FOR IMMEDIATE RELEASE

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# RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2019 [IFRS]

Kubota Corporation hereby reports its consolidated results for the three months ended March 31, 2019.

## Consolidated Financial Highlights

### 1. Consolidated results of operations for the three months ended March 31, 2019

(1) Results of operations

(Unit: millions of yen, except earnings per share)

| | Three months ended Mar. 31, 2019 | Change [%] | Three months ended Mar. 31, 2018 | Change [%] |
|---|---|---|---|---|
| Revenue | ¥ 480,712 | 12.2 | ¥ 428,621 | 5.9 |
| Operating profit | ¥ 52,881 | 20.5 | ¥ 43,892 | 9.0 |
| Profit before income taxes | ¥ 54,164 | 20.3 | ¥ 45,034 | 2.6 |
| Profit for the period | ¥ 40,434 | 23.5 | ¥ 32,733 | 3.7 |
| Profit attributable to owners of the parent | ¥ 37,282 | 24.8 | ¥ 29,869 | 1.5 |
| Comprehensive income (loss) for the period | ¥ 52,168 | - | ( ¥ 15,296 ) | - |
| Earnings per share attributable to owners of the parent: | | | | |
| Basic | ¥ 30.26 | | ¥ 24.21 | |
| Diluted | - | | - | |

(2) Financial condition

(Unit: millions of yen)

| | Mar. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Total assets | ¥ 3,038,306 | ¥ 2,895,655 |
| Total equity | ¥ 1,456,427 | ¥ 1,426,433 |
| Equity attributable to owners of the parent | ¥ 1,365,789 | ¥ 1,339,850 |
| Ratio of equity attributable to owners of the parent to total assets | 45.0% | 46.3% |

Note:

Change [%] represents the percentage change from the same period in the prior year.

### 2. Cash dividends

(Unit: yen)

| | Cash dividends per common share | | |
|---|---|---|---|
| | Interim | Year-end | Total |
| Year ending Dec. 31, 2019 | Undecided | Undecided | Undecided |
| Year ended Dec. 31, 2018 | ¥ 16.00 | ¥ 18.00 | ¥ 34.00 |

Note:

Although Kubota Corporation's basic policy for the return of profit to shareholders is to maintain stable dividends and raise dividends, the specific amount of cash dividends for each fiscal year is decided in consideration of the development of business performance, financial condition, and shareholder return ratio calculated from dividends and share buy-backs. The specific amount of cash dividends for the year ending December 31, 2019 has not been decided at this time and Kubota Corporation will publicize the amount as soon as a decision is made.

## 3. Forecasts of operations for the year ending December 31, 2019

(Unit: millions of yen, except earnings per share)

| | Six months ending June 30, 2019 | Change [%] | Year ending Dec. 31, 2019 | Change [%] |
|---|---|---|---|---|
| Revenue | ¥ 995,000 | 9.8 | ¥ 1,970,000 | 6.5 |
| Operating profit | ¥ 102,000 | 0.9 | ¥ 200,000 | 5.6 |
| Profit before income taxes | ¥ 106,000 | 0.8 | ¥ 208,000 | 5.5 |
| Profit attributable to owners of the parent | ¥ 73,000 | 1.5 | ¥ 145,000 | 4.6 |
| Earnings per share attributable to owners of the parent - Basic | ¥ 59.25 | | ¥ 117.68 | |

Notes:

1. Change [%] represents the percentage change from the same period in the prior year.
2. Please refer to the accompanying materials, "1. Review of operations and financial condition (3) Forecasts for the year ending December 31, 2019" on page 6 for further information related to the forecasts of operations.

## 4. Other information

(1) Changes in significant subsidiaries during the three months under review (changes in specified subsidiaries resulting in the changes in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates
   a) Changes in accounting policies required by IFRS: Yes
   b) Changes in accounting policies due to reasons other than a) above: None
   c) Changes in accounting estimates: None

   Note:
   See the accompanying materials, "2. Other information (2) Changes in accounting policies" on page 6.

(3) Number of common shares issued

| | | | |
|---|---|---|---|
| a) | Number of common shares issued including treasury shares as of March 31, 2019 | : | 1,232,556,846 |
| | Number of common shares issued including treasury shares as of December 31, 2018 | : | 1,232,556,846 |
| b) | Number of treasury shares as of March 31, 2019 | : | 439,669 |
| | Number of treasury shares as of December 31, 2018 | : | 439,464 |
| c) | Weighted-average number of common shares outstanding during the three months ended March 31, 2019 | : | 1,232,118,418 |
| | Weighted-average number of common shares outstanding during the three months ended March 31, 2018 | : | 1,233,658,935 |

(Information on the status of the quarterly review by the independent auditor)
This release is not subject to the quarterly review by the independent auditor.

(Method of obtaining supplementary materials on the financial results)
Kubota Corporation plans to hold a result briefing (conference call) for institutional investors and securities analysts on May 10, 2019. The supplementary material will be published on the Company's website on the same day.

< 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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# 1. Review of operations and financial condition

## (1) Summary of the results of operations for the three–month period

For the three months ended March 31, 2019, revenue of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased by ¥52.1 billion [12.2%] from the same period in the prior year to ¥480.7 billion.

Domestic revenue increased by ¥6.6 billion [4.4%] from the same period in the prior year to ¥155.9 billion because of increased revenue in all reportable segments, such as Farm & Industrial Machinery, Water & Environment, and Other.

Overseas revenue increased by ¥45.5 billion [16.3%] from the same period in the prior year to ¥324.8 billion because revenue in Farm & Industrial Machinery significantly increased due to strong sales of tractors and construction machinery. On the other hand, revenue in Water & Environment decreased.

Operating profit increased by ¥9.0 billion [20.5%] from the same period in the prior year to ¥52.9 billion. This increase was mainly due to some positive effects from increased sales in the domestic and overseas markets and the improved foreign exchange gain/loss, while there were some negative effects from increased fixed costs and a rise in material prices. Profit before income taxes increased by ¥9.1 billion [20.3%] from the same period in the prior year to ¥54.2 billion due to increased operating profit. Income tax expenses were ¥14.3 billion and profit for the period increased by ¥7.7 billion [23.5%] from the same period in the prior year to ¥40.4 billion. Profit attributable to owners of the parent increased by ¥7.4 billion [24.8%] from the same period in the prior year to ¥37.3 billion.

Revenue from external customers and operating profit by each reportable segment was as follows:

**1) Farm & Industrial Machinery**

Farm & Industrial Machinery is comprised of farm equipment, agricultural-related products, engines, and construction machinery.

Revenue in this segment increased by 14.9% from the same period in the prior year to ¥390.1 billion, and accounted for 81.1% of consolidated revenue.

Domestic revenue increased by 4.9% from the same period in the prior year to ¥75.6 billion due to increased sales of farm equipment, agricultural-related products, engines, and construction machinery.

Overseas revenue increased by 17.6% from the same period in the prior year to ¥314.5 billion. In North America, sales of tractors and construction machinery significantly increased due to restocking by dealers as well as solid demand. In Europe, revenue was almost at the same level as the prior year due to a negative effect from the yen appreciation against the Euro and the British pound sterling, while sales of tractors and engines increased. In Asia outside Japan, revenue increased because sales of farm equipment in Thailand significantly increased mainly due to stable prices of agricultural products. On the other hand, sales of combine harvesters and rice transplanters in China were stagnant.

Operating profit in this segment increased by 10.3% from the same period in the prior year to ¥51.8 billion due to some positive effects from increased revenue in domestic and overseas markets and decreased sales promotion expenses resulting from declined interest rates in the United States, which compensated for some negative effects from increased fixed costs and a rise in material prices.

**2) Water & Environment**

Water & Environment is comprised of pipe- and infrastructure-related products (ductile iron pipes, plastic pipes, pumps, valves, industrial castings, ceramics, spiral-welded steel pipes, and other products) and environment-related products (environmental control plants and other products).

Revenue in this segment increased by 1.5% from the same period in the prior year to ¥82.5 billion, and accounted for 17.2% of consolidated revenue.

Domestic revenue increased by 4.2% from the same period in the prior year to ¥72.3 billion. Revenue from pipe- and infrastructure-related products decreased due to a decrease mainly in sales of industrial castings and spiral-welded steel pipes, while sales of ductile iron pipes increased. Revenue from environment-related products increased due to revenue from construction of waste disposal and treatment facility in Futaba Town, Fukushima Prefecture.

Overseas revenue decreased by 14.1% from the same period in the prior year to ¥10.2 billion. Export sales of ductile iron pipes and pumps to the Middle East decreased significantly.

Operating profit in this segment increased by 3.2% from the same period in the prior year to ¥9.1 billion due to reduction in fixed costs.

**3) Other**

Other is mainly comprised of a variety of services.

Revenue in this segment increased by 2.8% from the same period in the prior year to ¥8.1 billion, and accounted for 1.7% of consolidated revenue.

Operating profit in this segment increased by 48.5% from the same period in the prior year to ¥1.1 billion.

## (2) Financial condition

### a) Assets, liabilities, and equity

Total assets at March 31, 2019 were ¥3,038.3 billion, an increase of ¥142.7 billion from the prior fiscal year-end. With respect to assets, trade receivables significantly increased mainly due to increased overseas sales of Farm & Industrial Machinery. In addition, property, plant, and equipment also increased due to recognition of right-of-use assets along with adoption of IFRS 16 Leases.

With respect to liabilities, bonds and borrowings increased. In addition, other financial liabilities significantly increased due to recognition of lease liabilities along with adoption of IFRS 16 Leases as well. Equity increased due to the accumulation of retained earnings and improved other components of equity, which was due to fluctuations in foreign exchange rates and prices of securities. The ratio of equity attributable to owners of the parent to total assets stood at 45.0%, 1.3 percent lower than the prior fiscal year-end.

### b) Cash flows

Net cash provided by operating activities during the three months ended March 31, 2019 was ¥10.5 billion, an increase of ¥30.0 billion in net cash inflow compared with the same period in the prior year. This increase resulted mainly from an increase in profit for the period and a decrease in income taxes paid, net.

Net cash used in investing activities was ¥38.8 billion, an increase of ¥22.9 billion in net cash outflow compared with the same period in the prior year. This increase was mainly due to an increase in cash outflow related to acquisition of property, plant, and equipment and intangible assets.

Net cash provided by financing activities was ¥9.0 billion, an increase of ¥24.1 billion in net cash inflow compared with the same period in the prior year. This increase was mainly due to an increase in funding.

As a result of the above, and after taking into account the effects from exchange rate changes, cash and cash equivalents at March 31, 2019 were ¥211.5 billion, a decrease of ¥17.6 billion from the beginning of the current period.

### (3) Forecasts for the year ending December 31, 2019

The forecasts of the results of operations for the year ending December 31, 2019, which were announced on February 14, 2019, remain unchanged.

These forecasts are based on the assumption of exchange rates of ¥108=USD1 and ¥122=EUR1.

## 2. Other information

### (1) Changes in significant subsidiaries

None

### (2) Changes in accounting policies

The Company adopted IFRS 16 *Leases* ("IFRS 16") on January 1, 2019 (the "date of initial application").

IFRS 16 requires a lessee to recognize right-of-use assets and lease liabilities for all leases at the commencement date instead of classifying leases as either finance leases or operating leases stipulated in the previous accounting standard, IAS 17 *Leases*. IFRS 16 provides exemptions allowing a lessee not to apply the requirements to short-term leases (with a lease term of 12 months or less) and leases for low-value assets. The Company elects these exemptions.

For the transition to IFRS 16, the company elects to recognize the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application. In applying IFRS 16, the Company uses a practical expedient, in which an entity is not required to reassess whether a contract is or contains a lease at date of initial application, and the Company also uses practical expedients to the contracts that were previously identified as operating leases stipulated in the previous accounting standard.

As of January 1, 2019, the application of IFRS 16 increased property, plant, and equipment, other financial liabilities (current liabilities), and other financial liabilities (noncurrent liabilities) by ¥39,472 million, ¥13,856 million, and ¥25,616 million, respectively.

# 3. Condensed consolidated financial statements

## (1) Condensed consolidated statement of financial position

**ASSETS** (Unit: millions of yen)

| | Mar. 31, 2019 | | Dec. 31, 2018 | | Change |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Current assets:** | | | | | |
| Cash and cash equivalents | ¥ 211,509 | | ¥ 229,123 | | ¥ (17,614) |
| Trade receivables | 733,574 | | 660,401 | | 73,173 |
| Finance receivables | 267,801 | | 267,262 | | 539 |
| Other financial assets | 56,547 | | 54,373 | | 2,174 |
| Inventories | 390,746 | | 370,698 | | 20,048 |
| Income taxes receivable | 4,650 | | 4,416 | | 234 |
| Other current assets | 50,892 | | 53,250 | | (2,358) |
| Total current assets | 1,715,719 | 56.5 | 1,639,523 | 56.6 | 76,196 |
| **Noncurrent assets:** | | | | | |
| Investments accounted for using the equity method | 31,155 | | 30,611 | | 544 |
| Finance receivables | 626,985 | | 621,886 | | 5,099 |
| Other financial assets | 160,257 | | 151,198 | | 9,059 |
| Property, plant, and equipment | 381,946 | | 330,034 | | 51,912 |
| Goodwill and intangible assets | 52,380 | | 49,948 | | 2,432 |
| Deferred tax assets | 50,113 | | 50,055 | | 58 |
| Other noncurrent assets | 19,751 | | 22,400 | | (2,649) |
| Total noncurrent assets | 1,322,587 | 43.5 | 1,256,132 | 43.4 | 66,455 |
| **Total assets** | ¥ 3,038,306 | 100.0 | ¥ 2,895,655 | 100.0 | ¥ 142,651 |

**LIABILITIES AND EQUITY** (Unit: millions of yen)

| | Mar. 31, 2019 | | Dec. 31, 2018 | | Change |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Current liabilities:** | | | | | |
| Bonds and borrowings | ¥ 388,364 | | ¥ 349,060 | | ¥ 39,304 |
| Trade payables | 326,594 | | 306,759 | | 19,835 |
| Other financial liabilities | 63,506 | | 57,402 | | 6,104 |
| Income taxes payable | 21,781 | | 9,353 | | 12,428 |
| Provisions | 25,469 | | 22,415 | | 3,054 |
| Other current liabilities | 187,472 | | 177,834 | | 9,638 |
| Total current liabilities | 1,013,186 | 33.4 | 922,823 | 31.8 | 90,363 |
| **Noncurrent liabilities:** | | | | | |
| Bonds and borrowings | 488,818 | | 490,205 | | (1,387) |
| Other financial liabilities | 28,423 | | 4,727 | | 23,696 |
| Retirement benefit liabilities | 14,515 | | 14,498 | | 17 |
| Deferred tax liabilities | 28,946 | | 29,308 | | (362) |
| Other noncurrent liabilities | 7,991 | | 7,661 | | 330 |
| Total noncurrent liabilities | 568,693 | 18.7 | 546,399 | 18.9 | 22,294 |
| Total liabilities | 1,581,879 | 52.1 | 1,469,222 | 50.7 | 112,657 |
| **Equity:** | | | | | |
| Share capital | 84,130 | | 84,130 | | — |
| Share premium | 85,979 | | 85,305 | | 674 |
| Retained earnings | 1,150,477 | | 1,135,395 | | 15,082 |
| Other components of equity | 45,526 | | 35,343 | | 10,183 |
| Treasury shares | (323) | | (323) | | — |
| Total equity attributable to owners of the parent | 1,365,789 | 45.0 | 1,339,850 | 46.3 | 25,939 |
| Noncontrolling interests | 90,638 | 2.9 | 86,583 | 3.0 | 4,055 |
| Total equity | 1,456,427 | 47.9 | 1,426,433 | 49.3 | 29,994 |
| **Total liabilities and equity** | ¥ 3,038,306 | 100.0 | ¥ 2,895,655 | 100.0 | ¥ 142,651 |

## (2) Condensed consolidated statement of profit or loss

(Unit: millions of yen, except earnings per share)

| | Three months ended Mar. 31, 2019 | | Three months ended Mar. 31, 2018 | | Change | |
|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % |
| Revenue | ¥ 480,712 | 100.0 | ¥ 428,621 | 100.0 | ¥ 52,091 | 12.2 |
| Cost of sales | (342,026) | | (299,123) | | (42,903) | |
| Selling, general, and administrative expenses | (85,114) | | (80,358) | | (4,756) | |
| Other income | 723 | | 343 | | 380 | |
| Other expenses | (1,414) | | (5,591) | | 4,177 | |
| Operating profit | 52,881 | 11.0 | 43,892 | 10.2 | 8,989 | 20.5 |
| Finance income | 1,639 | | 4,614 | | (2,975) | |
| Finance costs | (356) | | (3,472) | | 3,116 | |
| Profit before income taxes | 54,164 | 11.3 | 45,034 | 10.5 | 9,130 | 20.3 |
| Income tax expenses | (14,300) | | (12,545) | | (1,755) | |
| Share of profits of investments accounted for using the equity method | 570 | | 244 | | 326 | |
| Profit for the period | ¥ 40,434 | 8.4 | ¥ 32,733 | 7.6 | ¥ 7,701 | 23.5 |
| Profit attributable to: | | | | | | |
| Owners of the parent | ¥ 37,282 | 7.8 | ¥ 29,869 | 7.0 | ¥ 7,413 | 24.8 |
| Noncontrolling interests | 3,152 | 0.6 | 2,864 | 0.6 | 288 | 10.1 |
| Earnings per share attributable to owners of the parent: | | | | | | |
| Basic | ¥ 30.26 | | ¥ 24.21 | | | |
| Diluted | — | | — | | | |

## (3) Condensed consolidated statement of comprehensive income

(Unit: millions of yen)

| | Three months ended Mar. 31, 2019 | Three months ended Mar. 31, 2018 | Change |
|---|---|---|---|
| Profit for the period | ¥ 40,434 | ¥ 32,733 | ¥ 7,701 |
| Other comprehensive income, net of income tax: | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Remeasurement of defined benefit pension plans | (11) | 253 | (264) |
| Net change in fair value of financial assets measured at fair value through other comprehensive income | 6,422 | (9,319) | 15,741 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange rate differences on translating foreign operations | 5,323 | (38,963) | 44,286 |
| Total other comprehensive income, net of income tax | 11,734 | (48,029) | 59,763 |
| Comprehensive income for the period | ¥ 52,168 | ¥ (15,296) | ¥ 67,464 |

| | | | |
|---|---|---|---|
| Comprehensive income attributable to: | | | |
| Owners of the parent | ¥ 47,489 | ¥ (16,702) | ¥ 64,191 |
| Noncontrolling interests | 4,679 | 1,406 | 3,273 |

# (4) Condensed consolidated statement of changes in equity

Three months ended March 31, 2019 (Unit: millions of yen)

| | Equity attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Retained earnings | Other components of equity | Treasury shares | Total equity attributable to owners of the parent | Noncontrolling interests | Total equity |
| Balance as of Jan. 1, 2019 | ¥ 84,130 | ¥ 85,305 | ¥ 1,135,395 | ¥ 35,343 | ¥ (323) | ¥ 1,339,850 | ¥ 86,583 | ¥ 1,426,433 |
| Profit for the period | | | 37,282 | | | 37,282 | 3,152 | 40,434 |
| Total other comprehensive income, net of income tax | | | | 10,207 | | 10,207 | 1,527 | 11,734 |
| Comprehensive income for the period | | | 37,282 | 10,207 | | 47,489 | 4,679 | 52,168 |
| Transfer to retained earnings | | | (16) | 16 | | — | | — |
| Dividends paid | | | (22,184) | | | (22,184) | (50) | (22,234) |
| Share-based payments with transfer restrictions | | 15 | | | | 15 | | 15 |
| Changes in ownership interests in subsidiaries | | 659 | | (40) | | 619 | (574) | 45 |
| Balance as of Mar. 31, 2019 | ¥ 84,130 | ¥ 85,979 | ¥ 1,150,477 | ¥ 45,526 | ¥ (323) | ¥ 1,365,789 | ¥ 90,638 | ¥ 1,456,427 |

Three months ended March 31, 2018 (Unit: millions of yen)

| | Equity attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Retained earnings | Other components of equity | Treasury shares | Total equity attributable to owners of the parent | Noncontrolling interests | Total equity |
| Balance as of Jan. 1, 2018 | ¥ 84,100 | ¥ 85,037 | ¥ 1,040,207 | ¥ 81,924 | ¥ (174) | ¥ 1,291,094 | ¥ 84,474 | ¥ 1,375,568 |
| Cumulative effects of new accounting standards applied | | | 1,377 | 3,262 | | 4,639 | 1,014 | 5,653 |
| Profit for the period | | | 29,869 | | | 29,869 | 2,864 | 32,733 |
| Total other comprehensive income, net of income tax | | | | (46,571) | | (46,571) | (1,458) | (48,029) |
| Comprehensive income for the period | | | 29,869 | (46,571) | | (16,702) | 1,406 | (15,296) |
| Transfer to retained earnings | | | 252 | (252) | | — | | — |
| Dividends paid | | | (20,978) | | | (20,978) | (55) | (21,033) |
| Purchases and sales of treasury shares | | | | | (1) | (1) | | (1) |
| Share-based payments with transfer restrictions | | 15 | | | | 15 | | 15 |
| Changes in ownership interests in subsidiaries | | | | | | — | 9 | 9 |
| Balance as of Mar. 31, 2018 | ¥ 84,100 | ¥ 85,052 | ¥ 1,050,727 | ¥ 38,363 | ¥ (175) | ¥ 1,258,067 | ¥ 86,848 | ¥ 1,344,915 |

## (5) Condensed consolidated statement of cash flows

(Unit: millions of yen)

| | Three months ended Mar. 31, 2019 | Three months ended Mar. 31, 2018 | Change |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Profit for the period | ¥ 40,434 | ¥ 32,733 | |
| Depreciation and amortization | 14,847 | 11,965 | |
| Finance income and costs | (1,148) | (1,137) | |
| Income tax expenses | 14,300 | 12,545 | |
| Increase in trade receivables | (71,438) | (34,991) | |
| Decrease (increase) in finance receivables | 397 | (884) | |
| Increase in inventories | (19,803) | (31,415) | |
| Decrease in other assets | 8,134 | 8,626 | |
| Increase in trade payables | 19,426 | 13,973 | |
| Increase in other liabilities | 13,160 | 8,410 | |
| Other, net | (3,408) | (4,351) | |
| Interest received | 950 | 896 | |
| Dividends received | 316 | 323 | |
| Interest paid | (298) | (121) | |
| Income taxes paid, net | (5,336) | (36,039) | |
| Net cash provided by (used in) operating activities | 10,533 | (19,467) | ¥ 30,000 |
| **Cash flow from investing activities:** | | | |
| Payments for acquisition of property, plant, and equipment and intangible assets | (33,726) | (8,294) | |
| Net increase in short-term loans receivable from associates | (2,550) | (3,289) | |
| Net increase in time deposits | (6,272) | (6,426) | |
| Net decrease in short-term investments | 3,971 | 2,401 | |
| Other, net | (263) | (343) | |
| Net cash used in investing activities | (38,840) | (15,951) | (22,889) |
| **Cash flows from financing activities:** | | | |
| Funding from bonds and borrowings | 50,072 | 20,928 | |
| Redemptions of bonds and repayments of long-term borrowings | (47,694) | (72,046) | |
| Net increase in short-term borrowings | 32,277 | 57,034 | |
| Dividends paid | (22,184) | (20,978) | |
| Proceeds from acquisition of noncontrolling interests | (963) | — | |
| Other, net | (2,497) | (56) | |
| Net cash provided by (used in) financing activities | 9,011 | (15,118) | 24,129 |
| Effect of exchange rate changes on cash and cash equivalents | 1,682 | (1,478) | 3,160 |
| **Net decrease in cash and cash equivalents** | (17,614) | (52,014) | |
| **Cash and cash equivalents, at the beginning of the period** | 229,123 | 230,720 | |
| **Cash and cash equivalents, at the end of the period** | ¥ 211,509 | ¥ 178,706 | ¥ 32,803 |

## (6) Notes to the going concern assumption

None

## (7) Consolidated segment information

**a) Reportable segments**

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

| Three months ended March 31, 2019 | | Farm & Industrial Machinery | Water & Environment | Other | Adjustments | Consolidated |
|---|---|---|---|---|---|---|
| Revenue | External customers | ¥ 390,071 | ¥ 82,505 | ¥ 8,136 | ¥ — | ¥ 480,712 |
| | Intersegment | 91 | 296 | 6,878 | (7,265) | — |
| | Total | 390,162 | 82,801 | 15,014 | (7,265) | 480,712 |
| Operating profit | | ¥ 51,788 | ¥ 9,059 | ¥ 1,075 | ¥ (9,041) | ¥ 52,881 |

(Unit: millions of yen)

| Three months ended March 31, 2018 | | Farm & Industrial Machinery | Water & Environment | Other | Adjustments | Consolidated |
|---|---|---|---|---|---|---|
| Revenue | External customers | ¥ 339,436 | ¥ 81,274 | ¥ 7,911 | ¥ — | ¥ 428,621 |
| | Intersegment | 121 | 315 | 6,417 | (6,853) | — |
| | Total | 339,557 | 81,589 | 14,328 | (6,853) | 428,621 |
| Operating profit | | ¥ 46,958 | ¥ 8,782 | ¥ 724 | ¥ (12,572) | ¥ 43,892 |

Notes:

1. *Adjustments* include items such as the elimination of intersegment transfers and corporate expenses which are not allocated to any particular reportable segment. The corporate expenses included in *Adjustments* consist mainly of administration department expenses, basic research expenses, and foreign exchange gains or losses incurred by Kubota Corporation.

2. The aggregated amounts of operating profit are equal to those presented in the condensed consolidated statement of profit or loss. Please refer to the condensed consolidated statement of profit or loss for the reconciliation of operating profit to profit before income taxes.

3. Intersegment transfers are recorded at values that approximate market prices.

**b) Geographic information**

Information about revenue from external customers by location is summarized as follows:

(Unit: millions of yen)

| | Three months ended Mar. 31, 2019 | Three months ended Mar. 31, 2018 |
|---|---|---|
| Japan | ¥ 155,947 | ¥ 149,338 |
| North America | 162,681 | 116,931 |
| Europe | 67,625 | 67,561 |
| Asia outside Japan | 81,958 | 76,439 |
| Other areas | 12,501 | 18,352 |
| Total | ¥ 480,712 | ¥ 428,621 |

Notes:

1. Revenue from North America included that from the United States of ¥143,335million and ¥100,719million for the three months ended March 31, 2019 and 2018, respectively.

2. There was no single customer from whom revenue exceeded 10% or more of total consolidated revenue of the Company.

## (8) Consolidated revenue by product group

(Unit: millions of yen)

| | Three months ended Mar. 31, 2019 | | Three months ended Mar. 31, 2018 | | Change | |
|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % |
| **Farm Equipment and Engines** | **¥ 310,245** | **64.5** | **¥ 272,098** | **63.5** | **¥ 38,147** | **14.0** |
| Domestic | 66,897 | | 64,089 | | 2,808 | 4.4 |
| Overseas | 243,348 | | 208,009 | | 35,339 | 17.0 |
| **Construction Machinery** | **79,826** | **16.6** | **67,338** | **15.7** | **12,488** | **18.5** |
| Domestic | 8,722 | | 8,031 | | 691 | 8.6 |
| Overseas | 71,104 | | 59,307 | | 11,797 | 19.9 |
| **Farm & Industrial Machinery** | **390,071** | **81.1** | **339,436** | **79.2** | **50,635** | **14.9** |
| Domestic | 75,619 | 15.7 | 72,120 | 16.8 | 3,499 | 4.9 |
| Overseas | 314,452 | 65.4 | 267,316 | 62.4 | 47,136 | 17.6 |
| **Pipe- and infrastructure-related Products** | **54,484** | **11.4** | **56,777** | **13.3** | **(2,293)** | **(4.0)** |
| Domestic | 46,131 | | 47,292 | | (1,161) | (2.5) |
| Overseas | 8,353 | | 9,485 | | (1,132) | (11.9) |
| **Environment-related Products** | **28,021** | **5.8** | **24,497** | **5.7** | **3,524** | **14.4** |
| Domestic | 26,169 | | 22,107 | | 4,062 | 18.4 |
| Overseas | 1,852 | | 2,390 | | (538) | (22.5) |
| **Water & Environment** | **82,505** | **17.2** | **81,274** | **19.0** | **1,231** | **1.5** |
| Domestic | 72,300 | 15.0 | 69,399 | 16.2 | 2,901 | 4.2 |
| Overseas | 10,205 | 2.2 | 11,875 | 2.8 | (1,670) | (14.1) |
| **Other** | **8,136** | **1.7** | **7,911** | **1.8** | **225** | **2.8** |
| Domestic | 8,028 | 1.7 | 7,819 | 1.8 | 209 | 2.7 |
| Overseas | 108 | 0.0 | 92 | 0.0 | 16 | 17.4 |
| **Total** | **¥ 480,712** | **100.0** | **¥ 428,621** | **100.0** | **¥ 52,091** | **12.2** |
| Domestic | 155,947 | 32.4 | 149,338 | 34.8 | 6,609 | 4.4 |
| Overseas | 324,765 | 67.6 | 279,283 | 65.2 | 45,482 | 16.3 |

Note:

Beginning with the current fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts from *Pipe-related Products* and *Social infrastructure-related Products* are together reported as *Pipe- and infrastructure-related Products*. The information for the prior fiscal year has been retrospectively adjusted to conform to the current fiscal year's presentation.