



KKR Announces Tender Offer to Acquire Hitachi Transport System

April 28, 2022

TOKYO--(BUSINESS WIRE)-- KKR, a leading global investment firm, today announced it intends to make a tender offer for the common shares of Hitachi Transport System Ltd. (“HTS” or the “Company”; TSE stock code 9086) through HTSK Co., Ltd. (the “Offeror”), an entity owned by the investment funds managed by KKR.

Hitachi Transport System is a leader in the third-party logistics business (“3PL”) in Japan. The Company provides supply chain solutions for customers who outsource logistics functions such as logistics system integration, inventory and order control, logistics center operations, factory logistics, and transportation and delivery services. HTS has a strong domestic 3PL business as well as an international business which includes forwarding business and related 3PL business.

Under a newly published medium-term management plan ending March 2025 (“LOGISTEED 2024”), the Company looks to enhance its capabilities through the integration of digital transformation, logistics technology and on-site capabilities in order to strengthen and expand its overseas presence, become a leading 3PL player in Asia, evolve its “Smart Logistics”, and bolster its Environmental, Social, and Governance (ESG) management practices. The Company’s long-term vision (“LOGISTEED 2030”) will focus on advancing collaboration to become a global leader in the 3PL business. This will be achieved through high value-added solutions for optimizing supply chain management, improving customer experience and efficiency through digital transformation, enhancing global value chains, engaging in investment-first projects, as well as strategic merger and acquisitions, and strengthening its position as a platform provider.

In connection with the tender offer, the Offeror has entered into an agreement (the “Agreement”) with Hitachi, Ltd. (“Hitachi”), the lead shareholder of HTS, under the terms of which, following a share consolidation after the tender offer, HTS will acquire Hitachi’s 39.91% holding in a share buyback. Thereafter, Hitachi will reinvest by acquiring 10% of shares with voting rights in HTSK Holdings Co., Ltd. that holds shares of the Offeror (the “Offeror Parent”) and KKR will hold 90% of shares with voting rights in the Offeror Parent.

The proposed tender offer price of JPY8,913 per share and the share buyback price of JPY6,632 per share have been determined based on the negotiations among KKR, HTS, and Hitachi. This transaction will be financed predominantly from KKR’s Asia IV Fund and is designed with a low-leverage capital structure for HTS’s sustainable growth.

The proposed tender offer price represents¹:

- A premium of 166.22% to Hitachi Transport System’s 12-month average closing price to June 16, 2021
- A premium of 161.53% to Hitachi Transport System’s 6-month average closing price to June 16, 2021

KKR expects to commence the tender offer by late September 2022, subject to regulatory approvals in Japan and other jurisdictions. For details regarding the conditions of the commencement of the tender offer, please refer to the full text of the filing notice issued today titled, “Notice regarding the commencement of the tender offer for Hitachi Transport System Ltd. (TSE stock code 9086).”

Hiro Hirano, Co-Head of Asia Pacific Private Equity at KKR and CEO of KKR Japan, said, “We are pleased to have this opportunity to invest in Hitachi Transport System, a pioneer in the Japanese 3PL market that has provided innovative logistics and supply chain solutions for many years. We look forward to utilizing KKR’s global network and expertise to accelerate Hitachi Transport System’s next phase of growth and help the Company achieve its goal of becoming the leading 3PL company in Asia through technology enablement and inorganic growth in a collaborative manner.”

Japan continues to be a key market for KKR in Asia Pacific and globally. Since entering the Japanese market in 2006, KKR has been an active investor and worked with leading Japanese companies on a number of landmark transactions and transformation developments across a range of asset classes, including private equity, infrastructure, real estate, and growth investment. Past investments have included Yayoi, a leading cloud accounting software provider, Seiyu, a nationwide supermarket chain, Kokusai Electric, a leading semiconductor manufacturer, PHC, a leading manufacturer of medical devices, Koki Holdings, a power tool and life science equipment manufacturer, Marelli, a leading supplier of automotive components, Data X, an integrated data-driven marketing SaaS platform in Japan. In addition, KKR recently invested in Central Tank Terminal, Japan’s largest independent chemical storage tank operator, as an infrastructure investment and Mitsubishi Corp.-UBS Realty Inc. (MC-UBSR), one of the largest real estate asset managers in Japan, as a real estate investment.

Forward-looking Statements

This press release has been prepared for the purpose of informing the public of the tender offer and has not been prepared for the purpose of soliciting an offer to sell, or making an offer to purchase, any securities. If shareholders wish to make an offer to sell their shares in the tender offer, they should first read the tender offer explanation statement for the tender offer and offer their shares or stock options for sale at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or a solicitation of an offer to sell or purchase, any securities, and neither this press release (or a part thereof) nor its distribution shall

be interpreted to be the basis of any agreement in relation to the tender offer, and this press release may not be relied on at the time of entering into any such agreement.

The tender offer will be conducted in accordance with the procedures and information disclosure standards prescribed by Japanese law, which may differ from the procedures and information disclosure standards in the United States. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934, as amended, and the rules prescribed thereunder do not apply to the tender offer, and the tender offer does not conform to those procedures and standards.

Unless otherwise specified, all procedures relating to the tender offer are to be conducted entirely in Japanese. If all or any part of a document relating to the tender offer is prepared in the English language and there is any inconsistency between the English-language documentation and the Japanese-language documentation, the Japanese-language documentation will prevail.

The financial advisors to the Offeror, Hitachi, and HTS as well as the tender offer agent (including their respective affiliates) may engage prior to the commencement of, or during, the tender offer period in the purchase or arrangement to purchase shares of the Company for their own account or for their customers' accounts to the extent permitted under the Japanese Financial Instruments and Exchange Act, Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, as amended and other applicable laws and regulations. Such purchases may be made at the market price through market transactions, or at a price determined by negotiation outside of the market. In the event information regarding such purchases is disclosed in Japan, such information will also be disclosed on the English homepage of the financial advisor or tender offer agent conducting such purchases or will otherwise be made publicly available.

About KKR

KKR is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of Global Atlantic Financial Group. References to KKR's investments may include the activities of its sponsored funds and insurance subsidiaries. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's website at www.kkr.com and on Twitter @KKR_Co.

¹ Figures are based on the closing price of Hitachi Transport System on June 16, 2021, prior to the speculation of the start of the bidding process and are hence not impacted by speculation.

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