

November 6, 2018

PRESS RELEASE

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Notice concerning posting of provision for product warranties for seismic isolation/mitigation oil dampers, differences between consolidated results forecasts and actual results for the first half of the current fiscal year, and revisions to the full-year results forecasts

KYB Corporation (HQ: Tokyo, President: Yasusuke Nakajima; hereinafter “the Company”) announces that differences have arisen between consolidated results forecasts for the first half of the fiscal year ending March 31, 2019, which the Company announced on August 7, 2018, and actual results. The Company also announces that it has revised its full-year consolidated results forecasts for the fiscal year ending March 31, 2019. Details are as follows.

1. Differences between consolidated results forecasts and actual results for the first half of the fiscal year ending March 31, 2019

(April 1, 2018 to September 30, 2018)

(1) Details of differences

	Net sales	Segment profit	Operating profit	Profit before taxes	Profit for the period	Profit attributable to owners of the parent	Basic earnings per share
	Millions of Yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecasts (A) (Aug. 7, 2018)	205,200	9,900	10,200	9,200	7,200	6,900	270.12
Actual results (B)	202,789	9,468	- 11,300	-12,369	-11,789	-11,972	-468.67
Changes (B - A)	-2,411	-432	-21,500	-21,569	-18,989	-18,872	—
Rate of change (%)	-1.2%	-4.4%	—	—	—	—	—
(Reference) Results for the same period of the previous fiscal year (First half of the fiscal year ended March 31, 2018)	189,448	10,698	11,048	10,902	7,548	7,239	283.39

(2) Reason for differences

During the first half under review, the Company collected information that was collectable as of that time on “nonconforming acts in the inspection process, etc. for seismic isolation/mitigation oil dampers for buildings manufactured by us and our subsidiary” announced on October 16, 2018, and estimated the manufacturing costs of seismic isolation/mitigation oil dampers and expenses required for the replacement work of the seismic isolation oil dampers based on the information if it is determined that the information is based on reasonable facts. As a result, the Company posted a provision for product warranties of 14,425 million yen as other expenses in the first half under review. Associated with this, the Company also posted 2,043 million yen as other expenses as a result of booking impairment losses for property, plant and equipment of Kayaba System Machinery that manufactures and sells seismic isolation/mitigation oil dampers. In addition, The Company also recorded 4,424 million yen, which is the sum of the settlement stated in the “Notice Concerning Settlement with Some Plaintiffs in Class Civil Action in the United States” announced on November 6, 2018 and the amount of settlement with some of the state governments associated with the Settlement

above, as losses related to the antimonopoly law in other expenses for the first half under review. Based on the above, significant differences have arisen at each level of profit and loss in and after operating profit.

2. Revisions to the full-year consolidated results forecasts for the fiscal year ending March 31, 2019

(1) Details of revisions

(April 1, 2018 to September 30, 2018)

	Net sales	Segment profit	Operating profit	Profit before taxes	Profit for the period	Profit attributable to owners of the parent	Basic earnings per share
Previously announced forecasts (A) (Aug. 7, 2018)	Millions of Yen 416,000	Millions of Yen 22,500	Millions of Yen 23,900	Millions of Yen 22,300	Millions of Yen 16,700	Millions of Yen 16,000	Yen 626.37
Revised forecasts (B)	416,000	21,300	700	-500	-1,800	-2,300	-90.04
Changes (B - A)	—	-1,200	-23,200	-22,800	-18,500	-18,300	—
Rate of change (%)	—	-5.3%	-97.1%	—	—	—	—
(Reference) Results for the same period of the previous fiscal year (First half of the fiscal year ended March 31, 2018)	393,743	22,949	20,885	20,881	15,786	15,202	595.09

(2) Reason for revisions

The full-year results forecasts are likely to fall substantially below the previously announced forecasts, given that expenses associated with global structural reforms are expected to arise in hydraulic equipment for automobiles, in addition to actual results for the first half of the current fiscal year at each level of profit and loss from operating profit, although the Company is expected to post 2,800 million yen in other income as profit associated with liquidation with respect to the “Notice Concerning Dissolution and Liquidation of a Subsidiary in the Netherlands” announced on November 6, 2018.

(Note) The above forecasts are prepared based on information available as of the date of announcement of this document, and actual results may differ from the forecasts due to various factors in the future. For the provision for product warranties for the seismic isolation/mitigation oil dampers, only expenses for which a reliable estimate can be made as of this time are posted. Expenses required for replacement work that will arise in relation to the nonconforming acts and incidental expenses such as compensation that will arise in association with the implementation of the replacement work could have a material impact on the consolidated financial results of the Company, depending on future progress in the nonconforming acts, at the time when a reliable estimate of these expenses becomes possible.