

Tsubakimoto Chain's fundamental strategy in materials handling systems is to achieve steady growth through the application of the principles of selection and concentration to growth fields. With production processes trending toward high-variety, small-lot production, we will add more value by providing not materials handling systems but process handling systems that play a greater role in the production process. At the same time, we will work to aggressively expand our presence in global markets.

### Market Trends and Operating Strategy

In materials handling systems operations, the Company is aiming to achieve steady improvement in profitability through the implementation of the principles of selection and concentration in growth fields, such as the automotive, newspaper, distribution, IT, pharmaceutical, and food industries. In the year under review, sales of products for the distribution and automotive industries decreased, leading to declines in sales and profits for the materials handling division. However, we recorded favorable sales results in the pharmaceutical and food industries, which we have positioned as new growth fields and to which we are devoting resources. In particular, in the pharmaceutical industry we have a 70% share of the market for library compound storage systems, such as our Labo Stocker. With this foothold in the drug discovery field, we will launch new products for genome analysis, thereby



Genome DNA Freezer Storage System

Further heightening our market presence. In addition, accompanying competition in mail delivery between private delivery companies and Japan Post, demand for mail sorting equipment has increased, and we will use our product strengths and maintenance and other services as points of differentiation, thereby leading to steady growth in orders.

Under the theme of a transition from materials handling to process handling, we must respond to diversifying needs while striving to add even more value. Examples of these efforts include our development of a large-scale version of Vanguard, our unmanned monorail system that is compatible with the trend toward larger LCDs, and, in a new field, our pallet conveyance module for automobile fabrication processes.

### Aggressive Approach to Global Markets

The development of global markets is an important theme in materials handling systems operations. In the United States, we plan to strengthen the marketing of our AGV automatic roll paper feeding system for the newspaper industry and of maintenance services at automotive plants. In recent years, an expanding number of automakers have established operations in China, which is enjoying strong economic growth. Accordingly, we will strengthen our marketing of the Hybrid Traverser body paint shop conveyor system and other systems for automotive plants. Moreover, in other growth fields, such as products for the machine tools industry, we will mount an aggressive challenge by drawing on the strengths of Group companies. And in China, we plan to add to our production subsidiary with the establishment of an engineering joint venture. In the future, we will reinforce our presence in the Chinese market with integrated production and sales initiatives.



Mailsort

## Materials Handling Systems Operations APPLYING SELECTION AND CONCENTRATION

Akira Morikiyo  
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### Materials Handling Systems Operations Operating Plan

Billion ¥ (Consolidated)

