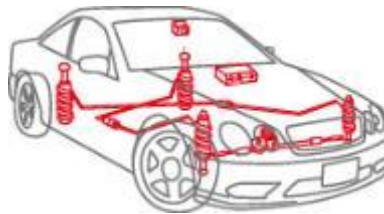
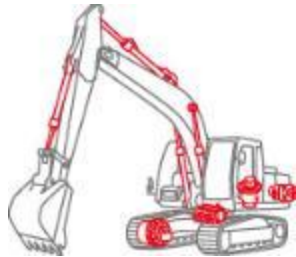


Meeting Materials for FY2013 Summary and Business Outlook



May 15, 2014

Masao Usui

Representative Director, President Executive Officer
KYB Corporation

Contents

1. Financial Information
 - (1) Consolidated Financial Performance for FY2013
 - (2) Segment Information
2. Consolidated Financial Forecast for FY2014
3. 2014 Medium-term (FY2014-FY2016) Business Plan
 - (1) 2011 Medium-term Review
 - (2) Market Environment
 - (3) 2014 Medium-term Business Strategy
 - (4) 2014 Medium-term Initiatives
 - (5) Capital Expenditures
 - (6) 2014 Medium-term Business Plan

1. Financial Information

(1) Consolidated Financial Performance for FY2013

Increase in income and profit

✓ Overseas sales ratio exceeds 50% for the first time

Overseas sales ratio 52%

(Europe: 17%, North America: 11%, China 7%)

✓ Positive results in domestic sales volume

Increased demand due to last minute sales rush before consumption tax increase and gas emissions restrictions (construction machinery)

Domestic sales increased ¥7.0 billion

Automotive Components (AC) Operations: +¥1.5 billion

Hydraulic Components (HC) Operations : +¥4.4 billion

✓ Favorable exchange rate due to lower yen

Sales: ¥28.8 billion Operating income: ¥7.4 billion

1-1. Financial Information

FY2013 Financial Summary

| (¥ Billion) | 2011 medium-term business plan target | FY2012 | FY2013 Forecast (Feb.) | FY2013 | Change (YOY) |
|------------------|---|--------|---------------------------|--------------|-----------------|
| Net Sales | 400.0 | 305.8 | 345.4 | 352.7 | +46.9 |
| Operating Income | 32.0 | 10.5 | 18.7 | 18.2 | +7.7 |
| Ordinary Income | — | 13.6 | 19.9 | 20.4 | +6.8 |
| Net Income | — | 7.8 | 12.2 | 12.8 | +5.0 |

| | | | | | |
|-------------------------------|---|-------|-------|--------------|--------|
| Net Income per share (yen) | — | 35.24 | 47.75 | 55.26 | +20.02 |
|-------------------------------|---|-------|-------|--------------|--------|

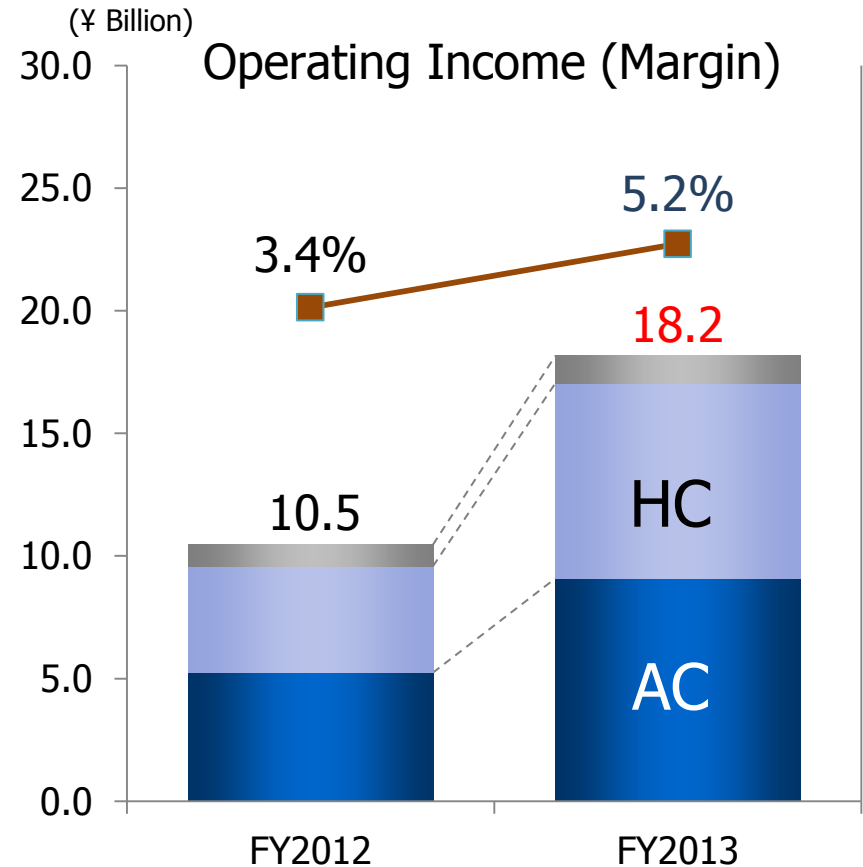
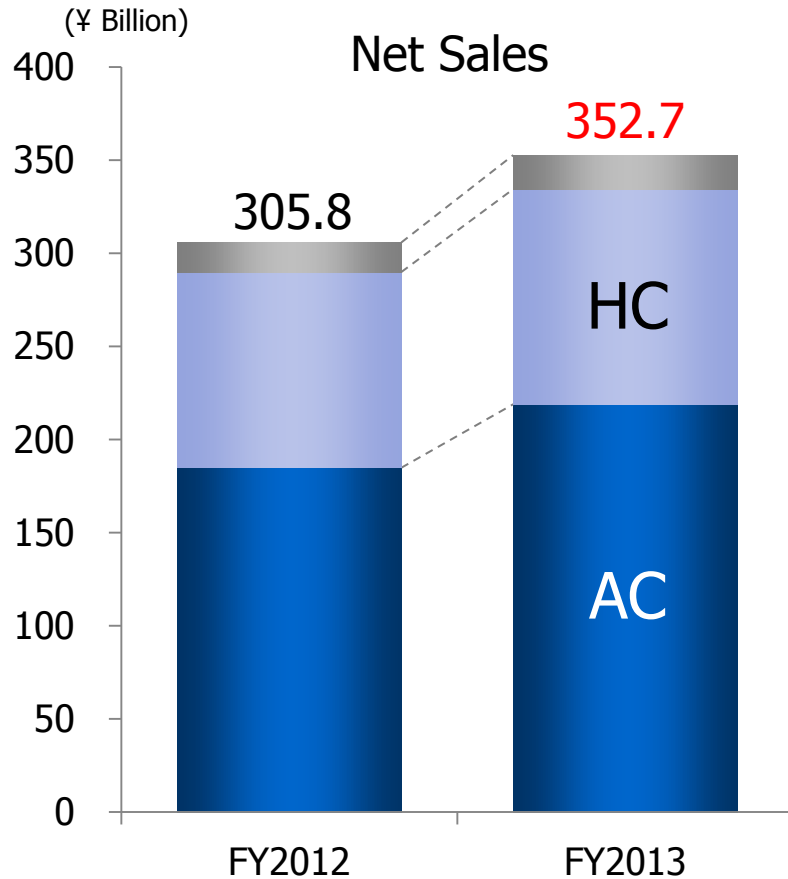
| FOREX (Average) | FY2012 | FY2013 |
|-----------------|---------|----------------|
| JPY / USD | ¥83.11 | ¥100.24 |
| JPY / EUR | ¥107.14 | ¥134.37 |

1-1. Financial Information

FY2013 Financial Summary



Our Precision, Your Advantage



| ¥ Billion | Net Sales | | |
|--------------------------------------|-----------|--------|----------------|
| | FY2012 | FY2013 | Change (YOY) |
| AC Operations | 184.8 | 218.9 | +34.1 (+18.5%) |
| HC Operations | 105.1 | 115.5 | +10.4 (+9.9%) |
| Special-purpose Vehicles and Systems | 15.9 | 18.3 | +2.4 (+15.1%) |

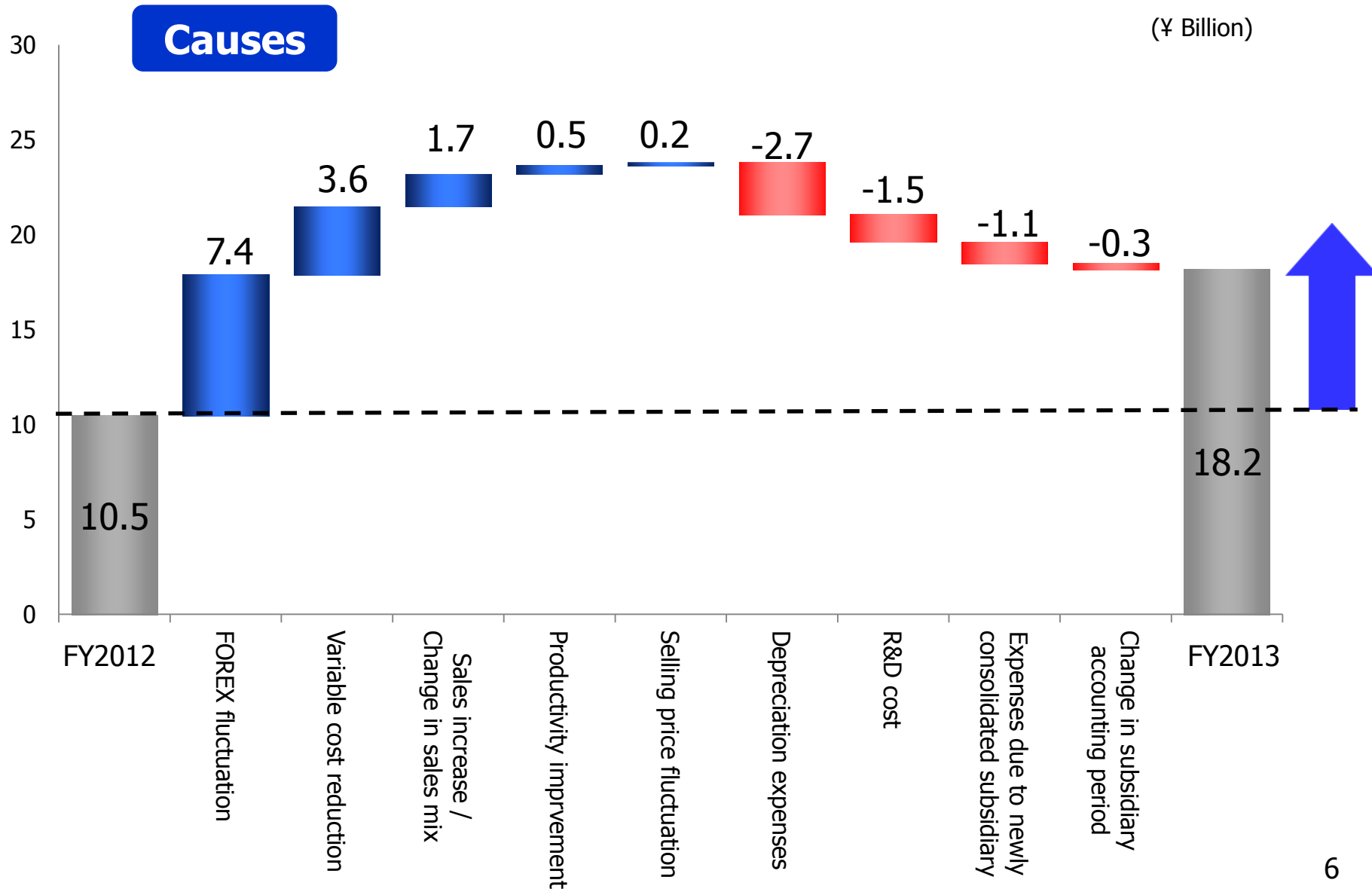
| Operating Income | | |
|------------------|--------|---------------|
| FY2012 | FY2013 | Change (YOY) |
| 5.3 | 9.1 | +3.8 (+71.7%) |
| 4.3 | 8.0 | +3.7 (+86.0%) |
| 0.9 | 1.1 | +0.2 (+22.2%) |

1-1. Financial Information



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Analysis of Operating Income (Consolidated)



1. Financial Information
- (2) Segment information

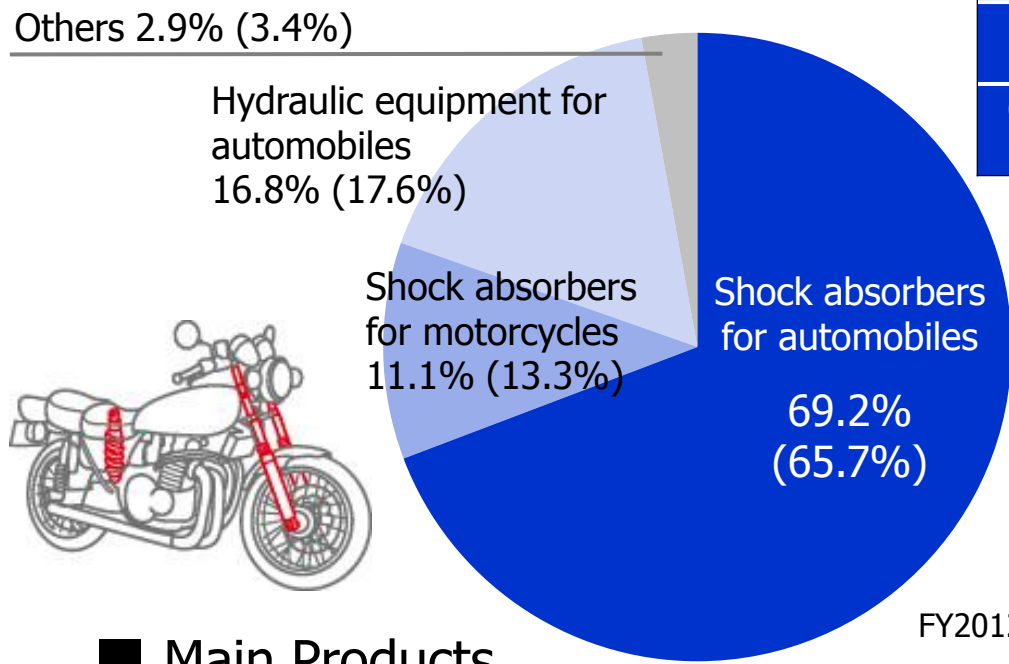
1-2. Segment Information

AC Operations



Our Precision, Your Advantage

Sales Mix



| (¥ Billion) | FY2012 | FY2013 | Change |
|------------------|--------|--------|--------|
| Net Sales | 184.8 | 218.9 | +34.1 |
| Operating Income | 5.3 | 9.1 | +3.8 |

FY2012 figures are in parenthesis

■ Main Products

- Shock absorbers for automobiles: Shock absorbers (for OEM, aftermarket, genuine parts)
- Shock absorbers for motorcycles: Front fork, rear cushion unit
- Hydraulic equipment for automobiles: CVT (Continuously Variable Transmission), power steering (hydraulic, electric)
- Other products: Stay dampers, shock absorbers for ATV (All Terrain Vehicle)

1-2. Segment Information

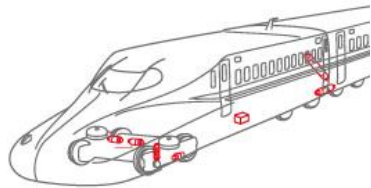
HC Operations



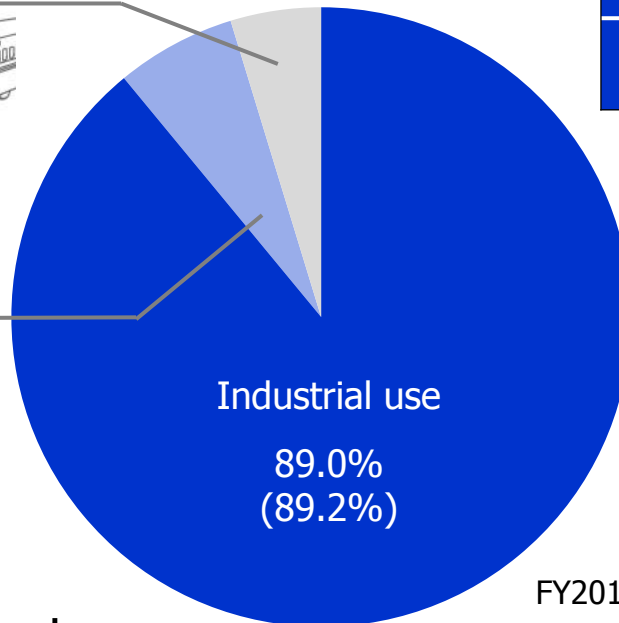
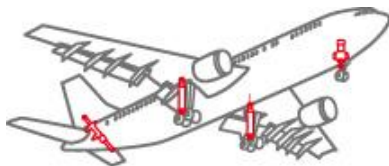
Our Precision, Your Advantage

Sales Mix

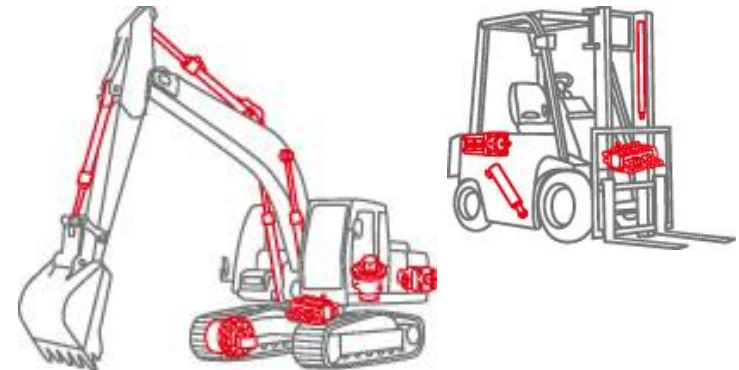
Others 4.7% (5.2%)



Aircraft 6.3% (5.6%)



| (¥ Billion) | FY2012 | FY2013 | Change |
|------------------|--------|--------|--------|
| Net Sales | 105.1 | 115.5 | +10.4 |
| Operating Income | 4.3 | 8.0 | +3.7 |



FY2012 figures are in parenthesis

■ Main Products

Industrial use: Cylinders, traveling motors, swing motors, control valves, pumps
(for construction machinery, folklifts, agricultural machines)

Aircraft: Actuators, wheels and brake assembly

Others: Oil dampers for railway vehicles, Semi-active suspension systems for bullet trains

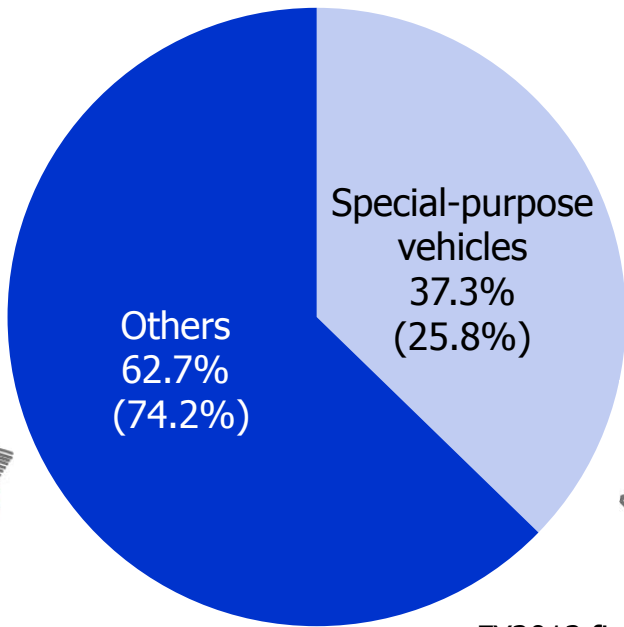
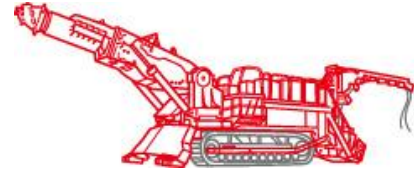
1-2. Segment Information

Special-purpose Vehicles and Systems

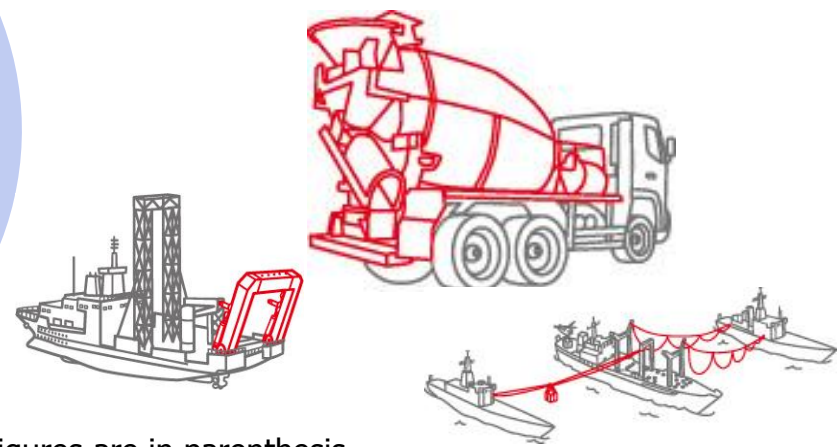


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Sales Mix



| (¥ Billion) | FY2012 | FY2013 | Change |
|------------------|--------|--------|--------|
| Net Sales | 15.9 | 18.3 | +2.4 |
| Operating Income | 0.9 | 1.1 | +0.2 |



FY2012 figures are in parenthesis

■ Main Products

Special-purpose vehicles: Concrete mixer trucks

Others: Seismic & vibration control systems, Theater equipment, Building and structural equipment, Rock tunneling equipment, Marine equipment, Simulated conditions testing, Environmentally-friendly equipment, Electronic components

Topics: Public Offering (December 2013)

Financing Objectives

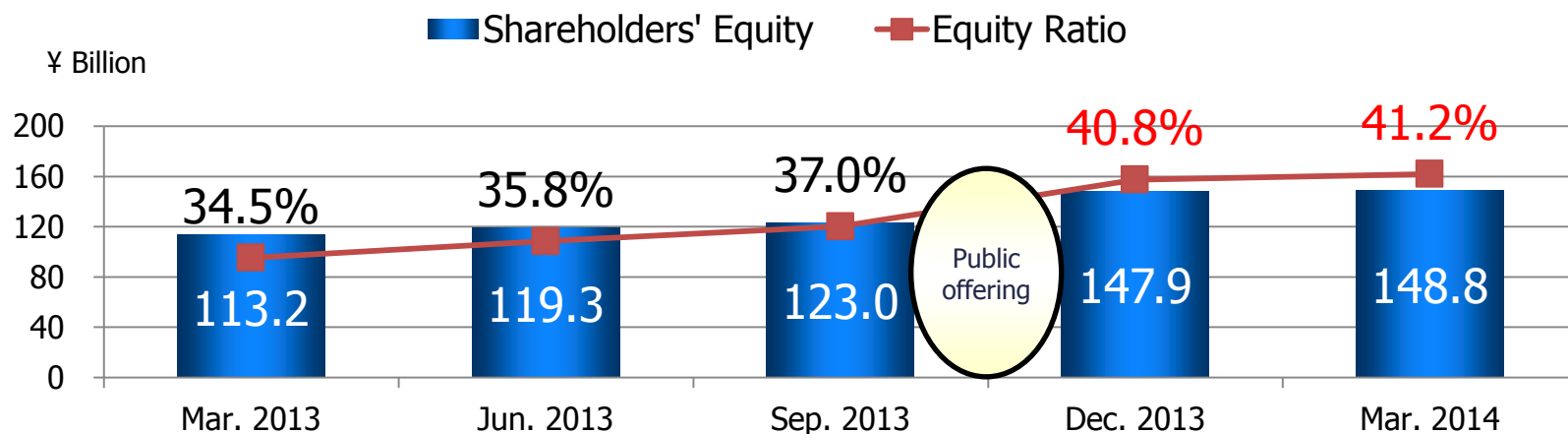
- To invest for the growth of the Group
 - ✓ Continually strengthening our global production base
- Strengthening financial base for the start of the Medium-term Management Plan “Phase II”

Use of funds

- Capital expenditures in Japan and overseas to enhance the Group’s production system

Fundraising **¥17.0 billion** Capital stock increased ¥8.5 billion

Increase in stock **34.5 million shares** (Shares issued: 257,484,313)



2. Consolidated Financial Forecast for FY2014

2. Consolidated Financial Forecast for FY2014



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| (¥ Billion) | FY2013 | FY2014 1H (forecast) | FY2014 2H (forecast) | FY2014 (forecast) | Change (YOY) |
|------------------|--------|-------------------------|-------------------------|------------------------------|-----------------|
| Net Sales | 352.7 | 181.0 | 188.0 | 369.0 | +16.3 |
| Operating Income | 18.2 | 9.6 | 10.0 | 19.6 | +1.4 |
| Ordinary Income | 20.4 | 9.6 | 10.4 | 20.0 | -0.4 |
| Net Income | 12.8 | 5.7 | 6.3 | 12.0 | -0.8 |

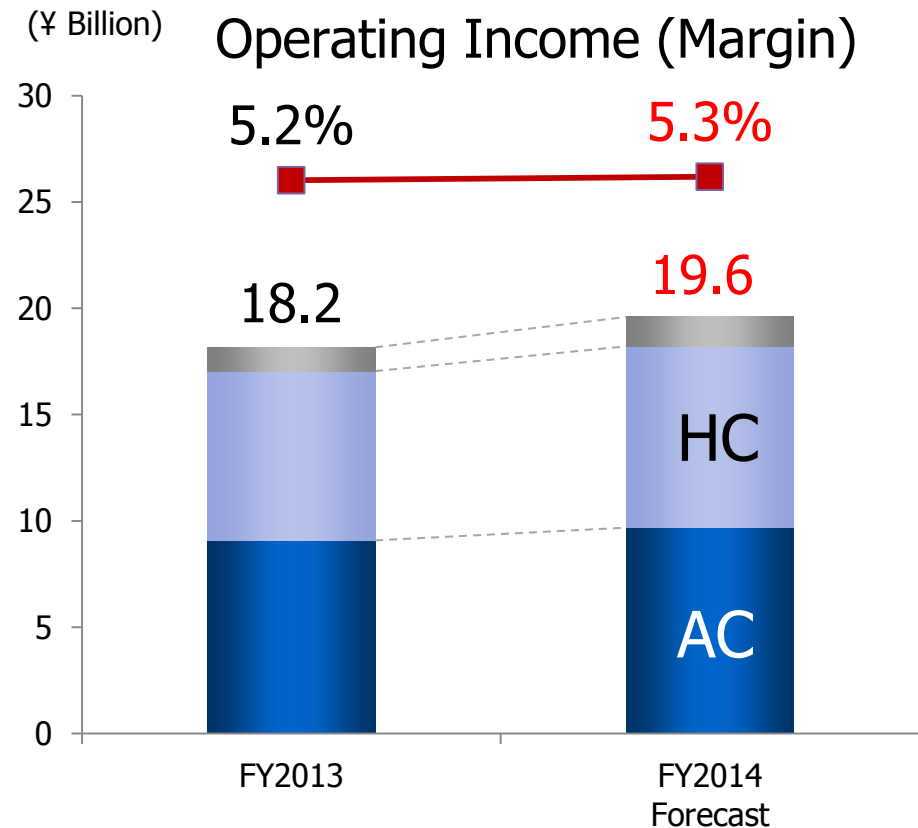
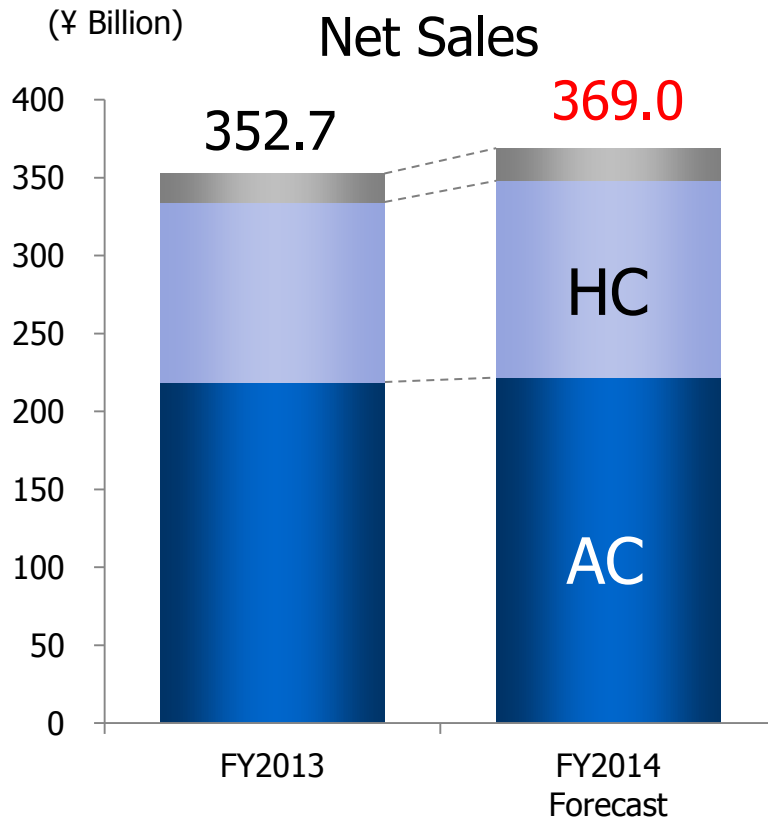
| | | | | | |
|----------------------------|-------|-------|-------|--------------|-------|
| Net Income per Share (yen) | 55.26 | 22.31 | 24.66 | 46.97 | -8.29 |
|----------------------------|-------|-------|-------|--------------|-------|

| FOREX (Average) | FY2013 | FY2014 (Forecast) |
|-----------------|---------|------------------------------|
| JPY / USD | ¥100.24 | ¥100.00 |
| JPY / EUR | ¥134.37 | ¥135.00 |

2. Consolidated Financial Forecast for FY2014



Our Precision, Your Advantage



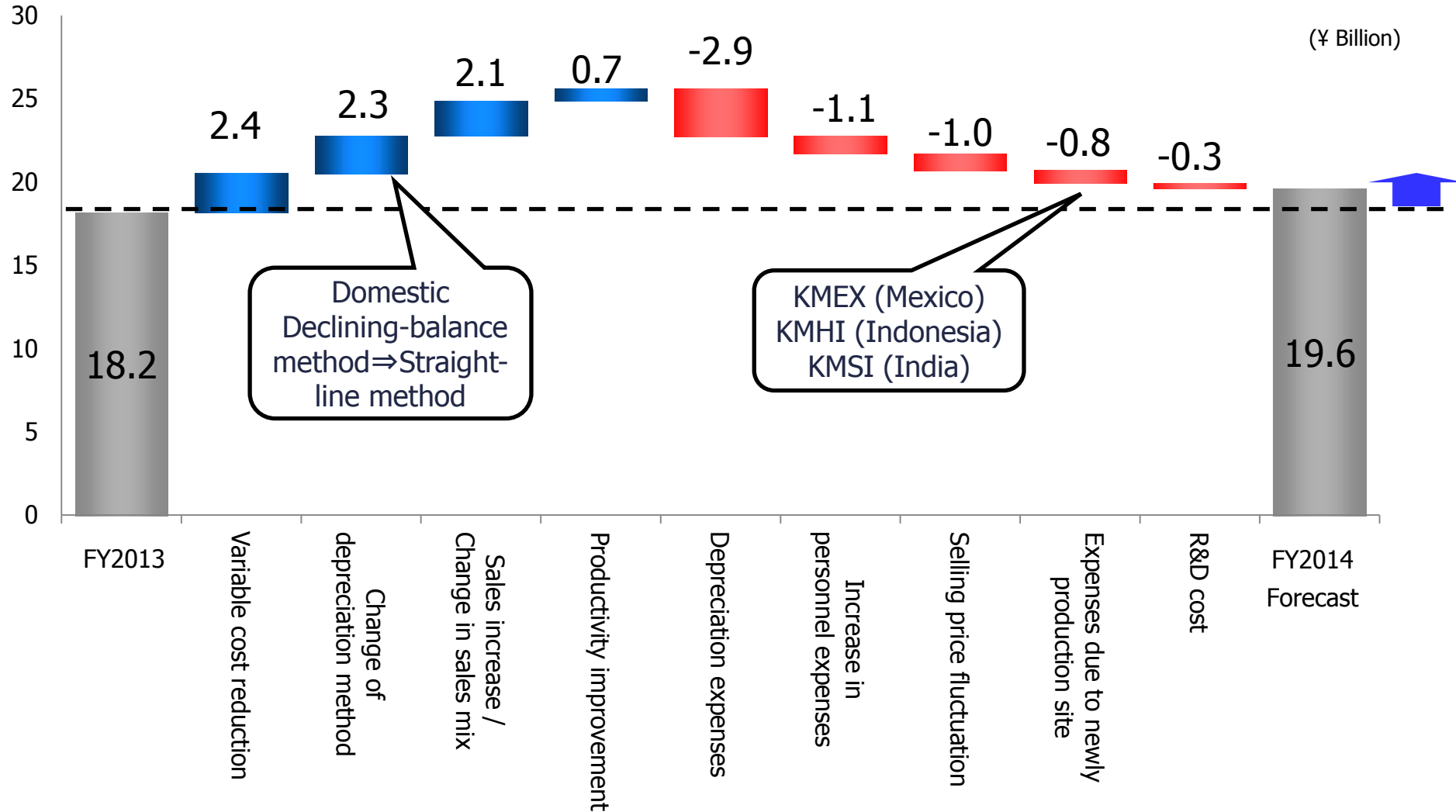
| (¥ Billion) | Net Sales | | |
|--------------------------------------|-----------|-----------------|---------------|
| | FY2013 | FY2014 Forecast | Change (YOY) |
| AC Operations | 218.9 | 221.8 | +2.9 (+1.3%) |
| HC Operations | 115.5 | 126.3 | +10.8 (+9.4%) |
| Special-purpose Vehicles and Systems | 18.3 | 20.9 | +2.6 (+14.2%) |

| | Operating Income | | |
|--------------------------------------|------------------|-----------------|---------------|
| | FY2013 | FY2014 Forecast | Change (YOY) |
| AC Operations | 9.1 | 9.7 | +0.6 (+6.6%) |
| HC Operations | 8.0 | 8.5 | +0.5 (+6.3%) |
| Special-purpose Vehicles and Systems | 1.1 | 1.4 | +0.3 (+27.3%) |

2. Consolidated Financial Forecast for FY2014

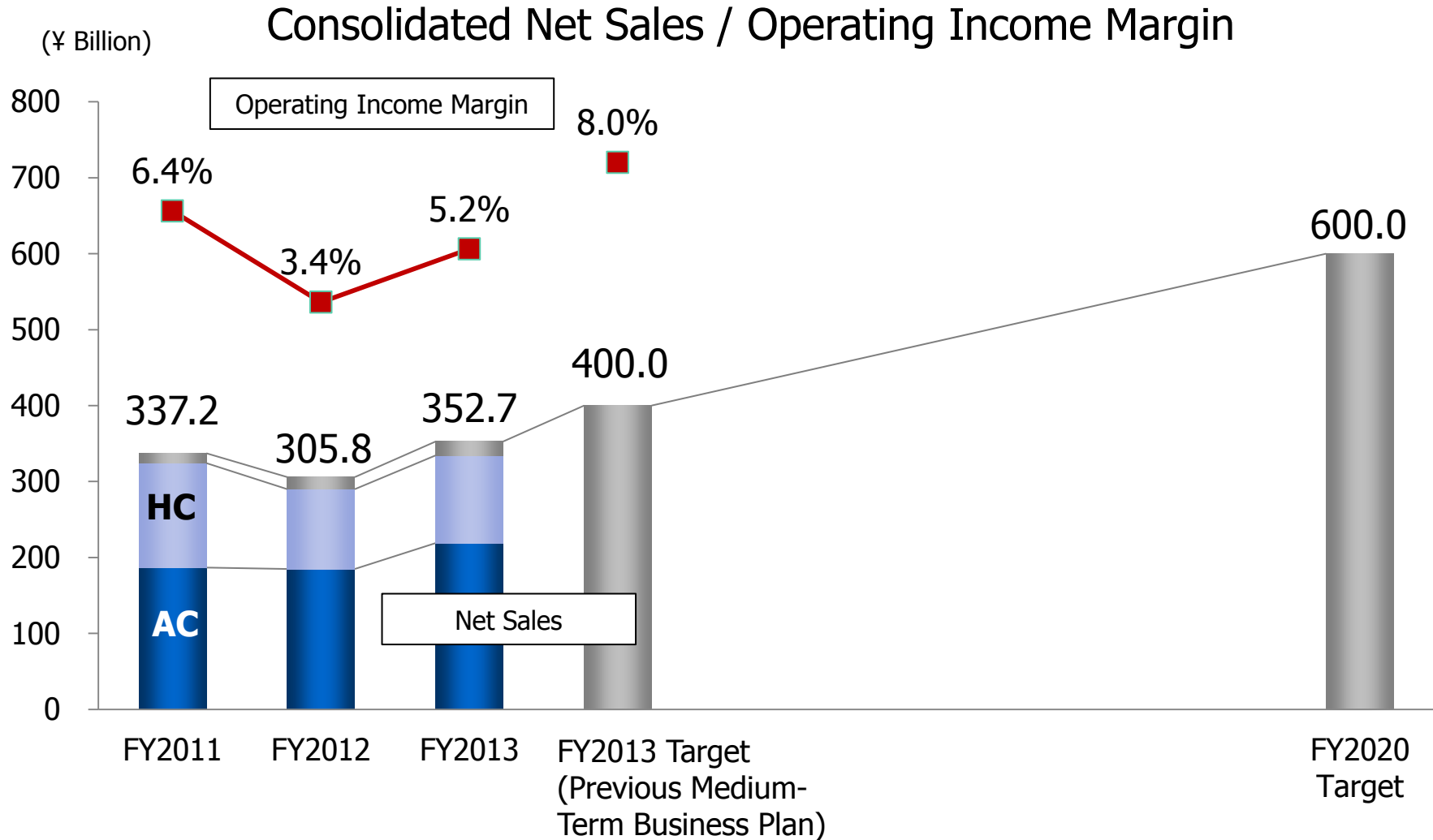


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3. 2014 Medium-term (FY2014-FY2016) Business Plan

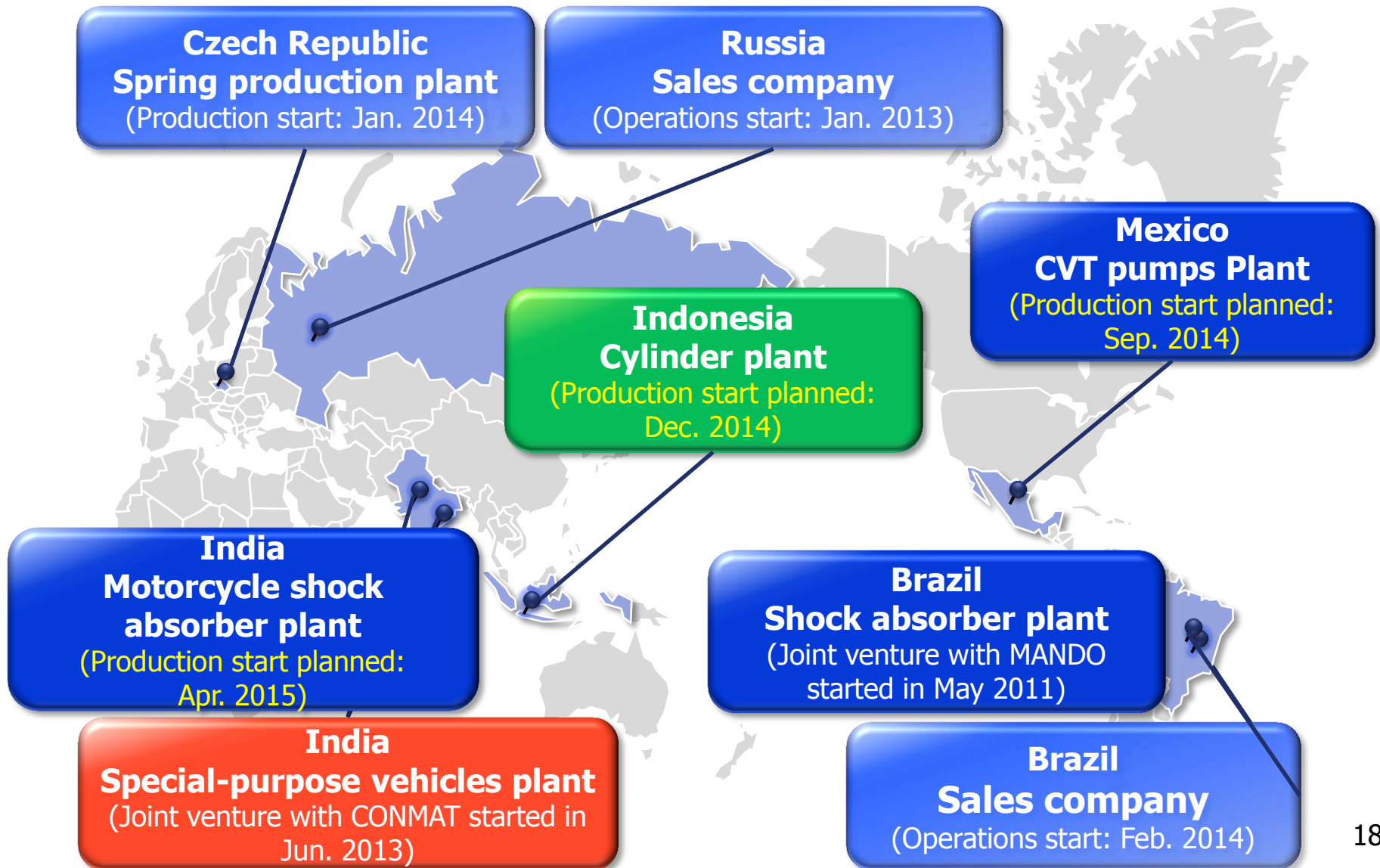
3-1. 2011 Medium-term Review (Actual)



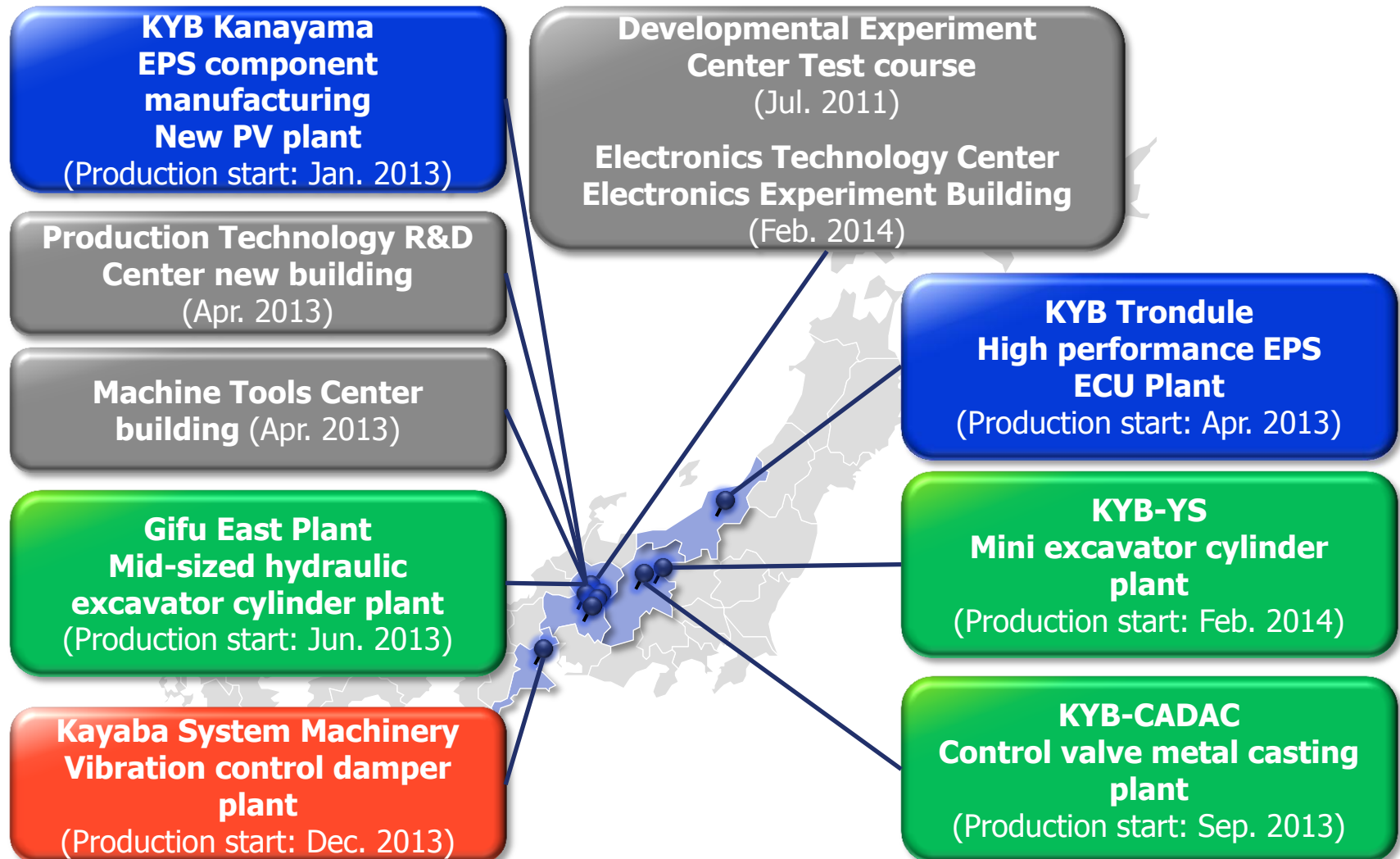
3-1. Global Expansion (Newly established companies/plants only)



Our Precision, Your Advantage



3-1. Domestic Expansion



In the FY2011 medium term, we planted the seeds of growth and reinforced foundations

3-2. Current Business Environment

Domestic

- Recovery demand for earthquake
- Tokyo Olympics
- Drop in demand following the last-minute sales rush before the consumption tax increase

Overseas

- Positive signs in Europe and the Americas
- Excess production capacity and monetary tightening in China
- Economic slowdown and competitive devaluation in emerging nations
- Instability in the Ukraine and Thailand

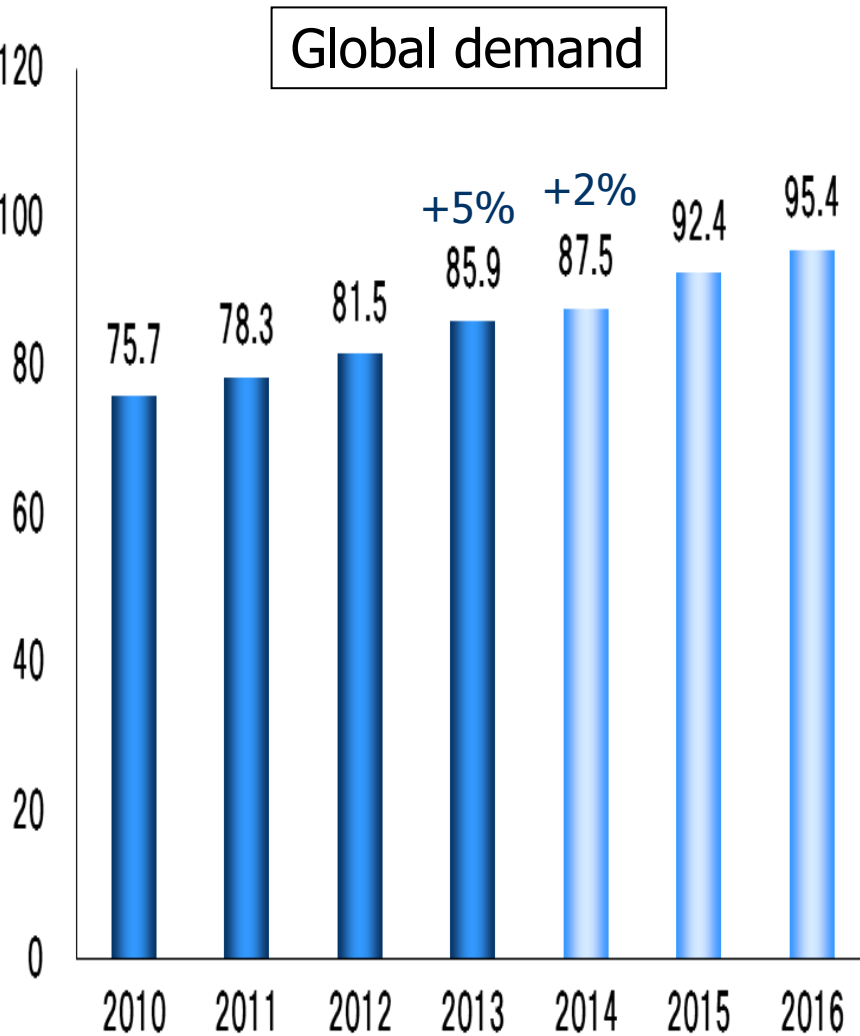
3-2. Market Environment—Automotive

Global Production Forecast, by Region



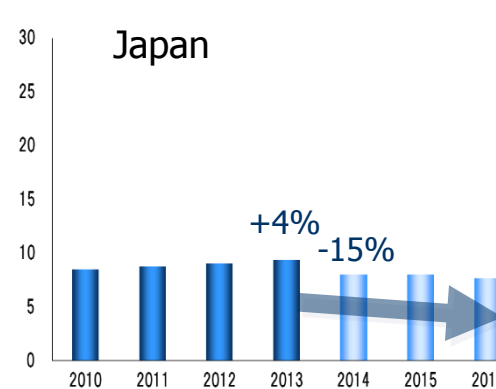
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(Million units)

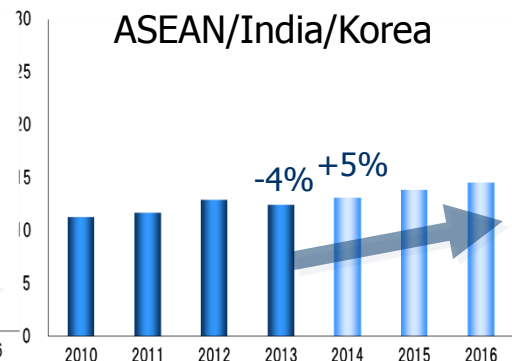
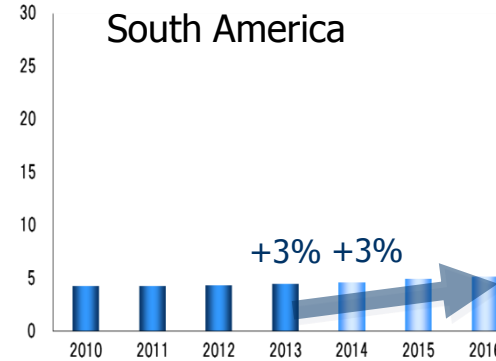
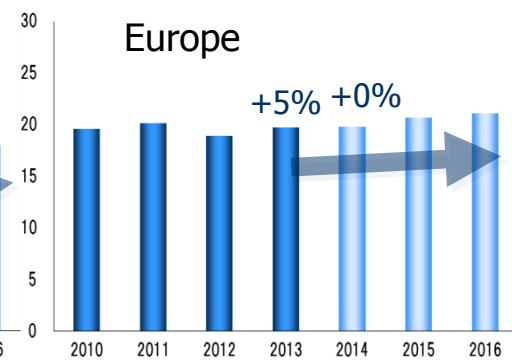
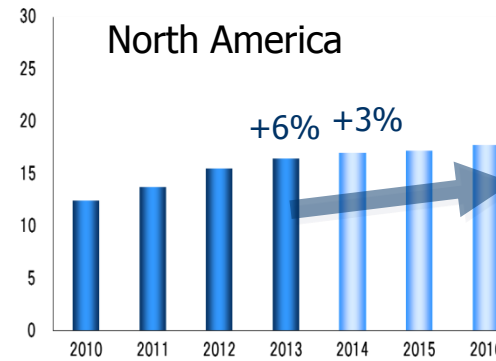
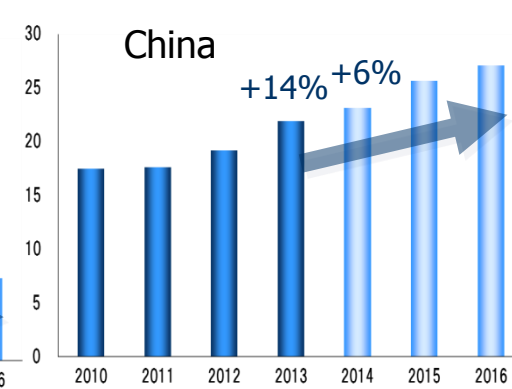


Source: IHS (the end of Mar. 2014)

(Million units)



(Million units)



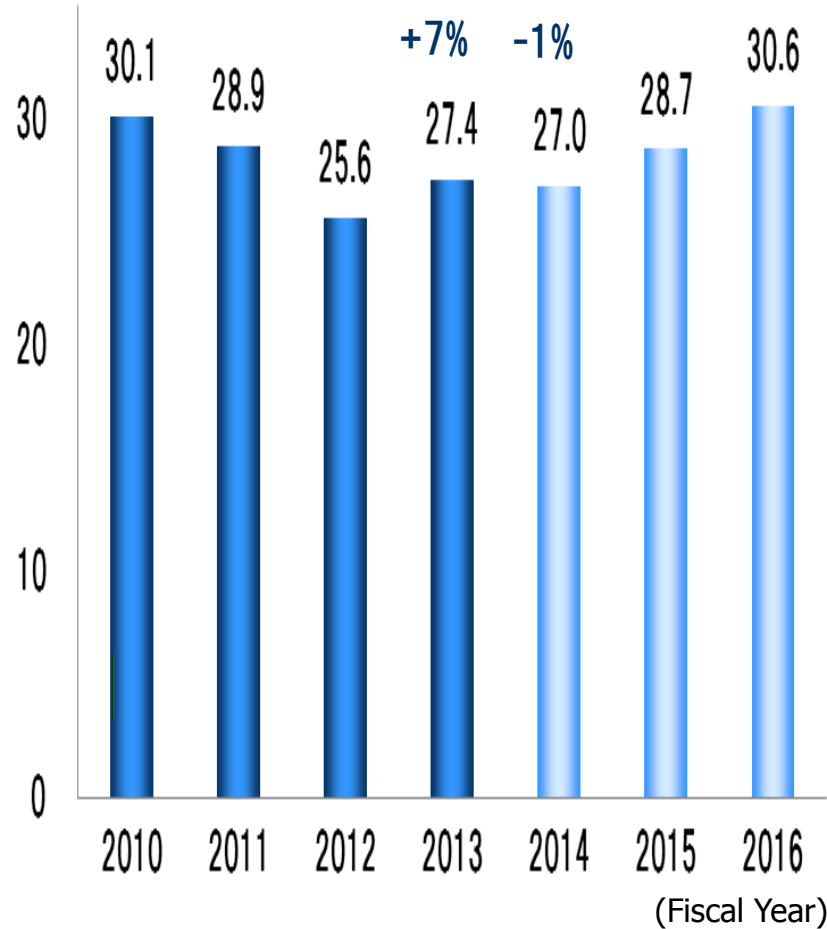
3-2. Market Environment— Hydraulic excavators 6 tons and over Global Production Forecast, by Region



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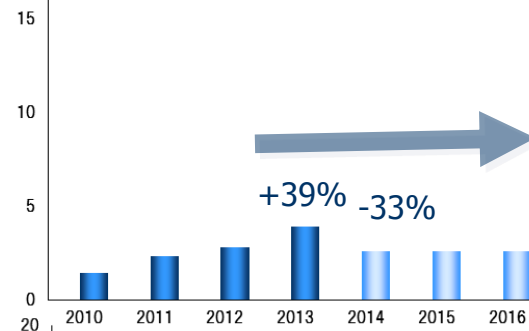
Global demand

(Ten thousand units)



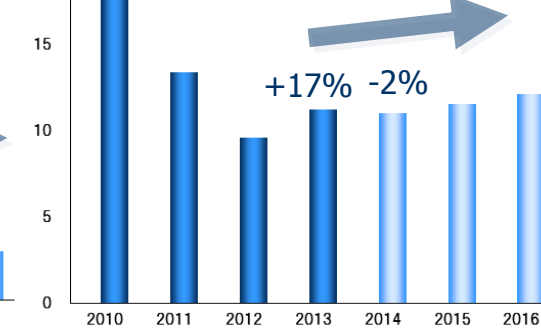
(Ten thousand units)

Japan

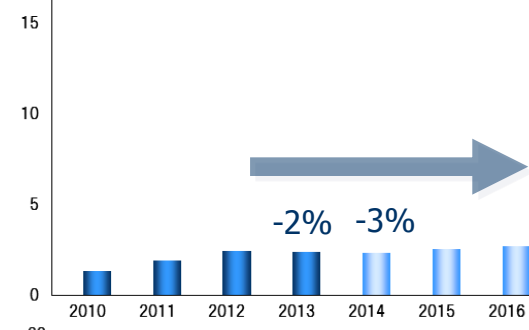


(Ten thousand units)

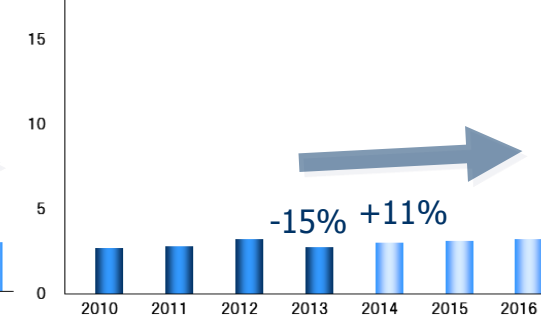
China



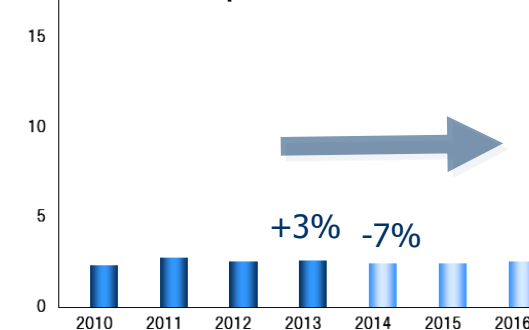
North America



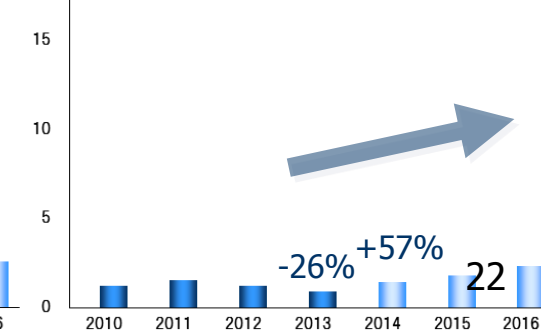
Asia/Oceania



Europe



India



Source: In-house forecast based on customers' data

Actual Forecast Apr. 2014

3-3. 2014 Medium-term Business Strategy

2020 Vision

**“Compete and Win on the Global Stage
with the Power of the KYB Group.”**

Phase I

Setting the stage
Strengthening foundation

Phase II

**Aggressive measures
Growth**

Phase III

Trust
Rapid progress

2014–2016 Medium-term strategy

Earning trust and orders from customers around the world
From strengthening foundations to growth

More competitive power

Implement global cost-competitive by improving quality and productivity

Technology and product development

Development of product proposals with bold differentiation and with good timing

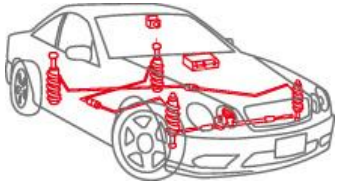
Enter new fields and industries

Enter new fields and industries without being restrained by the current business framework

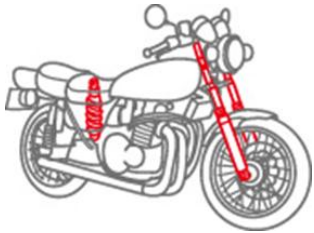
3-4. 2014 Medium-term Initiatives (AC Operations)



Sales Expansion for CVT Pumps



More Sales Promotions for Non-Japanese Auto Makers Worldwide

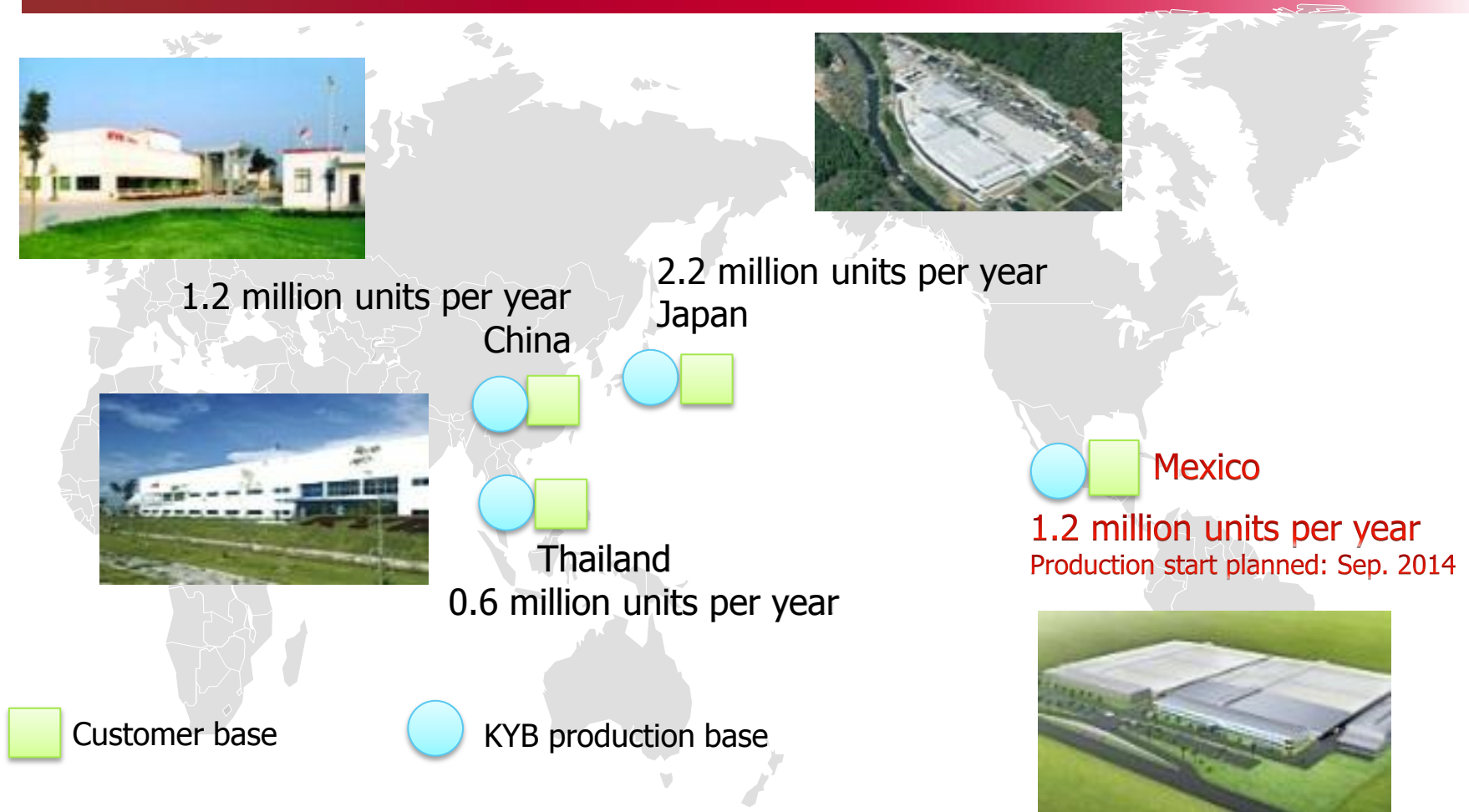


Double Aftermarket Framework (28 million parts per year by 2020)



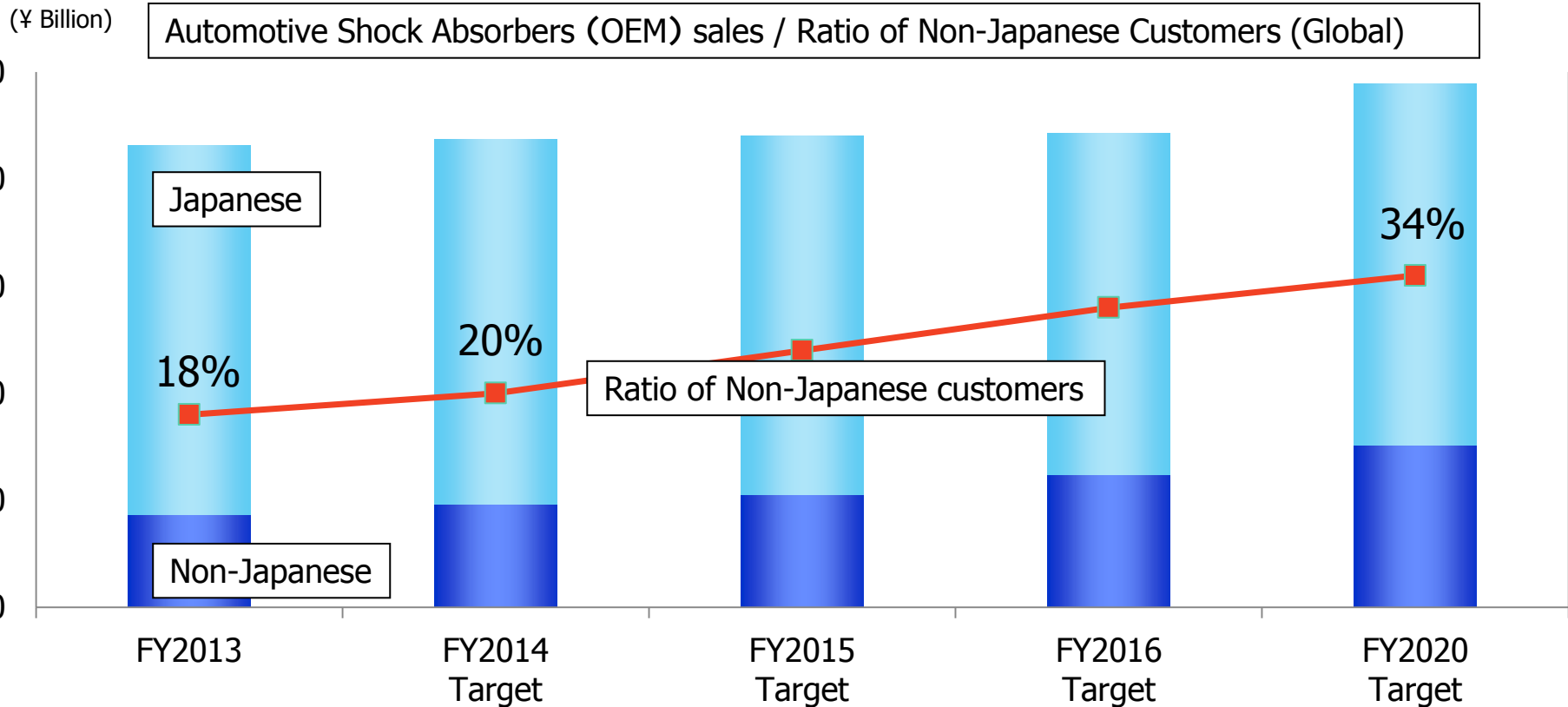
(Motorcycles) Indicate the Merger Effect to Domestic and Overseas Customers

3-4. Sales Expansion for CVT Pumps



Establish global supply system to respond to customer needs
Four location system: 3.4 million units per year (2012)
⇒ 5.2 million units per year (2014)

3-4. More Sales Promotions for Non-Japanese Auto Makers Worldwide



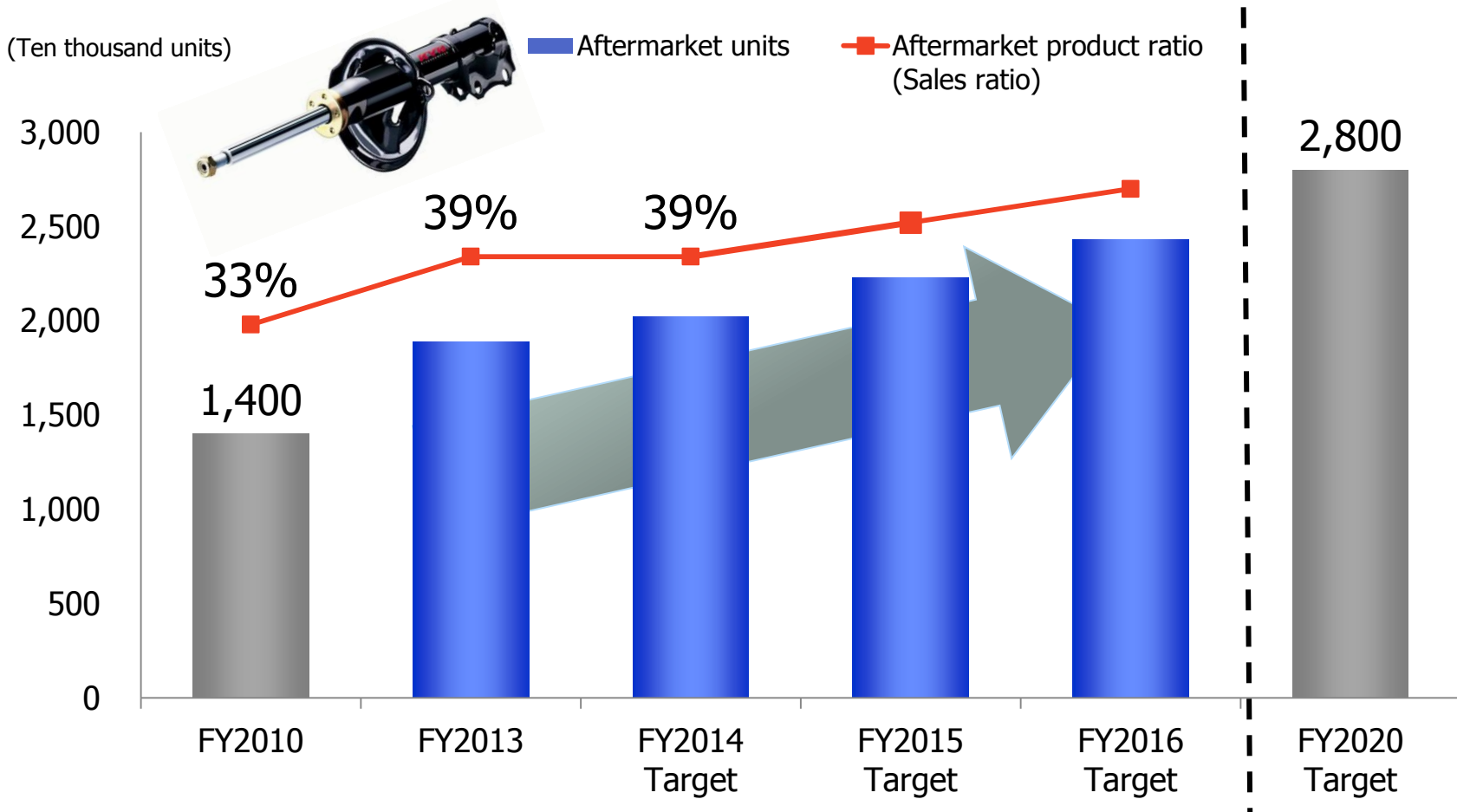
- Sales promotion to American / European auto makers
 - ▪ High-performance shock absorbers, system product proposals, advanced material shock absorber proposals
- Establish production system as a PSA core supplier

3-4. Double Aftermarket Framework

(28 million parts per year by 2020)



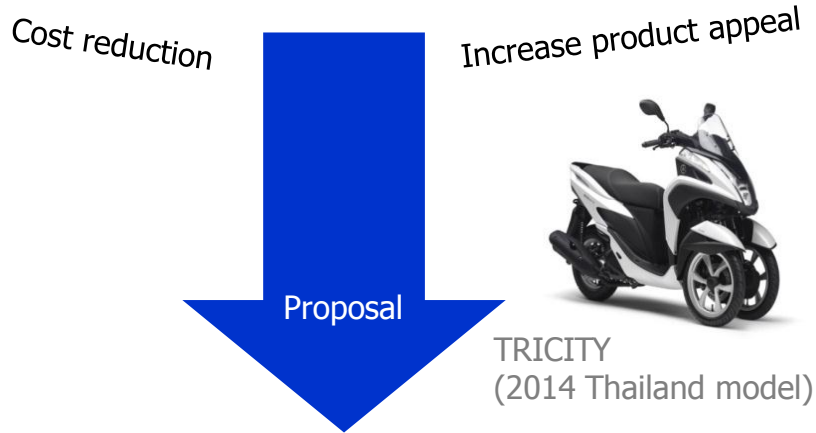
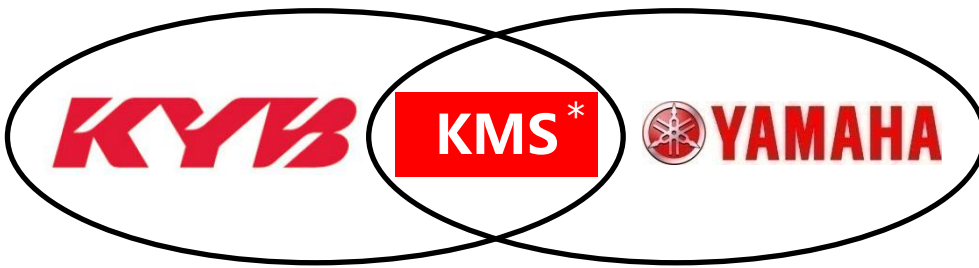
Our Precision, Your Advantage



Target: Double in global unit sales of aftermarket products in FY2020 compared to FY2010.

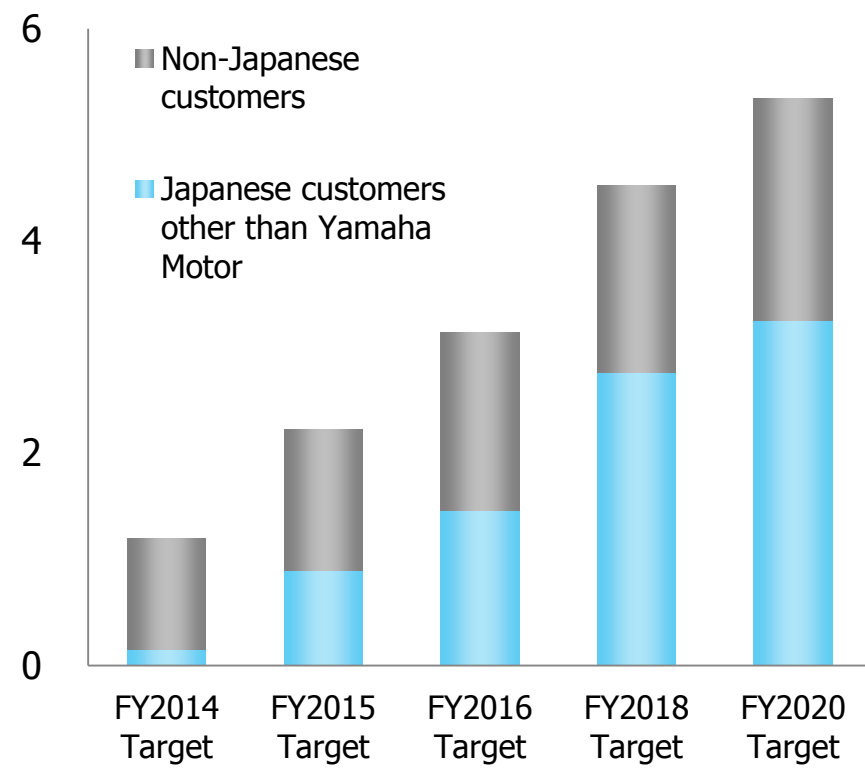
3-4. (Motorcycles) Indicate the Merger Effect to Domestic and Overseas Customers

* KYB Motorcycle Suspension Co., Ltd.



All domestic and overseas customers

(¥ Billion) Sales Promotion Breakdown

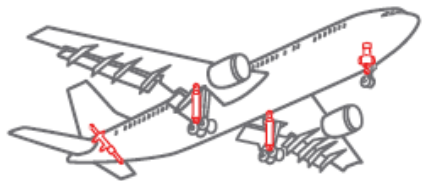


Cost reduction, increase product appeal, provide the results to all customers worldwide ⇒ sales expansion, non-Japanese, aftermarket

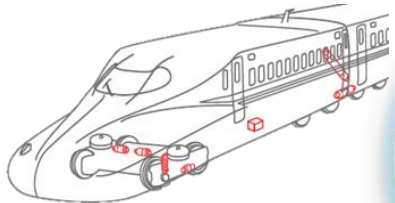
3-4. 2014 Medium-term Initiatives (HC Operations)



Accomplish Global Cost and Increase Share



Increase Transactions with Local Chinese Makers

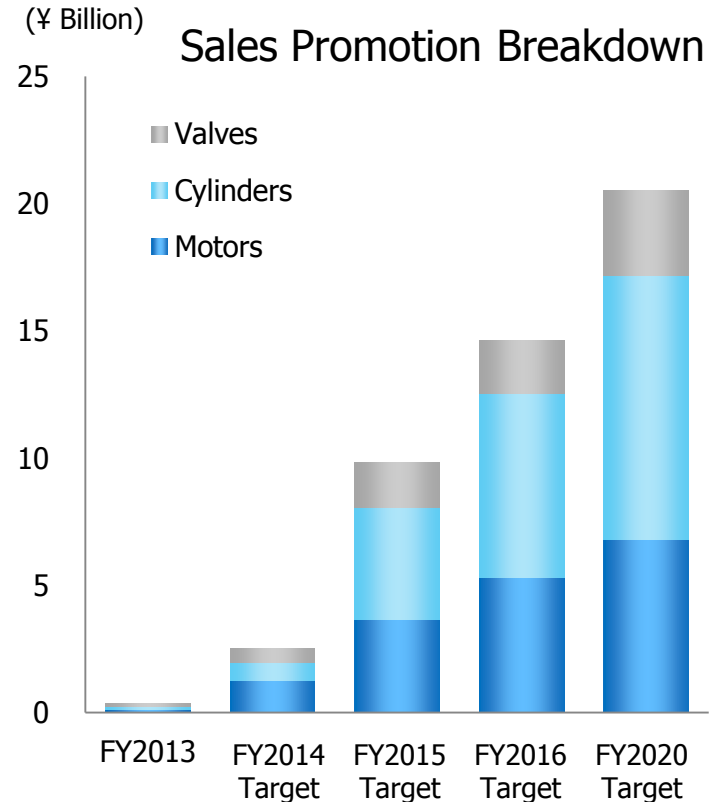


Increase Non-Excavator Business
(Agricultural machinery, railway, aircraft)

3-4. Accomplish Global Cost and Increase Share

Cost Reduction Targets

| Product | 2016 Target | Plan |
|--------------|-------------|--|
| Cylinders | -30% | Cost reduction model development Local raw material cost reduction Promote in-house production |
| Drive motors | -10% | Promote Group in-house production Increase local procurement Increase productivity |

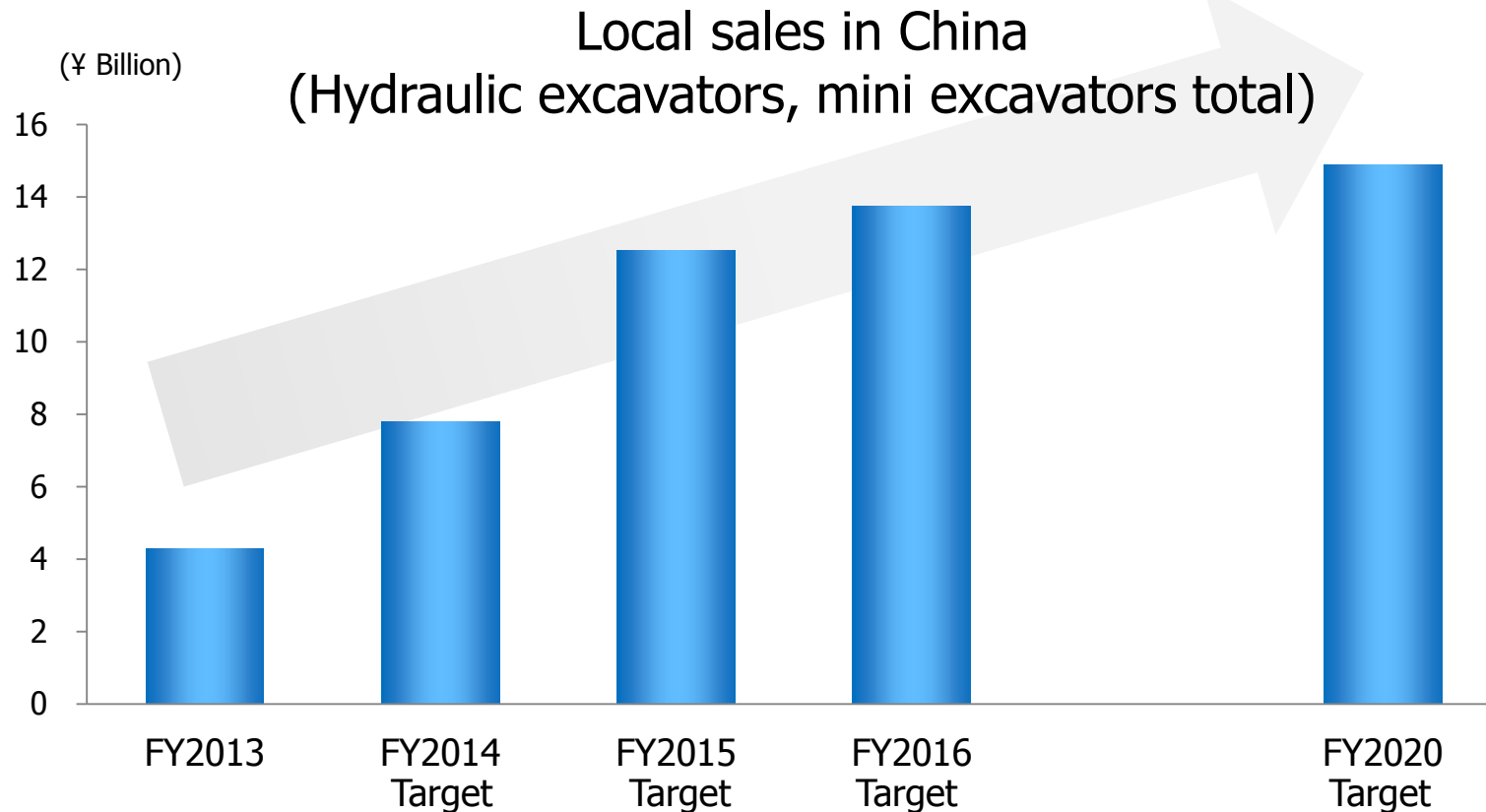


Competitors in China, India, and Korea
 ⇒ Build cost competitiveness to lead the market
 ⇒ Increase sales, increase share (Cylinders, drive motors)

3-4. Increase Transactions with Local Chinese Makers



Our Precision, Your Advantage



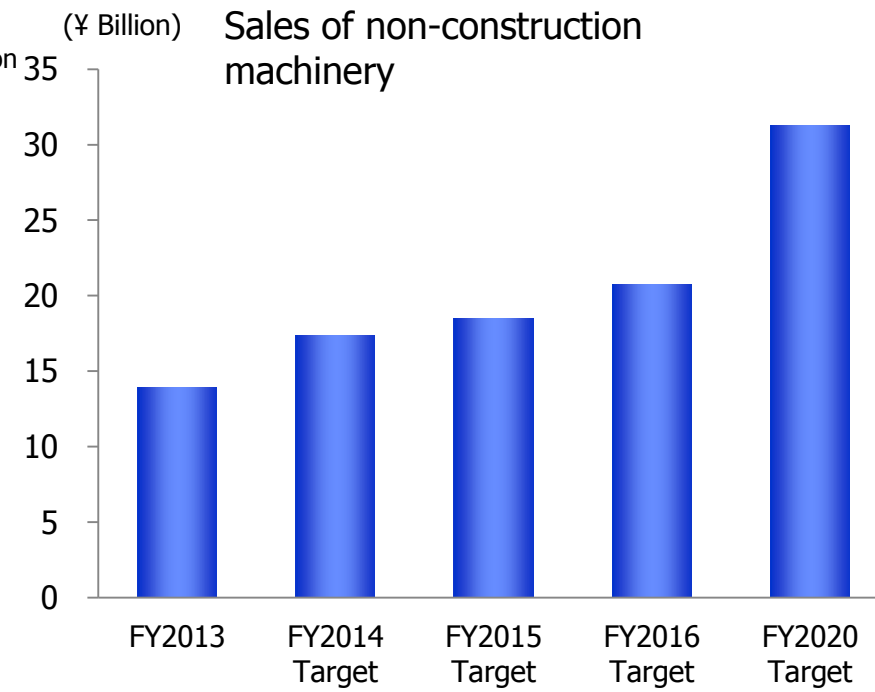
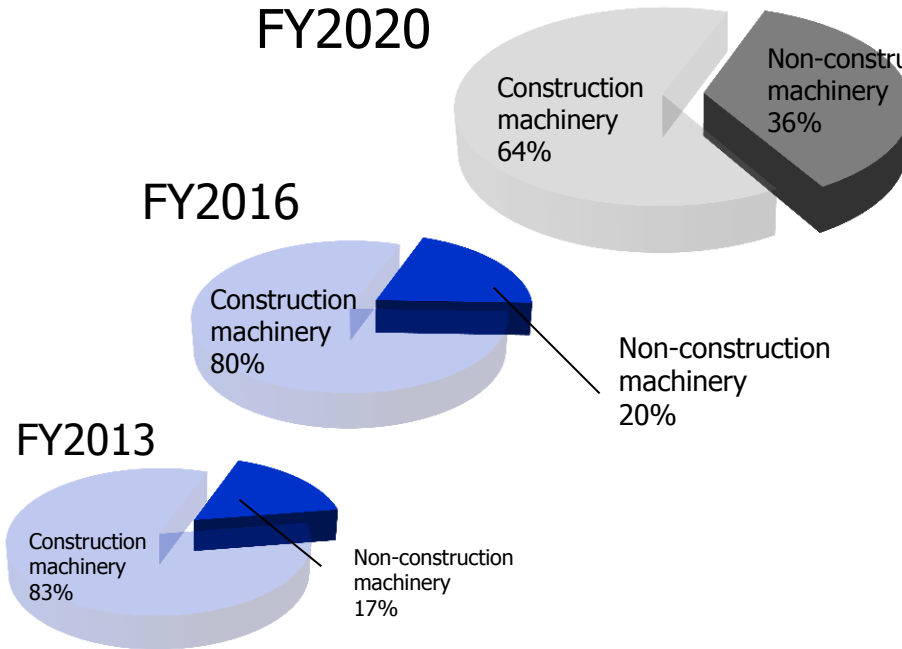
- Sales promotions targeting large local makers in China
- Sales push as a systems supplier for mini and small-size excavators
- Strengthen competitive power by transferring control of small-sized motors to China

3-4. Increase Non-Excavator Business

(Agricultural machinery, railway, aircraft)



Our Precision, Your Advantage



Agricultural machinery: Sales promotions for the growing China and North America markets

Railway: Resume manufacturing for the China Railway High-speed
 Contact and make sales promotions to overseas makers (big 3, China 's big 2)
 Respond to overseas infrastructure requests

Aircraft: Official demand ⇒ Establish position as domestic Tier 1 company (system supplier)
 Private demand⇒ Contact aircraft company other than Boeing

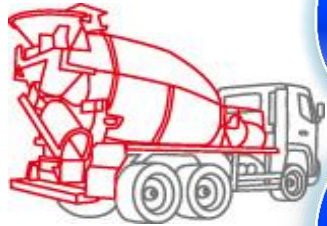
3-4. 2014 Medium-Term Initiatives

(Special-purpose vehicle business, system products and electronics components)

KYB

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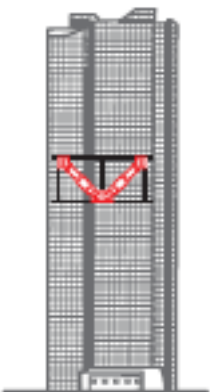
Special-purpose vehicle business



Develop business in Oceania and India

Establish production, sales and inventory system that can deal with domestic demand

System products

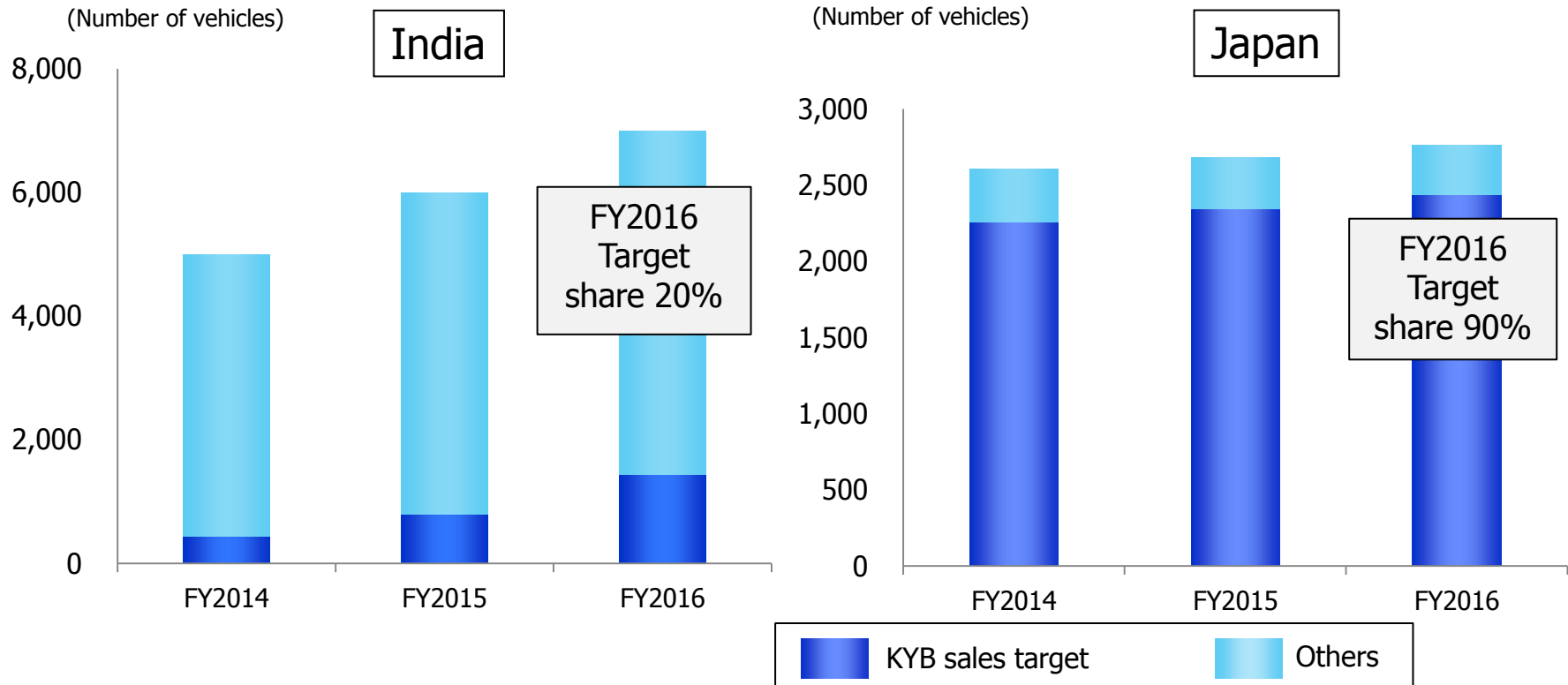


Orders related to Tokyo Olympics
(Stage, vibration control)

3-4. Develop Business in Oceania and India Establish Production, Sales and Inventory System that Can Deal with Domestic Demand

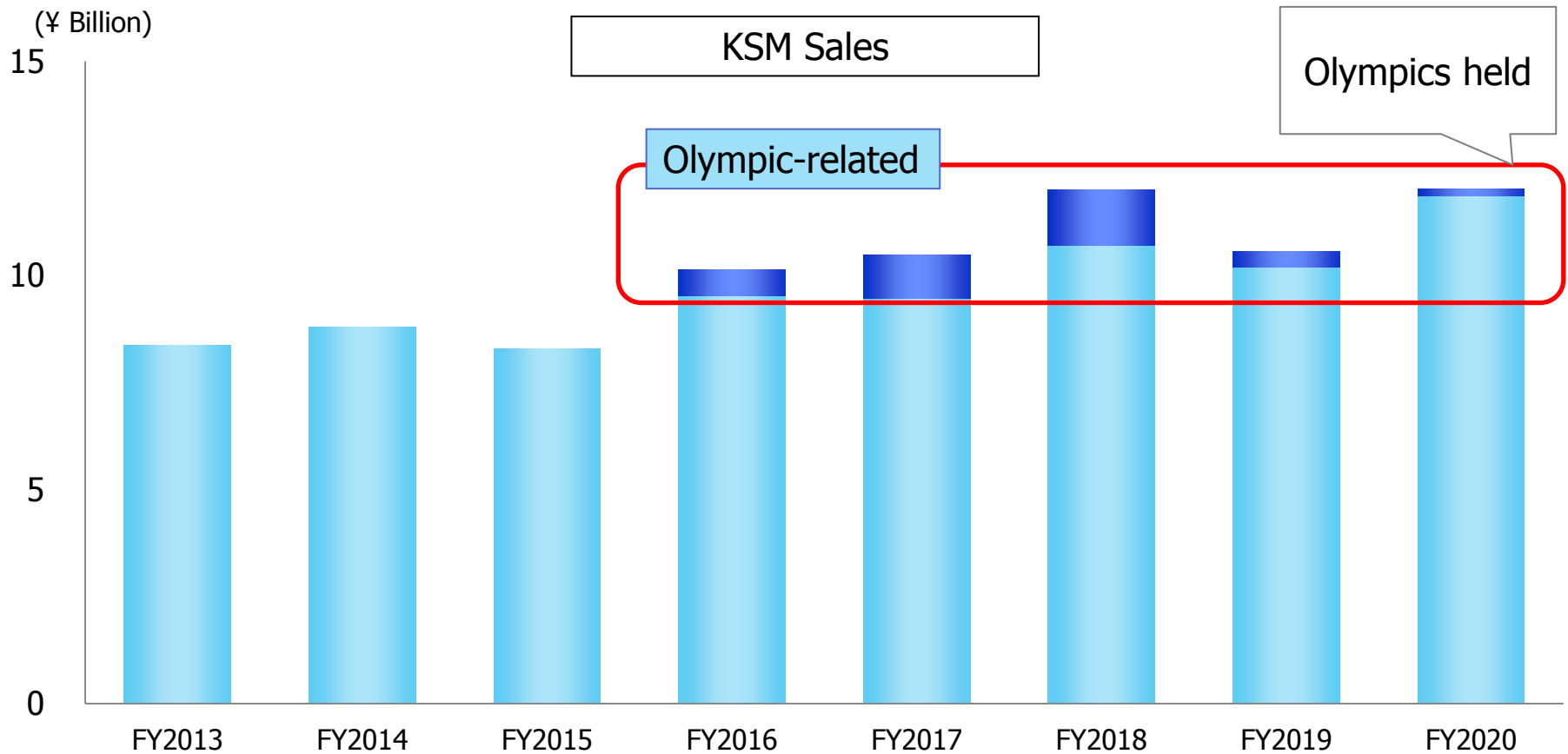


Our Precision, Your Advantage



- Introduce energy efficiency model to the Oceania market
- Collaborate with local chassis makers
- Increase mass production capacity in India
- In Japan, construct a production system to deal with increasing demand

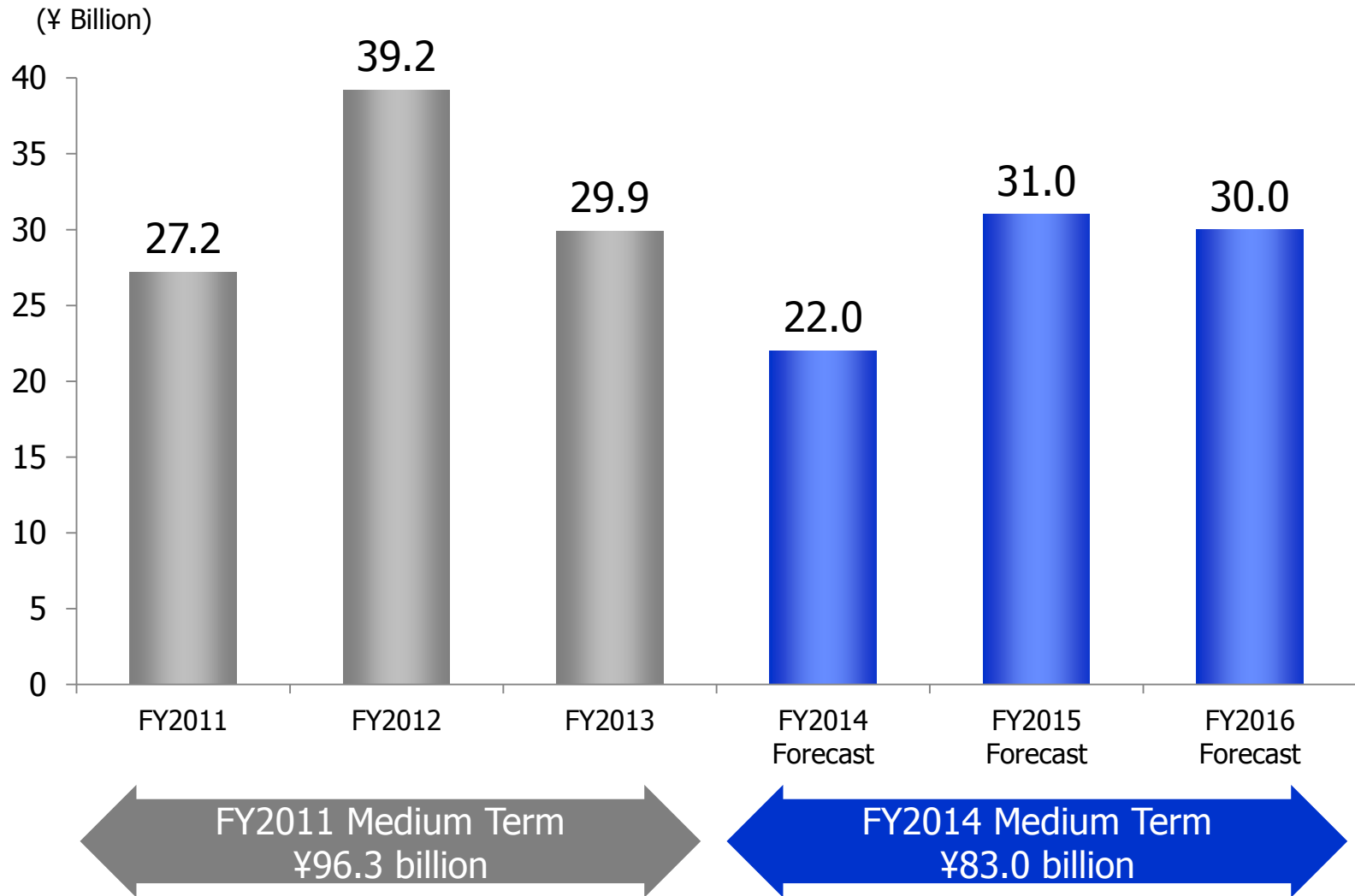
3-4. Orders Related to Tokyo Olympics (Stage, vibration control)



Figures after FY2013 are forecasts

- Receive a portion of Olympic construction orders
- Capture businesses from infrastructure improvements

3-5. Capital Expenditures



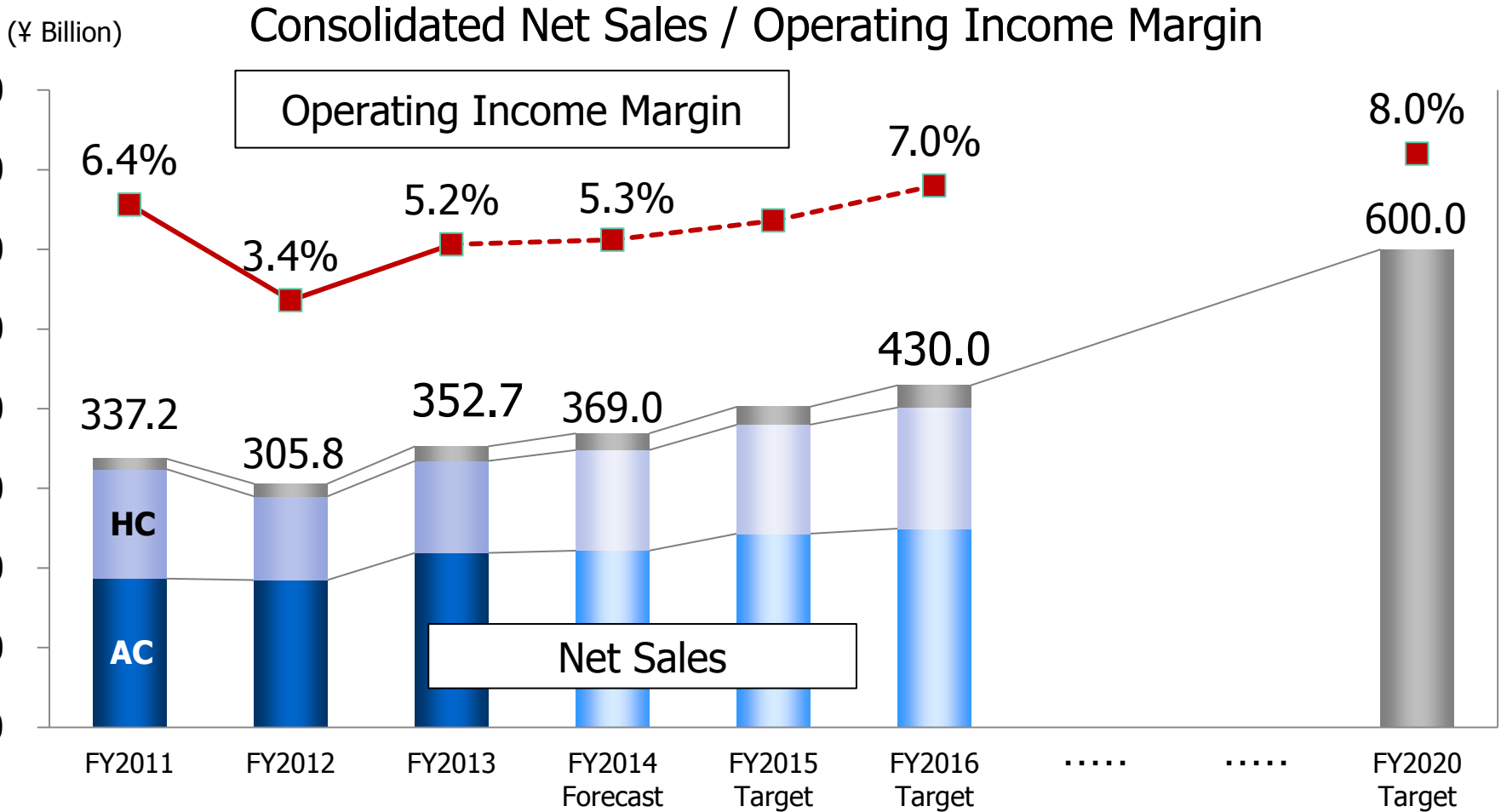
Note: Capital expenditures from 2011-2013 is an inspection basis, and capital expenditures from 2014-2016 is on a forecast (order) basis.

3-6. 2014 Medium-term Business Plan

| | FY2013 | FY2016 (Medium-term) Targets | FY2020 Targets |
|----------------------------|-------------------|------------------------------------|-------------------|
| Net Sales | ¥352.7 billion | ¥430.0 billion | ¥600.0 billion |
| Operating Income | ¥18.2 billion | ¥30.0 billion | ¥48.0 billion |
| Operating Income Margin | 5.2% | 7.0% | 8.0% |

Strengthen the global revenue base for FY2020
Sales: 600.0 billion, Operating Income Margin: 8%

3-6. 2014 Medium-term Business Plan





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.