

# Welding Business



## Fiscal 2010 Overview

The sales volume of welding consumables increased year on year, especially in overseas markets, thanks to strong demand in Asia, including China, Southeast Asia and South Korea. Demand for welding robot systems in China's construction machinery market was solid.

As a result, fiscal 2010 sales in this segment climbed 2.1% year on year, to ¥77.8 billion, while ordinary income rose ¥2.9 billion, to ¥4.6 billion.

	Billions of yen		
	2010	2011	Change
Net sales	76.2	77.8	+2.1%
Ordinary income	1.7	4.6	+165.6%

## TOPICS

### Strengthening Business in China — Providing Welding Solutions

Kobe Welding of Shanghai Co., Ltd., which sells welding consumables and welding systems in Shanghai and opened in April 2010, has set up a space within its facility to demonstrate welding robot systems to customers. To meet growing demand in China, Kobe Steel has expanded production capacity at Kobe Welding of Tangshan Co., Ltd., which makes solid welding wires, and Kobe Welding of Qingdao Co., Ltd., a flux-cored welding wire manufacturer. Kobe Steel is taking a number of steps in China to strengthen its competitive edge and develop its welding solutions business. These include increasing customer orders, improving business efficiency, increasing its market hold, and training staff to support its local business activities.



Welding robot system demonstration space at Kobe Welding of Shanghai Co., Ltd. The new space provides welding solutions to the Chinese market.

### Breaking into Emerging Market — New Welding Firm in India

In June 2011, Kobelco Welding India Pvt., Ltd. (KWI) was established in Gurgaon, in the state of Haryana. To meet rising demand, especially from new infrastructure projects, Kobe Steel formed KWI to gain orders for high value-added welding consumables in the energy field and to provide total welding support. KWI will also coordinate with operations in Southeast Asia.

### Thai Supreme Court Upholds Kobe Steel's Trademark Protection

During the Welding Business's more than 40-year presence in the ASEAN region, the company name of "KOBELCO STEEL," and its trademark of "RB-26" have become widely recognized. Kobe Steel filed a lawsuit with the Central Intellectual Property and International Trade Court of Thailand against a local distributor of counterfeit goods, charging that the counterfeit Kobe Steel welding consumables were causing confusion in the market. In 2007, the court reached a verdict charging the defendant with infringement of Kobe Steel's trademark. Under final appeal, the Supreme Court of Thailand upheld the lower court's decision. Kobe Steel's firm stance is a stern warning to all potential infringers that illegal acts will not be tolerated.



### Developing Solutions for Welding Processes

The REGARC™ space-saving welding system for core columns and connections, which Kobe Steel began marketing in 2010, reduces spatter in carbon dioxide welding by one-tenth over existing welding systems. Greatly inhibiting spatter by optimizing droplet transfer, REGARC™ makes it possible to weld at high speeds, even when the welding power source is reduced.

Kobe Steel will continue to work to include REGARC™ in welding systems including those for large assemblies and construction machinery, and will pursue product development that leads to customer solutions.

