



FOR IMMEDIATE RELEASE

Hitachi Soe Electric & Machinery Begins Operations

*Contribute to Myanmar's power infrastructure through merging
Hitachi's transformer technologies and SEM's business base*

Tokyo, October 1, 2015 --- Hitachi Industrial Equipment Systems Co., Ltd. ("HIES") and Soe Electric & Machinery Co., Ltd. ("SEM") completed a formal contract on July 7, 2015, for the establishment of Hitachi Soe Electric & Machinery Co., Ltd. ("Hitachi SEM"), a joint venture company handling transformers for power systems and power distribution in the Republic of the Union of Myanmar. Authorizations have been obtained from the relevant authorities, and business operations at Hitachi SEM begin on October 1.

HIES and SEM have been involved in technical collaborations related to amorphous transformers^{*1} since 2012, and have formed a cooperative relationship in the field of engineering. They agreed to establish the joint venture company in order to further strengthen this collaborative relationship. Hitachi SEM takes over SEM's transformer business as of today, and will undertake the design, manufacture, sales, installation, and maintenance of power transmission and distribution equipment in Myanmar, with a particular focus on transformers for power system and power distribution applications.

The electric power demand in Myanmar has been increasing rapidly in the backdrop of economic development in recent years, and it is considered a major issue to establish power infrastructures to support this demand. Because power shortages are a serious hindrance to industrial development, Myanmar is currently focusing efforts on putting in place power generation facilities as well as power transmission and distribution networks. This has led to an increased demand for power transformation and distribution facilities, including high-quality transformers that support the stable supply of electric power.

Through establishing Hitachi SEM, HIES and SEM will combine SEM's strong business base in Myanmar with HIES's transformer design and manufacturing technologies to enhance the product lineup and expand market share by further strengthening the business, while at the same time promoting the rollout of export business targeting ASEAN countries close to Myanmar. In addition, by enhancing design and manufacturing capabilities for power transformers, they will strive to increase the ratio of local production in Myanmar for these transformer products, many of which are currently being imported from overseas.

HIES and SEM will contribute to putting in place reliable electric power infrastructures in Myanmar through Hitachi SEM.

*1 Amorphous transformers: Transformers that use amorphous alloys in the steel core, which is wrapped in a coil that carries the electricity. Amorphous transformers can dramatically reduce standby power consumption compared to conventional transformers that use silicon sheets, thereby increasing power distribution efficiency.

Comments from Kyaw Min Htun, Vice Chairman, Hitachi SEM

“Myanmar is currently in the midst of rapid economic growth, and the implementation of power system infrastructures, which will serve as a base for that growth, has become an urgent issue. By incorporating Hitachi's technologies and extensive experience into SEM's strong business base in Myanmar, we will accelerate contributions to Myanmar's power system infrastructures and industrial development. Furthermore, this joint venture company will contribute to fostering human resources in Myanmar, by providing promising Burmese manpower, who in the past had tended to leave for other countries, with opportunities to become involved in cutting-edge technologies and management within Myanmar.”

Comments from Katsutoshi Inagaki, Managing Director, Hitachi SEM

“I am extremely pleased that Hitachi SEM began its business operations today. The Hitachi Group has been handling transformers and other power transmission and distribution equipment for many years, contributing to the maintenance and development of power system infrastructures not only in Japan, but in countries throughout the world. SEM, meanwhile, boasts overwhelming experience and trust as a top level transformer manufacturer in Myanmar. Through this joint venture company, we will combine the strengths of both companies to support the implementation of power system infrastructures in Myanmar and surrounding countries, where demand is expected to increase rapidly in the future.”

Outline of Hitachi SEM

Corporate Name	Hitachi Soe Electric & Machinery Co., Ltd.
Head Office	Yangon, Myanmar
Capital	USD 45,000,000 (Investment ratio at the end of March 2016 (tentative): Hitachi Group: 51%; SEM: 49%)
President	Katsutoshi Inagaki, Managing Director
Outline of business	Design, manufacture, sales, installation, and maintenance of power and distribution transformers and other products
Number of employees	Approximately 400 (at the time of establishment)

About Hitachi Industrial Equipment Systems Co., Ltd.

HIES, established in 2002, is a 100% subsidiary of Hitachi, Ltd. It is involved in manufacturing, sales, service, and system solutions encompassing a wide range of industrial electrical equipment, including industrial motors, which were the original products offered by the Hitachi Group more than 100 years ago. In the transformer business, HIES holds a substantial share of the Japanese market for power distribution transformers, and is actively promoting overseas rollout through collaborations with local transformer manufacturers; for example, in 2009, it established a joint venture in China. For details, please refer to <http://www.hitachi-ies.co.jp/english>.

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges with our talented team and proven experience in global markets. The company's consolidated revenues for fiscal 2014 (ended March 31, 2015) totaled 9,761 billion yen (\$81.3 billion). Hitachi is focusing more than ever on the Social Innovation Business, which includes power & infrastructure systems, information & telecommunication systems, construction machinery, high functional materials & components, automotive systems, healthcare and others. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

About Soe Electric & Machinery Co., Ltd.

SEM, established in 1993, is a major power and distribution transformer manufacturer, with its Head Office in Yangon, Myanmar. SEM designs, manufactures, sells, installs, and maintains transformers, switchgears and other electrical products. SEM holds a large share of the Myanmar market for distribution transformers in particular. SEM acquires ISO 9001:2008 QMS in 2010. SEM is the first electrical transformer company which acquires ISO 14001: 2004 EMS in 2013. SEM has been certified by KEMA Laboratories since 2013, a world renowned transformer certification organization in the Netherlands, and continues to make efforts to improve services for customers, for example by manufacturing amorphous transformers through technical collaborations with Hitachi Industrial Equipment Systems Co., Ltd. For details, please refer to <http://www.soeelectric.com>.

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