



Japan

Operating Conditions and Performance Review

Sales in Japan decreased 2.5% year on year, to ¥110.4 billion.

In Japan, although a moderate recovery trend continued, partial weakness was seen in such areas as exports and production. Under these circumstances, the Company undertook aggressive sales activities and strove to develop new markets in a wide range of fields including seismic isolation and damping systems, and other systems. However, as a result of the decline in demand for small machine tools, which had been driven by smartphone-related investments, as well as electronics products, sales in this geographic segment decreased.

Year ended March 31, 2016 Operating Activities (Results)

Sales

- THK worked diligently to deepen its relationships in such existing fields as machine tools and semiconductor production equipment. At the same time, the Company took steps to cultivate new fields including seismic isolation and damping systems, medical equipment, aircraft and 3D printers.
- THK reviewed its existing sales network with a view to comprehensively incorporating a variety of factors including the attributes of regions in which customers operate, different industries as well as product fields, and sales configurations.
- THK's Marketing Division established in 2014 took preparatory steps to expand sales. In specific terms, the Division worked to visualize the broad markets in which it had pursued marketing activities and commenced steps to harvest the result of these measures.

Production

- In addition to building a production structure that is capable of flexibly addressing changes in demand, THK continued to adhere strictly to its policy of providing the highest quality, cost and delivery (QCD).
- THK worked to improve productivity by promoting a variety of measures including automation and the use of robotics across its production process. At the same time, the Company lifted its cost competitiveness by advancing in-house operations and engaging in a wide range of activities that helped to improve the production process.

Other

- THK strove to build a business base that is capable of withstanding global competition. To this end, the Company undertook a variety of improvement measures aimed at strengthening its business base.

Year ending March 31, 2017 Operating Activities (Plan)

Sales

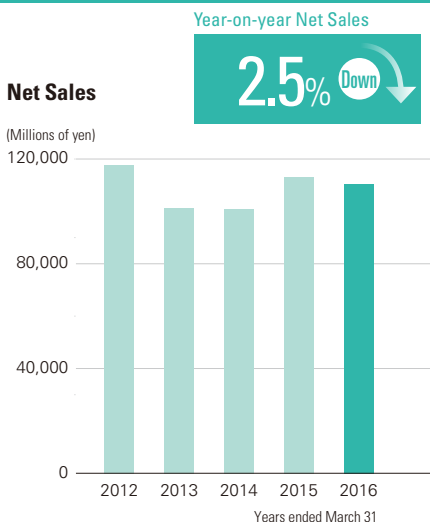
- THK will endeavor to expand sales by steadily capturing a share of the broad market through the effective use of customer and sales information as well as a variety of other tools.
- THK will push forward a variety of measures including technology interaction meetings as well as private shows in a bid to cultivate latent users. In this manner, the Company will strengthen sales marketing activities targeting a broad spectrum of customers.
- THK will accelerate the pace of efforts to develop new business areas including seismic isolation and damping systems, medical equipment, renewable energy and robots. The Company will also ramp up efforts to cultivate such new markets as the IoT and automatic automobile operating fields.

Production

- THK will improve productivity by promoting a variety of measures including automation and the use of robotics across its production process. At the same time, the Company will lift its cost competitiveness by promoting in-house operations and engaging in various activities that help to improve the production process.
- THK will look to standardize as well as optimize production by visualizing production conditions on a global basis.

Other

- Looking ahead, THK will increase sales and definitively improve profit margins by continuing to adopt a proactive stance toward various improvement activities and further strengthening its business base.



Bases (As of March 31, 2016)

| | | |
|-------|----------------------|----|
| Japan | Sales bases | 46 |
| | Production bases | 12 |
| | Development bases | 1 |
| | Distribution centers | 3 |

Group Companies (As of March 31, 2016)

- THK CO., LTD.
- THK INTECHS CO., LTD.
- TALK SYSTEM CORPORATION
- THK NIIGATA CO., LTD.
- THK RHYTHM CO., LTD.
- NIPPON SLIDE CO., LTD.



The Americas

Operating Conditions and Performance Review

Regional sales increased 44.4% year on year, to ¥50.3 billion

In the Americas, economic conditions continued to recover, driven by steady personal consumption. This was despite a partial weakness in such areas as exports and capital investment. The Company worked diligently to expand transactions with existing customers by unifying production and sales while developing new business areas including the medical equipment, aircraft, and energy-related fields. As a result of these efforts, sales in such businesses as general machinery and transportation equipment increased. In addition, the Company included two TRA companies in the Americas into its scope of consolidation while the value of the yen remained lower than a year earlier. As a result, sales in the Americas increased.

Year ended March 31, 2016 Operating Activities (Results)

Sales

- With capital goods manufacturers shifting their production activities overseas, particularly to Asia, the THK Group worked diligently to uncover opportunities in fresh fields—such as the medical equipment, aircraft and energy-related areas—and to cultivate new markets, including Mexico and Canada.
- Demand in such new business fields as medical equipment, aircraft and energy-related areas is projected to be robust. Demand is also expected to grow in other new business fields including 3D printers and humanoid robots. Against this backdrop, the THK Group made every effort to aggressively undertake PR activities including participating in exhibitions in order to increase net sales.

Production

- The THK Group took steps to push forward a variety of improvements including efforts to improve operating skills and promoting the trend toward automation across the production process in order to enhance productivity. In this manner, worked to lift its cost competitiveness.

Year ending March 31, 2017 Operating Activities (Plan)

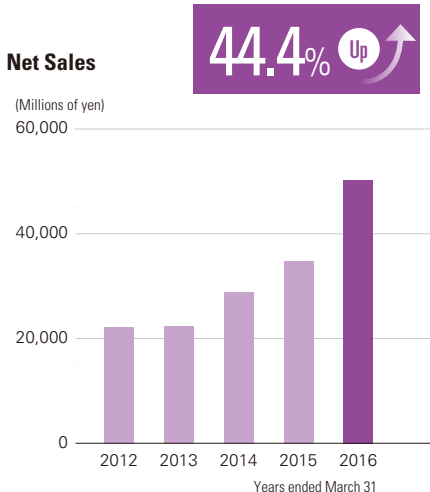
Sales

- The THK Group will continue to deepen relationships with existing customers while expanding its market share by taking over the competition. Furthermore, the Group will strengthen its sales and marketing activities targeting a broad spectrum of customers.
- The THK Group will expand sales in new fields by proactively participating in exhibitions and conducting advertising and promotions across a wide range of fields.

Production

- THK will take full advantage of its position as the only company in its industry to maintain a production platform in North America. At the same time, the Company will expand its product lineup to match market needs.
- Energies will be channeled toward pushing forward production activities that address the needs of customers. In order to lift productivity per employee, the Group will promote automation as well as enhance skills. Through these means, the Group will reinforce its cost competitiveness.

Year-on-year Net Sales



Bases (As of March 31, 2016)

| | | |
|---------------|------------------|---|
| United States | Sales bases | 7 |
| | Production bases | 3 |
| Canada | Sales bases | 1 |
| | Production bases | 3 |
| Mexico | Production bases | 1 |
| Brazil | Sales bases | 1 |

Group Companies (As of March 31, 2016)

- THK Holdings of America, L.L.C.
- THK America, Inc.
- THK Manufacturing of America, Inc.
- THK RHYTHM NORTH AMERICA CO., LTD.
- THK RHYTHM MEXICANA, S.A. DE C.V.
- THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION
- THK RHYTHM AUTOMOTIVE CANADA LIMITED
- THK BRAZIL INDUSTRIA E COMERCIO LTDA.



Europe

Operating Conditions and Performance Review

Regional sales increased 48.7% year on year, to ¥30.4 billion.

In Europe, there were signs of a moderate economic recovery. In the fiscal year under review, we strove to expand transactions with existing customers by unifying production and sales while developing aggressive sales activities to explore new business areas encompassing, for example, the aircraft, household appliances, and space-defense-related fields. As a result, sales in Europe increased in the machine tools and other businesses. Due also to the inclusion of two TRA companies in Europe in the scope of consolidation, sales in this geographic segment increase.

Year ended March 31, 2016 Operating Activities (Results)

Sales

- In addition to further cultivating existing customers in the machine tools, general machinery, FA, robotics and related fields through PR activities including various advertising and participation in exhibitions, the THK Group placed particular weight on uncovering business opportunities in such areas as aircraft, household goods as well as space and defense.
- On top of western Europe, the THK Group upgraded and expanded its distribution and sales network as well as boosted sales in eastern Europe including Turkey and Russia where demand is projected to increase.

Production

- In addition to undertaking a variety of improvement activities across its production process, the THK Group promoted automation and the use of robotics. Through these means, the Group expanded production output and lowered manufacturing costs.

Year ending March 31, 2017 Operating Activities (Plan)

Sales

- Amid efforts to build an effective database based on major customers and estimates regarding demand, the THK Group will aggressively engage in sales and marketing activities. At the same time, the Group will continue to upgrade and expand its distribution and sales network.
- The THK Group will focus its sales and marketing activities toward new areas including robots and 3D printers where the market is expected to expand in the future.

Production

- The THK Group will promote automation and the use of robotics across its production process as well as in-house operations. Through these means, the Group will endeavor to expand production output and lower manufacturing costs.

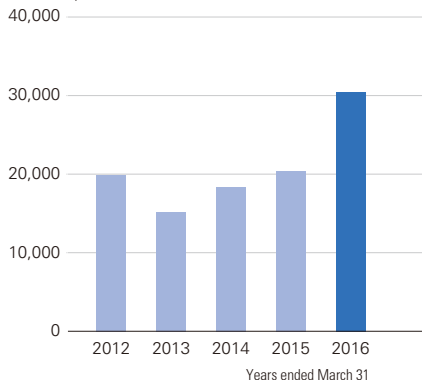
Development

- With the addition of the Germany-based R&D Division of TRA, the THK Group will collectively strengthen its integrated structure that includes the linear motion-related R&D efforts of the Company and the automobile-related activities of THK RHYTHM CO., LTD.

Year-on-year Net Sales

Net Sales

(Millions of yen)



Bases (As of March 31, 2016)

| | | |
|----------------|-------------------|---|
| Germany | Sales bases | 2 |
| | Production bases | 1 |
| | Development bases | 1 |
| United Kingdom | Sales bases | 1 |
| Ireland | Production bases | 1 |
| Italy | Sales bases | 1 |
| Sweden | Sales bases | 1 |
| Austria | Sales bases | 1 |
| Spain | Sales bases | 1 |
| France | Sales bases | 1 |
| | Production bases | 1 |
| Turkey | Sales bases | 1 |
| Czech Republic | Sales bases | 1 |
| | Production bases | 1 |
| Netherlands | Sales bases | 1 |
| Russia | Sales bases | 1 |

Group Companies (As of March 31, 2016)

- THK Europe B.V.
- THK GmbH
- THK France S.A.S.
- THK Manufacturing of Europe S.A.S.
- THK Manufacturing of Ireland Ltd.
- THK RHYTHM AUTOMOTIVE GmbH
- THK RHYTHM AUTOMOTIVE CZECH a.s.



Asia and Other

Operating Conditions and Performance Review

Sales in Asia and other regions edged up 0.4% year on year, to ¥49.2 billion.

In addition to the overall decrease in demand attributable mainly to a slow-down in the rate of economic growth in China, demand also declined for smartphone-related small machine tools. In those areas, where the introduction of FA progressed against the backdrop of rising wages and a shortage of labor, the range of demand for the Company's products widened. Under these circumstances, the THK Group proactively strengthened its sales and marketing activities while building on longstanding efforts to reinforce its sales network. Buoyed also by such factors as depreciation in the value of the yen compared with the previous period, the THK Group reported an increase in sales in this region.

Year ended March 31, 2016 Operating Activities (Results)

Sales

- In China, the THK Group continued to upgrade and expand its sales network while cultivating new areas and new customers. Together with its mainstay LM guides, the Group worked to also expand its market share in ball screws through the completion of its new plant at DALIAN THK CO., LTD.
- In Taiwan, in addition to efforts to expand market share in existing fields mainly focusing on machine tools and to expand its indirect sales network, the THK Group worked to cultivate new fields including 3D printers and seismic isolation systems.
- In India, the THK Group took steps to newly establish sales bases in Chennai and Ahmadabad. Through these and other measures, the Group cultivates new customers while upgrading and expanding its sales structure.

Production

- The THK Group boosted productivity by improving operational skills and promoting automation.
- To respond to increases in demand over the medium-to-long-term at a global level, the THK Group completed construction on a new ball screw factory at DALIAN THK CO., LTD. in China. Covering an area four times the sizes of the previous location, with a production area three times the size. The new plant commenced operations in February 2015.

Development

- While THK (CHINA) CO., LTD.'s technical departments continued to collaborate with the Company's R&D operations in Japan, ongoing efforts were made to develop products that reflect the local needs of developing countries.

Year ending March 31, 2017 Operating Activities (Plan)

Sales

- In China, the THK Group will continue to upgrade and expand its sales network while cultivating new areas and new customers. Together with its mainstay LM guides, the Group will work to also expand its market share in ball screws through the completion of its new plant at DALIAN THK CO., LTD.
- In Taiwan, the THK Group will expand sales of unit products while cultivating new fields including 3D printers and seismic isolation systems. At the same time, the Group will strengthen sales and marketing activities targeting a broad spectrum of customers by upgrading and expanding its distribution and sales network.
- In the ASEAN region, the THK Group will work to expand the areas covered through the continued introduction of ASEAN Customer Support and cultivate new customers in India while upgrading and expanding the sales structure. Through these means, the Company will steadfastly capture demand.

Production

- The THK Group will boost productivity by improving operational skills and promoting automation. Through these means, the Group will also look to improve profitability.
- In China, operations commenced at THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD. in July 2016. In addition to the manufacture and maintenance of THK's production base facilities in China, energies will be directed toward putting forward design and manufacturing proposals as a single mechanism that includes peripheral equipment targeting customers against the backdrop of an increasingly sophisticated manufacturing industry.

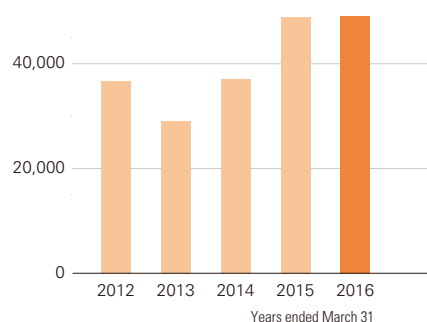
Development

- While THK (CHINA) CO., LTD.'s technical departments continue to collaborate with the Group's R&D operations in Japan, ongoing efforts will be made to develop products that reflect the local needs of developing markets.

Year-on-year Net Sales

Net Sales

(Millions of yen)
60,000



0.4% Up

Bases (As of March 31, 2016)

| | | |
|-------------|-------------------|----|
| China | Sales bases | 33 |
| | Production bases | 5 |
| | Development bases | 1 |
| Taiwan | Sales bases | 3 |
| Singapore | Sales bases | 1 |
| India | Sales bases | 5 |
| Thailand | Sales bases | 1 |
| | Production bases | 1 |
| South Korea | Sales bases | 13 |
| | Production bases | 4 |
| Vietnam | Production bases | 1 |
| Malaysia | Production bases | 1 |

Group Companies (As of March 31, 2016)

- THK (CHINA) CO., LTD.
- THK (SHANGHAI) CO., LTD.
- DALIAN THK CO., LTD.
- THK MANUFACTURING OF CHINA (WUXI) CO., LTD.
- THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.
- THK RHYTHM GUANGZHOU CO., LTD.
- THK RHYTHM CHANGZHOU CO., LTD.
- THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD.
- THK TAIWAN CO., LTD.
- THK LM SYSTEM Pte. Ltd.
- THK RHYTHM (THAILAND) CO., LTD.
- THK MANUFACTURING OF VIETNAM CO., LTD.
- THK RHYTHM MALAYSIA Sdn. Bhd.
- THK India Private Limited
- SAMICK THK CO., LTD.