuum systems. Additionally, Sullair provides customers with a full line of aftermarket parts, fluids and services. Sullair has manufacturing capabilities in Michigan City, Indiana; Shenzhen and Suzhou, China; Mahindra World City, India; as well as a joint venture (IHI-Sullair) based in Suzhou.

### **About Accudyne**

Accudyne Industries is the parent company of Sullair, and a global provider of precision-engineered, process-critical and technologically advanced flow control systems and industrial compressors that deliver consistently high performance and give confidence to the mission of its customers in the most important industries and harshest environments around the world. Today, Accudyne is powered by ~2,500 employees with 14 manufacturing facilities, supporting a broad range of industries in more than 150 countries. For more information, visit [www.accudyneindustries.com](http://www.accudyneindustries.com).

### **Cautionary Statement**

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated, particularly against the U.S. dollar and the euro;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi’s customers and suppliers;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and

Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;

- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi's ability to attract and retain skilled personnel;
- uncertainty as to Hitachi's access to, or ability to protect, certain intellectual property rights;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi's operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi's ability to maintain the integrity of its information systems, as well as Hitachi's ability to protect its confidential information or that of its customers; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

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Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.

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