



# FINANCIAL RESULTS BRIEFING FOR FISCAL 2012

May 10<sup>th</sup> 2013

THK CO., LTD.  
President & CEO  
AKIHIRO TERAMACHI

This presentation material contains forward looking statements that reflect the Company's business plans, performance projections, and strategic forecasts. Such statements are based on information currently available to the Company. However, changes in the operating environment may cause actual results and achievements to differ from those anticipated in this corporate presentation material. Also, please let you know that this presentation material includes reference information that are not exactly accounts indication matters.

# 1. Financial Results for Fiscal 2012

# Financial Highlights

## Net sales decreased by 14.5% from the previous year to 168.3 billion yen

- In Japan, demand gained an upward momentum from early spring, but it showed weak movements mainly for electronic products after summer.
- In North America, sales remained robust primarily for use in general machines and transport equipment. In Europe, sales in Germany, which had been spearheading the demand growth, showed weak movements. In China, sales were strong during the first half of the fiscal year for use in small machine tools, but overall sales were sluggish.

※Geographic sales is based on where our customers are located.

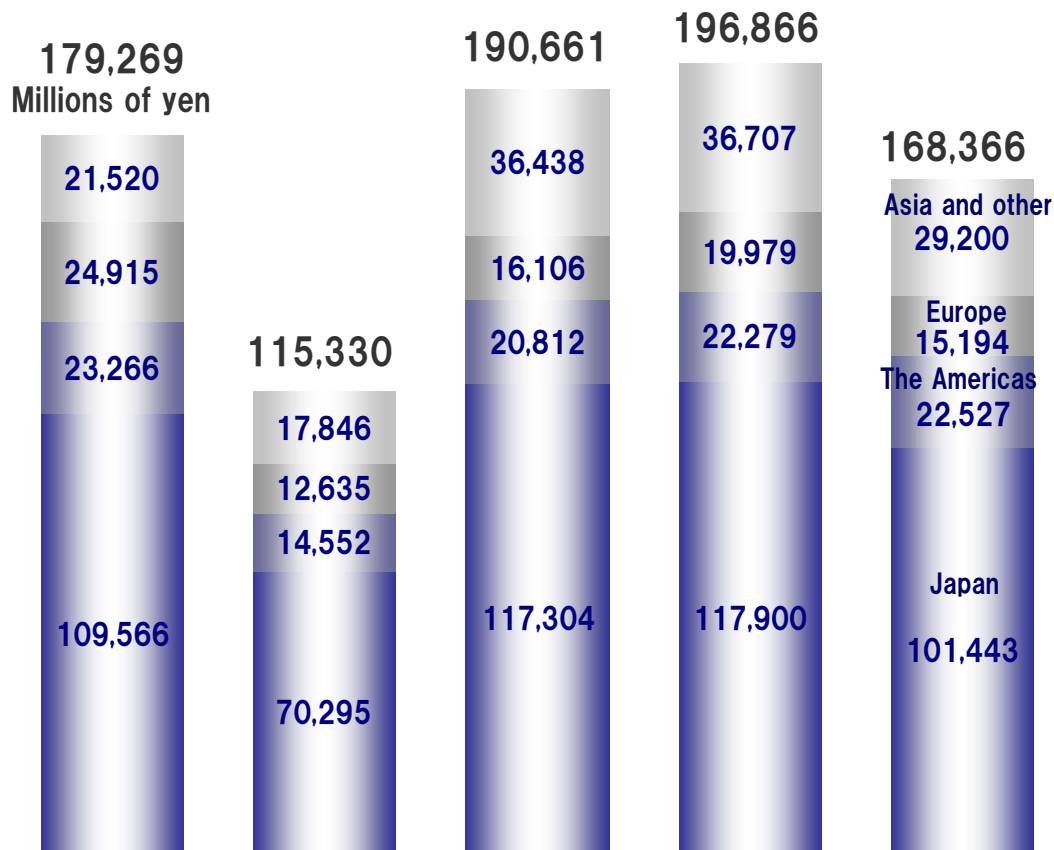
## Operating Income decreased by 40.8% from the previous year to 11.6 billion yen

- Volume effect due to decrease in net sales
- Negative impact by appreciation of the yen
- Reduction of fixed costs
- Down in variable cost ratio

## Both net sales and profit exceeded the plans which revised and announced in February 2013

- Net sales exceeded the plan revised in February as per the press release, 166.0 billion yen, by 2.3 billion yen. Likewise, operating income was ahead of the revised plan, 10.0 billion yen, by 1.6 billion yen, and ordinary income exceeded the revised plan, 12.0 billion yen, by 2.7 billion yen. Net income was also higher than the revised plan, 7.7 billion yen by 2.1 billion yen.

# Trend in Net Sales



Exchange rate	2009/3	2010/3	2011/3	2012/3	2013/3
1US\$	103.46	93.58	87.81	79.84	79.83
1EUR	152.44	130.21	116.39	111.11	102.63

Asia and other	Change	Percentage
● Singapore	Down	19.6%
● Taiwan	Down	36.2%
● China ( Industrial Equipment)	Down	17.7%

Europe	Change	Percentage
● Machine tools	Down	28.1%
● General machinery	Down	24.1%
● Electronics	Down	19.8%

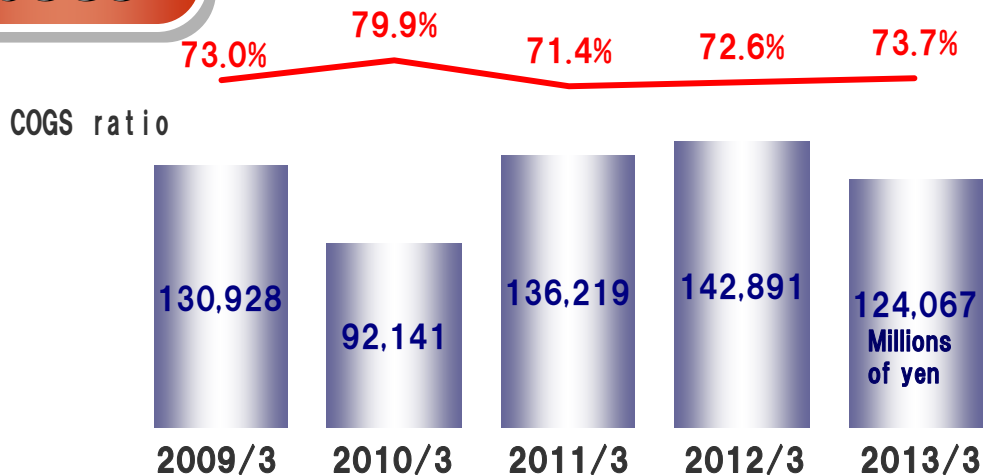
The Americas	Change	Percentage
● Machine tools	Down	3.3%
● General machinery	Up	10.3%
● Electronics	Down	34.6%

Japan	Change	Percentage
● Machine tools	Down	15.5%
● General machinery	Down	17.0%
● Electronics	Down	20.5%

※Geographic sales is based on where our customers are located.

# Trends in COGS and SG&A

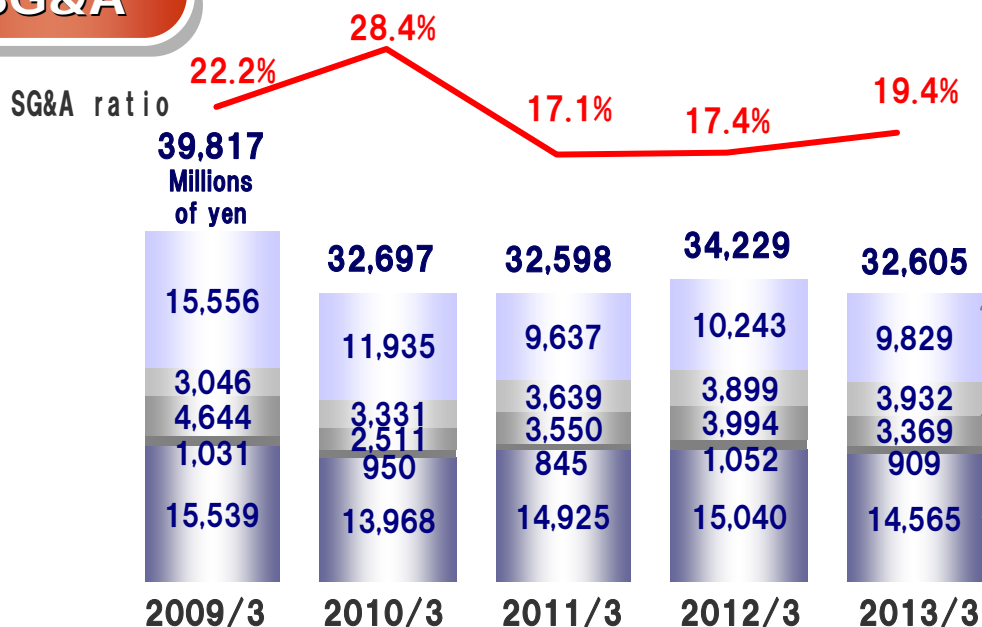
## COGS



Sales-cost ratio increased by 1.1 points Y/Y

- Decrease in net sales
- Appreciation of the yen

## SG&A



Other | Y/Y : down ¥ 413 million, or 4.0%

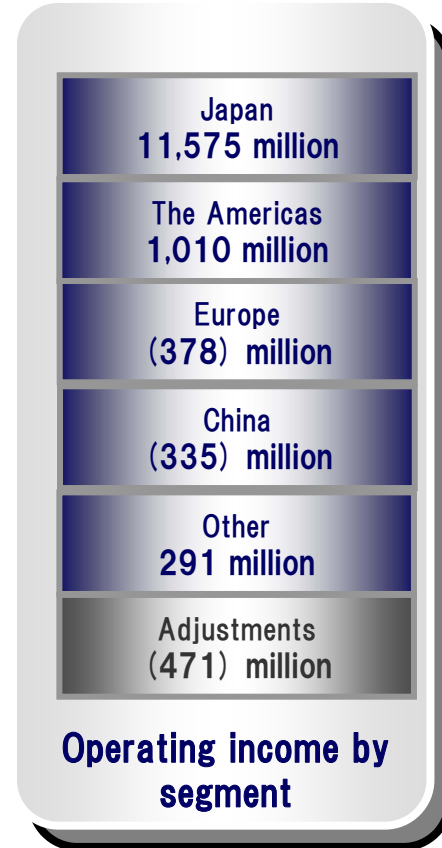
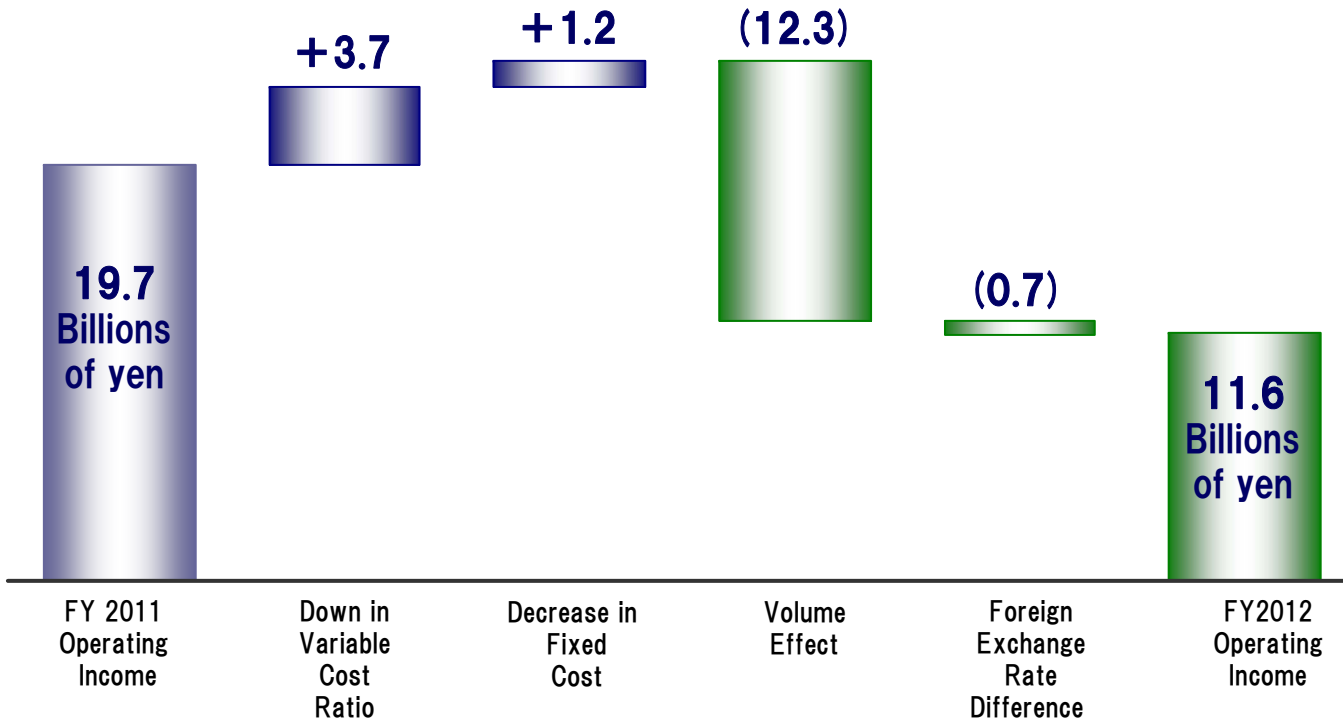
R&D | Y/Y : up ¥ 32 million, or 0.8%

Sales & Distribution Costs | Y/Y :  
down ¥ 625 million, or 15.7%

Depreciation and Amortization | Y/Y :  
down ¥ 142 million, or 13.5%

Personnel Costs | Y/Y : down ¥ 475 million, or 3.2%

# [Reference] Operating Income - Cause of Change -



# Trends in Assets, Liabilities and Net Assets

**Cash and Cash in Account | Y/Y :**  
Up ¥ 5,179 million

Cash Flows from Operating Activities :  
¥ 20,395 million

Cash Flows from Investing Activities :  
¥ ( 15,284 ) million

Cash Flows from Financing Activities :  
¥ ( 5,387 ) million

Foreign Currency Translation  
Adjustments on Cash and Cash  
Equivalents : ¥ 5,456 million

**Accounts Receivable | Y/Y :**  
Down ¥ 6,917 million

Number of months' sales receivables :  
Previous period : 3.2 month  
This period : 3.3 month

**Inventories | Y/Y :**

Down ¥ 2,135 million

Number of months' sales in inventory :  
Previous period : 1.6 month  
This period : 1.7 month

**Property , Plant and Equipment | Y/Y :**  
Up ¥ 8,085 million

■ CAPEX : ¥ 13,279 million  
■ Depreciation : ¥ 9,782 million

**Intangible Assets | Y/Y :**  
Up ¥ 161 million

**Investment and Other | Y/Y :**  
Up ¥ 1,277 million from

**Total Assets 293,145** millions of yen  
Up ¥ 4,812 million from previous year

## Current Assets

193,940

Down ¥ 4,711 million  
from previous period

## Fixed Assets

99,205

Up ¥ 9,524 million  
from previous period

## Liabilities

104,087

Down ¥ 8,728 million  
from previous period

## Net Assets

189,058

Up ¥ 13,541 million  
from previous period

**Current Liabilities | Y/Y :**

Up ¥ 11,114 million

■ Accounts Payable | Y/Y :

Down ¥ 6,815 million

Number of months' notes payable

Previous period : 1.7 month

This period : 1.5 month

■ Accrued amount payable | Y/Y :

Down ¥ 1,740 million

■ Long-term Loans Payable

within one year | Y/Y

Up ¥ 20,000 million

**Long-term Liabilities | Y/Y :**

Down ¥ 19,843 million

■ Long-term Loans Payable | Y/Y

Down ¥ 20,000 million

**Net Income :**

¥ 9,808 million

**Treasury Stock | Y/Y**

Down ¥ 2,565 million

Acquisition of treasury stock

2 million shares

**Foreign Currency Translation**

Adjustment | Y/Y :

Up ¥ 8,772 million

## 2. Current Management Environment and Our Strategy



# Current Management Environment and Our Strategy

**Short-term economic trends: The macro economy remains stable and capital investment is recovering gradually.**

## Change of External Environment

Growth of Emerging Countries' Economy  
Shift in the production of Capital goods to emerging economies  
Conclusion of trade agreements in various regions of the world  
Rapid fluctuations in exchange rate

Maturity of capital goods markets in advanced countries  
Growing awareness of the need to take disaster-prevention measures  
Progress toward Electric-Powered Living

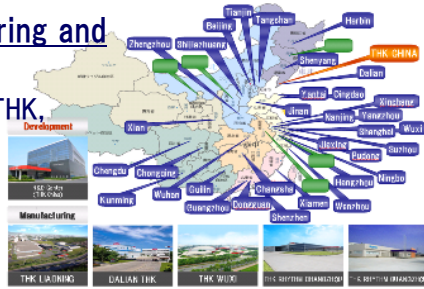
### Full-Scale Globalization

### Development of New Businesses

《Main measures》

#### Enhancement of Sales, Manufacturing and Development in China

- Transfer and expansion of DALIAN THK, construction of THK CHANGZHOU
- Enhancement of direct sales and indirect sales
- Full-scale development



#### Development to Latin America and Asia

- Enhancement of sales in India
- Enhancement of sales in ASEAN



#### Other

- Promotion optimal production
- Promotion local procurement

#### Automotive Parts

- Efforts to encourage the adoption of linear motion systems for automotive parts
- Use of linear motion systems by a wider range of manufacturers for a wider range of vehicle models



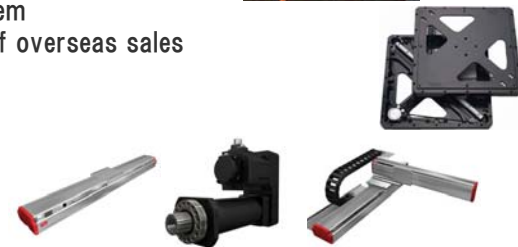
#### Seismic Isolation and Damping System

- Expansion sales of seismic isolation platforms table
- Introduction new damping system
- Enhancement of development of overseas sales



#### Electric Actuator

- Promotion overseas production
- Expansion lineup



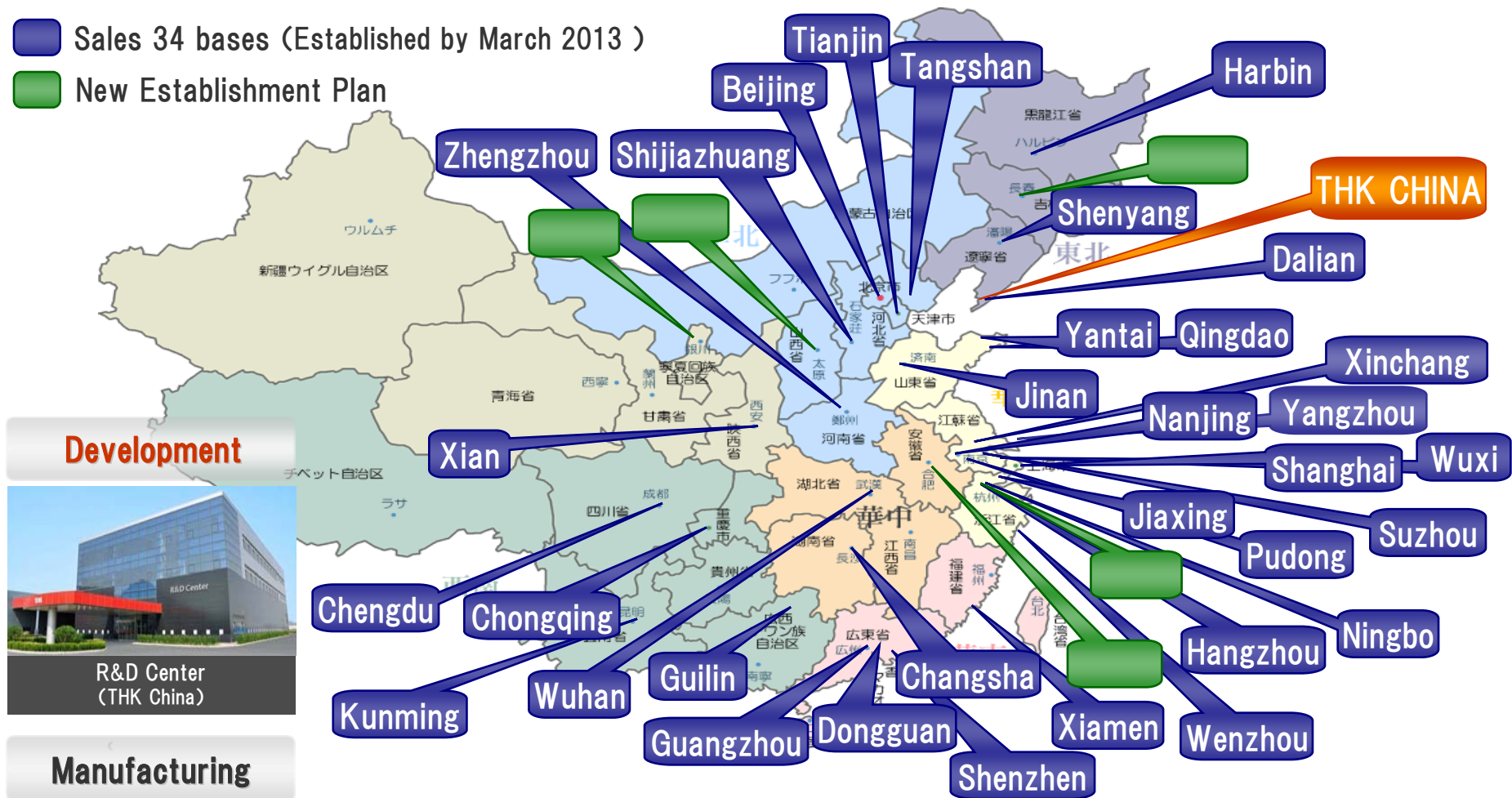
## Enhancement business base by promotion P25 Project

# 3. Full-Scale Globalization

# Enhancement of Sales, Manufacturing and Development in China

 Sales 34 bases (Established by March 2013)

 New Establishment Plan



## Development



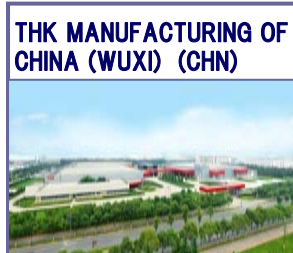
## Manufacturing



# Enhancement of the Global Manufacturing Structure



**THK RHYTHM MEXICANA**  
Scheduled to start of operation  
in October 2013



## 4. Development of New Businesses

# Development of ACE Division

## New Seismic Isolation Platforms Table TGS

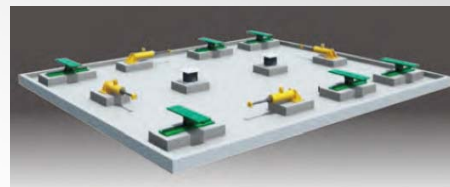


The number of adoption grows rapidly



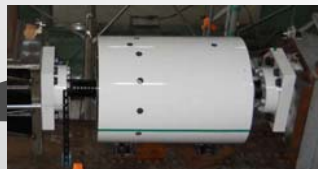
## Seismic Isolation and Damping for House

Being adopted by a steadily increasing number of buildings



## Seismic Isolation and Damping for Building

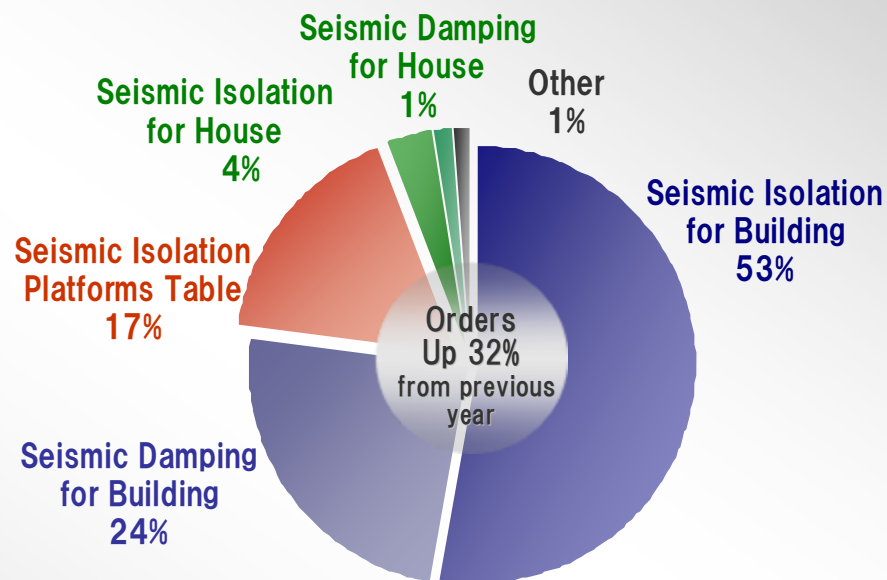
Higher damping performance compared with previous products



Damping System



Seismic Isolation System

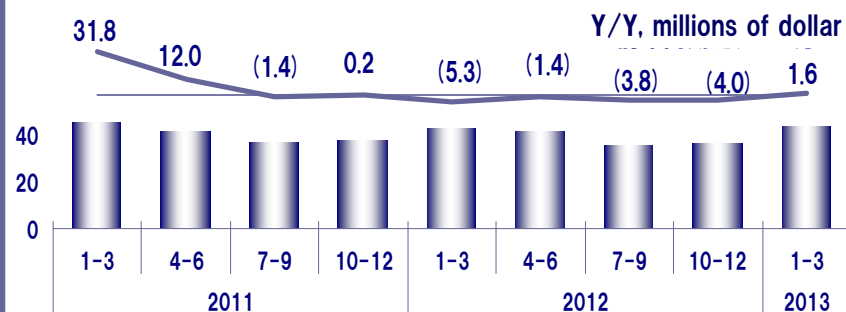


ACE Division Orders User Breakdown of FY2012  
Seismic Isolation and Damping System

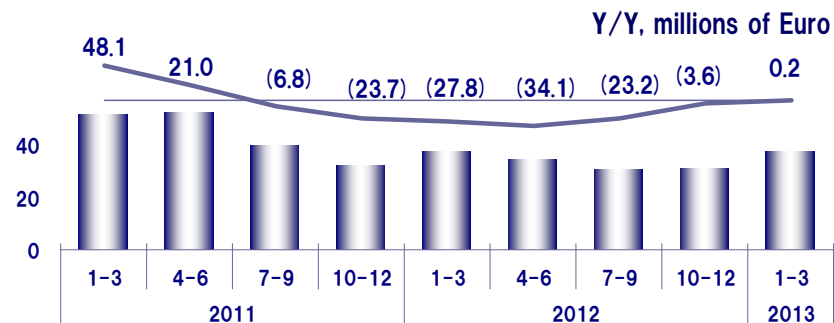
## 5. Financial Forecast for Fiscal 2013

# Orders Received by Region

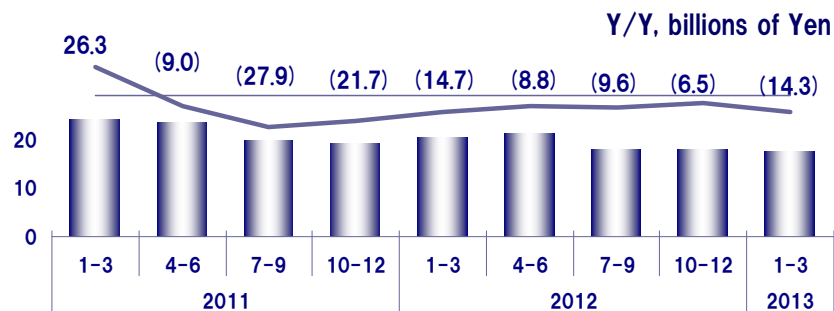
## THK Holdings of America, L.L.C.



## THK Europe B.V.

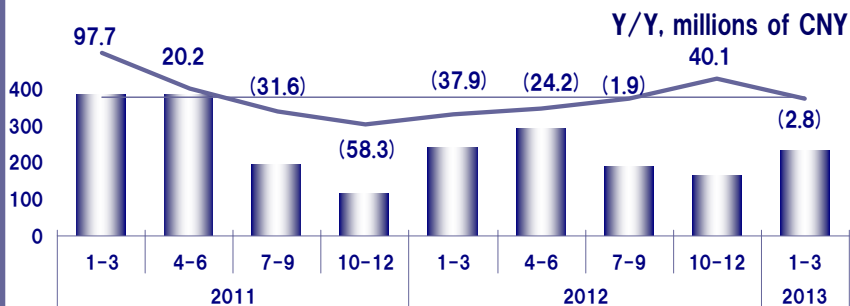


## THK (Domestic)

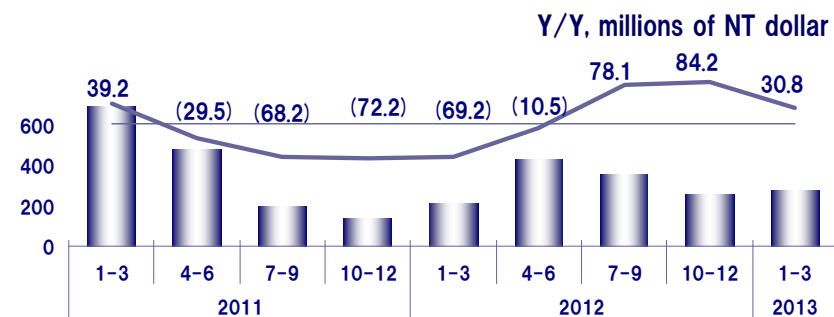


※exclude export

## THK (CHINA) CO., LTD. + THK (SHANGHAI) CO., LTD.



## THK TAIWAN CO., LTD.

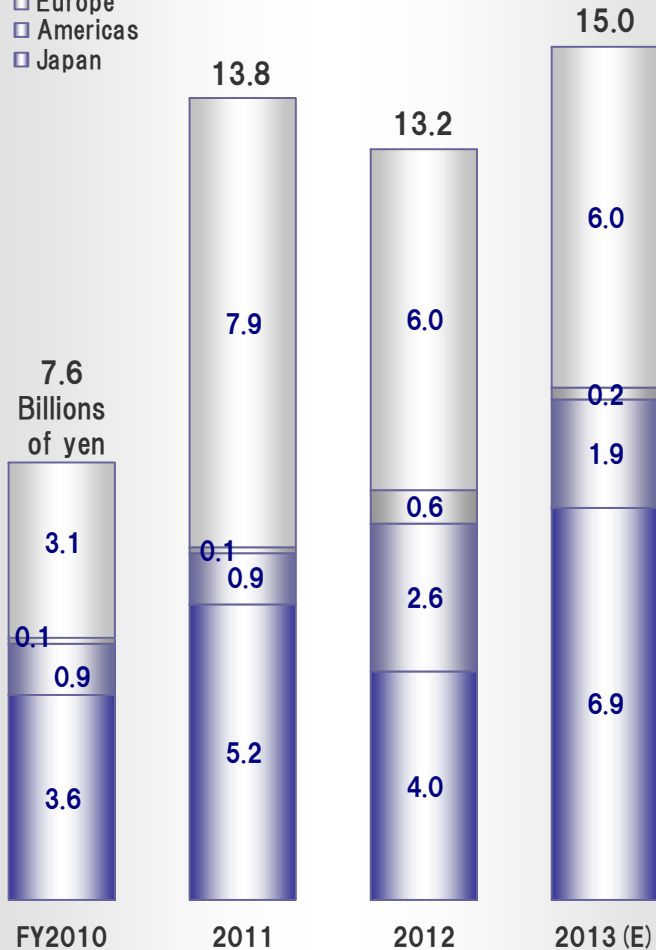




# Capital Expenditure and Number of Employees Forecast

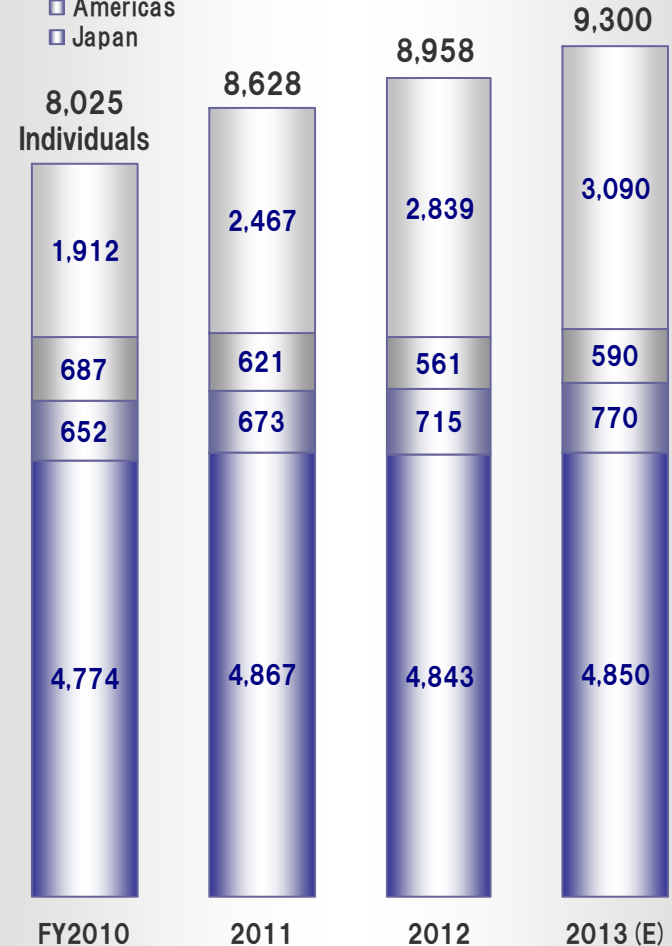
## Capital Expenditures

- Asia and Other
- Europe
- Americas
- Japan



## Number of Employees

- Asia and Other
- Europe
- Americas
- Japan



# Financial Forecast (Consolidated)

(Millions of yen)

	<b>2014/3</b>	<b>2013/3</b>	<b>2012/3</b>
	Forecast		
Net Sales	<b>190,000</b>	<b>168,366</b>	<b>196,866</b>
Y/Y	<i>+12.8%</i>	<i>-14.5%</i>	<i>+3.3%</i>
Operating Income	<b>20,000</b>	<b>11,692</b>	<b>19,745</b>
Y/Y	<i>+71.0%</i>	<i>-40.8%</i>	<i>-9.6%</i>
Ordinary Income	<b>20,800</b>	<b>14,765</b>	<b>19,072</b>
Y/Y	<i>+40.9%</i>	<i>-22.6%</i>	<i>-11.8%</i>
Net Income	<b>14,200</b>	<b>9,808</b>	<b>12,641</b>
Y/Y	<i>+44.8%</i>	<i>-22.4%</i>	<i>-9.4%</i>

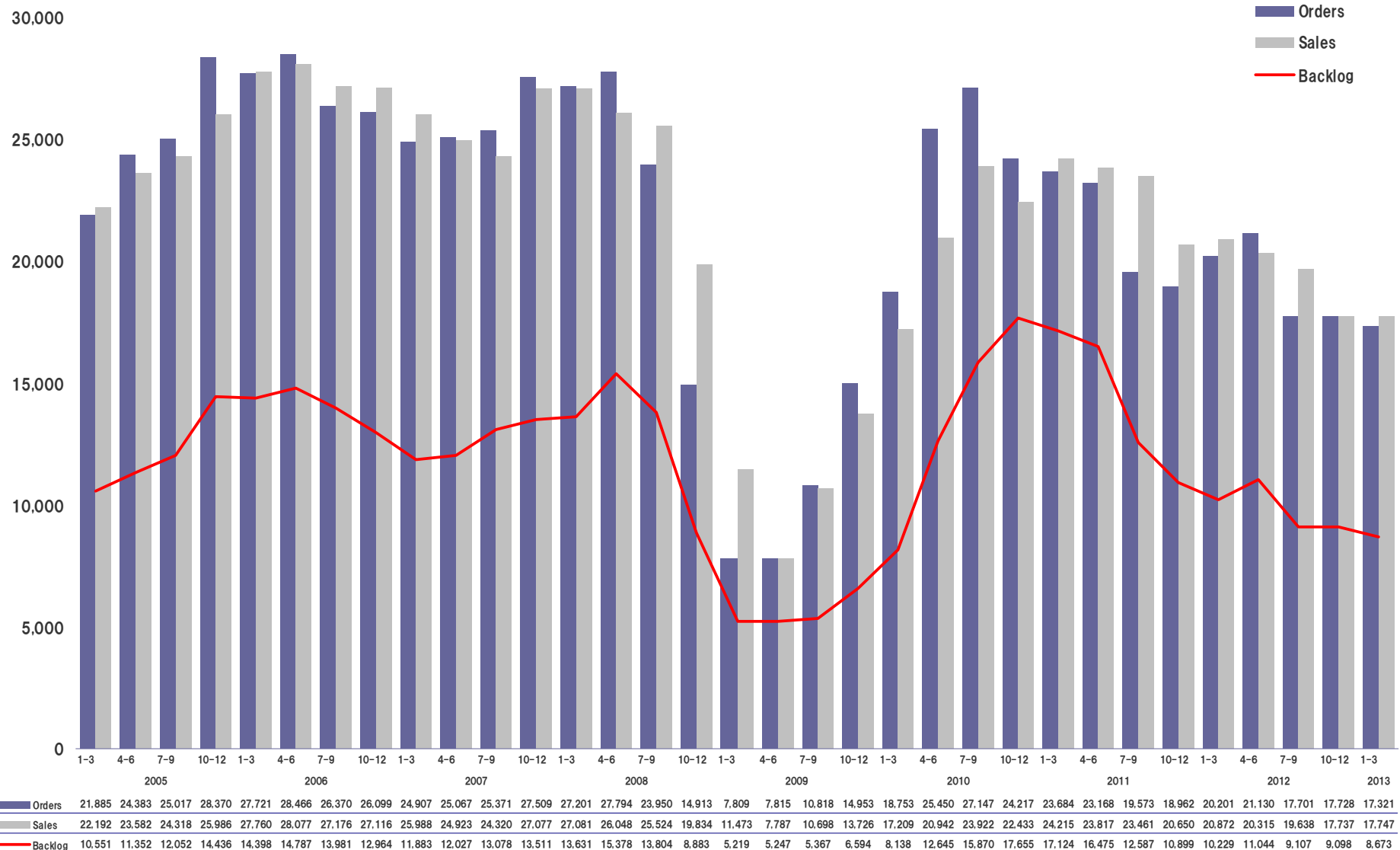
# Financial Forecast (Unconsolidated)

(Millions of yen)

		<b>2014/3</b>	<b>2013/3</b>	<b>2012/3</b>
		Forecast		
Net Sales		<b>115,000</b>	<b>104,567</b>	<b>130,107</b>
	<i>Y/Y</i>	<i>+10.0%</i>	<i>-19.6%</i>	<i>-2.7%</i>
Domestic		<b>80,200</b>	<b>75,438</b>	<b>88,802</b>
	<i>Y/Y</i>	<i>+6.3%</i>	<i>-15.0%</i>	<i>-3.0%</i>
Operating Income		<b>13,700</b>	<b>9,825</b>	<b>14,493</b>
	<i>Y/Y</i>	<i>+39.4%</i>	<i>-32.2%</i>	<i>-15.3%</i>
Ordinary Income		<b>15,400</b>	<b>12,053</b>	<b>13,407</b>
	<i>Y/Y</i>	<i>+27.8%</i>	<i>-10.1%</i>	<i>-20.4%</i>
Net Income		<b>10,600</b>	<b>8,018</b>	<b>7,957</b>
	<i>Y/Y</i>	<i>+32.2%</i>	<i>+0.8%</i>	<i>-25.5%</i>

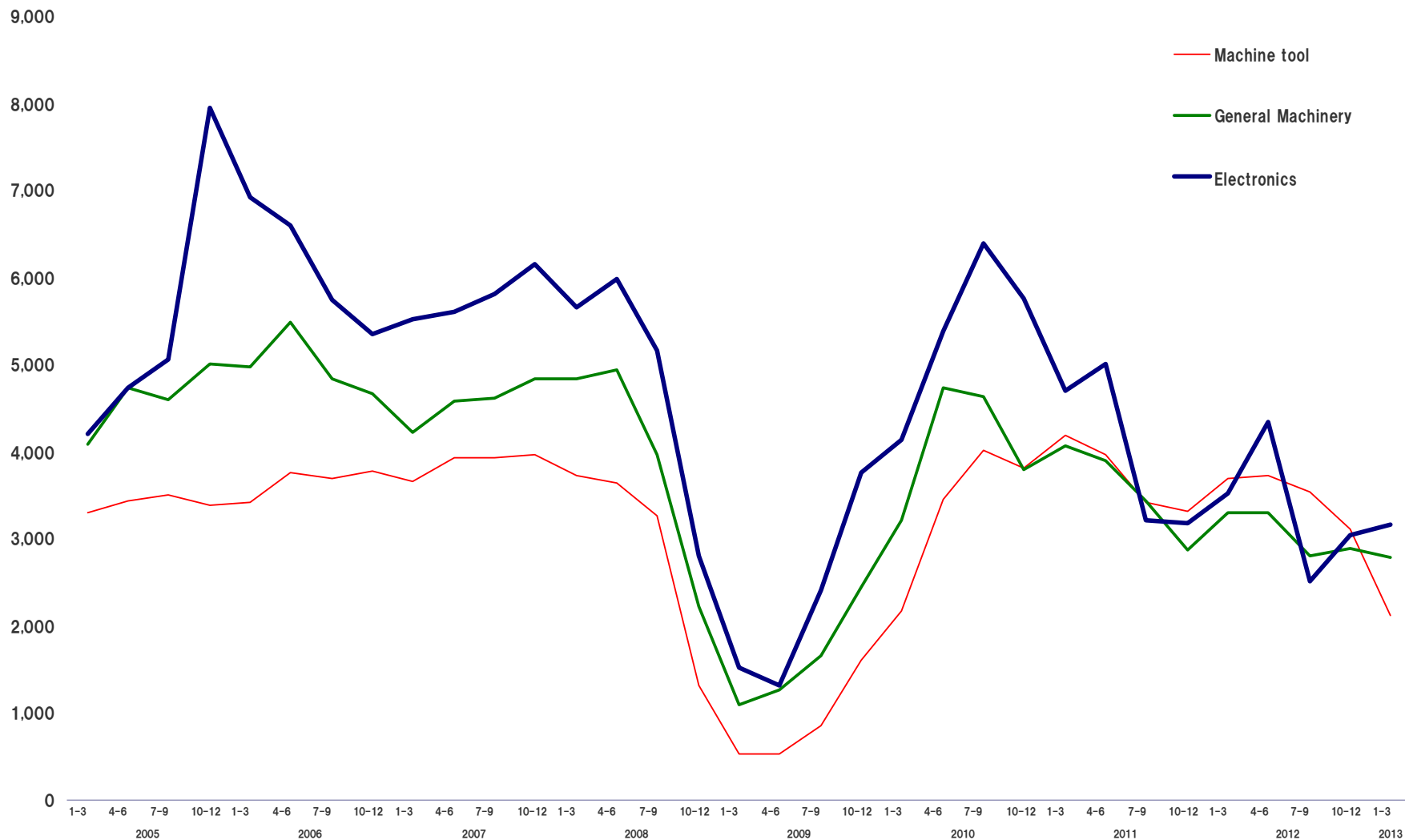
# Support Statement – Trends in orders, sales and backlog (domestic – unconsolidated) –

(Millions of yen)



# Support Statement –Trends in orders classified by industry (unconsolidated) –

(Millions of yen)



	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2013											
Machine tool	3,304	3,435	3,493	3,376	3,409	3,757	3,685	3,769	3,658	3,926	3,925	3,965	3,727	3,635	3,263	1,319	527	535	846	1,612	2,164	3,443	4,020	3,808	4,183	3,970	3,423	3,318	3,681	3,721	3,536	3,114	2,117
General Machinery	4,085	4,735	4,598	4,997	4,970	5,486	4,825	4,664	4,217	4,581	4,603	4,833	4,835	4,942	3,969	2,219	1,091	1,268	1,654	2,445	3,216	4,730	4,627	3,792	4,056	3,896	3,428	2,875	3,300	3,301	2,797	2,878	2,782
Electronics	4,198	4,730	5,059	7,947	6,916	6,593	5,745	5,351	5,515	5,600	5,812	6,149	5,657	5,984	5,159	2,809	1,514	1,315	2,406	3,763	4,127	5,372	6,394	5,762	4,695	4,998	3,204	3,184	3,519	4,337	2,514	3,037	3,152