

Financial Results for the year ended December 31, 2017



Shigeru Kimura

**Director and Senior Managing Executive Officer,
General Manager of Planning & Control Headquarters**

February 21, 2018



Financial Summary

For Earth, For Life


(Billion yen)	Year ended Dec. 31, 2017	Year ended Dec. 31, 2016	Changes		Variance from revised forecast (Nov. 2017)	
			Amount	%	Amount	%
Revenues	1,751.5	1,596.1	+155.4	+9.7	+51.5	+3.0
Domestic	564.2	551.4	+12.8	+2.3	-0.8	-0.1
Overseas	1,187.3	1,044.7	+142.7	+13.7	+52.3	+4.6
Operating income	11.4% 198.8	11.8% 188.8	+10.0	+5.3	+0.8	+0.4
Income before income taxes *	12.2% 212.9	12.3% 197.0	+15.9	+8.1	+2.9	+1.4
Net income attributable to Kubota Corp.	7.8% 136.4	8.3% 132.5	+4.0	+3.0	-3.6	-2.5

(Billion yen)	As of Dec. 31, 2017	As of Dec. 31, 2016	Changes	
			Amount	%
Total assets	2,853.9	2,670.6	+183.3	+6.9
Shareholders' equity	1,301.3	1,198.8	+102.6	+8.6

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

Revenues by Reportable Segment

For Earth, For Life


(Billion yen)	Year ended Dec. 31, 2017	Year ended Dec. 31, 2016	Changes	
			Amount	%
Farm & Industrial Machinery (Machinery)	1,436.6	1,272.1	+164.4	+12.9
Domestic	294.5	281.5	+13.0	+4.6
Overseas	1,142.1	990.7	+151.4	+15.3
Water & Environment (Water)	286.1	294.5	-8.4	-2.9
Domestic	241.1	240.9	+0.3	+0.1
Overseas	45.0	53.7	-8.7	-16.2
Other	28.9	29.4	-0.6	-1.9
Domestic	28.6	29.1	-0.5	-1.8
Overseas	0.3	0.3	-0.0	-6.5
Total revenues	1,751.5	1,596.1	+155.4	+9.7
Domestic revenues	564.2	551.4	+12.8	+2.3
Overseas revenues	1,187.3	1,044.7	+142.7	+13.7

For reference: Changes excluding the effects of fluctuation in exchange
 [Machinery: +39.0 billion yen, Total: +40.0 billion yen]
 and an acquisition of Great Plains Manufacturing, Inc.(hereinafter, "GPM") [+21.7 billion yen].
 >Overseas revenues in Machinery increased by 9%. Total overseas revenues increased by 8%.

Revenues by Reportable Segment (Year-on-Year)

Machinery: +164.4 billion yen (Domestic: +13.0, Overseas: +151.4)

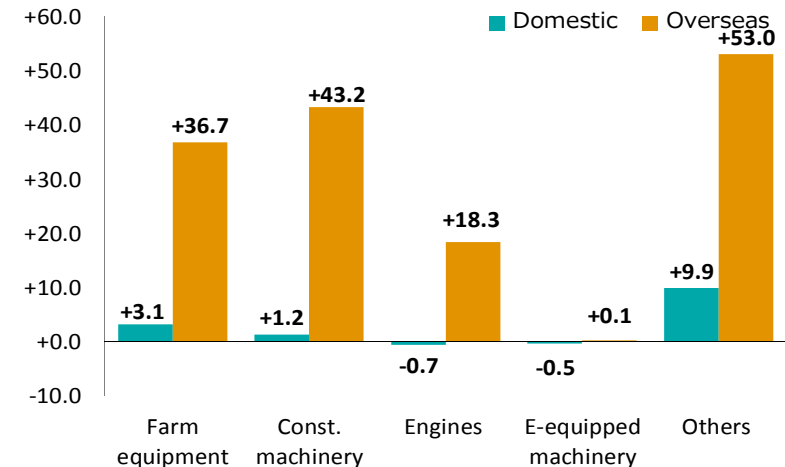
Domestic

- Sales of tractors recovered from stagnating sales caused by stronger emission regulations. Sales of construction machinery and agricultural-related products also increased.

Overseas

- Sales of compact tractors in North America increased due to the expanding market along with steady economic conditions.
- Sales of combine harvesters were weak. On the other hand, sales of rice transplanters increased significantly in China.
- Total sales of construction machinery and engines rose significantly in each region such as North America, Europe, and China.

■ Changes in revenues by product (Billion yen)



Water: -8.4 billion yen (Domestic: +0.3, Overseas: -8.7)

Domestic

Revenues from pumps, the construction businesses, and the wastewater treatment equipment and plant decreased. On the other hand, sales of spiral-welded steel pipes (piles) for civil engineering works, and the sales of plastic pipes increased.

Overseas

Export sales of ductile iron pipes to the Middle East decreased sharply. Revenues from environment-related products and social infrastructure-related products decreased as well.

Operating Income

For Earth, For Life
Kubota

(Billion yen)	Year ended Dec. 31, 2017		Year ended Dec. 31, 2016		Changes	
	Amount	%	Amount	%	Amount	%
Operating income	198.8	11.4	188.8	11.8	+10.0	+5.3

Factors affecting operating income (YoY change +10.0 billion yen)

1. Fluctuation in exchange rates	US\$ (109→112) Euro (120→127) Other currencies	-1.0 billion yen ±0.0 billion yen +4.0 billion yen	} +3.0 billion yen
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2. Material	Machinery Water	-2.0 billion yen -3.5 billion yen	} -5.5 billion yen
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3. Change in Sales incentive ratio	U.S. : -6.7 billion yen, China: +3.8 billion yen etc.		} -3.9 billion yen
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4. Personnel expenses (Excluding GPM)	Cost of goods sold SG&A expenses	+0.9 billion yen -4.0 billion yen	} -3.1 billion yen
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5. Specific items	Change in depreciation method	+1.5 billion yen	} -0.1 billion yen
	Amortization of valuation difference between the amount paid and fair market value of net assets of GPM	-0.9 billion yen	
	Claim payments related to the hurricanes in U.S.	-0.7 billion yen	

6. Impact of increased sales			} +32.0 billion yen
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7. Other			} -12.4 billion yen
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Operating Income by Reportable Segment

For Earth, For Life
Kubota

■ Operating income excluding specific items

(% shows OP margin)

(Billion yen)	Year ended Dec. 31, 2017			Year ended Dec. 31, 2016			Changes ①-④	Changes (Adjusted) ③-⑥	Changes in revenues
	Operating income ①	Specific items ②	Adjusted operating income ③=①-②	Operating income ④	Specific items ⑤	Adjusted operating income ⑥=④-⑤			
Machinery	13.8% 198.2	-1.6	13.9% 199.7	14.5% 185.0	-1.3	14.6% 186.3	+13.2	+13.4	+164.4
Water	9.2% 26.2	+0.5	9.0% 25.7	7.5% 22.2	-	7.5% 22.2	+4.1	+3.6	-8.4
Other	9.9% 2.9	-	9.9% 2.9	12.3% 3.6	-	12.3% 3.6	-0.8	-0.8	-0.6
Adjustment	-28.4	-0.4	-28.1	-22.0	-	-22.0	-6.4	-6.1	
Total	11.4% 198.8	-1.4	11.4% 200.3	11.8% 188.8	-1.3	11.9% 190.1	+10.0	+10.2	+155.4

Other Income (Expenses)

For Earth, For Life
Kubota

(Billion yen)	Year ended Dec. 31, 2017	Year ended Dec. 31, 2016	Changes
			Amount
Other income (expenses)	14.1	8.2	+5.9

(Details)

Interests and dividends	6.5	6.5	-0.1
Gain on sales of securities-net	8.4	6.8	+1.6
Foreign exchange gain (loss)-net	8.1	-3.6	+11.7
Other	-8.9	-1.6	-7.3
Valuation loss on derivatives	-8.5	-1.2	-7.3
Other-net	-0.4	-0.5	+0.0

} → **+4.4**

Income before income taxes

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(Billion yen)	Year ended Dec. 31, 2017		Year ended Dec. 31, 2016		Changes	
	Amount	%	Amount	%	Amount	%
Income before income taxes *	212.9	12.2	197.0	12.3	+15.9	8.1
Income taxes	69.9		56.5		-13.4	
(Effective tax rate)	(32.8%)		(28.7%)		(+4.1%)	
Equity in net income of affiliated companies	2.4		2.4		-0.1	
Net income	145.3	8.3	142.9	9.0	+2.5	1.7
Less: Net income attributable to non-controlling interests	8.9		10.4		+1.5	
Net income attributable to Kubota Corp.	136.4	7.8	132.5	8.3	+4.0	3.0

	Year ended Dec. 31, 2017	Year ended Dec. 31, 2016	Changes
Dividend (Per common share)	32 yen	30 yen	+2 yen
Payout ratio	29 %	28 %	+1 point
Retirement of own shares (Billion yen)	13.2	6.0	+7.2
Shareholder return ratio (Dividends and retirement of shares)	39 %	33 %	+6 point

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

Kubota Corp. retired 7,130,000 shares of common stock in December 2017.

Shareholder Return History

For Earth, For Life
Kubota

(Billion yen)	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015	Nine months ended Dec. 31, 2015	Year ended Dec. 31, 2016	Year ended Dec. 31, 2017	Changes	Total of last 4 years and 9 months
Net income attributable to Kubota Corp. (Per common share)	132.7 (105.74yen)	139.5 (111.68yen)	110.1 (88.47yen)	132.5 (106.58yen)	136.4 (110.30yen)	+ 4.0 (+3.72yen)	651.2
Total amount of dividend paid (Dividend per common share)	35.1 (28yen)	34.9 (28yen)	34.9 (28yen)	37.3 (30yen)	39.5 (32yen)	+ 2.3 (+ 2yen)	181.7
Retirement of own shares (Number of shares retired)	10.0 (6 mil. shares)	7.7 (4 mil. shares)	2.5 (1 mil. shares)	6.0 (4 mil. shares)	13.2 (7 mil. shares)	+ 7.2 (+ 3mil. shares)	39.4
Total shareholder return	45.1	42.6	37.4	43.3	52.7	+ 9.5	221.1
Payout ratio	26%	25%	32%	28%	29%	+ 1P	28%
Shareholder return ratio (Dividends and retirement of shares)	34%	31%	34%	33%	39%	+ 6P	34%

Dividend payout ratio:

30% as a target

Purchase and retirement of own shares*:

Carry out every year

Shareholder return ratio:

over 30%

* Continue share buy-backs and prompt retirement of treasury stock. The proceed from sales of assets such as equity securities, is appropriated to the resource of share buy-backs so as to control the balance of interest-bearing debt.

Balance Sheets (Assets)

For Earth, For Life
Kubota

(Billion yen)	As of Dec. 31, 2017	As of Dec. 31, 2016	Changes	Changes ex the effects of fluctuation in exchange
Current assets	1,615.5	1,563.1	+52.5	
Cash and cash equivalents	230.7	169.4	+61.3	
Trade notes and accounts receivable	648.2	632.8	+15.3	+14.0
Short-term finance receivables-net	264.7	244.2	+20.6	
Inventories	362.5	356.2	+6.3	-2.0
Other current assets	109.4	160.5	-51.1	
Investments and long-term finance receivables	753.2	677.5	+75.8	
Long-term finance receivables-net	578.2	508.3	+69.9	
Other	175.0	169.2	+5.9	
Property, plant, and equipment	334.2	314.2	+20.0	
Other assets	150.9	115.8	+35.1	
Total assets	2,853.9	2,670.6	+183.3	
Total finance receivables-net	842.9	752.5	+90.5	+90.0

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

U.S. dollar	113	116	-3
Euro	135	123	+12

Balance Sheets (Liabilities)

For Earth, For Life
Kubota

(Billion yen)	As of Dec. 31, 2017	As of Dec. 31, 2016	Changes	Changes ex the effects of fluctuation in exchange
Current liabilities	919.1	836.6	+82.5	
Short-term borrowings	182.5	193.9	-11.4	
Trade notes and accounts payable	286.1	255.9	+30.3	
Current portion of long-term debt	181.7	145.2	+36.5	
Other current liabilities	268.8	241.7	+27.1	
Long-term liabilities	549.4	562.0	-12.6	
Long-term debt	472.4	478.9	-6.5	
Accrued retirement and pension costs	12.8	12.1	+0.7	
Other long-term liabilities	64.2	71.1	-6.9	
Total liabilities	1,468.5	1,398.7	+69.8	
Total interest-bearing debt	836.6	818.0	+18.6	+17.0
Net debt equity ratio	0.47	0.54	-0.08	
Net debt equity ratio (ex financial services)	-0.14	-0.06	-0.08	

Balance Sheets (Equity)

For Earth, For Life


(Billion yen)	As of Dec. 31, 2017	As of Dec. 31, 2016	Changes
Kubota Corp. shareholders' equity	1,301.3	1,198.8	+102.6
Common stock	84.1	84.1	+0.0
Capital surplus	85.0	84.6	+0.4
Legal reserve	19.5	19.5	-
Retained earnings	1,046.2	961.4	+84.8
Accumulated other comprehensive income	66.6	49.3	+17.3
Foreign currency translation adjustments	31.4	26.0	+5.4
Unrealized gains on securities	55.4	49.6	+5.8
Pension liabilities adjustments	-20.1	-26.2	+6.1
Treasury stock, at cost	-0.2	-0.2	+0.0
Non-controlling interests	84.1	73.2	+10.9
Total equity	1,385.4	1,271.9	+113.5
Shareholders' equity to total assets	45.6%	44.9%	+0.7point

Return on Equity (ROE) History

(Billion yen)	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015	Nine months ended Dec. 31, 2015	Year ended Dec. 31, 2016	Year ended Dec. 31, 2017	Changes
Shareholder's equity	935.8	1,100.1	1,140.3	1,198.8	1,301.3	102.6
Net income attributable to Kubota Corp.	132.7	139.5	110.1	132.5	136.4	+4.0
Return on equity	15.3%	13.7%	-	11.3%	10.9%	-0.4point

< Reference (unaudited) >

(Billion yen)	Year ended Dec. 31, 2014 <small>(Jan. 2014 - Dec. 2014, unaudited)</small>	Year ended Dec. 31, 2015 <small>(Jan. 2015 - Dec. 2015, unaudited)</small>
Shareholder's equity	1,073.0	1,140.3
Net income attributable to Kubota Corp.	139.3	149.4
Return on equity	14.0%	13.5%

Cash Flow Statements

For Earth, For Life


(Billion yen)	Year ended Dec. 31, 2017	Year ended Dec. 31, 2016	Changes
Net cash provided by operating activities	222.3	185.0	+37.3
Net cash used in investing activities	-130.3	-167.5	+37.2
Purchases of fixed assets	-64.4	-56.1	-8.3
Other	-65.9	-111.4	+45.5
Net cash (used in) provided by financing activities	-32.6	11.4	-43.9
Effect of exchange rate changes on cash and cash equivalents	1.9	-5.7	+7.6
Net increase in cash and cash equivalents	61.3	23.1	+38.2
Free cash flow	157.9	128.8	+29.0

Balance Sheets

(Billion yen)	As of Dec. 31, 2017		As of Dec. 31, 2016	
	Financial services	Equipment operations	Financial services	Equipment operations
Total assets	1,021.1	1,779.2	938.5	1,809.7
Cash and cash equivalents	12.6	218.1	12.5	156.9
Trade notes and accounts receivable	29.1	619.8	29.8	603.7
Finance receivables	842.9	-	752.5	-
Inventories	-	362.5	-	356.2
Property, plant, and equipment	0.5	333.8	0.4	313.8
Other assets	136.0	245.0	143.3	379.0
Total liabilities	884.0	515.4	812.4	648.4
Interest-bearing debt	807.1	53.9	744.7	93.2
Other liabilities	76.9	461.5	67.7	555.2
Total equity	137.1	1,263.8	126.1	1,161.3

Statements of income (Financial Services)

(Billion yen)	Year ended Dec. 31, 2017		Year ended Dec. 31, 2016		Changes	
	Amount	%	Amount	%	Amount	%
Revenues	59.1		51.0		+8.1	+15.9
Operating income	24.7	41.7	20.5	40.3	+4.1	+20.1
Net income attributable to Kubota Corp.	12.5	21.1	13.3	26.2	-0.9	-6.6

Recent Developments In Machinery

Recent Developments in Machinery (North America)

U.S.

The market of tractors, construction machinery and engines is growing steadily along with favorable economy.

Tractors

Demand for compact tractors remains strong due to ongoing economic expansion. Demand for mid-scale tractors will recover in the 2nd half of 2018 due to increase in income of dairy farmers and livestock farmers. Sales of large-scale tractors remain stagnant due to low market prices of grains.

Const. Machinery

The market of construction machinery continues to expand due to strong housing and construction demand. Tax reform also boosts the demand. Wholesales of SSL also increase due to the expiration of a reactionary decline from the inventory replenishment in 2016.

Engines

Sales of engines remain strong along with steady demand for the construction machinery due to tax reform, and for the industrial machinery such as light towers by the recovery of oil and gas market.

■ YoY growth rate of retail sales units in the tractor market by horsepower ■ New privately owned housing units started (Seasonally adjusted annual rate)

		Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-June	Jan.-Dec.
2016	0-40hp	+26.1%	+7.1%	+9.6%	+14.0%	+12.7%	+12.1%
	40-120hp	-0.7%	-4.3%	-10.6%	-2.5%	-2.9%	-4.9%
	0-120hp	+14.9%	+3.5%	+2.3%	+7.4%	+7.3%	+6.0%
2017	0-40hp	+13.7%	+11.2%	-1.7%	+8.9%	+12.0%	+7.8%
	40-120hp	-4.0%	-1.4%	-4.0%	+2.4%	-2.5%	-1.6%
	0-120hp	+7.3%	+7.7%	-2.4%	+6.5%	+7.5%	+4.7%

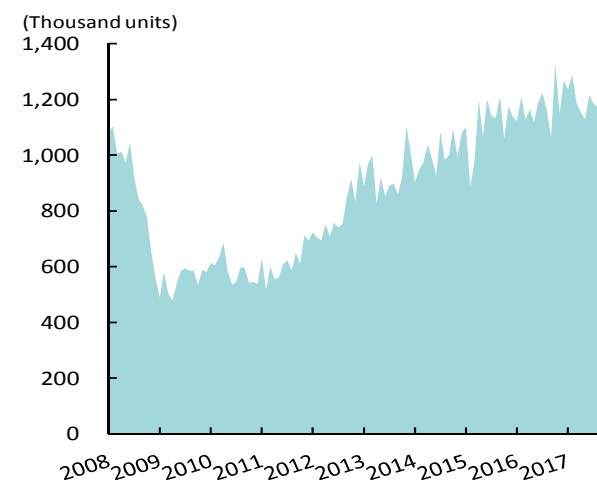
Source: AEM (Association of Equipment Manufacturers)

■ YoY growth rate of retail sales units in the mini-excavator market (0-8t)

	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-June	Jan.-Dec.
2016	+27.6%	+13.0%	+8.9%	+6.2%	+18.4%	+12.7%
2017	+12.2%	+12.4%	+12.0%	+19.4%	+12.3%	+14.0%

Source: AEM (Association of Equipment Manufacturers)

(Seasonally adjusted annual rate)



Source: U.S. Census Bureau

Recent Developments in Machinery (Europe)

Europe

The agricultural market recovers slowly.

The market of construction and industrial machinery remains strong due to expanded demand for the construction.

Tractors

Sales of compact tractors remain at mostly unchanged because the solid economic expansion compensates for the negative impact of austerity measures in the U.K. Demand for mid-scale tractors increases in France, Germany, Spain, and Eastern Europe due to the rise in the prices of agricultural products and the raw milk.

Implements

Gradual recovery of sales continues despite the negative impact of inclement weather in some regions.

Const. machinery

Demand has recovered to almost pre-Lehman Shock level, and the business sentiment has improved. Sales in France and Italy continue to grow due to expanded demand for housing and construction. Sales in Germany and the U.K remain at mostly unchanged because investment and replacement demand was already considerably high in 2017, while expansion in the construction work is expected.

Engines

Sales continue to grow along with strong demand for construction machinery and for industrial machinery. The rush demand before the new exhaust emissions regulations (Stage V) implemented in 2019 is also expected.

Recent Developments in Machinery (Asia)

Thailand

Market returns to normal condition due to improved rice prices and recovery from flood damages. Expect natural disaster will calm down. Neighboring countries expect to get back on the growth path.

Tractors, Combines

Sales for rice cropping-market increase due to improved buyer's motive caused by recovery from flood damages. Rice prices start to recover from stagnation due to decreased government rice inventories and strong rice exports. As for dry-field crop-market, sales for sugar cane-market continue to be strong due to positive information, such as plans for establishing sugar factories. We try to grow the business related to dry-field crop by products developed by local R&D center and implement.

Const. machinery

Demand for CE continues to be strong due to lacked labors for construction in urban areas. Competition get intensified due to the market entry of the competitors along with the growth of the market.

Exports to neighboring countries

<Cambodia>

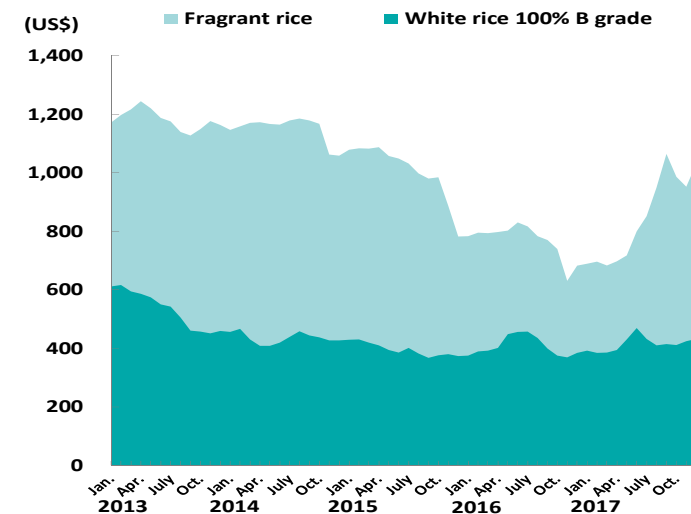
Demand for tractors continue to expand due to lacked labors. Transition from power tillers to tractors also continue.

Sales of combine harvesters increase due to steady demand for renewal.

<Myanmar>

Demand expands due to labor shortage in rural areas and mechanization.

■ Export price of Thai rice (US\$/t)



Source: USDA, Thai Rice Exporters Association

Recent Developments in Machinery (Asia)

China

Budgeted government subsidies is expected to be the same or lower than FY 2017. Demand for machinery with high performance and high efficiency increases due to decreased subsidies per product.

Tractors

We promote to sell products manufactured by local subsidiaries. Demand continues to move to larger tractors due to decreased subsidies and increased demand for tractors with high efficiency.

Combines

Demand continue to move to products with highly functional products and larger products due to decreased subsidies. We promote sales of wheel drive combines, such as corn combines, whose mechanization rate is relatively lower than other products, along with improving market share of crawler combine harvesters.

Rice transplanters

Market volume is expected to decrease due to adverse reaction from increased market in 2017, caused by crop conversion from corn to rice-cropping. We promote sales of rice transplanters with multi function answering the need for less fertilizer and pesticide usage.

Const. machinery

Sales increase due to One Belt and One Road initiative, strong demand for city infrastructure construction, and shortage of labors.

■ Budgeted government subsidies for purchase of agricultural equipment

(Billion RMB)		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Subsidies	1st stage	-	-	-	-	11.0	13.0	20.0	17.0	21.0	22.8	18.6
	Full year	2.0	4.0	13.0	15.5	17.5	21.5	21.8	23.8	23.8	23.7	18.6

Recent Developments in Machinery (Japan)

Japan

Government subsidies for rice farmers has been eliminated and subsidies for promoting utilization of paddy field will increase. Farmers are facing difficult situation due to aging of population and concerns of decrease in future demand for rice. Demand for construction will expand due to increased construction of infrastructures in urban areas.

Farm machinery

Sales remain at almost the same level because strong sales of large or highly functional products compensate for decreased sales for small size farmers. We promote to stimulate market needs for low cost and economic farming, and high value added products.

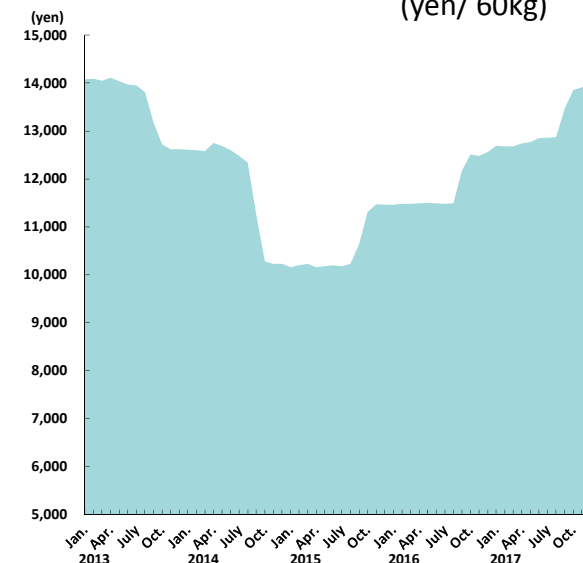
Const. machinery

Sales increase due to returns to normal conditions from concentrated demand for large CE caused by emissions regulations in 2017 and continuing strong demand for construction.

Engines

Sales of small-sized engines increase because investment in machinery by rental providers moves to small machinery compared with prior year. Inventory control by OEM clients, which was related to emissions regulations overseas, returns to normal.

■ Producers' price of Japanese rice (yen/ 60kg)



Source: Ministry of Agriculture, Forestry and Fisheries

Forecast

Voluntary Adoption of IFRS

Kubota Corp. has decided to voluntarily adopt IFRS from the 1st quarter of the fiscal year ending December 31, 2018.

■ The impact on the financial results from the transition to IFRS (Billion yen)

Year ended Dec. 31, 2017 (Actual)					
U.S. GAAP		IFRS [reference] *		Changes	Main reconciliation items
Revenues	1,751.5	Revenues	1,751.5	-0.1	
Domestic	564.2	Domestic	564.2	-	
Overseas	1,187.3	Overseas	1,187.3	-0.1	
Operating income	11.4% 198.8	Operating profit	11.4% 200.5	+1.7	Capitalization of R&D expenses +4.8, Retirement benefit costs -2.1
Income before income taxes *	12.2% 212.9	Profit before income taxes	12.3% 214.6	+1.7	same as above
Net income attributable to Kubota Corp.	7.8% 136.4	Profit attributable to owners of the parent	7.7% 134.6	-1.9	Increase in income taxes, including the effect of corporate tax cut in U.S. -3.4

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

* The financial results for the year ended December 31, 2017 are approximate values tentatively calculated in February 2018, and subject to change depending on the accounting audit results.

Voluntary Adoption of IFRS

- The impact on the financial results for the six months ended June 30, 2017 from the transition to IFRS (Billion yen)

Six months ended June 30, 2017 (Actual)					
U.S. GAAP		IFRS [reference] *		Changes	Main reconciliation items
Revenues	846.0	Revenues	851.3	+5.3	
Domestic	280.6	Domestic	280.6	-	
Overseas	565.4	Overseas	570.7	+5.3	Sales incentives +5.3
Operating income	100.6	Operating profit	101.6	+1.0	Sales incentives +5.3, Capitalization of R&D expenses +2.1, Retirement benefit costs -1.0, Levies -2.0, Allocation of sales expenses -1.9, Reclassification of foreign exchange gain (loss) -1.6
Income before income taxes *	107.6	Profit before income taxes	110.1	+2.5	same as above excluding reclassification foreign exchange gain (loss)
Net income attributable to Kubota Corp.	70.4	Profit attributable to owners of the parent	72.0	+1.5	

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

* The financial results for the six months ended June 30, 2017 are approximate values tentatively calculated in February 2018, and subject to change depending on the accounting audit results.

Anticipated Operating Results

For Earth, For Life
Kubota

(Billion yen)	Year ending Dec. 31, 2018 (Forecast, IFRS)	Year ended Dec. 31, 2017 Actual, IFRS [reference]*	Changes		Six months ending June 30, 2018 (Forecast)
			Amount	%	
Revenues	1,820.0	1,751.5	+68.5	+3.9	920.0
Domestic	575.0	564.2	+10.8	+1.9	283.0
Overseas	1,245.0	1,187.3	+57.7	+4.9	637.0
Operating profit	11.7% 213.0	11.4% 200.5	+12.5	+6.2	11.8% 109.0
Profit before income taxes	12.0% 219.0	11.8% 206.2	+12.8	+6.2	12.2% 112.0
Profit attributable to owners of the parent	8.3% 151.0	7.4% 128.7	+22.3	+17.3	8.4% 77.0

*The financial results for the year ended December 31, 2017 are approximate values tentatively calculated in February 2018, and subject to change depending on the accounting audit results. Furthermore, Kubota Corp. has adopted IFRS 9 since the fiscal year ending Dec. 31, 2018. The financial results for the year ended December 31, 2017 on the above sheet are presented excluding gain on sales of securities-net in order to compare under the same conditions.

Anticipated Revenues by Reportable Segment

For Earth, For Life


(Billion yen)	Year ending Dec. 31, 2018 (Forecast, IFRS)	Year ended Dec. 31, 2017 Actual, IFRS [reference]*	Changes	
			Amount	%
Machinery	1,497.0	1,436.5	+60.5	+4.2
Domestic	297.0	294.5	+2.5	+0.8
Overseas	1,200.0	1,142.0	+58.0	+5.1
Water	295.0	286.1	+8.9	+3.1
Domestic	250.0	241.1	+8.9	+3.7
Overseas	45.0	45.0	-	-
Other	28.0	28.9	-0.9	-3.1
Domestic	28.0	28.6	-0.6	-2.1
Overseas	-	0.3	-0.3	-100.0
Total revenues	1,820.0	1,751.5	+68.5	+3.9
Domestic revenues	575.0	564.2	+10.8	+1.9
Overseas revenues	1,245.0	1,187.3	+57.7	+4.9

For reference: Changes excluding the effects of fluctuation in exchange [-2.0 billion yen]
 >Overseas revenues in Machinery are forecast to increase by 5%. Total overseas revenues are forecast to increase by 5%.

* The financial results for the year ended December 31, 2017 are approximate values tentatively calculated in February 2018, and subject to change depending on the accounting audit results.

Anticipated Operating Profit

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(Billion yen)	Year ending Dec. 31, 2018 (Forecast, IFRS)		Year ended Dec. 31, 2017 (Actual, IFRS [reference]*)		Changes	
	Amount	%	Amount	%	Amount	%
Operating profit	213.0	11.7	200.5	11.4	+12.5	+6.2

Factors affecting operating profit (YoY change +12.5 billion yen)

1. Fluctuation in exchange rates	US\$ (112→110) Euro (127→130) Other currencies	-1.0 billion yen +6.0 billion yen +2.0 billion yen	+7.0 billion yen
2. Material	Machinery Water	±0.0 billion yen -4.0 billion yen	-4.0 billion yen
3. Change in Sales incentive ratio	U.S. : -3.5 billion yen, China: -2.0 billion yen etc.		-5.5 billion yen
4. Personnel expenses (Excluding GPM)	Cost of goods sold SG&A expenses	±0.0 billion yen -4.0 billion yen	-4.0 billion yen
5. Specific items	Claim payments related to the hurricanes in U.S. (in prior year)	+0.7 billion yen	+0.7 billion yen
6. Impact of increased sales			+25.0 billion yen
7. Other			-6.7 billion yen

*The financial results for the year ended December 31, 2017 are approximate values tentatively calculated in February 2018, and subject to change depending on the accounting audit results.

Anticipated Operating Profit by Reportable Segment

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Kubota

■ Anticipated operating profit excluding specific items

(% shows OP margin)

(Billion yen)	Year ending Dec. 31, 2018 (Forecast)			Year ended Dec. 31, 2017 (Actual, IFRS [reference]*)			Changes ①-④	Changes (Adjusted) ③-⑥	Changes in revenues
	Operating profit ①	Specific items ②	Adjusted operating profit ③=①-②	Operating profit ④	Specific items ⑤	Adjusted operating profit ⑥=④-⑤			
Machinery	14.7% 220.0	-	14.7% 220.0	13.9% 200.4	-0.7	14.0% 201.1	+19.6	+18.9	+60.5
Water	8.1% 24.0	-	8.1% 24.0	8.9% 25.3	-	8.9% 25.3	-1.3	-1.3	+8.9
Other	7.1% 2.0	-	7.1% 2.0	10.4% 3.0	-	10.4% 3.0	-1.0	-1.0	-0.9
Adjustment	-33.0	-	-33.0	-28.2	-	-28.2	-4.8	-4.8	
Total	11.7% 213.0	-	11.7% 213.0	11.4% 200.5	-0.7	11.5% 201.2	+12.5	+11.8	+68.5

* The financial results for the year ended December 31, 2017 are approximate values tentatively calculated in February 2018, and subject to change depending on the accounting audit results.

Exchange Rate, CAPEX, Depreciation and R&D Expenses

■ Anticipated foreign exchange rate

		Year ending Dec. 31, 2018 (Forecast)	Year ended Dec. 31, 2017 (Actual)	Year ended Dec. 31, 2016 (Actual)
¥/US\$	1st Half (Jan.-June)	110	112	112
	2nd half (July-Dec.)	110	112	106
	Full year average (Jan.-Dec.)	110	112	109
¥/Euro	1st Half (Jan.-June)	130	122	125
	2nd half (July-Dec.)	130	132	116
	Full year average (Jan.-Dec.)	130	127	120

■ CAPEX, Depreciation and R&D expenses

(Billion yen)	Year ending Dec. 31, 2018 Forecast, IFRS	Year ended Dec. 31, 2017		Year ended Dec. 31, 2016 Actual, U.S. GAAP
		Actual, IFRS [reference]*	Actual, U.S. GAAP	
Capital expenditures	70.0	52.2	52.2	65.4
Depreciation and amortization	53.0	46.0	45.3	43.4
R&D expenses	48.0	43.4	48.1	43.0

* The financial results for the year ended December 31, 2017 are approximate values tentatively calculated at this time in February 2018, and subject to change depending on the accounting audit results.

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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