



FY2019 Financial Information

May 27, 2020

KYB Corporation
(Stock Code: 7242; First Section of Tokyo Stock
Exchange)

Takaaki Kato
Representative Director, Chief Financial Officer

FY2019 Performance Overview

- ✓ Sales and profits decreased compared to the previous fiscal year. As of the 3Q of FY2019, there were an increase in sales and a decrease in profits compared to the forecast.
 - Progress was made with bringing seismic isolation/mitigation dampers up to conformity, and have good prospect in expense processing --> Booking a large allowance
 - Booking of impairment losses, reversal of deferred tax assets --> Increase of net losses
 - Conditions are favorable in the core businesses of AC and HC Operations, and segment profits are largely in line with forecasts. However, the novel coronavirus (COVID-19) is expected to have an impact on the 4Q of FY2019 and onward.

- ✓ Second fiscal year without dividends

FY2020 Forecast

- ✓ The impact of the spread of the novel coronavirus (COVID-19) is still unclear, so we are unable to formulate an earnings and dividends forecast.
- ✓ When it becomes possible to make a forecast, we will promptly make one and disclose it.

The impact of the novel coronavirus (COVID-19)

- ✓ There is a strong sense of uncertainty regarding the demand for automobiles and construction machinery depending on the removal of movement restrictions.
- ✓ We are implementing reduced production days off, particularly at AC Operations plants in the United States and Europe, and HC Operations plants in Japan. Normal operation at plants in China.

FY2019 Financial Summary



Our Precision, Your Advantage

(¥ Billion)	IFRS			Differences	
	FY2018 actual	Forecast (Feb. 13, 2020)	FY2019 actual	Previous period	Forecast
Net sales	412.2	380.0	381.6	(30.6)	1.6
Segment profits* [Segment profits ratio]	22.0 [5.3%]	18.0 [4.7%]	17.6 [4.6%]	(4.4) [(0.7)%]	(0.4) [(0.1)%]
Operating loss	(28.5)	(11.4)	(40.3)	(11.8)	(28.9)
Loss attributable to owners of the parent	(24.8)	(14.0)	(61.9)	(37.1)	(47.9)
Dividend (¥)	0	0	0	±0	±0
FOREX (Average) (¥)					
JPY/ US\$	110.91	107.75	108.74		
JPY/ EUR	128.40	119.53	120.81		

*Segment profits correspond to operating income in JGAAP.

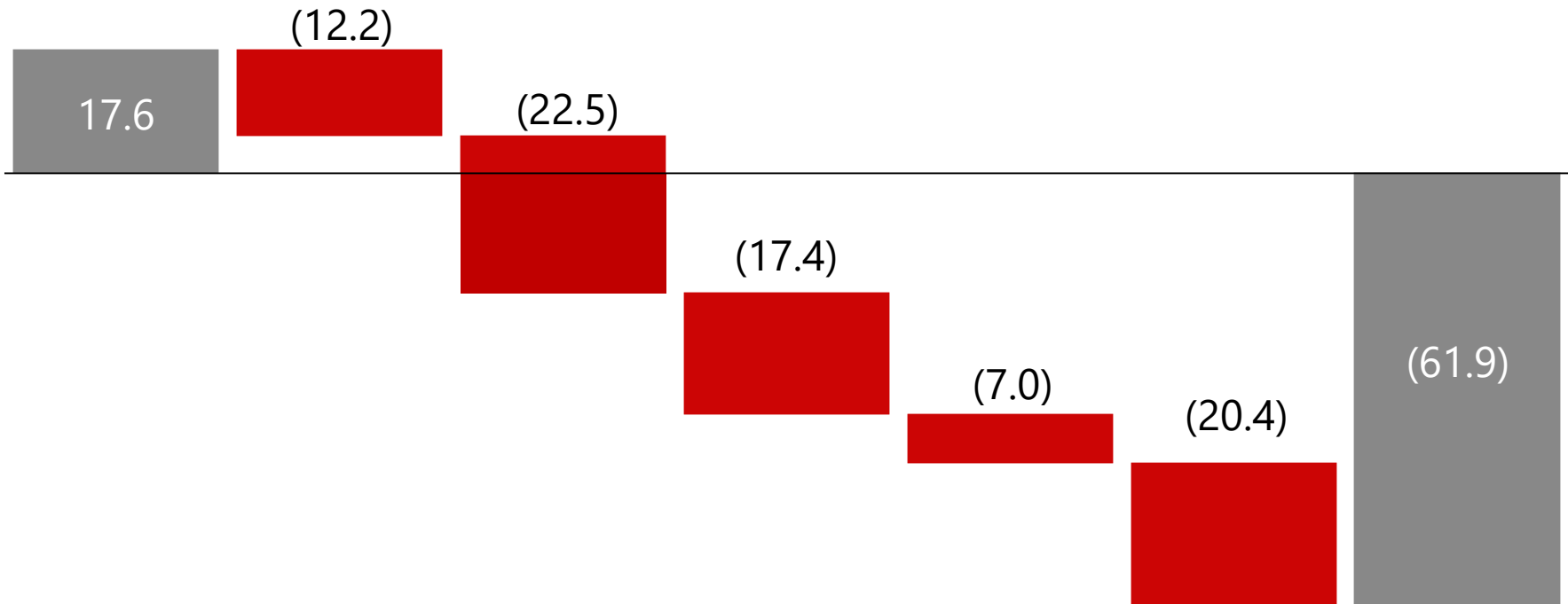
FY2019 Performance Overview

(Segment profits to losses for the fiscal year)



Our Precision, Your Advantage

(¥ Billion)



Segment profits

Product guarantee countermeasure costs

Provision for product guarantee

Impairment loss

Other expenses including foreign exchange loss

Income tax expenses

Loss attributable to owners of the parent

Causes of deterioration were mostly non-cash profit-and-loss items

FY2019 Net Sales and Segment Profits



Our Precision, Your Advantage

(¥ Billion)	Net Sales			Segment Profits		
	FY2018 actual	FY2019 actual	Differences	FY2018 actual	FY2019 actual	Differences
AC	245.8	232.1	(13.7)	9.8	11.7	1.9
HC	140.6	125.3	(15.3)	11.9	5.5	(6.4)
System products	8.5	8.1	(0.4)	0.6	1.5	0.9
Aircraft Components	5.6	5.5	(0.1)	(1.2)	(2.2)	(1.0)
Others	11.6	10.5	(1.1)	0.9	1.0	0.1
Total	412.2	381.6	(30.6)	22.0	17.6	(4.4)

AC: Automotive Components

HC: Hydraulic Components

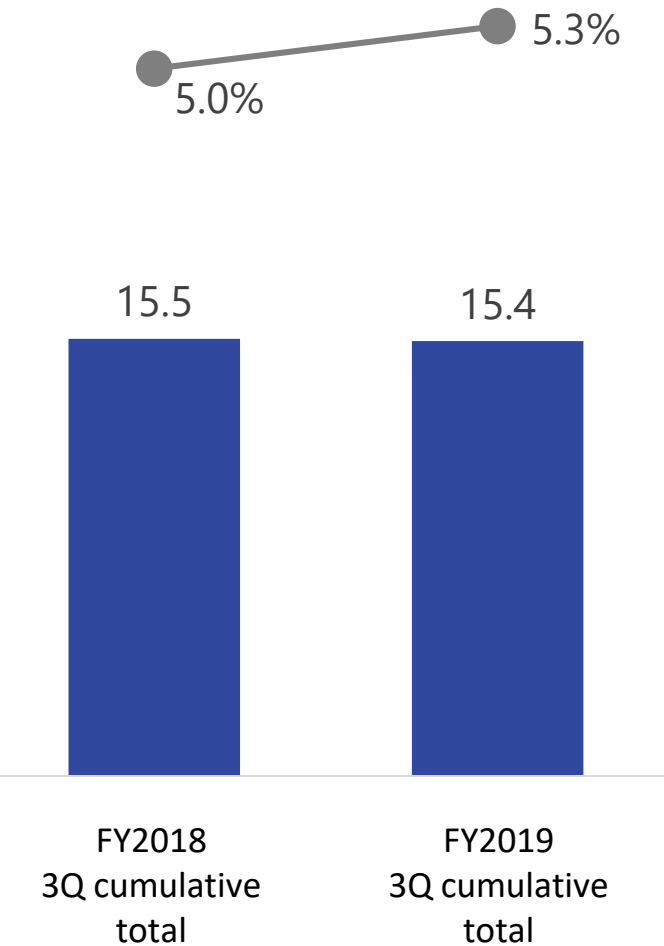
Others: Special-purpose vehicles, electronic equipment, etc.

FY2019 Consolidated Financial Results

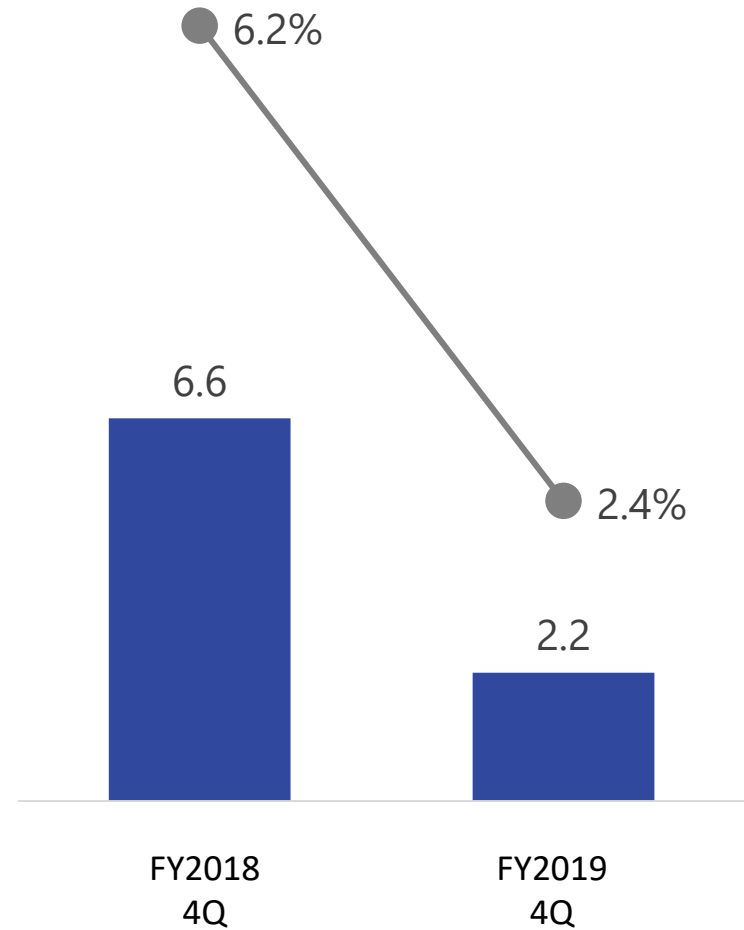
(Comparison of segment profits)

(¥ Billion)

Nine months comparison



Three months comparison

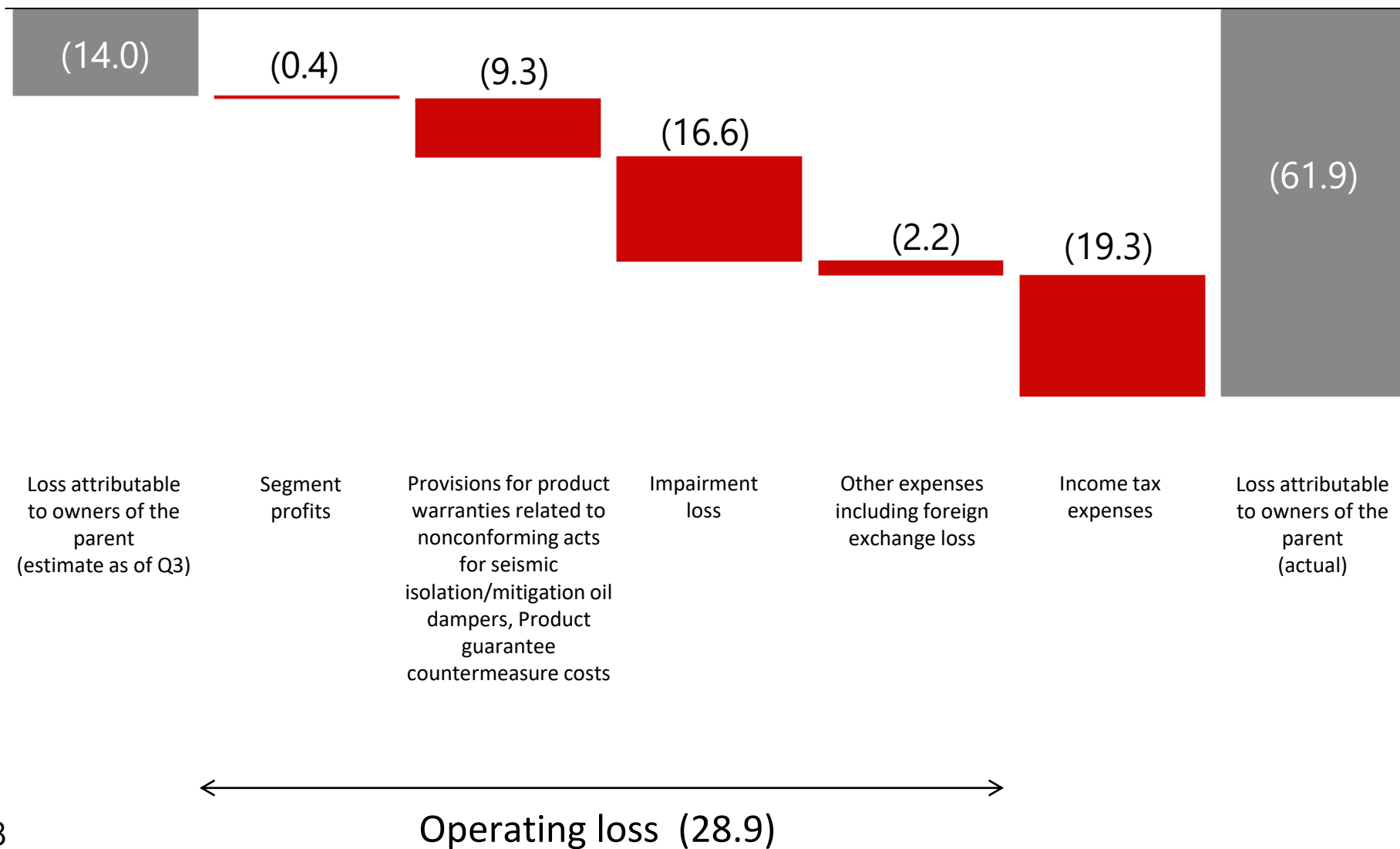


FY2019 Consolidated Changes in Net Profit (Comparison with previous forecast)

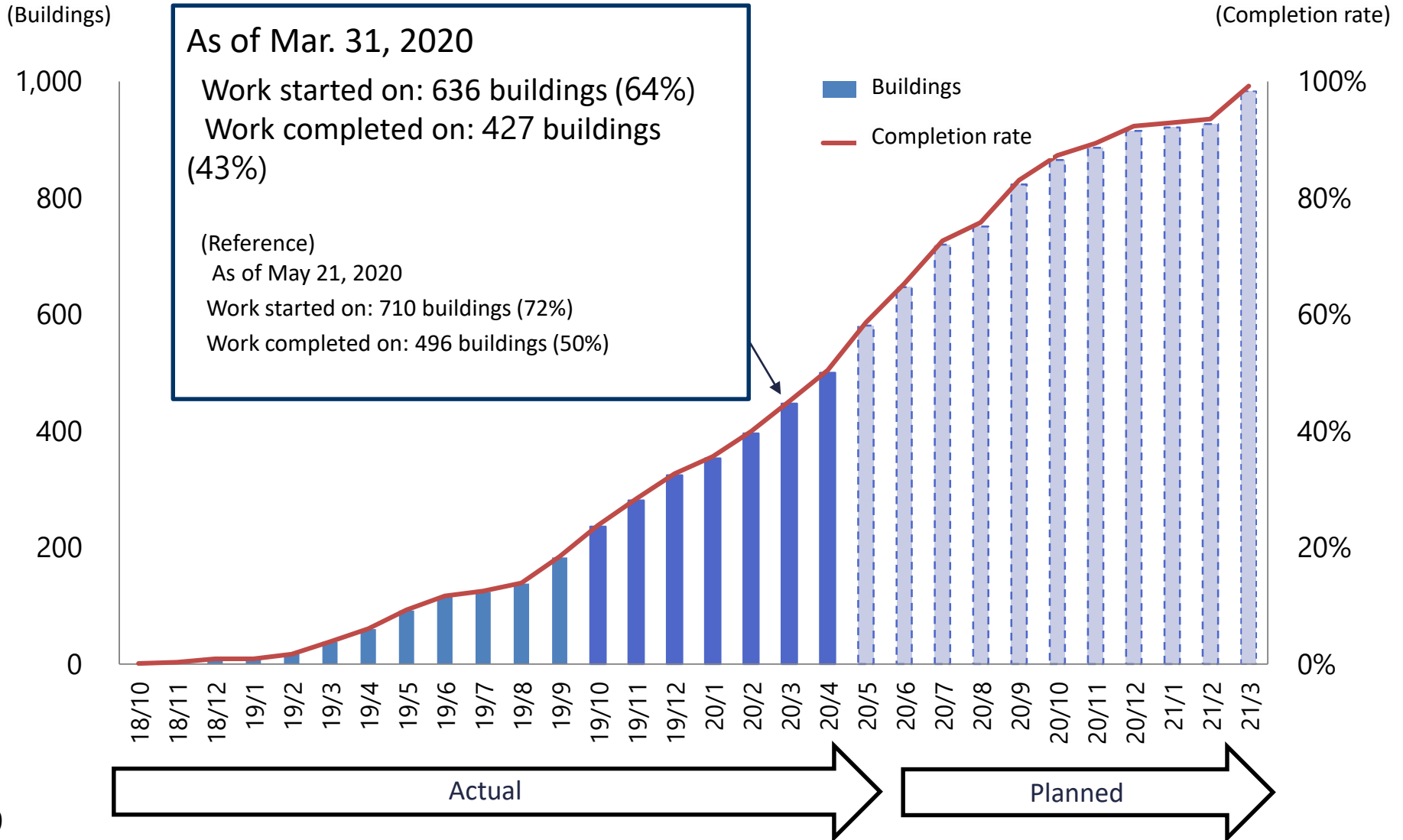


Our Precision, Your Advantage

(¥ Billion)



Progress Plan for Bringing Nonconforming Seismic Isolation/Mitigation Dampers up to Conformity



Impact of Nonconforming Acts Related to Seismic Isolation/mitigation Oil Dampers on Performance



Our Precision, Your Advantage

Cost amount

(¥ Billion)

Items	FY2018				FY2019					(1)+(2)
	2Q	3Q	4Q	(1) FY2018 cumulative total	1Q	2Q	3Q	4Q	(2) FY2019 cumulative total	
Provision for product guarantee	14.4	11.4	9.3	35.1	0.3	0.1	6.8	15.2	22.5	57.6
Product guarantee countermeasure costs	0.0	1.0	5.0	6.0	2.2	2.9	3.1	4.1	12.2	18.2
Total	14.4	12.4	14.3	41.1	2.5	3.0	10.0	19.3	34.7	75.8

Impact on cash

Items	FY2018				FY2019					(1)+(2)
	2Q	3Q	4Q	(1) FY2018 cumulative total	1Q	2Q	3Q	4Q	(2) FY2019 cumulative total	
Reversal of provision for product warranties	0.0	0.0	0.0	0.0	1.9	2.8	3.3	3.8	11.8	11.8
Product guarantee countermeasure costs	0.0	1.0	5.0	6.0	2.2	2.9	3.1	4.1	12.2	18.2
Total	0.0	1.0	5.0	6.0	4.1	5.6	6.5	7.8	24.0	30.0

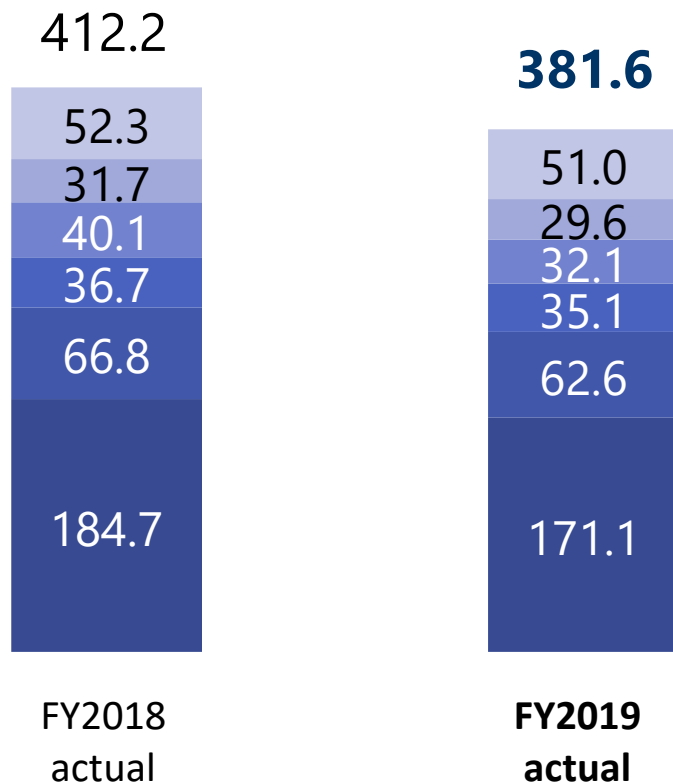
FY2019 Net Sales by Region



Our Precision, Your Advantage

(¥ Billion)

Differences
Previous period



Other	(2.5)%
Southeast Asia	(6.7)%
China	(19.8)%
America	(4.1)%
Europe	(6.2)%
Japan	(7.4)%

Overseas Sales Ratio
55.2% ⇒ 55.2%



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

FY2019 Net Sales and Segment Profits

(¥ Billion)	Net Sales			Segment Profits		
	FY2018 actual	FY2019 actual	Differences	FY2018 actual	FY2019 actual	Differences
AC	245.8	232.1	(13.7)	9.8	11.7	1.9
Shock absorbers for automobiles	169.7	167.1	(2.5)	-	-	-
Shock absorbers for motorcycles	29.1	28.2	(0.8)	-	-	-
Hydraulic equipment for automobiles	42.1	32.1	(10.0)	-	-	-
Others	5.0	4.7	(0.4)	-	-	-
HC	140.6	125.3	(15.3)	11.9	5.5	(6.4)
Hydraulic equipment for industrial use	132.3	117.0	(15.3)	-	-	-
Others	8.3	8.3	(0.0)	-	-	-
System products	8.5	8.1	(0.4)	0.6	1.5	0.9
Aircraft Components	5.6	5.5	(0.1)	(1.2)	(2.2)	(1.0)
Others	11.6	10.5	(1.1)	0.9	1.0	0.1
Total	412.2	381.6	(30.6)	22.0	17.6	(4.4)

AC: Automotive Components

HC: Hydraulic Components

Others: Special-purpose vehicles, electronic equipment, etc.

Appendix

Financial Data



Our Precision, Your Advantage

Capital Expenditure, Depreciation

(¥ billion)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Capital Expenditure	29.91	29.79	21.30	18.20	18.49	22.67	21.50
Depreciation Exp.	17.29	16.49	17.08	15.92	16.99	17.58	20.62

"Capital expenditure" and "Depreciation exp." = invested and depreciated in property, plant and equipment

Interest-bearing Debt

(¥ billion)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Interest-bearing Debt	88.81	92.45	91.69	93.56	94.64	108.63	154.61

R&D Expenses

(¥ billion)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
R&D Expenses	6.92	8.91	7.76	7.62	8.10	6.75	6.31

Number of Employees

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Number of Employees	13,033	13,732	13,796	14,350	14,754	15,427	15,439

Foreign Exchange Rate

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Average FOREX Rate - JPY/USD	100.24	109.93	120.15	108.38	110.85	110.91	108.74
Average FOREX Rate - JPY/EUR	134.37	138.77	132.57	118.79	129.70	128.40	120.81
Average FOREX Rate - JPY/CNY	16.40	17.73	18.85	16.10	16.74	16.53	15.60
Average FOREX Rate - JPY/THB	3.19	3.38	3.44	3.08	3.35	3.43	3.51
Average FOREX Rate - JPY/RUB	3.03	2.53	1.91	1.72	1.91	1.71	1.68

Net Sales by Region

(¥ billion)

		FY2018				FY2019			
		AC	HC	Others	Total	AC	HC	Others	Total
Japan	1st Half	36	44	9	89	33	46	10	90
	2nd Half	37	48	11	96	33	39	10	81
	Total	73	91	21	185	66	85	20	171
Europe	1st Half	30	4	0	34	29	4	0	33
	2nd Half	28	4	0	33	26	3	0	29
	Total	59	8	0	67	55	7	0	63
America	1st Half	14	4	0	18	14	3	1	18
	2nd Half	14	4	1	18	14	3	1	17
	Total	28	7	1	37	28	6	1	35
China	1st Half	9	11	0	20	8	8	0	16
	2nd Half	9	12	0	20	7	9	0	16
	Total	18	22	0	40	15	17	0	32
South East Asia	1st Half	14	1	0	15	13	1	0	14
	2nd Half	15	1	0	17	14	1	0	15
	Total	29	3	0	32	27	2	0	30
Others	1st Half	20	4	2	26	21	4	1	26
	2nd Half	19	4	2	26	20	4	1	25
	Total	40	9	4	52	40	8	3	51
Total	1st Half	124	67	12	203	119	67	12	198
	2nd Half	122	73	14	209	113	59	12	184
	Total	246	141	26	412	232	125	24	382