

MATERIALS HANDLING SYSTEMS OPERATIONS



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Managing Director

Since the mid-1990s, the Materials Handling Systems Division has responded to the challenging operating environment by taking decisive steps to raise profitability through a structural reorganization of the division. We are now building on the success of those initiatives, which included the consolidation of production bases, workforce reductions, and sharpening the focus of the division's areas of operation. Although difficult business conditions persisted during the year under review, the division's strong showing underpinned the performance of the Company as a whole. Demand for our mainstay products was robust, with divisional sales up 12.2%, to ¥29.5 billion, and operating income increasing approximately threefold, to ¥2.3 billion.

Based on rationalization measures aimed at restoring profitability, the Materials Handling Systems Division achieved a markedly improved performance during the fiscal year under review. In response to the adverse operating conditions in recent years, we have worked to create a solid structure that is less susceptible to the impact of changes in the business environment through such measures as aggressively acquiring subsidiaries, consolidating production bases, and reducing our workforce. Further, as a result of concentrating our product development and operating strategies on sectors where we can leverage Tsubakimoto Chain's unique engineering expertise, sales of core products accounted for close to 60% of total sales in the materials handling systems segment. Also, revenues from our maintenance operations, which we have been focusing efforts on in recent years, grew to 10% of sales in the segment.

The Materials Handling Systems Division serves a wide range of business sectors, including the automotive, paper manufacturing, newspaper, and distribution industries. Accordingly, the division has developed customer-oriented operations by targeting its core products to meet the needs of specific sectors. We are building strong market positions through such mainstay products as the Hybrid Traverser system, an automotive body paint shop conveyor system for the automotive industry; the AGV automatic roll paper feeding system for the newspaper industry; and LiniSort, a linear motor actuated sorting system for the distribution industry. Similarly, the division has strengthened the development and sales of library compound storage systems for the pharmaceutical industry. Of these systems, orders for the Hybrid Traverser system continue to be brisk, as Japanese automakers expand their production capacities overseas. Sales of the AGV paper feeding system are also growing, supported by our enhancement of after-sales service through the introduction of a 24-hour support service and software that simulates the system's operations. In addition, with a view to increasing sales in new areas of demand, we have introduced such products as a space-saving version of LiniSort 3DR that can operate on vertical as well as horizontal planes.

Recently, there has also been an upward trend in sales of environment-related products, such as bulk conveyors, and the division is working in conjunction with Tsubakimoto Chain's subsidiaries to step up its marketing of these products.



LiniSort 3DR