

June 26, 2018

To Whom It May Concern:

Company : Sumitomo Heavy Industries, Ltd.
Representative : Shunsuke Betsukawa
Representative : President and Chief Executive Officer
Code : 6302
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**Notice Regarding the Completion of the Acquisition of Shares of Italian Industrial Motor Manufacturer Lafert Group
(Update on Previously Disclosed Transaction)**

Please be informed that on June 25, 2018 Sumitomo Heavy Industries, Ltd. (hereinafter referred to as “SHI” or the “Company”) completed the acquisition of all shares of Lafert S.p.A. (hereinafter referred to as “Lafert”) and its holding company, as described under the “Notice Regarding the Acquisition (subsidiary acquisition) of Italian Industrial Motor Manufacturer Lafert Group and its Shareholding Companies” released on May 25, 2018.

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 geared 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 Publicly-Traded	Capital Ties	Not Applicable
		Personnel Ties	Not Applicable
		Transactional Ties	Not Applicable

Company			
(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

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. Number of Shares Being Acquired and Acquisition Price

Lafert S.p.A.

(1)	Acquired shares	870,968 shares
(2)	Acquisition Price	JPY 7,093 million * ¹

9FIN S.r.l.

(1)	Acquired shares	100.0%* ²
(2)	Acquisition Price	JPY 7,093 million * ¹

3FIN S.r.l.

(1)	Acquired shares	100.0%* ²
(2)	Acquisition Price	JPY 7,171 million * ¹

*¹ Total acquisition price is EUR 166.61 million (JPY 21,356 million) and an earn-out of up to EUR 6 million (JPY 769 million) may be paid additionally depending on the financial outcome for the calendar years 2019 or 2020

*² Shown as the equity ratio because the company is a limited company under Italian corporate law.

4. 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	June 25, 2018

5. 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.