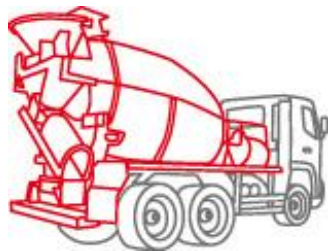


KYB

Our Precision, Your Advantage



Meeting Materials for First-Half of FY2014 Summary and Business Outlook

November 10, 2014

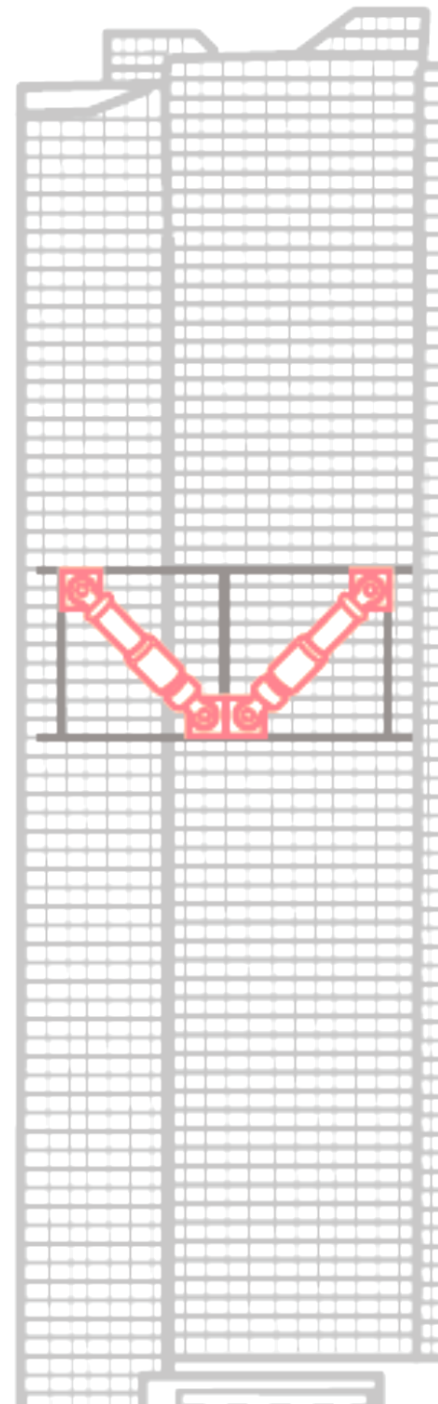
Masao Usui
Representative Director,
President Executive Officer
KYB Corporation

1. Financial Information
2. Status for Automotive Components Operations (AC)
3. Status for Hydraulic Components Operations (HC)
4. Status for Special-purpose vehicle business, system products and electronics components
5. Awards from Customers



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1. Financial Information




1-1. Environment and First-Half Circumstances for Each Business Division (1)

■ Automotive Components Operations

-  Sales increased with firm orders for OEM automotive shock absorbers
-  Motorcycle sales increased domestically and in Taiwan
-  Rising sales of EPS also boosted sales

1-1. Environment and First-Half Circumstances for Each Business Division (2)

■ Hydraulic Components Operations

 Sales decreased for hydraulic excavator components due to the slowing market in China

 Sales increased for components for mini-excavators due to a recovery trend in North America and Europe

 Sales increased for railway products for the China market

■ Special-purpose Vehicle Business, System Products and Electronics Components

 Sales increased for concrete mixer trucks due to recovery demand for earthquake

1-2. 1H of FY2014 Financial Summary (1)



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(¥ Billion)

	FY2013	FY2014	Differences
	1H Actual	1H Actual	Previous period
Net Sales	170.6	181.6	11.0
Operating Income	10.0	8.8	(1.2)
Ordinary Income	10.5	10.3	(0.2)
Net Income	6.5	6.8	0.3

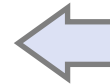
Interim dividend: ¥5 (increased from a forecast of ¥1 at the beginning of the term)

FY2014 = Year ended March 31, 2015

■ Factors Affecting Increase in Net Income



Increase in revenue



Sales increase centered on AC Operations and mixer trucks



Reversal of income taxes payable



Favorable exchange rate due to lower yen valuation



Increase in personnel expenses

Net Income: ¥6.8 billion (increase of ¥0.3 billion compared to the previous period)

1-3. Consolidated Financial Forecast for FY2014

(¥ Billion)

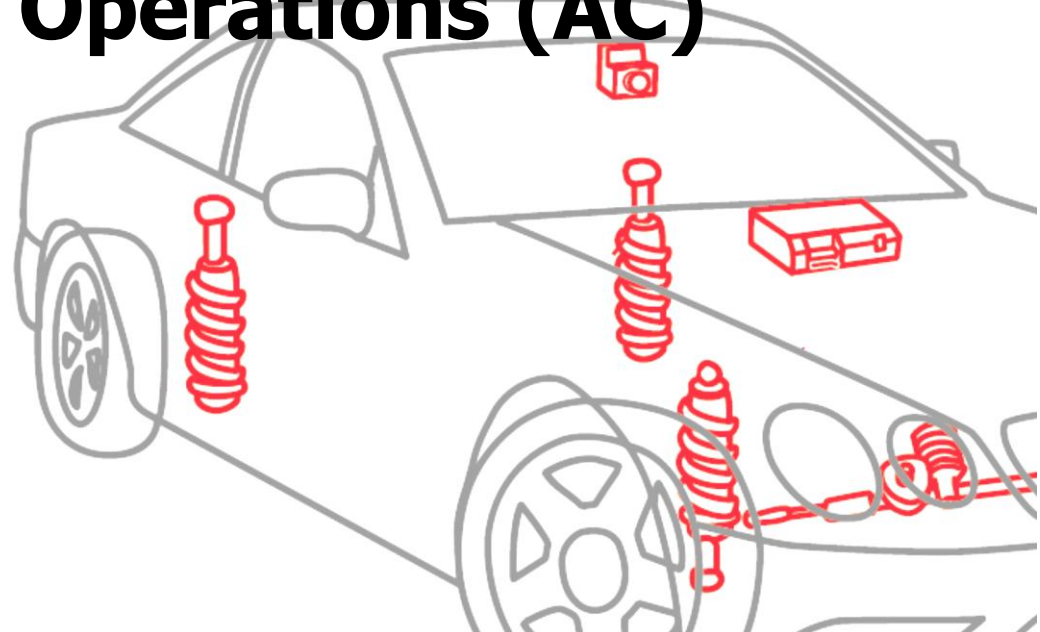
	FY2014		
	1H Actual	2H Forecast	Forecast
Net Sales	181.6	187.4	369.0
Operating Income	8.8	10.8	19.6
Ordinary Income	10.3	9.7	20.0
Net Income	6.8	5.2	12.0

Forecast has not been revised since the initial earnings forecast



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2. Status for Automotive Components Operations (AC)



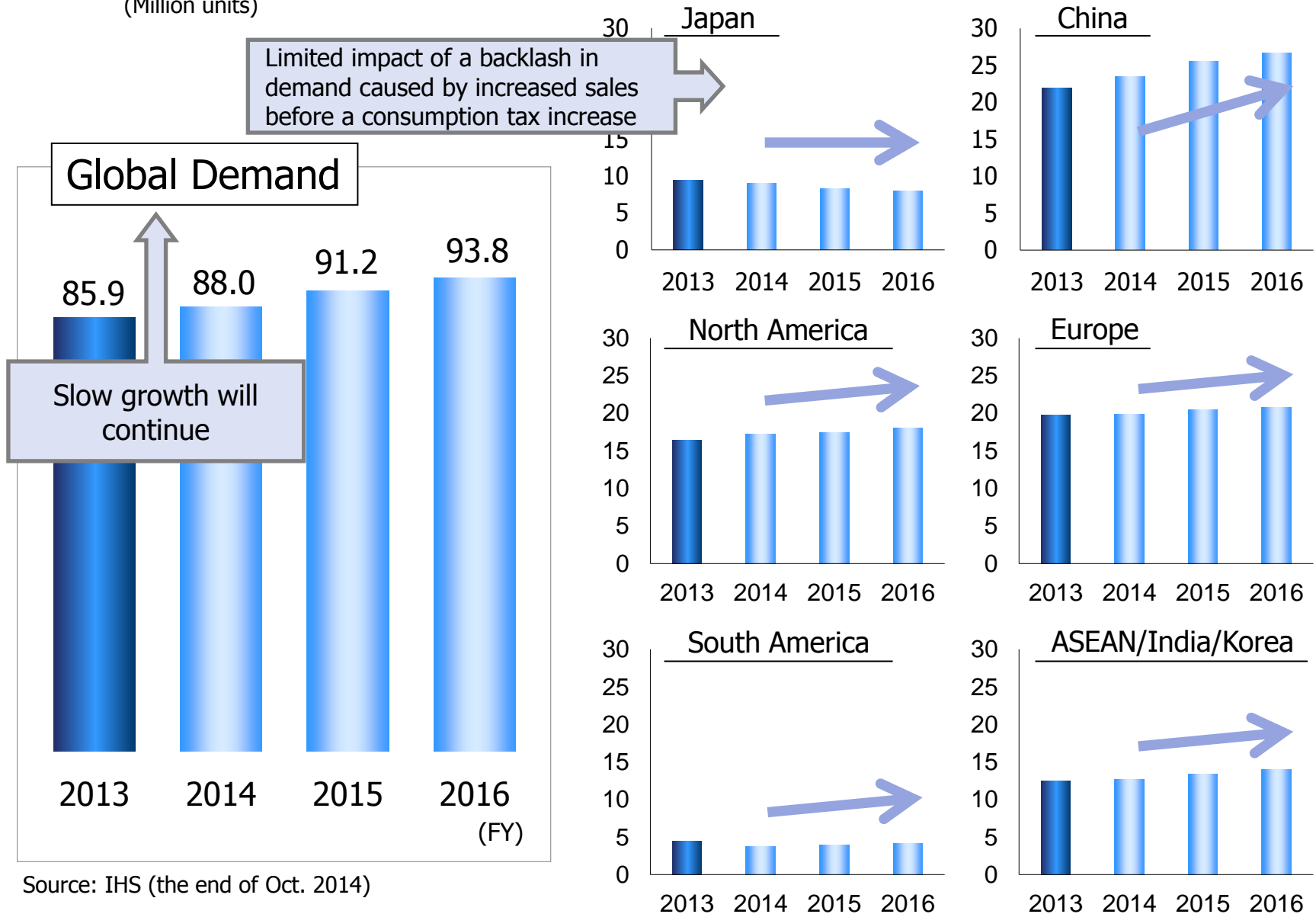
2-1. Market Environment (Automotive)

Global Production Forecast, by Region



Our Precision, Your Advantage

(Million units)



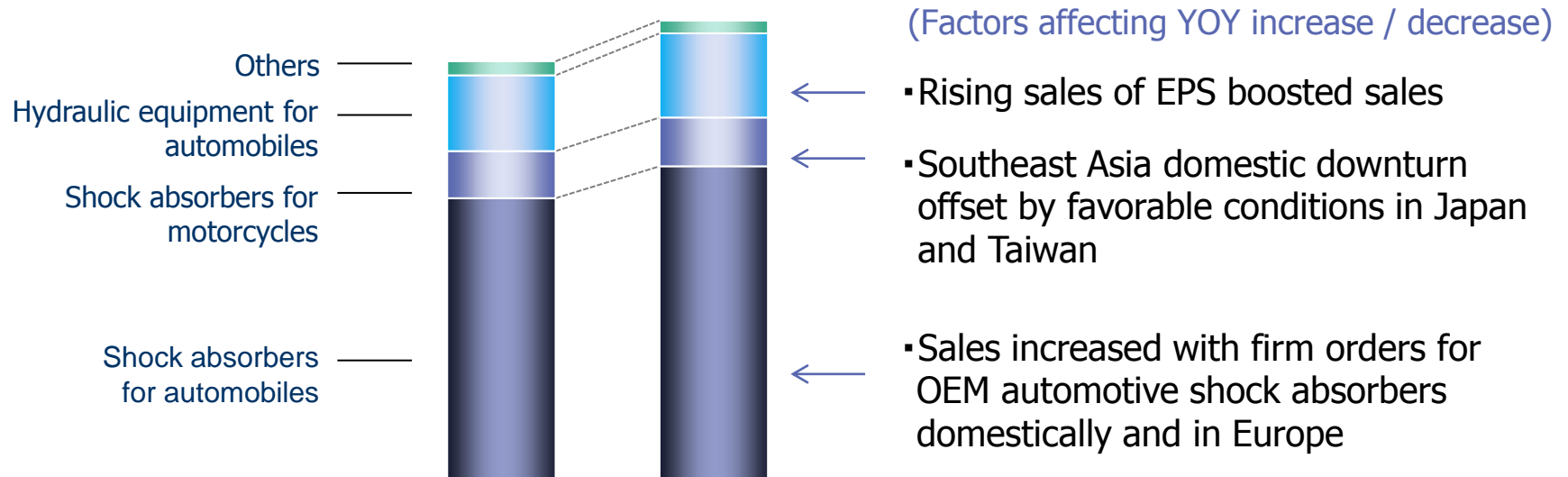
Source: IHS (the end of Oct. 2014)

2-2. AC Operations Sales Composition



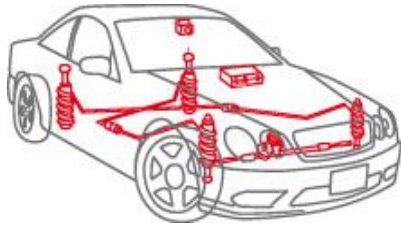
Our Precision, Your Advantage

■ Segment Sales



(¥ Billion)	FY2013	FY2014	Differences	Main Products
	1H Actual	1H Actual		
Shock absorbers for automobiles	71.7	79.7	8.0	Shock absorbers (for OEM, aftermarket, genuine parts)
Shock absorbers for motorcycles	11.9	12.3	0.4	Front fork, rear cushion unit
Hydraulic equipment for automobiles	19.1	21.2	2.1	CVT (Continuously Variable Transmission), power steering (hydraulic, electric)
Others	3.6	3.2	(0.4)	Stay dampers, shock absorbers for ATV (All Terrain Vehicle)
Total	106.2	116.5	10.3	

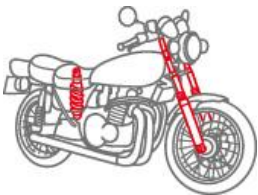
2-3. 2014 Medium-term Initiatives (AC Operations)



More Sales Promotions for Non-Japanese Auto Makers Worldwide

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

Sales Expansion for CVT Pumps



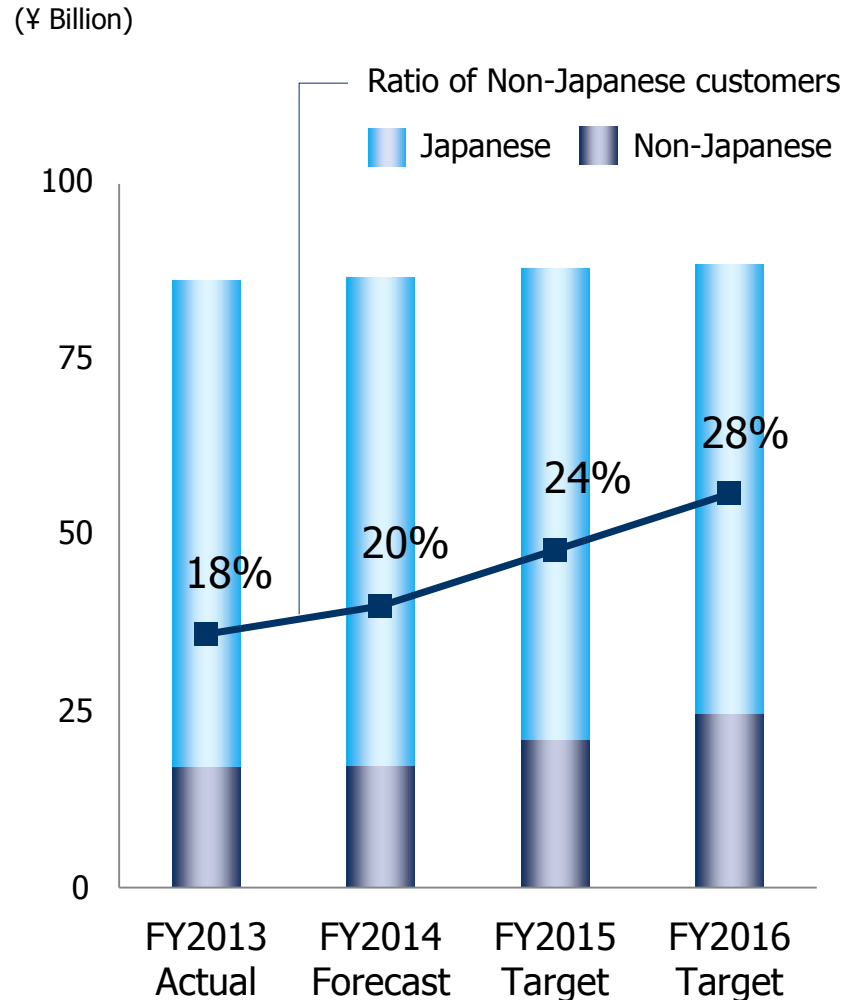
(Motorcycles) Indicate the Merger Effect to Domestic and Overseas Customers

2-3. More Sales Promotions for Non-Japanese Auto Makers Worldwide



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Automotive Shock Absorbers (OEM) sales / Ratio of Non-Japanese Customers (Global)



■ New Orders in FY2013 and First Half of FY2014

Mass production start in 2013

Non-Japanese Maker	Location	Component types
PSA	Europe	6
Volvo truck	Thailand	2

Mass production start in 2014

Non-Japanese Maker	Location	Component types
PSA	Brazil	4
Renault / Daimler	Czech Republic	2

Mass production start in 2016

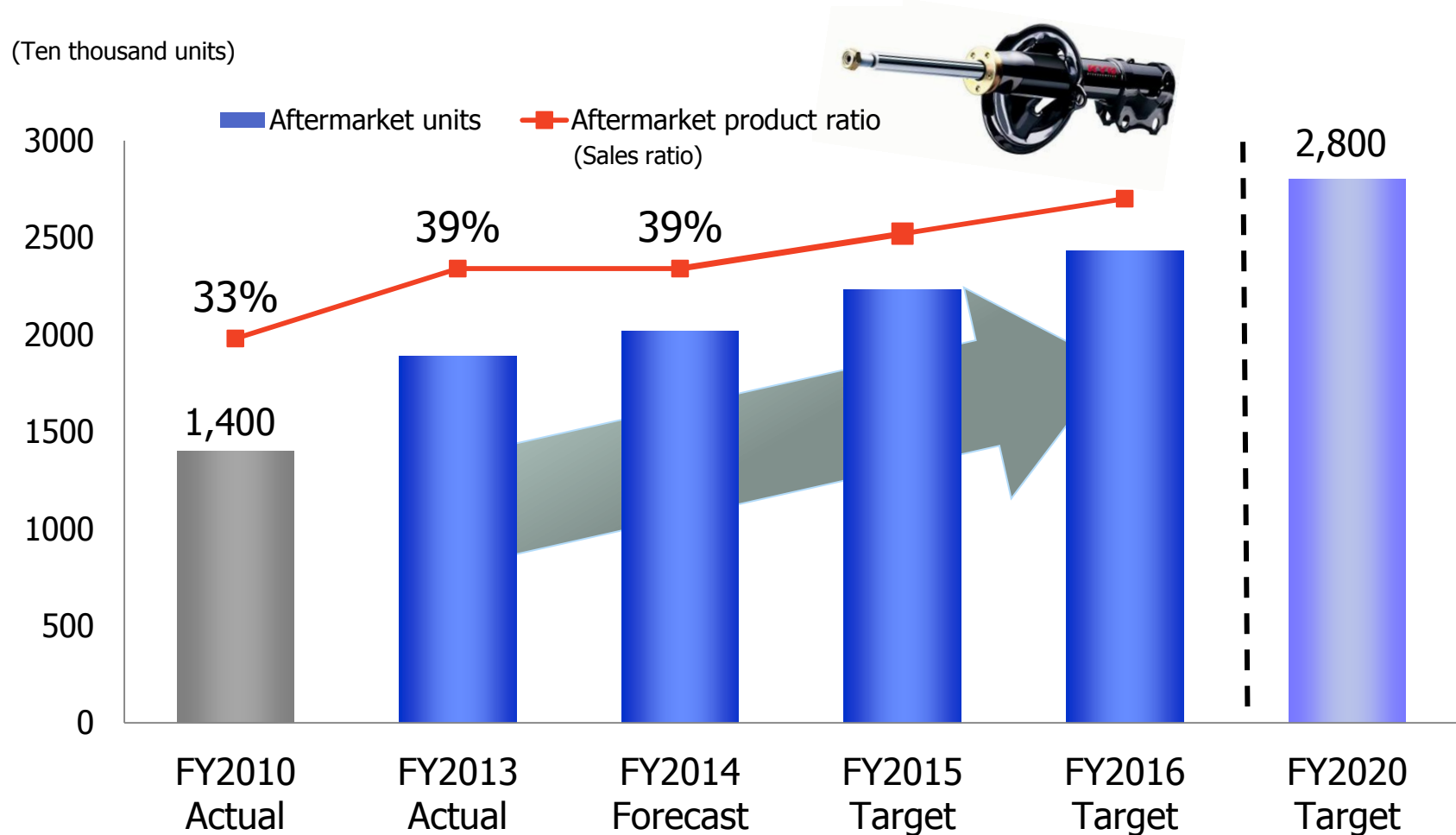
Non-Japanese Maker	Location	Component types
PSA / Opel	Europe	2
BMW	China	2
Volvo truck	Thailand	2

2-3. Double Aftermarket Framework (1) (28 million parts per year by 2020)



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(Ten thousand units)



Expand aftermarket product lineup, start operations of aftermarket shock absorber sales company in Brazil

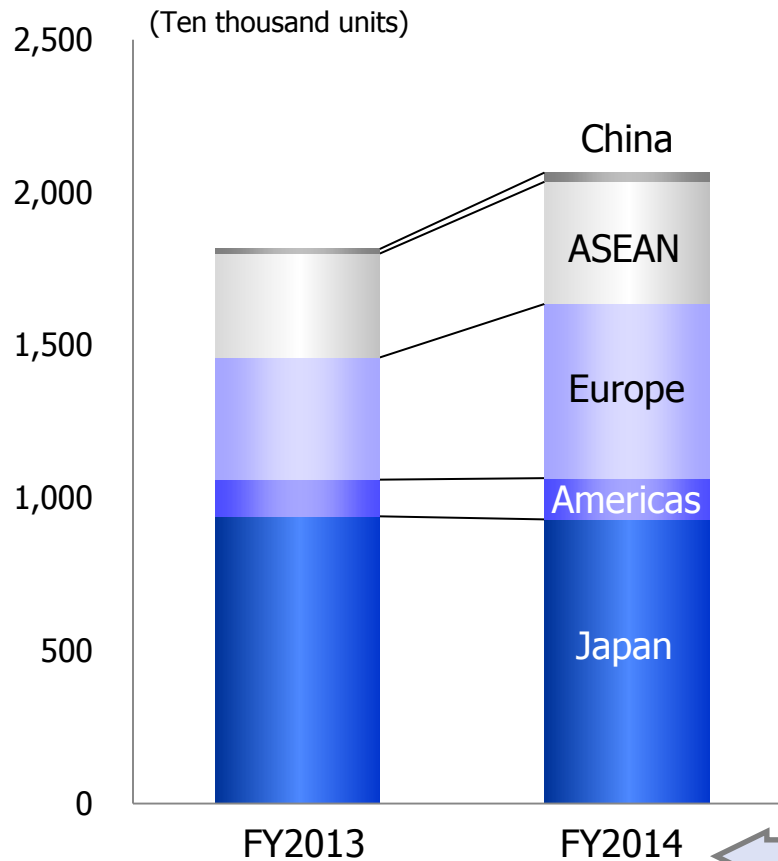
2-3. Double Aftermarket Framework (2)

(28 million parts per year by 2020)



Our Precision, Your Advantage

Unit production by aftermarket area



Major increases in capacity		Operation time
China	Multi-type strut production line expansion	Apr. 2014
Thailand	Maintain aftermarket production line by reorganizing the line	Jan. 2015
Czech Republic	Maintain aftermarket production line by reorganizing the line	FY2015
	Spring plant establishment	Jan. 2014 Mass production start
U.S.A.	Relocate aftermarket strut line to new building	Mar. 2015
Mexico	New shock absorber plant established	Dec. 2015

Production in Japan will not decline severely

Measures to quickly build a global supply system, including shock absorber plant establishment in Mexico.



■ At the CVT Plant (As of Oct. 2014)



Production will start in September 2014

Will establish a global production capacity of 5 million units

■ Shock Absorber Plant Outline



Site preparation

Location: Silao, Guanajuato State, Mexico (Guanajuato Inland Port)

Start of construction: Nov. 2014

Operation start: Dec. 2015

Production capacity:

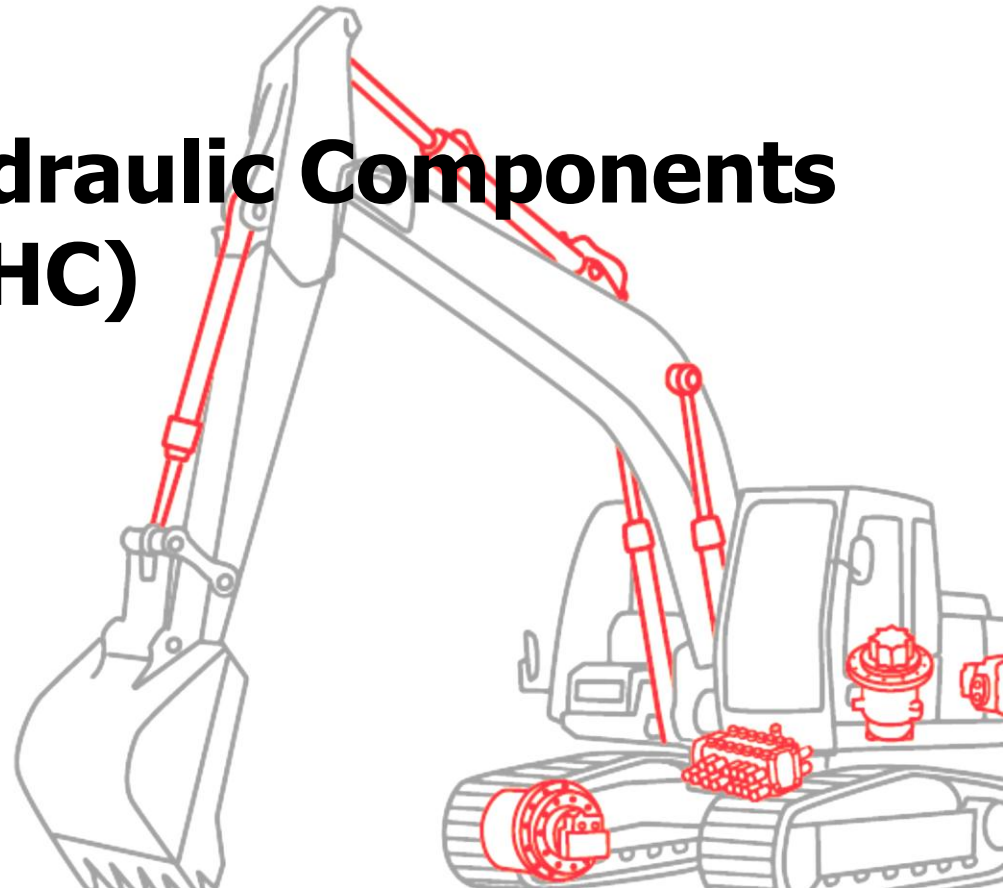
2015: 1 line, approx. 140,000 (approx. 70,000 OEM + approx. 70,000 aftermarket)

2016: 2 lines, approx. 970,000 (approx. 420,000 OEM + approx. 550,000 aftermarket)



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3. Status for Hydraulic Components Operations (HC)

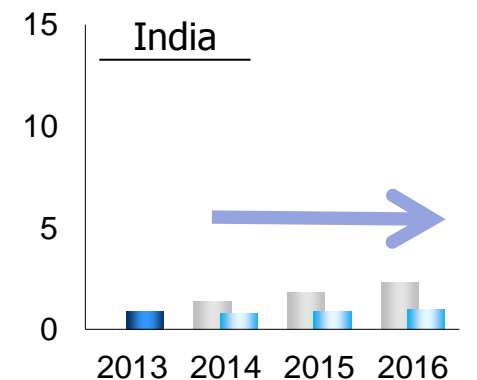
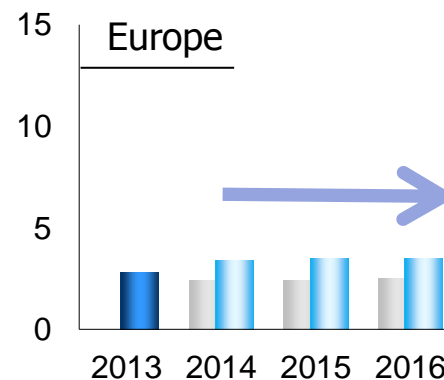
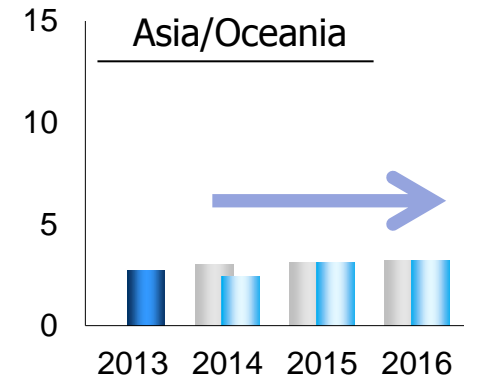
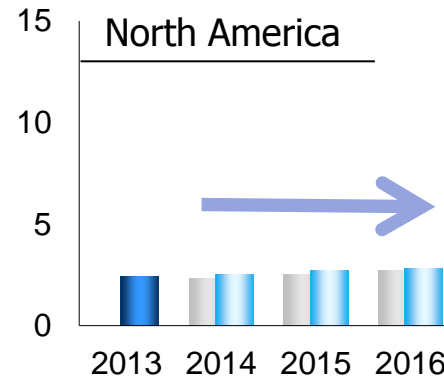
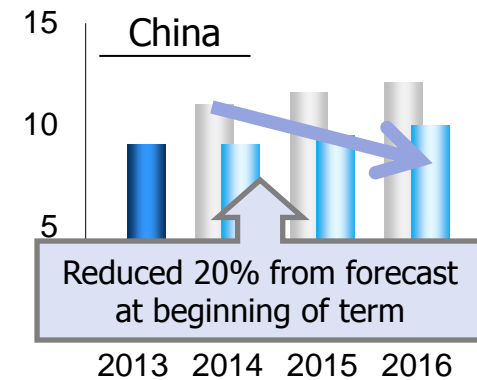
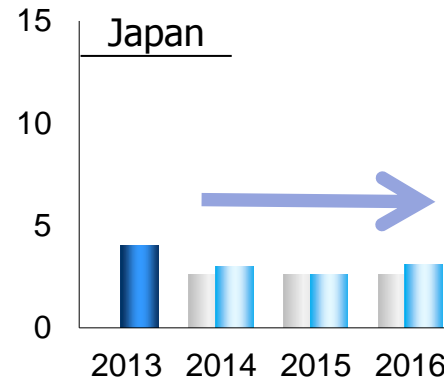
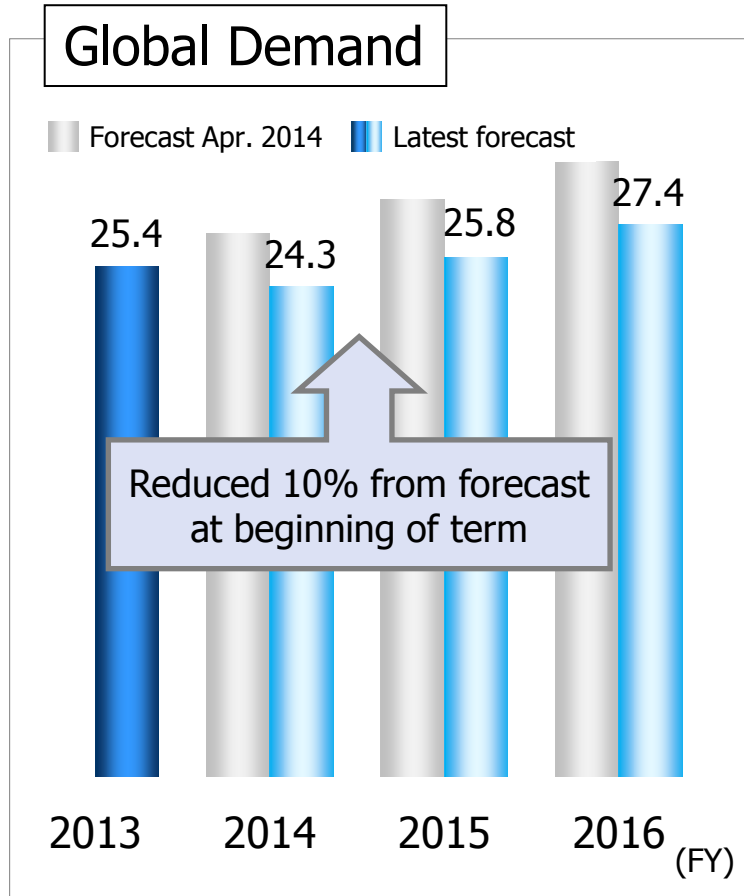


3-1. Market Environment (Hydraulic excavators 6 tons and over) Global Demand Forecast, by Region



Our Precision, Your Advantage

(Ten thousand units)



A large downturn, primarily in the China market, since the forecast at beginning of term.

3-1. Market Environment

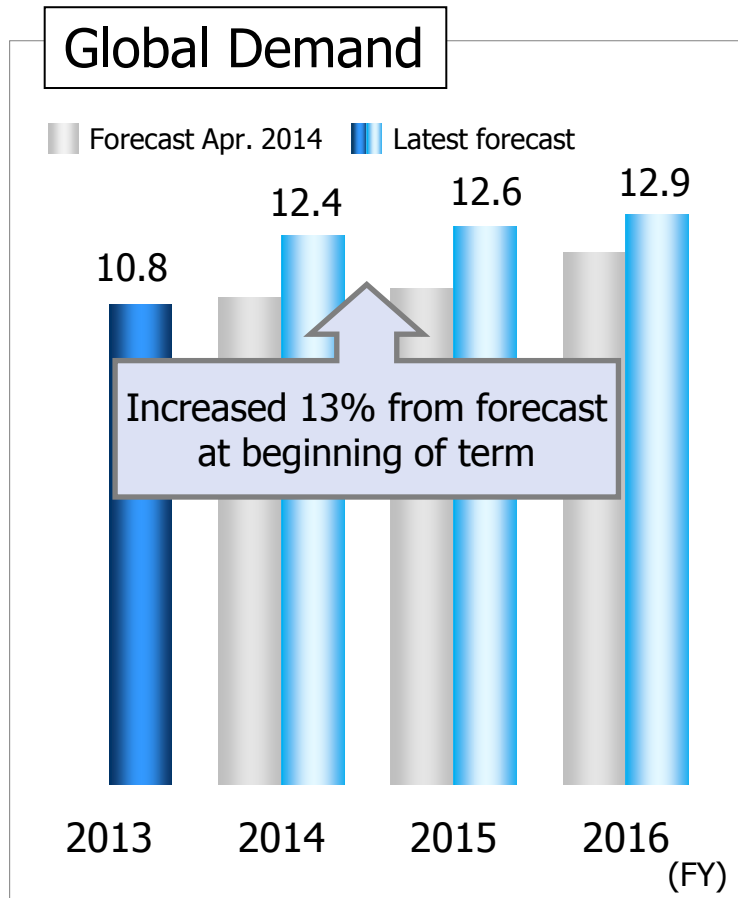
(Hydraulic excavators less than 6 tons)

Global Demand Forecast, by Region

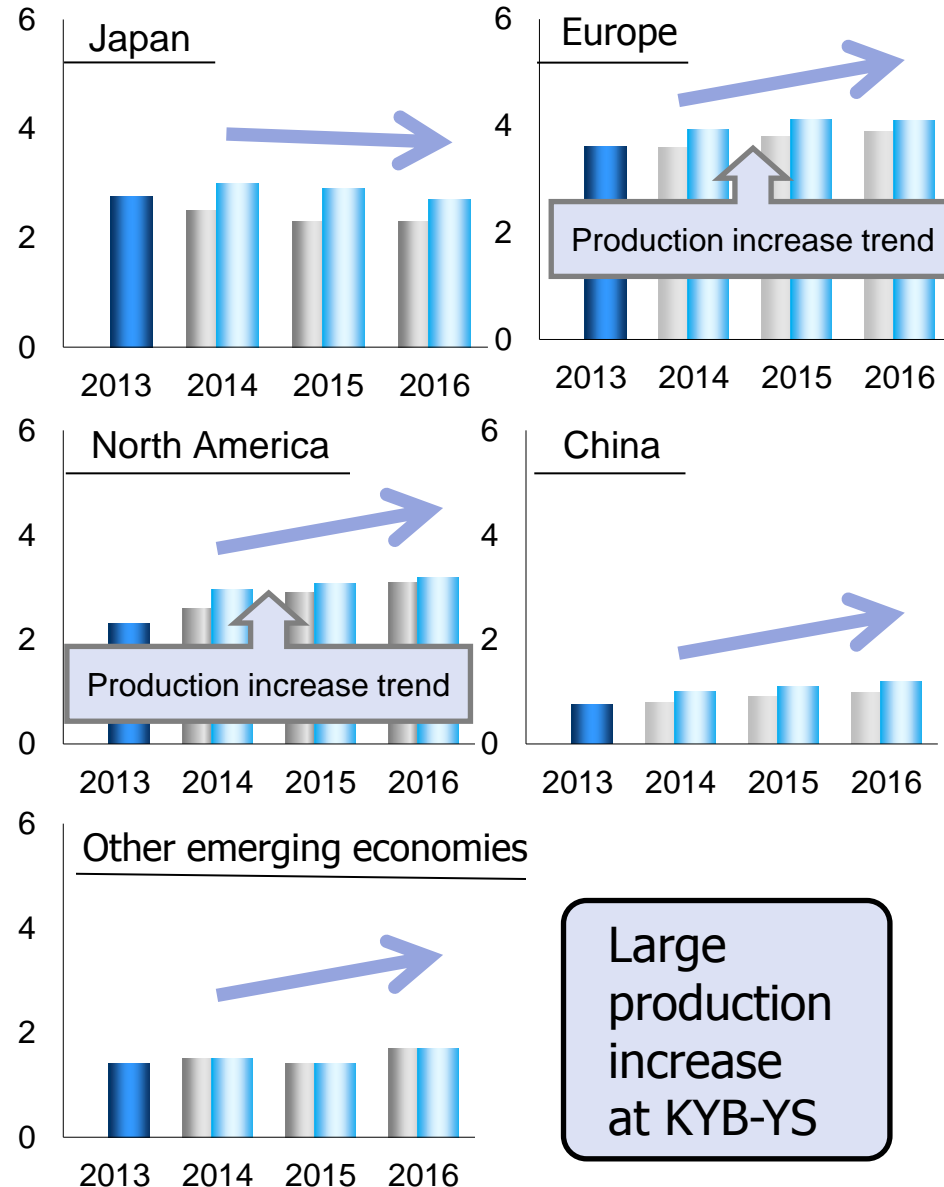


Our Precision, Your Advantage

(Ten thousand units)



A rapid increase, domestically and overseas, since the forecast at beginning of term.



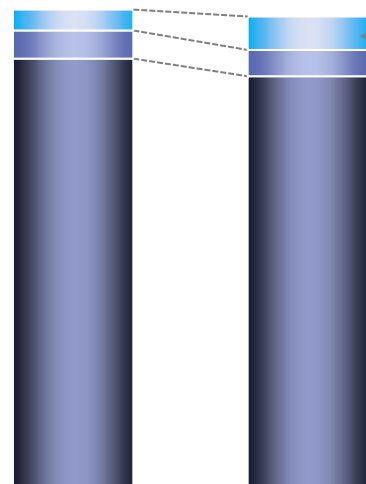
3-2. HC Operations Sales Composition



Our Precision, Your Advantage

■ Segment Sales

Others —
Aircraft —
Industrial use —



(Factors affecting YOY increase / decrease)

Increased 60% for railway products

- Slowdown in the China market due to the influence of infrastructure work delays
- China slowdown offset by favorable sales of equipment for mini excavators and railway products

Decreased 20% for excavators and increased 17% for mini excavators products

(¥ Billion)	FY2013	FY2014	Differences	Main Products
	1H Actual	1H Actual		
Industrial use	51.2	49.1	(2.1)	Cylinders, traveling motors, swing motors, control valves, pumps (for construction machinery, forklifts, agricultural machines)
Aircraft	3.4	3.2	(0.2)	Actuators, wheels and brake assembly
Others	2.5	4.0	1.5	Oil dampers for railway vehicles, semi-active suspension systems for bullet trains
Total	57.1	56.3	(0.8)	

■ Changes to business environment since beginning of term plan formation



Hydraulic excavators more than 6 tons

Decrease due to slowdown in the China market (-10%)



Hydraulic excavators less than 6 tons

Increase domestically and overseas (+13%)

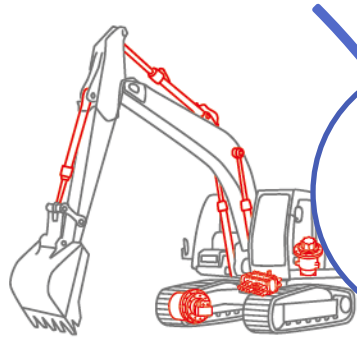


Railway

Production increase for China Railway High-speed

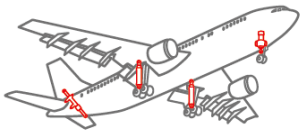
- Mini excavators and railway products sales increased, restoring profitability from a decrease in sales of hydraulic excavator components
- Securing profits by speeding up cost reduction (using local procurement).
- Proactive sales promotions for local makers in China
 - Secure operating profit and net sales for FY2014, compared to the previous fiscal year.

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

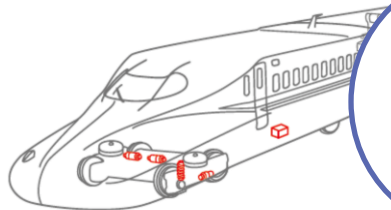


Accomplish Global Cost and Increase Share

Increase Transactions with Local Makers in China



Increase Non-Excavator Business
(Railway, agricultural machinery, aircraft,
new business field)



3-4. Accomplish Global Cost and Increase Share



Our Precision, Your Advantage

■ Cost Reduction Targets

Product	Target	Plan	Activities in FY2014
Cylinders	-30%	Cost reduction model development Local raw material cost reduction Promote in-house production	Complete local procurement excepting non-applicable material
Drive motors	-10%	Promote Group in-house production Increase local procurement Increase productivity	Progress with local procurement (currently 60%) Progress with group in-house production (Component manufacturing in Vietnam → Direct delivery to China)

- Cost reduction policy proceeding as planned
- Local material cost reduction and speeding up efforts for in-house production in the second half

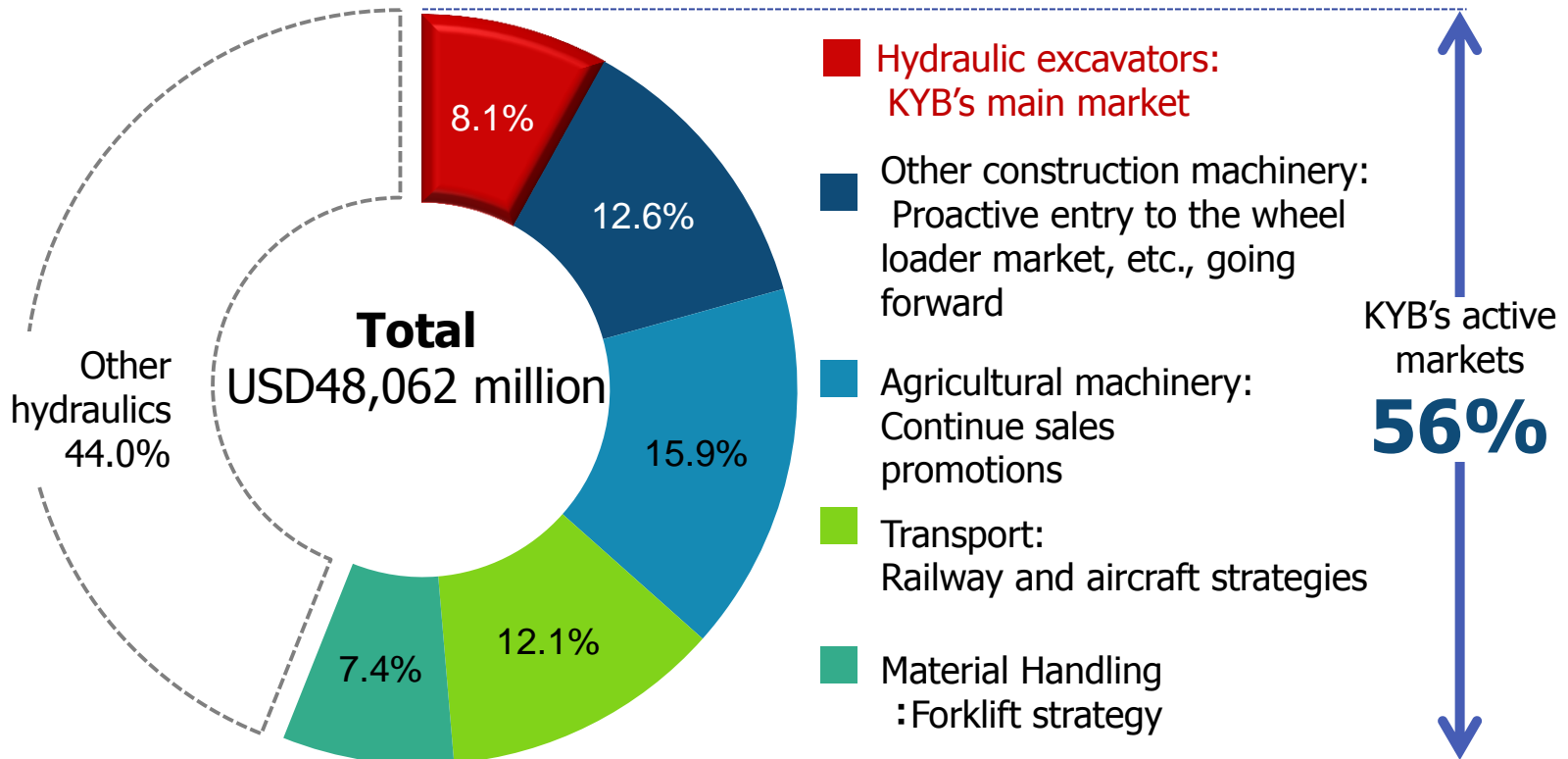
3-4. Increase Non-Excavator Business

(Railway, agricultural machinery, aircraft, new business field)



Our Precision, Your Advantage

■ Global Hydraulics Market (2013)



- Large potential for future market entries, room to expand
- Going forward, proactively enter the market for other construction machinery, and other markets

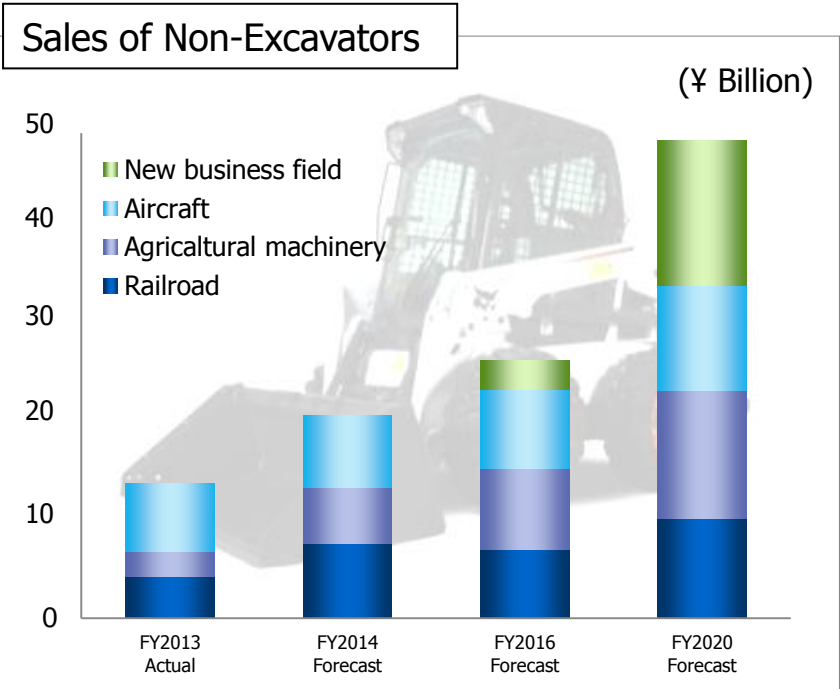
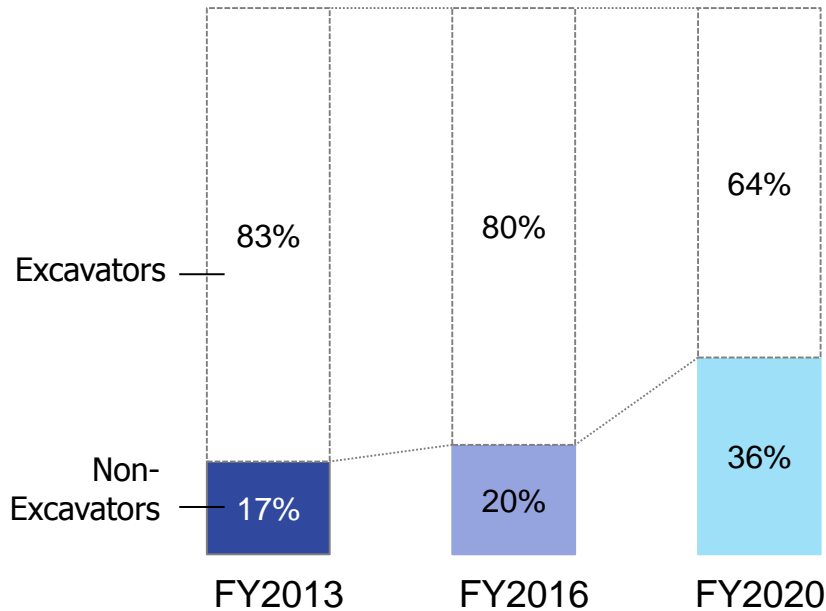
3-4. Increase Non-Excavator Business

(Railway, agricultural machinery, aircraft, new business field)



Our Precision, Your Advantage

Sales ratio



Railway: Favorable due to resumption of manufacturing for China railway high-speed (60% YOY increase)

Agricultural Machinery: Continue sales promotions for the expanding China and North American markets

Aircraft: Official demand → Establish standing with domestic Tier 1 companies (Systems suppliers)
Private demand → Establish contacts with aircraft companies other than Boeing

New Fields: Enter construction machinery markets other than hydraulic excavators (such as wheel loaders)

Strategy draft: Establish organization, make this work a full-time task, and enforce concrete actions



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4. Status for Special-purpose vehicle business, system products and electronics components

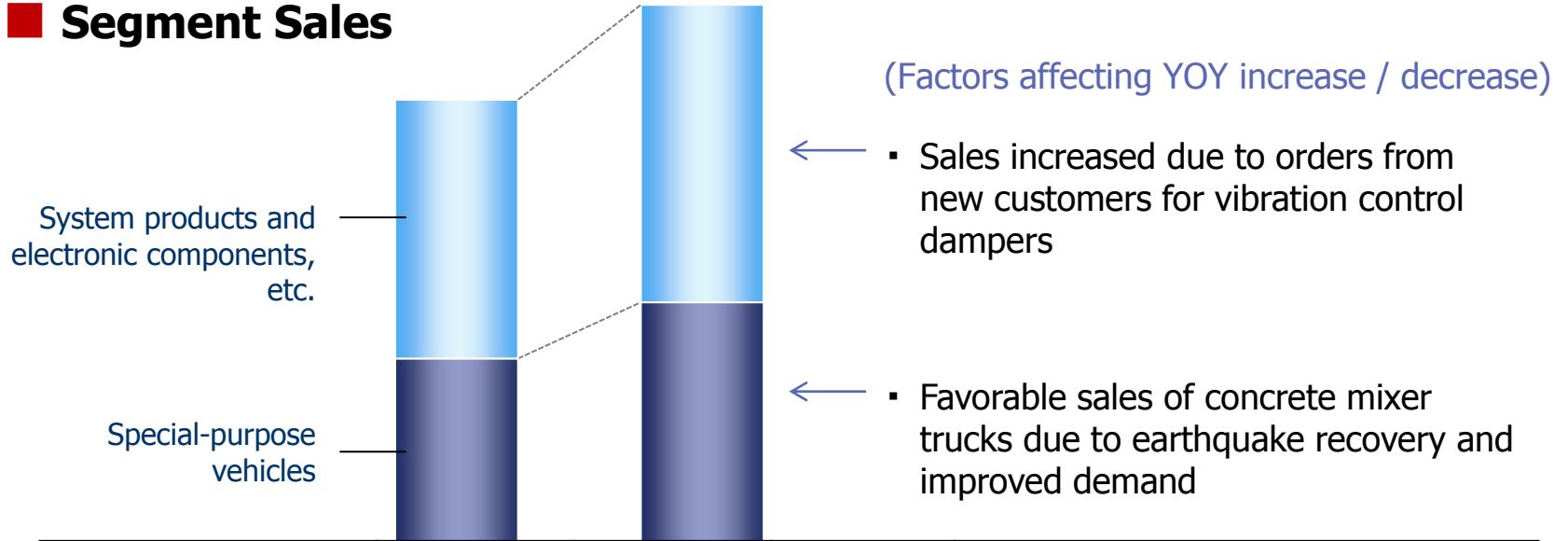


4-1. Special-purpose Vehicles, System Products and Electronics Components Sales Composition



Our Precision, Your Advantage

■ Segment Sales



(¥ billion)	FY2013	FY2014	Difference	Main Products
	1H Actual	1H Actual		
Special-purpose vehicles	3.0	3.9	0.9	Concrete mixer trucks
System products and electronic components, etc.	4.2	4.9	0.7	Seismic & vibration control systems, Theater equipment, Building and structural equipment, Rock tunneling equipment, Marine equipment, Simulated conditions testing, Environmentally-friendly equipment, Electronic components
Total	7.3	8.8	1.5	

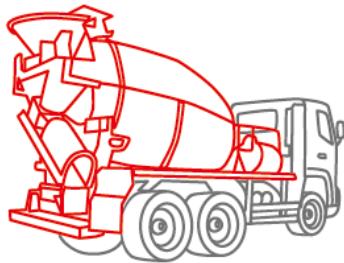
4-2. 2014 Medium-Term Initiatives

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

KYB

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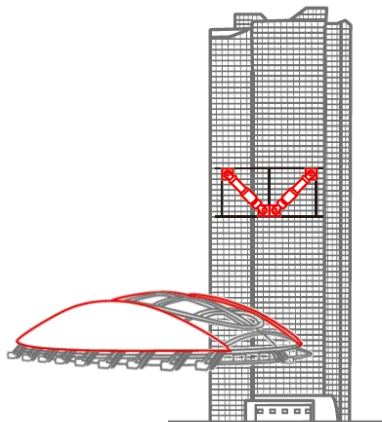
Special-purpose vehicle business



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

Develop business in Oceania and India

System products



Orders related to Tokyo Olympics
(Stage, vibration control)

4-2. Special-purpose Vehicle Initiatives



Our Precision, Your Advantage

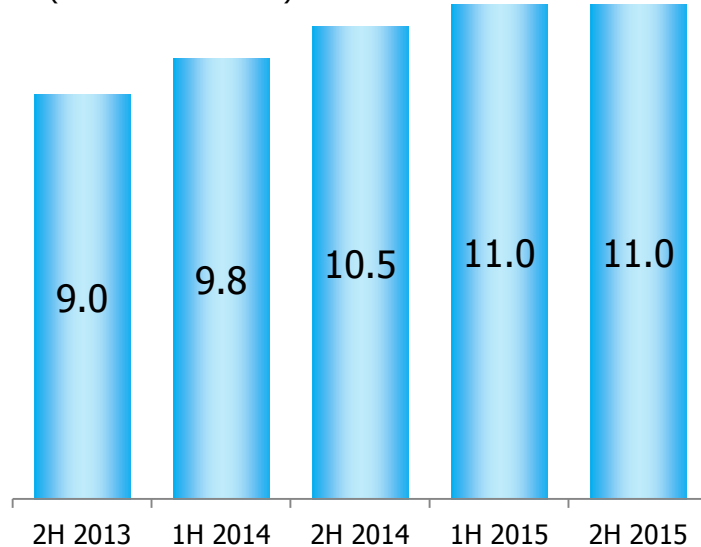
Special-purpose vehicle business

- Develop production system to respond to domestic demand increase

Ensure 11 vehicles per day by increasing productivity.

Vehicles / day

(Number of vehicles)

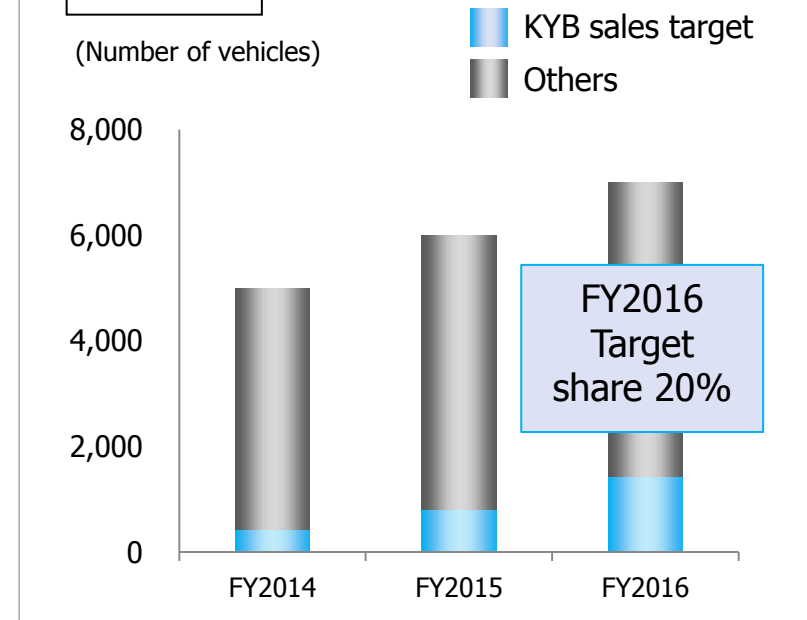


- Sales Promotions in Oceania and India

Secure shares in the India market

India

(Number of vehicles)



System products

■ Major structures using KYB's vibration control systems



Building	Completed	Systems used
Toranomon Hills	May 2014	Vibration control dampers: 516
ABENO HARUKAS	Mar. 2014	Active mass damper (AMD): 2
TOKYO SKYTREE	Feb. 2012	High speed vibration oil damper: Approx. 100 Vibration control oil damper: Approx. 110

■ One-of-a-kind products (Newly developed products)

High speed vibration oil damper: jointly developed with large general contractor

→ For use in Nakanoshima Festival Tower West (temporary name)

■ Receive Orders for Business Related to the Tokyo Olympics

(Stage / vibration control equipment)

- Demand for hotel and match facilities will hit stride in 2016 and thereafter
- FY2013 Olympic project launch



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5. Awards from Customers



5. Awards from Customers in 2014



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■ Notable Awards Received from Customers

Customer	Award	Reason for Award
Nissan Motor Co., Ltd.	Innovation Award	Contributed to cutting-edge technology for steer-by-wire
General Motors	Supplier Quality Excellence Award	Achieved zero delivery / market complaints
Yamaha Motor Co., Ltd.	Technological Development Award	Contributed to technological development for three-wheel scooter TRICITY
JATCO Ltd.	Regional Quality Award	Zero complaints for CVT pumps for the last 15 months
Kawasaki Heavy Industries, Ltd.	Special Award	Cost reduction by increasing the ratio of local procurement in Thailand
Kobelco Construction Machinery Co., Ltd.	New equipment model contribution award	Reduced lead time for cylinders and drive motors
Central Japan Railway Company	Appreciation letter upon the 50th anniversary of the Tokaido bullet train	Semi-active systems, passive dampers, caliper brake wheel tread cleaning equipment



Nissan Motor Co., Ltd.



Yamaha Motor Co., Ltd.



JATCO Ltd.

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



Our Precision, Your Advantage

Cautionary Statement

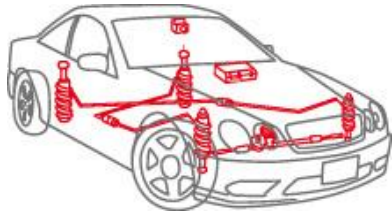
This report contains forward-looking statements, including KYB's plans and strategies, as well as statements that report historical results. Forward-looking statements involve such known and unknown risks and uncertainties as economic conditions; currency exchange rates; laws, regulations, and government policies; and political instability in principal markets.

For further information, please contact to:

Mr. Otani

Investor Relations Sect., Finance Dept.

Tel: +81-3-3435-3580



KYB

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Financial Information for First-Half of FY2014

November 10, 2014

Takaaki Kato

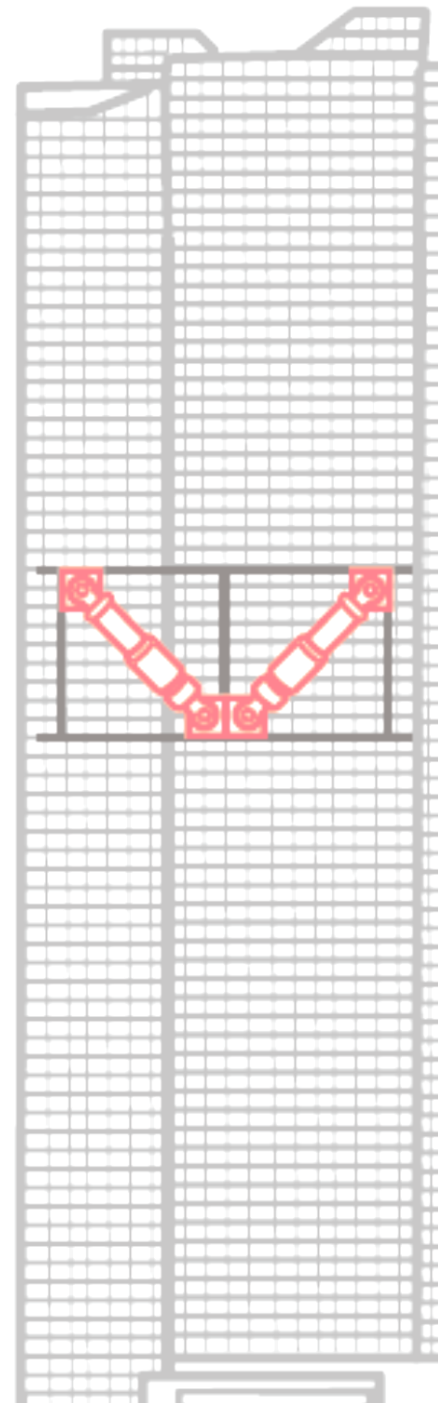
Deputy Chief Financial Officer,
Finance & Accounting Div.
Managing Executive Officer
KYB Corporation



Our Precision, Your Advantage

1. Financial Information for 1H of FY2014

- Notes: 1. FY2014 = Year ended March 31, 2015
2. All figures are rounded down to the nearest hundred million yen



1-1. Environment and First-Half Circumstances for Each Business Division



Our Precision, Your Advantage

■ **Automotive Components Operations**

- Sales increased with firm orders for OEM automotive shock absorbers
- Motorcycle sales increased domestically and in Taiwan
- Rising sales of EPS also boosted sales

■ **Hydraulic Components Operations**

- Sales decreased for hydraulic excavator components due to the slowing market in China
- Sales increased for components for mini-excavators due to a recovery trend in North America and Europe
- Sales increased for railway products for the China market

■ **Special-purpose Vehicle Business, System Products and Electronics Components**

- Sales increased for concrete mixer trucks due to earthquake recovery demand

1-2. Consolidated Financial Performance for 1H of FY2014 (1)



Our Precision, Your Advantage

(¥ Billion)

	FY2013	FY2014		Differences	
	1H Actual	1H Forecast	1H Actual	Previous period	Previous forecast
Net Sales	170.6	181.0	181.6	11.0	0.6
Operating Income	10.0	9.6	8.8	(1.2)	(0.8)
Ordinary Income	10.5	9.6	10.3	(0.2)	0.7
Net Income	6.5	5.7	6.8	0.3	1.1
Net Income per Share (¥)	29.72	22.31	26.74	(2.98)	4.43

Interim dividend: ¥5

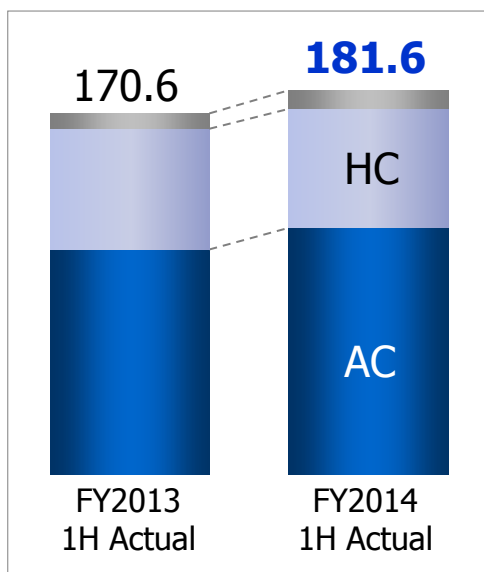
■ FOREX (Average) (¥)

	1H FY2013	1H FY2014
JPY / US\$	98.85	103.04
JPY / EUR	130.01	138.91

1-2. Consolidated Financial Performance for 1H of FY2014 (2)

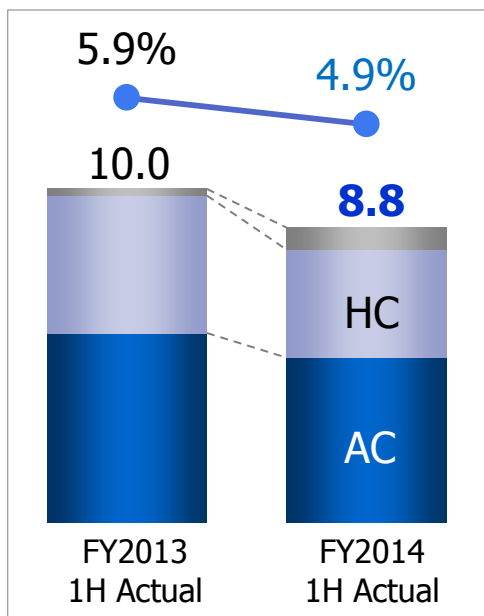


Our Precision, Your Advantage



Net Sales (¥ Billion)

	FY2013	FY2014	Differences
	1H Actual	1H Actual	
AC Operations	106.2	116.5	10.3 / 9.7%
HC Operations	57.1	56.3	(0.8) / -1.5%
Special-purpose Vehicles and Systems	7.3	8.8	1.5 / 21.5%
Total	170.6	181.6	11.0 / 6.4%



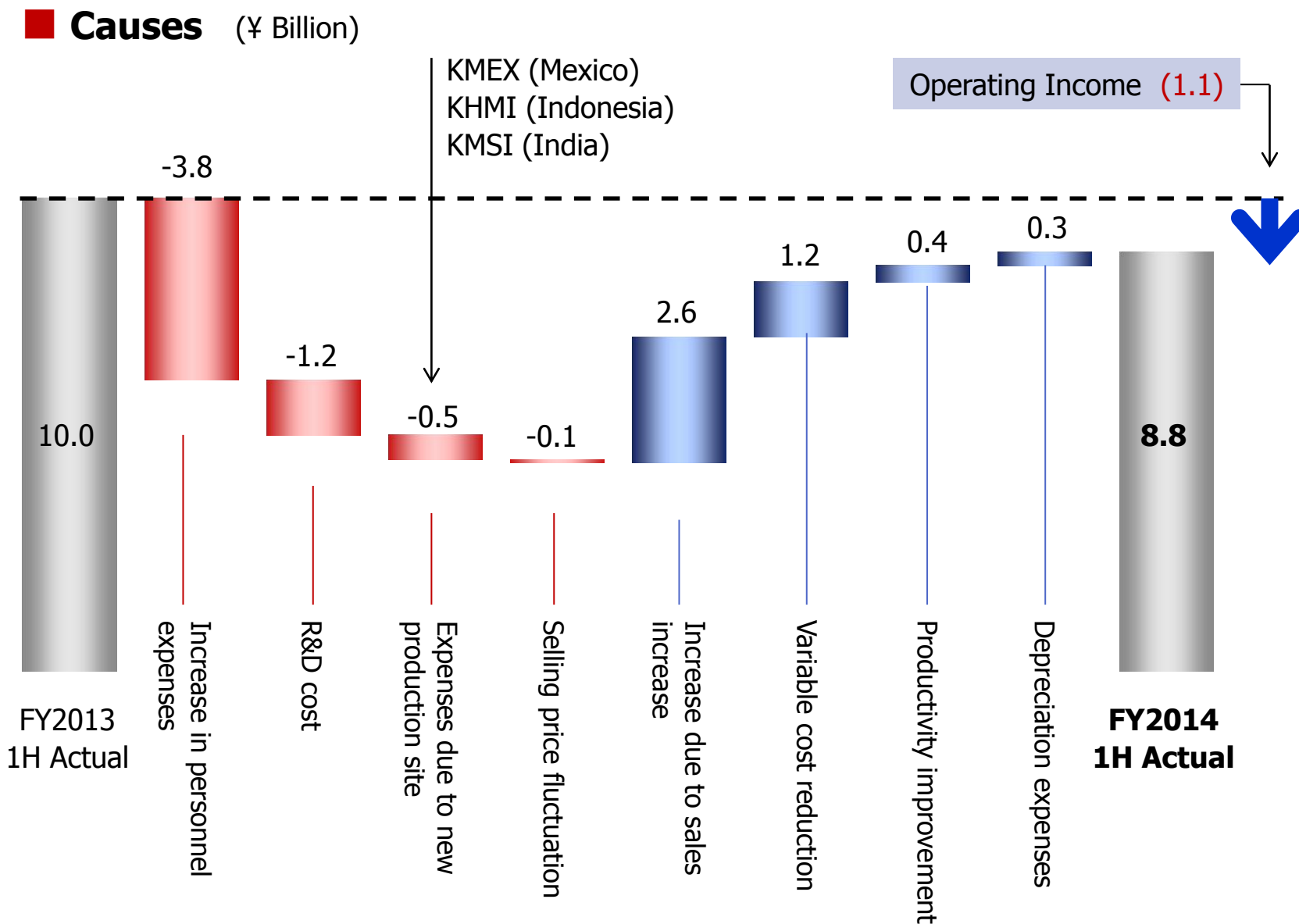
Operating Income (¥ Billion)

	FY2013	FY2014	Differences
	1H Actual	1H Actual	
AC Operations	5.7	5.0	(0.7) / -12.8%
HC Operations	4.1	3.2	(0.9) / -21.5%
Special-purpose Vehicles and Systems	0.2	0.7	0.5 / 233.7%
Total	10.0	8.8	(1.2) / -11.5%

1-3. Analysis of Consolidated Operating Income for 1H of FY2014



Our Precision, Your Advantage

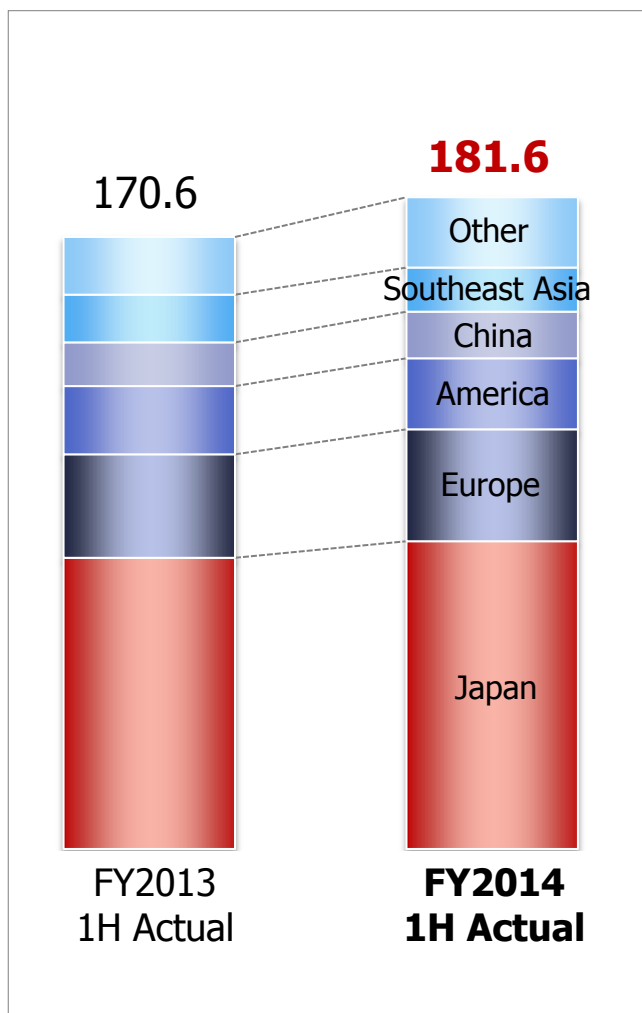


1-4. Consolidated Net Sales for 1H of FY 2014



Our Precision, Your Advantage

■ Net Sales by Region (¥ Billion)



	FY2013	FY2014	Differences
	1H Actual	1H Actual	
Japan	81.1	85.8	5.7%
Europe	28.8	31.2	8.1%
America	19.0	19.8	4.1%
China	12.1	13.0	6.7%
Southeast Asia	13.3	12.3	-7.5%
Other	16.0	19.6	21.9%
Total	170.6	181.6	6.4%

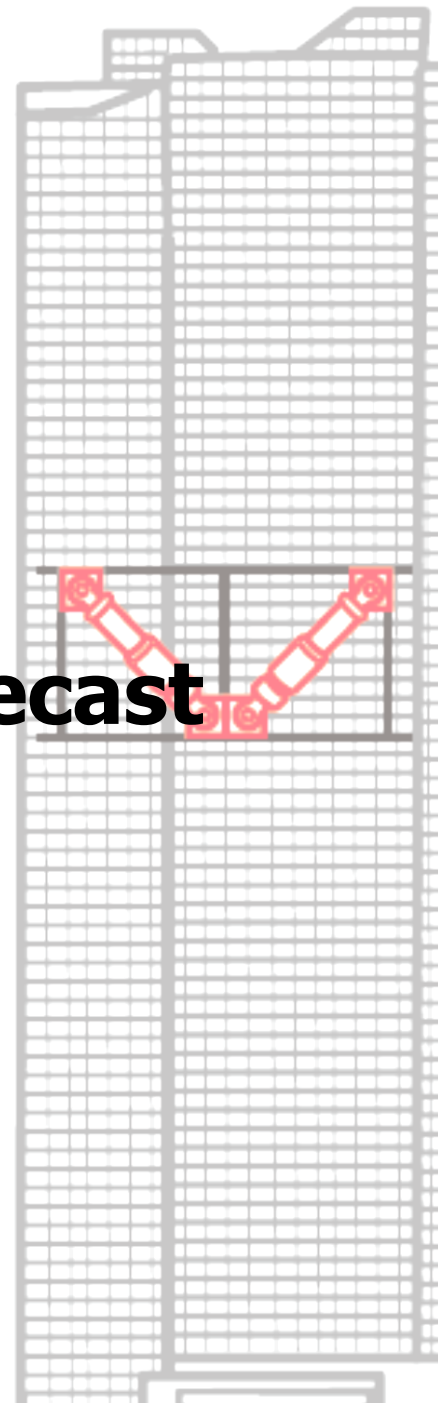
Overseas Sales Ratio

52.4% → 52.8%



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2. Consolidated Financial Forecast for FY2014



2-1. Consolidated Financial Forecast for FY2014 (1)



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(¥ Billion)

	FY2013	FY2014		Differences	
		Previous forecast	Forecast	Previous period	Previous forecast
Net Sales	352.7	369.0	369.0	16.3	±0
Operating Income	18.2	19.6	19.6	1.4	±0
Ordinary Income	20.4	20.0	20.0	(0.4)	±0
Net Income	12.8	12.0	12.0	(0.8)	±0
Net Income per Share (¥)	55.26	46.97	46.97	(3.99)	±0.00

■ FOREX (Average)

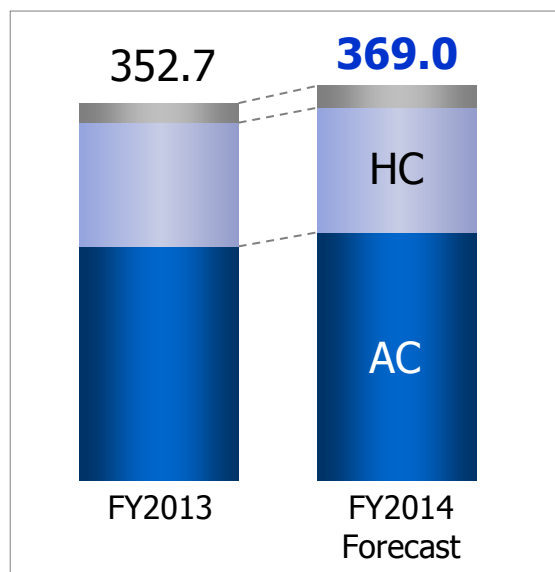
(¥)

	FY2013	FY2014 forecast
JPY / US\$	100.24	100.00
JPY / EUR	134.37	135.00

2-1. Consolidated Financial Forecast for FY2014 (2)

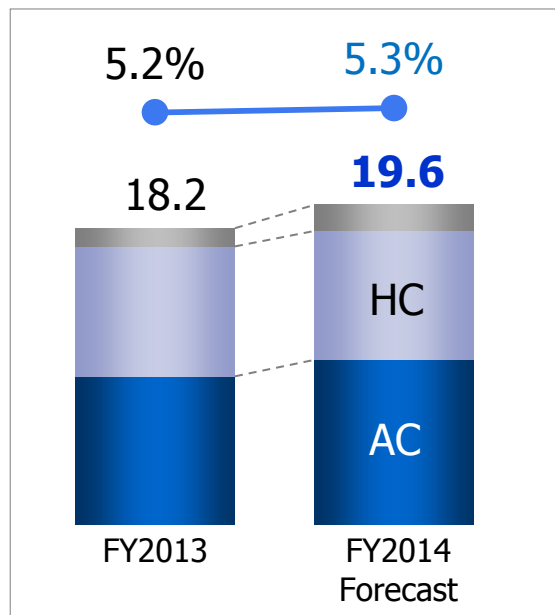


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■ Net Sales (¥ Billion)

	FY2013	FY2014	Differences
		Forecast	
AC Operations	218.9	232.1	13.2 / 6.0%
HC Operations	115.5	116.4	0.9 / 0.8%
Special-purpose Vehicles and Systems	18.3	20.5	2.2 / 11.9%
Total	352.7	369.0	16.3 / 4.6%



■ Operating Income (¥ Billion)

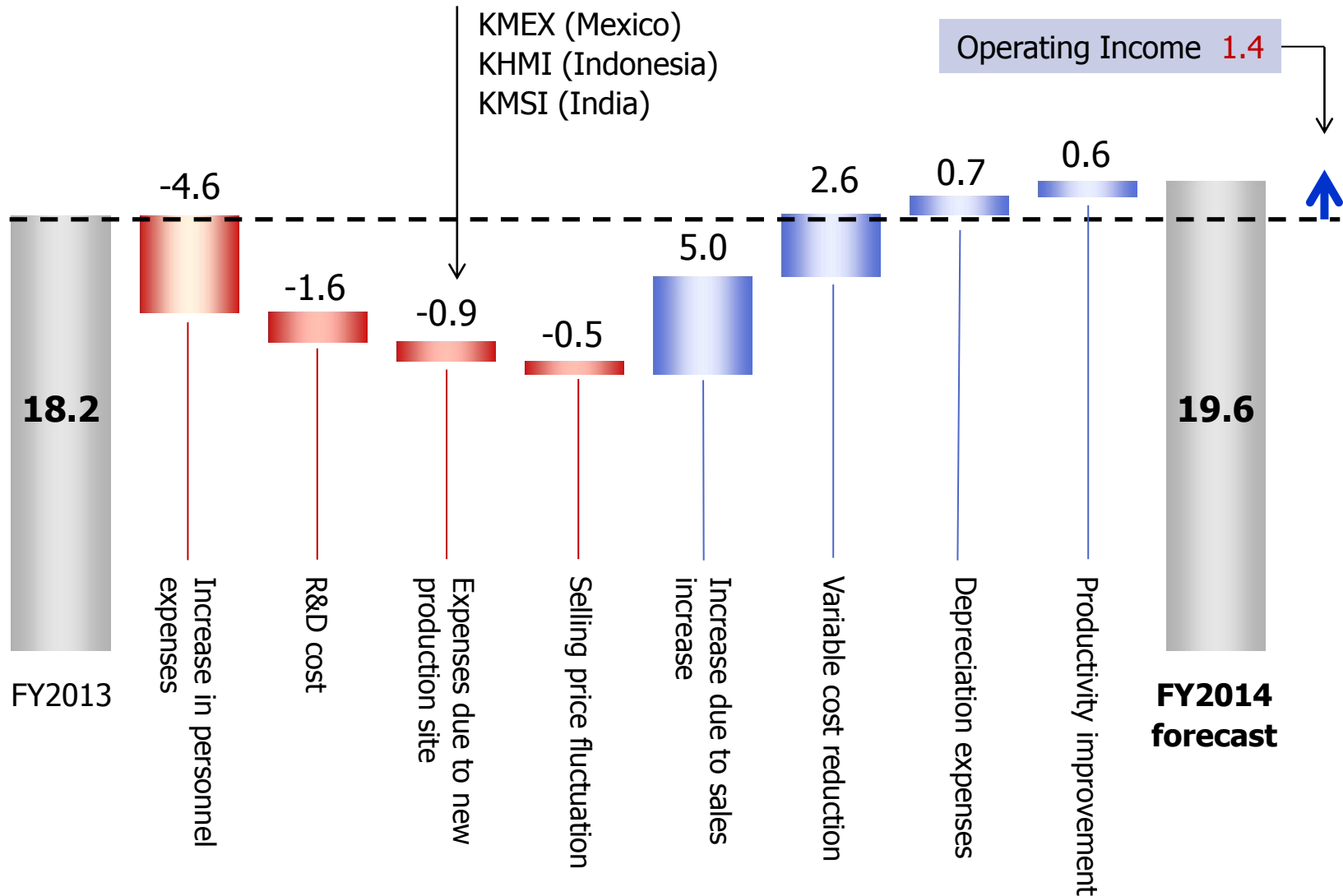
	FY2013	FY2014	Differences
		Forecast	
AC Operations	9.1	10.1	1.0 / 2.1%
HC Operations	8.0	7.9	(0.1) / -0.8%
Special-purpose Vehicles and Systems	1.1	1.6	0.5 / 43.1%
Total	18.2	19.6	1.4 / 7.9%

2-2. Analysis of Consolidated Operating Income for FY2014

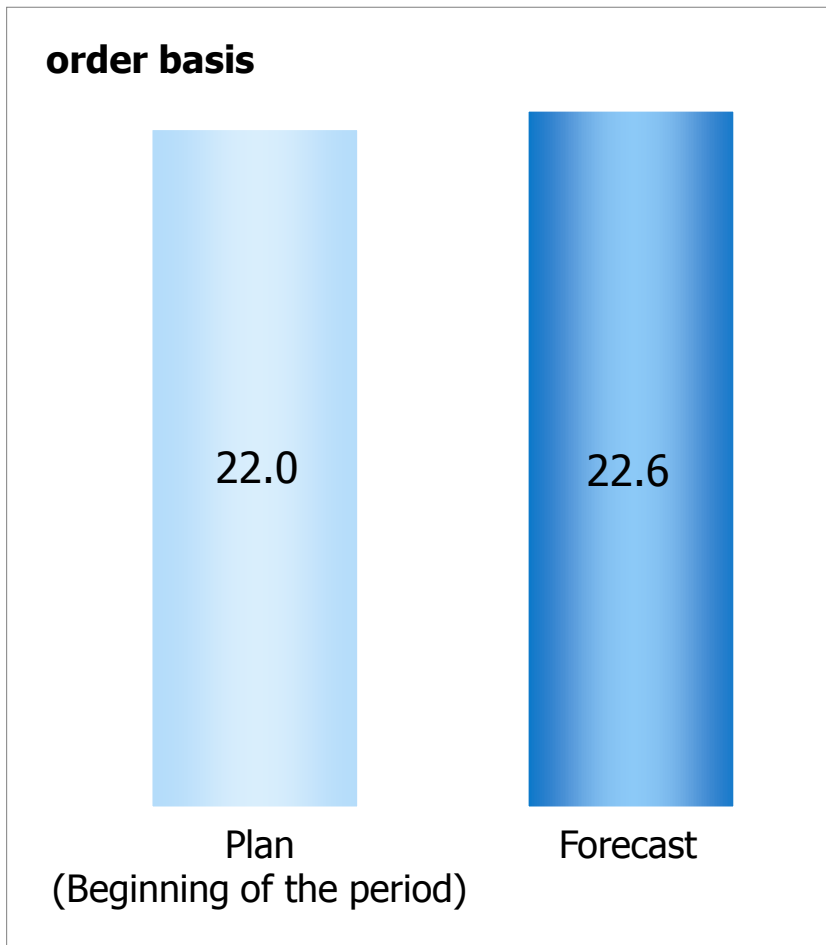


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Causes (¥ Billion)



■ Capital Expenditures for FY2014 (¥ Billion)



■ Investments

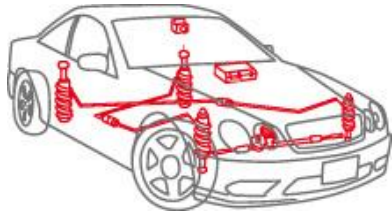
- Shock Absorber Plant in Mexico



Shock Absorber Plant

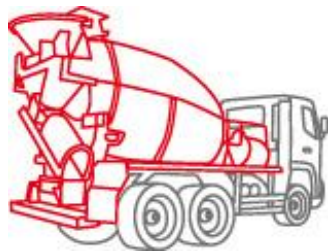
CVT Plant

- Production line for piston rod for struts in Czech Republic



KYB

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Thank you

For further information, please contact to:

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



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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.