

News Release

May 13, 2013

Regarding the KITZ Group Second Phase of Medium-Term Management Plan (FY2013 – FY2015)

Since formulating the “KITZ Global Vision 2020” in fiscal 2010, we have been striving to implement policies for growth so that we can achieve its numerical targets. Having reviewed the results of the first phase of the Medium-Term Management Plan and intensively reviewed our corporate strategy once again, we formulated the following second phase of the Medium-Term Management Plan to fiscal 2015.

The KITZ Group has set itself the aim of “Evolution to become a fully global company” by maximizing corporate value, establishing integrated regional companies in priority regions equipped with composite functions of sales, marketing, engineering, stock, maintenance and service. We are making every effort as a truly united group to achieve the aims of this plan.

1. Basic Policy

Establish a position as a global company by investing management resources efficiently into growing markets and by improving profitability as a result of transformation in the business contents

Pursuance of quality in all business activity: Management, Development, Production, Sales

2. Key Tasks

(1) Operational Reform

① Improve the profit structure

Strengthening the earnings power of both businesses by expanding the earnings of our industrial valves operation out of its former earnings structure which was heavy reliant upon general-purpose valves

Raising profitability and reconstructing our supply system on the basis of the optimal production location structure for our mainstay products

② Devolve overseas sales activities from concentration at headquarters to overseas bases with composite functions

Speeding up the decision-making process for local management and expanding market shares by planning composite functions for and reinforcing their functional implementation at overseas facilities for the three regional headquarters and two hub markets

- Three Regional HQs (Europe/The Americas/ASEAN), two hub markets (China and India)
- Integrated facility functions: Sales, Marketing, Engineering, Stock, Maintenance and Service

③Promote investment in growth fields

Increasing our strategic strengths in rapidly expanding growth fields like oil and gas and plant instrumentation markets and actively promoting investment in the necessary research and development and facilities required for the related products to achieve these aims

④Reinforce marketing to facilitate market analysis and acquisitions (M&A) and expand operations through business alliances

Planning and soundly implementing strategies based on research and analysis of market trends

Reviewing and tangibly developing our business structure by leveraging business alliances through the expansion, augmentation, and market access of our business operations

(2) Group synergy

①Conduct overall assessments of capabilities of Group companies in Japan and overseas, and formulate anew structure targeting stronger collaboration

②Introduce new products for the eco-car fueling station and water-related markets, and foster new businesses through collaboration among Group companies

(3) Further selection and concentration

①Reorganize and integrate Group businesses

Implementing concentration in production and sales between Group companies as part of the process of reorganization and integration of the Group's operations so as to promote a thoroughly restructured and coordinated organization with the ability to fight globally

②Review the products that plants manufacture, and review systems for supplying them to operational bases

Reconfigure, with reorganization aimed at raising productivity on product-by-product basis and restructuring the supply system to optimize its suitable to service our business facilities

3. Consolidated numerical targets

Net Sales

Millions of yen

	Fiscal 2012 Result	Fiscal 2013 Forecasted	Fiscal 2014 Forecasted	Fiscal 2015 Forecasted
Valve manufacturing business	84,472	91,000	100,000	111,400
Brass bar manufacturing business	17,948	20,000	21,000	21,700
Other	8,855	9,000	9,000	9,900
Total	111,275	120,000	130,000	143,000

Operating Income

Millions of yen

	Fiscal 2012 Result	Fiscal 2013 Forecasted	Fiscal 2014 Forecasted	Fiscal 2015 Forecasted
Valve manufacturing business	8,808	9,250	11,400	13,950
Brass bar manufacturing business	441	500	600	550
Other	330	350	200	400
Corporate expenses	(3,022)	(2,900)	(3,300)	(3,300)
Total	6,558	7,200	8,900	11,600