

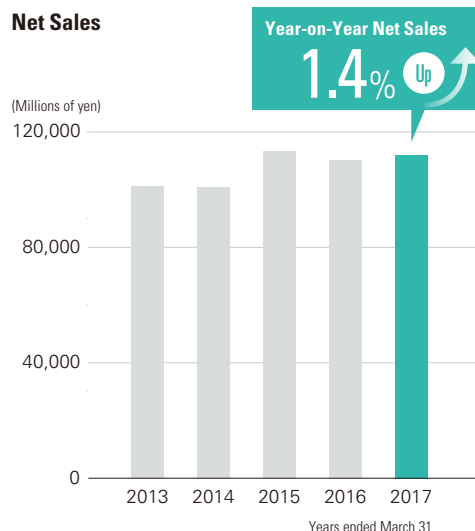
REVIEW BY GEOGRAPHIC REGION

Japan

Operating Conditions and Performance Review

Sales in Japan increased 1.4% year-on-year, to ¥112 billion.

Although Japan experienced a weakness in exports due to the increased value of the yen, the economy improved overall, moderately recovering through the second half of the year. In addition to actively expanding its sales activities, the THK Group has developed new business areas such as seismic isolation and damping systems, medical equipment, renewable energy, and robotics. With these developments, revenue increased primarily due to rising sales in the electronics field.



Bases (As of March 31, 2017)			Group Companies (As of March 31, 2017)	
Japan	Sales offices	47	•	THK CO., LTD.
	Production facilities	12	•	THK INTECHS CO., LTD.
	Development bases	1	•	TALK SYSTEM CORPORATION
	Distribution centers	3	•	THK NIIGATA CO., LTD.
			•	THK RHYTHM CO., LTD.
			•	NIPPON SLIDE CO., LTD.

Year Ended March 2017 Operating Activities (Results)

Sales

- THK worked diligently to deepen its relationships in existing fields such as machine tools and semiconductor production equipment. At the same time, the Company took steps to cultivate new fields, including medical equipment, renewable energy, and robotics.
- To prepare for expanding sales to a wide range of customers, in addition to starting to sell certain products as semi-custom products, the Company developed efficient sales activities utilizing IT tools such as the web-exclusive optimal product selection tools.

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 standard in quality, cost, and delivery (QCD).
- To further improve productivity, in addition to pursuing automation and robotization in its production processes, the Company utilized the IoT to implement the Eagle System, which provides visibility for the operation conditions of machines in its factories.

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 December 2017 Operating Activities (Plan)

Sales

- To continue expanding sales to a wide range of customers, THK will promote efficient sales activities that utilize various IT tools and semi-custom order products.
- THK will accelerate the pace of efforts to develop new business areas, including medical equipment, renewable energy, and robotics. The Company will also ramp up efforts to cultivate new markets such as the IoT and self-driving automobile fields.

Production

- The Company will strive to improve its productivity through the automation and robotization of its production processes, as well as through various means that utilize the IoT, such as the Eagle System.

Other

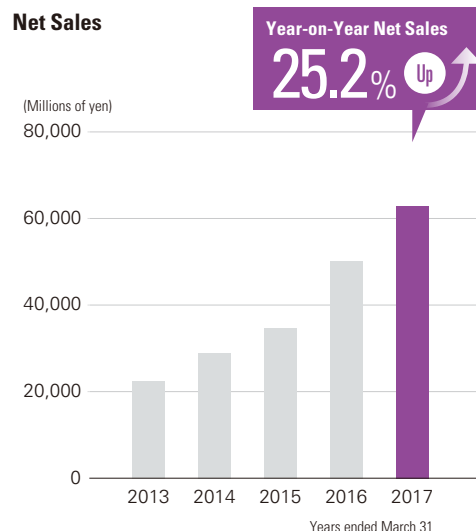
- Looking ahead, THK will increase sales and steadily improve profit margins by continuing to adopt a proactive stance toward various improvement activities and further strengthening its business base.

The Americas

Operating Conditions and Performance Review

Sales in the Americas increased 25.2% year-on-year, to ¥63 billion.

In the Americas, economic recovery continued with steady consumer spending and capital investments. The Company worked diligently to expand transactions with existing customers by unifying production and sales while developing new business areas, including the medical equipment and aircraft fields as well as energy-related fields. These developments and the demand in the electronics field staying steady, as well as the addition of two North American TRA companies into the scope of consolidation, allowed sales to increase.



Bases (As of March 31, 2017)			Group Companies (As of March 31, 2017)	
United States	Sales offices	7	<ul style="list-style-type: none"> • 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. 	
	Production facilities	3		
Canada	Sales offices	1		
	Production facilities	2		
Mexico	Production facilities	1		
Brazil	Sales offices	1		

Year Ended March 2017 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 medical equipment, aircraft, and energy-related areas—and to cultivate new markets, including Mexico and Canada.
- The THK Group deepened relationships with existing customers while expanding its market share by taking business from competitors. Furthermore, the Group promoted sales activities targeting a wide range of customers.

Production

- To further improve productivity, in addition to pursuing automation and robotization in its production processes, the Company utilized the IoT to implement the Eagle System, which provides visibility for the operation conditions of machines in its factories.

Year Ending December 2017 Operating Activities (Plan)

Sales

- The THK Group will continue to deepen relationships with existing customers while expanding its market share by taking business from competitors. Furthermore, the Group will continue to strengthen its effective sales activities targeting a wide range of customers.
- The Company will actively drive sales activities in new business areas such as robotics to generate new demand.

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.
- The Company will strive to improve its productivity through the automation and robotization of its production processes, as well as through various means that utilize the IoT, such as the Eagle System.

Europe

Operating Conditions and Performance Review

Sales in Europe increased 51.2% year-on-year, to ¥46 billion.

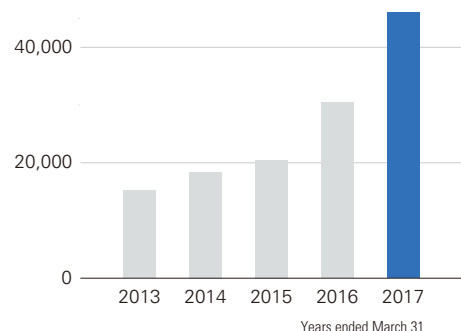
In Europe, the economy continued to show a moderate recovery. In the fiscal year under review, THK strove to expand transactions with existing customers by unifying production and sales while developing aggressive sales activities to explore new business areas, including the fields of medical equipment, aircraft, and robotics. Sales in this region increased due to these activities and the inclusion of two European TRA companies in the scope of consolidation.

Net Sales

(Millions of yen)
60,000

Year-on-Year Net Sales

51.2% Up



Bases (As of March 31, 2017)

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

Group Companies (As of March 31, 2017)

- 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.
- THK Capital ULC.
- THK Finance ULC.

Year Ended March 2017 Operating Activities (Results)

Sales

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

Production

- To further improve productivity, in addition to pursuing automation and robotization in its production processes, the Company utilized the IoT to implement the Eagle System, which provides visibility for the operation conditions of machines in its factories.

Year Ending December 2017 Operating Activities (Plan)

Sales

- THK will work to further improve customer satisfaction by deepening its relationships with existing customers and enhancing aspects of customer service such as on-time delivery and tech support.
- The Company will actively pursue efficient sales activities aimed at a wide range of customers by providing various IT tools.

Production

- The Company will strive to improve its productivity through the automation and robotization of its production processes, as well as through various means that utilize the IoT, such as the Eagle System.

Development

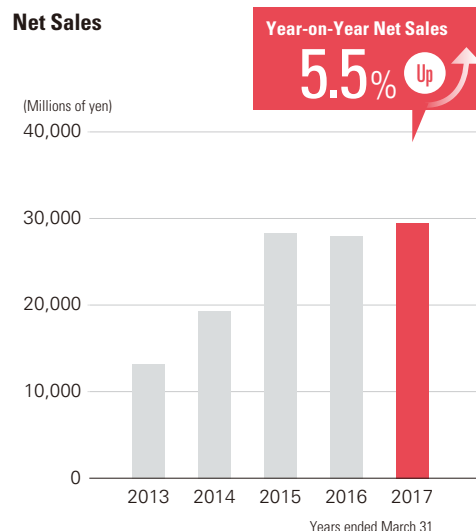
- With the Germany-based R&D division of TRA, the THK Group will collectively strengthen its integrated structure that includes the linear motion-related R&D efforts of the Company and the automobile-related activities of THK RHYTHM.

China

Operating Conditions and Performance Review

Sales in China increased 5.5% year-on-year, to ¥29.5 billion.

In China, FA has progressed against the backdrop of rising wages and a shortage of labor, which in turn has broadened demand for the Company's products despite a slowdown in economic growth. Under these circumstances, the THK Group made aggressive efforts to expand sales, harnessing sales networks that it has strengthened over time. Revenue increased due to these factors and the general rise in demand throughout the second half of the year that steadily led to sales.



Bases (As of March 31, 2017)		
China	Sales bases	31
	Production facilities	6
	Development bases	1

Group Companies (As of March 31, 2017)	
•	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.

Year Ended March 2017 Operating Activities (Results)

Sales

- In China, the THK Group continued to upgrade and expand its sales network while cultivating new areas and new customers. The Group also worked to expand its market share in ball screws and its mainstay LM guides.

Production

- To further improve productivity, in addition to pursuing automation and robotization in its production processes, the Company utilized the IoT to implement the Eagle System, which provides visibility for the operation conditions of machines in its factories.
- THK MANUFACTURING OF CHINA (CHANGZHOU) began full operations in July 2016 to better meet customers' needs related to areas such as automation. This facility also produces equipment and provides maintenance services for THK's manufacturing facilities in China.

Development

- In collaboration with the Group's R&D operations in Japan, the engineering department of THK (CHINA) CO., LTD., continued to make efforts to develop products that reflect the local needs of emerging markets.

Year Ending December 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. The Group will also work to expand its market share in ball screws and its mainstay LM guides.

Production

- The Company will strive to improve its productivity through the automation and robotization of its production processes, as well as through various means that utilize the IoT, such as the Eagle System.

Development

- In collaboration with the Group's R&D operations in Japan, the engineering department of THK (CHINA) CO., LTD., will continue to make efforts to develop products that reflect the local needs of emerging markets.

Asia and Other

Operating Conditions and Performance Review

Sales in other regions increased 8.1% year-on-year, to ¥22.9 billion.

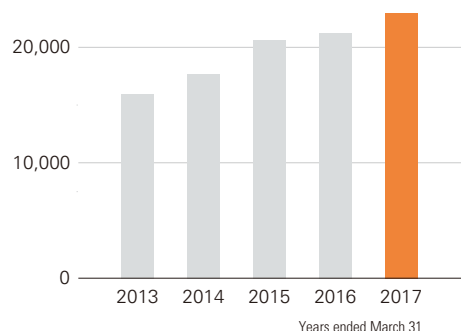
As the THK Group expanded its sales network in the ASEAN region and India, the Group undertook aggressive sales activities to expand transactions with existing customers and acquire new customers. In addition, as certain regions were impacted by the recovery of demand in China, revenue increased due to the Company steadily translating an increase in demand to sales.

Net Sales

Year-on-Year Net Sales

8.1% Up

(Millions of yen)
30,000



Bases (As of March 31, 2017)				Group Companies (As of March 31, 2017)	
Taiwan	Sales offices	3		• THK TAIWAN CO., LTD.	
Singapore	Sales offices	1		• THK LM SYSTEM Pte. Ltd.	
India	Sales offices	5		• THK RHYTHM (THAILAND) CO., LTD.	
Thailand	Sales offices	1		• THK MANUFACTURING OF VIETNAM CO., LTD.	
	Production facilities	1		• THK RHYTHM MALAYSIA Sdn. Bhd.	
South Korea	Sales offices	13		• THK India Private Limited	
	Production facilities	4		• SAMICK THK CO., LTD.	
Vietnam	Production facilities	1			
Malaysia	Production facilities	1			

Year Ended March 2017 Operating Activities (Results)

Sales

- In Taiwan, efforts such as steadily taking business from competitors and capitalizing on expanding demand led to a rise in sales, especially in areas related to machine tools, semiconductors, and flat panel displays. The Company also strengthened its sales activities to a wide range of customers.
- In the ASEAN region, the THK Group endeavored to strengthen its sales to a wide range of customers by measures such as working to expand the area covered by ASEAN Customer Support and launching Omni THK, a service that allows customers to easily go from selecting products to placing orders, in Singapore, Thailand, and Malaysia in March 2017.

Production

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

Year Ending December 2017 Operating Activities (Plan)

Sales

- In Taiwan, the Company will expand sales to a wide range of customers by continuing to expand its sales and distribution network and strengthening its customer service.
- In the ASEAN region, the THK Group will utilize Omni THK to further expand sales to a wide range of customers, even in regions where there are no THK sales offices.

Production

- In addition to undertaking a variety of improvement activities across its production processes, the THK Group will promote automation and robotization. Through these means, the Group will expand production output and lower manufacturing costs.