

Industrial Machinery Business

Overview

THK has continued to expand the scale of its business by providing products including LM guides that are essential components in the manufacture of such wide ranging industrial equipment as machine tools and semiconductor production equipment. In addition, THK is actively engaged in the manufacture and sale of electric actuators and unit products that combine many of the Company's critical machinery components. In this manner, THK is making significant contributions to increasing precision, rigidity and speed in the industrial equipment field, while at the same time addressing production line automation needs.

Business Environment and Initiatives

In its Industrial Machinery Business, THK has worked diligently to bolster its global sales structure, build a robust production platform, and strengthen its marketing capabilities as the means to secure steady topline growth. In a bid to reinforce its sales structure, the Company set up the THK Chubu Technical Support within its Toyota Branch operations in March 2016. Permanently staffed by qualified engineers, the THK Chubu Technical Support boasts a showroom with a practical display of the two-arm robot NEXTAGE® and an experimentation station

to conduct tests that match the specifications of customers' machinery equipment. Plans are in place to progressively roll out this initiative to other bases with a view to providing one-stop technical support, testing, and sales services. Working to build a robust production platform, full-fledged operations commenced at THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD., the Company's sixth production base in China in July 2016. In addition to the manufacture and maintenance of THK's production base facilities in China, energies will be directed toward not only providing components to customers, but also putting forward design and manufacturing proposals as a single mechanism that includes peripheral equipment. With an eye toward strengthening its marketing capabilities, THK is endeavoring to visualize latent customers and markets by introducing and employing marketing tools. In doing so, the Company has identified a broad market that encompasses dedicated machine produced on order-made basis by machine tool and semiconductor production equipment manufacturers, the in-house production facilities of customers who actually utilize machinery equipment, automation-related facilities, and service parts. Compared with mass production machines, the aforementioned opportunities offer higher profit margins. the in-house production facilities of customers who actually utilize machinery equipment, automation-related facilities, and service parts. Compared with mass production machines, the aforementioned opportunities offer higher profit margins. Looking ahead, the Company will implement a variety of measures in order to capture a share of this broad market. Running parallel to these initiatives aimed at boosting the topline, the THK Group will improve productivity by increasingly incorporating robots into the production process and automating the production line while also undertaking various measures including efforts to visualize production by employing IoT technology. Through these means, every effort will be made to bolster the bottom line.

Industrial Machinery (Other) Business

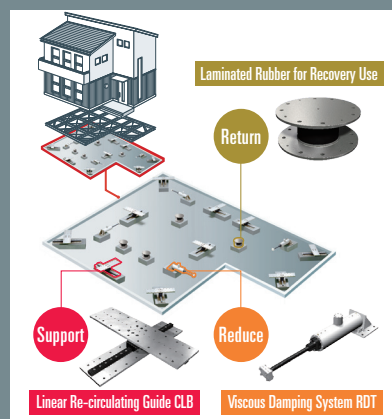
Activities in New Fields

THK is committed to cultivating opportunities in fields that are close to consumer goods as a part of efforts to promote the Development of New Business Areas. To this end, the Company will draw on the underlying strengths of accumulated linear motion system core technologies and know-how in the industrial equipment field. Use of THK's products is expanding over an increasingly broad area. The Company will aggressively ramp up its endeavors in a bid to bring to fruition this vast potential.

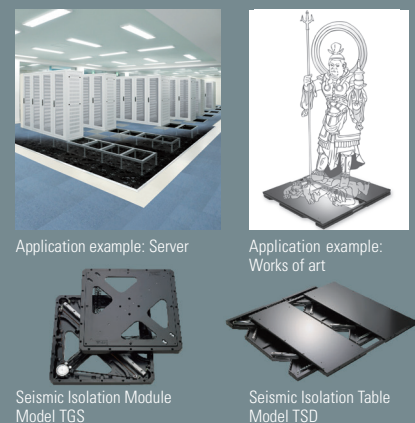
Seismic Isolation and Damping Systems

In the seismic isolation and damping systems field, the THK Group is supplying a broad range of products from seismic isolation and damping systems for high-rise buildings, low-rise residences and historical structures such as temples and shrines to seismic isolation platforms for servers and a variety of manufacturing equipment by employing its core linear motion system technologies. In this manner, the Group is helping to minimize the damage caused by earthquakes.

Building Seismic Isolation Systems



Seismic Isolation Platforms



Measures of Industrial Machinery Business

Expansion of Top Line

Before

Future

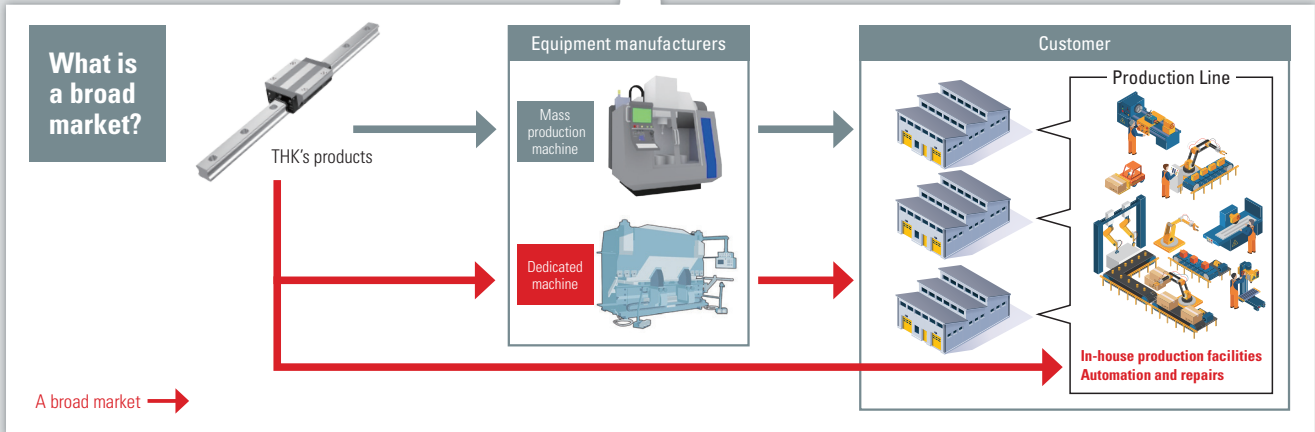
Preparations for hardware and software sides

Visualizing a broad market through marketing activities

Harvest results of various measures

- Enhancement of sales network
- Establishment of the global manufacturing structure
- Installation of marketing tool

- Active and efficient sales and marketing activities
- The utilization of marketing tools
- The creation of various sales channels
- The continuous development of new products for a wide range of customers in FA market



Strengthening of Bottom Line

1. Improve productivity by robotization and automation
2. Visualization of global production
3. Reduce various costs
4. Strategy on fair sales prices

- Reduce the labor cost ratio through improvement productivity
- Reduce of variable cost ratio by enhancement efficiency of fixed costs
- Improve of the marginal profit ratio

Medical Equipment

In the medical equipment field, LM guides, electric actuators, and related products are increasingly being used mainly in analysis and measurement equipment that require a high degree of reliability and quality. The Group's products are also expanding into next-generation medical equipment including surgical- and assisted-gait robots.



Robots

In the robot field, the THK Group is developing and marketing optimal components for use in robots across a broad range of fields. This extends from industrial robots that contribute to the automation of the production line to next-generation robots that can be expected to deliver benefits in fields that are close to the consumer.



Aircraft

In the aircraft field, the THK Group is witnessing an upswing in the use of products that require smooth movement. Focusing mainly on aircraft interiors, this includes products that are suited for control sticks, the reclining mechanisms of aircraft seats, and the sliding parts of folding tables and cockpit doors.



Renewable Energy

In the renewable energy field, the THK Group is working to develop and expand sales of products for use as mechanical components. Every effort is being made to promote the mass production and sale of low-torque shaft units for wind power generation systems. Moreover, the Group is endeavoring to establish deep ties within each region and to conduct tests for hydroelectric generators.



Automotive & Transportation Business

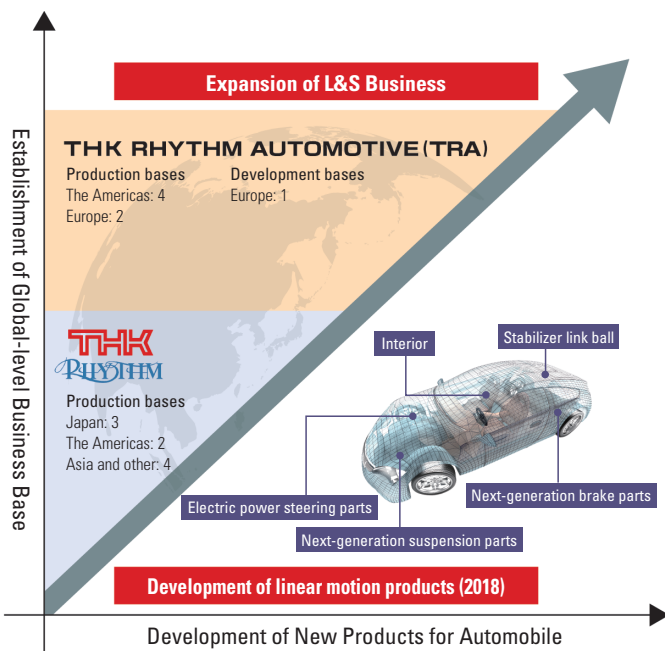
Overview

The THK Group develops and provides the automotive components that support the basic functions of automobiles as a part of its Automotive & Transportation Business activities. The Group strives to become a supplier of significant standing and presence by promptly addressing changes in the global automobile market. THK has continued to promote its mainstay link ball products since its foundation. Working to further expand its business, the Company acquired RHYTHM CORPORATION (currently THK RHYTHM CO., LTD.) in 2007. More recently, THK completed the transfer of the linkage and suspension (L&S) business, which encompasses automobile undercarriage components, from TRW Automotive Inc. in 2015. Subsequent to this business transfer, the Company established THK RHYTHM AUTOMOTIVE (TRA), which was included in its scope of consolidation. Through these means, significant strides have been made toward building a global sales, production and development business platform. In addition to this L&S business, the THK Group is working to expand the use of linear motion-related products for next-generation steering, brakes, suspensions and various other automotive mechanisms.

Business Environment and Initiatives

The THK Group will continue to expand its L&S business while promoting the increased use of linear motion-related products in the structure of automobiles in the Automotive & Transportation Business. Energies will also be channeled toward generating synergies in the sales and marketing area of THK and THK RHYTHM CO., LTD., which operates mainly in Japan and Asia together with TRA, which is active in Europe and North America. Drawing on these synergies, the Group will further expand its L&S business. Taking into consideration growing concerns toward the environment, the advance of electrical motorization of vehicles and the demand for automotive components that deliver higher levels of energy efficiency, THK will place considerable weight on developing and proposing new products that employ the Company's core linear-motion technologies. THK will place considerable weight on developing and proposing new products that employ the Company's core linear-motion technologies. Through these means, the THK Group will continue to leverage the synergies generated through THK and THK RHYTHM CO., LTD., and TRA to boost the topline. Moving forward, the Group will at the same time work diligently to uncover synergies that strengthen the bottom line. This includes promoting the coordinated use of each company's manufacturing facilities, the integration of products and steps to reinforce joint purchasing by region. In addition, from a development perspective, every effort will also be made to reap the benefits of TRA's R&D base in Germany following its inclusion within the Group. This access to additional research and development encompassing materials and manufacturing methods will be extended beyond more than just transportation equipment and across the Group as a whole, thereby further enhancing THK's collective competitive advantage.

Measures of Automotive & Transportation Business



Future Synergy of Automotive & Transportation Business

