



April 2, 2018

To whom it may concern:

Company name: Hitachi Metals, Ltd.  
Representative: Akitoshi Hiraki  
President and Chief Executive Officer  
(Code: 5486; First Section of the Tokyo Stock Exchange)  
Contact: Tatsuya Minami  
General Manager, Corporate Communications Office  
(Telephone: +81-3-6774-3077)

### **(Progress of Disclosed Matter) Notice Concerning the Acquisition of Shares of Santoku Corporation (as a Subsidiary)**

As stated in the “Notice Concerning Conclusion of Basic Agreement Towards the Acquisition of Santoku Corporation as Subsidiary” dated November 28, 2017, Hitachi Metals, Ltd. (hereinafter, “Hitachi Metals”) has been making preparations toward making Santoku Corporation (hereinafter, “Santoku”) a subsidiary.

Hitachi Metals today acquired a majority of Santoku shares issued and outstanding and made the company its subsidiary as detailed below (hereinafter, the “Acquisition”).

#### **1. Background and Purpose**

As significant growth is expected in the global market for xEVs\*, Hitachi Metals has been endeavoring to reinforce the competitiveness of high-performance magnets by boosting the production system and optimizing material flows that cover from raw materials to end-products. It has acquired Santoku, an all-embracing manufacturer of rare earths, as a subsidiary in order to further accelerate such measures.

\*xEV: General term for electric vehicles (EVs), hybrid electric vehicles (HEVs), and plug-in hybrid electric vehicles (PHEVs)

#### **2. Outline of the Subsidiary to be Acquired (Santoku) (as of April 1, 2018)**

(1) Company name	Santoku Corporation	
(2) Address	4-14-34 Fukaekitamachi, Higashinada-ku, Kobe, Hyogo	
(3) Name and title of representative	Chikara Okada, President and Representative Director	
(4) Business details	Manufacturing and sales of rare earth compounds, rare earth metals, magnet materials and battery materials	
(5) Stated capital	1,500 million yen	
(6) Date of incorporation	1949	
(7) Relationship between the listed company (Hitachi Metals) and the company in question (Santoku)	Capital relationship	Hitachi Metals holds 4.5% of Santoku shares issued and outstanding.
	Personnel relationship	Not applicable.
	Transactional relationship	Hitachi Metals and Santoku have a business relationship based on sales and purchasing.
(8) Business performance (non-consolidated) Fiscal year ended March 31, 2017		
Net assets	6,096 million yen	
Total assets	17,567 million yen	
Net sales	17,792 million yen	

### 3. Outline of Counterparty in the Share Acquisition

Individual, etc. (Details are undisclosed.)

### 4. Number of Shares to be Acquired and Status of Shares Held Before and After the Acquisition

(1) Number of shares held before the acquisition	265,000 (Number of voting rights: 265) (Proportion of voting rights held: 4.5%)
(2) Number of shares to be acquired	4,069,867 (Number of voting rights: 4,044)
(3) Number of shares held after the acquisition	4,334,867 (Number of voting rights: 4,309) (Proportion of voting rights held: 73.9%)

### 5. Schedule

Share acquisition date: April 2, 2018

### 6. Impact on Financial Results

This Acquisition will have no impact on the financial results for the fiscal year ending March 31, 2018. The impact of this Acquisition on the financial results for the fiscal year ending March 31, 2019 is currently under review and will be incorporated into the consolidated financial forecasts for the fiscal year ending March 31, 2019 that will be announced in the financial report for the fiscal year ending March 31, 2018.

(References)

Hitachi Metals' Consolidated Financial Forecast for the Year to March 2018 (Announced on January 29, 2018) and Consolidated Financial Results for the Year to March 2017

(Unit: million yen)

	Revenues	Adjusted operating income	Income before income taxes	Net income attributable to shareholders of the parent company
Consolidated financial forecasts (Year to March 2018)	990,000	68,000	58,000	45,000
Consolidated financial results (Year to March 2017)	910,486	65,983	66,016	50,593

For inquiries regarding this matter: Corporate Communications, Hitachi Metals, Ltd.

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