

KITZ



Corporate Report 2017

Kitz CORPORATION



Doing Our Part Today Creating the Future

Dependable supply of water to any location.
Uninterrupted supply of oil and gas.
Precision control systems for clean environments.

The KITZ Group helps enrich our world by producing precision valves to control the flow of water, air, oil and gas, all the fluids we need to sustain our industries, our communities and life itself.

KITZ professionals are in a constant state of challenge, designing and directing the science of fluid flow control to provide products and services that exceed customer expectations, to create innovations that will encompass new fields and new applications throughout the world and to help conduct the flow of civilization into the future.



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To Our Stakeholders

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Editorial Policy

The KITZ Group published *Corporate Report 2017* to provide its shareholders, investors and other stakeholders with information about the Group's initiatives toward sustainable growth. The report focuses on value creation in the short, medium and long term based on the framework presented by the International Integrated Reporting Council (IIRC).

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements concerning future plans, measures and other matters that the Company believes are reasonable assumptions based on information that is currently available. These statements contain a number of risks and uncertainties. Therefore, actual results may differ materially from our expectations due to various reasons.

The KITZ Group's Value Creation Process

Based on sound and highly transparent management, the KITZ Group strives to continuously enhance its corporate value through the manufacture and sales of valves utilizing the Group's strengths. Through these efforts, the Group shall contribute to its shareholders, investors, customers, business partners and employees and to society in various ways and help to create a prosperous society.

The KITZ Group's Strengths



Value Creation Process

Management strategy for realizing sustainable growth

Pages 9-14

Valve manufacturing business that generates value as professionals in fluid flow control

Pages 17-31

KITZ

キッツ宣言

KITZ' Statement of Corporate Mission

キッツは、
創造的かつ質の高い商品・サービスで
企業価値の持続的な向上を目指し、
ゆたかな社会づくりに貢献します。

*To contribute to the global prosperity,
KITZ is dedicated to continually enriching its corporate value
by offering originality and quality
in all products and services.*

行動指針

Action Guide

Do it **KITZ** Way

- Do it True (誠実・真実)
- Do it Now (スピード・タイムリー)
- Do it New (創造力・チャレンジ)

Value Delivery

Corporate governance that realizes sound and highly transparent management

Pages 37-50

- Creation of a comfortable living environment through support for the stable supply of water and energy



- Customer/supplier confidence and coexistence with local communities



- Development of global human resources and creation of a corporate culture in which employees are always motivated



Education system that develops a motivated corporate culture

Pages 33-36

- Business activities that minimize the impact on the environment and strengthening of the environmental management system

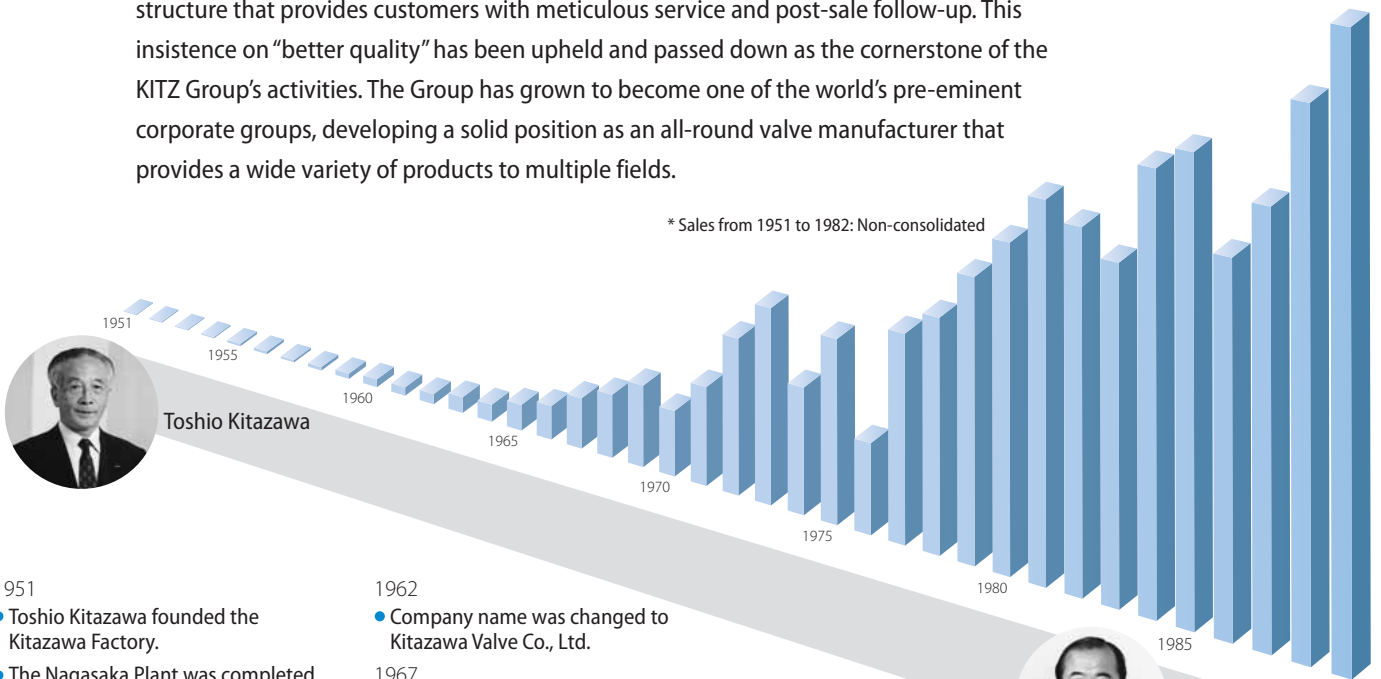


- Continuous enhancement of shareholder value



KITZ Group's Growth Trajectory

The Kitazawa Factory (now KITZ Corporation) was founded in 1951 when Japan was in the transition period from the chaotic aftermath of the postwar era to the approaching era of high growth. Guided by the founding principle of Toshio Kitazawa (1917-1997), the Company positioned integrated production as the basis of its operations, in which all processes are carried out under one roof, from materials to finished products and from casting through machining, assembly, inspection and shipment. Furthermore, the Company has built a structure that provides customers with meticulous service and post-sale follow-up. This insistence on "better quality" has been upheld and passed down as the cornerstone of the KITZ Group's activities. The Group has grown to become one of the world's pre-eminent corporate groups, developing a solid position as an all-round valve manufacturer that provides a wide variety of products to multiple fields.



- 1951
- Toshio Kitazawa founded the Kitazawa Factory.
 - The Nagasaka Plant was completed and the manufacture and sales of copper valves started.
- 1952
- A nationwide distributors' association was organized, marking the establishment of a distribution system for the domestic market.
- 1959
- Started manufacturing brass rods.

- 1962
- Company name was changed to Kitazawa Valve Co., Ltd.
- 1967
- Started manufacturing and selling ductile case iron valves and stainless steel valves.
- 1968
- Started manufacturing and selling butterfly valves.
- 1969
- Started manufacturing and selling cast iron valves.

- 1974
- Started manufacturing and selling cast steel valves.
- 1977
- Listed on the Second Section of the Tokyo Stock Exchange.
- 1978
- **KITZ** became a registered trademark.

- 1985
- Yusuke Shimizu was appointed as President.
- 1989
- The Nagasaka and Ina plants obtained ISO 9001 quality management system certification, making KITZ the first Japanese company to receive this certification.
- 1991
- Spanish ball valve manufacturer ISO S.A. (currently KITZ Corporation of Europe, S.A.) joined the KITZ Group.

History



1951
The Nagasaka Plant begins operation in Japan with just 12 employees in a small workshop, not a full factory.



1962
Japan's first forged brass valves called FH and FS introduced.



1980
An ergonomically designed handwheel, popularly known as the "CHRYSANTHEMUM-HANDLE®," the corporate symbol, introduced for cast bronze valves.

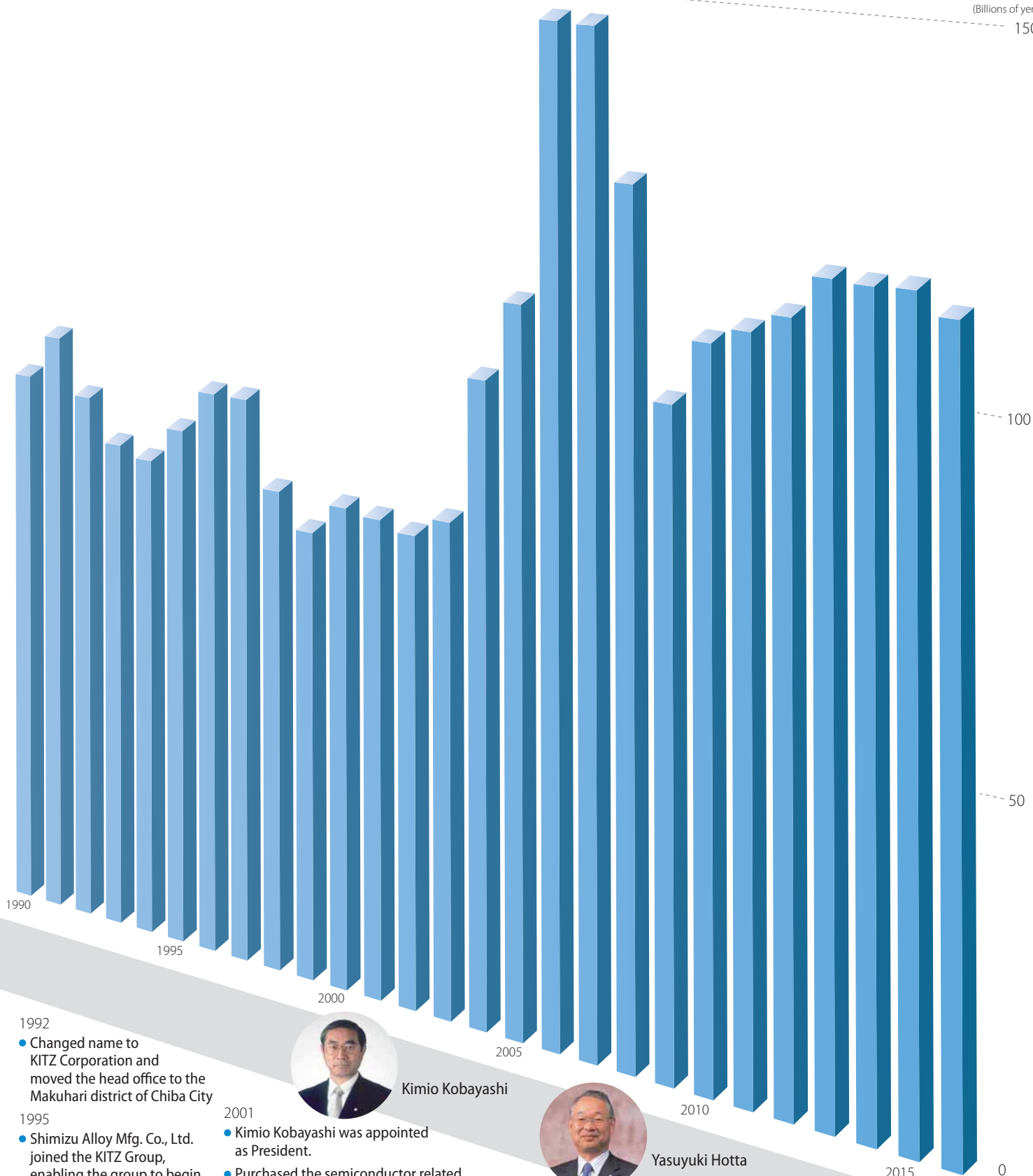


1984
Listed on the First Section of the Tokyo Stock Exchange.

Net Sales

(Billions of yen)

150



1992
 • Changed name to KITZ Corporation and moved the head office to the Makuhari district of Chiba City

1995
 • Shimizu Alloy Mfg. Co., Ltd. joined the KITZ Group, enabling the group to begin supplying products for water supply systems.



1999
 KEEPALOY environmentally friendly lead-free dezincification-resistant brass bars are developed and announced.



Kimio Kobayashi

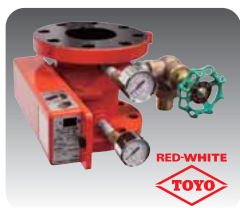
2001
 • Kimio Kobayashi was appointed as President.
 • Purchased the semiconductor related business from the former Benkan Group.



Yasuyuki Hotta

2008
 • Yasuyuki Hotta was appointed as President.

2009
 • Perrin GmbH, a ball valve manufacturer in Germany, joined the KITZ Group.



2004
 Toyo Valve Co., Ltd., another well-known Japanese valve manufacturer, joined the KITZ Group.

2015
 • Indian industrial valve manufacturer Micro Pneumatics Pvt. Ltd. joined the KITZ Group.
 • Brazilian industrial ball valve manufacturer Metalúrgica Golden Art's Ltda. joined the KITZ Group.

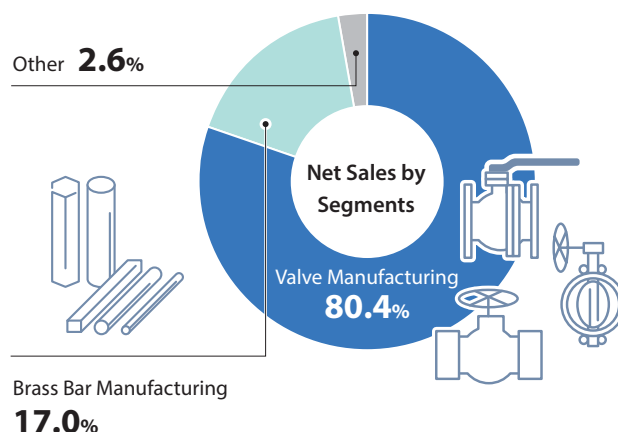
Looking at the KITZ Group by Numbers (as of March 31, 2017)

Net Sales

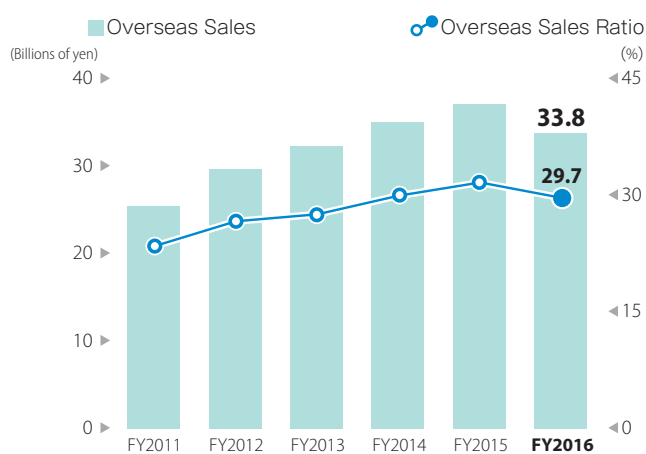
114.1 Billion Yen

In the fiscal year ended March 31, 2017, in terms of net sales the valve manufacturing business accounted for 80.4%, the brass bar manufacturing business made up 17.0% and Other comprised 2.6%. In the future as well, KITZ will aim for further growth as an all-round manufacturer of fluid control devices centering on valves.

* For detailed information, please refer to the [Message from the President on page 9](#).



Overseas Sales Ratio



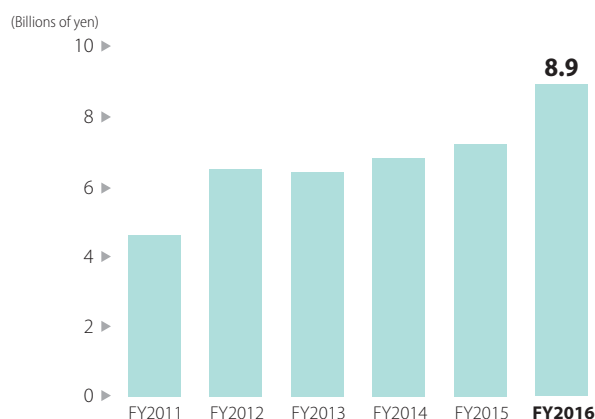
29.7%

The KITZ Group carries out its business in Japan as well as globally and provides products and services in countries and regions around the world. To further expand overseas sales, KITZ is working to strengthen its global sales network and system.

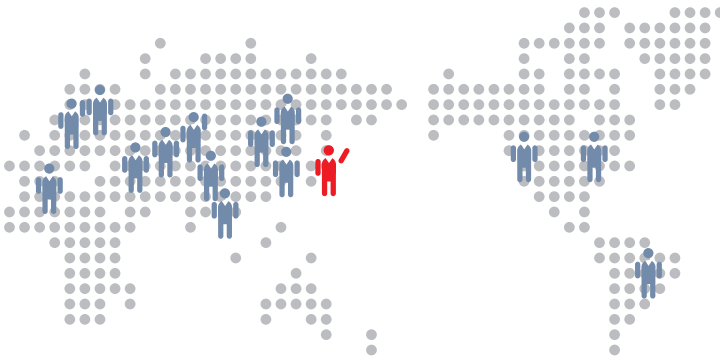
Operating Income

8.9 Billion Yen

KITZ strives to expand sales by quickly developing and launching a product lineup needed by customers in addition to existing products. KITZ also aims for sustainable growth in profits by reducing manufacturing costs through global procurement, in-house manufacture and increasing productivity.



Global Network



12 countries

In 1984, the KITZ Group established KITZ Corporation of America, a sales company in the United States, as its first overseas base. We currently have production and sales bases in 12 countries around the world as we build a global network.

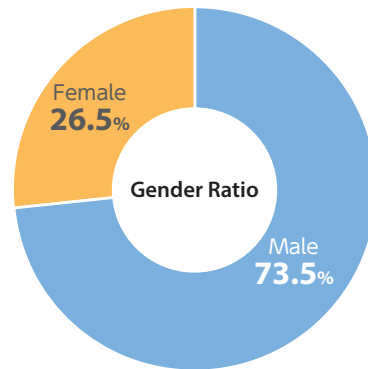
*For detailed information, please refer to **Extensive and Strong Sales Network on page 29**.

Number of Employees (consolidated basis)

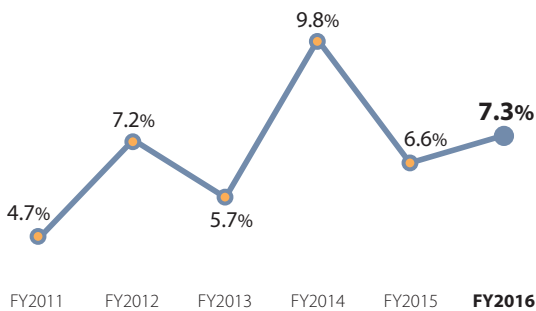
4,597

A diversity of human resources in the KITZ Group are playing active roles irrespective of gender, age and nationality. The number of employees is also increasing in tandem with an expansion in the size of KITZ Group.

*For detailed information, please refer to the **Message from Director in Charge of Human Resources on page 33**.



ROE



7.3%

While aiming for a sustainable growth in profits, KITZ is also striving to further raise ROE. These efforts included the acquisition of 2,298,500 treasury shares from June through July 2016 and 3,180,800 treasury shares from February through March 2017.

*For detailed information, please refer to **Message from the CFO on page 13**.

Total Number of Employees Taking Childcare Leave (cumulative total for KITZ Corporation)

143

Numerous employees take childcare leave and then return to their workplaces. Additionally, we are progressing with initiatives to create friendly working environments for each and every employee. These efforts include implementing shorter working hours and allowing employees to take paid holiday leave in hourly increments for child-rearing.



*Indicates the cumulative total number of employees taking childcare leave since 1995.

To Our Stakeholders

Message from the President



Aiming to enhance our corporate value by mobilizing the full potential of the KITZ Group

Yasuyuki Hotta

President and CEO

Financial Results for the Year Ended March 31, 2017 (FY2016)

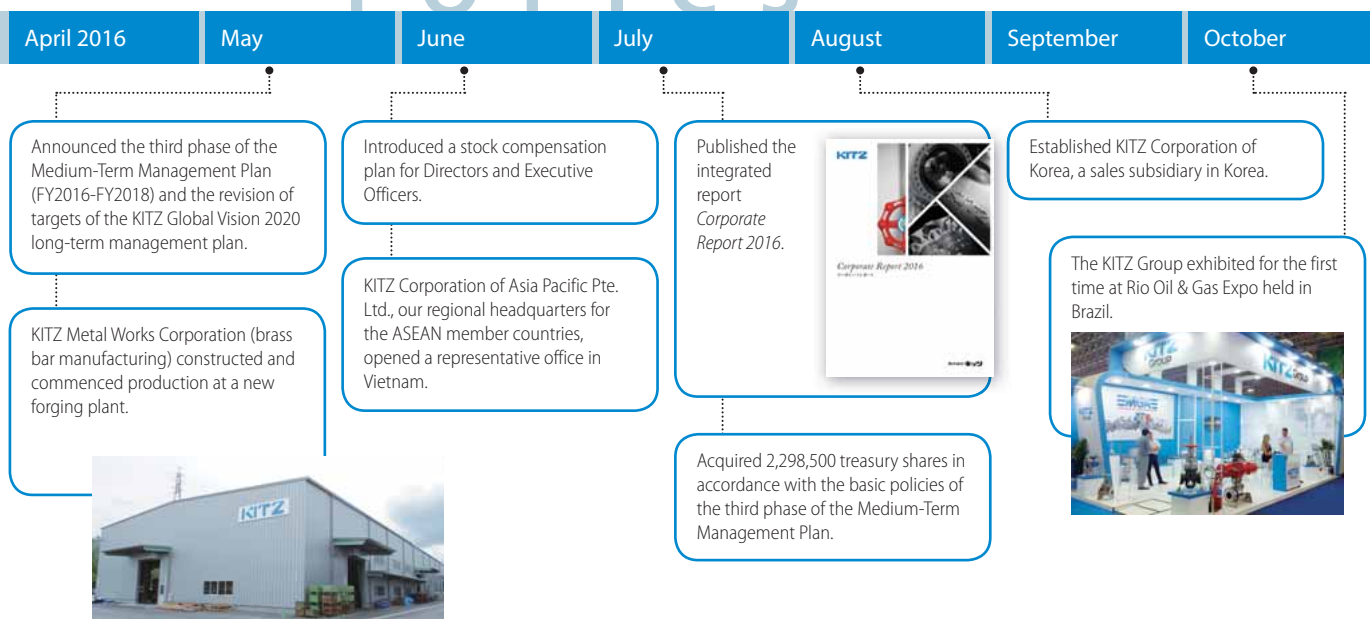
Consolidated net sales in FY2016 decreased ¥3,177 million from the previous fiscal year to ¥114,101 million. In the valve manufacturing business, net sales decreased ¥1,812 million compared with the previous year to ¥91,766 million. In the domestic market, we posted higher sales thanks to an increase in deliveries for periodic maintenance projects at existing plants and to favorable sales for semiconductor manufacturing equipment. In overseas markets, however, sales were affected by curtailments in capital investments due to sluggish crude oil prices and the impact of the appreciation of the yen.

In the brass bar manufacturing business, net sales decreased ¥1,224 million from the previous year to ¥19,333 million. During the fiscal year, the copper market, which affects sales prices, declined from the previous year and sales volume also decreased. Net sales in the other segment (service-related business) decreased ¥139 million compared with the previous year to ¥3,002 million.

In contrast, operating income increased sharply. Segment operating income in the valve manufacturing business increased ¥1,059 million compared with the previous year to ¥11,444 million, owing to the effects of reduced production costs as well as to low raw materials prices and a reduction in procurement costs for products manufactured overseas due to

One Year in the KITZ Group

TOPICS



the appreciation of the yen.

Segment operating income in brass bar manufacturing amounted to ¥831 million, marking a return to the black after an operating loss of ¥16 million in the previous year. This turnaround was due to increased productivity resulting from improvements on production lines in addition to securing a constant profit margin as the copper market trended stably. Operating income in the other segment (service-related business) decreased ¥15 million compared with the previous fiscal year. Overall consolidated operating income increased ¥1,683 million compared with the previous year to ¥8,929 million and ordinary income increased ¥1,498 million from the previous fiscal year to ¥8,799 million.

During the fiscal year, we sold a portion of our cross-held stocks and recorded extraordinary income of ¥2,097 million. Alternatively, we recorded an extraordinary loss of ¥3,756 million due to the transfer to a third party of trust beneficiary rights set up for Head Office real estate for the purpose of achieving sound finances. Regarding corporate taxes, we posted refunded taxes of ¥622 million following the conclusion of a Japan-U.S. mutual agreement concerning ¥716 million recorded in FY2013 as a prior period tax adjustment for a transfer pricing arrangement as a result of a tax audit. Due to these factors, net income attributable to owners of the parent increased ¥484 million from the previous year to ¥5,400 million.

Progress of the Third Phase of the Medium-Term Management Plan and the FY2017 Management Plan

We have set the numerical targets of net sales of ¥120,000

million and operating income of ¥10,000 million for FY2018, the final year of the management plan. For the third phase of the management plan that commenced in FY2016, we factored in expectations of sluggish crude oil prices and prolonged stagnation in the economies of China and emerging countries. In view of this outlook, we have shifted our orientation from the expansion of our business scale to steady profit growth. In FY2016, despite lower revenues, we posted a large increase in operating income. Both sales and profits also exceeded the first-year numerical targets of the third phase of the Medium-Term Management Plan.

Looking ahead to FY2017, there are no signs of improvement in overseas markets. In the domestic market, despite an expected upswing in demand for redevelopment projects in the Tokyo metropolitan area starting in the last half of the fiscal year, there is little likelihood of a favorable change of the business environment.

Over the past several years we have sustained profit increases even amid persistently harsh circumstances where achieving growth in sales is difficult. Operating income for FY2016 has approached our FY2017 initial target for the third phase of the Medium-Term Management Plan. In FY2017, we will strive to attain the operating income target for FY2018, one year ahead of schedule. The raw materials market is trending upward and this pushes down profits in our valve manufacturing business. Nevertheless, we aim to achieve operating income of ¥10,000 million through price revisions (price increases) in the domestic market made for some of our products in May 2017 and by working to realize further manufacturing cost reductions.



Toward the Attainment of “KITZ Global Vision 2020” Long-Term Management Plan

Under the “KITZ Global Vision 2020” Long-Term Management Plan, we have set the target of attaining record-high operating income of ¥12,500 million (surpassing the previous high of ¥11,615 million in FY2007) in FY2020. To achieve this target we have designated building facility, petrochemistry and general chemistry, and clean energy (hydrogen and LNG), which are fields where we can leverage our strengths, as focused market fields and will concentrate the allocation of resources on these fields.

To expand sales in an environment where increasing sales of existing products is difficult, KITZ must quickly introduce new products needed by customers. For this purpose, in April 2016 we established the Product Management Center (PMC) as a new organization. Within PMC, we established business promotion departments to handle the respective three focused market fields. As the execution organization for product management, PMC will carry out activities that include quickly and expeditiously performing functions from market surveys to development and launch of product lines based on strategies for each of the focused markets. PMC will pursue a

policy of vigorously promoting the development of new products matched to customer needs. In April 2017, we established the Future Business (FB) Planning Department within PMC. This new department will undertake medium- and long-range marketing, new product planning and R&D that encompasses basic research. The department will consider how we can enter fields expected to grow in the future by leveraging the KITZ Group’s strengths and incorporating other new elements. Looking ahead, we are hoping to introduce KITZ’s human capital and other resources not only in high-quality manufacturing, which is our forte, but also for initiatives focused on providing solutions and services.

In the brass bar manufacturing business as well, we constructed a new forging plant at KITZ Metal Works Corporation to integrate the KITZ Group’s brass cutting/forging processes. The new plant commenced operation in May 2016.

To further enhance production efficiency, we are promoting the renovation of aging existing facilities and are consolidating production lines. Although this means we will be making large-scale capital investments spanning multiple years, we will steadily progress with these projects from a medium- and long-term perspective.

Targets (FY2016-FY2018)

(Millions of yen)

	FY2016		FY2017		FY2018
	Initial Plan	Results	Initial Plan	Revised Plan	Initial Plan
Net sales	▶ 111,500	▶ 114,101	▶ 115,000	▶ 117,000	▶ 120,000
Operating income	▶ 8,000	▶ 8,929	▶ 9,000	▶ 10,000	▶ 10,000
Ordinary income	▶ 7,700	▶ 8,799	▶ 8,700	▶ 9,700	▶ 9,700
Net income attributable to owners of the parent	▶ 5,000	▶ 5,400	▶ 5,700	▶ 6,300	▶ 6,300
Operating income to net sales	▶ 7.2 %	▶ 7.8 %	▶ 7.8 %	▶ 8.5 %	▶ 8.3 %
Overseas sales ratio	▶ 31.8 %	▶ 29.7 %	▶ 32.7 %	▶ 29.1 %	▶ 34.2 %
ROE	▶ 6.6 %	▶ 7.3 %	▶ 7.2 %	▶ 8.5 %	▶ 7.7 %
Equity ratio	▶ 63.9 %	▶ 61.9 %	▶ 64.7 %	▶ 64.1 %	▶ 64.0 %
○ Net sales by segments					
Valve manufacturing	▶ 92,000	▶ 91,766	▶ 95,000	▶ 94,000	▶ 100,000
Brass bar manufacturing	▶ 16,400	▶ 19,333	▶ 16,500	▶ 20,000	▶ 16,500
Other	▶ 3,100	▶ 3,002	▶ 3,500	▶ 3,000	▶ 3,500
○ Operating income by segments					
Valve manufacturing	▶ 11,000	▶ 11,444	▶ 11,900	▶ 13,000	▶ 13,150
Brass bar manufacturing	▶ 250	▶ 831	▶ 350	▶ 400	▶ 100
Other	▶ 100	▶ 59	▶ 150	▶ 50	▶ 150

Enhancing Corporate Governance

KITZ's corporate philosophy is pursuing sustainable improvement of its corporate value by providing creative and high-quality products and services. As a company having social responsibility, the Company works to achieve management in consideration of all its stakeholders. To achieve sound and highly transparent management, the Company takes a variety of steps to enhance its corporate governance.

In FY2016, the Board of Directors conducted a survey of Directors and Audit & Supervisory Board Members on the effectiveness of the Board of Directors and discussed issues to improve effectiveness based on the results of the survey. KITZ also established the Executive Compensation Committee, which consists of a majority of Outside Directors and discusses policies and details concerning executive compensation, and the Nomination Committee, which also has a majority of Outside Directors and selects candidates for Director, Auditor and Executive Officer from diverse perspectives.

With the aim of raising awareness for contributing to medium-and long-term improvements in business results and an increase in corporate value, in FY2016 we introduced a stock compensation plan for Directors (excluding Outside Directors) and Executive Officers.

In June 2017, KITZ added one Outside Director and as a result the six-person Board of Directors now includes three Outside Directors. KITZ has formulated the "Criteria for Determining the Independence of Outside Directors." All Outside Directors satisfy the independence criteria prescribed and also satisfy the criteria of the "Independence Standards for Outside Directors" prescribed by the Tokyo Stock Exchange. The Company registers its independent directors with the Tokyo Stock Exchange.

Evolving to Become a Truly Global Company

Having commenced operations in 1951 as the Kitazawa Factory, KITZ marked a notable milestone in 2016 when it celebrated its 65th anniversary. The Company set sail with just 12 employees and its operation resembled a town workshop rather than a company. Today, KITZ has grown to become a



corporate group with 33 subsidiaries and over 4,500 employees. The Company has also actively moved forward with wide-ranging globalization with bases in 12 countries, and its employees outside Japan account for more than 50% of the employees in the entire Group. In working toward "evolving to become a truly global company," KITZ is striving to cultivate human resources capable of thinking with a global viewpoint while creating an environment that enables each employee to demonstrate his or her abilities to the maximum extent possible, irrespective of gender, age and nationality. Additionally, KITZ believes that promoting the active participation of women is essential for ensuring its ongoing and ever-evolving existence for many years into the future. Acting on this belief, KITZ is establishing personnel systems that enable women to build careers as company employees who work with a sense of fulfillment as they execute their job responsibilities while choosing and pursuing diverse lifestyles in accordance with changes in various stages of their personal lives, including child care.

Toward a New Chapter in Our History

During the past year when we marked the milestone of our 65th anniversary, we held commemorative events at our all our business sites in Japan. These events enabled employees to reflect back on the course of the Company's history from the time of our founding to the present and to consider the pursuit of a new growth trajectory while also allowing employees to deepen their sense of mutual solidarity and strengthen communications. As a result, everyone got off to a fresh start bound by a single spirit as we stride toward our 70th anniversary, which is our next milestone, as well as toward 10 and 20 years into the future.

We will cherish our 65-year history and continue to achieve growth as we write a new chapter in KITZ's history. In working toward our objectives, I ask for your continued support.

Message from the CFO



We will work toward sustainable profit growth and the improvement of capital efficiency, aiming to create a stronger financial standing and the enhancement of shareholder returns.

Kenji Katsuragi

Executive Officer and Deputy Division Manager, Corporate Administration Division

Reforms in the Business Structure and Concentration of Management Resources

Amid the ongoing globalization of business competition, the KITZ Group decided to concentrate management resources on the valve manufacturing business and the business of manufacturing brass bars, a valve material, and has proceeded with the restructuring of its businesses.

In recent years, the KITZ Group has transferred the fitness business and the insurance agency business to external parties and reorganized its production bases in Japan. At the same time, the Group has acquired valve manufacturers in India and Brazil through M&A. We are currently striving to reduce manufacturing costs, develop overseas markets and carry out production at optimal sites. Moreover, in working to expand its filter business, the Group is also focusing on growing its business in peripheral fields of its main businesses. These efforts included acquisition of a Korean manufacturer of hollow fiber membranes.

The KITZ Group has adopted the basic policy of limiting capital investment and funds for M&A activities within the scope of cash flows provided from operating activities. However, we will also consider the optimal financing method for large-scale M&A activities. In FY2016, the KITZ Group could cover capital expenditures of the valve manufacturing business and brass bar manufacturing business, the development cost of the product lifecycle management system and core system through cash flows provided from operating activities for a single year.

Building a Global Business Management Structure

The KITZ Group is working to build a global production and sales network under the banner “evolving to become a truly

global company” as articulated in the KITZ Global Vision 2020 long-term management plan. In recent years, KITZ has developed multi-functional overseas bases while actively pursuing overseas M&A. Under these circumstances, strengthening the business management of overseas Group companies is becoming an increasingly crucial issue. Accordingly, we will promote the further “visualization” of business conditions and issues at each company, strengthening and assuring the stability of our consolidated financial structure, ascertaining and preparing to respond to future risk, and strengthening the Group’s internal fund management.

Fund Efficiency Improvement and Financing

KITZ Group companies manage their surplus funds on a daily basis within the Group through the Cash Management System (CMS) in Japan. The Company and Group companies overseas are putting surplus funds to practical use in the same currency and managing funds in ways that keep credits and debts in balance, in principle.

The Company is also focusing on the cutback of funds on hand to reduce interest-bearing liabilities. The Company has signed a specified line of credit (commitment line) agreement for short-term borrowings totaling ¥4,000 million with its respective relationship banks to prepare for unexpected demand for funds.

Regarding the procurement of medium- and long-term funds, the Company is maintaining good relationships with the respective banks where it holds accounts. In September 2015, the Company procured funds from capital markets when it issued corporate bonds for public subscription amounting to ¥10,000 million (redeemable in seven years) on the third occasion (acquired an A- rating from Rating and Investment

Information, Inc. (R&I)). In preparation for bond issuances in the future, in October 2016 the Company made a registration for a total issuance limit of ¥20,000 million for the issue of new corporate bonds and acquired the same A- rating from R&I. To further raise trust as a long-term issuer, we have obtained a rating from Japan Credit Rating Agency, Ltd. (JCR) and in June 2017 this rating was raised from the previous A- to A.

Sound Financial Standing

The KITZ Group considers it essential to strengthen its financial standing to execute new growth strategies for enhancing corporate value and preparing for losses, such as goodwill impairment incurred due to large-scale M&A, damage resulting from a major natural disaster and geopolitical risks. For these purposes, the Group will work to increase shareholders' equity by continuing to retain reasonable profits.

Consolidated shareholders' equity at the end of March 2017 excluding non-controlling interests amounted to ¥71,046 million, up ¥170 million from the end of the previous fiscal year. The equity ratio incorporating total accumulated other comprehensive income came to 61.9%.

In accordance with the Corporate Governance Code, we re-evaluated the significance of our shareholdings and sold a portion or all of our 29 investment securities holdings and by doing so recorded extraordinary income of ¥2,097 million. On the other hand, we recorded an extraordinary loss (impairment loss) of ¥3,598 million. This was due to the issue and transfer of trust beneficiary rights for and the lease back of Head Office real estate to eliminate the divergence between book value and market value with the aim of achieving sound finances.

Enhancing Shareholder Returns

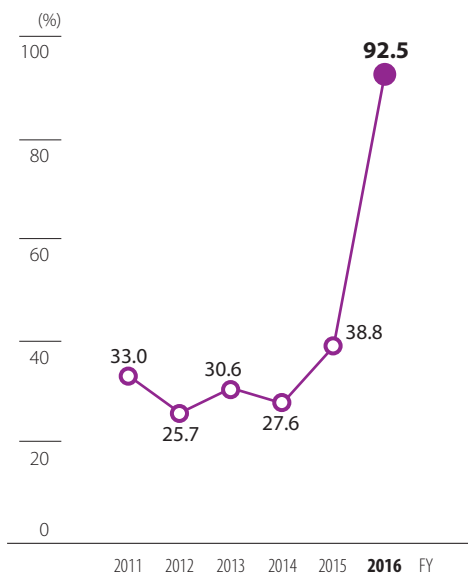
The Company positions returning profits to shareholders as one of its highest priorities. The Company considers that a dividend payout ratio of about 25% of net income attributable to owners of the parent as a desirable level for cash dividends



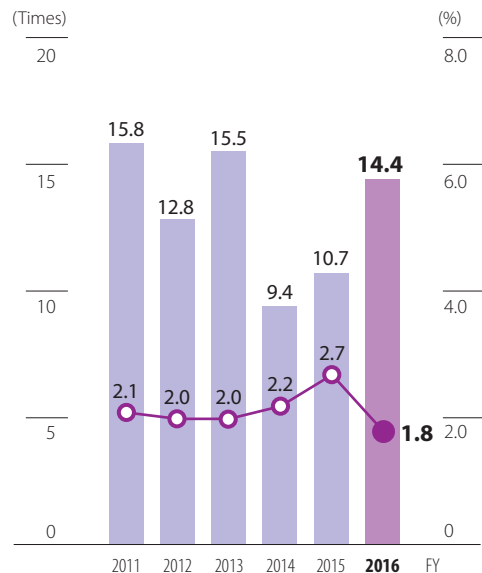
with consideration given to their consistency and stability. The Company paid ¥13 per share as cash dividends for the year ended March 2017. The dividend payout ratio came to 25.3%. The Company has aimed for a consolidated total return ratio of around one third of net income attributable to owners of the parent. However, in the third phase of its medium-term management plan the Company intends to return more profits to shareholders by acquiring treasury stock more aggressively. Based on this policy, the Company acquired 2,298,500 shares of treasury stock from June through July 2016. Furthermore, in February 2017, the Company decided to acquire 5 million treasury shares (with an upper limit of ¥3,500 million) using funds from the sale of cross-held stocks and completed the acquisition of 3,180,800 shares of treasury stock by the end of March 2017. As a result, the consolidated total return ratio was 92.5%.

The Company also recognizes return on equity (ROE) as one of the key management indexes. The Company will work to maintain profit growth by improving management efficiency through the concentration of management resources and expanding businesses. At the same time, the Company will make efforts such as the acquisition of treasury stock. The Company has resolved to address the improvement of capital efficiency, aiming to raise ROE from the current level of 7.3% to 9% in FY2020 and to 10% in the near future.

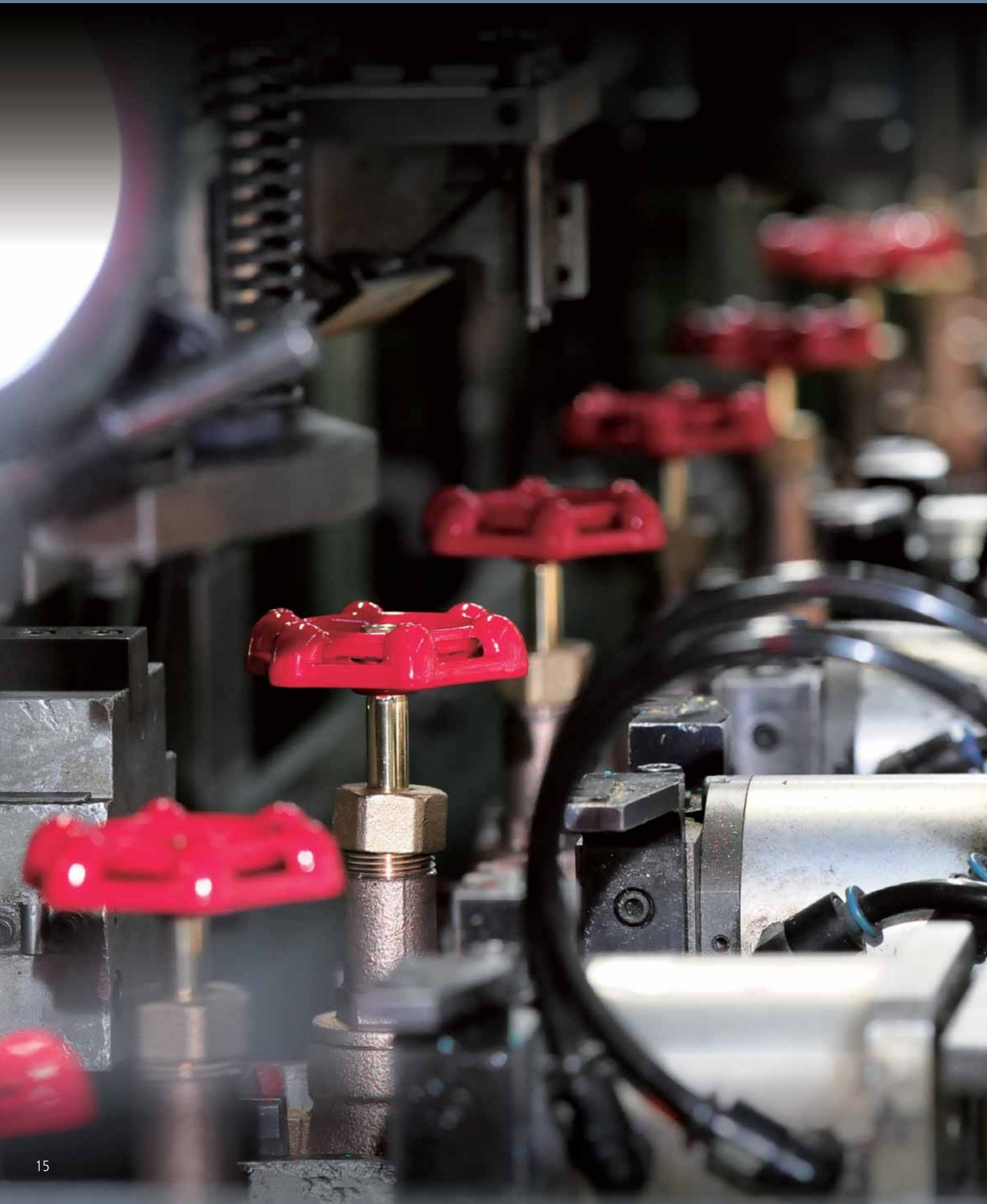
Consolidated Total Return Ratio



PER ■ Dividend Yield ●



Business Summary and Strategy



Challenging New Possibilities

The KITZ Group takes on the challenge of new possibilities such as the development of environmentally friendly products. KITZ actively strives to achieve further growth by cultivating new markets.

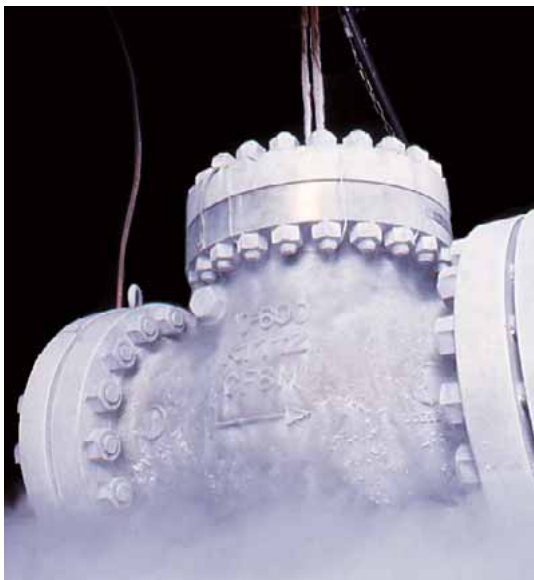
Toward the Realization of a Clean Energy Society

Under the third phase of the Medium-Term Management Plan, KITZ has positioned clean energy (hydrogen and LNG) as one of focused market fields.

KITZ has already been supplying products to LNG markets for 30 years and has a record of numerous achievements, mainly in the domestic market. Looking ahead, KITZ foresees growth in these fields centered on Asian markets and believes that developing products compatible with standards in each area will become essential. KITZ will strengthen its technology development with a view also toward mass production.

In products for hydrogen-related markets, KITZ developed Japan's first super high-pressure ball valves for hydrogen stations and launched sales five years ago. KITZ anticipates that in the future it will supply valves for the entire hydrogen energy supply chain that ranges from manufacturing plants to transportation, terminals and hydrogen stations. For this reason, KITZ is working to develop various products including valves for liquefied hydrogen. Valves for LNG-related uses must be able to withstand low temperatures of minus 196°C. Valves for liquefied hydrogen are required to meet even far more stringent conditions and must be able to withstand temperatures as low as minus 253°C. KITZ is leveraging the know-how cultivated in valves for LNG use and is proceeding with development so that it can supply valves for liquefied hydrogen as quickly as possible.

KITZ will contribute to the realization of a clean energy society by supplying highly functional high-quality valves.



Low temperature valve for LNG

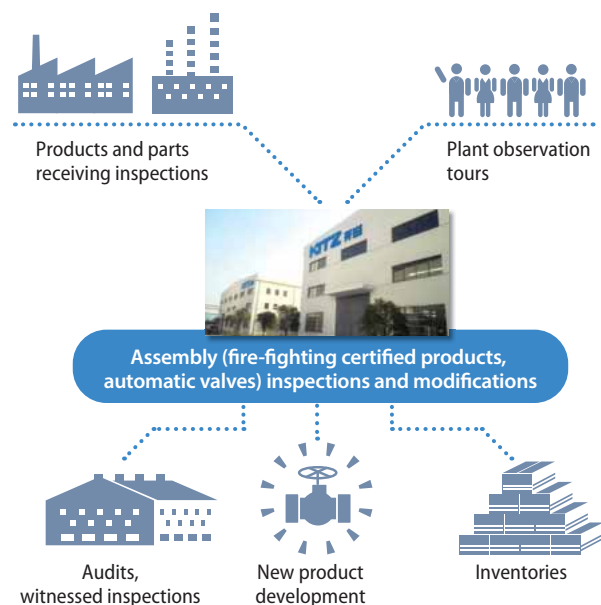
Further Expanding Sales by Establishing a Multifunctional Base in China

KITZ Corporation of Shanghai, a Group company in China, carries out sales with bases in Shanghai, Beijing, Shenzhen and Chongqing. To further expand sales in the Chinese domestic market, It established a branch in Changshu city, Jiangsu Province, northwest of Shanghai that commenced operation in January 2017. It will serve as a multifunctional base that executes such functions as new product development, production, quality assurance, technical service and logistics service.

In the future, the new base will acquire various certifications, including fire-fighting certification. It will also strengthen its sales capabilities and improve its services.



Changshu branch



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Valve Manufacturing Business

Message from Unit General Manager, Flow Control Business Unit



We support the stable supply of water and energy and improve an environment in which people can live with a sense of reassurance.

Toshiaki Natori

Director, Senior Executive Officer and Unit General Manager, Flow Control Business Unit

What are Valves?

Valves are a general term for fluid control devices that have the function of flowing and stopping fluids (water, air, oil, gas, etc.) in pipes and controlling the flow.

The origin of valves dates back to woodcocks that were excavated from ancient Egyptian ruins dating from around 1000 BC. Around the mid-1800s, when boilers for spinning were imported, metal valves were used for the first time in Japan. At the start of the Meiji era, when water service and town gas service commenced, valve manufacture began in Japan.

Today, valves are connected with diverse pipes in a wide range of fields from those close to our daily life, such as water and sewage, hot-water supply, gas and air conditioning, to the production processes in industrial fields, such as oil, chemical and pharmaceutical products and food. Valves play an extremely important role. Although we are rarely aware of their existence in our daily life, valves strongly support our life behind the scenes.



As an All-Round Valve Manufacturer

The reason why the KITZ Group has become a world-leading corporate group is that we have established a position as an all-round valve manufacturer that provides diverse products in every field. Many manufacturers specialize in limited fields or produce and sell products by narrowing down materials and shapes, whereas the KITZ Group provides a lineup of products in a variety of shapes using various materials, such as bronze, brass, stainless steel, cast iron and carbon steel, and provides products globally to areas from the fields of our lives to industrial fields. These products are produced in an integrated production system, starting from materials. The KITZ brand is well established for its reliability.

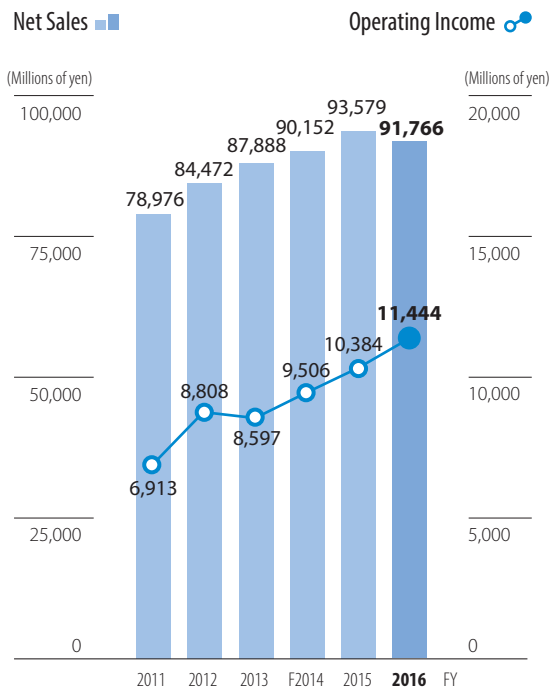
FY2016 Results and FY2017 Targets

In valves for building facilities in the domestic market, there were no signs of any major recovery in demand. In industrial-use valves, despite curtailments in capital investments over the past several years, we have performed relatively well thanks in part to deliveries for major periodic maintenance projects. In overseas markets, harsh conditions are persisting due to sluggish crude oil and other resources prices since 2016, a steep decline in resources-related projects and the continuing sharp appreciation of the yen. On the other hand, at the profit level, we have progressed with the reduction of production costs and have also benefited from low raw materials prices. As a result of these factors, although net sales in the valve manufacturing business dipped 1.9% from the previous year to ¥91,766 million, segment operating income increased sharply, rising 10.2% from the previous year to ¥11,444 million.

Looking ahead to FY2017, although there are no signs of improvement in overseas markets, in the domestic market demand is rising for valves for building facilities for redevelopment projects in the Tokyo metropolitan area. Additionally, there are expectations that the construction of facilities for the 2020 Tokyo Olympic and Paralympic Games is about to finally move into full swing. That said, the peak of these deliveries will likely be from the next fiscal year onward. At any rate, it will be difficult to achieve a growth in sales in FY2017 on the back of an economic expansion. Under these harsh circumstances, it is important to introduce new products needed by customers as quickly as possible. We intend to establish a structure enabling us to make timely proposals of new products in fields where until now we have been unable to aggressively make inroads or where we have been weak. We will proactively move ahead to develop new products that contribute to sales expansion.

On the other hand, an increase in raw materials prices pushes down profit in our valve manufacturing business. Nevertheless, we aim to achieve FY2017 segment targets of net sales of ¥94,000 million and operating income of ¥13,000 million through price revisions (price increases) for some of our products implemented in the domestic market in May 2017 as well as by further reducing manufacturing costs through global procurement, in-house manufacture and increasing productivity while accelerating the elimination and consolidation of the product lineup and the standardization of parts.

Net Sales & Operating Income in Valve Manufacturing Business Segment



* The operating profit of the valve business shows the figures before the elimination of corporate expenses, etc.

Toward Medium- and Long-Term Growth

As part of our area strategy, in August 2016 we established KITZ Corporation of Korea as a sales subsidiary in Seoul, Korea. Meanwhile, in June 2016, KITZ Corporation of Asia Pacific Pte. Ltd., our regional headquarters for the ASEAN member countries, opened a representative office in Ho Chi Minh City, Vietnam. In this manner, we achieved progress in strengthening our marketing functions in various geographic areas. We are also striving to further enhance our overseas bases. In line with these efforts, KITZ Corporation of Shanghai, a sales subsidiary in China, established a branch to serve as a multi-functional base that carries out such functions as new product development, production, quality assurance, technical service and logistics service.



Warehouse at Changshu branch of KITZ Corporation of Shanghai

In December 2016, to strengthen the competitiveness of the filter business (water purifiers, precision filters), Filcore Co., Ltd., a Korean manufacturer of hollow fiber membranes joined in the group. KITZ SCT Corporation (semiconductors), which manufactures and sells valves and fittings to semiconductor fields, where conditions are favorable, constructed a new dedicated plant for system products. The new plant commenced operation in June 2017.

The KITZ Group will respond to a wide range of customer needs and accelerate business in growth fields within their respective business domains.



KITZ SCT Corporation dedicated plant for system products

KITZ Group



Water

Water: The Source of Life

— Bringing Renewed Confidence to Water Usage —

Water is the source of life and essential for sustaining all lives on the earth. The KITZ Group helps to make people's daily lives more comfortable by supporting stabilized water supply through its safety-conscious products and services.

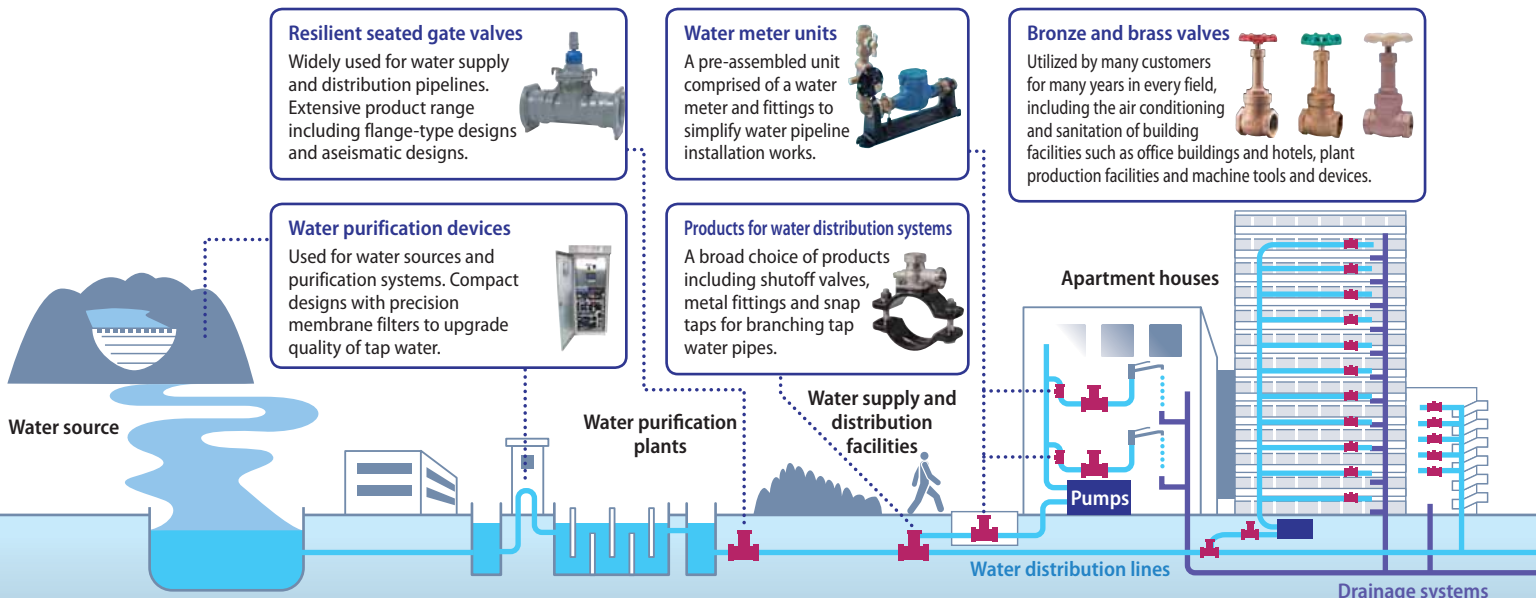
Evolution of Water Treatment Technology

The KITZ Group's history began with water products. Since we started producing bronze valves, we have been supplying water service valves that control distribution of water to homes, buildings and industrial facilities. Our products are now installed in waterworks, water reservoirs, sewage plants and water pipelines as well as millions of homes.

Working toward Solving Water-Related Issues

Today, we work actively on the development of environmentally friendly technologies, such as surface treatment technology to prevent elution of nickel and lead from valves, and lead-free copper alloy materials, and meet the international standards for water quality.

The KITZ Group is seeking new solutions for various water-related problems by harnessing the Group's combined capabilities, utilizing every group member's experience, know-how, technologies, products and services.





Valves for water supply systems

Made of special chemical ingredients to minimize or eliminate lead elution into tap water for protection of human health.



Valves for water heaters

Designed for easy installation on compact, space-saving type for water heaters.



Water conditioners for commercial applications

Unique water conditioners sterilize bacteria and decompose organic materials to chemically improve water quality for application to swimming pools, hot springs, fish farms and metal plating processes where water needs to be recycled.



Tap water filters for home use

Hollow fiber membranes purify tap water. Available in the tabletop type and the under-sink type.



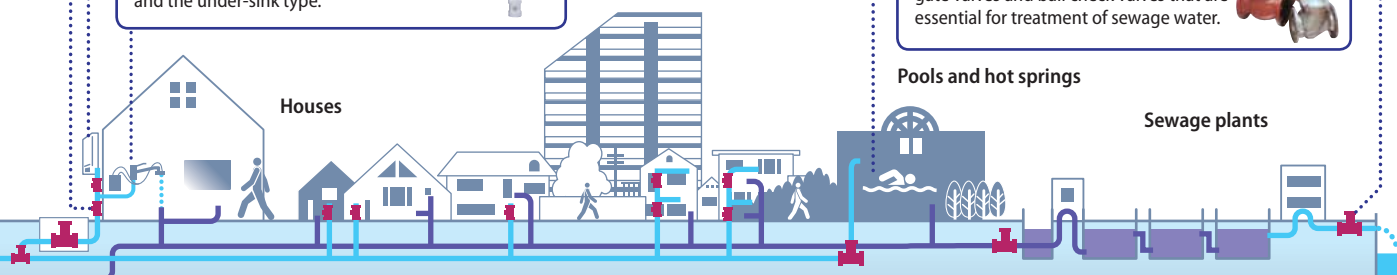
Valves for sewage plants

An extensive lineup of valves including gate valves and ball check valves that are essential for treatment of sewage water.



Pools and hot springs

Sewage plants



KITZ Group



Energy

Oil and Gas: The Valuable Energy Resources for Industry-Running

— Providing Oil and Gas to Users in an Endless Stream —

The KITZ Group provides a wide scope of products that play a key role in maintaining the flow of oil and gas— essential energy resources—to oil refineries, petrochemical plants, chemical plants and innumerable other industrial processes through oil and gas pipelines, loading/off-loading terminals and other modes of transportation.

Controlling the Flow of Fluids in Extreme Harsh Environments

For handling oil and gas, valves must be able to withstand severe conditions like extremely high temperatures and pressure with no possibility of failure. Before introducing any new product, the KITZ Group repeats stringent laboratory tests, analyses and evaluations based on actual on-site service environments. Only those products that have passed such verification procedures are added to our product

lineup. The KITZ Group's steel valves are in great demand for their reliability in the Middle East as well as along the U.S. Gulf Coast, where many of the world's largest petrochemical processing plants are being operated. Many of our cryogenic service valves are installed at LNG loading/off-loading terminal processes in many locations, while fully-welded design ball valves efficiently serve natural gas transportation.

Product Development for a Clean Energy Society

The KITZ Group is also investing its resources in the development of environmentally friendly products. We were the first in Japan to develop ball valves for hydrogen stations that feed high-pressure hydrogen gas to fuel cell vehicles (FCVs), an important part of the next-generation transportation media.

Metal seated ball valves

Specifically prepared for severe service plant operations handling high temperature, highly corrosive fluids.



Carbon steel valves

Reputed well due to high cost performance and availability of a variety of materials including low and high alloy steel for high temperature, high pressure services.



Automated valves

Pneumatic and electric actuators mounted gate, globe, ball and butterfly valves for automated operation.



Three-piece trunnion mounted ball valves

Introduced for a broad range of applications in petrochemical processing and chemical plants where periodic valve maintenance is essential.



Stainless steel valves

Available with various alloy steel including super duplex stainless steel. In recent years, their market has been expanded to light industry and building construction business, thanks to their high cost performance.

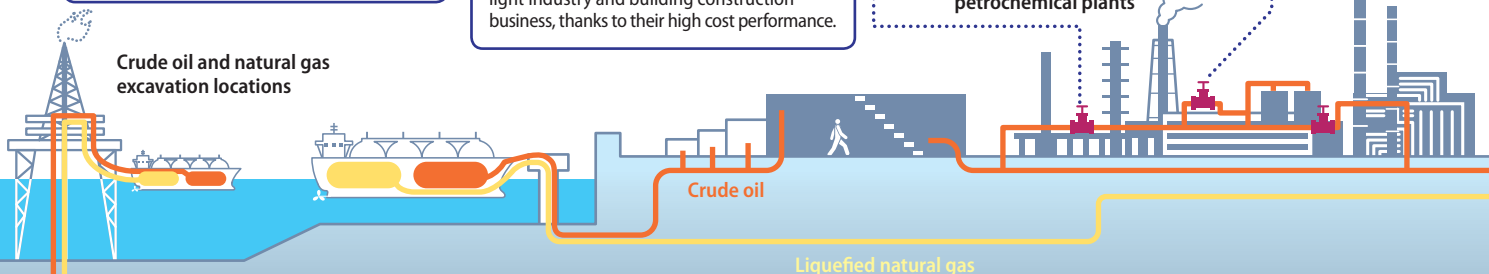


Actuated compact ball valves

Designed for pneumatic or electric operation of compact ball valves for small-sized in-process piping systems for light industries.



Oil refineries and petrochemical plants





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Fully-welded type pipeline ball valves

Comprised of a fully-welded forged steel shell with double seals in all seal assemblies to guarantee leak-free control of fluid flow within pipelines.



Cryogenic and low temperature service shut-off valves

Stainless steel gate, globe and ball valves specifically designed for handling industrial low temperature fluids as low as -196°C including LNG and ethylene.



Cryogenic and low temperature service control valves

Stainless steel globe valves designed for automated precise control of flow rate for industrial low temperature fluids, under technical collaboration with Valtek Inc. USA (currently Flowsolve Corp.)



High-pressure ball valves for hydrogen stations

High-pressure ball valves have been developed for hydrogen stations to supply fuel (hydrogen) to fuel cell vehicles.



Industrial filters

Recommended for micro-filtration of chemical solutions, compressed air and water, with our ultra-micropore hollow fiber membranes.



Valves for high-purity gas service

Featuring extra high durability with a choice of the stainless steel diaphragm valve series or the bellows seal valve series.



LNG terminal and transportation facilities

Thermal power plants

Semiconductor manufacturing facilities

Hydrogen stations



KITZ—A Reliable Brand

The KITZ Group provides a full lineup of products, and its quality is highly regarded by customers in Japan and overseas. Our 11 brands have a presence in virtually all markets and fields centered on the KITZ brand.



KITZ CORPORATION

<http://www.kitz.com/>

As an all-round player, KITZ provides countless product items worldwide, with particular strengths in building utility markets and petrochemical processing industries.



Toyo Valve Co., Ltd.

<http://www.toyovalve.co.jp/en/>

Toyo Valve was the first company in Japan to manufacture valves. The products are highly reputed in building utilities and fire prevention markets.



Shimizu Alloy Mfg. Co., Ltd.

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

SGS's products range from valves for water supply systems to those for water purification systems.



KITZ SCT Corporation

<http://kitz-sct.jp/english/>

KITZ SCT manufactures valves and fittings for semiconductor manufacturers and other factories where high-purity fluid is handled.



Miyoshi Valve Co., Ltd.

<http://www.miyoshivalve.com/>

Miyoshi Valve focuses on building utilities markets centering on water supply systems. Valves for turbo refrigeration units and regenerative air conditioning units are its unique products.

KITZ MICRO FILTER CORPORATION

<http://www.kitzmf.com/english/>

KITZ Micro Filter works on industrial precision filters and water conditioners.



YKV Corporation

<http://www.kitz.co.jp/ykv/>

YKV was incorporated as a joint venture of KITZ Corp., Yokogawa Electric Corp., an instrumentation device manufacturer; and U.S.-based Valtek Inc. (currently Flowserve Corp.), famous for control valve technologies. YKV produces control valves for various applications.



Perrin GmbH

<http://www.perrin.de/>

A German industrial ball valve manufacturer. Its strength is metal sheet technology for special high temperature and high pressure applications.

"Jso" **KITZ CORPORATION OF EUROPE, S.A.**

<http://www.kitzeurope.com/>

A Spanish manufacturer of cast steel and stainless steel ball valves.



Micro Pneumatics Pvt. Ltd.

<http://www.micropneumatics.in/>

An automated ball valve and butterfly valve manufacturer for Indian industrial applications (chemicals, food and oil).



Metalúrgica Golden Art's Ltda.

<http://www.mga.com.br/>

A Brazilian industrial ball valve manufacturer.

A "CHRYSANTHEMUM-HANDLE[®]" is a symbol of **KITZ**, the brand of valve reliability.

Created in cooperation with Mr. Sori Yanagi (1915-2011), a prominent Japanese industrial designer. Pursues the ease of holding from the perspective of ergonomics. Because the shape of the finger-holds embodies plumpness that is reminiscent of large chrysanthemum petals, it is nicknamed the "chrysanthemum handle." It was employed for the design of the handle for bronze valves in September 1980 and has gradually been applied to other products.





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Research and Development System Creating High Added Value

In order to meet the diverse needs of the times, we take immense pride in producing fluid control devices delivering safety, durability and reliability.

R&D Concept

KITZ's Product Development Department is proactive in its approach to R&D activities in line with its action guideline to "continuously provide customers with impressive and creative products, strengthen its technology structure and constantly improve corporate value."

■ Core technologies

We integrate state-of-the-art process technologies in the fields of material and process engineering that serves as the core of our R&D operations.

■ Solution provider

We strengthen our corporate structure to become a source of technology-based ideas that can solve customers' problems.

■ Speed

We take the lead from the competition by identifying and completing R&D objectives ahead of the curve.

Ceaseless Advancement of Product Development —From General Purpose to Specialty and Value-Added Systems

KITZ Corporation started operations from manufacturing general-purpose valves. Over the years, KITZ has continually gone a step ahead of the needs of emerging markets and developed high value-added products, advancing from manually operated shut-off valves to automated control valves, and from single valves to complex modular products. In addition, KITZ works actively on technological development that has less impact on people and the global environment such as engineering methods, development of materials and material procurement. For the development of materials, in particular, we focus on product development including lead-free copper alloy and European RoHS Directive-compliant materials to meet the increasing demands of society regarding the environment and safety.

In order to respond to the diverse needs of the times, each engineer strives to improve his or her skills and will continue taking on the challenge of value creation on a daily basis. This enables the KITZ Group to take tremendous pride in creating fluid control devices that deliver excellent safety, durability and reliability.

- Product development constantly moving forward on the crest of the world's most advanced fluid flow control technologies



Expansion of product lineup

PFA lined butterfly valves

Butterfly valves for chemical process whose fluid contact area is lined with high-grade PFA, having a unique sealing mechanism both features of which enable the valves to have an excellent anti-chlorine permeation performance and a reliable sealing function.



Development of new materials

<Lead-free valves for North America>

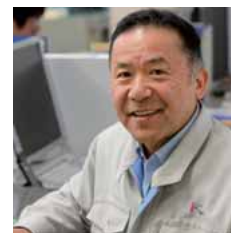
Valves developed jointly with KITZ Metal Works Corporation. They are made of lead-free brass materials for new corrosion resistance and achieve both high recyclability and excellent cutting performance.



High precision high performance technology

<KITZ Micro Filter's hollow fiber membrane filters for chemical solutions>

Offering nano-filtration service to pharmaceutical plants to maintain parity with constantly evolving semiconductor manufacturing technology.



Earning the Trust of Users Globally with World-Class Valve Technologies

While maintaining its position as the industry leader, KITZ is guided by a market-driven approach to constantly provide customers with innovative, high-quality products. The KITZ Group works in unison to cultivate product development and production technologies that achieve high functionality and ultra-precision and nurtures the seeds of these technologies in today's diversified business fields.

Unique R&D System That Continuously Creates High Value-Added Products

The driving forces underpinning KITZ'S R&D activities are our advanced testing, analysis and measurement technologies carried out at our laboratories. The quality of all our products is controlled through rigorous in-house laboratory testing and analysis, and only those products that satisfy stringent criteria are made available to customers.

• Laboratory tests and analyses simulating user's on-site operation conditions



Flow rate test

Evaluating differential pressures of fluids flowing in a piping system simulating on-site service conditions.



Bending test

In recent years, pipe connection has required earthquake resistance and light weight. Concentrated stress added in the process of the system is assessed for the valve connection section to ensure quality.



Blow-off test

Significant force is applied for high temperature and high pressure fluid flow control when valves are opened and closed. We verify the durability to ensure that valves can operate properly even under the conditions of application limits and ensure high quality.



Cryogenic test

Liquefied natural gas (LNG) is an environmentally friendly clean energy, and liquefied plants for LNG have been constructed all over the world. Because it is a low-temperature fluid, we conduct tests to reproduce the low temperature conditions and make every effort to continuously improve quality so as to demonstrate its precise fluid flow control capabilities.



Fire test

We verify as to whether valve functions can be maintained, even if a fire occurs and the valve seal materials are burned out completely, and reflect these findings in the basic design structure of products.



Simulation analyses technology

We actively introduce various simulation analyses technologies, which are ever advancing, and perform prior verification of product functions and establish the casting method that has fewer defects. Accordingly, we contribute significantly to improving product reliability and reducing the development period.

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Production Systems That Assure High-Quality Products

The KITZ Group's manufacturing is based on the concept of delivering products when necessary and in the quantities required with better quality.

Integrated Production System That Provides Quality Control Starting from Castings

Based on integrated production, the KITZ Group positions castings (forge and foundry materials) that are valve materials as the core technology and produces them internally from castings. We have established an integrated production system in which our Group has its own casting facilities for the main valve materials such as bronze, casting iron, ductile, stainless steel and casting steel, thus putting in place a quality assurance system starting from materials. We also provide a wide variety of products in small quantities.

Production Method Based on KICS

What supports manufacturing operations based on the market-oriented concept is the production method according to the KITZ Innovative and Challenging System (KICS). KICS provides a mechanism of sending only good products to the subsequent process by producing each product one by one in the sequence of processes at the exact timing with which it can be sold. It also achieves the elimination of stagnation and waste in a series of processes from order receipt to production and delivery. Moreover, we strive to further reduce delivery times and reinforce production lines continuously by thoroughly implementing standard work and improving processes.

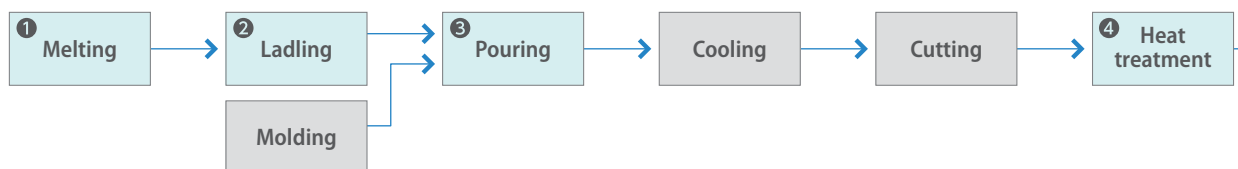
Initiatives for Cost Reductions

Under the third phase of the Medium-Term Management Plan, KITZ focuses on two policies, namely "Additional cost reduction by global procurement, in-house manufacture and increasing productivity" and "Aggressively make capital investments that generate profits." In accordance with these policies, in FY2016 KITZ increased production capabilities by newly introducing processing facilities. KITZ also raised productivity by promoting labor-saving operations and by introducing two painting robots. In the future as well, we will proactively make capital investments that generate profits. Also, as a new initiative, KITZ is promoting the elimination and consolidation of the product lineup and the standardization of parts.



Painting robots introduced to Ina Plant

Stainless Steel Valve Manufacturing Process



1 Melting
Raw materials are melted in high-frequency electric furnaces.



2 Ladling
Melted metal is ladled for pouring.



3 Pouring
Melted metal is poured into a casting mold. The melted metal flows into the cavity between the upper mold, the lower mold and the core.



4 Heat treatment (solution heat treatment)
Raw materials are quenched after having been heated up to 1,100°C. This process forms a uniform metallic structure and makes mechanical properties such as tensile strength and elongation higher.



KITZ Brand is Backed by Quality Management Systems

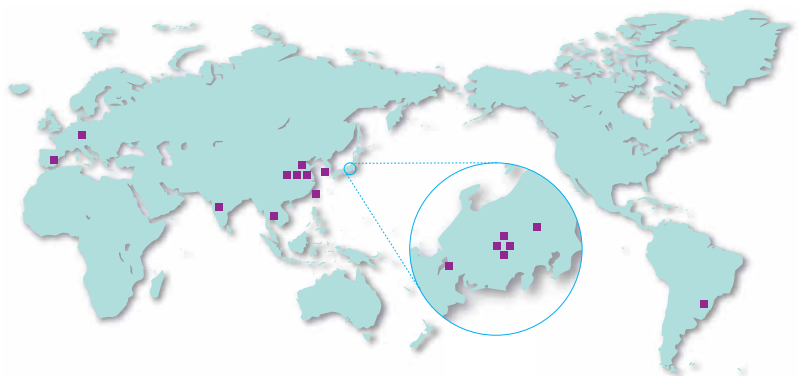
KITZ Corporation recognized the importance of conformance to the international standard on quality management systems earlier than anyone in the industry. In November 1989, KITZ became the first Japanese company to earn ISO 9001 certification. At present, all domestic and international production bases in the KITZ Group have been certified to this standard. In July 2001, KITZ Corporation was also certified, for the first time in the valve industry in Japan, in accordance with the Pressure Equipment Directive 97/23/EC (PED) for CE marking required for European markets. KITZ plants in Taiwan, Thailand and China also have now obtained certification regarding PED as well.

In Japan, KITZ Corporation is approved by the Ministry of Economy, Trade and Industry as an authorized gas tester under the High Pressure Gas Safety Act. It supplies Japan Industrial Standards (JIS) certified products and complies with standards of the Japan Water Works Association. KITZ Corporation is also certified to display the API Monogram of the American Petroleum Institute Production Department.

Global Production Network: Manufacturing Facilities Located in Optimum Locations

The KITZ Group is building a structure for undertaking production in the most suitable locations for its operations around the world.

Under this structure, we produce high value-added products in Japan, while Japan also plays a crucial role as the command center for our global manufacturing activities. The KITZ Group now has international factories in Thailand, Taiwan, China, India, Spain, Germany and Brazil.



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5 Acid pickling
Pickling castings in acid solution removes impurities such as oxidized scales on the casting surface caused by heat treatment and shot blasting. At the same time, a protective film is formed on the casting surface for higher corrosion resistance.



6 Machining
Castings are cut, drilled and processed with machines.



7 Assembly
Various parts and components are assembled to complete valves.



8 Pressure tests
Valves are pressurized with air and/or water and operated to verify that they satisfy the quality requirement.



9 Shipment
After coating and product protection measures are taken, satisfactorily tested products are gathered on a shipping platform under strict control and shipped in a timely manner to each designated destination.

Extensive and Strong Sales Network

Since its foundation, the KITZ Group has established a strong sales network covering all of Japan. Today, we are working on the development of a global sales network in order to meet customers' requests with regard to quality, price, delivery and service.

Full Distribution System

We have developed a sales structure to respond to customer requests immediately through a strong distributors' network covering all of Japan. These distributors and KITZ are connected via dedicated lines and the Internet. As a result, information on market demand is fed back directly to the production site, and this also achieves marked improvements in business efficiency and the acceleration of business. We have also adopted a pull production system, a system for setting a standard volume of distributor inventory for each product and replenishing the quantity shipped on a daily basis to maintain the inventory at a certain level. With this, distributors do not need to monitor the inventory volume of products for which standard inventory is set and can meet needs for rapid delivery.



Comprehensive After-Sales Service

KITZ Engineering Service Co., Ltd. (KESCO), our Group company, is in charge of after-sales service for products.

Repairs and life extension of aging plants have been promoted at the existing plants in Japan in recent years, and there is an increasing awareness of maintenance. In this situation, KESCO serves as a maintenance department for KITZ and responds to diverse needs by taking advantage of KITZ's sales network and various data. Additionally, it performs maintenance on valves and actuators of other domestic and overseas manufacturers. The company also provides efficient, comprehensive maintenance service in locations nationwide in cooperation with the service center and subcontractors.

In addition to valve maintenance, KESCO provides technical consultations and analysis of specifications regarding fluid control, valve automation and remodeling and dispatches routine repair managers and other engineers to plants.



Developing and Strengthening Our Supply System Prioritizing Key Regions and Important Countries

The KITZ market covers the entire globe, with priority given to the regions that have the greatest demand for KITZ products. Beyond the home market in Japan, our priority market zones are centered in the three key market regions of Europe, the Americas and ASEAN nations, and the two important countries of China and India.

Globally, we have established regional headquarters that provide the functions of sales, marketing, engineering,

stock, maintenance and service for each area, and conduct business close to the region and provide products and services to satisfy local customers' needs.

In addition to the representative offices in India and UAE, we have established sales bases in China, Korea, Singapore, Thailand, the United States, Germany, Spain and Brazil and have developed global sales networks. In order to respond to individual requests from customers, we are endeavoring to develop the KITZ Official Modification Shop network for the modification and repair of valves.

• Three Regional Headquarters

Europe

We set up KITZ Europe GmbH in Nidderau, Germany, to implement our production and sales strategies focused on the European region as well as the Middle East and the CIS.

Tetsunori Yamamoto
Chairman
KITZ Europe GmbH



Americas

Located in the state of Texas in the United States, KITZ Corporation of America carries out marketing and sales activities in North America as well as in Central and South American countries.

James Walther
President
KITZ Corporation of America



ASEAN

We operate KITZ Corporation of Asia Pacific Pte. Ltd. in Singapore as our marketing and sales promotion center for the ASEAN member countries.

Makoto Kohno
CEO & Managing Director
KITZ Corporation of Asia Pacific Pte. Ltd.



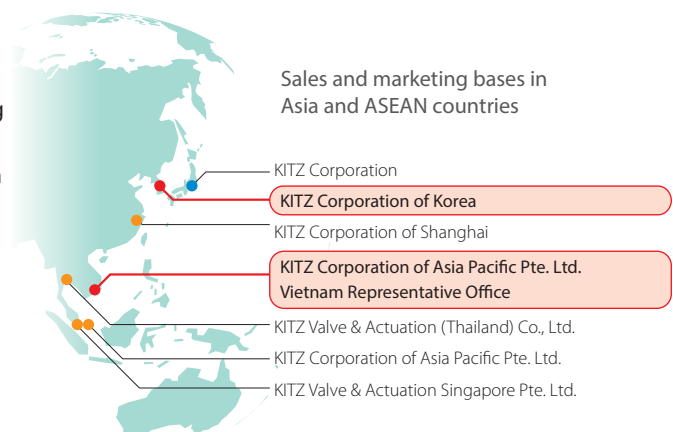
Opening Two Bases in Asia

• KITZ Corporation of Korea

Originally established in September 2013 as a representative office in Seoul, KITZ Corporation of Korea transitioned to being a full-fledged sales base in August 2016. By doing so, the company will expand and upgrade its distributor network in the South Korean market and strengthen its sales activities targeting plant engineering companies. At the same time, the company will support efforts by KITZ Group companies to expand sales in the semiconductor-related market.

• KITZ Corporation of Asia Pacific Pte. Ltd. Vietnam Representative Office

In ASEAN countries, we operate sales companies in Singapore and Thailand. In June 2016, KITZ Corporation of Asia Pacific Pte. Ltd., our regional headquarters in this area, opened a representative office in Vietnam, where major growth is expected in the future.



As a Leading Company in the Valve Industry

As a leading company in the valve industry, KITZ has cultivated advanced technology and a wealth of experience over the course of many years. KITZ utilizes these to provide a wide range of services regarding valves to meet the diverse needs of customers.

Valve Technical Training for Customers

The KITZ Training Center was established in 1981 as Japan's only permanent training center for valve technology, and it has been used by many people since then. In recent years, the industries using valves have experienced the significant advancement of new technology responding to more stringent environmental and safety standards, as well as automation technology to provide more advanced functions and save labor, and changes are occurring at an unprecedented speed. As training programs to support these advanced technologies, we provide a basic course for valves and a basic course for automated valves.

A number of attendees take these courses, including persons from trading companies handling valves, contractors, users, device manufacturers, plant-related companies and students. We help them enhance their skills through practical training on valve disassembly and assembly and pipes, and through lectures by engineers who have extensive practical experience.



KITZ Training Center



Practical training room

Valve Meister System

KITZ introduced the Valve Meister System for certifying sales representatives who have reached a certain level of skills and knowledge regarding automated valves and metal materials for valves as Valve Meisters in FY2014. In order to become Valve Meisters, sales representatives must undergo technical education and training based on practices for about one year. Those who pass the certification test are awarded the title of Valve Meister.

Valve Meisters aim to serve as concierges who respond to requests for consultations from customers, propose specific solutions and who can solve various issues together with customers.



The certification mark is displayed on the business cards of sales representatives who are certified Valve Meisters.

Customer Satisfaction Survey

To provide better products and services, KITZ has conducted a customer satisfaction survey targeting more than 1,000 companies annually since 1997. Based on the results of the responses collected from customers and analyzed, we work toward additional improvements to further enhance customer satisfaction.



The survey has been conducted via a Web questionnaire system since 2013.

Brass Bar Manufacturing Business

Manufacture and Sales of Brass Bars

Brass bars are widely used for machines, construction materials and other items.

Widely Selling Brass Bars

KITZ Metal Works Corporation conducts the wrought copper and copper alloy products business and serves as a supply base to provide brass bars to valve business operations, a major area of the KITZ Group. In addition, it manufactures and sells high-quality brass bars that are widely used as materials for faucet metal fittings and components for gas equipment and home appliance products. KITZ Metal Works increases the efficiency of the information flow from order receipt to delivery and achieves high quality and short delivery times.

Development of Environmentally Friendly New Materials

KITZ Metal Works actively works on the development and sales of new materials that are friendly to people and the environment, and meets regulations by utilizing the alloy technology that it has cultivated for many years. They include dezincification corrosion-resistant brass bars, lead-free brass bars and cadmium-free brass bars. In recent years, responding to the revised U.S. Safe Drinking Water Act, it developed the lead-free brass bar KEEPALLOY II (XA metal and XC metal) featuring improved recyclability and superior corrosion resistance, and launched sales.

Further Enhancing Efficiency

In July 2015, Hokutoh Giken Kogyo Corporation, a manufacturer of cutting and machined products for brass bars, joined the KITZ Group. Moreover, a new plant began operation in May 2016 to promote the integration of the KITZ Group's brass cutting/forging processes into KITZ Metal Works to enhance the efficiency of the manufacturing process and increase earnings.

Also, KITZ Metal Works will eliminate and consolidate its brass bar production lines at existing plants over multiple years as it aims to further enhance the efficiency of business.



Production line



KITZ Metal Works Corporation

Hotel Beniya is also a KITZ Group Company

Suwa city, Nagano, is the birthplace of KITZ founder Toshio Kitazawa. Many of the offices and plants of the KITZ Group are located in the Suwa region today.

Hotel Beniya is a resort hotel where visitors can enjoy a variety of hot springs in the grand nature of Shinshu overlooking Lake Suwa. The hotel is not only used by tourists but also by local residents as a place for relaxation.



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Human Resources

Message from Director in Charge of Human Resources



We develop human resources who are able to compete worldwide and foster a corporate culture that keeps employees highly motivated.

Toshiyuki Murasawa

Director, Executive Officer and Division Manager, Corporate Administration Division

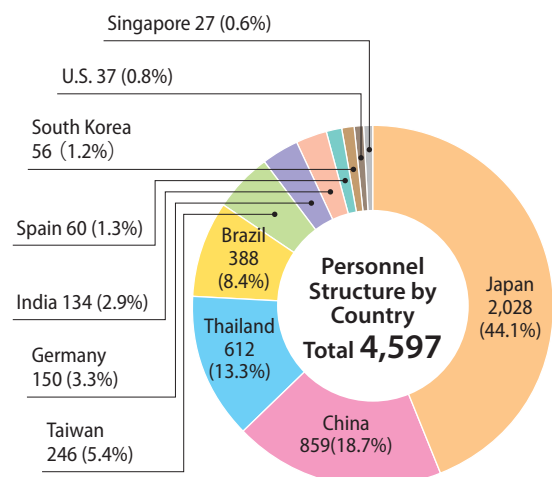
Desired Personnel

“Do it True” (referring to sincerity and the truth) is the first action guide at KITZ. Being sincere, being serious and complying with the rules and morals of society are the values that the KITZ Group considers to be the most important. We also consider these values to be the essence of KITZ’s outstanding corporate culture. The action guides that follow these are “Do it Now” (referring to speed and timeliness) and “Do it New” (referring to creative ability and challenges). We need ideas outside KITZ conventions and the ability to act to develop businesses faster than ever before and to meet market demands that are changing with breathtaking speed. We aim to be a professional group that boldly takes on new challenges and where employees can deploy their own latent creative powers.

For Competing Globally

Since the establishment of a sales subsidiary in the United States in 1984, KITZ has developed its business globally by successively setting up production bases and sales bases overseas while adding valve manufacturers in Spain, Germany, India and Brazil to the KITZ Group through M&A. At present, the KITZ Group operates bases in 12 countries worldwide. Employees working in countries other than Japan (including those on loan) account for 55.9% of the Group’s total workforce (as of March 31, 2017).

To undertake our global business with unprecedented speed, it will become increasingly important to understand a variety of cultures and diversity and to mutually collaborate with a diversity of people while working toward a single goal. We will promote the development of human resources who can think and act based on a broad perspective and who are able to compete globally.



As of March 31, 2017

Approaches to Diversity

Companies need human resources with diverse personalities who can perceive various customer demands in order to amass such demands. From this point on, companies must also build systems for accepting diverse human resources, preparing a working environment in which each of them can display their strengths and enabling all employees to work energetically. We believe that we can enable employees to flourish in their jobs, feeling a sense of worth and pride, by extending this way of thinking.

KITZ is advancing the following initiatives to develop an environment that enables each employee to demonstrate his or her abilities to the maximum extent possible, irrespective of gender, age and nationality.

<ul style="list-style-type: none">● The Right People in the Right Places	Set organizational strategies and direction, specifically by closely determining whether employees are suitable for the relevant divisions and operations, assigning the right human resources in the right places and training them with care.
<ul style="list-style-type: none">● Personnel System Reforms	Provide equal opportunities to take on challenges and reform the personnel system to make jobs rewarding to employees.
<ul style="list-style-type: none">● Changes in Corporate Culture and Mind	Foster a corporate culture in which diverse employees are accepted while maintaining traditions from the point of foundation. Encourage a change from the way of thinking that traditional methods of doing things are a matter of course to the way of thinking that looks for new approaches at all times.
<ul style="list-style-type: none">● Promoting the Active Participation of Woman	Prepare systems and structures that enable women to display their abilities to their full potential.

Human Resources Development

KITZ approaches training for its employees with “displaying human resources competence” and “displaying organizational capacity” as dual targets. KITZ is improving its programs for human resources development, such as programs for professional education based on duties and job classifications and programs for educating specially selected employees, with hierarchical education as a pillar. In addition, KITZ is developing a corporate culture that enables its employees to keep their motivation high by operating a target system for challenges and linking their development to their evaluation and treatment.

There is a saying that “companies depend on people.” In our view, reforms and the unquestionable social value of companies depend entirely on the actions, way of thinking and way of living of each of their employees.

Basic Training of Young Employees

Following the Company entrance ceremony in April, newly hired graduates participate in a two-week introductory

training course at the Head Office and the training center on proper etiquette as adult members of society and on job fundamentals. After this, they acquire fundamental knowledge about valves and learn about basic thinking and behavior as KITZ employees at new employee training, including practical training at plants, that is held up until the end of June. Employees hired for technical positions then learn about the basics of design, machine work and casting over a one-year period. They are officially assigned to positions when they have sufficiently acquired the fundamentals of *monozukuri* (manufacturing).

Additionally, we also focus on providing language education to specially selected young employees. We are making efforts to improve their language skills with the aim of realizing smooth communications for overseas technical guidance and business meetings as well as presentations at academic conferences.



Work-Life Balance

KITZ is striving to enhance the work-life balance to enable each employee to work with high motivation and a sense of fulfillment. Each individual can build careers as company employees who execute their job responsibilities while fully deploying their capabilities. They can choose a diverse and flexible working style in accordance with changes in various stages of their personal lives, such as having to provide child care or nursing care.

KITZ is promoting initiatives to create friendly working environments for employees to achieve a balance between work and family life and have a true sense of enrichment in their lives. These efforts include the introduction of shorter working hours for providing child care and nursing care and allowing employees to take paid holiday leave in hourly increments as well as adopting schemes enabling accumulated paid holidays to be applied to childcare leave and nursing care leave.

KITZ Corporation’s rate of employee turnover for personal reasons is in the 1% range and the Company’s employee retention rate is at a high level. We believe this is one indicator that clearly highlights KITZ’s friendly working environment.

Diverse Human Resources in the KITZ Group

We introduce how employees work creating value at their own posts.

KITZ provides us with opportunities to work on a global scale.

Roderick Andal Perez

Engineering Group, Customer Engineering Department
KITZ Corporation



All KITZ employees work hard and respect each other. I can work comfortably every day thanks to my friendly colleagues and good environment. Working for KITZ also means that we can have an opportunity to take an active role globally.

I try to convey my experience to other employees for their own development.

Maria Luisa Ribas Steegmann

Managing Director & President
KITZ Corporation of Europe, S.A.



I feel especially pleased when our team manages to overcome a major challenge to help other people so we can satisfy the needs of a customer. The trust placed in me to put me in charge of the management of one of its companies has helped me to grow professionally and improve in other areas during the past 10 years, and I try to convey my experience also to other employees for their own development.

I reaffirmed my awareness of the importance of "human resources" for companies.

Yukiko Okabe

Manager of Human Resource Development Group
General Administration and Human Resource Department
KITZ Corporation

By being reassigned to the Human Resource Department, I reaffirmed my awareness of the importance of "human resources" for companies. In performing my day-to-day tasks, I always think about what we can do as a company and what we need to do for employees so that KITZ becomes a company where each of our diverse human resources can shine even brighter.



I am inheriting a 65-year history and aspirations with a tremendous sense of responsibility

Hiroshi Nozawa

Managing Director
KITZ Valve & Actuation (Thailand) Co., Ltd.

When I joined the Company, KITZ was already firmly positioned as a top manufacturer of valves in Japan. We are currently inheriting a 65-year history as well as the aspirations since our establishment. I have crossed the ocean and have been charged with a tremendous sense of responsibility to enable this history to be passed on to future generations and connect it to the world. Taking on challenges while representing the Company is a great pleasure in working for KITZ.



I find my job rewarding when improvements can be observed.

Junya Minami

Stainless Steel Production Department, Nagasaka Plant
KITZ Corporation



My job is to make improvements to raise production efficiency. I find my job rewarding when improvements can be observed, for example, shortening the manufacturing process per product.

I hope to keep improving my language skills and take on a job where English ability is required.

Marie Ueno

Project Sales Office 2, Project Sales Department
KITZ Corporation



I find a sense of satisfaction when receiving an order and delivering the product without any problems after a prolonged discussion on the specifications with the client. I hope to keep on improving my language skills and take on a job where English ability is required.

I intend to accumulate additional experience in casting here in Brazil and further raise my skills.

Yoshiki Sato

Chief Production Engineer, MTA Foundry Factory
Metalúrgica Golden Art's Ltda.



Since joining the Company, I have been involved in casting, which represents the heart of manufacturing of valves. I assumed my post here one year ago and am in charge of the foundry at Metalúrgica Golden Art's, Ltda., a valve manufacturer in Brazil that joined the Group in 2015 through M&A. I plan to accumulate additional experience here and acquire skills that will enable me to contribute to the KITZ Group.

I have a sense of satisfaction in serving as a bridge between two different cultures.

Shizuka Mita

Chief Accounting Officer
KITZ Corporation of America



I oversee all administrative, accounting and inventory-related functions. My position is very interesting as it involves so many different areas. I am often asked to assist with communication between KITZ Japan and KCA management. It is extremely important to understand one another correctly. I find this the most challenging and rewarding part of my job. Successfully coping with the economic and social challenges has also been very satisfying.

I would like to continue fulfilling the role of connecting people with people.

Makiko Shimoyama

General Affairs and Accounting Section, Management Department
KITZ SCT Corporation

I took childcare leave and then returned to my workplace. I have been blessed with an understanding boss and colleagues and am able to enjoy my job while achieving a balance between child-rearing and work. In the future as well, I would like to fulfill the role of connecting people with people while never forgetting my "feeling of gratitude," "the desire to improve myself" and a "happy face."



I will always have an unquenchable curiosity about valves.

Tomoharu Ishii

Product Management Center
Manager of PCA Marketing Department
KITZ Corporation

I am involved in formulating strategies for capturing focused market fields and introducing new products. I make my best day-to-day efforts so that numerous parties and people related to KITZ, from partner companies and suppliers to end users, can feel a sense of joy.

Valves are used in variety of industries and many kinds of technology are required for production. I will always have an unquenchable curiosity about valves.



I still cannot forget my supervisor's words: "Do whatever you can do."

Yuuki Ishihara

Department of Overseas Operation
KITZ Corporation



Just one and a half years after joining the company, I was placed solely in charge of a Taiwanese client. "Do whatever you can do" are unforgettable words that my supervisor said at that time. Our competitors exist all over the world. I work toward becoming a world-class salesperson who is more creative than those in competitive manufacturers around the world.

The more motivated you become, the more you can expand your own potential.

Sachiko Shiroki

Project Engineering Group 1, Project Engineering Department
KITZ Corporation



At KITZ, we do not have a negative way of thinking such as "women should act like women." As long as you have the motivation, you can play an important role regardless of age and gender. I want to further expand my potential and use my skills to make a contribution to society.

ESG of the KITZ Group

* ESG: Environment, Social and Governance



Board of Directors, Corporate Auditors and Executive Officers

(as of June 27, 2017)

Directors

President Yasuyuki Hotta



Born: June 18, 1955

Mar. 1978 Joined KITZ
 Jan. 1997 Branch Manager, Chubu Branch, Sales Division
 Apr. 2001 Plant Manager, Nagasaka Plant
 Oct. 2001 Managing Executive Director, KITZ SCT Corporation
 Jun. 2004 Representative Director and President, KITZ SCT Corporation
 Apr. 2006 Managing Executive Officer, General Manager, Flow Control Business Division
 Apr. 2007 Senior Executive Officer, General Manager, Flow Control Business Division
 Jun. 2007 Director, Senior Executive Officer, General Manager, Flow Control Business Division
 Jun. 2008 President and Chief Executive Officer, General Manager, Flow Control Business Division
 Apr. 2009 President and Chief Executive Officer (present position)

Director Toshiaki Natori



Born: January 20, 1957

Mar. 1980 Joined KITZ
 Oct. 1999 Plant Manager, Chino Plant, Production Division
 Apr. 2004 Managing Executive Director, KITZ Metal Works Corporation
 Jul. 2009 Representative Director and President, KITZ Metal Works Corporation
 Apr. 2010 Executive Officer, Division Manager, Production Division
 Jun. 2011 Director, Executive Officer, Division Manager, Production Division
 Apr. 2013 Director, Managing Executive Officer, Unit General Manager, Flow Control Business Unit
 Apr. 2014 Director, Senior Executive Officer, Unit General Manager, Flow Control Business Unit (present position)

Director Toshiyuki Murasawa



Born: February 9, 1959

Mar. 1981 Joined KITZ
 Apr. 2001 General Manager, Corporate Planning Department
 Apr. 2009 Executive Officer, General Manager, Corporate Planning Department
 Oct. 2011 Executive Officer, Division Manager, Corporate Planning Division
 Jun. 2016 Director, Executive Officer, Division Manager, Corporate Administration Division (present position)

Outside Director Kazuyuki Matsumoto



Born: September 21, 1945

Apr. 1970 Joined Teijin Seiki Co., Ltd. (currently Nabtesco Corporation)
 Jun. 2001 Director, Teijin Seiki Co., Ltd.
 Sep. 2003 Executive Officer, Nabtesco Corporation
 Jun. 2004 Director, Nabtesco Corporation
 Jun. 2005 Representative Director, President & CEO, Nabtesco Corporation
 Jun. 2011 Chairman, Nabtesco Corporation
 Jun. 2013 Advisor, Nabtesco Corporation, Outside Director, TOPCON CORPORATION (present position), Director of KITZ (present position)

Outside Director Minoru Amoh



Born: December 9, 1951

Apr. 1979 Joined Du Pont Far East, Inc. Japan Representative Office (currently DuPont Kabushiki Kaisha).
 Mar. 2000 Director, DuPont Kabushiki Kaisha
 Mar. 2002 Managing Executive Director, DuPont Kabushiki Kaisha
 Mar. 2004 Senior Executive Director, Regional Director, Asia-Pacific Region, Engineering Polymer Business Division, DuPont Kabushiki Kaisha
 Jul. 2005 Director, Vice President, DuPont Kabushiki Kaisha
 Sep. 2006 Representative Director, President, DuPont Kabushiki Kaisha
 Jan. 2013 Representative Director, Chairman, DuPont Kabushiki Kaisha, President, DuPont Asia Pacific Limited
 Sep. 2014 Honorary Chairman, DuPont Kabushiki Kaisha
 Jun. 2015 Director of KITZ (present position)
 Mar. 2016 Statutory Auditor, Otsuka Chemical Co., Ltd. (present position)

Outside Director Yutaka Fujiwara



Born: April 20, 1951

Apr. 1974 Joined MODEC, Inc.
 Apr. 1987 Joined The Yasuda Trust & Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
 Aug. 1994 Deputy General Manager, New York Branch, Yasuda Trust & Banking Co., Ltd.
 Jun. 1996 General Manager, Chicago Branch, Yasuda Trust & Banking Co., Ltd.
 Aug. 1998 Joined OMRON Corporation
 Jun. 2005 Executive Officer, General Manager, Financial IR Department, OMRON Corporation
 Mar. 2007 Executive Officer, General Manager, Group Strategy Department, OMRON Corporation
 Dec. 2008 Managing Officer, General Manager, IR & Corporate Information Department, OMRON Corporation
 Jun. 2013 Outside Director, Nabtesco Corporation (present position)
 Jun. 2017 Director of KITZ (present position)

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Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member
Masahiko Kondo



Born: September 8, 1952

Aug. 1977 Joined KITZ
Jul. 2000 General Manager, General Administration and Human Resource Department
Apr. 2004 Executive Officer, General Manager, General Administration and Human Resource Department
Apr. 2010 Executive Officer, Deputy Division Manager, Corporate Administration Division
Jun. 2012 Director, Executive Officer, Division Manager, Corporate Administration Division
Apr. 2014 Director, Managing Executive Officer, Division Manager, Corporate Administration Division
Jun. 2016 Standing Audit & Supervisory Board Member of the Company (present position)

Standing Audit & Supervisory Board Member
Taro Kimura



Born: August 4, 1959

Dec. 1991 Joined KITZ
Jun. 2001 General Manager, Accounting & Finance Department
Apr. 2010 General Manager, Accounting Supervisory Department, Corporate Administration Division
Apr. 2011 Executive Officer, Deputy Division Manager, Corporate Administration Division
Jun. 2017 Standing Audit & Supervisory Board Member of the Company (present position)

Outside Audit & Supervisory Board Member
Tatsuhiko Takai



Born: February 3, 1952

Jul. 1974 Joined Mitsui Mining & Smelting Co., Ltd.
Jun. 2004 Executive Officer, General Manager, Finance Department, Mitsui Mining & Smelting Co., Ltd., Outside Audit & Supervisory Board Member, MESCO, Inc.
Jun. 2007 Chief Financial Officer, Senior Executive Officer, General Manager, Finance Department of Mitsui Mining & Smelting Co., Ltd.
Jun. 2008 Standing Audit & Supervisory Board Member, Mitsui Mining & Smelting Co., Ltd.
Jun. 2011 Outside Audit & Supervisory Board Member, Nakabohtec Corrosion Protecting Co., Ltd.
Jun. 2015 Audit & Supervisory Board Member of KITZ (present position)

Outside Audit & Supervisory Board Member
Shuhei Sakuno



Born: February 17, 1954

Apr. 1977 Joined Yokogawa Electric Works Ltd. (currently Yokogawa Electric Corporation)
Oct. 1999 General Manager, Affiliated Company Supervision Office, Yokogawa Electric Corporation
Apr. 2005 Vice President, General Manager, Accounting & Treasury Center, Corporate Administration Headquarters, Yokogawa Electric Corporation
Jun. 2008 Senior Vice President, General Manager, Audit and Compliance Headquarters, Yokogawa Electric Corporation
Jun. 2016 Audit & Supervisory Board Member, Yokogawa Solution Service Corporation (present position)
Jun. 2017 Audit & Supervisory Board Member of KITZ (present position)

Reasons for Appointment of Directors and Audit & Supervisory Board Members

	Name	Term of Office	Reason for Appointment	
Director	Yasuyuki Hotta	10 years	Yasuyuki Hotta was named President and Chief Executive Officer of the Company in 2008. He has shown strong leadership as the top executive and has pushed strengthening the globalization and corporate governance of the KITZ Group. It was decided that this knowledge and experience will contribute to increasing the value of the KITZ Group.	
	Toshiaki Natori	6 years	Toshiaki Natori has been the Executive Officer in charge of production areas and President of a Group company. He has supervised valve manufacturing business from 2011. It was decided that his knowledge and experience also will contribute to increasing the value of the KITZ Group.	
	Toshiyuki Murasawa	1 year	Toshiyuki Murasawa has been the Executive Officer in charge of the corporate planning area and Director of a Group Company, devising business strategy plans, and has pulled management of the Group together into a unified whole. It was decided that his knowledge and experience also will contribute to increasing the value of the KITZ Group.	
	Outside	Kazuyuki Matsumoto	4 years	Kazuyuki Matsumoto has long been active as an executive of Nabtesco Corporation and, in addition to having rich experience as a corporate executive, has broad insights on technical strategies. It was decided that he also will contribute to increasing the value of the KITZ Group.
		Minoru Amoh	2 years	Minoru Amoh has long been active as an executive of DuPont K.K., which has businesses around the world, and has high principles based on his abundant corporate management experience. It was decided that he also will contribute to increasing the value of the KITZ Group.
		Yutaka Fujiwara	Newly appointed	Yutaka Fujiwara has a wealth of knowledge as an executive officer in charge of finance and IR departments at listed companies that include financial institutions. He has a high level of knowledge of corporate management with global perspectives due to his experience from being posted overseas. Therefore, it was decided that he also will contribute to increasing the value of the KITZ Group.
Audit & Supervisory Board Member	Masahiko Kondo	1 year	Masahiko Kondo is involved in management of the Company as a Director in charge of the corporate administration areas which bring the Group companies together and has pushed for strengthening management infrastructure and has built and pushed for the strengthening of the Group's risk management system. It was decided and is expected that his knowledge and experience in business management, labor, accounting and finance will be reflected in the audits of the Company.	
		Newly appointed	Taro Kimura has many years of experience in managing the Company's accounting and financial operations. As an executive officer in charge of corporate administrative divisions that oversee Group companies, he developed the Company's internal control system, strengthened its internal audit function and promoted the building of its risk management system. It was decided and is expected that his knowledge and experience in risk management as well as in accounting and finance will be reflected in the audits of the Company.	
	Outside	Tatsuhiko Takai	2 years	Tatsuhiko Takai took charge of accounting operations for Mitsui Mining & Smelting Co., Ltd. for many years and successively assumed the position of Chief Financial Officer, etc., having accumulated a considerable amount of knowledge in finance and accounting. It was also decided that his extensive experience as a Standing Audit & Supervisory Board Member of the said company will be reflected in the audits of the Company.
		Shuhei Sakuno	Newly appointed	Shuhei Sakuno has broad experience in corporate administration operations that supervise the Yokogawa Electric Corporation group companies and possesses a considerable amount of knowledge in finance and accounting operations. He also possesses knowledge related to corporate governance acquired through his experience in developing internal control, risk management and internal audit systems. Therefore, it was decided that his extensive experience will be reflected in the audits of the Company.

Executive Officers

President and Chief Executive Officer **Yasuyuki Hotta**
 Senior Executive Officer **Toshiaki Natori**
 Executive Officer **Toshiyuki Murasawa**



Executive Officer **Kazuhiko Shimodaira**
 Born: May 31, 1953

Mar. 1977 Joined KITZ
 Nov. 1999 General Manager, Legal and Intellectual Property Department
 Apr. 2009 Executive Officer, General Manager, Legal and Intellectual Property Department, Management Division
 Apr. 2011 Executive Officer, General Manager, Legal Department (present position)



Executive Officer **Tetsuo Sakane**
 Born: July 23, 1955

Mar. 1980 Joined KITZ
 Apr. 2001 Branch Manager, Chugoku Branch, General-purpose Valve Division
 Apr. 2011 Branch Manager, Osaka Branch, Sales Division
 Apr. 2014 Executive Officer, Division Manager, Domestic Sales Division (present position)



Executive Officer **Yoriyuki Koyama**
 Born: March 9, 1959

Mar. 1984 Joined KITZ
 Apr. 2007 General Manager, Production Engineering Department, Production Division
 Oct. 2008 General Manager, SC Manufacturing Department, Production Division
 Apr. 2013 General Manager, Production Engineering Center, Production Division
 Apr. 2015 Executive Officer, Division Manager, Customer Support Division (present position)



Executive Officer **Kenji Katsuragi**
 Born: October 31, 1956

Jun. 1999 Finance Director, Panasonic Australia Pty. Ltd.
 May. 2006 Group Manager, Overseas Department System Group, Panasonic Corporation
 Jan. 2008 Vice President, Panasonic Consumer Electronic Company, a division of Panasonic North America Corp.
 Oct. 2009 Auditor, Audit Department, Panasonic Corporation
 Apr. 2011 General Manager, Overseas Finance Center, Panasonic Corporation
 Jan. 2012 Director, CFO, Panasonic Europe Ltd.
 Aug. 2016 Joined KITZ
 Apr. 2017 Executive Officer, Deputy Division Manager, Corporate Administration Division (present position)



Executive Officer **Takahito Hirashima**
 Born: September 10, 1959

Mar. 1985 Joined KITZ
 Jul. 2002 Plant Manager, Suwa Plant, Production Division
 Apr. 2004 Director, KITZ Micro Filter Corporation
 Apr. 2006 President and Chief Executive Officer, KITZ Micro Filter Corporation
 Apr. 2011 Executive Officer, Division Manager, Engineering Division
 Jun. 2012 Director, Executive Officer, Division Manager, Engineering Division
 Apr. 2017 Executive Officer, Division Manager, Engineering Division (present position)



Executive Officer **Kazuhiko Hirabayashi**
 Born: August 6, 1959

Mar. 1982 Joined KITZ
 Apr. 2004 General Manager, Production Planning Department, Production Division
 Apr. 2012 Deputy Division Manager, Production Division
 Apr. 2013 Executive Officer, Division Manager, Production Division (present position)



Executive Officer **Yukinari Koide**
 Born: January 15, 1959

Mar. 1982 Joined KITZ
 Aug. 1999 Managing Director, Miyoshi Valve Co., Ltd.
 Dec. 2004 Branch Manager, Chubu Branch, Domestic Sales Division
 Apr. 2008 General Manager, Sales Planning Department, Domestic Sales Division
 Apr. 2013 General Manager, Business Planning Department, Flow Control Business Unit
 Apr. 2015 Executive Officer, Division Manager, IT Control Division (present position)



Executive Officer **Hitoshi Kurihara**
 Born: December 14, 1957

Mar. 1981 Joined KITZ
 Mar. 1998 Branch Manager, Chugoku Branch, Commercial Valve Division
 Apr. 2001 Branch Manager, Tokyo Branch, Commercial Valve Division
 Apr. 2005 Executive Officer, Division Manager, Domestic Sales Division
 Jun. 2012 Director, Executive Officer, Division Manager, Sales Division
 Apr. 2014 Chairman, KITZ Corporation of Asia Pacific Pte. Ltd.
 Apr. 2017 Executive Officer, Division Manager, Corporate Planning Division (present position)



Executive Officer **Masaru Takusagawa**
 Born: October 4, 1962

Mar. 1991 Joined KITZ
 Apr. 2004 General Manager, Development Department 3, Engineering Division
 Apr. 2007 General Manager, Research Department, Engineering Division
 Apr. 2008 General Manager, Engineering Department 2, Engineering Division
 Apr. 2010 General Manager, Product Development Department, Engineering Division
 Apr. 2015 General Manager, Production Engineering Center, Production Division
 Apr. 2017 Executive Officer, Division Manager, Product Management Center (present position)

Corporate Governance

Basic Policy

KITZ's corporate philosophy is pursuing the sustainable improvement of its corporate value by providing creative and high-quality products and services. As a company having social responsibility, the Company works to achieve management in consideration of its shareholders and all other stakeholders.

Moreover, the Company works to realize management that is prompt, efficient, sound and highly transparent and strives to strengthen compliance by taking various measures to enhance its corporate governance.

Board of Directors, Directors

KITZ's Board of Directors assumes fiduciary responsibility to shareholders and discusses and makes decisions on major management issues, including management policy, medium- to long-term management plans and business plans for each fiscal year, aiming to achieve the sustainable growth of the KITZ Group and a medium- to long-term improvement in its corporate value. The Board of Directors supervises business execution and is responsible for building the entire Group's internal control system.

The Board of Directors consists of six members: three Executive Directors and three Outside Directors. In principle, a meeting of the Board of Directors is held every month, where the members discuss issues prescribed in the Rules of the Board of Directors and make resolutions. The members conduct vigorous discussions on other important management issues as well. To facilitate decision-making and clarify executive responsibilities, the term of office of the Directors is one year.

The Outside Directors have a great deal of experience in corporate management and a broad range of knowledge. They participate in the Board of Directors' business decisions. They provide appropriate advice for the Company's business judgments and supervise the execution of operations.

Each year, the Board of Directors conducts a survey of Directors and Audit & Supervisory Board Members on the effectiveness of the Board of Directors and is constructively discussing issues to improve the effectiveness based on the results of the survey.

Audit & Supervisory Board and Its Members

KITZ's Audit & Supervisory Board supervises the process of the Directors' decision-making and the performance of their duties in accordance with the Audit & Supervisory Board Members' auditing standards and auditing plans created by the Audit & Supervisory Board under laws and regulations, the Articles of Incorporation and internal regulations. The board receives quarterly reports from the Accounting Auditor about the results of accounting audits. To promote collaboration among the three audits consisting of the internal audit, the

Accounting audit and the Audit & Supervisory Board audit, the outside accounting auditor, the Audit & Supervisory Board Members and the internal audit departments regularly convene the "Three Party Audit Meeting" and provide reports and exchange opinions for frequent and direct collaboration. Also, the "Four-Party Audit and Supervision Meeting" has been put in place, with independent Outside Directors along with the above three parties and is regularly convened to ensure collaboration.

The Audit & Supervisory Board Members attend the meetings of the Board of Directors and monitor and examine the status of the Board of Directors' decision-making and respective Director's performance of their obligation to supervise. They attend also other important meetings and visit offices and subsidiaries to carry out audits. They supervise the Directors' performance of their duties by obtaining information from the Directors, Executive Officers and employees.

The Audit & Supervisory Board consists of four Audit & Supervisory Board Members: two full-time members and two outside members. In principle, a meeting of the Audit & Supervisory Board is held every month.

The Outside Audit & Supervisory Board Members have a great deal of experience in corporate management and a broad range of knowledge. They carry out audits from a neutral and objective perspective to enhance the soundness of management. At least one Audit & Supervisory Board Member who has strong expertise about finance and accounting is to be appointed.

To support the Audit & Supervisory Board Members' performance of their duties, the Audit & Supervisory Board has established The Auditors Board Office, whose full-time staff gather information and conduct surveys in accordance with the directions of the Audit & Supervisory Board Members and cooperate with the Accounting Auditor and the Internal Audit Office.

Management Conference, Executive Officers

In principle, KITZ holds a meeting of the Management Conference consisting of Executive Officers (including Executive Directors) every month to determine policies on major management issues through strategic and multilateral discussions. KITZ is reviewing its standards for proposals to the Board of Directors and is transferring authority to the Executive Officers so that the Board of Directors can focus on the discussion of major issues relating to general management, including management policy and business plans.

Appointments of Directors, Audit & Supervisory Board Members and Executive Officers

Candidates for appointments as Directors, Audit & Supervisory Board Members and Executive Officers are selected by the Nomination Committee (advisory body to the Board of

Directors), which consists of a majority of Outside Directors, from diverse perspectives that include character, ability, judgement, experience, expertise, achievements, fairness and age. Based on submitted reports, candidates are selected by the Board of Directors. If Audit & Supervisory Board Member candidates are appointed, the Audit & Supervisory Board needs to agree on them.

Independence of Outside Directors

The Board of Directors has formulated the “Criteria for Determining the Independence of Outside Directors.” All KITZ’s Outside Directors and Outside Audit & Supervisory Board Members satisfy the criteria. Also, KITZ’s Outside Directors and Outside Audit & Supervisory Board Members all satisfy the independence criteria prescribed by the Tokyo Stock Exchange. The Company registers its independent officers with the Tokyo Stock Exchange.

Compensation for Directors and Executive Officers

KITZ introduced a performance-based stock compensation plan for Directors (excluding Outside Directors) and Executive Officers. Under this plan, compensation for Directors and Executive Officers is based on so-called “stock compensation” whereby shares in the Company are granted as part of traditional monthly remuneration and bonuses in accordance with business performance. This is aimed at making the correlation



between the remuneration of Directors and Executive Officers and KITZ’s stock value more clear and raising awareness of contributions to an improvement in results in the medium to long term and an increase in KITZ’s corporate value. Bonuses shall be paid if certain conditions prescribed in internal regulations are met and reasonable profits are earned. The source of bonuses is around 1% of net income attributable to owners of the parent. The Executive Compensation Committee (an advisory body to Representative Directors) has also been established, which consists of a majority of Outside Directors who discuss policies and details concerning executive compensation and report to the Representative Directors when necessary.

Matrix and History of Corporate Governance

	1990	2000	2010
Separation of supervision and execution	20 members of the Board of Directors as prescribed by the Articles of Incorporation	1999 Decreased to 12	2005 Decreased to 9
Number of Outside Directors		2001 One	2011 Two 2017 Three
Number of Outside Audit & Supervisory Board Members	One	2000 Two	
Operation of the Board of Directors			2006 Term of office for Directors: 1 year 2016 Implemented self-evaluations on the effectiveness of the Board of Directors
Advisory Committees		1999 Established the Investment and Loans Review Committee 2002 Established the C&C Control Committee	2007 Established the Internal Control Committee 2017 Established the Executive Compensation Committee 2017 Established the Nomination Committee
Compensation System			2004 Abolished the system for retirement bonuses for Executive Officers 2016 Introduced a performance-based stock compensation plan
Integrated Report			2016 Published the integrated report <i>Corporate Report 2016</i>
Corporate philosophy	1992 Formulated the KITZ Statement of Corporate Mission	2001 1st revise	2006 2nd revise

*C&C: Crisis & Compliance

Messages from Outside Directors

I would like to support KITZ's growth with sustainable profits and its further evolution into a global company.

Corporate governance has two aims, namely preventing misconduct and strengthening a company's profitability. In this age of drastic change where it is said that "a company's lifespan is 30 years," KITZ marked its 65th anniversary in 2016 and I have the sense that KITZ places great value on the Company's permanence. As common traits, long-established companies focus on customer preferences, enhance and leverage their own strengths, and maintain their immutable essence while adopting to change. With this in mind, as an Outside Director I think it is important to offer frank opinions based on diverse viewpoints from two different sides similar to an accelerator and a brake. By doing so, I would like to support KITZ's growth with sustainable profits and its further evolution into a global company.

Fortunately, KITZ's business fields of "water" and "energy" are expected to grow. Also, in governance as well, KITZ is seriously responding to outside opinions and disclosing information. In the future, I believe it will be important to place value on contacts outside the Company, to be aware of the real problems faced by customers, to propose original solutions on a trial-and-error basis, and to work with customers to raise the degree of perfection of these solutions. I believe it will also be important to make sure the company's purposes



for undertaking business and for whom the business is being undertaken. Other key points are to build a team that operates based on honest relationships of mutual trust and respect through dialogue, to prioritize and try to use management resources efficiently and to normalize extensive and speedy communication of information, including negative information, in a transparent environment.

I am hoping that KITZ commits itself further to making decisions and acting in accordance with the KITZ' Statement of Corporate Mission and its Guidelines for Action, on which KITZ places enormous value.

I will continue to make my utmost efforts as an Outside Director to earn the trust of all stakeholders.

The important roles of outside directors are to offer different perspectives and ways of thinking, provide an impetus to difficult decision-making and contribute to the selection of successors to key positions from the perspective of human resources development. I believe the essential points in operational management for ensuring that outside directors function effectively are to provide large volumes of information, make explanations in advance of board meetings, create opportunities for direct dialogue with management members at informal venues such as dinner meetings, secure venues for exchanging opinions about medium- and long-term strategies, and create numerous opportunities to visit manufacturing plants and branches. Also, I believe one of the important points in selecting the agenda of the board meeting is whether outside directors can provide added value or not.

In 2015, I assumed the duties as an Outside Director of KITZ. Through my involvement with the Board of Directors and observations of manufacturing plants, I have a strong sense that KITZ is sincerely building an extremely solid governance system and is assuring the transparency and objectivity of its management. In its medium- and long-term strategies, I commend KITZ's efforts to actively ascertain changes in the market, pursue sustainable growth and achieve continuous improvements in corporate value.

Recently, movements toward corporate governance



reforms are gathering pace. Let me stress three important points in undertaking these reforms. The first is to respect basic rules concerning the nomination of directors and executive officers. The second is to ensure "security protection". The third is to select multiple outside directors. Applicable examples of these points in terms of nominating outside directors are ensuring that the company president and chairman do not have any personal friendly relationships with the candidate, nominating the candidate who is not persistent about compensation and protecting one's self-interests, and assuring that the candidate has previous experience as an outside director.

I will continue to make my utmost efforts as an Outside Director to ensure that KITZ attains sustainable growth and earns the trust of all stakeholders.

Internal Control System

Basic Policy

KITZ believes that building an appropriate internal control system is the basic condition for meeting the expectations and trust of its shareholders and all the other stakeholders and the important responsibility of the Board of Directors. Under the basic policy the entire Group works to develop and operate the internal control system.

Development and Operation of Internal Controls

To improve the transparency of financial standing and management under the Financial Instruments and Exchange Act, KITZ and the Group companies have each division to make a self inspection of internal controls and conduct internal audits about the status of the building of an internal control system to establish and operate internal controls.

To Our Stakeholders

Business Summary and Strategy

Human Resources

ESG of the KITZ Group

Data Section

Promotion of Compliance and Risk Management

Promotion of Compliance

KITZ believes that compliance management is a basic and essential condition for the company to develop sustainably.

KITZ has established KITZ' Statement of Corporate Mission, which describes its corporate philosophy. The top line of its guidelines for action says "Do it True." The Company takes steps to raise awareness of compliance and improve knowledge about compliance.

Risk Management

KITZ believes that controlling a variety of risks associated with corporate activities is a significant challenge for management. The entire Group works to determine and analyze a variety of risks in business activities appropriately, considers initiatives to prevent and control the emergence of risk and carries out the initiatives. The Group also works to develop a system to respond to crises promptly and appropriately.

C&C Control Committee

In 2002, KITZ established a C&C (Crisis & Compliance) Control Committee. The committee formulates policies and takes steps for the prevention of the occurrence of management risk, response to crises and thorough compliance management.

Compliance Education

For thorough compliance management, KITZ has created a Compliance Guidebook, which is commonly used within the Group. The guidebook describes the importance of compliance management, basic policy, the code of conduct related to compliance, a whistle-blower hotline, compliance education and disciplinary action to violators. Guidebooks are distributed to the officers and employees of KITZ and the Group companies.

To raise awareness of compliance and improve knowledge about compliance, the Company plans educational seminars about laws and regulations and legal affairs every year.

Establishment of a Whistle-Blower Hotline

To gather internal information that cannot be obtained through the ordinary internal control system and compliance system, KITZ has established and operates a whistle-blower hotline. Through the hotline, the Compliance Information Desk (internally referred to as "CID") receives information on violations of the code of compliance, including compliance with laws and regulations, from the officers and employees of KITZ and its Group companies.

Besides each Group company, KITZ and its corporate lawyer's office each has a CID, which can be commonly used within the Group. When the CID receives information, the confidentiality of the informer is protected, and the C&C Control Committee chaired by the president of each Group company will take appropriate steps promptly.

Protection of Personal Information

In December 2004, KITZ established its personal information protection policy and started to take measures to protect personal information. The Company carefully manages personal information.

Environmental Activities

KITZ undertakes initiatives for the conservation of the environment in accordance with the KITZ Group Principle of Environmental Activities and the Environmental Action Policy.

KITZ Group Principle of Environmental Activities

KITZ Group companies aspire to become operations worthy of society's confidence through the supply of environmentally friendly products and services and promotion of environment-responsive corporate activities.

KITZ Group Companies: Environmental Action Policy

KITZ Group companies shall recognize environmental issues as an essential perspective of corporate management and every employee shall positively participate in the following activities.

1. Development and supply of environmentally friendly products and services
2. Effective use of resources
3. Promotion of reduction, reuse and recycle of waste
4. Prevention of environmental contamination

Development and Supply of Environmentally Friendly Products and Services

KITZ has formulated its own independent environmentally friendly development policies and environmental impact reduction guidelines and works to develop products that minimize environmental impacts based on medium- and long-term perspectives.

Highly Corrosion-Resistant Alloy Steel Valves for Seawater Desalination Plant

These highly corrosion-resistant alloy steel valves utilize a dual-phase alloy (Super Duplex material (SDPV)). Offering superior corrosion resistance compared with aluminum bronze alloys that were widely used as conventional products, these valves are being used at seawater desalination plants in Japan and overseas.



Compact Water Purifier for Water Works — Water Purification Equipment Contributing to the Use of Water in Mountainous Areas

This water purifier deploys a membrane filtration method that utilizes long-term stable filtration performance capabilities and makes clogging unlikely. The purifier reliably removes impurities and protozoa such as chlorine-resistant cryptosporidium. It comes with a compact design and users can choose from a variety of models in accordance with the quantity of water to be treated and the raw water quality. The equipment can also respond to needs for unattended and automated operation and offers optimal effects in improving water quality in mountainous regions.

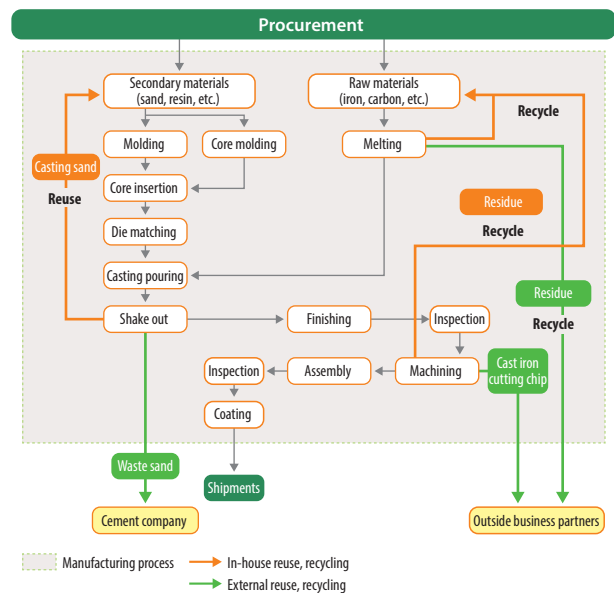


Effective Use of Resources

The main materials of valves are metals, which are natural resources. KITZ utilizes used scrap metal as part of raw materials for valves. KITZ also strives to recycle scrap and cutting chips generated in the production process by utilizing the

know-how it has accumulated over many years. In addition, for casting sand to be used in the casting process, chunks are crushed, sorted and processed in the sand process for recycling. If casting sand is used repeatedly and becomes smaller than the standard particle diameter, it will become waste. However, casting sand that is disposed of will be used as auxiliary materials for cement. In this way, KITZ aims to achieve coexistence with the global environment and promotes the effective use of limited resources.

Flow Chart of Recycling and Reuse in Production Process of Cast Iron Valves



Reduction of Waste, Promotion of Recycling and Reuse

We are working to properly dispose of materials that we are unable to reduce (no generation or bringing in of waste), reuse (recyclable waste materials are returned to the production lines for reuse) or recycle (sort and recycle as resources). By thoroughly sorting waste material and recycling it as valuable resources, we are curbing the amount of waste materials generated.

In its production divisions, based on surveys and analyses

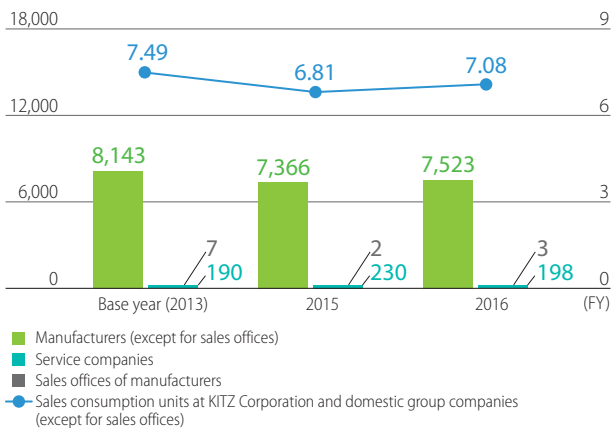
of the volume of waste generated, KITZ is promoting efforts to reduce and reuse industrial waste materials, which consist mostly of waste materials generated by the KITZ Group's production activities. Moreover, the Waste Material Management System, which manages the KITZ Group's environment and safety-related information, enables KITZ to ascertain on a timely basis the entire waste-handling process, from the generation of waste to final disposal, and allows this information to be shared within the Group. For its waste handling system, KITZ has established a framework under which the waste disposal route is determined in advance and waste cannot be processed using any route other than the route specified in the consignment agreements.

Prevention of Environmental Contamination

Metal resources and casting sand, which are raw materials of

● Volume of Industrial Waste Materials

Volume of industrial waste materials (t) Sales consumption units (t/Sales (100 millions of yen))

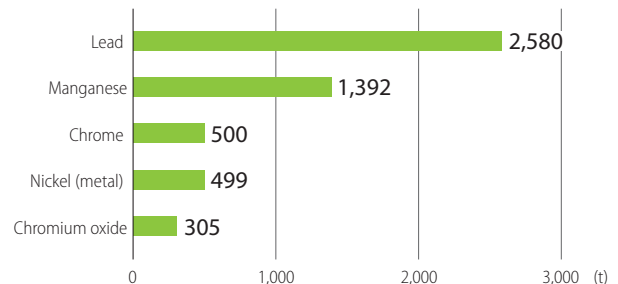


valves, contain many Pollutant Release and Transfer Register (PRTR) target substances* such as lead, manganese, chrome, nickel and chromium oxide. The main types of substances discharged into the atmosphere are xylene and toluene from paints, thinners and stored gasoline while the main substance transferred externally is chromium oxide contained in casting sand.

To prevent environmental contamination caused by dangerous and toxic substances contained in chemical products, in addition to preventing contamination from PRTR target substances*, KITZ built the Chemical Substance Management System in 2000. KITZ is working to identify chemical products containing toxic substances and to use alternative substances as it strives to improve the safety of its valve products and reduce environmental impacts.

*These are substances recognized as being persistent in the environment over a wide area and that meet one of the following conditions that include "being harmful to human health and ecosystems," "chemical substances that may easily form hazardous chemical substances through a naturally occurring chemical transformation" and "ozone layer destroying substances."

● Usage Volume of PRTR Substances (top five types)



*KITZ also tabulates PRTR substances for which the annual handling volume is less than 1t and that have a content rate of less than 1%.

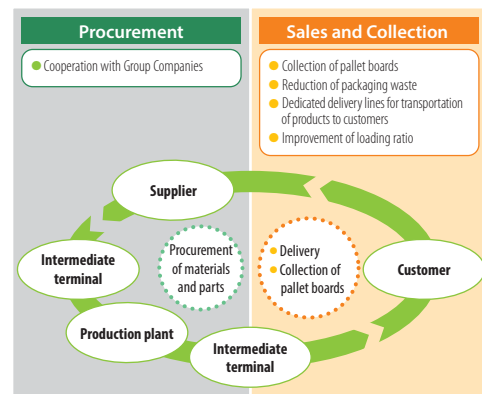
Greening of Logistics

To achieve environmentally friendly logistics, the KITZ Group companies mutually cooperate with transportation companies to carry out "joint deliveries," which entails collection and delivery freight jointly, and "integrated deliveries," which entails efficient transportation by loading different cargo outward and upon return. Through this approach, the KITZ Group is reducing CO₂ emissions in its logistics operations. As specific approaches, KITZ delivers procured parts and materials upon return after deliveries of products to customers by using exclusive joint delivery with Group companies or the logistics network of transportation companies. Additionally, we are establishing delivery and procurement networks with high transport efficiency in the vicinity of our production plants. By taking these measures, we are reducing the duplication of transportation distances on main transport routes and improving the loading ratio.

As another important issue, stretch film used to prevent load shifting during the delivery of products and components becomes waste material upon reaching the shipping destination. KITZ is now concurrently using nets that can be used repeatedly for these deliveries. While performing various verifications for load shifting and other matters, KITZ is working to reduce the amount of its stretch film usage.

Moreover, KITZ also carries out transport utilizing returnable shipping boxes for some of its products and by doing so is reducing waste.

To reduce environmental impacts, KITZ will promote efforts to further reduce CO₂ emissions and minimize shipping supplies.



Double-stacking of cargo



Shift from stretch film to nets

Communication with Our Stakeholders

KITZ provides opportunities for direct communication through activities to build relationships of mutual trust with shareholders and investors, as well as with other stakeholders including customers, business partners, employees and society. We feed back information obtained by constructive communication to the management team, and reflect the outcomes in efforts to improve the efficiency and transparency of management.



With Shareholders

We seek to disclose information at an early stage, wherein we send the notice of the annual general meeting of shareholders around one week earlier than the legal requirement and the contents are posted on the website prior to sending. The English version can also be read on the website. We are preparing a system that enables our shareholders to exercise voting rights online for their convenience.

With Individual Investors

For the purpose of getting more people interested in becoming a KITZ shareholder, we hold briefings for individual investors multiple times a year. In addition, we are striving to improve the shareholder special benefit plan as well as to provide information on a timely basis both on the website and in the shareholder report.



With Institutional Investors

We hold results briefings for institutional investors and analysts on a quarterly basis. The president explains the achievements and the medium- and long-term strategy.

With Customers

To introduce the KITZ Group's products to a wider audience, we proactively exhibit at domestic and foreign trade shows and answer questions from customers who visit our booth.



With Business Partners

The meeting of presidents of domestic general distributors is held annually. We promote mutual understanding and further deepen our partnership with distributors.



With Employees

The management team including the president regularly visits manufacturing sites and promotes better understanding through communication with employees there.

We also hold internal IR briefings at our domestic branches and plants. We provide easy-to-understand explanations about our business results and medium- and long-term strategies.



Photo courtesy of Nagano Nippo

With the Local Community

Suwa city, in Nagano Prefecture, is the hometown of KITZ founder Toshio Kitazawa, and many of the offices and plants of the KITZ Group are located in the Suwa region today. KITZ supports the Suwa Lake Marathon every year, where about 8,000 runners gather from all over the country. At the opening ceremony for the 28th marathon held in October 2016, President Yasuyuki Hotta gave the opening remarks as a representative of the sponsors.

Social Contribution Activities

KITZ focuses its various social contribution activities on areas including regional development (regional contribution), environment preservation, social and international contribution, and culture development.

Regional Development (Regional Contribution) and Environmental Preservation :::::::::::::::::::::::::::::::::::::::



Project for Regenerating Kujukuri Coastal Forest Preserve

In collaboration with the NPO Life Style Research Institute of Forests, we work on regenerating the forest preserve at Hasunuma Tonoshita coastal area (Kujukuri coastal area) in Sammu city, Chiba Prefecture, which was damaged by the tsunami caused by the Great East Japan Earthquake.



Regeneration of a *Satoyama* – *Oomurasaki* Forest

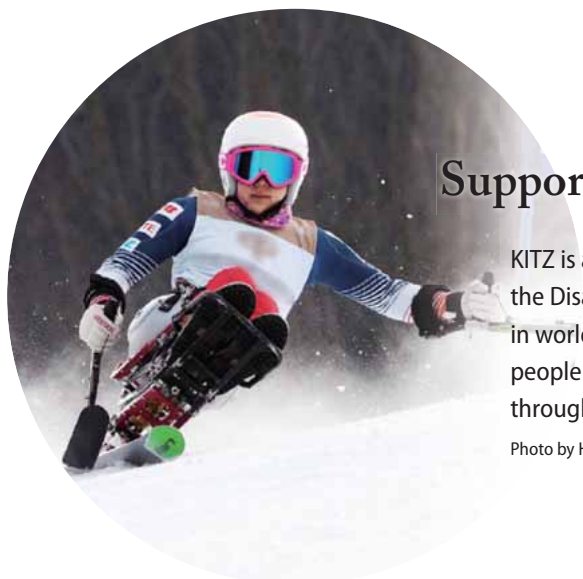
In an effort to regenerate a *Satoyama* (undeveloped village forest) to serve as a habitat for the giant purple *Oomurasaki* butterfly, Japan's national butterfly and the symbol of Hokuto city, Yamanashi Prefecture, where the Nagasaka Plant is located, we participate in tree-planting activities sponsored by the NPO Oomurasaki Center.



Provision of Chino Plant as a Shelter in the Event of Disaster

KITZ has concluded an agreement on refugee support in the event of a disaster with Chino city, Nagano Prefecture. When a natural disaster occurs, we provide the company cafeteria at the Chino Plant as a temporary refuge for citizens.

Social and International Contribution



Support for the Japan Para-Alpine Ski Team

KITZ is an official sponsor of the Alpine ski team, Ski Association of Japan for the Disabled. The purposes of this activity are to develop players that can excel in world-class events, including the Paralympics and the World Cup, and to help people with disabilities overcome their challenges and participate in society through skiing.

Photo by Hiro YAKUSHI

Introduction of TABLE FOR TWO program

Our company cafeterias have introduced an activity that simultaneously seeks to eliminate hunger in developing countries and obesity and lifestyle-related diseases in developed countries. Each time an employee eats a meal from our healthy menu, we donate 20 yen out of the cost paid by an employee that is included in the price of the meal to support school lunch projects in developing countries in Africa.

Photo: TABLE FOR TWO



Culture Development



Support for Kitazawa Museum of Art

KITZ supports the activities of the Kitazawa Museum of Art located on the shores of Lake Suwa. The Kitazawa Museum of Art permanently displays excellent pieces of artwork, including some of the world's best French glassworks made during the art nouveau era at the end of 19th century and modern Japanese paintings. These works are highly acclaimed both in Japan and overseas.

Financial Data

	FY2006	FY2007	FY2008	FY2009
For the Year				
Net sales	149,512	149,274	127,095	96,592
Domestic Sales	120,580	119,654	100,001	76,403
Overseas sales	28,932	29,620	27,094	20,188
Valve Manufacturing Business	99,284	99,118	89,627	70,611
Brass Bar Manufacturing Business	41,895	40,886	28,247	16,218
Other	8,332	9,269	9,220	9,762
Operating income	11,342	11,615	7,188	6,976
Ordinary income	10,652	10,525	6,475	6,248
Net income attributable to owners of the parent	9,973	6,290	3,396	3,079
Cash flows from operating activities	4,156	11,949	11,101	13,285
Cash flows from investing activities	(4,245)	(3,288)	(3,945)	(4,525)
Cash flows from financing activities	(1,272)	(8,362)	(1,470)	(9,291)

At Year-End				
Current assets	57,225	55,432	51,030	47,421
Fixed assets	56,882	53,877	50,071	50,112
Total assets	114,107	109,310	101,101	97,533
Current liabilities	28,783	29,038	27,712	18,070
Long-term liabilities	32,713	26,933	22,476	25,616
Total liabilities	61,496	55,972	50,189	43,686
Net assets	52,611	53,337	50,912	53,847
Interest-bearing liabilities	41,513	36,247	35,860	27,555
Share price (Yen)	1,070	591	299	545

Per Share Data				
EPS	86.87	54.52	30.02	27.23
BPS	447.33	463.16	442.44	468.31
Cash dividends per share	15.00	15.00	9.00	7.00

Financial Indicators (%)				
Operating income to net sales	7.6	7.8	5.7	7.2
ROE	21.4	12.1	6.6	6.0
ROA	9.9	9.4	6.2	6.3
Equity ratio	45.3	47.9	49.5	54.3
Payout ratio	17.3	27.5	30.0	25.7
Total return ratio	17.3	53.2	30.0	25.7

FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
(Millions of yen)						
106,059	108,446	111,275	117,355	117,036	117,278	114,101
82,120	82,974	81,509	84,970	81,983	80,127	80,207
23,938	25,472	29,765	32,384	35,052	37,151	33,893
76,098	78,976	84,472	87,888	90,152	93,579	91,766
20,230	20,065	17,948	20,953	21,021	20,557	19,333
9,729	9,404	8,855	8,514	5,863	3,141	3,002
6,341	4,638	6,558	6,470	6,886	7,245	8,929
5,929	4,388	6,521	6,501	7,581	7,300	8,799
3,063	2,480	4,039	3,564	6,881	4,915	5,400
5,818	2,217	7,885	4,667	8,923	9,592	12,979
(2,907)	(2,508)	(4,519)	(3,546)	(1,010)	(9,763)	(2,141)
375	(6,638)	(3,213)	66	(3,706)	796	(6,838)
(Millions of yen)						
52,036	47,247	49,956	55,866	63,884	63,501	67,972
48,101	47,734	50,016	51,717	51,905	55,920	51,175
100,138	94,981	99,972	107,583	115,790	119,422	119,148
26,521	20,182	21,149	20,703	25,740	19,040	19,608
20,184	20,309	18,603	20,101	14,556	24,284	24,647
46,705	40,491	39,752	40,805	40,296	43,325	44,255
53,433	54,489	60,219	66,777	75,493	76,096	74,892
30,165	24,290	22,319	23,728	21,426	25,008	24,787
400	360	472	505	594	487	742
(Yen)						
27.36	22.71	36.98	32.63	63.22	45.50	51.43
480.88	490.65	542.41	601.56	686.47	700.17	727.78
7.00	7.50	9.50	10.00	13.00	13.00	13.00
6.0	4.3	5.9	5.5	5.9	6.2	7.8
5.8	4.7	7.2	5.7	9.8	6.6	7.3
6.0	4.5	6.7	6.3	6.8	6.2	7.4
52.5	56.4	59.3	61.1	64.2	62.9	61.9
25.6	33.0	25.7	30.6	20.6	28.6	25.3
74.1	33.0	25.7	30.6	27.6	38.8	92.5

To Our Stakeholders

Business Summary and Strategy

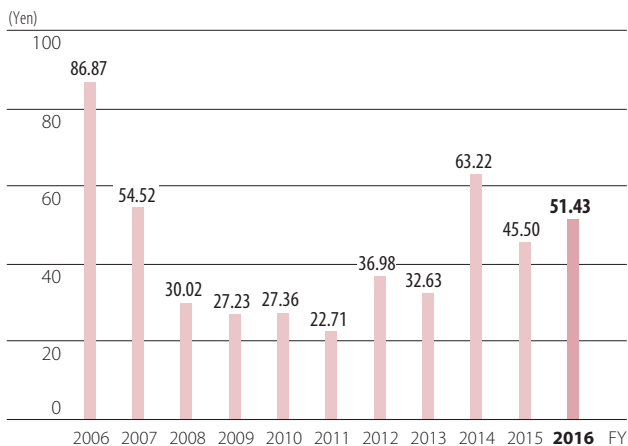
Human Resources

ESG of the KITZ Group

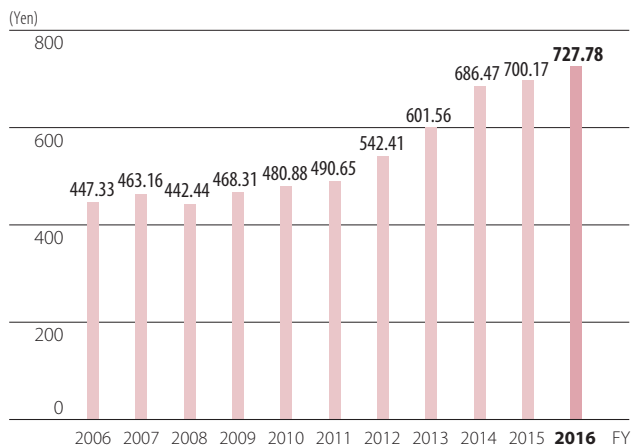
Data Section

Financial Data

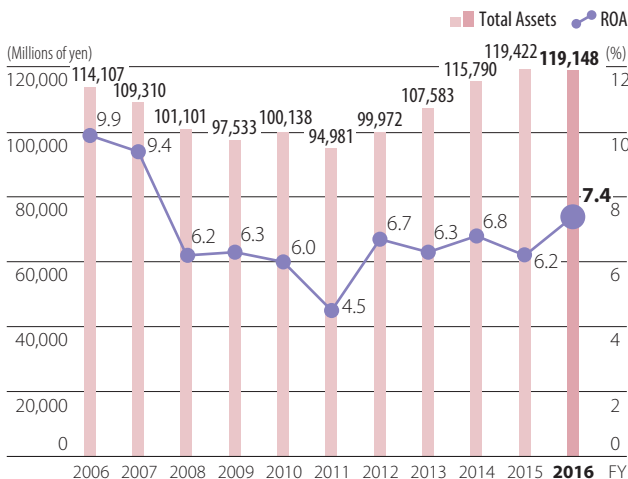
● EPS



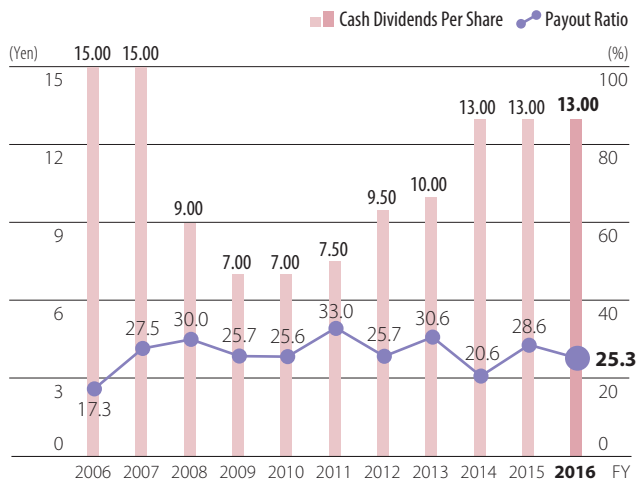
● BPS



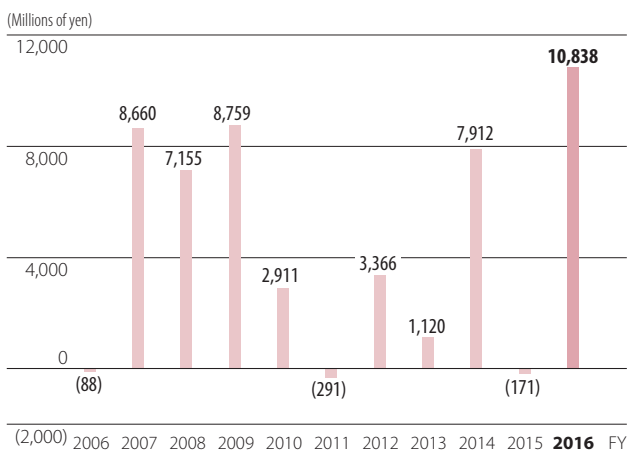
● Total Assets / ROA



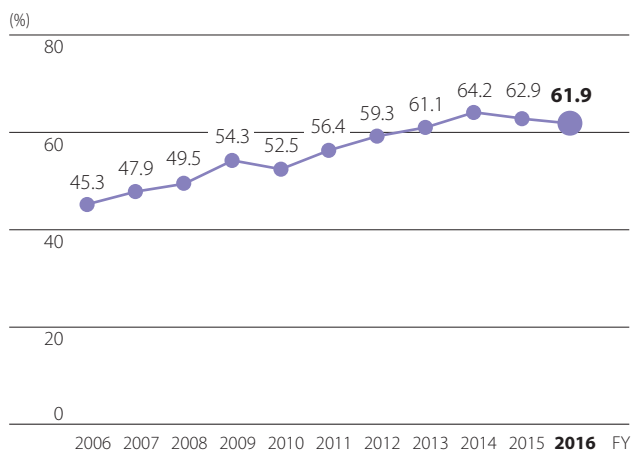
● Cash Dividends Per Share / Payout Ratio



● Free Cash Flows



● Equity Ratio



Consolidated Balance Sheets

(Millions of yen)

	FY2014	FY2015	FY2016
Assets			
Current assets			
Cash in hand and in banks	14,036	14,649	18,181
Notes, accounts receivable–trade	21,417	18,832	18,620
Electronically recorded monetary claims	5,044	6,657	7,272
Merchandise and finished goods	9,342	9,291	8,282
Work in process	4,296	4,532	4,692
Raw materials and supplies	7,245	7,088	6,963
Deferred income tax assets	1,160	1,074	1,223
Other	1,370	1,442	2,803
Less: Allowance for doubtful accounts	(29)	(68)	(68)
Total current assets	63,884	63,501	67,972
Fixed assets			
Property, plant and equipment			
Buildings and structures	11,180	12,090	8,310
Machinery, equipment and vehicles	8,300	9,608	10,008
Tools, furniture and fixtures	5,127	5,222	5,274
Land	10,944	11,063	9,812
Construction in progress	827	570	1,064
Other	237	233	251
Total property, plant and equipment	36,617	38,788	34,722
Intangible assets			
Goodwill	1,459	2,396	2,323
Other	2,235	3,149	4,557
Total intangible assets	3,695	5,545	6,881
Investments and other assets			
Investments in securities	8,887	8,505	6,108
Retirement benefit assets	99	99	174
Deferred income tax assets	125	101	127
Other	2,485	2,884	3,163
Less: Allowance for doubtful accounts	(5)	(4)	(3)
Total investments and other assets	11,593	11,586	9,571
Total fixed assets	51,905	55,920	51,175
Total assets	115,790	119,422	119,148
			(Millions of yen)
Liabilities			
Current liabilities			
Accounts payable–trade	6,606	6,405	6,138
Current portion of corporate bonds	6,630	799	904
Short-term borrowings	1,658	2,025	1,496
Current portion of long-term debt	2,942	2,788	2,452
Income taxes payable	1,711	864	1,459
Consumption tax payable	515	280	553
Accrued bonuses to employees	1,772	1,697	2,068
Accrued bonuses to directors and corporate auditors	159	169	163
Other	3,745	4,009	4,370
Total current liabilities	25,740	19,040	19,608
Long-term liabilities			
Corporate bonds	1,680	12,680	13,523
Long-term debt	8,515	6,714	6,410
Deferred income tax liabilities	1,454	1,477	1,164
Accrued retirement benefits to directors, corporate	309	282	352
Allowance for stock benefit for directors, corporate	—	—	36
Retirement benefit liabilities	295	344	413
Asset retirement obligations	463	424	441
Other	1,837	2,360	2,305
Total long-term liabilities	14,556	24,284	24,647
Total liabilities	40,296	43,325	44,255
Net assets			
Shareholders' equity			
Common stock	21,207	21,207	21,207
Capital surplus	9,430	5,743	5,743
Retained earnings	41,618	45,118	49,138
Treasury stock	(4,407)	(1,193)	(5,042)
Total shareholders' equity	67,849	70,875	71,046
Accumulated other comprehensive income			
Net unrealized gains on other securities	3,321	2,745	1,972
Translation adjustments	2,811	1,220	567
Cumulative adjustments related to retirement benefits	306	228	204
Total accumulated other comprehensive income	6,439	4,194	2,744
Non-controlling interests	1,204	1,027	1,101
Total net assets	75,493	76,096	74,892
Total liabilities and net assets	115,790	119,422	119,148

To Our Stakeholders

Business Summary and Strategy

Human Resources

ESG of the KITZ Group

Data Section

Consolidated Statements of Income

(Millions of yen)

	FY2014	FY2015	FY2016
Net sales	117,036	117,278	114,101
Cost of sales	88,662	87,356	82,405
Gross profit	28,374	29,922	31,696
Selling, general and administrative expenses	21,487	22,676	22,767
Operating income	6,886	7,245	8,929
Non-operating income			
Interest income	25	39	97
Dividend income	155	179	211
Insurance income	177	131	133
Settlement money received	259	—	—
Exchange gains	401	82	—
Other	371	458	326
Total non-operating income	1,389	891	768
Non-operating expenses			
Interest expenses	233	219	234
Sales discount	330	386	376
Losses on sales of notes receivable	24	23	23
Exchange losses	—	—	19
Other	107	206	244
Total non-operating expenses	695	836	898
Ordinary income	7,581	7,300	8,799
Extraordinary income			
Gains on sales of property, plant and equipment	34	85	14
Gains on sales of investment securities	—	75	2,097
Gain on sales of shares of affiliated companies	2,156	—	—
Gains on business transfer	—	170	—
Other	0	6	40
Total extraordinary income	2,191	338	2,152
Extraordinary loss			
Losses on sales or disposal of property, plant and equipment	71	119	141
Impairment loss	167	—	3,756
Other	14	31	27
Total extraordinary loss	253	151	3,925
Net income before income taxes and minority interests	9,519	7,488	7,025
Income taxes (income, residential and enterprise taxes)	2,589	2,198	2,370
Taxes from past fiscal years	—	—	(622)
Income tax adjustment	(24)	284	(238)
Total income taxes	2,564	2,483	1,509
Net income	6,954	5,005	5,515
Net income attributable to non-controlling interests	73	90	115
Net income attributable to owners of the parent	6,881	4,915	5,400

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2014	FY2015	FY2016
Net income	6,954	5,005	5,515
Other comprehensive income			
Net unrealized gains on other securities	1,186	(576)	(772)
Translation adjustment	2,362	(1,639)	(670)
Remeasurements of retirement benefits	120	(77)	(23)
Total other comprehensive income	3,670	(2,293)	(1,466)
Comprehensive income	10,624	2,712	4,048
(Breakdown)			
Comprehensive income attributable to owners of the parent	10,484	2,670	3,950
Comprehensive income attributable to non-controlling interests	140	41	98

Consolidated Statements of Cash Flows

(Millions of yen)

	FY2014	FY2015	FY2016
Cash flows from operating activities			
Net income before income taxes and minority interests	9,519	7,488	7,025
Depreciation	3,639	4,019	4,148
Amortization of goodwill	215	327	438
Exchange (gains) losses	(96)	79	37
Write-down of investments in securities	0	0	—
(Gains) losses on sales of investment securities	—	(75)	(2,082)
Increase (decrease) in provision for allowance for doubtful accounts	(2)	12	(4)
Increase (decrease) in accrued bonuses to employees	14	(66)	382
Increase (decrease) in retirement benefit liabilities	(60)	(60)	(62)
Increase (decrease) in accrued retirement benefits to directors	18	(111)	30
Increase (decrease) in allowance for stock benefit for directors	—	—	36
Increase (decrease) in provision of accrued bonuses to directors	18	11	(1)
Interest income and dividend income	(180)	(219)	(308)
Interest expenses	233	219	234
(Gains) losses on sales or disposal of property, plant and equipment	37	33	127
Impairment losses of fixed assets	167	—	3,756
(Gains) losses on sale of shares of affiliated companies	(2,156)	—	—
(Gains) losses on transfer of business	—	(170)	—
(Increase) decrease in notes and accounts receivable	(206)	835	(673)
(Increase) decrease in inventories	(782)	710	677
(Increase) decrease in other current assets	(32)	(28)	60
(Increase) decrease in accounts payable	352	(167)	(61)
Increase (decrease) in other current liabilities	493	(62)	843
Other	(40)	(72)	(76)
Subtotal	11,152	12,701	14,526
Interest and dividend income received	178	212	316
Interest expenses paid	(235)	(217)	(211)
Income taxes paid	(2,173)	(3,105)	(1,938)
Income taxes refund	—	—	286
Cash flows from operating activities	8,923	9,592	12,979
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	(3,489)	(4,343)	(4,476)
Proceeds from sales of property, plant and equipment	37	222	1,119
Payments for purchase of intangible assets	(705)	(1,125)	(1,956)
Payments for purchase of investments in securities	(22)	(470)	(21)
Proceeds from sales of investments in securities	—	110	3,422
Proceeds from collections of long-term loans receivable	0	1	—
Proceeds from sales of subsidiaries' shares resulting from changes in scope of consolidation	3,890	—	—
Payments for acquisition of subsidiaries' shares resulting from changes in scope of consolidation	(649)	(3,732)	(211)
Proceeds from transfer of business	—	170	—
Other	(73)	(594)	(17)
Cash flows from investing activities	(1,010)	(9,763)	(2,141)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings, net	(1,715)	418	(624)
Proceeds from long-term debt	4,460	900	2,248
Repayment of long-term debt	(3,425)	(3,219)	(2,887)
Proceeds from issuance of bonds	—	11,520	1,821
Payments for redemption of bonds	(1,202)	(6,630)	(902)
Proceeds from sales of treasury stock	0	0	1
Payments for acquisition of treasury stock	(488)	(510)	(3,851)
Cash dividends paid	(1,201)	(1,406)	(1,380)
Cash dividends paid to non-controlling interests	(17)	(22)	(21)
Payments for acquisition of treasury stock	—	—	(1,037)
Other	(116)	(252)	(206)
Cash flows from financing activities	(3,706)	796	(6,838)
Effect of exchange rate changes on cash and cash equivalents	445	(149)	(250)
Net increase (decrease) in cash and cash equivalents	4,651	475	3,748
Cash and cash equivalents at the beginning of the year	7,923	12,575	13,050
Cash and cash equivalents at the end of the year	12,575	13,050	16,799

To Our Stakeholders

Business Summary and Strategy

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ESG of the KITZ Group

Data Section

Group Network

Domestic Network

KITZ Corporation

Head Office

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-0111



Sales Bases

Hokkaido Regional Office

Hokkaido Sales Office

12-1-25 Kita 14 Jo Higashi, Higashi-ku,
Sapporo-shi, Hokkaido Pref. 065-0014, Japan
TEL: +81-11-733-2225

Tohoku Regional Office

Tohoku Sales Office

Asahi Seimei Sendai Ichibancho Building,
2-7-17 Ichibancho, Aoba-ku, Sendai-shi,
Miyagi Pref. 980-0811, Japan
TEL: +81-22-224-5335

Kita-Kanto Regional Office

Kita-Kanto Sales Office

Sakamoto-2 Building, 3-306-1, Miyaharacho,
Kita-ku, Saitama-shi, Saitama Pref. 331-0812,
Japan
TEL: +81-48-651-5260

Niigata Sales Office

Nissai Minamisasaguchi Building, 1-1-54
Minamisasaguchi, Chuo-ku, Niigata-shi,
Niigata Pref. 950-0912, Japan
TEL: +81-25-243-3122

Tokyo Branch

Tokyo Sales Office 1

Onward Park Building, 3-10-5 Nihombashi,
Chuo-ku, Tokyo 103-0027, Japan
TEL: +81-3-6836-1501

Tokyo Sales Office 2

Onward Park Building, 3-10-5 Nihombashi,
Chuo-ku, Tokyo 103-0027, Japan
TEL: +81-3-6836-1501

Chiba Sales Office

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1706

Yokohama Sales Office

Sankyo Yokohama Building, 5-85 Chojamachi,
Naka-ku, Yokohama-shi,
Kanagawa Pref. 231-0033, Japan
TEL: +81-45-253-1095

Air Conditioning and Instrumentation Office

Onward Park Building, 3-10-5 Nihombashi,
Chuo-ku, Tokyo 103-0027, Japan
TEL: +81-3-6836-1502

Tokyo Sales Promotion Group

Onward Park Building, 3-10-5 Nihombashi,
Chuo-ku, Tokyo 103-0027, Japan
TEL: +81-3-6836-1503

Industrial Sales Development Group

Onward Park Building, 3-10-5 Nihombashi,
Chuo-ku, Tokyo 103-0027, Japan
TEL: +81-3-6836-1501

Chubu Branch

Nagoya Sales Office 1

Gojinsha Meieki 3 Building, 3-9-37 Meieki,
Nishi-ku, Nagoya-shi, Aichi Pref. 451-0045,
Japan
TEL: +81-52-562-1541

Nagoya Sales Office 2

Gojinsha Meieki 3 Building, 3-9-37 Meieki,
Nishi-ku, Nagoya-shi, Aichi Pref. 451-0045,
Japan
TEL: +81-52-562-1541

Tokai Sales Office

Sumitomo Life Shizuoka Tokiwacho Building,
2-13-1 Tokiwacho, Aoi-ku, Shizuoka-shi,
Shizuoka Pref. 420-0034, Japan
TEL: +81-54-273-7337

Hokuriku Sales Office

S.F Building, 4-7-14 Futakuchimachi,
Toyama-shi, Toyama Pref. 939-8211, Japan
TEL: +81-76-492-4685

Koshin Sales Office

5125 Kanazawa, Chino-shi, Nagano Pref.
391-0012, Japan (located in Chino Plant)
TEL: +81-266-71-1441

Osaka Branch

Osaka Sales Office 1

Osaka Glen Check Building, 1-34-15
Shinmachi, Nishi-ku, Osaka-shi,
Osaka Pref. 550-0013, Japan
TEL: +81-6-6541-1178

Osaka Sales Office 2

Osaka Glen Check Building, 1-34-15
Shinmachi, Nishi-ku, Osaka-shi,
Osaka Pref. 550-0013, Japan
TEL: +81-6-6533-1715

Building Utility Products Group

Osaka Glen Check Building, 1-34-15
Shinmachi, Nishi-ku, Osaka-shi,
Osaka Pref. 550-0013, Japan
TEL: +81-6-6541-1357

Air Conditioning and Instrumentation Office

Osaka Glen Check Building, 1-34-15
Shinmachi, Nishi-ku, Osaka-shi,
Osaka Pref. 550-0013, Japan
TEL: +81-6-6533-0350

Chugoku Regional Office

Hiroshima Sales Office

NBF Hiroshima Tatemachi Building, 2-27
Tatemachi, Naka-ku, Hiroshima-shi,
Hiroshima Pref. 730-0032, Japan
TEL: +81-82-248-5903

Okayama Sales Office

Mitsui Life Okayama Building, 8-29 Saiwaicho,
Kita-ku, Okayama-shi, Okayama Pref.
700-0903, Japan
TEL: +81-86-226-1607

Kyushu Regional Office

Kyushu Sales Office

ZS Fukuoka Building, 3-4-2 Higashihie,
Hakata-ku, Fukuoka-shi, Fukuoka Pref.
812-0007, Japan
TEL: +81-92-431-7877

Project Division

Project Sales Office 1

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1719

Project Sales Office 2

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Project Sales Office 3

Osaka Glen Check Building, 1-34-15
Shinmachi, Nishi-ku, Osaka-shi,
Osaka Pref. 550-0013, Japan
TEL: +81-6-7636-1060

Control Valve Sales Office

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1773

Water Supply Product Sales Dept.

Water Supply Product Sales Office

Albus Tachikawa Building, 2-3-28 Nishikicho,
Tachikawa-shi, Tokyo 190-0022, Japan
TEL: +81-42-595-9241

Tohoku Water Supply Product Sales Office

Asahi Seimei Sendai Ichibancho Building,
2-7-17 Ichibancho, Aoba-ku, Sendai-shi,
Miyagi Pref. 980-0811, Japan
TEL: +81-22-224-5335

Kita-Kanto Water Supply Product Sales Office

Sakamoto-2 Building, 3-306-1, Miyaharacho,
Kita-ku, Saitama-shi, Saitama Pref. 331-0812,
Japan
TEL: +81-48-651-5260

Yokohama Water Supply Product Sales Office

Sankyo Yokohama Building, 5-85 Chojamachi,
Naka-ku, Yokohama-shi,
Kanagawa Pref. 231-0033, Japan
TEL: +81-45-253-1095

Kansai Water Supply Product Sales Office

Osaka Glen Check Building, 1-34-15
Shinmachi, Nishi-ku, Osaka-shi,
Osaka Pref. 550-0013, Japan
TEL: +81-6-7636-1061

Sales Supporting Group

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1760

Department of Overseas Operation

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1730

Product Management Center

Clean Energy Marketing & Development Dept.

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1765

Production Bases and Training Center

Plants

KITZ Corporation Nagasaka Plant

2040 Nagasaka Kamijo, Nagasakacho,
Hokuto-shi, Yamanashi Pref. 408-8515, Japan
TEL: +81-551-20-4100



KITZ Corporation Ina Plant

7130 Higashiharuchika, Ina-shi,
Nagano Pref. 399-4496, Japan
TEL: +81-265-78-1111



KITZ Corporation Chino Plant

5125 Kanazawa, Chino-shi,
Nagano Pref. 391-0012, Japan
TEL: +81-266-82-0170



Training Center

KITZ Training Center

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Kobuchisawa-cho, Hokuto-shi,
Yamanashi Pref. 408-0041, Japan
TEL: +81-551-36-3971

KITZ Group

Toyo Valve Co., Ltd.

10-5, Nihonbashi 3-chome,
Chuo-ku, Tokyo, 103-0027, Japan
TEL: +81-3-6262-1652
(Sales of valves and system equipment)

Shimizu Alloy Mfg. Co., Ltd.

928 Higashinonamicho, Hikone-shi,
Shiga Pref. 522-0027, Japan
TEL: +81-749-23-3131
(Manufacturing and sales of water works valves)



KITZ SCT Corporation

Omorieki Higashiguchi Building, 1-5-1
Omori kita, Ota-ku, Tokyo 143-0016, Japan
TEL: +81-3-6404-2171
(Manufacturing and sales of valves and fittings for semiconductor production facilities)



Miyoshi Valve Co., Ltd.

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1734
(Sales of valves for building utilities and freezing and refrigeration equipment)

YKV Corporation

1-10-1 Nakase, Mihama-ku, Chiba-shi,
Chiba Pref. 261-8577, Japan
TEL: +81-43-299-1773
(Manufacturing, sales and services of control valves for various applications)

KITZ Engineering Service Co., Ltd.

1-7-59 Akanehama, Narashino-shi,
Chiba Pref. 275-0024, Japan
TEL: +81-47-452-0585
(Maintenance services for valves)

KITZ Micro Filter Corporation

2983 Shiga, Suwa-shi,
Nagano Pref. 392-0012, Japan
TEL: +81-266-52-0002
(Manufacturing and sales of fluid separation products for filters and related products)



KITZ Metal Works Corporation

7377 Kobayakawa, Miyagawa,
Chino-shi, Nagano Pref. 391-8555, Japan
TEL: +81-266-79-3030
(Manufacturing and sales of copper and processed products)



Hokutoh Giken Kogyo Corporation

4601 Wakamiko, Sutamacho, Hokuto-shi,
Yamanashi Pref. 408-0112, Japan
TEL: +81-551-42-5151
(Manufacturing and sales of metal processed products)



Hotel Beniya Co., Ltd.

2-7-21 Kogan-dori, Suwa-shi,
Nagano Pref. 392-8577, Japan
TEL: +81-266-57-1111
(Operation of hotel and restaurants)



Overseas Network

Marketing Bases, KITZ Corporation

India

KITZ Corporation (India Liaison Office)
805 Meadows, Sahar Plaza, Off Andheri Kurla
Road, Andheri East, Mumbai 400 059, India
TEL: +91-22-40154202

U.A.E.

KITZ Corporation (Dubai Liaison Office)
6EA501 Dubai Airport Free Zone, P.O. Box
293545, Dubai-U.A.E.
TEL: +971-4-701-7524

KITZ Group

Korea

KITZ Corporation of Korea
10th Floor, Seoul Finance Center, 136,
Sejong-daero, Jung-gu, Seoul, 04520, Korea
TEL: +82-2-6959-2450
(Sales of valves)

Filcore Co., Ltd.

#3Ba-211, Shihwa Industrial Complex, 2185-2
Jeongwang-dong, Siheung-si, Gyeonggi-do,
15116, Korea
TEL: +82-31-433-3988
(Manufacturing and sales of hollow fiber
membranes for water purifiers, water ionizers
and bidets)



Singapore

KITZ Corporation of Asia Pacific Pte. Ltd.
No.22 Pioneer Crescent, #03-06 West Park
BizCentral, Singapore 628556
TEL: +65-6339-0350
(Sales, marketing and distribution of valves)

KITZ Valve & Actuation Singapore Pte. Ltd.
No.22 Pioneer Crescent, #03-06 West Park
BizCentral, Singapore 628556
TEL: +65-6861-1833
(Sales and maintenance of valves)

Thailand

KITZ Valve & Actuation (Thailand) Co., Ltd.
388 Exchange Tower, 17th Floor, Unit 1701-1,
Sukhumvit Road, Klongtoey Sub-district,
Klongtoey District, Bangkok 10110, Thailand
TEL: +66-2-663-4700
(Sales, marketing and distribution of valves)

KITZ (Thailand) Ltd.

426 Moo17 Bangna-Trad Rd., T. Bangsaothong
A. Bangsaothong, Samutprakarn 10570,
Thailand
TEL: +66-2-315-3129~32
(Manufacturing and sales of copper alloy
valves and butterfly valves)



Taiwan

KITZ Corporation of Taiwan

5-26 East Street, N.E.P.Z., Kaohsiung, Taiwan,
R.O.C.
TEL: +886-7-361-1236
(Manufacturing and sales of stainless steel
and carbon steel valves and joints)



China

KITZ Corporation of Kunshan

No.15 Taihu South Road Economic and
Technology Development Zone, Kunshan,
Jiangsu Province, P.R. China, 215300
TEL: +86-512-5763-8600
(Manufacturing and sales of stainless steel
valves)



KITZ Corporation of Jiangsu Kunshan

No.188, Zhongyang Road, B Zone, Kunshan
Comprehensive Free Trade Zone, Jiangsu
Province, P.R. China, 215300
TEL: +86-512-5771-6078
(Manufacturing and sales of carbon steel valves)



KITZ Corporation of Shanghai

Room 1701-1704, International Corporate
City, No.3000 North ZhongShan Rd.,
PuTuo District, Shanghai, P.R. China, 200063
TEL: +86-21-6439-1249
(Sales, marketing and distribution of valves)

KITZ Corporation of Lianyungang

No.16 Yun Yang Road, Lianyungang Economic
and Technical Development Zone,
Jiangsu Province, P.R. China, 222047
TEL: +86-518-8236-6061
(Manufacturing and sales of carbon steel valves)



KITZ SCT Corporation of Kunshan

8-3, No.3 Road, Export Processing A Zone,
Kunshan, Jiangsu, P.R. China, 215300
TEL: +86-512-5735-0700
(Manufacturing and sales of valves and fittings
for semiconductor production facilities)



India

Micro Pneumatics Pvt. Ltd.

Plot No.133-134, Vasai Municipal
Industrial Area, Umela Phata, Pappy,
Vasai Road (West) - 401 207, Dist. Palghar,
Maharashtra, India
TEL: +91- 250-2320458
(Manufacturing and sales of industrial-
use (pharmaceutical, foods, petroleum)
automated ball valves and butterfly valves)



U.S.A.

KITZ Corporation of America

10750 Corporate Drive, Stafford, Texas 77477, U.S.A.
TEL: +1-281-491-7333
(Sales, marketing and distribution of valves)

KITZ SCT America Corporation

5201 Great America Parkway, Suite 238,
Santa Clara, California 95054, U.S.A.
TEL: +1-408-747-5546
(Sales, marketing and distribution of valves and
fittings for semiconductor production facilities)

Brazil

Metalúrgica Golden Art's Ltda.

Rua Getúlio Vargas 496, Bairro Renovação,
Veranópolis, Rio Grande do Sul,
Brazil, 95330-000
TEL: +55-54-3441-8900
(Manufacturing and sales of industrial ball
valves)



Spain

KITZ Corporation of Europe, S.A.

Ramón Viñas, 8 08930 Sant Adrià de Besòs,
Barcelona, Spain
TEL: +34-93-462-14-08
(Manufacturing and sales of stainless steel
and carbon steel ball valves)



Germany

KITZ Europe GmbH

Siemensstraße 1, 61130, Nidderau, Germany
TEL: +49-6187-928-100
(Sales and marketing for Europe)

Perrin GmbH

Siemensstraße 1, 61130, Nidderau, Germany
TEL: +49-6187-928-0
(Manufacturing and sales of steel ball valves)



Corporate Data / Stock Information

Corporate Data (as of March 31, 2017)

Corporate Name	Kitz Corporation
Head Office	1-10-1 Nakase, Mihama-ku, Chiba-shi, Chiba Prefecture 261-8577, Japan TEL: +81-43-299-0111
URL	http://www.kitz.co.jp/english/ http://www.kitz.com/
Established	January 26, 1951
Capital	21,207,084,670 yen
Fiscal Year-end	March 31
Stock Exchange Listing	First Section of Tokyo Stock Exchange (Code: 6498)
Number of Employees	1,258 (Non-consolidated basis)
Business Activities	Manufacturing and sales of valves, other flow control devices, and related products
Main Banks	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mitsubishi UFJ Trust and Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., The Hachijuni Bank, Ltd., The Yamanashi Chuo Bank, Ltd., The Chiba Bank, Ltd.

Stock Information (as of March 31, 2017)

Total Number of Authorized Shares	400,000,000 shares
Shares Issued and Outstanding	101,734,647 shares Note: The number of shares shown above does not include 8,661,864 shares of treasury stock that were held as of March 31, 2017.
Number of Shareholders	9,715
General Meeting of Shareholders	June
Reference Dates	Date of resolution of meeting of shareholders: March 31 Year-end dividend: March 31 Interim dividend: September 30 In addition, a public announcement will be made in advance as necessary.
Public Announcement Method	Electronic announcement However, announcements will be placed in the <i>Nihon Keizai Shimbun</i> in cases where it is not possible to make an electronic announcement. URL for announcements: http://www.kitz.co.jp/
Share Unit Number	100 shares

Major Shareholders (top 10)

Name	Shareholdings (thousands)	Percent of total shares issued (%)
Japan Trustee Services Bank, Ltd.	9,547	9.38
CBNY-GOVERNMENT OF NORWAY	4,665	4.59
Nippon Life Insurance Company	4,374	4.30
Kitazawa Agent's Stock Ownership Plan	4,157	4.09
Kitazawa Ikueikai Foundation	3,411	3.35
SUMITOMO LIFE INSURANCE COMPANY	3,208	3.15
Kitz Corporation Client Stock Ownership Plan	3,099	3.05
The Master Trust Bank of Japan, Ltd.	2,838	2.79
STATE STREET BANK AND TRUST COMPANY	2,828	2.78
Mizuho Bank, Ltd.	2,553	2.51

Notes: 1. The above list of major shareholders does not include the 8,661 thousand shares of treasury stock held as of March 31, 2017 and the total number of shares used to calculate percentage of shares also does not include the 8,661 thousand shares of treasury stock. The shares held within the BIP (Board Incentive Plan) trust accounts are not included in term-end treasury stocks. (344 thousand shares)

2. The above number of shares held includes shares associated with trust operations as follows:

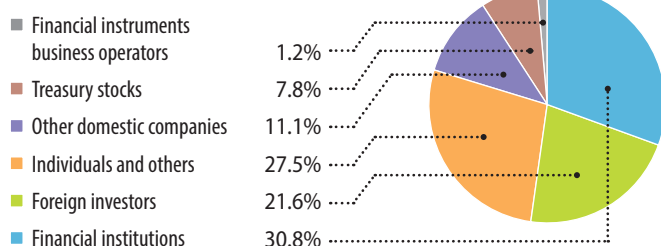
Japan Trustee Services Bank, Ltd.: 9,547 thousand shares

The Master Trust Bank of Japan, Ltd.: 2,838 thousand shares

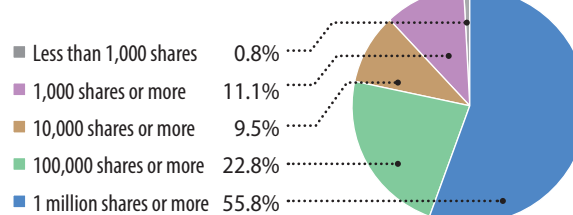
3. Shares held by Nippon Life Insurance Company include 71 thousand shares in the separate account for annuities.

4. Shares held by SUMITOMO LIFE INSURANCE COMPANY include 35 thousand shares in the variable insurance account and 23 thousand shares in the separate account.

Composition of Shareholders



Composition of Shareholdings



Outdoor Signboards of KITZ

To increase name recognition, KITZ installed company advertising signboards at Tokyo Dome, JR Tokyo Station and JR Kaihin Makuhari Station. In fiscal 2017, we will mark the 25th anniversary of our corporate name change to KITZ Corporation and on this occasion we are carrying out company PR activities mainly in the Tokyo metropolitan area.



Tokyo Dome (installed June 2016)



JR Tokyo Station (installed January 2017)

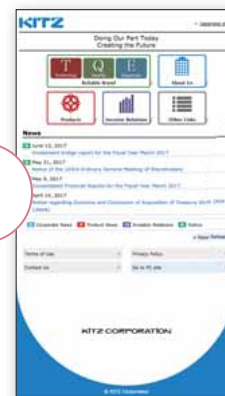


JR Kaihin Makuhari Station (installed December 2016)

KITZ Website



<http://www.kitz.co.jp/english/>



<http://www.kitz.co.jp/sp/en/>

Please access our website for smartphones that has been designed using large buttons for the main menu and is easy to browse.



Stock Price Information



KITZ