

FY 2015 Financial Results Briefing—Question and Answer Session

Date: Thursday, May 12, 2016

KYB panel: Yasusuke Nakajima, Representative Director, President Executive Officer

Takaaki Kato, Member of the Board of Directors, Senior Managing Executive Officer

Keisuke Saito, Member of the Board of Directors, Senior Managing Executive Officer

Masao Ono, Senior Managing Executive Officer

1. Construction machinery (excavators) demand

Q. Please tell us about your forecast for global excavator demand after FY2016.

A. Our forecast, which is in line with the forecasts of all major construction machinery manufacturers, is that the next three fiscal years see a continuing difficult business environment for the Company. Without a fundamental market change such as the revitalization of infrastructure investments in emerging countries or stabilized resource prices, we forecast the difficult situation will continue.

2. Development of electronically controlled suspension

Q. Compared to other companies in the same field, what strengths does KYB have?

A. European companies are advanced in the field of electronically controlled suspension. KYB has been proactively working on development in the field since a few years ago, and currently, preparations for mass production are in progress. We will put to use the strengths we have developed in the mechanics field, particularly in the noise and vibration control fields, to make superior products.

Also, in motorcycles, needs for electronically controlled suspensions are arising. Such developments suit our strength as an independent company, where we can expand to business fields other than automobile industry based on our transactions with various manufacturers.