

Business Results for Three and Six Months Ended September 30, 2016

October 28, 2016

Presented by

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**I . Business Results for Three and Six Months Ended
September 30, 2016**

- Consolidated net sales declined by 8.9% from corresponding period a year ago, to JPY406.8 billion.
- Operating income dropped by 30.4% to JPY34.3 billion. Operating income ratio decreased by 2.6 points to 8.4%.
- Net income declined by 32.7% to JPY21.9 billion.

Billions of yen	Jul.-Sep.,2015 ¥122.6/USD ¥136.2/EUR ¥19.5/RMB	Jul.-Sep.,2016 ¥102.9/USD ¥114.6/EUR ¥15.4/RMB	Changes	
			Increase (decrease)	% Change
Net sales	446.3	406.8	(39.5)	(8.9)%
Segment profit	48.8	35.2	(13.5)	(27.8)%
Other operating income (expenses)	0.5	(0.8)	(1.4)	-
Operating income	49.3	34.3	(14.9)	(30.4)%
Profit ratio	11.0%	8.4%	(2.6)pts.	-
Other income (expenses)	(2.3)	(0.4)	1.9	-
Net income before income taxes	46.9	33.8	(13.0)	(27.8)%
Net income *	32.5	21.9	(10.6)	(32.7)%

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

- The Japanese yen appreciated against major and other currencies.
- Consolidated net sales declined by 8.9% from corresponding period a year ago, to JPY406.8 billion. Operating income dropped by 30.4% to JPY34.3 billion. Operating income ratio decreased by 2.6 points to 8.4%.
- Net income declined by 32.7% to JPY21.9 billion.

- **Construction, Mining and Utility Equipment:** Sales declined by 7.1% from the corresponding period a year ago, to JPY353.4 billion. Segment profit dropped by 23.4% to JPY31.2 billion. Segment profit ratio also declined by 1.9 points to 8.8%.
- **Retail Finance:** Revenues declined by 14.0% to JPY11.6 billion. Segment profit dropped 38.2% to JPY2.3 billion.
- **Industrial Machinery and Others:** Sales decreased by 21.1% to JPY44.2 billion. Segment profit declined by 44.9% to JPY2.3 billion.

Billions of yen	Jul.-Sep.,2015		Jul.-Sep.,2016		Changes	
					Increase(decrease)	% Change
Net sales	446.3		406.8		(39.5)	(8.9)%
Construction, mining & utility equipment	[378.0]	380.5	[351.8]	353.4	[(26.1)] (27.0)	[(6.9)%] (7.1)%
Retail finance	[12.7]	13.5	[10.9]	11.6	[(1.8)] (1.8)	[(14.2)%] (14.0)%
Industrial machinery & others	[55.5]	56.0	[44.0]	44.2	[(11.5)] (11.8)	[(20.8)%] (21.1)%
Elimination	(3.6)		(2.4)		+1.2	-
Segment profit	48.8		35.2		(13.5)	(27.8)%
Construction, mining & utility equipment	10.9%	40.7	8.7%	31.2	(9.5)	(23.4)%
Retail finance	28.0%	3.7	20.1%	2.3	(1.4)	(38.2)%
Industrial machinery & others	7.6%	4.2	5.3%	2.3	(1.9)	(44.9)%
Corporate & elimination	(0.0)		(0.6)		(0.6)	-

Review of two segments
■ Construction, Mining and Utility Equipment

While we steadfastly captured demand for construction equipment in North America and Europe, both quarterly segment sales and profit declined from the corresponding period a year ago, mainly affected by the Japanese yen's appreciation. When the foreign exchange effects were removed, sales increased.

■ Retail Finance [an independent operating segment starting in FY2016]

Quarterly revenues and segment profit declined, mainly affected by the Japanese yen's appreciation and reduced assets in China and Oceania.

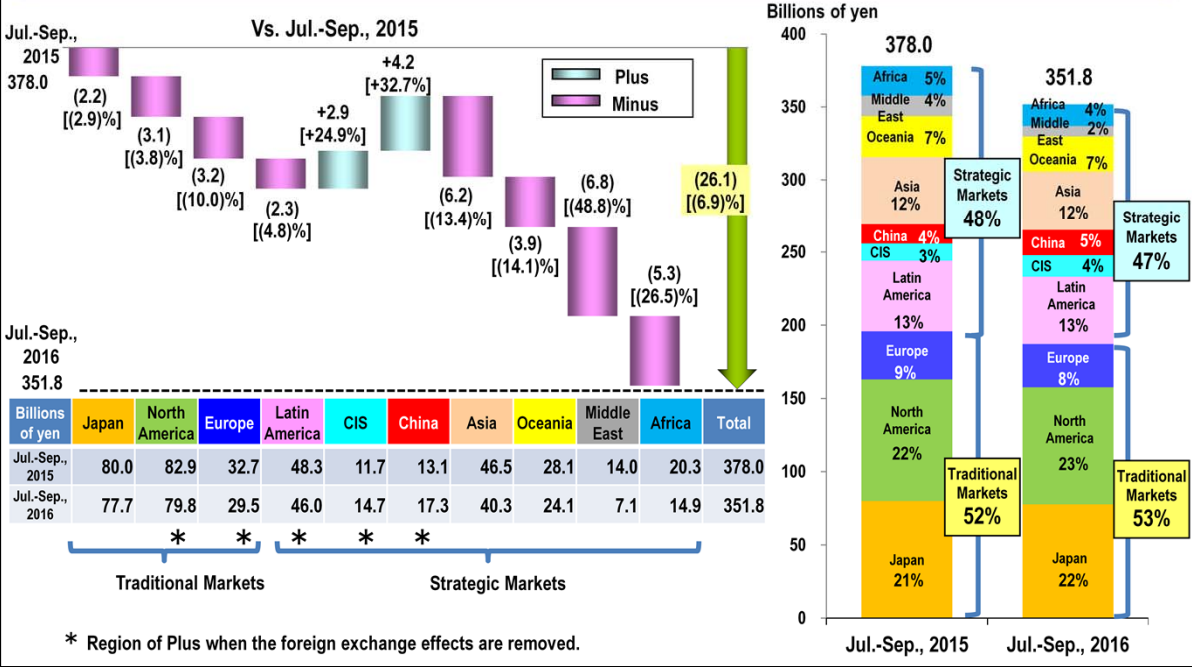
■ Industrial Machinery and Others

Both quarterly segment sales and 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 effects of removing former Komatsu House 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.

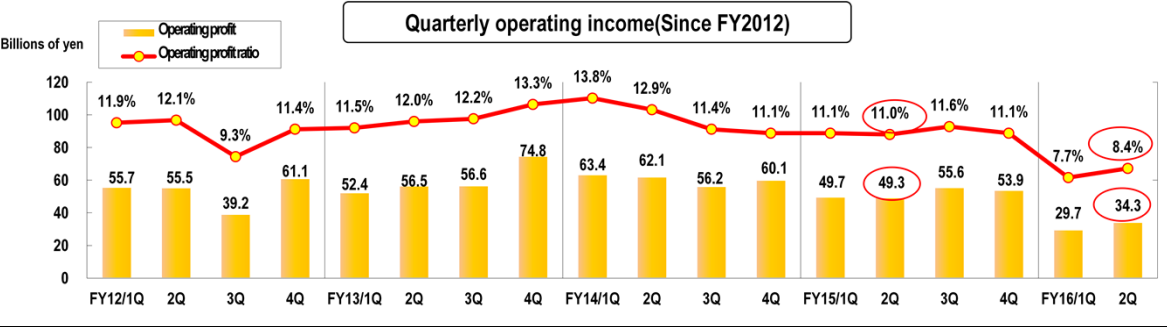
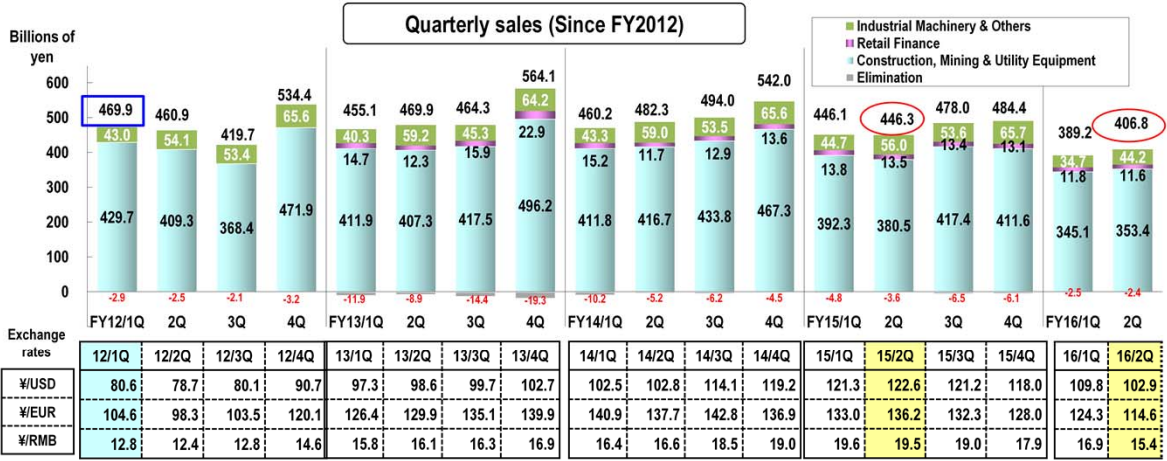
- **Construction, Mining and Utility Equipment:** Sales declined by 7.1% from the corresponding period a year ago, to JPY353.4 billion. Segment profit dropped by 23.4% to JPY31.2 billion. As we steadfastly captured demand for construction equipment in Traditional Markets, such as North America and Europe, volume of sales increased. However, both sales and segment profit decreased from the corresponding period a year ago, mainly affected the Japanese yen's appreciation.
- **Retail Finance:** Quarterly revenues and segment profit declined, mainly affected by the Japanese yen's appreciation and reduced assets in China and Oceania. Revenues declined by 14.0% to JPY11.6 billion. Segment profit dropped 38.2% to JPY2.3 billion.
- **Industrial Machinery and Others:** Sales decreased by 21.1% to JPY44.2 billion. Segment profit declined by 44.9% to JPY2.3 billion, due to reduced sales of presses and machine tools to the automobile manufacturing industry and the effects of removing former Komatsu House from consolidated accounting.

• Sales to outside customers declined by 6.9% from the corresponding period a year ago, to JPY351.8 billion.
 • Except for CIS and China, sales declined in other regions. Sales declined sharply in Strategic Markets, such as the Middle East and Africa, which pushed the ratio of sales in Traditional Markets to 53%. However, sales were steady in many regions, when the foreign exchange effects were removed.



□ Sales to outside customers declined by 6.9% from the corresponding period a year ago, to JPY351.8 billion.

□ Except for CIS and China, sales declined in other regions. Sales declined sharply in Strategic Markets, such as the Middle East and Africa, which pushed the ratio of sales in Traditional Markets to 53%.



- Consolidated net sales declined by 10.8% from the corresponding period a year ago, to JPY796.1 billion.
- Operating income dropped 35.2% to JPY64.1 billion. Operating income ratio was 8.1%, down 3.0 percentage points.
- Net income attributable to Komatsu Ltd. dropped 42.4% to JPY37.5 billion.

Billions of yen	Apr.-Sep.,2015 (1H FY2015) ¥121.9/USD ¥134.6/EUR ¥19.5/RMB	Apr.-Sep.,2016 (1H FY2016) ¥106.3/USD ¥119.5/EUR ¥16.1/RMB	Changes	
			Increase (decrease)	% Change
Net sales	892.4	796.1	(96.3)	(10.8)%
Segment profit	98.4	64.2	(34.1)	(34.7)%
Other operating income (expenses)	0.6	(0.1)	(0.7)	-
Operating income	99.0	64.1	(34.8)	(35.2)%
Profit ratio	11.1%	8.1%	(3.0)pts.	-
Other income (expenses)	(1.1)	(6.0)	(4.8)	-
Net income before income taxes	97.8	58.0	(39.7)	(40.6)%
Net income *	65.0	37.5	(27.5)	(42.4)%
Cash dividends per share	29yen	29yen	+/- 0yen	

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

- Exchange rates were JPY106.3 per USD, JPY119.5 per EUR, and JPY16.1 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 first half of FY2016, consolidated net sales declined by 10.8% from the corresponding period a year ago, to JPY796.1 billion. Operating income dropped 35.2% to JPY64.1 billion. Operating income ratio declined 3.0 percentage points to 8.1%.
- 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 42.4% to JPY37.5 billion.

- Construction, Mining & Utility Equipment: Sales declined by 9.6% from the corresponding period a year ago, to JPY698.6 billion. Segment profit dropped 30.8% to JPY57.6 billion. Segment profit ratio was 8.2%, down 2.6 percentage points.
- Retail Finance: Revenues declined by 14.1% to JPY23.4 billion. Segment profit dropped 44.1% to JPY4.2 billion.
- Industrial Machinery & Others: Sales declined by 21.6% to JPY79.0 billion. Segment profit dropped 46.1% to JPY4.0 billion.

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

Billions of yen	Apr.-Sep.,2015 (1H FY2015)		Apr.-Sep.,2016 (1H FY2016)		Changes	
					Increase (decrease)	% Change
Net sales		892.4		796.1	(96.3)	(10.8)%
Construction, mining & utility equipment	[767.0]	772.8	[695.2]	698.6	[(71.7)]	(74.2) [(9.3%)] (9.6)%
Retail finance	[25.8]	27.3	[22.2]	23.4	[(3.5)]	(3.8) [(13.8%)] (14.1)%
Industrial machinery & others	[99.6]	100.7	[78.5]	79.0	[(21.1)]	(21.7) [(21.2%)] (21.6)%
Elimination		(8.4)		(5.0)	+3.4	-
Segment profit		98.4		64.2	(34.1)	(34.7)%
Construction, mining & utility equipment	11.0%	83.2	8.1%	57.6	(25.6)	(30.8)%
Retail finance	10.8%	7.5	8.2%	4.2	(3.3)	(44.1)%
Industrial machinery & others	27.6%	7.5	18.0%	4.0	(3.4)	(46.1)%
Corporate & elimination	7.5%	0.1	5.1%	(1.6)	(1.7)	-

Review of three business segments
■ Construction, Mining & Utility Equipment

While demand was sluggish in some of Strategic Markets, we steadfastly captured demand for construction equipment in North America, Europe, CIS and China. However both sales and segment profit declined, mainly affected by the Japanese yen's appreciation. When the foreign exchange factor is removed, sales increased.

■ Retail Finance [an 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.

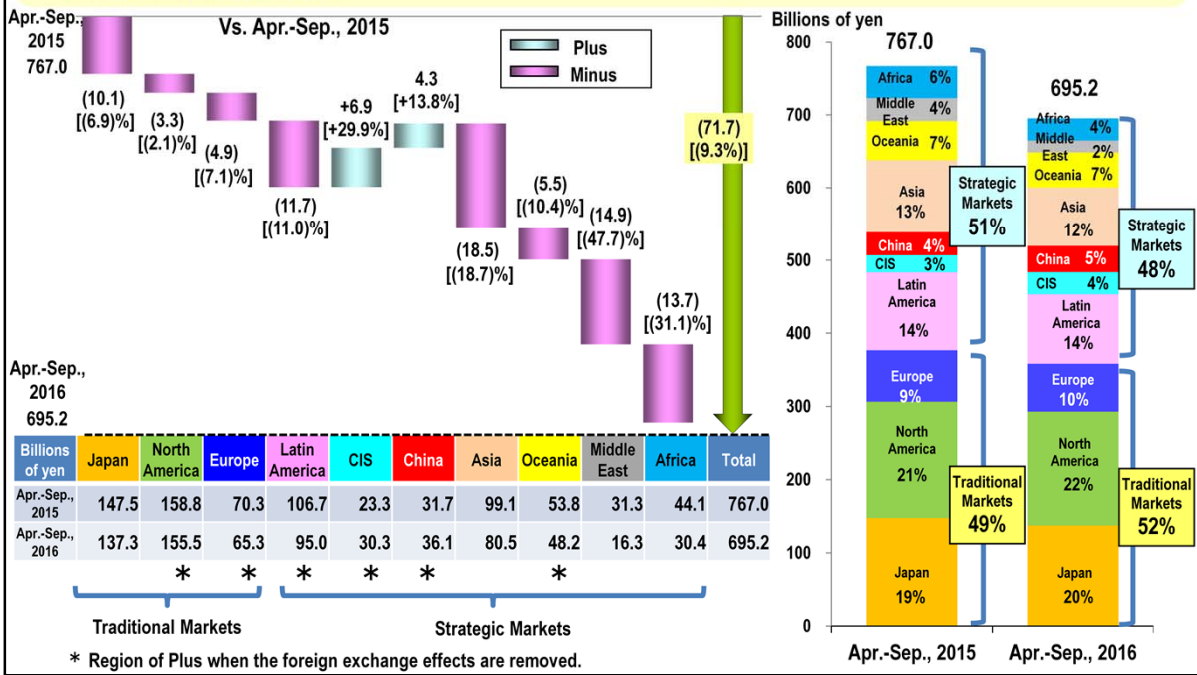
■ Industrial Machinery & Others

Sales declined by 21.6% to JPY79.0 billion. Segment profit dropped 46.1% to JPY4.0 billion 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.

- In the construction, mining and utility equipment segment, sales declined by 9.5% from the corresponding period a year ago, to JPY698.6 billion. Segment profit dropped 30.8% to JPY57.6 billion. While demand for construction and mining equipment remained sluggish in Strategic Markets, such as the Middle East, Africa and other regions, we steadfastly captured demand for construction equipment in Traditional Markets, such as North America and Europe in addition to CIS and China. As a result, volume of sales increased. However, both sales and segment profit declined from the corresponding period a year ago, mainly affected by the Japanese yen's appreciation.
- Retail Finance: as mainly affected by the Japanese yen's appreciation and reduced assets in China, Oceania and some other regions, revenues declined by 14.1% to JPY23.4 billion, segment profit dropped 44.1% to JPY4.2 billion.
- In the industrial machinery and others segment, Sales declined by 21.6% to JPY79.0 billion. Segment profit dropped 46.1% to JPY4.0 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.

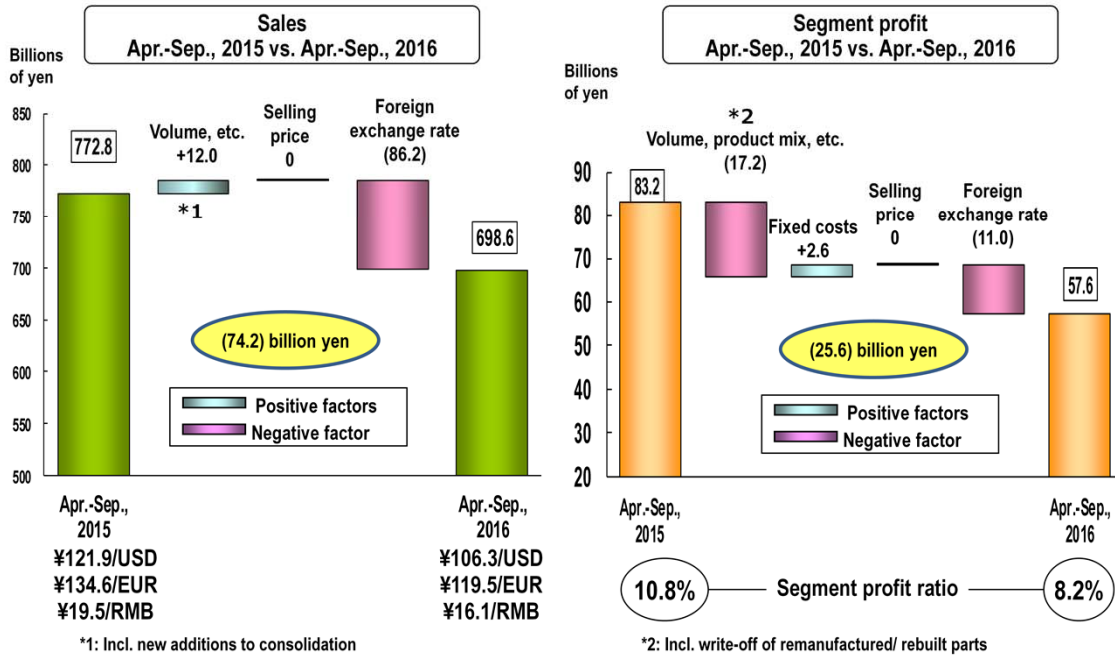
• Sales to outside customers declined by 9.3% from the corresponding period a year ago, to JPY695.2 billion.
 • Except for CIS and China, sales declined in other regions. Sales declined sharply in Strategic Markets, such as Asia and the Middle East, which pushed the ratio of sales in Traditional Markets to 52%. However, sales were steady in many regions, when the foreign exchange effects were removed.



❑ Sales to outside customers declined by 9.3% from the corresponding period a year ago, to JPY695.2 billion.

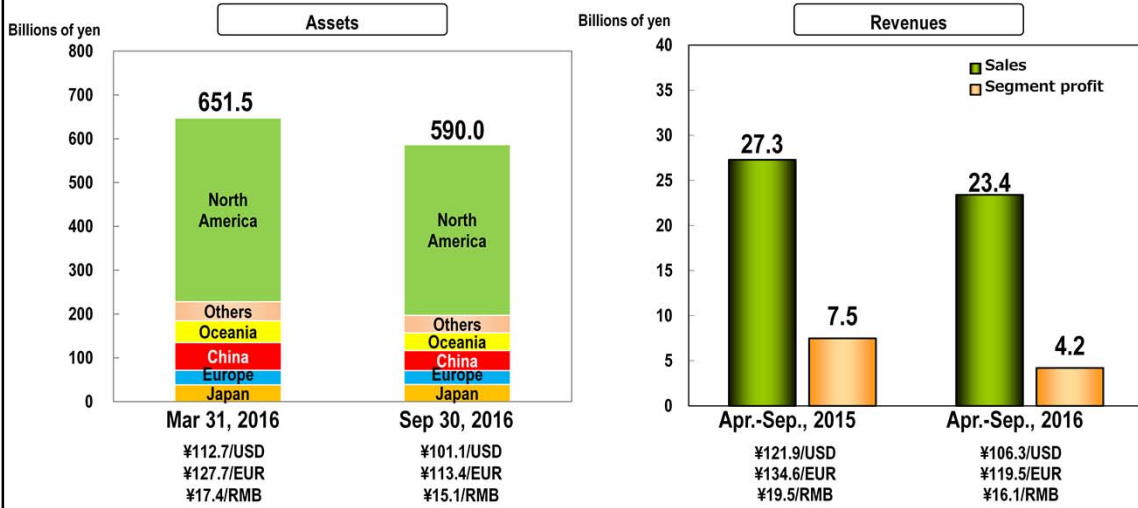
❑ Except for CIS and China, sales declined in other regions. Sales declined sharply in Strategic Markets, such as Asia and the Middle East, which pushed the ratio of sales in Traditional Markets to 52%.

- Sales declined by JPY74.2 billion from the corresponding period a year ago, as affected by the Japanese yen's appreciation.
- Segment profit declined JPY25.6 billion.
- Segment profit ratio degenerated to 8.2%, down 2.6 percentage points.



- Sales decreased by JPY74.2 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 JPY25.6 billion from the corresponding period a year ago. Segment profit ratio was 8.2%, down 2.6 percentage points. We reduced fixed costs, but segment profit was impacted by negative factors, including the Japanese yen's appreciation.

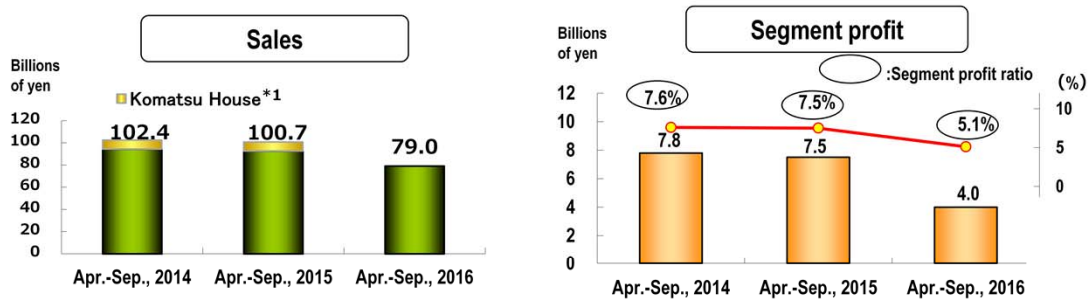
- Assets declined from March 31, 2016, due to the effects of foreign exchange rates, while increased assets in North America compensated for decreased assets in China, Oceania and some other regions.
- Revenues declined due mainly to the effects of foreign exchange rates. Segment profit declined from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



Billions of yen	2016/3E	2016/9E	Changes
Interest-bearing debt	483.5	442.3	(41.2)
Interest-bearing debt, net	476.6	437.7	(38.9)
Net D/E ratio	3.40	3.53	+0.13pts.

- Total assets decreased by JPY61.5 billion from the previous fiscal year-end, to JPY590.0 billion. As the foreign exchange factor accounted for a decline of JPY64.5 billion, total assets increased by JPY3.0 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 by 21.6% from the corresponding period a year ago, to JPY79.0 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 5.1%.



Breakdown of sales Billions of yen	Apr.-Sep., 2014	Apr.-Sep., 2015	Apr.-Sep., 2016	Changes	
				Increase (decrease)	% change
Komatsu Industries Corp., etc. [total of press and sheet-metal machines]	25.4	28.2	22.7	(5.5)	(19.5)%
Komatsu NTC Ltd. [represented by wire saws]	36.5 [4.4]	36.4 [4.2]	24.6 [7.8]	(11.8) [+3.6]	(32.4)% [+85.0%]
Gigaphoton	13.1	16.5	15.9	(0.6)	(3.9)%
Komatsu House *1	8.1	8.0	-	(8.0)	-
Others	19.0	11.3	15.6	+4.2	+37.4%
Total	102.4	100.7	79.0	(21.7)	(21.6)%

*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 by 21.6% from the corresponding period a year ago, to JPY79.0 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 dropped to JPY4.0 billion, as affected by declined sales, and segment profit was 5.1%, down 2.4 percentage points.

- Total assets declined by JPY222.6 billion from the previous fiscal year-end, due to the Japanese yen's appreciation and reduced Accounts receivable .
- Komatsu Ltd. shareholders' equity ratio increased 1.7 percentage points to 59.7%.

Billions of yen	Mar. 31, 2016 ¥112.7/USD ¥127.7/EUR ¥17.4/RMB	Sep 30, 2016 ¥101.1/USD ¥113.4/EUR ¥15.1/RMB	Increase (decrease)
Cash & deposits (incl. time deposits) [a]	108.4	89.0	(19.4)
Accounts receivable (incl. long-term trade receivables)	875.3	772.8	(102.4)
Inventories	539.6	523.7	(15.8)
Tangible fixed assets	697.7	645.5	(52.2)
Other assets	393.5	360.8	(32.7)
Total assets	2,614.6	2,392.0	(222.6)
Accounts payable	205.4	189.4	(16.0)
Interest-bearing debt [b]	457.5	387.2	(70.3)
Other liabilities	363.9	326.7	(37.1)
Total liabilities	1,026.8	903.3	(123.5)
[Shareholders' equity ratio]	[58.0%]	[59.7%]	[+1.7pts.]
Komatsu Ltd. shareholders' equity	1,517.4	1,427.3	(90.0)
Non-controlling interests	70.3	61.3	(9.0)
Liabilities & Equity	2,614.6	2,392.0	(222.6)
Interest-bearing debt, net [b-a]	349.0	298.1	(50.9)
Net D/E ratio	0.23	0.21	

- Total assets decreased by JPY222.6 billion from the previous fiscal year-end. This decrease includes a decrease of JPY183.0 billion resulting from the foreign exchange factor. When the foreign exchange factor is removed, total assets would decrease by JPY39.6billion.
- Receivables declined by JPY102.4billion from the previous fiscal year-end. About two thirds of the decline is attributable to the foreign exchange factor.
- Interest-bearing debt declined by JPY70.3billion, which includes a decline of JPY32.2 billion of the foreign exchange factor.
- Komatsu Ltd. shareholders' equity increased by 1.7 percentage points to 59.7%.

II . Outlook of FY2016 Business Results

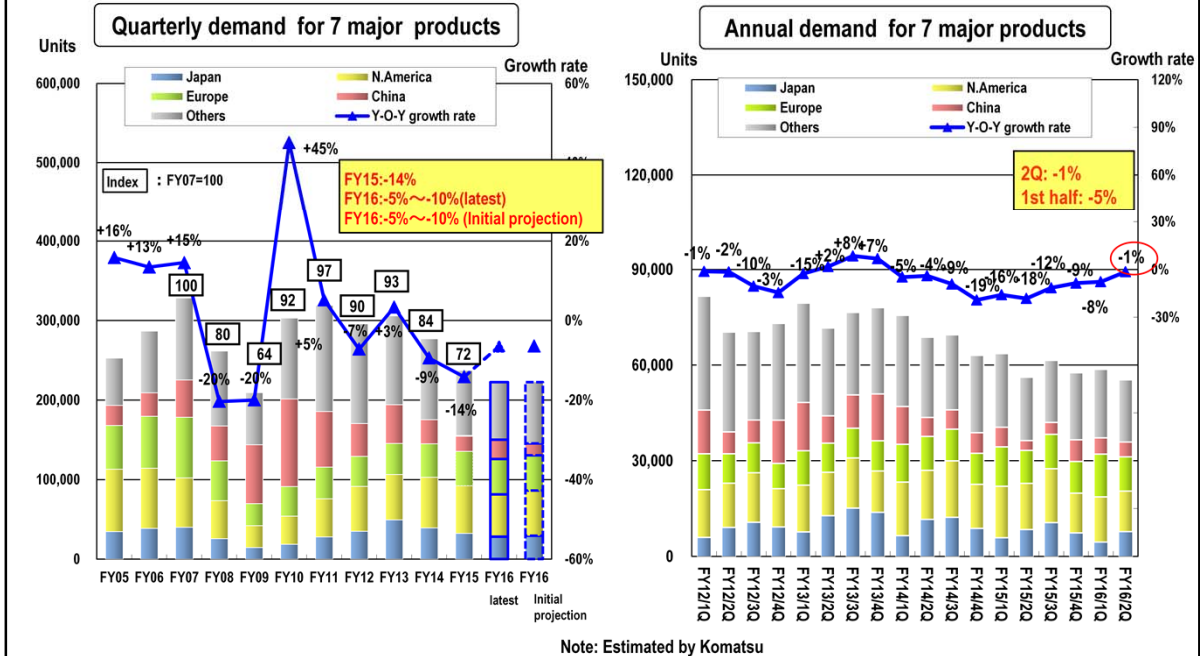
•We will not change our projection of April 2016 concerning full-year year sales and profits for FY2016.

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."

□We will not change our projection of April 2016 concerning full-year year sales and profits for FY2016.

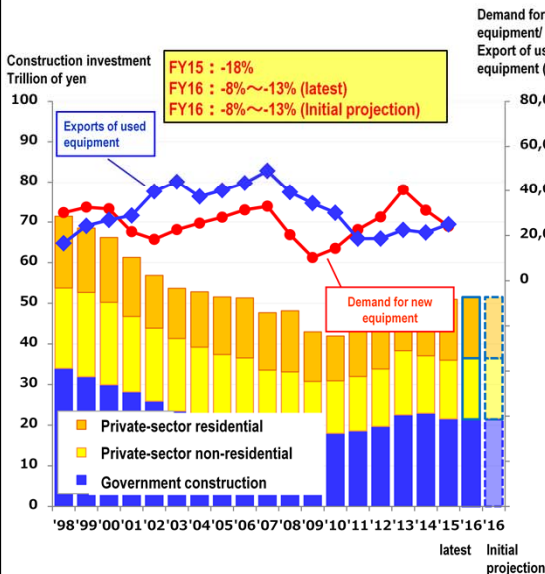
- For the second quarter period of FY2016, demand declined by 1% year-on-year.
- While demand declined mainly in the Middle East and Africa, it remained firm in China, CIS and other regions, which resulted in a slight decrease.
- Overall full-year demand should remain the same as projected in April this year, albeit ups and downs are expected in some regions.



- For the second quarter period of FY2016, demand declined by 1% year-on-year.
- While demand declined mainly in the Middle East and Africa, it remained firm in China, CIS and other regions, which resulted in a slight decrease.
- Overall full-year demand should decline of about 5% to 10% as the same as projected in April this year, albeit ups and downs are expected in some regions.

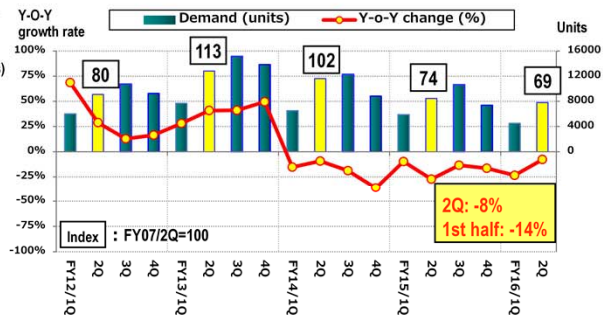
- In the second 3-Month period of FY2016, demand declined by 8% from the corresponding period a year ago.
- Demand continued to be affected by reduced demand for new emission controls-compliant models which had run its course, especially among rental companies.
- Full-year demand should remain within the range of our projection of April this year.

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

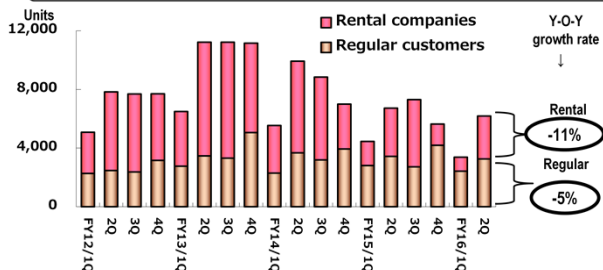


[Sources] Construction investment by the Ministry of Land, Infrastructure, Transport & Tourism, and Research Institute of Construction and Economy
 Demand for 7 major products and No. of exported used equipment estimated by Komatsu

Quarterly demand for 7 major products



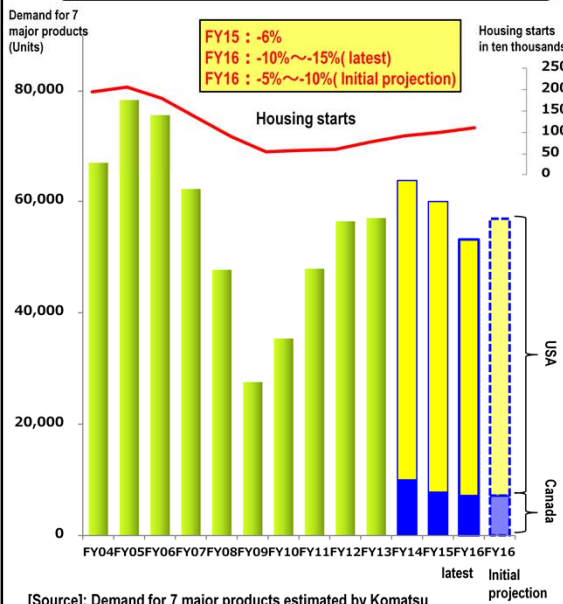
Quarterly demand for hydraulic excavators (Rental & regular uses)



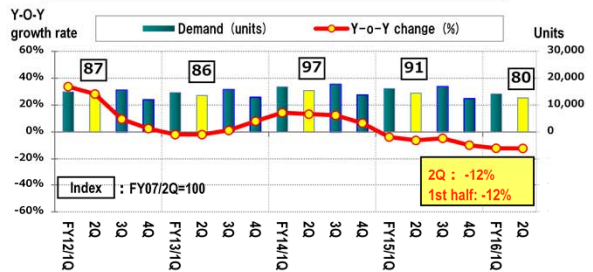
- In the second 3-Month period of FY2016, demand declined by 8% from the corresponding period a year ago.
- Demand continued to be affected by reduced demand for new emission controls-compliant models which had run its course, especially among rental companies.

- In the second quarter period of FY2016, demand declined by 12% from the corresponding period a year ago.
- In the United States, demand for construction equipment remained firm among regular customers, but demand in the rental industry was slack.
- While demand in Canada, demand continued on a slack trend in the energy sector.
- Full-year demand should fall short of our projection of April this year.

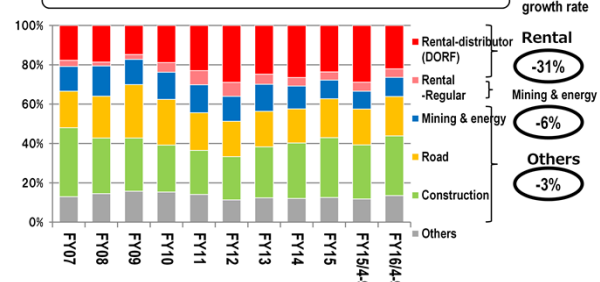
Demand for 7 major products and US housing starts



Quarterly demand for 7 major products

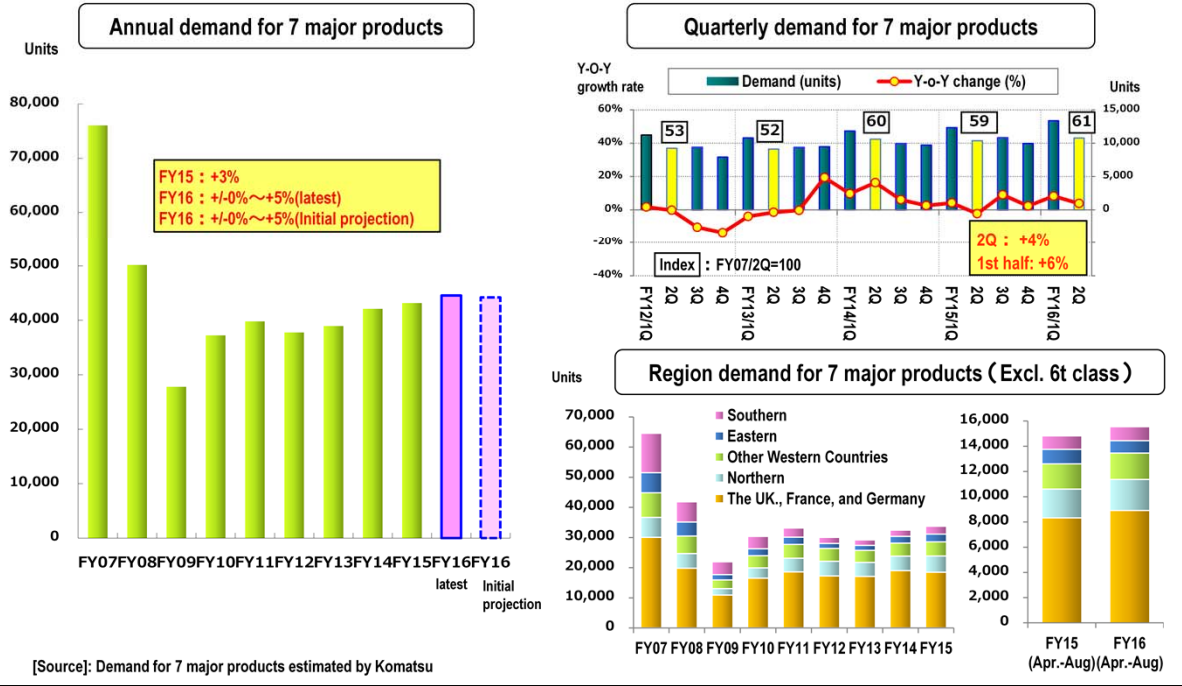


Breakdown of demand by segment (Unit basis)



- In the second quarter period of FY2016, demand declined by 12% from the corresponding period a year ago.
- In the United States, demand for construction equipment remained firm among regular customers, but demand in the rental industry was slack.
- While demand in Canada, demand continued on a slack trend in the energy sector.

- In the second 3-Month period of FY2016, demand increased by 4% from the corresponding period a year ago.
- Demand was firm in major markets centering on Germany as well as northern and southern Europe.
- We keep full-year demand unchanged from our projection of April this year.

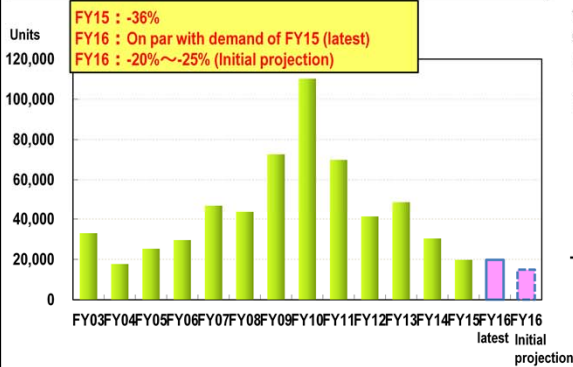


In the second 3-Month period of FY2016, demand increased by 4% from the corresponding period a year ago.

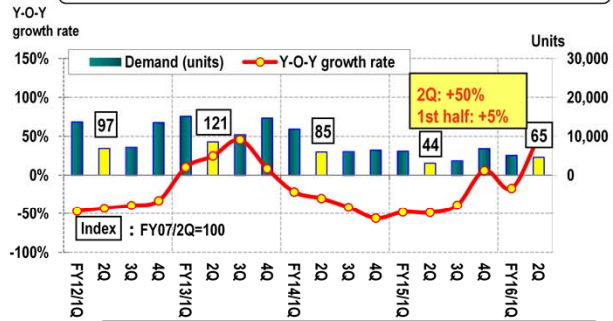
Demand was firm in major markets centering on Germany as well as northern and southern Europe.

- In the second 3-Month period of FY2016, demand increased by 50% from the corresponding period a year ago.
- Demand for construction equipment advanced, supported by progress of public works.
- Full-year demand should increase from our projection of April this year, reflecting the current market conditions.

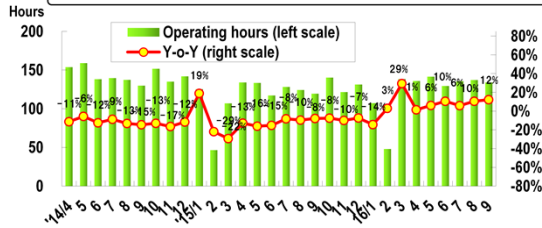
Annual demand for 7 major products (Foreign makers)



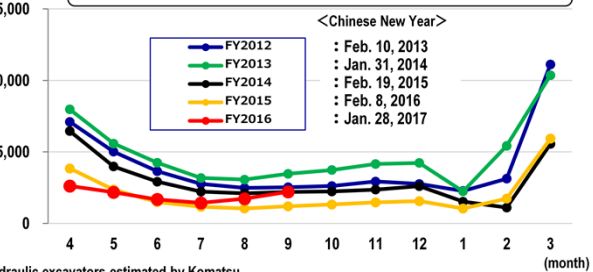
Quarterly demand for 7 major products (Foreign makers)



KOMTRAX in China : Average operating hours per month



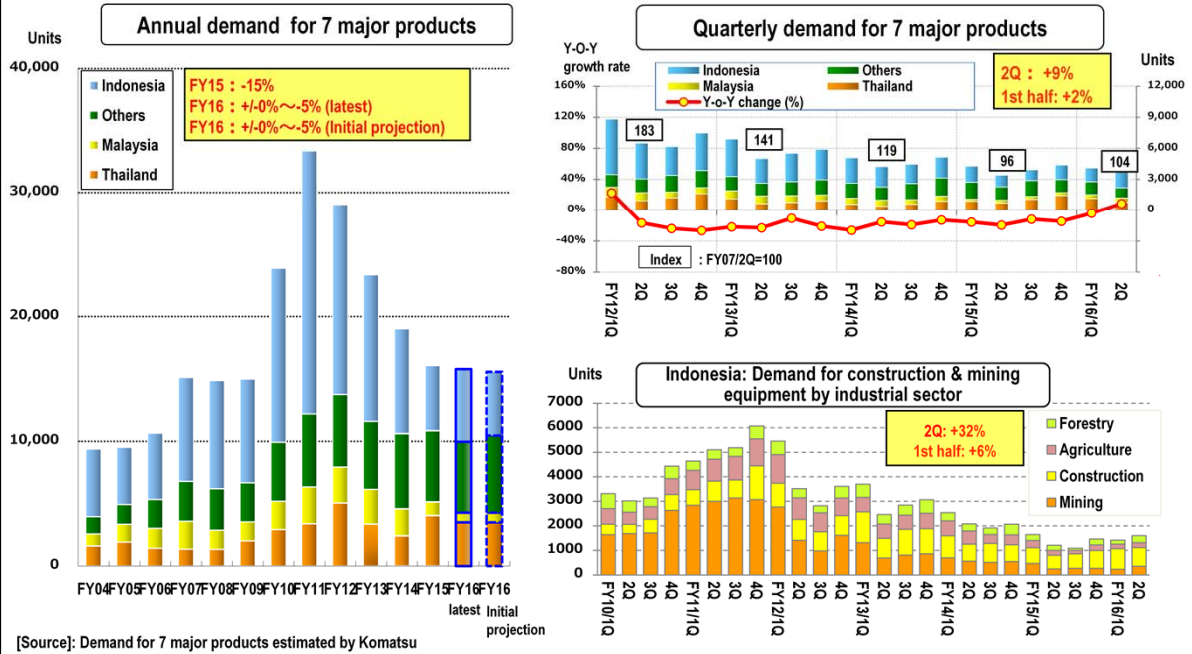
Monthly demand for hydraulic excavators : Total of 6-ton and larger models



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

- In the second 3-Month period of FY2016, demand increased by 50% from the corresponding period a year ago, as demand for construction equipment advanced, supported by progress of public works.

- In the second 3-Month period of FY2016, demand increased by 9% from the corresponding period a year ago.
- Demand was better than our projection in Indonesia, the largest market of the region, and that remained firm in Thailand and Malaysia.
- We keep full-year demand unchanged from our projection of April this year.

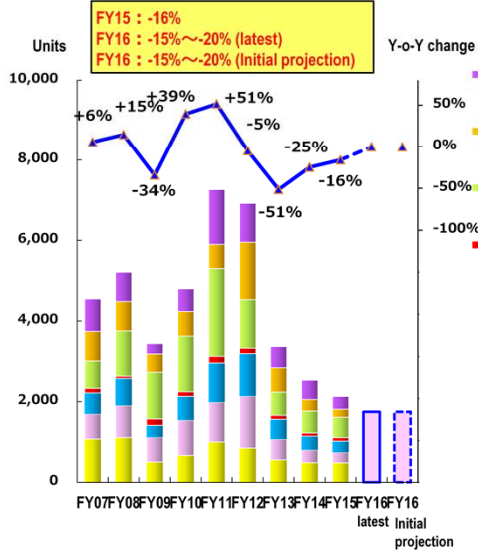


- In the second 3-Month period of FY2016, demand increased by 9% from the corresponding period a year ago.
- In Indonesia, the largest market of the region, demand was still at a low level, but it was better than our projection. In addition, demand was firm in Thailand and Malaysia.

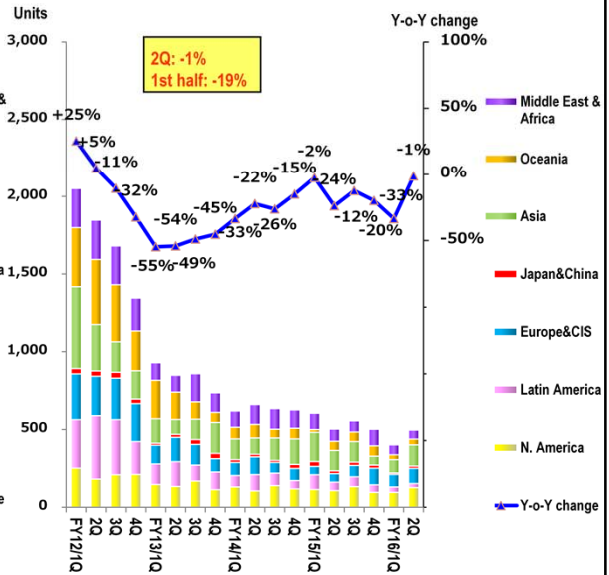
- In the second 3-Month period of FY2016, global demand for mining equipment dropped 1% from the corresponding period a year ago.
- With respect to full-year demand, we are not changing our projection made at the start of the fiscal year.

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

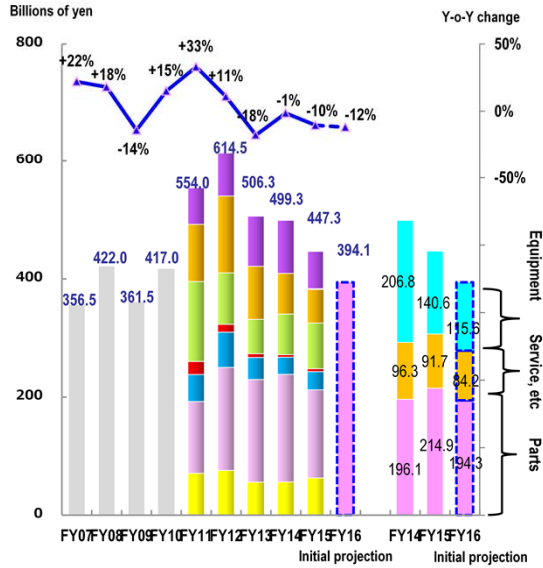


Note: Demand estimated by Komatsu

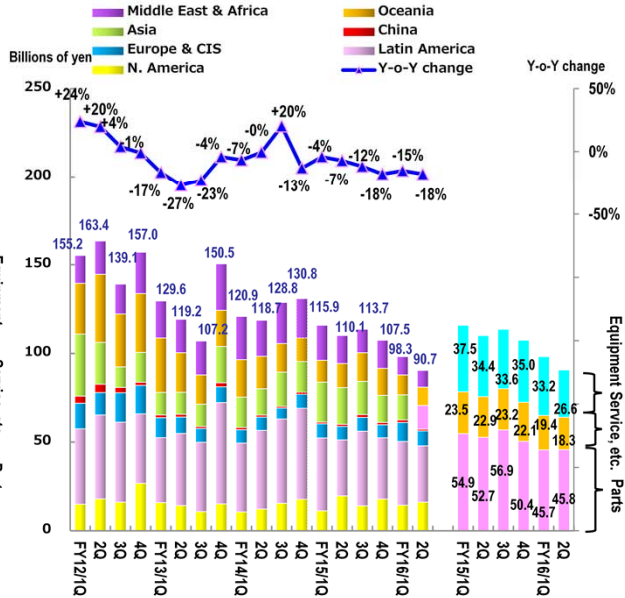
- In the second 3-Month period of FY2016, global demand for mining equipment dropped 1% from the corresponding period a year ago.
- Since the start of 2016, the mining equipment market has been mixed with positive and negative factors. With respect to full year demand for new equipment, we are not changing our projection of April this year. We expect that demand for mining equipment will start to recover in FY2017 or later.

• For the second 3-Month period of FY2016, sales declined by 18% from the corresponding period a year ago, to JPY90.7 billion, as affected mainly by the Japanese yen's appreciation.

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

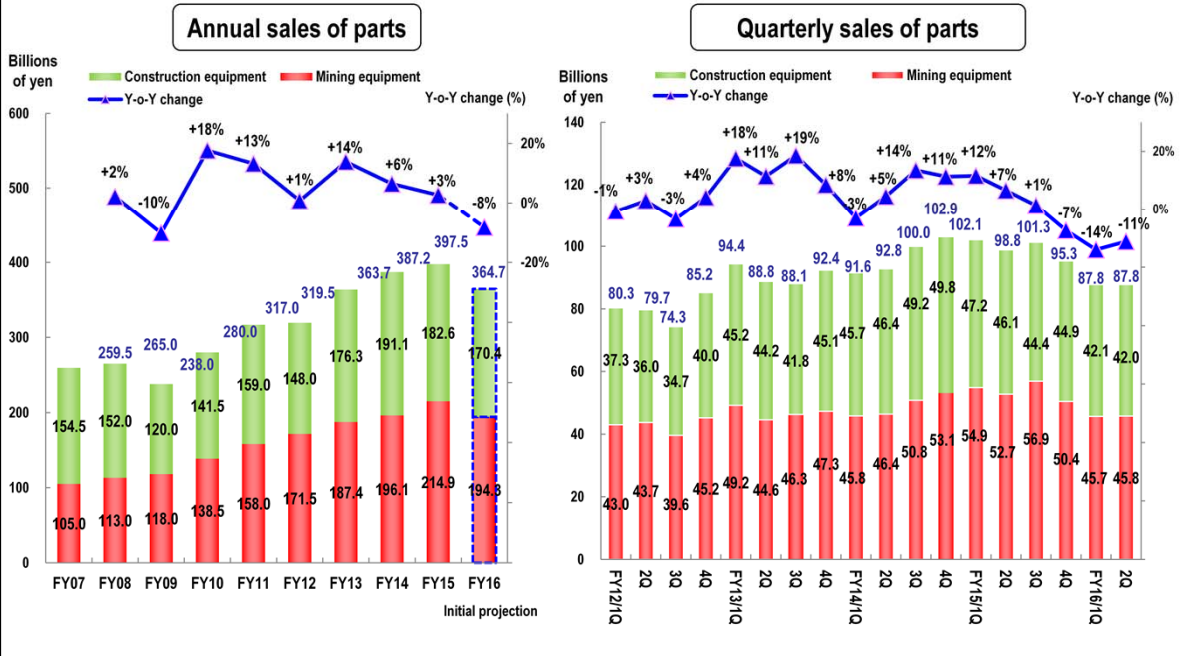


Quarterly sales of mining equipment (incl. parts and service)



□ For the second quarter of FY2016, sales declined by 18% from the corresponding period a year ago, to JPY90.7 billion. When the foreign exchange factor is removed, sales declined 2%. The decline of sales was affected by reduced sales of equipment and service revenues.

• For the second 3-Month period of FY2016, sales of parts declined by 11% from the corresponding period a year ago.
 • Sales of parts declined due mainly to the effects of the Japanese yen's appreciation. However, when the foreign exchange effects are removed, sales remained firm.



□ For the second quarter of FY2016, sales of parts declined by 11% from the corresponding period a year ago, to JPY87.8 billion, or when the foreign exchange effects were removed, sales increased 4% (sales of parts for construction increased 6%, and for mining equipment, 3%).

- We don't change our projections of full-year sales now.
 - Although there are variable factors in the second six-month period, such as foreign exchange risks and the ups and downs of demand in each region, we believe we will be able to achieve both sales and profits in general as we projected in April this year.
 - In the industrial machinery and others segment, future demand is likely to soften.
- Our performance for the first half of FY2016 are shown below.

Progress of sales for the first half period

<Construction, Mining and Utility Equipment: Sales for the first half period>

Billion JPY	Projection of April	1H results (6 months)	Progress
Japan	309.0	137.3	44%
North America	309.0	155.5	50%
Europe	137.0	65.3	48%
Latin America	200.0	95.0	48%
CIS	40.0	30.3	76%
China	61.0	36.1	59%
Asia	166.0	80.5	48%
Oceania	102.0	48.2	47%
Middle East	51.0	16.3	32%
Africa	59.0	30.4	52%
Total	1,434.0	695.2	48%

Construction, Mining & Utility Equipment

- While there were some ups and downs, depending on the region, in the first six-month sales, overall sales were within our projection of April 2016.
- Supplementary information by region follows below.
 - CIS: Sales expanded, supported by increased demand centering on gold mines.
 - Middle East: Sales were slack, affected by a drastic decline in demand for construction equipment in Gulf nations, mainly resulting from slack crude price
- Overall progress in sales accounted for 48%, as usual as every year.

Retail Finance and Industrial Machinery & Others

The first six-month revenues and sales were virtually within our plan.

- On July 21, 2016, Komatsu announced its plan to acquire Joy Global Inc. through Komatsu America Corp. a wholly-owned subsidiary in the United States.
- The merger agreement was approved at the extraordinary shareholders meeting of Joy Global on October 19, 2016 (local time).
- Komatsu plans to close the acquisition after receiving necessary regulatory clearances under competition laws in relevant countries.



Tetsuji Ohashi, President and CEO of Komatsu Ltd. (left) and Edward L. Doheny II, President and CEO of Joy Global Inc.

- These graphs show the index of orders received for new mining 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. They show the index of orders received for the last six-month period divided by sales for the same last six-month period.