

Financial Results for the three months ended March 31, 2020



May 12, 2020

Financial Summary

For Earth, For Life
Kubota

(Unit: billions of yen)	Three months ended Mar. 31, 2020	Three months ended Mar. 31, 2019	Changes	
			Amount	%
Revenue	439.5	480.7	-41.2	-8.6
Domestic	150.0	155.9	-5.9	-3.8
Overseas	289.5	324.8	-35.2	-10.9
Operating profit	6.9% 30.5	11.0% 52.9	-22.4	-42.4
Profit before income taxes	7.1% 31.0	11.3% 54.2	-23.1	-42.7
Profit attributable to owners of the parent	4.7% 20.8	7.8% 37.3	-16.5	-44.3

(Unit: billions of yen)	As of Mar. 31, 2020	As of Dec. 31, 2019	Changes	
			Amount	%
Total assets	3,035.7	3,139.3	-103.7	-3.3
Equity attributable to owners of the parent	1,400.1	1,442.8	-42.8	-3.0

(For reference: Changes excluding the effects of fluctuation in exchange [-6.0 billion yen]
>Overseas revenue in Machinery decreased by 9%. Total overseas revenue decreased by 9%.)

Machinery: -39.7 billion yen (Domestic: -5.8, Overseas: -33.9)

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|---------------|---|
| Japan | <ul style="list-style-type: none">• Sales of farm equipment decreased due to adverse reaction from rushed demand before the consumption tax hike in the prior year. In addition, there was also a negative effect from voluntary restraint of sales activities (participation in trade shows, etc.) resulting from the infection spread of COVID-19.• Sales of construction machinery (CE) decreased due to inventory shortage in some of the products along with delay in production caused by typhoon in the prior year. |
| North America | <ul style="list-style-type: none">• Sales of tractors were almost at the same level as the prior year because sales of mid- and large-sized tractors increased despite adverse reaction from carryover of restocking by dealers from the 2nd half of FY2018 to the 1st half of FY2019.• Sales of CE decreased because shipments of some products had been carried over from the 2nd half of FY2018 to the 1st half of FY2019 due to typhoon. |
| Europe | <ul style="list-style-type: none">• Sales of tractors decreased mainly due to business suspension by many dealers from late March along with the infection spread of COVID-19 and uncertainty about outlook caused by the stagnation in economic activities.• Sales of CE also decreased mainly due to the business suspension by dealers and postponed construction work. |
| Asia | <ul style="list-style-type: none">• In Thailand, sales of tractors decreased because customers' willingness to buy has continued to decline mainly due to declined crop yields and a decrease in planted area of rice for dry season cropping caused by water shortage since the prior year.• In China, sales of combine harvesters and rice transplanters were almost at the same level as the prior year. Although sales activities had been stagnated due to temporarily suspended business by dealers caused by the infection spread of COVID-19, shipments of rice transplanters and new models of combine harvesters to dealers progressed in March. |

Water: -1.1 billion yen (Domestic: +0.2, Overseas: -1.3)

Operating Profit

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(Unit: billions of yen)	Three months ended Mar. 31, 2020		Three months ended Mar. 31, 2019		Changes	
	Amount	%	Amount	%	Amount	%
Operating profit	30.5	6.9	52.9	11.0	-22.4	-42.4

Factors affecting operating profit (YoY change -22.4 billion yen)

1. Fluctuation in exchange rates	US\$ (110→109 *1) Euro (125→120 *1) Other currencies	-2.0 billion yen -1.0 billion yen -0.5 billion yen	-3.5 billion yen
2. Foreign exchange gain/loss			-1.2 billion yen
3. Material	Machinery Water	+1.7 billion yen +0.3 billion yen	+2.0 billion yen
4. Change in sales incentive ratio	North America : +0.6 billion yen etc.		-0.1 billion yen
5. Impact of increased sales			-11.0 billion yen
6. Sales price increase			+1.5 billion yen
7. Other			-10.1 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→109 Euro:129→120

Accompanying Materials

Exchange Rate

■ Exchange rate

			Year ending Dec. 31, 2020	Year ended Dec. 31, 2019
			(Actual)	(Actual)
¥/US\$		1st quarter (Jan.-Mar.)	109	110
		1st half (Jan.-Jun.)	-	110
		2nd half (Jul.-Dec.)	-	108
		Full year average (Jan.-Dec.)	-	109
¥/Euro		1st quarter (Jan.-Mar.)	120	125
		1st half (Jan.-Jun.)	-	124
		2nd half (Jul.-Dec.)	-	120
		Full year average (Jan.-Dec.)	-	122

¥/US\$	1st quarter end (Mar.)	109	111
	2nd quarter end (Jun.)	-	108
	3rd quarter end (Sept.)	-	108
	4th quarter end (Dec.)	-	110
¥/Euro	1st quarter end (Mar.)	120	125
	2nd quarter end (Jun.)	-	122
	3rd quarter end (Sept.)	-	118
	4th quarter end (Dec.)	-	123

Exchange Rate

■ Exchange rate

			Year ending Dec. 31, 2020	Year ended Dec. 31, 2019
			(Actual)	(Actual)
¥/THB		1st quarter (Jan.-Mar.)	3.49	3.49
		1st half (Jan.-Jun.)	-	3.49
		2nd half (Jul.-Dec.)	-	3.55
		Full year average (Jan.-Dec.)	-	3.52
¥/RMB		1st quarter (Jan.-Mar.)	15.60	16.33
		1st half (Jan.-Jun.)	-	16.20
		2nd half (Jul.-Dec.)	-	15.37
		Full year average (Jan.-Dec.)	-	15.78

¥/THB		1st quarter end (Mar.)	3.34	3.49
		2nd quarter end (Jun.)	-	3.50
		3rd quarter end (Sept.)	-	3.53
		4th quarter end (Dec.)	-	3.63
¥/RMB		1st quarter end (Mar.)	15.31	16.47
		2nd quarter end (Jun.)	-	15.69
		3rd quarter end (Sept.)	-	15.13
		4th quarter end (Dec.)	-	15.67

Reference Data (The United States)

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

		Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2019	0-40hp	+9.7%	+4.9%	+6.4%	-0.1%	+6.4%	+6.4%	+5.0%
	40-120hp	-0.8%	-0.2%	+7.2%	-4.1%	-0.4%	+2.2%	+0.5%
	120-160hp	-5.7%	+2.3%	+16.6%	-0.4%	-1.0%	+4.8%	+3.3%
2020	0-40hp	-8.9%	-	-	-	-	-	-
	40-120hp	-5.1%	-	-	-	-	-	-
	120-160hp	-14.1%	-	-	-	-	-	-

Source: AEM (Association of Equipment Manufacturers)

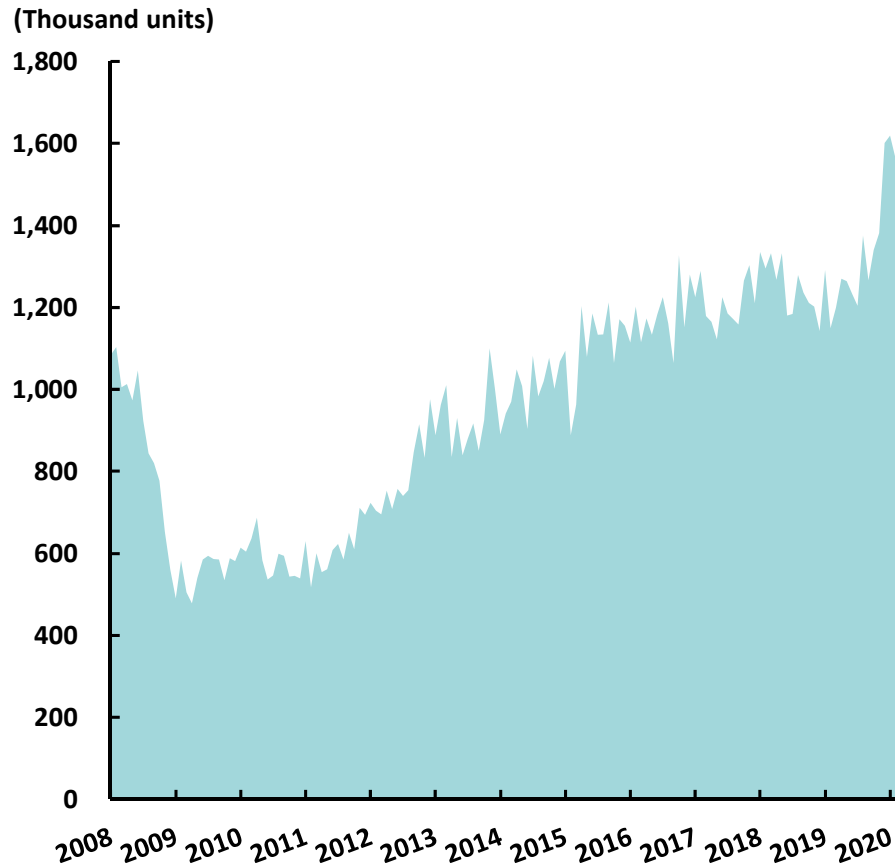
■ YoY growth rate of retail sales units in the mini-excavator market (0-8t)

		Jan.-Mar.	Apr.-Jun.	Jul.-Sept.	Oct.-Dec.	Jan.-Jun.	Jan.-Sept.	Jan.-Dec.
2019		+2.7%	+7.4%	+11.0%	+25.0%	+5.6%	+7.4%	+11.7%
2020		+4.5%	-	-	-	-	-	-

Source: AEM (Association of Equipment Manufacturers)

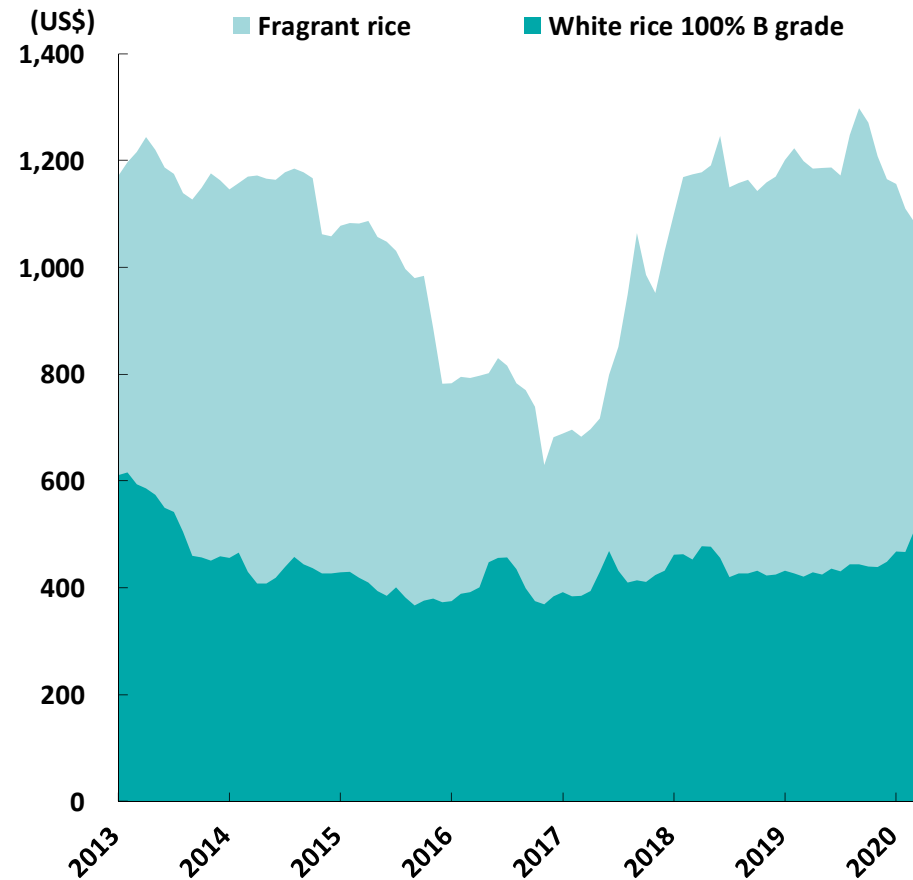
Reference Data (The United States and Thailand)

■ 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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