

Presentation by CEO in the financial results briefing on May 27, 2022
(Financial results for the fiscal year ended March 2022)

Motor Core Business

Let me introduce the Motor Core Business in this presentation. This is one of the items set forth in the 2023 Mid-Term Management Plan: "Electrification of automobiles and creation of next-generation core businesses."

Motor cores are used in all electric vehicles. It is a component made by laminating thin sheets of electromagnetic steel, and we intend to develop it as a core business in the future.

Electromagnetic steel sheet is a special steel sheet that is extremely hard and difficult to process. The thickness is 0.25mm to 0.30mm and the diameter is 150mm to 250mm. They are punched out using a high-speed press. In the next process, 200 to 300 sheets of the punched sheets are stacked in rotating manner. The stacking process is one of the most difficult processes to cancel the anisotropy (thickness and magnetic properties) of the electromagnetic steel sheet. After stacking, the sheets are caulked or welded to fix them in place. While several hundred sheets are stacked, roundness and concentricity must be as high as 20 to 30 microns, so the inspection process and subsequent packaging and transportation are also technically demanding.

Our motor cores have been used in electric vehicles for more than 10 years. As the market for electric vehicles grows with the recent expansion of electric vehicles, orders for our products are also increasing.

The first of our strengths is our high-speed press technology with high production efficiency. We have applied this technology, which we have possessed for some time, to stamp out hard steel sheets of spring steel at high speed. The second is our global supply network, which already includes plants in Japan, China, and Mexico. Third, in-house mold fabrication and maintenance allows the company to make various innovations to its molds. Fourth, as an automotive parts manufacturer, we have good reputation, achievements, and development capabilities.

As for the response to the increase in orders in the future, the following is our plan. In China and Mexico, it is possible to respond by installing production facilities. Since the current Atsugi Plant is short of production space, starting with the acquisition of land in FY2021, the company plans to construct an expansion in FY2022 and a new production building in the fall of FY2023, ahead of the original plan, to increase production capacity by about three times in FY2024, compared to FY2021.

Assuming that by 2030, the global electric vehicle market will be eight times larger than in 2020, and Our sales plan aims to exceed 30 billion yen, 10 times larger than the FY2021 level. Since the trend toward electrification is accelerating year by year, we need to increase production capacity and increase incoming orders as quickly as possible. Although the electrification may reduce sales of engines and transmission-related parts, we will make these products to exceed those sales.

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