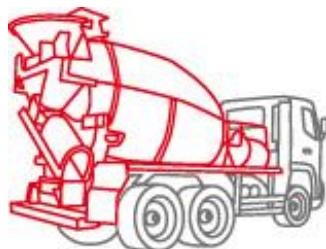


Our Precision, Your Advantage



Meeting Materials for FY2015, Ended March 31, 2016 Summary, Business Outlook and Financial Information

May 12, 2016

KYB Corporation

(Stock Code: 7242; First Section of Tokyo Stock Exchange)

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

Since becoming the President of KYB, I have been visiting customers and production bases in Japan and overseas.



October 2015
U.S.A.: Customers and
production bases



November 2015
Europe: Customers and
production bases



November 2015
India: Customers and
production bases



May 2015
ASEAN: Customers and
production bases



August 2015
Taiwan: Customers and
production bases

December 2015
China: All customers



Global network
reaches across
the world

Increasing
obstructions to
market
expansion

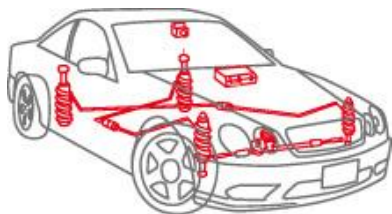
Quickly solve
quality issues

Innovative
Monozukuri

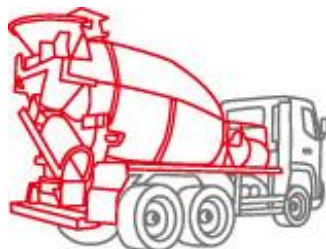
Make reforms to
become an
organization that
responds to
demand

Develop
products that
surpass the
competition

Increase the strength of workplaces, and aim to make KYB a company
that earns the satisfaction of customers around the world



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FY2015 Summary and Business Outlook

Yasusuke Nakajima

Representative Director,
President Executive Officer
KYB Corporation

FY2015 Financial Summary



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(¥ Billion)	FY2014	FY2015		Differences	
	Actual	Forecast (Feb. 2, 2016)	Actual	Previous period	Previous forecast
Net Sales	370.4	362.0	355.4	(15.0)	(6.6)
Operating Income	13.6	13.7	15.6	2.0	1.9
Ordinary Income	15.9	13.3	14.3	(1.6)	1.0
Net Income	7.1	1.8	(2.2)	(9.3)	(4.0)
Dividend (¥)	12*	11	11	(1)	±0

*Including 2 yen of commemorative dividend

■ FOREX (Average)

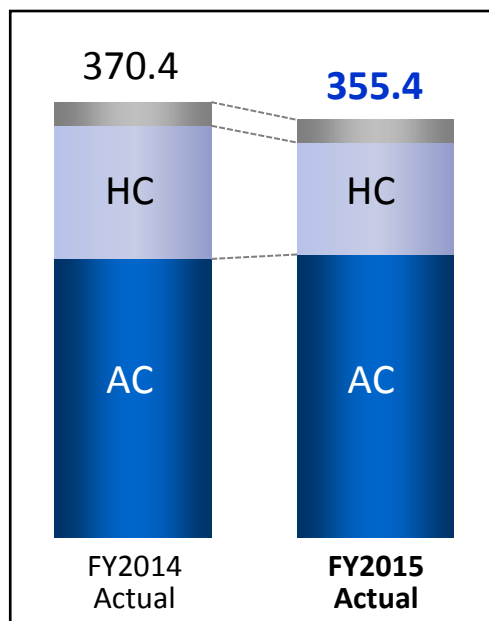
(¥)	FY2014	FY2015
JPY / US\$	109.93	120.15
JPY / EUR	138.77	132.57

FY2015 Financial Performance by Segment (Net Sales)



Our Precision, Your Advantage

Net Sales (¥ Billion)



	FY2014	FY2015	Differences (Previous period)	
AC Operations	237.1	240.9	3.9	1.6%
HC Operations	113.2	95.1	(18.1)	(16.0)%
Special-purpose Vehicles and Systems	20.1	19.3	(0.8)	(4.1)%
Total	370.4	355.4	(15.0)	(4.1)%

AC: Automotive Components
HC: Hydraulic Components

Causes of Fluctuation in Net Sales



AC Operations: Firm sales of automotive shock absorbers (OEM in North America, aftermarket in middle east) mainly boosted net sales



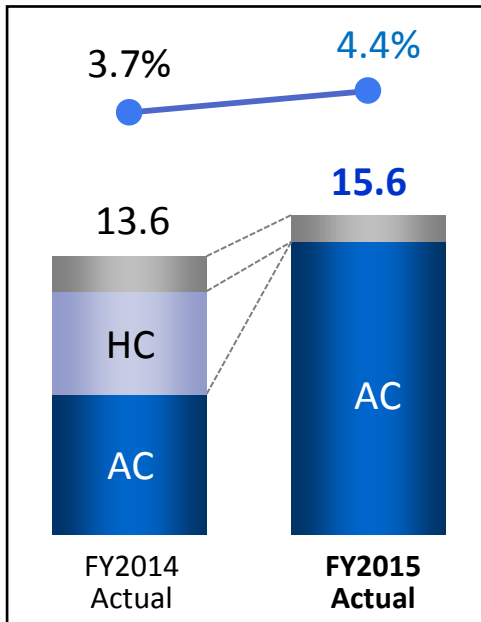
HC Operations: A sluggish market in China caused decreased sales of equipment for hydraulic excavators.

FY2015 Financial Performance by Segment (Operating Income)



Our Precision, Your Advantage

■ Operating Income (Margin) (¥ Billion)



	FY2014	FY2015	Differences (Previous period)	
AC Operations	6.9	14.3	7.4	106.4%
HC Operations	5.0	(0)	(5.0)	—
Special-purpose Vehicles and Systems	1.7	1.3	(0.3)	(20.1)%
Total	13.6	15.6	2.0	14.9%

AC: Automotive Components
HC: Hydraulic Components

■ Causes of Fluctuation in Operating Income




AC Operations: Increase in sales, decrease in provisions related to quality, large increase in profits due to controlling costs



HC Operations: Large decline in profits caused by decrease in sales exceeding cost control efforts

■ Causes of Fluctuation in Ordinary Income

	Foreign exchange loss due to a strong yen	¥3.4 billion
	Equity in loss of affiliates	¥1.3 billion
	(Downturn at Brazilian affiliate due to the devaluation of the Brazilian real)	

■ Causes of Fluctuation in Net Income

	Sales of investment securities	¥1.9 billion
	Loss on violation of U.S. antitrust laws	¥8.2 billion
	Increase in impairment loss	¥2.0 billion
	(Loss of ¥3.5 billion caused by a decline in profitability at Chinese HC subsidiary)	

Financial Forecast for FY2016



Our Precision, Your Advantage

(¥ billion)	JGAAP	IFRS			Differences
	FY2015	FY2016			
	Actual	1H forecast	2H forecast	Forecast	Previous period
Net Sales	355.4	170.0	172.0	342.0	(13.4)
Operating Income	15.6	5.5	7.5	13.0	(2.6)
Ordinary Income	14.3	—	—	—	—
Net Income	(2.2)	3.1	4.8	7.9	10.2
Dividend (¥)	11	5	6	11	±0

■ FOREX (Average)

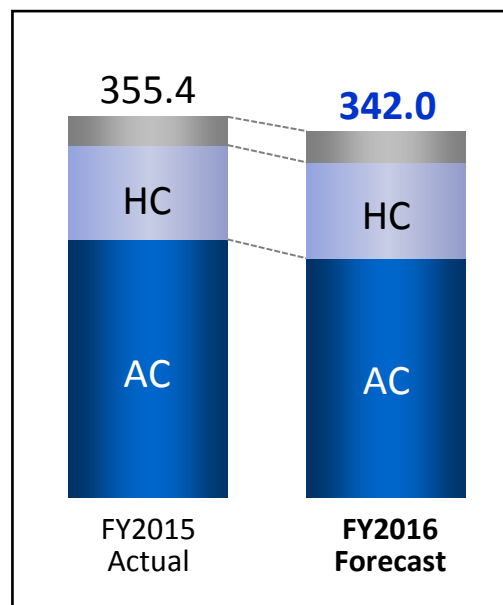
(¥)	FY2015	FY2016 Forecast
JPY / US\$	120.15	105.00
JPY / EUR	132.57	120.00

FY2016 Financial Forecast by Segment (Net Sales)



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Net Sales (¥ Billion)



	JGAAP	IFRS	Differences (Previous period)	
	FY2015	FY2016		
	Actual	Forecast		
AC Operations	240.9	223.2	(17.8)	(7.4)%
HC Operations	88.1	89.6	1.5	1.7%
Special-purpose Vehicles and Systems	26.4	29.2	2.9	10.9%
Total	355.4	342.0	(13.4)	(3.8)%

[Changes following release]

Business segment of the Aircraft Components Div. changed from “HC Operations” to “Special-purpose Vehicles and Systems.”

[Regarding the business segment of the Aircraft Components Div. in the above table]

FY2015: Special-purpose Vehicles and Systems, FY2016 Special-purpose Vehicles and Systems

Causes of Fluctuation in Net Sales



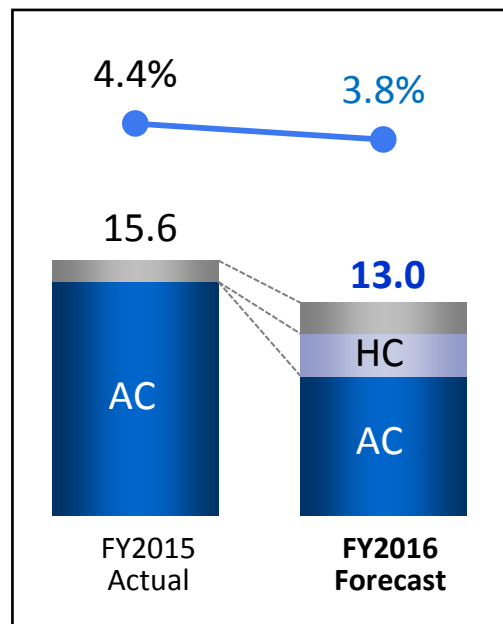
AC Operations: Decrease in sales due to foreign exchange fluctuations

FY2016 Financial Forecast by Segment (Operating Income)



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Operating Income (Margin) (¥ Billion)



	JGAAP	IFRS	Differences (Previous period)	
	FY2015	FY2016		
	Actual	Forecast		
AC Operations	14.3	8.5	(5.9)	(40.8)%
HC Operations	(0.0)	2.6	2.7	—
Special-purpose Vehicles and Systems	1.3	1.9	0.6	43.7%
Total	15.6	13.0	(2.6)	(16.7)%

[Changes following release]

Business segment of the Aircraft Components Div. changed from “HC Operations” to “Special-purpose Vehicles and Systems.”

[Regarding the business segment of the Aircraft Components Div. in the above table]

FY2015: HC Operations, Y2016 Special-purpose Vehicles and Systems

Causes of Fluctuation in Operating Income



AC Operations: Decrease in profit due to foreign exchange fluctuations

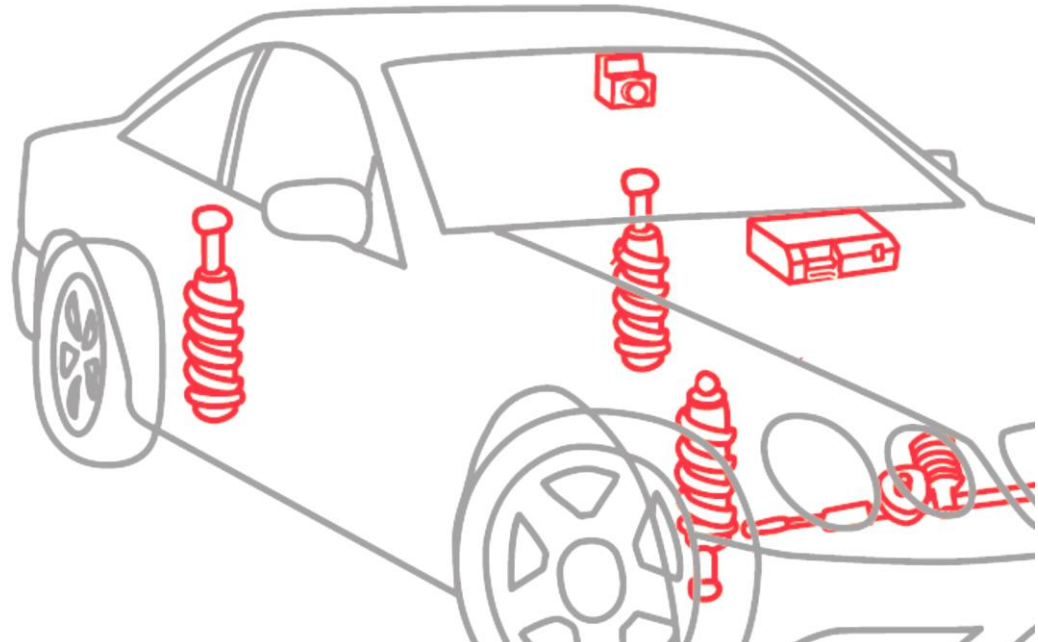


HC Operations: Effect of structural reforms



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Business Outlook

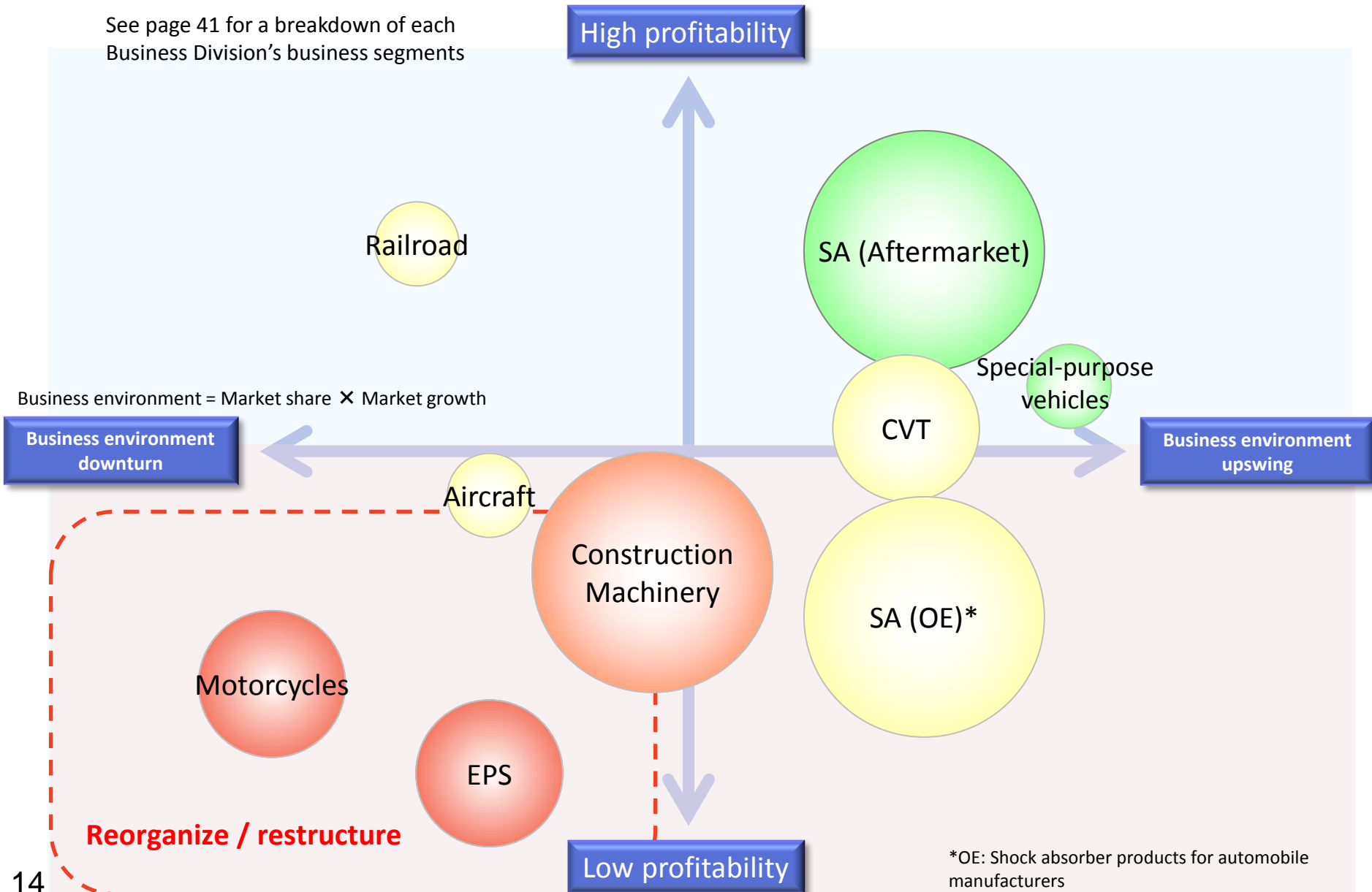


Position of Each Business Division

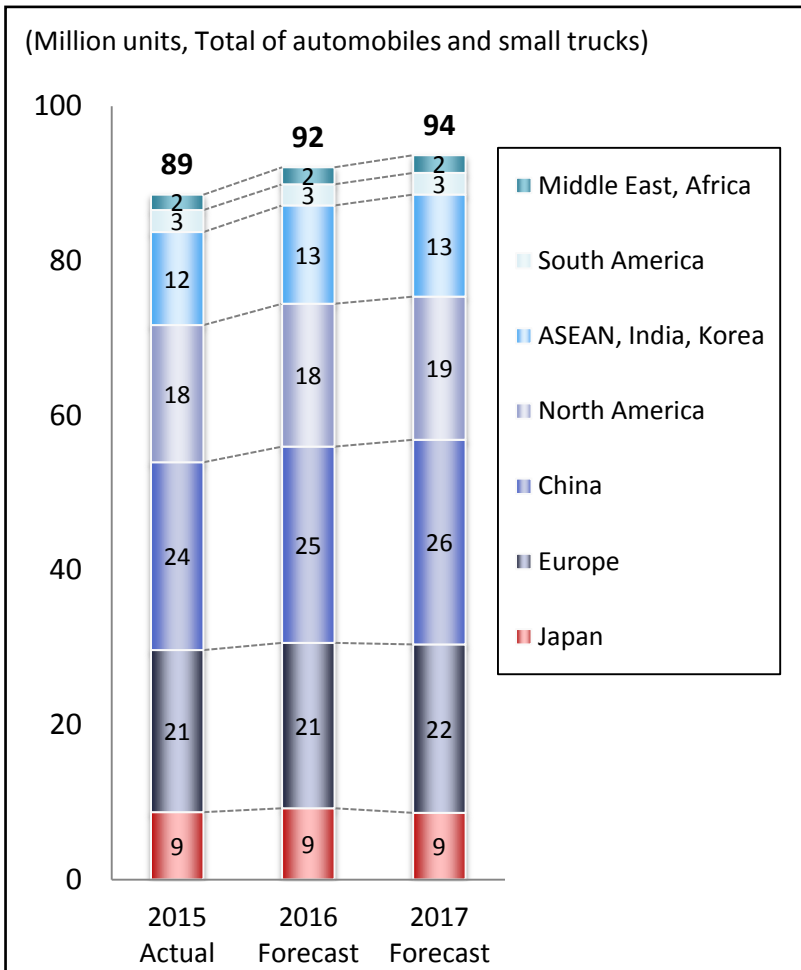


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See page 41 for a breakdown of each Business Division's business segments



■ Automobile Production Forecast



Source: IHS (the end of Apr. 2016)

■ Business Environment

Global:

Concern over a worldwide economic slowdown, with an economic slump in China and currency devaluation in resource-rich countries

Domestic:

Number of automobiles produced has leveled off
Shift toward low price / environmentally friendly automobiles

■ FY2016 Key Efforts

- ✓ Develop value-added products
- ✓ Innovative *monozukuri*
- ✓ Boost profits with sales promotions for aftermarket products

AC Operations— Develop Value-Added Products



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Electronically controlled suspension

High added value / improved ride comfort



Lower weight

Low fuel consumption / environmental consideration



Value-Added Product Trends

	Electronically controlled suspension	Lower weight
Market trend	<ul style="list-style-type: none"> Europe leading in development Premium market segment is non-Japanese makers 	<p>Europe: Leading in lightweight technology Japan: Getting up to speed with customer's demands for lightweight technology, with a focus on environmentally friendly automobiles</p>
KYB's strengths	<ul style="list-style-type: none"> Cutting edge joint development based on a firm foundation with Japanese customers Sales promotion campaigns that make use of our foundation with major European customers Able to deal with small vehicle suspensions 	<ul style="list-style-type: none"> Cutting edge joint development based on a firm foundation with Japanese customers Development and introduction of cutting edge technology through European development center
Shipping quantity Usage forecast	<p>FY2016: Start of mass production FY2020: ¥6.0 billion</p>	<p>FY2015: Hollow rod adoption in Toyota Prius → Offer proposals to customers when appropriate, including for other products</p>

■ Innovative Compact Automated Lines

Current

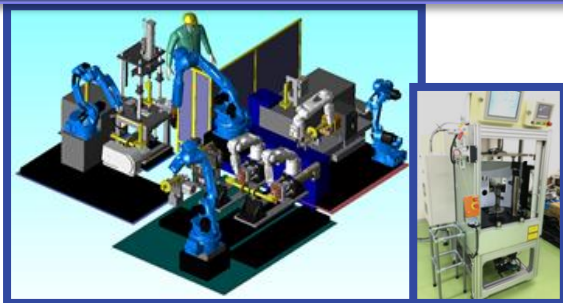
- Large lot production
- Manual operation
- Lines differ at each plant

Future

- **Small lot production** (Flexibly deal with sudden quantity changes and small lots of many different products)
- **Automation** (Improve quality and increase cost competitiveness by removing human error)
- **Global production lines** (Increase the speed of lines and product development with a standardized production method)

■ Features of the New Shock Absorber Line (Launch: FY2016, Japan)

**Automated welding,
construction, and inspection**
(Fewer operators, high speed)



Compact coating equipment
(Shorten lead time, reduce inventory)



Effects of the new line: Reductions of **50%** in manpower required and changeover time, **1/3** in lead time, and **15%** in processing costs (per piece)

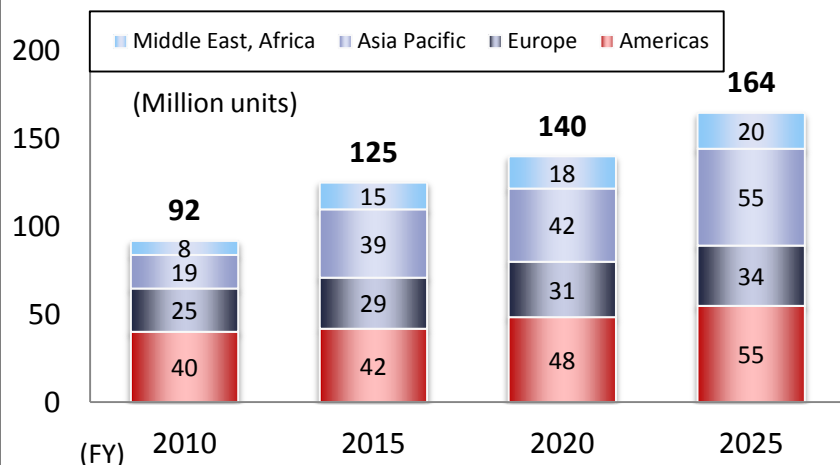
Target of the new line: Productivity improvement of 25%, automation ratio of 75%

- Sequential roll out of new line to all plants
- Prevent flaws before occurrence by receiving line information in real time and quickly finding abnormalities

- Strengths: Global production / sales network, high coverage rate of **93%***
- Overall strategy: System that can supply / sell anywhere in the world

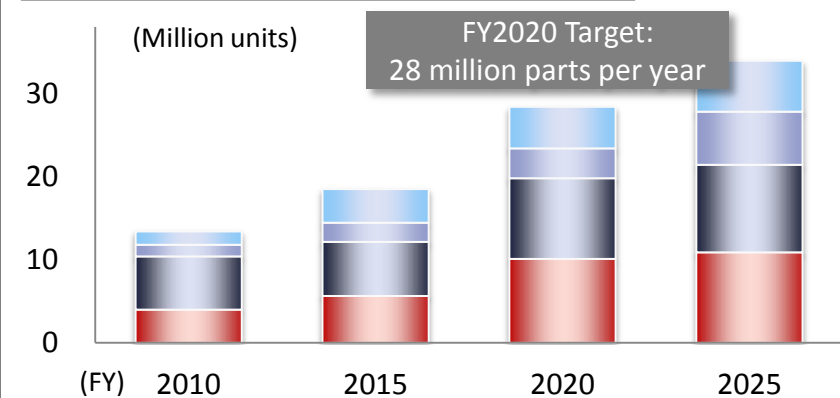
*Coverage for automobiles in Europe, North America, and Japan

Market Forecast by Aftermarket Area



Source: FOURIN

Unit Production by Aftermarket Area



Aftermarket Strategy

Change emphasis from number produced to profits

- Net business increase by entering new genre markets in North America
- Sales promotions for high value-added products
- Expand sales network in Mexico and Brazil
- Reduce costs by rationalizing warehouses in the European region
- Sales promotions for the African market
- Enter the ASEAN truck market
- Expansion and sales promotions for the use of Japanese, European, and North American automobiles in the China, Australia, and Mekong markets

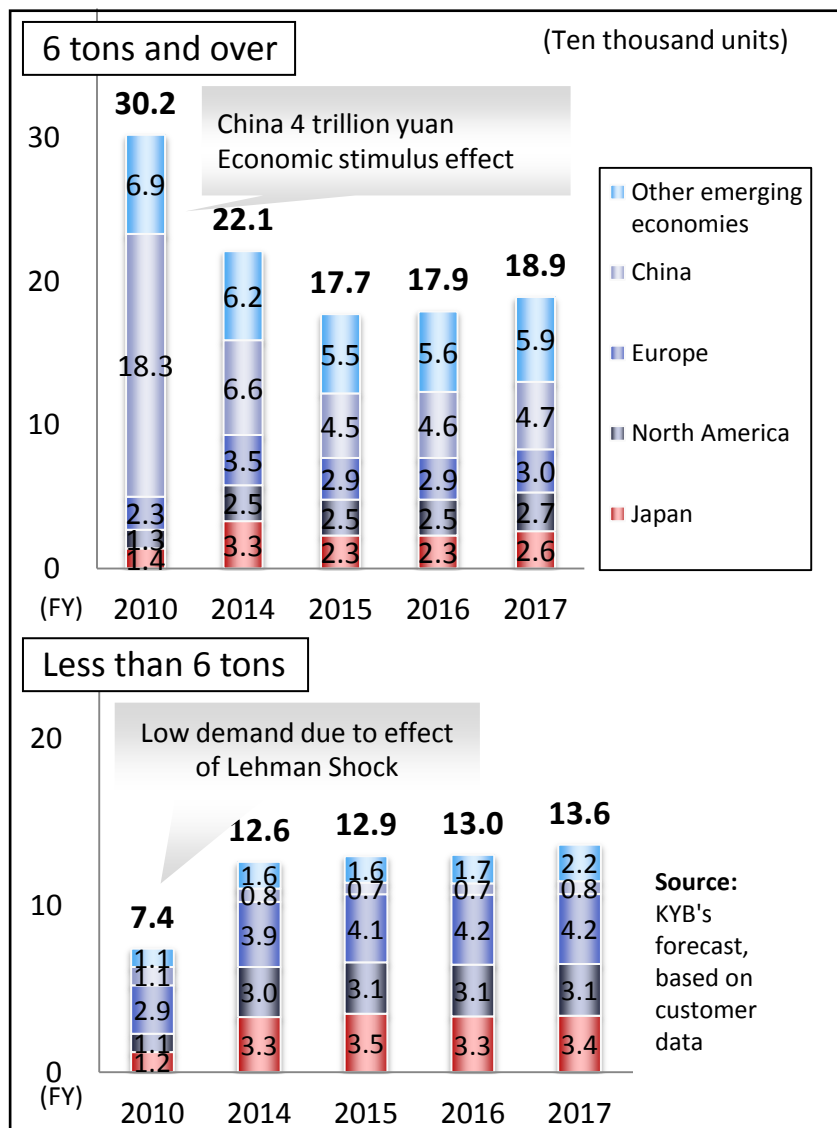
Expand global optimum supply system

- Optimize purchasing using 12 production bases placed around the globe
- Flexible purchasing system based on exchange fluctuations

	Issue	Measure
Motorcycles	<p>Decrease of units sold in China, ASEAN districts →Excess supply capacity</p> <p>Transfer of production overseas for models produced domestically →Deteriorating domestic sales</p>	<p>Supply system Integrate companies / plants in Vietnam and India, reduce and reorganize other companies / plants (Reduce production capacity from 1.1 million to 7 million pieces) Develop low cost models aimed at the ASEAN market</p> <p>Domestically Develop electronically controlled suspension</p>
EPS	<p>Progress with automated driving →Dealing with increasingly sophisticated technological development</p> <p>EPS market price decline due to popularization →Worsening profitability</p>	<p>Technological development Complete an electronics technology development system Make use of outside resources</p> <p>Profitability improvement Design cost reduced EPS model</p> <p>Sales promotion for new markets Sales promotions for EPS for ATV/UTV,* construction machinery, and agricultural machinery</p>

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

Demand for Hydraulic Excavators Forecast



Business Environment

6 tons and over:

Drop in demand from the FY2010 peak
 Unclear future with no forecast for large growth
 China: Lengthening economic slump
 North America: Sluggish demand for resource development

Less than 6 tons:

Growth in the market for mini-excavators as urban construction machinery due to urbanization progress, continuing slight demand increase

FY2016 Key Efforts

- Carry out structural reforms
- Increase non-excavator ratio

■ State of Progress

Reorganization

Domestic and overseas company / plant reorganization ⇒ Complete

Integration of two manufacturing companies in China / Integration of two sales companies in China / Integration of two domestic manufacturing companies

⇒ Completed: April 1, 2016

Integration effects: Reduced personnel expenses, reduced outsourcing expenses

Reorganization beyond the existing business framework

Redistribution

Production line streamlining in accordance with revision of demand forecast ⇒ Complete

Cylinder production line reduction

Japan: 15,000 → 12,000 pieces per month;

China: 12,000 → 6,000 pieces per month

Personnel organization / redistribution ⇒ Ongoing

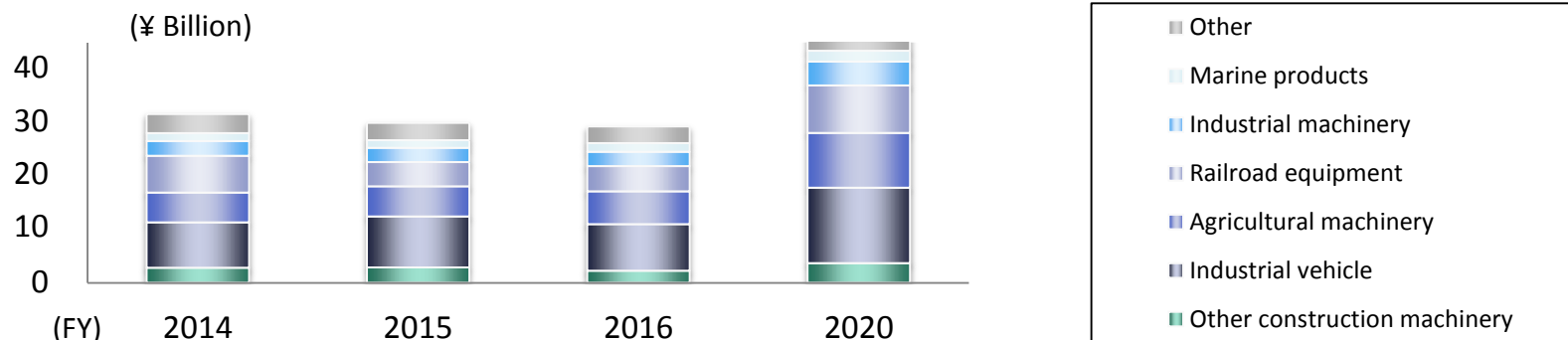
Personnel at China company: Reduction by 200 over 2 years

HC Operations— Increase Non-Construction Business



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Sales Forecast of Non-Construction Machinery



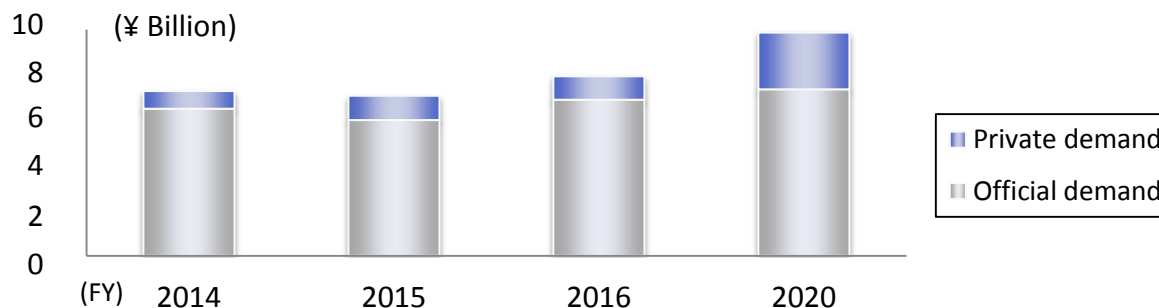
Non-Construction Machinery Strategy

	Market environment	Strategy
Other construction machinery	Mining dump truck total demand: 1,000 per year Market is dominated by the three largest construction machinery manufacturers	Utilize excavator cylinder manufacturing equipment Develop cylinders for suspension and hoist ⇒ Integrate cylinder and suspension technologies
Agricultural machinery	Population increase / emerging nation development / measures against disparity Future progress with farm mechanization	Sales promotions for highly efficient / electronic control products in developed countries Sales promotions for consumer edition, proven products in emerging countries
Railroad equipment	Expanding further along with the economic growth of emerging countries	Increase share in Japan by focusing on releasing new products, and sales promotions to overseas clients

Aircraft Components Div. has established on Jan.1, 2016.

- Purpose of establishment: Increase maneuverability in the aircraft business, a growth field
- Main products: Actuators, valves, wheels , and brakes
- Changes since release: The reportable segment changed from “HC Operations” to “Other Segment”

■ Aircraft Sales Forecast



Ratio of Private demand
FY2015: 15%
↓
FY2020: 25%

■ Key Efforts

- Private demand: Expand sales to existing customers and earn new customers
Strengthen activity in North America by reopening North American representative office
- Official demand: Take part in planning new programs, expand repair business activities
- ⇒ Expansion of private demand based on official demand

[Boeing Performance Excellence Awards]

FY2012: **GOLD prize**

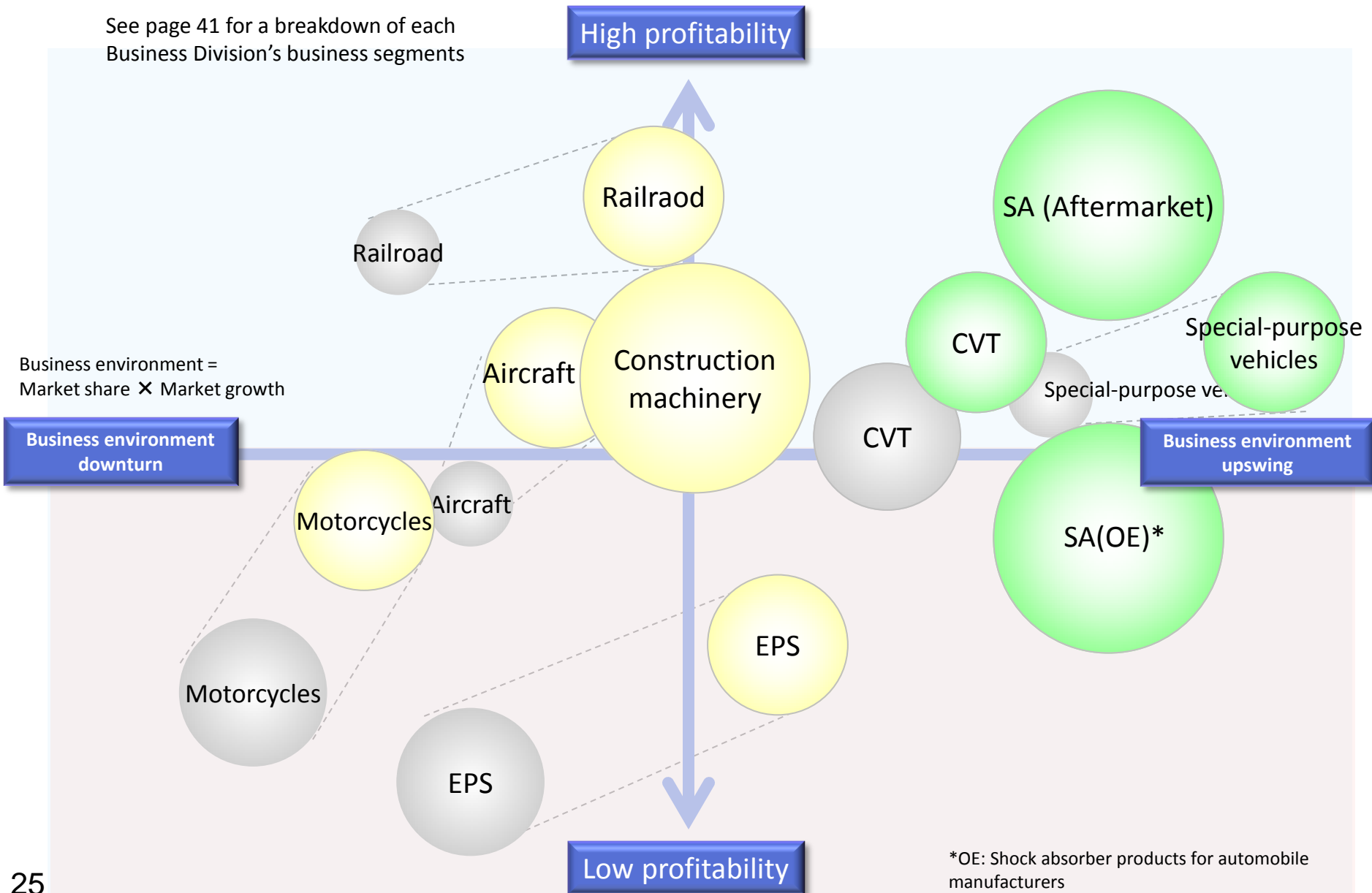
FY2015: **SILVER prize**



	Environment / market trends	Key initiatives for 2016
Special-purpose vehicles	<ul style="list-style-type: none"> • Temporary peak in the domestic market against the backdrop of a sudden jump in construction costs • Growth market in India (Annual growth rate of 30–40%) 	<ul style="list-style-type: none"> ✓ Domestic: Establish a manufacturing, sales, and engineering system that can respond to market trends ✓ India: Start up of manufacturing system strengthening project Share: FY2015 results: 4.5% FY2016 target: 15.0%
Earthquake dampers	<ul style="list-style-type: none"> • Aggregation of four domestic companies (KYB's share: 50%) • Super general contractor companies are focusing on countermeasures against long period seismic vibrations 	<ul style="list-style-type: none"> ✓ Make long period seismic motion countermeasures an urgent issue, differentiate KYB from the competition with development ability ✓ Change to proposal-based business

Target Position for Each Business Division

See page 41 for a breakdown of each Business Division's business segments



FY2016 Slogan

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

~ Make progress towards the next medium term ~

Monozukuri

Ensure cost-competitiveness by increasing productivity and improving quality.

Technology and product development

Develop new products and technologies that outpace the competition, leading to winning orders in each region.

Production, sales, technology unification activities

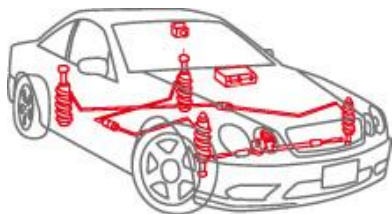
Share information globally and conduct unification activities, leading to winning orders.

Develop human resources

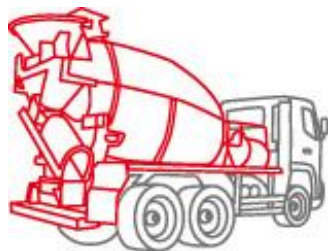
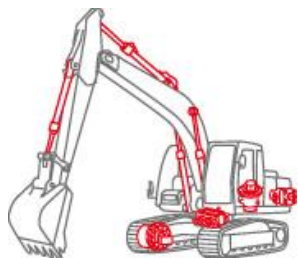
Ensure the development of global human assets in order to achieve above.

Management

Management activities for Group optimization



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FY2015 Financial Information

Takaaki Kato

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

FY2015 Net Sales and Operating Income



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(¥ Billion)		FY2014	FY2015	Differences
		Actual	Actual	
Net Sales	Shock absorbers for automobiles	159.1	162.6	3.5
	Shock absorbers for motorcycles	26.7	26.3	(0.3)
	Hydraulic equipment for automobiles	45.9	46.3	0.4
	Others	5.4	5.7	0.3
	AC Operations	237.1	240.9	3.9
	Hydraulic equipment for industrial use	97.6	79.9	(17.7)
	Hydraulic equipment for aircraft	7.3	7.1	(0.2)
	Others	8.4	8.2	(0.2)
	HC Operations	113.2	95.1	(18.1)
	Special-purpose Vehicles	8.4	9.0	0.6
	System products and electronic components, etc.	11.7	10.3	(1.4)
	Special-purpose Vehicles, System Products and Electronics Components	20.1	19.3	(0.8)
	Total Sales	370.4	355.4	(15.0)
Operating Income	AC Operations	6.9	14.3	7.4
	HC Operations	5.0	(0.0)	(5.0)
	Special-purpose Vehicles, System Products and Electronics Components	1.7	1.3	(0.3)
	Total	13.6	15.6	2.0



AC Operations: Large profit increase due to favorable sales of automotive shock absorbers (OEM in North America and aftermarket sales in the Middle East), decrease in quality related provisions, and controlling costs



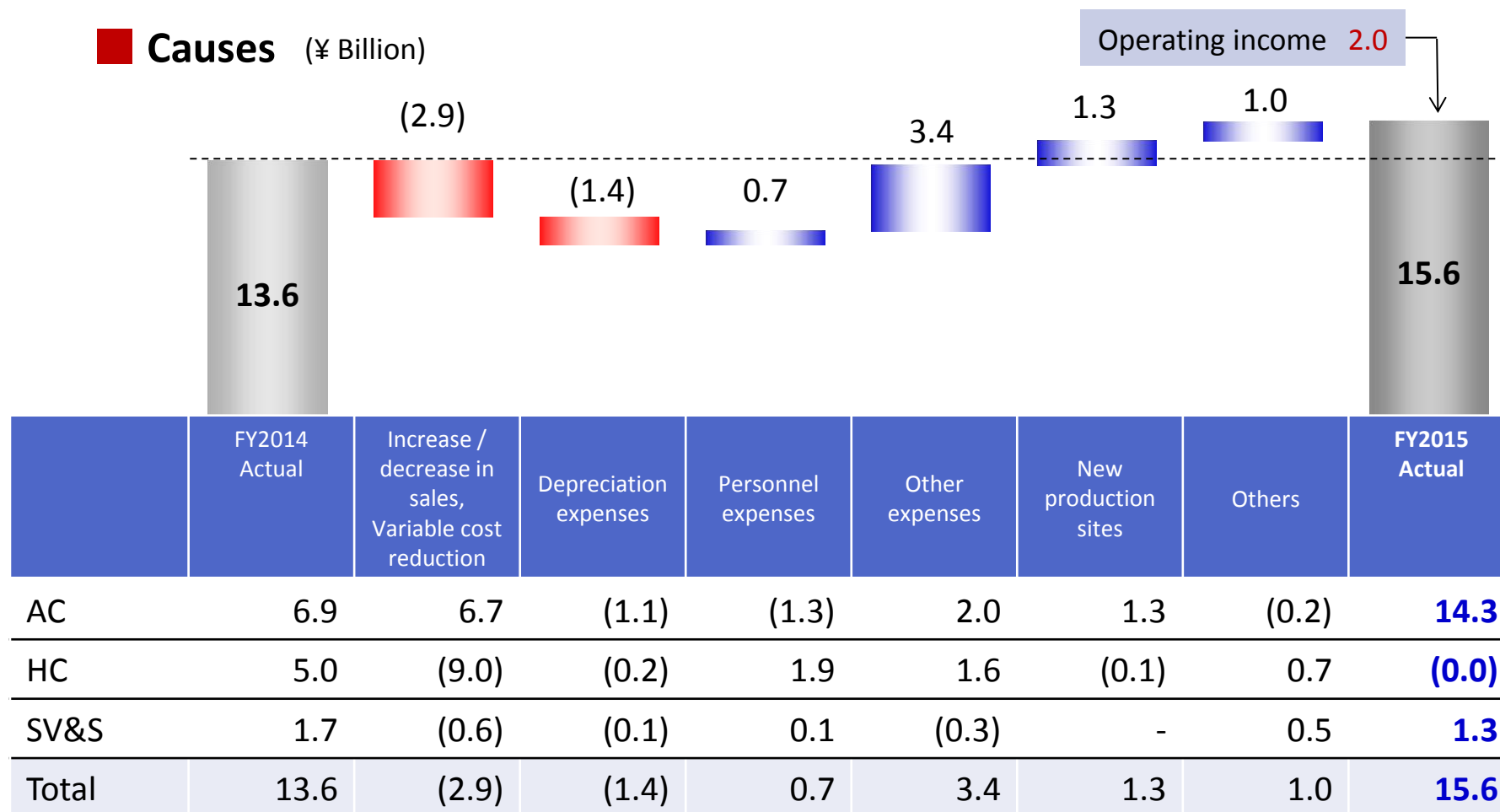
HC Operations: Large reduction in numbers of mid-size excavators sold due to a slump in the China construction machinery market

FY2015 Changes in Operating Income



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Causes (¥ Billion)



SV&S: Special-purpose Vehicles and Systems

Notes: 1. Increase / decrease in sales, Variable cost reduction: Including an increase in results due to the impact of profit and loss variations in quality related provisions of ¥3.3 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

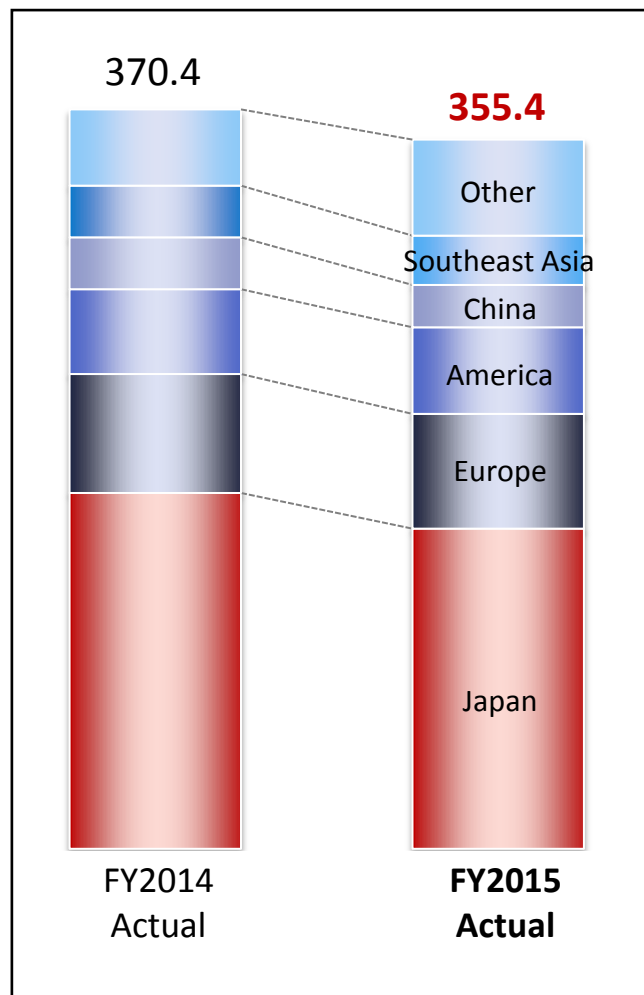
2. Differing from the breakdown above, the impact on operating income of the FOREX on the entire Group was ¥1.2 billion

FY2015 Net Sales by Region



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Net Sales by Region (¥ Billion)



	FY2014	FY2015	Differences
	Actual	Actual	Previous period
Japan	178.3	160.4	(10.0)%
Europe	59.6	57.5	(3.5)%
America	42.5	43.4	2.1%
China	26.0	21.2	(18.3)%
Southeast Asia	25.9	24.7	(4.6)%
Other	38.2	48.1	26.0%
Total	370.4	355.4	(4.1)%

Overseas Sales Ratio

51.9% → 54.9%

FY2016 Net Sales and Operating Income Forecast



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(¥ Billion)		JGAAP	IFRS	Differences
		FY2015	FY2016	
		Actual	Forecast	
Net Sales	Shock absorber for automobiles	162.6	146.8	(15.8)
	Shock absorber for motorcycles	26.3	24.1	(2.2)
	Hydraulic equipment for automobiles	46.3	46.0	(0.3)
	Others	5.7	6.3	0.6
	AC Operations	240.9	223.2	(17.8)
	Hydraulic equipment for industrial use	79.9	81.6	1.8
	Others	8.2	8.0	(0.2)
	HC Operations	88.1	89.6	1.5
	Special-purpose Vehicles	9.0	9.1	±0
	Hydraulic equipment for aircraft	7.1	8.0	0.9
	System products and electronic components, etc.	10.3	12.2	1.9
	Special-purpose Vehicles, Hydraulic equipment for aircraft, System Products and Electronics Components	26.4	29.2	2.9
	Total Sales	355.4	342.0	(13.4)
Operating Income	AC Operations	14.3	8.5	(5.9)
	HC Operations	(0.0)	2.6	2.7
	Special-purpose Vehicles, Hydraulic equipment for aircraft, System Products and Electronics Components	1.3	1.9	0.6
	Total	15.6	13.0	(2.6)



AC Operations: Decrease in sales and profit due to foreign exchange fluctuations



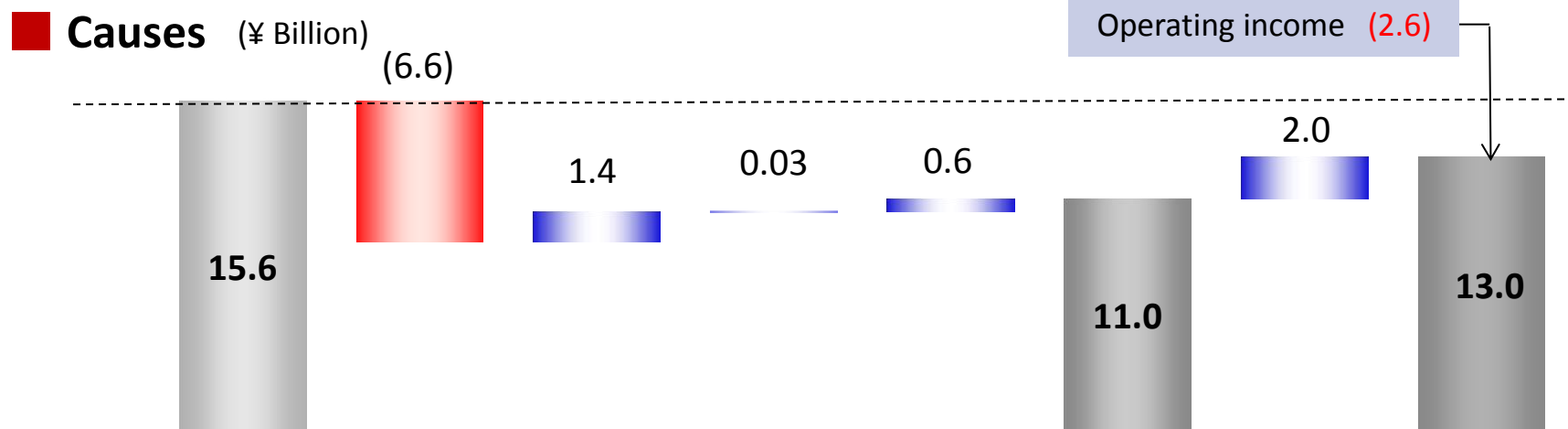
HC Operations: Effect of structural reforms

See pages 11 and 12 for the reportable segments of the Aircraft Components Div.

FY2016 Changes in Operating Income



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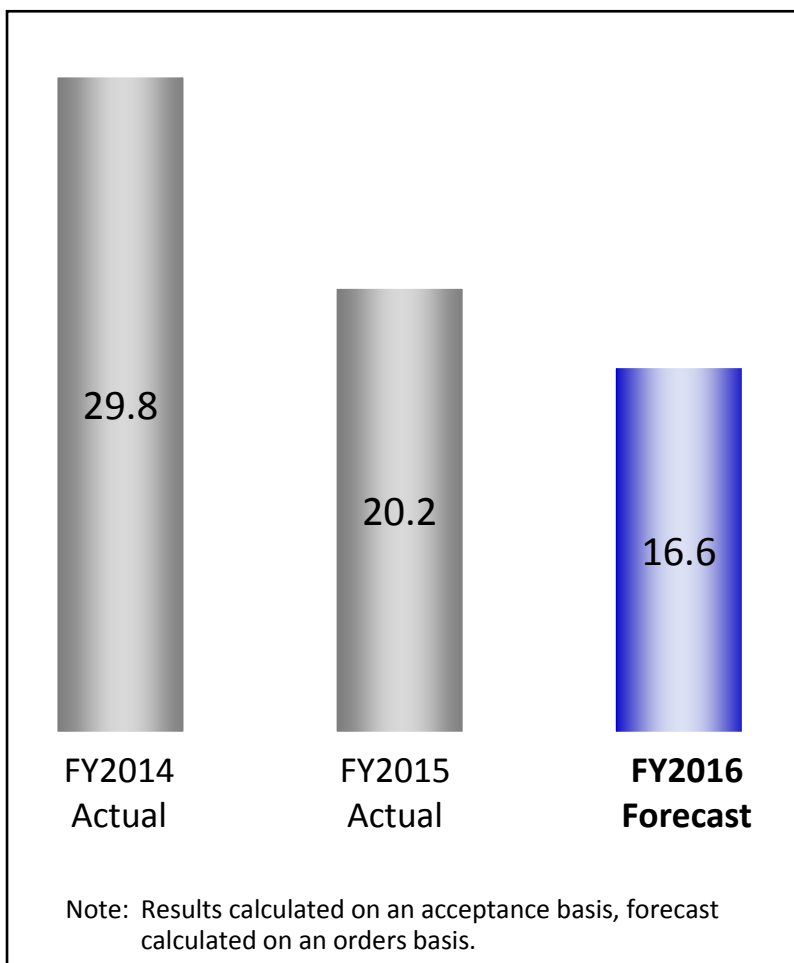
	FY2015 Actual JGAAP	Increase / decrease in sales, Variable cost reduction	Personnel expenses	Depreciation expenses	Other expenses	FY2016 Forecast JGAAP	IFRS adjustment	FY2016 Forecast IFRS
AC	14.3	(8.0)	0.9	(0.6)	0.4	7.1	1.4	8.5
HC	(0.0)	1.1	0.6	0.7	0.0	2.1	0.5	2.6
SV&S	1.3	0.3	(0.1)	(0.1)	0.2	1.8	0.1	1.9
Total	15.6	(6.6)	1.4	0.0	0.6	11.0	2.0	13.0

SV&S: Special-purpose Vehicles and Systems

Notes:1. IFRS adjustment: Effects of changes to disclosure classifications (Equity in net income of affiliates + ¥0.5 billion) as well as effects of changes to accounting principles (Capitalization of development costs, non-amortization of goodwill, and others)

2. Differing from the breakdown above, the impact on operating income of the FOREX on the entire Group was ¥4.1billion

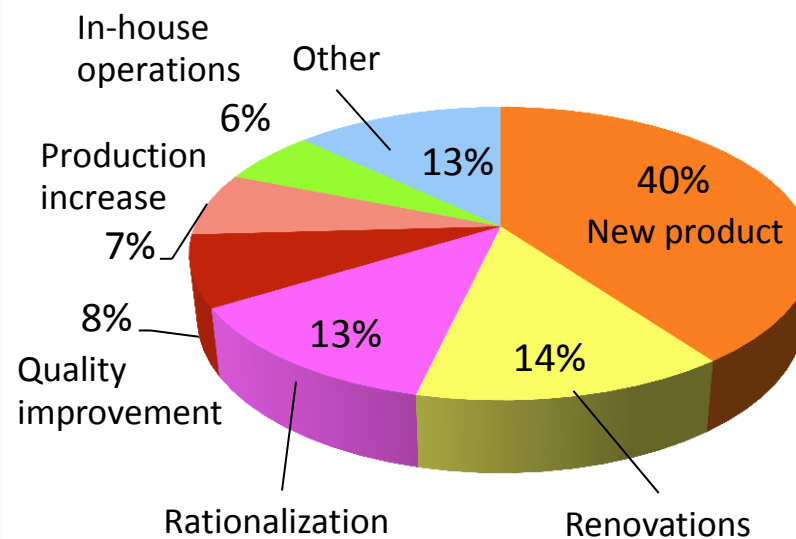
■ Capital Expenditures (¥ Billion)



■ Major capital expenditure items

- Mexico: Shock absorber plant expansion
- Czech Republic: Production equipment for new product
- Gifu North plant: Production equipment for new product

■ Capital investment breakdown

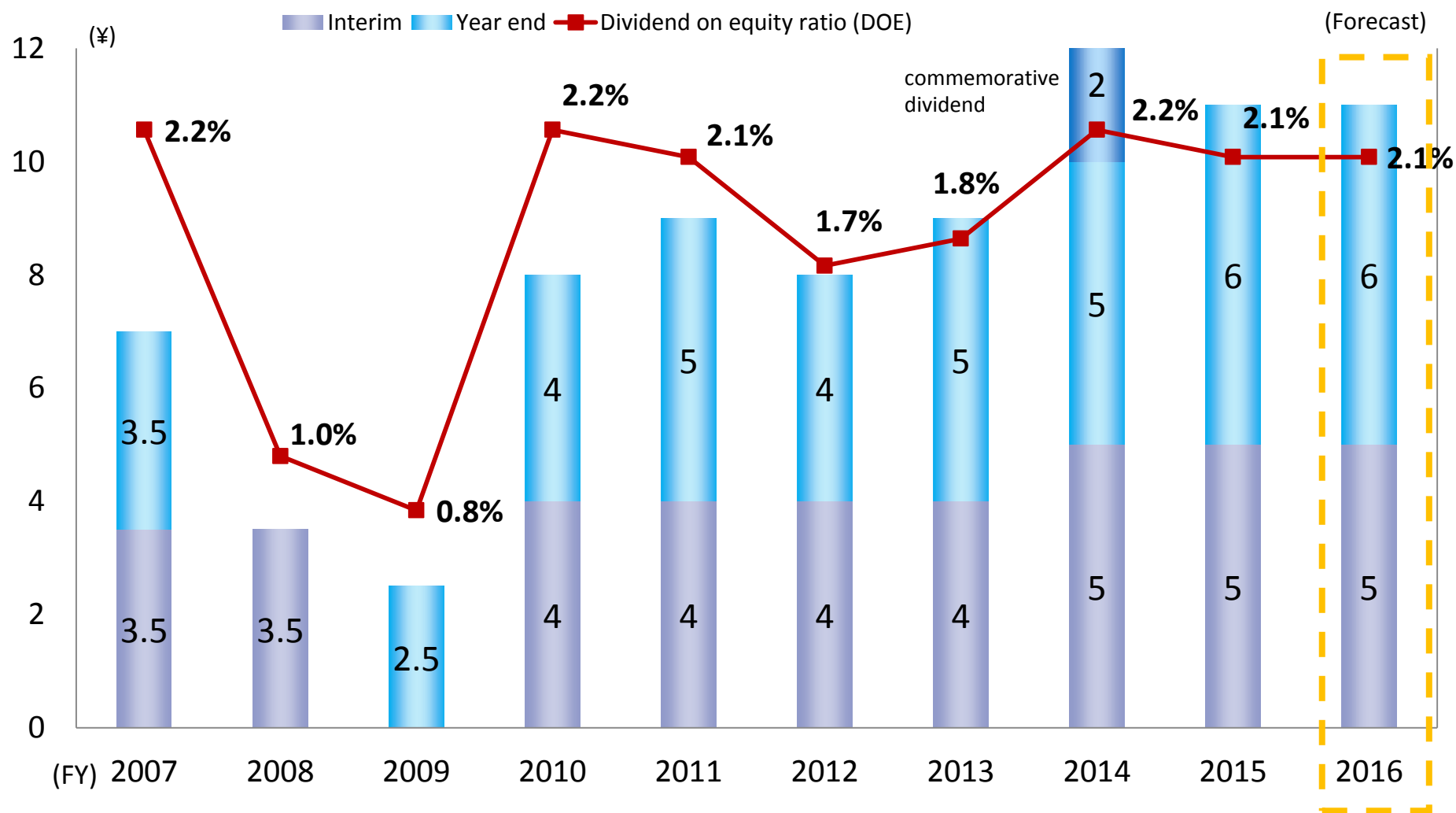


Dividends



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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.

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Appendix Financial Forecast for FY2016



Our Precision, Your Advantage

(¥ billion)

			FY2015 (JGAAP)			FY2016 Forecast (IFRS)		
			1st Half	2nd Half	Total	1st Half	2nd Half	Total
Net Sales		Shock absorbers for automobiles	82.9	79.7	162.6	75.0	71.8	146.8
		Shock absorbers for motorcycles	12.8	13.5	26.3	11.7	12.4	24.1
		Hydraulic equipment for automobiles	23.8	22.5	46.3	23.4	22.6	46.0
		Others	3.2	2.5	5.7	3.4	2.9	6.3
		AC Operations Total	122.6	118.3	240.9	113.4	109.7	223.2
		Hydraulic equipment for industrial use	41.1	38.8	79.9	39.0	42.6	81.6
		Hydraulic equipment for aircraft	3.0	4.1	7.1	-	-	-
		Others	4.1	4.1	8.2	4.1	3.9	8.0
		HC Operations Total	48.1	47.0	95.1	43.1	46.5	89.6
		Special-purpose Vehicles	4.3	4.7	9.0	3.9	5.1	9.1
		Hydraulic equipment for aircraft	-	-	-	4.2	3.8	8.0
		System products and electronic components, etc.	4.8	5.5	10.3	5.3	6.9	12.2
Operating Income		Special-purpose Vehicles, System Products and Electronics Components	9.0	10.3	19.3	13.4	15.8	29.2
		Total Sales	179.8	175.6	355.4	170.0	172.0	342.0
		AC Operations Total	6.8	7.5	14.3	4.2	4.3	8.5
		HC Operations Total	-0.1	0.1	-0.0	0.8	1.8	2.6
		Special-purpose Vehicles, System Products and Electronics Components	0.6	0.7	1.3	0.5	1.4	1.9
		Total	7.2	8.3	15.6	5.5	7.5	13.0

Appendix Financial Data



Our Precision, Your Advantage

Capital Expenditure, Depreciation

(¥ billion)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Capital Expenditure	10.08	8.92	27.17	39.22	29.91	29.79	20.23	16.60
Depreciation Exp.	15.32	13.43	13.51	14.55	17.29	16.49	18.20	18.00

(*1)

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

(Est.)

(*1) The estimation of "Capital Expenditure in FY2016 Total" is on order basis. Actual figures were calculated on inspection basis.

Interest-bearing Debt

(¥ billion)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Interest-bearing Debt	98.15	81.64	80.52	92.95	88.81	92.45	91.25

R&D Expenses

(¥ billion)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
R&D Expenses	2.82	3.22	4.04	5.47	6.92	8.91	8.11

Number of Employees

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Number of Employees	10,977	11,440	11,975	12,306	13,033	13,732	13,796

Foreign Exchange Rate

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Average FOREX Rate - JPY/USD	92.85	85.72	79.08	83.11	100.24	109.93	120.15	105.00
Average FOREX Rate - JPY/EUR	131.16	113.12	108.97	107.14	134.37	138.77	132.57	120.00
Average FOREX Rate - JPY/CNY	13.71	12.89	12.38	13.22	16.40	17.73	18.85	16.50
Average FOREX Rate - JPY/THB	2.75	2.75	2.58	2.70	3.19	3.38	3.44	3.00
Average FOREX Rate - JPY/RUB	-	-	-	2.82	3.03	2.53	1.91	1.30

(Est.)

Appendix Net Sales by Region



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(¥ 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	36.0	35.6	8.5	80.1
	Total	76.0	83.8	18.4	178.3	72.2	71.9	16.3	160.4
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	25.8	2.3	0.0	28.0
	Total	54.4	5.2	0.0	59.6	52.8	4.7	0.0	57.5
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	17.5	3.1	0.0	20.7
	Total	36.2	6.3	0.0	42.5	37.4	6.0	0.0	43.4
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	8.0	2.1	0.0	10.1
	Total	14.1	11.8	0.0	26.0	15.4	5.8	0.0	21.2
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	11.8	0.3	0.0	12.1
	Total	24.4	1.5	0.0	25.9	24.1	0.6	0.0	24.7
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	18.9	4.0	1.7	24.6
	Total	31.9	4.6	1.7	38.2	38.7	6.5	3.0	48.1
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	118.3	47.0	10.3	175.6
	Total	237.1	113.2	20.1	370.4	240.9	95.1	19.3	355.4

Appendix Product Development Strategy for HC Operations



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Improve basic performance / Enhance product line-up

- Pursuing safety and security
- Standardizing automated electronically controlled system development

Issue / Market needs	Products	FY2014–2016	FY2017–2020
Low fuel consumption, energy conservation Noise reduction Cost reduction Improve maneuverability High efficiency IOT / ICT compatibility Electronic systems usage	Excavators	<p>Small-size excavators (Under 9 ton)</p> <ul style="list-style-type: none"> • Enhance hydraulic equipment for 8-ton excavators <p>Mid-size excavators (10–39 tons)</p> <ul style="list-style-type: none"> • Mass production of control valves • High efficiency, high powered travel motor development • High-performance cylinder development • Complete development of hybrid excavator hydraulic system 	<p>Development optimized for region</p> <ul style="list-style-type: none"> • Deal with two opposite categories: Consumer versions and high functionality versions <p>Pursue energy conservation</p> <ul style="list-style-type: none"> • Develop hydraulic units / systems <p>Value-added improvements</p> <ul style="list-style-type: none"> • IOT compatibility <p>Automation / ICT compatibility</p> <ul style="list-style-type: none"> • Develop electronic control units / systems
	Industrial vehicles, forklifts	<ul style="list-style-type: none"> • Development for crawler carrier closed-circuit pump motor sets • Receive orders / development for control valves and pumps for overseas forklifts 	
	Agricultural machinery	<ul style="list-style-type: none"> • Commercialize gearless drive transmission, expand line-up • Improve development in order to respond to needs in emerging economies 	
	Railroad equipment	<ul style="list-style-type: none"> • Develop / commercialize fully active suspension systems • Develop a consumer version of semi-active suspension systems 	

■ Awards from Customers (Mostly 2H of FY2015, partial excerpt)

Customer	Award	Reason for Award
TOYOTA MOTOR EAST JAPAN	Quality appreciation	Stayed below set quality complaint goal
Hitachi Construction Machinery	Superior Supplier Award	Contributed in three areas: Cost, quality and delivery time
Kobelco Construction Machinery	New Model Contribution Award	Contributed to QCD-competitive proposals and start-up of new model
KUBOTA	Green Supplier Awards	Contributed to development and mass production of environmentally friendly products
Boeing	SILVER prize	Boeing Performance Excellence

Appendix Breakdown of Business Divisions



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Reportable segment		Business breakdown	Major products
AC Operations	Shock absorber for automobiles	Shock absorber (OE) Shock absorber (Aftermarket)	SA for automobiles
	Shock absorber for motorcycles	Motorcycles	Front fork Rear cushion units
	Hydraulic equipment for automobiles	Vane pump CVT pumps EPS	Vane pump, power steering systems CVT pumps EPS
	Others	Stay dampers	Stay dampers
HC Operations	Hydraulic equipment for industrial use	Construction machinery Industrial machinery Agricultural machinery	Cylinders, valves, pumps, motors, Gear pumps MMP, HST
	Others	Railroad equipment Seals	Railroad dampers, brakes Seals
Other	Special-purpose vehicles	Special-purpose vehicles	Concrete mixer trucks
	Hydraulic equipment for aircraft	Aircraft equipment	Actuator, valves, wheels brakes
	System products and electronic components, etc.	Vibration control devices Stage equipment Electronic components	Earthquake dampers Stage control systems ECU, mobile communication device

Red letters correspond to each business division on pages 14 and 25.

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