



Iron and Steel Business

Net sales	+13.2%	Ordinary income	+48.4 billion	Ordinary income ratio	(—)
¥840.4 billion		¥23.7 billion		2.8%	

Fiscal 2010 Overview

With steel demand from manufacturing industries in Japan and abroad remaining strong overall, the sales volume for steel products increased year on year in fiscal 2010. Product sales prices exceeded those of fiscal 2009 due to higher raw material prices.

Sales of steel castings and forgings fell below those of fiscal 2009, as demand from the shipbuilding industry declined. In contrast, sales of titanium products surpassed those of fiscal 2009 thanks to customer inventory reductions.

As a result, segment sales climbed 13.2% year on year, to ¥840.4 billion. Due partly to higher inventory valuation, ordinary income rose ¥48.4 billion, to ¥23.7 billion.

	Billions of yen		
	2010	2011	Change
Net sales	742.1	840.4	+13.2%
Ordinary income (loss)	-24.7	23.7	—

TOPICS

Kobe Steel Establishes Joint Venture to Produce Aircraft Parts Using State-of-the-Art Forging Press

Kobe Steel, Hitachi Metals, Ltd., IHI Corporation, and Kawasaki Heavy Industries, Ltd., jointly established Japan Aeroforge, Ltd. in January 2011 to manufacture large forgings for use in aircraft and power plants. The installation of Japan's first 50,000-metric-ton forging press will enable the manufacture of large forgings that in the past could not be done in Japan. The joint venture will enable the stable domestic production of large titanium forgings, for which global demand is expected to rise. In the future, Japan Aeroforge also plans to supply forgings to overseas aircraft manufacturers to meet the growing global demand. When Japan Aeroforge goes into production, Kobe Steel will throw its full support behind the new business and contribute to the development of Japan's aircraft industry.

Kobe Steel and U.S. Steel to Build New Production Line for Automotive Steel

In December 2010, Kobe Steel and United States Steel Corporation (U.S. Steel) reached an agreement to build a continuous annealing line (CAL) to produce high-strength steel for use in automobiles at their joint venture, PRO-TEC Coating Company, to meet growing demand in North America. Through PRO-TEC, Kobe Steel and U.S. Steel have been supplying hot-dipped galvanized high-strength steel sheet to automakers in North America. This material contributes to reducing the weight of the car body, particularly the underbody. To meet the needs of Japanese transplants for cold-rolled advanced high-strength steel (AHSS) sheet in the upper car body to further strengthen the overall vehicle structure, Kobe Steel will provide its advanced engineering know-how developed in Japan over the years to PRO-TEC, thereby enabling the local production of steel sheet of the same quality and grade available in Japan.

Kobe Steel Completes 10,000-metric-ton Forging Press

In July 2010, Kobe Steel completed construction begun in 2008 of a 10,000-metric-ton forging press line at its Takasago Works in Hyogo Prefecture to strengthen the competitiveness of the Steel Casting and Forging Division. The new press is designed to produce large and long steel forgings at some of the world's highest speeds and with high precision. As one of the world's top-class forging presses, the new press is capable of manufacturing nearly all varieties of large forged products for ships.

With the completion of the new press, Kobe Steel currently has a total of three free-forging presses. Forged products for ships will be manufactured mainly by the new press and the existing 4,000-metric-ton press. Ultra-large forgings that require higher forging capacity will be made by the 13,000-metric-ton-press. The three presses enable Kobe Steel to achieve an optimum production system capable of making forged products of numerous sizes.



Completed new press line