



# FINANCIAL RESULTS BRIEFING FOR FISCAL 2011

May 11<sup>th</sup> 2012

THK CO., LTD.  
President & CEO  
AKIHIRO TERAMACHI

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

# 1. Financial Results for Fiscal 2011

## Net sales increased by 3.3% from the previous year to 196.8 billion yen

- In Japan, the demand for our products for the electronics industry entered a phase of adjustment in the summer and thereafter, but the strong demand during the first half of the year allowed us to manage to maintain sales at the initially projected level.
  - In overseas markets, the demand for our products for the electronics industry entered a phase of adjustment in the summer and thereafter. In addition, the demand showed little fluctuation due to China's tight monetary policy. Under such circumstances, sales in Asia and other regions remained almost at the same level as in the previous year. Backed by brisk demand, meanwhile, sales in Europe and the Americas grew steadily.
- ※Geographic sales is based on where our customers are located.

## Operating Income decreased by 9.6% from the previous year to 19.7 billion yen

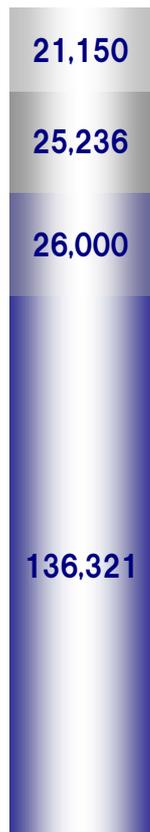
- Volume effect due to increased sales
- Negative impact by appreciation of the yen
- Effects of product lineups
- Increase in fixed cost due to change of depreciation methods of property

## Both net sales and operating income exceeded the plans which revised and announced in November 2011

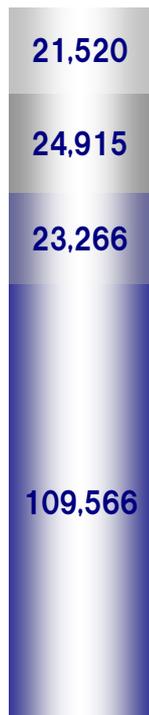
- Each goals of achieving 190 billion yen in net sales, 18.5 billion yen in operating income, 15.0 billion yen in ordinary income and 9.5 million yen in net income as revised and announced in November 2011 were exceeded.

# Trend in Net Sales

208,708  
Millions of yen



179,269



115,330



190,661



196,866



Exchange rate	2008/3	2009/3	2010/3	2011/3	2012/3
1US\$	117.84	103.46	93.58	87.81	79.84
1EUR	161.24	152.44	130.21	116.39	111.11

**Asia and other** Up 0.7%

- South Korea Down 35.4%
- Taiwan Up 11.9%
- China ( Industrial Equipment) Up 34.9%

**Europe** Up 24.0%

- Machine tools Up 52.4%
- General machinery Up 27.3%
- Electronics Down 3.9%

**The Americas** Up 7.0%

- Machine tools Up 31.0%
- General machinery Up 3.4%
- Electronics Down 9.6%

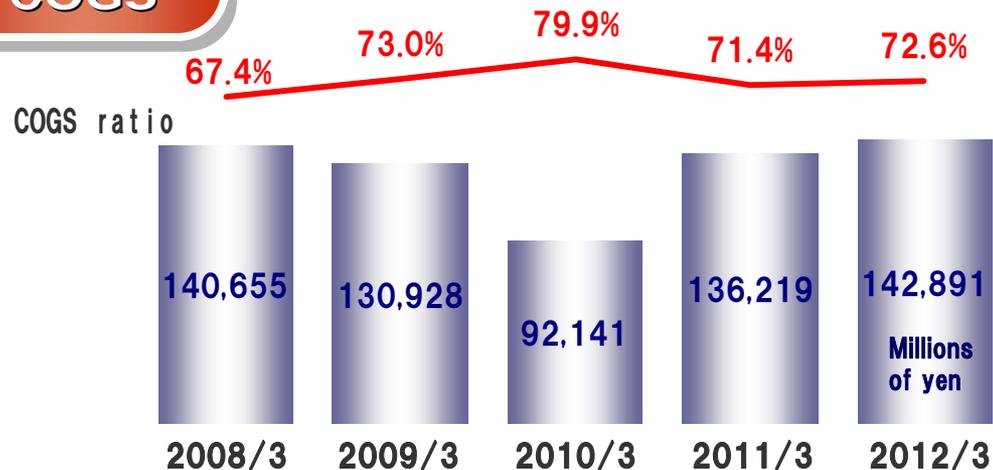
**Japan** Up 0.5%

- Machine tools Up 20.0%
- General machinery Down 6.8%
- Electronics Down 17.8%

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

# Trends in COGS and SG&A

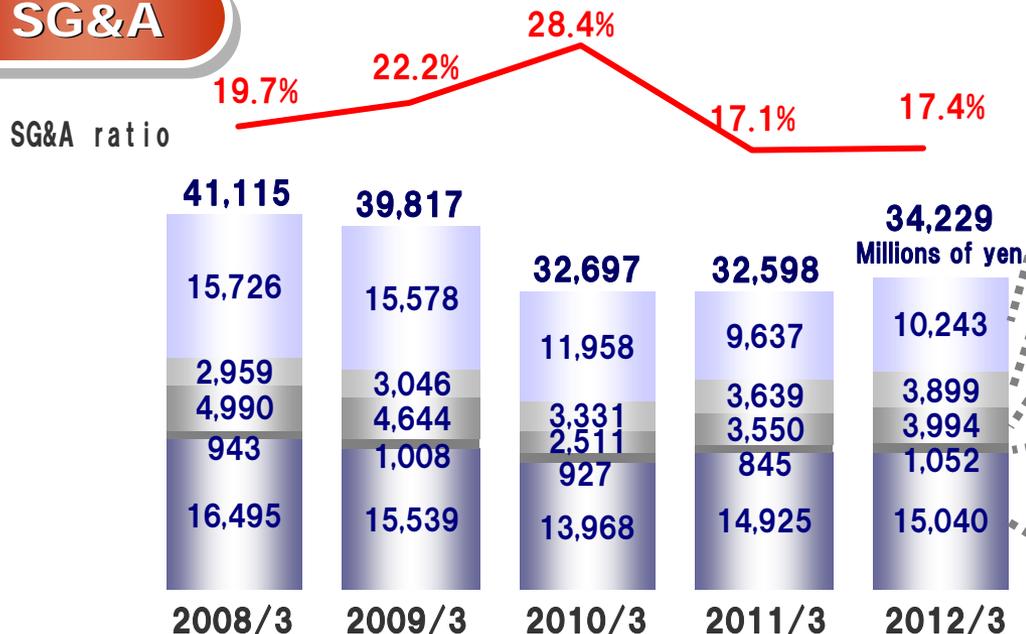
## COGS



Sales-cost ratio increased by 1.2 points Y/Y

- Increase in fixed cost
- Effect in change of depreciation methods of property
- Foreign exchange rate difference

## SG&A



Other | Y/Y : up ¥ 605 million, or 6.3%

- Increase in outsourcing expenses for Business Continuity Plan

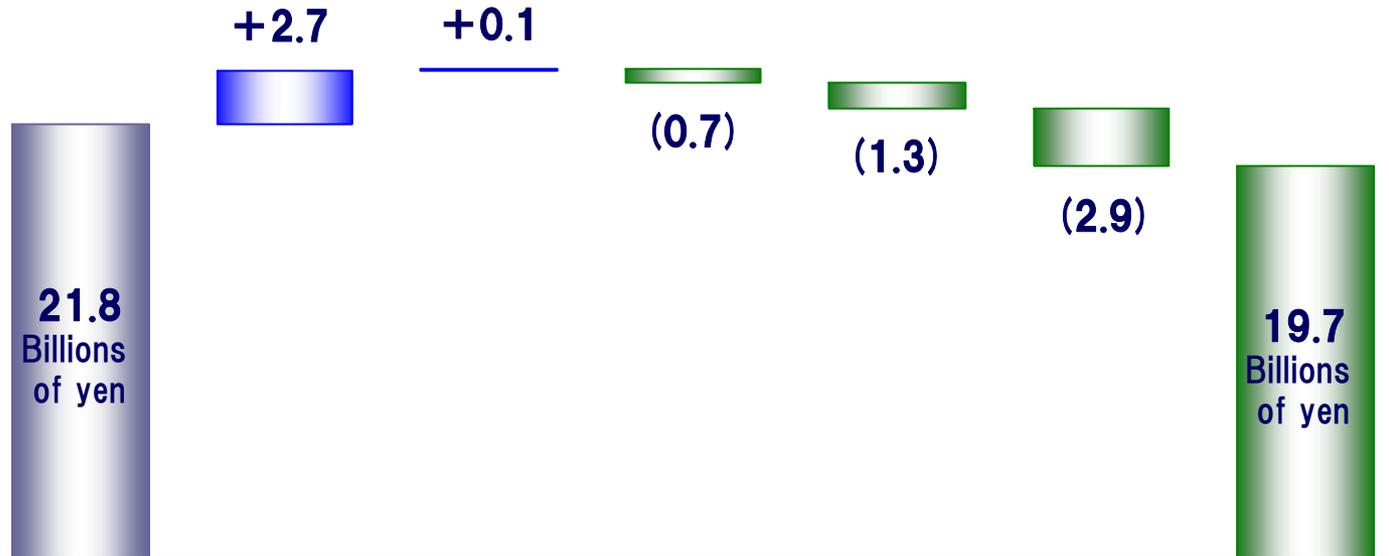
R&D | Y/Y : up ¥ 259 million, or 7.1%

Sales & Distribution Costs | Y/Y :  
up ¥ 444 million, 12.5%

Depreciation and Amortization | Y/Y :  
up ¥ 206 million, or 24.4%

Personnel Costs | Y/Y : up ¥ 115 million, or 0.8%

# Operating Income - Cause of Change -



FY 2010  
Operating  
Income

Volume  
effect

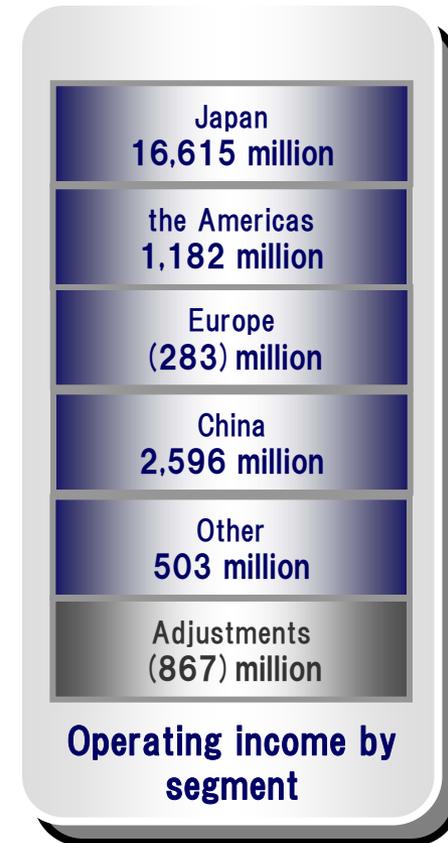
Down  
in  
Variable  
Cost  
Ratio

IT related  
Expense  
for  
Business  
Continuity  
Plan

Foreign  
Exchange  
Rate  
Difference

Increase  
in  
Fixed  
cost

FY2011  
Operating  
Income



# Trends in Assets, Liabilities and Net Assets

**Cash and Cash in Account | Y/Y :**  
Up ¥ 10,684 million

Cash Flows from Operating Activities :  
¥ 16,504 million

Cash Flows from Investing Activities :  
¥ (10,863) million

Cash Flows from Financing Activities :  
¥ 6,937 million

Foreign Currency Translation Adjustments  
on Cash and Cash Equivalents :  
¥ (2,164) million

Newly consolidated subsidiaries :  
¥ 270 million

**Accounts Receivable | Y/Y :**  
Down ¥ 3,407 million

Number of months' sales receivables :  
Previous period: 3.6 month  
This period: 3.2 month

**Inventories | Y/Y :**

Down ¥ 670 million  
Number of months' sales in inventory :  
Previous period : 1.7 month  
This period : 1.6 month

**Property , Plant and Equipment | Y/Y :**  
Up ¥ 4,202 million

■ CAPEX : ¥ 13,880 million  
■ Depreciation : ¥ 10,233 million

**Intangible Assets | Y/Y :**  
Up ¥ 1,512 million

**Investment and Other | Y/Y :**  
Down ¥ 4,137 million from  
Decrease in insurance funds

**Total Assets 288,333** millions of yen  
Up ¥ 8,564 million from previous year

## Current Assets

**198,652**  
Up ¥ 6,986 million from  
previous period

## Fixed Assets

**89,680**  
Up ¥ 1,577 million  
from previous period

## Liabilities

**112,816**  
Up ¥ 984 million  
from previous period

## Net Assets

**175,516**  
Up ¥ 7,579 million  
from previous period

**Current Liabilities | Y/Y :**  
Down ¥ 7,419 million

■ Accounts Payable | Y/Y :  
Down ¥ 4,081 million  
Number of months' notes payable  
Previous period : 2.0 month  
This period : 1.7 month

■ Income Taxes Payable | Y/Y :  
Down ¥ 3,656 million

**Long-term Liabilities | Y/Y :**  
Up ¥ 8,404 million

Issue of SB  
Decrease in reserve for  
employees' retirement benefits

**Net Income :**  
¥ 12,641 million

**Foreign Currency Translation  
Adjustment | Y/Y :**  
down ¥ 3,822 million

## 2. Current Management Environment and Our Strategy

Globalization  
Full-Scale

Overseas Market: Full-scale globalization  
Overseas Sales: ¥150 billion  
Overseas Sales Ratio: 50%



## Expansion of Business Areas

**Consolidated Net Sales: ¥300 billion**

**Operating Margin: 20%**  
**ROA: 15%**

Domestic Market: Full-scale operation  
in the consumer products area  
Domestic Sales: ¥150 billion



# Development of New Businesses

## Change of External Environment

Growth of Emerging Countries' Economy  
 Shift in the production of Capital goods to emerging economies  
 Conclusion of trade agreements in various regions of the world  
 Rapid fluctuations in exchange rate

Maturity of capital goods markets in advanced countries  
 Growing awareness of the need to take disaster-prevention measures  
 Progress toward Electric-Powered Living

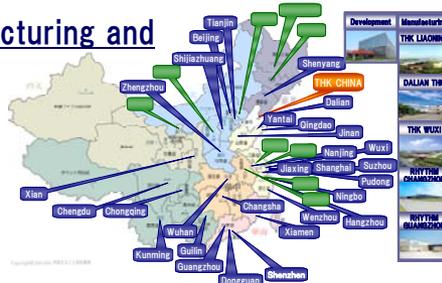
*Full-Scale Globalization*

《Main measures》

*Development of New Businesses*

### Enhancement of Sales, Manufacturing and Development in China

- Reinforcement of production capacity at each plant
- Shifting to a 60-branch office system at the end of 2014
- Full-scale development



### Development to Latin America and India



#### Other

- Promotion optimal production
- Promotion local procurement

### Automotive Parts

- Efforts to encourage the adoption of linear motion systems for automotive parts
- Use of linear motion systems by a wider range of manufacturers for a wider range of vehicle models



### Seismic Isolation Devices and Damping System

- Expansion sales of seismic isolation platforms table
- Introduction new vibration damper



### Electric Actuator

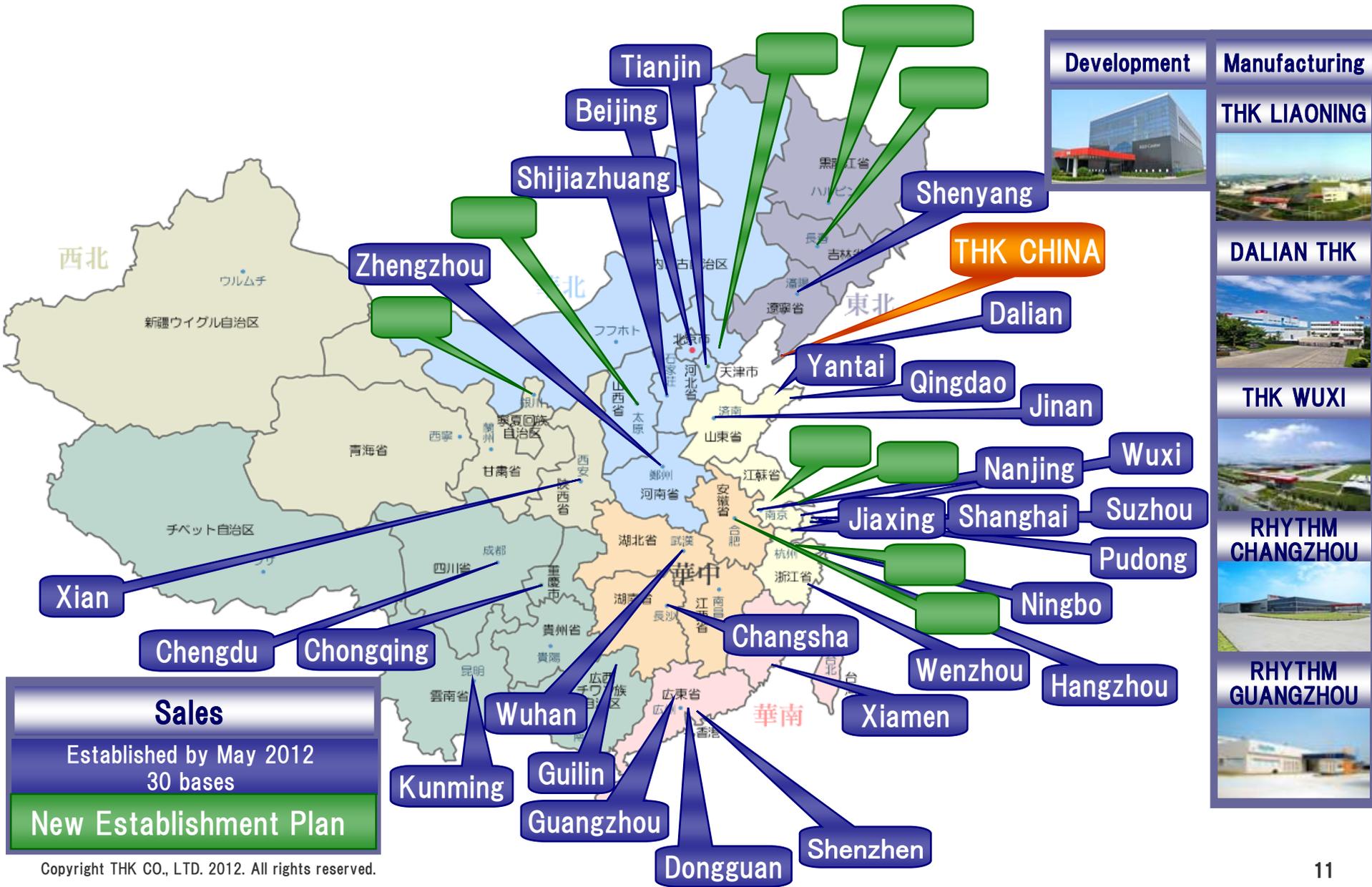
- Promotion overseas production
- Expansion lineup



**Enhancement business base by promotion P25 Project**

# 3. Full-Scale Globalization

# Enhancement of Sales, Manufacturing and Development in China



# Enhancement of the Global Manufacturing Structure



**THK CHANGZHOU**  
Scheduled to start of construction in October 2012

**THK RHYTHM MEXICANA**  
Start of construction in May 2012

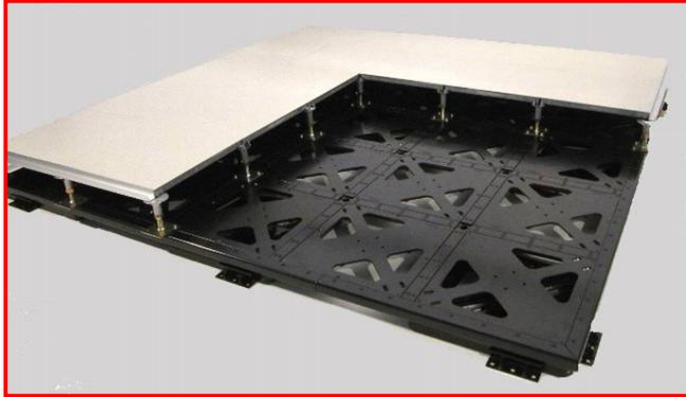


## 4. Development of New Businesses

## New Seismic Isolation Platforms

### Table TGS

Damping function added to conventional products



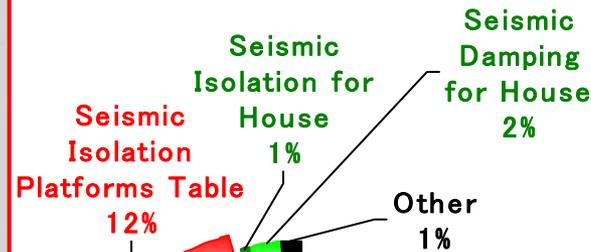
## Seismic Isolation and Damping for House

Being adopted by a steadily increasing number of buildings



### ACE Division Sales User Breakdown FY2011

Seismic Damping for Building 12%



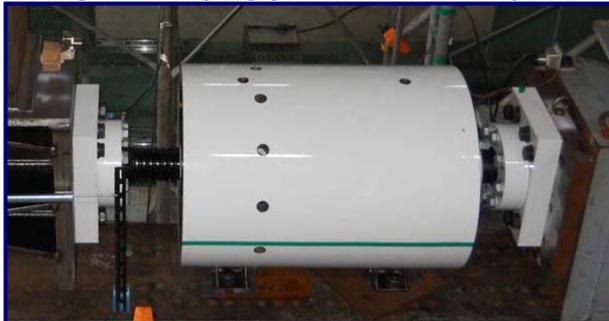
**Sales**  
**Up 74% from**  
**previous year**

Seismic Isolation for Building 72%



## New Vibration Damper

Higher damping performance compared



## Seismic Isolation Systems

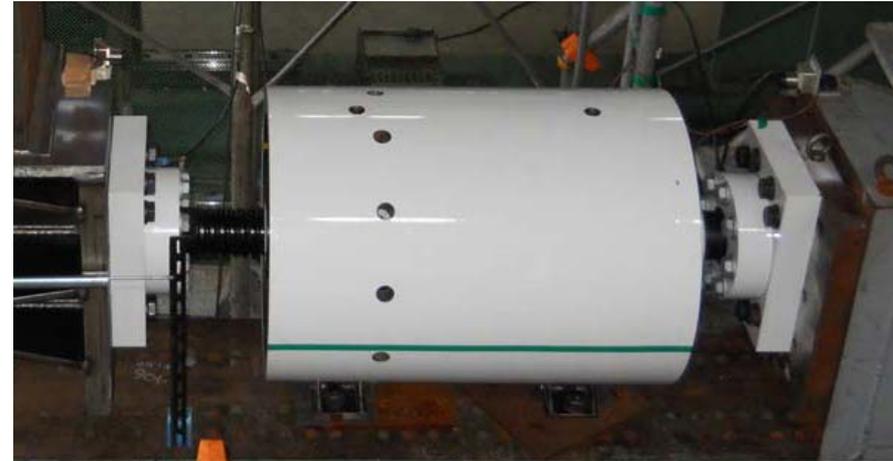
Being adopted by a steadily increasing number of buildings



# ACE Division's New Product iRDT (inertial Rotary Damping Tube)

Developed damping systems effective in taking measures to cope with the shaking of super high-rise buildings caused by long-period ground motions "iRDT (inertial Rotary Damping Tube)"

— Controlling the shaking of super high-rise buildings using rotational inertia —



## Strong points and effects

- 1) Reduces the degree of shaking of super high-rise buildings caused by long-period ground motions and the length of time it takes before the shaking dies down
- 2) Enables reduction in costs involved in damping systems.
- 3) Can be used to ensure new buildings' resistance to earthquakes and make existing ones quake-proof because it is compact and lightweight.
- 4) Can be used in combination with other damping systems.
- 5) Ensures the safety even if it experiences excessive deformation that exceeds the design values.



*Promotion  
Overseas Production  
Lineup expansion*



- Driver Controller for Servo Motor
- Linear Motor Series
- Peripheral control equipment



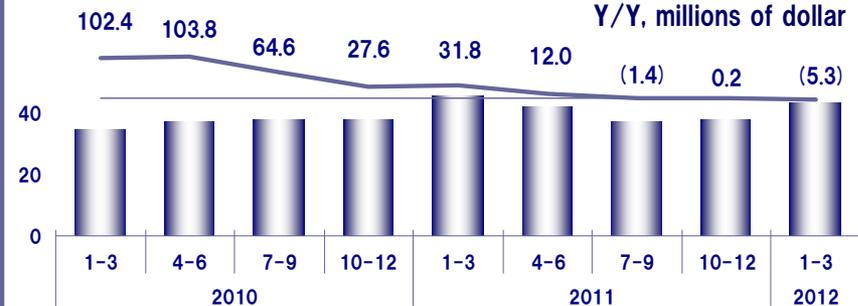
**Introduction in FY2011**

## 5. Financial Forecast for Fiscal 2012

# Orders Received by Region

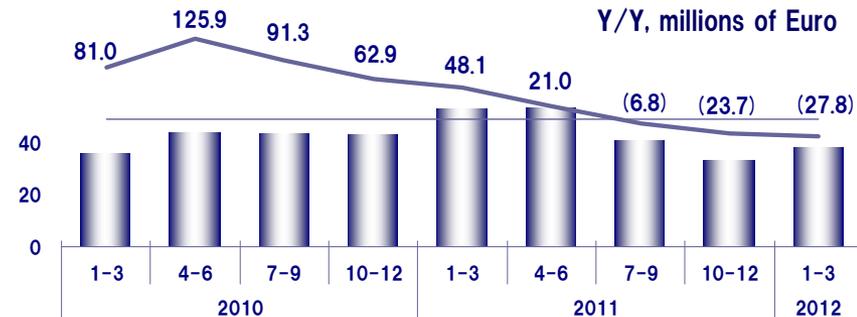
## THK Holdings of America, L.L.C.

Y/Y, millions of dollar



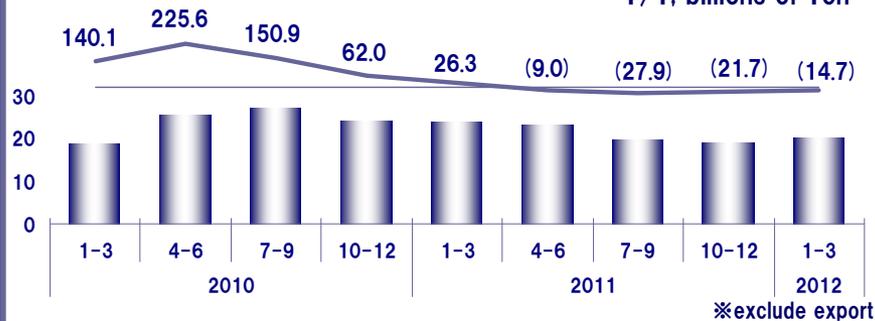
## THK Europe B.V.

Y/Y, millions of Euro



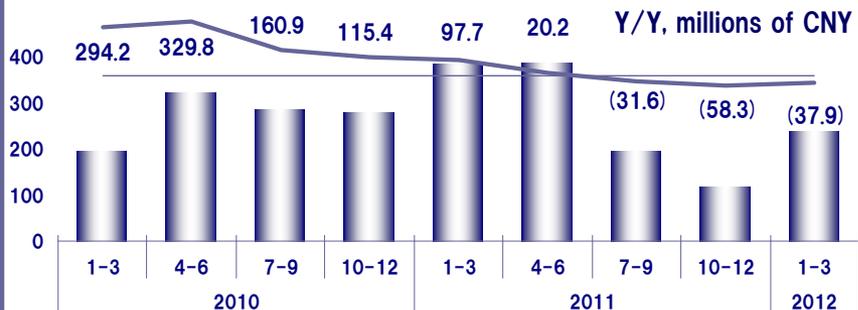
## THK (Domestic)

Y/Y, billions of Yen



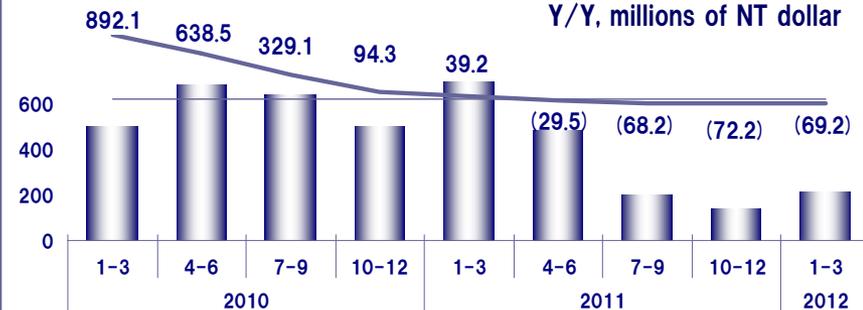
## THK (CHINA) CO., LTD. + THK (SHANGHAI) CO., LTD.

Y/Y, millions of CNY



## THK TAIWAN CO., LTD.

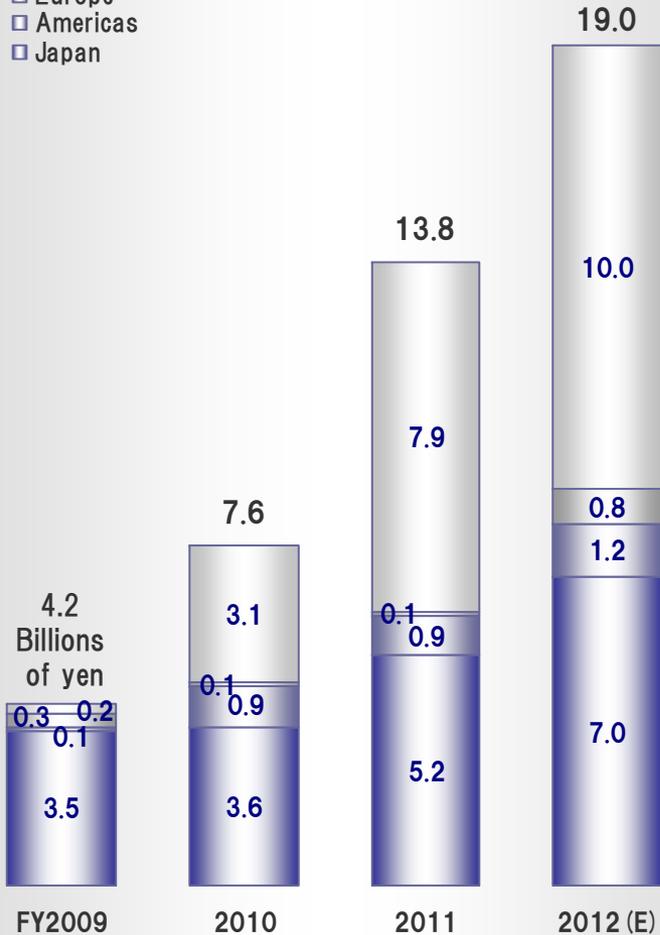
Y/Y, millions of NT dollar



# Capital Expenditure and Number of Employees Forecast

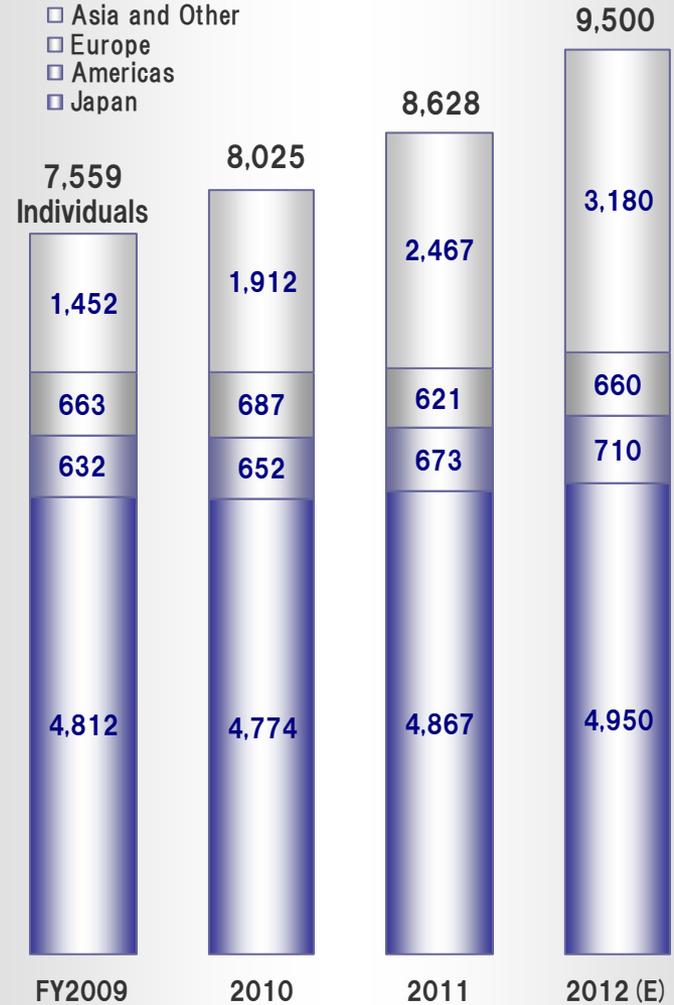
## Capital Expenditures

- Asia and Other
- Europe
- Americas
- Japan



## Number of Employees

- Asia and Other
- Europe
- Americas
- Japan



# Financial Forecast (Consolidated)



(Millions of yen)

	2013/3 Forecast	2012/3	2011/3
Net Sales	200,000	196,866	190,661
Y/Y	+1.6%	+3.3%	+65.3%
Operating Income	22,500	19,745	21,844
Y/Y	+13.9%	-9.6%	-
Ordinary Income	23,500	19,072	21,631
Y/Y	+23.2%	-11.8%	-
Net Income	15,500	12,641	13,959
Y/Y	+22.6%	-9.4%	-

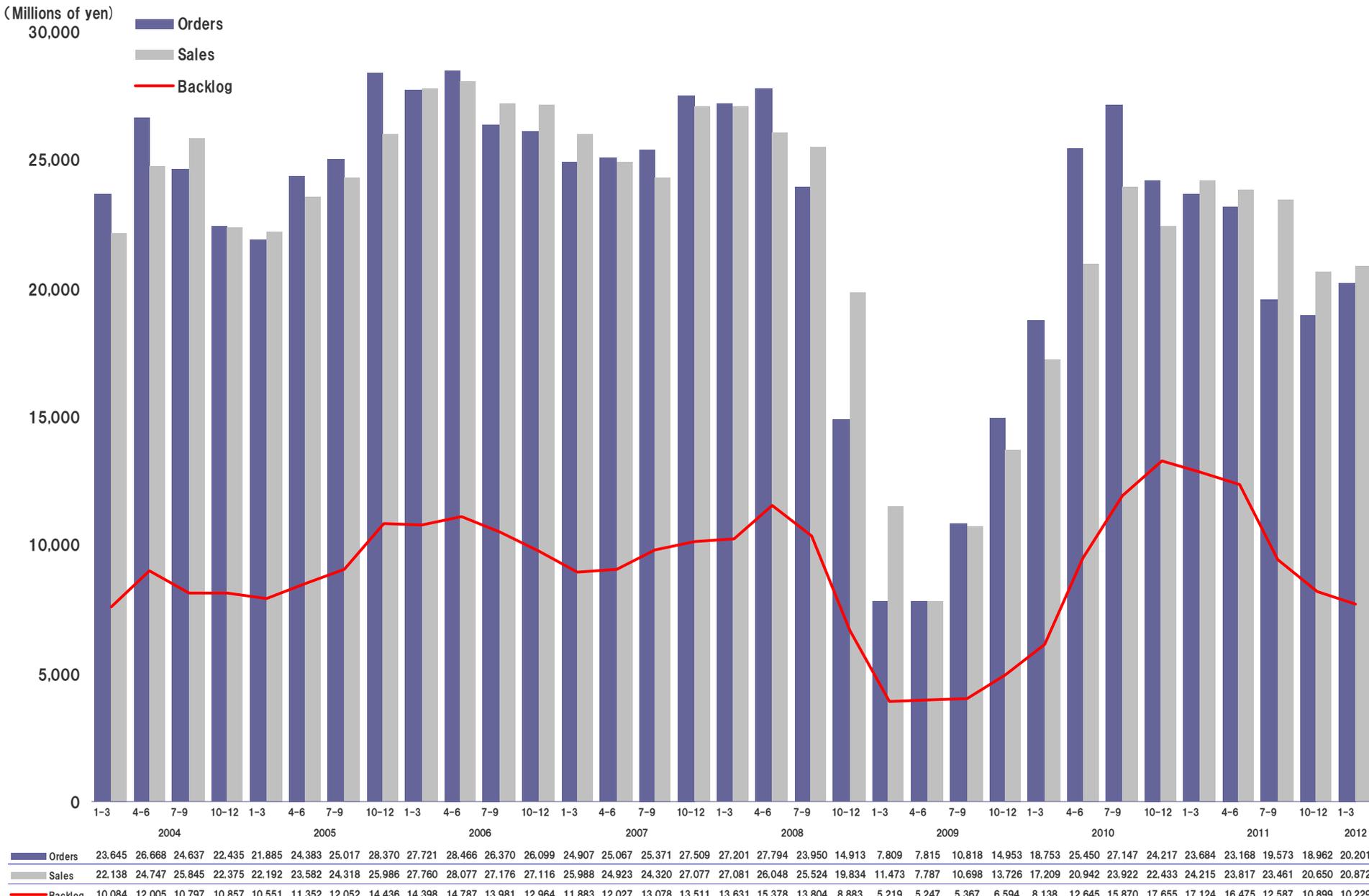
# Financial Forecast (Unconsolidated)



(Millions of yen)

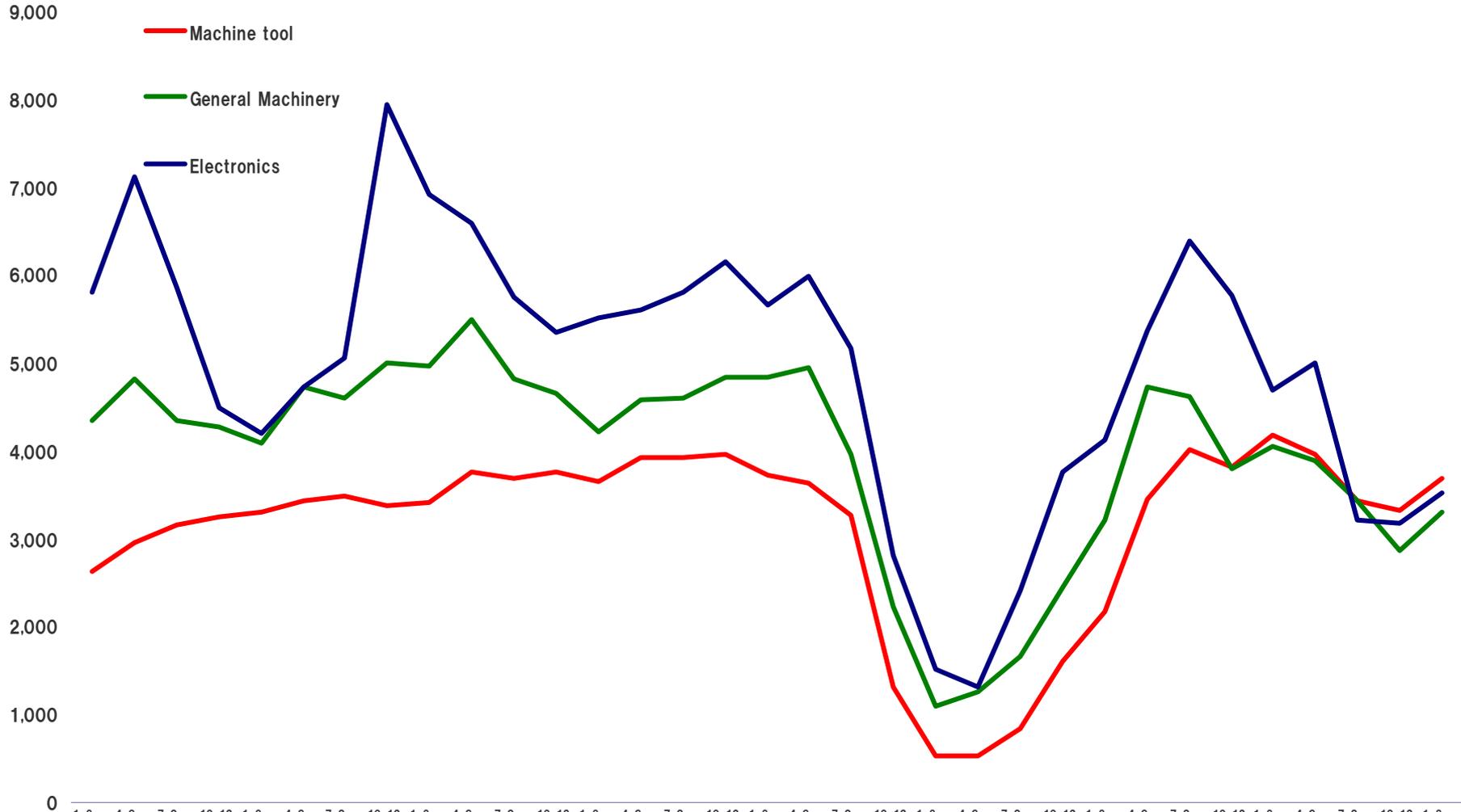
		2013/3	2012/3	2011/3
		Forecast		
Net Sales		128,200	130,107	133,691
	Y/Y	-1.5%	-2.7%	+87.6%
Domestic		90,400	88,802	91,514
	Y/Y	+1.8%	-3.0%	+85.2%
Operating Income		15,000	14,493	17,118
	Y/Y	+3.5%	-15.3%	-
Ordinary Income		15,400	13,407	16,846
	Y/Y	+14.9%	-20.4%	-
Net Income		9,600	7,957	10,683
	Y/Y	+20.6%	-25.5%	-

# Support Statement – Trends in orders, sales and backlog (domestic – unconsolidated) –



# Support Statement –Trends in orders classified by industry (unconsolidated) –

(Millions of yen)



	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									
	2004				2005				2006				2007				2008				2009				2010				2011				2012	
Machine tool	2,624	2,956	3,157	3,252	3,304	3,435	3,493	3,376	3,409	3,757	3,685	3,769	3,658	3,926	3,925	3,965	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	
General Machinery	4,340	4,818	4,353	4,267	4,085	4,735	4,598	4,997	4,970	5,486	4,825	4,664	4,217	4,581	4,603	4,833	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	
Electronics	5,803	7,113	5,862	4,483	4,198	4,730	5,059	7,947	6,916	6,593	5,745	5,351	5,515	5,600	5,812	6,149	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	