

Contributing to the Creation of an Affluent Society Through Mid- to Long-Term Growth

Our Surrounding Environment and Growth Strategies

In the fiscal year 2016, a moderate recovery continued in the global economy, led by Europe and the United States and other developed countries, despite a slowdown in the economic growth of China and other emerging countries. 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 these circumstances, the THK Group has identified *full-scale globalization*, the *development of new business areas*, and a *change in business style* as cornerstones of our growth strategy to expand markets for our products, including LM Guides. Under our full-scale globalization strategy, we are striving to expand our sales and production structures globally to capture demand from China and other emerging countries, where the market is growing due to developments in factory automation (FA) and other areas, as well as the demand from developed countries, where the user base is expanding. With our development of new business areas, we are working to increase sales revenue from both our existing and newly developed products, buoyed by growing use of THK products in consumer goods-related fields. Additionally, in order to promote these strategies, we are striving to make full use of the IoT, cloud computing, AI, and robots in a variety of different areas such as sales, production, and development, thereby expanding our business domains by realizing a change in business style.

Striving for Mid- to Long-Term Growth

Based on the aforementioned growth strategies, we are promoting activities that will enable us to expand sales in each of our business areas and foster mid- to long-term growth. For our industrial machinery business, we will develop various policies to promote expansion not only of our mass production equipment sales, but of our sales aimed at the wide range of customers who are the end-users of our products. To give an example, we began selling semi-custom LM Guide Actuator Model SKR/KR products in August

2016. We took five custom products with high customer demand and made them into semi-custom products, allowing us to shorten their lead time. We are able to shorten other lead times with our newly launched, web-exclusive optimal product selection tools, which customers can use to easily calculate service life and select models. We also launched Omni THK for Singapore, Malaysia, and Thailand in March 2017. At every step of the process, from first learning about our products to actually placing an order, customers can use Omni THK to effortlessly purchase our products at any time or from any location, even if they are in a region where we do not have any sales branches.

In our other industrial machinery business, we are working to expand the use of our products in new consumer goods-related fields such as automotive parts, seismic isolation and damping systems, medical equipment, aircraft, robotics, and renewable energy.

For our automotive and transportation business, by demonstrating synergy between THK, THK RHYTHM, and TRA's mutual sales and production facilities, we will work to further expand our L&S (Linkage and Suspension) business and develop and expand sales of new products that make use of our core linear motion technology.

We will also strengthen our efforts to improve our profitability. In March 2017, we finished installing the Eagle System, which enables us to see the operation conditions of our machines at each facility in Japan, the Americas, Europe, and China at a glance. This will allow us to standardize global production. In the future, we will pursue dramatic improvements in productivity by connecting our products and production employees to the network so that we can achieve visibility for every process.

2017 Initiatives

Starting in the 2017 fiscal year, we have now changed the end of our fiscal year from March 31 to December 31. The purpose of the change is to promote unified management among the THK Group and to further improve transparency of our operations by providing appropriate and timely disclosure of our financial results and other operational information.

We also moved the offices of our headquarters from Tokyo's Shinagawa Ward to Minato Ward in October 2017. By concentrating nearby branches and the headquarters of THK and some of its group companies in one location, we have endeavored to further strengthen cooperation within the Group, make our operations more efficient, improve the workplace environment, and strengthen our ability to respond to disasters with our business continuity plan (BCP).

Our CSR Policy

As a final word, our LM Guides and other products have been used in machine tools, industrial robots, semiconductor production equipment, and more. These products we created have contributed to the development of industry as components vital to making all kinds of equipment high-precision, high-speed, and labor-saving. In that sense, our products, our very work itself, is CSR to us.

We do not simply announce our CSR policy. To put our corporate philosophy soundly into practice, we have established our Corporate Basic Policies and The THK Group Action Charter to strengthen our employees' awareness of CSR. These ideas have been recorded in our Corporate Philosophy, our Corporate Basic Policies, and The THK Group Action Charter pamphlets that have been translated into ten languages and distributed to each and every employee to ensure that everyone understands the message. In doing so, the THK Group will firmly fulfill its social responsibility to help create a sustainable society.



THK CO., LTD., President and CEO

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