

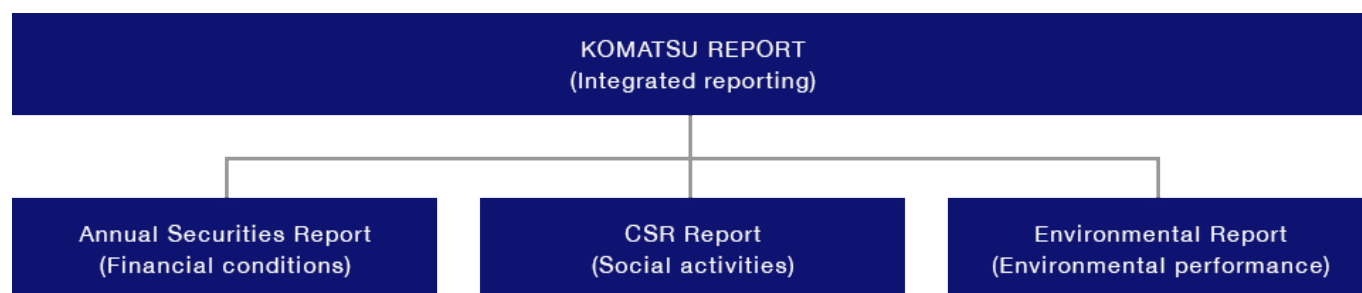
KOMATSU

KOMATSU REPORT 2017



We at Komatsu Ltd. prepare KOMATSU REPORT annually by focusing our attention on the most important information and expressing it in a concise manner. Concerning financial conditions, environmental conservation and corporate social responsibility, we separately prepare the respective reports in more detail and disclose information therein.

Organization of Komatsu’s Annual Reports



Note: KOMATSU REPORT, Annual Securities Report, CSR Report and Environmental Report, in both Japanese and English, are uploaded on Komatsu’s website.

CONTENTS

To All Our Stakeholders	01
Interview with the President	02
Please review FY2016 business results.	02
Please review the market conditions and business results of the construction, mining and utility equipment business.	04
Please review the business results of the retail finance segment.	04
Please review the business results of the industrial machinery and others segment.	05
What is your projection for FY2017 business results?	05
Please update the progress Komatsu has made in three major growth strategies.	05
Please explain the growth based on innovation.	06
How about the growth of existing businesses?	07
Please explain the reinforcement of the business foundation.	08
How do you think of the ESG?	09
• Five-Year Summary	11
• Business Results by Region	12
• Together We Innovate GEMBA Worldwide —Growth Toward Our 100th Anniversary (2021) and Beyond	13
Strategic Initiatives	15
SMARTCONSTRUCTION	15
Innovative Autonomous Haulage Vehicle	15
Expanding business with Komatsu Mining Corp. (formerly, Joy Global Inc.)	16
Asia Development Center and Asia Training & Demonstration Center opened	17
KOM-MICS	17
ESG (Sustainability)	18
Corporate Governance, Compliance and Risk Management	18
Compliance risk audit	19
• Environmental Indexes	20
Corporate Information	21

Reporting Period: April 1, 2016 – March 31, 2017

Unless otherwise indicated, all figures in this REPORT represent those for FY2016 ended March 31, 2017, namely from April 1, 2016 to March 31, 2017.

Cautionary Statement

This Report contains forward-looking statements that reflect management’s views and assumptions in the light of information currently available with respect to certain future events, including financial position, operating results and business strategies. These statements can be identified by the use of terms, such as “will,” “believes,” “should,” “plans,” “expects,” and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured. Any forward-looking statements speak only as of the date of this Report, and Komatsu assumes no duty to update such statements. Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for Komatsu’s principal products, owing to changes in the economic conditions in Komatsu’s principal markets; changes in foreign exchange rates or the impact of increased competition; unanticipated costs or delays encountered in achieving Komatsu’s objectives with respect to globalized product sourcing and new information technology tools; uncertainties as to the results of Komatsu’s research and development efforts and its ability to access and protect certain intellectual property rights; the impact of regulatory changes and accounting principles and practices; and the introduction, success and timing of business initiatives and strategies.

On the Cover

Komatsu Mining Corp.’s “P&H”* rope shovel and Komatsu’s 930E dump truck working together in a mine in Chile

*“P&H” is a brand of Komatsu Mining Corp.

To All Our Stakeholders



From left: Kunio Noji, Chairman of the Board and Tetsuji Ohashi, President and CEO

For Fiscal 2016 (April 1, 2016 to March 31, 2017), while we outperformed our projection of April 27, 2016, concerning both sales and profits, consolidated net sales declined 2.8% from the previous fiscal year, to JPY1,802.9 billion, and operating income by 16.5% to JPY174.0 billion.

For Fiscal 2017, we can expect recovery of demand for construction and mining equipment, although there should be unstable factors. Against this backdrop in April this year, we closed the acquisition of Joy Global Inc., a leading manufacturer of mining equipment in the United States, and changed its trade name to Komatsu Mining Corp.

The cornerstone of our management principles is to maximize our corporate value through commitment to Quality and Reliability. We will also ensure that all employees share The KOMATSU Way. Further, we will continue to address environmental performance, corporate social responsibility and corporate governance, as we work to improve our business performance and move forward in developing corporate strengths, while achieving social responsibility, in a well-balanced manner.

On behalf of the Board, we would like to extend our sincere appreciation to our shareholders and other stakeholders for your continuing support.

July 2017

Kunio Noji,
Chairman of the Board

Tetsuji Ohashi,
President and CEO

Interview with the President



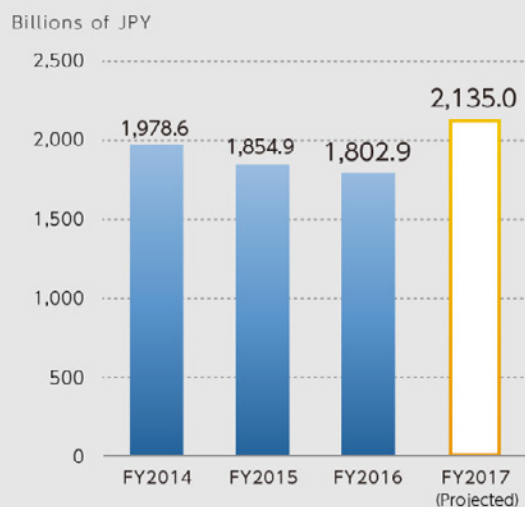
Tetsuji Ohashi, President

Q Please review FY2016 business results.

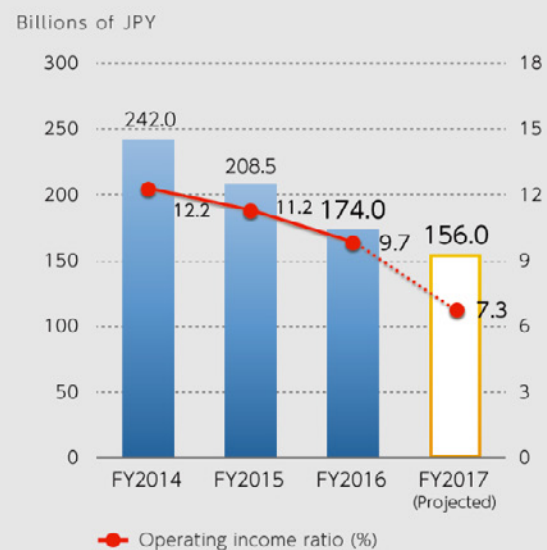
We have upheld the “Together We Innovate GEMBA Worldwide: Growth Toward Our 100th Anniversary (2021) and Beyond” three-year mid-range management plan to be completed in the fiscal year ending March 31, 2019. For FY2016, the first year of this plan, consolidated net sales totaled JPY 1,802.9 billion, down 2.8% from the previous fiscal year. Operating income decreased by 16.5 % from the previous fiscal year, to JPY 174.0 billion. Return on sales was 9.7 %. Net income attributable to Komatsu Ltd. amounted to JPY 113.3 billion.

Consolidated Business Results

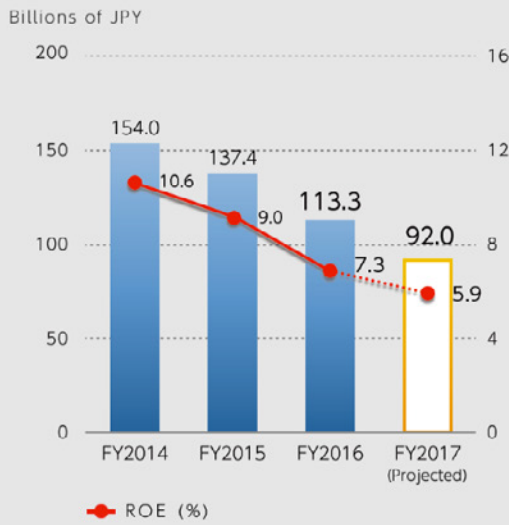
■ Net Sales



■ Operating Income and Ratio



■ Net Income Attributable to Komatsu Ltd. and ROE ■ Foreign Exchange Rates

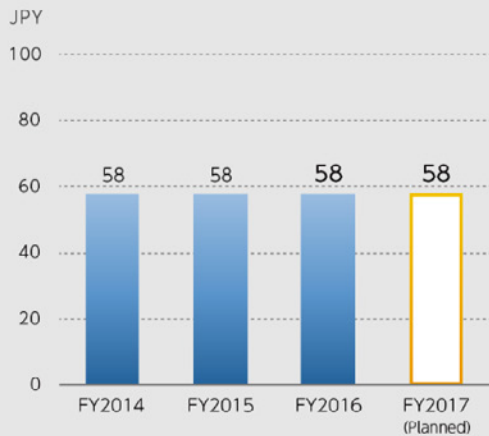


	FY2015	FY2016	FY2017 (Projected)
USD 1	JPY120.8	JPY108.6	JPY105.0
EUR 1	JPY132.4	JPY119.3	JPY115.0
RMB 1	JPY19.0	JPY16.2	JPY15.0

Cash Dividend

■ Annual Cash Dividends per Share*

* Based on the resolutions of the annual shareholders' meeting



[Five-Year Summary](#)



[Management Principle and The KOMATSU Way](#)



Together We Innovate GEMBA Worldwide –Growth Toward Our 100th Anniversary(2021) and Beyond–

Komatsu Group employees worldwide will team up with distributors, suppliers and other partners, innovate customers' Gemba together with them, and provide innovation designed to create new values, thereby working for sustainable growth of our core businesses of construction and mining equipment, as well as industrial machinery, toward our 100th anniversary and beyond.

[For more information](#)



Q Please review the market conditions and business results of the construction, mining and utility equipment business.

Total sales increased on a local currency basis thanks to increased demand in China, CIS and Indonesia in the second half period of FY2016. As impacted by the Japanese yen's appreciation, however, FY2016 sales declined by 1.6% from the previous fiscal year, to JPY1,576.5 billion. Segment profit decreased by 4.3% to JPY161.6 billion.



Business Results by Region

Against the backdrop of challenging market conditions, sales declined in Japan as well as North America and Europe, where the Japanese yen's appreciation adversely affected sales. Meanwhile, sales expanded in China and Asia.

For more information



Q Please review the business results of the retail finance segment.

Revenues declined by 9.0% from the previous fiscal year, to JPY 49.0 billion, as adversely affected by the Japanese yen's appreciation, even though an increase in assets in North America and some other regions. Segment profit dropped by 66.6% from the previous fiscal year, to JPY 4.4 billion, mainly affected by allowance for doubtful account recorded mainly in China.

Q Please review the business results of the industrial machinery and others segment.

Sales declined by 13.2% from the previous fiscal year, to JPY 191.0 billion. This decline came about mainly from reduced sales of presses and machine tools to the automobile manufacturing industry and the exclusion of former Komatsu House Ltd. from consolidated accounting. Segment profit dropped by 35.7% from the corresponding period a year ago, to JPY 12.4 billion.

Q What is your projection for FY2017 business results?

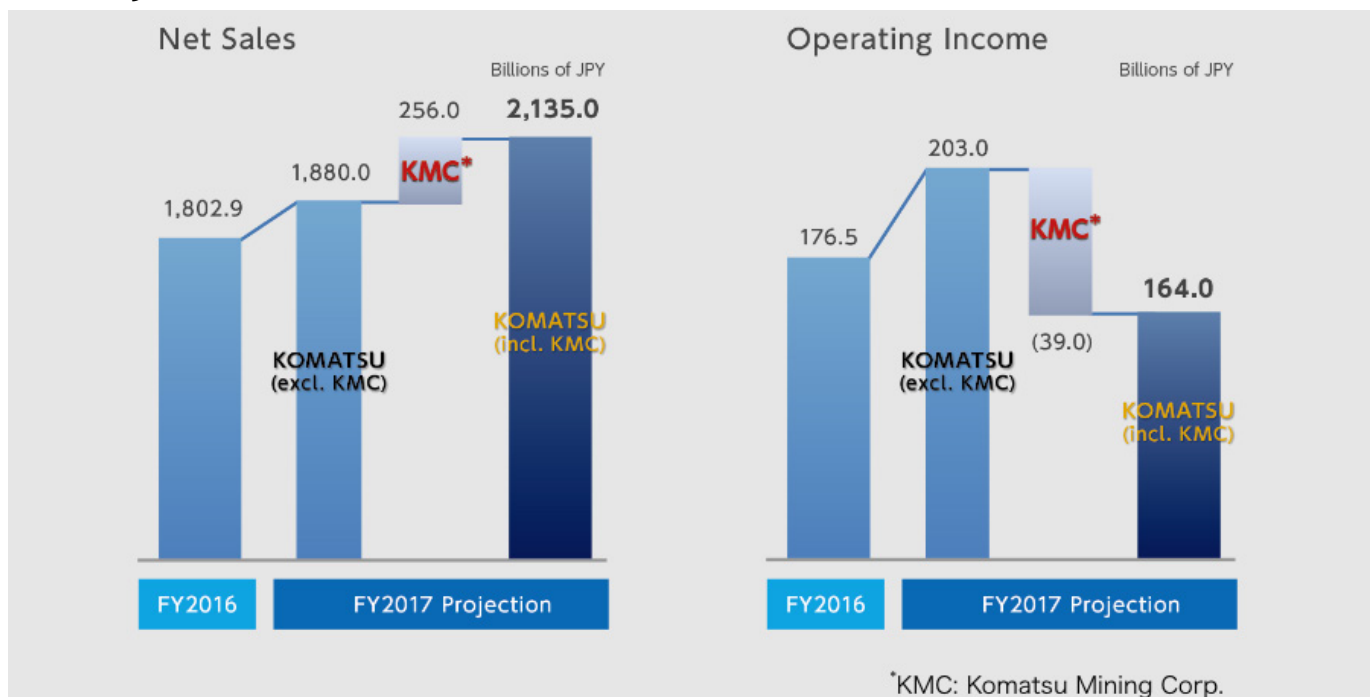
In the construction, mining and utility equipment business, we expect an increase in sales for FY2017 from FY2016, as we anticipate a recovery of demand for mining equipment, which has been slack for the last few years, and the effects of adding Joy Global Inc. (currently, Komatsu Mining Corp.), a leading U.S. manufacturer of mining equipment which we closed the acquisition in April this year, to our consolidated accounting. With respect to profits, we project a decline, mainly affected by a significant amount of temporary expenses (such as fair values of inventory assets in cost of sales and amortization of intangible assets) to record for the first year of acquisition.

In the retail finance business, we anticipate a decrease in revenues, affected by the Japanese yen's appreciation. Meanwhile, we expect an increase in segment profit, as no more allowance will be needed for doubtful accounts in China.

In the industrial machinery and others business, we expect an increase in both sales and segment profit, as we anticipate an increase in the volume of sales of presses and machine tools.

As preconditions for our projection, we are assuming the foreign exchange rates as follows: USD1=JPY 105, EUR1=JPY 115 and RMB1=JPY 15.0.

Projection of FY2017 Business Results



Q Please update the progress Komatsu has made in three major growth strategies.

Although we see signs of recovery in some markets, they haven't upturned for full-momentum growth, remaining uncertain into the future. Under such a market environment, we have been focusing our efforts on 1) Growth strategies based on innovation, 2) Growth strategies of existing businesses, and 3) Structural reforms designed to reinforce the business foundation.

Q Please explain the growth based on innovation.

With respect to SMARTCONSTRUCTION, we have not only worked to broaden the range of intelligent Machine Control models, the core of solutions, but also began their sales in April 2016, whereas they were conventionally limited to rental. As of June 2017, our intelligent Machine Control models were deployed at over 2,800 construction and civil engineering jobsites on a cumulative basis. With an eye to aggressive sales overseas, we demonstrated SMARTCONSTRUCTION at the ConExpo2017, a major international fair of construction equipment held in Las Vegas, U.S.A. in March 2017.

In the mining equipment business, we exhibited the Innovative Autonomous Haulage Vehicle with no cab at the MINExpo INTERNATIONAL® 2016, a leading international fair of mining equipment also held in Las Vegas, U.S.A. We are striving to improve the safety and productivity of mining by aggressively promoting optimal operation, remote control and unmanned operation of mining equipment, thereby committed to becoming an indispensable partner of our customers.



SMARTCONSTRUCTION

This is our solutions business model launched to create safe, high-productivity and smart jobsites of the future by connecting all related objects on the jobsite through ICT.

[For more information](#)



Innovative Autonomous Haulage Vehicle

We have enjoyed good customer evaluation of our Autonomous Haulage System (AHS) with unmanned dump trucks since its commercialization in 2008. Today we are tapping into new potentials of innovation by breaking the convention of placing the operator cab on the front of the vehicle.

[For more information](#)





Q How about the growth of existing businesses?

In April 2017, we closed the acquisition of Joy Global Inc., a leading manufacturer of mining equipment in the United States, and changed its trade name to Komatsu Mining Corp. Now we are better positioned to not only expand our product line-up with super-large mining equipment, drills and underground mining equipment, but also provide a wide range of solutions to customers.

With regard to the integration process of Komatsu Mining Corp., we are developing specific plans in six months of the acquisition by anticipating about three years ahead. We believe it's a substantial project in which we can dynamically expand our mining equipment business, a long-range core business of Komatsu, and provide new value to customers.

In line with the current mid-range management plan, we have worked to establish the market position of DANTOTSU No. 1 in Asia, our stronghold market in emerging ones and a future-promising market for construction equipment. Specifically, we have focused efforts to strengthen our operation by preparing for local product and human resource developments in Asia. In the aftermarket business, we have stepped up efforts to expand sales of parts for periodic replacement and attachments. We have also worked to broaden the product mix of attachments, including those of Lehnhoff Hartstahl GmbH, a German manufacturer of attachments, which we acquired in the previous fiscal year. As a result, we achieved the record-high quarterly sales of parts in FY2016.

While focusing efforts to develop DANTOTSU products for conventional markets, we will also continue to strengthen our competitiveness in the aggregate and cement sectors, expand application-specific models, and boost the forest machinery business.

In the industrial machinery and others business, Komatsu Industries Corp. opened the Techno Innovation Center in Komatsu City, Ishikawa Prefecture, Japan. The Center not only exhibits Komatsu Industries' flagship PVS1353 press brake and H1F200-2 Servo press among others, but also offers visitors to experience its latest IoT-based Sheet-Metal Network.

Video (with sound)
of forest machinery



Video of a large press line





Expanding business with Komatsu Mining Corp. (formerly, Joy Global Inc.)

On April 19, 2017, Komatsu Mining Corp. (KMC) was created after acquisition of the U.S. company. KMC is expected to not only further expand Komatsu Group's product line-ups but also trigger innovation that will create new value in customers' mining.

For more information



Asia Development Center and Asia Training & Demonstration Center opened

We have opened these development and training facilities to further focus our efforts on attaining the DANTOTSU No. 1 position in Asia.

For more information



Q Please explain the reinforcement of the business foundation.

We have doubled sales from the early 2000s, while keeping fixed costs about constant. We will continue to uphold the policy of separating costs from growth into the future, while promoting investment in future growth and working to aggressively cut down production costs and maintain an appropriate level of fixed costs.

With respect to shop floor of manufacturing sites, we are promoting efforts to reform our production by networking not only our manufacturing plants but also suppliers through the KOM-MICS which allows for real-time "visualization" of machine performance. We are also working to accelerate the delivery speed of products and parts and achieve appropriate inventories by connecting market information directly to our plants.

The corporate source of value creation is employees. As we believe that diversity powers the growth of our company and individual employees, we are committed to providing workplaces and systems which enable each and every employee of the Komatsu Group to have motivation and pride and demonstrate his/her talents to the fullest extent. We will also continue our efforts for human resource development.



KOM-MICS

KOM-MICS collects data from a diverse range of manufacturing equipment and promotes "visualization" of jobsite operations.

For more information



Q How do you think of the ESG?

The Komatsu Group has been aggressively engaged in all three areas of environment, social and corporate governance concerns.

With respect to environmental concerns, we have been concerting our efforts to develop products, service and solutions, which feature fuel economy based on our estimate that about 90% of total CO₂ emissions in the life cycle of construction equipment comes from machines in use by customers.

Use of our intelligent Machine Control hydraulic excavators in SMARTCONSTRUCTION has proven a 20 to 30% reduction of CO₂ emissions thanks to reduced time of machine operation and construction periods resulting from automatic control of buckets.

In the area of social concerns, the Komatsu Group upholds the principle of CSR efforts in core businesses, and makes CSR efforts in which we can capitalize on our strengths, thereby fulfilling social responsibilities. In some regions and countries of the world, acquisition of operating, maintenance and manufacturing skills of construction equipment will result in the development of local economies and support for employment. We will continue to support human resource development in tune with local conditions.

With respect to corporate governance, based on The KOMATSU Way, the principle of our corporate actions, we ensure the vitalization of the board of directors, communication with all stakeholders, and compliance with the Rules of Business Community, among others. Concerning the board of directors, we have appointed three outside directors in a total of eight directors. Our board of auditors consists of three outside auditors and two inside auditors. In this manner, we work to ensure the transparency and objectivity of management. As part of risk management efforts, we started compliance risk audits in FY2008.

For more information





Compliance Risk Audit

To check and assess the conditions of group-wide compliance and identify potential risks thereof, we conduct internal audits at Komatsu Group companies around the world, including distributors, their branches and suppliers in Japan.

For more information



Q Any message to the stakeholders?

On behalf of Komatsu Group employees, I would like to extend our sincere appreciation to all our stakeholders for their understanding and support, and ask for their continuing support.

Five-Year Summary

Komatsu Ltd. and Consolidated Subsidiaries

Millions of yen (except per share amounts)

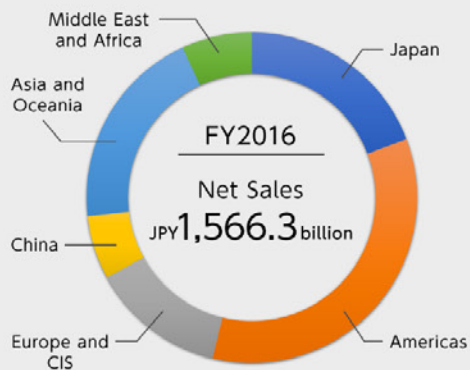
	FY2016	FY2015	FY2014	FY2013	FY2012
For the fiscal period					
Net sales	¥ 1,802,989	¥ 1,854,964	¥ 1,978,676	¥ 1,953,657	¥ 1,884,991
Cost of sales	1,286,424	1,315,773	1,401,193	1,393,048	1,377,459
Operating income	174,097	208,577	242,062	240,495	211,602
Operating income ratio	9.7%	11.2%	12.2%	12.3%	11.2%
Income before income taxes and equity in earnings of affiliated companies	166,469	204,881	236,074	242,056	204,603
Net income attributable to Komatsu Ltd.	113,381	137,426	154,009	159,518	126,321
Capital investment	142,006	160,051	192,724	179,070	136,962
At fiscal period-end					
Total assets	¥ 2,656,482	¥ 2,614,654	¥ 2,798,407	¥ 2,651,556	¥ 2,517,857
Working capital	719,339	685,559	716,524	701,201	664,480
Property, plant and equipment	679,027	697,742	743,919	667,347	585,220
Long-term debt-less current maturities	190,859	212,636	279,270	311,067	343,814
Komatsu Ltd. shareholders' equity	1,576,674	1,517,414	1,528,966	1,376,391	1,193,194
As percentage of total assets	59.4%	58.0%	54.6%	51.9%	47.4%
Per share data					
Net income attributable to Komatsu Ltd. per share: Basic	¥ 120.26	¥ 145.80	¥ 162.07	¥ 167.36	¥ 132.64
: Diluted	120.10	145.61	161.86	167.18	132.51
Cash dividends per share*	58	58	58	53	45
Komatsu Ltd. shareholders' equity per share	1,672.01	1,609.69	1,622.48	1,443.97	1,252.33

* Cash dividends per share provided above are based on dividends paid each fiscal year.

[Download the excel file](#)


Business Results by Region

Sales by Region (To Outside Customers)



	FY2016	FY2016 / FY2015	FY2015
Japan	JPY 301.5 billion	(2.0)%	JPY 307.6 billion
Americas	JPY 541.4 billion	(7.5)%	JPY 585.2 billion
Europe and CIS	JPY 206.0 billion	+10.0%	JPY 187.2 billion
China	JPY 97.3 billion	+39.8%	JPY 69.6 billion
Asia and Oceania	JPY 312.2 billion	+5.3%	JPY 296.5 billion
Middle East and Africa	JPY 107.6 billion	(23.7)%	JPY 141.1 billion

Japan

Sales declined from the previous fiscal year, affected by reduced demand for new emission controls-compliant construction equipment having run its course, especially in the rental industry.

Americas

In North America, while demand was slack in the rental industry, that for construction equipment remained steady in the United States, resulting in an increase of sales, on a local currency basis, from the previous fiscal year. However, as the Japanese yen appreciated, sales decreased year-on-year.

In Latin America, demand for construction and mining equipment was sluggish, mainly in Brazil. On the other hand, sales improved from the previous fiscal year on a local currency basis, reflecting sales of super-large dump trucks to major mines as well as the new addition of a distributor, we acquired in Mexico in FY2015, into consolidated accounting. However, sales declined from the previous fiscal year, adversely affected by the Japanese yen's appreciation.

Europe and CIS

In Europe, demand was firm for construction equipment, centering on Germany, a major market of the region. We added Lehnhoff Hartstahl GmbH, a German manufacturer of attachments, which we acquired in FY2015, to consolidated business results. As a result, sales increased, on a local currency basis, but decreased from the previous fiscal year, as adversely affected by the Japanese yen's appreciation. In CIS, sales expanded sharply from the previous fiscal year, driven by a continued increase in demand for mining equipment, centering on gold mines.

China

Sales advanced sharply from the previous fiscal year. This was supported by continued expansion of demand for construction equipment resulting from the progress of infrastructure development nationwide.

Asia and Oceania

In Asia, infrastructure investment remained brisk in Thailand and demand for mining equipment increased in Indonesia, the largest market of the region, in tandem with the growing price of coal. As a result, sales improved from the previous fiscal year, even while the Japanese yen appreciated.

In Oceania, we steadfastly captured the market needs for parts and services of mining equipment. As a result, sales increased from the previous fiscal year, on a local currency basis, but declined as adversely affected by the Japanese yen's appreciation.

Middle East and Africa

In the Middle East, sales decreased drastically from the previous fiscal year. This was mainly due to a decline in demand for construction equipment in Gulf nations, where the governments reduced their budgets against lowered crude prices.

In Africa, sales declined from the previous fiscal year, affected by a drop in demand for mining equipment in South Africa, the major market of the region.

Together We Innovate GEMBA Worldwide – Growth Toward Our 100th Anniversary (2021) and Beyond–

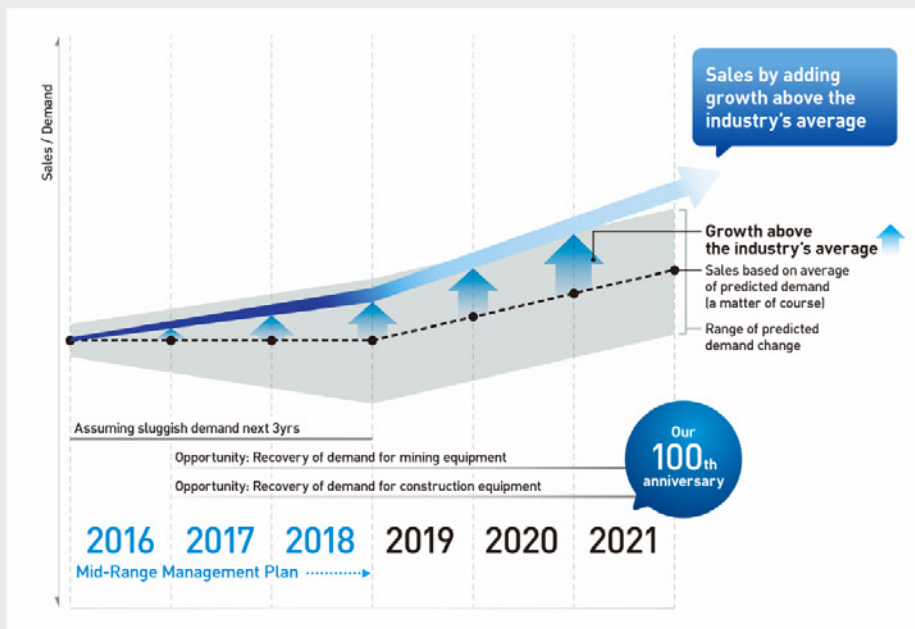


Demand for construction and mining equipment has remained in an short-term adjustment phase especially in our Strategic Markets (China, Latin America, Asia, Oceania, Africa, Middle East and CIS), as affected by slowing economic growth in emerging countries and slack prices of commodities. However, we believe it will expand in the long term, supported by growing population and urbanization rates on a global scale.

On the industrial machinery market, we expect demand will grow firmly, although with some ups and downs, in next few years, as capital investment should increase in our main client industries of automobile and semiconductor manufacturing industries.

Based on this understanding of market conditions, we are focusing our efforts on 1) Growth strategies based on innovation, 2) Growth strategies of existing businesses, and 3) Structural reforms designed to reinforce the business foundation. Specifically, we will accelerate the speed of growth by concerting efforts to sow the seeds for future growth and by capitalizing on our strength of IoT, even while demand for construction and mining equipment might remain sluggish.

By connecting our customers and distributors with our production sites, including suppliers, through our IoT, we are working to become an indispensable partner of our customers.



Growth strategies based on innovation

We will create new value and deliver it to customers' jobsite operations by developing DANTOTSU products, service and solutions, as we aggressively tap on external technologies through collaboration with academia and other industries based on our expertise manufacturing technologies.

Growth strategies of existing businesses

To promote the growth of our existing businesses, we will stay away from pricing competition and propose the reduction of lifecycle costs of construction and mining equipment as well as industrial machinery to our customers.

In addition to developing, producing and marketing new products, we will strengthen and expand our value chain consisting of the aftermarket business (parts and service), the rental-to-used equipment business and the retail finance business, in particular, as we leverage M&A and other schemes.

Structural reforms designed to reinforce the business foundation

Based on the stance of separating costs from growth, we will continue to aggressively cut down production costs and sustain an appropriate level of fixed costs, while investing in growth.

Strategic Initiatives

■ SMARTCONSTRUCTION



The Japanese construction and civil engineering industry is facing a serious problem of declining workforce and highly skilled workers. Consequently, it is an urgent task to improve the safety and productivity of jobsite operations. In February 2015, we launched SMARTCONSTRUCTION, designed to create a future of construction jobsite operations by connecting all jobsite information through ICT. In November 2015, Japan's Ministry of Land, Infrastructure, Transport and Tourism introduced "i-Construction", a new construction standard which incorporates ICT in all processes from survey and design to construction and management. On our website, we describe over 100 specific jobsite cases.

■ Innovative Autonomous Haulage Vehicle



Since the commercial application of our Autonomous Haulage System (AHS) for unmanned dump trucks in 2008, we have enjoyed great evaluations from customers for not only improved efficiency of mining but also excellent reliability in the form of machine availability (a small percentage of machine downtime). With respect to unmanned vehicles, when you transcend the convention of operator cab situated in the front part of the vehicles, you will see new possibilities. We have discussed such possibilities and are working to commercialize such a vehicle, that is, our Innovative Autonomous Haulage Vehicle.

In unmanned shuttling of dump trucks, the elimination of the need for K-turns when loading and unloading will considerably reduce the work cycle time. Innovative Autonomous Haulage Vehicle is designed to distribute equal load to all four wheels when the truck is loaded and unloaded. It also features four-wheel drive, retarder and steering, allowing for its deployment in dangerous jobsites for conventional trucks, such as slippery ground conditions in heavy rain and snow falls as well as confined spaces. As a result, it will boost productivity of mining. Currently, we are conducting a variety of tests for commercialization in Komatsu America Corp.'s proving grounds in Arizona. Please visit the following URL for a conceptual video presentation of the Innovative Autonomous Haulage Vehicle.

■ Expanding business with Komatsu Mining Corp. (formerly, Joy Global Inc.)



The former Joy Global Inc. is a global enterprise with a history of over 100 years, engaging in the manufacture, sale and service of mining equipment, including super-large models for use in surface mining and underground mining equipment, which we didn't have. By and large, there are two types of mining, surface and underground, in the world. We were limited to surface mining equipment but didn't have super-large loading machines for surface mining.

As we anticipate growing needs for larger machines at surface mines and for underground mining equipment in light of economic rationality, we have added super-large machines for surface mining and underground machines to our product offering.

Both Komatsu and Komatsu Mining have engaged in direct sales and service of mining equipment over the years. Through the merger, both parties are well positioned to integrate and strengthen not only manufacturing technologies which emphasize Quality and Reliability, but also time-tested expertise of direct sales and service, which reflects direct contact with customers. The two will also leverage IoT applications to connect surface and underground mining equipment through our fleet management and other systems and achieve optimal machine utilization, remote control and unmanned machine operations to contribute to important improvement of safety and productivity of mining.

A Letter to Customers, Colleagues and All Other Stakeholders

Earlier this year, Komatsu, a company I've been part of nearly 20 years, completed the historic acquisition of Joy Global, a market leader in mining equipment and direct service. I am honored to now be leading the newly re-named Komatsu Mining Corp. with more than 10,000 dedicated employees and more than 130 years of proud history delivering exceptional mining solutions.

My career in mining began during my studies at the Western Australian School of Mines and after at the University of Queensland. In 1985 I relocated to Chile to work as a consultant and then in several copper mines. I joined Komatsu as the General Manager of Mining in Chile in 1998 and in 2003 I became the President and CEO of Komatsu Cummins Chile. Beginning in 2008, I took on an expanded role as President and CEO of Komatsu Latin America.

Transitioning now into my role as President and CEO of Komatsu Mining Corp. has been exciting as we build a new chapter in mining history. Bringing our companies together means many opportunities to build on our combined strengths and leverage shared values such as a focus on innovation, operational excellence and always keeping safety and our customers' needs first.

Our journey toward a stronger future together has begun, and we are committed to learning from each other as we align the business to deliver even greater value for our customers. I look forward to updating you on our progress along the way, and helping our teams deliver exceptional products and service to move mining forward.



Jeffrey Dawes
President and CEO

Video of the ceremony
(with sound)



Video of a mining drill



■ Asia Development Center and Asia Training & Demonstration Center opened



In October last year, we opened the Asia Development Center in Indonesia in order to promptly respond to customer needs in Asian countries by developing and launching products and attachments. The Center will also play the role of sales engineering to recommend optimal machine use in Asia.

In November, we opened the Asia Training & Demonstration Center in Thailand to provide product and technical trainings for distributors and demonstrate machine performance for customers. Training programs mainly geared for sales and service people and product support sales representatives by using actual products, and geared to machine repair and maintenance. As of March 31, 2017, the Center offered 14 courses for 95 trainees. At the machine demonstration site, they train operators in addition to machine demonstration.

[◀ Back to the original page](#)

■ KOM-MICS



KOM-MICS (KOMatsu Manufacturing Innovation Cloud System) is our original IoT platform to support production, which enables seamless operation of machines, improves yields, ensure traceability, and ensures preventive maintenance by accumulating process data of products and production. By using the K-MIC Pad (photo on the right), an impact-resistant jobsite terminal, we are promoting production reforms and no machine downtime by capitalizing on highly intelligent KOM-MICS in order to achieve outstanding improvement of production costs.

[◀ Back to the original page](#)

ESG (Sustainability)

Reinforcement of ESG Efforts

Over the years, the Komatsu Group has made proactive ESG efforts, namely environmental, social and corporate governance. We believe the importance of ESG efforts will steadily become stronger into the future. In our new mid-range management plan, we will maintain focused efforts as we place emphasis on the environment, on society and on corporate governance.

For more information



Environmental Conservation Efforts

The reduction of CO₂ emissions is our important task for environmental conservation. Construction equipment in operation accounts for about 90% of the total amount of CO₂ emissions produced throughout its lifecycle (chart on the right). We will help our customers reduce CO₂ emissions from their machines by considering environmental performance and applying ICT to improve fuel consumption, when we develop new products.

Environmental Indexes



For more information



Corporate Social Responsibility Efforts

We at the Komatsu Group have set our basic principle to make CSR efforts through core businesses. Based on this principle, we would like to engage in social contribution activities that make the best use of our strengths to fulfill our responsibilities to society.

As part of our CSR efforts, under the leadership of different Komatsu Group companies around the world, we engage in support activities to solve local problems.

For example, in Japan we provide support to Japan's agriculture business, which is facing serious problems of aging and no newcomers, by capitalizing on our manufacturing expertise.

We will continue to pay close attention to the needs of local communities around the world in order to deeply anchor the social contribution activities of Komatsu Group companies.

For more information



Corporate Governance, Compliance and Risk Management

Komatsu maintains the basic management policy of commitment to Quality and Reliability to maximize its corporate value. Komatsu believes that its corporate value is the total sum of trust given to it by society and all its stakeholders. To increase the total sum of trust, Komatsu needs to not only improve business results but also enhance the soundness and transparency of management.

Corporate Governance

We, at Komatsu, believe our corporate value is the total sum of trust given to us by society and all stakeholders. To become a company which enjoys even more trust from shareholders and all other stakeholders, we are working to strengthen corporate governance, improve management efficiency, advocate corporate ethics and ensure sound management on a group-wide basis.

In April 2016, we appointed top management officers of Komatsu Group's overseas subsidiaries to the posts of Global Officers in order to strengthen globally consolidated management. To further improve the transparency of management for our shareholders and investors, we disclose information in a fair and timely manner and actively engage in investor relations' activities by holding meetings with shareholders and investors.

[Directors and Officers](#)[For more information](#)

Compliance

As the importance of corporate social responsibility is growing today, it is indispensable for all companies to respond to social trust by ensuring that each and every employee not only fully understands corporate responsibility but also complies with the Rule of the Business Community, not limited to laws and regulations in a narrow sense. In addition, the Komatsu Group is strongly conscious of its slogan of SLQDC, i.e., Safety and Law take priority over Quality, Delivery and Cost, as it works to ensure compliance.

[For more information](#)

Risk Management

The Komatsu Group recognizes all uncertainties that could threaten the Group's sustained growth as risks, particularly compliance issues, environmental issues, product quality concerns, accidents, information security problems and antisocial forces. The company has adopted the following measures to counter these risks.

Basic Principles and Structure of Risk Management

In addition to the basic policy for risk management to ensure business continuity and stable development, Komatsu has established Risk Management Rules to correctly recognize and manage risks.

Komatsu has established a Risk Management Committee to devise relevant policies for the entire Group, review the risk management system, and evaluate and improve upon response measures in place for each risk, as well as to take control of risks when they arise. The Committee regularly reports on its deliberations and activities to the Board of Directors.

Komatsu will establish an emergency headquarters when serious risks occur and implement appropriate measures to minimize damage.

[For more information](#)[◀ Back to the original page](#)

Compliance risk audit

Our compliance risk audits cover not only Komatsu Ltd. in Japan but also Komatsu Group companies around the world, and sales and service distributors as well as suppliers with strong business relationship in Japan. Since FY2008, we have internally audited to confirm and evaluate compliance conditions and identify potential risks. The scope of audits extends to 1) safety, 2) environmental affairs, 3) labor conditions, 4) accounting, 5) quality assurance and recalls, 6) vehicle inspection and specified voluntary inspection, 7) export control, 8) information security and 9) antimonopoly law.

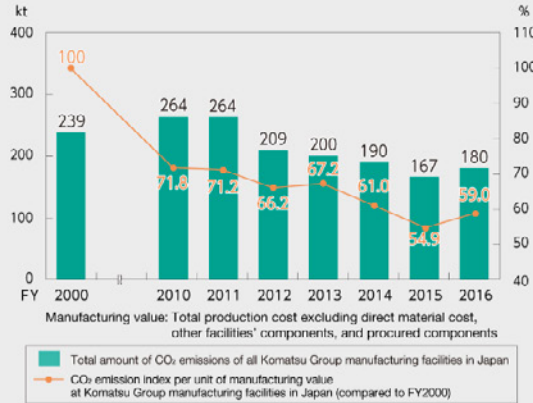
In addition to indentifying potential risks, compliance risk audits are also designed to further enhance the level of management and awareness for compliance at respective divisions and companies. We believe repeated audits are useful to prevent risk problems from occurring.

[◀ Back to the original page](#)

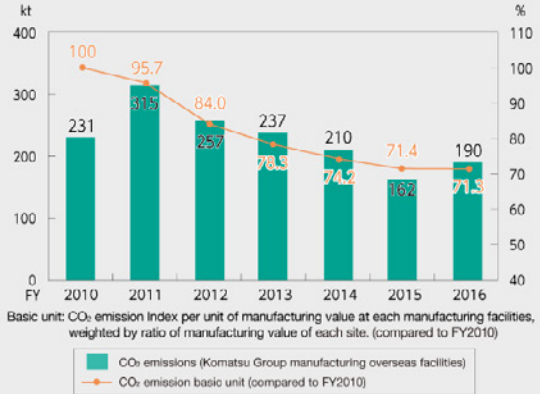
Environmental Indexes

Reducing CO₂ Emissions in Manufacturing Operations

CO₂ Emissions in Japan



CO₂ Emissions Overseas



Amount of Waste Generated

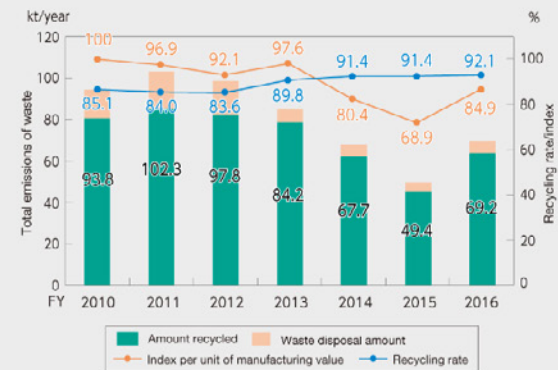
Waste Generated in Japan

(Scope of data gathering: Manufacturing plants of Komatsu and the Komatsu Group in Japan)



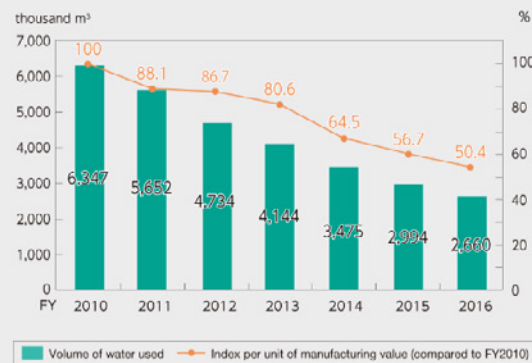
Waste Generated Overseas

(Scope of data gathering: Manufacturing plants of Komatsu and the Komatsu Group overseas)

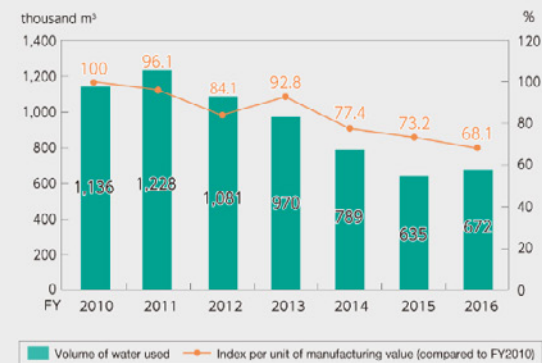


Volume of Water Used

Volume of Water Used (Japan)



Volume of Water Used (Overseas)



Corporate Information

(As of March 31, 2017)

Outline

Name	Komatsu Ltd.
Head Office	2-3-6 Akasaka, Minato-ku, Tokyo 107-8414, Japan
Date of Establishment	May 13, 1921
Common Stock Outstanding	Consolidated: ¥67,870 million based on U.S. GAAP Non-consolidated: ¥70,120 million
Number of Employees	Consolidated: 47,204 (Komatsu Ltd. and 141 consolidated subsidiaries) Non-consolidated: 10,371

Shareholder Information

Shares of Common Stock Issued and Outstanding	943,538,362 shares (excluding 28,429,298 shares of treasury stock)
Number of Shareholders	158,453
Number of Shares per Trading Unit	100
Securities Code	6301 (Japan)
Stock Listings	Tokyo
Transfer Agent for Common Stock/Management Institution for Special Account	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan
Transfer Agent for Common Stock/Management Institution for Special Account	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan
Depositories (ADRs)	The Bank of New York Mellon 101 Barclay Street, New York, NY 10286, U.S.A. Tel: +1-(201)-680-6825 for international calls and 888-269-2377 (888-BNY-ADRS) for calls within U.S.A. URL: http://www.adrbnymellon.com Ticker Symbol: KMTUY

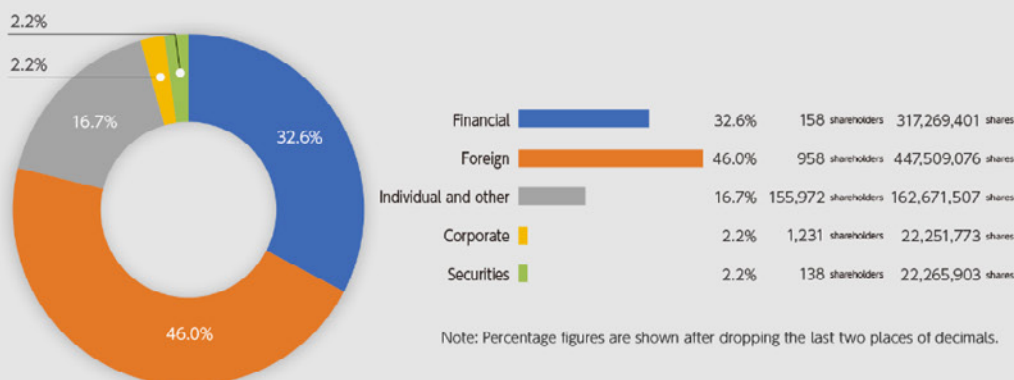
Major Shareholders (As of March 31, 2017)

Name	Number of shares held (Thousands of shares)	Shareholding ratio (%)
JP Morgan Chase Bank 380055 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	59,920	6.16
Japan Trustee Services Bank, Ltd. (Trust Account)	48,700	5.01
The Master Trust Bank of Japan, Ltd. (Trust Account)	41,336	4.25
Taiyo Life Insurance Company	34,000	3.49
State Street Bank and Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	30,928	3.18
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	26,626	2.73
State Street Bank and Trust Company 505223 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	20,265	2.08
The Bank of New York Mellon as Depository Bank for Depository Receipt Holders (Standing proxy: Sumitomo Mitsui Banking Corporation)	19,593	2.01
Sumitomo Mitsui Banking Corporation	17,835	1.83
Japan Trustee Services Bank, Ltd. (Trust Account 5)	17,740	1.82

Notes: 1) Shareholding ratio is calculated by subtracting treasury stock.

2) Although the Company holds 28,742 thousand shares of treasury stock, it is excluded from the major shareholders listed above.

Breakdown of Shareholders



Stock Prices on the Tokyo Stock Exchange

Stock Prices on the Tokyo Stock Exchange (Real-time) [↗](#)

Please refer to “Annual Securities Report” for more company and financial information.

Company Information

- Overview of the Company and Its Consolidated Subsidiaries
- Business Overview
- Property, Plants and Equipment
- Information on the Company
- Financial Information
- Stock-Related Administration for the Company
- Reference Information on the Company etc.

http://www.komatsu.com/CompanyInfo/ir/securities_reports/pdf/148th/148th_Annual_Securities_Report.pdf

KOMATSU

KOMATSU

2-3-6, Akasaka, Minato-ku, Tokyo 107-8414, Japan
<http://www.komatsu.com>

Corporate Communications Department

Phone : +81-3-5561-2616 Fax : +81-3-3505-9662 e-mail : info@komatsu.co.jp