

October 14, 2008

Setting Up an Automotive Parts Plant in Mexico

Hitachi Chemical Co., Ltd. (Head Office: Tokyo; President and CEO : Yasuji Nagase; paid-in capital: 15.5 billion yen) will establish Hitachi Chemical Mexico S.A. de C.V. (hereinafter called “Hitachi Chemical Mexico”) to set up an automotive parts plant in the Montemorelos Industrial Park, which is located in the northeastern part of the State of Nuevo Leon, Mexico. The objective is to expand its automotive parts business centered on automotive disc brake pads (hereinafter called “automotive DPs”) in the North American market. This new plant is scheduled for startup in June 2009, with its production capacity ramped up in phases.

While the North American auto market has been sluggish in recent years due to rising oil prices and the slowdown in the regional economy, it remains the world’s largest market, where demand for compact cars is on the rise and steady growth is expected. The Hitachi Chemical Group, therefore, established a branch office along with brake assembly testing facilities in Wixom on the outskirts of Detroit, Michigan, in January 2007 to expand its automotive parts business in the global market. In the North American market, in particular, the focus is on promoting customer-oriented sales, design and technical services. With these strategic approaches in place, the group’s NAO (non-asbestos organic) DP materials are highly valued by customers because of their low noise levels and excellent braking performance, and consequently have been finding their way to Japanese automakers as well as to U.S. automakers since 2007. Sales are growing steadily.

The Hitachi Chemical Group positions the North American market, where there are a large number of customers, as the key to expanding its automotive parts business worldwide. The production bases were thus set up in North America to meet diversified customer needs for distribution and quality, and in Mexico to tap the growing South American market. Hitachi Chemical Mexico will start as an automotive DP manufacturer, investing a total of approximately 2.5 billion yen in five years’ time, while gearing up to manufacture automotive parts such as shoe assemblies for rear drums.

The Hitachi Chemical Group’s automotive parts business – which has additional production bases in Japan, China and Thailand – is stepping up sales efforts in India and Europe to extend its reach to automakers around the world. With Hitachi Chemical Mexico in operation, the group’s edge in customer-oriented technical services and quick delivery will be enhanced further – a means to meet the demand of the North American market, one of the top priorities, and to promote the automotive parts business.

<Outline of Hitachi Chemical Mexico S.A. de C.V.>

Corporate name: Hitachi Chemical Mexico S.A. de C.V.

Location: The Montemorelos Industrial Park, the State of Nuevo Leon, Mexico

Capital: US\$12 million

Foundation: July 10, 2008

Equity holder: Hitachi Chemical Co., Ltd. (99%), Hitachi Chemical Co. America, Ltd. (1%)

Number of employees: Approximately 100 (provisional)

Description of business: Manufacturing and distribution of automotive brake parts

Amount of the investment involved: Approximately 2.5 billion yen

Target production capacity: 15 million units/year by 2015 (automotive DPs)

Full-scale operation: June 2009 (provisional)

<For reference>



Automotive disc brake pads