

INDUSTRIAL MACHINERY AND MARINE BUSINESS

Building on the Core



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Vice President

“We are the only forklift manufacturer directly owned by an automotive company, and that has created a number of synergies for our division. There’s a natural link with the core business, for instance, given the powertrain of a forklift. However, we also benefit from other assets within Nissan, such as brand, quality, cost management, and marketing activities.

The bottom line is that we contribute to the Company’s total profitability. We had our highest sales and profit in fiscal 2004. We now lead the industry in profitability, in fact, which I believe reflects the market’s awareness of our superior quality. In this business, quality is everything, because our customers are investing in tools for their business. As we upgrade our customer service, I think we will be in a position to become the market leader.

Producing forklifts is the heart of our business, although we also build marine products, mostly fiberglass boats and outboard motors. During the year a major issue for our forklift division was the rising price of steel, which seriously affects forklift production. We increased our selling price in response, as did the rest of the industry. Fortunately, we met or surpassed our targets in Japan and in Europe, where we have a plant in Spain. We were slightly below our target for the U.S., however, the result of a slight delay in the start of production on a new model, which reduced volume for the year. We have since recovered our strength in that market, which we see as key to our continued growth.

A major contributor to our expansion was the release of a new forklift in Japan two years ago. At the time we had not released a new model in over seven years. Over the coming years we plan to introduce a new battery-powered model in major markets and enhance our service network. Since forklifts are production equipment, their sales are highly influenced by business cycles. To help maintain our profitability, we need to ramp up our parts and service businesses, which can be a significant source of income.

We have made a tough commitment for the NISSAN Value-Up period, and that is to increase our profitability until it is in line with Nissan’s other operations. This will require some bold steps, but doing so will make us the industry leader. We are currently expanding into producing other material handling and warehousing equipment. We also see opportunities for quality forklifts in China, despite the competitive market there. Used forklifts can also be a profitable business as well, and we are looking to increase our involvement in that area.

Our marine-related business has been profitable since 2000, when we restructured the business by expanding the marine product line-up and strengthening marina operations. Now we are focusing on larger boats and investigating the possibility of manufacturing in China. We are also researching the recycling of plastic and fiberglass boats, which is a major environmental concern.”