

Financial Results

for the year ended March 31, 2013



Shigeru Kimura

Director and Managing Executive Officer,
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May 16, 2013

Financial summary

For Earth. For Life
Kubota

(Billion yen)	Year ended Mar. 31, 2013	Year ended Mar. 31, 2012	Changes		Variance from forecast	
	Amount	Amount	Amount	%	Amount	%
Revenues	1,167.6	1,008.0	159.6	15.8	7.6	0.7
Domestic	541.0	498.7	42.3	8.5	2.0	0.4
Overseas	626.6	509.3	117.3	23.0	5.6	0.9
Operating income	9.7% 113.2	10.5% 105.7	7.5	7.1	6.2	5.8
Net income attributable to Kubota Corp.	6.3% 73.7	6.1% 61.6	12.1	19.7	5.7	8.4
Total assets	1,743.7	1,487.7	256.0	17.2		
Shareholders' equity	758.5	653.3	105.2	16.1		



Revenues by reporting segment

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(Billion yen)	Year ended Mar. 31, 2013	Year ended Mar. 31, 2012	Changes	
			Amount	%
Farm & Industrial Machinery (Machinery)	851.0	713.9	137.0	19.2
Domestic	264.3	235.4	28.9	12.3
Overseas	586.7	478.5	108.1	22.6
Water & Environment (Water)	282.1	263.3	18.8	7.1
Domestic	245.6	232.7	12.9	5.6
Overseas	36.5	30.6	5.9	19.2
Other	34.6	30.8	3.8	12.4
Domestic	31.1	30.6	0.5	1.7
Overseas	3.5	0.2	3.3	1,494.1
Total revenues	1,167.6	1,008.0	159.6	15.8
Domestic revenues	541.0	498.7	42.3	8.5
Overseas revenues	626.6	509.3	117.3	23.0

* The Company realigned its organization on April 1, 2012. Following this realignment, the segments that had previously been classified as “Farm & Industrial Machinery”, “Water & Environment Systems”, “Social Infrastructure”, and “Other” were reclassified into “Farm & Industrial Machinery”, “Water & Environment”, and “Other”.



Revenues by reporting segment

▶ Machinery: +137.0 billion yen (Domestic: +28.9, Overseas: +108.1)

- ◇ Domestic: Sales of farm machinery increased.
Sales of construction machinery and engines increased sharply.
- ◇ Overseas: Sales of tractors, combine harvesters, rice transplanters and engines increased substantially.
Sales of construction machinery also increased mainly in North America.
By region, revenues in all regional segments increased. However, revenues in Europe with exception of Kverneland AS decreased slightly.

▶ Water: +18.8 billion yen (Domestic: +12.9, Overseas: +5.9)

- ◇ Domestic: Sales of water engineering & solution products recovered.
Sales of ductile iron pipes and plastic pipes also increased.
- ◇ Overseas: Sales of ductile iron pipes and valves increased substantially.

▶ Other: +3.8 billion yen (Domestic: +0.5, Overseas: +3.3)

- ◇ Domestic: Revenues from construction decreased.
Revenues from services business increased.
- ◇ Overseas: Revenues from construction increased substantially.
Revenues from services business also increased.



Operating income

(Billion yen)	Year ended Mar. 31, 2013		Year ended Mar. 31, 2012		Changes	
	Amount	%	Amount	%	Amount	%
Operating income	113.2	9.7	105.7	10.5	7.5	7.1

Factors affecting operating income (YoY Change +7.5 billion yen)

1. Fluctuation in exchange rates	US\$ (80→80)	+1.5 billion yen	} +1.0 billion yen
	Euro (111→103)	-1.0 billion yen	
	Other currencies	+0.5 billion yen	
2. Material costs	Machinery	+1.5 billion yen	} +5.0 billion yen
	Water	+3.5 billion yen	
3. Non-recurring items			-11.5 billion yen
Additional amortization	Amortization of valuation difference between the amount paid and fair market value of net assets of Kverneland AS	-3.7 billion yen	
Additional pension cost		-4.0 billion yen	
Losses and income from natural disasters	Earthquake-related	+1.0 billion yen	} +2.7 billion yen
	Thailand floods-related	+1.7 billion yen	
Gain on Sales of unused land and loss on revaluation of land		-6.5 billion yen	
4. Revenue increase and other factors			+13.0 billion yen

Operating income by reporting segment

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Operating income excluding non-recurring items

[% shows OP margin]

(Billion yen)	Year ended Mar. 31, 2013			Year ended Mar.31, 2012			Changes ①-④	Changes (Adjusted) ③-⑥	Chages 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	12.7% 108.0	-4.6	13.2% 112.5	13.7% 97.8	-0.9	13.8% 98.7	10.2	13.8	137.0
Water	8.3% 23.5	-1.3	8.8% 24.8	6.6% 17.5	-0.4	6.8% 17.9	6.1	7.0	18.8
Other	7.1% 2.5	-	7.1% 2.5	8.0% 2.5	-	8.0% 2.5	0.0	0.0	3.8
Adjustment	-20.8	-1.0	-19.8	-12.0	5.9	-17.9	-8.8	-1.9	
Total	9.7% 113.2	-6.9	10.3% 120.1	10.5% 105.7	4.6	10.0% 101.1	7.5	19.0	159.6



Other income (expenses)

(Billion yen)	Year ended Mar. 31, 2013	Year ended Mar. 31, 2012	Changes
	Amount	Amount	Amount
Other income (expenses)	7.3	-4.7	12.0



(Details)

Interests and dividends	2.3	1.9	0.5
Gain on sales of securities	0.2	0.1	0.1
Valuation loss on other investments	-0.4	-2.6	2.2
Foreign exchange loss-net	9.3	-7.6	16.9
Other	-4.1	3.5	-7.6
Valuation loss on derivatives	-3.2	4.4	-7.5
Other-net	-0.9	-0.9	0.0

Taxable income/ net income

(Billion yen)	Year ended Mar. 31, 2013		Year ended Mar. 31, 2012		Changes	
	Amount	%	Amount	%	Amount	%
Taxable income	120.5	10.3	100.9	10.0	19.5	19.3
Income taxes	40.7		36.5		-4.2	
(Effective tax rate)	(33.8%)		(36.2%)			
Equity in net income of affiliated companies	1.4		1.6		-0.2	
Net income	81.1	6.9	66.0	6.5	15.1	22.9
Less: Net income attributable to noncontrolling interests	7.5		4.5		-3.0	
Net income attributable to Kubota Corp.	73.7	6.3	61.6	6.1	12.1	19.7
Dividend (declared)	17 yen		15 yen		+2 yen	
Dividend ratio	29%		31%		-2 point	



Balance sheets (Assets)

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(Billion yen)	As of Mar. 31, 2013	As of Mar. 31, 2012	Changes
Current assets	1,014.7	866.0	148.7
Cash and cash equivalents	110.5	100.6	10.0
Notes and accounts receivable	475.5	390.8	84.7
Short-term finance receivables-net	130.7	108.2	22.5
Inventories	231.5	202.1	29.4
Other current assets	66.5	64.5	2.0
Investments and long-term finance receivables	395.1	323.9	71.1
Long-term finance receivables-net	249.1	204.3	44.9
Other	146.0	119.7	26.3
Property, plant, and equipment	255.5	225.1	30.5
Other assets	78.4	72.6	5.7
Total assets	1,743.7	1,487.7	256.0
Total finance receivables-net	379.8	312.4	67.4

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

U.S. dollar	87	78	9
Euro	115	101	14



Balance sheets (Liabilities)

(Billion yen)	As of Mar. 31, 2013	As of Mar. 31, 2012	Changes
Current assets	594.9	536.0	58.9
Short-term borrowings	118.9	69.6	49.2
Notes and accounts payable	243.0	216.0	27.1
Current portion of long-term debt	68.3	107.2	-38.9
Other current liabilities	164.7	143.2	21.5
Long-term liabilities	338.2	244.5	93.7
Long-term debt	273.4	184.4	89.0
Accrued retirement and pension costs	28.8	41.9	-13.1
Other long-term liabilities	36.1	18.2	17.9
Total liabilities	933.1	780.5	152.6
Total interest-bearing debt	460.5	361.2	99.3



Balance sheets (Equity)

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(Billion yen)	As of Mar. 31, 2013	As of Mar. 31, 2012	Changes
Kubota Corp. shareholders' equity	758.5	653.3	105.2
Common stock	84.1	84.1	—
Capital surplus	88.9	88.8	0.0
Legal reserve	19.5	19.5	—
Retained earnings	595.1	560.7	34.4
Accumulated other comprehensive loss	-28.9	-80.5	51.7
Foreign currency translation adjustments	-46.7	-76.5	29.7
Unrealized losses on securities	35.1	19.1	16.0
Pension liability adjustments	-17.2	-22.9	5.7
Unrealized losses on derivatives	-0.1	-0.3	0.2
Treasury stock	-0.2	-19.3	19.1
Noncontrolling interests	52.1	53.9	-1.8
Total equity	810.6	707.2	103.4

Kubota Corp. retired 29,500,000 shares of common stock of in Mar. 2013.



Cash flow statements

For Earth, For Life
Kubota

(Billion yen)	Year ended Mar. 31, 2013	Year ended Mar. 31, 2012	Changes
Net cash provided by operating activities	51.0	79.9	-28.9
Net cash used in investing activities	-69.2	-69.9	0.7
Purchases of fixed assets	-46.7	-27.0	-19.7
Other	-22.6	-43.0	20.4
Net cash provided by (used in) financing activities	21.7	-13.3	34.9
Effect of exchange rate changes on cash and cash equivalents	6.6	-1.4	8.0
Net increase (decrease) in cash and cash equivalents	10.0	-4.7	14.7
Free cash flow	4.3	52.9	-48.6



Market Environment

Market environment (United States)

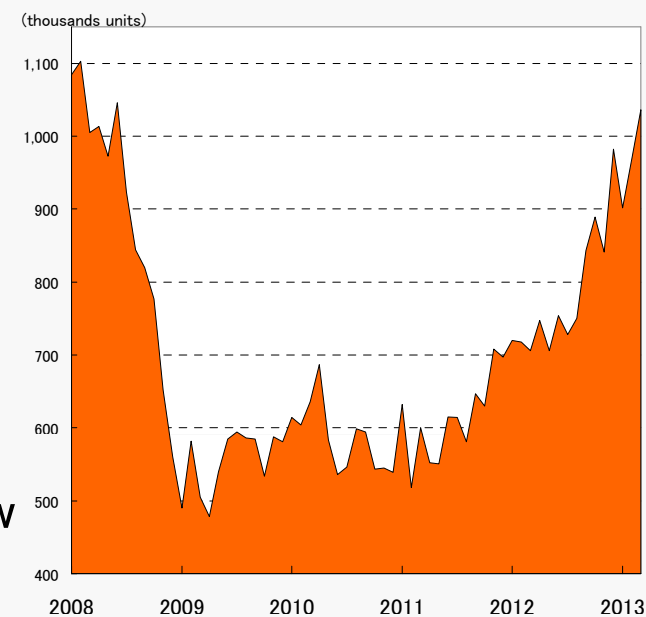
Steady growth with the recovery of economy and housing starts

<Tractors> Sales will increase at the same rate in the under 120hp tractor market.

<Const. machinery> General retail market plays the role of engine for demand expansion. However, pace of expansion is slowing down.

<Engines> Customer trend is uncertain. Sales will increase due to entry of new customer owing to the tightening regulations of emission control.

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



Source: U.S. Census Bureau

【YoY growth rate of tractor retail sales units by horsepower】

		1Q	2Q	3Q	4Q	Full year
2012	0-40 hp	▲ 0.5%	+ 9.3%	+ 8.4%	+ 17.6%	+ 9.0%
	40-120 hp	+ 2.6%	+ 11.3%	+ 5.8%	+ 15.3%	+ 9.3%
2013	0-40 hp	+ 5.2%	-	-	-	-
	40-120 hp	+ 12.3%	-	-	-	-

Source: AEM (Association of Equipment Manufacturers)

【YoY growth rate of construction machinery retail sales units】

		1Q	2Q	3Q	4Q	Full year
2012		+ 70.3%	+ 46.0%	+ 27.0%	+ 40.2%	+ 44.1%
2013		+ 3.2%	-	-	-	-

Source: AEM (Association of Equipment Manufacturers)



The market is not expected to recover.
However, farm equipment market will be steady.

<Tractors>

The market for compact tractors will remain stagnant due to government budget cuts.

The market for upland farming will continue to report strong growth due to the high grain price.

<Implements>

The market will remain strong in the same way as tractors.

<Const. machinery

▪Engines>

The market will remain stagnant.



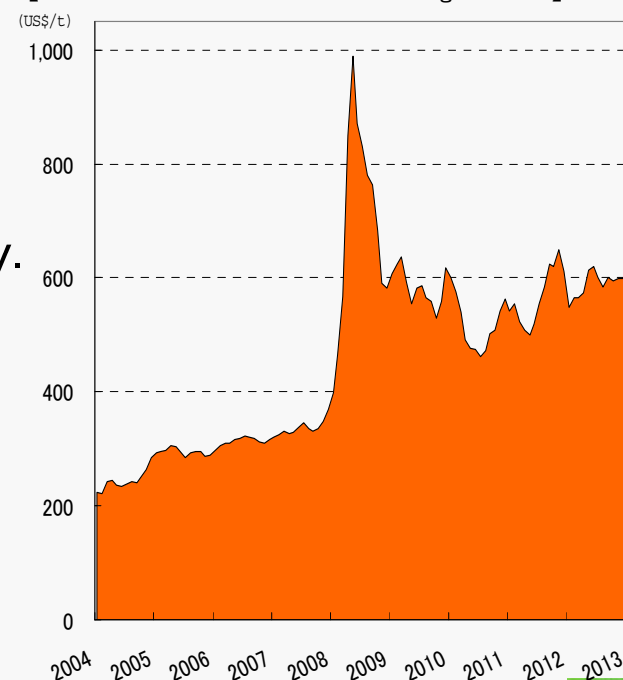
The market will remain strong due to the continuance of the rice for collateral scheme.

<Tractors • Combines> The buying power of farmers is increasing due to the high level of crop prices. The need for mechanization is high due to labor shortages.

<Const. machinery> The market is changing gradually from secondhand machinery to new machinery.

<Neighboring countries> The market for conventional-type combine harvesters in Cambodia grew continuously.

【Prices of Thai white100% B Second grade rice】



Sources: FAO and Thai rice exporters association



The subsidy for purchase of agricultural equipment is expected to increase.

The market of farm equipments will be strong.

<Combines> The demand of conventional-type combine harvester continues strongly.

<Rice transplanters> The market of walk-behind rice transplanter will decrease slightly due to the change in the method of receiving subsidies.

<Const. machinery> The demand for small machinery is recovering after the Chinese New Year.

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

		2007	2008	2009	2010	2011	2012	2013
Subsidy (Billion RMB)	1st stage	-	-	-	-	11.0	13.0	20.0
	Full year	2.0	4.0	13.0	15.5	17.5	21.5	Undisclosed



Market Environment (Japan)

The market for farm equipment is steady.

The market for const. machinery continues to be strong.

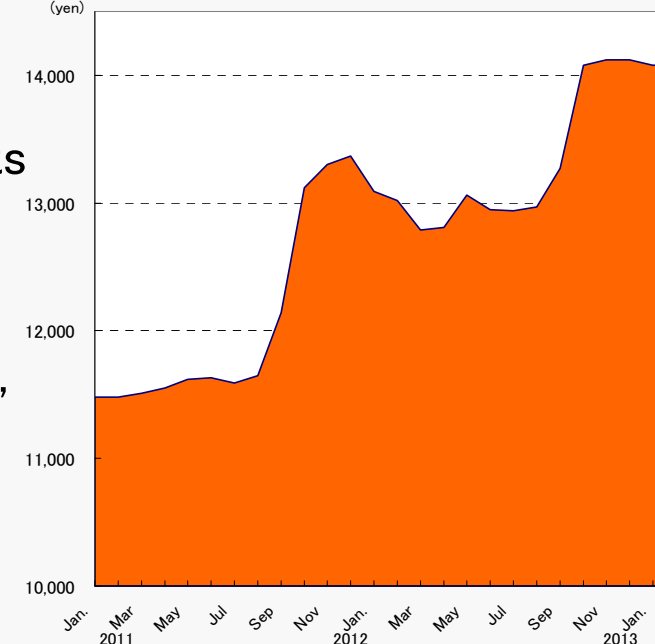
<Farm equipment> The market is steady due to the increased price for rice and the income support system for agriculture, which is operated by the government.

<Const. machinery> The market expansion continues mainly in the rental market.

<Engines> The market remains unchanged due to the special procurements of generators.

<Water> The market is supported by demand for disaster prevention, reconstruction and renewal.

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



【Shipments of farm machinery in the Japanese market, YoY(%)】

	1Q	2Q	3Q	4Q	Full year
2011	- 7.9%	- 3.6%	- 6.4%	+ 2.5%	- 3.7%
2012	+ 6.0%	+ 7.2%	+ 8.7%	+ 3.5%	+ 6.3%
2013	+ 5.9%	-	-	-	-

Source: JFMMA (Japan Federation of Machinery Manufacturers' Association)

Source: Ministry of Agriculture, Forestry and Fisheries



Forecast

Anticipated operating results

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(Billion yen)	Year ending Mar. 31, 2014 (Forecast)	Year ended Mar. 31, 2013 (Actual)	Changes	Six months ended Sep. 30, 2013 (Forecast)
Revenues	1,400.0	1,167.6	232.4	660.0
	11.4%	9.7%		11.8%
Operating income	160.0	113.2	46.8	78.0
Other income(expenses)	5.0	7.3	-2.3	2.0
	11.8%	10.3%		12.1%
Taxble income(*)	165.0	120.5	44.5	80.0
	7.1%	6.3%		7.6%
Net income attributable to Kubota Corp.	100.0	73.7	26.3	50.0



Anticipated revenues by reporting segment

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(Billion yen)	Year ending Mar. 31, 2014	Year ended Mar. 31, 2013	Changes	
			Amount	%
Machinery	1,050.0	851.0	199.0	23.4
Domestic	280.0	264.3	15.7	5.9
Overseas	770.0	586.7	183.3	31.3
Water	313.0	282.1	30.9	11.0
Domestic	264.0	245.6	18.4	7.5
Overseas	49.0	36.5	12.5	34.3
Other	37.0	34.6	2.4	6.9
Domestic	33.0	31.1	1.9	6.1
Overseas	4.0	3.5	0.5	14.1
Total revenues	1,400.0	1,167.6	232.4	19.9
Domestic revenues	577.0	541.0	36.0	6.7
Overseas revenues	823.0	626.6	196.4	31.3



Summary of operating income forecast

(Billion yen)	Year ending Mar. 31, 2014		Year ended Mar. 31, 2013		Changes	
	Amount	%	Amount	%	Amount	%
Operating income	160.0	11.4	113.2	9.7	46.8	41.4

Factors affecting operating income (YoY change +46.8 billion yen)

1. Fluctuation in exchange rates	US\$ (80→95)	+17.0 billion yen	} +28.0 billion yen
	Euro (103→125)	+5.0 billion yen	
	Other currencies	+6.0 billion yen	
2. Material costs	Machinery	+3.0 billion yen	} +0.5 billion yen
	Water	-2.5 billion yen	
3. Non-recurring items			+4.5 billion yen
Additional amortization	Amortization of valuation difference between the amount paid and fair market value of net assets of Kverneland AS 2013: -3.7 billion yen → 2014: -2.4 billion yen	+1.3 billion yen	
Additional pension cost		+4.0 billion yen	
Losses and income from natural disasters		-1.3 billion yen	
Gain on Sales of unused land and loss on revaluation of land		+0.5 billion yen	
4. Revenue increase and other factors			+13.8 billion yen

Anticipated operating income by reporting segment

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Anticipated operating income excluding non-recurring items

[% shows OP margin]

(Billion yen)	Year ending Mar. 31, 2014			Year ended Mar.31, 2013			Changes ①-④	Changes (Adjusted) ③-⑥	Chages 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	14.8% 155.0	-2.4	15.0% 157.4	12.7% 108.0	-4.6	13.2% 112.5	47.0	44.9	199.0
Water	8.3% 26.0	-	8.3% 26.0	8.3% 23.5	-1.3	8.8% 24.8	2.5	1.2	30.9
Other	6.8% 2.5	-	6.8% 2.5	7.1% 2.5	-	7.1% 2.5	0.0	0.0	2.4
Adjustment	-23.5	-	-23.5	-20.8	-1.0	-19.8	-2.7	-3.7	
Total	11.4% 160.0	-2.4	11.6% 162.4	9.7% 113.2	-6.9	10.3% 120.1	46.8	42.4	232.4



【Anticipated foreign exchange rate】

		Year ending Mar. 31, 2014 (Forecast)	Year ended Mar. 31, 2013	Year ended Mar. 31, 2012
¥/US\$	1st Half (Jan.–Jun.)	95	80	82
	2nd Half (Jul.–Dec.)	95	80	78
	Full year average	95	80	80
¥/Euro	1st Half (Jan.–Jun.)	125	103	115
	2nd Half (Jul.–Dec.)	125	102	107
	Full year average	125	103	111

【CAPEX, Depreciation and R&D expenses】

(Billion yen)	Year ending Mar. 31, 2014 (Forecast)	Year ended Mar. 31, 2013	Year ended Mar. 31, 2012
Capital expenditures	55.0	48.7	31.1
Depreciation and amortization	35.0	29.3	23.9
R&D expenses	33.0	31.2	27.9

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.



Earth For Life



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