

Financial Results

for the six months ended September 30, 2015



Shigeru Kimura

**Director and Senior Managing Executive Officer,
General Manager of Planning & Control Headquarters**

November 11, 2015

Financial Summary

(Billion yen)	Six months ended Sept. 30, 2015	Six months ended Sept. 30, 2014	Changes		Variance from forecast (May 2015)	
	Amount	Amount	Amount	%	Amount	%
Revenues	818.8	745.1	+73.8	+9.9	-1.2	-0.1
Domestic	260.7	253.7	+7.0	+2.8	-19.3	-6.9
Overseas	558.2	491.4	+66.8	+13.6	+18.2	+3.4
Operating income	14.2% 116.3	13.4% 100.2	+16.1	+16.1	+6.3	+5.7
Net income attributable to Kubota Corp.	9.2% 75.7	8.9% 66.1	+9.6	+14.6	+1.7	+2.3

(Billion yen)	As of Sept. 30, 2015	As of Mar. 31, 2015	Changes	
	Amount	Amount	Amount	%
Total assets	2,465.6	2,476.8	-11.3	-0.5
Shareholders' equity	1,129.2	1,101.0	+28.2	+2.6



Revenues by Reporting Segment

(Billion yen)	Six months ended Sept. 30, 2015	Six months ended Sept. 30, 2014	Changes	
			Amount	%
Farm & Industrial Machinery (Machinery)	683.1	614.7	+68.5	+11.1
Domestic	157.9	148.0	+9.9	+6.7
Overseas	525.2	466.7	+58.5	+12.5
Water & Environment (Water)	122.3	117.1	+5.2	+4.4
Domestic	89.6	92.8	-3.1	-3.4
Overseas	32.6	24.3	+8.3	+34.1
Other	13.4	13.3	+0.1	+1.0
Domestic	13.2	12.9	+0.2	+1.7
Overseas	0.3	0.4	-0.1	-23.7
Total revenues	818.8	745.1	+73.8	+9.9
Domestic revenues	260.7	253.7	+7.0	+2.8
Overseas revenues	558.2	491.4	+66.8	+13.6

[For reference: Changes excluding the effects of yen depreciation (+49 billion yen)]

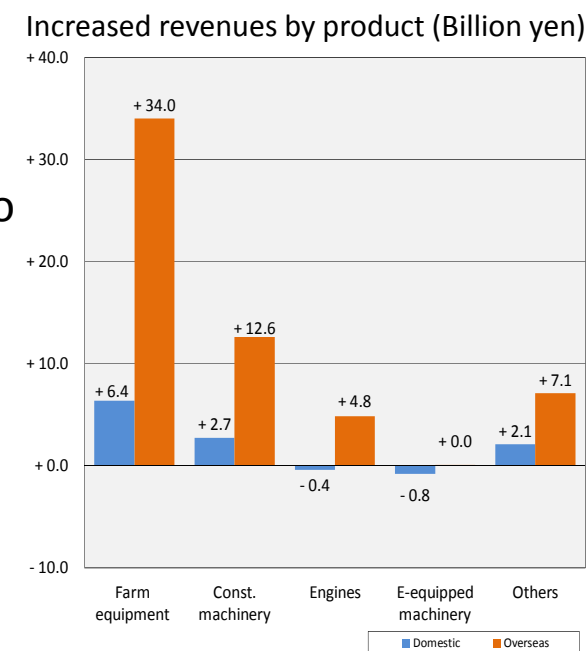
Overseas revenues increased by 4%. Total revenues increased by 3%.



Revenues by Reporting Segment (Year on Year)

► Machinery: +68.5 billion yen (Domestic: +9.9, Overseas: +58.5)

- ◇ Domestic: Sales of farm equipment increased due to recovery from the front-loaded demand before Japan's consumption tax hike. Sales of construction machinery also increased due to preferential taxation systems and demand related to the revisions in emission regulations.
- ◇ Overseas: Sales of combine harvesters in China and construction machinery in North America increased sharply. Sales of tractors and engines also expanded due to the effect of yen depreciation.



► Water: +5.2 billion yen (Domestic: -3.1, Overseas: +8.3)

- ◇ Domestic: Revenues from iron pipes and other pipe-related products decreased. Revenues from environment-related products and others increased.
- ◇ Overseas: Revenues from pipe-related products increased sharply mainly due to expanded sales of iron pipes in the Middle East. Revenues from environment-related products and others also increased.

► Other: +0.1 billion yen (Domestic: +0.2, Overseas: -0.1)

Operating Income

(Billion yen)	Six months ended Sept. 30, 2015		Six months ended Sept. 30, 2014		Changes	
	Amount	%	Amount	%	Amount	%
Operating income	116.3	14.2	100.2	13.4	+16.1	+16.1

Factors affecting operating income (YoY Change +16.1 Billion yen)

1. Fluctuation in exchange rates	US\$ (103→122)	+15.0 billion yen	} +17.0 billion yen
	Euro (139→135)	- 1.5 billion yen	
	Other currencies	+3.5 billion yen	
2. Material costs	Machinery	+0.5 billion yen	} +1.5 billion yen
	Water	+1.0 billion yen	
3. Personnel expenses	Cost of goods sold	+ 0.4 billion yen	} -1.4 billion yen
	SG&A expenses	-1.8 billion yen	
4. Sales incentives growth			-4.2 billion yen
5. Non-recurring items	Japan, impairment of idle land	-1.9 billion yen	} -0.1 billion yen
	China, sales incentive payment related to suspension of subsidies (in previous year)	+4.7 billion yen	
	Decrease of deferred sales expenses caused by the relations to the change in fiscal year-end (3.5 billion yen → 0.6 billion yen)	-2.9 billion yen	
6. Other factors			+3.3 billion yen

Operating Income by Reporting Segment

Operating income excluding non-recurring items

(% shows OP margin)

(Billion yen)	Six months ended Sept. 30, 2015			Six months ended Sept. 30, 2014			Changes ①-④	Changes (Adjusted) ③-⑥	Changes in revenues
	Operating income ①	Non- recurring items ②	Adjusted operating income ③=①-②	Operating income ④	Non- recurring items ⑤	Adjusted Operating income ⑥=④-⑤			
Machinery	18.2% 124.5	-	18.2% 124.5	16.6% 102.0	-4.7	17.4% 106.7	+22.5	+17.8	+68.5
Water	3.4% 4.1	-2.9	5.8% 7.1	6.1% 7.2	-	6.1% 7.2	-3.1	-0.1	+5.2
Other	7.7% 1.0	-	7.7% 1.0	8.1% 1.1	-	8.1% 1.1	-0.1	-0.1	+0.1
Adjustment	-13.4	-1.9	-11.5	-10.1	-	-10.1	-3.3	-1.4	
Total	14.2% 116.3	-4.8	14.8% 121.1	13.4% 100.2	-4.7	14.1% 104.9	+16.1	+16.2	+73.8



Other Income (Expenses)

(Billion yen)	Six months ended Sept. 30, 2015	Six months ended Sept. 30, 2014	Changes
	Amount	Amount	Amount
Other income (expenses)	1.5	3.4	-1.9



(Details)

Interests and dividends	3.1	1.8	+1.3	
Gain on sales of securities	1.4	0.2	+1.2	
Foreign exchange gain (loss)-net	-13.2	5.0	-18.1	
Other	10.1	-3.6	+13.7	-4.6
Valuation gain (loss) on derivatives	10.2	-3.3	+13.5	
Other-net	-0.1	-0.2	+0.2	



Taxable Income/ Net Income

(Billion yen)	Six months ended Sept. 30, 2015		Six months ended Sept. 30, 2014		Changes	
	Amount	%	Amount	%	Amount	%
Taxable income (*)	117.8	14.4	103.6	13.9	+14.2	+13.7
Income taxes	38.1		33.5		-4.6	
(Effective tax rate)	(32.4%)		(32.3%)			
Equity in net income of affiliated companies	1.3		1.2		+0.1	
Net income	80.9	9.9	71.3	9.6	+9.6	+13.5
Less: Net income attributable to noncontrolling interests	5.2		5.2		-0.0	
Net income attributable to Kubota Corp.	75.7	9.2	66.1	8.9	+9.6	+14.6

Dividend per common share	Interim	14 yen	12 yen	+ 2 yen
	Year-end	(Forecast) 14 yen	16 yen	-2 yen
	Total	(Forecast) 28 yen	28 yen	± 0 yen

(*)Income before income taxes and equity in net income of affiliated companies



Shareholder Return

(Billion yen)	Year ended Mar.31, 2012	Year ended Mar.31, 2013	Year ended Mar.31, 2014	Year ended Mar.31, 2015	Year ending Dec.31, 2015 (Forecast)	Changes	Total of last 5 years
Net income attributable to Kubota Corp.	61.3	78.1	131.7	140.0	115.0	-	526.0
Dividend (per common share)	15yen	17yen	28yen	28yen	28yen	±0yen	
Total amount of dividend paid	18.8	21.4	35.1	34.9	34.9	-0.1	145.1
Payment ratio	31%	27%	27%	25%	30%	+5point	28%
Retirement of own shares	-	19.2	10.0	7.7	2.5	-5.2	39.4
Shareholder return ratio (Dividend and retirement of shares)	31%	52%	34%	30%	32%	+2point	35%



Balance Sheets (Assets)

(Billion yen)	As of Sept. 30, 2015	As of Mar. 31, 2015	Changes
Current assets	1,424.1	1,443.0	-19.0
Cash and cash equivalents	132.9	113.0	+19.8
Trade notes and accounts receivable	575.9	680.5	-104.6
Short-term finance receivables-net	220.8	206.8	+14.0
Inventories	365.5	338.0	+27.5
Other current assets	129.0	104.8	+24.3
Investments and long-term finance receivables	631.8	621.9	+9.8
Long-term finance receivables-net	467.1	441.1	+26.0
Other	164.6	180.8	-16.2
Property, plant, and equipment	287.0	297.1	-10.1
Other assets	122.7	114.8	+7.9
Total assets	2,465.6	2,476.8	-11.3
Total finance receivables-net	687.9	647.9	+40.0

Changes ex
the effects of
exchange rate
changes

-97.0

+33.0

+64.0

<Reference> Foreign exchange rate at balance sheet date (yen)

U.S. dollar	120	120	±0
Euro	135	130	+5



Balance Sheets (Liabilities)

(Billion yen)	As of Sept. 30, 2015	As of Mar. 31, 2015	Changes
Current liabilities	743.3	730.2	+13.1
Short-term borrowings	153.6	160.9	-7.3
Trade notes and accounts payable	231.4	228.3	+3.1
Current portion of long-term debt	152.4	126.8	+25.7
Other current liabilities	205.8	214.2	-8.4
Long-term liabilities	517.5	567.2	-49.7
Long-term debt	433.1	480.0	-46.9
Accrued retirement and pension costs	12.4	13.1	-0.6
Other long-term liabilities	72.0	74.2	-2.2
Total liabilities	1,260.8	1,297.4	-36.6
Total interest-bearing debt	739.1	767.6	-28.5
Net debt equity ratio	0.54	0.59	-0.05

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the effects of
exchange rate
changes

-6.0



Balance Sheets (Equity)

(Billion yen)	As of Sept. 30, 2015	As of Mar. 31, 2015	Changes
Kubota Corp. shareholders' equity	1,129.2	1,101.0	+28.2
Common stock	84.1	84.1	-
Capital surplus	87.8	87.9	-0.1
Legal reserve	19.5	19.5	-
Retained earnings	854.3	798.5	+55.8
Accumulated other comprehensive income (loss)	86.1	111.4	-25.2
Foreign currency translation adjustments	51.5	64.9	-13.5
Unrealized gains on securities	45.8	57.5	-11.7
Pension liability adjustments	-11.1	-11.0	-0.1
Unrealized losses on derivatives	-	-0.0	+0.0
Treasury stock	-2.7	-0.4	-2.3
Non-controlling interests	75.5	78.4	-2.8
Total equity	1,204.7	1,179.4	+25.3
Shareholders' equity to total assets	45.8%	44.4%	+1.4point



Cash Flow Statements

(Billion yen)	Six months ended Sept. 30, 2015	Six months ended Sept. 30, 2014	Changes
Net cash provided by operating activities	152.7	72.1	+80.5
Net cash used in investing activities	-90.7	-81.6	-9.1
Purchases of fixed assets	-24.5	-19.9	-4.6
Other	-66.2	-61.7	-4.5
Net cash provided by (used in) financing activities	-39.2	23.4	-62.6
Effect of exchange rate changes on cash and cash equivalents	-2.9	3.3	-6.2
Net increase in cash and cash equivalents	19.8	17.2	+2.6
Free cash flow	128.1	52.2	+75.9



Recent Developments in Machinery

Recent Developments in Machinery (North America)

U.S. . . . A steady economy drives retail sales of tractors and construction machinery. Wholesale tended to lag behind schedule.

Market: Polarization in demand due to strong demand of consumers such as home owners and hobby farmers, and weak demand of professional farmers

【YoY growth rate of retail sales units in the tractor market by horsepower】

		Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Dec.	Apr.-Sept.	Apr.-Mar.
2014	0-40hp	+ 11.7%	+ 4.8%	+ 12.7%	+ 9.1%	+ 8.7%	+ 7.9%	+ 6.9%
	40-120hp	+ 4.2%	+ 4.4%	+ 13.2%	+ 6.6%	+ 7.1%	+ 8.4%	+ 5.6%
	0-120hp	+ 8.3%	+ 4.7%	+ 12.9%	+ 7.9%	+ 8.1%	+ 8.1%	+ 6.4%
2015	0-40hp	+ 1.2%	+ 5.8%	+ 10.7%	-	-	+ 7.8%	-
	40-120hp	▲ 3.3%	▲ 3.0%	▲ 0.2%	-	-	▲ 1.6%	-
	0-120hp	▲ 0.7%	+ 2.9%	+ 6.4%	-	-	+ 4.5%	-

Source: AEM (Association of Equipment Manufacturers)

【YoY growth rate of retail sales units in the mini-excavator market (0-8t)】

		Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Dec.	Apr.-Sept.	Apr.-Mar.
2014		+ 8.6%	+ 14.0%	+ 20.6%	+ 12.0%	+ 14.1%	+ 17.0%	+ 14.9%
2015		+ 13.6%	+ 13.7%	+ 13.2%	-	-	+ 13.5%	-

Source: AEM (Association of Equipment Manufacturers)

Kubota (unit basis):

〈Tractors/RS〉 Sales of compact tractors remained solid. Midscale tractors also increased slightly due to expansion in market share.

〈Construction machinery/RS〉 Sales rose significantly due to favorable market demand in the civil engineering and construction industries, and expanding market share along with strengthening the dealer network and strengthening sales activities for rental companies.

〈Engines/WS〉 Demand in the construction industry was favorable, while demand in oil and gas industry was weak.

RS : Retail Sales, WS: Wholesale



Recent Developments in Machinery (Europe)

Europe ■ ■ ■ Revenues remained level because of strong sales of construction machinery and engines, while agriculture-related market demand remained severe.

Market: Sales of compact tractors, mowers, and utility vehicles showed moderate expansion owing to economic recovery.

Sales of midscale tractors struggled due to declines in agricultural prices.

Sales of construction machinery and engines grew steadily due to the recovering economy, despite negative impact of fiscal austerity.

Kubota (unit basis):

〈Tractors/RS〉 Sales of compact tractors grew steadily. Sales of agricultural market use also increased, as expanding market share offset the negative effect of declines in agricultural prices.

〈Construction machinery/RS〉 Sales increased due to the continuing strong U.K. economy and recovering economies in southern Europe. Market share also increased.

〈Engines/WS〉 Sales of engines for construction and industrial machinery increased due to the favorable rental market.

〈Implements/WS〉 Sales decreased due to the negative impact of declines in agricultural prices.



Recent Developments in Machinery (Asia)

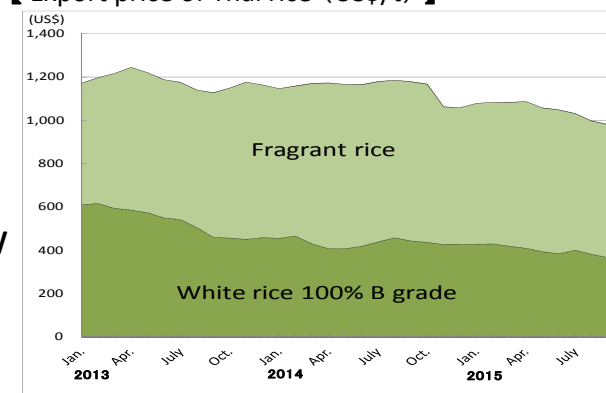
Thailand... Sales growth of farm equipment for upland farming, where market demand was expanding, but expansion in neighboring countries could not offset the negative impact of decreased sales of tractors for wet paddy fields, power tillers, and engines.

Market: Governmental support measures for farmers were limited. Reduction in rice prices and severe drought caused a substantial decline in the wet paddy market.

Kubota (unit basis):

〈Tractors ▪ Sales decreased due to significant reduction in combines/RS〉 farm equipment sales for wet paddy fields.
Sales of farm equipment for upland farming grew by increasing areas under cultivation and agricultural mechanization progress.

【 Export price of Thai rice (US\$/t) 】



Source: USDA, Thai Rice Exporters Association

〈Construction machinery/RS〉 Sales decreased due to economic stagnation and delayed public investment.

〈Exports to neighboring countries/WS〉 Revenues recorded double-digit sales growth due to increased sales of tractors and combines, along with agricultural mechanization. However, sales of power tillers and engines decreased substantially due to severe drought, reduction in rice prices, and a further shift to tractors.



Recent Developments in Machinery (Asia)

China... Revenues rose significantly due to the effect of the resumption of government subsidies and increased sales of tractors and head-feeding combines.

Market: Subsidies remained at the high volumes of RMB23.6 billion per year, which was almost the same level as in the previous year.
Construction machinery sales were weak due to the slower economic growth.

【Subsidies of China's central government for purchase of agricultural equipment】

		2007	2008	2009	2010	2011	2012	2013	2014	2015
Subsidies (Billion RMB)	1st stage	-	-	-	-	11.0	13.0	20.0	17.0	21.0
	Full year	2.0	4.0	13.0	15.5	17.5	21.5	21.8	23.8	23.6

Kubota (unit basis):

- 〈Combines/RS〉 Fiercer competition among contractors caused the downturn of conventional-type combine market. However, sales of conventional-type combines increased slightly due to postponement of the Chinese New Year sales. Sales of head-feeding combines rose significantly due to the revaluation of efficiency and effects of sales countermeasures.
- 〈Rice transplanters/RS〉 Sales rose significantly due to market expansion owing to the effects of the resumption of government subsidies for Kubota.
- 〈Construction machinery/RS〉 Downturn in the overall construction machinery market continued. Sales decreased as growth in 3-ton or lower units and expansion in market share could not offset its negative impact.



Recent Developments in Machinery (Japan)

Japan ... Sales of farm equipment rose, mainly of tractors, due to recovery from an adverse reaction to the front-loaded demand before Japan's consumption tax hike. Sales of construction machinery continued to be steady.

Market: As for farm equipment, tractor sales rose significantly, while sales of combine harvesters, which are used less frequently, were weak due to reduction in rice prices.

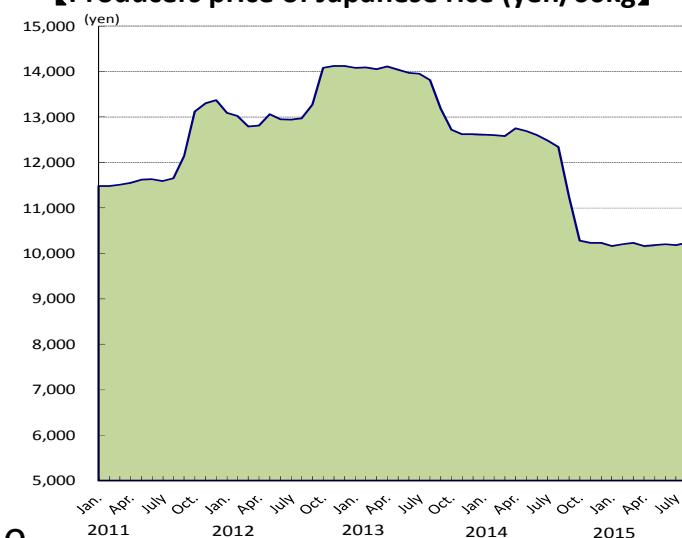
Kubota (monetary basis):

〈Farm equipment/ RS〉 Sales of tractors rose significantly, while sales of combine harvesters were weak. (Returned to level prior to Japan's consumption tax hike.) Market share in the Apr. to Sept. period rose in all models.

〈Construction machinery/RS〉 Sales increased due to preferential taxation systems and a demand surge before revisions in emissions regulations.

〈Engines/WS〉 Sales decreased due to the overseas production transfer of OEM clients, while exports of OEM clients increased.

【Producers price of Japanese rice (yen/60kg)】



Source: Ministry of Agriculture, Forestry and Fisheries



Forecast

Anticipated Operating Results

(Billion yen)	Year ending Dec. 31, 2015 (Forecast)	Nine months ended Dec. 31, 2014 (Actual)	Changes	Previous forecast (May 2015)
Revenues	1,250.0	1,144.7	+105.3	1,250.0
Operating income	13.8% 173.0	13.0% 149.3	+23.7	13.2% 165.0
Other income(expenses)	2.0	8.8	-6.8	5.0
Taxble income (*)	14.0% 175.0	13.8% 158.1	+16.9	13.6% 170.0
Net income attributable to Kubota Corp.	9.2% 115.0	8.9% 101.4	+13.6	8.8% 110.0

(*) Income before income taxes and equity in net income of affiliated companies

(*) The anticipated results of operations for the year ending December 31, 2015, are the prospects for the nine-month period that commenced on April 1, 2015 and will end on December 31, 2015. For this reason, anticipated operating results for the year ending December 31, 2015 are compared with the results of operations for the nine months ended December 31, 2014.



Anticipated Revenues by Reporting Segment

(Billion yen)	Year ending Dec. 31, 2015 (Forecast)	Nine months ended Dec. 31, 2014 (Actual)	Changes		Previous forecast (May 2015)	Changes	
			Amount	%		Amount	%
Machinery	1,025.0	926.7	+98.3	+10.6	1,025.0	-	-
Domestic	225.5	209.1	+16.4	+7.8	240.0	-14.5	-6.0
Overseas	799.5	717.6	+81.9	+11.4	785.0	+14.5	+1.8
Water	205.0	198.0	+7.0	+3.5	205.0	-	-
Domestic	155.0	154.2	+0.8	+0.5	160.0	-5.0	-3.1
Overseas	50.0	43.8	+6.2	+14.2	45.0	+5.0	+11.1
Other	20.0	20.0	-	-	20.0	-	-
Domestic	19.5	19.4	+0.1	+0.5	20.0	-0.5	-2.5
Overseas	0.5	0.6	-0.1	-16.7	-	+0.5	-
Total revenues	1,250.0	1,144.7	+105.3	+9.2	1,250.0	-	-
Domestic revenues	400.0	382.7	+17.3	+4.5	420.0	-20.0	-4.8
Overseas revenue	850.0	762.0	+88.0	+11.5	830.0	+20.0	+2.4



Anticipated Operating Income

(Billion yen)	Year ending Dec. 31, 2015		Nine months ended Dec. 31, 2014		Changes	
	Amount	%	Amount	%	Amount	%
Operating income	173.0	13.8	149.3	13.0	+23.7	+15.9

Factors affecting operating income (YoY change +23.7 billion yen)

1. Fluctuation in exchange rates	US\$ (107→120) Euro (140→135) Other currencies	+21.0 billion yen -2.0 billion yen +2.0 billion yen	+21.0 billion yen
2. Material costs	Machinery Water	+1.0 billion yen +1.5 billion yen	+2.5 billion yen
3. Personnel expenses	Cost of goods sold SG&A expenses	-1.0 billion yen -3.0 billion yen	-4.0 billion yen
4. Sales incentives growth			-6.0 billion yen
5. Non-recurring items			
Japan, impairment of idle land		-1.9 billion yen	-2.3 billion yen
China, sales incentive payment related to suspension of subsidies (in previous year)		+5.0 billion yen	
Decrease of deferred sales expenses caused by the relations to the change in fiscal year-end (3.4 billion yen → 0.0 billion yen)		-3.4 billion yen	
Indonesia, gain on sales of land (in previous year)		-2.0 billion yen	
6. Other factors			+12.5 billion yen

Anticipated Operating Income by Reporting Segment

Anticipated operating income excluding non-recurring items

[% shows OP margin]

(Billion yen)	Year ending Dec. 31, 2015			Nine months ended Dec.31, 2014			Changes ①-④	Changes (Adjusted) ③-⑥	Chages in revenues
	Operating income ①	Non- recurring items ②	Adjusted operating income ③=①-②	Operating income ④	Non- recurring items ⑤	Adjusted operating income ⑥=④-⑤			
Machinery	17.4% 178.0	-	17.4% 178.0	15.9% 147.8	-3.0	16.3% 150.8	+30.2	+27.2	+98.3
Water	5.9% 12.0	-3.4	7.5% 15.4	7.6% 15.0	-	7.6% 15.0	-3.0	+0.4	+7.0
Other	10.0% 2.0	-	10.0% 2.0	9.0% 1.8	-	9.0% 1.8	+0.2	+0.2	-
Adjustment	-19.0	-1.9	-17.1	-15.3	-	-15.3	-3.7	-1.9	
Total	13.8% 173.0	-5.3	14.3% 178.3	13.0% 149.3	-3.0	13.3% 152.3	+23.7	+25.9	+105.3



Exchange rate, CAPEX, Depreciation and R&D expenses

【Anticipated foreign exchange rate】

(Yen)		Year ending Dec. 31, 2015 (Forecast)		Nine months ended Dec. 31, 2014 (Actual)	
		Revised forecast	Previous forecast		
¥/US\$	1st Half (Apr.-Sept.)	Actual	122	120	103
	2nd Half (Oct.-Dec.)	Plan	117	120	115
	Full year average (Apr.-Dec.)	Plan	120	120	107
¥/Euro	1st Half (Apr.-Sept.)	Actual	135	125	139
	2nd Half (Oct.-Dec.)	Plan	135	125	143
	Full year average (Apr.-Dec.)	Plan	135	125	140

【CAPEX, Depreciation and R&D expenses】

(Billion yen)	Year ending Dec. 31, 2015 (Nine months forecast)		Year ended Mar. 31, 2015 (Twelve months results)
	Revised forecast	Previous forecast	
Capitalexpenditures	44.0	50.0	50.7
Depreciation and amortization	33.0	33.0	38.2
R&D expenses	29.0	31.0	39.5

Year ending Dec. 31, 2015 is the nine-month period that commenced on April 1, 2015 and will end on December 31, 2015. (Year ended Mar. 31, 2015 is the 12-month period of actual results.)



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.



Moving toward the future, changing the world.



For Earth, For Life
Kubota