



Meeting Materials for Second Quarters (2Qs) of FY2021

November 10, 2021

KYB Corporation

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

2Qs (1H) of FY2021 Performance Overview

✓ Increase in net sales and profits

- Sales and segment profits* dramatically surpassed with the impact of decreased demand due to COVID-19 lessening compared to the same period in the previous fiscal year.
- The segment profits ratio maintained a 6% level due to increases in sales and the effects of reductions in fixed costs.
- Operating profit shall remain stabilized due to the decrease in costs related to seismic isolation/mitigation oil dampers

2Qs (1H) of FY2021 Activities

- Over 95% of the seismic isolation/mitigation oil dampers have been brought up to conformity, and work on the remaining dampers is underway
- The merger with Kayaba System Machinery Co., Ltd. was completed in July
- In July, the ESG Improvement Sect. was established, and started full-scale efforts on ESG management.

FY2021 Forecast

- ✓ **Upward adjustment to initial forecast**
 - Upward adjustment to the initial forecast on account of the performance in the first half of the fiscal year
 - While there is a strong sense of uncertainty with persisting automobile production adjustments due to the semiconductor shortage, sales of products for the aftermarket and for construction machinery are forecast to be firm.
 - We conducted profit reform measures focused on fixed cost reductions, even with the impact of production adjustments and conditions in the steel material market.

Topics for Second Half of FY2021

- As a part of our efforts to strengthen governance at associates, we plan to complete the merger with KYB Engineering & Service Co., Ltd., in January 2022.



2Qs of FY2021 Financial Information

2Qs (1H) of FY2021 Financial Summary



Our Precision, Your Advantage

(¥ Billion)	IFRS		Differences
	1H of FY2020 actual	1H of FY2021 actual	Previous period
Net sales	138.8	185.9	47.1
Segment profits* [Segment profits ratio]	(1.4) [–]	11.7 [6.3%]	13.1 [–]
Operating profit (loss)	(2.7)	13.8	16.5
Profit (loss) attributable to owners of the parent	(3.8)	9.5	13.3
FOREX (Average) (¥)			
JPY/ US\$	106.91	109.80	
JPY/ EUR	121.29	130.89	

*Segment profits correspond to operating income in JGAAP.

2Qs (1H) of FY2021 Net Sales and Segment Profits



Our Precision, Your Advantage

(¥ Billion)	Net Sales			Segment Profits		
	1H of FY2020 actual	1H of FY2021 actual	Differences	1H of FY2020 actual	1H of FY2021 actual	Differences
AC	81.8	111.0	29.2	(1.3)	7.1	8.4
HC	51.1	68.0	16.8	0.5	5.9	5.4
Aircraft Components	1.9	1.9	0.0	(0.8)	(1.9)	(1.1)
Others	4.0	5.0	1.0	0.3	0.5	0.3
Total	138.8	185.9	47.1	(1.4)	11.7	13.1

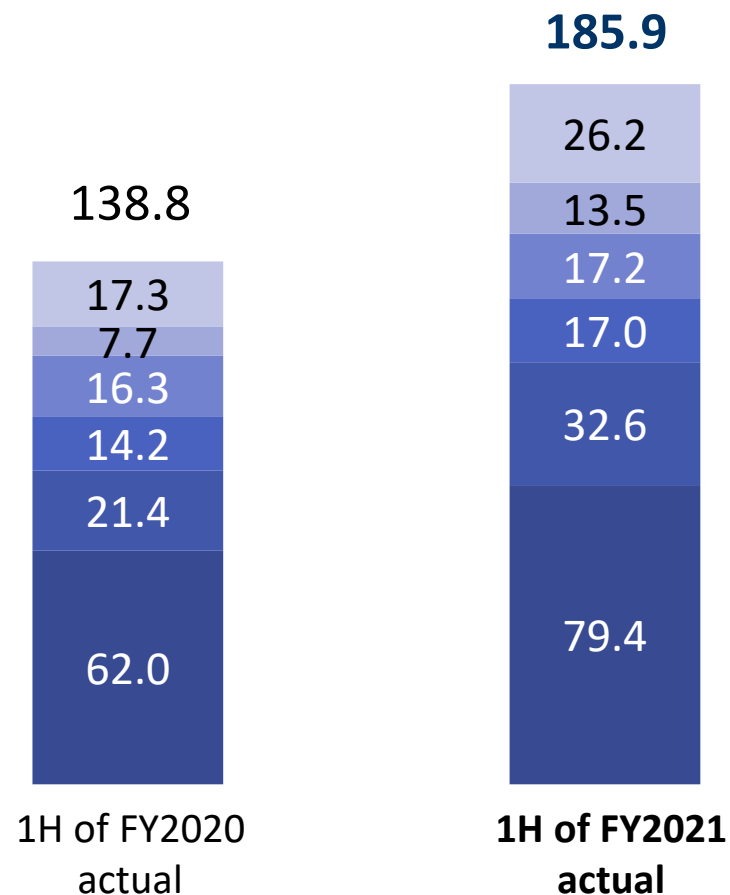
AC: Automotive Components

HC: Hydraulic Components

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

2Qs (1H) of FY2021 Net Sales by Region

(¥ Billion)



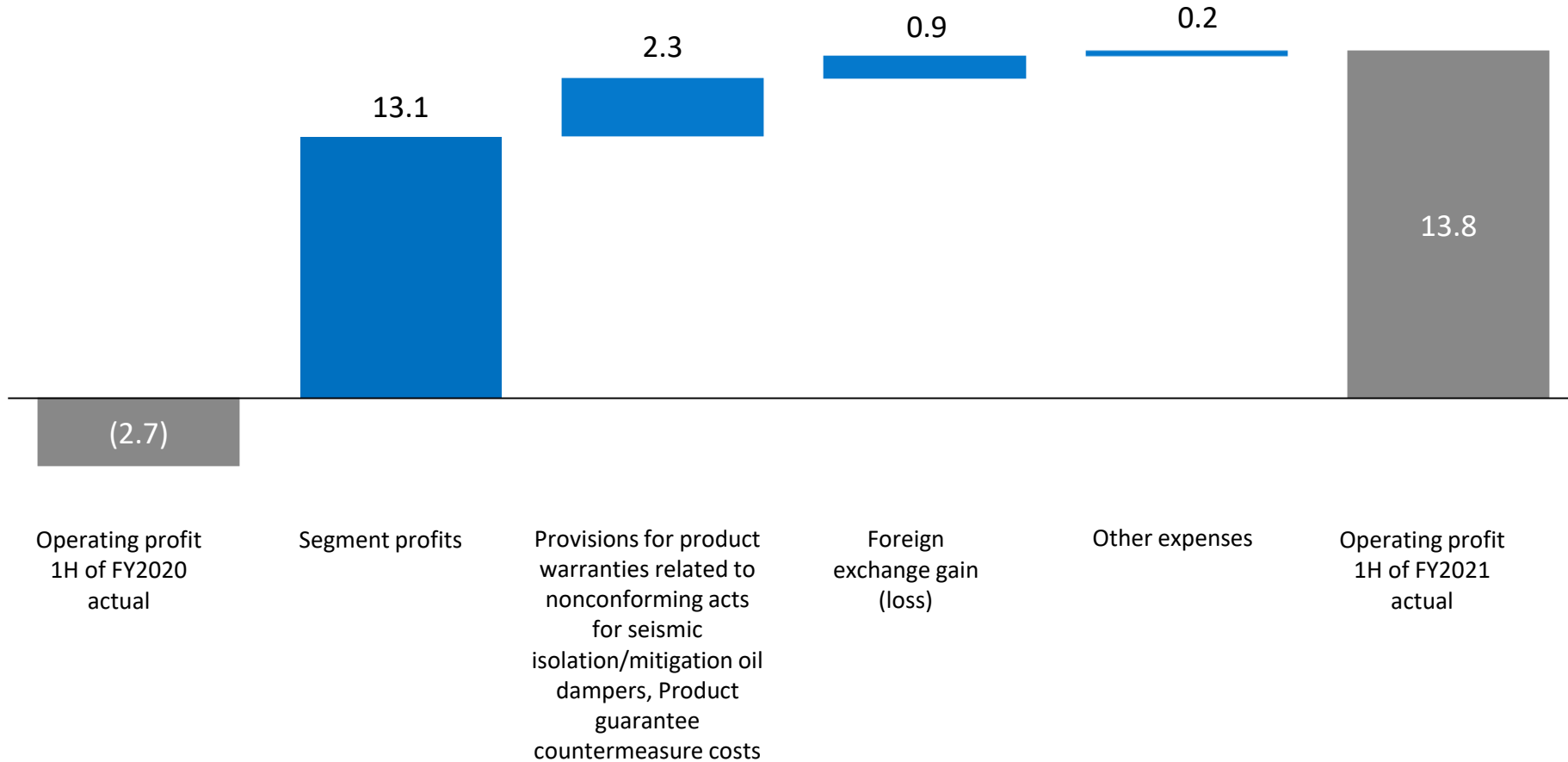
Differences
Previous period

Other	51.7%
Southeast Asia	74.4%
China	5.4%
America	19.8%
Europe	52.7%
Japan	28.1%

Overseas Sales Ratio
55.3% ⇒ 57.3%

2Qs (1H) of FY2021 Changes in Operating Profit (Comparison with previous period)

(¥ Billion)



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



Breakdown of Remaining Items to Bring up to Conformity

	As of end of Oct. 2021
Work completed	943 buildings [95.2%]
Exchange work ongoing	12 buildings [1.2%]
Waiting for construction work to start, construction schedule being adjusted	15 buildings [1.5%]
On manufacturing standby to align with the construction schedule	3 buildings [0.3%]
Under administrative coordination	4 buildings [0.4%]
Coordinating details with the relevant persons regarding bringing the items up to conformity	14 buildings [1.4%]
Total	991 buildings

Financial Forecast for FY2021



Our Precision, Your Advantage

(¥ Billion)	IFRS			Differences	
	FY2020 Actual	FY2021 Forecast (beginning of the year)	FY2021 Forecast	Previous year	Previous forecast
Net sales	328.0	365.0	380.0	52.0	15.0
Segment profits* [Segment profits ratio]	13.3 [4.1%]	22.0 [6.0%]	23.5 [6.2%]	10.2 [2.1%]	1.5 [0.2%]
Operating profit	18.3	21.0	25.5	7.2	4.5
Profit (loss) attributable to owners of the parent	17.1	16.0	17.0	(0.1)	1.0
Dividend (¥)	75	90	90	15	0
FOREX (Average) (¥)					
JPY/ US\$	106.06	100.00	108.90		
JPY/ EUR	123.69	118.00	127.95		

*Segment profits correspond to operating income in JGAAP.

Net Sales and Segment Profits Forecast for FY2021



Our Precision, Your Advantage

(¥ Billion)	Net Sales			Segment Profits		
	FY2020 actual	FY2021 forecast	Differences	FY2020 actual	FY2021 forecast	Differences
AC	197.5	226.7	29.2	8.2	15.1	6.9
HC	117.3	137.5	20.2	6.6	10.8	4.3
Aircraft Components	3.9	4.8	1.0	(2.5)	(3.4)	(0.9)
Others	9.4	11.0	1.6	1.0	1.0	(0.1)
Total	328.0	380.0	52.0	13.3	23.5	10.2

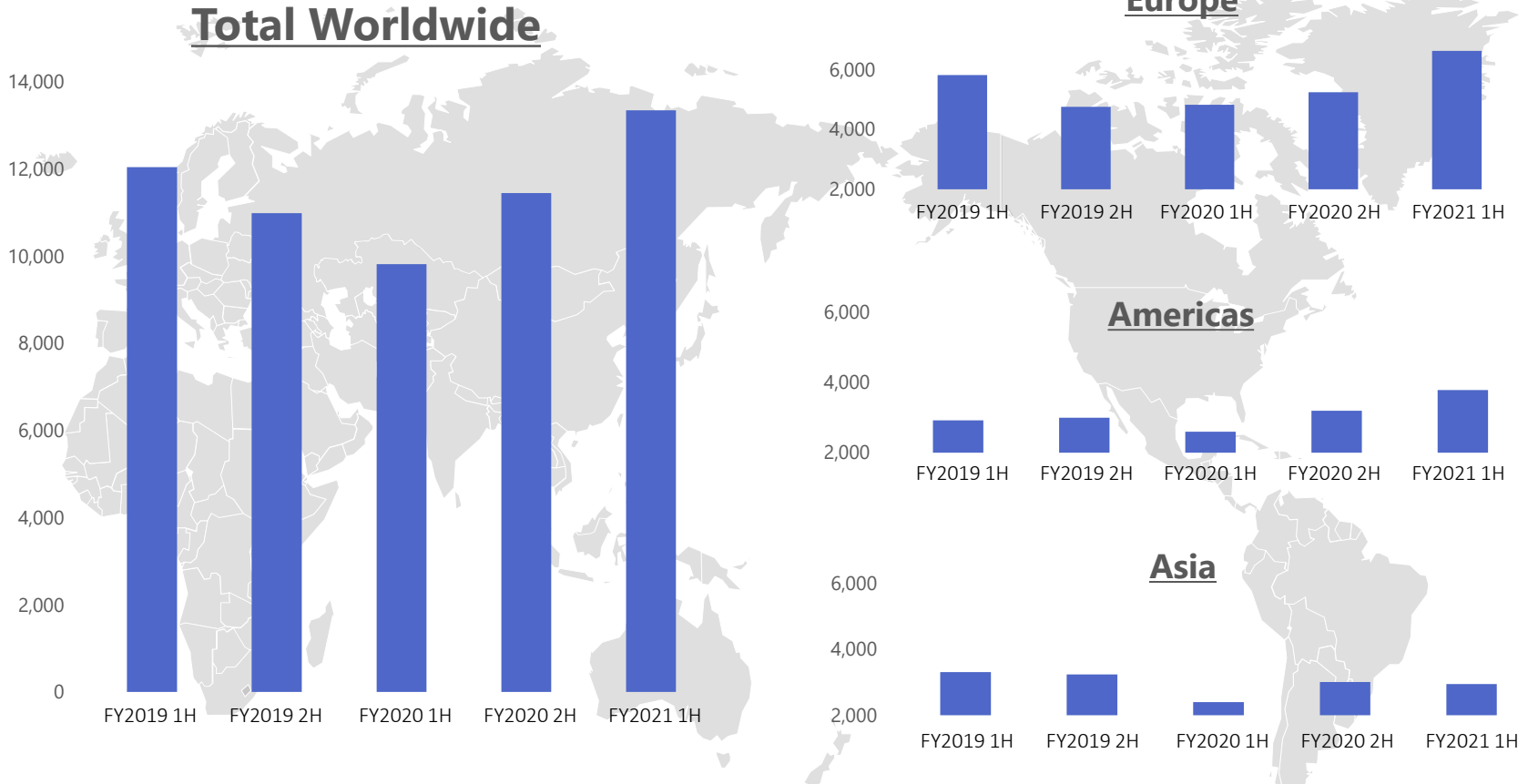
AC: Automotive Components

HC: Hydraulic Components

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

Number of aftermarket shock absorber units sold

(Thousand units)



- ✓ Build a flexible supply system that integrates production and sales to respond to increased market demand despite declines in OEM caused by suspension and adjustments in customer operations due to semiconductor supply problems.
- ✓ Achieved record high in the number of aftermarket shock absorber units sold worldwide



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.

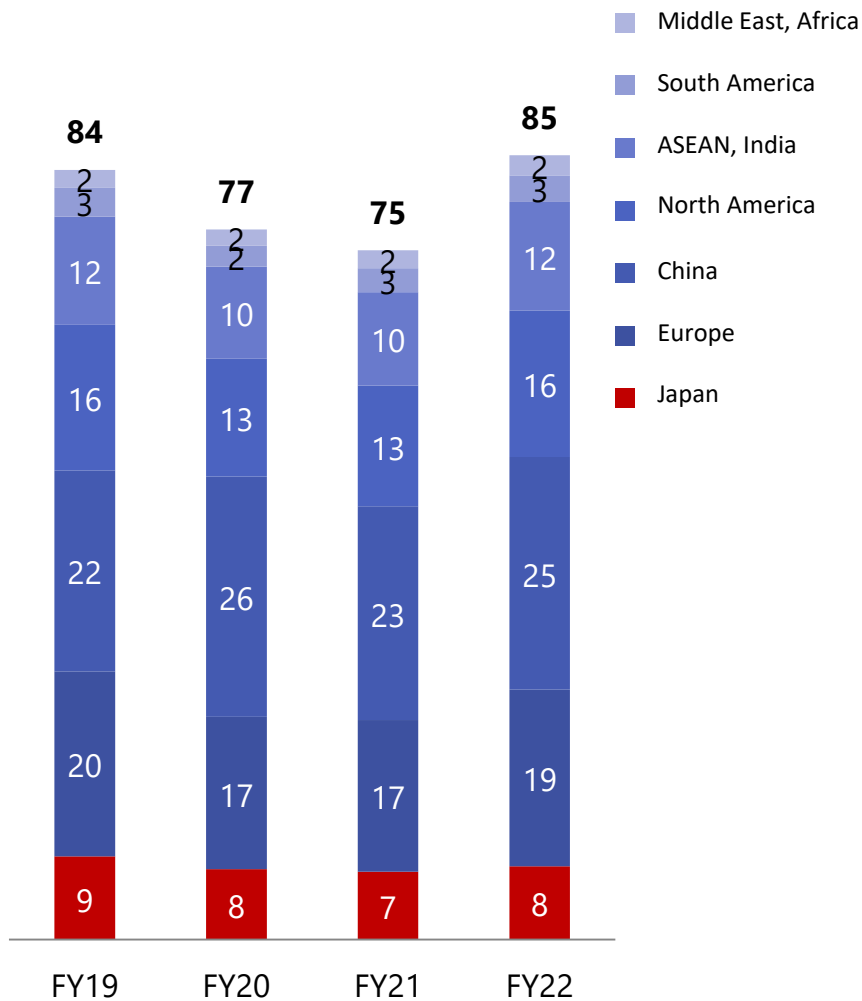
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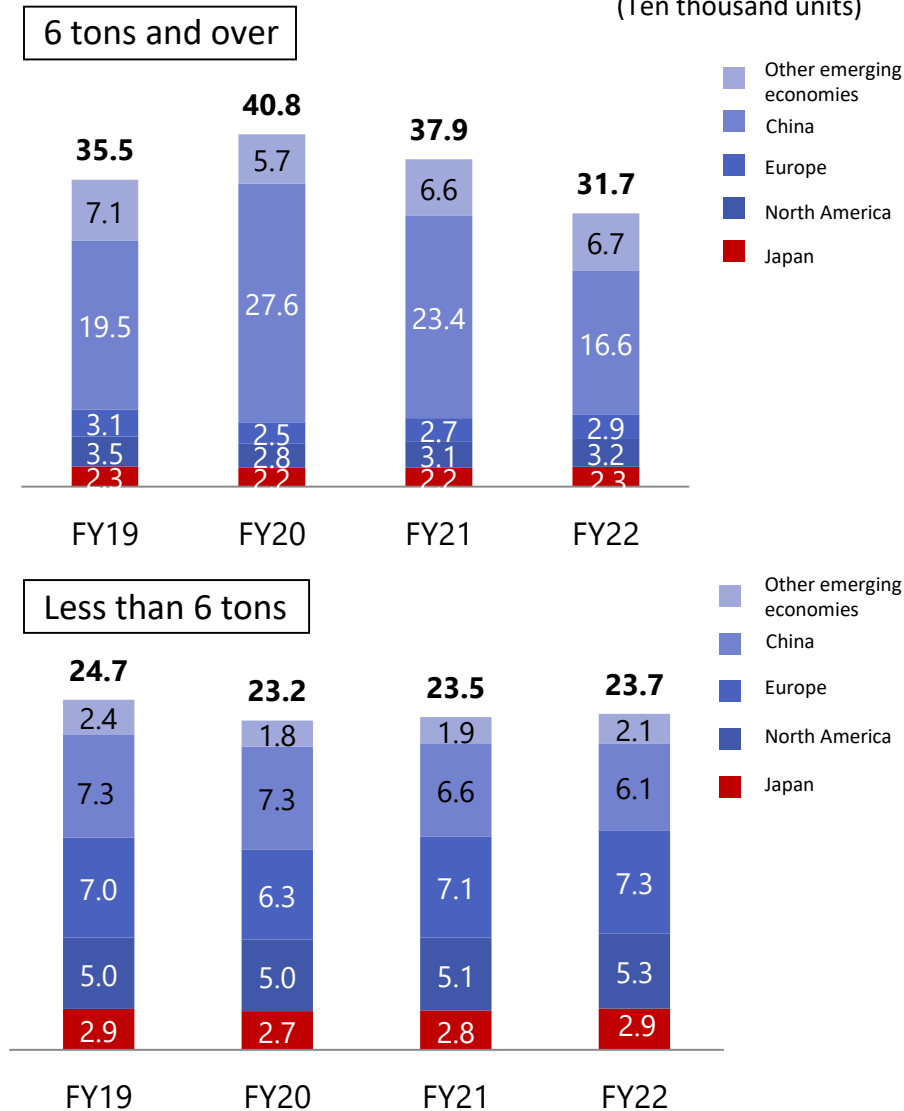
Automobile Production Forecast

(Million units)



Demand Forecast for Hydraulic Excavators

(Ten thousand units)



2Qs (1H) of FY2021 Net Sales and Segment Profits

(¥ Billion)	Net Sales			Segment Profits		
	1H of FY2020 actual	1H of FY2021 actual	Differences	1H of FY2020 actual	1H of FY2021 actual	Differences
AC	81.8	111.0	29.2	(1.3)	7.1	8.4
Shock absorbers for automobiles	61.1	81.0	19.9	—	—	—
Shock absorbers for motorcycles	9.3	15.8	6.5	—	—	—
Hydraulic equipment for automobiles	9.7	11.9	2.1	—	—	—
Others	1.7	2.3	0.6	—	—	—
HC	51.1	68.0	16.8	0.5	5.9	5.4
Hydraulic equipment for industrial use	44.9	61.6	16.7	—	—	—
System products	2.5	2.1	(0.5)	—	—	—
Others	3.7	4.3	0.6	—	—	—
Aircraft Components	1.9	1.9	0.0	(0.8)	(1.9)	(1.1)
Others	4.0	5.0	1.0	0.3	0.5	0.3
Total	138.8	185.9	47.1	(1.4)	11.7	13.1

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(¥ billion)

Capital Expenditure, Depreciation

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021-1H
Capital Expenditure	29.8	21.3	18.2	18.5	22.7	21.5	13.1	7.0
Depreciation Exp.	16.5	17.1	15.9	17.0	17.6	20.6	18.6	9.3

(¥ billion)

Interest-bearing Debt

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021-1H
Interest-bearing Debt	92.4	91.7	93.6	94.6	108.6	154.6	160.3	149.6

(¥ billion)

R&D Expenses

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021-1H
R&D Expenses	8.9	7.8	7.6	8.1	6.8	6.3	5.4	2.9

(¥ billion)

Cash flows

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021-1H
Cash flows from operating activities	21.1	20.0	31.2	29.3	17.0	(5.0)	20.8	7.3
Cash flows from investing activities	(29.4)	(20.3)	(21.3)	(16.4)	(13.6)	(21.5)	(6.3)	(5.9)
Cash flows from financing activities	(0.6)	(3.4)	(1.0)	(4.5)	10.4	22.6	1.1	(3.0)

Number of Employees

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021-1H
Number of Employees	13,732	13,796	14,350	14,754	15,427	15,439	14,718	14,611

Foreign Exchange Rate

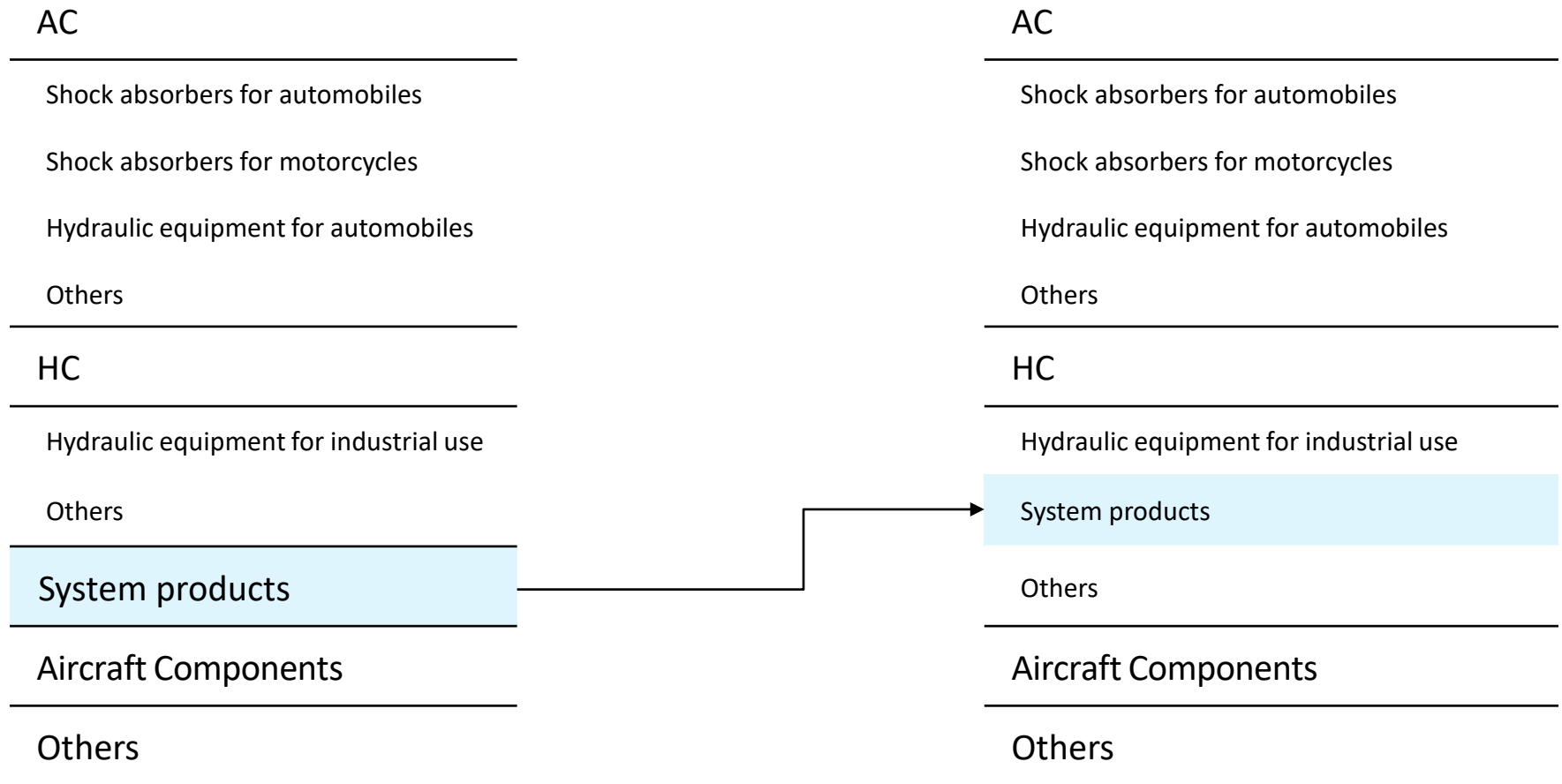
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021-1H
Average FOREX Rate - JPY/USD	109.93	120.15	108.38	110.85	110.91	108.74	106.06	109.80
Average FOREX Rate - JPY/EUR	138.77	132.57	118.79	129.70	128.40	120.81	123.69	130.89

(¥ billion)

		FY2020				FY2021			
		AC	HC	Others	Total	AC	HC	Others	Total
Japan	1st Half	22	35	5	62	28	46	5	79
	Total	22	35	5	62	28	46	5	79
Europe	1st Half	19	2	0	21	29	4	0	33
	Total	19	2	0	21	29	4	0	33
America	1st Half	11	3	1	14	13	4	0	17
	Total	11	3	1	14	13	4	0	17
China	1st Half	8	8	0	16	9	8	0	17
	Total	8	8	0	16	9	8	0	17
South East	1st Half	7	1	0	8	12	2	0	13
	Total	7	1	0	8	12	2	0	13
Others	1st Half	14	3	1	17	20	5	1	26
	Total	14	3	1	17	20	5	1	26
Total	1st Half	82	51	6	139	111	68	7	186
	Total	82	51	6	139	111	68	7	186

Change in Business Segment Classification

As of the second quarters of FY2021, the System products segment will be reclassified as a subsegment of HC Operations.



AC: Automotive Components

HC: Hydraulic Components

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