



December 17, 2018

To whom it may concern:

Company Name: Hitachi Metals, Ltd.
Name of 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

Announcement of Withdrawal from the Aluminum Wheels Business (Transfer of Shares of Subsidiary's Stock)

Hitachi Metals, Ltd. (hereinafter, "Hitachi Metals"), hereby announces that it has decided to withdraw from the Aluminum Wheels Business today.

1. Background and Purpose

The profitability of Hitachi Metals' Aluminum Wheels Business has been deteriorating since fiscal 2016 due to a decline in productivity in line with the sophistication of manufacturing processes as well as a decrease in demand. For this reason, we have endeavored to recover business performance by restructuring the business and implementing productivity improvement measures. However, as a large-scale injection of management resources will continue to be required, we have decided to withdraw from the Aluminum Wheels Business with the aim of allocating management resources to core businesses under our policy of selection and concentration.

2. Outline of the Withdrawal from the Aluminum Wheels Business

While Hitachi Metals' Aluminum Wheels Business has conducted manufacturing activities at one location in the U.S. and Japan, respectively, they will be treated as follows.

(1) Disposal of the U.S. site (consolidated subsidiary) by sale

All shares of the stock of AAP St. Marys Corp. (hereinafter, "AAP"), a consolidated subsidiary of Hitachi Metals, will be transferred to the Kosei Aluminum Co., Ltd. Group as of March 1, 2019 (tentative). Details of the transfer of shares of this subsidiary's stock will be provided in Section 3 below.

(2) Suspension of manufacturing and shipment at the Japan site

While we have been manufacturing aluminum wheels at Kumagaya Works (Saitama Prefecture) in Japan, the manufacturing and shipment of the existing line of products will be suspended gradually based on consultation with customers and will be completely discontinued by the end of September 2020. Meanwhile, it is our policy to maintain the employment of employees of the Japan site, in principle, by transferring them to different positions within the Group in accordance with the progress of the suspension of manufacturing and shipment.

3. Transfer of Shares of Subsidiary's Stock

(1) Outline of AAP

(i) Company name	AAP St. Marys Corp.	
(ii) Location	1100 McKinley Road, St. Marys, Ohio	
(iii) Name and title of representative	Director & Chairperson, President & CEO Michael Nikolai	
(iv) Line of business	Manufacturing of aluminum wheels	
(v) Stated capital	20,000 thousand US dollars (as of March 31, 2018)	
(vi) Date of incorporation	October 1, 1987	
(vii) Major shareholders and percentage holdings thereof	Hitachi Metals America, Ltd.*: 100% *Hitachi Metals America, Ltd. is a wholly-owned subsidiary of Hitachi Metals.	
(viii) Relationship between the listed company and the relevant company	Capital relationships	As stated under (vii) above
	Human relationships	There are personnel seconded to the company from Hitachi Metals.
	Trading relationships	There are transactions including technology transfers.
(ix) Net sales	161,768 thousand US dollars (Year to March 2018)	

(2) Outline of Kosei Aluminum Co., Ltd.

(i) Company name	Kosei Aluminum Co., Ltd.	
(ii) Location	1236, Kamiikecho 2-chome, Toyota-shi, Aichi	
(iii) Name and title of representative	Tetsushi Kamiya, Representative Director and President	
(iv) Line of business	Manufacturing and sales of aluminum wheels, major security parts for automobiles and motorbikes, various equipment and parts thereof	
(v) Stated capital	199.5 million yen	
(vi) Date of incorporation	June 1, 1950	
(vii) Net assets	12.3 billion yen (as of September 30, 2018)	
(viii) Total assets	33.0 billion yen (as of September 30, 2018)	
(ix) Major shareholders and percentage holdings thereof	Nagoya Business Investment & Consultation Co., Ltd.: 15%, Employee Stock Ownership Plan: 15%, Mille Borne Co., Ltd.: 14%, Key Road Y.K.: 9%	
(x) Relationship between the listed company and the relevant company	Capital relationships	There is no capital relationship between Hitachi Metals and the company worthy of note. There are also no noteworthy capital relationships between personnel and affiliates of the company and personnel and affiliates of Hitachi Metals.
	Human relationships	There are no human relationships between Hitachi Metals and the company worthy of note. There are also no noteworthy human relationships between personnel and affiliates of the company and personnel and affiliates of Hitachi Metals.
	Trading relationships	There is no trading relationship between Hitachi Metals and the company worthy of note. There are also no noteworthy trading relationships between personnel and affiliates of the company and personnel and affiliates of Hitachi Metals.
	Related parties	The company is not a related party of Hitachi Metals. Personnel and affiliates of the company are also not related parties of Hitachi Metals.

(3) Shares to be transferred and share ownership before and after the transfer

(i) No. of shares owned before the changes	20 shares (No. of voting rights: 20) (Percentage of voting rights held: 100%)
(ii) No. of shares to be transferred	20 shares (No. of voting rights: 20)
(iii) No. of shares owned after the changes	0 shares (No. of voting rights: 0) (Percentage of voting rights held: 0%)

(4) Schedule

(i) Date of decision by Hitachi Metals	December 17, 2018
(ii) Date of conclusion of share transfer contract	December 17, 2018
(iii) Date of transfer of shares	March 1, 2019 (tentative)

4. Impact on Financial Results

The annual revenues of Hitachi Metals' Aluminum Wheels Business have been around 30.0 to 40.0 billion yen. Meanwhile, the business has continued to post an adjusted operating loss* since fiscal 2016.

With the conclusion of the contract for the sales of the U.S. site, we will likely post losses of approximately 3.0 billion yen for the nine-month period ending December 31, 2018. In addition, in line with the suspension of manufacturing and shipment at the Japan site, we will likely post expenses related to business withdrawal during the period after the fiscal year ending March 31, 2020 but before the completion of business withdrawal; however we are minutely examining the specific amount.

There is no change due to the impact of this matter at this time, to the figures in the financial forecasts for the fiscal year ending March 31, 2019.

* Adjusted operating income(loss) = (Revenues) – (Sales Cost) – (Selling, General & Administrative expenses)

Adjusted operating income(loss) is a unified profit indicator for the Hitachi Group, including Hitachi, Ltd.

(Reference)

Hitachi Metals' Consolidated Financial Forecast (Announced on October 25, 2018) for the Fiscal Year Ending March 31, 2019 and Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

(Unit: million yen)

	Revenues	Adjusted operating income	Income before income taxes	Net income attributable to shareholders of the parent company
Consolidated financial forecast (Year to March 2019)	1,020,000	73,000	64,500	48,000
Consolidated financial results (Year to March 2018)	988,303	65,130	46,985	42,210

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