

Business Results for Nine Months (April-December, 2018) of FY2018 【Telephone conference】

January 31, 2019

Presented by

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*KMC stands for Komatsu Mining Corp.(former Joy Global Inc.)

I . Business Results for Three and Nine Months ended December 31, 2018

Note: Reclassification in the statement of income

Since the fiscal year ending March 31, 2019, Komatsu has adopted a new pension accounting standard of US GAAP. Therefore, net periodic postretirement benefit costs, separated from other personal expenses, are presented in non-operating income (expenses), (whereas they were conventionally presented in segment profits). Accordingly, the corresponding amounts for FY2017 are retrospectively reclassified as shown in the table below.

* Improvement in the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost in accordance with ASU 2017-07.

FY2017 profits reclassified in accordance with the new accounting standard

	Billions of yen	2017 Apr.-Jun.	2017 Jul.-Sep.	2017 Oct.-Dec.	2018 Jan.-Mar.	FY2017
	Komatsu Conventional	0.1	0.1	0.1	0.1	0.4
	KMC	(0.8)	(0.8)	(0.8)	(0.9)	(3.3)
	Construction, mining & utility equipment	(0.7)	(0.7)	(0.7)	(0.8)	(2.9)
	Retail finance	0.0	0.0	0.0	0.0	0.0
	Industrial machinery & others	0.0	(0.0)	0.0	(0.1)	(0.1)
	Segment profit	(0.7)	(0.7)	(0.7)	(0.9)	(3.0)
	Operation income	(0.7)	(0.7)	(0.7)	(0.9)	(3.0)
	Other income(expenses)	0.7	0.7	0.7	0.9	3.0
	Income before income taxes	-	-	-	-	-

- Consolidated net sales increased by 8.3% from the corresponding period a year ago, to JPY700.5 billion.
- Operating income advanced by 27.6% to JPY95.5 billion. Operating income ratio improved by 2.0 points to 13.6%.
- Net income attributable to Komatsu Ltd. increased by 10.3% to JPY58.8 billion.

Note: FY2017 profits are reclassified and restated. (Refer to page 3 for more information.)

Billions of yen	Oct.-Dec., 2017			Oct.-Dec., 2018			Changes	
	¥113.0/USD ¥133.2/EUR ¥17.0/RMB	Komatsu Conventional *1	KMC	¥113.5/USD ¥129.6/EUR ¥16.4/RMB	Komatsu Conventional *1	KMC	Increase (Decrease)	% Change
Net sales	646.8	561.4	85.3	700.5	606.5	94.0	+53.7	+8.3%
Segment profit	86.4	82.5	*2 3.8	97.1	89.4	*2 7.6	+10.7	+12.4%
Other operating income(expenses)	(11.5)	(11.7)	0.1	(1.6)	(1.5)	(0.0)	+9.9	-
Operating income	74.8	70.8	*2 4.0	95.5	87.8	*2 7.6	+20.6	+27.6%
Profit ratio	11.6%	12.6%	4.7%	13.6%	14.5%	8.1%	+2.0pts.	-
Other income (expenses)	(3.6)			(10.0)			(6.4)	-
Income before income taxes	71.2			85.4			+14.2	+20.0%
Net income attributable to Komatsu Ltd	53.3			58.8			+5.5	+10.3%

Notes:

- 1) Figures represent those from which KMC's business results are excluded.
- 2) KMC's segment and operating income include temporary expenses in the table on the right.

Billions of yen	Oct.-Dec.,2017	Oct.-Dec.,2018
Depreciation after PPA *	(3.6)	(1.8)
Integration expenses etc.	(0.4)	(1.0)
Total	(4.1)	(2.8)

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

Segment Sales and Profits for the Third Quarter(Oct.- Dec., 2018)

- Construction, Mining & Utility Equipment: Sales advanced by 8.5% from the corresponding period a year ago, to JPY645.3 billion. Segment profit expanded by 11.5% to JPY88.6 billion. Segment profit ratio improved by 0.3 points to 13.7%.
- Retail Finance: Revenues increased by 13.5% to JPY16.7 billion. Segment profit advanced by 16.3% to JPY3.5 billion.
- Industrial Machinery & Others: Sales advanced by 8.0% to JPY45.7 billion. Segment profit improved by 19.4% to JPY5.1 billion.

Note: FY2017 profits are reclassified and restated. (Refer to page 3 for more information.)

% : Profit ratio

[] : Sales after elimination of inter-segment transactions

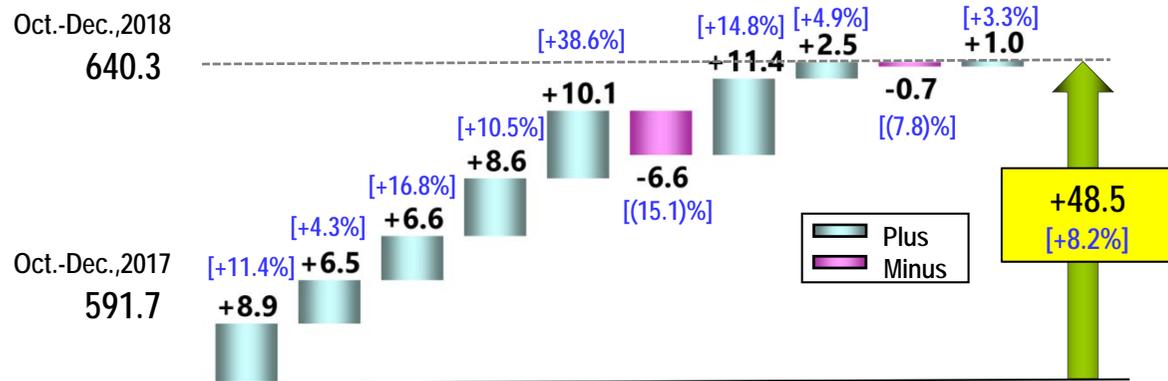
Billions of yen	Oct.-Dec.,2017			Oct.-Dec.,2018			Changes	
		Komatsu Conventional	KMC		Komatsu Conventional	KMC	Increase (Decrease)	% Change
Net sales	646.8	561.4	85.3	700.5	606.5	94.0	+53.7	+8.3%
Construction, mining & utility equipment	594.5 [591.7]	509.1 [506.4]	85.3 [85.3]	645.3 [640.3]	551.2 [546.3]	94.0 [94.0]	+50.7 [+48.5]	+8.5% [+8.2%]
Retail finance	14.7 [13.0]	14.7 [13.0]	-	16.7 [15.1]	16.7 [15.1]	-	+1.9 [+2.0]	+13.5% [+15.6%]
Industrial machinery & others	42.3 [41.9]	42.3 [41.9]	-	45.7 [45.0]	45.7 [45.0]	-	+3.3 [+3.1]	+8.0% [+7.4%]
Elimination	(4.7)	(4.7)	-	(7.1)	(7.1)	-	(2.4)	-
Segment profit (loss)	13.4% 86.4	14.7% 82.5	4.5% 3.8	13.9% 97.1	14.8% 89.4	8.2% 7.6	+10.7	+12.4%
Construction, mining & utility equipment	13.4% 79.4	14.8% 75.5	4.5% 3.8	13.7% 88.6	14.7% 80.9	8.2% 7.6	+9.1	+11.5%
Retail finance	20.6% 3.0	20.6% 3.0	-	21.1% 3.5	21.1% 3.5	-	+0.4	+16.3%
Industrial machinery & others	10.2% 4.3	10.2% 4.3	-	11.3% 5.1	11.3% 5.1	-	+0.8	+19.4%
Corporate & elimination	(0.4)	(0.4)	-	(0.1)	(0.1)	-	+0.2	-

Review of three business segments

- Construction, Mining & Utility Equipment:
Both sales and segment profit increased, mainly supported by expanded sales in Asia, CIS and Japan as well as price hikes.
- Retail Finance:
Both sales and segment profit increased, due mainly to increased assets in North America.
- Industrial Machinery & Others
Both sales and segment profit improved, mainly supported by increased sales of machine tools to the automobile manufacturing industry as well as increased sales of Excimer laser-related businesses reflecting buoyant conditions of the semiconductor market.

- Sales to outside customers increased by 8.2% from the corresponding period a year ago, to JPY640.3 billion.
- While sales declined in China, they expanded sharply, especially in Asia, CIS and Japan.
- The ratio of sales in Strategic Markets amounted to 54% of total sales.

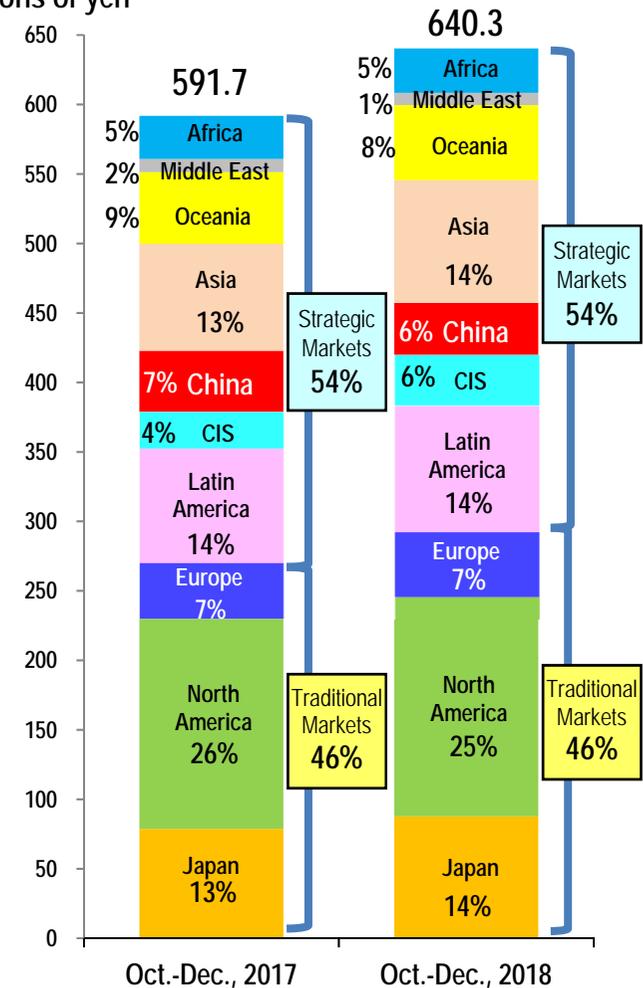
Oct.-Dec.,2018 vs. Oct.-Dec.,2017



Billions of yen	Japan	North America	Europe	Latin America	CIS	China	Asia	Oceania	Middle East	Africa	Total
Komatsu Conventional	78.6	117.0	35.6	61.9	24.2	38.1	75.8	41.4	9.4	23.7	506.4
KMC	0.0	35.0	4.0	20.1	1.9	5.7	1.1	10.0	0.0	7.1	85.3
Oct.-Dec.,2017(a)	78.7	152.1	39.7	82.0	26.2	43.8	76.9	51.5	9.5	30.9	591.7
Komatsu Conventional	87.6	115.2	41.7	74.1	34.0	31.8	85.9	42.7	8.6	24.3	546.3
KMC	0.0	43.3	4.6	16.5	2.3	5.4	2.4	11.3	0.1	7.6	94.0
Oct.-Dec.,2018(b)	87.6	158.6	46.4	90.6	36.3	37.2	88.4	54.0	8.7	31.9	640.3
Change (b-a)	+8.9	+6.5	+6.6	+8.6	+10.1	(6.6)	+11.4	+2.5	(0.7)	+1.0	+48.5
	※	※	※	※	※		※	※		※	
	Traditional Markets					Strategic Markets					

※ Region where sales increased, when foreign exchange effects were excluded.

Billions of yen



- Consolidated net sales increased by 11.8% from the corresponding period a year ago, to JPY2,018.6 billion.
- Operating income expanded by 59.0% to JPY295.8 billion. Operating income ratio improved by 4.4 points to 14.7%.
- Net income attributable to Komatsu Ltd. advanced by 18.8% to JPY184.1 billion.

Note: FY2017 profits are reclassified and restated. (Refer to page 3 for more information.)

Billions of yen	Apr.-Dec.,2017			Apr.-Dec.,2018			Changes	
	¥111.7/USD ¥128.2/EUR ¥16.6/RMB	Komatsu Conventional *1	KMC	¥111.0/USD ¥129.8/EUR ¥16.6/RMB	Komatsu Conventional *1	KMC	Increase (Decrease)	% Change
Net sales	1,805.8	1,569.4	236.3	2,018.6	1,743.6	274.9	+212.8	+11.8%
Segment profit (loss)	198.6	216.3	*2 (17.6)	296.2	263.6	*2 32.6	+97.5	+49.1%
Other operating income(expenses)	(12.6)	(12.7)	0.0	(0.4)	(0.4)	0.0	+12.2	-
Operating income (loss)	186.0	203.6	*2 (17.5)	295.8	263.2	*2 32.6	+109.8	+59.0%
Profit ratio (loss ratio)	10.3%	13.0%	(7.4)%	14.7%	15.1%	11.9%	+4.4pts.	-
Other income (expenses)	29.3			(17.8)			(47.1)	-
Income before income taxes	215.3			277.9			+62.6	+29.1%
Net income attributable to Komatsu Ltd	155.0			184.1			+29.1	+18.8%

Notes:

- 1) Figures represent those from which KMC's business results are excluded,
- 2) KMC's segment and operating income(loss) include temporary expenses in the table on the right.

Billions of yen	Apr.-Dec.,2017	Apr.-Dec.,2018
Depreciation after PPA *	(36.7)	(6.3)
Integration expenses etc.	(4.1)	(2.0)
Total	(40.8)	(8.3)

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

Segment Sales and Profits for Nine Months (Apr.- Dec., 2018)

- **Construction, Mining & Utility Equipment:** Sales advanced by 11.3% from the corresponding period a year ago, to JPY1,845.8 billion. Segment profit expanded by 49.9% to JPY272.5 billion. Segment profit ratio improved by 3.8 points to 14.8%.
- **Retail Finance:** Revenues increased by 0.4% to JPY46.1 billion. Segment profit expanded by 46.6% to JPY13.1 billion.
- **Industrial Machinery & Others:** Sales advanced by 17.5% to JPY142.7 billion. Segment profit improved by 38.8% to JPY12.6 billion.

Note: FY2017 profits are reclassified and restated. (Refer to page 3 for more information.)

% : Profit(loss) ratio

[] : Sales after elimination of inter-segment transactions

Billions of yen	Apr.-Dec.,2017			Apr.-Dec.,2018			Changes	
		Komatsu Conventional	KMC		Komatsu Conventional	KMC	Increase (Decrease)	% Change
Net sales	1,805.8	1,569.4	236.3	2,018.6	1,743.6	274.9	+212.8	+11.8%
Construction, mining & utility equipment	1,658.9 [1,648.6]	1,422.6 [1,412.3]	236.3 [236.3]	1,845.8 [1,835.5]	1,570.9 [1,560.6]	274.9 [274.9]	+186.9 [+186.9]	+11.3% [+11.3%]
Retail finance	45.9 [36.7]	45.9 [36.7]	-	46.1 [41.7]	46.1 [41.7]	-	+0.1 [+4.9]	+0.4% [+13.6%]
Industrial machinery & others	121.4 [120.4]	121.4 [120.4]	-	142.7 [141.2]	142.7 [141.2]	-	+21.2 [+20.8]	+17.5% [+17.3%]
Elimination	(20.6)	(20.6)	-	(16.2)	(16.2)	-	+4.4	-
Segment profit (loss)	11.0% 198.6	13.8% 216.3	(7.5)% (17.6)	14.7% 296.2	15.1% 263.6	11.9% 32.6	+97.5	+49.1%
Construction, mining & utility equipment	11.0% 181.7	14.0% 199.4	(7.5)% (17.6)	14.8% 272.5	15.3% 239.9	11.9% 32.6	+90.7	+49.9%
Retail finance	19.5% 8.9	19.5% 8.9	-	28.4% 13.1	28.4% 13.1	-	+4.1	+46.6%
Industrial machinery & others	7.5% 9.1	7.5% 9.1	-	8.9% 12.6	8.9% 12.6	-	+3.5	+38.8%
Corporate & elimination	(1.1)	(1.1)	-	(2.0)	(2.0)	-	(0.8)	-

Review of three business segments

■ Construction, Mining & Utility Equipment:

Sales increased, supported mainly by advanced sales in North America, Asia, and Oceania. Segment profit also increased as a whole, reflecting increased volume of sales and reduced temporary expenses incurred by KMC.

■ Retail Finance:

Revenues remained about flat, because sales of used equipment were recorded for the corresponding period a year ago as a result of the cancellation of a leasing contract in Chile. Segment profit increased, mainly due to a reversal of allowances for bad debts in China recorded for FY2016.

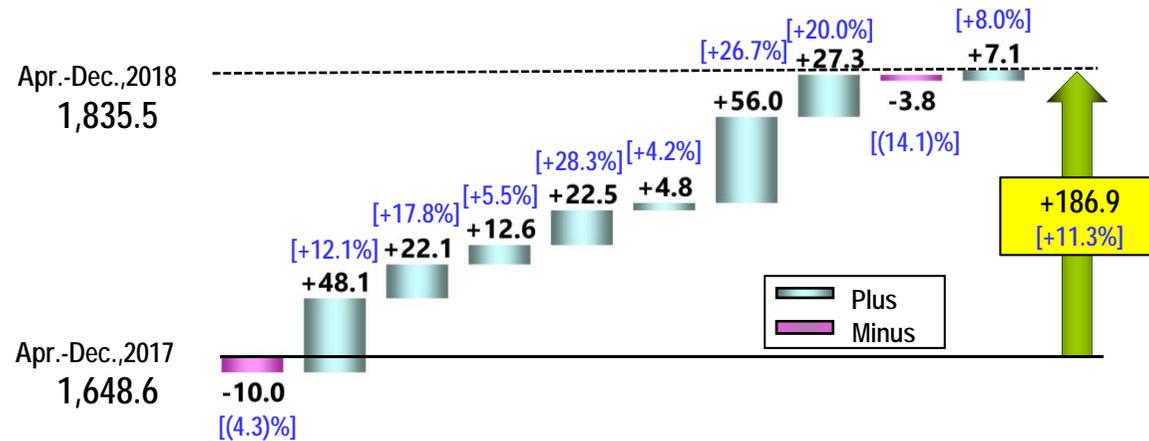
■ Industrial Machinery & Others

Both sales and segment profit improved, supported by increased sales of machine tools to the automobile manufacturing industry and increased sales of Excimer laser-related businesses, reflecting buoyant conditions of the semiconductor market.

Construction, Mining & Utility Equipment : Sales by Region (To Outside Customers) for Nine Months (Apr.- Dec., 2018)

- Sales to outside customers advanced by 11.3% from the corresponding period a year ago, to JPY1,835.5 billion.
- Sales improved in all regions except Japan and the Middle East. Sales expanded sharply, especially in Asia, North America and Oceania.
- The ratio of sales in Strategic Markets increased to 55% of total sales.

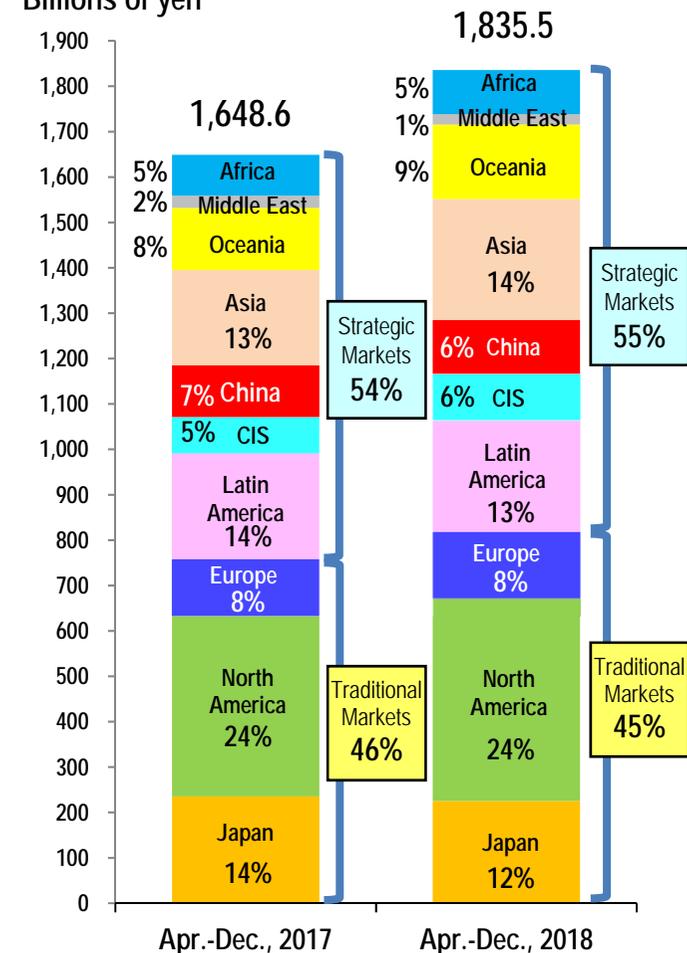
Apr.-Dec.,2018 vs. Apr.-Dec.,2017



Billions of yen	Japan	North America	Europe	Latin America	CIS	China	Asia	Oceania	Middle East	Africa	Total
Komatsu Conventional	235.2	300.5	113.2	177.6	75.8	101.7	207.1	105.9	26.9	67.9	1,412.3
KMC	0.0	99.0	11.1	54.4	3.7	12.1	2.9	30.7	0.1	21.9	236.3
Apr.-Dec.,2017(a)	235.2	399.6	124.4	232.1	79.5	113.9	210.0	136.6	27.0	89.8	1,648.6
Komatsu Conventional	225.1	323.7	135.2	189.0	95.2	106.8	260.0	130.1	22.8	72.2	1,560.6
KMC	0.0	124.0	11.3	55.7	6.7	11.8	5.9	33.8	0.4	24.8	274.9
Apr.-Dec.,2018(b)	225.1	447.8	146.6	244.8	102.0	118.7	266.0	164.0	23.2	97.0	1,835.5
Change (b-a)	(10.0)	+48.1	+22.1	+12.6	+22.5	+4.8	+56.0	+27.3	(3.8)	+7.1	+186.9



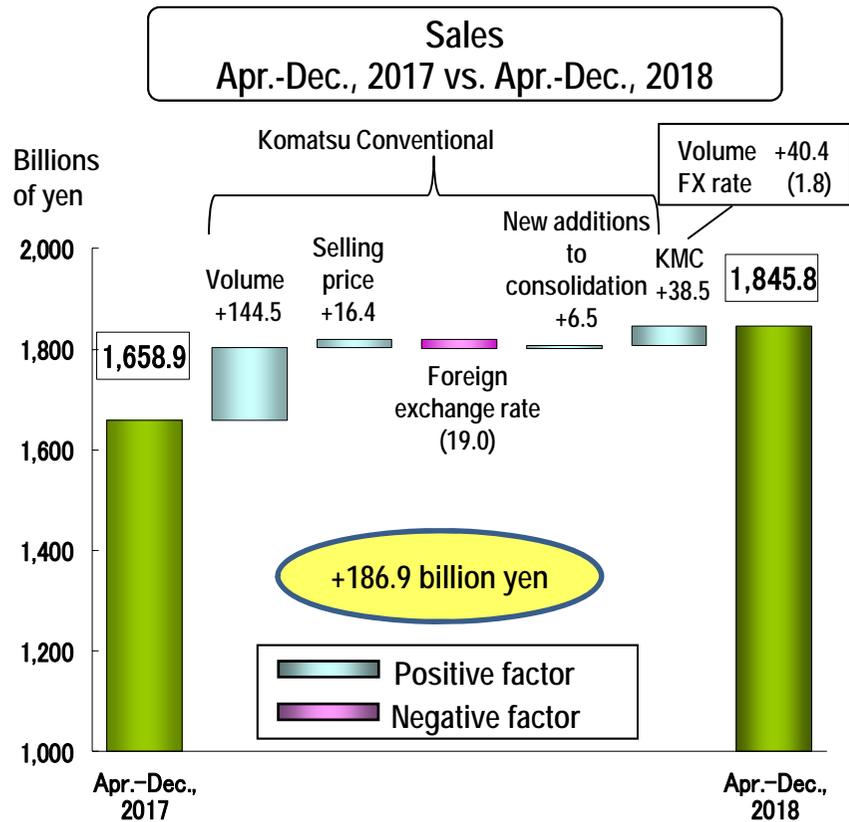
Billions of yen



※ Region where sales increased, when foreign exchange effects were excluded.

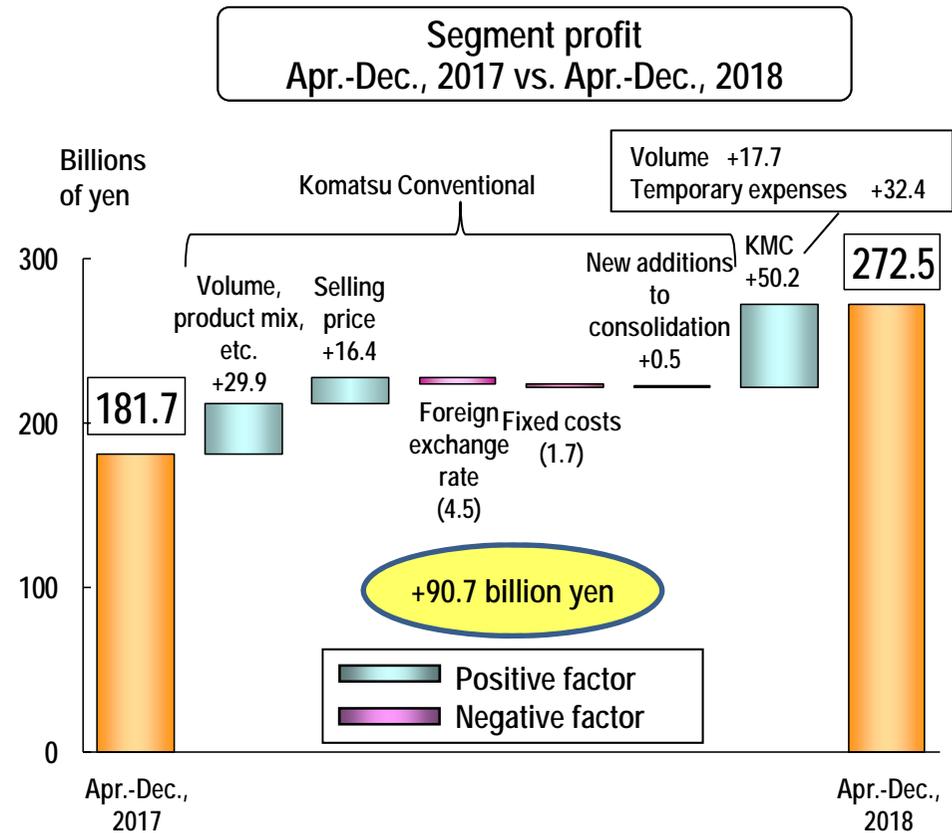
- Sales increased by JPY186.9 billion from the corresponding period a year ago, mainly supported by increased volume of sales and price hikes.
- Segment profit advanced by JPY90.7 billion due to increased volume of sales and declined temporary expenses incurred by KMC.
- Segment profit ratio improved by 3.8 points to 14.8%.

Note: FY2017 profits are reclassified and restated. (Refer to page 3 for more information.)



¥111.7/USD
¥128.2/EUR
¥16.6/RMB

¥111.0/USD
¥129.8/EUR
¥16.6/RMB



11.0%

Segment profit ratio

14.8%

- Sales for nine months advanced by 16.3% from the corresponding period a year ago, to JPY274.9 billion.
- Operating income for nine months improved to JPY41.0 billion, excluding temporary expenses. When the temporary expenses of JPY8.3 billion are included, operating income amounted to JPY32.6 billion.

Note: FY2017 profits are reclassified and restated. (Refer to page 3 for more information.)

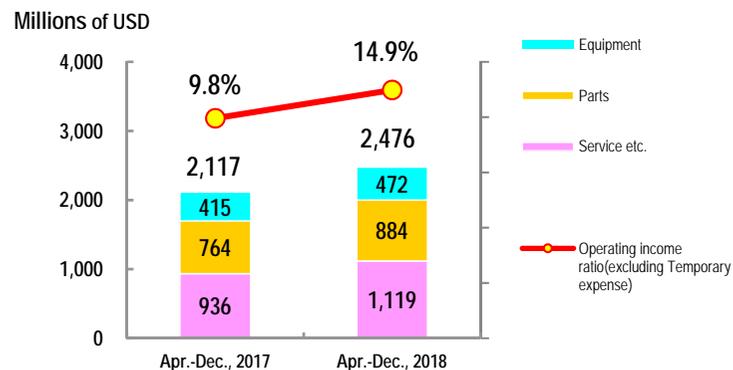
Billions of yen	Oct.-Dec., 2017		Oct.-Dec., 2018		Changes		Apr.-Dec., 2017		Apr.-Dec., 2018		Changes	
	¥113.0/USD		¥113.5/USD		Increase (Decrease)	% Change	¥111.7/USD		¥111.0/USD		Increase (Decrease)	% Change
Net sales	85.3		94.0		+8.6	+10.1%	236.3		274.9		+38.5	+16.3%
Equipment	19.8		20.9		+1.1	+6.0%	46.4		52.4		+5.9	+12.9%
Parts	29.5		32.6		+3.1	+10.7%	85.4		98.1		+12.6	+14.9%
Service etc.	35.9		40.6		+4.7	+13.3%	104.4		124.2		+19.8	+19.0%
Operating income < excluding Temporary expenses >	9.5%	8.1	11.2%	10.5	+2.3	+29.0%	9.8%	23.2	14.9%	41.0	+17.7	+76.5%
Temporary expenses (negative figure)		(4.1)		(2.8)	+1.3	-		(40.8)		(8.3)	+32.4	-
Depreciation after PPA *1		(3.6)		(1.8)	+1.8	-	*2	(36.7)		(6.3)	+30.3	-
Integration expenses etc.		(0.4)		(1.0)	(0.5)	-		(4.1)		(2.0)	+2.1	-
Operating income (loss) < including Temporary expenses >	4.7%	4.0	8.1%	7.6	+3.6	-	(7.4)%	(17.5)	11.9%	32.6	+50.2	-

Notes:

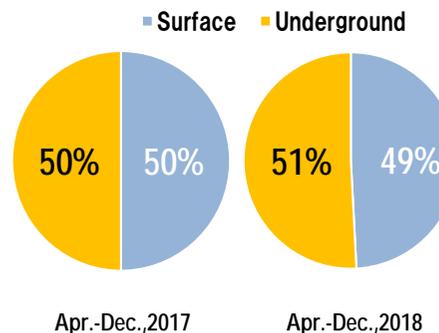
1) PPA stands for Purchase Price Allocation. It is an accounting process of valuing and allocating acquired assets and liabilities to fair prices.

2) Including JPY(25.8) billion for inventories after PPA.

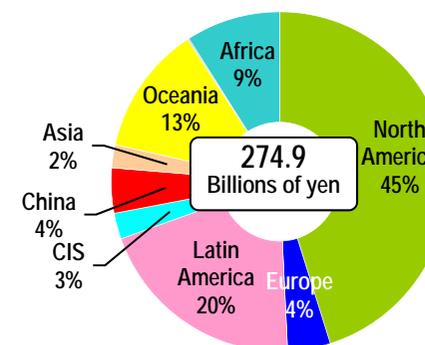
Sales & Operating income ratio



Sales by segments



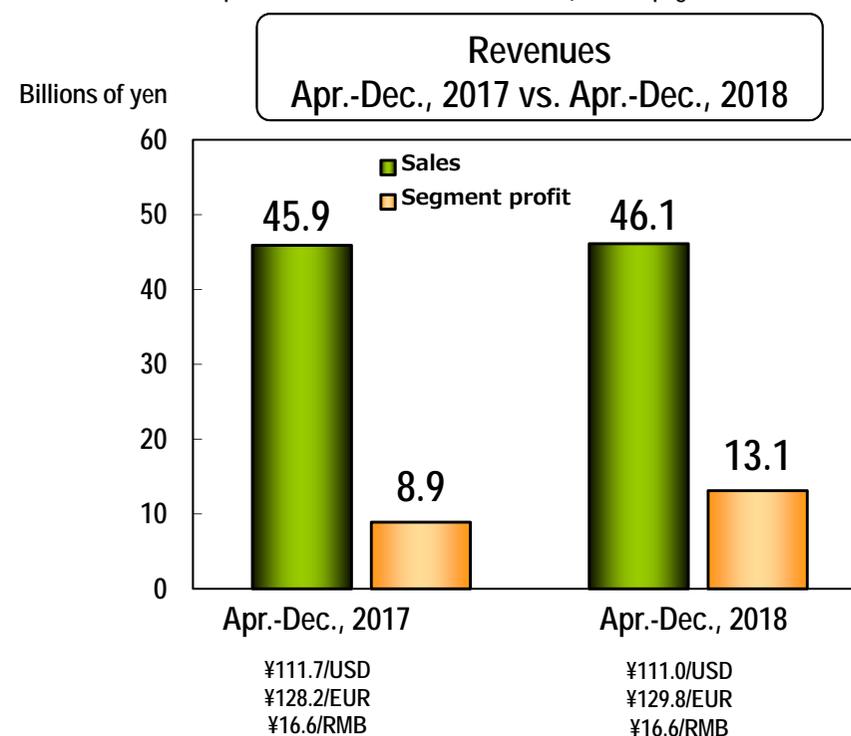
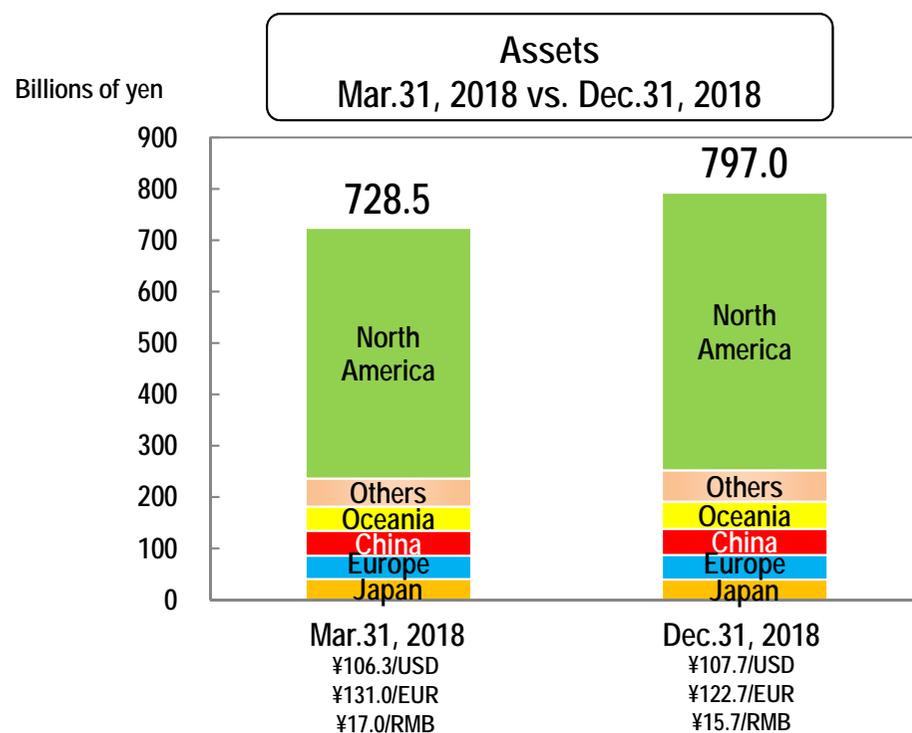
Sales by regions
(To Outside Customers) Apr.-Dec., 2018



Retail Finance: Assets, Revenues and Segment Profit for Nine Months (Apr.- Dec., 2018)

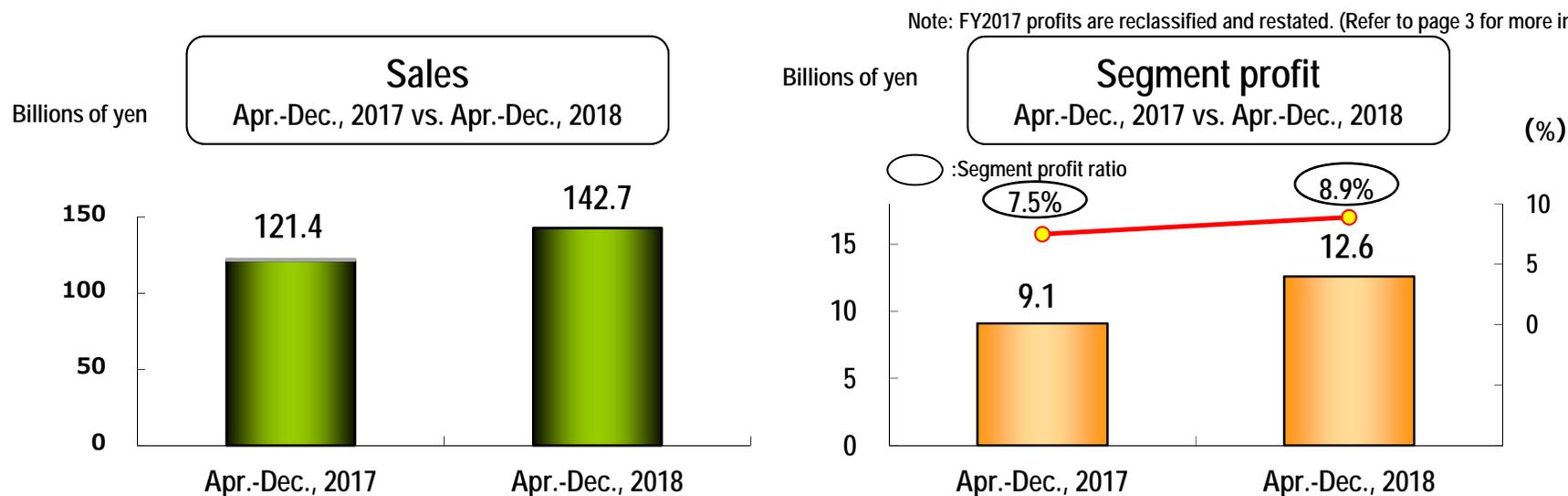
- Assets increased by JPY68.5 billion from the previous fiscal year-end, mainly due to increased contracts centering on North America.
- While assets increased in North America, revenues remained about flat, because sales of used equipment were recorded for the corresponding period a year ago as a result of the cancellation of a leasing contract in Chile.
- Segment profit improved, mainly reflecting a reversal of allowances for bad debts in China as well as increased contracts in North America.

* FY2017 profits are reclassified and restated. (Refer to page 3 for more information.)



Billions of yen	2018/3E	2018/12E	Changes
Interest-bearing debt	546.0	610.4	+64.4
Interest-bearing debt, net	542.6	605.6	+63.0
Net D/E ratio	3.50	3.82	+0.32pts.

- Sales increased by 17.5% from the corresponding period a year ago, to JPY142.7 billion, mainly supported by increased sales of machine tools to the automobile manufacturing industry and increased sales of Excimer laser-related business reflecting buoyant conditions of the semiconductor market.
- Segment profit ratio was 8.9%.



Breakdown of sales

Billions of yen	Apr.-Dec., 2017	Apr.-Dec., 2018	Changes	
			Increase (Decrease)	% Change
Komatsu Industries Corp., etc. [total of press and sheet-metal machines]	32.7	40.9	+8.1	+24.9%
Komatsu NTC Ltd.	43.2	46.9	+3.6	+8.5%
Gigaphoton Inc.	27.2	31.6	+4.4	+16.5%
Others	18.3	23.1	+4.9	+27.0%
Total	121.4	142.7	+21.2	+17.5%

- Total assets grew by JPY136.7 billion from the previous fiscal year-end, reflecting increased inventories.
- Komatsu Ltd. shareholders' equity ratio decreased by 0.5 points to 48.9%.

Billions of yen ○ : Net D/E ratio	Mar. 31, 2018 ¥106.3/USD ¥131.0/EUR ¥ 17.0/RMB	Dec. 31, 2018 ¥107.7/USD ¥122.7/EUR ¥15.7/RMB	Increase (Decrease)
Cash & deposits (incl. time deposits) [a]	146.8	150.5	+3.7
Accounts receivable (incl. long-term trade receivables)	1,155.0	1,164.6	+9.6
Inventories	730.2	825.5	+95.3
Tangible fixed assets	740.5	759.3	+18.7
Other assets	599.7	609.1	+9.3
Total assets	3,372.5	3,509.2	+136.7
Accounts payable	303.5	255.6	(47.9)
Interest-bearing debt [b]	810.5	966.2	+155.6
Other liabilities	514.7	487.3	(27.4)
Total liabilities	1,628.9	1,709.2	+80.2
[Shareholders' equity ratio]	(49.4%)	(48.9%)	((0.5)pts.)
Komatsu Ltd. shareholders' equity	1,664.5	1,717.6	+53.1
Non-controlling interests	79.0	82.4	+3.3
Liabilities & Equity	3,372.5	3,509.2	+136.7
Interest-bearing debt, net [b-a]	○ 0.40 663.7	○ 0.47 815.6	+151.9
Net D/E ratio (excl. the retail finance business)	○ 0.08	○ 0.13	

II . Outlook of FY2018 Business Results

- Consolidated sales and profits for nine months show generally expected progress in line with the projection announced in October last year; therefore we have not changed our projection of full-year results for FY2018. (See below for the projection of October 2018.)

Note: FY2017 profits are reclassified and restated. (Refer to page 3 for more information.)

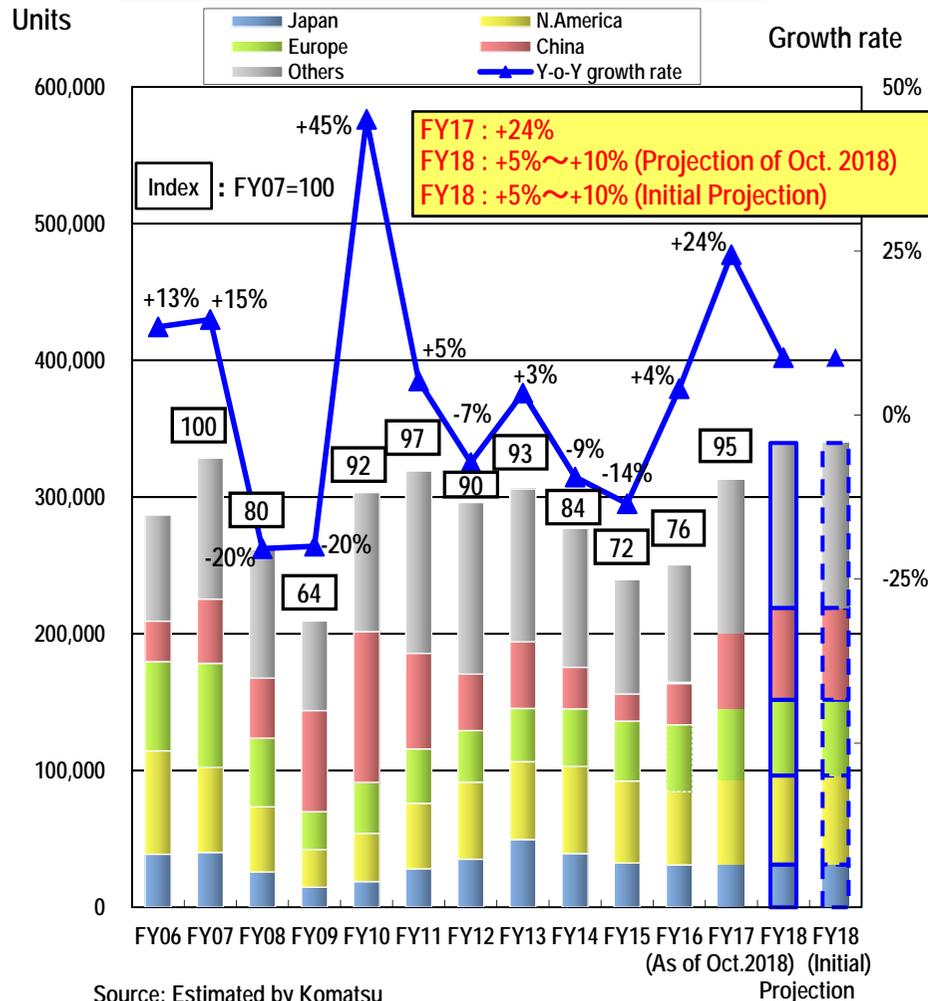
Billions of yen	FY2017 Results (A) ¥111.2/USD ¥129.6/EUR ¥16.8/RMB	FY2018 Projection (B) (Oct.2018)			FY2018 Projection (C) (Initial)			Changes (B-A)	
		¥107.4/USD ¥126.4/EUR ¥16.3/RMB	Komatsu Conventional *1	KMC	¥100.0/USD ¥123.0/EUR ¥15.8/RMB	Komatsu Conventional *1	KMC	Increase (Decrease)	% Change
Net sales	2,501.1	2,662.0	2,291.3	370.7	2,503.0	2,188.0	315.0	+160.8	+6.4%
Segment profit	299.8	384.0	338.2	45.8	345.0	319.5	25.5	+84.2	+28.1%
Other operating income (expenses)	(31.3)	(3.0)	(3.0)	-	(6.0)	(6.0)	-	+28.3	-
Operating income	268.5	381.0	335.2	45.8	339.0	313.5	25.5	+112.5	+41.9%
Profit ratio	10.7%	14.3%	14.6%	12.4%	13.5%	14.3%	8.1%	+3.6pts.	-
Other income (expenses)	23.3	(19.0)			(19.0)			(42.3)	-
Income before income taxes	291.8	362.0			320.0			+70.2	+24.1%
Net income attributable to Komatsu Ltd	196.4	240.0			226.0			+43.6	+22.2%
ROE	12.1%	14.1%			13.4%			+2.0pts.	
Cash dividends per share	84yen	102yen			96yen			+18yen	
Consolidated payout ratio	40.3%	40.1%			40.1%				

Note 1) Profits represent those which KMC's business results are excluded.

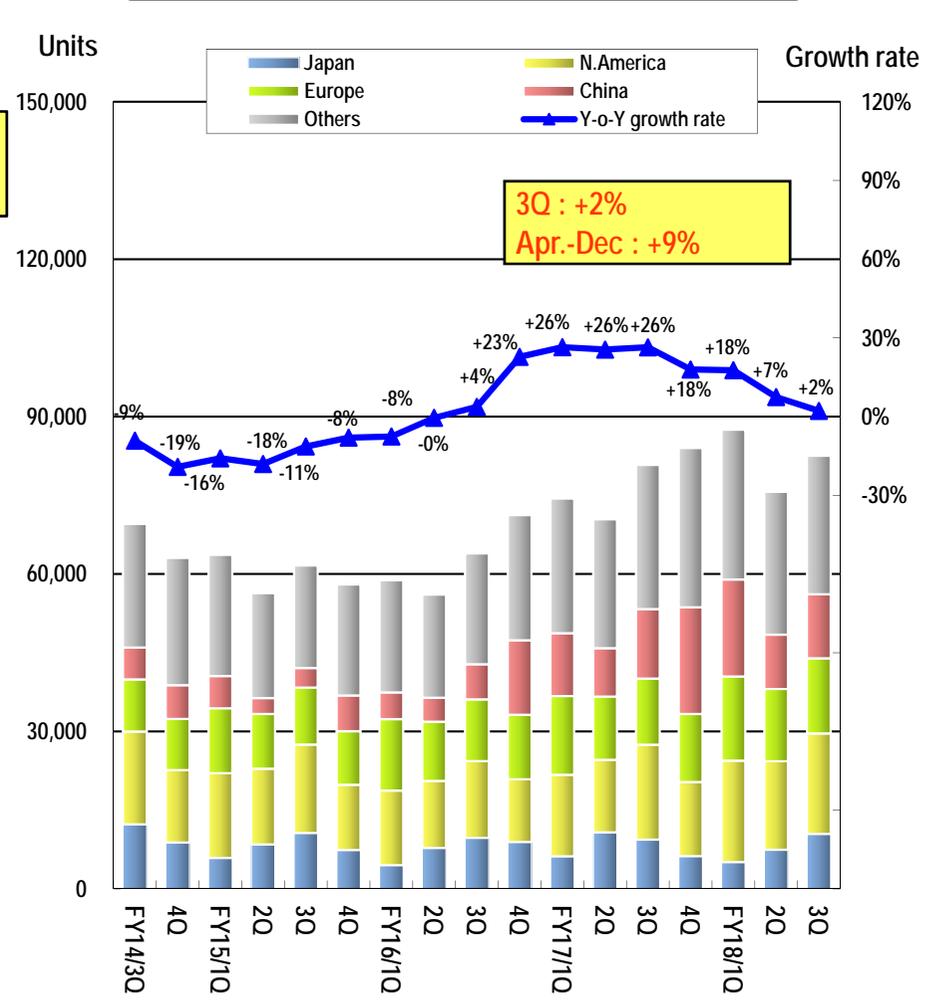
Construction, Mining & Utility Equipment: Actual and Projected Demand for 7 Major Products

- In the third quarter of FY2018, demand increased presumably by 2% from the corresponding period a year ago.
- While demand decreased in China, it continued to grow in North America and Europe.

Annual demand for 7 major products



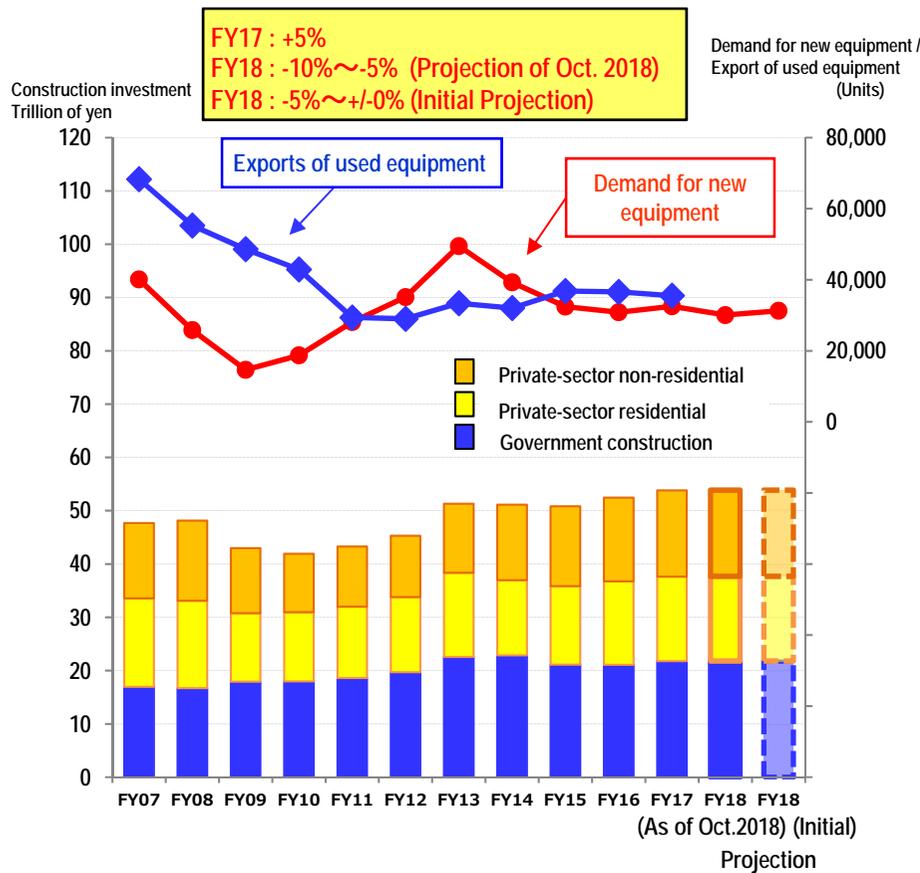
Quarterly demand for 7 major products



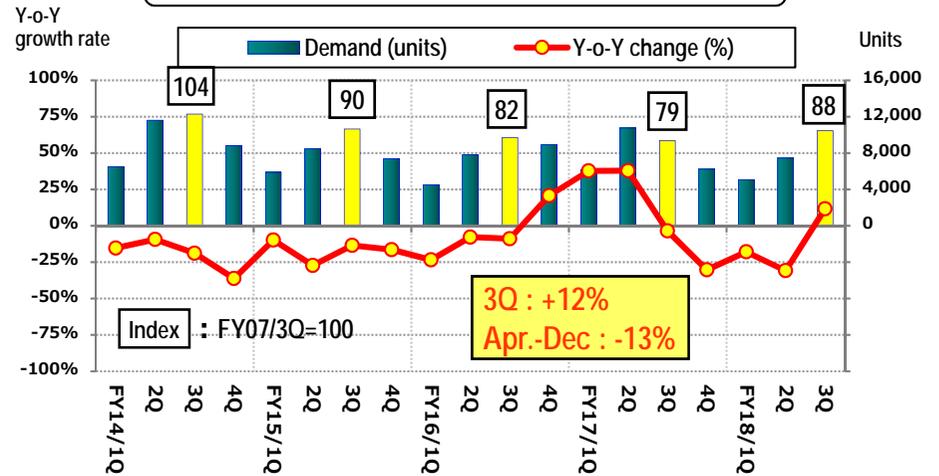
Construction, Mining & Utility Equipment : Demand in Major Markets (1) Japan

- In the third quarter of FY2018, demand increased presumably by 12% from the corresponding period a year ago.
- Demand grew, reflecting increased demand in the rental industry mainly against the backdrop of recovery work from natural disasters as well as ending rebound of pre-buy demand in anticipation of the new emission controls regulations enforced in September 2017.

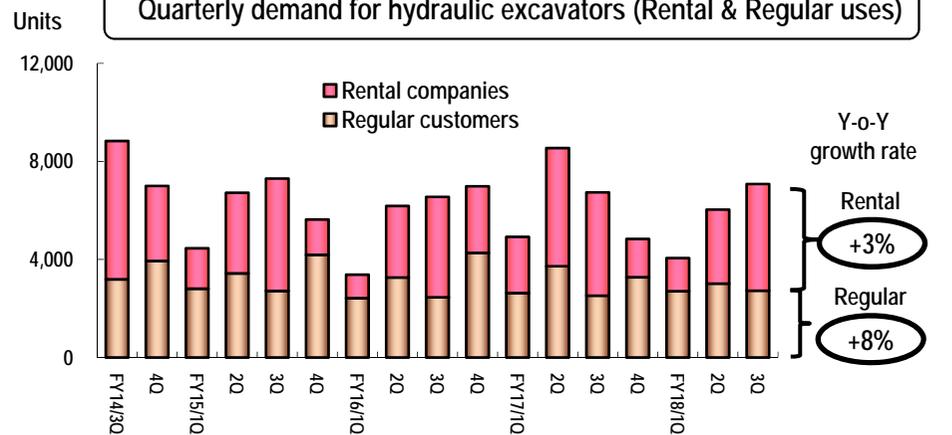
Demand for new equipment (7 major products) and construction investment



Quarterly demand for 7 major products



Quarterly demand for hydraulic excavators (Rental & Regular uses)

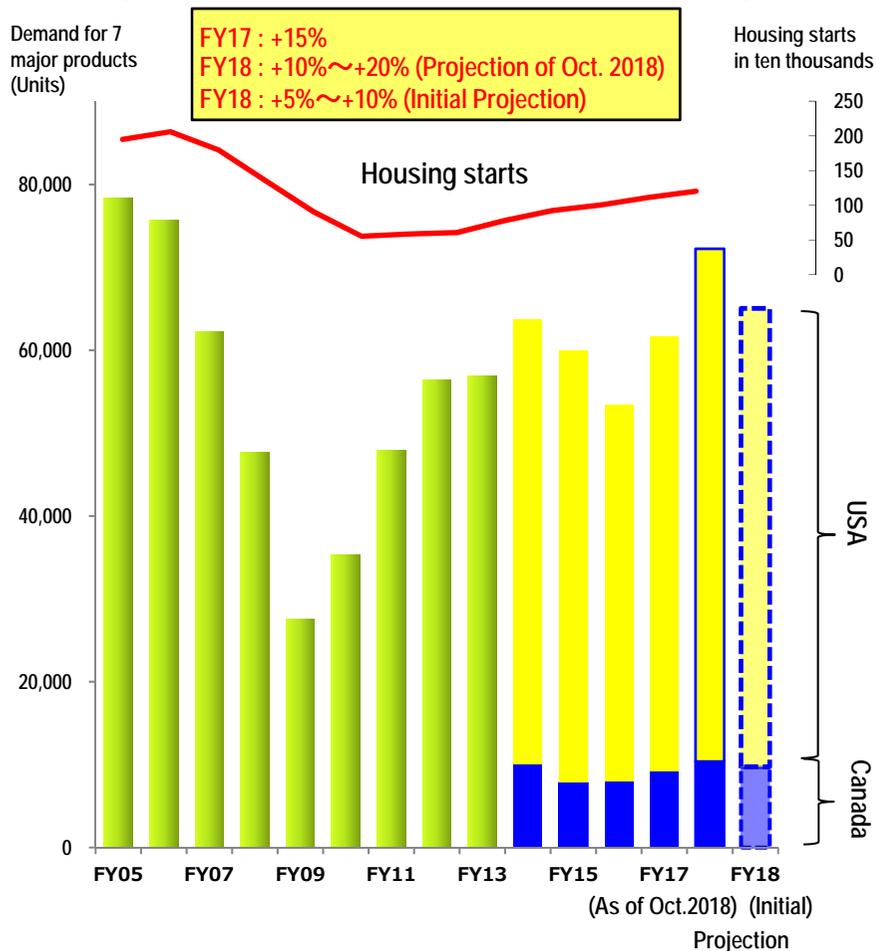


[Sources] Construction investment by the Ministry of Land, Infrastructure, Transport & Tourism, and Research Institute of Construction and Economy
Demand for 7 major products and No. of exported used equipment estimated by Komatsu

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

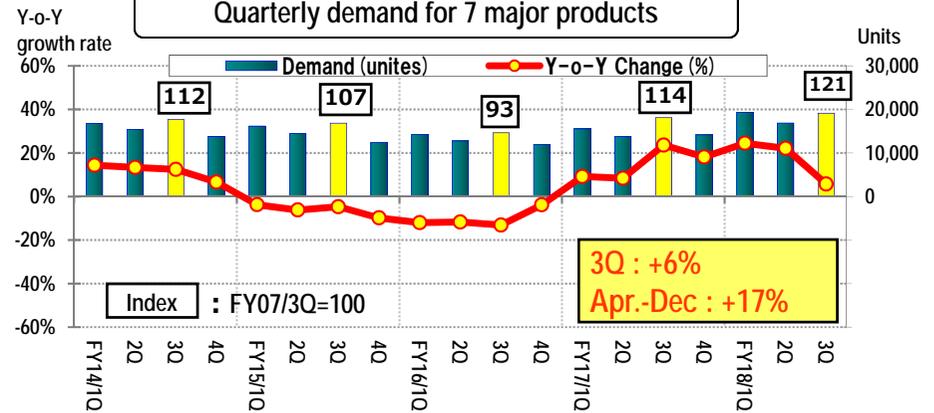
- In the third quarter of FY2018, demand increased presumably by 6% from the corresponding period a year ago.
- In the United States, demand remained steady centering on civil engineering and energy-related sectors. In Canada, demand was also firm in both residential and non-residential sectors.

Demand for 7 major products and US housing starts

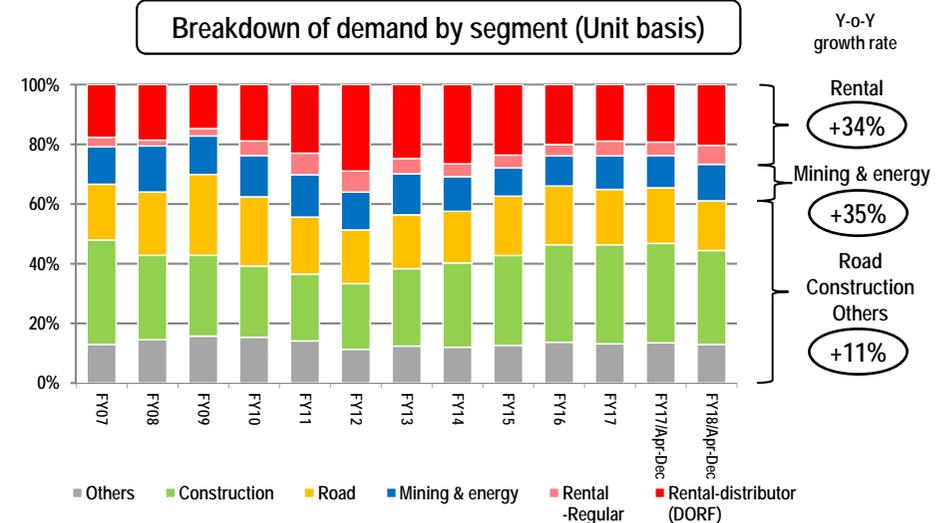


[Source]: Demand for 7 major products estimated by Komatsu

Quarterly demand for 7 major products



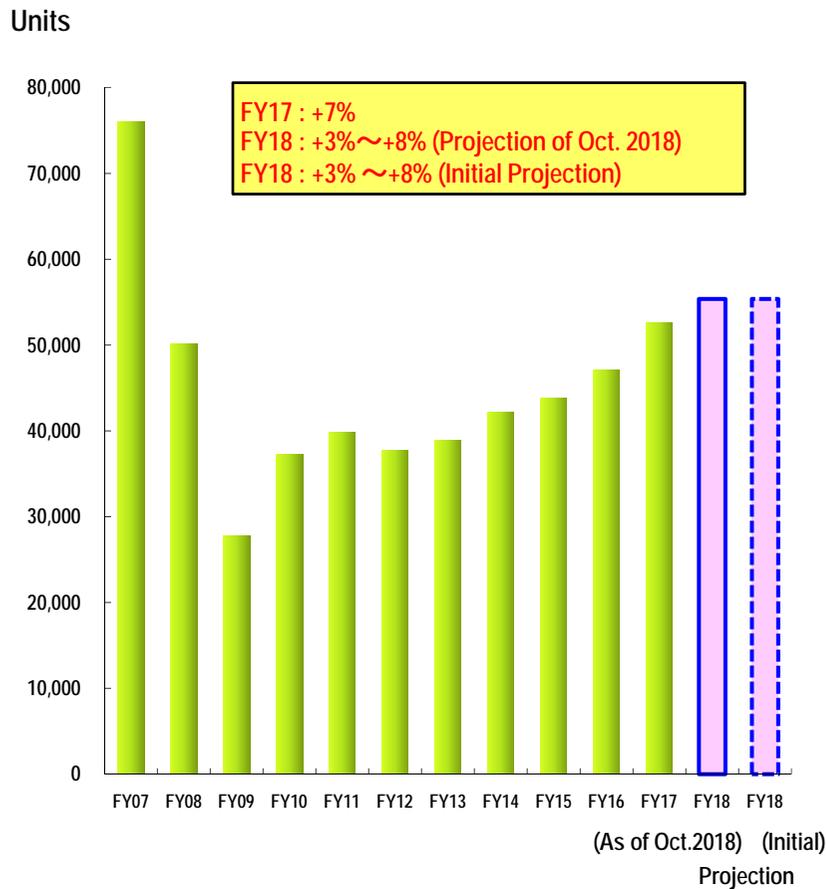
Breakdown of demand by segment (Unit basis)



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

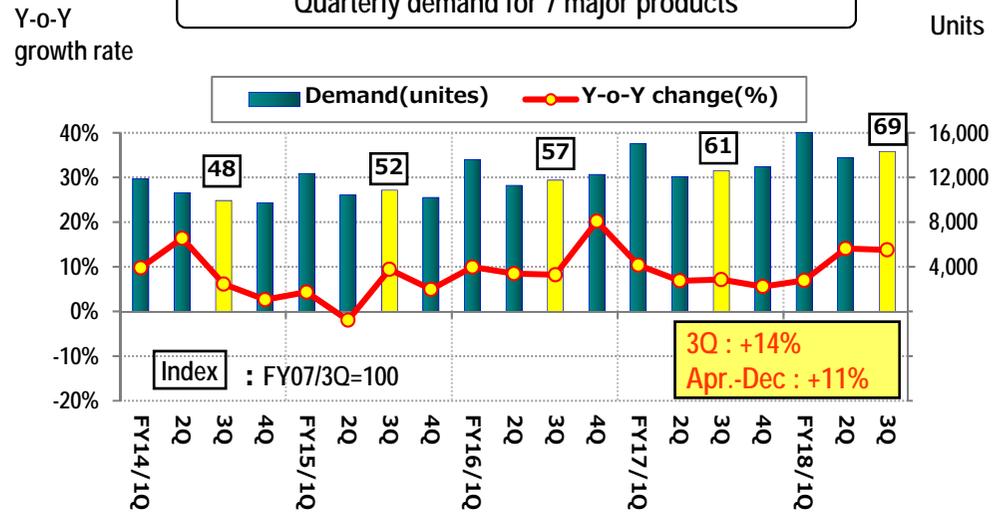
- In the third quarter of FY2018, demand increased presumably by 14% from the corresponding period a year ago.
- Demand remained firm in the major markets of Germany, the U.K. and France, and it advanced in eastern Europe.

Annual demand for 7 major products

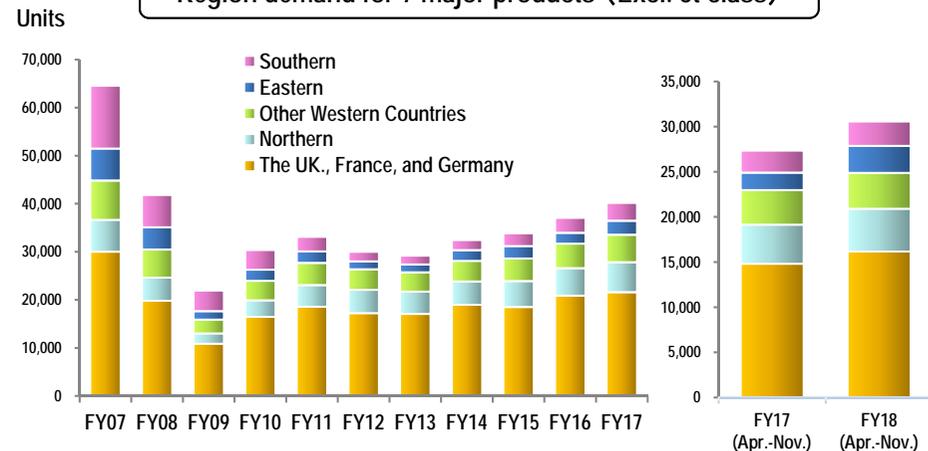


[Source]: Demand for 7 major products estimated by Komatsu

Quarterly demand for 7 major products

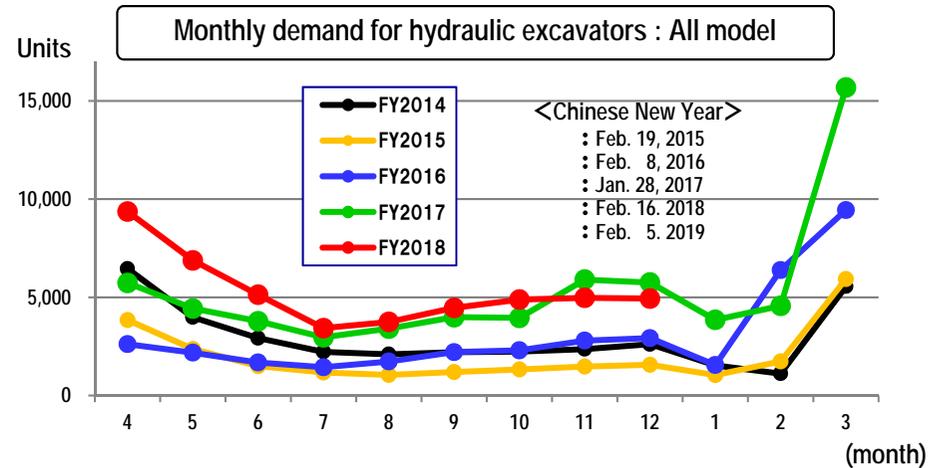
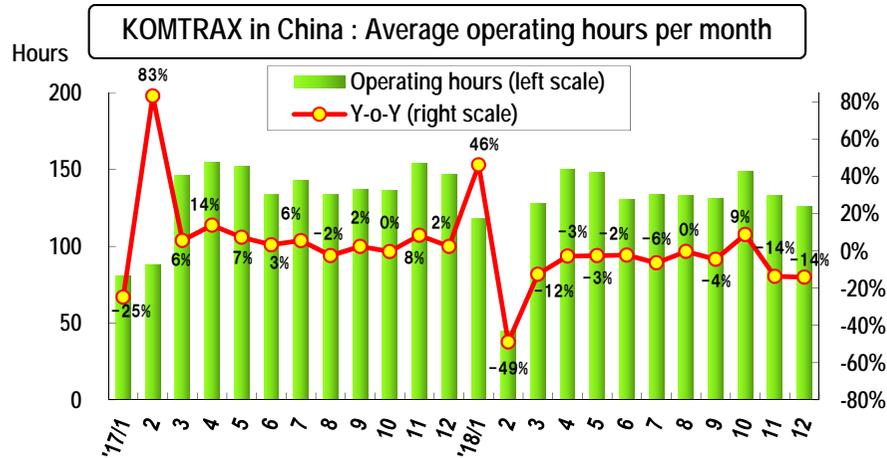
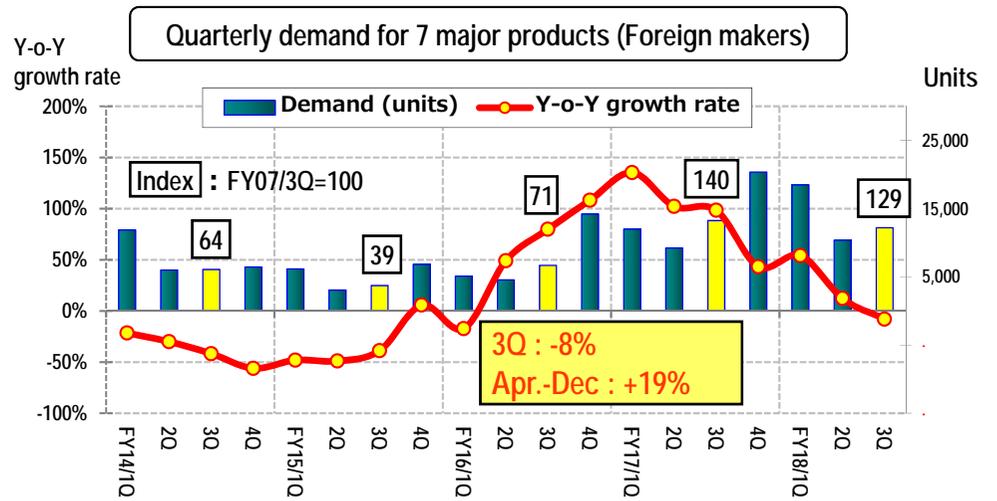
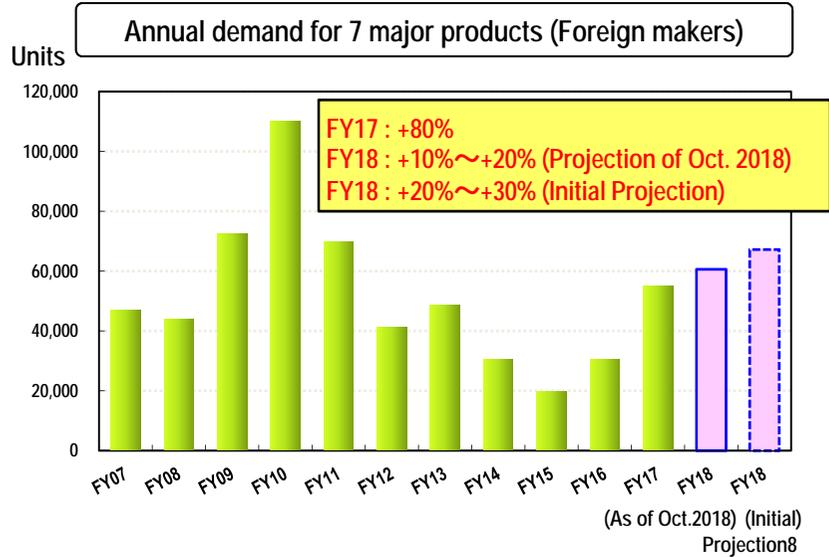


Region demand for 7 major products (Excl. 6t class)



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

- In the third quarter of FY2018, demand decreased presumably by 8% from the corresponding period a year ago.
- While the Chinese government has announced a policy to expand infrastructure, uncertainty of the Chinese market remains for the future.

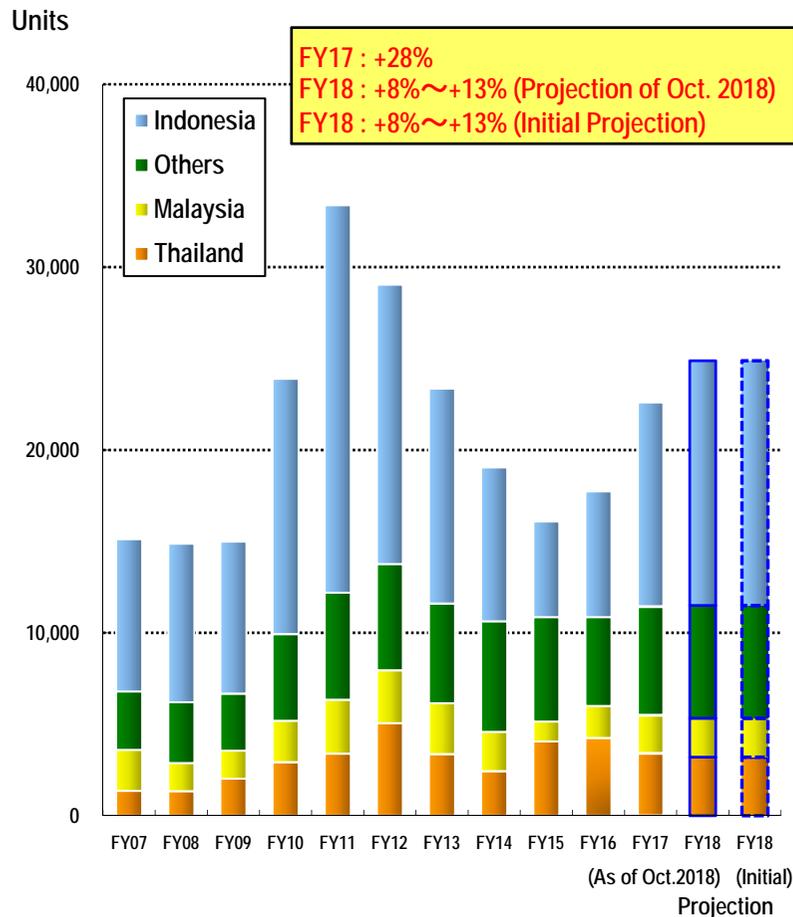


[Source]: Demand for 7 major products and hydraulic excavators estimated by Komatsu

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

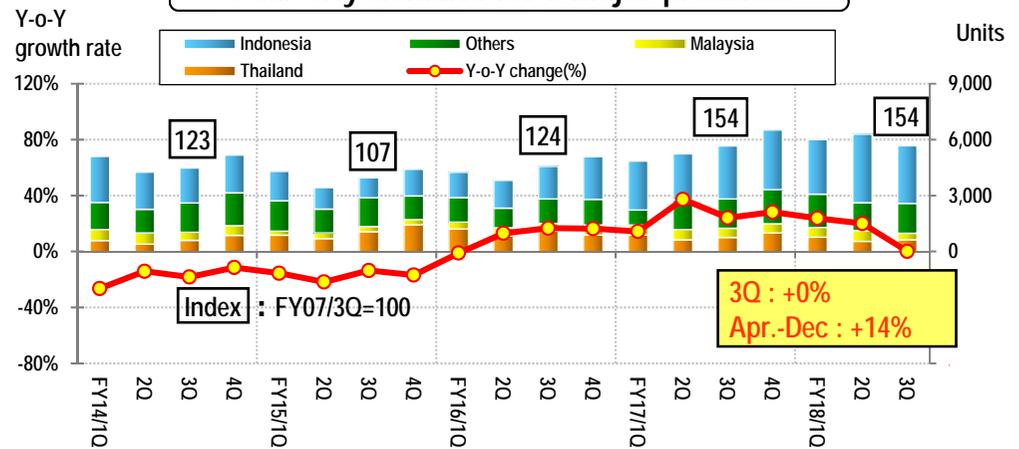
- In the third quarter of FY2018, demand presumably remained flat from the corresponding period a year ago.
- While demand continued to increase in Indonesia, the largest market of the region, the rate of growth has slowed down.

Annual demand for 7 major products

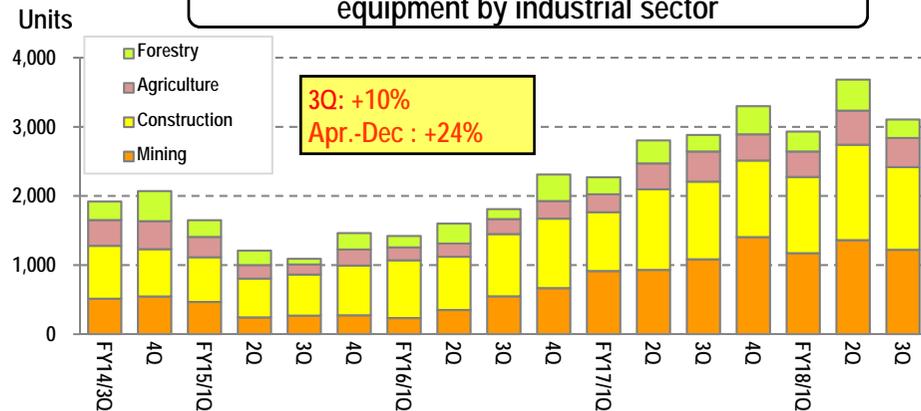


[Source]: Demand for 7 major products estimated by Komatsu

Quarterly demand for 7 major products



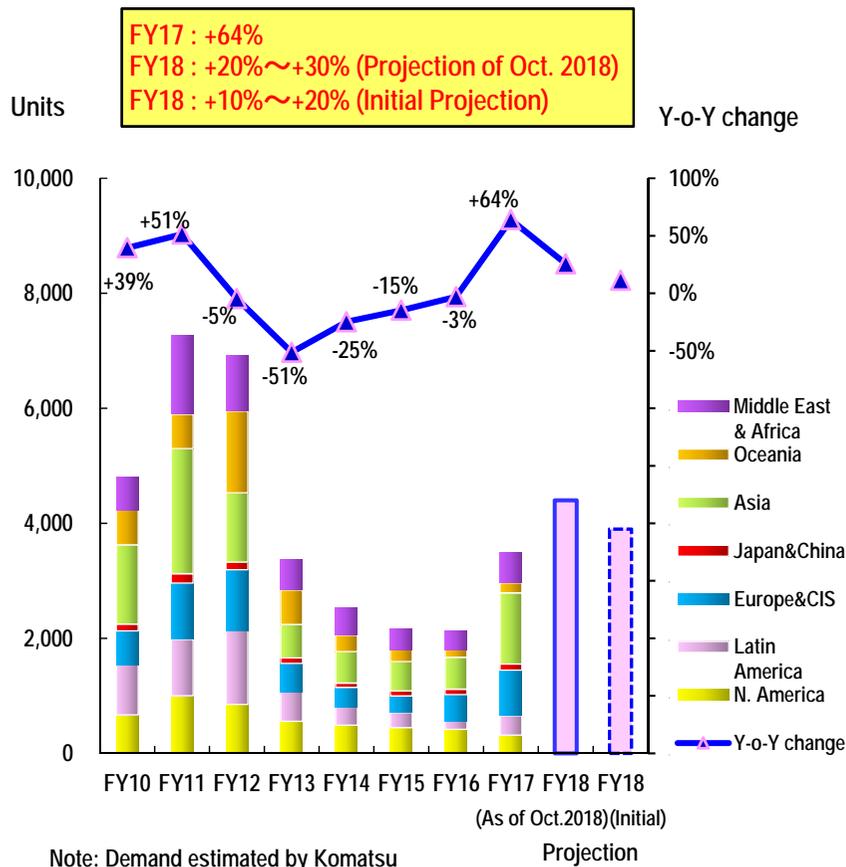
Indonesia: Demand for construction & mining equipment by industrial sector



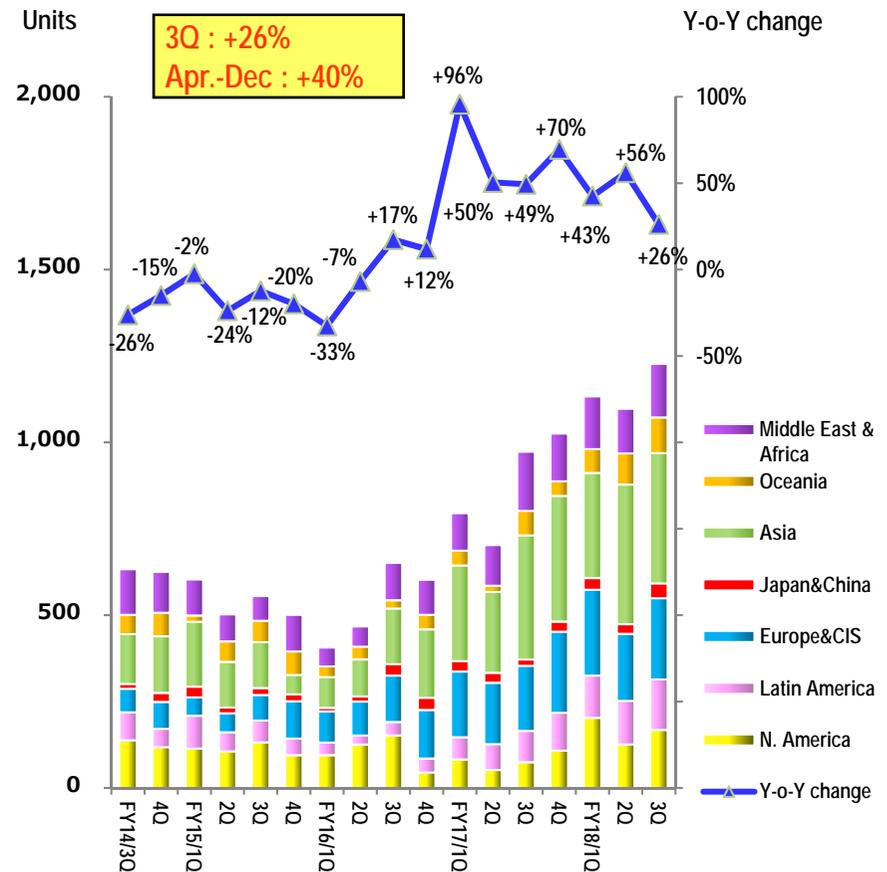
- In the third quarter of FY2018, global demand for mining equipment expanded presumably by 26% from the corresponding period year ago.
- Demand has been growing, especially in North America, Latin America, CIS and Oceania.

Annual demand for mining equipment

- Dump trucks: 75 tons (HD785) and larger
- Wheel loaders (mechanical driven): 810HP (WA800) and larger
- Bulldozers: 525HP (D375) and larger
- Motor graders: 280HP (GD825) and larger
- Excavators: 200 tons (PC2000) and larger

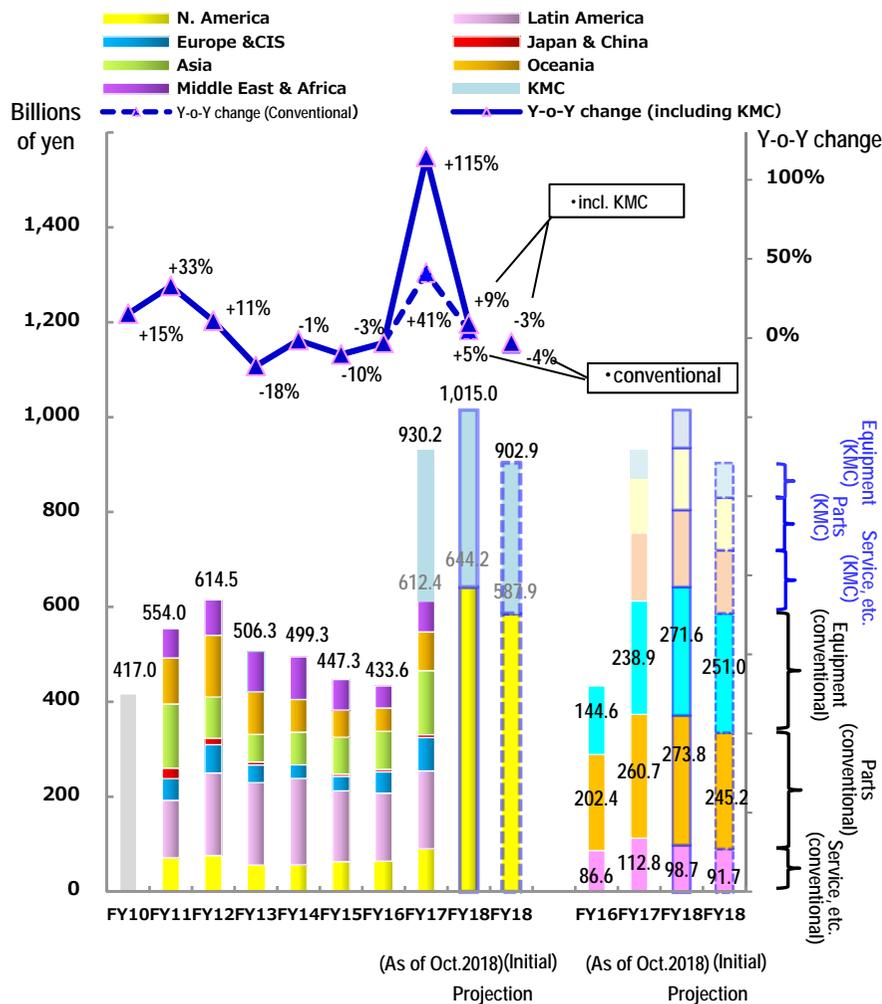


Quarterly demand for mining equipment

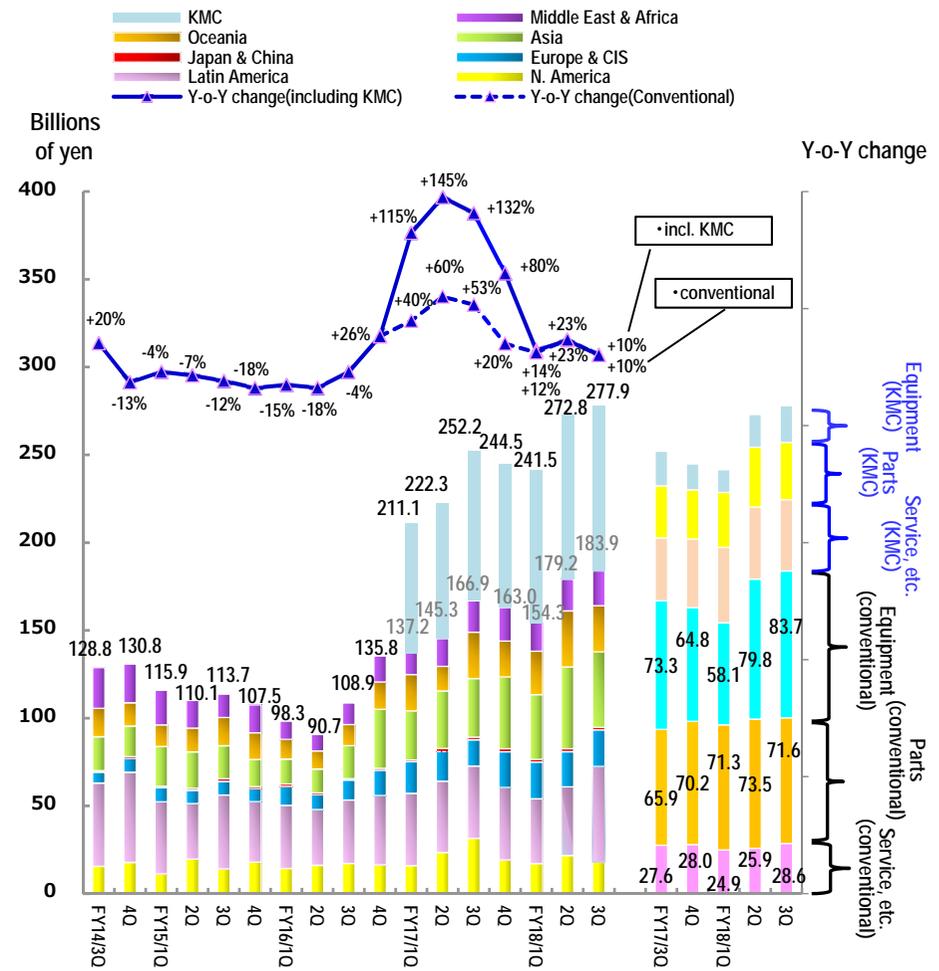


- For the third quarter of FY2018, sales increased by 10% from the corresponding period a year ago, to JPY277.9 billion. On the Komatsu-conventional basis (excl. KMC), sales increased also by 10% to JPY183.9 billion.
- On the Komatsu-conventional basis, sales advanced especially in Latin Americas, Indonesia, and CIS.

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

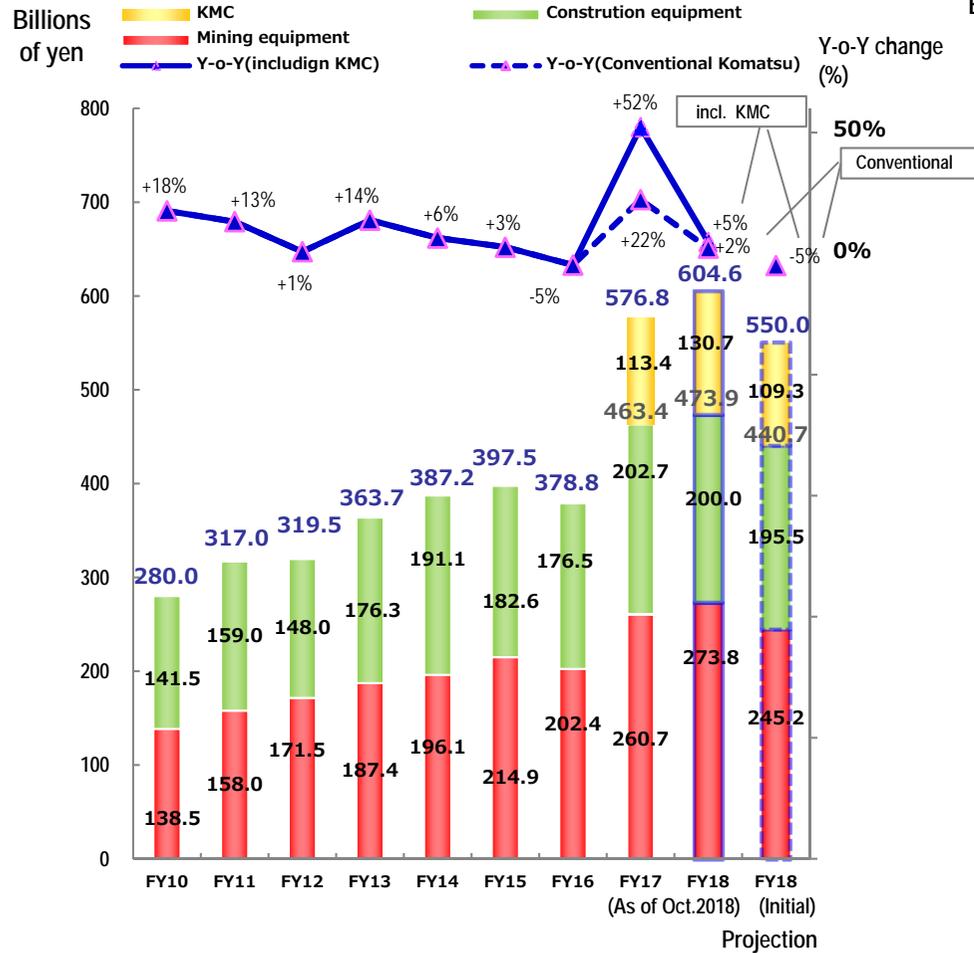


Quarterly sales of mining equipment (incl. parts and service)

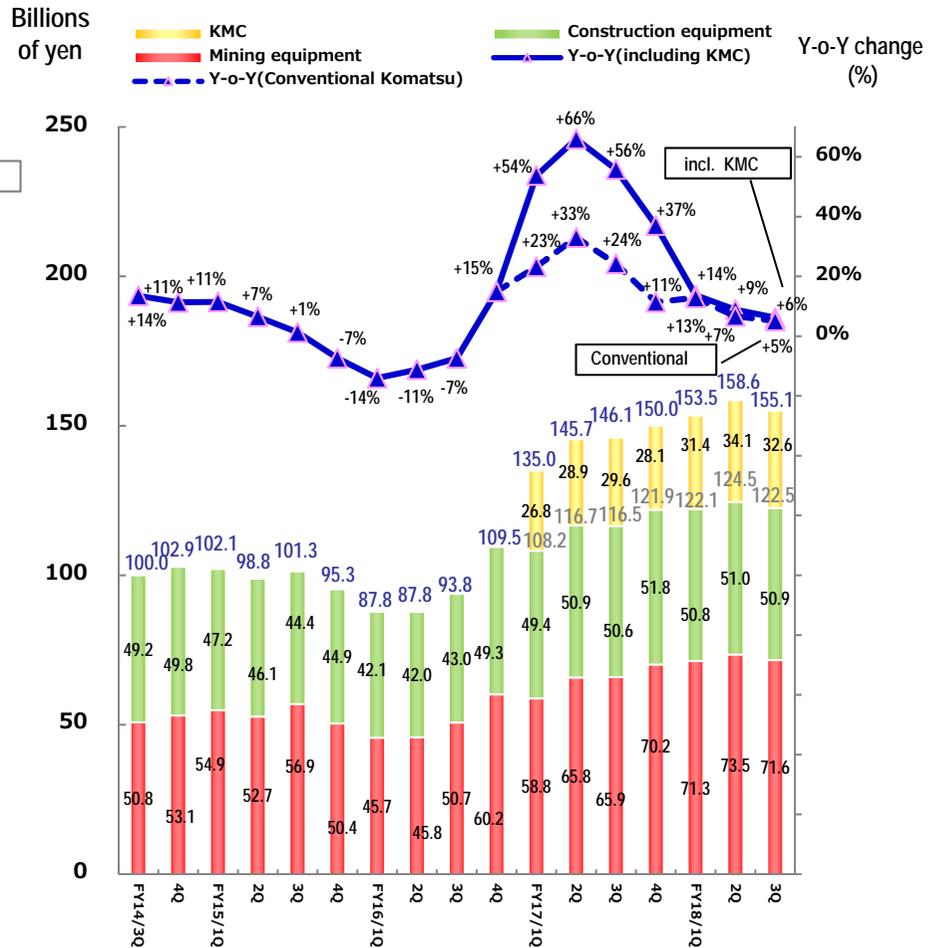


- For the third quarter of FY2018, sales of parts increased by 6% from the corresponding period a year ago, to JPY155.1 billion.
- On the Komatsu-conventional basis (excl. KMC), sales increased by 5% to JPY122.5 billion.
- Sales increased from the corresponding period a year ago, as we steadily captured aftermarket demand.

Annual sales of parts



Quarterly sales of parts

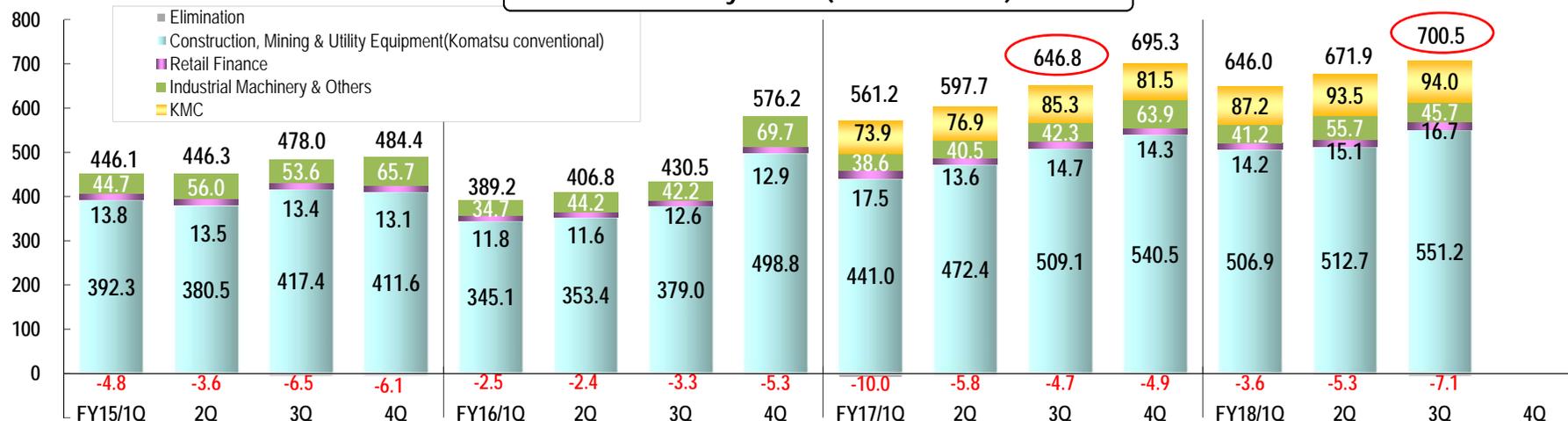


Appendix

Quarterly Sales and Operating Income

Billions of yen

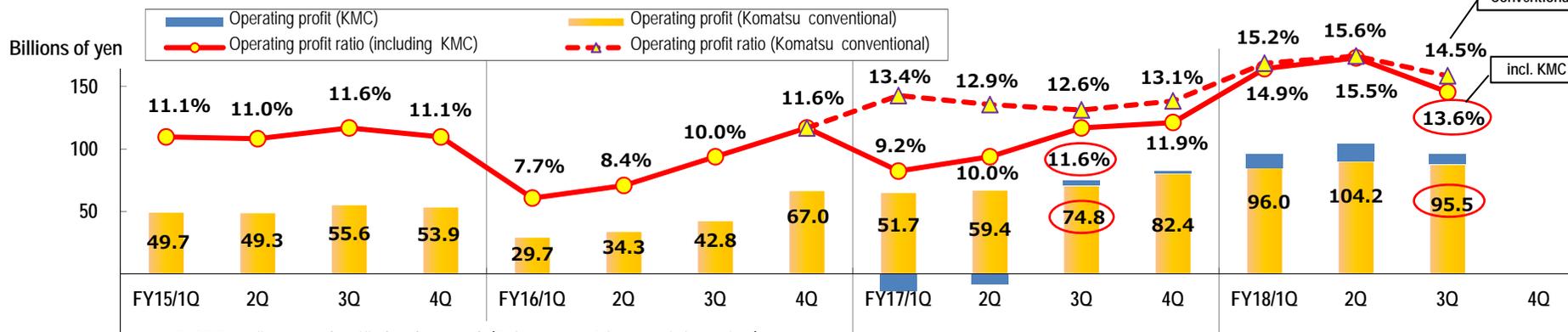
Quarterly sales (Since FY2015)



Exchange rates

	15/1Q	15/2Q	15/3Q	15/4Q	16/1Q	16/2Q	16/3Q	16/4Q	17/1Q	17/2Q	17/3Q	17/4Q	18/1Q	18/2Q	18/3Q	18/4Q
¥/USD	121.3	122.6	121.2	118.0	109.8	102.9	106.9	114.7	111.2	110.9	113.0	109.6	108.2	111.2	113.5	-
¥/EUR	133.0	136.2	132.3	128.0	124.3	114.6	116.7	121.4	121.6	129.9	133.2	133.7	130.1	129.6	129.6	-
¥/RMB	19.6	19.5	19.0	17.9	16.9	15.4	15.7	16.7	16.3	16.6	17.0	17.2	17.1	16.4	16.4	-

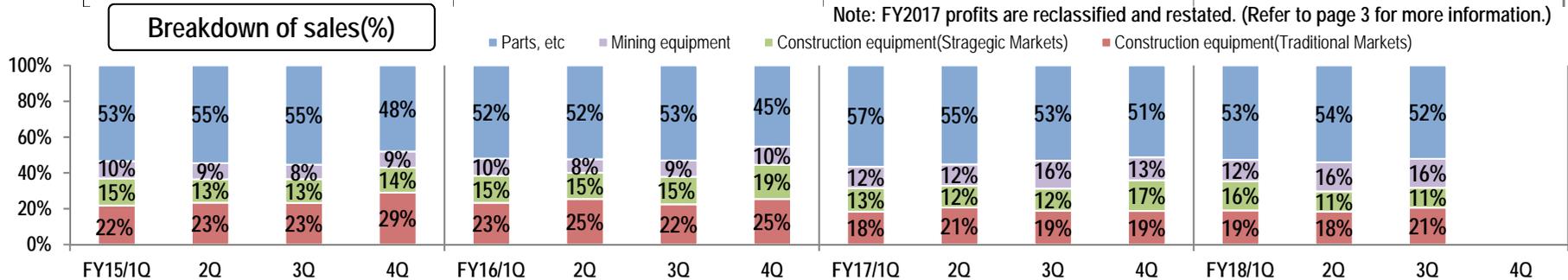
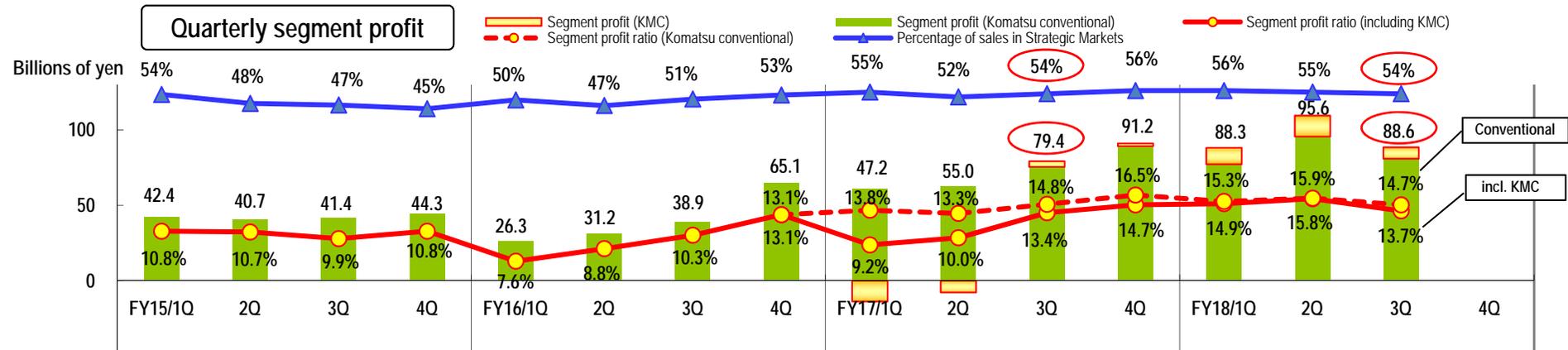
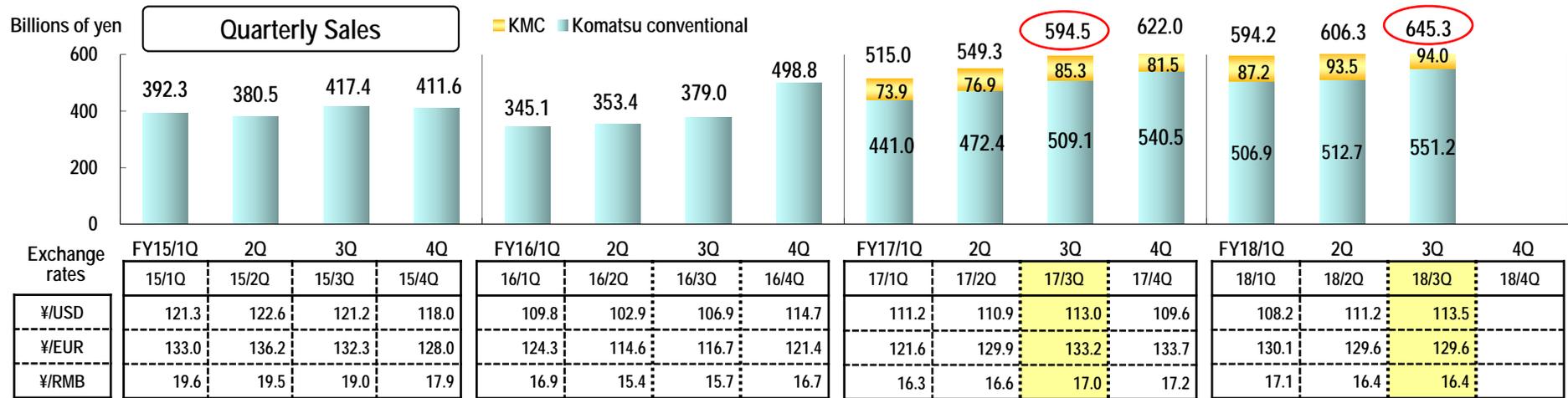
Quarterly operating income (Since FY2015)



Note: FY2017 profits are reclassified and restated. (Refer to page 3 for more information.)

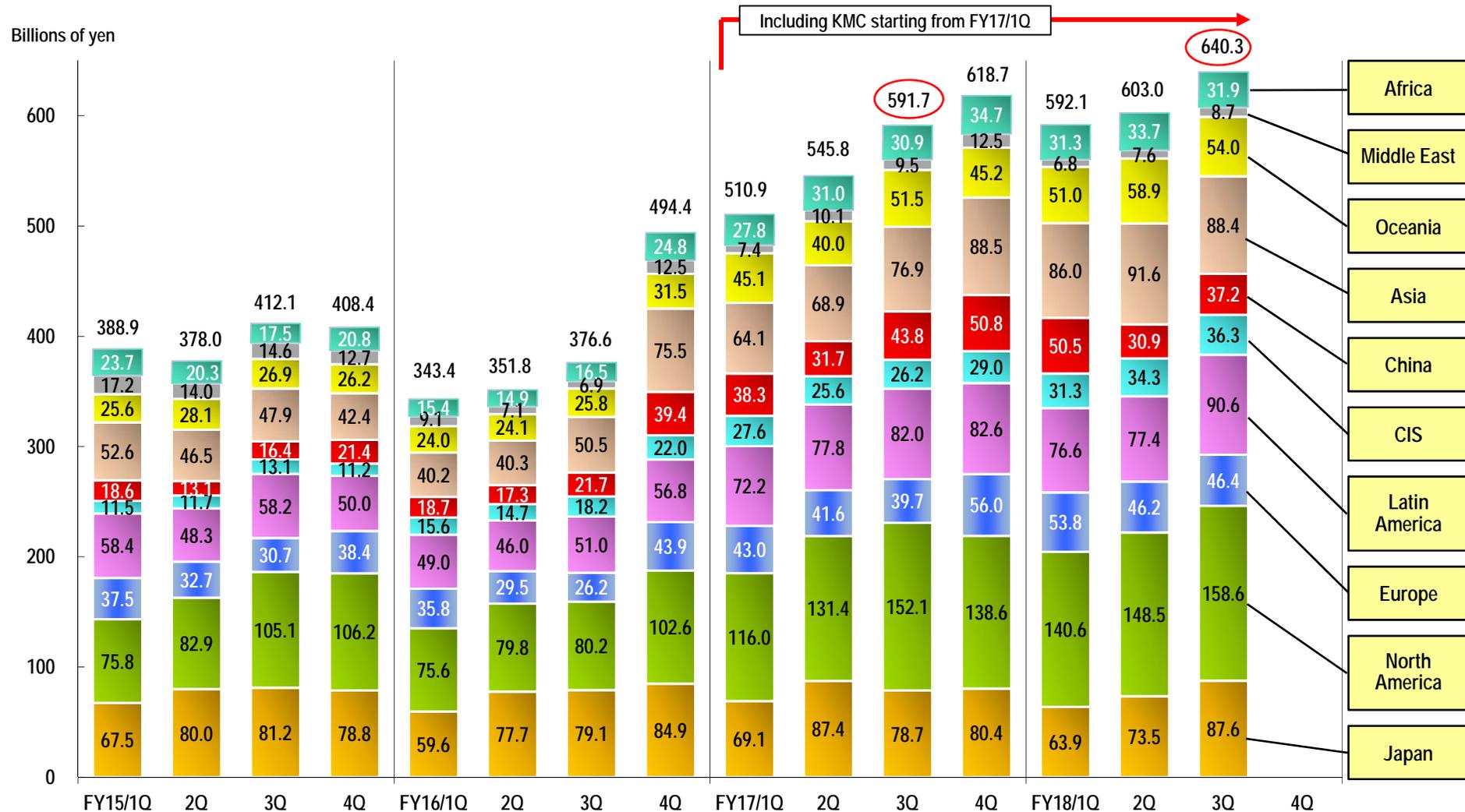
* Specific figures are -JPY0.7 billion each for 1Q, 2Q and 3Q and -JPY0.9 billion for 4Q.

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



Note: FY2017 profits are reclassified and restated. (Refer to page 3 for more information.)

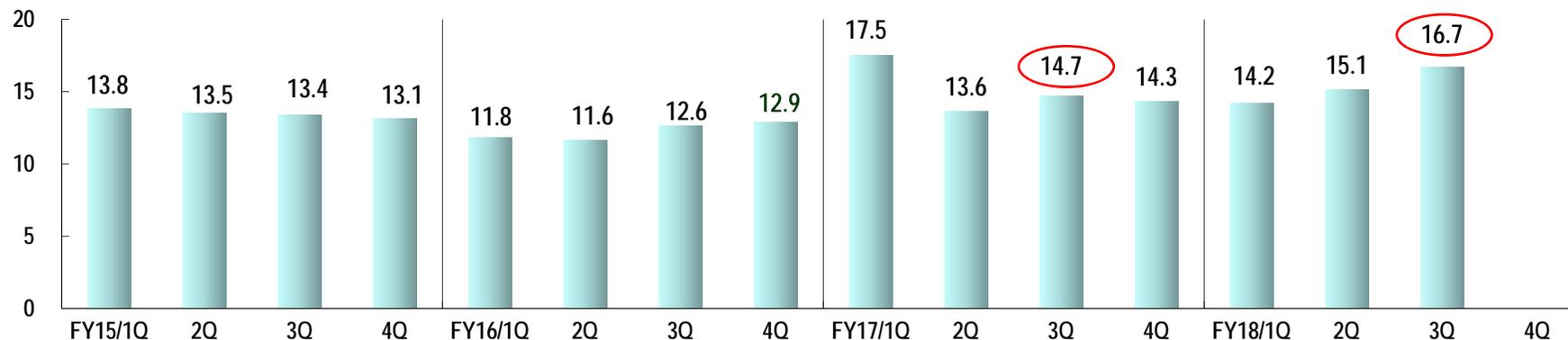
Construction, Mining & Utility Equipment: Quarterly Sales by Region (To Outside Customers) 29



Exchange rates	FY15				FY16				FY17				FY18			
	15/1Q	15/2Q	15/3Q	15/4Q	16/1Q	16/2Q	16/3Q	16/4Q	17/1Q	17/2Q	17/3Q	17/4Q	18/1Q	18/2Q	18/3Q	18/4Q
¥/USD	121.3	122.6	121.2	118.0	109.8	102.9	106.9	114.7	111.2	110.9	113.0	109.6	108.2	111.2	113.5	
¥/EUR	133.0	136.2	132.3	128.0	124.3	114.6	116.7	121.4	121.6	129.9	133.2	133.7	130.1	129.6	129.6	
¥/RMB	19.6	19.5	19.0	17.9	16.9	15.4	15.7	16.7	16.3	16.6	17.0	17.2	17.1	16.4	16.4	

Billions of yen

Quarterly sales

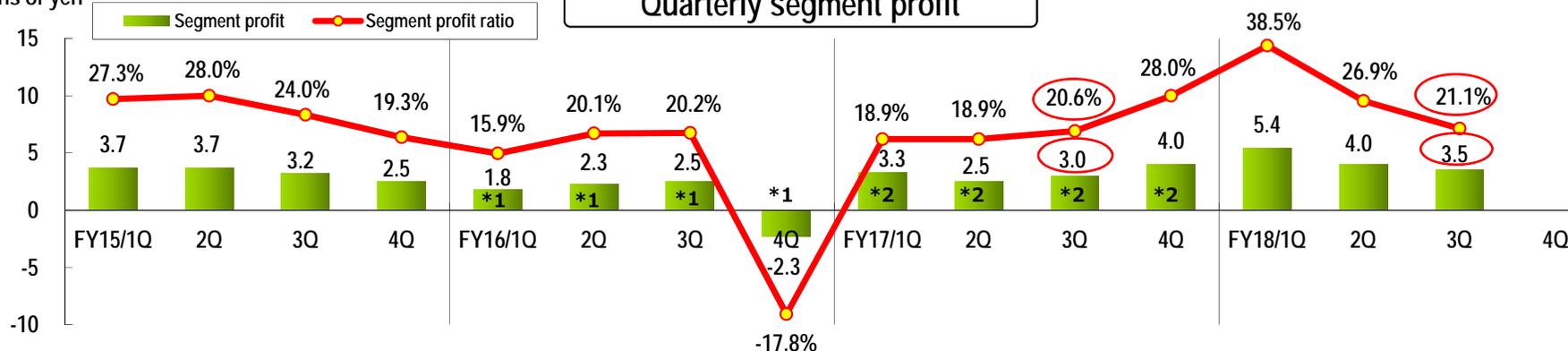


Exchange rates

	15/1Q	15/2Q	15/3Q	15/4Q	16/1Q	16/2Q	16/3Q	16/4Q	17/1Q	17/2Q	17/3Q	17/4Q	18/1Q	18/2Q	18/3Q	18/4Q
¥/USD	121.3	122.6	121.2	118.0	109.8	102.9	106.9	114.7	111.2	110.9	113.0	109.6	108.2	111.2	113.5	
¥/EUR	133.0	136.2	132.3	128.0	124.3	114.6	116.7	121.4	121.6	129.9	133.2	133.7	130.1	129.6	129.6	
¥/RMB	19.6	19.5	19.0	17.9	16.9	15.4	15.7	16.7	16.3	16.6	17.0	17.2	17.1	16.4	16.4	

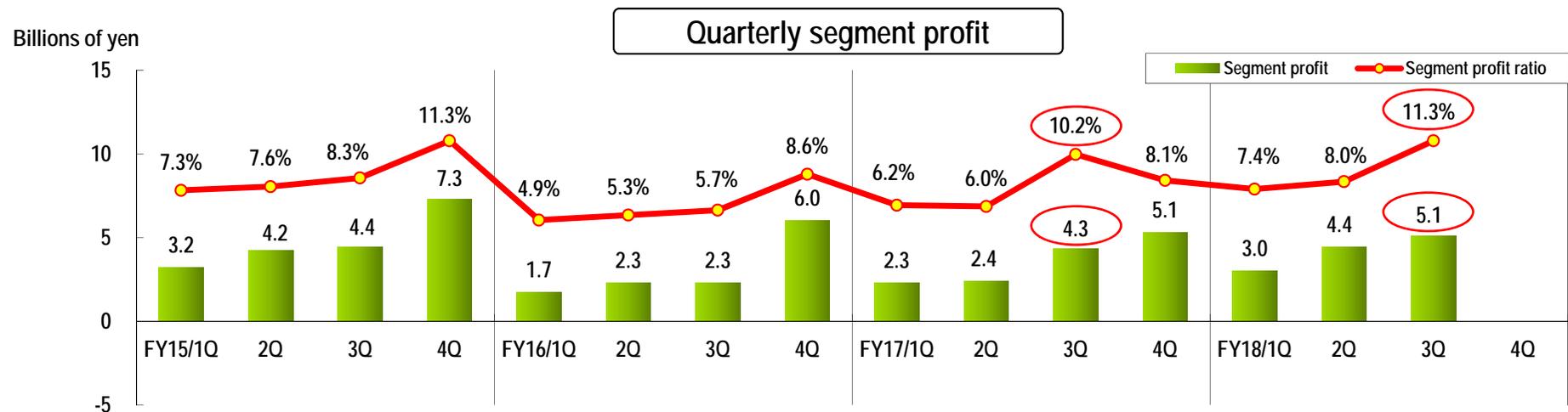
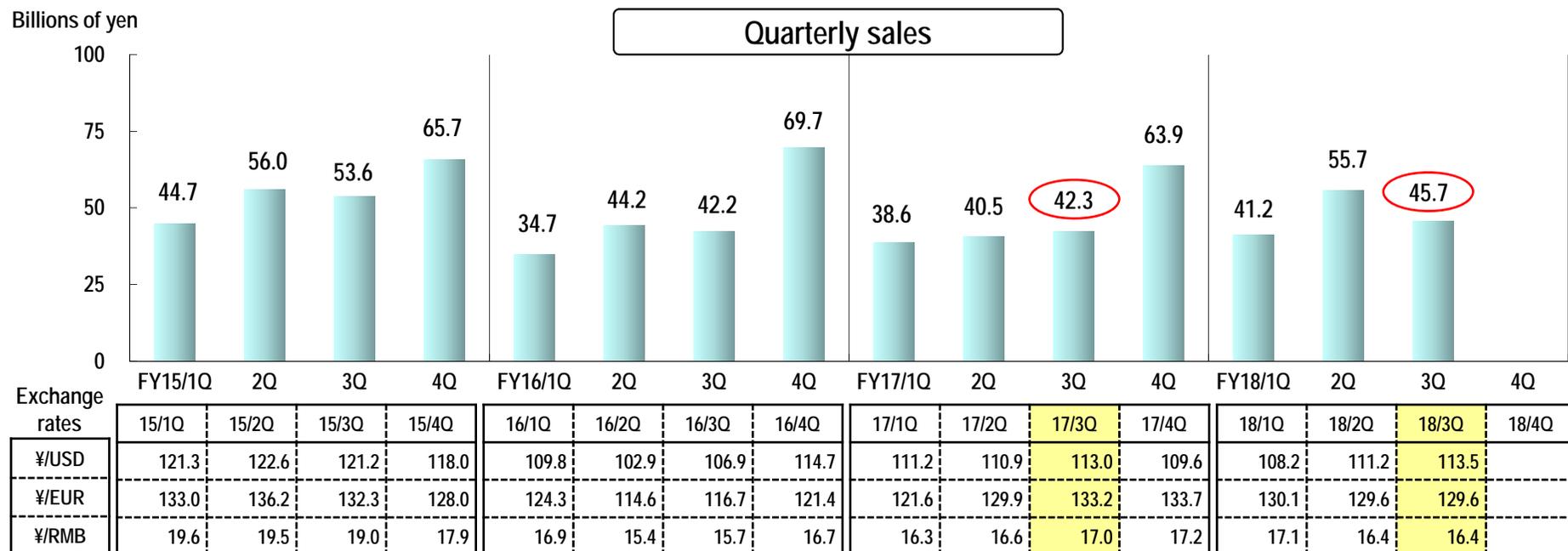
Billions of yen

Quarterly segment profit



*1 Including a loss on allowance recorded for bad debt in China (FY16/1Q: -JPY1.0 billion, 2Q: -JPY0.5 billion, 3Q: -JPY0.2 billion, 4Q: -JPY4.9 billion)

*2 FY2017 profits are reclassified and restated. (Refer to page 3 for more information.)

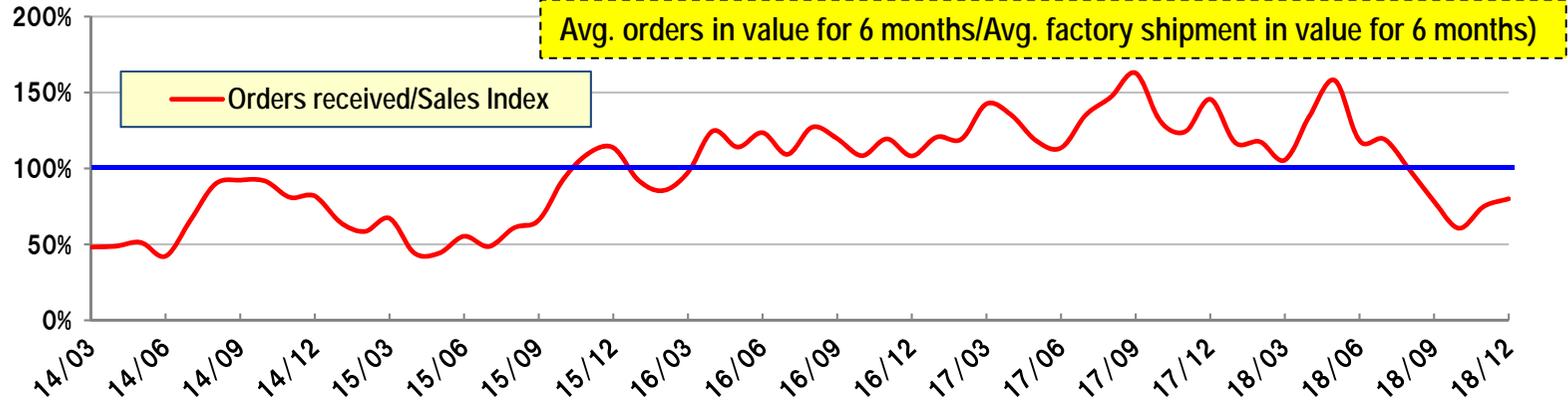


Note: FY2017 profits are reclassified and restated. (Refer to page 3 for more information.)

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

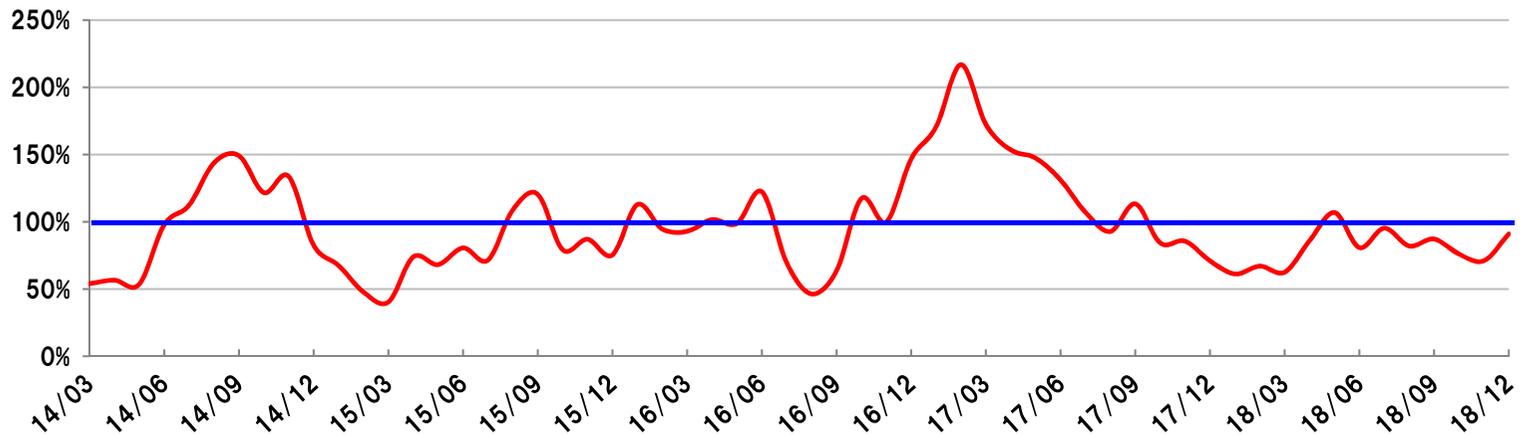
**Komatsu America
(Mining eqpt)**

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



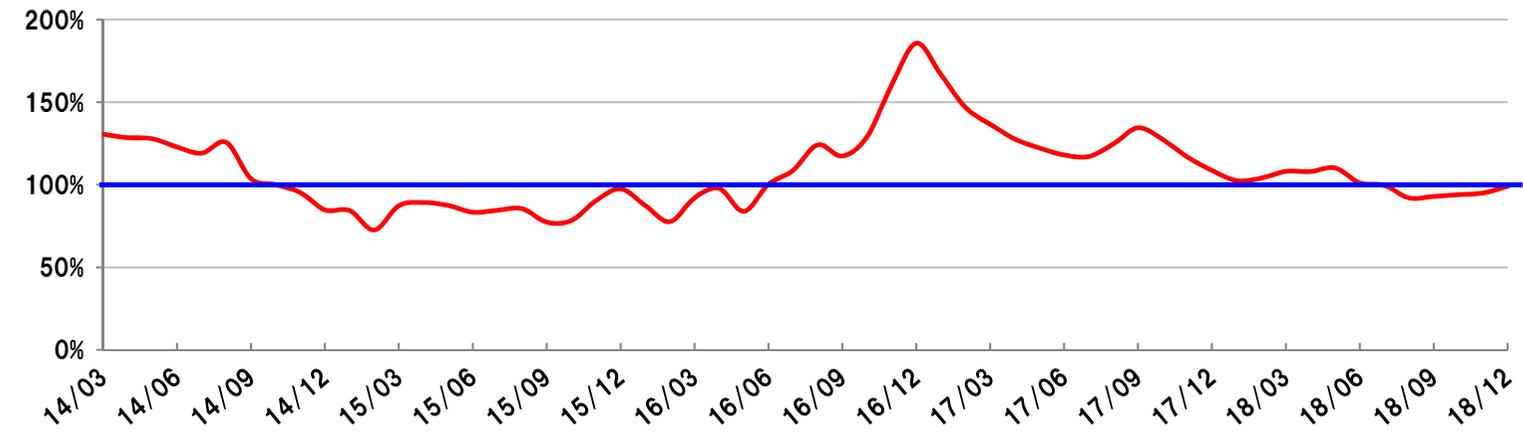
**Komatsu Germany
(Mining eqpt)**

PC3000, PC4000
PC5500, PC7000
PC8000



**Komatsu Ltd.
(Mining eqpt)**

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

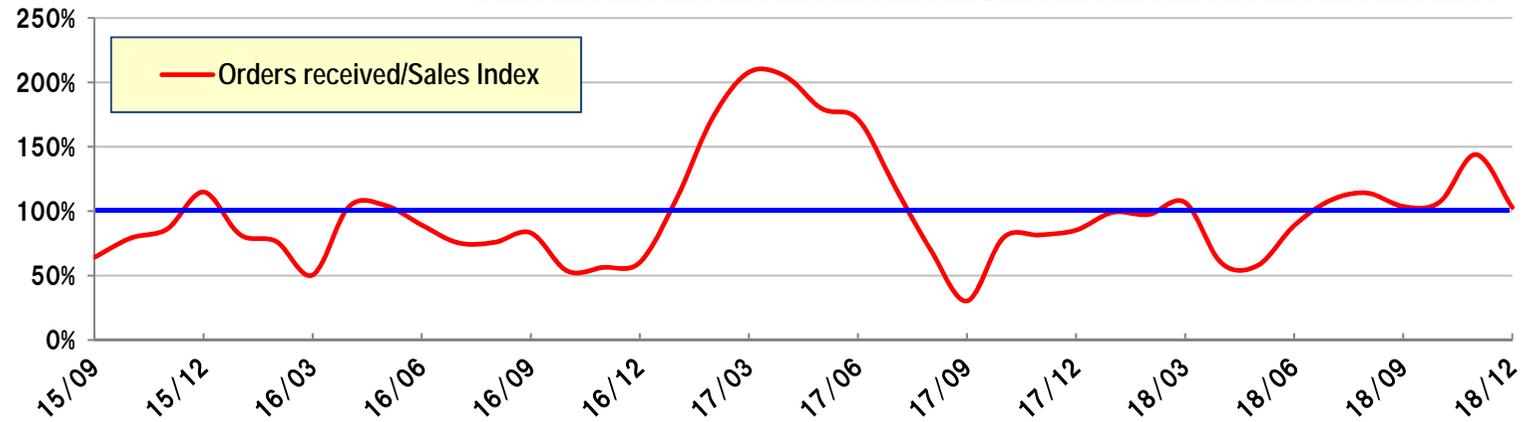


Book-to-Bill Ratio for KMC Mining Equipment (6 Months)

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

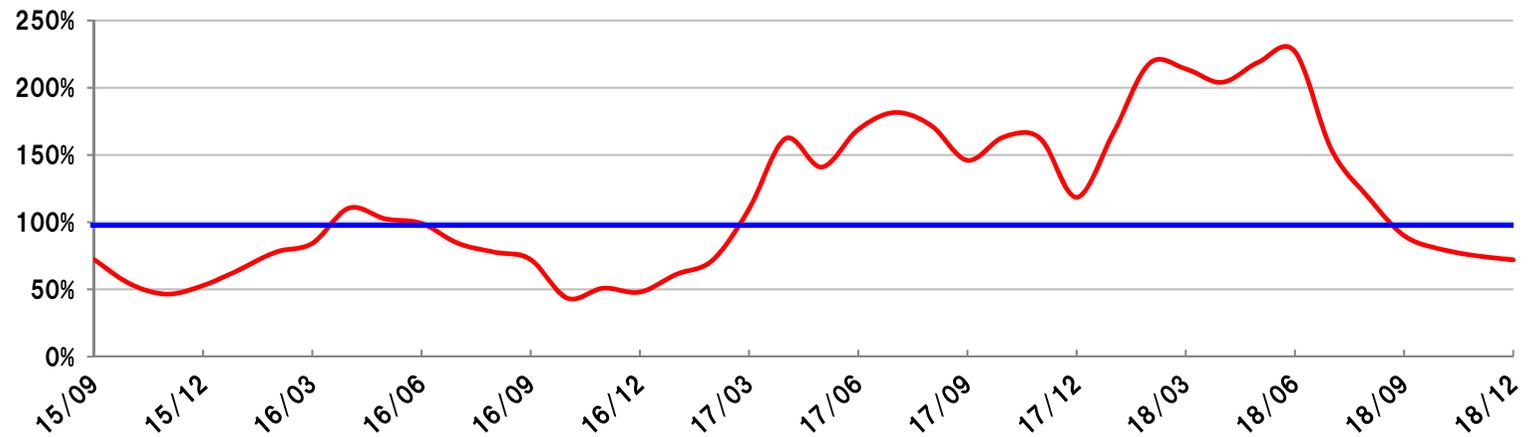
**KMC
(Surface)**

Rope Shovel
Blasthole Drills
Dragline ,etc

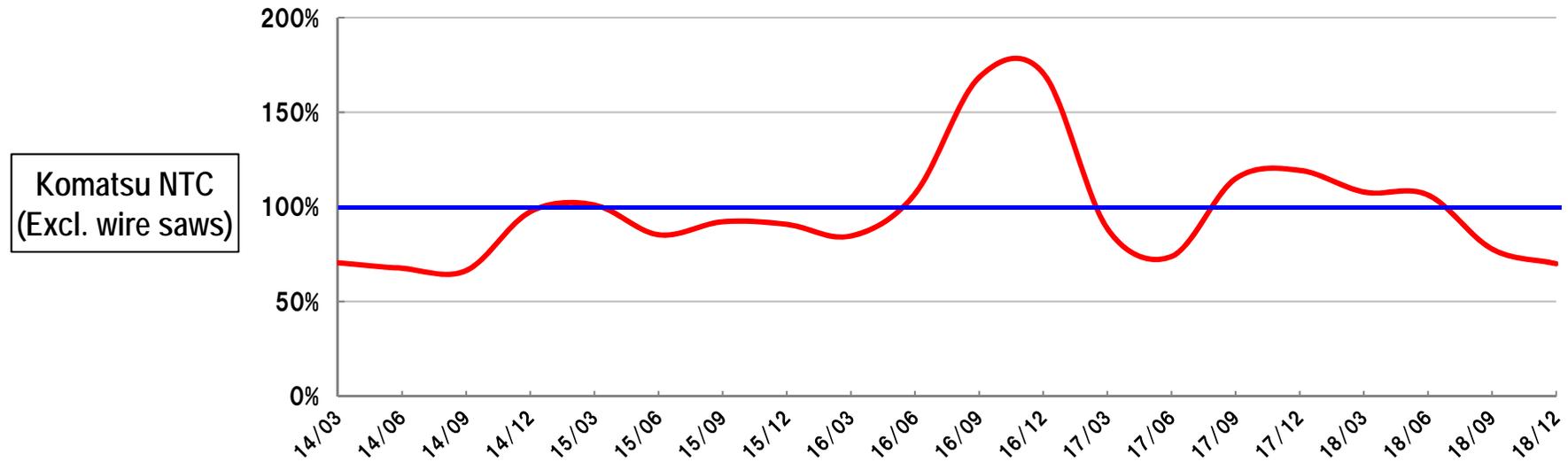
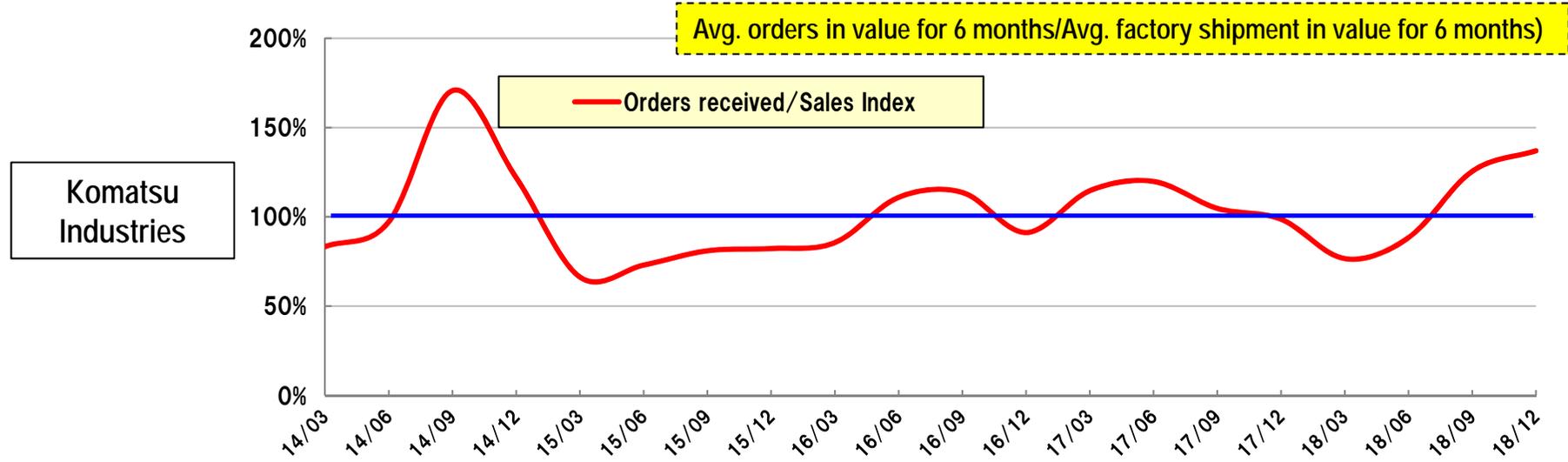


**KMC
(Underground)**

Continuous Miner
Sheerer
Load Haul Dump Machine
Jumbo Drills,etc



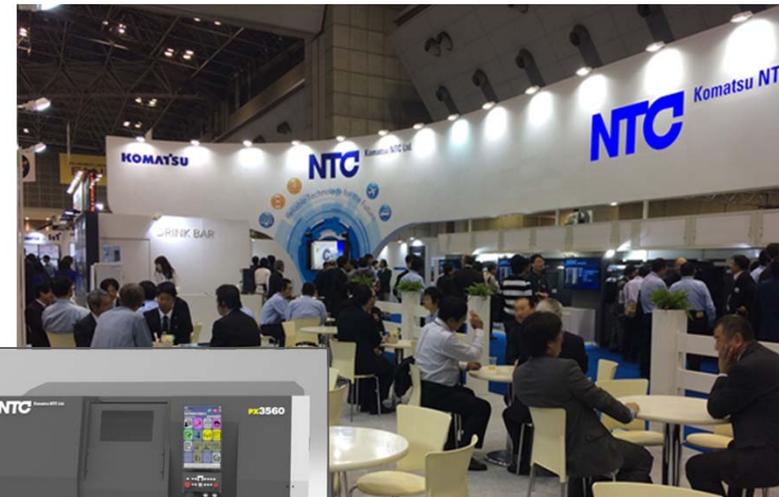
Book-to-Bill Ratio for Industrial Machinery (6 Months)



- Komatsu Industries Corp. introduced its cutting-edge medium-sized Servo press and exhibited its 3D fiber laser cutting machine at FABTECH2018, North America's largest trade fair for metal forming and fabricating machines, held in Atlanta, United States in November 2018.
- Komatsu NTC Ltd. exhibited its leading-edge machine tools at JIMTOF2018 (29th Japan International Machine Tool Fair) held at Tokyo Big Sight in November 2018.



TLH510 3D fiber laser cutting machine
exhibited at FABTECH2018



PX3560 profile grinding machine
exhibited at JIMTOF2018

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.

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