



First Half of FY2020 (2Qs) Financial Information

November 6, 2020

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

First Half of FY2020 Performance Overview

- ✓ **Decrease in sales and profits compared to the same period of the previous fiscal year**
 - Large contraction of 30% due to the impact of the COVID-19 pandemic (AC Operations down 31%, HC Operations down 27%)
 - There has been an underlying trend toward recovery since June, with the amount of decline becoming less severe than in the 1Q.
 - Efforts to bring seismic isolation/mitigation oil dampers are proceeding according to plan

FY2020 Forecast

- ✓ Core businesses forecast to recover due to return of demand
- ✓ Profitability forecast for the end of the period

The impact of the novel coronavirus (COVID-19)

- ✓ Current automobile and construction machinery demand is showing a gradual recovery trend
- ✓ Future prospects remain unclear, and depend upon the situations regarding another wave of infections and economic stimulus measures in each country

1H of FY2020 Financial Summary



Our Precision, Your Advantage

(¥ Billion)	IFRS				Differences
	FY2019 1H actual			FY2020 1H actual	
		1Q	2Q		
Net sales	197.6	60.4	78.4	138.8	(58.8)
Segment profits* [Segment profits ratio]	11.9 (6.0%)	(1.6) [−]	0.2 (0.3%)	(1.4) [−]	(13.3) [−]
Operating profit (loss)	4.5	△32	5	(2.7)	(7.2)
Profit (loss) attributable to owners of the parent	1.7	△38	1	(3.8)	(5.4)
FOREX (Average) (¥)					
JPY/ US\$	108.62	107.62	106.22	106.91	
JPY/ EUR	121.41	118.47	124.11	121.29	

*Segment profits correspond to operating income in JGAAP.

1H of FY2020 Net Sales and Segment Profits



Our Precision, Your Advantage

(¥ Billion)	Net Sales			Segment Profits		
	FY2019 1H actual	FY2020 1H actual	Differences	FY2019 1H actual	FY2020 1H actual	Differences
AC	118.9	81.8	(37.1)	6.9	(1.3)	(8.2)
HC	66.5	48.6	(17.9)	4.1	0.2	(3.9)
System products	4.4	2.5	(1.9)	0.9	0.3	(0.6)
Aircraft Components	2.6	1.9	(0.7)	(0.4)	(0.8)	(0.4)
Others	5.2	4.0	(1.2)	0.5	0.3	(0.3)
Total	197.6	138.8	(58.8)	11.9	(1.4)	(13.3)

AC: Automotive Components

HC: Hydraulic Components

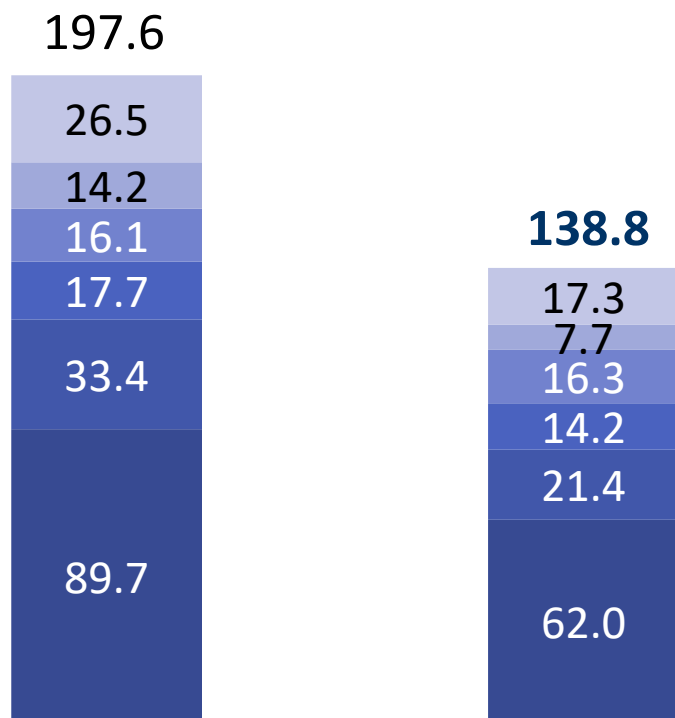
Others: Special-purpose vehicles, electronic components, etc.

1H of FY2020 Net Sales by Region



Our Precision, Your Advantage

(¥ Billion)



Differences
Previous period

Other	(34.7)%
Southeast Asia	(45.7)%
China	1.2%
America	(20.2)%
Europe	(36.1)%
Japan	(30.9)%

Overseas Sales Ratio

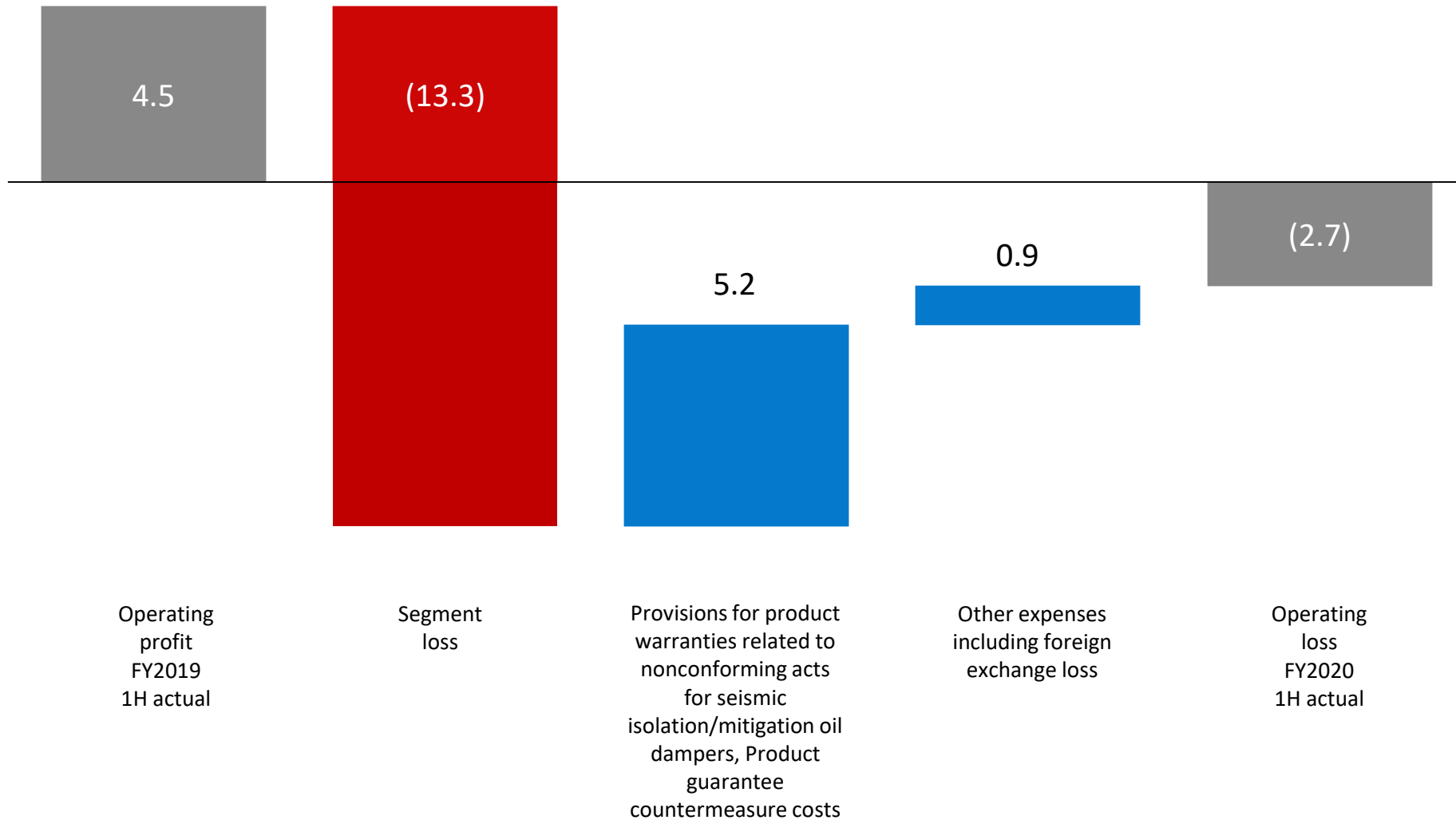
54.6% ⇒ 55.3%

1H of FY2020 Changes in Operating Profit (Comparison with previous forecast)

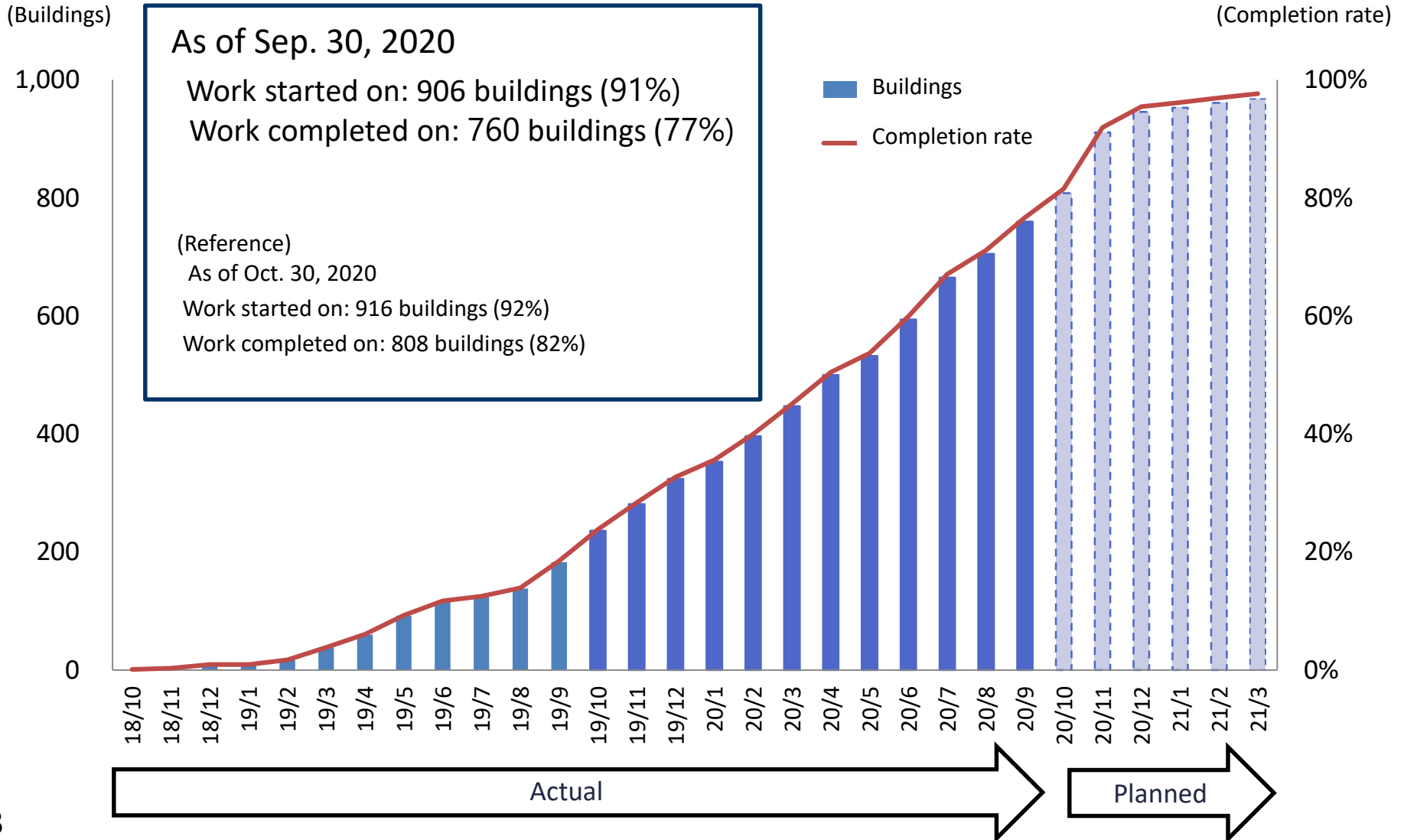


Our Precision, Your Advantage

(¥ Billion)



Progress Plan for Bringing Nonconforming Seismic Isolation/Mitigation Dampers up to Conformity



Impact of Nonconforming Acts Related to Seismic Isolation/mitigation Oil Dampers on Performance



Our Precision, Your Advantage

Cost amount

Note: Numbers expressed as negative indicate a reversal of costs

(¥ Billion)

Items	FY2018				FY2019					FY2020			(1)+(2) +(3)
	2Q	3Q	4Q	(1) cumulative total	1Q	2Q	3Q	4Q	(2) cumulative total	1Q	2Q	(3) cumulative total	
Provision for product guarantee	14.4	11.4	9.3	35.1	0.3	0.1	6.8	15.2	22.5	0.1	(3.3)	(3.3)	54.3
Product guarantee Countermeasure costs	0	10	50	6.0	2.2	2.9	3.1	4.1	12.2	1.6	1.9	3.5	21.8
Total	14.4	12.4	14.3	41.1	2.5	3.0	10.0	19.3	34.7	1.7	(1.4)	0.3	76.1

Impact on cash

Items	FY2018				FY2019					FY2020			(1)+(2) +(3)
	2Q	3Q	4Q	(1) cumulative total	1Q	2Q	3Q	4Q	(2) cumulative total	1Q	2Q	(3) cumulative total	
Provision for product guarantee	0.0	0.0	0.0	0.0	1.9	2.8	3.3	3.8	11.8	4.0	1.9	5.9	17.7
Product guarantee Countermeasure costs	0.0	1.0	5.0	6.0	2.2	2.9	3.1	4.1	12.2	1.6	1.9	3.5	21.8
Total	0.0	1.0	5.0	6.0	4.1	5.6	6.5	7.8	24.0	5.6	3.8	9.4	39.4

Financial Forecast for FY2020



Our Precision, Your Advantage

(¥ Billion)	IFRS		Differences
	FY2019 Actual	FY2020 Forecast	
Net sales	381.6	310.0	(71.6)
Segment profits* [Segment profits ratio]	17.6 [4.6%]	6.2 [2.0%]	(11.4) [-]
Operating profit	(40.3)	4.0	44.3
Profit (loss) attributable to owners of the parent	(61.9)	0.5	62.4
Dividend (¥)	0	—	—
FOREX (Average) (¥)			
JPY/ US\$	108.74	104.96	
JPY/ EUR	120.81	118.15	

*Segment profits correspond to operating income in JGAAP.

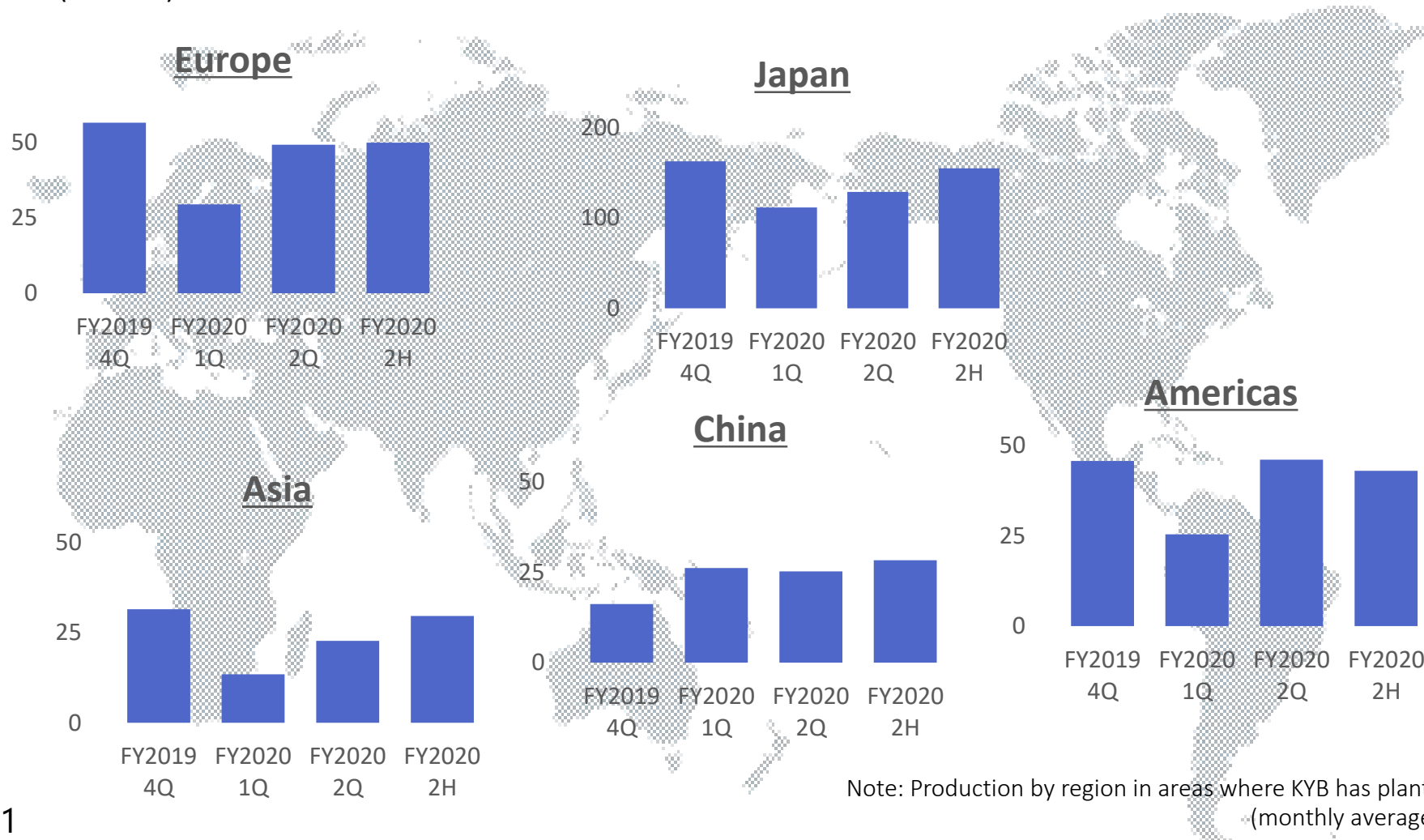
Production by Region



Our Precision, Your Advantage

✓ Underlying trend of recovery in all regions during and after the 2Q of FY2020

(¥ Billion)



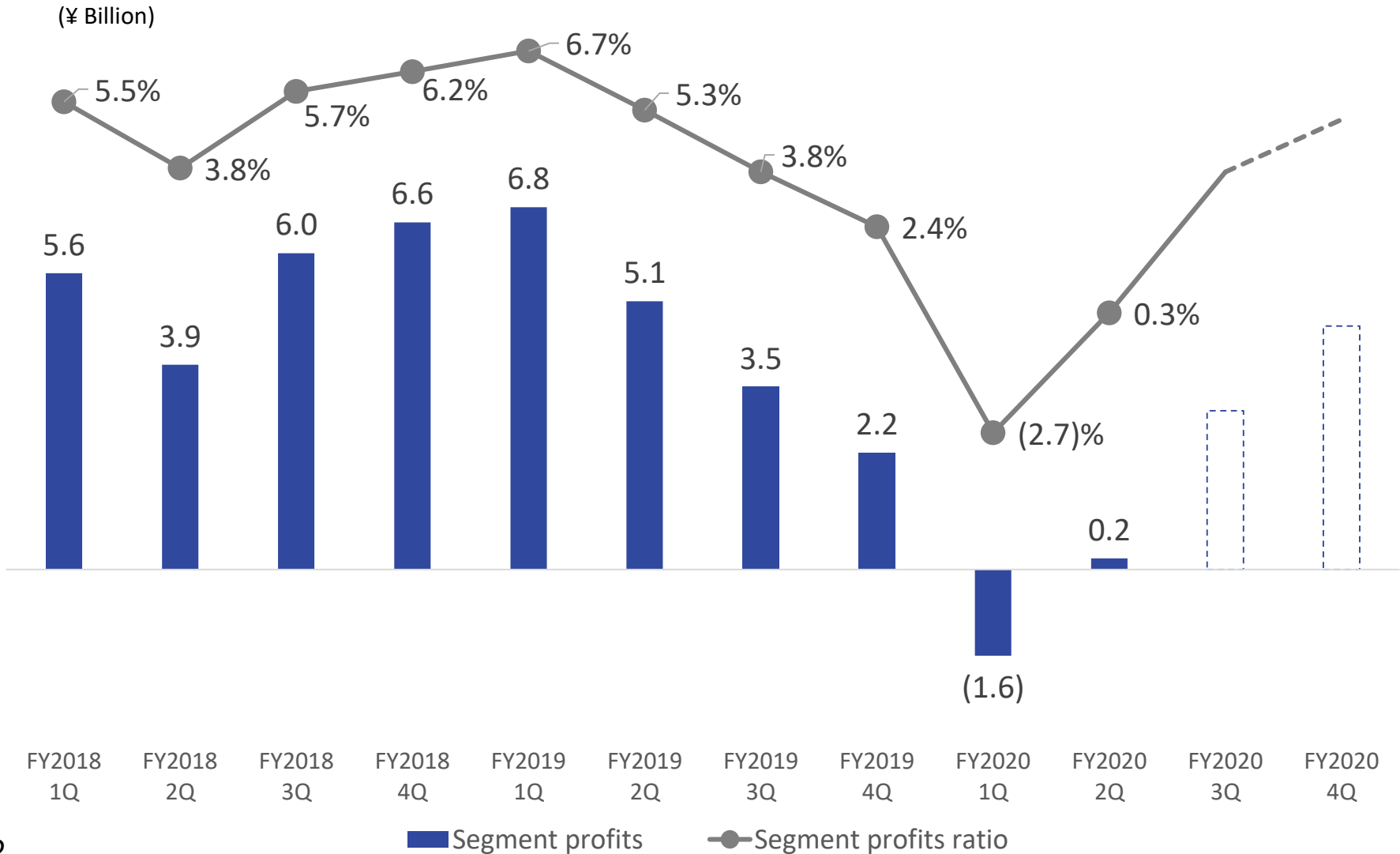
Note: Production by region in areas where KYB has plants (monthly average)

Segment Profits (Quarterly basis)



Our Precision, Your Advantage

✓ Segment profits are forecast to bottom out in the 1Q of FY2020





Our Precision, Your Advantage

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:
Investor Relations Sect., Finance Dept.
Tel: +81-3-3435-3580

1H of FY2020 Net Sales and Segment Profits

(¥ Billion)	Net Sales			Segment Profits		
	FY2019 1H actual	FY2020 1H actual	Differences	FY2019 1H actual	FY2020 1H actual	Differences
AC	118.9	81.8	(37.1)	6.9	(1.3)	(8.2)
Shock absorbers for automobiles	86.0	61.1	(25.0)	—	—	—
Shock absorbers for motorcycles	12.7	9.3	(3.5)	—	—	—
Hydraulic equipment for automobiles	17.5	9.7	(7.8)	—	—	—
Others	2.6	1.7	(0.9)	—	—	—
HC	66.5	48.6	(17.9)	4.1	0.2	(3.9)
Hydraulic equipment for industrial use	62.1	44.9	(17.2)	—	—	—
Others	4.4	3.7	(0.7)	—	—	—
System products	4.4	2.5	(1.9)	0.9	0.3	(0.6)
Aircraft Components	2.6	1.9	(0.7)	(0.4)	(0.8)	(0.4)
Others	5.2	4.0	(1.2)	0.5	0.3	(0.3)
Total	197.6	138.8	(58.8)	11.9	(1.4)	(13.3)

AC: Automotive Components

HC: Hydraulic Components

Others: Special-purpose vehicles, electronic components, etc.

Appendix

Financial Data



Our Precision, Your Advantage

Capital Expenditure, Depreciation

(¥ billion)

	FY'17 1st Half	FY'17 2nd Half	FY'18 1st Half	FY'18 2nd Half	FY'19 1st Half	FY'19 2nd Half	FY'20 1st Half
Capital Expenditure	8.72	9.77	9.92	12.75	11.91	9.59	5.59
Depreciation Exp.	8.18	8.81	8.58	9.00	10.38	10.24	9.20

Interest-bearing Debt

(¥ billion)

	FY'17 1st Half	FY'17 2nd Half	FY'18 1st Half	FY'18 2nd Half	FY'19 1st Half	FY'19 2nd Half	FY'20 1st Half
Interest-bearing Debt	93.92	94.64	94.67	108.63	127.36	154.61	175.06

R&D Expenses

(¥ billion)

	FY'17 1st Half	FY'17 2nd Half	FY'18 1st Half	FY'18 2nd Half	FY'19 1st Half	FY'19 2nd Half	FY'20 1st Half
R&D Expenses	3.40	4.70	3.55	3.20	3.15	3.16	2.68

Number of Employees

	FY'17 1st Half	FY'17 2nd Half	FY'18 1st Half	FY'18 2nd Half	FY'19 1st Half	FY'19 2nd Half	FY'20 1st Half
Number of Employees	14,657	14,754	15,556	15,427	15,585	15,439	14,802

Foreign Exchange Rate

	FY'17 1st Half	FY'17 2nd Half	FY'18 1st Half	FY'18 2nd Half	FY'19 1st Half	FY'19 2nd Half	FY'20 1st Half
Average FOREX Rate - JPY/USD	111.07	110.64	110.26	111.55	108.62	108.85	106.91
Average FOREX Rate - JPY/EUR	126.28	133.12	129.84	126.97	121.41	120.22	121.29
Average FOREX Rate - JPY/CNY	16.42	17.07	16.74	16.32	15.68	15.52	15.26
Average FOREX Rate - JPY/THB	3.28	3.43	3.40	3.47	3.48	3.54	3.38
Average FOREX Rate - JPY/RUB	1.91	1.92	1.73	1.69	1.68	1.68	1.46

Net Sales by Region

(¥ billion)

		FY2019				FY2020			
		AC	HC	Others	Total	AC	HC	Others	Total
Japan	1st Half	33	46	10	90	22	33	7	62
	2nd Half	0	0	0	0	0	0	0	0
	Total	33	46	10	90	22	33	7	62
Europe	1st Half	29	4	0	33	19	2	0	21
	2nd Half	0	0	0	0	0	0	0	0
	Total	29	4	0	33	19	2	0	21
America	1st Half	14	3	1	18	11	3	1	14
	2nd Half	0	0	0	0	0	0	0	0
	Total	14	3	1	18	11	3	1	14
China	1st Half	8	8	0	16	8	8	0	16
	2nd Half	0	0	0	0	0	0	0	0
	Total	8	8	0	16	8	8	0	16
South East Asia	1st Half	13	1	0	14	7	1	0	8
	2nd Half	0	0	0	0	0	0	0	0
	Total	13	1	0	14	7	1	0	8
Others	1st Half	21	4	1	26	14	3	1	17
	2nd Half	0	0	0	0	0	0	0	0
	Total	21	4	1	26	14	3	1	17
Total	1st Half	119	67	12	198	82	49	8	139
	2nd Half	0	0	0	0	0	0	0	0
	Total	119	67	12	198	82	49	8	139