

Business Results for FY2016

(April 1, 2016 - March 31, 2017)

April 27, 2017

Komatsu Ltd. Participants

Tetsuji Ohashi	President and CEO
Mikio Fujitsuka	Executive Vice President and CFO
Yasuhiro Inagaki	Senior Executive Officer General Manager, Business Coordination Department

- 1) On April 5, 2017 (local time: Eastern Standard Time, UTC-5), Komatsu Ltd. closed the acquisition of Joy Global Inc., and Joy Global changed its trade name to Komatsu Mining Corp. (hereafter “KMC”) on April 19 (local time: Eastern Standard Time, UTC-5) .**
- 2) Accordingly, KMC (former Joy Global Inc.) ’s business results are not included in Komatsu’s business results for FY2016.**
- 3) In our presentation today, the outlook of business results for FY2017 will be divided into the following three sections.**
 - (1) Projection for Komatsu and KMC-combined business results**
 - (2) Projection for Komatsu’s business results in the conventional manner**
 - (3) Projection for KMC’s non-consolidated business results**

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1. Business Results for FY2016

- Consolidated net sales declined by 2.8% from FY2015, to JPY1,802.9 billion.
- Operating income dropped by 16.5% to JPY174.0 billion. Operating income ratio was 9.7%, down 1.5 percentage points.
- Net income attributable to Komatsu Ltd. dropped by 17.5% to JPY113.3 billion.

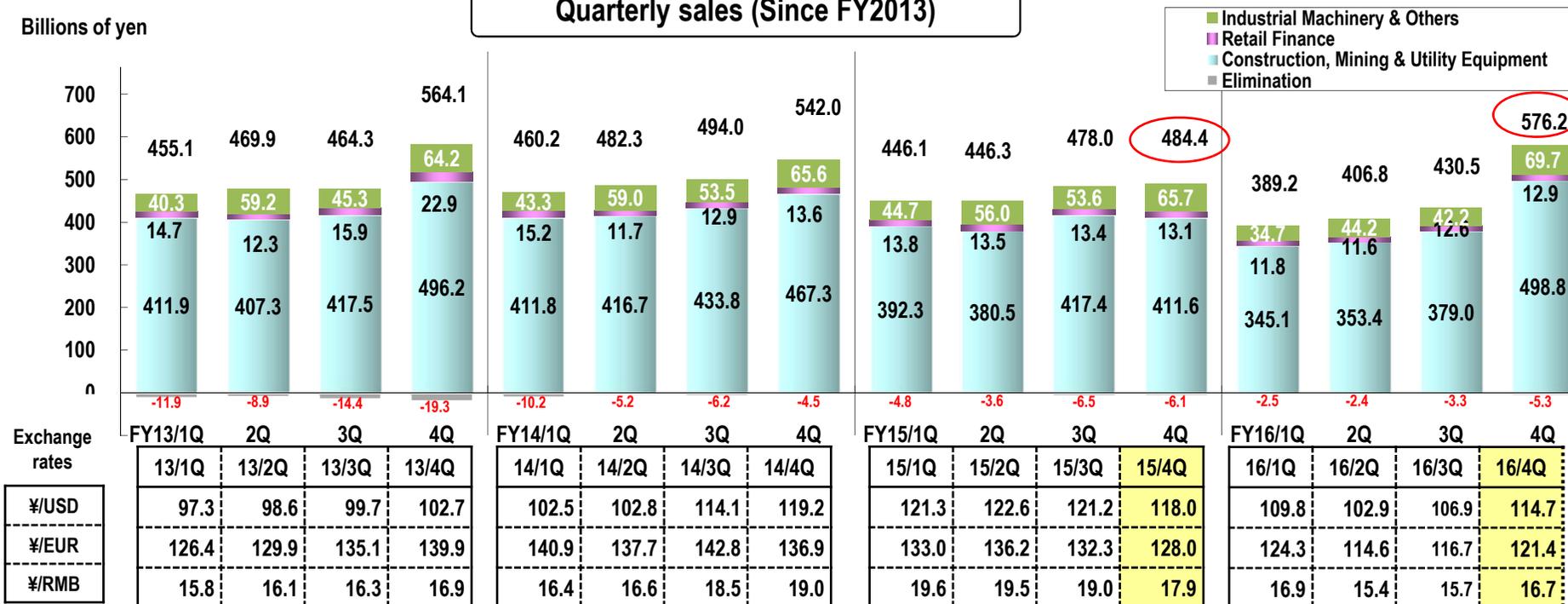
Billions of yen	FY2015 results ¥120.8/USD ¥132.4/EUR ¥19.0/RMB	FY2016 (Projection) ¥105.0/USD ¥119.0/EUR ¥16.2/RMB	FY2016 results ¥108.6/USD ¥119.3/EUR ¥16.2/RMB	Changes	
				Increase (decrease)	% Change
Net sales	1,854.9	1,685.0	1,802.9	(51.9)	(2.8)%
Segment profit	202.0	155.0	176.5	(25.4)	(12.6)%
Other operating income (expenses)	6.5	(5.0)	(2.4)	(9.0)	-
Operating income	208.5	150.0	174.0	(34.4)	(16.5)%
Profit ratio	11.2%	8.9%	9.7%	(1.5)pts.	-
Other income (expenses)	(3.6)	(5.0)	(7.6)	(3.9)	-
Net income before income taxes	204.8	145.0	166.4	(38.4)	(18.7)%
Net income *	137.4	92.0	113.3	(24.0)	(17.5)%
ROE	9.0%	6.2%	7.3%	(1.7)pts.	-
Net D/E ratio	0.23	-	0.18	(0.05)pts.	-

Cash dividends per share	58yen	58yen	58yen	+/- 0 yen
Consolidated payout ratio	39.8%	59.4%	48.2%	

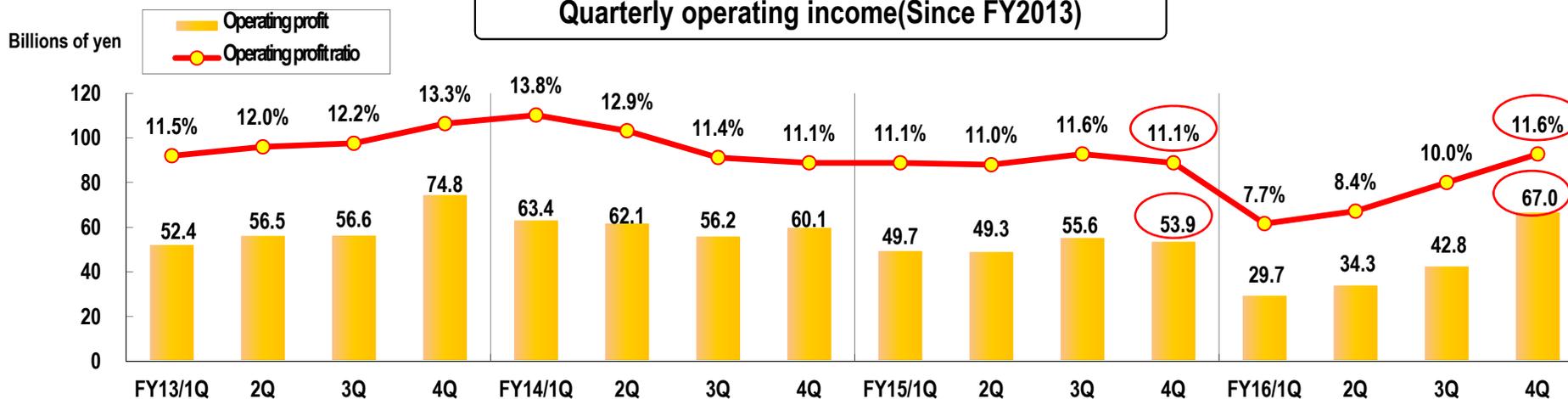
* Upon adoption of ASC 810, "Net income" is equivalent to "Net income attributable to Komatsu Ltd."

Billions of yen

Quarterly sales (Since FY2013)



Quarterly operating income (Since FY2013)



Segment Sales and Profit for FY2016

- Construction, Mining & Utility Equipment: Sales declined by 1.6% from FY2015, to JPY1,576.5 billion. Segment profit dropped by 4.3% to JPY161.6 billion. Segment profit ratio was 10.3%, down 0.2 percentage points.
- Retail Finance: Revenues declined by 9.0% to JPY49.0 billion. Segment profit dropped by 66.6% to JPY4.4 billion.
- Industrial Machinery & Others: Sales declined by 13.2% to JPY 191.0 billion. Segment profit dropped by 35.7% to JPY12.4 billion.

Billions of yen	FY2015 results	FY2016 (Projection)	FY2016 results	Changes	
				Increase (decrease)	% Change
Net sales	1,854.9	1,685.0	1,802.9	(51.9)	(2.8)%
Construction, mining & utility equipment	[1,587.5] 1,602.0	[1,434.0] 1,445.0	[1,566.3] 1,576.5	[(21.2)] (25.4)	[(1.3%)] (1.6)%
Retail finance	[50.8] 53.9	[40.0] 43.0	[46.7] 49.0	[(4.1)] (4.8)	[(8.1%)] (9.0)%
Industrial machinery & others	[216.5] 220.1	[211.0] 212.0	[189.9] 191.0	[(26.6)] (29.1)	[(12.3%)] (13.2)%
Elimination	(21.1)	(15.0)	(13.7)	+7.4	-
Segment profit	10.9% 202.0	9.2% 155.0	9.8% 176.5	(25.4)	(12.6)%
Construction, mining & utility equipment	10.5% 169.0	8.9% 129.0	10.3% 161.6	(7.3)	(4.3)%
Retail finance	24.7% 13.3	25.6% 11.0	9.1% 4.4	(8.8)	(66.6)%
Industrial machinery & others	8.8% 19.3	8.5% 18.0	6.5% 12.4	(6.9)	(35.7)%
Corporate & elimination	0.3	(3.0)	(2.0)	(2.3)	-

Review of three business segments

■ Construction, Mining & Utility Equipment

While sales declined in some regions, such as North America and the Middle East, where demand was sluggish, they were more than offset by increased sales in China and Indonesia. However both sales and segment profit declined, mainly affected by the Japanese yen's appreciation. When the foreign exchange effects are removed, sales increased.

■ Retail Finance [Independent operating segment starting in FY2016]

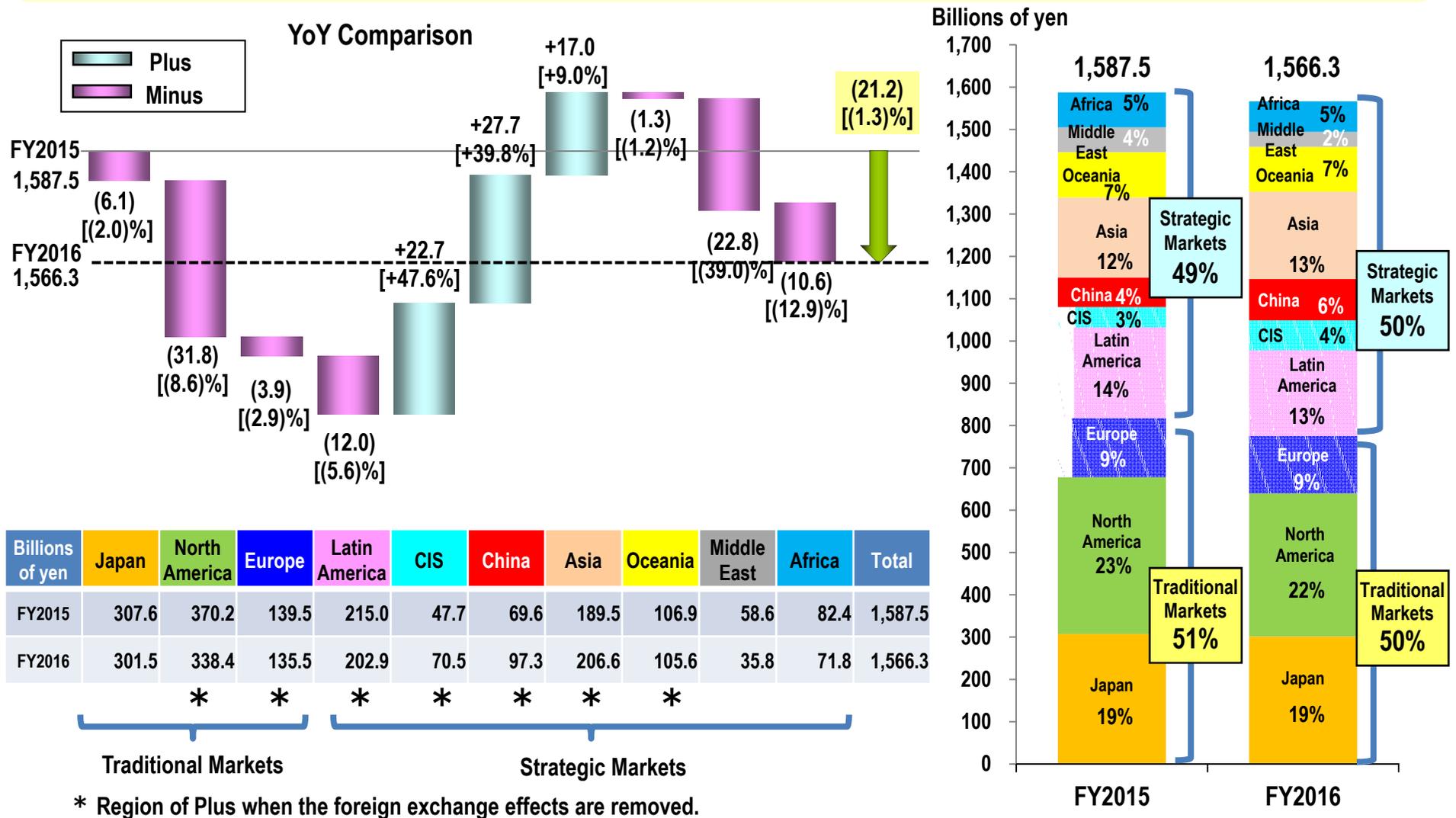
Both revenues and segment profit, declined from FY2015 as mainly affected by the Japanese yen's appreciation and reduced assets in China, Oceania and some other regions.

■ Industrial Machinery & Others

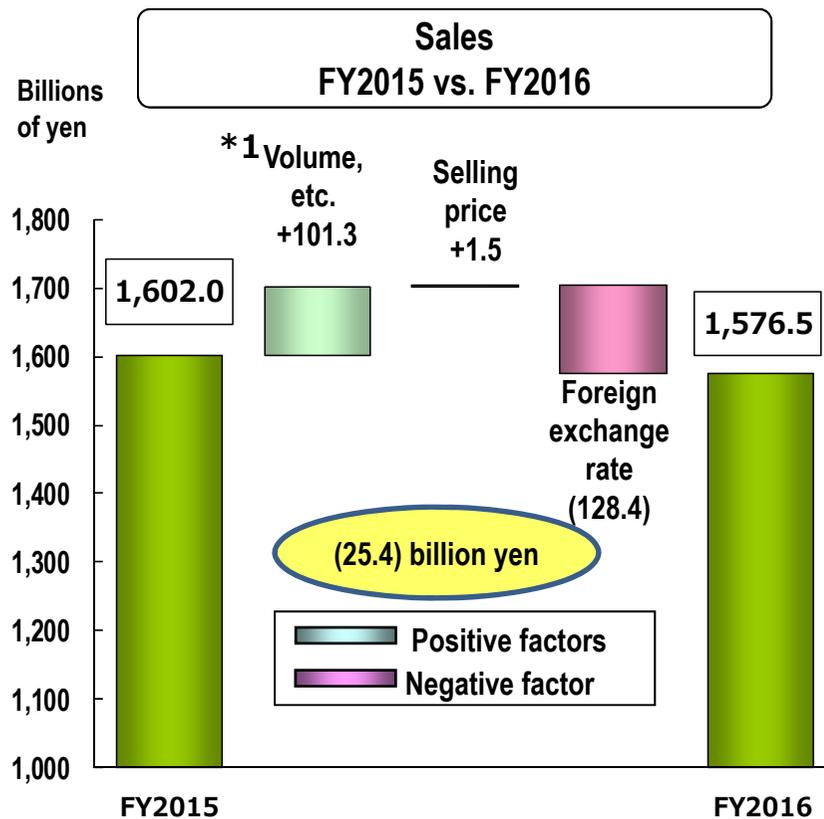
Both revenues and segment profit declined from FY2015, due to reduced sales of presses and machine tools to the automobile manufacturing industry and the adverse effects of former Komatsu House which was excluded from consolidated accounting*.

* Komatsu sold the shares, equivalent to 85% of total shares outstanding, of Komatsu House to Nissei Build Industries Co., Ltd. on April 28, 2016.

- Sales to outside customers declined by 1.3% from FY2015, to JPY1,566.3 billion.
- Except for CIS, China and Asia, sales declined in other regions. Sales increased in Strategic Markets, such as China, which pushed the ratio of sales in Strategic Markets to 50%. However, sales were steady in many regions, when the foreign exchange effects are removed.



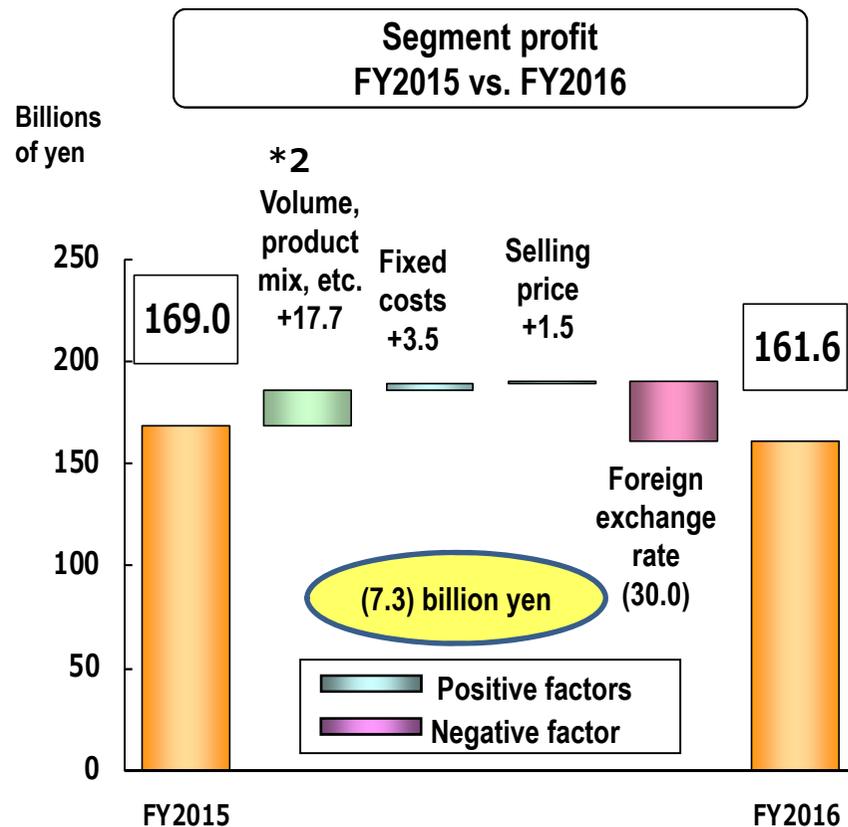
- Sales declined by JPY25.4 billion from FY2015, as affected by the Japanese yen's appreciation. Segment profit declined by JPY7.3 billion.
- Segment profit ratio degenerated to 10.3%, down 0.2 percentage points.



¥120.8/USD
¥132.4/EUR
¥19.0/RMB

¥108.6/USD
¥119.3/EUR
¥16.2/RMB

*1: Incl. new additions to consolidation



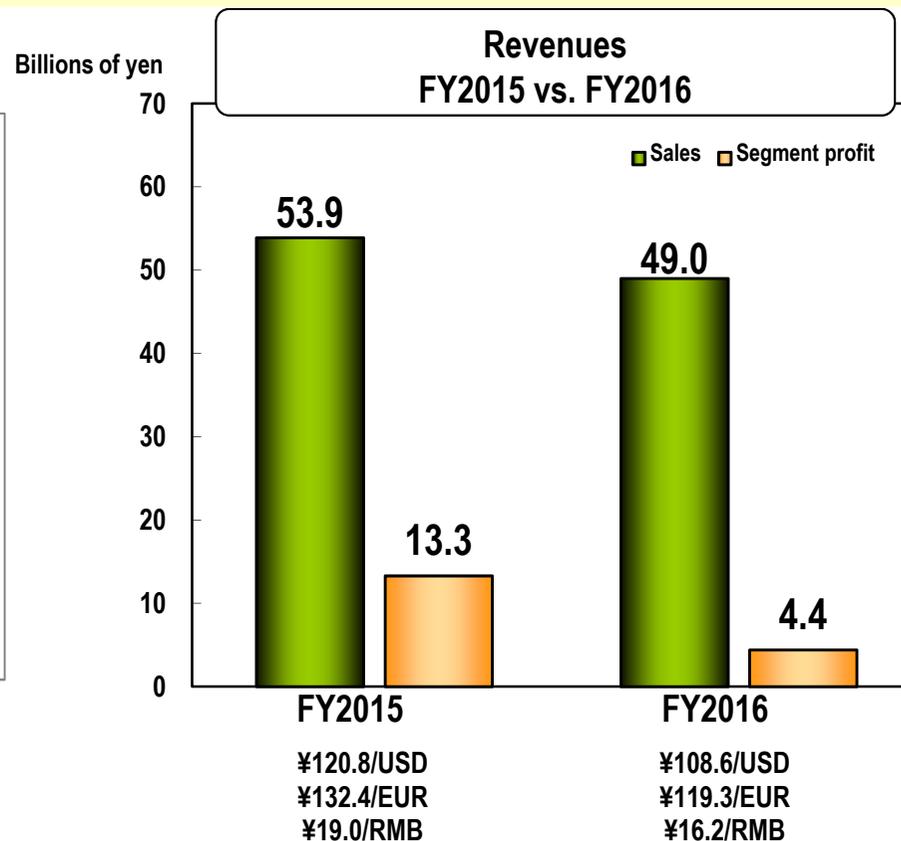
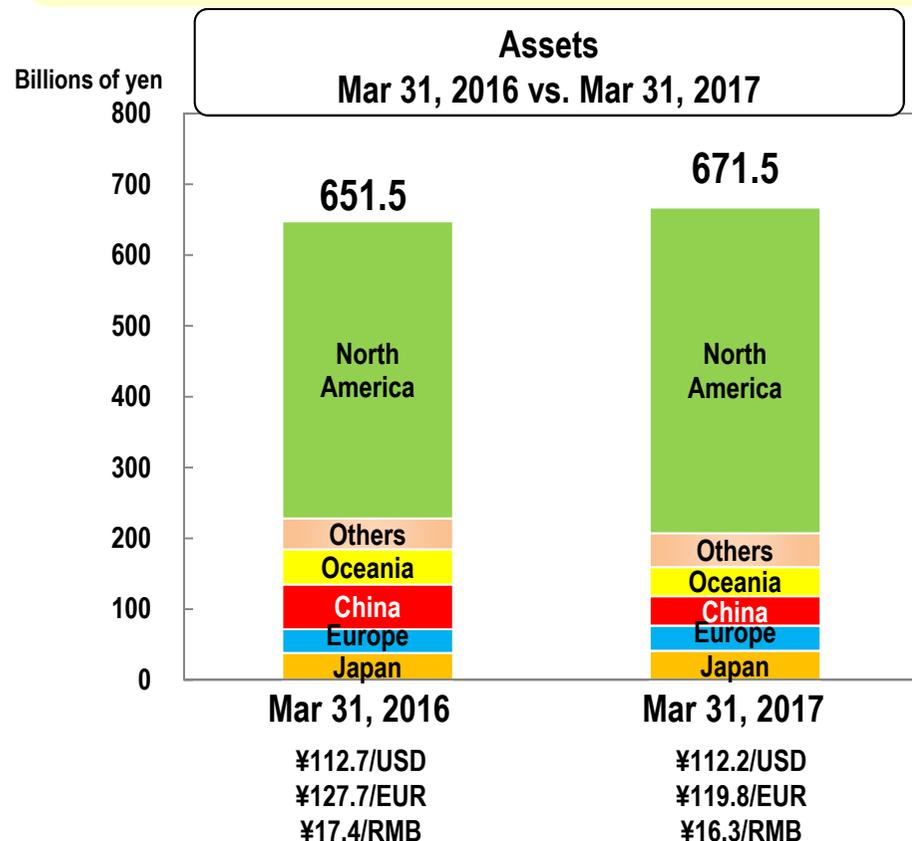
10.5%

Segment profit ratio

10.3%

*2: Incl. new additions to consolidation, region mix

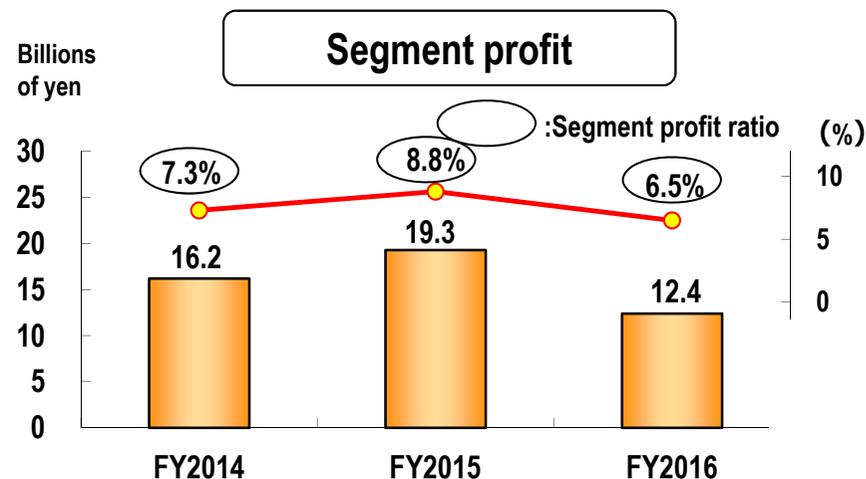
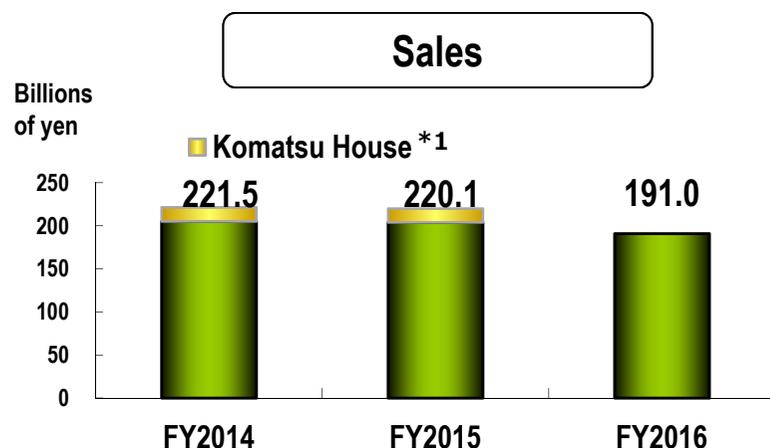
- Assets grew by JPY20.0 billion from March 31, 2016, due to increased receivables in North America, Europe, Thailand and some other regions.
- Revenues declined due mainly to the effects of foreign exchange rates. Segment profit declined from FY2015, due mainly to an additional allowance recorded for bad debt in China.



Billions of yen	2016/3E	2017/3E	Changes
Interest-bearing debt	483.5	506.0	+22.4
Interest-bearing debt, net	476.6	501.2	+24.5
Net D/E ratio	3.40	3.65	+0.25pts.

	FY2015	FY2016	Changes
ROA	2.0%	0.7%	(1.3)%

- Sales declined by 13.2% from FY2015, to JPY191.0 billion, due to reduced sales of presses and machine tools to the automobile manufacturing industry as well as the adverse effects of excluding former Komatsu House from consolidated accounting. Segment profit ratio was 6.5%.



Breakdown of sales Billions of yen	FY2014	FY2015	FY2016	Changes	
				Increase (decrease)	% change
Komatsu Industries Corp., etc. [total of press and sheet-metal machines]	64.0	58.0	56.6	(1.4)	(2.5)%
Komatsu NTC Ltd. [represented by wire saws]	73.6 [7.8]	71.0 [6.9]	55.2 [10.7]	(15.7) [+3.7]	(22.2)% [+53.1%]
Gigaphoton	29.2	34.0	32.0	(2.0)	(6.0)%
Komatsu House *1	16.3	16.1	-	(16.1)	-
Others	38.2	40.7	47.0	+6.2	+15.4%
Total	221.5	220.1	191.0	(29.1)	(13.2)%

*1: Komatsu sold the shares, equivalent to 85% of total shares outstanding, of Komatsu House to Nissei Build Industries Co., Ltd. on April 28, 2016.

- Total assets grew by JPY41.8 billion from the previous fiscal year-end, due to increased accounts receivable.
- Komatsu Ltd. shareholders' equity ratio was 59.4%, up1.4 percentage points from the previous fiscal year-end.

Billions of yen	Mar. 31, 2016 ¥112.7/USD ¥127.7/EUR ¥17.4/RMB	Mar. 31, 2017 ¥112.2/USD ¥119.8/EUR ¥16.3/RMB	Increase (decrease)
Cash & deposits (incl. time deposits) [a]	108.4	122.1	+13.7
Accounts receivable (incl. long-term trade receivables)	875.3	933.2	+57.8
Inventories	539.6	533.8	(5.7)
Tangible fixed assets	697.7	679.0	(18.7)
Other assets	393.5	388.1	(5.3)
Total assets	2,614.6	2,656.4	+41.8
Accounts payable	205.4	240.1	+34.7
Interest-bearing debt [b]	457.5	408.7	(48.8)
Other liabilities	363.9	359.1	(4.7)
Total liabilities	1,026.8	1,007.9	(18.9)
[Shareholders' equity ratio]	[58.0%]	[59.4%]	[+1.4pts.]
Komatsu Ltd. shareholders' equity	1,517.4	1,576.6	+59.2
Non-controlling interests	70.3	71.8	+1.4
Liabilities & Equity	2,614.6	2,656.4	+41.8
Interest-bearing debt, net [b-a]	349.0	286.5	(62.5)
Net D/E ratio	0.23	0.18	

2. Projection for FY2017 Business Results

From next page, the outlook of business results for FY2017 will be divided into the following three sections.

(1) Projection for Komatsu and KMC-combined business results

P14 Outline of Projection for FY2017

(2) Projection for Komatsu's business results in the conventional manner

P15 Projection for Segment Sales and Profit for FY2017

P16 Construction, Mining & Utility Equipment: Projection for Sales (To Outside Customers)

P17 Construction, Mining & Utility Equipment: Causes of Difference in Projected Sales & Segment Profit

P18 Retail Finance Business: Assets, Revenues and Segment Profit

P19 Industrial Machinery & Others: Sales and Segment Profit

PP20-25 Construction and Mining Equipment: Actual and Projected Demand for 7 Major Products & Demand in Major Markets

PP26-27 Construction and Mining Equipment: Actual and Projected Demand & Sales of Mining Equipment

P28 Construction and Mining Equipment: Sales of Parts

P29 Actual and Projected Capital Expenditures, Depreciation, R&D Expenses and Fixed Costs

P30 Business Results and Progress towards Mid-Range Management Targets

(3) Projection for KMC's business results

P31 Projection for KMC's Business Results & Sales

P32 Temporary Expenses Related to the Merger of KMC (former Joy Global Inc.)

- Consolidated net sales will increase by 18.4% from FY2016, to JPY2,135.0 billion. KMC's Sales is projected as JPY 256.0 billion.
- Operating income will decline by 10.4% to JPY156.0 billion. Operating income ratio will be 7.3%, down 2.4 points.
- Net income will drop by 18.9% to JPY92.0 billion.

Projected consolidated business results

Billions of yen	FY2016 Results ¥108.6/USD ¥119.3/EUR ¥16.2/RMB	FY2017 Projection ¥105.0/USD ¥115.0/EUR ¥15.0/RMB	Komatsu		KMC		Y-O-Y	
			(conventional)				Increase (decrease)	Change %
Net sales	1,802.9	2,135.0	*1	1,880.0		256.0	+332.0	+18.4%
Segment profit (loss)	176.5	164.0		203.0	*2	(39.0)	(12.5)	(7.1)%
Other operating income (expenses)	(2.4)	(8.0)		(8.0)		-	(5.5)	-
Operating income (loss)	174.0	156.0		195.0	*2	(39.0)	(18.0)	(10.4)%
Profit ratio (loss ratio)	9.7%	7.3%		10.4%		(15.2)%	(2.4)pts.	-
Other income (expenses)	(7.6)	(15.0)					(7.3)	-
Income before income taxes	166.4	141.0					(25.4)	(15.3)%
Net income *3	113.3	92.0					(21.3)	(18.9)%
ROE	7.3%	5.9%					(1.4)pts.	
Cash dividends per share	58yen	58yen					+/- 0yen	
Consolidated payout ratio	48.2%	59.5%						

※ PPA (Purchase Price Allocation)

Billions of yen

*1Including internal sales from Komatsu to KMC (JPY 1.0 billion).

*2KMC's segment loss and operating loss include the effects of temporary expenses shown on the right. (Reference: P32 Temporary Expenses Related to the Merger of KMC(former Joy Global Inc.))

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

Increased depreciation after PPA (provision)	(39.0)
Start-up cost etc.	(9.0)
Total	(48.0)

Projection for Segment Sales and Profit of FY2017

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- **Construction, Mining & Utility Equipment: Both Sales and Segment Profit will increase.**
- **Retail Finance: Revenues will decline, while segment profit will increase.**
- **Industrial Machinery & Others: Both Sales and segment profit will increase.**

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

Billions of yen	FY2016	FY2017 (Projection)	Changes	
			Increase(decrease)	% Change
Net sales	1,802.9	1,880.0	+77.0	+4.3%
Construction, mining & utility equipment	[1,566.3] 1,576.5	[1,636.0] 1,646.0	[+69.6] +69.4	[+4.4%] +4.4%
Retail finance	[46.7] 49.0	[45.0] 48.0	[(1.7)] (1.0)	[(3.7)%] (2.2)%
Industrial machinery & others	[189.9] 191.0	[199.0] 200.0	[+9.0] +8.9	[+4.8%] +4.7%
Elimination	(13.7)	(14.0)	(0.2)	-
Segment profit	[9.8%] 176.5	[10.8%] 203.0	+26.4	+15.0%
Construction, mining & utility equipment	[10.3%] 161.6	[10.8%] 178.0	+16.3	+10.1%
Retail finance	[9.1%] 4.4	[21.9%] 10.5	+6.0	+135.8%
Industrial machinery & others	[6.5%] 12.4	[8.3%] 16.5	+4.0	+32.4%
Corporate & elimination	(2.0)	(2.0)	+0.0	-

Conditions of three business segments:
■ Construction, Mining & Utility Equipment

- Although we anticipate the effects of the Japanese yen's appreciation, we are going to work to expand sales against the background of projected recovery of demand. We project that both sales and segment profit will increase from FY2016, supported by an increase in sales in Asia and of mining equipment..

■ Retail Finance

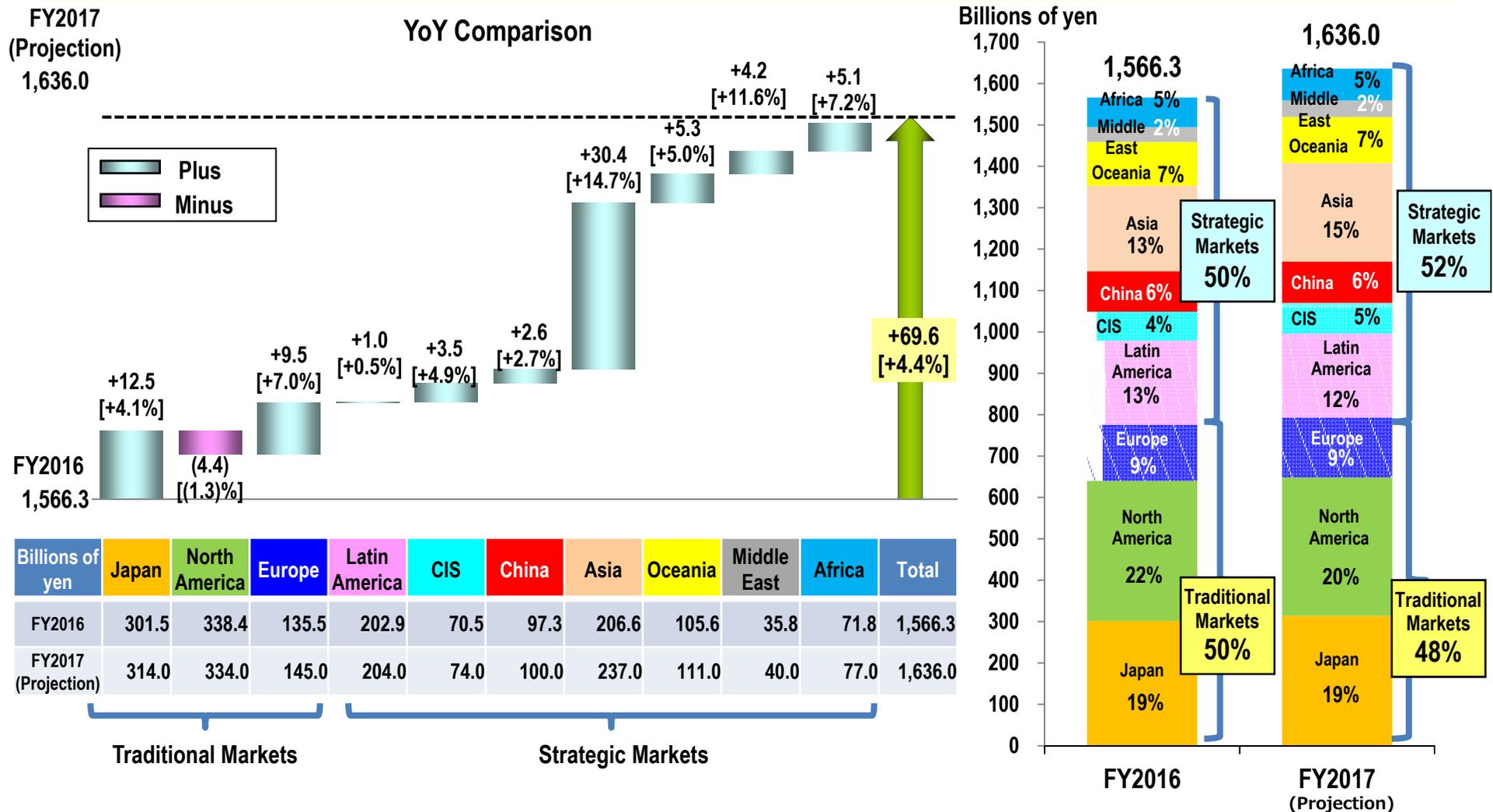
- While revenues will decline from FY2016, as affected by the Japanese yen's appreciation, segment profit should increase because of no more adverse effects of allowance for bad debt in China.

■ Industrial Machinery & Others

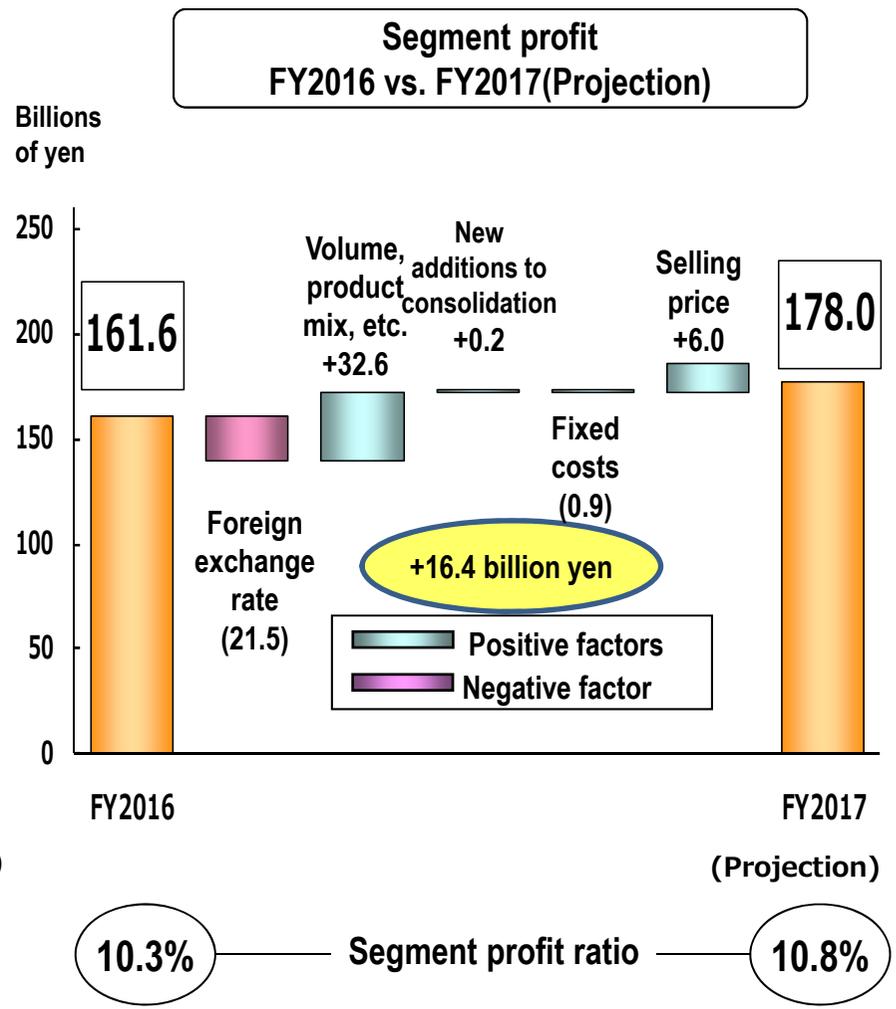
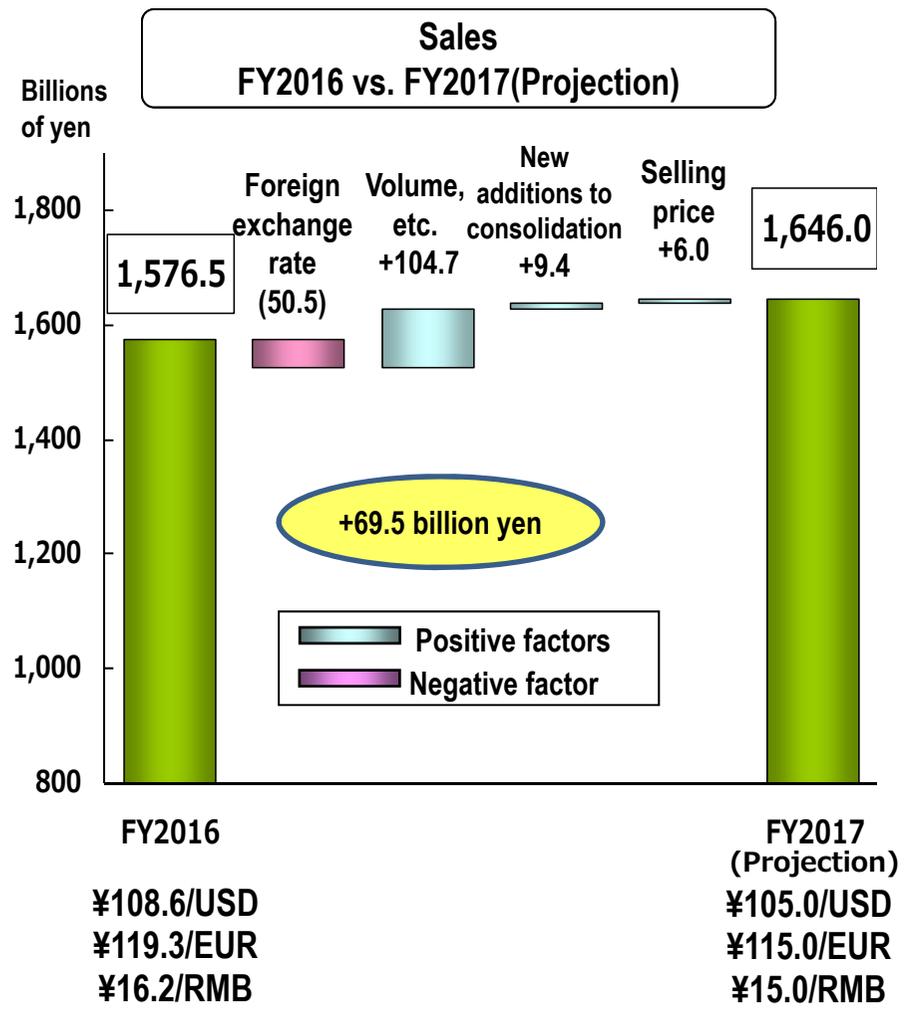
- We project both sales and segment profit will improve from FY2016, supported by increased sales by Komatsu NTC and Komatsu Industries.

Construction, Mining & Utility Equipment: Projection for Sales (To Outside Customers) for FY2017

- Sales to outside customers will increase in all regions except for North America. Accordingly, sales should grow by 4.4% from the previous fiscal year, to JPY1,636.0 billion.
- When the foreign exchange effects are removed, Sales volume should increased in all regions.
- The percentage of sales in Strategic Markets should grow from 50% in FY2016 to 52% in FY2017.

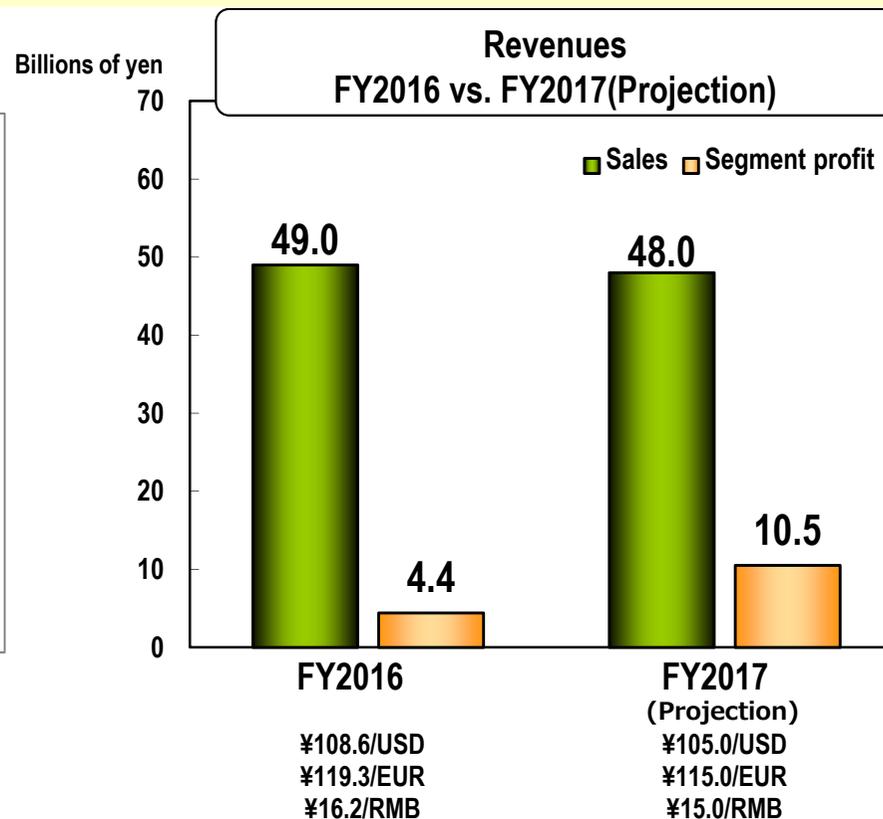
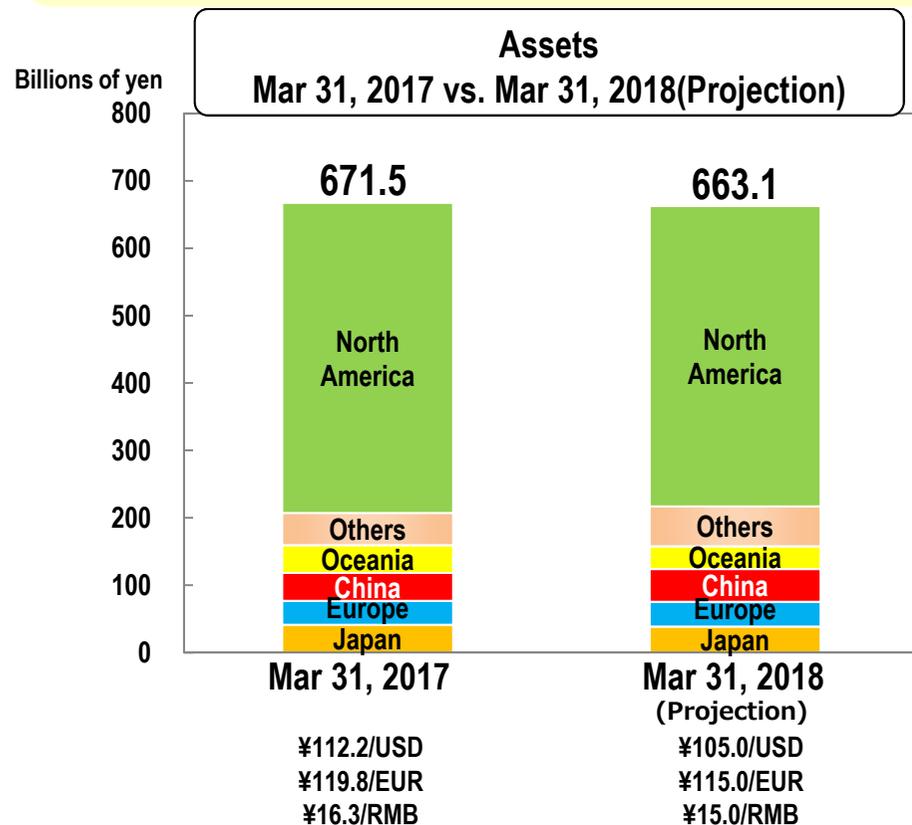


- Sales should increase by JPY69.5 billion, and segment profit will advance by JPY16.4 billion from FY2016.
- Segment profit ratio will translate into 10.8%, up 0.6 percentage points.



Retail Finance Business: Assets, Revenues and Segment Profit for FY2017

- While total assets should increase, supported by an increase in new contracts mainly in North America, we project that they will decline from March 31, 2017, as affected by the Japanese yen's appreciation.
- With respect to revenues, we expect an increase, because there will be no more effects of added allowance for bad debt in China in FY2016.

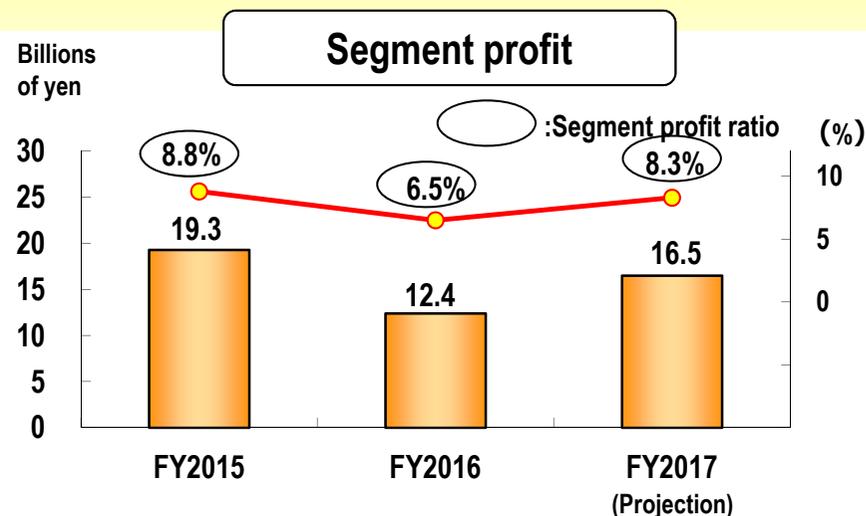
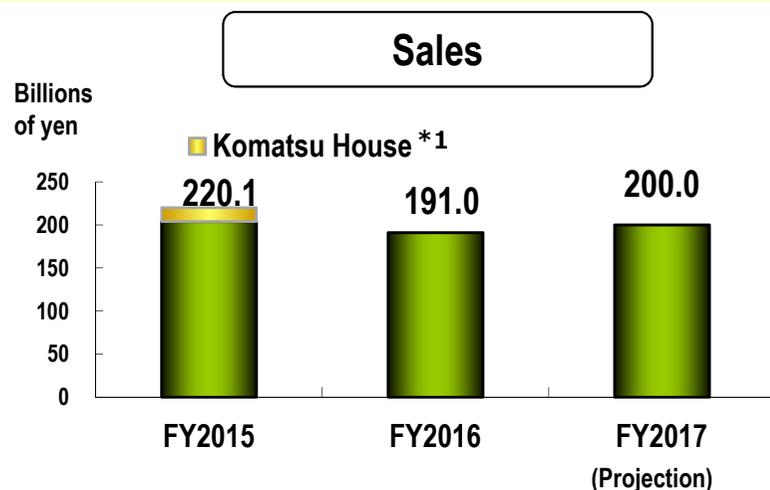


Billions of yen	2017/3E	2018/3E (Projection)	Changes
Interest-bearing debt	506.0	506.8	+0.8
Interest-bearing debt, net	501.2	503.4	+2.2
Net D/E ratio	3.65	3.69	+0.04pts.

	FY2016	FY2017 (Projection)	Changes
ROA	0.7%	1.6%	+1.0%

Industrial Machinery & Others: Sales and Segment for FY2017

• Sales should increase by 4.7% from FY2016, to JPY200.0 billion. Segment profit should also increase by JPY4.0 billion to JPY16.5 billion.



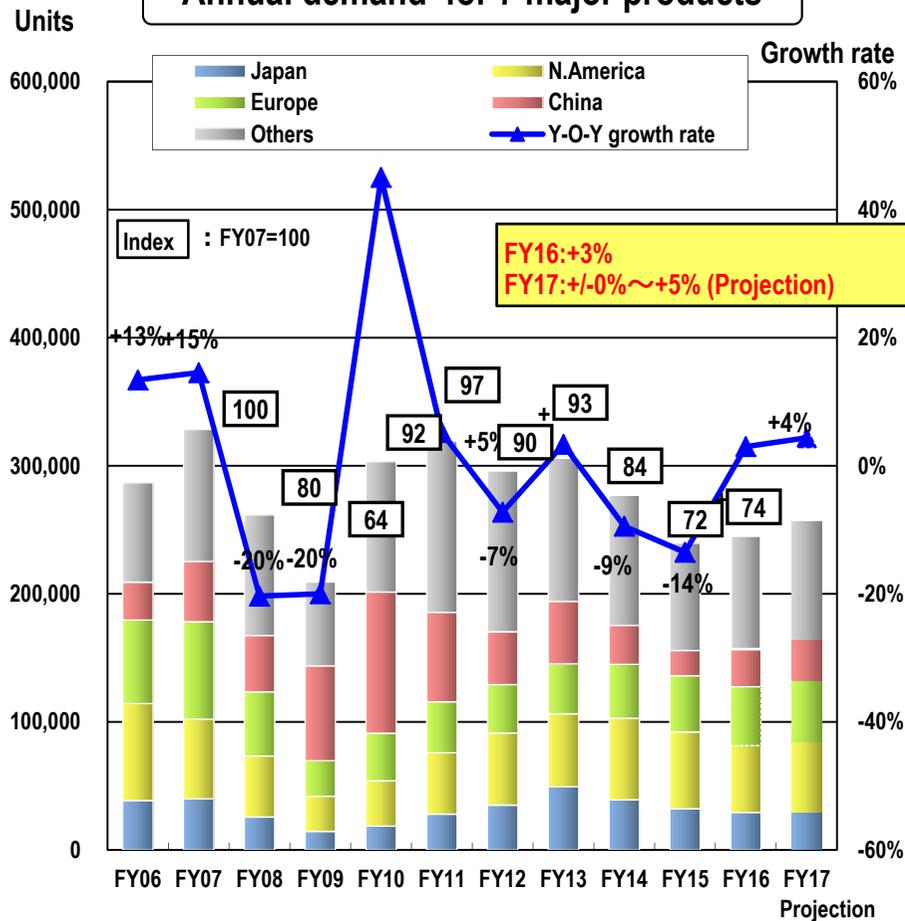
Breakdown of sales Billions of yen	FY2015	FY2016	FY2017 (Projection)	Changes	
				Increase (decrease)	% change
Komatsu Industries Corp., etc. [total of press and sheet-metal machines]	58.0	56.6	59.0	+2.3	+4.1%
Komatsu NTC Ltd. [represented by wire saws]	71.0 [6.9]	55.2 [10.7]	72.1 [10.6]	+16.9 [(0.1)]	+30.7% [(0.9)%]
Gigaphoton	34.0	32.0	36.1	+4.1	+12.8%
Komatsu House *	16.1	-	-	-	-
Others	40.7	47.0	32.8	(14.4)	(30.5)%
Total	220.1	191.0	200.0	+8.9	+4.7%

*: Komatsu sold the shares, equivalent to 85% of total shares outstanding, of Komatsu House to Nissei Build Industries Co., Ltd. on April 28, 2016.

Construction and Mining Equipment: Actual and Projected Demand for 7 Major Products

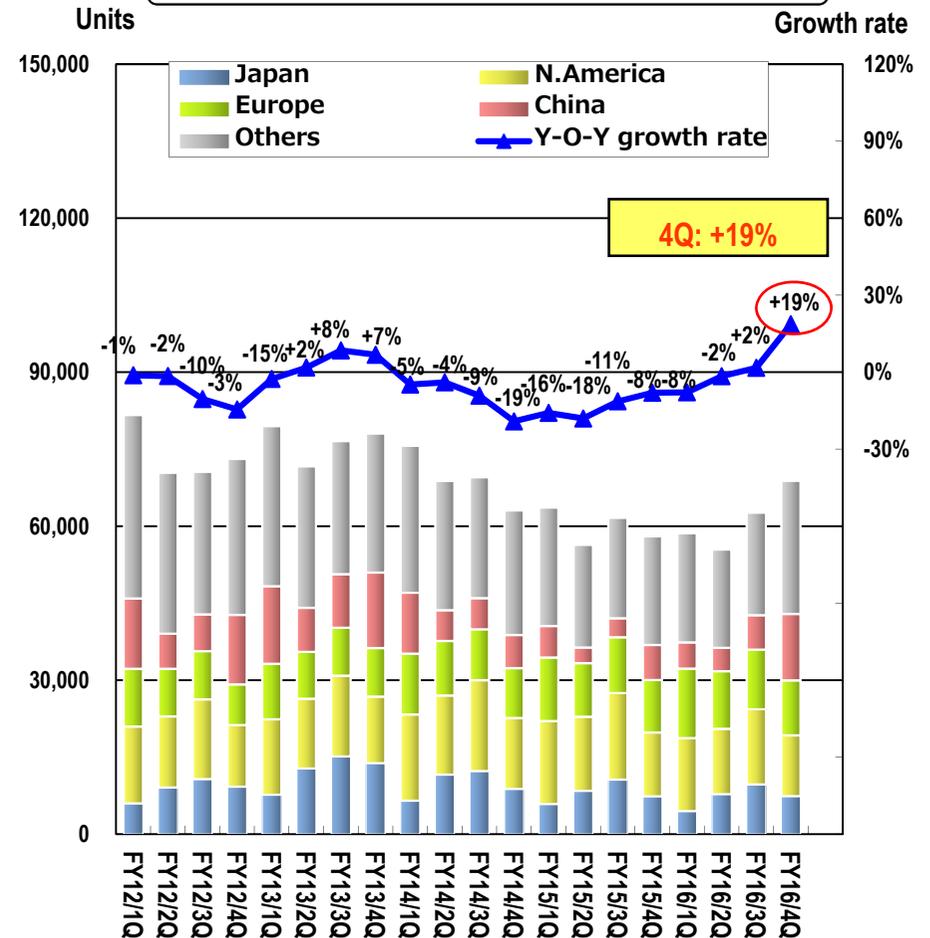
- In FY2016, while demand declined in North America, the Middle East and some other regions, global demand will have increased by 3%, supported by upturning demand mainly in China and Indonesia.
- In FY2017, we expect demand should continue to grow in China and Indonesia, especially in the first half period; however, we assume that global demand will increase by +/-0% to +5% year-on-year.

Annual demand for 7 major products



Note: Estimated by Komatsu

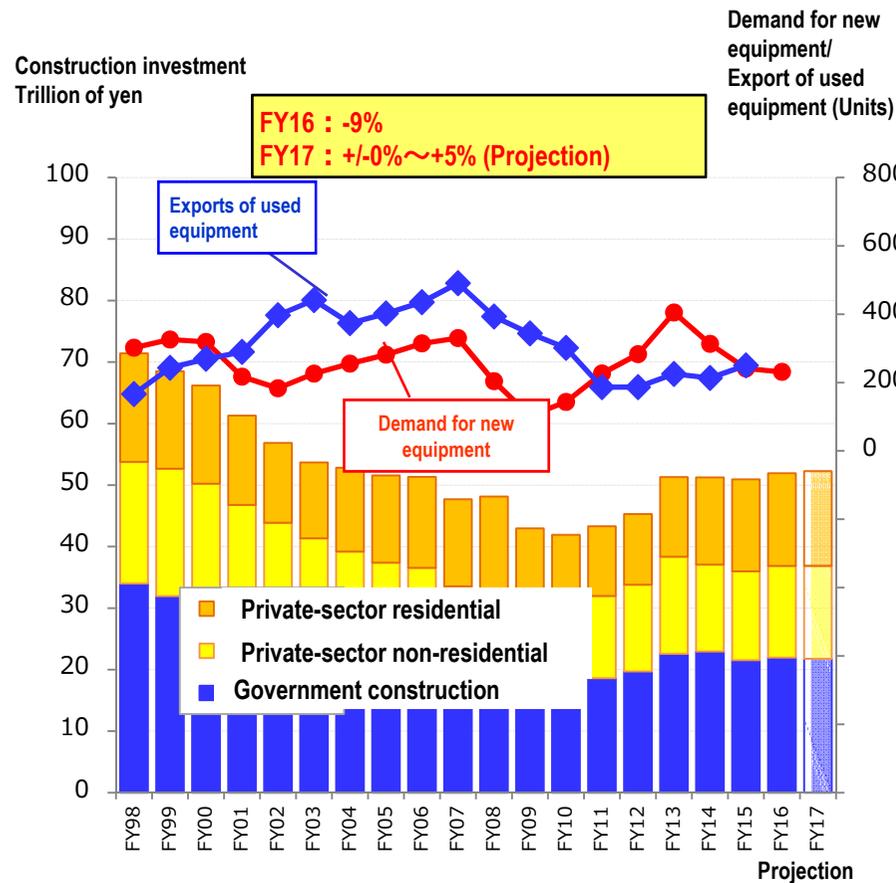
Quarterly demand for 7 major products



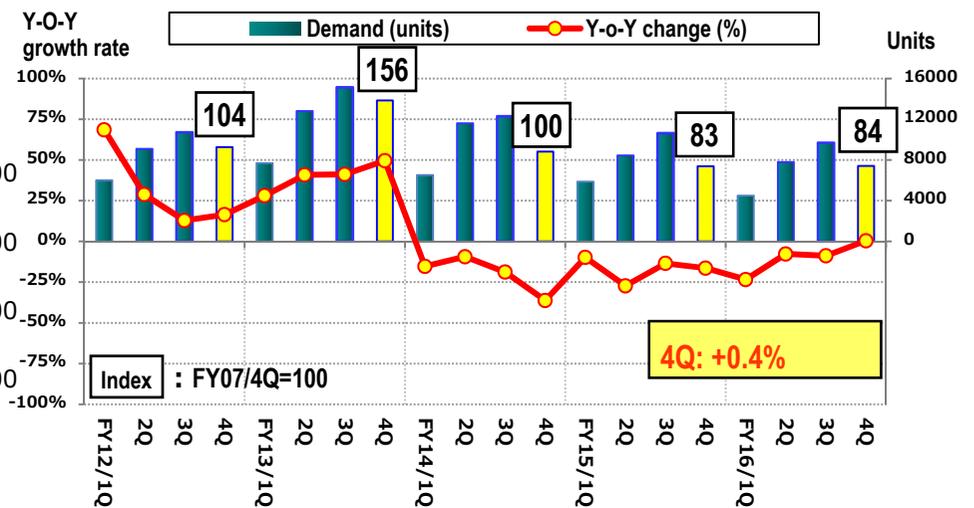
Construction and Mining Equipment: Demand in Major Markets (1) Japan

- In FY2016, demand declined by 9% from FY2015.
- We are continuing to weather the effects of new emission controls –related demand centering on the rental industry, which ran its course of demand.
- We can expect to see the same pre-buy demand in the first half of FY2017, but we project that full-year demand will increase by +/-0% to +5% from FY2016, affected declining demand in reaction to pre-buys in the second half.

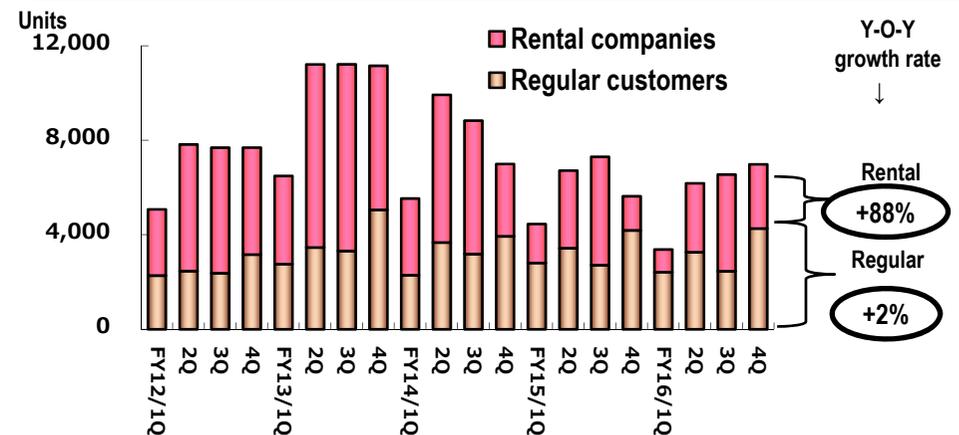
Demand for new equipment (7 major products) and construction investment



Quarterly demand for 7 major products



Quarterly demand for hydraulic excavators (Rental & regular uses)

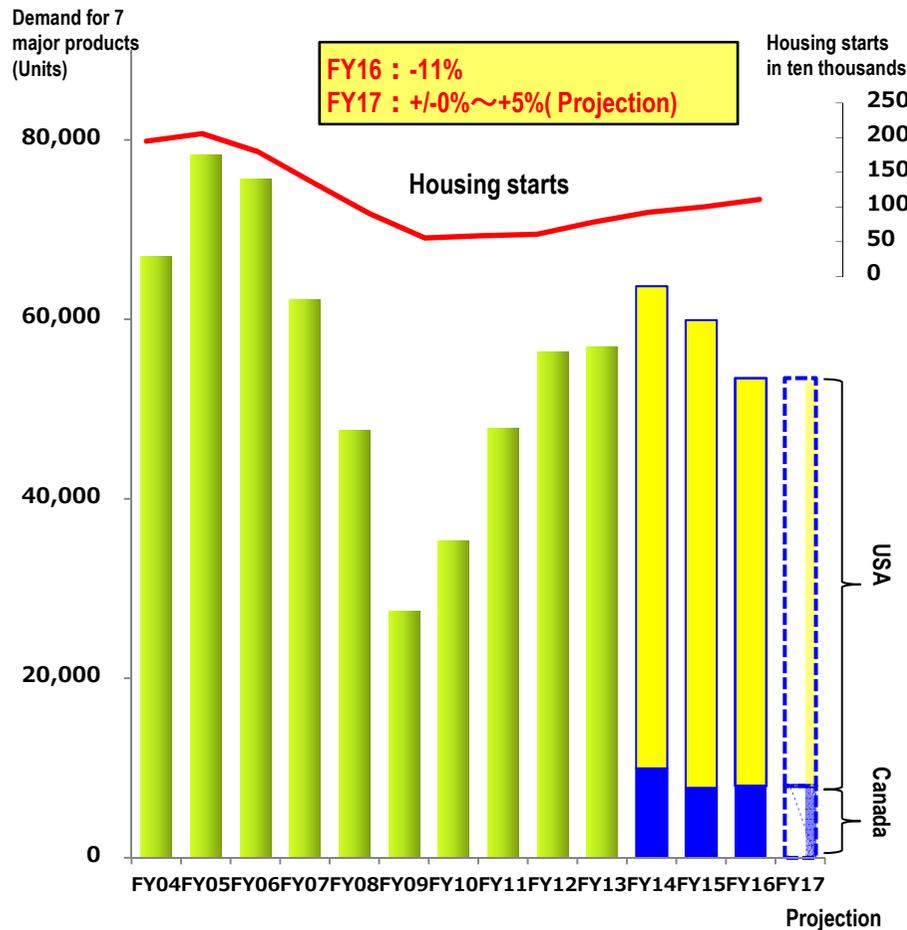


[Sources] Construction investment by the Ministry of Land, Infrastructure, Transport & Tourism, and Research Institute of Construction and Economy
 Demand for 7 major products and No. of exported used equipment estimated by Komatsu

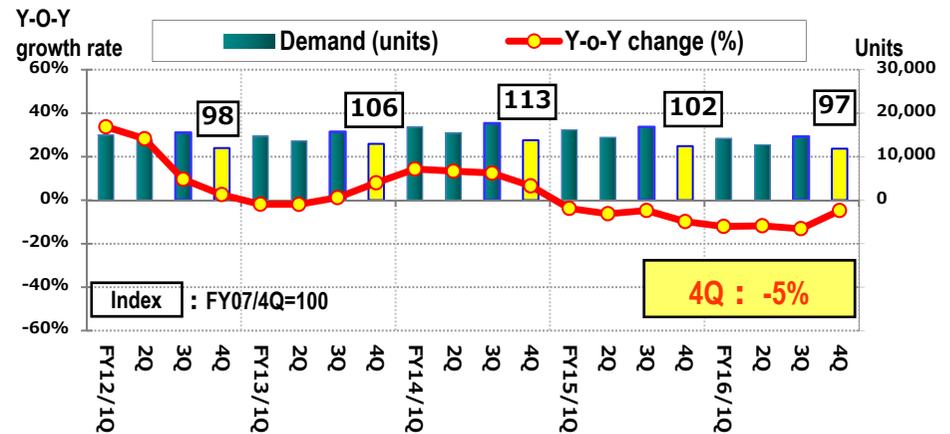
Construction and Mining Equipment: Demand in Major Markets (2) North America

- In FY2016, North American demand declined by 11% from FY2015.
- In the United States, while demand for construction equipment continued to grow steadily among general customers, demand was slack in the rental industry.
- In Canada, while demand remained slack, especially in the energy sector, we saw some signs of recovery.
- In FY2017, we expect an increase in infrastructure development investment in the U.S. from the second half period. Accordingly, we assume that North American demand will increase by +/-0% to +5% from FY2016.

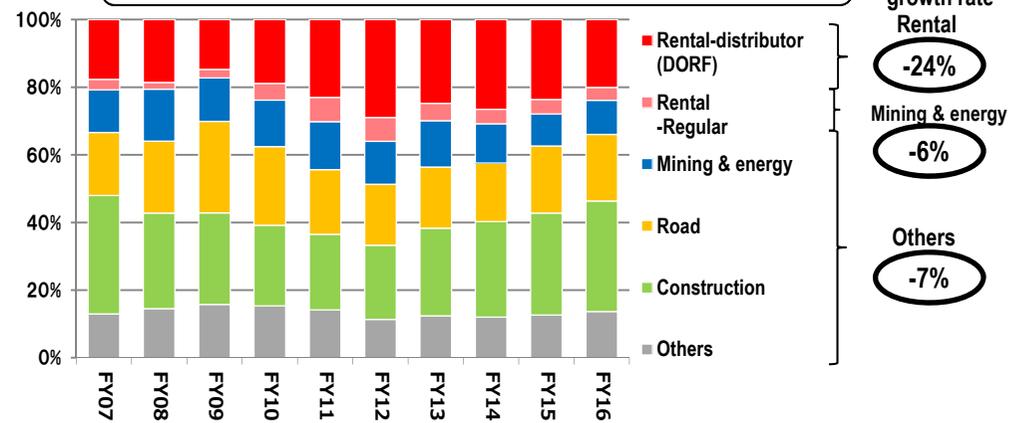
Demand for 7 major products and US housing starts



Quarterly demand for 7 major products



Breakdown of demand by segment (Unit basis)

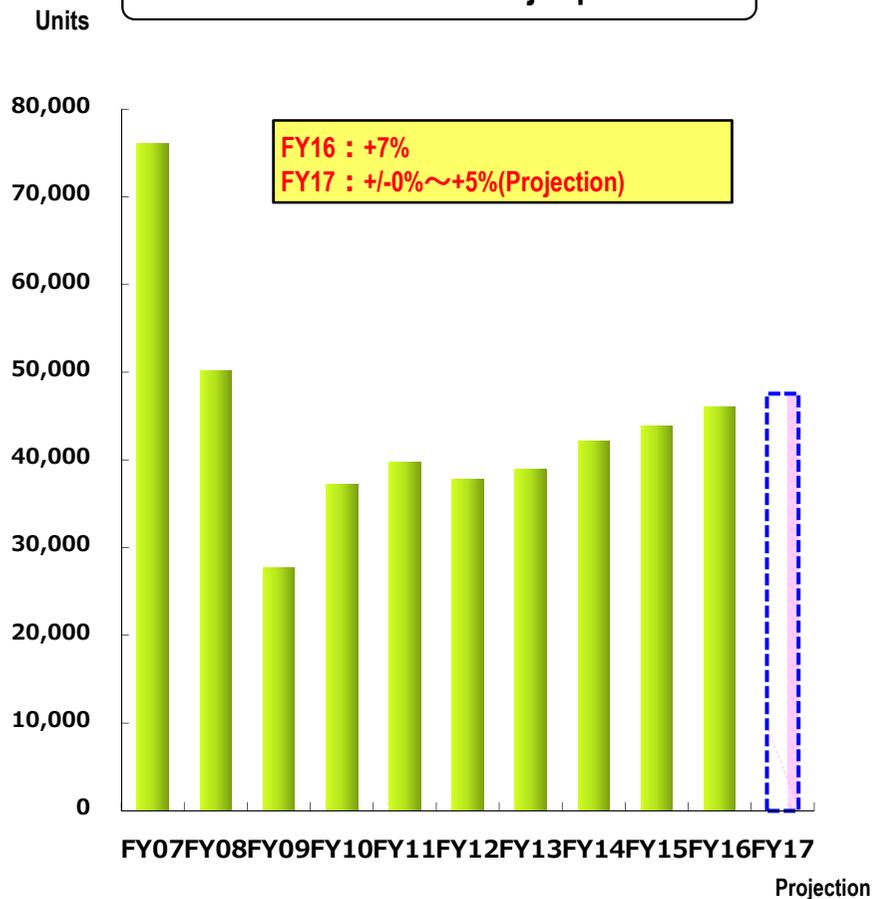


[Source]: Demand for 7 major products estimated by Komatsu

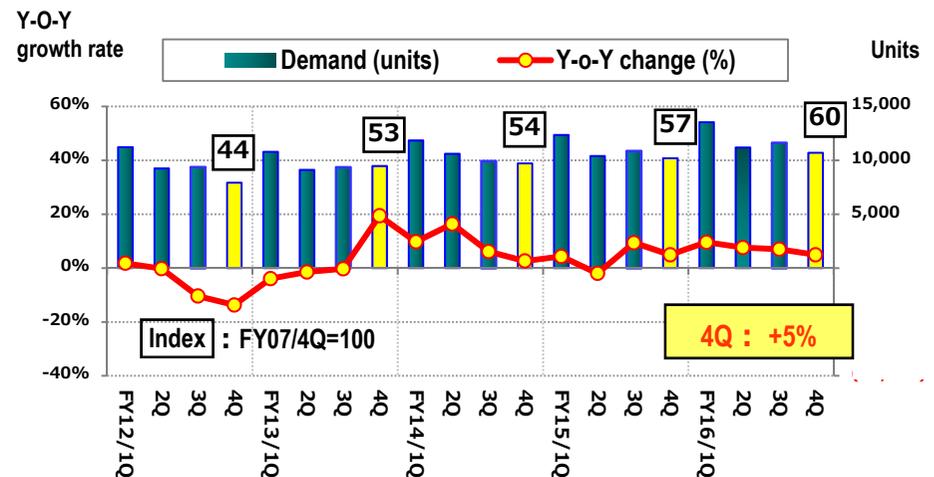
Construction and Mining Equipment: Demand in Major Markets (3) Europe

- In FY2016, we believe that European demand will have increased by +7% from FY2015.
- In addition to a major market of Germany, demand increased steadily in northern and southern Europe.
- In FY2017, demand should remain steady and grow by +/-0% to +5% from FY2016.

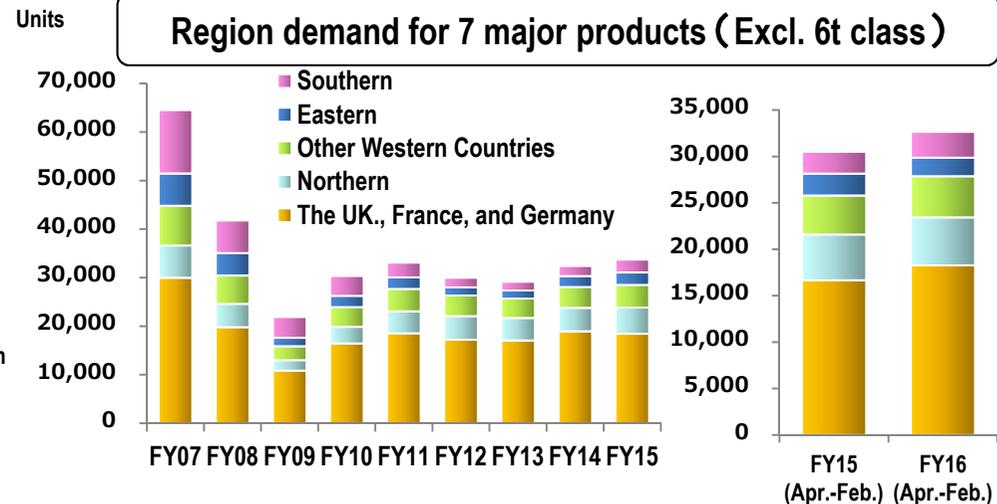
Annual demand for 7 major products



Quarterly demand for 7 major products



Region demand for 7 major products (Excl. 6t class)

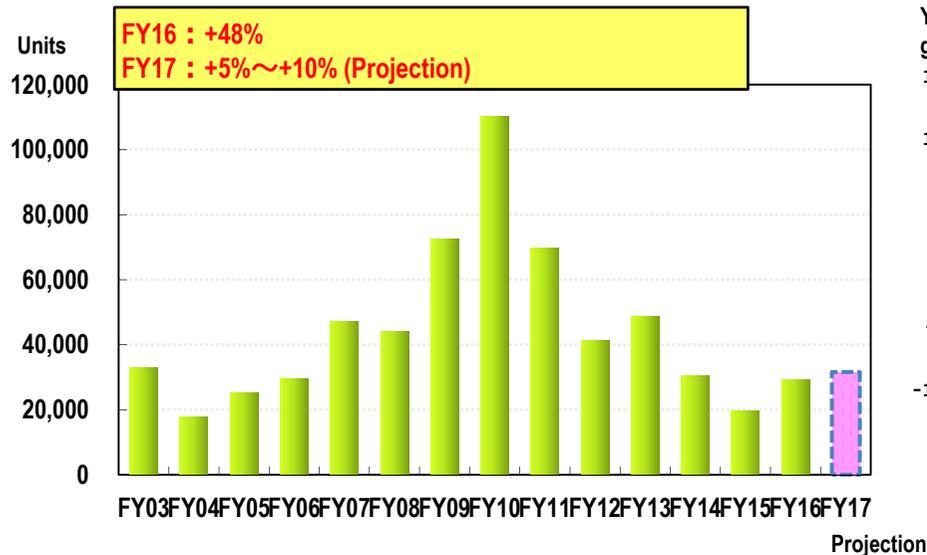


[Source]: Demand for 7 major products estimated by Komatsu

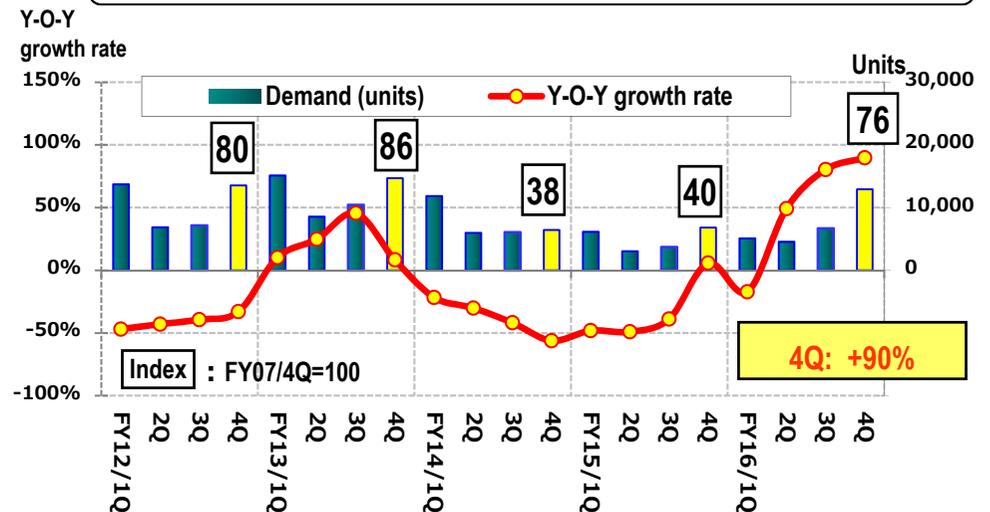
Construction and Mining Equipment: Demand in Major Markets (4) China

- In FY2016, demand advanced by 48% from FY2015.
- Demand for construction equipment was driven by progress of infrastructure development nationwide.
- With respect to full-year demand in FY2017, although we expect that demand should remain sound until around autumn in FY2017, we anticipate the rate of growth will slow down in the second half period, resulting in an increase of +/-5% to +10% in FY2017.

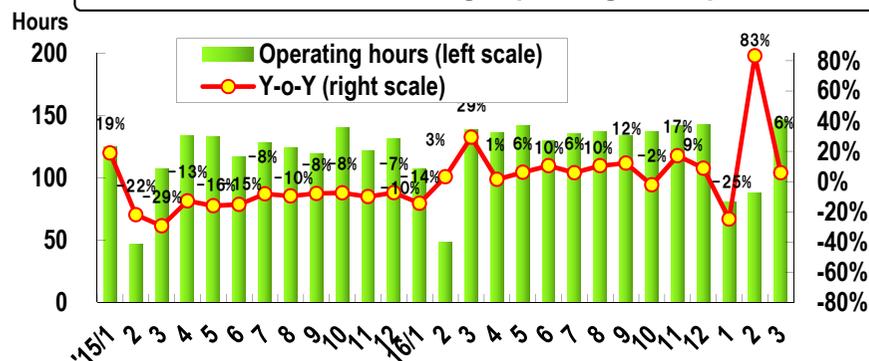
Annual demand for 7 major products (Foreign makers)



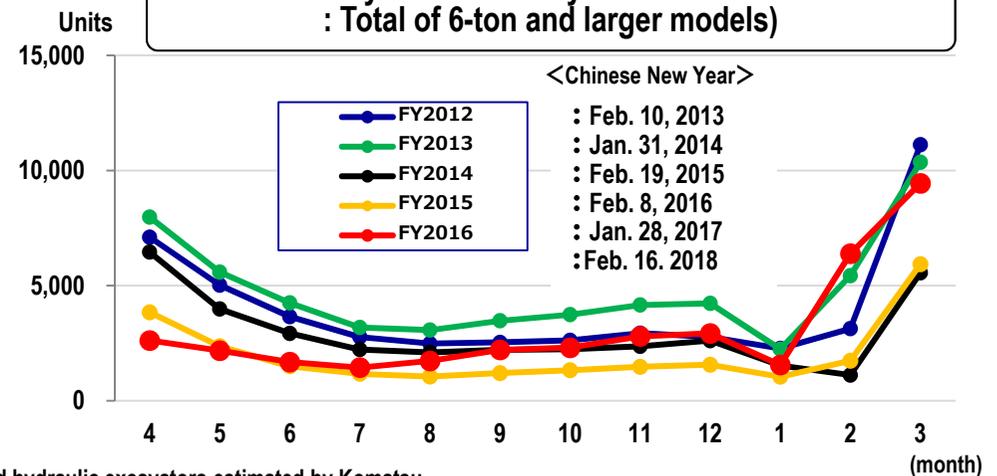
Quarterly demand for 7 major products (Foreign makers)



KOMTRAX in China : Average operating hours per month



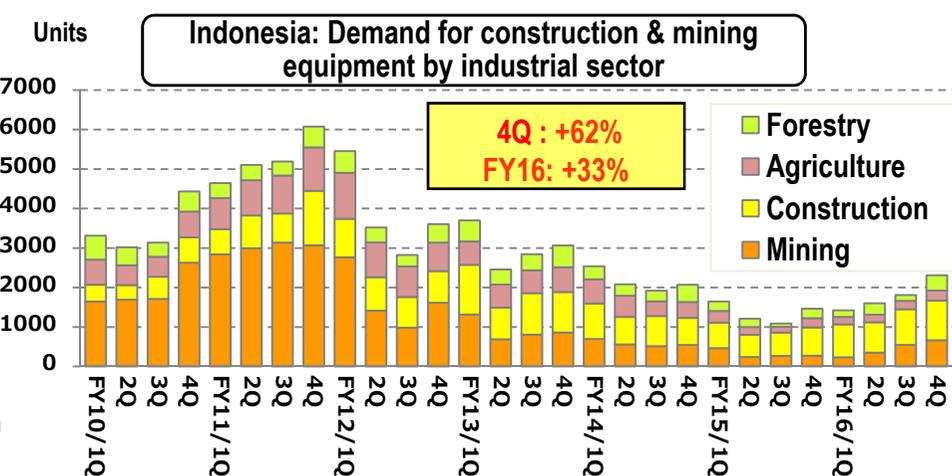
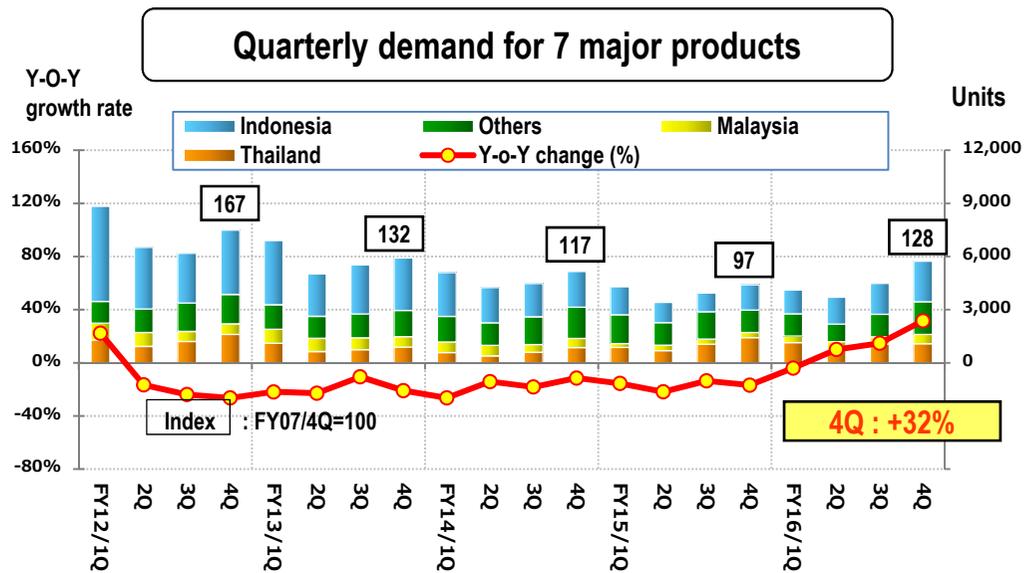
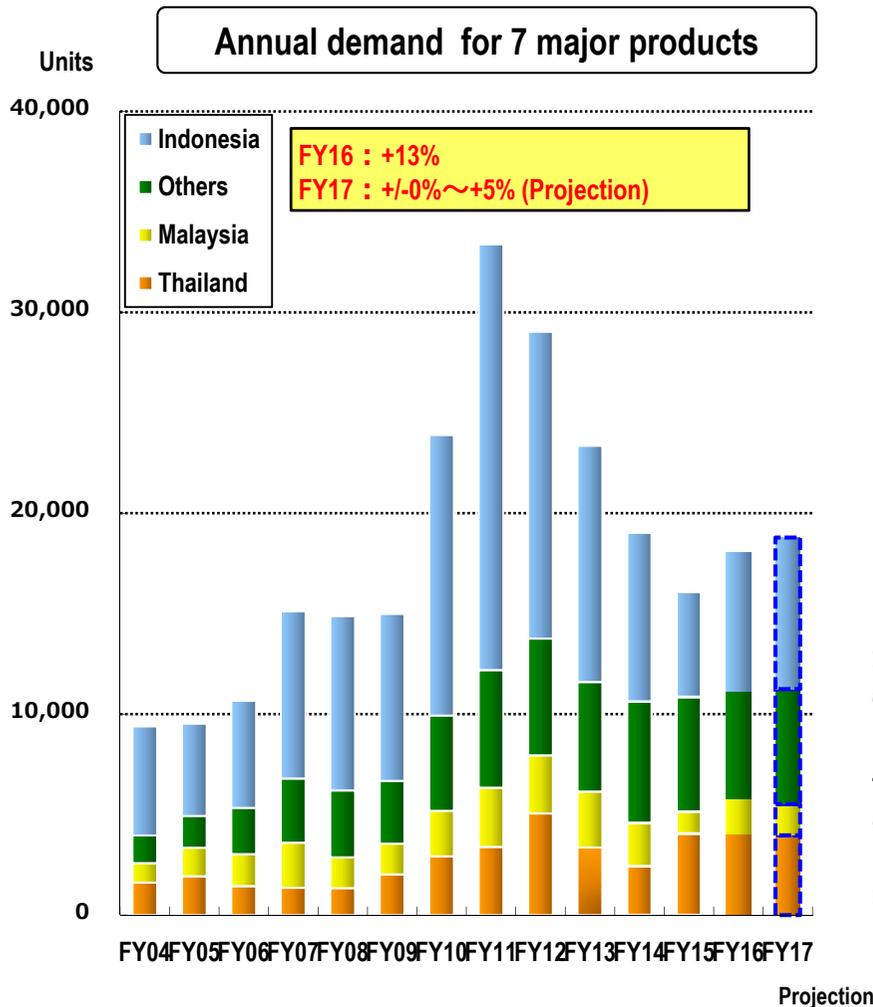
Monthly demand for hydraulic excavators : Total of 6-ton and larger models



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

Construction and Mining Equipment: Demand in Major Markets (5) Southeast Asia

- In FY2016, Southeast Asian demand advanced by 13% from FY2015, supported by strong growth of demand in the second half period. In addition to expanded demand in Indonesia, the largest market of the region, demand advanced similarly in Malaysia.
- In FY2017, demand should continue to grow in Indonesia until the second half period, when it will start slowing down. Accordingly, we project that overall demand will increase by +/-0% to +5% from FY2016.



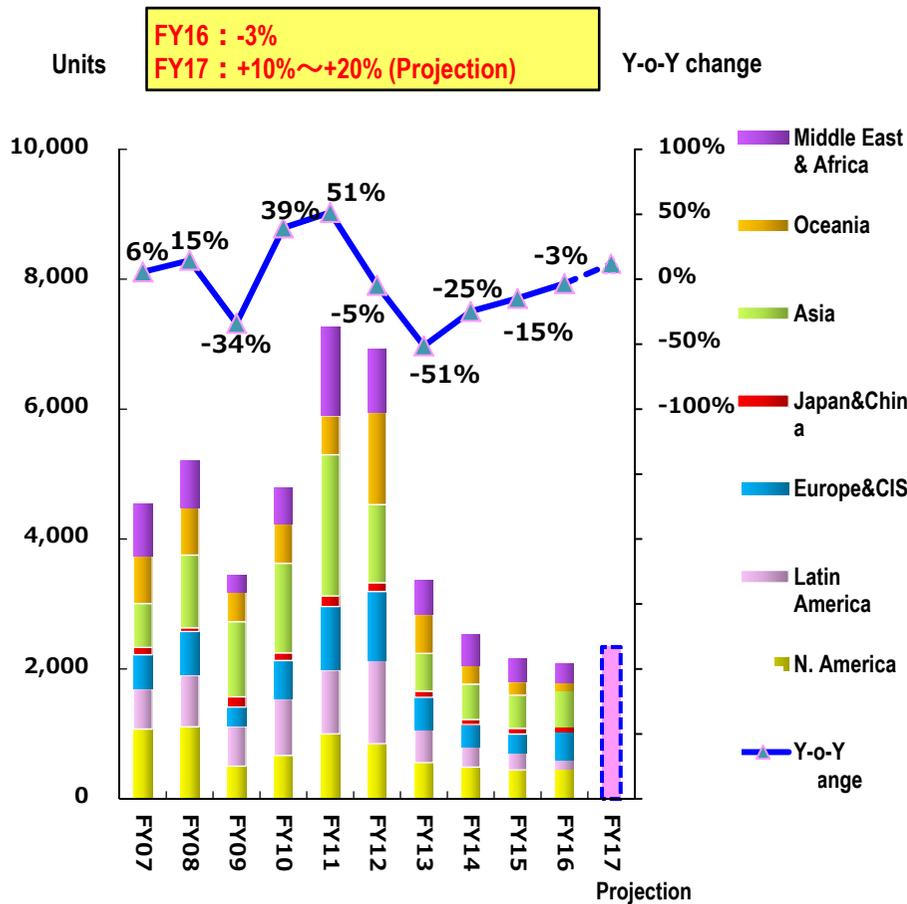
[Source]: Demand for 7 major products estimated by Komatsu

Construction and Mining Equipment: Actual and Projected Demand for Mining Equipment

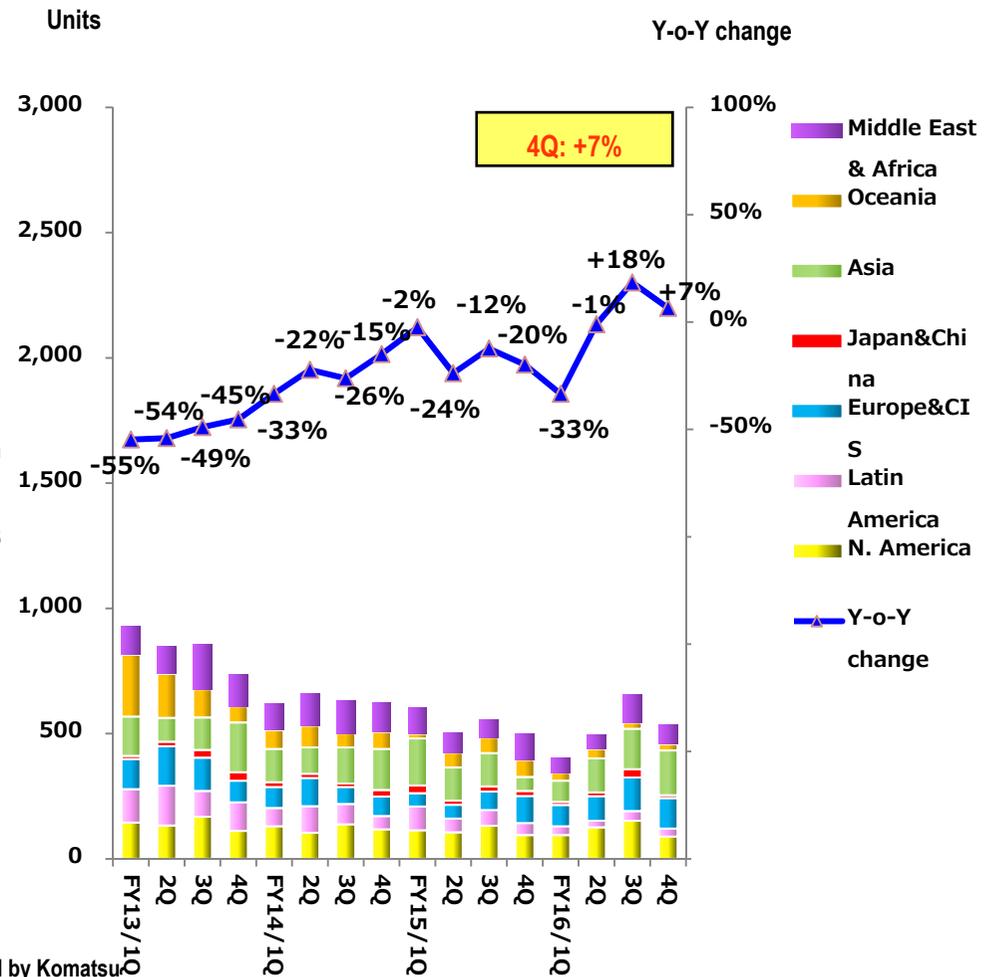
- In FY2016, we estimate that global demand will have decreased by 3% from FY2015.
- In FY2017, we anticipate an increase of demand in Indonesia and some other countries, resulting in annual growth of +10% to +20% in the entire region.

Annual demand for mining equipment

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



Quarterly demand for mining equipment

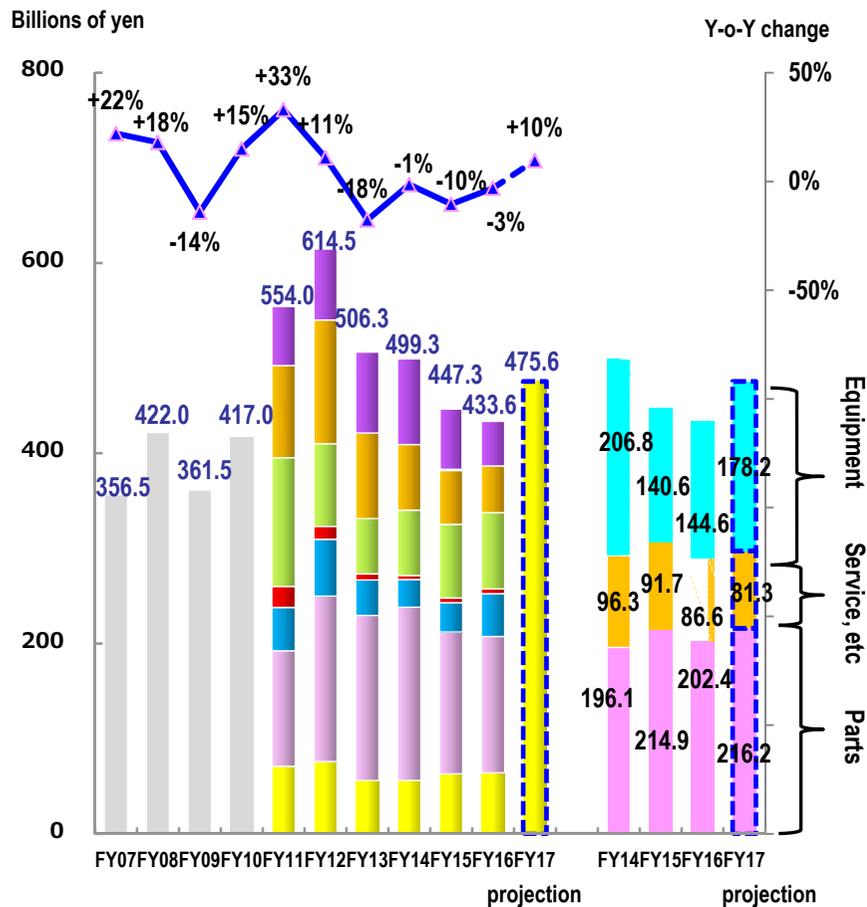


Note: Demand estimated by Komatsu

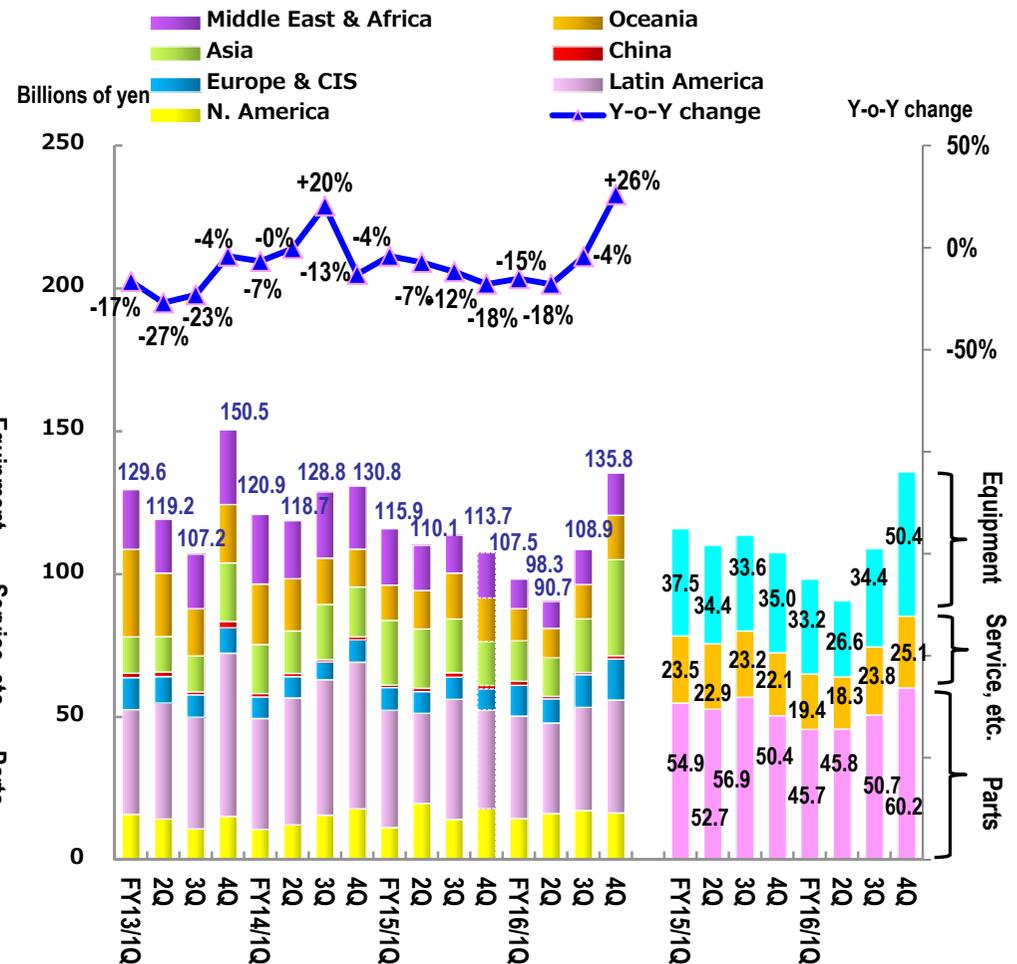
Construction and Mining Equipment: Sales of Mining Equipment

- For FY2016, sales decreased by 3% from FY2015, to JPY433.6 billion, mainly due to the effects of the Japanese yen's appreciation.
- For FY2017, we anticipate sales of JPY475.6 billion, up 10% from FY2016, supported by growing demand, especially in Indonesia, and increasing sales of parts.

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



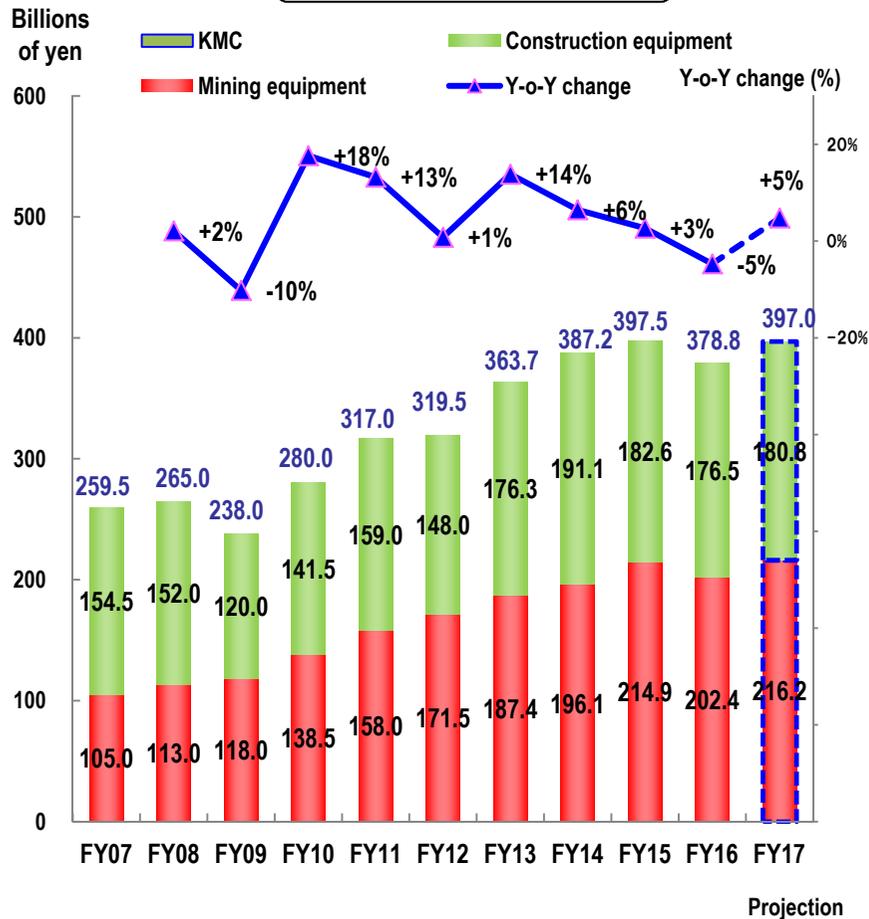
Quarterly sales of mining equipment (incl. parts and service)



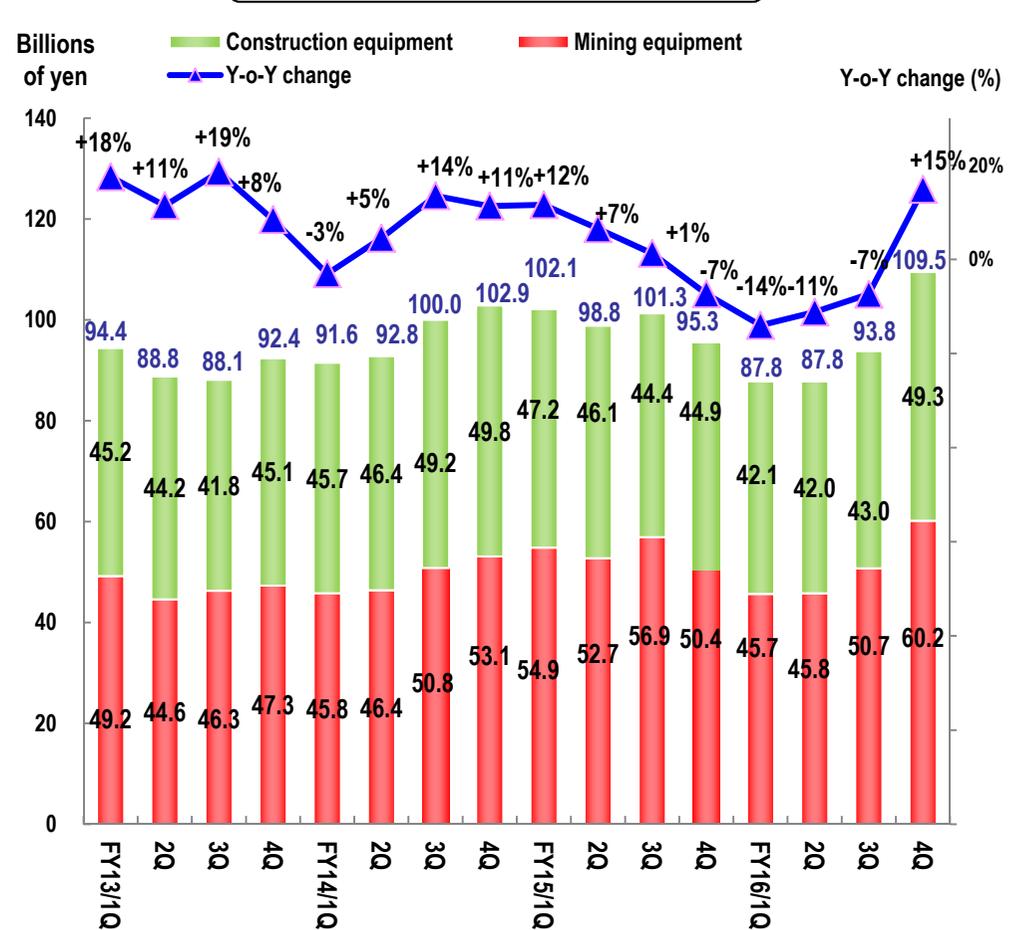
Construction and Mining Equipment: Sales of Parts

- For FY2016, sales of parts decreased by 5% from FY2015
- For FY2017, we anticipate sales will increase by 5% from FY2016, to JPY397.0 billion

Annual sales of parts



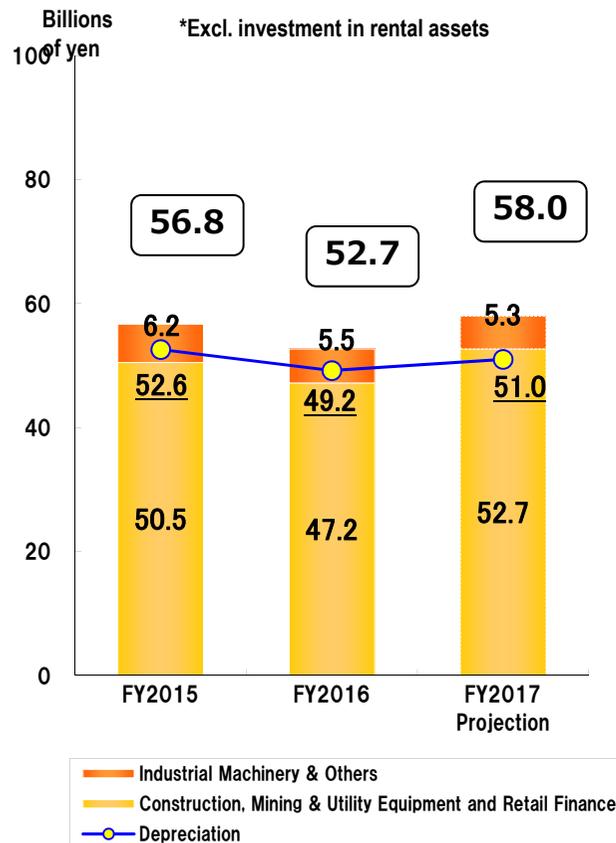
Quarterly sales of parts



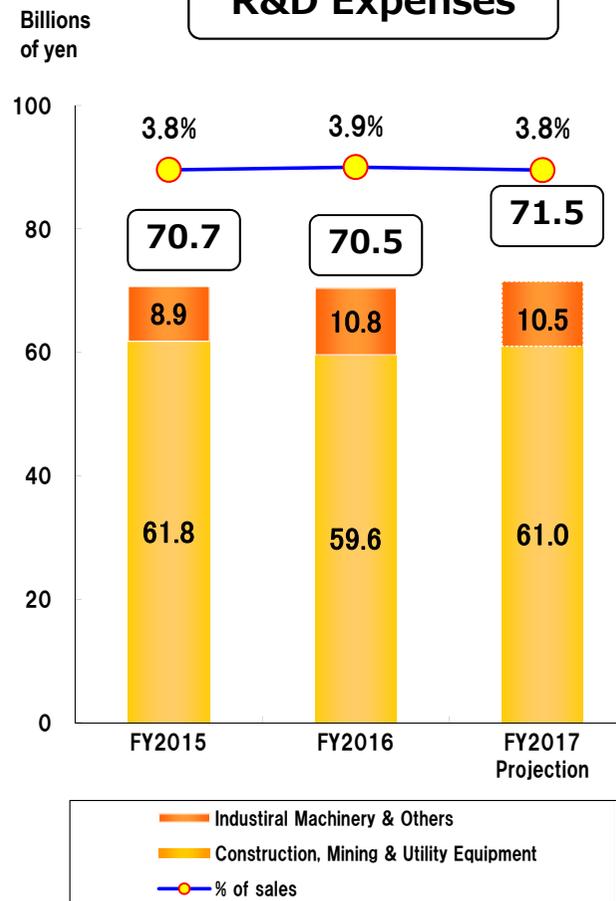
Actual and Projected Capital Expenditures, Depreciation, R&D Expenses and Fixed Costs

- **Capital investment** : We plan to promote production reforms by applying IoT, consolidation of sales bases in Japan, and information systems with an eye to reforming the ways of working.
- **R&D expenses**: We will continue to focus investment in measures to meet new emission controls, development of application and region-specific models, and development of next-generation products based on innovation.
- **Fixed costs**: While securing funds to invest for future growth, we will continue to promote structural reforms. All in all, we will continue to curtail them.

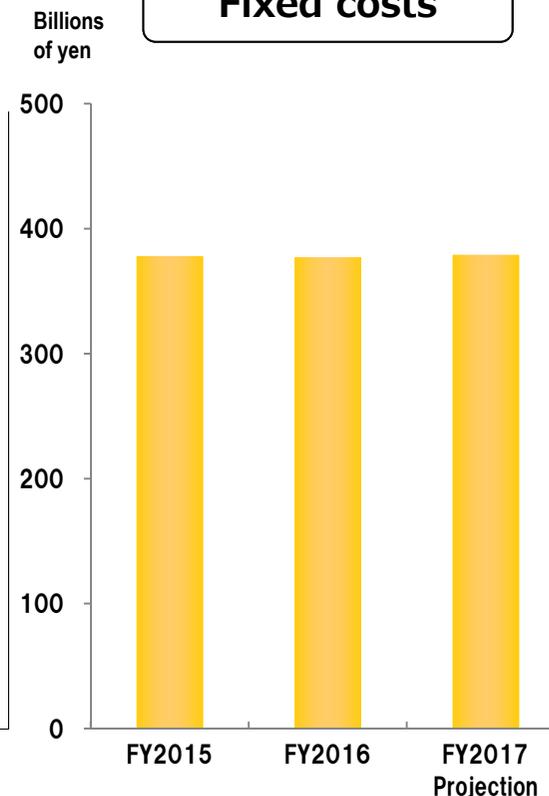
Investment in production and other facilities* and depreciation



R&D Expenses

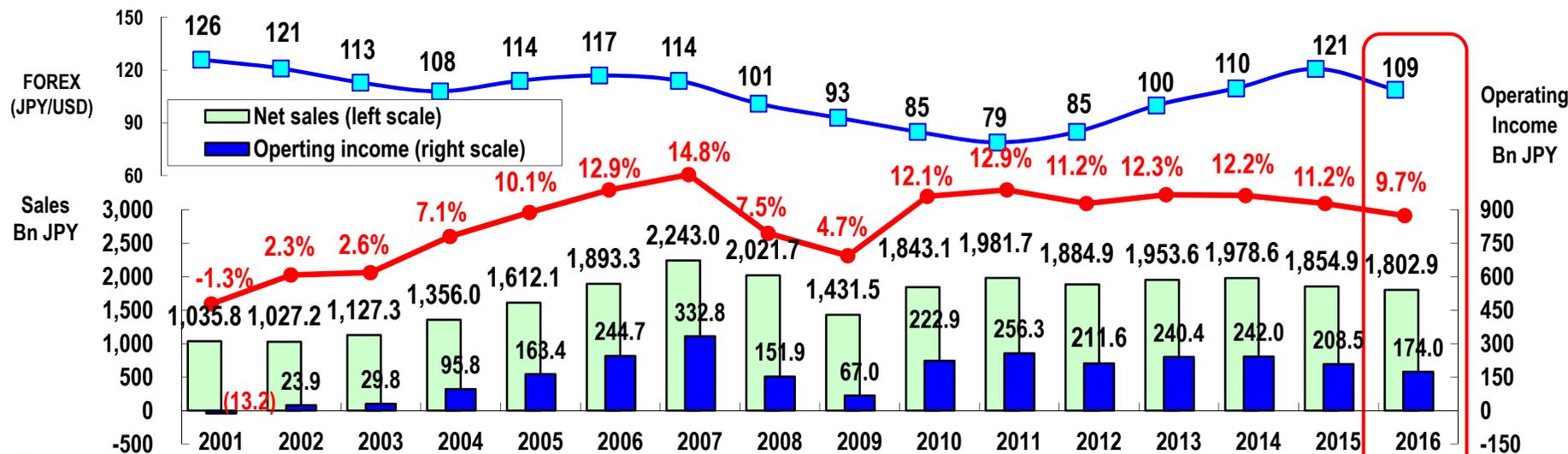


Fixed costs



Business Results and Progress towards Mid-Range Management Targets

For the first year of the current mid-range management plan, we have essentially achieved the mid-range targets except for consolidated ROE and ROA of the retail finance business.



[Targets]

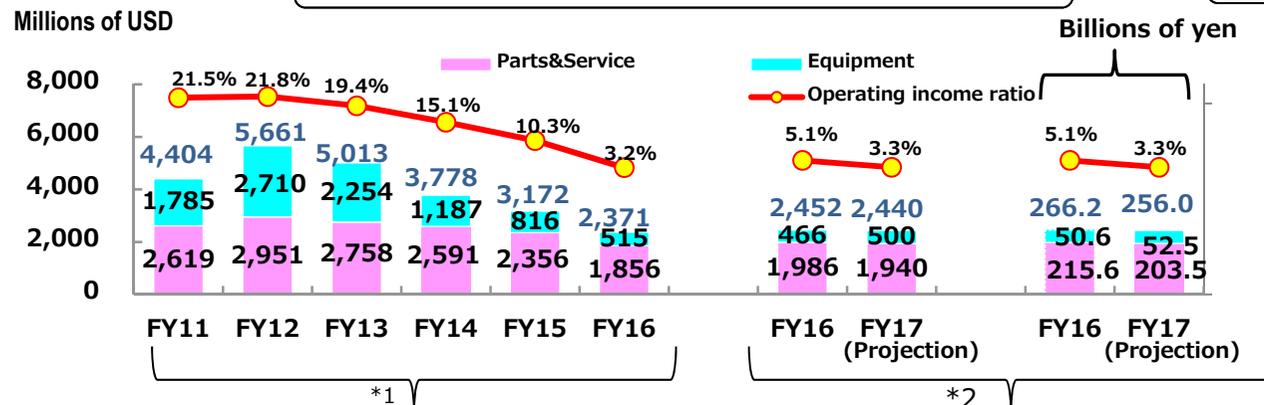
	Target	FY2016 (1 st year of Mid-Range Management Plan)	
		Index	Result
Growth	• Aim at a growth rate above the industry's average.	Growth rate of Sales	(2.8)%
Profitability	• Aim at an Industry's top-level operating income ratio.	Operating Income Ratio	9.7%
Efficiency	• Aim at 10%-level ROE.	ROE	7.3%
Shareholder return	• Keep a fair balance between investment for growth and shareholder return (incl. stock buyback), while placing main priority on investment. • Set the goal of a consolidated payout ratio of 40% or higher, and maintain the policy of not decreasing dividends as long as the ratio does not surpass 60%.	consolidated payout ratio	48.2%
Financial position	• Aim at industry's top-level financial position.	net D/E ratio	0.18
Retail finance business	• ROA: 2.0% or above	ROA	0.7%
	• 5.0 or under for net debt-to-equity ratio	net D/E ratio	3.65

Projection for KMC's Business Result & Sales

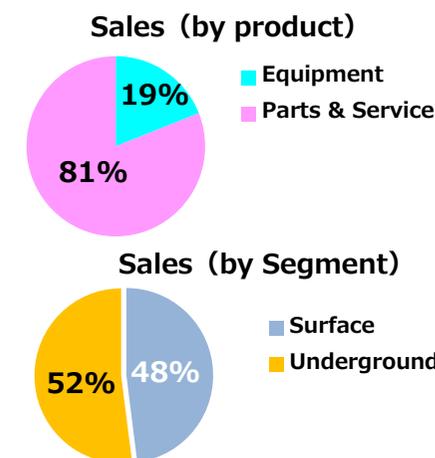
- In FY2017, net sales will decline by 3.8% from FY2016, to JPY256.0 billion.
- Operating income will be JPY9.0 billion excluding temporary expenses.
- When the temporary expenses are included, operating loss should be JPY39.0 billion.

Billions of yen	FY2016 Results (Reference) ¥108.6/USD	FY2017 Projection ¥105.0/USD	Changes	
			Increase (decrease)	% Change
Net sales	266.2	256.0	(10.2)	(3.8)%
Equipment	50.6	52.5	+1.9	+3.8%
Parts & Service	215.6	203.5	(12.1)	(5.6)%
Operating income (loss) <excluding Temporary Expenses>	5.1% 13.4	3.3% 9.0	(4.4)	(32.8)%
Temporary Expenses	-	(48.0)	(48.0)	-
PPA step up depreciation (provisional amount)	-	(39.0)	(39.0)	-
Start up cost etc.	-	(9.0)	(9.0)	-
Operating income (loss) <excluding Temporary Expenses>	1.2% 3.3	(15.2)% (39.0)	(42.3)	-

Annual Sales & Operating Income Ratio



FY2016 Result (after rearrangement)



*1: November to October (former Joy Global Inc.'s fiscal year)

*2: April to March (The figures are rearranged for Komatsu's fiscal year)

Temporary Expenses Related to the Merger of KMC (Joy Global Inc.)

- In relation to the acquisition of Komatsu Mining Corp., we will need to conduct a fair value measurement of current assets and fixed assets pursuant to the applicable accounting standards. (Purchase Price Allocation: PPA)
- As specific effects will be determined after completion of accounting audit around in March 2018, all figures shown on this page are provisional.
- In addition, we anticipate about JPY9.0 billion for start-up cost.
- We are developing mid-range plans concerning synergy creation and the merger. Accordingly, we might incur separate expenses for them.

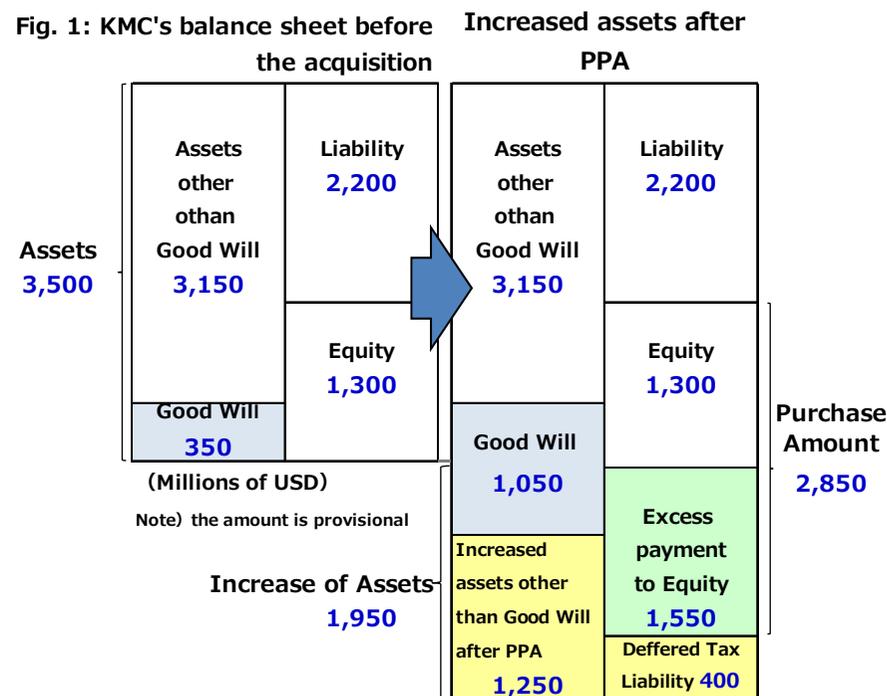


Table 1: Temporary expenses related to the merger

	FY2017(Projection)		Description
	Millions of USD	Billions of JPY	
Increased depreciation after PPA (provisional)	370	39	Inventories after fair value measurement included in cost of sales, depreciation and amortization of intangible fixed assets, etc.
Start-up cost etc.	87	9	System integration expenses, structural reform expenses planned by KMC before combination, etc.
Total	457	48	

Table 2: Projection fo increased depreciation and amortization (provisional) after PPA by fiscal year

Millions of USD	Depreciation and amortization period	FY2017							Total
		17	18	19	20	21	22	23~31	
1. Inventories	5 months	240							240
2. Tangible fixed assets	6 years	15	15	15	15	15	15		90
3. Intangible fixed assets	14 months - 15years	115	60	53	53	53	53	53/year x 9	860
Total		370	75	68	68	68	68	53/year x 9	1,190*

Note: As of April 27, 2017, we have not completed all processes of PPA. Accordingly, all figures shown here are estimated by Komatsu.

* The difference from USD1,250 million for increased assets above is mainly attributable to increased land value (non-depreciable).

Focused efforts	Progress	Specific efforts
1. Growth strategies based on innovation	Achievements	<ul style="list-style-type: none"> • Broaden the range of intelligent Machine Control models. • Applied SMARTCONSTRUCTION. (over 2,800 jobsites, cumulative in Japan) • Reinforced the SMARTCONSTRUCTION business (IoT Center est, etc.) • Introduced the concept of Innovative Autonomous Haulage Vehicle*¹ at MINExpo INTERNATIONAL® 2016 (together with the concept car)
	Tasks ahead	<ul style="list-style-type: none"> • To further strengthen and expand the SMARTCONSTRUCTION business. • EUV light source*² and new products to be developed by Gigaphoton.
2. Growth strategies of existing businesses	Achievements	<ul style="list-style-type: none"> • Developed and introduced models compliant with the latest emission controls. • Increased sales of parts by means of M&A. • Opened Asia Development Center and Asia Training & Demonstration Center. • Broadened the model range of forest machinery.
	Tasks ahead	<ul style="list-style-type: none"> • To facilitate integration with KMC (former Joy Global Inc.) • To continue strengthening involvement in the aggregate and cement sector. • To further strengthen and expand the value chain, including rental, used equipment and retail finance businesses.
3. Reforms designed to reinforce the business foundation	Achievements	<ul style="list-style-type: none"> • Made steady efforts for cost improvement. • Reformed the global spare parts operation.
	Tasks ahead	<ul style="list-style-type: none"> • To further promote cost improvement efforts. • To promote human resource development and diversity on a global scale.

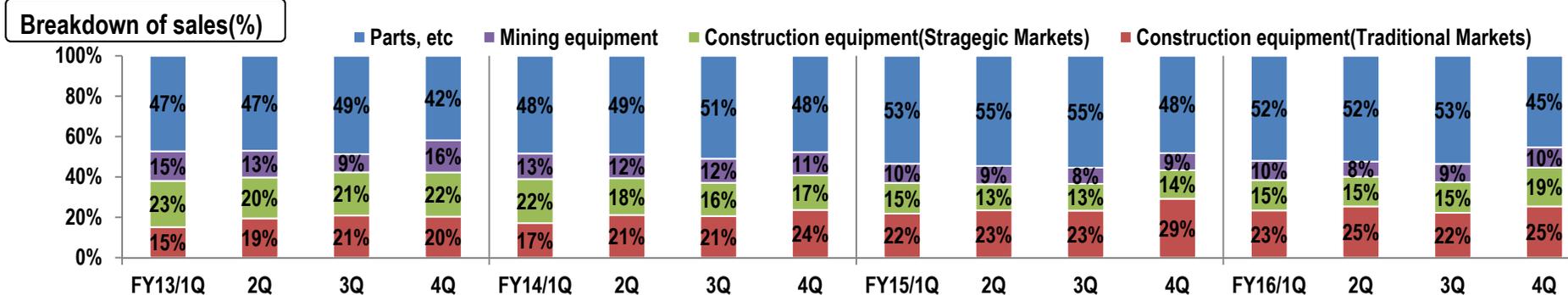
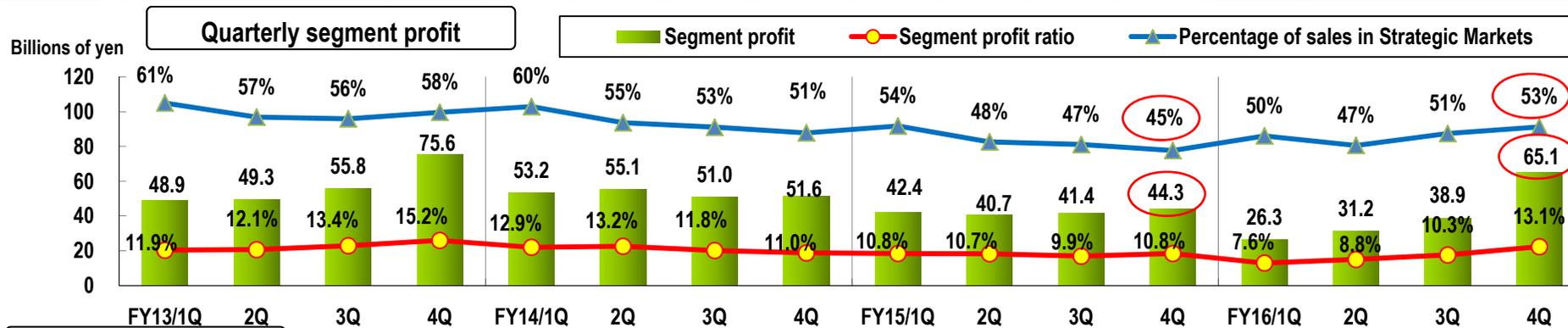
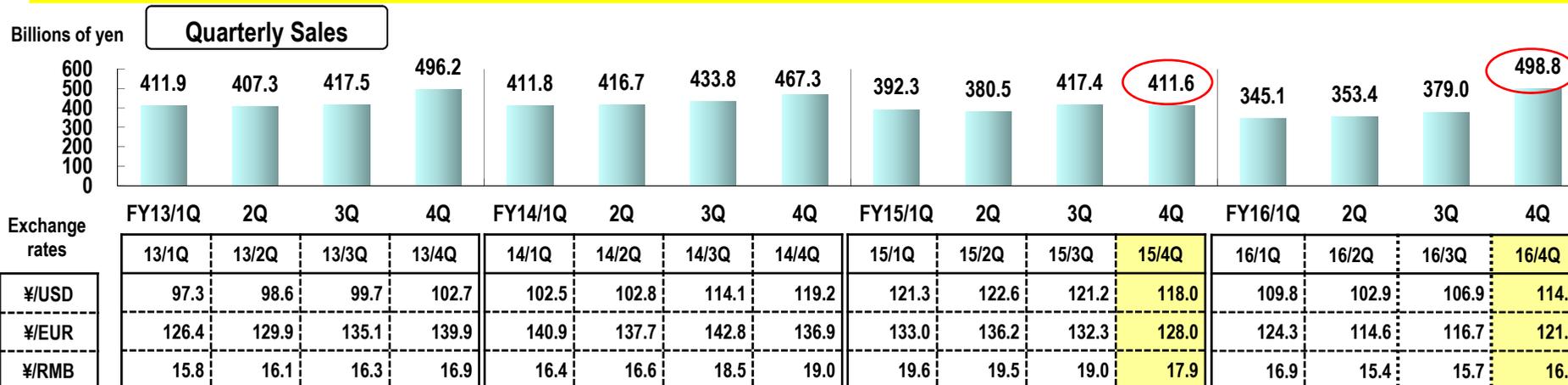
* 1 : Innovative Autonomous Haulage Vehicle is a super-large dump truck without the operator cab under full swing development for future market introduction.

* 2 : EUV stands for Extreme Ultraviolet, and EUV light source is one of the next-generation semiconductor manufacturing technologies.

Appendix

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

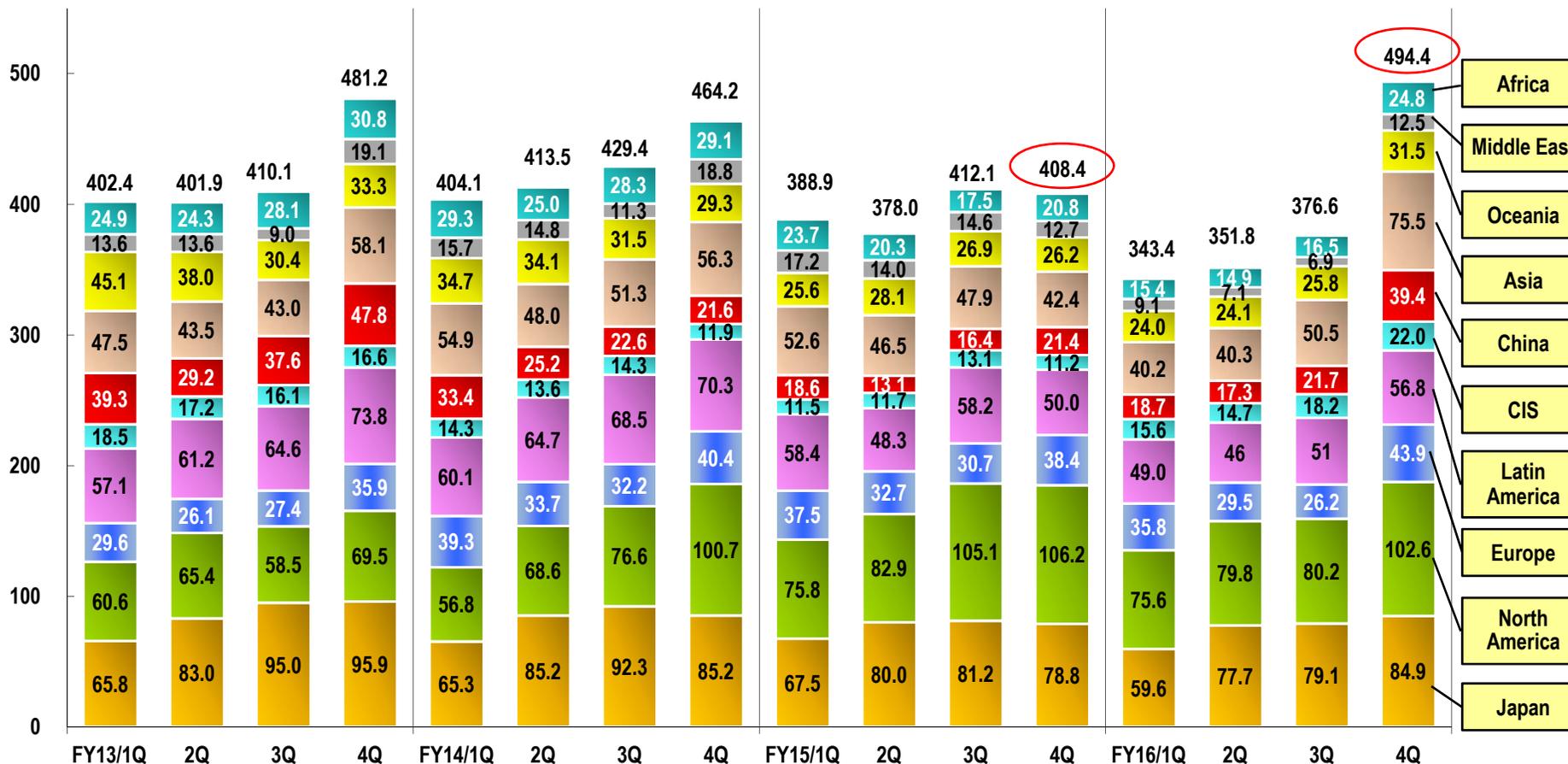
Starting in FY2016, we separate the retail finance business as an independent operating segment, whereas it was included in the construction, mining and utility equipment business up through FY2015. Accordingly, the quarterly figures below were reclassified and restated in agreement with the figure for the first quarter of FY2016.



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

Starting in FY2016, we separate the retail finance business as an independent operating segment, whereas it was included in the construction, mining and utility equipment business up through FY2015. Accordingly, the quarterly figures below were reclassified and restated in agreement with the figure for the first quarter of FY2016.

Billions of yen



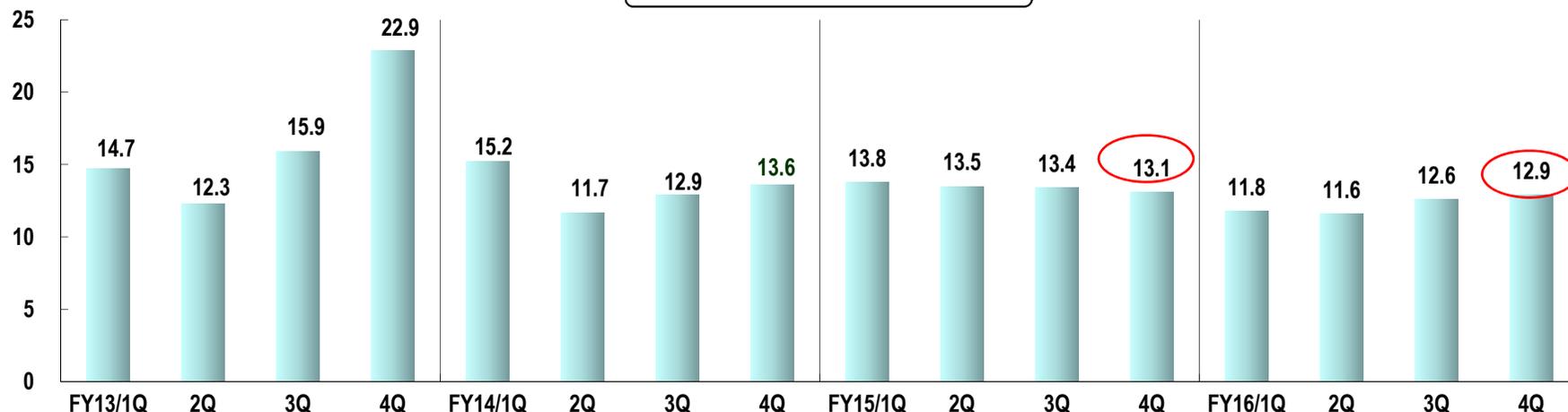
Exchange rates

	13/1Q	13/2Q	13/3Q	13/4Q	14/1Q	14/2Q	14/3Q	14/4Q	15/1Q	15/2Q	15/3Q	15/4Q	16/1Q	16/2Q	16/3Q	16/4Q
¥/USD	97.3	98.6	99.7	102.7	102.5	102.8	114.1	119.2	121.3	122.6	121.2	118.0	109.8	102.9	106.9	114.7
¥/EUR	126.4	129.9	135.1	139.9	140.9	137.7	142.8	136.9	133.0	136.2	132.3	128.0	124.3	114.6	116.7	121.4
¥/RMB	15.8	16.1	16.3	16.9	16.4	16.6	18.5	19.0	19.6	19.5	19.0	17.9	16.9	15.4	15.7	16.7

Retail Finance: Quarterly Sales and Segment Profit

Billions of yen

Quarterly sales

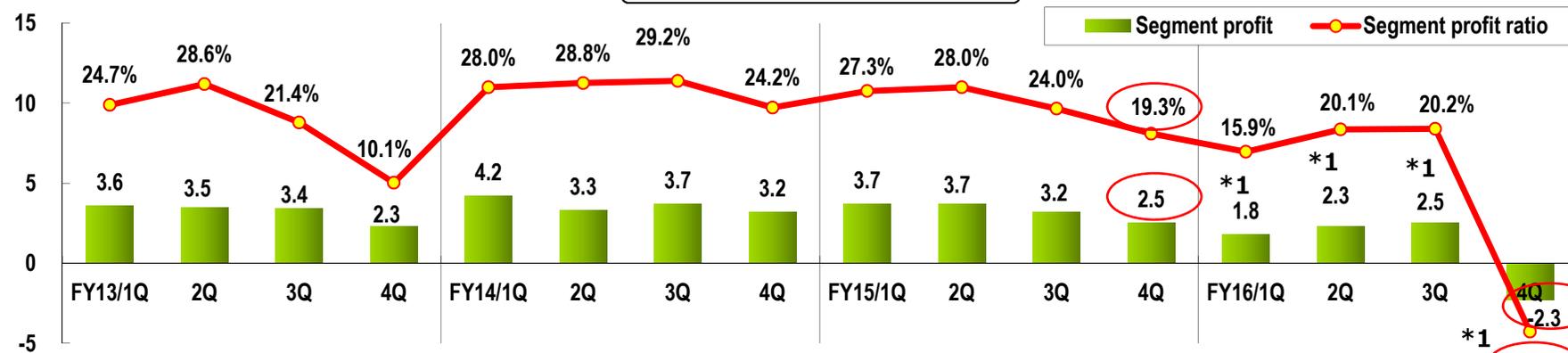


Exchange rates

	13/1Q	13/2Q	13/3Q	13/4Q	14/1Q	14/2Q	14/3Q	14/4Q	15/1Q	15/2Q	15/3Q	15/4Q	16/1Q	16/2Q	16/3Q	16/4Q
¥/USD	97.3	98.6	99.7	102.7	102.5	102.8	114.1	119.2	121.3	122.6	121.2	118.0	109.8	102.9	106.9	114.7
¥/EUR	126.4	129.9	135.1	139.9	140.9	137.7	142.8	136.9	133.0	136.2	132.3	128.0	124.3	114.6	116.7	121.4
¥/RMB	15.8	16.1	16.3	16.9	16.4	16.6	18.5	19.0	19.6	19.5	19.0	17.9	16.9	15.4	15.7	16.7

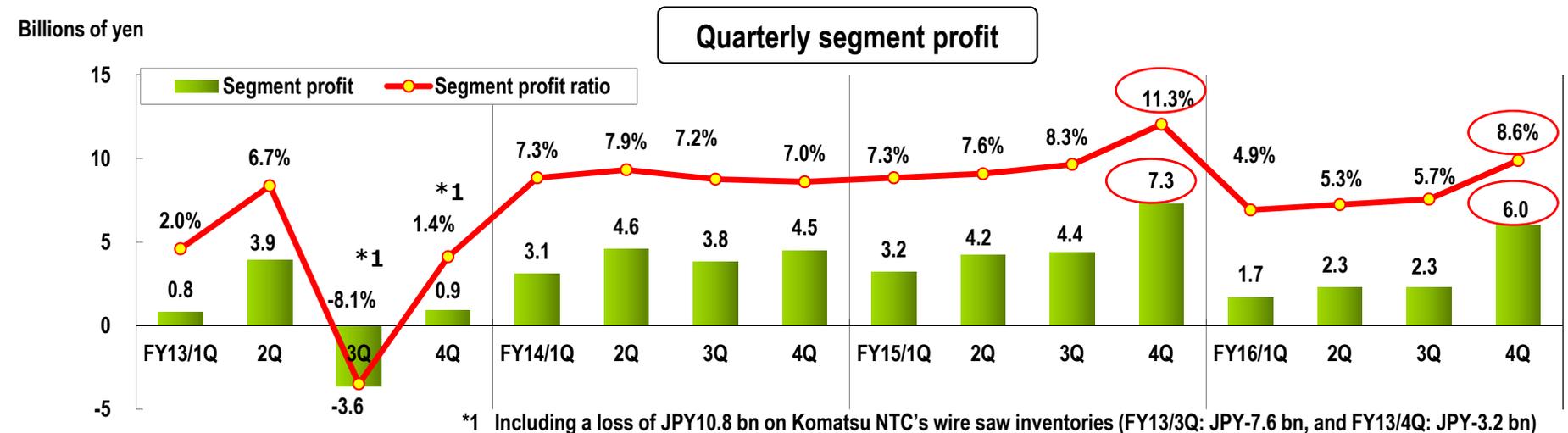
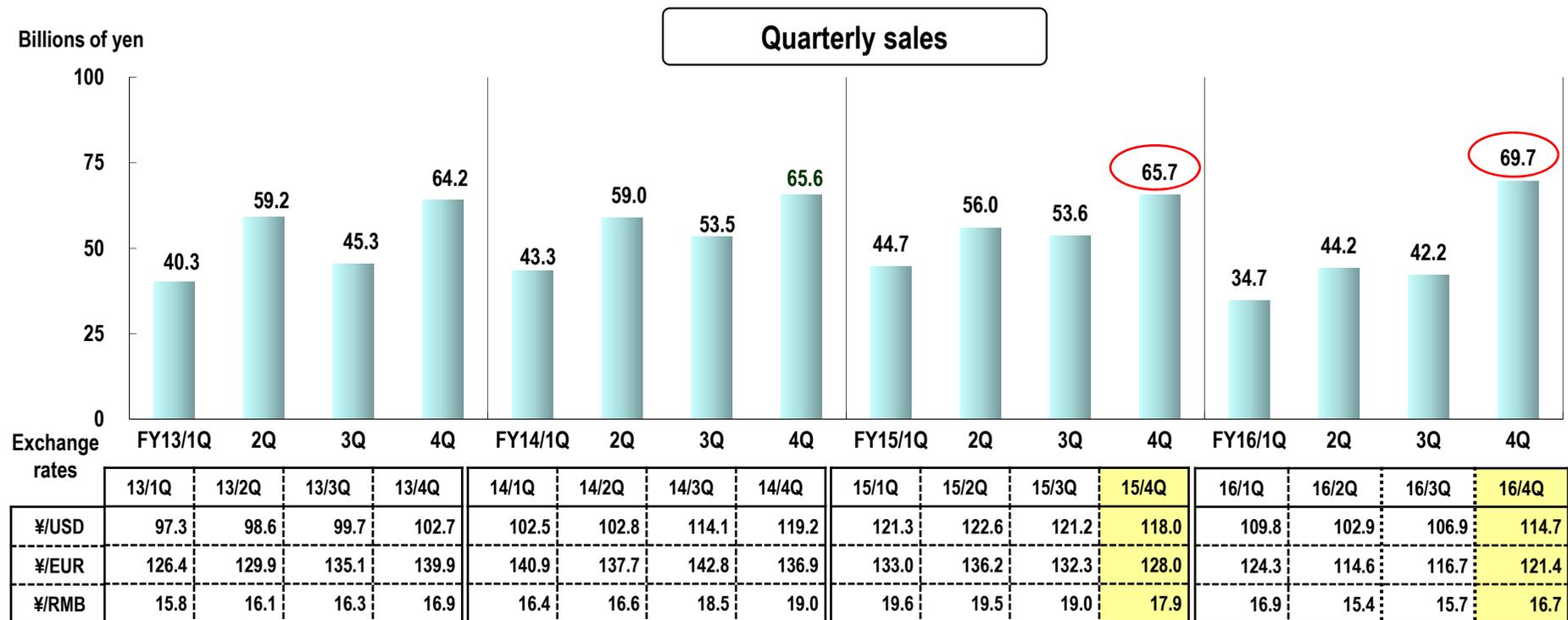
Billions of yen

Quarterly segment profit



*1 Including a loss of JPY6.6 bn on allowance recorded for bad debt in China (FY16/1Q: JPY-1.0 bn, 2Q: JPY -0.5bn, 3Q: JPY-0.2:bn,4Q:JPY-4.9bn)

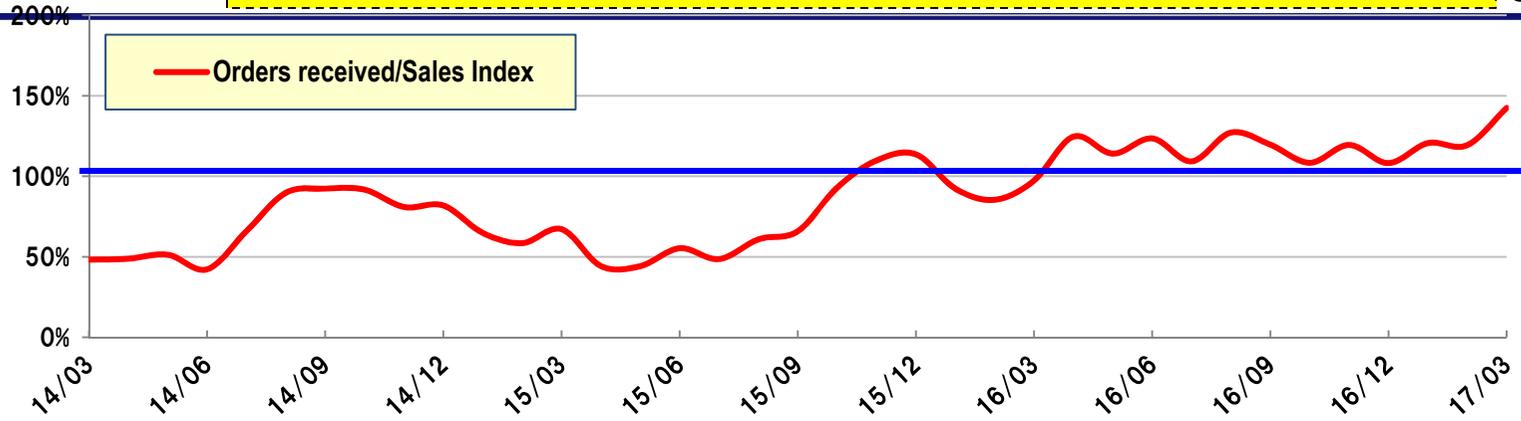
Industrial Machinery & Others: Quarterly Sales and Segment Profit



Avg. orders received in value for 6 months/Avg. units shipped in value for 6 months

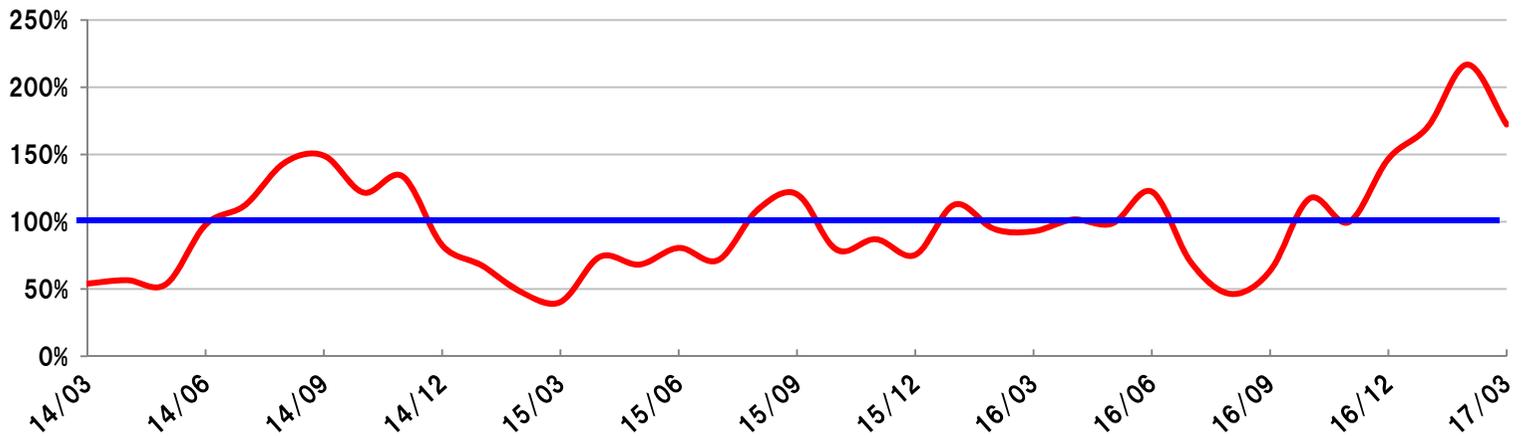
**Komatsu America
(Mining eqpt)**

730E, 830E, 860E,
930E, 960E, 980E



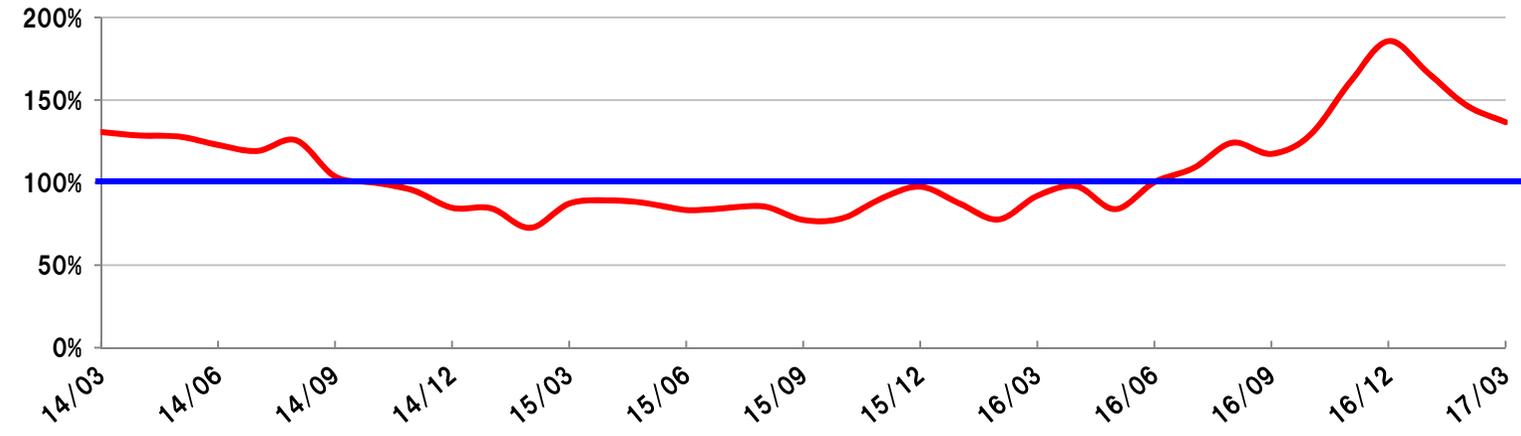
**Komatsu Germany
(Mining eqpt)**

PC3000, PC4000
PC5500, PC7000
PC8000



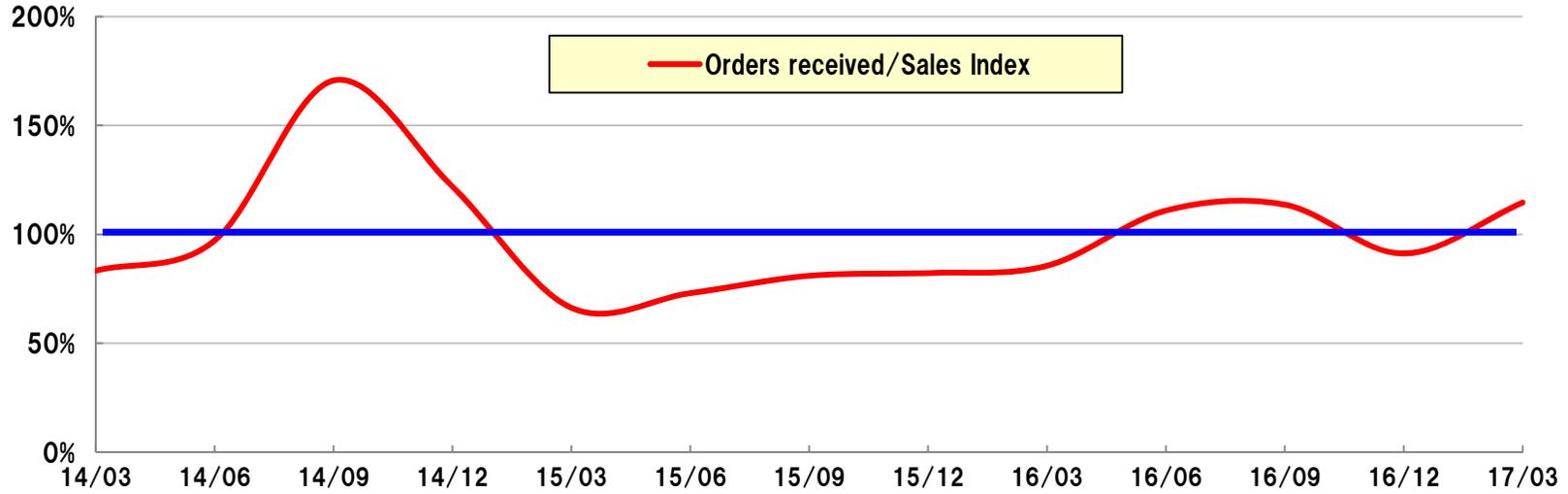
**Komatsu Ltd.
(Mining eqpt)**

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

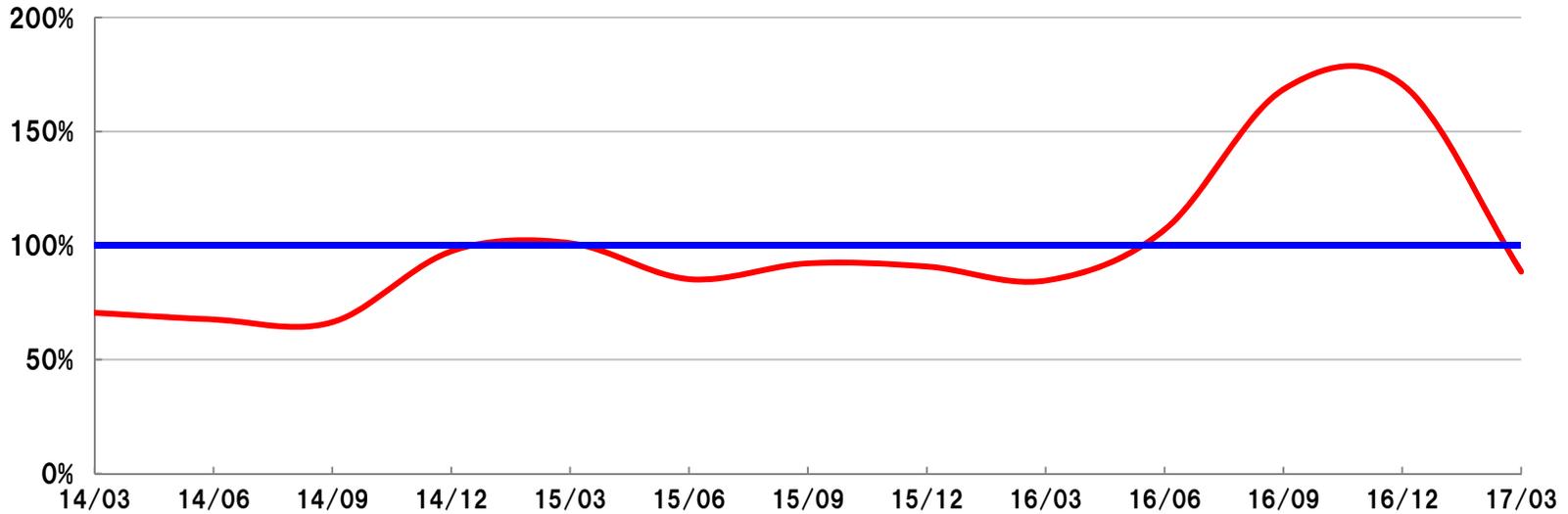


Avg. orders received in value for 6 months/Avg. units shipped in value for 6 months

Komatsu Industries



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



Highlights of Results for the Fourth Quarter (January – March 2017) of FY2016

41

- Consolidates net sales increased by 19.0% from the corresponding period a year ago, to JPY576.2 billion.
- Operating income increased by 24.4% to JPY67.0 billion. Operating income ratio was 11.6%, up 0.5 percentage points.
- Net income increased by 33.7% to JPY45.0 billion.

Billions of yen	Jan.-Mar.,2016 ¥118.0/USD ¥128.0/EUR ¥17.9/RMB	Jan.-Mar.,2017 ¥114.7/USD ¥121.4/EUR ¥16.7/RMB	Changes	
			Increase (decrease)	% Change
Net sales	484.4	576.2	+91.8	+19.0%
Segment profit	55.0	68.7	+13.6	+24.8%
Other operating income (expenses)	(1.1)	(1.6)	(0.5)	-
Operating income	53.9	67.0	+13.1	+24.4%
Profit ratio	11.1%	11.6%	+0.5pts.	-
Other income (expenses)	(2.1)	(3.8)	(1.6)	-
Net income before income taxes	51.7	63.2	+11.4	+22.2%
Net income *	33.6	45.0	+11.3	+33.7%

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

Segment Sales and Profit for the Fourth Quarter (January – March 2017) of FY2016

42

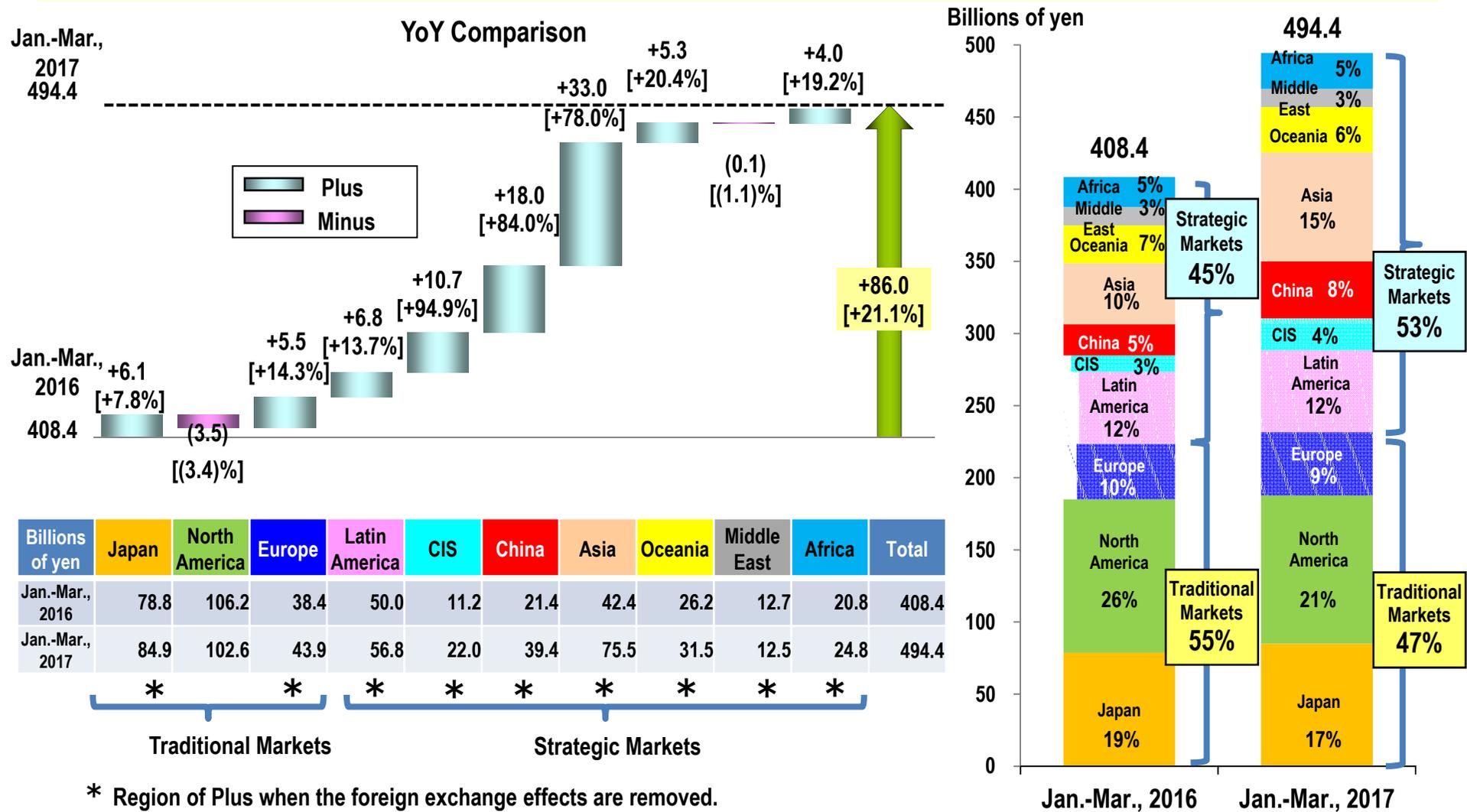
- **Construction, Mining & Utility Equipment:** Sales increased by 21.2% from the corresponding period a year ago, to JPY498.8 billion. Segment profit increased by 46.9% to JPY65.1 billion. Segment profit ratio was 13.1%, an increase of 2.3 percentage points.
- **Retail Finance:** Sales decreased by 1.6% to JPY12.9 billion. Segment profit declined to JPY-2.3 billion.
- **Industrial Machinery & Others:** Sales increased by 6.2% to JPY69.7 billion. Segment profit dropped 18.6% to JPY6.0 billion.

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

Billions of yen	Jan.-Mar.,2016	Jan.-Mar.,2017	Changes	
			Increase(decrease)	% Change
Net sales	484.4	576.2	+91.8	+19.0%
Construction, mining & utility equipment	[408.4] 411.6	[494.4] 498.8	[+86.0] +87.1	[+21.1%] +21.2%
Retail finance	[12.3] 13.1	[12.3] 12.9	[+0.0] (0.2)	[+0.5%] (1.6)%
Industrial machinery & others	[63.6] 65.7	[69.4] 69.7	[+5.7] +4.0	[+9.1%] +6.2%
Elimination	(6.1)	(5.3)	+0.7	-
Segment profit (loss)	[11.4%] 55.0	[11.9%] 68.7	+13.6	+24.8%
Construction, mining & utility equipment	[10.8%] 44.3	[13.1%] 65.1	+20.8	+46.9%
Retail finance	[19.3%] 2.5	[(17.8)%] (2.3)	(4.8)	-
Industrial machinery & others	[11.3%] 7.3	[8.6%] 6.0	(1.3)	(18.6)%
Corporate & elimination	0.8	0.0	(0.9)	-

Construction, Mining & Utility Equipment: Sales (To Outside Customers)
for the Fourth Quarter (January – March, 2017) by Region

- Sales to outside customers by region increased by 21.1% from the corresponding period a year ago, to JPY494.4 billion.
- Except for North America and Middle East, sales increased in other regions. Sharply affected by an increase in Asian sales, the ratio of Strategic Market increased to 53%.



* Region of Plus when the foreign exchange effects are removed.



- Komatsu exhibited 25 of its latest models at the CONEXPO-CON/AGG 2017, an international trade fair of construction equipment held in Las Vegas, USA.
- Komatsu also gave demonstrations of SMARTCONSTRUCTION in an outside space, attracting keen attention from many visitors.



- After receiving necessary regulatory clearances under competition laws in the relevant countries, we completed the acquisition of Joy Global Inc. of the United States on April 5, 2017 (local time: Eastern Standard Time, UTC-5).
- The two companies are implementing specific plans of integration designed to generate synergy with strengths of the two and become an indispensable partner of our customers.

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.

Business Coordination Department, KOMATSU LTD.

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