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For Immediate Release

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Notice Concerning the Discontinuance of Production at Baosteel Hitachi Rolls (Nantong) Ltd.

Hitachi Metals, Ltd. hereby announces that Baosteel Hitachi Rolls (Nantong) Ltd. (hereinafter “Baosteel Hitachi Rolls”), one of our subsidiaries, has decided to discontinue production activities as of September 1, 2016.

1. Cause for the discontinuance of production

The Hitachi Metals Group is currently attempting to concentrate its management resources on fields where higher profitability and further growth is expected in its medium-term management plan that will run through FY2018.

Baosteel Hitachi Rolls was established in 2006 in response to the expanding need for high-speed steel rolls for hot strip mills in the Chinese steel industry. However, the high-speed steel rolls market did not expand as initially expected, and moreover, it is expected that the global-scale oversupply conditions of steel manufacturers will remain protracted in the future. For these reasons, we have decided to discontinue production at Baosteel Hitachi Rolls.

From here on, Hitachi Metals and its joint venture partner, Baosteel Engineering & Technology Group Co., Ltd. will commence proceedings toward the dissolution of Baosteel Hitachi Rolls.

With regard to our cast roll business, we will concentrate production bases in Japan, use development technologies cultivated in the country to manufacture higher value-added products to serve customer needs, and further promote global sales expansion mainly with these products.

2. Profile of Baosteel Hitachi Rolls

(1)	Name	Baosteel Hitachi Rolls (Nantong) Ltd.
(2)	Location	No.152, Jianghai Rd., Nantong Economic & Technology Developing Area, Nantong, Jiangsu Province, China
(3)	Representative's title and name	Chairman, Katsuro Sasaka
(4)	Business activities	Manufacturing and selling cast rolls for hot strip mills
(5)	Capital	RMB 504,217 thousand
(6)	Establishment	September 1, 2006
(7)	Investment ratio	Hitachi Metals (China), Ltd. (our wholly owned subsidiary): 70% Baosteel Engineering & Technology Group Co., Ltd.: 30%
(8)	Sales	RMB 138,834 thousand (FY 2015)

3. Schedule for the discontinuance of production activities

As of September 1, 2016, Baosteel Hitachi Rolls will discontinue all production. (For finished products, delivery will be completed by the end of 2016.)

4. Amount of loss associated with the discontinuance of production activities

As the discontinuance of production activities has been decided, Baosteel Hitachi Rolls will incur a loss due to impairment, disposal, etc. of assets (fixed and inventory assets); however, it is expected that the amount of loss will be minimal.

5. Future prospects

This matter will have minimal impact on our consolidated business results for the year ending March 31, 2017, and the business results forecast released in the Consolidated Financial Report (IFRS) For the First Quarter Ended June 30, 2016 dated July 28, 2016 will remain unchanged.

(Reference) Consolidated business results forecast for the year ending March 31, 2017 (as released on July 28, 2016) and consolidated performance for the year ended March 31, 2016

	Revenues (million yen)	Adjusted Operating Income (million yen)	Income before Income Taxes (million yen)	Net Income attributable to Shareholders of the Parent Company (million yen)
Consolidated business results forecast for the year ending March 31, 2017	950,000	78,000	65,000	45,000
Consolidated performance for the year ended March 31, 2016	1,017,584	76,061	96,233	69,056