

Hitachi Metals to Begin Business and Capital Tie-up Talks with Taiwanese High-Grade Specialty Steel Manufacturer

Seeks to Bolster Competitive Edge in Expanding Global Market

Tokyo, Japan, December 20, 2011—Hitachi Metals, Ltd. (TOKYO : 5486) (ISIN : JP3786200000) (hereinafter referred to as “Hitachi Metals,”) has today announced it will commence discussions with Taiwanese high-grade specialty steel manufacturer Gloria Material Technology Corporation (hereinafter referred to as “GMTC,”). The talks will focus on the cooperation in production , sales, technology and investment regarding high-grade specialty steel, and the acquisition of a portion of stocks in GMTC by Hitachi Metals. The deal will forge a win-win partnership mobilizing the inherent strengths of both companies in taking advantage of the steadily expanding global market for high-grade specialty steel.

1. Background

High-grade specialty steel—iron augmented mainly with rare metals to achieve certain useful and desirable properties—is an indispensable material in automobiles, aircraft, dies, and energy plants as well as products in numerous other pivotal industries. With China, the nations of Southeast Asia, and other newly emerging countries maintaining high economic growth rates in recent years, the demand for high-grade specialty steel is expanding fast. Against this backdrop, the global appetite for high-grade specialty steel is projected to rise over the years to come, with the primary orders coming from emerging economies.

Hitachi Metals already produces high-grade specialty steel at its Yasugi Works of Special Steel Company (Yasugi City, Shimane Prefecture). With its excellent properties and superior quality, Hitachi Metals’ high-grade specialty steel has been greatly supported not only in the Japanese market but also in the global market, primarily in other Asian countries. To effectively respond to the predicted rise in global demand, the company is looking for ways to expand its capacity and business base in the sector.

GMTC is a Taiwanese high-grade specialty steel manufacturer, and handles stainless steel and super heat-resistant alloys that are certified by major aircraft and energy plant makers, as well as mold materials and other steel products. With the high reliability of its products, the company has developed businesses in Europe, North America, and Asia. For GMTC as well, it is quickly becoming a necessity to expand operations to meet the burgeoning market demand for high-grade specialty steel.

2. Outline

Reacting to the surge in high-grade specialty steel demand in the global marketplace, Hitachi Metals has decided to start talks with Taiwanese high-grade specialty steel manufacturer GMTC with the intention of entering into a business. In addition to seeking mutual cooperation in production, sales, technology and investment, Hitachi Metals also hopes to acquire a portion of stocks in GMTC.

The company foresees a partnership of this caliber as a win-win relationship that will take full advantage of key Hitachi Metals fortes—high performance and high quality, technical services, product development prowess, and brand power—as well as GMTC’ s strengths, which include an extensive overseas sales system, ready access to the Chinese market, price competitiveness, and brand power. The ultimate objective is to redouble growth in the high-grade specialty steel business in taking advantage of the steadily expanding global market.

3. Schedule

The schedule currently calls for Hitachi Metals and GMTC to hammer out the details of the proposed tie-up agreement and then reach a final decision on the definitive agreement within the first quarter of the fiscal year ending March 31, 2013.

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Reference Information

Company Profile of Gloria Material Technology Corporation

- (1) Company Name
Gloria Material Technology Corporation
- (2) Address
35, Hsin Chung RD. Hsin Ying, Tainan, Taiwan 730
- (3) Chairman
Hsing-Shih Chen
- (4) Business Activities
Manufacture and sales of high-grade specialty steel (stainless steel, super heat-resistant alloys, high-speed tool steel, alloy tool steel, and titanium alloys)
- (5) Date Established
April 1993
- (6) Capital
4,039 million Taiwan dollars (as of September 30, 2011)
- (7) Consolidated Sales
8,483 million Taiwan dollars (FY2010)
- (8) Consolidated Number of Employees
1,605 (as of September 30, 2011)
- (9) Listing Status
GTSM、Gre Tai Securities Market