Internal Combustion

MINI-EXCAVATOR: KX71-3

DIESEL ENGINE: D902

UTILITY VEHICLE: RTV900
Engine and Machinery

Sales in Internal Combustion Engine and Machinery were ¥582.7 billion, 16.2% higher than in the prior year, comprising 59.3% of consolidated net sales. Domestic sales increased 5.8%, to ¥257.0 billion, and overseas sales increased 25.9%, to ¥325.7 billion. This segment consists of farm equipment and engines as well as construction machinery.

In the domestic market, due to the declining number of farmers and the negative impact of typhoons and earthquakes, market conditions were rather harsh. Accordingly, the Company executed aggressive sales promotion campaigns in connection with the introduction of new models of competitively priced farm equipment offering improved performance. By stimulating the market through these activities, the Company further diversified its customer base and increased its market share, which led to higher sales. Sales of construction machinery also increased due to the expansion of sales to rental companies and the introduction of new models supported by a recovery in demand.

In overseas markets, sales of tractors in North America remained strong as a result of the introduction of new models and sales promotions, including promotions offering a 0% promotional interest rate. In particular, sales of a newly introduced product, the "utility vehicle" (multipurpose four-wheel vehicles), greatly exceeded expectations, fueling overall sales growth. In European markets, sales of tractors remained steady. In Asian and Oceanian markets, the Company recorded favorable sales, especially in Australia, South Korea, and Thailand. Sales of engines increased due principally to growth in demand from European and North American manufacturers of industrial machinery. Sales of construction machinery, underpinned by growing worldwide demand, also expanded sharply in Europe, our main market, and in the United States, where the market for mini-excavators is growing rapidly.
Pipes, Valves, and Industrial Castings

Sales in Pipes, Valves, and Industrial Castings were ¥170.6 billion, 2.6% lower than in the prior year, comprising 17.3% of consolidated net sales. Domestic sales increased 2.0%, to ¥155.4 billion, but overseas sales declined 33.2%, to ¥15.2 billion. This segment consists of pipes and valves as well as industrial castings.

As for domestic sales of ductile iron pipes and PVC pipes, prices of these products improved substantially. However, sales of ductile iron pipes decreased due to the lower demand from municipalities, while sales of PVC pipes increased, reflecting higher prices. Sales of industrial castings increased thanks principally to brisk demand from the steel, energy, and automobile industries.

On the other hand, overseas sales deteriorated significantly because shipments of ductile iron pipes to Middle Eastern countries decreased significantly from the prior year, although sales of industrial castings rose.
Sales in Environmental Engineering were ¥117.6 billion, 1.7% higher than in the prior year, comprising 12.0% of consolidated net sales. Domestic sales increased 1.3%, to ¥113.9 billion, and overseas sales also increased, up 12.5%, to ¥3.7 billion. This segment consists of environmental control plants and pumps.

Sales in the Water & Sewage Engineering Division decreased as a consequence of the lower level of orders received in the prior year. Sales in the Waste Engineering Division increased due to the smooth shipment of large orders. Sales of pumps declined owing to stagnant sales of large-sized pumps.
Sales in Other were ¥112.3 billion, 18.5% lower than in the prior year, comprising 11.4% of consolidated net sales. Domestic sales decreased 17.7%, to ¥111.6 billion, and overseas sales declined 67.5%, to ¥0.7 billion. This segment consists of vending machines, electronic-equipped machinery, air-conditioning equipment, septic tanks, condominiums, construction, and other equipment and services.

Sales of this segment decreased sharply, affected by the impact of the business transfer of building materials operations.

However, sales of vending machines increased owing to brisk demand from the cigarette and bottling industries. Sales of air-conditioning equipment and condominiums also increased significantly. Additionally, sales of electronic-equipped machinery and septic tanks grew. On the other hand, revenues from construction services declined from the prior year.