

Financial Results for FY2019 ended March 31, 2020

**Presentation materials for webcast
archived on May 22 at;
<https://kito.com/ir/irnews>**

**KITO CORPORATION
TSE 1st Section: 6409
May 22, 2020**

FY2019 Summary (Updated)

- From the beginning of the year the overall equipment-investment market slowed due to a generally pessimistic outlook about the economy ahead.
- In the first half demand was strong, mainly in the infrastructure sector, but slowing became obvious as the second half began.
- Sales were down in the fourth quarter, mainly because of falling domestic demand since autumn and a dip in tire-chain demand in North America due to a warmer winter.
- Profit was down with the above-mentioned sales decrease and higher yen value.
- Despite the slowing trend, our Chinese operations gained sales and profit, with the nation's growing safety-consciousness leading to increasing market share.
- The influence of the Covid-19 pandemic on our FY2019 results has been small.

FY2019 Financial Highlight

JPY in million	FY 2018	FY 2019	YoY Change
Sales	61,238	58,722	(4.1%)
Gross Profit	22,545	21,979	(2.5%)
Gross Profit / Sales	36.8%	37.4%	
Operating Income	6,413	5,474	(14.6%)
Operating Income / Sales	10.5%	9.3%	
Non-operating income	245	291	
Non-operating expenses	910	773	
Ordinary Income	5,748	4,991	(13.2%)
Ordinary Income / Sales	9.4%	8.5%	
Extraordinary Profit / loss	74	(105)	
Income Taxes	1,619	1,575	
Net Income	4,064	3,204	(21.2%)
Net Income / Sales	6.6%	5.5%	
EBITDA	9,201	8,508	
Op Income + Depreciation			

Note: Exchange Rate (FY2018 → FY2019)

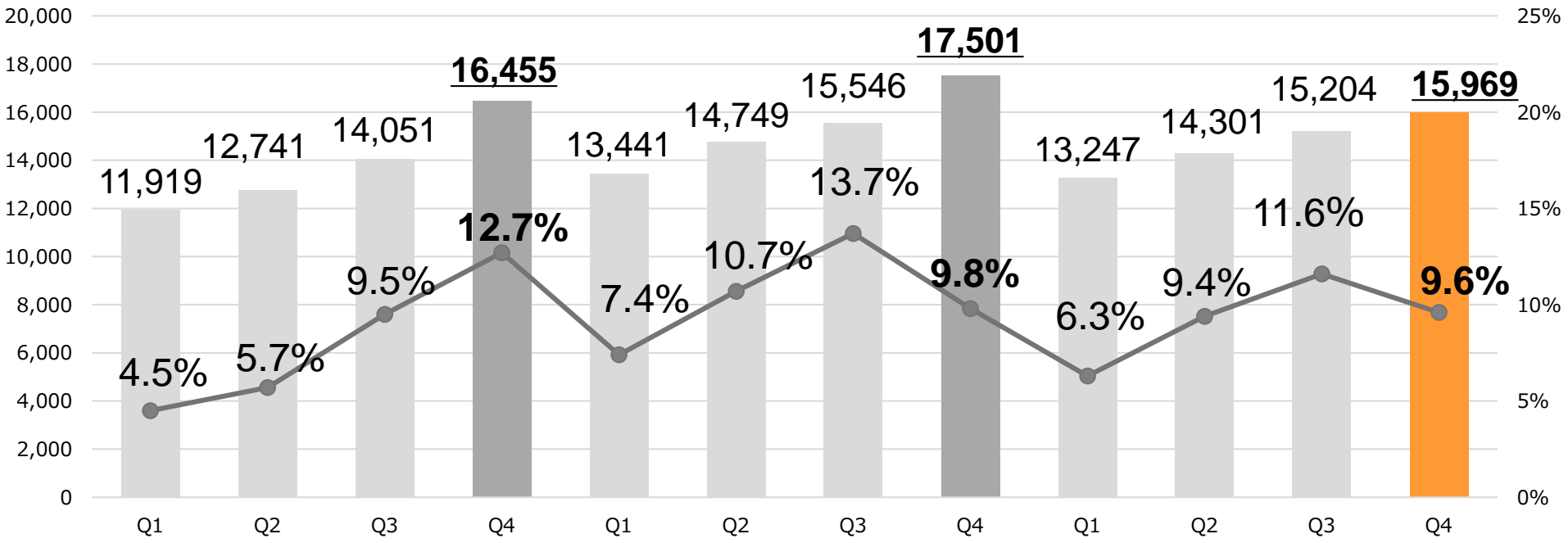
USD/JPY 110.9→108.7 CAD/JPY 84.6→81.8 EUR/JPY 128.4→120.8 RMB/JPY 16.7→15.8

Quarterly Net Sales and Operating Margin

Our earnings were sustained by a product portfolio that is diverse both regionally and industrially

JPY in million

■ Sales ● Op Income



Op Income

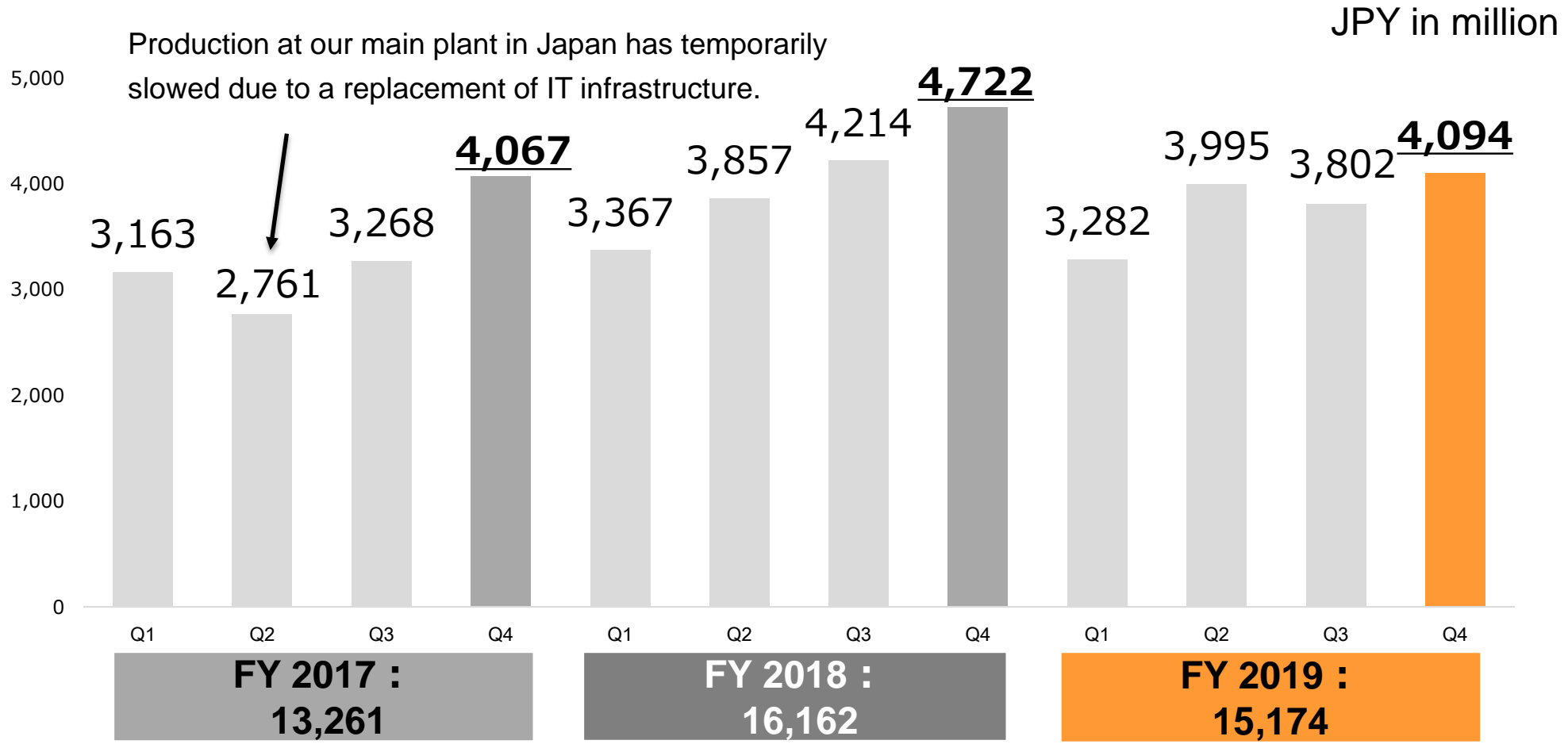
FY 2017
Sales 55,168
Op Income 4,698

FY 2018
Sales 61,238
Op Income 6,413

FY 2019
Sales 58,722
Op Income 5,474

Net Sales by Region (Japan)

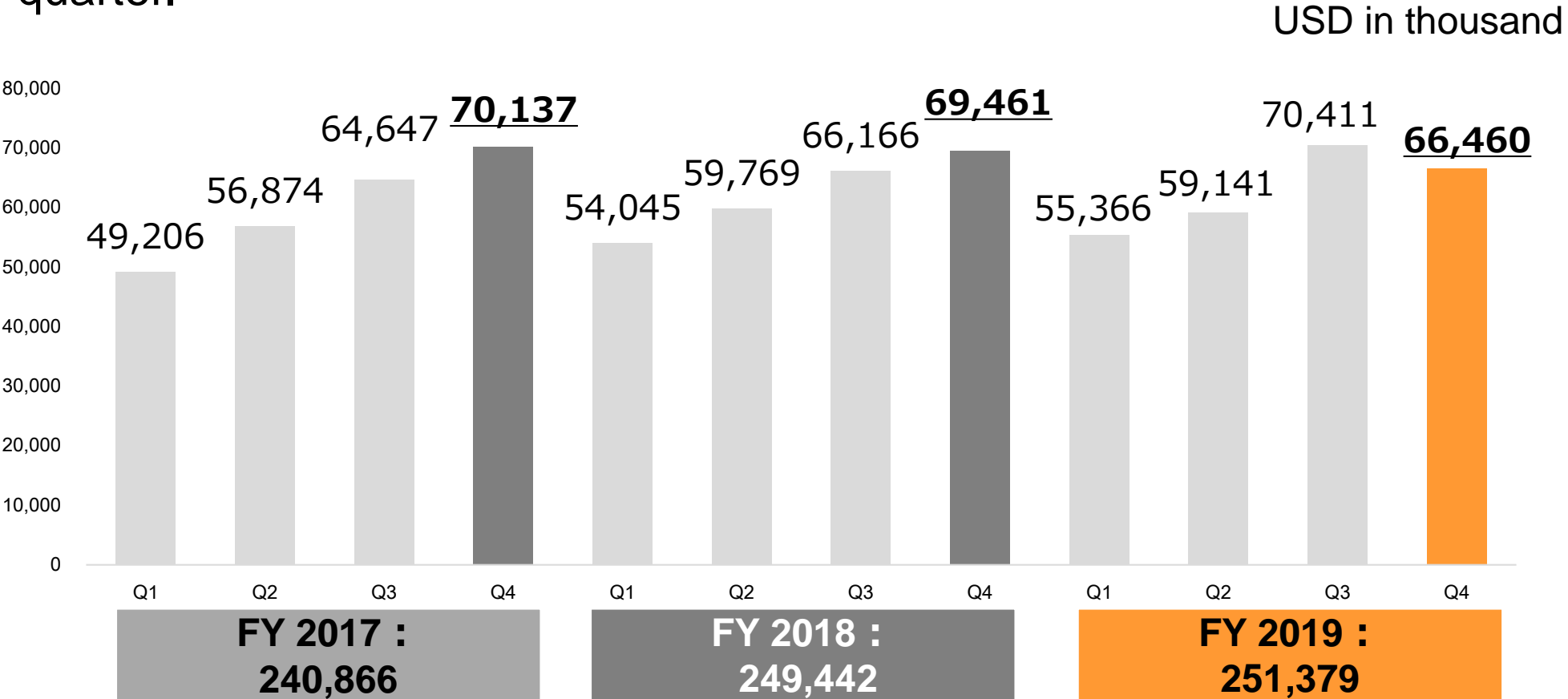
- Shipments softened a little starting in the third quarter.
- Manual-hoist sales to infrastructure and rental industries seemed to reach a plateau.



Net Sales by Region (Americas)

The graph shows the total of sales in the US, Canada and Latin America (converted to USD in thousand)

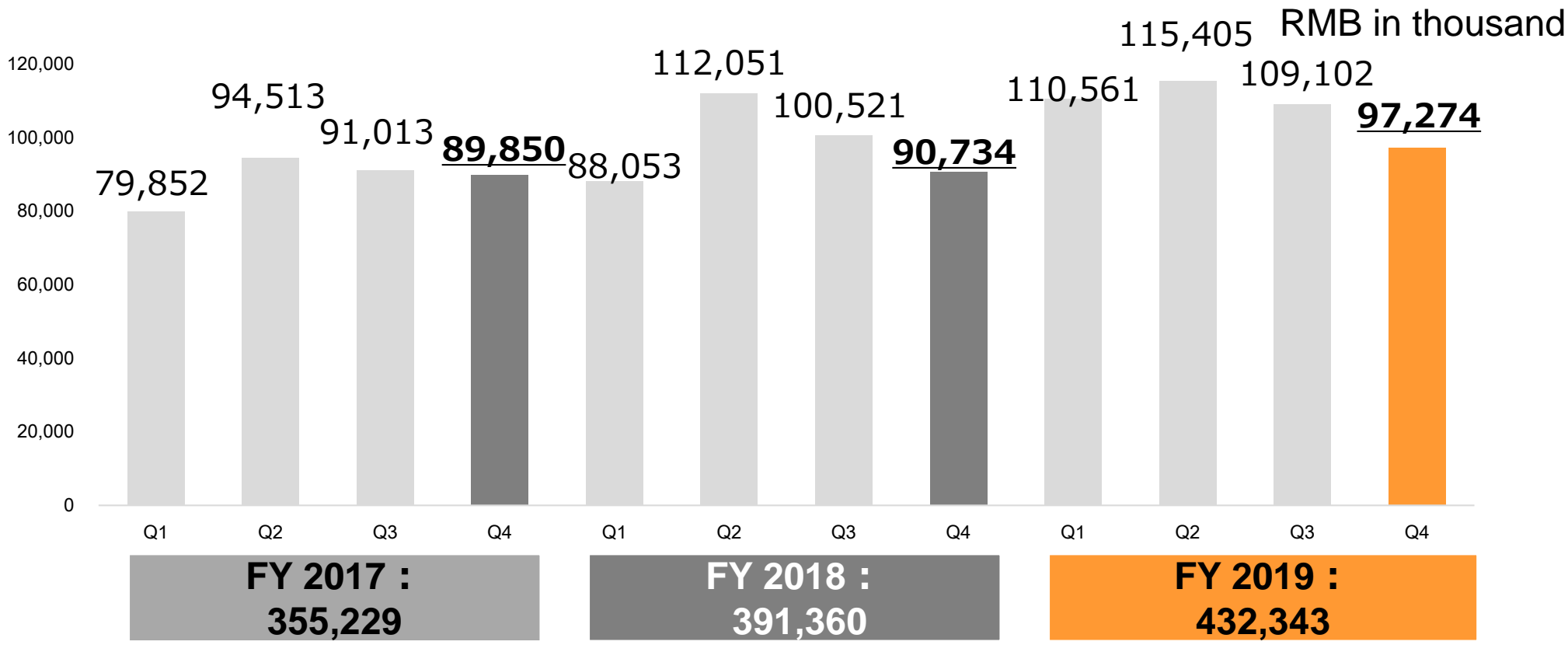
- Orders were strong despite economic uncertainty due to political and trade conflict between the US and China.
- The impact of the Covid-19 pandemic rose to prominence at the end of the quarter.



Net Sales by Region (China)

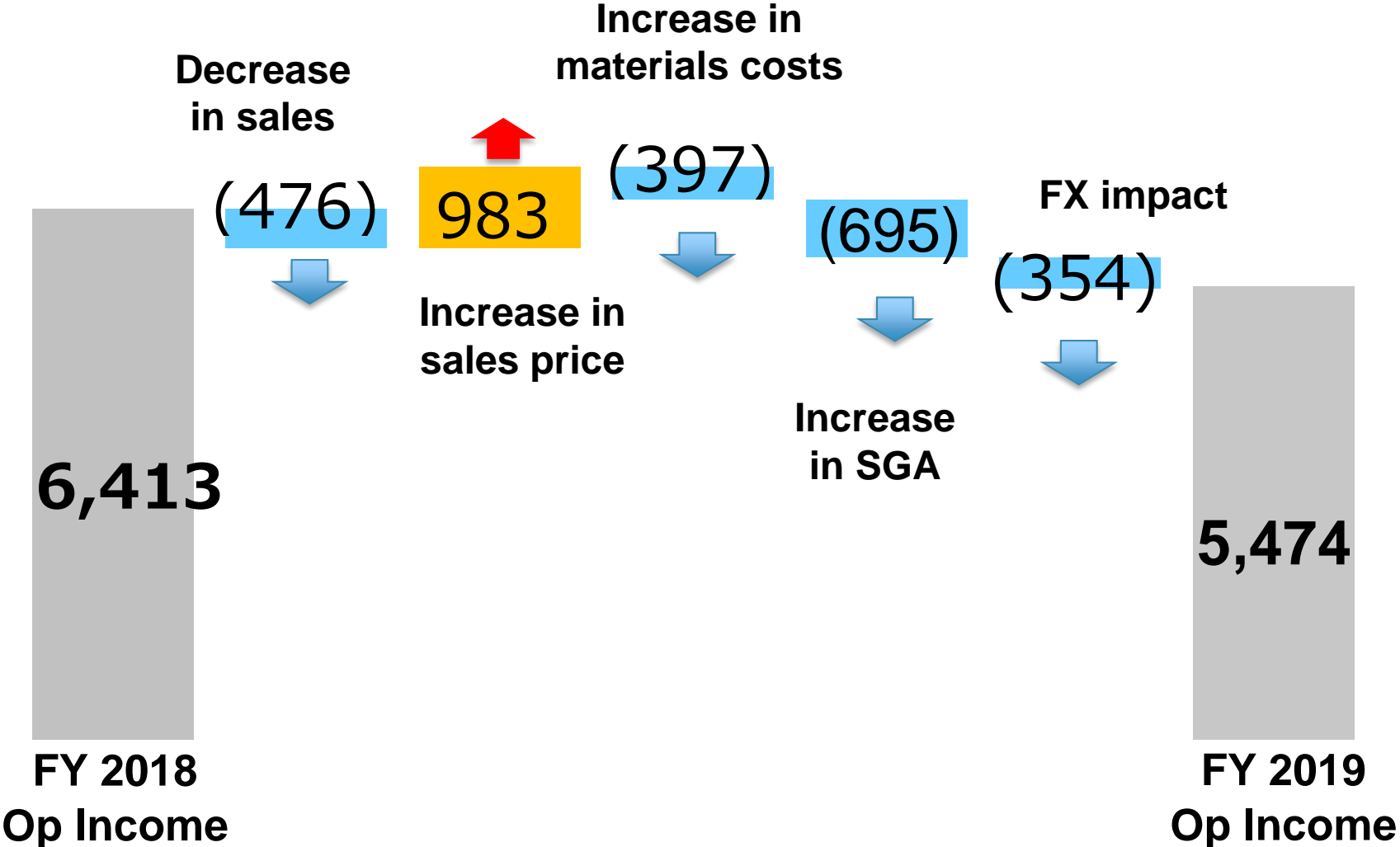
Fiscal year of China starts in January and ends in December

- While the economy slowed overall, our earnings were driven by performing domestic industries.
- The trend toward increasing market share and higher sales continued amid the nation's growing safety-consciousness.
- Earnings-conscious operations generated steady profits.



Operating Income Comparison

JPY in million



COVID-19 impact on operation (Updated)

Impact on demand

- The gravity and duration of the effects will vary by period, region and industry, but we anticipate a relatively quick recovery thanks to our unique, regionally and industrially diverse operational portfolio.
- China and East Asia are moving ahead of other markets on the recovery trend.

Impact on operations and supply chain

- Even in regions under business restrictions Kito is maintaining normal operations, because our industry has been designated essential.
- Our main production bases in Japan, the US and China are operating as usual, with no supply-chain issues.
- India and Italy were locked down, but that is lifting.

Impact on employment and labor system

- With a few regional exceptions, most of our people in administration and indirect divisions are still teleworking.
- We plan to keep as many jobs as possible despite some workday adjustments and furloughs implemented in some regions.

Forecast of consolidated results for FY2020 (Updated)

- Projected results and dividend for fiscal 2020 not announced.
- At this time we are unable to reasonably calculate the impact of the pandemic on demand.
- We plan to disclose the figures as we disclose results for the first quarter.

**We hope the pandemic will subside
as quickly as possible.**

KITO CORPORATION