

Financial Highlights

Summary of the results of operations for the year ended December 31, 2019

For the year ended December 31, 2019, revenue of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased by ¥69.7 billion [3.8%] from the prior year to ¥1,920.0 billion. Domestic revenue increased by ¥48.0 billion [8.3%] from the prior year to ¥625.4 billion because revenue in Water & Environment, whose businesses are mainly related to public works projects, increased mainly due to significantly increased sales of environment-related products and strong sales of ductile iron pipes. In addition, revenue in Farm & Industrial Machinery also increased mainly due to solid sales of farm equipment and engines. Overseas revenue increased by ¥21.7 billion [1.7%] from the prior year to ¥1,294.7 billion mainly due to strong sales of tractors and construction machinery along with gradual economic expansion in the United States while there were some negative impacts mainly of the yen appreciation and inclement weather.

Operating profit increased by ¥12.3 billion [6.5%] from the prior year to ¥201.7 billion. This increase was mainly due to some positive effects from increased sales in the domestic and overseas markets, raised product prices, and decreased sales promotion expenses resulting from declined interest rates in the United States. These positive effects compensated for some negative effects such as increased fixed costs and the yen appreciation. Profit before income taxes increased by ¥11.8 billion [6.0%] from the prior year to ¥209.0 billion because operating profit increased. Income tax expenses were ¥53.0 billion. Share of profits of investments accounted for using the equity method was ¥3.1 billion. Profit for the year increased by ¥8.9 billion [6.0%] from the prior year to ¥159.1 billion. Profit attributable to owners of the parent increased by ¥10.5 billion [7.6%] from the prior year to ¥149.1 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. For this reason, some indicators for a 12-month period (January 1 to December 31, 2015) are provided for reference.

	U.S. GAAP			IFRS			U.S. GAAP
	2015.12 (9 months)	2016.12	2017.12	2017.12	2018.12	2019.12	2015.12 (12 months, reference data)
Operating results for fiscal year (billions of yen)							
Revenues / Revenue	¥ 1,244.8	¥ 1,596.1	¥ 1,751.5	¥ 1,751.0	¥ 1,850.3	¥ 1,920.0	¥ 1,688.6
Operating income / Operating profit	166.9	188.8	198.8	200.0	189.3	201.7	222.9
Income before income taxes and equity in net income of affiliated companies / Profit before income taxes	169.5	197.0	212.9	214.0	197.2	209.0	224.0
Net income attributable to Kubota Corporation / Profit attributable to owners of the parent	110.1	132.5	136.4	134.2	138.6	149.1	149.4
Capital expenditures*1	35.3	65.4	52.2	52.2	64.1	86.7	53.9
Depreciation and amortization*1	31.2	43.4	45.3	45.1	49.6	48.9	41.4
R&D expenses	29.6	43.0	48.1	43.4	53.8	53.1	39.4
Net cash provided by operating activities	197.0	185.0	222.3	137.2	89.1	82.4	205.9
As of fiscal year-end (billions of yen)							
Total assets	¥ 2,532.9	¥ 2,670.6	¥ 2,853.9	¥ 2,832.4	¥ 2,895.7	¥ 3,139.3	¥ 2,532.9
Shareholders' equity / Equity attributable to owners of the parent	1,140.3	1,198.8	1,301.3	1,291.1	1,339.9	1,442.8	1,140.3
Interest-bearing debt / Interest-bearing liabilities	768.7	818.0	836.6	834.1	839.3	903.0	768.7
Per share data (yen)							
Earnings per share (EPS)	¥ 88.47	¥ 106.58	¥ 110.30	¥ 108.45	¥ 112.44	¥ 121.59	¥ 119.93
Book-value per share (BPS)	916.28	966.19	1,054.86	1,046.55	1,087.44	1,182.72	916.28
Annual cash dividend	28	30	32	32	34	36	—
Financial indicators							
Operating margin (%)	13.4	11.8	11.4	11.4	10.2	10.5	13.2
ROA*2 (%)	—	7.6	7.7	7.8	6.9	6.9	9.0
ROE*3 (%)	—	11.3	10.9	10.8	10.5	10.7	13.5
Shareholders' equity to total assets / Ratio of equity attributable to owners of the parent to total assets (%)	45.0	44.9	45.6	45.6	46.3	46.0	45.0
Payout ratio (%)	31.6	28.1	29.0	29.5	30.2	29.6	—
Shareholder return ratio*4 (%)	33.9	32.7	38.6	39.3	32.3	42.7	—
Net debt equity ratio*5 (times)	0.55	0.54	0.47	0.47	0.46	0.49	0.55

*1 Recognition of right-of-use assets and depreciation of right-of-use assets along with adoption of IFRS 16 Leases are not included.

*2 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)

*3 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)

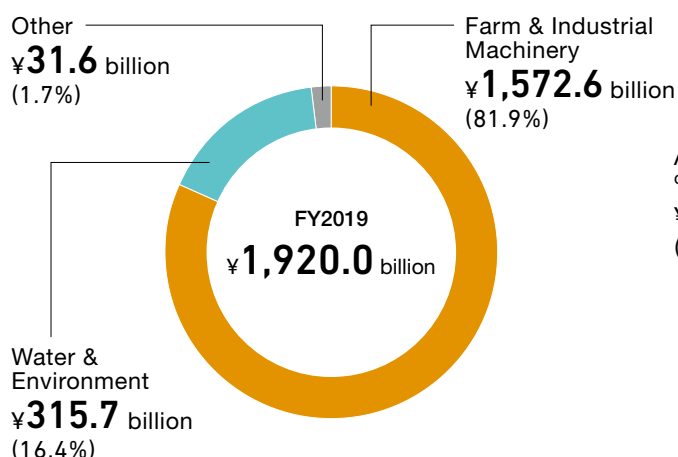
*4 Shareholder return ratio:
[U.S. GAAP] (Annual cash dividend + Retirement of own shares) ÷ Net income attributable to Kubota Corporation
[IFRS] (Annual cash dividend + Retirement of own shares) ÷ Profit attributable to owners of the parent

*5 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

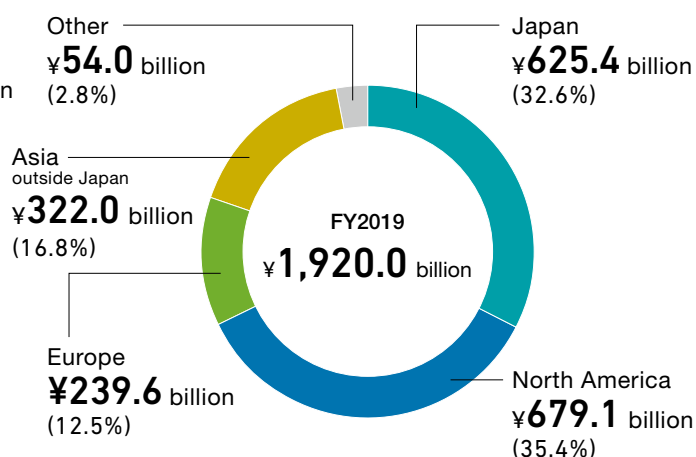


Please refer to the Annual Securities Report for detailed financial information.
www.kubota.com/company/ir/financial/yuho/

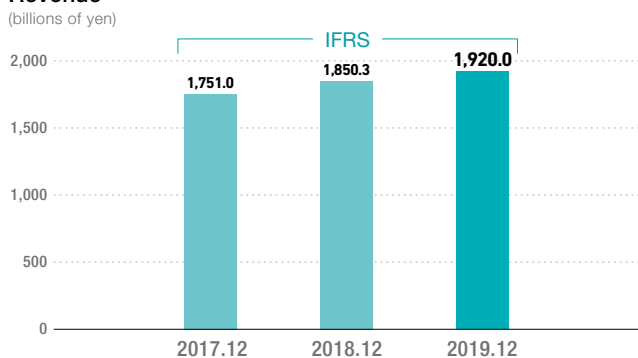
Revenue by Reportable Segment



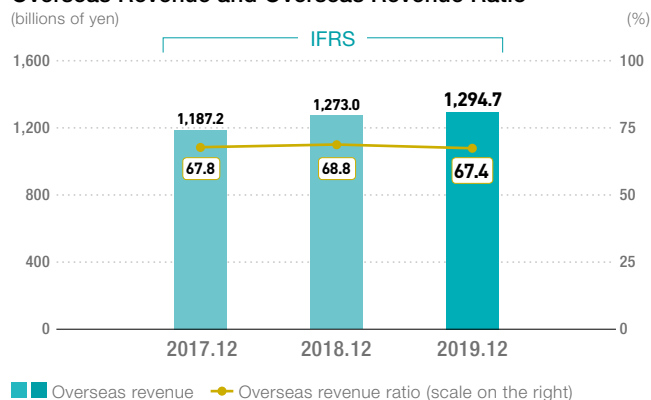
Revenue by Region



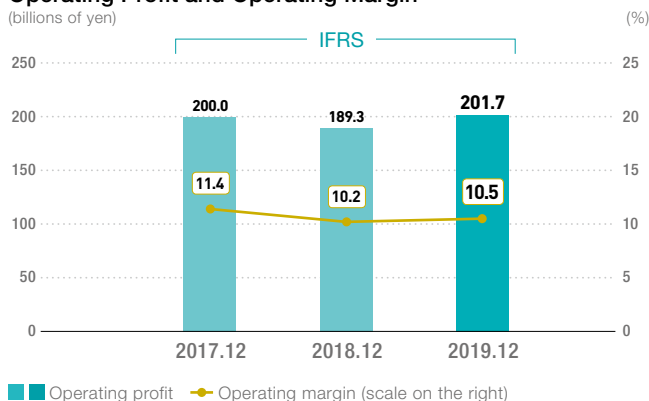
Revenue



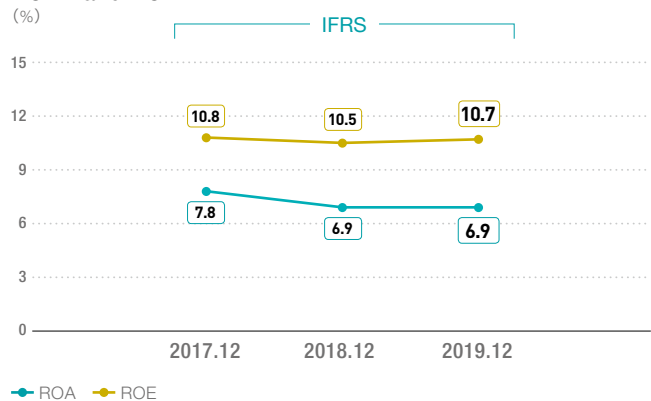
Overseas Revenue and Overseas Revenue Ratio



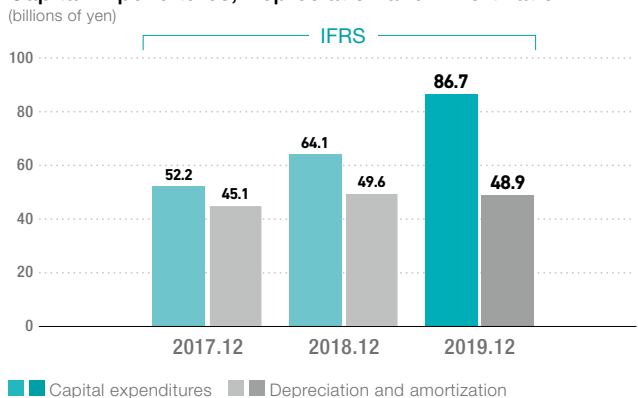
Operating Profit and Operating Margin



ROA*2 and ROE*3



Capital Expenditures, Depreciation and Amortization*1



R&D Expenses and the Ratio of R&D Expenses to Revenue

