



Aluminum & Copper Business



- Slack demand resulting from the earthquake in Japan and floods in Thailand caused sales volumes to decline and negatively impacted earnings
- Although the effects of the Thai floods will no longer be felt in fiscal 2012, concerns remain about whether LCD and semiconductor demand will recover

Fiscal 2011 Overview

The sales volume of aluminum rolled products and sales of aluminum castings and forgings fell below those of the previous fiscal year due mainly to sluggish demand for their use in air conditioners and for LCDs and semiconductor manufacturing equipment caused by the Great East Japan Earthquake and floods in Thailand.

Despite brisk demand for copper tube, the sales volume for copper rolled products was below that of fiscal 2010, reflecting lower demand for copper sheet and strips from semiconductor manufacturers. As a result, sales in fiscal 2011 slipped 4.6% year on year to ¥289.9 billion, while ordinary income declined ¥8.7 billion to ¥6.1 billion.

TOPICS

■ Mass Production of Aluminum Forgings Begins in China

Kobe Aluminum Automotive Products (China) Co., Ltd. was established in June 2010 in Suzhou, Jiangsu Province in China. Mass production of aluminum forgings for automobile suspensions commenced in August 2012. Trial operations began in January 2012. With Japanese, European and U.S. automakers raising production in China, we decided to expand production capacity to meet higher than expected demand for our aluminum forgings. (Amount of additional investment: ¥4.5 billion; production capacity from March 2013: 250,000 units [current capacity: 120,000 units.]) We now have production companies in three locations: Japan, China and the United States.



■ Kobe Steel Licenses Aluminum Extrusions to Sweden's Sapa

In March 2012, Kobe Steel concluded a technology transfer agreement with Sapa AB, the world's largest aluminum extrusion producer. Under the agreement, all of Sapa's plants (50 plants in 30 countries) throughout the world can make our aluminum extrusions to meet user's global procurement needs.

■ Kobe Steel Mulls Aluminum Sheet Production in China

To meet the local procurement needs of Japanese, European and U.S. customers for automotive panel material, we are studying the feasibility of producing aluminum sheet in China.

■ Bumper System Wins Award from Toyota Motor Corporation

Kobe Steel won the Technical Development Award from Toyota Motor Corporation for its bumper system produced with an electromagnetic forming method. It was honored at the Toyota Global Suppliers Convention held in February 2012. This award is presented to companies that contribute to Toyota Motors' product appeal with distinctive world-leading new technology and new product development. We were the first in the world to develop and mass produce pierced aluminum stays and an aluminum bumper assembled into a unified bumper system using the electromagnetic forming process.

The new method substantially reduces the number of parts, weight and cost compared with the traditional method.



■ Exhibition at Aluminium China 2011

In July 2011, Kobe Steel exhibited at Aluminium China 2011 held in Shanghai. This year marked the seventh year of Asia's largest aluminum industry exhibition. Our exhibit consisted of "Only One" products and technologies in the automotive and IT fields, attracting significant interest from many visitors.

