

**Presentation for the First 3-Month Period
(April-June, 2015) of FY2015 Business Results
【 Telephone conference 】**

July 29, 2015

Komatsu Ltd. Participants

Mikio Fujitsuka Director and Senior Executive Officer, CFO

**Yasuhiro Inagaki Senior Executive Officer and
General Manager of Business Coordination Department**

16:00 Presentations

Business Results for the First 3-Month Period of FY2015

**Yasuhiro Inagaki, Senior Executive Officer and
General Manager of Business Coordination Department
Komatsu Ltd.**

16:30 Q&A

17:00 Closing

Outline of Business Results
for the First 3-Month Period (April - June, 2015)
of FY2015

Yasuhiro Inagaki
Senior Executive Officer and
General Manager of Business Coordination Department
Komatsu Ltd.

【 Sales and Profits 】

- Consolidated net sales declined by 3.1% from the corresponding period a year ago, to JPY446.1 billion.
- Operating income dropped by 21.7% to JPY49.7 billion, and operating income ratio declined by 2.7 points to 11.1%.
- Net income decreased by 13.7% to JPY32.5 billion.

Billions of yen	1Q FY2014 ¥102.5/USD ¥140.9/EUR ¥16.4/RMB	1Q FY2015 ¥121.3/USD ¥133.0/EUR ¥19.6/RMB	Vs. 1Q FY2014	
			Increase (decrease)	% Change
Net sales	460.2	446.1	(14.1)	(3.1)%
Segment profit	59.7	49.6	(10.1)	(17.0)%
Other operating income (expenses)	3.7	0.1	(3.5)	-
Operating income	63.4	49.7	(13.7)	(21.7)%
Profit ratio	13.8%	11.1%	(2.7)pts.	-
Other income (expenses)	(2.1)	1.2	+3.3	-
Net income before income taxes	61.3	50.9	(10.4)	(17.0)%
Net income *	37.6	32.5	(5.1)	(13.7)%

* Upon adoption of ASC 810, "Net income" is equivalent to "Net income attributable to Komatsu Ltd."

Segment Sales and Profits for 1Q FY2015 (April – June 2015)

- In the construction, mining and utility equipment business, sales declined by 3.8% from the corresponding period a year ago, to JPY402.7 billion. Segment profit dropped by 18.4% to JPY47.2 billion, and segment profit ratio was 11.7%, down by 2.1 points.
- In the industrial machinery and others business, both sales and profits increased. Segment profit ratio was 7.3%, remaining flat from the corresponding period a year ago.

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

Billions of yen	1Q FY2014	1Q FY2015	Vs. 1Q FY2014	
			Increase (decrease)	% Change
Net sales	460.2	446.1	(14.1)	(3.1)%
Construction, mining & utility equipment	[418.1]418.5	[402.0]402.7	[(16.1)] (15.8)	[(3.9)%](3.8)%
Industrial machinery & others	[42.0] 43.3	[44.1] 44.7	[+2.0] +1.3	[+4.8%] +3.2%
Elimination	(1.6)	(1.3)	+0.3	-
Segment profit	☐ 13.0% 59.7	☐ 11.1% 49.6	(10.1)	(17.0)%
Construction, mining & utility equipment	☐ 13.8% 57.9	☐ 11.7% 47.2	(10.6)	(18.4)%
Industrial machinery & others	☐ 7.3% 3.1	☐ 7.3% 3.2	+0.1	+3.7%
Corporate & elimination	(1.3)	(0.9)	+0.4	-

Review of two segments

■ Construction, Mining and Utility Equipment

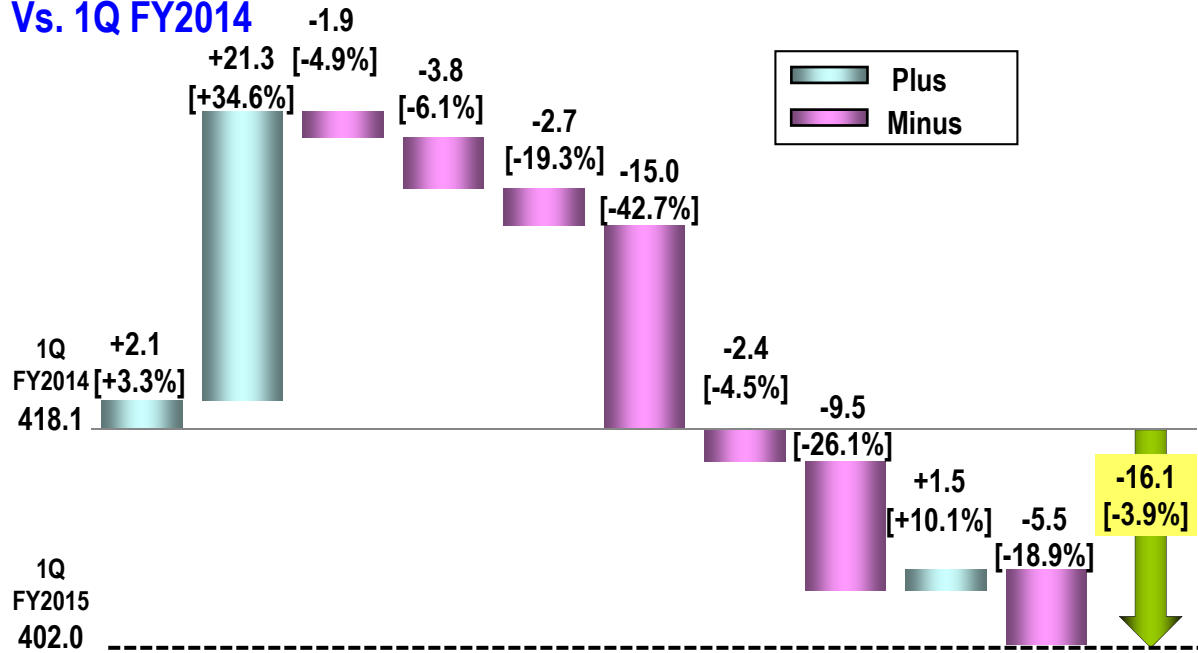
Both sales and profits declined from the corresponding period a year ago, reflecting reduced demand for mining equipment and a drastic drop in demand for construction equipment in China and other emerging countries, more than offsetting our steady capturing of demand for construction equipment in North America and Japan.

■ Industrial Machinery and Others

Both sales and profits increased from the corresponding year ago, supported by brisk production of the semiconductor industry and good sales of presses remaining about flat from the corresponding period a year ago. Sales of machine tools declined to the automobile manufacturing industry.

- Sales to outside customers declined by 3.9% from the corresponding period a year ago, to JPY402.0 billion.
- While sales advanced in North America, they declined sharply in China, Oceania and some other regions. As a result, the percentage share of Traditional Markets in total sales increased to 47%.

Vs. 1Q FY2014



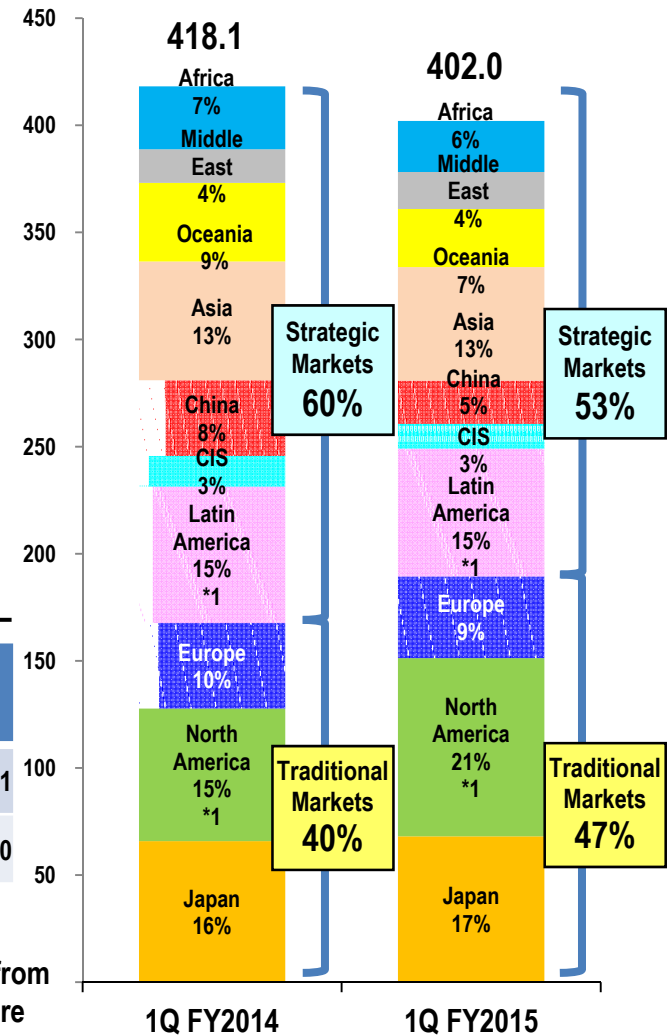
Billions of yen	Japan	North America *1	Europe	Latin America *1	CIS	China	Asia	Oceania	Middle East	Africa	Total
1Q FY2014	65.8	61.8	40.0	63.6	14.3	35.3	55.4	36.7	15.7	29.3	418.1
1Q FY2015	68.0	83.1	38.0	59.7	11.5	20.2	52.9	27.1	17.2	23.7	402.0

Traditional Markets

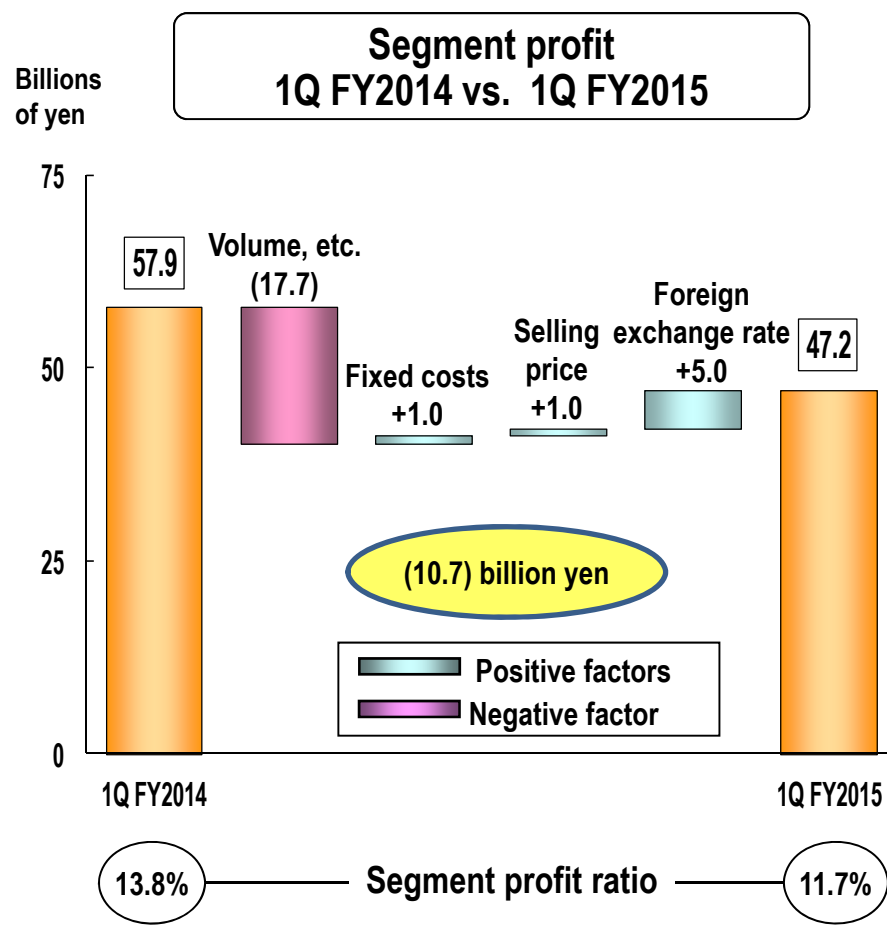
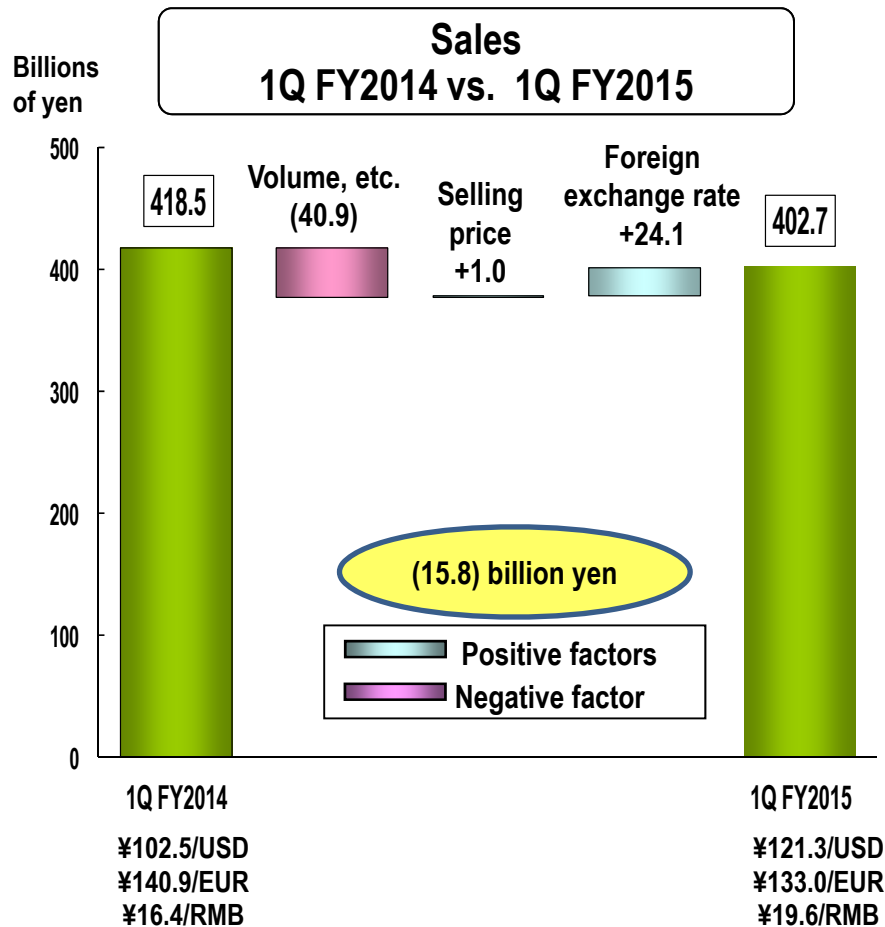
Strategic Markets

*1: Due to the acquisition of a distributor in Mexico, a part of sales in Mexico was reclassified from North America to Latin America, starting in FY2015.1Q. (Corresponding sales for FY2014 1Q. were also reclassified accordingly.)

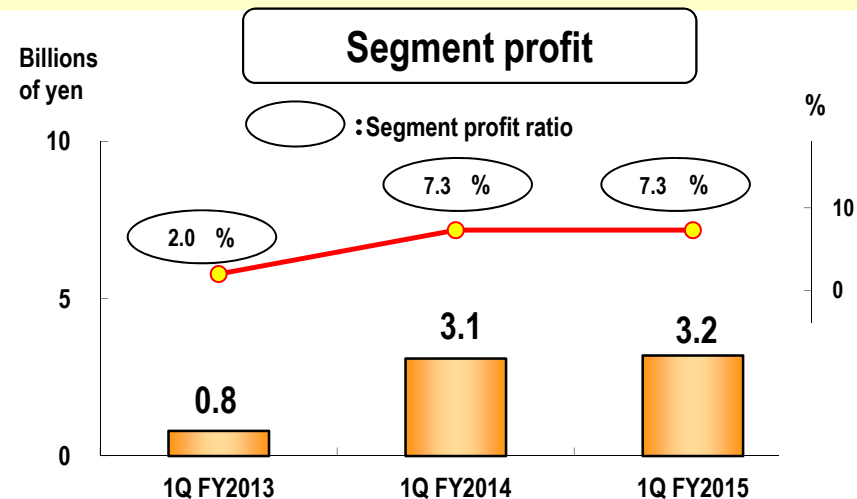
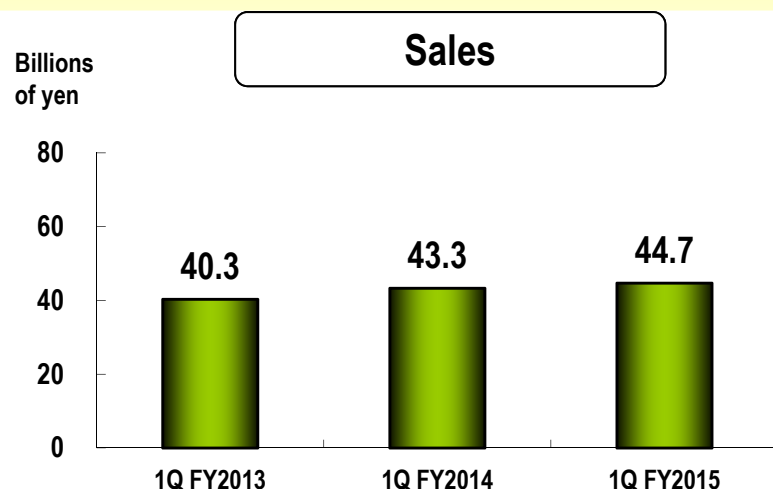
Billions of yen



- Affected by a sharp decline in volume of sales reflecting a drop in demand for mining equipment and in China, sales declined by JPY15.8 billion from the corresponding period a year ago, albeit a gain in foreign exchange rates. Segment profit also declined by JPY10.7 billion.
- Segment profit ratio decreased by 2.1 points to 11.7%.



• While sales of machine tools to the automobile manufacturing industry decreased, sales increased by 3.2% from the corresponding period a year ago, to JPY44.7 billion, supported by a big gain in sales of Gigaphoton against the background of brisk production of the semiconductor industry in addition to good sales of presses comparable to the corresponding period a year ago. Segment profit ratio remained same at 7.3%.



Breakdown of sales

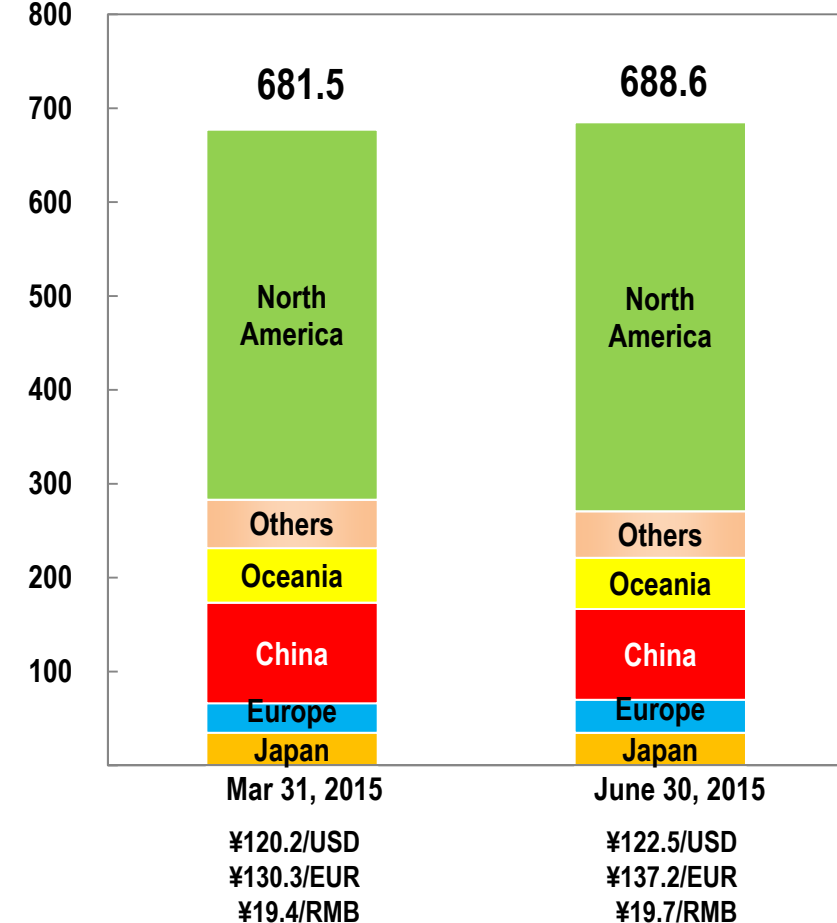
Billions of yen	1Q FY2013	1Q FY2014	1Q FY2015	Vs. 1Q FY2014	
				Increase (decrease)	% change
Komatsu Industries Corp., etc. [total of press and sheet-metal machines]	9.2	13.3	12.8	(0.4)	(3.7)%
Komatsu NTC Ltd. [represented by wire saws]	16.7 [1.2]	16.7 [1.9]	14.0 [1.1]	(2.6) [(0.8)]	(16.1)% [(42.6)%]
Others [represented by Gigaphoton Inc.] [represented by Komatsu House Ltd.]	14.3 [6.2] [2.9]	13.2 [6.5] [2.5]	17.8 [8.3] [3.7]	+4.5 [+1.7] [+1.1]	+34.5% [+27.4%] [+45.1%]
Total	40.3	43.3	44.7	+1.3	+3.2%

- Total assets increased slightly, reflecting the effects of the Japanese yen's depreciation.
- Revenues declined due to a change in the lease accounting method (equipment and interests → interests only). Operating profit declined due to a decline in assets in Strategic Markets.

Consolidated retail finance subsidiaries

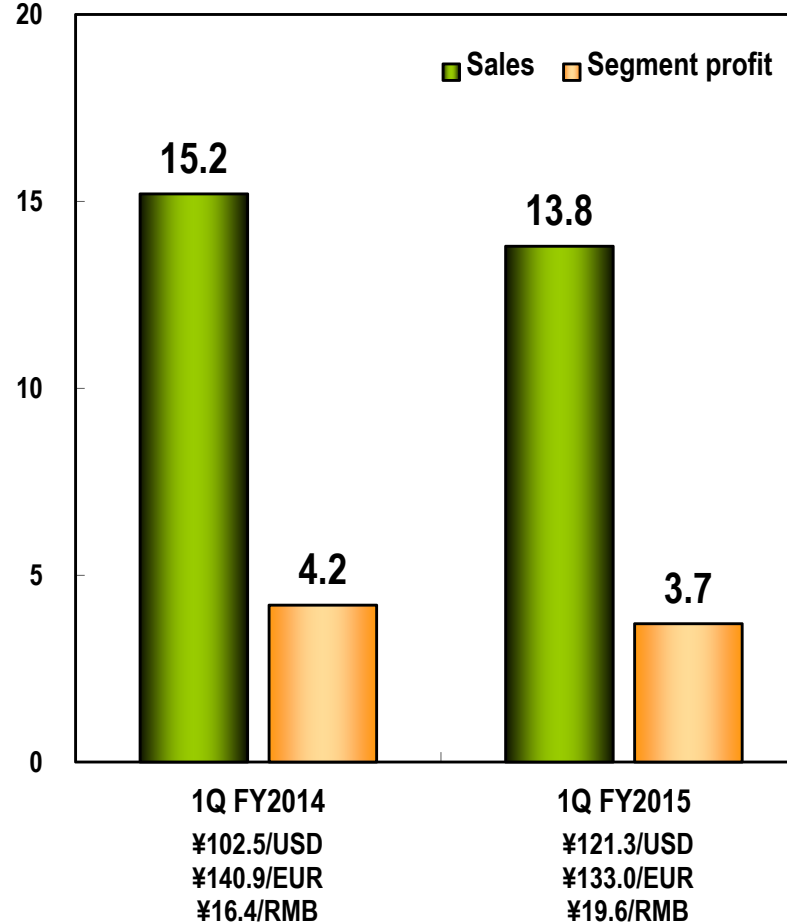
Billions of yen

1. Assets



Billions of yen

2. Revenues



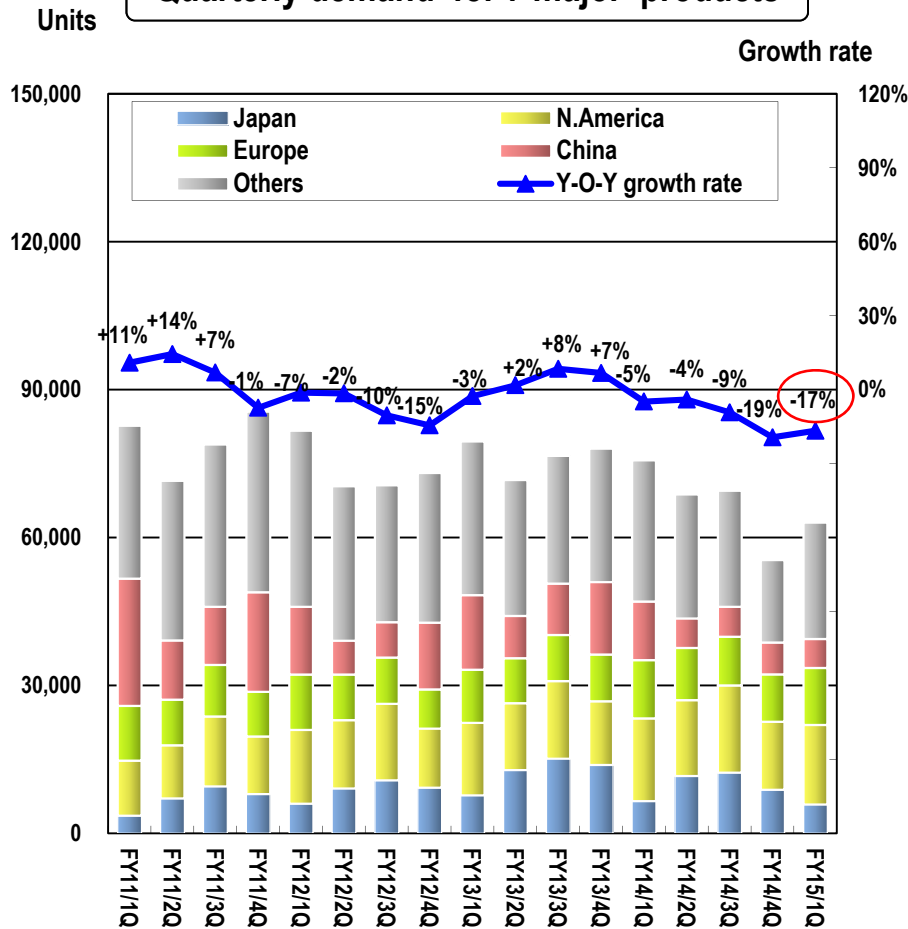
Consolidated Balance Sheets

- Total assets increased by JPY2.8 billion from the previous fiscal year-end.
- Komatsu Ltd. shareholders' equity ratio increased by 1.1 point to 55.7%. Net debt-to-equity ratio remained same at 0.32 from the previous fiscal year-end.

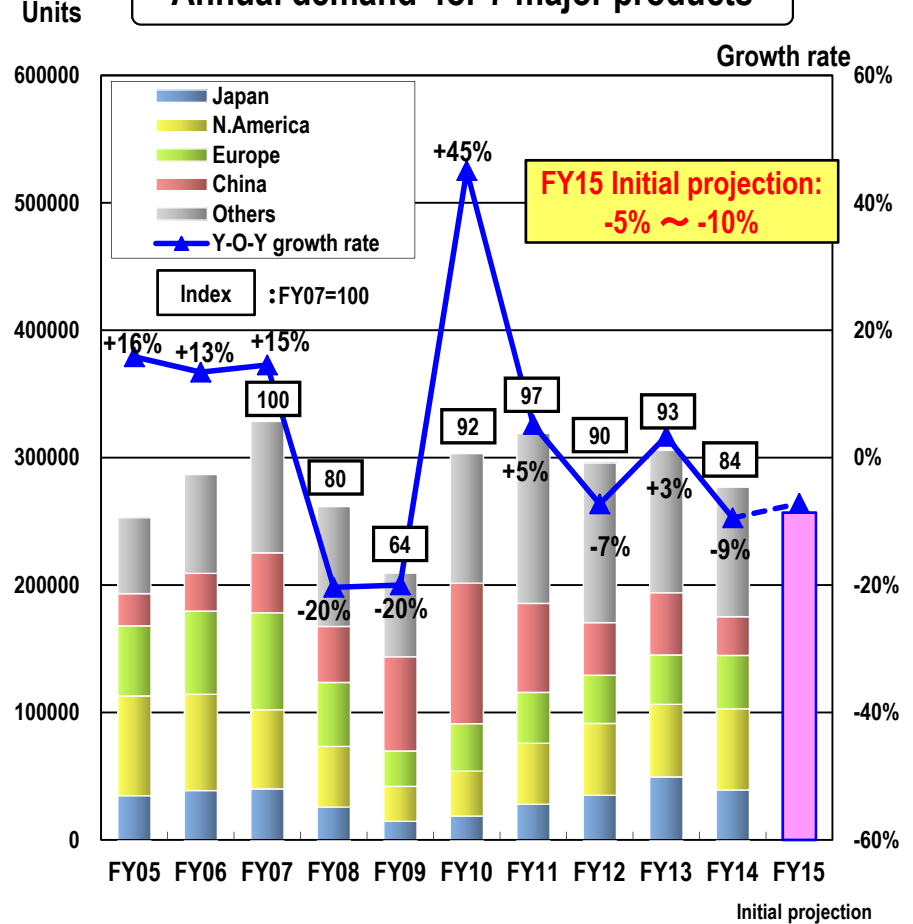
Billions of yen ○ : Net debt-to-equity ratio	Mar. 31, 2015 ¥120.2/USD ¥130.3/EUR ¥19.4/RMB	June 30, 2015 ¥122.5/USD ¥137.2/EUR ¥19.7/RMB	Increase (decrease)
Cash & deposits (incl. time deposits) [a]	107.3	109.1	+1.8
Accounts receivable (incl. long-term trade receivables) <Excl. those of consolidated retail finance subsidiaries>	900.2 <398.1>	888.2 <371.5>	(11.9) <(26.6)>
Inventories	622.8	640.9	+18.0
Tangible fixed assets	743.9	754.6	+10.7
Other assets	424.0	408.3	(15.7)
Total assets	2,798.4	2,801.2	+2.8
Accounts payable	225.0	209.7	(15.3)
Interest-bearing debt [b] <Excl. those of consolidated retail finance subsidiaries>	589.1 <90.2>	610.0 <92.1>	+20.9 <+1.8>
Other liabilities	385.6	350.7	(34.9)
Total liabilities	1,199.9	1,170.5	(29.3)
[Shareholders' equity ratio]	[54.6%]	[55.7%]	[+1.1pts.]
Komatsu Ltd. shareholders' equity	1,528.9	1,559.2	+30.2
Noncontrolling interests	69.5	71.4	+1.9
Liabilities & Equity	2,798.4	2,801.2	+2.8
Interest-bearing debt, net [b-a]	○ 0.32 481.8	○ 0.32 500.8	+19.0
Net D/E ratio (excl. cash and interest-bearing debt of consolidated retail finance subsidiaries)	○ (0.00)	○ (0.01)	

- Global demand for 1Q FY2015 should decline by 17% from the corresponding period a year ago.
- This drop in demand is considerably caused by reduced demand in Strategic Markets, such as China and CIS, while there is good demand in some other regions.

Quarterly demand for 7 major products



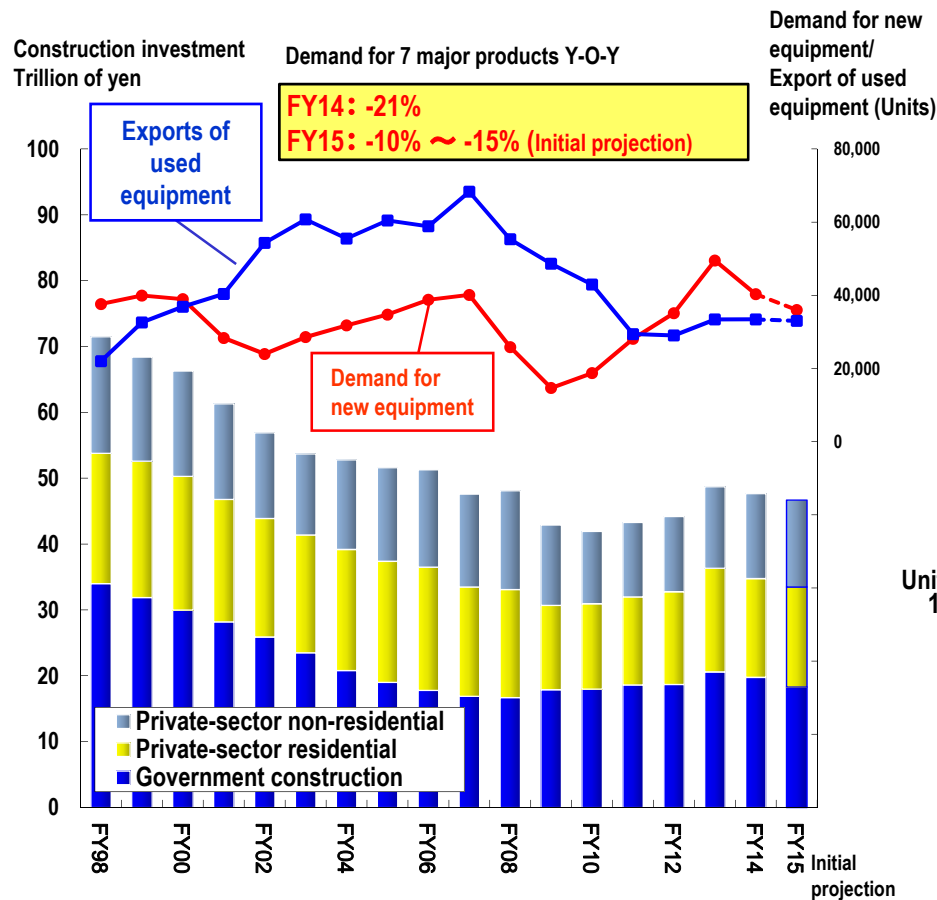
Annual demand for 7 major products



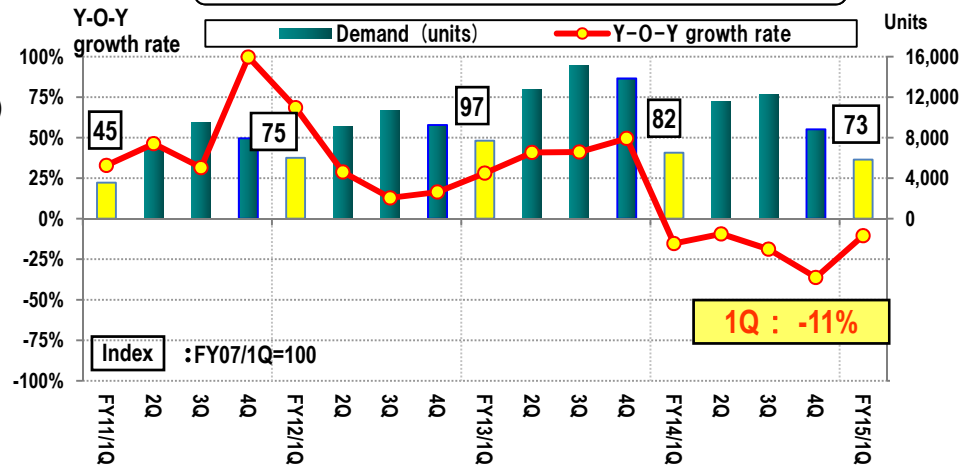
Note: Estimated by Komatsu

- Demand declined by 11% in 1Q FY2015 from the corresponding period a year ago.
- Demand for hydraulic excavators continues to drop sharply in rental companies.

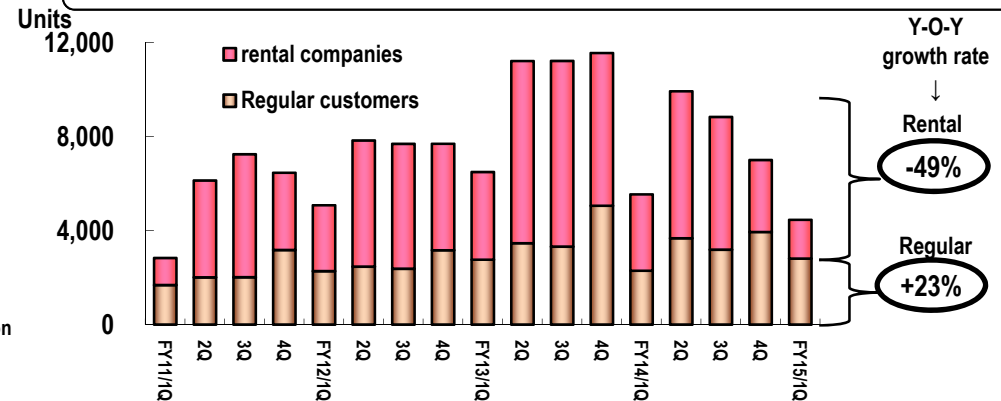
Demand for new equipment (7 major products) and construction investment



Quarterly demand for 7 major products



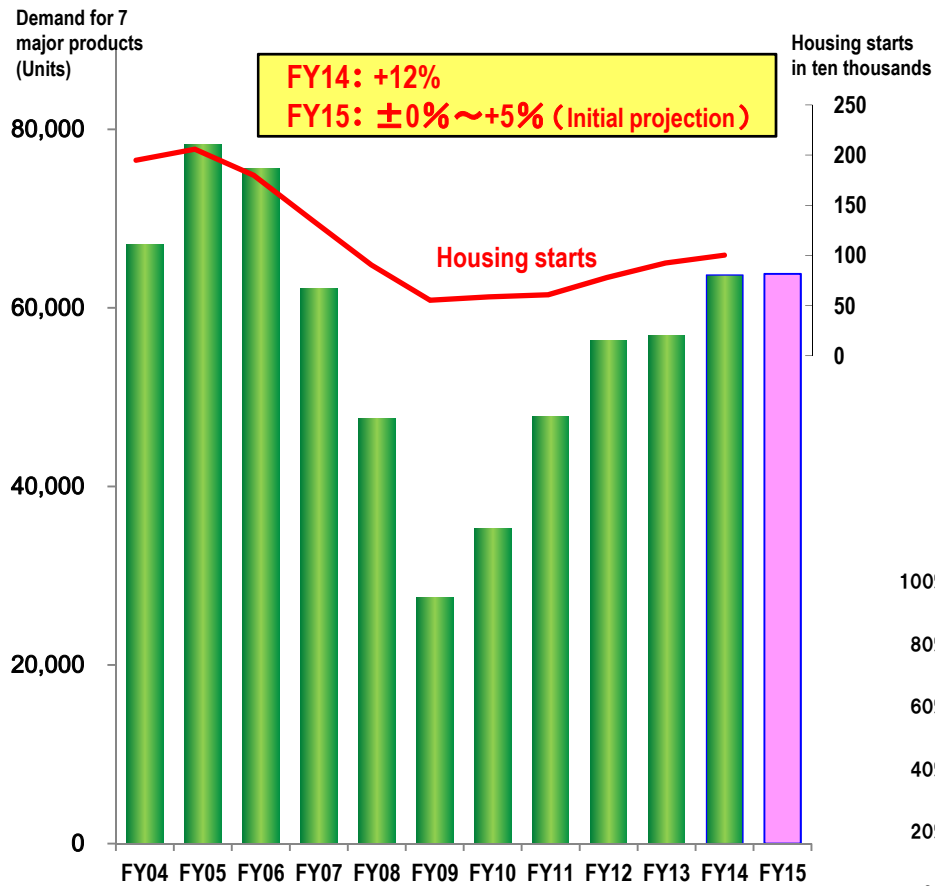
Quarterly demand for hydraulic excavators (Rental & regular uses)



[Sources] Construction investment by the Ministry of Land, Infrastructure, Transport & Tourism, and Research Institute of Construction and Economy
 Demand for 7 major products and No. of exported used equipment estimated by Komatsu

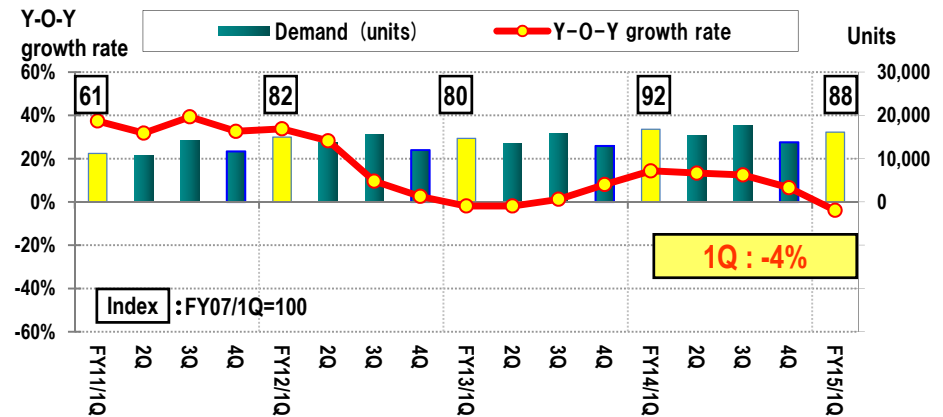
- Demand in 1Q FY2015 should decrease by 4% from the corresponding period a year ago.
- While demand stays steady in residential construction and infrastructure development, such as highway construction, that remains sluggish in the mining and energy sectors.

Demand for 7 major products and US housing starts

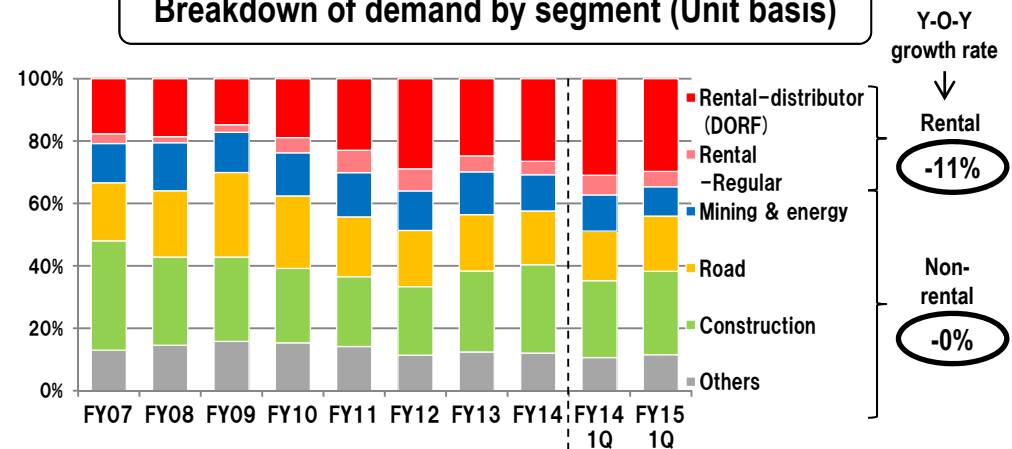


[Source]: Demand for 7 major products estimated by Komatsu

Quarterly demand for 7 major products

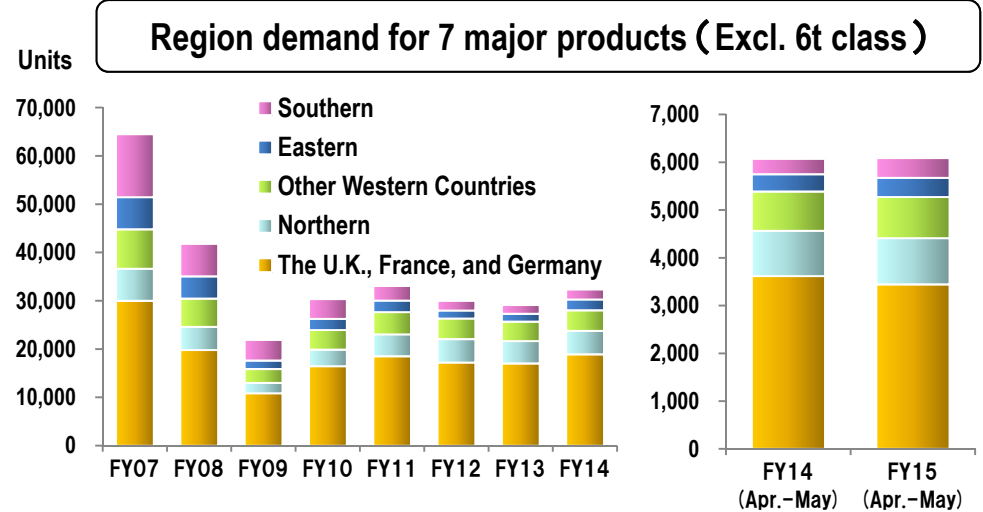
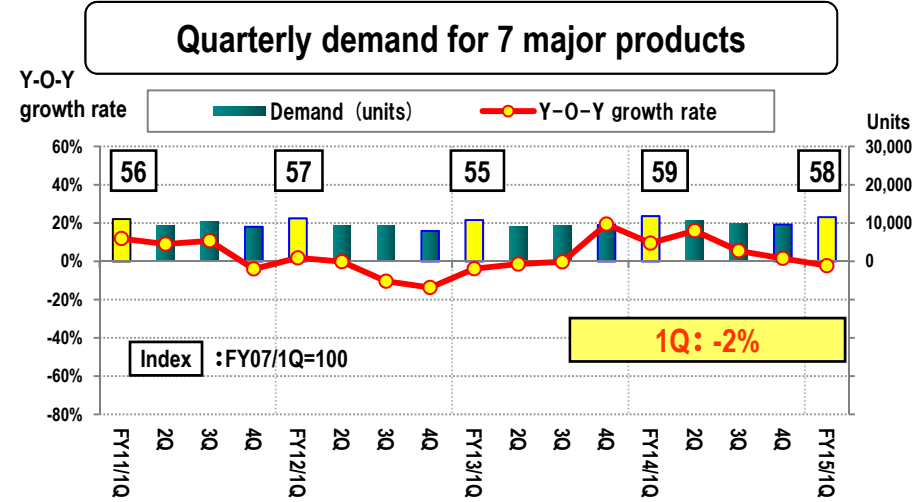
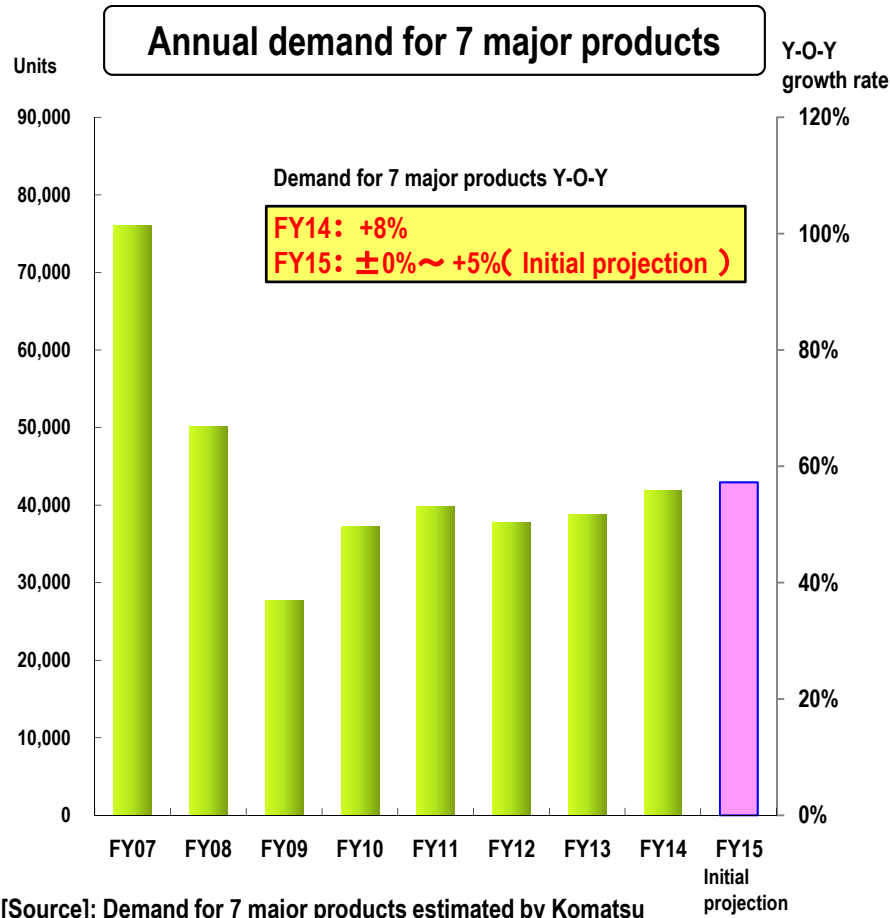


Breakdown of demand by segment (Unit basis)



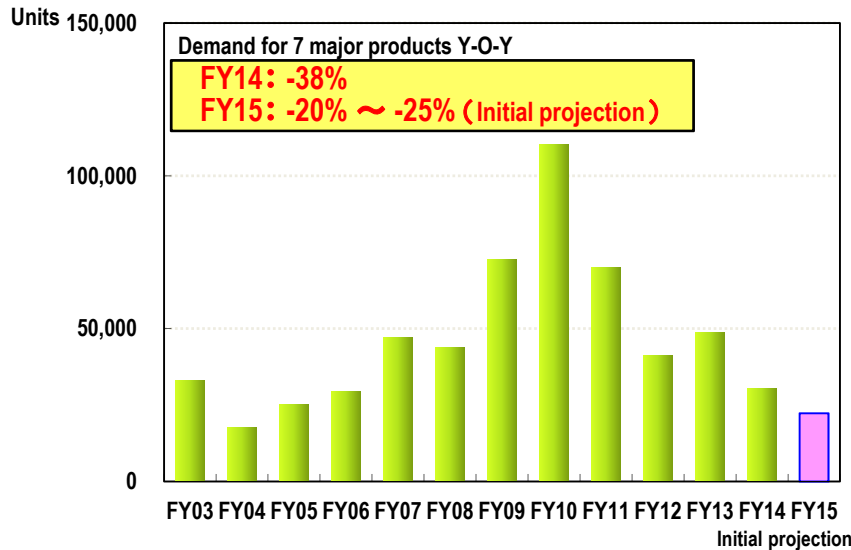
Y-O-Y growth rate
↓
Rental
-11%
Non-rental
-0%

• Demand should decrease by 2% in 1Q FY2015 from the corresponding period a year ago.

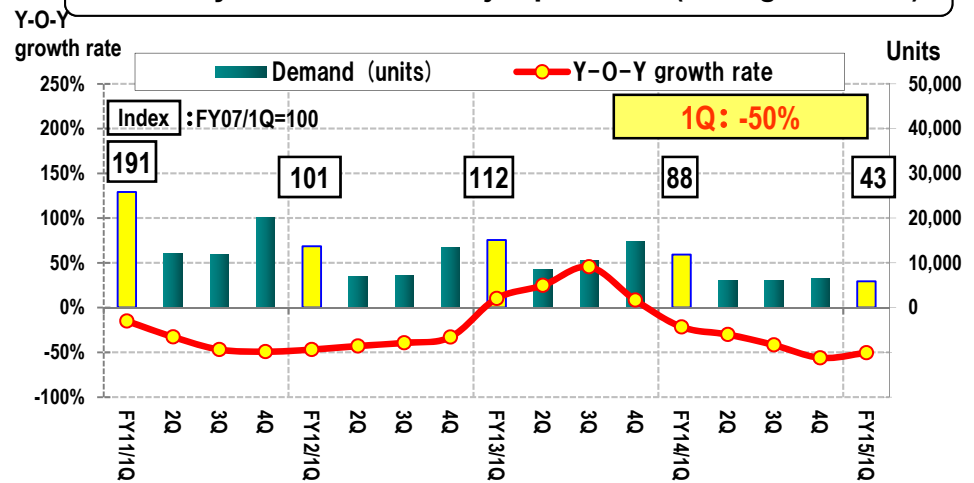


- Demand dropped by 50% in 1Q FY2015 from the corresponding period a year ago.
- No positive effects of Chinese government's economic stimulus measures are evident, and demand should continue to drop sharply.

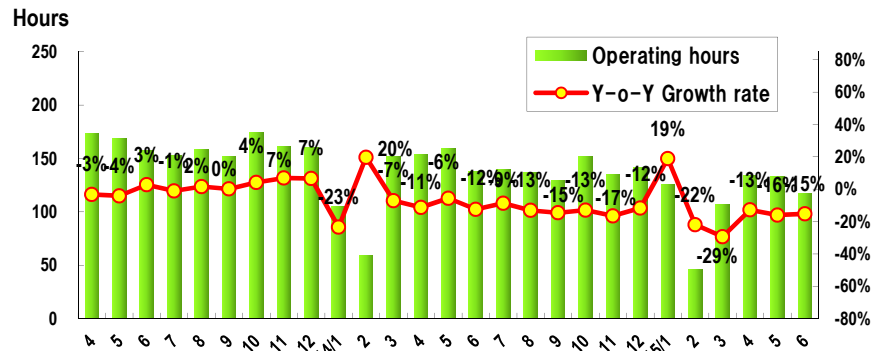
Annual demand for 7 major products (Foreign makers)



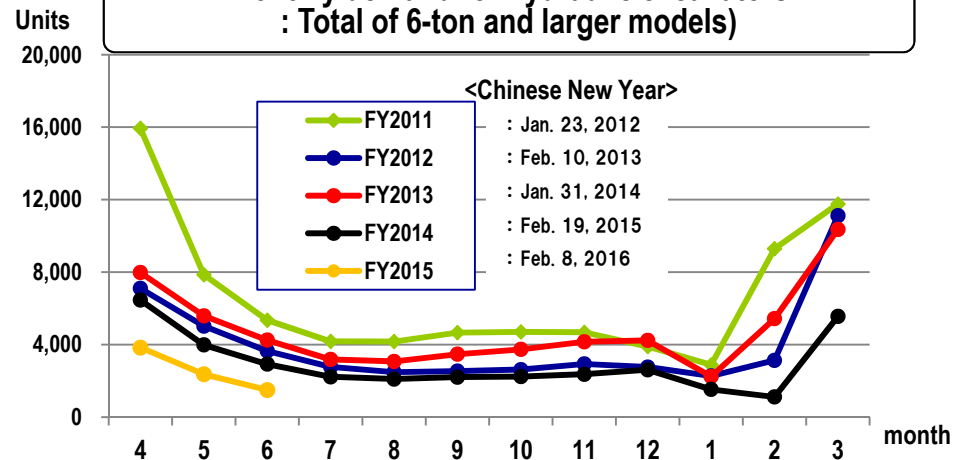
Quarterly demand for 7 major products (Foreign makers)



KOMTRAX in China : Average operating hours per month

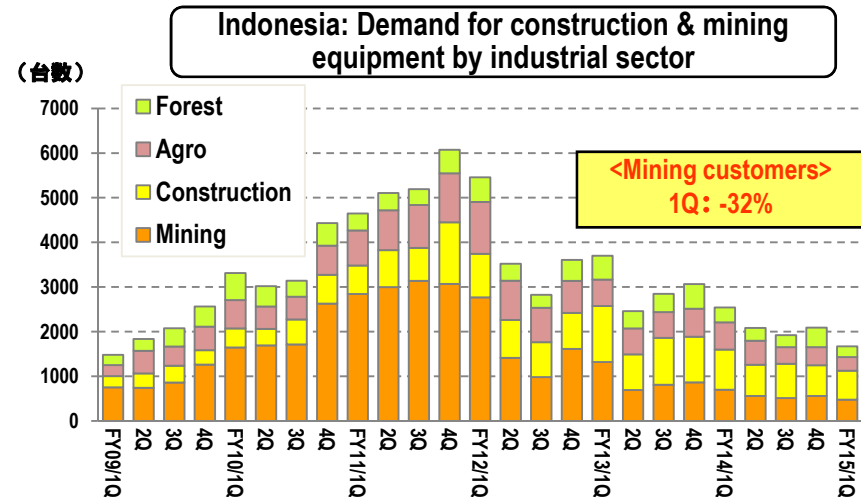
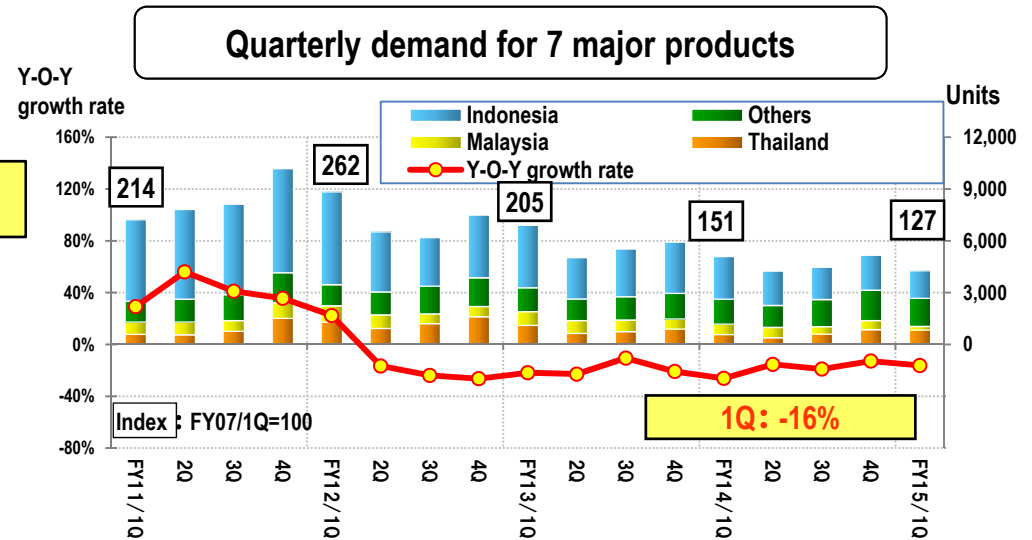
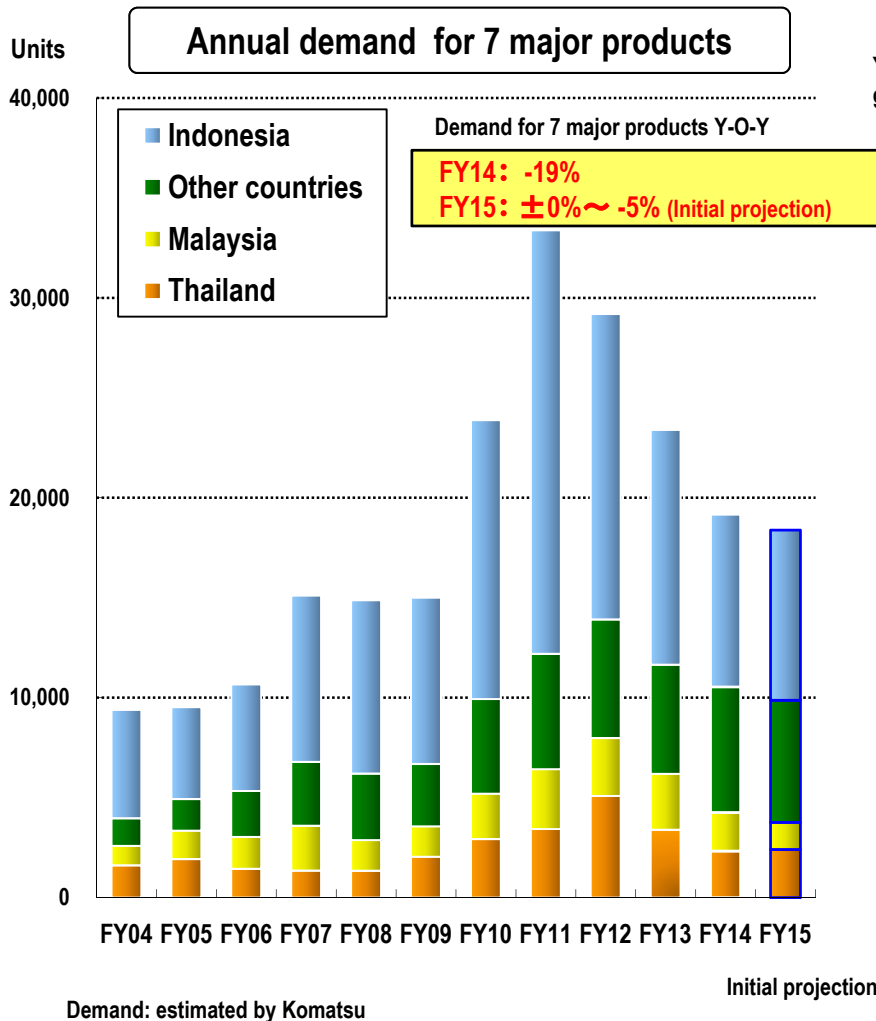


Monthly demand for hydraulic excavators : Total of 6-ton and larger models



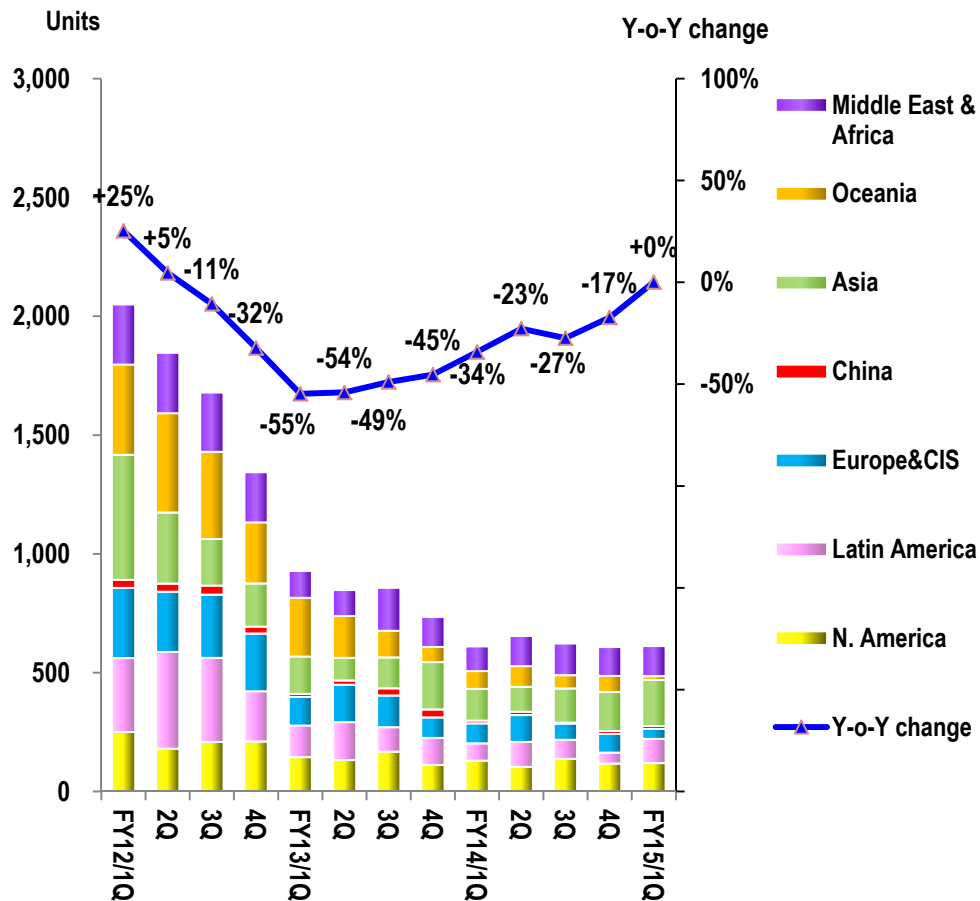
[Source]: Demand for 7 major products and hydraulic excavators estimated by Komatsu

- Demand should decline by 16% in 1Q FY2015 from the corresponding period a year ago.
- While demand advanced in Thailand, overall demand was impacted by a drop in Indonesia, the largest market of the region, and Malaysia.



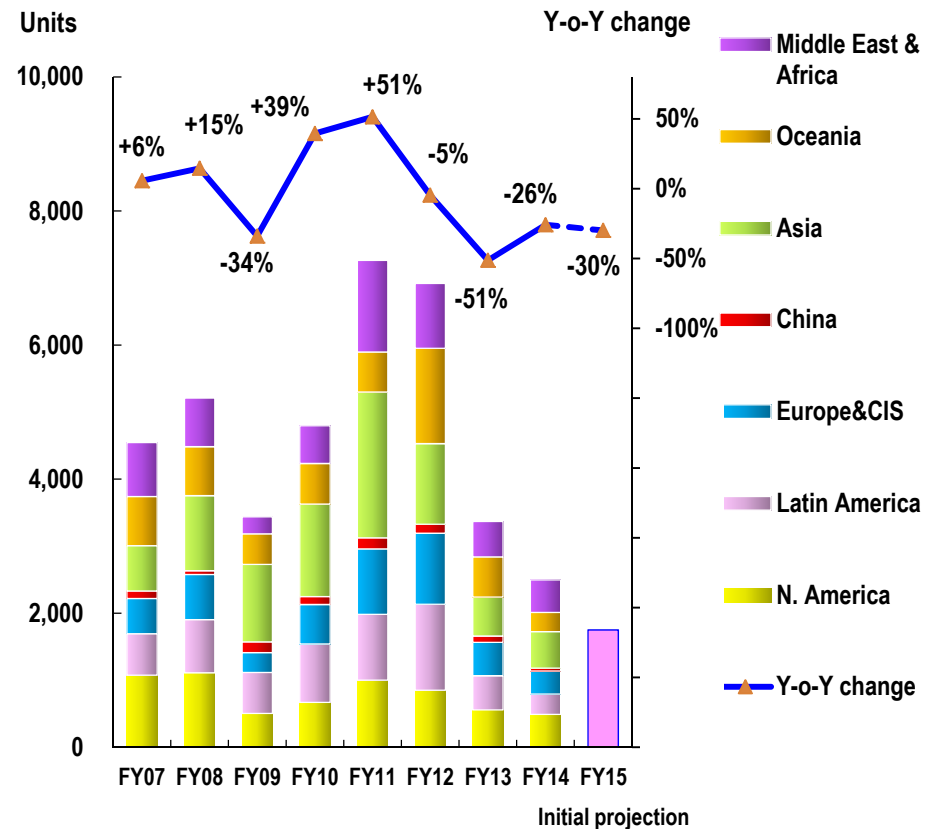
- Global demand for mining equipment remained flat in 1Q FY2015 from the corresponding period a year ago.
- Orders continued to be at a low level.

Quarterly demand for mining equipment



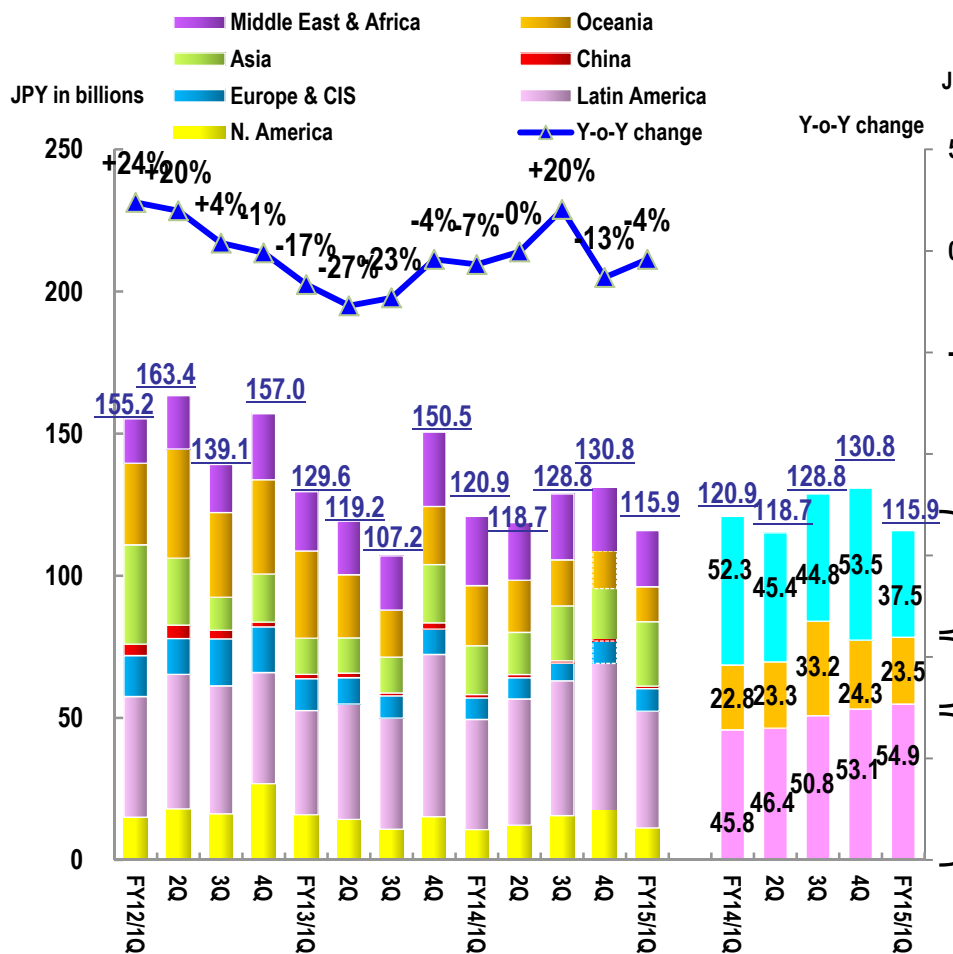
Annual demand for mining equipment

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

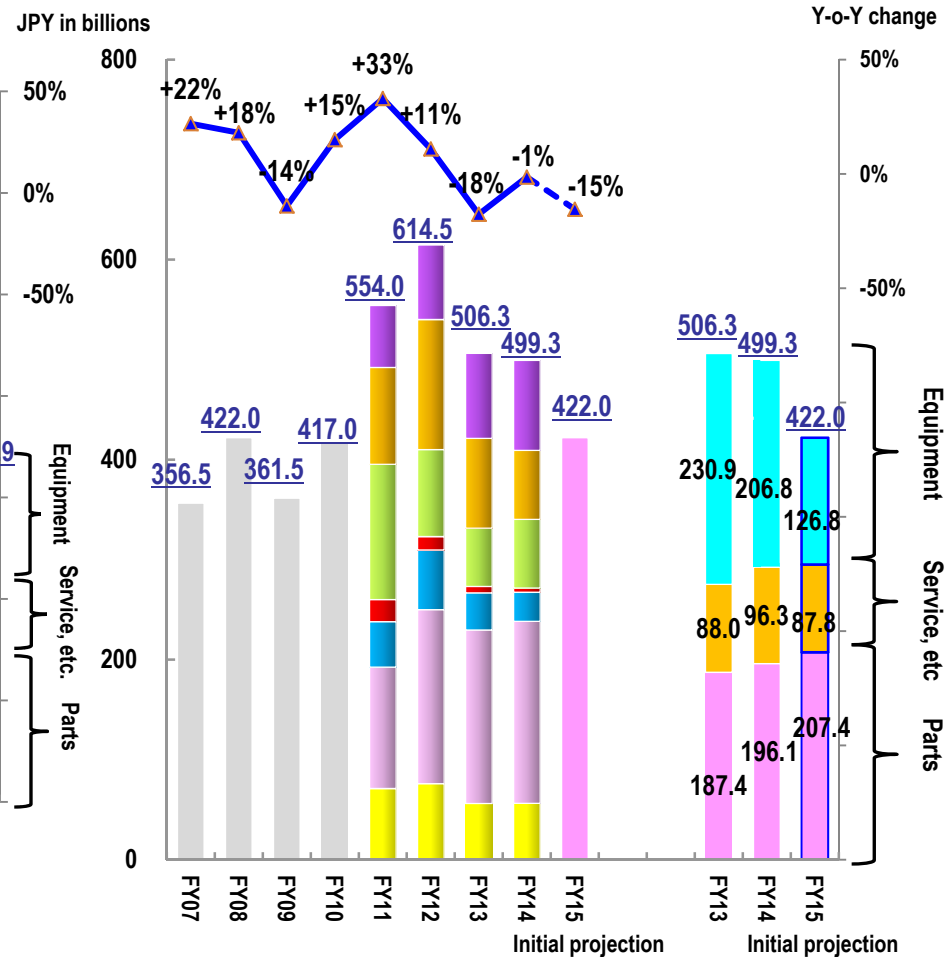


- As sales of equipment remained slack, sales of the construction equipment business decreased by 4% for 1Q FY2015 from the corresponding period a year ago, to JPY115.9 billion.
- Sales of parts and service revenues increased from the corresponding period a year ago.

Quarterly sales of mining equipment (incl. parts and service)

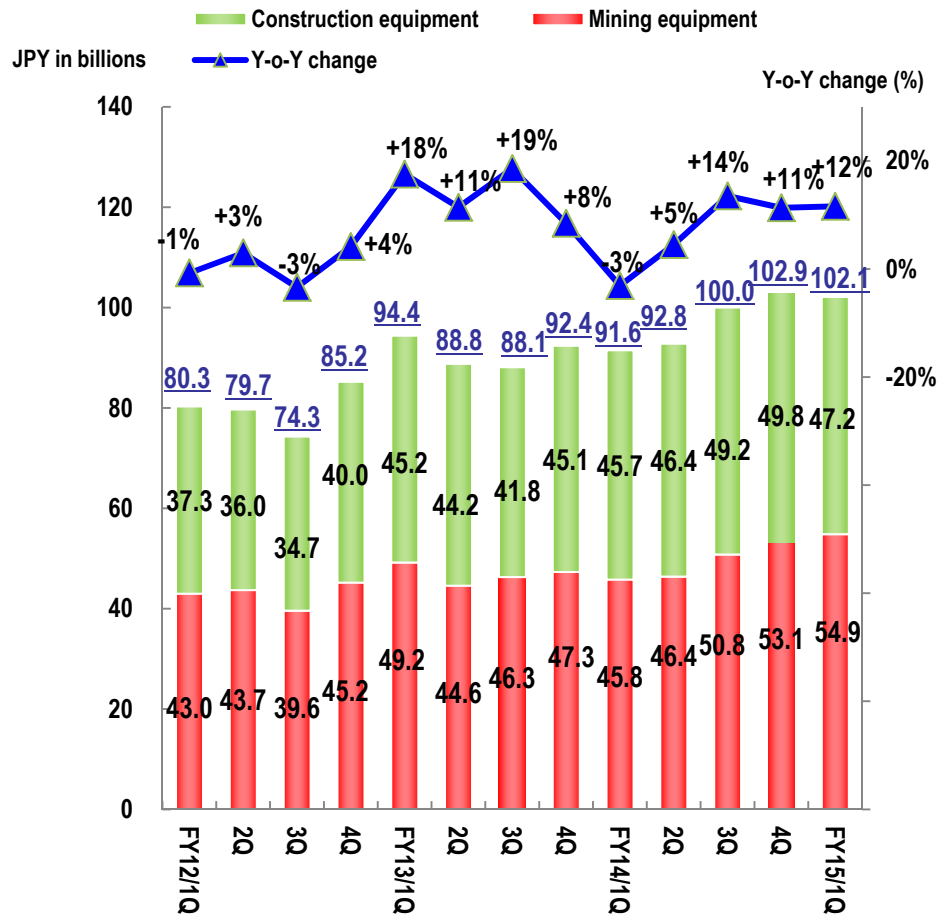


Annual sales of mining equipment (incl. parts and service)

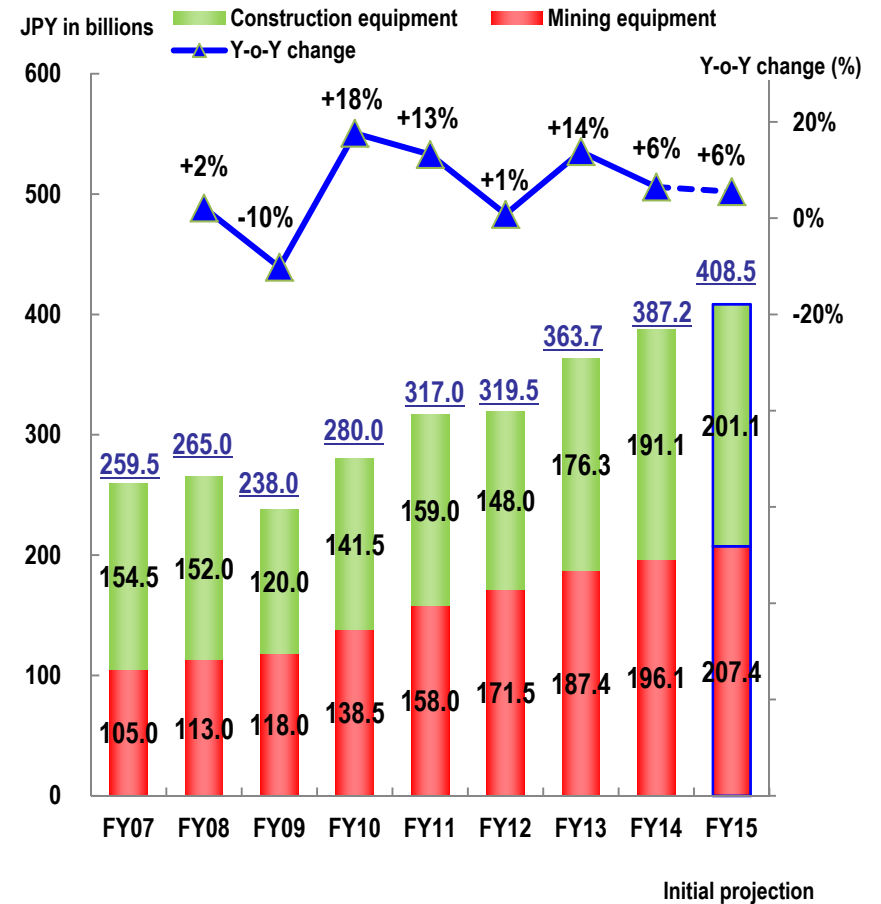


- Sales of parts totaled JPY 102.1 billion for 1Q FY2015, up 12% from the corresponding period a year ago.
- Even when demand for new units of construction and mining equipment dropped, sales of parts increased, resulting from our steadfast capturing of after-market demand.

Quarterly sales of parts



Annual sales of parts

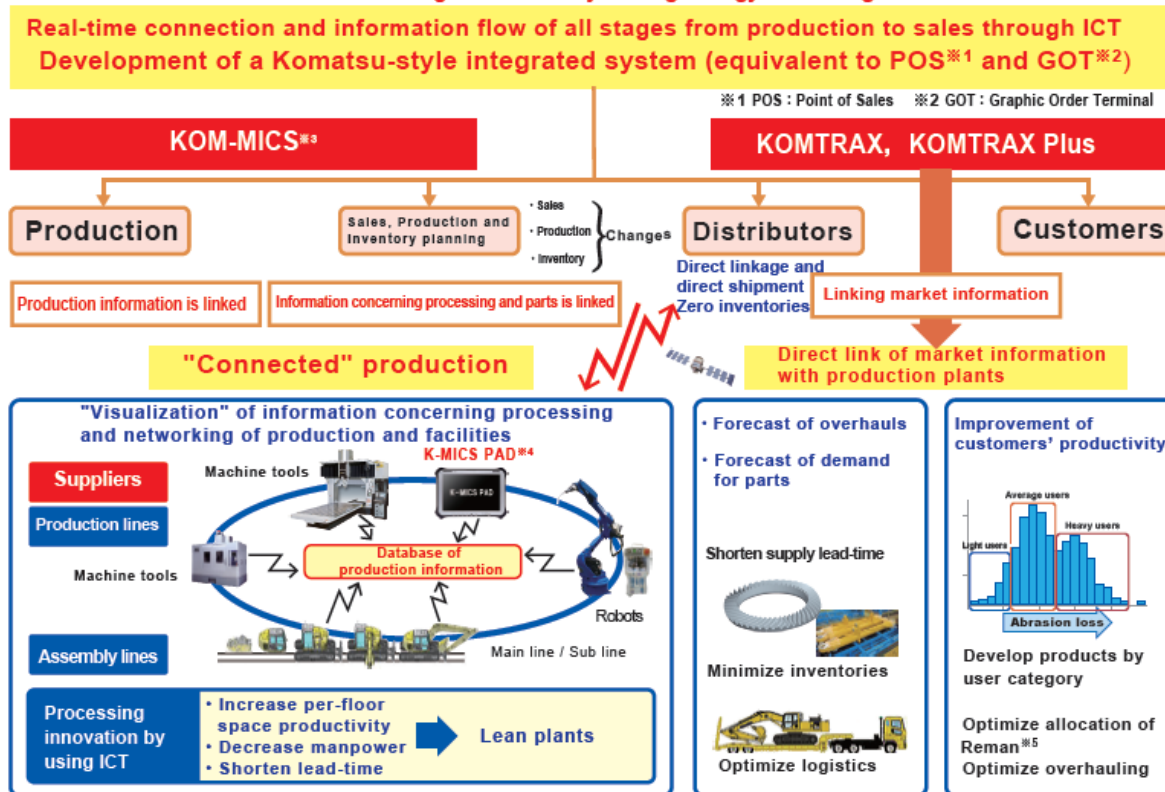


Reinforcing Production with The Internet of Things (IoT) : Embarking on production reforms by implementing "connectivity" in Komatsu Style

Komatsu is embarking on novel production reforms designed to achieve "connected" production which enables real-time connection at all stages from production to sales and information flow through the use of ICT (Information and Communication Technology). Komatsu has been working on large-scale production reforms at plants in Japan, since FY2011, with the goal of cutting electric power consumption to half. By adding to this effort the concept of "visualized" information through IoT, Komatsu plans to dynamically improve safety and productivity. Linking market information directly with production plants will enable Komatsu to build a manufacturing operation in which plants will be actively involved make efforts in finding solutions to customers' problems.

"Connectivity" in Komatsu Style

Manufacturing Innovation by Saving Energy and Using ICT



※3 KOM-MICS : Komatsu's concept of IoT

※4 K-MICS PAD : Add-on controller for networking production equipment (developed by Komatsu)

※5 Reman : Remanufacturing of components

1. "Connected" production

Komatsu is going to "visualize" information concerning production facilities, such as machine tools and robots, and information concerning production line operations through IoT, and then consolidate that information in a shared database. Based on this consolidated information, Komatsu will develop upgraded plans designed to improve per-floor space productivity, reduce manpower and shorten production lead-time.

2. Direct linkage of market information with production plants

Komatsu is going to link market information directly with its production plants through KOMTRAX (Komatsu Machine Tracking System) which is built into over 380,000 construction equipment units worldwide (as of May 31) and KOMTRAX Plus for mining equipment.



New factory for hydraulic excavators at Komatsu India Pvt. Ltd. (Opened on May 8, 2015)

Cautionary Statement

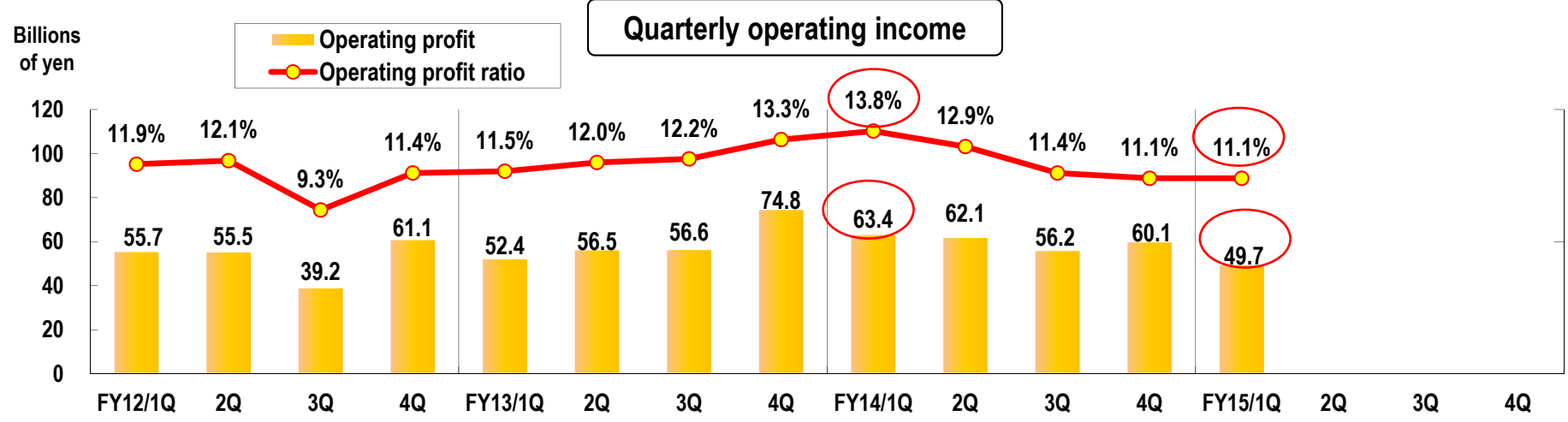
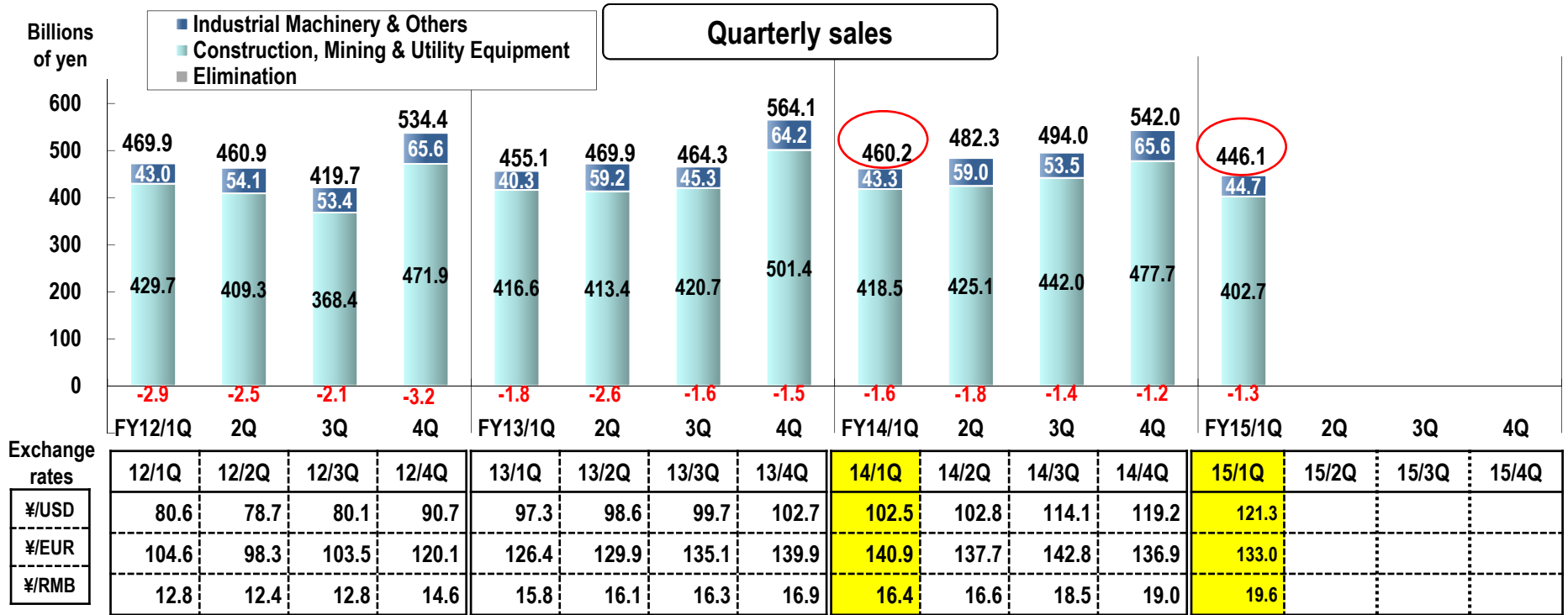
This presentation sheets contain forward-looking statements that reflect management's views and assumptions in the light of information currently available with respect to certain future events, including expected financial position, operating results and business strategies. These statements can be identified by the use of terms such as "will," "believes," "should," "projects," "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 presentation sheets, 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 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 costs 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; the impact of regulatory changes and accounting principles and practices; and the introduction, success and timing of business initiatives and strategies.

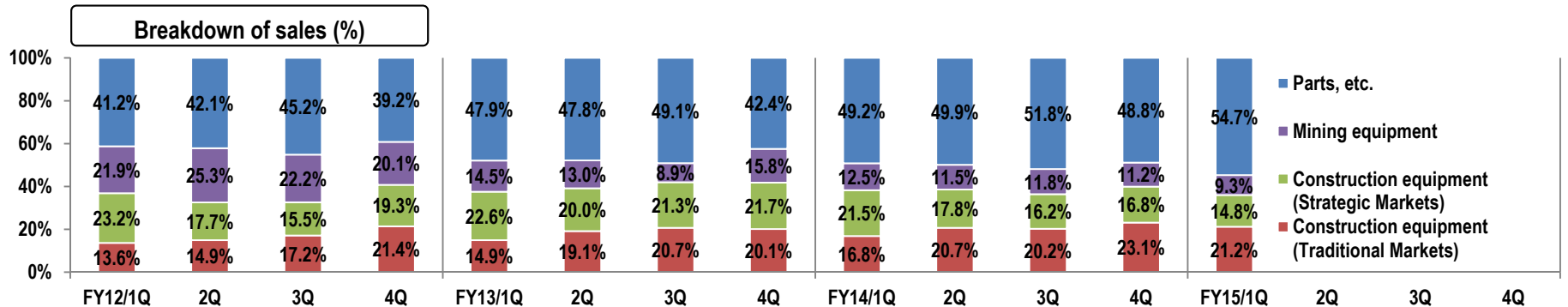
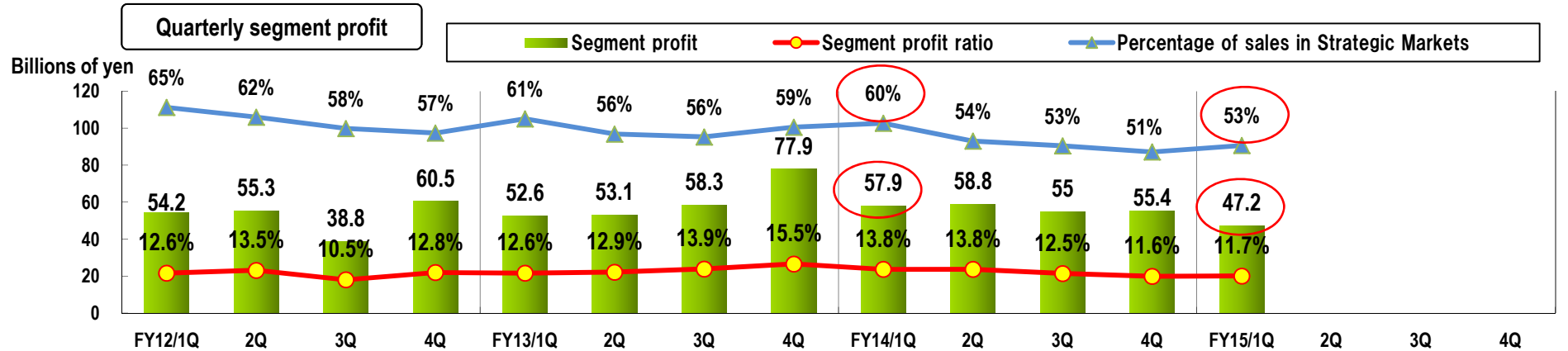
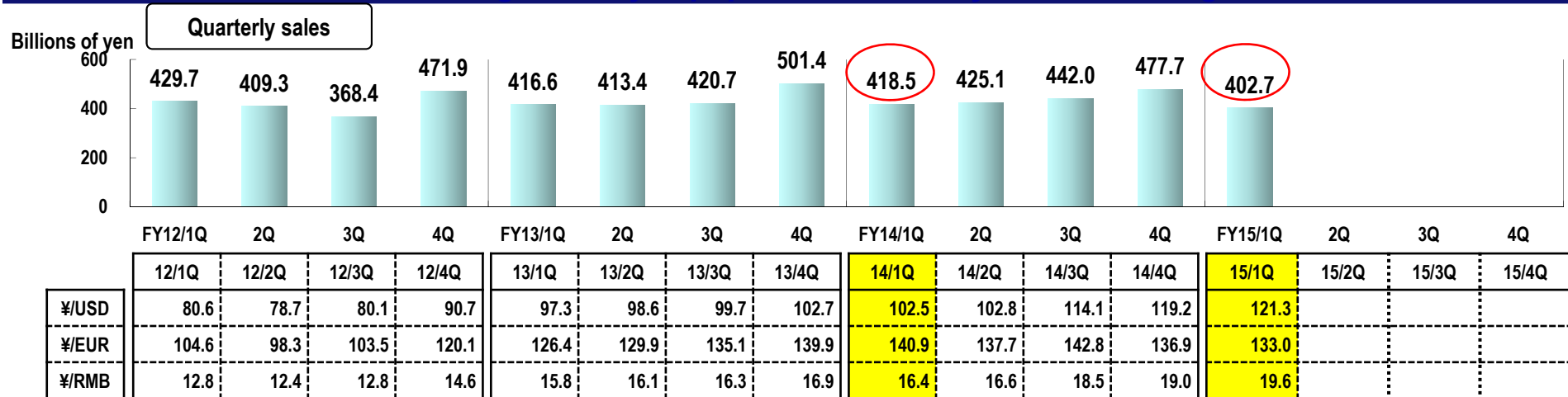
Business Coordination Department, KOMATSU LTD.

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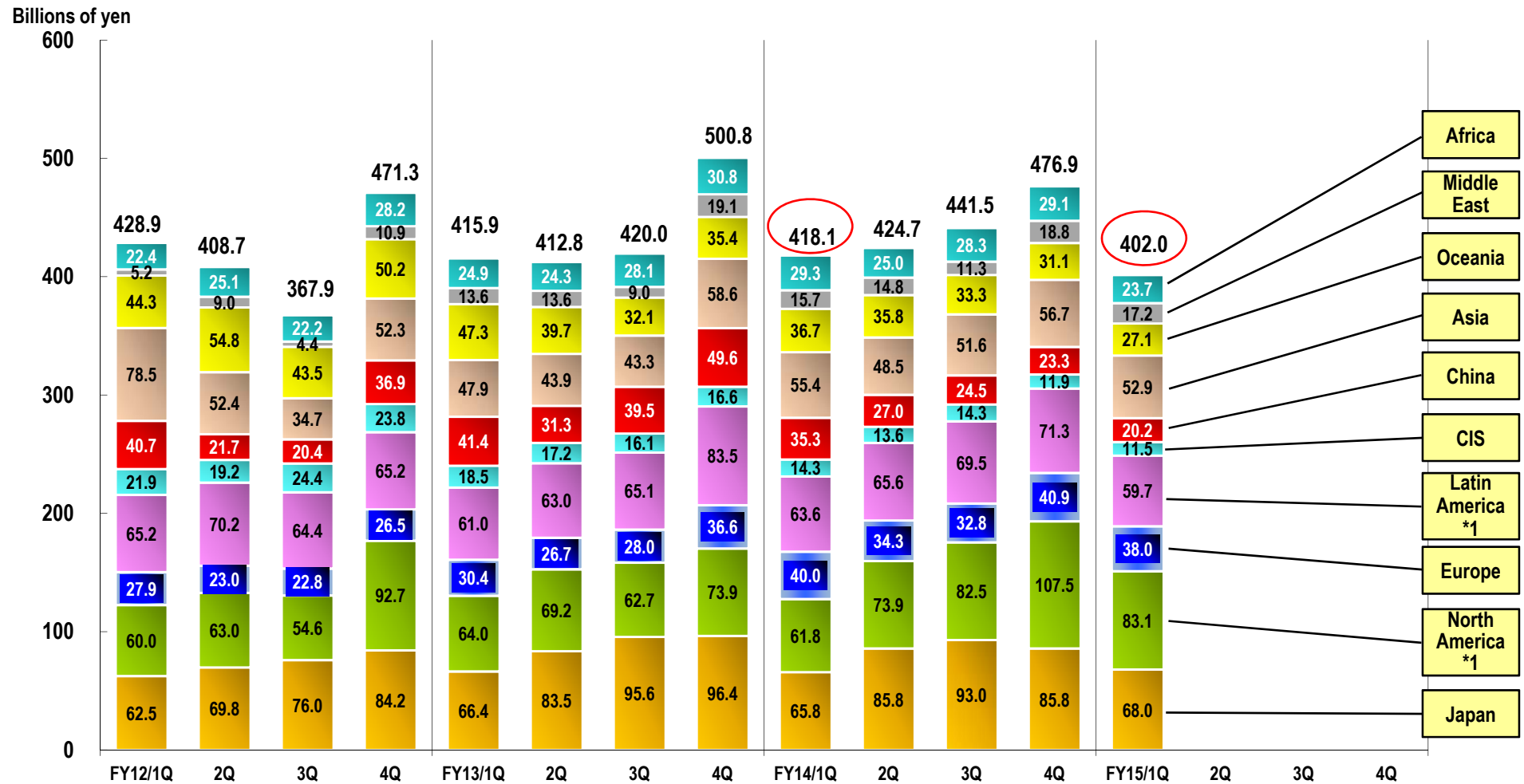
<Appendix>



Construction, Mining & Utility Equipment: Quarterly Sales and Segment Profit

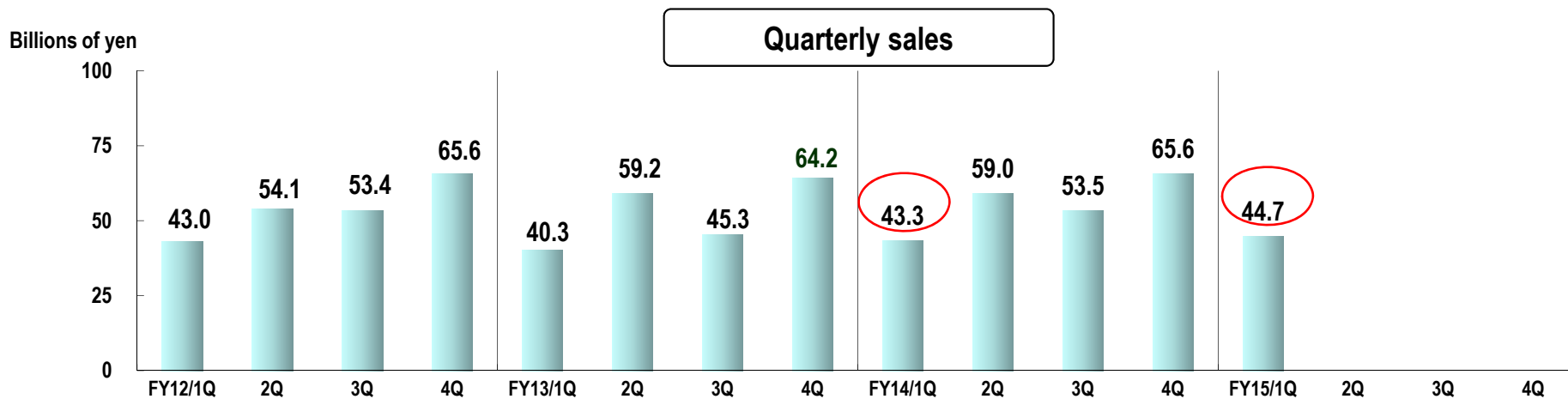


Construction, Mining & Utility Equipment: Quarterly Sales (To Outside Customers) by Region



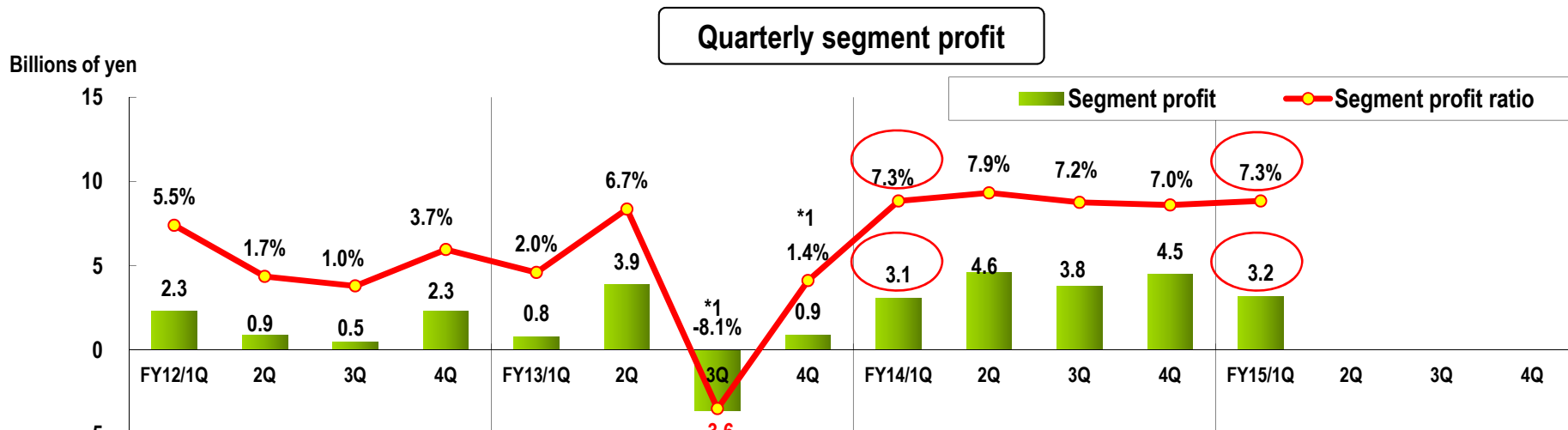
Exchange rates	12/1Q	12/2Q	12/3Q	12/4Q	13/1Q	13/2Q	13/3Q	13/4Q	14/1Q	14/2Q	14/3Q	14/4Q	15/1Q	15/2Q	15/3Q	15/4Q
¥/USD	80.6	78.7	80.1	90.7	97.3	98.6	99.7	102.7	102.5	102.8	114.1	119.2	121.3			
¥/EUR	104.6	98.3	103.5	120.1	126.4	129.9	135.1	139.9	140.9	137.7	142.8	136.9	133.0			
¥/RMB	12.8	12.4	12.8	14.6	15.8	16.1	16.3	16.9	16.4	16.6	18.5	19.0	19.6			

*1: Due to the acquisition of a distributor in Mexico, a part of sales in Mexico was reclassified from North America to Latin America, starting in FY2015.1Q. (Corresponding sales for FY2014 1Q.were also reclassified accordingly.)



Exchange rates

	12/1Q	12/2Q	12/3Q	12/4Q	13/1Q	13/2Q	13/3Q	13/4Q	14/1Q	14/2Q	14/3Q	14/4Q	15/1Q	15/2Q	15/3Q	15/4Q
¥/USD	80.6	78.7	80.1	90.7	97.3	98.6	99.7	102.7	102.5	102.8	114.1	119.2	121.3			
¥/EUR	104.6	98.3	103.5	120.1	126.4	129.9	135.1	139.9	140.9	137.7	142.8	136.9	133.0			
¥/RMB	12.8	12.4	12.8	14.6	15.8	16.1	16.3	16.9	16.4	16.6	18.5	19.0	19.6			

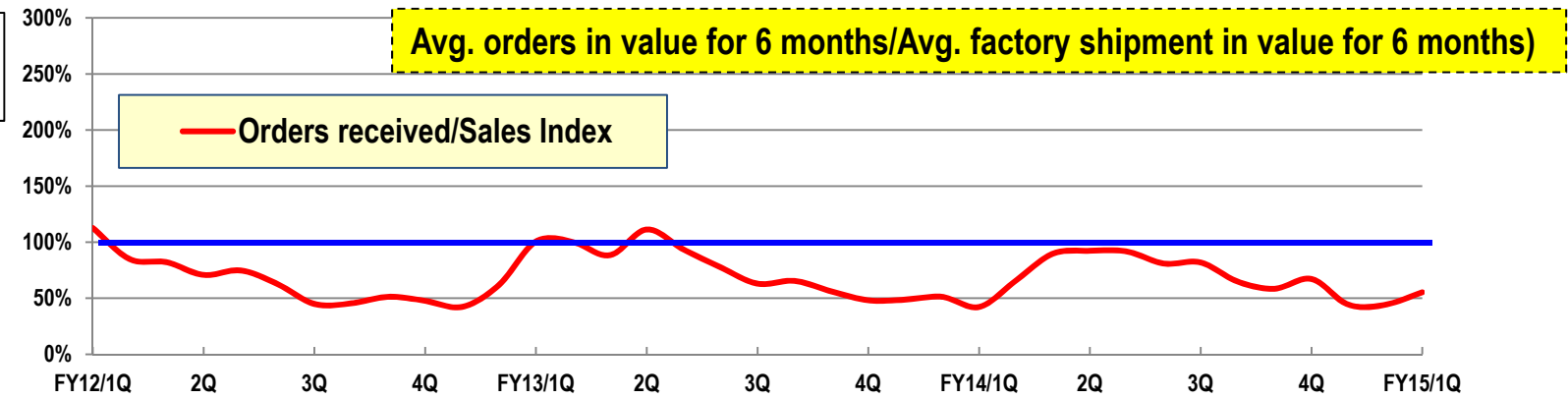


*1 Including a loss of JPY10.8 bn on Komatsu NTC's wire saw inventories (3Q: JPY-7.6 bn, and 4Q: JPY-3.2 bn)

Orders received /Sales Index for Mining Equipment (6 Months)

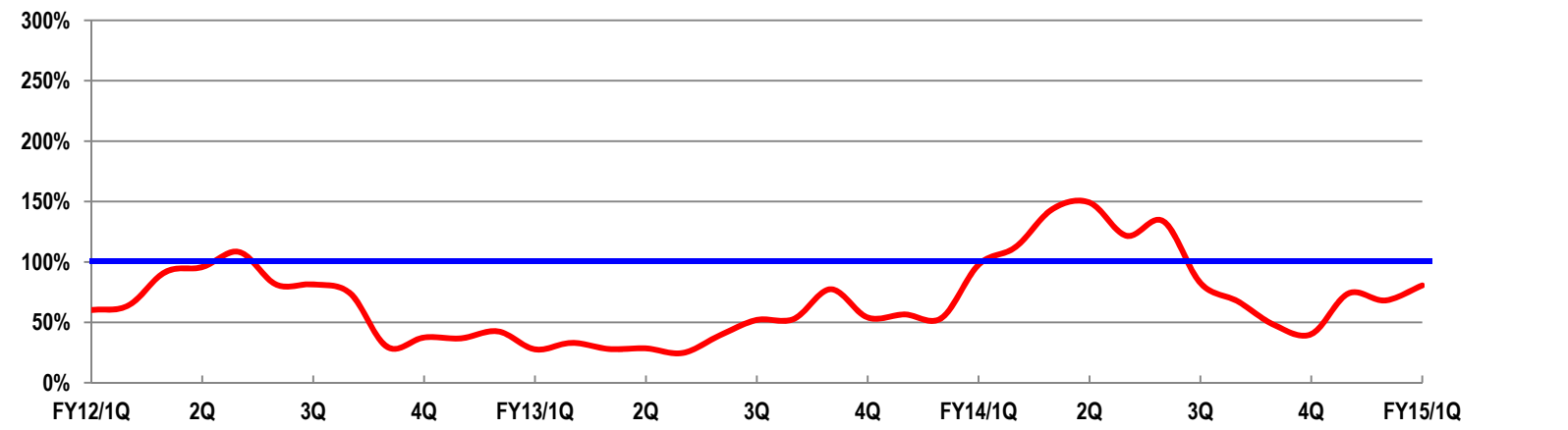
**Komatsu America
(Mining eqpt)**

730E, 830E, 860E,
930E, 960E,



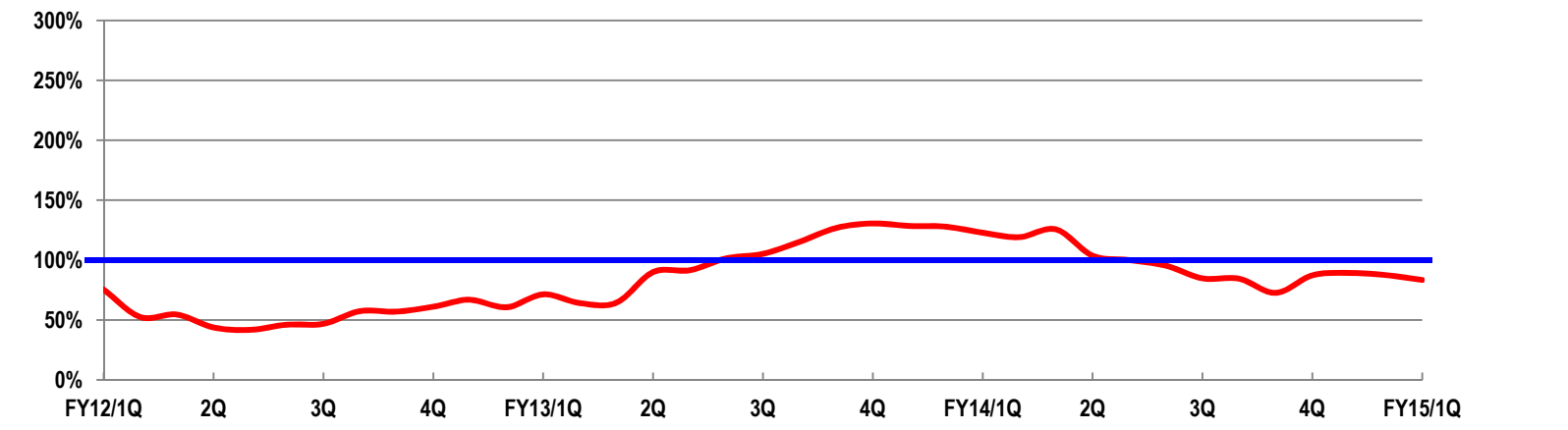
**Komatsu Mining
Germany**

PC3000, PC4000
PC5500, PC8000



**Komatsu Ltd.
(Mining eqpt)**

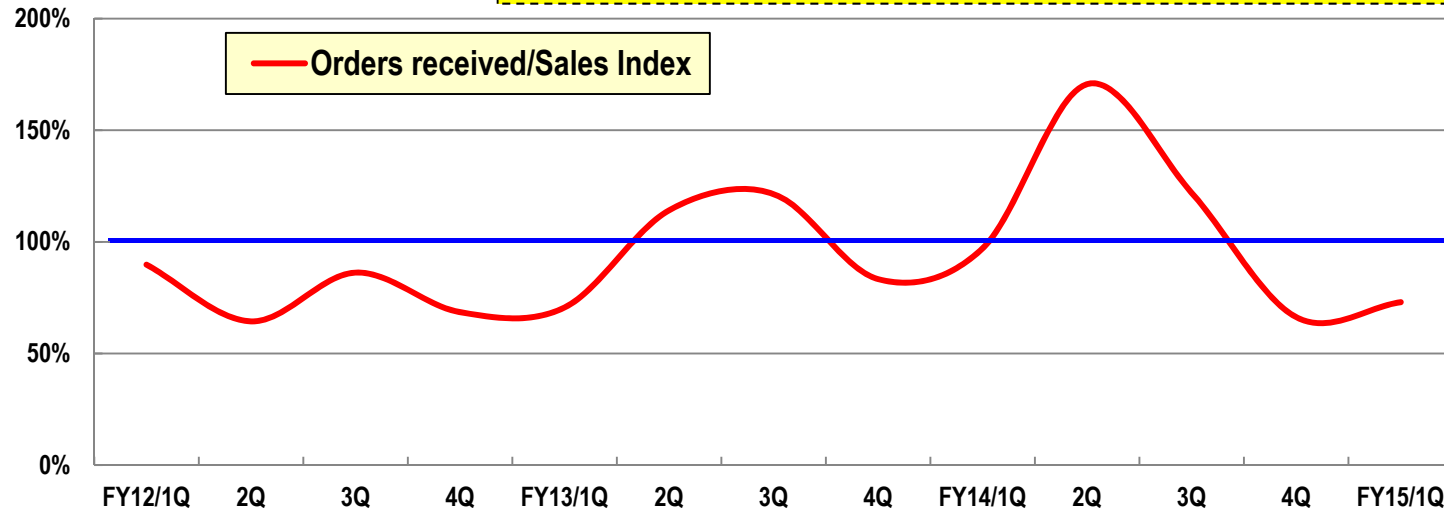
HD785, HD1500
PC2000, PC3000,
PC4000, WA800 up
D375A up
GD825A up



Orders received /Sales Index for Industrial Machinery (6 Months)

Komatsu Industries

Avg. orders in value for 6 months/Avg. factory shipment in value for 6 months



**Komatsu NTC
(Excl. wire saws)**

