

Financial Results

for the six months ended Sep. 30, 2012

Shigeru Kimura

Director and Managing Executive Officer,
General Manager of Planning & Control Headquarters
KUBOTA Corporation
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Financial Summary

For Earth, For Life
Kubota

(Billion yen)	Six months ended Sep. 30, 2012	Six months ended Sep. 30, 2011	Changes		Variance from forecast	
	Amount	Amount	Amount	%	Amount	%
Revenues	546.5	481.7	64.8	13.4	-3.5	-0.6
Domestic	246.2	229.3	16.9	7.4	8.2	3.4
Overseas	300.3	252.4	47.8	19.0	-11.7	-3.8
Operating income	9.8% 53.6	10.2% 49.2	4.4	8.9	3.6	7.3
Net income attributable to Kubota Corp.	5.6% 30.6	5.5% 26.3	4.3	16.3	0.6	2.1

(Billion yen)	As of Sep. 30, 2012	As of Mar. 31, 2012	Changes	
	Amount	Amount	Amount	%
Total assets	1,522.0	1,487.7	34.3	2.3
Shareholders' equity	668.4	653.3	15.1	2.3



Revenues by reporting segment

For Earth, For Life


(Billion yen)		Six months ended Sep. 30, 2012	Six months ended Sep. 30, 2011	Changes	
				Amount	%
Farm & Industrial Machinery (Machinery)		419.5	361.7	57.8	16.0
	Domestic	135.2	121.7	13.5	11.1
	Overseas	284.3	240.0	44.3	18.5
Water & Environment (Water)		111.8	106.9	4.9	4.6
	Domestic	96.5	94.6	1.9	2.1
	Overseas	15.3	12.3	3.0	24.4
Other		15.2	13.2	2.0	15.3
	Domestic	14.5	13.0	1.5	11.1
	Overseas	0.8	0.2	0.6	301.1
Total revenues		546.5	481.7	64.8	13.4
Domestic revenues		246.2	229.3	16.9	7.4
Overseas revenues		300.3	252.4	47.8	19.0

* The Company realigned its organization on April 1, 2012. Following this realignment, the segments that had previously been classified as “Farm & Industrial Machinery”, “Water & Environment Systems”, “Social Infrastructure”, and “Other” were reclassified into “Farm & Industrial Machinery”, “Water & Environment”, and “Other”.



▶ Machinery: +57.8 billion yen (Domestic: +13.5 Overseas: +44.3)

Domestic: Sales of farm machinery increased steadily.

Sales of construction machinery and engines increased substantially.

Overseas: Sales of tractors increased steadily. Sales of combine harvesters and rice transplanters increased substantially. Sales of engines and construction machinery also increased. Sales of farm machinery-related products (tractor implements) increased substantially due to a business acquisition.

By region, revenues in North America and Asia outside Japan recorded double-digit growth. Revenues in Europe increased substantially mainly due to the business acquisition.

▶ Water: +4.9 billion yen (Domestic: +1.9 Overseas: +3.0)

Domestic: Sales of pipe system decreased slightly. Sales of water engineering & solution products and industrial castings increased.

Overseas: Sales of ductile iron pipes and industrial castings increased substantially.

▶ Other: +2.0 billion yen (Domestic: +1.4 Overseas: +0.6)

Domestic: Sales of construction decreased slightly. Sales of service businesses increased substantially.



(Billion yen)	Six months ended Sep. 30, 2012		Six months ended Sep. 30, 2011		Changes	
	Amount	%	Amount	%	Amount	%
Operating Income	53.6	9.8	49.2	10.2	4.4	8.9

Factors affecting operating income (YoY change +4.4 billion yen)

1. Appreciation of the yen	US\$ (82 80) Euro (115 103) Other currencies	-1.5 billion yen -2.0 billion yen -1.5 billion yen	} -5.0 billion yen
2. Material costs	Machinery Water	+0.5 billion yen +1.0 billion yen	} +1.5 billion yen
3. Additional amortization (*)	Amortization of valuation difference between the amount paid and fair market value of net assets of Kverneland AS		-1.4 billion yen
4. Additional pension cost (*)			-2.1 billion yen
5. Absence of losses from natural disasters (*)	Related to the Great East Japan Earthquake that occurred in the prior year		+0.8 billion yen
6. Revenue increase and other factors			+10.6 billion yen

(*) Non-recurring item



Operating Income by reporting segment For Earth, For Life Kubota

Operating income excluding non-recurring items

(% shows OP margin)

(Billion yen)	Six months ended Sep. 30, 2012			Six months ended Sep. 30, 2011			Changes ①-④	Changes (Adjusted) ③-⑥	Changes in revenues
	Operating Income ①	Non- recurring Items (*1) ②	Adjusted Operating Income ③=①-②	Operating Income ④	Non- recurring Items (*2) ⑤	Adjusted Operating Income ⑥=④-⑤			
Machinery	13.7% 57.3	-2.5	14.3% 59.8	14.5% 52.5	-0.4	14.6% 52.8	4.9	7.0	57.8
Water	5.1% 5.7	-0.7	5.7% 6.4	4.3% 4.6	-0.3	4.6% 4.9	1.1	1.5	4.9
Other	4.3% 0.6	0.0	4.3% 0.7	6.3% 0.8	0.0	6.4% 0.8	-0.2	-0.2	2.0
Adjustment	-10.0	-0.3	-9.7	-8.6	-0.1	-8.5	-1.4	-1.2	
Total	9.8% 53.6	-3.5	10.5% 57.1	10.2% 49.2	-0.8	10.4% 50.0	4.4	7.1	64.8

(*1) Additional amortization related to the acquisition of Kverneland AS and additional pension costs

(*2) Losses from the earthquake



Other income (expenses)

(Billion yen)	Six months ended Sep. 30, 2012	Six months ended Sep. 30, 2011	Changes
	Amount	Amount	Amount
Other income (expenses)	-1.7	-4.9	3.2



(Details)

Interests and dividends	13	12	0
Gain on sales of securities	1	-	1
Valuation loss on other investments	-3	-14	11
Foreing exchange loss-net	-16	-65	49
Other	-11	19	-30
Valuation loss on derivatives	-8	20	-28
Other-net	-3	-2	-2

Taxable income/net income

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(Billion yen)	Six months ended Sep. 30, 2012		Six months ended Sep. 30, 2011		Changes	
	Amount	%	Amount	%	Amount	%
Taxable income(*)	52.0	9.5	44.4	9.2	7.6	17.2
Income taxes	19.0		16.6		-2.4	
(Effective tax rate)	(36.6%)		(37.5%)			
Equity in net income of affiliated companies	1.0		1.2		-0.1	
Net income	34.0	6.2	28.9	6.0	5.1	17.7
Less: Net income attributable to noncontrolling interests	3.4		2.6		-0.8	
Net income attributable to Kubota Corp.	30.6	5.6	26.3	5.5	4.3	16.3

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

Interim dividend (declared)	8 yen	7 yen	+1 yen
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Balance sheets (Assets)

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(Billion yen)	As of Sep. 30, 2012	As of Mar. 31, 2012	Changes
Current assets	890.3	866.0	24.3
Cash and Cash equivalents	107.9	100.6	7.4
Notes and accounts receivable	380.2	390.8	-10.6
Short-term finance receivables-net	114.8	108.2	6.7
Inventories	224.8	202.1	22.7
Other current assets	62.6	64.5	-1.8
Investments and long-term finance receivables	325.0	323.9	1.0
Long-term finance receivables-net	217.7	204.3	13.4
Other	107.2	119.7	-12.4
Property, plant, and equipment	229.9	225.1	4.8
Other assets	76.8	72.6	4.2
Total assets	1,522.0	1,487.7	34.3
Total finance receivables-net	332.5	312.4	20.1

<Reference> Forex rate at balance sheet date (yen)

U.S. Dollar	79	78	1
Euro	99	101	-2



Balance sheets (Liabilities)

(Billion yen)	As of Sep. 30, 2012	As of Mar. 31, 2012	Changes
Current liabilities	542.0	536.0	6.0
Short-term borrowings	84.0	69.6	14.4
Notes and accounts payable	226.3	216.0	10.3
Other current liabilities	134.0	143.2	-9.2
Current portion of long-term debt	97.6	107.2	-9.6
Long-term liabilities	259.3	244.5	14.8
Long-term debt	203.1	184.4	18.7
Accrued retirement and pension costs	37.5	41.9	-4.4
Other long-term liabilities	18.7	18.2	0.6
Total liabilities	801.2	780.5	20.8
Total interest-bearing debt	384.7	361.2	23.5

Balance sheets (Equity)

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(Billion yen)	As of Sep. 30, 2012	As of Mar. 31, 2012	Changes
Kubota Corp. shareholders' equity	668.4	653.3	15.1
Common stock	84.1	84.1	–
Capital surplus	89.2	88.8	0.4
Legal reserve	19.5	19.5	–
Retained earnings	581.3	560.7	20.6
Accumulated other comprehensive loss	–86.4	–80.5	–5.9
Foreign currency translation adjustments	–75.6	–76.5	0.9
Unrealized losses on securities	10.8	19.1	–8.3
Pension liability adjustments	–21.5	–22.9	1.4
Unrealized losses on derivatives	–0.2	–0.3	0.1
Treasury stock	–19.4	–19.3	0.0
Noncontrolling interests	52.4	53.9	–1.5
Total equity	720.8	707.2	13.6
Total liabilities and equity	1,522.0	1,487.7	34.3



Cash flow statements

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(Billion yen)	Six months ended Sep. 30, 2012	Six months ended Sep. 30, 2011	Change
Net cash provided by operating activities	31.3	35.3	-3.9
Net cash used in investing activities	-29.0	-37.3	8.3
Purchases of fixed assets	-19.3	-9.7	-9.6
Other	-9.7	-27.6	17.9
Net cash provided by (used in) financing activities	5.8	-17.2	23.0
Effect of exchange rate changes on cash and cash equivalents	-0.8	0.5	-1.4
Net increase (decrease) in cash and cash equivalents	7.4	-18.6	26.0
Free cash flow	12.0	25.6	-13.5



Recent developments

▶ United States: Steady growth

▶ Market:

- ▶ Actual growth rate in the tractor market exceeded the annual forecast of 2012 announced by Association of Equipment Manufacturer (AEM).
- ▶ Demand for construction machinery, mainly from the rental industry, increased substantially.

YoY growth rate of tractor retail sales units by horsepower in 2012 <US Ag flash by AEM>

	1Q	2Q	6 months	3Q	9 months	Annual forecast (AEM)
0-40hp	-0.5%	+9.3%	+6.1%	+8.4%	+6.8%	+3.2%
40-100hp	+2.9%	+11.1%	+7.7%	+4.7%	+6.7%	+3.9%

YoY growth rate of construction machinery retail sales units in 2012 <Source: AEM>

	1Q	2Q	6 months	3Q	9 months
0-8 ton Excavator	+70.3%	+46.0%	+55.0%	+27.0%	+45.4%

▶ Kubota:

- <Tractors> Favorable wholesale. The competition in retail sales is intense. Sales of lawn mowers and utility vehicles recorded double-digit growth.
- <Const. machinery> Sales of mini-excavators and compact track loaders (CTLs) increased substantially.
- <Engines> Sales expanded due to increased number of customers related to the tightening of emissions regulations.



- ▶ Europe: Sales of existing businesses were equivalent to the level of 2011.
 - ▶ Market:
 - ▶ Negative impact of economic recession gradually emerged.
 - ▶ Positive effect of higher grain prices on the Ag machinery market.
 - ▶ Kubota:
 - <Tractors> · Sales of small-sized tractors for public sector stagnated.
 - Sales of medium-sized tractors for farm use were steady.
 - Sales of lawn mowers are equivalent to the level of the prior year.
 - <Const. machinery> Sales slowed gradually from 2Q.
 - <Engines> Unit sales were at almost the same level as in the prior year even in this economic recession.

However, revenues in Europe increased substantially due to the acquisition of Kverneland AS



▶ Thailand: Sales increased due to firm rice prices.

▶Market: Rice prices are remaining high due to the rice mortgage scheme.
The scheme is continuing after Sep. 2012.

▶Kubota:

<Tractors> The order backlog caused by a shortage of production due to insufficient parts supply had been cleared by June. Favorable sales in the 3Q.

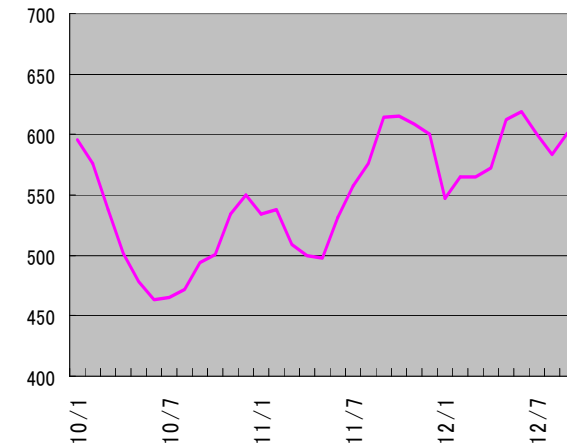
<Combines> Sales in Cambodia increased.

<Engines> Sales of small-sized engines declined because of plant flooding inundation. We intend to make up for this decline by increasing production from 3Q.

<Negative effect of flooding on production>

- The Navanakorn plant, at which we manufacture small-sized diesel engines and power tillers, was inundated by floods. However, the plant restarted production in April 2012 and was completely restored in October 2012.
- Amatanakorn plant, at which we manufacture tractors and combine harvesters, was adversely impacted by the shortage of parts supply until the 1Q of 2012.

(US\$/t) Export price of Thai rice
(White rice 100% B grade)



Source: USDA, Thai Rice Exporters Association

- ▶ China: Revenues increased substantially due to favorable sales of Ag Machinery.

- ▶ Market:

- ▶ Ag machinery market was favorable condition due to increase of subsidies for agricultural machinery.
- ▶ Construction machinery market was continuing negative growth from May 2011.

- ▶ Kubota:

- <Combines> Sales of conventional type doubled.
Sales of head-feeding type also grew.
- <Rice transplanters> Retail sales of both ride-on types and walk-behind types increased double-digit rates.
- <Const. machinery> Approx. 30% negative growth YoY.



Conventional-type combine harvester
PRO688Q (China model)



▶ Japan: Demand for Ag and construction machinery increased.

▶ Market :

- ▶ Demand for Ag machinery increased by approx. 7% mainly due to recovery from the negative impact of the earthquake. However, demand increased compared with that of two years ago. Affected by firm rice prices and an income subsidy for farmers
- ▶ Demand for construction machinery expanded due to reconstruction after the earthquake.

Shipments of farm machinery in the Japanese market, YoY (%)

Source: JFMMA *

		1Q	2Q	6 months	3Q	9 months
2011	YoY growth	-7.9%	-3.6%	-5.8%	-6.4%	-6.0%
2012	YoY growth	+6.0%	+7.2%	+6.6%	+8.7%	+7.4%
	Comparison to 2 years ago	-2.4%	+3.4%	+0.3%	+1.7%	+0.9%

*JFMMA: Japan Federation of Machinery Manufacturers' Association

▶ Kubota :

<Ag machinery> Sales of Ag machinery increased, mainly due to expansion in sales of tractors.

<Const. machinery and Engines >

- ▶ Sales of construction machinery recorded double-digit growth.
- ▶ Engines for generators expanded substantially due to the demand arising from measures to cope with electricity shortages.

<Water & Environment>

- ▶ Sales rose due to increased order taking in the prior year.
- ▶ Demand for reconstruction was limited to only certain businesses. No major impact overall.



Forecast

Anticipated result of operations

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*The forecast announced on May 2012 remain unchanged.

(Billion yen)	Year ending Mar. 31, 2013 (Forecast)	Year ended Mar. 31, 2012 (Actual)	Change
Revenues	1,150.0	1,008.0	142.0
Operating income	9.1% 105.0	10.5% 105.7	-0.7
Other income(expenses)	-	-4.7	4.7
Taxable income(*)	9.1% 105.0	10.0% 100.9	4.1
Net income attributable to Kubota Corp.	5.7% 65.0	6.1% 61.6	3.4

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



Anticipated revenues by reporting segment

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(Billion yen)	Year ending Mar 31. 2013 (Forecast)	Year ended Mar 31. 2012 (Actual)	Changes		Previous forecast	Variation from previous forecast	
			Amount	%		Amount	%
Machinery	825.0	713.9	111.1	15.6	830.0	-5.0	-0.6
Domestic	250.0	235.4	14.6	6.2	245.0	5.0	2.0
Overseas	575.0	478.5	96.5	20.2	585.0	-10.0	-1.7
Water	290.0	263.3	26.7	10.1	285.0	5.0	1.8
Domestic	251.0	232.7	18.3	7.9	247.0	4.0	1.6
Overseas	39.0	30.6	8.4	27.4	38.0	1.0	2.6
Other	35.0	30.8	4.2	13.7	35.0	0.0	0.0
Domestic	32.0	30.6	1.4	4.6	33.0	-1.0	-3.0
Overseas	3.0	0.2	2.8	1,263.6	2.0	1.0	50.0
Total revenues	1,150.0	1,008.0	142.0	14.1	1,150.0	0.0	0.0
Domestic revenues	533.0	498.7	34.3	6.9	525.0	8.0	1.5
Overseas revenues	617.0	509.3	107.7	21.1	625.0	-8.0	-1.3



Anticipated operating income

(Billion yen)	Year ending Mar. 31, 2013		Year ended Mar. 31, 2012		Change	
	Amount	%	Amount	%	Amount	%
Operating Income	105.0	9.1	105.7	10.5	-0.7	-0.6

Factors affecting operating income (YoY change -0.7 billion yen)

1. Appreciation of the yen	Euro (111 / 100) Other currencies	-4.0 billion yen -4.0 billion yen	} -8.0 billion yen
2. Material costs	Machinery Water	+1.5 billion yen +2.0 billion yen	} +3.5 billion yen
3. Additional amortization (*)	Amortization of valuation difference between the amount paid and fair market value of the net assets of Kverneland AS		-3.8 billion yen
4. Additional pension costs (*)			-4.3 billion yen
5. Absence of losses from natural disasters (*)	Earthquake-related Thailand flooding-related	-0.7 billion yen -0.7 billion yen	} +1.4 billion yen
6. Absence of gain on sales of unused land (*)			-6.0 billion yen
7. Revenue increase and others			+16.5 billion yen

(*) Non-recurring item



Anticipated OP by reporting segment

For Earth, For Life
Kubota

Anticipated operating income excluding non-recurring items

(% shows OP margin)

(Billion yen)	Year ending Mar. 31, 2013			Year ended Mar. 31, 2012			Changes ①-④	Changes (Adjusted) ③-⑥	Changes in revenues
	Operating Income ①	Non- recurring Items (*1) ②	Adjusted Operating Income ③=①-②	Operating Income ④	Non- recurring Items (*2) ⑤	Adjusted Operating Income ⑥=④-⑤			
Machinery	12.5% 103.0	-6.2	13.2% 109.2	13.7% 97.8	-0.9	13.8% 98.7	5.2	10.5	111.1
Water	7.6% 22.0	-1.5	8.1% 23.5	6.6% 17.5	-0.4	6.8% 17.9	4.5	5.6	26.7
Other	5.7% 2.0	0.0	5.7% 2.0	8.0% 2.5	0.0	8.0% 2.5	-0.5	-0.5	4.2
Adjustment	-22.0	-0.4	-21.6	-12.0	5.9	-17.9	-10.0	-3.7	
Total	9.1% 105.0	-8.1	9.8% 113.1	10.5% 105.7	4.6	10.0% 101.1	-0.7	12.0	142.0

(*1) Additional amortization related to the acquisition of Kverneland AS + additional pension costs

(*2) Losses from the earthquake + Gain on sales of unutilized assets



Anticipated foreign exchange rate

(Yen)		Year ending Mar. 31, 2013		Year ended Mar. 31, 2012	
		Revised forecast	Previous forecast		
¥/US\$	1st Half (Jan.-Jun.)	Actual	80	80	82
	3Q (Jul.-Sep.)	Actual	79	—	78
	4Q (Oct.-Dec.)	Plan	80	—	77
	2nd Half (Jul.-Dec.)	Plan	80	80	78
	Full year average	Plan	80	80	80
¥/Euro	1st Half (Jan.-Jun.)	Actual	103	100	115
	3Q (Jul.-Sep.)	Actual	98	—	110
	4Q (Oct.-Dec.)	Plan	97	—	104
	2nd Half (Jul.-Dec.)	Plan	97	100	107
	Full year average	Plan	100	100	111

CAPEX, Depreciation and R&D expenses

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(Billion yen)	Year ending March 31, 2013		Year ended March 31, 2012
	Revised forecast	Previous forecast	
Capital expenditures	53.0	53.0	31.1
Depreciation and amortization including additional amortization related to the acquisition of Kverneland AS	32.0	35.0	23.9
R&D expenses	31.0	30.0	27.9

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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