

News Release
 April 9, 2018

Acquisition of 100% of the stock of Cephos Pipelines Corp.

This is notification that KITZ Corporation (hereinafter “KITZ”) entered into a stock transfer agreement for 100% of the stock of Cephos Pipelines Corp. (hereinafter “Cephos”), a valve manufacturer in Korea, with its founder and owner on March 30, 2018. The transfer of stock is scheduled to be completed on April 17, 2018.

1. Purpose of the Stock Acquisition

Cephos is a comprehensive manufacturer of butterfly valves that can be produced up to large diameters with an abundant product lineup. The company’s strength is its industrial butterfly valves used in power plants, oil&gas fields, desalination and water treatment plants and ships in addition to the petrochemical field that is given as a focused market in KITZ’s 3rd Medium-term Management Plan (FY2016 to FY2018). KITZ has been procuring Cephos’ butterfly valves since 2014 and has already delivered many products in global markets.

In recent years, there has been a trend for larger size of the pipes used as number of huge scale plants increased. This means there is a need for butterfly valves suitable for large size. As butterfly valves have the feature that can reduce the size of the piping installation compared to other type of valves, they are increasingly being employed in various plants. Accordingly, there is now a need for butterfly valves compatible with various fluids (e.g. from low temperature to high temperature and high pressure). We believe that demand for butterfly valves will continue to increase in the future.

To meet the diverse needs of its customers, Cephos has expanded its product lineup in a wide range of fields through in-house technological development with its original production systems suitable for large size products.

The acquisition of Cephos enables KITZ Group to expand lineup of butterfly valves. KITZ Group will build the structure for undertaking production in the most suitable locations for its operations and increase the sales of our butterfly valves through the KITZ global network in the future.

2. Outline of Cephos

(1) Name	Cephos Pipelines Corp.
(2) Location	592-2, Hwajeon-dong, Gangseo-gu, Busan, Korea
(3) Representative	Cho Yeong Duck
(4) Contents of Business	Manufacturing and selling industrial butterfly valves
(5) Capital	2,454 million won (245 million yen)
(6) Date of Establishment	July 20, 1990
(7) Number of Employee	85
(8) Net Sales (FY2016)	30,802 million won (3,080 million yen)

*Ex. Rate : 1 won = 0.1 yen