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CFCM: Copper Fabricators Competitive Monitor

Year 2023 - n. 107/23 – Excerpt for KMCT

Two exclusive interviews for CFCM readers

The November issue of CFCM is particularly rich in original content.

It also features two very interesting and exclusive interviews.

The cover interview is dedicated to KMCT, Japan's largest copper tube manufacturer.

Our comprehensive 360° discussion with KMCT delves into market issues and the strategic development path of this prominent Japanese group.

It marks CFCM's fourth interview with major Asian groups so far, following Poongsan (2019), Boway (2020), and Tongling Nonferrous Metals (2021) in previous issues. It will certainly not be the last, with another to follow immediately in December.

Immediately after the interview with KMCT, on page 17, you will find **another very interesting interview with Diehl Brass Solutions** (DBS), which has chosen CFCM to preview its new lead-free alloy. A choice we are very pleased with.

The interview with DBS focuses on a single subject - their brand-new lead-free brass alloy -, which is not only a topical theme but also quite interesting as it shows the original direction that the German company has taken in the field of lead-free brass.

We hope that this focused interview will be followed by a more comprehensive conversation with Diehl Brass Solutions in late 2024 or early 2025.

Finally, CFCM 107 is not just about the interviews, of course. Enjoy the reading.

KMCT is much more than Japan's largest copper tube producer. It is now a diversified group in full transformation. Cu2 Consulting recently discussed key market issues and the development directions the group is taking with KMCT's CEO Masatoshi Taguchi

It was a pleasure to interview Masatoshi Taguchi, Chief Executive Officer of KMCT, and to give the floor to a Japanese group that, although deeply rooted in the copper semi-finished products industry thanks to the long history of its former shareholders - Kobe Steel and Mitsubishi Materials Corporation (MMC) -, has recently embarked on a journey of its own and is now redefining its growth and development strategy.

Established as a 55-45 JV in 2004 following the merger of Kobe Steel's and MMC's copper tube businesses into a new entity, KMCT began its second and independent business life less than 20 months ago, on 1 April 2022, following the sale of all of the former shareholder's shares to a special purpose company managed by the Marunouchi Capital investment fund.

On the same date, Kobe Steel's shares in Kobelco Metal Products – formerly known as Shinko Metal Products, a producer of copper-based specialty products – and Mitsubishi Materials Corporation's shares in Sambo Shindo (Thailand) - a manufacturer of copper tubular components for air conditioning - were also transferred to Marunouchi Capital.

Following the change of ownership, the company, previously known as Kobelco & Materials Copper Tubes (KMCT), was simply renamed KMCT, where the acronym now stays for "Keep Moving forward with Copper Tube", while Kobelco Metal Products was renamed Moji Metal Products and then merged into KMCT, becoming a group's divisions.

As a result, the KMCT Group is now not only Japan's largest copper tube producer, with production facilities in Japan and Thailand, but also a much more diversified group with a production range that extends to specialty products. And diversification is one of the mainstays of the development path of this group, which is now in full transformation, as the following interview illustrates.

Time to give the floor to the CEO.

In these times of great uncertainty, we would like to start our interview by talking about the market, in particular about the situation prevailing in Japan and Asia, if it is possible to generalise trends for such a large and diverse continent. Before going into the details of the air-conditioning sector, do you see, in Japan or elsewhere in Asia, any easing of the weak demand trend that has prevailed over the last three to four years?

In Japan, demand remained solid until 2021, driven by the expansion of demand for "air conditioning in schools" and steady demand associated with "stay at home" during the pandemic, as well as improved energy-saving awareness.

On the other hand, demand in Southeast Asia has been impacted by a relatively cool summer this year and disruptions in the supply chain over the past few years.

At present, demand remains weak overall, with little or no signs of easing.

However, we expect demand to recover during 2024.

Turning to the segment most closely related to the demand for your products, how are the residential and commercial air conditioning sectors doing? Are the accumulated inventories stabilizing?

Construction projects won't be active due to inflation and labour shortages in Japan, which are having an impact on the commercial air conditioning sector. As for the residential ACR sector, it appears that the production adjustment for excess inventory is still ongoing.

The same trends as for Japanese ACR manufacturers can be observed in the rest of Asia. with about 90% of them projected to experience lower growth in 2023.

And what about the refrigeration market?

Compared to the ACR sector, demand from the refrigeration market is relatively stable. Although

the work/assembly period seems to be longer than before, the decline is generally small. In addition, demand for refrigeration using CO2 as a natural refrigerant is growing thanks to government subsidies. In this respect, we expect "CO2 refrigeration" to expand even more in the future in order to curb global warming.

Is the HVACR market situation in Japan any different from that in other parts of Asia?

Japanese OEMs allocate most of their sales to domestic demand, and their declines are lower than in other Asian countries, particularly Thailand, which tends to be influenced by North American & European demand.

In Asia, some countries have imposed severe restrictions and lockdowns, but this did not apply to the Japanese market and has not led to major changes in Japan. On the other hand, the drop in demand due to destocking caused by supply chain disruptions was more pronounced in Japan than in other Asian countries.

And what about heat pumps? Is demand in this sector healthier?

In Japan, demand for heat pump water heaters (Eco Cute) has declined due to production adjustments by the OEMs and other sectors.

On the other hand, sales of Air-to-Water (ATW) heat pumps appear to have fallen sharply due to the sharp drop in gas prices and the reduction of subsidies in European countries.

However, we expect this sector to grow in the long term. We will therefore improve and expand our supply capability of copper tubes & fabrication parts for this sector.

In March, you announced plans for a new factory in Thailand to double capacity and meet the growing demand for Air-to-Water (ATW) heat pumps. Where does it stand? When will it be operational?

Sambo Piping (Thailand), one of the KMCT Group's companies, which manufactures components and

Masatoshi Taguchi – CEO of KMCT

Photo by courtesy of KMCT

fabrication parts, has already expanded its building and facilities, and gradually started operations from the end of 2022.

Will it be your main site to serve this segment? And which markets will this plant serve geographically?

We consider Sambo Piping (Thailand) to be the main site for the Air-to-Water sector at this stage. Its target markets are Asian and European countries.

According to figures from the Japan Copper and Brass Association (JCBA), demand for copper tubes in Japan fell by -10% in the first seven months of 2023. What are your expectations for the remainder of your fiscal year, i.e., until the end of March 2024?

As we have already pointed out, we assume that the OEMs will continue their stock adjustment for the time being and that the demand for copper tubes in Japan will be reduced by approx. -6% in the second half of fiscal 2023. Yet, if their destocking does not work, demand could be worse than we expect.

Some air conditioner manufacturers, such as Panasonic, are relocating back to Japan from China. Although in a different context from relocation, Daikin recently announced plans to build a new plant in Japan to increase domestic production. Do you see these moves as strong and promising signs for future demand development in your home market?

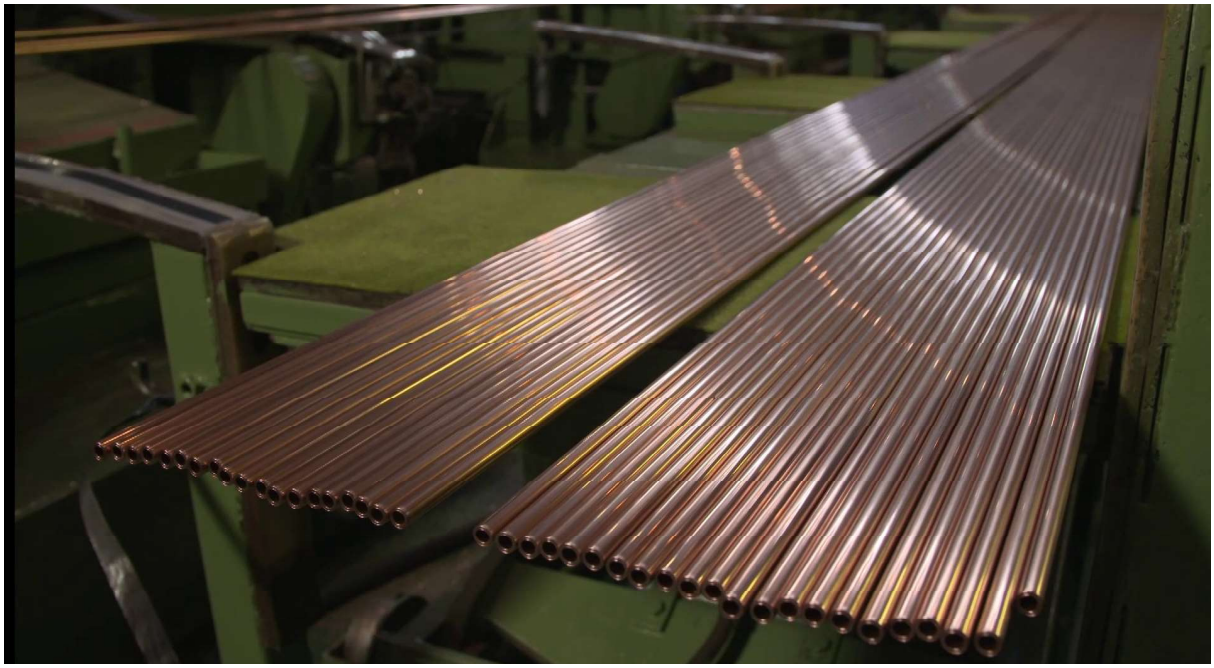
Of course, this is good news for us. We will be able to supply our products to the OEMs in Japan if they increase their overall "net" production.

In the meantime, I think that the customers who are relocating/coming back to Japan from overseas will have to rethink their supply chain.

So, we expect these movements to accelerate "local production for local consumption" and to be in line with the Japanese government's policy of "prioritizing economy" & "economic security."

Traditionally, Japanese OEMs have preferred Japanese tube mills. In recent years, however, this attitude has changed, and imports (almost exclusively from other Asian countries) have increased considerably, jumping from around 4,000 tons at the beginning of the century to over 20,000 tons in 2019, before Covid. In the last two years, imports have averaged over 22,000, including inner-grooved tubes. In the first eight months of 2023, total imports fell by -4.5%, although the drop was entirely due to IGT (-28%), while the rest of the imports increased

Exterior of Sambo Piping (Thailand) - Photo by courtesy of KMCT



KMCT Hatano, Japan – Straight Copper Tubes - Photo by courtesy of KMCT

by +3.1%. Something has, therefore, changed, partly due to the restructuring that took place among local producers. How do you read this change and what do you expect in the future?

Let me first comment on the recent development of imports of inner-grooved tubes, which you have highlighted. The reason for the remarkable drop in IGT imports in January-August 2023 is due to the rapid reduction of OEMs' production in Japan in the first half of the year.

More generally, also looking at past trends, domestic demand for copper tubes in Japan decreased as Japanese OEMs shifted production overseas from the late 1990s to the 2000s.

The accelerated offshoring by OEMs may have led to a certain degree of deindustrialization in the country and a reduction in the number of copper tube producers in Japan.

However, as the reduction in production capacity has exceeded customers' expectations, imports of copper tubes have started to rise. To alleviate this situation and meet customers' demand in Japan, we have established a unique and flexible import programme from our plant in Thailand.

In addition, Japanese consumers historically favor high-quality, durable, and reliable products, while also desiring lower prices due to long-term deflation and the difficulty of raising wages.

For these reasons, OEMs have in the past started to use imported copper tubes, likely for their base model of ACR units. Later, due to prolonged use, imported copper tubes became available at fair quality and reasonable prices, resulting in their increasing use by OEMs.

On the other hand, I believe that our performance in meeting customers' needs, such as our high-quality control system, flexible and regular delivery service based on the characteristics of a local supplier and our R&D activities, has satisfied our customers and gradually increased their trust in our capabilities and products.

In addition, an energy-saving standard is about to be revised and the movement towards the use of "natural refrigerants" will accelerate in Japan. In conjunction with the "relocation of production back to Japan" mentioned above, we believe that we/KMCT can fully leverage our capabilities in terms of manufacturing, quality, and R&D.

We will come back to R&D in a minute. Remaining on the development of the copper tube industry in Japan, following a series of moves between 2019 and 2022, Japan's copper tube manufacturing has ended up in the hands of funds. KMCT was the last in the series in this respect. This is unique and cannot be found in any other country or for any other copper product in Japan. How do you explain this development? Did poor returns, the data "scandal", and pressure through Chinese AC OEMs play a role? Or have the major Japanese semi-finished product groups stopped 'believing' in copper tubes and their development prospects?

Before answering your question, an important consideration is in order: the presence of a Japanese industry producing high-quality tubes for the ACR sector is of fundamental importance, also in view of the fact that major Japanese OEMs such as Daikin, but not only, consider the ACR business to be their core business.

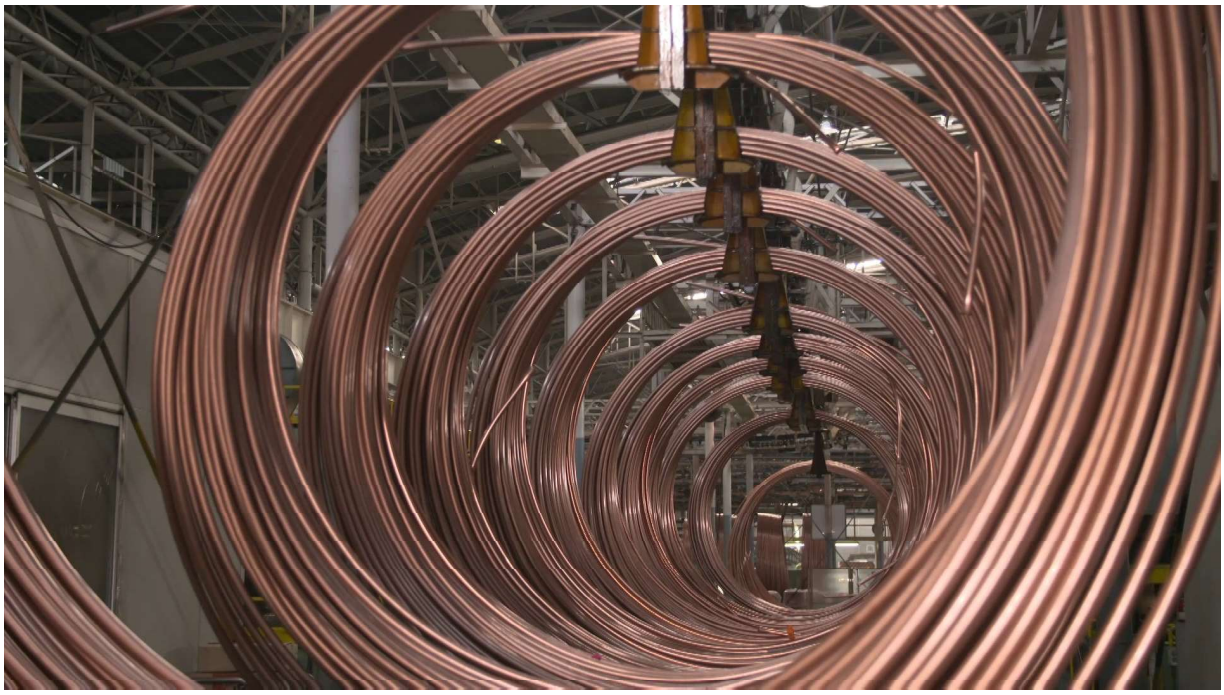
Having said that, it is true that our business has suffered from "intense" price competition and has struggled with profitability. However, the reason why Japanese copper tube manufacturers came to be owned by "PE funds" is mainly because their former shareholders deemed that the copper tube sector had little synergies with other of their businesses such as copper rolled, aluminum, and steel for the automotive sector. In this context, it was objectively difficult to launch the new investments needed to grow and develop the copper tube segment.

We felt that the former shareholders's position to transfer our shares to the "PE fund" was reasonable so that we could increase our corporate value and continue to develop and grow.

Regarding the data scandal issue, our quality assurance capability has been dramatically improved through various and intense investments. Today, we believe that our customers' trust in us has certainly been restored.

How do you judge the "new KMCT" a year and a half after your new ownership under Marunouchi Capital, the Japanese fund that ultimately owns KMCT?

We rate it very positively and for a number of reasons.



KMCT Hatano, Japan – Mother tubes on the hanger - Photo by courtesy of KMCT

KMCT (Thailand) – Conveyor System - Photo by courtesy of KMCT

Firstly, although we were primarily a copper tube manufacturer, we needed to diversify our product range by integrating other businesses in order to make our company more resilient to fluctuations in the economic cycle. And this was done.

In addition, following Marunouchi Capital's recommendation, we have significantly accelerated the speed of our decision-making processes and the execution of strategic growth projects.

Last but not least, the possibility of M&A operations could further boost our future growth.

Another very interesting topic concerns aluminum. Japanese AC OEMs are accelerating the substitution of copper. In 2022, Daikin announced plans to reduce the global amount of copper by FY2024 and promote its replacement with aluminum and stainless steel. Two of your major competitors, NJT and Hailiang, are also pursuing growth in aluminum smooth and IGT tubes. In contrast, Takashi Muto - the Managing Director of Marunouchi Capital and a non-executive director of KMCT - said in a 2022 interview that KMCT had no plans to switch to aluminum tubes but would rather continue to focus on copper tubes. Do you still feel that way? If so, do you not think that substitution is an issue? What is, in your opinion, the 10-year vision for copper tubes in Japan?

We are aware that this was the Marunouchi Capital's position when they acquired us. However, it is clear that in an evolving market, positions are and must be flexible over time to accommodate and face industry changes. That's why we believe that the original vision should not be seen as a static and fixed concept.

We have been carefully monitoring and considering the potential risk of replacing copper with aluminum for some time. Our understanding is that aluminum tube is a "threat" to us. On the other hand, we understand that we can also apply our knowledge and skills to the aluminum tube business.

What is, in your opinion, the 10-year vision for copper tubes in Japan regarding substitution?

Although we cannot comment at this stage on the 10-year vision for copper tubes in Japan, we believe

that there is a possibility that Japanese OEMs will switch significant volumes of copper tubes to aluminum tubes.

The main reason for this dynamic is certainly related to the metal price difference between copper and aluminum. We are therefore attentively following the development of aluminum tubes and paying close attention to the needs of our customers, taking advantage of our strong relationship with them.

Looking more specifically at KMCT, you are in the process of fine-tuning your corporate strategy to exploit synergies between your plants and strengthen your high-value-added businesses. On the first front, in June, you announced the closure of your small plant in Malaysia and its liquidation by the end of 2023. Can you explain the rationale for this decision?

We have been operating our Malaysian plant since 1987. We weren't able to maintain price competitiveness for "commodity" products because we didn't have upstream processes there. This is the main reason for its closure.

Of course, we have tried to survive by producing value-added products. However, with the gradual reduction of the company's sales area, we finally came to the rational conclusion that it would be better to concentrate our business in neighbouring Thailand.

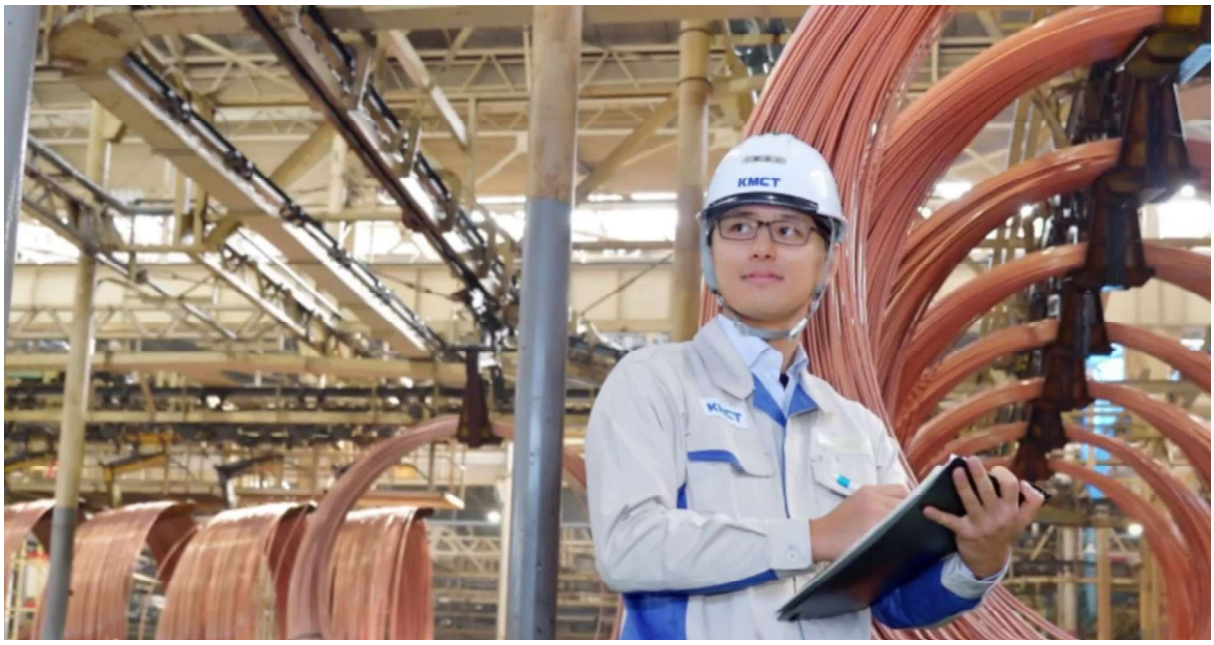
Japanese copper tube producers were innovators for IGT in the 80s and 90s with overseas factories. More and more of these overseas tube mills are closing. Does this mean that Japanese producers, including KMCT, are retracting to the local market?

I would not say that we are retreating to our domestic market. As part of the reorganisation process we started last year, we are evaluating how to improve KMCT's corporate value under the guidance of Marunouchi Capital.

On the commercial side, for example, we want to increase our visibility and expand our business by creating the best conditions and relationships with both domestic and foreign customers.

As part of your strategic corporate development, how do you see KMCT's manufacturing footprint in five years' time?

It is hard to say at this stage what our manufacturing footprint will be in five years. We are currently in the



KMCT Hatano, Japan - Photo by courtesy of KMCT

KMCT (Thailand) – Cold Reducer - Photo by courtesy of KMCT

process of considering "what products" we should produce and "in which market" we should sell them in the future.

At the end of 2021, KMCT decided to start producing capillary and integrated capillary (IC) tubes at KMCT (Thailand) to differentiate its offering from Chinese competitors and strengthen its presence in high value-added markets. Have you started mass production? How is demand doing in this market segment?

We started manufacturing capillary tubes and IC (integrated capillary) tubes at KMCT (Thailand) in September 2022. Our customers have well understood the benefits and advantages of "local production for local consumption". The customer approval process is underway and is progressing rapidly.

With this project, we also aim to meet the steadily increasing demand for package air conditioners in global markets, as well as the already mentioned fast-growing demand for ATW in the European market.

Going back to what you said earlier about your R&D competitiveness, can you elaborate further on that?

R&D activities are one of the most important pillars of our development.

We/KMCT have provided customers with the necessary technologies and products and have contributed to their development through our fruitful R&D activities. This typical point is what distinguishes and differentiates us from other foreign copper tube suppliers.

We aim to further enhance our competitive strengths and advantages in this field and become an "irreplaceable" copper tube supplier in the future right by focusing on R&D for our products, mainly for Inner Grooved Tube, Outer Finned Tube, Copper Alloy Tube, and the like.

Can you tell us more about this push into higher value-added products? Apart from what you have just mentioned and high-strength and small diameter and thin-walled tubes, are there other specific developments and product (/alloy) innovations you are pursuing?

As far as copper tubes are concerned, there are several strands we are focusing on.

First of all, on the development of copper alloys with higher corrosion resistance (specifically, for formicary corrosion) and the optimisation of the grooving configuration for natural refrigerants and outer fin tubes for chillers.

Another goal we are pursuing is to diversify into other niches related to a business that we 'inherited' when some of the former Daishin P&T's copper tube processing assets were transferred to our Hatano plant in 2021 [*for information, the Amagaski plant, which closed in September 2021, was part of some Furukawa Electric assets sold to the CTJ Holding2 fund in 2020 and then renamed as Daishin P&T Co., ed.*].

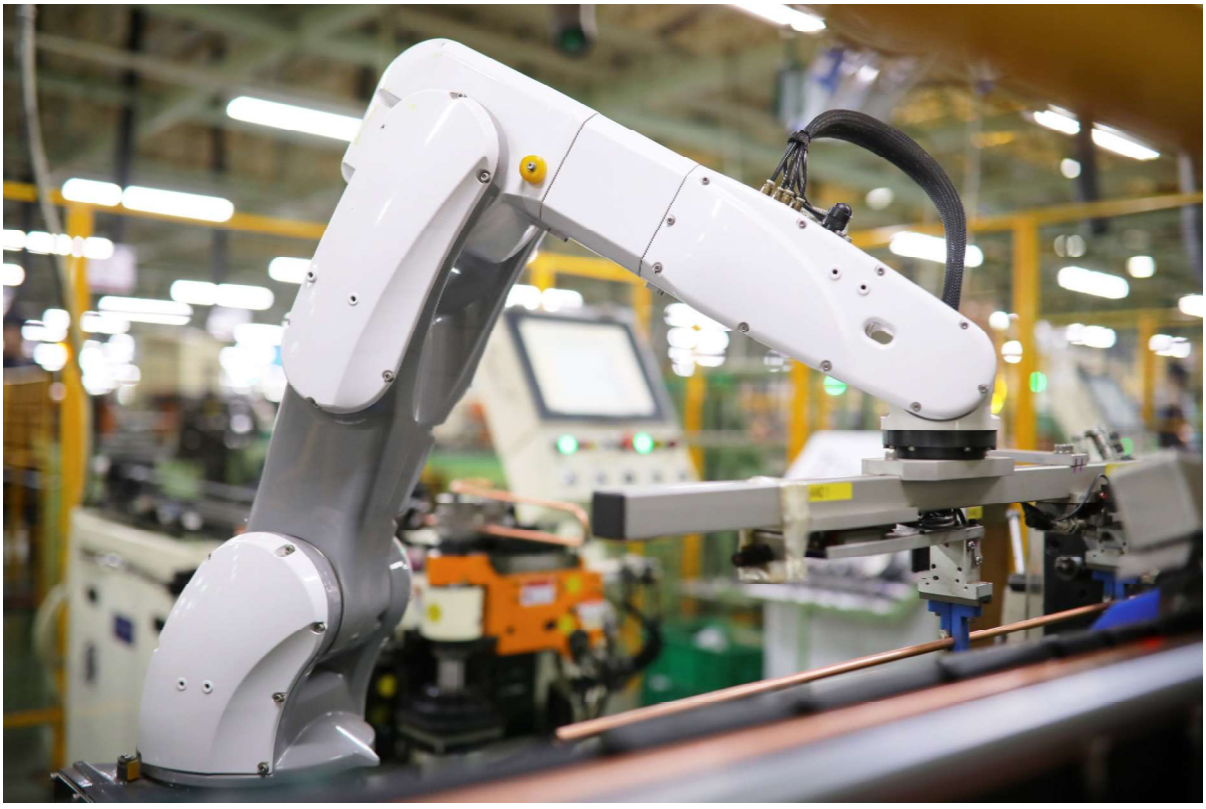
In this context, we currently supply heat exchangers to semiconductor device manufacturers. This is just one example, among many others, of a business that we intend to improve in the future through further diversification into promising niche areas.

Also, it is no less important for us to follow the trend of alternative materials to copper.

In addition, we will develop and invest in our new product line-up, such as copper alloy tubes, moulds, composite products and fabrication parts, which have been added to our product portfolio since 2022, in line with market growth in these sectors.

How active is KMCT on the patent front?

We believe that our patent strategy can be significantly improved. We will definitely work on a patent strategy related to our proprietary technology.



Sambo – Auto bending machine - Photo by courtesy of KMCT

KMCT Hatano, Japan – Top view of the plant - Photo by courtesy of KMCT

Do you have any plans for major investment in the future, or will you only be optimising and improving existing equipment and production lines to make them more efficient?

As regards the copper tube business, we will not be making any major investments, but we are planning to optimize and improve the efficiency of the existing equipment as part of our CapEx.

On the other hand, we will invest mainly in other high value-added sectors, such as strengthening the production facilities of the Moji Metal Products Division in Japan and the Fabrication Parts at Sambo Piping (Thailand).

Unlike China, Japan has not adopted the Cast & Roll (C&R) technology. Does that have to do with the reduced role of Japan in the world of IGT tubing?

I believe that our foreign competitors aim to expand their production capacity through investments in C&R facilities with little capital expenditure. This is how I read the current situation in the global copper tube industry.

In light of the potential market growth and capacity expansion plans of overseas copper tube manufacturers, we cannot help but comment that there will be little chance for us to adopt C&R technology.

As for Inner Grooved tube, we aim to focus on supplying "essential products" to customers while maintaining high R&D capability and a high-quality management system.

Is overcapacity in the copper tube sector a major issue in Asia?

It is clear that overcapacity is currently disrupting the "demand-supply balance" in the copper tube industry on a global scale. This issue is one of our major concerns for KMCT's future strategy. We will therefore continue to monitor the future situation carefully and on an ongoing basis.

What are your main Asian export markets, e.g., outside Japan and Thailand?

Our Hatano plant mainly serves the Japanese domestic market.

As for KMCT (Thailand), most of its sales are to domestic customers, as their Thai operations serve as an ACR export base. In addition to domestic sales, our Thai company exports its products to other regions, such as the Middle East, North America, and Europe, mainly to Japanese transplants.

What proportion of your revenues is export business?

We prefer to refrain from commenting on the actual percentage of our exports.

Do you only sell in Asia? Have you ever considered developing more in Europe or America (North and South), as some of your Chinese competitors have done?

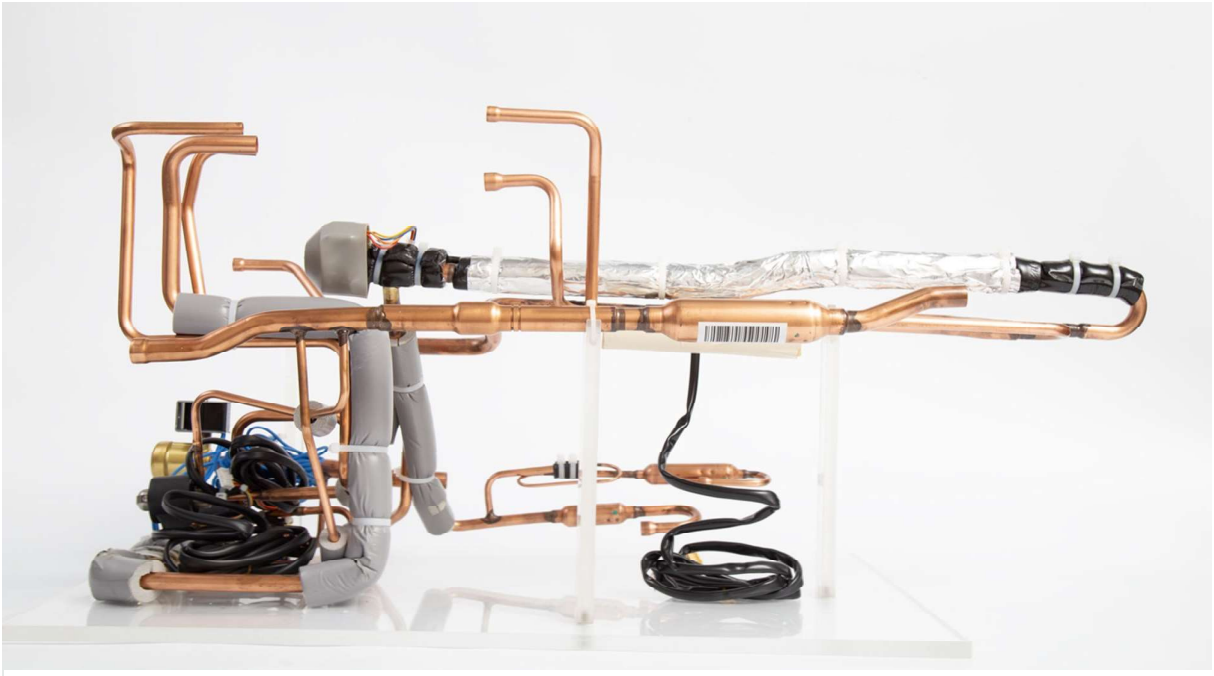
As previously mentioned, there are some customers who are asking us to establish new facilities there for local production and supply in Europe and in the U.S. However, we have no concrete plans to announce externally at this stage.

How do you view the growing geopolitical tensions and related actions on the international trade front, amid requests for anti-dumping investigations on the one hand and attempts to relaunch trade multilateralism in certain regions, such as the Trans-Pacific region, on the other? What impact could these have on the development of the industry and your business?

I think it is natural for companies and countries to take steps aimed at fostering internal economic growth and the growth of their businesses, especially after the serious problems experienced during the pandemic period and in light of the many current geopolitical risks.

For us in Japan, it is first and foremost crucial to grasp every possible piece of useful information as timely as possible. Equally important is being able to respond effectively and efficiently to the aforementioned trends of "relocation of production back to Japan" and "local production for local consumption".

Regarding Thailand, we expect and hope that the Free Trade Agreement between the EU and Thailand will be concluded soon. At the same time, we should find the best way to deal with the Indian BIS issue [*according to a recent Indian decision, copper products cannot be produced, sold, traded, imported,*



Sambo – Valve Assy for commercial ACR - Photo by courtesy of KMCT

or stocked unless they bear the Bureau of Indian Standards (BIS) mark, ed. – see article on page 39].

Anyway, whatever happens in the future, we will do our best to create win-win situations with our customers around the world.

Is the chip shortage still a problem limiting the development of demand in some downstream sectors with the inevitable impact on tube requests?

The chip shortage issue has almost been solved this year, whereas last year the lack of chips had a significant impact on the production of air conditioning and hot water system manufacturers. OEMs' production is currently sluggish, resulting in low demand levels for us. However, as mentioned earlier, we expect a recovery in 2024.

What other major issues do you see as having an impact on your sector, both negatively and positively?

Apart from the geopolitical issues that we have already touched on, I would cite the weak yen, the continued weakness of the economies in Europe and the U.S., and the challenging economic situation in China as negative factors to watch.

On the bright side, I would like to mention some regulatory changes that could play a positive role in increasing demand for our products. These include the de-freon policy, the revised F-gas regulation, and the revision of the Energy Conservation Act in Japan.

In the U.S. and Europe, there is a lot of investment in copper recycling. Major Japanese copper groups, such as Mitsubishi Materials Corporation, Dowa Holding, and JX Metals Corporation, are also moving in this direction. Does KMCT have any plans in this regard?

We have no plans to enter the recycling business, so far.

What percentage of scrap do you use in KMCT compared to cathodes and virgin raw material? And do you have targets to increase this percentage?

Of course, we also use copper scrap in addition to copper cathodes. However, we do not wish to

KMCT Hatano, Japan – Outer Fin Tubes - Photo by courtesy of KMCT

Moji Metal Products Division – Moulds – Photo by courtesy of KMCT

disclose the details of our scrap usage rate, due to the delicate and sensitive nature of this subject.

Turning to sustainability, what are your activities and targets in this field?

We have proactively pursued projects aimed at replacing old equipment with more energy-efficient facilities, promoting energy-saving activities in production, and reducing waste in our operations.

In addition, we are focusing on R&D proposals for our customers to develop energy-saving products and to adopt our optimized products for switching to natural refrigerants.

What is the perception of ESG in Japan? Is there a push by the regulator in this direction, as in Europe or the U.S.?

I believe there is a growing understanding and awareness of ESG issues in Japan, especially among investors and large companies. On the other hand, there is not yet significant pressure from authorities and regulations on medium-sized and small companies.

However, I believe that ESG issues will become increasingly important for Japanese companies in the future.

KMCT is not just about copper tubes. One of your divisions, Moji Metal Products (formerly Kobelco Metals Products), produces a wide variety of tubular copper moulds for the continuous casting of steel, as well as alloy condensers tubes (Cu-Ni and Aluminum brass), special copper alloy tubes (inner-coated or resin-coated), fabricated tubes (low-fin or bent tubes), large-diameter pipes (up to a diameter of 457 mm), special clad copper and copper alloy wires for electronics, Cu-Ti rods and bars, copper and titanium heat exchangers, and special coatings for Al-Ti and steel products. How do these diverse activities fit into the Group? Are there any synergies with the rest of the business?

As you said, the niche sectors such as copper alloy tubes, moulds, and composite products are our high-value-added products. We believe that further strengthening these products will make the KMCT Group more advanced and stable than how these businesses have been run in the past.

In terms of potential synergies with the rest of the business, I would also like to mention the possibility of optimizing sites by relocating part of the copper tube production and the benefits of sharing market information on related sectors between the sales staff of the two segments.

Moji Metal Products Division. – Composite Products – Photo by courtesy of KMCT

How are these diverse businesses going and what development prospects do you see for them?

Looking at the three main businesses of the Moji Metal Products Division – namely copper alloy tubes, moulds, and composite products – their development prospects are good.

The Copper Alloy Tube segment has significant and steady domestic demand, while the Moulds and Composite Products segments are expected to grow mainly due to overseas demand.

Moreover, depending on the development of the global economy, two sectors that may be particularly buoyant are electrical furnaces, where moulds are used, and air conditioning terminals, where composite products are used. Composite products are also being considered for use in eMobility, a fast-growing segment for the future.

Has KMCT benefited in any way from NJT's recent decision to discontinue the production of special brass and cupro-nickel condenser tubes? And how do you see the development prospects in this segment?

Following the announcement, some of NJT's former customers decided to purchase these products from us. Therefore, increasing our capabilities for copper alloy tubes will definitely be beneficial to our development and growth.

Moji Metal Products Division – Copper Alloy Tubes – Photo by courtesy of KMCT

We also see opportunities in the infrastructure sector and believe that it is part of our corporate social responsibility to support the country's infrastructure needs and the development of other domestic industries by ensuring continuity of supply to Japanese customers in these areas.

To sum up, although domestic demand for copper alloy tubes is much smaller than for copper tubes and is not expected to grow by much, we expect it to remain steady over time with no significant risk of decline.

Finally, over the past 18 months, Marunouchi Capital has created a cohesive Group with an international footprint and various activities, albeit with its soul in copper tube. What do you see as the next stage of development in the next 3 to 5 years?

First and foremost, we need to strengthen our structure and the stability of the various bases and operations of the KMCT Group because the business environment has deteriorated over the past 18 months. However, even if the situation seems challenging on the surface, we think it may offer significant opportunities to enable us to improve our business organisation and enhance our competitiveness.

We are now looking to shift from being a "simple" copper tube manufacturer to a high value-added company. We plan to achieve this through M&As and by intensifying our role as a critical supplier to support industrial infrastructure.

Although our size, presence, and future business plans are modest compared to some large European and American companies, we are determined to continuously enhance our growth potential, profitability, and team strength to become a crucial and indispensable partner to the world's leading Japanese ACR OEMs and customers with excellent niche technology.

Having said that, it is difficult to say what the next stage will be in the next 3 to 5 years. Although we are now working on some scenarios with Marunouchi Capital, we are not at a suitable time to reveal them. I would appreciate it if CFCM would give us the opportunity to do so and explain them in a few years' time.

KMCT\Strategy\Development

KMCT (Thailand) – Photo by courtesy of KMCT

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