

Business Results for FY2019

(April 1, 2019 – March 31, 2020)

【Telephone conference】

May 18, 2020

Komatsu Ltd. Participants

Hiroyuki Ogawa	President and CEO
Takeshi Horikoshi	Senior Executive Officer and CFO
Takuya Imayoshi	Executive Officer and General Manager of Business Coordination Department

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I . Coronavirus (COVID-19) Effects on Komatsu Group's Business

1. Efforts to prevent the spread of infections

As we at the Komatsu Group place top priority on the health and safety of our customers, local community residents and employees, we are making our utmost efforts to prevent COVID-19 from spreading based on the policies of host governments of countries where we conduct business.

Specific preventive measures

Health management & come-to-office criteria		<ul style="list-style-type: none"> • Banned to come to office, when you have a fever and/or feels sick. • Banned to come to office, when family member sharing the same house is infected, or you/family member has a close contact with the infected.
Teleworking		Expanding the scope of teleworking applicability
Commuting		【Plants】Forbidden to use public transportation as a general rule.
Business trips	Internal	Totally banned (Japan ↔ Overseas)
	Domestic	Suspended as a general rule (excl. requested by customer)
Events & trainings		Komatsu Group-sponsored events, trainings and seminars: Cancelled or suspended as a general rule
Use of facilities	Cafeterias	Limited to designated hours and change in the seating arrangement
	Locker rooms	【Plants】Allowed to wear work uniform in commuting and reduce the use of locker rooms
Hygiene measures, etc.		Strengthen cleaning. Install hygiene (alcohol disinfectant) stations. 【Plants】Wear face masks.

Government policies: Restraint on trans-prefectural travels, boarder measures, etc.

Health management by employees

Avoidance of 3Cs

Hygiene measures (face masks, washing hands, disinfectant, etc.)



- Employees, who are not directly engaged in production at plants, are teleworking, as a general rule.
- Employees, who are directly engaged in production at plants, are working after taking infection-preventive measures (fever checks, no use of public transportation, and avoidance of crowded spaces, such as locker rooms). (Employees, engaged in administration, are teleworking as much as possible.)

2. Effects on production

To absorb the effects of the changing market demand and foreign exchange rates, we have conventionally engaged in global cross-sourcing and procurement of finished vehicles and parts. We are also promoting alternative procurement and inventory reallocation to minimize adverse effects on production, and we have not experienced any problems in the supply chain.

<Main production bases with problems, such as halting operations>

Region	Base	Conditions
Europe	Komatsu UK Ltd.	Halting production (March 30 -- May 31)
Asia	Komatsu India Pvt. Ltd.	Halting production (March 24 -- May 17). To be resumed on May 18.

With respect to production bases other than the above, they are in operation by not only complying with the policies of concerned governments, but also taking infection-preventive measures.

<Main production bases which have already resumed operation>

Region	Base	Conditions
Latin America	Komatsu do Brasil Ltda.	Halted production (April 6 -- 21). Resumed production on April 22.
Europe & CIS	Komatsu Italia Manufacturing S.p.A.	Halted production (March 26 -- May 3). Resumed production on May 4.
	Komatsu Germany GmbH	Halted production (April 4 -- 13). Resumed production on April 14.
	Komatsu Forest AB	Halted production (April 13 -- May 1). Resumed production on May 2.
	Komatsu Manufacturing Rus LLC	Halted production (March 28 -- April 10). Resumed production on April 13.
China	All plants	Resumed production steadily since February 10. All plants on February 17.

【Assistance for suppliers】

- To suppliers facing challenging management conditions, we are providing assistance in the forms of financing and helping them to obtain the Japanese government subsidies for employment adjustment.

3. Effects on sales and business results

1) Customers' work sites and machine operations

In the countries/regions where the governments have issued restrictions, we have seen some adverse effects, such as the temporary suspension of business. Meanwhile, our customers engaging in construction, mining, agriculture, forestry and transportation, which are regarded as essential business for the support of social infrastructure, are operating at their work sites. We will continue to closely monitor KOMTRAX (Komatsu Machine Tracking System) data from customers' machines in operation and other pertinent information.

2) Sales and product support operations

Our distributors are working on the continuous supply of products, parts, and service to customers, as they reassess their supply routes and shift work schedules while teleworking.

3) Retail finance

From some customers and distributors, we have received requests for extensions on their payments. We are meeting their requests after learning about their specific conditions. With respect to cash management of Komatsu Group companies, they have secured sufficient cash reserves and credit lines and have no problems as of today.

4) Sales

In the fourth quarter, we weathered significant effects in China, North America, Europe and Asia, including India, in the construction, mining and utility equipment business. Similarly in the industrial machinery and others business, sales of presses and machine tools in the automobile manufacturing industry were impacted. All in all, we believe the coronavirus pandemic caused a drop of about JPY40 billion in sales.

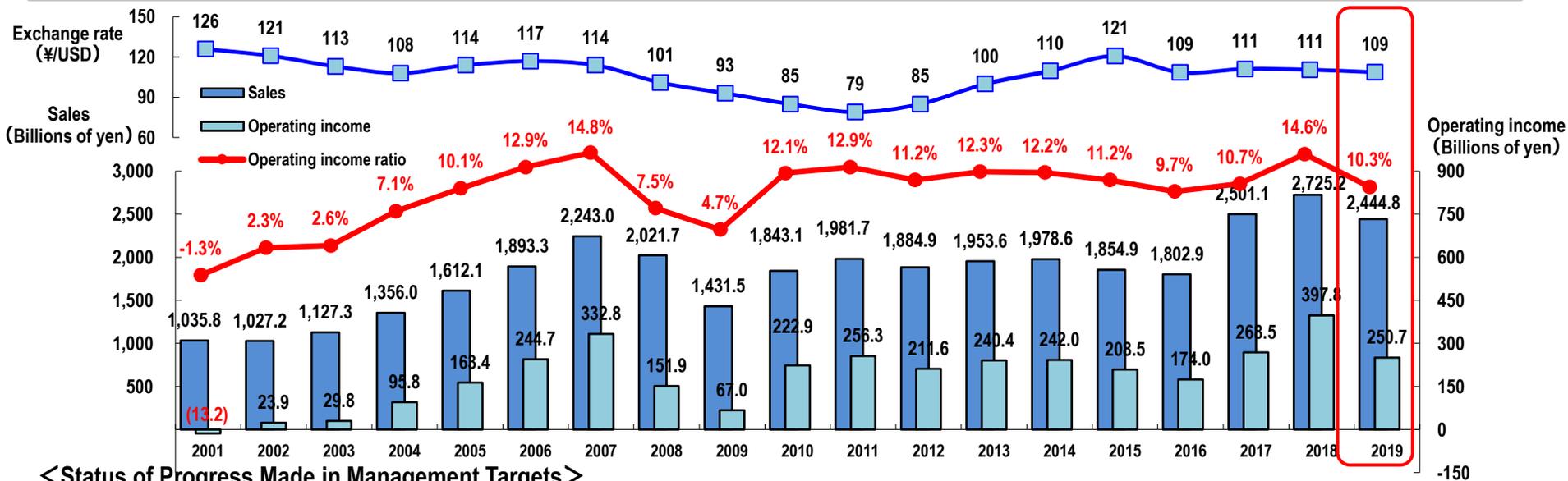
5) Consolidated business results for the fiscal year ending March 31, 2021

It is still impossible to predict the end of the coronavirus (COVID-19) pandemic. Concerning the projection of consolidated business results for the fiscal year ending March 31, 2021, it is difficult for Komatsu to make those calculations in an appropriate and rational manner, so they remain undecided as of now. We will disclose them as soon as it becomes possible to calculate them in the future.

II . Progress towards Mid-Term Management Targets

Three strategies		Specific efforts
1. Value creation by means of innovation	Achievements in FY2019	<ul style="list-style-type: none"> Deployed SMARTCONSTRUCTION at over 10,000 construction sites in Japan (cumulative). Announced the provision of digital transformation of SMARTCONSTRUCTION (started in April 2020) . Announced the introduction of add-on kits for hydraulic excavators, which enable 3D construction (started in April 2020). Achieved 221 AHS dump trucks in operation. Acquired a mining machine operator training company (Immersive Corporation Pty Ltd). Exhibited an electric mini excavator at bauma2019 and launched it as rental model in Japan.
	Tasks ahead	<ul style="list-style-type: none"> Facilitate overseas deployment of SMARTCONSTRUCTION. Develop new mining platforms. Develop automation, autonomy (self-supporting), electrification, and remote control technologies.
2. Growth strategies based on business reforms	Achievements in FY2019	<ul style="list-style-type: none"> Integrated/consolidated business sites of Komatsu Mining Corp. (KMC) with ours. Launched models for aggregate and cement application. Conducted model change of hydraulic excavators for use in Strategic Markets. Launched hydraulic excavators equipped with the KomVision Human Detection & Collision Mitigation System as a standard feature in Japan. Acquired a forest machinery maker (TimberPro) of the United States.
	Tasks ahead	<ul style="list-style-type: none"> Enhance market position of the underground hard rock mining equipment business. Launch next-generation KOMTRAX. Continue to promote value chain reforms to achieve lifecycle product support. Reform the industrial machinery business (expand synergy with the construction equipment business and foster growth based on core technologies).
3. Structural reforms for growth	Achievements in FY2019	<ul style="list-style-type: none"> Promoted steady cost improvement efforts. Received the Prime Minister's Award for our KOM-MICS, connecting manufacturing plants. Began construction of KMC's new Milwaukee plant and Komatsu Forest's new Umea plant.
	Tasks ahead	<ul style="list-style-type: none"> Promote reforms by deploying ICT・IoT. Promote continuous cost improvement efforts. Strengthen human resource development for global business and promote diversity of human resources.

• Both sales and operating income decreased, as affected by declined demand in Strategic Markets, such as Asia, as well as the coronavirus pandemic.



<Status of Progress Made in Management Targets>

	Targets	FY2019 (1st year of Mid-Term Management Plan)	
		Index	Result
Growth	• Growth rate above the industry's average	• Sales growth rate	(10.3)%
Profitability	• An industry's top-level operating income ratio	• Operating profit ratio	10.3%
Efficiency	• ROE of 10% or higher	• ROE	8.6%
Financial position	• Industry's top-level financial position.	• Net debt-to-equity ratio	0.43
Shareholder return	• Keep a fair balance between investment for growth and shareholder return (incl. stock buyback), while placing main priority on investment. • Set the goal of a consolidated payout ratio of 40% or higher.	• Dividend payout ratio	57.7%
ESG	• Reduction of environmental impact: CO2 emissions: Decrease by 50% in 2030 from 2010. Renewal energy use : Increase to 50% of total energy use in 2030. • Evaluation by external organizations: Selected for DJSI *1 (World & Asia Pacific) and CDP*2 A-list (Climate Changes and Water Security)	• Reduction of environmental impact • Evaluation by external organizations	CO2: To reduce by 40% in 2021. Renewable energy use: 15% in 2021 DJSI: Selected CDP: Score of climate change: A CDP: Score of water security: A-
Retail Finance	• ROA: 1.5-2.0% • 5.0 or under for net debt-to-equity ratio	• ROA • Net debt-to-equity ratio	1.5% 3.80

Ⅲ. Business Results for FY2019

- Consolidated net sales decreased by 12.6% from the corresponding period a year ago, to JPY617.4 billion.
- Operating income declined by 57.9% to JPY42.8 billion. Operating income ratio was 6.9%, down 7.5 points.
- Net income attributable to Komatsu Ltd. declined by 74.3% to JPY18.5 billion.

Billions of yen	Jan.-Mar., 2019 (A) ¥109.4/USD ¥124.7/EUR ¥16.2/RMB	Jan.-Mar., 2020 (B) ¥108.1/USD ¥120.0/EUR ¥15.5/RMB	Changes (B-A)	
			increase (decrease)	Change %
Net sales	706.6	617.4	(89.2)	(12.6)%
Segment profit	103.1	50.7	(52.3)	(50.8)%
Other operating income (expenses)	(1.1)	(7.8)	(6.7)	-
Operating income	101.9	42.8	(59.0)	(57.9)%
Profit ratio	14.4%	6.9%	(7.5)pts.	-
Other income (expenses)	(2.4)	(9.6)	(7.2)	-
Income before income taxes	99.4	33.1	(66.2)	(66.6)%
Net income attributable to Komatsu Ltd	72.2	18.5	(53.7)	(74.3)%

- Construction, Mining & Utility Equipment: Sales decreased by 12.6% from the corresponding period a year ago, to JPY553.1 billion. Segment profit declined by 52.1% to JPY44.4 billion. Segment profit ratio worsened to 8.0%, down 6.7 points.
- Retail Finance: Revenues expanded by 3.3% from the corresponding period a year ago, to JPY17.9 billion. Segment profit declined by 59.6% to JPY1.7 billion.
- Industrial Machinery & Others: Sales decreased by 16.4% from the corresponding period a year ago, to JPY50.5 billion. Segment profit declined by 31.7% to JPY4.0 billion.

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

Billions of yen	Jan.-Mar., 2019 (A)	Jan.-Mar., 2020 (B)	Changes (B-A)	
			increase (decrease)	Change %
Net sales	706.6	617.4	(89.2)	(12.6)%
Construction, mining & utility equipment	633.0 [631.1]	553.1 [551.5]	(79.9) [(79.5)]	(12.6)% [(12.6)%]
Retail finance	17.4 [15.5]	17.9 [15.7]	+0.5 [+0.1]	+3.3% [+1.0%]
Industrial machinery & others	60.4 [59.9]	50.5 [50.1]	(9.9) [(9.7)]	(16.4)% [(16.3)%]
Elimination	(4.3)	(4.3)	+0.0	-
Segment profit	□ 14.6% 103.1	□ 8.2% 50.7	□ (6.4)pts. (52.3)	(50.8)%
Construction, mining & utility equipment	□ 14.7% 92.8	□ 8.0% 44.4	□ (6.7)pts. (48.3)	(52.1)%
Retail finance	□ 25.2% 4.3	□ 9.9% 1.7	□ (15.3)pts. (2.6)	(59.6)%
Industrial machinery & others	□ 9.9% 5.9	□ 8.0% 4.0	□ (1.9)pts. (1.8)	(31.7)%
Corporate & elimination	(0.0)	0.4	+0.5	-

Review of three business segments

■ Construction, Mining & Utility Equipment:

Sales decreased from the corresponding period a year ago, as adversely affected by reduced sales volume and foreign exchange rates. Segment profit declined, mainly due to reduced sales volume and a change in the geographic composition of sales.

■ Retail Finance:

Revenues improved from FY2018, supported by increased average asset balance. Segment profit decreased, as mainly affected by no more reversal of allowances for doubtful accounts, which was recorded in China for the FY2018, as well as allowances were for doubtful accounts related to mining accounts recorded for FY2019.

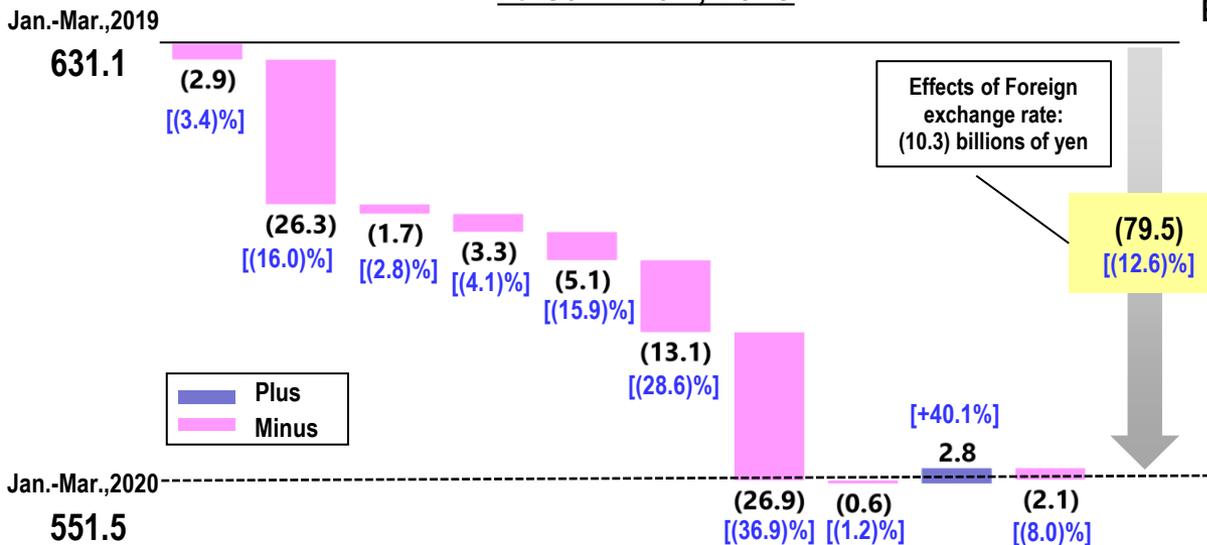
■ Industrial Machinery & Others

Both sales and segment profit decreased, reflecting declined demand for machine tools in the automobile manufacturing industry.

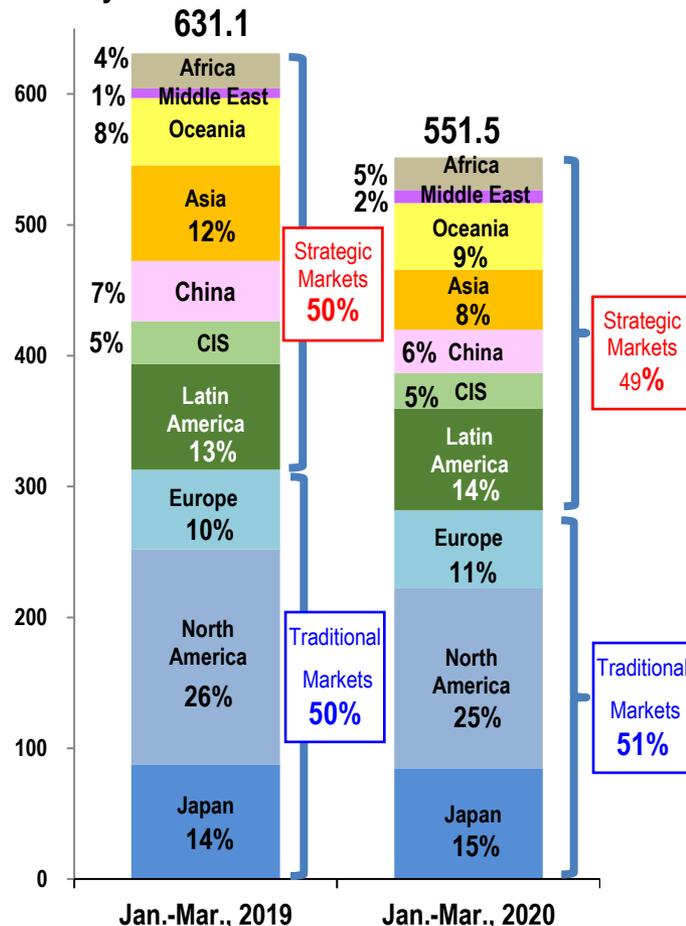
Construction, Mining & Utility Equipment : Sales by Region (To Outside Customers) for the Fourth Quarter (Jan.- Mar., 2020)

- Sales to outside customers decreased by 12.6% from the corresponding period a year ago, to JPY551.5 billion.
- Sales dropped sharply in Asia, North America and China.
- The ratio of sales in Traditional Markets increased to 51% of total sales.

Vs. Jan.-Mar., 2019



Billions of yen



Billions of yen	Japan	North America	Europe	Latin America	CIS	China	Asia	Oceania	Middle East	Africa	Total
Jan.-Mar., 2019(a)	87.6	164.4	60.9	80.7	32.6	46.0	72.9	51.5	7.0	27.0	631.1
Jan.-Mar., 2020(b)	84.6	138.1	59.2	77.4	27.4	32.9	45.9	50.9	9.9	24.8	551.5
Change (b-a)	(2.9)	(26.3)	(1.7)	(3.3)	(5.1)	(13.1)	(26.9)	(0.6)	+2.8	(2.1)	(79.5)

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Traditional Markets
Strategic Markets

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

- Consolidated net sales decreased by 10.3% from FY2018, to JPY2,444.8 billion.
- Operating income declined by 37.0% to JPY250.7 billion. Operating income ratio was 10.3%, down 4.3 points.
- Net income attributable to Komatsu Ltd. declined by 40.0% to JPY153.8 billion.

Billions of yen	FY2018 Results (A) ¥110.6/USD ¥128.5/EUR ¥16.5/RMB	FY2019 Results (B) ¥108.7/USD ¥120.8/EUR ¥15.6/RMB	Changes (B-A)	
			Increase (Decrease)	Change %
Net sales	2,725.2	2,444.8	(280.3)	(10.3)%
Segment profit	399.3	255.0	(144.3)	(36.1)%
Other operating income (expenses)	(1.5)	(4.3)	(2.7)	-
Operating income	397.8	250.7	(147.0)	(37.0)%
Profit ratio	14.6%	10.3%	(4.3)pts.	-
Other income (expenses)	(20.3)	(27.5)	(7.2)	-
Income before income taxes	377.4	223.1	(154.3)	(40.9)%
Net income attributable to Komatsu Ltd	256.4	153.8	(102.6)	(40.0)%
ROE	14.7%	8.6%	(6.1)pts.	
Net D/E ratio	0.43	0.43	+0.0pts.	
Cash dividends per share	110yen	94Yen	(16)Yen	
Consolidated payout ratio	40.5%	57.7%		

- Construction, Mining & Utility Equipment: Sales decreased by 10.8% from FY2018, to JPY2,211.2 billion. Segment profit declined by 37.8% to JPY227.3 billion. Segment profit ratio worsened to 10.3%, down 4.4 points.
- Retail Finance: Revenues expanded by 11.5% from FY2018, to JPY70.9 billion. Segment profit declined by 27.6% to JPY12.6 billion.
- Industrial Machinery & Others: Sales decreased by 12.6% from FY2018, to JPY177.5 billion. Segment profit declined by 26.5% to JPY13.7 billion.

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

Billions of yen	FY2018 Results (A)	FY2019 Results (B)	Changes (B-A)	
			increase (decrease)	Change %
Net sales	2,725.2	2,444.8	(280.3)	(10.3)%
Construction, mining & utility equipment	2,478.9 [2,466.6]	2,211.2 [2,205.9]	(267.7) [(260.6)]	(10.8)% [(10.6)%]
Retail finance	63.5 [57.3]	70.9 [62.9]	+7.3 [+5.5]	+11.5% [+9.8%]
Industrial machinery & others	203.2 [201.2]	177.5 [175.9]	(25.6) [(25.2)]	(12.6)% [(12.6)%]
Elimination	(20.5)	(14.8)	+5.6	-
Segment profit	□ 14.7% 399.3	□ 10.4% 255.0	□ (4.3)pts. (144.3)	(36.1)%
Construction, mining & utility equipment	□ 14.7% 365.3	□ 10.3% 227.3	□ (4.4)pts. (138.0)	(37.8)%
Retail finance	□ 27.5% 17.5	□ 17.9% 12.6	□ (9.6)pts. (4.8)	(27.6)%
Industrial machinery & others	□ 9.2% 18.6	□ 7.7% 13.7	□ (1.5)pts. (4.9)	(26.5)%
Corporate & elimination	(2.0)	1.3	+3.4	-

Review of three business segments

■ Construction, Mining & Utility Equipment:

Sales decreased from FY2018, as adversely affected by reduced sales volume and foreign exchange rates. Segment profit declined, mainly due to reduced sales volume and a change in the geographic composition of sales.

■ Retail Finance:

Revenues improved from FY2018, supported by increased average asset balance. Segment profit decreased, as mainly affected by no more reversal of allowances for doubtful accounts, which was recorded in China for the FY2018, as well as allowances were for doubtful accounts related to mining accounts recorded for FY2019.

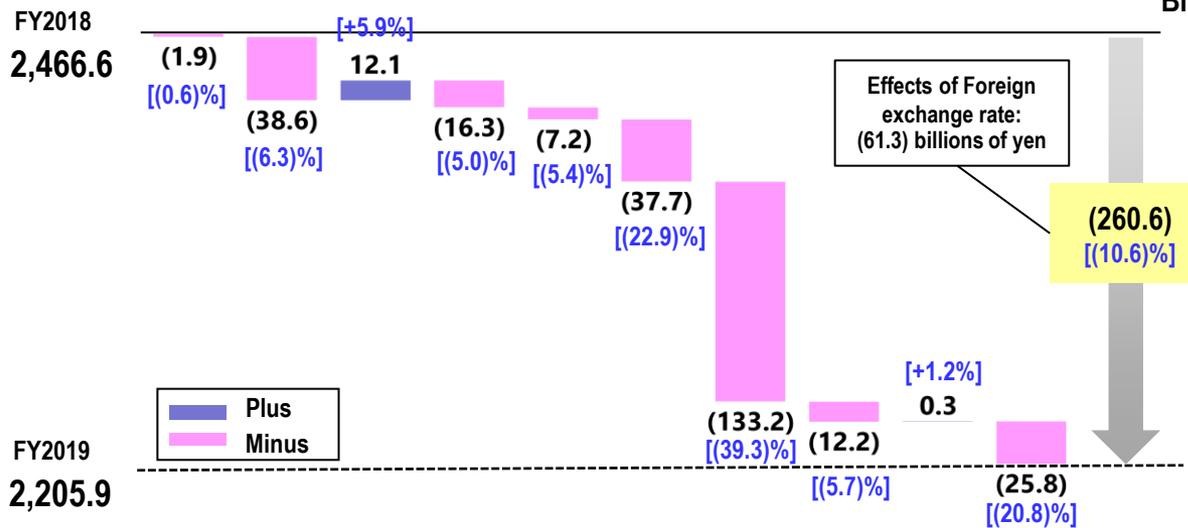
■ Industrial Machinery & Others

Both sales and segment profit declined, due to reduced sales of presses and machine tools to the automobile manufacturing industry, as well as declined sales of Excimer laser-related products on the semiconductor market.

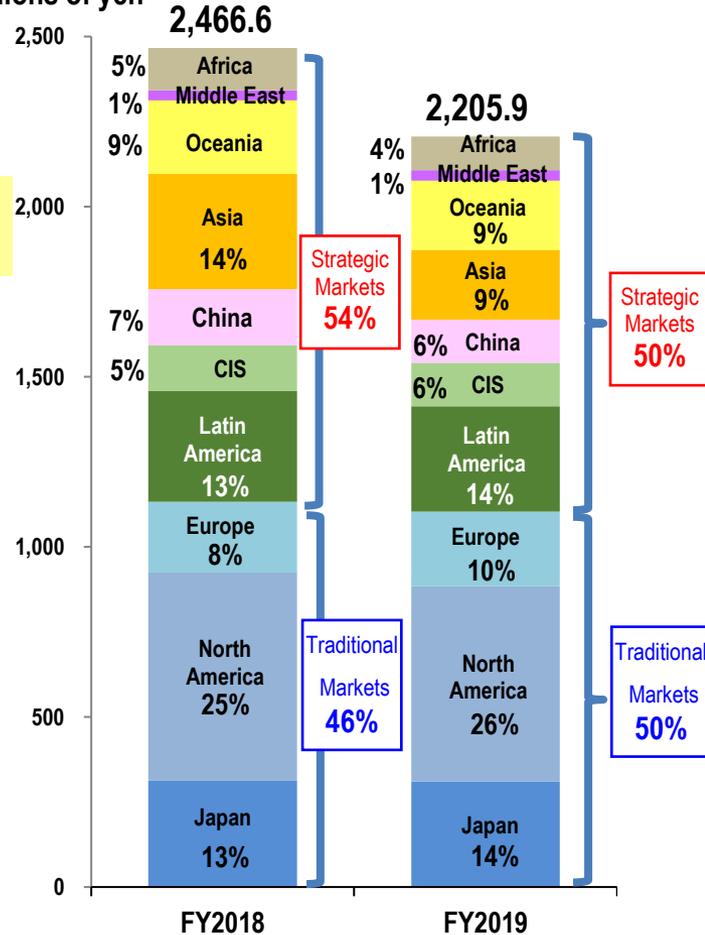
Construction, Mining & Utility Equipment : Sales by Region (To Outside Customers) for FY2019

- Sales to outside customers decreased by 10.6% from FY2018, to JPY2,205.9 billion.
- While sales increased in Europe, those declined sharply especially in Asia, North America, China and Africa. As a result, total sales declined.
- The ratio of sales in Traditional Markets increased to 50% of total sales.

Vs. FY2018



Billions of yen



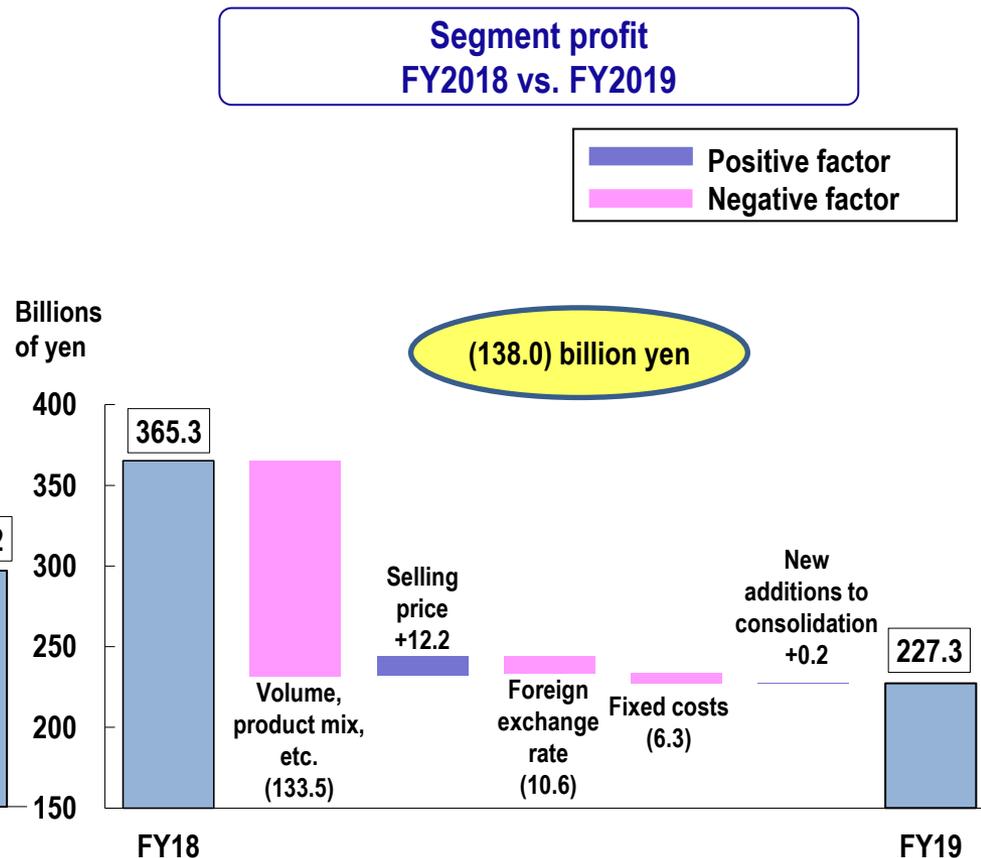
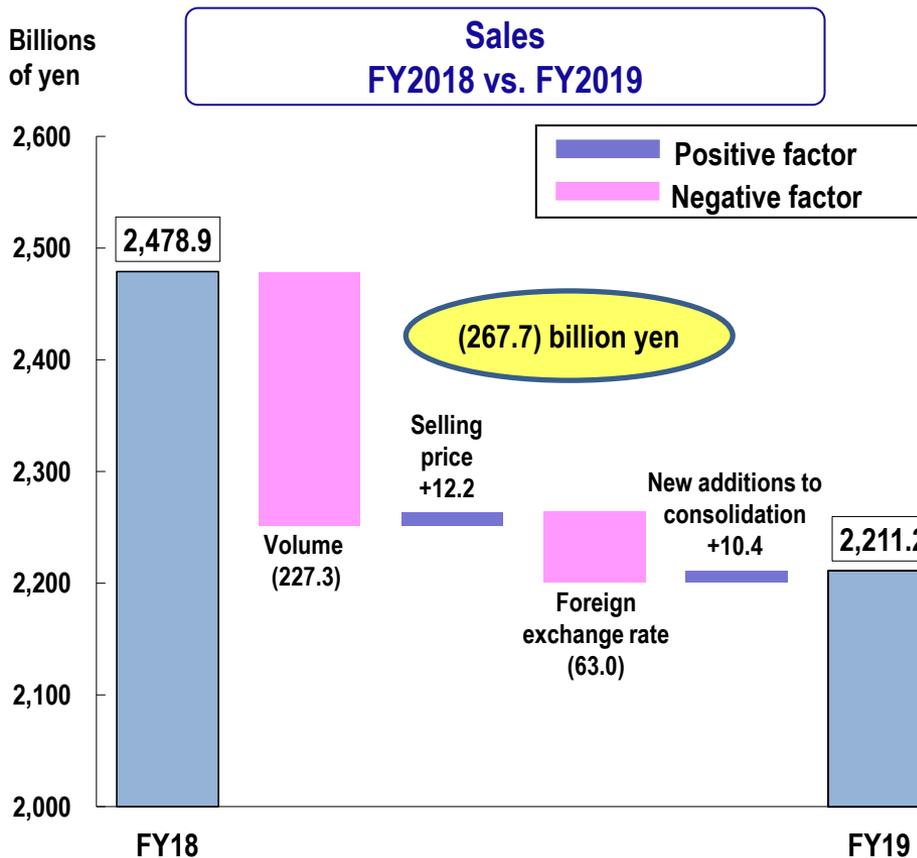
Billions of yen	Japan	North America	Europe	Latin America	CIS	China	Asia	Oceania	Middle East	Africa	Total
FY2018(a)	312.7	612.2	207.5	325.6	134.6	164.8	339.0	215.6	30.2	124.1	2,466.6
FY2019(b)	310.8	573.5	219.7	309.2	127.4	127.0	205.7	203.3	30.6	98.2	2,205.9
Change (b-a)	(1.9)	(38.6)	+12.1	(16.3)	(7.2)	(37.7)	(133.2)	(12.2)	+0.3	(25.8)	(260.6)

Traditional Markets
Strategic Markets

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

Construction, Mining & Utility Equipment : Causes of Difference in Sales and Segment Profit for FY2019

- Sales decreased by JPY267.7 billion from FY2018, as adversely affected by reduced sales volume and foreign exchange rates.
- Segment profit declined by JPY138.0 billion, as adversely affected by reduced sales volume and a change in the geographic composition of sales.
- Segment profit ratio was 10.3%, down 4.4 points.



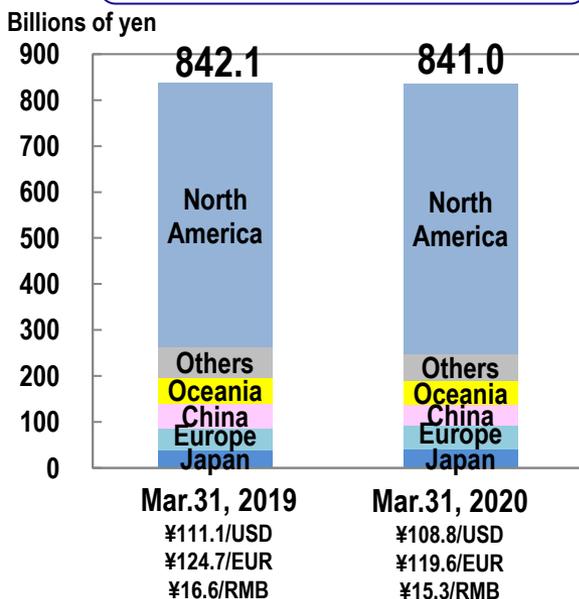
¥110.6/USD
¥128.5/EUR
¥16.5/RMB

¥108.7/USD
¥120.8/EUR
¥15.6/RMB

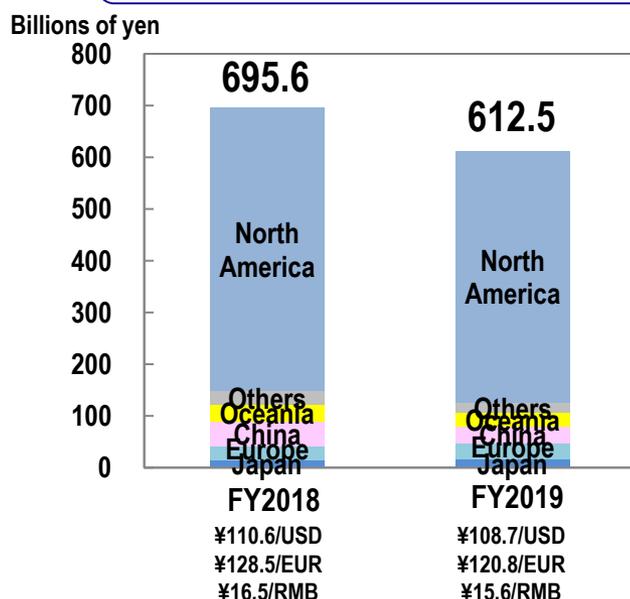
14.7% — Segment profit ratio — 10.3%

- While assets increased mainly in North America and Europe, assets decreased slightly from the previous fiscal-year, adversely affected by foreign exchange rates.
- New contracts declined mainly in North America, China and Latin America.
- Revenues advanced due to increased assets.
- Segment profit decreased, as mainly affected by no more reversal of allowances for doubtful accounts, which was recorded in China for the FY2018, as well as allowances were for doubtful accounts related to mining accounts recorded for FY2019.

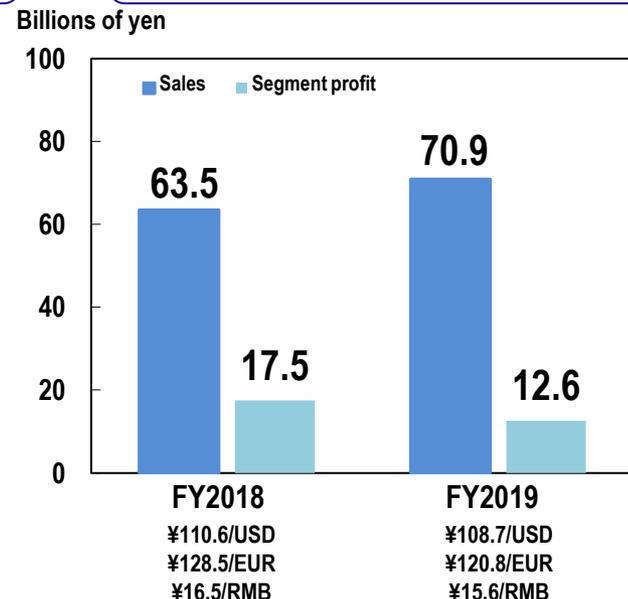
Assets
Mar.31, 2019 vs. Mar.31, 2020



New Contracts
FY2018 vs FY2019



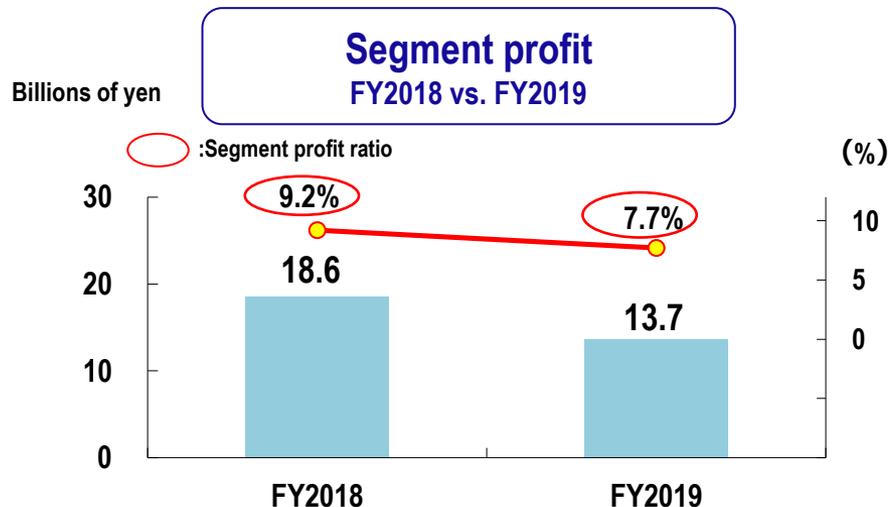
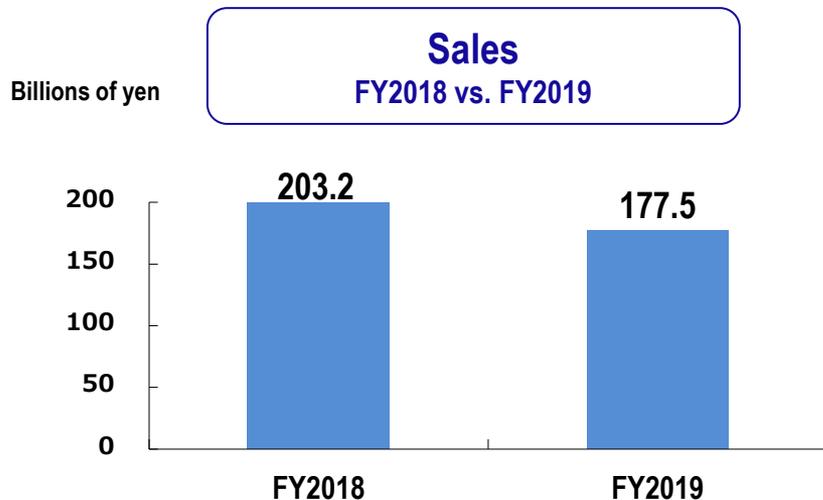
Revenues
FY2018 vs FY2019



Billions of yen	2019/3E	2020/3E	Changes
Interest-bearing debt	638.0	648.0	+9.9
Interest-bearing debt, net	634.0	642.4	+8.3
Net D/E ratio	3.64	3.80	+0.16pts.

	FY2018	FY2019	Changes
ROA	2.2%	1.5%	(0.7)pts.

- Sales decreased by 12.6% from FY2018, to JPY177.5 billion, mainly affected by reduced sales of presses and machine tools to the automobile manufacturing industry, as well as declined sales of Excimer laser-related products on the semiconductor market.
- Segment profit ratio was 7.7%.



Breakdown of sales

Billions of yen	FY2018	FY2019	Changes	
			Increase (Decrease)	% Change
Komatsu Industries Corp.	57.4	55.0	(2.3)	(4.2)%
Komatsu NTC Ltd.	67.9	48.3	(19.5)	(28.8)%
Gigaphoton Inc.	40.5	35.0	(5.4)	(13.5)%
Others	37.3	39.0	+1.7	+4.7%
Total	203.2	177.5	(25.6)	(12.6)%

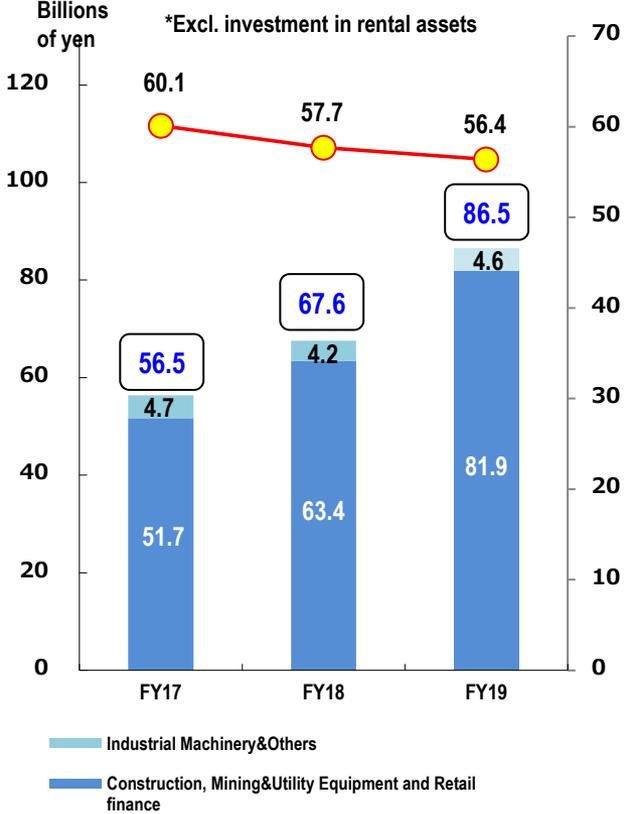
- Total assets grew by JPY15.4 billion from the previous fiscal year-end to JPY3,653.6 billion, mainly due to increased Cash & deposits and other assets.
- Komatsu Ltd. shareholders' equity ratio decreased by 1.4 points to 48.5%.

Billions of yen ○ : Net D/E ratio	Mar. 31, 2019 ¥111.1/USD ¥124.7/EUR ¥16.6/RMB	Mar. 31, 2020 ¥108.8/USD ¥119.6/EUR ¥15.3/RMB	Increase (Decrease)
Cash & deposits (incl. time deposits) [a]	150.8	249.6	+98.8
Accounts receivable (incl. long-term trade receivables)	1,258.5	1,165.3	(93.2)
Inventories	837.5	805.3	(32.2)
Tangible fixed assets	776.4	757.6	(18.7)
Other assets	614.8	*1 675.7	+60.8
Total assets	3,638.2	3,653.6	+15.4
Accounts payable	266.9	220.1	(46.7)
Interest-bearing debt [b]	930.7	1,012.3	+81.6
Other liabilities	537.7	*1 564.9	+27.2
Total liabilities	1,735.3	1,797.4	+62.1
[Shareholders' equity ratio]	(49.9%)	(48.5%)	((1.4).pts.)
Komatsu Ltd. shareholders' equity	1,815.5	1,771.6	(43.9)
Non-controlling interests	87.2	84.6	(2.6)
Liabilities & Equity	3,638.2	3,653.6	+15.4
Interest-bearing debt, net [b-a]	○ 0.43 779.8	○ 0.43 762.7	(17.1)
Net D/E ratio (excl. the retail finance business)	○ 0.09	○ 0.08	

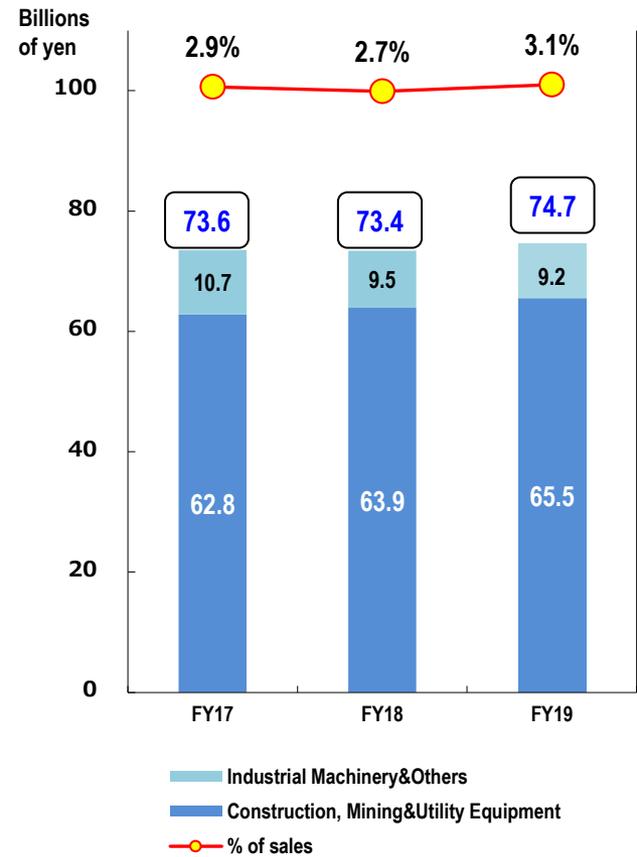
*1 Note: In compliance with the new accounting standard which Komatsu has adopted, right-of-use assets under operating lease and operating lease liabilities increased by about JPY53.5 billion from the previous fiscal year-end.

- CAPEX: Increased, mainly reflecting KMC's restructuring of plants.
- R&D expenses and Fixed costs: While R&D expenses increased due to focused investment in growth areas, overall costs remained about flat, supported by the reduction of other expenses.

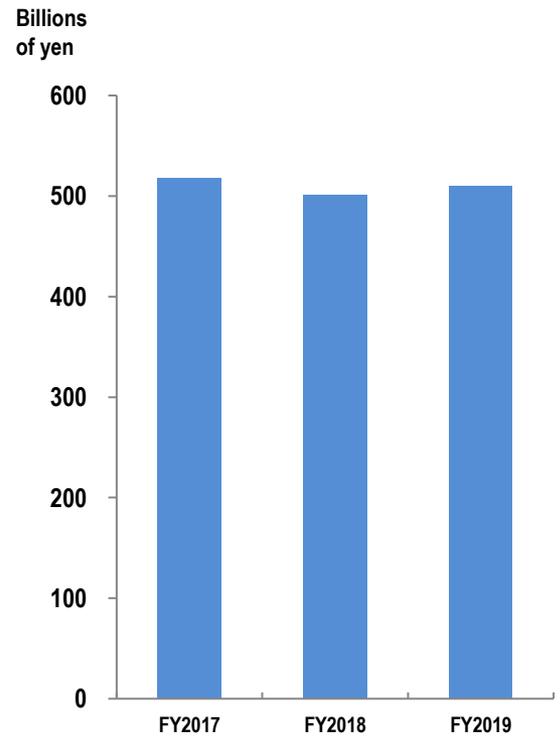
Investment in production and other facilities* and depreciation



R&D Expenses



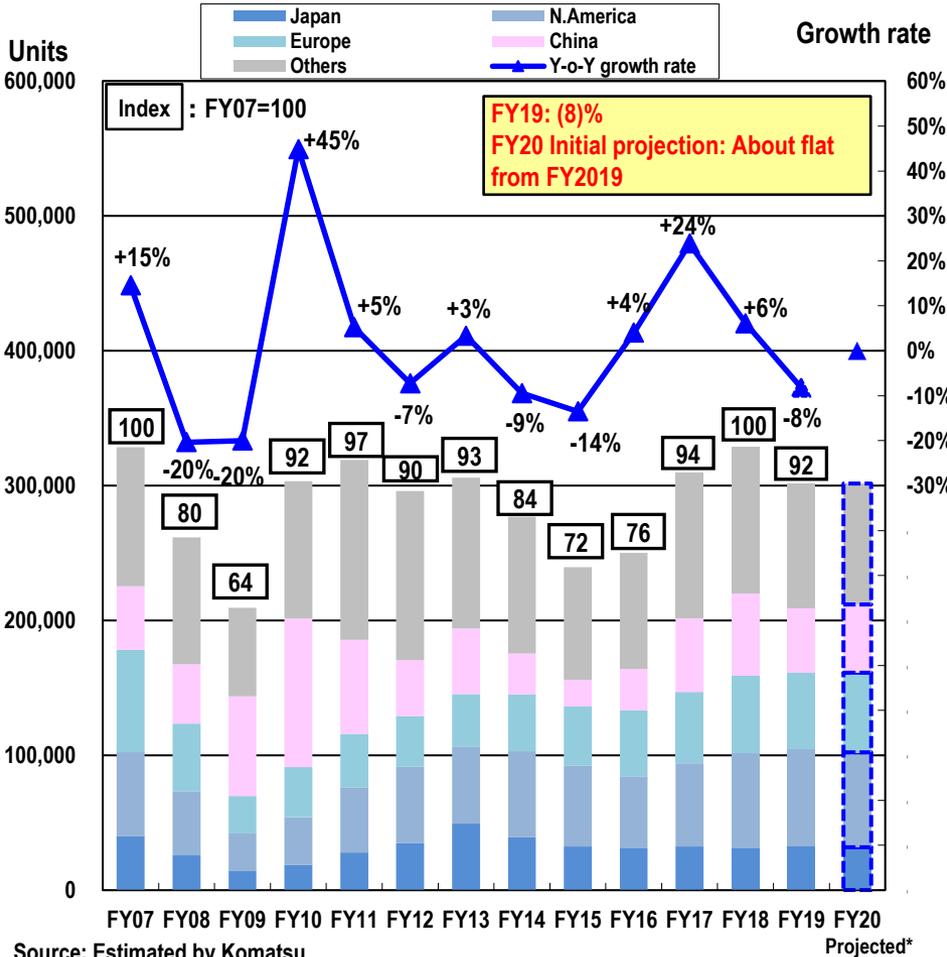
Fixed costs



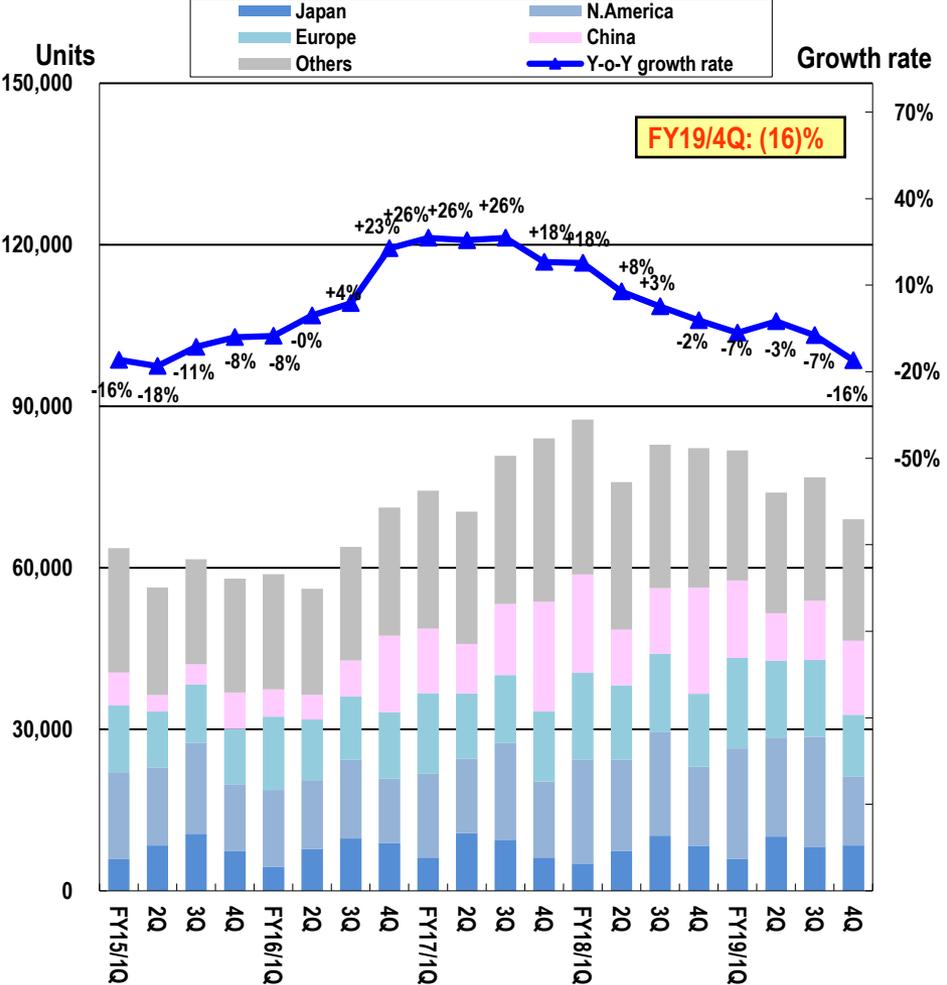
IV. Demand and Business Conditions

- In FY2019, demand decreased presumably by 8% from FY2018.
- In the Fourth quarter of FY2019, total demand declined by 16% from the corresponding period a year ago, as adversely affected by the spread of coronavirus infections mainly in China, North America, Europe and Asia.

Annual demand for 7 major products

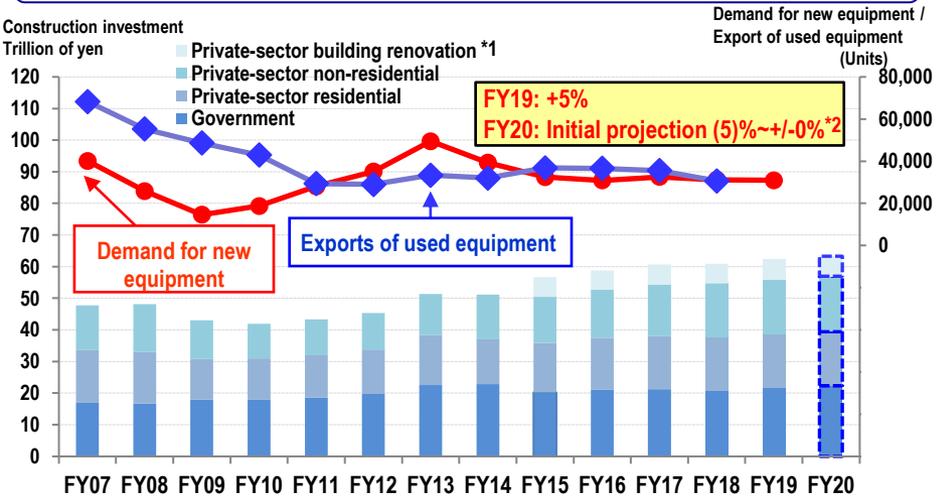


Quarterly demand for 7 major products



- In FY2019, demand increased by 5% from FY2018.
- The increase was mainly supported by the recovery from reduced sales, as affected by the reactionary drop of pre-buy demand in anticipation of the new emission control regulations enforced in September 2017.

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



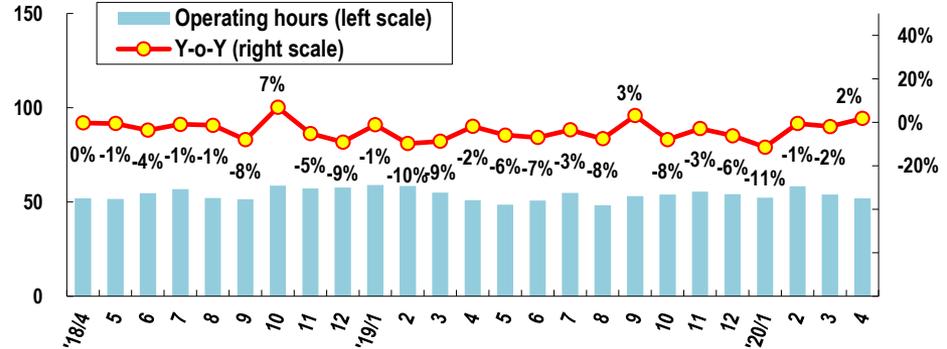
[Sources] Construction investment by the Ministry of Land, Infrastructure, Transport & Tourism, and Research Institute of Construction and Economy

Demand for 7 major products and No. of exported used equipment estimated by Komatsu

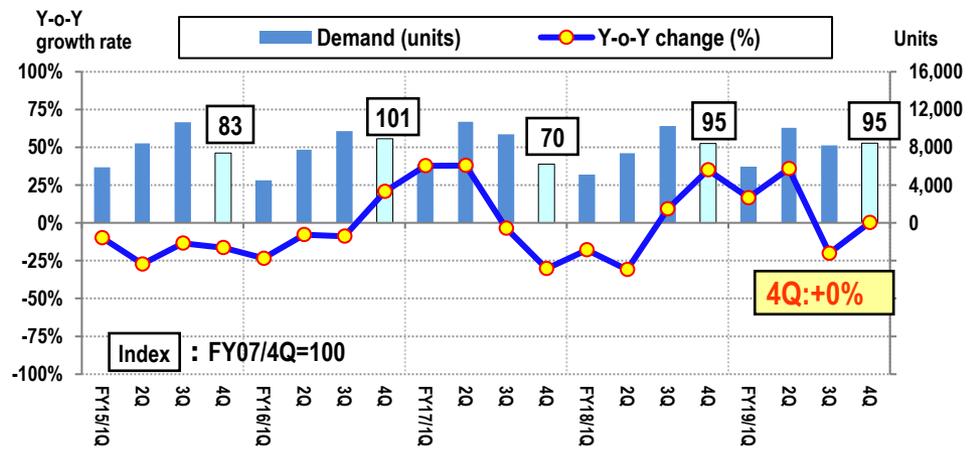
*1 Note: In September 2019, the Ministry of Land, Infrastructure, Transport and Tourism started to adding the collected data concerning renovation and renewal investment in buildings. Bar graphs above include retroactively added data until FY15.

*2 Note: Projected at the time of FY2020 budgeting. For reference only and not projection as of now.

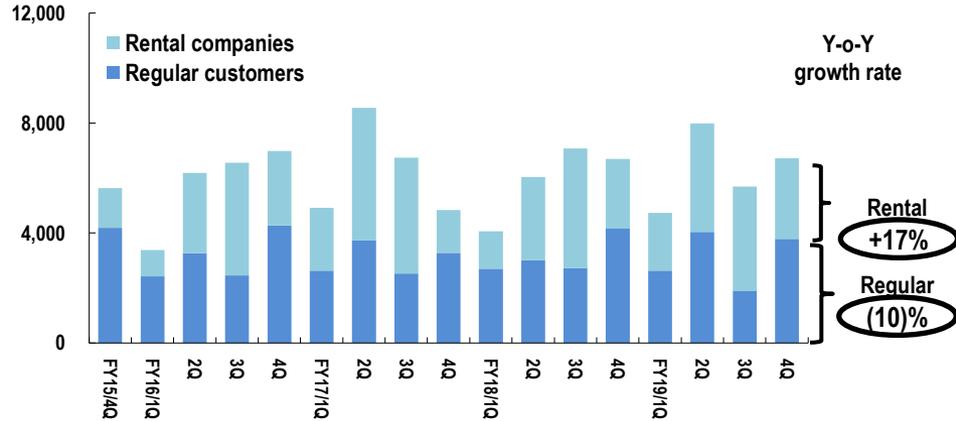
KOMTRAX in Japan: Average operating hours per month



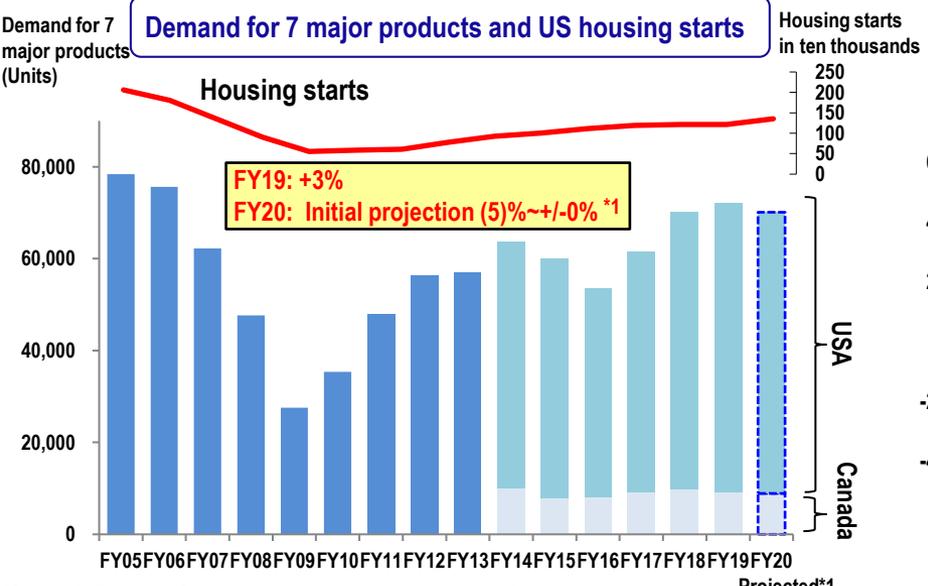
Quarterly demand for 7 major products



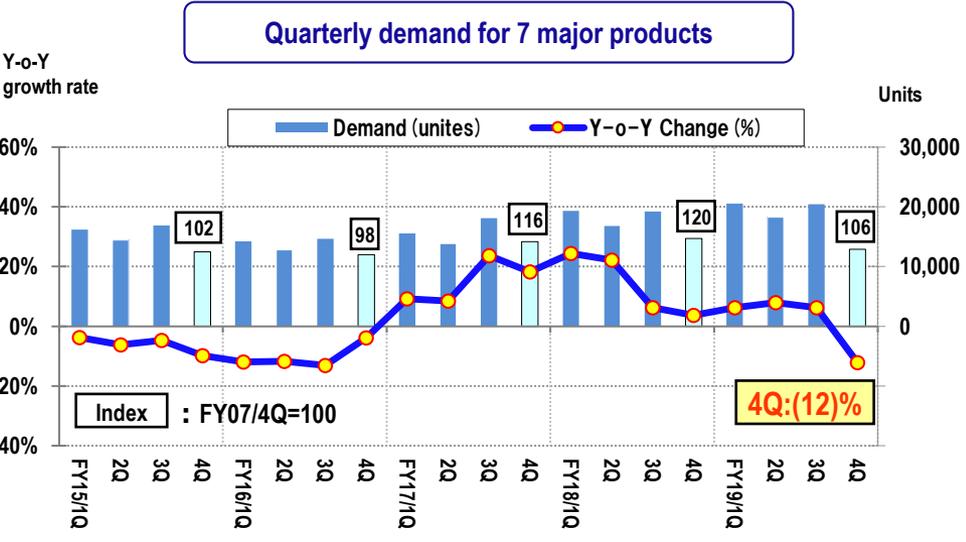
Quarterly demand for hydraulic excavators (Rental & Regular uses)



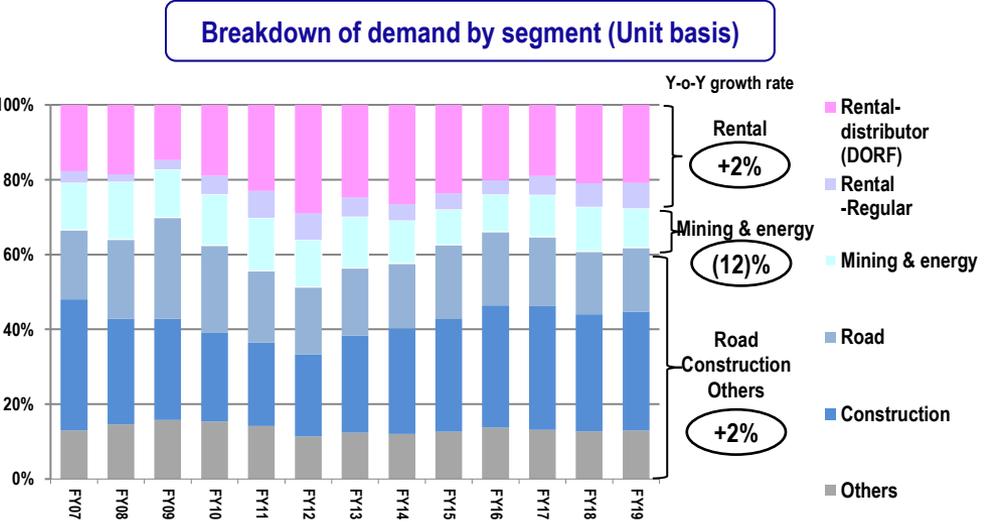
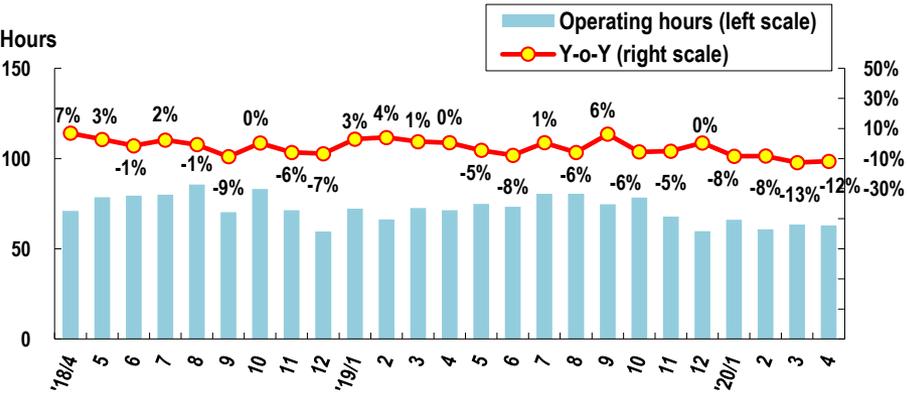
- In FY2019, demand increased presumably by 3% from FY2018.
- The increase resulted from strong demand for construction equipment mainly in the construction and rental industries. In the fourth quarter, demand slowed down sharply due to the spread of coronavirus infections.



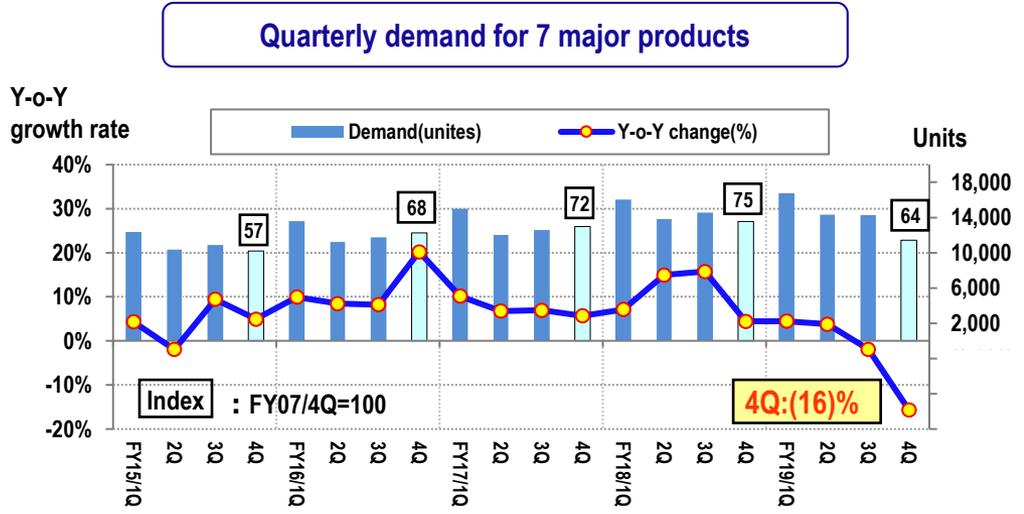
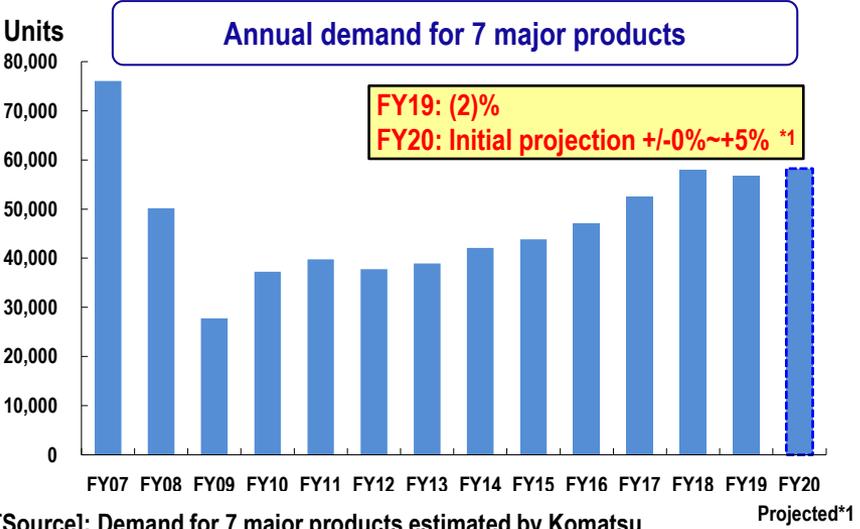
[Source]: Demand for 7 major products estimated by Komatsu
 *1 Note: Projected at the time of FY2020 budgeting. For reference only and not projection as of now.



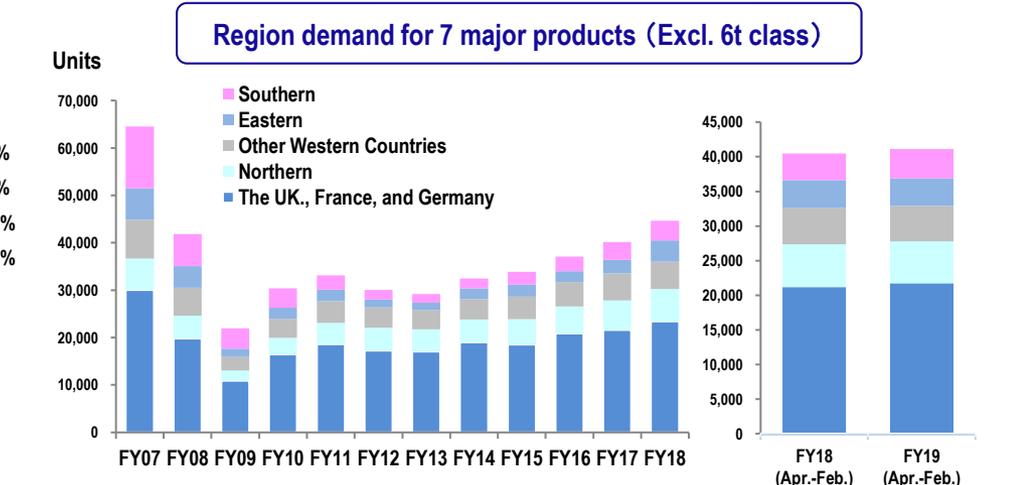
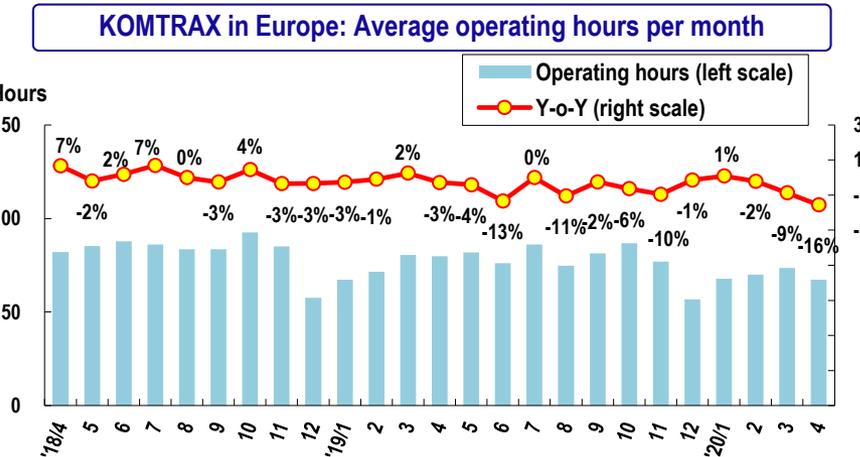
KOMTRAX in North America: Average operating hours per month



- In FY2019, demand decreased presumably by 2% from FY2018.
- While demand remained firm in the major markets of Germany and France, it dropped sharply in the fourth quarter due adverse effects of Brexit and the spread of coronavirus infections.

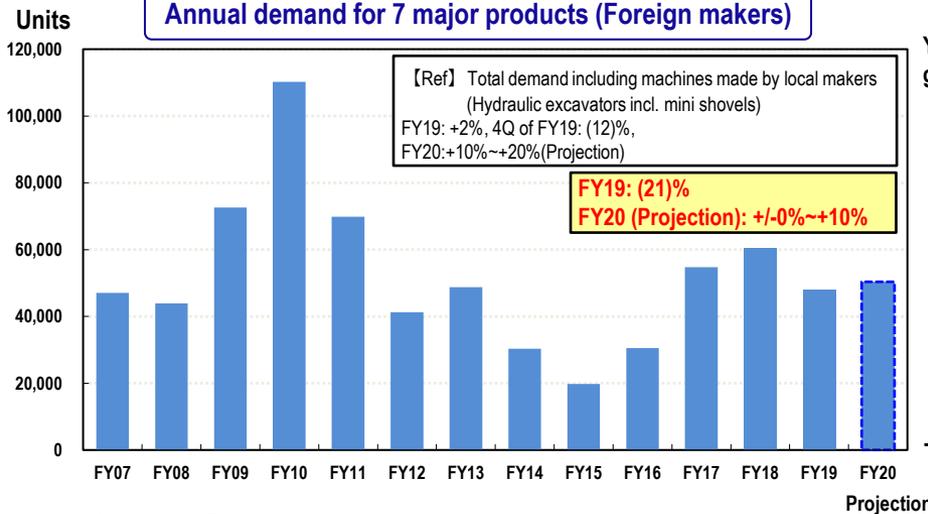


[Source]: Demand for 7 major products estimated by Komatsu
*1 Note: Projected at the time of FY2020 budgeting. For reference only and not projection as of now.

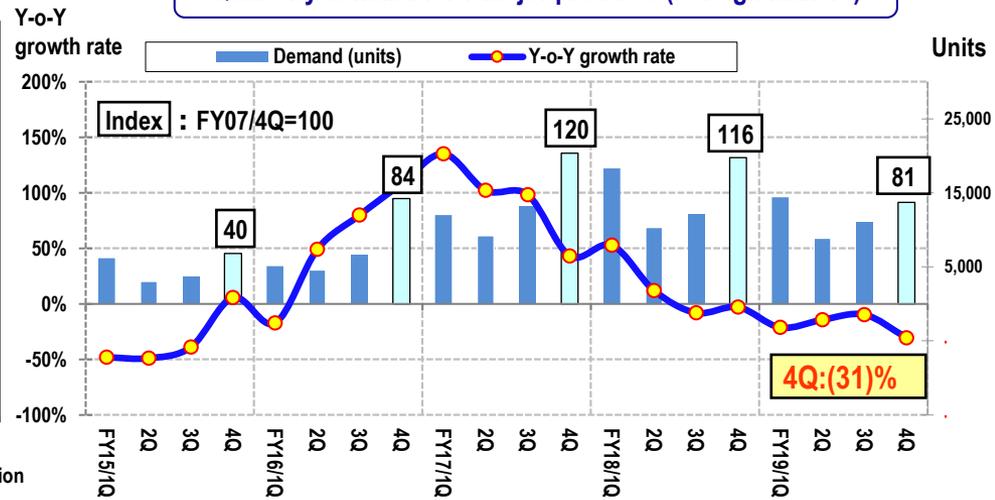


- In FY2019, demand decreased presumably by 21% from FY2018.
- The decline was caused by a growing market share of domestic makers and the spread of coronavirus infections.

Annual demand for 7 major products (Foreign makers)

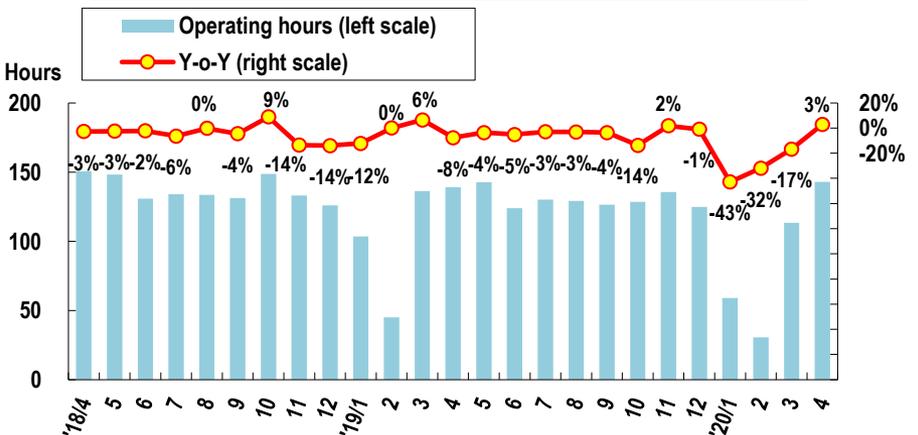


Quarterly demand for 7 major products (Foreign makers)

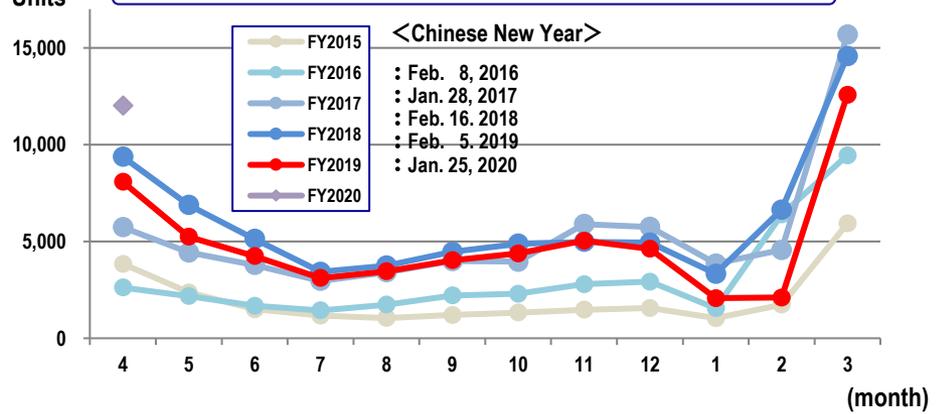


[Source]: Demand for 7 major products and hydraulic excavators estimated by Komatsu

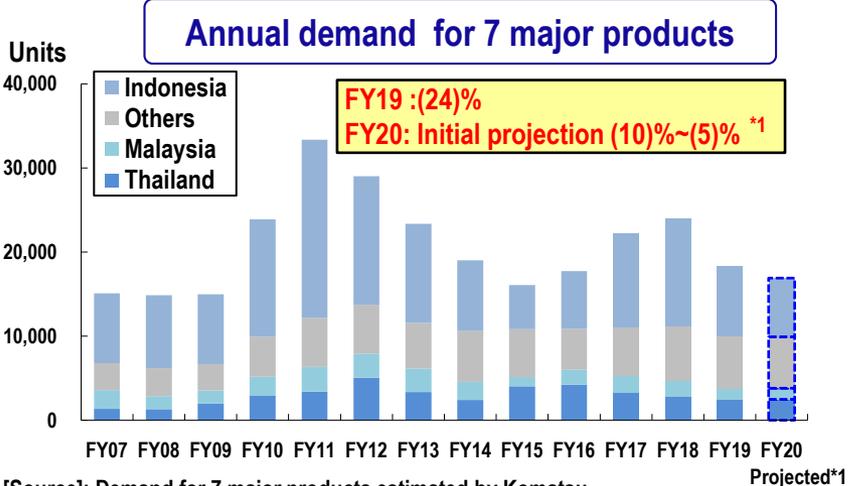
KOMTRAX in China : Average operating hours per month



Monthly demand for hydraulic excavators : All model

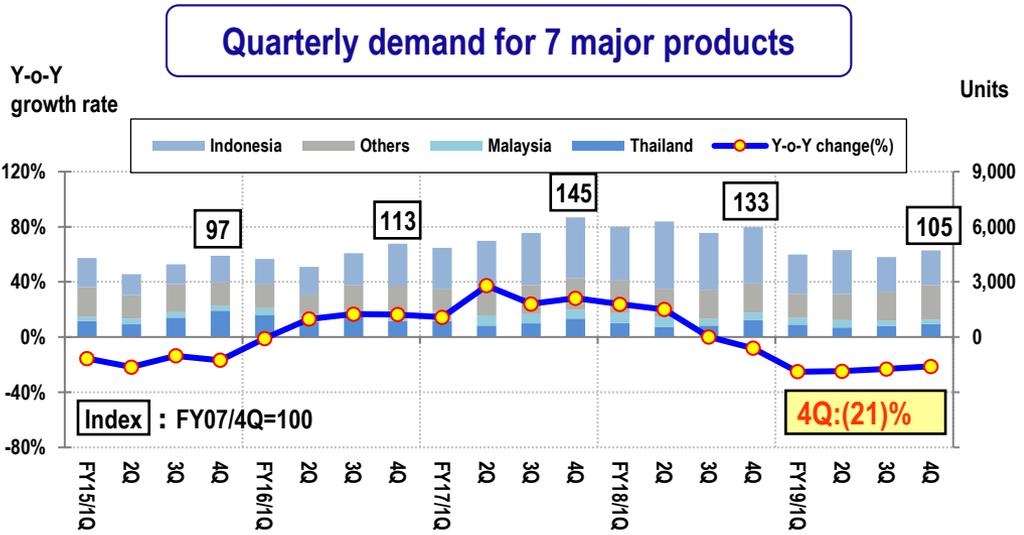


- In FY2019, demand decreased presumably by 24% from FY2018.
- In Indonesia, the largest market of the region, demand for construction and mining equipment declined, reflecting no substantial growth in infrastructure investment after the presidential election as well as sluggish price of thermal coal.

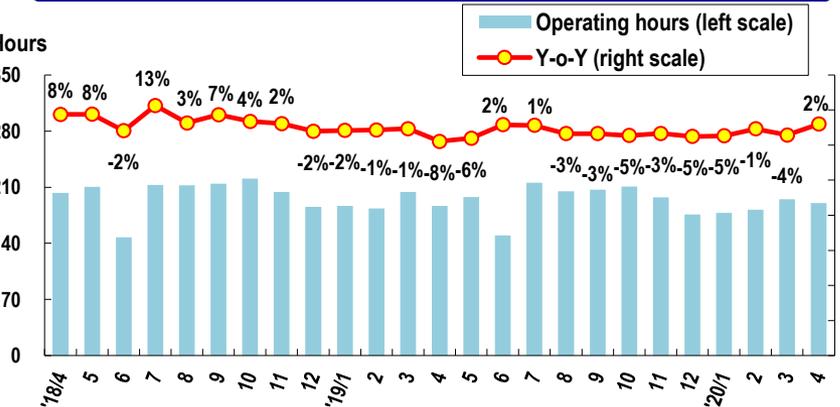


[Source]: Demand for 7 major products estimated by Komatsu

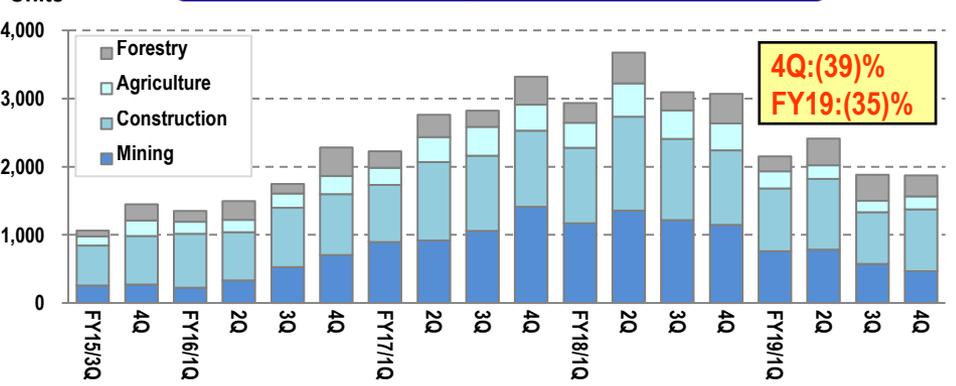
*1 Note: Projected at the time of FY2020 budgeting. For reference only and not projection as of now.



KOMTRAX in Indonesia: Average operating hours per month



Indonesia: Demand for construction & mining equipment by industrial sector



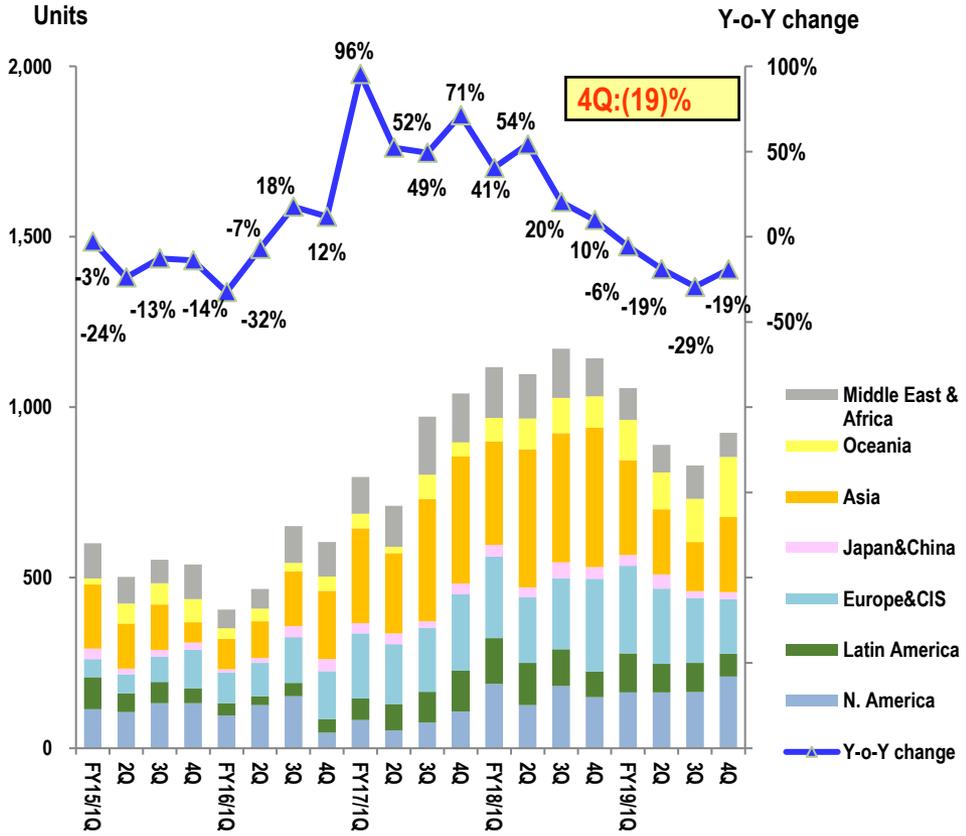
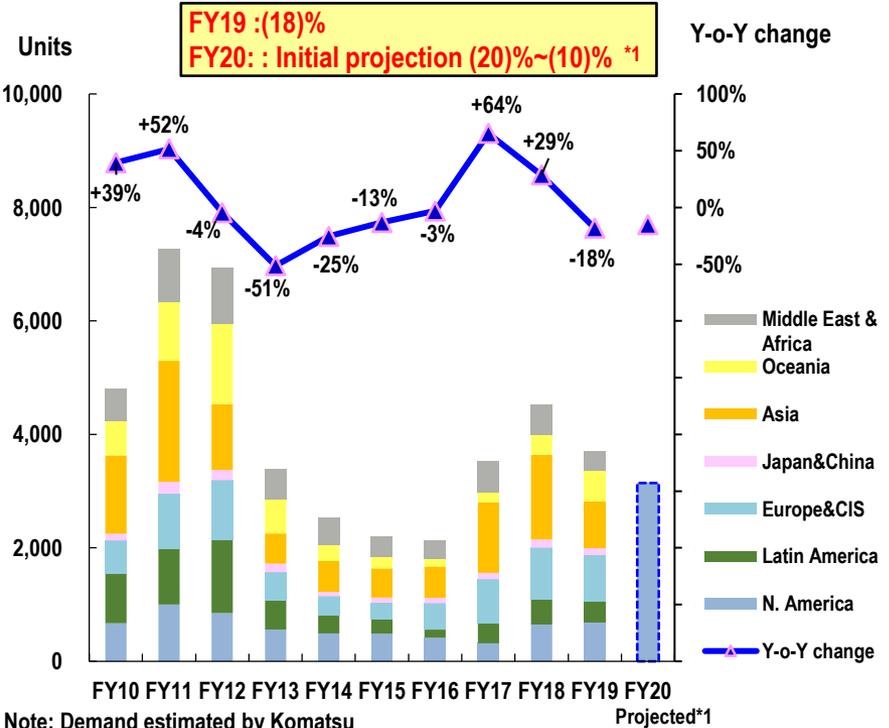
Construction, Mining & Utility Equipment : Actual and Projected Demand for Mining Equipment

• In FY2019, global demand for mining equipment decreased presumably by 18% from FY2018.

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

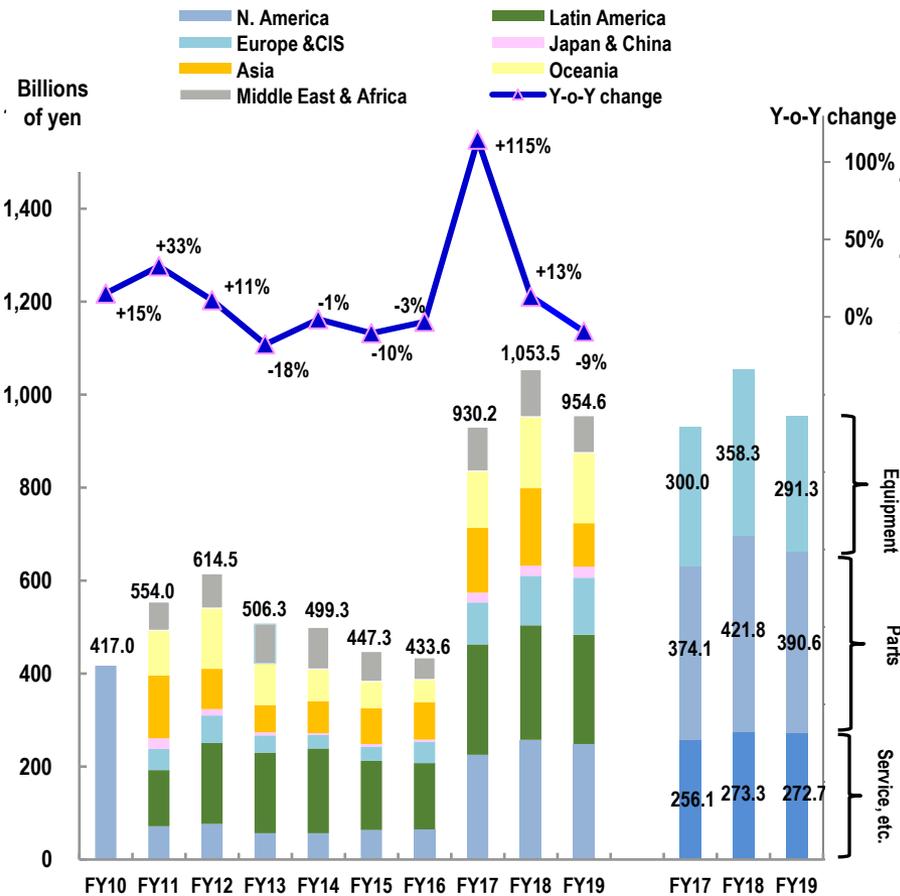
Quarterly demand for mining equipment



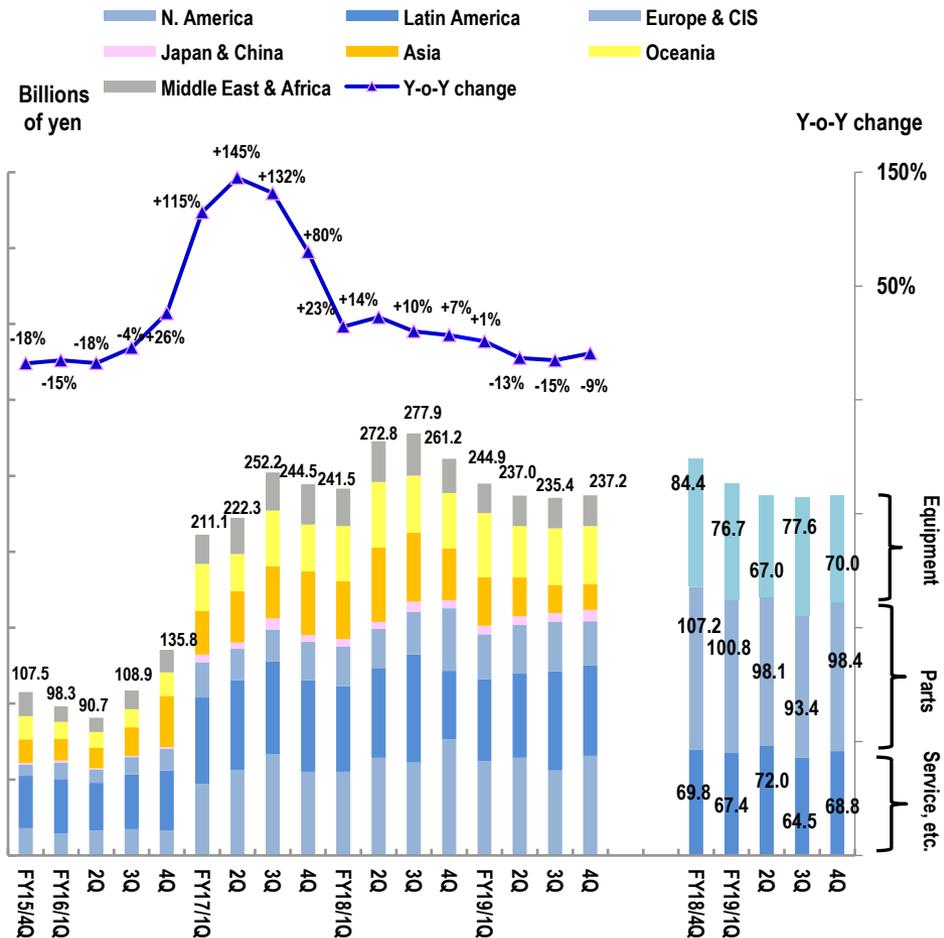
Note: Demand estimated by Komatsu
*1 Note: Projected at the time of FY2020 budgeting. For reference only and not projection as of now.

• In FY2019, sales decreased by 9% from FY2018, to JPY954.6 billion.

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



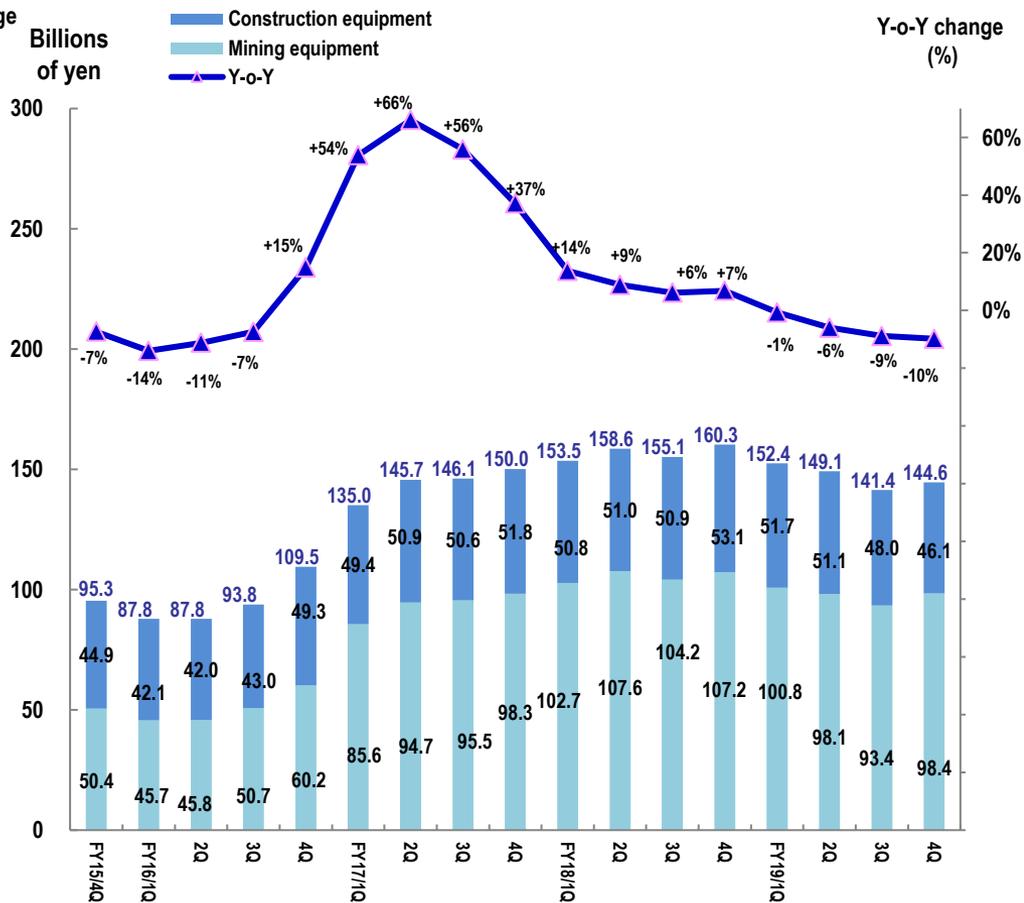
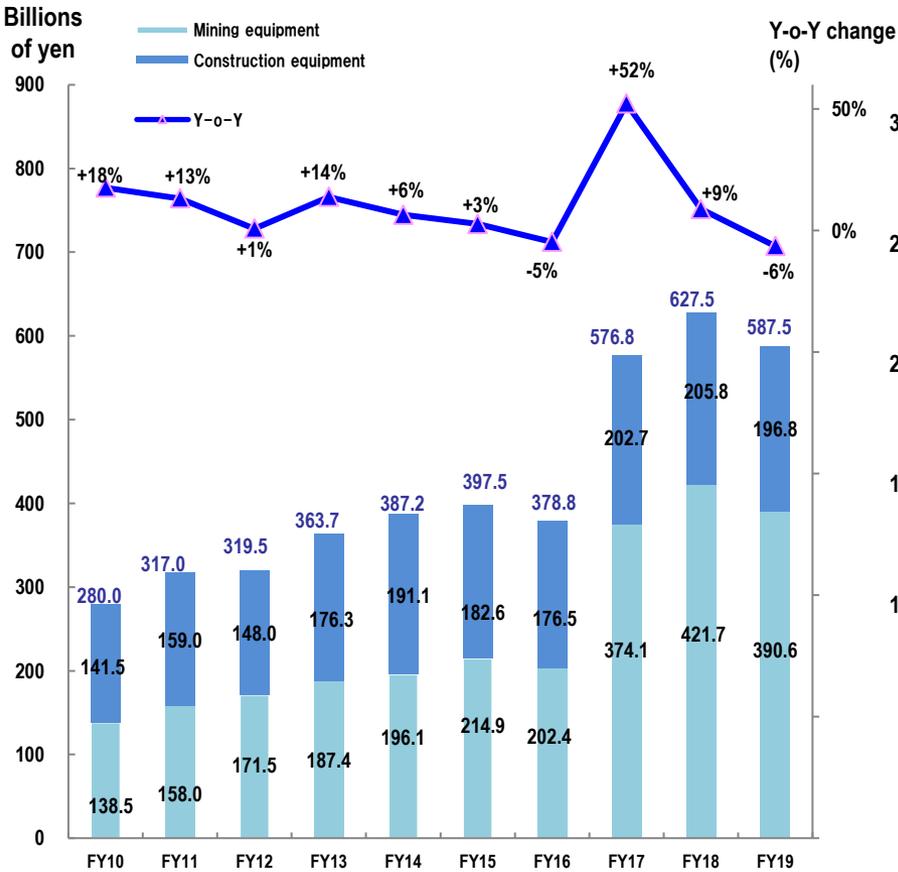
Quarterly sales of mining equipment (incl. parts and service)



• In FY2019, sales of parts decreased by 6% from FY2018, to JPY 587.5 billion.

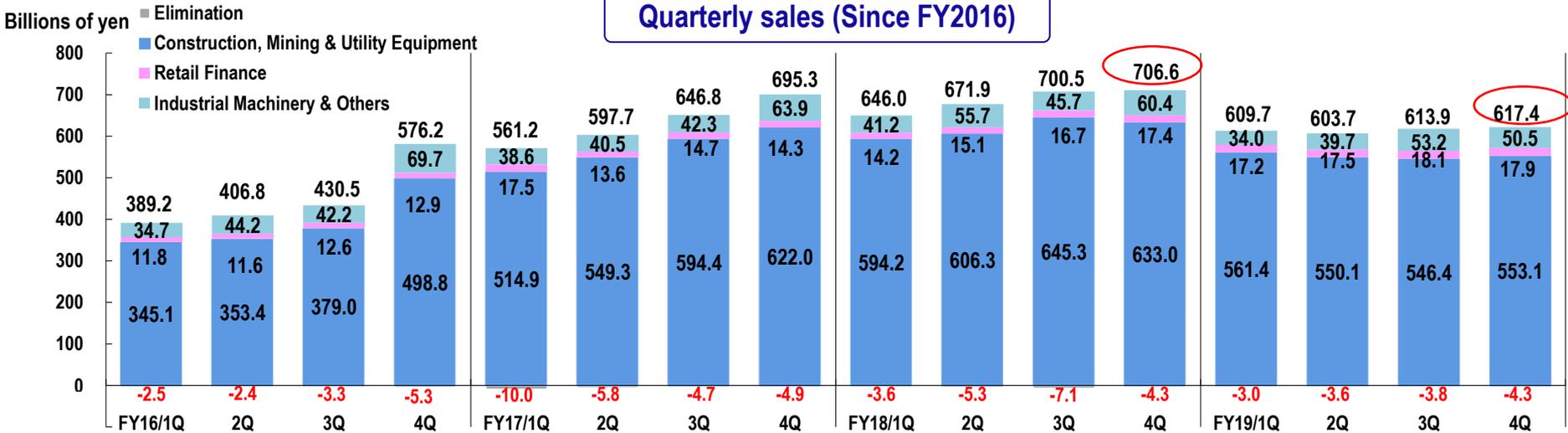
Annual sales of parts

Quarterly sales of parts



Appendix

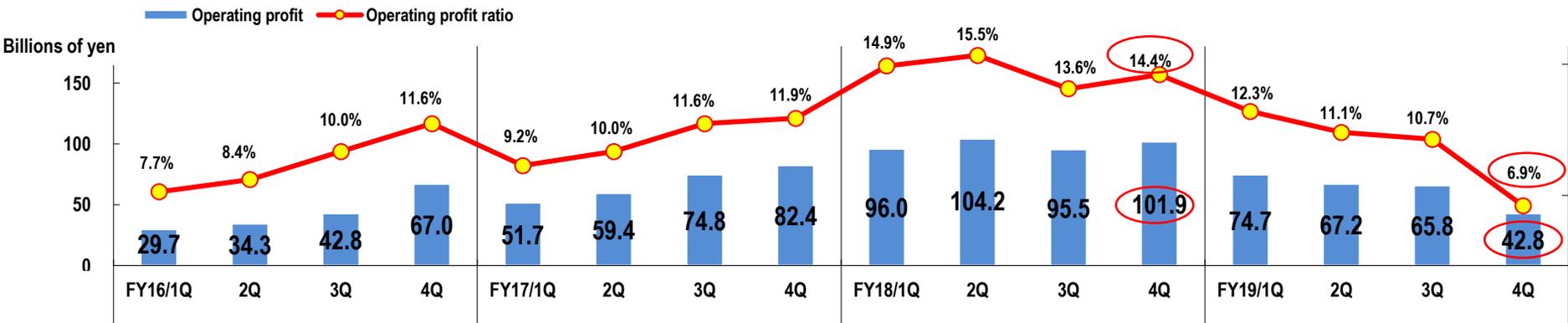
Quarterly sales (Since FY2016)



Exchange rates

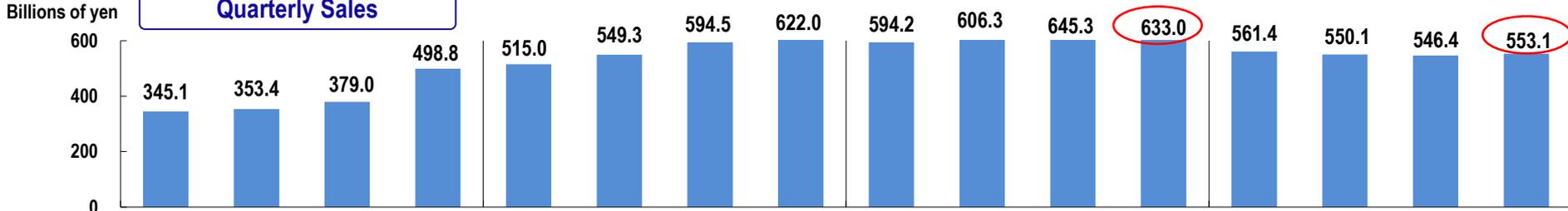
	16/1Q	16/2Q	16/3Q	16/4Q	17/1Q	17/2Q	17/3Q	17/4Q	18/1Q	18/2Q	18/3Q	18/4Q	19/1Q	19/2Q	19/3Q	19/4Q
¥/USD	109.8	102.9	106.9	114.7	111.2	110.9	113.0	109.6	108.2	111.2	113.5	109.4	110.0	107.9	108.6	108.1
¥/EUR	124.3	114.6	116.7	121.4	121.6	129.9	133.2	133.7	130.1	129.6	129.6	124.7	123.2	120.0	119.7	120.0
¥/RMB	16.9	15.4	15.7	16.7	16.3	16.6	17.0	17.2	17.1	16.4	16.4	16.2	16.2	15.5	15.4	15.5

Quarterly operating income (Since FY2016)



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

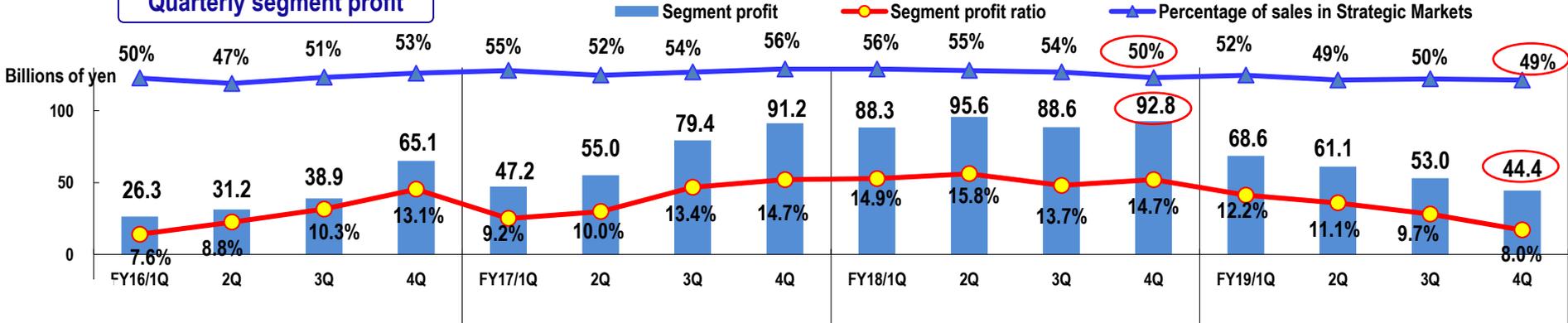
Quarterly Sales



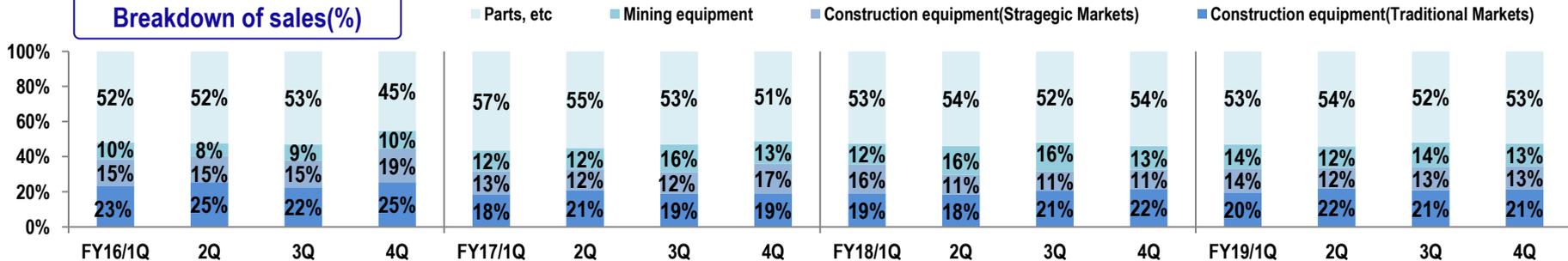
Exchange rates

Currency	FY16/1Q				FY17/1Q				FY18/1Q				FY19/1Q			
	16/1Q	16/2Q	16/3Q	16/4Q	17/1Q	17/2Q	17/3Q	17/4Q	18/1Q	18/2Q	18/3Q	18/4Q	19/1Q	19/2Q	19/3Q	19/4Q
¥/USD	109.8	102.9	106.9	114.7	111.2	110.9	113.0	109.6	108.2	111.2	113.5	109.4	110.0	107.9	108.6	108.1
¥/EUR	124.3	114.6	116.7	121.4	121.6	129.9	133.2	133.7	130.1	129.6	129.6	124.7	123.2	120.0	119.7	120.0
¥/RMB	16.9	15.4	15.7	16.7	16.3	16.6	17.0	17.2	17.1	16.4	16.4	16.2	16.2	15.5	15.4	15.5

Quarterly segment profit

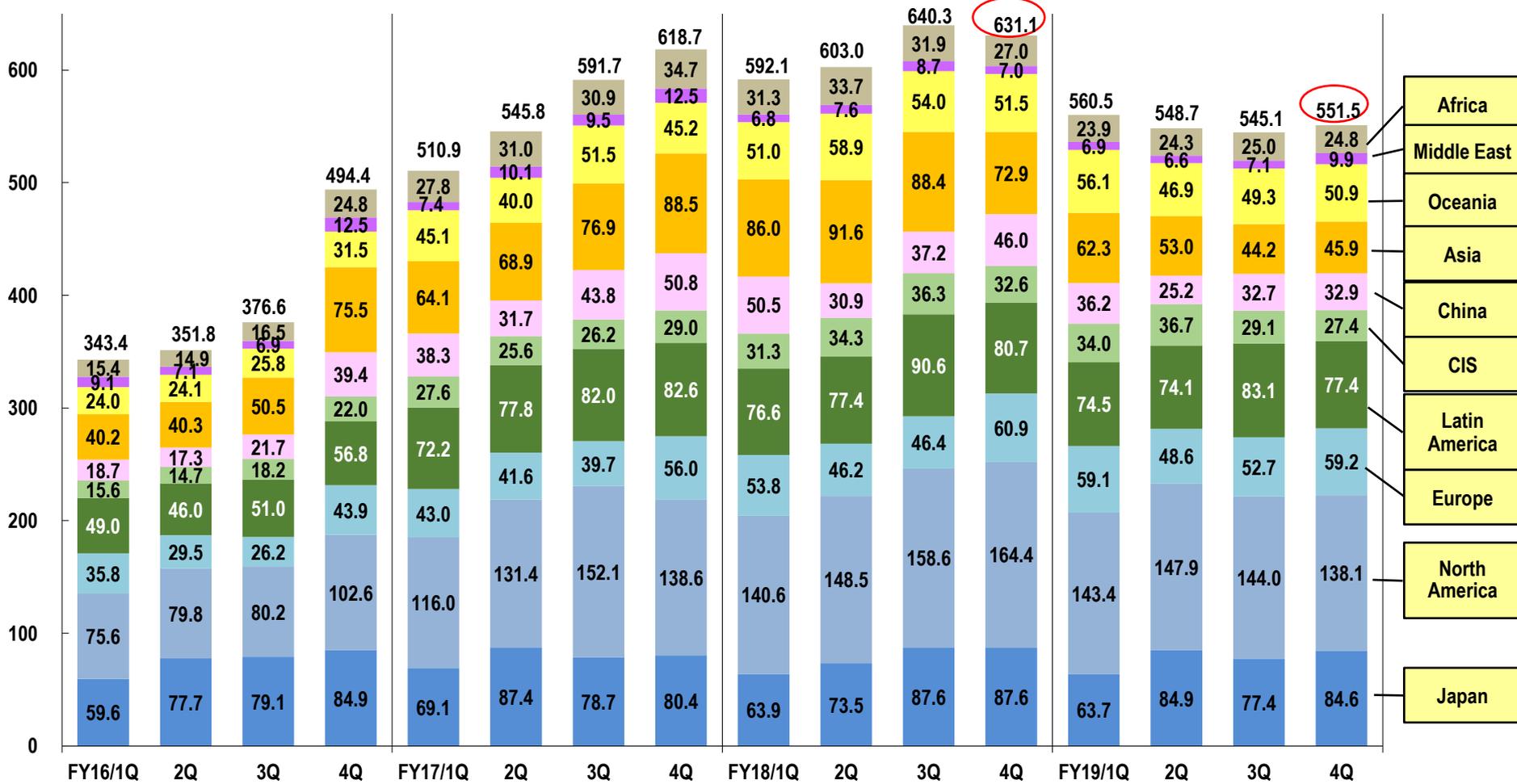


Breakdown of sales(%)



Construction, Mining & Utility Equipment: Quarterly Sales by Region (To Outside Customers) 35

Billions of yen



Exchange rates

	16/1Q	16/2Q	16/3Q	16/4Q
¥/USD	109.8	102.9	106.9	114.7
¥/EUR	124.3	114.6	116.7	121.4
¥/RMB	16.9	15.4	15.7	16.7

	17/1Q	17/2Q	17/3Q	17/4Q
¥/USD	111.2	110.9	113.0	109.6
¥/EUR	121.6	129.9	133.2	133.7
¥/RMB	16.3	16.6	17.0	17.2

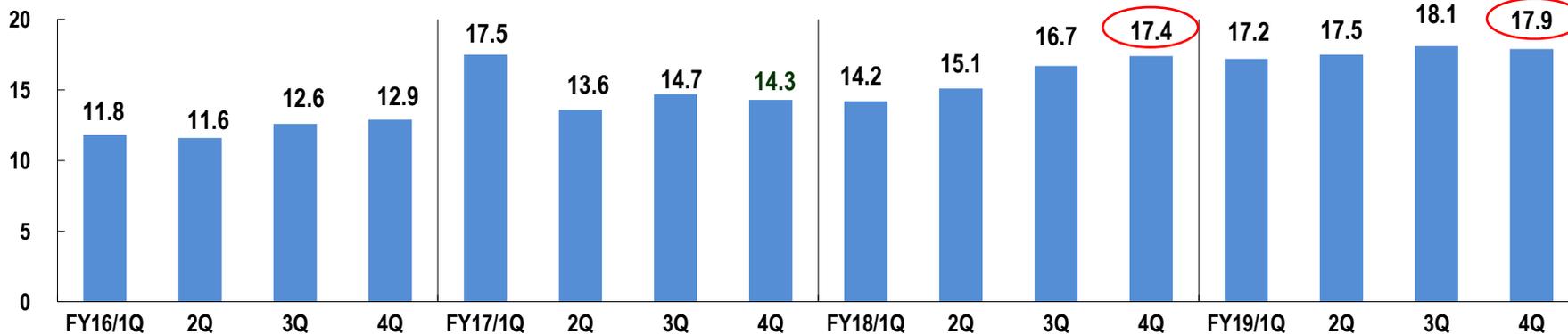
	18/1Q	18/2Q	18/3Q	18/4Q
¥/USD	108.2	111.2	113.5	109.4
¥/EUR	130.1	129.6	129.6	124.7
¥/RMB	17.1	16.4	16.4	16.2

	19/1Q	19/2Q	19/3Q	19/4Q
¥/USD	110.0	107.9	108.6	108.1
¥/EUR	123.2	120.0	119.7	120.0
¥/RMB	16.2	15.5	15.4	15.5

Retail Finance: Quarterly Sales and Segment Profit

Billions of yen

Quarterly sales

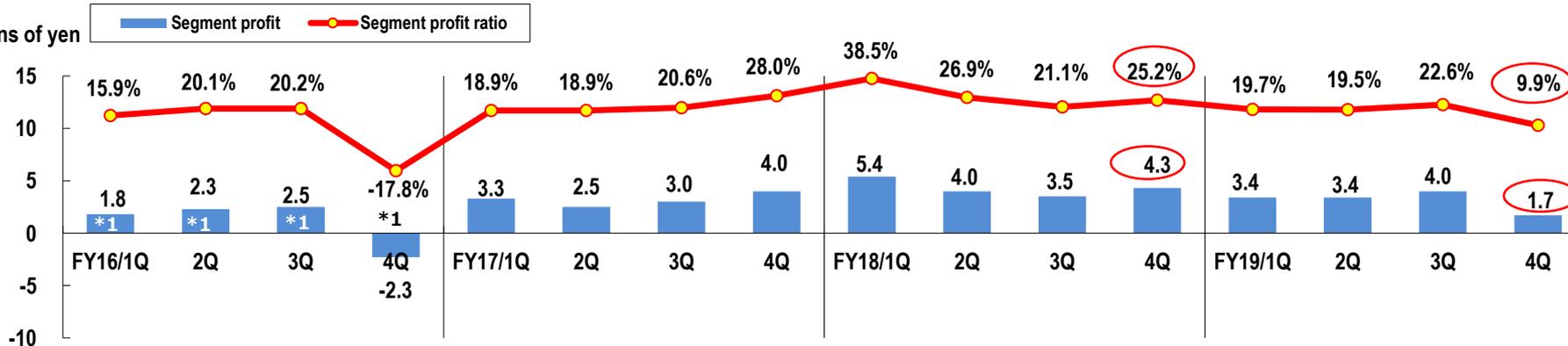


Exchange rates

	16/1Q	16/2Q	16/3Q	16/4Q	17/1Q	17/2Q	17/3Q	17/4Q	18/1Q	18/2Q	18/3Q	18/4Q	19/1Q	19/2Q	19/3Q	19/4Q
¥/USD	109.8	102.9	106.9	114.7	111.2	110.9	113.0	109.6	108.2	111.2	113.5	109.4	110.0	107.9	108.6	108.1
¥/EUR	124.3	114.6	116.7	121.4	121.6	129.9	133.2	133.7	130.1	129.6	129.6	124.7	123.2	120.0	119.7	120.0
¥/RMB	16.9	15.4	15.7	16.7	16.3	16.6	17.0	17.2	17.1	16.4	16.4	16.2	16.2	15.5	15.4	15.5

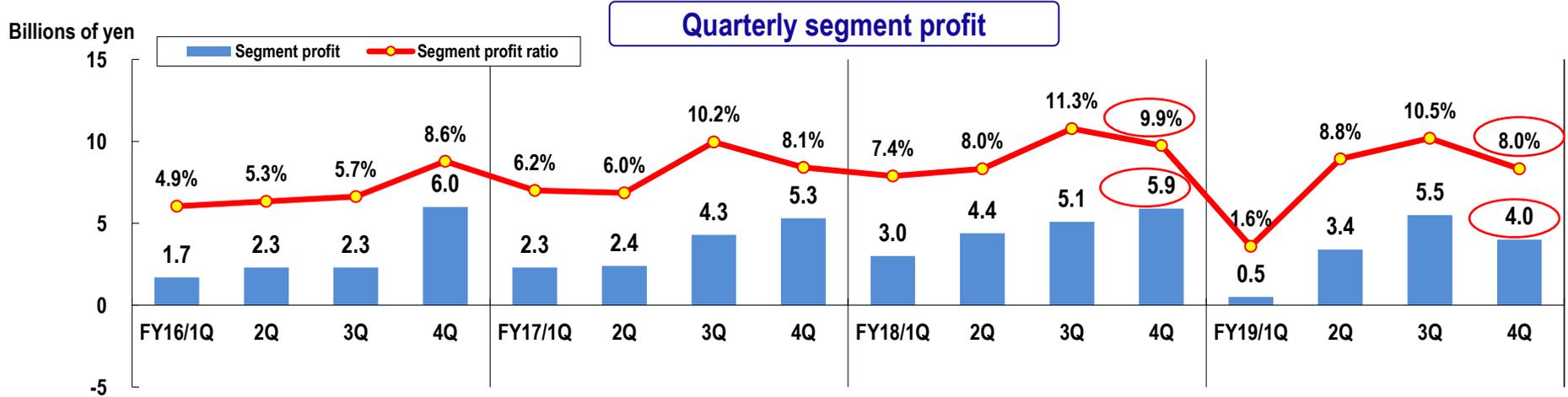
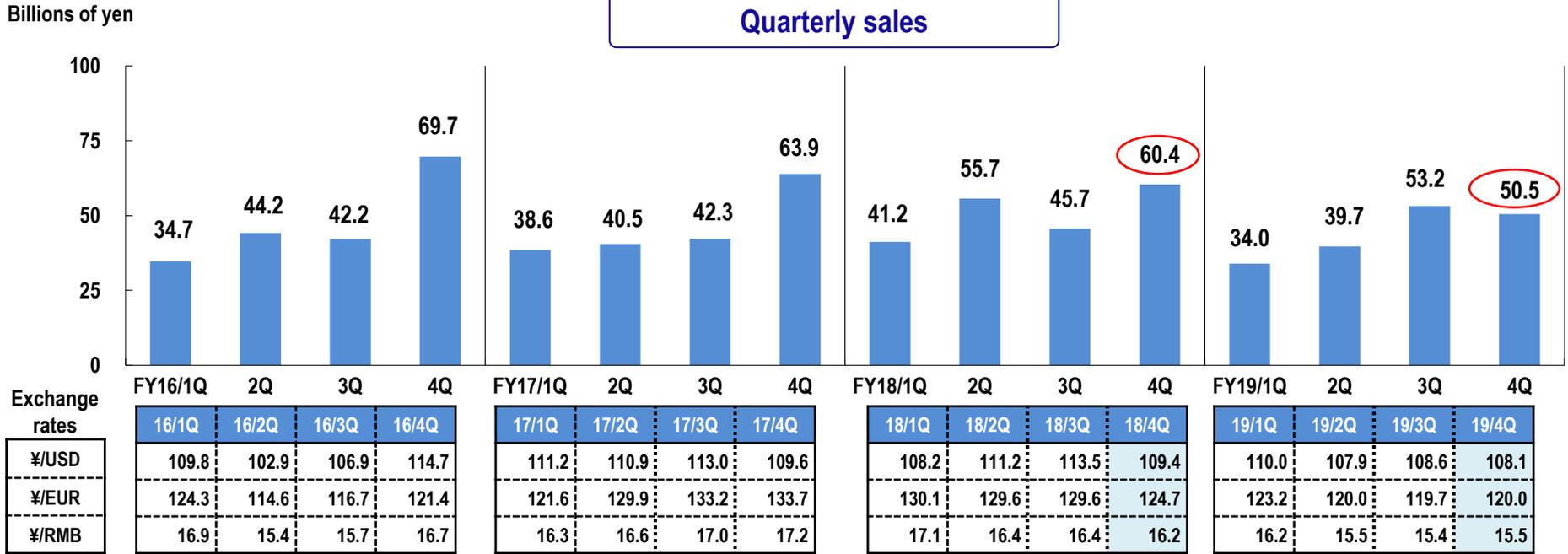
Quarterly segment profit

Billions of yen



*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)

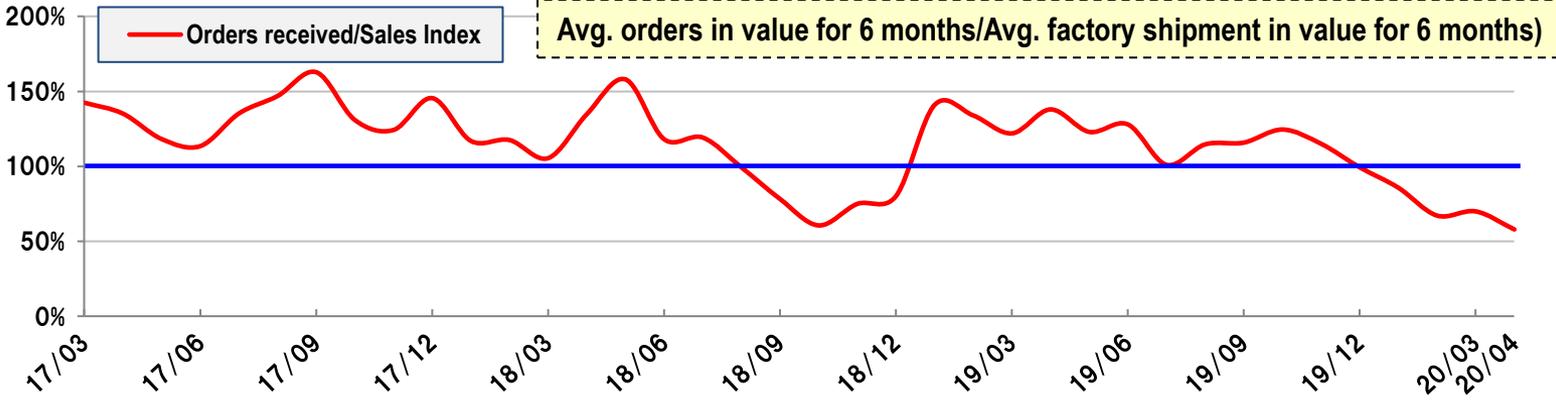
Industrial Machinery & Others: Quarterly Sales and Segment Profit



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

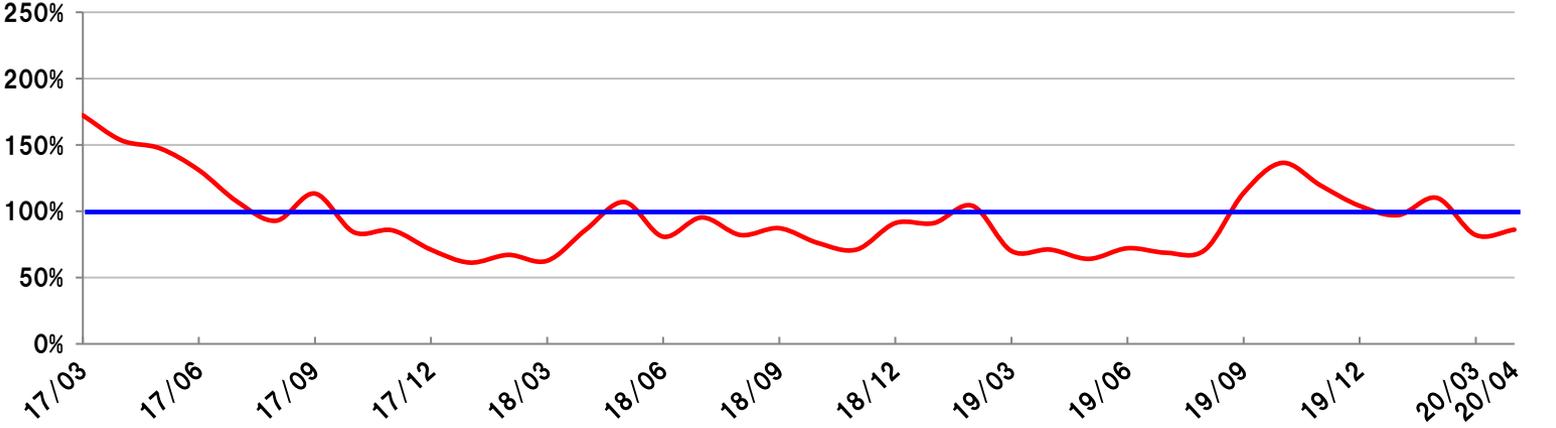
**Komatsu America
(Mining eqpt)**

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



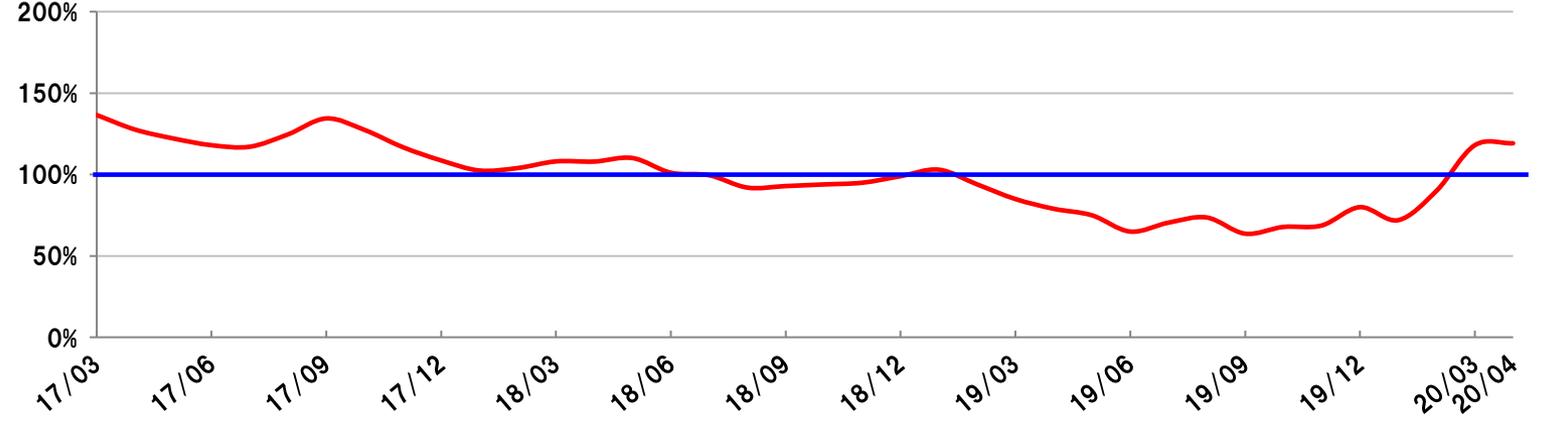
**Komatsu Germany
(Mining eqpt)**

PC3000, PC4000
PC5500, PC7000
PC8000



**Komatsu Ltd.
(Mining eqpt)**

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

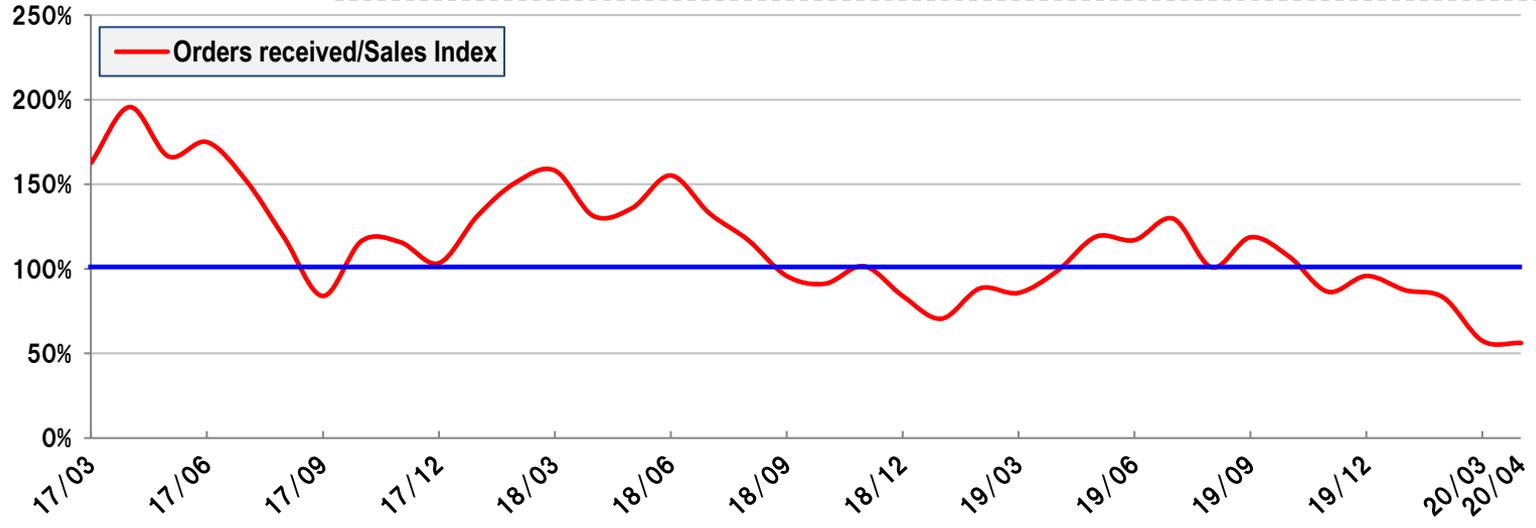


Book-to-Bill Ratio for KMC Mining Equipment (6 Months)

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

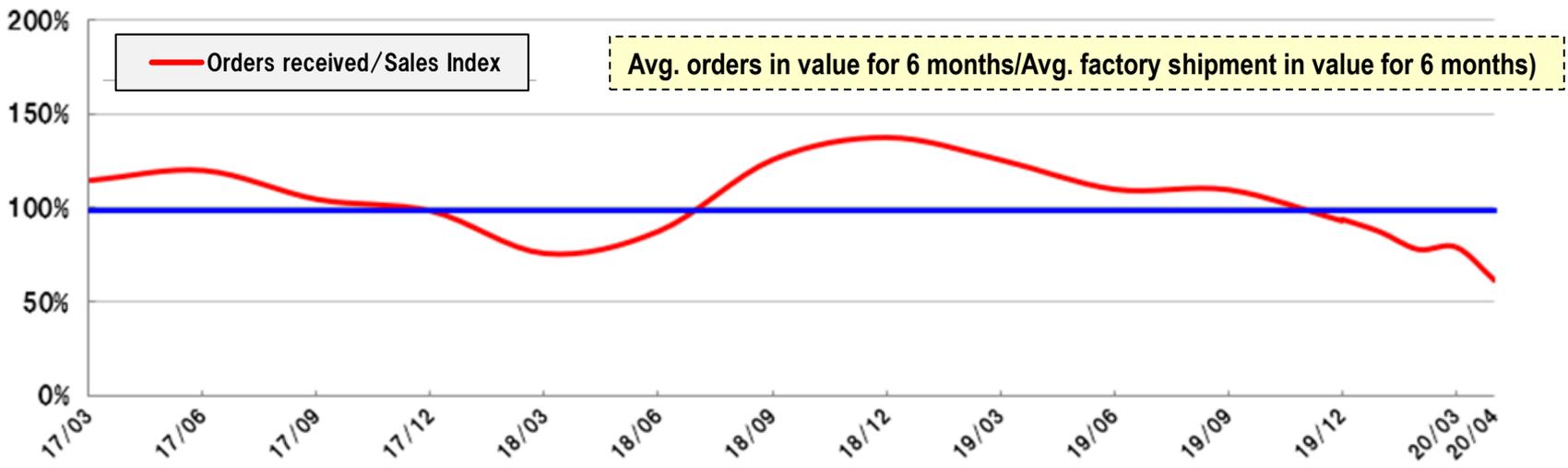
KMC
(Mining eqpt)

- < Surface >
 - Rope Shovel
 - Blasthole Drills
 - Dragline ,etc
- < Underground >
 - Continuous Miner
 - Sheerer
 - Load Haul Dump Machine
 - Jumbo Drills,etc

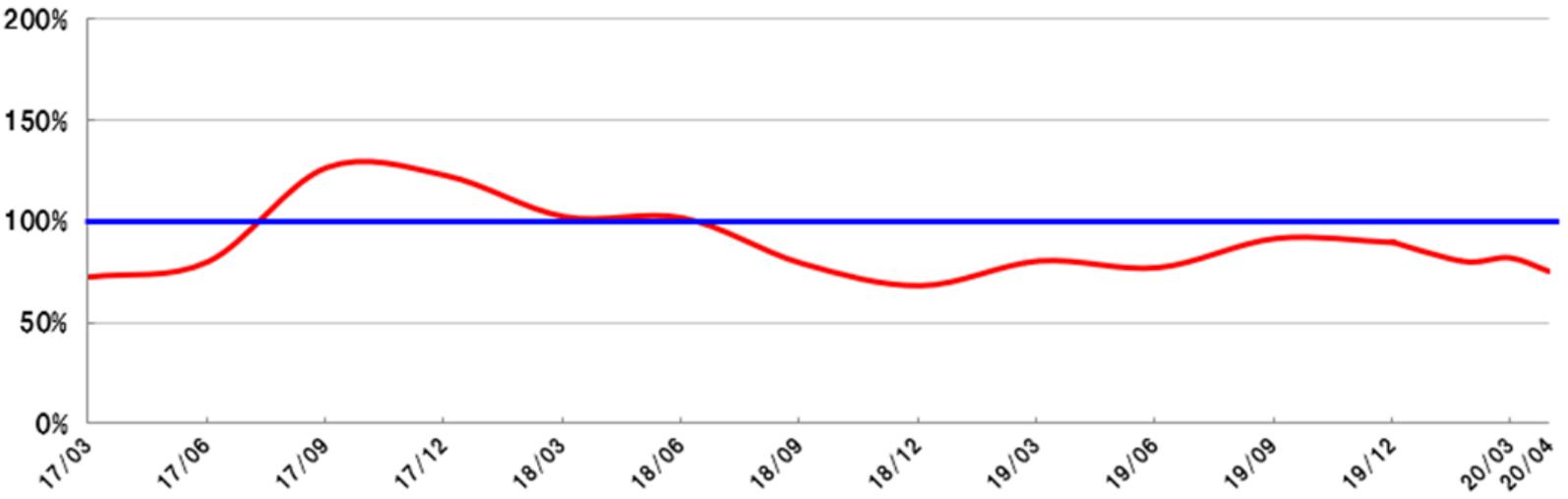


Book-to-Bill Ratio for Industrial Machinery (6 Months)

Komatsu Industries



Komatsu NTC





Our presentation at CONEXPO in Las Vegas on March 10, 2020

In April 2020, we accelerated the pace of achieving digital transformation of construction worksites by further advancing SMARTCONSTRUCTION.

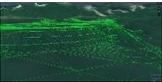
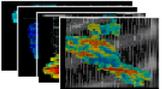


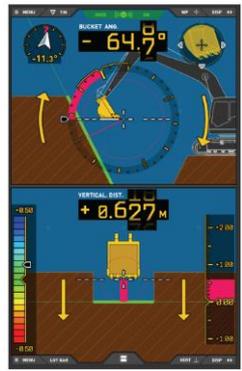
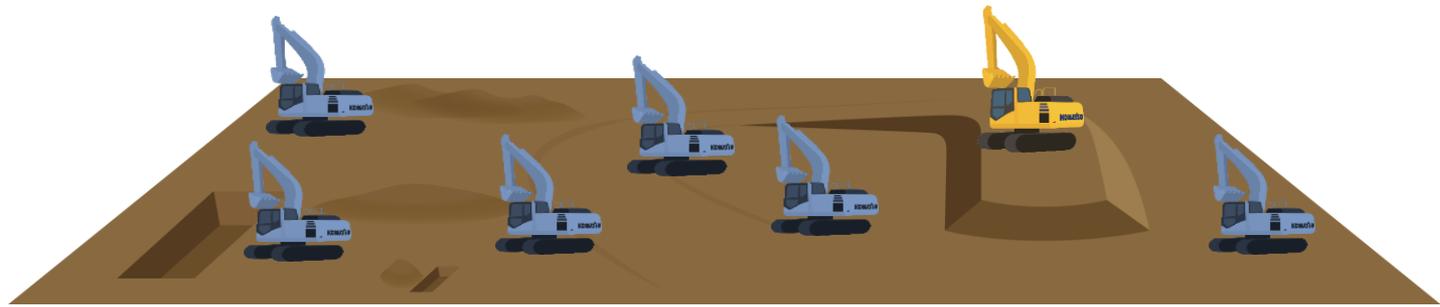
We steadily began introduction of four IoT devices and eight applications.



We are going to launch SMARTCONSTRUCTION in the United States and Europe (the United Kingdom, Germany, France and Denmark).

In April we launched sales of “SMARTCONSTRUCTION Retrofit Kit” which will change all hydraulic excavators on construction sites to perform like leading-edge ICT-intensive models.

	Non-ICT-intensive models	ICT-intensive models	Retrofit kit	Becoming possible with the retrofit kit
	Not possible	Possible	Possible	Possible to perform high-precision 3D construction based on 3D design data
	Not possible	Possible Semi-automatic	Not possible Limited to guidance	
	Not possible	No need	No need	No need for staking and support workers, thereby improving safety and productivity
	Not possible to obtain	High precision Possible to obtain	High precision Possible to obtain	Possible to obtain construction records in the digital format and on a real-time basis



“Gentleness” of cutting-edge technologies
Introducing Komatsu Zero-emission mini excavator

Electric mini excavator:

“Gentle” to operators, local residents, natural environment and all other things

PC30E-5

ECOLOGY & SAFETY

Eco-friendly battery and electric motor

- ★ No emission gas and waste heat, thereby improving work environment
- ★ Reduced machine and ambient noise
- ★ Zero CO2 emissions on construction sites

MAINTENANCE

No maintenance needed for engine-related devices

- ★ Fewer items for daily inspection and periodic maintenance
- Daily inspection: 9 ⇒ 5 items. Periodic inspection: 16 ⇒ 11 items

CHARGING & KOMTRAX

Optimal charging control and prevention of early deterioration of batteries

- ★ Equipped with standard charger. Capable for rapid charging.
- ★ Able to monitor daily conditions of the battery via KOMTRAX



Output (net): 17.4kW
 Standard bucket capacity: 0.09m³

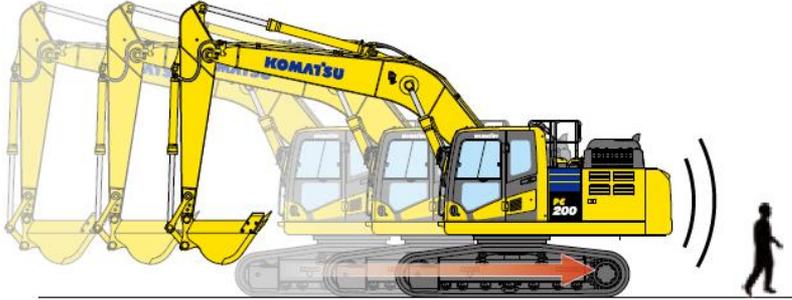


<Monitor>

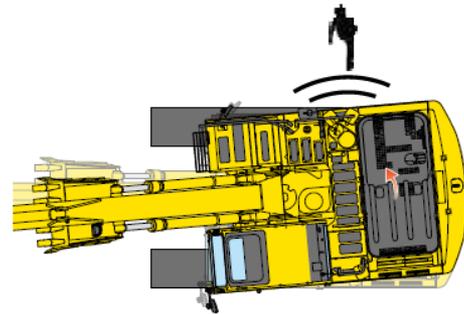


Equipped with the Human Detection & Collision Mitigation System

When starting to travel or even while traveling at low speed, the excavator **stops low-speed traveling** as soon as **person(s) is detected** inside the stop-controlled area.



When starting to swing from the halting position, the excavator **stops swinging** as soon as it **detects person(s)** inside the stop-controlled area.





Komatsu was selected as a component of the **Dow Jones Sustainability World Index (DJSI World)** in 2019, an internationally leading SRI index.



In 2019, **Komatsu has been identified as Climate "A" List company by CDP**, the non-profit global environmental disclosure platform.

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.