

# News Release

FOR IMMEDIATE RELEASE

## Company Split of the Forged Steel Roll Business and Transfer of New Company Shares

**Tokyo, October 10, 2017** - Hitachi Power Solutions Co., Ltd., a wholly owned subsidiary of Hitachi, Ltd.(TSE: 6501), today announced that it has decided the newly formed company (“the new company”) will continue its forged steel roll business (“this business”) through a company split and it will transfer the shares of the new company to Win Holdings Co., Ltd., a Special Purpose Company under the investment fund that receives advice from Nippon Mirai Capital Co., Ltd. (“Nippon Mirai”), on March 1, 2018, and it has concluded an agreement regarding the transfer of shares today.

The recent carbon reduction commitment has created a need to reduce vehicle weight to improve automobile fuel efficiency, which has increased the demand for high tension steel plate that offers the same strength as regular steel plate despite its thin size. Moreover, the widespread use of hybrid cars and electric cars, and the increase in sales of electric cars has led to increased demand for high-performance magnetic steel sheets, which are used for drive motors. As a result, there has been a growing need for forged steel rolls for cold rolling, which have higher wear-resistance and high-temperature strength than conventional materials.

For the past 60 years or more, since the 1950s, we have developed, manufactured and distributed forged steel rolls used to roll iron steel and nonferrous metal materials and has provided maintenance services. The company boasts outstanding manufacturing know-how, especially with high speed steel rolls for cold rolling<sup>\*1</sup>, and accounts for a large share, having sold more than 1,000 units in total because it achieved the complex formation of high-speed steel rolls for cold rolling, something that is difficult to manufacture in an integrated structure, using the Rotational ESR<sup>\*2</sup> Bimetallic Method originally developed by us.

As Hitachi Group's core subsidiary responsible for the service business in the power and energy field, we have been committed to reconstructing the business structure, aiming to ensure steady growth by focusing its management resources on a high-value added services business that fuses OT with IT, for example, the adoption of IoT in its facilities, 24-hour remote monitoring, support and predictive diagnosis services.

Against this background, we have sought to keep developing and promoting this business in the medium- to long-term and to continue meeting the expectations of customers. As a result, with the participation of Nippon Mirai, an independent and domestic investment fund management company that understands Japanese culture with substantial experience in

supporting leading medium-sized companies with the planning and implementation of growth strategies as well as building up an organization when spinning off a business unit as an independent company. We have concluded that it would be ideal to aim for growth in a new direction as a specialized manufacturer by utilizing its know-how.

As a manufacturer specialized in forged steel rolls, the new company will endeavor to maintain and reinforce its advantages through further input of management resources and technological innovation and aims to expand its business by leveraging the global customer base built by its advanced technologies and reliability.

The impact of this transfer of shares on the business results of Hitachi Ltd. for this fiscal year is minor.

Note: \*1 Roll for cold rolling, made of high speed tool steel or HSS, which is one of the tool steel types used to compensate for the low softening resistance at high temperatures by adding a special component, and enables the cutting of metal materials at higher speed.

\*2 ESR (Electro Slag Remelting) Method: A process to remelt previously manufactured ingot into electrodes.

#### ■ Outline of the new company

Name	None
Representative	None
Capital	None
Head Office	832-2, Horiguchi, Hitachinaka City, Ibaraki
Established	January 2018 (scheduled)
Outline of Business	Designing, development, manufacturing, sales and maintenance of work rolls for cold rolling and hot rolling, intermediate rolls, backup rolls, rolls for multistage mills and other forged steel rolls
Number of employees	Approx. 170
Shareholders	January 2018 (at the time of foundation) :Hitachi Power Solutions Co., Ltd. 100% March 1, 2018 (date of transfer of shares) Win Holdings Co., Ltd. 100%

#### ■ Schedule of company split and transfer of shares

Execution of the share purchase agreement	October 10, 2017
Execution of absorption-type company split agreement	January 2018 (scheduled)
Effective date of absorption-type company split and transfer of shares	March 1, 2018 (scheduled)

-----  
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.  
-----