

Financial Results for the three months ended March 31, 2019



May 10, 2019

Financial Summary

For Earth, For Life


(Unit: billions of yen)	Three months ended Mar. 31, 2019	Three months ended Mar. 31, 2018	Changes	
			Amount	%
Revenue	480.7	428.6	+52.1	+12.2
Domestic	155.9	149.3	+6.6	+4.4
Overseas	324.8	279.3	+45.5	+16.3
Operating profit	11.0% 52.9	10.2% 43.9	+9.0	+20.5
Profit before income taxes	11.3% 54.2	10.5% 45.0	+9.1	+20.3
Profit attributable to owners of the parent	7.8% 37.3	7.0% 29.9	+7.4	+24.8

(Unit: billions of yen)	As of Mar. 31, 2019	As of Dec. 31, 2018	Changes	
			Amount	%
Total assets	3,038.3	2,895.7	+142.7	+4.9
Equity attributable to owners of the parent	1,365.8	1,339.9	+25.9	+1.9

(For reference: Changes excluding the effects of fluctuation in exchange [-4.0 billion yen]
 >Overseas revenue in Machinery increased by 19%. Total overseas revenue increased by 18%.)

Revenue by Reportable Segment (Year-on-Year)

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Kubota

Machinery: +50.6 billion yen (Domestic: +3.5, Overseas: +47.1)

Japan

Sales of farm equipment, such as tractors and rice transplanters, increased mainly due to newly introduced products. Sales of construction machinery (hereinafter, CE) increased due to solid demand for construction. Sales of engines increased due to continuing high demand for CE and industrial machinery.

North America

Sales of tractors significantly increased due to restocking by dealers for their preparation of high demand seasons in addition to strong demand in response to favorable economic conditions.
Sales of CE significantly increased due to gradual expansion of demand and restocking by dealers.

Europe

Sales of tractors increased due to adverse reaction from delayed high demand seasons in the prior year resulting from low temperature during the spring and delayed introduction of new products in the prior year.
Sales of CE slightly decreased due to restocking by dealers in the prior year, while demand for CE continued to be solid mainly in Germany.
Sales of engines increased due to continuing strong demand in CE and industrial machinery market.

Asia

In Thailand, sales of tractors increased in response to highly stable prices of rice and cassava.
In China, market of farm equipment continued to be stagnant, and sales of combine harvesters and rice transplanters significantly decreased. Sales of CE decreased in value terms, while sales of that in volume terms increased mainly in small-sized machinery.

Water: +1.2 billion yen (Domestic: +2.9, Overseas: -1.7)

Operating Profit

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Kubota

(Unit: billions of yen)	Three months ended Mar. 31, 2019		Three months ended Mar. 31, 2018		Changes	
	Amount	%	Amount	%	Amount	%
Operating profit	52.9	11.0	43.9	10.2	+9.0	+20.5

Factors affecting operating profit (YoY change +9.0 billion yen)

1. Fluctuation in exchange rates	US\$ (108→110 *1) Euro (133→125 *1) Other currencies	0 billion yen -1.0 billion yen -1.0 billion yen	} -2.0 billion yen
2. Foreign exchange gain/loss		+4.5 billion yen	
3. Material	Machinery Water	-2.5 billion yen -0.5 billion yen	} -3.0 billion yen
4. Change in sales incentive ratio	North America : +4.1 billion yen etc.	+3.2 billion yen	
5. Impact of increased sales		+14.5 billion yen	
6. Sales price increase		+1.0 billion yen	
7. Other		-9.2 billion yen	

*1: Exchange rates, which affected profit of exported products from Japan in consideration of the period of transportation and inventory, were as follows: US\$:113→113 Euro:133→129

Anticipated Operating Results

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The forecast for full year and six months in 2019 remained unchanged from the previous announcement on Feb. 14, 2019.

(Unit: billions of yen)	Year ending Dec. 31, 2019 (Forecast)	Year ended Dec. 31, 2018 (Actual)	Changes		Six months ending June 30, 2019 (Forecast)
			Amount	%	
Revenue	1,970.0	1,850.3	+119.7	+6.5	995.0
Domestic	626.0	577.3	+48.7	+8.4	313.0
Overseas	1,344.0	1,273.0	+71.0	+5.6	682.0
Operating profit	10.2% 200.0	10.2% 189.3	+10.7	+5.6	10.3% 102.0
Profit before income taxes**	10.6% 208.0	10.7% 197.2	+10.8	+5.5	10.7% 106.0
Profit attributable to owners of the parent	7.4% 145.0	7.5% 138.6	+6.4	+4.6	7.3% 73.0

For reference: Changes excluding the effects of fluctuation in exchange [-47.0 billion yen]
 >Overseas revenue in Machinery are forecast to increase by 9%. Total overseas revenue are forecast to increase by 9%.

Exchange Rate

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		Year ending Dec. 31, 2019		Year ended Dec. 31, 2018
		(Forecast)	(Actual)	(Actual)
¥/US\$	1st Quarter (Jan.-Mar.)	-	110	108
	1st Half (Jan.-Jun.)	108	-	109
	2nd half (Jul.-Dec.)	108	-	112
	Full year average (Jan.-Dec.)	108	-	110
¥/Euro	1st Quarter (Jan.-Mar.)	-	125	133
	1st Half (Jan.-Jun.)	122	-	132
	2nd half (Jul.-Dec.)	122	-	129
	Full year average (Jan.-Dec.)	122	-	130
¥/US\$	1st Quarter End (Mar.)	-	111	106
	2nd Quarter End (Jun.)	108	-	111
	4th Quarter End (Dec.)	108	-	111
¥/Euro	1st Quarter End (Mar.)	-	125	131
	2nd Quarter End (Jun.)	122	-	128
	4th Quarter End (Dec.)	122	-	127

Accompanying Materials

Reference Data (The United States)

■ YoY growth rate of retail sales units in the tractor market by horsepower

		Jan.-Mar.	Apr.-June	Jul.-Sep.	Oct.-Dec.	Jan.-Jun.	Jan.-Dec.
2018	0-40hp	+1.6%	+11.6%	+13.1%	+7.3%	+8.3%	+9.2%
	40-120hp	-2.1%	+6.5%	-0.1%	+2.4%	+3.0%	+2.1%
	0-120hp	+0.4%	+10.3%	+8.7%	+5.5%	+6.8%	+7.0%
2019	0-40hp	+9.6%	-	-	-	-	-
	40-120hp	-1.0%	-	-	-	-	-
	0-120hp	+6.2%	-	-	-	-	-

Source: AEM (Association of Equipment Manufacturers)

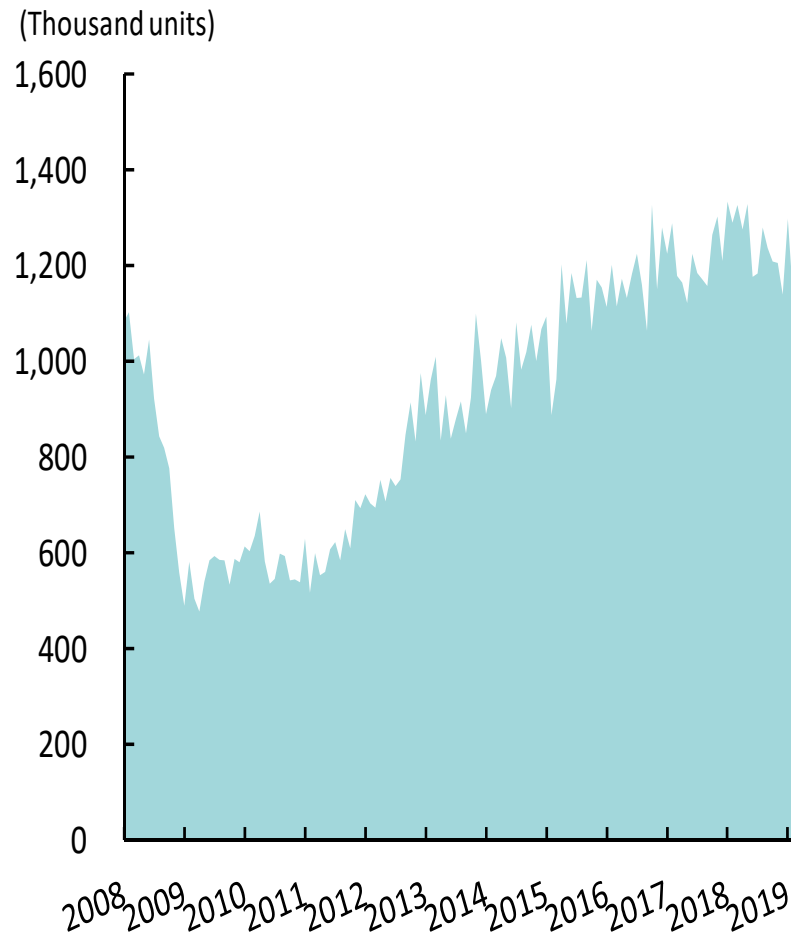
■ YoY growth rate of retail sales units in the mini-excavator market (0-8t)

		Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Jun.	Jan.-Dec.
2018		+5.9%	+15.3%	+14.1%	+0.8%	+11.6%	+9.3%
2019		+2.7%	-	-	-	-	-

Source: AEM (Association of Equipment Manufacturers)

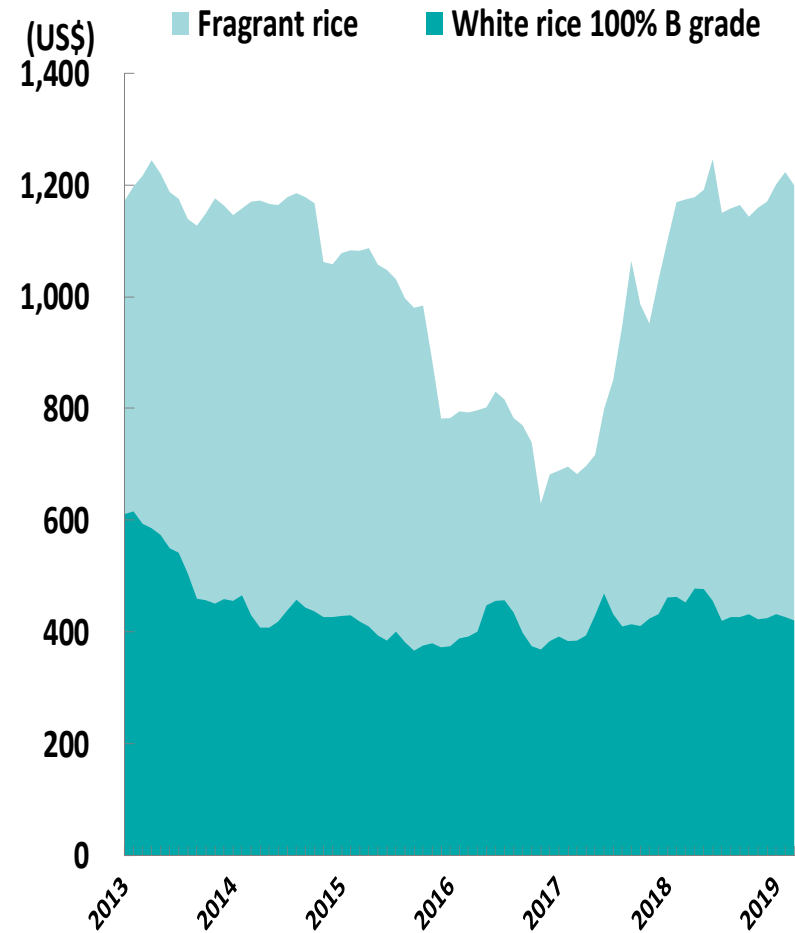
Reference Data (The United States and Thailand)

■ New privately owned housing units started in the U.S. (Seasonally adjusted annual rate)



Source: U.S. Census Bureau

■ Export price of Thai rice (US\$/t)



Source: USDA, Thai Rice Exporters Association

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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