



INTERIM FINANCIAL RESULTS BRIEFING

November 11th 2016

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.

Contents

**I . Financial Results
for 1st Half of Fiscal 2016**

II . About Future Measures

III . Financial Forecast for Fiscal 2016

I . Financial Results for 1st Half of Fiscal 2016

Net sales increased 21.4% year on year to 136.2 billion yen

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

- Net sales in Japan declined from the same period a year ago as demand for machine tools was sluggish although electronics-related demand was strong.
- Overseas, against a backdrop of slowdown of economic growth, demand generally declined in China. In the Americas, demand for electronics and transportation equipment was strong. Demand in Europe was generally strong. Such developments, coupled with the inclusion of four European- and Americas-based TRA companies in the consolidated accounts, resulted in overseas net sales growing from the same period a year ago.

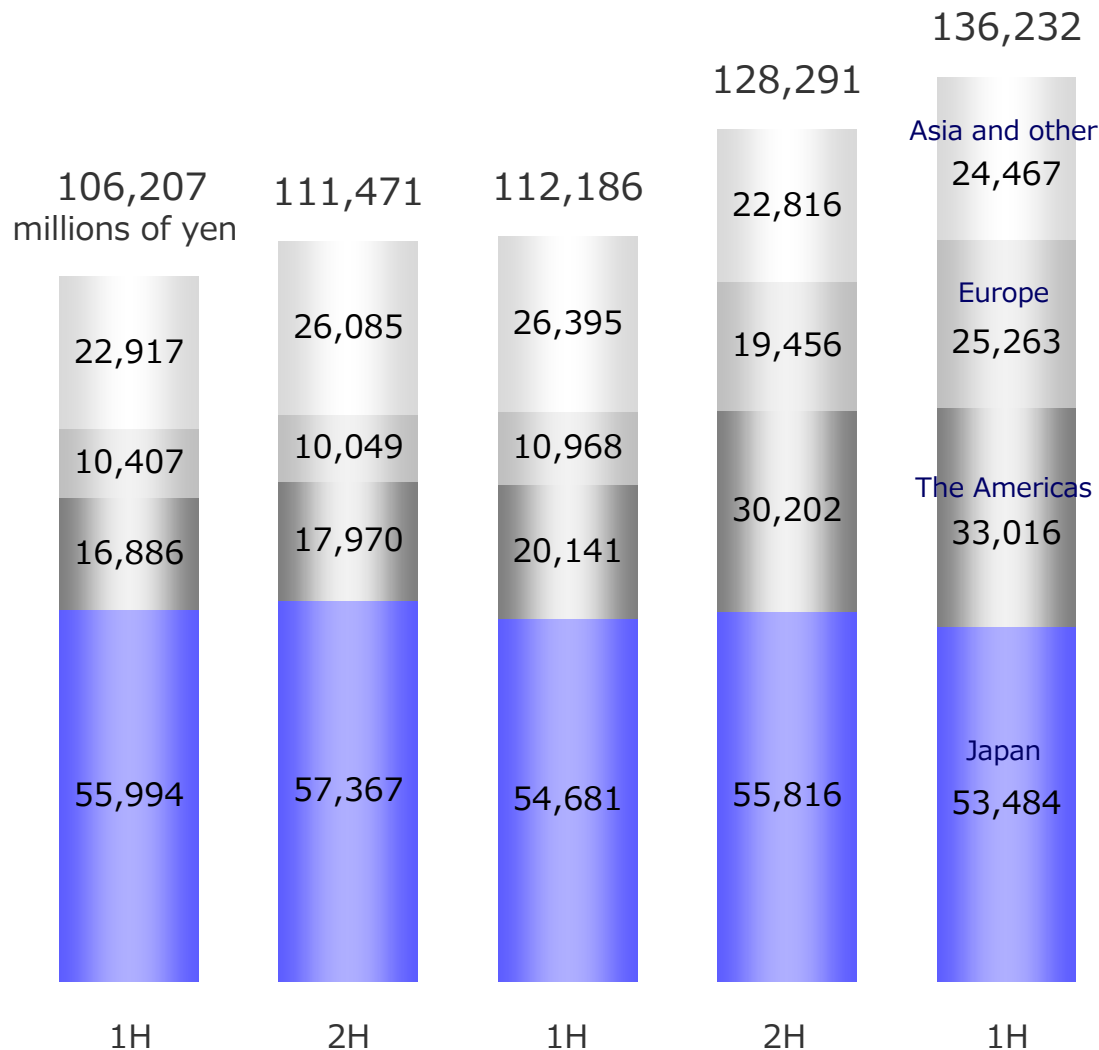
Operating income decreased by 6.5% year on year to 11.6 billion yen

- Negative impact by appreciation of the yen
- Increase in variable cost ratio

Both net sales and operating income exceeded the period start plans

- Net sales and operating income exceeded the period-start plan despite being affected by the yen's appreciation against other major currencies.

Trend in Net Sales



Asia and other | Y/Y Down 7.3%

*China (Industrial Machinery) Down 14.1%
 *Taiwan Down 18.7%
 *Singapore Down 19.6%

Europe | Y/Y Up 130.3%

*Machine tools Up 0.7%
 *General machinery Down 7.1%
 *Electronics Up 2.1%

The Americas | Y/Y Up 63.9%

*Machine tools Down 6.5%
 *General machinery Down 8.1%
 *Electronics Down 2.2%

Japan | Y/Y Down 2.2%

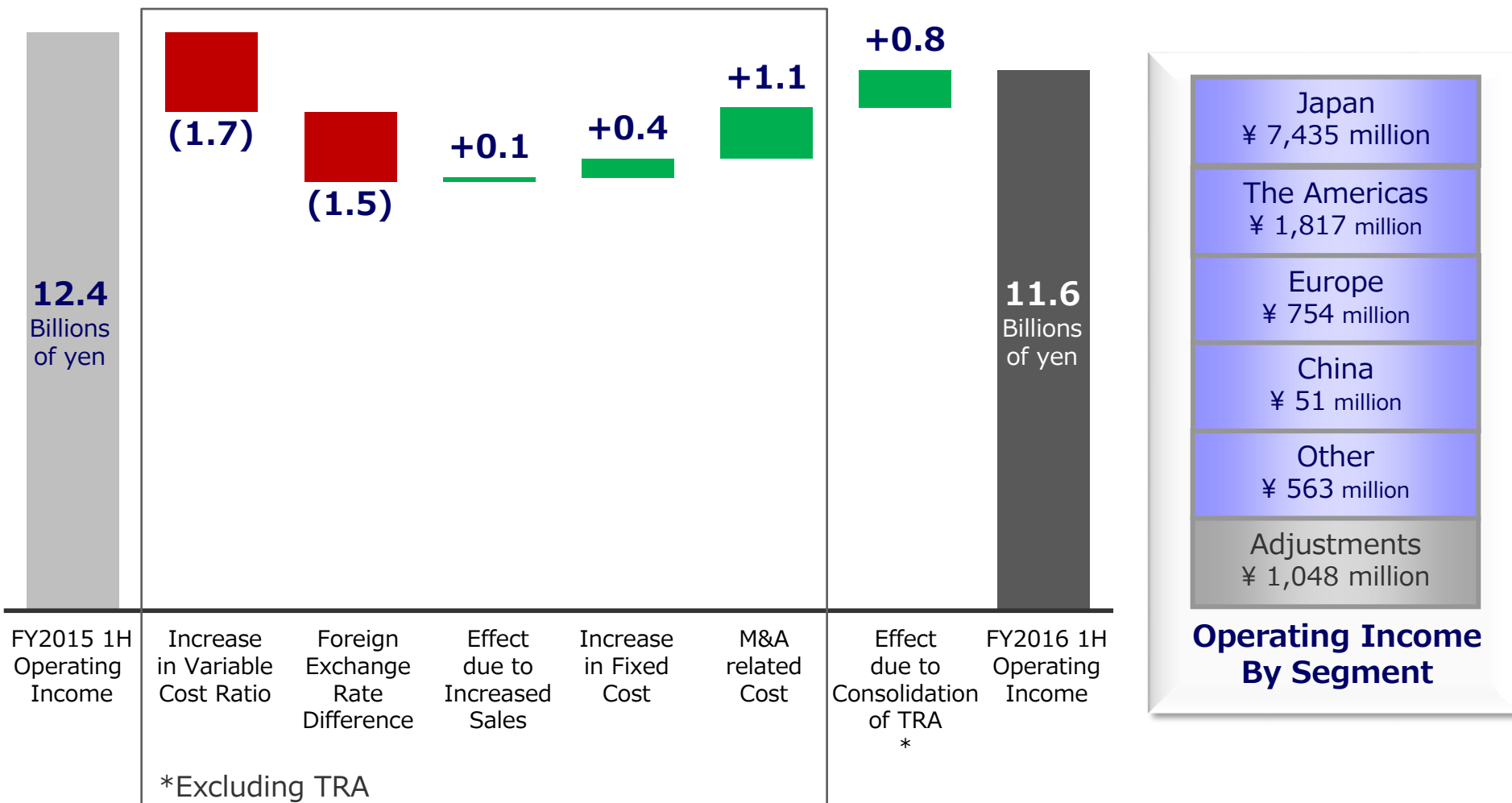
*Machine tools Down 30.0%
 *General machinery Down 2.8%
 *Electronics Up 10.9%

*Geographic sales is based on where our customers are located

*Sales increase in Europe and The Americas is mainly due to consolidation of TRA

Exchange rate	2015/3		2016/3		2017/3
1US\$	102.47	109.24	120.24	121.87	111.85
1EUR	140.43	140.43	134.17	134.47	124.68

[Reference] Operating Income - Cause of Change -



*TRA Performance

Net Sales: 29.1 billion yen

Operating Income: 0.8 billion yen

Assets, Liabilities and Net Assets

Cash and Cash Equivalents | Y/Y :

Down ¥ 3,197 million

Cash Flows from Operating Activities :

¥ 17,603 million

Cash Flows from Investing Activities :

¥ (5,602) million

Cash Flows from Financing Activities :

¥ (3,258) million

Foreign Currency Translation Adjustments
on Cash and Cash Equivalents :

¥ (11,940) million

Accounts and Notes Receivable | Y/Y :

Down ¥ 219 million

Number of Months' Sales Receivables :

Previous Period : 3.6 months

This Period : 3.1 months

Inventories | Y/Y :

Down ¥ 3,930 million

Number of Months' Sales in Inventory :

Previous Period : 2.0 months

This Period : 1.6 months

Property, Plant and Equipment | Y/Y :

Down ¥ 8,599 million

*CAPEX : ¥ 6,416 million

*Depreciation : ¥ 5,554 million

Intangibles | Y/Y :

Down ¥ 6,225 million

Goodwill | Y/Y : Down ¥ 2,211 million

Investments and Other | Y/Y :

Down ¥ 1,052 million

Total Assets
¥ 381,571 million

Down ¥ 26,237 million
from previous period

Current Assets

238,499

Down ¥ 10,359 million
from previous period

Fixed Assets

143,072

Down ¥ 15,877 million
from previous period

Liabilities

154,336

Down ¥ 2,932 million
from previous period

Net Assets

227,235

Down ¥ 23,304 million
from previous period

Current Liabilities | Y/Y :

Down ¥ 1,589 million

*Accounts and Notes Payable | Y/Y :

Up ¥ 869 million

Number of Months' Notes Payable

Previous period : 1.8 months

This period : 1.7 months

*Income Taxes Payable | Y/Y :

Up ¥ 1,225 million

*Accounts Payable | Y/Y :

Down ¥ 2,175 million

*Accrued Expenses | Y/Y :

Down ¥ 1,722 million

Long-term Liabilities | Y/Y :

Down ¥ 1,342 million

*Long-term Loans Payable | Y/Y :

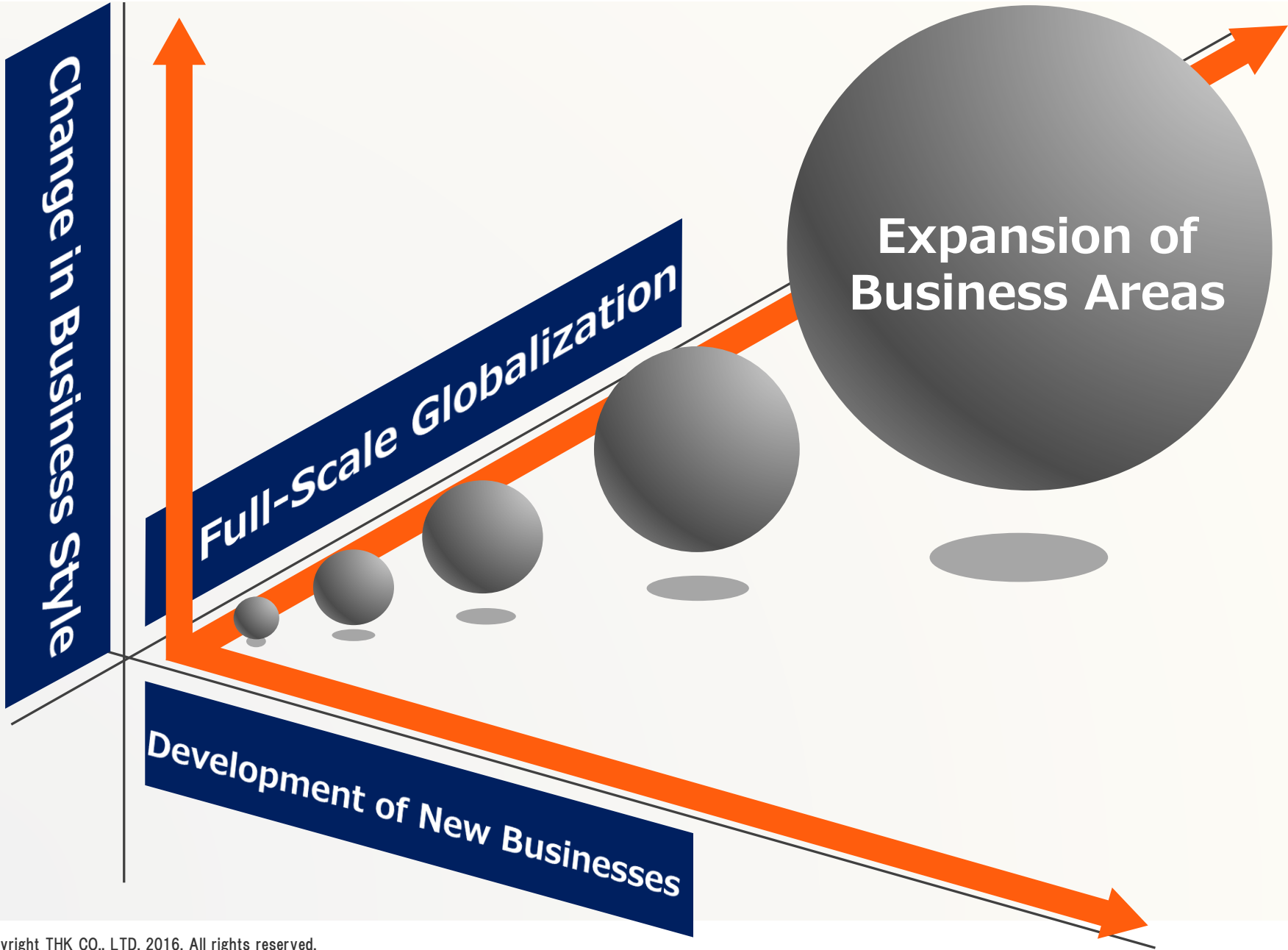
Down ¥ 615 million

Net Income Attributable
to Owners of the Parent
¥ 5,228 million

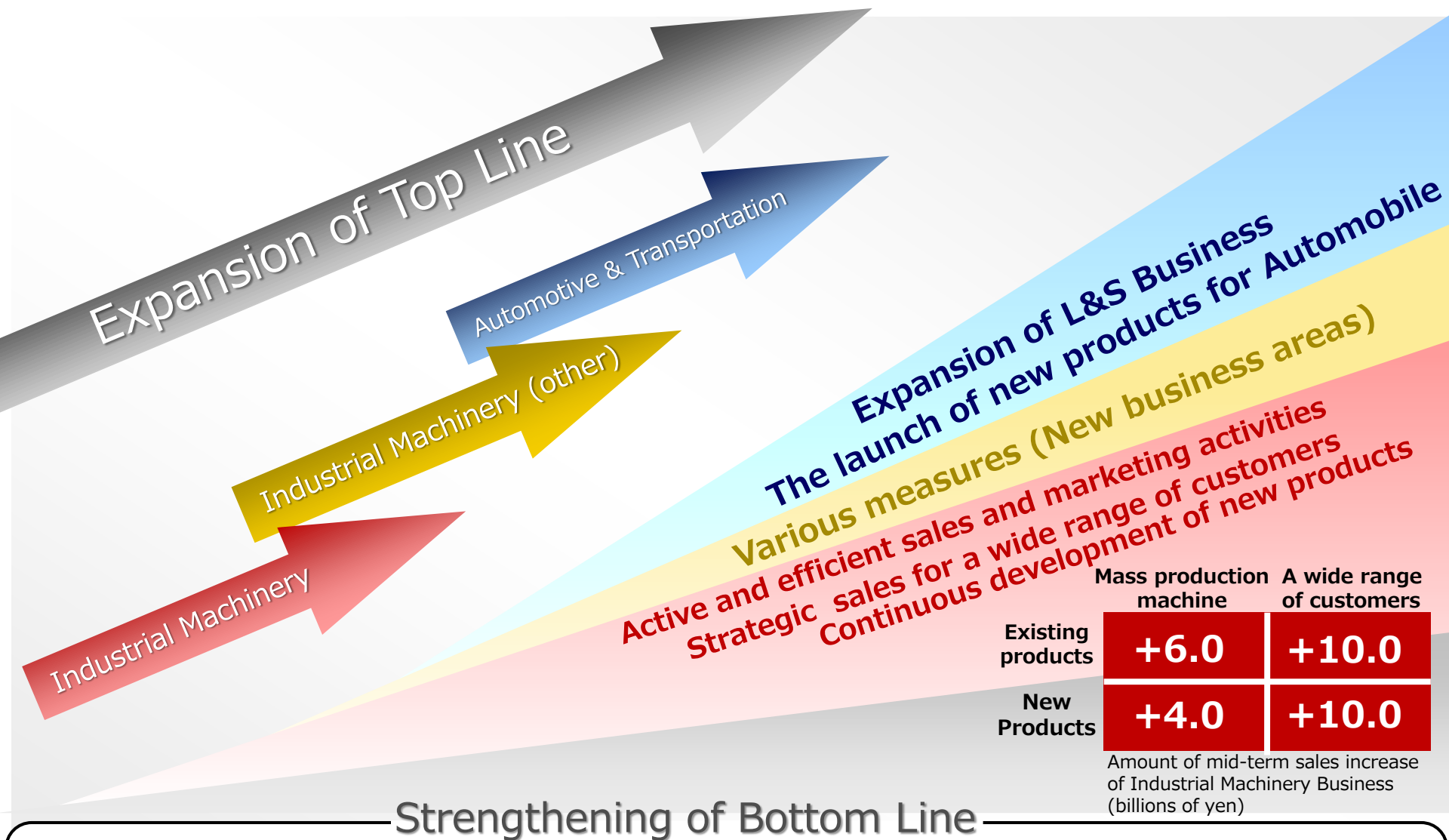
Foreign Currency
Translation Adjustments | Y/Y:
Down ¥ 24,791 million

Dividends Paid : ¥ (3,160) million

II. About Future Measures



Future Measures



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

	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)

Strengthening of Bottom Line

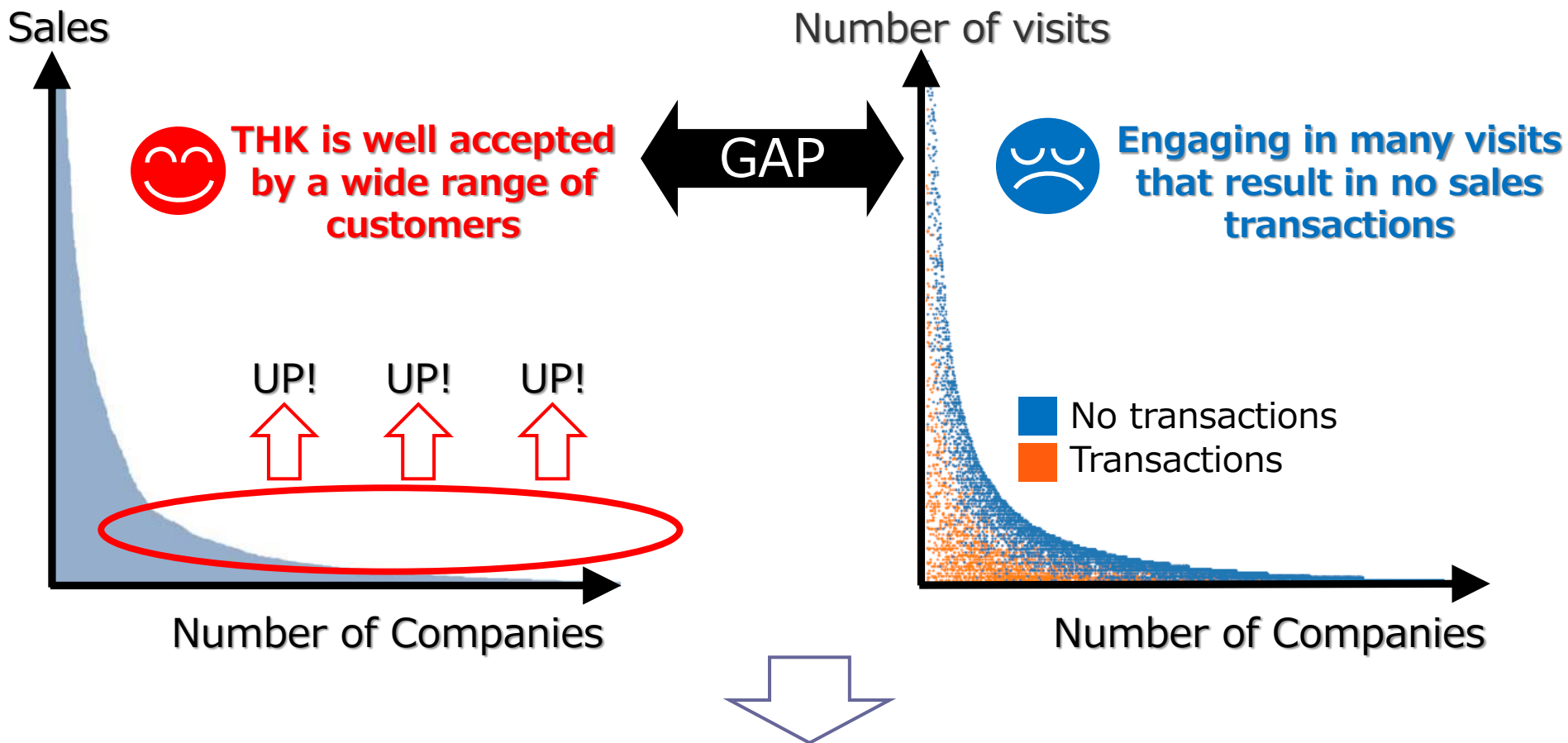
<Industrial Machinery and other>

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

<Automotive & Transportation>

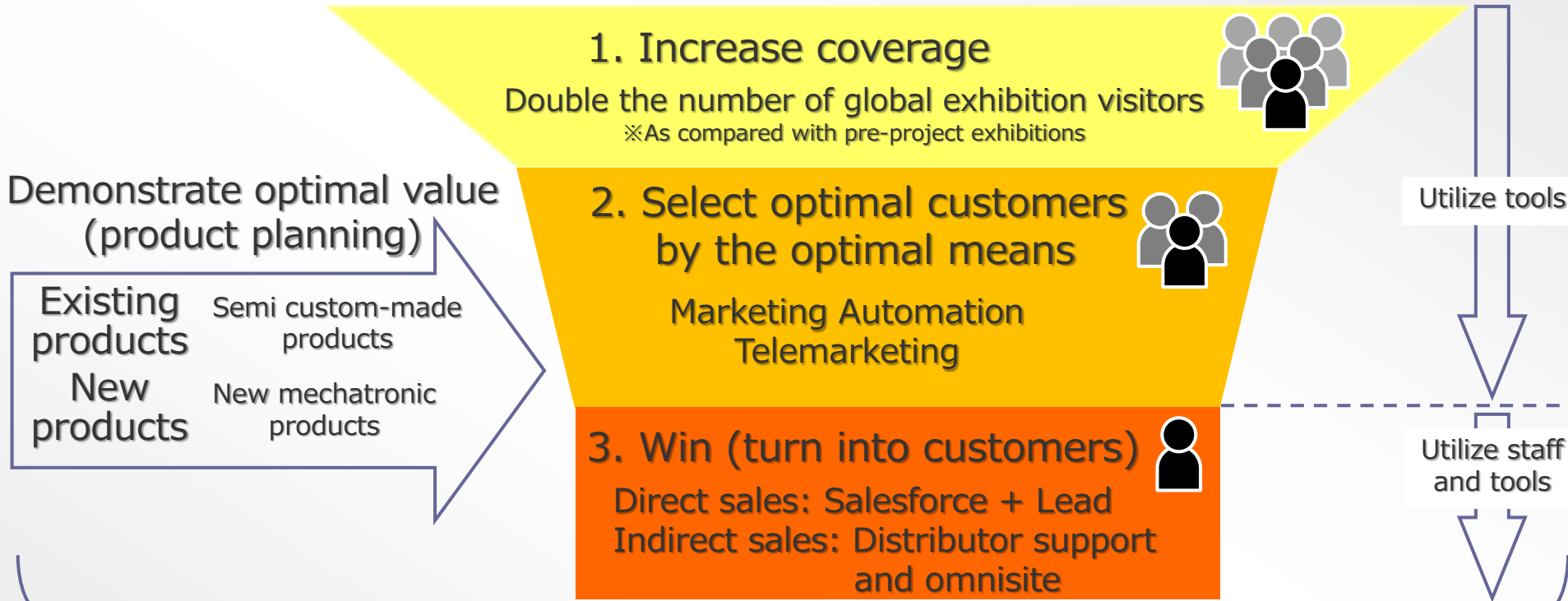
- 1. Mutual use of factories
- 2. Shared purchase
- 3. Integration of products

What We have Realized about a Wide Range of Customers



Achieve efficient sales operations through a business style reform in an effort to engage in sales activities that generate maximum profits with limited staffing and time

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



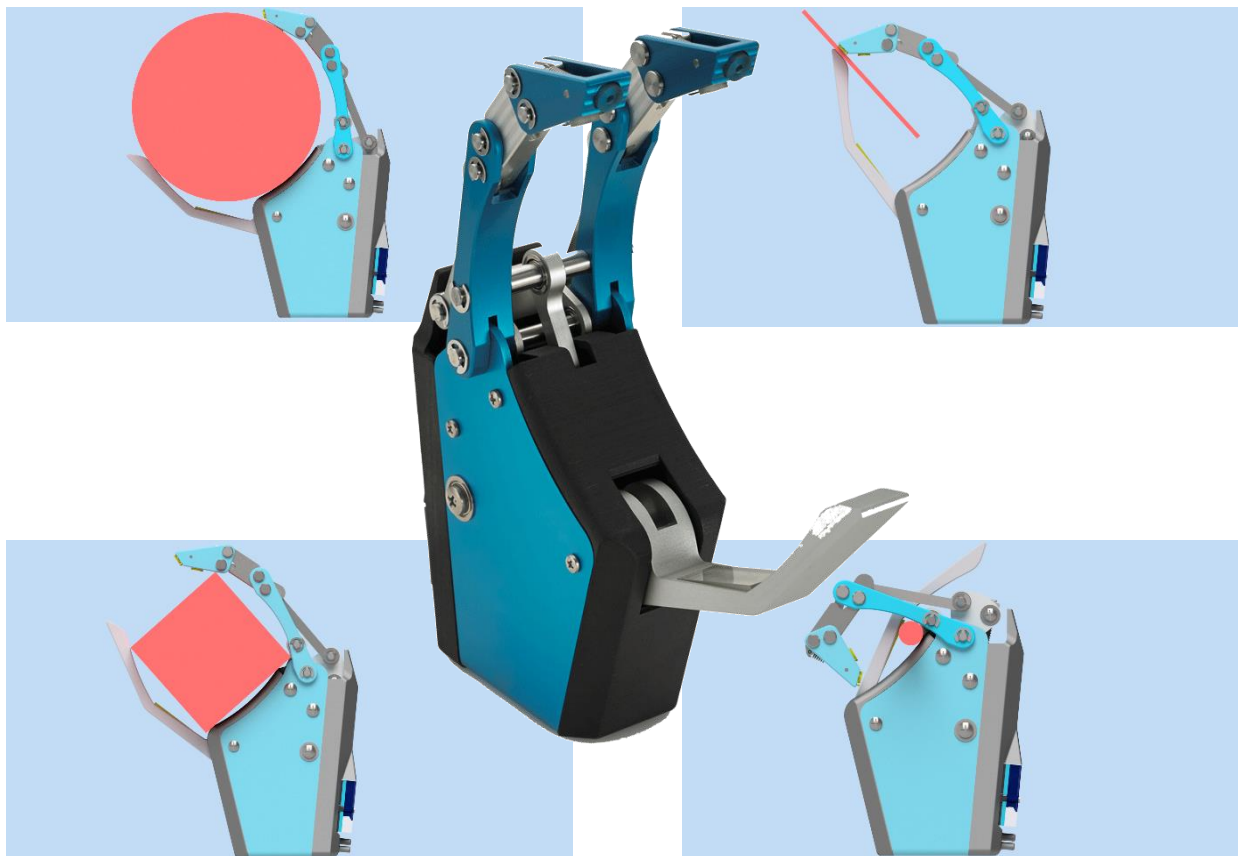
Demonstrate optimal value (product planning)

Existing products	Semi custom-made products
New products	New mechatronic products

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

Develop new business areas further and enhance profitability

Can hold objects of various sizes just like a human hand



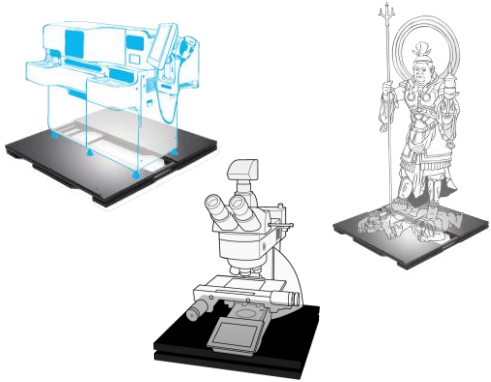
Sponsored by Nikkan Kogyo Shimbun

Now developing module products for a wide range of customers through the integration of a robot hand TRX® and new technologies

Seismic Isolation Platforms Table



The number of adoption grows rapidly



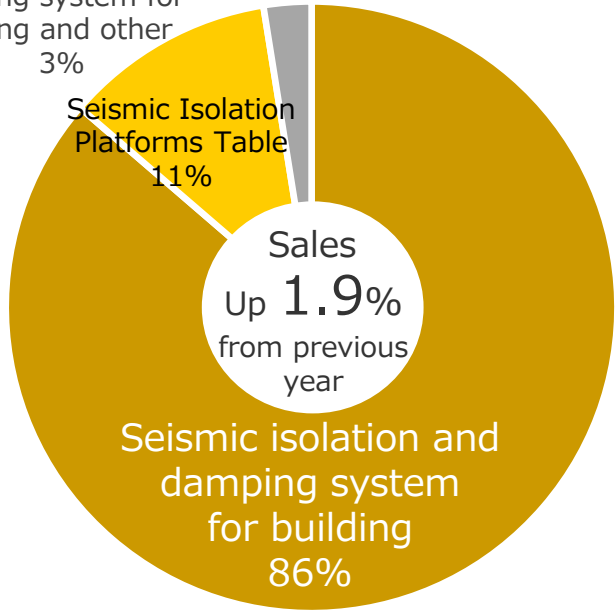
Seismic Isolation and Damping for House



Being adopted by a steadily increasing number of buildings



Seismic isolation and damping system for housing and other 3%



ACE Division Sales Breakdown of FY2016 1H Seismic Isolation and Damping System

Seismic Isolation and Damping for Building



Higher damping performance compared with previous products

Develop the Consumer Goods Domain on a Company-wide Level

Industrial Machinery(other)

Aircraft

Medical Equipment

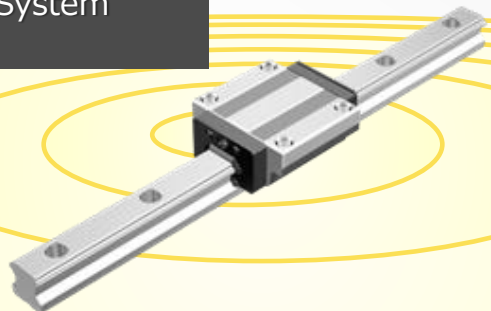


Reclining Seats

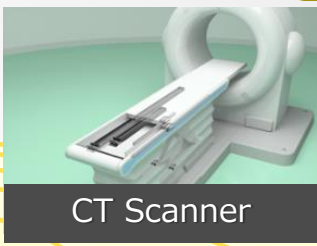


Control Stick

Table Sliding System



Linear Motion Core Technology



CT Scanner

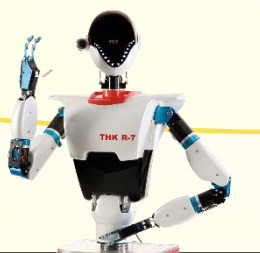
Surgical Robot



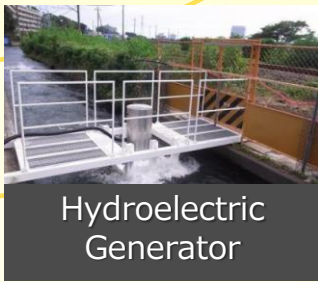
Support Robot used in Plant



Robot Hand



Humanoid Robot



Hydroelectric Generator

Solar Light Generator



Wind Power Generation

Robots

Renewable Energy

Expansion of L&S (Linkage and Suspension) Business

<North America>

July, 2016 Integrated THK America's Automotive parts business into THK RHYTHM
 Joint sales activities now underway for THK, THK RHYTHM and TRA products

<China>

THK RHYTHM China launched TRA-designed product for European manufacturer



Acquiring extremely strong orders by enjoying synergy in sales activities

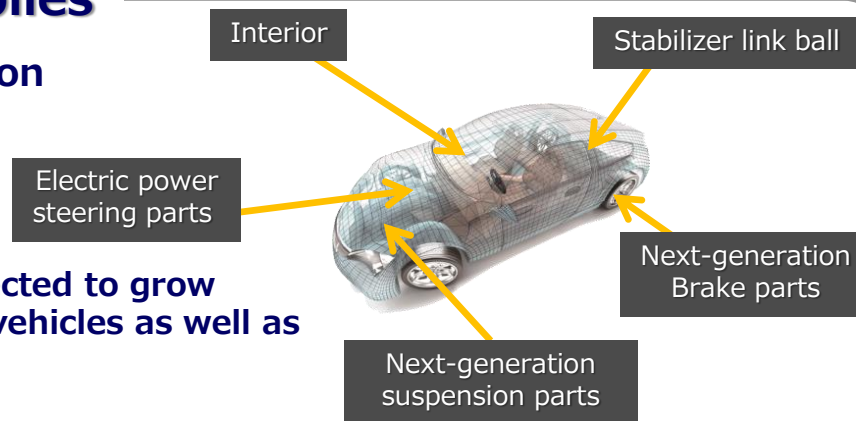
Linear Motion Products for Automobiles

Nov, 2016 Completed production line installation

2017 Trial processing and quality review

2018 Sales scheduled to be launched

Sales of linear motion products for Automobiles are expected to grow also in the future due to the progress of shift to electric vehicles as well as advancing autonomous driving technology



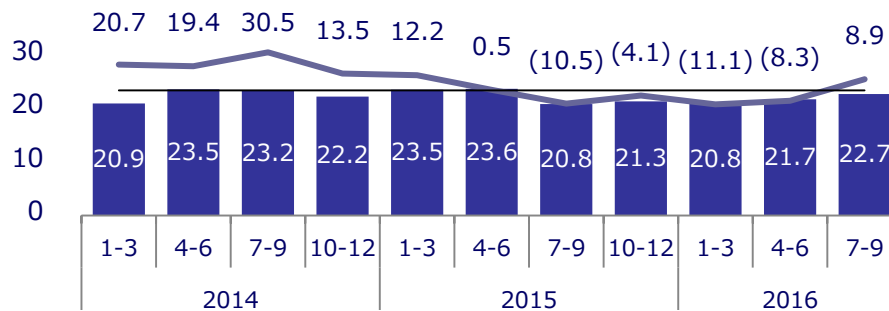
Accelerate the development and sales of linear motion products for Automobiles jointly with TRA's development business unit

Ⅲ. Financial Forecast for Fiscal 2016

Orders Received by Region

THK (Domestic)

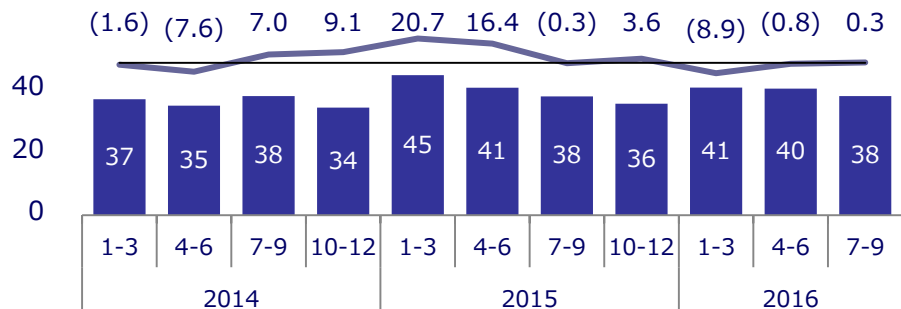
% Change, Billions of Yen



*exclude export

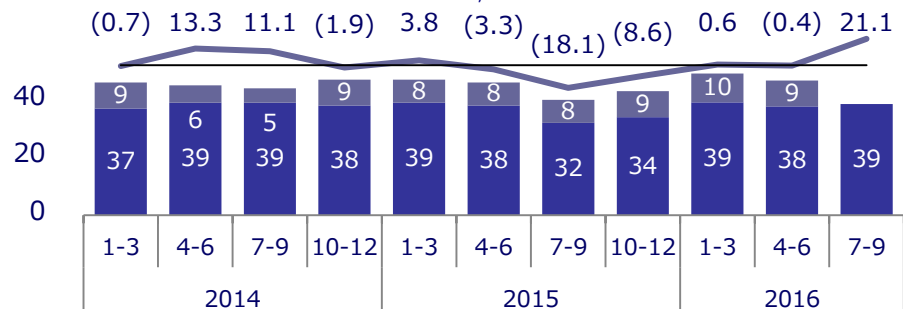
THK Europe

% Change, Millions of EUR



THK Holdings of America

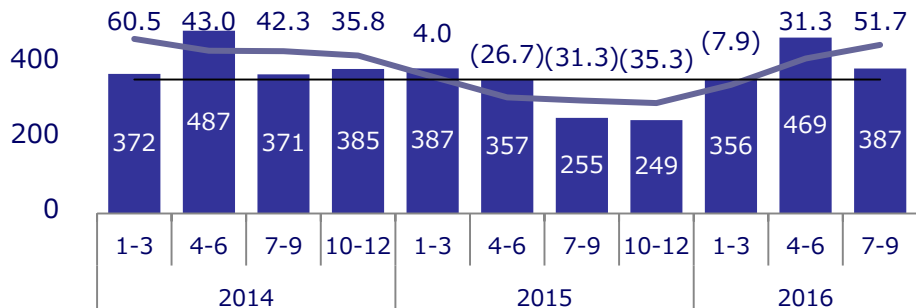
Order value transferred to THK RHYTHM NORTH AMERICA CO., LTD. % Change, Millions of USD



※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.

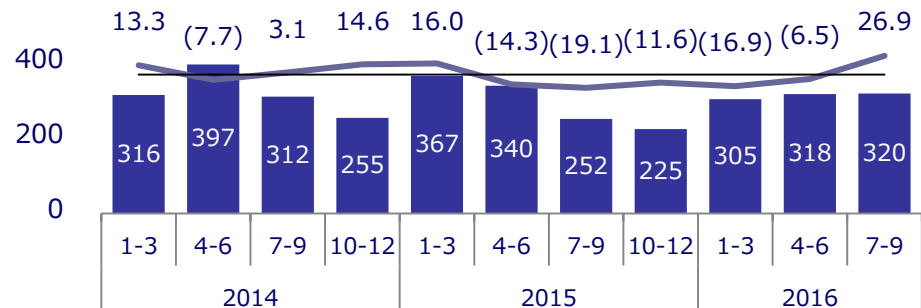
THK (CHINA) + THK (SHANGHAI)

% Change, Millions of CNY



THK TAIWAN

% Change, Millions of NTD



Financial Forecast (Consolidated)

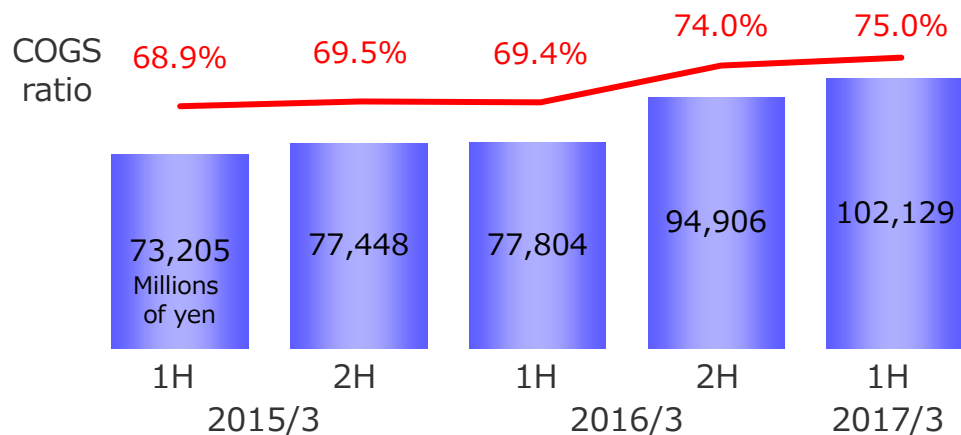
	2017/3		2016/3
	FY Forecast	1H Results	Results
Net Sales	262,000	136,232	240,478
<i>Y/Y</i>	+8.9%	+21.4%	+10.5%
Operating Income	21,000	11,672	23,169
<i>Y/Y</i>	-9.4%	-6.5%	-18.4%
Ordinary Income	19,600	7,909	19,140
<i>Y/Y</i>	+2.4%	-32.4%	-43.8%
Net Income Attributable to Owners of the Parent	14,000	5,228	13,575
<i>Y/Y</i>	+3.1%	-32.2%	-40.2%
Exchange rate			
<i>USD</i>	105.00	111.85	121.05
<i>EUR</i>	120.00	124.68	134.32
<i>RMB</i>	16.10	17.08	19.22

Financial Forecast (Unconsolidated)

	2017/3		2016/3
	FY Forecast	1H Results	Results
Net Sales	115,800	61,072	126,127
<i>Y/Y</i>	-8.2%	-5.1%	-5.0%
Domestic	82,900	42,645	87,890
<i>Y/Y</i>	-5.7%	-3.3%	-2.4%
Operating Income	11,600	5,466	17,925
<i>Y/Y</i>	-35.3%	-41.5%	-18.1%
Ordinary Income	11,000	3,483	16,068
<i>Y/Y</i>	-31.5%	-62.8%	-41.3%
Net Income	7,900	2,872	11,855
<i>Y/Y</i>	-33.4%	-58.0%	-32.6%

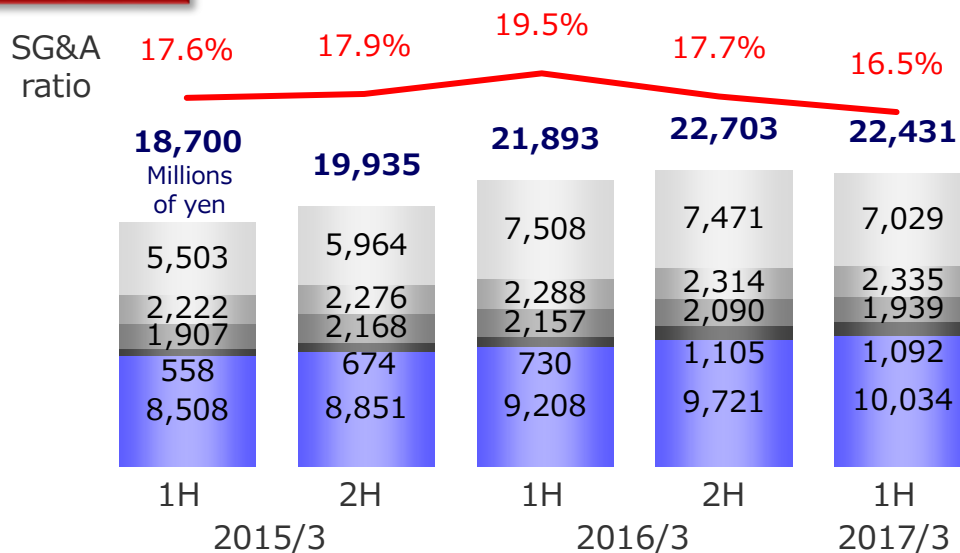
Trends in COGS and SG&A

COGS



Sales-cost ratio increased by 5.6 points Y/Y
*Increase due to consolidation of TRA

SG&A



Other | Y/Y : Down ¥ 479 million, or 6.4%

R&D | Y/Y : Up ¥ 47 million, or 2.1%

Sales & Distribution Costs | Y/Y :
Down ¥ 218 million, or 10.1%

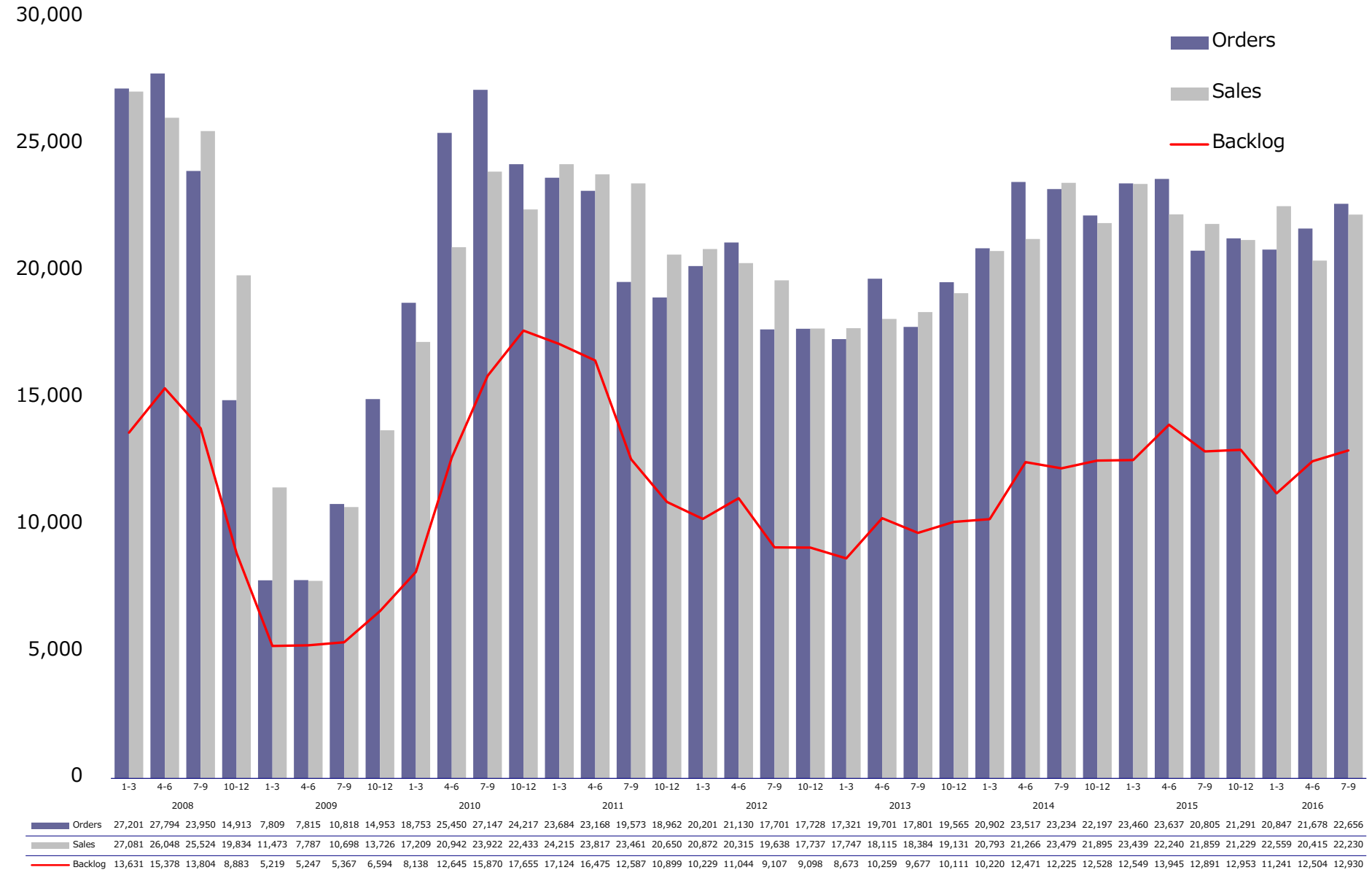
Depreciation and Amortization | Y/Y :
Up ¥ 362 million, or 49.6%

Personnel Costs | Y/Y : Up ¥ 825 million, or 9.0%

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



(Millions of yen)



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

(Millions of yen)

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	4-6	7-9	10-12	1-3	4-6	7-9					
	2008				2009				2010				2011				2012				2013				2014				2015				2016			
Machine Tool	3,727	3,635	3,263	1,319	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	
General Machinery	4,835	4,942	3,969	2,219	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	
Electronics	5,657	5,984	5,159	2,809	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	