

Business Results for Three and Six Months ended September 30, 2017

October 27, 2017

Presented by

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I . Business Results for Three and Six Months ended September 30, 2017

Note

On April 5, 2017, we completed the acquisition of Joy Global Inc. On April 19, Joy Global Inc. changed its trade name to Komatsu Mining Corp. (hereafter “KMC”). From the first 3-month period of FY2017, our consolidated business results include those of KMC as a consolidated subsidiary.

- Consolidated net sales increased by 46.9% from the corresponding period a year ago, to JPY597.7 billion.
- Operating income advanced by 75.4% to JPY60.2 billion. Operating income ratio increased by 1.7 points to 10.1%.
- Net income attributable to Komatsu Ltd. improved by 198.0% to JPY65.3 billion.

Billions of yen	Jul.-Sep.,2016	Jul.-Sep.,2017		Changes		
	¥102.9/USD ¥114.6/EUR ¥15.4/RMB	¥110.9/USD ¥129.9/EUR ¥16.6/RMB	Komatsu conventional *1	KMC	Increase (decrease)	Change %
Net sales	406.8	597.7	520.8	76.9	+190.8	+46.9%
Segment profit (loss)	35.2	60.7	67.6	*2 (6.9)	+25.4	+72.3%
Other operating income (expenses)	(0.8)	(0.5)	(0.4)	(0.0)	+0.3	-
Operating income (loss)	34.3	60.2	67.2	*2 (7.0)	+25.8	+75.4%
Profit ratio (loss ratio)	8.4%	10.1%	12.9%	(9.1)%	+1.7pts.	-
Other income (expenses)	(0.4)	35.8			+36.2	-
Income before income taxes	33.8	96.0			+62.1	+183.3%
Net income *3	21.9	65.3			+43.4	+198.0%

Notes 1) Figures represent those which KMC's business results are excluded.

2) KMC's segment and operating losses include temporary expenses in the table on the right.

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

Depreciation after PPA *	(16.3)
Start-up expenses, etc.	(0.9)
Total	(17.3)

Note: PPA stands for Purchase Price Allocation.
It is an accounting process of valuating and allocating acquired assets and liabilities to fair prices.

- Construction, Mining & Utility Equipment: Sales advanced by 55.4% from the corresponding period a year ago, to JPY549.3 billion. Segment profit expanded by 78.6% to JPY55.7 billion. Segment profit ratio improved by 1.4 points to 10.2%.
- Retail Finance: Revenues increased by 17.9% to JPY13.6 billion. Segment profit advanced by 10.9% to JPY2.5 billion.
- Industrial Machinery & Others: Sales declined by 8.4% to JPY40.5 billion. Segment profit improved by 4.9% to JPY2.4 billion.

% : Profit ratio

[] : Sales after elimination of inter-segment transactions

Billions of yen	Jul.-Sep.,2016		Jul.-Sep.,2017		Komatsu conventional		KMC		Changes			
									Increase (decrease)	% Change		
Net sales	406.8		597.7		520.8		76.9		+190.8	+46.9%		
Construction, mining & utility equipment	[351.8]	353.4	[545.8]	549.3	[468.8]	472.4	[76.9]	76.9	[+193.9]	+195.8	[+55.1%]	+55.4%
Retail finance	[10.9]	11.6	[11.6]	13.6	[11.6]	13.6	-	-	[+0.7]	+2.0	[+6.5%]	+17.9%
Industrial machinery & others	[44.0]	44.2	[40.2]	40.5	[40.2]	40.5	-	-	[(3.7)]	(3.7)	[(8.6)%]	(8.4)%
Elimination	(2.4)		(5.8)		(5.8)		-		(3.3)	-		
Segment profit	8.7% 35.2		10.2% 60.7		13.0% 67.6		(9.0)% (6.9)		+25.4	+72.3%		
Construction, mining & utility equipment	8.8% 31.2		10.2% 55.7		13.3% 62.7		(9.0)% (6.9)		+24.5	+78.6%		
Retail finance	20.1% 2.3		18.9% 2.5		18.9% 2.5		-		+0.2	+10.9%		
Industrial machinery & others	5.3% 2.3		6.1% 2.4		6.1% 2.4		-		+0.1	+4.9%		
Corporate & elimination	(0.6)		(0.1)		(0.1)		-		+0.5	-		

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

Sales expanded, supported by advanced sales of construction equipment in China and Indonesia, increased sales of mining equipment and benefits from the new addition of KMC to consolidated accounting. With respect to profits, while KMC recorded an operating loss, impacted by its temporary expenses, Komatsu (excluding KMC) expanded profit. As a result, segment profit increased sharply as a whole from the corresponding period a year ago

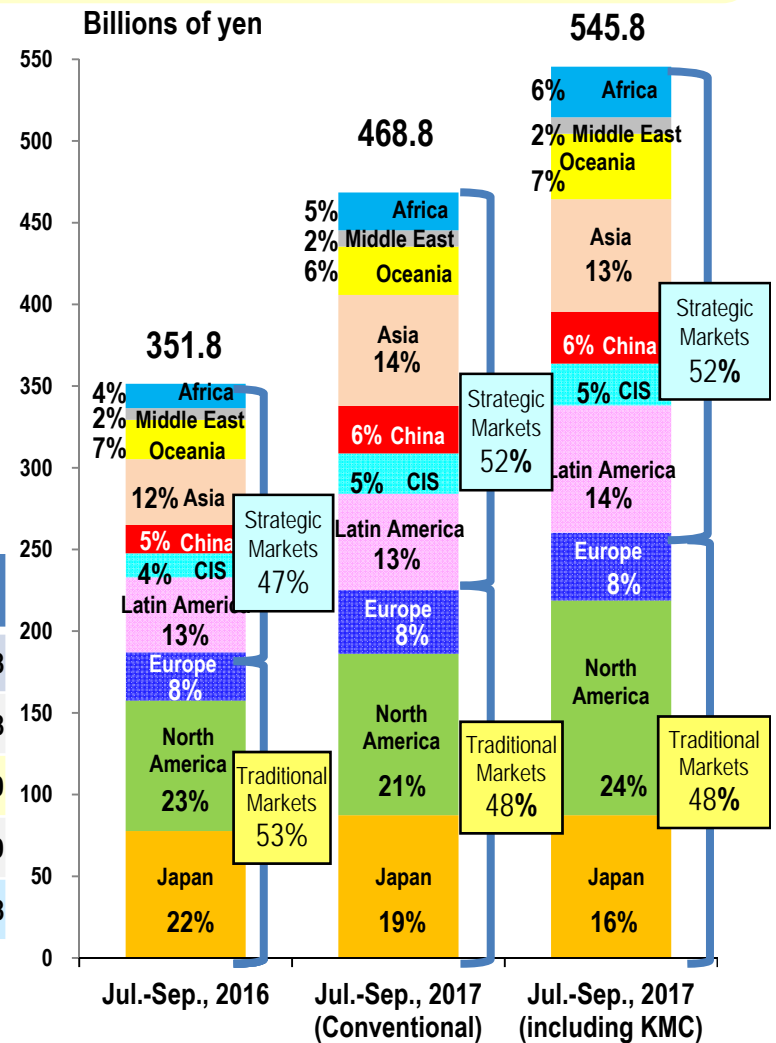
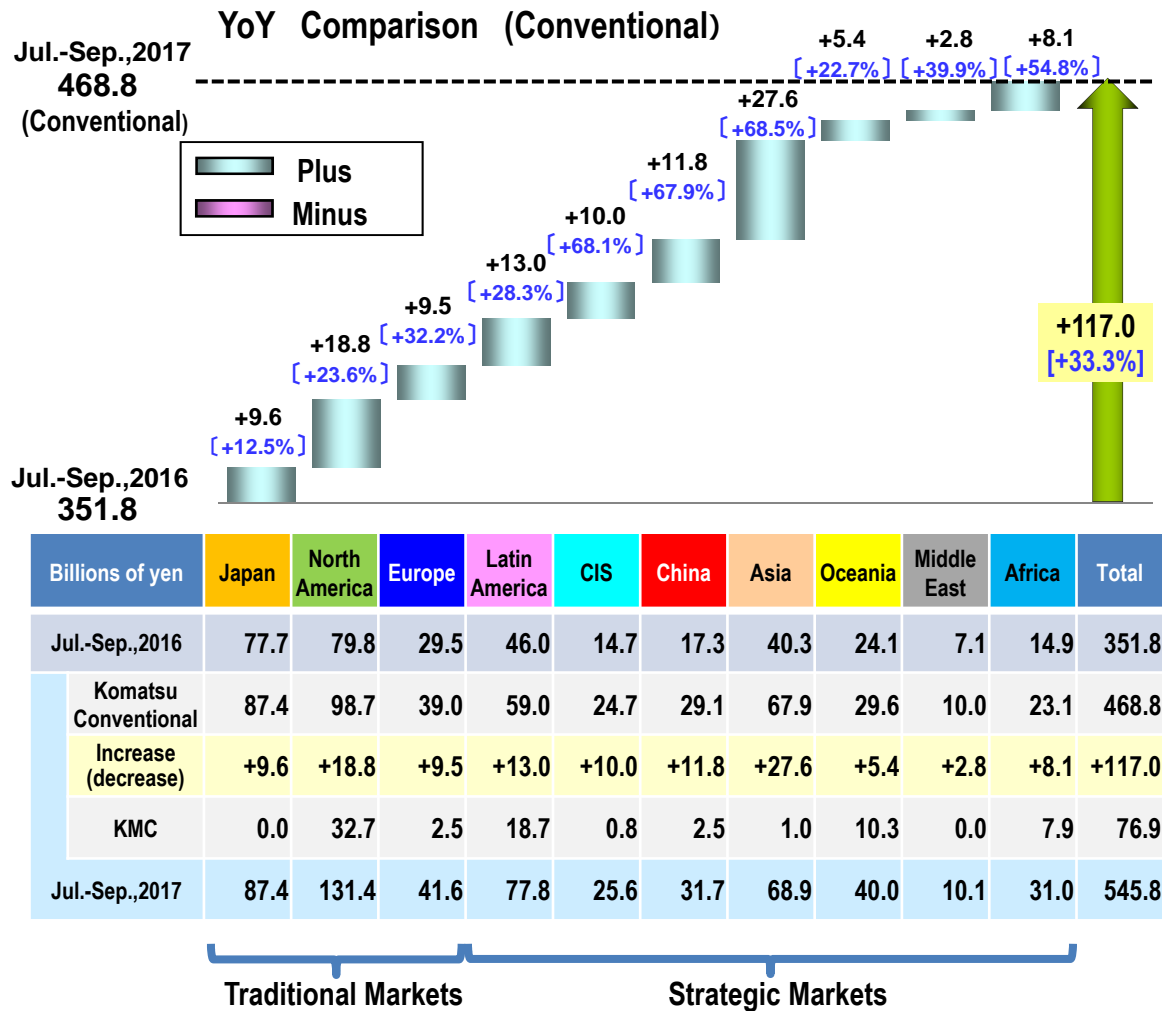
■ Retail Finance:

Revenues increased, mainly supported by expanded revenues in increased assets in North America. Segment profit also increased, reflecting no more allowance for doubtful accounts in China.

■ Industrial Machinery & Others

While sales declined, as affected by reduced sales of Komatsu Industries, segment profit improved, as supported by good business results of Gigaphoton.

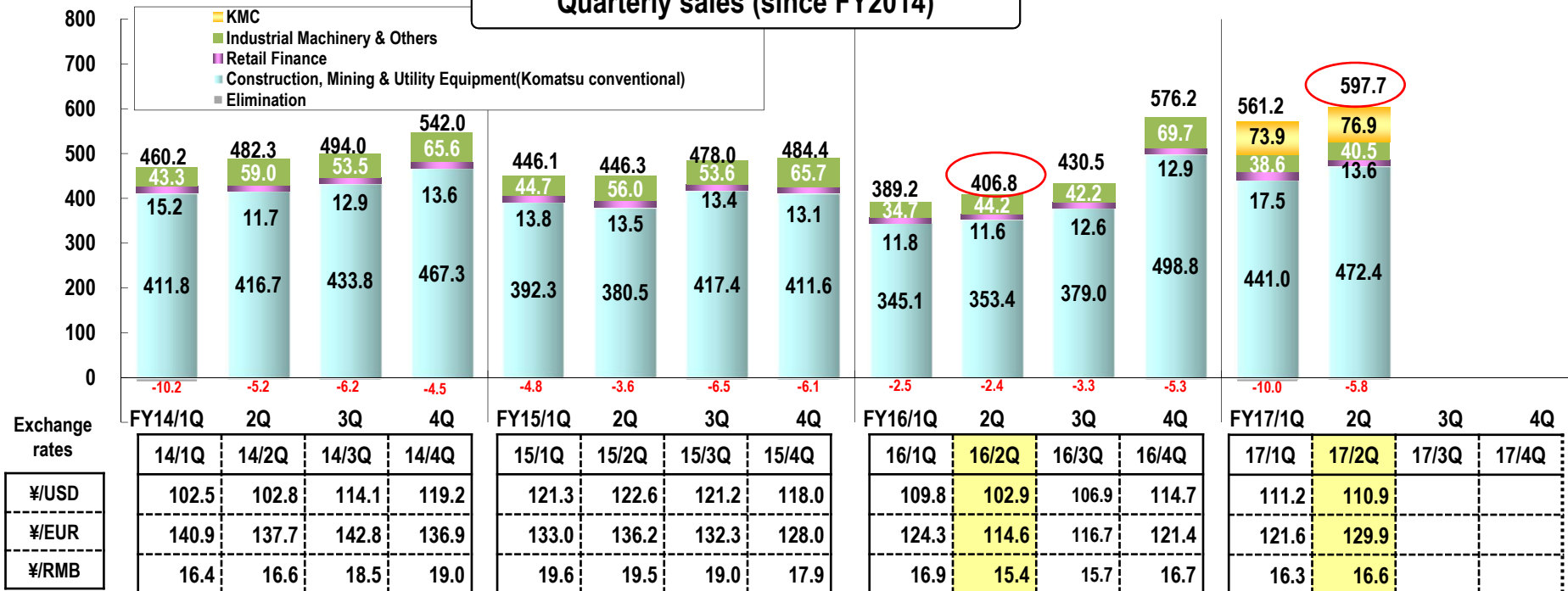
- Sales to outside customers advanced by 55.1% from the corresponding period a year ago, to JPY545.8 billion. When KMC's sales are excluded, sales increased by 33.3% to JPY468.8 billion.
- Excluding those of KMC, sales improved in all regions. Sales expanded sharply, especially in Asia and China and CIS. The ratio of sales in Strategic Markets increased to 52% of total sales. (The ratio of Strategic Market was 52%, when KMC's sales were included.)



Quarterly Sales and Operating Income

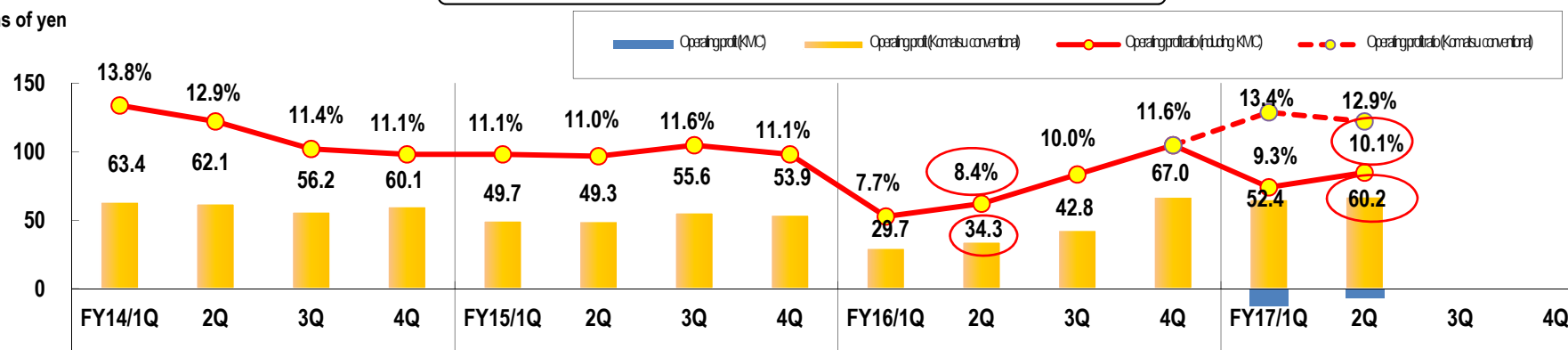
Billions of yen

Quarterly sales (since FY2014)



Quarterly operating income (Since FY2014)

Billions of yen



- Consolidated net sales increased by 45.6% from the corresponding period a year ago, to JPY1,158.9 billion.
- Operating income advanced by 75.6% to JPY112.6 billion. Operating income ratio was 9.7%, up 1.6 percentage points.
- Net income attributable to Komatsu Ltd. improved by 171.2% to JPY101.7 billion.

Billions of yen	Apr.-Sep.,2016 (1H FY2016) ¥106.63USD ¥119.5/EUR ¥16.1/RMB	Apr.-Sep.,2017 (1H FY2017) ¥111.1/USD ¥125.8/EUR ¥16.4/RMB	Y-O-Y		Increase (decrease)	Change %
			*1 Komatsu conventional	KMC		
Net sales	796.1	1,158.9	1,008.0	150.9	+362.8	+45.6 %
Segment profit (loss)	64.2	113.7	133.6	*2 (19.8)	+49.4	+77.0 %
Other operating income (expenses)	(0.1)	(1.0)	(1.0)	(0.0)	(0.9)	-
Operating income (loss)	64.1	112.6	132.6	*2 (19.9)	+48.4	+75.6%
Profit ratio (loss ratio)	8.1%	9.7%	13.2%	(13.2)%	+1.6pts.	-
Other income (expenses)	(6.0)	31.4			+37.5	-
Income before income taxes	58.0	144.1			+86.0	+148.1%
Net income *3	37.5	101.7			+64.2	+171.2%
Cash dividends per share	29yen	36yen			+7yen	

*1 Figures represent those which KMC's business results are excluded.

*2 KMC's segment loss and operating loss include the effects of temporary expenses shown on the right.

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

Note: PPA stands for Purchase Price Allocation.

It is an accounting process of valuing and allocating acquired assets and liabilities to fair prices.

	Billions of yen
Depreciation after PPA	(33.0)
Start-up cost etc.	(3.6)
Total	(36.6)

Segment Sales and Profits for Six Months (April-September, 2017)

- Construction, Mining & Utility Equipment: Sales advanced by 52.4% from the corresponding period a year ago, to JPY1,064.4 billion. Segment profit expanded by 80.1% to JPY103.7 billion. Segment profit ratio improved by 1.5 points to 9.7%.
- Retail Finance: Revenues advanced by 33.1% to JPY31.2 billion. Segment profit expanded by 40.2% to JPY5.9 billion.
- Industrial Machinery & Others: Sales remained flat at JPY79.1 billion from FY2016. Segment profit improved by 19.2% to JPY4.8 billion.

% : Profit ratio

[] : Sales after elimination of inter-segment transactions

Billions of yen	Apr.-Sep.,2016 (1H FY2016)		Apr.-Sep.,2017 (1H FY2017)		Komatsu conventional		KMC		Changes		
									Increase (decrease)	% Change	
Net sales		796.1		1,158.9		1,008.0		150.9		+362.8	+45.6%
Construction, mining & utility equipment	[695.2]	698.6	[1,056.8]	1,064.4	[905.9]	913.4	[150.9]	150.9	[+361.5]	+365.7	[+52.0%] +52.4%
Retail finance	[22.2]	23.4	[23.6]	31.2	[23.6]	31.2	-	-	[+1.3]	+7.7	[+6.2%] +33.1%
Industrial machinery & others	[78.5]	79.0	[78.4]	79.1	[78.4]	79.1	-	-	[(0.0)]	+0.1	[(0.1)%] +0.2%
Elimination		(5.0)		(15.8)		(15.8)		-		(10.8)	-
Segment profit		8.1% 64.2		9.8% 113.7		13.3% 133.6		(13.2)% (19.8)		+49.4	+77.0%
Construction, mining & utility equipment		8.2% 57.6		9.7% 103.7		13.5% 123.6		(13.2)% (19.8)		+46.1	+80.1%
Retail finance		18.0% 4.2		18.9% 5.9		18.9% 5.9		-		+1.6	+40.2%
Industrial machinery & others		5.1% 4.0		6.1% 4.8		6.1% 4.8		-		+0.7	+19.2%
Corporate & elimination		(1.6)		(0.7)		(0.7)		-		+0.8	-

Review of three business segments

■ Construction, Mining & Utility Equipment:

Sales expanded, supported by advanced sales of construction equipment in China and Indonesia, where demand was recovering, increased sales of mining equipment and benefits from the new addition of KMC to consolidated accounting. With respect to profits, while KMC recorded an operating loss, impacted by its temporary expenses, Komatsu (excluding KMC) expanded profit. As a result, segment profit increased sharply as a whole from the corresponding period a year ago.

■ Retail Finance:

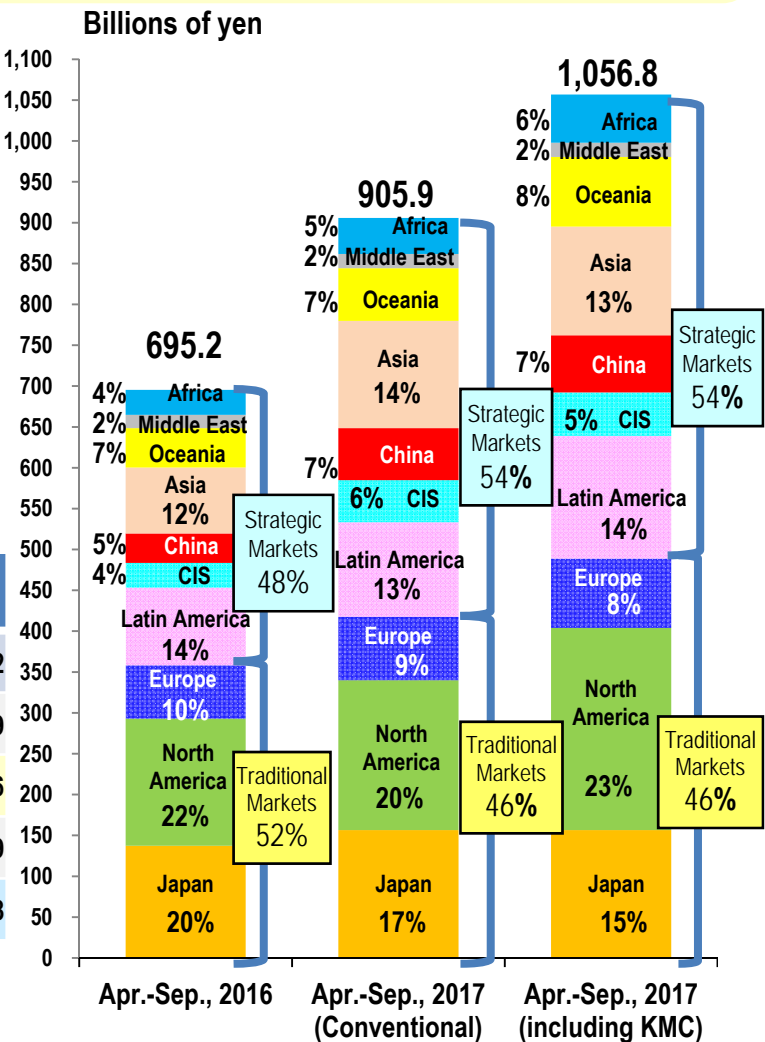
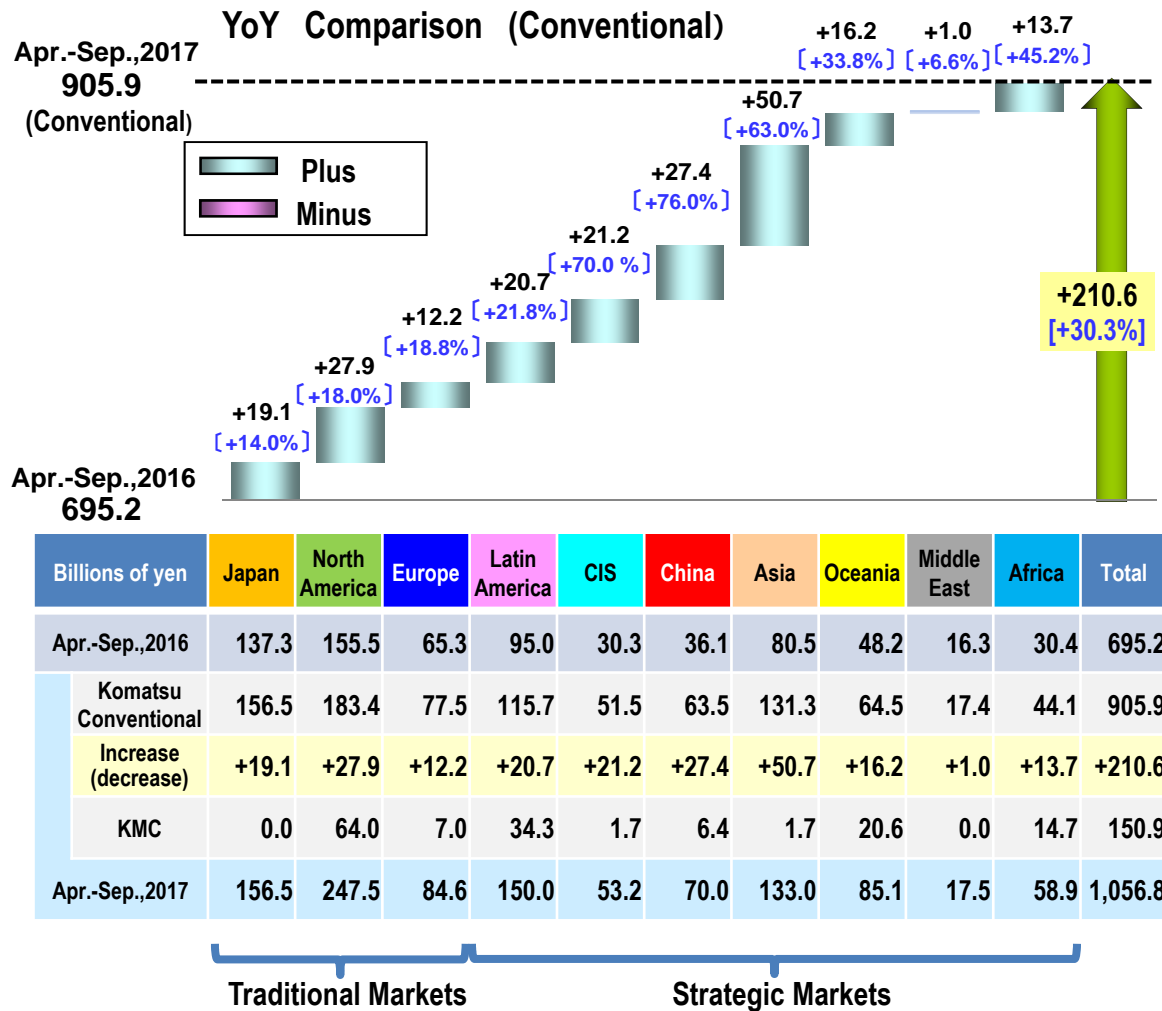
Revenues increased, mainly supported by expanded revenues in Chile and increased assets in North America. Segment profit also increased, reflecting no more allowance for doubtful accounts in China.

■ Industrial Machinery & Others:

Sales showed remain flat from corresponding period a year ago.

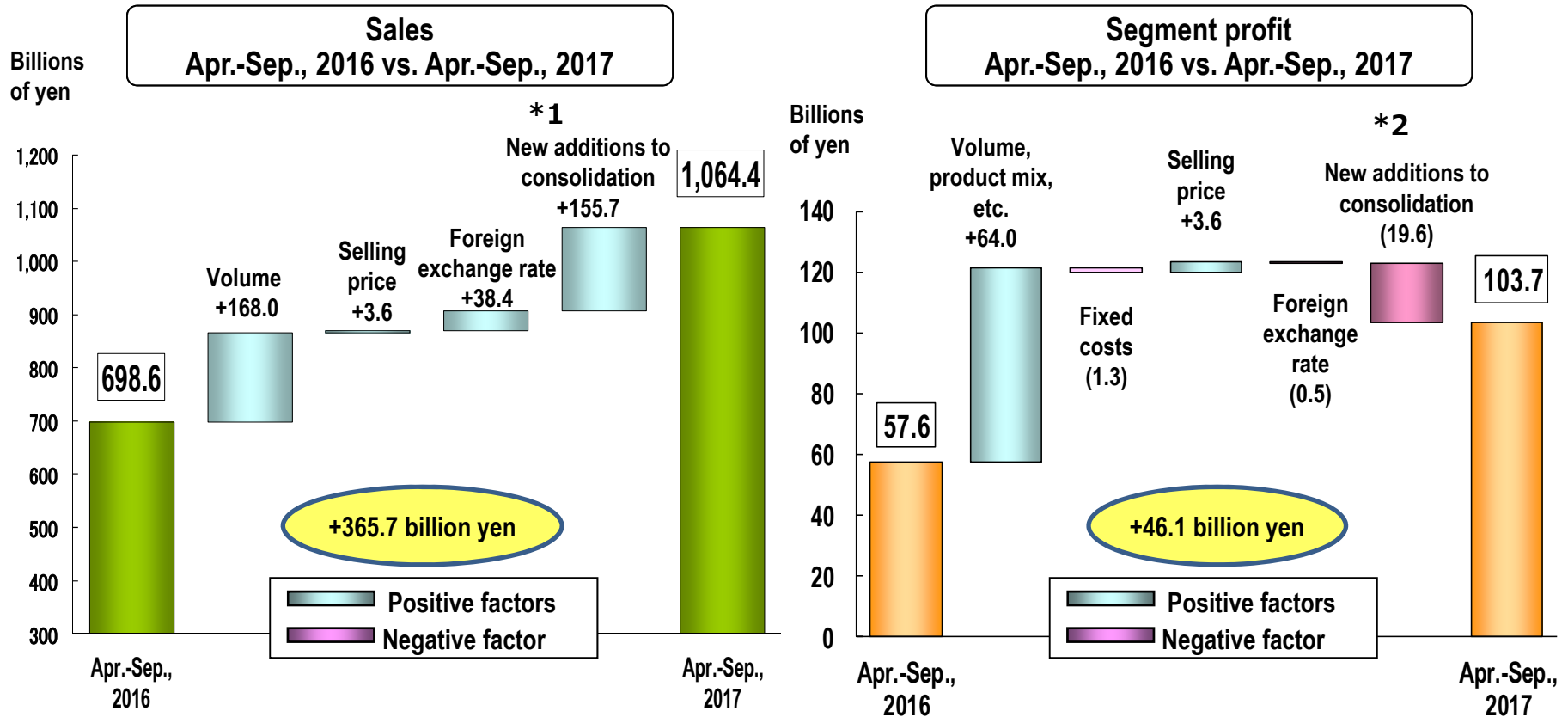
Construction, Mining & Utility Equipment : Sales by Region (To Outside Customers) for Six Months (April-September, 2017)

- Sales to outside customers advanced by 52.0% from the corresponding period a year ago, to JPY1,056.8 billion. When KMC's sales are excluded, sales increased by 30.3% to JPY905.9 billion.
- Excluding those of KMC, sales improved in all regions. Sales expanded sharply, especially in China, CIS and Asia. The ratio of sales in Strategic Markets increased to 54% of total sales. (The ratio of Strategic Market was also 54%, when KMC's sales were included.)



Construction, Mining & Utility Equipment : Causes of Difference in Sales and Segment Profit for Six Months (April-September, 2017)

- Sales increased by JPY365.7 billion from the corresponding period a year ago, supported by increased volume of sales, the positive factor of foreign exchange rates and the effects of the new addition of KMC to consolidated accounting. Although segment profit was adversely affected by temporary expenses of KMC, it increased by JPY46.1 billion, as a whole.
- Segment profit ratio improved by 1.5 points to 9.7%.



¥106.3/USD
¥119.5/EUR
¥16.1/RMB

¥111.1/USD
¥125.8/EUR
¥16.4/RMB

8.2% — Segment profit ratio — **9.7%**

*1: Including JPY150.9 billion resulting from the new addition of KMC to consolidated accounting

*2: Including JPY(19.8) billion resulting from the new addition of KMC to consolidated accounting.

KMC's Business Results for Six Months (April-September, 2017)

- Sales increased by 17.9% from the corresponding period a year ago, to JPY150.9 billion.
- Excluding temporary expenses, operating income was JPY16.7 billion. When the temporary expenses of JPY36.6 billion are included, KMC recorded an operating loss of JPY19.9 billion.

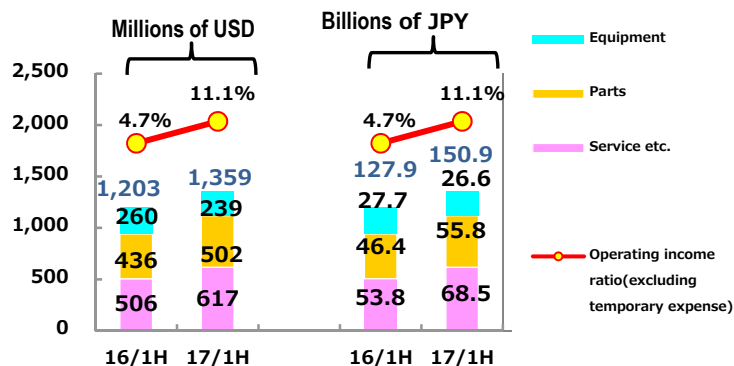
Billions of yen	Apr.-Sep., 2016 (1H FY2016) *1 (Reference) ¥106.3/USD		Apr.-Sep., 2017 (1H FY2017) ¥111.1/USD		Changes (Reference)	
					Increase (decrease)	% Change
Net sales		127.9		150.9	+22.9	+17.9%
Equipment		27.7		26.6	(1.1)	(4.0)%
Parts		46.4		55.8	+9.3	+20.2%
Service etc.		53.8		68.5	+14.7	+27.4%
Operating income (loss) <excluding Temporary Expenses>		4.7% 6.0		11.1% 16.7	+10.7	+178.4%
Temporary Expenses (negative figure)		(6.3)		(36.6)	(30.3)	-
Depreciation after PPA *2		-		*3 (33.0)	(33.0)	-
Start-up expenses etc.		(6.3)		(3.6)	+2.7	-
Operating income (loss) <including Temporary Expenses>		(0.2)% (0.3)		(13.2)% (19.9)	(19.6)	-

* 1: Figures for the corresponding period a year ago (April - Sep 2016) are rearranged for Komatsu's fiscal year for your reference.

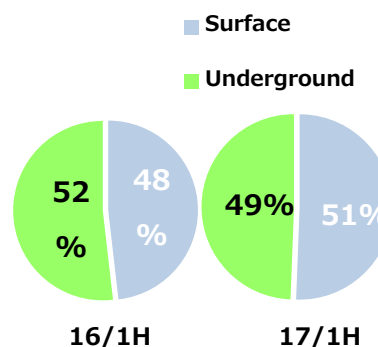
* 2: PPA stands for Purchase Price Allocation. It is an accounting process of valuating and allocating acquired assets and liabilities to fair prices.

* 3: Including JPY(25.8) billion for inventories after PPA.

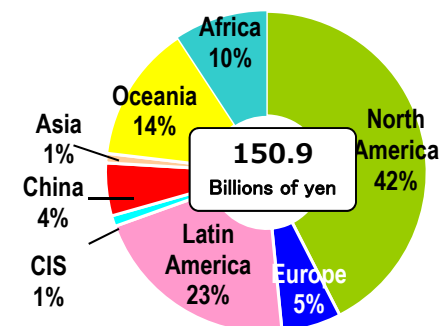
Sales & Operating Income Ratio



Sales by segments



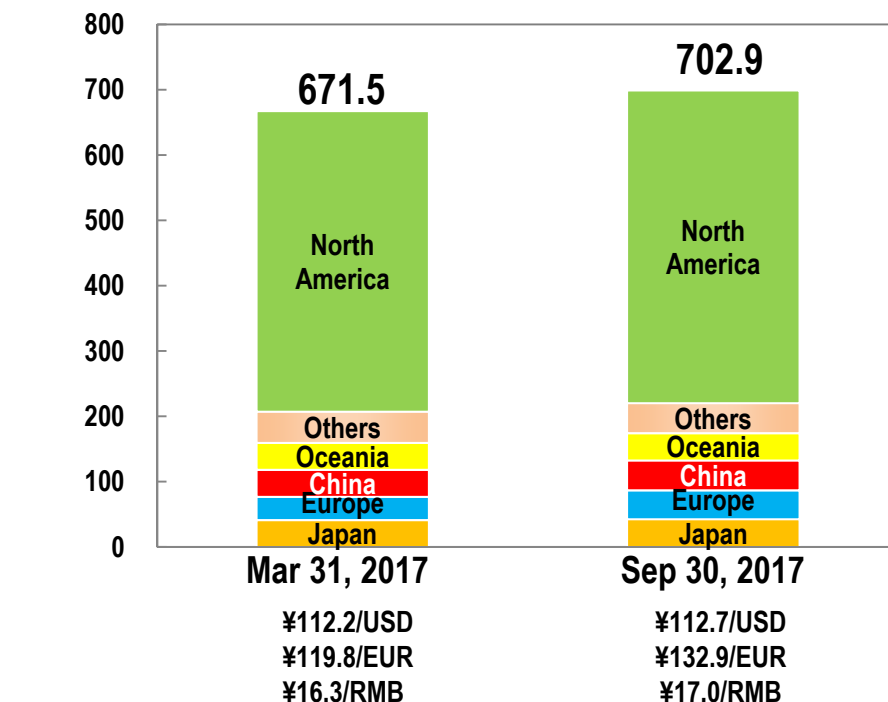
FY17/1H Sales by regions
(To Outside Customers)



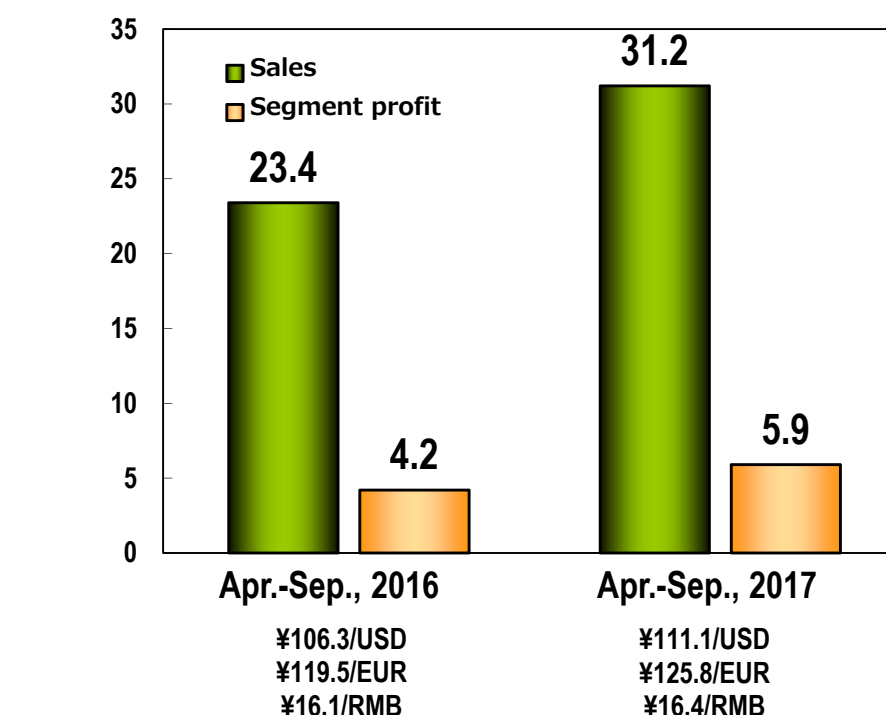
Retail Finance: Assets, Revenues and Segment Profit for the First Six-Month. (Apr-Sep, 2017) of FY2017

- Assets in the retail finance business increased, mainly due to increased contracts centering on North America.
- Segment profit improved, mainly supported by no more adverse effects of allowance for doubtful accounts recorded in China for the corresponding period a year ago.

Assets
Mar 31, 2017 vs. Sep 30, 2017

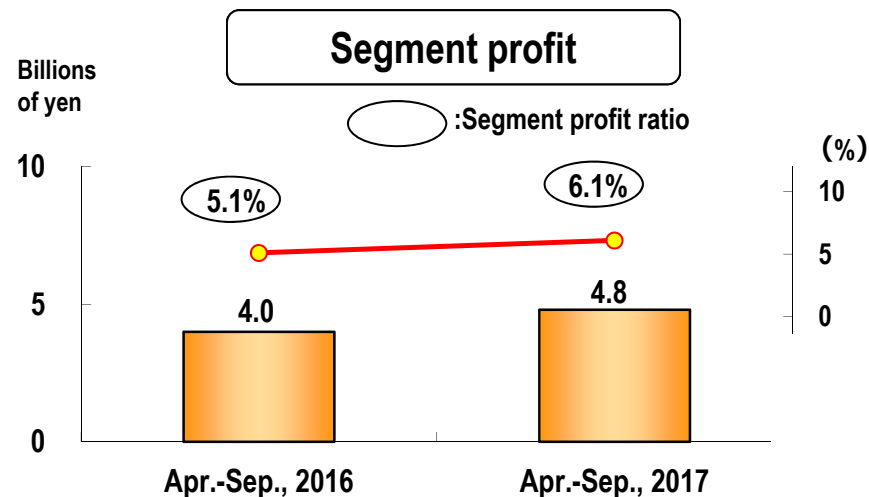
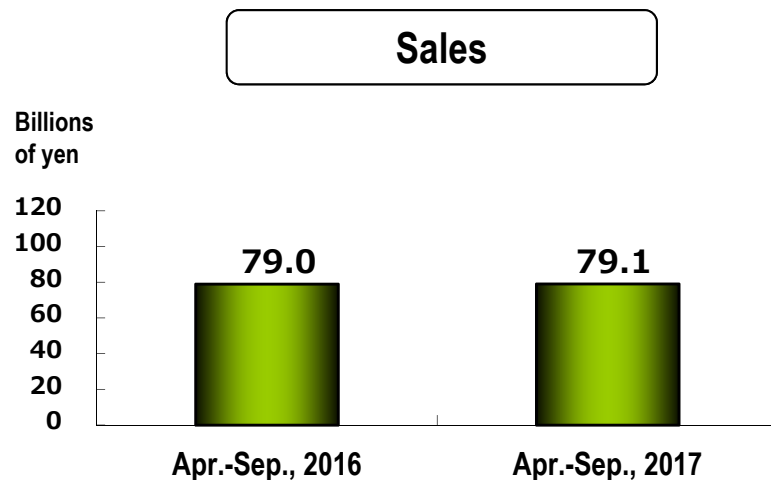


Revenues
Apr.-Sep., 2016 vs. Apr.-Sep., 2017



Billions of yen	2017/3E	2017/9E	Changes
Interest-bearing debt	506.0	530.4	+24.3
Interest-bearing debt, net	501.2	527.1	+25.8
Net D/E ratio	3.65	3.66	+0.01pts.

- Sales remained flat at JPY79.1 billion from the corresponding period a year ago and Segment profit ratio was 6.1%.



Breakdown of sales Billions of yen	Apr.-Sep., 2016	Apr.-Sep., 2017	Changes	
			Increase (decrease)	% change
Komatsu Industries Corp., etc. [total of press and sheet-metal machines]	22.7	21.8	(0.9)	(4.2)%
Komatsu NTC Ltd. [represented by wire saws]	24.6 [7.8]	27.1 [2.1]	+2.4 [(5.7)]	+10.1% [(72.8)%]
Gigaphoton	15.9	17.1	+1.2	+7.9%
Others	15.6	13.0	(2.6)	(16.7)%
Total	79.0	79.1	+0.1	+0.2%

Consolidated Balance Sheets

- Total assets grew by JPY673.7 billion from the previous fiscal year-end, affected by the new addition of KMC to consolidated accounting and increased inventories.
- Interest-bearing debt increased by JPY408.6 billion to JPY817.3 billion, mainly affected by the acquisition of KMC.
Komatsu Ltd. shareholders' equity ratio declined by 9.6 points to 49.8%.

Billions of yen	Mar. 31, 2017 ¥112.2/USD ¥119.8/EUR ¥16.3/RMB	Sep. 30, 2017 ¥112.7/USD ¥132.9/EUR ¥ 17.0/RMB	Increase (decrease)	Sep 30, 2017 Affect of new additions of KMC to consolidation
Cash & deposits (incl. time deposits) [a]	122.1	163.9	+41.7	21.5
Accounts receivable (incl. long-term trade receivables)	933.2	1,059.3	+126.1	80.5
Inventories	533.8	712.5	+178.6	107.5
Tangible fixed assets	679.0	763.6	+84.6	84.9
Other assets	388.1	630.7	+242.5	280.5
Total assets	2,656.4	3,330.2	+673.7	574.8
Accounts payable	240.1	287.0	+46.8	31.7
Interest-bearing debt [b]	408.7	817.3	+408.6	105.7
Other liabilities	359.1	490.4	+131.3	120.1
Total liabilities	1,007.9	1,594.8	+586.8	257.5
[Shareholders' equity ratio]	[59.4%]	[49.8%]	[(9.6)pts.]	
Komatsu Ltd. shareholders' equity	1,576.6	1,658.8	+82.1	
Non-controlling interests	71.8	76.6	+4.7	
Liabilities & Equity	2,656.4	3,330.2	+673.7	
Interest-bearing debt, net [b-a]	286.5	653.3	+366.8	
Net D/E ratio	0.18	0.39		

II . Outlook of FY2017 Business Results

Outline of Projection for FY2017

- We have revised our projection of full-year results upward, because sales of construction equipment in Strategic Markets, such as China and Indonesia, and those of mining equipment mainly outperformed our projections, and we have reassessed the preconditions of foreign exchange rates in the second six-month period of FY2017 to EUR1=JPY123 and RMB1=JPY15.5, while keeping USD1=JPY105 from the first six-month period.
- We project that consolidated sales will increase by 29.1% from FY2016, to JPY2,328.0 billion for FY2017. (+JPY193.0 billion from initial projection)
Operating income should increase by 24.1% to JPY216.0 billion. (+JPY60.0 billion from initial projection)

Billions of yen	FY2016 Results(A)	FY2017 Projection (B) (Current)		FY2017 Projection (C) (Initial)		Changes (B-A)			
	¥108.6/USD ¥119.3/EUR ¥16.2/RMB	Komatsu conventional *1	KMC	Komatsu conventional *1	KMC	Increase (decrease)	Change %		
Net sales	1,802.9	2,328.0	2,037.0	291.0	2,135.0	1,880.0	256.0	+525.0	+29.1%
Segment profit (loss)	176.5	236.0	256.0	*2 (20.0)	164.0	203.0	*2 (39.0)	+59.4	+33.7%
Other operating income (expenses)	(2.4)	(20.0)	(20.0)	-	(8.0)	(8.0)	-	(17.5)	-
Operating income (loss)	174.0	216.0	236.0	*2 (20.0)	156.0	195.0	*2 (39.0)	+41.9	+24.1%
Profit ratio (loss ratio)	9.7%	9.3%	11.6%	(6.9)%	7.3%	10.4%	(15.2)%	(0.4)pts.	-
Other income (expenses)	(7.6)	21.0			(15.0)			+28.6	-
Income before income taxes	166.4	237.0			141.0			+70.5	+42.4%
Net income *3	113.3	159.0			92.0			+45.6	+40.2%
ROE	7.3%	10.1%			5.9%			+2.8pts.	
Cash dividends per share	58yen	72yen			58yen			+14yen	
Consolidated payout ratio	48.2%	42.7%			59.5%				

Notes 1) Figures represent those which KMC's business results are excluded

2) KMC's segment and operating losses include temporary expenses in the table on the right.

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

Billions of yen	FY2017 Projection(Current)	FY2017 Projection(Initial)
Depreciation after PPA *	(40.0)	(39.0)
Start-up expenses, etc.	(6.0)	(9.0)
Total	(46.0)	(48.0)

Note:
PPA stands for Purchase Price Allocation. It is an accounting process of valuing and allocating acquired assets and liabilities to fair prices.

Projection for Segment Sales and Profit for FY2017

- **Construction, Mining & Utility Equipment:** Sales outperformed our projections, centering on sales of construction equipment in Strategic Markets, such as China and Indonesia. We have also reassessed the preconditions of foreign exchange rates in the second six-month period of FY2017. As a result, we have revised consolidated sales upward by JPY205.0 billion from initial projection, to JPY2,106.0 billion. Similarly, segment profit should amount to JPY215.0 billion, an increase of JPY76.0 billion from initial projection.
- **Retail Finance:** We have revised revenues upward by JPY9.5 billion from initial projection, and segment profit by JPY0.5 billion from initial projection.
- **Industrial Machinery & Others:** We have revised sales downward by JPY12.0 billion from initial projection, and segment profit by JPY4.0 billion from initial projection.

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

Billions of yen	FY2016 Results(A)	FY2017 Projection (B)(Current)		FY2017 Projection (C) (Initial)		Changes (B-A)			
		Komatsu Conventional	KMC	Komatsu Conventional	KMC	Increase (decrease)	% Change		
Net sales	1,802.9	2,328.0	2,037.0	291.0	2,135.0	1,880.0	256.0	+525.0	+29.1%
Construction, mining & utility equipment	1,576.5 [1,566.3]	2,106.0 [2,092.0]	1,815.0 [1,801.0]	291.0 [291.0]	1,901.0 [1,891.0]	1,646.0 [1,636.0]	256.0 [256.0]	+529.4 [+525.6]	+33.6% [+33.6%]
Retail finance	49.0 [46.7]	57.5 [49.0]	57.5 [49.0]	-	48.0 [45.0]	48.0 [45.0]	-	+8.4 [+2.2]	+17.1% [+4.9%]
Industrial machinery & others	191.0 [189.9]	188.0 [187.0]	188.0 [187.0]	-	200.0 [199.0]	200.0 [199.0]	-	(3.0) [(2.9)]	(1.6)% [(1.5)%]
Elimination	(13.7)	(23.5)	(23.5)	-	(14.0)	(14.0)	-	(9.7)	-
Segment profit	9.8% 176.5	10.1% 236.0	12.6% 256.0	(6.9)% (20.0)	7.7% 164.0	10.8% 203.0	(15.2)% (39.0)	+59.4	+33.7%
Construction, mining & utility equipment	10.3% 161.6	10.2% 215.0	12.9% 235.0	(6.9)% (20.0)	7.3% 139.0	10.8% 178.0	(15.2)% (39.0)	+53.3	+33.0%
Retail finance	9.1% 4.4	19.1% 11.0	19.1% 11.0	-	21.9% 10.5	21.9% 10.5	-	+6.5	+147.0%
Industrial machinery & others	6.5% 12.4	6.6% 12.5	6.6% 12.5	-	8.3% 16.5	8.3% 16.5	-	+0.0	+0.3%
Corporate & elimination	(2.0)	(2.5)	(2.5)	-	(2.0)	(2.0)	-	(0.4)	-

Review of three business segments (Latest projection vs. FY2016)

■ Construction, Mining & Utility Equipment

- Sales should increase from FY2016, supported by increasing sales of construction equipment mainly in China and Indonesia, where demand is recovering, increasing sales of mining equipment and the effects of the new addition of KMC to consolidated accounting. With respect to segment profit, while KMC will record an operating loss due to adverse effects of recording temporary expenses, overall segment profit should increase due to expanding segment profit on the conventional Komatsu basis (excl. KMC).

■ Retail Finance

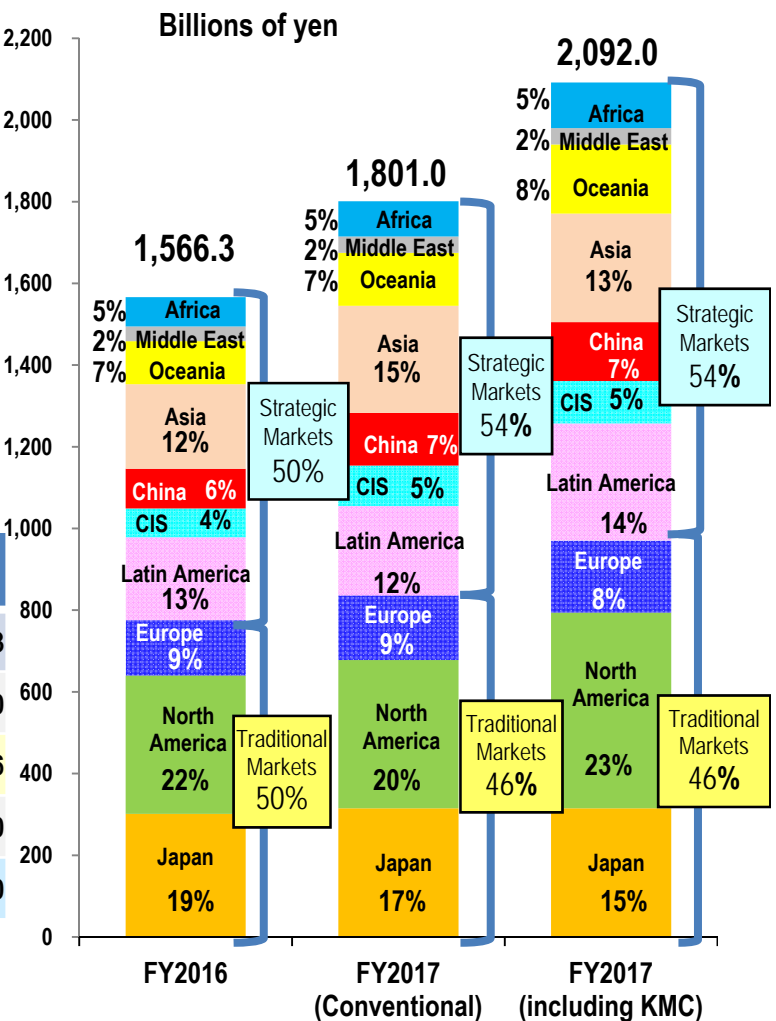
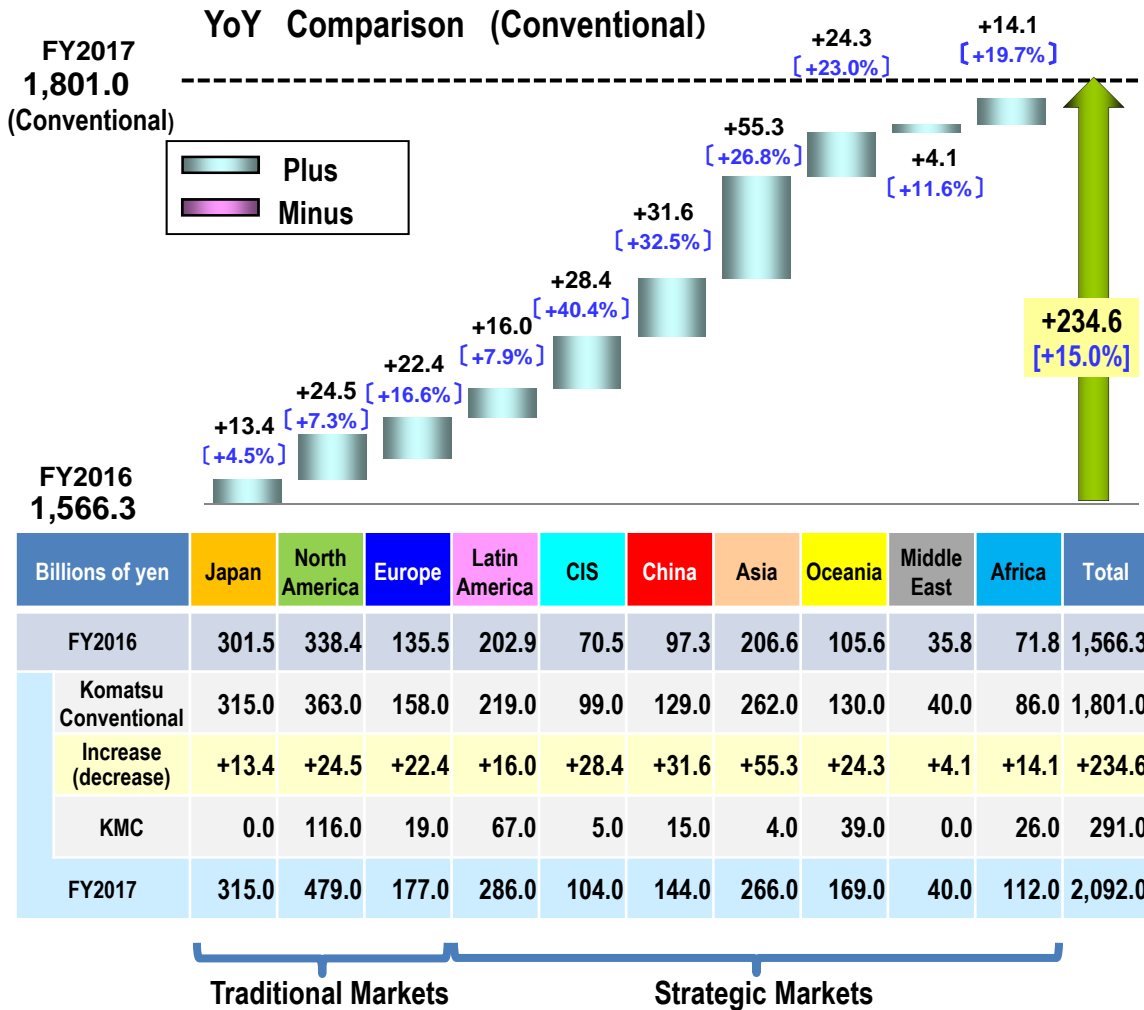
- Revenues should increase, mainly due to increasing inventories in North America. Segment profit should also improve because of no more adverse effects of allowance for bad debt in China.

■ Industrial Machinery & Others

- About flat from FY2016.

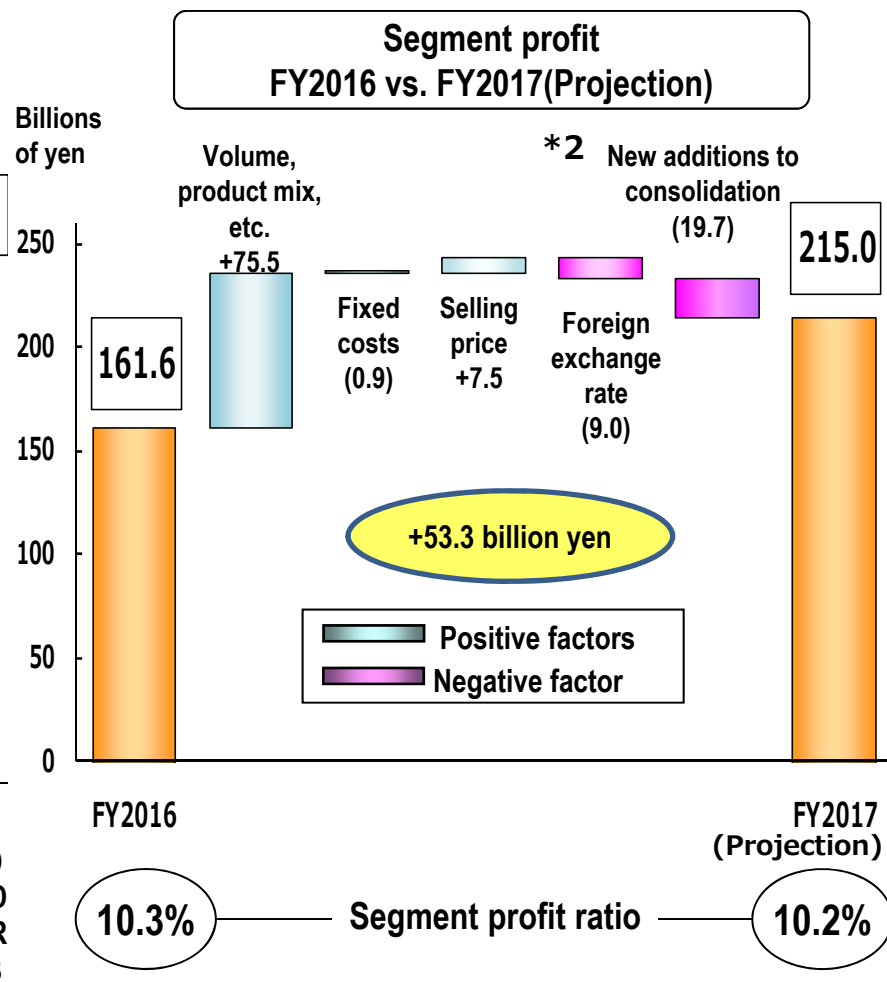
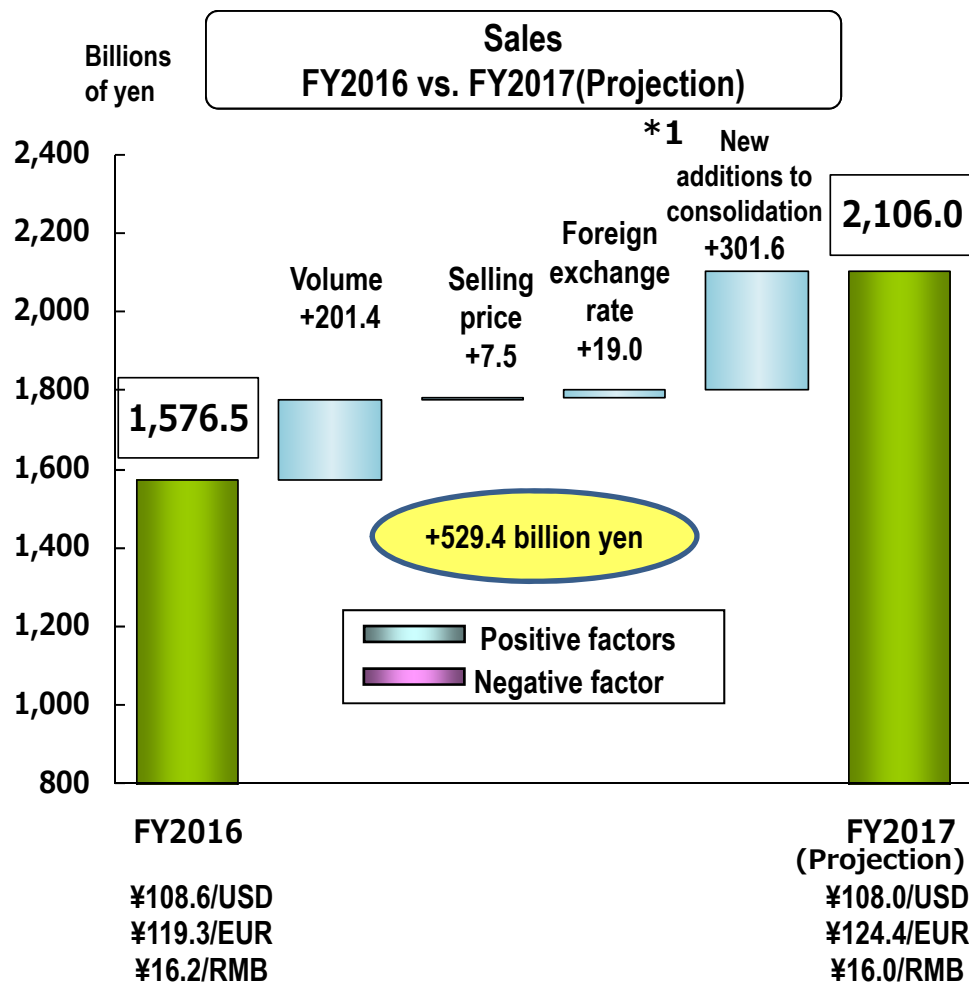
- We are upward revising sales of construction equipment mainly in China and Indonesia, where demand is growing, as well as mining equipment.
- Ratio of sales in Strategic Markets will increase to 54% without sales of KMC. (Overall ratio of sales, including those of KMC, in Strategic Markets will also represent 54% of total sales.)

(Projection)



Construction, Mining & Utility Equipment : Causes of Difference in Projected Sales & Segment Profit of FY2017

- Sales should increase by JPY529.4 billion from FY2016, to JPY2,106.0 billion, supported by increased volume of sales, the positive factor of foreign exchange rates and the effects of the new addition of KMC to consolidated accounting. Segment profit should also advance by JPY53.3 billion from FY2016, to JPY215.0 billion
- Segment profit ratio should translate into 10.2%, down 0.1 percentage point.



*1: Including JPY291.0 billion resulting from the new addition of KMC to consolidated accounting

*2: Including JPY(20.0) billion resulting from the new addition of KMC to consolidated accounting.

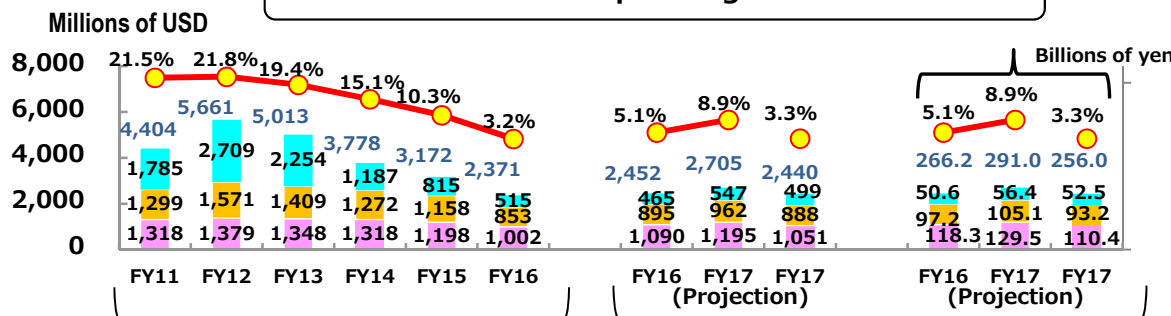
Projection for KMC's Business Results of FY 2017

- In FY2017, net sales should increase by 9.3% from FY2016, to JPY291.0 billion.
- Operating income should be JPY26.0 billion, excluding temporary expenses.

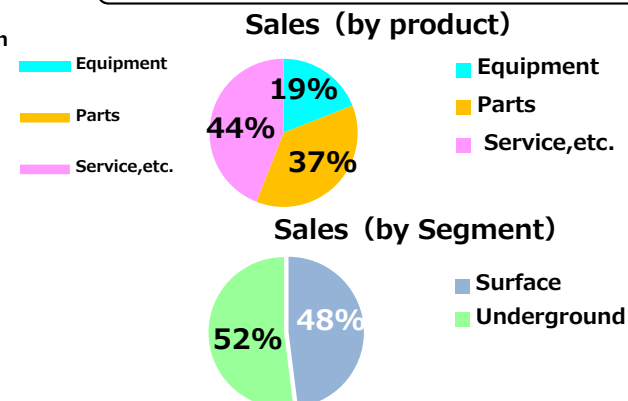
When the temporary expenses of JPY46.0 billion are included, an operating loss should be JPY20.0 billion.

Billions of yen	FY2016 Results (Reference)(A) ¥108.6/USD		FY2017 Projection (Current)(B) ¥108.0/USD		FY2017 Projection (Initial)(C) ¥105.0/USD		Changes(B-A) (Reference)	
							Increase (decrease)	% Change
Net sales	266.2	291.0	256.0				+24.8	+9.3%
Equipment	50.6	56.4	52.5				+5.8	+11.5%
Parts	97.2	105.1	93.2				+7.9	+8.1%
Service etc.	118.3	129.5	110.4				+11.2	+9.5%
Operating income (loss) <excluding Temporary Expenses>	5.1% 13.4	8.9% 26.0	3.3% 9.0				+12.6	+94.0%
Temporary Expenses (negative figure)	(10.2)	(46.0)	(48.0)				(35.8)	-
Depreciation after PPA	-	(40.0)	(39.0)				(40.0)	-
Start-up expenses etc.	(10.2)	(6.0)	(9.0)				+4.2	-
Operating income (loss) <excluding Temporary Expenses>	1.2% 3.3	(6.9)% (20.0)	(15.2)% (39.0)				(23.3)	-

Annual Sales & Operating Income Ratio

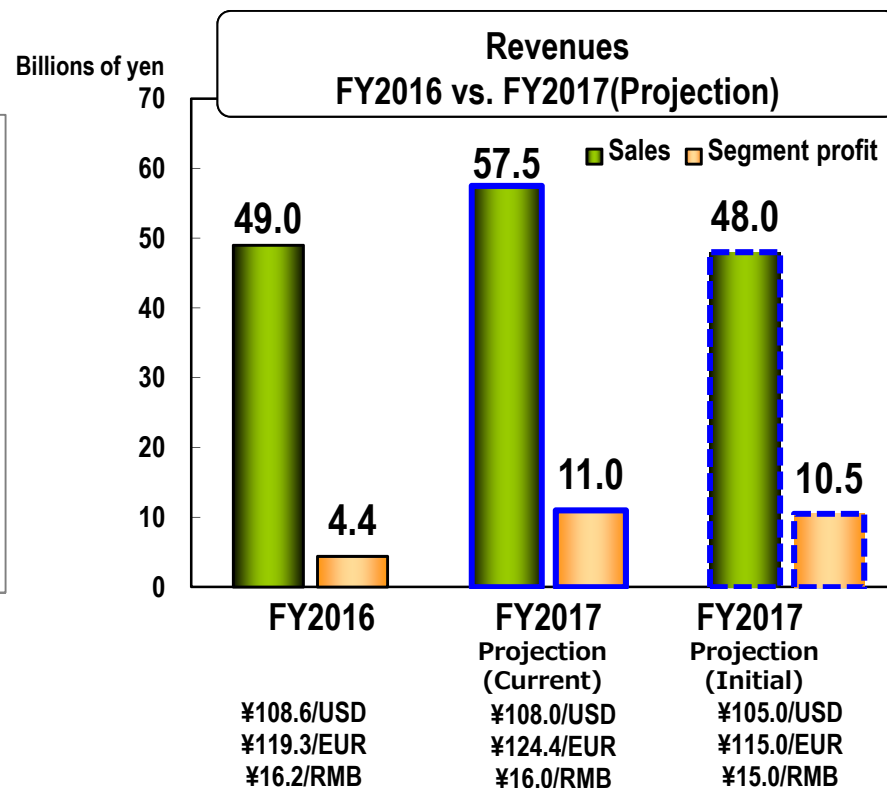
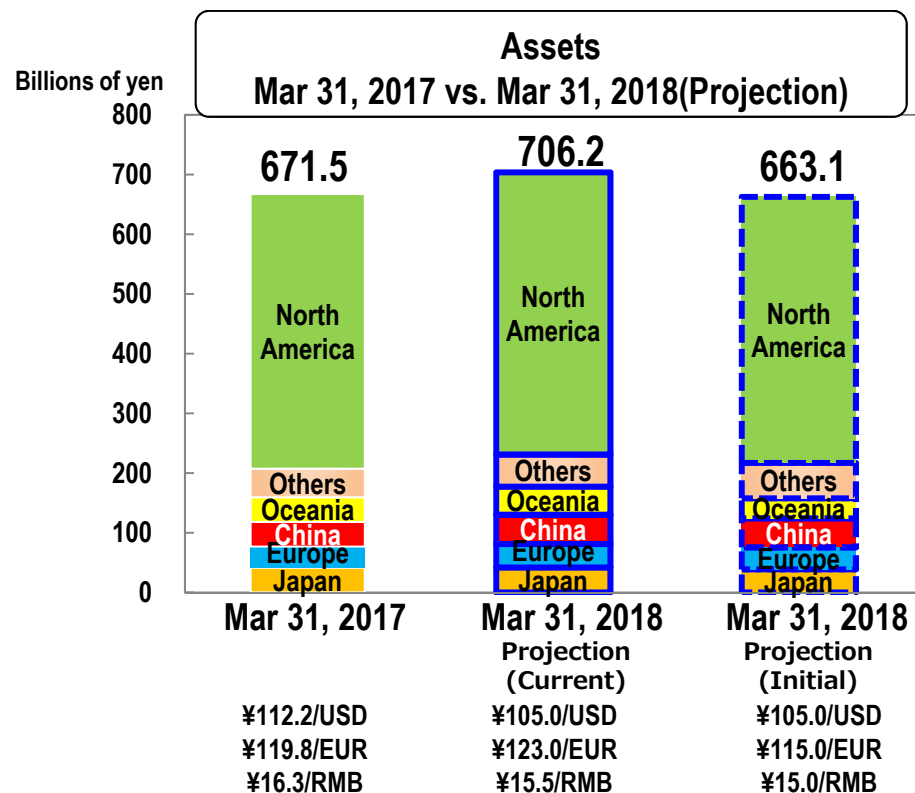


FY2016 Result (after rearrangement)



*1: November to October (former Joy Global Inc.'s fiscal year)
 *2: April to March (The figures are rearranged for Komatsu's fiscal year)

- Total assets should grow from the previous fiscal year-end, supported by an increase in new contracts mainly in North America.
- With respect to revenues, we expect an increase, because there will be no more effects of additional allowance for bad debt in China for FY2016.

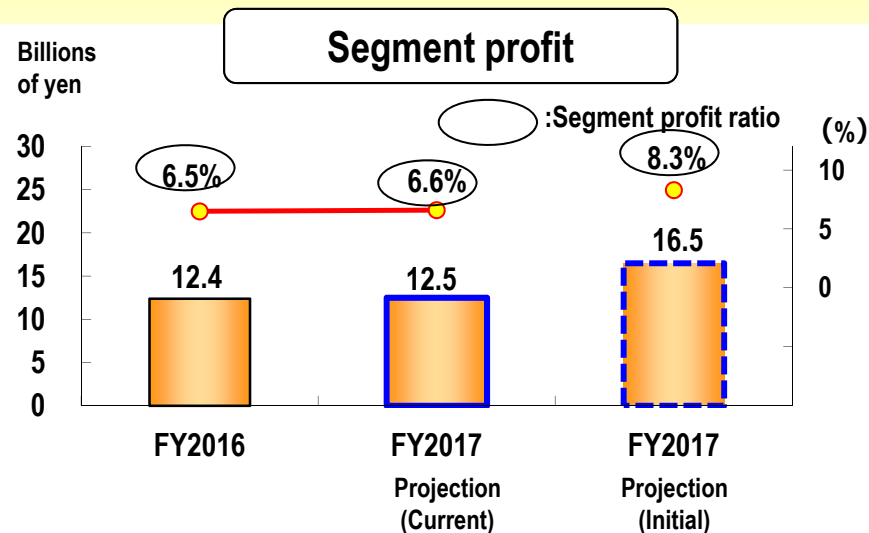
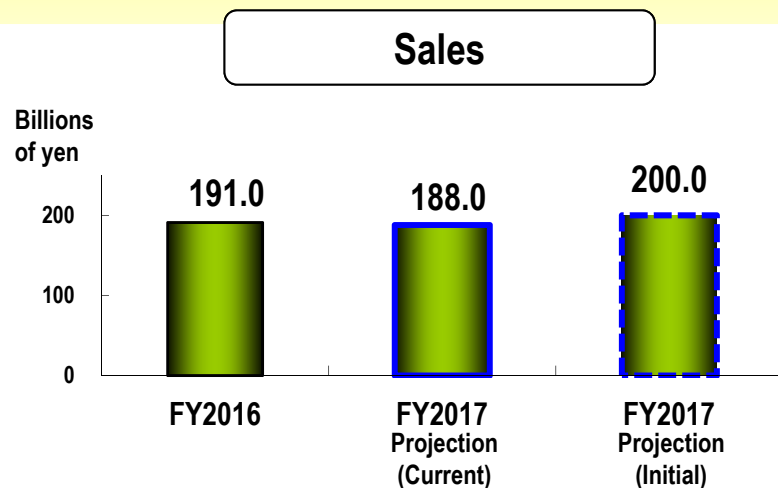


Billions of yen	2017/3E (A)	2018/3E Projection (Current)(B)	2018/3E Projection (Initial)	Changes (B-A)
Interest-bearing debt	506.0	545.2	506.8	+39.2
Interest-bearing debt, net	501.2	539.8	503.4	+38.6
Net D/E ratio	3.65	3.88	3.69	+0.23pts.

	FY2016 (A)	FY2017 Projection (Current)(B)	FY2017 Projection (Initial)	Changes (B-A)
ROA	0.7%	1.6%	1.6%	+0.9%

Industrial Machinery & Others: Sales and Segment for FY2017

- We have revised our initial projection downward by JPY12.0 billion, to JPY188.0 billion, a decrease of 1.6% from FY2016.
- Segment profit should remain flat at JPY12.5 billion.



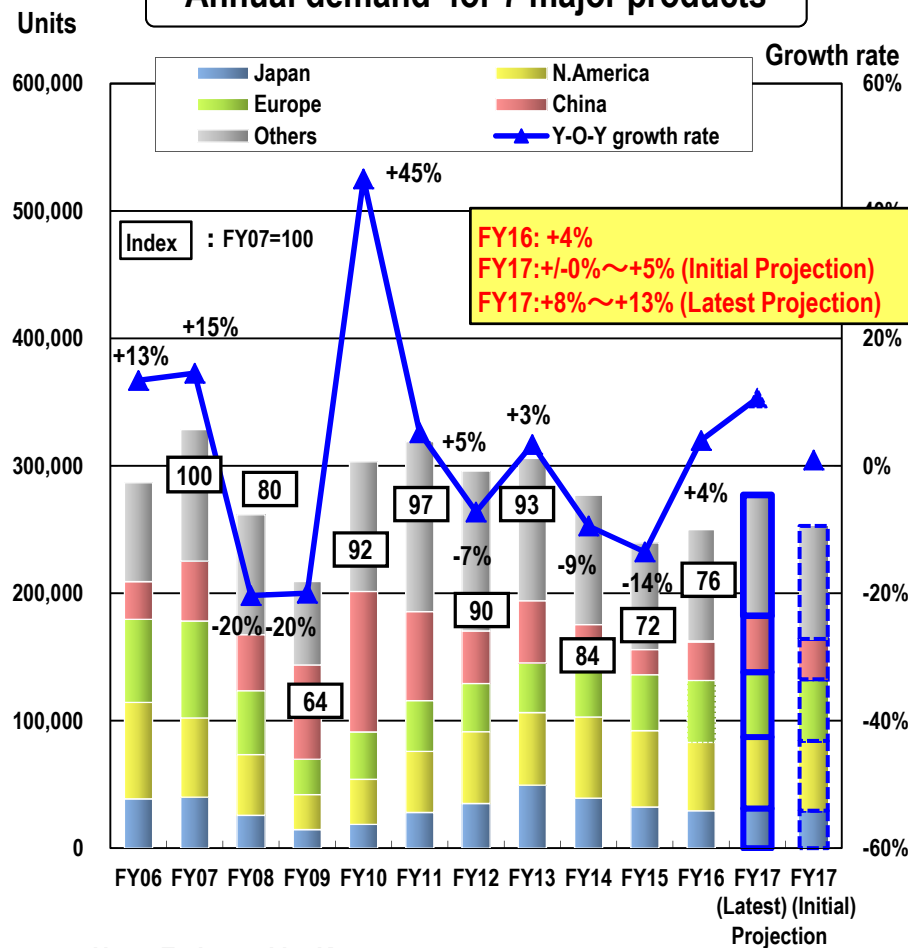
Breakdown of sales

Billions of yen	FY2016 (A)	FY2017 Projection (Current)(B)	FY2017 Projection (Initial)	Changes(B-A)	
				Increase (decrease)	% change
Komatsu Industries Corp., etc. [total of press and sheet-metal machines]	56.6	52.1	59.0	(4.4)	(7.9)%
Komatsu NTC Ltd. [represented by wire saws]	55.2 [10.7]	67.2 [8.2]	72.1 [10.6]	+12.0 [(2.4)]	+21.8% [(22.8)%]
Gigaphoton	32.0	36.1	36.1	+4.1	+12.8%
Others	47.0	32.4	32.8	(14.6)	(31.1)%
Total	191.0	188.0	200.0	(2.9)	(1.6)%

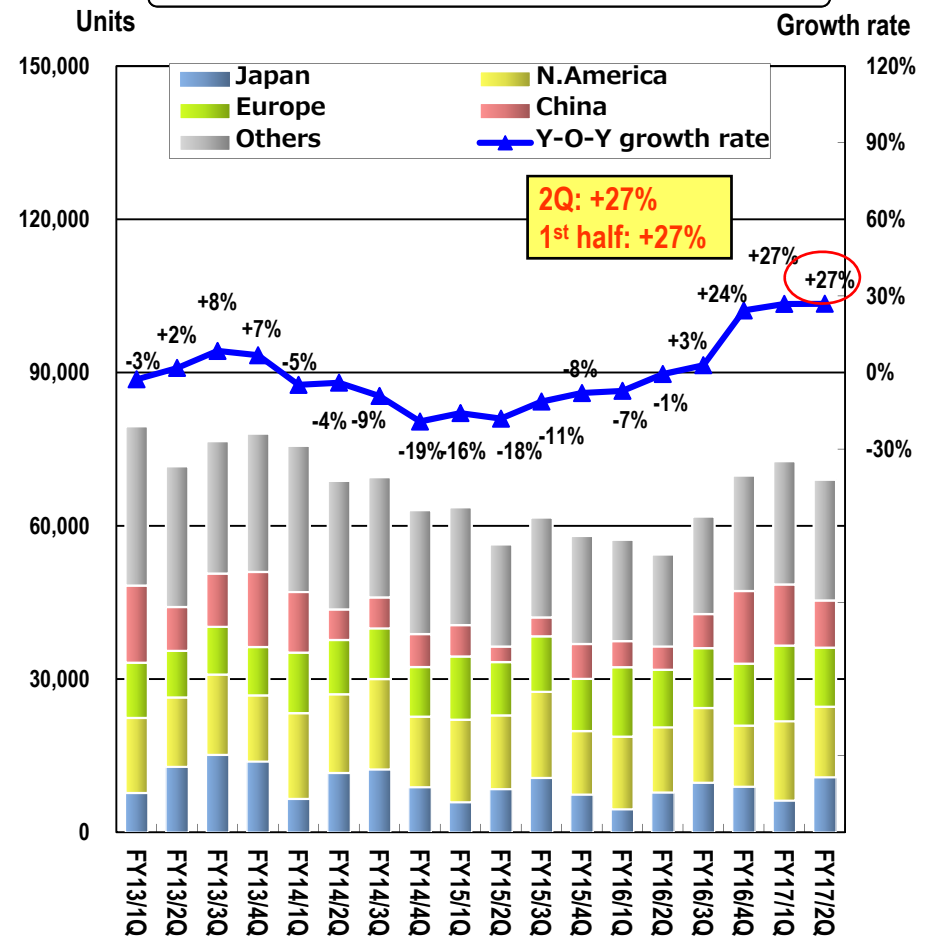
Construction, Mining Equipment and Utility: Actual and Projected Demand for 7 Major Products

- In the first six-month period, demand increased by 27% from the corresponding period a year ago.
- Demand for construction equipment remains steady in China and Indonesia. Demand for mining equipment also remains steady.
- We have revised the annual growth of demand upward to +8% to +13%.

Annual demand for 7 major products



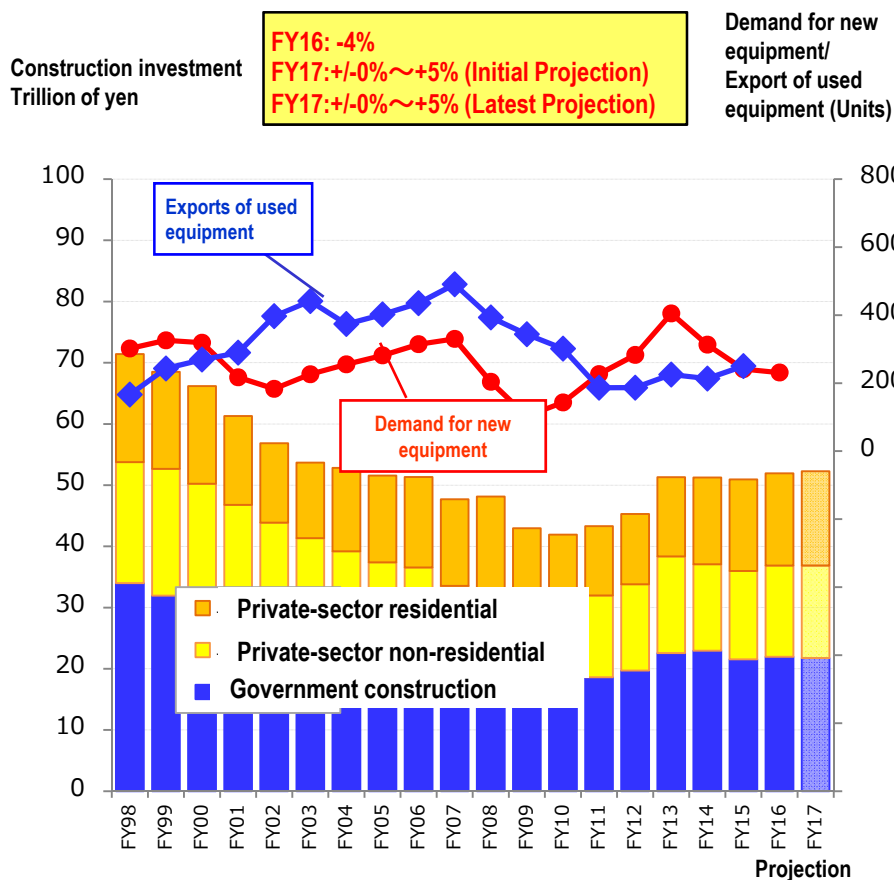
Quarterly demand for 7 major products



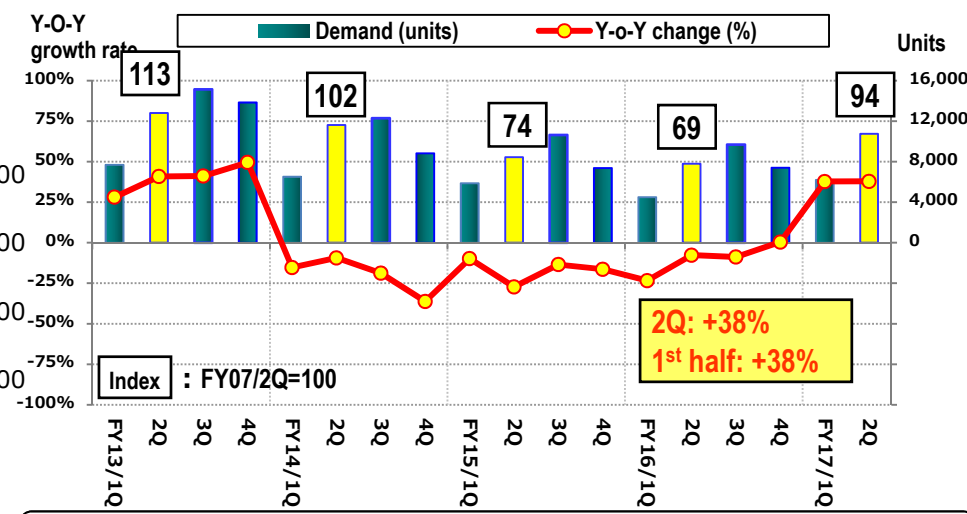
Construction, Mining Equipment and Utility : Demand in Major Markets (1) Japan

- In the first six-month period of FY2017, demand increased by 38% from the corresponding period a year ago .
- Demand for new equipment increased, centering on the rental industry, driven by pre-buy demand triggered by Japanese emission controls (effective September 2017) which continued from the preceding 3-month period of FY2016.
- With respect to full-year demand in FY2017, we make no change in our projection made in April.

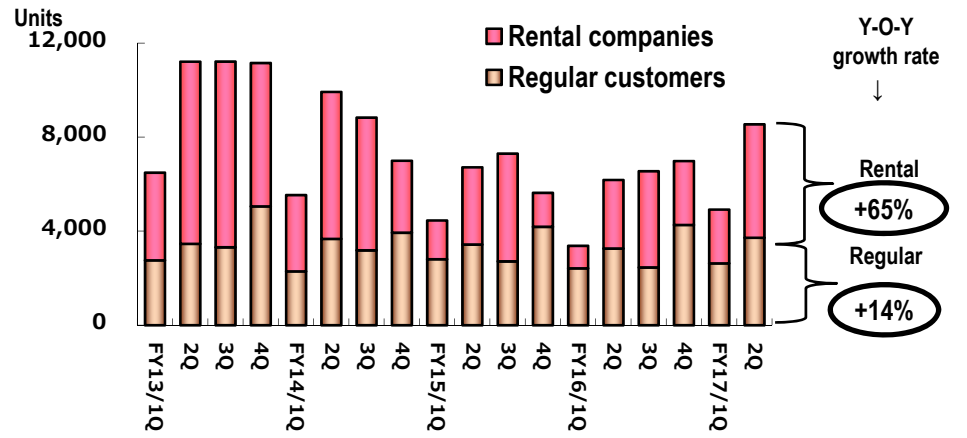
Demand for new equipment (7 major products) and construction investment



Quarterly demand for 7 major products



Quarterly demand for hydraulic excavators (Rental & regular uses)

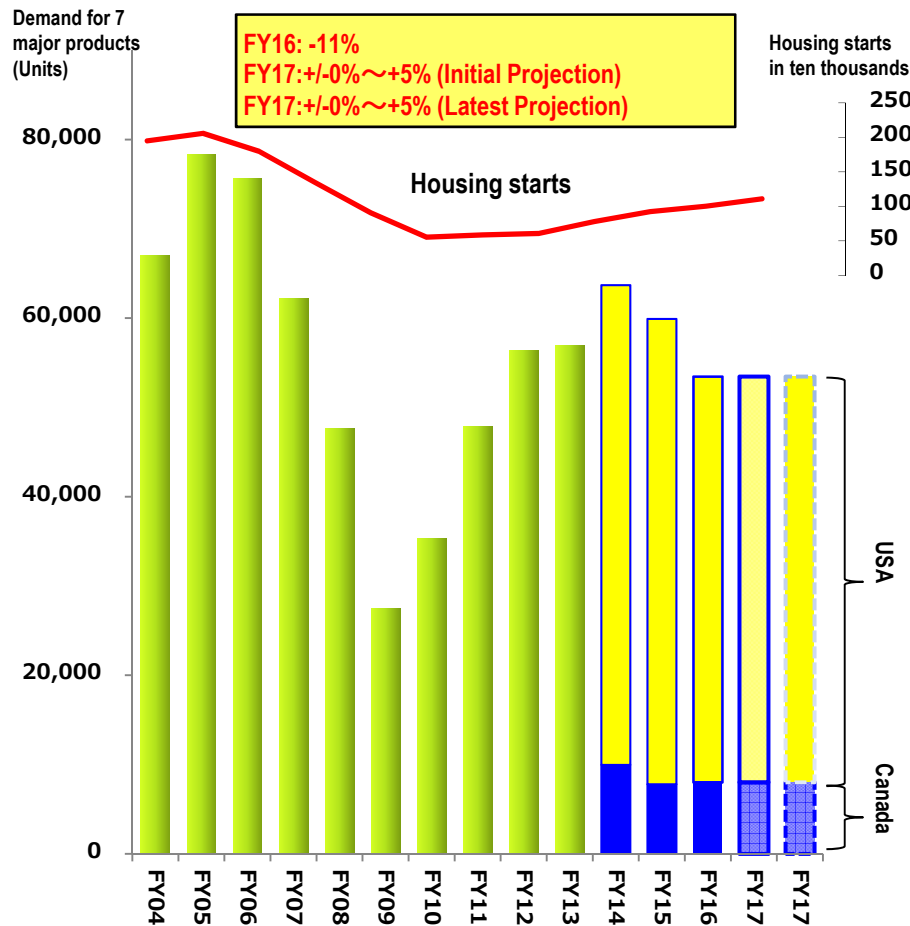


[Sources] Construction investment by the Ministry of Land, Infrastructure, Transport & Tourism, and Research Institute of Construction and Economy
 Demand for 7 major products and No. of exported used equipment estimated by Komatsu

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

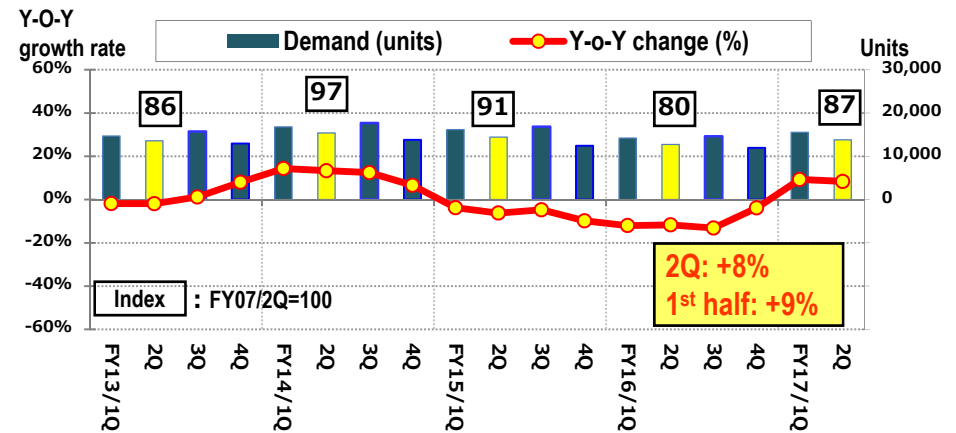
- In the first six-month period of FY2017, demand increased by 9% from the corresponding period a year ago. In the United States, demand remained steady, centering on the infrastructure development and energy-related sectors. Demand had been sluggish but also increased in the rental industry. In Canada, demand has recovered and is steady among regular customers and in the rental industry.
- We are not changing our initial projection of April 2017 for full-year demand.

Demand for 7 major products and US housing starts

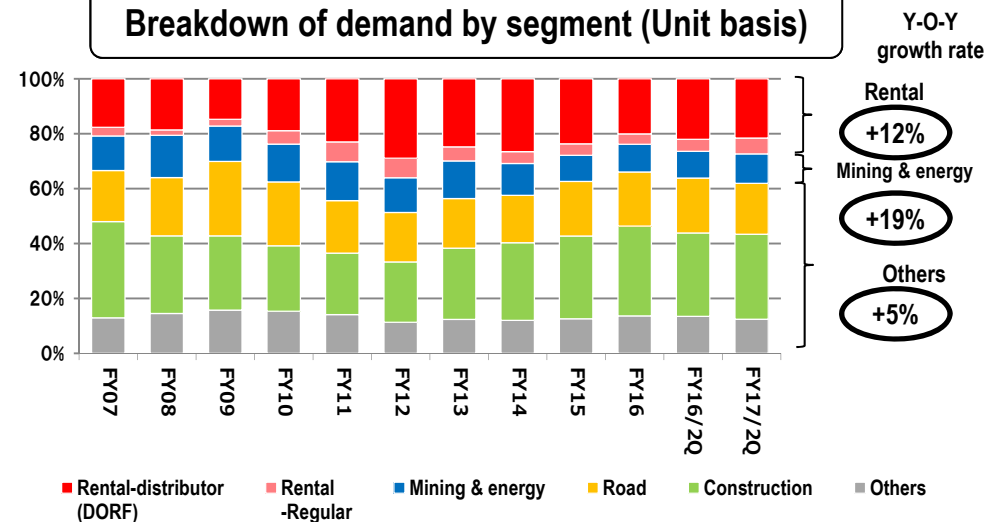


[Source]: Demand for 7 major products estimated by Komatsu (Latest) (Initial) Projection

Quarterly demand for 7 major products



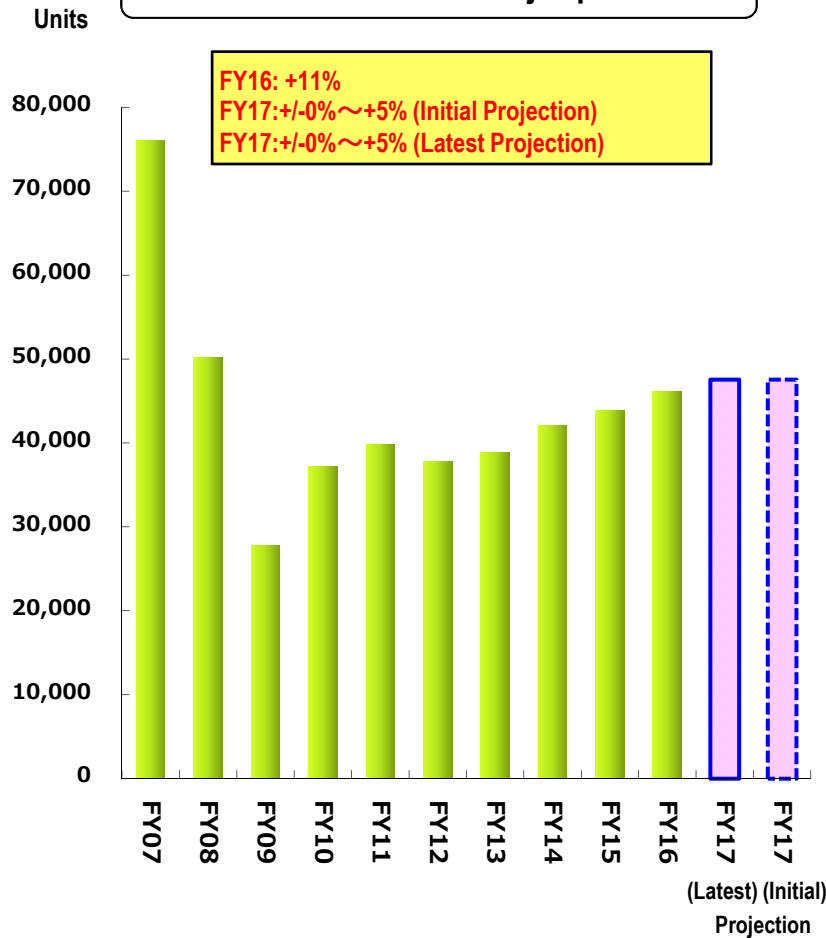
Breakdown of demand by segment (Unit basis)



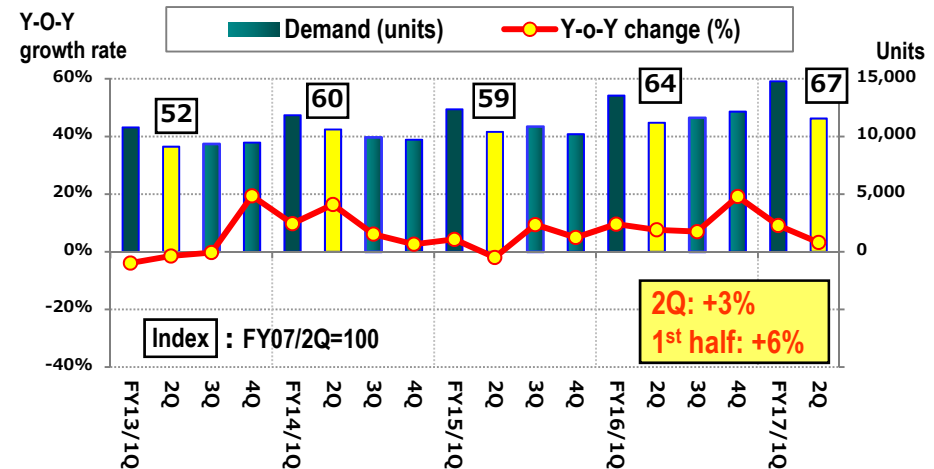
Construction, Mining Equipment and Utility : Demand in Major Markets (3) Europe

- In the first six-month period of In FY2017, European demand should have increased by 6% from the corresponding period a year ago.
- In addition to a major market of Germany, demand remained steady in northern Europe.
- With respect to full-year demand in FY2017, we make no change in our projection made in April.

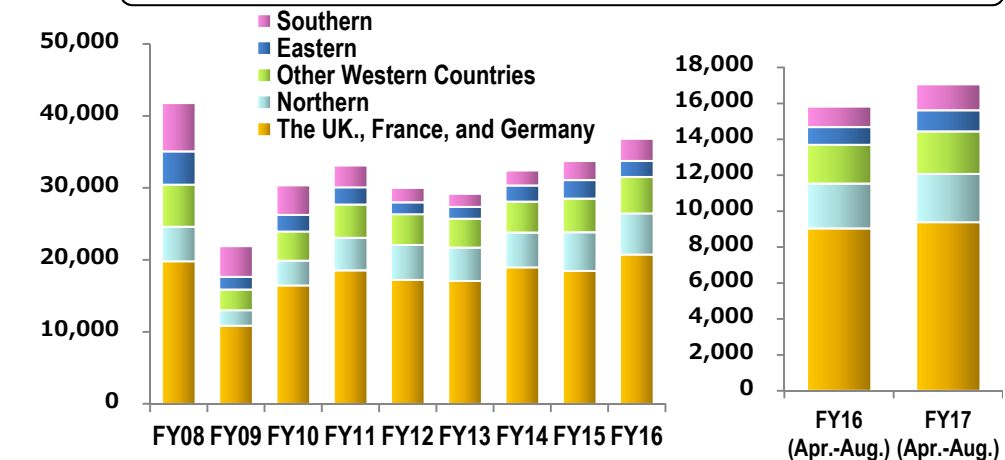
Annual demand for 7 major products



Quarterly demand for 7 major products



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

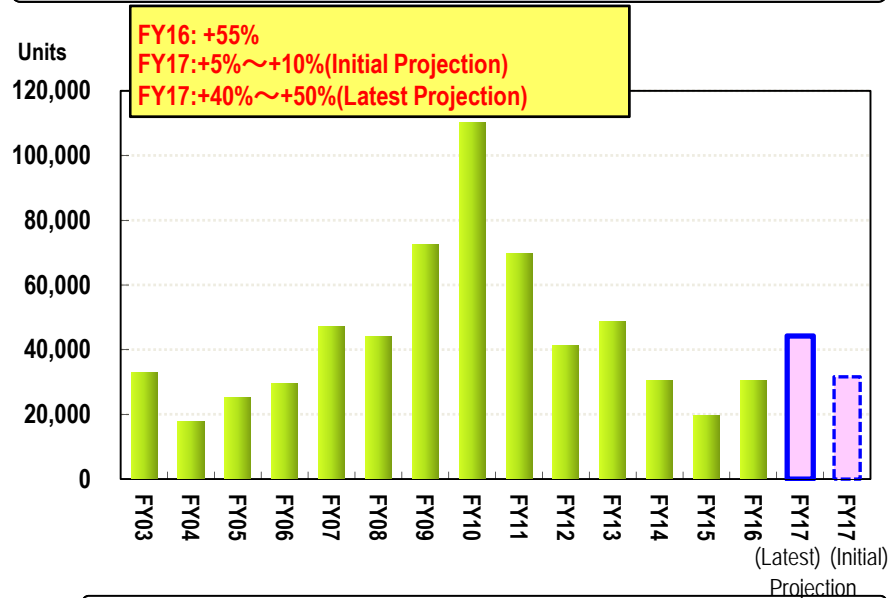


[Source]: Demand for 7 major products estimated by Komatsu

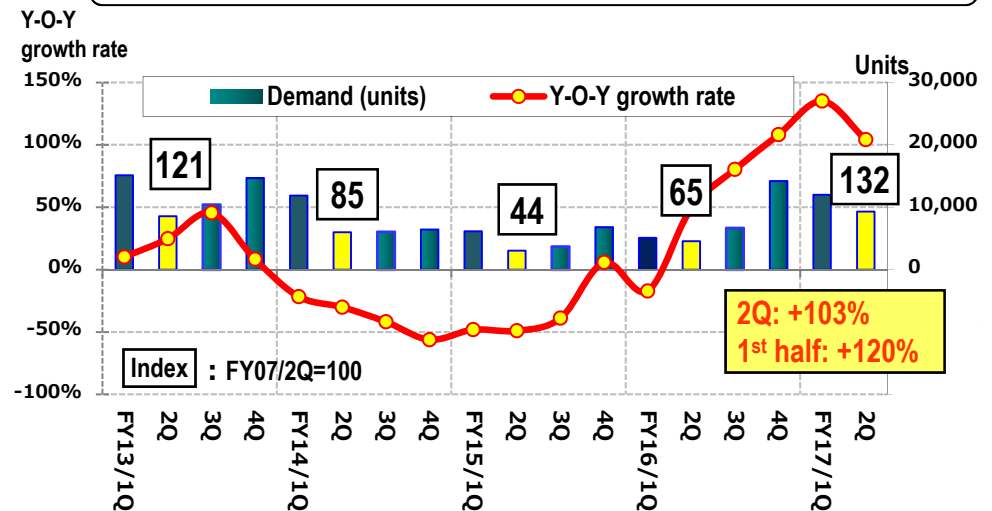
Construction, Mining Equipment and Utility : Demand in Major Markets (4) China

- In the first six-month period of FY2017, demand expanded by 120% from the corresponding period a year ago.
- Demand for construction equipment continues to be fueled by growing construction projects for infrastructure development.
- We have revised our projection of full-year demand upward to +40% to +50%.

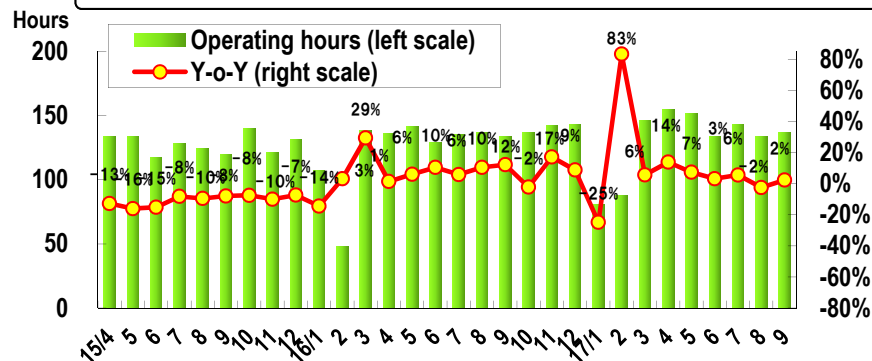
Annual demand for 7 major products (Foreign makers)



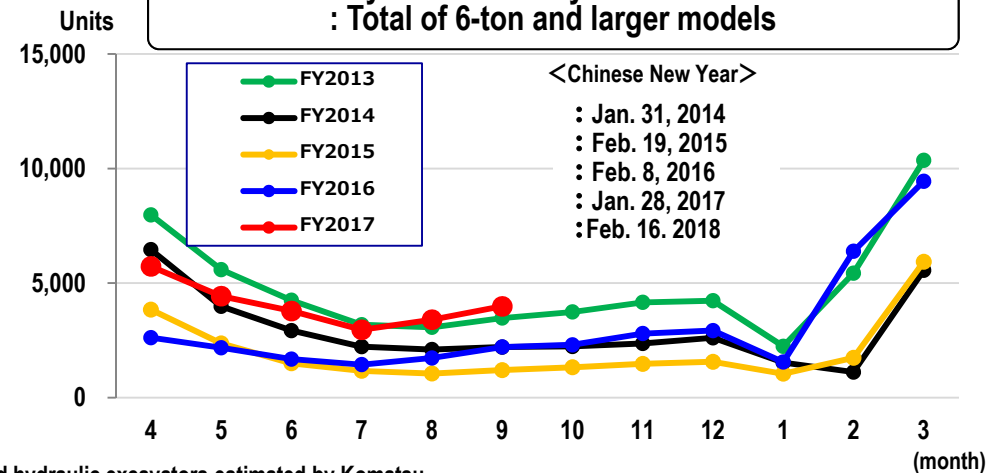
Quarterly demand for 7 major products (Foreign makers)



KOMTRAX in China : Average operating hours per month



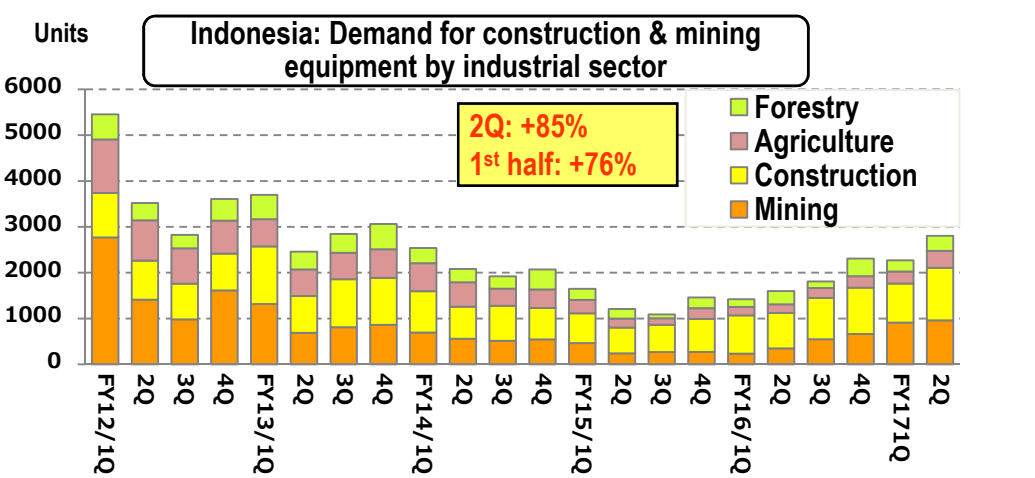
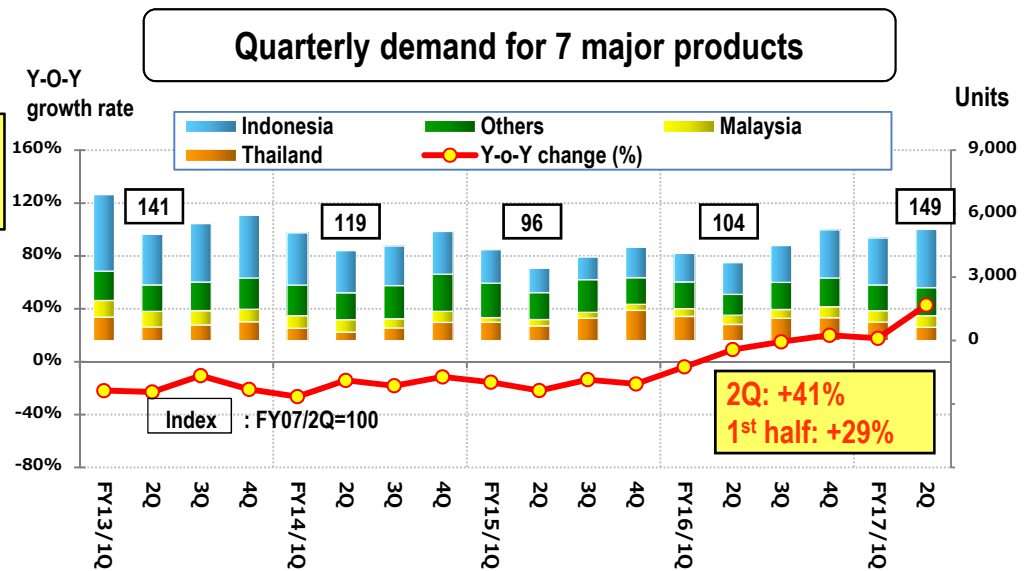
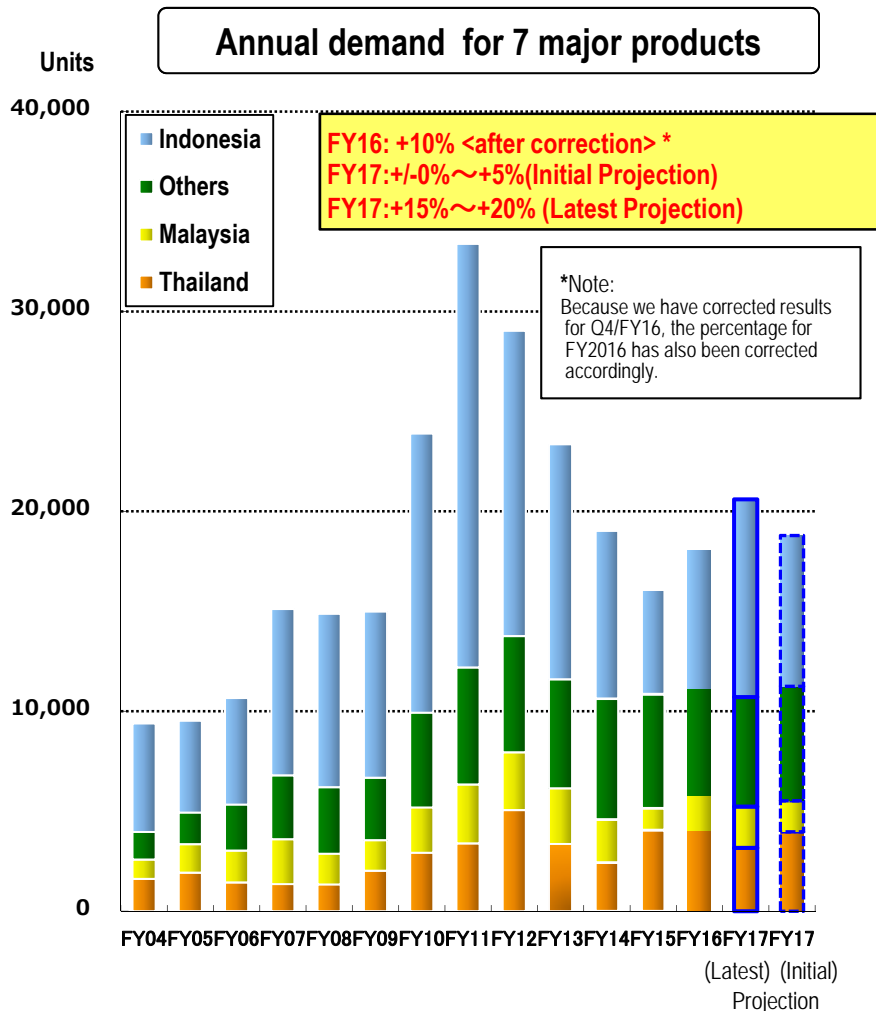
Monthly demand for hydraulic excavators : Total of 6-ton and larger models



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

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

- In the first six-month period of FY2017, demand advanced by 29% from the corresponding period a year ago.
- Especially, demand for mining equipment is growing in Indonesia, the largest market of Southeast Asia. Demand for construction equipment is decreasing in Thailand.
- We have revised the full-year projection upward to a growth rate of 15% to 20%.



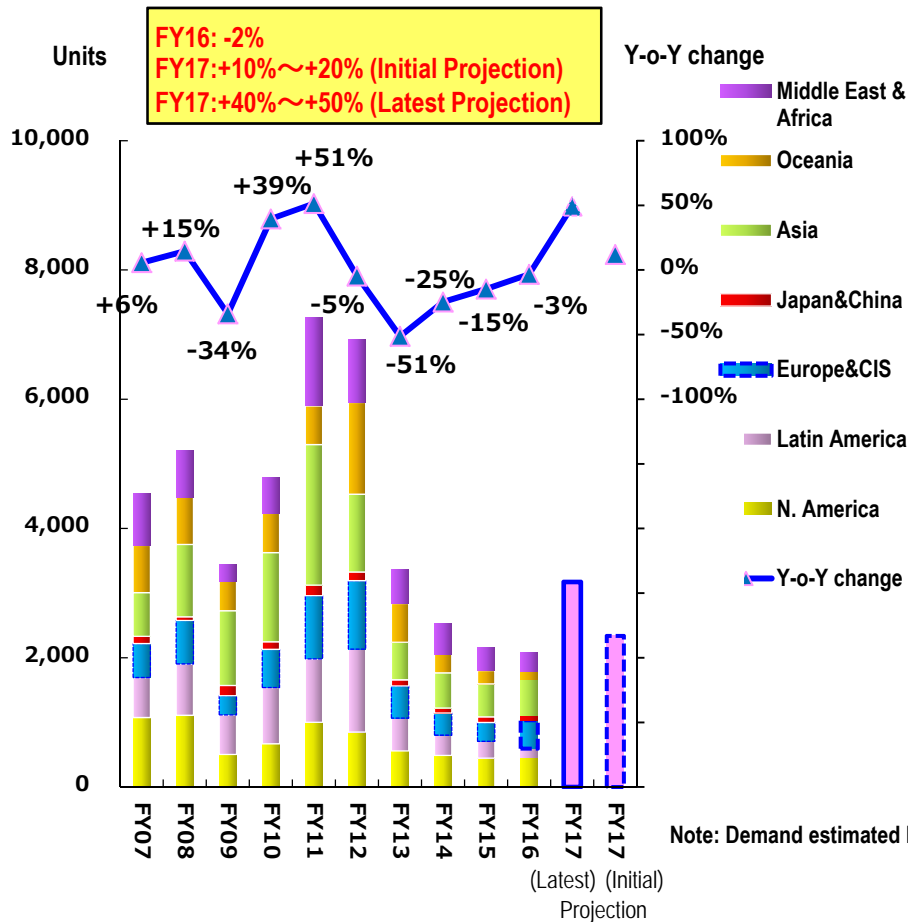
[Source]: Demand for 7 major products estimated by Komatsu

Construction, Mining Equipment and Utility : Actual and Projected Demand for Mining Equipment 30

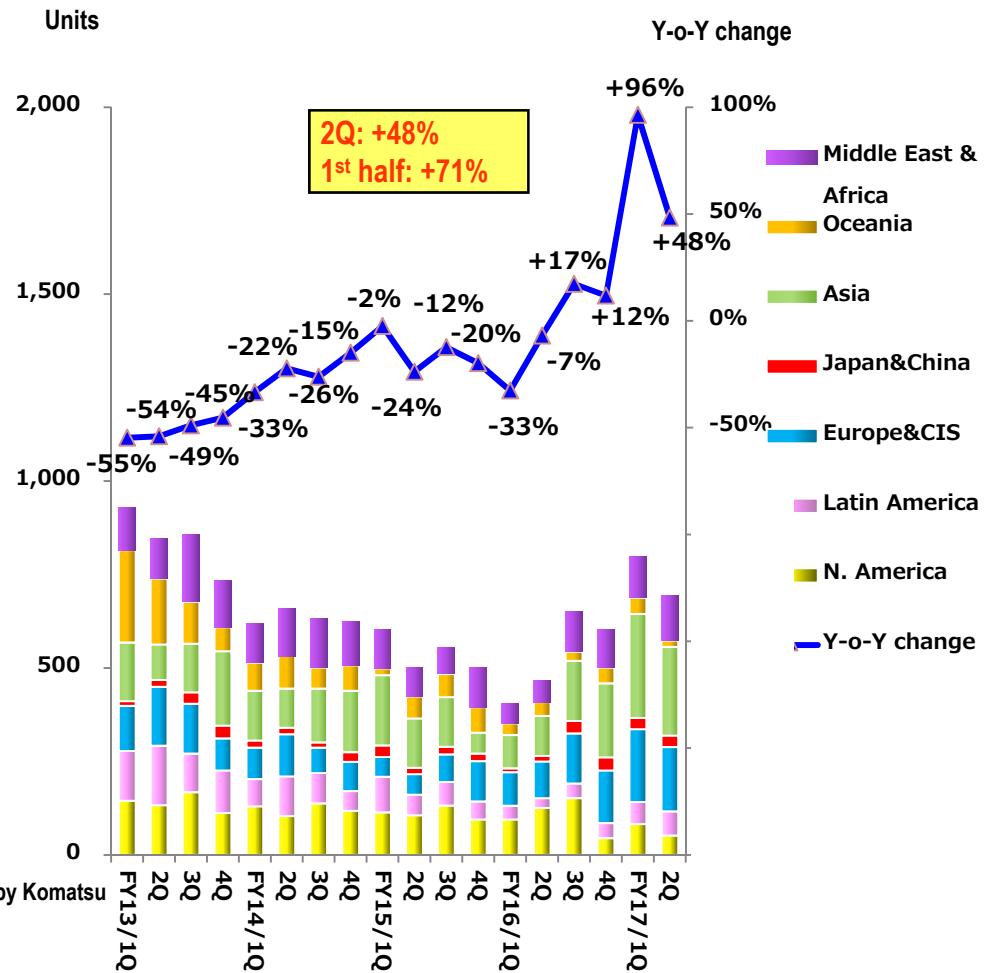
- In the first six-month period of FY2017, global demand increased by 71% from the corresponding period a year ago.
- Demand continued to advance, centering on Indonesia and we project that it should remain steady.
- We have revised our projection upward to an increase of 40% to 50% for FY2017.

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

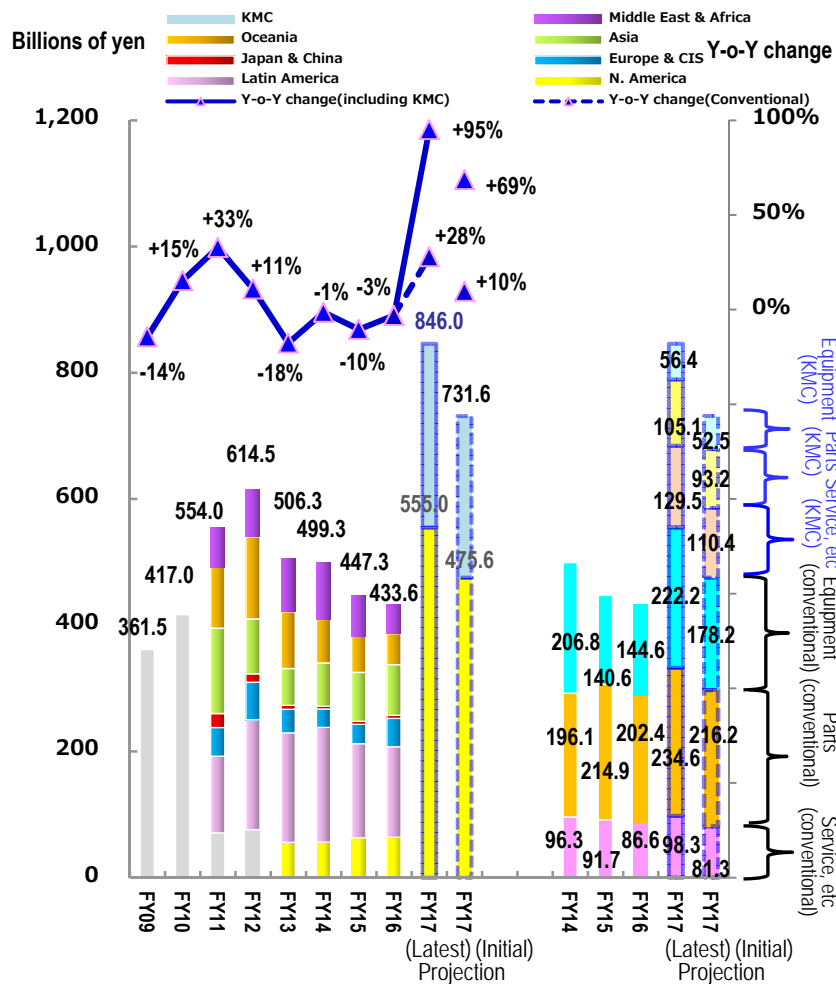


Quarterly demand for mining equipment

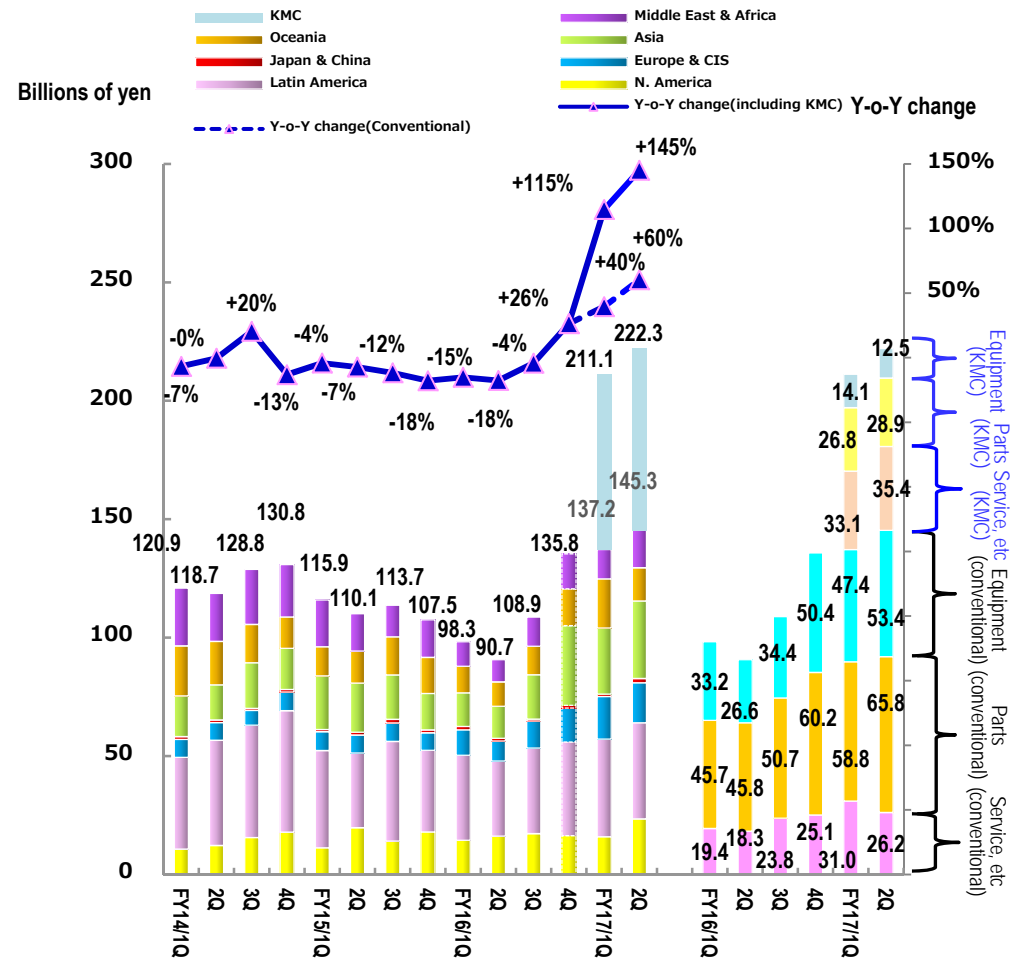


- For the second 3-month period, sales expanded by 145% from the corresponding period a year ago, to JPY222.3 billion. When KMC's sales are excluded, sales advanced by 60% to JPY145.3 billion.
- When the effects of KMC are excluded, sales of equipment, parts and service are advancing, supported by growing demand in Indonesia and some other countries.
- We have revised our full-year projection by an increase of 95% from FY2016, to JPY846.0 billion.

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

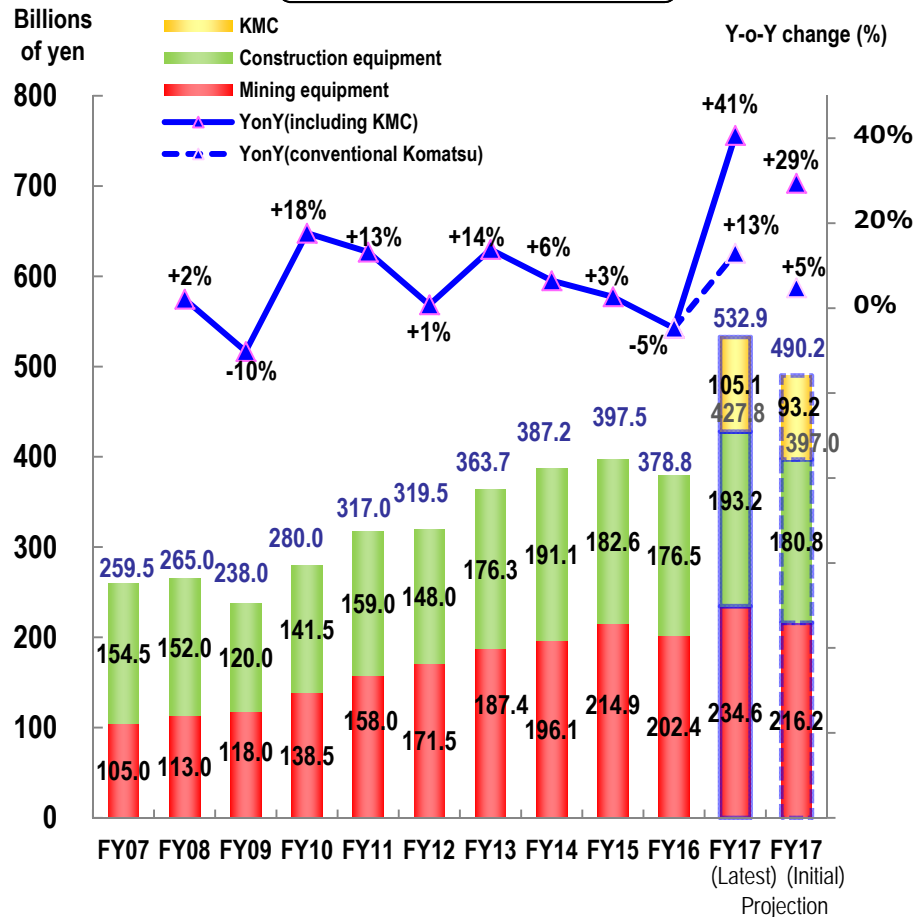


Quarterly sales of mining equipment (incl. parts and service, etc.)

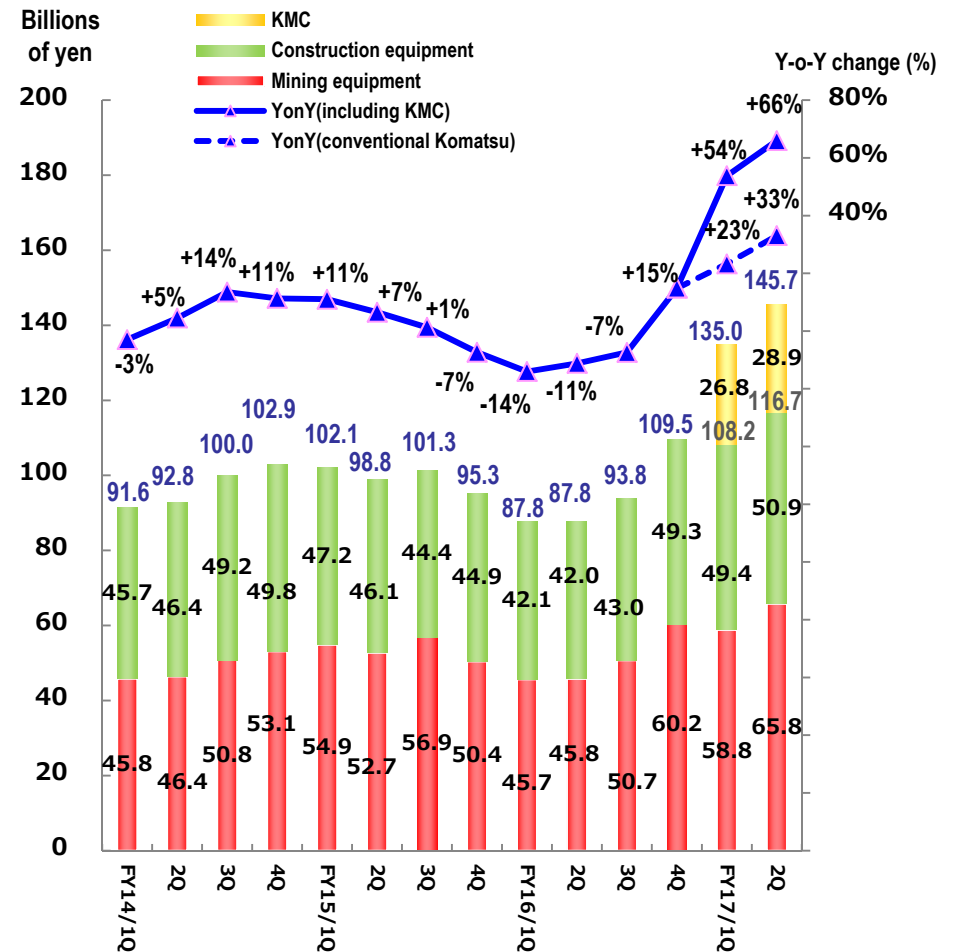


- For the second 3-month period of 2017, sales of parts increased by 66% to JPY145.7 billion from the corresponding period a year ago. When sales made by KMC are excluded, sales of parts advanced by 33% to JPY116.7 billion.
- Sales advanced as a result of capturing demand for aftermarket products.
- We have revised our initial projection of full-year sales upward to JPY532.9 billion, up 41% from FY2016, because we can look forward to growing demand for construction equipment in Strategic Markets and for mining equipment.

Annual sales of parts



Quarterly sales of parts

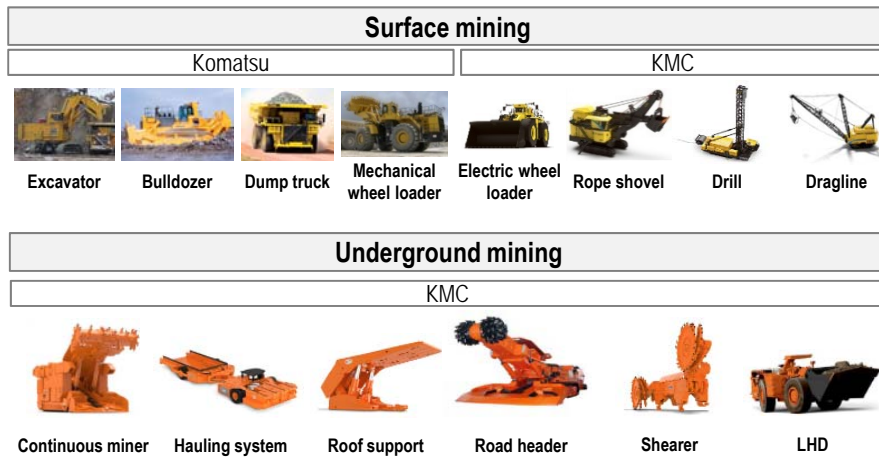


Ⅲ. KMC Integration Plan for KMC

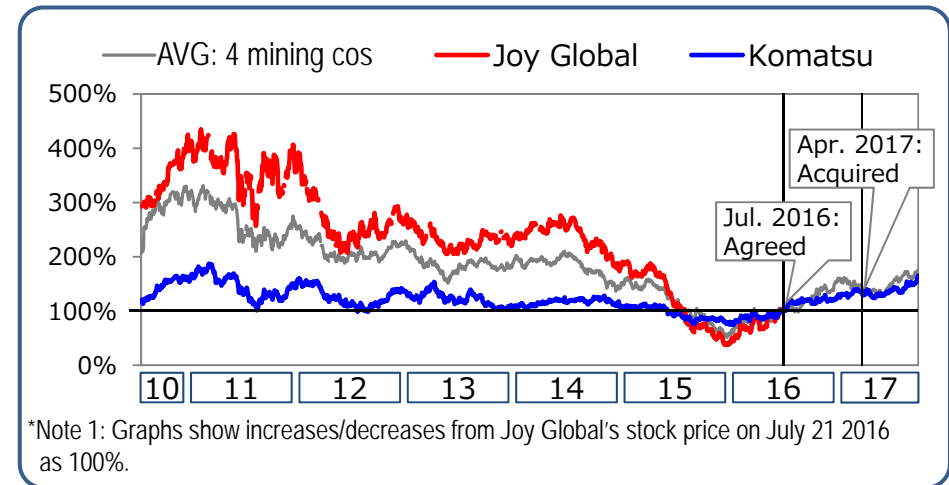
1. Basic Stance and Preconditions Concerning the Integration of KMC

- The most important precondition is **“Never lower the level of service support to customers”** during the integration process.
- As the product lineups of the two don't overlap, we won't experience any negative effects even without integration. We can expect sufficient returns, as the mining equipment market recovers into the future.
- Our assumptions (full line of mining equipment and reinforcement of service capability, etc.), when we acquired KMC, have been proven correct.
- To alleviate volatility of the mining equipment business, we will not separate it from the construction equipment business. We will build integrated regional operations.

1) Product lineups of Komatsu and KMC •No overlapping



2) Stock prices of mining companies, Joy Global and Komatsu¹



3) Review of 6 months after acquisition •As expected

	Assumptions	Review of 6 months
1	Solid relationship with customers	<ul style="list-style-type: none"> • The business model of direct sales and service has been sustained and is possible to strengthen, especially in the areas covered by Komatsu-owned distributors, • Service bases of the two have already been used mutually in some areas.
2	Complementary products and market segments	<ul style="list-style-type: none"> • Full lineup of surface mining equipment and entry into the underground mining equipment market.
3	Compatibility of corporate culture of the two	<ul style="list-style-type: none"> • Corporate culture of safety first and customer-centered principles are highly compatible with Komatsu. • Secured professional people with mining expertise.
4	Gaining growth potential and synergy	<ul style="list-style-type: none"> • Created the taskforce teams to capitalize on management resources of the two and create synergy.

2. Integration Plan and Synergy

- Create synergy in three standpoints of Sales Expansion, Cost Reduction, and Investment Curtailment.
- By completing integration in the areas covered by Komatsu-owned distributors by the end of FY2018 and other areas by the end of FY2019, we shall work to maximize of synergy.

Synergy	Approach	Specific Efforts
1. Sales expansion	1) Sales expansion of new products	<ul style="list-style-type: none"> • Maintain and reinforce direct sales and service operations, as we incorporate KMC's strengths. • Expand sales of new products by capitalizing on stronghold customer bases and sales channels of the two. • Expand sales of rebuild and Reman products by effectively utilizing facilities of the two. • Capture sales of parts, which have taken by others, by aggressively using parts made by Group suppliers.
	2) Sales expansion of parts and service	
	3) Expansion of solution business	
	4) Development of new products	
2. Cost reduction	1) Operational integration of manufacturing bases	<ul style="list-style-type: none"> • Promote cross sourcing between KMC and conventional Komatsu Group companies. • Mother plants shall promote rationalization of production of equipment. • Promote joint purchasing.
	2) Operational integration at mine sites	<ul style="list-style-type: none"> • Cut costs by integrating parts warehouses and supply-chain operations at mines.
	3) Operational integration of back-office	<ul style="list-style-type: none"> • Cut costs by integrating back-office operations, such as human resources, accounting, finance and legal, while strengthening governance and compliance.
3. Investment curtailment	Curtailment of investment in all areas where we operate	<ul style="list-style-type: none"> • Thoroughly review overlapping investments (e.g., establishment of manufacturing and service bases) in all regions.

<Estimated Synergy (FY2021 target)>

• About 10% of KMC's total sales

3. Examples of Integration Benefits


- Will continue structural reforms which were planned before acquisition. Have already completed reforms in the area of surface mining equipment.
- Implementing quick wins (gaining immediate benefits) now. Have already gained some visible benefits.

1) Status of structural reforms planned before acquisition

	Country	Business	Progress	Completion
1	U.S.A.	Surface mining	<ul style="list-style-type: none"> • Closed fabrication and welding shops. • Consolidated production of motors • Sold the steel mill facility. 	Done in July 2016
2		Underground mining	<ul style="list-style-type: none"> • Closed some plants. (Done) • Sold machine tools and other assets. (Done) • Sale of land and buildings (in progress) 	Planned for FY2017
3	China	Underground mining	<ul style="list-style-type: none"> • Closed some plants. (Done) • Sale of machine tools and other assets (in progress) • Sale of land and buildings (in progress) 	Planned for FY2018

2) Synergy examples (quick wins) in progress

Integrating back office operations, repairing components by using production plants of the two, winning trust of customers by jointly visiting them, and engaging in joint procurement, etc.



U.S.A.

KAC

Shared Service Dept.

KMC

Personnel

Accounting & Finance

Legal

- Have already established the shared service department for Komatsu America Corp. (HQs: Chicago) and KMC (HQs: Milwaukee).



Brazil



- KMC has already repaired cylinders, buckets and dump bodies of Komatsu products.



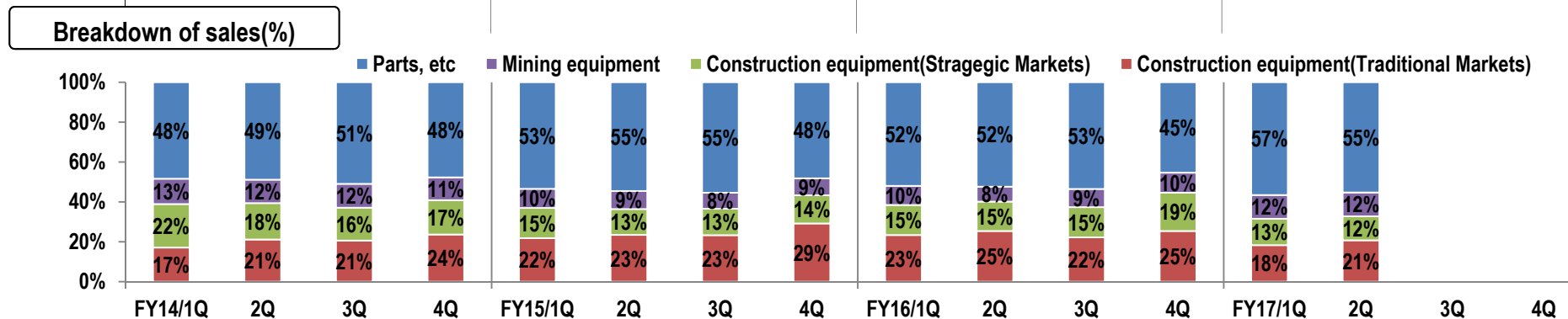
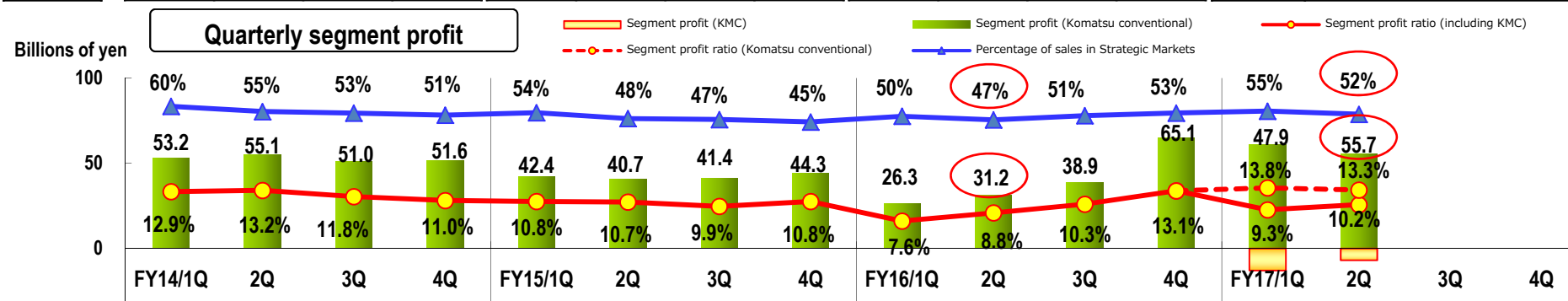
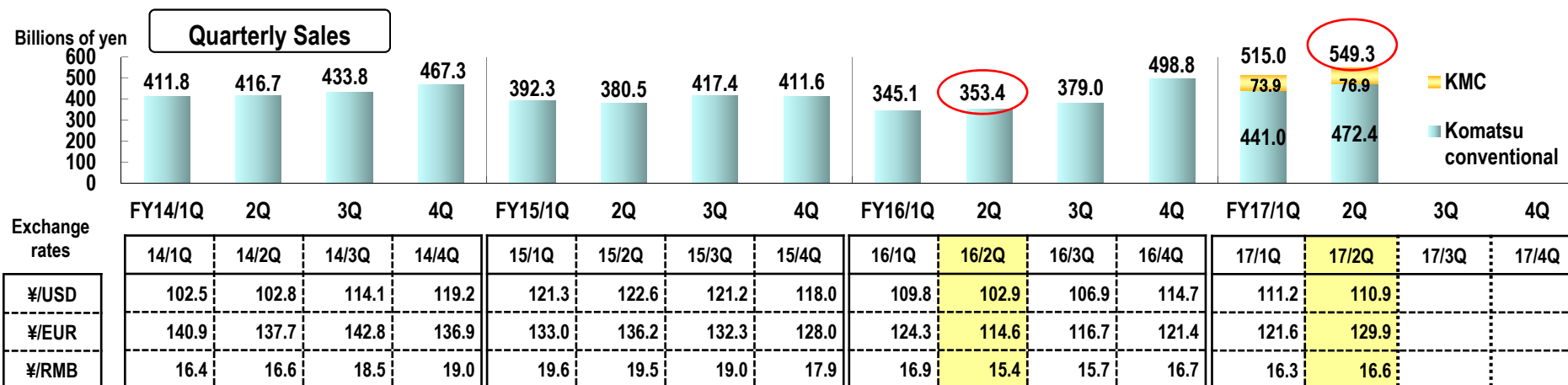
Chile



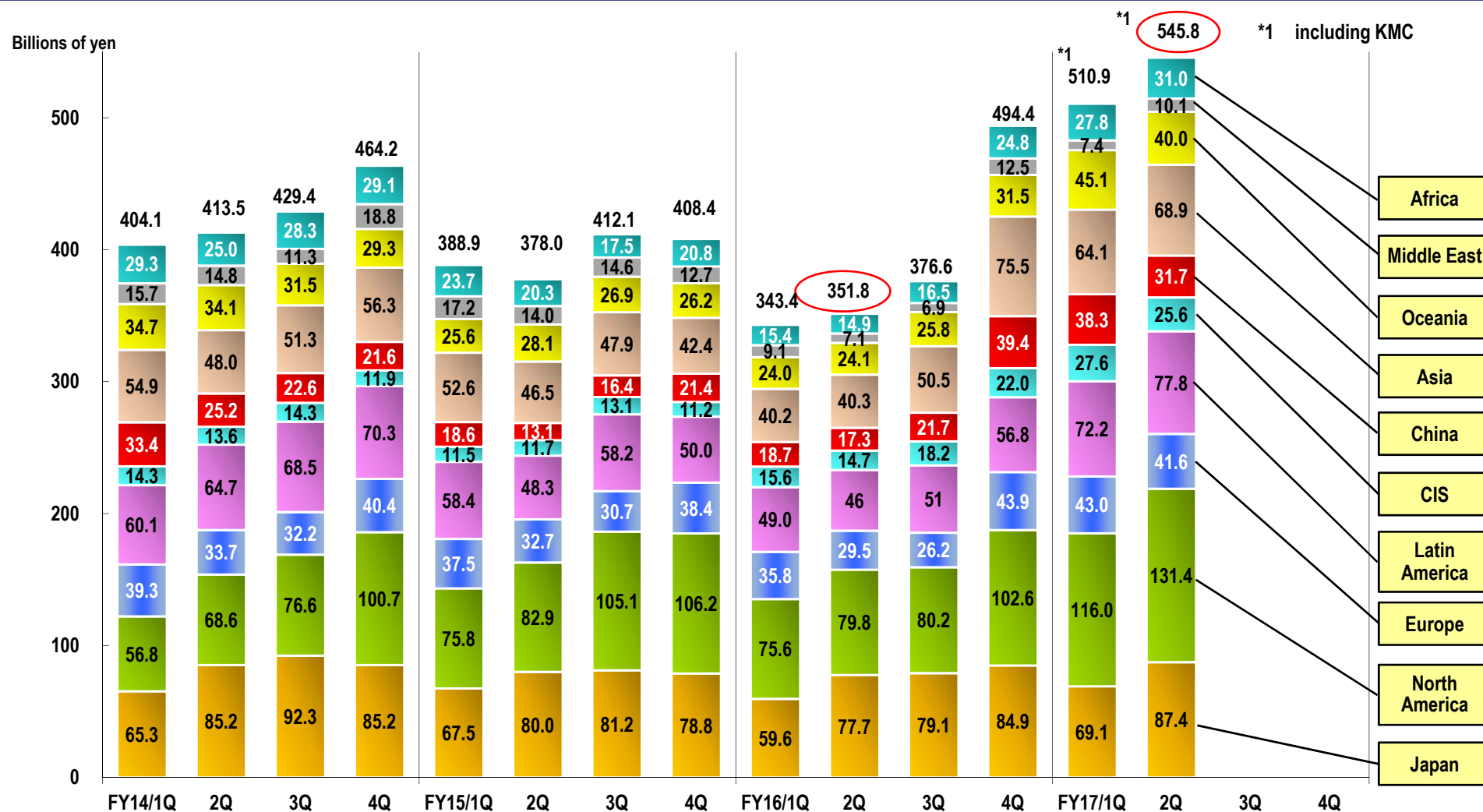

- Komatsu has already repaired cylinders of KMC-made rope shovels at its base.
- KMC has already repaired blades of Komatsu-made large bulldozers at its base.

Appendix

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



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



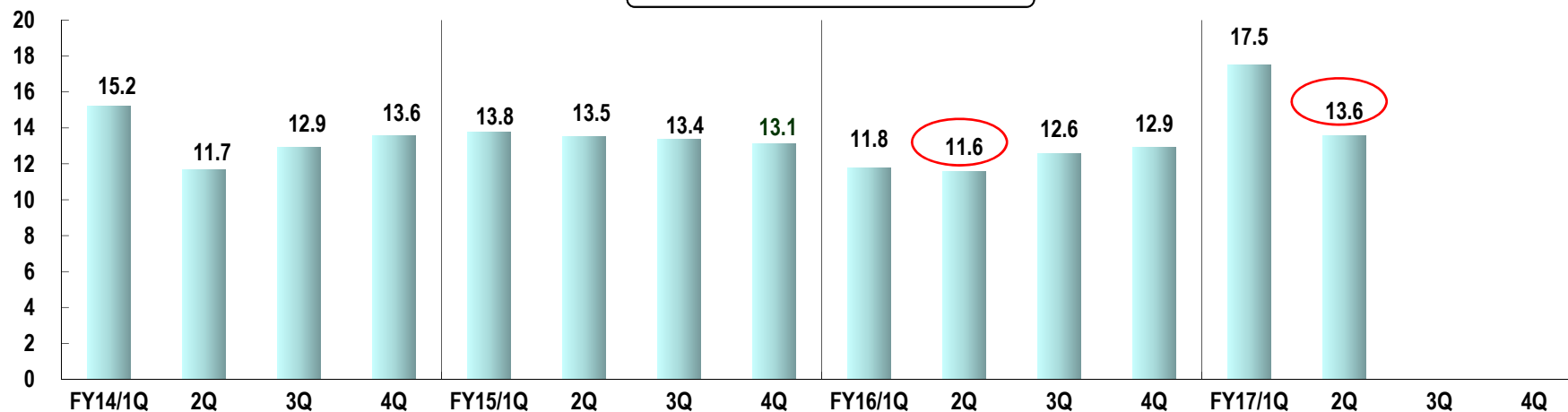
Exchange rates

	14/1Q	14/2Q	14/3Q	14/4Q	15/1Q	15/2Q	15/3Q	15/4Q	16/1Q	16/2Q	16/3Q	16/4Q	17/1Q	17/2Q	17/3Q	17/4Q
¥/USD	102.5	102.8	114.1	119.2	121.3	122.6	121.2	118.0	109.8	102.9	106.9	114.7	111.2	110.9		
¥/EUR	140.9	137.7	142.8	136.9	133.0	136.2	132.3	128.0	124.3	114.6	116.7	121.4	121.6	129.9		
¥/RMB	16.4	16.6	18.5	19.0	19.6	19.5	19.0	17.9	16.9	15.4	15.7	16.7	16.3	16.6		

Retail Finance: Quarterly Sales and Segment Profit

Billions of yen

Quarterly sales

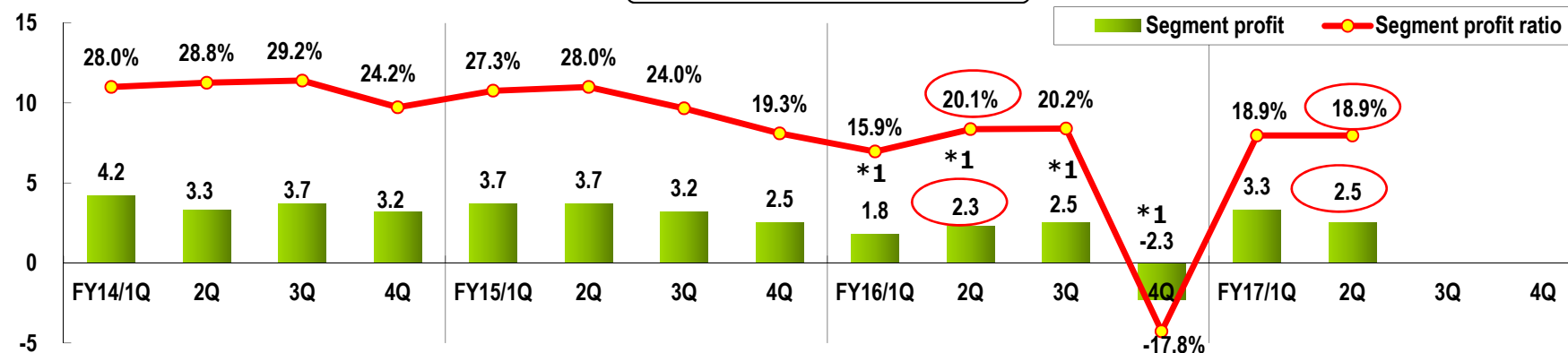


Exchange rates

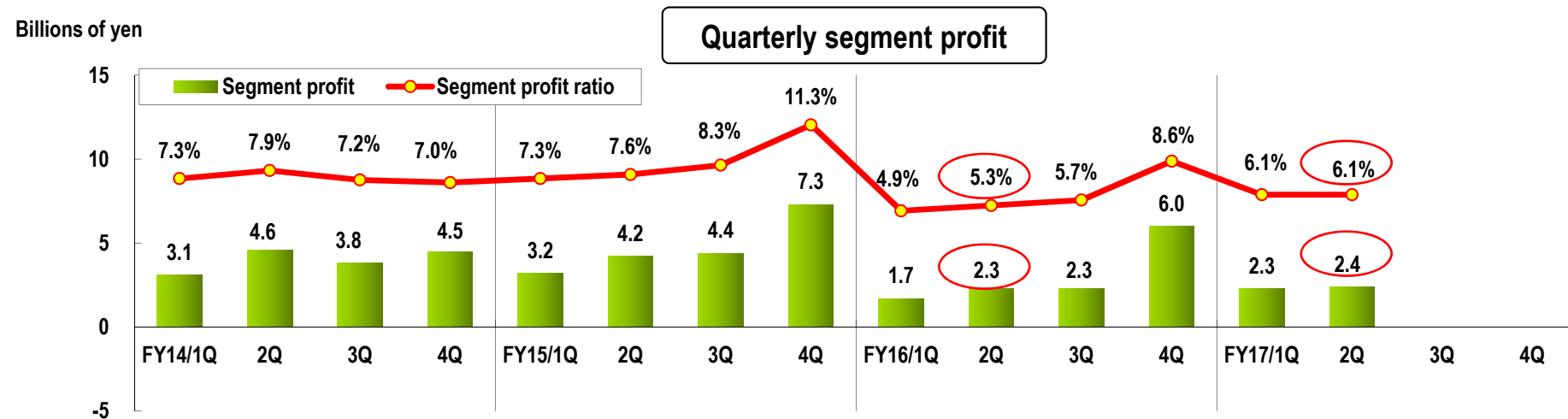
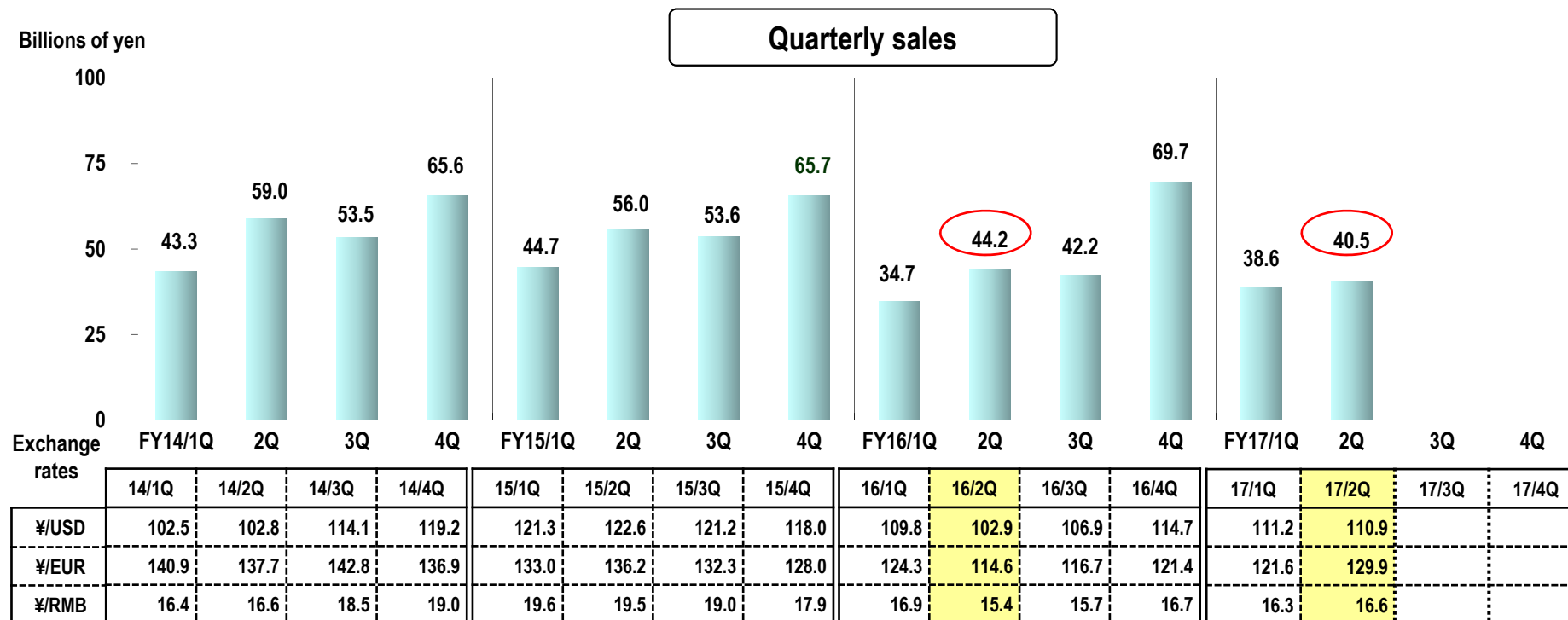
	14/1Q	14/2Q	14/3Q	14/4Q	15/1Q	15/2Q	15/3Q	15/4Q	16/1Q	16/2Q	16/3Q	16/4Q	17/1Q	17/2Q	17/3Q	17/4Q
¥/USD	102.5	102.8	114.1	119.2	121.3	122.6	121.2	118.0	109.8	102.9	106.9	114.7	111.2	110.9		
¥/EUR	140.9	137.7	142.8	136.9	133.0	136.2	132.3	128.0	124.3	114.6	116.7	121.4	121.6	129.9		
¥/RMB	16.4	16.6	18.5	19.0	19.6	19.5	19.0	17.9	16.9	15.4	15.7	16.7	16.3	16.6		

Billions of yen

Quarterly segment profit



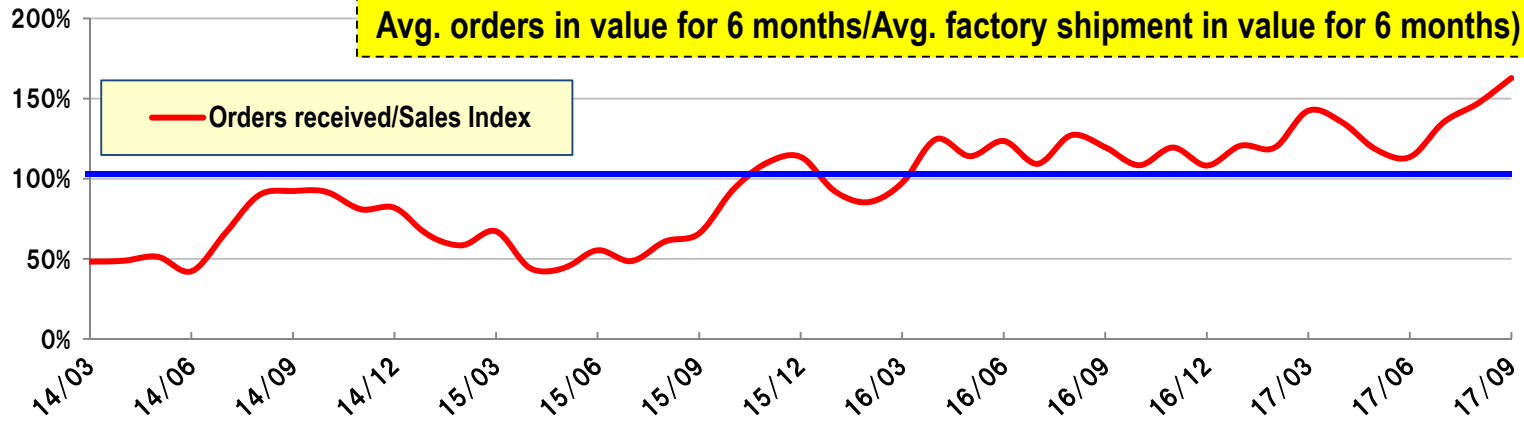
*1 | Including allowances for bad doubtful accounts in China (FY16/1Q: JPY-1.0 bn, 2Q: JPY -0.5bn, 3Q: JPY-0.2bn, 4Q: JPY-4.9bn)



Book-to-Bill Ratio for Mining Equipment (6 Months)

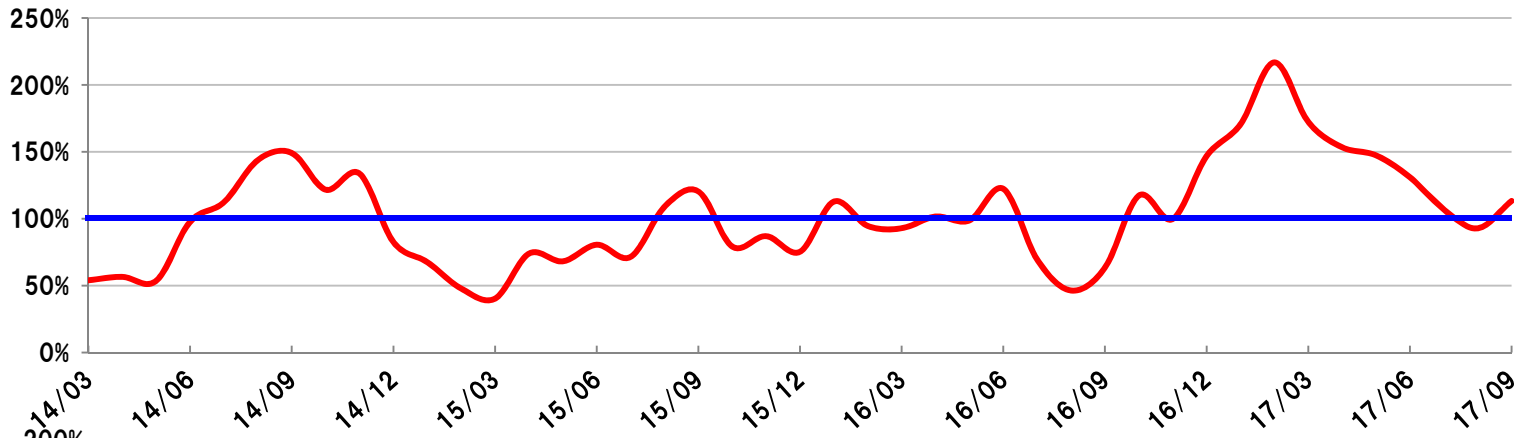
**Komatsu America
(Mining eqpt)**

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



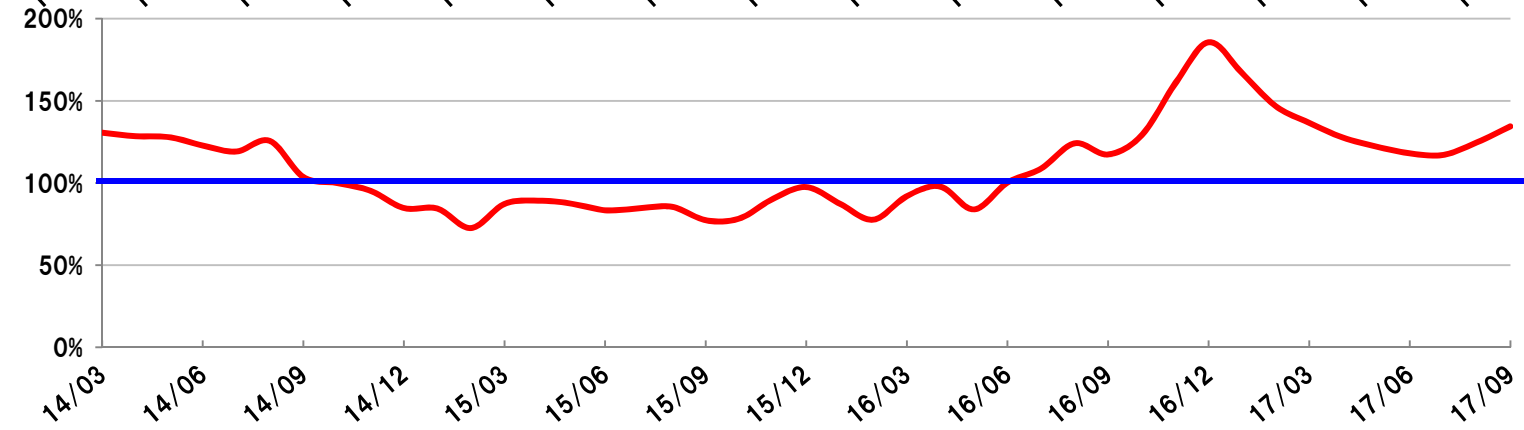
**Komatsu Germany
(Mining eqpt)**

PC3000, PC4000
PC5500, PC7000
PC8000



**Komatsu Ltd.
(Mining eqpt)**

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

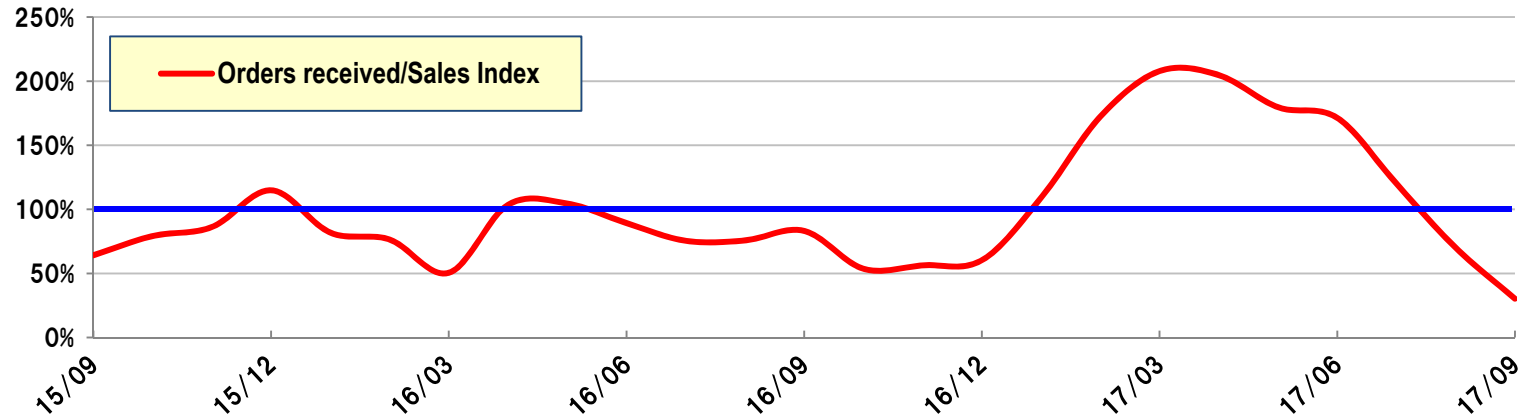


Book-to-Bill Ratio for KMC Mining Equipment (6 Months)

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

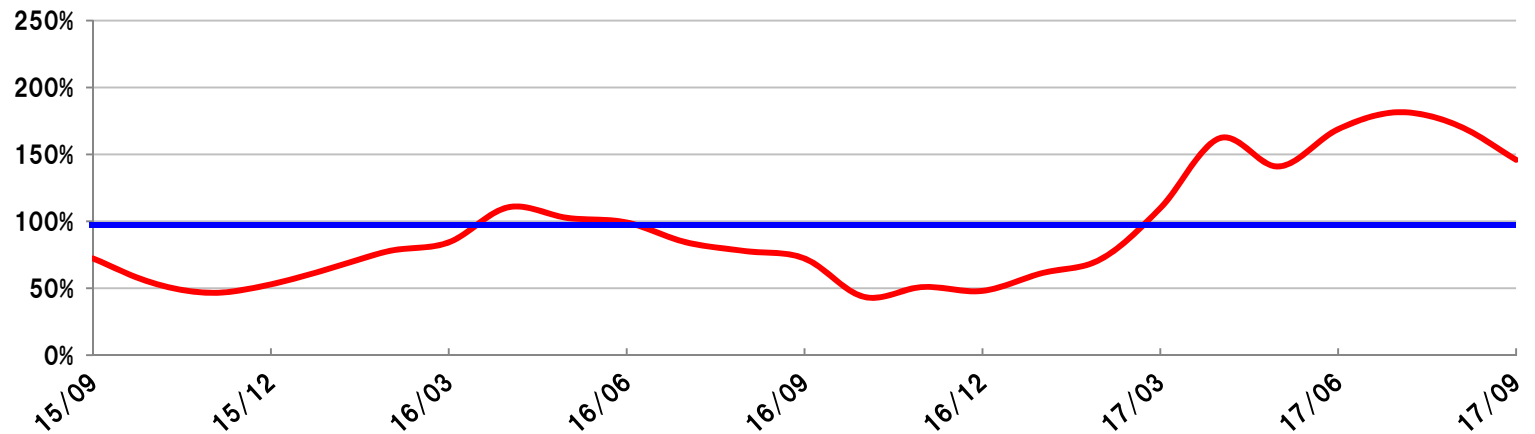
**KMC
(Surface)**

Rope Shovel
Blasthole Drills
Dragline, etc



**KMC
(Underground)**

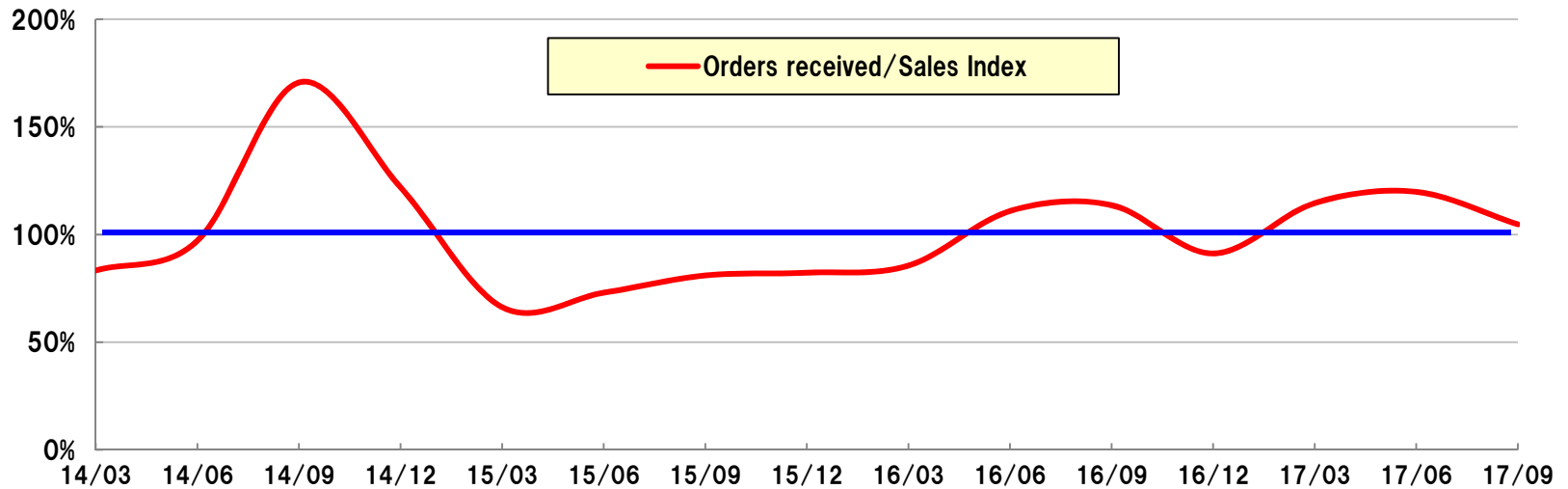
Continuous Miner
Sheerer
Load Haul Dump Machine
Jumbo Drills, etc



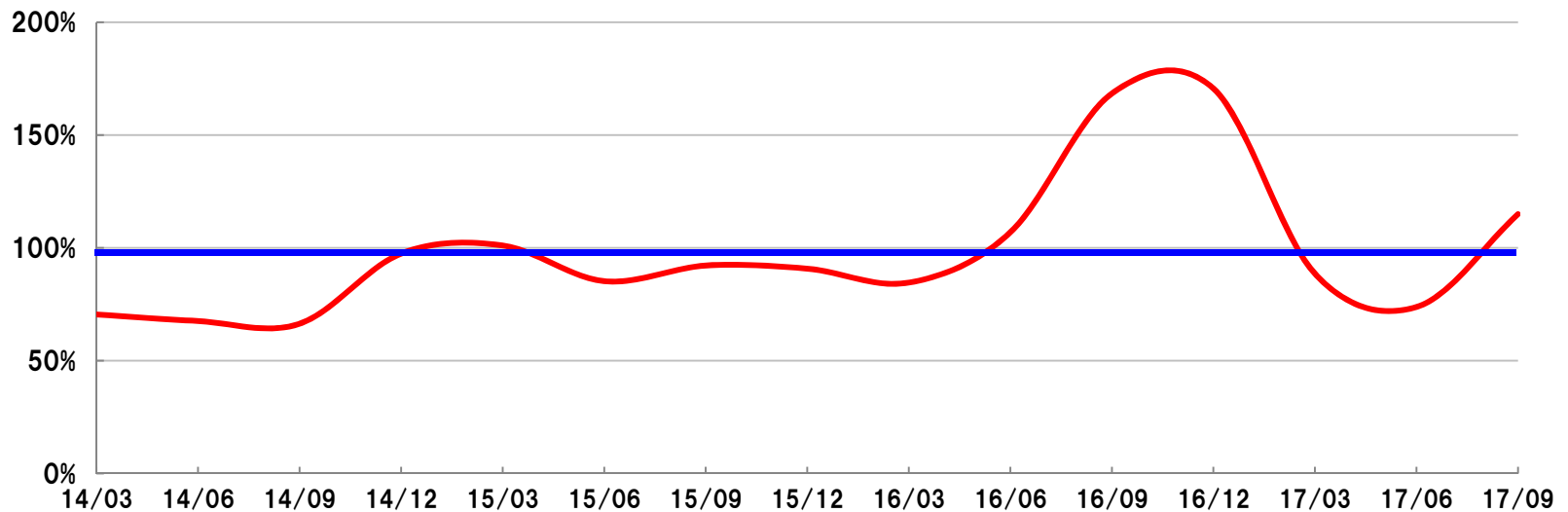
Book-to-Bill Ratio for Industrial Machinery (6 Months)

Komatsu Industries

Avg. orders in value for 6 months/Avg. factory shipment in value for 6 months)



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





We launched the PC200-11 medium-sized hydraulic excavator in Japan in September this year. (Compliant with Japan's Off-road Vehicle Act of 2014)

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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