

FAQ: Results for the First Quarter ended June 30, 2016

Q1: Explain sales and operating income for the first quarter of FY2016 in terms of your progress toward projected full-year results.

A1: Although both sales and operating income declined for the first quarter, we have assumed the decline in our plan.

Q2: Although you have not changed your projection of full-year results, explain the market conditions by region and your projection.

A2: There is no change from our projection of full-year results which we announced in April this year. Compared with our initial projection, there are some regions where projected demand and sales might increase or decrease. As a whole, however, we believe we should be able to achieve our projections of sales and profit.

Q3: Tell us about the current conditions of the mining equipment market.

A3: Commodity prices are remaining slack today, and mining customers are still keeping a conservative mindset concerning capital investment. Concerning full-year demand for new equipment in FY2016, we are projecting a decline of 15% to 20% from FY2015, just as I projected in April this year.

In certain regions, the number of equipment in storage is growing and overhauls are being postponed. As a result, we are weathering a decline in sales of parts. We will closely monitor the situation into the future.

Q4: Are there any effects of the so-called Brexit on Komatsu?

A4: We believe there will be no significant impact on our business for the foreseeable future. Nevertheless, we are going to closely monitor British-EU relations into the future and its impact on European and global economies.

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