



# Kobelco Construction Machinery



- Sluggish Chinese market was major contributor earnings decrease in fiscal 2011
- Outlook for fiscal 2012 is for continued strong demand in Southeast Asia and for reconstruction in Japan, despite continued weakness in China

## Fiscal 2011 Overview

Unit sales in Japan exceeded those of fiscal 2010 on the back of brisk demand in Southeast Asia and reconstruction demand after the earthquake disaster. Nevertheless, unit sales in China, a major market, fell below those of fiscal 2010 due to monetary restraints beginning from April, despite vigorous demand at the start of the Chinese New Year.

In addition, although segment sales came to ¥307.2 billion, largely unchanged from those of fiscal 2010, ordinary income declined ¥3.4 billion year on year, to ¥22.9 billion.

## Topics

### ■ 20-ton Hybrid Excavator to Go on Sale

In addition to the SK80H, an 8-ton-class hybrid hydraulic excavator launched in 2010, Kobelco Construction Machinery recently developed the SK200H, a 20-ton-class hybrid hydraulic excavator to be launched on October 1, 2012.

The new SK200H reduces fuel consumption by 16% compared with our standard SK200-8 model. Kobelco Construction Machinery's SK80H won the Minister of the Environment's 2010 Commendation for Global Warming Prevention Activities (Technical Development and Commercialization category).



20-ton-class hybrid hydraulic excavator SK200H

### ■ Operation of Hiroshima Global Engineering Center and Itsukaichi Factory Commence

In the Itsukaichi area of Hiroshima City, we established the Global Engineering Center to optimize Group production and development and also built the Itsukaichi Factory to achieve world-class productivity for hydraulic excavators. Both facilities commenced operations in May.

Kobelco Construction Machinery achieved a 30% productivity improvement at its former Gion Factory thanks to step-by-step production improvements carried out since the Lehman Brothers collapse. It also achieved a 30% productivity improvement at its new Itsukaichi Factory and is targeting a 50% improvement over the production system it operated prior to the Lehman Brothers collapse. Kobelco Construction Machinery plans to upgrade its worldwide production facilities and has finally completed a globally competitive production base in Japan.

We will continue to reinforce our technological development capabilities and *monozukuri-ryoku* and further globalize the Group's entire supply chain and management system.



Aerial view of the Global Engineering Center and Itsukaichi Factory