

**Enhancement of Production Capacity
in the Precision Reduction Gear Business
Building a System to Produce 1.2 Million Units per Year by Fiscal 2020**

Nabtesco Corporation (headquarters: Chiyoda-ku, Tokyo, President & CEO: Katsuhiko Teramoto) hereby announces that it will proactively enhance production capacity in the precision reduction gear business from fiscal 2018 to fiscal 2020.

With a global market share of approximately 60% in precision reduction gears for industrial robot joints, the Company anticipates that increasing automation needs (mainly in China) and growing use of industrial robots in the automobile industry will drive continued expansion in demand for precision reduction gears.

The Tsu Plant (Tsu City, Mie Prefecture, Japan) and Nabtesco (China) Precision Equipment Co., Ltd. (Changzhou, Jiangsu Province) are Nabtesco's production bases for precision reduction gears. The Company is planning to invest about 7 billion yen to expand their annual production capacity from 640,000 units as of the beginning of fiscal 2017 to 840,000 units by the latter half of fiscal 2018. Moreover, Nabtesco will make further equipment investments of about 19 billion yen in the Tsu Plant to increase the global annual production capacity of the Company to 1.06 million units in 2019 and 1.2 million units in 2020.

Specifically, state-of-the-art equipment will be introduced to the Tsu Plant to promote automation, reduce manual labor, and increase production line flexibility. Also, we will make efficient use of space in installing the equipment in order to increase both productivity and the environmental friendliness of the Plant (with a 50% cut in power consumption relative to previous levels). This system will be able to fully meet customers' requests for increased production.

The amount to be invested for the production capacity enhancement will total about 26 billion yen. This will have a minor impact on the Company's business performance for the year ending December 31, 2017. If any issues that need to be disclosed arise, they will be promptly announced to the public.