

**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."

- Foreign exchange rates were JPY121.3 per USD, JPY133.0 per EUR, and JPY19.6 per RMB. Compared to the corresponding period a year ago, JPY depreciated against USD and RMB, while it appreciated against EUR.
- For the first quarter period of FY2015, consolidated net sales declined by 3.1% from the corresponding period a year ago, to JPY446.1 billion. Operating income declined by 21.7% to JPY49.7 billion. Operating income ratio decreased by 2.7 points to 11.1%.
- Net income attributable to Komatsu Ltd. dropped by 13.7% to JPY32.5 billion.

- 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

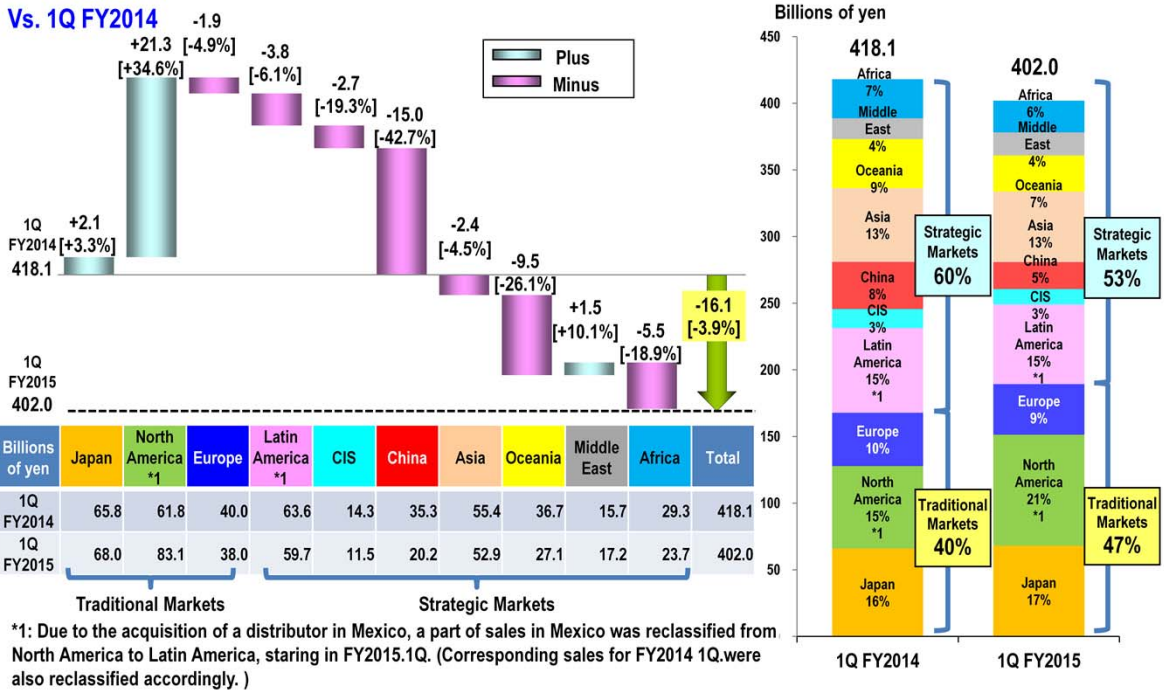
Both sales and profits declined from the corresponding period a year ago, reflecting reduced demand for mining equipment and a drastic drop in demand for construction equipment in China and other emerging countries, more than offsetting our steady capturing of demand for construction equipment in North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

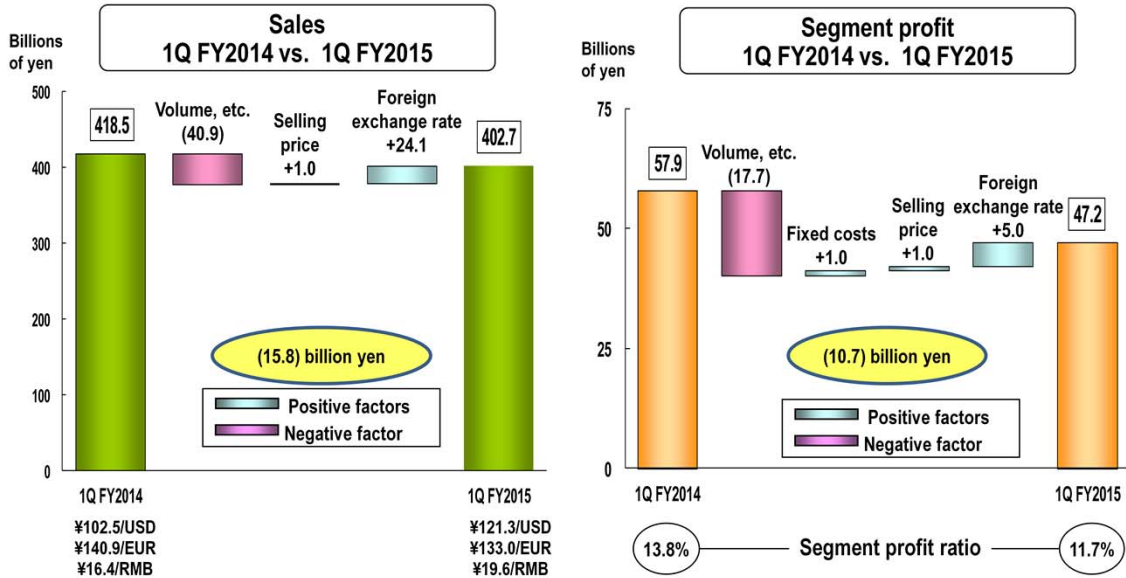
- In the construction, mining and utility equipment, sales declined by 3.8% from the corresponding period a year ago, to JPY402.7 billion. Although we steadfastly captured demand for construction equipment in Japan and North America, total sales were impacted by reduced demand for and sales of mining equipment as well as demand for and sales of construction equipment in China and other emerging countries.
- Segment profit declined by 18.4% to JPY47.2 billion.
- In the industrial machinery and others business, sales increased by 3.2% from the corresponding period a year ago, to JPY44.7 billion, and segment profit slightly increased to JPY3.2 billion. While sales of machine tools to the automobile manufacturing industry declined, sales of presses remained at about the same level from the corresponding period a year ago and Gigaphoton expanded sales against the backdrop of brisk production of the semiconductor industry. As a result, both sales and profits increased in this business from the corresponding period a year ago.

- 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%.



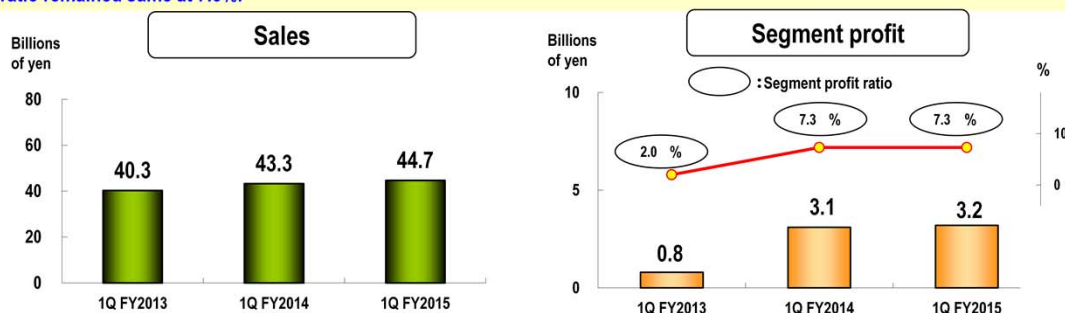
- In the construction, mining and utility equipment business, sales declined by 3.9% from the corresponding period a year ago, to JPY402.0 billion.
- While sales advanced in North America, sales declined sharply in the mining equipment business and mainly in China and Oceania. As a result, the percentage share of Traditional Markets increased to 47% of total sales.

- 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%.



- Sales declined by JPY15.8 billion. Specifically, while we had gains of JPY1.0 billion in selling prices and JPY24.1 billion in foreign exchange rates, we suffered a big decline in volume of sales resulting from reduced demand for mining equipment and in China and other markets.
- Concerning segment profit, we had positive factors, such as fixed costs, selling prices and the Japanese yen's depreciation, but the negative factors of volume of sales and product mix were larger. As a result, segment profit declined by JPY10.7 billion from the corresponding period a year ago.

• 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%.



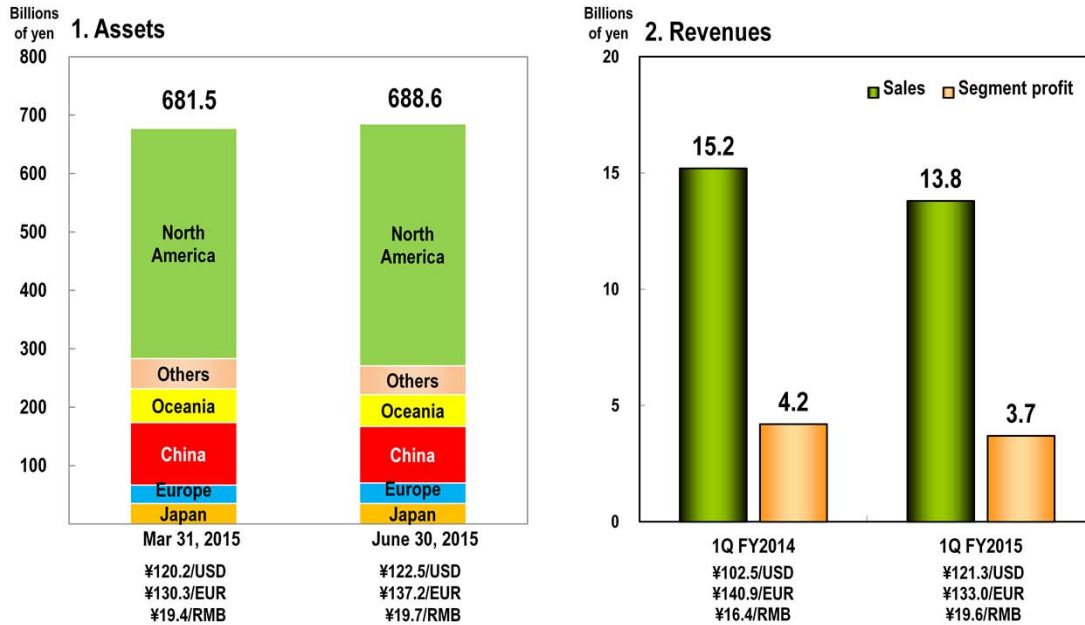
Breakdown of sales

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%

- In the industrial machinery and others business, sales increased by 3.2% from the corresponding period a year ago, to JPY44.7 billion. While sales of machine tools to the automobile manufacturing industry declined, sales of presses remained comparable to the corresponding period a year ago and Gigaphoton expanded sales supported by brisk production of the semiconductor industry.
- Segment profit amounted to JPY3.2 billion, and segment profit ratio was 7.3%, the same as the corresponding period a year ago.

- 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



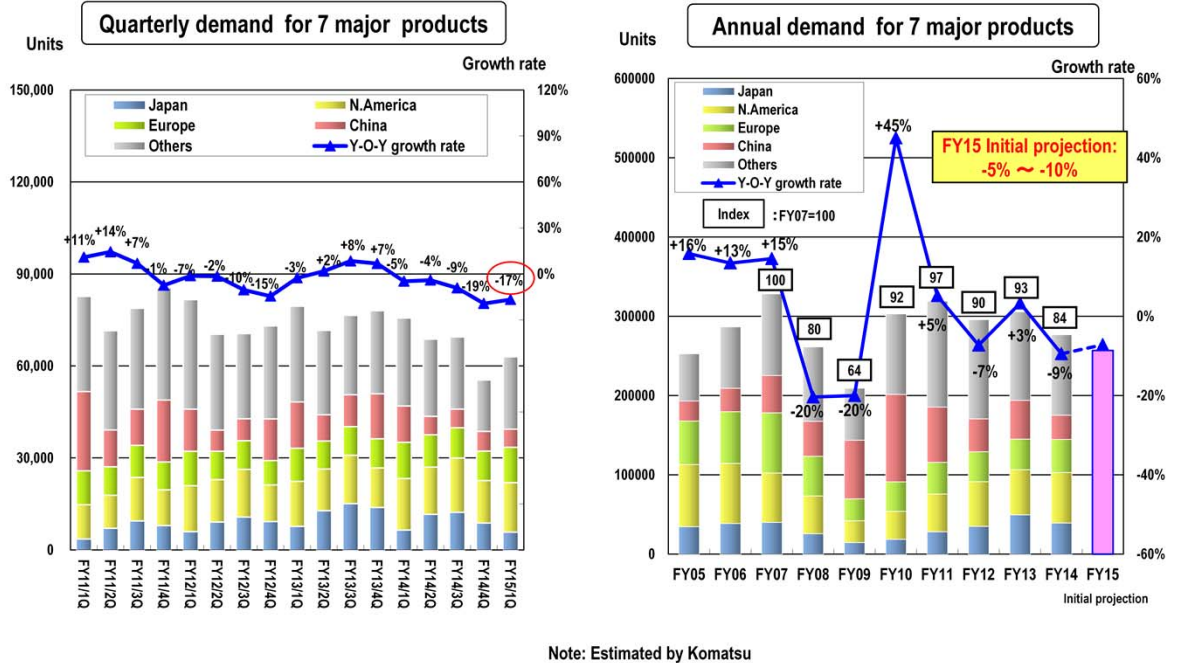
- At June 30, 2015, total assets of retail finance subsidiaries increased by about JPY7.1 billion from the previous fiscal year-end, to JPY688.6 billion. When the foreign exchange effect of JPY12.7 billion is removed, total assets would decline by JPY5.6 billion on a real basis.
- Revenues declined mainly due to a change in the lease accounting method in Chile, i.e., from equipment + interests to interests only. Segment profit declined, reflecting reduced assets in Strategic Markets.

- 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	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)
○ : Net debt-to-equity ratio			
Cash & deposits (incl. time deposits) [a]	107.3	109.1	+1.8
Accounts receivable (incl. long-term trade receivables)	900.2	888.2	(11.9)
<Excl. those of consolidated retail finance subsidiaries>	<398.1>	<371.5>	<(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]	589.1	610.0	+20.9
<Excl. those of consolidated retail finance subsidiaries>	<90.2>	<92.1>	<+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)	

- At June 30, 2015, total assets increased by JPY2.8 billion from the previous fiscal year-end. When the foreign exchange effect of JPY4.2 billion is removed, total assets would decline by about JPY39.2 billion.
- Inventories increased by JPY18.0 from the previous fiscal year-end. When the foreign exchange effect of JPY14.1 billion, they would slightly increase by JPY3.9 billion.
- Interest-bearing debt increased by JPY20.9 billion; however, this increase included the foreign exchange effect of JPY7.0 billion. On a net of cash and deposits basis, it increased by JPY19.0 billion.
- Komatsu Ltd. shareholders' equity ratio increased by 1.1 point to 55.7%.
- Net debt-to-equity ratio was 0.32, remaining at about the same level from the previous fiscal year-end. When retail finance subsidiaries are excluded, net debt-to-equity ratio remains at about zero.

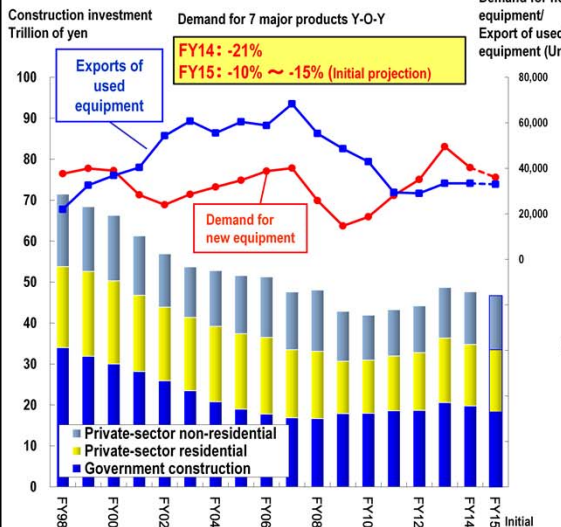
- Global demand for 1Q FY2015 should decline by 17% from the corresponding period a year ago.
- This drop in demand is considerably caused by reduced demand in Strategic Markets , such as China and CIS, while there is good demand in some other regions.



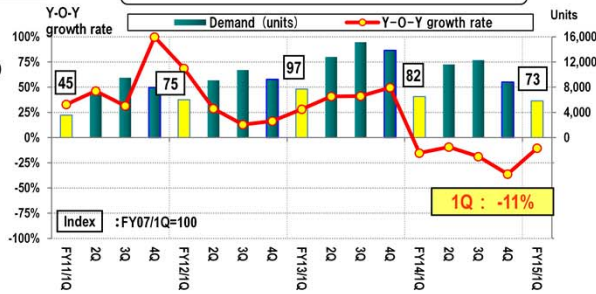
- We are expecting that global demand will have declined by 17% in the first quarter of FY2015 from the corresponding period a year ago.
- While there are some regions with steady demand, global demand is being impacted by a drop in China, CIS and other Strategic markets.

- 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.

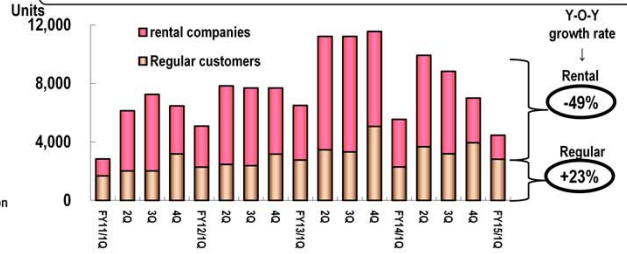
Demand for new equipment (7 major products) and construction investment



Quarterly demand for 7 major products



Quarterly demand for hydraulic excavators (Rental & regular uses)

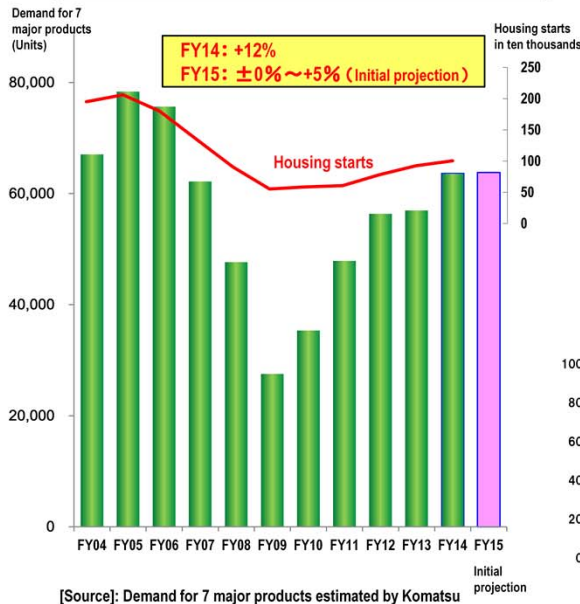


[Sources] Construction investment by the Ministry of Land, Infrastructure, Transport & Tourism, and Research Institute of Construction and Economy
Demand for 7 major products and No. of exported used equipment estimated by Komatsu

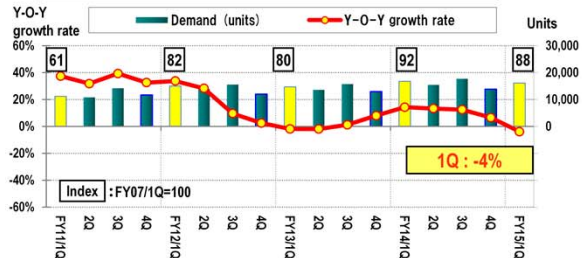
- Japanese demand declined by 11% in the first quarter of FY2015 from the corresponding period a year ago.
- Rebound of prebuys in relations to the new emission control regulations is larger than anticipated.

- 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.

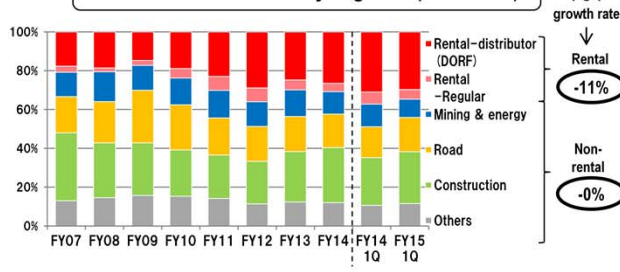
Demand for 7 major products and US housing starts



Quarterly demand for 7 major products

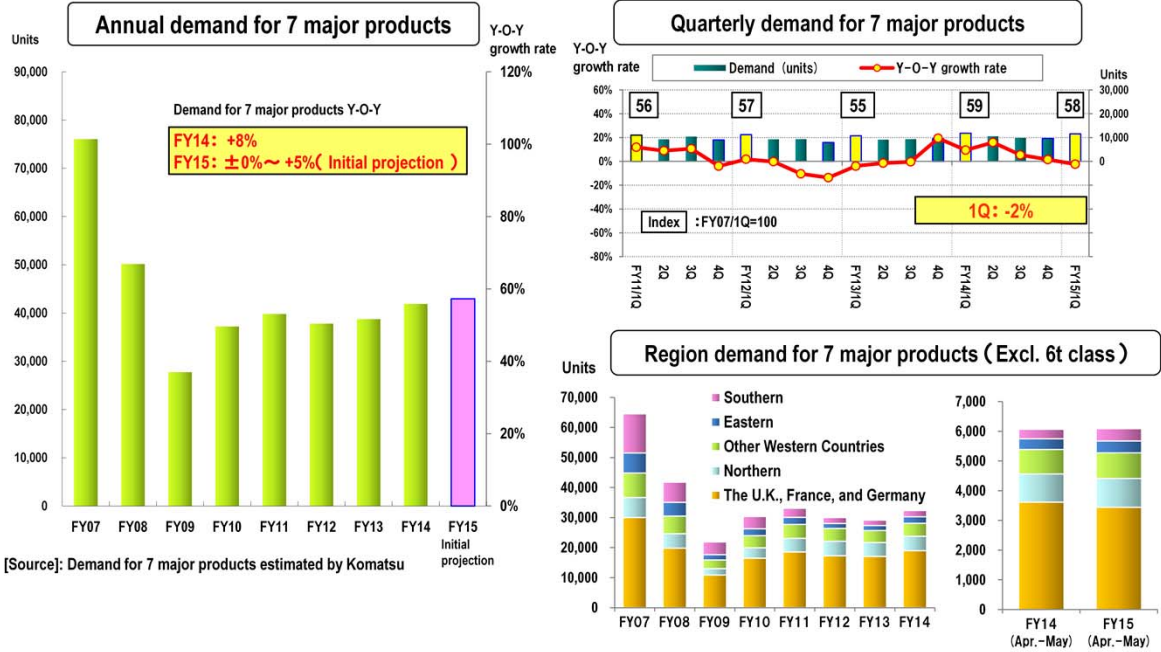


Breakdown of demand by segment (Unit basis)



- North American demand in the first quarter of FY2015 declined by 4% from the corresponding period a year ago, as impacted by reduced demand in the rental industry, including distributors. Nevertheless, North American demand still remains at a high level compared to the past.
- Regular demand, except for the rental industry, was sluggish in the mining and energy industries, but that remains strong in residential construction and infrastructure development, such as highway construction.

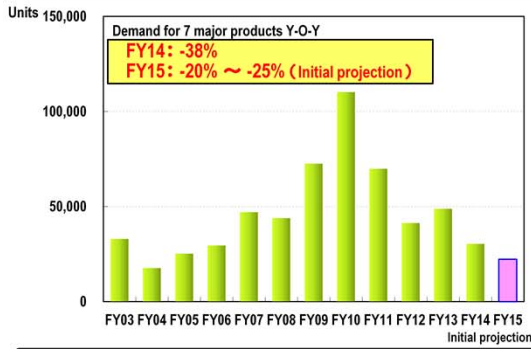
- Demand should decrease by 2% in 1Q FY2015 from the corresponding period a year ago.



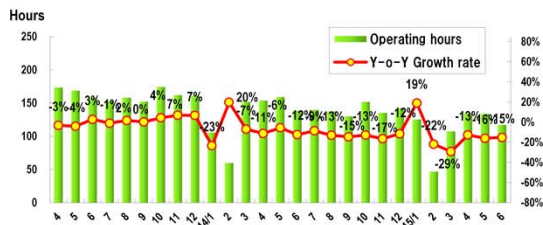
- With respect to demand in the first quarter of FY2015, we are expecting that it will have declined by 2% from the corresponding period a year ago.

- 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.

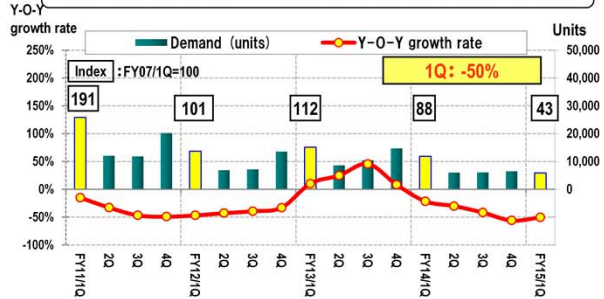
Annual demand for 7 major products (Foreign makers)



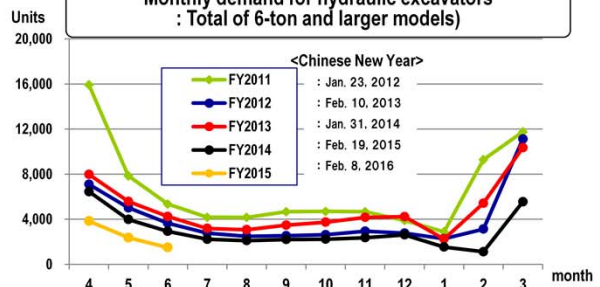
KOMTRAX in China : Average operating hours per month



Quarterly demand for 7 major products (Foreign makers)



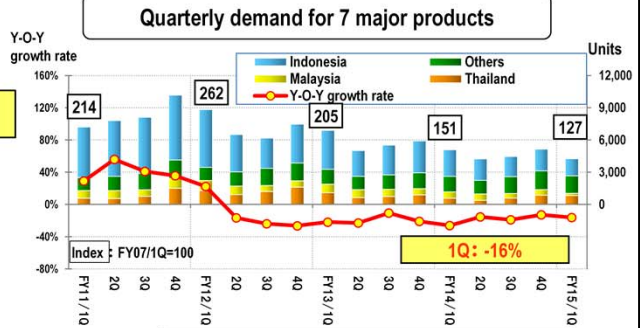
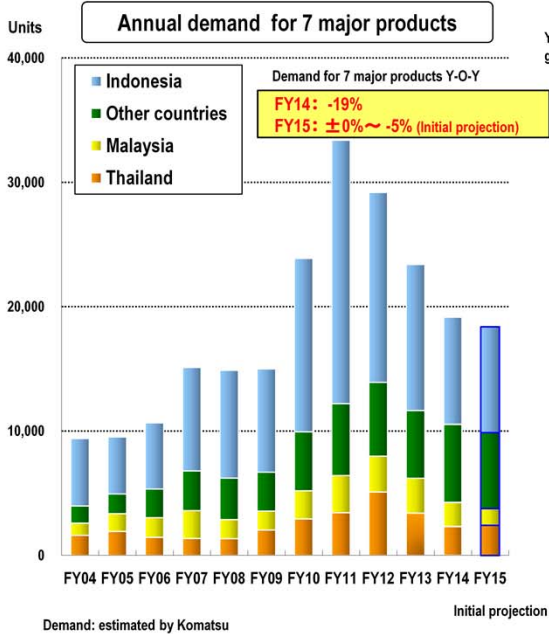
Monthly demand for hydraulic excavators : Total of 6-ton and larger models



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

- Chinese demand dropped by 50% in the first quarter of FY2015 from the corresponding period a year ago.

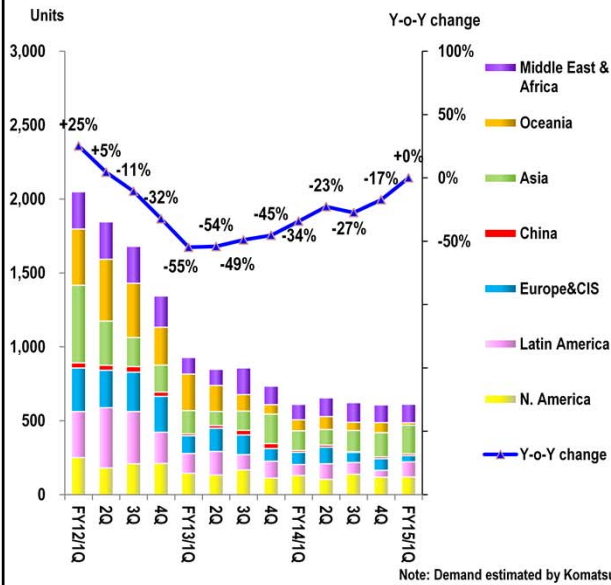
- Demand should decline by 16% in 1Q FY2015 from the corresponding period a year ago.
- While demand advanced in Thailand, overall demand was impacted by a drop in Indonesia, the largest market of the region, and Malaysia.



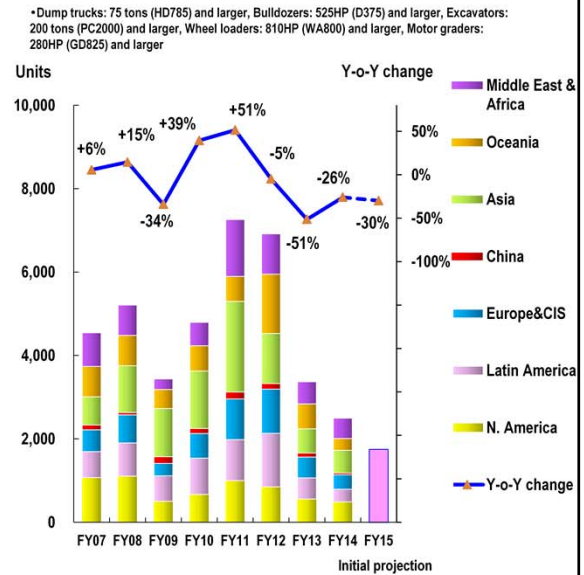
- We are projecting that Southeast Asian demand will have declined by 16% in the first quarter of FY2015 from the corresponding period a year ago.
- While demand advanced in Thailand, that remains sluggish in Indonesia, the largest market of the region, and Malaysia.

- 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

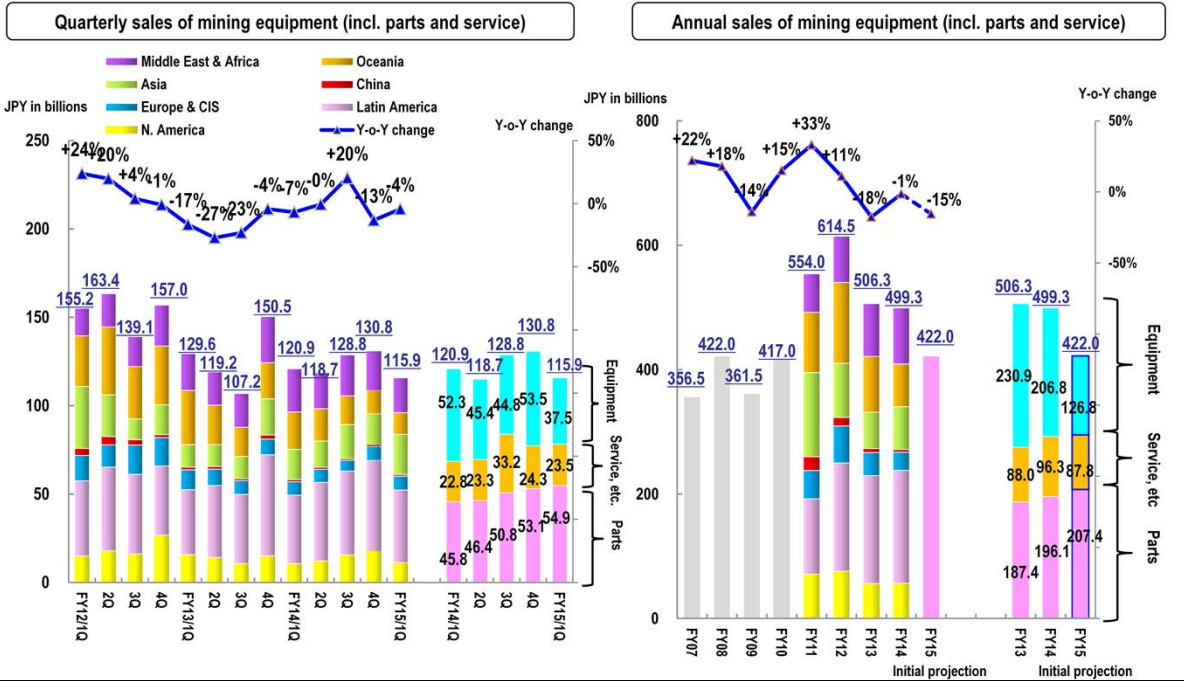


Annual demand for mining equipment



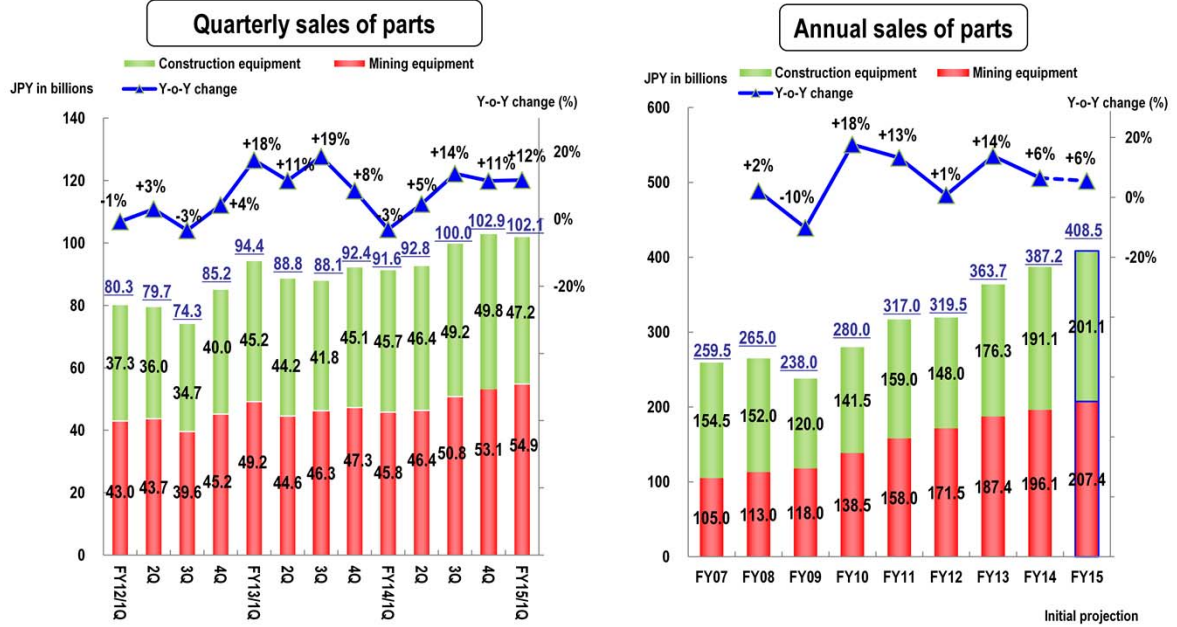
- We are expecting that demand for mining equipment remains flat in the first quarter of FY2015 from the corresponding period a year ago.
- However, in view of the fact that mineral prices remain slack and customers keep a very conservative mindset for capital investment, we believe that recovery of overall demand might happen in FY2017 or later, even considering an increase in renewal demand.

- 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.



- For the first quarter of FY2015, sales of mining equipment declined by 4% from the corresponding period a year ago, to JPY115.9 billion. However, when the foreign exchange effect is removed, sales would decline by 12%.
- While sales of equipment dropped sharply, sales of parts were strong, recording an increase from the corresponding period a year ago, even when the foreign exchange effect is removed.

- 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.

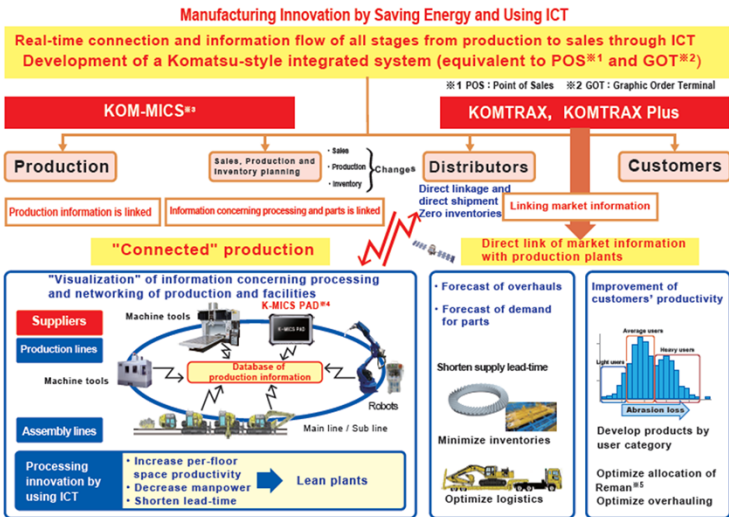


- For the first quarter of FY2015, sales of parts advanced by 12% from the corresponding period a year ago, to JPY102.1 billion. When the foreign exchange effect is removed, they would increase by 3%.
- Even when demand for new mining and construction equipment dropped, we were able to advance sales by zooming on aftermarket demand.

**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



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

※5 Reman : Remanufacturing of components

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

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.

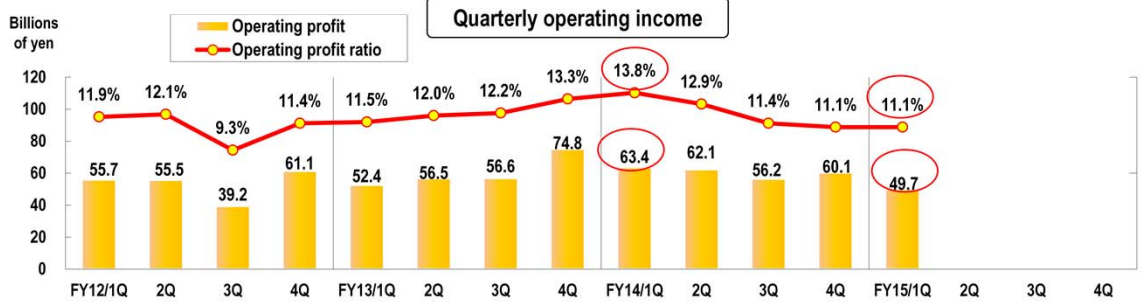
Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes 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.

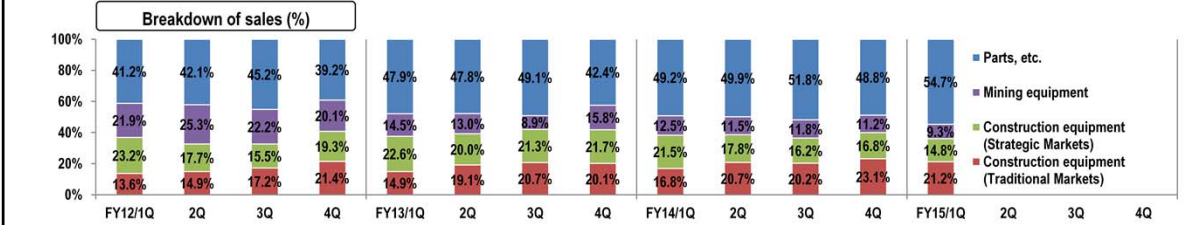
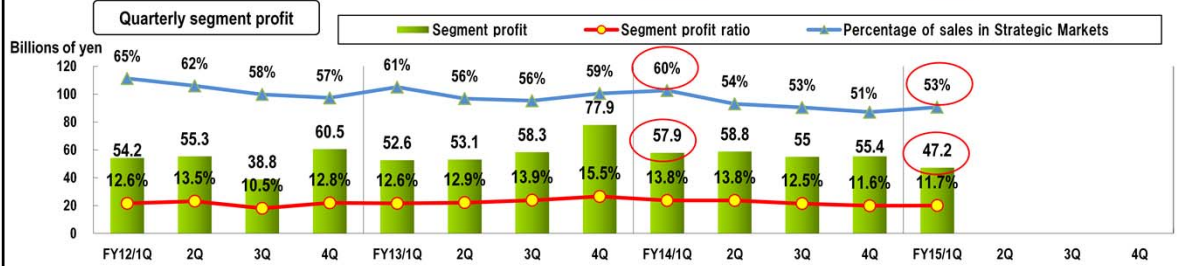
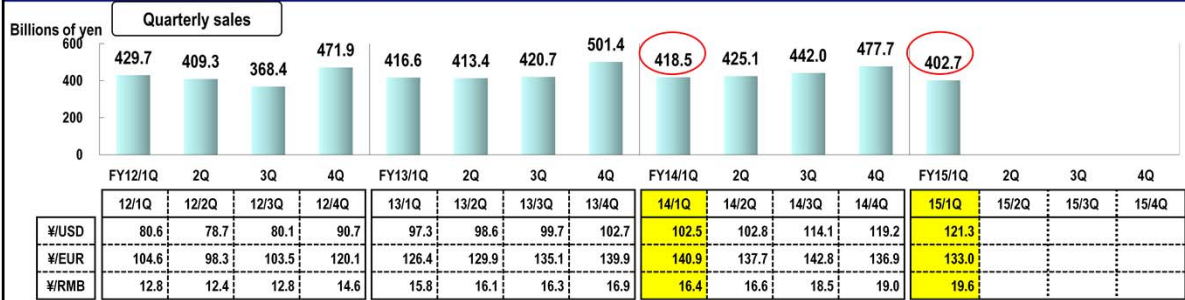
TEL: +81-3-5561-2687 FAX: +81-3-3582-8332 <http://www.komatsu.com/>

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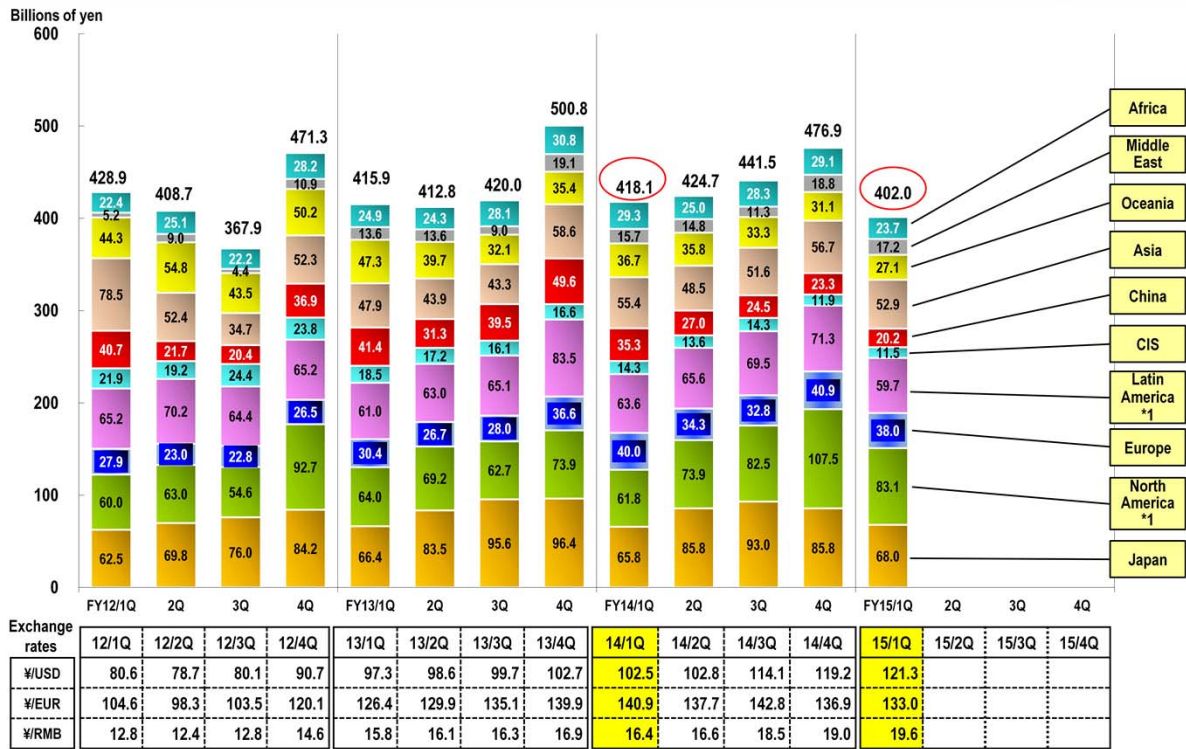
<Appendix>
Quarterly Sales and Operating Income



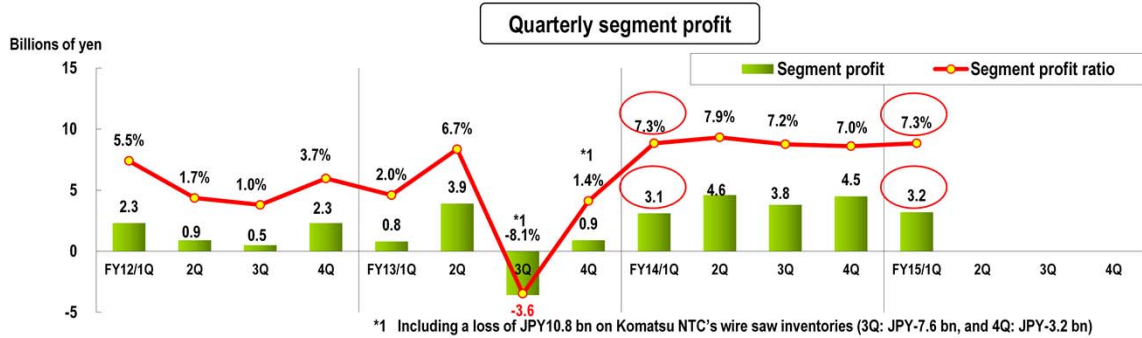
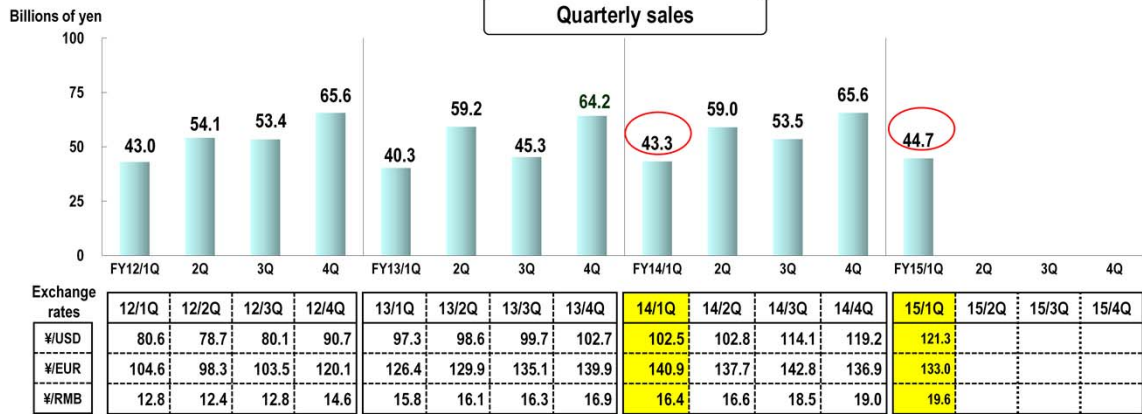
Construction, Mining & Utility Equipment: Quarterly Sales and Segment Profit



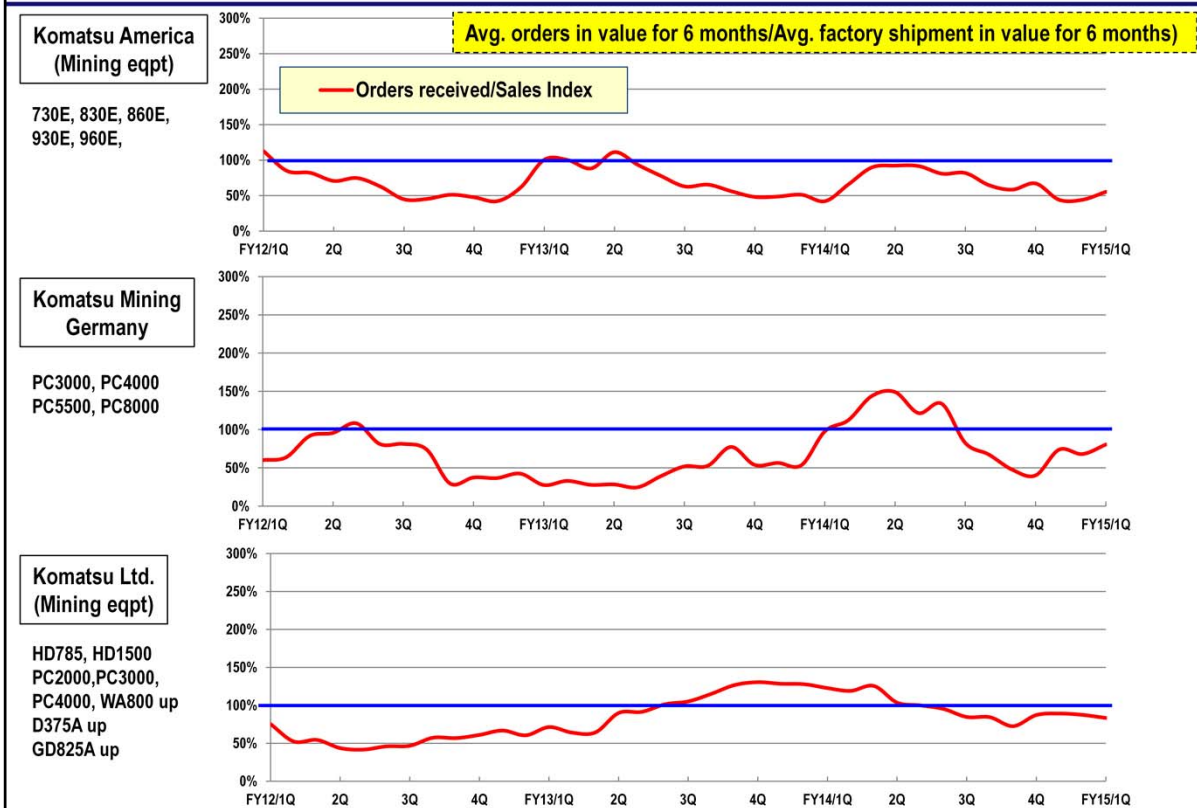
Construction, Mining & Utility Equipment: Quarterly Sales (To Outside Customers) by Region



*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.)

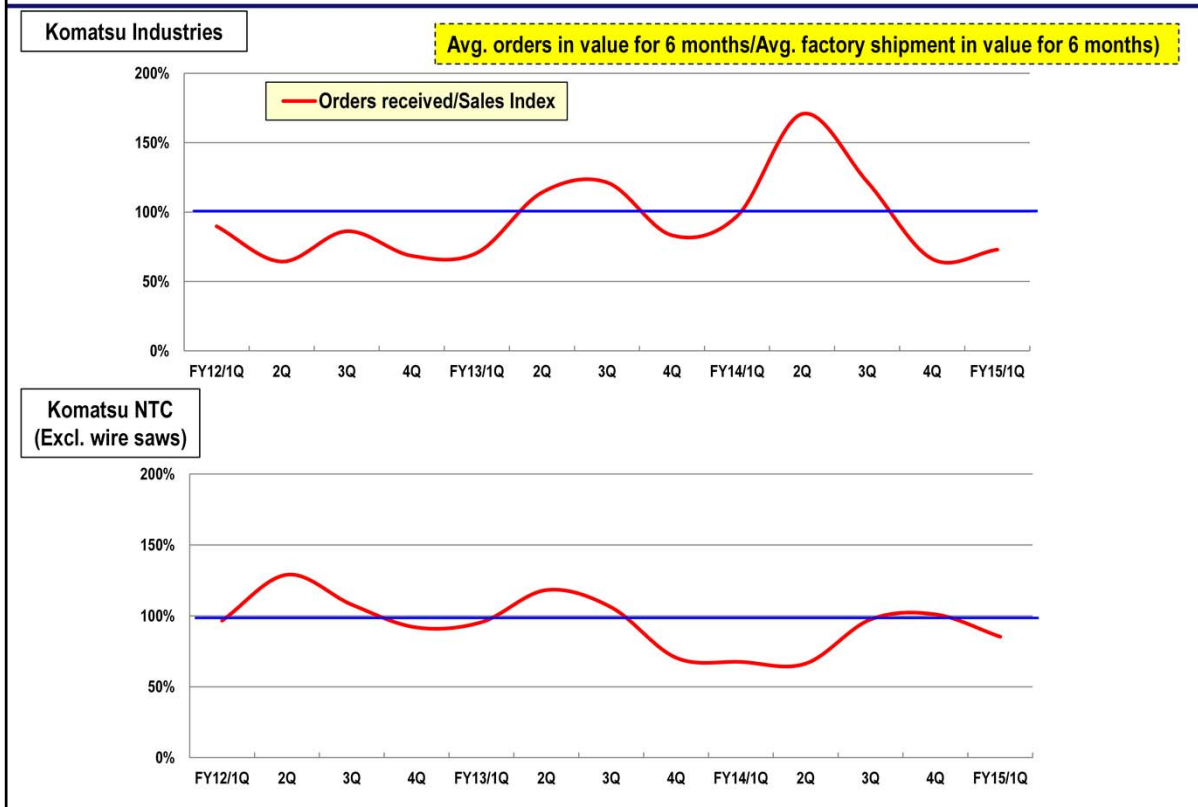


Orders received /Sales Index for Mining Equipment (6 Months)



- These graphs show the book-to-bill ratios of mining equipment.
- Specifically, they show the index of orders received for new equipment for the last six-month period divided by sales of new equipment for the same last six-month period.
- Top graph shows dump trucks made by Komatsu America Corp. In the first quarter of FY2015, orders remained low and the index was below 60%.
- Middle graph shows super-large hydraulic excavators made by Komatsu Mining Germany GmbH. Orders received remained low and the index was 80%.
- Bottom graph shows other mining equipment made in Japan. Orders also remained low and the index was 80%.

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



- These graphs show the book-to-bill ratios of industrial machinery. Specifically, they show the index of orders received for new machines for the last six-month period divided by sales of new machines for the same last six-month period.
- Concerning orders received by Komatsu Industries Corp. for sheet-metal and press machines, orders for large and medium-sized presses were slack in the first quarter of FY2015, and the index was about 70%.
- With respect to orders received by Komatsu NTC Ltd. for products other than wire saws, orders from the automobile manufacturing industry remained still low, and the index was below 90%.