

News Release

FOR IMMEDIATE RELEASE

Hitachi to Change Public Tender Offer Price for Shares of Yungtay, Elevator Company Based in Taiwan

Taipei, March 22, 2019 --- Hitachi, Ltd. (TSE: 6501, “Hitachi”), is currently conducting a public tender offer ⁽¹⁾ to acquire all issued shares of Yungtay Engineering Co., Ltd. (TWSE: 1507, “Yungtay”), an elevator and escalator company based in Taiwan, via Hitachi Elevator Taiwan Co., Ltd., a wholly owned subsidiary of Hitachi from January 17, 2019 to April 22, 2019. Hitachi Elevator Taiwan Co., Ltd. decided to change this public tender offer price of 60.0 TWD per share in cash to 65.0 TWD per share in cash. Today, Hitachi applied to the Financial Supervisory Commission regarding this change. Hitachi made this decision for the purpose of encouraging shareholders of Yungtay to tender their shares and achieving its objective of this public tender offer faster and smoother by providing an attractive opportunity to more shareholders of Yungtay.

Hitachi, as the sole offeror during this public tender offer period, intends to acquire all issued shares of Yungtay, and incorporate Yungtay as a wholly owned subsidiary. With the acquisition, Hitachi aims to further strengthen collaboration with Yungtay, which has been a business partner of Hitachi for over 50 years, enhance the elevator and escalator business in the People’s Republic of China and Asia, and accelerate the global expansion of its products and services. Hitachi is the best partner of Yungtay and aims to enhance the competitiveness of its products and maintenance services by incorporating Yungtay’s product lineup and combining these products with advanced technology such as IoT which is the strength of Hitachi.

Overview of this Public Tender Offer

Offer price for the tender offer	65.0 TWD per share in cash
Tender offer period	From January 17, 2019 to April 22, 2019
Number of issued shares ⁽²⁾	408,690,200 shares (excluding Yungtay’s treasury shares)
Number of shares held by the Hitachi Group ⁽³⁾	47,725,739 shares
Maximum number of shares to be acquired	360,964,461 shares (excluding Yungtay’s treasury shares)
Minimum number of shares to be acquired	88,504,328 shares (excluding Yungtay’s treasury shares)
Tender agent for the tender offer	KGI Securities Co., Ltd. http://www.kgieworld.com.tw

Valuation of Offer Price for this Public Tender Offer (65.0 TWD per share in cash)

The offer price of 65.0 TWD per share represents the following premium against past stock prices:

- Sum of 49.15 TWD (Closing price on October 25, 2018, which is the day before Hitachi's announcement of the plan for this public tender offer) and 32.2% premium
- Sum of 48.78 TWD (Simple average of closing prices for one-month period up to and including October 25, 2018) and 33.3% premium
- Sum of 48.05 TWD (Simple average of closing prices for three-month period up to and including October 25, 2018) and 35.3% premium

Additionally, Hitachi obtained two fairness opinions regarding the offer price in this public tender offer from L&L, Leaven & Co., CPAs and BDO Taiwan, confirming that the offer price is appropriate. In the fairness opinion of L&L, Leaven & Co., CPAs, the fair value of the Yungtay share is valued between 40.27 TWD and 68.31 TWD. In the fairness opinion of BDO Taiwan, the fair value of the Yungtay share is valued between 55.15 TWD and 67.83 TWD. The offer price is within these ranges.

Prospectus and Fairness Opinion of this Public Tender Offer

The prospectus and the fairness opinions that Hitachi obtained from L&L, Leaven & Co., CPAs and BDO Taiwan regarding this public tender offer are disclosed at the websites below:

- Market Observation Post System
The "Public Tender Offer Information" page (Chinese site only):
<http://mops.twse.com.tw/mops/web/t162sb01>
- Website of KGI Securities Co., Ltd.: <http://www.kgieworld.com.tw>

Overview of Yungtay

Company name	Yungtay Engineering Co., Ltd.
Headquarters	Taipei, Taiwan
Representative	Chairman: Ray Chun Su
Business overview	- Design, manufacture, sales, installation, repair, maintenance of elevators & escalators, and elevator & escalator motors - Sales & maintenance of construction machinery, cranes, components etc.
Year of foundation	1966
Capital (As of December 31, 2017)	TWD 4,108.20 million (Approx. JPY 14.8 billion ⁽⁴⁾)
Number of issued shares ⁽²⁾	408,690,200 shares (excluding Yungtay's treasury shares)

Shareholders ⁽³⁾	Hitachi Group: 11.7% (Hitachi, Ltd. 7.8%, Hitachi Building Systems Co., Ltd. 3.9%) Chou-Li Hsu: 4.3% Others: 84.0%
Consolidated revenue	19,581.65 million TWD (Approx. 70.5 billion JPY ⁽⁴⁾) (2016) 16,752.21 million TWD (Approx. 60.3 billion JPY ⁽⁴⁾) (2017) 14,858.62 million TWD (Approx. 53.5 billion JPY ⁽⁴⁾) (2018)
Consolidated operating income	2,137.96 million TWD (Approx. 7.7 billion JPY ⁽⁴⁾) (2016) 1,478.92 million TWD (Approx. 5.3 billion JPY ⁽⁴⁾) (2017) 975.63 million TWD (Approx. 3.5 billion JPY ⁽⁴⁾) (2018)
Number of employees (Consolidated) (As of December 31, 2017)	5,149

- (1) For detail information, please see news releases below:
 News release dated January 16, 2019 entitled "Hitachi Commences Public Tender Offer for Shares of Yungtay, Elevator Company Based in Taiwan"
<http://www.hitachi.com/New/cnews/month/2019/01/190116.html>
 News release dated March 6, 2019 entitled "Hitachi to Extend Tender Offer Period for Shares of Yungtay, Elevator Company Based in Taiwan"
<http://www.hitachi.com/New/cnews/month/2019/03/190306.html>
- (2) As of October 17, 2018
 (3) As of January 16, 2019
 (4) Calculations based on 1 TWD = 3.60 JPY

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges, combining its operational technology, information technology, and products/systems. The company's consolidated revenues for fiscal 2017 (ended March 31, 2018) totaled 9,368.6 billion yen (\$88.4 billion). The Hitachi Group is an innovation partner for the IoT era, and it has approximately 307,000 employees worldwide. Through collaborative creation with customers, Hitachi is deploying Social Innovation Business using digital technologies in a broad range of sectors, including Power/Energy, Industry/Distribution/Water, Urban Development, and Finance/Social Infrastructure/Healthcare. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

Appendix

Supplementary Information Regarding the Offer Price (65.0 TWD) for the Public Tender Offer

1. Comparison to the Market Consensus

The research analyst consensus on the target price of Yungtay share was 50.0 TWD ⁽¹⁾ as of October 25, 2018, and the offer price is 30.0% premium to the target price.

2. Valuation Multiple of Yungtay

Valuation multiple of Yungtay based on the offer price and historical market share price is as below.

Offer price / Historical share price	EV ⁽²⁾ / LTM ⁽³⁾ EBITDA ⁽⁴⁾	EV ⁽²⁾ / LTM ⁽³⁾ EBIT ⁽⁵⁾	LTM ⁽³⁾ PER ⁽⁶⁾	LTM ⁽³⁾ PBR ⁽⁷⁾
65.0 TWD (Current offer price)	17.9x	25.2x	35.7x	2.4x
60.0 TWD (Previous offer price)	16.4x	23.2x	33.0x	2.2x
49.15 TWD (Closing price as of October 25, 2018)	13.2x	18.6x	27.0x	1.8x
48.78TWD (Simple average of closing prices for one-month period up to and including October 25, 2018)	13.1x	18.5x	26.8x	1.8x
48.05 TWD (Simple average of closing prices for three-month period up to and including October 25, 2018)	12.9x	18.2x	26.4x	1.8x

3. Valuation Multiple of Yungtay and its Comparable Companies

In the fairness opinion Hitachi obtained from L&L, Leaven & Co., CPAs, Golden Friends Corporation (TPEX: 4506) and Hong Wei Electrical Industry Co., Ltd. (TPEX: 4565) are deemed as the similar companies for the comparable company analysis. Valuation multiples for Yungtay based on the offer price of 65.0 TWD and the comparable companies are as below.

Company name (Offer price and comparable companies' share price)	EV ⁽²⁾ / LTM ⁽³⁾ EBITDA ⁽⁴⁾	LTM ⁽³⁾ PER ⁽⁶⁾	LTM ⁽³⁾ PBR ⁽⁷⁾
Yungtay (Offer price)	17.9x	35.7x	2.4x
Golden Friends Corporation (As of January 11 2019)	12.2x	16.4x	2.6x
Hong Wei Electrical Industry Co., Ltd. ⁽⁸⁾ (As of January 11, 2019)	6.4x	9.6x	1.9x

In the fairness opinion Hitachi obtained from BDO Taiwan, 6 listed companies⁽⁹⁾ are deemed as the similar companies for the comparable company analysis. Valuation multiples for Yungtay based on the offer price of 65.0 TWD and the intermediate value of 6 similar companies are as below.

Company name (Offer price and intermediate value of 6 similar companies)	EV ⁽²⁾ / LTM ⁽³⁾ EBITDA ⁽⁴⁾	EV ⁽²⁾ / LTM ⁽³⁾ EBIT ⁽⁵⁾	LTM ⁽³⁾ PER ⁽⁶⁾
Yungtay (Offer price)	17.9x	25.2x	35.7x
Intermediate value of 6 similar companies ⁽⁹⁾ (As of March 18 2019)	14.5x	15.8x	22.1x

(1) Average of 12 months target price published by securities companies within the past 3 months on Bloomberg

(2) EV: Enterprise Value

(3) LTM: Last Twelve Months. 12 months period until September 30, 2018

(4) EBITDA: Earnings Before Interest Taxes Depreciation and Amortization

(5) EBIT: Earnings Before Interest and Taxes

(6) PER: Price Earnings Ratio

(7) PBR: Price Book-value Ratio

(8) LTM of Hong Wei Electrical Industry Co., Ltd. is 12 months period until June 30, 2018

(9) The similar listed companies are Golden Friends Corporation, CANNY ELEVATOR CO., LTD., Shenyang Yuanda Intellectual Industry Group Co., Ltd., Guangzhou Guangri Stock Co., Ltd., Schindler Holding AG and KONE Oyj

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.
