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Business Results for FY2012 ended March 31, 2013

April 25, 2013

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Highlights of FY2012 ended March 31, 2013

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1. Sales and Profits

- Net sales decreased by 4.9% from the previous fiscal year, to 1,884.9 billion yen.
- Operating income decreased by 17.5% to 211.6 billion yen, and operating income ratio declined by 1.7 points to 11.2%.

	FY2011	FY2012 [ ]:projection as of January 2013		Vs. FY2011
Net sales	1,981.7 bil yen	[1,920.0 bil yen]	1,884.9 bil yen	(4.9) %
Operating income	256.3 bil yen	[230.0 bil yen]	211.6 bil yen	(17.5) %
Operating income ratio	12.9 %		11.2 %	(1.7) pts
Net income*	167.0 bil yen	[138.0 bil yen]	126.3 bil yen	(24.4) %
ROE	17.3 %		11.5 %	(5.8) pts
Net D/E ratio [Excl. consolidated retail finance subsidiaries]	0.56 [0.28]		0.49 [0.20]	+0.07 pts [+0.08 pts]

* "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 & Utility Equipment

Although demand for construction equipment increased in Japan and North America, overall demand remained sluggish, as mainly affected by delayed recovery in China. Demand for mining equipment dropped in coal mines in Indonesia, but demand in mines other than coal remained fairly firm albeit with some signs of slow down. As a result, both sales and segment profit declined form the previous fiscal year.

Industrial Machinery & Others

Sales and segment profit decreased from the previous fiscal year reflecting sluggish demand for wire saws and an end to extraordinary demand for prefabricated shelters in Japan, while sales of large presses and machine tools remained steady.

3. Cash dividends

Annual cash dividends: 48 yen per share (Consolidated payout ratio: 36.2%)

Interim dividend: 24 yen Year-end dividend: 24 yen*

(Annual cash dividends for FY2011:42 yen per share)

*To be proposed to the 144th ordinary general meeting of shareholders.

-For fiscal 2012 ended March 31, 2013, consolidated net sales decreased by 4.9% from the previous fiscal year, to 1,884.9 billion yen, and operating income declined by 17.5% to 211.6 billion yen.

[Review of two business segments]
- Construction, Mining and Utility Equipment: While demand increased in North America and Japan, both sales and segment profit declined from the previous fiscal year, particularly affected by a delayed recovery of demand for construction equipment in China and fallen demand for mining equipment for use in coal mines in Indonesia.

- Industrial Machinery and Others: While sales of large presses and machine tools remained relatively steady, both sales and segment profit declined from the previous fiscal year, particularly affected by sluggish demand for wire saws and an end to demand for prefabricated shelters.

[Cash dividends]
- We are planning to set the year-end cash dividend at 24 yen per share. (To be proposed to the ordinary general meeting of shareholders scheduled for June 19.)
Annual cash dividends should translate into 48 yen per share, including the interim dividend of 24 yen per share.

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Sales and Profits for FY2012 ended March 31, 2013

Both sales and profits decreased from the previous fiscal year, mainly affected by declined demand for equipment for use in coal mines in Indonesia, as well as delayed recovery of demand in China and sluggish demand for wire saws. Meanwhile, demand for construction equipment in North America and Japan remained steady and that for mining equipment in mines other than coal remained fairly firm albeit with some signs of slow down.

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

	FY2011 results USD1=JPY79.0 EUR1=JPY109.6 RMB1=JPY12.4		FY2012 projection (As of Jan., 2013) USD1=JPY82.0 EUR1=JPY106.0 RMB1=JPY13.0		FY2012 results USD1=JPY82.5 EUR1=JPY106.6 RMB1=JPY13.2		vs. FY2011 results	
							Increase (decrease)	% Change
Net sales		1,981.7		1,920.0		1,884.9	(96.7)	(4.9)%
- Construction, mining & utility equipment		[1,739.3] 1,744.2		[1,716.0] 1,720.0		[1,677.0] 1,679.5	[(62.2)] (64.6)	[(3.6)%] (3.7)%
- Industrial machinery & others		[242.4] 251.1		[204.0] 210.0		[207.9] 216.2	[(34.4)] (34.8)	[(14.2)%] (13.9)%
- Elimination		(13.6)		(10.0)		(10.8)	2.7	-
Segment profit	13.1%	258.6	12.1%	233.0	11.4%	214.0	(44.6)	(17.3)%
- Construction, mining & utility equipment	14.1%	246.2	13.5%	232.0	12.4%	208.9	(37.3)	(15.2)%
- Industrial machinery & others	6.7%	16.7	1.9%	4.0	2.9%	6.2	(10.5)	(62.9)%
- Corporate & elimination		(4.4)		(3.0)		(1.1)	3.2	-
Other operating income (expenses)		(2.3)		(3.0)		(2.4)	0	-
Operating income	12.9%	256.3	12.0%	230.0	11.2%	211.6	(44.7)	(17.5)%
Other income (expenses)		(6.7)		(8.0)		(6.9)	(0.2)	-
Net income before income taxes		249.6		222.0		204.6	(45.0)	(18.0)%
Net income *		167.0		138.0		126.3	(40.7)	(24.4)%

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

- Demand for construction equipment was steady in North America and Japan and that for mining equipment for use in mines other than coal remained firm albeit with some signs of slow down. However, net sales and operating income declined by 4.9% and 17.5%, respectively, from the previous fiscal year, due mainly to plunged demand for mining equipment in Indonesia, delayed recovery of demand for construction equipment in China, and sluggish demand for wire saws.

- Net sales for the year fell short of about 35 billion yen from the projection of January this year. This amount mainly consists of about 17 billion yen in China, about 10 billion yen in Latin America and about 6 billion yen in Australia.

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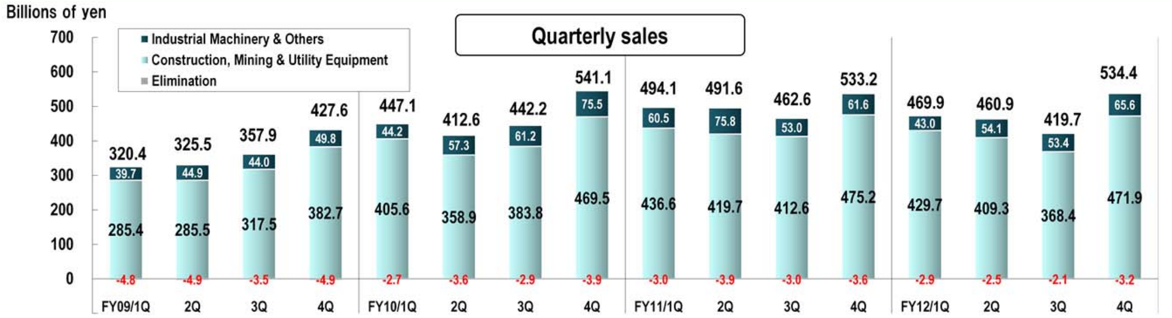
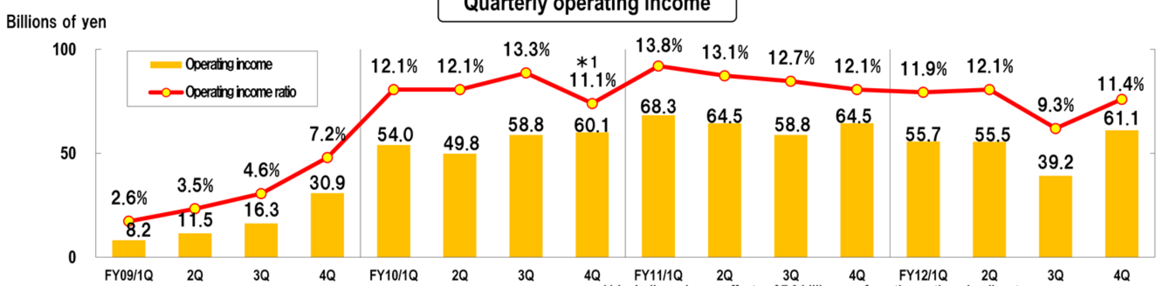
Quarterly Sales and Operating Income



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	80.1 yen	90.7yen
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	103.5 yen	120.1yen
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	12.8 yen	14.6yen



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

- With respect to quarterly sales and operating income for fiscal 2012, they bottomed out in the third quarter and upturned to a recovery note in the fourth quarter.

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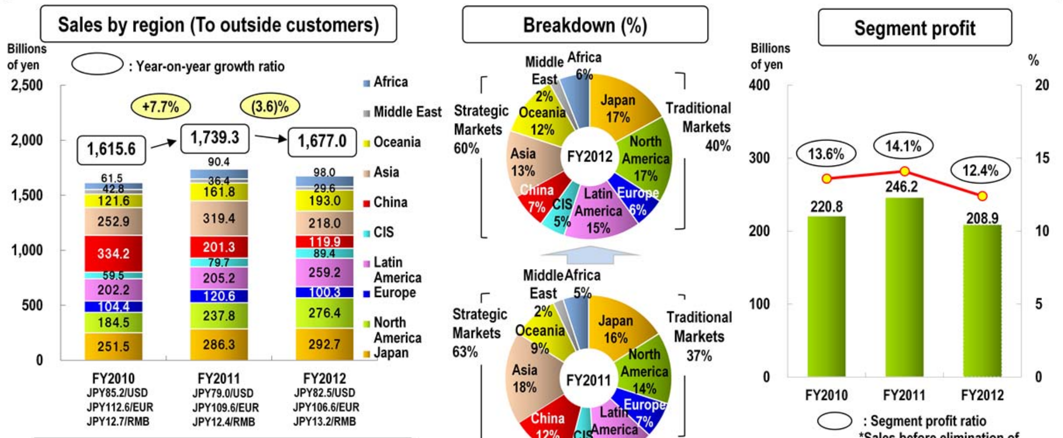
Construction, Mining & Utility Equipment: Sales by Region (to Outside Customers)and Segment Profit 5

-Sales decreased by 3.6% from the previous fiscal year, to 1,677.0 billion yen, as particularly affected by dropped demand in Indonesia and China, while demand for construction equipment was steady in North America and Japan and that for mining equipment in mines other than coal remained fairly firm albeit with some signs of slow down.

-Segment profit decreased by 15.2% from the previous fiscal year, to 208.9 billion yen, and segment profit ratio declined by 1.7 points to 12.4%.



Year-on-year growth rate of sales by region

%	Japan	North America	Europe	Latin America	CIS	China	Asia	Oceania	Middle East	Africa	Total
FY2011	+13.8%	+28.9%	+15.5%	+1.5%	+34.0%	-39.8%	+26.3%	+33.1%	-15.0%	+46.9%	+7.7%
FY2012	+2.2%	+16.3%	-16.8%	+26.3%	+12.2%	-40.4%	-31.8%	+19.3%	-18.6%	+8.3%	-3.6%

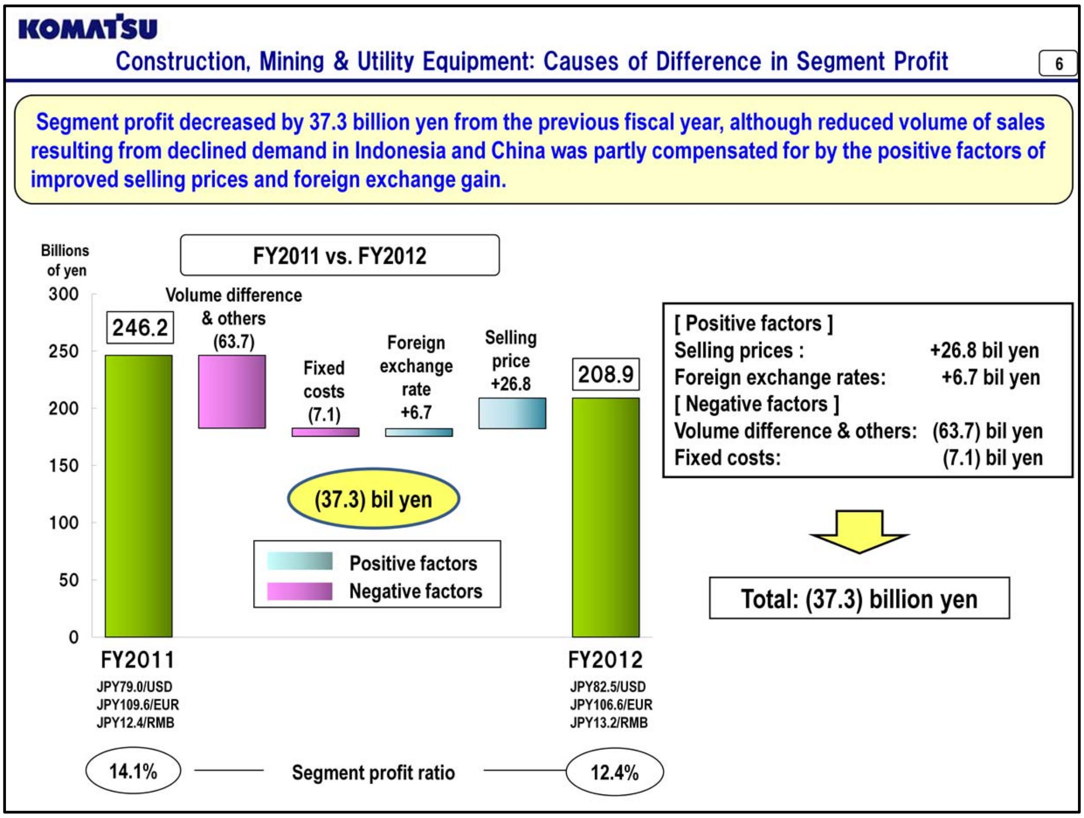
- In the construction, mining and utility equipment business, demand was steady in North America and Japan, and that for mining equipment was also steady albeit with some signs of slow down. However, sales decreased by 3.6% from the previous fiscal year, to 1,677 billion yen, as largely affected by dropped demand in Indonesia and China.

- In Latin America and Oceania, annual sales registered a record high.

- The percentage share of Traditional Markets increased to 40%.

- Segment profit declined by 15.2% from the previous fiscal year, to 208.9 billion yen, and segment profit ratio decreased by 1.7 points to 12.4%.

- I am going to discuss the causes of decline in segment profit on the next page.



-The segment profit ratio of our construction, mining and utility equipment business was 12.4% for fiscal 2012, as we partly compensated for negative factors, such as decreased volume of sales and increased fixed costs, by increasing selling prices.

[Positive factors]
- We were able to increase selling prices by expanding sales of new emission controls-compliant models in North America, for example, and made a gain of 26.8 billion yen from the previous fiscal year.

- At the end of the fiscal year, the Japanese yen depreciated against major currencies, which worked for a gain of 6.7 billion yen from the previous fiscal year. Resulting from a time lag of products between their shipment from Japan to overseas subsidiaries and recording profits from their sales to local customers, the actual effect of the foreign exchange rate difference of 6.7 billion yen was about 8 billion yen smaller than simple translation figure .

[Negative factors]
- With respect to 63.7 billion yen for the volume difference and other factors, about 40 billion yen came from reduced volume of sales.

- Although fixed costs increased from the previous fiscal year due to expanded R&D expenses, we were able to keep them lower than initially planned.

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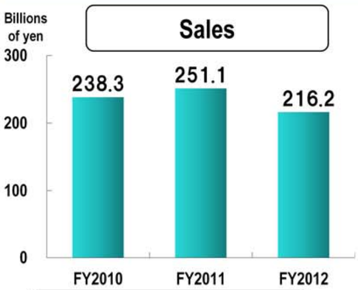
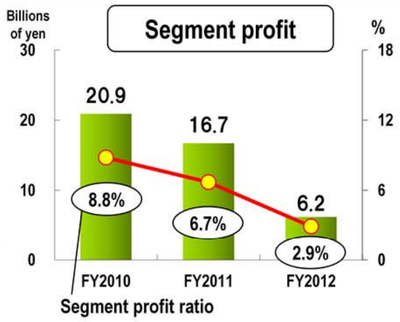
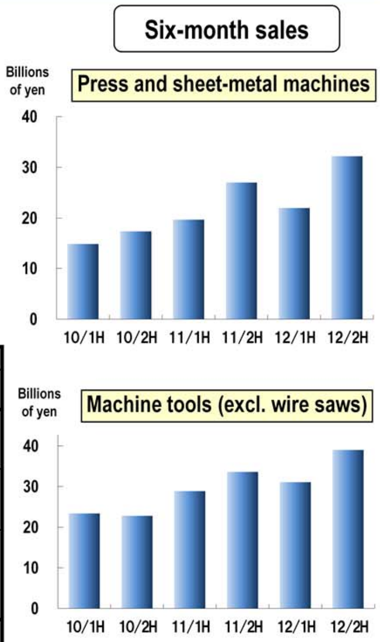
Industrial Machinery & Others: Sales and Segment Profit

While sales remained steady for press and sheet-metal machinery, including large presses, as well as machine tools, both sales and profits decreased from the previous fiscal year, mainly affected by sluggish demand for wire saws and an end to extraordinary demand for prefabricated shelters in Japan.







Breakdown of sales

Billions of yen

	FY2011	FY2012	Changes: Increase (decrease)	Changes: % change
Komatsu Industries Corp, etc. [total of press and sheet-metal machines]	46.6	54.1	7.5	16.2%
Komatsu NTC Ltd. [represented by wire saws]	108.8 [46.5]	77.3 [7.3]	(31.5) [(39.2)]	(29.0)% [(84.3)%]
Others [repesented by Gigaphoton] * [represented by Komatsu House]	95.6 [14.6] [30.3]	84.7 [23.0] [16.3]	(10.8) [8.4] [(14.0)]	(11.4)% [57.5%] [(46.1)%]
Total	251.1	216.2	(34.8)	(13.9)%

* A consolidated subsidiary since 2Q, FY2011.

-With respect to our industrial machinery and others business, while sales remained steady for press and sheet-metal machinery, including large presses, as well as machine tools, we faced sluggish demand for wire saws and an end to demand for prefabricated structures for use as shelters. As a result, sales declined by 34.8 billion yen from the previous fiscal year, to 216.2 billion yen. Segment profit slid by 10.5 billion yen to 6.2 billion yen.

- Except for wire saws, both orders for and sales of presses, sheet-metal machines and machine tools have been steady.

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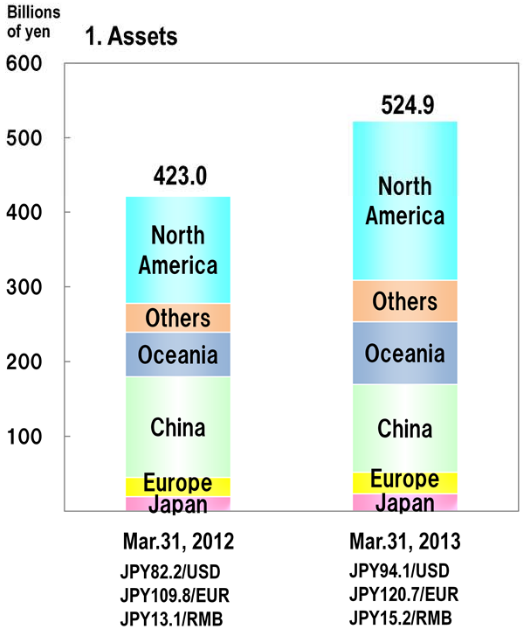
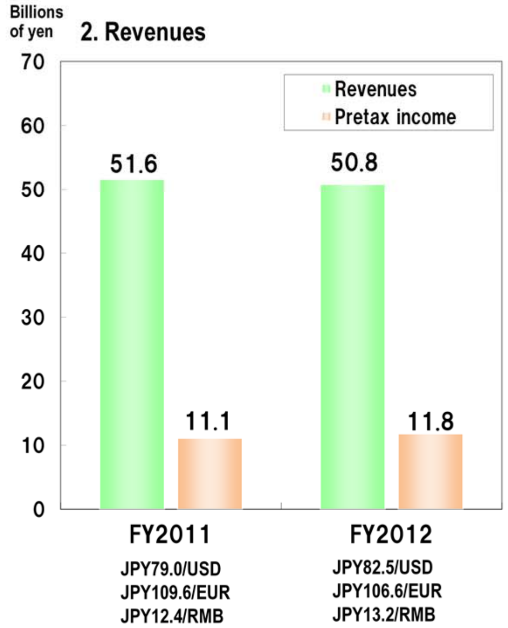
Retail Finance Business

-Total assets increased from March 31, 2012, mainly reflecting the Japanese yen's depreciation and an increase of new contracts in North America and Oceania.
-Revenues and pretax income were about the same level with the previous fiscal year.

Consolidated retail finance subsidiaries





- In the retail finance business, total assets increased from the previous fiscal year-end, mainly reflecting a considerable depreciation of the Japanese yen and new contracts in North America and Australia, where sales of equipment were brisk. The increase of about 100 billion yen in total assets included about 65 billion yen as the effects of the Japanese yen's depreciation.

- Both revenues and pretax income remained about flat from the previous fiscal year.

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Consolidated Balance Sheets

- Total assets increased by 197.3 billion yen from the previous fiscal year-end, mainly due to the Japanese yen's depreciation.
- Shareholders' equity ratio improved by 3.9 percentage points from the previous fiscal year-end, to 47.4%. Net D/E ratio improved from the previous fiscal year-end to 0.49.

Billions of yen ( ) : Net debt-to-equity ratio	Mar. 31, 2012 USD1=JPY82.2 EUR1=JPY109.8 RMB1=JPY13.1	Mar. 31, 2013 USD1=JPY94.1 EUR1=JPY120.7 RMB1=JPY15.2	Increase (decrease)
Cash & Deposits (incl. time deposits) [a]	83.9	93.8	9.8
Accounts receivable (incl. long-term trade receivables)	744.0	842.7	98.6
<Excl. those of consolidated retail finance subsidiaries>	<397.5>	<414.3>	<16.7>
Inventories	612.3	633.6	21.2
Tangible fixed assets	529.6	585.2	55.5
Other assets	350.4	362.4	11.9
Total assets	2,320.5	2,517.8	197.3
Accounts payable	273.4	226.2	(47.1)
Interest-bearing debt [b]	647.8	679.7	31.9
<Excl. those of consolidated retail finance subsidiaries>	<336.9>	<298.1>	<(38.8)>
Other liabilities	341.8	359.1	17.3
Total liabilities	1,263.0	1,265.1	2.0
[Shareholders' equity ratio] Komatsu Ltd. shareholders' equity	[43.5%] 1,009.6	[47.4%] 1,193.1	[+3.9 points] 183.4
Noncontrolling interests	47.7	59.5	11.7
Liabilities & Equity	2,320.5	2,517.8	197.3
Interest-bearing debt, net [b-a]	(0.56) 563.8	(0.49) 585.9	22.1
Net D/E ratio (excl. cash and interest-bearing debt of consolidated retail finance subsidiaries)	(0.28)	(0.20)	

- Although total assets increased by 197.3 billion yen from the previous fiscal year-end, they were about the same level when the effects of foreign exchange rates were excluded.

- Inventories seemingly increased; however, when the effects of foreign exchange rates were removed, they declined from the previous fiscal year-end.

- In the same context, while interest-bearing debt and bonds seemingly increased, they declined when the effects of the currency translation were excluded.

- Komatsu Ltd. shareholders' equity ratio increased by 3.9 points from the previous fiscal year-end, to 47.4%.

- Net debt-to-equity ratio improved from the previous fiscal-year end to 0.49.