

Meeting Materials for FY2011

(Year ended March 31, 2012)

May 17, 2012

KYB

Our Precision, Your Advantage

KYB電動油圧省エネシステム

EHESS

今までにない新しいハイブリッドシステムを開発中。
再生油圧エネルギーをダイレクトに再利用。
シンプルかつ先進の油圧技術によって実現を目指しています。

新しい答え。

Masao Usui

Representative Director, President Executive Officer
KYB Corporation

May 17, 2012, KYB Corporation

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- 1. Consolidated Financial Performance for FY2011**
2. Topics of FY2012
3. Consolidated Financial Forecast for FY2012 and Medium-term Plan (FY2011 to FY2013)
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1. Consolidated Financial Performance for FY2011



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Comparison with FY2010

(Millions of yen)

	FY2010	FY2011	YOY (Amount)	YOY (%)
Net sales	320,082	337,158	17,076	5.3%
Operating income	24,151	21,537	(2,614)	Δ10.8%
Operating income ratio	7.5%	6.4%	—	(1.1)% point
Ordinary income	23,972	22,755	(1,217)	Δ5.1%
Ordinary income ratio	7.5%	6.7%	—	(0.8)% point

Sales in FY2011 were affected by the earthquake in Japan and flooding in Thailand, but sales came back slowly because of the quick recoveries from these two events. The operating income ratio decreased 1.1 point mainly because of foreign exchange fluctuation. Sales and operating income were higher than that of the forecast in May 2011.

1. Consolidated Financial Performance for FY2011



Comparison with Forecast (Announced in May)

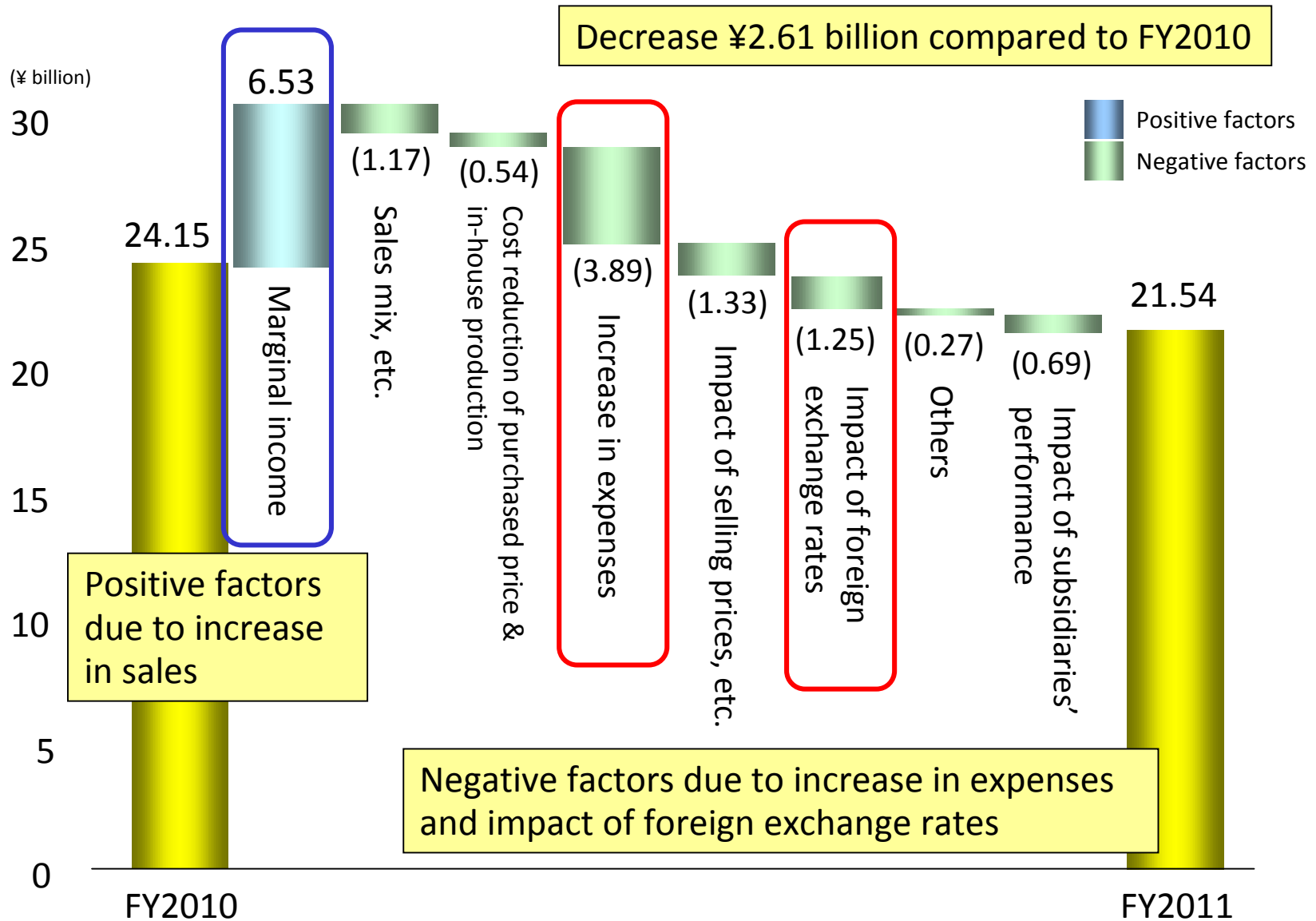
(Millions of yen)

	Forecast (May 2011)	FY2011	YOY (Amount)	YOY (%)
Net sales	329,000	337,158	8,158	2.4%
Operating income	16,450	21,537	5,087	30.9%
Operating income ratio	5.0%	6.4%	—	1.4% point
Ordinary income	17,000	22,755	5,755	33.8%
Ordinary income ratio	5.2%	6.7%	—	1.5% point

[Operating Income Analysis Compared to Previous Year]



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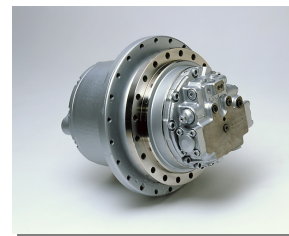
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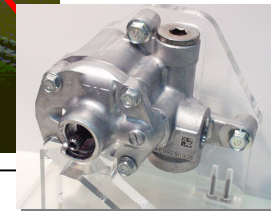
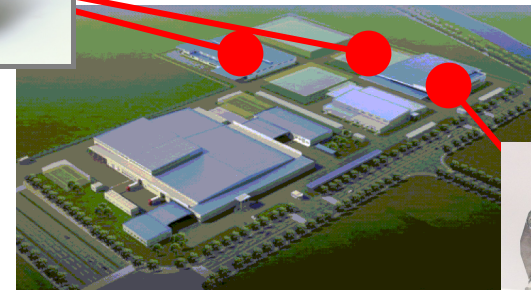
2. Topics of FY2012

[Expansion of the KYB Group's overseas production network]

- **Started operations at a new plant in China (Zhenjiang)**
Completion ceremony in March 30, 2012



Traveling motor 4,500 units per month
New output allowed starting supplies of motors to local clients in China



CVT pump: 50,000 units per month
New output allowed starting supplies of pumps

- **Purchased 88,000 m² land for new CVT pump plant in Thailand, same area as current shock absorber and pump plant located in Amata-Nakorn Industrial Estate**
Plan to complete construction in February 2013

2. Topics of FY2012



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[Expansion of the KYB Group's domestic production network]

1) Gifu East Plant (Gifu Prefecture)
Centralize production of mid-size cylinders

Increase output of ultra-large cylinders
from 120 to 240 units per month

[The third building at the plant scheduled for
completion in November 2012]

2) KYB Cadac (Nagano Prefecture)

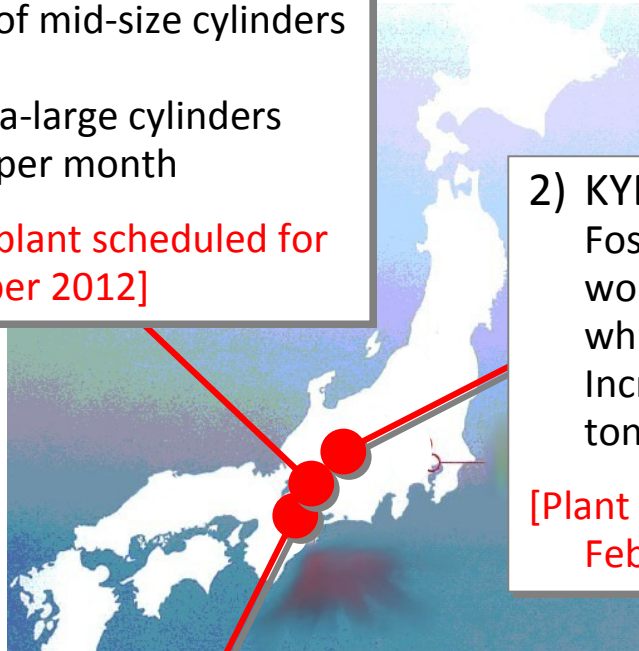
Foster and expand in Japan the
world's best casting technologies,
which no competitor can match.
Increase output from 700 to 1,200
tons per month (1,800 tons in FY2014)

[Plant scheduled for completion in
February 2013]

3) Kayaba System Machinery (KSM)
(Miye Prefecture)

Start plant expansion, contribute to earthquake countermeasures
Meet increasing demand for seismic dampers
Increase output from 200 to 350 units per month

[Plant scheduled for completion in November 2013]



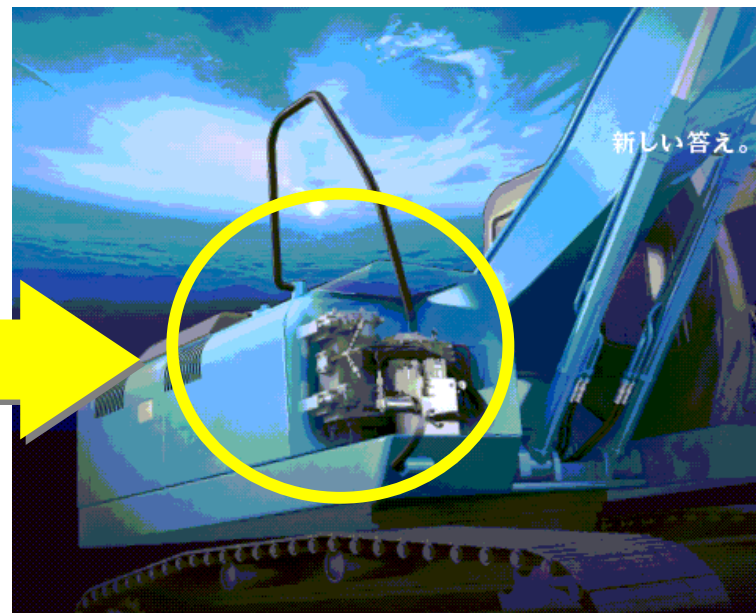
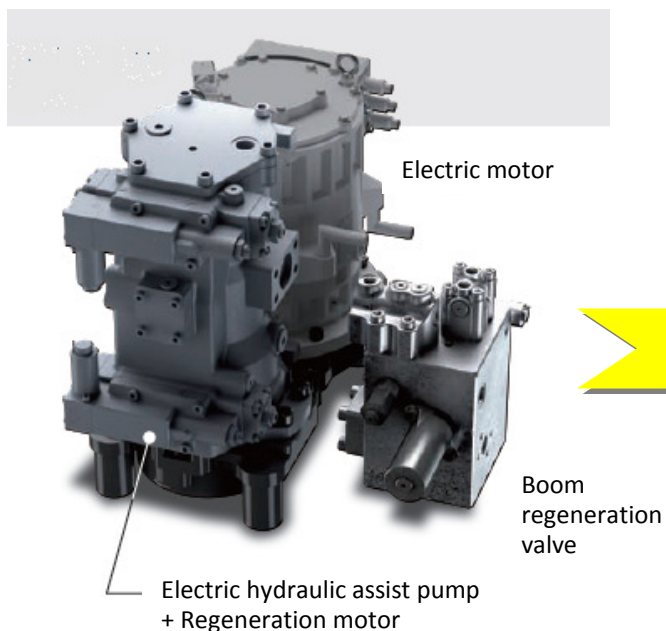
[Market with excellent growth prospects: Construction machinery]

Electro-Hydraulic Energy Saving System (EHES)

KYB has developed the world's first system that saves energy by reusing the hydraulic pressure energy that is produced as hydraulic fluids flow back following the movement of a hydraulic excavator. This advance cuts fuel consumption by about 30% compared with conventional hybrid systems.

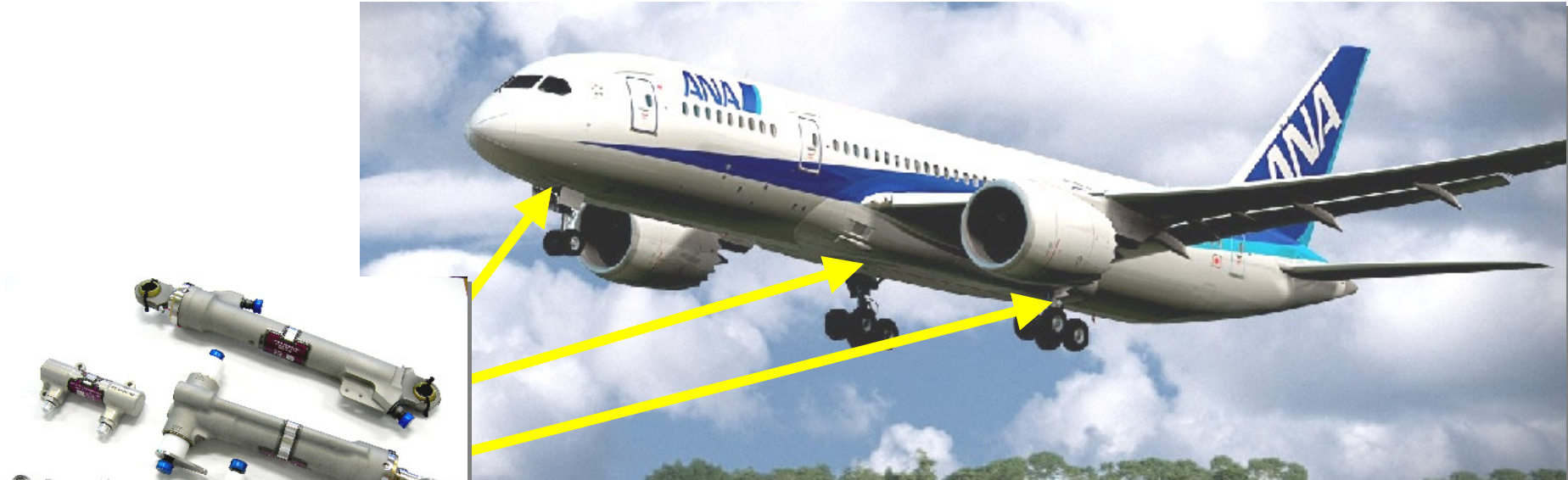
Prototypes will be sent to Japanese and Chinese customers of construction machinery.

Assist pump/Regeneration pump motor unit

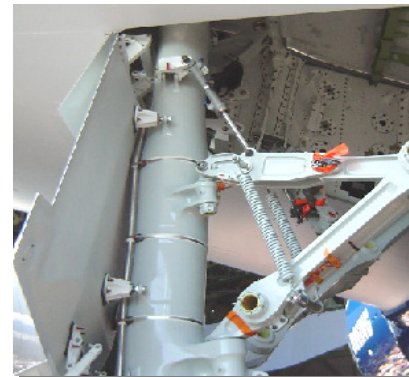


[Market with excellent growth prospects: Aircraft industries]

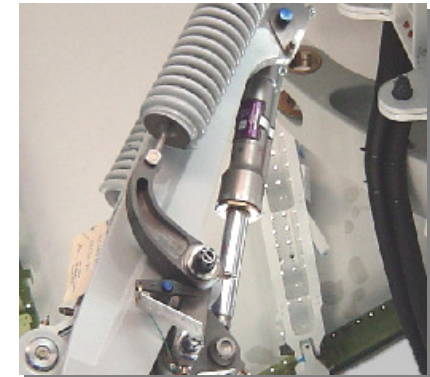
- Boeing 787: Installed five types, seven KYB actuators



Actuator for opening and closing wheel well (nose landing gear)



Actuator for withdrawing gear (nose and main landing gear)



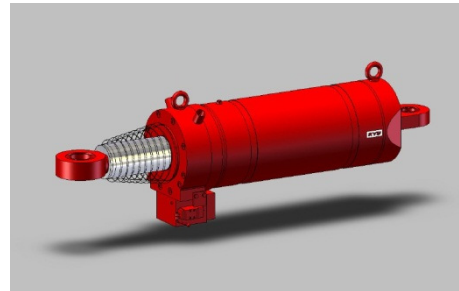
Actuator for locking gear (nose and main landing gear)

[Market with excellent growth prospects: KSM]



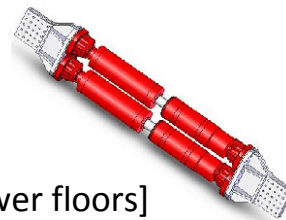
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- KYB's seismic damping system
Seismic damping system for the TOKYO SKYTREE®



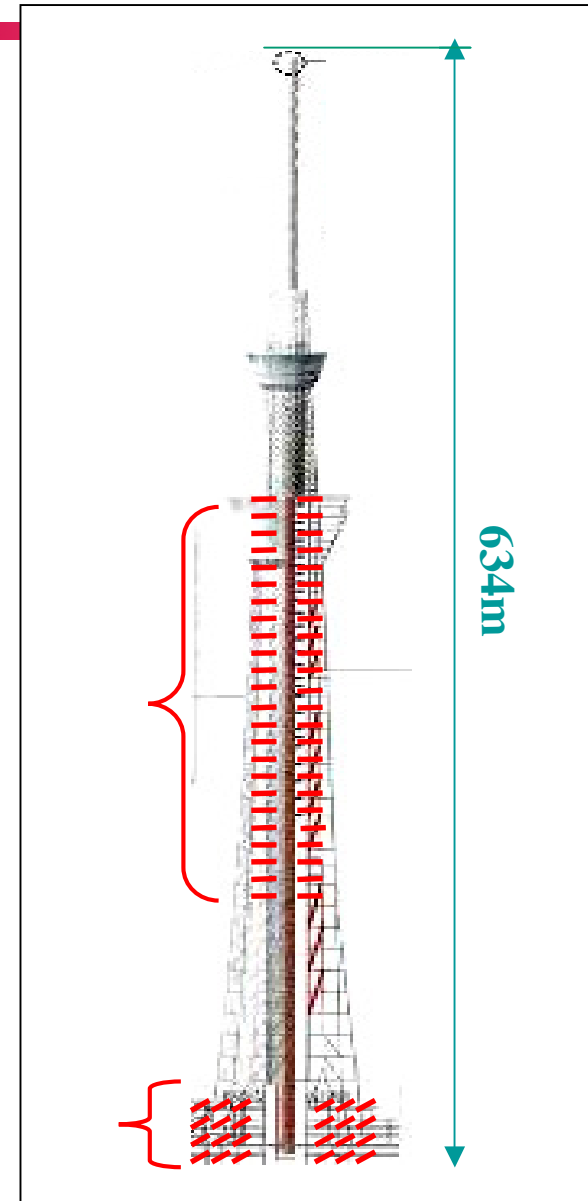
[Tower]

96 high-speed seismic dampers (maximum load 1,000kN, maximum speed 1.5m/sec)



[Lower floors]

130 high-attenuation oil dampers (maximum load 2,000kN)



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3. Consolidated Financial Forecast for FY2012



Comparison with FY2011

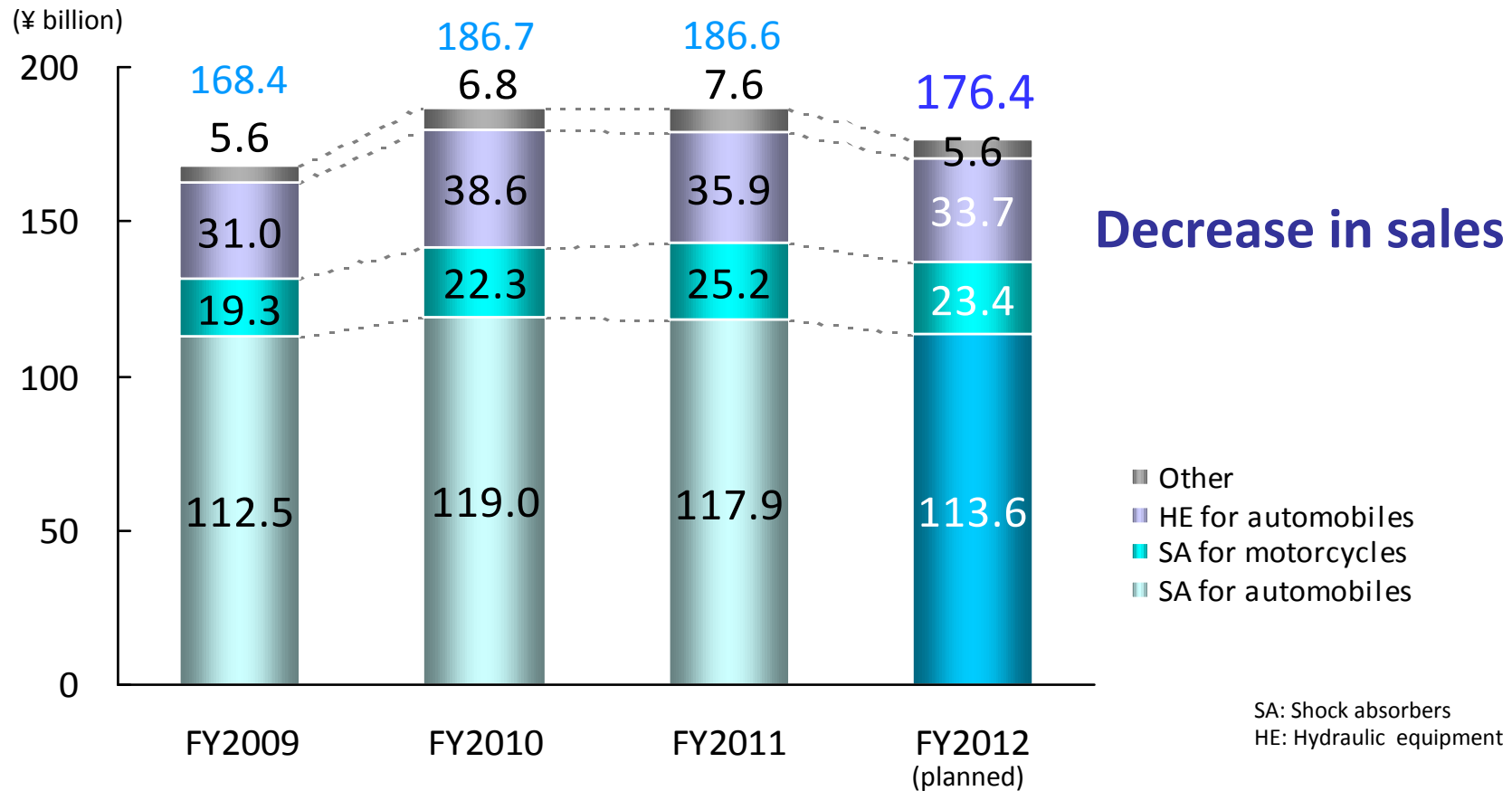
(Millions of yen)

	FY2011	FY2012 Forecast	YOY (Amount)	YOY (%)
Net sales	337,158	335,000	(2,158)	(0.7)%
Operating income	21,538	18,000	(3,538)	(16.5)%
Operating income ratio	6.4%	5.4%	—	(1.0)% point
Ordinary income	22,757	17,500	(5,257)	(23.1)%
Ordinary income ratio	6.7%	5.2%	—	(1.5)% point

Small decrease in sales

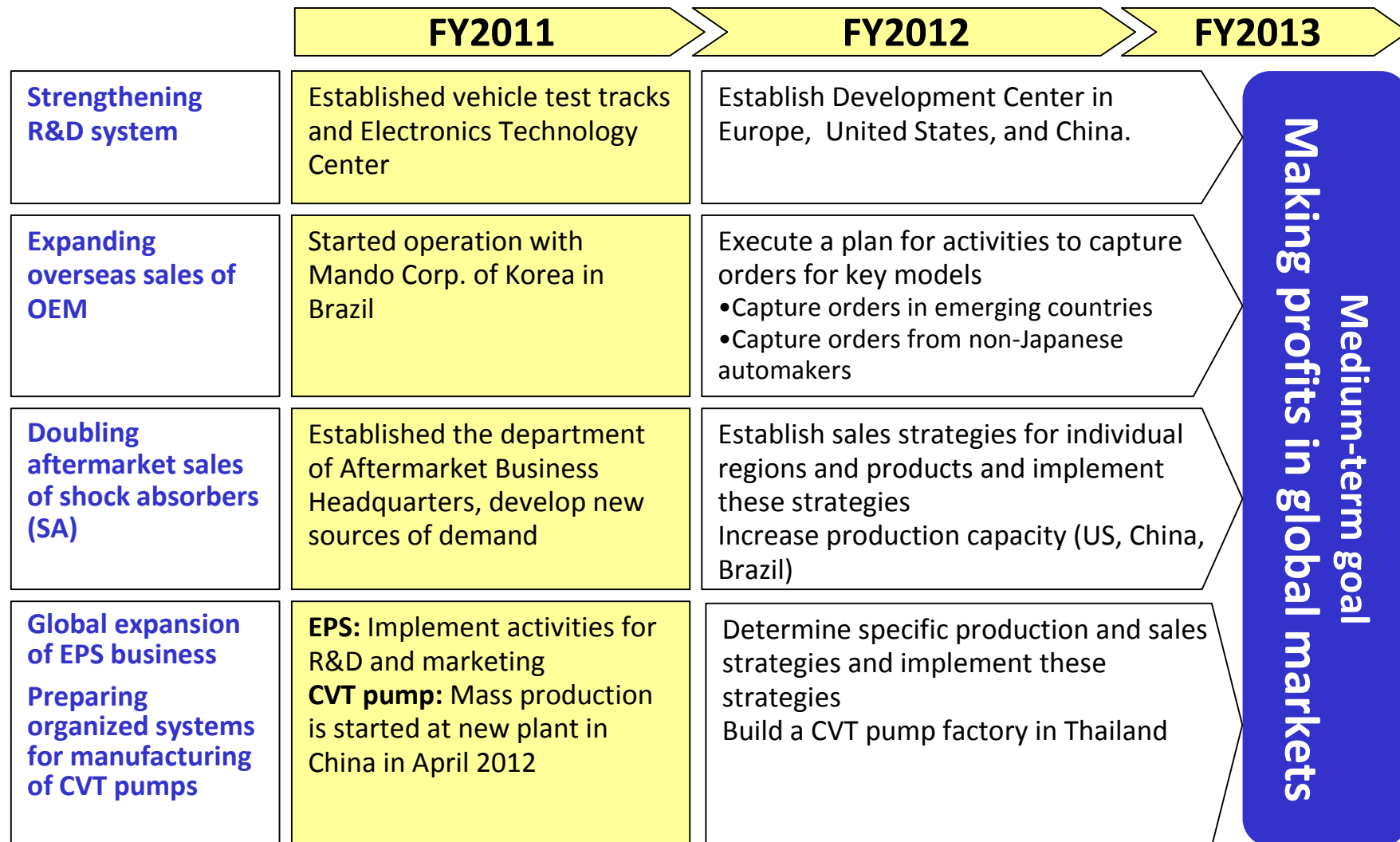
We forecast a decline in operating income from ¥21.5 billion (6.4%) in FY2011 to ¥18.0 billion (5.4%) in FY2012 due to lower automotive components sales and higher depreciation expenses for CAPEX in the future, etc.

3. Consolidated Sales Forecast for FY2012 (Automotive Components Operations)



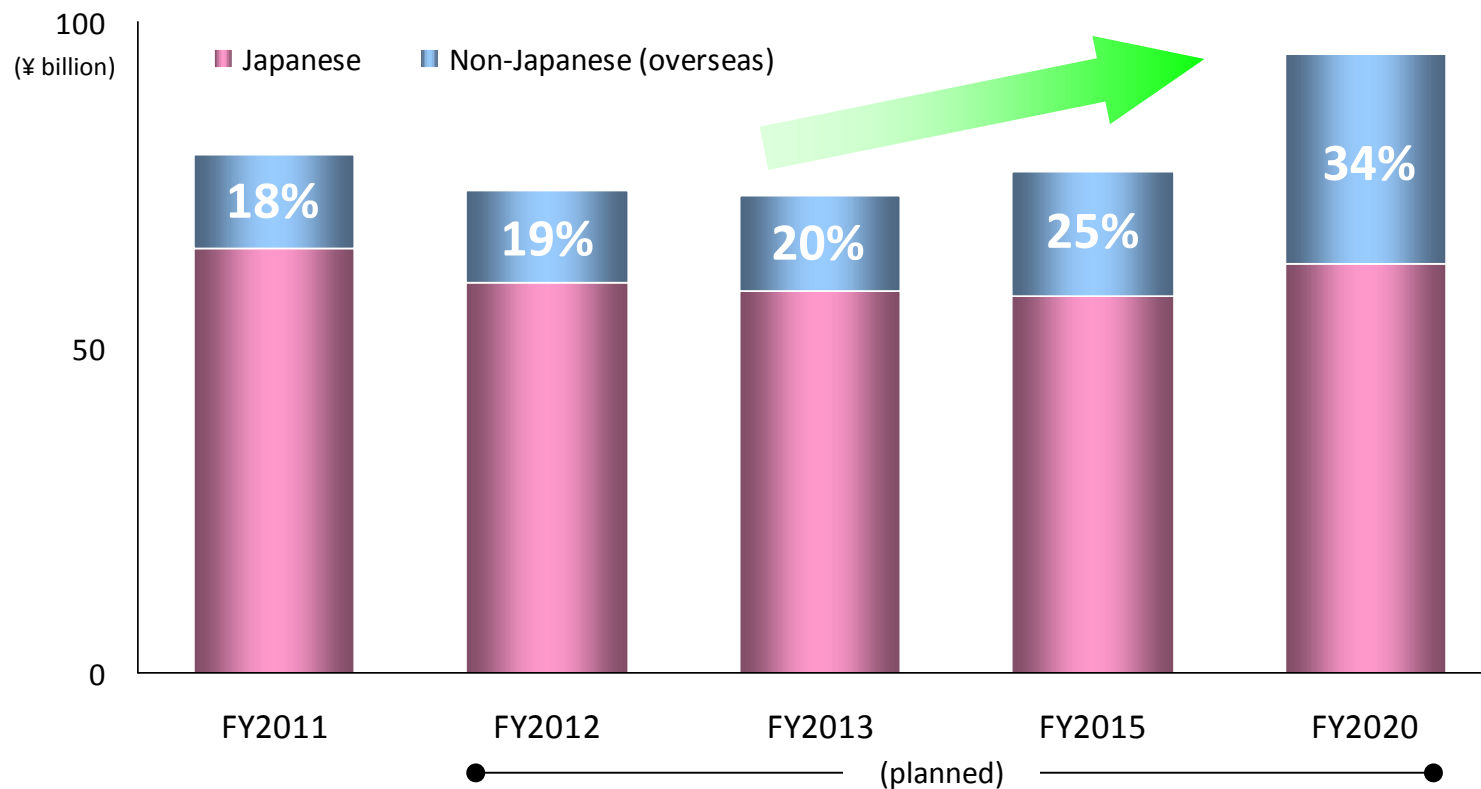
Sales are expected to decrease due to the increase of mini and compact cars, where we have less market shares. Currently increasing the accuracy of the roadmap for raising sales to non-Japanese automakers.

3. Medium-term Plan Implementation Status (Automotive Components Operations)



[SA: Expanding overseas sales of OEM]

OEM sales growth for Japanese and non-Japanese automakers

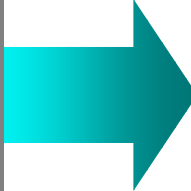


Shock absorber sales in FY2012 are expected to be in line with the medium-term plan.

Plan to return to sales growth by increasing sales to non-Japanese automakers as the global market for shock absorbers grows.

[Doubling aftermarket sales of SA]

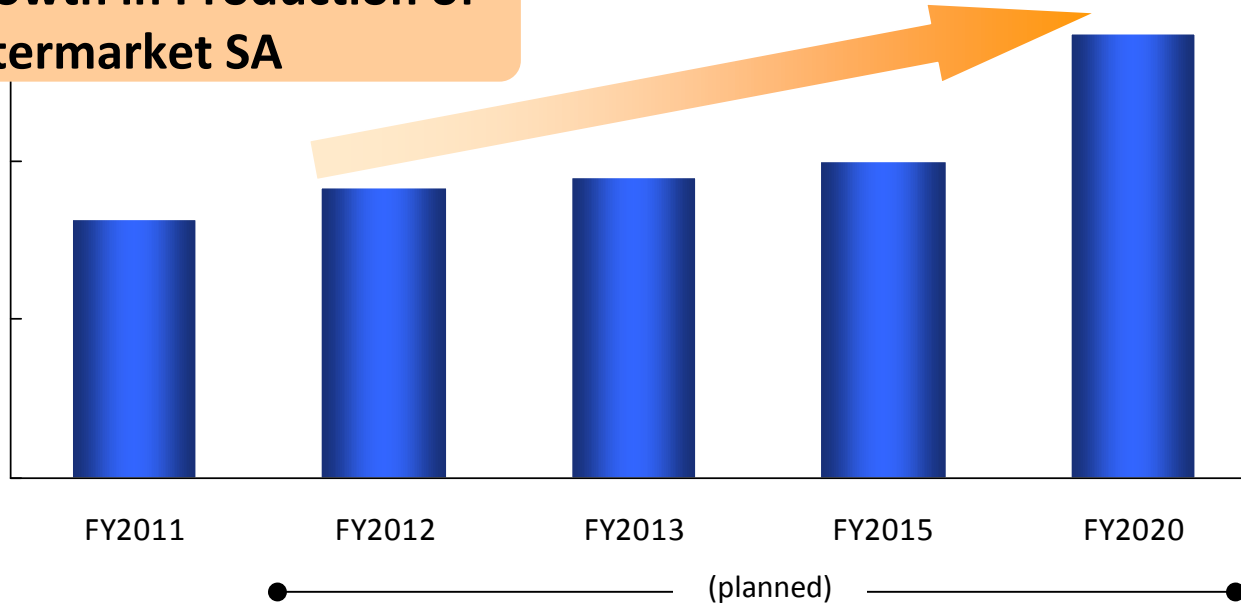
- Add SA production lines at overseas plants



Double aftermarket SA sales compared to FY2010

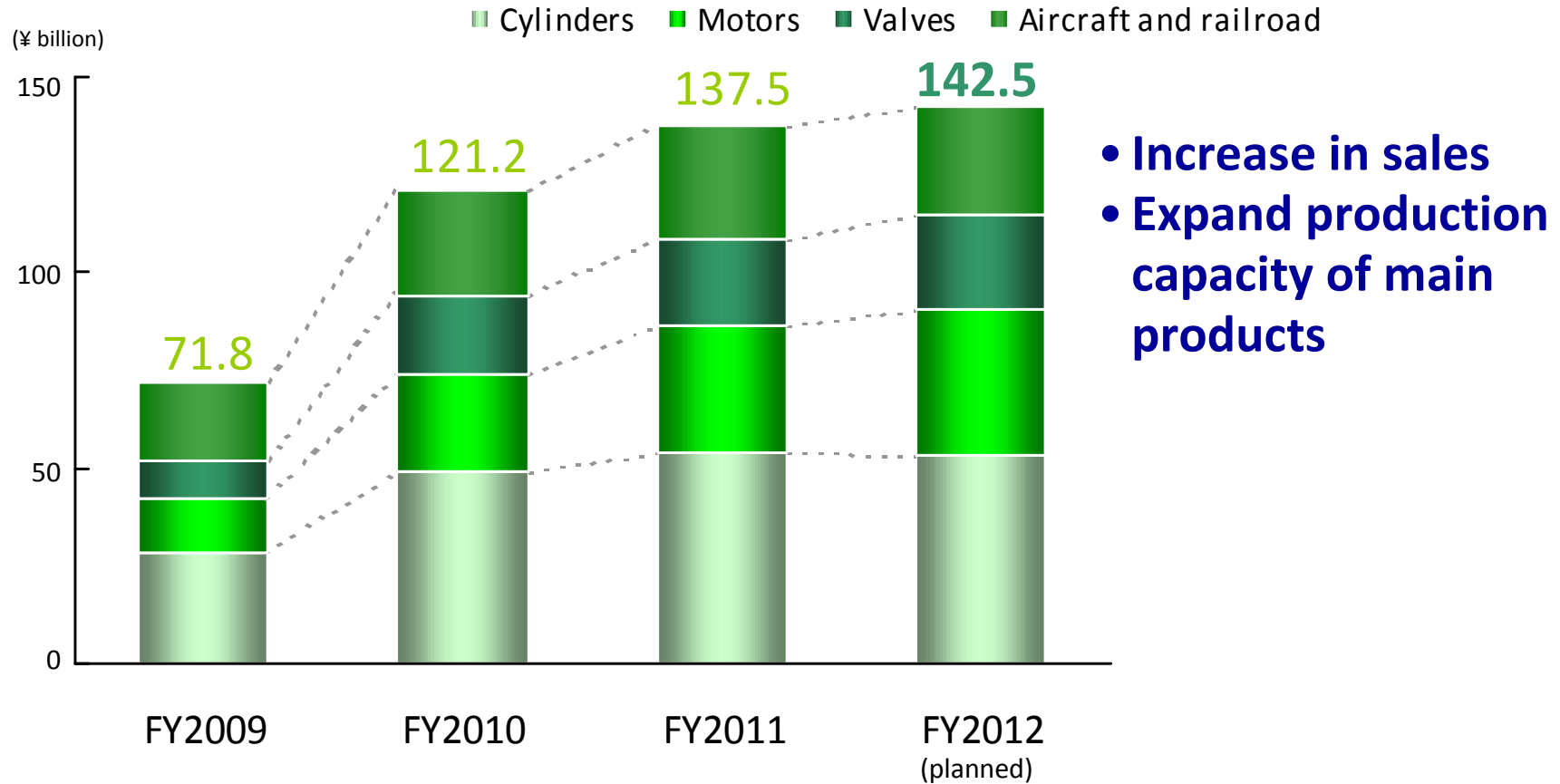
- 1) Increase sales in the growing BRICS markets
- 2) Increase sales in mature markets

Growth in Production of Aftermarket SA



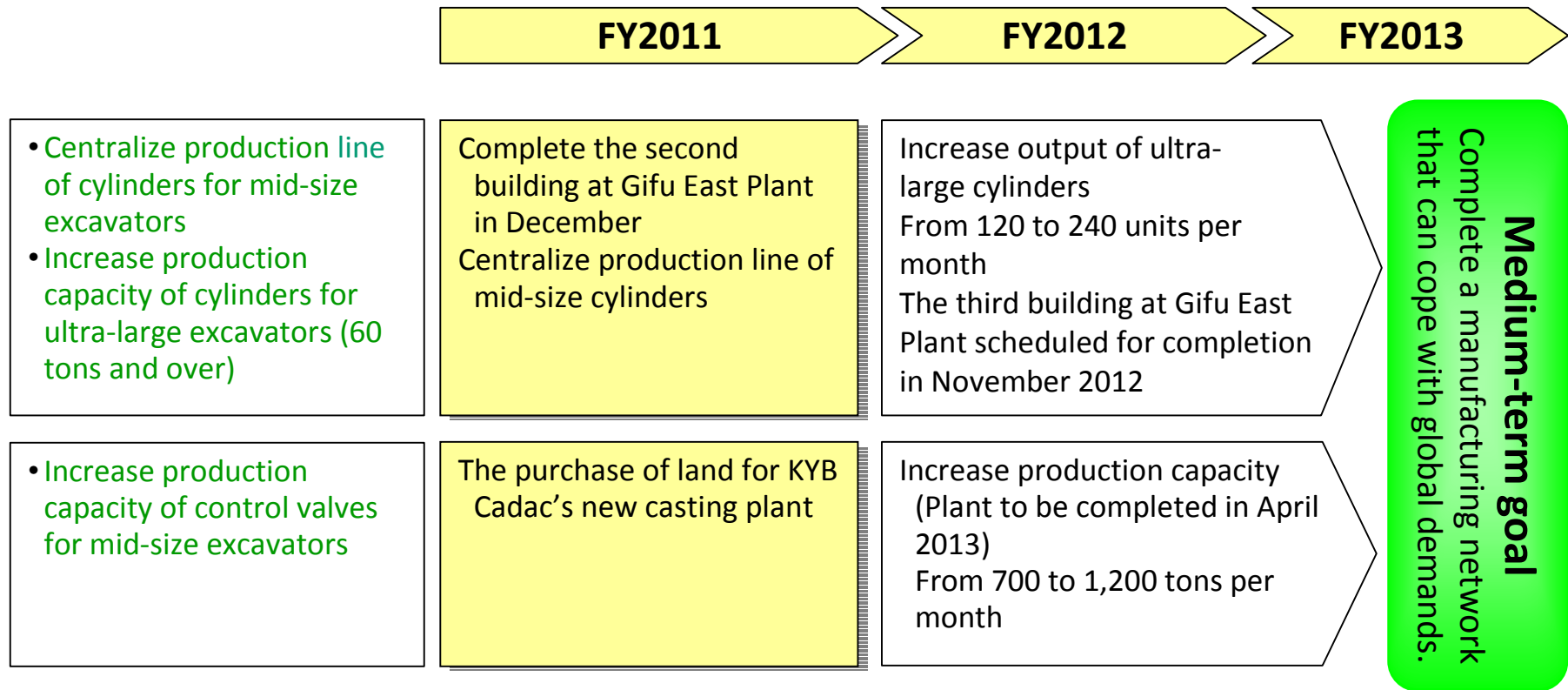
The FY2011 sales target was achieved and sales in FY2012 and afterward are expected to increase as planned.

3. Consolidated Sales Forecast for FY2012 (Hydraulic Components Operations)



- Expectation in recovery of China market
- Increase production capacity of from machining to assembly of control valves
- Increase production capacity for motors in China and delivery to Japanese and non-Japanese customers

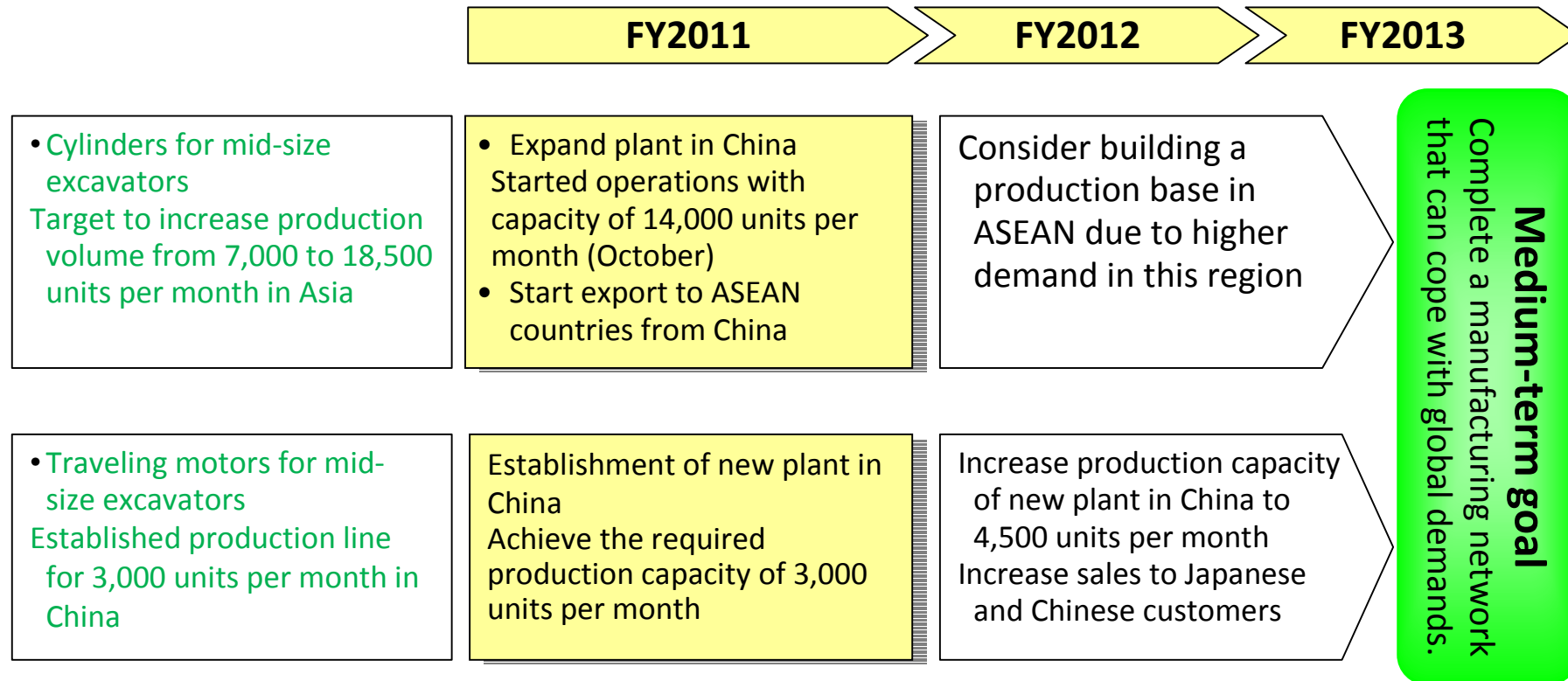
[HC: Establish framework in Japan]



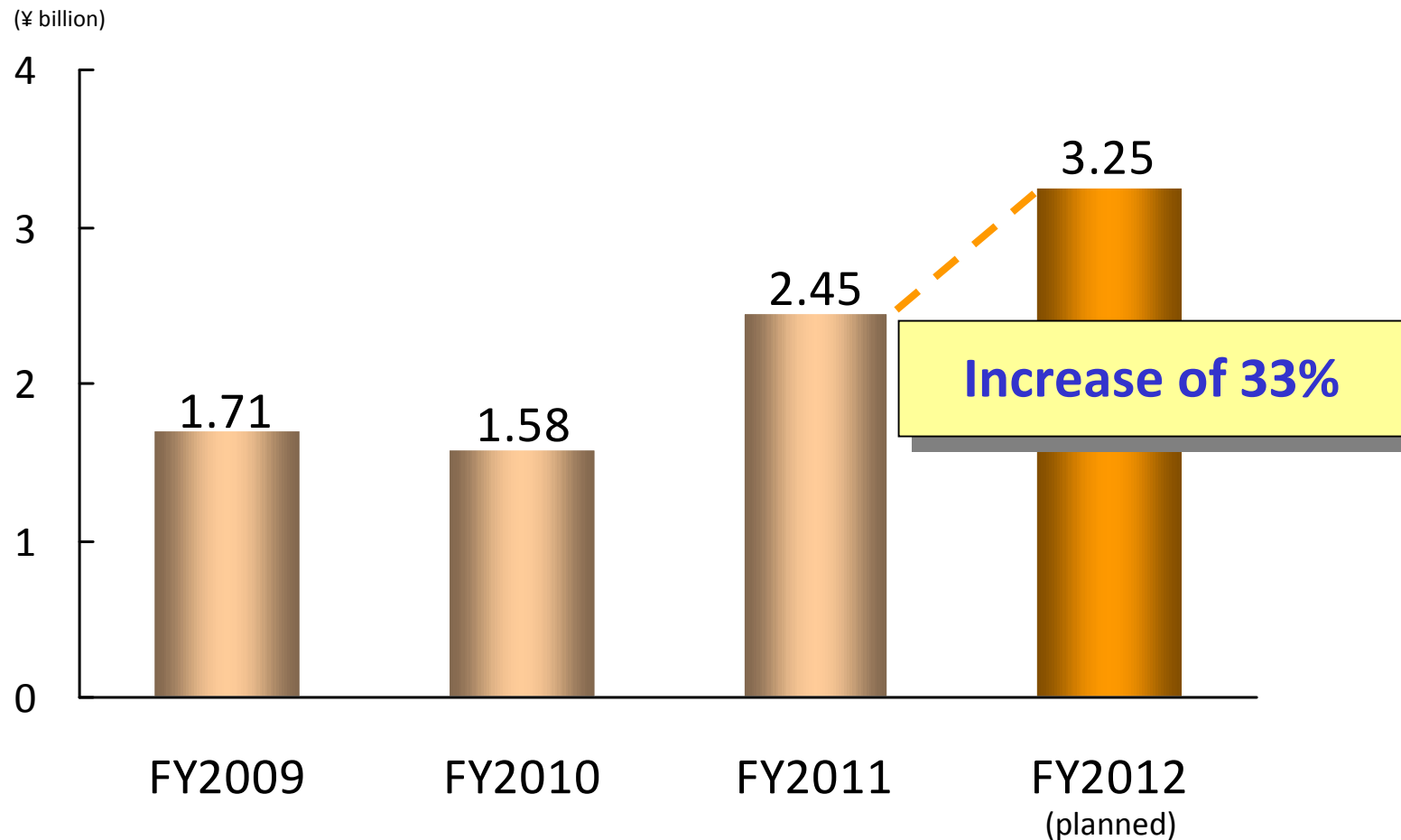
[HC: Establish framework in China]



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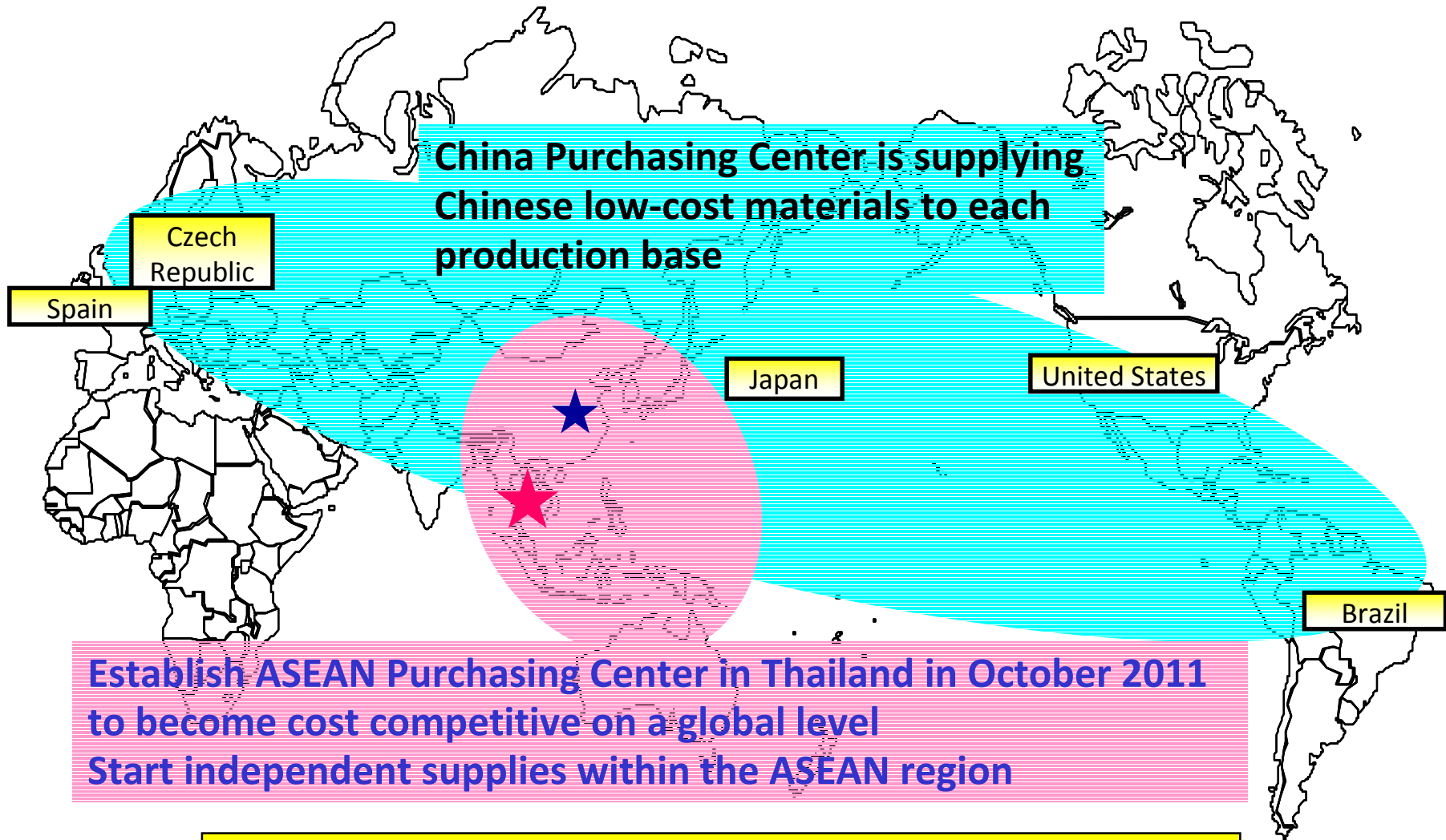


[Sales Forecast for FY2012: Special-purpose vehicles]



Higher sales in the second half of FY2011 and FY2012 due to replacement demand and demand associated with earthquake recovery.

[Procurement cost control activity (LCC purchasing)]

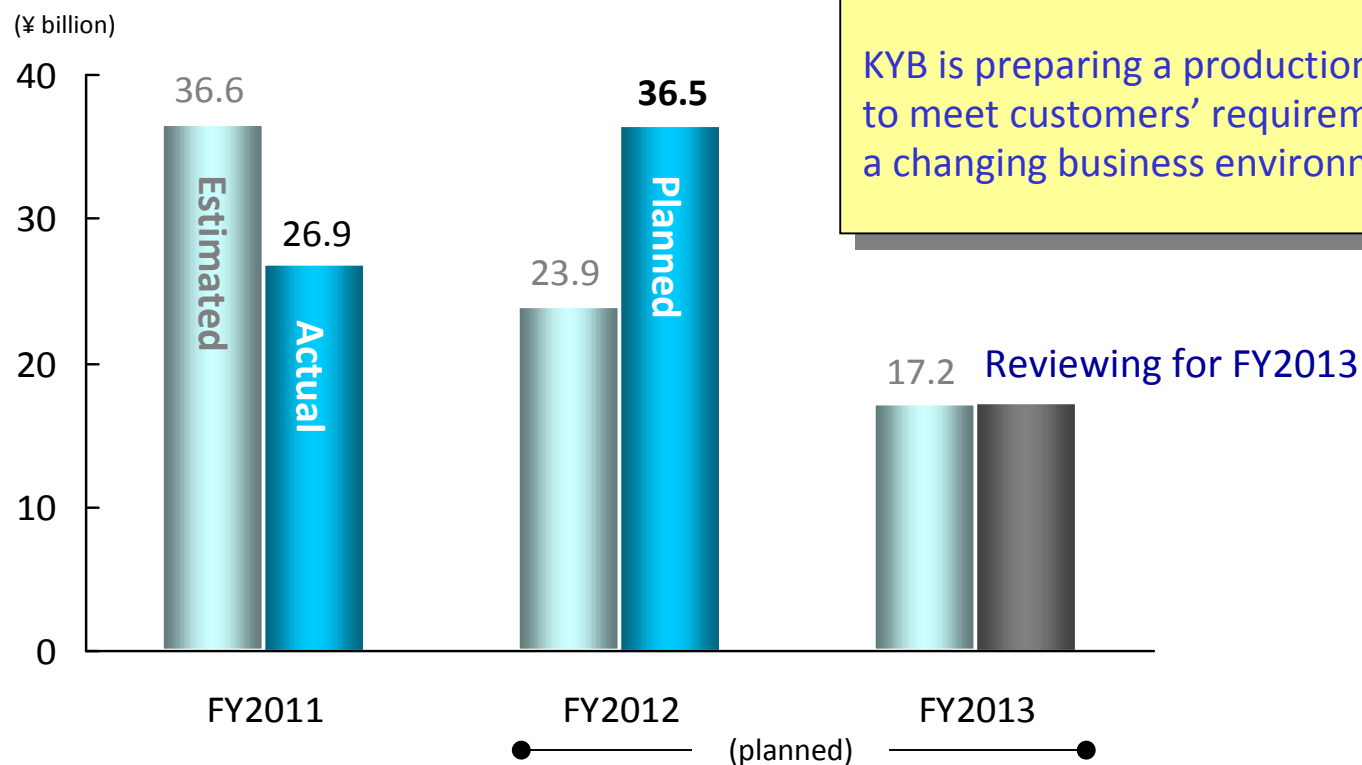


Establish Global LCC Purchasing System

[Capital expenditure]



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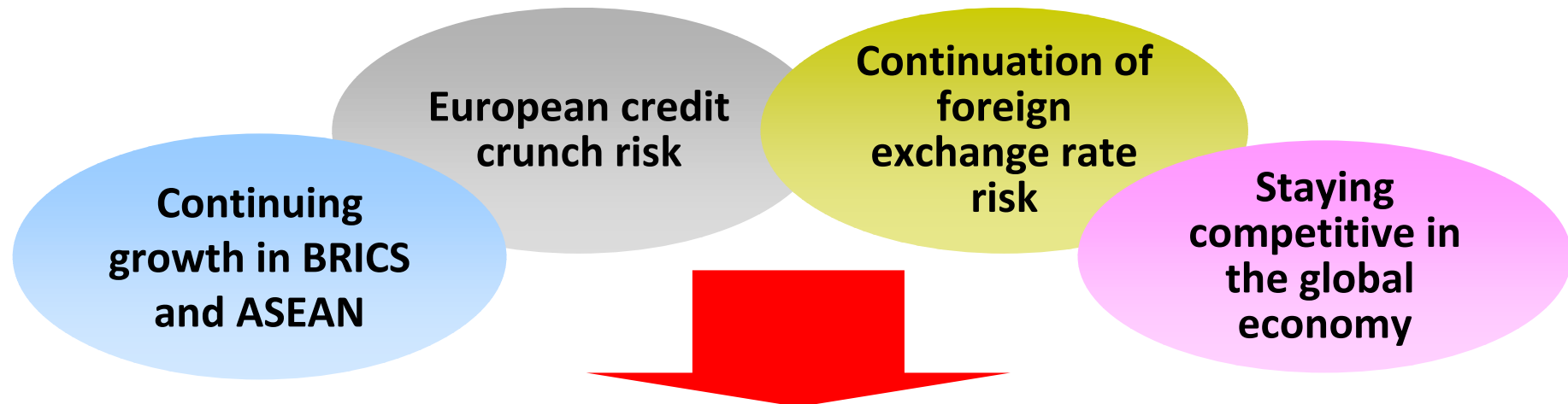
KYB is preparing a production system to meet customers' requirements in a changing business environment.

FY2011: Froze part of investment in China

FY2012: Investments are planned to: establish CVT pump global production; increase production capacity of traveling motors in China and cylinders in Japan; and increase valve casting production

FY2013: Under review

Towards Achieving Medium-term Plan



Use the KYB Group's strengths to move faster in order to maintain *monozukuri* (manufacturing expertise), that can compete and win worldwide

Shift production/development activities to the best locations; make products where they are used

Reinforce core technologies in Japan

Build a powerful operating framework that can adapt to changes



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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.