

The Kubota Group contributes to the world in the areas of food, water, and the environment.

— Targeting a sustainable world through innovation



Editorial note

The objective of this report is to provide our stakeholders with an overview of the business and CSR activities of the Kubota Group from a global viewpoint in an easy-to-understand manner. The Kubota Group is taking on the challenge of solving global issues through business activities, in view of the concepts of SDGs*, the goals for world sustainable development.



* For details of SDGs (Sustainable Development Goals), please see the United Nations Information Centre website. www.un.org/sustainabledevelopment/

Relationship between the Digest Version and the Full Report Version

Digest Version

We have compiled a concise and clear summary, focusing on visual presentation to make the entire picture of the Kubota Group easier to understand

Full Report Version

In addition to the content of the Digest Version, we are issuing a detailed breakdown of our CSR activities in a PDF format. www.kubota.com/report/

Period covered by the KUBOTA REPORT

From January 2018 to December 2018

* Matters outside the above period are partially included.

Scope of the KUBOTA REPORT

In principle, the entire Kubota Group is covered.

* Some statements may refer to the non-consolidated Kubota.

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—Aiming for a Disaster-Resistant World

The Kubota Group Mission

The founding spirit of the company has been passed down for close to 130 years.
Kubota, Always Tackling Social Problems

The Kubota Group is committed to achieving SDGs in the areas of food, water, and the environment.

Founded in 1890

Established as a casting manufacturer
Started production of castings for weighing equipment and daily commodities



Founder, Gonshiro Kubota (1870-1959)

“Our products should be not only technically excellent, but also useful for the good of society.”

- Food
- Water
- Environment

Business foundation	Together with the development of society
<p>1893</p> <p>Succeeded in the production of the first cast iron pipes for water supply in Japan</p> <p>Kubota iron pipe shipping site around 1905</p>	<p>1962</p> <p>Entered the water treatment business and tackled the emerging water pollution problem</p> <p>Night soil treatment plant in Miyoshi, Hiroshima, the first project after the Division was formed</p>
<p>1947</p> <p>Developed the cultivator, a pioneer in the mechanization of agriculture</p> <p>First cultivator</p>	<p>1968</p> <p>Developed the first fully automatic walk-behind rice transplanter in the industry</p> <p>Fully automatic walk-behind rice transplanter, the original model for subsequent transplanters</p>
<p>1960</p> <p>Developed the first Japanese tractor, to support farming villages suffering from labor shortages</p> <p>First Japanese riding upland farming tractor</p>	<p>1974</p> <p>Started manufacturing mini excavators, supporting small-scale urban construction</p> <p>Fully revolving small hydraulic shovel, the base model for subsequent Kubota mini excavators</p>

A company taking on global challenges

2011

Became the first company in the world to acquire the U.S. CARB certificate, responding swiftly to global emissions regulations



An engine conforming to stage 4 emission standards

2014

Established a large upland farming tractor manufacturing company in France



Large tractor for use in expansive farmland

2015

Constructed water treatment facilities, etc. in Myanmar



Water purification plant constructed in Thilawa Industrial Park

Toward achieving SDGs, challenges for the world

2030

The Kubota Group's business areas	SDGs related to specific businesses
<p>By streamlining of agriculture, the Kubota Group contributes to the abundant and stable production of food.</p> <p>Food</p>	<p>2 ZERO HUNGER</p> <p>1 NO POVERTY</p>
<p>By enhancing water infrastructures, the Kubota Group contributes to supply and to restore reliable water.</p> <p>Water</p>	<p>6 CLEAN WATER AND SANITATION</p> <p>3 GOOD HEALTH AND WELL-BEING</p>
<p>By enhancing social infrastructures, the Kubota Group contributes to create and preserve a comfortable living environment.</p> <p>Environment</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>7 AFFORDABLE AND CLEAN ENERGY</p>

Corporate Principles

Kubota Global Identity

Spirits

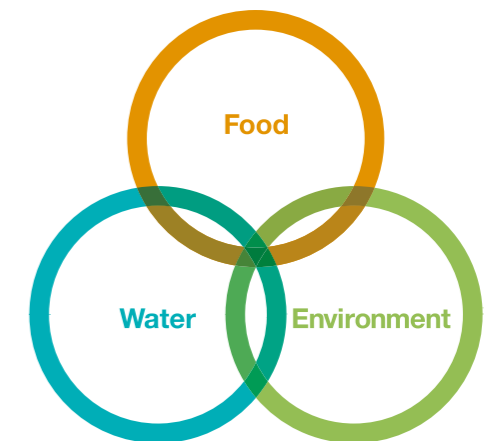
- Work for the development of society by drawing on all of our capabilities and know-how to offer superior products and technologies.
- Build today and open the way to tomorrow, with the aim of bringing prosperity to the company and happiness to employees.
- Challenge the unknown with creativity and courage.

Brand Statement

For Earth, For Life
Kubota

Mission

Food, water and the environment are indispensable for human beings. The Kubota Group continues to support the future of the earth and humanity by contributing products that help the abundant and stable production of food, help supply and restore reliable water, and help create a comfortable living environment through its superior products, technologies and services.



Kubota Global Loop

Top Message



Setting SDGs as a compass, we are driving forward at full speed toward the realization of the “Global Major Brand Kubota.”

The Kubota Group's Aspirations

Since its foundation in 1890, Kubota has delivered a variety of products that contribute to people's lives and society, including iron water pipes for the development of modern waterworks, and agricultural machinery to increase food production and save labor. Today, the world faces many challenges in the areas of food, water and the environment, which are indispensable for human beings. The Kubota Group believes that its mission is to comprehensively solve the problems of food, water and the environment through its superior products, technologies and services, thereby continuing to support the future of the earth and humanity.

Now, the Kubota Group aims at realizing the “Global Major Brand (hereinafter, ‘GMB’) Kubota.” It means not simply becoming a top company in terms of sales or profits, but becoming a “company (brand) that can make the greatest social contribution as a result of being trusted by the largest number of customers.”

In 2015, the United Nations adopted 17 sustainable development goals, or SDGs, including “ZERO HUNGER” and “CLEAN WATER AND SANITATION,” as a set of common goals for the international community.

We see that the direction aimed at by the SDGs is the same direction that the Kubota Group should aim at, as a company contributing to the world in the areas of food, water and the environment under the brand statement “For Earth, For Life.”

Kubota's Challenges for 2030

(* See P. 07 – 12 for details)

When we turn our attention to 2030, which is also the target year for the SDGs, we see that the world's population is expected to grow from the current 7.5 billion to 8.5 billion, but this growth will coincide with a host of issues related to food, water and the environment, our business areas.

In addition to the greater demand for food throughout the world that will result from this explosive population growth, diets will also be enriched with the higher personal incomes that follow economic development. Likewise, these changes are expected to not only increase the demand for food for human consumption, but also the demand for grains used for feed in the livestock industry. In response to this issue, the Kubota Group is accelerating the market deployment of large upland farming tractors

as a way of supporting the response to this global increase in food demand.

Meanwhile, in Asia, accelerating urbanization is making the construction of water and sewage infrastructure essential. The Kubota Group contributes to providing such infrastructure through its pipe system and water treatment facility-related products and services. Another area in which we can contribute in terms of urban development is the engines that serve as the power source for mini excavator and other industrial machinery. On the other hand, improving the productivity of agriculture has become an urgent issue in rural areas of Asia and Africa, where we contribute to agricultural mechanization.

Turning our attention to Japan, we see that the agricultural industry is faced with various issues arising from labor shortages and the aging society. In response, the Kubota Group is promoting the greater use of smart agriculture, which utilizes the information and communication technologies (ICT) and robotics technologies that have taken on a major role in solving this issue.

As discussed thus far, we are tackling the challenge of solving social problems around the world, thereby driving forward toward the realization of a true GMB Kubota through our business activities.

Pursuing CSR Management

In aiming to realize GMB Kubota, one aspect that will become increasingly important as a basis for this, is the further pursuit of CSR (corporate social responsibility) from a global perspective. As the cornerstone of the Kubota Global Identity—our corporate principles—we are faithfully undertaking CSR activities while we drive forward the establishment of stronger relationships of trust with our customers and communities around the world.

For this reason, we recognize that ensuring compliance is an extremely critical issue. Under the resolve that no sales or profits are worth pursuing at the expense of the Kubota Group's corporate dignity, we strive to carry out our work in compliance with the law.

In particular, we have defined quality as the issue that we must most faithfully address as a manufacturer and are therefore striving to improve our reliability.

In terms of the environment, we aim to reduce environmental loads, expand Eco-Products, and fulfill the other goals outlined in Medium-Term Environmental Conservation Targets 2020. Along with these efforts, we are also working to investigate a production system with an awareness of achieving zero-emissions.

The Kubota Group's business activities reach every corner of the world. And against this backdrop of global competition, we are also tackling diversity and pursuing stress-free work as a means of realizing GMB Kubota. We are also aggressively working to create working environments that facilitate the participation of a diverse range of personnel, reviewing the human resource system, and enhancing the employee education and training system. Along with improving the efficiency of work and advancing workstyle reforms, we are also striving to fully implement safety management and to comprehensively energize our business activities as sources of competitiveness.



To Our Stakeholders

Besides promoting our current businesses, we will acquire new business opportunities through initiatives to achieving the SDGs, thereby improving our CSR management. This will surely contribute to the realization of the GMB Kubota.

The Kubota Group will continue to make united efforts across countries, regions, and departments to become a company trusted by customers and society.

We sincerely request your continued support.

March 2019

木 股 昌 俊

Masatoshi Kimata

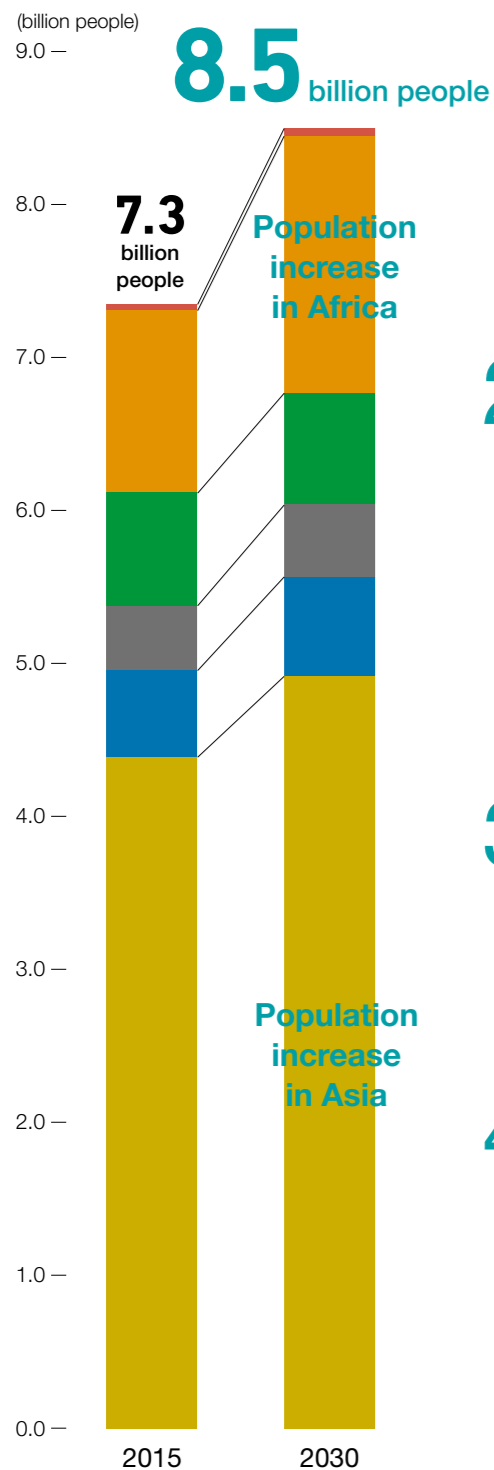
President and Representative Director,
Kubota Corporation

Challenges Through 2030

Tackling the Challenges Associated with the Megatrend of Global Demographic Shifts

Population trends by region

Asia North America South America
Europe Africa Oceania



Source: Kubota Corporation, based on data from the Ministry of Internal Affairs and Communications

1. Increase in the global population

Feature 1

Increase in global demand for grain
Economic development contributing to an expansion in the middle-income group*

- ▶ Improved diets contributing to enhanced demand for meat
- ▶ Increased demand for grain used in food and livestock feed

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2. Population increase in Asia

Feature 2

Rapid urbanization
Pressing need to develop a variety of urban infrastructure
Decrease in the rural population
The labor shortage makes it urgent to improve agricultural productivity

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3. Population increase in Africa

Feature 3

There is a need to shift from a human and animal-based agricultural system to a more productive system

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4. Population decline in Japan

Feature 4

Declining farmers due to aging and giving up farming
Key issues include improving productivity and profitability

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* Middle-income group: Demographic with per capital daily consumption of around US\$10 to US\$100 (as defined by the OECD)

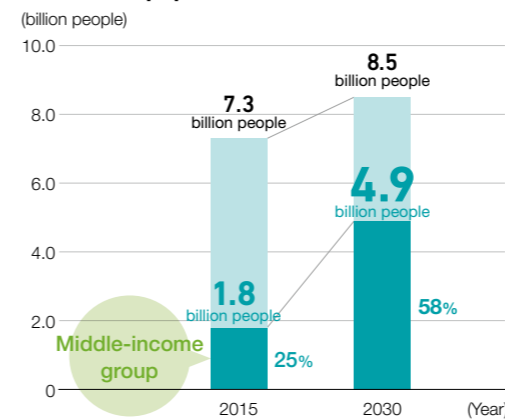


Helping to satisfy the ongoing global increase in food demand



Upland farming tractors for a variety of uses

The middle-income group's share of the world's population



Increase in the middle-income group population from 2015 to 2030
Source: Kubota Corporation, based on Cabinet Office and OECD materials

Global challenges expected through 2030

- The rise in the global population is expected to contribute to increased demand for grain used in food.
- Economic development is contributing to an increase in the middle-income group population.
- Improved diets are leading to an increased demand for meat.
- Demand for grain is expected to increase not only food, but also for livestock feed. (Demand for livestock feed grain is expected to exceed demand for grain used in food in 2030.)

Kubota's challenge

Kubota's large upland agricultural machinery contributes to the enhanced productivity required by global food demand



Large upland farming tractors



Processing the hay used to feed livestock



Developing upland agricultural machinery that meets the needs of countries and regions around the world



Addressing rapid urbanization and a labor shortage in rural areas in Asia

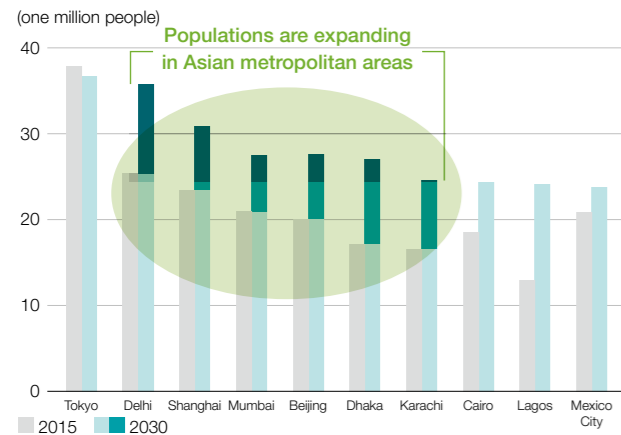


Large-scale water pipeline and water treatment facility construction in Chittagong, Bangladesh's second-largest city. (Total pipe length of about 100km, with project completion expected in October 2019.)



Instructions for the operation of rice transplanters in Vietnam

Population trends for the world's 10 largest metropolitan areas (2015-2030)



Seven of the top 10 metropolitan areas are in Asia, with each showing strong growth.

* Metropolitan area: a city with a population of at least 10 million people
Source: Kubota Corporation, based on UN data

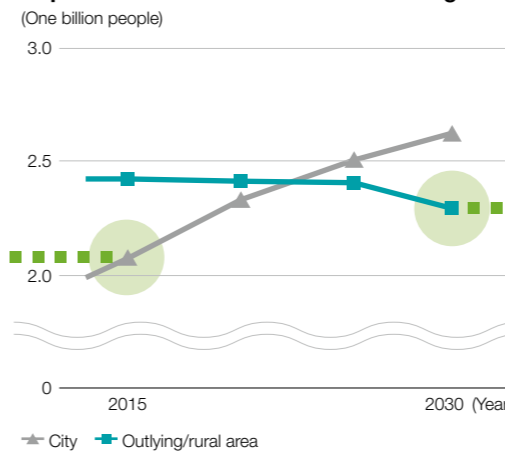
Global challenges expected through 2030: Asia edition

Asian countries are seeing explosive population growth and accelerated economic development.

Metropolitan populations are expanding as people move from rural to urban areas in search of prosperity.

There is an urgent need to develop urban infrastructure, with sewers being one such example.

Population trends in Asian cities and regions



As urbanization in Asia progresses, populations in outlying and farming areas are declining.

Source: Kubota Corporation, based on Asia Development Bank data

Global challenges expected through 2030: Asia edition

People are moving from rural areas to urban areas in search of prosperity.

This is contributing to a decline in populations in rural and farming areas and a shortage in agricultural workers.

However, demand for food in Asia is increasing, requiring enhanced efficiency in its production.

Kubota's challenge

Many Kubota products

contribute to the development of the infrastructure required as Asia becomes more urbanized



Urbanization creates a growing need for sewer and water treatment facilities
(This photograph shows a wastewater treatment plant (Johkasou) used in areas without developed sewers)



Mini excavator that can be used to develop urban infrastructure



Industrial engines vital to economic development
(This photo shows local production facilities in Asia)

Kubota's challenge

Kubota agricultural machinery

contributes to enhanced productivity in Asian agriculture.



The use of rice transplanters boosts productivity substantially compared to traditional agriculture using human labor.



Multi-purpose tractors can perform a number of tasks, including heavy towing.



R&D Centers conduct research and development aligned with the needs of local Asian communities.

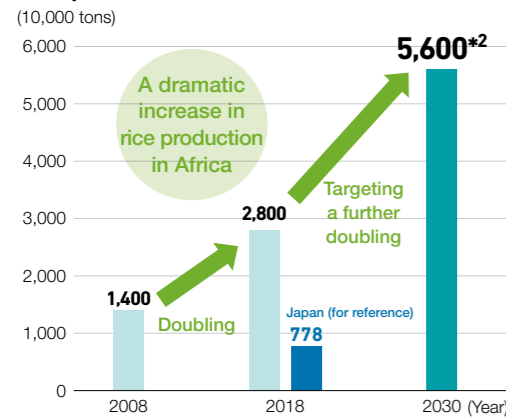


Moving toward mechanized agriculture in Africa



Cultivator demonstration in Madagascar, a Coalition for African Rice Development (CARD)*1 country.

Rice production in Sub-Saharan Africa



Demand for rice in Africa is expanding sharply.

*1 CARD is an international NGO formed by JICA and Alliance for a Green Revolution in Africa (AGRA) for the promotion of rice cultivation in 23 Sub-Saharan countries in Africa.

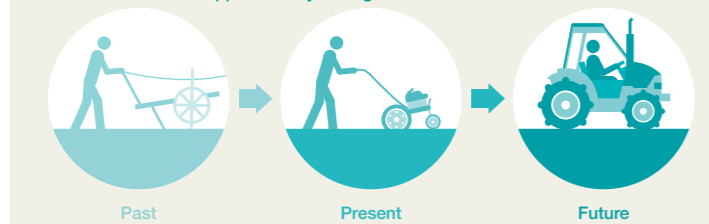
*2 56 million tons is the target being promoted by CARD Source: Kubota corporation, based on data from CARD and the Ministry of Agriculture, Forestry and Fisheries



Kubota's challenge

The gradual introduction of Kubota agricultural machinery is contributing to improved food production in Africa.

The introduction of cultivators is improving productivity compared to agriculture using traditional agriculture based on human and animal labor. Further mechanization appears likely throughout Africa.

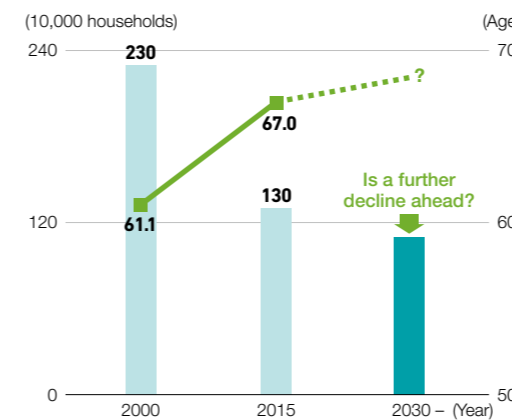


Addressing the diverse challenges facing Japanese agriculture



Cooperative operations using manned and unmanned equipment

Trends in commercial farming households and the average age of core agricultural workers



The number of commercial farming households is expected to decline further over the next 10 years

Source: Kubota Corporation, based on data from the Ministry of Agriculture, Forestry and Fisheries.



Kubota's challenge

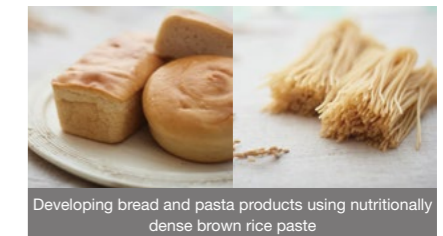
Kubota supports Japanese agriculture and rice demand through the promotion of smart agriculture and expanding consumption in a diverse range of products



Combine harvester using the Kubota Smart Agri System (KSAS) for the visualization of agricultural management



Exporting safe, fresh, and delicious Japanese rice to Hong Kong and Singapore



Developing bread and pasta products using nutritionally dense brown rice paste

Smart agriculture that uses robotic technologies, IoT, and ICT to massively reduce labor and produce high-quality products

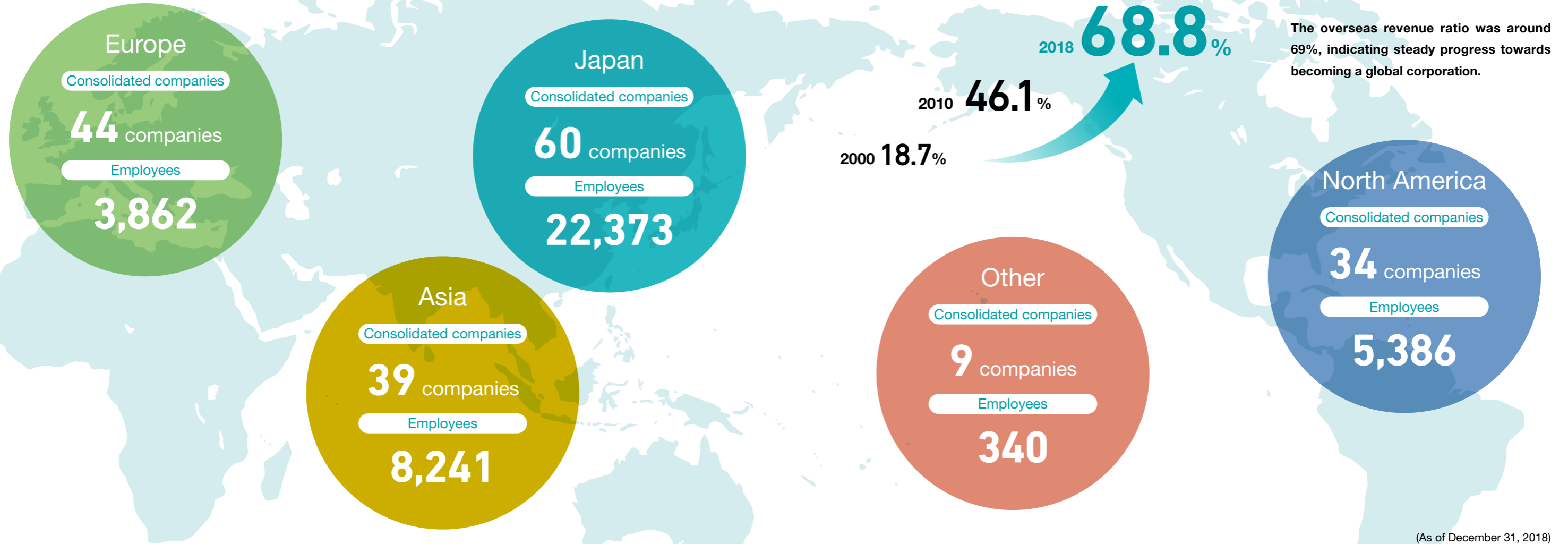
Exporting rice and developing bread and pasta using brown rice Contributing to the revitalization of Japanese agriculture by increasing the consumption of rice

Genkido, which offers bread and pasta produced from brown rice. (only in Japanese)



Kubota Group's Global Network

Aiming to realize the “Global Major Brand Kubota,” the Kubota Group is expanding its global business in accordance with local needs to solve food, water, and the environmental issues around the world.



Worldwide sales volume of tractors



Over **4 million units** (cumulative)
Kubota tractors are used in agricultural settings throughout the world, where they contribute to food production.

Worldwide sales volume of engines



30 million units (cumulative)
Kubota engines support global industry with characteristic high-efficiency, energy- and labor-saving performance.

Sales volume of mini excavators



Global **No. 1** for 16 consecutive years
Kubota pioneered the mini excavator, and has been quick to expand into overseas markets. These machines have earned high praise on building sites around the world.
* Since 2002, from "Off-highway research 2017."

Share of Thailand tractor market / Share of Asian combine harvester market



No. 1
Refined on the front lines of Japanese rice cultivation, Kubota agricultural machinery has an excellent reputation in Asia's leading rice growing countries.

Engine line-up

Approximately **2,000 models**
Kubota produces an abundant lineup of engines to meet every kind of customer need.

European emissions regulations

Stage V compliant
Kubota engines meet Europe's rigorous emissions regulations. We support local industry while considering the environment.

Global supply record of ductile iron pipes



Over **70 countries**
Kubota water pipes are world renowned for durability and performance. They are currently used in the water infrastructure of over 70 countries.

Adoption rate of Kubota facilities for high-purity water treatment facilities in Japan



Approximately **80%**
* Based on activated charcoal-treated water volume
Products supported by Kubota's advanced water treatment technologies are used in many water purification facilities in Japan.

Financial Highlights

Summary of the results of operations for the year ended December 31, 2018

Kubota Corporation and its subsidiaries (hereinafter, the "Company") have adopted International Financial Reporting Standards (hereinafter, "IFRS") instead of accounting principles generally accepted in the United States of America (hereinafter, "U.S. GAAP") from the beginning of the fiscal year ended December 31, 2018. The figures for the fiscal year ended December 31, 2017 used in the following analysis were reclassified into figures in accordance with IFRS. For the year ended December 31, 2018, revenue of the Company increased by ¥99.3 billion [5.7%] from the prior year to ¥1,850.3 billion. Domestic revenue increased from the prior year because of increased revenue in Farm & Industrial Machinery, which was mainly due to strong sales of agricultural-related products and engines. Overseas revenue increased from the prior year mainly due to a significant increase in sales of construction machinery, tractors, and engines along with gradual economic expansion. In addition, sales of industrial castings and ductile iron pipes increased as well.

Operating profit decreased by ¥10.6 billion [5.3%] from the prior year to ¥189.3 billion. This decrease was mainly due to some negative effects from a rise in material prices and increased costs, such as fixed costs, while there was the positive effect from increased sales in the domestic and overseas markets. Profit before income taxes decreased by ¥16.8 billion [7.8%] from the prior year to ¥197.2 billion. Income tax expenses decreased by ¥24.1 billion from the prior year to ¥49.1 billion mainly due to the federal corporate tax rate cut in the United States. Profit for the year increased by ¥6.8 billion [4.8%] from the prior year to ¥150.1 billion. Profit attributable to owners of the parent increased by ¥4.4 billion [3.3%] from the prior year to ¥138.6 billion.

Five-year Summary of Key Financial Data

* Terminologies, which differ between U.S. GAAP and IFRS, are presented together in the format, "U.S. GAAP / IFRS."

* Due to the change in fiscal year-end, the fiscal year ended December 31, 2015 was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. ROA and ROE of the year ended December 31, 2015 are calculated on the 12-month basis only.

	U.S. GAAP				IFRS		U.S. GAAP
	2015.3	2015.12 (9 months)	2016.12	2017.12	2017.12	2018.12	2015.12 (12 months, reference data)
Operating results for fiscal year (billions of yen)							
Revenues / Revenue	¥ 1,584.3	¥ 1,244.8	¥ 1,596.1	¥ 1,751.5	¥ 1,751.0	¥ 1,850.3	¥ 1,688.6
Operating income / Operating profit	203.1	166.9	188.8	198.8	200.0	189.3	222.9
Income before income taxes and equity in net income of affiliated companies / Profit before income taxes	210.7	169.5	197.0	212.9	214.0	197.2	224.0
Net income attributable to Kubota Corporation / Profit attributable to owners of the parent	139.5	110.1	132.5	136.4	134.2	138.6	149.4
Capital expenditures	50.4	35.3	65.4	52.2	52.2	64.1	53.9
Depreciation and amortization	38.2	31.2	43.4	45.3	45.1	49.6	41.4
R&D expenses	39.5	29.6	43.0	48.1	43.4	53.8	39.4
Net cash provided by operating activities	85.9	197.0	185.0	222.3	137.2	89.1	205.9
As of fiscal year-end (billions of yen)							
Total assets	¥ 2,472.2	¥ 2,532.9	¥ 2,670.6	¥ 2,853.9	¥ 2,832.4	¥ 2,895.7	¥ 2,532.9
Shareholders' equity / Equity attributable to owners of the parent	1,100.1	1,140.3	1,198.8	1,301.3	1,291.1	1,339.9	1,140.3
Interest-bearing debt / Interest-bearing liabilities	765.1	768.7	818.0	836.6	834.1	839.3	768.7
Per share data (yen)							
Earnings per share (EPS)	¥ 111.68	¥ 88.47	¥ 106.58	¥ 110.30	¥ 108.45	¥ 112.44	¥ 119.93
Book-value per share (BPS)	883.10	916.28	966.19	1,054.86	1,046.55	1,087.44	916.28
Annual cash dividend	28	28	30	32	32	34	—
Financial indicators							
Operating margin (%)	12.8	13.4	11.8	11.4	11.4	10.2	13.2
ROA*1 (%)	9.2	—	7.6	7.7	7.8	6.9	9.0
ROE*2 (%)	13.7	—	11.3	10.9	10.8	10.5	13.5
Shareholders' equity to total assets / Ratio of equity attributable to owners of the parent to total assets (%)	44.5	45.0	44.9	45.6	45.6	46.3	45.0
Payout ratio (%)	25.1	31.6	28.1	29.0	29.5	30.2	—
Shareholder return ratio*3 (%)	30.6	33.9	32.7	38.6	39.3	32.3	—
Net debt equity ratio*4 (times)	0.59	0.55	0.54	0.47	0.47	0.46	0.55

*1 ROA: [U.S. GAAP] Income before income taxes and equity in net income of affiliated companies ÷ Total assets (average of beginning and end of fiscal year)
[IFRS] Profit before income taxes ÷ Total assets (average of beginning and end of fiscal year)

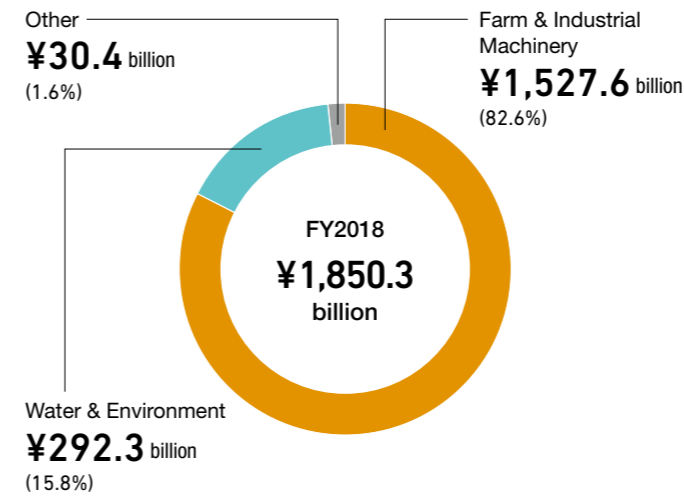
*2 ROE: [U.S. GAAP] Net income attributable to Kubota Corporation ÷ Shareholders' equity (average of beginning and end of fiscal year)
[IFRS] Profit attributable to owners of the parent ÷ Equity attributable to owners of the parent (average of beginning and end of fiscal year)

*3 Shareholder return ratio: [U.S. GAAP] (Annual cash dividend + Retirement of own shares) ÷ Net income attributable to Kubota Corporation
[IFRS] (Annual cash dividend + Retirement of own shares) ÷ Profit attributable to owners of the parent

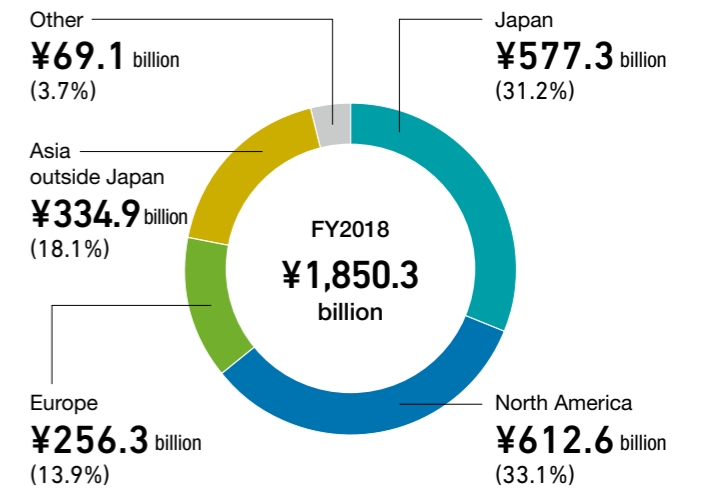
*4 Net debt equity ratio: [U.S. GAAP] (Interest-bearing debt - Cash and cash equivalents) ÷ Shareholders' equity
[IFRS] (Interest-bearing liabilities - Cash and cash equivalents) ÷ Equity attributable to owners of the parent

Please refer to the Annual Securities Report for detailed financial information.
www.kubota.com/company/ir/financial/yo/

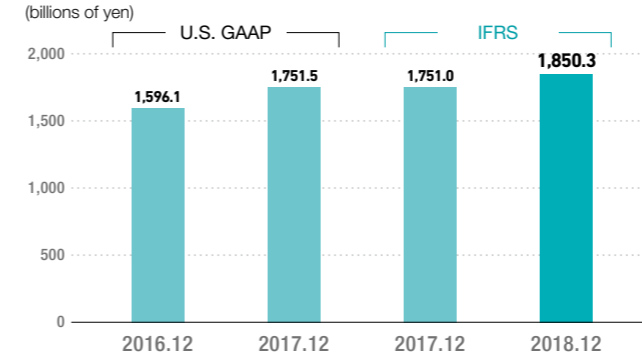
Revenue by reportable segment



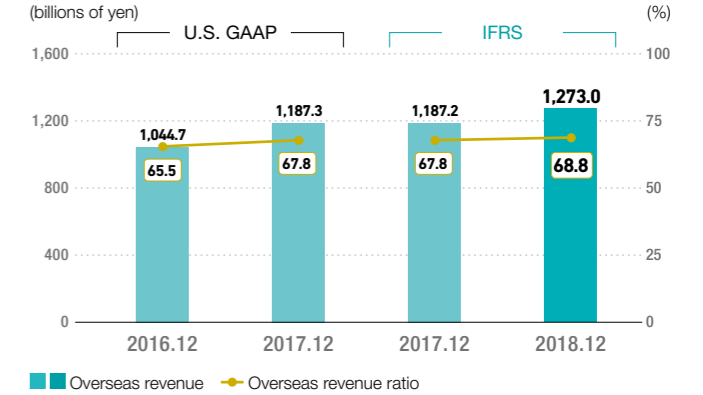
Revenue by region



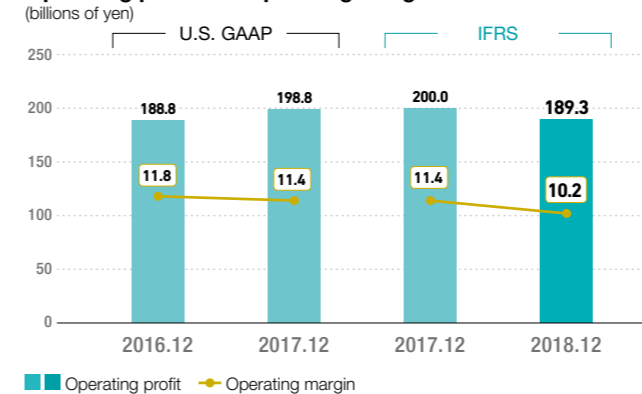
Revenue



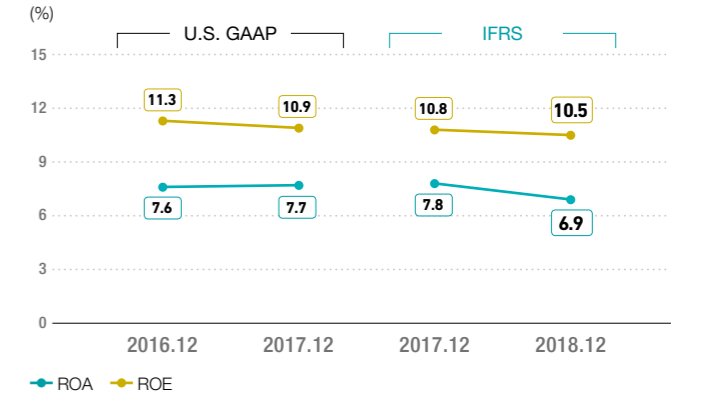
Overseas revenue and overseas revenue ratio



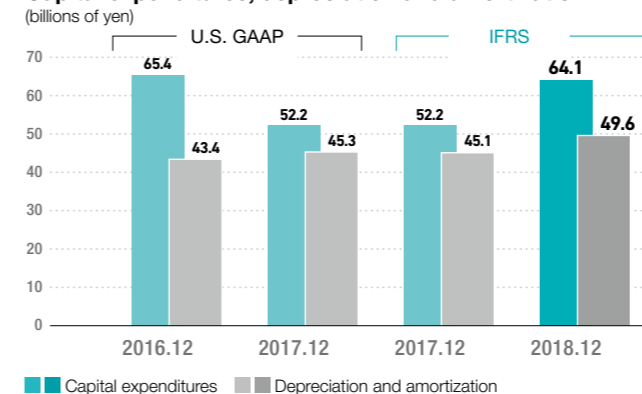
Operating profit and operating margin



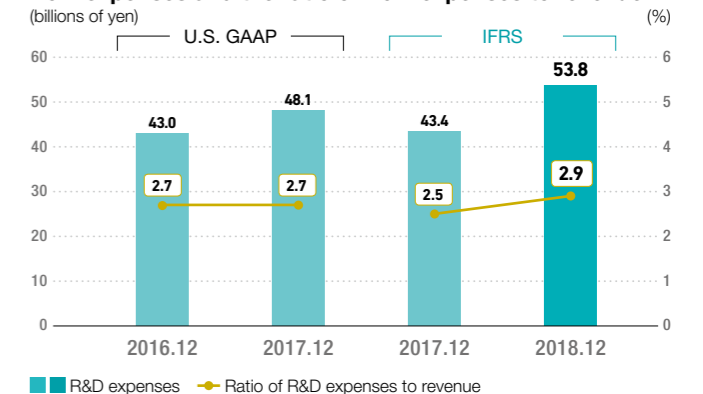
ROA*1 and ROE*2



Capital expenditures, depreciation and amortization



R&D expenses and the ratio of R&D expenses to revenue





Major Products of the Kubota Group

Farm & Industrial Machinery

■ Agricultural machinery and agriculture-related products

Supporting Food Globally to Provide a Future of Abundance for People and Food

Kubota is a world-leading manufacturer of agricultural machinery for both dry- and wet-field farming. With our unique “Priority Onsite” perspective, we listen carefully to feedback from farmers and develop agricultural machinery aligned with their practical requirements. In this way, we support agriculture not only in Japan, but throughout the world.



Tractors:
used mainly in agricultural operations, including tillage, leveling and transportation.

Implements:
connected to tractors and used for a variety of tasks.



Combine harvesters:
used for simultaneous harvesting and threshing of crops such as rice, wheat and pulses.



Rice transplanters:
used to transplant rice seedlings to rice paddies, contributing significantly to labor saving.



Utility vehicles:
useful in a variety of operations, including agricultural work, civil engineering and leisure activities.



Turf equipment:
used for cutting lawns in parks, office areas and private residences.

The Kubota Group’s ICT × IoT (Agricultural Machinery)

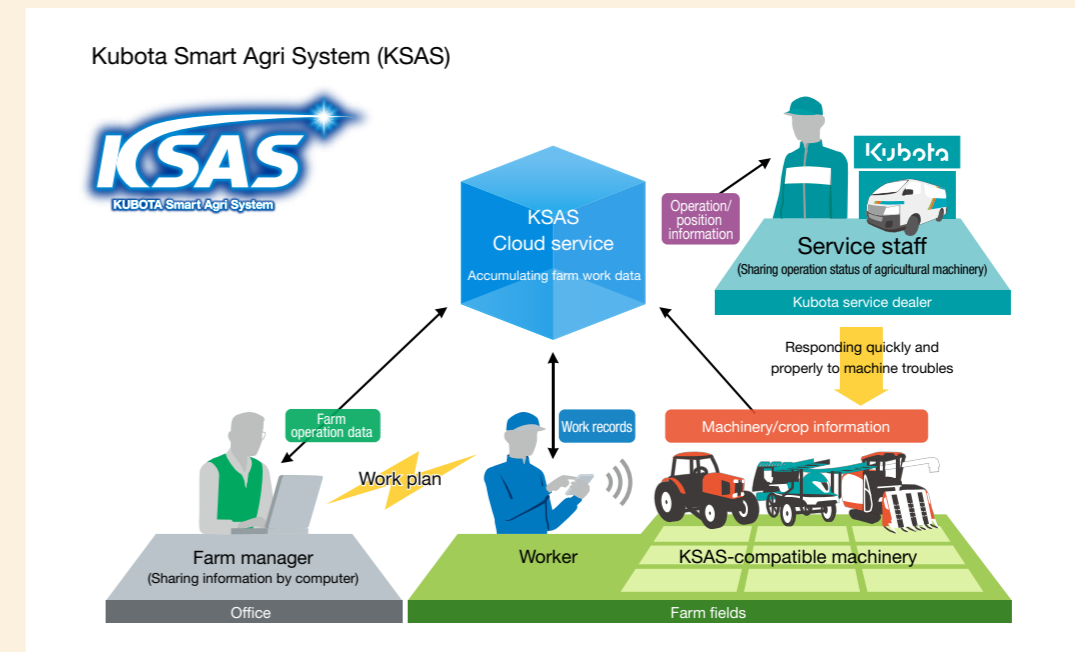
Kubota aims for smart agriculture

As the farming population is aging and the scale of farms is expanding, it is globally crucial to grow agricultural produce efficiently with higher yield and quality.

By promptly introducing ICT (information and communication technology) and robotic technology in agriculture, Kubota will realize smart agriculture that reduces labor and increases precision, contributing to the abundant and stable production of food.

Kubota Smart Agri System (KSAS)

A system to support farm operations by integrating advanced technologies with ICT. KSAS visualizes agricultural data, enabling efficient farm operations with no need to rely on experience and intuition.



Kubota Agricultural Machinery with GPS

Using GPS (global positioning system), Kubota has developed an autonomous tractor capable of performing unmanned automatic operations under manned monitoring, as well as a combine harvester that carries a human operator while performing autonomous operations, and a rice transplanter able to self-steer to keep a straight line of travel.



AGRIROBO Tractor capable of performing unmanned automatic operations



AGRIROBO Combine harvester with automated driving assist function



Rice transplanter with keeping straight function

For more detailed product information, please see our website.
www.kubota.com/products/



Major Products of the Kubota Group

Farm & Industrial Machinery

Construction machinery

Bringing Rich Everyday Living Spaces and Impressive Quality to the World

Over about 50 years as a dedicated manufacturer of mini excavators, Kubota has contributed its advanced technology and expertise to urban development. As a pioneer of the mini excavator, we have been quick to expand into overseas markets such as Europe and North America. Recently, we have been earning a strong reputation around the world for developing products in line with regional needs, for example by supporting rapid urbanization in Asian, South American, and African countries, and by introducing the compact track loader (CTL) and the skid steer loader (SSL) to meet needs in North America. Kubota will continue providing mini excavators essential for building urban infrastructure and working to establish rich living environments in Japan and overseas.



Mini excavators:
used in civil engineering and other operations; especially useful in narrow work areas, such as city streets.



Wheel loaders:
used mainly for transporting and stacking tasks (at construction sites, farms, etc.).



Skid steer loaders:



Compact track loaders:

Engines

Engines that Support Global Industry Development with Care for the Environment

Kubota was founded in the late 1800s and started developing engines by making use of its steel pipe casting technologies. In the early 1900s we unveiled a small-sized agricultural engine. During the mid-1900s, we started work on a diesel engine as we led the industry in creating various products to meet the needs of the times. Today, market needs are diversifying globally in line with growing awareness of environmental and energy issues. Based on accumulated advanced technologies, Kubota is aiming to achieve the ideal engines for the future as a global leader in compact industrial engines.

Kubota has an extensive lineup of engines to satisfy the diverse demands for application, horsepower and fuel type. Our range also covers regional differences in exhaust gas regulations and usage environments.

Business Overview

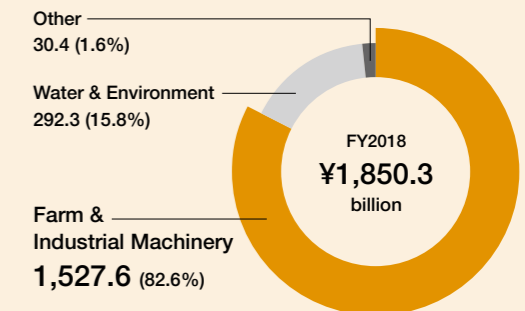
Farm & Industrial Machinery

Results of FY2018

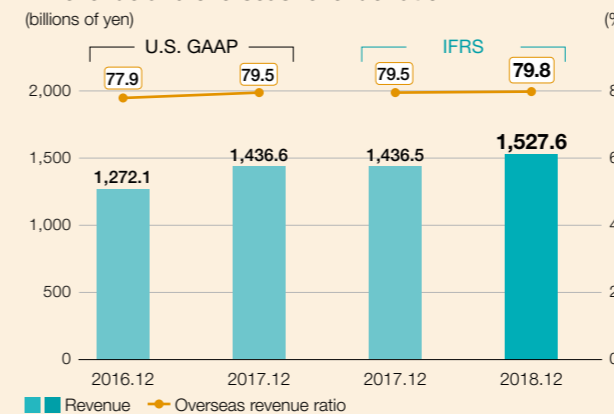
Revenue in this segment increased by 6.3% from the prior year to ¥1,527.6 billion, and accounted for 82.6% of consolidated revenue. Domestic revenue increased by 4.9% from the prior year to ¥308.9 billion, and overseas revenue increased by 6.7% from the prior year to ¥1,218.7 billion.

Operating profit in this segment was ¥200.9 billion, which was almost at the same level as the prior year because the positive effect from increased sales in domestic and overseas markets compensated for some negative effects from a rise in steel prices and increased costs, such as fixed costs.

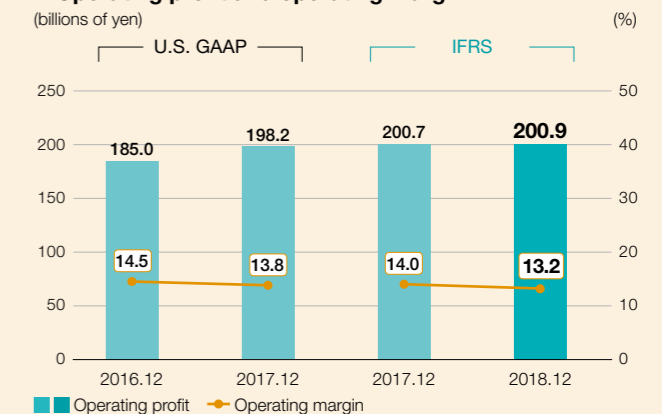
Revenue by reportable segment (billions of yen)



Revenue and overseas revenue ratio



Operating profit and operating margin



Major Products of the Kubota Group

Water & Environment

■ Pipe systems and water treatment facilities

Delivering Safe Water Supplies to Everyone in the World

Kubota's water-related business started from the manufacture of cast iron pipes for water supply and the business domain expanded from there. We are now active in all aspects of the water environment, and have long supported Japan's water supply infrastructure. From this position, we expanded from Japan onto the global stage.

Using technologies and products developed in the water-abundant country of Japan, we will strive to protect this limited global resource and deliver safe water to everyone in the world.



Ductile iron pipes:
used in infrastructure, including water, sewage and agricultural water pipelines.



Plastic pipes:
used in infrastructure, including water and sewage lines, and gas piping.



Submerged membranes:
used to purify wastewater, including industrial and domestic sewage.



Pumps:
used to pump water in water and sewage lines, agriculture and forestry, and in the rainwater market.



Valves:
used to control the flow of fluids or gases in water and sewerage lines, agriculture and forestry, and the rainwater market.



Wastewater treatment plants (Johkasou):
used to treat wastewater in areas where there are no sewage lines.

■ Materials and steel pipes

A Core Business Promoting Development of Industries that Support the Foundation of Society

Materials refers to parts and supplies formed by applying heat and pressure to raw materials. Kubota had its start in casting, and has developed a diverse range of materials to meet customers' needs. Kubota's materials products are used in various applications for social and industrial infrastructure, where they contribute to comfortable living environments for people.



Cracking coil
used at petrochemical plants for ethylene purification and other operations.



Steel pipe piles:
used in foundation construction, such as for buildings and bridges in addition to harbor and river projects.

For more detailed product information, please see our website.
www.kubota.com/products/

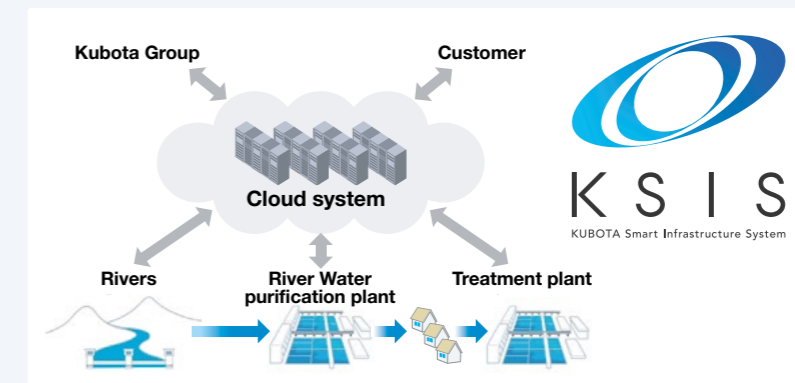


The Kubota Group's ICT x IoT (Water & Environment)

Kubota aims for IoT-monitored water and environment infrastructure

Kubota has developed the Kubota Smart Infrastructure System (KSIS), a new service utilizing IoT in the water and environment field. At present, R&D projects in partnership with the NTT Group, including facility diagnosis using AI, are under way, and planned to be released as a practical service.

KSIS offers comprehensive solutions covering everything from individual products and plant devices to systems and after-sales services, thereby helping customers inside and outside Japan solve their problems.



Business Overview

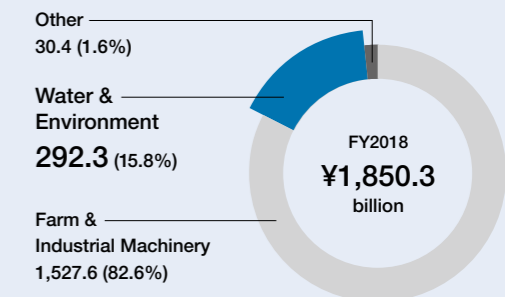
Water & Environment

Results of FY2018

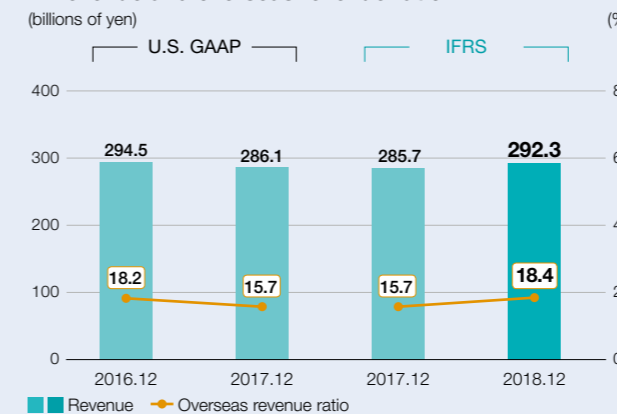
Revenue in this segment increased by 2.3% from the prior year to ¥292.3 billion, and accounted for 15.8% of consolidated revenue. Domestic revenue decreased by 1.0% from the prior year to ¥238.4 billion, and overseas revenue increased by 19.9% from the prior year to ¥53.9 billion.

Operating profit decreased by 18.6% from the prior year to ¥19.9 billion mainly due to a rise in material prices and deterioration of product mix sold resulting from a significant decrease in domestic sales of ductile iron pipes.

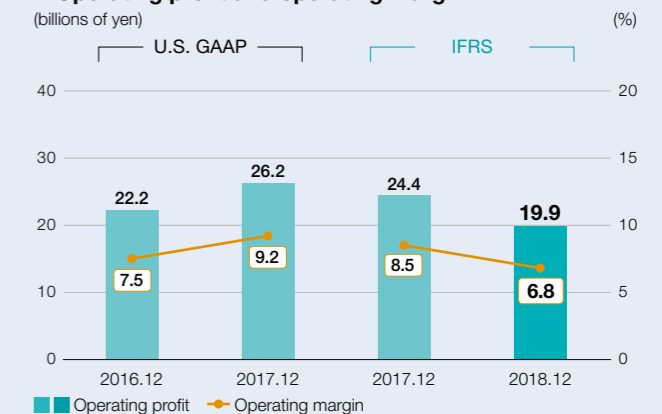
■ Revenue by reportable segment (billions of yen)



■ Revenue and overseas revenue ratio



■ Operating profit and operating margin



Environment Environmental Initiatives

<SDGs related to environmental initiatives>



The Kubota Group will contribute to the development of a sustainable society by engaging in environmental management practices under its brand statement “For Earth, For Life.”

Contributing to Achieving SDGs Through Global Environmental Management

In the fields of food, water and the environment, the Kubota Group aims to continue supporting the prosperous life of humans while protecting the environment of our beautiful earth.

Our business activities are closely related to the SDGs adopted by the United Nations. As such, we will promote environmental management on a global scale in developing our business and further contribute to achieving the SDGs.



Environmental Management Initiatives

To practice environmental management, the Kubota Group draws up medium- to long-term targets pertaining to environmental conservation. We are expanding the range of environment-friendly products and services in anticipation of social trends and customer needs and engaging in efforts that involve reducing environmental loads and mitigating environmental risks in manufacturing. Moreover, we are also endeavoring to raise environmental awareness among our employees who take a main role in environmental management.

For more details on the Kubota Group's environmental conservation activities, please visit our website.
www.kubota.com/company/environment/

Long-Term Environmental Conservation Targets 2030 (excerpt)

Efforts to develop environment-friendly products

Increase the sales ratio of Eco-Products* certified products to **80%** or over

* Environment-friendly products that satisfy the Group's internal standards. This includes those products certified as Super Eco-Products given that they achieve outstanding performance in terms of environmental friendliness.

Tackling Climate Change

Reduce CO₂ emissions from the Kubota Group in Japan by **30%** (compared to the base year RY2014)

Medium-Term Environmental Conservation Targets 2020 (excerpt) Global production sites (compared to the base year RY2014)

Tackling Climate Change

Improve CO₂ emissions per unit of production by **14%**

Conserving Water Resources

Improve water consumption per unit of production by **10%**

Working towards a Recycling-based Society

Improve waste discharge per unit of production by **10%**

Controlling Chemical Substances

Improve VOCs* emissions per unit of production by **10%**

* Volatile organic compounds

Environment-friendly Products and Services

The Kubota Group conducts environmental assessment of products in the design and development stages and promotes environment friendliness over the entire product life cycle, from the procurement of raw materials to the disposal of products. The Group also internally certifies exceptionally environment-friendly products as Eco-Products and is working to expand its lineup of certified products.

Products Certified as Super Eco-Products in RY2018

AGRIROBO Tractor SL60A	Commercial Humidified Air Cleaner Pure Washer PW24	Humidity Control Outdoor-air Processing Unit DHM-50C
Compliant with exhaust gas regulations	Saving energy Conserving resources	Saving energy Conserving resources

Products Certified as Eco-Products in RY2018 (excerpt)

Combine Harvester WORLD WRH1200	Sub-Compact Tractor BX Series (Europe) BX261
Compliant with exhaust gas regulations	Compliant with exhaust gas regulations

Activities to Reduce Environmental Loads

Introducing cogeneration systems



Sakai Plant: Utilizing the waste heat generated at the time of in-house power generation and reducing the consumption of steam boiler fuel

Achieving zero emission of in-process wastewater



Kubota Agricultural Machinery (Suzhou) Co., Ltd. (China): Reducing water consumption through the recycling of in-process wastewater

Internal recycling of casting sand



Keiyo Plant: Reducing the amount of waste discharge through the internal recycling of wasted casting sand

Environmental Initiatives by Employees

KUBOTA ECO-CHALLENGE

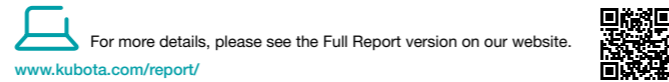
- Planting trees within the site (India)
- Setting up insect hotels in green zones (Germany)
- Setting up green curtains (Japan)
- Releasing young fish (Thailand)
- Planting mangroves (Thailand)



The Kubota Group has set June of each year as “Environment Month” and continues to host the “Kubota Eco-Challenge,” an environmental photo contest that allows employees to share their eco-friendly activities globally. These initiatives are aimed at boosting the level of employee awareness toward the environment. In every region throughout the world, employees engage in activities that are friendly to nature and biodiversity.



The Kubota Group aims to increase the satisfaction of its various stakeholders and enhance its corporate value by implementing the PDCA cycle in each category.



Coexistence with Society

—Creating Employment for People with Disabilities × Utilizing Idle Farmland × Hydroponic Cultivation

Kubota manages a special subsidiary, Kubota Sun-Vege Farm Co., Ltd., which is building green houses on idle farmland to grow lettuce, spinach, and other Japanese green leafy vegetables using hydroponic cultivation.

The company currently employs 16 people with disabilities, cooperating with other Group companies to create employment and vibrant workplaces with cheerful workers.



voice

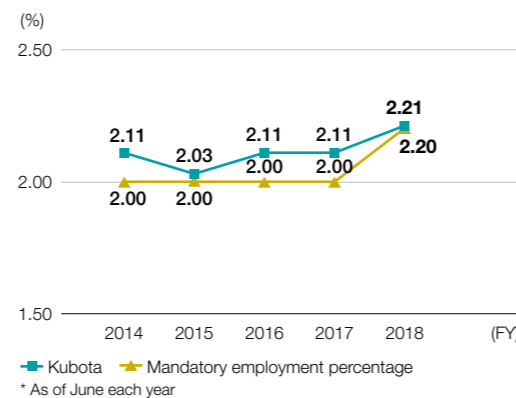
Now in My Seventh Year in the Company

I am engaged in harvesting and planting seedlings for hydroponically cultivated vegetables. We will continue to prioritize safety and health, working with care and accuracy to produce delicious vegetables to be enjoyed by everyone.



Ryota Shibano
Growing Team
Kubota Sun-Vege Farm Co., Ltd.

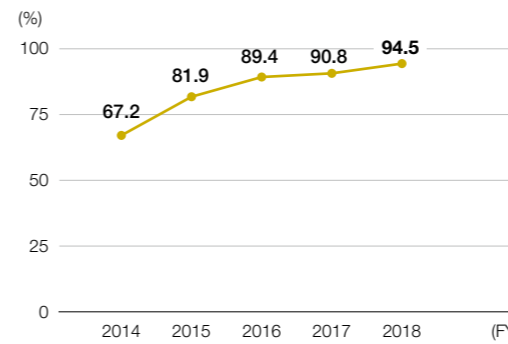
Trend in percentage of employees with disabilities (Applicable Kubota Group Companies in Japan)



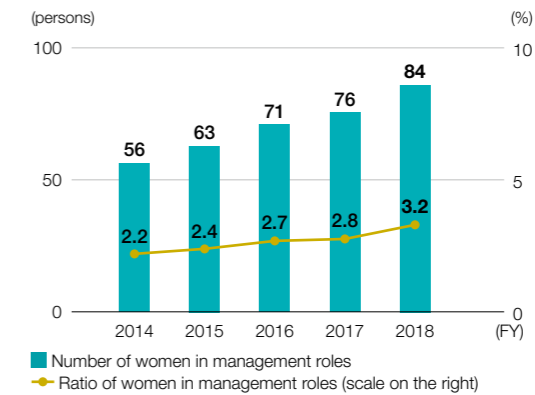
Creating Comfortable, Motivated Workplaces

The Kubota Group promotes the creation of comfortable and motivated workplaces where its employees can not only work safely and securely but also feel pride and joy in their work.

Trend in the percentage of employees taking annual paid leave (Kubota Corporation)



Trend in number of women in management roles (Kubota Corporation)



Pursuit of Customer Satisfaction

R&D

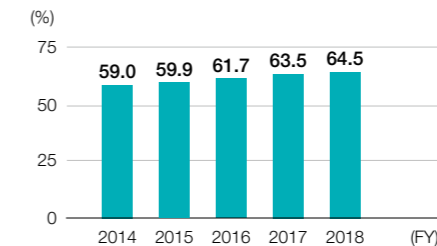
To provide customers throughout the world with impressive products, Kubota is clarifying the roles of its R&D sites and expanding its global R&D system with Japan as its hub.



Services

To enable the provision of an appropriate maintenance service for each customer, Kubota holds contests in which employees compete in terms of service skills and solution proposals, and conducts customer satisfaction surveys.

Customer satisfaction survey* (July 2017 – June 2018)



Production

Kubota promotes initiatives to establish a global production system and to deploy the Kubota Production System (KPS) at each production site.



Developing the Next Generation

Participation in an agricultural support project in Thailand

SIAM Kubota Corporation Co., Ltd. (Thailand) is participating in a project led by Her Majesty the Queen of Thailand to improve the food environment in economically poor regions along the border with neighboring countries (Cambodia, Laos and Myanmar) by creating fields and engaging in aquaculture in local schools.



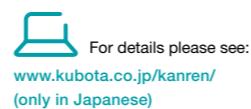
Exchanges with local community and youth through corporate sporting events

Kubota manages the Kubota Spears, a rugby team based in Funabashi, Chiba. Having concluded a hometown agreement with Funabashi City in 2017, the team aims to contribute to the development of youth and revitalization of the local community through rugby.



Response to Asbestos Issues

Kubota takes very seriously the fact that some residents and employees living in proximity of the former Kanzaki Plant have developed asbestos-related diseases. From the perspective of fulfilling our social responsibility as a company that previously handled asbestos, we will continue to address this issue with the utmost sincerity.

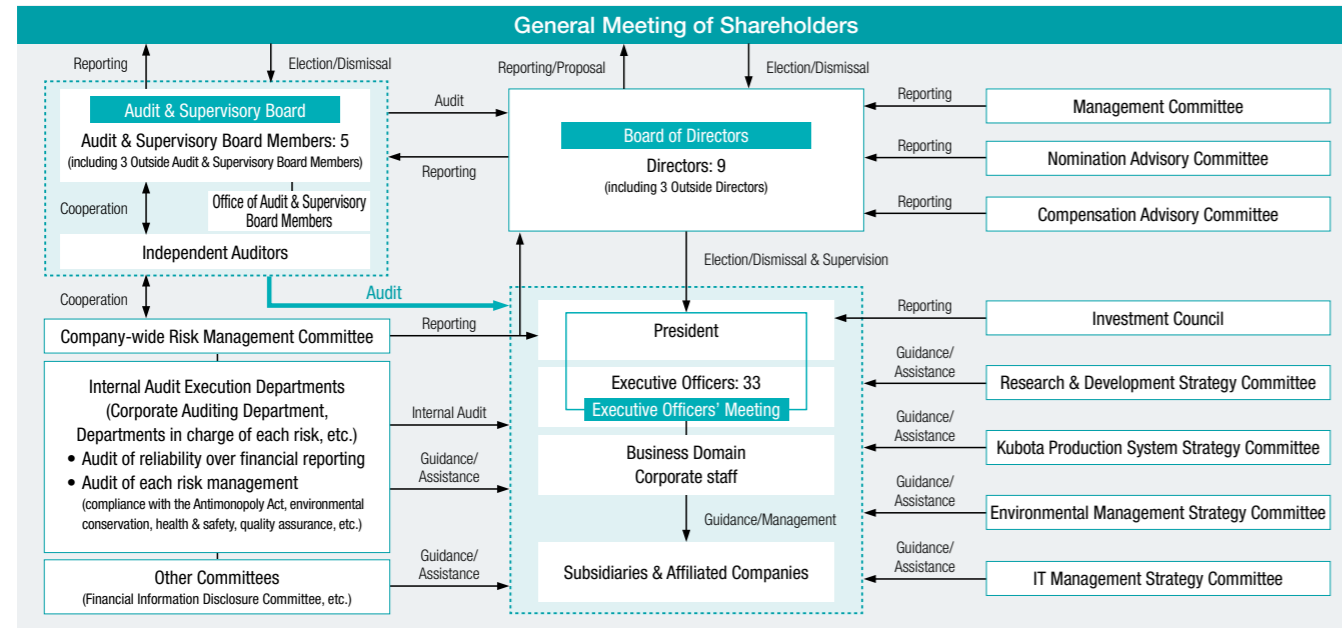


In order to speed up its response to management conditions and improve transparency in its management, Kubota has been committed to enhancing its corporate governance structure.



Yutaro Shintaku (Outside Director), Yuzuru Matsuda (Outside Director), Toshihiko Kurosawa (Director and Senior Managing Executive Officer), Masato Yoshikawa (Director and Senior Managing Executive Officer), Masatoshi Kimata (President and Representative Director), Yuichi Kitao (Representative Director and Executive Vice President), Shinji Sasaki (Director and Senior Managing Executive Officer), Dai Watanabe (Director and Senior Managing Executive Officer), Koichi Ina (Outside Director)

Corporate Governance Structure (as of March 1, 2019)



	Board of Directors	Audit & Supervisory Board	Executive Officers' Meeting
Objective	To make strategic decisions and oversee the execution of duties by the Executive Officers	To oversee and audit the execution of duties by the Directors	To check the status of execution of duties by the Executive Officers and make prompt and proper management decisions
Members	9 Directors (including 3 Outside Directors) • Attendance rate of the Outside Directors (Mar. 2018–Feb. 2019) Yuzuru Matsuda (100%), Koichi Ina (100%), Yutaro Shintaku (100%)	5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members) • Attendance rate of the Outside Audit & Supervisory Board Members (Mar. 2018–Feb. 2019) Akira Morita (100%), Teruo Suzuki (100%), Masaki Fujiwara (100%)	President and Representative Director and Executive Officers (33 members)
Meeting frequency	One regular meeting each month (and more as necessary)	One regular meeting each month (and more as necessary)	One regular meeting each month (and more as necessary)
Contents	Discuss and make decisions on important management issues (matters relating to management planning, financial planning, investment, business restructuring, etc.)	Discuss and make decisions with regard to auditing policy, audit reports, etc.	The President instructs the Executive officers on policies and decisions made by the Board of Directors. The Executive officers report to the President regarding the status of their execution of duties.

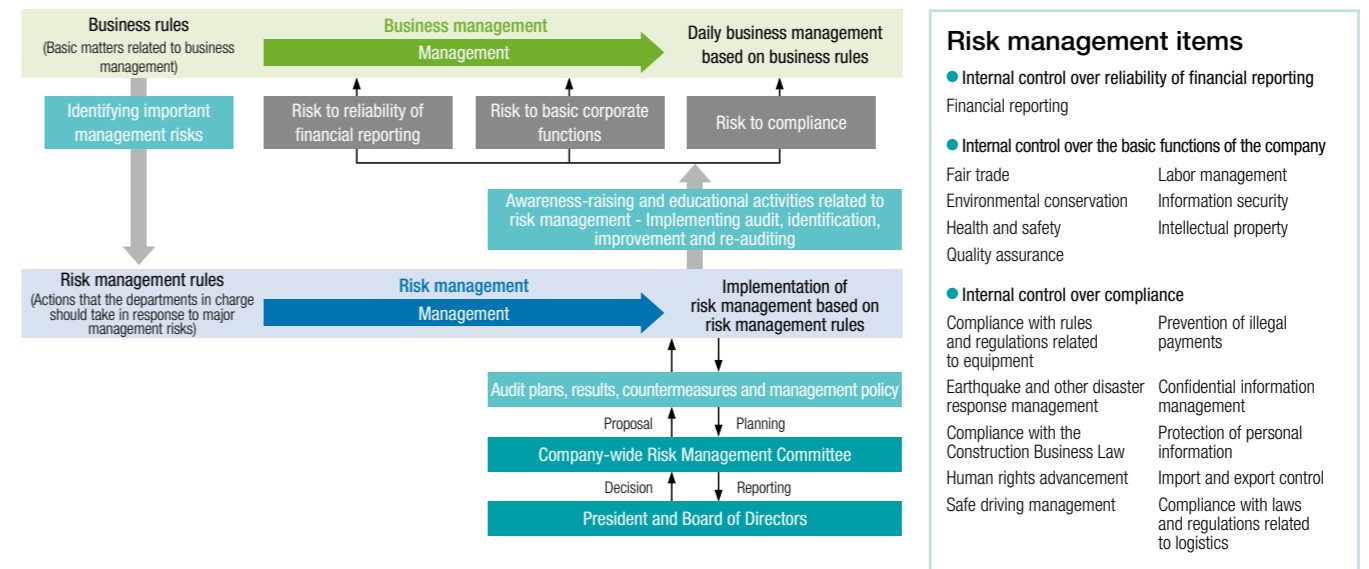
* The terms of office of Outside Audit & Supervisory Board Members Akira Morita and Teruo Suzuki expired at the end of the General Meeting of Shareholders held on March 22, 2019.

Internal Control System

The internal control system of the Kubota Group is a mechanism for clearly providing the rules that should be followed during the performance of business, and for checking whether or not business has been managed according to those rules.

This system consists of the segments of “business management,” which entails the performance of business operations based on rules, and “risk management,” which entails the management of major risks in management.

Internal Control System Overview



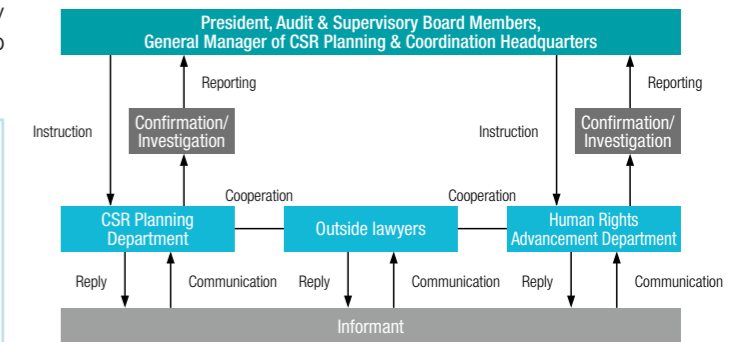
Whistleblowing System (Kubota Hotline)

As a framework to support risk management, Kubota operates a whistleblowing system. This system aims to prevent, or quickly detect and correct, any illegal or unethical acts as well as to develop an open corporate culture.

Types of contact points and matters handled	CSR Planning Department (issues other than human rights), Human Rights Advancement Department (issues of human rights), consultation by outside lawyers
Available to	Full-time, part-time and temporary employees of Kubota and its group companies in Japan
Number of cases reported	January to December 2017: 52 cases; January to December 2018: 71 cases

* Each overseas site handles reporting individually and notifies the head office of any significant issues. (Starting from 2017, all whistleblowing cases in China are reported to the Kubota head office.)

Kubota Hotline Flowchart



Dialogue with Outside Management and Expert –Kubota’s CSR Management

We invited CSR expert Professor Katsuhiko Kokubu of Kobe University Graduate School of Business Administration to serve as a facilitator in a dialogue about Kubota’s CSR management. Held on January 29, 2019



Attendees (in order from the left): <CSR expert and facilitator> Professor Katsuhiko Kokubu, Kobe University Graduate School of Business Administration <From Kubota> Teruo Suzuki, Outside Audit & Supervisory Board Member; Koichi Ina, Outside Director; Yuzuru Matsuda, Outside Director; Akira Morita, Outside Audit & Supervisory Board Member; Masaki Fujiwara, Outside Audit & Supervisory Board Member; Kunio Suwa, Managing Executive Officer

* Official positions are as of the time of the dialogue.

For more details, please see the Full Report version on our website.
www.kubota.com/report/



—Aiming for a Disaster-Resistant World

Natural disasters such as earthquakes and typhoons occur frequently not only in Japan but in regions all over the world. Preparing to prevent and reduce their impact is an urgent issue.

The Kubota Group will contribute to the development of robust, sustainable societies through products, services, and people.

Prepare and Endure

Able to continue delivering water during disasters
Earthquake-resistant ductile iron pipes



Used in Landslide areas overseas
Large-diameter, earthquake-resistant ductile iron pipes (United States)



Protecting life from flood damage
Storm water drainage pumps



Protecting life from earthquakes and tsunamis
Steel pipe piles



Recover and Rebuild

Used for draining water during floods
Pumper vehicles (Thailand)



Used for restoring and maintaining life lines
Plastic pipes



Used for removing debris
Mini excavator



Restoration work on a water purification plant
Kubota Environmental Service



Used for transporting people during floods
Tractor (Thailand)



Used for salt and pollution removal in earthquake-affected areas
Tractor



Used for draining water during floods
Sump pump engine (Thailand)



Used to treat wastewater from temporary housing
Wastewater treatment plants (Johkasou)



Be There for People

Providing necessary supplies after disasters



Volunteer activities in disaster-affected areas



Engaging with people in temporary housing



Supporting agricultural training for the next generation in disaster-affected areas



<Related SDGs>

Inclusion in ESG Indices



(As of March 1, 2019)

Corporate Data (as of December 31, 2018)

Corporate name:	Kubota Corporation
Head Office:	1-2-47 Shikitsu-higashi, Naniwa-ku, Osaka
Established:	1890
Capital:	¥84.1 billion
Total number of shares issued:	1,232,556,846
Number of shareholders:	43,194
Revenue (consolidated):	¥1,850.3 billion
Employees (consolidated):	40,202



Head Office