

**Business Results for the Three and Nine Months  
ended December 31, 2012**

**January 29, 2013**

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## **1. Results for the Three Months ended December 31, 2012**

**Sales and Profits for Three Months (October - December, 2012)**

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Both sales and profits decreased from the corresponding quarter a year ago, mainly affected by declined demand for equipment for use in coal mines in Indonesia, as well as delayed recovery of demand in China. Meanwhile, sales of mining equipment to mines other than coal remained strong.

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

Billions of yen	Oct. - Dec. 2011		Oct. - Dec. 2012		Changes	
	1USD = JPY 77.9 1EUR = JPY 104.9 1RMB = JPY 12.3		1USD = JPY 80.1 1EUR = JPY 103.5 1RMB = JPY 12.8		Increase (decrease)	% change
<b>Net sales</b>	<b>462.6</b>		<b>419.7</b>		<b>(42.9)</b>	<b>(9.3) %</b>
Construction, Mining & Utility Equipment	[411.4]	412.6	[367.9]	368.4	[(43.4)]	(44.1) [(10.6)%]
Industrial Machinery & Others	[51.2]	53.0	[51.7]	53.4	[0.5]	0.3 [1.0%]
Elimination	<b>(3.0)</b>		<b>(2.1)</b>		<b>0.8</b>	<b>-</b>
<b>Segment Profit</b>		<b>58.8</b>		<b>39.7</b>	<b>(19.1)</b>	<b>(32.4) %</b>
Construction, Mining & Utility Equipment		14.3% 58.8		10.5% 38.8	(20.0)	(34.0) %
Industrial Machinery & Others		3.0% 1.5		1.0% 0.5	(1.0)	(67.2) %
Corporate & elimination	<b>(1.5)</b>		<b>0.4</b>		<b>1.9</b>	<b>-</b>
Other operating income (expenses)	<b>0.0</b>		<b>(0.5)</b>		<b>(0.5)</b>	<b>-</b>
<b>Operating income</b>		<b>58.8</b>		<b>39.2</b>	<b>(19.6)</b>	<b>(33.4) %</b>
Other income (expenses)	<b>(3.4)</b>		<b>0.9</b>		<b>4.4</b>	<b>-</b>
Net income before income taxes	<b>55.4</b>		<b>40.2</b>		<b>(15.2)</b>	<b>(27.5) %</b>
<b>Net income *</b>	<b>34.7</b>		<b>24.9</b>		<b>(9.7)</b>	<b>(28.0) %</b>

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

- For the third quarter (October-December, 2012) of FY2012, net sales decreased 9.3% from the corresponding period a year ago, to 419.7 billion yen, and operating income decreased 33.4% to 39.2 billion yen. This reflects such factors as the reduced demand for equipment for use in coal mines in Indonesia, and delayed recovery of demand in China.

- In the construction, mining and utility equipment business, sales decreased 10.7% from the corresponding period a year ago, to 368.4 billion yen. In the industrial machinery and others business, sales increased 0.7% from the corresponding period a year ago, to 53.4 billion yen.

- In the third quarter of FY2012, the Japanese yen depreciated against the US dollar and renminbi compared to the corresponding period a year ago, which was offset by the Japanese yen's appreciation against the euro. As a result, net sales and operating income were not affected by the foreign exchange rates difference from the corresponding period a year ago.

- In the construction, mining and utility equipment business, segment profit declined 34.0% from the corresponding period a year ago, to 38.8 billion yen, resulting in a segment profit ratio of 10.5%. Of the decline of 20.0 billion yen, about 80% or 16.0 billion yen was attributable to the volume of sales.

- In the industrial machinery and others business, segment profit was 0.5 billion yen, and segment profit ratio was 1.0%.

Construction, Mining & Utility Equipment: Breakdown of Sales (to Outside Customers) for Three Months (Oct. – Dec., 2012)

- Sales decreased 10.6% from the corresponding quarter a year ago. While sales of mining equipment expanded in Latin America and Oceania for use in mines other than coal, demand remained slack in Indonesia and the recovery of demand delayed in China.  
 - Sales of mining equipment increased 3.9% from the corresponding quarter a year ago.

Billions of yen		Oct. - Dec., 2011 (FY2011/3Q)	Oct. - Dec., 2012 (FY2012/3Q)	Change	
				Increase (decrease)	% Change
Traditional Markets	Japan	78.0	76.0	(2.0)	(2.6) %
	North America	55.2	56.0	0.8	1.6 %
	Europe	29.1	22.8	(6.3)	(21.7) %
Strategic Markets	Latin America	48.9	62.9	13.9	28.5 %
	CIS	18.5	24.4	5.8	31.6 %
	China	35.5	20.4	(15.0)	(42.4) %
	Asia	79.4	34.7	(44.7)	(56.3) %
	Oceania	38.5	43.5	4.9	12.9 %
	Middle East	7.2	4.4	(2.8)	(38.8) %
	Africa	20.5	22.2	1.7	8.6 %
Total		411.4	367.9	(43.4)	(10.6) %
Mining equipment in total above		133.9	139.1	5.2	3.9 %



- For the third quarter period of FY2012, sales (to outside customers) decreased 10.6% from the corresponding period a year ago, to 367.9 billion yen. While sales of mining equipment expanded in the regions, such as Latin America, Oceania, and CIS, demand remained slack in Indonesia and the recovery of demand delayed in China. Sales of mining equipment increased 3.9% from the corresponding period a year ago to, 139.1 billion yen.

- By region, sales for the third quarter of FY2012 dropped by 15.0 billion yen in China and by 44.7 billion yen in Asia from the corresponding period a year ago. The drop of sales in Asia included 38.0 yen billion in Indonesia, which represented a decrease of 70% from the corresponding period a year ago.

- With respect to the proportions of sales by region, those of China declined to 6% and Asia to 9%, while those of Japan, North America, Latin America, Oceania and other regions increased.

## **2. Results for the Nine Months ended December 31, 2012**

## Sales and Profits for Nine Months (April - December, 2012)

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Both sales and profits decreased from the corresponding nine-month period a year ago, mainly affected by reduced demand for equipment in use in coal mines in Indonesia, delayed recovery of demand in China and slack demand for wire saws.

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

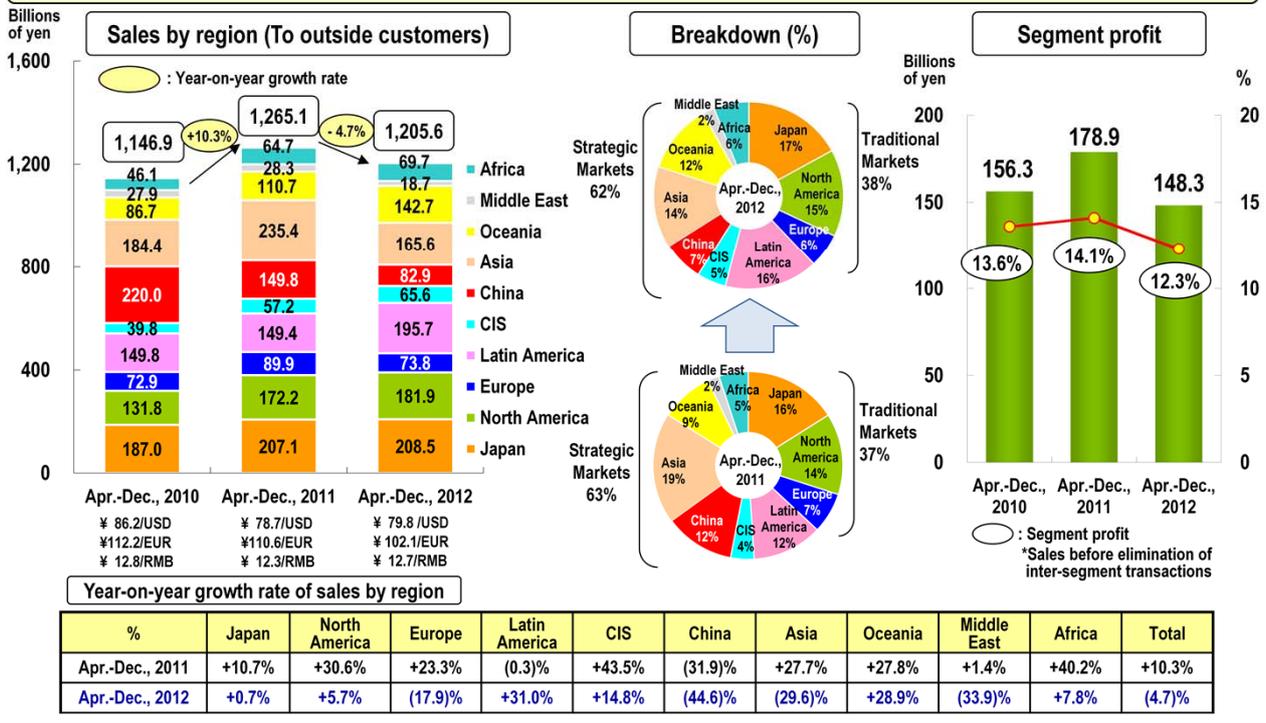
Billions of yen	Apr. – Dec. 2011 1USD = JPY 78.7 1EUR = JPY 110.6 1RMB = JPY 12.3	Apr. – Dec. 2012 1USD = JPY 79.8 1EUR = JPY 102.1 1RMB = JPY 12.7	Changes	
			Increase (decrease)	% change
Net sales	1,448.5	1,350.5	(97.9)	(6.8) %
Construction, Mining & Utility Equipment	[1,265.1]	[1,205.6]	[(59.4)]	[(4.7) %]
Industrial Machinery & Others	189.4	150.6	[(38.4)]	[(20.5) %]
Elimination	(9.9)	(7.6)	2.3	-
Segment Profit	13.2% 191.6	11.2% 151.0	(40.5)	(21.2) %
Construction, Mining & Utility Equipment	14.1% 178.9	12.3% 148.3	(30.5)	(17.1) %
Industrial Machinery & Others	8.8% 16.7	2.5% 3.8	(12.8)	(77.1) %
Corporate & elimination	(4.0)	(1.1)	2.9	-
Other operating income (expenses)	0.1	(0.5)	(0.7)	-
Operating income	13.2% 191.8	11.1% 150.4	(41.3)	(21.6) %
Other income (expenses)	(6.1)	(4.9)	1.2	-
Net income before income taxes	185.6	145.5	(40.1)	(21.6) %
Net income *1	*2 129.3	91.0	(38.2)	(29.6) %

\*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.

- For the first nine-month period of FY2012, net sales decreased by 97.9 billion yen from the corresponding period a year ago, to 1,350.5 billion yen. Operating income ratio decreased 21.6% to 150.4 billion yen.
- In the construction, mining and utility equipment business, sales declined by 61.4 billion yen from the corresponding period a year ago, to 1,207.6 billion yen, as mainly affected by the reduced demand for equipment for use in coal mines in Indonesia, and the delayed recovery of demand in China. When the effects of the foreign exchange rates difference are excluded, net sales declined by 54.0 billion yen.
- Net income declined 22% from the corresponding period a year ago, when the tax effects of 12.7 billion yen in relation to the absorbing of Komatsu Rental Ltd. last year are excluded.
- In the industrial machinery and others business, sales decreased by 38.8 yen billion from the corresponding period a year ago, to 150.6 billion yen. This decline was mainly due to slack demand for wire saws.
- In the construction, mining and utility equipment business, segment profit declined 17.1% from the corresponding period a year ago, to 148.3 billion yen. Segment profit ratio declined by 1.8 points to 12.3%.
- In the industrial machinery and others business, segment profit declined 77.1% from the corresponding period a year ago, to 3.8 billion yen, and segment profit ratio was 2.5% due to the slack demand of wire saws.

- Sales to outside customers decreased 4.7% from the corresponding nine-month period a year ago, affected by declined demand in Indonesia and China, while demand remained steady for mining equipment in Latin America, Oceania and CIS and for construction equipment in North America.  
 - Proportions of China and Asia decreased, while those of Latin America and Oceania increased, where mining equipment sales were firm.



- In the construction, mining and utility equipment business, sales (to outside customers) by region for the first nine-month period (April – December 31, 2012) decreased 4.7% from the corresponding period a year ago, to 1,205.6 billion yen.

- By region, sales dropped 44.6% in China, 29.6% in Asia, including Indonesia, and 17.9% in Europe from the corresponding period a year ago.

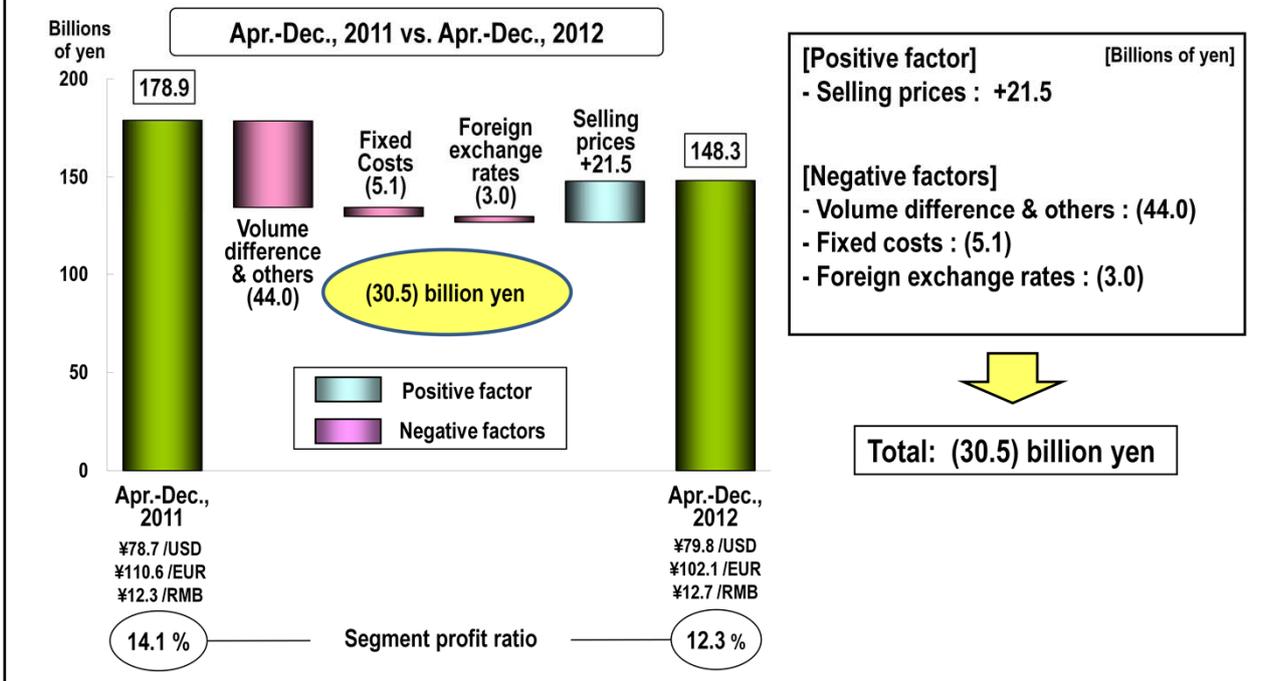
- Meanwhile, sales advanced 31.0% in Latin America, 28.9% in Oceania, and 14.8% in CIS, centering on resource-rich regions.

- With respect to the proportions of sales by region, China declined to 7% from 12% for the corresponding period a year ago, while those of Latin America and Oceania increased.

- Segment profit ratio decreased by 1.8 points from the corresponding period a year ago, to 12.3%.

**Construction, Mining & Utility Equipment: Causes for Difference in Segment Profit (Apr. – Dec., 2012)**

Segment profit decreased by 30.5 billion yen from the corresponding nine-month period a year ago, although reduced volume of sales resulting from declined demand in Indonesia and China was partly compensated for by the positive factor of improved selling prices.



- This page compares FY2011 and FY2012 with respect to first nine-month segment profit of the our construction, mining and utility equipment business and shows the factors of change.

- Segment profit dropped by 30.5 billion yen from the corresponding period a year ago, to 148.3 billion yen.

- Negative differences in the volume of sales and others amounted to 44.0 billion yen. Of these negative differences, 25.0 billion yen was the effect of reduced volume of sales resulting from declined demand in Indonesia and China. It also includes negative differences of about 7.0 billion yen as a result of reduced production volume and about 7.0 billion yen resulting from the increased unrealized gain in inventories, respectively. As we make progress in the shipment of mining equipment toward the end of the fiscal year, unrealized gain should decline.

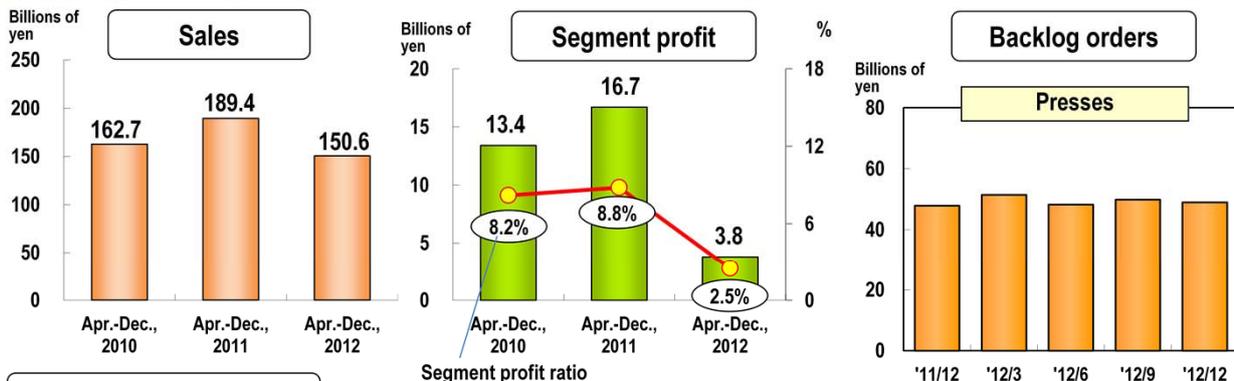
- With respect to a negative difference in fixed costs, it decreased by 5.1 billion yen from the corresponding period a year ago, due to such factors as R&D expenses and the bonus system based on performance of the company.

- Negative difference of 3.0 billion yen in the foreign exchange rates was mainly due to the Japanese yen’s appreciation against the euro.

- Concerning selling prices, positive difference from increased selling prices totaled 21.5 billion yen due mainly to increased selling prices for Tier 4-compliant machines in North America. This positive difference made up for about 50% of negative factors of volume difference and others.

**Industrial Machinery & Others: Sales and Segment Profit (Apr.-Dec., 2012)**

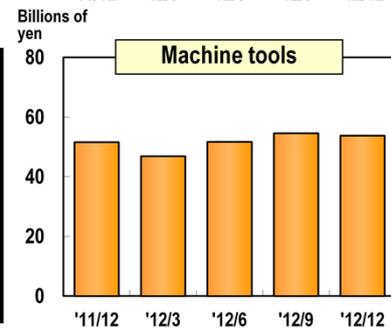
- While demand remained steady for presses and machine tools, both sales and profit decreased from the corresponding nine-month period a year ago, mainly affected by sluggish demand for wire saws and an end to extraordinary demand for prefabricated shelters in Japan.  
 - Backlog orders for presses and machine tools remained stable.



**Breakdown of sales**

	Billions of yen		
	Apr.-Dec., 2011	Apr.-Dec., 2012	Increase(decrease)
Komatsu Industries Corp, etc. (total of press and sheet-metal machines)	33.1	33.4	0.2
Komatsu NTC Ltd. [represented by wire saws]	86.4 [43.2]	56.5 [6.1]	(29.9) [(37.0)]
Others [represented by Gigaphoton] [represented by Komatsu House]	69.8 [10.0] [23.2]	60.6 [15.5] [10.6]	(9.1) [5.4] [(12.5)]
<b>Total</b>	<b>189.4</b>	<b>150.6</b>	<b>(38.8)</b>

\*1 A consolidated subsidiary since 2Q FY2011.



- In the industrial machinery and others business, sales dropped by 38.8 billion yen from the corresponding period a year ago, to 150.6 billion yen. Segment profit decreased by 12.8 billion yen to 3.8 billion yen, and segment profit ratio was 2.5%.

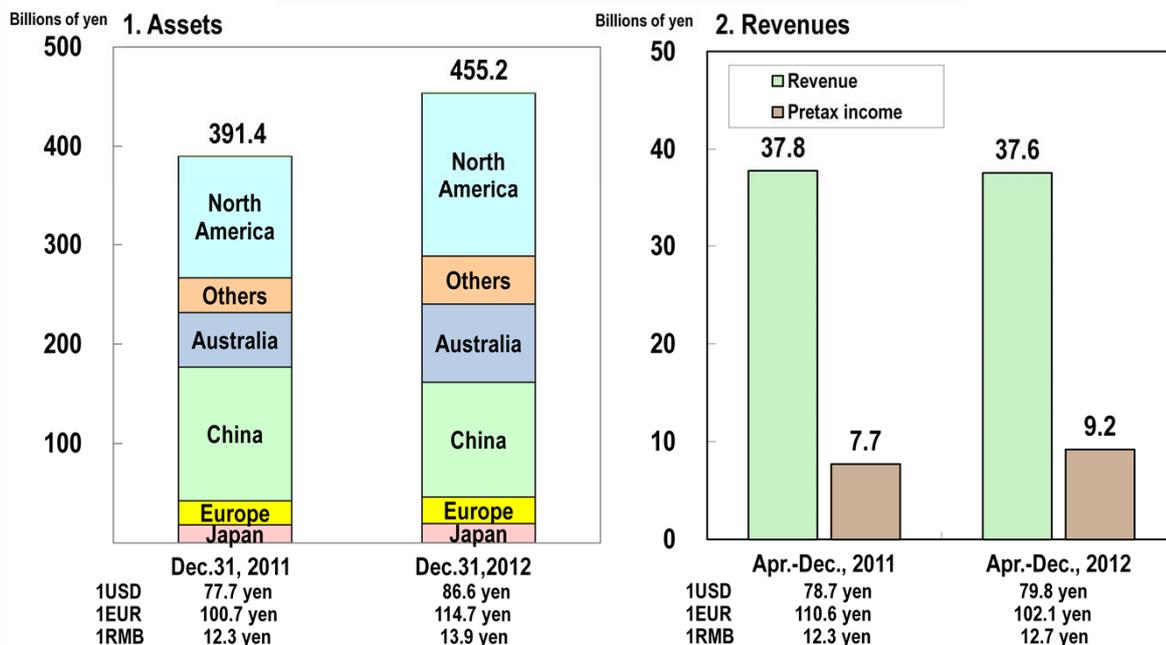
- While demand and sales of presses and machine tools remained stable, Komatsu NTC's sales declined by 29.9 billion yen due to the sluggish demand for wire saws. Komatsu House recorded a decline of 12.5 billion yen in sales, mainly affected by an end to extraordinary demand for prefabricated shelters in Japan.

- Backlog orders for presses and machine tools remained stable. Orders for machine tools from automakers have been steady.

Retail Finance Business

-Total assets increased from December 31, 2011, mainly reflecting the Japanese yen's sharp depreciation, while assets decreased in China.  
 -Pretax income increased. Reduced revenues from declined sales in China were compensated for by positive factors, such as expanded sales in North America, Chile and Australia.

Consolidated retail finance subsidiaries



- In the retail finance business, total assets were 455.2 billion yen at December 31, 2012, an increase of 63.8 billion yen from a year ago. The material increase was 19.4 yen billion when the effect of foreign exchange rate difference of 44.5 billion yen was excluded.

- When the effect of foreign exchange rate difference was excluded, assets in China materially decreased by 30.0 billion yen to 115.0 billion yen due to declined sales. In North America, assets materially increased by 22.0 billion yen to 165.0 billion yen. In Australia, assets materially increased by 15.0 billion yen, and in Chile and Thailand they materially increased by 5.0 billion yen.

- Regarding revenue and pretax income for the nine month-period ended December 31, 2012, they were hardly affected by the effect of the foreign exchange rates difference from the corresponding period a year ago. Revenue remained at almost the same level, reflecting reduced interest rates and decreased revenues in China. Pretax income grew by 1.5 billion yen, supported mainly by increased profits in North America, Australia and Chile as well as reversal of allowance for doubtful accounts in China.

## Consolidated Balance Sheets

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- Total assets increased by 51.5 billion yen from the previous fiscal year-end, mainly due to the Japanese yen's depreciation.
- Shareholders' equity ratio improved by 2.6 percentage points from the previous fiscal year-end, to 46.1%.

Billions of yen ○ : Net debt-to-equity ratio	Mar. 31, 2012 1USD = JPY 82.2 1EUR = JPY 109.8 1RMB = JPY 13.1	Dec. 31, 2012 1USD = JPY 86.6 1EUR = JPY 114.7 1RMB = JPY 13.9	Increase (decrease)
Cash & Deposits (incl. time deposits) [a]	83.9	95.1	11.1
Accounts receivable (incl. long-term trade receivables) <Excl. those of consolidated retail finance subsidiaries>	744.0 <397.5>	713.1 <344.1>	(30.8) <(53.3)>
Inventories	612.3	652.4	40.0
Tangible fixed assets	529.6	564.7	35.0
Other assets	350.4	346.5	(3.9)
<b>Total assets</b>	<b>2,320.5</b>	<b>2,372.1</b>	<b>51.5</b>
Accounts payable	273.4	202.8	(70.6)
Interest-bearing debt [b] <Excl. those of consolidated retail finance subsidiaries>	647.8 <336.9>	704.1 <373.6>	56.3 <36.6>
Other liabilities	341.8	319.4	(22.3)
<b>Total liabilities</b>	<b>1,263.0</b>	<b>1,226.4</b>	<b>(36.5)</b>
[Shareholders' equity ratio] Komatsu Ltd. shareholders' equity	[43.5%] 1,009.6	[46.1%] 1,094.1	[+2.6 points] 84.4
Noncontrolling interests	47.7	51.4	3.7
<b>Liabilities &amp; Equity</b>	<b>2,320.5</b>	<b>2,372.1</b>	<b>51.5</b>
<b>Interest-bearing debt, net [b-a]</b>	○ 0.56    563.8	○ 0.56    609.0	45.2
<b>Net D/E ratio (excl. cash and interest-bearing debt of consolidated retail finance subsidiaries)</b>	○ 0.28	○ 0.29	

- Total assets amounted to 2,372.1 billion yen at 31 December, 2012, an increase of 51.5 billion yen from March 31, 2012. When the effect of foreign exchange rates in December, which was 69.0 billion yen, is excluded, total assets decreased materially by 17.0 billion yen.

- Accounts receivable materially decreased by 56.0 billion yen, reflecting reduced sales and increased collection of receivables.

- Inventories materially increased by 17.0 billion yen, centering on mining equipment. We will decrease the inventories toward the end of the fiscal year.

- Interest-bearing debt increased by 56.3 billion yen, or a material increase of 36.5 billion yen. We will decrease inventories and stocks as well as interest-bearing debt toward the end of the fiscal year.

- Net debt-to-equity ratio remained at almost the same level, and shareholders' equity ratio increased by 2.6 points from March 31, 2012, to 46.1%.

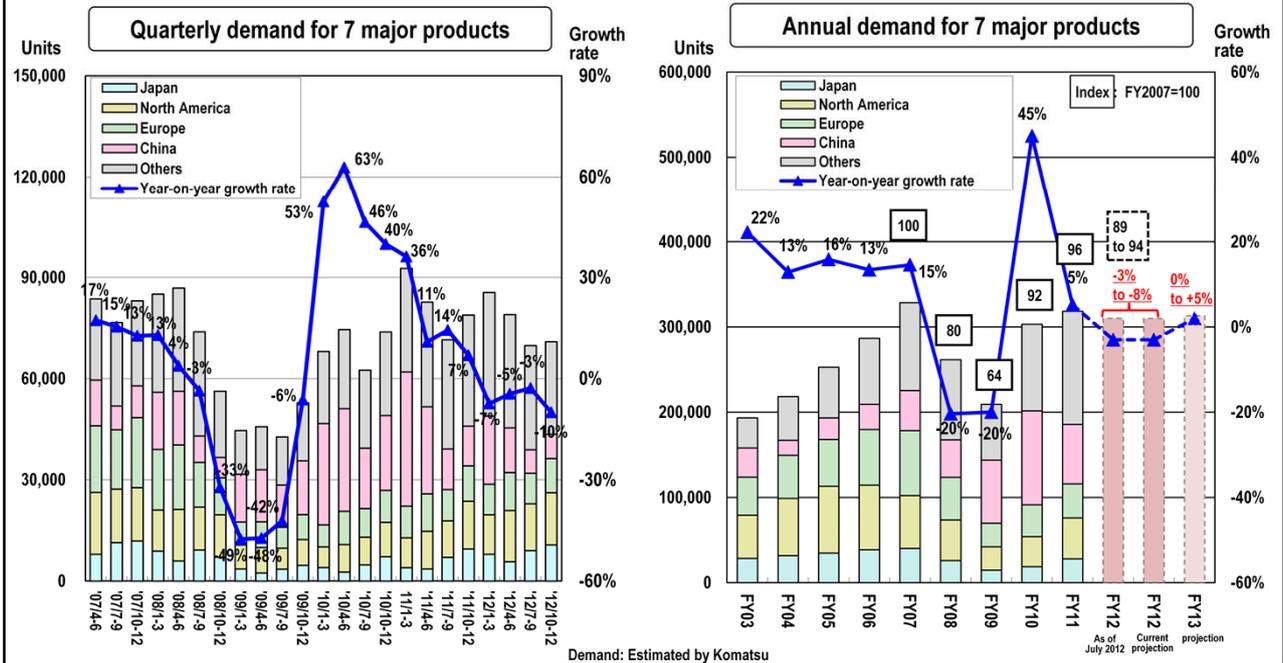
### **3. Current Demand for Construction and Mining Equipment and Our Business Outlook**

Construction & Mining Equipment: Demand for 7 Major Products

- In the third quarter, demand advanced steadily in Japan and North America, while that in Indonesia and China remained sluggish. Global demand declined 10% from the third quarter of FY2011.

- We project that full-year global demand of FY2012 will stay on the same level of our projection of July 31 (-3% to -8% from FY2011).

- We project that full-year global demand in FY2013 will stay on the same level of FY2012 (0% to +5% from FY2012), as demand should continue to grow steadily in Japan and North America and bottom out in China.



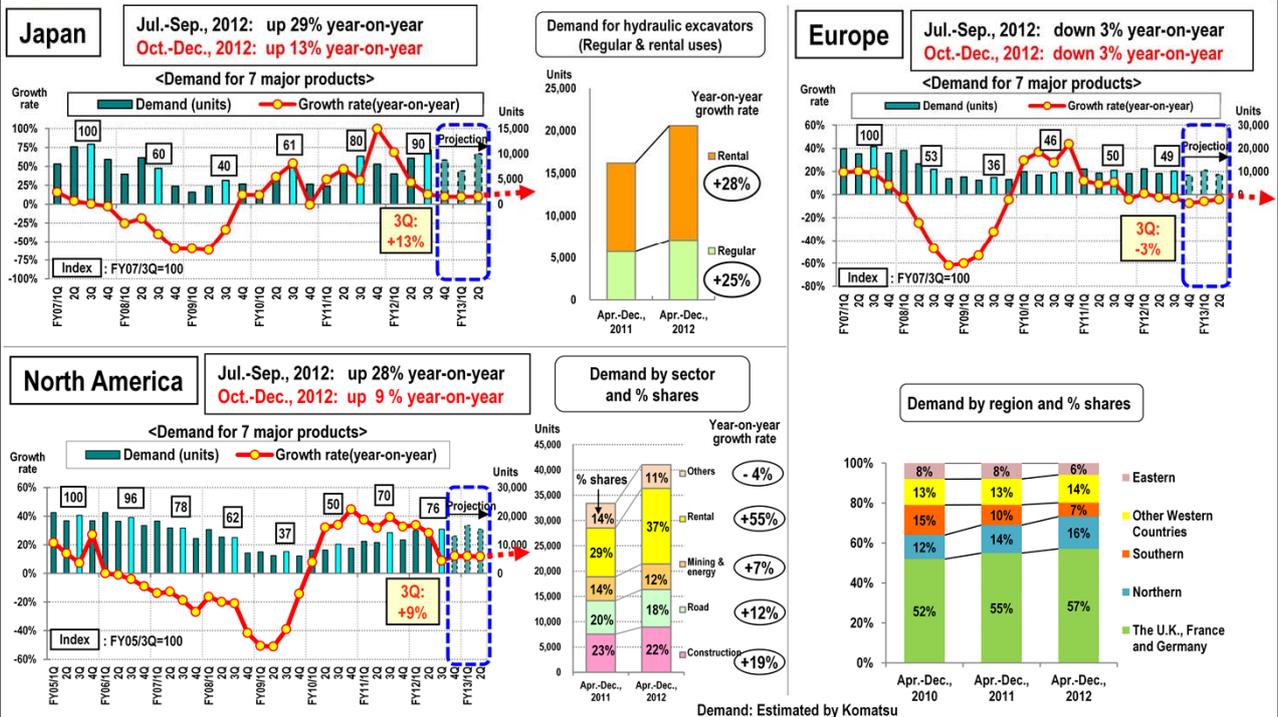
- In the third quarter, demand for 7 major products advanced steadily in Japan and North America, while that in Indonesia and China remained sluggish. Global demand declined 10% from the third quarter of FY2011.

- We project that full-year global demand in FY2012 will stay on the same level of our projection of July 31, -3% to -8% from FY2011 or over 300 thousand units.

- We project that full-year global demand in FY2013 will stay on the same level of FY2012 (0% to +5% from FY2012), as demand should continue to grow steadily in Japan and North America and bottom out in China.

**Construction & Mining Equipment: Demand in Major Markets (1) Traditional Markets**

- Japan : In the third quarter, demand increased 13% from the third quarter of FY2011. We project that demand will advance steadily in the fourth quarter and onward, supported by full-scale reconstruction work in the Great East Japan Earthquake-destroyed regions.  
 - North America : In the third quarter, demand in the rental and housing sectors advanced steadily and increased 9% from the third quarter of FY2011. Due to the recovery of demand in the housing sector, we project that demand will advance steadily in the fourth quarter and onward.  
 - Europe : In the third quarter, demand declined 3% from the third quarter of FY2011. We project that demand will remain at a low level in the fourth quarter and onward.



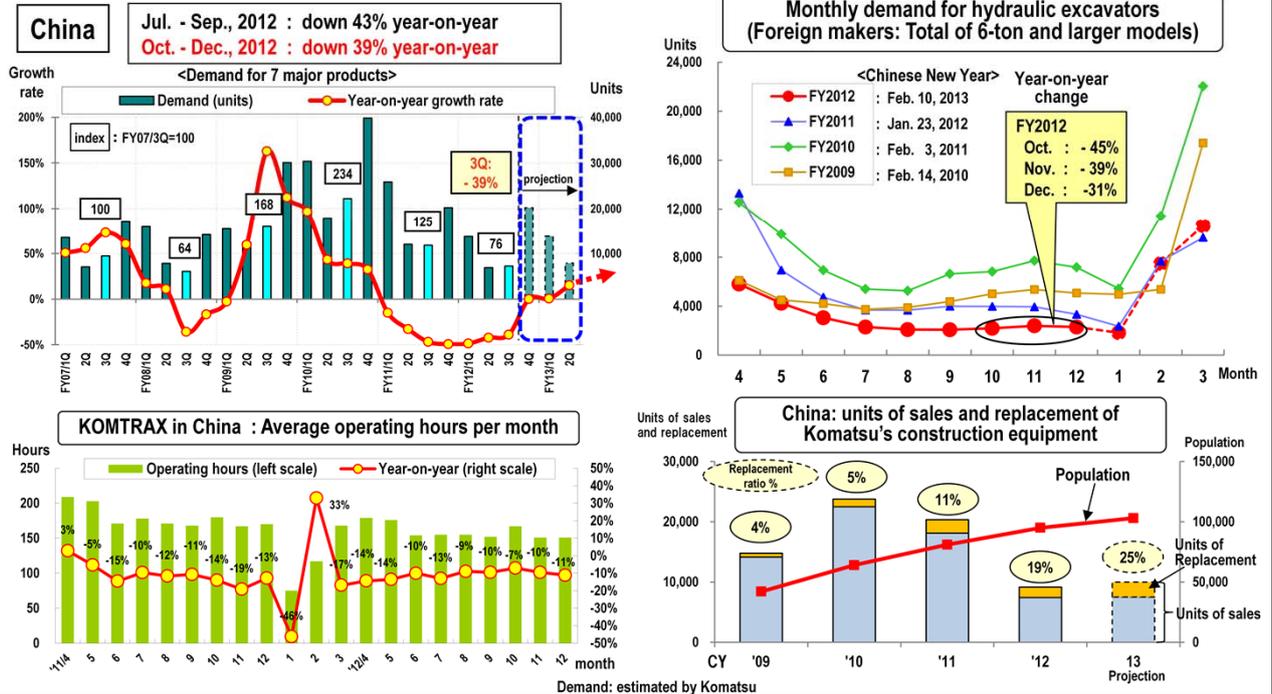
- Japan : In November and December 2012, average monthly operating hours of KOMTRAX steadily increased +3% and +4%, respectively from the same month a year ago. In the third quarter, demand increased 13% from the third quarter of FY2011. In the nine-month period ended December 31, 2012, demand for hydraulic excavators increased more than 20% in the rental sector as well as in the regular construction sector from the corresponding period a year ago. We project that demand will continue to advance steadily, supported by full-scale reconstruction work in the Great East Japan Earthquake-destroyed regions starting this summer and onward.

- North America : In the third quarter, demand in the rental and housing sectors advanced steadily and increased 9% from the third quarter of FY2011. Although average monthly operating hours of KOMTRAX in December 2012 were somewhat weak and decreased 11% from the same month a year ago. We are not so anxious about this decrease because it might be partly attributable to the increase of the percentage share of demand in the rental sector. Due to the recovery of demand in the housing sector, we project that demand will advance steadily in the fourth quarter and onward.

- Europe : In the third quarter, demand declined 3% from the third quarter of FY2011. In November and December 2012, average monthly operating hours of KOMTRAX were somewhat weak and decreased 8% and 15%, respectively. Demand in major European markets, such as Germany, the U.K. and France has been weak to the present. In the nine-month period ended December 31, 2012, the percentage share of demand in southern Europe decreased by about half, to 7% from the corresponding period in 2010. We project that demand will remain at a low level in the fourth quarter and onward.

**Construction, Mining and Utility Equipment: Demand in Major Markets (2) China**

- In the third quarter, the year-on-year rate of decline in demand was 39%, smaller than that for the second quarter and earlier.  
 - We project that demand will bottom out after the Chinese New Year in the fourth quarter and onward and recover to the level of the first half period of FY2012 in the first half period of FY2013.



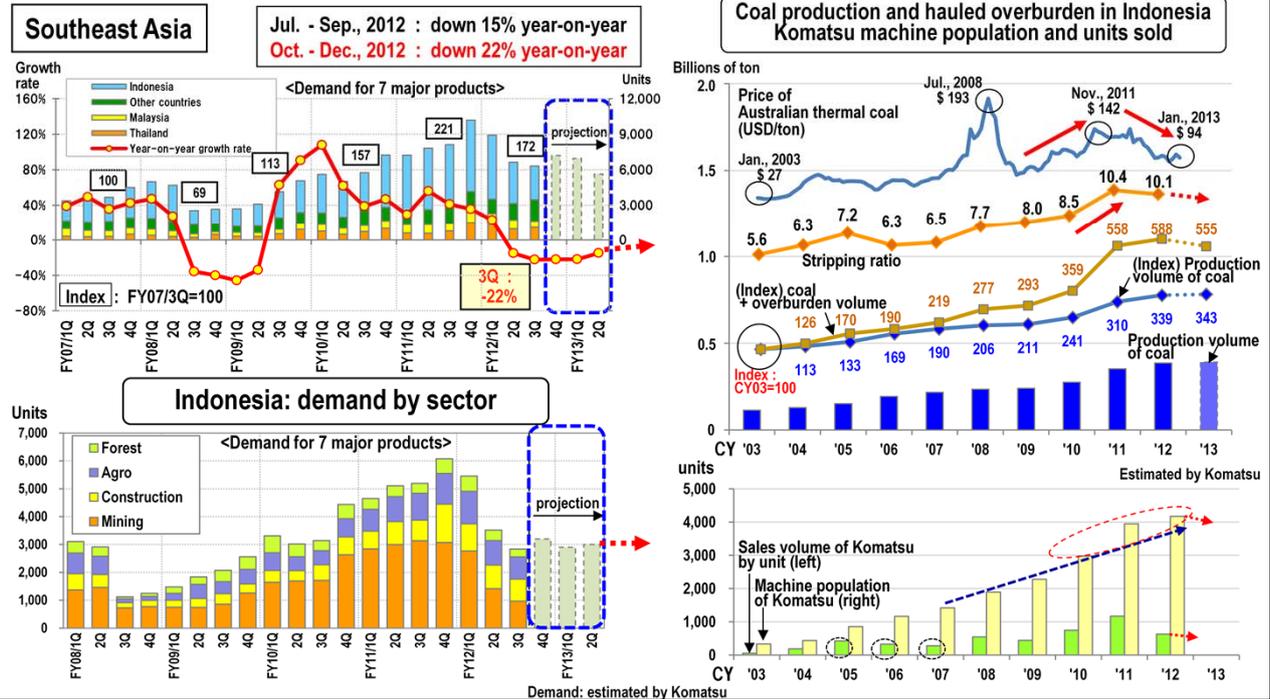
- In the third quarter, the year-on-year rate of decline in demand was 39%, smaller than in the second quarter and earlier. Average monthly operating hours of KOMTRAX in December 2012 decreased 11% from the corresponding period a year ago and remained flat from the previous month or earlier. Monthly demand for hydraulic excavators, including 6 ton and larger models, has been on a recovery trend. The year-on-year rate of decline in monthly demand was 45% in October 2012, 39% in November and 31% in December.

- We project that demand will bottom out after the Chinese New Year in the fourth quarter and onward, as investment in railway construction, a leading indicator of demand for construction equipment in China, increased in the second half of calendar year CY(calendar year)2012 from the corresponding period a year ago.

- The line graph on the bottom right shows the machine population of Komatsu's construction equipment in China. Our machine population reached about 98,000 units at the end of CY2012. As the population has been growing, the machine replacement ratio has also been increasing. In CY2012, sales of new equipment reached about 9,200 units, and about one-fifth of them were attributable to replacement demand. We project that this replacement ratio will continue to increase. Therefore, it is important for us to take advantage of the replacement demand in our current users' fleet .

Construction, Mining and Utility Equipment: Demand in Major Markets (3) Southeast Asia

- In the third quarter, demand declined 22% from the third quarter of FY2011, due mainly to sluggish demand for equipment in coal mines of Indonesia.  
 - Although the price of thermal coal is recovering somewhat, we project it will take some time for demand to gain full-momentum of recovery. We also project that the fall of Indonesian demand will come to an end soon but remain at a low level in the foreseeable future.



- In the third quarter, demand in Southeast Asia declined 22% from the third quarter of FY2011, due mainly to sluggish demand for equipment used in coal mines of Indonesia.

- The graphs on the right indicate production volume of coal in Indonesia and other related figures. The blue line graph on the top indicates the price of thermal coal, and the orange line graph below, the stripping ratio which shows a ratio of overburden volume to production volume of coal. Under these graphs, there are two line graphs. Blue one shows the index of production volume of coal and yellow one, the haulage volume of coal and overburden. (Index: volume in 2003 = 100)  
 The bar graphs on the bottom right show unit-based sales volume and machine population of Komatsu.

- Haulage volume of coal and overburden and stripping ratio sharply increased starting from CY2010, in tandem with the price hike of thermal coal. In CY2011 and CY2012, the haulage volume of coal and overburden increased as coal mines with a high stripping ratio in Indonesia were in operation. As a result, demand for Komatsu's dump trucks and machine population increased. As of January 2013, thermal coal price is at the level of USD90 per ton, and the growth rate of haulage volume of coal and overburden is slowing down and remaining flat. Therefore, machine population is excessive in light of the current haulage volume.

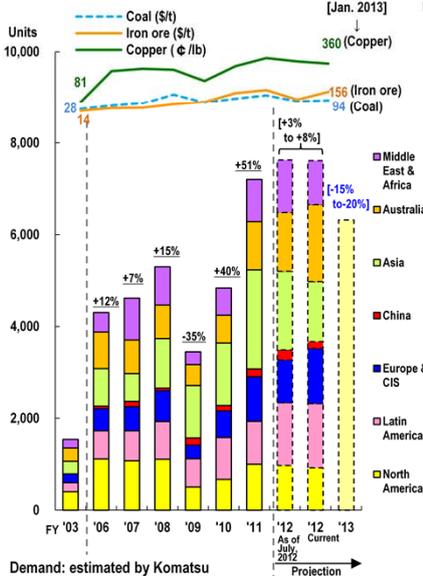
As dump trucks operated in coal mines are usually replaced after 5 to 7 years of operation, those delivered in 2005 to 2007 will be replaced from now on. Based on our current analysis, excess of the machine population will not be promptly adjusted and demand will not firmly recover, unless thermal coal price exceeds USD100 per ton and remains stable.

**Construction & Mining Equipment: Demand for Mining Equipment by Region and Komatsu's Sales**

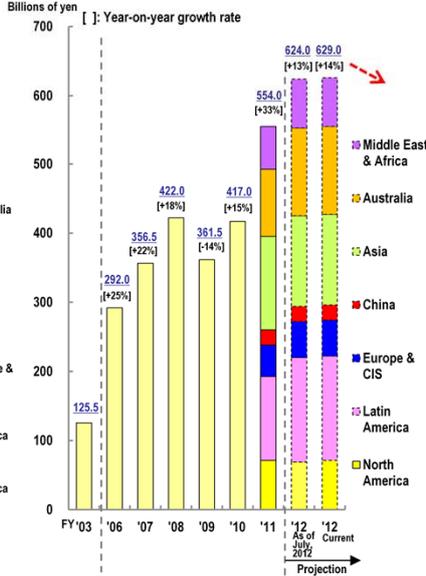
- We project that demand in FY2012 will stay on the same level of our projection of July 31 (+3% to +8% from FY2011), although it will vary depending on the region.  
 - We project that demand in FY2013 will decline 15% to 20% from FY2012.  
 - We project that sales for FY2012 will reach 629.0 billion yen, surpassing our projection of July 31 by 5.0 billion yen, and registering an increase of 14% from FY2011. This reflects expanded sales in Latin America and Australia and depreciation of the Japanese yen, while sales should decline in Indonesia.

**Demand for mining equipment by region**

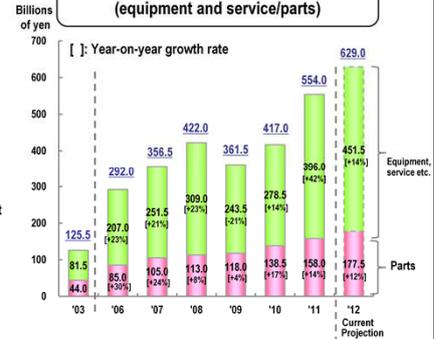
Dump trucks: 75 tons (HD785) and larger, Bulldozers: 525HP (D375) and larger, Excavators: 200 tons (PC2000) and larger, Wheel loaders: 810HP (WA800) and larger, Motor graders: 280HP (GD825) and larger



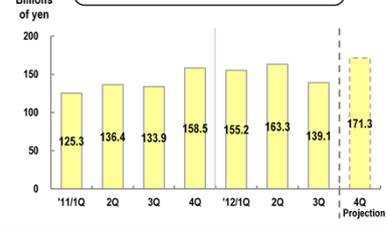
**Sales by region (Incl. parts and service)**



**Sales by segment (equipment and service/parts)**



**Quarterly sales (Incl. parts and service)**



- We project that demand in FY2012 will stay on the same level of our projection of July 31, 2012, +3% to +8% from FY2011, although demand in Indonesia should decrease.
- As prices of iron ore, copper and coking coal have remained stable, demand has steadily increased except for Indonesia.
- We project that demand in FY2013 will decline 15% to 20% from FY2012, due mainly to the cautious stance of major mining companies to increase capital expenditure.
- Sales in Latin America and Australia has been firm, where our medium and large-sized mining equipment are used mainly in mines other than thermal coal mines. We project that sales for FY2012 will reach 629.0 billion yen, surpassing our projection of July 31, 2012 by 5.0 billion yen, which reflects the Japanese yen's depreciation. In the fourth quarter, we project an increase of 15.0 billion yen in the foreign exchange rates difference resulting from Japanese yen's depreciation.

**Projection of Full-Year Results for FY2012**

- We are revising our projection of July 31, 2012 by mainly reflecting sluggish demand for equipment for use in coal mines in Indonesia.  
 - We project that FY2012 sales will decline by 50.0 billion yen from our projection of July 2012. 50.0 billion yen which consists of a decline of 90.0 billion yen in the volume of sales mainly in Indonesia and an increase of 40.0 billion yen in the foreign exchange rate difference resulting from the Japanese yen's depreciation. Operating income should decline by 32.0 billion yen from our projection, to 230.0 billion yen.

	FY2011 results (A)		FY2012 projection (As of July, 2012) (B)		FY2012 projection (Current) (C)		Difference in projections (C-B)		FY2011 results vs. Current projection (C-A)	
	Change	Change (%)	Change	Change (%)	Change	Change (%)	Change	Change (%)	Change	Change (%)
<b>Net sales</b>	1,981.7		1,970.0		1,920.0		(50.0)	(2.5)%	(61.7)	(3.1)%
- Construction, mining & utility equipment	[1,739.3]	1,744.2	[1,766.0]	1,770.0	[1,716.0]	1,720.0	[(50.0)]	(50.0)	[(23.3)]	(24.2)
- Industrial machinery & others	[242.4]	251.1	[204.0]	210.0	[204.0]	210.0	[0.0]	0.0	[(38.4)]	(41.1)
- Elimination	(13.6)		(10.0)		(10.0)		0.0	-	3.6	-
<b>Segment profit</b>	13.1%	258.6	13.5%	265.0	12.1%	233.0	(32.0)	(12.1)%	(25.6)	(9.9)%
- Construction, mining & utility equipment	14.1%	246.2	14.9%	264.0	13.5%	232.0	(32.0)	(12.1)%	(14.2)	(5.8)%
- Industrial machinery & others	6.7%	16.7	2.9%	6.0	1.9%	4.0	(2.0)	(33.3)%	(12.7)	(76.2)%
- Corporate & elimination	(4.4)		(5.0)		(3.0)		2.0	-	1.4	-
Other operating income (expenses)	(2.3)		(3.0)		(3.0)		0.0	-	(0.6)	-
<b>Operating income</b>	12.9%	256.3	13.3%	262.0	12.0%	230.0	(32.0)	(12.2)%	(26.3)	(10.3)%
Other income (expenses)	(6.7)		(10.0)		(8.0)		2.0	-	(1.2)	-
<b>Net income before income taxes</b>		249.6		252.0		222.0		(11.9)%		(11.1)%
<b>Net income *1</b>		167.0		157.0		138.0		(12.1)%		(17.4)%

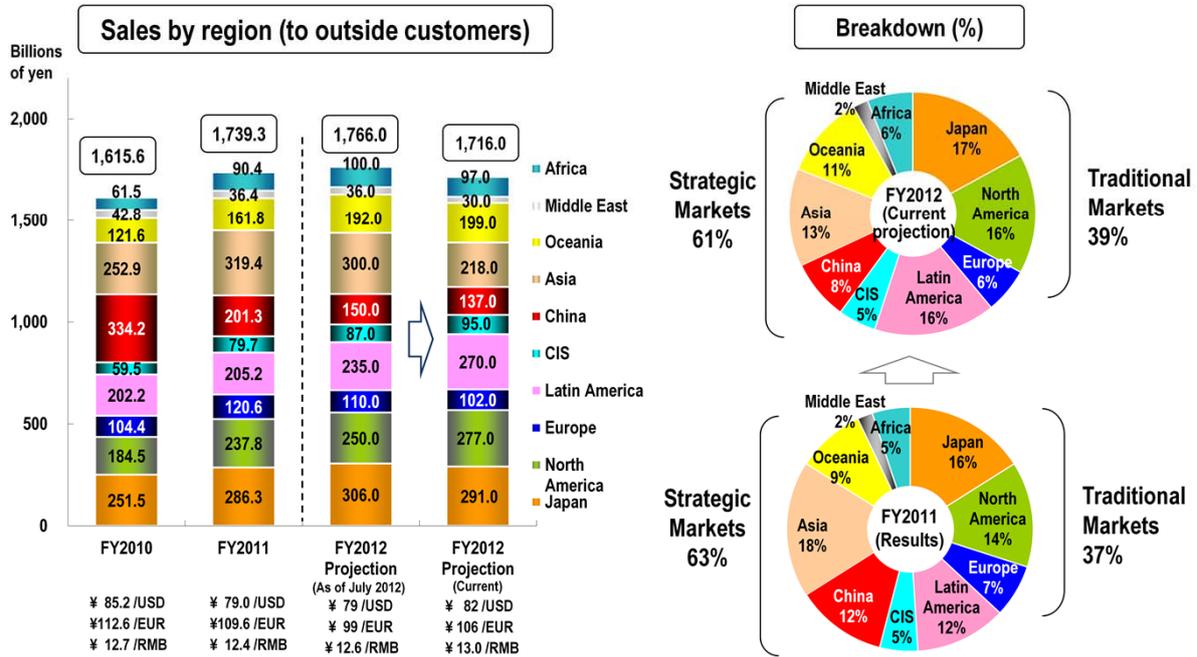
\*1 Upon adoption of ASC 810, "Net income" is equivalent to "Net income attributable to Komatsu Ltd."

- We are revising our projection of July 31, 2012 by mainly reflecting sluggish demand for equipment for use in coal mines in Indonesia. We project that FY2012 sales will decline by 50.0 billion yen and operating income will decline by 32.0 billion yen from our projection of July 2012.

- We project that sales should decrease by 90.0 billion yen due to a decline of sales volume, excluded the effect of changes in the foreign exchange rates, while sales increased by 40.0 billion yen in the foreign exchange rate difference, resulting from the Japanese yen's depreciation. As a result, we project that FY2012 sales will decline by 50.0 billion yen.

- Sales in Indonesia should decrease by about 60.0 billion yen, including an effect of the foreign exchange rates difference, resulting from the Japanese yen's depreciation. Sales other than in Indonesia may not be able to compensate for the amount of sales decline in Indonesia.

- We project that FY2012 sales (to outside customers) will decline by 50.0 billion yen from our projection of July 2012, to 1,716.0 billion yen by incorporating a decline of 90.0 billion yen in the volume of sales due mainly to sluggish demand in Indonesia and an increase of 40.0 billion yen in the foreign exchange rate difference resulting from the Japanese yen's depreciation.



- In FY2012, sales in Asia should decrease by 82.0 billion yen (including a decline of 60.0 billion yen in Indonesia), and those in China by 13.0 billion yen from our projection of July 31, 2012.

- Sales in Japan should decrease by 15.0 billion yen partly due to declined sales of casting parts to outside customers, while sales of construction equipment is remaining firm.

- Sales in Latin America and North America should increase by 35.0 billion yen and by 27.0 billion yen, respectively, as well as sales in Australia and other regions; nevertheless, they will not be able to offset the decrease of sale in other regions. As a result, we project that FY2012 sales (to outside customers) will decline by 50.0 billion yen from our projection of July 31, 2012.

## 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.



Komatsu shipped more than 1,000 units of hybrid hydraulic excavators in Japan since its launch in June 2008.

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