Machinery Business

Net sales	-11.1%
	¥154.5 billion

Ordinary income	-30.4%
	¥14.5 billion

Ordinary income ratio	-2.6 points
	9.4%

Fiscal 2010 Overview

Capital investments in the automotive, oil refining, and petrochemical industries recovered modestly, causing machinery orders to increase compared with the previous fiscal year.

Due to the above factors, orders in this segment climbed 41.4% year on year, to ¥140.8 billion, while the backlog of orders was ¥152.2 billion at the end of the fiscal year.

However, segment sales slipped 11.1%, to ¥154.5 billion, compared with fiscal 2009, in which there were a large number of sales of heavy-wall pressure vessels used in the oil refining industry. Ordinary income decreased ¥6.3 billion, to ¥14.5 billion.

	Billions of yen		
	2010	2011	Change
Net sales	173.8	154.5	-11.1%
Ordinary income	20.9	14.5	-30.4%

TOPICS

Kobe Steel Establishes Base in India for Tire and Rubber Machinery Business

In November 2010, Kobe Steel established L&T Kobelco Machinery Private Limited as a joint venture with Larsen & Toubro Limited (hereafter, "L&T"), a major engineering and construction company in India. With automobile production in India rapidly increasing, more tire plants are being constructed and demand is expected to rise. L&T is India's leading maker of tire curing presses and possesses a strong sales network in India, as well as Europe and the Middle East. The new joint venture will fully leverage this network to expand sales in India, Europe, the Middle East and other regions.

Expansion of Standard Compressor Factory in Shanghai

Kobe Steel has increased the production capacity of standard compressors at Kobelco Compressors Manufacturing (Shanghai) Corporation (KCMS) from 2,200 units to 3,500 units. Demand for standard compressors is growing in China and exports are gaining momentum in Asian countries including Thailand, Malaysia and Vietnam. Kobe Steel plans to steadily meet this demand. In July 2011, we completed an additional factory assembly line. The expansion will beef-up our capacity to supply China and Southeast Asia and expand our business while reducing production costs.

Expanded production capacity at KCMS