

Taikisha Ltd. 10-year plan 2035
analysts and institutional investors small meeting (online conference)
Main Q&A session

Date and time : 10 March 2026, 10:30~12:00

Attendees :

Masashi Osada, President Corporate Officer.

Yasushi Nakajima, Executive Vice President Corporate Officer.

Masanori Nakagawa, Chief Executive, Corporate Planning Headquarters.

Tadashi Sobue, Chief General Manager, Green Technology System Division.

Yukinori Hamanaka, Chief General Manager, Paint Finishing System Division.

Expansion Plan for Green Technology System Business in North America

Questioner:

Regarding the Green Technology System Business. You mentioned business expansion in the United States. Could you share any specific timing and target scale for this expansion?

Respondent:

I will explain our future developments in North America.

Currently, we are promoting initiatives to enhance synergies between the Green Technology System Business and the Paint Finishing System Business. In North America, in the battery business of our subsidiary Taikisha USA, both businesses are gradually expanding operations in a coordinated manner. In addition, in the Green Technology System Business, we intend to allocate personnel starting in the next fiscal year and begin full-scale efforts to develop the HVAC business. Therefore, while we are unable to provide specific figures or schedules at this moment, we would like to provide an update in due course.

Competitive Environment for the Paint Finishing System Business in Europe

Questioner:

Regarding the situation in Europe for the Paint Finishing System Business. You mentioned increasing the share of sales from the European market from the current 5% to nearly 15%. It has been about one year since this initiative began.

Considering the current competitive environment and profitability, has the outlook for expansion improved? Please provide an update on the competitive environment in Europe.

Respondent:

Unlike Japanese manufacturers, many customers in Europe do not have well-developed production engineering departments, resulting in a market environment based on full turnkey projects covering the entire paint finishing equipment.

Under these conditions, only two companies can compete globally: a German competitor and our company. Therefore, we have established a presence that ensures we are invited to participate in major projects.

Regarding profitability, when we initially established our subsidiary in Germany, we were unable to handle everything in-house due to resource issues. Therefore, we re-entered the European market by forming alliances with manufacturers with a proven track record in Europe and fully outsourcing projects to complement areas beyond our internal capabilities.

However, as this approach does not improve profitability, we are currently working to gradually develop those functions in-house.

We have also received feedback from customers that procurement from China and India is acceptable as long as it remains cost-competitive. We intend to leverage our global network to utilize these options effectively while advancing the shift toward in-house operations.

Room for Profitability Improvement in the Paint Finishing System Business in Europe

Questioner:

Regarding the European market for the Paint Finishing System Business, I recall that past projects in Europe sometimes generated losses, and the base profitability was not particularly high. With a change in your procurement approach, are there any positive signs that profitability is recovering to levels seen in India and the U.S. and that profit margin will improve?

Respondent:

As you mentioned, that is exactly what we are aiming for. Profitability is the highest in automation, including the spare parts business. On the other hand, it will take a bit more time to increase recognition of Taikisha's in-house automation technology among European automakers. Excluding that area, we plan to secure profitability on par with other economic zones.

Changes in the Outlook for the Business Environment

Questioner:

Currently, crude oil prices are rising, and there are also signs of major companies curtailing their investments. Under these circumstances, could you tell us whether there have been any changes between the initial business environment outlook when the Medium-Term Business Plan was formulated and the current outlook?

Respondent:

In the Green Technology System Business, while there have been changes in the situation in the Middle East, no direct impact on orders received or project progress has been confirmed at this time. Nonetheless, we believe that changes in the situation in the Middle East could have an impact going forward.

At present, we have a variety of large-scale projects planned, although the situation is in flux as some have been postponed or canceled. Even so, order intake remains strong while investment appetite varies by customer. At this point, we believe that our targets are achievable and that there will be no significant impact.

Respondent:

Regarding geopolitical risks in the Paint Finishing System Business, in addition to the Middle East, there are also U.S. tariffs introduced under the Trump administration. In our business, we are seeing a trend where investment is concentrating and accelerating in North America, particularly in the United States, due to these tariffs. Therefore, taking everything into account, we do not view this situation as a major concern.

Feasibility of Achieving the Target for Net Sales of Completed Construction Contracts

Questioner:

Regarding your targets for net sales of completed construction contracts, 400 billion yen is planned for the fiscal year ending March 2031 and over 500 billion yen for the fiscal year ending March 2035. I understand that you have originally set challenging targets. That said, based on the current status of talent recruitment and initiatives such as M&A, could you once again share your view on the feasibility of achieving these targets for net sales of completed construction contracts?

Respondent:

We also recognize that the goal of “doubling economic value” in the “10-Year Plan 2035” is highly challenging.

However, in the previous Medium-Term Business Plans, we set three-year-ahead forecasts based on figures with a high degree of certainty, as is typical in an order-based industry. The purpose of presenting the 10-Year Plan is to demonstrate our momentum to take on new challenges, including areas that have not yet developed into projects.

Regarding the feasibility of achieving these targets, one of our key characteristics is that we have promoted global expansion from an early stage. We have more employees overseas than in Japan and believe that we have significant growth potential in overseas markets.

We have been advancing overseas expansion for many years. While we have been focusing mainly on Japanese manufacturers, as mentioned earlier, we are gradually gaining recognition among non-Japanese customers, and orders from them are increasing.

Based on these aspects, if our technology and reliability are recognized by global talent and customers, we believe that the 500 billion yen target is by no means unattainable.

Net Sales Ratio of Green Technology System Business and Growth Vision by Region

Questioner:

You mentioned that you will establish regional strategy offices within the Green Technology System Business starting in the next fiscal year. I understand that resources will likely be allocated across all five regions aiming for expansion.

Could you share your view on the expected net sales mix of the Green Technology System Business by the final year of the long-term plan? Also, if there is any, please share your view on differences in growth potential by region.

Respondent:

We will refrain from providing specific figures. We have established the East Asia Strategy Office in response to recently strengthening ties with semiconductor-related companies. Leveraging this as a hub, we will strengthen our sales support structure in line with our business expansion across Asia, Japan, and North America.

The ASEAN Strategy Office is working to expand business, particularly with non-Japanese companies. Recently, the number of projects with non-Japanese customers, including data centers, has been increasing. Although our customer base has historically been centered on Japanese customers, our current strategy is to increase the proportion of non-Japanese customers to a level comparable to that of Japanese customers.

For the India Strategy Office, we aim to strengthen our structure in the HVAC business and expand the business to a scale equal to or greater than the Panel Business. As the Indian market is currently very strong, we will focus on expanding there, particularly in the HVAC field, which is one of our key focus areas.

As for the North America Strategy Office, as we mentioned earlier, the outlook for the Green Technology System Business remains uncertain at this point, and we are still in the consideration stage. Nonetheless, since the HVAC market is large, we aim to expand in this field by leveraging synergies with the Paint Finishing System Business.

The Domestic Strategy Office is particularly focused on improving productivity. Due to the current shortage of human resources, we plan to enhance productivity and increase construction capacity starting in the next fiscal year, aiming to increase orders received and project completions.

Questioner:

I understand that growth in India appears particularly strong and is accelerating. Is it correct to assume that India has the greatest growth potential?

Respondent:

We believe that both India and North America have significant growth potential.

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The contents of this material are the views of the company, summarized from the question-and-answer session of the financial results briefing and based on the judgement on the announcement date and the available information.

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