

May 25, 2018

To Whom It May Concern:

Company : Sumitomo Heavy Industries, Ltd.  
Representative : Shunsuke Betsukawa  
President and Chief Executive Officer  
Code : 6302  
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**Notice Regarding the Acquisition of Shares of Electric Motors and Drives manufacturer in Italy, Lafert Group and its shareholding companies**

At a Board of Directors meeting held today, a resolution was passed to acquire all outstanding share capital of Lafert S.p.A. and all the stated capital of 9FIN S.r.l. and 3FIN S.r.l. (hereinafter referred to as either individually or collectively "Lafert"), a Italy-based manufacturer and distributor of high graded electric motors. As a result of this transaction, Lafert will become a subsidiary of Sumitomo Heavy Industries, Ltd. (hereinafter referred to as "SHI" or the "Company"). Details of the transaction are provided below:

**DETAILS**

1. Reasons for Acquisition

Lafert, established in 1962 at San Donà di Piave, Venezia, Italy, is a provider and industrial innovator of customized Electric Motors and Drives with strategic focus on the areas of Industrial Automation, Energy Saving and Wind Power. Lafert excels in supporting its customers to improve performance and achieve environmentally friendly and energy efficient operation. Also, Lafert has its own state-of-art R&D capability to offer a unique solution to the wide range of industrial customers and produces over 90% of non-standard products to meet customers' specifications.

With the acquisition of Lafert, SHI will be able to reinforce its strategic position in the electric motors industry and machineries electrification. Both SHI and Lafert are expected to expand the product portfolio and to service a wide range of customers with more comprehensive set of solutions. The Company plans to utilize the technologies derived from Lafert's research and development activities into its products, with the aim to achieve business expansion in such areas as electric motors, gear motors and servomotors.

2. Summary of Subsidiaries Being Transferred

Lafert S.p.A.

(1)	Name	Lafert S.p.A.	
(2)	Address	J.F. Kennedy, 43 30027 San Donà di Piave - Venezia, Italy	
(3)	Name and Title of Representative	Chairman, Luca Trevisiol	
(4)	Business Operations	Manufacturer and distributor of electric motor and electric equipment	
(5)	Paid-Up Capital	EUR 3,483,872	
(6)	Date of Establishment	October 25th, 1962	
(7)	Major Shareholders and Shareholdings	9FIN S.r.l. (25%), 3FIN S.r.l. (25%)	
(8)	Relationship Between Subject Company and	Capital Ties	Not Applicable
		Personnel Ties	Not Applicable

Publicly-Traded Company	Transactional Ties	Not Applicable	
(9) Financial Performance and Condition of the Subject Company for the Most Recent Three Year Period (in JPY million, otherwise specified)			
Accounting Period	Period Ending December 2015	Period Ending December 2016	Period Ending December 2017
Net Assets	2,672	3,280	3,949
Total Assets	14,004	14,735	15,794
Sales	18,177	18,066	19,670
Operating Income	1,409	1,408	1,305
Net Income for the Period	882	875	889

\* FX rate: EUR 1.00 = JPY 131.88

9FIN S.r.l.

(1) Name	9FIN S.r.l.		
(2) Address	San Donà di Piave (VE) - via Cesare Battisti, n. 45		
(3) Name and Title of Representative	Director: Andrea Novello		
(4) Business Operations	Shareholding company		
(5) Paid-Up Capital	EUR 100,000		
(6) Date of Establishment	March 01, 2006		
(7) Total Assets	EUR 2,309,000		
(8) Net Assets	EUR 2,277,000		
(9) Major Shareholders and Shareholdings	Not Disclosed		
(10) Relationship Between Subject Company and Publicly-Traded Company	Capital Ties	Not Applicable	
	Personnel Ties	Not Applicable	
	Transactional Ties	Not Applicable	

3FIN S.r.l.

(1) Name	3FIN S.r.l.		
(2) Address	San Donà di Piave (VE) - via Tintoretto, n. L		
(3) Name and Title of Representatives	Director: Fabrizio Trevisiol Director: Luca Trevisiol		
(4) Business Operations	Shareholding company		
(5) Paid-Up Capital	EUR100,000		
(6) Date of Establishment	March 01, 2006		
(7) Total Assets	EUR 3,651,000		
(8) Net Assets	EUR 3,651,000		
(9) Major Shareholders and Shareholdings	Not Disclosed		
(10) Relationship Between Subject Company and Publicly-Traded Company	Capital Ties	Not Applicable	
	Personnel Ties	Not Applicable	
	Transactional Ties	Not Applicable	

### 3. Summary of Current Shareholder

Due to a confidentiality agreement, the Company has an obligation to maintain confidentiality and not disclose the Current Shareholder information. There is no capital, personal, or transactional relationships between the Shareholders and the Company including its group companies.

### 4. Number of Shares Being Acquired, Acquisition Price and State of Share Ownership Before and After Acquisition

Lafert S.p.A.

(1)	Number of Shares Held Prior to the Transaction	0 shares (Number of voting rights: 0) (Proportion of voting rights held: 0.0%)
(2)	Acquired shares	870,968 shares (Number of voting rights: 1,161,291)
(3)	Acquisition Price	JPY 7,297 million * <sup>1</sup>
(4)	Number of Shares Held After the Transaction	870,968 shares (Number of voting rights: 1,161,291) (Proportion of voting rights held: 100.0%)

9FIN S.r.l.

(1)	Percentage of Quotas Held Prior to the Transaction	0% (Proportion of voting rights held: 0.0%)
(2)	Acquired quotas	100%
(3)	Acquisition Price	JPY 7,297 million * <sup>1</sup>
(4)	Percentage of Quotas Held After the Transaction	100% (Proportion of voting rights held: 100.0%)

3FIN S.r.l.

(1)	Percentage of Quotas Held Prior to the Transaction	0% (Proportion of voting rights held: 0.0%)
(2)	Acquired quotas	100%
(3)	Acquisition Price	JPY 7,383 million * <sup>1</sup>
(4)	Percentage of Quotas Held After the Transaction	100% (Proportion of voting rights held: 100.0%)

\*<sup>1</sup> Total acquisition price is EUR 166.65 million (JPY 21,978 million) and an earn-out of up to EUR 6 million (JPY 791 million) may be paid additionally depending on the financial outcome for the calendar years 2019 or 2020

### 5. Key Timeline of Transaction

(1)	Date of Resolution at a Board of Directors Meeting	May 25, 2018
(2)	Date of Signing the Equity Purchase Agreement	May 25, 2018
(3)	Execution Date of Share Transfer*	By the end of June, 2018

\* The closing of the Transaction is subject to antitrust clearance in the relevant countries as well as other customary closing conditions.

## 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.