

January 31, 2017

Nabtesco to Acquire German Mechatronic System Supplier

Nabtesco Corporation (TSE:6268, hereinafter “Nabtesco”) hereby announces that it has entered into a definitive agreement to acquire a 100% share in OVALO GmbH (hereinafter “OVALO”) for approximately €82 million in cash. The transaction is expected to close at the end of February 2017 subject to certain regulatory approvals and satisfying other closing conditions.

“We are trying to become a system supplier from a component supplier in order to ensure our competitiveness,” said Kazuaki Kotani, President and CEO of Nabtesco. “The OVALO acquisition accelerates development of mechatronic systems, brings an access to such market and, consequently, fits perfectly within our medium-term management plan, under which we have been trying to achieve “Technology Innovation”. Also, OVALO and its site will be utilized for European development and manufacturing center of Nabtesco group.”

“With its innovative technology and highly qualified products, I strongly believe that OVALO satisfies Nabtesco’s needs and will complement Nabtesco in many ways. Since Nabtesco operates in the automobile field, this will provide OVALO with a great opportunity to expand further in that area and therefore, it will be a great benefit for OVALO’s employees as well as for the Limburg location,” said Reinhard Ernst, Managing Director of INTERGLOBAL Industrieholding GmbH.

Founded in 2006, OVALO serves renowned German car manufacturers as a Tier 1 supplier. OVALO’s mission is to develop, manufacture, and sell system products with its wave gears, and to satisfy the large scale needs of the automobile industry. OVALO’s (*1)Model-based development process involves (*2)HILS (Hardware In the Loop Simulation), which enables OVALO to improve development efficiency and development quality.

In addition, OVALO owns 60% share in adcos GmbH (hereinafter “adcos”), an innovative engineering service and software provider. adcos has considerable expertise in engineering techniques such as Model-based software development and ECU (Electric Control Unit) hardware for (*3)RCP (Rapid Control Prototyping), which are essential to develop mechatronics products.

“We are excited to join the strong and powerful Nabtesco group. Nabtesco shares our vision and sets a target for becoming innovative mechatronic system product supplier,” said Siegmar Gilges, Managing Director of OVALO. “Nabtesco’s stable financial condition and their excellent engineering and manufacturing background, will enable us to expand our advanced technology level and related market shares.”

Outline of OVALO and adcos

Company name	OVALO GmbH	adcos GmbH
Managing Director	Siegmar Gilges	Stephan Klotzbach Daniele Pagin
Location	Limburg, Germany	Köln, Germany
Establishment	2006	2010
Capital	2,000,000 EUR	973,000 EUR
Number of employees	105	11
Main customers	German car manufacturers etc.	
Products	Chassis systems, engine system equipment etc.	ECU for development, functional software etc.
Shareholders (holding ratio)	INTERGLOBAL 100%	OVALO 60%
Sales ※2016/12 forecast	About EUR 20 million	About EUR 2 million

Outline of INTERGLOBAL

Company name	INTERGLOBAL Industrieholding GmbH
Managing director	Reinhard Ernst
Location	Eppstein, Germany
Establishment	1998
Business	Holding and managing of stocks and bonds and real property.

Purchase price

Purchase price: €82 million*

* This figure includes the amount of the shareholder loan.

Future outlook

There will be no impact on our consolidated business performance of FY2016. Should matters to be disclosed arise, such matters will be promptly disclosed.

Note:

(*1) **Model-based development (MBD):** is a developing method based on a visualized model platform instead of other technical programming languages. Visualized objects in MBD platform are described by mathematical model and then easily be assembled into a complex system. So, MBD is suitable method for designing a complex system and confirming a system performance by executing simulation of the model.

(*2) **Rapid Control Prototyping:** is the process of calibrating and improvement control software on the ECU hardware to get algorithms under test and running before making a real version electric control unit (ECU) for actual equipment.

(*3) **Hardware in the Loop Simulation:** is a development and calibration technique for real version ECU which will be tested by connecting with virtual models of hardware like automotive or airplane made on the computer and then controlling them.