

News Release

FOR IMMEDIATE RELEASE

Hitachi Automotive Systems to accelerate its transformation toward operational excellence and industry leadership

Signs a put-option agreement to acquire Chassis Brakes International, to create an industry leader in automotive safety solutions

Tokyo, June 19, 2019 - Hitachi Automotive Systems, Ltd., a wholly owned subsidiary of Hitachi, Ltd. (TSE: 6501, "Hitachi"), today announced that it has granted KPS Capital Partners, LP a put-option agreement for the acquisition of 100% of Chassis Brakes International B.V. Staff representatives will be consulted as per applicable law, and completion will be subject to antitrust approvals.

The proposed transaction would not only strengthen Hitachi Automotive Systems' chassis and safety systems capabilities, but also enhance the company's motion control capabilities across the whole vehicle, supporting further development and integration of electrification, AD/ADAS technologies and software that contribute to a safer and more sustainable society. Chassis Brakes International's highly experienced global management team, who possess significant knowledge of successful business transformation, will help drive further operational excellence, including quality standards, operating tools and processes, and digitalization.

At the same time, Hitachi Automotive Systems would be investing in a growth segment. The market for safety systems is projected to be sustainable relative to total vehicle production, regardless of the shift from conventional to electric vehicles and the growth of autonomous driving, while the shift from conventional brakes to electrically controlled brakes is projected to accelerate. The combined business would have strong growth potential and be positioned to shape the direction of advanced safety systems via advanced engineering and system design capabilities.

Chassis Brakes International is one of the world's leading suppliers of automotive safety solutions, leveraging a comprehensive portfolio of braking technologies. The company, which is headquartered in Eindhoven, The Netherlands, operates 12 world-class, state-of-the-art manufacturing facilities as well as 11 engineering centers and sales offices in Europe, Asia, India, North America and South America and has nearly 5,500 employees. Chassis Brakes International focuses on developing safer, cleaner, smarter solutions that will support mega-trends impacting the automotive industry, such as connectivity, electrification and autonomous driving. The company had over €900 million in sales for the year ended 31 December 2018.

Hitachi Automotive Systems President and CEO, Dr. Brice Koch, said, “The proposed transaction will bring significant further momentum to our transformation toward industry leadership, including by securing top global talent and operational excellence. In addition, by capturing a global leadership position in safety systems, it is in line with our commitment to strengthen core businesses such as power train, chassis and safety systems through operational excellence, alliances and M&A, thereby operating with greater focus and gaining enhanced scale benefits. Having taken steps to refine and focus our business portfolio through divestments during the past year, we are now reinvesting these proceeds to further strengthen our core businesses and build our global presence.”

The proposed transaction is consistent with the strategy outlined in Hitachi’s new mid-term management plan (MTP), which will contribute to a sustainable society through Hitachi’s Social Innovation Business. Positioned within Hitachi’s Smart Life Sector, the transformation of the automotive systems business is one of the key initiatives outlined in the new MTP. Contributing to a sustainable society and improvements to people’s quality of life, the proposed acquisition of Chassis Brakes International would create a platform for advanced safety systems that will help to reduce road accidents, while also contributing to improved comfort and a reduction of vehicle emissions.

Chassis Brakes International’s Chief Executive Officer, Dr. Thomas Wünsche, said, “The automotive megatrends such as autonomous driving, electrification and emissions reduction are driving major changes in mobility. The proposed transaction will enhance Chassis Brakes International and Hitachi Automotive Systems’ highly complementary geographic footprints and technological expertise. This exciting combination would enable us to better serve our combined customer base and meet the upcoming challenges of the automotive industry through efficient operations as well as safer, cleaner and smarter innovations and solutions.”

Outline of KPS Capital Partners, LP

Name	KPS Capital Partners
Head Office	485 Lexington Avenue, 31st Floor, New York, NY 10017
Outline of Business	A control private equity firm focused on constructive investing in highly complex corporate carve-outs, turnarounds, restructurings and other special situations
Founded	1991
Assets Under Management (As of March 31, 2019)	\$5.0 billion of assets under management

Outline of Chassis Brakes International B.V.

Name	Chassis Brakes International B.V.
Head Office	High Tech Campus of Eindhoven, Netherlands
Representative	CEO: Thomas Wünsche
Outline of Business	Chassis Brakes International is a global, independent automotive supplier engaged in development and production of safety related systems, leveraging its braking solutions.
Founded	June 2012
Capital	EUR 248,000
Main Shareholders and Shareholding Ratios	KPS Capital Partners 100%
Revenues (Consolidated Basis) (2018)	EUR 937 million
Total no. of Employees: (As of November 30, 2018)	5,562

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.
Founded	July 1, 2009
Capital	15 billion yen
Main Shareholders and Shareholding Ratios	Hitachi, Ltd. 100%
Revenues (Consolidated Basis) (Fiscal year ended March 2019)	971.0 billion yen (Revenues of Hitachi, Ltd.'s Automotive Systems segment)
Total no. of Employees: (As of March 31, 2019)	30,100

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/>.

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Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.
