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## FLASH REPORT

February 5, 2018

Company name (official) : KYB Corporation

URL <https://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, 2017 (from April 1, 2017 to December 31, 2017)

#### (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, 2017	288,301	10.5	16,684	24.4	16,539	26.5	12,427	24.7
December 31, 2016	261,009	(1.8)	13,416	636.6	13,079	866.6	9,966	—

	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, 2017	11,915	24.1	20,512	66.9	466.41	—
December 31, 2016	9,605	—	12,288	—	375.95	—

\*We carried out 1-for-10 reverse stock split on the effective date of October 1, 2017. Therefore basic earnings per share is calculated assuming that the reverse stock was carried out at the beginning of the previous consolidated fiscal year.

#### (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, 2017	412,155	186,514	180,527	43.8	7,067.14
March 31, 2017	381,326	169,771	164,299	43.1	6,431.51

\*We carried out 1-for-10 reverse stock split on the effective date of October 1, 2017. Therefore equity attributable to owners of the parent per share is calculated assuming that the reverse stock was carried out at the beginning of the previous consolidated fiscal year.

### 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	—	7.00	12.00
Current fiscal year	—	7.00	—		
Current fiscal year (forecast)				65.00	—

\*We carried out 1-for-10 reverse stock split on the effective date of October 1, 2017.

As for cash dividends per share of fiscal year 2017, we disclose the amount after we take the reverse stock split into consideration. And we disclose total annual cash dividends per share as "-". Without taking reverse stock split into consideration, cash dividends per share at year-end will be 6.50 yen and total annual cash dividends per share will be 13.50 yen.

### 3. Forecasts for the current fiscal year (April 1, 2017 to March 31, 2018)

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

	Net sales		Operating profit		Profit before taxes		Profit for the period		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Current fiscal year	390,000	9.8	21,500	11.7	21,000	11.4	16,500	9.4	15,800	8.6	618.51

\*As for basic earnings per share of full year, we calculate it taking the reverse stock split into consideration.

## Consolidated Statements of Financial Position

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	As of March 31, 2017	As of December 31, 2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	33,988	37,618
Trade and other receivables	92,653	104,514
Inventories	49,640	56,215
Other current financial assets	1,039	1,018
Other current assets	3,641	3,846
Total current assets	180,962	203,212
Non-current assets:		
Property, plant and equipment	158,990	162,961
Goodwill	283	290
Intangible assets	5,850	6,494
Investments accounted for using the equity method	5,438	4,148
Other non-current financial assets	23,169	28,365
Other non-current assets	500	602
Deferred tax assets	6,132	6,082
Total non-current assets	200,364	208,943
<b>Total assets</b>	<b>381,326</b>	<b>412,155</b>

(Unit: Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities and equity		
Current liabilities:		
Trade and other payables	72,137	80,847
Borrowings	50,983	58,167
Income tax payables	1,536	1,757
Other current financial liabilities	18,274	18,333
Provisions	3,754	7,533
Other current liabilities	1,001	64
Total current liabilities	147,684	166,700
Non-current liabilities:		
Borrowings	39,962	33,532
Liabilities for retirement benefits	11,589	12,047
Other non-current financial liabilities	2,405	2,381
Provisions	2,127	2,144
Other non-current liabilities	56	50
Deferred tax liabilities	7,732	8,785
Total non-current liabilities	63,871	58,940
Total liabilities	211,555	225,641
Equity		
Equity attributable to owners of the parent:		
Share capital	27,648	27,648
Capital surplus	29,414	29,414
Retained earnings	100,995	109,399
Treasury shares	(587)	(592)
Other components of equity	6,829	14,658
Total equity attributable to owners of the parent	164,299	180,527
Non-controlling interests	5,472	5,987
Total equity	169,771	186,514
Total liabilities and equity	381,326	412,155

## Consolidated Statements of Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the nine months ended December 31, 2016 (Apr. 1 through Dec. 31, 2016)	For the nine months ended December 31, 2017 (Apr. 1 through Dec. 31, 2017)
Net sales	261,009	288,301
Cost of sales	209,069	229,831
Gross profit	51,941	58,469
Selling, general and administrative expenses	39,794	42,748
Equity in earnings (losses) of affiliates	751	(35)
Other income	1,347	2,302
Other expenses	829	1,303
Operating profit	13,416	16,684
Finance income	427	611
Finance costs	764	756
Profit before taxes	13,079	16,539
Income tax expenses	3,113	4,112
Profit for the period	9,966	12,427
Profit attributable to:		
Owners of the parent	9,605	11,915
Non-controlling interests	362	513
Profit for the period	9,966	12,427
Earnings per share		
Basic earnings per share (in yen)	375.95	466.41

## Consolidated Statements of Comprehensive Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the nine months ended December 31, 2016 (Apr. 1 through Dec. 31, 2016)	For the nine months ended December 31, 2017 (Apr. 1 through Dec. 31, 2017)
Profit for the period	9,966	12,427
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	2,890	3,773
Remeasurements of defined benefit plans	(4)	(5)
Share of other comprehensive income of investments accounted for using the equity method	(19)	1
Total	2,868	3,768
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	32	4,368
Effective portion of the net changes in the fair value of cash flow hedges	(18)	(67)
Share of other comprehensive income of investments accounted for using the equity method	(559)	15
Total	(546)	4,317
Total other comprehensive income	2,322	8,085
Comprehensive income for the period	12,288	20,512
Comprehensive income for the period attributable to:		
Owners of the parent	11,855	19,740
Non-controlling interests	433	772
Comprehensive income for the period	12,288	20,512

## 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, 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	—	—	(1,732)	(5)
Balance at December 31, 2016	27,648	29,414	94,265	(584)
Balance at April 1, 2017	27,648	29,414	100,995	(587)
Comprehensive income for the period:				
Profit for the period	—	—	11,915	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	11,915	—
Transactions with owners:				
Contributions by and distributions to owners in their capacity as owners:				
Acquisition of treasury shares	—	—	—	(5)
Dividends of surplus	—	—	(3,576)	—
Changes of scope of equity method	—	—	—	—
Changes due to business combination	—	—	69	—
Transfer to retained earnings	—	—	(3)	—
Total contributions by and distributions to owners in their capacity as owners	—	—	(3,510)	(5)
Changes in equity interest of subsidiaries:				
Dividends of surplus	—	—	—	—
Total changes in equity interest of subsidiaries	—	—	—	—
Total transactions with owners	—	—	(3,510)	(5)
Balance at December 31, 2017	27,648	29,414	109,399	(592)

(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)
Changes 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	32	21	—	—	53	(1,685)	(267)	(1,952)
Balance at December 31, 2016	7,889	—	(318)	134	7,706	158,449	5,269	163,718
Balance at April 1, 2017	8,274	—	(1,521)	77	6,829	164,299	5,472	169,771
Comprehensive income for the period:								
Profit for the period	—	—	—	—	—	11,915	513	12,427
Other comprehensive income	3,773	(2)	4,120	(65)	7,825	7,825	259	8,085
Total comprehensive income for the period	3,773	(2)	4,120	(65)	7,825	19,740	772	20,512
Transactions with owners:								
Contributions by and distributions to owners in their capacity as owners:								
Acquisition of treasury shares	—	—	—	—	—	(5)	—	(5)
Dividends of surplus	—	—	—	—	—	(3,576)	—	(3,576)
Change of scope of equity method	—	—	—	—	—	—	—	—
Changes due to business combination	—	—	—	—	—	69	—	69
Transfer to retained earnings	0	2	—	—	3	—	—	—
Total contributions by and distributions to owners in their capacity as owners	0	2	—	—	3	(3,512)	—	(3,512)
Changes in equity interest of subsidiaries:								
Dividends of surplus	—	—	—	—	—	—	(257)	(257)
Total changes in equity interest of subsidiaries	—	—	—	—	—	—	(257)	(257)
Total transactions with owners	0	2	—	—	3	(3,512)	(257)	(3,769)
Balance at December 31, 2017	12,047	—	2,598	12	14,658	180,527	5,987	186,514

## Consolidated Statements of Cash Flows

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the nine months ended December 31, 2016 (Apr. 1 through Dec. 31, 2016)	For the nine months ended December 31, 2017 (Apr. 1 through Dec. 31, 2017)
Cash flows from operating activities:		
Profit before taxes	13,079	16,539
Depreciation and amortization	11,795	12,596
Impairment losses	1	426
Increase (decrease) in assets and liabilities for retirement benefits	24	420
Increase (decrease) in provisions for product warranties	(1,448)	545
Finance income	(427)	(611)
Finance costs	764	756
Equity in (earnings) losses of affiliates	(751)	35
Loss on sales of investments accounted for using the equity method	—	367
(Increase) decrease in trade and other receivables	(3,199)	(9,024)
(Increase) decrease in inventories	(1,505)	(4,443)
Increase (decrease) in trade and other payables	5,609	6,201
Other	426	(956)
Subtotal	24,368	22,852
Interest received	58	96
Dividends received	865	1,349
Interest paid	(740)	(782)
Income taxes paid	(3,462)	(4,038)
Net cash from operating activities	21,090	19,476
Cash flows from investing activities:		
Payment into time deposits	(206)	(99)
Proceeds from withdrawal of time deposits	255	136
Payment for purchases of property, plant and equipment	(13,455)	(9,233)
Proceeds from sales of property, plant and equipment	17	77
Payment for purchases of other financial assets	(1)	(9)
Proceeds from sale of other financial assets	31	8
Proceeds from sale of investments accounted for using the equity method	—	286
Other	(1,032)	(1,564)
Net cash flows from investing activities	(14,391)	(10,397)



(Unit: Millions of yen)

	For the nine months ended December 31, 2016 (Apr. 1 through Dec. 31, 2016)	For the nine months ended December 31, 2017 (Apr. 1 through Dec. 31, 2017)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	8,147	2,743
Repayments of lease obligations	(332)	(417)
Proceeds from long-term borrowings	8,475	5,172
Repayment of long-term borrowings	(13,938)	(10,192)
Payments for purchase of treasury shares	(5)	(5)
Dividends paid	(2,810)	(3,576)
Dividends paid to non-controlling interests	(267)	(257)
Net cash flows from financing activities	(730)	(6,532)
Effect of changes in foreign exchange rates	110	1,041
Net increase (decrease) in cash and cash equivalents	6,079	3,587
Cash and cash equivalents at beginning of period	25,296	33,988
Increase (decrease) in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	5	42
Cash and cash equivalents at end of period	31,380	37,618

## Segment Information

KYB Corporation and its Consolidated Subsidiaries

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	171,351	69,617	240,967	20,042	261,009	—	261,009
Intersegment sales and transfers	453	1,762	2,216	236	2,452	(2,452)	—
Total	171,804	71,379	243,183	20,278	263,461	(2,452)	261,009
Segment profit	7,508	3,843	11,351	714	12,065	81	12,147
Equity in earnings of affiliates	520	231	751	—	751	—	751
Other income and expenses (net)	968	(390)	579	(61)	518	—	518
Operating profit	8,997	3,684	12,681	653	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.

For the nine months ended December 31, 2017

(Unit: Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Automotive components	Hydraulic components	Subtotal				
Net sales:							
Outside customers	179,811	89,706	269,517	18,784	288,301	—	288,301
Intersegment sales and transfers	568	1,013	1,581	290	1,870	(1,870)	—
Total	180,379	90,719	271,098	19,073	290,171	(1,870)	288,301
Segment profit	6,878	8,101	14,979	463	15,443	278	15,721
Equity in earnings (losses) of affiliates	(220)	184	(35)	—	(35)	—	(35)
Other income and expenses (net)	1,437	(326)	1,111	(113)	999	—	999
Operating profit	8,096	7,960	16,056	351	16,406	278	16,684
Finance income and costs (net)							(145)
Profit before taxes							16,539

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. ¥278 million of adjustment of segment profit is the elimination of intersegment transactions.

\*With regard to the changes of reportable segment

In the first quarter of this fiscal year, due to the change in the management method of some domestic affiliated companies, we reexamined the "Electronic Equipment" business, etc which had been included in "Hydraulic components" and "Others". And we disclose part of it into "Automotive components" and "Hydraulic components".

Financial information for the previous fiscal year has been revised to reflect this change.