

Financial Highlights

Summary of the results of operations for the year ended December 31, 2018

Kubota Corporation and its subsidiaries (hereinafter, the "Company") have adopted International Financial Reporting Standards (hereinafter, "IFRS") instead of accounting principles generally accepted in the United States of America (hereinafter, "U.S. GAAP") from the beginning of the fiscal year ended December 31, 2018. The figures for the fiscal year ended December 31, 2017 used in the following analysis were reclassified into figures in accordance with IFRS. For the year ended December 31, 2018, revenue of the Company increased by ¥99.3 billion [5.7%] from the prior year to ¥1,850.3 billion. Domestic revenue increased from the prior year because of increased revenue in Farm & Industrial Machinery, which was mainly due to strong sales of agricultural-related products and engines. Overseas revenue increased from the prior year mainly due to a significant increase in sales of construction machinery, tractors, and engines along with gradual economic expansion. In addition, sales of industrial castings and ductile iron pipes increased as well.

Operating profit decreased by ¥10.6 billion [5.3%] from the prior year to ¥189.3 billion. This decrease was mainly due to some negative effects from a rise in material prices and increased costs, such as fixed costs, while there was the positive effect from increased sales in the domestic and overseas markets. Profit before income taxes decreased by ¥16.8 billion [7.8%] from the prior year to ¥197.2 billion. Income tax expenses decreased by ¥24.1 billion from the prior year to ¥49.1 billion mainly due to the federal corporate tax rate cut in the United States. Profit for the year increased by ¥6.8 billion [4.8%] from the prior year to ¥150.1 billion. Profit attributable to owners of the parent increased by ¥4.4 billion [3.3%] from the prior year to ¥138.6 billion.

Five-year Summary of Key Financial Data

* Terminologies, which differ between U.S. GAAP and IFRS, are presented together in the format, "U.S. GAAP / IFRS."

* Due to the change in fiscal year-end, the fiscal year ended December 31, 2015 was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. ROA and ROE of the year ended December 31, 2015 are calculated on the 12-month basis only.

	U.S. GAAP				IFRS		U.S. GAAP
	2015.3	2015.12 (9 months)	2016.12	2017.12	2017.12	2018.12	2015.12 (12 months, reference data)
Operating results for fiscal year (billions of yen)							
Revenues / Revenue	¥ 1,584.3	¥ 1,244.8	¥ 1,596.1	¥ 1,751.5	¥ 1,751.0	¥ 1,850.3	¥ 1,688.6
Operating income / Operating profit	203.1	166.9	188.8	198.8	200.0	189.3	222.9
Income before income taxes and equity in net income of affiliated companies / Profit before income taxes	210.7	169.5	197.0	212.9	214.0	197.2	224.0
Net income attributable to Kubota Corporation / Profit attributable to owners of the parent	139.5	110.1	132.5	136.4	134.2	138.6	149.4
Capital expenditures	50.4	35.3	65.4	52.2	52.2	64.1	53.9
Depreciation and amortization	38.2	31.2	43.4	45.3	45.1	49.6	41.4
R&D expenses	39.5	29.6	43.0	48.1	43.4	53.8	39.4
Net cash provided by operating activities	85.9	197.0	185.0	222.3	137.2	89.1	205.9
As of fiscal year-end (billions of yen)							
Total assets	¥ 2,472.2	¥ 2,532.9	¥ 2,670.6	¥ 2,853.9	¥ 2,832.4	¥ 2,895.7	¥ 2,532.9
Shareholders' equity / Equity attributable to owners of the parent	1,100.1	1,140.3	1,198.8	1,301.3	1,291.1	1,339.9	1,140.3
Interest-bearing debt / Interest-bearing liabilities	765.1	768.7	818.0	836.6	834.1	839.3	768.7
Per share data (yen)							
Earnings per share (EPS)	¥ 111.68	¥ 88.47	¥ 106.58	¥ 110.30	¥ 108.45	¥ 112.44	¥ 119.93
Book-value per share (BPS)	883.10	916.28	966.19	1,054.86	1,046.55	1,087.44	916.28
Annual cash dividend	28	28	30	32	32	34	—
Financial indicators							
Operating margin (%)	12.8	13.4	11.8	11.4	11.4	10.2	13.2
ROA*1 (%)	9.2	—	7.6	7.7	7.8	6.9	9.0
ROE*2 (%)	13.7	—	11.3	10.9	10.8	10.5	13.5
Shareholders' equity to total assets / Ratio of equity attributable to owners of the parent to total assets (%)	44.5	45.0	44.9	45.6	45.6	46.3	45.0
Payout ratio (%)	25.1	31.6	28.1	29.0	29.5	30.2	—
Shareholder return ratio*3 (%)	30.6	33.9	32.7	38.6	39.3	32.3	—
Net debt equity ratio*4 (times)	0.59	0.55	0.54	0.47	0.47	0.46	0.55

*1 ROA: [U.S. GAAP] Income before income taxes and equity in net income of affiliated companies ÷ Total assets (average of beginning and end of fiscal year)
[IFRS] Profit before income taxes ÷ Total assets (average of beginning and end of fiscal year)

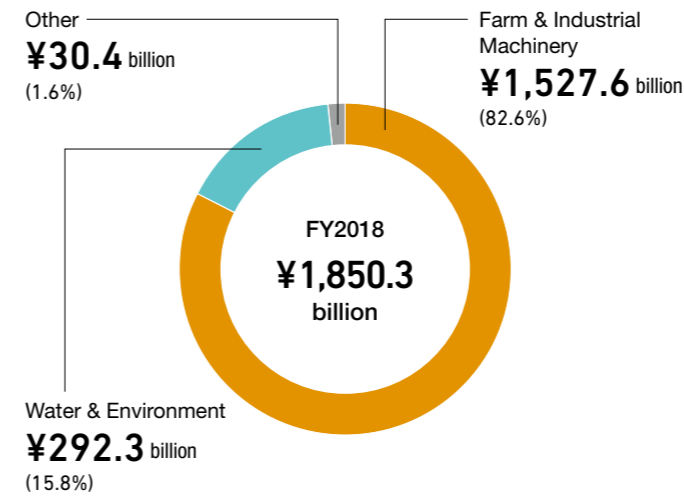
*2 ROE: [U.S. GAAP] Net income attributable to Kubota Corporation ÷ Shareholders' equity (average of beginning and end of fiscal year)
[IFRS] Profit attributable to owners of the parent ÷ Equity attributable to owners of the parent (average of beginning and end of fiscal year)

*3 Shareholder return ratio: [U.S. GAAP] (Annual cash dividend + Retirement of own shares) ÷ Net income attributable to Kubota Corporation
[IFRS] (Annual cash dividend + Retirement of own shares) ÷ Profit attributable to owners of the parent

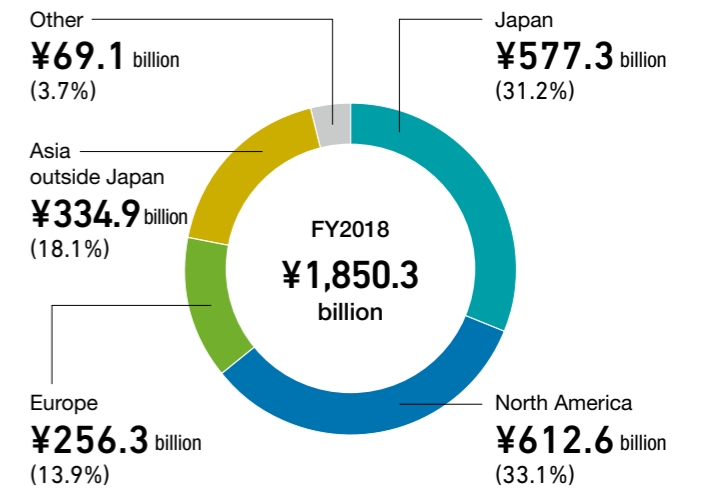
*4 Net debt equity ratio: [U.S. GAAP] (Interest-bearing debt - Cash and cash equivalents) ÷ Shareholders' equity
[IFRS] (Interest-bearing liabilities - Cash and cash equivalents) ÷ Equity attributable to owners of the parent

Please refer to the Annual Securities Report for detailed financial information.
www.kubota.com/company/ir/financial/yo/

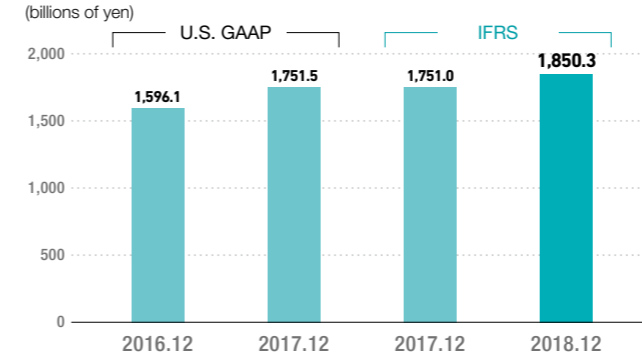
Revenue by reportable segment



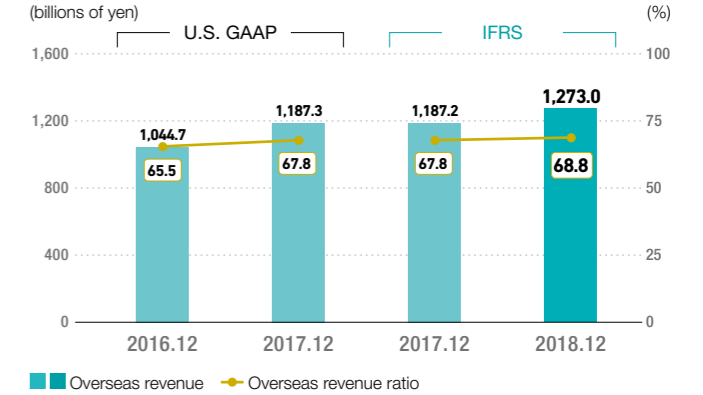
Revenue by region



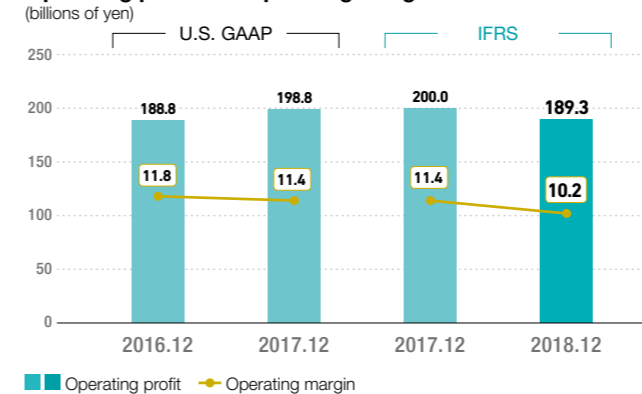
Revenue



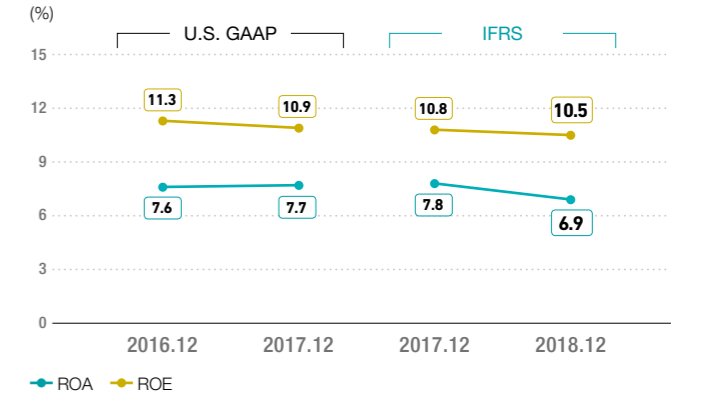
Overseas revenue and overseas revenue ratio



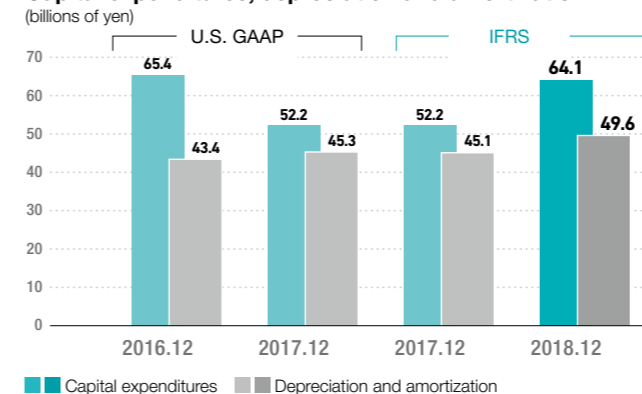
Operating profit and operating margin



ROA*1 and ROE*2



Capital expenditures, depreciation and amortization



R&D expenses and the ratio of R&D expenses to revenue

