
Financial Results for the Quarter ended December 31, 2020

KITO CORPORATION
TSE 1st Section: 6409
February 10, 2021

FY2020 Q3 / 3 Months Summary

Business Results

(JPY in Million)	FY2019 Q3 3 months	FY2020 Q3 3 months	YoY change
Sales	15,204	13,538	(11.0) %
Op Income Op Income/Sales	1,769 11.6%	1,728 12.8%	(2.3) %
Net Income * Net Income/Sales	1,048 6.9%	1,147 8.5%	+9.4 %

* Net Income attributable to owners of parent

Overviews

- Demand was showing a gentle recovery trend; possible new infection wave requires continuing caution.
- Employee health is a priority; active use of remote-work program increased efficiency.
- Results on a par with Q3 2019 due to cost control across board and effort focused on profit and cash generation.
- Avoid price competition and stick with added value; market shares tracking upward.

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FY2020 Q3 Financial Results

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FY2020 Forecast

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Reference

- Five Year Financial Results (FY2015 – FY2019)
- Kito's Business
- Mid-Term Plan (FY2016 – FY2020)

FY2020 Q3 / 9 months Summary

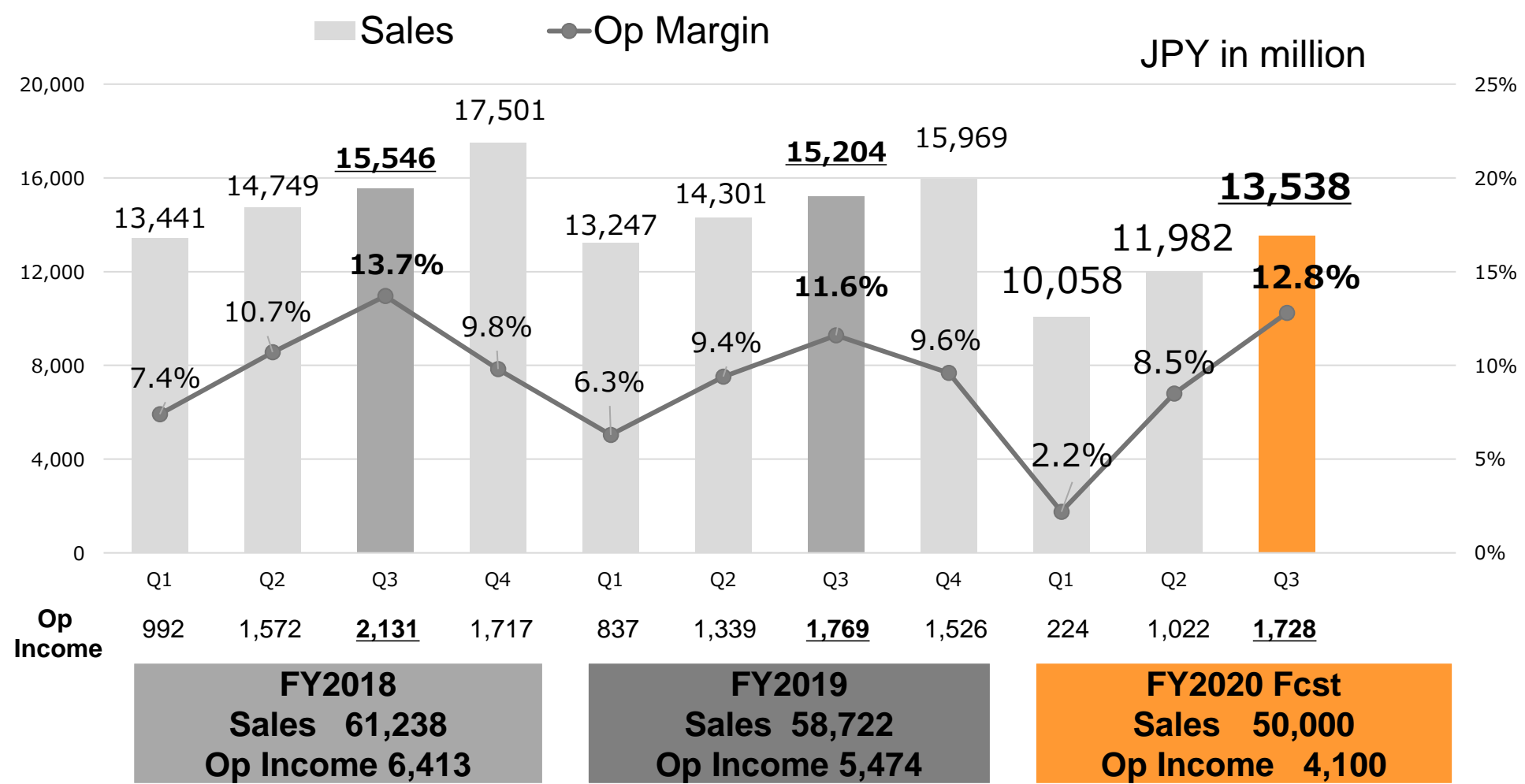
JPY in million	FY2019 Q3	FY2020 Q3	YoY change
Sales	42,753	35,580	(16.8)%
Gross Profit Gross Profit/ Sales	16,080 37.6%	13,148 37.0%	(18.2)%
Operating Income Operating Income / Sales	3,947 9.2%	2,976 8.4%	(24.6)%
Ordinary Income Ordinary Income / Sales	3,482 8.1%	2,880 8.1%	(17.3)%
Net Income Net Income / Sales	2,131 5.0%	1,314 3.7%	(38.3)%
EBITDA Op Income + Depreciation	6,178	5,172	(16.3)%

Note: Exchange Rate (FY2019 Q3 → FY2020 Q3)

USD/JPY 108.7→106.1 CAD/JPY 81.9→79.2 EUR/JPY 121.0→122.4 RMB/JPY 15.9→15.4

Quarterly Net Sales and Operating Margin

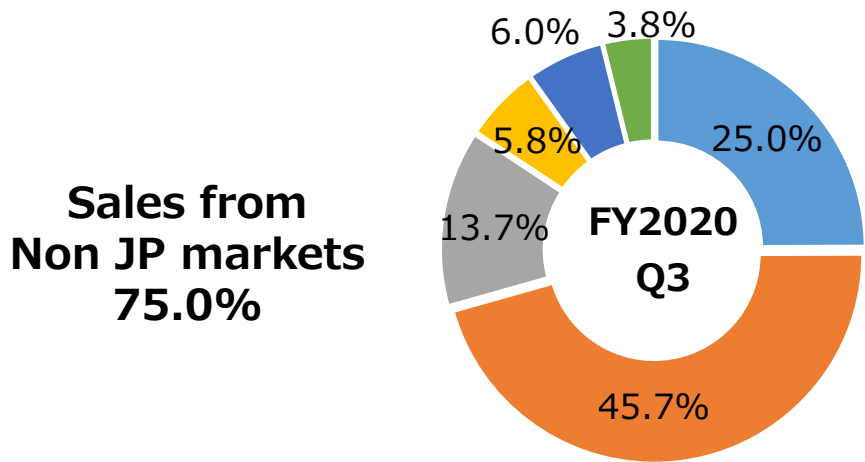
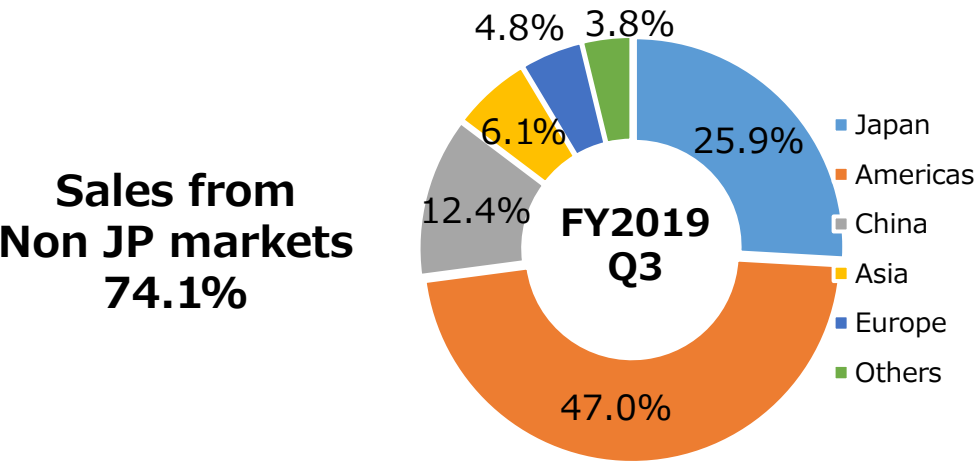
Economic activities slowed substantially due to the Covid-19 pandemic, but demand appeared to touch bottom in Q1; gentle recovery in Q2 and onward; secure profit using tighter cost-control



Net Sales by Region / 9 months

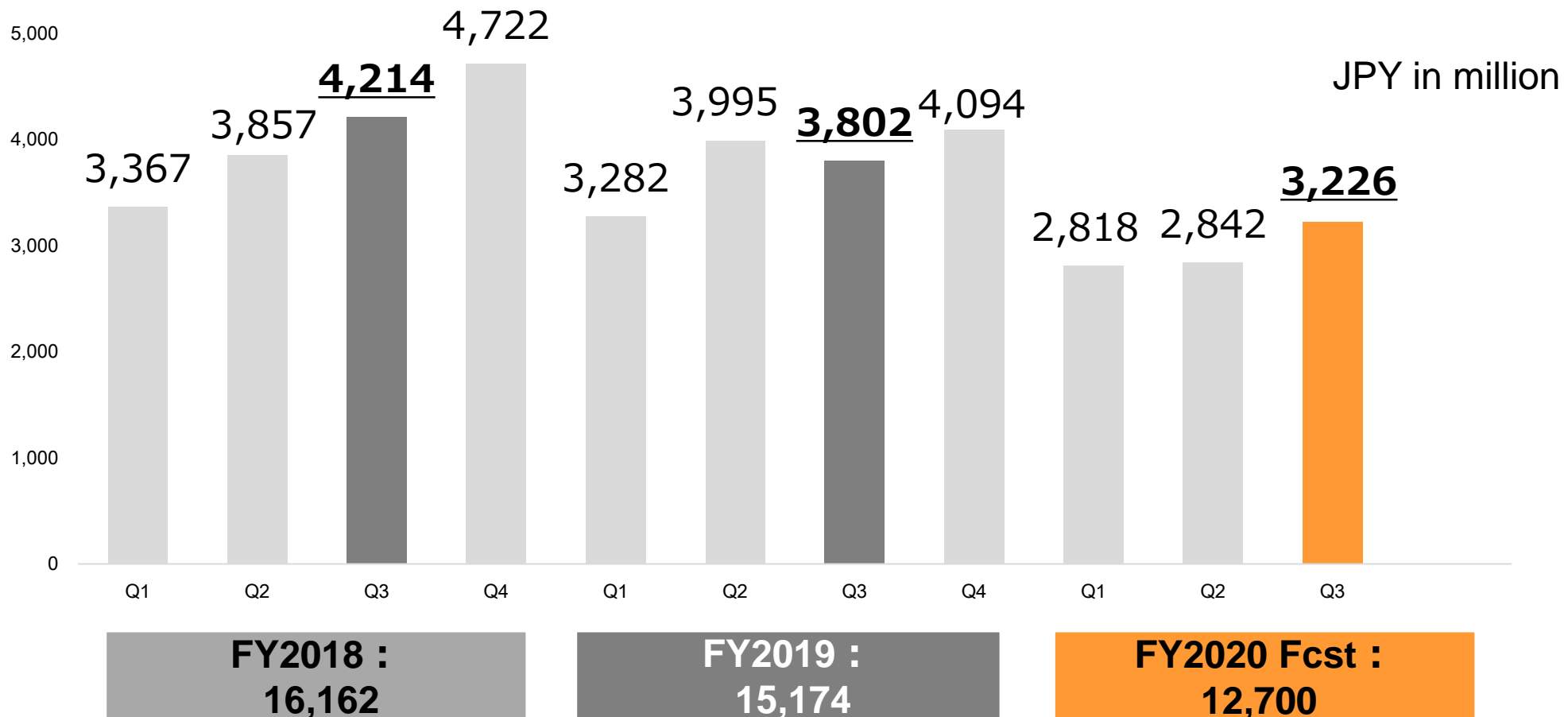
JPY in million	FY2018 Q3		FY2019 Q3		FY2020 Q3		YoY Change	
		% share		% share		% share	amount	%
Total	43,737	100.0%	42,753	100.0%	35,580	100.0%	(7,173)	(16.8)%
Japan	11,440	26.2%	11,080	25.9%	8,887	25.0%	(2,192)	(19.8)%
The Americas	20,003	45.7%	20,093	47.0%	16,231	45.7%	(3,861)	(19.2)%
China	5,062	11.6%	5,324	12.4%	4,865	13.7%	(458)	(8.6)%
Asia	3,639	8.3%	2,590	6.1%	2,080	5.8%	(510)	(19.7)%
Europe	1,822	4.2%	2,051	4.8%	2,146	6.0%	94	4.6 %
Others	1,769	4.0%	1,613	3.8%	1,368	3.8%	(244)	(15.1)%

Note: Exchange Rate (FY2019 Q3 → FY2020 Q3) :
USD/JPY 108.7→106.1 CAD/JPY 81.9→79.2 EUR/JPY 121.0→122.4 RMB/JPY 15.9→15.4



Net Sales by Region (Japan)

- Gentle recovery trend starting mid-Q1.
- Orders related to major equipment investment are strong, amid construction delays and other consequences of Covid.
- General-purpose products remain slow to move in distribution channels.

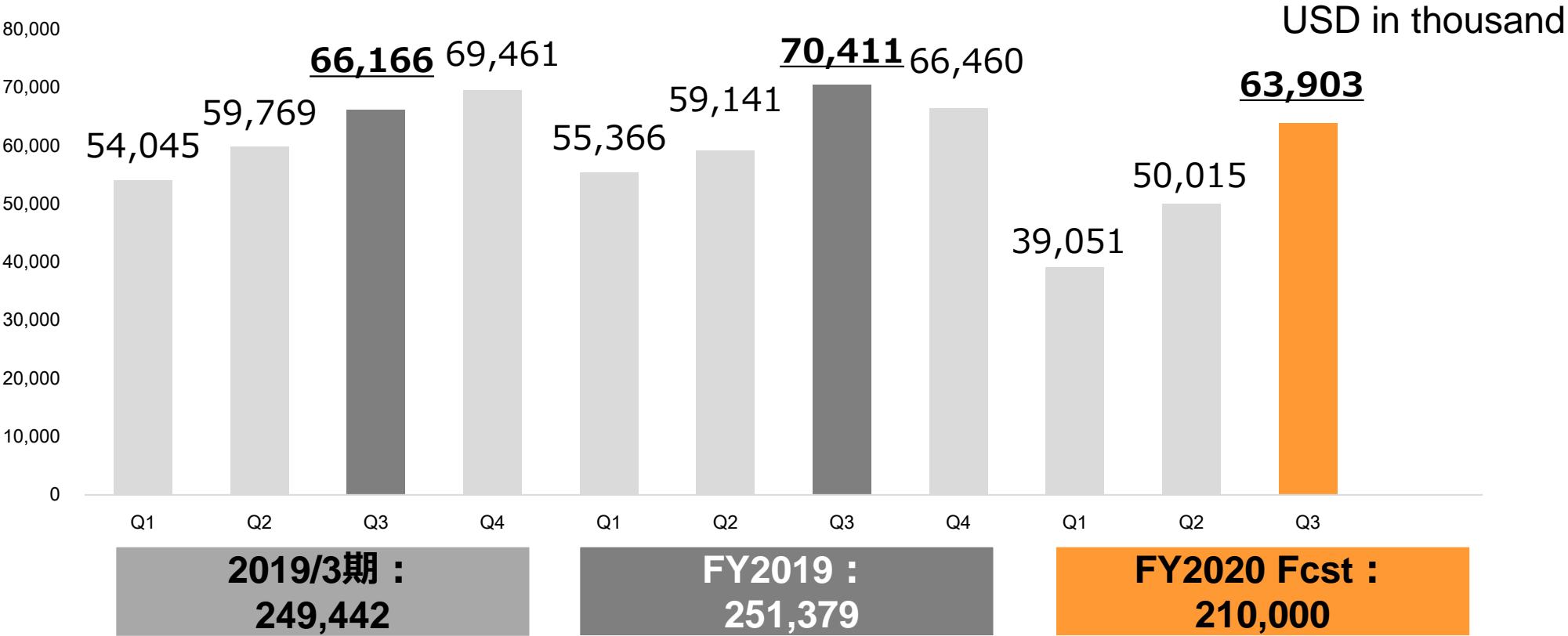


Net Sales by Region (Americas)

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

Our Business : The US business is composed of two pillars, hoist and crane business and sales and manufacturing of chain accessories, which was added after the acquisition of Peerless.

- Despite spread of Covid, chain operation leads a recovery trend.
- Watchful of the influence of administrative changes on market trends.

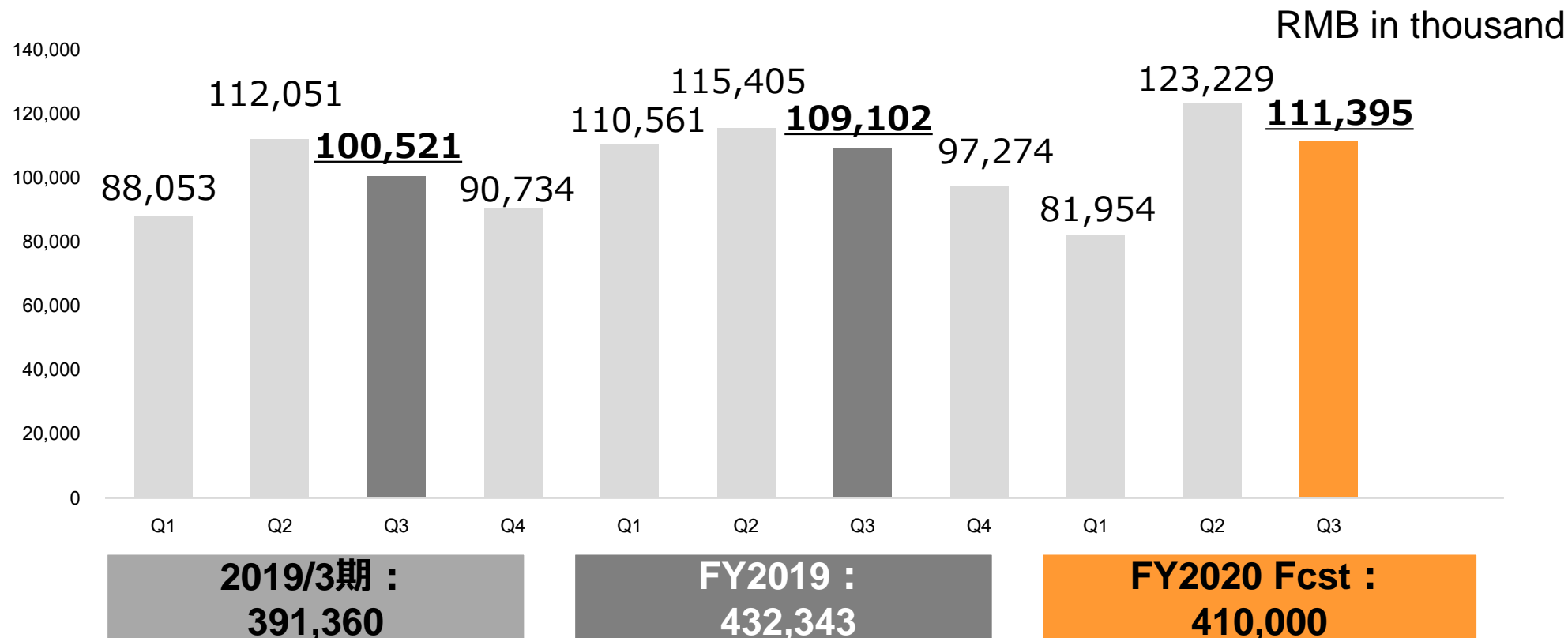


Net Sales by Region (China)

Fiscal year of China starts in January and ends in December

Our Business: The Chinese business is composed of two pillars, production and sales of wire-rope hoists for domestic market, and sales of Japanese high functioning products

- Hard-hit by pandemic in February, returning to almost normal in March, ahead of the rest of the world

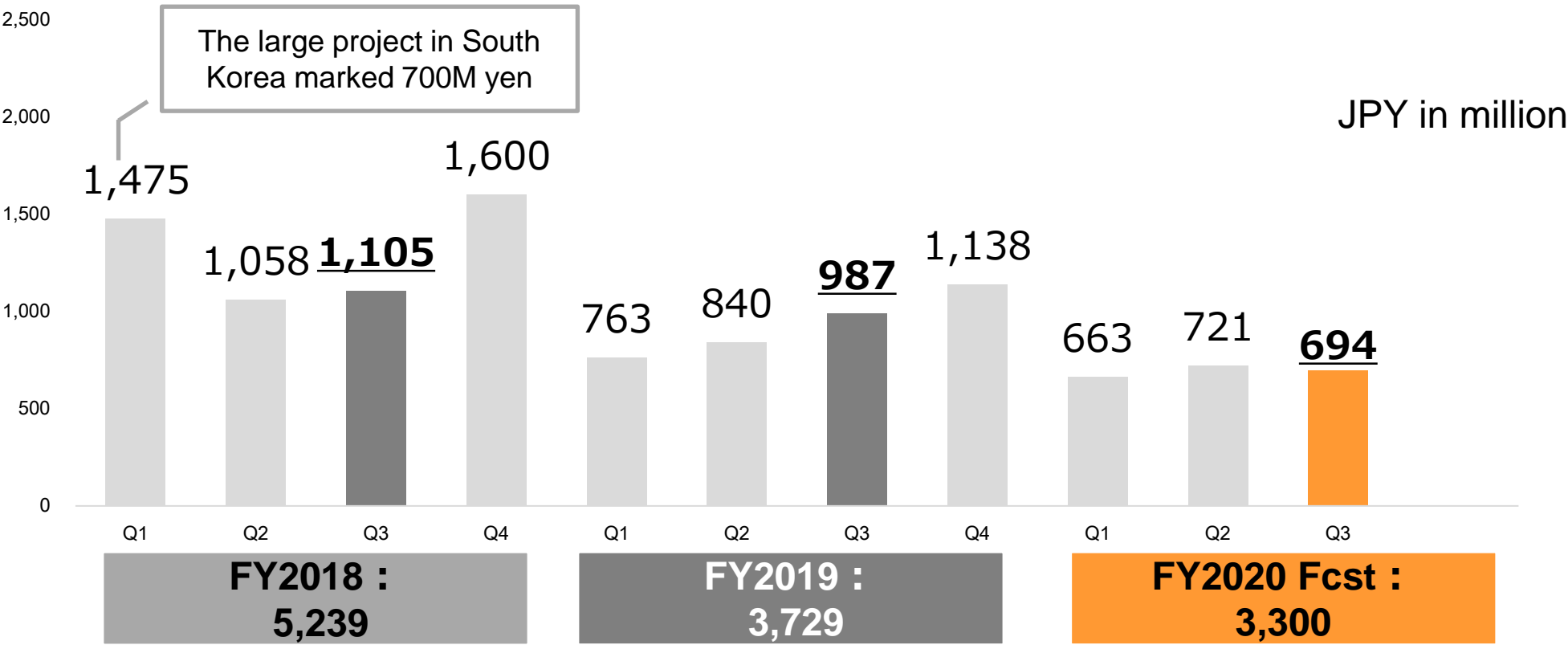


Net Sales by Region (Asia)

FY starts in Jan and ends in Dec: Thailand, Korea, Taiwan
FY starts in Apr and ends in Mar: Indonesia, India

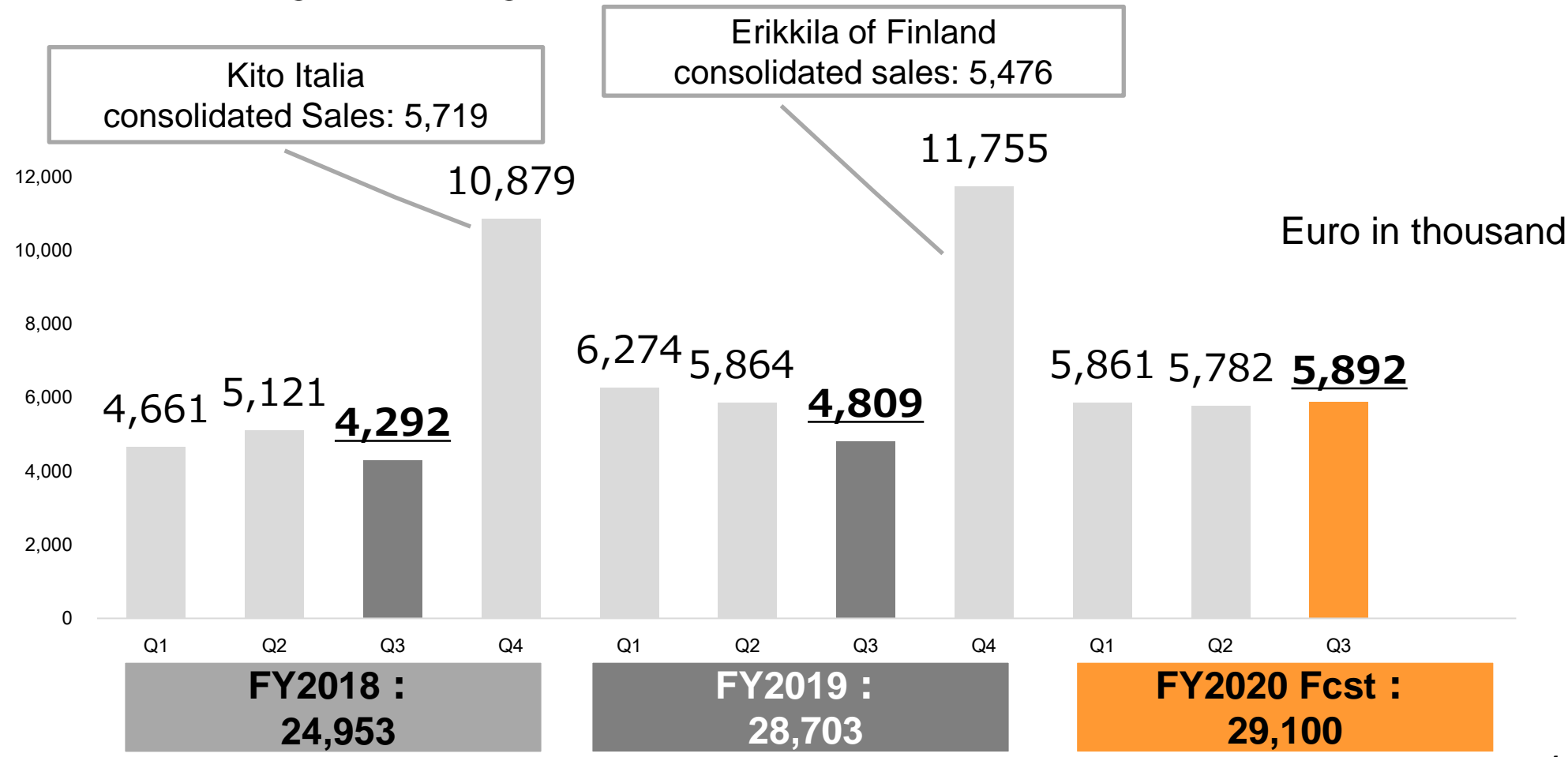
Our Business : The crane business in Thailand and South Korea is the mainstay of this segment.
Improving profitability by strengthening hoist sales and maintenance services for crane.

- Pandemic impact relatively low in Korea and Taiwan
- Slow equipment investment in automotive and other industries in Southeast Asia

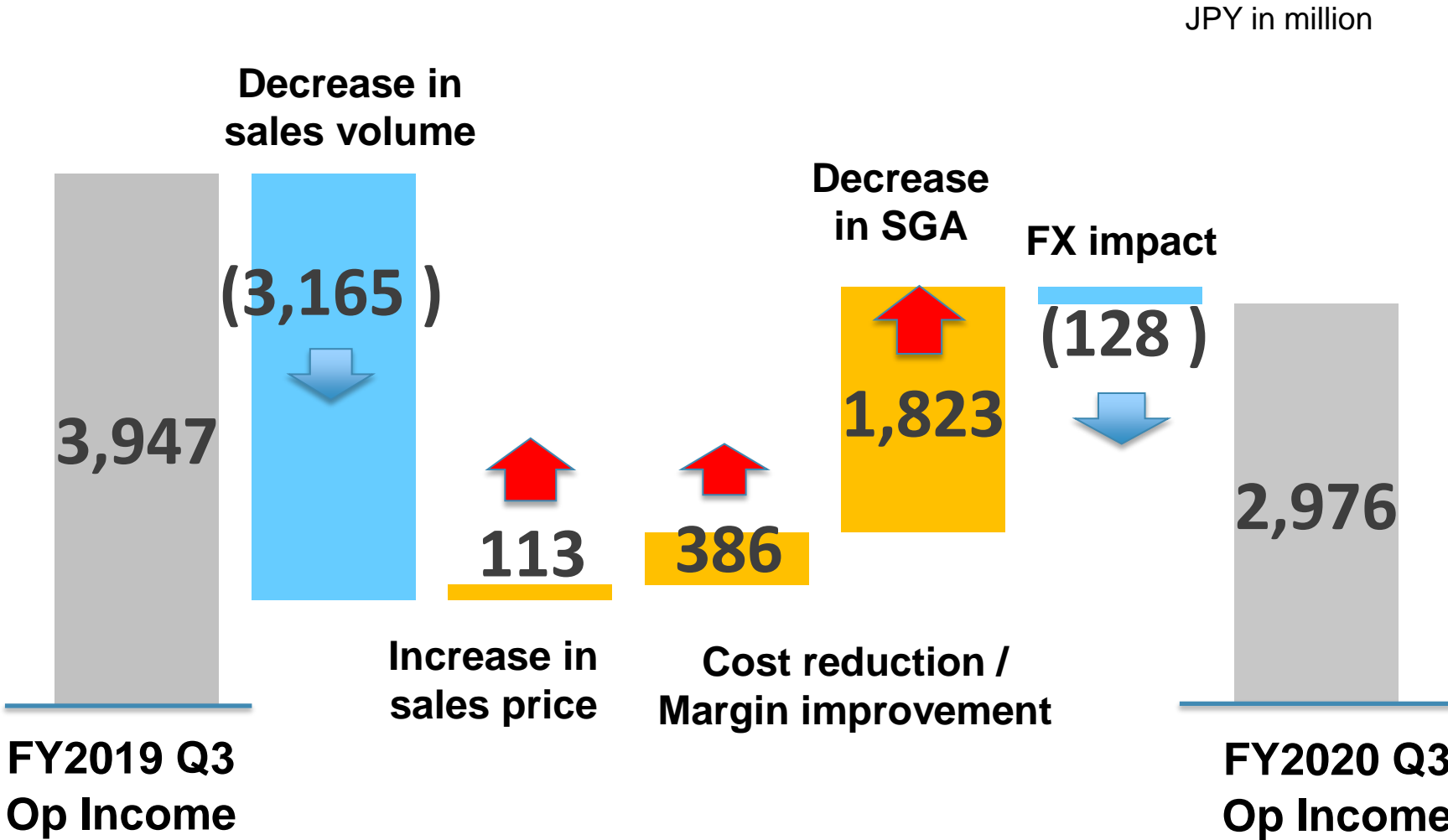


Net Sales by Region (Europe)

- The Italian subsidiary consolidated in FY2018 and the Finnish subsidiary in FY2019 to include their performance reports for the respective years.
- Despite a continuously difficult environment, Kito is gradually penetrating the market, leading to a strong order trend.



Operating Income / 9 Months Comparison



Consolidated Balance Sheet

JPY in million	December 2019	December 2020	Change	JPY in million	December 2019	December 2020	Change
Current Assets	39,961	42,335	2,374	Current Liabilities	20,442	22,816	2,373
Cash	8,631	12,853	4,222	Accounts payable	6,487	4,683	(1,804)
Accounts receivable	10,430	9,251	(1,178)	Short-term * debt *	8,089	12,625	4,536
Inventories	19,396	18,801	(594)	Others	5,865	5,507	(358)
Others	1,502	1,427	(74)	Fixed Liabilities	14,691	12,151	(2,540)
Fixed Assets	22,444	21,015	(1,429)	Long-term debt	11,201	8,550	(2,651)
Tangible fixed assets	11,915	12,132	216	Others	3,489	3,601	111
Intangible fixed assets	5,420	4,706	(714)	Total Net Assets	27,272	28,383	1,111
Investment & other assets	5,108	4,176	(931)	Total Liabilities and Net Assets	62,405	63,350	945
Total Assets	62,405	63,350	945				

* Includes Current portion of long-term loans payable

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FY2020 Forecast

- Demand on recovery trend; effects of still-spreading infection require caution.
- Sales as planned; projections for profit at all stages updated due to progress with profit-boosting initiatives.
- Restructuring costs for the Australian subsidiary and an impairment loss related to the Dutch subsidiary's goodwill are newly factored in.

JPY in million	Previous Fcst Oct 16, 2020	Revised Fcst Feb 10, 2021	Change
Sales	50,000	50,000	-
Operating Income Operating Income / Sales	3,600 7.2 %	4,100 8.2%	500
Ordinary Income Ordinary Income / Sales	3,500 7.0 %	4,000 8.0%	500
Net Income Net Income / Sales	1,700 3.4 %	1,800 3.6%	100

Note: Exchange Rate (Previous → Revised) :

USD/JPY 105.9 → 105.5 CAD/JPY 79.3 → 79.6 EUR/JPY 120.3 → 123.5 RMB/JPY 15.6 → 15.5

FY2020 Forecast by Region

JPY in million	FY2019 Full Year		FY2020 Full Year Fcst		YoY	
		% share		% share	amount	%
Total	58,722	100.0%	50,000	100.0%	(8,722)	(14.9)%
Japan	15,174	25.8%	12,700	25.4%	(2,474)	(16.3)%
The Americas	27,332	46.6%	22,200	44.4%	(5,132)	(18.8)%
China	6,822	11.6%	6,400	12.8%	(422)	(6.2)%
Asia	3,729	6.4%	3,300	6.6%	(429)	(11.5)%
Europe	3,467	5.9%	3,500	7.0%	33	1.0%
Others	2,196	3.7%	1,900	3.8%	(296)	(13.5)%

Note: Exchange Rate (FY2019 → FY2020) :

USD/JPY 108.7→105.5 CAD/JPY 81.8→79.6 EUR/JPY 120.8→123.5 RMB/JPY 15.8→15.5

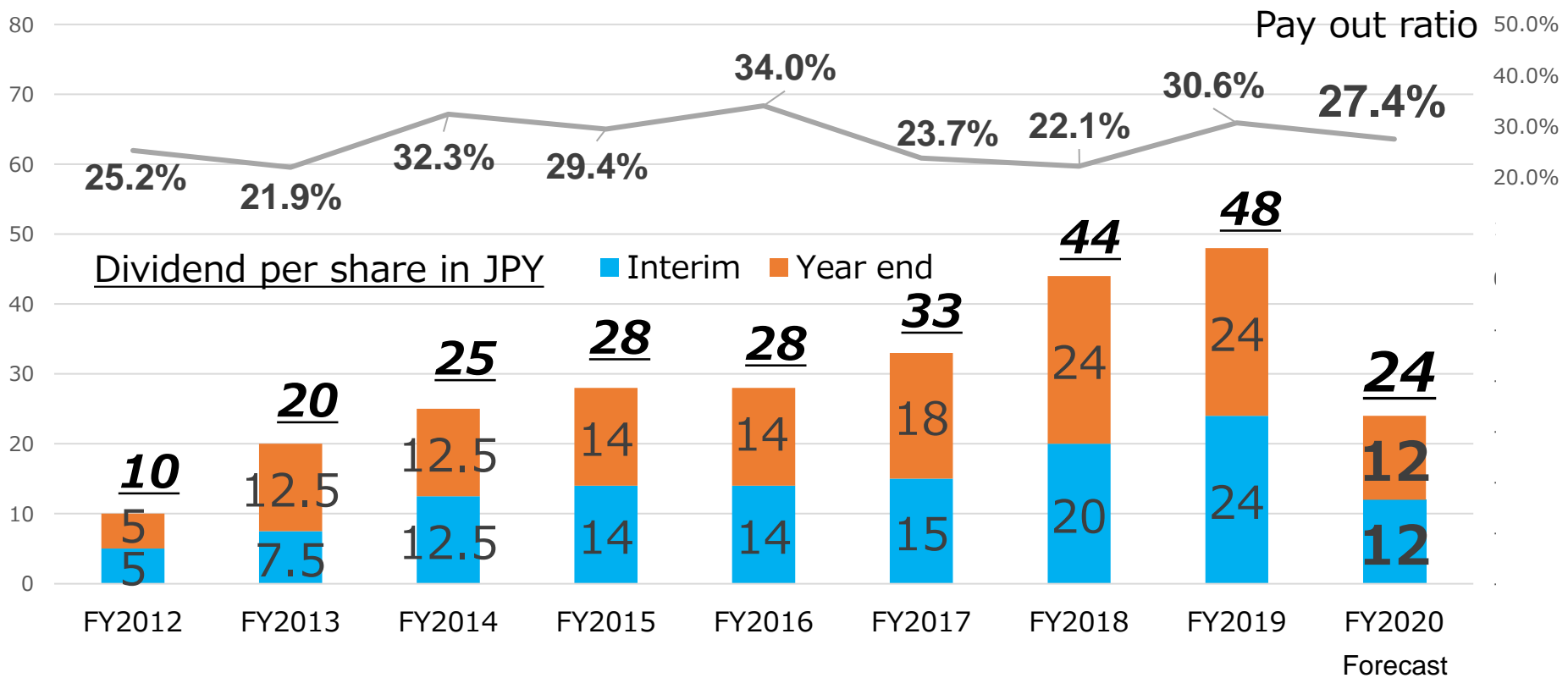
FY2020 Forecast

JPY in million	FY2019	FY2020 Fcst	YoY
Sales	58,722	50,000	(14.9)%
Operating Income Operating Income / Sales	5,474 (9.3%)	4,100 (8.2%)	(25.1)%
Ordinary Income Ordinary Income / Sales	4,991 (8.5%)	4,000 (8.0%)	(19.9)%
Net Income Net Income / Sales	3,204 (5.5%)	1,800 (3.6%)	(43.8)%
EBITDA Op Income + Depreciation	8,508	7,100	(16.5)%
CAPEX	1,689	2,500	

Note: Exchange Rate (FY2019 → FY2020) :

USD/JPY 108.7→105.5 CAD/JPY 81.8→79.6 EUR/JPY 120.8→123.5 RMB/JPY 15.8→15.5

Dividend



Note: Per share dividends are calculated on the assumption that the stock splits below are at the beginning of the FY2011

- 100 for 1 stock split was effective on April 1, 2013
- 2 for 1 stock split was conducted on October 1, 2014

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FY2020 Forecast

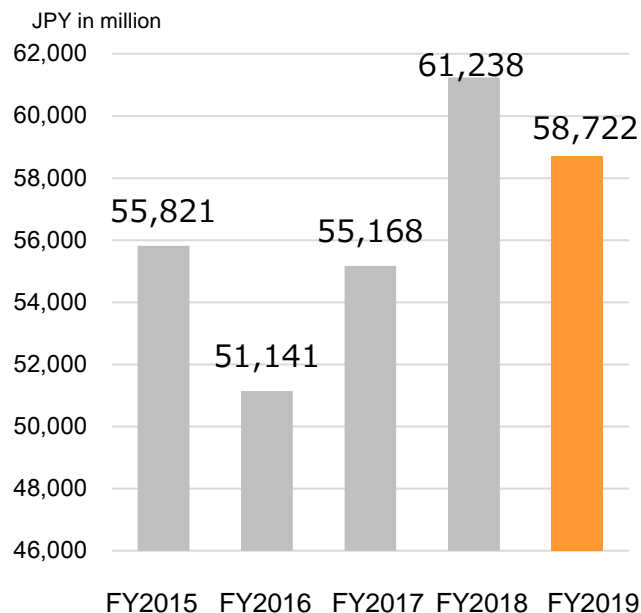
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Reference

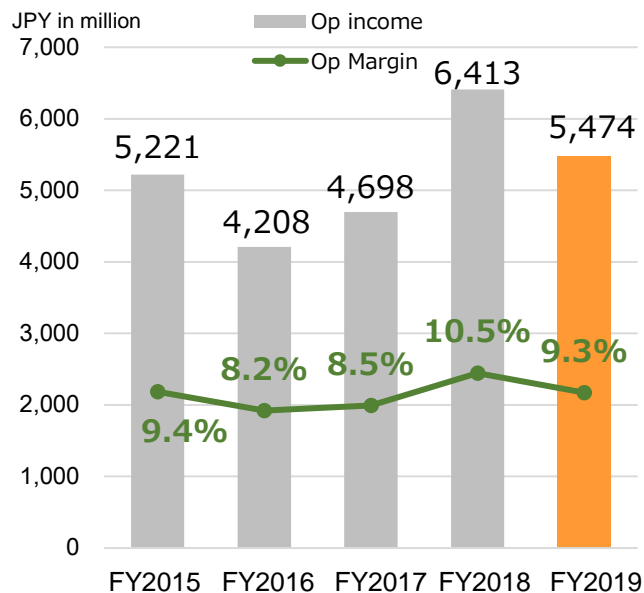
- **Five Year Financial Results (FY2015 – FY2019)**
- **Kito's Business**
- **Mid-Term Plan (FY2016 – FY2020)**

Key Figures

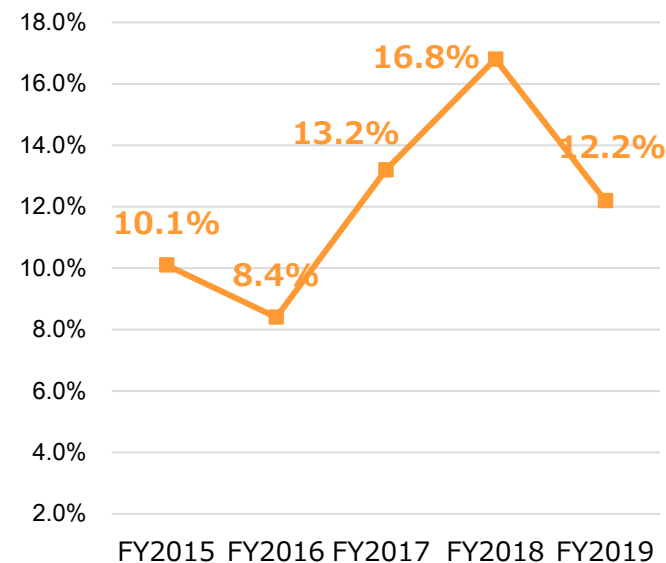
Sales



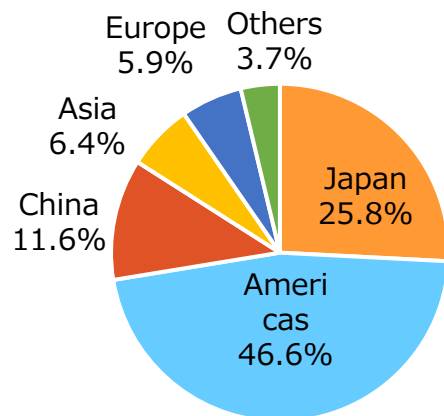
OP Income and Op margin



ROE

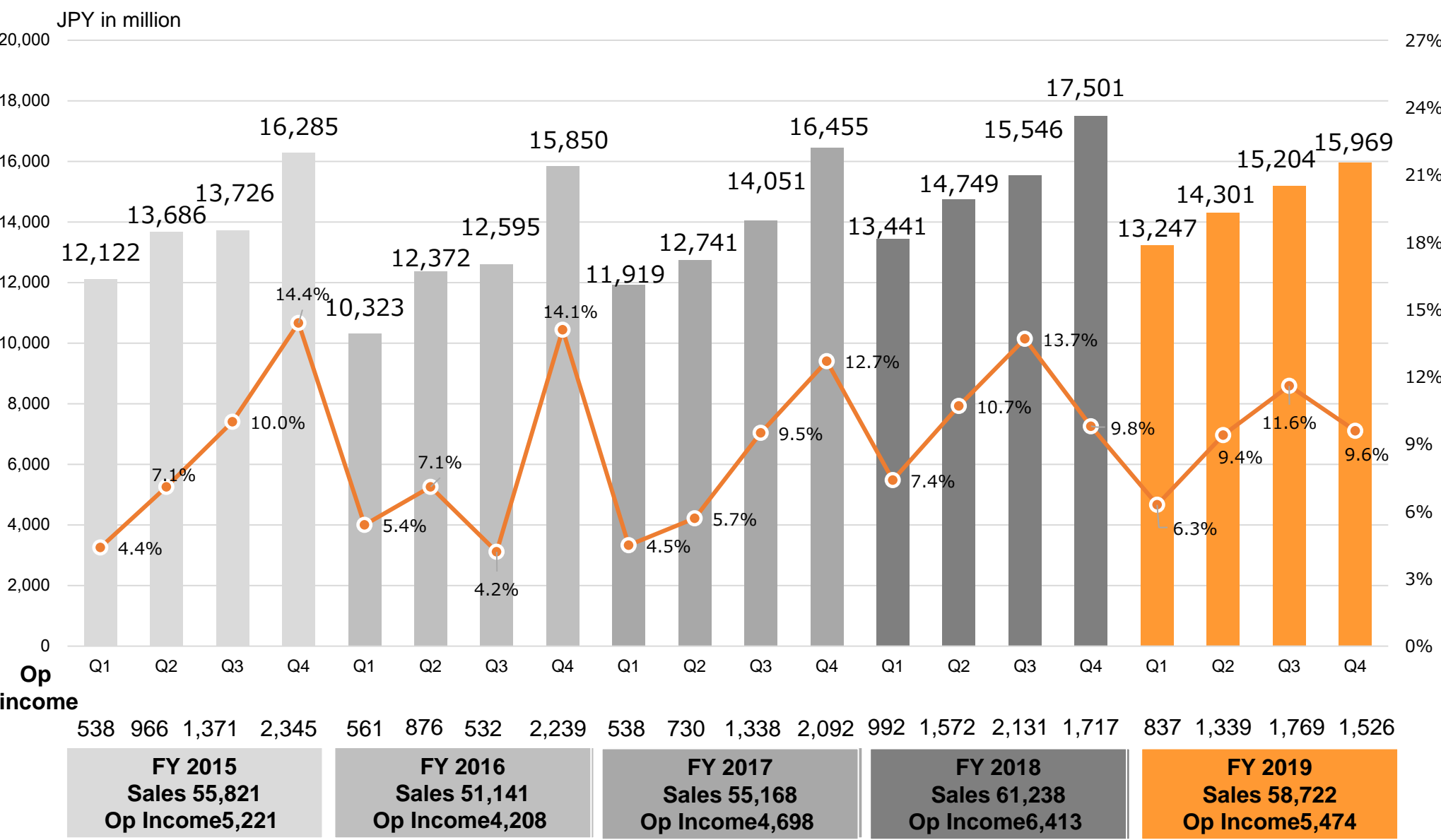


Sales by Region in FY2019



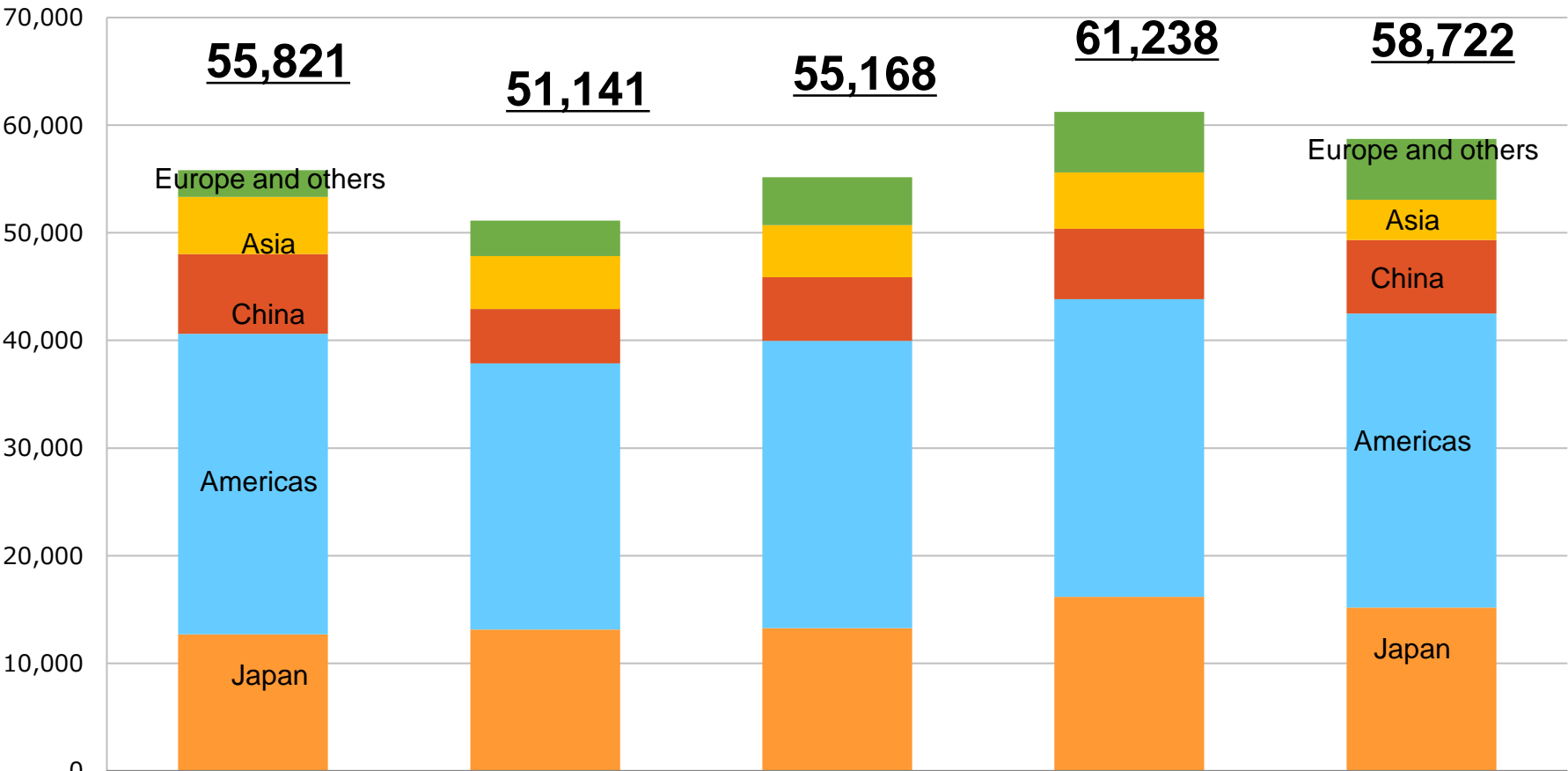
	FY2015	FY2016	FY2017	FY2018	FY 2019
Sales from non Jp Mkts	77.3%	74.3%	76.0%	73.6%	74.2%
Average FX Rate					
USD/JPY	120.1	108.4	110.9	110.9	108.7
CAD/JPY	91.8	82.5	86.5	84.6	81.8
EUR/JPY	132.6	118.8	129.7	128.4	120.8
RMB/JPY	19.2	16.4	16.6	16.7	15.8
Capex (JPY in million)	2,013	2,393	1,411	1,416	1,689
Depreciation (JPY in million)	1,814	1,792	2,116	2,470	2,711

Quarterly Sales and Operating Margin



Sales by Regions

JPY in million



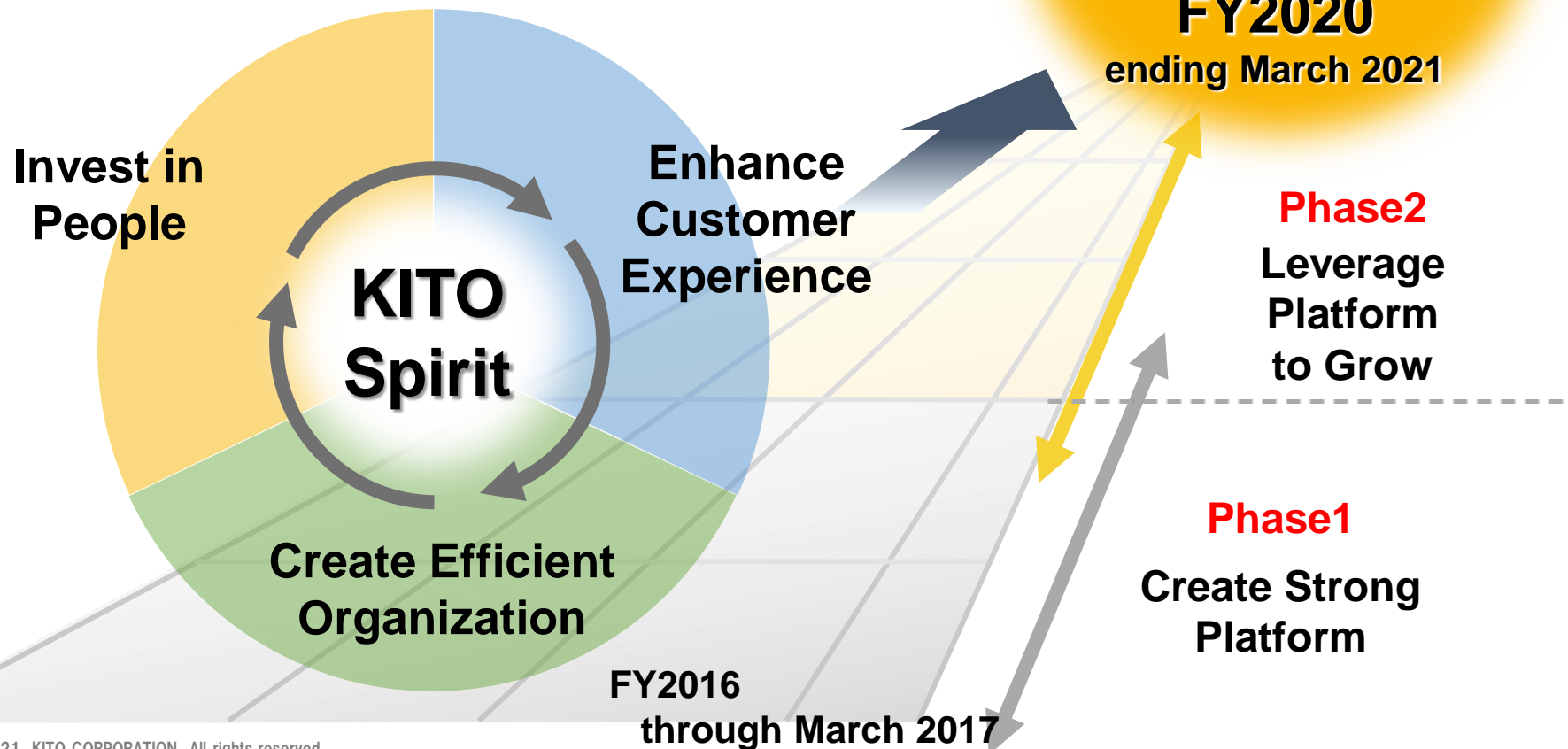
	FY2015	FY2016	FY2017	FY2018	FY2019
Europe and others	2,479	3,308	4,465	5,634	5,663
Asia	5,321	4,925	4,837	5,239	3,729
China	7,418	5,034	5,903	6,539	6,822
Americas	27,909	24,742	26,700	27,663	27,332
Japan	12,692	13,129	13,261	16,162	15,174

Mid-Term Plan (FY2016 – FY2020)

Key Directives to Achieve Goals

We have set three Key Directives to achieve the MTP goals.

- 1) Our top priority is to **Enhance the Customer's Experience**
- 2) To make that happen, we will **Create a Highly Efficient and Functional Organization**
- 3) We actively **Invest in People**, who make up this organization



Management Goals

Achieve the Three Management Goals to Double the Profitability

1 Return to a high margin business structure

- Renew production equipment
- Concentrate on high-margin business

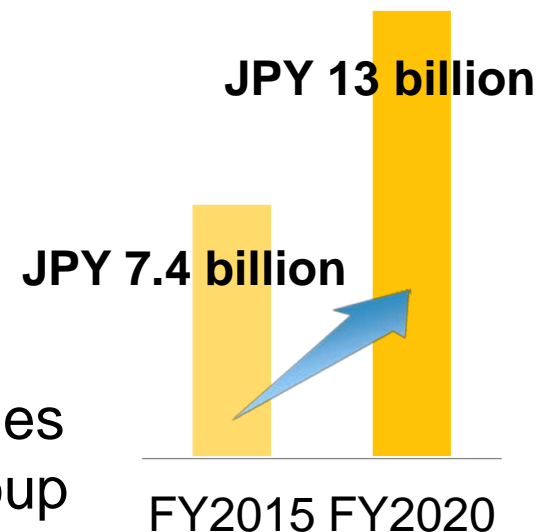
2 Growth through product portfolio expansion

- Develop new products
- Expand product offerings through M&A
- Expedite sales in new markets

3 Evolve into a Globally Integrated Enterprise

- Recruit and develop global HR
- Integrate ERP systems at HQ and primary subsidiaries
- Build a unified marketing database for the entire Group

Financial Target
(EBITDA)



Shift from Phase 1 (Create Strong Platform)
to Phase 2 (Leverage Platform to Grow)

“Lifting Expectations”



Business Structure

Kito Advantages

A leading company in material handling equipment, hoists and crane, which are indispensable in lifting, transporting, and securing objects



Growth Opportunities

At any stage of economic development

In all industries, in any country

Mature product with expanding demand

Product Domain

■ Cranes

- Three-dimensional movement made possible in combination with hoists



■ Hoists

- Manual and electric chain hoists are core products
- Wire-rope hoists are the mainstay in China



■ Below Hook Devices

- Intermediary attachments for hoisting and loads

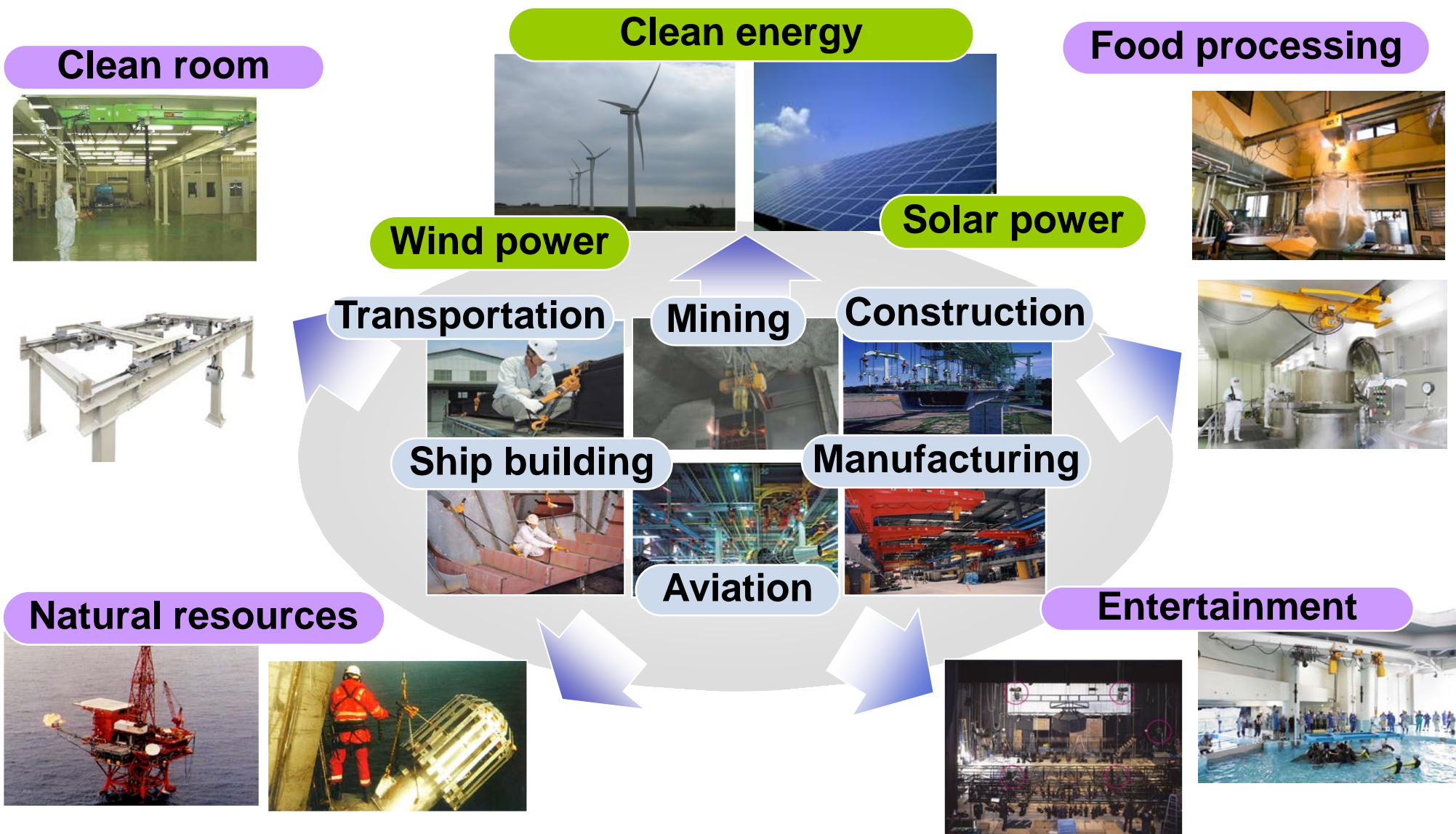


■ Various Chain

- Chain for transportation, moving, holding, hauling, etc.
- Shipping, agriculture, forestry, tires, and other industries



Expanding Customer Base



Strength of Kito Operations

Kito = Trusted brand

Product Power

Durability

High performance

Safety

High operability

Technological Advantages

Response to complex customer needs with state-of-art technology (engineering)

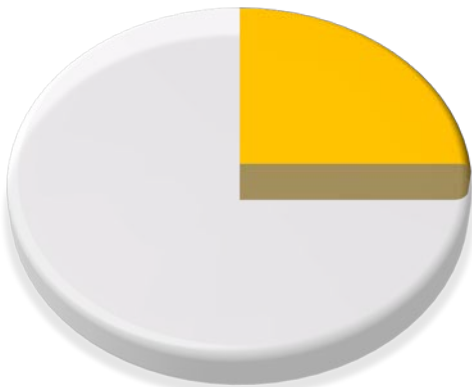
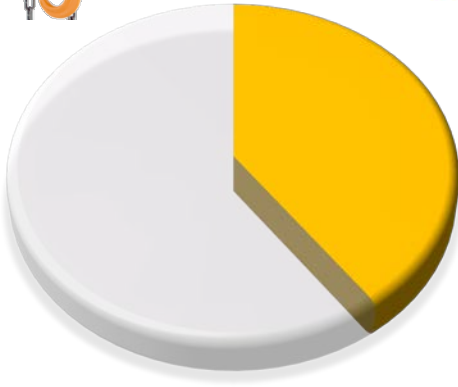
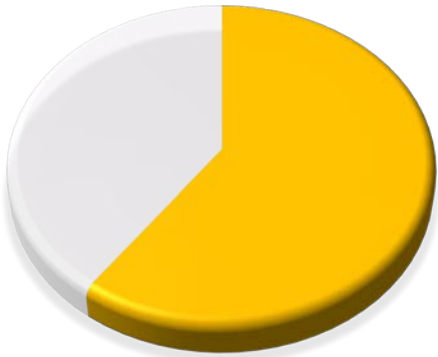
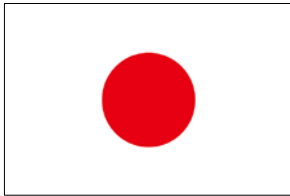
Service Network

Extensive network to provide service for high customer satisfaction



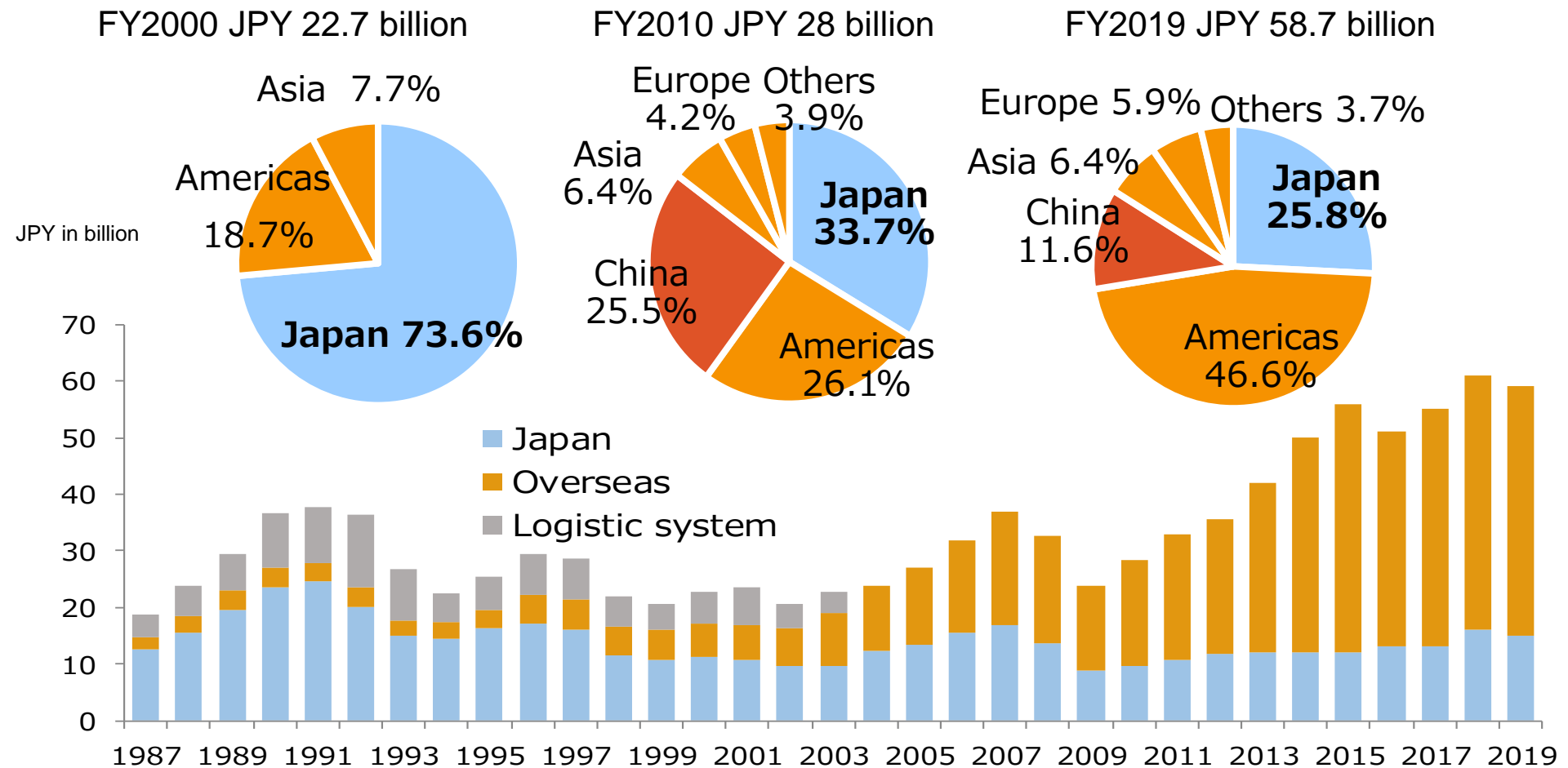
- Differentiation with high value-added products and services
Strong reputation in markets demanding high quality

Global Share



Sales Growth in Overseas Markets

- Growth in overseas markets helped building a business portfolio with good regional balance.
- Stable growth not depending on demand in any particular region



Diversified Portfolio

- Broad customer base ranging from private to public sectors
- Business structure not influenced by particular industries nor market cycle

LTM Apr – Jun 2015 = 1

