

Announcement of Share Transfer of Hitachi Automotive Systems Subsidiary to Hitachi Transport System

Tokyo, June 27, 2019 – Hitachi Transport System, Ltd. and Hitachi Automotive Systems, Ltd. today announced that they have concluded a share transfer agreement to transfer 70% of shares issued by PALENET CO., LTD. a consolidated subsidiary of Hitachi Automotive Systems. PALENET engages in the development, sales and rental business of cargo handling materials (pallets).

Hitachi Transport System Group will acquire the shares as an opportunity to secure further growth, in line with its mid-term management plan, “LOGISTEED2021”.

The transaction will further accelerate the reorganization of Hitachi Automotive Systems’ business portfolio, by enabling further focus and strengthening of core businesses, such as powertrain, chassis and safety systems.

PALENET’s operations focus on the rental of plastic cargo pallets. The users of the company’s pallet rental services are manufacturers, whose demand in pallets fluctuates, depending on production volume. Their use of pallet rental services has been increasing for its convenience and flexibility to allow the use of pallets efficiently.

PALENET unique pallet rental system differentiate the company from its competitors. Specifically, in the supply chain of manufacturing industries, where products are transferred from a Tier2 or below to Tier 1 and then to final assembly lines, PALENET provides RRS (Pallet Rental Relay System), which allows users to relay and circulate pallets in the supply chain. This approach saves manufacturers from returning pallets as they would normally do, supporting an efficient production logistics system. As a result, the company’s business scale is projected to expand.

In today’s logistics industry, service providers are required to improve efficiency through total optimization, and offer integrated solutions for the total supply chain, from procurement, production, sales, logistics to after services. In such a business environment, it is necessary for logistics companies to develop strategies aimed at offering total logistics services to enable sustainable growth, through collaboration with partners with competitive operation support systems and advanced information systems.

Hitachi Automotive Systems and PALENET discussed the growth strategy of pallets rental business and agreed that PALENET would be better positioned to continue its growth under Hitachi Transport System, which has not only accumulated deep knowledge of the logistics business and consulting capabilities, but also broad logistics infrastructure and optimum logistics solutions to customers. With this move, PALENET would be able to access the resources and customer base of Hitachi Transport System and target further growth. Hitachi Transport System will also benefit from PALENET’s strengths, such as its unique relay type pallets rental system. This will allow it to strengthen its transport digital platform by establishing shared services, including supply management of logistics equipment, and combining with vehicle motion control in SSCV* to visualize the supply chain.

* SSCV: Smart & Safety Connected Vehicle

Under the business concept “LOGISTEED,” Hitachi Transport System group aim to become the most preferred solution provider for all of our stakeholders. Hitachi Transport System group strive to achieve new innovations by enhancing the core domain and expanding collaborative area across businesses and industries.

Moving forward, Hitachi Automotive Systems contribute to a sustainable society and improve people’s quality of life by reducing environmental impact of vehicles, minimizing traffic accidents, and improving driver comfort, in coordination with Hitachi, Ltd.’s broader technological innovations.

1. Company Overviews

(1) Outline of Hitachi Automotive Systems, Ltd.

Name	Hitachi Automotive Systems, Ltd.
Head Office	2-1, Otemachi 2-chome, Chiyoda-ku, Tokyo, Japan
Representative	President & CEO: Brice Koch
Outline of Business	Development, manufacture, sales and services of automotive components, transportation related components, industrial machines and systems, etc.
Capital	15 billion yen (Hitachi, Ltd. 100%)
Founded	July 1, 2009

(2) Outline of Hitachi Transport System, Ltd.

Name	Hitachi Transport System, Ltd.
Head Office	2-9-2 Kyobashi, Chuo-ku Tokyo, Japan
Representative	President and Chief Executive Officer: Yasuo Nakatani
Outline of Business	Comprehensive logistics service business
Capital	16,802 million yen (Hitachi, Ltd. 30%, SG HOLDINGS CO., LTD. 29%, etc.)
Founded	August 7, 1959

(3) Outline of PALENET CO., LTD.

Name	PALENET CO., LTD.
Head Office	Yokohama Mitsui Building 13F 1-1-2 Takashima, Nishi-ku, Yokohama, Kanagawa, Japan
Representative	President: Shingo Tanaka
Outline of Business	Development, sales and rentals of cargo handling materials (pallets), logistic systems, facility planning consultation, recycling processing of composite resins, business related to vehicle transportation handlings.
Capital	200 million yen (Hitachi Automotive Systems, Ltd. 70%,VANTEC CORPORATION 15%, Mitsubishi Corporation 15%)
Founded	August 1, 1988

2. Status of Share Ownership before Transfer

Before Share Transfer	Hitachi Automotive Systems, Ltd. 70%, Hitachi Transport System, Ltd. 0%(Hitachi Transport System Group 15%), Mitsubishi Corporation 15%
After Share Transfer	Hitachi Automotive Systems, Ltd. 0%, Hitachi Transport System, Ltd. 70% (Hitachi Transport System Group 85%), Mitsubishi Corporation 15%

3. Schedule

Share Transfer Agreement Date	June 27, 2019
Closing Date of Transaction	August, 2019 (Planned)

About Hitachi Transport System, Ltd.

Hitachi Transport System, Ltd. (TSE: 9086) headquartered in Tokyo, Japan, is total logistics solution provider. The company's consolidated revenues for fiscal 2018 (ended March 31, 2019) totaled 708.8 billion yen, and the company has approximately 46,300 employees worldwide. Under our brand slogan "Taking on the Future" and our business concept "LOGISTEED," the Hitachi Transport System Group is committed to expand collaborative areas across businesses and industries and create new innovation exceeding the domain of logistics with enhancement of logistics (Smart Logistics) as a function as our core target. For more information, please visit the company's website at <http://www.hitachi-transportssystem.com/en/>.

About Hitachi Automotive Systems, Ltd.

Hitachi Automotive Systems, Ltd. is a wholly owned subsidiary of Hitachi, Ltd., headquartered in Tokyo, Japan. The company is engaged in the development, manufacture, sales and services of automotive components, transportation related components, industrial machines and systems, and offers a wide range of automotive systems including engine powertrain systems, electric powertrain systems and integrated vehicle control systems.

For more information, please visit the company's website at <http://www.hitachi-automotive.co.jp/en/>.