

Acquisition of Land for the Construction of a New Precision Reduction Gear Plant

Nabtesco Corporation (Headquarters: Chiyoda-ku, Tokyo, President & CEO: Katsuhiro Teramoto), hereby announces that on October 1 it signed a statement with Hamamatsu City on its intention to acquire land located within the City's third Miyakoda district.

With Hamamatsu City, Nabtesco will conclude a provisional agreement on the purchase of the land by around September 2019 to enter into a formal agreement after the City's council makes the necessary resolution. The procedures for the acquisition of the land will be completed by around March 2020.

The Nabtesco Group has about a 60% share in the world market of precision reduction gears to be used in the joints of medium- to large-sized industrial robots. Presently, the company manufactures precision reduction gears in Tsu City, Mie Prefecture in Japan and in Changzhou, Jiangsu Province in China. The needs to foster automation and save labor have been expanding, boosting the demand for Nabtesco's precision reduction gears, which boast both high precision and high rigidity. As a result, the operation rates of the two manufacturing bases have remained high. As the precision reduction gear market will continue to grow, Nabtesco is accordingly working to enhance the regular production capacity of the two bases in Tsu and Changzhou to a total of 1.2 million units per year by 2020.

The robot market is expected to expand on a long-term basis^{*1}, and demand for Nabtesco's precision reduction gears will continue to be high. In order to meet such demand, the company has decided to purchase land to build a new plant and increase its production capacity while also enhancing its BCP measures, thereby establishing a stable supply system for customers and keeping a high market share in the precision reduction gear business.

Hamamatsu City is located in between Tokyo and Osaka and therefore provides an advantage in terms of road access. Moreover, the land to be acquired is located inland in the third Miyakoda district, which has firm ground. The district is home to a range of companies and is suitable for the establishment of a supply chain. Nabtesco will work to provide even better services to its customers by taking advantage of this location.

Regarding the construction of the new plant and introduction of equipment to it, Nabtesco will make and implement plans in line with the future demand trends in the market.

[Outline of the land to be acquired]

1. Location: Third Miyakoda district for manufacturing facilities (first and 11th lots) Miyakoda-cho, Kita-ku, Hamamatsu City, Shizuoka Prefecture
2. Land area: 181,700 m² (1.5 times that of the Tsu Plant)

*¹ The world's robot market will expand to the size of 3,314 billion yen in 2025, an increase of 3.1 times the 2017 level, according to the forecast made by Fuji Keizai Co., Ltd. in its publication released in 2018 on the present situation and future outlook of the global robot-related markets, in particular the promising FA robot market.