

Financial and Non-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*6
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

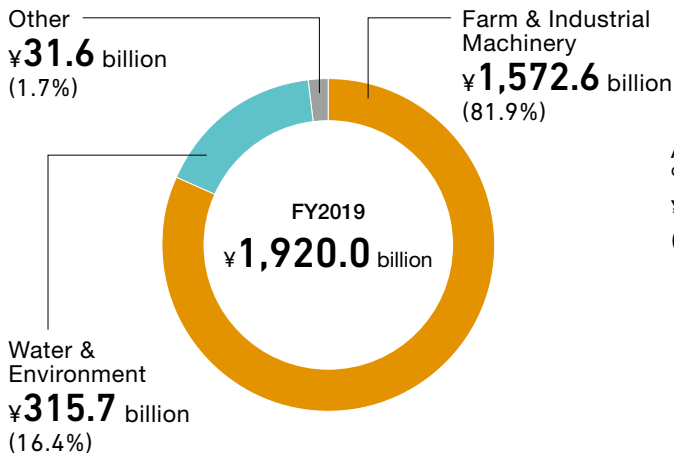
*6 12 months, reference data



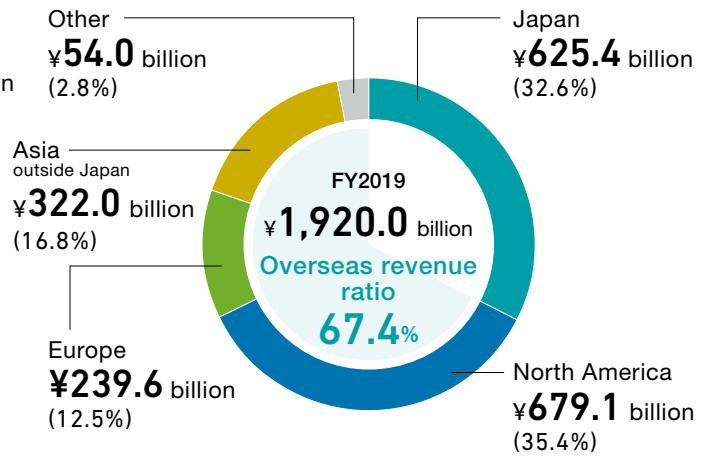
Please refer to the Annual Securities Report for detailed financial information.

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

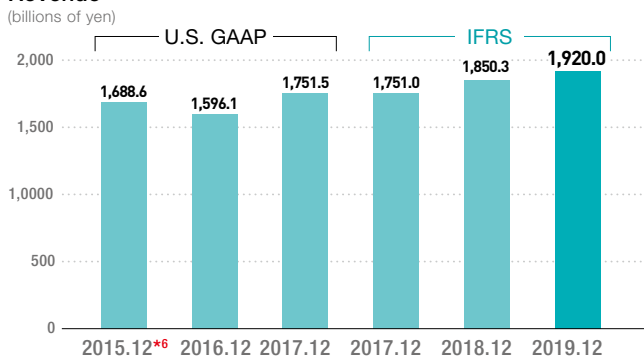
Revenue by Reportable Segment



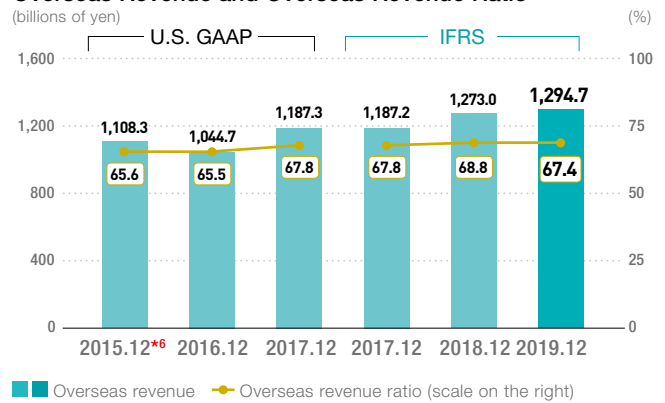
Revenue by Region



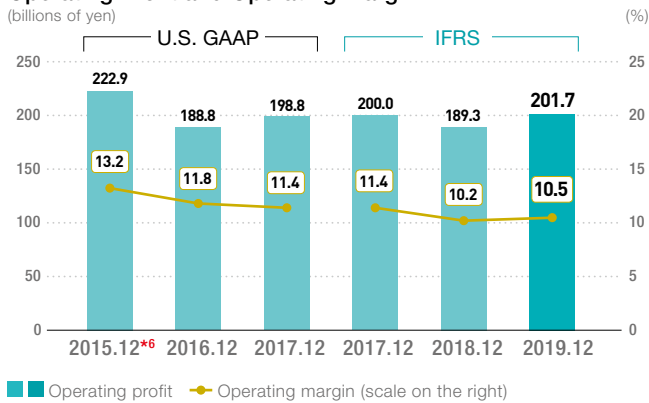
Revenue



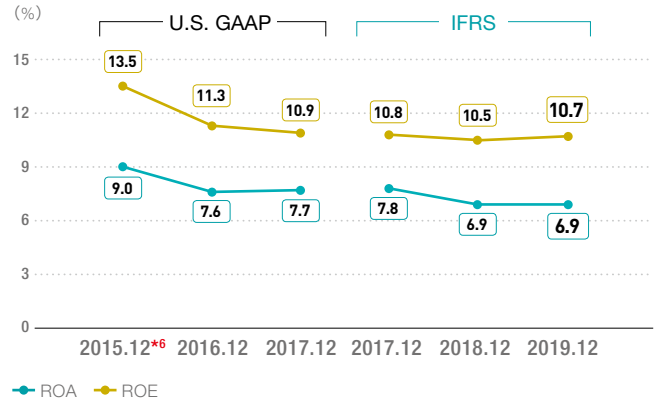
Overseas Revenue and Overseas Revenue Ratio



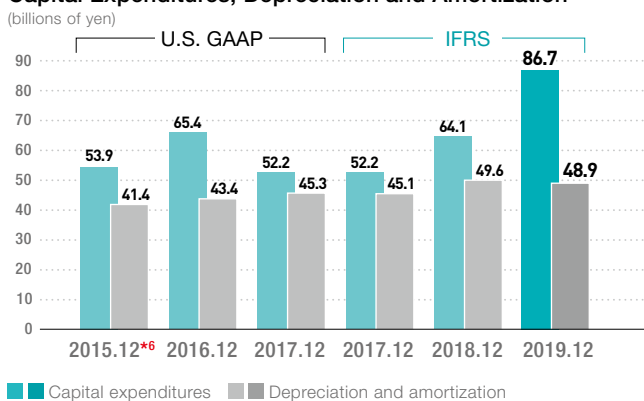
Operating Profit and Operating Margin



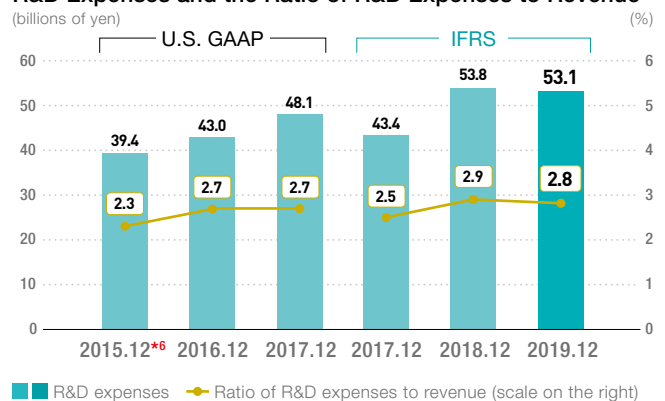
ROA*2 and ROE*3



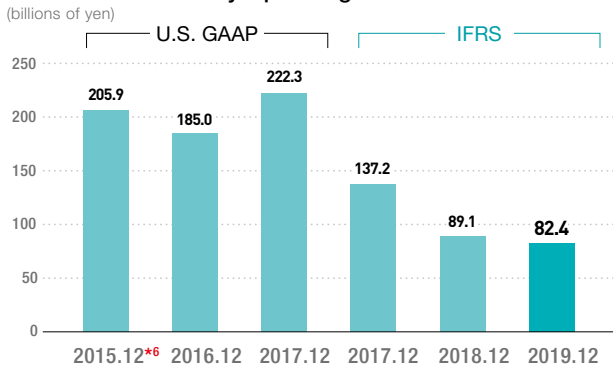
Capital Expenditures, Depreciation and Amortization*1



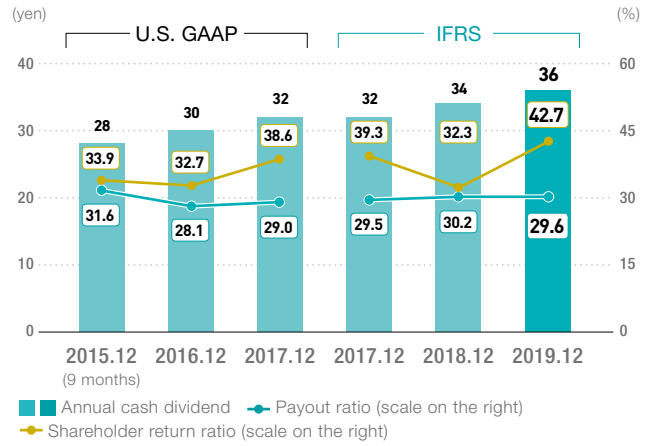
R&D Expenses and the Ratio of R&D Expenses to Revenue



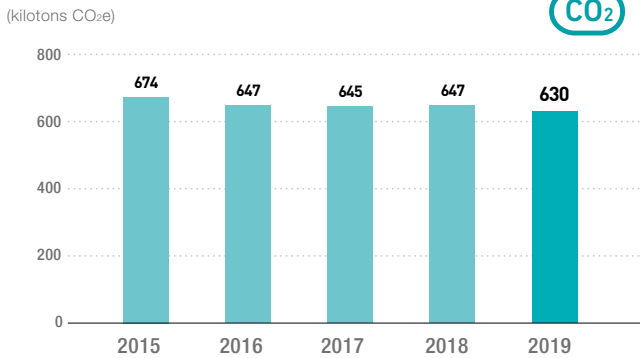
Net Cash Provided by Operating Activities



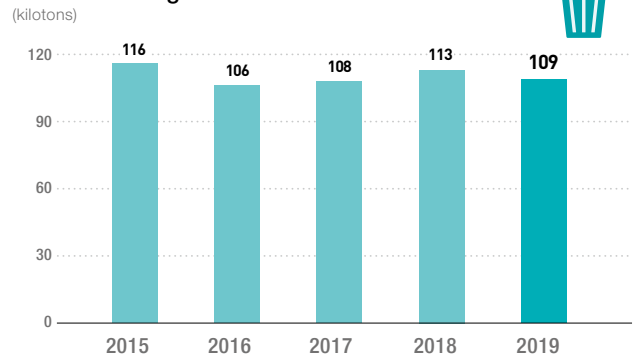
Annual Cash Dividend Per Share, Payout Ratio, and Shareholder Return Ratio*



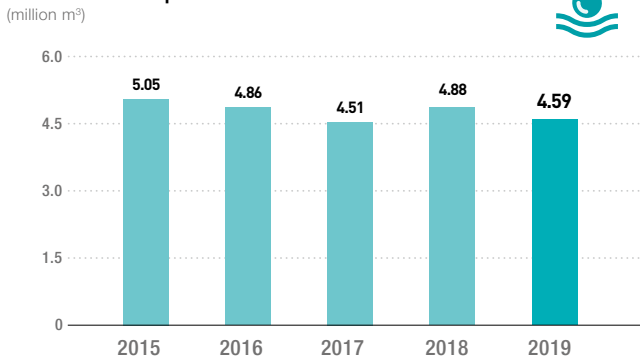
CO₂ Emissions*



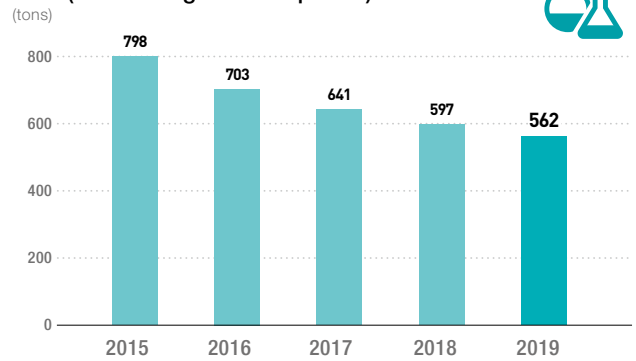
Waste Discharge*



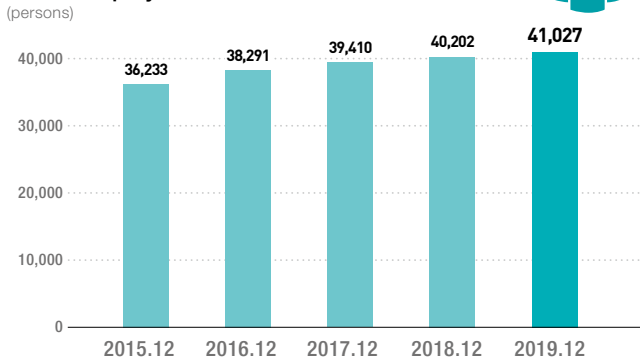
Water Consumption*



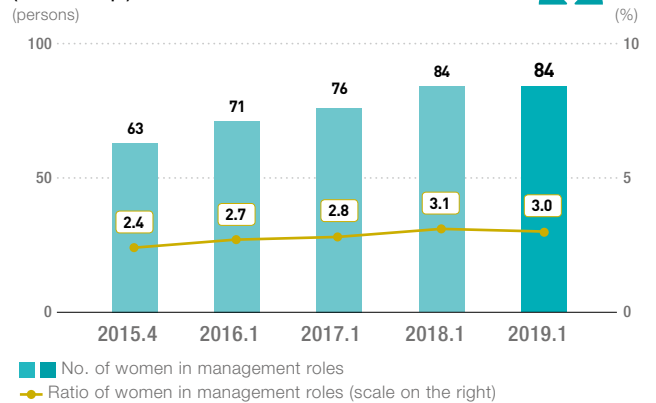
VOC (Volatile Organic Compound) Emissions*



No. of Employees

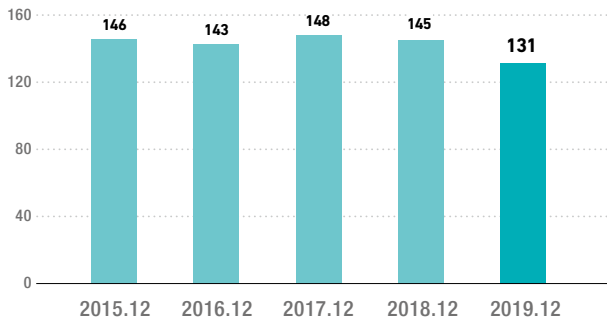


No. of Women in Management Roles (Kubota Corp.)



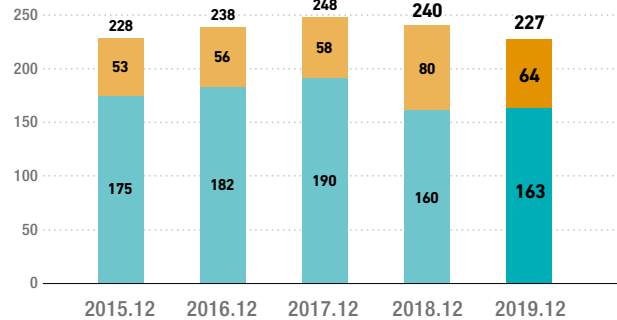
*7 For the reporting period for environmental data, see the Calculation Standards of Environmental Performance Indicators (p. 86).

No. of Employees who Have Completed Foreign Language Training (Kubota Corp.)^{*8}
(persons)



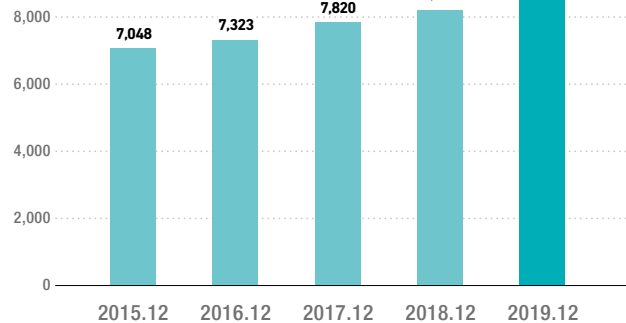
^{*8} The totals for the period from January 1 to December 31 of each year.

No. of Participants in the Technical Skills Contest
(persons)



■ Japan ■ Overseas

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



Inclusion in ESG Indices



Kubota's ESG initiatives have been highly rated and it has been included as a constituent in ESG investment indices in Japan and overseas. The Company has been selected as a constituent in the following ESG investment indices, including the DJSI Asia Pacific, which is the Asia-Pacific version of the Dow Jones Sustainability Indices (DJSI)—a global ESG investment index, and all ESG investment indices^{*} used by the Government Pension Investment Fund (GPIF).

< General Indices with ESG Constituents >



2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

MSCI Japan ESG Select Leaders Index^{*}



FTSE4Good

FTSE4Good Index Series



FTSE Blossom Japan

FTSE Blossom Japan Index^{*}



Dow Jones Sustainability Indices



ISS ESG Corporate Rating



Ethibel EXCELLENCE Investment Register

< Environmental Themed Indexes >



S&P/JPX Carbon Efficient Index^{*}

< Social Theme Type >

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering Women Index (WIN)^{*}

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(As of April 1, 2020)