
Financial Results for the Quarter ended Dec. 31, 2015

KITO CORPORATION
TSE 1st Section: 6409

February 12, 2016

FY2015 3rd Quarter Financial Results

FY2015 Forecast

Summary

Japan	Capital investment in private sector is stable
Americas	Sales are boosted by acquisition of Peerless, though demands soften with lowering oil price and higher dollar impact
China	Economic slowdown pushes down demand and uncertainty grows
Asia	Chinese economy affects regional economies, slows investment growth

Sales and Operating income up 20.3%, 56.1% respectively

- Strong growth in operating income and OP margin
- Japan with stable demand and Americas with Peerless M&A, have contributed to overall performance

(Apr-Dec 2015)

Net Sales	:	JPY 39,536 million	+ 20.3%	YoY
Op Income	:	JPY 2,876 million	+ 56.1%	YoY
Net Income	:	JPY 1,185 million	(6.6%)	YoY

Summary

< Revision to Full Year Forecast for FY2015 ending March 2016 >

- Slowing demand from overseas affects our forecasts
- Sales and profit are expected to increase YoY, maintaining growth trend
- Net sales projected to reach record high in two consecutive years

(JPY in million)

	Previous (A)	Revised (B)	Change (B/A)	FY2014 Results (C)	YoY Change (B/C)
Net Sales	60,000	56,700	(5.5%)	49,968	+13.5%
Operating Income	5,500	4,600	(16.4%)	3,395	+35.5%
Ordinary Income	5,000	4,300	(14.0%)	3,423	+25.6%
Net Income *	3,000	2,400	(20.0%)	2,026	+18.4%

* Net income attributable to owners of parent

FY2015 3rd Quarter Financial Highlights

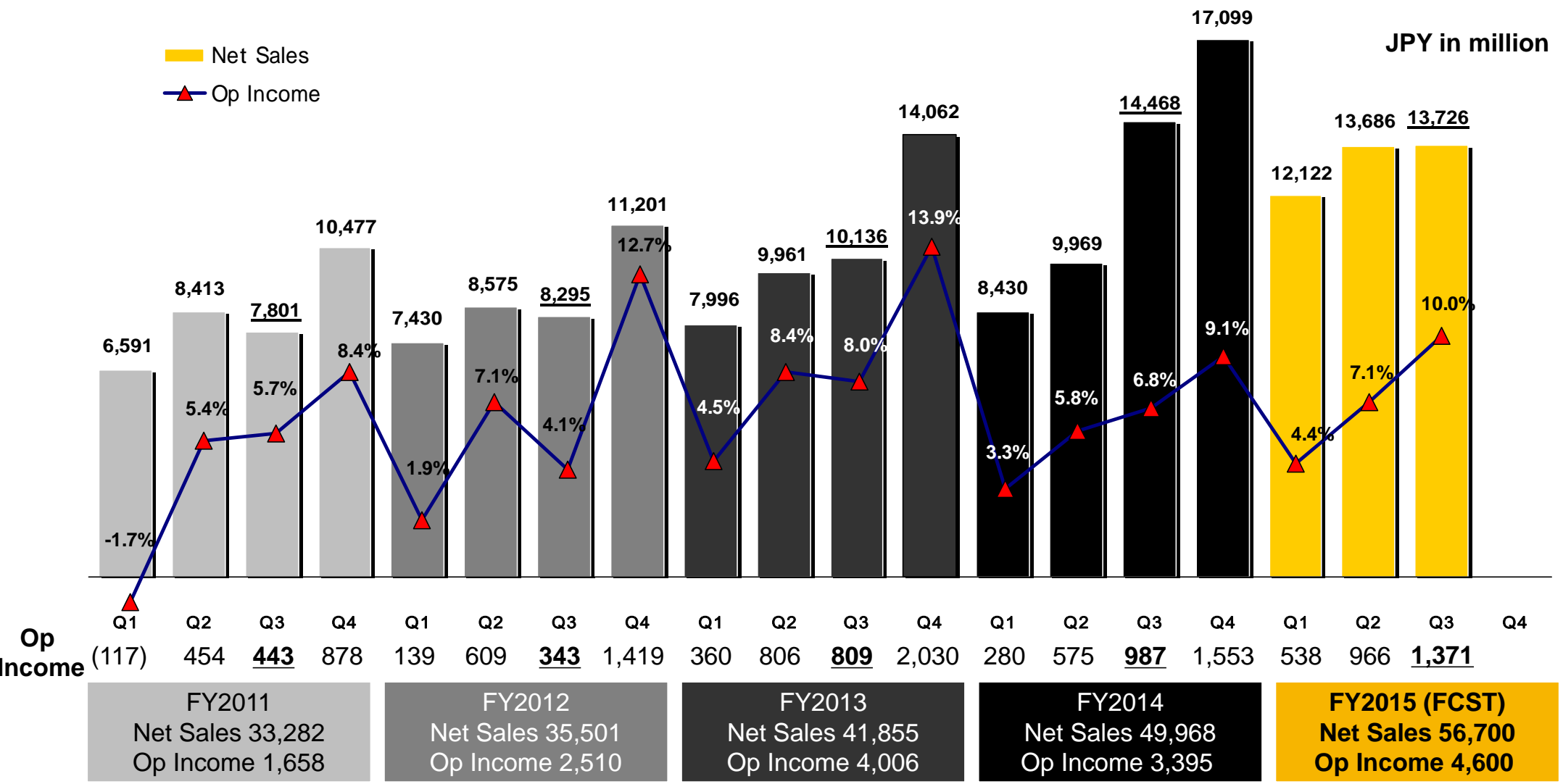
JPY in million	FY2014 Q3 (Apr-Dec)			FY2015 Q3 (Apr-Dec)		
		% of Sales	YoY Change		% of Sales	YoY Change
Sales	32,868	100.0%	18.3%	39,536	100.0%	20.3%
Operating Income	1,842	5.6%	(6.7%)	2,876	7.3%	56.1%
Ordinary Income	1,904	5.8%	(11.0%)	2,465	6.2%	29.4%
Net Income attributable to owners of parent	1,269	3.9%	(0.9%)	1,185	3.0%	(6.6%)

Note: Exchange Rate (FY2014-Q3 -> FY2015-Q3)

USD/JPY 106.8 -> 121.6 CAD/JPY 96.6 -> 94.4 EUR/JPY 140.2 -> 134.3 RMB/JPY 16.7 -> 19.3

Net Sales and Operating Margin

Sales and Operating Income up 20.3% and 56.1% respectively, boosted by stable demands in Japan and sales growth from M&A in Americas

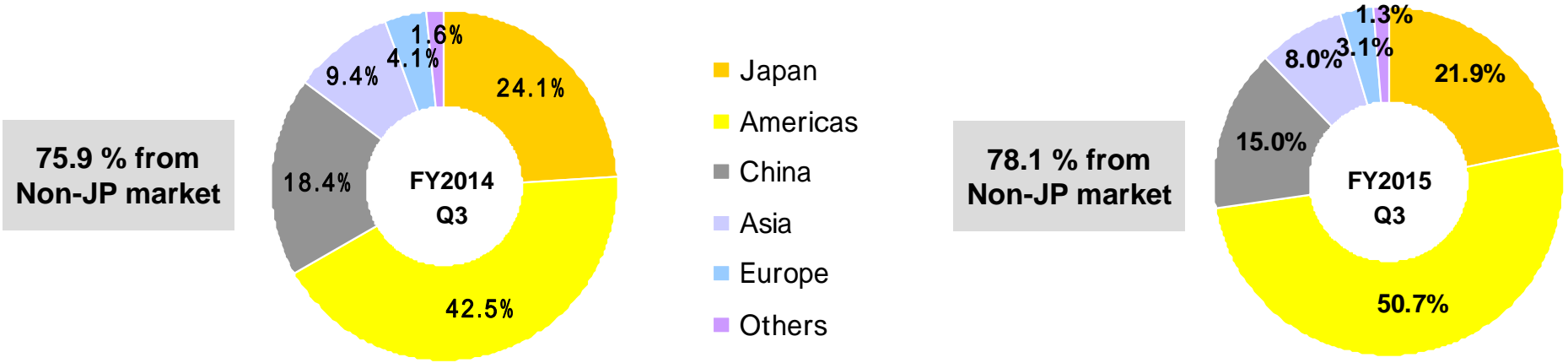


Net Sales by Region

Globally diversified portfolio with almost 80% of non-Japanese sales

JPY in million	FY2013 Q3 (Apr-Dec)		FY2014 Q3 (Apr-Dec)		FY2015 Q3 (Apr-Dec)		YoY Change	
		% share		% share		% share	Change	% share
Total	27,793	100.0%	32,868	100.0%	39,536	100.0%	6,667	20.3%
Japan	7,842	28.2%	7,921	24.1%	8,665	21.9%	744	9.4%
Americas	8,832	31.8%	13,961	42.5%	20,053	50.7%	6,092	43.6%
China	6,106	22.2%	6,041	18.4%	5,930	15.0%	(110)	(1.8%)
Asia	3,284	11.8%	3,096	9.4%	3,144	8.0%	47	1.5%
Europe	1,144	4.1%	1,337	4.1%	1,238	3.1%	(99)	(7.5%)
Others	583	2.1%	510	1.6%	503	1.3%	(6)	(1.3%)

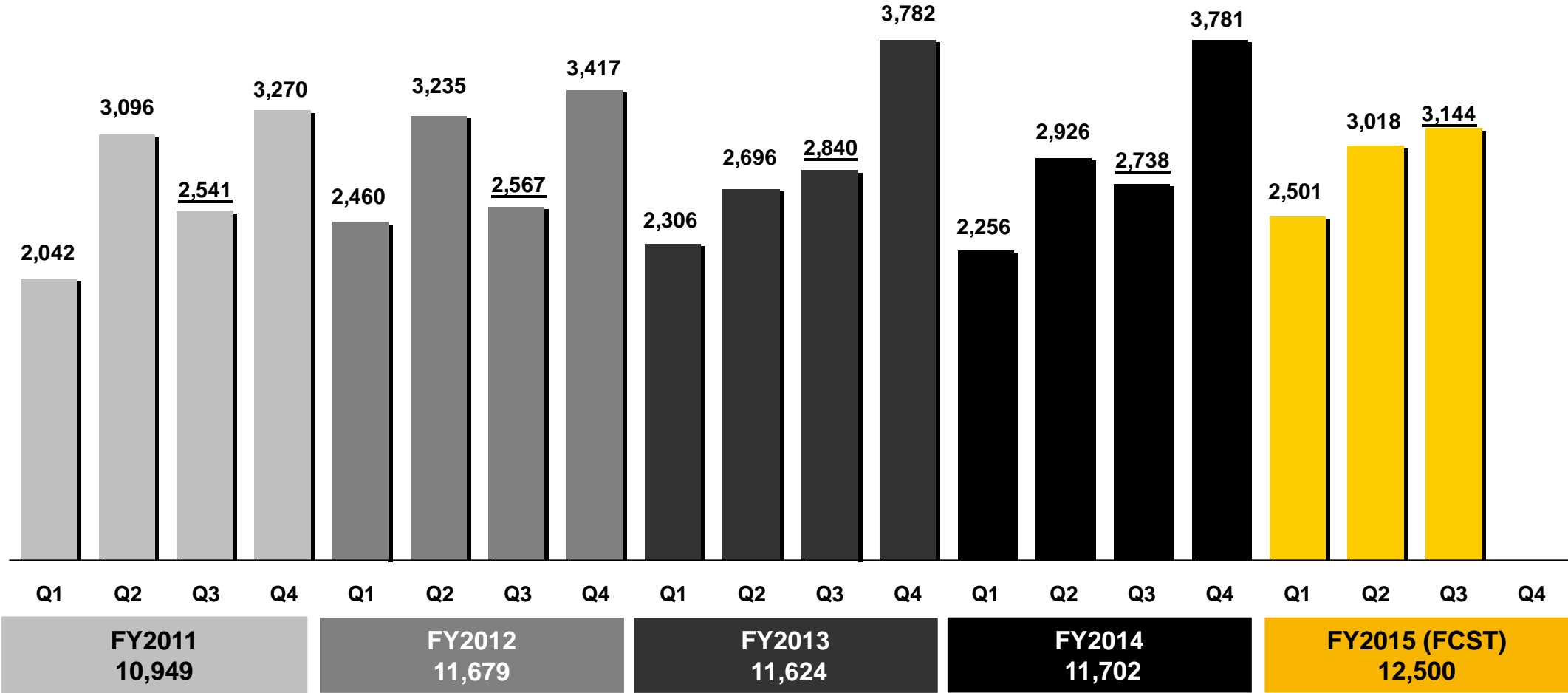
Note: Exchange Rate (FY2014-Q3 -> FY2015-Q3)
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Net Sales by Region (Japan)

- Private-sector capital investment has been stable
- Demands among construction concerns are on the moderate rise

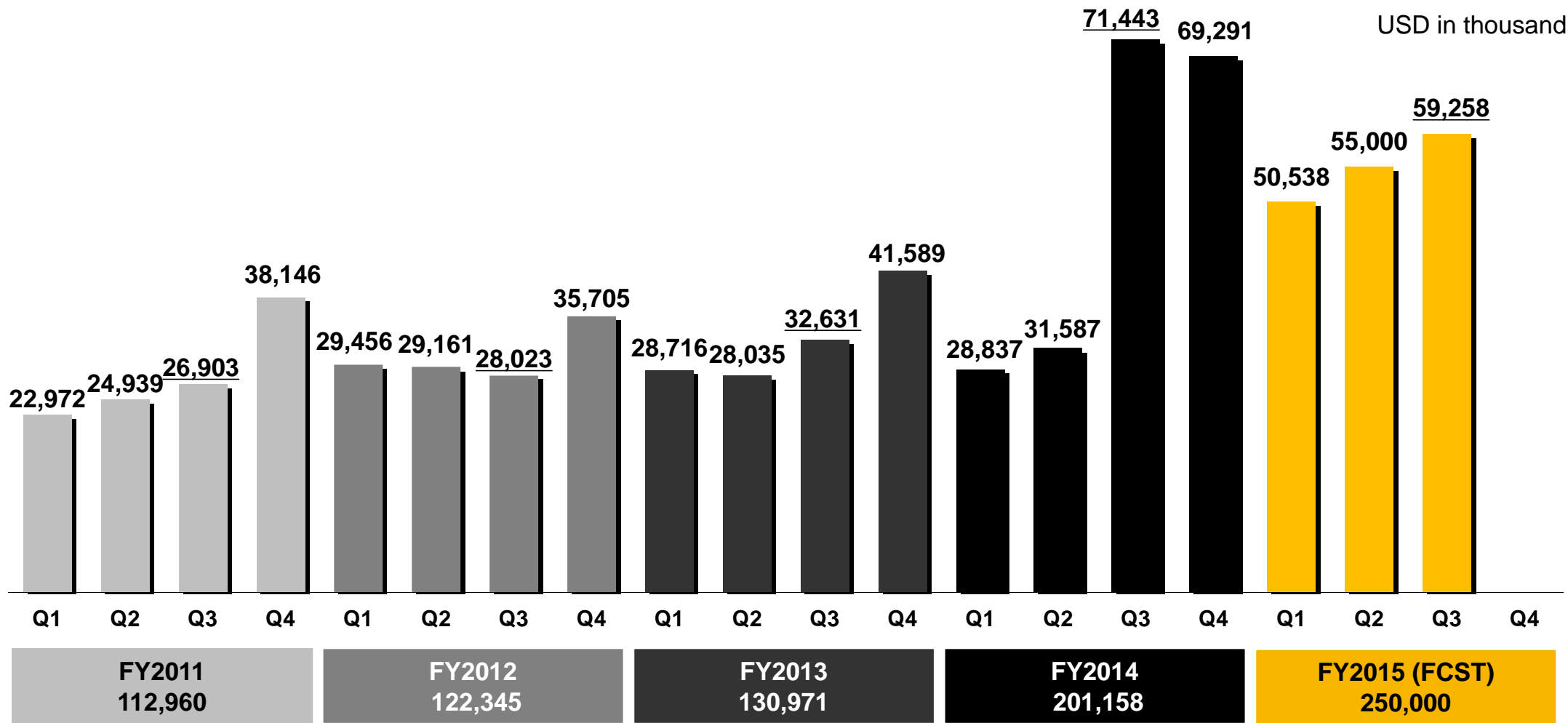
JPY in million



Net Sales by Region (Americas)

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

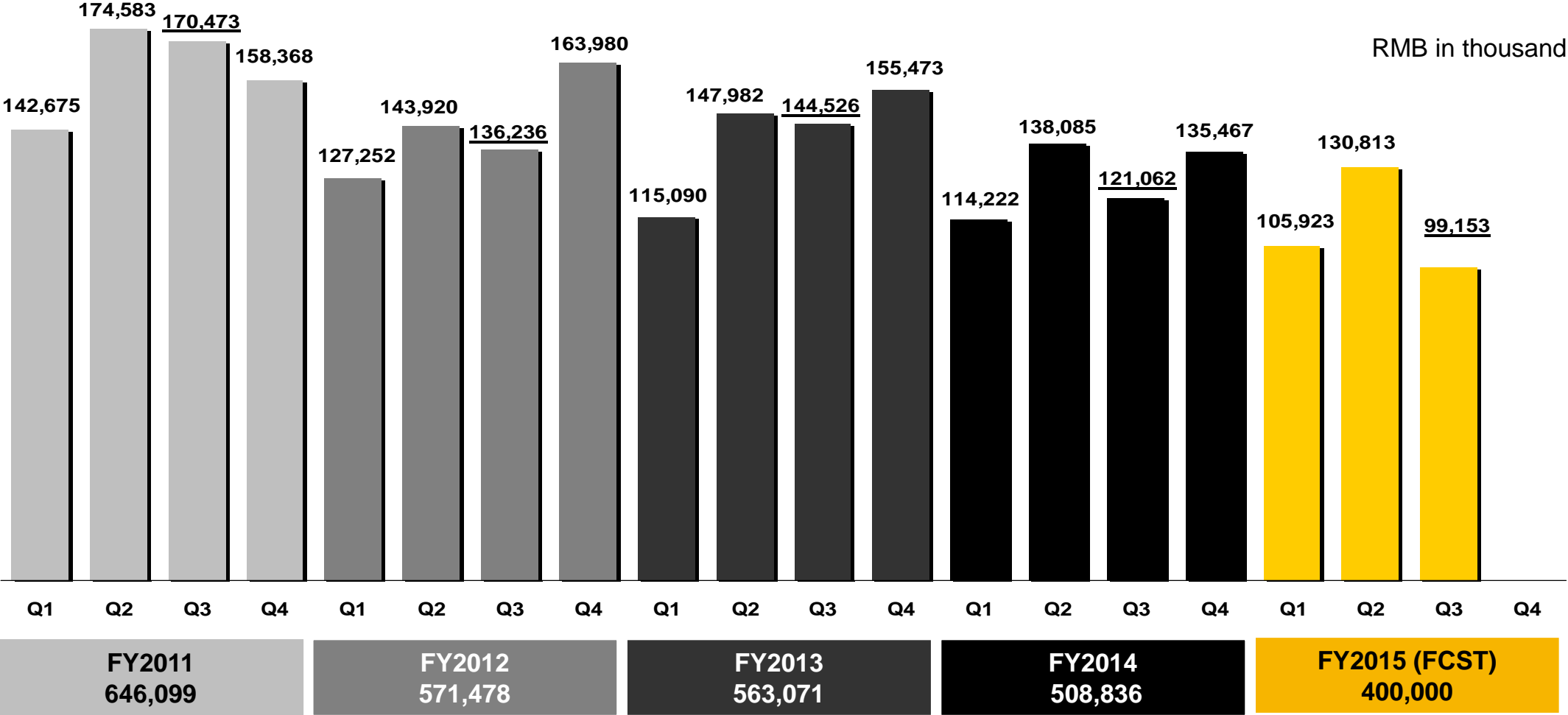
- Sales were boosted by Peerless, consolidated in Oct 2014
- Demands among energy-related and exporting companies are softening



Net Sales by Region (China)

Fiscal year of China starts in January and ends in December

- Economic slowing continues
- Strengthening profitability through implementing cost reduction measures
- High product evaluation boosts market share despite slowing demand

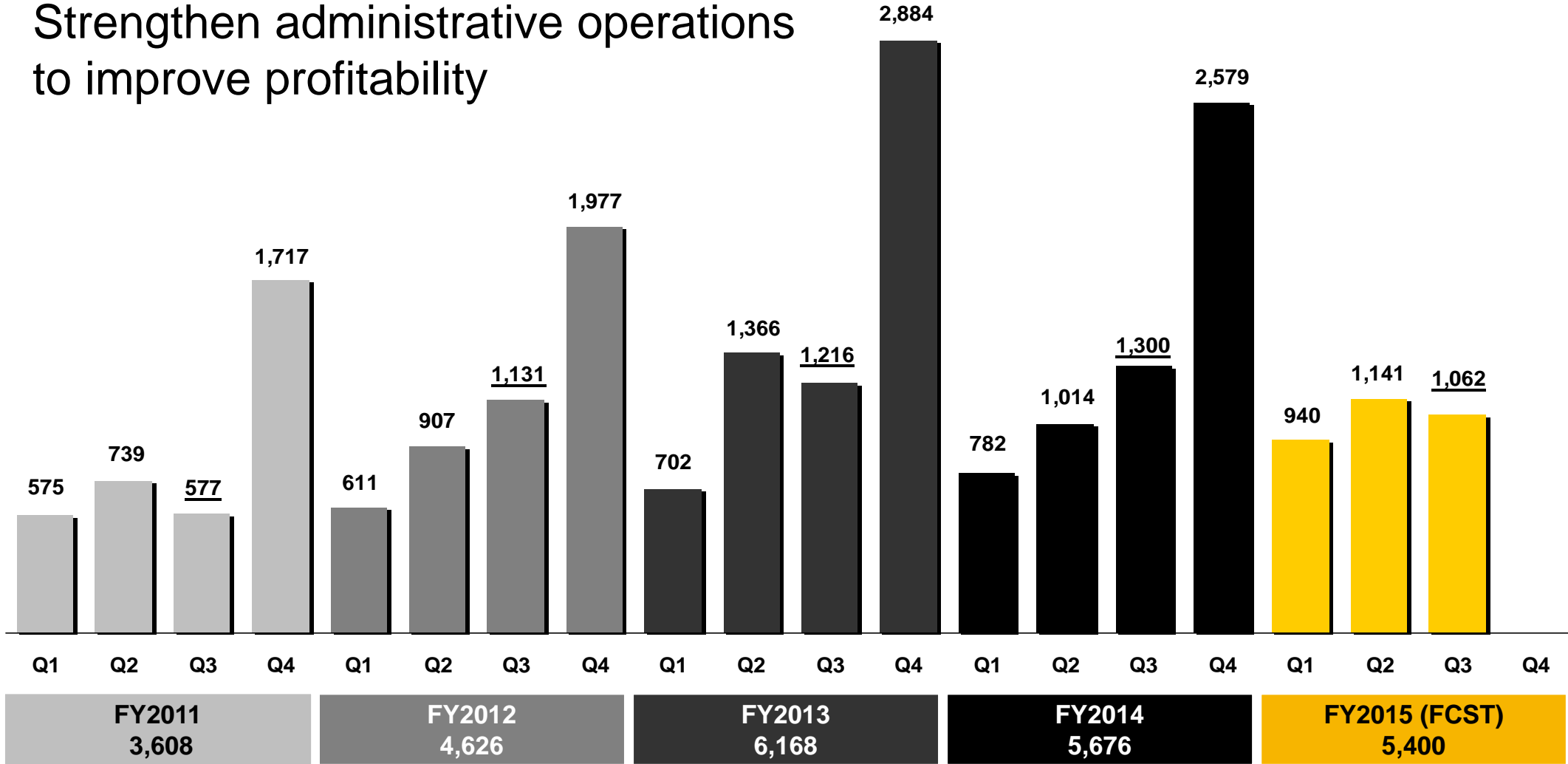


Net Sales by Region (Asia)

The fiscal year of Thailand and Korea begins in January and ends in December

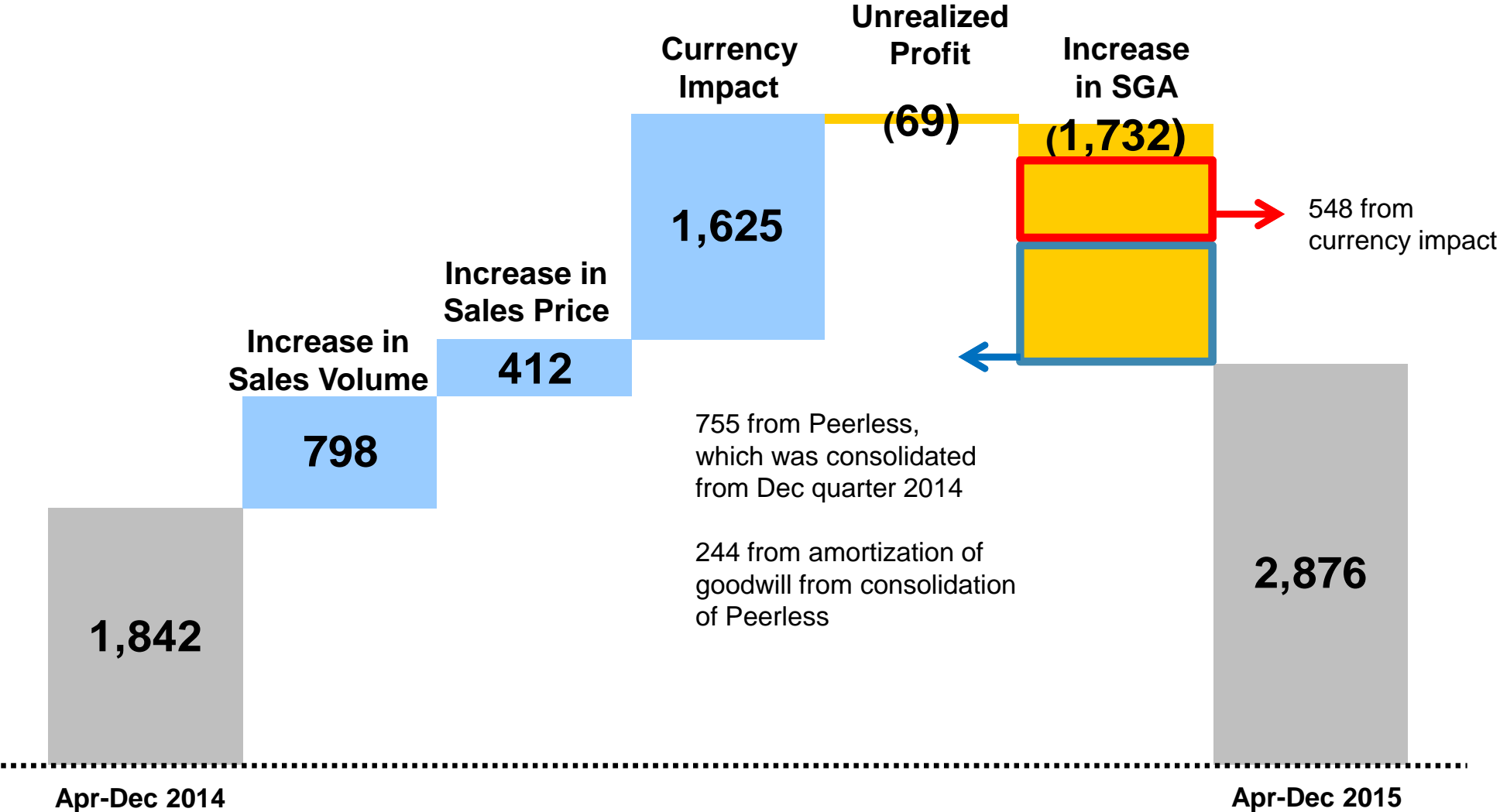
- The Chinese economy affects other regional economies, slowing equipment investments growth
- Enhancing crane service business and hoist sales
- Strengthen administrative operations to improve profitability

JPY in million



Operating Income Comparison

JPY in million



FY2015 3rd Quarter Consolidated Balance Sheet

JPY in million	Mar 2015	Dec 2015	Change	JPY in million	Mar 2015	Dec 2015	Change
Current Assets	40,478	39,385	(1,093)	Current Liabilities	17,093	15,868	(1,224)
Cash	9,792	9,283	(509)	Account payable	6,113	6,105	(7)
Account receivables	12,593	10,153	(2,440)	Short-term debt	4,319	4,868	548
Inventories	15,105	16,654	1,548	Others	6,660	4,895	(1,765)
Others	2,986	3,293	307	Fixed Liabilities	20,464	20,061	(403)
Fixed Assets	22,703	22,267	(436)	Long-term debt	16,025	15,475	(550)
Tangible fixed assets	12,161	12,466	305	Others	4,438	4,585	146
Intangible fixed assets	9,009	8,302	(707)	Total net assets	25,626	25,723	97
Investment & other assets	1,532	1,498	(33)	Total liabilities and net assets	63,183	61,653	(1,530)
Deferred assets	1	0	(1)				
Total assets	63,183	61,653	(1,530)				

FY2015 3rd Quarter Financial Results

FY2015 Forecast

Japan



Market

- Economic recovery from previous FY continues, and private-sector investment is growing firmly
- Strong demand continues in infrastructure industry

Initiatives

- Develop sales network with crane builders
- Expand product offerings for new business areas, such as theatrical hoists for entertainment concerns

Americas



Market

- Softening demand in energy sectors and exporting company

Initiatives

- Strengthen competitive position in the markets with broader product offerings
- Expand local manufacturing for efficient supply chain

China



Market

- Slowdown continues, pushing down overall demand

Initiatives

- Focus on cost and profit management to ensure high margin
- Expand local production and product offering for higher market share

Asia



Market

- Slowdown of Chinese economy affects Asian regions, slowing equipment investments
- Regional uncertainty is needed to be closely monitored

Initiatives

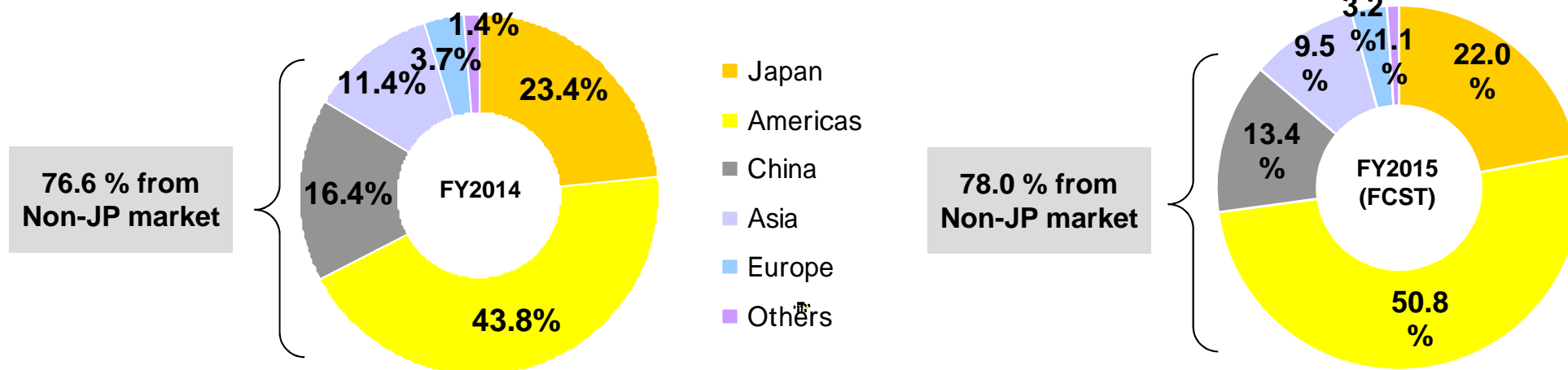
- Enhance hoist sales and service business for crane users
- Strengthen administrative operation to improve profit management

FY2015 Forecast / Net Sales by Region

JPY in million	FY2014 Actual (ended Mar 2015)		FY2015 Forecast (ending Mar 2016)		YoY Change	
		% share		% share	Amt change	% change
Total	49,968	100.0%	56,700	100.0%	6,732	13.5%
Japan	11,702	23.4%	12,500	22.0%	798	6.8%
Americas	21,888	43.8%	28,800	50.8%	6,912	31.6%
China	8,198	16.4%	7,600	13.4%	(598)	(7.3%)
Asia	5,676	11.4%	5,400	9.5%	(276)	(4.9%)
Europe	1,823	3.7%	1,800	3.2%	(23)	(1.3%)
Others	677	1.4%	600	1.1%	(77)	(11.4%)

Note: Exchange Rate FY2014 -> FY2015 :

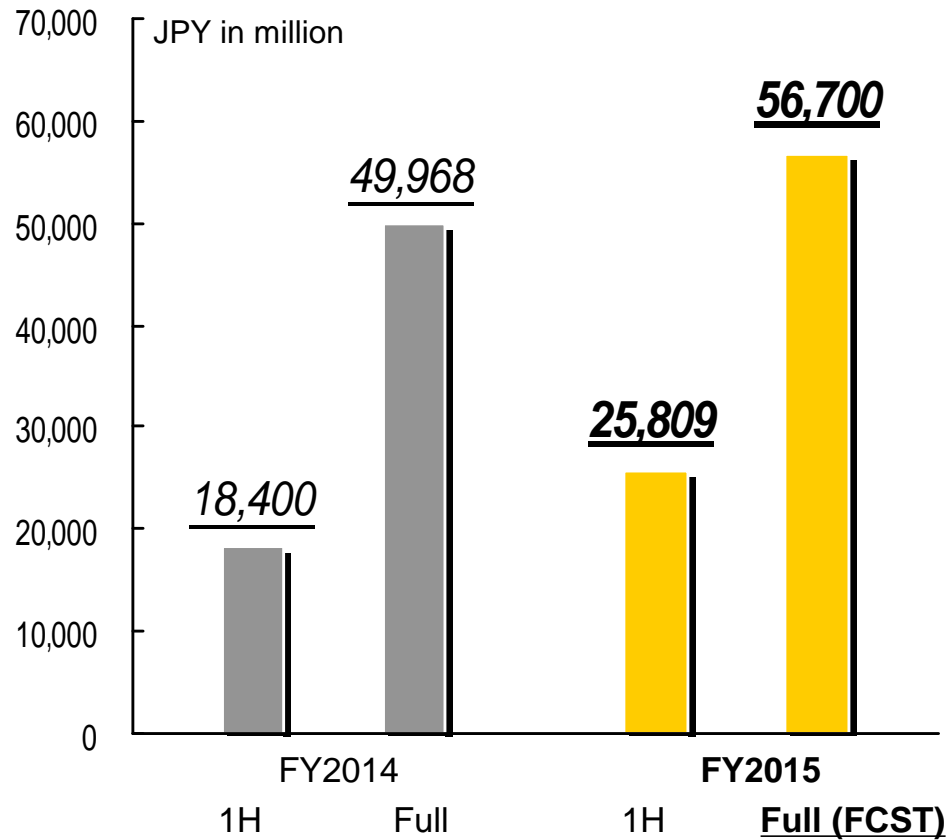
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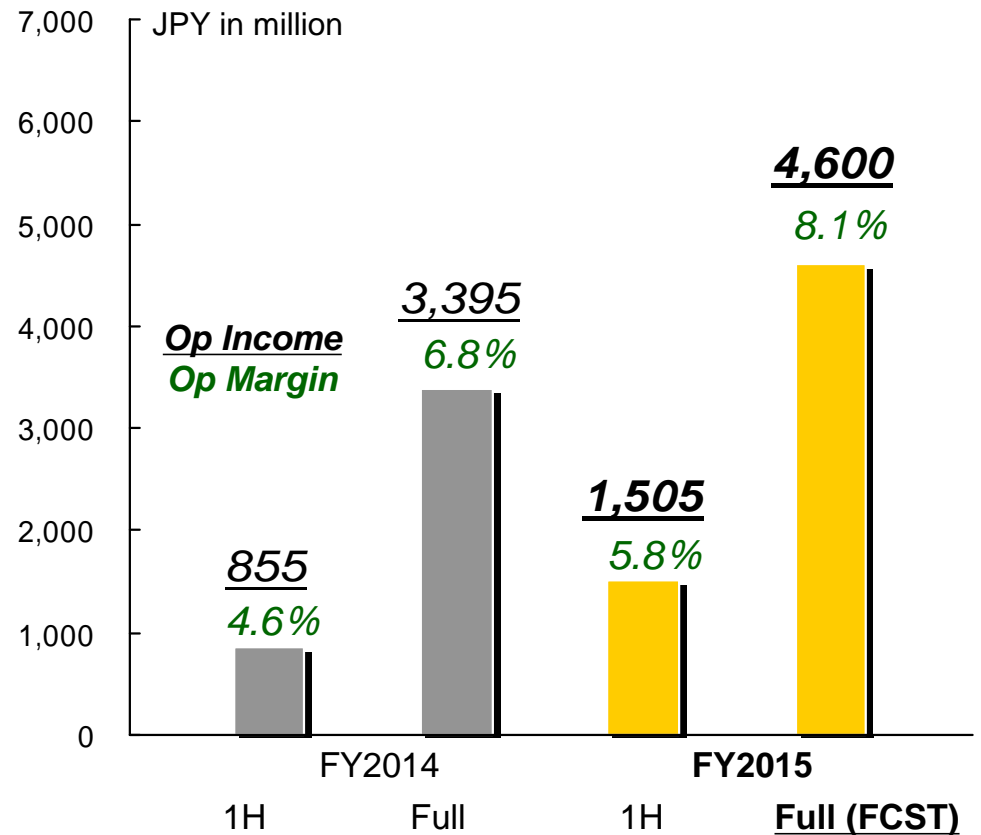
FY2015 Forecast

Americas and Japan will lead overall growth covering slowdown in China and Asia

Net Sales



Operating Income, OP margin



FY2015 Forecast

Net sales is projected to achieve a new record high

JPY in million	FY2014 (ended Mar 2015)			FY2015 Forecast (ending Mar 2016)		
		% of Sales	YoY change		% of Sales	YoY change
Net Sales	49,968	100.0%	+ 19.4%	56,700	100.0%	+ 13.5%
Operating Income	3,395	6.8%	(15.2%)	4,600	8.1%	+ 35.5%
Ordinary Income	3,423	6.8%	(16.4%)	4,300	7.6%	+ 25.6%
Net Income	2,026	4.1%	(14.2%)	2,400	4.2%	+ 18.4%
EPS	JPY 77.52	-	-	JPY 91.39	-	-
ROE	8.9%	-	-	9.7%	-	-
CAPEX	1,408	-	-	2,000	-	-
Depreciation	1,311	-	-	1,800	-	-

Note: Exchange Rate FY2014 -> FY2015 :

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Mid-term Management Targets (2011 – 2015)

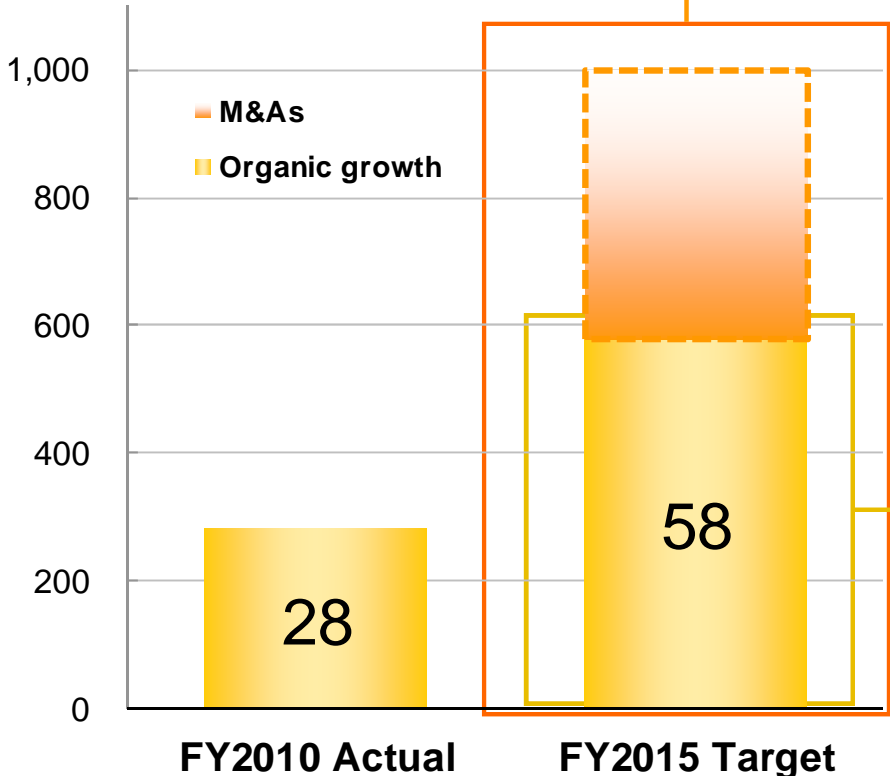
Assumption in 2011

Mid-term Target

- Transform into a global company
- Expand global sales to JPY 100 billion

Estimated sales and targets

JPY in billion



Expand global sales to JPY 100 billion

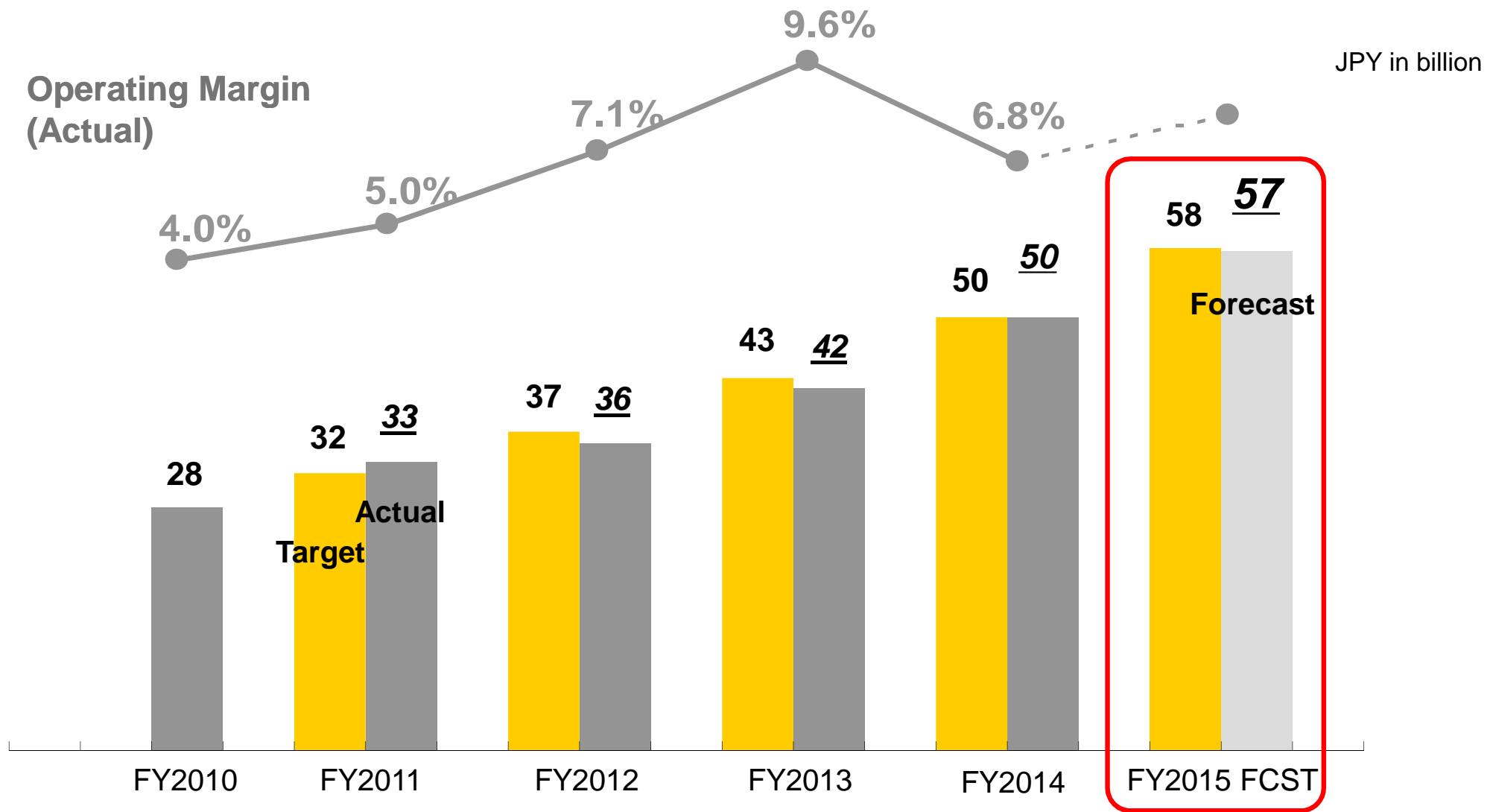
Increase sales to JPY 58 billion through the organic growth and achieve further growth by M&A to achieve JPY 100 billion sales.

Transform into a global company

There will be a golden opportunity in the next five years for Kito to expand its scale and become the “Truly global No.1 hoist manufacturer.” Kito will change a Japan-centric operation to a globally integrated operation utilizing resources and skills of the KitoO group worldwide.

Progress of Mid-term Management Plan

CAGR will reach 15.1%, with organic growth and M&A,



For the Global Next Stage

KITO

KITO group global unified slogan

Our mission is to become the “truly global No. 1 hoist manufacturer” by adding value to our customers that surpasses their expectations and maximizes the value of the KITO brand on the market.