

May 25, 2017
Hitachi Metals, Ltd.

Enhancement of International Supply Capacity for Piston Ring Materials

Hitachi Metals, Ltd. (hereinafter, "Hitachi Metals") will increase production capacity in Japan and China to accommodate the rising demand in stainless steel for piston rings used in automobile engines. Piston rings are set to meet the future demand for internal combustion engines. By enhancing the supply of stainless steel for these rings, we will strive for the international growth of our automobile parts field, which we consider to be one of our growth drivers in our specialty steel business.

1. Purpose of investment

The specialty steel business of Hitachi Metals aims for further growth in the international automobile, industrial infrastructure, and electronics markets. In particular, we have positioned environment-friendly products with a focus on automobiles as growth drivers. As such, we have been engaged in international sales expansion in this area as a priority policy.

The piston ring is a ring-shaped piece of metal installed between the piston and cylinder in an engine, and is an essential part for internal combustion engines. In addition to stainless steel, cast iron, silicon chrome steel, and carbon steel have been used as piston ring materials; however, in recent years, features such as high durability and wear resistance have attracted attention to stainless steel piston rings amidst demand for improved fuel efficiency and strict environmental regulations. In international markets, particularly Europe and China as well as other Asian countries, the use of stainless steel piston rings has increased, and demand has risen.

In light of this background and our objective of expanding our business in automobile-related segments—where sustained growth in the future is expected—we will increase our international production capacity at Yasugi Works in Japan as well as our China production base Hitachi Metals (Suzhou) Technology, Ltd., with an investment of approximately 2.5 billion yen in total.

2. Overview of product line expansion

The production lines to be expanded for these purposes are facilities that can be utilized not only for piston ring materials but also in various segments. Of particular note is the originally developed technology we have employed in the middle of the process, which improves quality and reduces lead time.

The specialty steel business is committed to delivering sustained growth by focusing our efforts on growth strategies, including the introduction of these production lines.

Overview of investment

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| (1) Location | Yasugi Works
Hitachi Metals (Suzhou) Technology, Ltd. |
| (2) Investment amount | Approximately 2.5 billion yen |
| (3) Start of operations | Yasugi Works:
Second half of FY 2018
Hitachi Metals (Suzhou) Technology, Ltd.:
Second half of FY 2017 |



Stainless steel piston rings

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