

**Business Results for Nine Months
(April-December, 2016) of FY 2016
【 Telephone conference 】**

January 31, 2017

Presented by

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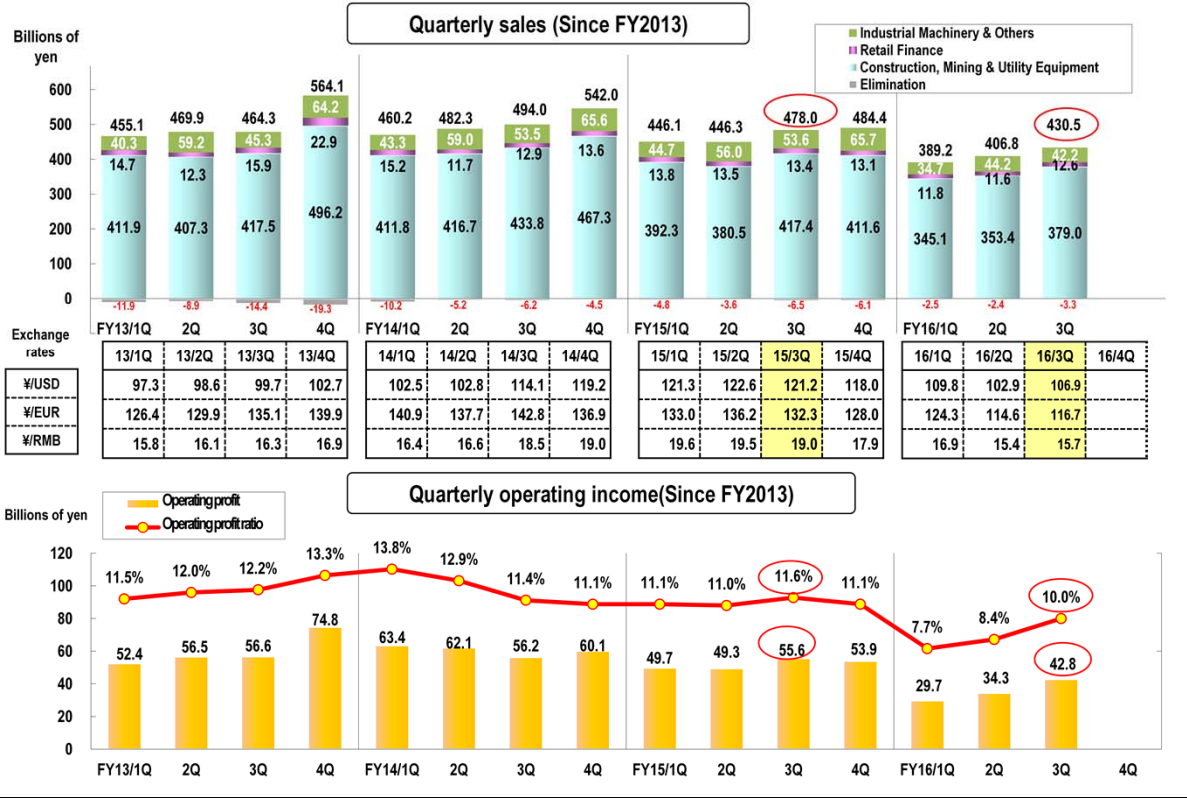
**I . Business Results for Nine Months
(April – December, 2016) of FY2016**

- Consolidated net sales declined by 10.5% from the corresponding period a year ago, to JPY1,226.7 billion.
- Operating income dropped by 30.8% to JPY107.0 billion. Operating income ratio was 8.7%, down 2.6 percentage points.
- Net income attributable to Komatsu Ltd. dropped by 34.1% to JPY68.3 billion.

Billions of yen	Apr.-Dec.,2015 ¥121.7/USD ¥133.8/EUR ¥19.4/RMB	Apr.-Dec.,2016 ¥106.5/USD ¥118.5/EUR ¥16.0/RMB	Changes	
			Increase (decrease)	% Change
Net sales	1,370.5	1,226.7	(143.8)	(10.5)%
Segment profit	146.9	107.8	(39.1)	(26.6)%
Other operating income (expenses)	7.6	(0.8)	(8.5)	-
Operating income	154.6	107.0	(47.6)	(30.8)%
Profit ratio	11.3%	8.7%	(2.6)pts.	-
Other income (expenses)	(1.5)	(3.7)	(2.2)	-
Net income before income taxes	153.1	103.2	(49.9)	(32.6)%
Net income *	103.7	68.3	(35.4)	(34.1)%

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

- Exchange rates were JPY106.5 per USD, JPY118.5 per EUR, and JPY16.0 per RMB. JPY appreciated against USD, EUR and RMB compared to the corresponding period a year ago. Similarly, JPY appreciated against other currencies.
- For the nine-month period of FY2016, consolidated net sales declined by 10.5% from the corresponding period a year ago, to JPY1,226.7 billion. Operating income dropped by 30.8% to JPY107.0 billion. Operating income ratio declined by 2.6 percentage points to 8.7%.
- Sales were adversely affected by the Japanese yen's appreciation and reduced volume of sales in the industrial machinery and others segment.
- Net income attributable to Komatsu Ltd. dropped by 34.1% to JPY68.3 billion.



While both sales and operating income declined sharply in the first quarter period of FY2016 from the corresponding period a year ago, but they began to increase continuously in the second and third quarter periods. As a result, operating income ratio improved to 10% for the third quarter period (October – December, 2016).

- **Construction, Mining & Utility Equipment:** Sales declined by 9.5% from the corresponding period a year ago, to JPY1,077.7 billion. Segment profit dropped by 22.6% to JPY96.5 billion. Segment profit ratio was 9.0%, down 1.5 percentage points.
- **Retail Finance:** Revenues declined by 11.4% to JPY36.1 billion. Segment profit dropped by 37.2% to JPY6.7 billion.
- **Industrial Machinery & Others:** Sales declined by 21.5% to JPY121.2 billion. Segment profit dropped by 46.2% to JPY6.4 billion.

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

Billions of yen	Apr.-Dec.,2015		Apr.-Dec.,2016		Changes			
					Increase (decrease)	% Change		
Net sales		1,370.5		1226.7	(143.8)	(10.5)%		
Construction, mining & utility equipment	[1,179.1]	1,190.3	[1,071.9]	1,077.7	[(107.2)]	[(12.6)]	[(9.1%)]	(9.5)%
Retail finance	[38.5]	40.7	[34.3]	36.1	[(4.1)]	(4.6)	[(10.9%)]	(11.4)%
Industrial machinery & others	[152.8]	154.4	[120.4]	121.2	[(32.3)]	(33.2)	[(21.2%)]	(21.5)%
Elimination		(15.0)		(8.3)	+6.6	-		
Segment profit		10.7%	146.9	8.8%	107.8	(39.1)	(26.6)%	
Construction, mining & utility equipment		10.5%	124.6	9.0%	96.5	(28.1)	(22.6)%	
Retail finance		26.4%	10.7	18.7%	6.7	(4.0)	(37.2)%	
Industrial machinery & others		7.8%	11.9	5.3%	6.4	(5.5)	(46.2)%	
Corporate & elimination			(0.4)		(1.9)	(1.4)	-	

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 the corresponding period a year ago, as mainly affected by the Japanese yen's appreciation and reduced assets in China, Oceania and some other regions.

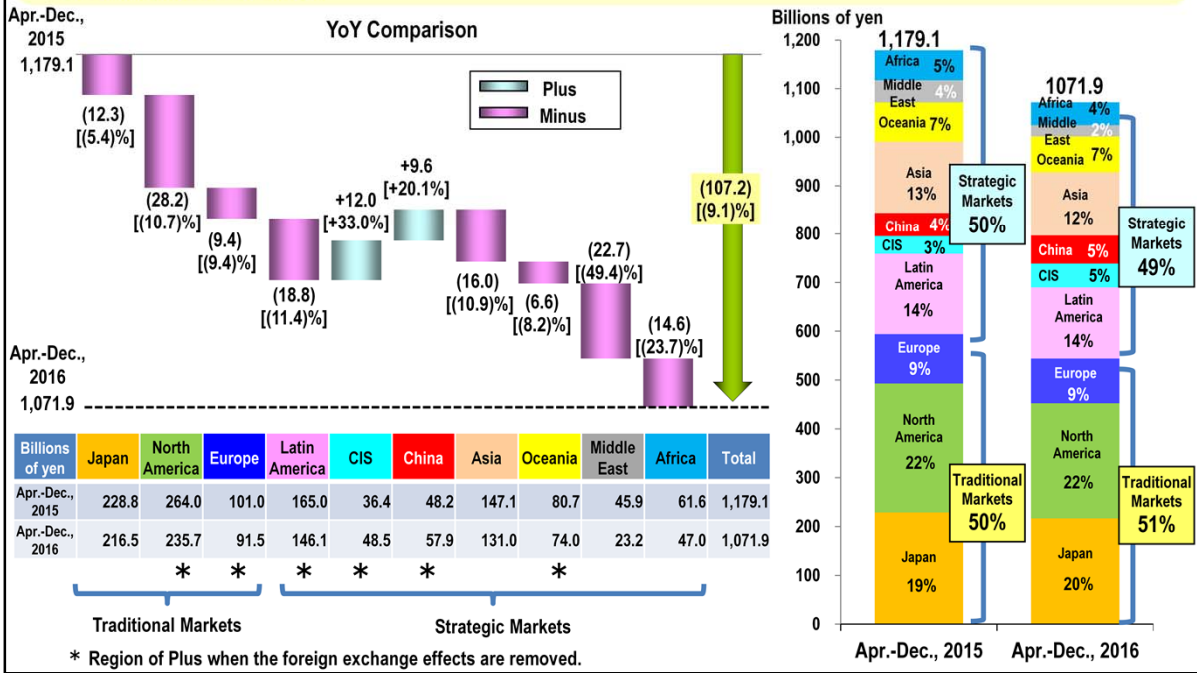
■ Industrial Machinery & Others

Both revenues and segment profit declined from the corresponding period a year ago, 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.

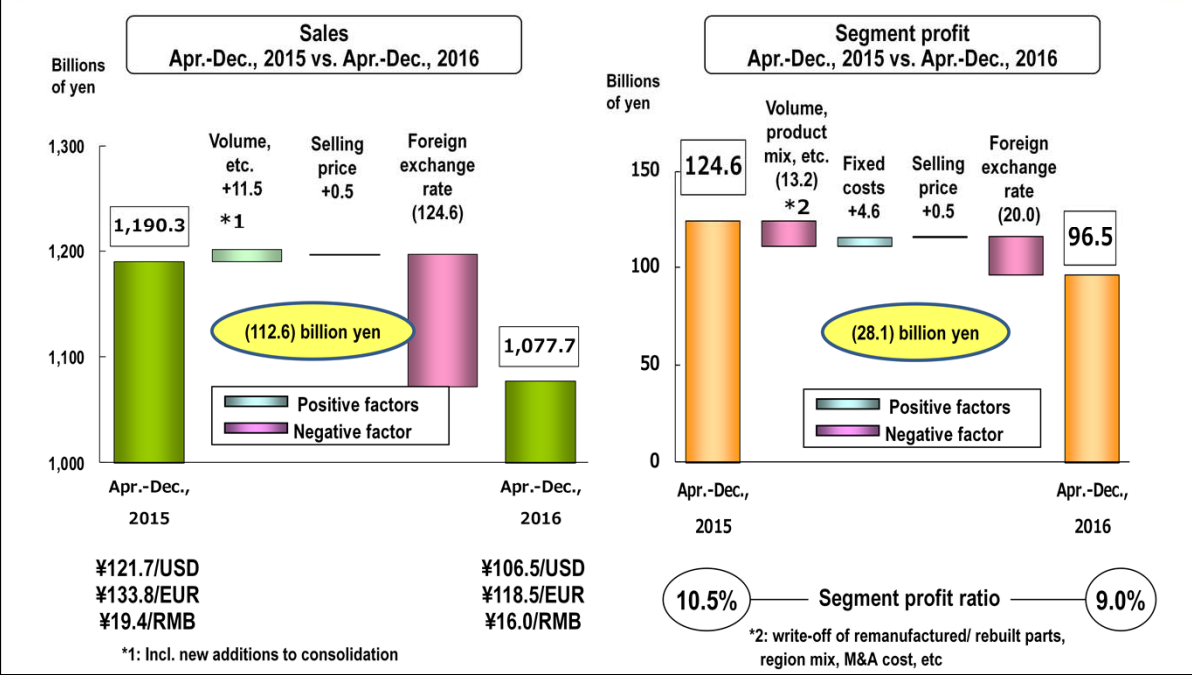
- Construction, Mining & Utility Equipment::** Sales declined by 9.5% from the corresponding period a year ago, to JPY1,077.7 billion. Segment profit dropped by 22.6% to JPY96.5 billion. While sales declined in some regions, such as North America and the Middle East, where demand was sluggish, they were 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:** Revenues declined by 11.4% to JPY36.1 billion. Segment profit dropped by 37.2% to JPY6.7 billion, as mainly affected by the Japanese yen's appreciation and reduced assets in China, Oceania and some other regions,.
- In the industrial machinery and others:** Sales declined by 21.5% to JPY121.2 billion. Segment profit dropped by 46.2% to JPY6.4 billion, 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.

• Sales to outside customers declined by 9.1% from the corresponding period a year ago, to JPY1,071.9 billion.
 • Except for CIS and China, sales declined in other regions. Sales declined sharply in Strategic Markets, such as Asia and the Middle East, which pushed the ratio of sales in Traditional Markets to 51%. However, sales were steady in many regions, when the foreign exchange effects are removed.



- Sales to outside customers declined by 9.1% from the corresponding period a year ago, to JPY1,071.9 billion.
- Except for CIS and China, sales declined in other regions. Sales declined sharply in Strategic Markets, such as Asia and the Middle East, which pushed the ratio of sales in Traditional Markets to 51%.

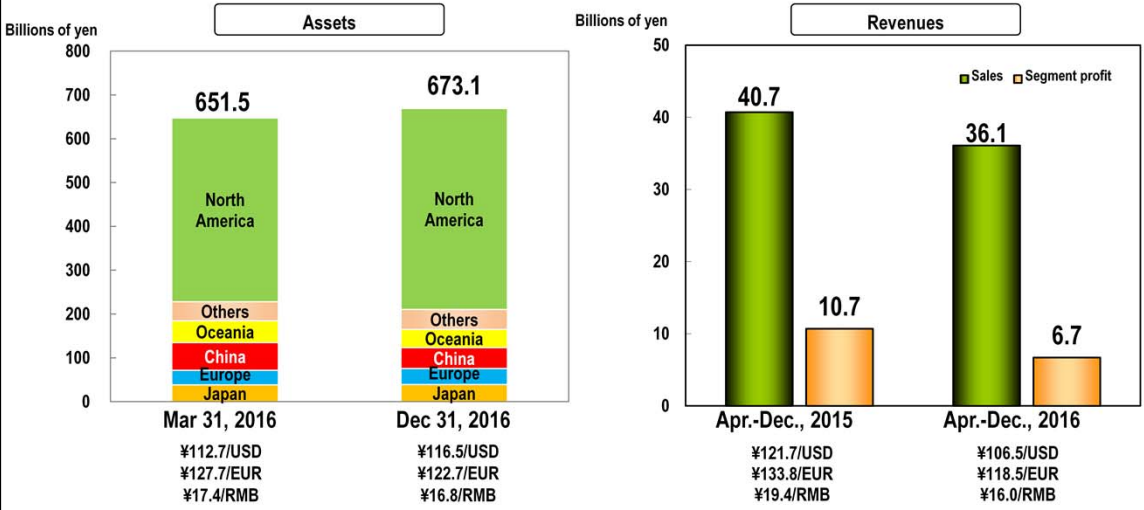
• Sales declined by JPY112.6 billion from the corresponding period a year ago, as affected by the Japanese yen's appreciation.
 Segment profit declined by JPY28.1 billion.
 • Segment profit ratio degenerated to 9.0%, down 1.5 percentage points.



□ Sales decreased by JPY112.6 billion from the corresponding period a year ago. While sales were considerably affected by the Japanese yen's appreciation, sales volume and etc. became a positive factor.

□ Segment profit declined by JPY28.1 billion from the corresponding period a year ago. Segment profit ratio was 9.0%, down 1.5 percentage points. We reduced fixed costs, but segment profit was impacted by negative factors, including the Japanese yen's appreciation.

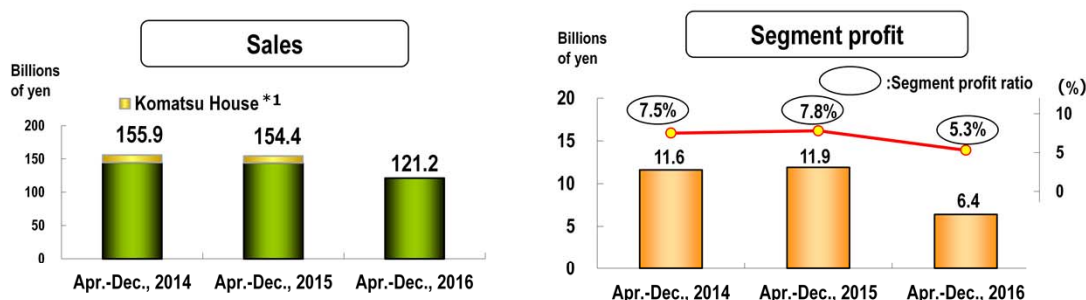
- Assets grew by JPY21.5 billion from March 31, 2016, due to increased assets in North America and Europe, and the effects of foreign exchange rates, while they decreased in China, Oceania and some other regions.
- Revenues declined due mainly to the effects of foreign exchange rates. Segment profit declined from the corresponding period a year ago, due mainly to an additional allowance recorded for bad debt in China.



Billions of yen	2016/3E	2016/12E	Changes
Interest-bearing debt	483.5	506.7	+23.2
Interest-bearing debt, net	476.6	502.0	+25.4
Net D/E ratio	3.40	3.53	+0.13pts.

- Total assets grew by JPY21.5 billion from the previous fiscal year-end, to JPY673.1 billion. While assets decreased in China, Oceania and some other regions, they increased in North America and Europe and some other regions. As the foreign exchange factor accounted for an increase of JPY12.0 billion, total assets increased by JPY9.5 billion in real terms.
- Revenues declined due mainly to the effects of foreign exchange rates. Segment profit declined from the corresponding period a year ago, due mainly to an additional allowance recorded for bad debt in China.

• Sales declined by 21.5% from the corresponding period a year ago, to JPY121.2 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 5.3%.



Breakdown of sales Billions of yen	Apr.-Dec., 2014	Apr.-Dec., 2015	Apr.-Dec., 2016	Changes	
				Increase (decrease)	% change
Komatsu Industries Corp., etc. [total of press and sheet-metal machines]	42.9	40.4	36.5	(3.9)	(9.8)%
Komatsu NTC Ltd. [represented by wire saws]	52.5 [5.8]	51.7 [6.2]	33.5 [8.6]	(18.2) [+2.4]	(35.2)% [+39.0%]
Gigaphoton	21.3	24.8	23.3	(1.4)	(5.9)%
Komatsu House *1	11.3	10.3	-	(10.3)	-
Others	27.7	26.9	27.8	+0.8	+3.2%
Total	155.9	154.4	121.2	(33.2)	(21.5)%

*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.

- Sales declined by 21.5% from the corresponding period a year ago, to JPY121.2 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 dropped to JPY6.4 billion, as affected by declined sales, and segment profit was 5.3%, down 2.5 percentage points.
- The automobile manufacturing industry's capital investment has inclined to be behind initial plans, belated execution of investment has adversely affected Komatsu's performance. We feel a little negative about the current conditions.

- Total assets grew by JPY62.9 billion from the previous fiscal year-end, due to the Japanese yen's depreciation and increased Inventories.
- Komatsu Ltd. shareholders' equity ratio was 58.0%, flat as previous fiscal year-end.

Billions of yen	Mar. 31, 2016 ¥112.7/USD ¥127.7/EUR ¥17.4/RMB	Dec 31, 2016 ¥116.5/USD ¥122.7/EUR ¥16.8/RMB	Increase (decrease)
Cash & deposits (incl. time deposits) [a]	108.4	136.3	+27.8
Accounts receivable (incl. long-term trade receivables)	875.3	880.9	+5.6
Inventories	539.6	592.1	+52.5
Tangible fixed assets	697.7	686.3	(11.3)
Other assets	393.5	381.8	(11.6)
Total assets	2,614.6	2,677.6	+62.9
Accounts payable	205.4	213.2	+7.8
Interest-bearing debt [b]	457.5	501.5	+43.9
Other liabilities	363.9	340.3	(23.6)
Total liabilities	1,026.8	1,055.1	+28.2
[Shareholders' equity ratio]	[58.0%]	[58.0%]	[-]
Komatsu Ltd. shareholders' equity	1,517.4	1,551.9	+34.5
Non-controlling interests	70.3	70.5	+0.1
Liabilities & Equity	2,614.6	2,677.6	+62.9
Interest-bearing debt, net [b-a]	349.0	365.1	+16.0
Net D/E ratio	0.23	0.24	

- Total assets increased by JPY62.9 billion from the previous fiscal year-end. This increase includes JPY29.1 billion resulting from the foreign exchange factor. When the foreign exchange factor is removed, total assets advanced by JPY33.8 billion.
- Inventories grew by JPY52.5 billion from the previous fiscal year-end, mainly affected by an increase of work in progress to be recorded in sales for the fourth quarter of FY2016 in addition to a foreign exchange gain of JPY9.5 billion.
- Interest-bearing debt advanced by JPY43.9 billion, which includes a foreign exchange gain of JPY9.2 billion.
- Komatsu Ltd. shareholders' equity ratio was 58.0%, no change from the previous fiscal year-end.

II . Outlook of FY2016 Business Results

- We will not change our projection of April 2016, concerning consolidated full-year sales and profits for FY2016.
- With respect to projected non-consolidated business results for FY2016, we have revised them.

Projected consolidated business results

Billions of yen	FY2015 Results ¥120.8/USD ¥132.4/EUR ¥19.0/RMB	FY2016 Projection ¥105/USD ¥119/EUR ¥16.2/RMB	Y-O-Y	
			Increase (decrease)	Change %
Net sales	1,854.9	1,685.0	(169.9)	(9.2)%
Segment profit	202.0	155.0	(47.0)	(23.3)%
Other operating income (expenses)	6.5	(5.0)	(11.5)	-
Operating income	208.5	150.0	(58.5)	(28.1)%
Profit ratio	11.2%	8.9%	(2.3)pts.	-
Other income (expenses)	(3.6)	(5.0)	(1.3)	-
Income before income taxes	204.8	145.0	(59.8)	(29.2)%
Net income*	137.4	92.0	(45.4)	(33.1)%
ROE	9.0%	6.2%	(2.8)pts.	
Cash dividends per share	58yen	58yen	+/- 0yen	
Consolidated payout ratio	39.8%	59.4%		

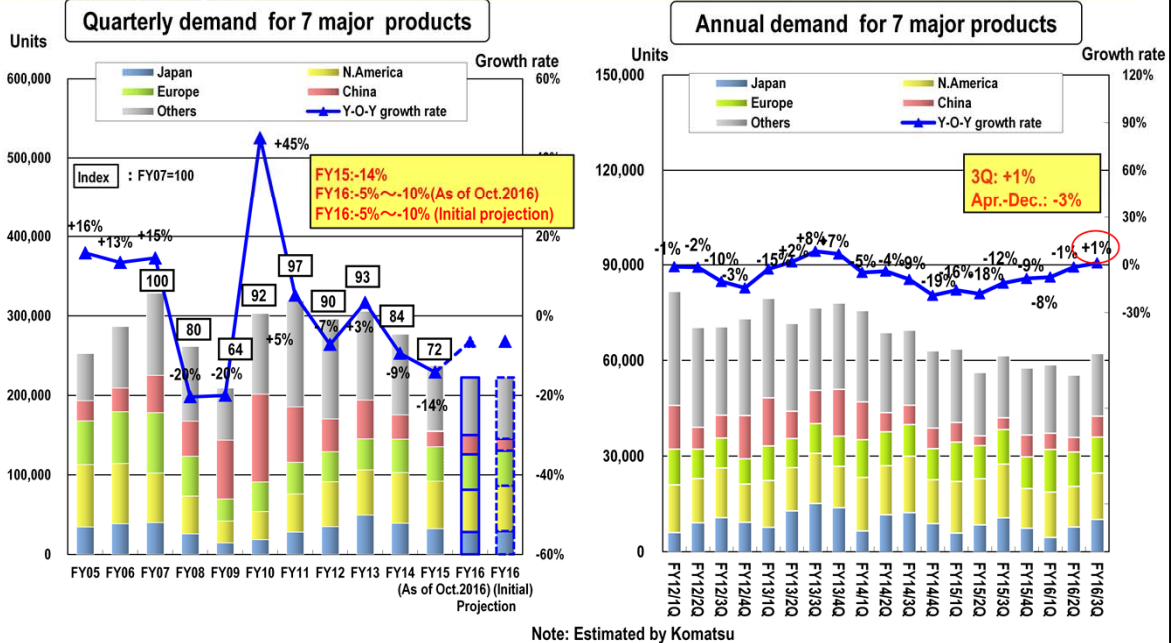
* Upon adoption of ASC 810, "Net income" is equivalent to "Net income attributable to Komatsu Ltd."

Revision of projected non-consolidated business results for FY2016

Billion JPY	Initial projection April 2016	Current projection January 2017	Change	
Net sales	617.0	667.0	+50.0	+8.1%
Ordinary profit	46.0	67.0	+21.0	+45.7%
Net income	42.0	59.0	+17.0	+40.5%

- We will not change our projection of April 2016 concerning consolidated full-year year sales and profits for FY2016.
- With respect to projected non-consolidated business results for FY2016, we have revised them due to good sales in CIS, China and some other regions in the construction, mining and utility equipment business.

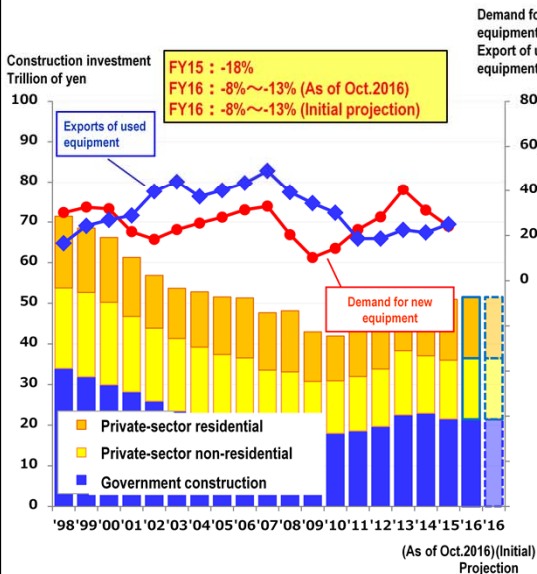
- In the third quarter period (Oct. - Dec. 2016) of FY2016, global demand will have increased by 1% from the corresponding period a year ago.
- While demand declined in North America, the Middle East and some other regions, it upturned for growth in China, Indonesia and some other countries. As a result, demand remained about flat from the third quarter period of FY2015.
- With respect to overall full-year demand in FY2016, we make no change in our projection of April last year, albeit ups and downs are expected in some regions..



- In the third quarter period (Oct. - Dec. 2016) of FY2016, we believe global demand will have increased by 1% from the third quarter period of FY2015.
- While demand declined in North America, the Middle East and some other regions, it upturned for growth in China, Indonesia and some other countries. As a result, demand remained about flat from the third quarter period of FY2015.
- With respect to overall full-year demand in FY2016, we make no change in our projection made in April last year, although we expect some ups and downs in some regions.

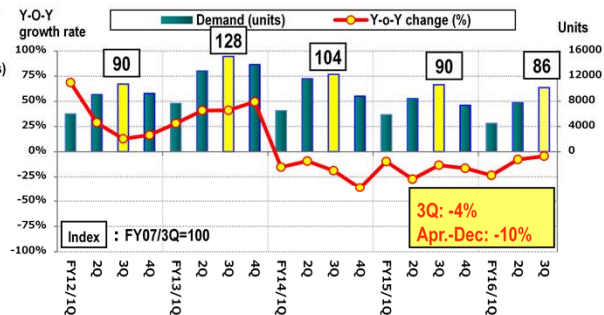
- In the third quarter period of FY2016, demand decreased by 4% from the corresponding period a year ago.
- Demand continued to be affected by reduced demand for new emission controls-compliant models which had run its course, especially among rental companies.
- With respect to full-year demand in FY2016, we make no change in our projection made in April last year.

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

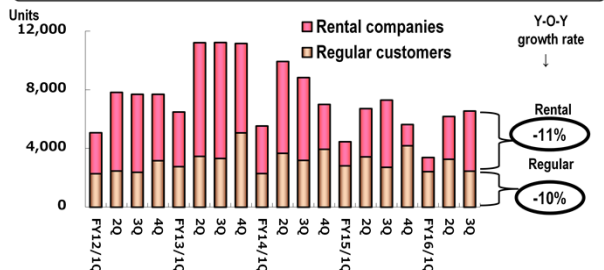


[Sources]Construction investment by the Ministry of Land, Infrastructure, Transport & Tourism, and Research Institute of Construction and Economy
Demand for 7 major products and No. of exported used equipment estimated by Komatsu

Quarterly demand for 7 major products



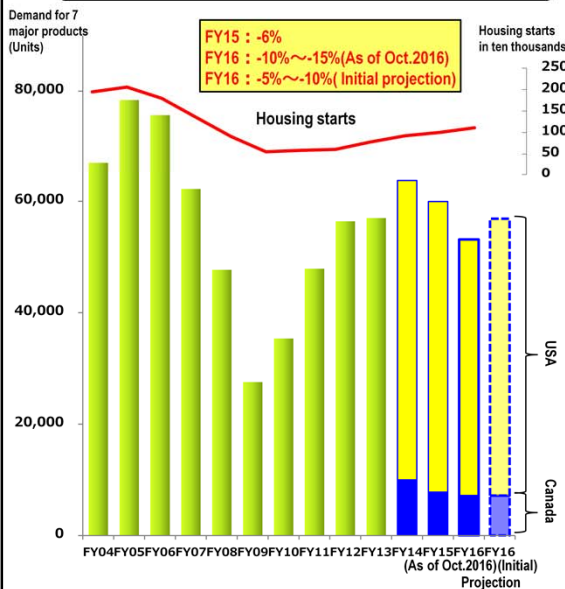
Quarterly demand for hydraulic excavators (Rental & regular uses)



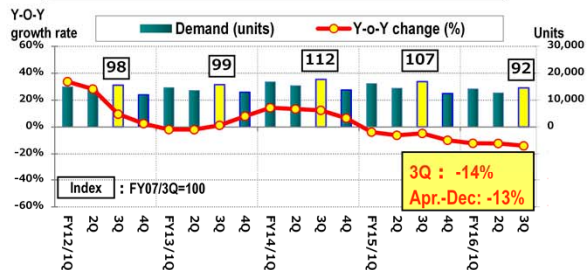
- Japanese demand in the third quarter period of FY2016 declined by 4% from the third quarter period of FY2015.
- Demand continued to be affected by reduced demand for new emission controls-compliant models which had run its course, especially among rental companies.

- In the third quarter period of FY2016, demand declined by 14% from the corresponding period a year ago.
- 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, demand remained sluggish, especially in the energy sector.
- With respect to full-year demand in FY2016, we make no change in our projection of October last year.

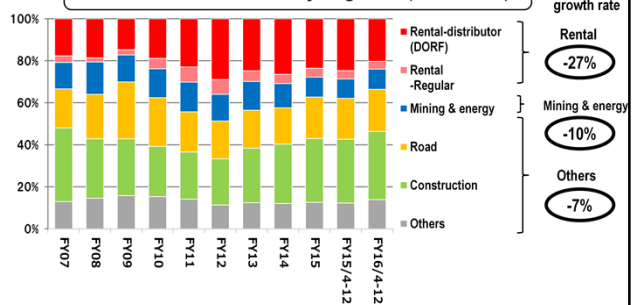
Demand for 7 major products and US housing starts



Quarterly demand for 7 major products



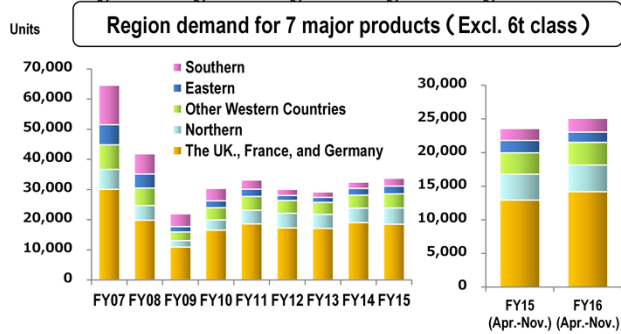
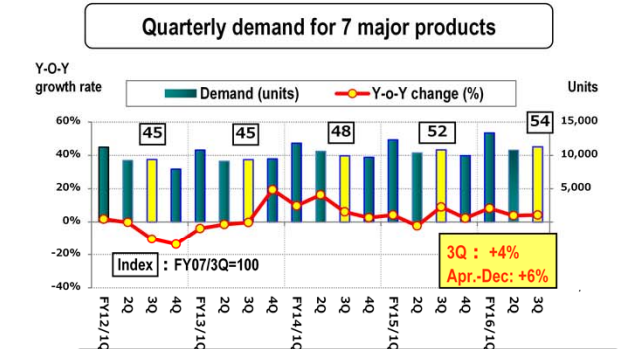
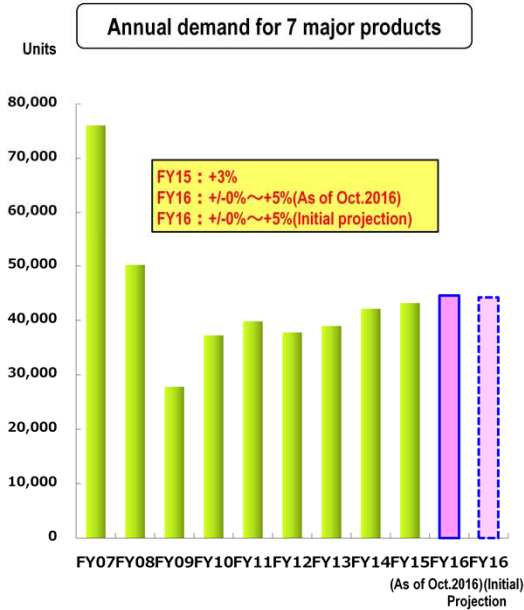
Breakdown of demand by segment (Unit basis)



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

- In the third quarter period of FY2016, North American demand declined by 14% from the third quarter period of 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, demand is remaining sluggish, especially in the energy sector.

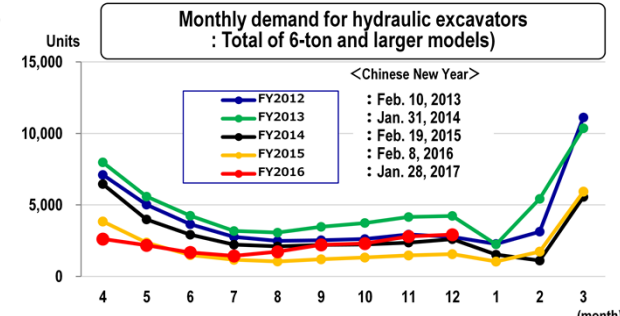
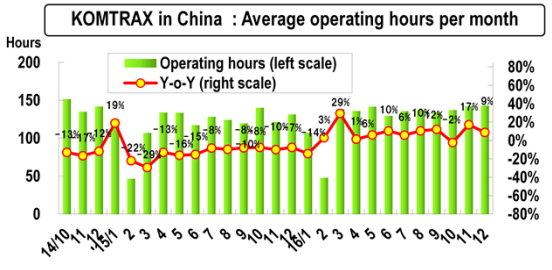
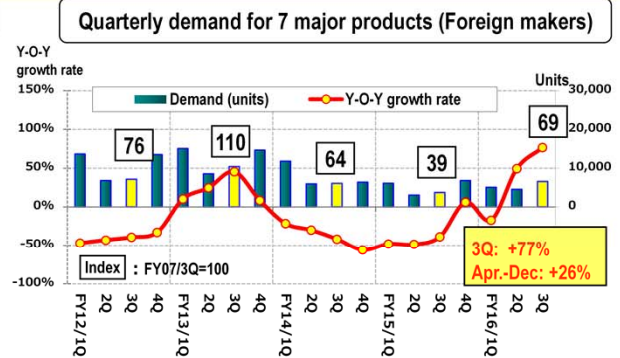
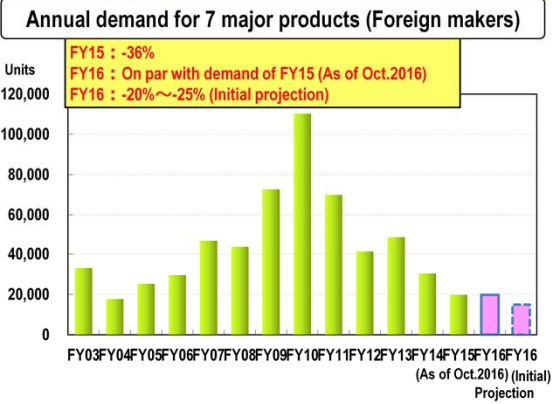
- In the third quarter period of FY2016, we project that demand will have increased by 4% from the corresponding period a year ago.
- In addition to a major market of Germany, demand increased steadily in northern and southern Europe.
- With respect to full-year demand in FY2016, we make no change in our projection of April last year.



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

- In the third quarter period of FY2016, we project that European demand will have increased by 4% from the third quarter period of FY2015.
- In addition to a major market of Germany, demand also increased steadily in northern and southern Europe.

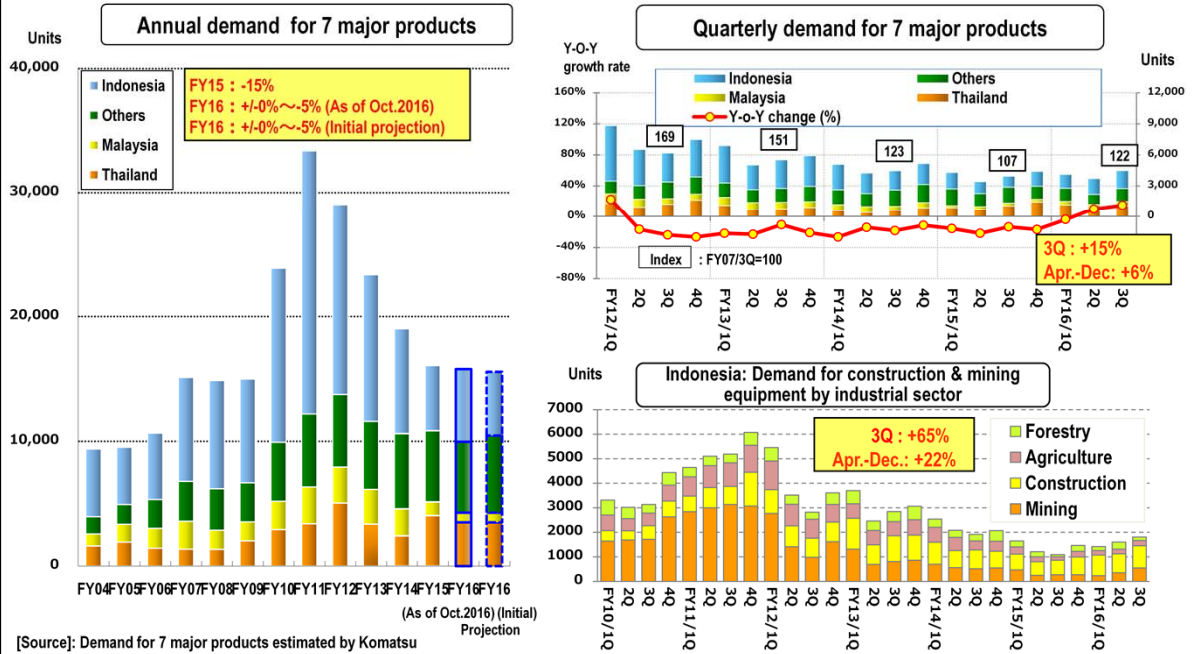
- In the third quarter period of FY2016, demand advanced by 77% from the corresponding period a year ago.
- Demand for construction equipment was driven by progress of infrastructure development nationwide.
- With respect to full-year demand in FY2016, although the demand is growing today, we make no change in our projection of October last year.



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

- In the third quarter period of FY2016, Chinese demand for construction equipment advanced by 77% from the third quarter period of FY2015, supported by progress of infrastructure development nationwide.

- In the third quarter period of FY2016, demand increased by 15% from the corresponding period a year ago.
- In Indonesia, the largest market of the region, demand in the third quarter period was steadier than our projection of April last year, and demand remained steady in Thailand and Malaysia.
- With respect to full-year demand in FY2016, we make no change in our projection of April last year.

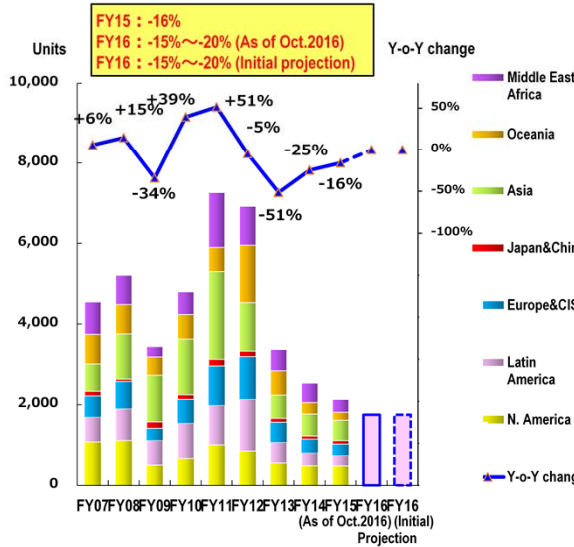


- In the third quarter period of FY2016, Southeast Asian demand for construction equipment advanced by 15% from the third quarter period of FY2015,
- In Indonesia, the largest market of the region, demand in the third quarter period was steadier than our projection of April last year, although the level was still low. Demand remained steady in Thailand and Malaysia as well.

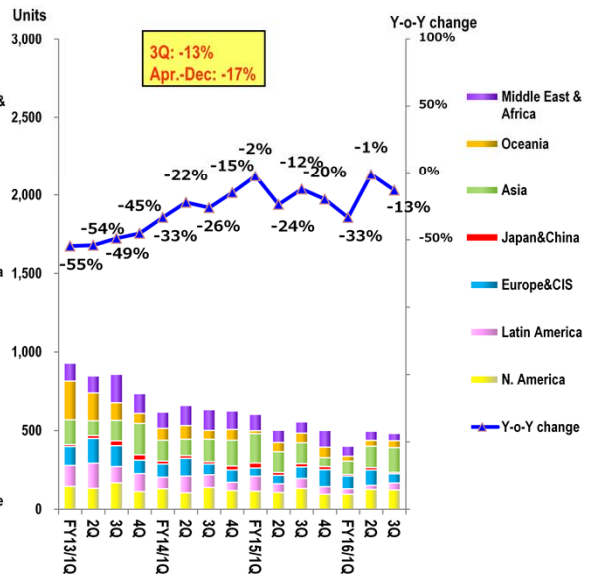
- Global demand is estimated to have declined by 13% in the third quarter period of FY2016 from the corresponding period a year ago.
- With respect to full-year demand in FY2016, we make no change in our projection of April last year.

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

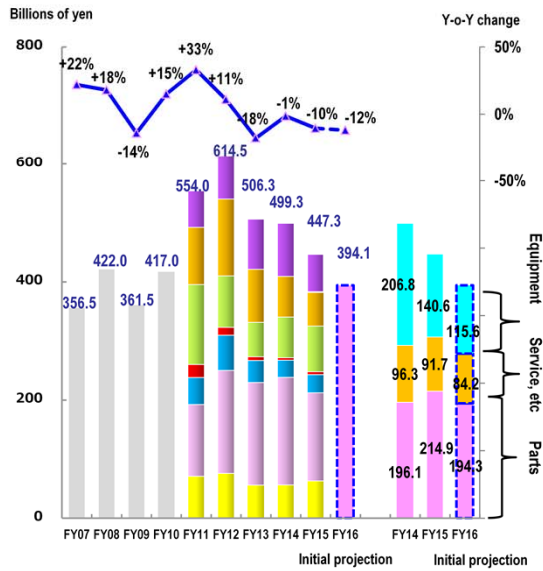


Note: Demand estimated by Komatsu

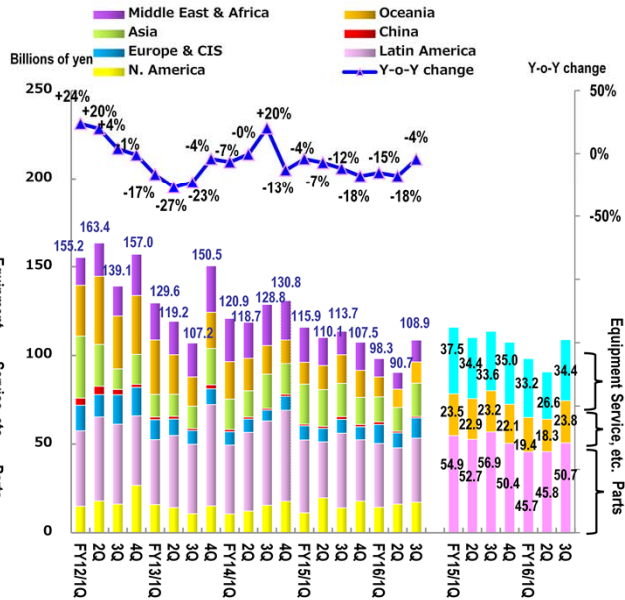
- ❑ We project that global demand will have declined by 13% in the third quarter period of FY2016 from the third quarter of FY2015.
- ❑ Since the start of 2016, the mining equipment market has shown both positive and negative developments, but we make no change in our projection of April last year concerning demand for new equipment for FY2016. We believe that demand will start recovering in FY2017 and thereafter.

• For the third quarter period of FY2016, sales decreased by 4% from the corresponding period a year ago, to JPY108.9 billion, mainly due to the effects of the Japanese yen's appreciation.

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

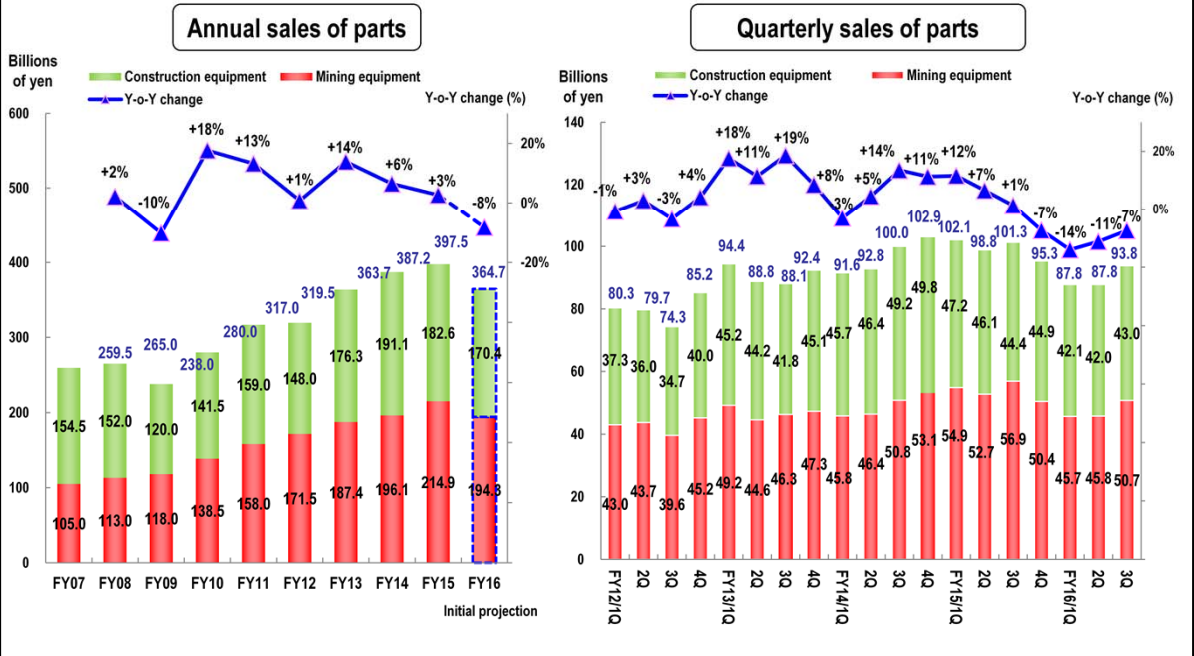


Quarterly sales of mining equipment (incl. parts and service)



□ For the third quarter period of FY2016, sales decreased by 4% from the third quarter of FY2015, to JPY108.9 billion. When the foreign exchange effects are removed, sales increased by 7%, supported by increases in equipment sales and service revenues.

• For the third quarter period of FY2016, sales of parts declined by 7% from the corresponding period a year ago.
 • Declined sales of parts were largely affected by the Japanese yen's appreciation, and when the foreign exchange effects are removed, sales remained steady.



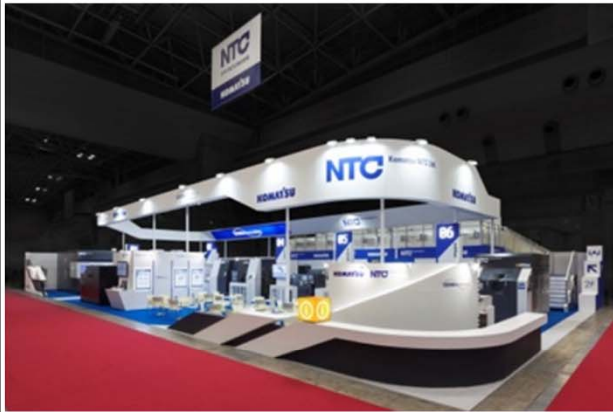
□ For the third quarter period of FY2016, sales of parts declined by 7% from the third quarter period of FY2015, to JPY 93.8 billion. When the foreign exchange effects are removed, sales increased by 3%, consisting of a 7% increase for construction equipment and 1% decrease for mining equipment.

- Komatsu opened the Asia Training & Demonstration Center in Thailand and began training in November 2016.
- Komatsu is providing powerful support for human resource development of its distributors as part of strategies to strengthen business in Asia in the mid-range management plan which Komatsu started in the current fiscal year. Komatsu expects to receive over 2,000 trainees and customers annually.



[Outline of Asia Training & Demonstration Center]

- Address: 10/9 Moo 5, TambonTha Sa-An, Aumpher Bang Pakong, Chachoengsao, Thailand 24130
- Ground area: 77,392 square meters
- Investment: JPY2.5 billion
- Main facilities: Workshop (for technical training of maintenance and repairs of actual products), machine demonstration and operator training area, actual products, classrooms, multi-purpose hall, viewing seats (for machine demonstration), and lounge



Next-generation machining centers, NX400 (left) and NX420 (right), achieve the consolidation of processes and high productivity.



Next-generation profile grinder, PX3560, achieve both ultra super-speed and precision machining and compactness.

• Komatsu NTC Ltd. exhibited its cutting-edge machine tools at JIMTOF 2016 (the 28th Japan International Machine Tool Fair) held at the Tokyo Big Sight in Ariake, Tokyo in November last year.

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.

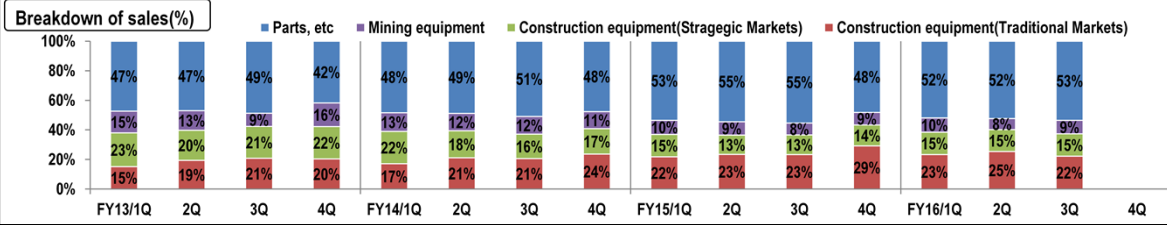
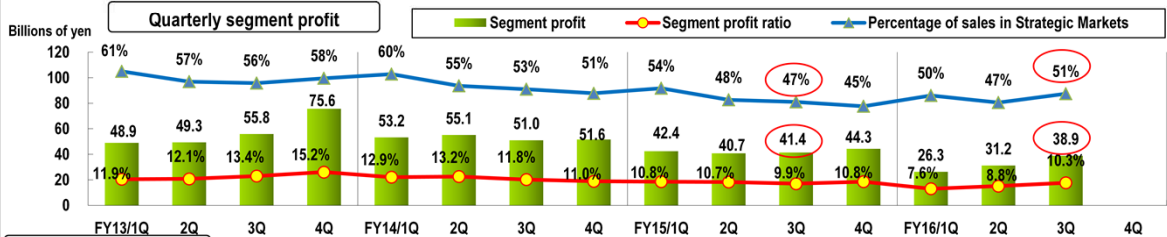
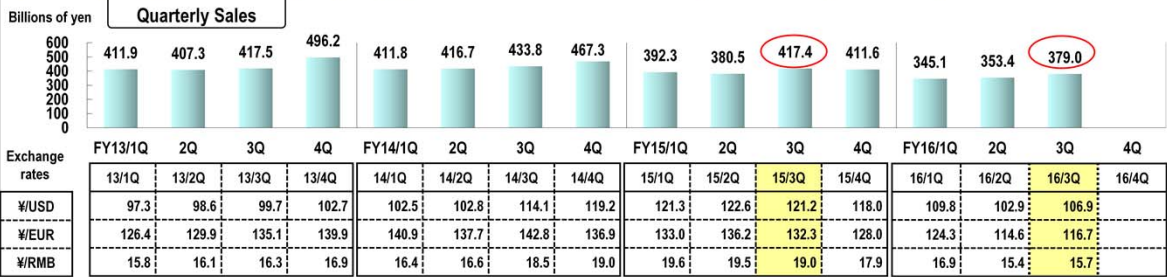
Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes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

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Appendix

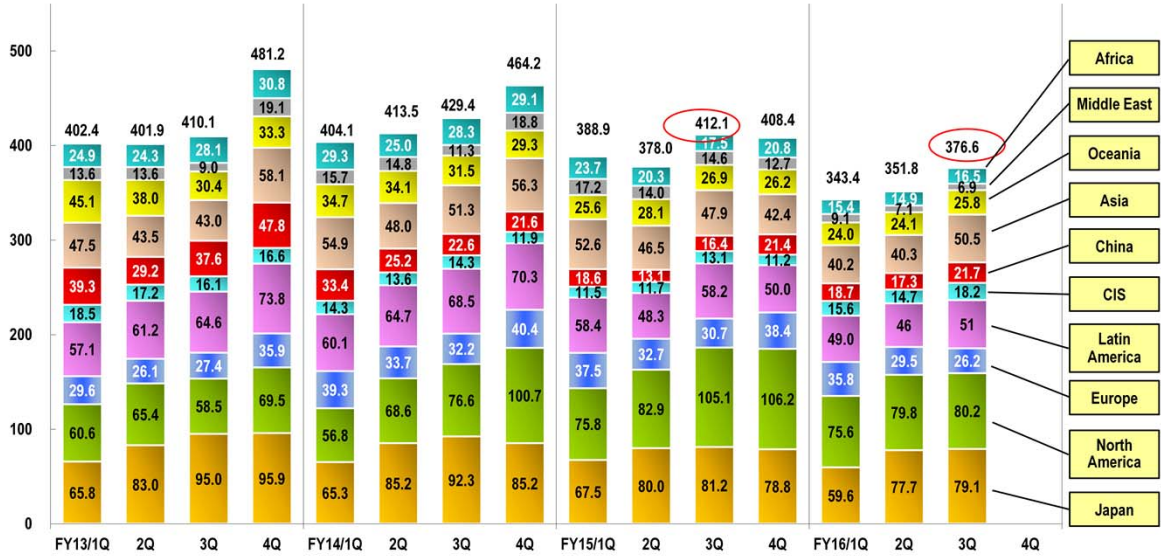
Starting in FY2016, we separate the retail finance business as an independent operating segment, whereas it was included in the construction, mining and utility equipment business up through FY2015. Accordingly, the quarterly figures below were reclassified and restated in agreement with the figure for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



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

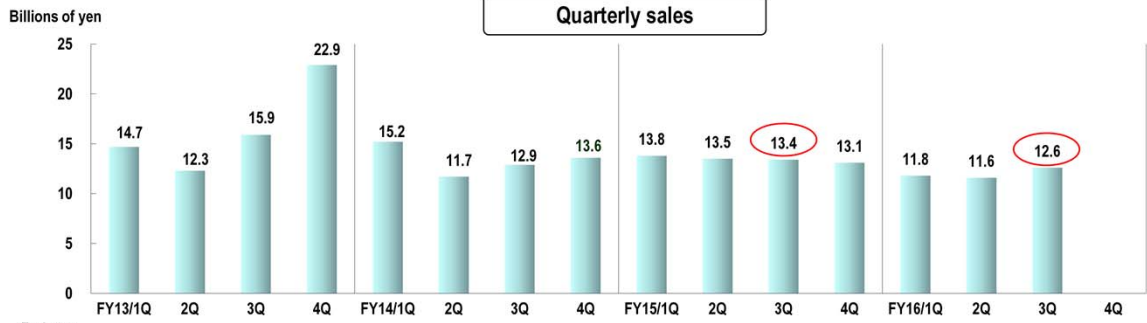
Starting in FY2016, we separate the retail finance business as an independent operating segment, whereas it was included in the construction, mining and utility equipment business up through FY2015. Accordingly, the quarterly figures below were reclassified and restated in agreement with the figure for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

Billions of yen



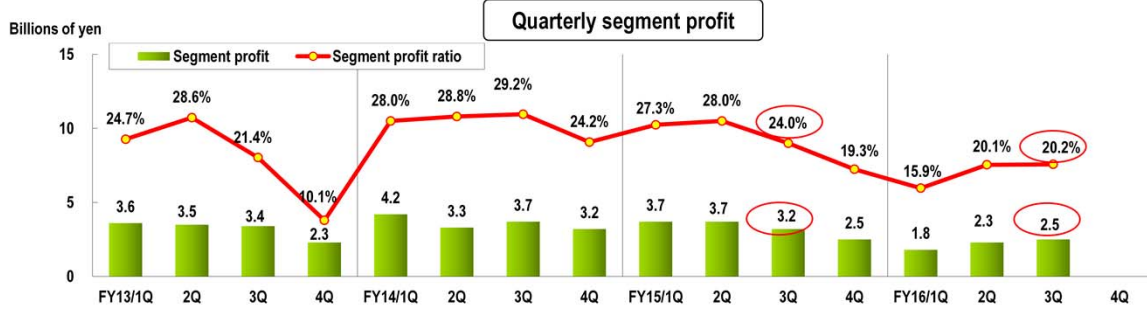
Exchange rates	13/1Q	13/2Q	13/3Q	13/4Q	14/1Q	14/2Q	14/3Q	14/4Q	15/1Q	15/2Q	15/3Q	15/4Q	16/1Q	16/2Q	16/3Q	16/4Q
¥/USD	97.3	98.6	99.7	102.7	102.5	102.8	114.1	119.2	121.3	122.6	121.2	118.0	109.8	102.9	106.9	
¥/EUR	126.4	129.9	135.1	139.9	140.9	137.7	142.8	136.9	133.0	136.2	132.3	128.0	124.3	114.6	116.7	
¥/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	

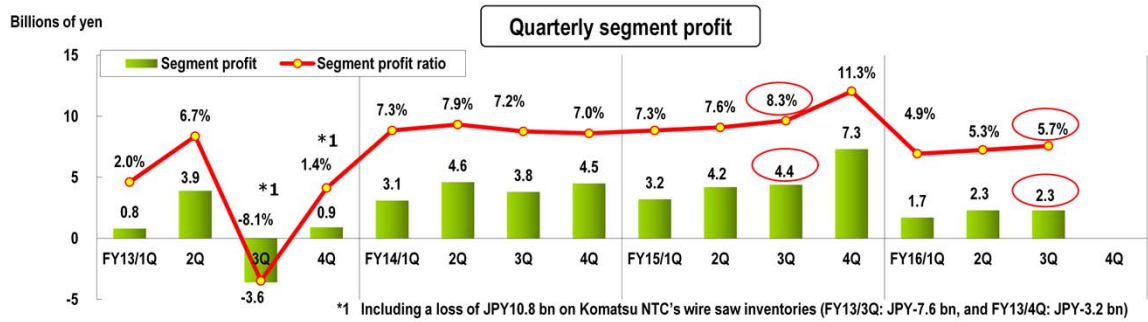
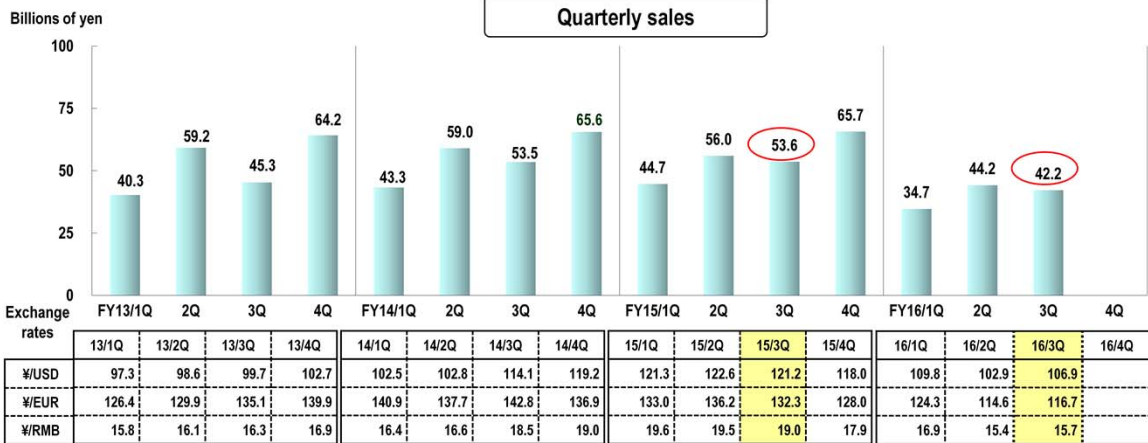
Retail Finance : Quarterly Sales and Segment Profit



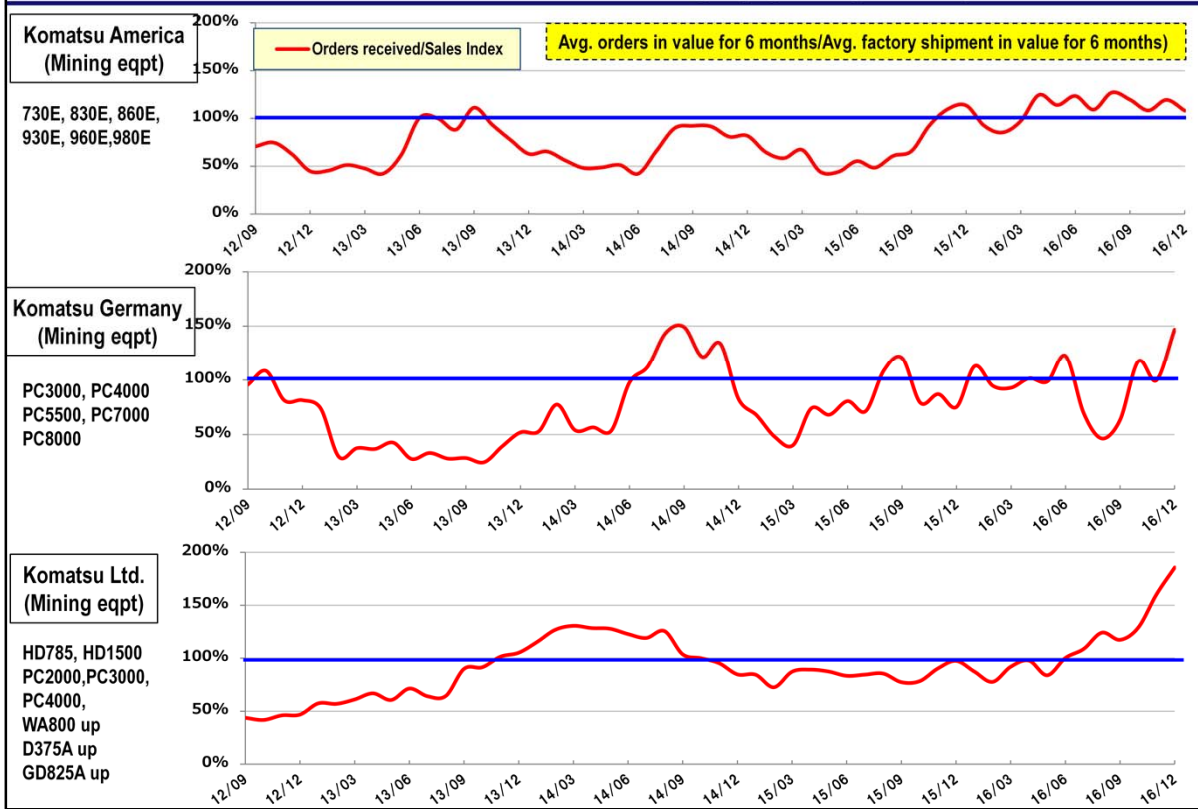
Exchange rates

	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	106.9
¥/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	116.7
¥/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	15.7

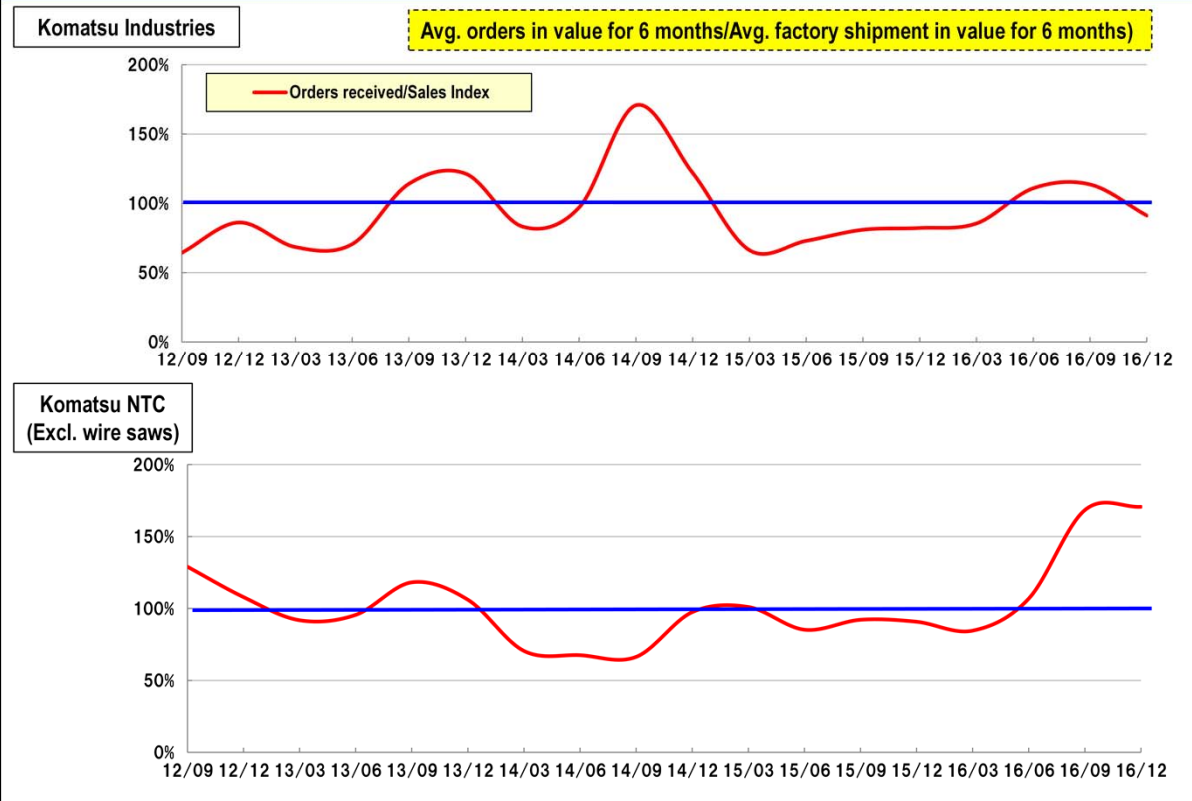




Orders Received / Sales Index for Mining Equipment (6 Months)



- ❑ These graphs show the index for ratios of orders received for new equipment to sales.
- ❑ 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.



- These graphs show the index for ratios of orders received for industrial machinery to sales. The show the index of orders received from the last six-month period divided by sales for the same last six-month period.

- Consolidates net sales decreased by 9.9% from the corresponding period a year ago, to JPY430.5 billion.
- Operating income declined by 22.9% to JPY42.8 billion. Operating income ratio was 10.0%, a decline of 1.6 percentage points.
- Net income declined by 20.3% to JPY30.8 billion.

Billions of yen	Oct.-Dec.,2015 ¥121.2/USD ¥132.3/EUR ¥19.0/RMB	Oct.-Dec.,2016 ¥106.9/USD ¥116.7/EUR ¥15.7/RMB	Changes	
			Increase (decrease)	% Change
Net sales	478.0	430.5	(47.4)	(9.9)%
Segment profit	48.5	43.6	(4.9)	(10.2)%
Other operating income (expenses)	7.0	(0.7)	(7.7)	-
Operating income	55.6	42.8	(12.7)	(22.9)%
Profit ratio	11.6%	10.0%	(1.6)pts.	-
Other income (expenses)	(0.3)	2.2	+2.6	-
Net income before income taxes	55.2	45.1	(10.1)	(18.3)%
Net income *	38.6	30.8	(7.8)	(20.3)%

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

- Construction, Mining & Utility Equipment: Sales decreased by 9.2% from the corresponding period a year ago, to JPY379.0 billion. Segment profit declined by 6.1% to JPY38.9 billion. Segment profit ratio was 10.3%, an increase of 0.4 percentage points.
- Retail Finance: Sales decreased by 5.9% to JPY12.6 billion. Segment profit declined by 21.1% to JPY2.5 billion.
- Industrial Machinery & Others: Sales declined by 21.3% to JPY42.2 billion. Segment profit dropped 46.4% to JPY2.3 billion.

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

Billions of yen	Oct.-Dec.,2015		Oct.-Dec.,2016		Changes	
					Increase(decrease)	% Change
Net sales	478.0		430.5		(47.4)	(9.9)%
Construction, mining & utility equipment	[412.1]	417.4	[376.6]	379.0	[(35.5)] (38.3)	[(8.6)%] (9.2)%
Retail finance	[12.6]	13.4	[12.0]	12.6	[(0.6)] (0.7)	[(5.0)%] (5.9)%
Industrial machinery & others	[53.2]	53.6	[41.9]	42.2	[(11.2)] (11.4)	[(21.2)%] (21.3)%
Elimination	(6.5)		(3.3)		+3.2	-
Segment profit	10.2%	48.5	10.1%	43.6	(4.9)	(10.2)%
Construction, mining & utility equipment	9.9%	41.4	10.3%	38.9	(2.5)	(6.1)%
Retail finance	24.0%	3.2	20.2%	2.5	(0.6)	(21.1)%
Industrial machinery & others	8.3%	4.4	5.7%	2.3	(2.0)	(46.4)%
Corporate & elimination	(0.5)		(0.2)		+0.2	-

- Sales to outside customers by region decreased by 8.6% from the corresponding period a year ago, to JPY376.6 billion.
- Except for CIS, China and Asia, sales decreased in other regions. Sharply affected by a decline in North American sales, the ratio of Traditional Market decreased to 49%.

