



October 31, 2017

To Whom It May Concern:

Listed : Sumitomo Heavy Industries, Ltd.
Company Name
Representative : Shunsuke Betsukawa
President and Chief Executive Officer
Code : 6302
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Notice Regarding the Absorption-Type Merger of Consolidated Subsidiaries

This is to notify that at a Board of Directors meeting of Sumitomo Heavy Industries, Ltd. (hereinafter referred to as "SHI" or the "Company") held today, a resolution was passed to carry out an absorption-type merger of Sumiju Tomida Machinery Co., Ltd. and Sumiju Technos, Ltd., two wholly-owned SHI subsidiaries. The effective date of the merger is expected to be April 1, 2018. As this move is considered to be a simplified absorption-type merger of consolidated SHI subsidiaries, certain matters and content are omitted from this disclosure.

DETAILS

1. Purpose of Merger

The SHI Group actively promotes and develops its gear motor business globally through the Power Transmission and Controls (PTC) Group. Through the absorption-type merger of Sumiju Tomida Machinery Co., Ltd. and Sumiju Technos, Ltd., and integration into the PTC Group, the Company aims to consolidate management resources and further strengthen the product competitiveness of its gear motors.

2. Outline of Merger

(1) Merger Schedule

Date of Board of Directors Meeting to Approve Merger Contract	October 31, 2017
Date of Finalizing Merger Agreement	October 31, 2017
Estimated Day of Merger (Effective Date)	April 1, 2018

※ Note – This company merger falls under the category of a simplified merger under Article 796, Item 2 of the Companies Act, and an abbreviated merger under Article 784, Item 1 of the Companies Act. Accordingly, the merger agreement relating to the merging company and merged company will be finalized without obtaining the prior approval of SHI's general shareholders.

(2) Merger Methodology

The merger of the two companies will be carried out through an absorption-type company merger in which SHI will be the continuing entity. As such Sumiju Tomida Machinery Co., Ltd. and Sumiju Technos, Ltd. will cease to exist upon completion of the merger.

(3) Share Allotments Associated with Merger

Given that this merger relates to two wholly-owned subsidiaries, no new shares will be issued and no monetary exchanges will be made.

(4) Handling of Warrants as well as Bonds with Warrants associated with the Company Merger

Not applicable

3. Profiles of Companies Involved in Merger (as of March 31, 2017)

(1) Trade Name	Sumitomo Heavy Industries, Ltd. (Merging Company)	Sumiju Tomida Machinery Co., Ltd. (Merged Company)	Sumiju Technos, Ltd. (Merged Company)
(2) Description of Business Operations	Manufacturing and sale of various industrial machinery ranging from general machinery to precision control machinery	Processing and manufacturing of component parts for gear reducers	Manufacturer of gear reducers, management of water supply and power distribution facilities
(3) Date of Establishment	November 1, 1934	August 4, 1950	August 1, 1983
(4) Address of Head Office	1-1 Osaki 2-Chome, Shinagawa-ku, Tokyo, Japan	6-1 Asahi-cho, Obu, Aichi Prefecture, Japan	6-1 Asahi-cho, Obu, Aichi Prefecture, Japan
(5) Name and Position of Representative	Shunsuke Betsukawa, President and Chief Executive Officer	Tomoyuki Konuma, Representative Director	Ryosui Omura, Representative Director
(6) Capital	JPY30,872 million	JPY50 million	JPY20 million
(7) Number of Shares Outstanding	614,527,405 shares	1,000,000 shares	400 shares
(8) Fiscal Year End	March 31	March 31	March 31
(9) Total Number of Employees	2,772	56	76
(10) Major Shareholders and Shareholding Ratios	<ul style="list-style-type: none"> • The Master Trust Bank of Japan, Ltd. (Trust Account) – 6.4% • Japan Trustee Services Bank, Ltd. (Trust Account) – 5.2% • Sumitomo Life Insurance Company – 3.5% • BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY1 – 3.0% • Japan Trustee Services Bank, Ltd. (Trust Account 9) – 2.3% 	Sumitomo Heavy Industries, Ltd. – 100%	Sumitomo Heavy Industries, Ltd. – 100%
(11) Most Recent Fiscal Year Operating Results and Financial Condition (Period Ended March 2017)			
Net Assets	JPY409,171 million (consolidated basis)	JPY93 million	JPY55 million
Total Assets	JPY796,484 million (consolidated basis)	JPY580 million	JPY199 million
Net Assets Per Share	JPY650.47 (consolidated basis)	JPY92.87	JPY137,398
Sales	JPY674,328 million (consolidated basis)	JPY1,384 million	JPY556 million
Operating Income (or Loss)	JPY48,431 million (consolidated basis)	JPY59 million	JPY11 million
Ordinary Income (or Loss)	JPY48,274 million (consolidated basis)	JPY62 million	JPY10 million
Net Income for the Fiscal Year	JPY33,613 million (consolidated basis)	JPY45 million	JPY16 million
Net Income Per Share for the Fiscal year	JPY54.85 (consolidated basis)	JPY45.09	JPY38,796

4. Post-Merger Condition

SHI's trade name, address, name and position of representative, description of business operations, capital, and fiscal year end date will not change as a result of the merger.

5. Impact on Financial Results

Given that this merger involves consolidated subsidiaries of SHI, there will be no impact on consolidated financial results.

END