

KUBOTA Corporation

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RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 [IFRS]

Kubota Corporation hereby reports its consolidated results for the nine months ended September 30, 2019.

Consolidated Financial Highlights**1. Consolidated results of operations for the nine months ended September 30, 2019****(1) Results of operations**

(Unit: millions of yen, except earnings per share)

	Nine months ended Sept. 30, 2019	Change [%]	Nine months ended Sept. 30, 2018	Change [%]
Revenue	¥ 1,460,750	7.1	¥ 1,364,392	7.4
Operating profit	¥ 166,184	12.0	¥ 148,442	(0.5)
Profit before income taxes	¥ 171,287	11.5	¥ 153,633	(4.6)
Profit for the period	¥ 130,297	14.0	¥ 114,312	(0.7)
Profit attributable to owners of the parent	¥ 122,440	15.6	¥ 105,924	(1.9)
Comprehensive income for the period	¥ 117,188	11.9	¥ 104,714	(11.4)
Earnings per share attributable to owners of the parent:				
Basic	¥ 99.72		¥ 85.92	
Diluted	-		¥ 85.92	

(2) Financial condition

(Unit: millions of yen)

	Sept. 30, 2019	Dec. 31, 2018
Total assets	¥ 2,998,548	¥ 2,895,655
Total equity	¥ 1,472,413	¥ 1,426,433
Equity attributable to owners of the parent	¥ 1,383,264	¥ 1,339,850
Ratio of equity attributable to owners of the parent to total assets	46.1%	46.3%

Note:

Change [%] represents the percentage change from the same period in the prior year.

2. Cash dividends

(Unit: yen)

	Cash dividends per common share		
	Interim	Year-end	Total
Year ending Dec. 31, 2019	¥ 17.00	¥ 19.00 (forecast)	¥ 36.00 (forecast)
Year ended Dec. 31, 2018	¥ 16.00	¥ 18.00	¥ 34.00

3. Forecasts of operations for the year ending December 31, 2019

(Unit: millions of yen, except earnings per share)

	Year ending Dec. 31, 2019	Change [%]
Revenue	¥ 1,920,000	3.8
Operating profit	¥ 200,000	5.6
Profit before income taxes	¥ 208,000	5.5
Profit attributable to owners of the parent	¥ 145,000	4.6
Earnings per share attributable to owners of the parent - Basic	¥ 118.28	

Notes:

1. Change [%] represents the percentage change from the same period in the prior year.
2. Please refer to the accompanying materials, "1. Review of operations and financial condition (3) Forecasts for the year ending December 31, 2019" on page 6 for further information related to the forecasts of operations.

4. Other information

(1) Changes in significant subsidiaries during the nine months ended September 30, 2019 (changes in specified subsidiaries resulting in the changes in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- a) Changes in accounting policies required by IFRS: Yes
- b) Changes in accounting policies due to reasons other than a) above: None
- c) Changes in accounting estimates: None

Note:

See the accompanying materials, "2. Other information (2) Changes in accounting policies" on page 6.

(3) Number of common shares issued

- a) Number of common shares issued including treasury shares as of September 30, 2019 : 1,220,576,846
Number of common shares issued including treasury shares as of December 31, 2018 : 1,232,556,846
- b) Number of treasury shares as of September 30, 2019 : 648,241
Number of treasury shares as of December 31, 2018 : 439,464
- c) Weighted-average number of common shares outstanding during the nine months ended September 30, 2019 : 1,227,864,210
Weighted-average number of common shares outstanding during the nine months ended September 30, 2018 : 1,232,791,485

(Information on the status of the quarterly review by the independent auditor)

This release is not subject to the quarterly review by the independent auditor.

(Method of obtaining supplementary materials on the financial results)

Kubota Corporation plans to hold a result briefing (conference call) for institutional investors and securities analysts on November 7, 2019. The supplementary material will be published on the Company's website on the same day.

< Cautionary statements with respect to forward-looking statements >

This document may contain forward-looking statements that are based on management's expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation: general economic conditions in the Company's markets, particularly government agricultural policies, levels of capital expenditures both in public and private sectors, foreign currency exchange rates, the occurrence of natural disasters, continued competitive pricing pressures in the marketplace, as well as the Company's ability to continue to gain acceptance of its products.

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1. Review of operations and financial condition

(1) Summary of the results of operations for the nine-month period

For the nine months ended September 30, 2019, revenue of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased by ¥96.4 billion [7.1%] from the same period in the prior year to ¥1,460.8 billion.

Domestic revenue increased by ¥58.0 billion [13.7%] from the same period in the prior year to ¥480.7 billion because of significantly increased revenue in Farm & Industrial Machinery and Water & Environment.

Overseas revenue increased by ¥38.4 billion [4.1%] from the same period in the prior year to ¥980.0 billion because revenue in Farm & Industrial Machinery increased due to strong sales of tractors and construction machinery. On the other hand, revenue in Water & Environment decreased.

Operating profit increased by ¥17.7 billion [12.0%] from the same period in the prior year to ¥166.2 billion. This increase was mainly due to some positive effects from increased sales in the domestic and overseas markets, decreased sales promotion expenses resulting from declined interest rates in the United States, and raised product prices. These positive effects compensated for some negative effects such as increased fixed costs and a rise in material prices. Profit before income taxes increased by ¥17.7 billion [11.5%] from the same period in the prior year to ¥171.3 billion due to increased operating profit. Income tax expenses were ¥43.8 billion and profit for the period increased by ¥16.0 billion [14.0%] from the same period in the prior year to ¥130.3 billion. Profit attributable to owners of the parent increased by ¥16.5 billion [15.6%] from the same period in the prior year to ¥122.4 billion.

Revenue from external customers and operating profit by each reportable segment was as follows:

1) Farm & Industrial Machinery

Farm & Industrial Machinery is comprised of farm equipment, agricultural-related products, engines, and construction machinery.

Revenue in this segment increased by 6.5% from the same period in the prior year to ¥1,213.6 billion, and accounted for 83.1% of consolidated revenue.

Domestic revenue increased by 12.2% from the same period in the prior year to ¥263.3 billion because sales of farm equipment increased significantly. In addition, sales of construction machinery and engines also increased.

Overseas revenue increased by 5.0% from the same period in the prior year to ¥950.4 billion. In North America, sales of tractors and construction machinery increased significantly because the solid market continued. In addition, some shipments, which were delayed in the second half of the prior year, were realized in this year and the newly introduced model of construction machinery contributed to increased sales. In Europe, revenue translated in yen decreased due to a negative effect from the yen appreciation against the Euro and the British pound sterling, in addition to stagnated sales of construction machinery in the United Kingdom along with a concern about economic downturn caused by Brexit. On the other hand, sales of tractors and construction machinery increased in France and Germany. In Asia outside Japan, revenue decreased mainly due to stagnant sales of combine harvesters and rice transplanters in China despite increased sales of farm equipment and construction machinery in Thailand. In Other areas, sales of tractors and construction machinery in Australia decreased due to drought and economic downturn.

Operating profit in this segment increased by 9.7% from the same period in the prior year to ¥173.4 billion due to some positive effects mainly from increased revenue in domestic and overseas markets, decreased sales promotion expenses resulting from declined interest rates in the United States, and raised product prices, which compensated for some negative effects from increased fixed costs and a rise in material prices.

2) Water & Environment

Water & Environment is comprised of pipe- and infrastructure-related products (ductile iron pipes, plastic pipes, valves, industrial castings, ceramics, spiral-welded steel pipes, and other products) and environment-related products (environmental control plants, pumps, and other products).

Revenue in this segment increased by 10.1% from the same period in the prior year to ¥223.4 billion, and accounted for 15.3% of consolidated revenue.

Domestic revenue increased by 16.6% from the same period in the prior year to ¥194.0 billion. Revenue from pipe- and infrastructure-related products increased due to a significant increase in sales of ductile iron pipes and construction business despite decreased sales of industrial castings and spiral-welded steel pipes. In environment-related products, revenue from construction of waste disposal and treatment facility in Futaba Town, Fukushima Prefecture increased significantly.

Overseas revenue decreased by 19.6% from the same period in the prior year to ¥29.4 billion. Export sales of ductile iron pipes to the Middle East and sales of wastewater treatment plants (Johkasou) in China decreased.

Operating profit in this segment increased by 47.5% from the same period in the prior year to ¥16.4 billion due to some positive effects mainly from increased sales in the domestic markets and raised product prices.

3) Other

Other is mainly comprised of a variety of services.

Revenue in this segment increased by 8.5% from the same period in the prior year to ¥23.7 billion, and accounted for 1.6% of consolidated revenue.

Operating profit in this segment increased by 31.6% from the same period in the prior year to ¥2.3 billion.

(2) Financial condition

a) Assets, liabilities, and equity

Total assets as of September 30, 2019 were ¥2,998.5 billion, an increase of ¥102.9 billion from the prior fiscal year-end. With respect to assets, finance receivables increased mainly due to the expansion in sales financing operations in North America and Thailand, where retail sales were strong, while cash and cash equivalents decreased mainly due to an increase in working capital. In addition, property, plant, and equipment also increased mainly due to recognition of right-of-use assets along with adoption of IFRS 16, *Leases* ("IFRS 16").

With respect to liabilities, bonds and borrowings increased. In addition, other financial liabilities increased due to recognition of lease liabilities along with adoption of IFRS 16 as well. Equity increased due to the accumulation of retained earnings, while there was a deterioration in other components of equity resulting from fluctuations in foreign exchange rates and prices of securities. The ratio of equity attributable to owners of the parent to total assets stood at 46.1%, 0.2 percent lower than the prior fiscal year-end.

b) Cash flows

Net cash provided by operating activities during the nine months ended September 30, 2019 was ¥36.7 billion, a decrease of ¥32.2 billion in net cash inflow compared with the same period in the prior year. This decrease resulted from the changes in working capital, such as trade receivables and trade payables, while profit for the period increased.

Net cash used in investing activities was ¥71.1 billion, an increase of ¥35.0 billion in net cash outflow compared with the same period in the prior year. This increase was mainly due to an increase in cash outflow related to acquisition of property, plant, and equipment and intangible assets.

Net cash used in financing activities was ¥43.2 billion, an increase of ¥6.2 billion in net cash outflow compared

with the same period in the prior year. This increase was mainly due to purchases of treasury shares and repayments of lease liabilities along with adoption of IFRS 16 despite an increase in funding.

As a result of the above, and after taking into account the effects from exchange rate changes, cash and cash equivalents as of September 30, 2019 were ¥149.0 billion, a decrease of ¥80.1 billion from the beginning of the current period.

(3) Forecasts for the year ending December 31, 2019

The Company revised its forecasts for revenue for the year ending December 31, 2019 downward to ¥1,920.0 billion, a decrease of ¥50.0 billion from the previous forecasts, which were announced on February 14, 2019. This revision was made because overseas revenue is expected to decrease from the previous forecasts due to some negative impacts mainly from stagnated demand in China and inclement weather in each region such as Southeast Asia. On the other hand, domestic revenue is expected to increase from the previous forecasts mainly due to strong sales of ductile iron pipes.

Operating profit is forecast to remain unchanged from the previous forecasts at ¥200.0 billion, in the light of decreased sales promotion expenses resulting from declined interest rates in the United States and dropped material prices compared with our assumption despite decreased revenue. Profit before income taxes and profit attributable to owners of the parent are forecast to remain unchanged from the previous forecasts at ¥208.0 billion and ¥145.0 billion, respectively.

These forecasts are based on the assumption of exchange rates of ¥109=USD1 and ¥122=EUR1.

(Reference) The forecasts for the year ending December, 31, 2019

(Unit: millions of yen, except earnings per share)

	Year ending Dec. 31, 2019				(Reference) Year ended Dec. 31, 2018
	Revised forecasts	Previous forecasts	Change		
			Amount	%	
Revenue	1,920,000	1,970,000	(50,000)	(2.5)	1,850,316
Operating profit	200,000	200,000	-	-	189,314
Profit before income taxes	208,000	208,000	-	-	197,230
Profit attributable to owners of the parent	145,000	145,000	-	-	138,595
Earnings per share attributable to owners of the parent-Basic	118.28	117.68	-	-	112.44

2. Other information

(1) Changes in significant subsidiaries

None

(2) Changes in accounting policies

The Company adopted IFRS 16 on January 1, 2019 (the “date of initial application”).

IFRS 16 requires a lessee to recognize right-of-use assets and lease liabilities for all leases at the commencement date instead of classifying leases as either finance leases or operating leases stipulated in the previous accounting standard, IAS 17 *Leases*. IFRS 16 provides exemptions allowing a lessee not to apply the requirements to short-term leases (with a lease term of 12 months or less) and leases for low-value assets. The Company elects these exemptions.

For the transition to IFRS 16, the company elects to recognize the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application. In applying IFRS 16, the Company uses a practical expedient, in which an entity is not required to reassess whether a contract is or contains a

lease at date of initial application, and the Company also uses practical expedients to the contracts that were previously identified as operating leases stipulated in the previous accounting standard.

As of January 1, 2019, the application of IFRS 16 increased property, plant, and equipment, other financial liabilities (current liabilities), and other financial liabilities (noncurrent liabilities) by ¥39,472 million, ¥13,856 million, and ¥25,616 million, respectively.

3. Condensed consolidated financial statements

(1) Condensed consolidated statement of financial position

ASSETS

(Unit: millions of yen)

	Sept. 30, 2019		Dec. 31, 2018		Change
	Amount	%	Amount	%	Amount
Current assets:					
Cash and cash equivalents	¥ 149,033		¥ 229,123		¥ (80,090)
Trade receivables	677,775		660,401		17,374
Finance receivables	284,204		267,262		16,942
Other financial assets	61,543		54,373		7,170
Inventories	398,469		370,698		27,771
Income taxes receivable	3,147		4,416		(1,269)
Other current assets	71,020		53,250		17,770
Total current assets	1,645,191	54.9	1,639,523	56.6	5,668
Noncurrent assets:					
Investments accounted for using the equity method	33,146		30,611		2,535
Finance receivables	668,040		621,886		46,154
Other financial assets	147,916		151,198		(3,282)
Property, plant, and equipment	380,440		330,034		50,406
Goodwill and intangible assets	55,225		49,948		5,277
Deferred tax assets	49,336		50,055		(719)
Other noncurrent assets	19,254		22,400		(3,146)
Total noncurrent assets	1,353,357	45.1	1,256,132	43.4	97,225
Total assets	¥ 2,998,548	100.0	¥ 2,895,655	100.0	¥ 102,893

LIABILITIES AND EQUITY

(Unit: millions of yen)

	Sept. 30, 2019		Dec. 31, 2018		Change
	Amount	%	Amount	%	Amount
Current liabilities:					
Bonds and borrowings	¥ 327,259		¥ 349,060		¥ (21,801)
Trade payables	282,833		306,759		(23,926)
Other financial liabilities	65,145		57,402		7,743
Income taxes payable	22,585		9,353		13,232
Provisions	29,338		22,415		6,923
Other current liabilities	187,687		177,834		9,853
Total current liabilities	914,847	30.5	922,823	31.8	(7,976)
Noncurrent liabilities:					
Bonds and borrowings	541,830		490,205		51,625
Other financial liabilities	24,264		4,727		19,537
Retirement benefit liabilities	15,625		14,498		1,127
Deferred tax liabilities	21,965		29,308		(7,343)
Other noncurrent liabilities	7,604		7,661		(57)
Total noncurrent liabilities	611,288	20.4	546,399	18.9	64,889
Total liabilities	1,526,135	50.9	1,469,222	50.7	56,913
Equity:					
Share capital	84,130		84,130		—
Share premium	84,748		85,305		(557)
Retained earnings	1,206,095		1,135,395		70,700
Other components of equity	8,927		35,343		(26,416)
Treasury shares	(636)		(323)		(313)
Total equity attributable to owners of the parent	1,383,264	46.1	1,339,850	46.3	43,414
Noncontrolling interests	89,149	3.0	86,583	3.0	2,566
Total equity	1,472,413	49.1	1,426,433	49.3	45,980
Total liabilities and equity	¥ 2,998,548	100.0	¥ 2,895,655	100.0	¥ 102,893

(2) Condensed consolidated statement of profit or loss

(Unit: millions of yen, except earnings per share)

	Nine months ended Sept. 30, 2019		Nine months ended Sept. 30, 2018		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 1,460,750	100.0	¥ 1,364,392	100.0	¥ 96,358	7.1
Cost of sales	(1,033,358)		(971,674)		(61,684)	
Selling, general, and administrative expenses	(256,157)		(241,815)		(14,342)	
Other income	2,259		2,075		184	
Other expenses	(7,310)		(4,536)		(2,774)	
Operating profit	166,184	11.4	148,442	10.9	17,742	12.0
Finance income	6,156		6,739		(583)	
Finance costs	(1,053)		(1,548)		495	
Profit before income taxes	171,287	11.7	153,633	11.3	17,654	11.5
Income tax expenses	(43,794)		(40,793)		(3,001)	
Share of profits of investments accounted for using the equity method	2,804		1,472		1,332	
Profit for the period	¥ 130,297	8.9	¥ 114,312	8.4	¥ 15,985	14.0

Profit attributable to:						
Owners of the parent	¥ 122,440	8.4	¥ 105,924	7.8	¥ 16,516	15.6
Noncontrolling interests	7,857	0.5	8,388	0.6	(531)	(6.3)

Earnings per share attributable to owners of the parent:				
Basic	¥ 99.72		¥ 85.92	
Diluted	—		85.92	

(3) Condensed consolidated statement of comprehensive income

(Unit: millions of yen)

	Nine months ended Sept. 30, 2019	Nine months ended Sept. 30, 2018	Change
Profit for the period	¥ 130,297	¥ 114,312	¥ 15,985
Other comprehensive income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension plans	80	203	(123)
Net change in fair value of financial assets measured at fair value through other comprehensive income	6,444	(8,833)	15,277
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations	(19,633)	(968)	(18,665)
Total other comprehensive income, net of income tax	(13,109)	(9,598)	(3,511)
Comprehensive income for the period	¥ 117,188	¥ 104,714	¥ 12,474

Comprehensive income attributable to:			
Owners of the parent	¥ 107,397	¥ 95,891	¥ 11,506
Noncontrolling interests	9,791	8,823	968

(4) Condensed consolidated statement of changes in equity

Nine months ended September 30, 2019

(Unit: millions of yen)

	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares			
Balance as of Jan. 1, 2019	¥ 84,130	¥ 85,305	¥ 1,135,395	¥ 35,343	¥ (323)	¥ 1,339,850	¥ 86,583	¥ 1,426,433
Profit for the period			122,440			122,440	7,857	130,297
Total other comprehensive income, net of income tax				(15,043)		(15,043)	1,934	(13,109)
Comprehensive income for the period			122,440	(15,043)		107,397	9,791	117,188
Transfer to retained earnings			10,910	(10,910)		—		—
Dividends paid			(43,065)			(43,065)	(3,951)	(47,016)
Purchases and sales of treasury shares					(20,001)	(20,001)		(20,001)
Retirement of treasury shares			(19,566)		19,566	—		—
Share-based payments with transfer restrictions		(32)	(19)		122	71		71
Changes in ownership interests in subsidiaries		(525)		(463)		(988)	(3,274)	(4,262)
Balance as of Sept. 30, 2019	¥ 84,130	¥ 84,748	¥ 1,206,095	¥ 8,927	¥ (636)	¥ 1,383,264	¥ 89,149	¥ 1,472,413

Nine months ended September 30, 2018

(Unit: millions of yen)

	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares			
Balance as of Jan. 1, 2018	¥ 84,100	¥ 85,037	¥ 1,040,207	¥ 81,924	¥ (174)	¥ 1,291,094	¥ 84,474	¥ 1,375,568
Cumulative effects of new accounting standards applied			1,377	3,262		4,639	1,014	5,653
Profit for the period			105,924			105,924	8,388	114,312
Total other comprehensive income, net of income tax				(10,033)		(10,033)	435	(9,598)
Comprehensive income for the period			105,924	(10,033)		95,891	8,823	104,714
Transfer to retained earnings			3,093	(3,093)		—		—
Dividends paid			(40,697)			(40,697)	(6,374)	(47,071)
Purchases and sales of treasury shares					(3,002)	(3,002)		(3,002)
Share-based payments with transfer restrictions	30	15				45		45
Changes in ownership interests in subsidiaries		870		16		886	(924)	(38)
Balance as of Sept. 30, 2018	¥ 84,130	¥ 85,922	¥ 1,109,904	¥ 72,076	¥ (3,176)	¥ 1,348,856	¥ 87,013	¥ 1,435,869

(5) Condensed consolidated statement of cash flows

(Unit: millions of yen)

	Nine months ended Sept. 30, 2019	Nine months ended Sept. 30, 2018	Change
Cash flows from operating activities:			
Profit for the period	¥ 130,297	¥ 114,312	
Depreciation and amortization	46,007	36,705	
Finance income and costs	(4,289)	(4,592)	
Income tax expenses	43,794	40,793	
Increase in trade receivables	(31,533)	(5,882)	
Increase in finance receivables	(76,162)	(74,657)	
Increase in inventories	(39,619)	(29,343)	
(Increase) decrease in other assets	(9,751)	11,071	
(Decrease) increase in trade payables	(20,865)	13,383	
Increase in other liabilities	25,374	22,179	
Other, net	7,690	2,880	
Interest received	3,235	3,017	
Dividends received	2,235	2,206	
Interest paid	(708)	(510)	
Income taxes paid, net	(38,976)	(62,670)	
Net cash provided by operating activities	36,729	68,892	¥ (32,163)
Cash flows from investing activities:			
Payments for acquisition of property, plant, and equipment and intangible assets	(76,767)	(42,984)	
Proceeds from sales and redemptions of securities	19,098	6,005	
Net increase in short-term loans receivable from associate	(950)	(1,103)	
Net (increase) decrease in time deposits	(13,010)	5,644	
Net decrease (increase) in short-term investments	2,518	(3,532)	
Other, net	(1,982)	(90)	
Net cash used in investing activities	(71,093)	(36,060)	(35,033)
Cash flows from financing activities:			
Funding from bonds and long-term borrowings	214,848	186,262	
Redemptions of bonds and repayments of long-term borrowings	(157,625)	(160,059)	
Net decrease in short-term borrowings	(16,374)	(13,077)	
Repayments of lease liabilities	(13,807)	—	
Dividends paid	(43,065)	(40,697)	
Purchases of treasury shares	(20,001)	(3,002)	
Other, net	(7,217)	(6,421)	
Net cash used in financing activities	(43,241)	(36,994)	(6,247)
Effect of exchange rate changes on cash and cash equivalents	(2,485)	(1,034)	(1,451)
Net decrease in cash and cash equivalents	(80,090)	(5,196)	
Cash and cash equivalents, at the beginning of the period	229,123	230,720	
Cash and cash equivalents, at the end of the period	¥ 149,033	¥ 225,524	¥ (76,491)

(6) Notes to the going concern assumption

None

(7) Consolidated segment information

a) Reportable segments

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Nine months ended Sept. 30, 2019		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 1,213,623	¥ 223,402	¥ 23,725	¥ —	¥ 1,460,750
	Intersegment	180	817	21,477	(22,474)	—
	Total	1,213,803	224,219	45,202	(22,474)	1,460,750
Operating profit		¥ 173,426	¥ 16,442	¥ 2,303	¥ (25,987)	¥ 166,184

(Unit: millions of yen)

Nine months ended Sept. 30, 2018		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 1,139,551	¥ 202,974	¥ 21,867	¥ —	¥ 1,364,392
	Intersegment	183	764	20,081	(21,028)	—
	Total	1,139,734	203,738	41,948	(21,028)	1,364,392
Operating profit		¥ 158,100	¥ 11,144	¥ 1,750	¥ (22,552)	¥ 148,442

Notes:

1. *Adjustments* include items such as the elimination of intersegment transfers and corporate expenses which are not allocated to any particular reportable segment. The corporate expenses included in *Adjustments* consist mainly of administration department expenses, basic research expenses, and foreign exchange gains or losses incurred by Kubota Corporation.
2. The aggregated amounts of operating profit are equal to those presented in the condensed consolidated statement of profit or loss. Please refer to the condensed consolidated statement of profit or loss for the reconciliation of operating profit to profit before income taxes.
3. Intersegment transfers are recorded at values that approximate market prices.

b) Geographic information

Information about revenue from external customers by location is summarized as follows:

(Unit: millions of yen)

	Nine months ended Sept. 30, 2019	Nine months ended Sept. 30, 2018
Japan	¥ 480,738	¥ 422,775
North America	517,785	444,849
Europe	186,577	195,421
Asia outside Japan	237,221	249,647
Other areas	38,429	51,700
Total	¥ 1,460,750	¥ 1,364,392

Notes:

1. Revenue from North America included that from the United States of ¥463,886 million and ¥389,779 million for the nine months ended September 30, 2019 and 2018, respectively.
2. There was no single customer from whom revenue exceeded 10% or more of total consolidated revenue of the Company.

(8) Consolidated revenue by product group

(Unit: millions of yen)

	Nine months ended Sept. 30, 2019		Nine months ended Sept. 30, 2018		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	¥ 970,444	66.4	¥ 918,744	67.3	¥ 51,700	5.6
Domestic	234,984		210,497		24,487	11.6
Overseas	735,460		708,247		27,213	3.8
Construction Machinery	243,179	16.7	220,807	16.2	22,372	10.1
Domestic	28,285		24,225		4,060	16.8
Overseas	214,894		196,582		18,312	9.3
Farm & Industrial Machinery	1,213,623	83.1	1,139,551	83.5	74,072	6.5
Domestic	263,269	18.0	234,722	17.2	28,547	12.2
Overseas	950,354	65.1	904,829	66.3	45,525	5.0
Pipe- and Infrastructure-related Products	130,287	8.9	127,724	9.4	2,563	2.0
Domestic	108,424		101,686		6,738	6.6
Overseas	21,863		26,038		(4,175)	(16.0)
Environment-related Products	93,115	6.4	75,250	5.5	17,865	23.7
Domestic	85,615		64,783		20,832	32.2
Overseas	7,500		10,467		(2,967)	(28.3)
Water & Environment	223,402	15.3	202,974	14.9	20,428	10.1
Domestic	194,039	13.3	166,469	12.2	27,570	16.6
Overseas	29,363	2.0	36,505	2.7	(7,142)	(19.6)
Other	23,725	1.6	21,867	1.6	1,858	8.5
Domestic	23,430	1.6	21,584	1.6	1,846	8.6
Overseas	295	0.0	283	0.0	12	4.2
Total	¥ 1,460,750	100.0	¥ 1,364,392	100.0	¥ 96,358	7.1
Domestic	480,738	32.9	422,775	31.0	57,963	13.7
Overseas	980,012	67.1	941,617	69.0	38,395	4.1

Note:

Beginning with the current fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to *Pipe-related Products* and *Social Infrastructure-related Products* are together reported as *Pipe- and Infrastructure-related Products*. Beginning with the second quarter of the current fiscal year, the amounts related to *Pump* are reported in *Environment-related Products*, whereas they were formerly reported in *Pipe-related Products*. Accordingly, the information for the same period in the prior year has been retrospectively adjusted to conform to the current year's presentation.

(9) Anticipated consolidated revenue by reportable segment

(Unit: billions of yen)

	Year ending Dec. 31, 2019		Year ended Dec. 31, 2018		Change	
	Amount	%	Amount	%	Amount	%
Domestic	¥ 324.0		¥ 308.9		¥ 15.1	4.9
Overseas	1,236.0		1,218.7		17.3	1.4
Farm & Industrial Machinery	1,560.0	81.3	1,527.6	82.6	32.4	2.1
Domestic	281.0		238.4		42.6	17.9
Overseas	48.0		53.9		(5.9)	(10.9)
Water & Environment	329.0	17.1	292.3	15.8	36.7	12.6
Domestic	30.5		30.0		0.5	1.7
Overseas	0.5		0.4		0.1	25.0
Other	31.0	1.6	30.4	1.6	0.6	2.0
Total	¥ 1,920.0	100.0	¥ 1,850.3	100.0	¥ 69.7	3.8

Domestic	¥ 635.5	33.1	¥ 577.3	31.2	¥ 58.2	10.1
Overseas	1,284.5	66.9	1,273.0	68.8	11.5	0.9

4. Results of operations for the three months ended September 30, 2019

(1) Condensed consolidated statement of profit or loss

(Unit: millions of yen, except earnings per share)

	Three months ended Sept. 30, 2019		Three months ended Sept. 30, 2018		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 489,921	100.0	¥ 458,196	100.0	¥ 31,725	6.9
Cost of sales	(343,709)		(330,768)		(12,941)	
Selling, general, and administrative expenses	(89,520)		(82,127)		(7,393)	
Other income	933		3,422		(2,489)	
Other expenses	(2,388)		(1,421)		(967)	
Operating profit	55,237	11.3	47,302	10.3	7,935	16.8
Finance income	1,712		2,553		(841)	
Finance costs	(302)		(1,396)		1,094	
Profit before income taxes	56,647	11.6	48,459	10.6	8,188	16.9
Income tax expenses	(14,318)		(12,794)		(1,524)	
Share of profits of investments accounted for using the equity method	1,231		591		640	
Profit for the period	¥ 43,560	8.9	¥ 36,256	7.9	¥ 7,304	20.1

Profit attributable to:						
Owners of the parent	¥ 41,251	8.4	¥ 33,997	7.4	¥ 7,254	21.3
Noncontrolling interests	2,309	0.5	2,259	0.5	50	2.2

Earnings per share attributable to owners of the parent:				
Basic	¥ 33.76		¥ 27.59	
Diluted	—		27.59	

(2) Consolidated segment information

a) Reportable segments

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Three months ended Sept. 30, 2019		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 404,785	¥ 77,280	¥ 7,856	¥ —	¥ 489,921
	Intersegment	59	280	7,445	(7,784)	—
	Total	404,844	77,560	15,301	(7,784)	489,921
Operating profit		¥ 56,266	¥ 6,624	¥ 680	¥ (8,333)	¥ 55,237

(Unit: millions of yen)

Three months ended Sept. 30, 2018		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 388,556	¥ 62,560	¥ 7,080	¥ —	¥ 458,196
	Intersegment	23	235	6,685	(6,943)	—
	Total	388,579	62,795	13,765	(6,943)	458,196
Operating profit		¥ 49,387	¥ 2,017	¥ 639	¥ (4,741)	¥ 47,302

Notes:

1. *Adjustments* include items such as the elimination of intersegment transfers and corporate expenses which are not allocated to any particular reportable segment. The corporate expenses included in *Adjustments* consist mainly of administration department expenses, basic research expenses, and foreign exchange gains or losses incurred by Kubota Corporation.
2. The aggregated amounts of operating profit are equal to those presented in the condensed consolidated statement of profit or loss. Please refer to the condensed consolidated statement of profit or loss for the reconciliation of operating profit to profit before income taxes.
3. Intersegment transfers are recorded at values that approximate market prices.

b) Geographic information

Information about revenue from external customers by location is summarized as follows:

(Unit: millions of yen)

	Three months ended Sept. 30, 2019	Three months ended Sept. 30, 2018
Japan	¥ 170,636	¥ 136,314
North America	179,502	171,038
Europe	54,198	55,551
Asia outside Japan	70,379	79,873
Other areas	15,206	15,420
Total	¥ 489,921	¥ 458,196

Notes:

1. Revenue from North America included that from the United States of ¥163,813 million and ¥152,309 million for the three months ended Sept. 30, 2019 and 2018, respectively.
2. There was no single customer from whom revenue exceeded 10% of total consolidated revenue of the Company.

(3) Consolidated revenue by product group

(Unit: millions of yen)

	Three months ended Sept. 30, 2019		Three months ended Sept. 30, 2018		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	¥ 324,692	66.3	¥ 316,351	69.0	¥ 8,341	2.6
Domestic	84,364		70,429		13,935	19.8
Overseas	240,328		245,922		(5,594)	(2.3)
Construction Machinery	80,093	16.3	72,205	15.8	7,888	10.9
Domestic	11,788		8,367		3,421	40.9
Overseas	68,305		63,838		4,467	7.0
Farm & Industrial Machinery	404,785	82.6	388,556	84.8	16,229	4.2
Domestic	96,152	19.6	78,796	17.2	17,356	22.0
Overseas	308,633	63.0	309,760	67.6	(1,127)	(0.4)
Pipe- and Infrastructure-related Products	47,379	9.7	41,814	9.2	5,565	13.3
Domestic	40,368		33,409		6,959	20.8
Overseas	7,011		8,405		(1,394)	(16.6)
Environment-related Products	29,901	6.1	20,746	4.5	9,155	44.1
Domestic	26,342		17,132		9,210	53.8
Overseas	3,559		3,614		(55)	(1.5)
Water & Environment	77,280	15.8	62,560	13.7	14,720	23.5
Domestic	66,710	13.6	50,541	11.1	16,169	32.0
Overseas	10,570	2.2	12,019	2.6	(1,449)	(12.1)
Other	7,856	1.6	7,080	1.5	776	11.0
Domestic	7,774	1.6	6,977	1.5	797	11.4
Overseas	82	0.0	103	0.0	(21)	(20.4)
Total	¥ 489,921	100.0	¥ 458,196	100.0	¥ 31,725	6.9
Domestic	170,636	34.8	136,314	29.8	34,322	25.2
Overseas	319,285	65.2	321,882	70.2	(2,597)	(0.8)

Note:

Beginning with the current fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to *Pipe-related Products* and *Social Infrastructure-related Products* are together reported as *Pipe- and Infrastructure-related Products*. Beginning with the second quarter of the current fiscal year, the amounts related to *Pump* are reported in *Environment-related Products*, whereas they were formerly reported in *Pipe-related Products*. Accordingly, the information for the same period in the prior year has been retrospectively adjusted to conform to the current year's presentation.