



FINANCIAL RESULTS BRIEFING FOR FISCAL 2016

May 12th 2017

THK CO., LTD.

President & CEO

AKIHIRO TERAMACHI

This presentation material contains forward looking statements that reflect the Company's business plans, performance projections, and management strategy. 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.

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I . Financial Results for Fiscal 2016

Net sales increased 13.8% year on year to 273.5 billion yen *Geographic sales is based on where our customers are located.

- In Japan, the demand in machine tool products was sluggish in the first half of the period; however, the demand in the electronics-related business and other businesses expanded through the second half of the period. As a result, net sales in Japan increased from the previous fiscal period.
- With regard to overseas markets, in China, the overall demand in electronics-related business and other businesses increased.
In the Americas, the demand in electronics-related business remained strong. In Europe, the overall demand was robust.
In addition, as a result of the consolidation of four TRA subsidiaries in the Americas and Europe for the full-year, net sales in overseas markets increased from the previous fiscal period.

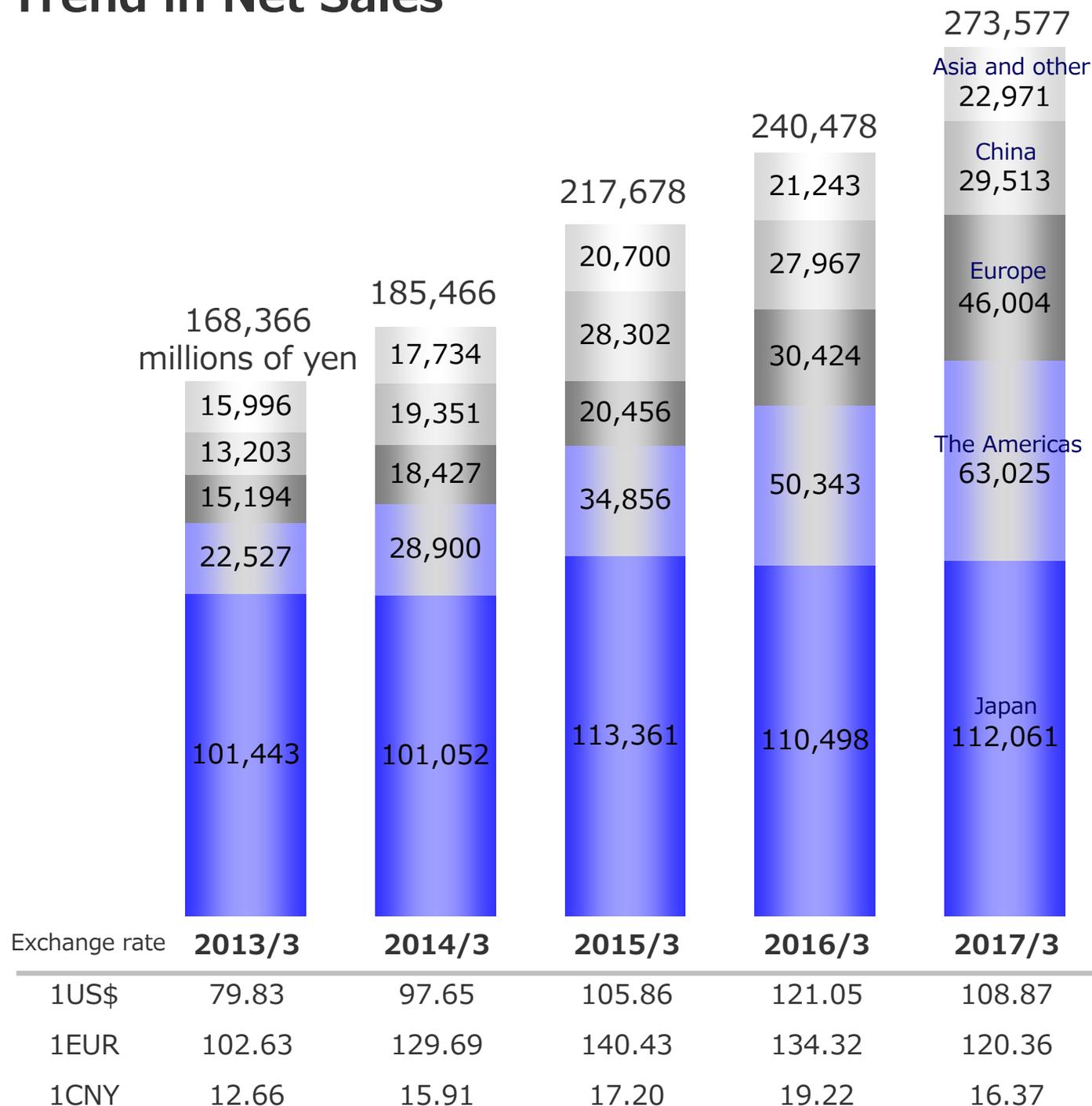
Operating income increased by 6.4% year on year to 24.6 billion yen

- Effect due to increased sales

Both net sales and operating income increased year on year beyond our forecast.

- After raising our forecast in February, we succeeded in steadily converting the stronger demand through the second half into net sales. As a result, both net sales and operating income increased year on year; net sales increased to 273.5 billion yen, 2.5 billion yen above our forecast, and operating income increased to 24.6 billion yen, 0.6 billion yen above our forecast.

Trend in Net Sales



Asia and other | Y/Y Up 8.1%

*Taiwan	Up	6.9%
*Singapore	Up	6.6%
*India	Down	5.0%

China | Y/Y Up 5.5%

*Machine tools	Up	13.6%
*General machinery	Up	43.3%
*Electronics	Up	11.7%
*Automotive & Transportation	Up	5.6%

Europe | Y/Y Up 51.2%

*Machine tools	Down	1.9%
*General machinery	Down	0.1%
*Electronics	Down	0.4%
*Automotive & Transportation	Up	227.5%

The Americas | Y/Y Up 25.2%

*Machine tools	Up	29.0%
*General machinery	Up	3.3%
*Electronics	Up	2.0%
*Automotive & Transportation	Up	79.6%

Japan | Y/Y Up 1.4%

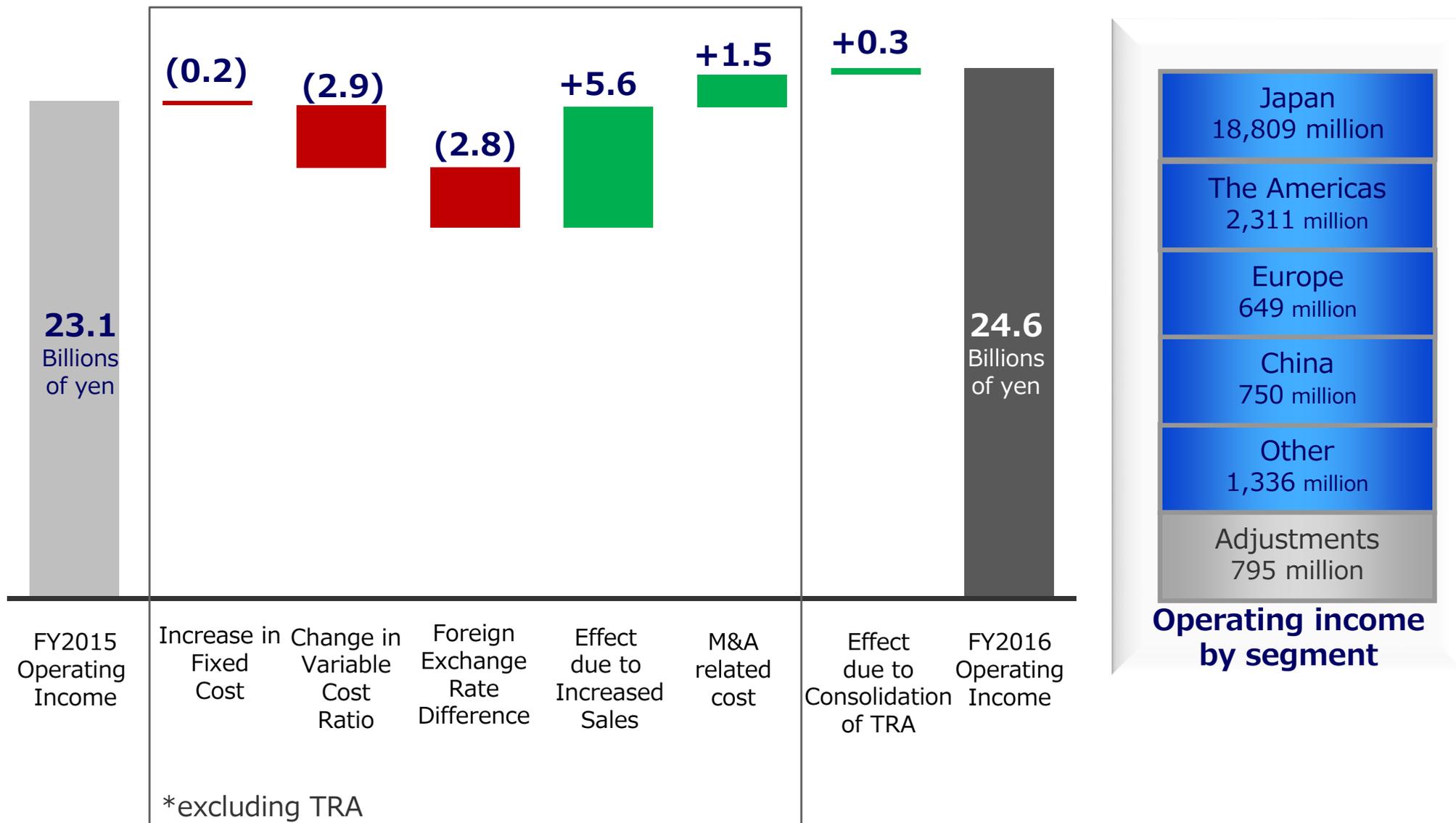
*Machine tools	Down	21.7%
*General machinery	Up	2.2%
*Electronics	Up	34.9%
*Automotive & Transportation	Down	1.5%

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

*Growth rate by industry is based on the local currency.

*Growth rate for Automotive & Transportation was calculated based on the sum of net sales of THK RHYTHM and TRA.

[Reference] Operating Income - Cause of Change -



Assets, Liabilities and Net Assets

Cash and Cash in Account | Y/Y : Up ¥ 10,380 million

Cash Flows from Operating Activities :
¥ 40,175 million
Cash Flows from Investing Activities :
¥ (17,960) million
Cash Flows from Financing Activities :
¥ (7,548) million
Foreign Currency Translation Adjustments
on Cash and Cash Equivalents :
¥ (4,285) million

Accounts Receivable | Y/Y : Up ¥ 3,933 million

Number of months' sales receivables :
Previous period : 3.6 months
This period : 3.3 months

Inventories | Y/Y : Down ¥ 1,813 million

Number of months' sales in inventory :
Previous period : 2.0 months
This period : 1.6 months

Property, Plant and Equipment | Y/Y : Down ¥ 788 million

■ CAPEX : ¥ 16,258 million
■ Depreciation : ¥ 10,702 million

Intangibles | Y/Y : Down ¥ 4,240 million

Goodwill | Y/Y : Down ¥ 1,528 million

Investments and Other | Y/Y : Up ¥ 1,182 million

Total Assets
414,931 millions of yen
Up ¥ 7,122 million
from previous period

Current Assets

259,827
Up ¥ 10,968 million
from previous period

Liabilities

163,390
Up ¥ 6,122 million
from previous period

Net Assets

251,540
Up ¥ 1,000 million
from previous period

Fixed Assets

155,103
Down ¥ 3,846 million
from previous period

Current Liabilities | Y/Y : Up ¥ 21,307 million

■ Accounts Payable | Y/Y :
Up ¥ 6,015 million
Number of months' notes payable
Previous period : 1.8 months
This period : 1.9 months
■ Income Taxes Payable | Y/Y :
Up ¥ 3,059 million
■ Current Portion of Long-Term Bonds
| Y/Y : Up ¥ 13,000 million

Long-term Liabilities | Y/Y : Down ¥ 15,185 million

■ Bonds | Y/Y :
Down ¥ 13,000 million
■ Long-Term Bank Loans | Y/Y :
Down ¥ 2,800 million

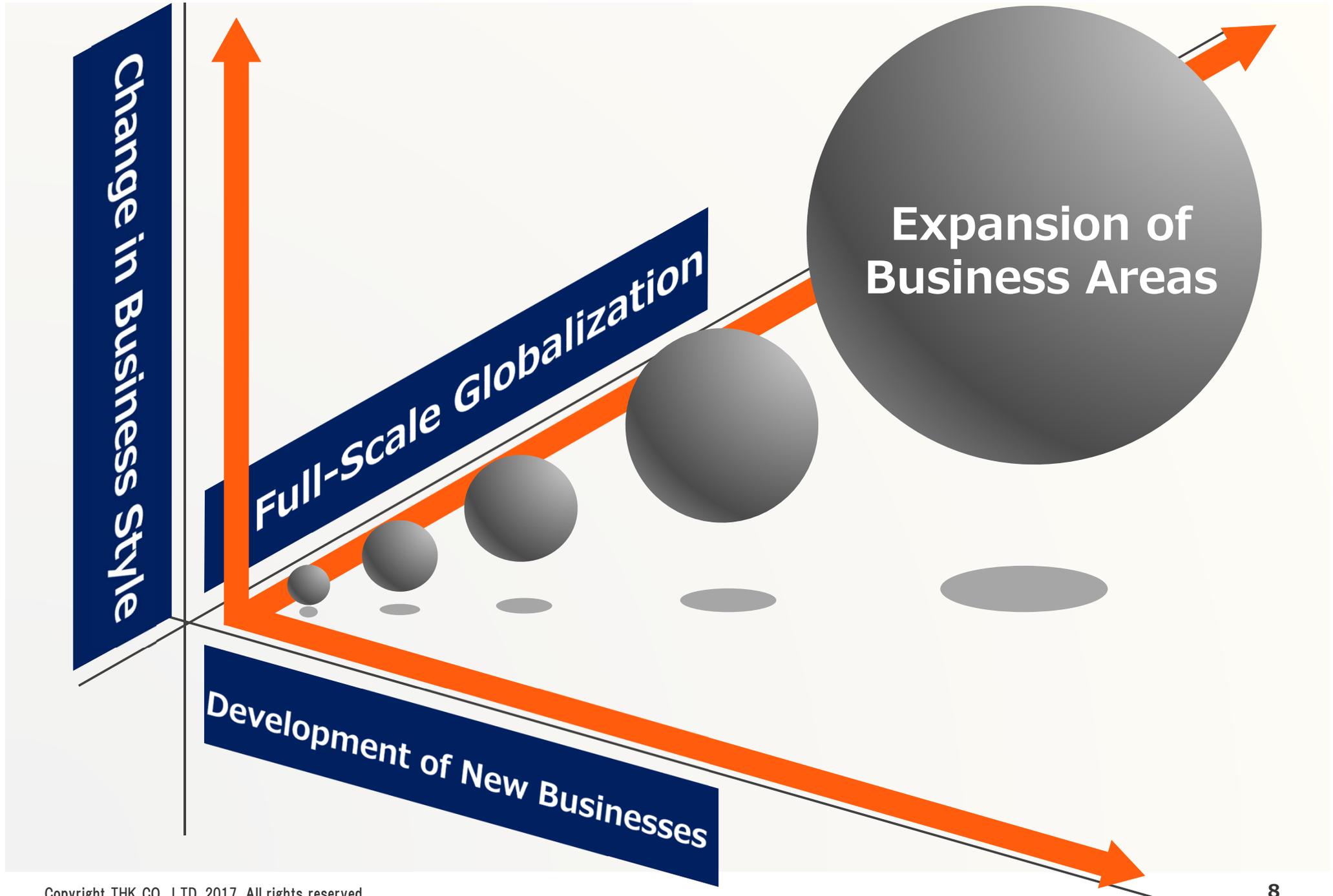
Net Income Attributable to Owners of the Parent ¥ 16,731 million

Foreign Currency Translation Adjustments | Y/Y : Down ¥ 10,965 million

Dividends Paid : ¥ (5,185) million

II. Our Growth Strategy and Middle-Term Measures

New Growth Strategy



Future Major Measures

Expansion of Top Line

【Automotive & Transportation】

【Industrial Machinery (other)】

【Industrial Machinery】

	Mass production machine	A wide range of customers
Existing products	+6.0	+10.0
New Products	+4.0	+10.0

Amount of mid-term sales increase of Industrial Machinery Business (billions of yen)

Strategic sales for a wide range of customers
 Continuous development of new products
 Active and efficient sales and marketing activities

Various measures (New business areas)

Expansion of L&S Business
 The launch of new products for Automobile

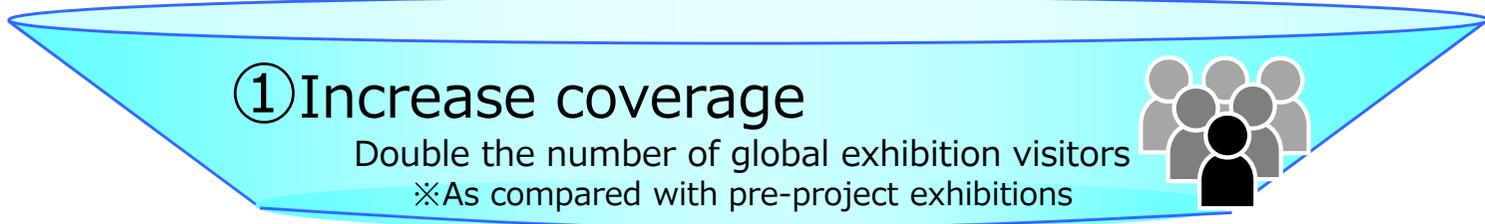
Strengthening of Bottom Line

<Automotive & Transportation>

- <Industrial Machinery and other>
1. Robotization and automation
 2. Visualization of global production
 3. Reduction of various costs
 4. Strategy on fair sales prices

1. Mutual use of factories
2. Shared purchase
3. Integration of products

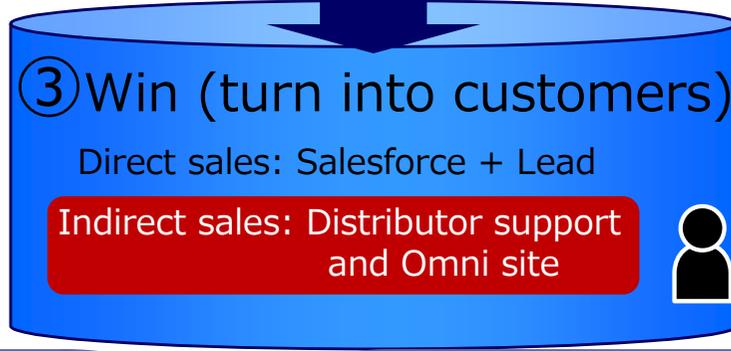
Contact optimal customers at the optimal timing to correctly communicate THK's strengths to them and ascertain their needs



Demonstrate optimal value (product planning)



Utilize tools



Utilize staff and tools



Analyze data and perform PDCA through a web-SFA/CRM-ERP collaboration

Develop new business areas further and enhance profitability

LM Guide Actuator KR/SKR Semi custom-made products launched (August, 2016)

- Semi customization for five highly demanded requirements
- Shipped in as early as 10 days



Product automatic selection tool (web exclusive) introduced

【Main Functions】

Calculate
product life

Confirm
delivery
date

Provide CAD
data

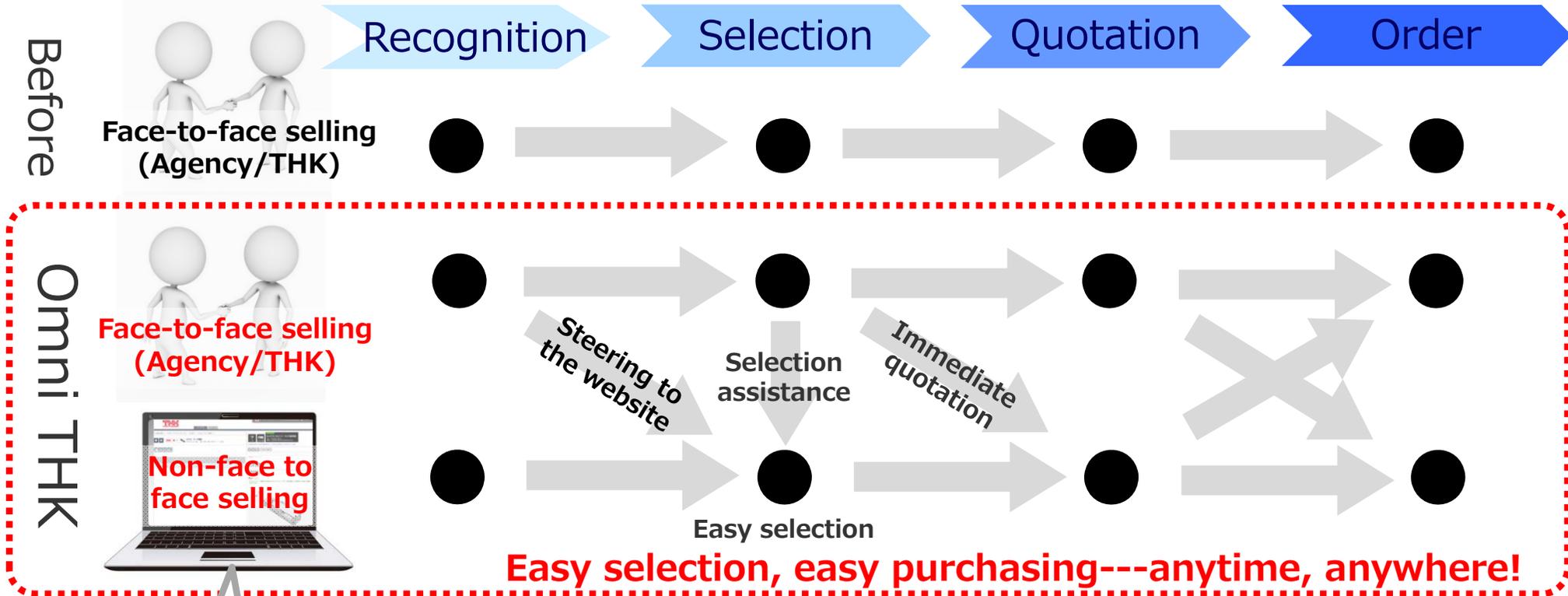
Select
optimum
model



Sales support tool for indirect selling/internal use
to further expand the range of customers

March 2017: Launched in Singapore, Malaysia & Thailand

We utilize all sales channels to reach a wide range of customers so that they can purchase what they want anytime, anywhere.



Omni THK

Easy search tool	Download catalogs	Find the optimal products automatically	Download CAD drawings	Calculate product life	Delivery dates & Prices for similar products	Get a quotation	Submit Order	Consult with us For customized products

Develop the Consumer Goods Domain on a Company-wide Level

Aircraft



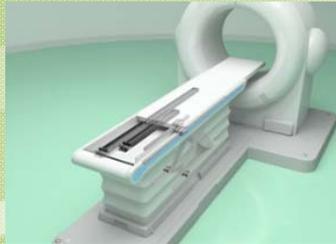
Reclining Seats



Control Stick

Table Sliding System

Medical Equipment



Surgical Robot

CT Scanner

Robots

Seismic Isolation and Damping System



Support Robot used in Plant



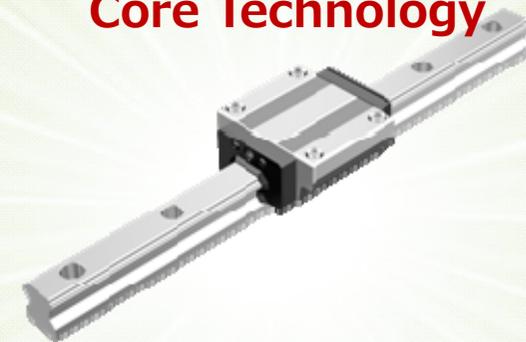
Robot Hand



Humanoid Robot



Linear Motion Core Technology



Renewable Energy



Hydroelectric Generator



Wind Power Generator

Solar Light Generator

Expansion of L&S (Linkage and Suspension) Business



January, 2017

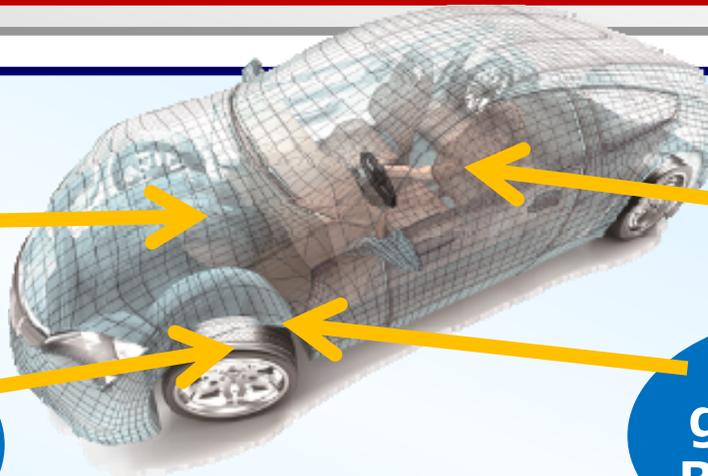
Integrated THK Europe's Automotive parts business into TRA



Sales activities that make full use of mutual sales and production between THK Rhythm & TRA

Electric power steering parts

Next-generation Suspension parts



Interior

Next-generation Brake parts

Linear Motion Products for Automobiles

2017 Mass production line under consideration

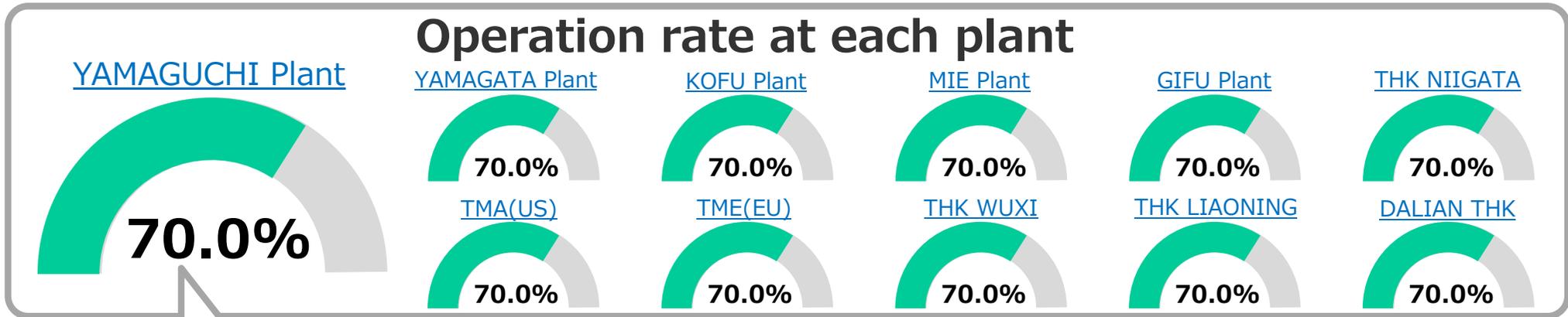
2018 Sales scheduled to be launched

We will accelerate the development of linear motion products for automobiles in the growing trend of electric cars and autonomous vehicles

Visualization of Production (Eagle System)

March 2017 Installation completed at industrial machinery plants in Japan, Americas, Europe, and China

Operation rate at each plant



Operation status of processing machinery at Yamaguchi Plant



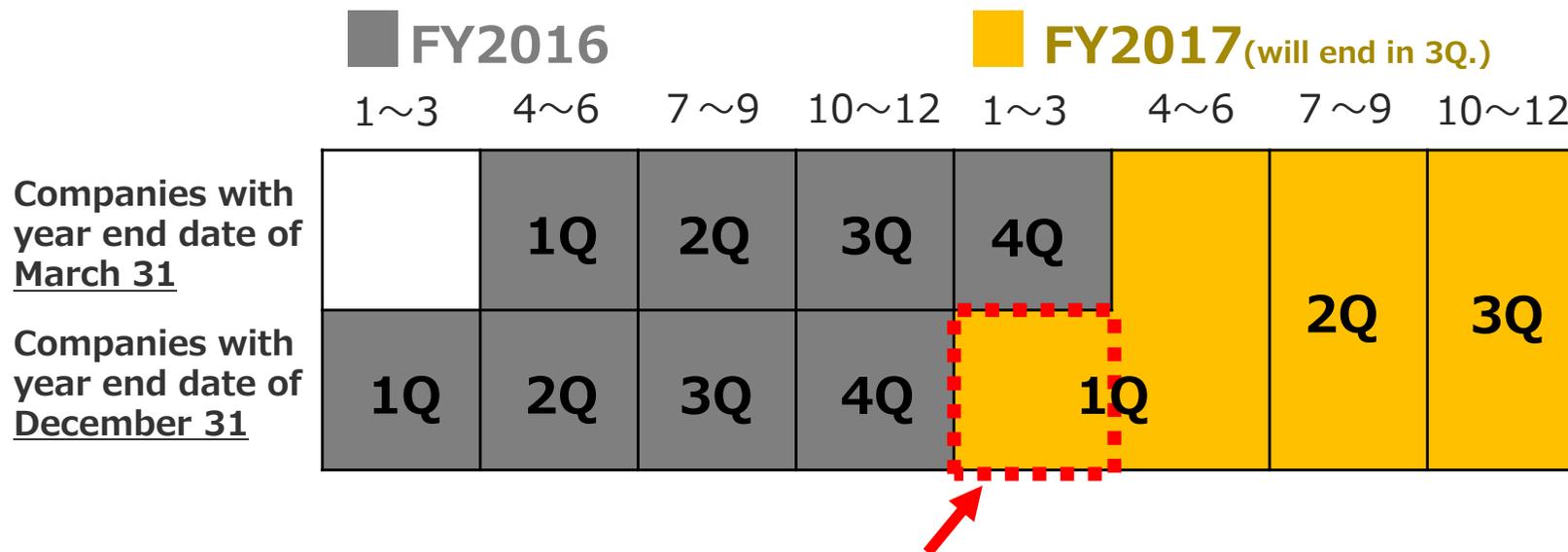
Leveling the production through global manufacturing collaboration

A first measure to drastically improve productivity by visualizing everything from machinery and equipment to personnel and products

Ⅲ. Change of Accounting Period and Financial Forecast for Fiscal 2017

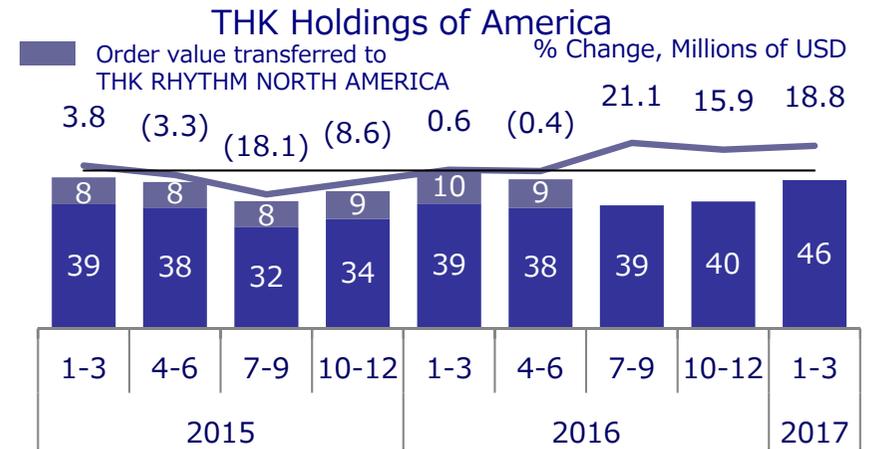
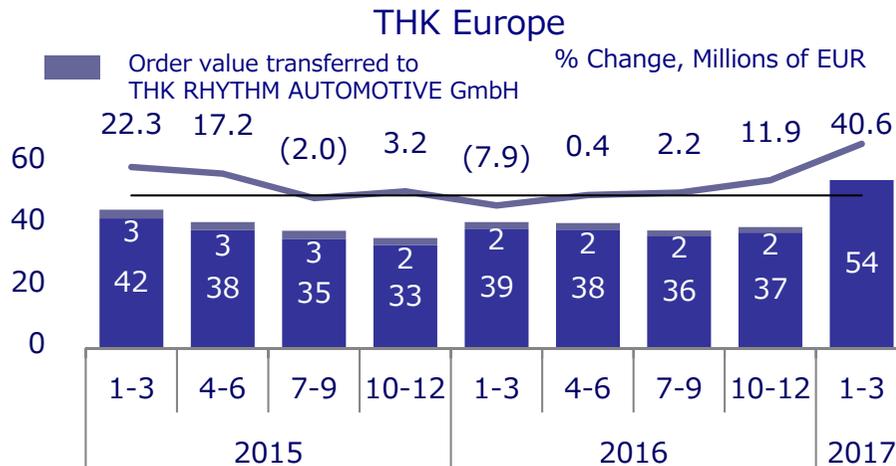
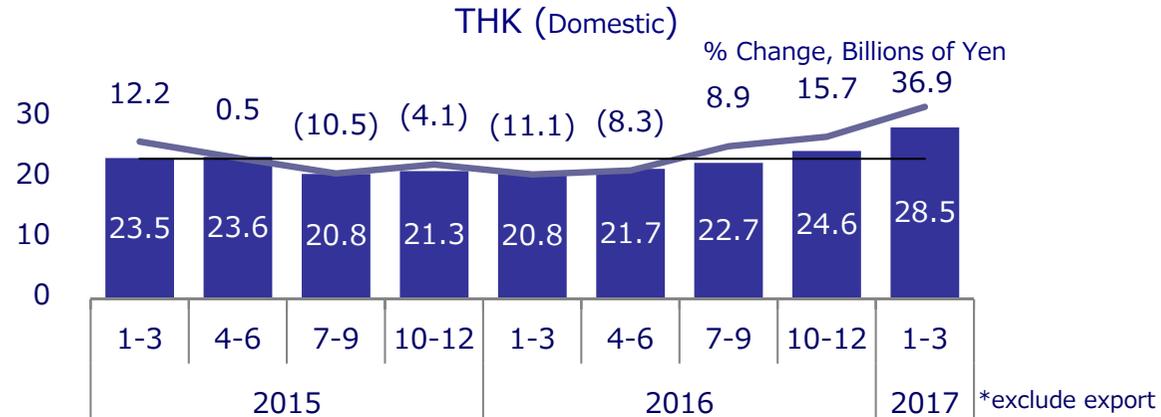
Accounting Periods to Be Changed from March 31 to December 31

- The purpose of having the same year end date as overseas consolidated subsidiaries is to promote the group-wide management and improve management transparency further through timely and appropriate disclosure of management information such as business performance.
- The period ending in December 2017 will be a transitional period for changing the accounting period.
 - Companies with year end date of March 31: 9 months (April 1 - December 31, 2017)
 - Companies with year end date of December 31: 12 months (January 1 - December 31, 2017)



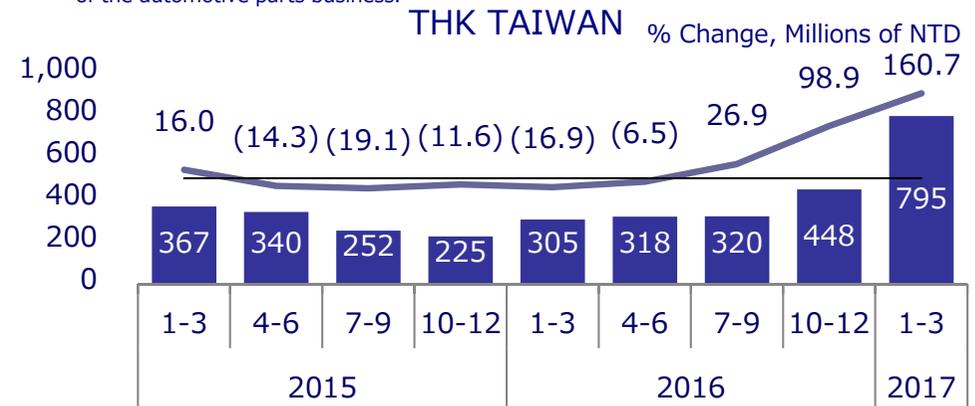
Note: Since only the sales for the January-March period of FY2017 are before internal sales elimination, the profit margin looks low.

Orders Received by Region



※Because the automotive parts business was transferred to THK RHYTHM AUTOMOTIVE GmbH effective January 2017, the data were revised retroactively in consideration of the transfer
 ※The year-on-year changes were calculated based on order intake figures after exclusion of the automotive parts business.

※Because the automotive parts business was transferred to THK RHYTHM NORTH AMERICA effective July 2016, the data were revised retroactively in consideration of the transfer
 ※The year-on-year changes were calculated based on order intake figures after exclusion of the automotive parts business.



Financial Forecast (Consolidated)



	2017/12 Forecast (Irregular accounting period)	2018/3 Reference (Based on the previous accounting periods)	2017/3	2016/3
Net Sales	273,500	305,000	273,577	240,478
Y/Y	-	+11.5%	+13.8%	+10.5%
Operating Income	28,000	34,500	24,653	23,169
Y/Y	-	+39.9%	+6.4%	-18.4%
Ordinary Income	28,200	34,800	23,398	19,140
Y/Y	-	+48.7%	+22.2%	-43.8%
Net Income Attributable to Owners of the Parent	20,200	25,000	16,731	13,575
Y/Y	-	+49.4%	+23.2%	-40.2%

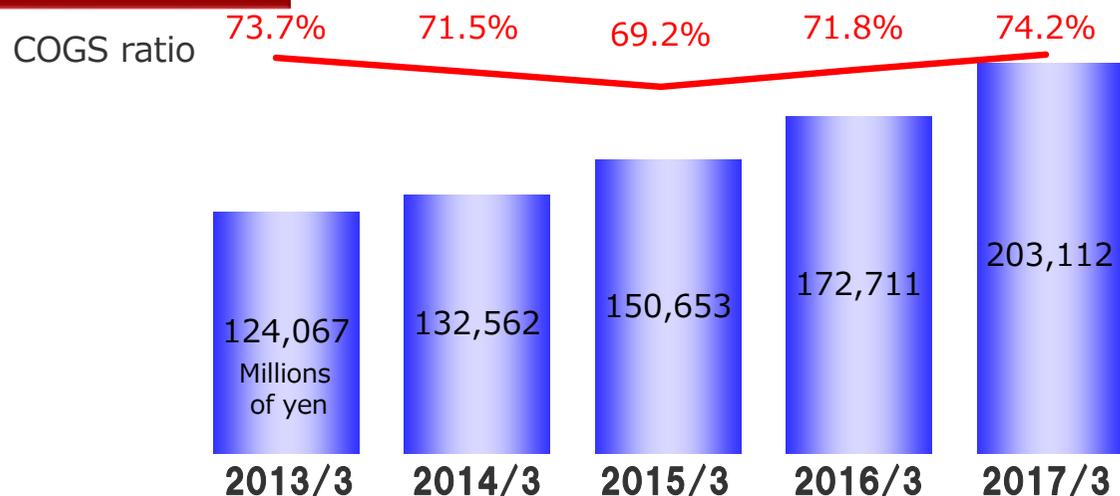
Financial Forecast (Unconsolidated)



	2017/12 Forecast (Irregular accounting period)	2018/3 Reference (Based on the previous accounting periods)	2017/3	2016/3
Net Sales	121,000	160,000	133,189	126,127
Y/Y	+29.3%	+20.1%	+5.6%	-5.0%
Domestic	79,100	104,500	89,958	87,890
Y/Y	+21.5%	+16.2%	+2.4%	-2.4%
Operating Income	15,100	20,800	15,998	17,925
Y/Y	+70.1%	+30.0%	-10.8%	-18.1%
Ordinary Income	15,400	21,600	16,241	16,068
Y/Y	+63.6%	+33.0%	+1.1%	-41.3%
Net Income	11,100	15,600	12,165	11,855
Y/Y	+57.2%	+28.2%	+2.6%	-32.6%

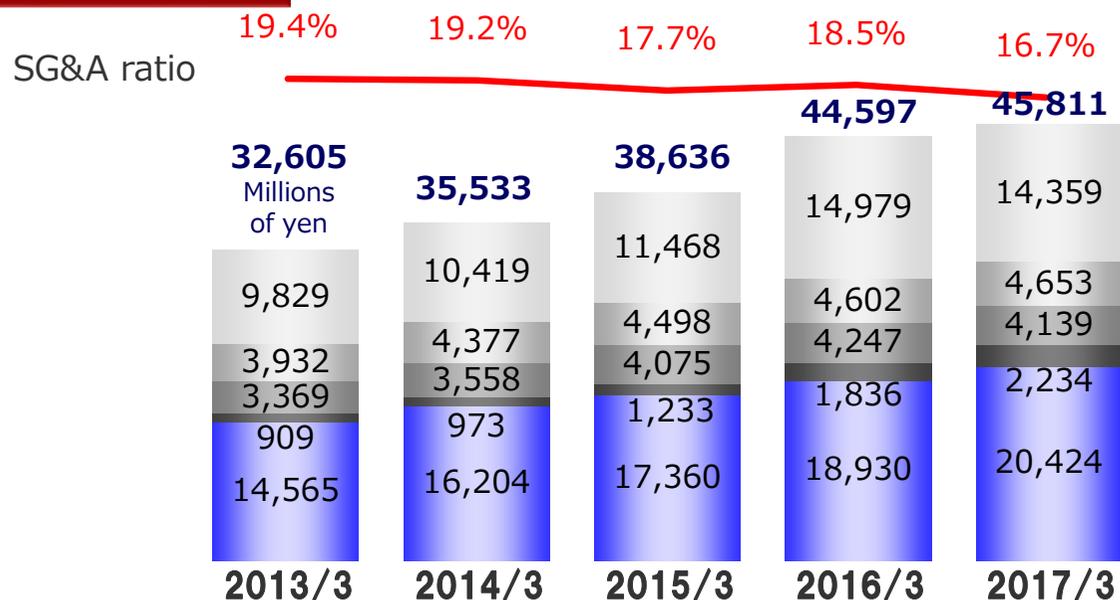
Trends in COGS and SG&A

COGS



Sales-cost ratio increased by 2.4 points Y/Y
 • Increase due to consolidation of TRA

SG&A



Other | Y/Y : Down ¥ 620 million, or 4.1%

R&D | Y/Y : Up ¥ 50 million, or 1.1%

Sales & Distribution Costs | Y/Y :
 Down ¥ 108 million, or 2.6%

Depreciation and Amortization | Y/Y :
 Up ¥ 398 million, or 21.7%

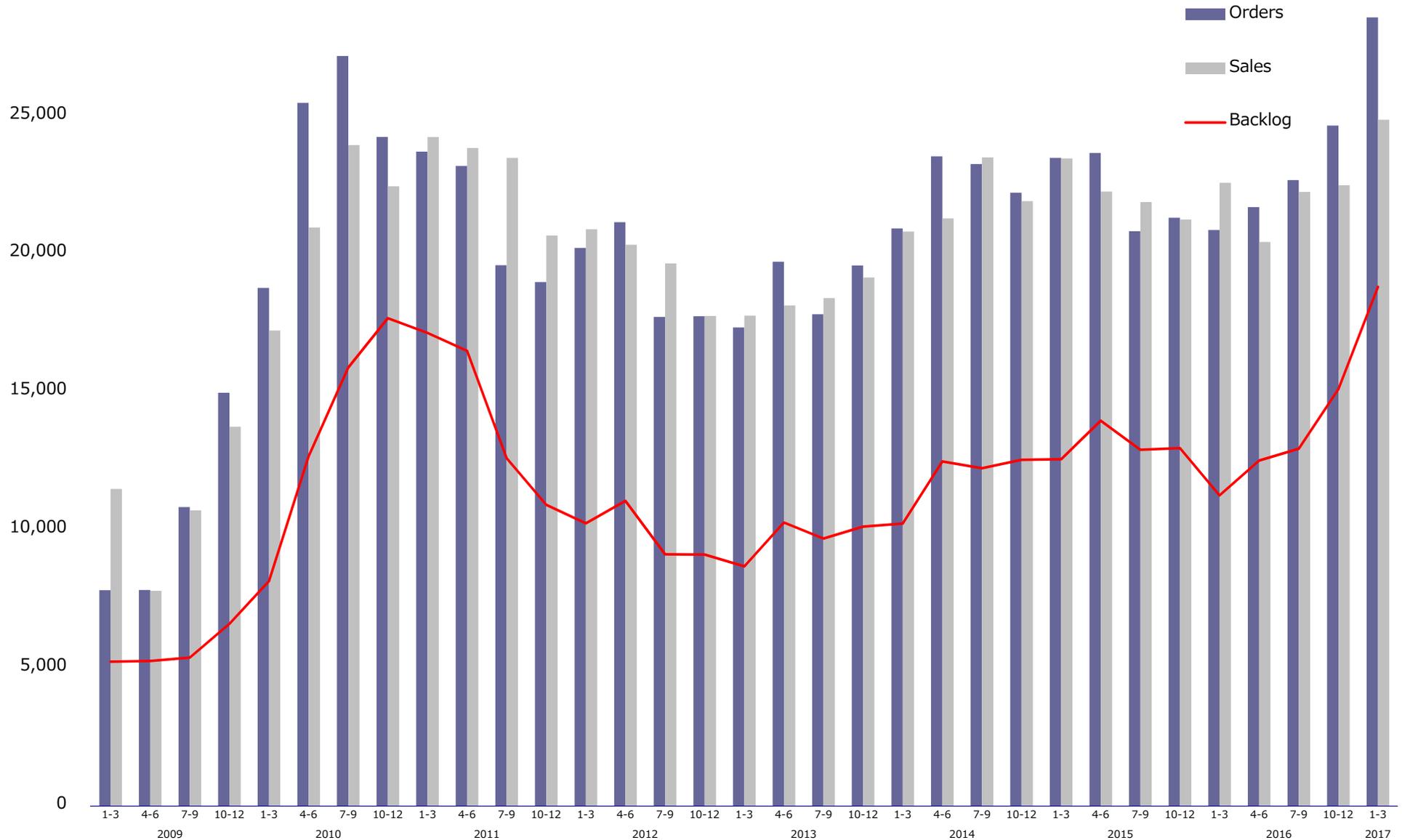
Personnel Costs | Y/Y : Up ¥ 1,494 million, or 7.9%

Support Statement –Trends in Orders, Sales and Backlog (Domestic – Unconsolidated) -



(Million of Yen)

30,000



	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												
Orders	7,809	7,815	10,818	14,953	18,753	25,450	27,147	24,217	23,684	23,168	19,573	18,962	20,201	21,130	17,701	17,728	17,321	19,701	17,801	19,565	20,902	23,517	23,234	22,197	23,460	23,637	20,805	21,291	20,847	21,678	22,656	24,630	28,544
Sales	11,473	7,787	10,698	13,726	17,209	20,942	23,922	22,433	24,215	23,817	23,461	20,650	20,872	20,315	19,638	17,737	17,747	18,115	18,384	19,131	20,793	21,266	23,479	21,895	23,439	22,240	21,859	21,229	22,559	20,415	22,230	22,471	24,841
Backlog	5,219	5,247	5,367	6,594	8,138	12,645	15,870	17,655	17,124	16,475	12,587	10,899	10,229	11,044	9,107	9,098	8,673	10,259	9,677	10,111	10,220	12,471	12,225	12,528	12,549	13,945	12,891	12,953	11,241	12,504	12,930	15,089	18,792

Support Statement –Trends in Orders Classified by Industry (Unconsolidated)–



(Million of Yen)

8,000

7,000

6,000

5,000

4,000

3,000

2,000

1,000

0

Machine Tool

General Machinery

Electronics

	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	4-6	7-9	10-12	1-3								
	2009			2010			2011			2012			2013			2014			2015			2016			2017								
Machine Tool	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	2,439	2,683	2,753	3,129	4,004	4,188	4,160	4,370	4,339	3,014	2,875	2,715	2,800	2,575	2,630	3,353
General Machinery	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	3,272	2,972	3,133	3,545	3,908	3,398	3,466	3,813	4,183	3,561	3,203	3,682	3,671	3,662	4,083	4,846
Electronics	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	3,852	2,774	3,146	3,492	4,446	4,547	4,177	3,779	3,628	2,896	3,784	3,485	4,649	4,697	5,867	6,816