

# Meeting Materials for First-half of FY2011 and Business Outlook

**KYB**  
*Our Precision, Your Advantage*

November 15, 2011 KYB Corporation



**Masao Usui,**  
Representative Director,  
President Executive Officer

# Meeting Materials for First-half of FY2011 and Business Outlook



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## Contents

- 1. Consolidated Financial Performance for First-half of FY2011**
2. Business Environment for Second-half of FY2011
3. Consolidated Financial Forecast for Second-half of FY2011
4. Medium-term Plan Implementation Status

# 1. Consolidated Financial Performance for First-half of FY2011 (1)

## [ Comparisons to Previous First-half ]

(Millions of yen)

	First-half FY2010	First-half FY2011	Differences	
			Amount	%
Net sales	155,928	164,727	8,799	5.6
Operating income	12,607	12,486	(121)	(1.0)
Ordinary income	11,759	11,996	237	2.0

# 1. Consolidated Financial Performance for First-half of FY2011 (2)

[ Comparisons to Previous Forecast (Announced in August) ]

(Millions of yen)

	Previous Forecast (Aug.)	First-half FY2011	Differences	
			Amount	%
Net sales	166,000	164,727	(1,273)	(0.8)
Operating income	10,000	12,486	2,486	24.8
Ordinary income	10,300	11,996	1,696	16.5

# 1. Consolidated Financial Performance for First-half of FY2011 (3)

## [ Sales Impact of Earthquake ]

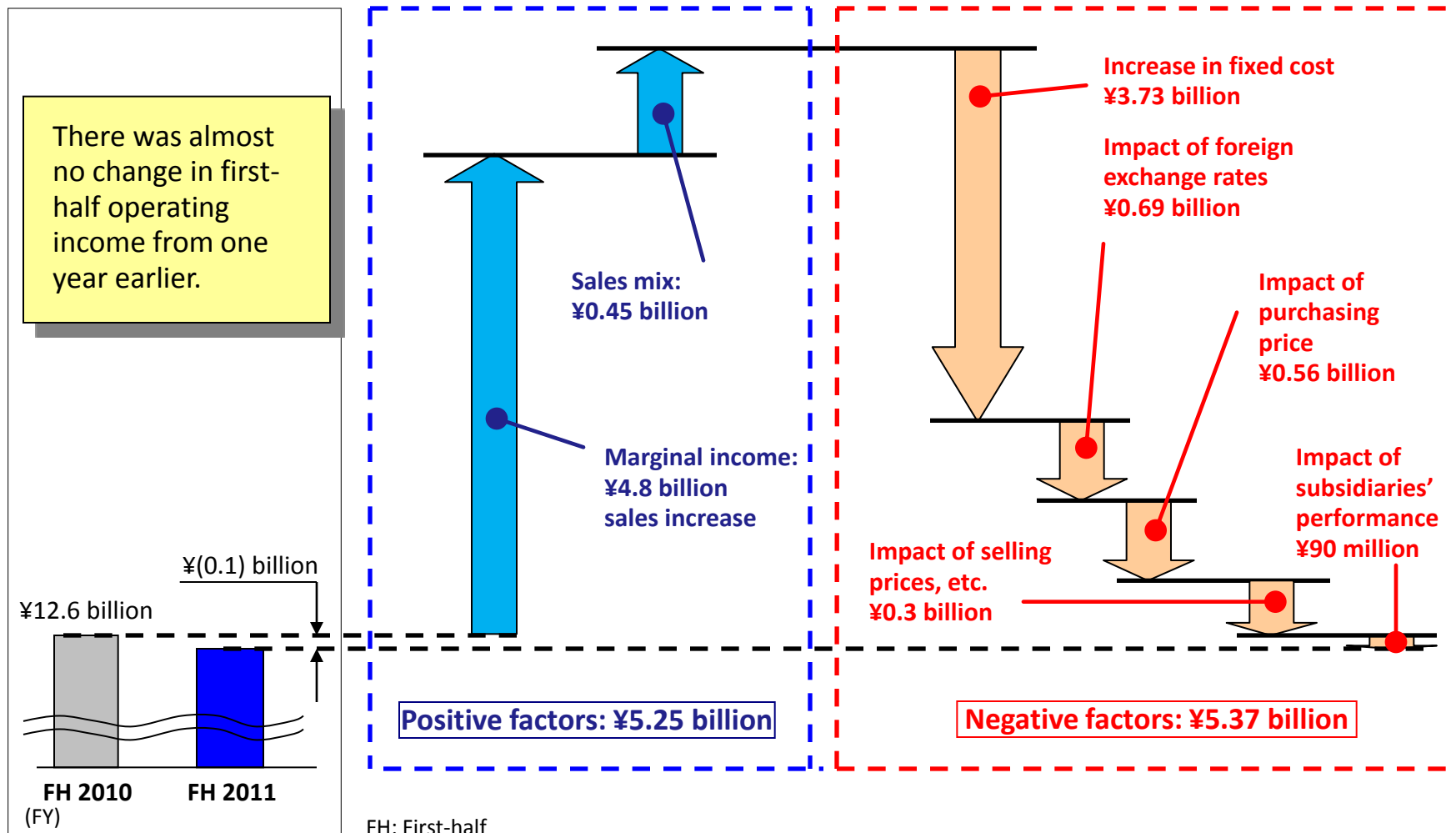
Business Operations	Production Bases	Products	Earthquake Impact (Reduction in sales)
AC	Gifu North Plant	Shock Absorbers	(1.1) billion yen
	KMNA, U.S.A.	Shock Absorbers	(1.3) billion yen
HC	Sagami Plant	Motors for Excavators	(1.4) billion yen
	KHIZ, China	Cylinders for Excavators	(0.3) billion yen
Others			(0.3) billion yen
Total			(4.4) billion yen

AC: Automotive Components Operations

HC: Hydraulic Components Operations

# 1. Consolidated Financial Performance for First-half of FY2011 (4)

## [ Operating Income Analysis Compared to Previous Year ]



# 1. Consolidated Financial Performance for First-half of FY2011 (5)

[ KYB global topics (1) ]

## Regional Headquarters for global operations

**KAC (U.S.A.)**

Established Oct. 2011



KAC: KYB America Corporation  
KCI: KYB (China) Investment Co., Ltd.  
KEH: KYB Europe Headquarters GmbH

**KCI (China)**

Established  
Dec. 2010

**KYBJ (Japan)**

**KEH (Europe)**

Established  
Dec. 2009

# 1. Consolidated Financial Performance for First-half of FY2011 (6)

## [ KYB global topics (2) ]

### Expanding global production bases

1) New plants that make parts for construction machinery and automobiles were completed in China.

2) Joint venture was started in Brazil (June 2011)

3) Aikawa Plant was established near Sagami Plant, and manufacturing parts for piston pump motors was started (June 2011)



MAG Motor



CVT Hydraulic Pump





# 1. Consolidated Financial Performance for First-half of FY2011 (7)

[ KYB global topics (3) ]

## Development of new products

1) Completed construction of test tracks (July 2011)

2) Developed hybrid system for excavators



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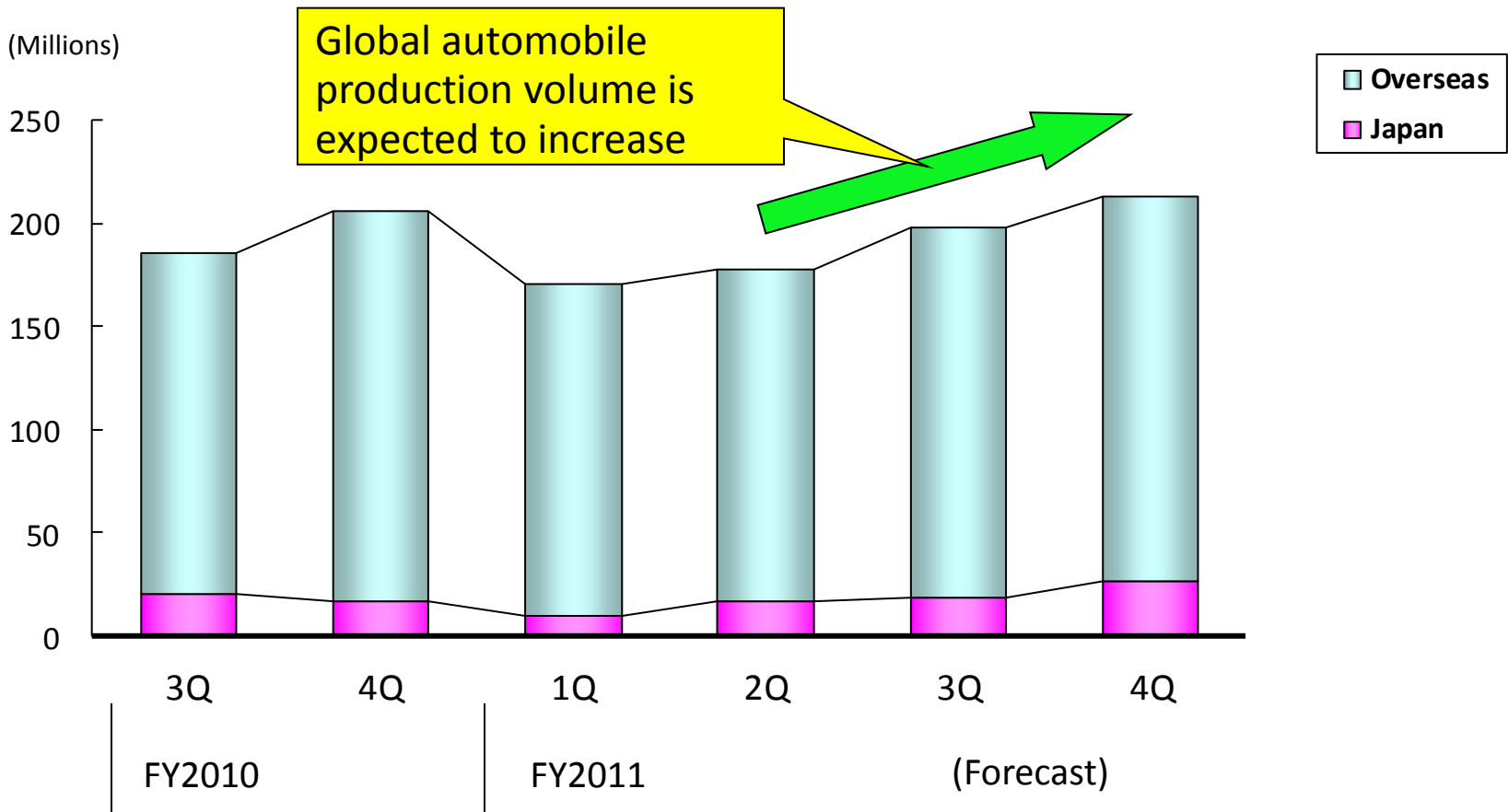
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## 2. Business Environment for Second-half of FY2011 (1)

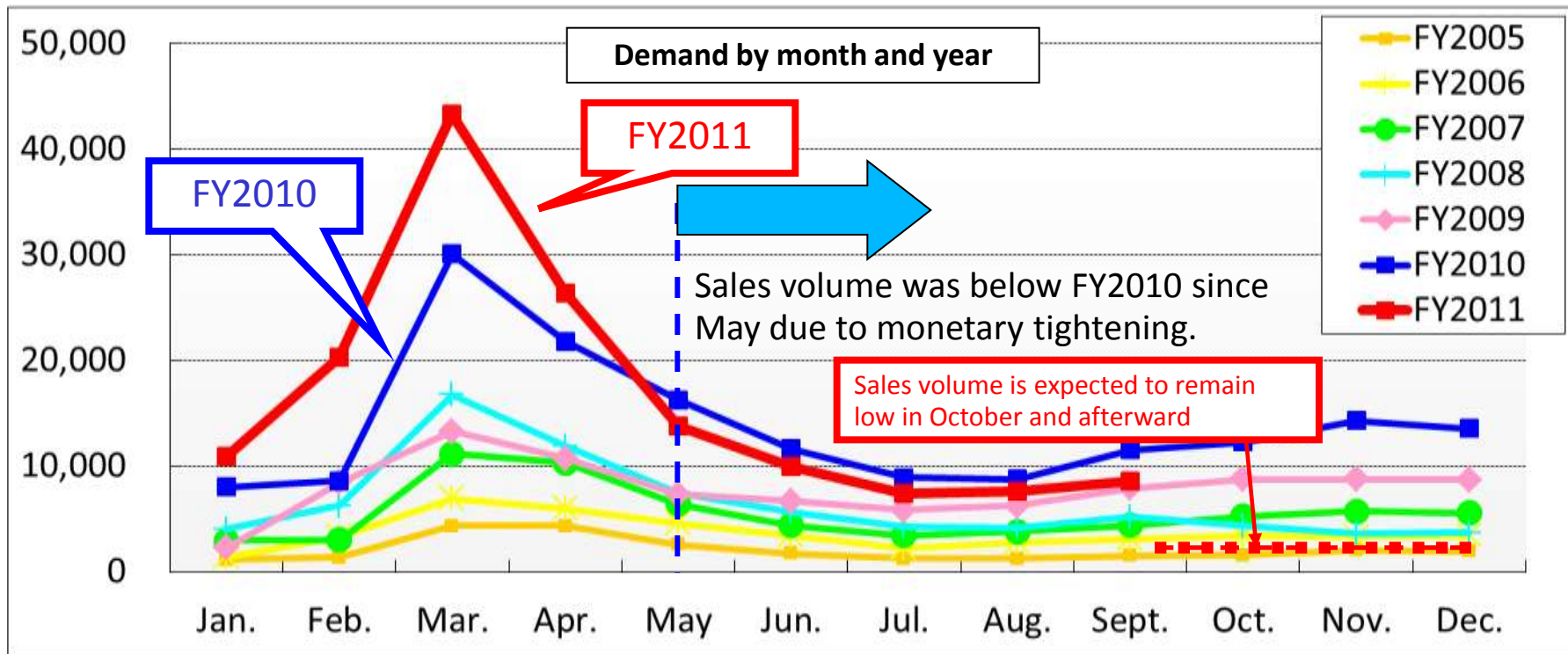
### [ Global Automobile Production Volume ]



Source: IHS Data

## 2. Business Environment for Second-half of FY2011 (2)

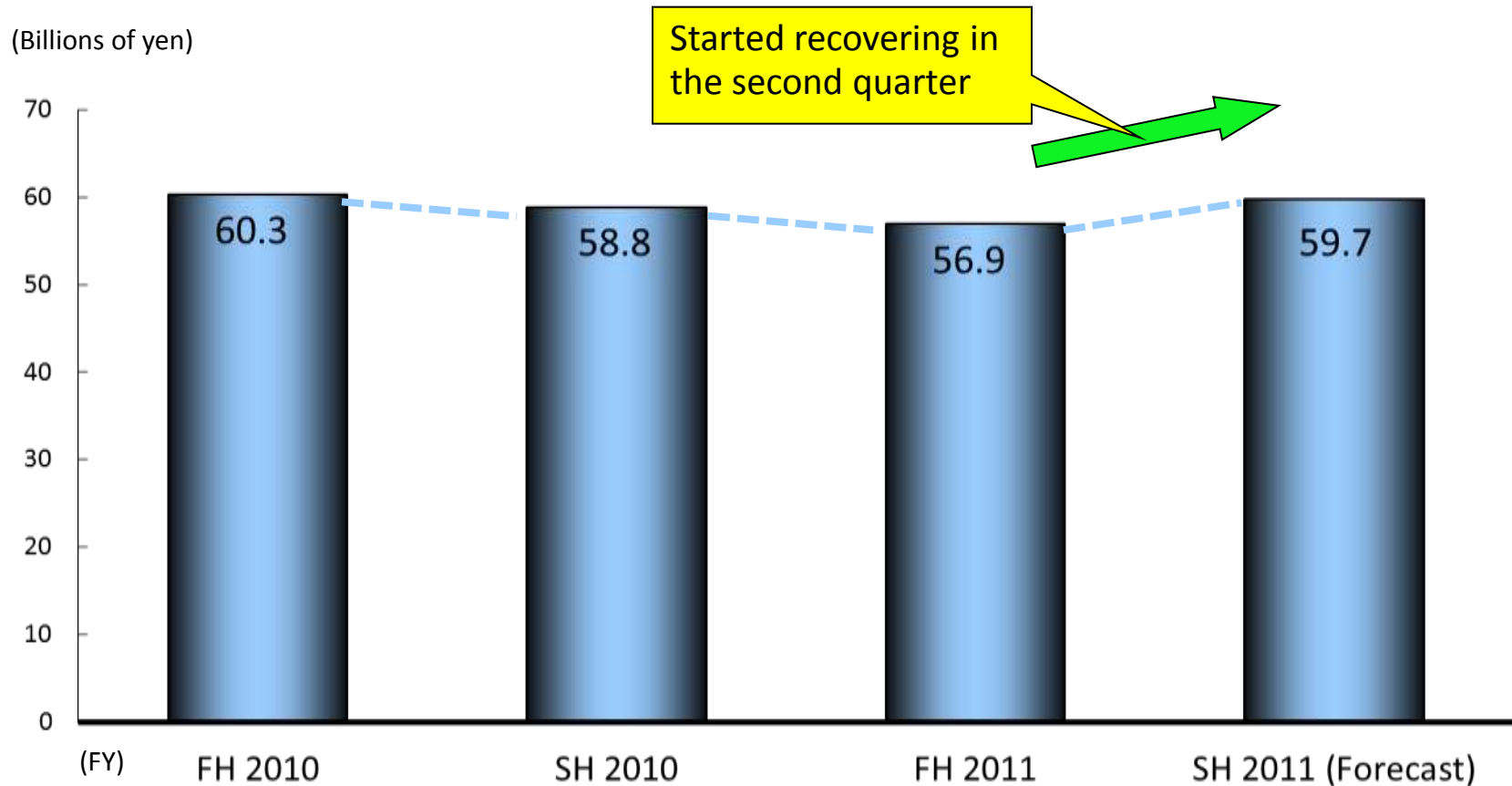
### [ Sales Volume of Hydraulic Excavators in China ]



Source: Data from Shovel Association in China

## 2. Business Environment for Second-half of FY2011 (3)

### [ Automotive components: Sales of automotive shock absorbers ]



FH: First-half  
SH: Second-half

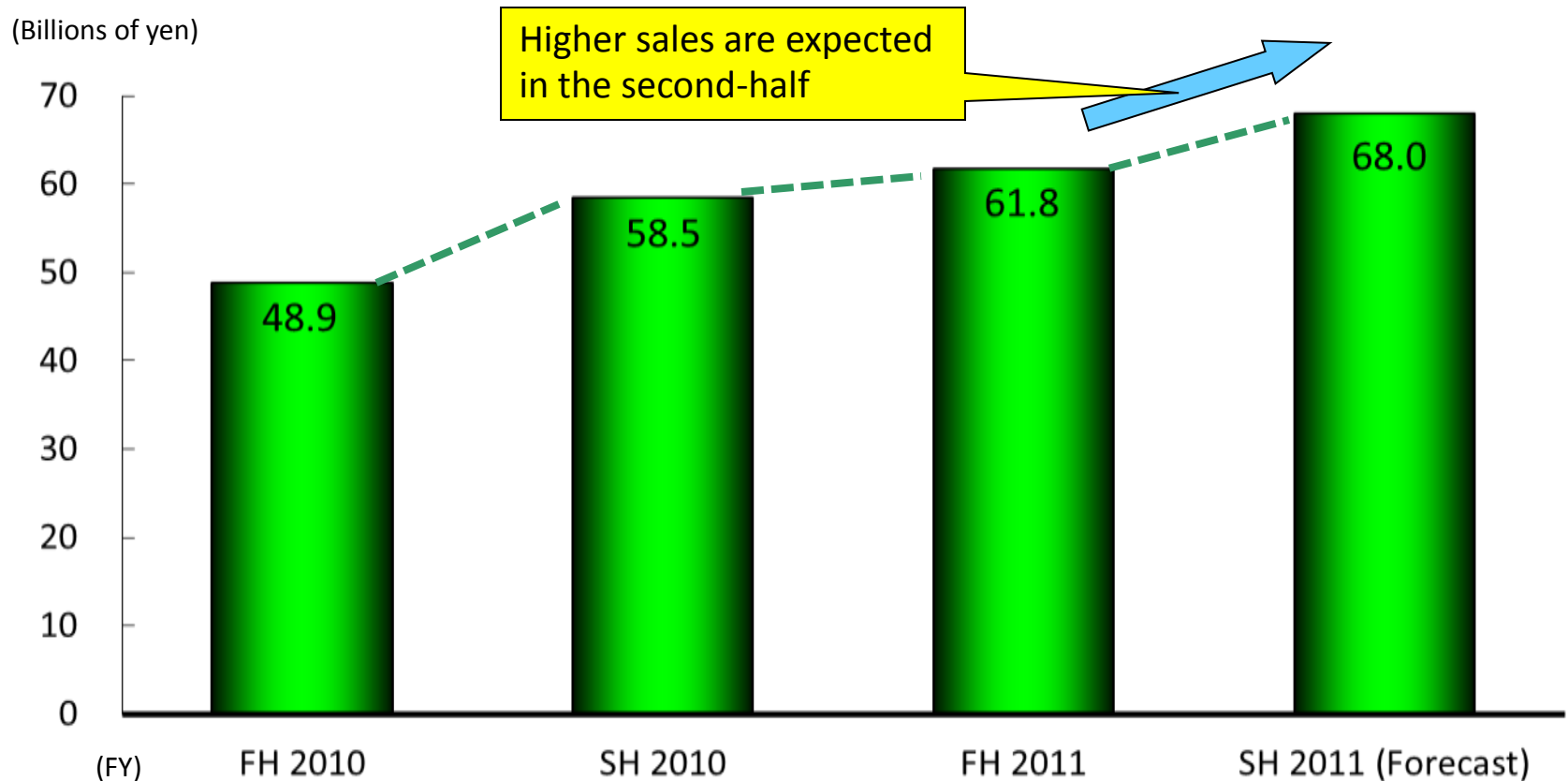
## 2. Business Environment for Second-half of FY2011 (4)

### [ Automotive Components: Estimated impact of flooding in Thailand ]

Area	Production bases	Products	Estimated impact (Sales reduction)
Thailand	KYBT	Shock Absorbers	(1.5) billion yen [-25%]
	KST	Pumps for Power Steering	(0.5) billion yen [-30%]
	KYBA	Aftermarket Shock Absorbers	No effect
Japan	KYBJ	Shock Absorbers	(0.3) billion yen [-1%]
U.S.A.	KAC	Shock Absorbers	(0.7) billion yen [-9%]
	Total		(3.0) billion yen [-4%]

## 2. Business Environment for Second-half of FY2011 (5)

### [ Hydraulic Components: Sales of hydraulic components for construction machinery ]

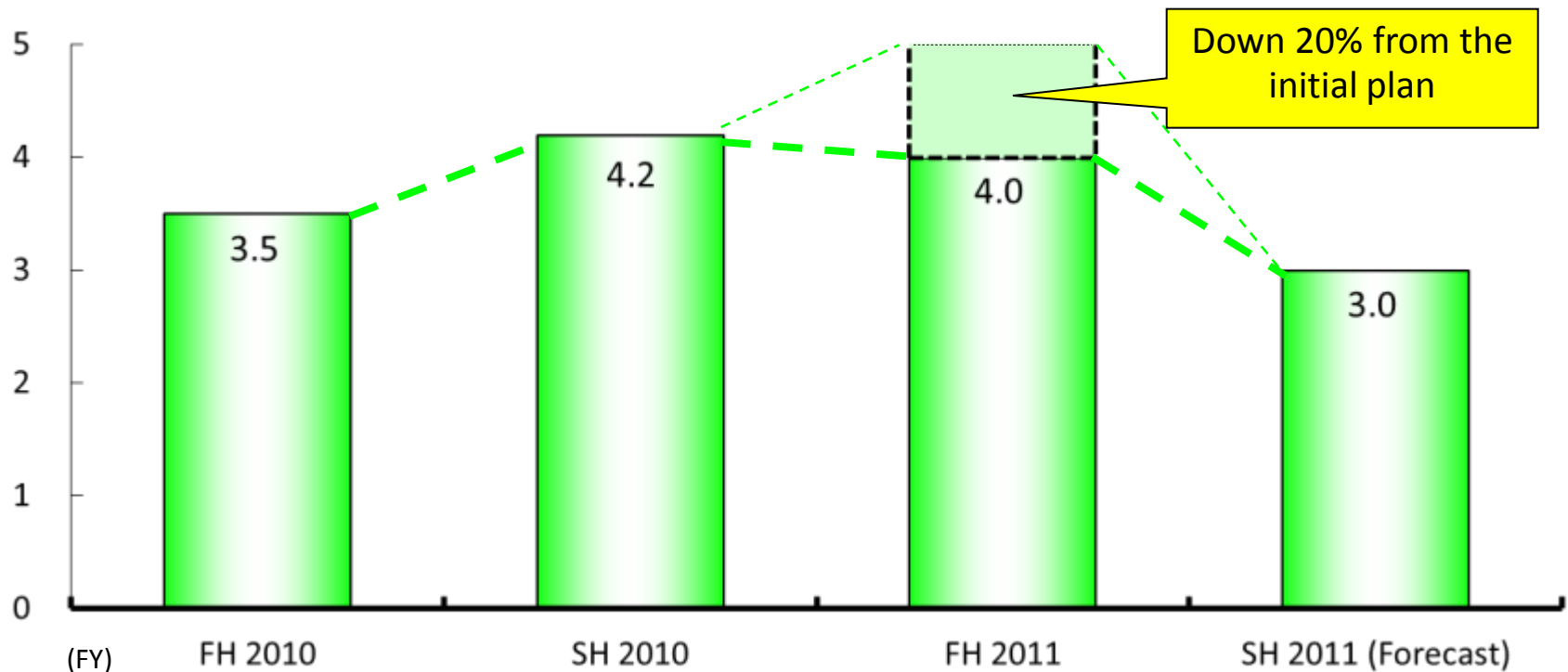


FH: First-half  
SH: Second-half

## 2. Business Environment for Second-half of FY2011 (6)

### [ Hydraulic components: Impact of sales decline in high-speed railway system in China ]

(Billions of yen)



FH: First-half  
SH: Second-half



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### 3. Consolidated Financial Forecast for Second-half of FY2011 (1)

#### [ Differences between First- and Second-half ]

(Millions of yen)

	First-half FY2011	Second-half FY2011 (Forecast)	Differences	
			Amount	%
Net sales	164,727	173,273	8,546	5.2
Operating income	12,486	9,513	(2,974)	(23.8)
	7.6%	5.5%		
Ordinary income	11,996	9,003	(2,993)	(25.0)
	7.3%	5.2%		

### 3. Consolidated Financial Forecast for Second-half of FY2011 (2)

#### [ Differences between FY2010 (Actual) and FY2011 (Forecast) ]

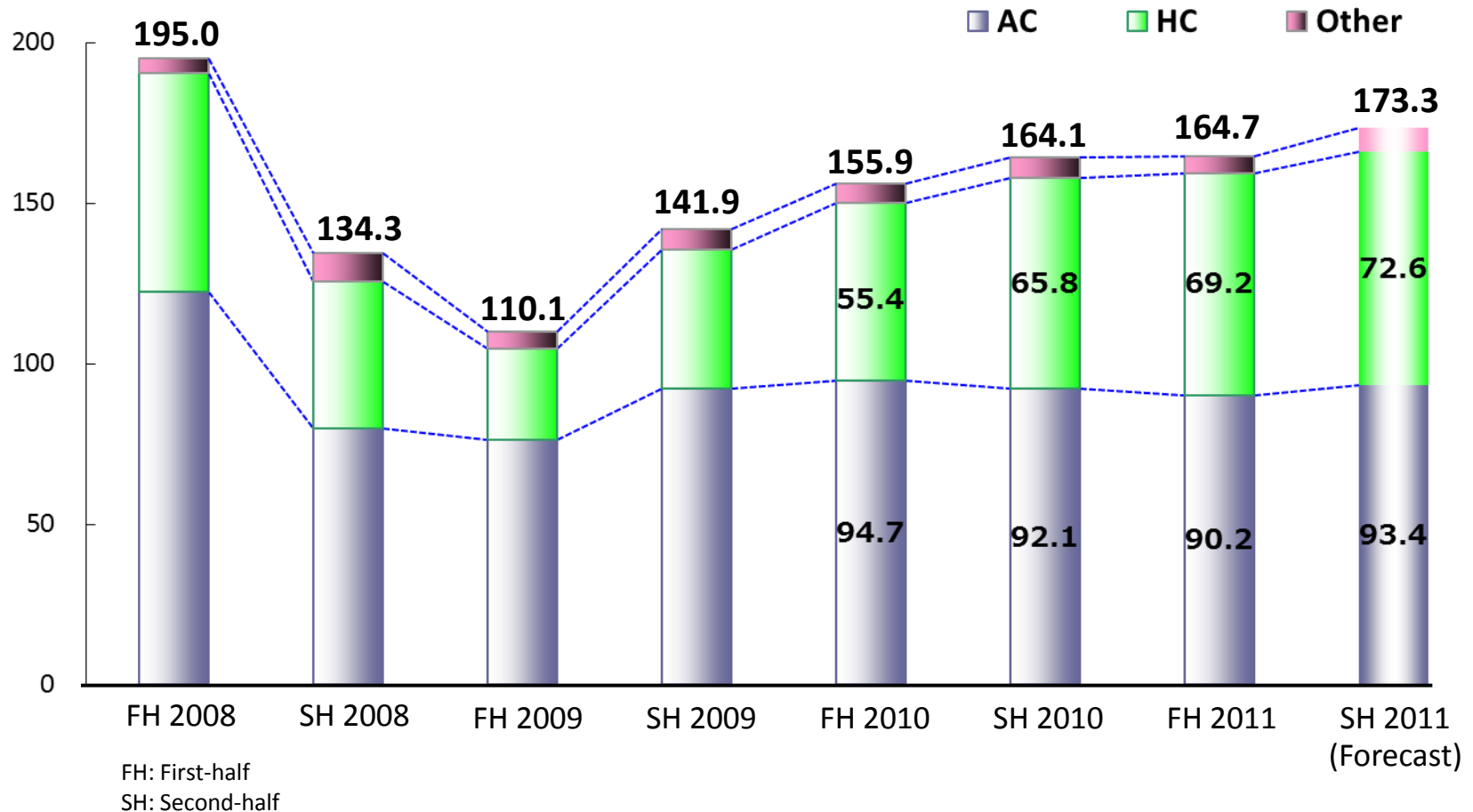
(Millions of yen)

	<b>FY2010</b>	<b>FY2011 Forecast (Nov. 7)</b>	<b>YOY (Amount)</b>	<b>YOY (%)</b>	<b>FY2011 Forecast (Aug.)</b>
<b>Net sales</b>	320,082	338,000	<b>17,918</b>	5.6	340,000
<b>Operating income</b>	24,151	22,000	<b>(2,151)</b>	(8.9)	20,800
<b>Ordinary income</b>	23,972	21,000	<b>(2,972)</b>	(12.4)	21,500

# 3. Consolidated Financial Forecast for Second-half of FY2011 (3)

## [ Consolidated Net Sales from FY2008 to FY2011 ]

(Billions of yen)



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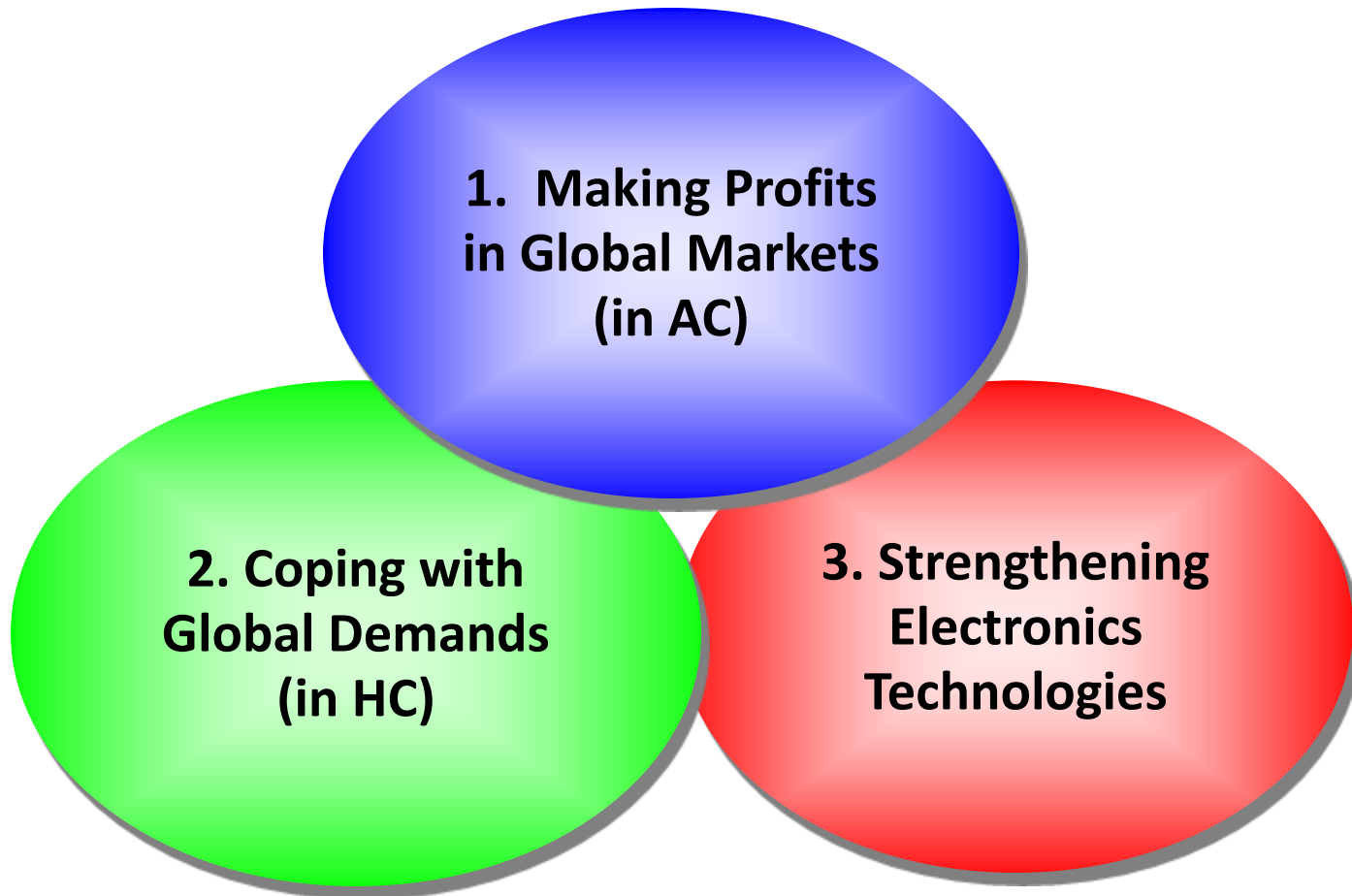
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# 4. Medium-term Plan Implementation Status (1)

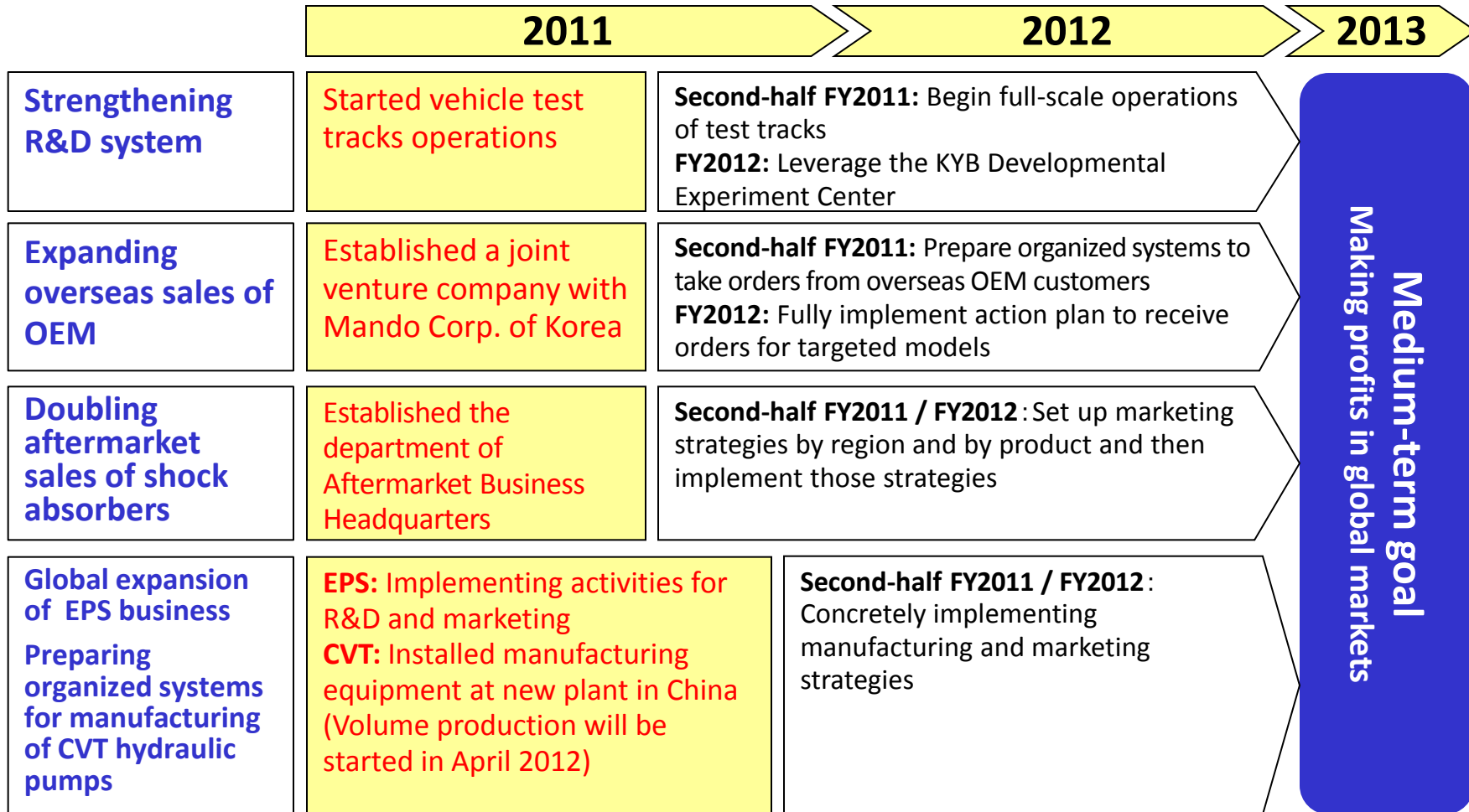
[ The three core elements ]



AC: Automotive Components Operations  
HC: Hydraulic Components Operations

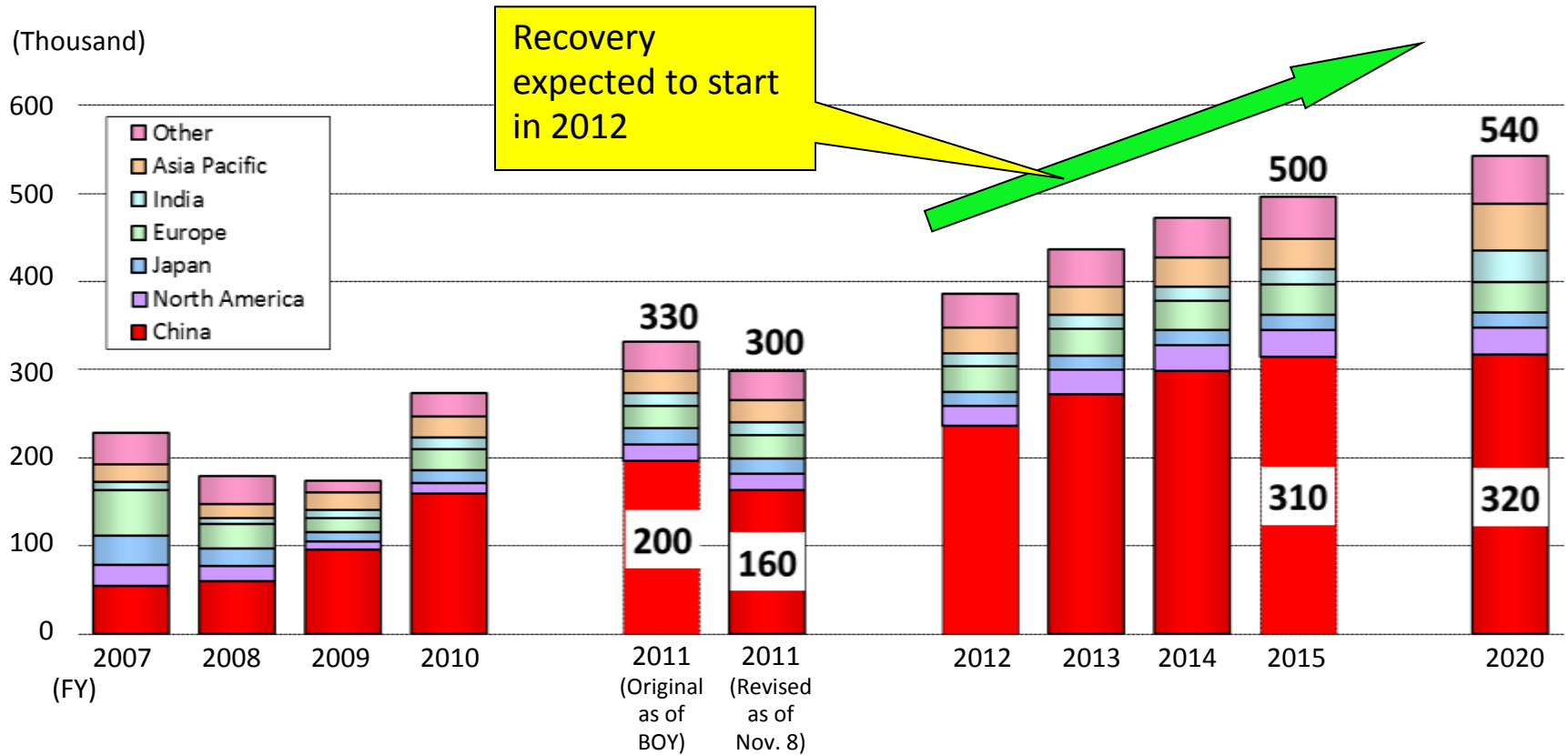
# 4. Medium-term Plan Implementation Status (2)

[ AC: Making profits in global markets based on a four regional Headquarters management system ]



# 4. Medium-term Plan Implementation Status (3)

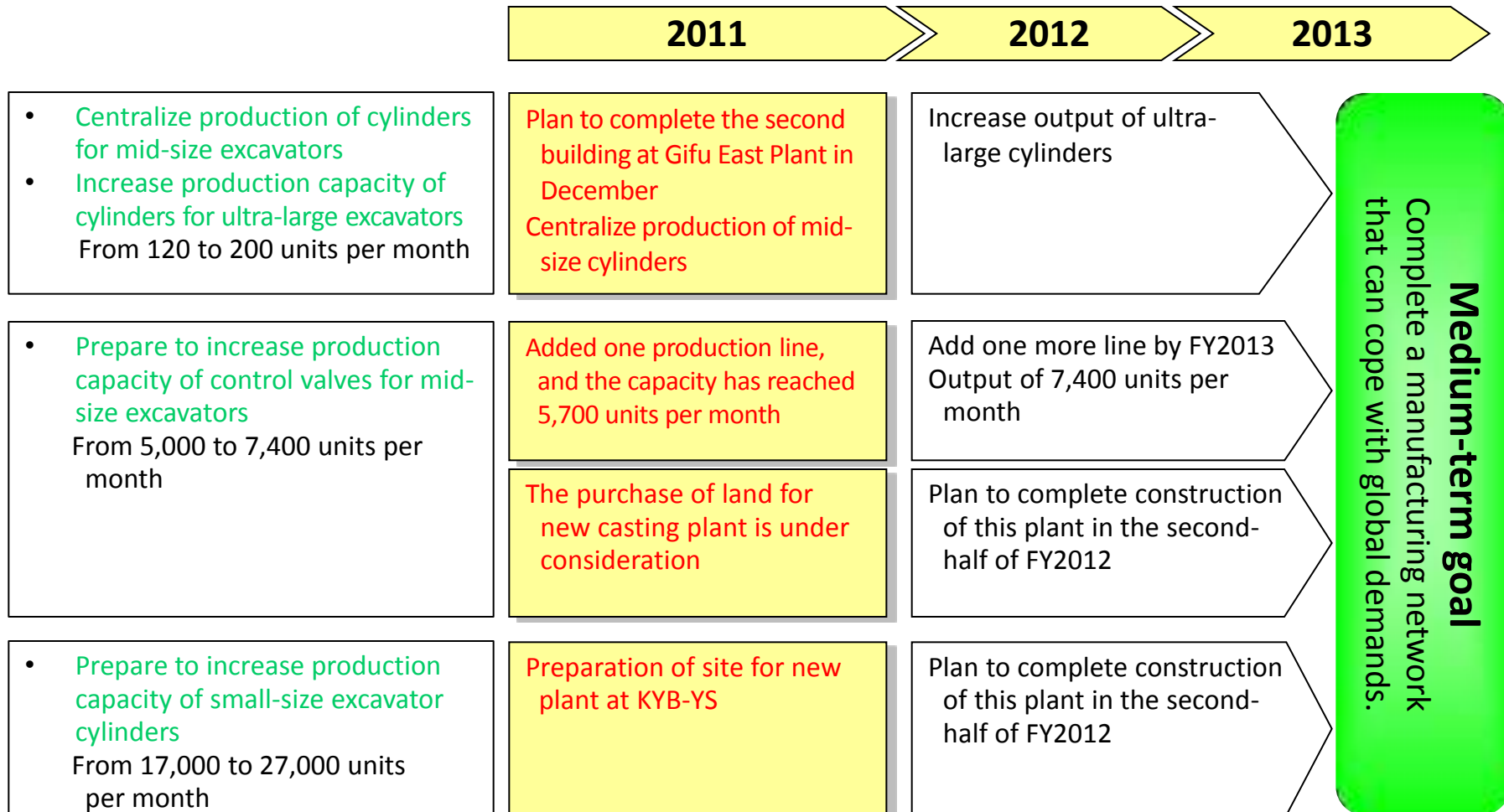
## [ HC: Coping with Global Demands (1) ]





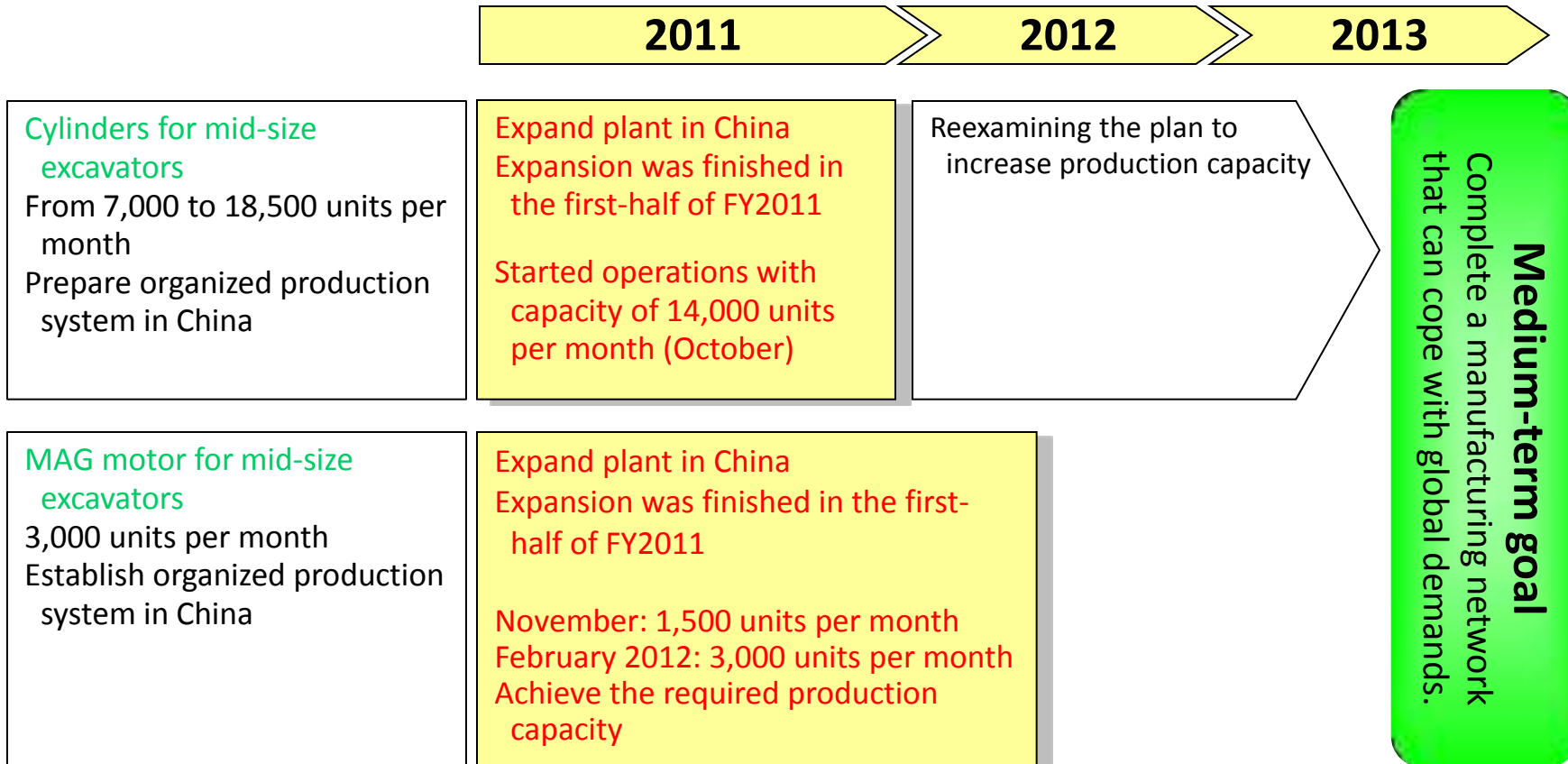
# 4. Medium-term Plan Implementation Status (4)

## [ HC: Coping with Global Demands (2) Establish framework in Japan ]



# 4. Medium-term Plan Implementation Status (5)

## [ HC: Coping with Global Demands (3) Establish framework in China ]





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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.