

Business Results for Three and Six Months ended September 30, 2020 【Telephone conference】

Oct 28, 2020

Komatsu Ltd. Participants

Hiroyuki Ogawa	President and CEO
Takeshi Horikoshi	Senior Executive Officer and CFO
Takuya Imayoshi	Executive Officer and General Manager of Business Coordination Department

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I . Coronavirus (COVID-19) Effects on Komatsu Group's Business

1. Effects on operations

1) Production

Current conditions

All plants are operating as usual.

2) Sales and service

Items	Updates
Operation of customers' machines	Back to regular conditions in many regions.
Sales	In growing number of our business bases, employees are beginning to shift their work from teleworking to regular work style or limited work conditions.
Service	More employees are beginning to start back to regular work style at parts warehouses, service facilities and workshops.

2. Effects on business results

1) The first 6-month period

Construction, mining & utility equipment	<Sales>		
	1st quarter	2nd quarter	1st 6-month period (cumulative)
	-25% YoY	-19% YoY	-22% YoY
	Declined in all regions, except for China	Increased in China, Oceania and some other regions. The rate of declines slow down in other regions.	
Industrial machinery & others	Automobile manufacturing: Declined year-on-year, affected by delays or reassessment of their capital investment. Semiconductors: Increased year-on-year.		

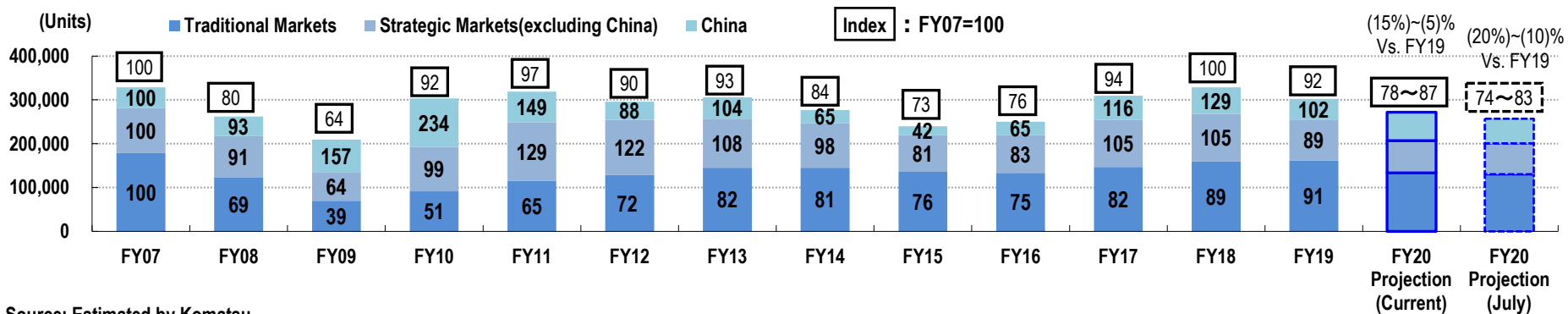
2) Projection of full-year results for FY2020 (Outlook of Demand)

Construction, mining & utility equipment	Vs. FY2019	Projection (Current)	Projection (July)
	Demand for 7 Major Products	(15)%~(5)%	(20)%~(10)%
	(Demand for Mining Equipment included)	(20)%~(10)%	(20)%~(10)%
	Traditional Markets	While differences exist depending on region, the rate of declines began to slow down YoY in 2Q, remaining on a recovery track.	
Strategic Markets	While differences exist depending on region, the rate of declines began to slow down dynamically YoY in 2Q, remaining on a recovery track.		
China	Demand expanded sharply in 1Q and 2Q due to postponed sales season in February and March as well as economic recovery. Demand should remain steady into the future.		
Industrial machinery & others	Automobile manufacturing: Challenging conditions will continue for the full year, due to delays or curtailment of their capital investment. Semiconductors: Demand should remain steady.		

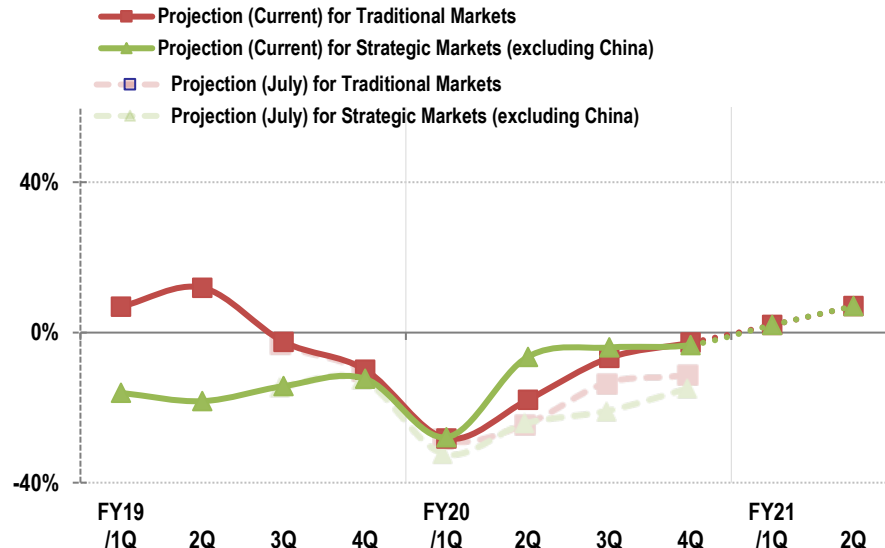
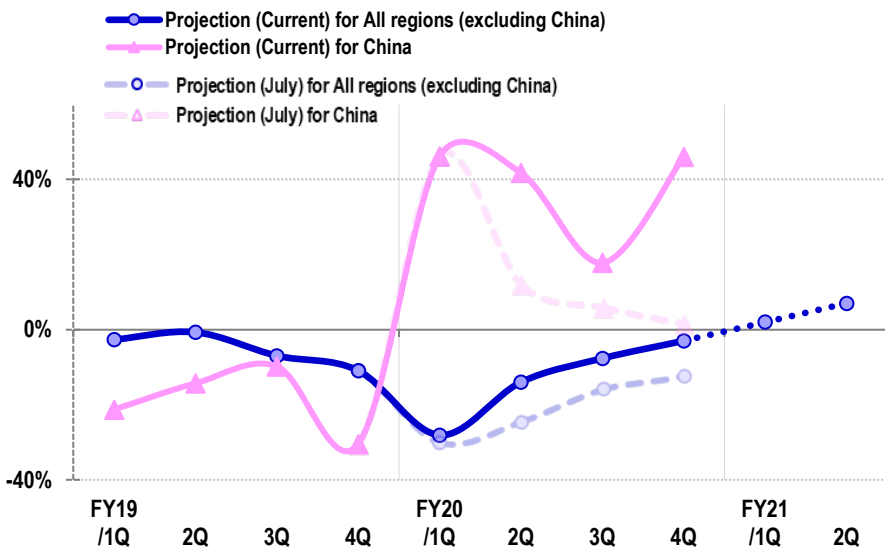
Note: Projection above does not include risks of further effects, such as coronavirus second wave in Europe, on markets and business results.

2) Projection of full-year results for FY2020 (Outlook of Demand)

<Demand for 7 Major Products>



<Y-o-Y growth rate of Demand for 7 Major Products (FY2019~FY2021)>



Note: Demand in FY21 is based on the assumption that the current rate of growth will continue.

Source: Demand for 7 Major Products Estimated by Komatsu

II . Business Results for Three and Six Months ended September 30, 2020

- Consolidated net sales decreased by 17.3% from the corresponding period a year ago, to JPY498.9 billion.
- Operating income declined by 50.3% to JPY33.4 billion. Operating income ratio was 6.7%, down 4.4 points.
- Net income attributable to Komatsu Ltd. declined by 50.6% to JPY21.0 billion.

Billions of yen	Jul.-Sep.,2019 (A)	Jul.-Sep.,2020 (B)	Changes (B-A)	
	¥107.9/USD ¥120.0/EUR ¥15.5/RMB	¥106.7/USD ¥124.2/EUR ¥15.3/RMB	increase (decrease)	Change %
Net sales	603.7	498.9	(104.7)	(17.3)%
Segment profit	67.9	34.1	(33.8)	(49.8)%
Other operating income (expenses)	(0.7)	(0.6)	0.0	-
Operating income	67.2	33.4	(33.7)	(50.3)%
Profit ratio	11.1%	6.7%	(4.4)pts.	-
Other income (expenses)	(5.9)	(3.3)	+2.5	-
Income before income taxes	61.3	30.0	(31.2)	(51.0)%
Net income attributable to Komatsu Ltd	42.5	21.0	(21.5)	(50.6)%

- Construction, Mining & Utility Equipment: Sales decreased by 18.1% from the corresponding period a year ago, to JPY450.7 billion. Segment profit declined by 52.5% to JPY29.0 billion. Segment profit ratio worsened to 6.4%, down 4.7 points.
- Retail Finance: Revenues decreased by 3.8% from the corresponding period a year ago, to JPY16.8 billion. Segment profit declined by 18.2% to JPY2.7 billion.
- Industrial Machinery & Others: Sales remained flat from the corresponding period a year ago, to JPY39.9 billion. Segment profit declined by 31.3% to JPY2.3 billion.

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

Billions of yen	Jul.-Sep.,2019 (A)	Jul.-Sep.,2020 (B)	Changes (B-A)	
			increase (decrease)	Change %
Net sales	603.7	498.9	(104.7)	(17.3)%
Construction, mining & utility equipment	550.1 [548.7]	450.7 [444.3]	(99.4) [(104.4)]	(18.1)% [(19.0)%]
Retail finance	17.5 [15.6]	16.8 [14.9]	(0.6) [(0.6)]	(3.8)% [(4.5)%]
Industrial machinery & others	39.7 [39.3]	39.9 [39.6]	+0.2 [+0.3]	+0.5% [+0.9%]
Elimination	(3.6)	(8.5)	(4.8)	-
Segment profit	□ 11.3% 67.9	□ 6.8% 34.1	□ (4.5)pts. (33.8)	(49.8)%
Construction, mining & utility equipment	□ 11.1% 61.1	□ 6.4% 29.0	□ (4.7)pts. (32.1)	(52.5)%
Retail finance	□ 19.5% 3.4	□ 16.6% 2.7	□ (2.9)pts. (0.6)	(18.2)%
Industrial machinery & others	□ 8.8% 3.4	□ 6.0% 2.3	□ (2.8)pts. (1.0)	(31.3)%
Corporate & elimination	(0.0)	(0.0)	+0.0	-

Review of three business segments

■ Construction, Mining & Utility Equipment:

Sales decreased, as adversely affected by reduced volume of sales and foreign exchange rates. While we were able to absorb some part of declined profits with reduced fixed costs, segment profit declined, due to reduced volume of sales.

■ Retail Finance:

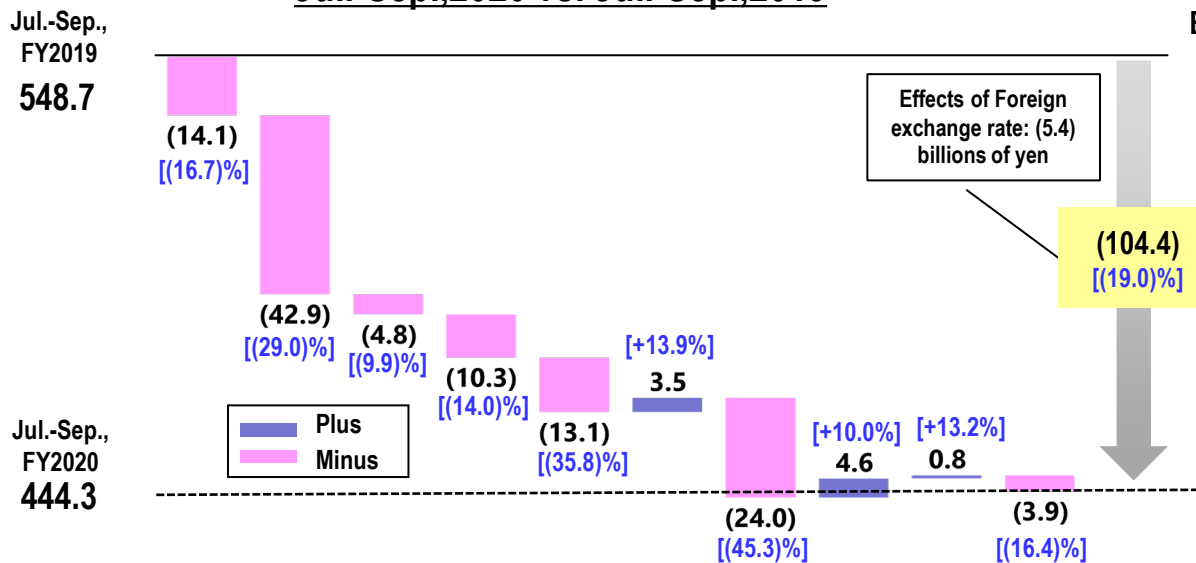
Revenues decreased due to a decline in new contracts. Segment profit declined, due mainly to decreased revenues and revaluation of vehicles after lease use.

■ Industrial Machinery & Others

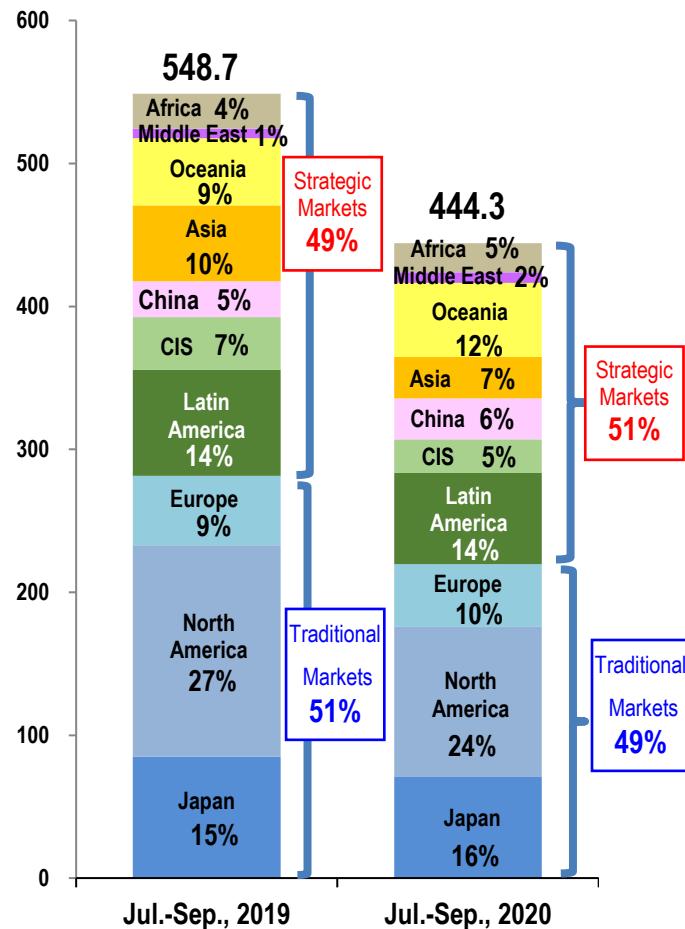
Sales remained about flat. Segment profit declined, mainly due to reduced sales of presses and machine tools to the automobile manufacturing industry.

- Sales to outside customers decreased by 19.0% from the corresponding period a year ago, to JPY444.3 billion.
- Sales dropped sharply in North America, Asia, Japan and CIS, while they increased in Oceania, China and the Middle East.
- The proportion of Traditional Markets decreased to 49% of total sales.

Jul.-Sep.,2020 vs. Jul.-Sep.,2019



Billions of yen



Billions of yen	Japan	North America	Europe	Latin America	CIS	China	Asia	Oceania	Middle East	Africa	Total
Jul.-Sep., 2019(a)	84.9	147.9	48.6	74.1	36.7	25.2	53.0	46.9	6.6	24.3	548.7
Jul.-Sep., 2020(b)	70.8	105.0	43.7	63.7	23.6	28.7	29.0	51.6	7.5	20.3	444.3
Change (b-a)	(14.1)	(42.9)	(4.8)	(10.3)	(13.1)	+3.5	(24.0)	+4.6	+0.8	(3.9)	(104.4)

Traditional Markets

Strategic Markets

※ Region where sales increased, when foreign exchange effects were excluded.

- Consolidated net sales declined by 21.1% from the corresponding period a year ago, to JPY957.7 billion.
- Operating income dropped by 57.5% to JPY60.3 billion. Operating income ratio was 6.3%, down 5.4 points.
- Net income attributable to Komatsu Ltd. dropped by 58.6% to JPY37.2 billion.

Billions of yen	Apr.-Sep.,2019 (A) ¥109.0/USD ¥121.6/EUR ¥15.8/RMB	Apr.-Sep.,2020 (B) ¥107.1/USD ¥121.4/EUR ¥15.2/RMB	Changes (B-A)	
			increase (decrease)	Change %
Net sales	1,213.4	957.7	(255.7)	(21.1)%
Segment profit	140.6	60.7	(79.9)	(56.8)%
Other operating income (expenses)	1.2	(0.4)	(1.7)	-
Operating income	141.9	60.3	(81.6)	(57.5)%
Profit ratio	11.7%	6.3%	(5.4)pts.	-
Other income (expenses)	(13.7)	(1.8)	+11.9	-
Income before income taxes	128.2	58.5	(69.6)	(54.3)%
Net income attributable to Komatsu Ltd	90.0	37.2	(52.7)	(58.6)%
Cash dividends per share	55yen	18yen	(37)yen	

- Construction, Mining & Utility Equipment: Sales declined by 21.2% from the corresponding period a year ago, to JPY876.5 billion. Segment profit dropped by 59.8% to JPY52.2 billion. Segment profit ratio was 6.0%, down 5.7 points.
- Retail Finance: Revenues decreased by 5.8% to JPY32.7 billion. Segment profit dropped by 31.2% to JPY4.6 billion.
- Industrial Machinery & Others: Sales dropped by 11.9% to JPY64.9 billion. Segment profit improved by 1.6% to JPY4.1 billion.

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

Billions of yen	Apr.-Sep.,2019 (A)	Apr.-Sep.,2020 (B)	Changes (B-A)	
			increase (decrease)	Change %
Net sales	1,213.4	957.7	(255.7)	(21.1)%
Construction, mining & utility equipment	1,111.6 [1,109.3]	876.5 [864.3]	(235.1) [(244.9)]	(21.2)% [(22.1)%]
Retail finance	34.7 [31.1]	32.7 [28.9]	(2.0) [(2.2)]	(5.8)% [(7.1)%]
Industrial machinery & others	73.7 [73.0]	64.9 [64.4]	(8.7) [(8.5)]	(11.9)% [(11.7)%]
Elimination	(6.7)	(16.5)	(9.8)	-
Segment profit	□ 11.6% 140.6	□ 6.3% 60.7	□ (5.3)pts. (79.9)	(56.8)%
Construction, mining & utility equipment	□ 11.7% 129.8	□ 6.0% 52.2	□ (5.7)pts. (77.6)	(59.8)%
Retail finance	□ 19.6% 6.8	□ 14.3% 4.6	□ (5.3)pts. (2.1)	(31.2)%
Industrial machinery & others	□ 5.5% 4.0	□ 6.3% 4.1	□ +0.8pts. +0.0	+1.6%
Corporate & elimination	0.0	(0.2)	(0.2)	-

Review of three business segments

■ Construction, Mining & Utility Equipment:

Sales decreased, as adversely affected by reduced volume of sales and foreign exchange rates. While we were able to absorb some part of declined profits with reduced fixed costs, segment profit declined, due to reduced volume of sales.

■ Retail Finance:

Revenues decreased due to a decline in new contracts. Segment profit dropped, due mainly to decreased revenues, adverse effects of extension of payments and revaluation of vehicles after lease use.

■ Industrial Machinery & Others

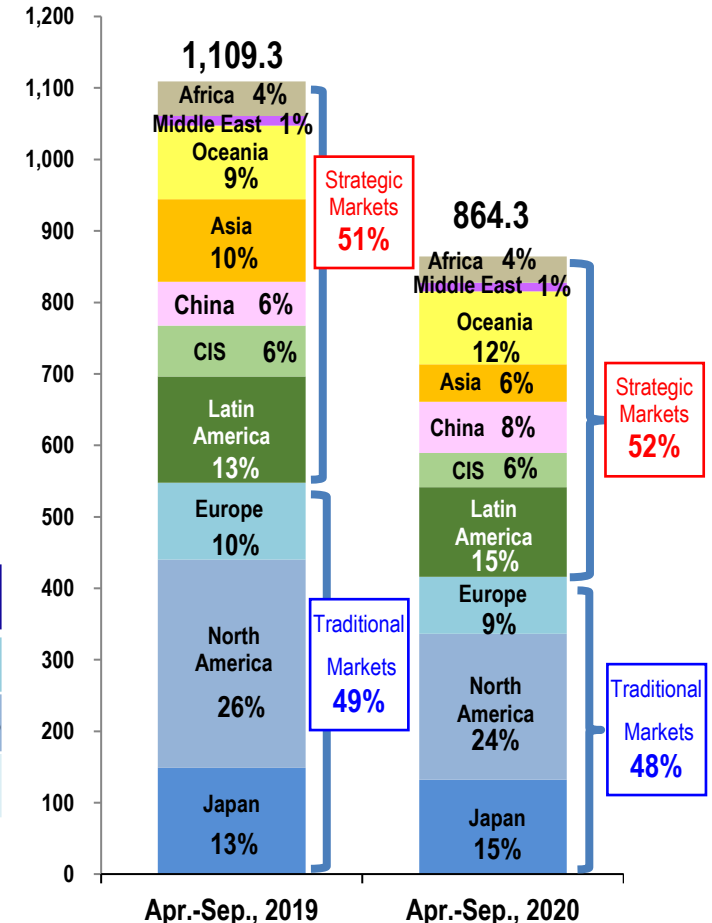
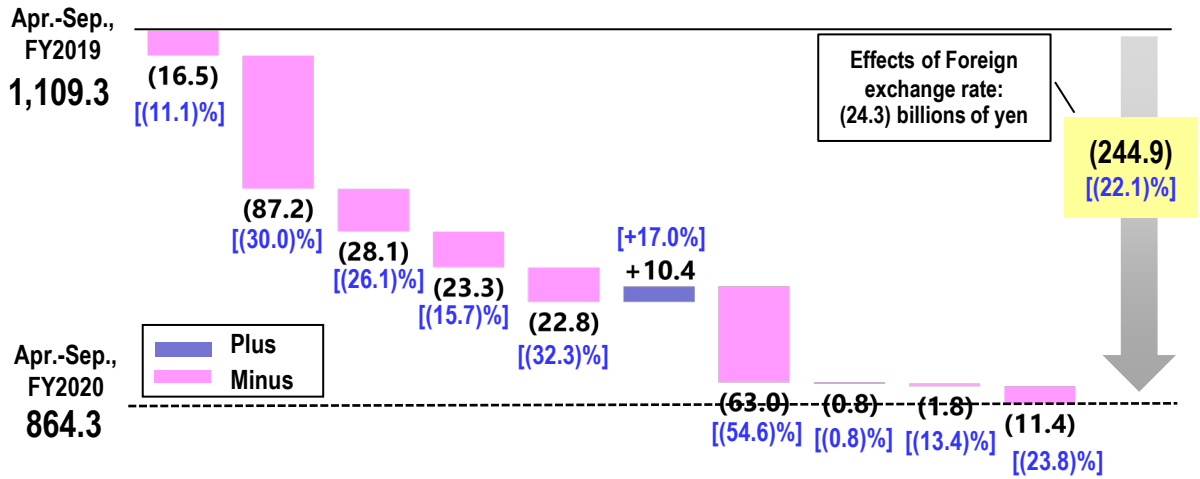
Sales declined, reflecting reduced sales of presses and machine tools to the automobile manufacturing industry. Segment profit improved, supported by steady sales of Excimer laser-related products on the semiconductor market.

Construction, Mining & Utility Equipment : Sales by Region (To Outside Customers) for Six Months (Apr.- Sep., 2020) of FY2020

- Sales to outside customers decreased by 22.1% from the corresponding period a year ago, to JPY864.3 billion.
- Sales declined in all regions, except for China. In particular, sales dropped sharply in North America, Asia and Europe.
- The proportion of Traditional Markets decreased to 48% of total sales.

Apr.-Sep.,2020 vs. Apr.-Sep.,2019

Billions of yen



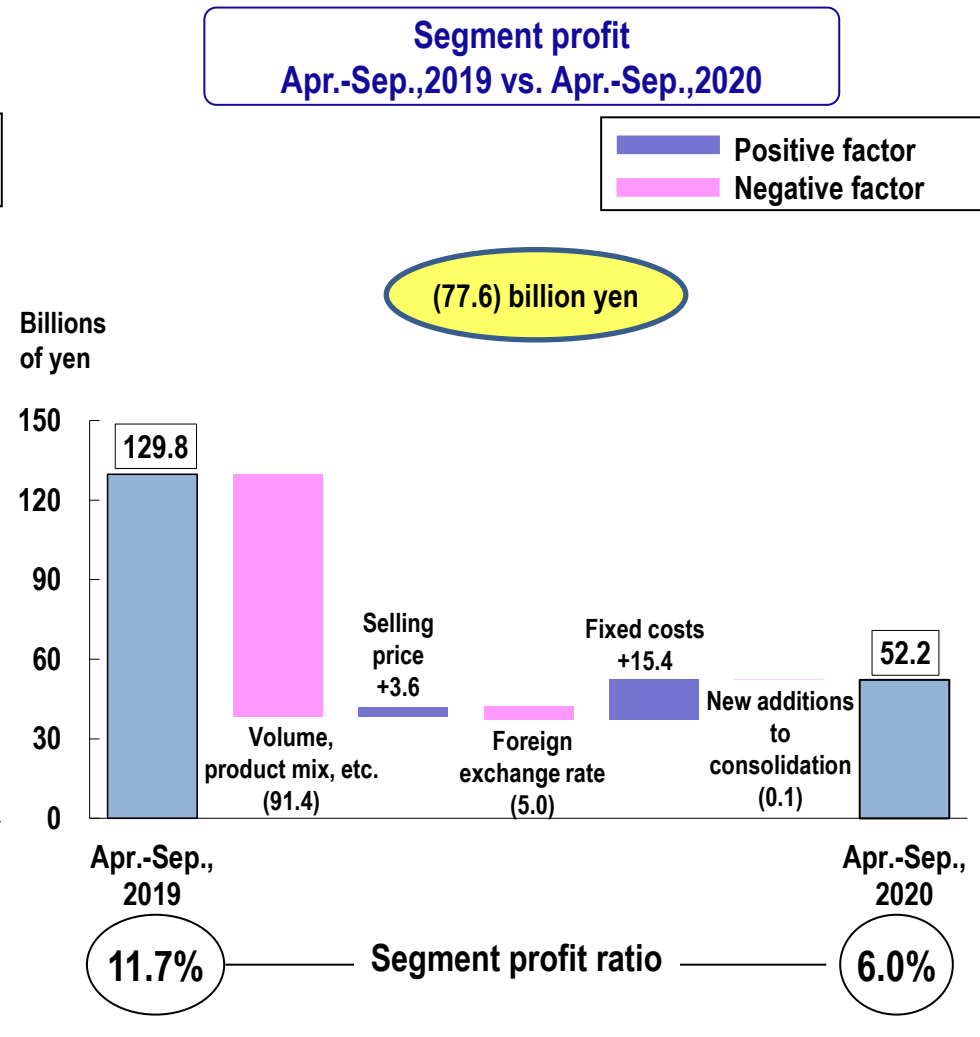
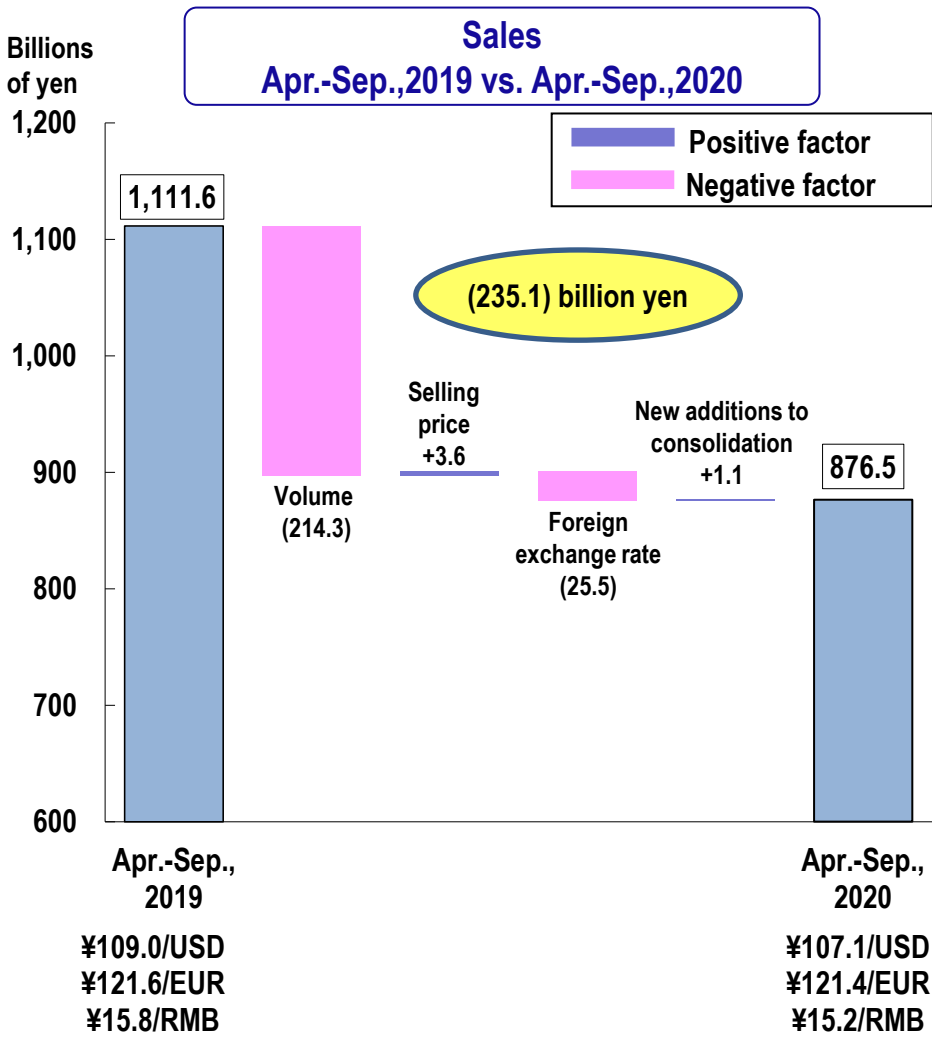
Billions of yen	Japan	North America	Europe	Latin America	CIS	China	Asia	Oceania	Middle East	Africa	Total
Apr.-Sep.,2019(a)	148.7	291.4	107.7	148.6	70.8	61.4	115.4	103.0	13.6	48.3	1,109.3
Apr.-Sep.,2020(b)	132.2	204.1	79.5	125.3	47.9	71.8	52.3	102.1	11.8	36.8	864.3
Change (b-a)	(16.5)	(87.2)	(28.1)	(23.3)	(22.8)	+10.4	(63.0)	(0.8)	(1.8)	(11.4)	(244.9)

Traditional Markets (Japan, North America, Europe, Latin America, CIS, Middle East, Africa)
Strategic Markets (China, Asia, Oceania)

※ Region where sales increased, when foreign exchange effects were excluded.

Causes of Difference in Sales and Segment Profit for the First 6-Month Period (Apr.-Sep., 2020) of FY2020 14

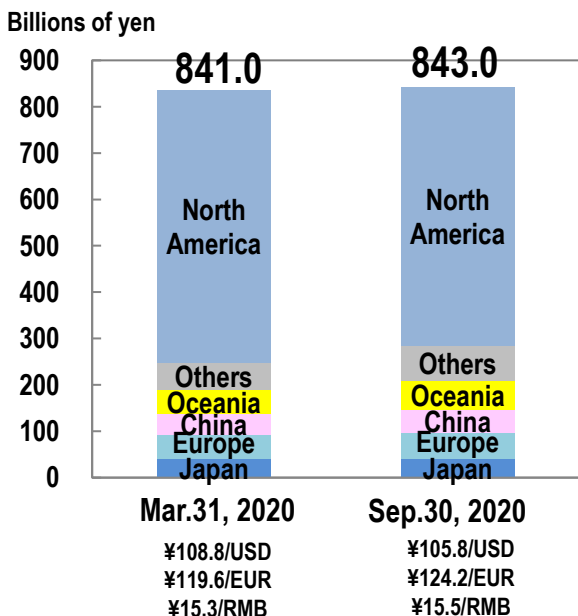
- Sales decreased by JPY235.1 billion from the corresponding period a year ago, as adversely affected by reduced sales volume and foreign exchange rates.
- Segment profit dropped by JPY77.6 billion, while we absorbed adverse effects of declined volume of sales with reduced fixed costs.
- Segment profit ratio was 6.0%, down 5.7 points.



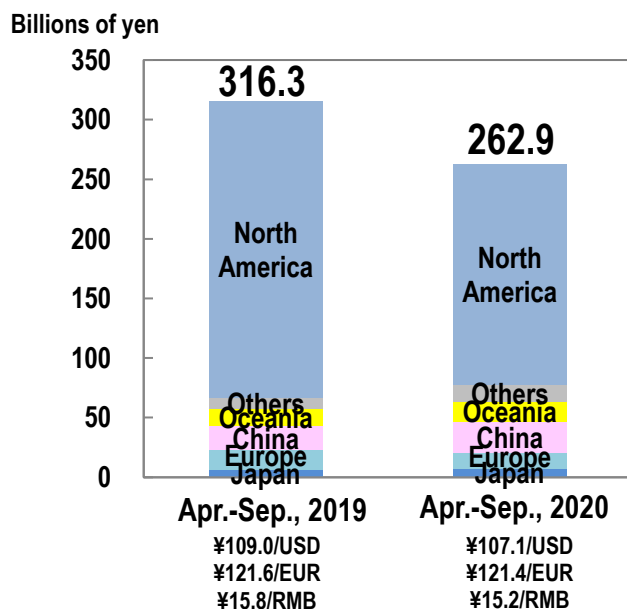
Retail Finance: Assets and Revenues for the First Six-Month Period (Apr.-Sep.,2020) of FY2020

- Assets increased from year-on-year, supported mainly by increases in China, while assets declined in North America.
- New contracts declined year-on-year, due to reduced sales under the coronavirus pandemic.
- Revenues decreased year-on-year, especially affected by reduced new contracts.
- Segment profit decreased year-on-year, due mainly to declined revenues and revaluation of vehicles after lase use.

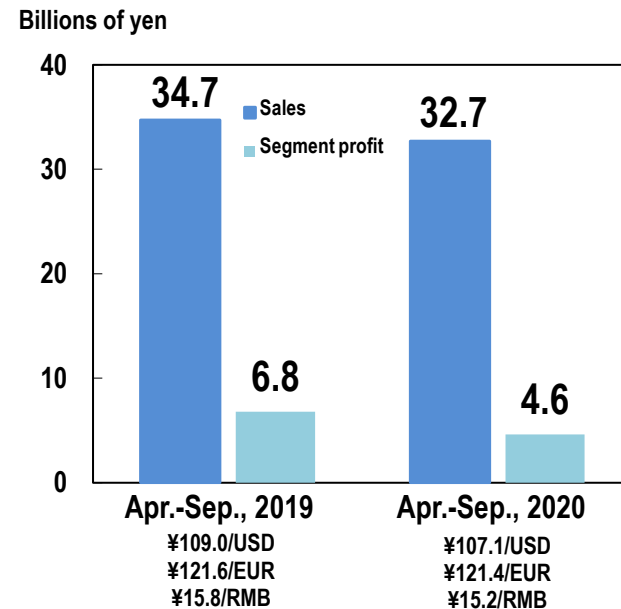
Assets
Mar.31, 2020 vs. Sep.30, 2020



New Contracts
Apr.-Sep.,2019 vs. Apr.-Sep.,2020



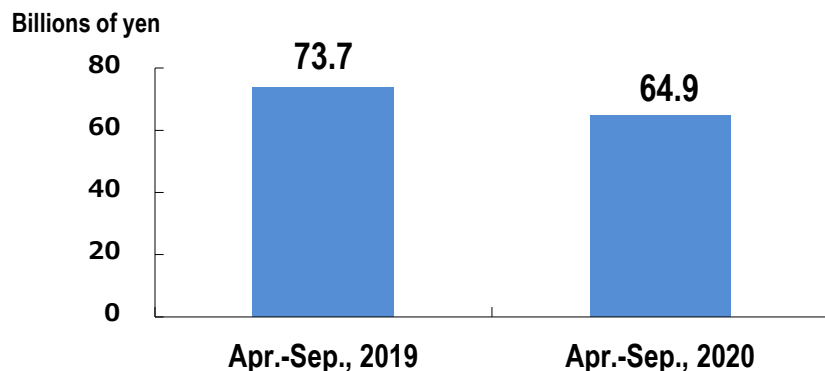
Revenues
Apr.-Sep.,2019 vs. Apr.-Sep.,2020



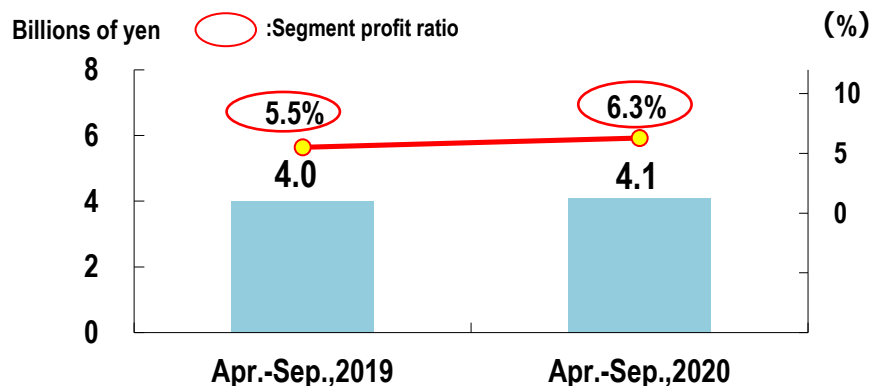
Billions of yen	2020/3E	2020/9E	Changes
Interest-bearing debt	648.0	650.1	+2.0
Interest-bearing debt, net	642.4	647.4	+5.0
Net D/E ratio	3.80	3.86	+0.06pts.

- Sales declined by 11.9% year-on-year, to JPY64.9 billion, affected by reduced sales of presses and machine tools to the automobile manufacturing industry.
- Segment profit remained about flat year-on-year, amounting to JPY4.1 billion.
- Segment profit ratio was 6.3%.

Sales
Apr.-Sep.,2019 vs. Apr.-Sep.,2020



Segment profit
Apr.-Sep.,2019 vs. Apr.-Sep.,2020



Breakdown of sales

Billions of yen	Apr.-Sep., 2019	Apr.-Sep., 2020	Changes	
			Increase (Decrease)	Change %
Komatsu Industries Corp.	22.0	16.7	(5.3)	(24.2)%
Komatsu NTC Ltd.	20.2	11.7	(8.5)	(42.1)%
Gigaphoton Inc.	17.4	18.7	+1.2	+7.4%
Others	13.8	17.7	+3.8	+27.4%
Total	73.7	64.9	(8.7)	(11.9)%

Consolidated Balance Sheets

- Total assets decreased by JPY59.2 billion from the previous fiscal year-end, to JPY3,594.4 billion. Accounts receivable declined, while inventories increased.
- Komatsu Ltd. shareholders' equity ratio increased by 1.0 percentage point, to 49.5%.

Billions of yen ○ : Net D/E ratio	Mar. 31, 2020 ¥108.8/USD ¥119.6/EUR ¥15.3/RMB	Sep. 30, 2020 ¥105.8/USD ¥124.2/EUR ¥15.5/RMB	Increase (Decrease)
Cash & deposits (incl. time deposits) [a]	249.6	235.8	(13.8)
Accounts receivable (incl. long-term trade receivables)	1,165.3	1,096.5	(68.7)
Inventories	805.3	838.9	+33.5
Tangible fixed assets	757.6	757.4	(0.2)
Other assets	675.7	665.7	(9.9)
Total assets	3,653.6	3,594.4	(59.2)
Accounts payable	220.1	194.0	(26.1)
Interest-bearing debt [b]	1,012.3	966.0	(46.3)
Other liabilities	564.9	567.6	+2.7
Total liabilities	1,797.4	1,727.7	(69.6)
[Shareholders' equity ratio]	[48.5%]	[49.5%]	[+1.0 pts.]
Komatsu Ltd. shareholders' equity	1,771.6	1,777.5	+5.9
Non-controlling interests	84.6	89.1	+4.4
Liabilities & Equity	3,653.6	3,594.4	(59.2)
Interest-bearing debt, net [b-a]	0.43 762.7	0.41 730.2	(32.5)
Net D/E ratio (excl. the retail finance business)	0.08	0.05	

Ⅲ. Outlook of FY2020 Business Results

- Consolidated net sales will decrease by 13.3% from FY2019, to JPY2,119.0 billion (up JPY51.0 billion from the projection of July this year). Operating income will decline by 46.6% to JPY134.0 billion (up JPY19.0 billion from the projection of July this year).
- Annual cash dividends per share are being planned for JPY43 (up JPY7 from the projection of July this year).

Note: Assumed foreign exchange rates in the second 6-month period: USD and RMB remain the same as before at JPY105 and JPY15.0, respectively, while EUR is changed to JPY124.

Billions of yen	FY2019 Results (A) ¥108.7/USD ¥120.8/EUR ¥15.6/RMB	FY2020 Projection (B) (Current) ¥106.1/USD ¥122.7/EUR ¥15.1/RMB	FY2020 Projection (C)(July) ¥105.6/USD ¥116.7/EUR ¥15.0/RMB	Changes (B-A)	
				Increase (Decrease)	Change %
Net sales	2,444.8	2,119.0	2,068.0	(325.8)	(13.3)%
Segment profit	255.0	139.0	121.0	(116.0)	(45.5)%
Other operating income (expenses)	(4.3)	(5.0)	(6.0)	(0.6)	-
Operating income	250.7	134.0	115.0	(116.7)	(46.6)%
Profit ratio	10.3%	6.3%	5.6%	(4.0)pts.	-
Other income (expenses)	(27.5)	(7.0)	(7.0)	+20.5	-
Income before income taxes	223.1	127.0	108.0	(96.1)	(43.1)%
Net income attributable to Komatsu Ltd	153.8	80.0	67.0	(73.8)	(48.0)%
ROE	8.6%	4.5%	3.8%	(4.1)pts.	
Cash dividends per share	94Yen	43Yen	36Yen	(51)Yen	
Consolidated payout ratio	57.7%	50.8%	50.8%		

- Construction, Mining & Utility Equipment: Sales will reach JPY1,905.0 billion, an increase of JPY60.0 billion from the projection of July this year. Segment profit will total JPY118.0 billion, outperforming the projection by JPY20.0 billion.
- Retail Finance: Revenues will amount to JPY67.0 billion, a decrease of JPY1.0 billion from the projection. Segment profit should remain unchanged from the projection.
- Industrial Machinery & Others: Sales will total JPY172.0 billion, down JPY9.0 billion from the projection. Segment profit will decline JPY2.0 billion from the projection, to JPY12.0 billion.

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

Billions of yen	FY2019 Results (A)	FY2020 Projection (B)(Current)	FY2020 Projection (C)(July)	Changes (B-A)	
				increase (decrease)	Change %
Net sales	2,444.8	2,119.0	2,068.0	(325.8)	(13.3)%
Construction, mining & utility equipment	2,211.2 [2,205.9]	1,905.0 [1,890.0]	1,845.0 [1,829.0]	(306.2) [(315.9)]	(13.9)% [(14.3)%]
Retail finance	70.9 [62.9]	67.0 [58.0]	68.0 [59.0]	(3.9) [(4.9)]	(5.5)% [(7.9)%]
Industrial machinery & others	177.5 [175.9]	172.0 [171.0]	181.0 [180.0]	(5.5) [(4.9)]	(3.1)% [(2.8)%]
Elimination	(14.8)	(25.0)	(26.0)	(10.1)	-
Segment profit	□ 10.4% 255.0	□ 6.6% 139.0	□ 5.9% 121.0	□ (3.8)pts. (116.0)	(45.5)%
Construction, mining & utility equipment	□ 10.3% 227.3 □ 17.9% 12.6	□ 6.2% 118.0 □ 14.9% 10.0	□ 5.3% 98.0 □ 14.7% 10.0	□ (4.1)pts. (109.3) □ (3.0)pts. (2.6)	(48.1)% (21.1)%
Retail finance	□ 7.7% 13.7	□ 7.0% 12.0	□ 7.7% 14.0	□ (0.7)pts. (1.7)	(12.4)%
Industrial machinery & others					
Corporate & elimination	1.3	(1.0)	(1.0)	(2.3)	-

Review of three business segments

■ Construction, Mining & Utility Equipment:

- Sales will decline from FY2019, as adversely affected by reduced volume of sales and foreign exchange rates. Segment profit will also decrease, as adversely affected by reduced volume of sales and foreign exchange rates, which more than offset the benefits of reduced fixed costs.
- We have revised our projection of July, as we can expect more-than-anticipated demand centering on China, Japan and North America as well as reduction of fixed costs, in particular.

■ Retail Finance:

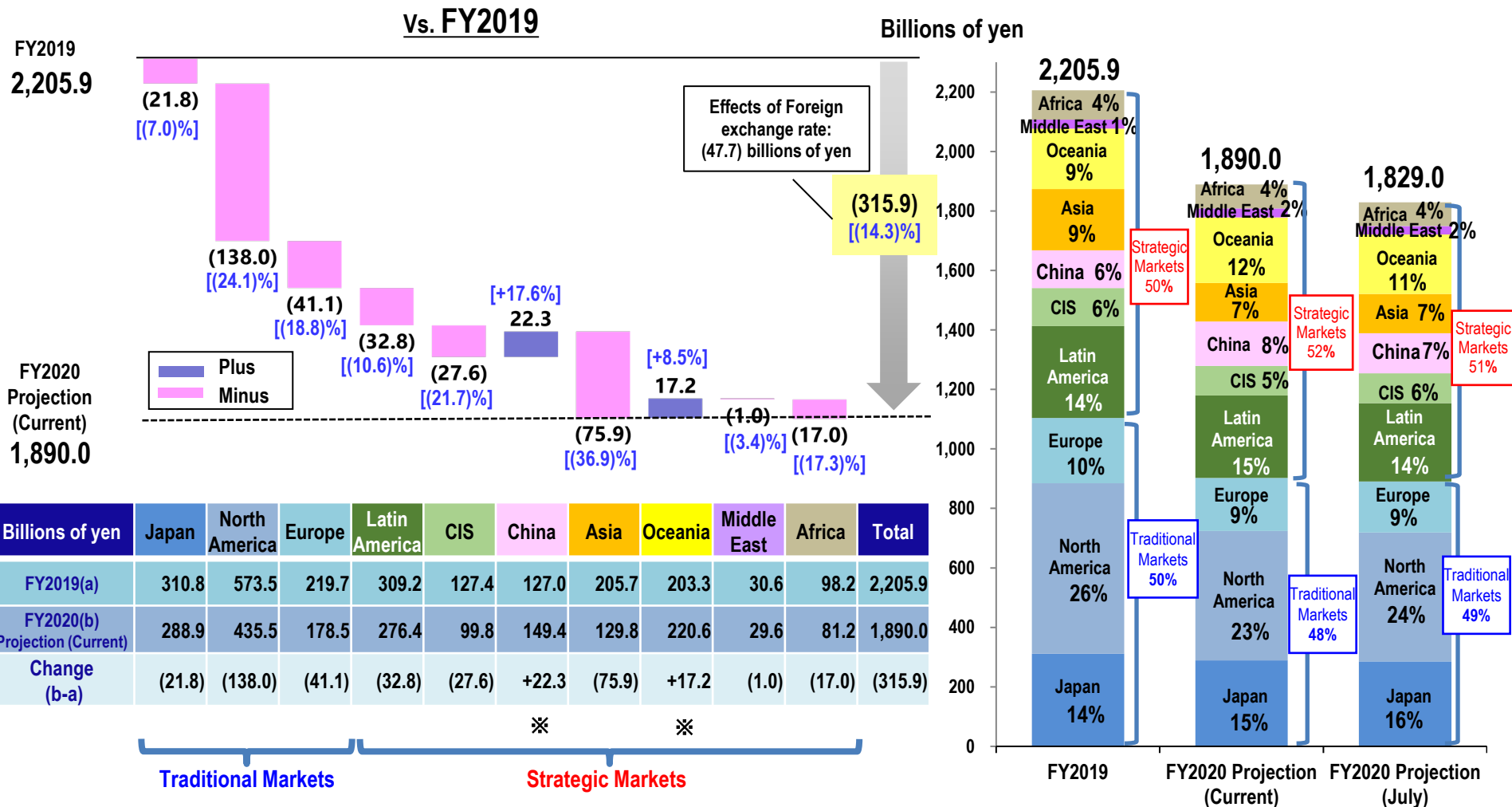
- Revenues will decline from FY2019, especially affected by a decline of new contracts. Segment profit will also decrease, as affected by declined revenues, adverse effects of extension of payments, revaluation of vehicles after lease use and some other factors.
- We have revised our projection of July after incorporating the adverse effects of a decline of new contracts, in particular.

■ Industrial Machinery & Other

- Both sales and segment profit will decline from FY2019, as affected by reduced sales of presses and machine tools to the automobile manufacturing industry.
- We have revised our projection of July, as we reflect slack sales of products related to automobile manufacturing, delayed installation of machinery at overseas customers, and some other factors.

Construction, Mining & Utility Equipment : Projection for Sales by Region (To Outside Customers) for FY2020

- Sales to outside customers will decline by 14.3% from FY2019, to JPY1,890.0 billion.
- Sales will advance in China and Oceania, but decline drastically in North America, Asia and Europe.
- The proportion of Traditional Markets will decline to 48%.

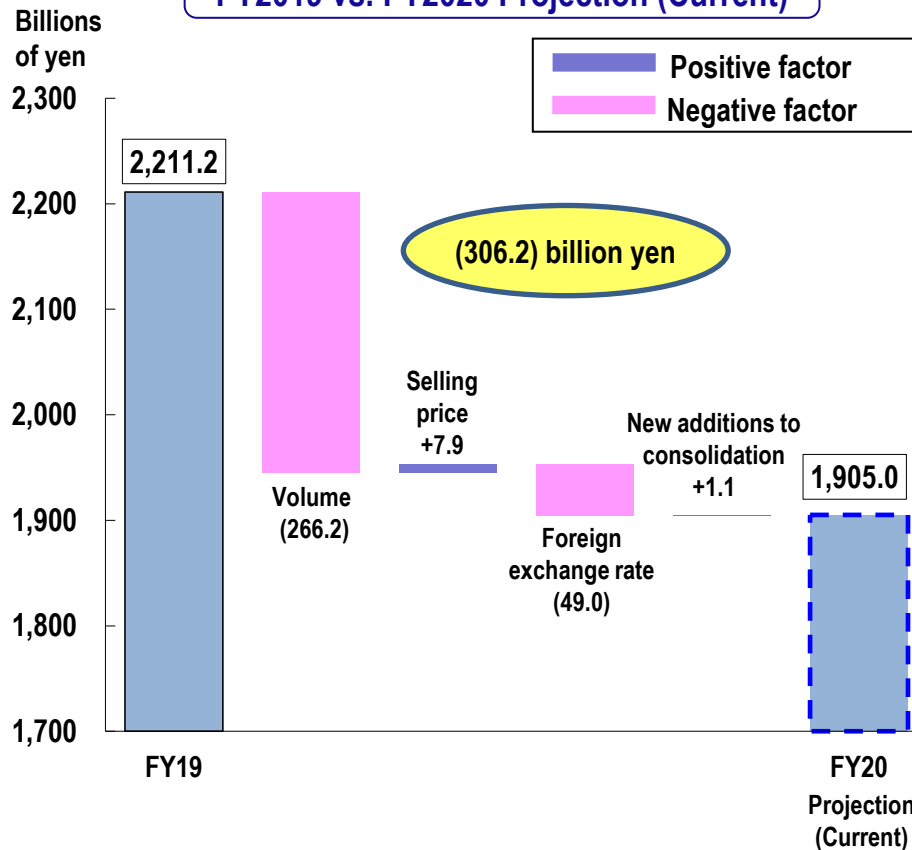


※ Region where sales increased, when foreign exchange effects were excluded.

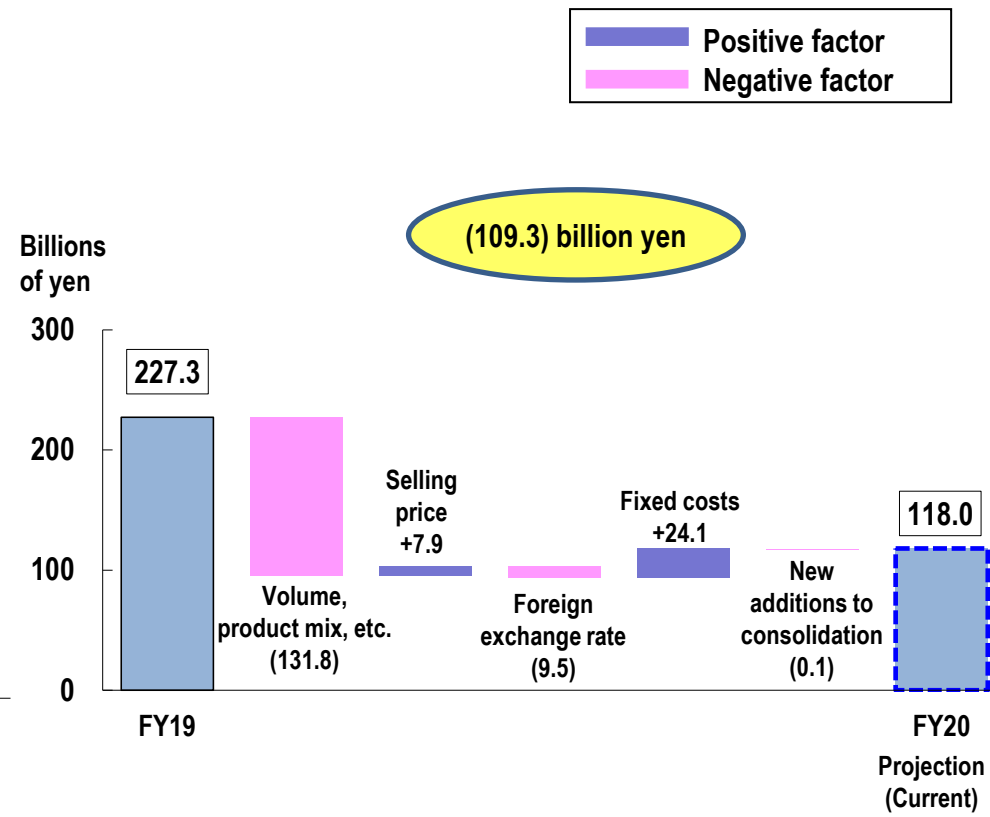
Construction, Mining & Utility Equipment : Causes of Difference in Projected Sales & Segment Profit for FY2020

- Sales will drop by JPY306.2 billion from FY2019, as adversely affected by reduced volume of sales and foreign exchange rates.
- Segment profit will decline by JPY109.3 billion, as adversely affected by reduced volume of sales, which more than offset the benefits of reduced fixed costs.
- Segment profit ratio will drop by 4.1 percentage points to 6.2%.

Sales
FY2019 vs. FY2020 Projection (Current)



Segment profit
FY2019 vs. FY2020 Projection (Current)



¥108.7/USD
¥120.8/EUR
¥15.6/RMB

¥106.1/USD
¥122.7/EUR
¥15.1/RMB

10.3%

Segment profit ratio

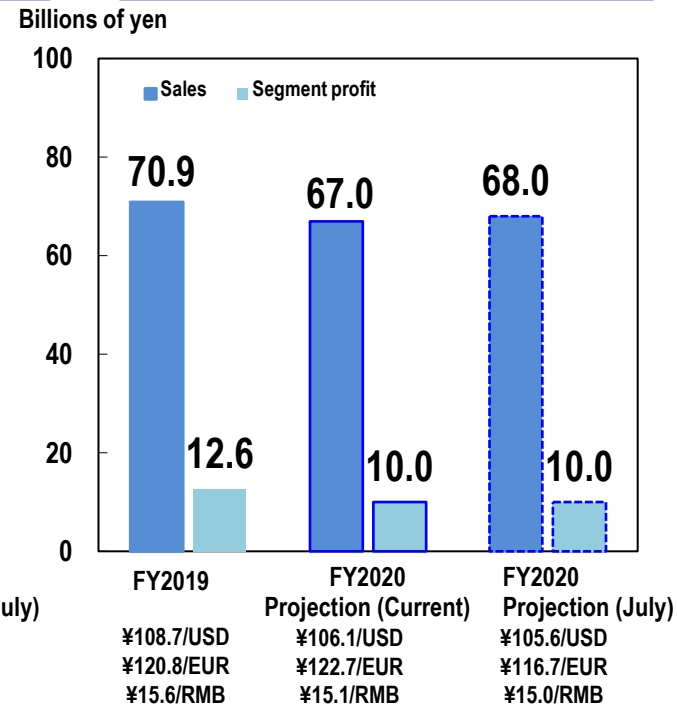
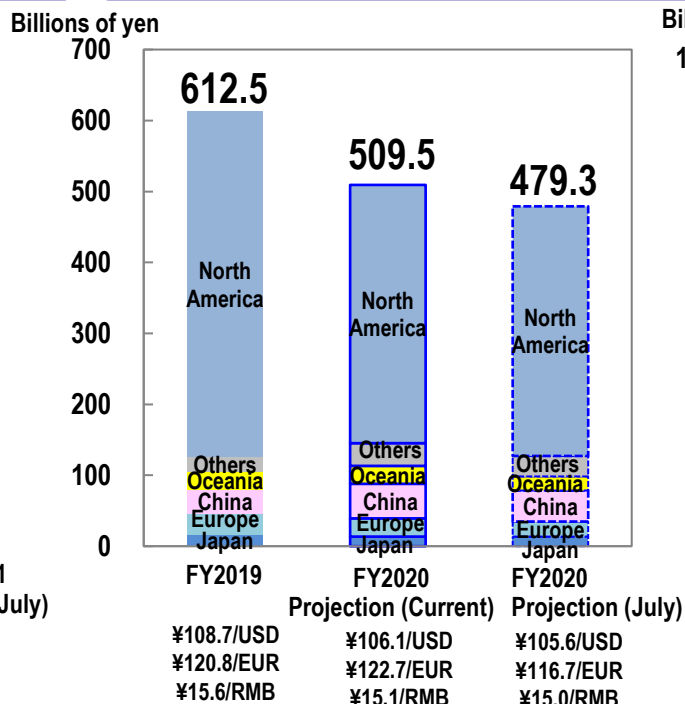
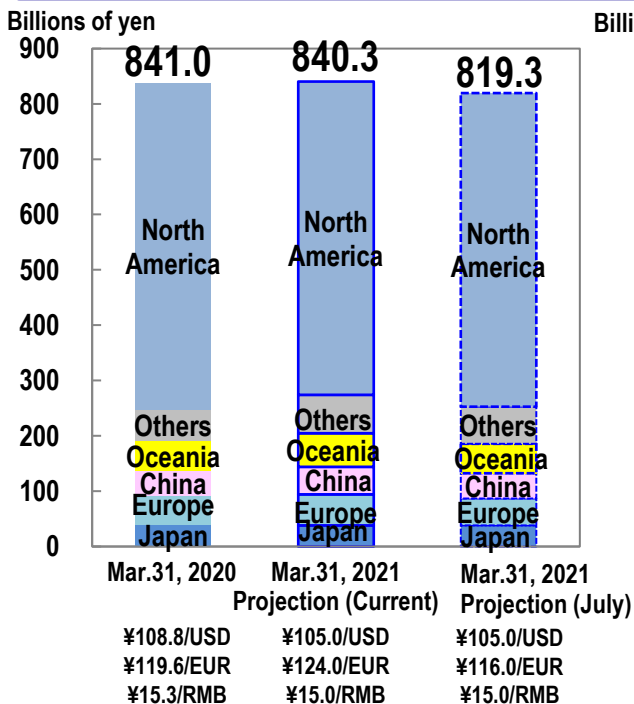
6.2%

- We anticipate that assets will decrease from FY2019 due to reduced new contracts.
- New contracts will decline from FY2019 due to declined sales affected by the coronavirus pandemic.
- Revenues will decrease from FY2019, affected by reduced new contracts.
- Segment profit will also decline, as mainly affected by reduced revenues and revaluation of vehicles after lease use.

Assets
Mar.31, 2020 vs. Mar.31, 2021 Projection (Current)

New Contracts
FY2019 vs FY2020 Projection (Current)

Revenues
FY2019 vs FY2020 Projection (Current)



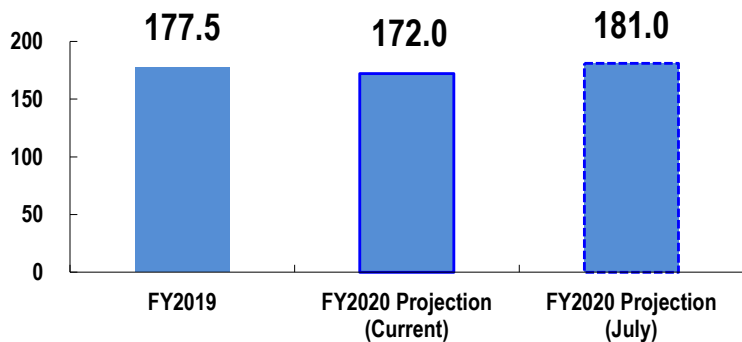
Billions of yen	2020/3E (A)	2021/3E Current Projection (B)	2021/3E Initial Projection	Changes (B)-(A)
Interest-bearing debt	648.0	662.5	641.4	+14.5
Interest-bearing debt, net	642.4	656.9	638.9	+14.5
Net D/E ratio	3.80	4.02	3.91	+0.22pts.

	FY2019 (A)	FY2020 Current Projection (B)	FY2020 Initial Projection	Changes (B)-(A)
ROA	1.5%	1.2%	1.2%	(0.3)pts.

• We project that sales will decrease by 3.1% from FY2019, to JPY172.0 billion, and segment profit will decrease by JPY1.7 billion to JPY12.0 billion.

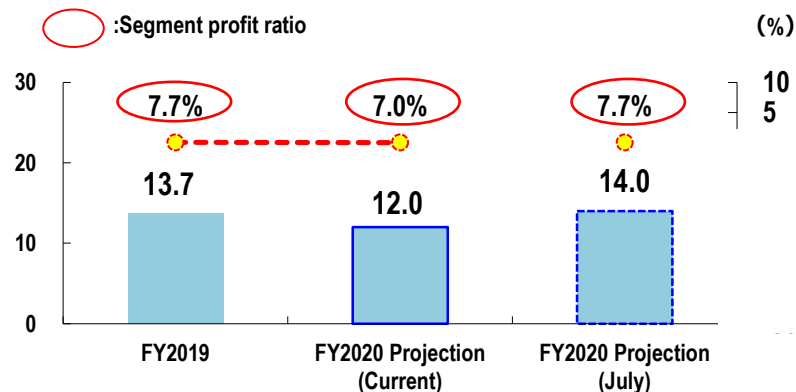
Sales
FY2019 vs. FY2020 Projection (Current)

Billions of yen



Segment profit
FY2019 vs. FY2020 Projection (Current)

Billions of yen

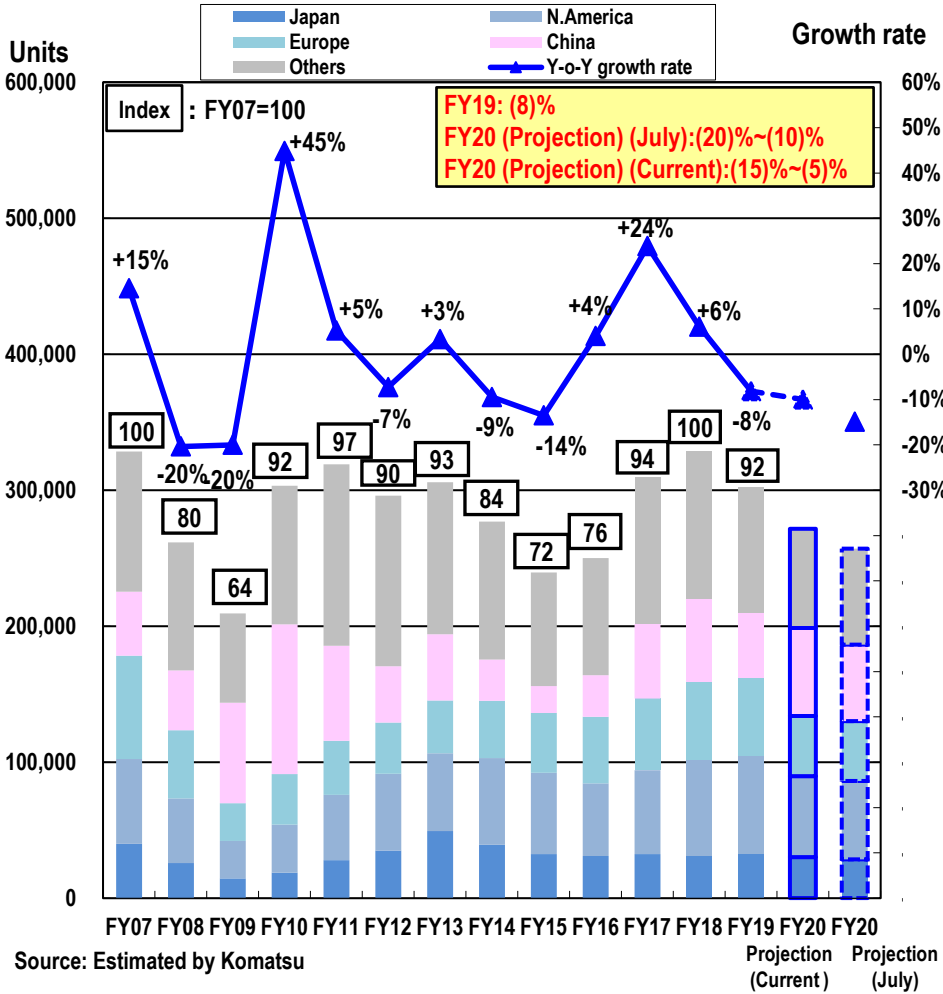


Breakdown of sales

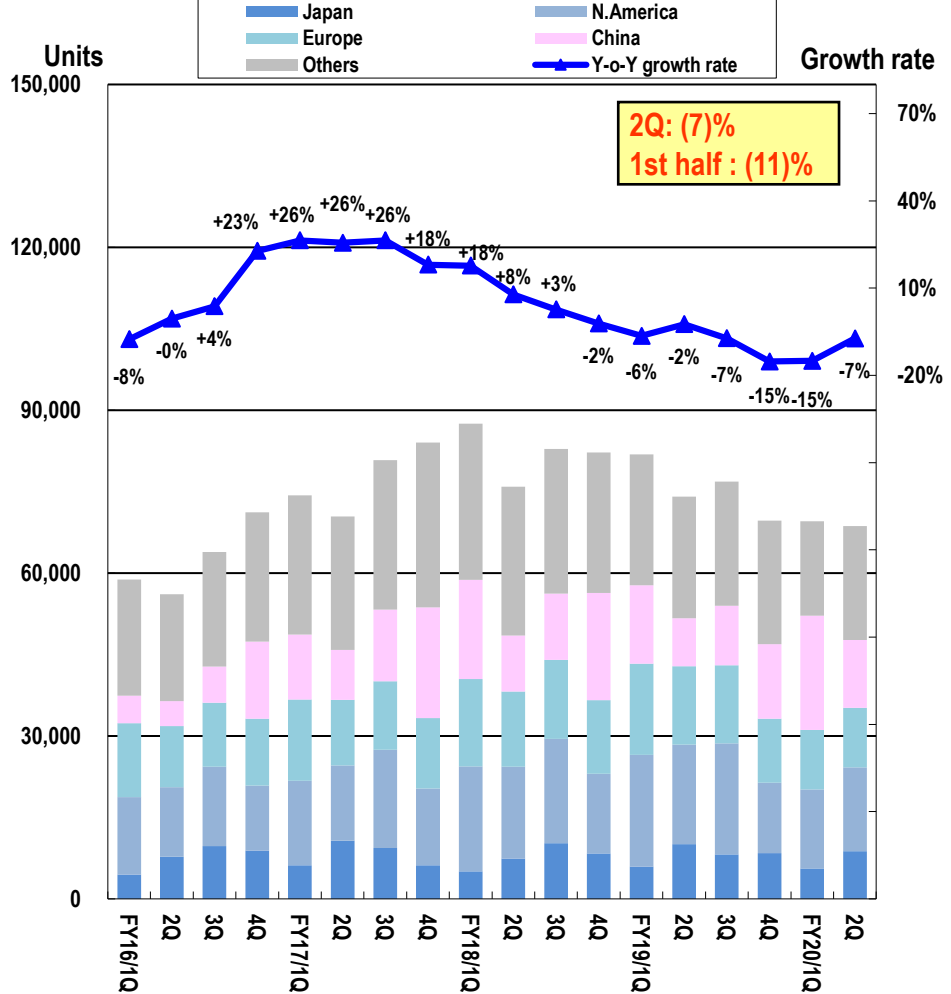
Billions of yen	FY2019 (A)	FY2020 Projection (Current)(B)	FY2020 Projection (July)	Changes (B)-(A)	
				Increase (Decrease)	Change %
Komatsu Industries Corp.	55.0	51.8	57.2	(3.2)	(5.9)%
Komatsu NTC Ltd.	48.3	31.6	36.4	(16.7)	(34.6)%
Gigaphoton Inc.	35.0	40.5	39.8	+5.4	+15.6%
Others	39.0	47.9	47.4	+8.9	+22.8%
Total	177.5	172.0	181.0	(5.5)	(3.1)%

- In 2Q FY2020, global demand declined by 7% from the corresponding period a year ago.
- We have revised our projection of full-year demand upward to -15% to -5%.
- We have revised our projection of July by including an increase of demand centering on China, North America, and Japan.

Annual demand for 7 major products

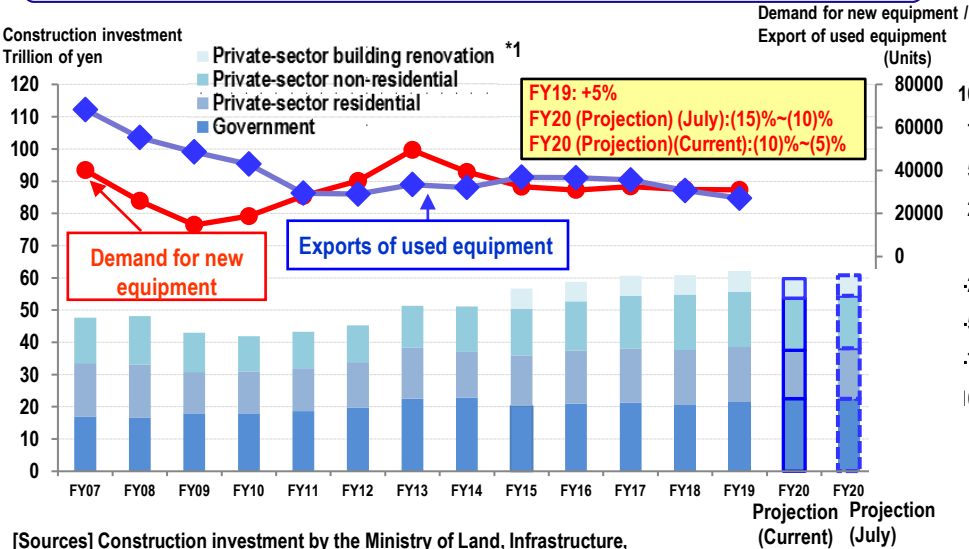


Quarterly demand for 7 major products



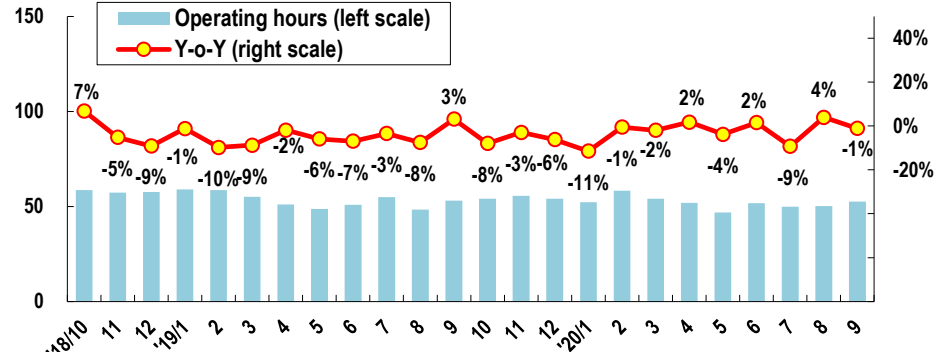
- In 2Q FY2020, demand declined by 13% from the corresponding period a year ago.
- We have revised our projection of full-year demand upward to -10% to -5%.
- We anticipate that demand will improve from our projection of July, as demand is growing steady in the civil engineering sector, supported by public works.

Demand for new equipment (7 major products) and construction investment

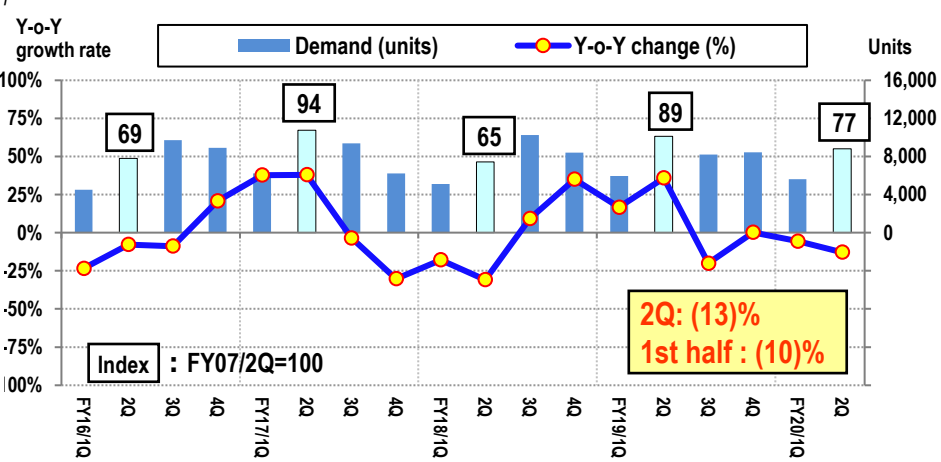


[Sources] Construction investment by the Ministry of Land, Infrastructure, Transport & Tourism, and Research Institute of Construction and Economy
 Demand for 7 major products and No. of exported used equipment estimated by Komatsu
 *1 Note: In September 2019, the Ministry of Land, Infrastructure, Transport and Tourism started to adding the collected data concerning renovation and renewal investment in buildings. Bar graphs above include retroactively added data until FY15.

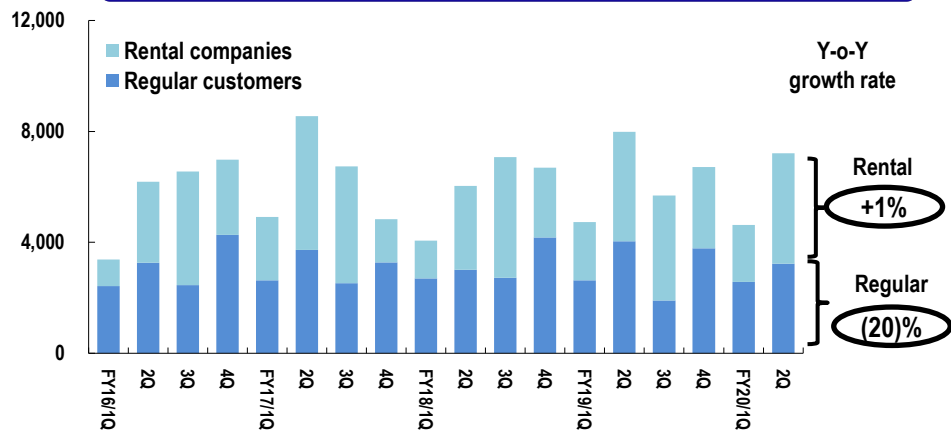
KOMTRAX in Japan: Average operating hours per month



Quarterly demand for 7 major products

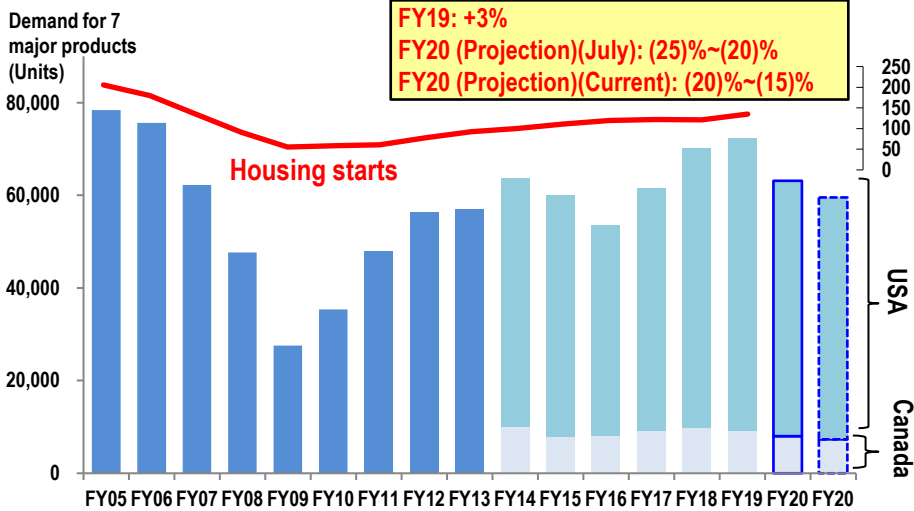


Quarterly demand for hydraulic excavators (Rental & Regular uses)



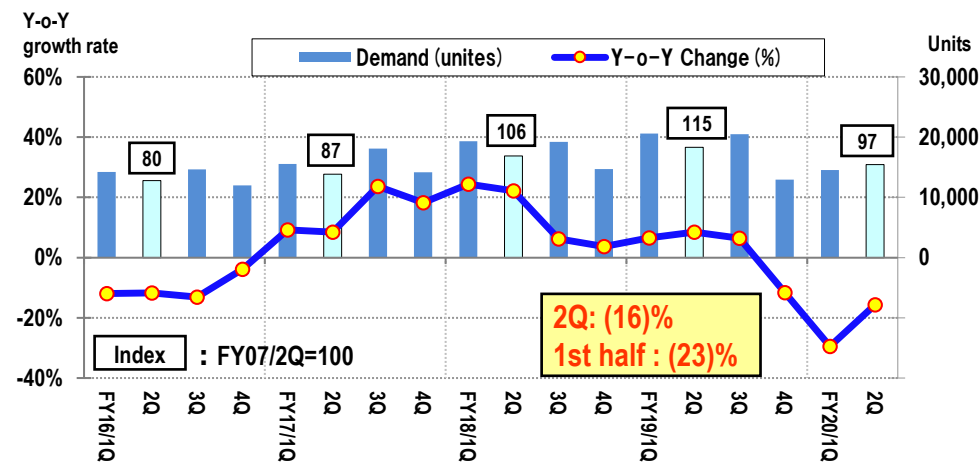
- In 2Q FY2020, demand decreased by 16% from the corresponding period a year ago.
- We have revised our projection of full-year demand upward to -20% to -15%.
- We have revised our projection upward, as demand is beginning to recover centering on construction and housing against the backdrop of resumed economic activities.

Demand for 7 major products and US housing starts

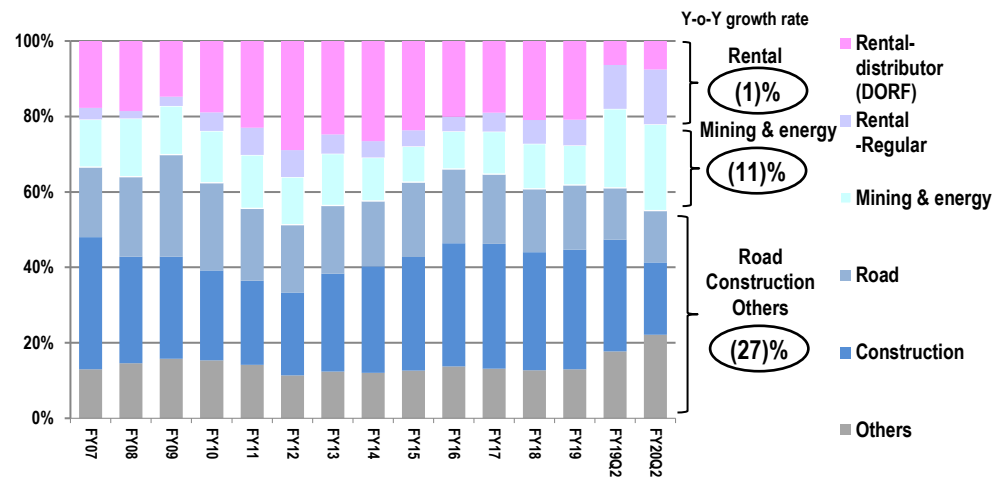


[Source]: Demand for 7 major products estimated by Komatsu
 Projection Projection (Current) (July)

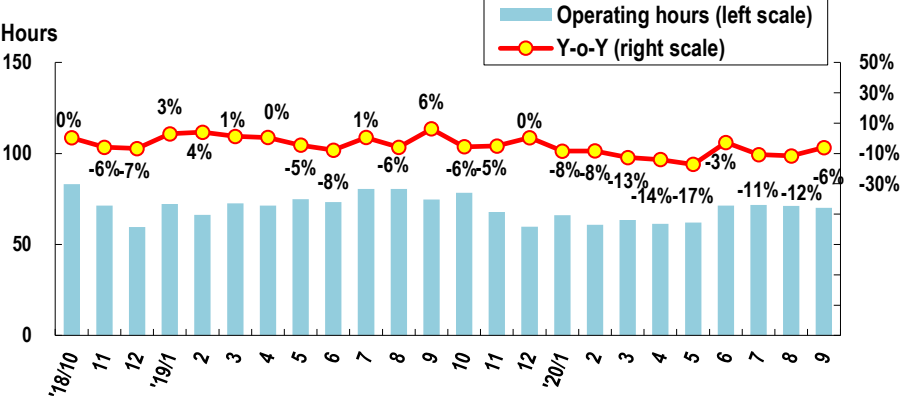
Quarterly demand for 7 major products



Breakdown of demand by segment (Unit basis)

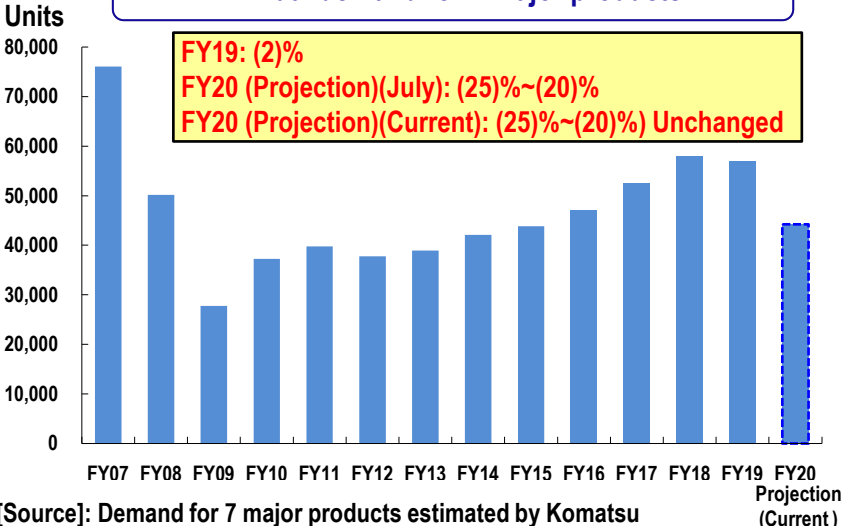


KOMTRAX in North America: Average operating hours per month

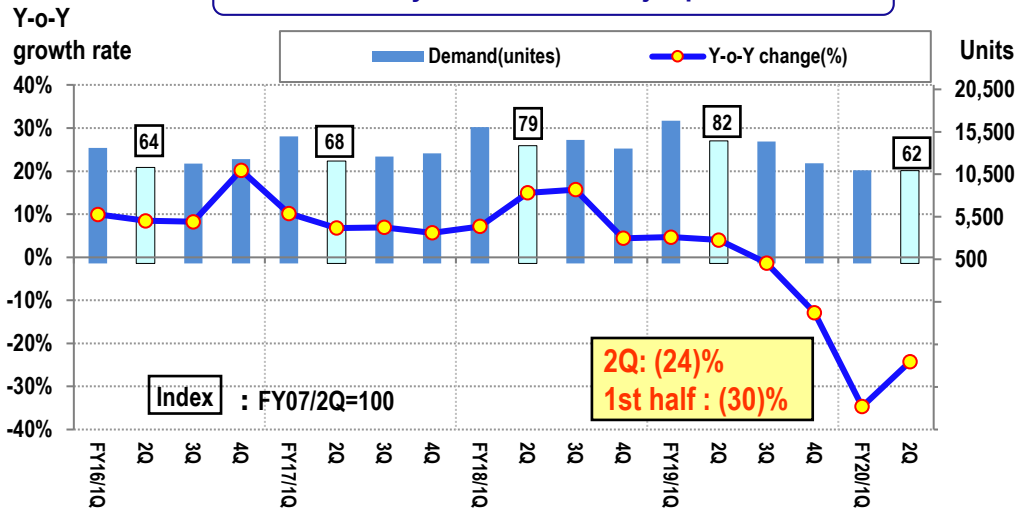


- In 2Q FY2020, demand decreased by 24% from the corresponding period a year ago.
- We project full-year demand will decline by 25% to 20% in FY2020 from FY2019 (unchanged from our projection of July). In light of a risk of demand going under projections due to coronavirus second wave, we will keep close monitoring of market conditions.

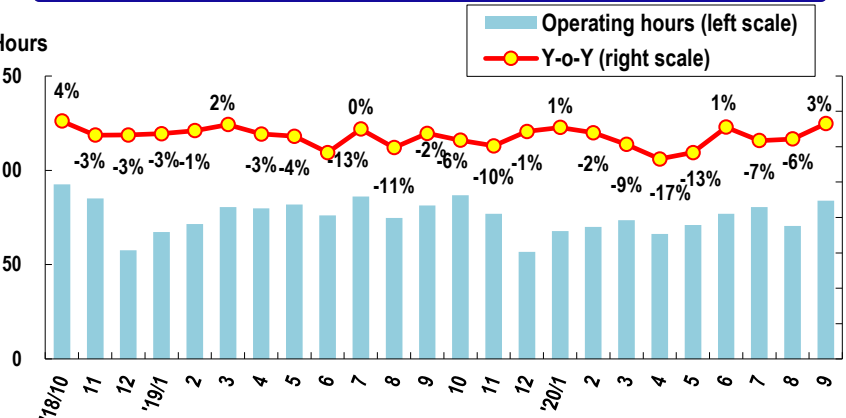
Annual demand for 7 major products



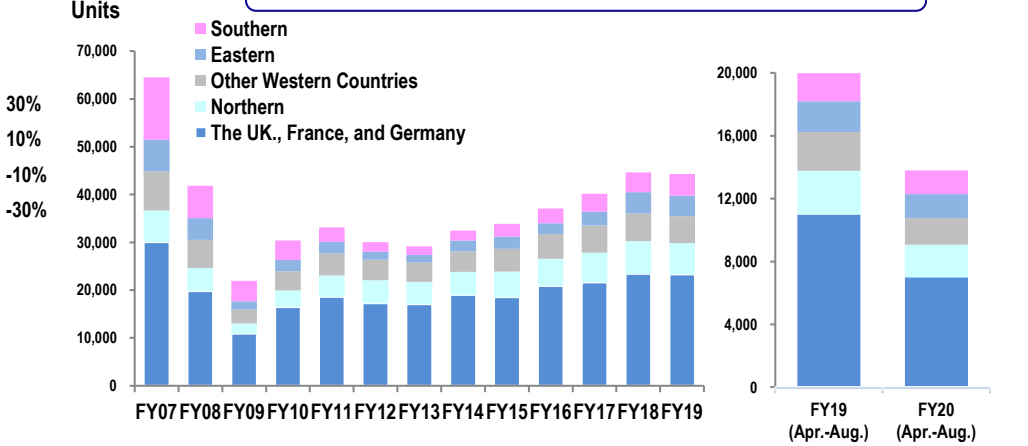
Quarterly demand for 7 major products



KOMTRAX in Europe: Average operating hours per month

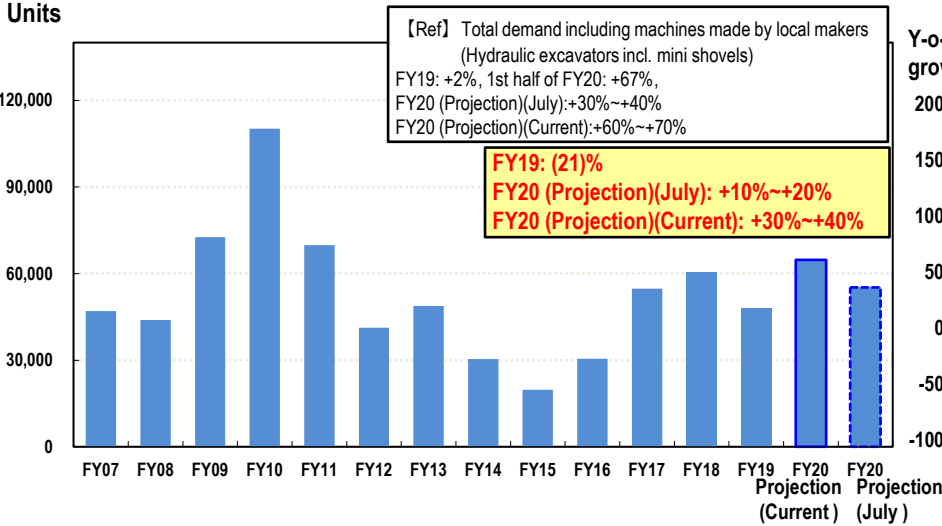


Region demand for 7 major products (Excl. 6t class)

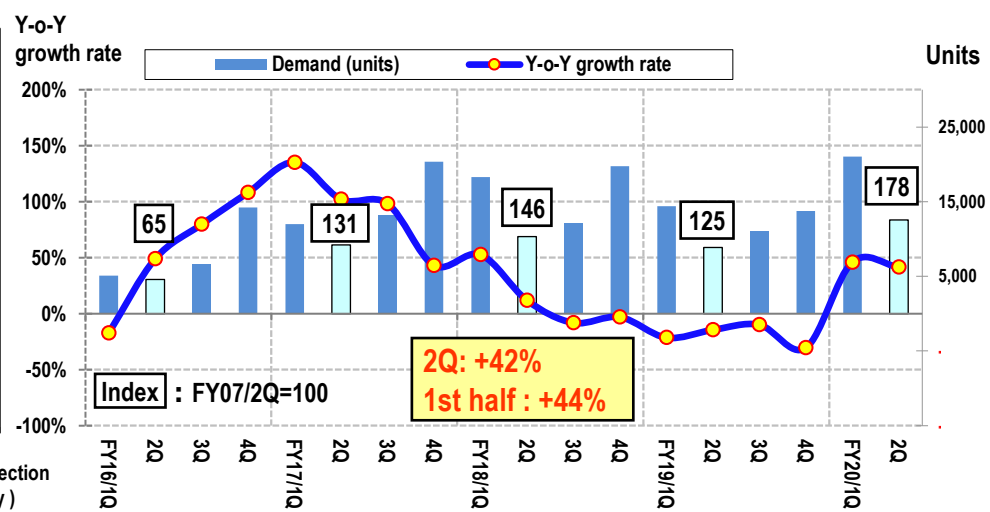


- In 2Q FY2020, demand increased by 42% from the corresponding period a year ago.
- We have revised our projection of full-year demand upward to 30% to 40%.
- We have revised our projection upward by incorporating demand remaining strong against the backdrop of economic recovery.

Annual demand for 7 major products (Foreign makers)

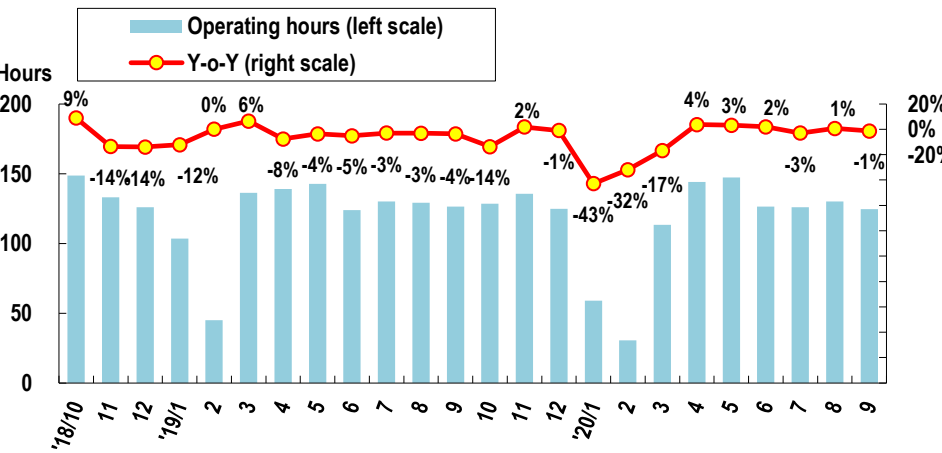


Quarterly demand for 7 major products (Foreign makers)

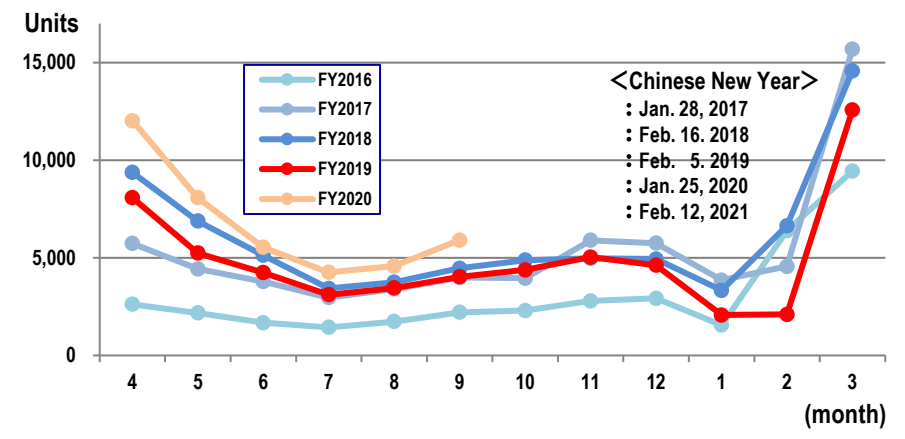


[Source]: Demand for 7 major products and hydraulic excavators estimated by Komatsu

KOMTRAX in China : Average operating hours per month

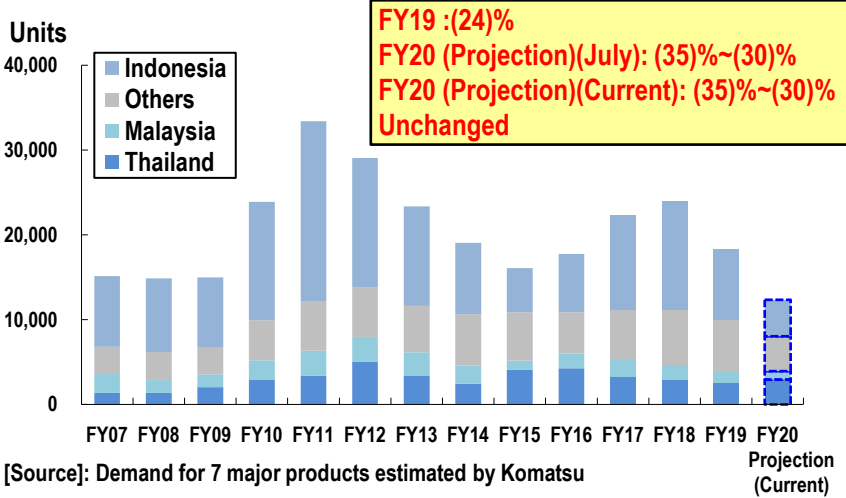


Monthly demand for hydraulic excavators : All model

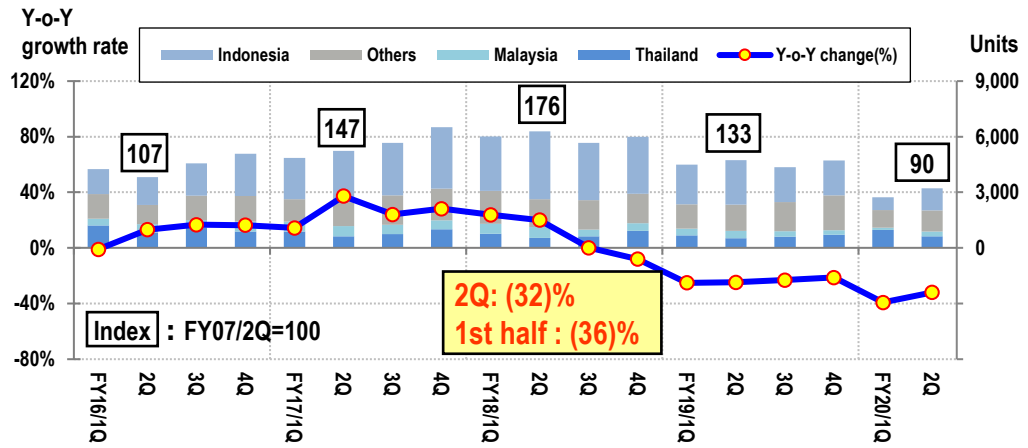


- In 2Q FY2020, demand declined by 32% from the corresponding period a year ago.
- We project that full-year demand will drop by 35% to 30% in FY2020 from FY2019 (unchanged from our projection of July).

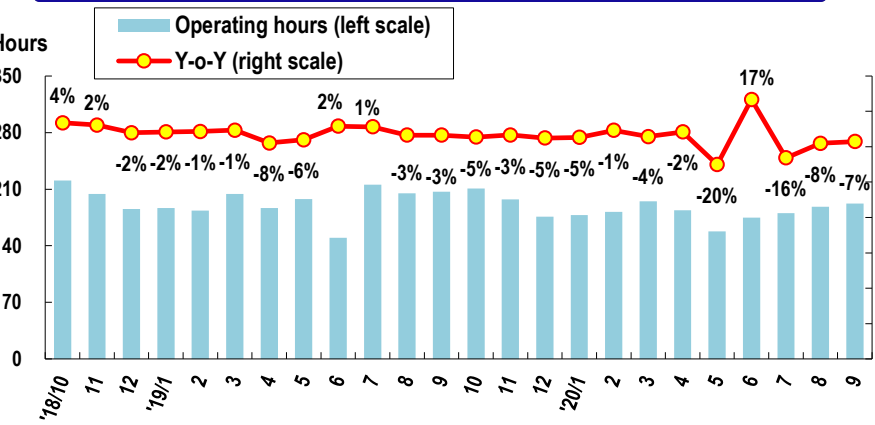
Annual demand for 7 major products



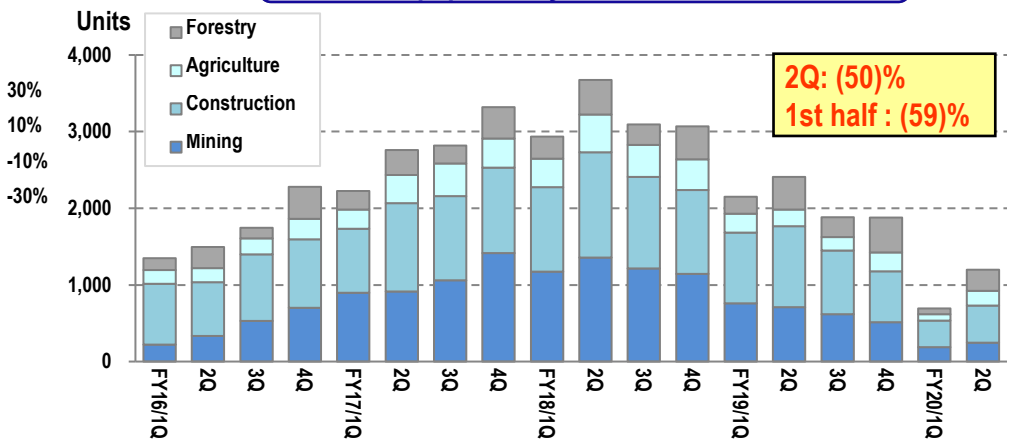
Quarterly demand for 7 major products



KOMTRAX in Indonesia: Average operating hours per month



Indonesia: Demand for construction & mining equipment by industrial sector



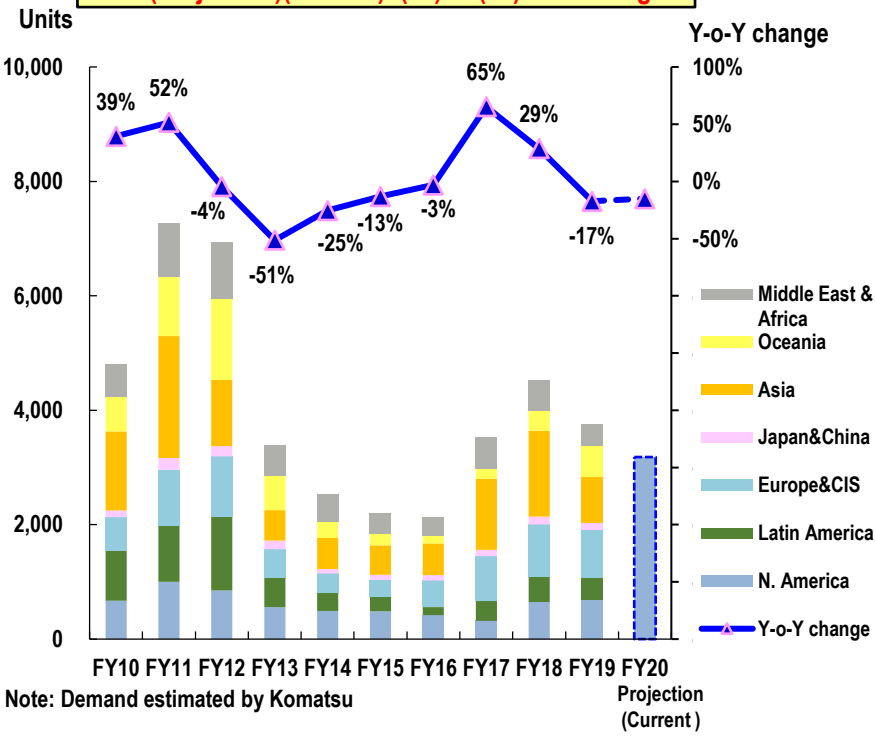
Construction, Mining & Utility Equipment : Actual and Projected Demand for Mining Equipment

- In 2Q FY2020, global demand for mining equipment declined by 27% from the corresponding period a year ago.
- We project that full-year demand will decline by 20% to 10% in FY2020 from FY2019 (unchanged from our projection of July).

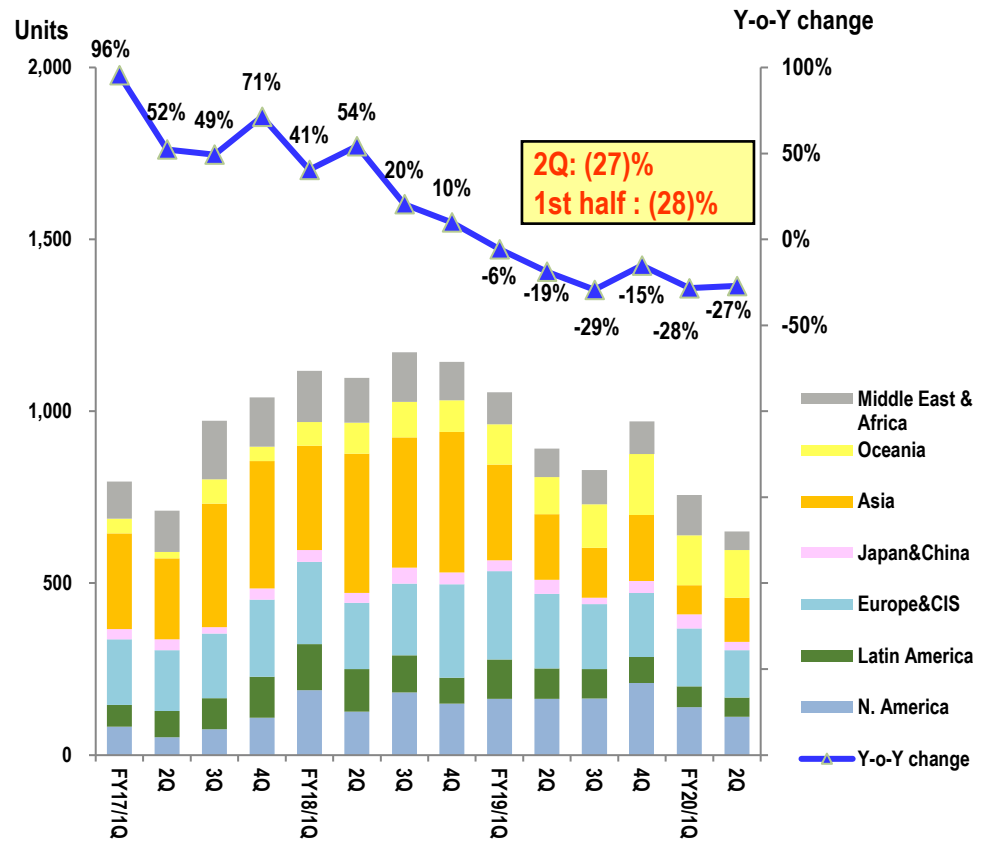
Annual demand for mining equipment

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

FY19 : (17)%
FY20 (Projection)(July): (20)%~(10)%
FY20 (Projection)(Current): (20)%~(10)% Unchanged

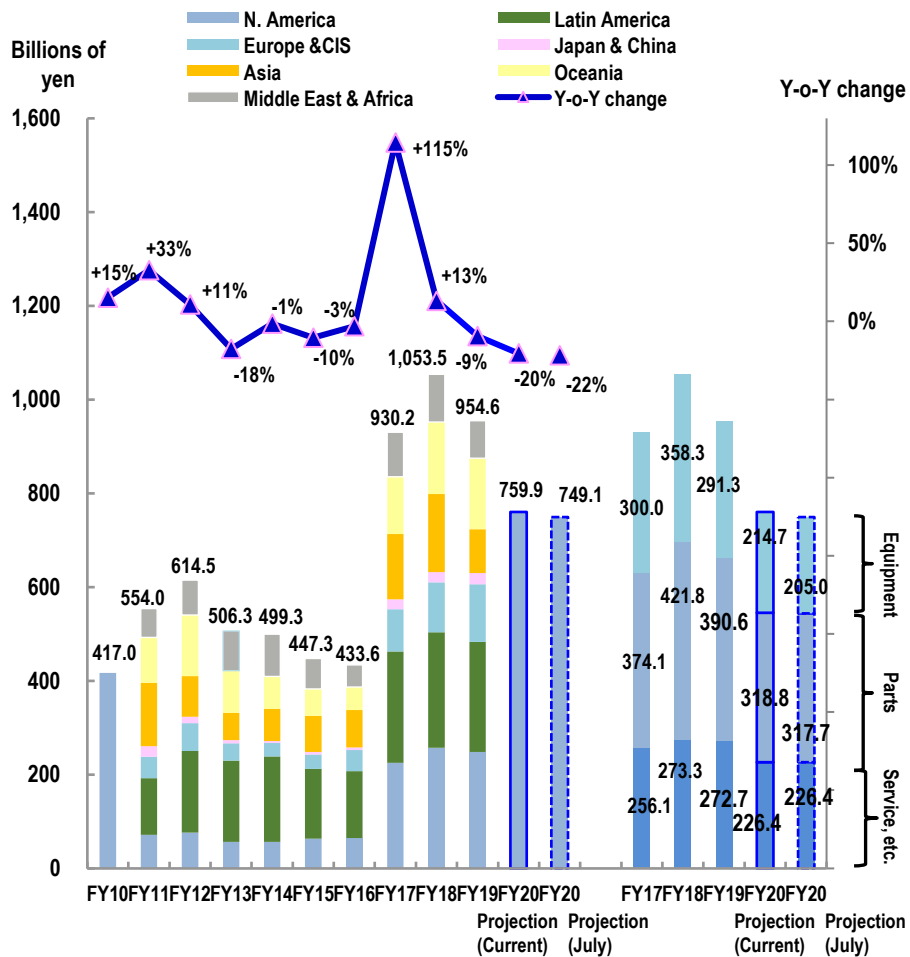


Quarterly demand for mining equipment

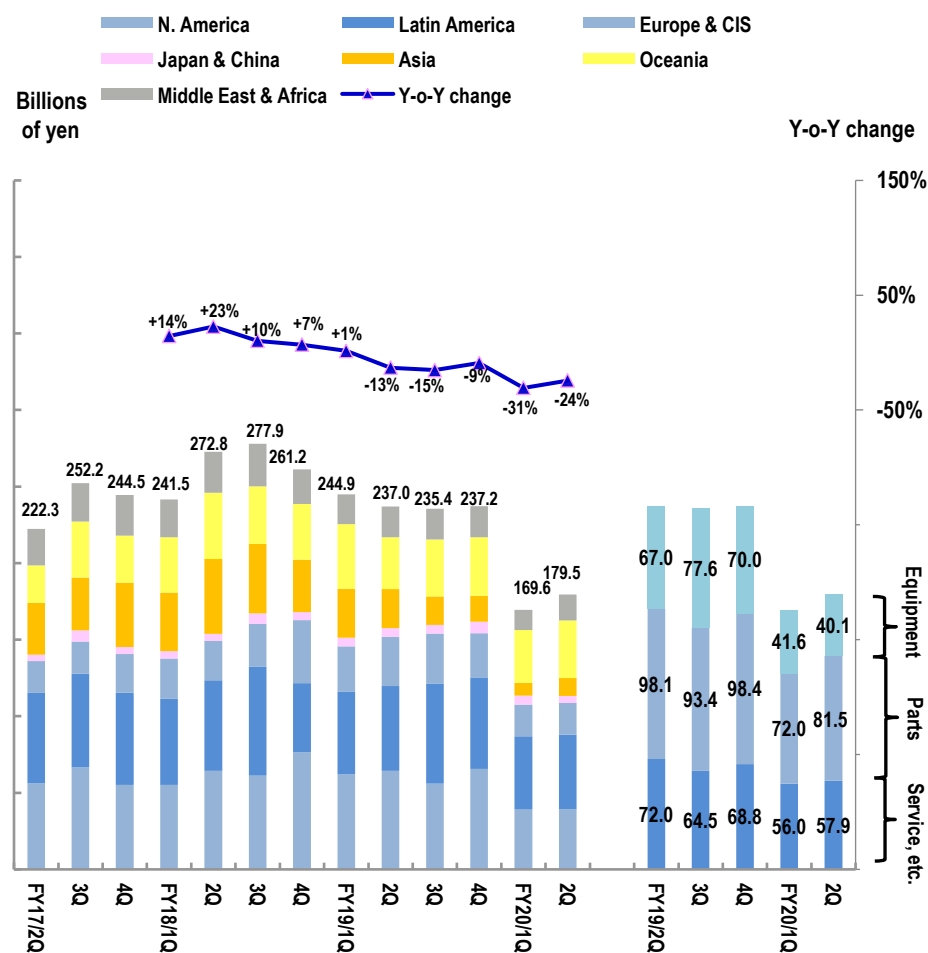


- For 2Q FY2020, sales decreased by 24% from the corresponding period a year ago, to JPY179.5 billion.
- FY2020 sales will decrease by 20% from FY2019, to JPY759.9 billion.
- We have revised our projection by reflecting current conditions, including the effects of foreign exchange rates.

Annual sales of mining equipment (incl. parts and service)



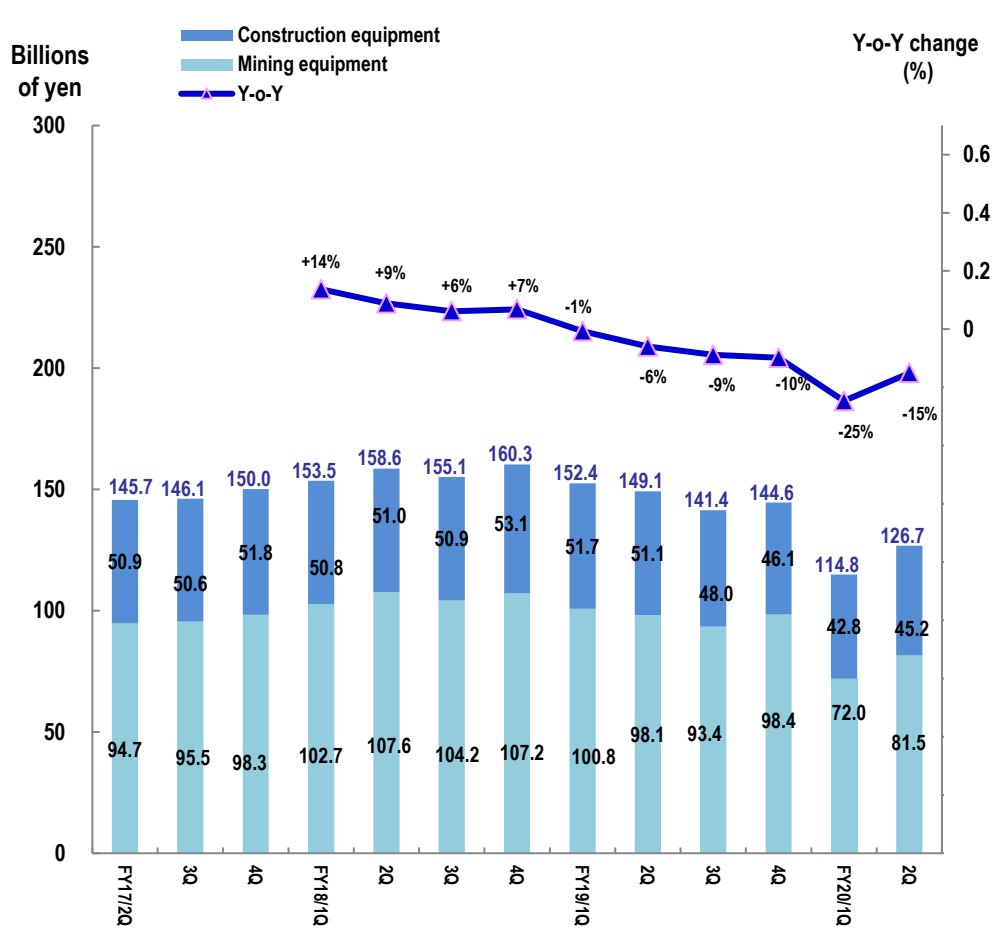
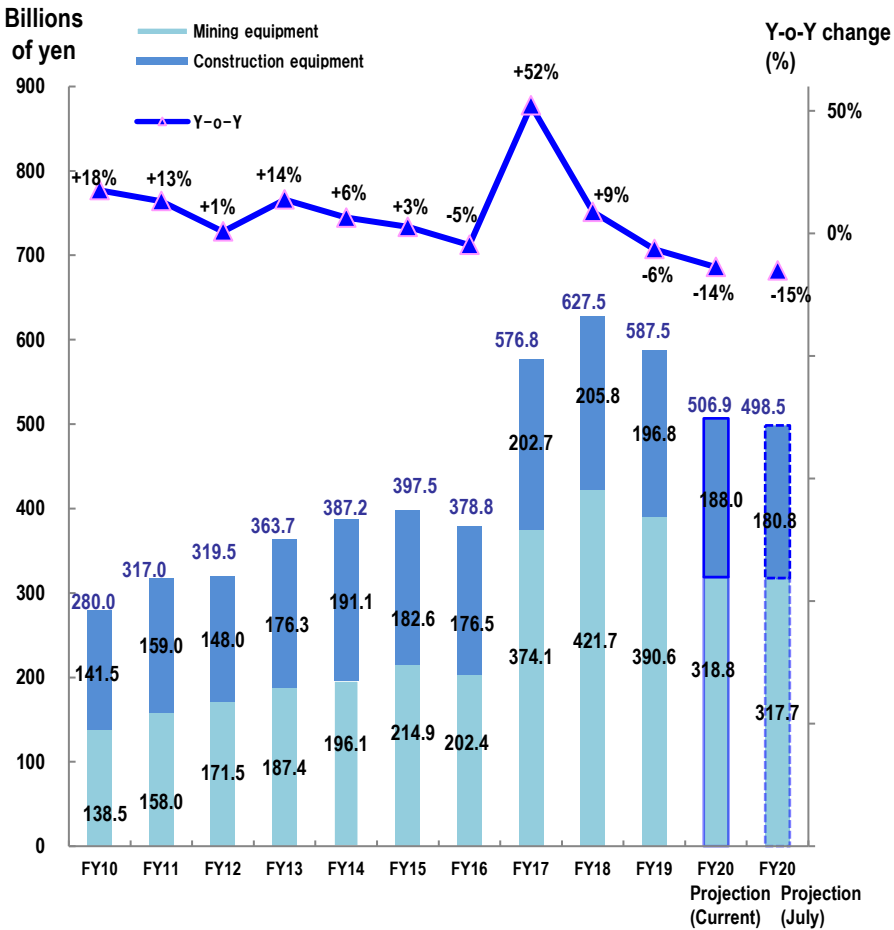
Quarterly sales of mining equipment (incl. parts and service)



- For 2Q FY2020, sales of parts decreased by 15% from the corresponding period a year ago, to JPY126.7 billion.
- FY2020 sales will decrease by 14% from FY2019, to JPY506.9 billion.
- We have revised our projection by reflecting current conditions, including the effects of foreign exchange rates.

Annual sales of parts

Quarterly sales of parts



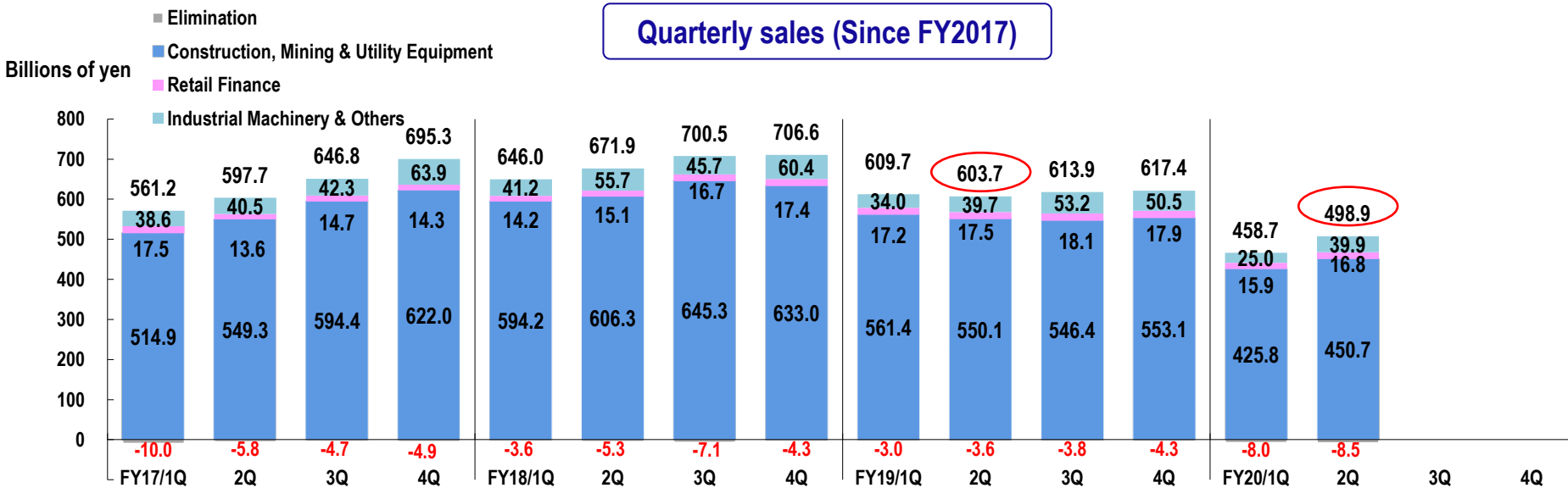
Appendix

3. Efforts with/after Coronavirus

Items	Efforts	
Expansion of business opportunities	Avoidance of 3Cs	<p>Construction equipment: Automation, unmanned operation, and remote controlling</p> <p>Worksites: Digitalization of worksite operations</p>
	Promotion of the mid-term management plan	<p>Construction equipment: Expansion of DX SMARTCONSTRUCTION</p> <p>Mining equipment: Launch of remote controlled loaders and development of mining platforms</p>
Workstyle reforms	<p>Promotion of digital marketing</p> <p>Expansion of application to teleworking</p> <p>Proactive use of ICT tools, such as on-line meetings</p> <p>Consideration of distributing wearable device to employees for their health management</p>	
Reassessment of dialogues with stakeholders	<p>On-line IR activities</p> <p>Consideration of virtual annual shareholders' meeting</p> <p>Reassessment of the ways to hold internal meetings (small groups, remote)</p>	

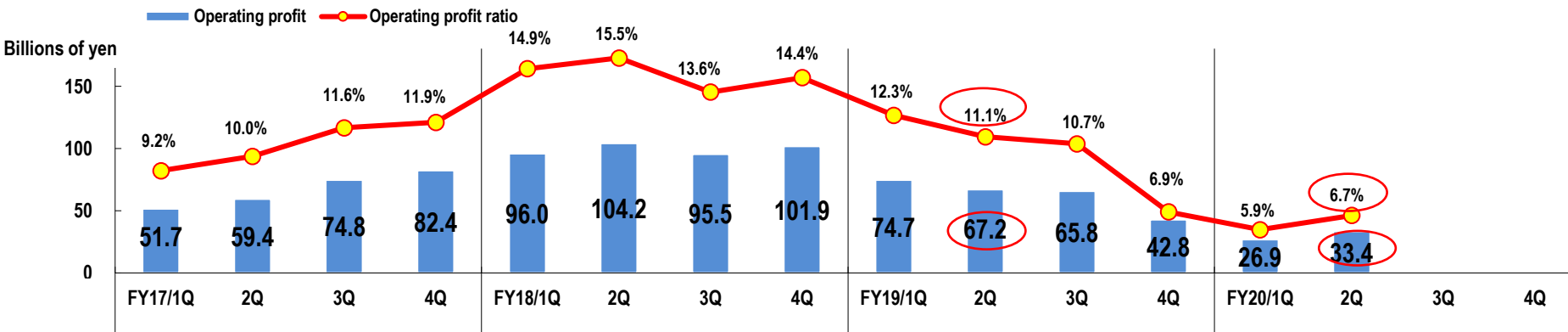
Quarterly Sales and Operating Income

Quarterly sales (Since FY2017)



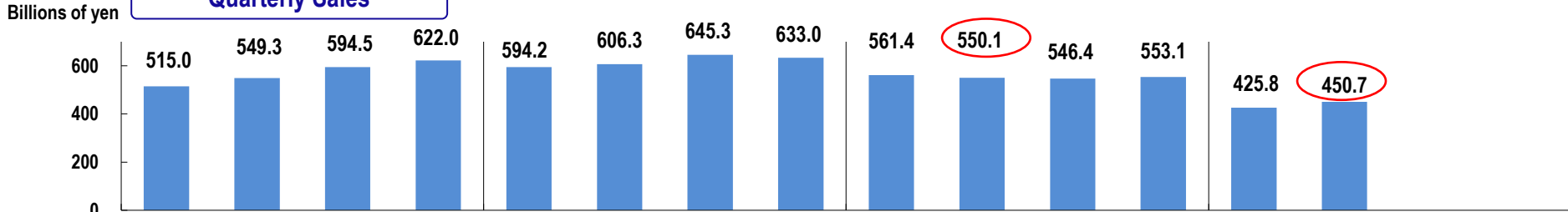
Exchange rates	17/1Q	17/2Q	17/3Q	17/4Q	18/1Q	18/2Q	18/3Q	18/4Q	19/1Q	19/2Q	19/3Q	19/4Q	20/1Q	20/2Q	20/3Q	20/4Q
¥/USD	111.2	110.9	113.0	109.6	108.2	111.2	113.5	109.4	110.0	107.9	108.6	108.1	107.5	106.7		
¥/EUR	121.6	129.9	133.2	133.7	130.1	129.6	129.6	124.7	123.2	120.0	119.7	120.0	118.6	124.2		
¥/RMB	16.3	16.6	17.0	17.2	17.1	16.4	16.4	16.2	16.2	15.5	15.4	15.5	15.1	15.3		

Quarterly operating income (Since FY2017)



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

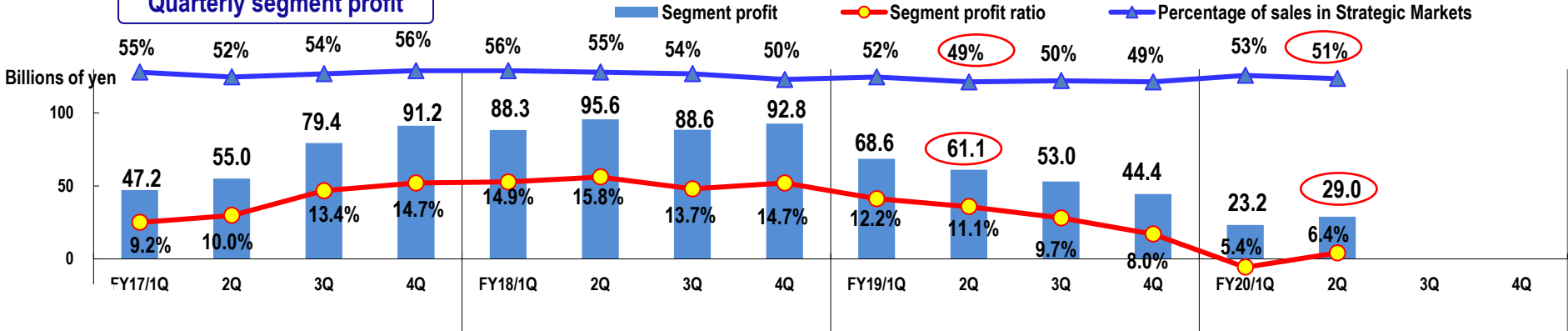
Quarterly Sales



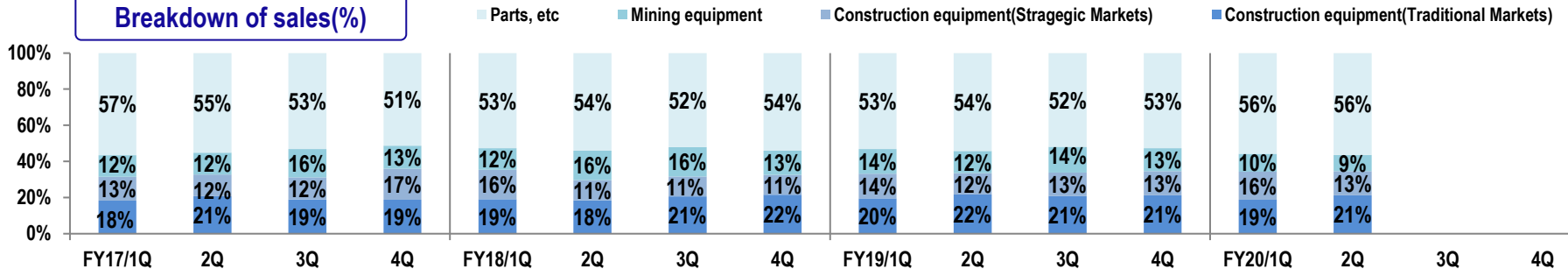
Exchange rates

	FY17/1Q				FY18/1Q				FY19/1Q				FY20/1Q			
	17/1Q	17/2Q	17/3Q	17/4Q	18/1Q	18/2Q	18/3Q	18/4Q	19/1Q	19/2Q	19/3Q	19/4Q	20/1Q	20/2Q	20/3Q	20/4Q
¥/USD	111.2	110.9	113.0	109.6	108.2	111.2	113.5	109.4	110.0	107.9	108.6	108.1	107.5	106.7		
¥/EUR	121.6	129.9	133.2	133.7	130.1	129.6	129.6	124.7	123.2	120.0	119.7	120.0	118.6	124.2		
¥/RMB	16.3	16.6	17.0	17.2	17.1	16.4	16.4	16.2	16.2	15.5	15.4	15.5	15.1	15.3		

Quarterly segment profit

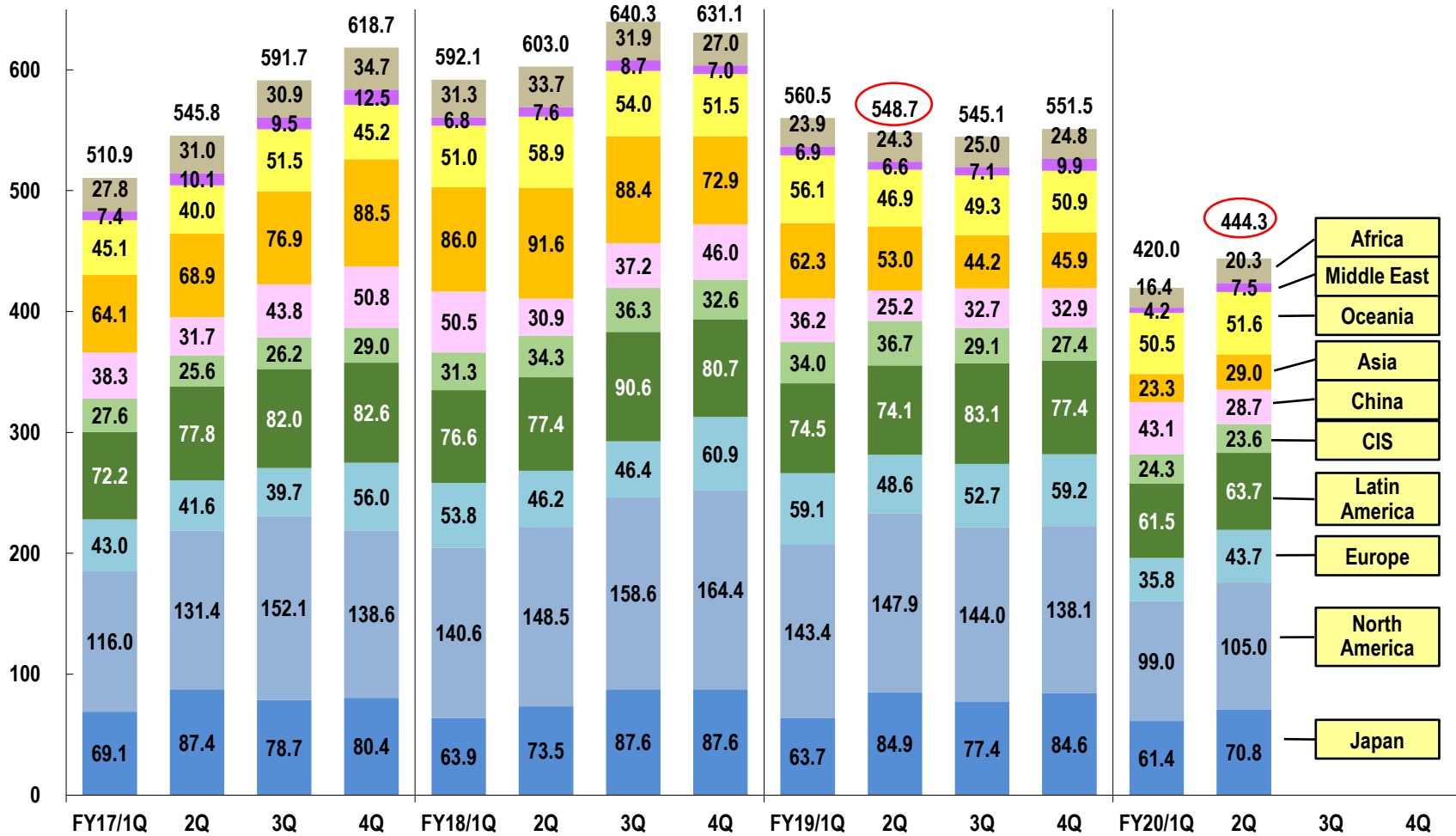


Breakdown of sales(%)



Construction, Mining & Utility Equipment: Quarterly Sales by Region (To Outside Customers) 38

Billions of yen



Exchange rates

	17/1Q	17/2Q	17/3Q	17/4Q
¥/USD	111.2	110.9	113.0	109.6
¥/EUR	121.6	129.9	133.2	133.7
¥/RMB	16.3	16.6	17.0	17.2

	18/1Q	18/2Q	18/3Q	18/4Q
¥/USD	108.2	111.2	113.5	109.4
¥/EUR	130.1	129.6	129.6	124.7
¥/RMB	17.1	16.4	16.4	16.2

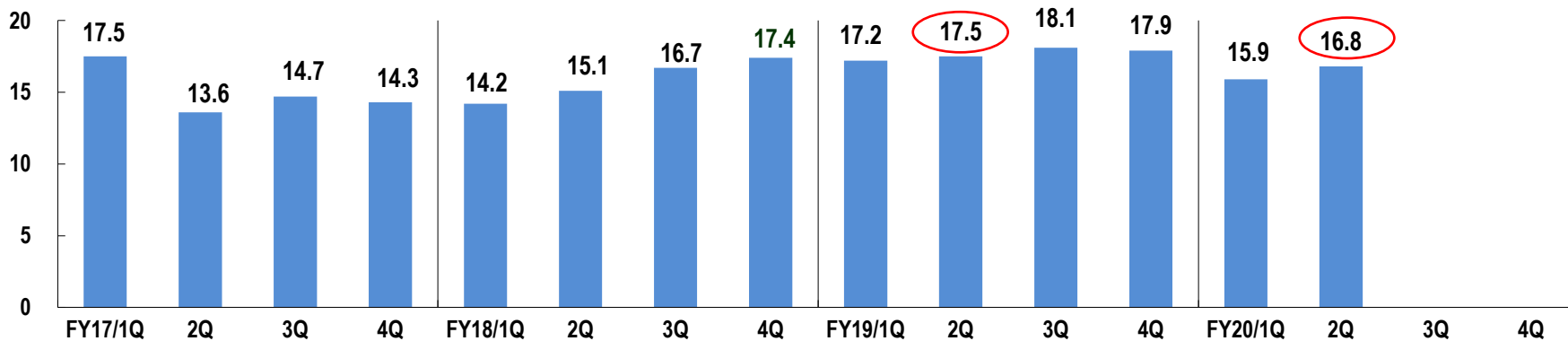
	19/1Q	19/2Q	19/3Q	19/4Q
¥/USD	110.0	107.9	108.6	108.1
¥/EUR	123.2	120.0	119.7	120.0
¥/RMB	16.2	15.5	15.4	15.5

	20/1Q	20/2Q	20/3Q	20/4Q
¥/USD	107.5	106.7		
¥/EUR	118.6	124.2		
¥/RMB	15.1	15.3		

Retail Finance: Quarterly Sales and Segment Profit

Billions of yen

Quarterly sales

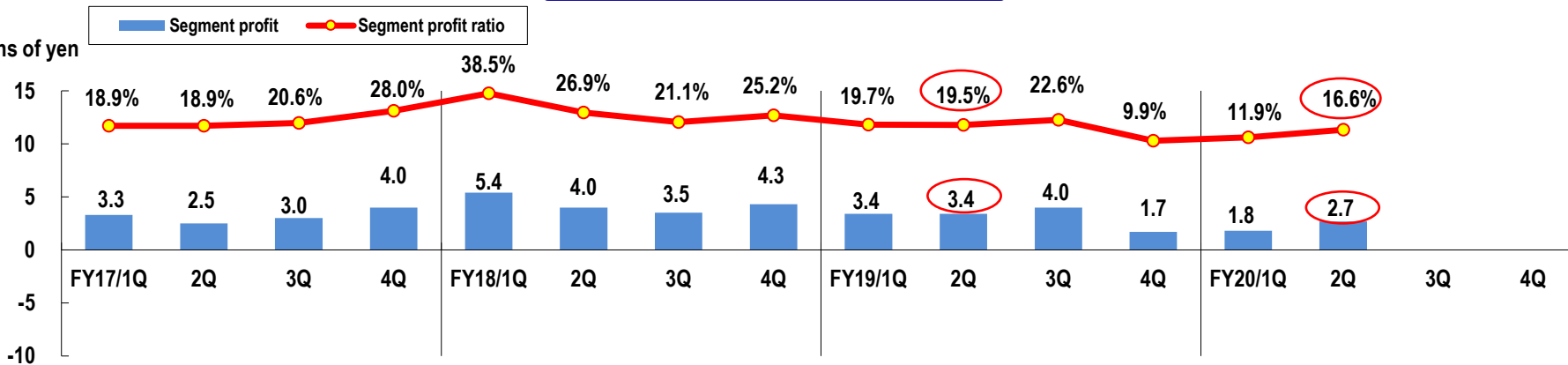


Exchange rates

	17/1Q	17/2Q	17/3Q	17/4Q	18/1Q	18/2Q	18/3Q	18/4Q	19/1Q	19/2Q	19/3Q	19/4Q	20/1Q	20/2Q	20/3Q	20/4Q
¥/USD	111.2	110.9	113.0	109.6	108.2	111.2	113.5	109.4	110.0	107.9	108.6	108.1	107.5	106.7		
¥/EUR	121.6	129.9	133.2	133.7	130.1	129.6	129.6	124.7	123.2	120.0	119.7	120.0	118.6	124.2		
¥/RMB	16.3	16.6	17.0	17.2	17.1	16.4	16.4	16.2	16.2	15.5	15.4	15.5	15.1	15.3		

Quarterly segment profit

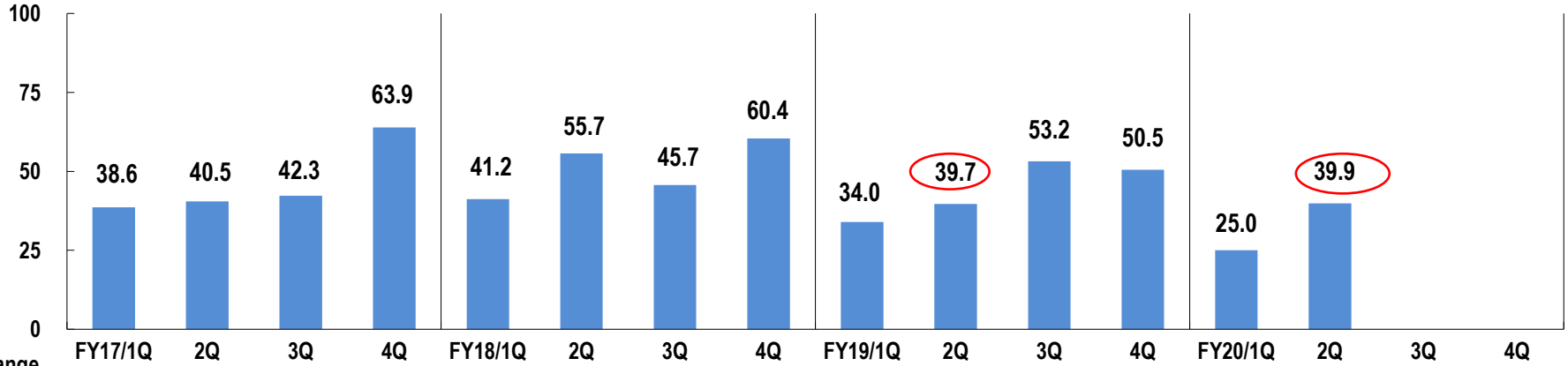
Billions of yen



Industrial Machinery & Others: Quarterly Sales and Segment Profit

Billions of yen

Quarterly sales



Exchange rates

¥/USD				
¥/EUR				
¥/RMB				

17/1Q	17/2Q	17/3Q	17/4Q
111.2	110.9	113.0	109.6
121.6	129.9	133.2	133.7
16.3	16.6	17.0	17.2

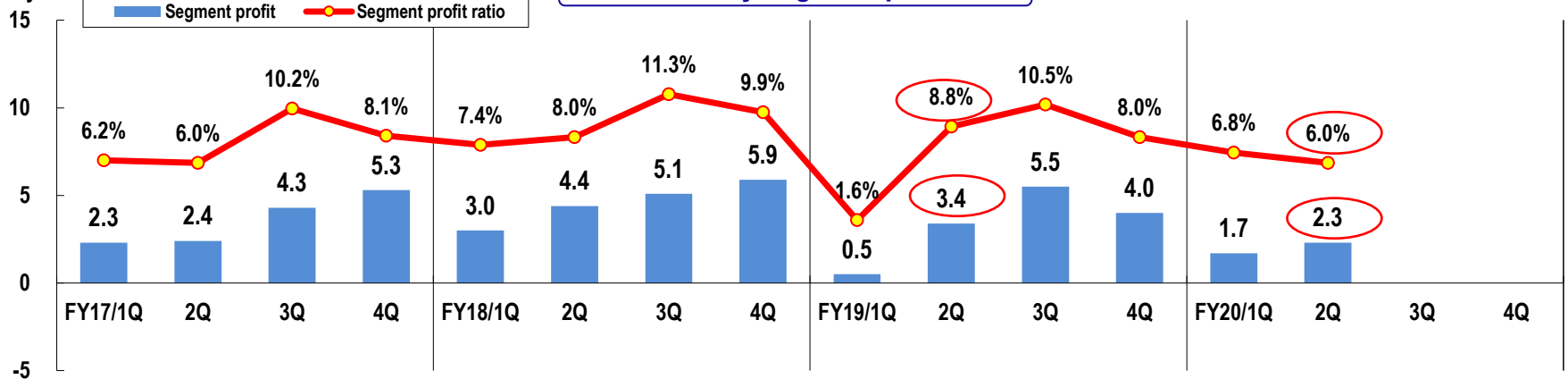
18/1Q	18/2Q	18/3Q	18/4Q
108.2	111.2	113.5	109.4
130.1	129.6	129.6	124.7
17.1	16.4	16.4	16.2

19/1Q	19/2Q	19/3Q	19/4Q
110.0	107.9	108.6	108.1
123.2	120.0	119.7	120.0
16.2	15.5	15.4	15.5

20/1Q	20/2Q	20/3Q	20/4Q
107.5	106.7		
118.6	124.2		
15.1	15.3		

Billions of yen

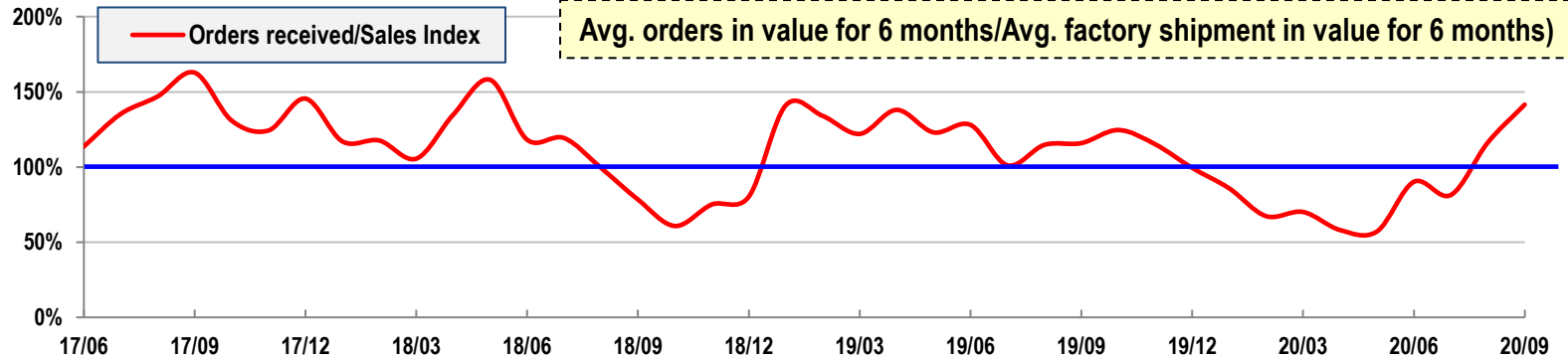
Quarterly segment profit



Book-to-Bill Ratio for Mining Equipment (6 Months)

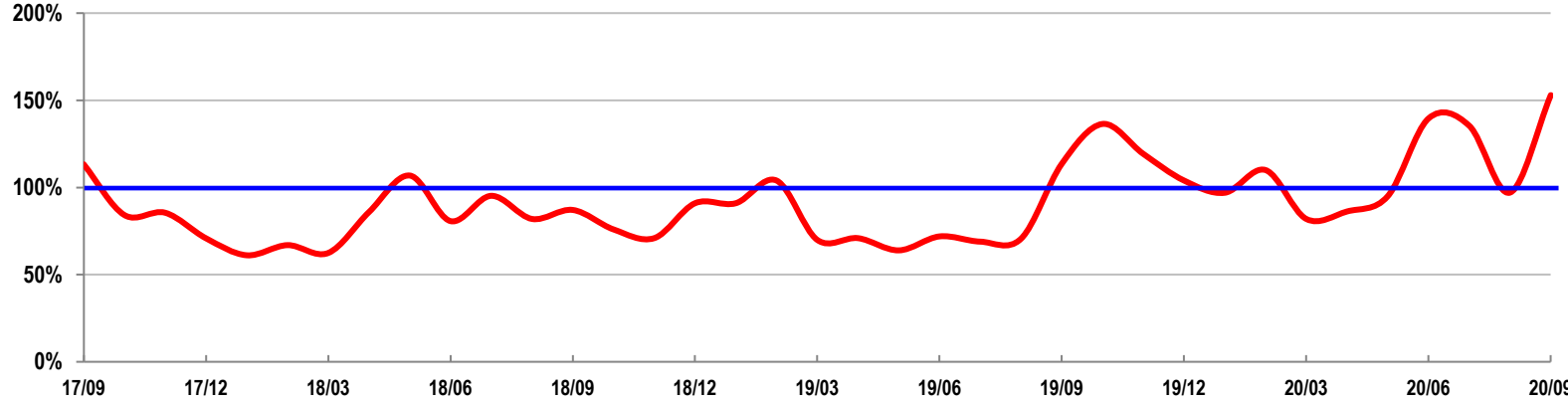
**Komatsu America
(Mining eqpt)**

730E, 830E, 860E
930E, 960E, 980E



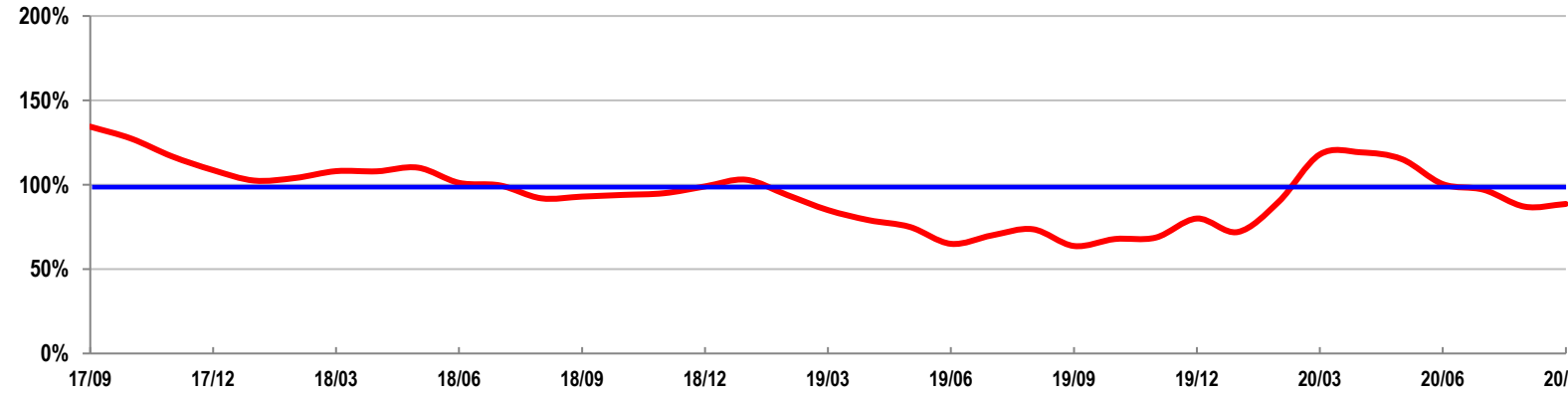
**Komatsu Germany
(Mining eqpt)**

PC3000, PC4000
PC5500, PC7000
PC8000



**Komatsu Ltd.
(Mining eqpt)**

HD785, HD1500
PC2000, PC3000
PC4000
WA800 up
D375A up
GD825A up

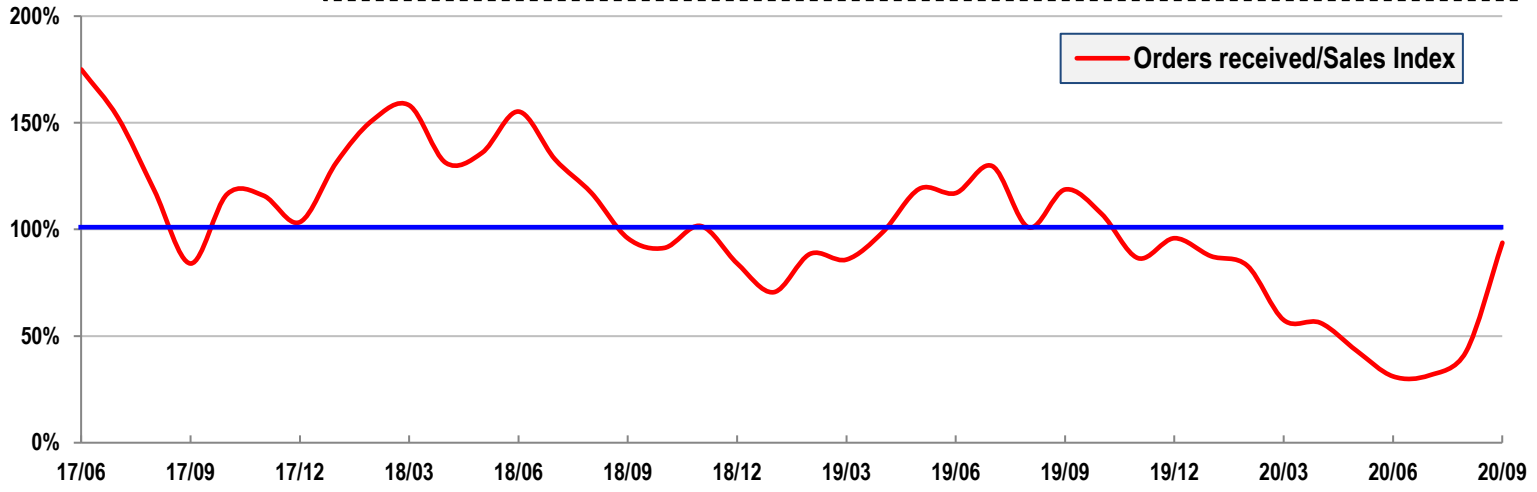


Book-to-Bill Ratio for KMC Mining Equipment (6 Months)

Avg. orders in value for 6 months / Avg. factory shipment in value for 6 months

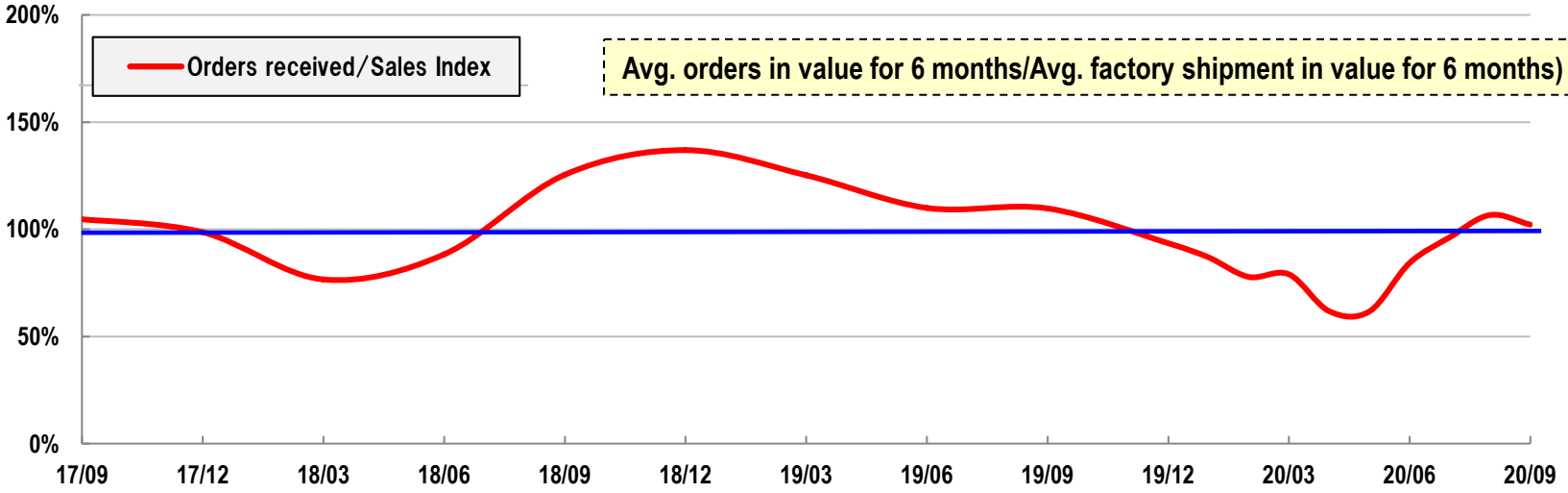
KMC
(Mining eqpt)

- < Surface >
 - Rope Shovel
 - Blasthole Drills
 - Dragline ,etc
- < Underground >
 - Continuous Miner
 - Sheerer
 - Load Haul Dump Machine
 - Jumbo Drills,etc

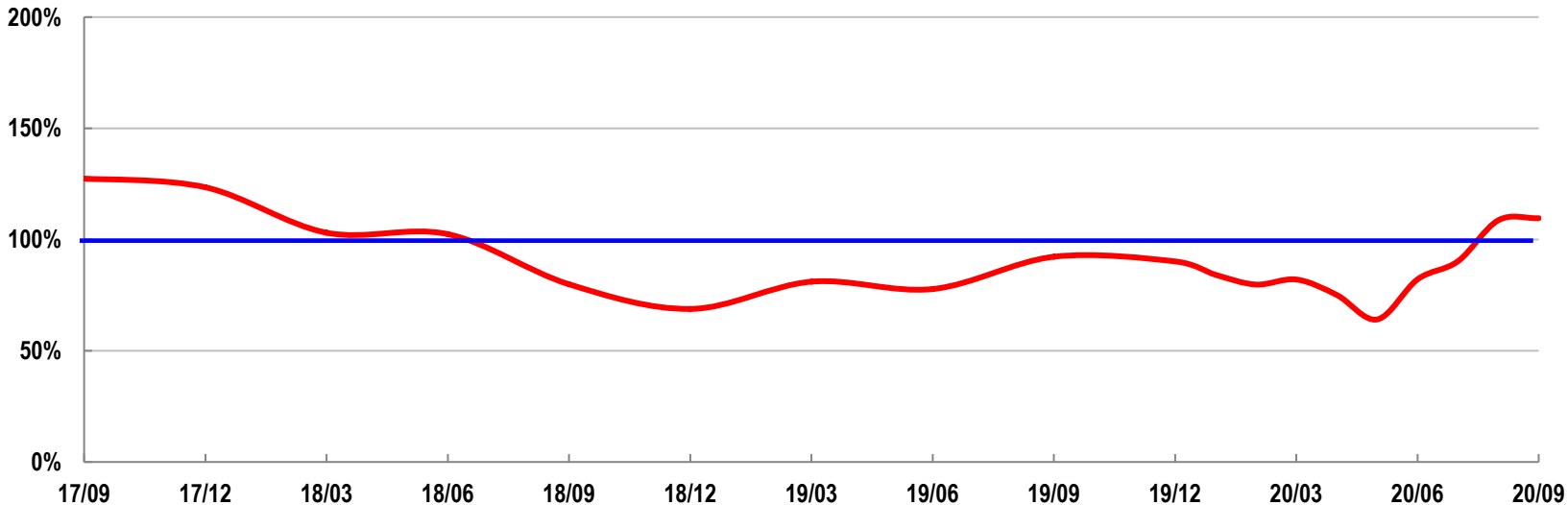


Book-to-Bill Ratio for Industrial Machinery (6 Months)

Komatsu Industries

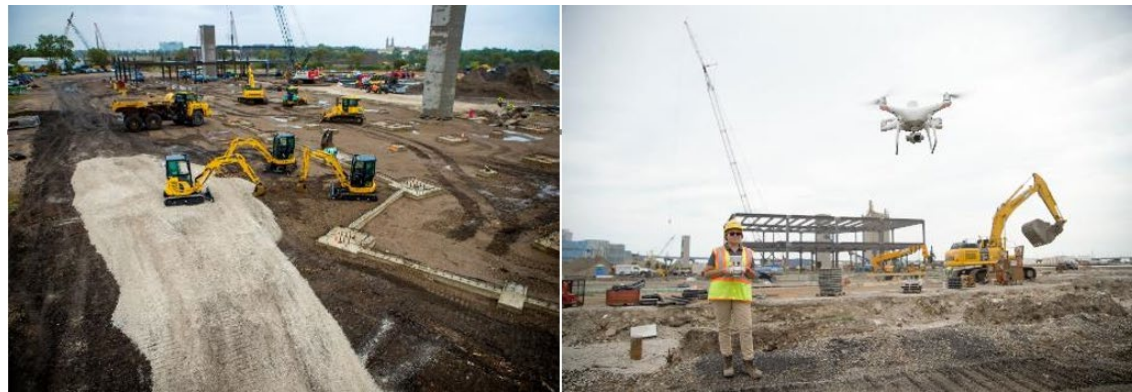


Komatsu NTC

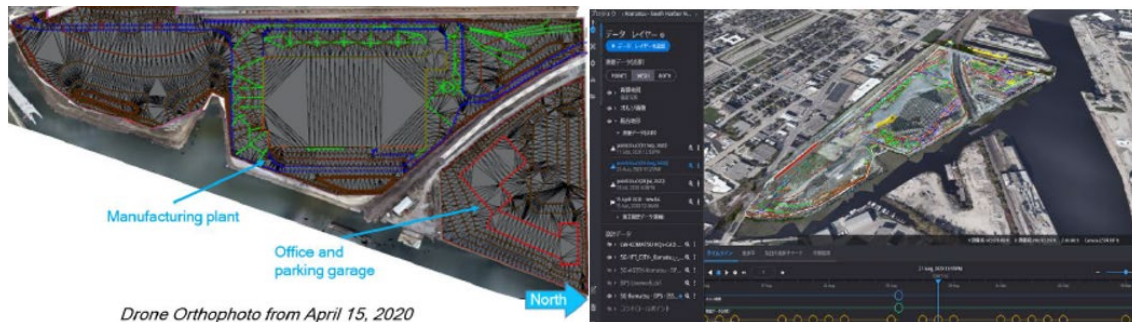




- The unified theme is the environment.
- The Report features value creation stories which describe SMARTCONSTRUCTION and the forestry machinery business.
- Komatsu makes efforts related to the endorsement of the recommendations of TCFD.
- The Report updates FY2019 results of KPIs, which are designed to track Komatsu’s contribution to solving ESG issues.
- The Report includes the message from the President and CFO.



KMC New Headquarters Factory Construction Site (Milwaukee, Wisconsin, USA)



Construction that realized "digital twin" by digital transformation and smart construction



Rendering of KMC new head office factory

Komatsu Mining Corp. has begun full-scale construction work to relocate its new headquarters factory in Milwaukee, Wisconsin, USA, utilizing the technology of digital transformation and smart construction.

By realizing a "digital twin" that optimizes construction while synchronizing the actual site and the digitally simulated site, KMC contributes to improving the productivity and safety of the site and preventing the spread of the new coronavirus infection.

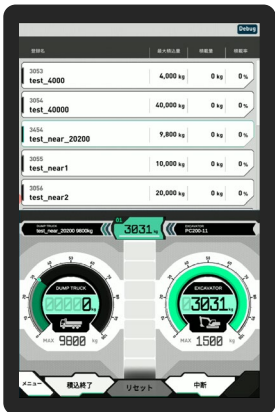
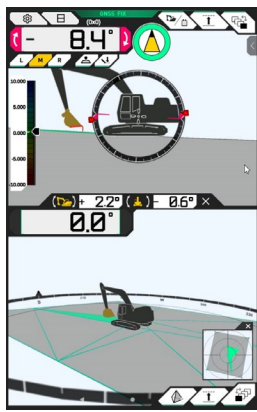
"Smart Construction Retrofit Kit" Expanded application to mini excavators

From November 2020, Komatsu will expand the target models of the add-on kit "Smart Construction Retrofit Kit", which provides ICT functions to existing conventional construction machines, to mini excavators and introduce it to the Japanese market.



3D Machine Guidance

Payload meter



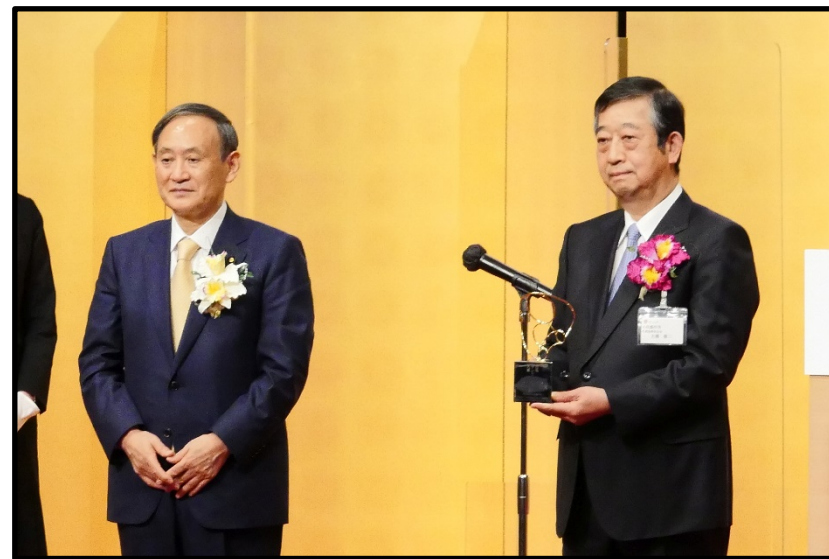
In November 2020, Komatsu began introduction with KCSJ's rental machines.



DX銘柄2020

Digital Transformation

Komatsu was awarded the "DX Grand Prix 2020" as a "leading company in the digital age" (one of 2 selected companies) from among "Digital Transformation Brands (DX Brands)" companies (35 companies), which were jointly selected by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.



At the "3rd Japan Service Awards" sponsored by the Japan Productivity Center, our "Smart Construction" digital business format innovation for all civil engineering and construction services received the Prime Minister's Award.

Cautionary Statement

The announcement set forth herein contains forward-looking statements which reflect management's current views 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" 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.

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 cost 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; and, the impact of regulatory changes and accounting principles and practices.