TRI Establishes Joint Venture for Automotive Hose Business
~Sales Expansion to Chinese Makers and Global Production Base~

Tokai Rubber Industries, Ltd. (TRI) (Head office: Komaki City, Aichi Prefecture, President: Yoshiaki Nishimura) has decided to establish a joint venture named Tokai Tianpu Auto Parts Co., Ltd. (TTAS in short) with Shanghai Tianpu Auto Parts Co., Ltd. (Shanghai TIP in short). The company will specialize in the manufacturing and distribution of automotive hose products and launch production at the end of 2012.

TTAS will use TIP’s plant to manufacture various types of hoses such as those used in automobile air conditioners. We aim to achieve cost reduction in procuring raw materials and labor management by introducing Chinese style plant operations so that we can expand sales to Chinese local makers and create a new production base for global markets including Japan.

In China, car production in 2020 is expected to reach 25% of the total global production. Therefore, we anticipate high production levels continuously due to the strong demand in the future. TRI Group has been providing our products to Japanese automakers so far but securing our sales channels to Chinese local makers is essential for expanding our business in China. This prompted us to establish a joint venture with Shanghai TIP that has sales knowhow and connections with Chinese local makers.

In addition, we will utilize the new company as a product delivery base from China to other countries such as Japan, taking advantage of our capability to manufacture quality products stably and cheaply.

Previously, TRI Group established a joint venture specializing in automotive anti-vibration rubber named Huanyu Tokai Rubber (Tianjin) Co., Ltd. (HTR in short) in March 2011 and has successfully acquired sales channels as well as realizing low-cost production in China. We will take the same approaches as HTR in establishing TTAS. In our mid-term management plan, “2015 TRI GROUP VISION” that ends in fiscal 2015, TRI considers acquiring growing Asian markets to be a crucial management strategy. We are especially committed to accelerating our business development in the large Chinese market, aiming to achieve both sales expansion and cost reduction.

<Outline of TTAS>
Location: No. 4555 Tingwei Road, Jinshan Industrial District, Shanghai (Within the Tianpu plant in Shanghai)
Production Items: Automotive hose products and associated parts
Capital Stock: 30 million renminbi (※about 375 million yen)
Capital Ratio: Tokai Rubber Industries, LTD. 60%, Shanghai TIP 40%
Representative: Chairman and CEO Katsunori Kanaoka (Managing Executive Officer, General Manager of the Automotive Hose Business Unit Headquarters, TRI)
Payroll: About 330 (estimation for 2016)
Sales Amount: About 300 million renminbi (※ about 3.7 billion yen, estimation for 2016)
Area of Plant: Building about 19,000㎡ in total
Investment Amount: 33 million renminbi (※ about 410 million yen)
(※) Calculated 12.5 yen/renminbi

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