

## Interview with Mr. Heiki Miki, Chairman of Shinagawa Advanced Materials Americas, Shinagawa Specialty Ceramics Americas, Shinagawa Refratários do Brasil & Shinagawa Refractories Australasia, and Managing Executive Officer - Shinagawa Refractories

**Refwin:** It is a great pleasure for Refwin to interview you again! As 2023 comes to an end, how would you summarize Shinagawa's achievements in 2023, a year full of challenge and success?

**Mr. Heiki Miki:** Many thanks to Refractories Window as always for all your great support to global refractories industries and Shinagawa. 2023 was certainly a challenging year mainly due to sluggish demand for refractories everywhere in the world except India. Regarding steel production in 2023 from January to November, according to World Steel Association, while India produced +12.1% more crude steel compared to 2022, China only produced +1.5% yoy, and the rest of the world produced less than 2022, -3.0%. In spite of this challenging situation, however, Shinagawa is expecting to post our record revenues and profits for the fiscal year ending March 2024. Welcoming Shinagawa Refratários do Brasil and Shinagawa Specialty Ceramics Americas to our group in December 2022 certainly contributed greatly to this achievement, while it is also important to mention that our constant relentless efforts for improving productivity and reducing costs around the world have paid off.



Mr. Heiki Miki

**Refwin:** Shinagawa's global activities are dramatically increasing, especially since you took full responsibility for its overseas business. We noticed that in 2023, Shinagawa appeared in several international exhibitions and conferences. What is the greatest significance for Shinagawa to participate in international events?

**Mr. Heiki Miki:** We are always actively looking for opportunities to reach out to our customers, which is essential to ensure that we are able to meet the ever-changing needs and demands of our customers in a timely and accurate manner and to provide the best refractory solutions at all times. Shinagawa's ultimate goal is always to make ourselves competitive by making our customers competitive and, in order for us to do so, ensuring seamless communication among us as much as possible is the key. That's why PROXIMITY is at the heart of our strategy. As for international events, especially AISTech in the US and ABM Week in Brazil, have been very effective and efficient showcasing opportunities for us to present our latest technologies and refractory solutions to our customers, and to communicate with them to identify the best and unique solutions for each customer. By continuing to provide attentive customer support, Shinagawa always strives to "Be the Customer's First Choice."

**Refwin:** For you personally, what is the most attractive charm of refractories? Being engaged in the refractory industry, what is your biggest gain?

**Mr. Heiki Miki:** Refractories never cease to amaze me. As you know, I joined Shinagawa in 2014 after 30 years of experiences working in the global steel industries. And, since then, I have been responsible for our global business for 10 years, but I still find something new to learn every day. Although I was already familiar with the concepts of "selling products abroad" or "doing business globally" from my experiences working in steel industries, it was a pleasant surprise to find out that refractories require totally different ways to market and sell from steel products. Refractories are very unique: They are not standardized products and, as a result, customers, no matter which industry they are in, need to figure out who would be able to produce the products they need first, then ask potential suppliers to make product proposals based on their technologies and experiences. This is why PROXIMITY matters. I really enjoy this craftsmanship like processes to create something pretty new, something totally innovative with our customers. Also, refractories are so essential. Every inch of our society is made with some things that require refractories to produce. No refractory, no steel. No refractory, no cement. No refractory, no glass. And, no refractory, no society we know of. I am so proud to be in this essential industry supporting our society and lives, and truly hope that everyone in global refractory industries feels the same pride.

**Refwin:** In 2023, Shinagawa has made good progress in all subsidiaries, JVs, and offices around the world, can you share the highlights with us?

**Mr. Heiki Miki:** In 2023, Shinagawa welcomed Shinagawa Refratários do Brasil in Vinhedo Brazil (SRB) and Shinagawa Specialty Ceramics Americas (SSCA) in Latrobe PA USA to our family.

Brazil and Japan have enjoyed very friendly mutual relations over the years, both in the politics and the business world. I was very happy to see Minister for Foreign Affairs from both countries met in New York in 2023 and shared the view that Brazil and Japan will continue to strengthen cooperation as "strategic global partners." At SRB, we are blending great cultures from Brazil and Japan to create our new Shinagawa culture in Brazil. Last year, SRB introduced their new branding campaign and received various awards from international marketing associations. We completely renamed our products with customer friendly names along with easy to understand ideograms inspired by Japanese Kanji characters. The new brands seek to show the value of our product to the customer, for their industrial processes, while our previous product names just focused on raw materials.

### Shinagawa Brazil: Our Brands with Kanjis



Welcoming SSCA to our family is a significant strategic leap for us too. Shinagawa has been in ceramics business through Shinagawa Fine Ceramics (SIFCE) in Japan for years and this acquisition enables Shinagawa to tap into global market for the first time. We are in discussions on how we can bring new products and values to the market from collaborations between SSCA and SIFCE. Stay tuned.

**Refwin:** 2023 marks the 25th Anniversary of Shinagawa Refractories Australasia (SRA) and the 9th Year of PT Shinagawa Refractories Indonesia (SRI), right? Congratulations! What do you think is the key to the success of Shinagawa overseas business?

**Mr. Heiki Miki:** We were so happy and proud to celebrate the 25th Anniversary of Shinagawa Refractories Australasia (SRA) last year. Australasia is rather a matured market for refractories. However, with our continuous and relentless efforts in creating values for our customers, SRA is still expanding its business in the region with fully taking advantages of PROXIMITY: PROXIMITY to BlueScope in Unanderra NSW and PROXIMITY to various mining operations in Kwinana WA. Also, we successfully added a nozzle sand business to our product offerings in 2023 by M&A. Also, can't wait to celebrate the 10th Anniversary of PT Shinagawa Refractories Indonesia (SRI) in 2024. Jakarta Indonesia is our strategic hub in Southeast Asia and we are on track to significantly expand Shinagawa business in the region from there. We have two production sites of Isolite Insulating Products in Malaysia too, one for ceramic fibers and another for fire bricks, and collaboration between SRI and these two Isolite's sites allows

us to have a significant competitive edge in the market.

**Refwin:** In 2023, Shinagawa received a lot of visits. Generally speaking, what kind of visits do you want to receive?

**Mr. Heiki Miki:** During a very difficult period of COVID-19, we all learned new ways to maintaining relationships and connecting with others via web such as Teams, Zoom and Google Meet. However, the most important lesson I learned from the pandemic is: Nothing Can Replace the Value of Face-to-Face Meetings. A sense of intimacy, connection and empathy is such an important part of our communications and video meetings simply can't allow us to feel them. Via web, it is rather easy for you to participate, but it is rather difficult to engage, and, I believe creating the sense of engagement is really the key for successful communications. Especially actively hiring employees from various countries with totally different cultural backgrounds, and having many people speaking English as their second language within our group, we must focus on in-person communications.

In 2023, I actively invited our overseas customers and colleagues to Japan for meetings, discussions and plant tours. I actively encouraged our staff in Japan to visit overseas customers and our global locations. And, you will see more of our intercultural in-person interactions in 2024.



Mr. Heiki Miki receiving two engineers from Brazil

**Refwin:** Some people have described 2023 as difficult and said 2024 will be more difficult. How do you think? What measures will be taken for Shinagawa to ensure growth in 2024?

**Mr. Heiki Miki:** 2024 might be another challenging year, but we are not the only one facing the challenges. Challenging situation for refractory industries means challenging situation for our customer industries. And, in fact, these challenges will actually allow us to further differentiate ourselves from the competition, allow us to further effectively and efficiently provide our unique values and solutions to our customers.

In particularly, I am unleashing a new campaign in 2024: "We are One SHINAGAWA." Our overseas locations are independently managed to best suit the local business conditions, to implement PROXIMITY strategies. At the same time, we are producing the same product line in different locations: We are producing high quality mold powders for continuous casting processes in USA, China and Japan. We are producing environmentally friendly tap hole clays for blast furnaces in Brazil, Australia, India and Japan. All our locations are procuring similar raw materials too. While we are serving different markets with totally different and unique local conditions, we also are all Shinagawa. Our international customers are looking for best practices,

# Interview

looking for a successful implementation of our solutions at one location to be implemented at their other locations. We will be “One SHINAGAWA” globally. Shinagawa will grow our business by supporting our customers’ growth. Again, Shinagawa’s ultimate goal is always to make ourselves competitive by making our customers competitive.

**Refwin:** For the next 3-5 years, what are Shinagawa's development plans, in particular its overseas business? Any merger and acquisition plans? Which regions will be the key development goals?

**Mr. Heiki Miki:** Shinagawa will celebrate our 150 Years of History in 2025. This will be certainly a great milestone to celebrate what we have done during these years, but, at the same time, this will be just the beginning for our new journeys to work with our customers and to support further growth of our society.

In July 2022, we signed a Know-How License Agreement for continuous casting refractory products and services with Anshan Hefeng Refractory Material, one of the most prestigious and well-respected refractory producers in China and our JV partner to produce high quality mold powders at Liaoning Shinagawa Hefeng Metallurgical Material. Many positive

discussions are underway and I am confident that you will start seeing certain results from this collaboration in the near future.

Our collaboration with Allied Mineral Products in Japan to exclusively market their monolithic refractory technology for the aluminum market was also successfully launched and joint customer visits are taking place. We are aiming to capture 20% of the market, to achieve net sales of 2 Billion JPY by 2028.

Regarding India, which is the largest growth market for refractories as of now, Shinagawa will enter the market in a way that uniquely differentiates us from other companies by making the most of our cutting-edge technologies, rather than just simply pursuing volume expansions. Stay with us.

More M&A? Yes. I am sure I will be able to discuss more at our next interview.

It was very nice talking with you. Thank you very much for this wonderful opportunity.

**Refwin:** Thanks for your time to answer all the interview questions, with rich content, wonderful answers and golden sentences frequently. Nearly can't wait to interview you again next time.

If you want to release any company news on the next issue, you are welcome to send it to [info@refwin.com](mailto:info@refwin.com) before Feb. 20, 2024

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