Financial Results
for the year ended December 31, 2017

Shigeru Kimura
Director and Senior Managing Executive Officer,
General Manager of Planning & Control Headquarters
February 21, 2018
• Operating margin decreased by 0.4%, and net margin decreased by 0.5%.
  • The reversal of deferred tax assets in preparation for federal corporate tax rate cut in the United States affected a decrease in net margin.
    - Income taxes increased by 7.1 billion yen due to this changes.
• Variance from revised forecast
  - Total revenues increased mainly due to strong sales in Farm and Industrial Machinery overseas, especially in North America and Europe.
  - Net income attributable to Kubota Corporation fell short of the revised forecast due to the reversal of deferred tax assets in preparation for federal corporate tax rate cut in the United States.
- Overseas revenues in Farm and Industrial Machinery grew significantly.
Domestic revenues in Farm & Industrial Machinery
- Sales of tractors recovered from stagnating sales caused by stronger emission regulations. Sales of construction machinery and agricultural-related products also increased.
- Sales of compact tractors in North America increased due to the expanding market along with steady economic conditions.
- Sales of combine harvesters were weak. On the other hand, sales of rice transplanters increased significantly in China.
- Total sales of construction machinery and engines rose significantly in each region such as North America, Europe, and China.

Overseas revenues in Farm & Industrial Machinery
- Farm equipment: +36.7 billion yen (+7%) , Construction machinery: +43.2 billion yen (+24%) , Engines: +18.3 billion yen (+18%) , Others: +53.0 billion yen (+29%) .
- Increase in Others included the positive effect of acquisition of Great Plains Manufacturing, Inc. of 21.7 billion yen.
- Revenues of tractors included in Farm equipment increased by 33.9 billion yen (+8%).
- In North America, agricultural market was weak, but the market of compact tractors for wealthy individuals was strong. Revenues of compact tractors increased significantly due to strong whole sales caused by a decrease in inventories held by dealers in 2016.
- Revenues in Thailand increased because the strong whole sales over the first half of the year supported by cancelation of the restrictions on water intake compensated for the stagnating sales in the second half of the year due to severe rain.
- Revenues of combines and Rice transplanters included in Farm equipment increased by 2.8 billion yen (+29%).
- In China, sales of combine harvesters were weak due to the reduction in budgeted government subsidies and demand shift to larger machines.
- In China, sales of rice transplanters increased significantly due to growing demand and share increase.
- Revenues of construction machinery increased in each region of North America, Europe and Asia outside Japan.
- In North America, strong sales of mini excavators and compact track loaders compensated for reactionary decline in whole sales of skid steer loaders relating to the inventory replenishment in 2016.
- Revenues in Europe remained strong in each country, such as France, Germany and the U.K., supported by expanded demand for housing and construction.
- Revenues in China increased significantly by a rapid recovery in demand, as well as the rebound from the temporary suspension of shipments caused by the delay of acquisition of certification for emission regulations in 2016.
- Revenues of engines also increased in all the main markets such as North America, Europe and China, and the shipment volume registered a record high.
- Overseas revenues of Farm and Industrial Machinery increased in every region of North America, Europe, Asia outside Japan, and Other areas.

Water & Environment
- Domestic revenues increased by 0.3 billion yen (+0.1%) .
- Revenues from pipe-related products decreased slightly due to lower revenues from the pumps and the construction business.
- With regard to environment-related products, sales of wastewater treatment equipment and plant decreased.
- With regard to social infrastructure-related products, sales of spiral-welded steel pipes (piles) for civil engineering works increased significantly due to expanded construction market.
- Overseas revenues decreased by 8.7 billion yen ( ▲ 16%) .
- Export sales of ductile iron pipes to the Middle East decreased sharply on the negative effects of lower crude oil prices.
Fluctuation in exchange rates increased operating income by 3.0 billion yen. Yen was weak against both US dollar and Euro, but the fluctuation in exchange rate of US dollar reduced operating income slightly and that of Euro had no positive impact on operating income, because the negative impact of strong yen in the prior year was deferred to FY2017 due to timing difference between shipment from Kubota Corporation and the whole sales by the overseas subsidiaries.

Material cost reduced operating income by 5.5 billion yen. The effect of rising prices of steel material, steel scrap, and resin exceeded cost improvements.

Change in sales incentive ratio reduced operating income by 3.9 billion yen. In North America, sales incentive ratio rose because we can’t help but re-enhance sales incentive program, which we weakened once, in the sever competition. In China, sales incentive ratio declined sharply due to the rebound from unusually strong incentive program related to the delay of acquisition of certification for emission regulations in 2016.

Claim payments related to the hurricanes in the United States was because our subsidiary in the United States underwrote damage insurance applied to the products sold by our sales subsidiary.

“Other” reduced operating income by 12.4 billion yen. Depreciation and amortization expenses, and R&D expenses increased by 7.0 billion yen in total. In addition to that, “Other” includes an increase in SG&A expenses, mix deterioration of products generated sales, and expenses incurred in relation to brand campaigns.
Operating income in Farm & Industrial Machinery excluding specific items increased due to the positive impact of increased sales, which compensated for increases in sales incentive costs, R&D expenses, and SG&A expenses.

Operating income in Water & Environment excluding specific items increased due to profitability improvement achieved by selected orders based strictly on profitability and reduction of fixed costs, which exceeded the negative effects of lower overseas revenues.

“Adjustment” excluding specific items deteriorated due partly to expenses incurred in relation to brand campaigns and increased business taxes.
The sum of “Foreign exchange gain (loss)-net” and “Valuation loss on derivatives” represents substantive foreign exchange gain (loss), and it improved by 4.4 billion yen.

- Gain on sales of securities-net also increased.
Income taxes increased significantly by 13.4 billion yen due to reversal of deferred tax assets.

Equity in net income of affiliated companies was almost the same as last year.

Net income attributable to non-controlling interests improved by 1.5 billion yen.

- The acquisition of 100% ownership of plastic pipes production and sales subsidiary and two overseas farm and industrial machinery sales subsidiaries in 2016 improved that by 0.9 billion yen.
Dividend payout ratio for FY2017 was 29%, which was slightly lower than the target of “30%”, but shareholder return ratio for FY2017 was 39%.
• Cash and cash equivalents increased mainly at the Parent.
  - That cash level of 230 billion yen is too high, so we will apply that to repayment of borrowings.
• Trade notes and accounts receivable excluding the effects of fluctuation in exchange rate increased by 14.0 billion yen.
  - It increased at sales subsidiary in Canada and GPM due to strong sales, and at sales company in Myanmar which started the activity for full-scale sales.
• Total finance receivables-net excluding the effects of fluctuation in exchange rate increased by 90.0 billion yen.
  - It was caused mainly by strong retail sales and high penetration ratio of retail financing in North America.
  - Collection status of finance receivables remained favorable.
• Inventories excluding the effects of fluctuation in exchange rate declined by 2.0 billion yen.
  - Inventories at construction machinery manufacturing subsidiary in Europe increased while those at Parent and the manufacturing subsidiary in China decreased.
• Total interest-bearing debt increased in line with increased finance receivables in the United States.
### Balance Sheets (Equity)

<table>
<thead>
<tr>
<th>(Billion yen)</th>
<th>As of Dec. 31, 2017</th>
<th>As of Dec. 31, 2016</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kubota Corp. shareholders’ equity</td>
<td>1,301.3</td>
<td>1,198.8</td>
<td>+102.6</td>
</tr>
<tr>
<td>Common stock</td>
<td>84.1</td>
<td>84.1</td>
<td>+0.0</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>85.0</td>
<td>84.6</td>
<td>+0.4</td>
</tr>
<tr>
<td>Legal reserve</td>
<td>19.5</td>
<td>19.5</td>
<td>-</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,046.2</td>
<td>961.4</td>
<td>+84.8</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>66.6</td>
<td>49.3</td>
<td>+17.3</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>31.4</td>
<td>26.0</td>
<td>+5.4</td>
</tr>
<tr>
<td>Unrealized gains on securities</td>
<td>55.4</td>
<td>49.6</td>
<td>+5.8</td>
</tr>
<tr>
<td>Pension liabilities adjustments</td>
<td>-20.1</td>
<td>-26.2</td>
<td>+6.1</td>
</tr>
<tr>
<td>Treasury stock, at cost</td>
<td>-0.2</td>
<td>-0.2</td>
<td>+0.0</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>84.1</td>
<td>73.2</td>
<td>+10.9</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>1,385.4</td>
<td>1,271.9</td>
<td>+113.5</td>
</tr>
<tr>
<td><strong>Shareholders’ equity to total assets</strong></td>
<td>45.6%</td>
<td>44.9%</td>
<td>+0.7 point</td>
</tr>
</tbody>
</table>
Double-digit ROE has been achieved for the sixth consecutive fiscal year.

0.4 percentage points decline of ROE year on year was caused by the limited increase of net income attributable to Kubota Corporation due to the effect of the federal corporate tax rate cut in the United States.

- ROE excluding the negative impact of it was 11.5%.
Net cash provided by operating activities was 222.3 billion yen.  
- Cash inflow from net income and depreciation and amortization was 190.6 billion yen in total and those from changes in working capital was 31.7 billion yen.  
- Changes in inventories contributed slightly to an increase in cash inflow by 3.4 billion yen.  
- We will make efforts to expand net cash provided by operating activities by increasing net income and reducing inventories.

Net cash used in investing activities was 130.3 billion yen.  
- “Other” in 2016 included cash outflow of 42.4 billion yen related to an acquisition of GPM.

Net cash used in financing activities was 32.6 billion yen.  
- Net cash inflow from borrowings decreased by 48.5 billion yen.

### Cash Flow Statements

<table>
<thead>
<tr>
<th>(Billion yen)</th>
<th>Year ended Dec. 31, 2017</th>
<th>Year ended Dec. 31, 2016</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>222.3</td>
<td>185.0</td>
<td>+37.3</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>-130.3</td>
<td>-167.5</td>
<td>+37.2</td>
</tr>
<tr>
<td>Purchases of fixed assets</td>
<td>-64.4</td>
<td>-56.1</td>
<td>-8.3</td>
</tr>
<tr>
<td>Other</td>
<td>-65.9</td>
<td>-111.4</td>
<td>+45.5</td>
</tr>
<tr>
<td>Net cash (used in) provided by financing activities</td>
<td>-32.6</td>
<td>11.4</td>
<td>-43.9</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>1.9</td>
<td>-5.7</td>
<td>+7.6</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>61.3</td>
<td>23.1</td>
<td>+38.2</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>157.9</td>
<td>128.8</td>
<td>+29.0</td>
</tr>
</tbody>
</table>
Interest-bearing debt in equipment operations excluding financial services was 53.9 billion yen.

- Net debt (amount obtained by subtracting cash and cash equivalents of 218.1 billion yen from interest-bearing debt) was -164.2 billion yen, so a debt-free status was maintained.

- Sufficient profitability of financial services was also maintained.
Recent Developments
In Machinery
The factors as follows are expected to continue to have a positive effect on our each business.

- Favorable economy conditions continue.
- The number of housing starts remains high level.
- Indicators, such as the number of housing sales and the house price index, and stock market are favorable.

- Tractors
  - Demand for compact tractors (0-40hp) mainly for home owners remains strong.
  - It’s not expected for severe competition to slow down.
  - A rise in interest rates makes it difficult for each manufacturer to strengthen their incentive program, but it’s expected to be maintained at the level of 2017, which was very strong, if interest rates rise moderately.
  - Demand for mid-scale tractors (40-120hp) is expected to recover in the 2nd half of 2018 due to increase in the agricultural income of dairy farmers and livestock farmers.
  - Sales of large-scale tractors (above 120hp) are expected to remain stagnant because of the absence of sufficient recovery in farmer’s income due to low market prices of grains.
  - Sales of our large-scale tractor, such as M7 series, grew in the second half of 2017, and we aim to achieve double-digit market share in 2018.
  - We received a lot of orders for new model of UV, launched in 2018 at the national dealer meeting held in the autumn of 2017. We will make
further efforts to expand our UV business.

- **Construction Machinery**
  - The market of construction machinery is expected to further expand due to strong housing and construction demand.
  - Tax reform also boosts the demand.
  - Wholesales of SSL in 2017 decreased significantly due to a reactionary decline after the inventory replenishment in 2016. The level of wholesales of SSL is expected to return to the normal level in 2018.
  - We will try to increase the sales of all the products including SSL.

- **Engines**
  - Engines for both construction machinery and the industrial machinery are expected to continue to grow due to the recovery of oil and gas market.
• The agricultural market is expected to recover slowly due to bottoming out of the prices of agricultural products and raw milk.

• Tractors
  - Sales of compact tractors in Europe are expected to be solid while austerity measures in the U.K. may have a negative impact on the market.
  - Demand for mid-scale tractors is expected to increase slowly.

• Implement in the agriculture-related market
  - Gradual recovery of sales is expected to continue despite the negative impact of inclement weather in some regions.

• Construction Machinery
  - Sales growth is expected to continue supported by favorable economic conditions.
  - Demand for small construction machinery has recovered to almost pre-Lehman Shock level in 2017.
  - Sales growth in Germany and the U.K., where investment for CE has grown significantly over the past several years, is expected to slow down.

• Engines
  - Sales are expected to continue to grow.
  - The rush demand before the new exhaust emissions regulations (Stage V) implemented in 2019 is also expected.
V), which will be implemented in 2019, is expected. We concern about our production capacity.
• Natural disaster, such as drought and severe rain, occurring every year has prevented the expansion of market.
  - Market is expected to grow in 2018 if these situations will calm down.

• Rice cropping market
  - Farmer’s buying motives in Northeastern area, which is our core market, have been on a recovery trend due to recovery from flood damages.
  - Demand for farming machinery is expected to increase due to increase in rice prices caused by decreased rice stocks held by government and strong rice exports.

• Dry-field cropping market
  - Sugar cane farmer’s demand for tractors is expected to continue to expand due to increase in sugar factories, while cassava farmer’s demand for tractors is expected to be weak due to stagnating cassava prices.

• Const. machinery
  - Demand is expected to continue to be solid due to growing labor shortages for construction works in urban areas, such as Bangkok.
  - Competition with Japanese manufacturers will start getting intensified due to new entry caused by growing market.

• Exports to neighboring countries
  - Sales was weak in 2017 due to stagnating agricultural prices and flood conditions.
- Damages. But we expect these situation will calm down and the sales is expected to get back on the growth path in 2018.

- In Cambodia, demand for tractors and combine harvesters will increase due to accelerated mechanization of farming and solid demand for renewals.

- In Myanmar, demand is expected to increase due to accelerated mechanization as well.
• The volume of budgeted government subsidies for purchase of agricultural equipment is unclear as of this moment, but that is unlikely to be increased compared to that in 2017.

• Demand for high-horsepower farm machinery is expected to increase due to reduction of government subsidies (per product) for products with relatively higher penetration rate and rapid growth in demand for higher production efficiency by contractors.
  - Demand is expected to move to high-horsepower farm machinery, which enable to realize the drastic improvement of efficiency. Competition in these markets is expected to be intensified.

• Tractors
  - Sales is expected to grow due to an increase in market shares following in 2017.

• Combines
  - Our market share is expected to grow mainly due to full-scale introduction of new products from this year.
  - We will strengthen the sales of wheel drive combine harvesters, such as corn combines, whose market penetration is still low and potential of growth is high.

• Rice transplanters
  - Market of rice transplanters expanded suddenly in 2017 due to some
temporary factors, such as incentive measures for crop conversion from corn to rice. So we anticipate demand will decrease slightly due to the adverse reaction from 2017.

- We will increase sales due to increases in market share by getting advantages from competitors in some promising products, such as multi-functional rice transplanters (enable concurrent job of rice transplanting).

- Const. machinery
  - Growth rate is expected to be slowed, but the market will continue to expand due to increasing demand for infrastructure construction in urban areas caused by the Belt and Road initiative and Public Private Partnership project.
Agricultural policy is reaching a turning point due to the elimination of government subsidies for rice farmers and increased government subsidies for promoting utilization of paddy field. Farmers are facing difficult situation due to aging of population and decreasing demand for rice. Demand for construction will expand due to increased construction of infrastructures in urban areas.

Farm machinery: Small sized rice farmers’ motives for investment are expected to continue to decrease, while the number of mixed farmers, who produces some types of crops such as wheat, soy beans, rice for feedstuff, and processed rice, are expected to increase due to the changed government subsidies.

Const. machinery: Demand for construction will continue to be solid. In addition, demand of rental providers was concentrated on large sized const. machinery in
2017 due to stronger emission regulations. So we expect demand for small sized const. machinery will increase due to leveling of demand.

- Engines
  - Demand is expected to increase because investment in machinery is expected to move to small sized machinery from large sized machinery, that is same as in CE industry.
  - Sales will increase due to finished inventory control regarding exporting products to overseas countries by OEM.
Forecast
There are few differences between IFRS and U.S. GAAP.
Capitalization of R&D expenses has positive impact on operating income for a few years, while retirement benefit costs have negative impact.
Foreign exchange gain (loss) related to trade notes and accounts receivable, and trade notes and accounts payable was reclassified as operating income (expenses) from other income (expenses), while the reconciliation related to this in the year ended December 31, 2017 was a very small amount by chance.
There was a difference in income taxes due to the tax effect accounting mainly related to the overseas subsidiaries.

**Voluntary Adoption of IFRS**

Kubota Corp. has decided to voluntarily adopt IFRS from the 1st quarter of the fiscal year ending December 31, 2018.

### The impact on the financial results from the transition to IFRS

(Billion yen)

<table>
<thead>
<tr>
<th>Year ended Dec. 31, 2017 (Actual)</th>
<th>U.S. GAAP</th>
<th>IFRS [reference] *</th>
<th>Changes</th>
<th>Main reconciliation items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>1,751.5</td>
<td>1,751.5</td>
<td>-0.1</td>
<td>Capitalization of R&amp;D expenses +4.8, Retirement benefit costs -2.1</td>
</tr>
<tr>
<td>Domestic</td>
<td>564.2</td>
<td>Domestic</td>
<td>564.2</td>
<td>-</td>
</tr>
<tr>
<td>Overseas</td>
<td>1,187.3</td>
<td>Overseas</td>
<td>1,187.3</td>
<td>-0.1</td>
</tr>
<tr>
<td>Operating income</td>
<td>11.4%</td>
<td>Operating profit</td>
<td>11.4%</td>
<td>+1.7</td>
</tr>
<tr>
<td>Income before income taxes *</td>
<td>12.2%</td>
<td>Profit before income taxes</td>
<td>12.3%</td>
<td>same as above</td>
</tr>
<tr>
<td>Net income attributable to Kubota Corp.</td>
<td>7.8%</td>
<td>Profit attributable to owners of the parent</td>
<td>7.7%</td>
<td>Increase in income taxes, including the effect of corporate tax cut in U.S. -3.4</td>
</tr>
<tr>
<td></td>
<td>136.4</td>
<td>134.6</td>
<td>-1.9</td>
<td></td>
</tr>
</tbody>
</table>

* Income before income taxes and equity in net income of affiliated companies
* The financial results for the year ended December 31, 2017 are approximate values tentatively calculated in February 2018, and subject to change depending on the accounting audit results.
• There are some reconciliation items in the first half of 2017, such as sales incentives, levies, and allocation of sales expenses. However, their differences are eliminated on a full year.

### Voluntary Adoption of IFRS

The impact on the financial results for the six months ended June 30, 2017 from the transition to IFRS

<table>
<thead>
<tr>
<th>Six months ended June 30, 2017 (Actual)</th>
<th>(Billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. GAAP</td>
<td>IFRS [reference] *</td>
</tr>
<tr>
<td>Revenues 846.0</td>
<td>Revenues 851.3</td>
</tr>
<tr>
<td>Domestic 280.6</td>
<td>Domestic 280.6</td>
</tr>
<tr>
<td>Overseas 565.4</td>
<td>Overseas 570.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating income 11.9%</th>
<th>Operating profit 11.9%</th>
<th>Profit before income taxes 12.7%</th>
<th>Profit attributable to owners of the parent 8.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>100.6</td>
<td>101.6</td>
<td>110.1</td>
<td>72.0</td>
</tr>
</tbody>
</table>

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

*The financial results for the six months ended June 30, 2017 are approximate values tentatively calculated in February 2018, and subject to change depending on the accounting audit results.
Kubota Corp. has adopted IFRS 9 since the fiscal year ending December 31, 2018.

- The financial results for the year ended December 31, 2017 on the above sheet are presented excluding 8.4 billion yen of gain on sales of securities-net and 2.6 billion yen of income taxes related to that in order to compare under the same conditions.
- Domestic
  - Sales of vending machinery business, from which we exited in 2017, decreased by 6.0 billion yen.
  - Sales of farming machinery, construction machinery, construction business, and water purification facilities will increase.

- Overseas
  - Revenues will increase due to increased sales in farm machinery, CE, and engines, while revenues from Water and Environment will remain at almost the same level as 2017.
  - Fluctuation of exchange will decrease overseas revenues by 2.0 billion yen. Yen will be getting stronger against US dollar, while it will be getting weaker against Euro.
The foreign exchange sensitivity of US dollar is 2.0 billion yen per a one yen change in the value of US dollar and those of Euro is 0.6 billion yen per a one yen change in the value of Euro.

Sales incentive ratio will be increased in North America and China.

Negative impact of “Other” [-6.7 billion] is mainly related to increased depreciation and amortization expenses, and R&D expenses in Machinery, which have been expanding their business.
- Operating profit in “Water” forecasts to decrease due to the increased material costs, while revenues will increase.
  - We will make efforts to improve this result by increasing our sales price and reducing fixed cost.
- Deterioration of “Adjustment” by 4.8 billion yen includes deterioration of foreign exchange gain (loss) by 3.1 billion yen, which is reclassified as operating income (expenses) due to adoption of IFRS.
  - It practically attributes to “Machinery.”

### Anticipated Operating Profit by Reportable Segment

**For Earth, For Life**

<table>
<thead>
<tr>
<th>(Billion Yen)</th>
<th>Year ending Dec. 31, 2018 (Forecast)</th>
<th>Year ended Dec. 31, 2017 (Actual, IFRS [reference]*)</th>
<th>Changes</th>
<th>Changes (Adjusted)</th>
<th>Changes in Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operating profit</td>
<td>Specific items</td>
<td>Operating profit</td>
<td>Specific items</td>
<td>Adjusted operating profit</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Machinery</td>
<td>14.7%</td>
<td>220.0</td>
<td>14.7%</td>
<td>220.0</td>
<td>13.9%</td>
</tr>
<tr>
<td>Water</td>
<td>8.1%</td>
<td>24.0</td>
<td>8.1%</td>
<td>24.0</td>
<td>8.9%</td>
</tr>
<tr>
<td>Other</td>
<td>7.1%</td>
<td>2.0</td>
<td>7.1%</td>
<td>2.0</td>
<td>10.4%</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-33.0</td>
<td>-33.0</td>
<td></td>
<td></td>
<td>-28.2</td>
</tr>
<tr>
<td>Total</td>
<td>11.7%</td>
<td>213.0</td>
<td>11.7%</td>
<td>213.0</td>
<td>11.4%</td>
</tr>
</tbody>
</table>

*The financial results for the year ended December 31, 2017 are approximate values tentatively calculated in February 2018, and subject to change depending on the accounting audit results.*
We plan capital expenditures such as establishment of mid-western sales branch and distribution center in Kansas in the United States.

In addition to an increase in capital expenditures, depreciation and amortization expenses are expected to increase to 53.0 billion yen, and R&D expenses will increase to 48.0 billion yen in 2018.
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.
For Earth, For Life

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