

KITO



*For the Global
Next Stage*

KITO group global unified slogan

Jan 20, 2011

Midterm Management Plan

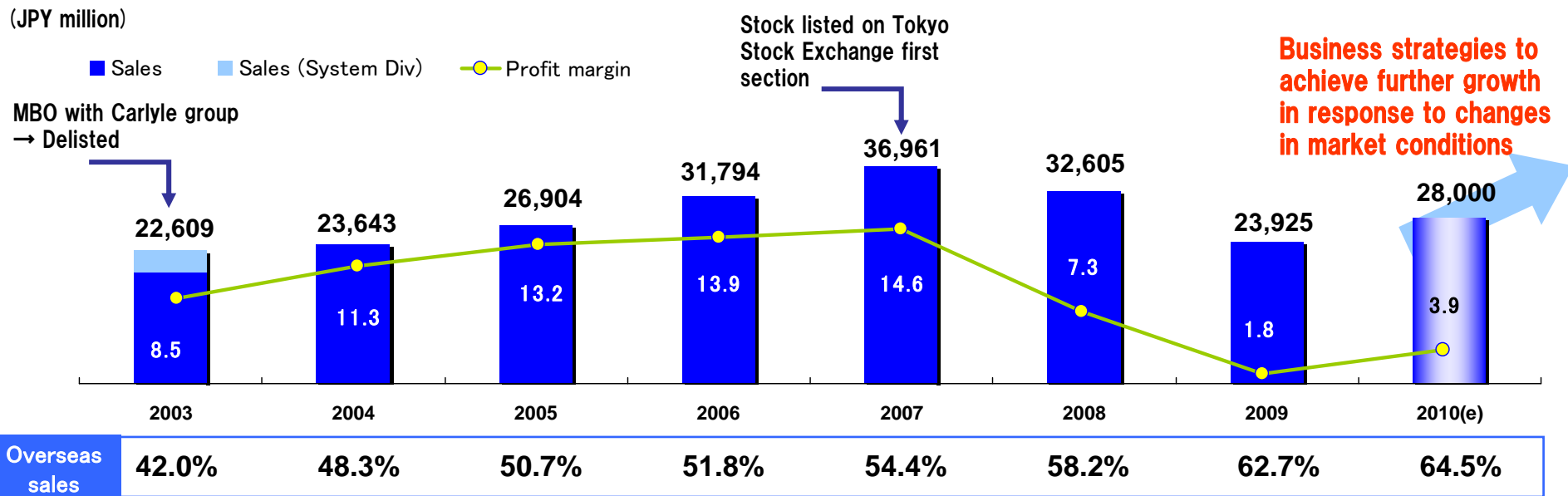
Five-year plan from 2011 to 2015



KITO CORPORATION (TSE 1st Section: 6409)

<http://www.kito.co.jp/>

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Midterm Management Plan	Midterm Plan Ver.36		Midterm Plan 2005-2007			Midterm Plan 2008-2012		
	FY09 sales JPY20.8bn, 12% profit margin Achieved 7-year plan targets within 2 yrs		FY07 sales JPY25bn, 12% profit margin (JPY30bn sales including M&A) Increased overseas sales, mainly in North America and China			FY12 sales JPY56.5bn, 15% profit margin Forced to change its targets due to the global financial crisis		
Strategy			<ul style="list-style-type: none"> Strengthen integration among group companies Stabilize operations in mature markets Add new products and explore new geographic areas 			<ul style="list-style-type: none"> Product Strategy: Become a comprehensive hoist maker by adding wire rope hoist Regional Strategy: Increase market share in mature markets and increase sales in growing markets 		



【 P r e s e n t 】

【 F u t u r e 】

Markets

Developed countries and China lead growth globally

China, Asia, South America and other emerging economies will drive global economic growth

Competition

Major competitors are located in Japan, US, Europe and China
Significant global competition across these region is very limited

Global competitors and low-cost competitors will directly compete in growing markets
Competition will become more intense

K I T O

Operated as a Japan-centric Japanese company with overseas operations mainly in North America and China

Become a globally integrated multi-cultural company, and capitalize on enormous opportunities in growing markets

Our Vision

To Be Truly The Global No.1 Hoist Manufacturer

The best partner for customers to enhance their safety and productivity

M i s s i o n

Deliver Satisfaction and Impression for all customers

Create workplaces for customers that are safe and efficient

Truly The Global No.1 Hoist Manufacturer

The best partner for customers to enhance their safety and productivity

Midterm Target

- *Transform KITO from a Japan-centric Japanese company into a globally integrated multi-cultural company*

Utilize resources and skills around the world

- *Expand global sales to JPY100 billion*

Capitalize on opportunities across the globe

Provide products and services of the highest quality and capture more than 15% share of the global market

- Establish the KITO brand as the brand with unparalleled products and services in both mature and growing markets
- Deliver outstanding value (Lifecycle Value = Reliability in safety and productivity) for customers at their operations

Allocate substantial resources to Asia

- Capitalize on significant growth opportunities in Asia

Strengthen global talent

- Acquire and train highly skilled people around the world to accelerate our growth globally

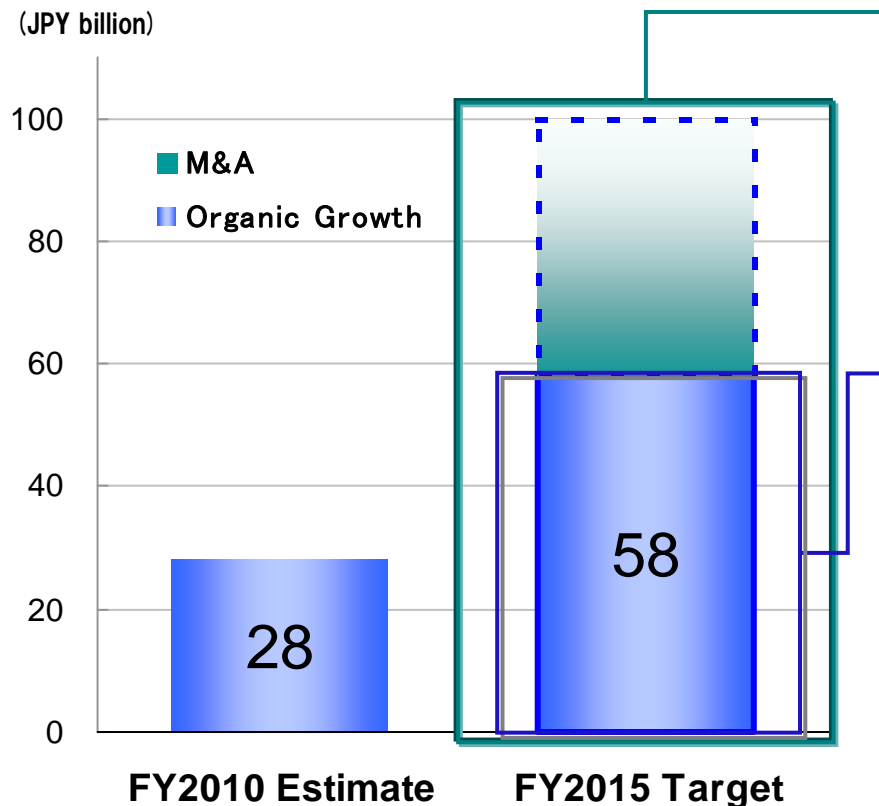
Pursue M&A

- Utilize M&A to accelerate the expansion of talent, sales network, production network and new business areas

Midterm Target

- *Transform from a Japan-centric Japanese company into a globally integrated multi-cultural company*

Sales Estimate and Target



Expand global sales to JPY100 bn

Increase sales to JPY58 billion through the organic growth and achieve further growth by M&A to achieve JPY100 billion sales.

Transform into a global company

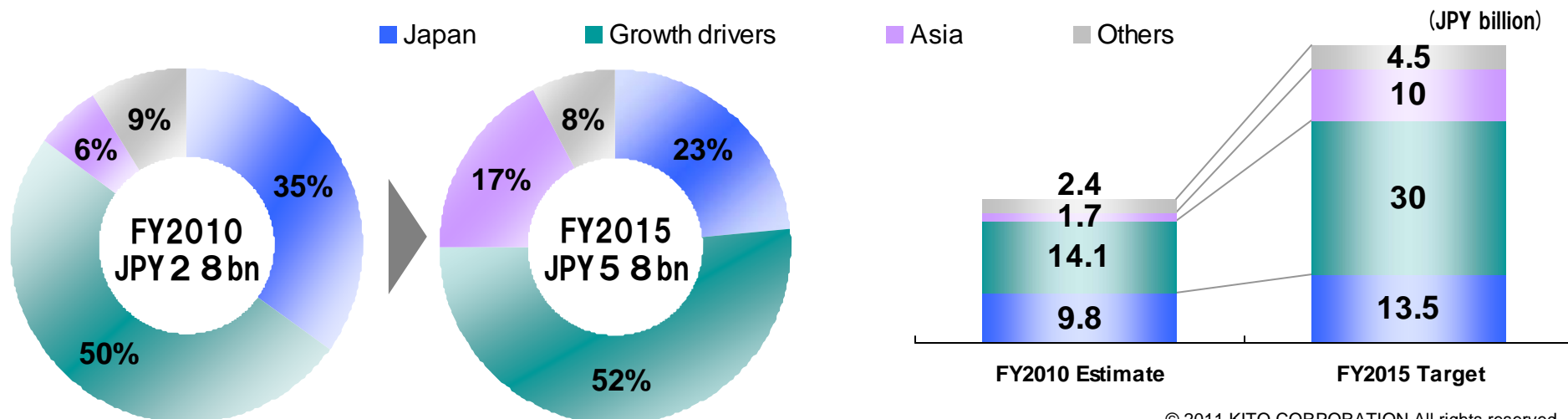
The next five years will be an excellent opportunity for KITO to expand its scale and become the “Truly global No.1 hoist manufacturer.” KITO will shift from a Japan-centric operation to a globally integrated operation utilizing resources and skills around the world.

(JPY billion)	FY2010 Estimate	FY2015 Target
Consolidated sales	2 8	5 8
North America/China	1 4.1	3 0
Asia	1.7	1 0
Pct. of sales outside Japan	6 5 %	More than 7 5 %
Operating Profit Margin	4 %	1 2 %
Market Share	1 0 %	1 5 %
Overseas share in manufacturing cost	3 6 %	More than 5 5 %

Above targets are based solely on organic growth (without M&A contribution)

Asia includes Thailand, India, Indonesia, Vietnam and other countries except Japan and China

Estimate and Target for Sales in Major Markets



Key Strategies

Regional Strategy

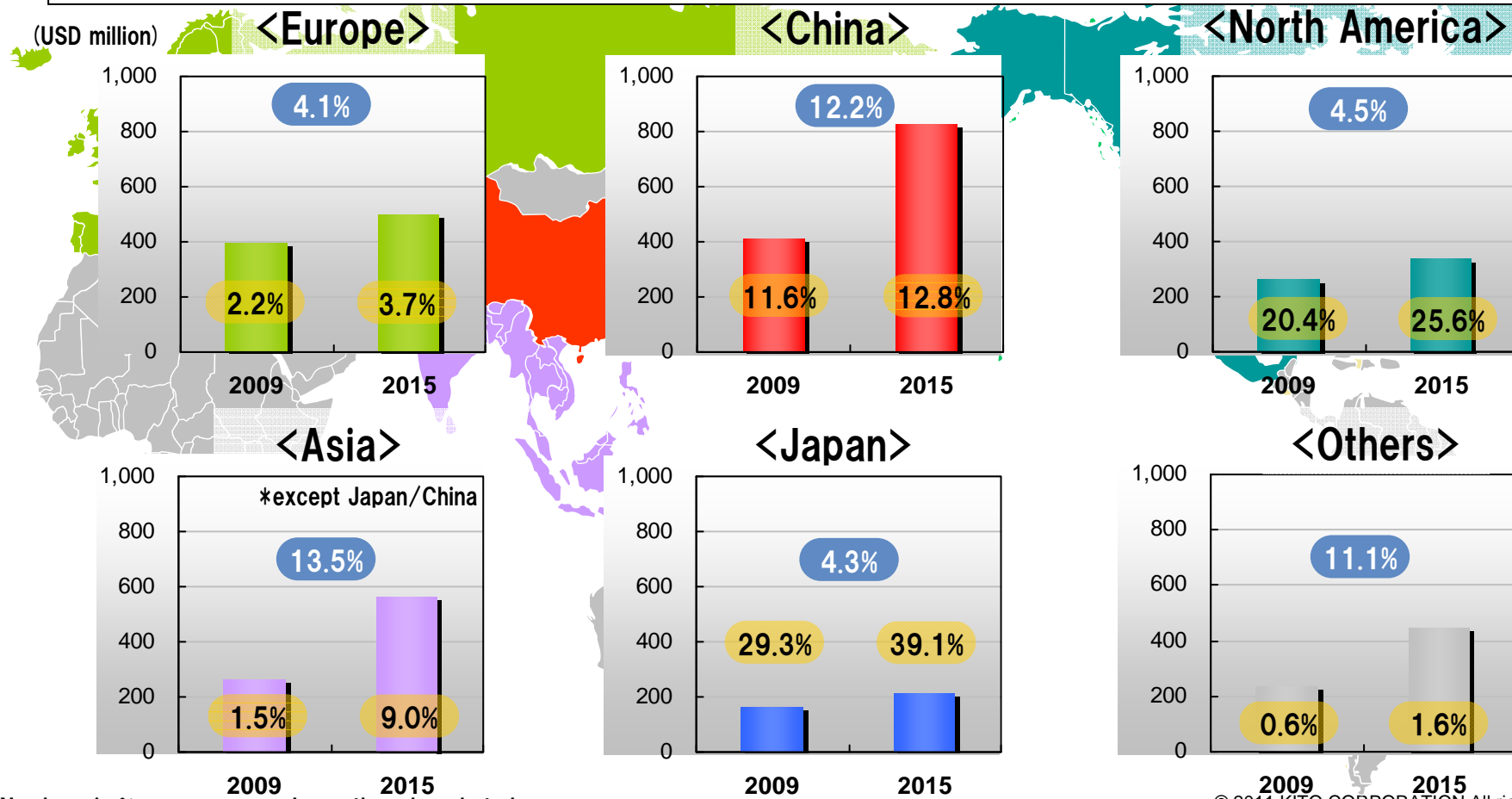
Product Strategy

Manufacturing Strategy

Management

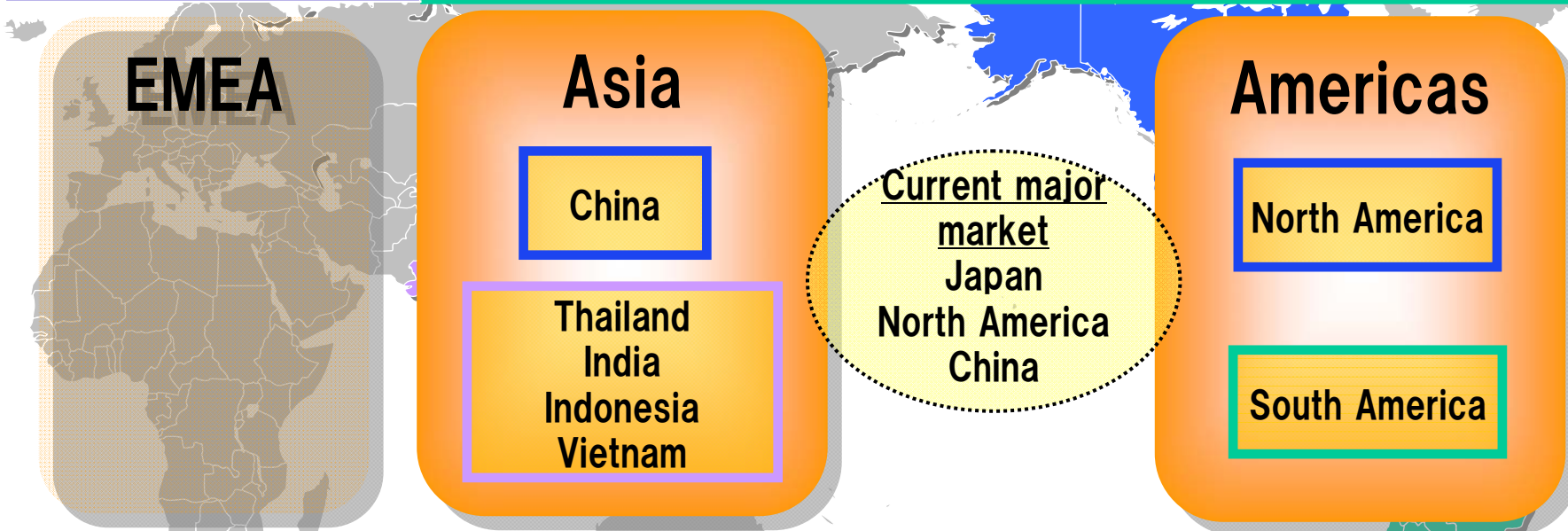
Outlook

- The overall global market will grow steadily and markets in China and other Asian countries will expand rapidly at a double-digit CAGR.
- Competition in the growing markets will be much fiercer but winners will be clarified within the next 2 to 3 years.
- Customers in the growing markets will also appreciate value in safety and reliability more than simple low price.



Numbers in %: average annual growth and market share

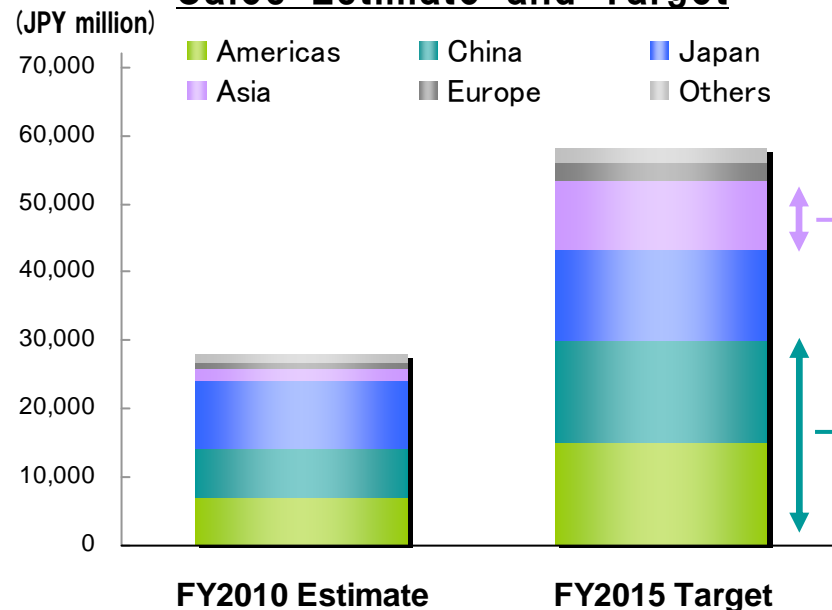
<p>North America China</p>	<p>North America and China will remain growth drivers for some years. KITO will continue to expand its operations and localize its supply chain in those regions.</p>
<p>Asia</p>	<p>KITO will capitalize on growth opportunities by allocating substantial resources to this region with the goal of becoming the market leader in the target market.</p>
<p>Markets to be developed</p>	<p>Build new operational footprints to capture growth opportunities in the future.</p>



<p>Reorganize sales operations</p>	<p>Increase operating efficiency of sales operations Reallocate highly skilled talents to the growing markets</p>
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(JPY million)	FY2010 Estimate		FY2015 Target		Increase	
		Pct.		Pct.	Amount	Ratio
Consolidated sales	28,000	100.0%	58,000	100.0%	30,000	X 2.1
A m e r i c a s	7,100	25.4%	15,000	25.9%	7,900	X 2.1
C h i n a	7,100	25.4%	15,000	25.9%	7,900	X 2.1
J a p a n	9,950	35.5%	13,500	23.3%	3,550	X 1.4
A s i a	1,700	6.0%	10,000	17.2%	8,300	X 5.9
E u r o p e	1,150	4.1%	2,500	4.3%	1,350	X 2.2
O t h e r s	1,000	3.6%	2,000	3.4%	1,000	X 2.0

Sales Estimate and Target



Asia: Thailand, India, Indonesia, Vietnam
Sales target in Asia
JPY10 billion (FY2010 sales X 6)

Americas, China: Growth drivers
Sales target in Americas/China
JPY15 billion in each (FY2010 sales X 2)

Enhance competitiveness of our core products



Expand our product lineup for volume zone in the growing markets

Full-scale entry into the wire rope hoist market



Become a full-line hoist manufacturer with adding wire rope hoists to chain hoist lineup

Expand the lineup of crane systems



Provide one-stop services for hoists and cranes

Restructure service business and operation



Provide lifecycle value that improves safety and productivity at our customers' operation

New business development



Develop and/or acquire new technologies and products focusing on the area of material handling for work stations

Provide products and services to customers in many industries

Mining



Aerospace



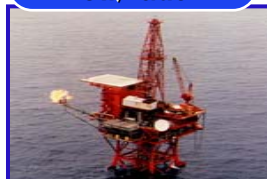
Manufacturing



Construction



Oil/Gas



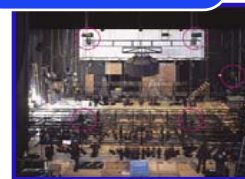
Transportation



Shipbuilding



Entertainment



Wind power



New energy

Solar power

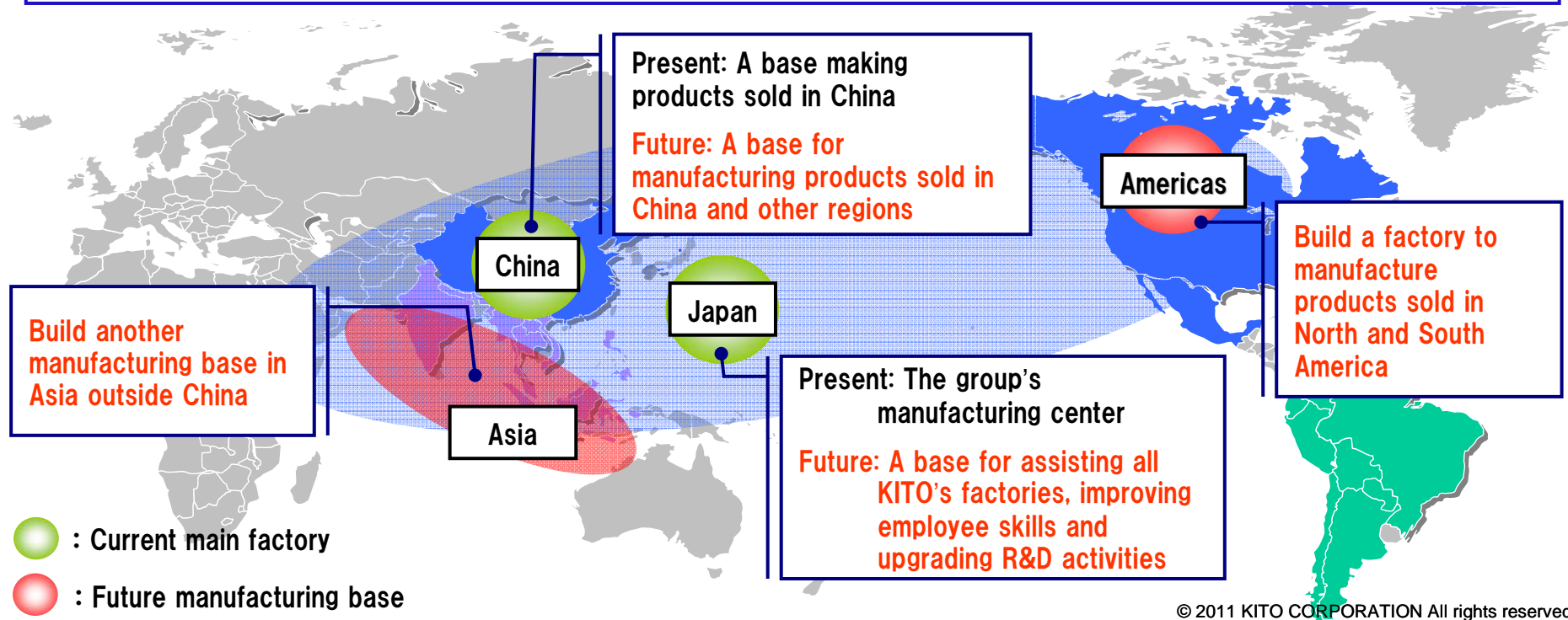


■ Establish a global manufacturing network

Optimize the production and procurement of parts; locate final assembly near delivering markets and disperse the cost of manufacturing across regions. Expand our manufacturing network in the four regions: Japan, China, North America, Asia

■ Transform the Yamanashi factory into a global skill and technology center

The Yamanashi factory will develop and define KITO's manufacturing and technologies and processes and provide assistance all KITO's factories.



Become a global integrated organization

- Upgrade global management capabilities (corporate planning, finance/accounting, personnel, production technology, quality assurance, R&D, marketing, IT, etc)
- Realign regional organizations and appoint executives to overseas operations in each region

Establish the KITO Way

- Assure the corporate philosophy is an integral part of all activities
- Expand a diverse talent base and foster their skills
- Enhance business process standards to support global expansion

Stronger capabilities for M&A

- Enhance our M&A team to consistently identify opportunities and take actions

Pursue an aggressive financial strategy

- To capitalize on growth opportunities, aggressively utilize operating cash flows and finance for conducting M&A and building a global manufacturing network

Regional Strategy

Grow in current major markets
(North America, China)

Penetrate new markets
(Asia, South America)

Product Strategy

Expand our product lineup

Restructure service business

Develop new product categories

Diverse business operations that do not depend on any particular market segment or region
(Sales, products, manufacturing, organization)

Create more growth by quickly adapting to changes in the external environment

Manufacturing Strategy

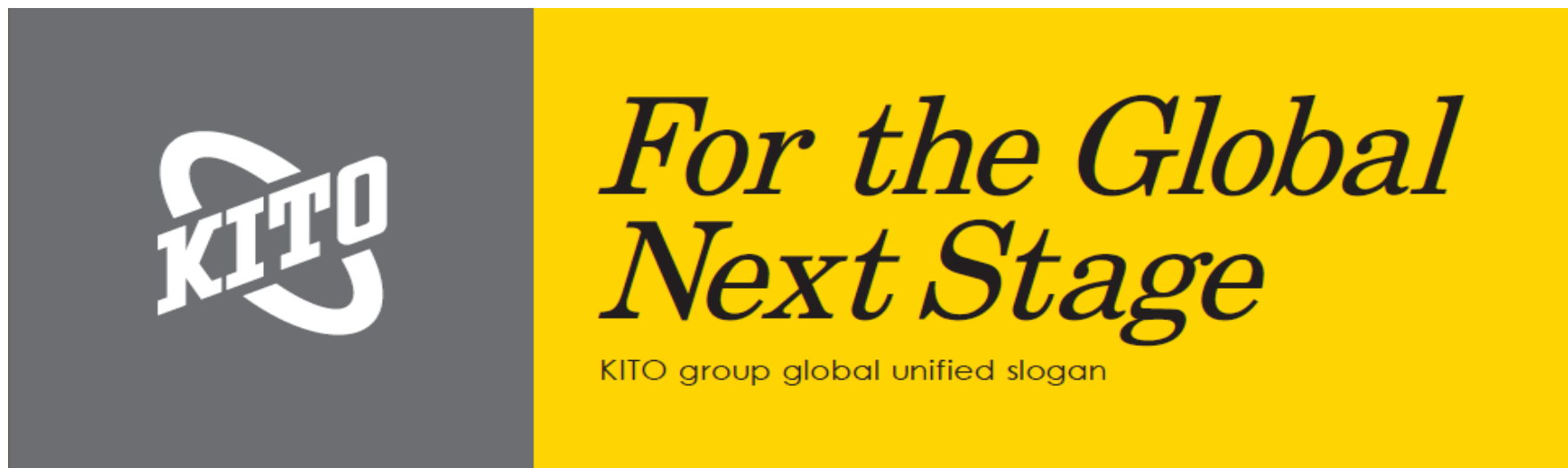
Establish a global manufacturing network

Transform our Yamanashi factory into a global skill and technology center

Management

Become a globally integrated organization

Pursue an aggressive financial strategy



KITO is dedicated to achieving the goals of this plan in order to achieve more growth and continue to increase its corporate value.

The plan in this presentation includes forecasts based on judgment that use information that is currently available. These forecasts include risks and other uncertainties. Consequently, actual performance may differ from these forecasts for a number of reasons.

In addition, this presentation was not prepared for the purpose of soliciting investments in KITO. Investors are urged to use their own judgment to reach investment decisions.