

# Financial Results

for the year ended March 31, 2015



**Shigeru Kimura**  
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**General Manager of Planning & Control Headquarters**  
**May 18, 2015**

# Financial Summary

(Billion yen)	Year ended Mar. 31, 2015	Year ended Mar. 31, 2014	Changes		Variance from forecast (Feb. 2015)	
	Amount	Amount	Amount	%	Amount	%
<b>Revenues</b>	<b>1,586.9</b>	<b>1,508.6</b>	<b>+78.3</b>	<b>+5.2</b>	<b>+36.9</b>	<b>+2.4</b>
Domestic	561.2	638.3	-77.1	-12.1	+1.2	+0.2
Overseas	1,025.7	870.2	+155.5	+17.9	+35.7	+3.6
<b>Operating income</b>	12.9% <b>204.1</b>	13.4% <b>202.4</b>	<b>+1.7</b>	<b>+0.8</b>	<b>+4.1</b>	<b>+2.1</b>
Net income attributable to Kubota Corp.	8.8% <b>140.0</b>	8.7% <b>131.7</b>	<b>+8.4</b>	<b>+6.3</b>	<b>+10.0</b>	<b>+7.7</b>

(Billion yen)	As of Mar. 31, 2015	As of Mar. 31, 2014	Changes	
	Amount	Amount	Amount	%
<b>Total assets</b>	<b>2,476.8</b>	<b>2,104.7</b>	<b>+372.2</b>	<b>+17.7</b>
<b>Shareholders' equity</b>	<b>1,101.0</b>	<b>934.8</b>	<b>+166.2</b>	<b>+17.8</b>



# Revenues by Reporting Segment

(Billion yen)	Year ended Mar. 31, 2015	Year ended Mar. 31, 2014	Changes	
			Amount	%
<b>Farm &amp; Industrial Machinery (Machinery)</b>	<b>1,215.0</b>	<b>1,153.1</b>	<b>+61.9</b>	<b>+5.4</b>
Domestic	257.6	332.6	-75.0	-22.6
Overseas	957.4	820.5	+136.9	+16.7
<b>Water &amp; Environment (Water)</b>	<b>343.3</b>	<b>326.2</b>	<b>+17.1</b>	<b>+5.2</b>
Domestic	275.7	277.3	-1.6	-0.6
Overseas	67.6	48.9	+18.6	+38.1
<b>Other</b>	<b>28.7</b>	<b>29.3</b>	<b>-0.6</b>	<b>-2.1</b>
Domestic	27.9	28.5	-0.5	-1.9
Overseas	0.8	0.8	-0.1	-8.6
<b>Total revenues</b>	<b>1,586.9</b>	<b>1,508.6</b>	<b>+78.3</b>	<b>+5.2</b>
<b>Domestic revenues</b>	<b>561.2</b>	<b>638.3</b>	<b>-77.1</b>	<b>-12.1</b>
<b>Overseas revenues</b>	<b>1,025.7</b>	<b>870.2</b>	<b>+155.5</b>	<b>+17.9</b>

[For reference: Changes excluding the effects of yen depreciation]

Overseas revenues increased 10%.

Total revenues increased slightly.

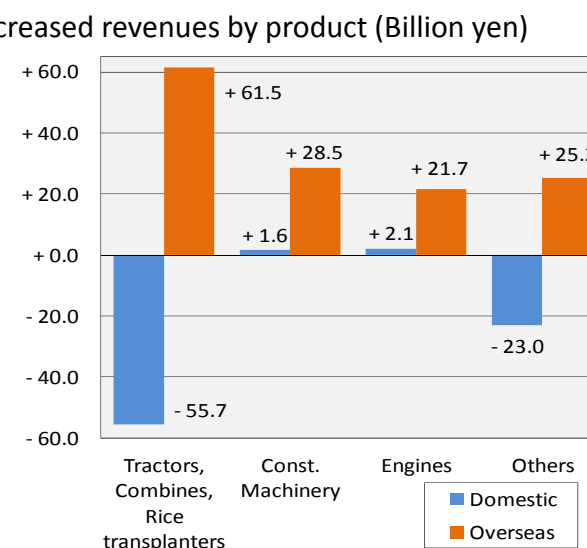


# Revenues by Reporting Segment (Year on Year)

▶ Machinery: +61.9 billion yen (Domestic: -75.0, Overseas: +136.9)

◇ Domestic: Sales of farm machinery dropped substantially due to adverse reaction to the front-loaded demand before Japan's consumption tax hike. Sales of construction machinery and engines increased due to firm demand.

◇ Overseas: Sales of tractors, engines, and construction machinery rose significantly mainly in North America and Europe. Sales of farm machinery in Asia also increased.



▶ Water: +17.1 billion yen (Domestic: -1.6, Overseas: +18.6)

◇ Domestic: Revenues from pipe-related products decreased. Revenues from environment-related products and social infrastructure-related products increased slightly.

◇ Overseas: Revenues from pipe-related products increased sharply mainly due to sales expansion of iron pipes in the Middle East. Revenues from environment-related products and social infrastructure-related products also increased.

▶ Other: -0.6 billion yen (Domestic: -0.5, Overseas: -0.1)

◇ Domestic: } Both of domestic and overseas revenues decreased.  
 ◇ Overseas: }



# Operating Income

(Billion yen)	Year ended Mar. 31, 2015		Year ended Mar. 31, 2014		Changes	
	Amount	%	Amount	%	Amount	%
<b>Operating income</b>	<b>204.1</b>	12.9	<b>202.4</b>	13.4	<b>+1.7</b>	+0.8

## Factors affecting operating income (YoY Change +1.7 Billion yen)

<b>1. Fluctuation in exchange rates</b>	US\$ (100→110) Euro (134→139) Other currencies	+18.0 billion yen +5.0 billion yen +6.0 billion yen	}	<b>+29.0 billion yen</b>
<b>2. Material costs</b>	Machinery Water	+1.0 billion yen -1.5 billion yen		
<b>3. Increase in personnel expenses</b>	Cost of goods sold Selling, general, and administrative expenses	-11.3 billion yen -6.6 billion yen	}	<b>-17.9 billion yen</b>
<b>4. Non-recurring items</b>				
<b>Additional amortization</b>	Amortization of valuation difference between the amount paid and fair market value of net assets of Kverneland AS <u>'14/3: -2.5 billion yen → '15/3: -2.0 billion yen</u>	+0.5 billion yen	}	<b>-5.0 billion yen</b>
<b>Thailand floods-related (Reversal of allowance for prior year)</b>		-2.1 billion yen		
<b>China, sales incentive payment related to suspension of subsidies</b>		-5.4 billion yen		
<b>Indonesia, gain on sales of land</b>		+2.0 billion yen		
<b>5. Other factors</b>				

# Operating Income by Reporting Segment

## Operating income excluding non-recurring items

(% shows OP margine)

(Billion yen)	Year ended Mar. 31, 2015			Year ended Mar. 31, 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	15.9% <b>193.3</b>	<b>-5.4</b>	16.4% <b>198.7</b>	17.1% <b>196.9</b>	<b>-0.4</b>	17.1% <b>197.3</b>	<b>-3.5</b>	<b>+1.4</b>	<b>+61.9</b>
Water	8.6% <b>29.5</b>	-	8.6% <b>29.5</b>	7.8% <b>25.3</b>	-	7.8% <b>25.3</b>	<b>+4.2</b>	<b>+4.2</b>	<b>+17.1</b>
Other	11.3% <b>3.3</b>	-	11.3% <b>3.3</b>	11.5% <b>3.4</b>	-	11.5% <b>3.4</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.6</b>
Adjustment	<b>-21.9</b>	-	<b>-21.9</b>	<b>-23.1</b>	-	<b>-23.1</b>	<b>+1.2</b>	<b>+1.2</b>	
Total	12.9% <b>204.1</b>	<b>-5.4</b>	13.2% <b>209.5</b>	13.4% <b>202.4</b>	<b>-0.4</b>	13.4% <b>202.8</b>	<b>+1.7</b>	<b>+6.7</b>	<b>+78.3</b>



# Other Income (Expenses)

(Billion yen)	Year ended Mar. 31, 2015	Year ended Mar. 31, 2014	Changes
	Amount	Amount	Amount
Other income (expenses)	7.1	8.9	-1.7

## (Details)



Interests and dividends	4.0	2.9	+1.1
Gain on sales of securities	1.4	4.7	-3.3
Valuation loss on other investments	-	-0.0	+0.0
Foreign exchange gain (loss)-net	3.2	-4.2	+7.4
Other	-1.5	5.4	-6.9
Valuation gain (loss) on derivatives	-1.3	6.2	-7.6
Other-net	-0.2	-0.9	+0.7

-0.2



# Taxable Income/ Net Income

(Billion yen)	Year ended Mar. 31, 2015		Year ended Mar. 31, 2014		Changes	
	Amount	%	Amount	%	Amount	%
<b>Taxable income (*)</b>	<b>211.3</b>	13.3	<b>211.3</b>	14.0	<b>-0.0</b>	-0.0
<b>Income taxes</b>	<b>61.2</b>		<b>71.9</b>		<b>+10.7</b>	
<b>(Effective tax rate)</b>	<b>(29.0%)</b>		<b>(34.0%)</b>			
Equity in net income of affiliated companies	<b>1.7</b>		<b>3.0</b>		<b>-1.3</b>	
<b>Net income</b>	<b>151.8</b>	9.6	<b>142.4</b>	9.4	<b>+9.4</b>	+6.6
Less: Net income attributable to non-controlling interests	<b>11.8</b>		<b>10.8</b>		<b>-1.0</b>	
Net income attributable to Kubota Corp.	<b>140.0</b>	8.8	<b>131.7</b>	8.7	<b>+8.4</b>	+6.3

<b>Dividend (declared)</b>	<b>28 yen</b>	<b>28 yen</b>	<b>±0 yen</b>
<b>Payout ratio</b>	<b>25%</b>	<b>27%</b>	<b>-2point</b>

Amount of shares purchased (Billion yen)	<b>7.8</b>	<b>10.1</b>	<b>-2.3</b>
Shareholder return ratio (Dividends and share buy-backs)	<b>31%</b>	<b>34%</b>	<b>-3point</b>

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





# Shareholder Return

(Billion yen)	Year ended Mar.31, 2011	Year ended Mar.31, 2012	Year ended Mar.31, 2013	Year ended Mar.31, 2014	Year ended Mar.31, 2015	Changes	Total of last 5 years
Net income attributable to Kubota Corp.	56.8	61.3	78.1	131.7	140.0	+8.4	467.8
Dividend(declared)	14yen	15yen	17yen	28yen	28yen	±0yen	
Total amount of dividend paid	17.8	18.8	21.4	35.1	34.9	-0.1	128.0
Payment ratio	31%	31%	27%	27%	25%	-2point	27%
Purchasing own shares	0.0	10.0	0.0	10.1	7.8	-2.3	28.0
Shareholder return ratio (Dividend and share buy-backs)	31%	47%	27%	34%	31%	-3point	33%
Retirement of own shares (million shares)	-	-	29.5	6.2	4.0	-2.2	39.7
Retirement of own shares (Billion yen)	-	-	19.2	10.0	7.7	-2.3	36.9

# Balance Sheets (Assets)

(Billion yen)	As of Mar. 31, 2015	As of Mar. 31, 2014	Changes	Changes ex the effects of yen depreciation
<b>Current assets</b>	<b>1,443.0</b>	<b>1,234.0</b>	<b>+209.1</b>	
Cash and cash equivalents	113.0	87.0	+26.0	
Notes and accounts receivable	680.5	601.7	+78.7	+37.0
Short-term finance receivables-net	206.8	163.0	+43.8	
Inventories	338.0	299.8	+38.3	+21.0
Other current assets	104.8	82.5	+22.3	
Investments and long-term finance receivables	621.9	494.4	+127.6	
Long-term finance receivables-net	441.1	334.1	+107.0	
Other	180.8	160.3	+20.5	
Property, plant, and equipment	297.1	282.7	+14.4	
Other assets	114.8	93.6	+21.2	
<b>Total assets</b>	<b>2,476.8</b>	<b>2,104.7</b>	<b>+372.2</b>	
<b>Total finance receivables-net</b>	<b>647.9</b>	<b>497.1</b>	<b>+150.8</b>	<b>+68.0</b>

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

U.S. dollar	120	103	+17
Euro	130	142	-12



# Balance Sheets (Liabilities)

(Billion yen)	As of Mar. 31, 2015	As of Mar. 31, 2014	Changes
<b>Current liabilities</b>	<b>730.2</b>	<b>718.9</b>	<b>+11.3</b>
Short-term borrowings	160.9	181.6	-20.7
Notes and accounts payable	228.3	240.7	-12.4
Current portion of long-term debt	126.8	89.8	+37.0
Other current liabilities	214.2	206.9	+7.4
<b>Long-term liabilities</b>	<b>567.2</b>	<b>385.1</b>	<b>+182.1</b>
Long-term debt	480.0	315.6	+164.4
Accrued retirement and pension costs	13.1	13.0	+0.0
Other long-term liabilities	74.2	56.5	+17.7
<b>Total liabilities</b>	<b>1,297.4</b>	<b>1,104.0</b>	<b>+193.4</b>
<b>Total interest-bearing debt</b>	<b>767.6</b>	<b>586.9</b>	<b>+180.7</b>
<b>Net debt equity ratio</b>	<b>0.59</b>	<b>0.53</b>	<b>+0.06</b>

Changes ex the effects of yen depreciation

+104.0



# Balance Sheets (Equity)

(Billion yen)	As of Mar. 31, 2015	As of Mar. 31, 2014	Changes
<b>Kubota Corp. shareholders' equity</b>	<b>1,101.0</b>	<b>934.8</b>	<b>+166.2</b>
Common stock	84.1	84.1	-
Capital surplus	87.9	88.8	-0.9
Legal reserve	19.5	19.5	-
Retained earnings	798.5	703.7	+94.8
Accumulated other comprehensive income (loss)	111.4	39.0	+72.4
Foreign currency translation adjustments	64.9	8.4	+56.5
Unrealized gains on securities	57.5	44.9	+12.6
Pension liability adjustments	-11.0	-14.2	+3.2
Unrealized losses on derivatives	-0.0	-0.0	+0.0
Treasury stock	-0.4	-0.3	-0.1
<b>Non-controlling interests</b>	<b>78.4</b>	<b>65.8</b>	<b>+12.6</b>
<b>Total equity</b>	<b>1,179.4</b>	<b>1,000.6</b>	<b>+178.8</b>
<b>Shareholders' equity to total assets</b>	<b>44.4%</b>	<b>44.4%</b>	<b>± 0.0%</b>

Kubota Corp. retired 4,000,000 shares of common stock in Mar. 2015.



# Return on equity (ROE)

(Billion yen)	Year ended Mar.31, 2011	Year ended Mar.31, 2012	Year ended Mar.31, 2013	Year ended Mar.31, 2014	Year ended Mar.31, 2015	Changes
<b>Shareholder's equity</b>	<b>648.7</b>	<b>674.4</b>	<b>793.3</b>	<b>934.8</b>	<b>1,101.0</b>	<b>+166.2</b>
<b>Net income attributable to Shareholder's equity</b>	<b>56.8</b>	<b>61.3</b>	<b>78.1</b>	<b>131.7</b>	<b>140.0</b>	<b>+8.4</b>
<b>Return on equity</b>	<b>8.9%</b>	<b>9.3%</b>	<b>10.6%</b>	<b>15.2%</b>	<b>13.8%</b>	<b>-1.4point</b>



# Cash Flow Statements

(Billion yen)	Year ended Mar. 31, 2015	Year ended Mar. 31, 2014	Changes
<b>Net cash provided by operating activities</b>	<b>84.0</b>	<b>83.3</b>	<b>+0.7</b>
<b>Net cash used in investing activities</b>	<b>-117.5</b>	<b>-104.2</b>	<b>-13.3</b>
Purchases of fixed assets	-46.7	-53.2	+6.5
Other	-70.8	-51.1	-19.8
<b>Net cash provided by financing activities</b>	<b>52.6</b>	<b>3.2</b>	<b>+49.4</b>
Effect of exchange rate changes on cash and cash equivalents	6.9	4.9	+2.0
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>26.0</b>	<b>-12.8</b>	<b>+38.8</b>
<b>Free cash flow</b>	<b>37.3</b>	<b>30.2</b>	<b>+7.1</b>



# Market Environment



# Market Environment (North America)

## U.S. ■ ■ ■ Economic expansion will continue moderately.

<Tractor> Under 40hp tractor market will continue to expand due to the firm U.S. economy.

The 40 - 120hp tractor market will be stagnant.

<Const. machinery> Demand is steady due to the strong demand from the civil engineering and construction industry.

<Engines> Due to the favorable economy, demand will continue to grow.

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

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

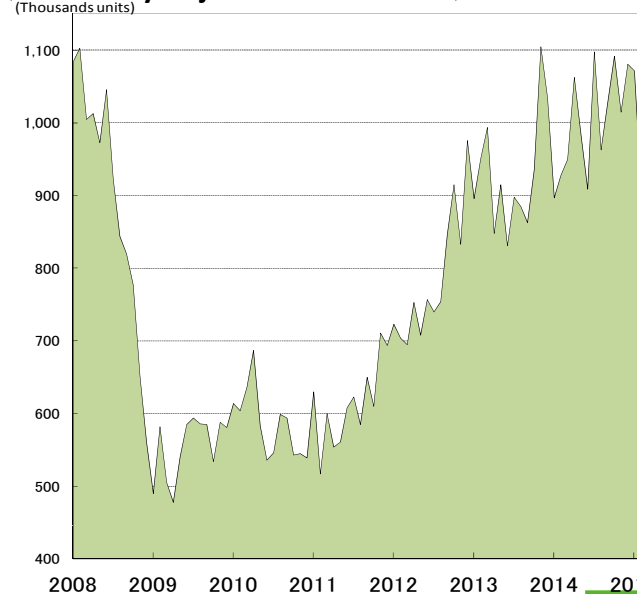
Source : AEM (Association of Equipment Manufacturers)

【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.-Mar.
2014		+ 8.6%	+ 14.0%	+ 20.6%	+ 12.0%	+ 14.1%	+ 14.9%
2015		+ 13.6%	-	-	-	-	-

Source : AEM (Association of Equipment Manufacturers)

【New Privately Owned Housing Units Started】  
(Seasonally Adjusted Annual Rate)



Source : U.S. Census Bureau



# Market Environment (Europe)

Europe ■ ■ ■ Tractors market remains severe, but const. machinery and engines market will stay firm.

- <Tractors> Markets is weak due to fiscal austerity and decline in crop prices.  
Russia continues to ban imports of European agricultural products.  
Full-scale entry into agricultural market for upland farming by launching large-scale tractors.
- <Implements> Market is weak due to decline in prices of grain and raw milk.
- <Const. machinery > UK economic situation will remain favorable.  
Concerns about a slowdown due to the uncertain economic situation and lower government expenditure.
- <Engine> Remain stable due to firm demand in rental markets for Const. machinery.



Thailand ▪ ▪ ▪ Farm machinery for wet paddy is weak mainly due to the decline in rice prices and restrictions on water intake.  
Farm machinery for upland farming and exports to neighboring countries remains solid.

<Tractors ▪ combines> The wet paddy market is weak due to reduced farmer income by the change in agriculture policy and the decline in rice prices.

Forecasting expansion for upland farming market.

<Const. machinery> Expect rising demand in mini-excavator market owing to the moderate recovery in construction investment trend and labor shortage.

<Neighboring countries> Increase in income and mechanization will continue.  
Rising demand for mechanization is spreading to the tractor and combines.



# Market Environment (Asia)

China ▪ ▪ ▪ Suspension of subsidies has been lifted since January.

Const. machinery market is weak.

- <Combines> Concerns about fierce competition among the contractors. The market of conventional-type combine harvester stays firm.
- <Rice transplanters> Market recovering due to lifting of suspension of subsidies. Expecting to capture restrained purchasing last year.
- <Const. machinery> Struggling in mini-excavator market as well by slowdown in the construction investment trend.

## 【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	23.0
	Full year	2.0	4.0	13.0	15.5	17.5	21.5	21.75	23.8	Undisclosed



# Market Environment (Japan)

Japan ■ ■ ■ Some effects of rice price decline on agricultural machinery, but recovery from the adverse reaction to the special demand prior to Japan's consumption tax hike. The market related to const. machinery, engines, and public works continues to be steady.

<Farm machinery> Due to decline in rice prices, agricultural machinery business is still severe. However, expecting recovery from an adverse reaction to the special demand prior to tax hike and last-minute demand caused by exhaust emissions regulations.

<Const. machinery> Steady due to firm demand and Japanese tax incentives.

<Engines> Production volume for exports of OEM clients is firm due to the recovery in overseas economies.

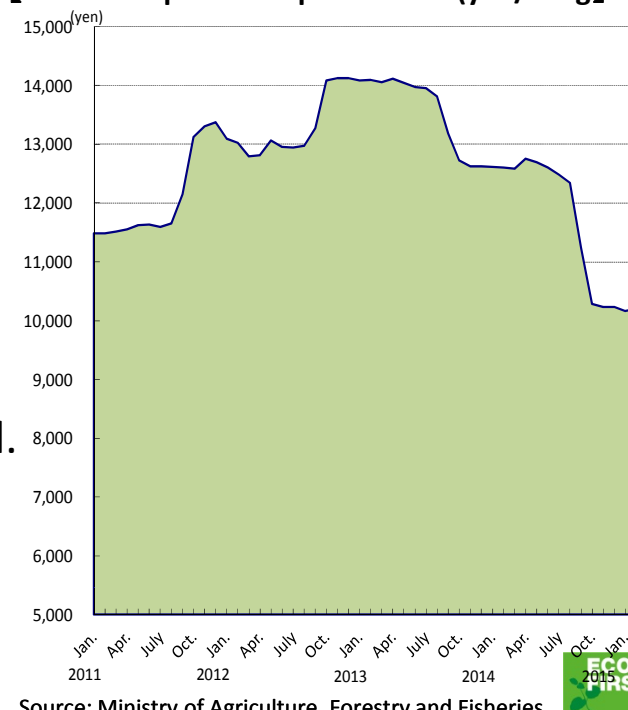
<Public works spending/Shipping> Remains firm and strong due to reconstruction and replacement demand.

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

	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Dec.	Apr.-Mar.
2013	+ 5.9%	+ 10.8%	+ 20.0%	+ 28.3%	+ 17.1%	+ 23.8%
2014	+ 34.8%	- 18.6%	- 26.9%	- 23.3%	- 11.3%	- 21.4%
2015	- 16.1%	-	-	-	-	-

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

【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	Six months ended Sept. 30, 2015 (Forecast)
<b>Revenues</b>	<b>1,250.0</b>	<b>1,144.7</b>	<b>+105.3</b>	<b>820.0</b>
	13.2%	13.0%		13.4%
<b>Operating income</b>	<b>165.0</b>	<b>149.3</b>	<b>+15.7</b>	<b>110.0</b>
<b>Other income</b>	<b>5.0</b>	<b>8.8</b>	<b>-3.8</b>	<b>3.0</b>
	13.6%	13.8%		13.8%
<b>Taxble income (*)</b>	<b>170.0</b>	<b>158.1</b>	<b>+11.9</b>	<b>113.0</b>
	8.8%	8.9%		9.0%
<b>Net income attributable to Kubota Corp.</b>	<b>110.0</b>	<b>101.4</b>	<b>+8.6</b>	<b>74.0</b>

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

(\*) The anticipated results of operations for the 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 revenues for the year ending December 31, 2015 are compared with revenues 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	
			Amount	%
<b>Machinery</b>	<b>1,025.0</b>	<b>926.7</b>	<b>+98.3</b>	<b>+10.6</b>
Domestic	240.0	209.1	+30.9	+14.8
Overseas	785.0	717.6	+67.4	+9.4
<b>Water</b>	<b>205.0</b>	<b>198.0</b>	<b>+7.0</b>	<b>+3.5</b>
Domestic	160.0	154.2	+5.8	+3.8
Overseas	45.0	43.8	+1.2	+2.7
<b>Other</b>	<b>20.0</b>	<b>20.0</b>	<b>-</b>	<b>+0.0</b>
Domestic	20.0	19.4	+0.6	+3.1
Overseas	-	0.6	-0.6	-100.0
<b>Total revenues</b>	<b>1,250.0</b>	<b>1,144.7</b>	<b>+105.3</b>	<b>+9.2</b>
<b>Domestic revenues</b>	<b>420.0</b>	<b>382.7</b>	<b>+37.3</b>	<b>+9.7</b>
<b>Overseas revenues</b>	<b>830.0</b>	<b>762.0</b>	<b>+68.0</b>	<b>+8.9</b>

(\*) The amounts related to "Electronic Equipped Machinery" will be reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Water & Environment" segment, in conformity with the change in the business reporting structure of the Company to be effective since fiscal year ending December 31, 2015.

Revenues for the nine months ended December 31, 2014 are also reclassified. (unaudited)



# Anticipated Operating Income

(Billion yen)	Year ending Dec. 31, 2015		Nine months ended Dec. 31, 2014		Changes	
	Amount	%	Amount	%	Amount	%
<b>Operating income</b>	<b>165.0</b>	13.2	<b>149.3</b>	13.0	<b>+15.7</b>	<b>+10.5</b>

## Factors affecting operating income (YoY Change +15.7 Billion yen)

<b>1. Fluctuation in exchange rates</b>	US\$ (107→120) Euro (140→125) Other currencies	+20.0 billion yen -5.0 billion yen +1.0 billion yen	} <b>+16.0 billion yen</b>	
<b>2. Material costs</b>	Machinery Water	+1.0 billion yen +1.0 billion yen		} <b>+2.0 billion yen</b>
<b>3. Increase in personnel expenses</b>	Cost of goods sold Selling, general, and administrative expenses	-5.0 billion yen -3.0 billion yen		
<b>4. Non-recurring items</b>	<b>Additional amortization</b>	Amortization of valuation difference between the amount paid and fair market value of net assets of Kverneland AS <u>'14/12: -1.5 billion yen → '15/12: -1.3 billion yen</u>	} <b>+3.2 billion yen</b>	
	<b>China, sales incentive payment related to suspension of subsidies</b>	+5.0 billion yen		
	<b>Indonesia, gain on sales of land</b>	-2.0 billion yen		
<b>5. Other factors</b>			<b>+2.5 billion yen</b>	

# 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, 2015			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			
<b>Machinery</b>	16.3% <b>167.0</b>	<b>-1.3</b>	16.4% <b>168.3</b>	15.9% <b>147.8</b>	<b>-4.5</b>	16.4% <b>152.3</b>	<b>+19.2</b>	<b>+16.0</b>	<b>+98.3</b>
<b>Water</b>	5.9% <b>12.0</b>	-	5.9% <b>12.0</b>	7.6% <b>15.0</b>	-	7.6% <b>15.0</b>	<b>-3.0</b>	<b>-3.0</b>	<b>+7.0</b>
<b>Other</b>	10.0% <b>2.0</b>	-	10.0% <b>2.0</b>	9.0% <b>1.8</b>	-	9.0% <b>1.8</b>	<b>+0.2</b>	<b>+0.2</b>	<b>+0.0</b>
<b>Adjustment</b>	<b>-16.0</b>	-	<b>-16.0</b>	<b>-15.3</b>	-	<b>-15.3</b>	<b>-0.7</b>	<b>-0.7</b>	
<b>Total</b>	13.2% <b>165.0</b>	<b>-1.3</b>	13.3% <b>166.3</b>	13.0% <b>149.3</b>	<b>-4.5</b>	13.4% <b>153.8</b>	<b>+15.7</b>	<b>+12.5</b>	<b>+105.3</b>

(\*) The amounts related to "Electronic Equipped Machinery" will be reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Water & Environment" segment, in conformity with the change in the business reporting structure of the Company to be effective from the fiscal year ending December 31, 2015.

Revenues for the nine months ended December 31, 2014 have been also reclassified (unaudited).



# Exchange Rate, CAPEX, Depreciation and R&D Expenses

## 【Anticipated foreign exchange rate】

		Year ending Dec. 31, 2015 (forecast)	Year ended Mar. 31, 2015	Year ended Mar. 31, 2014
¥/US\$	1st Half (Apr.-Sept.)	<b>120</b>	103	99
	2nd Half (Oct.-Mar.)	-	117	102
	Full year average (Apr.-Mar.)	-	110	100
	2nd Half (Oct.-Dec.)	<b>120</b>	115	100
	Full year average (Apr.-Dec.)	<b>120</b>	107	99
¥/Euro	1st Half (Apr.-Sept.)	<b>125</b>	139	130
	2nd Half (Oct.-Mar.)	-	139	139
	Full year average (Apr.-Mar.)	-	139	134
	2nd Half (Oct.-Dec.)	<b>125</b>	143	137
	Full year average (Apr.-Dec.)	<b>125</b>	140	132

## 【CAPEX, Depreciation and R&D expenses】

(Billion yen)

(Billion yen)	Year ending Dec. 31, 2015 (Nine months forecast)	Year ended Mar. 31, 2015 (Twelve months results)	Year ended Mar. 31, 2014 (Twelve months results)
Capital expenditures	<b>50.0</b>	50.7	51.2
Depreciation and amortization	<b>33.0</b>	38.2	35.3
R&D expenses	<b>31.0</b>	39.5	35.6



## 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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