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Hitachi Metals Announces Business and Capital Tie-up with Taiwanese High-Grade Specialty Steel Manufacturer

Seeks to Bolster Competitive Edge in Expanding Global Market

Tokyo, Japan, May 8, 2012—Hitachi Metals, Ltd. (TOKYO : 5486) (ISIN : JP3786200000) (hereinafter referred to as “Hitachi Metals,”) has today announced its decision to enter into a business tie-up with Taiwanese high-grade specialty steel manufacturer Gloria Material Technology Corporation (hereinafter referred to as “GMTC,”) for mutual cooperation in production, sales, technology, and investment. The agreement also extends to a capital tie-up arrangement under which Hitachi Metals will acquire the equivalent of 5 percent of GMTC’s stock to be issued for capital increase by way of third-party allotment. The establishment of this relationship will accelerate the creation of a partnership geared to mobilize the inherent strengths of both companies in capturing a larger share of the steadily expanding global market for high-grade specialty steel.

1. Background

High-grade specialty steel 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 markets 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 Specialty Steel Division, High-Grade Metals 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

To better address the surge in high-grade specialty steel demand on the global marketplace, Hitachi Metals decided to enter into a business tie-up with Taiwanese high-grade specialty steel manufacturer GMTC for mutual cooperation in production, sales, technology, and investment. The two companies have likewise agreed to establish a capital tie-up under which Hitachi Metals will acquire the equivalent of 5 percent of GMTC’s stock to be issued for capital increase by way of third-party allotment.

Hitachi Metals foresees a tie-up of this caliber as a highly effective means of accelerating the creation of a partnership positioned to take full advantage of its key fortes—high performance and high quality, technical services, product development prowess, and brand power—as well as of GMTC’s strengths, including 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 the steadily expanding global market.

3. Upcoming Plans

The schedule currently calls for Hitachi Metals and GMTC to advance more detailed discussions aimed at commencing mutual production outsourcing, shared use of distribution channels, technical support, and other collaboration from the current fiscal year. The acquisition by Hitachi Metals of GMTC’s stock will be promptly executed following GMTC’s general meeting of shareholders, scheduled for June 22, 2012.

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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
3,920 million Taiwan dollars (as of December 31, 2011)
- (7) Consolidated Sales
12,827 million Taiwan dollars (FY2011)
- (8) Consolidated Number of Employees
1,624 (as of December 31, 2011)
- (9) Listing Status
GTSM、Gre Tai Securities Market