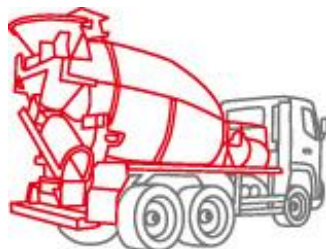


Our Precision, Your Advantage



Meeting Materials for First-Half of FY2015 Summary, Business Outlook and Financial Information

November 10, 2015

KYB Corporation

Stock Code: 7242 (First Section, TSE)

Summary and Business Outlook

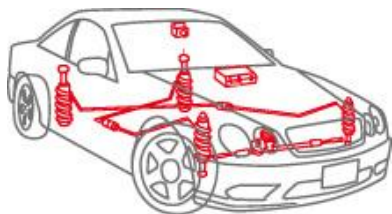
Yasusuke Nakajima

Representative Director, President Executive Officer

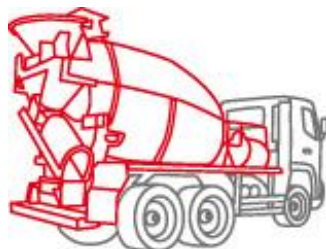
Financial Information

Takaaki Kato

Member of the Board of Directors, Senior Managing Executive Officer



Our Precision, Your Advantage



First-Half of FY2015 Summary and Business Outlook

Yasusuke Nakajima

Representative Director,
President Executive Officer
KYB Corporation



As of October 1, the Company's official trade name has become "KYB Corporation."

Since 2005, the Company's popular name has been "KYB Corporation."

As of October 1, 2015, in order to strengthen its connection to the globally recognized KYB brand, the Company changed its official trade name from "Kayaba Industry Co., Ltd." to "KYB Corporation."

Plea agreement with the U.S. Department of Justice related to automobile and motorcycle components



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On September 16, 2015 (U.S. Eastern Standard Time), KYB Corporation entered into a plea agreement with the U.S. Department of Justice, agreeing to pay a fine of \$62 million (approximately 7,440 million yen) for violating U.S. anti-trust laws related to the sales of shock absorbers for cars and motorcycles.

■ Preventative Measures

- Structure global compliance system
(Set up Compliance Enforcement Office)
- Introduce an in-house leniency program
- Submit a Pledge of Compliance from sales manager or sales representative
- Ensure thorough and strict compliance training
- Continuous implementation of inspections and audits against acts of violating antitrust law

1H of FY2015 Financial Summary



Our Precision, Your Advantage

(¥ Billion)

	FY2014	FY2015		Differences	
	1H Actual	1H Forecast (Sep. 17, 2015)	1H Actual	Previous period	Previous forecast
Net Sales	181.6	181.0	179.8	(1.8)	(1.2)
Operating Income	8.9	5.5	7.2	(1.6)	1.7
Ordinary Income	10.4	5.8	7.2	(3.2)	1.4
Net Income	6.8	(3.7)	(3.4)	(10.2)	0.3
Dividend (¥)	5	5	5	±0	±0

■ FOREX (Average)

(¥)

	1H FY2014	1H FY2015
JPY / US\$	103.04	121.80
JPY / EUR	138.91	135.06

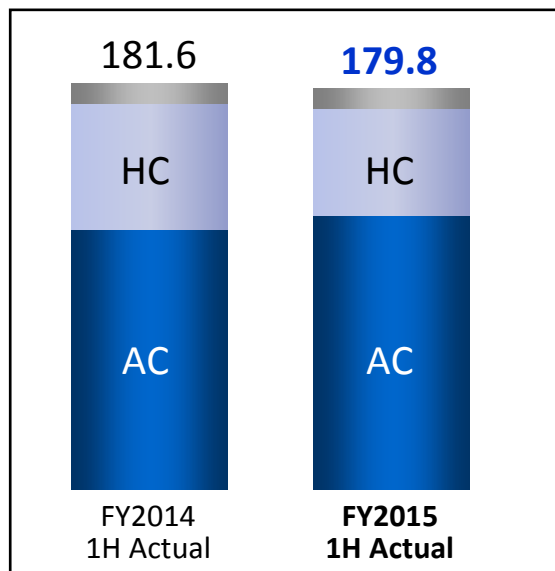
1H of FY2015

Financial Performance by Segment (1)



Our Precision, Your Advantage

Net Sales (¥ Billion)



	FY2014	FY2015	Differences
	1H Actual	1H Actual	Previous period
AC Operations	116.5	122.6	6.1 [5.2%]
HC Operations	56.3	48.1	(8.2) [(14.5)%]
Special-purpose Vehicles and Systems	8.8	9.0	0.2 [2.6%]
Total	181.6	179.8	(1.8) [(1.0)%]

AC: Automotive Components

HC: Hydraulic Components

Causes of Fluctuation in Net Sales



AC Operations: Firm sales of automotive shock absorbers (OEM, aftermarket) mainly boosted net sales.



HC Operations: A sluggish market in China caused decreased sales of equipment for hydraulic excavators.

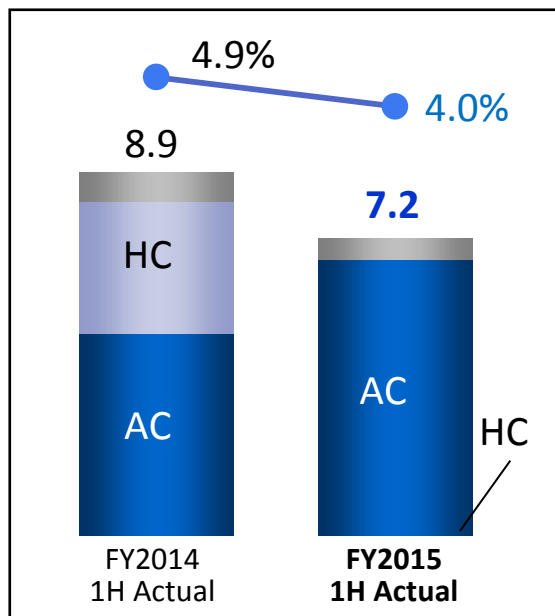
1H of FY2015

Financial Performance by Segment (2)



Our Precision, Your Advantage

■ Operating Income (Margin) (¥ Billion)



	FY2014	FY2015	Differences
	1H Actual	1H Actual	Previous period
AC Operations	5.0	6.8	1.8 [35.7%]
HC Operations	3.2	(0.1)	(3.3) [(104.5)%]
Special-purpose Vehicles and Systems	0.7	0.6	(0.1) [(12.7)%]
Total	8.9	7.2	(1.6) [(18.6)%]

■ Causes of Fluctuation in Operating Income



AC Operations: Increase in earnings due to increase in sales



HC Operations: Decrease in earnings due to decrease in sales

Financial Forecast for FY2015



Our Precision, Your Advantage

(¥ Billion)

	FY2014	FY2015		Differences	
	Actual	Forecast (Sep. 17, 2015)	Forecast	Previous period	Previous forecast
Net Sales	370.4	377.0	362.0	(8.4)	(15.0)
Operating Income	13.6	13.7	13.7	0.1	±0
Ordinary Income	15.9	14.4	13.3	(2.6)	(1.1)
Net Income	7.1	1.8	1.8	(5.3)	±0
Dividend (¥)	12	11	11	(0.1)	±0

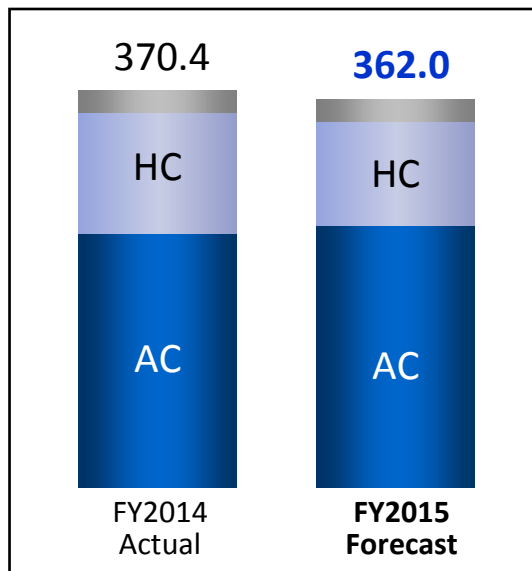
■ FOREX (Average)

(¥)

	FY2014	FY2015 Forecast
JPY / US\$	109.93	115.00
JPY / EUR	138.77	125.00

FY2015 Financial Forecast by Segment (1)

■ Net Sales (¥ Billion)



	FY2014	FY2015	Differences
	Actual	Forecast	Previous period
AC Operations	237.1	244.7	7.6 [3.2%]
HC Operations	113.2	97.3	(15.9) [(14.1)%]
Special-purpose Vehicles and Systems	20.1	20.0	(0.1) [(0.6)%]
Total	370.4	362.0	(8.4) [(2.3)%]

■ Causes of Fluctuation in Net Sales



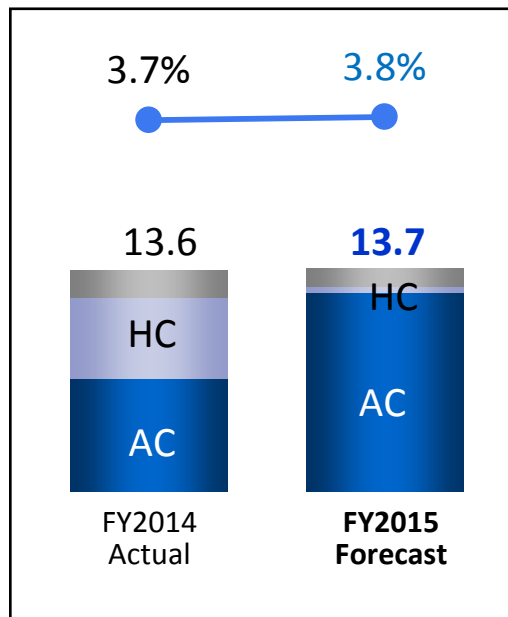
AC Operations: Increase in net sales forecast due to continuing strong sales of automotive shock absorbers (OEM, aftermarket)



HC Operations: Large decline in sales forecast due to continuing slump in China's hydraulic excavator market

FY2015 Financial Forecast by Segment (2)

■ Operating Income (Margin) (¥ Billion)



	FY2014	FY2015	Differences
	Actual	Forecast	Previous period
AC Operations	6.9	12.2	5.3 [75.7%]
HC Operations	5.0	0.4	(4.6) [(92.8)%]
Special-purpose Vehicles and Systems	1.7	1.1	(0.5) [(31.7)%]
Total	13.6	13.7	0.1 [0.8%]

■ Causes of Fluctuation in Operating Income



AC Operations: Increase in earnings forecast due to increase in sales

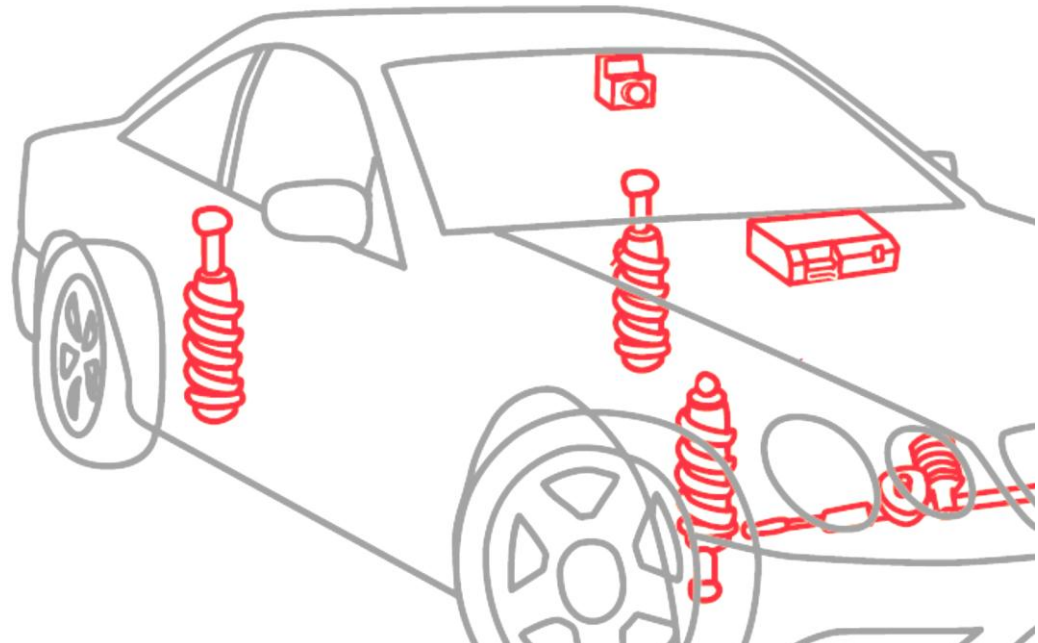


HC Operations: Decrease in earnings forecast due to decrease in sales

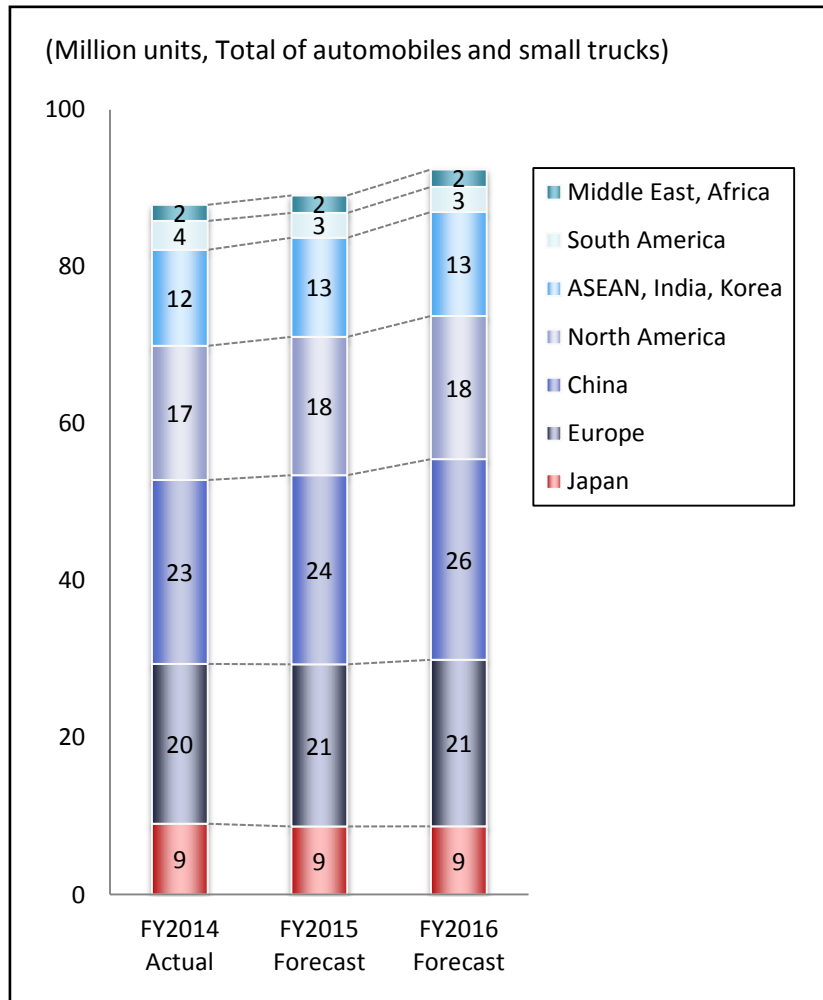


Our Precision, Your Advantage

Business Outlook



■ Automobile Production Forecast



Source: IHS (the end of Oct. 2015)

■ Business Environment

- Trend toward sluggish demand in emerging economies (Declining in China, gradual recovery in ASEAN countries and India)
- Developed economies, particularly North America, will serve as a growth engine, but not enough to cover the slump in emerging economies.

■ Key Efforts

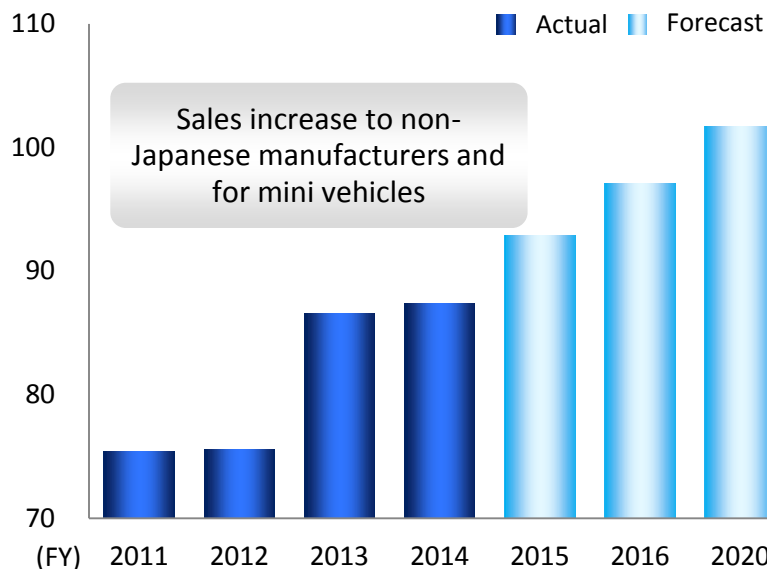
- Secure OEM orders
- Boost profits with sales promotions for aftermarket products
- Improve earnings in the EPS business
- Quickly solve quality issues through intensive resource investment

AC Operations— Secure OEM Orders

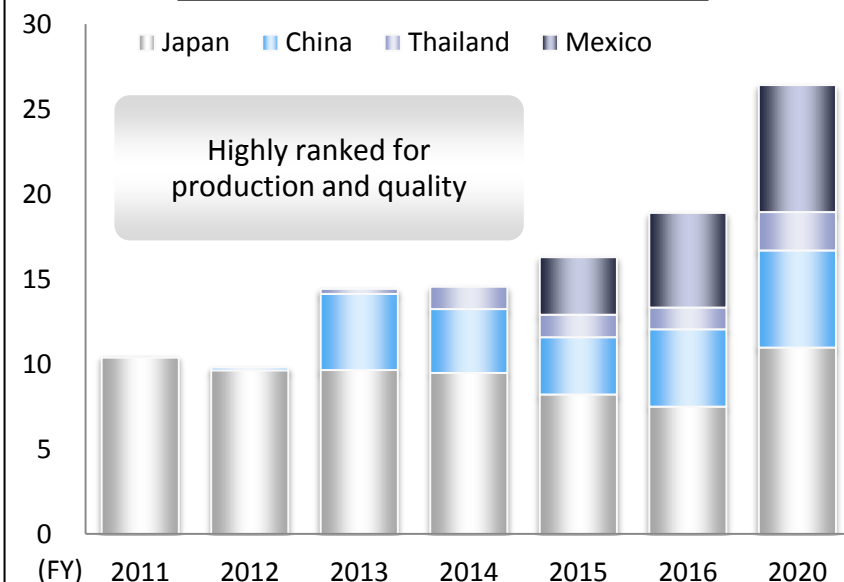


Our Precision, Your Advantage

Automotive Shock Absorbers (OEM) Sales Forecast (¥ Billion)

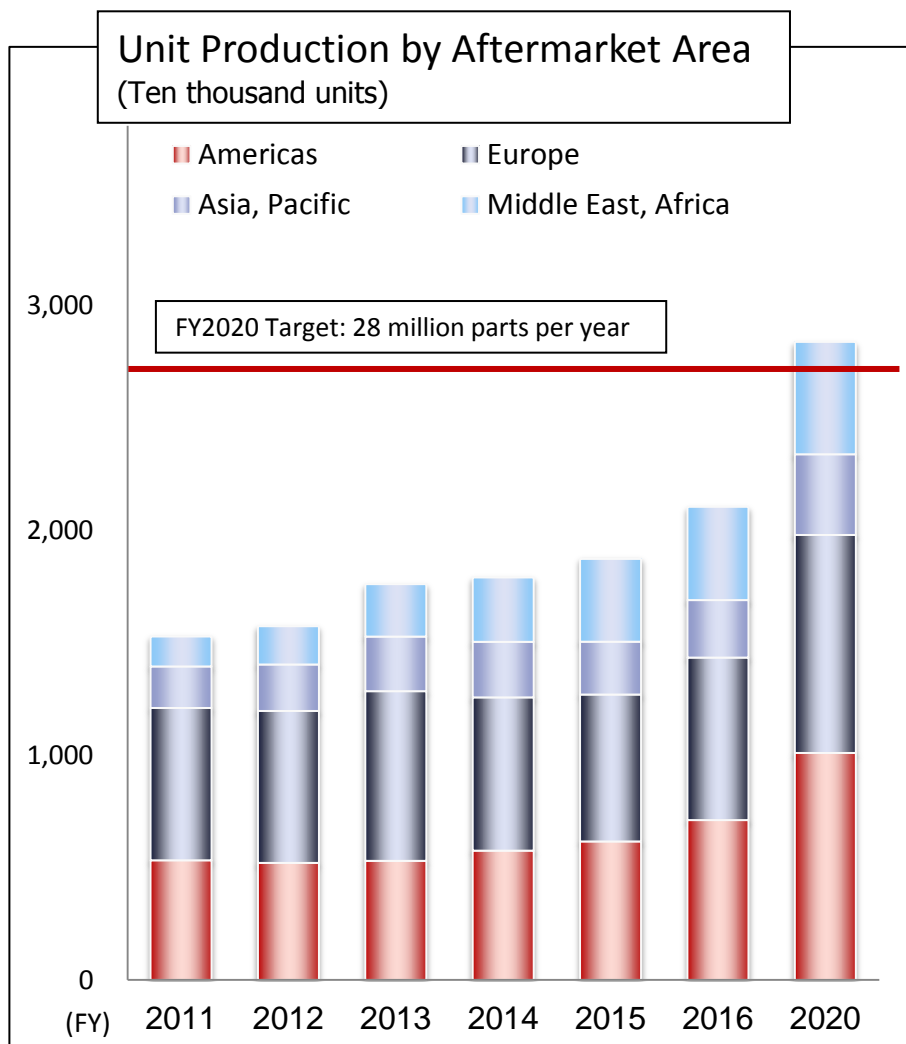


CVT Pumps Sales Forecast (¥ Billion)



■ Automotive Shock Absorbers (OEM) Orders

FY	Standing Orders	New Orders
2014	Toyota: Aygo, ALPHARD, VELLFIRE Fuji Heavy Industries: WRX Sti, Legacy PSA: Citroen C1, Citroen C4 PICASSO, Peugeot 108 Renault: Twingo, Espace	Suzuki: CARRY, ALTO, ALTO TURBO RS Fuji Heavy Industries: Levorg, WRX S4 Daihatsu: WAKE PSA: Peugeot 308 Daimler: Smart
2015	Toyota: Sienta Suzuki: SOLIO, SX-4 S-Cross, ESCUDO, LAPIN	Toyota: MIRAI Daihatsu: Mira e:s



Aftermarket Strategy

Americas

North America: Sales promotions for low-price market
Mexico: Obtain transaction with large clients
Brazil: Expand sales network

Europe

Expand sales in the Turkey market
Russia: Secure 30% market share

Middle East, Africa

Expand sales in the Africa market

Asia, Pacific

Increase share of the Mekong market
Expand sales in the China market
Increase share of the Australia market

K'lassic

(Low-priced model / New series)

- Start of production for Panama and Ecuador in November 2015
- Global expansion of aftermarket supply system

■ Key Efforts in the EPS Business



Cost Reduction Activity

EPS development with the combined competitive power of design, purchasing, and production technology

Expand sales for non-automobile EPS

ATVs,* agricultural machinery

■ Non-automobile EPS

Existing markets	<p>ATV / UTV* EPS (Improved version)</p> <p>Adapts the latest automobile EPS technology</p>	
New markets	<p>Non-automobile Steering</p> <p>Expand sales for conventional ATV EPS</p> <p>Targets: Lawnmowers, reaction force generators, unmanned dump actuators, etc.</p>	

*ATV: All-terrain Vehicle UTV: Utility Task Vehicle

■ Situation at KMCZ (Czech Republic)

Situation during the first half

- Simultaneous occurrence of new equipment start-up and shipping substitute items to customers
→ As a result of increased production shifts, there were many new workers

Countermeasures

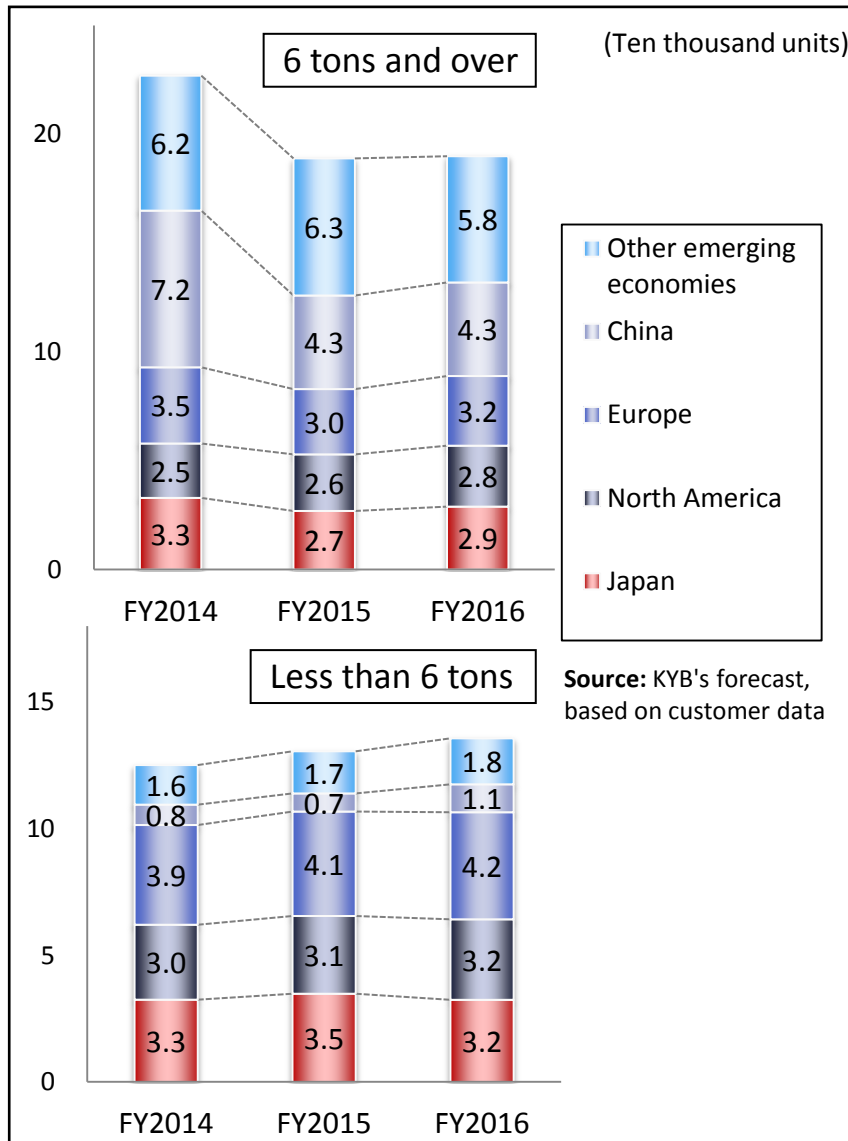
- Increased inspection personnel in order to prevent outflow of defects
- As new workers lacked a sufficient proficiency level, they received guidance and training from engineers of the mother plant.

Current Situation

- Shipping substitute items to customers complete
→ Production shifts have returned to normal, and we are aiming to increase the quality of our manufacturing expertise while improving productivity.

KMCZ: KYB Manufacturing Czech s.r.o (Shock absorber manufacturing company in the Czech Republic)

Demand for Hydraulic Excavators Forecast



Business Environment

- **China:**
Real estate investment slowdown, large drop in demand due to customers' excess inventory
- **Europe, North America:**
Recovery in housing construction
- **Japan:**
Housing construction recovered but plant investments remain sluggish

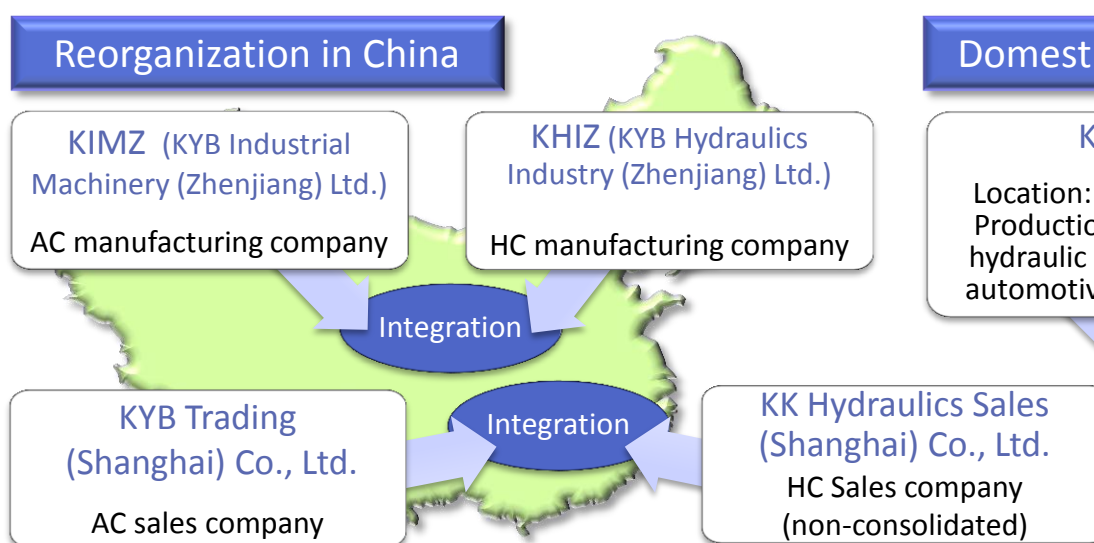
Key Efforts

- Reorganize domestic and overseas HC Operations
- Make practical use of redundant resources, redistribute management resources
- Optimize plants and companies, including establishing production systems

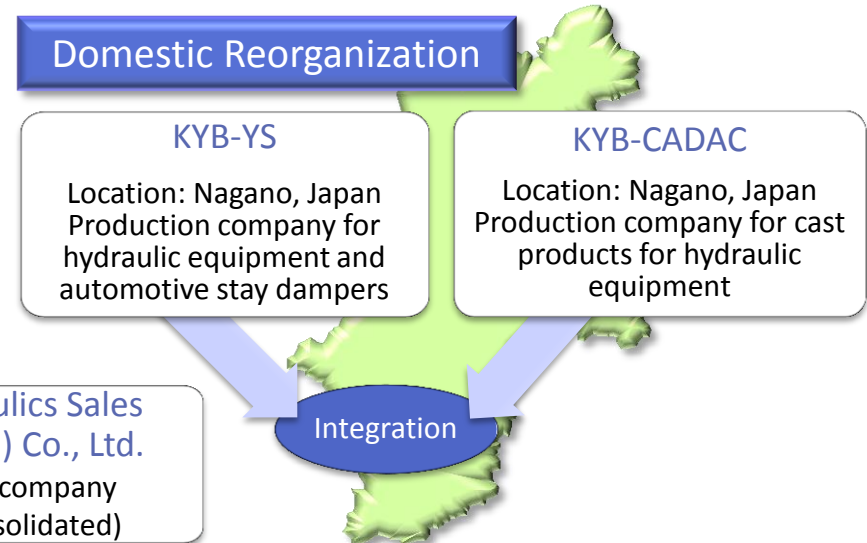
Reorganization

- Reorganize domestic and overseas production sites
- Reorganize beyond the bounds of the existing business division's framework

Reorganization in China



Domestic Reorganization



Redistribution

- Make practical use of redundant assets
- Make practical use of personnel

Streamline production lines to reflect revised demand forecasts

- Downsize by conducting line reorganization

Effectively use empty space

- Use for AC Operations
- Transfer production lines from other HC Operation companies

FY2015 Corporate Strategy

Earning trust and orders from customers around the world by uniting the KYB Group's functions

— Narrow down important business tasks, complete them thoroughly —

AC Operations

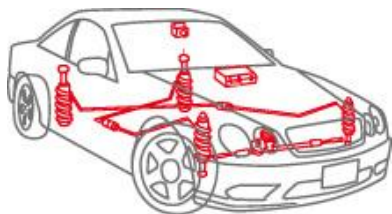
- Secure OEM orders
- Boost profits with sales promotions for aftermarket products
- Solve quality issues and regain customer trust, work on safety

HC Operations

- Implement structural reform (Redistribute management resources)

Management

- Reorganize Group for total optimization
- Strengthen corporate governance
- Formulate a global compliance system



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First-Half of FY2015 Financial Information

Takaaki Kato

Member of the Board of Directors,
Senior Managing Executive Officer
KYB Corporation

1H of FY2015 Net Sales and Operating Income



Our Precision, Your Advantage

(¥ Billion)		FY2014	FY2015	Differences
		1H Actual	1H Actual	
Net Sales	Shock absorbers for automobiles	79.7	82.9	3.1
	Shock absorbers for motorcycles	12.3	12.8	0.5
	Hydraulic equipment for automobiles	21.2	23.8	2.6
	Others	3.2	3.2	(0.1)
	AC Operations	116.5	122.6	6.1
	Hydraulic equipment for industrial use	49.1	41.1	(8.1)
	Hydraulic equipment for aircraft	3.2	3.0	(0.2)
	Others	4.0	4.1	0.1
	HC Operations	56.3	48.1	(8.2)
	Special-purpose Vehicles	3.9	4.3	0.3
	System products and electronic components, etc.	4.9	4.8	(0.1)
	Special-purpose Vehicles, System Products and Electronics Components	8.8	9.0	0.2
	Total Sales	181.6	179.8	(1.8)
Operating Income	AC Operations	5.0	6.8	1.8
	HC Operations	3.2	(0.1)	(3.3)
	Special-purpose Vehicles, System Products and Electronics Components	0.7	0.6	(0.1)
	Total	8.9	7.2	(1.6)



AC Operations: Increase in sales and income due to strong OEM sales in North America and the start of CVT pump plant production in Mexico
Profit increase from inventory consolidation (ex. Moscow warehouse shutdown)

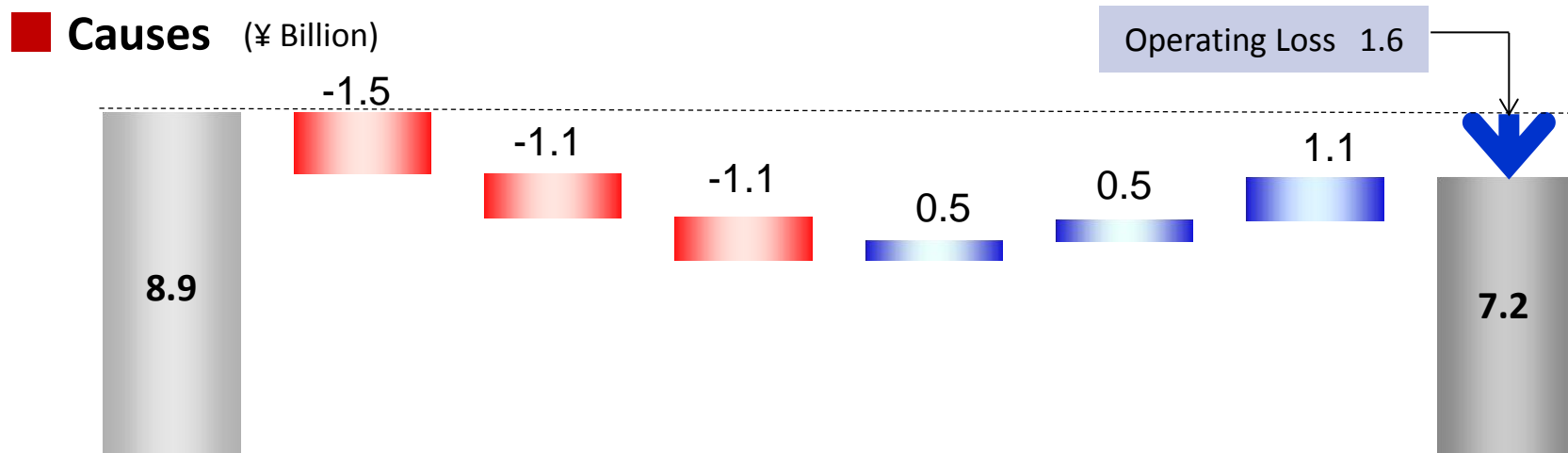


HC Operations: Sluggish China hydraulic excavator market caused large decrease in sales and income

1H of FY2015 Changes in Operating Income



Our Precision, Your Advantage



	FY2014 1H Actual	Increase / decrease in sales, Variable cost reduction	Personnel expenses	Depreciation expenses	Other expenses	New production sites	Others	FY2015 1H Forecast
AC	5.0	2.8	(1.6)	(0.7)	(0.4)	0.6	1.1	6.8
HC	3.2	(4.4)	0.5	(0.3)	0.8	(0.1)	0.3	(0.1)
SV&S	0.7	(0.0)	0.1	(0.1)	0.1	—	(0.2)	0.6
Total	8.9	(1.5)	(1.1)	(1.1)	0.5	0.5	1.1	7.2

SV&S: Special-purpose Vehicles and Systems

Notes: Increase / decrease in sales, Variable cost reduction: Includes decrease in changes in selling price of ¥400 million and increase in variable cost reduction of ¥700 million

New production sites: Increase / decrease in operating income from newly started operations at AC company KMSI in India, AC company KMEX in Mexico, and HC company KHMI in Indonesia

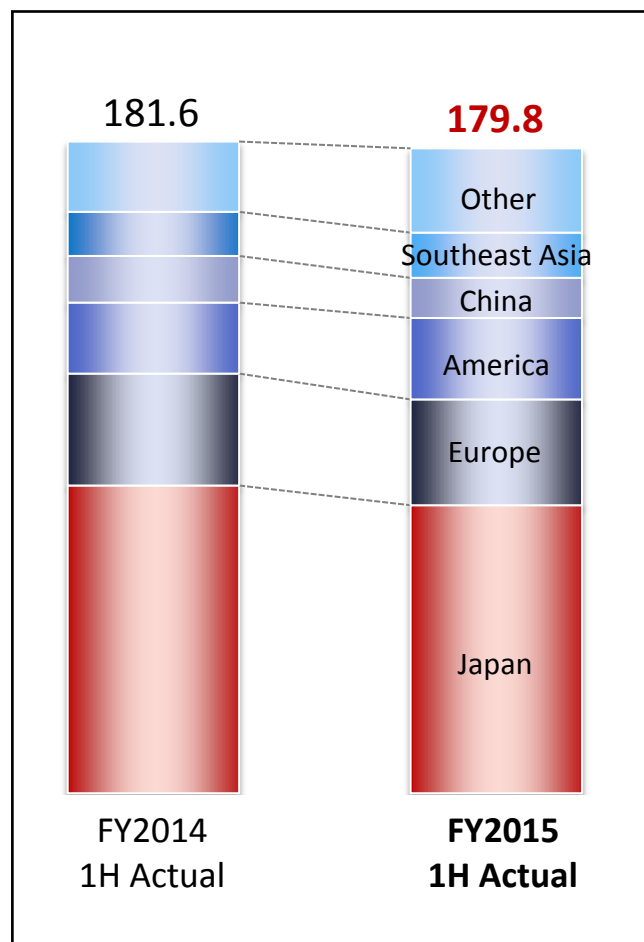
Others: Includes increase in operating profit of ¥700 million from reduced in-house warehousing within the Group

1H of FY2015 Net Sales by Region



Our Precision, Your Advantage

Net Sales by Region (¥ Billion)



	FY2014	FY2015	Differences
	1H Actual	1H Actual	Previous period
Japan	85.8	80.3	(6.4)%
Europe	31.2	29.5	(5.6)%
America	19.8	22.7	14.7%
China	13.0	11.2	(13.9)%
Southeast Asia	12.3	12.6	2.3%
Other	19.6	23.5	20.4%
Total	181.6	179.8	(1.0)%

Overseas Sales Ratio

52.8% → 55.3%

FY2015 Net Sales and Operating Income Forecast



Our Precision, Your Advantage

(¥ Billion)		FY2014	FY2015	Differences
		Actual	Forecast	
Net Sales	Shock absorbers for automobiles	159.1	166.2	7.1
	Shock absorbers for motorcycles	26.7	26.3	(0.3)
	Hydraulic equipment for automobiles	45.9	47.7	1.9
	Others	5.4	4.5	(1.0)
	AC Operations	237.1	244.7	+7.6
	Hydraulic equipment for industrial use	97.6	83.3	(14.2)
	Hydraulic equipment for aircraft	7.3	6.7	(0.5)
	Others	8.4	7.2	(1.2)
	HC Operations	113.2	97.3	(15.9)
	Special-purpose Vehicles	8.4	9.1	0.7
	System products and electronic components, etc.	11.7	10.9	(0.9)
	Special-purpose Vehicles, System Products and Electronics Components	20.1	20.0	(0.1)
	Total Sales	370.4	362.0	(8.4)
Operating Income	AC Operations	6.9	12.2	5.3
	HC Operations	5.0	0.4	(4.6)
	Special-purpose Vehicles, System Products and Electronics Components	1.7	1.1	(0.5)
	Total	13.6	13.7	0.1



AC Operations: Income forecast increased due to strong sales of shock absorbers (OEM) in North America, sales contributions from new production site in Mexico, and increased sales of aftermarket shock absorbers in the Middle East, Africa, and Eastern Europe.

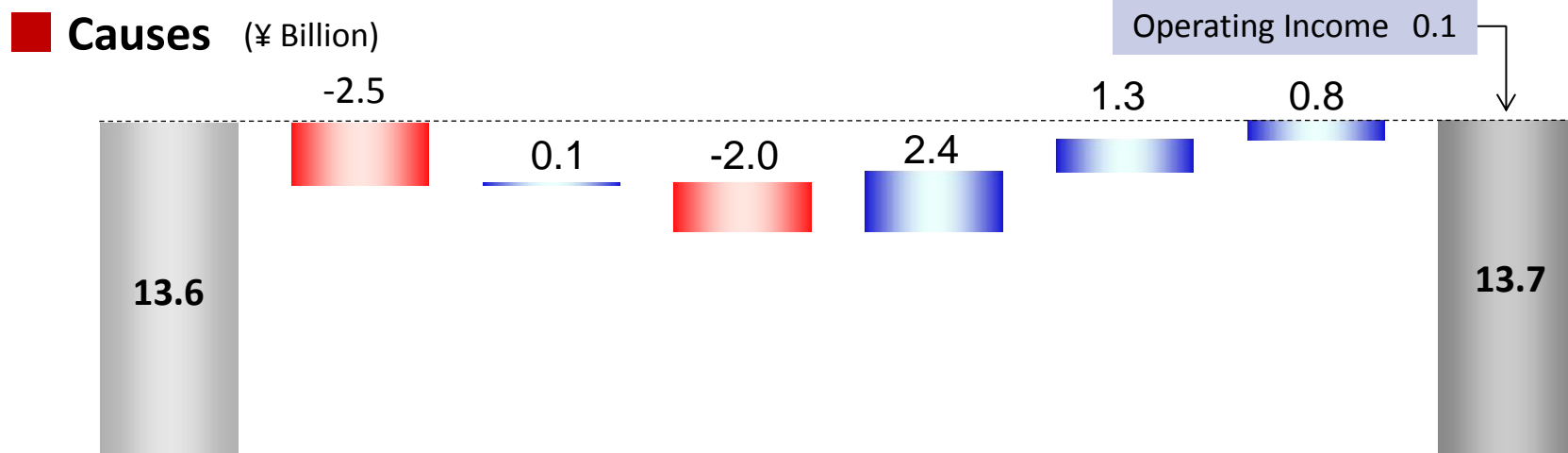


HC Operations: Long-term sluggishness in the China hydraulic excavator market caused large decrease in sales and income forecast

FY2015 Changes in Operating Income



Our Precision, Your Advantage



	FY2014 Actual	Increase / decrease in sales, Variable cost reduction	Personnel expenses	Depreciation expenses	Other expenses	New production sites	Others	FY2015 Forecast
AC	6.9	5.2	(1.2)	(1.3)	0.7	1.4	0.5	12.2
HC	5.0	(7.4)	1.2	(0.6)	2.0	(0.1)	0.3	0.4
SV&S	1.7	(0.3)	0.1	(0.1)	(0.2)	—	(0.1)	1.1
Total	13.6	(2.5)	0.1	(2.0)	2.4	1.3	0.8	13.7

SV&S: Special-purpose Vehicles and Systems

Notes: Increase / decrease in sales, Variable cost reduction: Includes decrease in changes in selling price of ¥1.3 billion and increase in variable cost reduction of ¥1.8 billion

New production sites: Increase / decrease in operating income from newly started operations at AC company KMSI in India, AC company KMEX in Mexico, and HC company KHMI in Indonesia

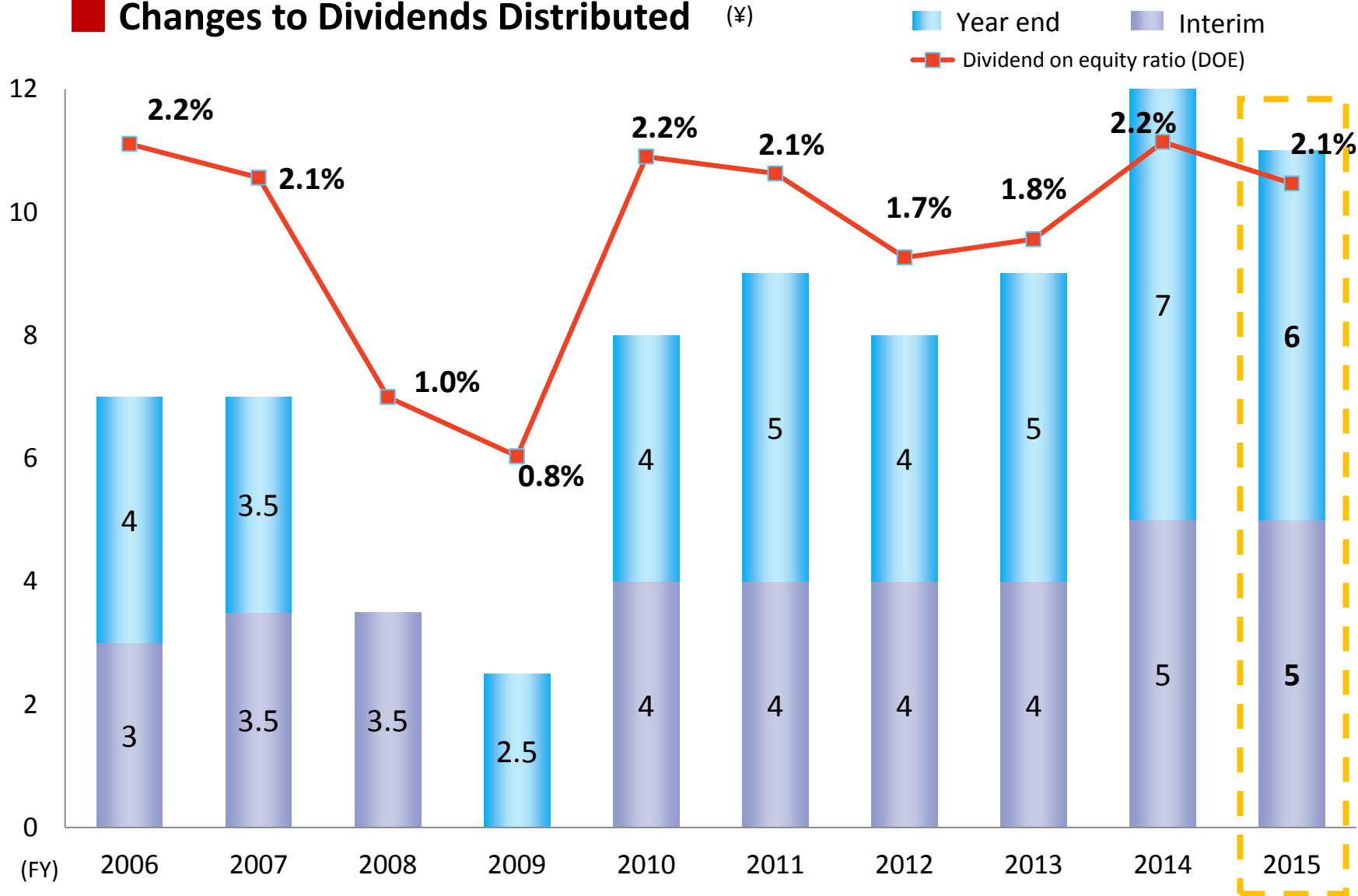
Others: Includes increase in operating profit of ¥0.0 billion from reduced in-house warehousing within the Group

Dividends



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Changes to Dividends Distributed (¥)





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Cautionary Statement

This report contains forward-looking statements, including KYB's plans and strategies, as well as statements that report historical results. Forward-looking statements involve such known and unknown risks and uncertainties as economic conditions; currency exchange rates; laws, regulations, and government policies; and political instability in principal markets.

For further information, please contact to:
Investor Relations Sect., Finance Dept.
Tel: +81-3-3435-3580

Capital Expenditure, Depreciation

(¥ billion)

	FY'12 1st Half	FY'12 2nd Half	FY'13 1st Half	FY'13 2nd Half	FY'14 1st Half	FY'14 2nd Half	FY'15 1st Half	FY'15 Total
Capital Expenditure	17.91	21.31	12.11	17.80	13.68	16.11	9.18	21.48
Depreciation Exp.	6.61	7.94	7.92	9.37	7.66	8.83	9.10	18.79

(*1)

(Est.)

"Capital expenditure" and "Depreciation exp." = invested and depreciated in property, plant and equipment

(*1) The estimation of "Capital Expenditure in FY'15 Total" is on order basis. Actual figures were calculated on inspection basis.

Interest-bearing Debt

(¥ billion)

	FY'12 1st Half	FY'12 2nd Half	FY'13 1st Half	FY'13 2nd Half	FY'14 1st Half	FY'14 2nd Half	FY'15 1st Half
Interest-bearing Debt	86.46	92.95	95.40	88.81	84.92	92.45	89.94

R&D Expenses

(¥ billion)

	FY'12 1st Half	FY'12 2nd Half	FY'13 1st Half	FY'13 2nd Half	FY'14 1st Half	FY'14 2nd Half	FY'15 1st Half
R&D Expenses	2.48	2.98	3.13	3.79	4.29	4.62	3.99

Number of Employees

	FY'12 1st Half	FY'12 2nd Half	FY'13 1st Half	FY'13 2nd Half	FY'14 1st Half	FY'14 2nd Half	FY'15 1st Half
Number of Employees	12,354	12,306	12,901	13,033	13,478	13,732	13,771

Foreign Exchange Rate

	FY'12 1st Half	FY'12 2nd Half	FY'13 1st Half	FY'13 2nd Half	FY'14 1st Half	FY'14 2nd Half	FY'15 1st Half	FY'15 2nd Half
Average FOREX Rate - JPY/USD	79.41	84.03	98.85	101.62	103.04	116.83	121.80	115.00
Average FOREX Rate - JPY/EUR	100.63	109.90	130.01	138.74	138.91	138.64	135.06	125.00

(Est.)

Appendix Net Sales by Region



Our Precision, Your Advantage

(¥ billion)

		FY2014				FY2015			
		AC	HC	Others	Total	AC	HC	Others	Total
Japan	1st Half	36.1	41.5	8.1	85.8	36.2	36.4	7.7	80.3
	2nd Half	39.9	42.3	10.3	92.5	-	-	-	-
	Total	76.0	83.8	18.4	178.3	-	-	-	-
Europe	1st Half	28.6	2.6	0.0	31.2	27.1	2.4	0.0	29.5
	2nd Half	25.8	2.6	0.0	28.4	-	-	-	-
	Total	54.4	5.2	0.0	59.6	-	-	-	-
America	1st Half	16.6	3.2	0.0	19.8	19.9	2.9	0.0	22.7
	2nd Half	19.6	3.1	0.0	22.7	-	-	-	-
	Total	36.2	6.3	0.0	42.5	-	-	-	-
China	1st Half	7.0	6.0	0.0	12.9	7.5	3.7	0.0	11.2
	2nd Half	7.1	5.9	0.0	13.0	-	-	-	-
	Total	14.1	11.8	0.0	26.0	-	-	-	-
South East Asia	1st Half	11.5	0.8	0.0	12.3	12.2	0.3	0.0	12.6
	2nd Half	12.9	0.7	0.0	13.6	-	-	-	-
	Total	24.4	1.5	0.0	25.9	-	-	-	-
Others	1st Half	16.7	2.2	0.7	19.6	19.8	2.5	1.3	23.5
	2nd Half	15.2	2.4	1.0	18.7	-	-	-	-
	Total	31.9	4.6	1.7	38.2	-	-	-	-
Total	1st Half	116.5	56.3	8.8	181.6	122.6	48.1	9.0	179.8
	2nd Half	120.6	56.9	11.3	188.8	-	-	-	-
	Total	237.1	113.2	20.1	370.4	-	-	-	-

■ Awards from Customers (Mostly 1H of FY2015, partial excerpt)

Customer	Award	Reason for Award
Jatco	Global Quality Award	15 continuous months with no claims
	Global Special Award	Contribution through manufacturing expertise activities
TVS Motor Company	Contribution Award	Awarded for order acceptance activities at Taiwan production base
CATERPILLAR (Akashi City / China)	SQEP Certification Gold prize	Awarded for quality, delivery timeliness, and cost performance
The Japan Society of Seismic Isolation	The Japan Society of Seismic Isolation Award Engineering Award	Switching oil damper for urban-style small displacement (Awarded jointly with TAISEI Corporation)