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FLASH REPORT

Feb. 8, 2017

Company name (official) : KYB Corporation

URL <http://www.kyb.co.jp/english/>

Stock listing : Tokyo Stock Exchange (First Section)

Code number : 7242

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The following statements are an English translation of the original Japanese language document for your convenience.
In the case that there is any discrepancy between Japanese and English versions, Japanese version is assumed to be correct.

(All amounts are rounded to the nearest million yen, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

(1) Consolidated operating results

(Percentages indicate the change of the same period of the previous year)

	Net sales		Operating profit		Profit before taxes		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2016	261,009	(1.8)	13,416	636.6	13,079	866.6	9,966	—
December 31, 2015	265,807	—	1,821	—	1,353	—	(1,431)	—

	Profit attributable to owners of the parent		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended						
December 31, 2016	9,605	—	12,288	—	37.60	—
December 31, 2015	(1,822)	—	(4,755)	—	(7.13)	—

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of					
December 31, 2016	375,611	163,718	158,449	42.2	620.24
March 31, 2016	359,002	153,381	148,278	41.3	580.40

2. Cash dividends

	Annual cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Previous fiscal year	—	5.00	—	6.00	11.00
Current fiscal year	—	5.00	—	—	—
Current fiscal year (forecast)	—	—	—	6.00	11.00

3. Forecasts for the current fiscal year (April 1, 2016 to March 31, 2017)

(Percentages indicate the change of the same period of the previous year)

	Net sales		Operating profit		Profit before taxes		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Current fiscal year	353,000	(0.7)	18,500	327.6	17,900	533.6	13,500	—	52.84

Consolidated Statements of Financial Position

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	25,296	31,380
Trade and other receivables	87,999	91,112
Inventories	48,291	49,894
Other current financial assets	954	985
Other current assets	3,793	2,977
Total current assets	166,333	176,348
Non-current assets:		
Property, plant and equipment	158,609	159,505
Goodwill	318	318
Intangible assets	4,424	5,291
Investments accounted for using the equity method	3,833	4,956
Other non-current financial assets	18,999	22,769
Other non-current assets	622	586
Deferred tax assets	5,865	5,838
Total non-current assets	192,669	199,263
Total assets	359,002	375,611

(Unit: Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities and equity		
Current liabilities:		
Trade and other payables	66,211	71,774
Borrowings	50,492	54,725
Income tax payables	1,413	1,278
Other current financial liabilities	18,416	15,594
Provisions	5,313	6,844
Other current liabilities	978	72
Total current liabilities	142,822	150,287
Non-current liabilities:		
Borrowings	38,348	36,877
Liabilities for retirement benefit	13,893	13,922
Other non-current financial liabilities	2,592	2,561
Provisions	1,994	2,021
Other non-current liabilities	777	152
Deferred tax liabilities	5,194	6,074
Total non-current liabilities	62,799	61,606
Total liabilities	205,621	211,893
Equity		
Equity attributable to owners of the parent:		
Share capital	27,648	27,648
Capital surplus	29,414	29,414
Retained earnings	86,393	94,265
Treasury shares	(579)	(584)
Other components of equity	5,402	7,706
Total equity attributable to owners of the parent	148,278	158,449
Non-controlling interests	5,103	5,269
Total equity	153,381	163,718
Total liabilities and equity	359,002	375,611

Consolidated Statements of Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the nine months ended December 31, 2015 (Apr. 1 through Dec. 31, 2015)	For the nine months ended December 31, 2016 (Apr. 1 through Dec. 31, 2016)
Net sales	265,807	261,009
Cost of sales	213,650	206,069
Gross profit	52,158	51,941
Selling, general and administrative expenses	41,372	39,794
Equity in earnings (losses) of affiliates	(276)	751
Other income	1,768	1,347
Other expenses	10,457	829
Operating Profit (loss)	1,821	13,416
Finance income	525	427
Finance costs	993	764
Profit (loss) before taxes	1,353	13,079
Income tax expenses	2,784	3,113
Profit (loss) for the period	(1,431)	9,966
Profit attributable to:		
Owners of the parent	(1,822)	9,605
Non-controlling interests	391	362
Profit (loss) for the period	(1,431)	9,966
Earnings per share		
Basic earnings per share (in yen)	(7.13)	37.60

Consolidated Statements of Comprehensive Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the nine months ended December 31, 2015 (Apr. 1 through Dec. 31, 2015)	For the nine months ended December 31, 2016 (Apr. 1 through Dec. 31, 2016)
Profit (loss) for the period	(1,431)	9,966
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Net changes in financial assets measured at fair value through other comprehensive income	(213)	2,890
Remeasurements of defined benefit plans	(409)	(4)
Share of other comprehensive income of investments accounted for using the equity method	(630)	(19)
Total	(1,252)	2,868
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(2,192)	32
Effective portion of the net changes in the fair value of cash flow hedges	120	(18)
Share of other comprehensive income of investments accounted for using the equity method	—	(559)
Total	(2,071)	(546)
Total other comprehensive income	(3,324)	2,322
Comprehensive income for the period	(4,755)	12,288
Comprehensive income for the period attributable to:		
Owners of the parent	(4,881)	11,855
Non-controlling interests	126	433
Comprehensive income for the period	(4,755)	12,288

Consolidated Statements of Changes in Equity

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at April 1, 2015	27,648	29,544	97,931	(573)
Comprehensive income for the period:				
Loss for the period	—	—	(1,822)	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	(1,822)	—
Transactions with owners:				
Contributions by and distributions to owners in their capacity as owners:				
Acquisition of treasury shares	—	—	—	(4)
Disposal of treasury shares	—	0	—	0
Dividends of surplus	—	—	(3,066)	—
Transfer to retained earnings	—	—	875	—
Total contributions by and distributions to owners in their capacity as owners	—	0	(2,191)	(4)
Changes in equity interest of subsidiaries:				
Acquisition of non-controlling interests	—	(130)	—	—
Dividends of surplus	—	—	—	—
Total changes in equity interest of subsidiaries	—	(130)	—	—
Total transactions with owners	—	(129)	(4,013)	(4)
Balance at December 31, 2015	27,648	29,414	93,918	(577)

(Unit: Millions of yen)

	Other components of equity					Comprehensive income for the year attributable to owners of the parent	Non-controlling interests	Total equity
	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchanges differences on translation of foreign operations	Effective portion of the net changes in the fair value of cash flow hedges	Total other components of equity			
Balance at April 1, 2015	8,697	--	5,963	97	14,757	169,307	5,949	175,256
Comprehensive income for the period:								
Loss for the period	--	--	--	--	--	(1,822)	391	(1,431)
Other comprehensive income	(213)	(405)	(2,563)	123	(3,058)	(3,058)	(265)	(3,324)
Total comprehensive income for the period	(213)	(405)	(2,563)	123	(3,058)	(4,881)	126	(4,755)
Transactions with owners:								
Contributions by and distributions to owners in their capacity as owners:								
Acquisition of treasury shares	--	--	--	--	--	(4)	--	(4)
Disposal of treasury shares	--	--	--	--	--	0	--	0
Dividends of surplus	--	--	--	--	--	(3,066)	--	(3,066)
Transfer to retained earnings	(1,279)	405	--	--	(875)	--	--	--
Total contributions by and distributions to owners in their capacity as owners	(1,279)	405	--	--	(875)	(3,070)	--	(3,070)
Changes in equity interest of subsidiaries:								
Acquisition of non-controlling interests	--	--	--	--	--	(130)	(573)	(703)
Dividends of surplus	--	--	--	--	--	--	(269)	(269)
Total changes in equity interest of subsidiaries	--	--	--	--	--	(130)	(842)	(971)
Total transactions with owners	(1,493)	--	(2,563)	123	(3,933)	(8,080)	(716)	(8,796)
Balance at December 31, 2015	7,204	--	3,400	220	10,824	161,227	5,233	166,460

(Unit: Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at April 1, 2016	27,648	29,414	86,393	(579)
Comprehensive income for the period:				
Profit for the period	—	—	9,605	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	9,605	—
Transactions with owners:				
Contributions by and distributions to owners in their capacity as owners:				
Acquisition of treasury shares	—	—	—	(5)
Dividends of surplus	—	—	(2,810)	—
Changes of scope of equity method	—	—	1,175	—
Changes due to business combination	—	—	(45)	—
Transfer to retained earnings	—	—	(53)	—
Total contributions by and distributions to owners in their capacity as owners	—	—	(1,732)	(5)
Changes in equity interest of subsidiaries:				
Dividends of surplus	—	—	—	—
Total changes in equity interest of subsidiaries	—	—	—	—
Total transactions with owners	—	—	7,872	(5)
Balance at December 31, 2016	27,648	29,414	94,265	(584)

(Unit: Millions of yen)

	Other components of equity					Comprehensive income for the year attributable to owners of the parent	Non-controlling interests	Total equity
	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Effective portion of the net changes in the fair value of cash flow hedges	Total other components of equity			
Balance at April 1, 2016	4,967	--	275	160	5,402	148,278	5,103	153,381
Comprehensive income for the period:								
Profit for the period	--	--	--	--	--	9,605	362	9,966
Other comprehensive income	2,890	(21)	(592)	(26)	2,251	2,251	71	2,322
Total comprehensive income for the period	2,890	(21)	(592)	(26)	2,251	11,855	433	12,288
Transactions with owners:								
Contributions by and distributions to owners in their capacity as owners:								
Acquisition of treasury shares	--	--	--	--	--	(5)	--	(5)
Dividends of surplus	--	--	--	--	--	(2,810)	--	(2,810)
Change of scope of equity method	--	--	--	--	--	1,175	--	1,175
Changes due to business combination	--	--	--	--	--	(45)	--	(45)
Transfer to retained earnings	32	21	--	--	53	--	--	--
Total contributions by and distributions to owners in their capacity as owners	32	21	--	--	53	(1,685)	--	(1,685)
Changes in equity interest of subsidiaries:								
Dividends of surplus	--	--	--	--	--	--	(267)	(267)
Total changes in equity interest of subsidiaries	--	--	--	--	--	--	(267)	(267)
Total transactions with owners	2,922	--	(592)	(26)	2,304	10,171	166	10,336
Balance at December 31, 2016	7,889	--	(318)	134	7,706	158,449	5,269	163,718

Consolidated Statements of Cash Flows

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the nine months ended December 31, 2015 (Apr. 1 through Dec. 31, 2015)	For the nine months ended December 31, 2016 (Apr. 1 through Dec. 31, 2016)
Cash flows from operating activities:		
Profit (loss) before taxes	1,353	13,079
Depreciation and amortization	12,935	11,795
Impairment losses	488	1
Increase (decrease) in assets and liabilities for retirement benefit	1,068	24
Increase (decrease) in provisions for product warranties	(749)	(1,448)
Finance income	(525)	(427)
Finance costs	993	764
Equity in earnings (losses) of affiliates	276	(751)
(Increase) decrease in trade and other receivables	8,826	(3,199)
(Increase) decrease in inventories	(3,472)	(1,505)
Increase (decrease) in trade and other payables	(3,489)	5,609
Loss associated with the Anti-Trust law	7,986	—
Reversal of foreign currency transaction adjustment	(82)	—
Other	562	426
Subtotal	26,170	24,368
Interest received	88	58
Dividends received	771	865
Interest paid	(997)	(740)
Income taxes paid	(3,705)	(3,462)
Refund of income taxes	44	—
Payment of Loss associated with the Anti-Trust law	(7,986)	—
Net cash from operating activities	14,385	21,090
Cash flows from investing activities:		
Payment into time deposits	(433)	(206)
Proceeds from withdrawal of time deposits	517	255
Payment for purchases of property, plant and equipment	(15,804)	(13,455)
Proceeds from sales of property, plant and equipment	57	17
Payment for purchases of other financial assets	(701)	(1)
Proceeds from sales of other financial assets	2,768	31
Other	(929)	(1,032)
Net cash flows from investing activities	(14,524)	(14,391)

(Unit: Millions of yen)

	For the nine months ended December 31, 2015 (Apr. 1 through Dec. 31, 2015)	For the nine months ended December 31, 2016 (Apr. 1 through Dec. 31, 2016)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	8,519	8,147
Repayments of lease obligations	(421)	(332)
Proceeds from long-term borrowings	9,468	8,475
Repayment of long-term borrowings	(12,061)	(13,938)
Payments for purchase of treasury shares	(4)	(5)
Proceeds from sales of treasury shares	0	—
Dividends paid	(3,066)	(2,810)
Dividends paid to non-controlling interests	(269)	(267)
Payments from changes in ownership interests in subsidiaries that do not result in changes in scope of consolidation	(672)	—
Net cash flows from financing activities	1,495	(730)
Effect of changes in foreign exchange rates	(853)	110
Net increase (decrease) in cash and cash equivalents	502	6,079
Cash and cash equivalents at beginning of period	30,510	25,296
Increase (decrease) in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	5
Cash and cash equivalents at end of period	31,012	31,380

Segment Information

KYB Corporation and its Consolidated Subsidiaries

For the nine months ended December 31, 2015

(Unit: Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Automotive components	Hydraulic components	Subtotal				
Net sales:							
Outside customers	181,183	66,195	247,379	18,429	265,807	—	265,807
Intersegment sales and transfers	129	2,242	2,371	1,207	3,578	(3,578)	—
Total	181,312	68,437	249,749	19,636	269,385	(3,578)	265,807
Segment profit	10,257	(47)	10,210	681	10,891	(105)	10,786
Equity in earnings (losses) of affiliates	(303)	27	(276)	—	(276)	—	(276)
Other income and expenses (net)	(7,831)	(686)	(8,516)	(172)	(8,689)	—	(8,689)
Operating profit (loss)	2,124	(706)	1,418	508	1,926	(105)	1,821
Finance income and costs (net)							(468)
Profit before taxes							1,353

Notes: 1. "Others" includes "Special-purpose Vehicles", "Aircraft Components" and "System Products and Electronic Equipment" that are not included in the two of reportable segment.

2. ¥105 million of adjustment of segment losses is the elimination of intersegment transactions.

For the nine months ended December 31, 2016

(Unit: Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Automotive components	Hydraulic components	Subtotal				
Net sales:							
Outside customers	171,358	69,610	240,967	20,042	261,009	—	261,009
Intersegment sales and transfers	453	1,762	2,216	1,263	3,479	(3,479)	—
Total	171,811	71,372	243,183	21,305	264,488	(3,479)	261,009
Segment profit	7,596	3,819	11,415	650	12,065	81	12,147
Equity in earnings of affiliates	520	231	751	—	751	—	751
Other income and expenses (net)	963	(391)	572	(54)	518	—	518
Operating profit (loss)	9,079	3,659	12,738	596	13,335	81	13,416
Finance income and costs (net)							(337)
Profit before taxes							13,079

Notes: 1. "Others" includes "Special-purpose Vehicles", "Aircraft Components" and "System Products and Electronic Equipment" that are not included in the two of reportable segment.

2. ¥81 million of adjustment of segment profit is the elimination of intersegment transactions.

*With regard to the changes of reportable segment

Since the first quarter of this fiscal year, we reconsidered the business segment of "Aircraft components" which had been included in "Hydraulic components" and isolated it as "Aircraft components division" for the reinforcement and expansion of the management foundation.

With regard to the "Aircraft components division", we considered the quantitative criteria of reportable segment, it has been included in "Other" and disclosed.

With regard to the information for the nine months of previous fiscal year, we disclose the information in which we take into account the change above.