

Financial Results

for the six months ended September 30, 2013



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

November 13, 2013

Alignment of reporting periods of subsidiaries

Beginning with the 1Q, Kubota aligned the reporting periods of certain subsidiaries and affiliated companies with different financial statement closing dates.

Original period: From January to December

Revised period: From April to March (with some exceptions)

(Billion yen)	Year ended Mar. 31, 2013 (Revised)	Year ended Mar. 31, 2013 (Original)	Six months ended Sept. 30, 2012 (Revised)	Six months ended Sept. 30, 2012 (Original)
	Amount	Amount	Amount	Amount
Revenues	1,210.6	1,167.6	563.4	546.5
Domestic	543.0	541.0	253.8	246.2
Overseas	667.5	626.6	309.6	300.3
Operating income	10.0% 121.4	9.7% 113.2	9.9% 55.7	9.8% 53.6
Net income attributable to Kubota Corp.	6.4% 78.1	6.3% 73.7	5.5% 31.3	5.6% 30.6
Total assets	1,846.6	1,743.7	1,537.9	1,522.0
Shareholders' equity	793.3	758.5	674.7	668.4
<reference>Average rates				
US dollar	83	80	79	80
Euro	107	103	101	103



Financial summary

For Earth, For Life
Kubota

(Billion yen)	Six months ended Sept. 30, 2013	Six months ended Sept. 30, 2012	Changes		Variance from forecast (May 2013)	
	Amount	Amount	Amount	%	Amount	%
Revenues	729.1	563.4	165.6	29.4	69.1	10.5
Domestic	282.3	253.8	28.5	11.2	26.3	10.3
Overseas	446.7	309.6	137.1	44.3	42.7	10.6
Operating income	13.8% 100.3	9.9% 55.7	44.6	80.1	22.3	28.6
Net income attributable to Kubota Corp.	9.2% 67.4	5.5% 31.3	36.1	115.7	17.4	34.8

(Billion yen)	As of Sept. 30, 2013	As of Mar. 31, 2013	Changes	
	Amount	Amount	Amount	%
Total assets	1,929.0	1,846.6	82.4	4.5
Shareholders' equity	870.8	793.3	77.4	9.8



Revenues by reporting segment

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(Billion yen)	Six months ended Sept. 30, 2013	Six months ended Sept. 30, 2012	Changes	
			Amount	%
Farm & Industrial Machinery (Machinery)	587.3	435.9	151.4	34.7
Domestic	162.9	142.7	20.2	14.2
Overseas	424.4	293.2	131.2	44.7
Water & Environment (Water)	123.5	112.3	11.2	10.0
Domestic	103.7	96.7	7.0	7.3
Overseas	19.8	15.6	4.2	26.9
Other	18.2	15.2	3.0	19.8
Domestic	15.7	14.5	1.2	8.6
Overseas	2.5	0.8	1.8	235.8
Total revenues	729.1	563.4	165.6	29.4
Domestic revenues	282.3	253.8	28.5	11.2
Overseas revenues	446.7	309.6	137.1	44.3

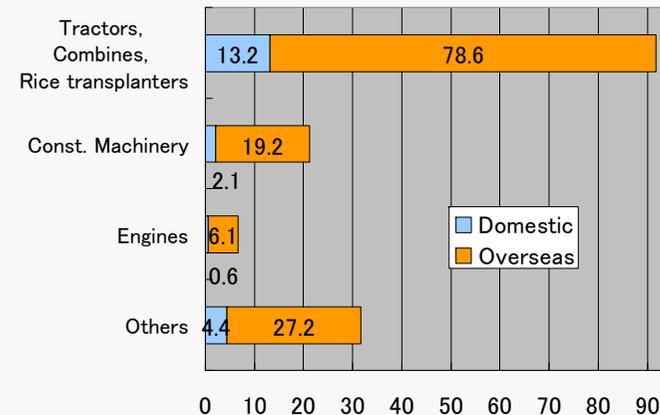


Revenues by reporting segment

▶ Machinery: +151.4 billion yen (Domestic: +20.2, Overseas: +131.2)

- ◇ Domestic: Sales of farm machinery, construction machinery and engines recorded double-digit growth.
- ◇ Overseas: Sales of all products increased substantially aided by a weaker yen.
By products, sales of tractors, combines, rice transplanters and construction machinery increased substantially in local currency basis.
By region, revenues in North America, Europe and Asia outside Japan increased largely.

Increased revenues by product (Billion yen)



▶ Water: +11.2 billion yen (Domestic: +7.0, Overseas: +4.2)

- ◇ Domestic: Sales of pipe-related products and water engineering & solution products increased. Sales of social-infrastructure related products remained even.
- ◇ Overseas: Sales of ductile iron pipes, pumps and water engineering & solution products increased substantially.

▶ Other: +3.0 billion yen (Domestic: +1.2, Overseas: +1.8)

- ◇ Domestic: Revenues from construction and services business increased.
- ◇ Overseas: Revenues from construction increased substantially.



Operating income

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(Billion yen)	Six months ended Sept. 30, 2013		Six months ended Sept. 30, 2012		Changes	
	Amount	%	Amount	%	Amount	%
Operating income	100.3	13.8	55.7	9.9	44.6	80.1

Factors affecting operating income (YoY Change +44.6 billion yen)

1. Fluctuation in exchange rates	US\$ (79→99)	+15.5 billion yen	} +28.0 billion yen
	Euro (101→130)	+4.5 billion yen	
	Other currencies	+8.0 billion yen	
2. Material costs	Machinery	+0.5 billion yen	} ±0 billion yen
	Water	-0.5 billion yen	
3. Non-recurring items			+3.9 billion yen
Additional amortization	Amortization of valuation difference between the amount paid and fair market value of net assets of Kverneland AS '12/9: -1.5 billion yen → '13/9: -1.5 billion yen	±0 billion yen	
Variance of pension cost		+2.1 billion yen	
Losses and income from natural disasters	'12/9: -0.1 billion yen → '13/9: +1.7 billion yen	+1.8 billion yen	
4. Revenue increase and other factors			+12.7 billion yen



Operating income by reporting segment

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Kubota

Operating income excluding non-recurring items

[% shows OP margin]

(Billion yen)	Six months ended Sept. 30, 2013			Six months ended Sept. 30, 2012			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	17.5% 103.0	0.2	17.5% 102.7	13.7% 59.8	-2.7	14.3% 62.5	43.2	40.2	151.4
Water	5.6% 6.9	-	5.6% 6.9	4.7% 5.3	-0.7	5.4% 6.0	1.6	0.9	11.2
Other	4.2% 0.8	-	4.2% 0.8	4.1% 0.6		4.1% 0.6	0.1	0.1	3.0
Adjustment	-10.3	-	-10.3	-10.0	-0.3	-9.7	-0.3	-0.5	
Total	13.8% 100.3	0.2	13.7% 100.1	9.9% 55.7	-3.7	10.5% 59.4	44.6	40.7	165.6



Other income (expenses)

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(Billion yen)	Six months ended Sept. 30, 2013	Six months ended Sept. 30, 2012	Changes
	Amount	Amount	Amount
Other income (expenses)	5.6	-2.6	8.3



(Details)

Interests and dividends	1.5	1.2	0.2
Gain on sales of securities	3.7	0.1	3.6
Valuation loss on other investments	-	-0.3	0.3
Foreign exchange loss-net	-2.4	-3.1	0.7
Other	2.9	-0.6	3.5
Valuation gain (loss) on derivatives	3.1	-0.6	3.7
Other-net	-0.2	-0.0	-0.2



Taxable income/ net income

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(Billion yen)	Six months ended Sept. 30, 2013		Six months ended Sept. 30, 2012		Changes	
	Amount	%	Amount	%	Amount	%
Taxable income	106.0	14.5	53.1	9.4	52.9	99.7
Income taxes	35.6		20.0		-15.6	
(Effective tax rate)	(33.6%)		(37.7%)			
Equity in net income of affiliated companies	2.2		1.5		0.7	
Net income	72.6	10.0	34.5	6.1	38.0	110.3
Less: Net income attributable to noncontrolling interests	5.1		3.3		-1.9	
Net income attributable to Kubota Corp.	67.4	9.2	31.3	5.5	36.1	115.7
Interim dividend (declared)	10 yen		8 yen		+2 yen	



Balance sheets (Assets)

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(Billion yen)	As of Sept. 30, 2013	As of Mar. 31, 2013	Changes
Current assets	1,101.2	1,080.5	20.7
Cash and cash equivalents	104.1	99.8	4.3
Notes and accounts receivable	482.5	507.8	-25.3
Short-term finance receivables-net	157.8	141.2	16.7
Inventories	276.1	263.2	12.9
Other current assets	80.6	68.5	12.1
Investments and long-term finance receivables	465.9	422.1	43.8
Long-term finance receivables-net	309.9	275.8	34.1
Other	155.9	146.3	9.7
Property, plant, and equipment	270.0	263.8	6.2
Other assets	92.0	80.3	11.7
Total assets	1,929.0	1,846.6	82.4
Total finance receivables-net	467.8	417.0	50.8

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

U.S. dollar	98	94	4
Euro	132	121	11



Balance sheets (Liabilities)

For Earth, For Life
Kubota

(Billion yen)	As of Sept. 30, 2013	As of Mar. 31, 2013	Changes
Current assets	621.2	635.0	-13.8
Short-term borrowings	119.4	140.3	-20.9
Notes and accounts payable	222.1	247.8	-25.8
Current portion of long-term debt	106.6	78.6	28.0
Other current liabilities	173.1	168.2	4.8
Long-term liabilities	373.8	359.7	14.2
Long-term debt	298.5	291.1	7.4
Accrued retirement and pension costs	24.6	29.1	-4.4
Other long-term liabilities	50.8	39.5	11.2
Total liabilities	995.0	994.6	0.4
Total interest-bearing debt	524.5	510.0	14.5



Balance sheets (Equity)

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Kubota

(Billion yen)	As of Sept. 30, 2013	As of Mar. 31, 2013	Changes
Kubota Corp. shareholders' equity	870.8	793.3	77.4
Common stock	84.1	84.1	—
Capital surplus	89.1	88.9	0.2
Legal reserve	19.5	19.5	—
Retained earnings	662.1	606.0	56.1
Accumulated other comprehensive income (loss)	16.2	-5.0	21.2
Foreign currency translation adjustments	-10.1	-22.7	12.5
Unrealized losses on securities	43.7	35.1	8.6
Pension liability adjustments	-17.4	-17.4	0.0
Unrealized losses on derivatives	-0.0	-0.1	0.1
Treasury stock	-0.2	-0.2	-0.0
Noncontrolling interests	63.3	58.7	4.6
Total equity	934.0	852.0	82.1



Cash flow statements

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(Billion yen)	Six months ended Sept. 30, 2013	Six months ended Sept. 30, 2012	Changes
Net cash provided by operating activities	70.1	43.4	26.7
Net cash used in investing activities	-58.9	-39.3	-19.6
Purchases of fixed assets	-26.1	-22.6	-3.5
Other	-32.8	-16.7	-16.1
Net cash provided by (used in) financing activities	-10.3	2.8	-13.1
Effect of exchange rate changes on cash and cash equivalents	3.5	-2.3	5.8
Net increase in cash and cash equivalents	4.3	4.6	-0.3
Free cash flow	44.0	20.8	23.2



Recent developments

- U.S. . . . Sales units increased due to favorable demand. Revenues substantially increased.

Market: The compact tractor market marked double-digit growth.

Const. machinery sales to general users were brisk, while the growth rate of rental sales softened.

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

		Jan.-Mar.	Apr.-June	July-Sept.	Jan.-Sept.	Apr.-Sept.
2012	0-40hp	- 0.5%	+ 9.3%	+ 8.4%	+ 6.8%	+ 9.1%
	40-100hp	+ 2.9%	+ 11.1%	+ 4.7%	+ 6.7%	+ 8.2%
	0-100hp	+ 0.7%	+ 9.9%	+ 7.2%	+ 6.8%	+ 8.8%
2013	0-40hp	+ 5.2%	+ 13.7%	+ 15.2%	+ 12.4%	+ 14.3%
	40-100hp	+ 8.8%	+ 2.1%	+ 11.6%	+ 6.9%	+ 6.2%
	0-100hp	+ 6.7%	+ 10.0%	+ 13.9%	+ 10.4%	+ 11.6%

Source: AEM (Association of Equipment Manufacturers)

【YoY growth rate of retail sales units in the mini-excavator market】

	Jan.-Mar.	Apr.-June	July-Sept.	Jan.-Sept.	Apr.-Sept.
2012	+ 70.5%	+ 48.6%	+ 23.9%	+ 45.5%	+ 37.5%
2013	+ 3.2%	+ 11.5%	+ 32.5%	+ 15.2%	+ 20.0%

Source: AEM (Association of Equipment Manufacturers)

Kubota (unit basis):

<Tractors> Increased market share mainly due to launching new compact tractors and mowers

<Const. machinery> Sales of mini-excavators and CTLs outperformed the market.

<Engines> Decreased unit sales due to delayed switching for (Interim) Tier 4 model engines by OEM customers



- Europe . . . Demand bottomed out and showed a recovery trend from April. Revenues rose substantially due to adding Kverneland's revenues.

Market: Showed signs of improvement in the economies of the U.K., France, and Germany.

Steady demand for AG machinery due to high crop prices.

Kubota (unit basis):

<Tractors> Sales increased due to improvement in competitive edge.

<Const. machinery> Sales recovered, centering on the U.K. market.

<Engine> Sales units increased due to steady performances of OEM customers.

<Kverneland> Revenues increased due to steady market for AG machinery.



- Thailand . . . Tractor sales units were affected by bad weather and confusion due to policy change but were even with the same period of the prior year. However, revenues recorded double-digit growth.

Bad weather: Drought in northern area and restrictions on rice farming in the first half. In addition, from September, adverse impact of flood disaster.

Government rice purchases:

Capped purchase amount per farmer and will lower purchase prices from March 2014

→ Our rough estimate that it will have only a limited impact on our users

Original purchase price	Revised purchase price	
White rice: 15,000 baht per ton No capped amount	White rice: 15,000 baht per ton Cap amount: 350,000 baht per farmer ('13/10/1-'14/2/28)	White rice: 13,000 baht per ton Cap amount: 300,000 baht per farmer ('14/3/1-'14/9/30)

Kubota (unit basis):

<Tractors> Wholesale and retail sales remained the same level as the prior year.

<Combines> Achieved over 40% growth due to brisk demand from contractor harvesters.

<Const. machinery> Marked 50% growth in combination with increased government projects for irrigation and flood control measures.



Recent Developments (Asia)

- China . . . Sales of AG machinery (mainly conventional-type combines) increased. Sales of const. machinery recovered. Revenues achieved the highest growth among major countries.

Market: Subsidy for AG machinery increased slightly.
(from 21.5 bil. RMB to 21.75 bil. RMB)

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

(Billion RMB)		2007	2008	2009	2010	2011	2012	2013
Subsidy budget	Initial budget	-	-	-	-	11.0	13.0	20.0
	Annual budget	2.0	4.0	13.0	15.5	17.5	21.5	21.75

Kubota (unit basis):

- <Combines> Substantial increase in sales of conventional-type combine harvesters since last year.
- <Rice transplanners> Double-digit growth in both ride-on-type and walk-behind-type rice transplanners.
- <Const. machinery> Showed rapid recovery from March.



- **Japan** - - **Sales of AG machinery grew steadily. Increase in public investment also supported growth.**

Market: Farmers' income increased steadily due to government subsidy for stabilizing farming income. A surge in demand prior to the increase in the consumption tax will emerge mainly in the second half.

Steady demand for const. machinery and water and environment related products due to increase of public investment.

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

	Jan.-Mar.	Apr.-June	July-Sept.	Jan.-Sept.	Apr.-Sept.
2012	+ 6.0%	+ 7.2%	+ 8.8%	+ 7.4%	+ 8.1%
2013	+ 5.8%	+ 11.1%	+ 20.2%	+ 12.8%	+ 16.1%

Source: JFMMA (Japan Federation of Machinery Manufacturers' Association)

Kubota (unit basis):

<AG Machinery> Sales of tractors and combines increased by around 10%.

<Const. machinery> Brisk demand due to increased housing starts.

<Engines> Sales increased mainly due to orders from new OEM customers.

<Water> Sales of pipes and water engineering & solution products increased steadily. Acquired business also contributed sales increase.



Forecast

Anticipated operating results

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(Billion yen)	Year ending Mar. 31, 2014 (Forecast)	Year ended Mar. 31, 2013 (Actual)	Changes	Previous Forecast
Revenues	1,480.0	1,210.6	269.4	1,400.0
	12.8%	10.0%		11.4%
Operating income	190.0	121.4	68.6	160.0
Other income(expenses)	5.0	5.8	-0.8	5.0
	13.2%	10.5%		11.8%
Taxble income(*)	195.0	127.2	67.8	165.0
	7.9%	6.4%		7.1%
Net income attributable to Kubota Corp.	117.5	78.1	39.4	100.0

(*)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, 2014 (Forecast)	Year ended Mar. 31, 2013 (Actual)	Changes		Previous forecast	Variance	
			Amount	%		Amount	%
Machinery	1,120.0	892.0	228.0	25.6	1,050.0	70.0	6.7
Domestic	300.0	266.3	33.7	12.6	280.0	20.0	7.1
Overseas	820.0	625.7	194.3	31.1	770.0	50.0	6.5
Water	320.0	283.9	36.1	12.7	313.0	7.0	2.2
Domestic	273.5	245.6	27.9	11.4	264.0	9.5	3.6
Overseas	46.5	38.3	8.2	21.4	49.0	-2.5	-5.1
Other	40.0	34.6	5.4	15.5	37.0	3.0	8.1
Domestic	35.5	31.1	4.4	14.2	33.0	2.5	7.6
Overseas	4.5	3.5	1.0	27.2	4.0	0.5	12.5
Total revenues	1,480.0	1,210.6	269.4	22.3	1,400.0	80.0	5.7
Domestic revenues	609.0	543.0	66.0	12.1	577.0	32.0	5.5
Overseas revenues	871.0	667.5	203.5	30.5	823.0	48.0	5.8



Anticipated operating income

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(Billion yen)	Year ending Mar. 31, 2014		Year ended Mar. 31, 2013		Changes	
	Amount	%	Amount	%	Amount	%
Operating income	190.0	12.8	121.4	10.0	68.6	56.6

Factors affecting operating income (YoY change +68.6 billion yen)

1. Fluctuation in exchange rates	US\$ (83→97)	+23.0 billion yen	} +42.0 billion yen	
	Euro (107→130)	+8.0 billion yen		
	Other currencies	+11.0 billion yen		
2. Material costs	Machinery	+1.0 billion yen	} -1.0 billion yen	
	Water	-2.0 billion yen		
3. Non-recurring items			+6.1 billion yen	
	Additional amortization	Amortization of valuation difference between the amount paid and fair market value of net assets of Kverneland AS '13/3: -3.7 billion yen → '14/3: -2.4 billion yen	+1.3 billion yen	
	Variance of pension cost		+4.0 billion yen	
	Losses and income from natural disasters	'13/3: +1.4 billion yen → '14/3: +1.7 billion yen	+0.3 billion yen	
	Gain on sales of unused land and loss on revaluation of land		+0.5 billion yen	
4. Revenue increase and other factors			+21.5 billion yen	



Anticipated operating income by reporting segment

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Anticipated operating income excluding non-recurring items

[% shows OP margin]

(Billion yen)	Year ending Mar. 31, 2014			Year ended Mar.31, 2013			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	16.4% 184.0	-0.7	16.5% 184.7	13.0% 116.4	-4.4	13.5% 120.8	67.6	63.9	228.0
Water	8.3% 26.5	-	8.3% 26.5	8.2% 23.4	-1.3	8.7% 24.7	3.1	1.8	36.1
Other	7.5% 3.0	-	7.5% 3.0	6.9% 2.4	-	6.9% 2.4	0.6	0.6	5.4
Adjustment	-23.5	-	-23.5	-20.8	-1.0	-19.8	-2.7	-3.7	
Total	12.8% 190.0	-0.7	12.9% 190.7	10.0% 121.4	-6.7	10.6% 128.1	68.6	62.6	269.4



Exchange rate, CAPEX, Depreciation and R&D expenses

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【Anticipated foreign exchange rate】

(Yen)		Year ending Mar. 31, 2014		Year ended Mar. 31, 2013	
		Revised forecast	Previous forecast		
¥/US\$	1st Half (Apr.–Sept.)	Actual	99	95	79
	2nd Half (Oct.–Mar.)	Plan	95	95	87
	Full year average	Plan	97	95	83
¥/Euro	1st Half (Apr.–Sept.)	Actual	130	125	101
	2nd Half (Oct.–Mar.)	Plan	130	125	114
	Full year average	Plan	130	125	107

【CAPEX, Depreciation and R&D expenses】

(Billion yen)	Year ending March 31, 2014		Year ended March 31, 2013
	Revised forecast	Previous forecast	
Capital expenditures	55.0	55.0	50.5
Depreciation and amortization	35.0	35.0	29.9
R&D expenses	35.0	33.0	31.3



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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