

Industrial Infrastructure



A Look at the Segment

By combining power electronics and control technologies, this segment contributes to improving the productivity and reducing the energy usage of factories and other production facilities.

Businesses in this segment are expanded by leveraging a rich foundation consisting of various measurement and control technologies as well as expertise regarding the creation of a wide range of plant systems, including industrial drive, measurement instruments, and plant control systems. This segment also supplies several highly competitive products including our high-capacity rectifiers, which hold the No. 2 share in the global market and are used in aluminum smelting, and our heating units for induction furnaces, which hold the No. 1 share in the domestic market.

FY2011 Major Initiatives

In Japan, the Great East Japan Earthquake disrupted the production operations of many customers by damaging production bases or forcing them to halt the operation of their facilities. To help such customers rebuild their production operations, we prioritized reconstruction support initiatives throughout fiscal 2011. We also expanded facility upgrade initiatives as well as after-sales services such as maintenance and repairs.

Overseas, capital investment related to steelmakers and chemical plants is accelerating. Such investments are

being focused on China and other parts of Asia, where we are reinforcing our network of engineering bases as well as bolstering staff. These are just a few aspects of our efforts to reinforce systems for expanding overseas businesses. In the United Arab Emirates, we received an order for the world's largest aluminum electrolytic rectifying facilities to be installed in one of the most massive aluminum smelting plants in the world.

FY2012 Policies and Strategies

- Strengthen efforts to expand overseas operations
 - Reinforce network of engineering bases in Asia
 - Collaborate with overseas companies and conduct merger and acquisition (M&A) activities
 - Increase orders for plant systems from overseas steelmakers

The Company is placing particular emphasis on manufacturers, such as those that make steel and chemicals. Over the next three years, capital investment in these areas is expected to grow an average of 9% per year in Asia and 6% a year in China. In Asia and other such growth regions, the Company is strengthening its sales systems and reinforcing its engineering networks. At the same time, we are advancing local design and production initiatives while also establishing collaborative relationships with local companies. In these ways, we are targeting increased orders and higher sales.

Investment by Japanese companies is increasingly shifting overseas, due in part to the impacts of the strong yen on exchange rates and to electricity supply issues. As such, capital investment in Japan is primarily directed toward maintaining, repairing, or updating facilities, and therefore demand in fiscal 2012 is expected to be in line with the previous fiscal year. In this environment, we intend

(Billions of yen)

	FY2011	FY2012 Forecast	Change
Net Sales	110.5	111.0	+0.5
(Overseas Sales)	25.8	29.3	+3.5
Operating Income	4.4	5.5	+1.1

to leverage our extensive delivery track record to capture capital investment demand related to efficiency improvement and energy savings. To this end, we are developing and providing products suited to partial facility upgrades and also advancing into the markets for eco-friendly and energy-efficient products by soliciting our environmental impact analyzing apparatuses and other products that lead to improvements in environmental performance.

Furthermore, we are optimizing the placement of overseas engineers and strengthening service business systems, while reducing costs and instituting other initiatives targeting improved profitability.

Forecasts for Investments in Steel, Chemicals, and Other Manufacturing Fields

