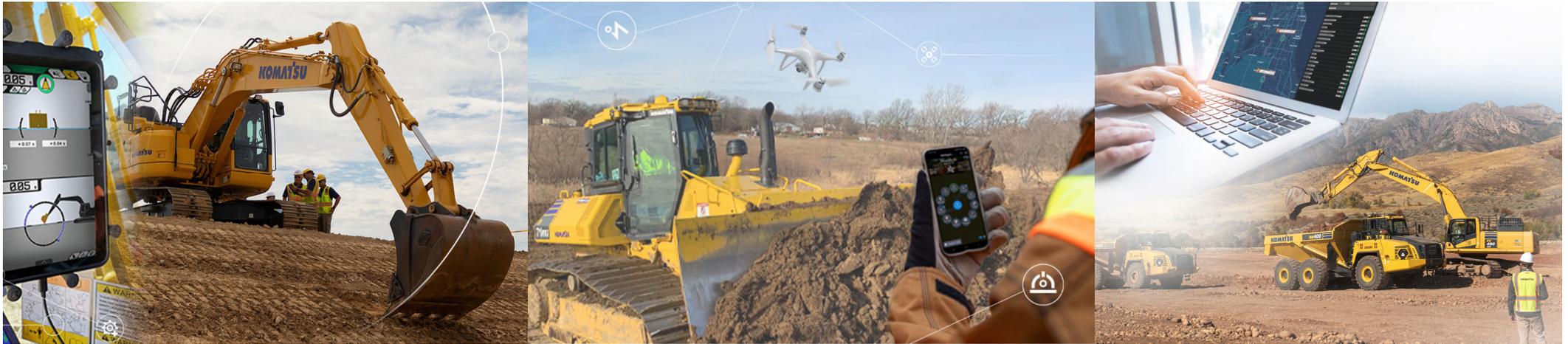


# KOMATSU

Ticker: 6301 (TSE)



## Meeting with individual investors

August 4, 2023

## **1. Company Overview**

## **2. Mid-term Management Plan: Growth Strategies and Solving ESG Issues**

## **3. Business Results and Shareholder Return**

## 1. Company Overview

## 2. Mid-term Management Plan: Growth Strategies and Solving ESG Issues

## 3. Business Results and Shareholder Return

# Komatsu's history: Founder's principles

Mission of Meitaro Takeuchi, founder, born in Kochi prefecture

## 工業富國基

Industry is the foundation to enrich the nation.

Human resource development is the basics of the above.

- Established Komatsu Iron Works to develop mining machinery. (1917)
- Founded Komatsu Ltd. on May 13, 1921.

**Founder's principles have been passed on to us in the form of DNAs, transforming into Komatsu's strengths.**

Develop technologies that meet and challenge world's standards.



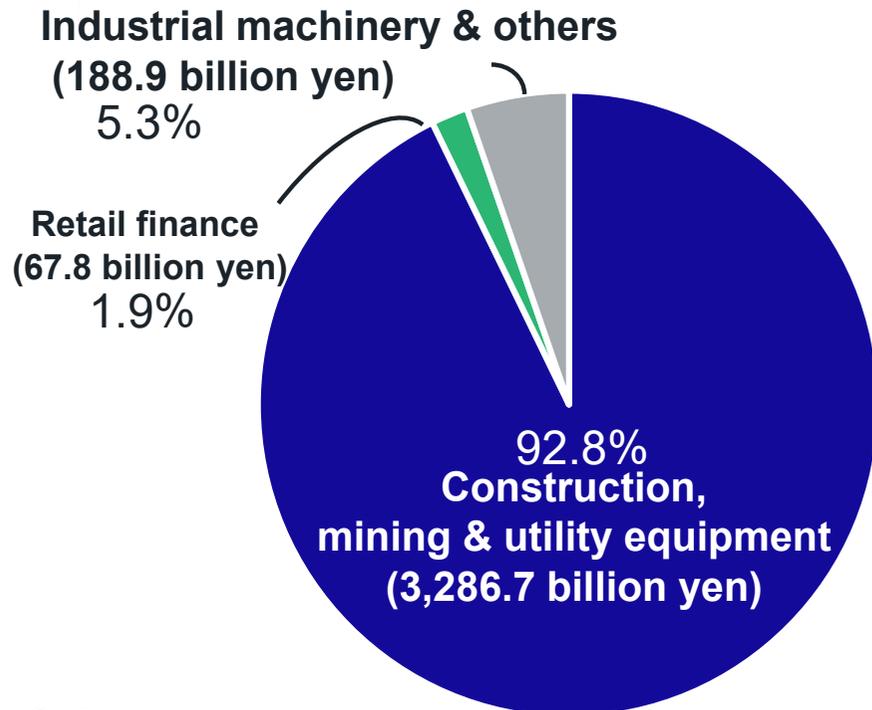
*Meitaro Takeuchi (1860-1928),  
Founder*

- ◆ Quality first
- ◆ Technological innovation
- ◆ Global expansion
- ◆ Employee development

# Corporate profile (FY2023)

- **Established** : May 13, 1921
  - **Net sales** : 3,543.5 billion yen
  - **Operating income** : 490.7 billion yen
  - **Total assets** : 4,875.8 billion yen
- **Consolidated subsidiaries:** 211 (12 in Japan and 199 in overseas)
  - **Consolidated number of employees:** 64,343 (non-Japanese: approx. 68%)

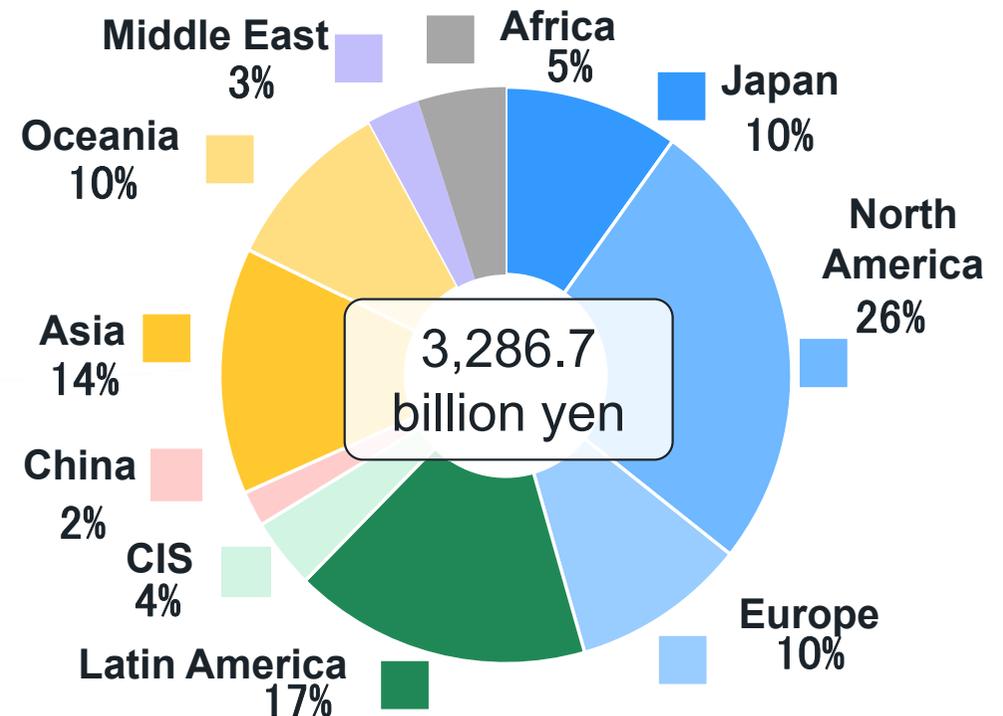
## Sales\* by segment



\*Sales to outside customers

**KOMATSU**

## Sales\* breakdown of construction, mining & utility equipment by region



# Main products (Construction and mining equipment)

- Construction and mining equipment are being used in the promotion of infrastructure development and urbanization, and the mining of minerals.
- Forestry equipment contributes to the sustainable use of wood resources. Expanding this business through M&As.



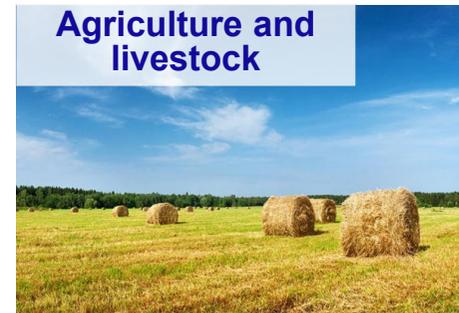
Hydraulic excavators



Harvesters



Bulldozers



Wheel loaders



Dump trucks



Forklifts



Hydraulic excavators (with pulverizer)



# Main products (Mining equipment)

- Mining methods include “surface mining,” or mining near the ground surface, and “underground mining,” or mining deep underground. The necessary mining equipment differs, depending on mining methods.
- Komatsu Mining (former Joy Global) was incorporated into the group, expanding the lineup of mining equipment.

## Surface mining

### Main products



Hydraulic excavators



Dump trucks



Electric rope shovels



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 Komatsu Mining-manufactured mining equipment

## Underground mining

### Main products



LHDs  
(Load, haul, dump machine)



Jumbo drills



Continuous miners

# Main products <Industrial machinery and others>

Top class sales share in the world:

Light sources used in semiconductor lithography [GIGAPHOTON INC.]; Large size AC servo press machine [Komatsu Industries Corp.]; Transfer machines and wire saw for cutting silicon wafers [Komatsu NTC Ltd.]

Production equipment for semiconductors



Light sources used in semiconductor lithography [GIGAPHOTON INC.]



Temperature-control equipment for semiconductor manufacturing [KELK Ltd.]



Wire saw for cutting silicon wafers [Komatsu NTC Ltd.]

Production equipment for cars



Large size AC servo press system [Komatsu Industries Corp.]



Transfer machines [Komatsu NTC Ltd.]



Manufacturing equipment for vehicle batteries [Komatsu NTC Ltd.]



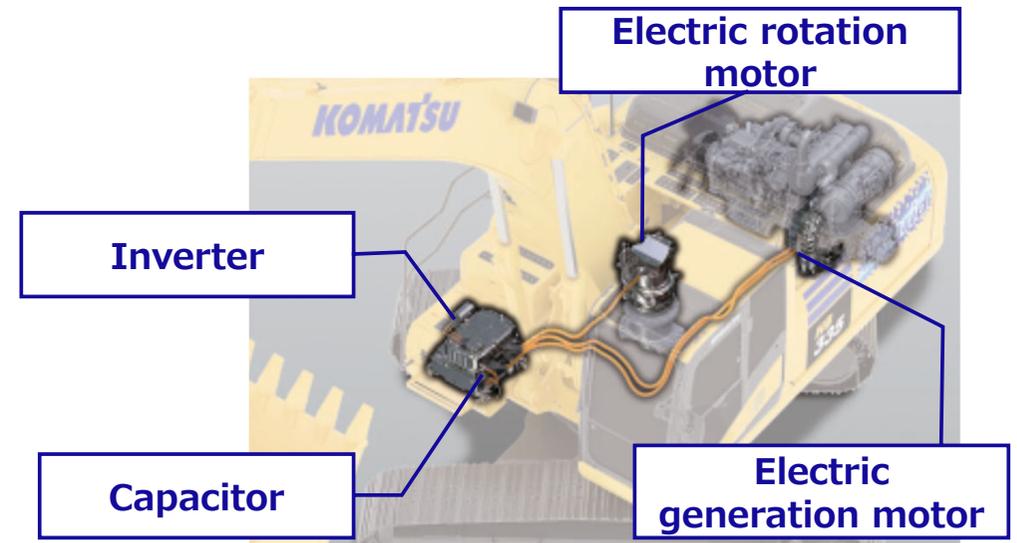
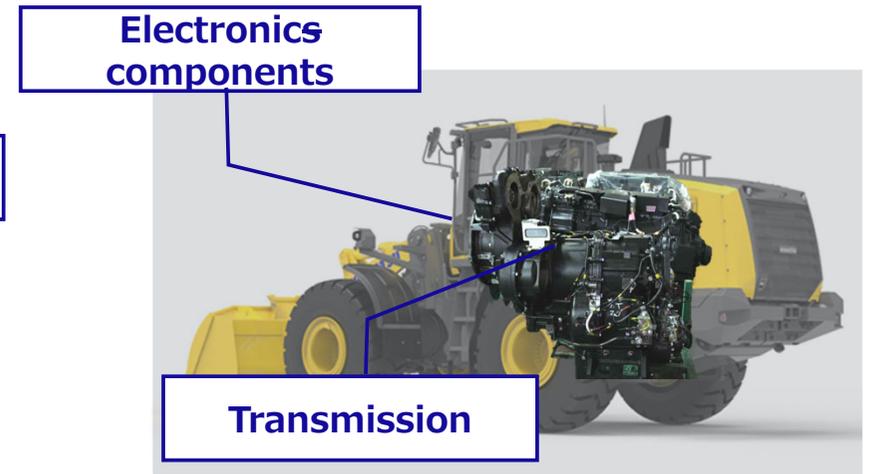
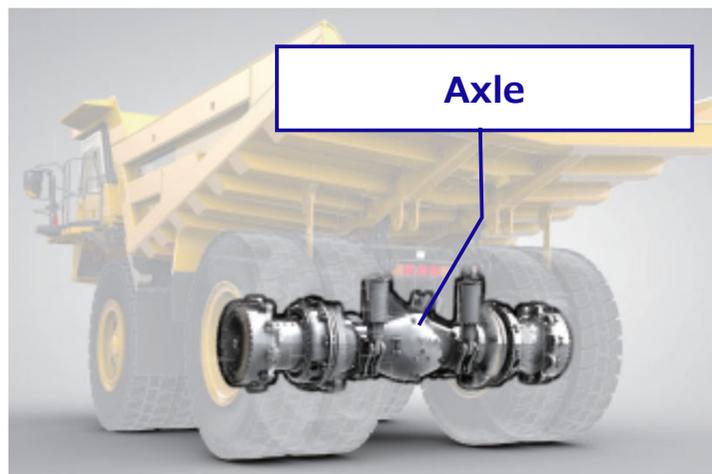
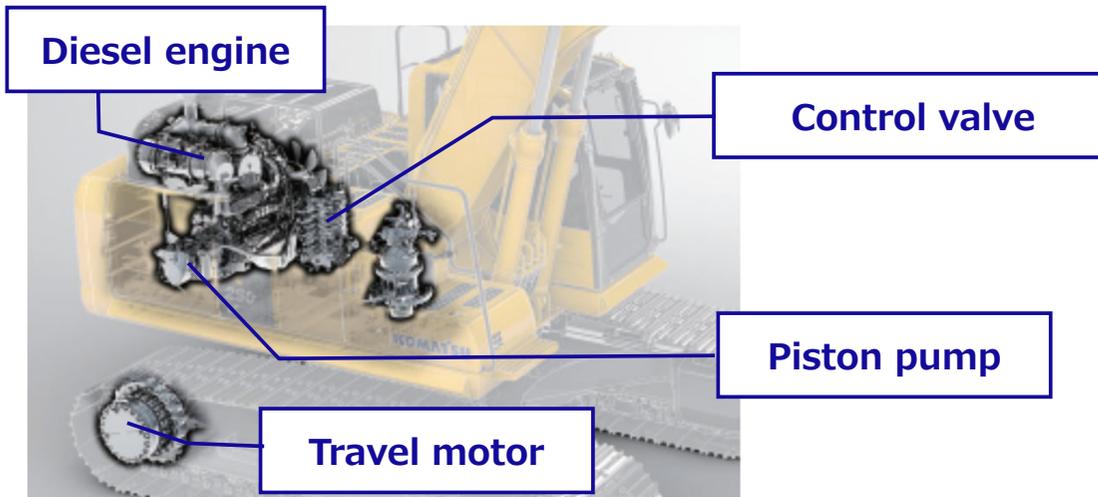
# Komatsu's strengths

## In-house development and production of key components.

- **Benefits of in-house development and production**

- ① Ongoing technological innovation
- ② Stable, global supply of components with standardized quality
- ③ Ability to develop component restoration business
- ④ Predictive maintenance capacities achieved by attaching sensors to components

### key components



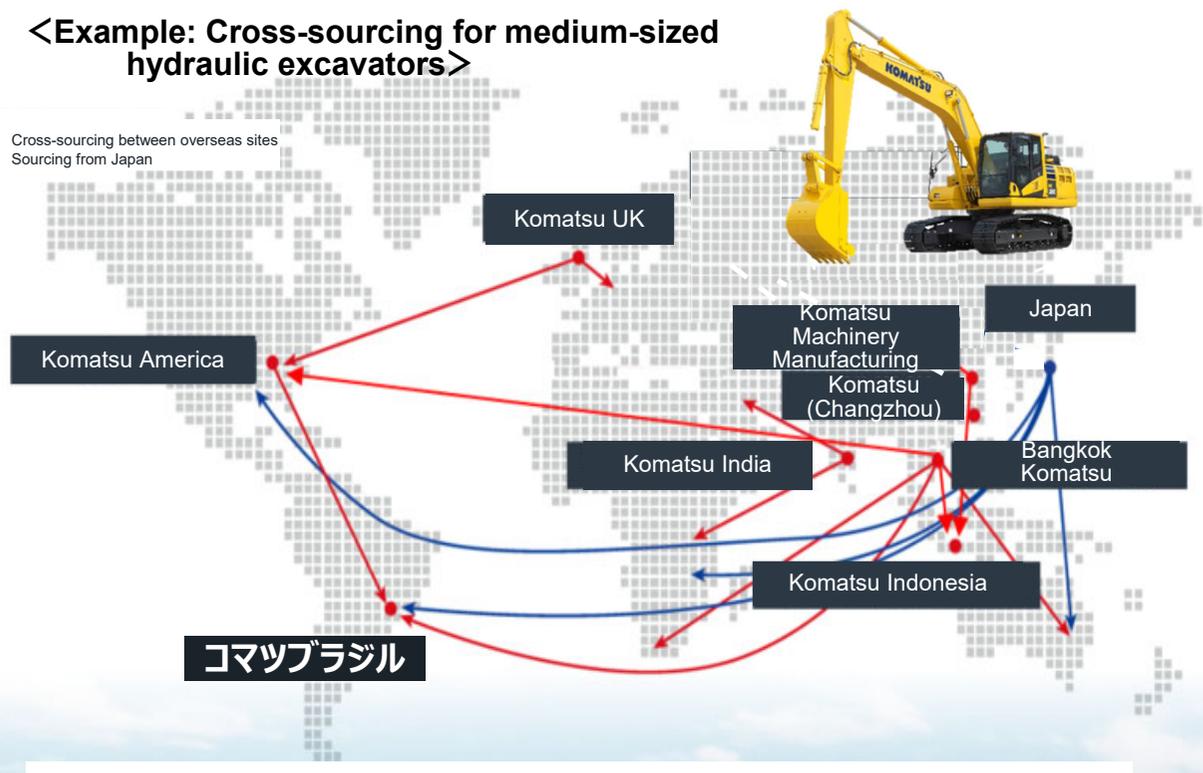
# Komatsu's strengths

## Resilient production & procurement system

- Effectively use the production capacity of each plant, including fluctuations in demand and forex, to produce and export products at optimal plant.
- Build a production and procurement system that is resilient to changes in the environment, including pandemics, natural disasters and geopolitical risks.

### Cross-sourcing operation for production

<Example: Cross-sourcing for medium-sized hydraulic excavators>



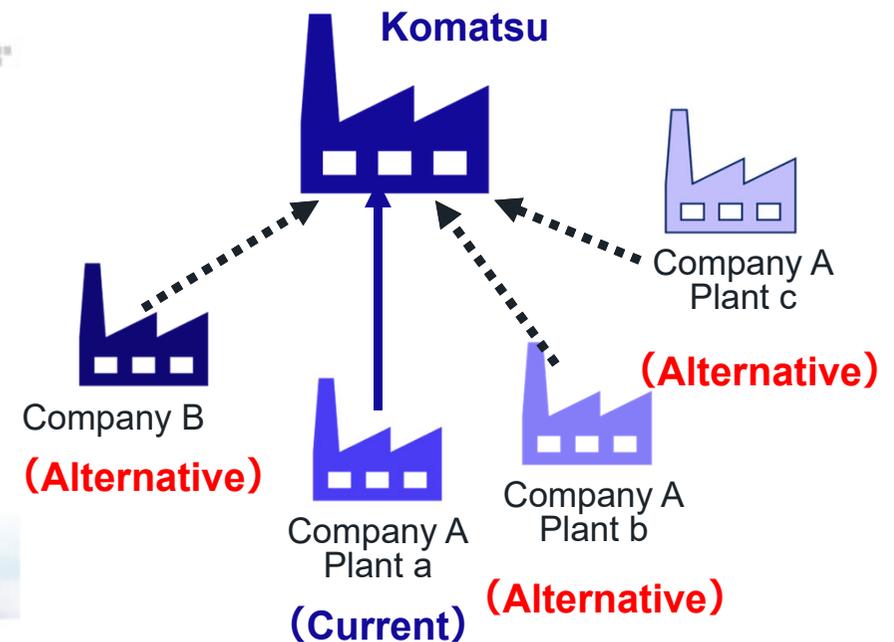
<Requirements>

- (1) Standardization of base machine
- (2) Standardization of production system
- (3) Standardization of production/design BOM\*
- (4) Standardization of manufacturing process and quality standards

\*BOM: Bill of Material

### Multi-company procurement system

Purchase parts from several manufacturers and expand local procurement



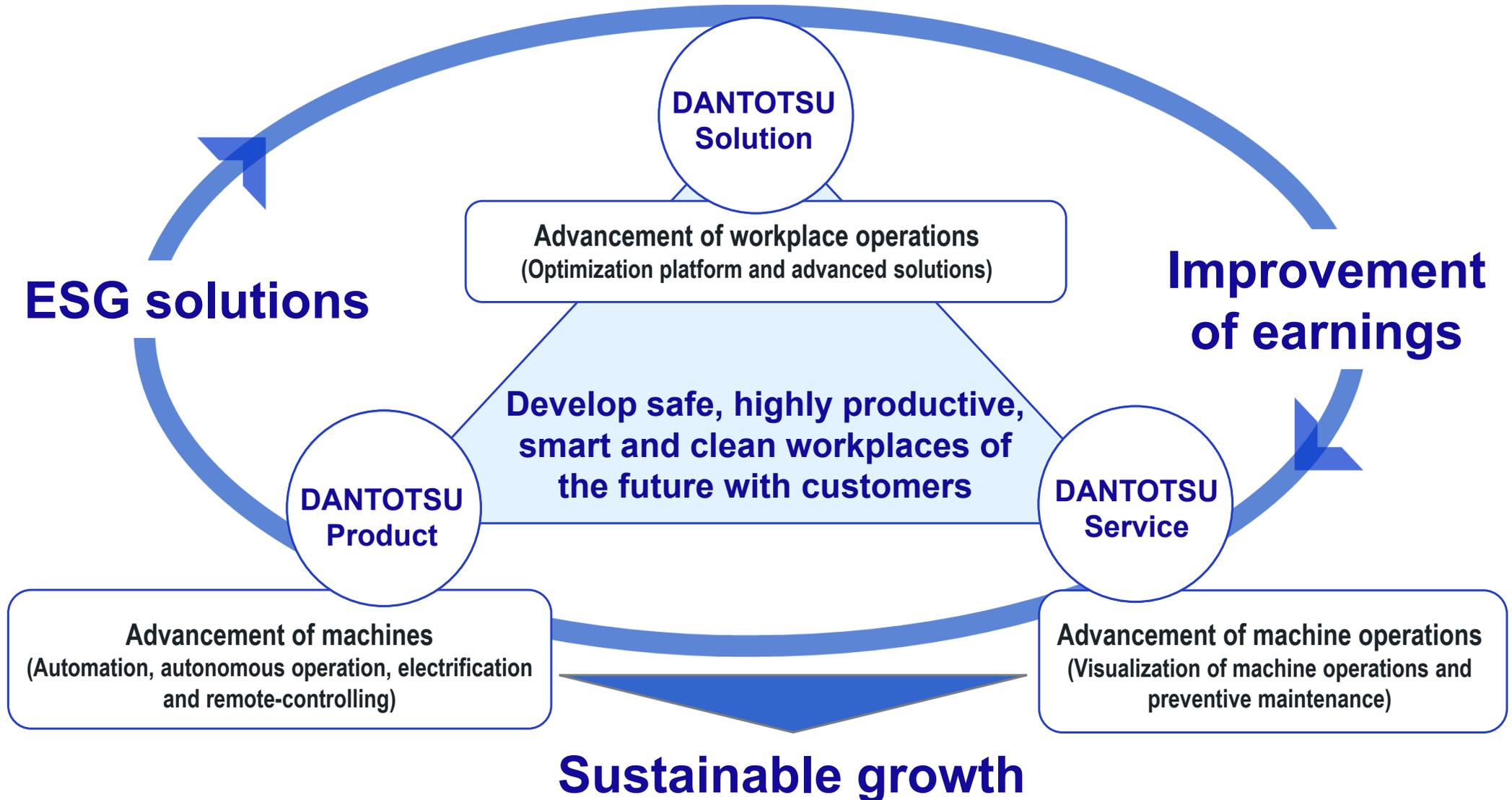
1. Company Overview

2. Mid-term Management Plan:  
Growth Strategies and Solving ESG Issues

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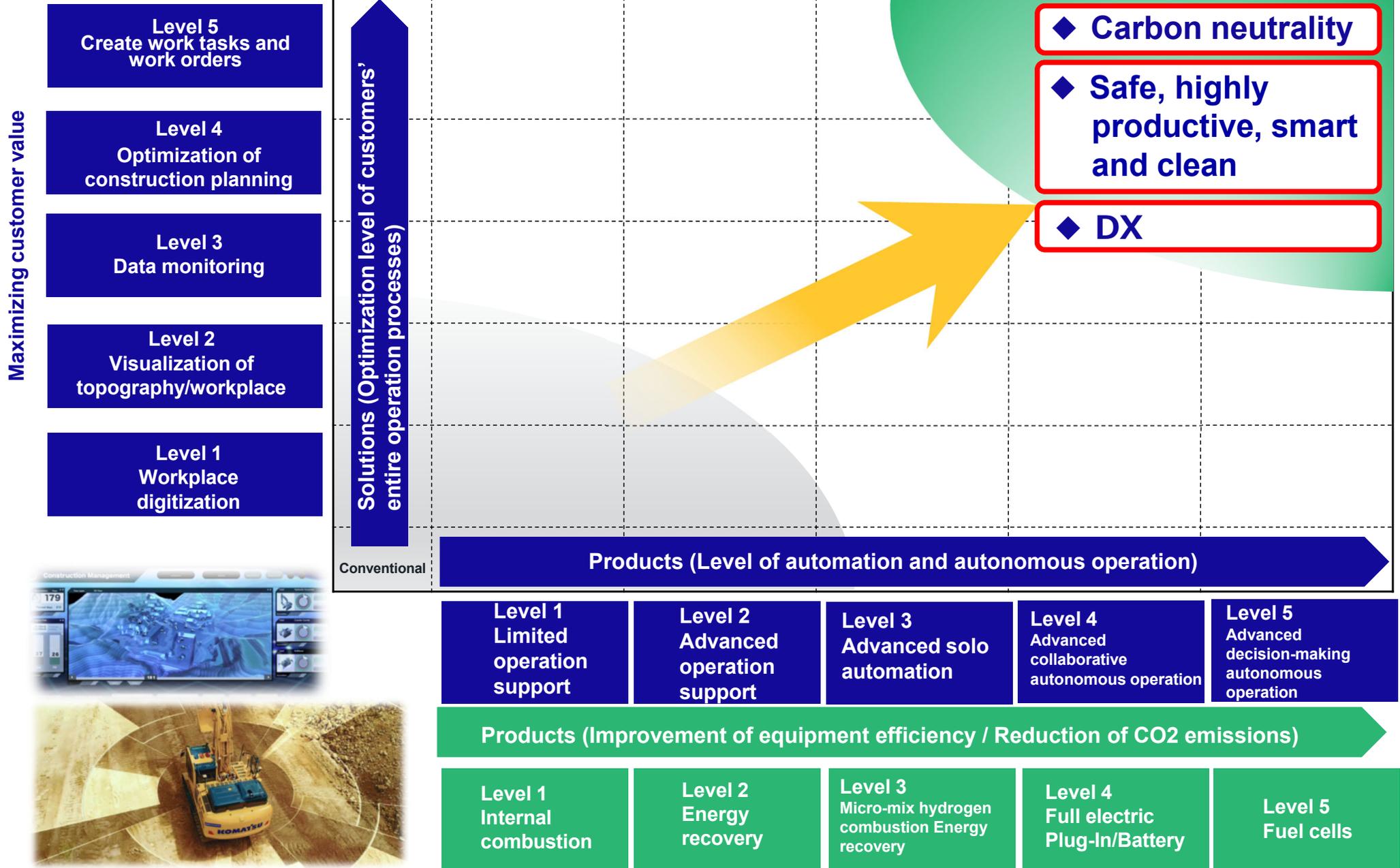
## DANTOTSU Value

Customer value creation that generates a positive cycle of ESG solutions and improvement of earnings



# Komatsu's mid-term vision: Roadmap to workplace of the future

( For Smart Construction )



Innovate manufacturing technology and develop new value chain

# Komatsu's mid-term vision: 2050 carbon neutral declaration

Looking ahead to the CO2 emission reduction target\* by 2030, **we will aim for carbon neutrality by 2050 and tackle challenges to create value for a decarbonized society.**

- High efficiency through manufacturing technology innovation and a variety of product development approaches to respond to all options (expansion of technology partnerships)
- Improve efficiency through optimization of the customers' entire workplace operations and promote recycling-oriented businesses (forestry machinery and reman\*\*)

(\*CO2 emissions: Reduce by 50% from 2010 / Renewable energy use: 50% of total energy use)

## Production Komatsu (Scope 1 and 2)

### ● Energy conservation

Reduce energy consumption by boosting productivity and achieving higher efficiency in manufacturing operations

### ● Energy generation

Introduce renewable energy facilities(e.g., solar, biomass)

### ● Purchase renewable energy

Purchase certified green power or carbon credits.



## Development Use of products (Scope 3)

### ● Increase machine operation efficiency and reduce fuel consumption

(Internal combustion: diesel engine)

### ● Shift to more clean power sources

- Hybrid
- Electric (battery/plug-in)
- Fuel cells
- Hydrogen fuel, biofuel, e-fuel internal combustion



## Customer workplaces

### ● Improve efficiency through optimization of customer workplace operations

- DX Smart Construction
- Open technology platform for mining

### ● Contribution through forestry machinery business

- Mechanization during all processes of afforestation, reforestation, cultivation and felling
- Smart forestry



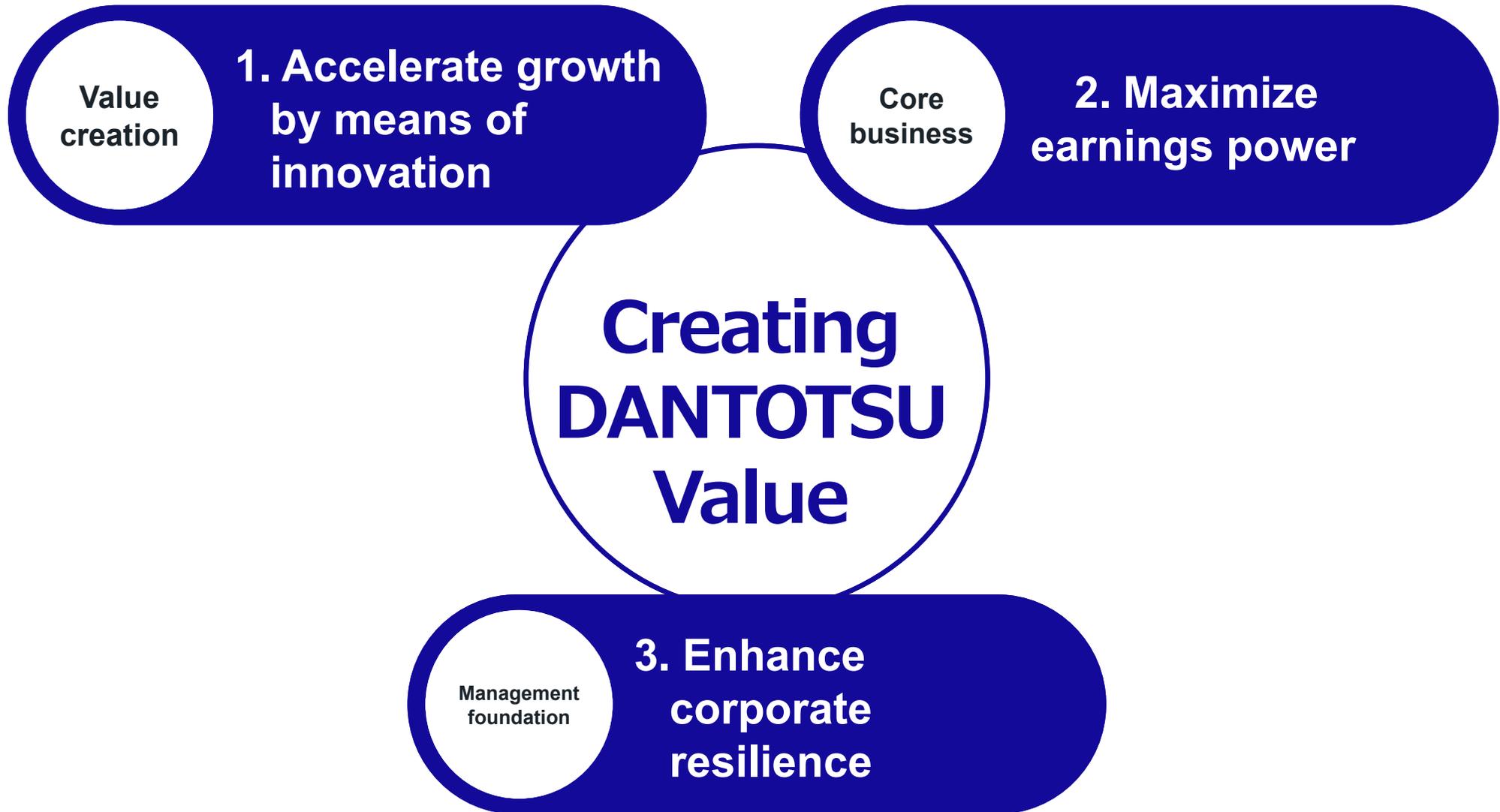
### ● Contribution through reman\*\* business

- Recycling and reuse of components (resource conservation, waste reduction)

(\*\* Reman: remanufacturing)

# DANTOTSU Value

*Together, to "The Next" for sustainable growth*

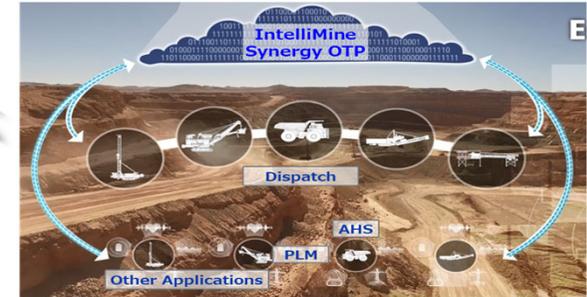


# 3 Pillars of growth strategies 1. Accelerate growth by means of innovation

Promote remote control system for construction equipment



Mining open technology platforms



Create new customer values  
by optimizing workplaces

## Accelerate growth by means of innovation

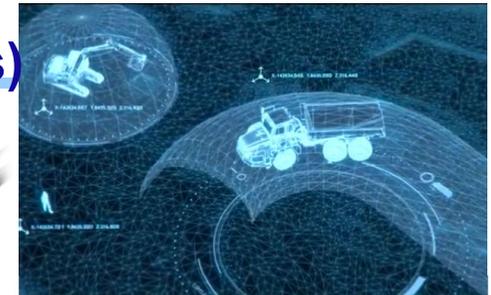
Tackling the challenge of  
creating values (products and solutions)  
for carbon neutrality



Development and market introduction of electrified machinery



Manufacturing equipment for vehicle batteries



Promote DX Smart Construction

# Efforts for mining automation, including AHS

- In 2008, we became the first company in the world to commercially introduce an Autonomous Haulage System for mines. Over 661 AHS trucks are in operation.
- We are advancing trials of remote control and automatic operation of hydraulic excavators and bulldozer are underway to automate overall mining operations.

**AHS in operation in 5 countries (Australia, Canada, Brazil, Chile and Sweden)  
661 units in operation at 22 sites\***

\*As of June 30, 2023

**Deployment of AHS at Anglo American mine (Chile)**



**Launch collaboration to develop an ALV\***



Komatsu autonomous haul truck and Toyota concept ALV

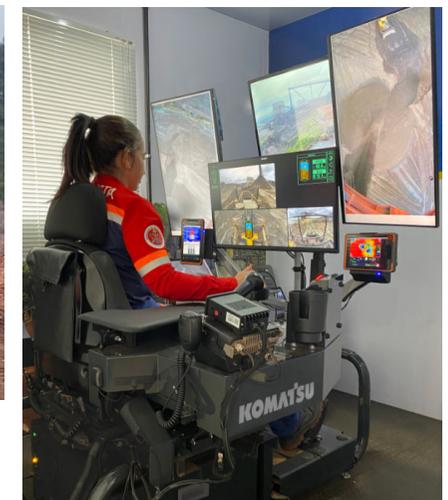
**KOMATSU**

\*ALV (Autonomous Light Vehicle)

**Remote control of super-large hydraulic excavator and AHS**

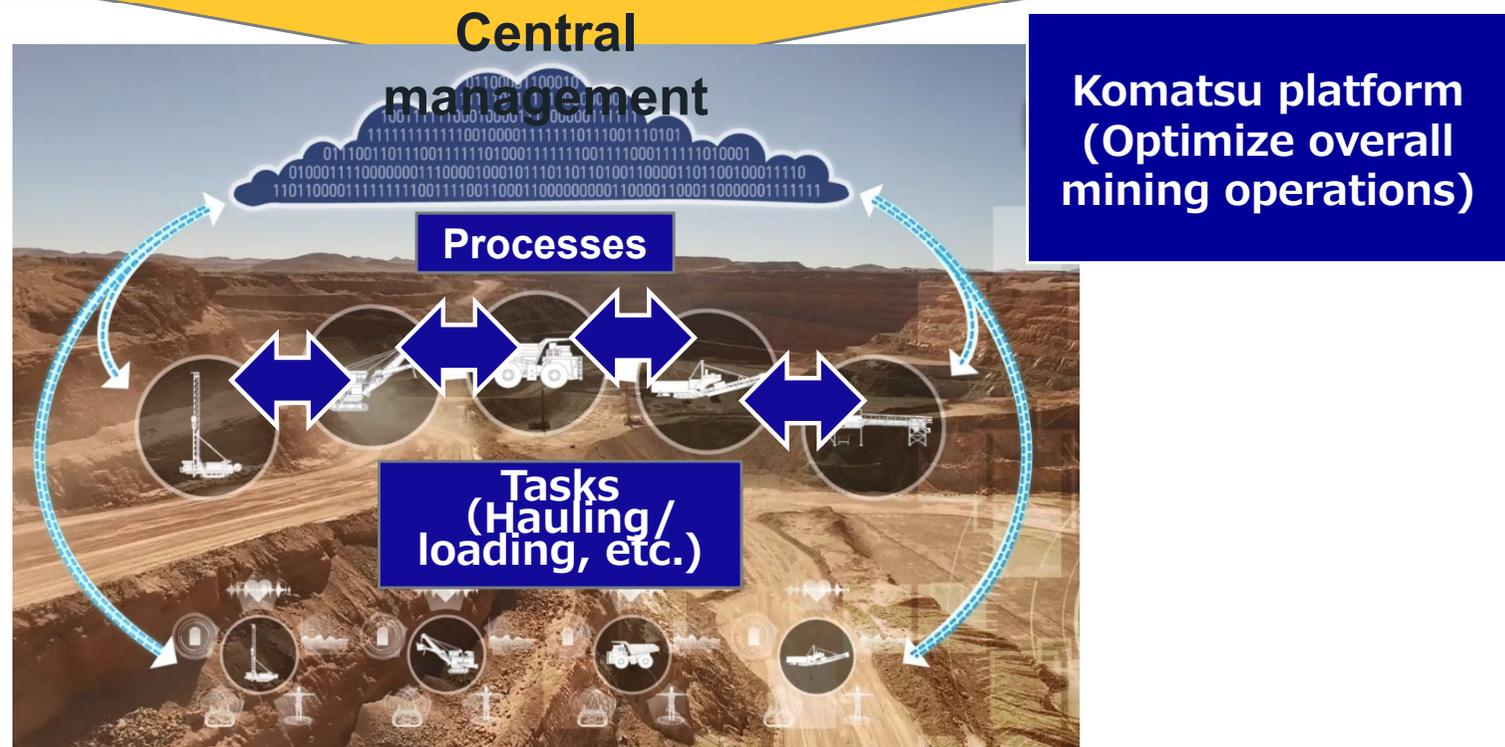
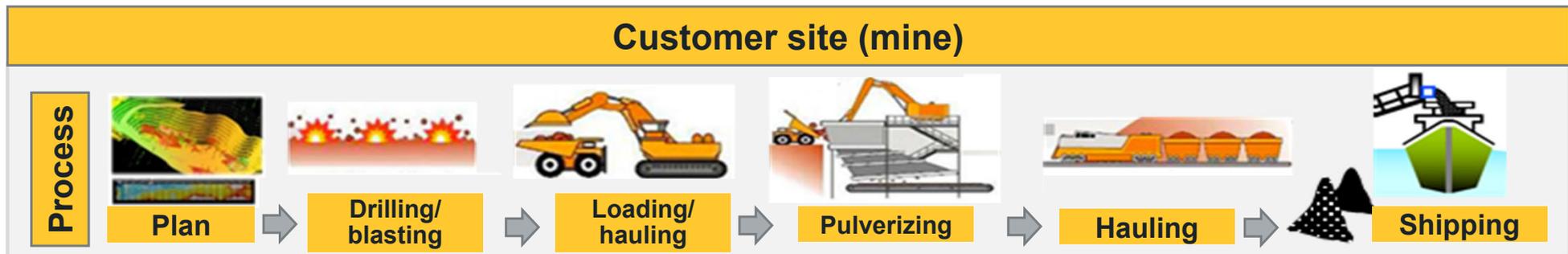


**Started commercial teleoperation of large ICT mining dozers**

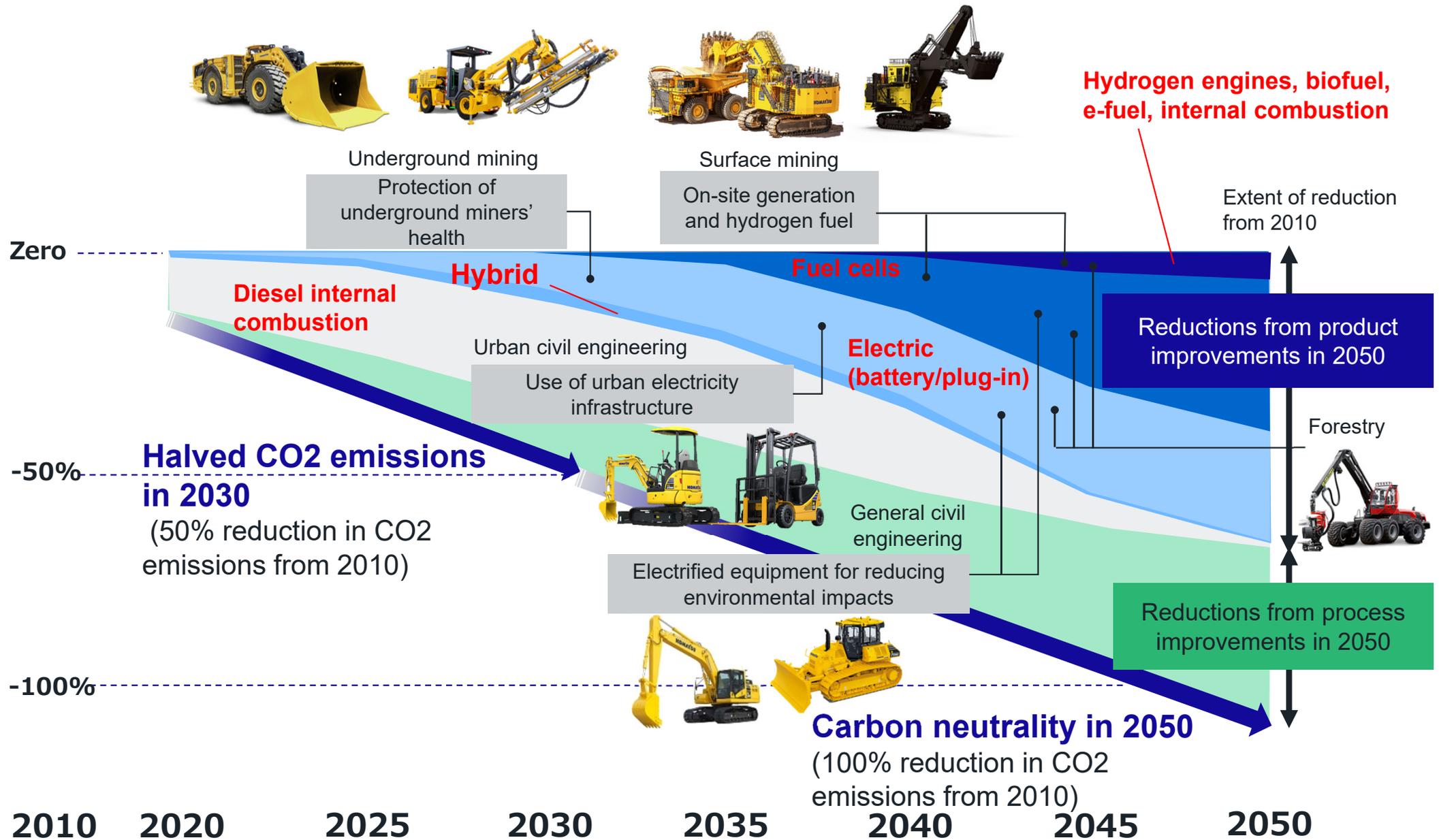


# Promoting business via open-technology platform for mining

- Our customers, mining companies, are working to centrally manage all their data and optimize overall mining operations by smoothly linking all processes with no delay.
- We are developing a platform for mining. We conduct trials at customer sites with the goal of contributing to the optimization of overall mining operations.



# Challenging Carbon Neutrality (CN) #1



# Challenging Carbon Neutrality (CN) #2

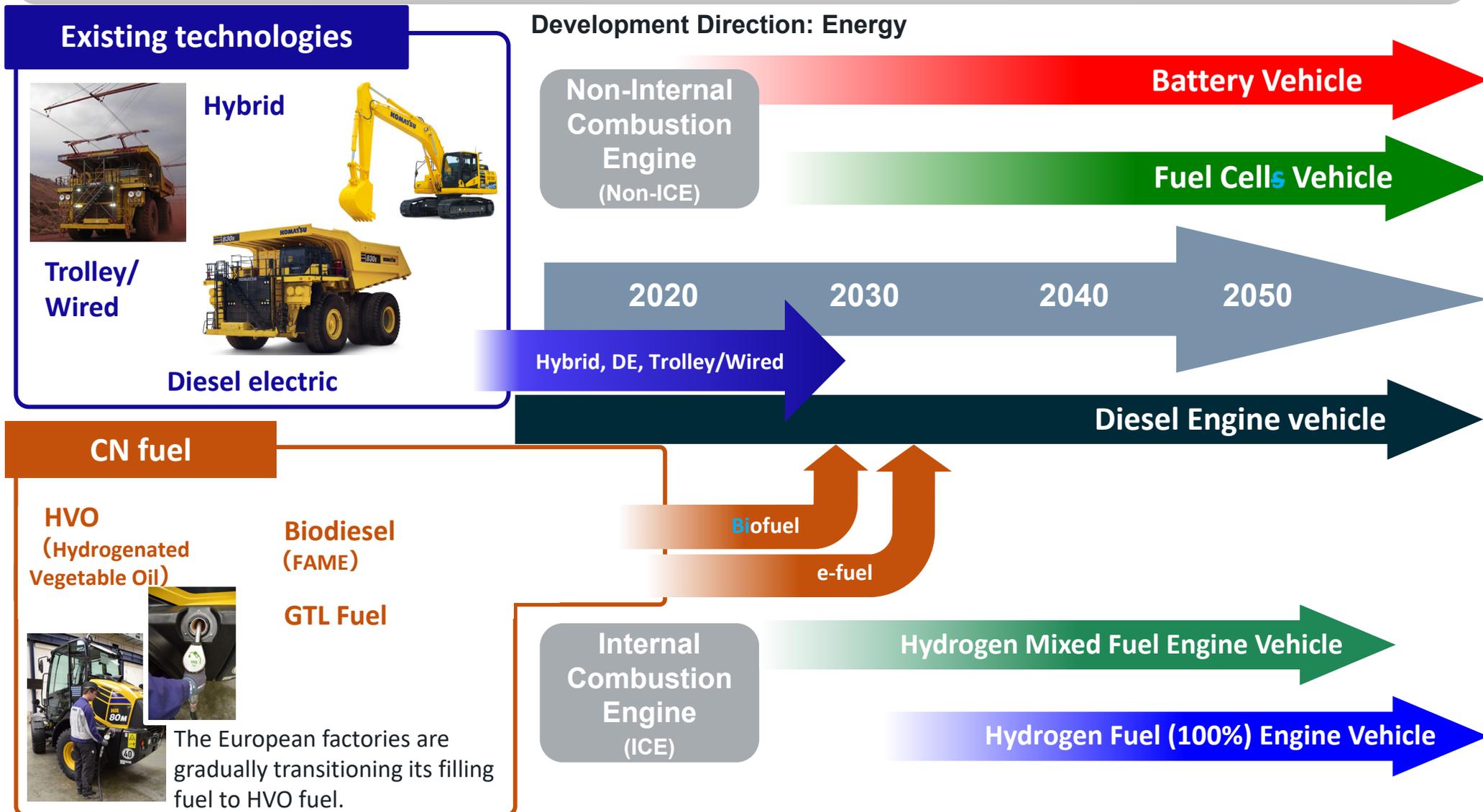
- We take different approach for construction and mining equipment by model, class and region.

	Up to 2021	2022	2023	Up to 2030	
Small excavators and forklifts	<p><b>Lead battery</b></p> 	<p><b>Wired electric</b></p> 	<p><b>Battery-electric</b></p> <p>Electric mini excavator PC30E-5</p>  <p>Electric micro excavator PC01E-1 Market introduction in FY2021 PC05E-1 Market introduction in FY2023</p>  	<p>Tie-up with HONDA</p>  <p>Electric forklift FE25G FE30G</p>	<p><b>Lithium battery</b></p>  <p>3-ton mass produced model Market introduction in FY2023</p>
Medium/large excavators	<p><b>Hybrid</b></p> 	<p><b>Battery-electric</b></p> <p>Partnership with Proterra PC200LCE-11 Mass production in FY2022 Market introduction in FY2023</p> 		<p><b>Fuel cell</b></p> <p><b>Hydrogen engine</b></p>	
Wheel loaders		<p><b>Battery-electric</b></p> 	<p>Joint development with Moog Inc. Concept machine released in FY2022</p>		
Mining equipment (surface)	<p><b>Diesel electric, trolley</b></p> 	<p><b>Wired electric</b></p> 	<p><b>Power agnostic</b></p>  <p>Concept vehicle released in 2021</p>	<p><b>Battery-electric</b></p> <p>Installation of test benches</p> 	<p><b>Fuel cell</b></p> <p><b>Hydrogen engine</b></p> <p>Power agnostic 2025: Battery trolley 2030: Fuel cell</p>
Mining equipment (underground)	<p><b>Hybrid</b></p>  	<p>Drill jumbo Prototype in FY2021 Mass production in FY2023</p> 	<p><b>Battery-electric</b></p> <p>Partnership with Proterra Volta Prototype in FY2023 Mass production in FY2023</p> 	<p>LHD Prototype in FY2023 Mass production in FY2024</p> 	

Output size

# Challenging Carbon Neutrality (CN) #3

- Komatsu will promote the utilization of its existing technologies as "bridge technology" towards carbon neutrality.
- We will also work on the utilization of "carbon-neutral fuels" such as biodiesel and HVO.



# 3 Pillars of growth strategies 2. Maximize earnings power

Expansion of reman/rebuild business



Promoting product strategy based on characteristics of strategic markets



Expand presence in key emerging markets

**Maximize earnings power**

Further growth from evolution of value chain business

Strengthening of marketing strategies in African markets



Expansion of forestry machinery business



Expansion of hard rock equipment business



# Efforts in Strategic Markets

- As one of the efforts for strategic markets including the Asian region, "**2-model line strategy**" was developed in response to customer needs.
- In the 20-ton class, the "CE Series" with specifications suitable for urban civil engineering work was sold, contributing to maintaining and increasing market share.
- In the 30-ton class, amid soaring fuel prices and growing awareness of climate change, the Company sold hybrid hydraulic excavators.

## 20-ton class

- High-end model ■ CE Series (light-load work model)



Hydraulic excavator CE Series

## 30-ton class

- Standard ■ Hybrid model

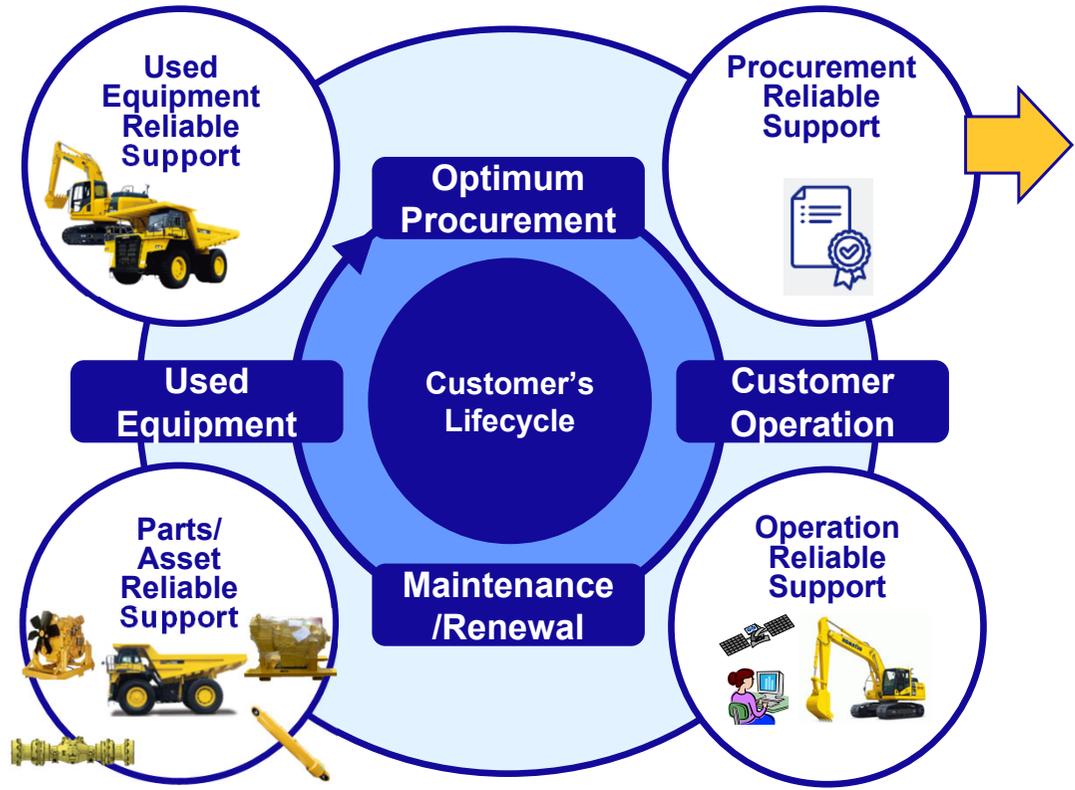


Hybrid hydraulic excavator

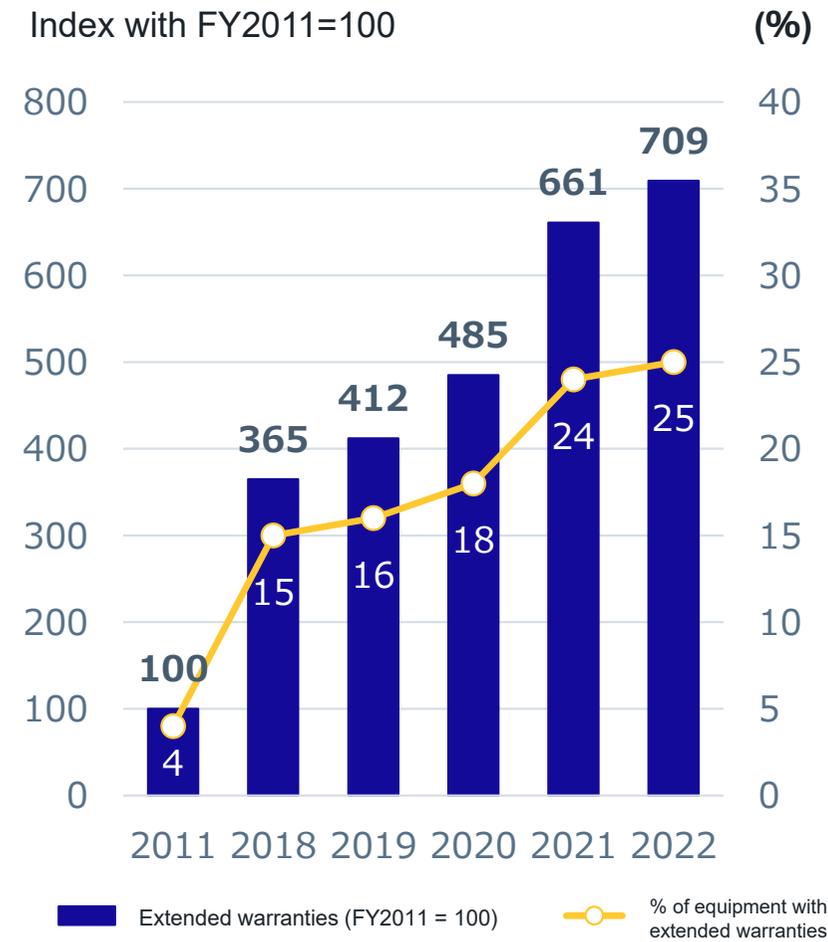
# Lifecycle support business

- After construction equipment is purchased, regular maintenance, repairs and other support are essential.
- Seamless support from the purchase of new equipment to the sale of used equipment. Further strengthen business model to stably raise revenues after sales.

## Lifecycle Reliable Support

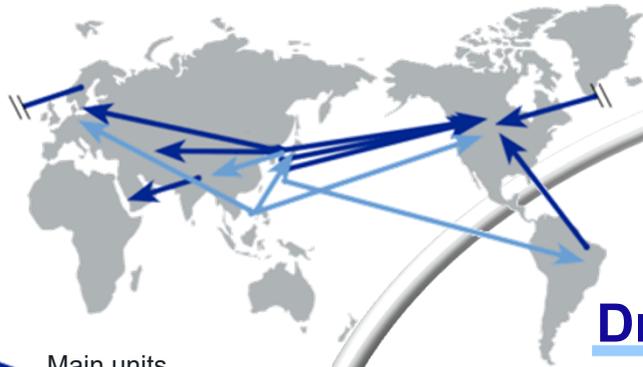


## Extended warranties with maintenance plans



# 3 Pillars of growth strategies 3. Enhance corporate resilience

Strengthening cross-sourcing operation



→ Main units  
→ Parts

Human resources development for digital applications



Drive efficient business operations and reinforce risk management

## Enhance corporate resilience

Enrich human resources base with diversity

Creating value together

Strengthening the corporate brand by developing a global brand strategy



Improvement of employee engagement



Strengthening Risk Management

# Create workplaces where diverse human resources can work lively diversity (Diversity and Inclusion)

- We define Diversity and Inclusion (D&I) as a condition under which employees with diverse backgrounds and values work together comfortably, as they respect different personalities and capabilities.
- To connect D&I promotion to innovations and growth, we are working to enhance our human resource base with diversity-rich employees.

## Our approach to D&I promotion

Creating a healthy workplace where lively and constructive discussions can take place

Increase in motivation, change in corporate culture

Creating innovation = overall company growth

## D&I Promotion Global Campaign in progress



## Effort of focus: "Enhancement of a diverse human resource base"

### Development of global-scope talents

- 68% of employees are from overseas group companies
- Major local subsidiary top management = national employee



### Promotion of gender diversity

- Improvement of the ratio of female employees and female managers
- Training programs for female leaders



### Improvement of employee engagement

- Conducted a global-scale engagement survey
- HR policies reflecting analysis by region and organization



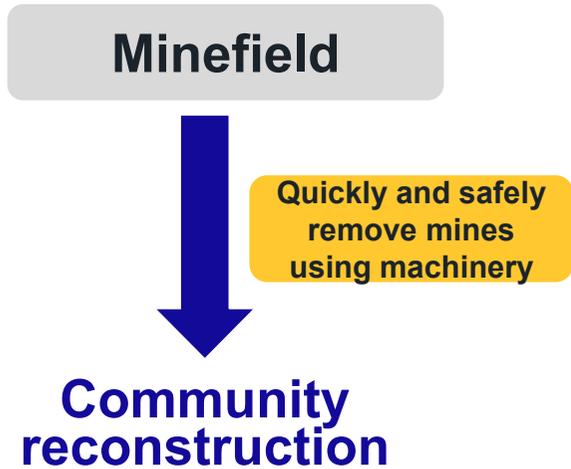
# Resolve ESG issues through growth strategy

- We are working to contribute to society through business activities in accordance with the sustainability policy established in 2021.
- We have selected 10 SDGs which are closely related to materiality.
- We have set KPIs to steadily execute measures to resolve ESG issues through growth strategies of the mid-term management plan.

	Ties with SDGs	FY2024 MTMP KPI goals (examples)
<b>With people</b> Materiality: “Employees” “Human rights”	 <b>5 GENDER EQUALITY</b> Gender equality	Ratio of female managers Global: over <b>13%</b>
 <b>8 DECENT WORK AND ECONOMIC GROWTH</b> Decent work and economic growth	 <b>10 REDUCED INEQUALITIES</b> Reduce inequalities	
 <b>17 PARTNERSHIPS FOR THE GOALS</b> Partnership		<b>DX and AI-literate personnel training</b> Cumulative number of employees that took training over three years DX practice/beginners: <b>180/900</b> AI practice/beginners: <b>30/90</b>
<b>With business</b> Materiality: “Customers” “Ethics/ Governance” “Communities”	 <b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> Industry & technology innovations	No. of workplaces using Smart Construction FY2024 (single year) Global: <b>13,000</b> workplaces
 <b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> Urbanization	 <b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> Production/ consumption responsibilities	
 <b>17 PARTNERSHIPS FOR THE GOALS</b> Partnership		<b>Cumulative deployment of AHS</b> Global: <b>740</b> trucks
 <b>7 AFFORDABLE AND CLEAN ENERGY</b> Clean energy	 <b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> Industry & technology innovations	Reduction of CO2 emissions in production <b>-45%</b> from 2010
 <b>13 CLIMATE ACTION</b> Combat climate change	 <b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> Production/ consumption responsibilities	
 <b>15 LIFE ON LAND</b> Rich land	 <b>17 PARTNERSHIPS FOR THE GOALS</b> Partnership	Reduction of CO2 emissions from product in use <b>-24%</b> from 2010
		<b>Ratio of renewable energy use</b> <b>20%</b>
		<b>Electrification of construction/mining equipment</b> Increase development steps and models for market introduction

# Demining and Reconstruction Project

- In partnership with the Japan Mine Action Service (JMAS), we have been undertaking support activities with the goal of community development from the removal of landmines to reconstruction since 2008.



Bulldozer-based <landmine removal>



Hydraulic excavator based <unexploded bomb removal>

## Demining activities



## Farmland & Infrastructure-reconstruction



## Elementary school construction



# Management targets

Management targets remain growth, profitability, efficiency, financial soundness and ESG composition/details.

Challenging goal of carbon neutrality by 2050 is added in the ESG target.

Shareholder returns retain the policy to strive toward maintaining stable dividends placing priority for focused investments in growth strategies.

Item	Index	Target
<b>Growth</b>	Sales growth rate	Growth rate above the industry's average
<b>Profitability</b>	Operating profit ratio	An Industry's top-level profit ratio
<b>Efficiency</b>	ROE	10% or higher
<b>Financial position</b>	Net D/E Ratio	Industry's top-level financial position
<b>Retail finance business</b>	ROA	1.5% to 2.0%
	Net D/E Ratio	5 times or less
<b>ESG</b>	Reduction of environmental impact	<ul style="list-style-type: none"> <li>CO2 emissions: Decrease by 50% in 2030 from 2010</li> </ul> <p style="text-align: center;"><b>Become carbon neutral by 2050 (Challenging goal)</b></p> <ul style="list-style-type: none"> <li>Renewable energy use: Increase to 50% of total energy use in 2030</li> </ul>
	Evaluation by external organizations	<ul style="list-style-type: none"> <li>Selected for DJSI* (World &amp; Asia Pacific)</li> <li>Selected for CDP** A-List (Climate Changes and Water Risk)</li> </ul>
<b>Shareholder return</b>	Consolidated payout ratio	<ul style="list-style-type: none"> <li>Keep a fair balance between investment for growth and shareholder return (incl. stock buyback), while placing main priority on growth investment.</li> <li>40% or more</li> </ul>

\* Dow Jones Sustainability Indices: SRI indices generated by S&P Dow Jones of the United States and RobecoSAM of Switzerland

\*\* International non-profit organization that advocates the reduction of greenhouse gas emissions and protection of water resources and forests by companies and governments

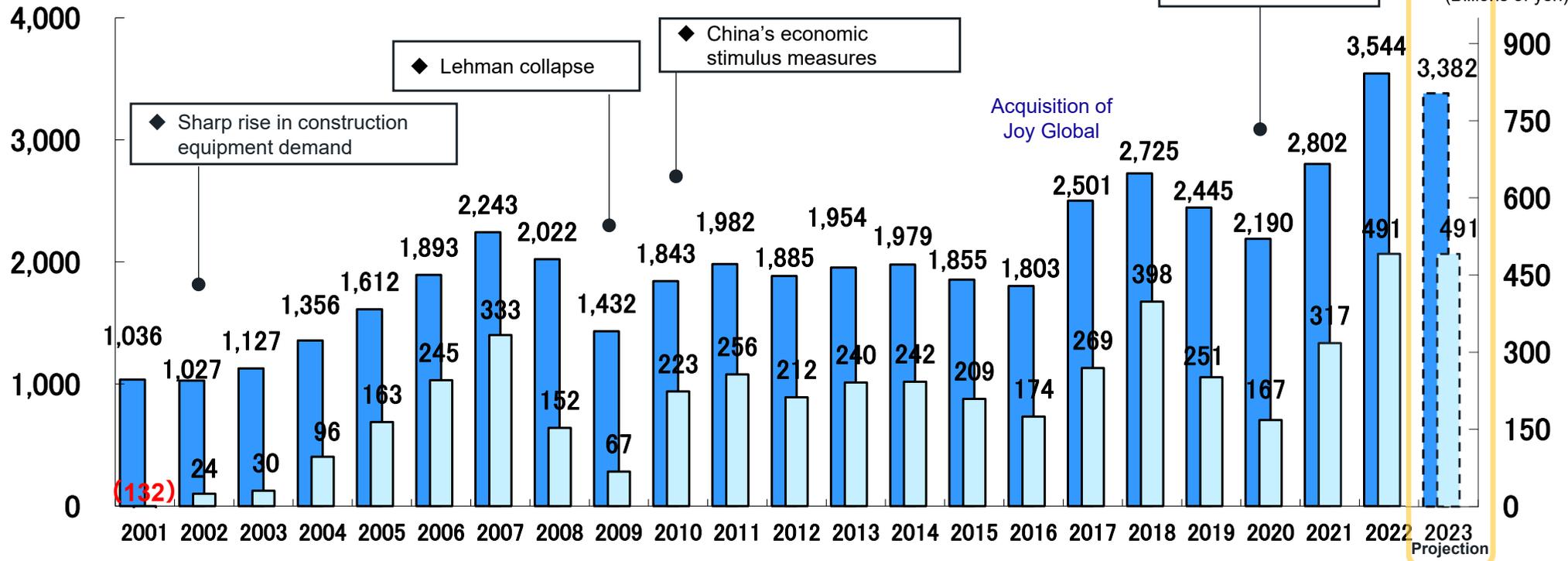
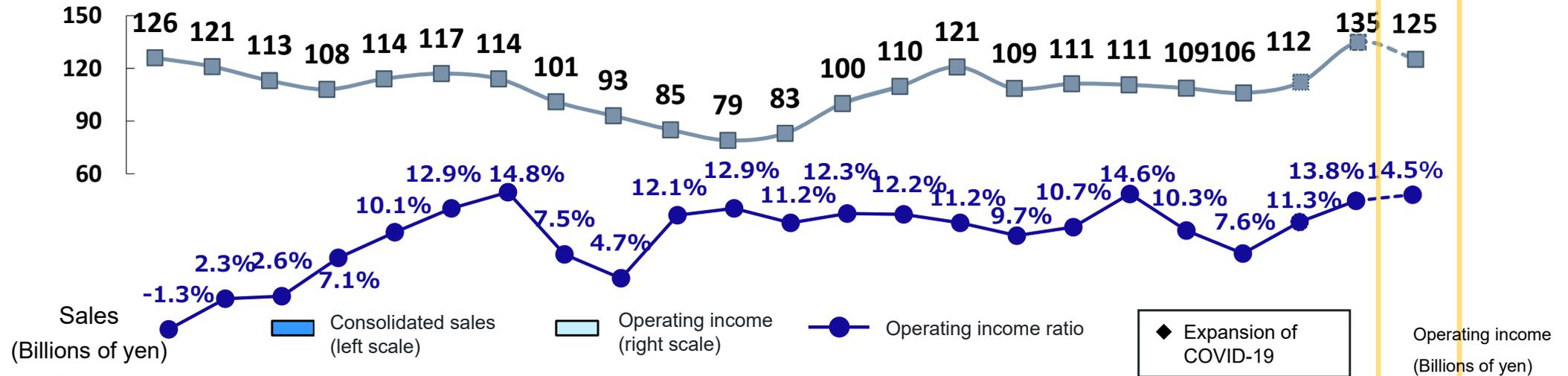
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# Business results over the years

Exchange rate (¥/USD)



Expansion of Overseas production  
Diversification

Selective focus

Expand ICT-driven value chain

Customer value creation

# Outline of Projection for FY2023

- We have not changed our projection of full-year results for FY2023.  
(See below for the projection of April 2023.)
- Consolidated net sales will decrease by 4.6% from FY2022, to JPY3,382.0 billion.
- Operating profit will increase by 0.1% to JPY491.0 billion.
- Annual cash dividends per share are being planned for JPY139

Billions of yen	FY2022 Results (A) ¥134.8/USD ¥140.3/EUR ¥92.5/AUD	FY2023 Projection (B) ¥125.0/USD ¥133.0/EUR ¥83.0/AUD	Changes (B-A)	
			Increase (Decrease)	Change %
Net sales	3,543.5	3,382.0	(161.5)	(4.6)%
Operating profit	490.7	491.0	+0.3	+0.1%
Profit ratio	13.8%	14.5%	+0.7pts.	-
Net income attributable to Komatsu Ltd.	326.4	299.0	(27.4)	(8.4)%
ROE	13.7%	11.7%	(2.0)pts.	
Cash dividends per share	139Yen	139Yen	+/- 0Yen	
Consolidated payout ratio	40.3%	44.0%		

# Projection for Segment Sales and Profit of FY2023

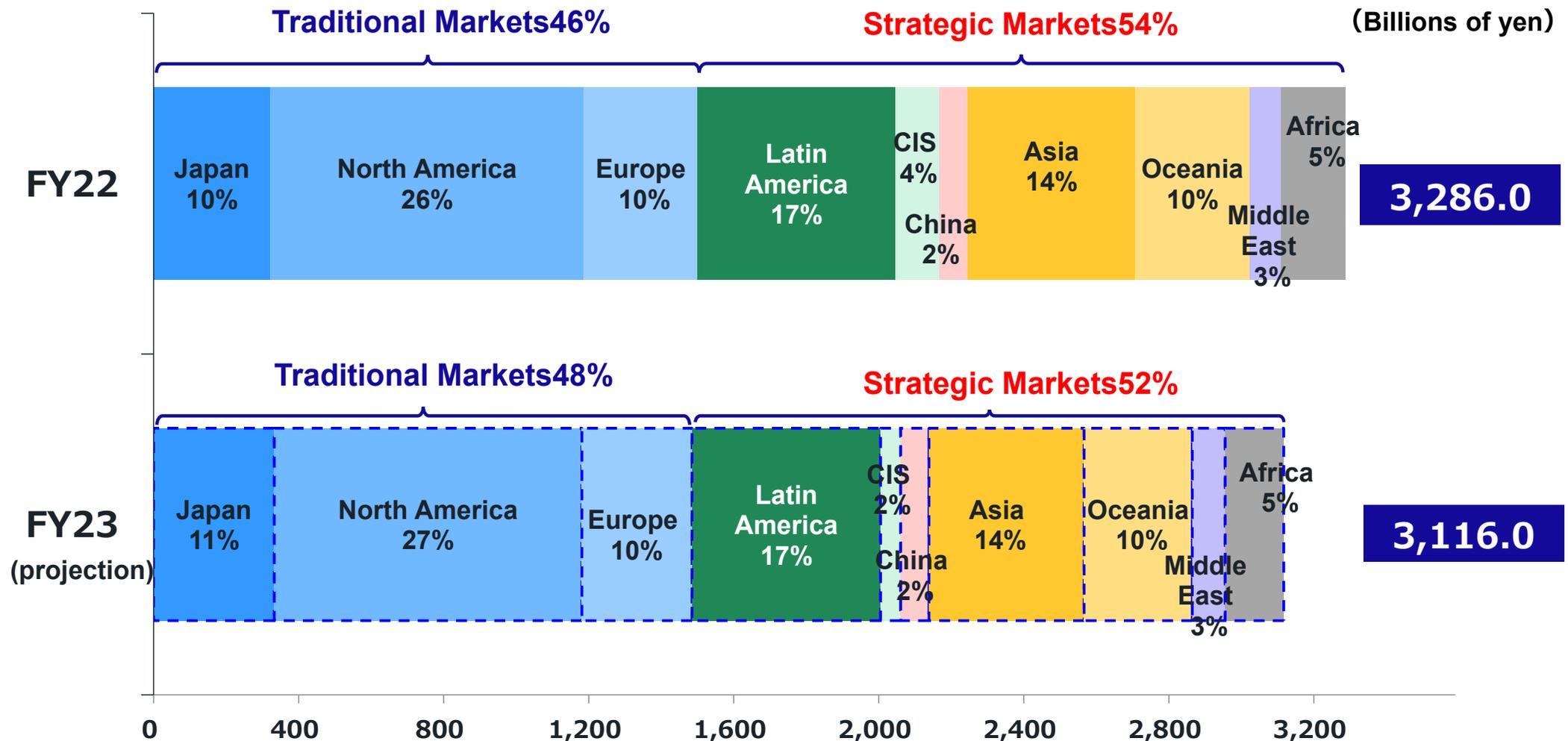
- Construction, Mining & Utility Equipment: Sales will decrease to JPY3,138.0 billion. Segment profit will increase to JPY463.0 billion.
- Retail Finance: Revenues will decrease to JPY83.5 billion. Segment profit will decrease to JPY17.0 billion.
- Industrial Machinery & Others: Sales will increase to JPY201.0 billion. Segment profit will increase to JPY23.0 billion.

□ : Profit ratio [ ] : Sales after elimination of inter-segment transactions

Billions of yen	FY2022 Results (A)	FY2023 Projection (B)	Changes (B-A)	
			Increase (Decrease)	Change %
<b>Net sales</b>	<b>3,543.5</b>	<b>3,382.0</b>	<b>(161.5)</b>	<b>(4.6)%</b>
Construction, Mining & Utility Equipment	3,296.6 [3,286.7]	3,138.0 [3,116.8]	(158.6) [(169.9)]	(4.8)% [(5.2)%]
Retail Finance	85.6 [67.8]	83.5 [64.5]	(2.1) [(3.3)]	(2.5)% [(4.9)%]
Industrial Machinery & Others	190.9 [188.9]	201.0 [200.7]	+10.1 [+11.8]	+5.3% [+6.2%]
Elimination	(29.7)	(40.5)	(10.8)	-
<b>Segment profit</b>	<b>□ 13.9%</b> 493.5	<b>□ 14.7%</b> 498.0	<b>□ +0.8pts.</b> +4.5	<b>+0.9%</b>
Construction, Mining & Utility Equipment	□ 13.5% 443.6	□ 14.8% 463.0	□ +1.3pts. +19.4	+4.4%
Retail Finance	□ 31.8% 27.3	□ 20.4% 17.0	□ (11.4)pts. (10.3)	(37.7)%
Industrial machinery & Others	□ 11.8% 22.6	□ 11.4% 23.0	□ (0.4)pts. +0.4	+1.8%
Corporate & elimination	0.1	(5.0)	(5.1)	-

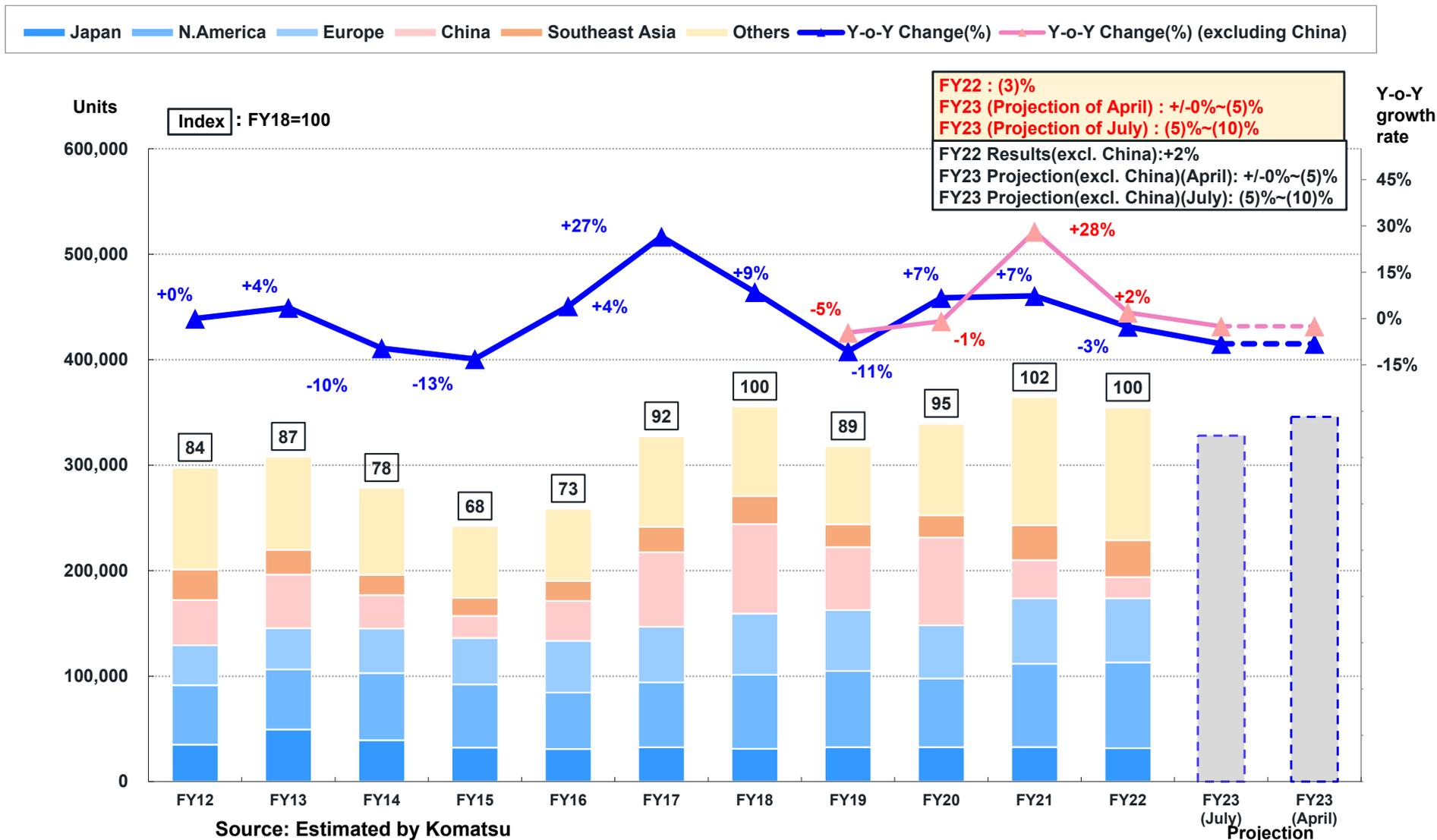
# Construction, mining & utility equipment: Projection for Sales by Region (To Outside Customers) for FY2023

- Sales to outside customers will decrease by 5.2% from FY2022, to JPY3,116.8 billion.
- Sales in Traditional Markets will account for 48% of total sales, and those in Strategic Markets, 52%.



# Construction, Mining & Utility Equipment: Actual and Projected Demand for 7 Major Products

- In 1Q FY2023, global demand decreased by 9% from the corresponding period a year ago. When China was excluded, demand decreased by 5% from the corresponding period a year ago.
- In FY2023, demand will decrease between -5% and -10% (Changed from the projection of April 2023). When China is excluded, demand should decrease between -5% and -10% (Changed from the projection of April 2023).

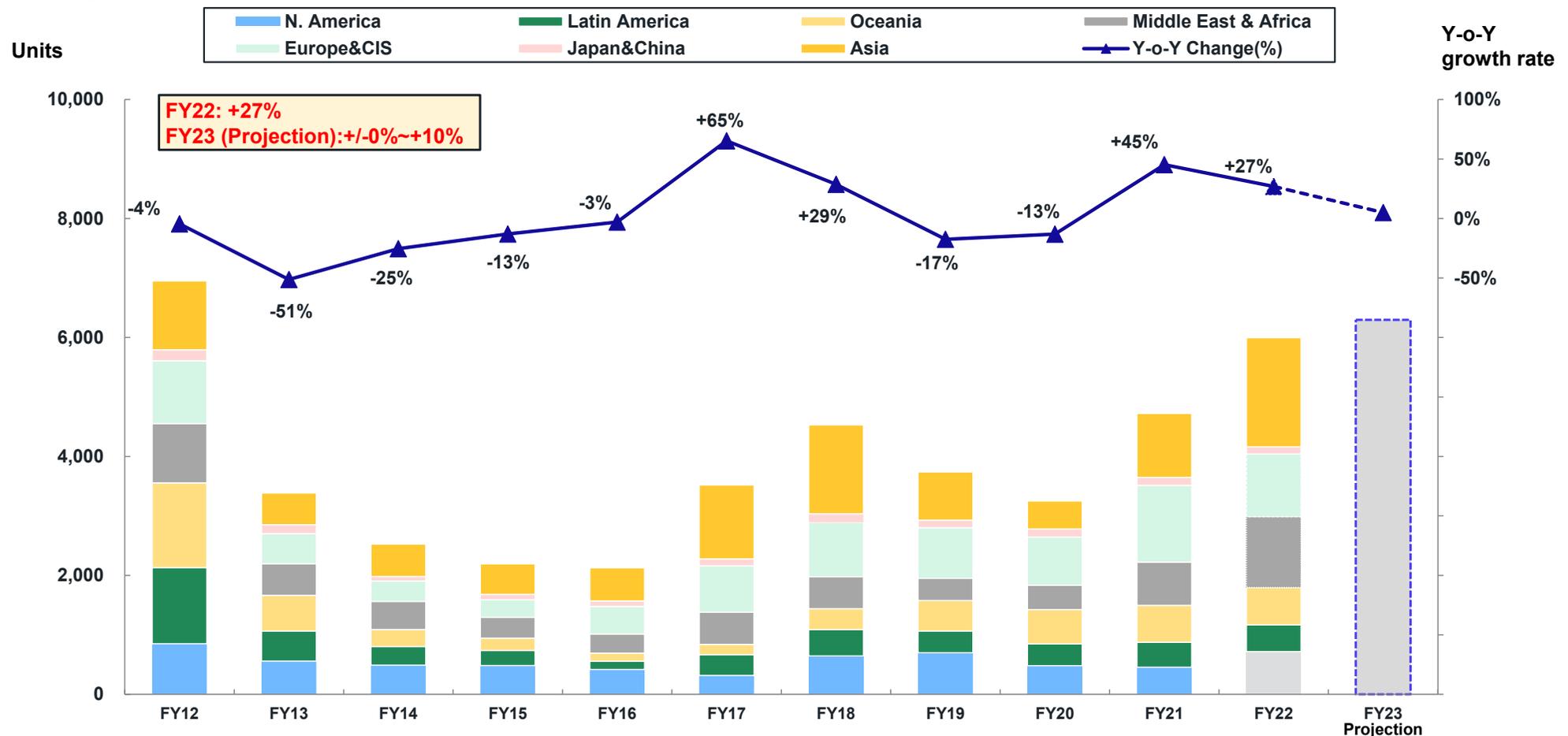


# Construction, Mining & Utility Equipment: Actual and Projected Demand for Mining Equipment

- In 1Q FY2023, demand for mining equipment increased by 12% from the corresponding period a year ago.
- Demand increased in North America, Indonesia and Oceania.
- In FY2023, demand will increase between +/-0% and +10% from FY2022. (Unchanged from the projection of April 2023. )

A0

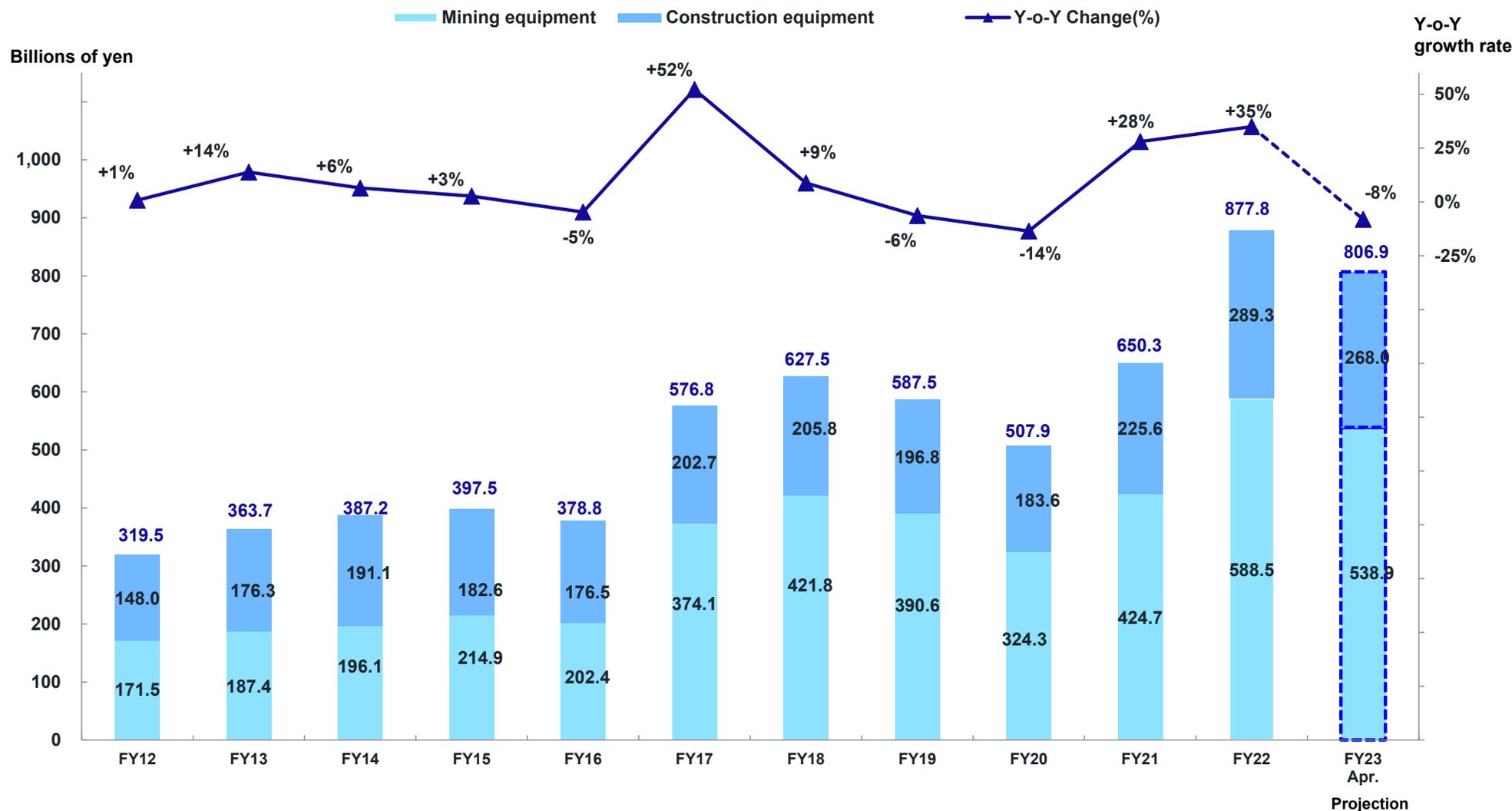
- Dump trucks: 75 tons (HD785) and larger
- Bulldozers: 525HP (D375) and larger
- Excavators: 200 tons (PC2000) and larger
- Wheel loaders (mechanical driven): 810HP (WA800) and larger
- Motor graders: 280HP (GD825) and larger



Note: Demand estimated by Komatsu

# Construction, Mining & Utility Equipment: Actual and Projected Sales of Parts

- For 1Q FY2023, sales of parts increased by 16% from the corresponding period a year ago, to JPY234.3 billion.
- For FY2023, sales of parts are expected to exceed JPY806.9 billion, the projection of April 2023.



# Dividend policy

- To sustainably increase our corporate value, we at Komatsu are working to secure a sound financial position and strengthen our competitiveness.
- Concerning cash dividends to our shareholders, we maintain the policy of continuing stable dividends by comprehensively considering consolidated business results, future investment plans, cash flow and other related factors. Specifically, we have set the policy of a consolidated payout ratio of 40% or higher.

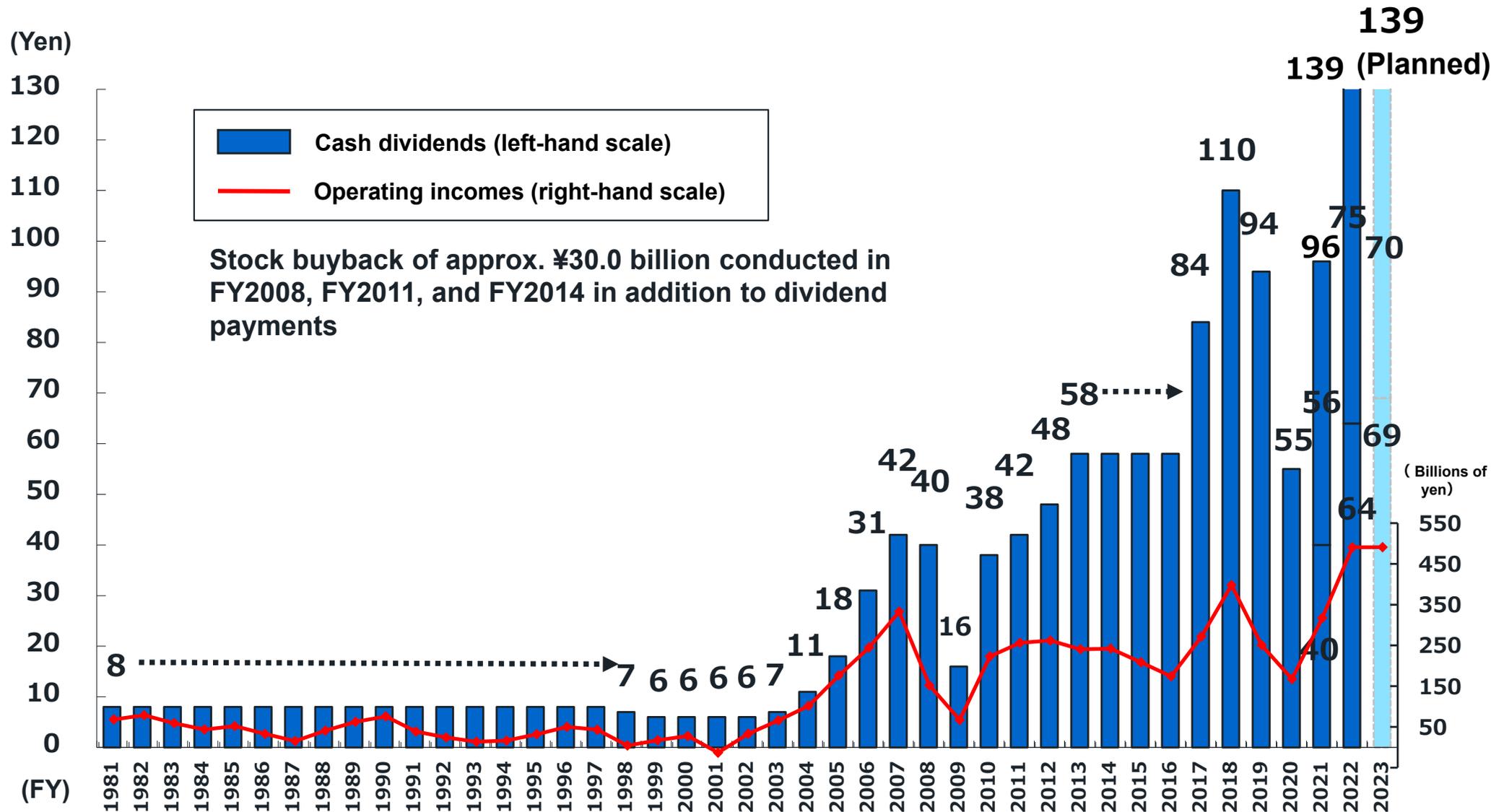
## <Dividend policy and Consolidated payout ratio>

	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY21	FY22	FY23 (Projection)
Dividend Policy	20%以上		20%~40%				30%~50%			40%~60%			40%~					
Consolidated payout ratio (Total return payout ratio)	19%	20%	40% 88% *	38% *	24%	24% 42%	36%	35%	36% 55%	40%	48%	40%	41%	58%	49% **	40.3%	40.3%	44.0%

\*FY2008 and FY2009 figures exclude restructuring charges.

\*\*Annual dividends per share for FY2020 include JPY 10 for the 100th anniversary commemorative dividend.

# Cash dividends



\*Annual dividends per share for FY2020 include JPY 10 for the 100th anniversary commemorative dividend.

# Thank you.



## Cautionary Statement

The announcement set forth herein contains forward-looking statements which reflect management's current views with respect to certain future events, including expected financial position, operating results, and business strategies. These statements can be identified by the use of terms such as "will," "believes," "should," "projects" 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.

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 the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes in exchange rates or the impact of increased competition; unanticipated cost or delays encountered in achieving the Company's objectives with respect to globalized product sourcing and new Information Technology tools; uncertainties as to the results of the Company's research and development efforts and its ability to access and protect certain intellectual property rights; and, the impact of regulatory changes and accounting principles and practices.