

# **Financial Results for FY 2024 2nd Quarter**

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**Kubota Corporation**  
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# Financial Summary for FY 2024 2nd Quarter

(Unit: billions of yen)	FY 2024 2Q	FY 2023 2Q	Changes	
			Amount	%
<b>Revenue</b>	<b>1,579.6</b>	<b>1,520.0</b>	<b>+59.6</b>	<b>+3.9</b>
Japan	305.7	315.1	-9.4	-3.0
Overseas	1,273.9	1,205.0	+68.9	+5.7
<b>Operating profit</b>	13.1% <b>207.3</b>	12.1% <b>184.6</b>	<b>+22.8</b>	<b>+12.3</b>
<b>Profit before income taxes</b>	13.7% <b>216.7</b>	12.6% <b>191.8</b>	<b>+24.9</b>	<b>+13.0</b>
<b>Profit attributable to owners of the parent</b>	9.5% <b>150.8</b>	8.5% <b>128.8</b>	<b>+22.0</b>	<b>+17.1</b>

1USD (JPY)	<b>152</b>	<b>135</b>
1EUR (JPY)	<b>165</b>	<b>146</b>
1THB (JPY)	<b>4.21</b>	<b>3.95</b>

The effect of foreign exchange rate on revenue against LY was +129.0 billion yen.



## Machinery: 1,403.4 billion yen (YoY: +59.2)

### Conditions in each market

#### Japan

The agricultural machinery market has been weak due to an increase in production costs although rice prices have been recovering.

#### North America

The CE business was steady due to stable housing market and demand of infrastructure development. In the tractor business, the residential market has been slow due to slowdown in business sentiment. The agricultural market also slowed down due to crop prices decline.

#### Europe

The CE and engine markets are declining significantly due to the continuous downturn in the economy and investment since the latter of the previous year. The tractor business has also continued to be weak.

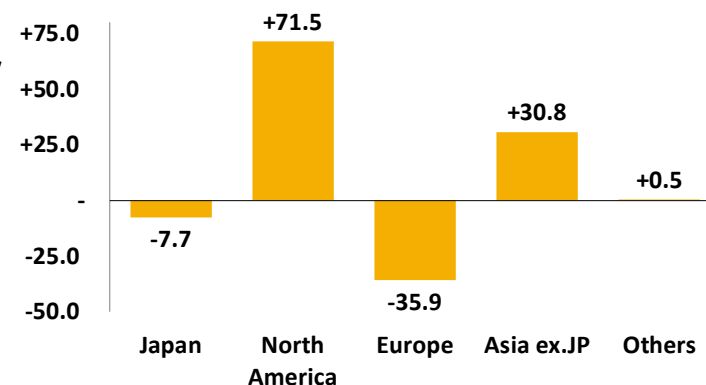
#### Asia except Japan

In Thailand, the market was less than last year due to weak purchasing mind caused by drought. But it was seen that the market was recovering from the bottom. The Indian market shrank due to concerns about less yield by short rainfall and slow economic activity by the general election.

#### Others

In Australia, the tractor market has shrunk due to slowdown in business sentiment.

■ Changes in revenue by region  
(Billions of yen)



	Japan	North America	Europe	Asia ex.JP	Others
<b>Total</b>	-7.7	+71.5	-35.9	+30.8	+0.5
Agricultural machinery*	-6.3	-1.9	-9.8	+18.8	-2.5
CE	-0.9	+49.5	-19.6	+2.2	+2.2

\* Tractors, combine harvesters, and rice transplanters

## Water & Environment: 167.6 billion yen (YoY: +1.9)

### Conditions in each market

#### Pipe system

The market of ductile iron pipes was stable thanks to large scale project albeit there is a demand shift to alternative pipes stemming from a high price.  
 The market of plastic pipes was overall stable. The demand for housing market was weak with declining housing starts but the demand for infrastructure was good.

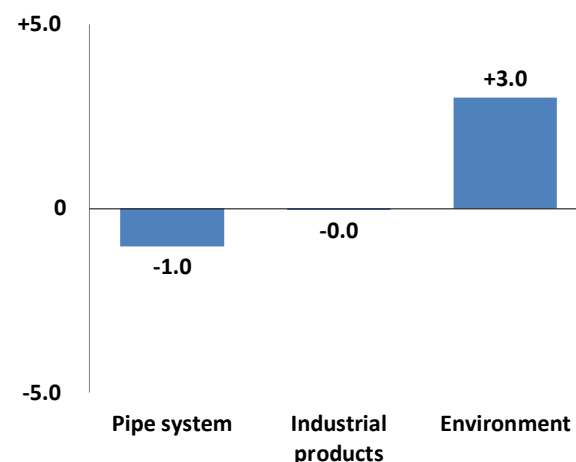
#### Industrial products

Overseas demand of cracking tubes has been steady due to plant construction.  
 Domestic market for air-conditioning equipment was good thanks to the trend to choose Japan as a new factory site.

#### Environment

The market for pumps and plant business remain at the same level YoY. But we can see chronic construction delays by a lack of materials. The market of wastewater treatment was good supported by demand from factories in Japan.

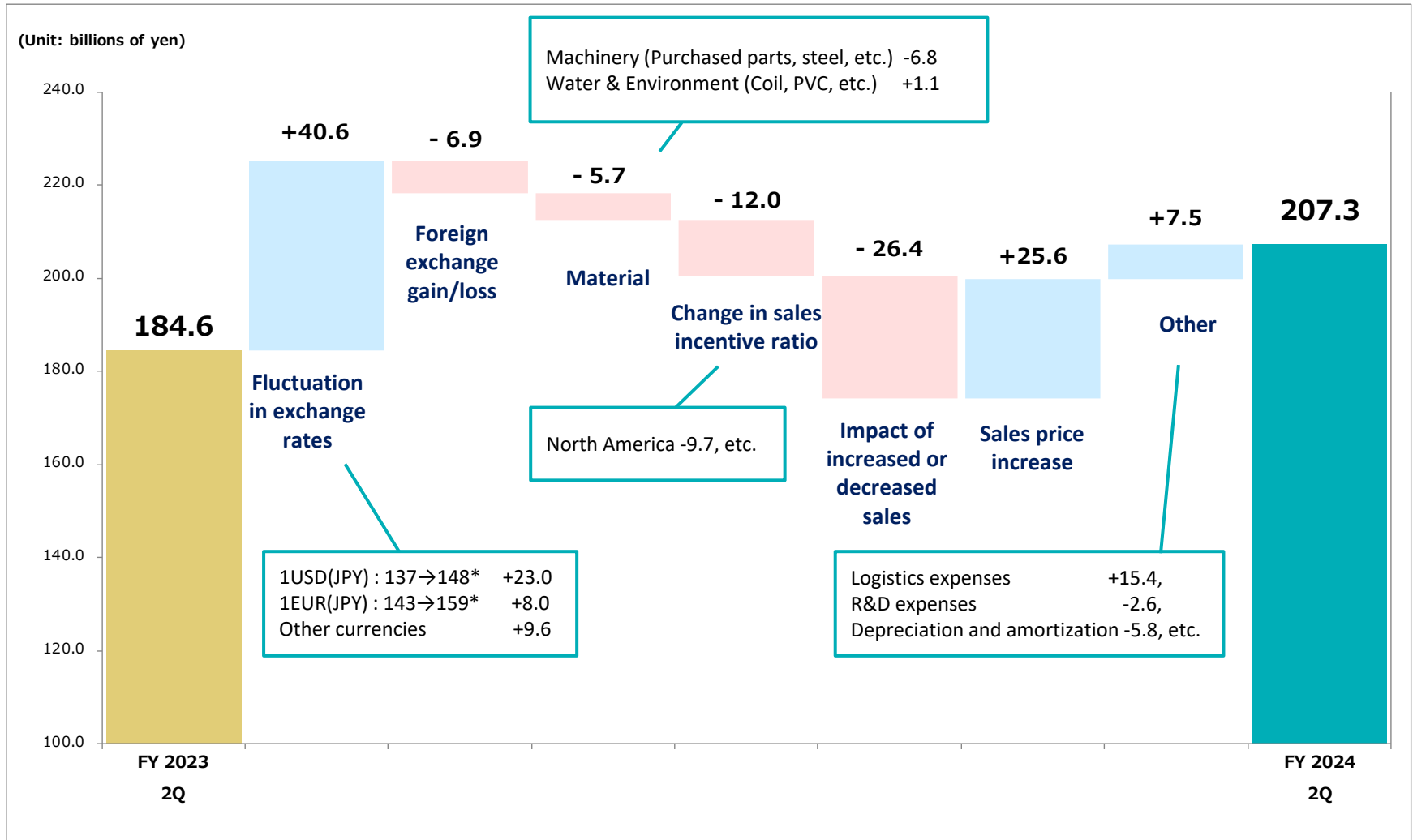
■ Changes in revenue by business (Billions of yen)



## Other: 8.6 billion yen (YoY: -1.6)

Other is mainly comprised of a variety of other services such as logistics.

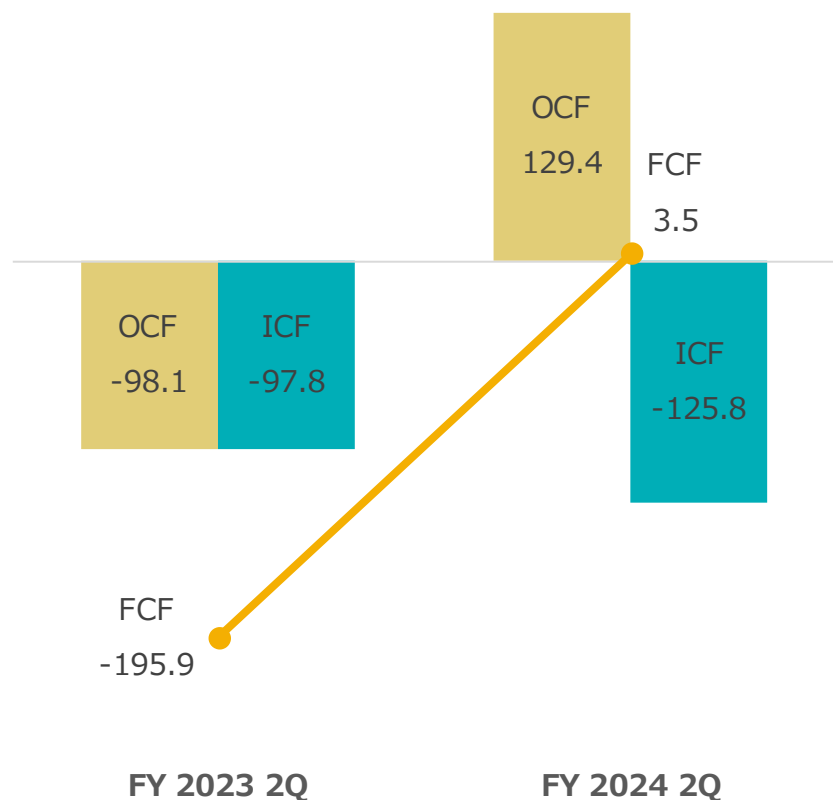
## Profit analysis (YoY change +22.8 billion yen)



\*Actual exchange rate for the profit pertaining to the export products from Japan in consideration of transportation and inventory periods

## Free Cash Flow: 3.5 billion yen (YoY: +199.5)

(billions of yen)



### FY 2024 2nd Quarter

**OCF:** Inflow of 129.4 billion yen

Increase in net cash inflow due to higher profits and improved working capital

**ICF:** Outflow of 125.8 billion yen

Increase in net cash outflow due to capital expenditures

**FCF:** Positive at 3.5 billion yen

Achieving profitability by improving working capital

OCF: Cash Flows from Operating Activities  
 ICF: Cash Flows from Investing Activities

Forecast

# Financial Forecast for FY 2024

(Unit: billions of yen)	FY 2024 (Forecast)	FY 2023 (Actual)	Changes		Previous forecast (Feb. 2024)
			Amount	%	
Revenue	3,000.0	3,020.7	-20.7	-0.7	3,050.0
Japan	632.0	643.1	-11.1	-1.7	647.0
Overseas	2,368.0	2,377.6	-9.6	-0.4	2,403.0
Operating profit	11.0% 330.0	10.9% 328.8	+1.2	+0.4	10.5% 320.0
Profit before income taxes	11.6% 348.0	11.3% 342.3	+5.7	+1.7	10.9% 333.0
Profit attributable to owners of the parent	7.8% 235.0	7.9% 238.5	-3.5	-1.4	7.4% 226.0

1USD (JPY)	150	141
1EUR (JPY)	161	152
1THB (JPY)	4.12	4.04

The effect of foreign exchange rate on revenue forecast is +135.0 billion yen against LY.





## Machinery: 2,604.0 billion yen (YoY: -32.7)

Market trend

### Conditions in each market

Japan



The agricultural machinery market as well as farmer's income continue to be weak. Rice prices are recovering, but they are not able to compensate the high production costs fully. The markets for construction and engines are stable thanks to government infrastructure project.

North America



Overall market is stable even though there is a strong product mix. In the CE market, the demand for infrastructure is stable thanks to government project but the demand for housing market has started to be calm. The compact tractor market is still weak and price competition is getting more intense. Mower and UV are good. The agricultural market continues to shrink due to crop price decline.

Europe



The CE market continues to be weak by economic slowdown and less investment mind. The market sentiment is being a bit upward thanks to a recent interest rate cut but it is not enough to get confidence of recovery within this year. The tractor market continues to be weak.

Asia except Japan



The Thailand market will recover thanks to sufficient rain fall as the result of the relief of the drought. The Indian market will recover more from dampened 1st half by stable monsoon rainfall this season and normal economic activities coming back from slow by slowness the general election.

Others



The Australian market shrinks mainly in residential market due to the slowdown in economic sentiment.

## **Water & Environment: 378.0 billion yen (YoY +13.5)**

Market trend

**Conditions in each market (Almost same as 1st half)**

**Pipe system**



The market of ductile iron pipes is stable thanks to large scale project albeit there is a demand shift to alternative pipes stemming from a high price.  
The market of plastic pipes is overall stable. The demand for housing market is weak with declining housing starts but the demand for infrastructure is good continuously.

**Industrial products**



The cracking tubes market is steady supported by global demand for ethylene. The steel pipe market is soft due to the soaring labor and material costs.  
The domestic market for air-conditioning equipment continues to be good thanks to the trend to choose Japan as a new factory site.

**Environment**

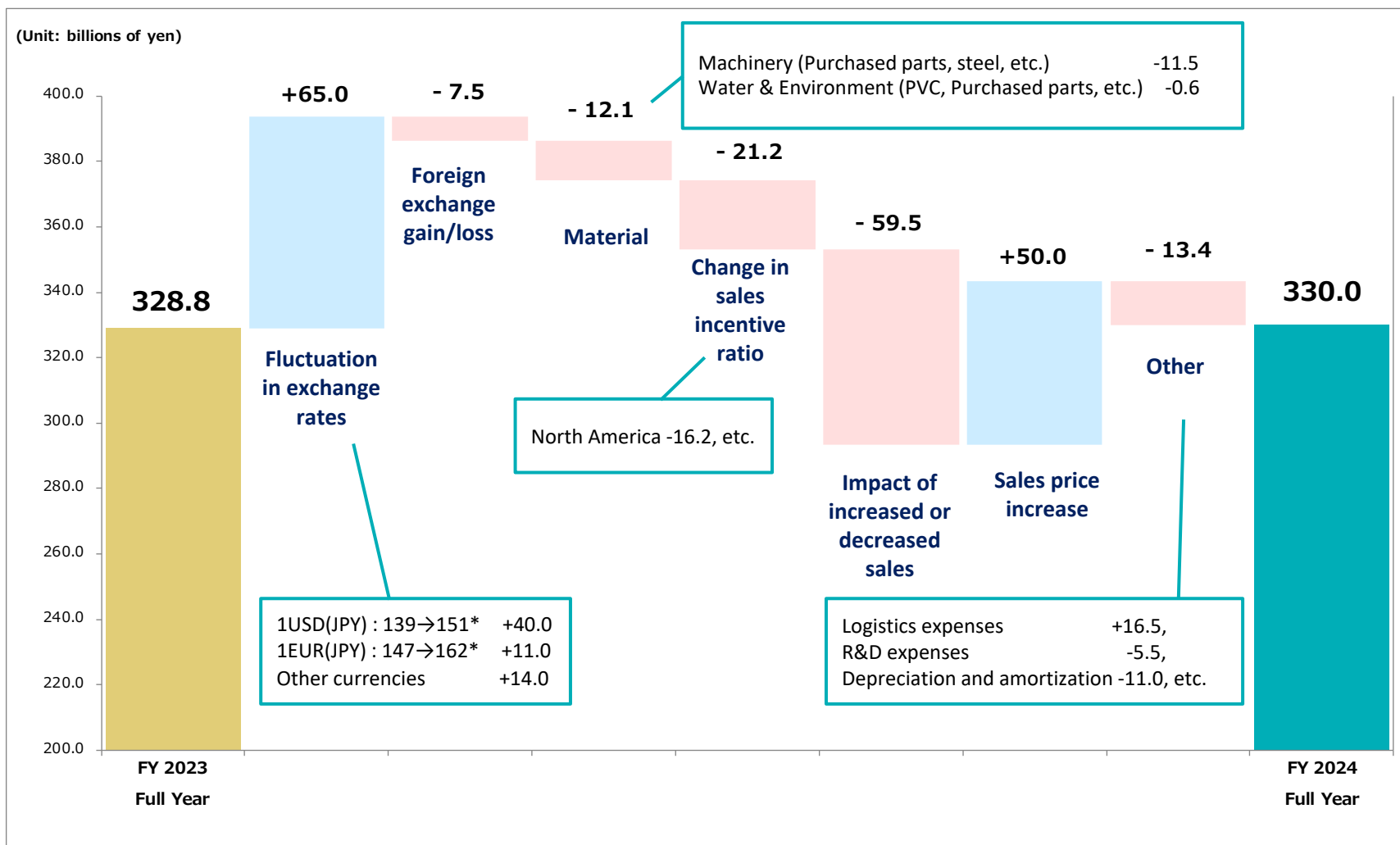


Projects related to wastewater and exhaust gas business are increasing due to the business trend to choose Japan as new factories location.  
The pumps market is at the same level as the previous year.  
The market of O&M business continues to expand in accordance with the increase in operating consignments to the private sector.

## **Other: 18.0 billion yen (YoY -1.5)**

Other is mainly comprised of a variety of other services such as logistics.

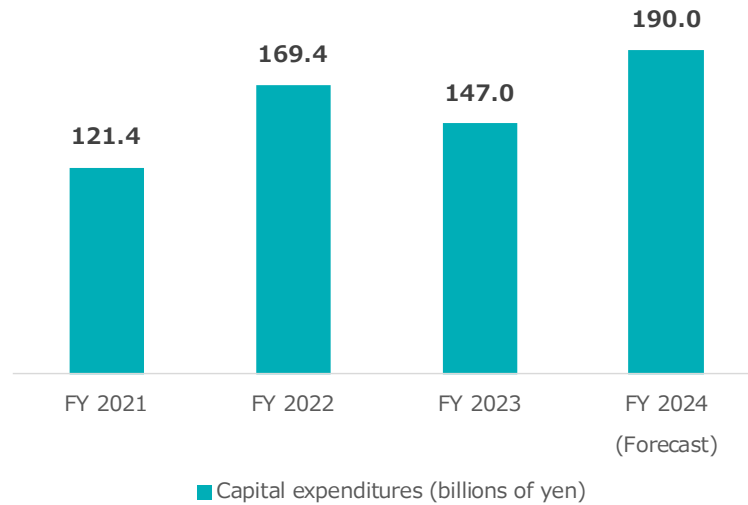
## Profit analysis (YoY change +1.2 billion yen)



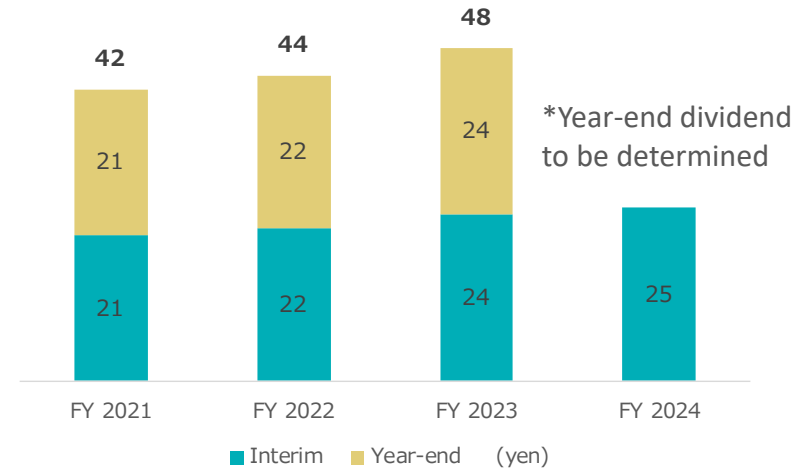
\*Actual exchange rate for the profit pertaining to the export products from Japan in consideration of transportation and inventory periods

# CAPEX, R&D expenses and Dividend

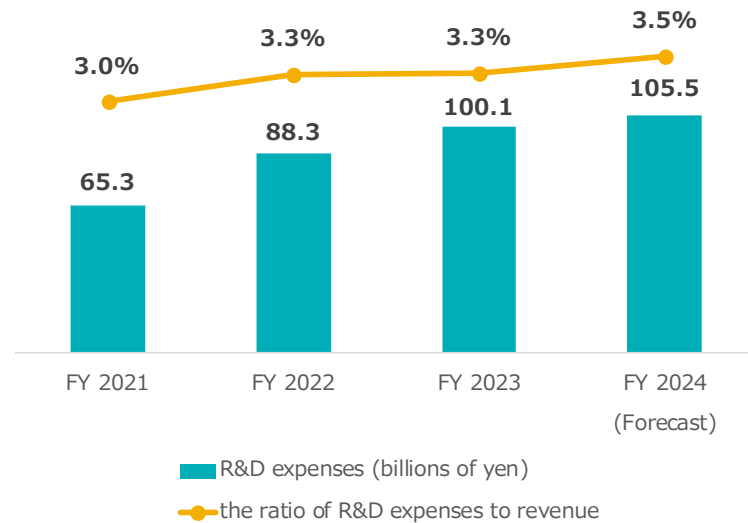
## ■ CAPEX



## ■ Dividend per common share



## ■ R&D expenses



# Strive for more profitability

**For Earth, For Life**

**Kubota**

# Appendix

## Statement of Financial Position

(Unit: billions of yen)		As of June 30, 2024	As of Dec. 31, 2023	Changes	Changes excl. the effects of fluctuation in exchange rates
Cash and cash equivalents		287.0	222.1	+ 64.9	
Trade receivables		1,101.0	945.5	+ 155.5	+ 61.8
Finance receivables		2,168.3	1,901.5	+ 266.9	+ 41.6
Inventories		718.2	668.0	+ 50.2	- 12.0
Other		1,806.3	1,622.1	+ 184.1	
<b>Total assets</b>		<b>6,080.8</b>	<b>5,359.2</b>	<b>+ 721.6</b>	
Bonds and borrowings		2,259.0	1,990.2	+ 268.7	+ 81.0
Trade payables		306.4	300.9	+ 5.5	
Other		730.0	652.1	+ 78.0	
<b>Total liabilities</b>		<b>3,295.4</b>	<b>2,943.2</b>	<b>+ 352.2</b>	
Equity attributable to owners of the parent		2,517.3	2,175.8	+ 341.5	
Noncontrolling interests		268.2	240.3	+ 27.9	
<b>Total equity</b>		<b>2,785.4</b>	<b>2,416.1</b>	<b>+ 369.4</b>	
<b>Total liabilities and equity</b>		<b>6,080.8</b>	<b>5,359.2</b>	<b>+ 721.6</b>	

## Financial Services &lt;Reference (unaudited)&gt;

## Statement of Financial Position

(Unit: billions of yen)	As of June 30, 2024		As of Dec. 31, 2023	
	Financial services	Equipment operations	Financial services	Equipment operations
<b>Total assets</b>	<b>2,522.6</b>	<b>3,801.5</b>	<b>2,237.9</b>	<b>3,378.3</b>
Cash and cash equivalents	32.2	254.8	33.7	188.5
Trade receivables	29.8	1,073.1	27.3	919.0
Finance receivables	2,168.3	-	1,901.5	-
Inventories	-	718.2	-	668.0
Property, plant, and equipment	22.7	784.2	16.7	710.3
Other	269.6	971.2	258.7	892.4
<b>Total liabilities</b>	<b>2,113.5</b>	<b>1,405.1</b>	<b>1,867.7</b>	<b>1,312.3</b>
Total interest-bearing liabilities	1,978.0	436.6	1,764.1	362.1
Other	135.5	968.6	103.6	950.2
<b>Total equity</b>	<b>409.1</b>	<b>2,396.4</b>	<b>370.1</b>	<b>2,066.0</b>

## Delinquency rate of retail financial receivables

(Unit: billions of yen)	As of June 30, 2024	As of Dec. 31, 2023	Changes	
	Amount	Amount	Amount	%
<b>Balance of receivables</b>	<b>2,196.9</b>	<b>1,926.1</b>	<b>270.8</b>	<b>+ 14.1</b>
Over 90 days delinquent payment	20.0	15.0	5.0	+ 33.1
<b>Delinquency rate</b>	<b>0.9%</b>	<b>0.8%</b>	<b>-</b>	<b>+ 0.1P</b>



## Operating Profit by Reportable Segment

(Unit: billions of yen)		FY 2024 2Q	YoY	FY 2024 (Forecast)	YoY
Machinery	Revenue	1,403.4	+59.2	2,604.0	-32.7
	Operating profit	215.9	+17.5	363.0	+7.2
	OP margin	15.4%	+0.6P	13.9%	+0.4P
Water	Revenue	167.6	+1.9	378.0	+13.5
	Operating profit	13.1	+3.2	32.0	+1.5
	OP margin	7.8%	+1.9P	8.5%	+0.1P
Other	Revenue	8.6	-1.6	18.0	-1.5
	Operating profit	1.0	-0.1	1.0	-0.5
	OP margin	11.1%	+0.5P	5.6%	-2.1P
Adjustment*	Operating profit	-22.6	+2.2	-66.0	-7.0
Total	Revenue	1,579.6	+59.6	3,000.0	-20.7
	Operating profit	207.3	+22.8	330.0	+1.2
	OP margin	13.1%	+1.0P	11.0%	+0.1P

\*Adjustment includes administrative expenses, basic research expenses, and foreign exchange gain/loss at the parent company.

# Appendix

## Supplementary data of U.S.

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

		Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2023	0-40hp	-20.1%	-8.4%	-6.8%	-8.5%	-13.0%	-11.2%	-10.7%
	40-120hp	-9.2%	-4.5%	-6.5%	-14.0%	-6.5%	-6.5%	-8.6%
	120-160hp	-0.2%	+0.1%	-0.6%	-9.3%	-0.0%	-0.2%	-3.1%
2024	0-40hp	-17.0%	-12.0%	-	-	-13.8%	-	-
	40-120hp	-8.4%	-9.8%	-	-	-9.2%	-	-
	120-160hp	-2.6%	+29.1%	-	-	+15.3%	-	-

Source: AEM (Association of Equipment Manufacturers)

### ■ YoY growth rate of retail sales units in mini-excavator market (0-6t)

	Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2023	+3.8%	+10.9%	-3.1%	+4.5%	+7.7%	+3.9%	+4.1%
2024	-14.2%	-13.7%	-	-	-13.9%	-	-

Source: AEM (Association of Equipment Manufacturers)

### ■ YoY growth rate of retail sales units in compact track loader market

	Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2023	+17.4%	+3.3%	+5.9%	+4.0%	+9.4%	+8.2%	+6.9%
2024	-6.9%	+6.4%	-	-	+0.2%	-	-

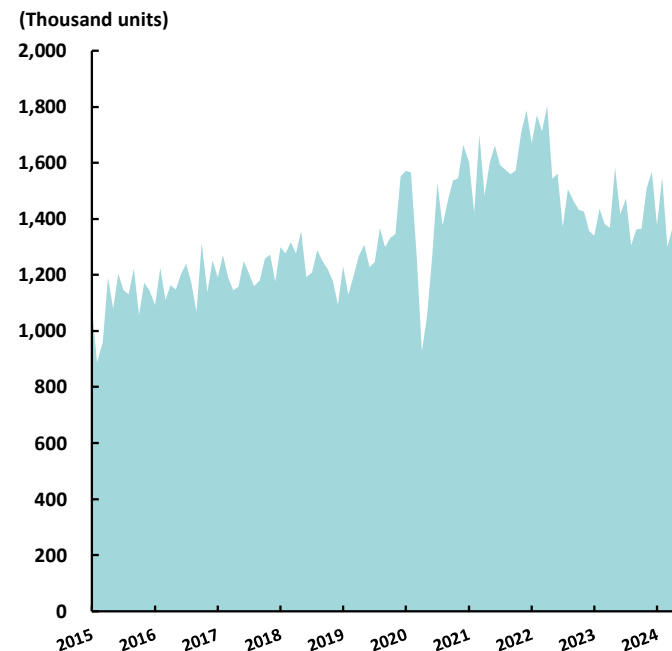
Source: AEM (Association of Equipment Manufacturers)

### ■ YoY growth rate of retail sales units in skid steer loader market

	Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2023	-5.3%	+4.5%	+7.9%	+28.7%	+0.1%	+2.6%	+10.7%
2024	+3.0%	-12.1%	-	-	-5.6%	-	-

Source: AEM (Association of Equipment Manufacturers)

### ■ New privately owned housing units started (Seasonally adjusted annual rate)

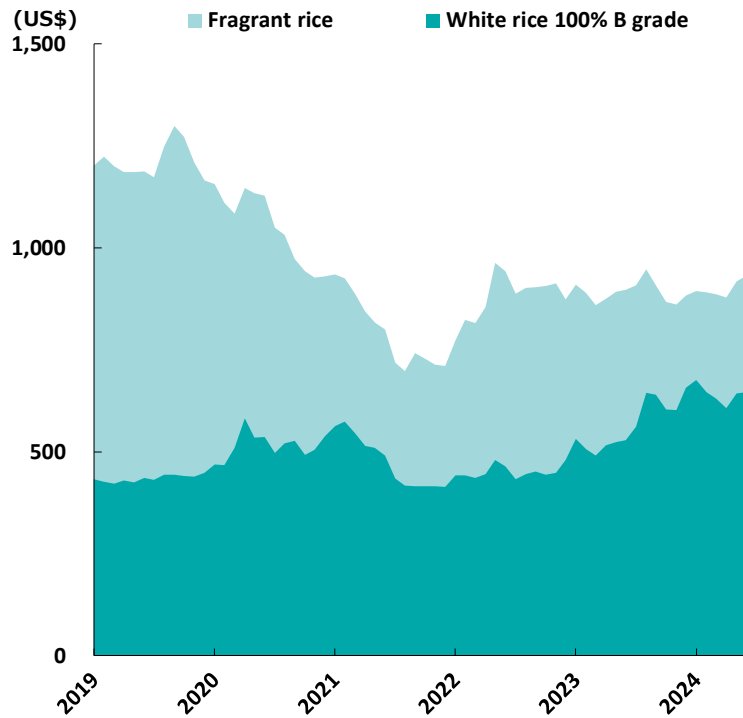


Source: U.S. Census Bureau

# Appendix

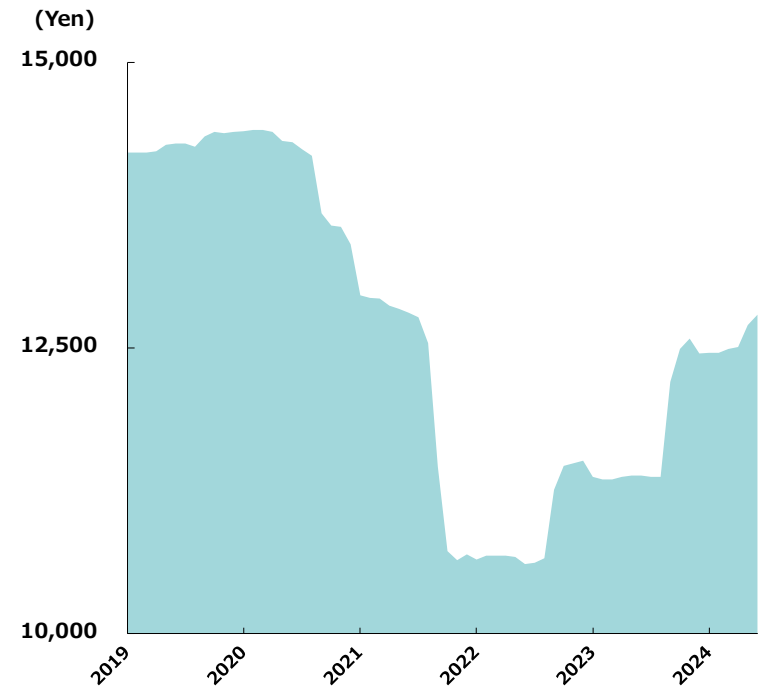
## Supplementary data of Thailand and Japan

■ Export price of Thai rice (US\$/t)



Source: USDA, Thai Rice Exporters Association

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



Source: Ministry of Agriculture, Forestry and Fisheries

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## 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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