Becoming one of the top five manufacturers of dental materials in the world

An interview with Mitsui Chemicals Executive Vice-President Minoru Koshibe in Japan

In a surprising move, German precious metals group Heraeus sold its dental business to Mitsui Chemicals in April. Recently, Dental Tribune Japan had the opportunity to visit the company’s headquarters in Tokyo and sit down with Executive Vice-President Minoru Koshibe to talk about the reasons for the acquisition and the reasons his company, which specialises in chemicals and plastics manufacturing, sees its future in the dental field.

Dental Tribune Japan: Mr Koshibe, economic growth in Japan has been slow in recent years. Was this one of the major reasons for the Heraeus acquisition?

Minoru Koshibe: As a diversified chemicals company, 70 per cent of our business comes from the manufacturing of chemicals, including petrochemicals. For this reason, we are naturally affected by macroeconomic changes like rising oil prices. After the Lehman Brothers bankruptcy and the harsh economic conditions that followed, we no longer perceived a future of growth and continuity, so we decided to move our corporate direction to areas that would be less affected by economic cycles, such as health care.

Although we originally operated in the medical field, we were not able to advance immediately in that business because we sold this segment very early on. However, we subsequently started to develop monomeric optical lenses, which gained a huge market share in Japan. With Sun Medical as our next business endeavour, we planned to expand operations to a worldwide level. Unfortunately, we soon realised that this would probably take 20 to 30 years, so we finally decided to take the plunge and acquire a company with a global foothold in the dental materials market.

Had you been looking into other companies, and what factor made you decide on Heraeus over all available options?

We made a list of the top ten manufacturers of dental materials in the world and narrowed it down to a few companies after having reviewed them from various perspectives. For our envisioned global expansion, Heraeus seemed to be the best choice, also because the company was constantly trying to expand its reach into dental CAD/CAM, which is a new business segment, for which extraordinary growth in the future is anticipated. Had Heraeus not had such a digital services division, I guess we would have had to acquire another company, but the company’s existing foothold in the CAD/CAM business was a decisive factor. Therefore, it was also the first company we contacted.

“Despite the difficult market environment, we still want to expand our sales channels in Europe and North America.”

In order to achieve this, we aim to integrate our technologies with Heraeus Kutzner’s sales channels. Dental materials have shifted to composite resins and hybrid new materials that meet various aesthetic requirements, and we intend to create a synergy in making the best possible use of our polymer technologies for the new digital services. Methyl methacrylate is certainly the gold standard at the moment, but we want to develop dental materials with new polymers. We believe the key technology for achieving this will be CAD/CAM and 3-D printing.

What outcomes do you expect from the acquisition for your domestic dental business?

We want dental materials to become the core of our overall business. Since Sun Medical is much smaller than Heraeus, we decided to establish our dental materials head office in Germany, which started operations in April. From here, Sun Medical

Heraeus has significant market share in the European and North American dental markets. Do you intend to increase your reach there in particular?

With the bonding agent Super-Bond as key product, we have been operating through Sun Medical in North America and Europe already, but sales there has not met our expectations in the past. Despite the difficult market environment, we still want to expand our sales channels in Europe and North America, as these are the most important markets for materials with higher price points.

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Although they have a strong presence in the North American and European markets, their market position in Asia is not very significant. On the other hand, we are a strong force in Japan and South-East Asia, and thus have more information on markets like Thailand, Indonesia and Malaysia. We believe that with the right marketing, the Heraeus brand can be successfully expanded in that region. Our company and Heraeus Kulzer complement each other’s strong and weak points well.

Decisions at Heraeus will be made within the management resources of the entire Mitsui Chemicals Group. Heraeus is a wholly owned subsidiary, which means investments will be under our control and implemented with consideration of the overall balance sheet. As we do have a management strategy to shift our positioning towards the health care business, people at Heraeus can expect us to make good use of our management resources and give high priority to this field when it comes to investments in the future.

You also acquired shares from DENTCA, a US denture manufacturer, recently. Are you currently looking into opportunities to acquire other dental companies?

“We want to expand the scope of dental materials through technological innovation…”

With regard to your question about acquiring other manufacturers in the dental industry, we will grow using our own strengths in feasible areas, but if there are companies that can improve on our weak points then we will consider the acquisition of such companies. We want to expand the scope of dental materials through technological innovation in order to become one of the top five manufacturers of dental materials in the world able to compete with North American and European companies.

Thank you very much for the interview.