

News Release

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Yungtay's Board Supports Hitachi's Public Tender Offer for Acquiring Shares of Yungtay *Good Progress Towards the Success of the Public Tender Offer*

Taipei, January 30, 2019 --- Hitachi, Ltd. (TSE: 6501, "Hitachi") has launched a public tender offer to acquire all outstanding shares of Yungtay Engineering Co., Ltd. (TWSE: 1507, "Yungtay"), the elevator and escalator company based in Taiwan, at 60.0 TWD per share (the "Offer"). The Offer is conducted via Hitachi Elevator Taiwan Co., Ltd., a wholly owned subsidiary of Hitachi, and started from January 17, 2019 to March 7, 2019. Yungtay held its board meeting on January 29, 2019 and announced that the Board of Directors of Yungtay has issued a resolution supporting the Offer. This resolution indicates good progress towards the success of this public tender offer. The TWD 21.65 billion for completing the Offer is readily prepared from Hitachi's own funds.

As of today, Hitachi owns, together with its wholly owned subsidiary Hitachi Building Systems Co., Ltd., 11.7% of Yungtay's shares, and intends to acquire 100% ownership of Yungtay through this public tender offer. Ahead of this public tender offer, Hitachi signed a contract with Chou-Li Hsu, founding family of Yungtay who holds 4.3% of Yungtay's shares, that he will tender these shares in response to this public tender offer.

This public tender offer conforms with laws and regulations of Taiwan government, and Hitachi will conduct the procedures properly. The Offer price of 60.0 TWD per share represents more than 20% premium to Yungtay's stock price on October 25, 2018, which is the day before Hitachi's announcement of the plan⁽¹⁾ for this public tender offer. Hitachi obtained a fairness opinion regarding the Offer price for this public tender offer from L&L, Leaven & Co., CPAs, confirming that the Offer price is appropriate.

Hitachi formed a business alliance with Yungtay shortly after the establishment of Yungtay in 1966 and made an equity contribution in Yungtay in 1968. From then on, Yungtay has been a business partner of Hitachi for over 50 years. Hitachi is convinced that Hitachi and Yungtay is the best combination for further business growth from both companies' perspective. With the acquisition, Hitachi aims to expand the business in the People's Republic of China and Asia through enhancing the competitiveness of its products and maintenance services utilizing Hitachi's advanced digital technology such as IoT.

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Valuation of Offer Price for this Public Tender Offer (60.0 TWD per share in cash)

The offer price represents the following premium against past stock prices:

- A 22.1% premium over 49.15 TWD (Closing price on October 25, 2018, which is the day before Hitachi's announcement of the plan for the Offer)
- A 23.0% premium over 48.78 TWD (Simple average of closing prices for one-month period up to and including October 25, 2018)
- A 24.9% premium over 48.05 TWD (Simple average of closing prices for three-month period up to and including October 25, 2018)

According to street view on the consensus target price, the research analyst consensus of Yungtay share was 50 TWD ⁽²⁾ as of October 25, 2018, where the Offer price represents a 20.0% premium over the consensus target price.

Overview of this Public Tender Offer

Offer price for the tender offer	60.0 TWD per share in cash
Tender offer period	From January 17, 2019 to March 7, 2019
Number of issued shares ⁽¹⁾	408,690,200 shares (excluding Yungtay's treasury shares)
Number of shares held by the Hitachi Group ⁽²⁾	47,725,739 shares
Maximum number of shares to be acquired	360,964,461 shares (excluding Yungtay's treasury shares)
Minimum number of shares to be acquired	88,504,328 shares (excluding Yungtay's treasury shares)
Tender agent for the tender offer	KGI Securities Co., Ltd. http://www.kgiworld.com.tw

(1) Refer to the news release dated October 26, 2018 entitled "Hitachi Decides to Conduct Public Tender Offer for Shares of Yungtay, Elevator Company Based in Taiwan"

<http://www.hitachi.com/New/cnews/month/2018/10/181026b.html>

(2) Average of 12 months target price published by securities companies within the past 3 months on Bloomberg

(3) As of October 17, 2018

(4) As of January 16, 2019

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges, combining its operational technology, information technology, and products/systems. The company's consolidated revenues for fiscal 2017 (ended March 31, 2018) totaled 9,368.6 billion yen (\$88.4 billion). The Hitachi Group is an innovation partner for the IoT era, and it has approximately 307,000 employees worldwide. Through collaborative creation with customers, Hitachi is deploying Social Innovation Business using digital technologies in a broad range of sectors, including Power/Energy, Industry/Distribution/Water, Urban Development, and Finance/Social Infrastructure/Healthcare. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>

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