

# Business Results for Three and Six Months Ended September 30, 2012

**October 30, 2012**

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**Komatsu Ltd.**

# Highlights of the First Six-Month Period ended September 30, 2012

1. Sales and Profits: Both sales and profits decreased from the corresponding period a year ago. Operating income exceeded the revised projection of July 30.

	Apr.-Sep., 2011 (1H)	Apr.-Sep., 2012 (1H) < > : Revised projection (Jul. 30)		Vs. 1H, FY2011
Net sales	985.8 bil yen	<940.0>	930.8 bil yen	(5.6)%
Operating income	132.9 bil yen	<111.0>	111.2 bil yen	(16.3)%
Operating income ratio	13.5 %		12.0 %	(1.5) pts
Net income *1	*2 94.6 bil yen	<64.0>	66.1 bil yen	(30.2)%
Net D/E ratio [Excl. consolidated retail finance subsidiaries]	0.52 [0.24]		0.53 [0.27]	(0.01) [(0.03)]

\*1 "Net income" is equivalent to "Net income attributable to Komatsu Ltd." in accordance with the FASB Accounting Standards Codification (ASC)810.

\*2 Including a gain of 12.7 billion yen from recognition of deferred tax asset related to the merge of Komatsu Rental Ltd.

## 2. Review of two business segments

### Construction, Mining & Utility Equipment:

- Net sales declined slightly from 1H, FY2011. The delayed recovery of Chinese demand for construction equipment and the slowing demand for equipment for use in coal mines in Indonesia resulting from the falling price of thermal coal were compensated for by construction machine demand in Japan and North America as well as mining equipment demand in mines other than coal.
- Segment profit declined from 1H, FY2011, mainly affected by reduced volume of sales and Japanese yen's appreciation against the Euro.

### Industrial Machinery & Others:

- While demand remained brisk for presses and machine tools, both sales and profit decreased from the corresponding period a year ago, mainly affected by sluggish demand for wire saws and an end to extraordinary demand for prefabricated shelters.

## 3. Interim cash dividend: 24yen (FY2011 interim: 21yen)

Note: "First half period" (1<sup>st</sup> half or 1H) is used to indicate the first 6-month period (April-September) in this presentation material.

# Sales and Profits for Three months (July-September, 2012)

- Net sales decreased 6.3% from 2Q, FY2011, although expanded sales of construction equipment in Japan and North America and of mining equipment in mines other than coal made up for declined sales of construction and mining equipment in China and Indonesia and of wire saws.
- Both operating and net income reached the respective revised projections of July 30.

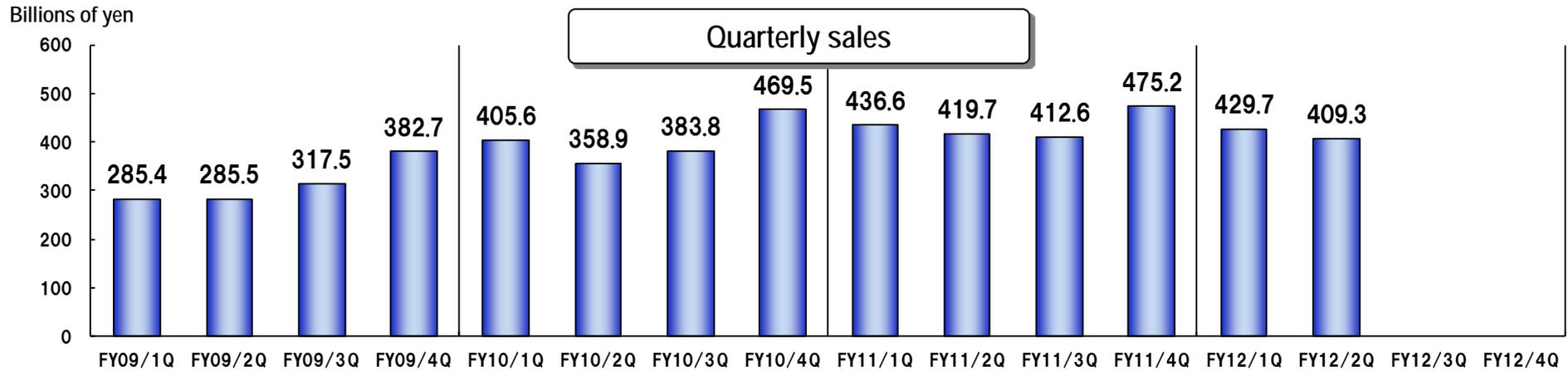
% : Profit ratio    [ ] : Sales after elimination of inter-segment transactions    < > : Revised projection of July 30

Billions of yen	Jul.-Sep., 2011 1USD= JPY 77.1 1EUR= JPY 108.7 1RMB= JPY 12.1		Jul.-Sep., 2012 1USD= JPY 78.7 1EUR=JPY 98.3 1RMB=JPY 12.4		Changes			
					Increase (Decrease)	% change		
Net sales	491.6		<470.0>	460.9	(30.7)	(6.3)%		
Construction, Mining & Utility Equipment	[418.3]	419.7	[408.7]	409.3	[(9.6)]	(10.4)	[(2.3)%]	(2.5)%
Industrial Machinery & Others	[73.3]	75.8	[52.1]	54.1	[(21.1)]	(21.7)	[(28.9)%]	(28.6)%
Elimination	(3.9)		(2.5)		1.3	-		
Segment Profit	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">13.1%</span>	64.6	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">12.2%</span>	56.0	(8.6)	(13.3)%		
Construction, Mining & Utility Equipment	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">14.1%</span>	59.2	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">13.5%</span>	55.3	(3.8)	(6.6)%		
Industrial Machinery & Others	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">8.3%</span>	6.2	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">1.7%</span>	0.9	(5.3)	(85.3)%		
Corporate & elimination	(0.9)		(0.2)		0.6	-		
Other operating income (expenses)	0.0		(0.4)		(0.4)	-		
Operating income	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">13.1%</span>	64.5	<55.2>	<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">12.1%</span>	55.5	(9.0)	(14.0)%	
Other operating income(expenses)	(2.7)		(1.4)		1.3	-		
Net income before income taxes	61.8		<53.7>	54.1	(7.6)	(12.4)%		
Net income*	38.9		<31.8>	33.9	(4.9)	(12.8)%		

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

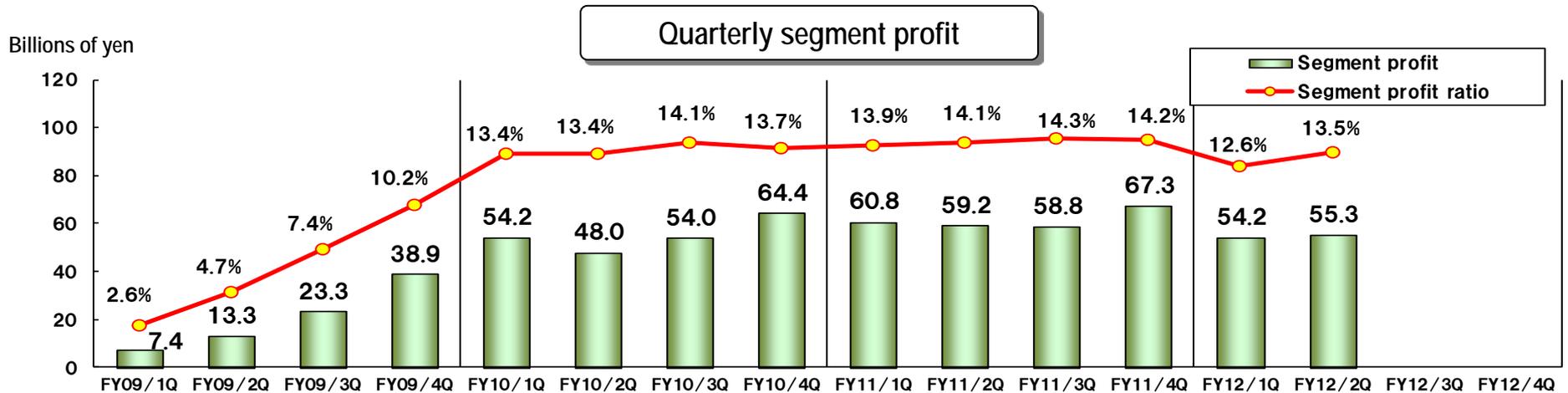
# Construction, Mining & Utility Equipment: Quarterly Sales and Segment Profit

- While the Japanese yen continued to appreciate, both sales and segment profit surpassed the FY2010 level.
- Due to improved selling prices and reduced costs, segment profit substantially improved from 1Q, FY2012 to 13.5%.



Exchange rates

	09/1Q	09/2Q	09/3Q	09/4Q	10/1Q	10/2Q	10/3Q	10/4Q	11/1Q	11/2Q	11/3Q	11/4Q	12/1Q	12/2Q	12/3Q	12/4Q
1USD	96.8 yen	92.8 yen	90.1 yen	90.8 yen	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	yen	yen
1EUR	133.5 yen	133.0 yen	132.6 yen	123.7 yen	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	yen	yen
1RMB	14.2 yen	13.6 yen	13.2 yen	13.3 yen	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	yen	yen

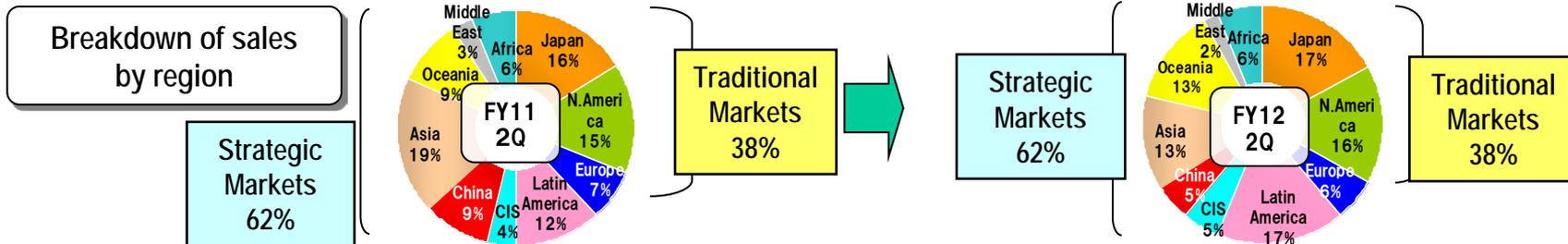


## Construction, Mining & Utility Equipment: Breakdown of Sales for Three Months(Jul.-Sep., 2012) 5

- Sales in Japan and North America remained brisk.
- In Latin America and Oceania where demand for mining equipment was strong, quarterly sales renewed the respective record-high figures.
- Sales declined from 2Q, FY2011 in China, resulting from delayed recovery of demand, and in Asia, due to the plummeted demand for equipment for use in coal mines in Indonesia.
- Demand for mining equipment remained strong except Indonesia, and sales of mining equipment reached to 163.3 billion yen, an increase of 19.7% from 2Q, FY2011.

Billions of yen		Jul.-Sep., 2011	Jul.-Sep., 2012	Change	
				Amounts	Percentages
Traditional Markets	Japan	67.6	69.8	2.2	3.4 %
	North America	61.7	63.9	2.1	3.5 %
	Europe	29.2	23.0	(6.1)	(21.0) %
Strategic Markets	Latin America	49.4	69.3	19.8	40.2 %
	CIS	16.6	19.2	2.6	15.7 %
	China	38.8	21.7	(17.0)	(43.9) %
	Asia	81.0	52.4	(28.6)	(35.4) %
	Oceania	37.9	54.8	16.9	44.5 %
	Middle East	10.0	9.0	(0.9)	(9.8) %
	Africa	25.6	25.1	(0.5)	(2.2) %
Total		418.3	408.7	(9.6)	(2.3) %

Mining equipment in total above	136.4	163.3	26.9	19.7%
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# Sales and Profits for Six Months (April-September, 2012)

- Sales decreased 5.6% from 1H, FY2011, although expanded sales of construction equipment in Japan and North America and of mining equipment for mines other than coal made up for declined sales of construction and mining equipment in China and Indonesia and of wire saws.
- Both operating and net income exceeded the respective revised projections of July 30.

% : Profit ratio    [   ] : Sales to outside customers    <   > : Revised projection(July 30)

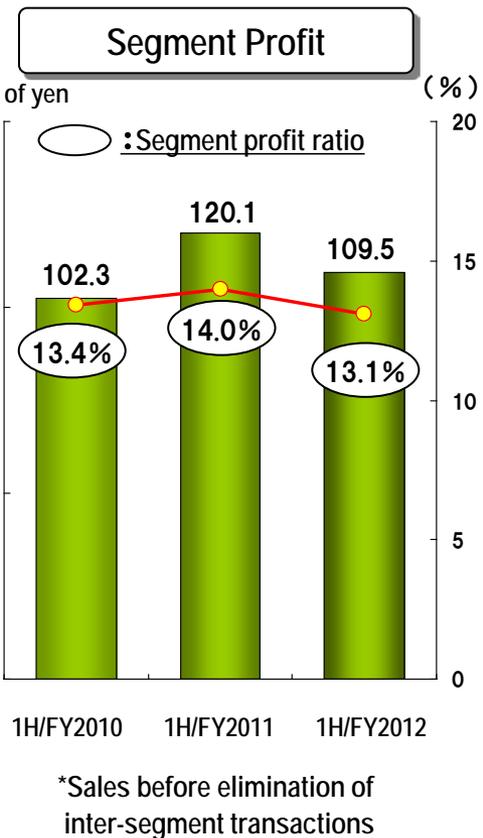
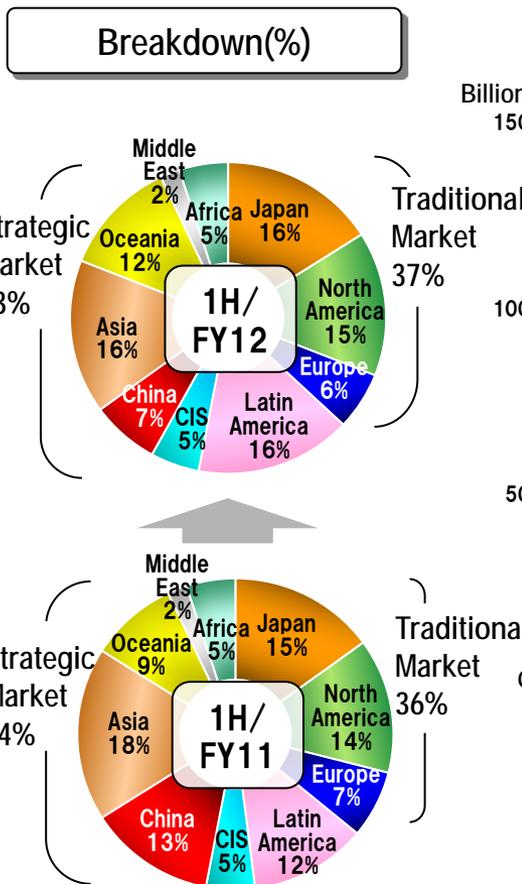
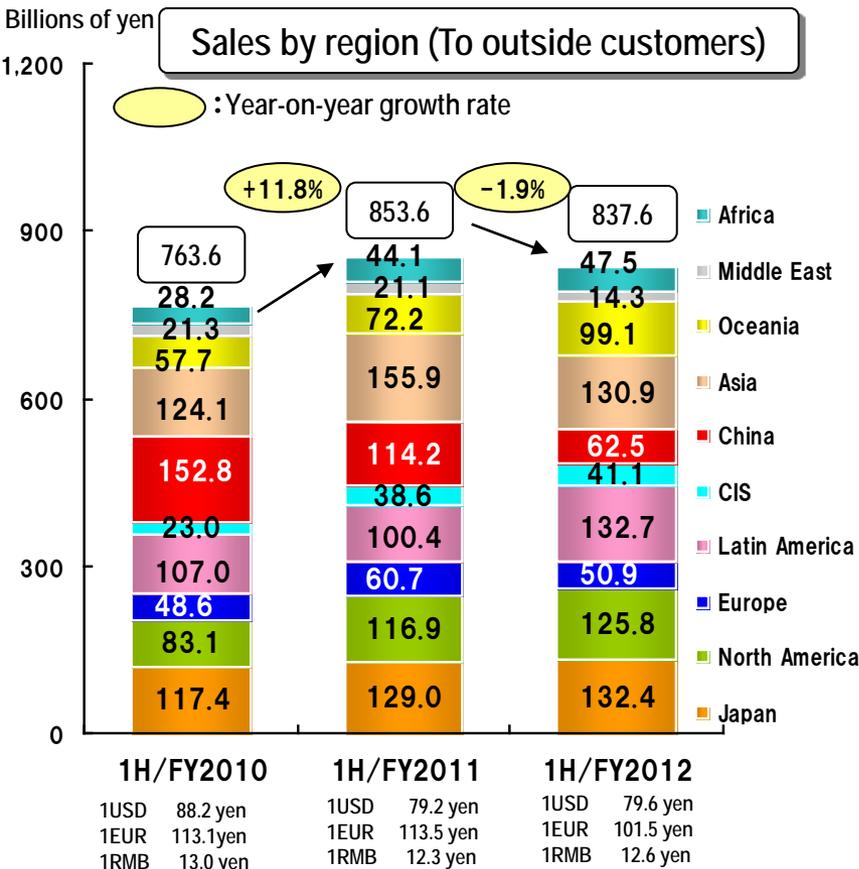
Billions of yen	Apr.-Sep., 2011 1USD=JPY 79.2 1EUR=JPY 113.5 1RMB=JPY 12.3		Apr.-Sep., 2012 1USD=JPY 79.6 1EUR=JPY 101.5 1RMB=JPY 12.6		Increase (decrease)	
<b>Net sales</b>	985.8		<940.0>	930.8	(55.0)	(5.6) %
Construction, Mining & Utility Equipment	[853.6]	856.4	[837.6]	839.1	[(16.0)]	(17.2) [(1.9)%] (2.0)%
Industrial Machinery & Others	[132.1]	136.3	[93.1]	97.1	[(39.0)]	(39.1) [(29.5)%](28.7)%
Elimination	(6.9)		(5.5)		1.4	-
<b>Segment profit</b>	<span style="border: 1px solid black; padding: 2px;">13.5%</span>	132.7	<span style="border: 1px solid black; padding: 2px;">12.0%</span>	111.2	(21.4)	(16.2)%
Construction, Mining & Utility Equipment	<span style="border: 1px solid black; padding: 2px;">14.0%</span>	120.1	<span style="border: 1px solid black; padding: 2px;">13.1%</span>	109.5	(10.5)	(8.8)%
Industrial Machinery & Others	<span style="border: 1px solid black; padding: 2px;">11.1%</span>	15.1	<span style="border: 1px solid black; padding: 2px;">3.4%</span>	3.3	(11.8)	(78.2)%
Corporate & elimination	(2.5)		(1.6)		0.9	-
Other operating income (expenses)	0.2		0.0		(0.2)	-
<b>Operating income</b>	<span style="border: 1px solid black; padding: 2px;">13.5%</span>	132.9	<111.0>	<span style="border: 1px solid black; padding: 2px;">12.0%</span> 111.2	(21.6)	(16.3)%
Other income (expenses)	(2.7)		(5.8)		(3.1)	-
Net income before income taxes	130.2		<105.0>	105.3	(24.8)	(19.1)%
<b>Net income *1</b>	*2 94.6		<64.0>	66.1	(28.5)	(30.2)%
<b>Cash dividends per share</b>	21 yen		24 yen		3 yen	

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

\*2 Including a gain of 12.7 billion yen from recognition of deferred tax asset related to the merge of Komatsu Rental Ltd.

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

Proportions for China and Asia decreased, while those for Japan and Europe as well as Latin America and Oceania, where mining equipment sales were brisk, increased.



Year-on-year growth rate of sales by region

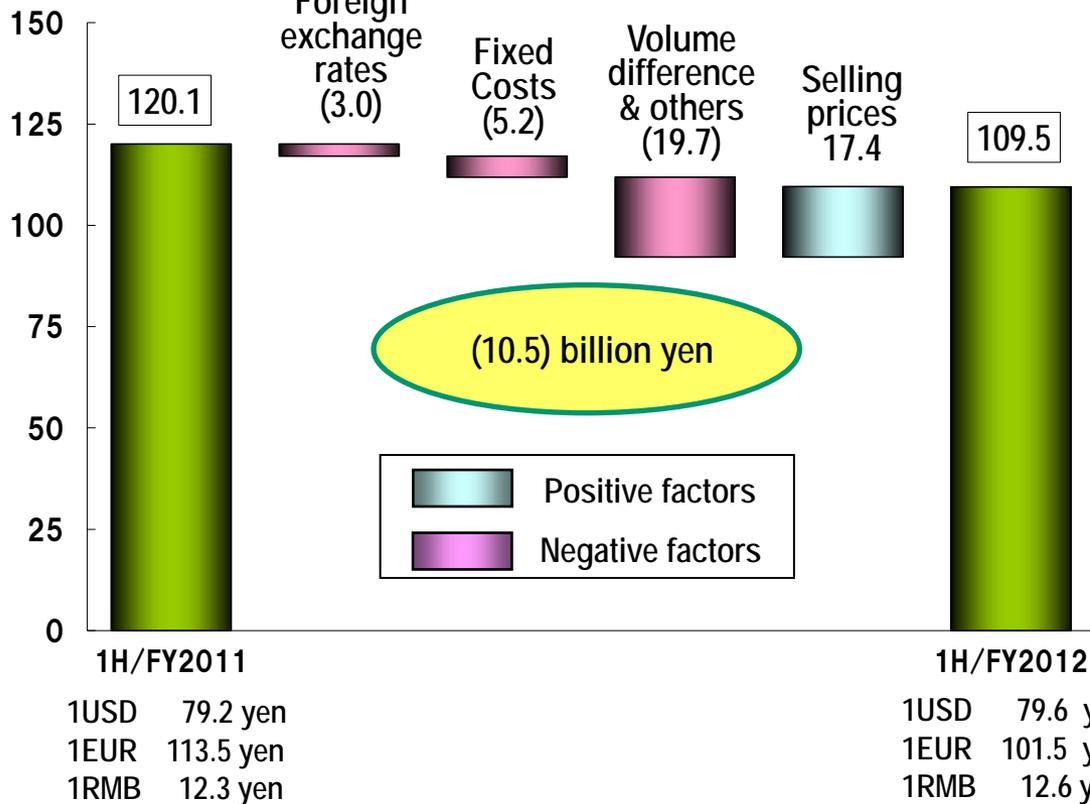
%	Japan	North America	Europe	Latin America	CIS	China	Asia	Oceania	Middle East	Africa	Total
1H/FY2011	9.9%	40.7%	24.9%	(6.2)%	67.3%	(25.2)%	25.7%	25.1%	(1.1)%	56.5%	11.8%
1H/FY2012	2.6%	7.6%	(16.1)%	32.1%	6.7%	(45.3)%	(16.1)%	37.4%	(32.2)%	7.5%	(1.9)%

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

Negative factors, such as foreign exchange rates, fixed costs and volume of sales, were compensated for by selling prices. Segment profit was kept at 13.1%.

1H/FY2011 vs. 1H/FY2012

Billions of yen



**【Positive factor】**

- Selling prices: 17.4 billion yen

**【Negative factors】**

- Foreign exchange rates: (3.0) billion yen
- Fixed costs : (5.2) billion yen
- Volume difference, etc.: (19.7) billion yen



**Total: (10.5) billion yen**

14.0%

Segment profit ratio

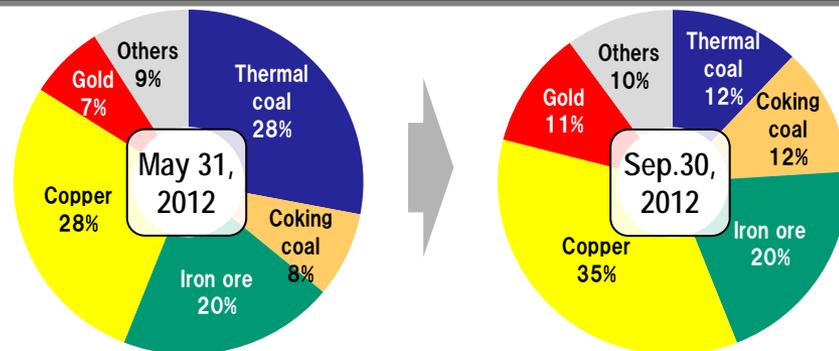
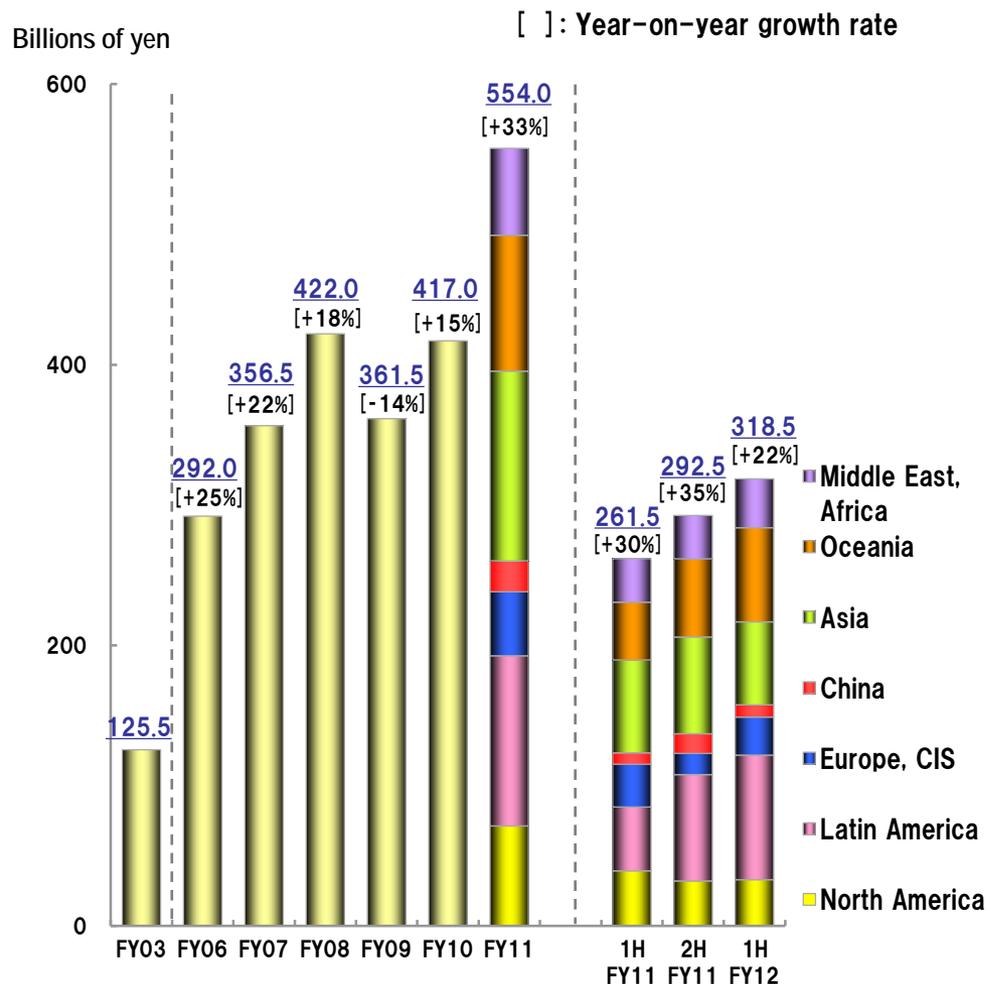
13.1%

## Construction, Mining & Utility Equipment: Sales of Mining Equipment

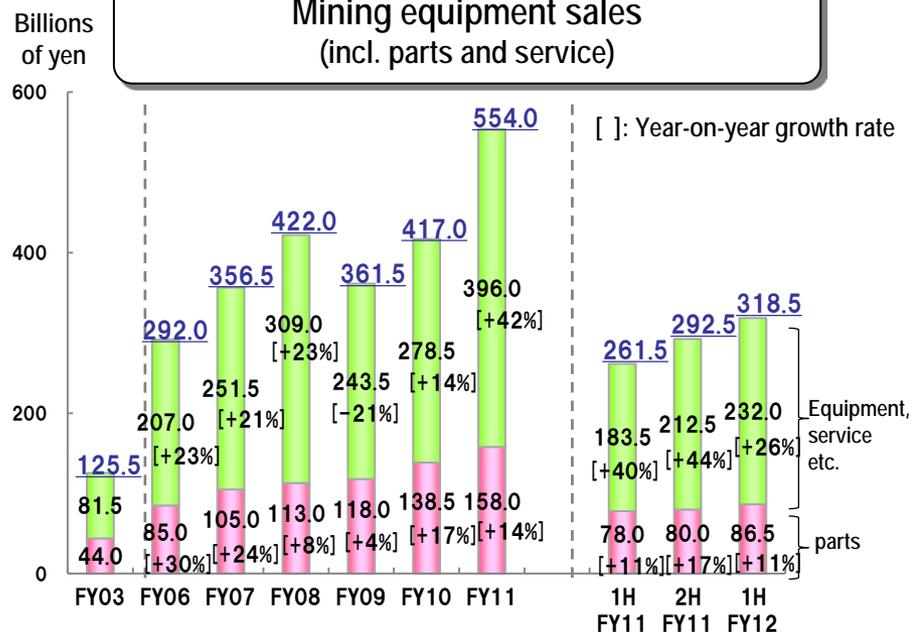
Sales of mining equipment for 1H, FY2012 remained strong in Latin America and Australia. Sales increased 22% from the corresponding period a year ago.

### Sales by region (incl. parts and service)

### Backlog orders by mineral (due for shipment in FY2012) Equipment only(excl. parts and service). Include informal orders.



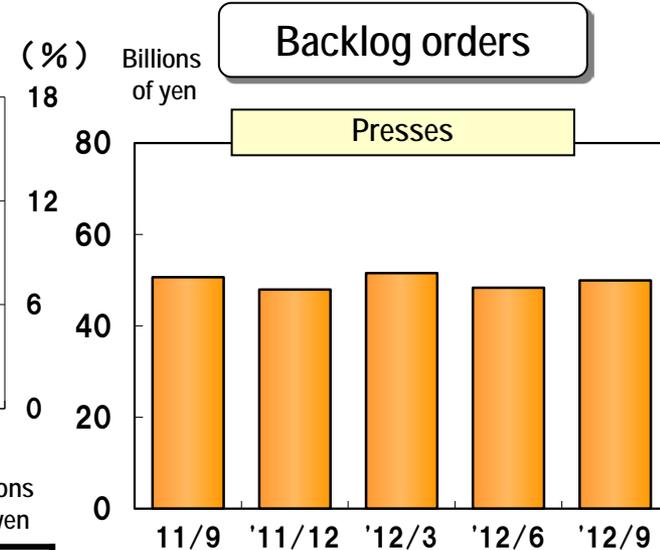
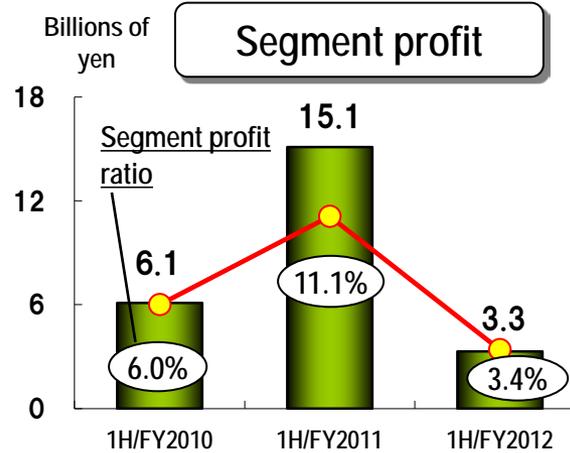
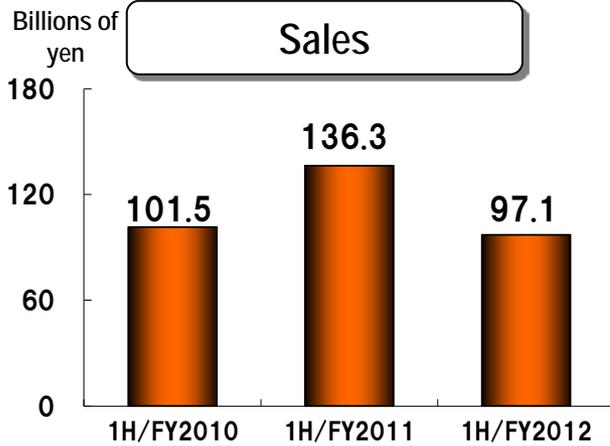
### Mining equipment sales (incl. parts and service)



## Industrial Machinery & Others: Sales and Segment Profit

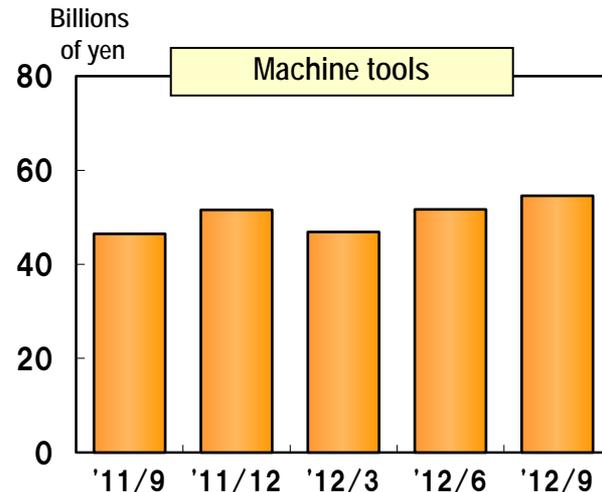
-While demand remain brisk for presses and machine tools, both sales and profit decreased from the corresponding period a year ago, mainly affected by sluggish demand for wire saws and an end to extraordinary demand for prefabricated shelters.

-Backlog orders for presses and machine tools remained stable.



Breakdown of sales (1H, FY2011 vs. 1H, FY2012)

Billions of yen



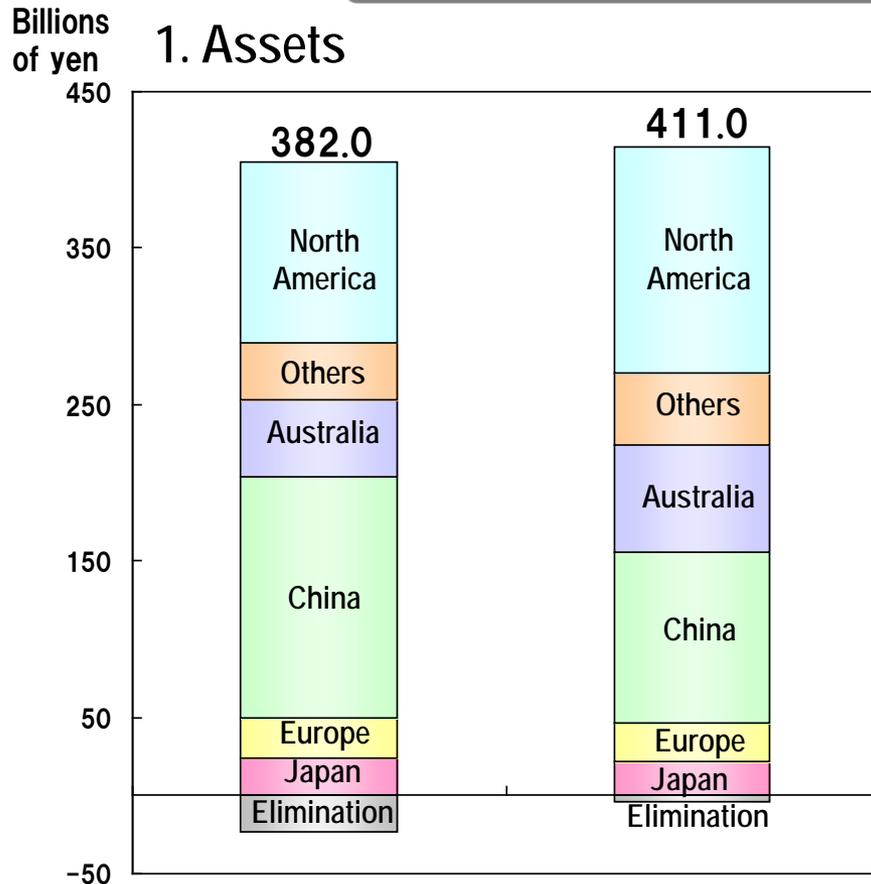
	1H, FY2011	1H, FY2012	Increase(decrease)
Komatsu Industries Corp, etc. (total of press and sheet-metal machines)	19.6	21.9	2.3
Komatsu NTC Ltd. [represented by wire saws]	68.6 [39.9]	34.7 [3.6]	(33.9) [(36.3)]
Others [represented by Gigaphoton] [represented by Komatsu House]	48.1 *1 [4.5] [19.1]	40.5 [11.1] [7.5]	(7.6) [6.6] [(11.5)]
<b>Total</b>	<b>136.3</b>	<b>97.1</b>	<b>(39.2)</b>

\*1 A consolidated subsidiary since 2Q FY2011.

## Retail Finance Business

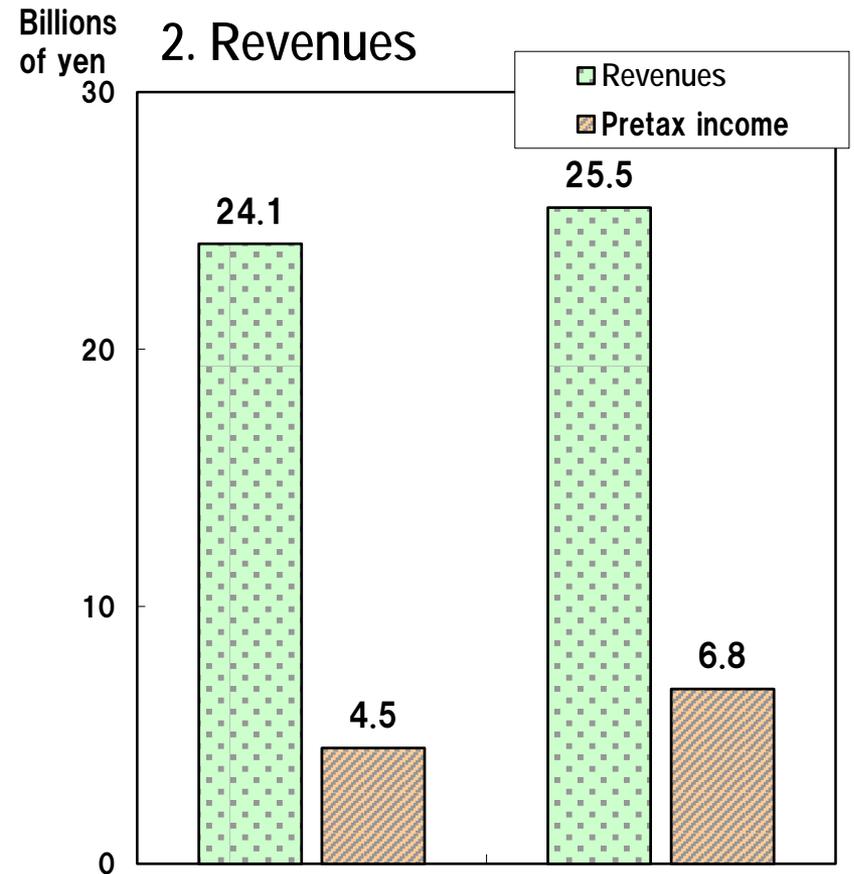
-While assets decreased in China due to sluggish demand, they increased in North America and Australia.  
 Total assets increased 29 billion yen from September 30, 2011.  
 -Both revenues and pretax income increased from 1H, FY2011.

### Consolidated retail finance subsidiaries



Sep. 30, 2011  
 1USD 76.7 yen  
 1EUR 104.1 yen  
 1RMB 12.0 yen

Sep. 30, 2012  
 1USD 77.6 yen  
 1EUR 100.2 yen  
 1RMB 12.3 yen



1H/FY2011  
 1USD 79.2 yen  
 1EUR 113.5 yen  
 1RMB 12.3 yen

1H/FY2012  
 1USD 79.6 yen  
 1EUR 101.5 yen  
 1RMB 12.6 yen

## Consolidated Balance Sheets

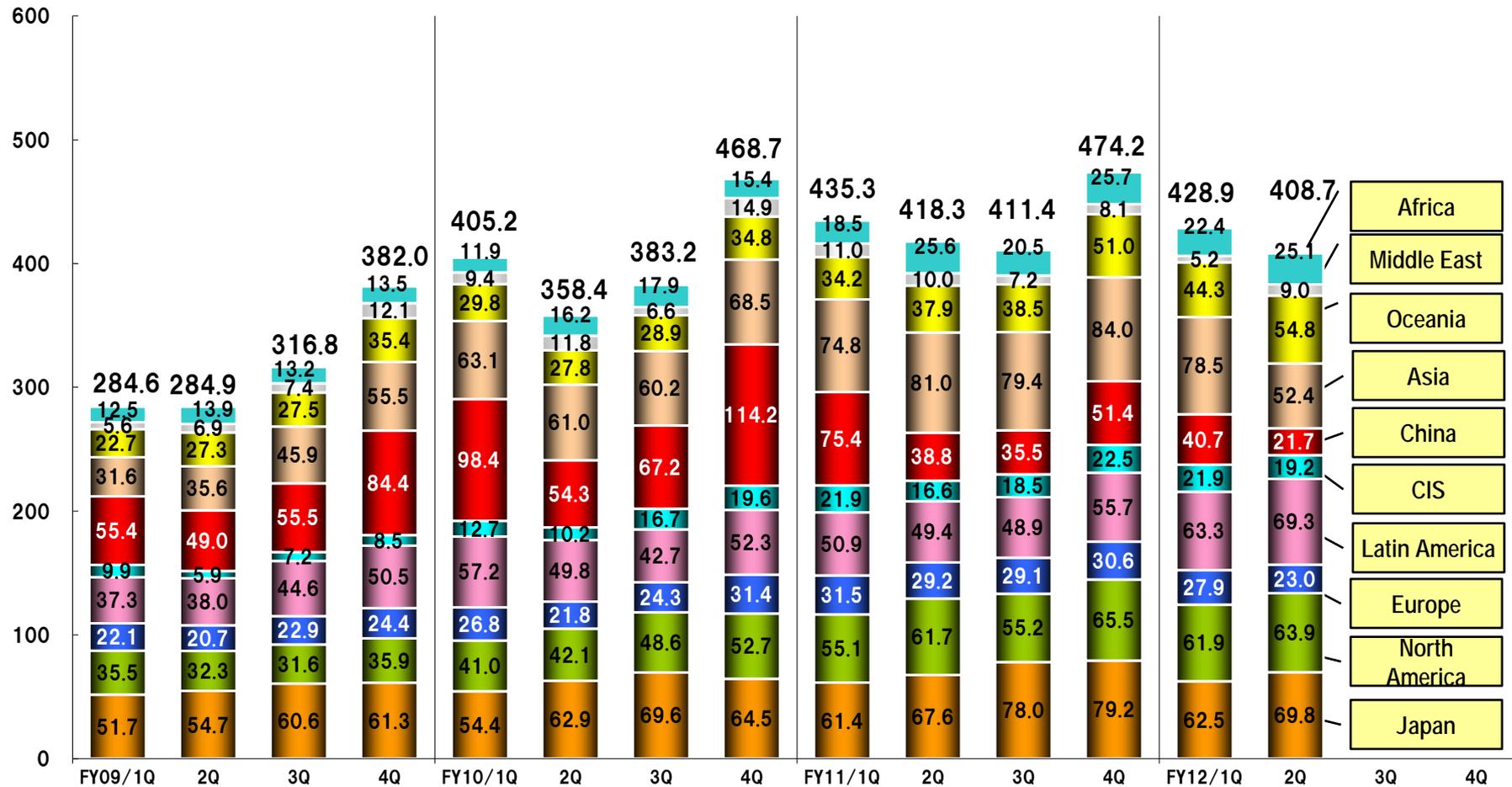
- Total assets amounted to 2,204 billion yen, a decline of 116.4 billion yen from the previous fiscal year-end.
- Net debt-to-equity ratio improved to 0.53 from the previous fiscal year-end.

Billions of yen ○ : Net debt-to-equity ratio	Mar.31, 2012 1USD=JPY82.2 1EUR=JPY109.8 1RMB=JPY13.1	Sep.30, 2012 1USD=JPY77.6 1EUR=JPY100.2 1RMB=JPY12.3	Increase (decrease)
Cash & Deposits (incl. time deposits) [a]	83.9	80.1	(3.8)
Accounts receivable (incl. long-term trade receivables) <Excl. those of consolidated retail finance subsidiaries>	744.0 <397.5>	660.0 <328.6>	(83.9) <(68.8)>
Inventories	612.3	602.9	(9.4)
Tangible fixed assets	529.6	534.6	4.9
Other assets	350.4	326.3	(24.1)
<b>Total assets</b>	<b>2,320.5</b>	<b>2,204.0</b>	<b>(116.4)</b>
Accounts payable	273.4	219.6	(53.8)
Interest-bearing debt[b] <Excl. those of consolidated retail finance subsidiaries>	647.8 <336.9>	619.9 <324.1>	(27.8) <(12.8)>
Other liabilities	341.8	308.9	(32.8)
<b>Total liabilities</b>	<b>1,263.0</b>	<b>1,148.5</b>	<b>(114.5)</b>
[Shareholders' equity ratio] Komatsu Ltd. shareholders' equity	[43.5%] 1,009.6	[ 45.9%] 1,011.2	[ 2.4 points ] 1.5
Noncontrolling interests	47.7	44.3	(3.4)
<b>Liabilities &amp; Equity</b>	<b>2,320.5</b>	<b>2,204.0</b>	<b>(116.4)</b>
<b>Interest-bearing debt, net [b-a]</b>	○ 0.56    563.8	○ 0.53    539.8	(23.9)
<b>Net D/E ratio (excl. cash and interest-bearing debt of consolidated retail finance subsidiaries)</b>	○ 0.28	○ 0.27	

## <Appendix>

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

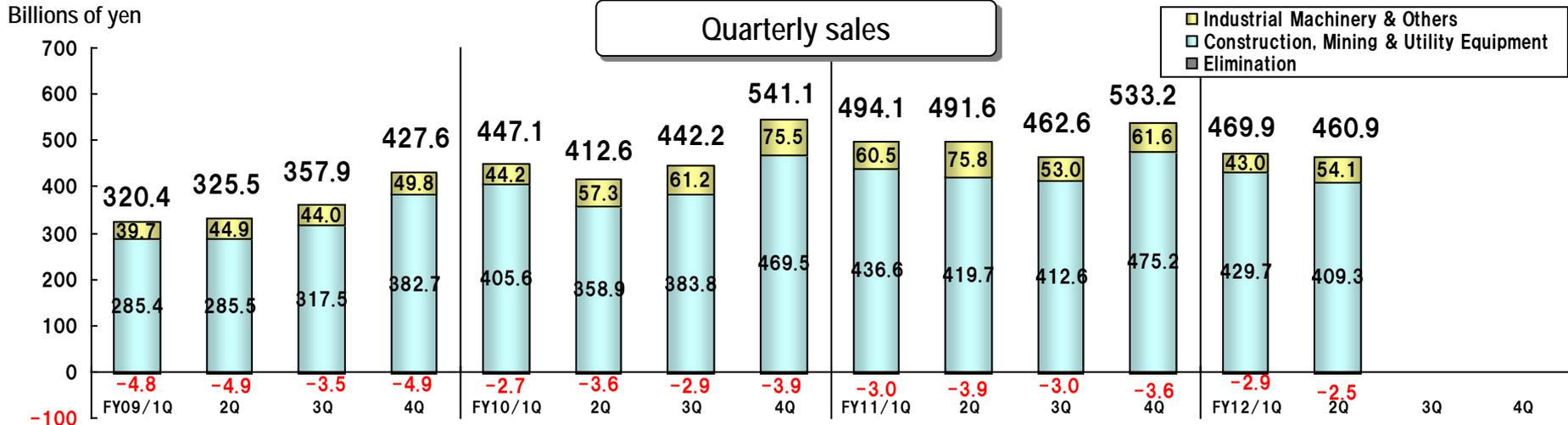
Billions of yen



Exchange rates

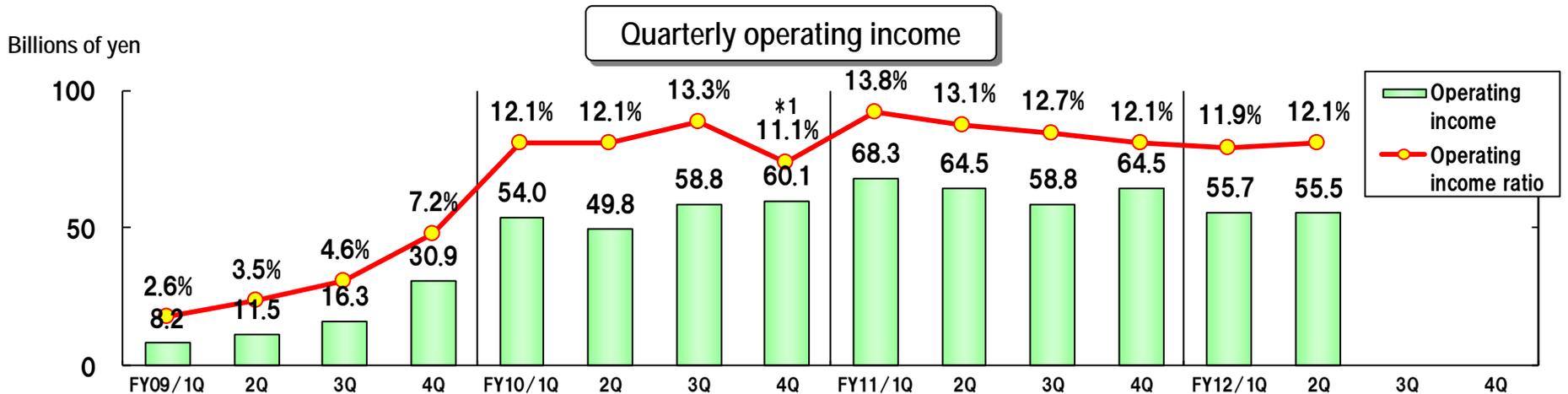
	09/1Q	09/2Q	09/3Q	09/4Q	10/1Q	10/2Q	10/3Q	10/4Q	11/1Q	11/2Q	11/3Q	11/4Q	12/1Q	12/2Q	12/3Q	12/4Q
USD	96.8 yen	92.8 yen	90.1 yen	90.8 yen	91.3 yen	85.0 yen	82.2 yen	82.3 yen	81.2 yen	77.1 yen	77.9 yen	79.8 yen	80.6 yen	78.7 yen	yen	yen
EUR	133.5 yen	133.0 yen	132.6 yen	123.7 yen	114.8 yen	111.5 yen	110.4 yen	113.8 yen	118.3 yen	108.7 yen	104.9 yen	106.3 yen	104.6 yen	98.3 yen	yen	yen
RMB	14.2 yen	13.6 yen	13.2 yen	13.3 yen	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	yen	yen

## Quarterly Sales and Operating Income



Exchange Rates

	09/1Q	09/2Q	09/3Q	09/4Q	10/1Q	10/2Q	10/3Q	10/4Q	11/1Q	11/2Q	11/3Q	11/4Q	12/1Q	12/2Q	12/3Q	12/4Q
USD	96.8 yen	92.8 yen	90.1 yen	90.8 yen	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	yen	yen
EUR	133.5 yen	133.0 yen	132.6 yen	123.7 yen	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	yen	yen
RMB	14.2 yen	13.6 yen	13.2 yen	13.3 yen	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	yen	yen



\*1 Including adverse effects of 7.0 billion yen from the earthquake disaster.

## Industrial Machinery & Others: Quarterly Sales and Segment Profit



Exchange rates

	09/1Q	09/2Q	09/3Q	09/4Q	10/1Q	10/2Q	10/3Q	10/4Q	11/1Q	11/2Q	11/3Q	11/4Q	12/1Q	12/2Q	12/3Q	12/4Q
USD	96.8 yen	92.8 yen	90.1 yen	90.8 yen	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	yen	yen
EUR	133.5 yen	133.0 yen	132.6 yen	123.7 yen	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	yen	yen
RMB	14.2 yen	13.6 yen	13.2 yen	13.3 yen	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	yen	yen

