

# Business Results for Three and Six Months Ended September 30, 2013

October 28, 2013

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## Highlights of the First Six-Month Period ended September 30, 2013

### 1. Sales and Profits

- For the first six-month period under review, consolidated net sales totaled JPY925.1 billion, down 0.6% from the corresponding period a year ago. Operating income decreased by 2.1% to JPY108.9 billion.
- Net income advanced by 19.2% to JPY78.8 billion.

	Apr.-Sep.,2012(1H)	Apr.-Sep.,2013(1H)	Vs. 1H, FY2012
Net sales	930.8 bn yen	925.1 bn yen	(0.6) %
Operating income	111.2 bn yen	108.9 bn yen	(2.1) %
Operating income ratio	12.0 %	11.8 %	(0.2) pts.
Net income*	66.1 bn yen	78.8 bn yen	+19.2 %

\* "Net income" is equivalent to "Net income attributable to Komatsu Ltd." in accordance with the FASB Accounting Standards Codification (ASC) 810.

### 2. Review of two business segments

#### Construction, Mining and Utility Equipment

We worked to compensate for dropped demand for mining equipment as affected by sluggish commodity prices mainly by expanding sales volume of construction equipment in Japan where demand has been steady and in China where demand has upturned for recovery. However, sales declined by 1.1%. Segment profit decreased by 3.5%.

#### Industrial Machinery and Others

- Both sales and profits increased, supported by steady sales of sheet-metal and press machines, including large presses.
- Segment profit ratio improved by 1.4 percentage points to 4.8%.

### 3. Interim cash dividend :29 yen (FY2012 interim : 24yen)

Note: "First half period" (1st half or 1H) is used to indicate the first six-month period (April – September) in this presentation material, when sufficient space is not available.

## Sales and Profits for Three months (July-September, 2013)

- For the second quarter under review (July –September 2013), net sales increased by 2.0% from the corresponding period a year ago, to JPY469.9 billion, as we compensated for dropped demand for mining equipment by capitalizing on demand for construction equipment in Japan and China as well as expanding sales volume of industrial machinery to the automobile manufacturing industry with steady capital investment.

- Net income expanded by 22.2% to JPY41.5 billion.

☐ : Profit ratio [ ] : Sales after elimination of inter-segment transactions Billions of yen

	Jul.-Sep., 2012 (2Q FY12) USD1 = JPY78.7 EUR1 = JPY98.3 RMB1 = JPY12.4		Jul.-Sep., 2013 (2Q FY13) USD1 = JPY98.6 EUR1 = JPY129.9 RMB1 = JPY16.1		Changes			
					Increase (decrease)	% Change		
<b>Net sales</b>		460.9		469.9	+9.0	+2.0%		
- Construction, mining & utility equipment	[408.7]	409.3	[412.8]	413.4	[+4.1]	+4.0	[+1.0%]	+1.0%
- Industrial machinery & others	[52.1]	54.1	[57.0]	59.2	[+4.9]	+5.1	[+9.5%]	+9.4%
- Elimination		(2.5)		(2.6)	(0.1)		-	
<b>Segment profit</b>	☐ 12.2%	56.0	☐ 12.0%	56.5	+0.5		+0.9%	
- Construction, mining & utility equipment	☐ 13.5%	55.3	☐ 12.9%	53.1	(2.1)		(4.0)%	
- Industrial machinery & others	☐ 1.7%	0.9	☐ 6.7%	3.9	+3.0		+330.8%	
- Corporate & elimination		(0.2)		(0.6)	(0.3)		-	
Other operating income (expenses)		(0.4)		(0.0)	+0.4		-	
<b>Operating income</b>	☐ 12.1%	55.5	☐ 12.0%	56.5	+0.9		+1.8%	
Other income (expenses)		(1.4)		4.3	+5.7		-	
Net income before income taxes		54.1		60.8	+6.7		+12.4%	
<b>Net income *</b>		33.9		41.5	+7.5		+22.2%	

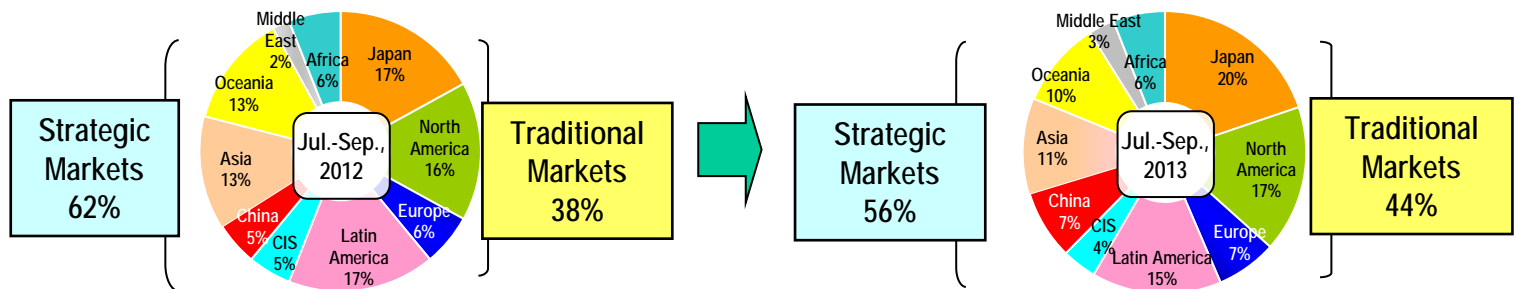
\* Upon adoption of ASC 810, "Net income" is equivalent to "Net income attributable to Komatsu Ltd."

## Construction, Mining & Utility Equipment: Breakdown of Sales for Three Months(Jul.-Sep.,2013) 4

For the second quarter under review (July –September 2013), while sales declined in Oceania, Latin America and Asia centering on Indonesia, as affected by a drop in demand for mining equipment, total sales increased by 1.0% from the corresponding period a year ago, to JPY412.8 billion yen, mainly supported by increased sales in Japan where demand has been steady and in China where demand has upturned for recovery.

Billions of yen		Jul.-Sep.,2012 (2Q FY12)	Jul.-Sep.,2013 (2Q FY13)	Change	
				Increase (decrease)	% Change
Traditional Markets	Japan	69.8	83.5	13.7	19.6%
	North America	63.9	70.6	6.7	10.5%
	Europe	23.0	26.7	3.7	16.1%
Strategic Markets	Latin America	69.3	61.6	(7.7)	(11.2)%
	CIS	19.2	17.2	(2.0)	(10.6)%
	China	21.7	31.3	9.5	43.8%
	Asia	52.4	43.9	(8.4)	(16.1)%
	Oceania	54.8	39.7	(15.0)	(27.5)%
	Middle East	9.0	13.6	4.5	50.2%
	Africa	25.1	24.3	(0.8)	(3.2)%
Total		408.7	412.8	4.1	1.0%
Mining equipment in total above		163.3	119.2	(44.1)	(27.0)%

Breakdown of sales by region



# Sales and Profits for Six Months (April-September, 2013)

For the first six-month period under review, we worked to compensate for dropped demand for mining equipment as affected by delayed recovery of commodity prices by expanding sales volume of construction equipment in Japan where demand has been steady and in China where demand has upturned for recovery as well as expanding sales volume of industrial machinery to the automobile manufacturing industry with steady capital investment. However, consolidated net sales totaled JPY925.1 billion, down 0.6% from the corresponding period a year ago. Operating income decreased by 2.1% to JPY108.9 billion.

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

Billions of yen

	Apr.-Sep.,2012 (1H FY12) USD1= JPY79.6 EUR1= JPY101.5 RMB1= JPY12.6		Apr.-Sep.,2013 (1H FY13) USD1= JPY98.0 EUR1= JPY128.2 RMB1= JPY15.9		Changes			
					Increase (decrease)	% Change		
Net sales	930.8		925.1		(5.7)	(0.6)%		
- Construction, mining & utility equipment	[837.6]	839.1	[828.7]	830.0	[(8.8)]	(9.0)	[(1.1)%]	(1.1)%
- Industrial machinery & others	[93.1]	97.1	[96.3]	99.5	[3.1]	2.4	[3.4%]	2.5%
- Elimination	(5.5)		(4.5)		0.9	-		
Segment profit	[12.0%]	111.2	[11.8%]	109.0	(2.1)		(2.0)%	
- Construction, mining & utility equipment	[13.1%]	109.5	[12.7%]	105.7	(3.7)		(3.5)%	
- Industrial machinery & others	[3.4%]	3.3	[4.8%]	4.8	1.5		45.7%	
- Corporate & elimination	(1.6)		(1.5)		0.0	-		
Other operating income (expenses)	(0.0)		(0.1)		(0.1)	-		
Operating income	[12.0%]	111.2	[11.8%]	108.9	(2.3)		(2.1)%	
Other income (expenses)	(5.8)		3.5		9.3	-		
Net income before income taxes	105.3		112.4		7.0		6.7%	
Net income *	66.1		78.8		12.6		19.2%	
Cash dividends per share	24 yen		29 yen		5 yen			

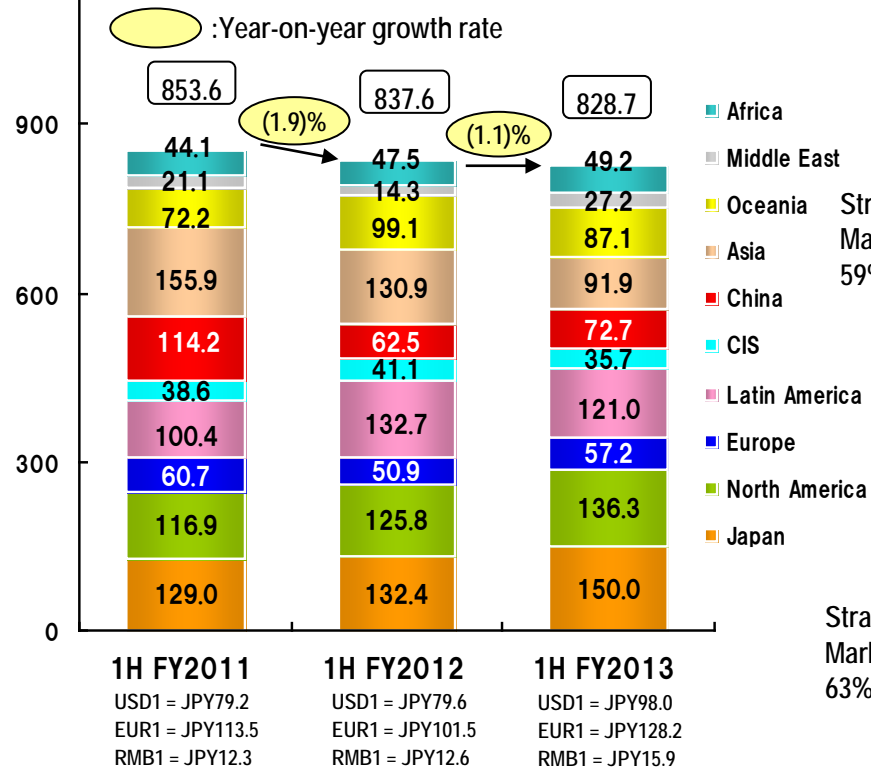
\*1 Upon adoption of ASC 810, "Net income" is equivalent to "Net income attributable to Komatsu Ltd."

## Construction, Mining & Utility Equipment: Sales by Region and Segment Profit

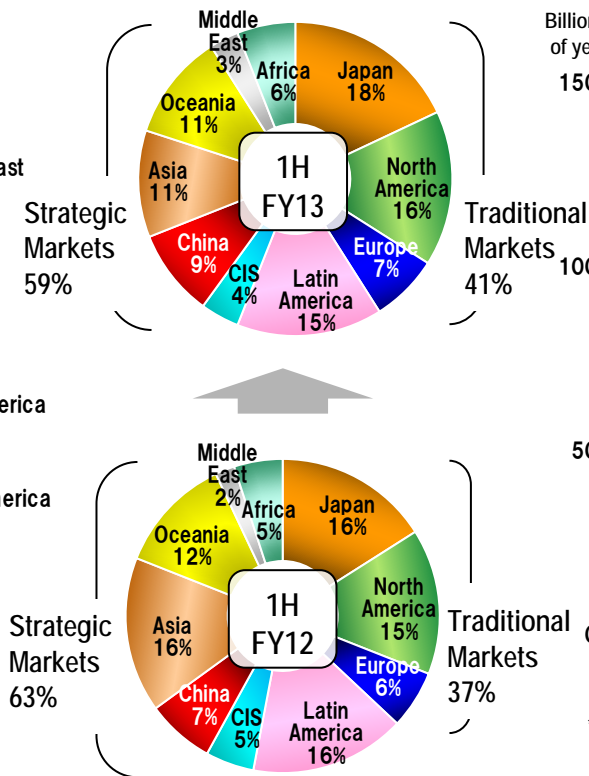
- While the percent share of Oceania, Latin America and Asia decreased, that of Traditional Markets increased, resulting from dropped demand for mining equipment in the first six-month period under review.
- For the first six-month period under review, we sustained a segment profit ratio comparable to the level for the corresponding period a year ago.

Billions of yen  
1,200

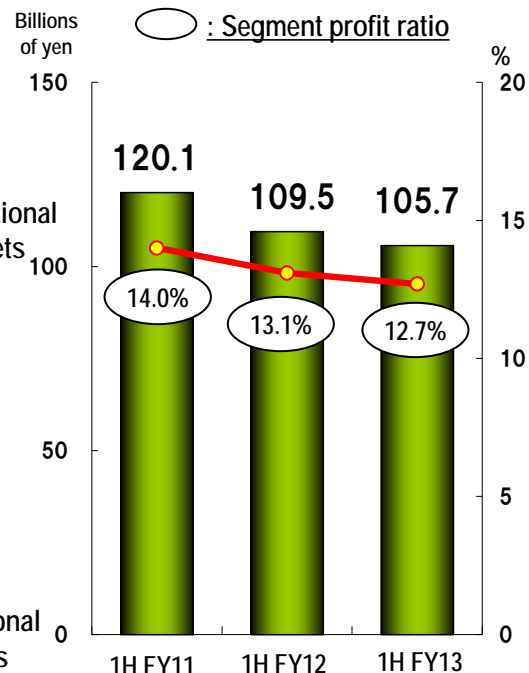
Sales by region (To outside customers)



Breakdown (%)



Segment profit



\*Sales before elimination of inter-segment transactions

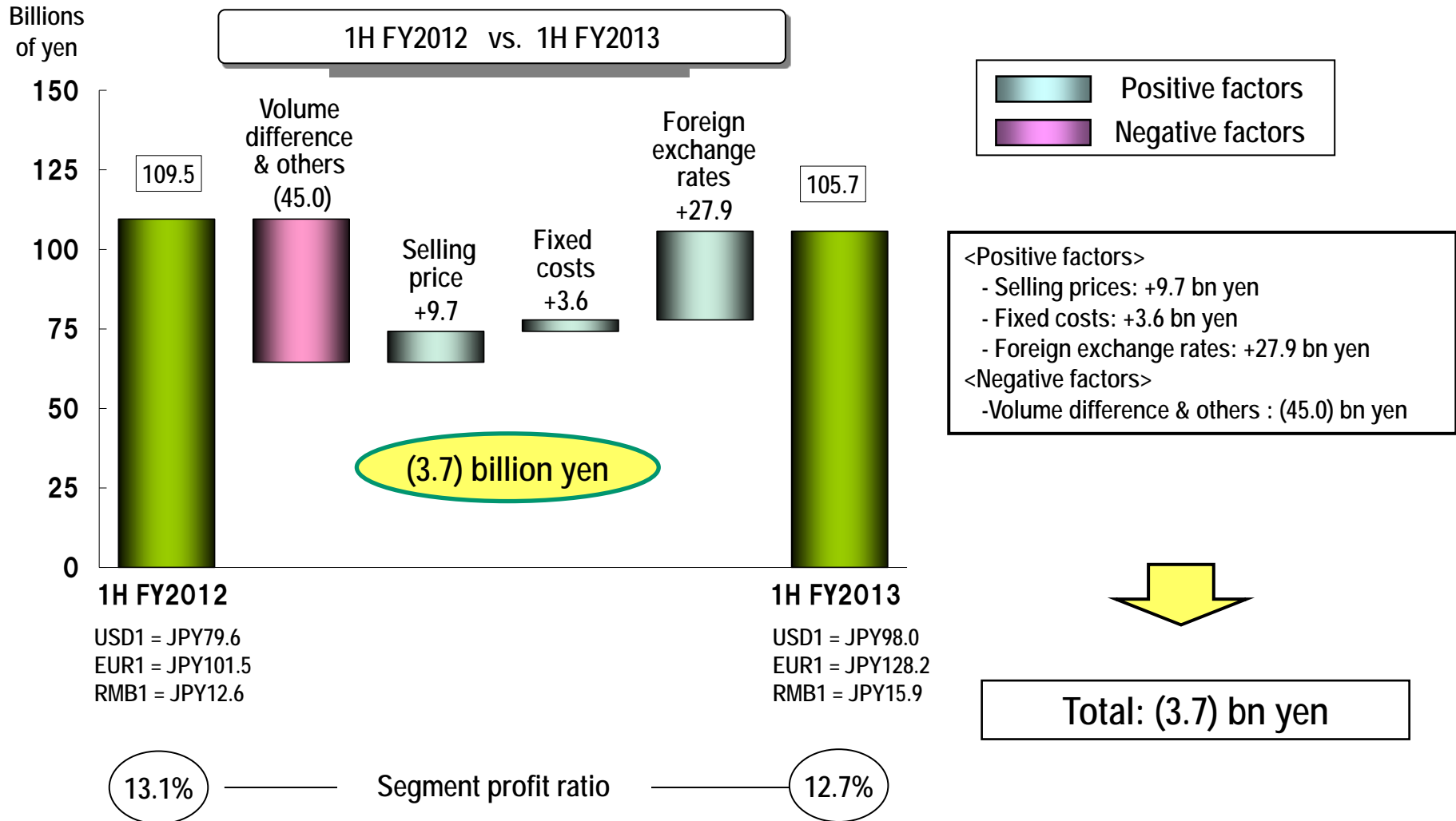
Year-on-year growth rate of sales by region

	Japan	North America	Europe	Latin America	CIS	China	Asia	Oceania	Middle East	Africa	Total
1H FY2012	+2.6%	+7.6%	-16.1%	+32.1%	+6.7%	-45.3%	-16.1%	+37.4%	-32.2%	+7.5%	-1.9%
1H FY2013	+13.3%	+8.3%	+12.3%	-8.8%	-13.2%	+16.4%	-29.8%	-12.1%	+90.4%	+3.6%	-1.1%

# Construction, Mining & Utility Equipment: Causes of Difference in Segment Profit

- Against the negative factor of volume of sales, etc. which declined by JPY45.0 billion due to reduced demand and sales, we had positive factors of selling price, fixed costs and foreign exchange rates. However, segment profit declined by JPY3.7 billion on a net basis.

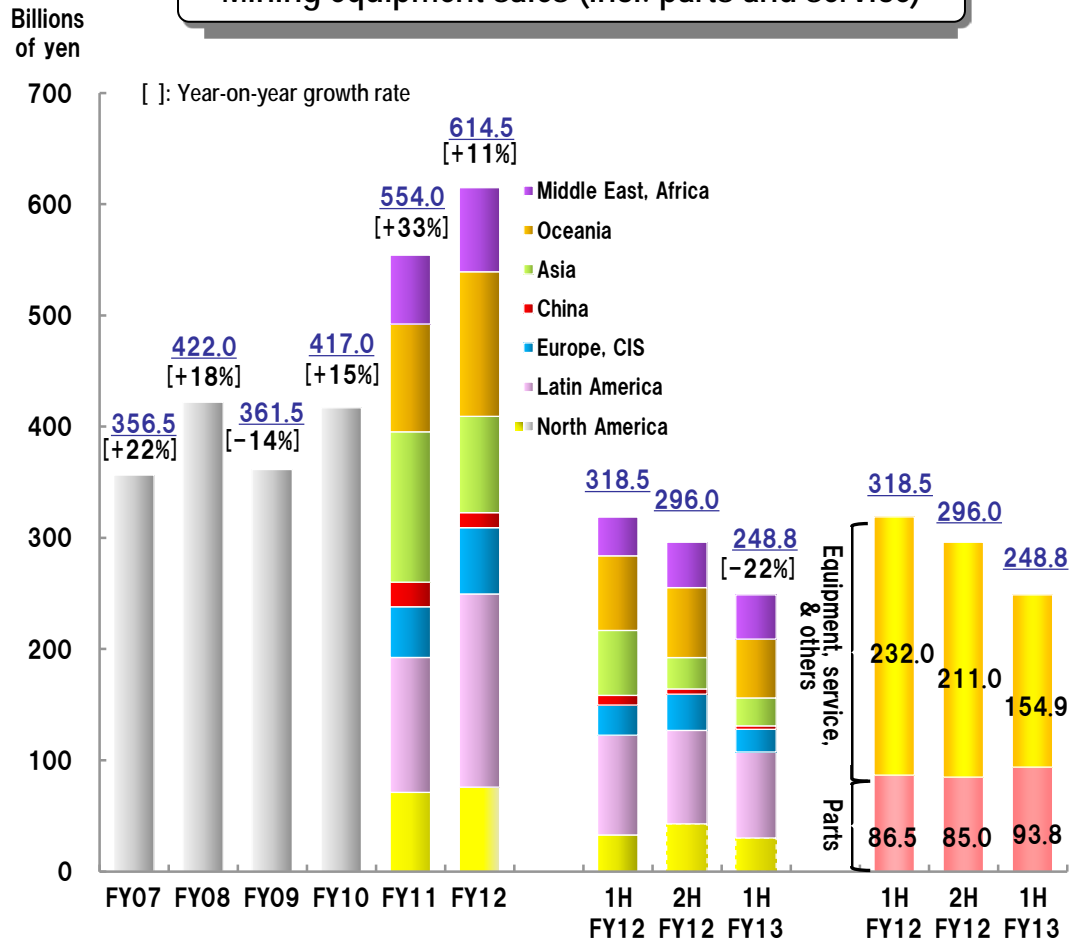
- Segment profit ratio decreased by 0.4 percentage points to 12.7%.



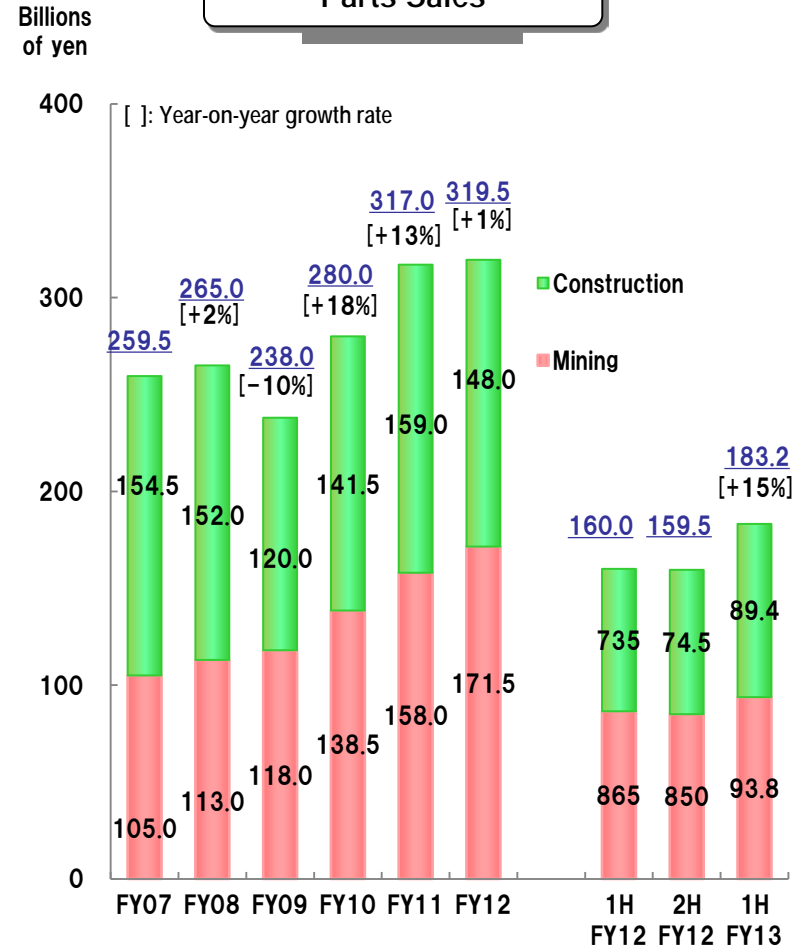
# Construction & Mining Equipment : Sales of Mining Equipment and Parts

- First six-month sales of mining equipment declined by 22% from the corresponding period a year ago, as a direct result of prolonged sluggish demand adversely affected by commodity prices which did not recover.
- First six-month sales of parts continued to grow thanks to an increase in our machine population, and advanced by 15% from the corresponding period a year ago, to JPY183.2 billion.

### Mining equipment sales (Incl. parts and service)



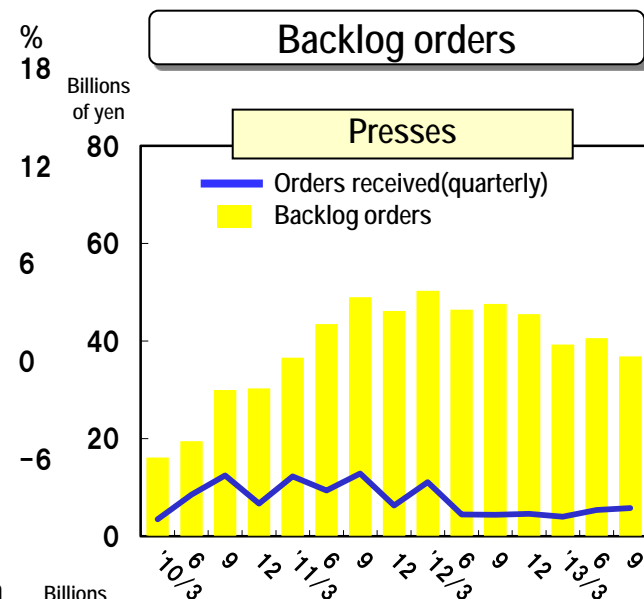
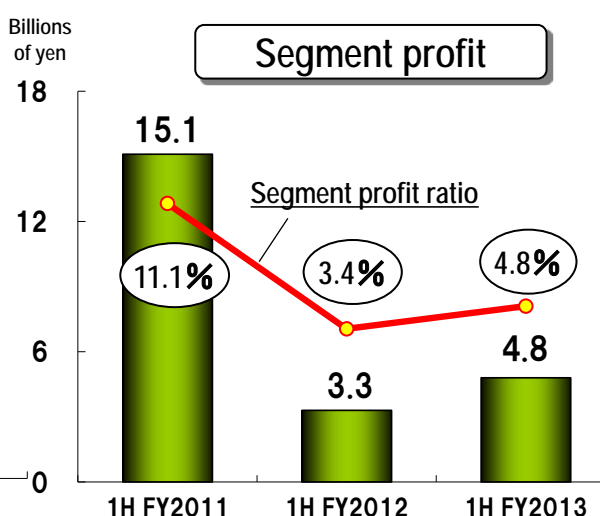
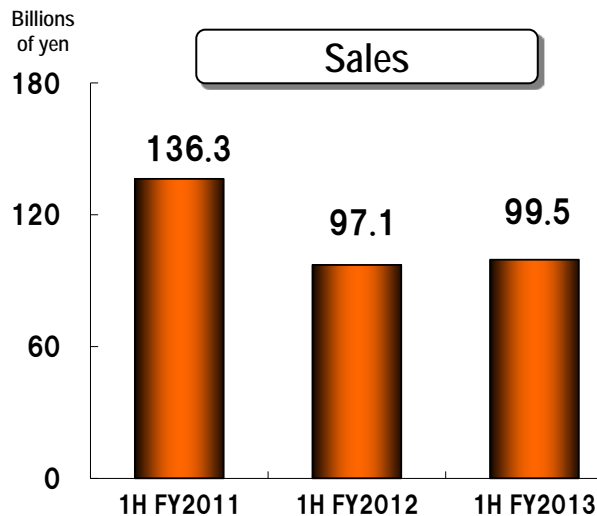
### Parts Sales





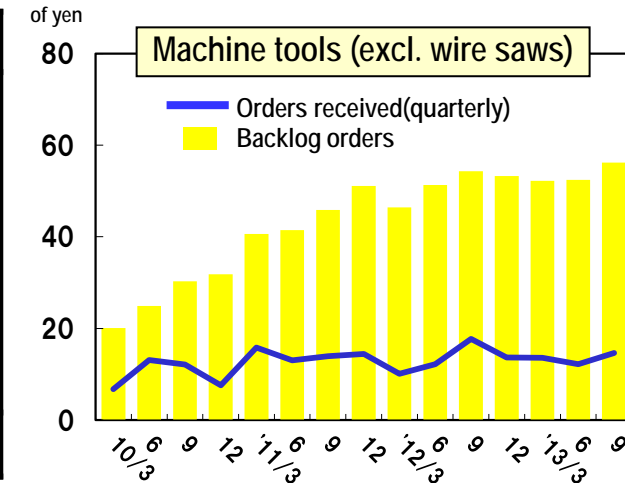
## Industrial Machinery & Others: Sales and Segment Profit

- For the first six-month period under review, sales and segment profit of sheet-metal and press machines, including large presses, as well as machine tools were steady and increased.
- Segment profit ratio improved by 1.4 percentage points to 4.8%.



Breakdown of sales (1H FY2012 vs. 1H FY2013)

	1H FY2012	1H FY2013	Increase (decrease)
Komatsu Industries Corp., etc. [total of press and sheet-metal machines]	21.9	25.9	+3.9
Komatsu NTC Ltd. [represented by wire saws]	34.7 [3.6]	33.1 [2.5]	(1.6) [(1.1)]
Others [represented by Gigaphoton] [represented by Komatsu House]	40.5 [11.1] [7.5]	40.5 [10.6] [8.1]	0.0 [(0.5)] [+0.5]
<b>Total</b>	<b>97.1</b>	<b>99.5</b>	<b>2.4</b>



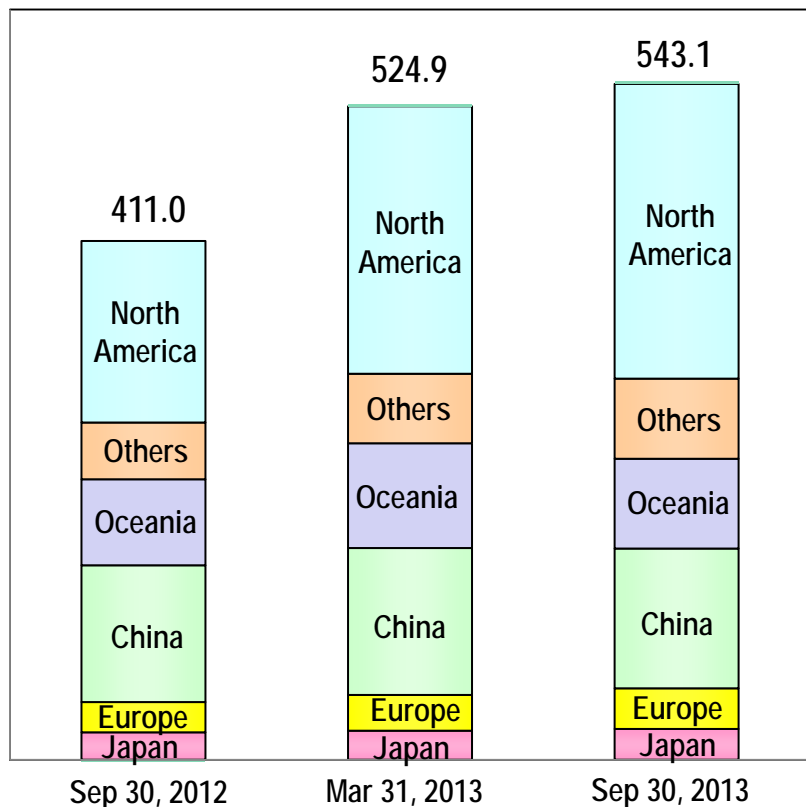
# Retail Finance Business

- Assets increased slightly, reflecting the Japanese yen's depreciation and an increase of new contracts mainly in North America.
- Both revenues and pretax income increased from the corresponding period a year ago.

## Consolidated retail finance subsidiaries

Billions of yen

### 1. Assets

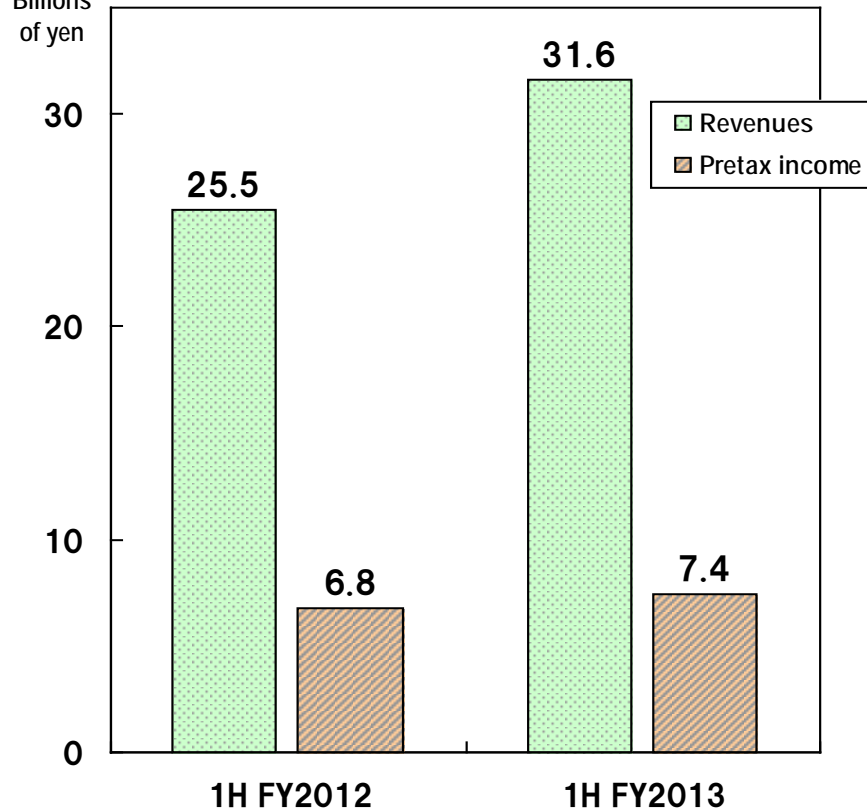


USD1 = JPY77.6  
 EUR1 = JPY100.2  
 RMB1 = JPY12.3

USD1 = JPY94.1  
 EUR1 = JPY120.7  
 RMB1 = JPY15.2

USD1 = JPY97.8  
 EUR1 = JPY131.9  
 RMB1 = JPY16.0

### 2. Revenues



USD1 = JPY79.6  
 EUR1 = JPY101.5  
 RMB1 = JPY12.6

USD1 = JPY98.0  
 EUR1 = JPY128.2  
 RMB1 = JPY15.9

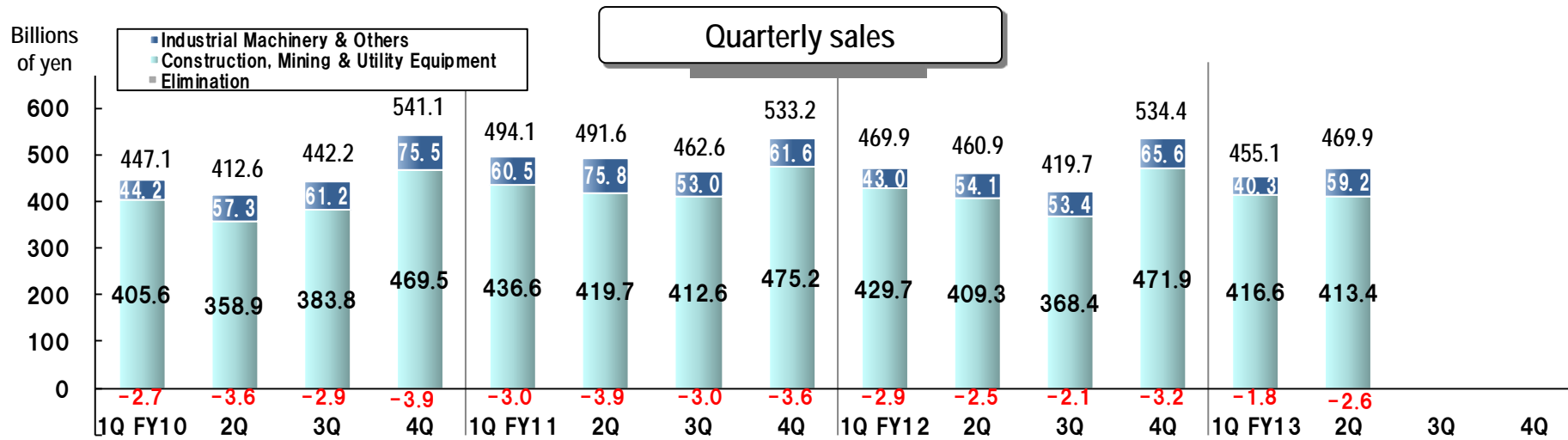
## Consolidated Balance Sheets

- Total assets increased by JPY28.8 billion from the previous fiscal year-end, mainly reflecting the Japanese yen's depreciation.
- Komatsu Ltd. shareholders' equity ratio increased by 2.8 percentage points to 50.2%. Net debt-to-equity ratio improved from the previous fiscal year-end to 0.41.

Billions of yen ○: Net debt-to-equity ratio	Mar.31,2013 USD1 = JPY94.1 EUR1 = JPY120.7 RMB1 = JPY15.2	Sep.30, 2013 USD1=JPY 97.8 EUR1=JPY 131.9 RMB1=JPY 16.0	Increase (decrease)
Cash & Deposits (incl. time deposits) [a]	93.8	92.0	(1.7)
Accounts receivable (incl. long-term trade receivables) <Excl. those of consolidated retail finance subsidiaries>	842.7 <414.3>	786.7 <354.8>	(56.0) <(59.4)>
Inventories	633.6	679.9	46.2
Tangible fixed assets	585.2	616.0	30.7
Other assets	362.4	371.9	9.5
<b>Total assets</b>	<b>2,517.8</b>	<b>2,546.6</b>	<b>28.8</b>
Accounts payable	226.2	234.5	8.2
Interest-bearing debt [b] <Excl. those of consolidated retail finance subsidiaries>	679.7 <298.1>	620.8 <230.8>	(58.8) <(67.3)>
Other liabilities	359.1	353.5	(5.5)
<b>Total liabilities</b>	<b>1,265.1</b>	<b>1,208.9</b>	<b>(56.2)</b>
[Shareholders' equity ratio] Komatsu Ltd. shareholders' equity	(47.4%) 1,193.1	(50.2%) 1,278.4	(+2.8points) 85.2
Non controlling interests	59.5	59.2	(0.2)
<b>Liabilities &amp; Equity</b>	<b>2,517.8</b>	<b>2,546.6</b>	<b>28.8</b>
<b>Interest-bearing debt, net [b-a]</b>	○ 0.49    585.9	○ 0.41    528.8	(57.0)
<b>Net D/E ratio (excl. cash and interest-bearing debt of consolidated retail finance subsidiaries)</b>	○ 0.20	○ 0.13	

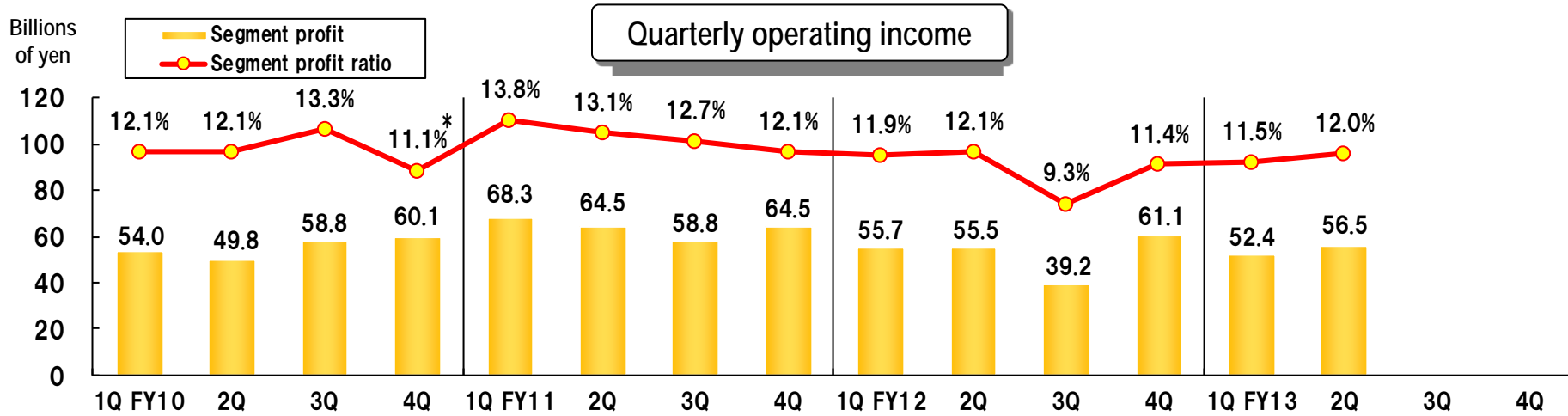
<Appendix>

# Quarterly Sales and Operating Income



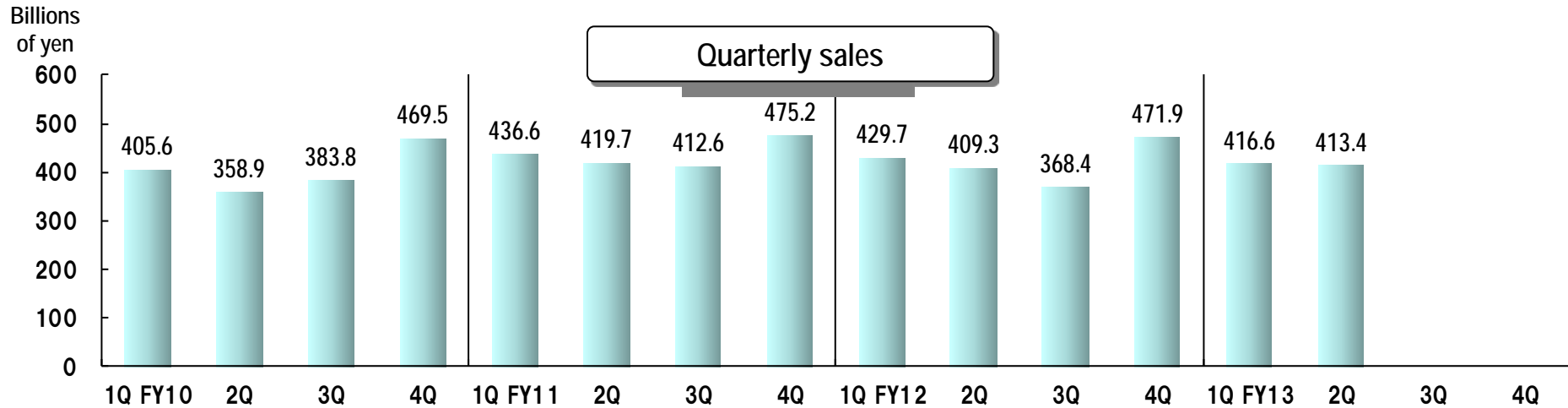
### Exchange rates

	1Q FY10	2Q FY10	3Q FY10	4Q FY10	1Q FY11	2Q FY11	3Q FY11	4Q FY11	1Q FY12	2Q FY12	3Q FY12	4Q FY12	1Q FY13	2Q FY13	3Q FY13	4Q FY13
USD	91.3 yen	85.0 yen	82.2 yen	82.3 yen	81.2 yen	77.1 yen	77.9 yen	79.8 yen	80.6 yen	78.7 yen	80.1 yen	90.7 yen	97.3 yen	98.6 yen		
EUR	114.8 yen	111.5 yen	110.4 yen	113.8 yen	118.3 yen	108.7 yen	104.9 yen	106.3 yen	104.6 yen	98.3 yen	103.5 yen	120.1 yen	126.4 yen	129.9 yen		
RMB	13.4 yen	12.6 yen	12.4 yen	12.5 yen	12.5 yen	12.1 yen	12.3 yen	12.7 yen	12.8 yen	12.4 yen	12.8 yen	14.6 yen	15.8 yen	16.1 yen		



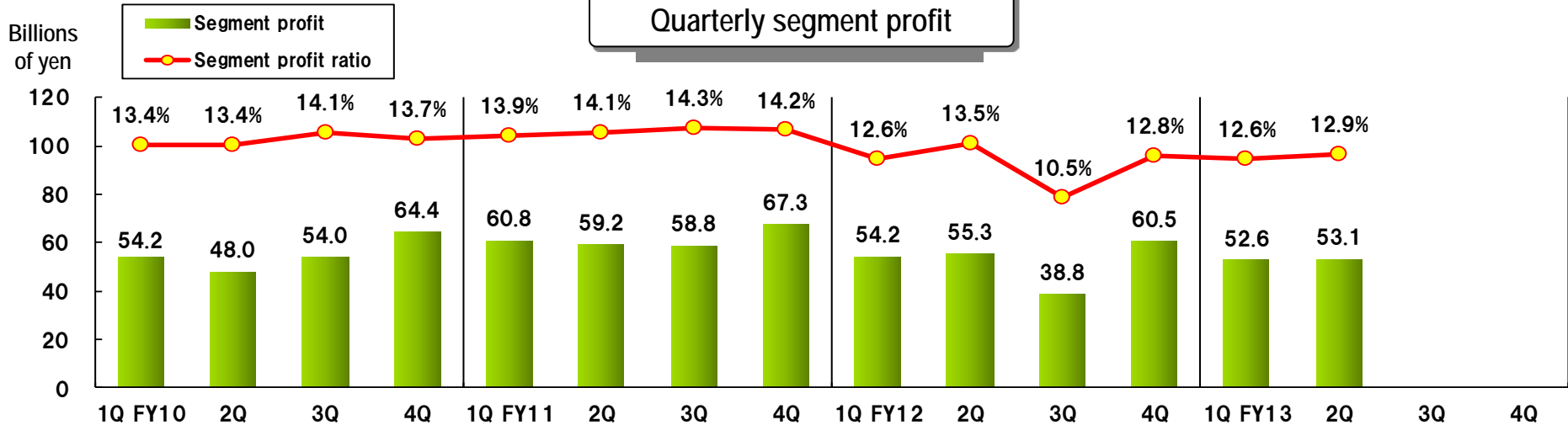
\* Including adverse effects of 7.0 billion yen from the earthquake disaster.

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

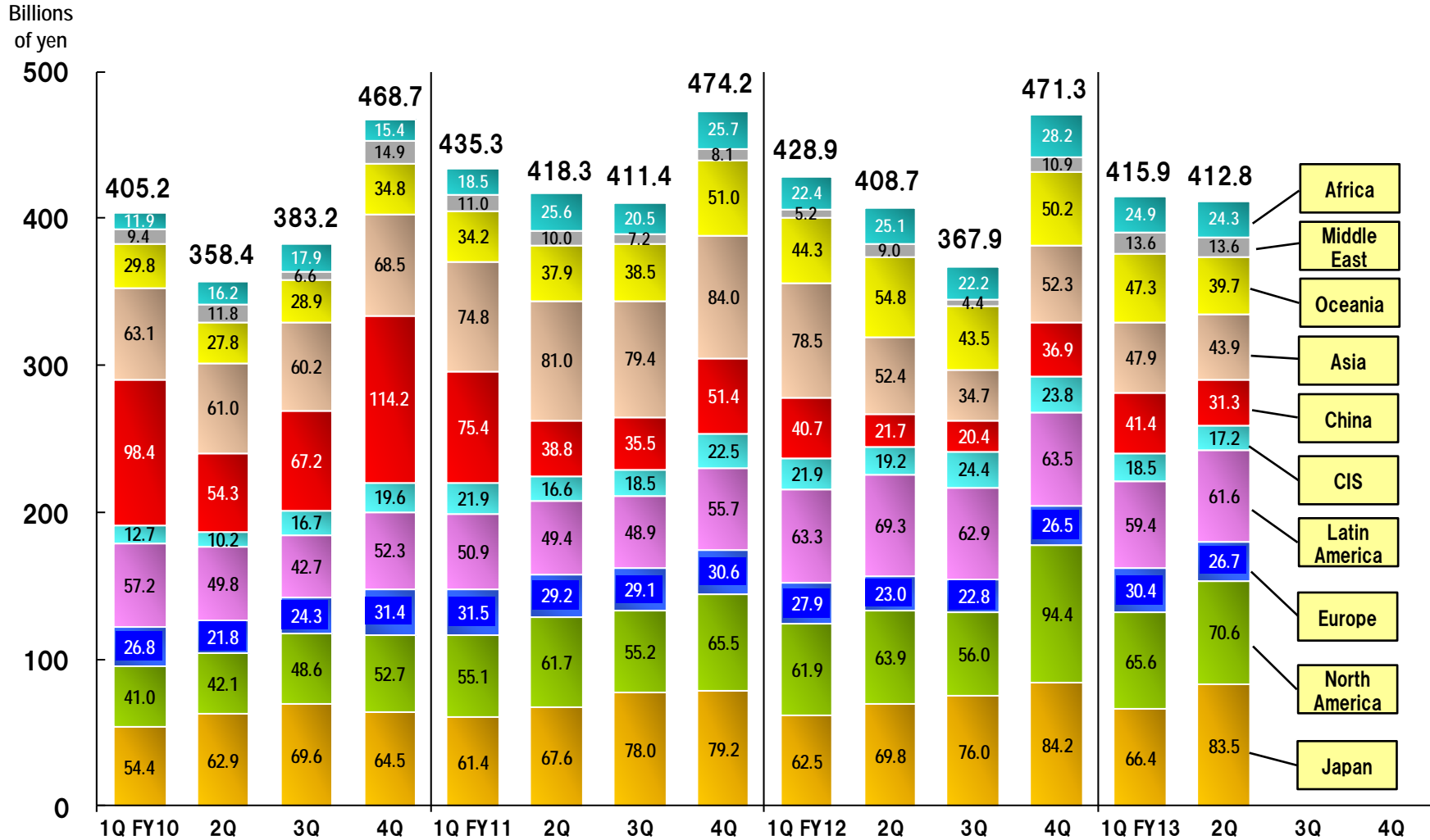


Exchange rates

	1Q FY10	2Q FY10	3Q FY10	4Q FY10	1Q FY11	2Q FY11	3Q FY11	4Q FY11	1Q FY12	2Q FY12	3Q FY12	4Q FY12	1Q FY13	2Q FY13	3Q FY13	4Q FY13
USD	91.3 yen	85.0 yen	82.2 yen	82.3 yen	81.2 yen	77.1 yen	77.9 yen	79.8 yen	80.6 yen	78.7 yen	80.1 yen	90.7 yen	97.3 yen	98.6 yen		
EUR	114.8 yen	111.5 yen	110.4 yen	113.8 yen	118.3 yen	108.7 yen	104.9 yen	106.3 yen	104.6 yen	98.3 yen	103.5 yen	120.1 yen	126.4 yen	129.9 yen		
RMB	13.4 yen	12.6 yen	12.4 yen	12.5 yen	12.5 yen	12.1 yen	12.3 yen	12.7 yen	12.8 yen	12.4 yen	12.8 yen	14.6 yen	15.8 yen	16.1 yen		

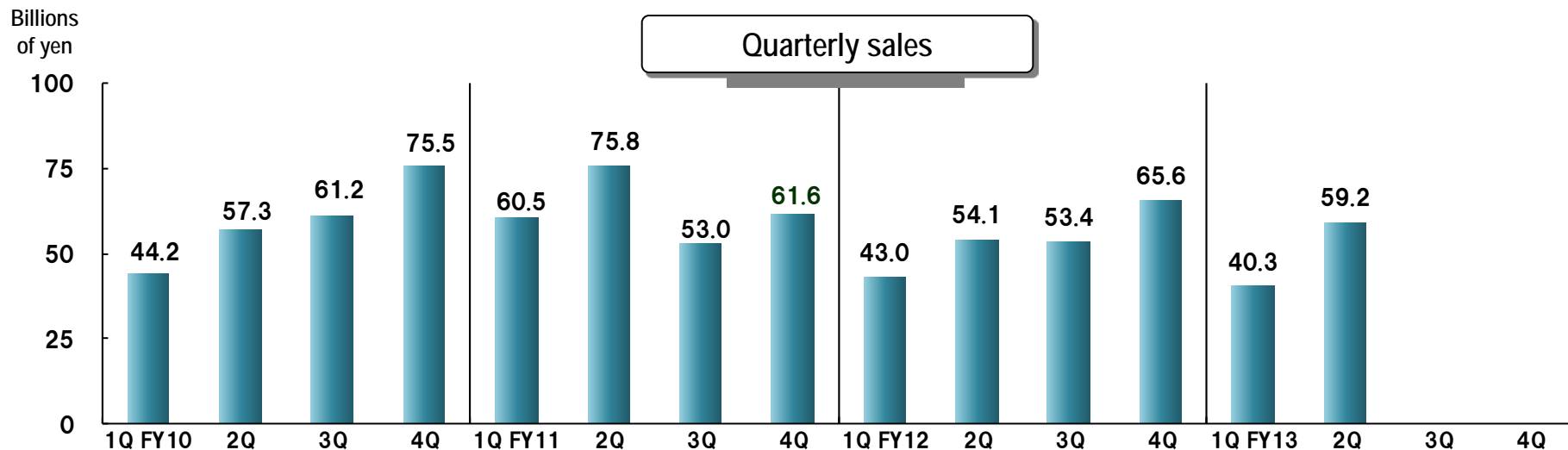


# Construction, Mining & Utility Equipment: Quarterly Sales (To Outside Customers) by Region



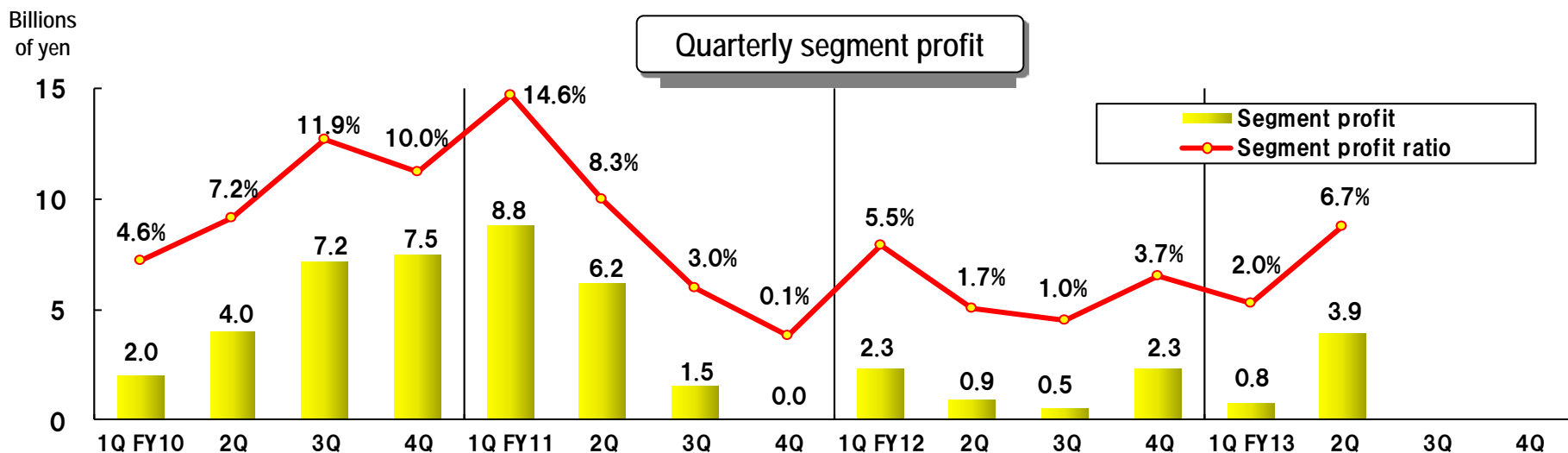
Exchange rates	1Q FY10	2Q FY10	3Q FY10	4Q FY10	1Q FY11	2Q FY11	3Q FY11	4Q FY11	1Q FY12	2Q FY12	3Q FY12	4Q FY12	1Q FY13	2Q FY13	3Q FY13	4Q FY13
USD	91.3 yen	85.0 yen	82.2 yen	82.3 yen	81.2 yen	77.1 yen	77.9 yen	79.8 yen	80.6 yen	78.7 yen	80.1 yen	90.7 yen	97.3 yen	98.6 yen		
EUR	114.8 yen	111.5 yen	110.4 yen	113.8 yen	118.3 yen	108.7 yen	104.9 yen	106.3 yen	104.6 yen	98.3 yen	103.5 yen	120.1 yen	126.4 yen	129.9 yen		
RMB	13.4 yen	12.6 yen	12.4 yen	12.5 yen	12.5 yen	12.1 yen	12.3 yen	12.7 yen	12.8 yen	12.4 yen	12.8 yen	14.6 yen	15.8 yen	16.1 yen		

# Industrial Machinery & Others: Quarterly Sales and Segment Profit



Exchange rates

	1Q FY10	2Q FY10	3Q FY10	4Q FY10	1Q FY11	2Q FY11	3Q FY11	4Q FY11	1Q FY12	2Q FY12	3Q FY12	4Q FY12	1Q FY13	2Q FY13	3Q FY13	4Q FY13
USD	91.3 yen	85.0 yen	82.2 yen	82.3 yen	81.2 yen	77.1 yen	77.9 yen	79.8 yen	80.6 yen	78.7 yen	80.1 yen	90.7 yen	97.3 yen	98.6 yen		
EUR	114.8 yen	111.5 yen	110.4 yen	113.8 yen	118.3 yen	108.7 yen	104.9 yen	106.3 yen	104.6 yen	98.3 yen	103.5 yen	120.1 yen	126.4 yen	129.9 yen		
RMB	13.4 yen	12.6 yen	12.4 yen	12.5 yen	12.5 yen	12.1 yen	12.3 yen	12.7 yen	12.8 yen	12.4 yen	12.8 yen	14.6 yen	15.8 yen	16.1 yen		





## Cautionary Statement

This presentation sheets contain forward-looking statements that reflect management's views and assumptions in the light of information currently available 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," "plans," "expects," 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. Any forward-looking statements speak only as of the date of this presentation sheets, and Komatsu assumes no duty to update such statements.

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 costs 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; the impact of regulatory changes and accounting principles and practices; and the introduction, success and timing of business initiatives and strategies.



D61PXi-23 medium-sized bulldozer which features the world's first\* full automatic blade control

\* Based on Komatsu's research concerning seven major products, i.e., crawler-type hydraulic excavator, wheel-type hydraulic excavator, wheel loader, bulldozer, motor grader, rigid dump truck and articulated dump truck

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