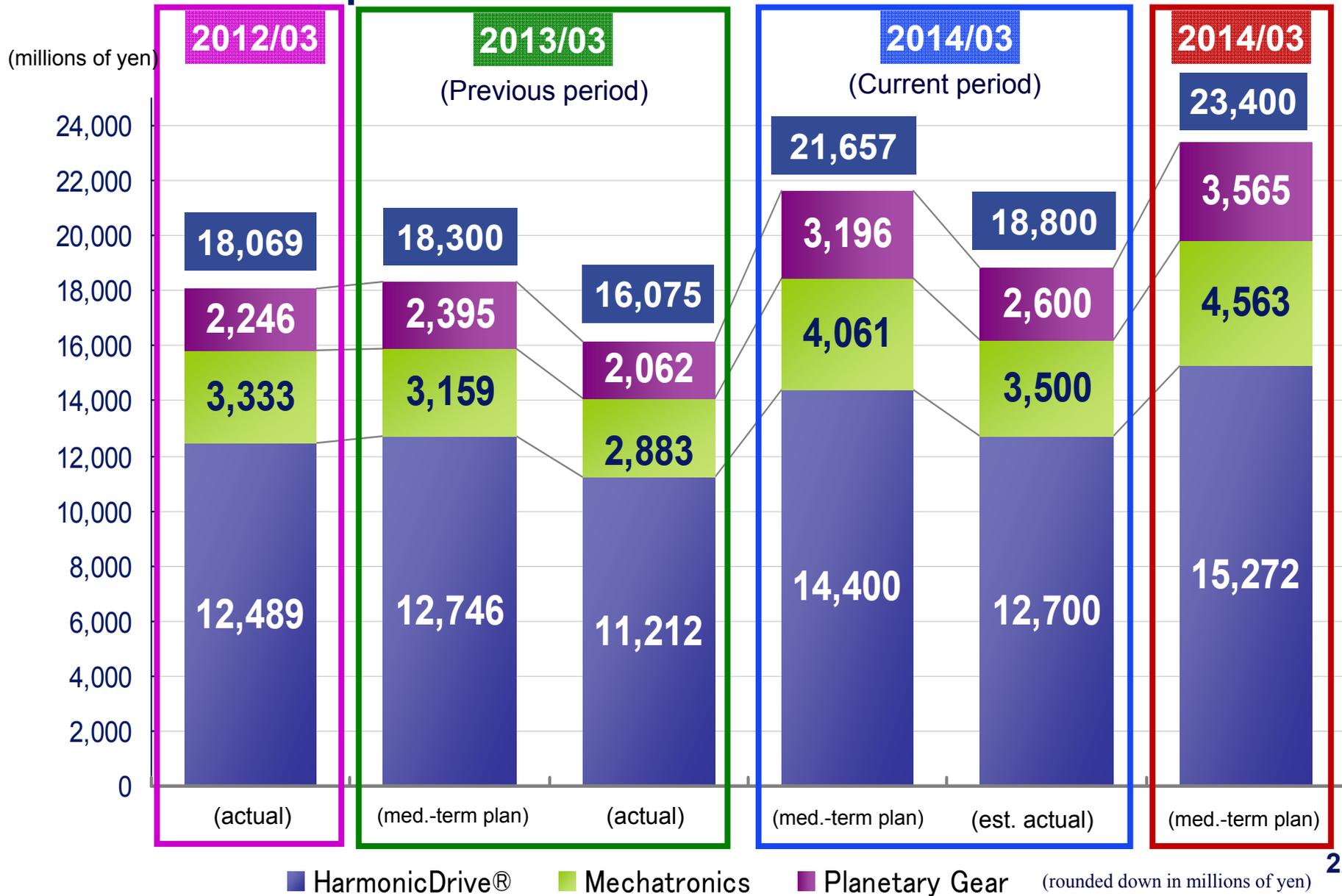




# *Future Outlook*

# Situation after initial year of medium-term business plan



# Factors in shortfall from initial year targets

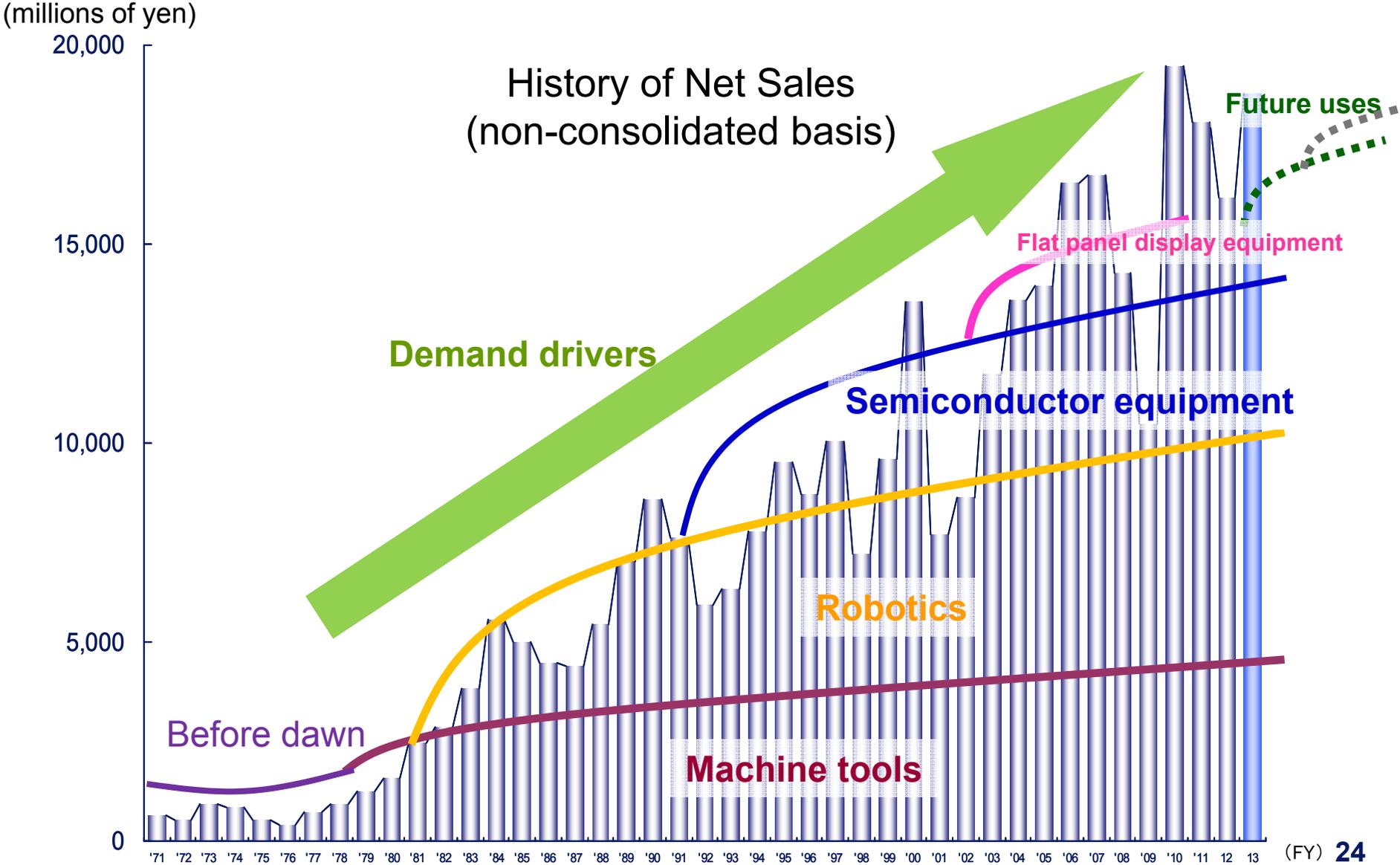
## External

1. Slow growth of emerging economies
2. Ripple effects of financial uncertainty in European market
3. Changing consumption patterns in Japanese economy

## Internal

Slowness in product and market development over past several years

# Dips in demand cycle



# Basic approach in medium-term business plan

## Keys to medium-term growth

1. Management giving top priority to quality and safety
2. Strengthening of core technologies
3. Wider choice of product variations
4. Stepped up sales expansion in Asia

Basic approach unchanged from when plan was first drawn up

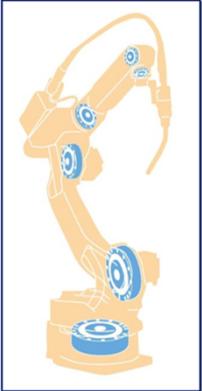
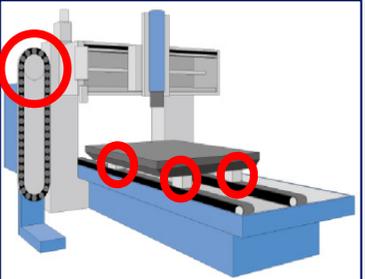
# Priority measures for meeting goals of medium-term plan

1. Further expansion of markets for precision planetary gear speed reducers

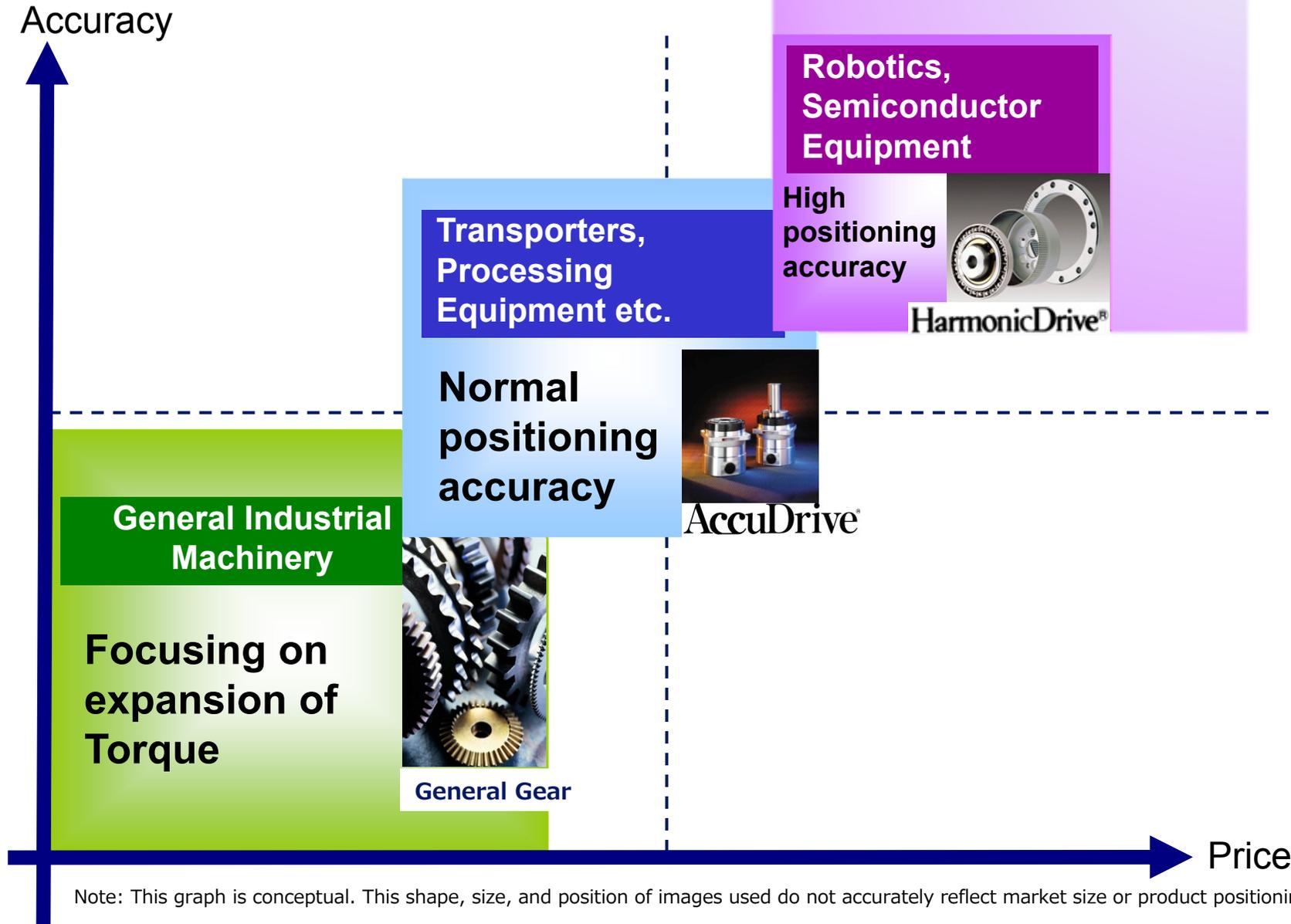
2. Market cultivation by means of new products

3. Stepped up sales expansion in Asian markets

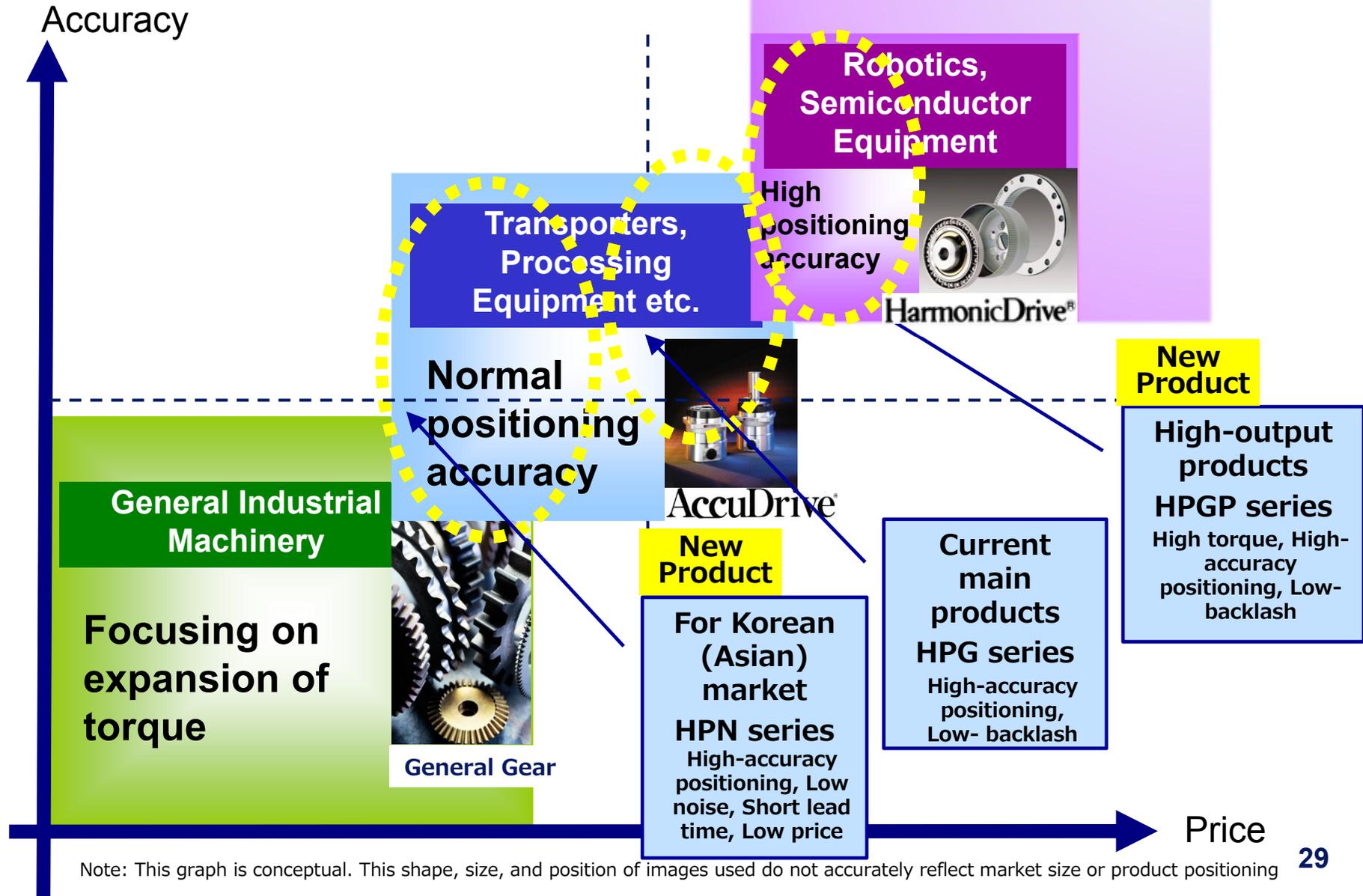
# How strain wave and planetary gears differ

	Strain wave gearing	Planetary gear
Brands made by HDS Group	HarmonicDrive®  	AccuDrive® HarmonicPlanetary®  
Reduction Ratio	1/30 ~ 1/320	1/3 ~ 1/45
Backlash	Zero Backlash	Low Backlash
Main application	<b>Robotics</b> Joint drive 	<b>Machine tools</b> Automatic tool changer Table drive 
Required specifications	<ul style="list-style-type: none"> <li>• Many special specifications</li> </ul>	<ul style="list-style-type: none"> <li>• Mostly standard specifications</li> </ul>

# Target segment image



# Target segment image ii



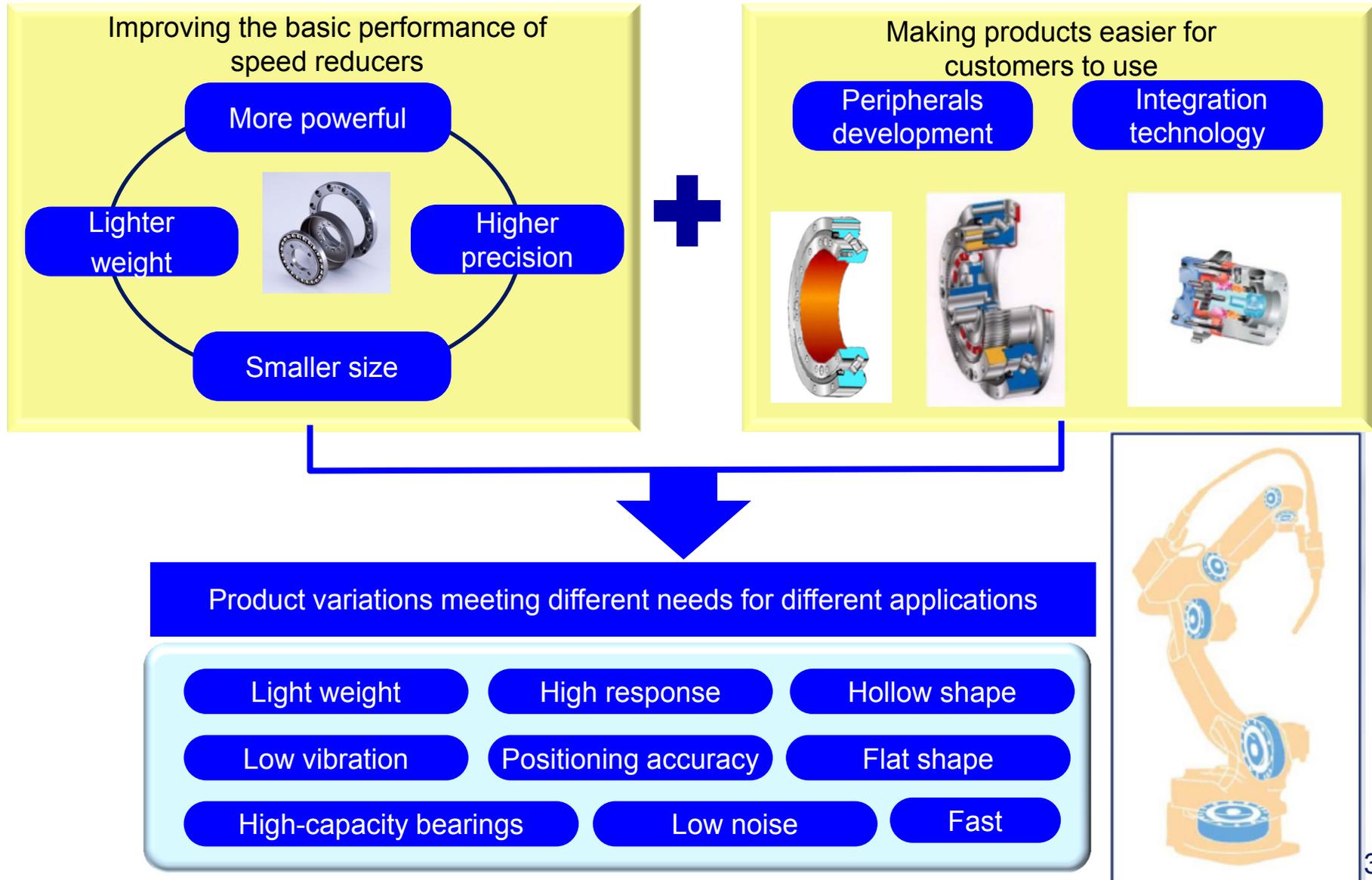
# South Korean joint venture company established

## SAMICK ADM CO., LTD.

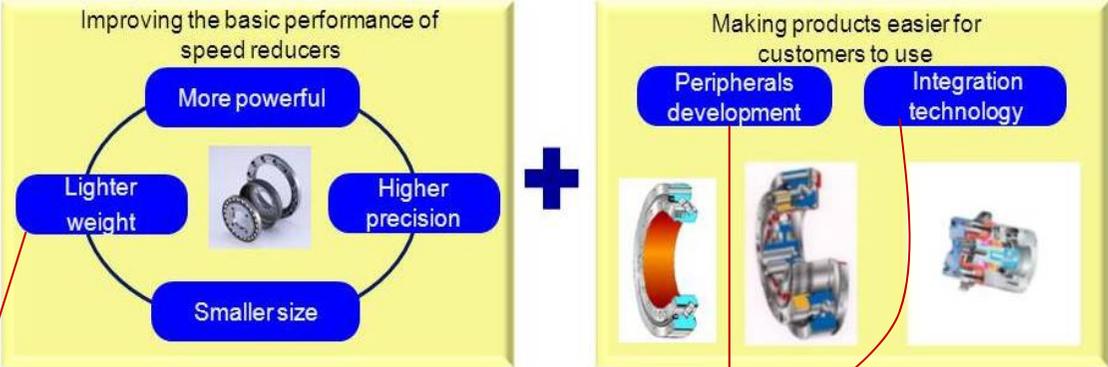
Head Office	Daegu Metropolitan City, S. Korea
Founded	February 20, 2013
Capital	3 billion won
Equity shares	HDSI: 51.0% SAMICK HDS: 49.0%
Employees	11 (24 projected by 2015)
Plant floor area	2,460m <sup>2</sup>
Business domain	Production of high-precision planetary reducers
Target net sales	Approx. 1.5 billion yen (2015)



# Core technology and wider choice of product variations



# Expansion of product variations



New product

[HarmonicDrive®]

Place lightweight unitary type products on the market

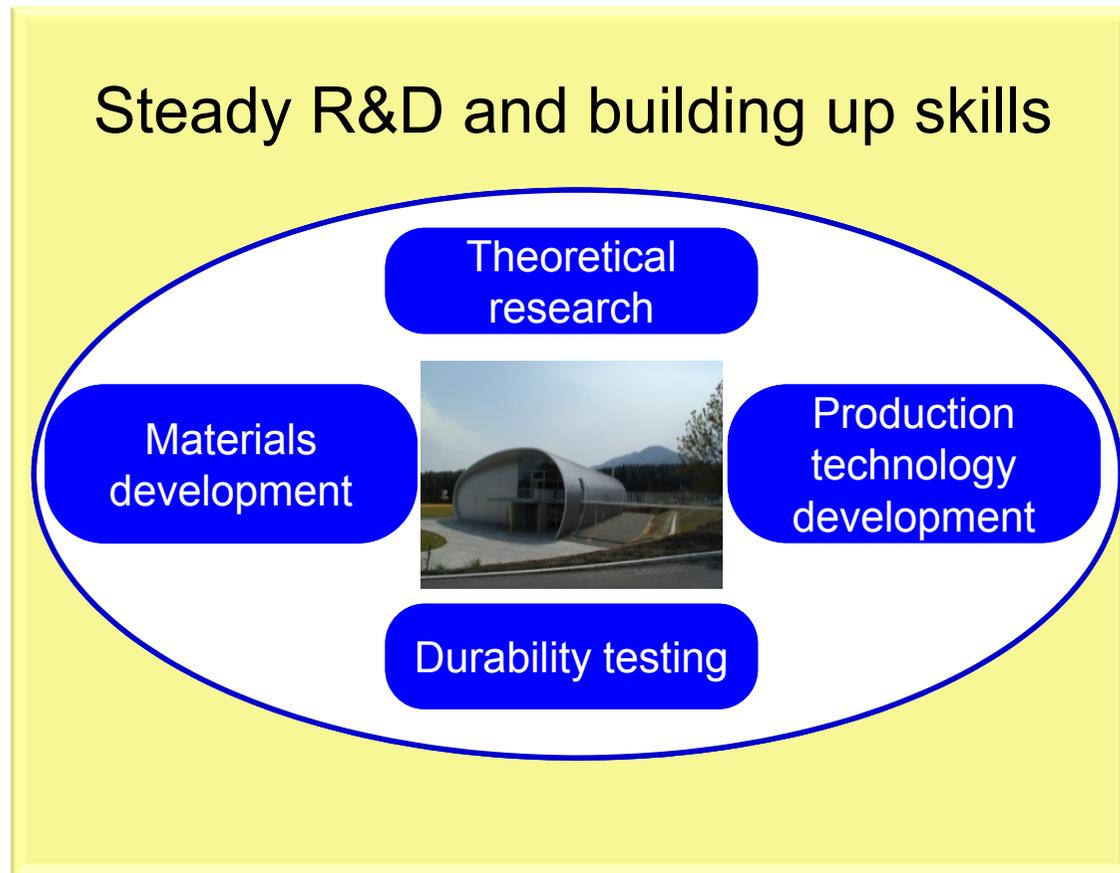
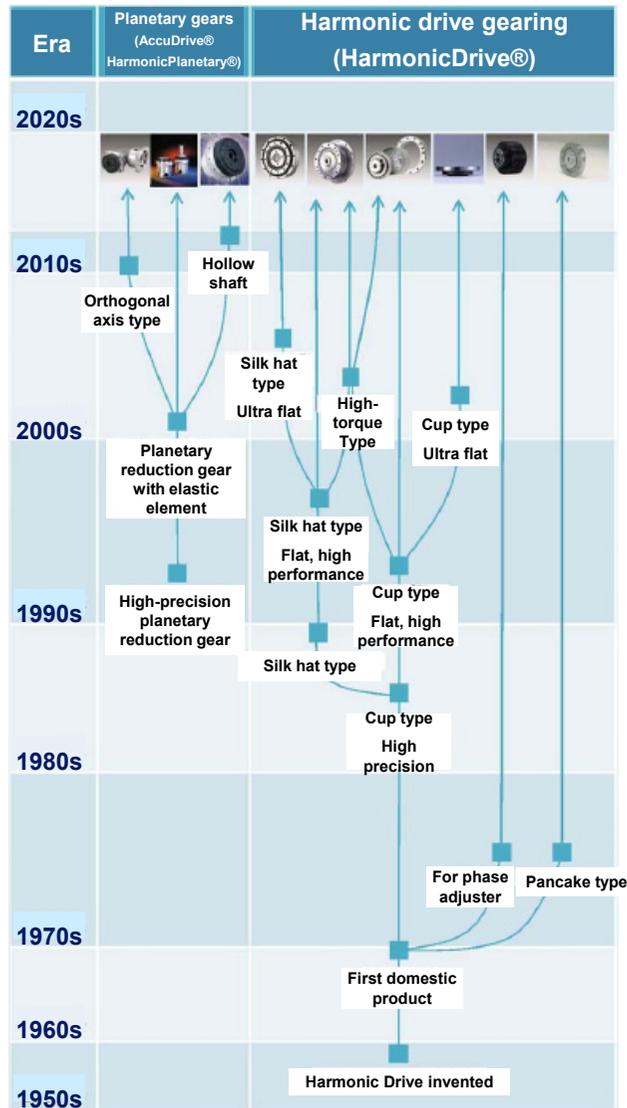
New product

[Mechatronics]

Add AC servo actuator models, expand options

# A never-ending upward spiral of technology and skills

## ■ HDS and speed reducers over the years



# Stepped up sales expansion in Asia

## China

Sales expansion mainly through sales subsidiaries (also use of sales agents)

- New product sales expansion
- Technology services
- Marketing

Focus markets:

- Industrial robots
- Machine tools
- Semiconductor manufacturing equipment

## Singapore

Use of machine parts trading firm for sales expansion

- New product sales expansion

Focus markets:

- Machine tools
- FPD manufacturing equipment

## South Korea

Sales expansion using tech-savvy sales agents

- New product sales expansion
- Customized product orders

Focus markets:

- Machine tools
- Semiconductor manufacturing equipment
- FPD manufacturing equipment

## Taiwan

Use of machine parts trading firm for sales expansion

- New product sales expansion

Focus markets:

- Machine tools
- FPD manufacturing equipment



# Total Motion Control

Business  
domain



Providing the value of Total Motion Control  
in precision control fields

## Schematic Concept of Total Motion Control

