

Paint Finishing System Division

In the Paint Finishing System Business, we design and construct automotive paint finishing plants that achieve high coating quality, energy saving, and environmental consciousness. In addition to the paint booth, which is the workspace used for painting, the Company currently boasts No. 1 market share in Japan and No. 2 in the world by predominance as a total engineering company, including pretreatment, electrodepositing system, painting robots, conveyor systems, and paint supply systems necessary for paint finishing plants.



Director, Executive Corporate Officer, Chief General Manager, Paint Finishing System Division

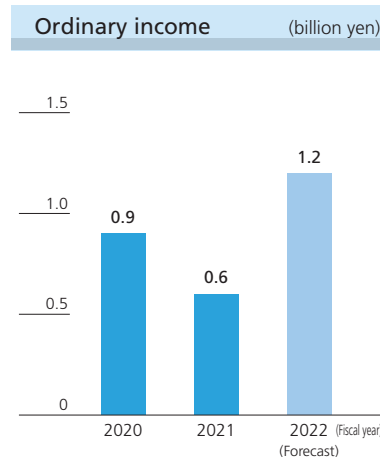
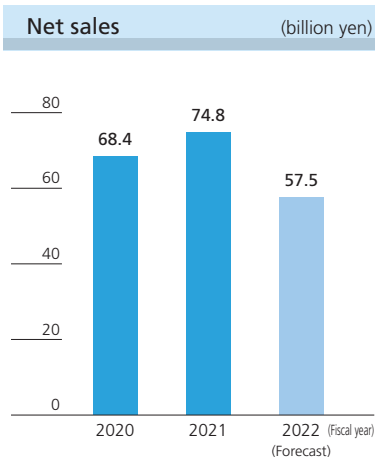
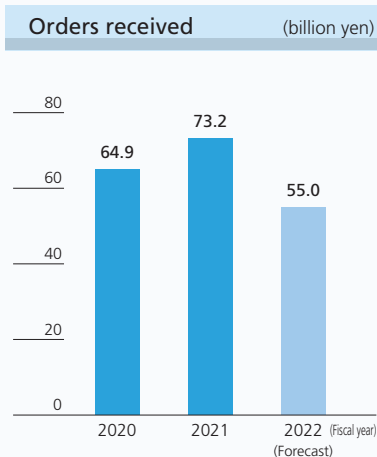
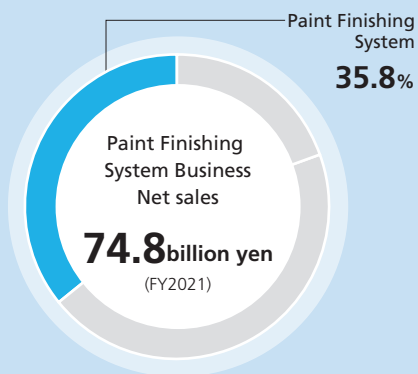
Kazuhide Hayakawa

The Company has been involved in automobile body drying rooms as part of its industrial HVAC system business since the 1930s, but it was in 1953 that the Company received an order from an automobile manufacturer for construction of spray booths and ovens that led to a full-scale entry into the paint finishing system business. In 1959, amid the advent of motorization in Japan, the Company received an order for an integrated automobile painting line, which was a major project and we bet our future on its success, fully committed in handling the order. Following the construction of a new painting facility in Chile in 1963, which was the first overseas paint finishing system project, the Company began constructing local assembly plants in countries in Central and South America, such as Mexico and Peru, and in Southeast Asia from around 1965, expanding its overseas business. In the 1980s, Japanese automobile manufacturers actively expanded their business overseas, and the Company also rapidly expanded its business not only in Southeast Asia but also in North America, Central and South America, Europe, and China. In 1983, the Company experienced international biddings for the construction of a new painting facility for a joint venture company established by the Indian government, and we were able to be known as an international company both in name and reality.

In response to the global expansion of the automotive industry, the Company has been focusing on alliances with overseas companies from early on. Since the 1990s, in anticipation of future increases in domestic demand for automobiles in China and India, which have large populations, the Company has entered into joint venture agreements with local companies and actively developed businesses in these countries. In recent years, the Company has signed a business and capital agreement with a North American robot application system engineering company to strengthen our automation business in the North American market.

Today, the automobile industry is undergoing a once-in-a-century revolution. In order to achieve carbon neutrality, there are many issues that are difficult to solve if we simply carry on with our existing business model. However, we will continue to take on the challenges of the new era by developing not only paint finishing machines with high coating efficiency, but also a paint-free decoration such as dry decoration that emits less CO₂ than the conventional wet painting methods upon looking ahead of which direction our customers will take.

● Ratio of consolidated net sales by business segment



Strengths

- Technological capabilities to achieve the world's highest-level painting quality, and rich experience as well as profound knowledge and understanding regarding painting technologies which supports this expertise
- Advantages of long relationships of mutual trust with customers, mainly Japanese automobile manufacturers, as well as know-how on automotive paint finishing facilities and familiarity with the specifications of each automobile manufacturer
- System integration technology and know-how for industrial robots cultivated from automobile painting processes
- High market share in the global market, particularly in Asia
- One of the few companies in the world that can provide full turnkey support in the construction of paint finishing factories

Business environment

- Increasing production volume in the four-wheel automobile market as a whole, increases in new investments for EVs and additional investments for carbon neutrality
- Increasing opportunities for joint development, technical exchanges and proposals towards realization of carbon neutrality
- Increasing need for automation in line with advances in digital technology, accelerating smartification of manufacturing lines (expanding opportunities in the use of automation technologies and growing use of BIM and IoT product lineup)
- Increasing need for alternative automobile painting technologies and technological innovation in the paint finishing process
- Changes in customers in line with their shift to EVs (rise of EV start-up companies)
- Increasing need for automation in manual work field due to aging of skilled workers (aircraft and railway car fields)

Key strategies

1) Building a business portfolio that supports sustainable growth

- We will further strengthen our existing relationships with customers, mainly Japanese automobile manufacturers, and thoroughly respond to the demand for new automobile paint finishing lines and constructions to increase production capacity. At the same time, from a long-term perspective, we will transform our Paint Finishing System Business domain and customer portfolio into a well-balanced one in order to prepare for future changes.
- We plan to expand our automation business domains and develop non-automotive markets such as automated sanding equipment and other products, by utilizing our robot control technology and know-how cultivated through our long experience of handling automotive paint finishing plants. We will also work with partner companies to approach new customers outside the automotive market.
- From the perspective of regional portfolios, we will formulate and implement regional business strategies in consideration of market trends and competitive environments in each country and region. By utilizing our overseas networks, we aim to develop business that will be rooted in local markets and further attract non-Japanese customers.

2) Development of products differentiated from others

- With the goal of achieving carbon neutrality as a keyword, we will work to downsize our facilities through improving coating efficiency and developing energy-saving technologies.
- We will develop and verify equipment with low environmental impact, such as hydrogen fuel burners.
- By promoting the development of a paint-free decoration that emits less CO₂ than the conventional wet coating methods, we will promote the acquisition of technologies and development of products that can contribute to the transformation of customers' painting processes.

3) Improvement of engineering capabilities

- Utilize DX to contribute to early visualization of customer factory plans as well as installation of concurrent engineering and smart factories.
- Enhance global education programs, including those for national staff, and improve engineering capabilities of the entire Taikisha Group.