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Kito Announces New Five-Year Business Plan

Kito Corporation has announced a new five-year business plan, beginning with the fiscal year ending March 2017 (FY2016). Over the five-year period the plan is designed to nearly double the firm's EBITDA, to JPY13 billion, by expanding the company's range of products and services and raising productivity.

1. Previous Mid-Term Plan in review

Ended in March 2016, Kito's previous mid-term plan envisioned making the company truly the global No.1 hoist manufacturer, with the hoist operation as the core of growth strategy. Economic development in Asia, especially China, favored the plan, and the company aimed to grow annual sales from JPY28.1 billion to JPY55.8 billion by focusing resources on regions projecting high economic growth and carrying forward a strategy based on regionally optimized operations.

The slowdown in the Chinese economy and an eroding trend in prices for natural resources worldwide dictated a change of direction. Consequently Kito refocused resources on North American operations, which were going relatively well, obtained a leading manufacturer of chain and broadened its line of below the hook devices and other hoist accessories. This resulted in a near-doubling of sales over the five-year period, to JPY55.8 billion for the year ended March 2016.

2. Outline of new Mid-Term Plan

The new mid-term plan aims to double EBITDA to JPY13 billion over five years by focusing on three goals -- returning to a high-margin business structure, growth through product portfolio expansion, and evolving into a globally integrated enterprise -- through effort to raise productivity and broaden its range of products and services. Kito has been developing regionally optimized operations that best suit the characteristics of the competitive environment of their respective markets, raising efficiency and reducing costs accordingly. Under the new plan, the company will work to optimize the group as a whole and seek more effective strategies. To build productivity, Kito will enhance efficiency of operations in its three core business bases, namely Japan, the US and China, and optimize its supply chain. In the production of linked chain, the company has built a system for world-class production volume by adding Italy and Australia to existing bases in Japan and the US. By making the most of these it will build a supply system optimized for the world market.

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To expand its scope of business, Kito has already launched a new line of wire-rope hoists in Japan, planning for gradual expansion of supply globally. It will broaden its line of below hook lifting device to establish that as a new product category.

3. Supplementary materials

For details on Kito's new Mid-Term Plan, please refer to the slide presentation that became available to the public today at <http://kito.com/ir/news/2016/index.shtml>.

Note: The plan described in the presentation is a projection based on information available at this moment, and includes risks and uncertainties. Actual results may vary depending on various factors. The material is not designed to prompt investment, and the company expects that investors will make decisions based on their own research and judgment.