

# Financial Results

for the nine months ended December 31, 2015



**Shigeru Kimura**

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

**February 22, 2016**

## 1. Change in fiscal year-end

Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015.

For this reason, the results of operations for the nine months ended December 31, 2015 are compared with the results for the same period in the prior year that commenced on April 1, 2014 and ended on December 31, 2014. The forecast results of operations for the year ending December 31, 2016 are compared with the results of operations for the same period in the prior year (unaudited), which is the 12-month period that commenced on January 1, 2015 and ended on December 31, 2015.

## 2. Alignment of reporting period of subsidiaries

Certain subsidiaries aligned their reporting periods, which were previously consolidated using their own reporting periods, to that of Kubota Corporation. To reflect the impact of these changes, Kubota Corporation has retrospectively adjusted its consolidated financial statements for the prior year.

(Billion yen)	Nine months ended Dec.31, 2014 (After adjustment)	Nine months ended Dec.31, 2014 (Before adjustment)	Year ended Mar. 31, 2015 (After adjustment)	Year ended Mar. 31, 2015 (Before adjustment)
	Amount	Amount	Amount	Amount
<b>Revenues</b>	<b>1,140.4</b>	<b>1,144.7</b>	<b>1,584.3</b>	<b>1,586.9</b>
<b>Operating income</b>	12.9% <b>147.1</b>	13.0% <b>149.3</b>	12.8% <b>203.1</b>	12.9% <b>204.1</b>
<b>Net income attributable to Kubota Corp.</b>	8.8% <b>100.3</b>	8.9% <b>101.4</b>	8.8% <b>139.5</b>	8.8% <b>140.0</b>



# Financial Summary

(Billion yen)	Nine months ended Dec. 31, 2015 (Apr. 2015 - Dec. 2015)	Same period last year (Apr. 2014 - Dec. 2014)	Changes		Variance from forecast (Nov. 2015)	
	Amount	Amount	Amount	%	Amount	%
<b>Revenues</b>	<b>1,244.8</b>	<b>1,140.4</b>	<b>+104.4</b>	<b>+9.2</b>	<b>-5.2</b>	<b>-0.4</b>
Domestic	401.9	382.7	+19.2	+5.0	+1.9	+0.5
Overseas	842.9	757.7	+85.2	+11.2	-7.1	-0.8
<b>Operating income</b>	13.4% <b>166.9</b>	12.9% <b>147.1</b>	<b>+19.8</b>	<b>+13.4</b>	<b>-6.1</b>	<b>-3.5</b>
Net income attributable to Kubota Corp.	8.8% <b>110.1</b>	8.8% <b>100.3</b>	<b>+9.8</b>	<b>+9.8</b>	<b>-4.9</b>	<b>-4.3</b>

(Billion yen)	As of Dec. 31, 2015	As of Mar. 31, 2015	Changes	
	Amount	Amount	Amount	%
<b>Total assets</b>	<b>2,533.0</b>	<b>2,472.3</b>	<b>+60.7</b>	<b>+2.5</b>
<b>Shareholders' equity</b>	<b>1,140.3</b>	<b>1,100.1</b>	<b>+40.2</b>	<b>+3.7</b>



# Revenues by Reporting Segment

(Billion yen)	Nine month ended Dec. 31, 2015 (Apr. 2015 - Dec. 2015)	Same period last year (Apr. 2015 - Dec. 2015)	Changes	
			Amount	%
<b>Farm &amp; Industrial Machinery (Machinery)</b>	<b>1,020.3</b>	<b>922.5</b>	<b>+97.8</b>	<b>+10.6</b>
Domestic	225.3	209.1	+16.2	+7.7
Overseas	795.0	713.4	+81.6	+11.4
<b>Water &amp; Environment (Water)</b>	<b>203.7</b>	<b>198.0</b>	<b>+5.8</b>	<b>+2.9</b>
Domestic	156.2	154.2	+2.0	+1.3
Overseas	47.5	43.8	+3.8	+8.6
<b>Other</b>	<b>20.7</b>	<b>20.0</b>	<b>+0.8</b>	<b>+3.8</b>
Domestic	20.4	19.4	+1.0	+4.9
Overseas	0.4	0.6	-0.2	-34.4
<b>Total revenues</b>	<b>1,244.8</b>	<b>1,140.4</b>	<b>+104.4</b>	<b>+9.2</b>
<b>Domestic revenues</b>	<b>401.9</b>	<b>382.7</b>	<b>+19.2</b>	<b>+5.0</b>
<b>Overseas revenues</b>	<b>842.9</b>	<b>757.7</b>	<b>+85.2</b>	<b>+11.2</b>

[For reference: Changes excluding the effects of fluctuation in exchange]

Overseas revenues increased 4%.

Total revenues increased 5%.



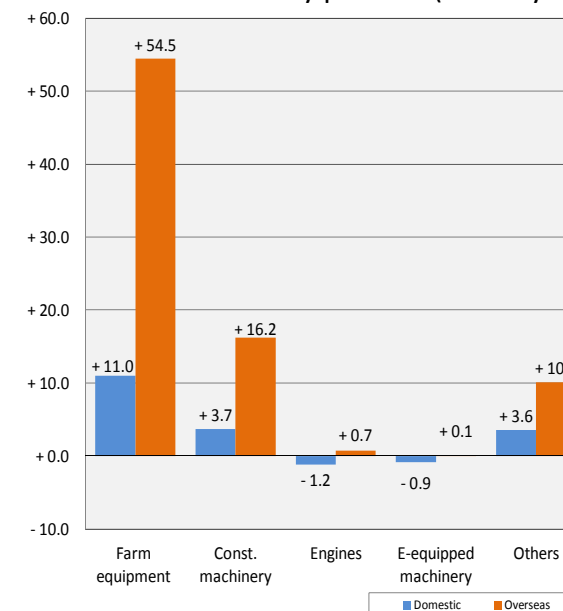
# Revenues by Reporting Segment (Year on Year)

► Machinery: +97.8 billion yen (Domestic: +16.2, Overseas: +81.6)

◇ Domestic: Sales of farm machinery increased due to an adverse reaction to the decline in the prior year, caused by Japan's consumption tax hike, and sales promotion activities timed to coincide with the revisions in emission regulations. Sales of construction machinery also increased due to revisions in emission regulations and preferential taxation systems.

◇ Overseas: Sales of tractors and construction machinery increased in North America and Europe. Sales of combine harvesters in China and Southeast Asia increased significantly. Sales of engines remained at almost the same level. Sales of tractors and engines decreased in Thailand.

Increased revenues by product (Billion yen)



► Water: +5.8 billion yen (Domestic: +2.0, Overseas: +3.8)

◇ Domestic: Revenues from pipe-related products decreased slightly. Revenues from environment-related products and social infrastructure-related products increased.

◇ Overseas: Revenues from pipe-related products increased sharply mainly due to sales expansion of iron pipes in the Middle East. Revenues from environment-related products also increased. While, industrial castings decreased.

► Other: +0.8 billion yen (Domestic: +1.0, Overseas: -0.2)

◇ Domestic revenues increased. Overseas revenues decreased.



# Operating Income

(Billion yen)	Nine months ended Dec. 31, 2015 (Apr. 2015 - Dec. 2015)		Same period last year (Apr. 2014 - Dec. 2014)		Changes	
	Amount	%	Amount	%	Amount	%
	<b>Operating income</b>	<b>166.9</b>	13.4	<b>147.1</b>	12.9	<b>+19.8</b>

## Factors affecting operating income (YoY Change +19.8 Billion yen)

<b>1. Fluctuation in exchange rates</b>	US\$ (107→122) Euro (140→134) Other currencies	+23.0 billion yen -2.0 billion yen +1.0 billion yen	+22.0 billion yen
<b>2. Material costs</b>	Machinery Water	+2.0 billion yen +1.5 billion yen	+3.5 billion yen
<b>3. Personnel expenses</b>	Cost of goods sold SG&A expenses	+0.6 billion yen -2.8 billion yen	-2.2 billion yen
<b>4. Sales incentive ratio growth</b>			-6.9 billion yen
<b>5. Non-recurring items</b>			
Japan, impairment of idle land		-1.9 billion yen	-3.7 billion yen
Japan, impairment loss on assets held by vending machine business		-1.4 billion yen	
Decrease of deferred sales expenses of Water segment in relation to the change in fiscal year-end (3.4 billion yen → 0.0 billion yen)		-3.4 billion yen	
China, sales incentive payment related to suspension of subsidies (in previous year)		+5.0 billion yen	
Indonesia, gain on sales of land (in previous year)		-2.0 billion yen	
<b>6. Other factors</b>			+7.1 billion yen

# Operating Income by Reporting Segment

## Operating income excluding non-recurring items

(% shows OP margin)

(Billion yen)	Nine months ended Dec. 31, 2015 (Apr. 2015 - Dec. 2015)			Same period last year (Apr. 2014 - Dec. 2014)			Changes ①-④	Changes (Adjusted) ③-⑥	Changes in revenues
	Operating income ①	Non- recurring items ②	Adjusted operating income ③=①-②	Operating income ④	Non- recurring items ⑤	Adjusted Operating income ⑥=④-⑤			
Machinery	17.2% <b>175.0</b>	<b>-1.4</b>	17.3% <b>176.4</b>	15.8% <b>145.6</b>	<b>-3.0</b>	16.1% <b>148.6</b>	<b>+29.4</b>	<b>+27.8</b>	<b>+97.8</b>
Water	5.3% <b>10.9</b>	<b>-3.4</b>	7.0% <b>14.3</b>	7.6% <b>15.0</b>	-	7.6% <b>15.0</b>	<b>-4.1</b>	<b>-0.7</b>	<b>+5.8</b>
Other	8.3% <b>1.7</b>	-	8.3% <b>1.7</b>	9.0% <b>1.8</b>	-	9.0% <b>1.8</b>	<b>-0.1</b>	<b>-0.1</b>	<b>+0.8</b>
Adjustment	<b>-20.8</b>	<b>-1.9</b>	<b>-18.9</b>	<b>-15.3</b>	-	<b>-15.3</b>	<b>-5.5</b>	<b>-3.6</b>	
Total	13.4% <b>166.9</b>	<b>-6.7</b>	13.9% <b>173.5</b>	12.9% <b>147.1</b>	<b>-3.0</b>	13.2% <b>150.1</b>	<b>+19.8</b>	<b>+23.4</b>	<b>+104.4</b>



# Other Income (Expenses)

(Billion yen)	Nine months ended Dec. 31, 2015 (Apr. 2015 - Dec. 2015)	Same period last year (Apr. 2014 - Dec. 2014)	Changes
	Amount	Amount	Amount
Other income (expenses)	2.6	9.1	-6.5



## (Details)

Interests and dividends	5.1	3.5	+1.6
Gain on sales of securities-net	1.6	0.7	+0.9
Foreign exchange gain (loss)-net	-11.9	6.5	-18.4
Other	7.9	-1.6	+9.5
Valuation gain (loss) on derivatives	8.1	-1.3	+9.5
Other-net	-0.2	-0.2	+0.0

-8.9





# Taxable Income/ Net Income

(Billion yen)	Nine months ended Dec. 31, 2015 (Apr. 2015 - Dec. 2015)		Same period last year (Apr. 2014 - Dec. 2014)		Changes	
	Amount	%	Amount	%	Amount	%
<b>Taxable income (*)</b>	<b>169.5</b>	13.6	<b>156.2</b>	13.7	<b>+13.3</b>	+8.5
<b>Income taxes</b>	<b>54.3</b>		<b>48.9</b>		<b>-5.4</b>	
<b>(Effective tax rate)</b>	<b>(32.0%)</b>		<b>(31.3%)</b>			
Equity in net income of affiliated companies	<b>2.0</b>		<b>1.8</b>		<b>+0.2</b>	
<b>Net income</b>	<b>117.3</b>	9.4	<b>109.1</b>	9.6	<b>+8.1</b>	+7.5
Less: Net income attributable to non-controlling interests	<b>7.1</b>		<b>8.8</b>		<b>+1.7</b>	
<b>Net income attributable to Kubota Corp.</b>	<b>110.1</b>	8.8	<b>100.3</b>	8.8	<b>+9.8</b>	+9.8

	Nine months ended Dec. 31, 2015	Year ended Mar. 31, 2015	Changes
<b>Dividend</b> (per common share)	<b>28 yen</b>	<b>28 yen</b>	<b>±0 yen</b>
<b>Payout ratio</b>	<b>32%</b>	<b>25%</b>	<b>+7point</b>
<b>Retirement of own shares</b> (Billion yen)	<b>2.5</b>	<b>7.7</b>	<b>-5.2</b>
<b>Shareholder return ratio</b> (Dividends and retirement of shares)	<b>34%</b>	<b>31%</b>	<b>+3point</b>

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



# Shareholder Return History

(Billion yen)	Year ended Mar. 31, 2012	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015	Nine months ended Dec. 31, 2015	Changes	Total of last 5 years
Net income attributable to Kubota Corp.	62.1	77.8	132.7	139.5	110.1	-	522.1
Dividend (per commons share)	15yen	17yen	28yen	28yen	28yen	±0yen	
Total amount of dividend paid	18.8	21.4	35.1	34.9	34.9	-0.1	145.1
Payout ratio	30%	27%	26%	25%	32%	+7point	28%
Retirement of own shares (million shares)	-	29.5	6.2	4.0	1.3	-2.7	41.0
Retirement of own shares (Billion yen)	-	19.2	10.0	7.7	2.5	-5.2	39.4
Shareholder return ratio (Dividends and retirement of shares)	30%	52%	34%	31%	34%	+3point	35%



# Balance Sheets (Assets)

(Billion yen)	As of Dec. 31, 2015	As of Mar. 31, 2015	Changes	Changes ex the effects of fluctuation in exchange
<b>Current assets</b>	<b>1,490.8</b>	<b>1,442.6</b>	<b>+48.3</b>	
Cash and cash equivalents	146.3	112.4	+33.9	
Notes and accounts receivable	627.6	682.0	-54.4	-49.0
Short-term finance receivables-net	224.1	206.8	+17.3	
Inventories	356.4	336.8	+19.6	+24.0
Other current assets	136.4	104.5	+31.9	
Investments and long-term finance receivables	648.5	621.9	+26.6	
Long-term finance receivables-net	482.5	441.1	+41.4	
Other	166.1	180.8	-14.7	
Property, plant, and equipment	285.9	295.2	-9.4	
Other assets	107.8	112.5	-4.8	
<b>Total assets</b>	<b>2,533.0</b>	<b>2,472.3</b>	<b>+60.7</b>	
<b>Total finance receivables-net</b>	<b>706.5</b>	<b>647.9</b>	<b>+58.7</b>	<b>+78.0</b>

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

U.S. dollar	121	120	+1
Euro	132	130	+2



# Balance Sheets (Liabilities)

(Billion yen)	As of Dec. 31, 2015	As of Mar. 31, 2015	Changes
<b>Current liabilities</b>	<b>807.9</b>	<b>727.7</b>	<b>+80.2</b>
Short-term borrowings	186.2	158.9	+27.3
Notes and accounts payable	260.3	229.6	+30.8
Current portion of long-term debt	158.1	126.7	+31.4
Other current liabilities	203.2	212.5	-9.3
<b>Long-term liabilities</b>	<b>506.5</b>	<b>566.1</b>	<b>-59.6</b>
Long-term debt	424.4	479.6	-55.2
Accrued retirement and pension costs	12.1	12.6	-0.5
Other long-term liabilities	69.9	73.9	-3.9
<b>Total liabilities</b>	<b>1,314.4</b>	<b>1,293.8</b>	<b>+20.7</b>
<b>Total interest-bearing debt</b>	<b>768.8</b>	<b>765.2</b>	<b>+3.5</b>
<b>Net debt equity ratio</b>	<b>0.55</b>	<b>0.59</b>	<b>-0.05</b>
<b>Net debt equity ratio (ex financial services)</b>	<b>-0.03</b>		

Changes ex  
the effects of  
fluctuation in  
exchange

+19.0



# Balance Sheets (Financial services)

<Reference (unaudited)>

(Billion yen)	As of Dec. 31, 2015	
	Financial services	Equipment operations
Cash and cash equivalents	16.2	130.1
Notes and accounts receivable	34.1	594.2
Finance receivables	706.5	-
Inventories	-	356.4
Property, plant, and equipment	0.3	285.5
Other assets	128.1	355.4
<b>Total assets</b>	<b>885.2</b>	<b>1,721.6</b>
Interest-bearing debt	698.5	99.1
Other liabilities	72.4	508.6
<b>Total liabilities</b>	<b>770.9</b>	<b>607.7</b>
<b>Total equity</b>	<b>114.3</b>	<b>1,113.9</b>



# Balance Sheets (Equity)

(Billion yen)	As of Dec. 31, 2015	As of Mar. 31, 2015	Changes
<b>Kubota Corp. shareholders' equity</b>	<b>1,140.3</b>	<b>1,100.1</b>	<b>+40.2</b>
Common stock	84.1	84.1	-
Capital surplus	87.8	87.9	-0.0
Legal reserve	19.5	19.5	-
Retained earnings	869.8	799.5	+70.2
Accumulated other comprehensive income	79.3	109.4	-30.2
Foreign currency translation adjustments	50.1	62.9	-12.8
Unrealized gains on securities	47.0	57.5	-10.5
Pension liability adjustments	-17.8	-10.9	-6.9
Unrealized losses on derivatives	-	-0.0	+0.0
Treasury stock	-0.2	-0.4	+0.2
<b>Non-controlling interests</b>	<b>78.2</b>	<b>78.4</b>	<b>-0.1</b>
<b>Total equity</b>	<b>1,218.6</b>	<b>1,178.5</b>	<b>+40.1</b>

<b>Shareholders' equity to total assets</b>	<b>45.0%</b>	<b>44.5%</b>	<b>+0.5point</b>
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Kubota Corp. retired 1,300,000 shares of common stock in Dec. 2015.



# Return on equity (ROE) History

(Billion yen)	Year ended Mar. 31, 2012	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015	Nine months ended Dec. 31, 2015	Changes
Shareholder's equity	676.0	794.5	935.8	1,100.1	1,140.3	+40.2
Net income attributable to Kubota Corp.	62.1	77.8	132.7	139.5	110.1	-
Return on equity	9.4%	10.6%	15.3%	13.7%	-	-

## <Reference (unaudited)>

(Billion yen)	Year ended Dec. 31, 2014 <small>(Jan. 2014 - Dec. 2014)</small>	Year ended Dec. 31, 2015 <small>(Jan. 2015 - Dec. 2015)</small>	Changes
Shareholder's equity	1,073.0	1,140.3	+67.4
Net income attributable to Kubota Corp.	139.3	149.4	+10.1
Return on equity	14.0%	13.5%	-0.5point



# Cash Flow Statements

(Billion yen)	Nine months ended Dec. 31, 2015 (Apr. 2015 - Dec. 2015)	Same period last year (Apr. 2014 - Dec. 2014)	Changes
Net cash provided by operating activities	197.0	77.0	+120.0
Net cash used in investing activities	-130.3	-110.4	-19.9
Purchases of fixed assets	-39.3	-34.1	-5.1
Other	-91.0	-76.2	-14.8
Net cash provided by (used in) financing activities	-27.7	57.5	-85.2
Effect of exchange rate changes on cash and cash equivalents	-5.2	6.4	-11.7
Net increase in cash and cash equivalents	33.9	30.7	+3.2
Free cash flow	157.8	42.9	+114.9





# Market Environment

# Market Environment (North America)

U.S. ■ ■ ■ The economy and the housing market will continue to recover.

<Tractor> Due to the firm economy, compact tractor sales will remain strong. Demand for midscale tractors is weak due to the negative impact of declines in agricultural and beef cattle prices.

<Const. machinery> Demand is steady due to the strong demand from the civil engineering and construction industries. Decreased demand from rental companies. Start full-scale sales of SSL.

<Engines> New projects will offset the decrease in demand from the oil-gas markets and rental companies.

**【YoY growth rate of retail sales units in the tractor market by horsepower】**

		Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Dec.	Apr.-Dec.
2014	0-40hp	+ 11.7%	+ 4.8%	+ 12.7%	+ 9.1%	+ 8.7%	+ 8.2%
	40-120hp	+ 4.2%	+ 4.4%	+ 13.2%	+ 6.6%	+ 7.1%	+ 7.8%
	0-120hp	+ 8.3%	+ 4.7%	+ 12.9%	+ 7.9%	+ 8.1%	+ 8.0%
2015	0-40hp	+ 1.2%	+ 5.8%	+ 10.7%	+ 14.4%	+ 8.0%	+ 9.4%
	40-120hp	- 3.3%	- 3.0%	- 0.2%	- 14.5%	- 5.4%	- 5.9%
	0-120hp	- 0.7%	+ 2.9%	+ 6.4%	+ 0.8%	+ 2.7%	+ 3.5%

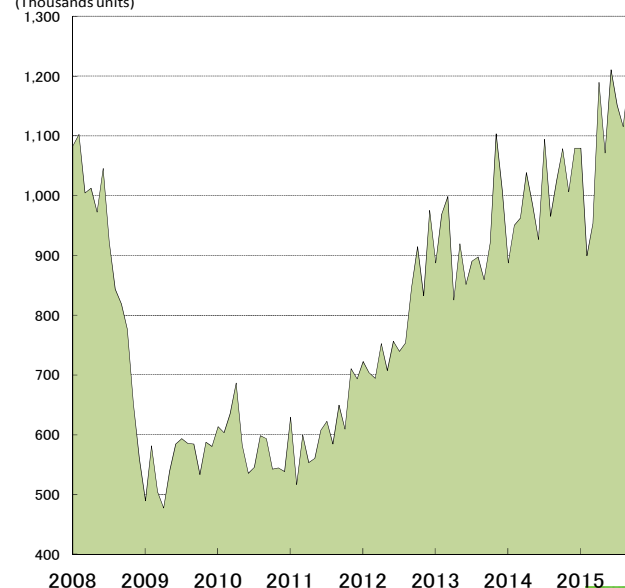
Source: AEM (Association of Equipment Manufacturers)

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

		Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Dec.	Apr.-Dec.
2014		+ 8.6%	+ 14.0%	+ 20.6%	+ 12.0%	+ 14.1%	+ 15.4%
2015		+ 13.6%	+ 13.7%	+ 13.2%	+ 21.4%	+ 15.5%	+ 16.0%

Source: AEM (Association of Equipment Manufacturers)

**【New Privately Owned Housing Units Started】  
(Seasonally Adjusted Annual Rate)**  
(Thousands units)



Source: U.S. Census Bureau



# Market Environment (Europe)

Europe ■ ■ ■ Farm equipment markets will bottoming out, however overall market will remain severe. Housing market and public works spending staying firm.

<Tractors> The economy to continue moderate recovery, but, because of fiscal austerity, compact tractor sales will remain at almost the same level as in the prior year.  
Midscale tractors for farming will bottoming out, and will remain at almost the same level. Full-scale sales of large-scale tractors will start.

<Implements> Expecting recovery in France and other is expected, but market remains severe as a whole.

<Const. machinery> Due to expansion of housing market, sales in Germany and France will stay firm. Sales in Southern Europe also continuing on a recovery trend.  
Sales in U.K. will decrease due to the end of aggressive replacement demand from rental companies.

<Engine> Demand from OEM clients to decrease due to the drop demand for construction machinery of rental companies in U.K.



# Market Environment (Asia)

Thailand ▪ ▪ ▪ In the market of farm machinery for wet paddy field, restrictions on water intake will continue in the first half of the year. After beginning of the second half, recovery is expected due to alleviation of the water shortage. Farm machinery for upland farming and exports to neighboring countries to remain solid.

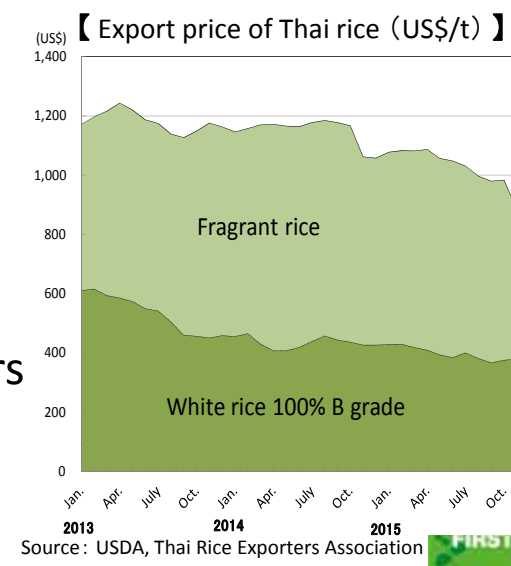
<Tractors ▪ combines> The wet paddy market remains severe due to the restrictions on water intake and decline in rice prices. However, recovery is expected due to the coming of the rainy season.

Market for upland farming is expected to stay firm. Launching implement for upland farming.

<Const. machinery> Expecting rising demand due to firm construction investment trend.

<Neighboring countries> Expecting to increase in demand for tractors and combine harvesters because of mechanization.

Engines and power tillers also recover.



# Market Environment (Asia)

China ▪ ▪ ▪ Subsidies of central government expected at the same level as in 2015.

Const. machinery market is still weak.

<Combines> Gross demand of conventional-type combine harvester decreases by fierce competition among the contractors, but the shift to high - efficiency model proceeds. Replacement demand for head-feeding combines stay in high level.

<Rice transplanters> Demand staying firm because of a high level of mechanization needs. Shift from walk-behind transplanters to riding transplanters is progressing further.

<Const. machinery> Under 4t construction machinery continues to expand in coastal areas. However, over 5t construction machinery will struggle due to decrease in construction works. Kubota launches 7t strategic model.

## 【Subsidies of China's central government for purchase of agricultural equipment】

		2007	2008	2009	2010	2011	2012	2013	2014	2015
Subsidies (Billion RMB)	1st stage	-	-	-	-	11.0	13.0	20.0	17.0	21.0
	Full year	2.0	4.0	13.0	15.5	17.5	21.5	21.8	23.8	23.6



# Market Environment (Japan)

Japan ■ ■ ■ In farm machinery, recovery trend in rice prices, but market remains at the same level reflecting the aging of farmers. Construction machinery and engines struggle due to the decrease in demand from rental companies.

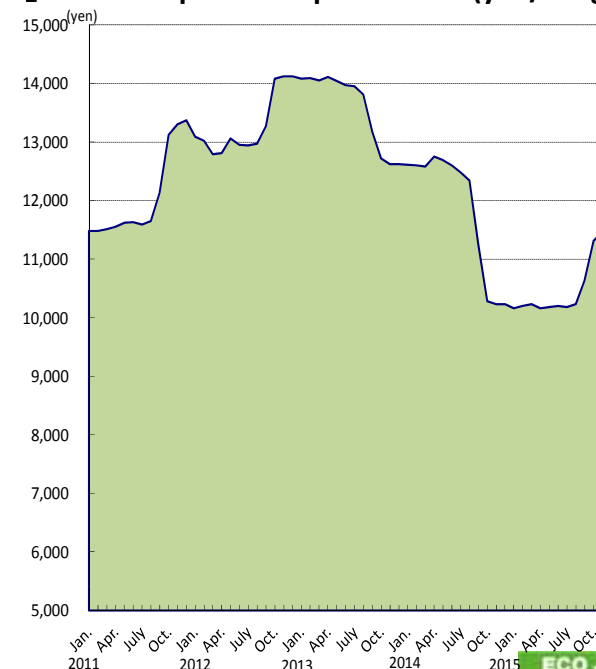
<Farm machinery> Although market is severe, expecting moderate increase due to sales promotion activities related to the revisions in emission regulations. Front-loaded demand before Japan's next consumption tax hike is not expected.

<Const. machinery> Demand will decrease owing to a reaction to front-loaded demand before the revisions in emission regulations and a decrease in construction activity.

<Engines> Will remain at the same level. The start of volume production for new clients, will offset inventory adjustment by OEM clients.

<Public works spending/Shipping> Iron pipes sales will remain at the same level. Although large-scale projects in urban areas will increase, renovation of old pipes will show no growth.

【Producers price of Japanese rice (yen/60kg)】



Source: Ministry of Agriculture, Forestry and Fisheries



# Forecast

# Anticipated Operating Results

(Billion yen)	Year ending Dec. 31, 2016 (Forecast) (Jan. 2016 - Dec. 2016)	Same period prior year (Unaudited) (Jan. 2015 - Dec. 2015)	Changes	Six months ending June 30, 2016 (Forecast)
<b>Revenues</b>	<b>1,750.0</b>	<b>1,688.6</b>	<b>+61.4</b>	<b>880.0</b>
Domestic	<b>590.0</b>	<b>580.3</b>	<b>+9.7</b>	<b>304.0</b>
Overseas	<b>1,160.0</b>	<b>1,108.3</b>	<b>+51.7</b>	<b>576.0</b>
	13.4%	13.2%		13.3%
<b>Operating income</b>	<b>235.0</b>	<b>222.9</b>	<b>+12.1</b>	<b>117.0</b>
<b>Other income</b>	<b>5.0</b>	<b>1.1</b>	<b>+3.9</b>	<b>3.0</b>
	13.7%	13.3%		13.6%
<b>Taxble income (*)</b>	<b>240.0</b>	<b>224.0</b>	<b>+16.0</b>	<b>120.0</b>
	8.9%	8.8%		8.8%
<b>Net income attributable to Kubota Corp.</b>	<b>155.0</b>	<b>149.4</b>	<b>+5.6</b>	<b>77.0</b>

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

[For reference: Changes excluding the effects of fluctuation in exchange]

Overseas revenues are forecast to increase 11%.

Total revenues are forecast to increase 8%.





# Anticipated Revenues by Reporting Segment

(Billion yen)	Year ending Dec. 31, 2016 (Forecast) (Jan. 2016 - Dec. 2016)	Same period prior year (Unaudited) (Jan. 2015 - Dec. 2015)	Changes	
			Amount	%
<b>Machinery</b>	<b>1,390.0</b>	<b>1,340.8</b>	<b>+49.2</b>	<b>+3.7</b>
Domestic	302.0	302.7	-0.7	-0.2
Overseas	1,088.0	1,038.1	+49.9	+4.8
<b>Water</b>	<b>330.0</b>	<b>318.3</b>	<b>+11.7</b>	<b>+3.7</b>
Domestic	258.0	248.7	+9.3	+3.7
Overseas	72.0	69.6	+2.4	+3.4
<b>Other</b>	<b>30.0</b>	<b>29.5</b>	<b>+0.5</b>	<b>+1.7</b>
Domestic	30.0	28.9	+1.1	+3.8
Overseas	-	0.6	-0.6	-100.0
<b>Total revenues</b>	<b>1,750.0</b>	<b>1,688.6</b>	<b>+61.4</b>	<b>+3.6</b>
<b>Domestic revenues</b>	<b>590.0</b>	<b>580.3</b>	<b>+9.7</b>	<b>+1.7</b>
<b>Overseas revenues</b>	<b>1,160.0</b>	<b>1,108.3</b>	<b>+51.7</b>	<b>+4.7</b>



# Anticipated Operating Income

(Billion yen)	Year ending Dec. 31, 2016 (Forecast) (Jan. 2016 - Dec. 2016)		Same period prior year (Unaudited) (Jan. 2015 - Dec. 2015)		Changes	
	Amount	%	Amount	%	Amount	%
<b>Operating income</b>	<b>235.0</b>	13.4	<b>222.9</b>	13.2	<b>+12.1</b>	+5.4

## Factors affecting operating income (YoY Change +12.1 Billion yen)

<b>1. Fluctuation in exchange rates</b>	US\$ (121→115)	-6.5 billion yen	} -19.0 billion yen
	Euro (134→130)	-2.5 billion yen	
	Other currencies	-10.0 billion yen	
<b>2. Material costs</b>	Machinery	+4.0 billion yen	} +7.0 billion yen
	Water	+3.0 billion yen	
<b>3. Personnel expenses</b>	Cost of goods sold	-2.0 billion yen	} -5.5 billion yen
	SG&A expenses	-3.5 billion yen	
<b>4. Sales incentive ratio growth</b>			-6.0 billion yen
<b>5. Non-recurring items</b>			
	Japan, impairment of idle land (in previous year)	+1.9 billion yen	} +7.1 billion yen
	Japan, impairment loss on assets held by vending machine business (in previous year)	+1.4 billion yen	
	Decrease of deferred sales expenses of Water segment in relation to the change in fiscal year-end (in previous year)	+3.4 billion yen	
	China, sales incentive payment related to suspension of subsidies (in previous year)	+0.4 billion yen	
<b>6. Other factors</b>			+28.5 billion yen

# Anticipated Operating Income by Reporting Segment

## Anticipated operating income excluding non-recurring items

[% shows OP margin]

(Billion yen)	Year ending Dec. 31, 2016 (Forecast) (Jan. 2016 - Dec. 2016)			Same period prior year (Unaudited) (Jan. 2015 - Dec. 2015)			Changes ①-④	Changes (Adjusted) ③-⑥	Changes in revenues
	Operating income ①	Non- recurring items ②	Adjusted operating income ③=①-②	Operating income ④	Non- recurring items ⑤	Adjusted operating income ⑥=④-⑤			
<b>Machinery</b>	16.4% <b>228.0</b>	-	16.4% <b>228.0</b>	16.5% <b>221.6</b>	-1.8	16.7% <b>223.4</b>	<b>+6.4</b>	<b>+4.6</b>	<b>+49.2</b>
<b>Water</b>	8.6% <b>28.5</b>	-	8.6% <b>28.5</b>	8.0% <b>25.6</b>	-3.4	9.1% <b>29.0</b>	<b>+2.9</b>	<b>-0.5</b>	<b>+11.7</b>
<b>Other</b>	11.7% <b>3.5</b>	-	11.7% <b>3.5</b>	10.8% <b>3.2</b>	-	10.8% <b>3.2</b>	<b>+0.3</b>	<b>+0.3</b>	<b>+0.5</b>
<b>Adjustment</b>	<b>-25.0</b>	-	<b>-25.0</b>	<b>-27.5</b>	<b>-1.9</b>	<b>-25.6</b>	<b>+2.5</b>	<b>+0.6</b>	
<b>Total</b>	13.4% <b>235.0</b>	-	13.4% <b>235.0</b>	13.2% <b>222.9</b>	<b>-7.1</b>	13.6% <b>229.9</b>	<b>+12.1</b>	<b>+5.1</b>	<b>+61.4</b>



# Exchange Rate, CAPEX, Depreciation and R&D Expenses

## 【Anticipated foreign exchange rate】

		Year ending Dec. 31, 2016 (Forecast)		Nine months ended Dec. 31, 2015		Year ended Mar. 31, 2015			
			Same period prior year		Same period last year				
¥/US\$	1st Half	Jan. - June	<b>115</b>	120	Apr. - Sept.	<b>122</b>	103	Apr. - Sept.	<b>103</b>
	2nd Half	July - Dec.	<b>115</b>	122	Oct. - Dec.	<b>122</b>	115	Oct. - Mar.	<b>117</b>
	Full year average	Jan. - Dec.	<b>115</b>	121	Apr. - Dec.	<b>122</b>	107	Apr. - Mar.	<b>110</b>
¥/Euro	1st Half	Jan. - June	<b>130</b>	134	Apr. - Sept.	<b>135</b>	139	Apr. - Sept.	<b>139</b>
	2nd Half	July - Dec.	<b>130</b>	134	Oct. - Dec.	<b>133</b>	143	Oct. - Mar.	<b>139</b>
	Full year average	Jan. - Dec.	<b>130</b>	134	Apr. - Dec.	<b>134</b>	140	Apr. - Mar.	<b>139</b>

## 【CAPEX, Depreciation and R&D expenses】

(Billion yen)	Year ending Dec. 31, 2016 (Twelve months forecast)		Nine months ended Dec. 31, 2015 (Nine months results)		Year ended Mar. 31, 2014 (Twelve months results)
		Same period prior year		Same period last year	
Capital expenditures	<b>71.0</b>	53.9	<b>35.3</b>	31.8	<b>50.4</b>
Depreciation and amortization	<b>49.0</b>	41.4	<b>31.2</b>	28.1	<b>38.2</b>
R&D expenses	<b>44.0</b>	39.4	<b>29.6</b>	29.8	<b>39.5</b>

Due to the change in the fiscal year-end, the business term for each fiscal year is different.



## 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.



