



December 27, 2016

To Whom It May Concern:

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Notice Regarding the Acquisition of Shares Associated with a Transfer of Consolidated Subsidiary

At a Board of Directors meeting held today, a resolution was passed to finalize a Memorandum of Understand that will see Sumitomo Heavy Industries, Ltd. (hereinafter referred to as "SHI" or the "Company") acquire additional shares of Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd. (hereinafter referred to as "HSC"), currently an equity-method affiliate of SHI. As a result of this additional share acquisition, HSC will become a consolidated subsidiary of SHI. Further details on this transaction are provided below.

DETAILS

1. Reasons for Acquiring Shares

In 2002, SHI and Hitachi Construction Machinery Co., Ltd. (hereinafter referred to as "HCM") merged each other's crawler crane business into one entity and established HSC, and have worked to increase competitiveness in both domestic and overseas markets ever since. On the other hand, M&A activity in the industry as well as the restructuring of production locations at the Group level has continued across both domestic and overseas competitors. In addition, Chinese manufacturers have started to push their overseas agenda in recent years, resulting in even more severe competition in the industry. Moreover, technologies unique to cranes including the trend towards larger lifting capacity, better transportability, self-assembly, and increases in operational performance, continues to advance, making investments aimed at product differentiation even more of a priority.

As a key business strategy, SHI intends to accelerate enhancements to the global competitiveness of its crawler crane business. As part of this strategy, the Company intends to utilize its production facilities/capacity as well as North American mobile crane business. With today's announcement, SHI and HCM have finalized a Memorandum of Understanding to allow SHI to acquire a portion of HSC shares held by HCM, and to make HSC a consolidated subsidiary of the Company. Both SHI and HCM will continue to provide mutual support to one another with respect to areas such as sales channels, technology, know-how, etc. and cooperate with each other to further develop the crawler crane business.

2. Profile of Subsidiary to be Transferred

(1) Name	Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd. (HSC)
(2) Address	9-3 Higashi Ueno 6-Chome, Taito-ku, Tokyo, Japan
(3) Name and Title of Representative	Shogo Yokoyama, President and Representative Director
(4) Business Operations	Manufacture, repair, and sales of construction equipment such as crawler cranes, and other related equipment. Also, the operation of related businesses.
(5) Paid-Up Capital	JPY4 billion
(6) Date of Establishment	July 1, 2002

(7) Major Shareholders and Shareholdings	Hitachi Construction Machinery Co., Ltd. – 50% Sumitomo Heavy Industries, Ltd. – 50%		
(8) Relationship Between Subject Company and Publicly-Traded Company	Capital Ties	SHI has a 50% stake in HSC	
	Personnel Ties	SHI posts one director and two auditors to HSC	
	Transactional Ties	HSC has a product and sales relationship with Link-Belt Construction Equipment Company	
(9) Financial Performance and Condition of the Subject Company for the Most Recent Three Year Period (in JPY)			
Fiscal Period	Period Ended March 2014	Period Ended March 2015	Period Ended March 2016
Net Assets	9,911 million	12,202 million	13,744 million
Total Assets	20,399 million	26,261 million	26,385 million
Net Assets Per Share	123,895.95	152,529.32	171,811.51
Sales	37,240 million	42,855 million	44,125 million
Operating Income	3,255 million	5,798 million	5,317 million
Ordinary Income	3,266 million	5,838 million	5,424 million
Net Income for the Period	2,156 million	2,930 million	3,882 million
Net Income Per Share	26,950.99	36,633.36	48,532.19
Dividend Per Share	8,000	29,250	38,750

3. Profile of the Company Selling the Shares

(1) Name	Hitachi Construction Machinery, Co., Ltd.	
(2) Address	16-1 Higashi Ueno 2-Chome, Taito-ku, Tokyo, Japan	
(3) Name and Title of Representative	Yuichi Tsujimoto President and Chief Executive Officer	
(4) Business Operations	Manufacture, sales, rental and after-sales service of construction machinery, transportation machinery, environment-related products, and other machines and devices.	
(5) Paid-Up Capital	JPY81,576,590,000	
(6) Date of Establishment	October 1, 1970	
(7) Net Assets	JPY202,394 million	
(8) Total Assets	JPY458,715 million	
(9) Major Shareholders and Shareholdings	Hitachi, Ltd. – 50.23% The Master Trust Bank of Japan, Ltd. (Account in Trust) – 6.02% Japan Trustee Services Bank, Ltd. (Account in Trust) – 4.97%	
(10) Relationship Between Subject Company and Publicly-Traded Company	Capital Ties	Not Applicable
	Personnel Ties	Not Applicable
	Transactional Ties	Not Applicable
	Applicability to Related Parties	Not Applicable

4. Number of Shares to be Acquired, Acquisition Price, and Shareholdings Before and After the Transaction

(1) Number of Shares Held Prior to the Transfer	40,000 shares (Number of voting rights 40,000) (Proportion of voting rights held – 50.0%)
(2) Number of Shares to be Acquired	12,800 shares (Number of voting rights 12,800)
(3) Acquisition Price	A notice will be provided once this figure has been established
(4) Number of Shares Held After the Transaction	52,800 shares (Number of voting rights 52,800) (Proportion of voting rights held – 66.0%)

5. Key Timeline of Transaction

(1) Date Resolution was Passed at a Board of Directors Meeting	December 27, 2016
(2) Date that Memorandum of Understanding was Finalized	December 27, 2016
(3) Execution Date of Share Transfer	March 31, 2017 (Projected)

6. Future Outlook

The impact of this transaction on SHI's consolidated financial performance is expected to be minimal. However, if it is discovered that this transaction will have a significant impact on consolidated financial performance, SHI will disclose such information as soon as practicable.

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