

Earnings Presentation for Three and Nine Months ended December 31, 2013

January 29, 2014

Komatsu Ltd. Participants

Tetsuji Ohashi	President and CEO
Mikio Fujitsuka	Director and Senior Executive Officer, CFO
Akira Sugiki (Speaker)	Senior Executive Officer General Manager, Business Coordination Department

1. Results for Three Months ended December 31, 2013

Sales and Profits for Three months (October-December, 2013)

- Third quarter sales advanced by 10.6% from the corresponding period a year ago, to JPY464.3 billion, supported especially by increased sales in Japan where demand remained strong for construction equipment, and in China where demand upturned for recovery, which compensated for the effects of sluggish demand for mining equipment.
 - Third quarter operating income expanded by 44.5% from the corresponding period a year ago, to JPY56.6 billion, and net income by 46.2% to JPY36.5 billion.

	Oct.-Dec., 2012 (3Q FY12) USD1 = JPY80.1 EUR1 = JPY103.5 RMB1 = JPY12.8		Oct.-Dec., 2013 (3Q FY13) USD1 = JPY99.7 EUR1 = JPY135.1 RMB1 = JPY16.3		Changes			
					Increase (decrease)	Change (%)		
Net sales	419.7		464.3		44.6	+10.6%		
- Construction, mining & utility equipment	[367.9]	368.4	[420.0]	420.7	[52.0]	52.2	[+14.2%]	+14.2%
- Industrial machinery & others	[51.7]	53.4	[44.3]	45.3	[(7.4)]	(8.1)	[-14.4%]	-15.2%
- Elimination	(2.1)		(1.6)		0.5	-		
Segment profit	9.5%	39.7	11.8%	54.6	14.8			+37.3%
- Construction, mining & utility equipment	10.5%	38.8	13.9%	58.3	19.5			+50.3%
- Industrial machinery & others	1.0%	0.5	(8.1)% ^{*1}	(3.6)	(4.2)			-
- Corporate & elimination	0.4		(0.0)		(0.4)			-
Other operating income (expenses)	(0.5)		2.0		2.6			-
Operating income	9.3%	39.2	12.2%	56.6	17.4			+44.5%
Other income (expenses)	0.9		0.9		0.0			-
Income before income taxes	40.2		57.6		17.4			+43.4%
Net income ^{*2}	24.9		36.5		11.5			+46.2%

*1 Including the loss of write-off of Komatsu NTC's wire saw inventories in the amount of JPY 7.6 billion.

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

- For the third quarter under review, foreign exchange rates were JPY99.7 per USD, JPY135.1 per EUR1 and JPY16.3 per RMB, all showing a considerable depreciation of the Japanese yen from the corresponding period a year ago.

- Consolidated net sales advanced by 10.6% or JPY44.6 billion from the corresponding third quarter a year ago, to JPY464.3 billion.

- In the construction, mining and utility equipment business, third quarter sales improved by 14.2% from the corresponding period a year ago, to JPY 420.7 billion, supported by increased sales in Japan where demand remained strong for construction equipment, and in China where demand upturned for recovery, as well as the Japanese yen's depreciation, which compensated for the effects of sluggish demand for mining equipment.

- Third quarter segment profit expanded by 50.3% from the corresponding period a year ago, to JPY58.3 billion, and segment profit ratio also improved by 3.4 percentage points to 13.9%.

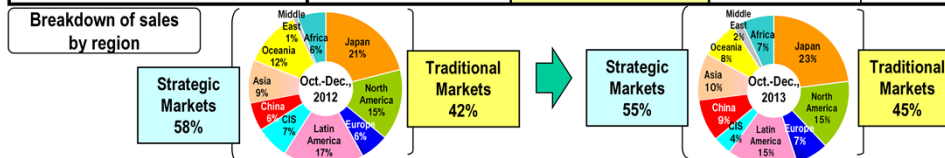
- In the industrial machinery and others business, third quarter sales declined by 15.2% from the corresponding period a year ago, to JPY45.3 billion. Segment loss amounted to JPY3.6 billion, adversely affected by the loss of write-off of Komatsu NTC's wire saw inventories in the amount of JPY7.6 billion. With respect to wire saws, we are anticipating to record a loss of about JPY 3.5 billion in relation to Komatsu NTC's wire saw inventories in the fourth quarter.

- For the third quarter, operating income advanced by 44.5% from the corresponding period a year ago, to JPY56.6 billion, and operating income ratio improved by 2.9 percentage points to 12.2%. Third quarter net income expanded by 46.2% to JPY36.5 billion.

Construction, Mining & Utility Equipment: Breakdown of Sales (to Outside Customers) for Three Months (Oct.-Dec., 2013)

While demand for mining equipment remained sluggish, good sales further expanded in Japan, and sales also increased in China where demand was recovering and in the Middle East and Africa where demand was growing. Third quarter sales of construction, mining and utility equipment increased by 14.2% from the corresponding period a year ago, to JPY420.0 billion.

Billions of yen		Oct.-Dec., 2012 (3Q FY12)	Oct.-Dec., 2013 (3Q FY13)	Changes	
				Increase (decrease)	Change (%)
Traditional Markets	Japan	76.0	95.6	19.5	+25.7%
	North America	56.0	65.2	9.1	+16.3%
	Europe	22.8	28.0	5.2	+22.9%
Strategic Markets	Latin America	62.9	62.6	(0.3)	-0.5%
	CIS	24.4	16.1	(8.3)	-34.0%
	China	20.4	39.5	19.1	+93.3%
	Asia	34.7	43.3	8.6	+24.8%
	Oceania	43.5	32.1	(11.4)	-26.3%
	Middle East	4.4	9.0	4.6	+104.2%
	Africa	22.2	28.1	5.9	+26.5%
Total		367.9	420.0	52.0	+14.2%
Mining equipment in total above		139.1	107.2	(31.9)	-22.9%



- By region, third quarter sales expanded from the corresponding period a year ago in Japan where demand remained strong. Sales also advanced dynamically in China where demand upturned for recovery as well as in the Middle East and Africa. In Latin America, CIS, and Oceania, third quarter sales declined, adversely affected by dropped demand for mining equipment.

- Total sales advanced by 14.2% or JPY52 billion from the corresponding third quarter a year ago, reflecting a foreign exchange gain of about JPY54 billion. When the effects of foreign exchange rates are excluded, third quarter sales slightly declined from the corresponding period a year ago.

- As a result, the percentage of Traditional Markets in total sales increased to 45% for the third quarter under review from 42% for the corresponding period a year ago.

- For the third quarter under review, total sales of mining equipment declined 22.9% from the corresponding period a year ago, to JPY107.2 billion.

2. Results for the Nine Months ended December 31, 2013

Sales and Profits for Nine Months (April-December, 2013)

For the nine-month period, consolidated sales increased by 2.9% from the corresponding period a year ago, to JPY1,389.5 billion, mainly supported by increased sales of construction equipment in Japan and China, which compensated for the effects of sluggish demand for mining equipment. Similarly, operating income advanced by 10.1% to JPY165.6 billion, and net income by 26.6% to JPY115.3 billion.

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

	Apr.-Dec., 2012		Apr.-Dec., 2013		Changes			
	USD1 = JPY79.8 EUR1 = JPY102.1 RMB1 = JPY12.7		USD1 = JPY98.5 EUR1 = JPY130.5 RMB1 = JPY16.1		Increase (decrease)		Change (%)	
Net sales	1,350.5		1,389.5		38.9		+2.9%	
- Construction, mining & utility equipment	[1,205.6]	1,207.6	[1,248.8]	1,250.7	[43.2]	43.1	[+3.6%]	+3.6%
- Industrial machinery & others	[144.9]	150.6	[140.6]	144.9	[(4.2)]	(5.7)	[-2.9%]	-3.8%
- Elimination	(7.6)		(6.1)		1.4		-	
Segment profit	□ 11.2%	151.0	□ 11.8%	163.7	12.6		+8.4%	
- Construction, mining & utility equipment	□ 12.3%	148.3	□ 13.1%	164.1	15.7		+10.6%	
- Industrial machinery & others	□ 2.5%	3.8	□ 0.8% *1	1.1	(2.7)		-70.7%	
- Corporate & elimination	(1.1)		(1.5)		(0.4)		-	
Other operating income (expenses)	(0.5)		1.9		2.5		-	
Operating income	□ 11.1%	150.4	□ 11.9%	165.6	15.1		+10.1%	
Other income (expenses)	(4.9)		4.4		9.4		-	
Income before income taxes	145.5		170.1		24.5		+16.9%	
Net income *2	91.0		115.3		24.2		+26.6%	

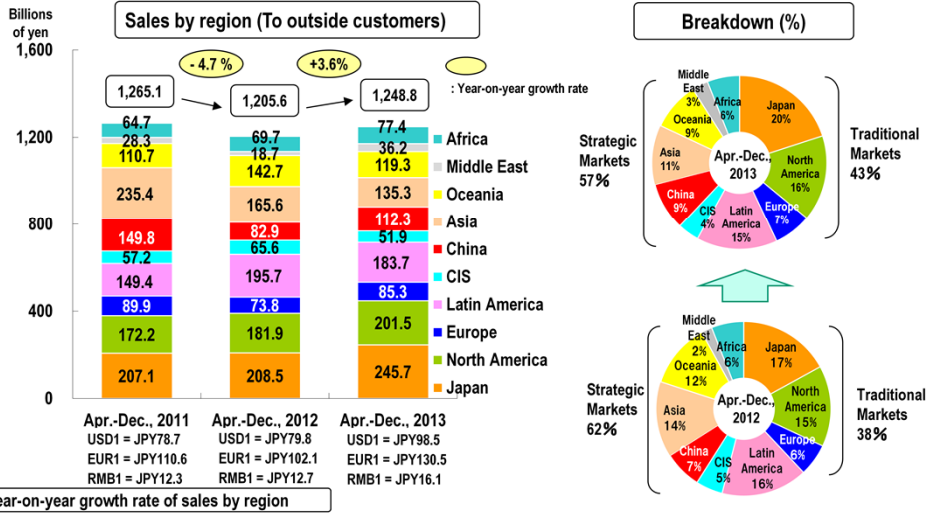
*1 Including the loss of write-off of Komatsu NTC's wire saw inventories in the amount of JPY 7.6 billion.

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

- For the nine-month period under review, foreign exchange rates were JPY98.5 per USD1, JPY130.5 per EUR1 and JPY16.1 per RMB, all showing a considerable depreciation of the Japanese yen from the corresponding period a year ago.
- Consolidated sales increased by 2.9% or JPY38.9 billion from the corresponding nine-month period, to JPY1,389.5 billion.
- In the construction, mining and utility equipment business, nine-month sales increased by 3.6% from the corresponding period a year ago, to JPY1,250.7 billion, supported by advanced sales in Japan where demand remained strong for construction equipment, and in China where demand upturned for recovery as well as the Japanese yen's depreciation, which compensated for the effects of sluggish demand for mining equipment.
- For the nine-month period under review, segment profit improved by 10.6% from the corresponding period a year ago, to JPY161.4 billion, and segment profit ratio by 0.8 percentage points to 13.1%.
- In the industrial machinery and others business, sales declined by 3.8% from the corresponding nine-month period a year ago, to JPY144.9 billion. Segment profit amounted to JPY1.1 billion, due to the loss of write-off of Komatsu NTC's inventories of wire saw parts in the amount of JPY 7.6 billion.
- For the nine-month period, operating income improved by 10.1% from the corresponding period a year ago, to JPY165.6 billion, and operating income ratio by 0.8 percentage points to 11.9%.
- Income before income taxes advanced by 16.9% or JPY24.5 billion from the corresponding nine-month a year ago, to JPY170.1 billion.
- Net income advanced by 26.6% from the corresponding nine-month period, to JPY115.3 billion, mainly reflecting an increase in tax credit for research and development.

Construction, Mining & Utility Equipment: Sales (to Outside Customers) by Region (Apr. – Dec., 2013)

While the percentage of sales in Oceania, Asia and Latin America declined in total sales against the backdrop of declined demand for mining equipment, that of Traditional Markets increased, driven by expanded sales in Japan with strong demand.

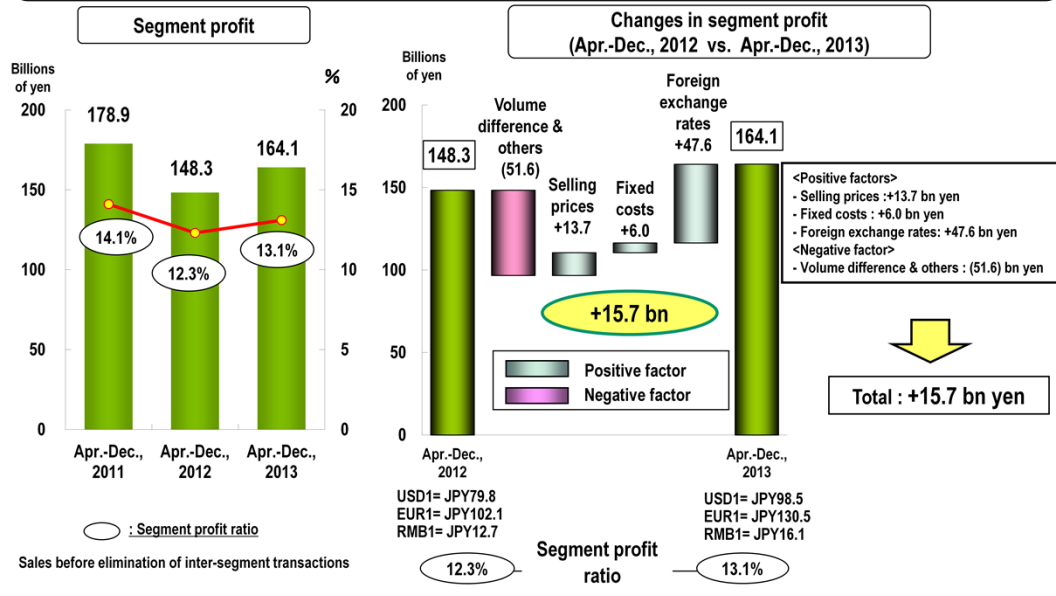


Year-on-year growth rate of sales by region											
	Japan	North America	Europe	Latin America	CIS	China	Asia	Oceania	Middle East	Africa	Total
Apr.-Dec.,2012	+0.7%	+5.7%	-17.9%	+31.0%	+14.8%	-44.6%	-29.6%	+28.9%	-33.9%	+7.8%	-4.7%
Apr.-Dec.,2013	+17.8%	+10.8%	+15.6%	-6.1%	-20.9%	+35.3%	-18.3%	-16.4%	+93.7%	+10.9%	+3.6%

- For the nine-month period under review, similar to the third quarter, sales advanced in Japan where demand remained strong. Sales also expanded in China where demand upturned for recovery as well as in the Middle East and Africa from the corresponding nine-month period a year ago. In Latin America, CIS and Oceania, sales declined, adversely affected by dropped demand for mining equipment.
- Total sales advanced by 3.6% or JPY 43.2 billion from the corresponding period a year ago, reflecting a foreign exchange gain of about JPY 161.0 billion. On a basis of sales volume, nine months sales declined from the corresponding period a year ago.
- As a result, the percentage of Traditional Markets increased to 43% from 38% in the corresponding nine-month period a year ago.

Construction, Mining & Utility Equipment: Causes of Difference in Segment Profit (Apr.-Dec., 2013)

- A negative difference of JPY51.6 billion in volume and others caused by the declines in demand and sales was compensated for by the positive differences in selling prices, fixed costs and foreign exchange rates, resulting in a net positive difference of JPY15.7 billion in segment profit for the nine-month period.
 - Segment profit ratio increased by 0.8 percentage points to 13.1% for the nine-month period.

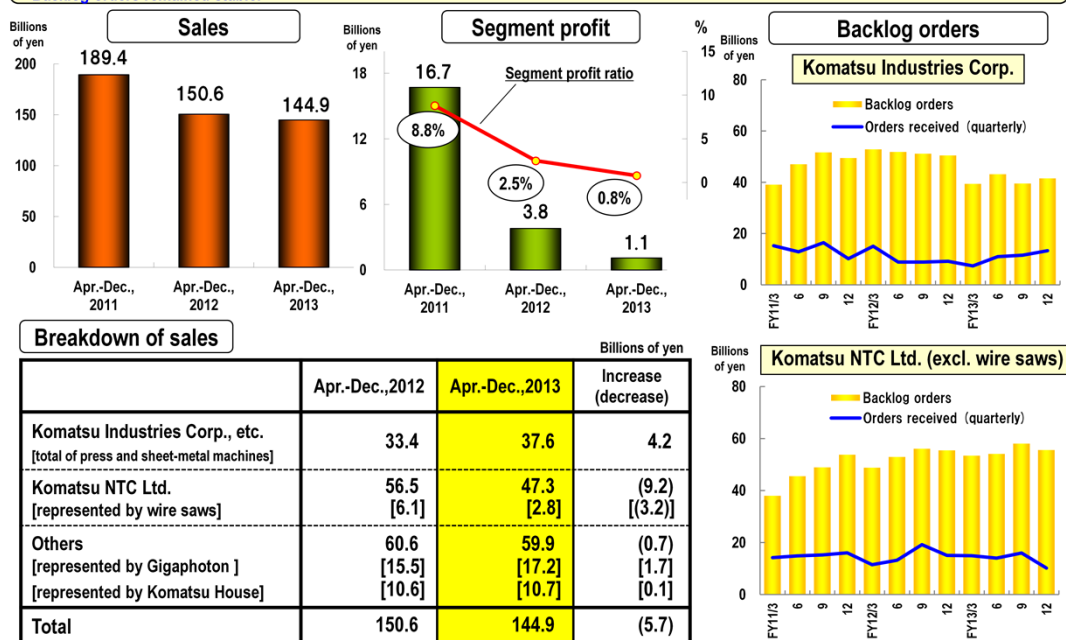


- Decline of JPY51.6 billion in volume difference and others resulting from declined demand and sales was compensated for by increases of JPY13.7 billion in selling prices, JPY6.0 billion in fixed costs and JPY47.6 billion in foreign exchange rates. As a result, segment profit increased by JPY15.7 billion from the corresponding nine-month period.

- The positive factor of JPY 6.0 billion in fixed costs includes an effect of about JPY 8.5 billion resulting from a change of calculating depreciation from the declining balance method to the straight-line method.

Industrial Machinery & Others: Sales, and Segment Profit and Backlog Orders

- While sales of machine tools, as well as sheet-metal and press machines remained firm, especially to the automobile manufacturing industry, nine-month sales slightly declined from the corresponding period a year ago.
 - Komatsu realized write-off of Komatsu NTC's inventories of wire saw parts in the amount of JPY7.6 billion for the third quarter period.
 - Backlog orders remained stable.



- In the industrial machinery and others segment, while sales of machine tools as well as sheet-metal and press machines remained steady centering on the automobile manufacturing industry, sluggish demand for wire saws prolonged. As a result, sales declined slightly from the corresponding nine-month period, to JPY144.9 billion.

- With respect to segment profit, the loss of write-off of the Komatsu NTC's inventories of wire saw parts was realized in the amount of JPY 7.6 billion for the third quarter. As a result, segment profit amounted to JPY1.1 billion.

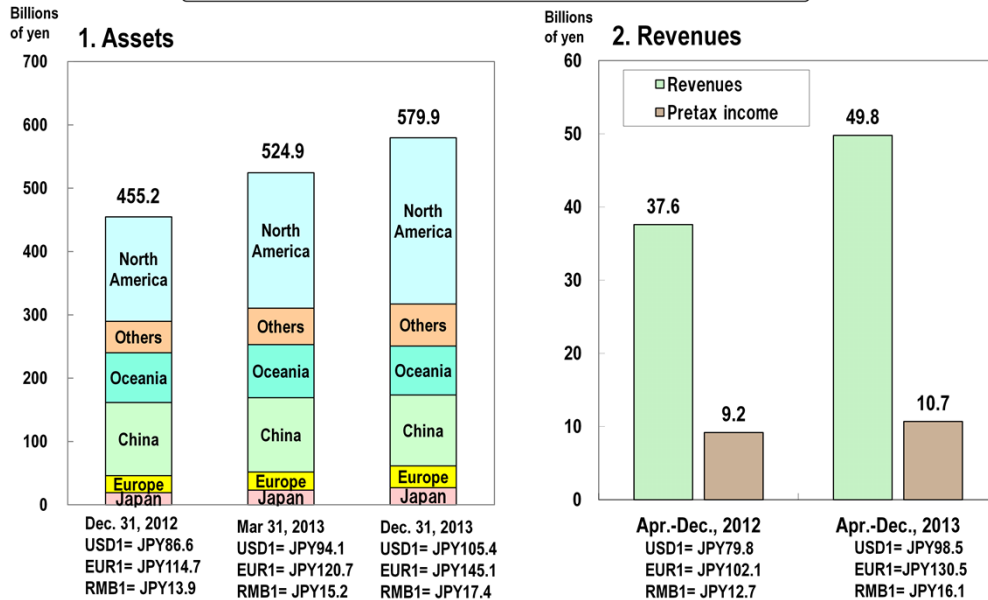
- As I have explained on page 3, we are anticipating to record a loss of about JPY 3.5 billion in relation to wire saw inventories.

- Concerning orders received, those for machine tools as well as sheet-metal and press machines have remained steady mainly from the automobile manufacturing industry. Backlog orders have been stable as well.

Retail Finance Business

- Total assets at December 31, 2013 increased from the previous fiscal year-end, affected by the Japanese yen's depreciation and increased new transactions, mainly in North America.
- Both nine-month revenues and pretax income increased from the corresponding period a year ago.

Consolidated retail finance subsidiaries



- At December 31, 2013, total assets of retail finance subsidiaries amounted to JPY579.9 billion, an increase of JPY55.0 billion from the previous fiscal year-end, mainly reflecting the effects of the Japanese yen's depreciation and an increase in new transactions in North and Latin America. This increase includes about JPY49.0 billion from the foreign exchange rate difference.

- For the nine-month period under review, revenues totaled JPY49.8 billion, an increase of JPY12.2 billion, including about 9.0 billion from the foreign exchange rate difference, compared to the corresponding period a year ago. Pretax income amounted to JPY 10.7 billion, an increase of JPY 1.5 billion from the corresponding period a year ago.

Consolidated Balance Sheets

- Total assets at December 31, 2013 increased by JPY203.4 billion from the previous fiscal year-end, mainly due to the Japanese yen's depreciation.
- Shareholders' equity ratio improved to 49.8%, and net debt-to-equity ratio to 0.44, from the previous fiscal year-end.

Billions of yen	Mar.31,2013 USD1 = JPY94.1 EUR1 = JPY120.7 RMB1 = JPY15.2	Dec.31,2013 USD1 = JPY105.4 EUR1 = JPY145.1 RMB1 = JPY17.4	Increase (decrease)
○ : Net debt-to-equity ratio			
Cash & deposits (incl. time deposits) [a]	93.8	111.0	17.1
Accounts receivable (incl. long-term trade receivables)	842.7	843.2	0.5
<Excl. those of consolidated retail finance subsidiaries>	<414.3>	<393.2>	<(21.0)>
Inventories	633.6	728.2	94.5
Tangible fixed assets	585.2	645.9	60.7
Other assets	362.4	392.8	30.4
Total assets	2,517.8	2,721.3	203.4
Accounts payable	226.2	234.8	8.6
Interest-bearing debt [b]	679.7	704.6	24.8
<Excl. those of consolidated retail finance subsidiaries>	<298.1>	<291.3>	<(6.7)>
Other liabilities	359.1	364.1	5.0
Total liabilities	1,265.1	1,303.7	38.5
[Shareholders' equity ratio]	(47.4%)	(49.8%)	(+2.4 points)
Komatsu Ltd. shareholders' equity	1,193.1	1,354.5	161.3
Non controlling interests	59.5	63.0	3.5
Liabilities & Equity	2,517.8	2,721.3	203.4
Interest-bearing debt, net [b-a]	○ 0.49 585.9	○ 0.44 593.6	7.7
Net D/E ratio (excl. cash and interest-bearing debt of consolidated retail finance subsidiaries)	○ 0.20	○ 0.16	

- As of December 31, 2013, total assets increased by JPY203.4 billion from the previous fiscal year-end. However, when the effects of foreign exchange rates are excluded, they would increase by about JPY35.5 billion.

- Notes and accounts receivable would decline considerably, when the effects of foreign exchange rates are excluded.

- Inventories increased by JPY94.5 billion from the previous fiscal year-end. However, when the effects of foreign exchange rates are excluded, the increase would amount to about JPY35.0 billion. A major reason for the increase is stocks of equipment for sales to the rental industry in North America and for the sales season in major markets.

- Interest-bearing debt increased by JPY24.8 billion from the previous fiscal year-end; however, when the effects of foreign exchange rates are excluded, it would decline by JPY6.5 billion.

- Net debt-to-equity ratio improved by 0.44 percentage points on a consolidated basis and by 0.16 points, when the retail finance business is excluded, from the previous fiscal year-end, reflecting our efforts made to reduce interest-bearing debt as well as increased shareholders' equity.

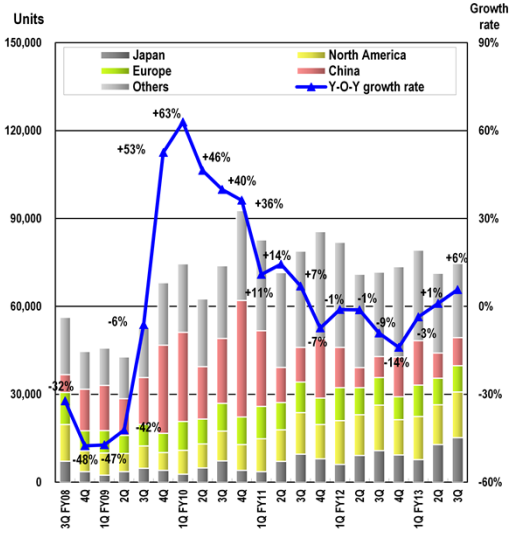
- Shareholders' equity ratio increased by 2.4 percentage points to 49.8%.

3. Current Demand for Construction and Mining Equipment by Region and Business Segment and Our Business Outlook

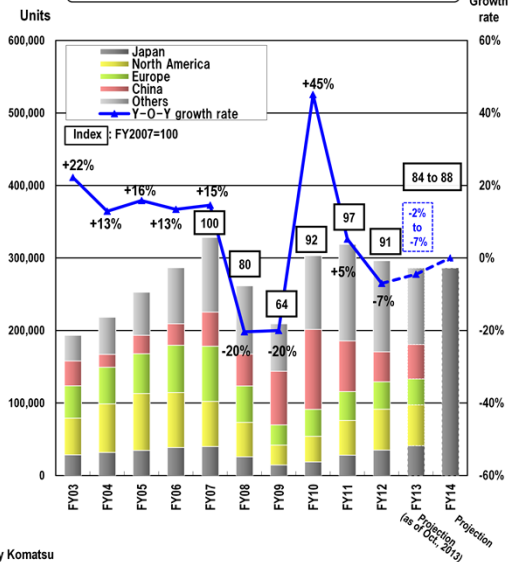
Construction, Mining & Utility Equipment: Demand and Outlook for 7 Major Products

- In the third quarter, while demand for mining equipment remained sluggish, overall demand for construction and mining equipment increased by 6% from the corresponding period a year ago, mainly supported by increased demand in Japan where demand remained strong and in China where market conditions upturned for recovery.
- With respect to full-year demand in FY2013, we are keeping our projection of October 2013, i.e., a decline of 2% to 7% from FY2012.
- Concerning full-year demand in FY2014, we anticipate that it will be comparable to FY2013.

Quarterly demand for 7 major products



Annual demand for 7 major products



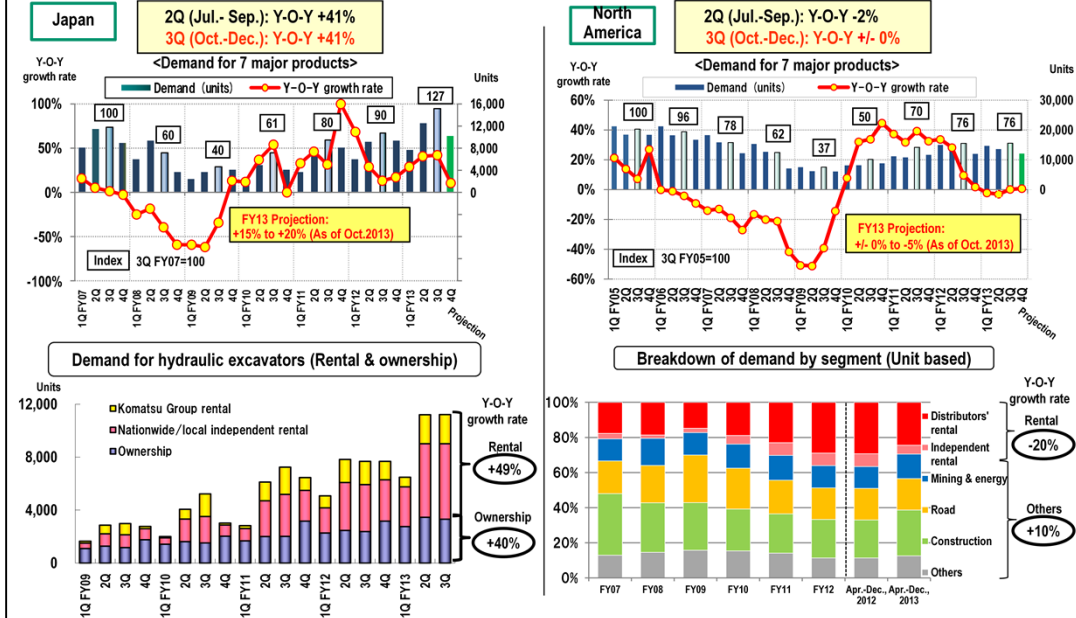
Demand: Estimated by Komatsu

- With respect to demand for construction and mining equipment in the third quarter under review, while that for mining equipment remained sluggish, that for construction equipment increased especially in Japan and China. As a result, overall demand improved by 6% from the corresponding period a year ago.
- Concerning full-year demand in FY2013, we are keeping our projection of October last year, i.e., a decline of 2% to 7%. However, we believe that the rate of decline should be very close to 2%.
- With respect to our projection of full-year demand for FY2014, we are currently working on it, but we anticipate that it will remain flat from FY2013 in general.

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

Japan: Third quarter demand expanded, fueled by increased construction investment and full-scale reconstruction works in the earthquake and tsunami destroyed-regions, as well as expanded purchase of equipment by customers who have looked into stricter emission regulations for the near future. Third quarter demand climbed by 41% from the corresponding period a year ago.

North America: Third quarter demand was comparable to the corresponding period a year ago, supported by increased demand in the housing and energy sectors, while demand in the rental industry remained sluggish.



<Japan>

- Demand expanded, supported by increased construction investment, more full-scale construction projects in the earthquake and tsunami-destroyed regions, and expanded purchase of customers who have looked into stricter emission regulations for the near future.

- Third quarter demand expanded by 41% from the corresponding period a year ago. With respect to full-year demand in FY2013, we projected an increase of 15% to 20% from FY2012 in October last year. However, it is possible to surpass this range.

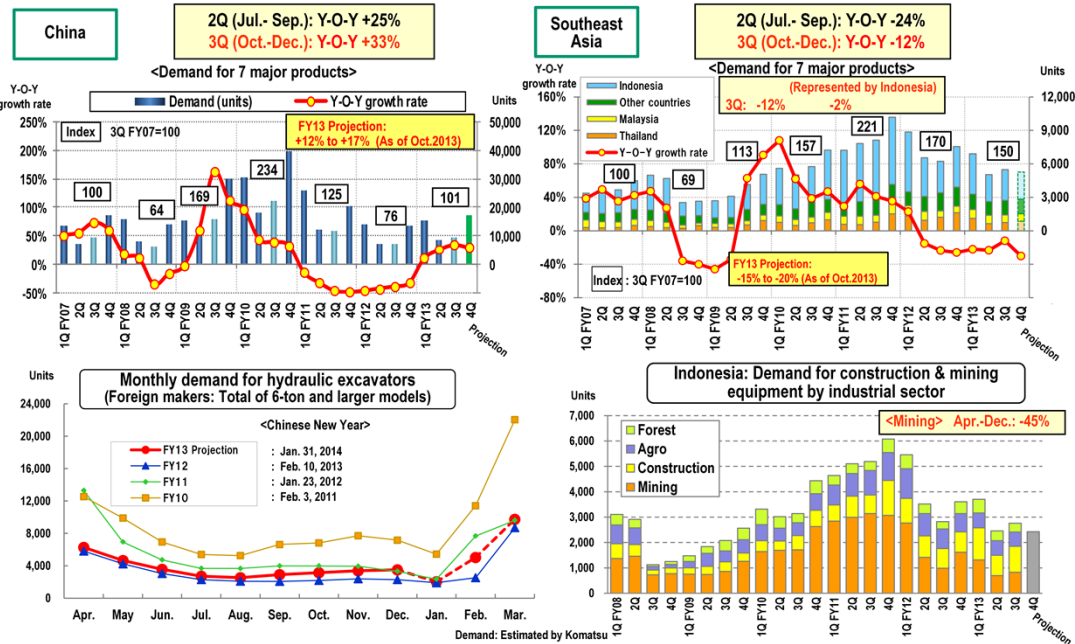
<North America>

- With respect to third quarter demand, while that remained slack in the rental industry, demand advanced mainly in the housing and energy development sectors. As a result, third quarter demand remained flat from the corresponding period a year ago.

- Concerning full-year demand in FY2013, we are keeping our projection of October last year, i.e., a change of +/-0% to -5% from FY2012.

Construction, Mining & Utility Equipment: Demand in Major Markets (2) China, Southeast Asia

China: Demand for construction equipment (made by foreign makers) upturned for recovery in the first quarter of FY2013 and has been increasing year-on-year since then.
Southeast Asia: Demand declined by 12% in the third quarter of FY2013 from the corresponding period a year ago.



<China>

- Quarterly demand for construction equipment (made by localized foreign makers) upturned for recovery in the first quarter of FY2013, and has continued to increase year-on-year since then.
- With respect to full-year demand in FY2013, we are projecting that it will surpass our projected range of October last year, i.e., an increase of 12% to 17%, albeit depending on demand which usually expands rapidly in February and March especially after the Chinese New Year.

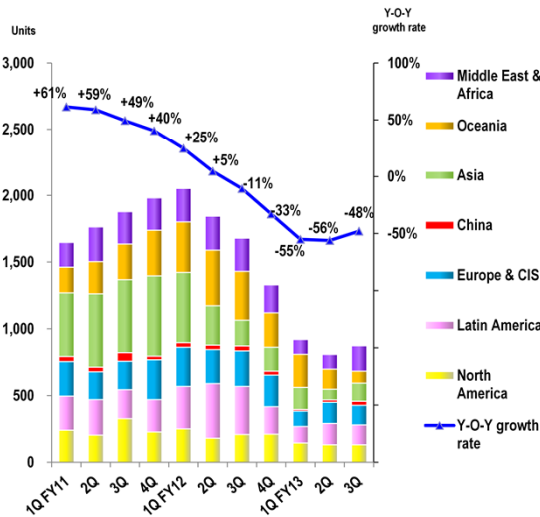
<Southeast Asia>

- Third quarter demand for construction equipment declined by 12% from the corresponding period a year ago.
- In Indonesia, third quarter demand decreased by 2%, showing a reduce rate of decline.
- With respect to full-year demand in FY2013, we projected a decline of 15% to 20% in October last year; however, we are projecting that the rate of decline will be on a level of 20%.

Construction, Mining & Utility Equipment: Mining Equipment Demand and Outlook

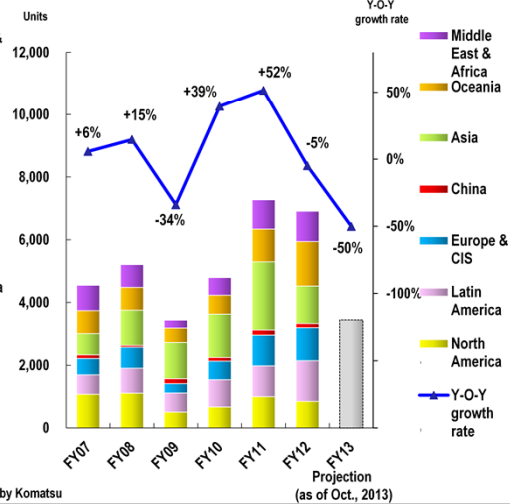
- Quarterly demand for mining equipment has continued to decline year-on-year since the third quarter of FY2012, reflecting a cooled down mindset of customers concerning capital investment against the backdrop of subdued commodity prices.
 - We project the full-year demand will decline by 50% in FY2013 from FY2012, as announced in October 2013.

Quarterly demand for mining equipment



Annual demand for mining equipment

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



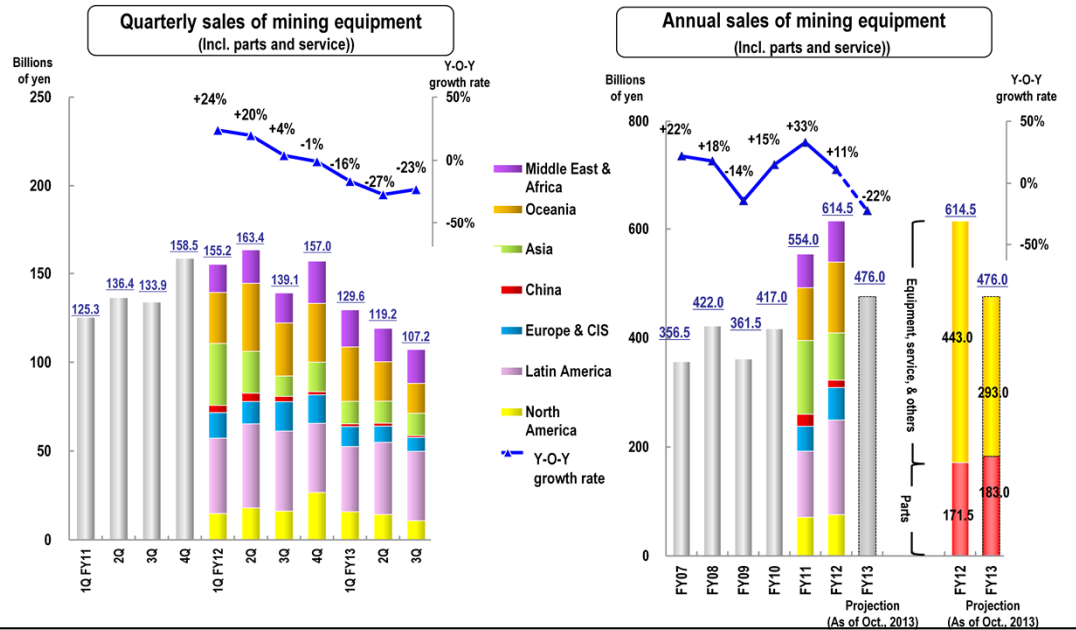
Demand: Estimated by Komatsu

Projection (as of Oct., 2013)

- Quarterly global demand for mining equipment has continued to decline year-on-year since the third quarter of FY2012, reflecting a cooled down mindset of customers for capital investment resulting from subdued commodity prices.
- With respect to full-year demand in FY2013, we are projecting that it will decline by 50% from FY2012, as announced in October last year.
- At present, the production volume of mineral resources remains on a growth track, and machine operating hours in mines stay on par with last year.

Construction, Mining & Utility Equipment: Sales of Mining Equipment

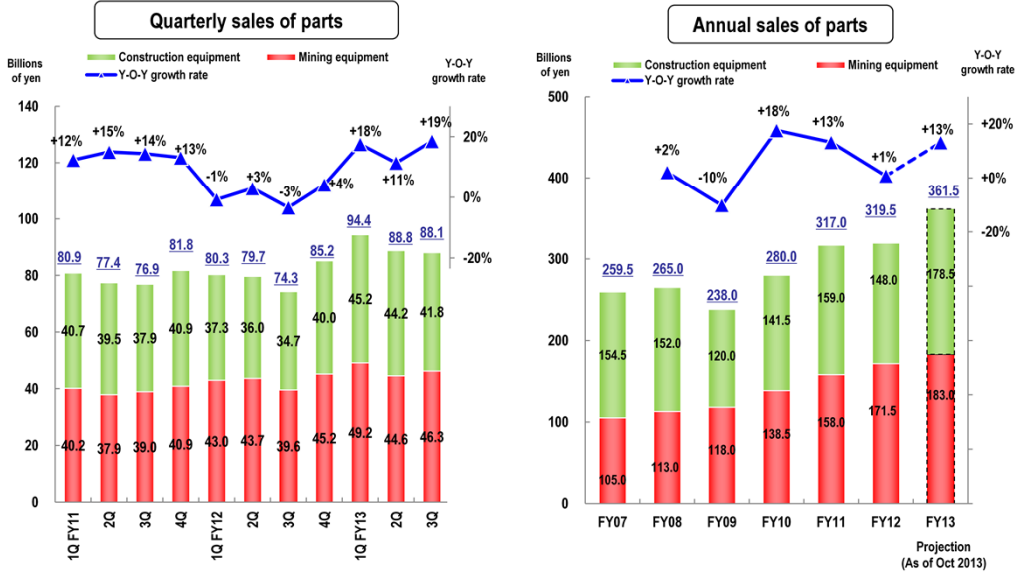
Quarterly sales of mining equipment have continued to decline year-on-year in tandem with sluggish demand. We project that full-year sales of mining equipment, including parts and service for FY2013 will decline by 22% from FY2012.



- Quarterly sales of mining equipment have continued to decline year-on-year since the fourth quarter of FY2012, due to sluggish demand for equipment itself.
- With respect to full-year results for FY2013, we are projecting a decline of 22% from FY2012, reflecting relatively good sales of parts.
- Projected full-year sales in the mining equipment business will remain unchanged from our projection of October last year.

Construction, Mining & Utility Equipment: Sales of Parts

- Third quarter sales of parts advanced by 19% from the corresponding period a year ago.
- We project that full-year sales of parts will increase by 13% for FY2013 from FY2012, as announced in October 2013.



- Third quarter sales of parts advanced by 19% from the corresponding period a year ago, to JPY88.1 billion.
- With respect to full-year sales for FY2013, we are projecting an increase of 13% from FY2012, as announced in October last year.

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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