

Basic Management Policy and Priority Measures



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1. Profile

Masatoshi Kimata

Born in 1951 (63 years old)

Graduated from Hokkaido University, school of Engineering (in 1977)

Apr.	1977	Joined KUBOTA Corporation	Started at Tsukuba plant and also worked for a manufacturing company in US
Oct.	2001	General Manager of Tsukuba Plant	Led "manufacturing" as a top of Tsukuba plant
Jun.	2005	Director of KUBOTA Corporation	
Apr.	2007	Deputy General Manager of Sales Headquarters in Farm & Industrial Machinery Consolidated Division	Led domestic sales of Farm & Industrial Machinery
Apr.	2008	Managing Director of KUBOTA Corporation	
Apr.	2009	Director and Managing Ececutive Officer of KUBOTA Corporation, Deputy General Manager of Farm & Industrial Machinery Consolidated Division, General Manager of Sales Headquarters in Farm& Industrial Machinery Consolidated Division	Headed entire business of Farm & Industrial Machinery
Jul.	2010	Senior Managing Executive Officer of KUBOTA Corporation	
Aug	2010	President of SIAM KUBOTA Corporation Co., Ltd.	Directed sales and manufacturing of products for Thailand and its surrounding nations and reconstruction of flood damaged plant in Thailand
Apr.	2012	In charge of Water & Environment Domain, General Manager of Tokyo Head Office	Headed business of Water & Environment
Jun.	2012	Director and Senior Managing Executive Officer of KUBOTA Corporation	
Aug	2012	Administrative officier-Corporate Staff, General Manager of Water Engineering & Solution Division	Headed Corporate Staff section and Water Engineering & Solution business
Apr.	2013	General Manager of Procurement Headquarters	Promoted company-wide global procurement
Apr.	2014	Representative Director and Executive Vice President	
Jul.	2014	President and Representative Director (to present)	

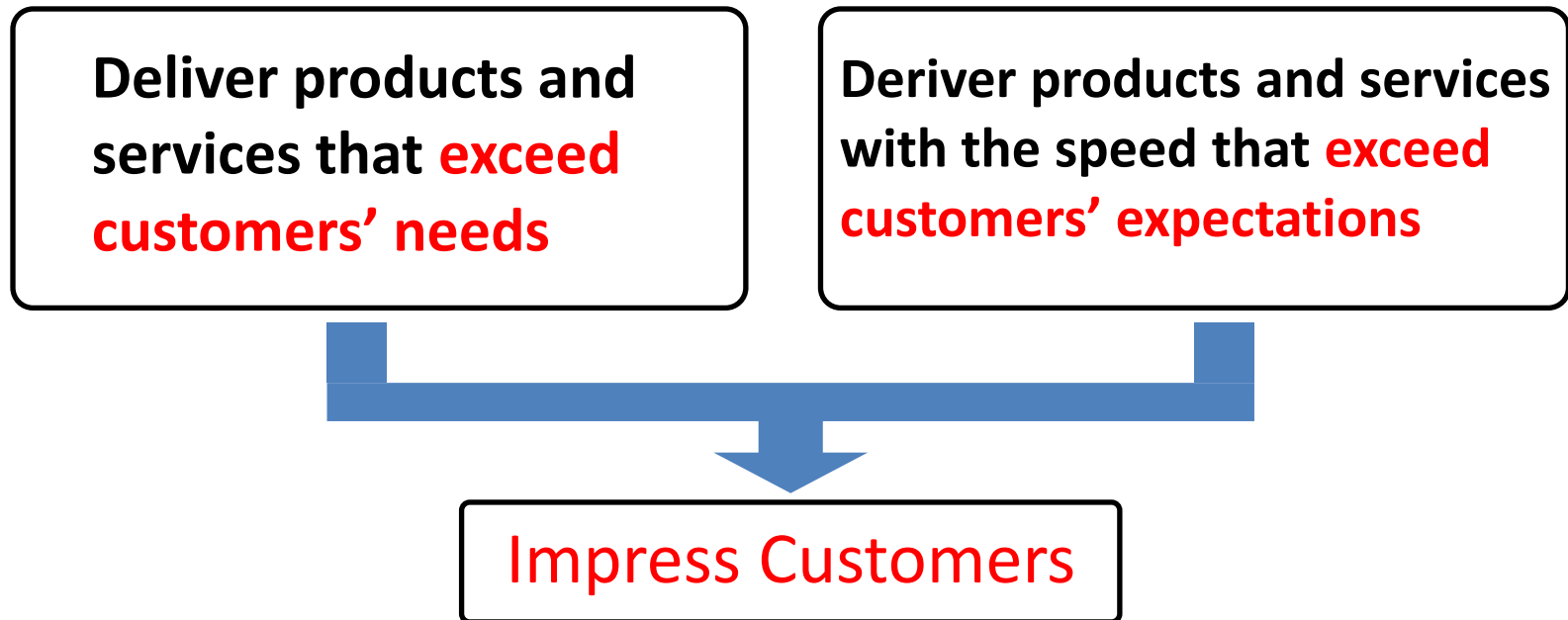
(1) Comprehensive bottom-up approach

Field-oriented approach not only for work sites in manufacturing but also in the management of all businesses

- ① The field is like a mirror that reflects yourselves
- ② Seeking fundamental solutions by getting back to the field
- ③ Listen carefully to the voices from the field, and enhance morale in the field

2. Basic Management Policy

(2)『 Customer-First Principle 』



Realize this by enhancing marketing and technologies, and thorough control of QCD

3. The Internal Governance System

(1) Joint governance by management executives

① Continue the direct governance system with its considerable emphasis on top management's leadership

② Direct governance system by President himself



Joint governance by management executives
(Decision making through discussion and approval)

③ Steadfastly carry forward

“Speeding up of decision making” and

“Commitment to thorough top-down management”

(2) Formulate the medium-term business plan

The aims of the medium-term business plan

- ① As a basis for joint governance by management executives
- ② Make visible the medium-term objectives and the path leading to the goal
⇒ Focusing all Group's energies
- ③ Correct “distortions from the growth” that accompany rapid business expansion

Follow the management policy of previous CEO

1. Basic Policies

- (1) Accelerate business development in global markets
- (2) Drastic Review of the the Water & Environment business

2. Priority Measures

- (1) Accelerate business development in strategic markets
- (2) Strengthen global business operating systems
- (3) Drastic review of the Water & Environment business

3. Goal

Achieve revenues of 2 trillion yen as soon as possible

5. Priority Measures

(1) Accelerate business development in strategic markets

① Farm machinery market for upland farming

➤ Large-scale farm machinery business

Presented new products at dealer meeting held in Europe and North America:

※ 170hp tractors as well as Kverneland AS implements

※ In North America, presented also skid steer loaders (which have not only construction uses but also agricultural uses such as dairy farming and mixed farming)



The total amount of orders received at dealer meeting in North America recorded highest level to date

5. Priority Measures

(1) Accelerate business development in strategic markets

① Farm machinery market for upland farming

➤ Small- and medium-scale farm machinery 【Thailand】

Sales of tractors for wet-paddy use are supported by firm demand, but there is concern about declining growth due to business environmental changes such as policy approaches

Focus on sales expansion of the tractors for upland farming and developing implement of farm machinery for upland farming



Maintain the high growth rates by advancing development for upland farming use in addition to wet-paddy use

【 India and the emerging countries】

Promote multi-purpose tractors for upland farming and versatile use
Development of wheel drive combines



Breakthroughs in the upland farming market



5. Priority Measures

(1) Accelerate business development in strategic markets

① Farm machinery market for upland farming

- Expanding regions and product line of farm machinery for wet-paddy use
- Reinforce farm machinery business for upland farming



Accelerate development in the overall farm machinery business

5. Priority Measures

(1) Accelerate business development in strategic markets

② Water & Environment business activities in Asia

- Concentration on the targeted regions, technologies, and products
- Drastic review of the way of doing business in Asia
 - Draw on strengths in the Water & Environment business for greater sales development across the product portfolio
 - Fundamentally reassess the organization from a companywide perspective (in particular, overseas business bases)

5. Priority Measures

(2) Strengthen global business operating systems

Strengthen technology development

- ① Identify the technologies necessary in strategic markets
- ② Drastic review and upgrade the R&D bases, structures
 - Expand the development unit of business divisions and bases in Japan and overseas
 - Improve the efficiency and effectiveness by specifying missions and directions for all organizational units and bases

Strengthen manufacturing capability

Continue to expand overseas production bases, in both quantitative and qualitative terms

- ① Mainly in China and other countries in Asia
⇒ Expanding in Europe
 - Manufacturing locations for large-scale farm machinery in France
 - Enhance and localize the production network for expansion of the product lineup
- ② Globalization of 5-Gen-ism and work for deeper penetration
⇒ “Establish a Kubota production system “
- ③ Promote the globalization of procurement

(3) Drastic Review of the the Water & Environment business

① Accelerate improving the profitability of loss-generating and underperforming products

➤ Pipe systems and water engineering & solutions

Pursuit of the maximization of earnings in domestic businesses

⇒ Generate funds from domestic business to expand business in the rest of Asia

Enhancing profitability in the domestic market is essential to reinforce competitiveness in overseas market

(3) Drastic Review of the the Water & Environment business

① Accelerate improving the profitability

of loss-generating and underperforming products

➤ Industrial castings and electronic-equipped machinery

Drastically Drastic Review of the the loss-generating business and products

⇒ Implementation of optimal plans for each product
Achieve a balanced contraction, enhance profitability, or make effective use of the resources from company-wide perspective

Goal: Eliminating deficits by the end of coming fiscal year

(3) Drastic Review of the the Water & Environment business

- Kubota's unique point is having not only farm machinery and const machinery businesses but also a Water & Environment business
- Potential synergy with Farm & Industrial Machinery is tremendous, but not yet fully realized

Aim for greater synergies and endeavor to develop overseas businesses, particularly in Asia

- Work to devote all our energies to accelerate attainment of our policies and goals
- Cultivate the next-generation of KUBOTA leaders



Goal “Achieving Great synergy and Creating a Great global company”

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.

