Hitachi, Mitsubishi Deny Deal Talks

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TOKYO (AP) — Japanese manufacturing giants Hitachi Ltd. and Mitsubishi Heavy Industries Ltd. denied Thursday they are in talks to combine their businesses, just hours after Hitachi's president said an announcement was imminent.

Both companies reiterated that media reports about a possible business combination were untrue but the speculation made waves with investors who pushed up shares of both companies.

The denials came only hours after Hitachi President Hiroaki Nakanishi told a throng of reporters that the news would be released later in the day.

The Nikkei financial daily first reported that Hitachi and Mitsubishi Heavy had agreed to start negotiations for a deal that would create one of the world's biggest infrastructure companies.

In a terse statement released in the morning, Hitachi said the article "is not based on fact."

Mitsubishi Heavy issued its own response in the afternoon, its second of the day.

"Even after a denial of the report this morning related to possible integration of business operations of Mitsubishi Heavy Industries Ltd. and Hitachi Ltd., there have been a continuing flow of inaccurate information and reports pertaining to this matter," it said. "We feel uncomfortable that this inaccurate report continues."

The company said it has no plans to enter negotiations with Hitachi and expressed "strong objections" to the ongoing speculation.

Hitachi shares finished up 1.7 percent, while Mitsubishi Heavy jumped 3.4 percent.

Hitachi is a 100-year-old multinational conglomerate with 360,000 employees, hundreds of subsidiaries and more than $100 billion in annual revenue. Its business spans a vast array of products and services, from rice cookers to elevators to nuclear power plants.

It is banking its future on a global expansion of its "social innovation" business — a broad category that spans the various elements of city infrastructure. Demand for urban infrastructure is growing worldwide, from power plants to data centers to proposed high speed rail projects in the U.S. and Asia.

Mitsubishi Heavy is Japan's largest heavy machinery maker with $36 billion in annual revenue. It produces ships, engines, nuclear power plants and arms for Japan's defense ministry.

The two companies already work together on various projects, including a planned three-way integration of their hydroelectric power business with Mitsubishi Electric Corp.

In a joint statement released Thursday, the three companies outlined further details of the plan, which comes amid increased competition from European and Chinese rivals.

The three companies "reached a common recognition that the most effective means to strengthen and expand related business would be to pool their respective operating resources," they said.

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