

## FAQ: Business Results for the First Six-Month Period of FY2017

Q1: Please update us with the progress made towards projected business results for the first six-month period of FY2017 and explain the reasons for the upward revision of projected full-year business results for FY2017.

A1: In the first six-month period of FY2017, sales of construction equipment was strong in Strategic Markets, such as China and Indonesia, and sales of mining equipment and parts were also good. In addition, the Japanese yen depreciated more than estimated. As a result, actual results outperformed the projection. As we anticipate that demand for construction and mining equipment, as well as parts, will remain steady in the second six-month period, we are revising the projection of full-year results upward.

With respect to foreign exchange rates, we have changed only EUR and RMB towards depreciation of the Japanese yen after reviewing the current rates.

Q2: Tell us about the market conditions of mining equipment.

A2: In the first six-month period of FY2017, demand for parts and small and medium-sized mining equipment was clearly on a recovery track. While we see some signs of recovery in orders received for super-large dump trucks, we will continue to closely watch other super-large equipment and KMC's products.

Q3: Tell us about the business performance of Komatsu Mining Corp. (the former Joy Global Inc.) which Komatsu acquired in April this year, and about your integration plan.

A3: KMC's business performance has been sound since our acquisition. They are also revising the projection for full-year business results upward. We are planning to develop the integration plan in six months after acquisition. We have made good progress with the plan. We have been working to develop it on the standpoints of sales expansion, cost reduction and curtailment of investment, all based on synergy. We hope to create energy which will account for about 10% of KMC's sales for FY2021.

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