Contents

Performance Highlights

Long-term Vision 2020

Mid-term Management Plan 2016 -
Basic Policies

Mid-term Management Plan 2016 -
Objectives by Operations

Reference Material
Performance Highlights
1. Trend in Consolidated Settlement of Accounts

- Achieved 6th consecutive term of increased income and profits
- Acquired KabelSchlepp GmbH
- Acquired Mayfran, Inc.

### Consolidated sales

<table>
<thead>
<tr>
<th>05/3</th>
<th>06/3</th>
<th>07/3</th>
<th>08/3</th>
<th>09/3</th>
<th>10/3</th>
<th>11/3</th>
<th>12/3</th>
<th>13/3</th>
<th>14/3 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,295</td>
<td>1,477</td>
<td>1,557</td>
<td>1,672</td>
<td>1,415</td>
<td>1,127</td>
<td>1,382</td>
<td>1,448</td>
<td>1,500</td>
<td>1,750</td>
</tr>
</tbody>
</table>

### Operating income margin

<table>
<thead>
<tr>
<th>05/3</th>
<th>06/3</th>
<th>07/3</th>
<th>08/3</th>
<th>09/3</th>
<th>10/3</th>
<th>11/3</th>
<th>12/3</th>
<th>13/3</th>
<th>14/3 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1%</td>
<td>9.4%</td>
<td>10.3%</td>
<td>11.8%</td>
<td>6.4%</td>
<td>4.2%</td>
<td>8.0%</td>
<td>8.3%</td>
<td>8.4%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

- Global Financial Crisis
- Great East Japan Earthquake

**Mid-term Management Plan 2012**
2. Trends in Business Performance

Chain, Power Transmission Units and Components, and Materials Handling Systems Operations: Challenge to growth is globalization

● Chain Operations

Mid-term Management Plan 2012

Yen, 100 millions

FYE 10  FYE 11  FYE 12  FYE 13  FYE 14

Net sales  Operating income margin

● Power Transmission Units and Components Operations

Mid-term Management Plan 2012

Yen, 100 millions

FYE 10  FYE 11  FYE 12  FYE 13  FYE 14

Net sales  Operating income margin

● Automotive Parts Operations

Mid-term Management Plan 2012

Yen, 100 millions

FYE 10  FYE 11  FYE 12  FYE 13  FYE 14

Net sales  Operating income margin

● Materials Handling Systems Operations

Mid-term Management Plan 2012

Yen, 100 millions

FYE 10  FYE 11  FYE 12  FYE 13  FYE 14

Net sales  Operating income margin
Long-term Vision 2020

Aiming to achieve sustained growth as a manufacturer in the year of the Tsubaki Centennial (2017) and 2020 and beyond
1. Long-term Vision 2020

Aim to become a **leading global company** with an unshakable position (share) in target markets

**Global leaders**

- Steel chains for industrial use
- Timing chain drive systems

**Niche leaders**

- Power cylinders, cam clutches
- Paper feeding system AGVs, drug discovery support systems, etc.
2. Long-term Vision 2020 Numerical Targets

<table>
<thead>
<tr>
<th></th>
<th>FYE 2011</th>
<th>FYE 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>138.2 billion yen</td>
<td>300 billion yen</td>
</tr>
<tr>
<td>Operating income margin</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>International sales ratio</td>
<td>42%</td>
<td>70%</td>
</tr>
</tbody>
</table>

- **Strengthening of Management foundations**
- **Enhancement of global competitiveness Marketing & GOP**
- **Achievement of Long-term Vision 2020**

Mid-term Management Plan 2012
Mid-term Management Plan 2016
Mid-term Management Plan 2016
Basic Policies
1. Transition to a market-oriented corporate culture

2. Expansion of businesses that leverage the collective strengths of the group

3. Enhancement of earning power
(1) Transition to a market-oriented corporate culture

- America
- Europe
- China (Taiwan, South Korea, Japan)
- East Asia
- Indian Ocean Rim (Including Oceania)

Product development and manufacturing strategies that consistently respond to the needs of the market (region/industry)
(2) Expansion of businesses that leverages the collective strengths of the group

Create products matched to market needs (delivery of packages and composite products, etc.) by combining the technical capabilities of the group in everything from parts to systems.

Example: Initiative in machine tool market
Further evolution of one-stop solutions.
Towards proposals for modules and mini systems.
(3) Enhancement of earning power

Manufacturing departments to give top priority to earning power and focus on improving productivity and reducing costs

- Introduction of latest manufacturing methods (production and processing technologies)
- Promotion of GOP by all manufacturing departments
- Energy-efficient manufacturing (environmentally friendly production lines)
Structural Reforms:
1. Clarification of roles of marketing and manufacturing
2. Enhancement of global deployment by Materials Handling Systems Operations
1. Power Transmission Units and Components Operations (Chain & Power Transmission Units and Components)

Marketing

1. Enhancement of marketing in major regions
   - Increase product proposals and sales through marketing activities suited to the market characteristics of the five regions of the Americas, Europe, Indian Ocean Rim, China, and East Asia

2. Exercising comprehensive strengths of group
   - Expansion of combined sales by enhancing solutions and proposals
   - Development of units and modules
   - Enhancement of collaboration with Materials Handling Systems Division

3. Achieve top share of world market for industrial steel chains by 2020
   - Roller chain: Top share of global market in mid to high price brackets
   - Conveyor chain: Top share of global market
1. Power Transmission Units and Components Operations (Chain & Power Transmission Units and Components)

Manufacturing

1. Enhancement of competitiveness of high-end products

2. Improvement of profitability
   - Optimize location of Chain Operations production sites in Japan and overseas (Japan, 2 sites in America, Taiwan, China)
   - Construction of chain manufacturing centers in Europe
   - Construction of manufacturing sites for Power Transmission Units and Components Operations in Japan
1. Automotive Parts Operations

Timing chain drive systems
Commanding share of world market through *Dantotsu* improvement activities (by 2020)

Figures for global shares are Tsubaki findings

2012: Tsubaki 36%

2020: Tsubaki 42%
3. Materials Handling Systems Division

1. Enhance global synergy in Mayfran Business
   - Japan, United States, Netherlands, China, Slovakia

2. Increase productivity of Materials Handling Systems Division
   - Revitalize the Materials Handling Systems Division to maintain its profitability, with an eye to functional restructuring of the entire business

3. Enhance coordination with Power Transmission Units and Components Operations
   - Aim to integrate marketing divisions and enhance collaboration
Mid-term Management Plan 2016 - Numerical Targets
# 1. Numerical Targets

<table>
<thead>
<tr>
<th></th>
<th>FYE 2014 (Forecast)</th>
<th>FYE 2017 (Budget)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Operating income margin)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Chain Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>549</td>
<td>729</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>35 (6.4%)</td>
<td>61 (8.5%)</td>
</tr>
<tr>
<td>(Operating income margin)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Power Transmission Units and Components Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>212</td>
<td>261</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>21 (9.9%)</td>
<td>28 (10.9%)</td>
</tr>
<tr>
<td>(Operating income margin)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Automotive Parts Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>599</td>
<td>744</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>98 (16.4%)</td>
<td>111 (14.9%)</td>
</tr>
<tr>
<td>(Operating income margin)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Materials Handling Systems Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>388</td>
<td>474</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>7 (1.9%)</td>
<td>21 (4.6%)</td>
</tr>
<tr>
<td>(Operating income margin)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>1,750</td>
<td>2,200</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>160 (9.1%)</td>
<td>220 (10.0%)</td>
</tr>
<tr>
<td>(Operating income margin)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Forecast figures for FYE 2014 were officially announced on February 7, 2014.*

<Actual exchange rate>FYE 2014 forecast: US$ = ¥98.27, EURO = ¥129.13, RMB = 15.92
FYE 2017 assumptions: US$ = ¥95.00, EURO = ¥120.00, RMB = 15.00
### 2. Sales Breakdown by Business and Region

<table>
<thead>
<tr>
<th>Chain Operations</th>
<th>Power Transmission Units and Components Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FYE 2014</strong></td>
<td><strong>FYE 2017</strong></td>
</tr>
<tr>
<td></td>
<td><strong>East Asia</strong></td>
</tr>
<tr>
<td>549</td>
<td>178</td>
</tr>
<tr>
<td>729</td>
<td><strong>212</strong></td>
</tr>
</tbody>
</table>

*Yen, 100 million*

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FYE: Financial Year End

Mid-term Management Plan 2016 Presentation Meeting
2. Sales Breakdown by Business and Region

**Automotive Parts Operations**
- FYE 2014: 599
- FYE 2017: 744
- Breakdown:
  - East Asia: 263
  - China: 213
  - Indian Ocean Rim: 89
  - Europe: 145
  - Americas: 31

**Materials Handling Systems Operations**
- FYE 2014: 388
- FYE 2017: 474
- Breakdown:
  - East Asia: 227
  - China: 107
  - Indian Ocean Rim: 26
  - Europe: 35
  - Americas: 77

(Yen, 100 millions)
3. Investment Plan and Dividend Policy

**Investment plan**

Total capital investment: Approximately 35 to 40 billion yen
(Total over three years from FYE 2015 to FYE 2017)
- However, the health of our financial foundations will be maintained
  (Net D/E ratio: 0.2 times or below)

*The above figures do not include M&A costs, etc.*

**Dividend Policy**

Change from stable dividend policy to policy emphasizing dividend payout ratio
- Aim to achieve a consolidated dividend payout ratio of 30% within 3 years
Reference Material
1. Trend in Consolidated Sales and Consolidated Operating Income Margin

**Chain**
- 05/3: 1,295
- 06/3: 1,477
- 07/3: 1,557
- 08/3: 1,672
- 09/3: 1,415
- 10/3: 1,127
- 11/3: 1,382
- 12/3: 1,448
- 13/3: 1,500
- 14/3: 1,750
- 17/3: -

**Power Transmission Units and Components**
- 05/3: 1,295
- 06/3: 1,477
- 07/3: 1,557
- 08/3: 1,672
- 09/3: 1,415
- 10/3: 1,127
- 11/3: 1,382
- 12/3: 1,448
- 13/3: 1,500
- 14/3: 1,750
- 17/3: -

**Automotive Parts**
- 05/3: 1,295
- 06/3: 1,477
- 07/3: 1,557
- 08/3: 1,672
- 09/3: 1,415
- 10/3: 1,127
- 11/3: 1,382
- 12/3: 1,448
- 13/3: 1,500
- 14/3: 1,750
- 17/3: -

**Materials Handling Systems**
- 05/3: 1,295
- 06/3: 1,477
- 07/3: 1,557
- 08/3: 1,672
- 09/3: 1,415
- 10/3: 1,127
- 11/3: 1,382
- 12/3: 1,448
- 13/3: 1,500
- 14/3: 1,750
- 17/3: -

**Consolidated Sales and Operating Income Margin**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>05/3</th>
<th>06/3</th>
<th>07/3</th>
<th>08/3</th>
<th>09/3</th>
<th>10/3</th>
<th>11/3</th>
<th>12/3</th>
<th>13/3</th>
<th>FYE 14 Forecast</th>
<th>FYE 17 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated sales</td>
<td>1,295</td>
<td>1,477</td>
<td>1,557</td>
<td>1,672</td>
<td>1,415</td>
<td>1,127</td>
<td>1,382</td>
<td>1,448</td>
<td>1,500</td>
<td>1,750</td>
<td>2,200</td>
</tr>
<tr>
<td>Operating income</td>
<td>104</td>
<td>138</td>
<td>160</td>
<td>198</td>
<td>90</td>
<td>47</td>
<td>110</td>
<td>120</td>
<td>125</td>
<td>160</td>
<td>220</td>
</tr>
</tbody>
</table>
2. Trend in Capital Investment and Depreciation

<table>
<thead>
<tr>
<th></th>
<th>05/3</th>
<th>06/3</th>
<th>07/3</th>
<th>08/3</th>
<th>09/3</th>
<th>10/3</th>
<th>11/3</th>
<th>12/3</th>
<th>13/3</th>
<th>14/3 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital investment</td>
<td>36.9</td>
<td>74.8</td>
<td>108.9</td>
<td>102.2</td>
<td>100.4</td>
<td>39.8</td>
<td>58</td>
<td>95.1</td>
<td>118.3</td>
<td>109</td>
</tr>
<tr>
<td>Depreciation</td>
<td>55.0</td>
<td>55.0</td>
<td>59.4</td>
<td>73.0</td>
<td>73.4</td>
<td>73.9</td>
<td>75.4</td>
<td>74.0</td>
<td>73.6</td>
<td>78.0</td>
</tr>
</tbody>
</table>
### 3. Interest-bearing Debt and Net D/E Ratio

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance of</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>interest-bearing</td>
<td>433</td>
<td>389</td>
<td>423</td>
<td>393</td>
<td>376</td>
<td>389</td>
<td>312</td>
<td>274</td>
<td>365</td>
<td>372</td>
</tr>
<tr>
<td>debt <strong>(Yen, 100 million)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>D/E ratio (Net)</strong></td>
<td>x0.44</td>
<td>x0.36</td>
<td>x0.34</td>
<td>x0.26</td>
<td>x0.34</td>
<td>x0.23</td>
<td>x0.17</td>
<td>x0.15</td>
<td>x0.16</td>
<td>x0.16</td>
</tr>
</tbody>
</table>

- **Balance of interest-bearing debt** represents the total amount of interest-bearing debt as of the specified date. The values range from 433 to 372, with a general decreasing trend over the years.
- **D/E ratio (Net)** indicates the ratio of debt to equity, taking into account the net effect. The ratios range from 0.44 to 0.16, showing a consistent decrease over the years.
4. Equity Ratio and ROE

<table>
<thead>
<tr>
<th>Date</th>
<th>Equity Ratio</th>
<th>ROE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 31, 2005</td>
<td>40.0%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Mar 31, 2006</td>
<td>38.8%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Mar 31, 2007</td>
<td>38.1%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Mar 31, 2008</td>
<td>40.3%</td>
<td>12.8%</td>
</tr>
<tr>
<td>Mar 31, 2009</td>
<td>43.9%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Mar 31, 2010</td>
<td>44.3%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Mar 31, 2011</td>
<td>45.3%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Mar 31, 2012</td>
<td>46.9%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Mar 31, 2013</td>
<td>47.3%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Dec 31, 2013</td>
<td>51.0%</td>
<td>-</td>
</tr>
</tbody>
</table>
5. Trend in Dividends and Dividend Payout Ratio

<table>
<thead>
<tr>
<th>Date</th>
<th>Dividend per share</th>
<th>Dividend payout ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/3</td>
<td>7.00</td>
<td>30.7%</td>
</tr>
<tr>
<td>06/3</td>
<td>9.00</td>
<td>25.9%</td>
</tr>
<tr>
<td>07/3</td>
<td>7.00</td>
<td>15.4%</td>
</tr>
<tr>
<td>08/3</td>
<td>8.00</td>
<td>14.4%</td>
</tr>
<tr>
<td>09/3</td>
<td>8.00</td>
<td>24.8%</td>
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<tr>
<td>10/3</td>
<td>6.00</td>
<td>35.1%</td>
</tr>
<tr>
<td>11/3</td>
<td>7.00</td>
<td>21.4%</td>
</tr>
<tr>
<td>12/3</td>
<td>7.00</td>
<td>19.1%</td>
</tr>
<tr>
<td>13/3</td>
<td>7.00</td>
<td>17.6%</td>
</tr>
<tr>
<td>14/3 Forecast</td>
<td>8.00</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

Unit: yen
This reference document describes our business plans and our earnings outlook. The content of this document is based on current information available to our company and on certain assumptions determined as reasonable. It is not intended to represent a performance commitment. Note that actual results may differ from the earnings outlook described herein, as the results are dependent upon a variety of variables.