

# Two-way communication between THK and its customers

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### Economic climate

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In 2014 the global economy supported a favorable business climate, driven by continued low-interest policies in the United States, and sustained the ongoing gentle recovery. In Japan popular opposition to another increase in the consumption tax rate resulted in the postponement of a second increase by eighteen months. In addition, the Bank of Japan conducted a large-scale buy-back of government bonds, leading to the easing of credit, and we have finally begun to see signs of a recovery in the domestic economy. In Europe, the perception of a letup in the financial crisis in Greece offered a glimpse of recovery. In China, however, amid a currency glut and a deflationary spiral resulting from excess production capacity, a sluggish business climate has set in.

Meanwhile, THK has continued to pursue a growth strategy aimed at augmenting its markets through global expansion and entry into new business areas.

Manufacturers who have opened factories in developing countries are now seeking ways to further automate those operations. As part of its global expansion effort, THK is working to expand its sales networks in order to gain better access to the factory-automation market in the developing world. On the sales side, we have initiated Japanese-language-based ASEAN Customer Support services to assist Japanese firms who have set up operations in Southeast Asia and are striving to providing on-site support wherever possible. We have also established three new sales branches in India. On the production side, we have built a new plant in China to increase productivity at DALIAN THK and have successfully moved some of our operations there.

The effort to enter into new business areas is an initiative aimed at expanding sales and developing markets in areas such as renewable energy, aeronautics, robotics, construction equipment, and care-giving and rehabilitation services. In the field of renewable energy, THK is utilizing operational data from wind-powered and hydroelectric generating de-

vices to develop more suitable components, including a low-torque shaft unit for wind-powered generators, which is now in production. We have conducted tests with hydroelectric generators overseas and have now begun testing such devices in agricultural irrigation canals here in Japan.

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### The importance of two-way communication

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The midterm business plan issued last year called for an emphasis on strategies aimed at achieving growth. The aforementioned global expansion effort and effort to enter into new areas of business are our two fundamental growth strategies. For these efforts to succeed, it is essential that the concerns of customers all over the world are accurately communicated to THK and that communications from THK are faithfully and correctly conveyed to all our customers. To that end we have beefed up our sales staff to ensure more face-to-face interaction with customers and have worked to enhance communications by improving distribution networks, collecting and using relevant data, and reaching people via the Internet, newspapers and magazines, local exhibitions, and direct mail.

THK's corporate philosophy sets forth the challenge of providing innovative products to the world and generating new trends to contribute to creation of an affluent society. To embrace this vision, we strive to identify and fully understand our customers' problems and needs and gather all the relevant information available, including complaints. We also present information and ideas to our customers, recommend original applications and quality-related proposals, and offer products and innovations to ensure that the client's machinery and equipment will provide high added value.

To be able to rapidly comply with the need for the right product at the right price, in the right quantity and at the right

time and place, THK has established a unified production and sales system covering our four principal territories: Japan, the Americas, Europe, and the rest of Asia. In this way we can create product-delivery systems tailored to customer needs and designed to dramatically enhance the competitiveness of the customer's equipment and manufacturing operations.

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### In closing

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THK has established a basic policy devoted to the pursuit of business activities that create value and contribute to society, that are customer-oriented, and that adhere to all relevant laws and regulations.

As a creative, innovative enterprise, THK strives to increase its corporate value by developing original products and manufacturing technology. We conduct our business operations in a safe and fair manner, foster positive relationships with our partner businesses and other stakeholders, support sustainable environmental conservation, disclose information in a timely and appropriate manner, and make every effort to fulfill our responsibilities as a good corporate citizen. We thank all THK customers for their loyal patronage. We will continue to refine our creativity and provide high-quality products and high-level services.

This year's edition of the *THK CSR Report* presents illustrations of ways in which THK contributes to society through its principal business pursuits, in accordance with our basic policy, and also offers examples of efforts to expand into new areas of business. I hope you find this report enlightening.



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