

Presidents' Forum

Presentation by Akira Shiki, President of JIVA

1. Good morning, ladies and gentlemen.

Thank you for your kind introduction. On June 2nd of this year, I succeeded Mr. Sasaki as president of JIVA. So, this is my first time to speak at the Presidents' Forum. Indeed, it is an honor for me to speak to this group of industry leaders from around the world.

2. Today, I will speak about the trend in the Japanese economy as well as the trend in the Japanese lift truck market. Let's begin with the Japanese economy.
3. Let us look at the trend in the Japanese economy by following the GDP graph.

This graph illustrates the increase and decrease of real GDP since 2010.

When the major earthquake hit East Japan in March, 2011, the Japanese economy was devastated, but since 2013, the effect of so-called "Abe-nomics" has shifted the GDP trend upward.

In April of 2014, however, the consumption tax rate was increased from 5% to 8%. There was a flurry of purchasing activities just prior to the increase, followed by two quarters of negative growth as a backlash. Nonetheless, two consecutive positive quarters followed starting with the October-December quarter of 2014.

Then again, in the April-June quarter of 2015, there was a negative trend of .4% -- the first in three quarters.

I might add here that some 17 major research organizations are forecasting a positive trend from July-September onward.

4. In looking at GDP in detail, we see that private consumption and corporate capital investment are steadily growing as the economy continues to recover from October-December of 2014.

In particular, capital investment in the private sector, which impacts demand for industrial trucks, increased by 2.8% in the January-March quarter of 2015. At the same time, residential investment was also able to get out of its doldrums and showed an increase of 1.7%.

Subsequently, in April-June of this year, capital investment in the private sector declined by .1%, which was probably a reaction to the big increase in January-March period. We are hopeful that the July-September period will see a recovery.

5. This graph illustrates current profits achieved by corporations.

In the midst of a recovering economy, corporations are enjoying a steady increase in earnings, and even the manufacturing sector, which was lagging behind, has been doing better since 2013.

6. With the economic recovery, the unemployment rate is declining as well.

Currently, we are actually experiencing a labor shortage, and in the world of material handling, we are seeing a shortage of truck operators. The government is trying to improve the working conditions of truck operators and to make loading and unloading operations more efficient by incorporating machines under the "Action Plan to Overcome a Labor Shortage in the Material Handling Industry."

In the forklift industry, we hope to provide solutions to these problems by offering user-friendly products incorporating automation and an increased use of IT.

7. Now, I will talk about the trend in the forklift market in Japan.
8. This illustrates the trend in the Japanese forklift market.

There were over 80,000 units shipped in 2008, but the number dropped drastically in 2009 as a result of the Lehman shock.

Since then, the market has been steadily recovering, and last year in 2014, we did not really see much of an impact from the increase in the consumption tax. Rather, with the stricter requirements for gas emissions, many diesel forklifts were replaced, and we shipped close to 80,000 units.

We are hopeful that in 2015 we will ship over 80,000 units.

9. This graph illustrates the trend in Japan by truck class.

Since 2008, the share of the market for Class 1 and Class 2 electric trucks has increased, and by 2010, the IC engine truck share was 41.3%. However, since then, the IC engine truck share in Classes 4 and 5 has increased slightly, reaching 45.8% by 2014.

The increased replacement demand resulting from stricter emission regulations for diesel trucks that I spoke of earlier had an impact. In the January-June period of 2015, electric trucks increased in number again.

10. In the WITS report, Classes 4 and 5 figures combine diesel/gasoline/LPG trucks all together. Using the JIVA statistics, however, the IC engine category is separated into diesel, gasoline, and LPG groups, and here you see just the counter-balanced trucks based on how they are powered.

I think you can see how diesel engine trucks increased significantly in 2014.

Another trend to notice here is the drop in the gasoline/LPG truck share, and that is because those trucks which are under 3-tons are trending toward electric.

A future task for us is to develop and market electric trucks of 3 tons and above which can meet the requirements for heavy use.

11. In addition to the forklift market trend, I would like to talk about AGVS, automated guided vehicles or automated guided forklifts. Although this is the first time that AGVS numbers are being presented at the Presidents' Forum, within JIVA, there are AGVS manufacturers who are members, and we maintain their statistics also.

Since 2001, the automated truck market has been somewhere around 1,300 units, but there are manufacturers who are not JIVA members, so in reality, the number may be higher.

As I mentioned earlier, we anticipate a serious shortage of labor in the future, and as a consequence, we expect the AGVS market to grow.

At this time, the ISO3691-4 deliberation is in progress for the AGVS category, and I hope to be able to have discussions and an information exchange on this topic at our future Alliance Meetings and Presidents' Forum.

12. Before I conclude my talk today, I would like to share with you our plans for 2016.

I am pleased to announce that JIVA will host the 19th Alliance Meeting in 2016. The meeting will be held in conjunction with Logis-Tech Tokyo, the largest trade show featuring material handling equipment and solutions in Asia. The show will be held from September 13 to 16 at the Tokyo Big Sight. We will host the Presidents' Forum also.

Details of the meeting will be available by next spring. We hope many of you will come.

13. Thank you for your attention.

