

Financial and Non-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. For this reason, some indicators for a 12-month period (January 1 to December 31, 2015) are provided in the graph for reference.

	U.S. GAAP				IFRS		U.S. GAAP
	2015.3	2015.12 (9 months)	2016.12	2017.12	2017.12	2018.12	2015.12*5
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

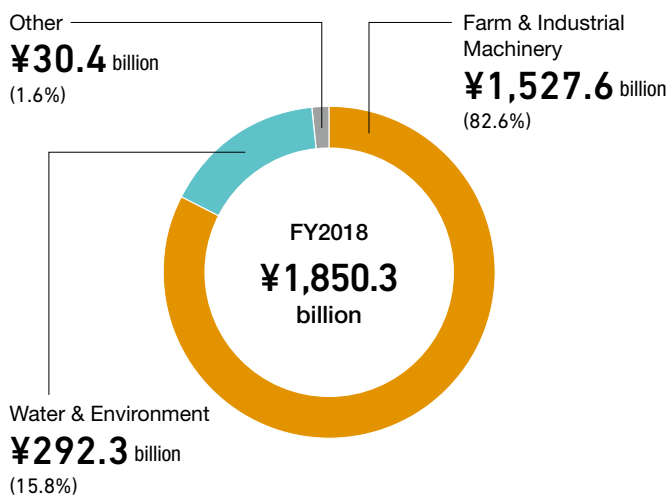
*5 12 months, reference data



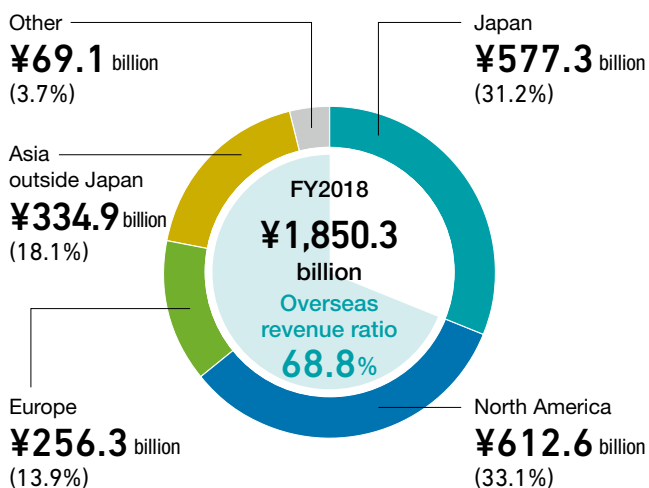
Please refer to the Annual Securities Report for detailed financial information.

www.kubota.com/company/ir/financial/yuh0/

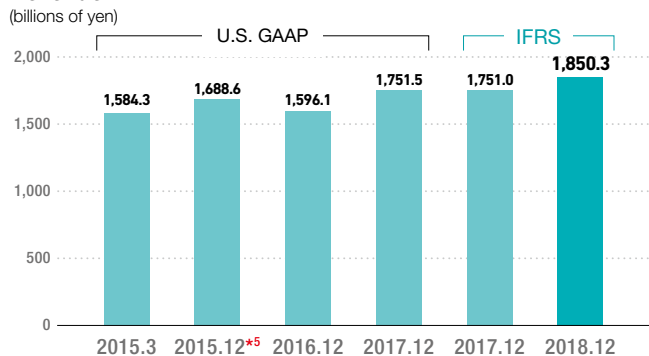
Revenue by Reportable Segment



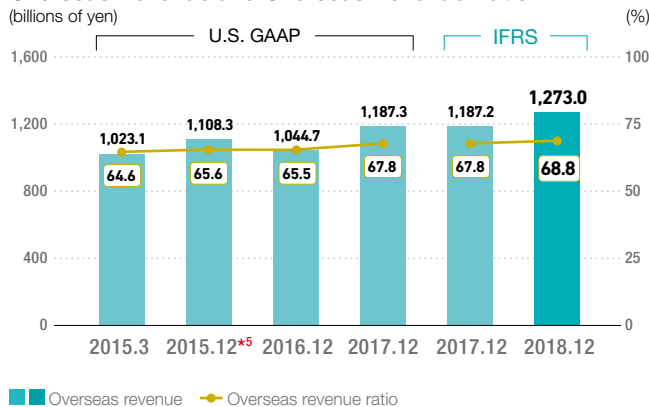
Revenue by Region



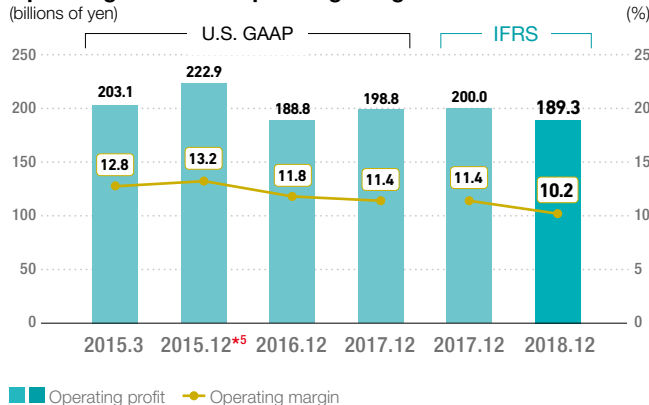
Revenue



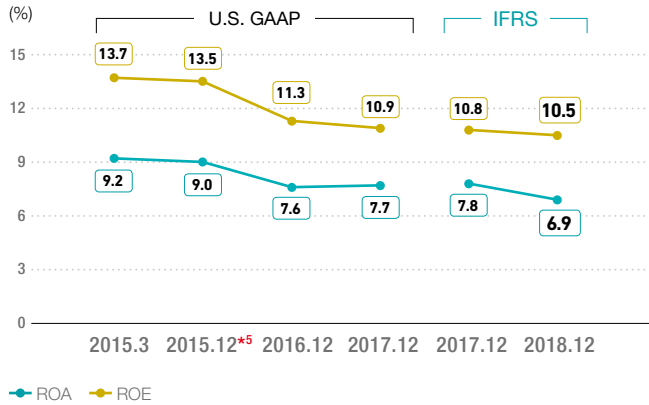
Overseas Revenue and Overseas Revenue Ratio



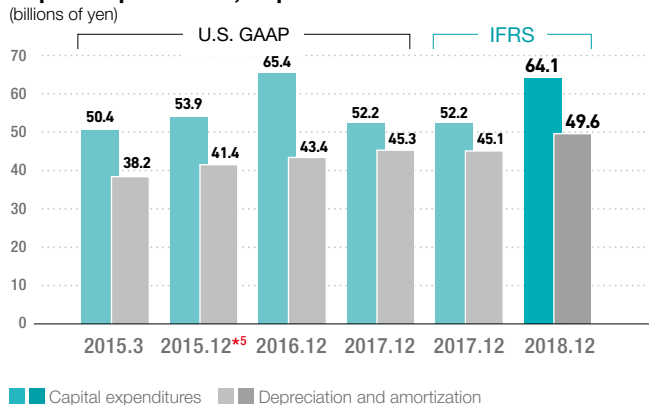
Operating Profit and Operating Margin



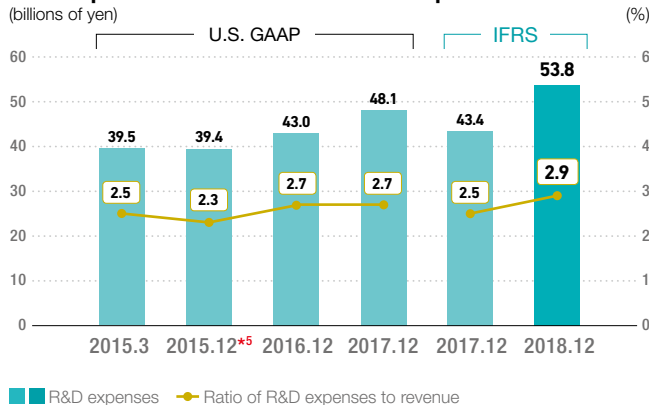
ROA*1 and ROE*2



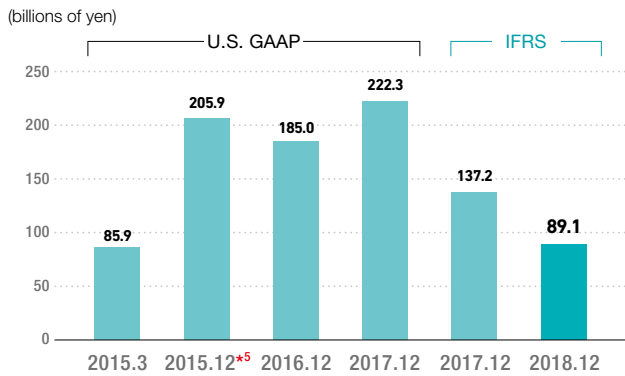
Capital Expenditures, Depreciation and Amortization



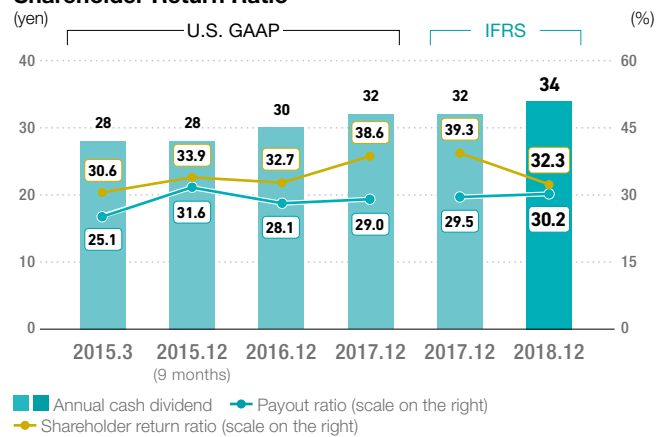
R&D Expenses and the Ratio of R&D Expenses to Revenue



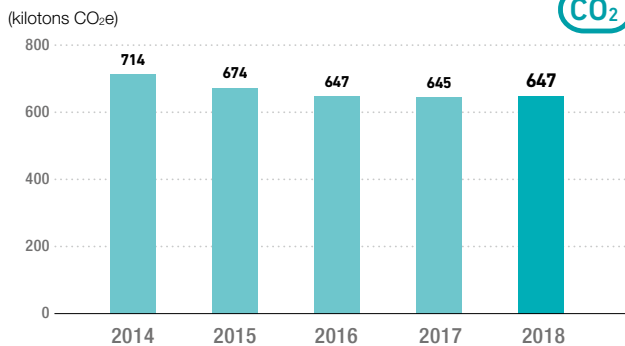
Net Cash Provided by Operating Activities



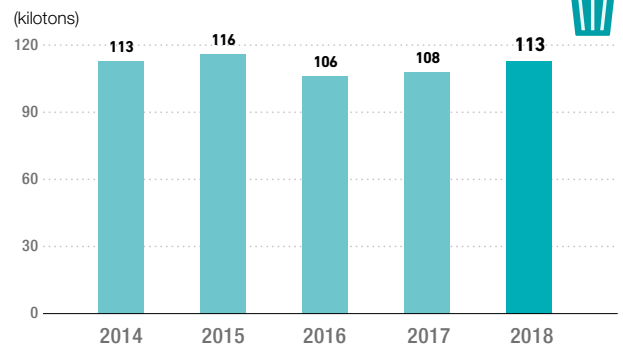
Annual Cash Dividend Per Share, Payout Ratio, and Shareholder Return Ratio*3



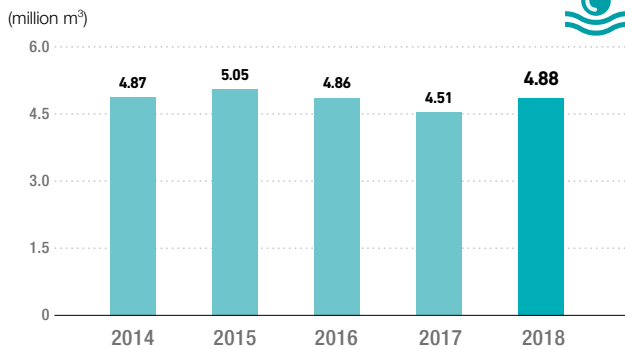
CO₂ Emissions*6



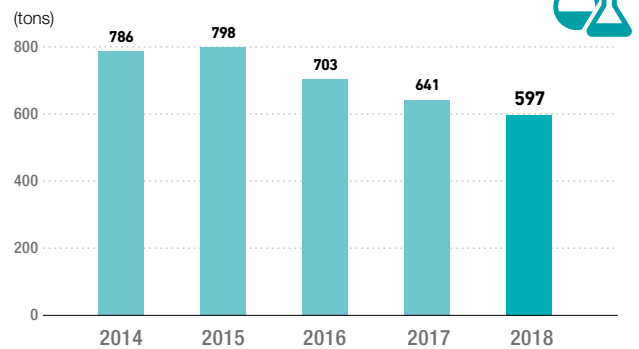
Waste Discharge*6



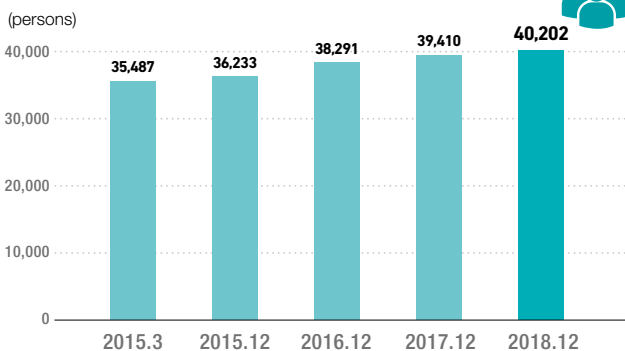
Water Consumption*6



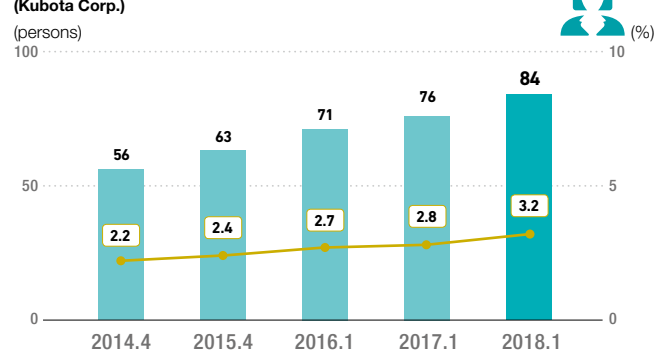
VOC (Volatile Organic Compound) Emissions*6



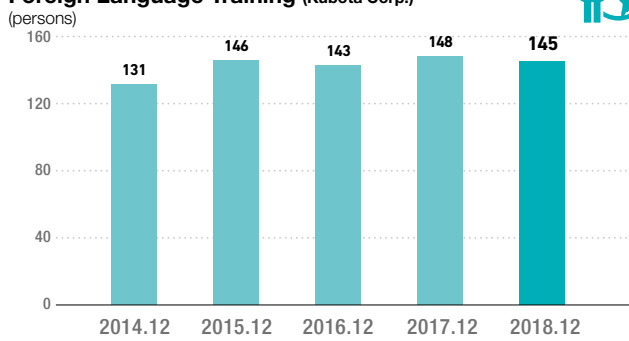
No. of Employees



No. of Females in Management Positions (Kubota Corp.)

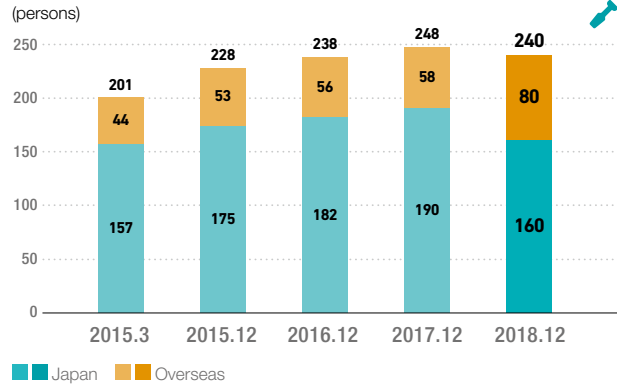


No. of Employees who Have Completed Foreign Language Training (Kubota Corp.)*7

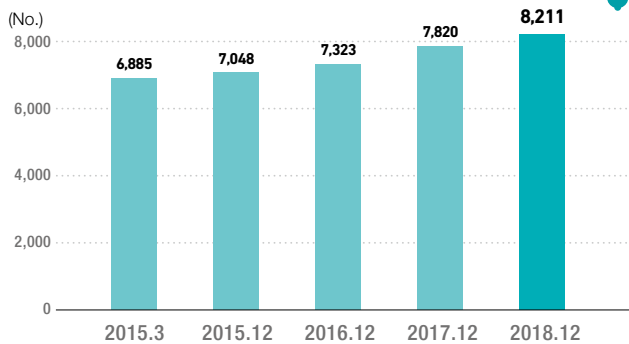


*7 The totals for the period from January 1 to December 31 of each year.

No. of Participants in the Technical Skills Contest



No. of Patents/New Utility Models Possessed (Kubota Corporation and Group Companies in Japan)



Inclusion in ESG Indices

< General Indices with ESG Constituents >

MSCI 2018 Constituent MSCI ESG Leaders Indexes

MSCI 2018 Constituent MSCI Japan ESG Select Leaders Index

MSCI World ESG Leaders Index/MSCI World SRI Index
ESG indices developed by MSCI, part of the Morgan Stanley Group (United States). Their distinguishing feature is evaluation based on industry characteristics of evaluated companies, with a focus on high-priority ESG issues.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Dow Jones Sustainability Indices
ESG indices jointly developed by the publishing company S&P Dow Jones Indices (United States) and the research and rating firm Robeco SAM (Switzerland). Kubota is classified in the Capital Goods sector, and included in DJSI Asia Pacific—comprising companies in the Japan, Asia and Oceania region.



FTSE4Good

FTSE4Good Index Series
ESG investment indices created by FTSE Russell, part of the London Stock Exchange Group. This ESG index series was developed in 2001, and is unique in maintaining independence through oversight by a committee of multiple stakeholders, including investors, labor groups and NGOs.



FTSE Blossom Japan

FTSE Blossom Japan Index
An ESG index focused on Japanese companies. This index is used as an investment vehicle by GPIF (Government Pension Investment Fund), the world's largest pension fund.

Corporate Responsibility Prime
rated by
ISS-oekom

ISS-oekom Corporate Rating
ISS-oekom gathers ESG-related information on 5,900 companies throughout the world, and focuses assessment on about 1,600 companies in developed countries (primarily in Europe) and 800 companies in emerging countries. In ESG evaluation, companies are analyzed in terms of 100 items based on corporate disclosure of information, interviews with companies, interviews with outside experts, and research reports from media, NGOs, industry groups, research organizations and others. Kubota has received Prime status.



Ethibel EXCELLENCE Investment Register
Evaluation for this Register is done by Belgium-based Forum ETHIBEL, a group promoting SRI (Socially Responsible Investing). The investment universe of this group, known as the Ethibel EXCELLENCE Investment Register, is made up of companies with outstanding performance from a CSR perspective.

< Social Theme Type >

MSCI 2018 Constituent MSCI Japan Empowering Women Index (WIN)

The MSCI Japan Empowering Women Index (WIN) is constructed by focusing on companies with outstanding gender diversity from among the GICS® sector groups in the parent index. Among companies promoting gender diversity at a high level in the workplace, stocks are selected from the perspective of the ability to adapt well to the risk of labor shortages due to future decline in the working population. Kubota has been selected from the top 500 stocks in terms of market capitalization.

(As of March 1, 2019)