

**Business Results for Nine Months
(April-December, 2017) of FY2017
【Telephone conference】**

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Presented by

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*KMC stands for Komatsu Mining Corp

I . Business Results for Nine Months (April – December, 2017) of FY2017

Note

On April 5, 2017, we completed the acquisition of Joy Global Inc. On April 19, Joy Global Inc. changed its trade name to Komatsu Mining Corp. (hereafter “KMC”). From the first 3-month period of FY2017, our consolidated business results include those of KMC as a consolidated subsidiary.

- Consolidated net sales increased by 50.2% from the corresponding period a year ago, to JPY646.8 billion.
- Operating income advanced by 76.1% to JPY75.5 billion. Operating income ratio increased by 1.7 points to 11.7%.
- Net income attributable to Komatsu Ltd. improved by 73.0% to JPY53.3 billion.

Billions of yen	Oct.-Dec.,2016	Oct.-Dec.,2017		Changes		
	¥106.9/USD ¥116.7/EUR ¥15.7/RMB	¥113.0/USD ¥133.2/EUR ¥17.0/RMB	Komatsu conventional *1	KMC	Increase (decrease)	Change %
Net sales	430.5	646.8	561.4	85.3	+216.2	+50.2%
Segment profit (loss)	43.6	87.1	82.4	*2 4.6	+43.5	+99.9%
Other operating income (expenses)	(0.7)	(11.5)	(11.7)	0.1	(10.8)	-
Operating income (loss)	42.8	75.5	70.7	*2 4.8	+32.6	+76.1%
Profit ratio (loss ratio)	10.0%	11.7%	12.6%	5.7%	+1.7pts.	-
Other income (expenses)	2.2	(4.3)			(6.6)	-
Income before income taxes	45.1	71.2			+26.0	+57.7%
Net income *3	30.8	53.3			+22.4	+73.0%

Notes 1) Figures represent those which KMC's business results are excluded.

2) KMC's segment and operating losses include temporary expenses in the table on the right.

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

Depreciation after PPA *	(3.6)
Start-up expenses, etc.	(0.4)
Total	(4.1)

Note: PPA stands for Purchase Price Allocation.
It is an accounting process of valuating and allocating acquired assets and liabilities to fair prices.

- Exchange rates were JPY113.0 per USD, JPY133.2 per EUR, and JPY17.0 per RMB. JPY depreciated against USD, EUR and RMB, compared to the corresponding period a year ago. JPY also depreciated against other currencies. .
- For the third quarter period of FY2017, consolidated net sales increased by 50.2% from the corresponding period a year ago, to JPY646.8 billion. Operating income advanced by 76.1% to JPY75.5 billion. Operating income ratio improved by 1.7 points to 11.7%.
- Consolidated net sales increased, mainly supported by the Japanese yen's depreciation, increased volume of sales in the construction, mining and utility equipment segment, and the new addition of Komatsu Mining Corp. (KMC) to consolidated accounting.
- Net income expanded by 73.0% to JPY55.3 billion.

- Construction, Mining & Utility Equipment: Sales advanced by 56.8% from the corresponding period a year ago, to JPY594.5 billion. Segment profit expanded by 106.0% to JPY80.1 billion. Segment profit ratio improved by 3.2 points to 13.5%.
- Retail Finance: Revenues increased by 16.6% to JPY14.7 billion. Segment profit improved by 19.3% to JPY3.0 billion.
- Industrial Machinery & Others: Sales amounted to JPY42.3 billion, remaining about flat from the corresponding period a year ago. Segment profit expanded by 79.9% to JPY4.3 billion.

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

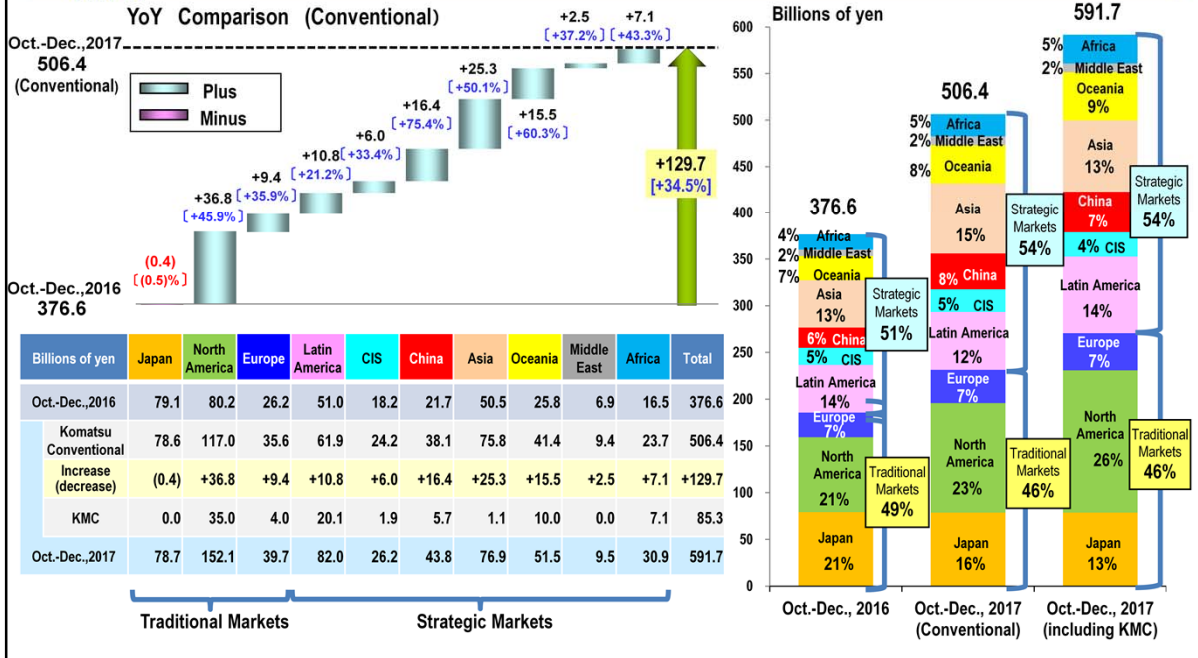
Billions of yen	Oct.-Dec.,2016	Oct.-Dec.,2017		Komatsu conventional		KMC		Changes	
								Increase (decrease)	% Change
Net sales	430.5	646.8		561.4		85.3		+216.2	+50.2%
Construction, mining & utility equipment	[376.6] 379.0	[591.7] 594.5	[506.4] 509.1	[85.3] 85.3	[+215.1] +215.4	[+57.1%] +56.8%			
Retail finance	[12.0] 12.6	[13.0] 14.7	[13.0] 14.7	-	[+1.0] +2.0	[+8.9%] +16.6%			
Industrial machinery & others	[41.9] 42.2	[41.9] 42.3	[41.9] 42.3	-	[(0.0)] +0.0	[(0.0)%] +0.2%			
Elimination	(3.3)	(4.7)	(4.7)	-	(1.3)	-			
Segment profit	□ 10.1% 43.6	□ 13.5% 87.1	□ 14.7% 82.4	□ 5.5% 4.6	+43.5	+99.9%			
Construction, mining & utility equipment	□ 10.3% 38.9	□ 13.5% 80.1	□ 14.8% 75.5	□ 5.5% 4.6	+41.2	+106.0%			
Retail finance	□ 20.2% 2.5	□ 20.6% 3.0	□ 20.6% 3.0	-	+0.4	+19.3%			
Industrial machinery & others	□ 5.7% 2.3	□ 10.2% 4.3	□ 10.2% 4.3	-	+1.9	+79.9%			
Corporate & elimination	(0.2)	(0.4)	(0.4)	-	(0.1)	-			

Review of three business segments

- Construction, Mining & Utility Equipment:
Both sales and profit expanded, supported by advanced sales, especially in North America, China, Asia and Oceania, as well as the benefits of the new addition of KMC to consolidated accounting.
- Retail Finance:
Both revenues and profit increased, mainly reflecting increased assets in North America.
- Industrial Machinery & Others
Sales remained about flat from the corresponding period a year ago. Profit expanded, mainly supported by increased sales of machine tools to the automobile manufacturing industry.

- In the construction, mining and utility equipment business, segment sales advanced by 56.8% for the third quarter period from the corresponding period a year ago, to JPY594.5 billion. Segment profit expanded by 106.0% to JPY80.1 billion. Both sales and profit advanced, supported by expanded sales, especially in North America, China, Asia and Oceania, as well as the effects of the new addition of KMC to consolidated accounting.
- In the retail finance business, segment revenues increased by 16.6% to JPY14.7 billion. Segment profit grew by 19.3% to JPY3.0 billion. Both revenues and profit improved, mainly supported by increased assets in North America.
- In the industrial machines and others business, segment sales amounted to JPY42.3 billion, remaining about flat from the corresponding period a year ago. Segment profit expanded by 79.9% to JPY4.3 billion. While sales of wire saws declined, sales of machine tools increased to the automobile manufacturing industry, improving segment profit.

- Sales to outside customers advanced by 57.1% from the corresponding period a year ago, to JPY591.7 billion. When KMC's sales are excluded, sales increased by 34.5% to JPY506.4 billion.
- Excluding those of KMC, sales improved in all regions except for Japan. Sales expanded sharply, especially in North America, China, Asia and Oceania.
- The ratio of sales in Strategic Markets increased to 54% of total sales. (The ratio of Strategic Market was also 54%, when KMC's sales were included.)



- For the third quarter period, sales to outside customers expanded by 57.1% from the corresponding period a year ago, to JPY591.7 billion. Excluding those of KMC, sales advanced by 34.5% to JPY506.4 billion.
- Excluding those of KMC, sales improved in all regions except for Japan. Sales expanded sharply, especially in North America, China, Asia and Oceania
- The ratio of Strategic Market also increased to 54% of total sales, when KMC's sales were either excluded or included.

- Consolidated net sales increased by 47.2% from the corresponding period a year ago, to JPY1,805.8 billion.
- Operating income advanced by 75.8% to JPY188.1 billion. Operating income ratio was 10.4%, up 1.7 percentage points.
- Net income attributable to Komatsu Ltd. expanded by 126.9% to JPY155.0 billion.

Billions of yen	Apr.-Dec.,2016 ¥106.5/USD ¥118.5/EUR ¥16.0/RMB	Apr.-Dec.,2017		Y-O-Y		
		¥111.7/USD ¥128.2/EUR ¥16.6/RMB	*1 Komatsu conventional	KMC	Increase (decrease)	Change %
Net sales	1,226.7	1,805.8	1,569.4	236.3	+579.0	+47.2 %
Segment profit (loss)	107.8	200.8	216.0	*2 (15.2)	+93.0	+86.3 %
Other operating income (expenses)	(0.8)	(12.6)	(12.7)	0.0	(11.8)	-
Operating income (loss)	107.0	188.1	203.3	*2 (15.1)	+81.1	+75.8%
Profit ratio (loss ratio)	8.7%	10.4%	13.0%	(6.4)%	+1.7pts.	-
Other income (expenses)	(3.7)	27.1			+30.9	-
Income before income taxes	103.2	215.3			+112.0	+108.5%
Net income *3	68.3	155.0			+86.7	+126.9%

*1 Figures represent those which KMC's business results are excluded.

*2 KMC's segment loss and operating loss include the effects of temporary expenses shown on the right.

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

Note: PPA stands for Purchase Price Allocation. It is an accounting process of valuating and allocating acquired assets and liabilities to fair prices.

Billions of yen	
Depreciation after PPA	(36.7)
Start-up cost etc.	(4.1)
Total	(40.8)

- For the nine-month period of FY2017, foreign exchange rates were JPY111.7 per USD, JPY128.2 per EUR, and JPY16.6 per RMB. JPY depreciated against USD, ERU and RMB from the corresponding period a year ago.
- For the nine-month period of FY2017, consolidated sales advanced by 47.2% to JPY1,805.8 billion. Operating income expanded by 75.8% to JPY188.1 billion. Operating income ratio improved by 1.7 points to 10.4%.
- Net income attributable to Komatsu Ltd. expanded by 126.9% to JPY155.0 billion.
- Consolidated sales advanced, especially due to increased volume of sales in the construction, mining and utility equipment segment and the benefits of the new addition of KMC to consolidated accounting in addition to some benefits of the Japanese yen's depreciation.
- With respect to operating income, KMC posted an operating loss, as particularly affected by temporary expenses recorded for the first half period of FY2017. However, operating income, as a whole, expanded, supported by advanced operating income of Komatsu (without KMC).

- Construction, Mining & Utility Equipment: Sales advanced by 53.9% from the corresponding period a year ago, to JPY1,658.9 billion. Segment profit expanded by 90.5% to JPY183.9 billion. Segment profit ratio improved by 2.1 points to 11.1%.
- Retail Finance: Revenues advanced by 27.3% to JPY45.9 billion. Segment profit expanded by 32.3% to JPY8.9 billion.
- Industrial Machinery & Others: Sales amounted to JPY121.4 billion, remaining about flat from the corresponding period a year ago. Segment profit improved by 41.7% to JPY9.1 billion.

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

Billions of yen	Apr.-Dec.,2016	Apr.-Dec.,2017	Apr.-Dec.,2017		Changes	
			Komatsu conventional	KMC	Increase (decrease)	% Change
Net sales	1,226.7	1,805.8	1,569.4	236.3	+579.0	+47.2%
Construction, mining & utility equipment	[1,071.9] 1,077.7	[1,648.6] 1,658.9	[1,412.3] 1,422.6	[236.3] 236.3	[+576.7] +581.2	[+53.8%] +53.9%
Retail finance	[34.3] 36.1	[36.7] 45.9	[36.7] 45.9	-	[+2.4] +9.8	[+7.2%] +27.3%
Industrial machinery & others	[120.4] 121.2	[120.4] 121.4	[120.4] 121.4	-	[(0.0)] +0.2	[(0.1)%] +0.2%
Elimination	(8.3)	(20.6)	(20.6)	-	(12.2)	-
Segment profit	□ 8.8% 107.8	□ 11.1% 200.8	□ 13.8% 216.0	□ (6.4)% (15.2)	+93.0	+86.3%
Construction, mining & utility equipment	□ 9.0% 96.5	□ 11.1% 183.9	□ 14.0% 199.1	□ (6.4)% (15.2)	+87.4	+90.5%
Retail finance	□ 18.7% 6.7	□ 19.5% 8.9	□ 19.5% 8.9	-	+2.1	+32.3%
Industrial machinery & others	□ 5.3% 6.4	□ 7.5% 9.1	□ 7.5% 9.1	-	+2.6	+41.7%
Corporate & elimination	(1.9)	(1.1)	(1.1)	-	+0.7	-

Review of three business segments
■ Construction, Mining & Utility Equipment:

Sales expanded, supported by increased sales of construction equipment, centering on North America, China and Asia as well as the benefits of the new addition of KMC to consolidated accounting. With respect to profits, while KMC recorded an operating loss, impacted by its temporary expenses, Komatsu (excluding KMC) expanded profit. As a result, segment profit increased sharply as a whole from the corresponding period a year ago.

■ Retail Finance:

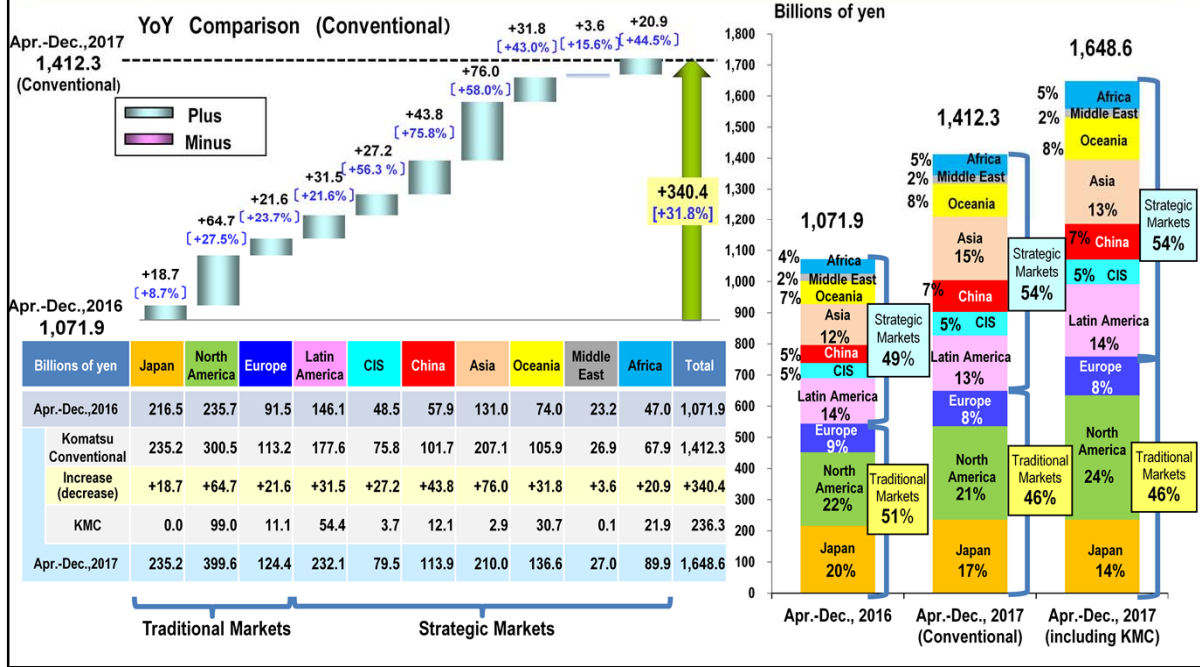
Revenues increased, mainly supported by increased assets in North America. Segment profit also improved, reflecting no more adverse effects of allowance for doubtful accounts recorded in China for the corresponding period a year ago.

■ Industrial Machinery & Others:

Sales remained about flat from corresponding period a year ago. Profit improved, supported by increased sales of machine tools to the automobile manufacturing industry.

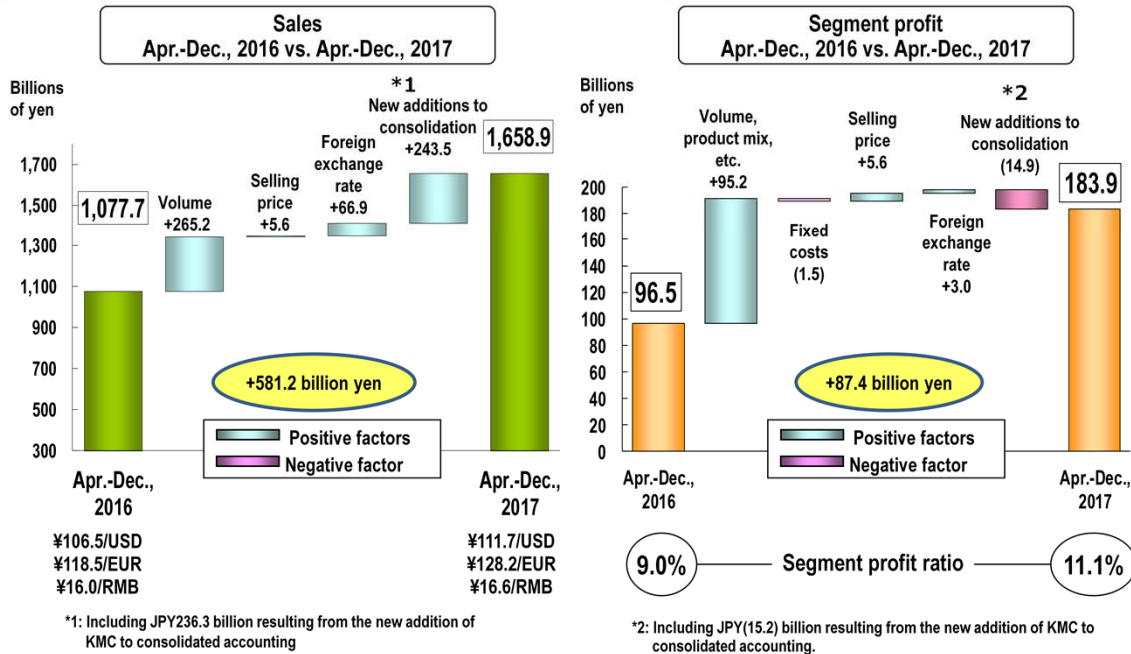
- In the construction, mining and utility equipment business, segment sales advanced by 53.9% from the corresponding period a year ago, to JPY1,658.9 billion. Segment profit expanded by 90.5% to JPY183.9 billion. Sales advanced, supported by increased sales of construction equipment, centering on North America, China and Asia as well as the benefits of the new addition of KMC to consolidated accounting. While KMC recorded an operating loss, impacted by its temporary expenses, Komatsu (excluding KMC) expanded segment profit. As a result, segment profit increased sharply as a whole from the corresponding period a year ago.
- In the retail finance business, segment revenues increased by 27.3% to JPY45.9 billion. Segment profit also increased by 32.3% to JPY8.9 billion. Revenues increased, mainly supported by increased assets, especially in North America. Segment profit increased, reflecting no more adverse effects of additional allowance for doubtful accounts recorded in China for the corresponding period a year ago.
- In the industrial machines and others business, segment sales remained about flat from the corresponding period a year ago at JPY121.4 billion. Segment profit advanced by 41.7% to JPY9.1 billion. While sales of wire saws declined, segment profit improved, supported by increased sales of machine tools to the automobile manufacturing industry.

- Sales to outside customers advanced by 53.8% from the corresponding period a year ago, to JPY1,648.6 billion. When KMC's sales are excluded, sales increased by 31.8% to JPY1,412.3 billion.
- Excluding those of KMC, sales improved in all regions. Sales expanded sharply, especially in North America, China and Asia.
- The ratio of sales in Strategic Markets increased to 54% of total sales. (The ratio of Strategic Market was also 54%, when KMC's sales were included.)



- For the nine-month period of FY2017, sales of construction, mining and utility equipment to outside customers advanced by 53.8% from the corresponding period a year ago, to JPY1,648.6 billion. Excluding those of KMC, sales increased by 31.8% to JPY1,412.3 billion.
- Excluding those of KMC, sales increased in all regions. Sales expanded sharply, especially in North America, China and Asia.
- The ratio of Strategic Market increased to 54% of total sales, when KMC's sales were either excluded or included.

- Sales increased by JPY581.2 billion from the corresponding period a year ago, supported by increased volume of sales, the positive factor of foreign exchange rates and the benefits of the new addition of KMC to consolidated accounting. Although segment profit was adversely affected by temporary expenses of KMC, it increased by JPY87.4 billion as a whole.
- Segment profit ratio improved by 2.1 points to 11.1%.



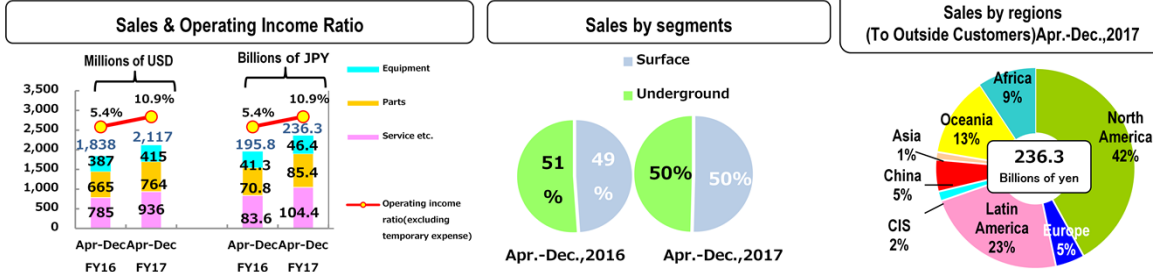
□ For the nine-month period of FY2017 , sales increased by JPY581.2 billion from the corresponding period a year ago, as supported by expanded volume of sales, the positive factor of foreign exchange rates and the benefits of the new addition of KMC to consolidated accounting.

□ Although segment profit was adversely affected by temporary expenses of KMC, it increased by JPY87.4 billion as a whole. Segment profit ratio improved by 2.1 points to 11.1%.

- Sales increased by 20.7% from the corresponding period a year ago, to JPY236.3 billion.
- Excluding temporary expenses, operating income was JPY25.6 billion. When the temporary expenses of JPY40.8 billion were included, KMC recorded an operating loss of JPY15.1 billion.

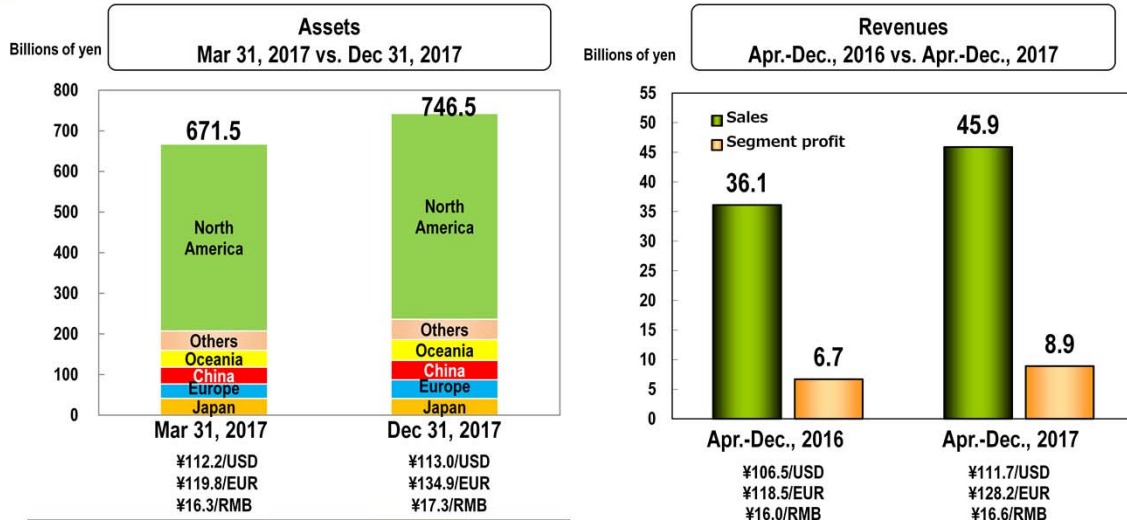
Billions of yen	Apr.-Dec.,2016 (Reference) ¥106.5/USD *1		Apr.-Dec.,2017 ¥111.7/USD		Changes (Reference)	
					Increase (decrease)	% Change
Net sales		195.8		236.3	+40.4	+20.7%
Equipment		41.3		46.4	+5.1	+12.4%
Parts		70.8		85.4	+14.6	+20.6%
Service etc.		83.6		104.4	+20.8	+24.9%
Operating income (loss) <excluding Temporary Expenses>	5.4%	10.4	10.9%	25.6	+15.2	+145.6%
Temporary Expenses (negative figure)		(9.3)		(40.8)	(31.4)	-
Depreciation after PPA *2		-		*3 (36.7)	(36.7)	-
Start-up expenses etc.		(9.3)		(4.1)	+5.2	-
Operating income (loss) <including Temporary Expenses>	0.6%	1.0	(6.4)%	(15.1)	(16.2)	-

* 1: Figures for the corresponding period a year ago (April - Dec 2016) are rearranged for Komatsu's fiscal year for your reference.
 * 2: PPA stands for Purchase Price Allocation. It is an accounting process of valuating and allocating acquired assets and liabilities to fair prices.
 * 3: Including JPY(25.8) billion for inventories after PPA. KMC wrote off all inventories in the first half period.



- This pages shows the figures for April through December 2016 and the corresponding period a year ago, after they were reclassified for Komatsu's fiscal year. They were not included in our consolidated business results at that time.
- For the nine-month period of FY2017 , KMC recorded sales of JPY236.3 billion, up 20.7% from the corresponding period a year ago. This sales figure consisted of JPY46.4 billion in sales of mining equipment, up 12.4% from the corresponding period a year ago, JPY85.4 billion in sales of parts, up 20.6%, and JPY104.4 billion in service, etc., up 24.9%.
- When temporary expenses were excluded, operating income totaled JPY25.6 billion. When the temporary expenses of JPY40.8 billion were included, KMC recorded an operating loss of JPY15.1 billion.
- Depreciation after PPA amounted to JPY36.7 billion, including JPY25.8 billion related to inventories. KMC wrote off all inventories in the first half period.
- In terms of segment sales, surface mining accounted for 50%, and underground, 50%.
- By region, North American sales accounted for 42% of total sales.

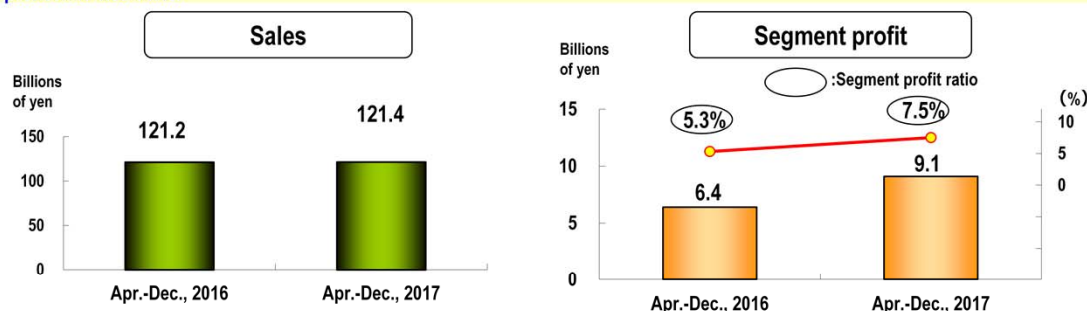
- Assets increased, mainly due to increased financing contracts, centering on North America.
- Segment profit improved, mainly supported by no more adverse effects of allowance for doubtful accounts recorded in China for the corresponding period a year ago.



Billions of yen	2017/3E	2017/12E	Changes
Interest-bearing debt	506.0	566.7	+60.7
Interest-bearing debt, net	501.2	559.7	+58.4
Net D/E ratio	3.65	3.77	+0.12pts.

- Assets in the retail finance business increased, mainly due to increased financing contracts, centering on North America.
- Segment profit increased, reflecting no more adverse effects of additional allowance for doubtful accounts recorded in China for the corresponding period a year ago.

- Sales remained about flat at JPY121.4 billion from the corresponding period a year ago.
- Segment profit increased, mainly due to increased sales of machine tools to the automobile manufacturing industry. Segment profit ratio was 7.5%.



Breakdown of sales Billions of yen	Apr.-Dec., 2016	Apr.-Dec., 2017	Changes	
			Increase (decrease)	% change
Komatsu Industries Corp., etc. [total of press and sheet-metal machines]	36.5	32.7	(3.7)	(10.3)%
Komatsu NTC Ltd. [represented by wire saws]	33.5 [8.6]	43.2 [4.8]	+9.7 [(3.7)]	+29.1% [(43.6)%]
Gigaphoton	23.3	27.2	+3.8	+16.3%
Others	27.8	18.3	(9.5)	(34.4)%
Total	121.2	121.4	+0.2	+0.2%

- For the nine-month period of FY2017, sales of the industrial machinery and others segment remained about flat at JPY121.4 billion from the corresponding period a year ago.
- Segment profit increased by JPY2.7 billion to JPY9.1 billion. Segment profit ratio improved by 2.2 points to 7.5%. While sales of wire saws declined, segment profit improved, due to increased sales of machine tools to the automobile manufacturing industry.

- Total assets grew by JPY803.5 billion from the previous fiscal year-end, affected by the new addition of KMC to consolidated accounting and increased inventories.
- Interest-bearing debt increased by JPY476.0 billion to JPY884.7 billion, mainly affected by the acquisition of KMC.
- Komatsu Ltd. shareholders' equity ratio declined by 10.7 points to 48.7%.

Billions of yen	Mar. 31, 2017 ¥112.2/USD ¥119.8/EUR ¥16.3/RMB	Dec. 31, 2017 ¥113.0/USD ¥134.9/EUR ¥17.3/RMB	Increase (decrease)	Dec 31, 2017 Affect of new addition of KMC to consolidation
Cash & deposits (incl. time deposits) [a]	122.1	167.7	+45.6	23.5
Accounts receivable (incl. long-term trade receivables)	933.2	1,139.0	+205.8	85.8
Inventories	533.8	757.4	+223.5	114.4
Tangible fixed assets	679.0	767.8	+88.8	84.8
Other assets	388.1	627.8	+239.6	278.6
Total assets	2,656.4	3,459.9	+803.5	587.2
Accounts payable	240.1	303.3	+63.2	31.9
Interest-bearing debt [b]	408.7	884.7	+476.0	128.3
Other liabilities	359.1	505.3	+146.2	108.0
Total liabilities	1,007.9	1,693.4	+685.4	268.2
[Shareholders' equity ratio]	[59.4%]	[48.7%]	[(10.7)pts.]	
Komatsu Ltd. shareholders' equity	1,576.6	1,684.9	+108.2	
Non-controlling interests	71.8	81.5	+9.7	
Liabilities & Equity	2,656.4	3,459.9	+803.5	
Interest-bearing debt, net [b-a]	286.5	716.4	+430.4	
Net D/E ratio	0.18	0.43		

- Total assets grew by JPY803.5 billion from the previous fiscal year-end. This increase resulted from the effects of the new addition of KMC to consolidated accounting and increased inventories. When the effects of the new addition of KMC to consolidated accounting as well as foreign exchange effects are excluded, total assets increased by JPY153.2 billion.
- Inventories increased by JPY223.5 billion. When the effects of the new addition of KMC to consolidated accounting as well as foreign exchange effects are excluded, inventories increased by JPY89.2 billion.
- Interest-bearing debt increased by JPY476.0 billion to JPY884.7 billion, mainly due to the acquisition of KMC. Interest-bearing debt of KMC was JPY128.3 billion.
- Komatsu Ltd. shareholders' equity ratio declined by 10.7 points to 48.7%.

Ⅱ . Outlook of FY2017 Business Results

Outline of Projection for FY2017

• For the nine-month period of FY2017, consolidated net sales and profits are better than our projection of October 2017, and we believe this condition will continue in the fourth quarter. However, we are not changing the projection for full-year business results, as we consider such factors as foreign exchange rates and the post-Chinese New Year demand. (See below for the projection of October.)

Billions of yen	FY2016 Results(A)	FY2017 Projection (B) (Current)		FY2017 Projection (C) (Initial)		Changes (B-A)			
	¥108.6/USD ¥119.3/EUR ¥16.2/RMB	¥108.0/USD ¥124.4/EUR ¥16.0/RMB	Komatsu conventional *1	KMC	¥105.0/USD ¥115.0/EUR ¥15.0/RMB	Komatsu conventional *1	KMC	Increase (decrease)	Change %
Net sales	1,802.9	2,328.0	2,037.0	291.0	2,135.0	1,880.0	256.0	+525.0	+29.1%
Segment profit (loss)	176.5	236.0	256.0	*2 (20.0)	164.0	203.0	*2 (39.0)	+59.4	+33.7%
Other operating income (expenses)	(2.4)	(20.0)	(20.0)	-	(8.0)	(8.0)	-	(17.5)	-
Operating income (loss)	174.0	216.0	236.0	*2 (20.0)	156.0	195.0	*2 (39.0)	+41.9	+24.1%
Profit ratio (loss ratio)	9.7%	9.3%	11.6%	(6.9)%	7.3%	10.4%	(15.2)%	(0.4)pts.	-
Other income (expenses)	(7.6)	21.0			(15.0)			+28.6	-
Income before income taxes	166.4	237.0			141.0			+70.5	+42.4%
Net income *3	113.3	159.0			92.0			+45.6	+40.2%
ROE	7.3%	10.1%			5.9%			+2.8pts.	
Cash dividends per share	58yen	72yen			58yen			+14yen	
Consolidated payout ratio	48.2%	42.7%			59.5%				

Notes 1) Figures represent those which KMC's business results are excluded

2) KMC's segment and operating losses include temporary expenses in the table on the right.

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

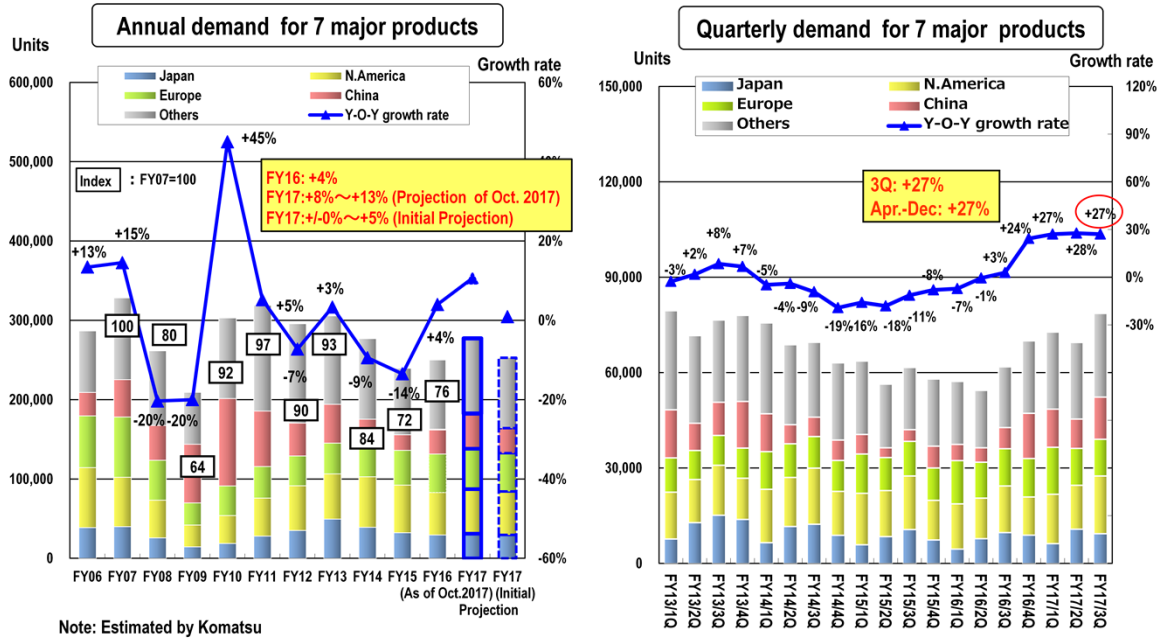
Billions of yen	FY2017 Projection(Current)	FY2017 Projection(Initial)
Depreciation after PPA *	(40.0)	(39.0)
Start-up expenses, etc.	(6.0)	(9.0)
Total	(46.0)	(48.0)

Note: PPA stands for Purchase Price Allocation. It is an accounting process of valuating and allocating acquired assets and liabilities to fair prices.

For the nine-month period of FY2017, consolidated net sales and profits are better than our projection of October 2017, and we believe this condition will continue in the fourth quarter. However, we are not changing the projection for full-year business results, as we consider such factors as foreign exchange rates and the post-Chinese New Year demand.

This pages shows our projection of full year-results for FY2017, which we announced in October 2017.

- In the third quarter and nine-month period, demand increased by 27% each from the corresponding period a year ago.
- Quarterly demand has been increasing year on year. We anticipate that this trend will continue in North America and other regions in the fourth quarter. With respect to full-year demand, we are not changing our projection of October last year.

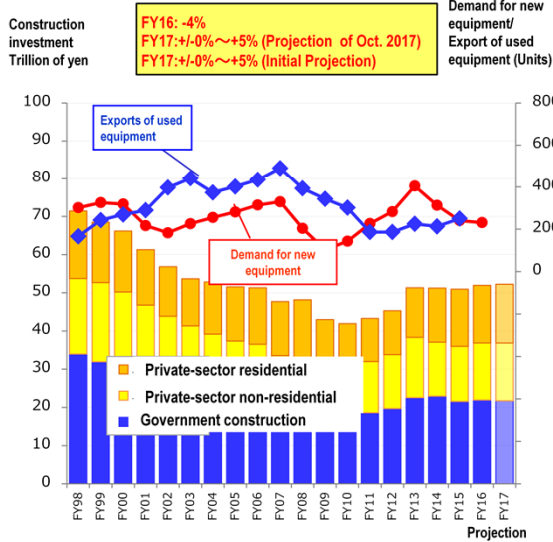


- Demand for 7 major products and mining equipment is based on Komatsu’s conventional product range. This applies to pages 17 through 23.
- In the third quarter and nine-month periods of FY2017, global demand advanced by 27% each from the corresponding period a year ago.
- Quarterly demand has been increasing year on year. We anticipate that this trend will continue in North America and other regions in the fourth quarter. With respect to full-year demand, we are not changing our projection of October last year.

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

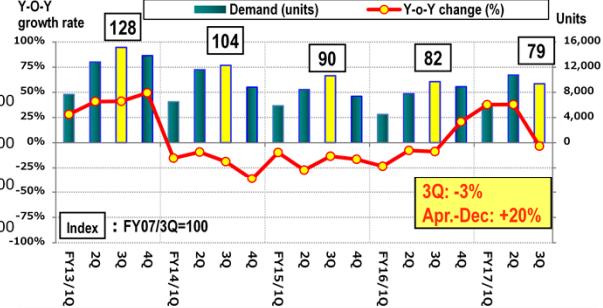
- For the third quarter period of FY2017, demand decreased by 3% from the corresponding period a year ago .
- Demand for new equipment declined, mainly due to the reactionary drop of pre-buy demand triggered by Japanese emission controls (effective September 2017).

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

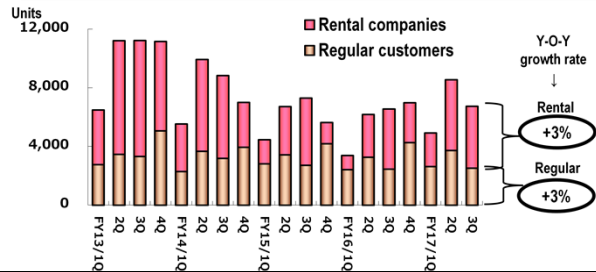


[Sources]Construction investment by the Ministry of Land, Infrastructure, Transport & Tourism, and Research Institute of Construction and Economy
Demand for 7 major products and No. of exported used equipment estimated by Komatsu

Quarterly demand for 7 major products

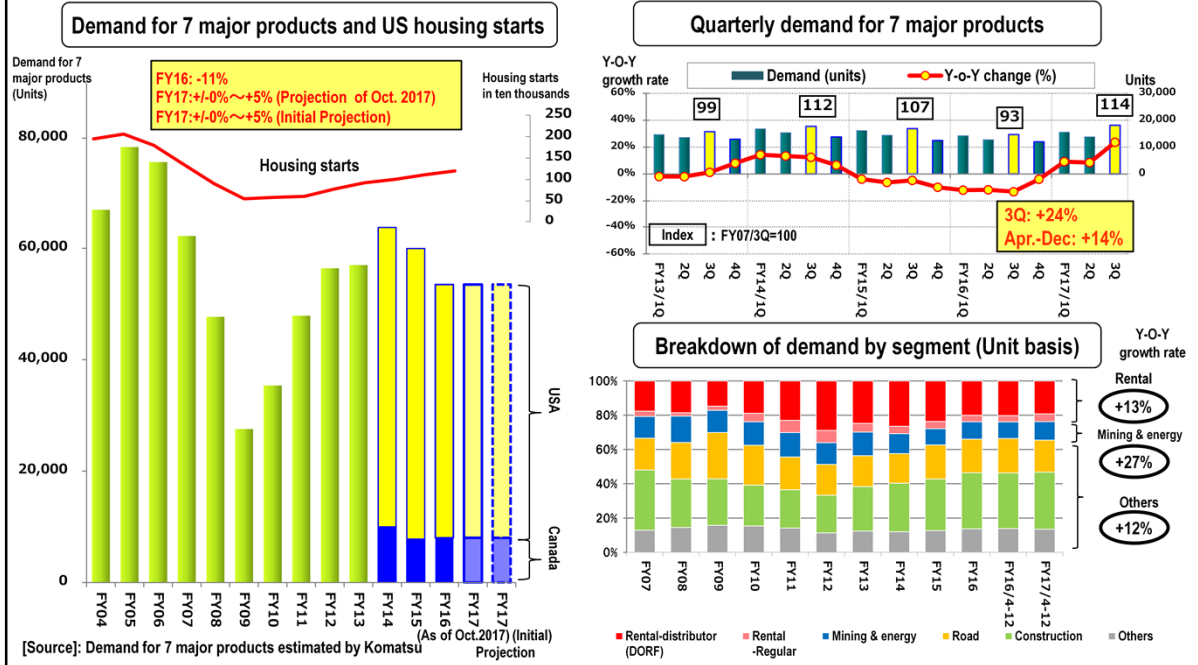


Quarterly demand for hydraulic excavators (Rental & regular uses)



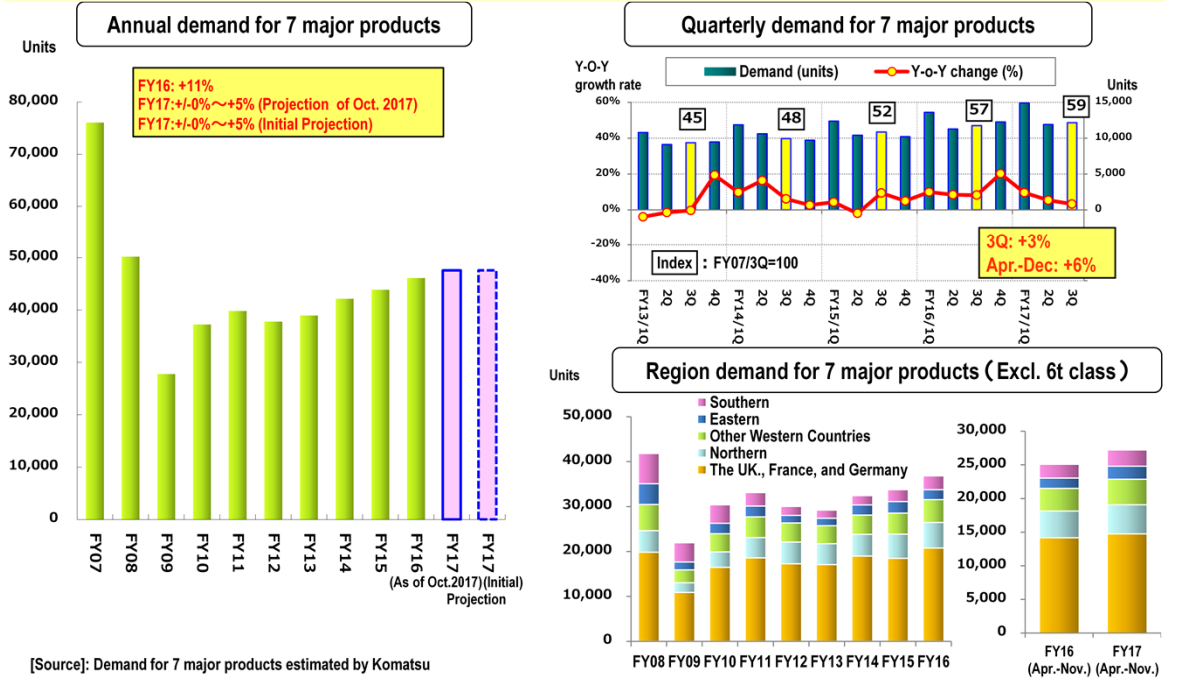
- In the third quarter period of FY2017, demand decreased by 3% from the corresponding period a year ago .
- Demand for new equipment declined , mainly due to the reactionary drop of pre-buy demand triggered by Japanese emission controls (effective September 2017).
- Demand in the nine-month period (April - December 2017) increased by 20% from the corresponding period a year ago.

- In the third quarter period of FY2017, demand increased by 24% from the corresponding period a year ago.
- In the United States, demand remained steady, centering on the infrastructure development and energy-related sectors. In the rental industry, demand increased after having been sluggish.
- Quarterly demand has been increasing year-on-year. We anticipate that this trend will continue in the fourth quarter.



- In the third quarter period of FY2017, North American demand advanced by 24% from the corresponding period a year ago.
- In the United States, demand remained steady, centering on the infrastructure development and energy-related sectors. In the rental industry, demand increased after having been sluggish.
- In the nine-month period (April – December 2017), demand increased by 14% from the corresponding period a year ago.
- Quarterly demand has been increasing year-on-year. We anticipate that this trend will continue in the fourth quarter.

- In the third quarter period of FY2017, European demand increased by 3% from the corresponding period a year ago.
- Demand remained steady, centering on a major market of Germany.



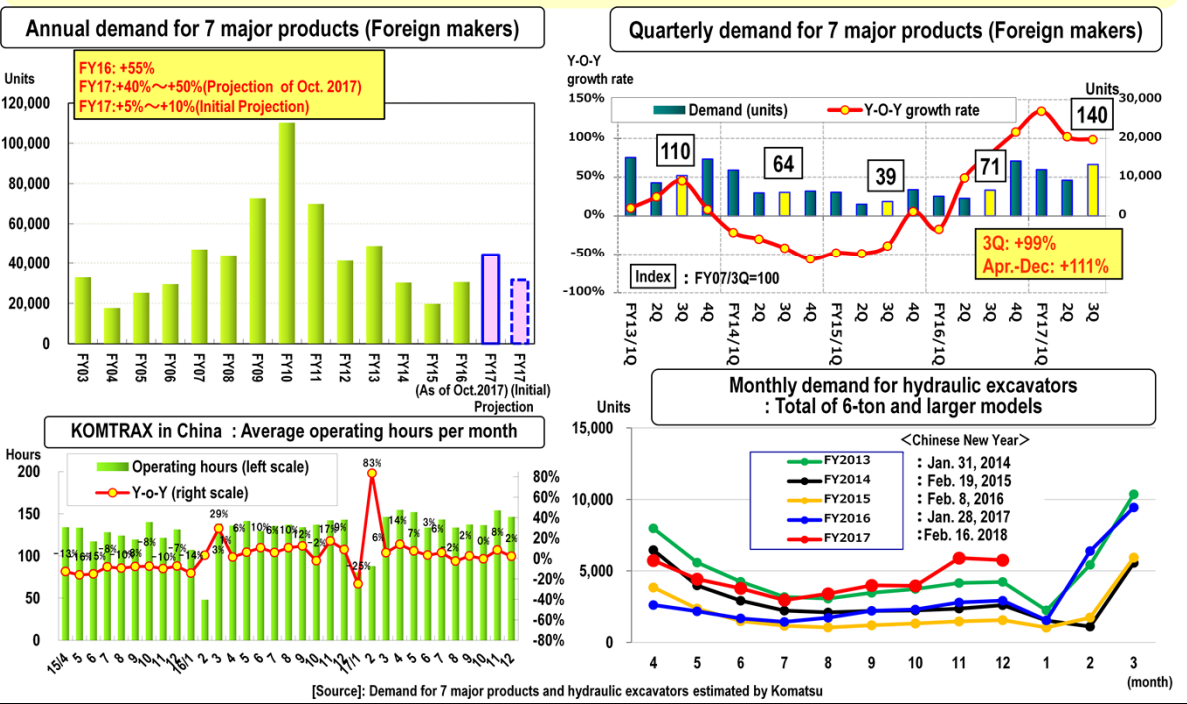
In the third quarter of FY2017, demand increased by 3% from the corresponding period a year ago.

Demand remained steady, centering on a major market of Germany.

In the nine-month period (April – December 2017), demand increased by 6% from the corresponding period a year ago.

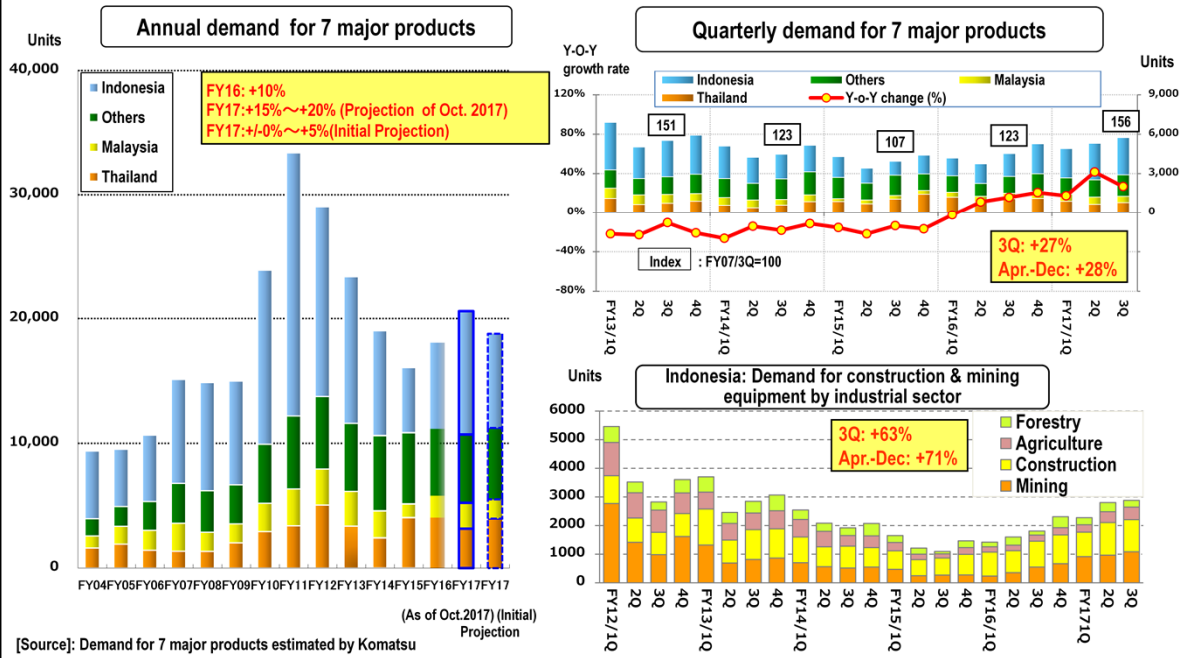
Construction, Mining & Utility Equipment : Demand in Major Markets (4) China

- In the third quarter period of FY2017, demand expanded by 99% from the corresponding period a year ago.
- Demand for construction equipment is growing, supported by growing construction projects for infrastructure development.



- In the third quarter period of FY2017, Chinese demand expanded by 99% from the corresponding period a year ago, fueled by ongoing infrastructure development projects nationwide. Quarterly demand has continued to increase year on year since the second quarter (July – September 2016) of FY2016.
- As of today, demand for new equipment is increasing, driven by ongoing infrastructure development projects nationwide. We are going to pay careful attention to demand in post Chinese New Year.
- In the nine-month period (April – December 2017), demand surged by 111% from the corresponding period a year ago.

- In the third quarter period of FY2017, demand advanced by 27% from the corresponding period a year ago.
- Especially, demand for mining equipment has increased sharply in Indonesia, the largest market of Southeast Asia.



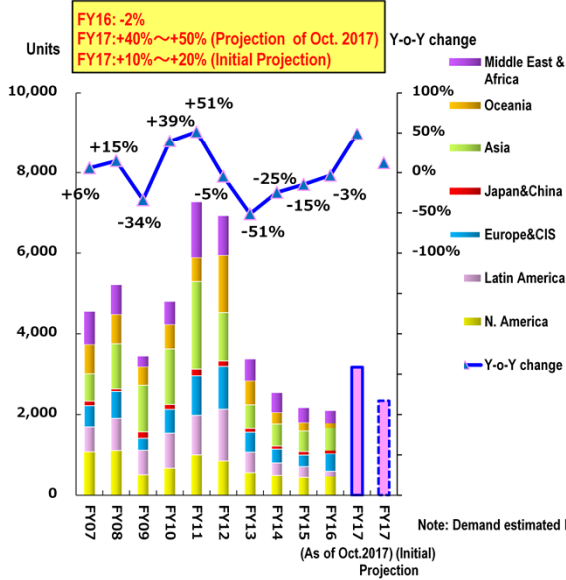
- In the third quarter period of FY2017, Southeast Asian demand advanced by 27% from the corresponding period a year ago.
- Especially, demand for mining equipment increased in Indonesia, the largest market of Southeast Asia.
- In the nine-month period, (April – December 2017), demand also advanced by 28%.

Construction, Mining Equipment and Utility : Actual and Projected Demand for Mining Equipment 23

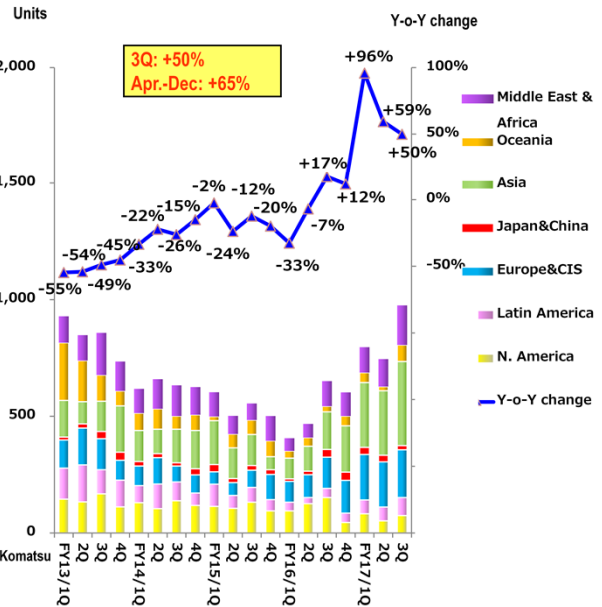
- In the third quarter period of FY2017, global demand increased by 50% from the corresponding period a year ago.
- Demand continues to advance, centering on Indonesia.
- Concerning full-year demand, we are not changing our projection of October last year.

Annual demand for mining equipment

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



Quarterly demand for mining equipment

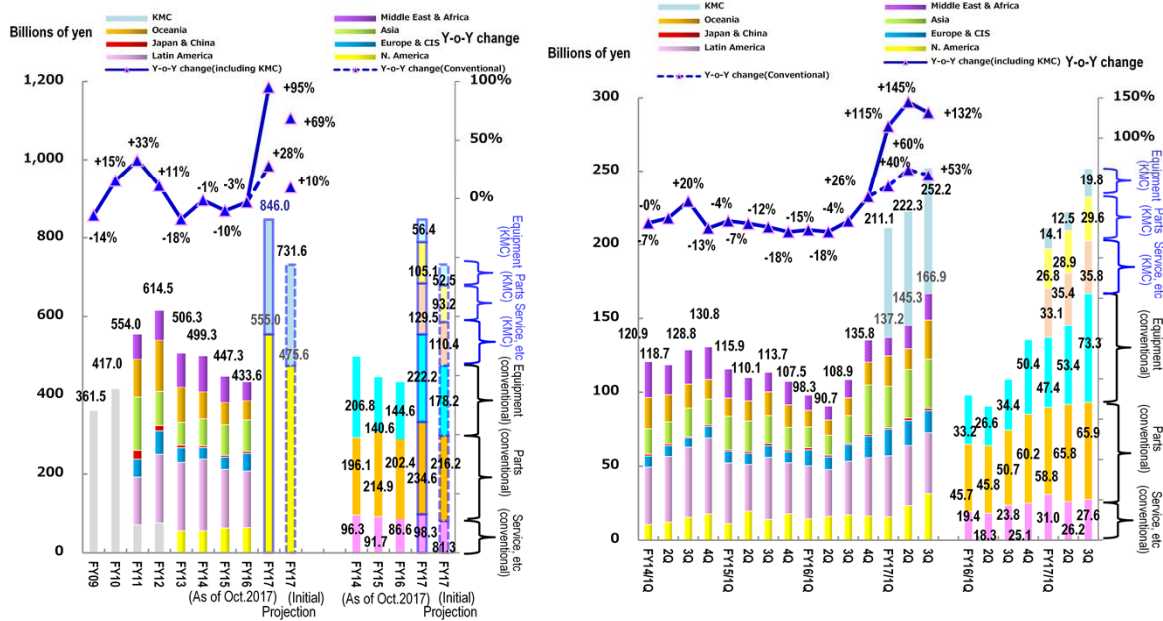


- In the third quarter period of FY2017, global demand advanced by 50% from the corresponding period a year ago
- Demand is continuing to grow, centering on Indonesia.
- With respect to full-year demand, we are not changing our projection of October last year.

- For the third quarter period of FY2017, sales expanded by 132% from the corresponding period a year ago, to JPY252.2 billion. When KMC's sales are excluded, sales advanced by 53% to JPY166.9 billion.
- When the effects of KMC are excluded, sales of equipment, parts and service advanced, supported by growing demand in Indonesia and some other countries.

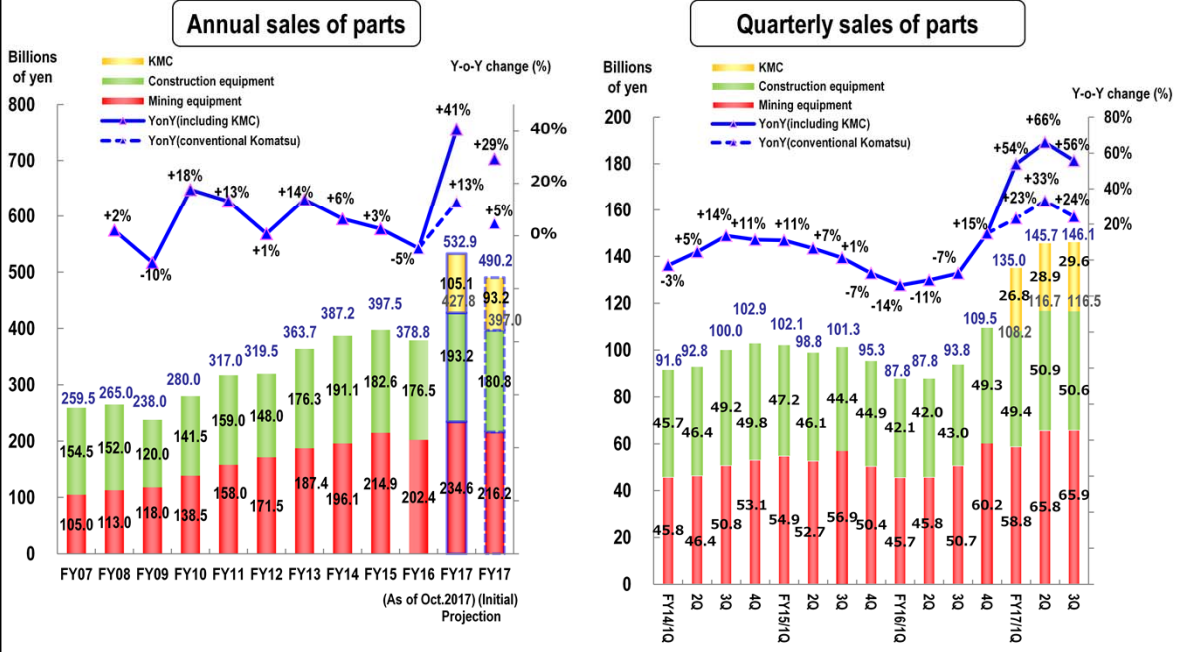
Annual sales of mining equipment (incl. parts and service, etc.)

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



- This page shows sales of mining equipment which include those made by KMC, starting in FY2017.
- Concerning the bar graphs here, FY2017 figures include KMC's sales on both the left side for annual sales and the right side for quarterly sales. With respect to line graphs, the solid line for FY2017 shows the growth rate which includes KMC's sales, while the dotted line for FY2017 for the growth rate without KMC's sales.
- Sales for the third quarter period of FY2017 surged by 132% from the corresponding period a year ago, to JPY252.2 billion as a whole. When KMC's sales are excluded, sales expanded by 53% to JPY166.9 billion.
- When the effects of KMC are excluded, sales of equipment, parts and service advanced, supported by increasing demand in Indonesia and some other countries.

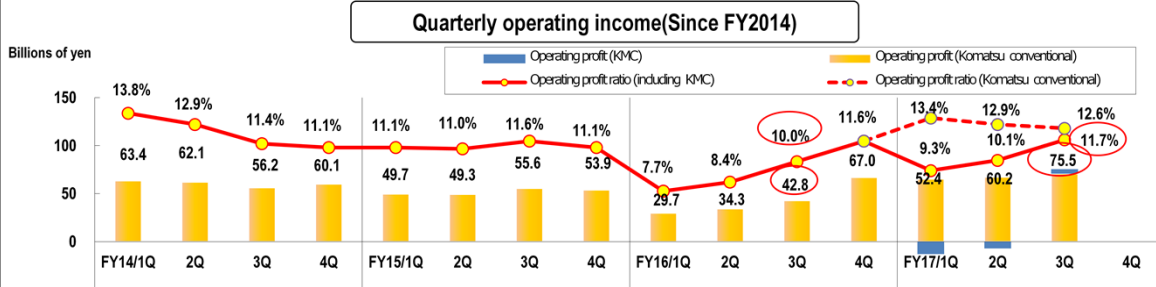
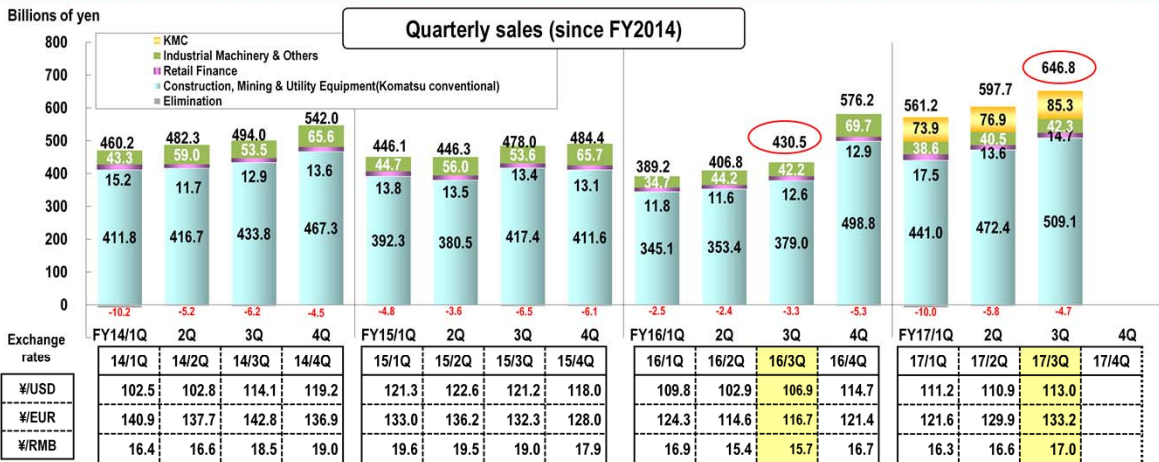
- For the third quarter period of 2017, sales of parts increased by 56% to JPY146.1 billion from the corresponding period a year ago. When KMC's sales are excluded, sales of parts advanced by 24% to JPY116.5 billion.
- Sales advanced as a result of capturing demand for aftermarket products.



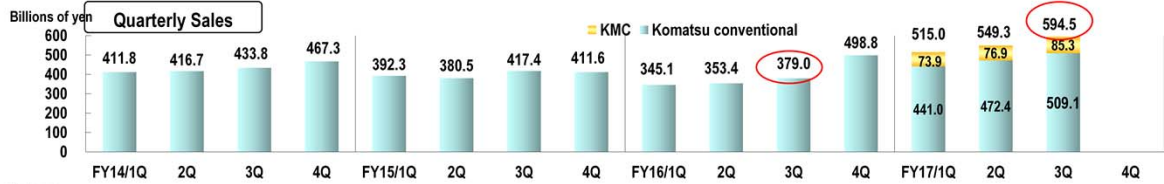
- For the third quarter period of 2017, sales of parts advanced by 56% from the corresponding period a year ago, to JPY146.1 billion. When KMC's sales are excluded, sales of parts increased by 24% to JPY116.5 billion.
- As a result of effectively capturing demand for aftermarket products, sales of parts advanced for the third quarter period of FY2017.

Appendix

<Appendix>
Quarterly Sales and Operating Income

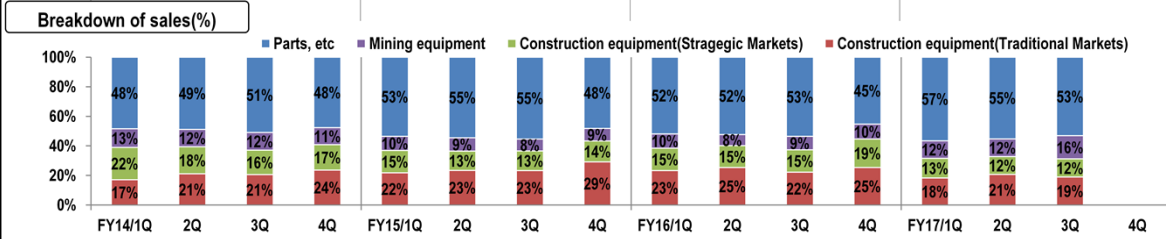
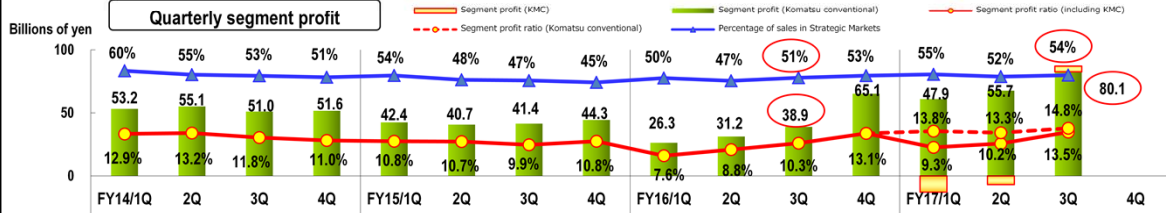


Construction, Mining & Utility Equipment: Quarterly Sales and Segment Profit

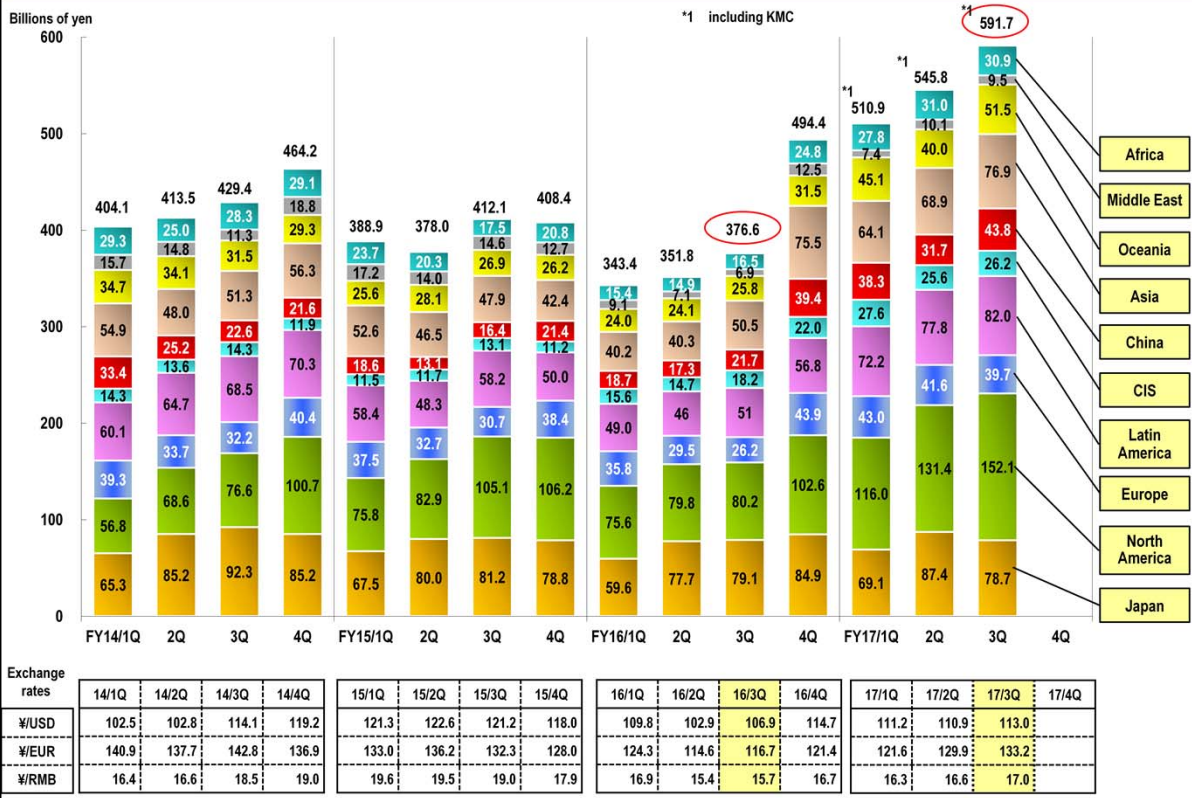


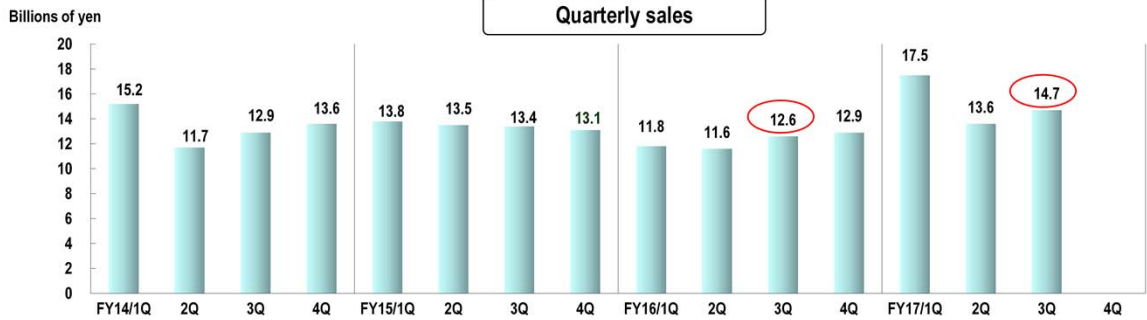
Exchange rates

	14/1Q	14/2Q	14/3Q	14/4Q	15/1Q	15/2Q	15/3Q	15/4Q	16/1Q	16/2Q	16/3Q	16/4Q	17/1Q	17/2Q	17/3Q	17/4Q
¥/USD	102.5	102.8	114.1	119.2	121.3	122.6	121.2	118.0	109.8	102.9	106.9	114.7	111.2	110.9	113.0	
¥/EUR	140.9	137.7	142.8	136.9	133.0	136.2	132.3	128.0	124.3	114.6	116.7	121.4	121.6	129.9	133.2	
¥/RMB	16.4	16.6	18.5	19.0	19.6	19.5	19.0	17.9	16.9	15.4	15.7	16.7	16.3	16.6	17.0	



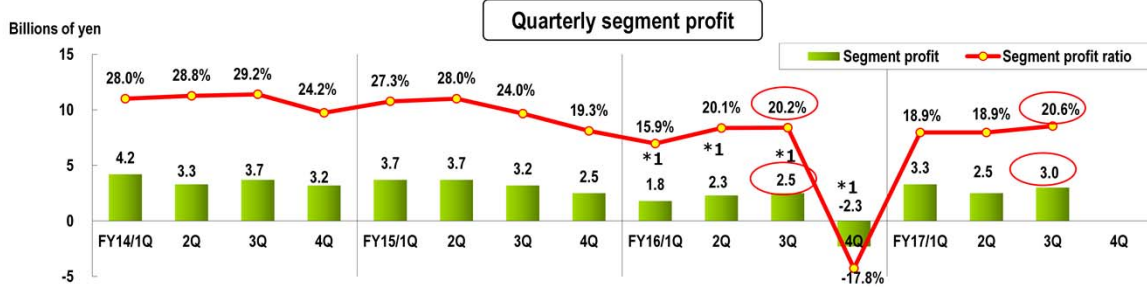
Construction, Mining & Utility Equipment: Quarterly Sales by Region (To Outside Customers) (29)



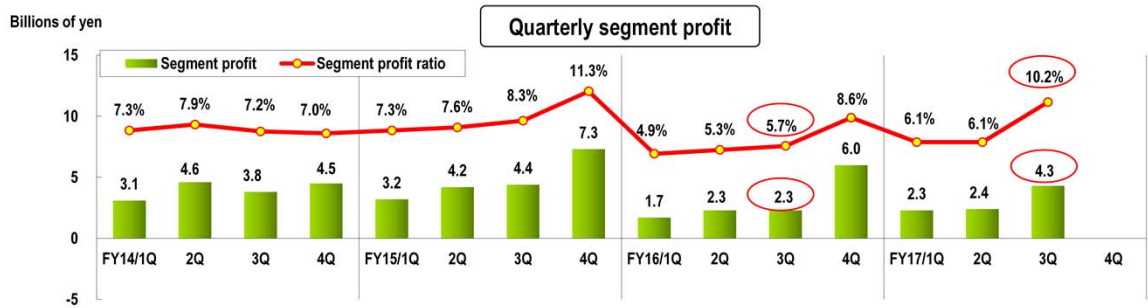
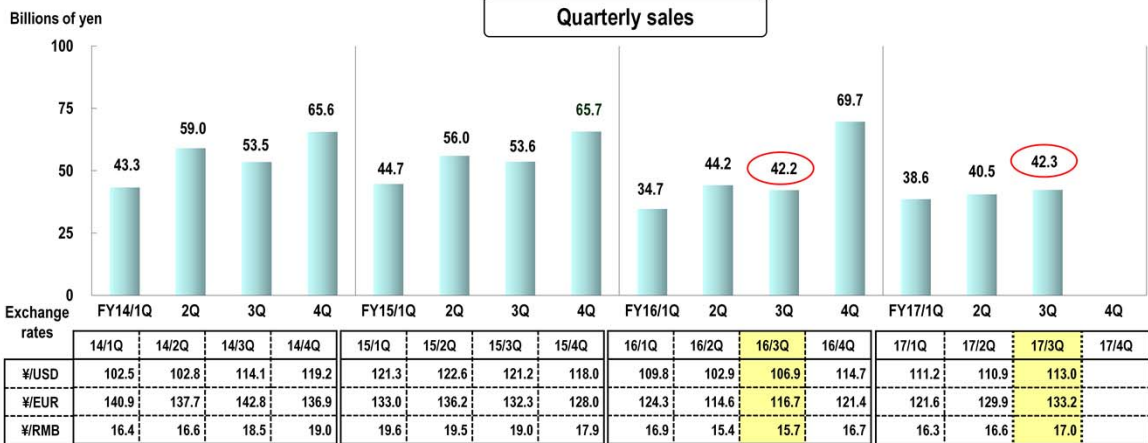


Exchange rates

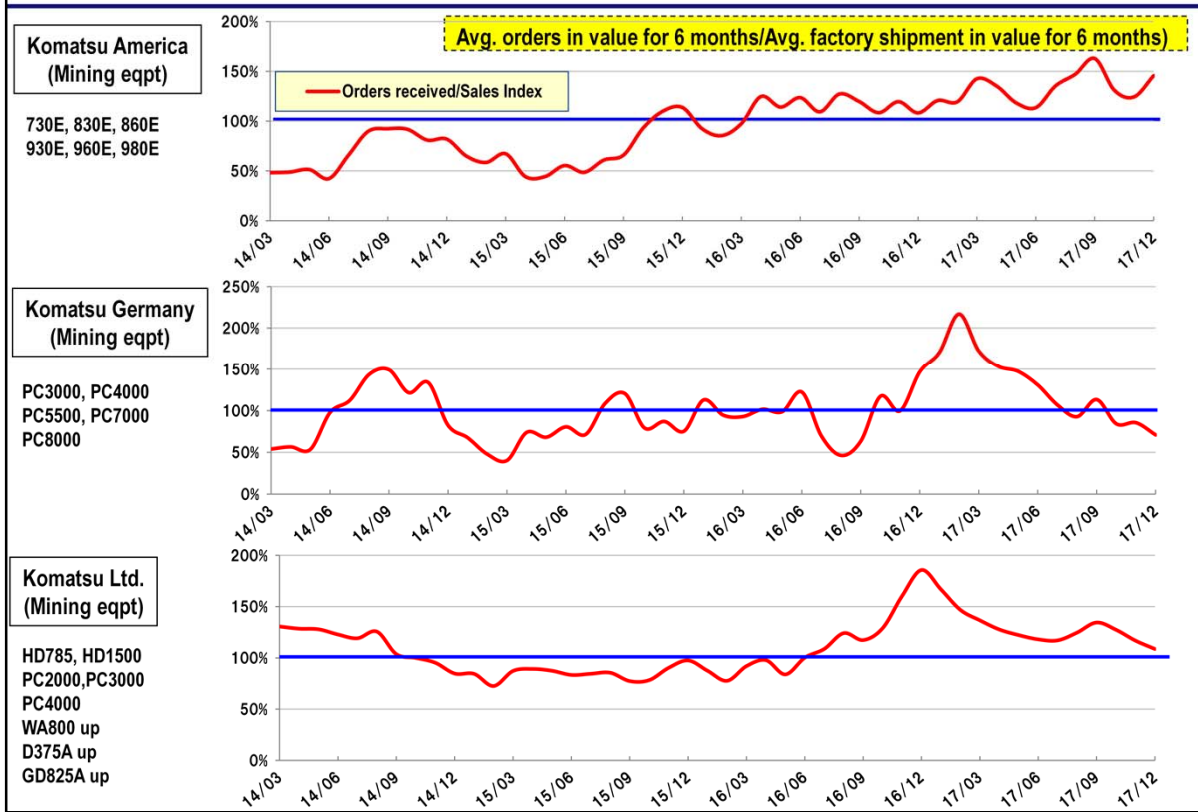
	14/1Q	14/2Q	14/3Q	14/4Q	15/1Q	15/2Q	15/3Q	15/4Q	16/1Q	16/2Q	16/3Q	16/4Q	17/1Q	17/2Q	17/3Q	17/4Q
¥/USD	102.5	102.8	114.1	119.2	121.3	122.6	121.2	118.0	109.8	102.9	106.9	114.7	111.2	110.9	113.0	
¥/EUR	140.9	137.7	142.8	136.9	133.0	136.2	132.3	128.0	124.3	114.6	116.7	121.4	121.6	129.9	133.2	
¥/RMB	16.4	16.6	18.5	19.0	19.6	19.5	19.0	17.9	16.9	15.4	15.7	16.7	16.3	16.6	17.0	



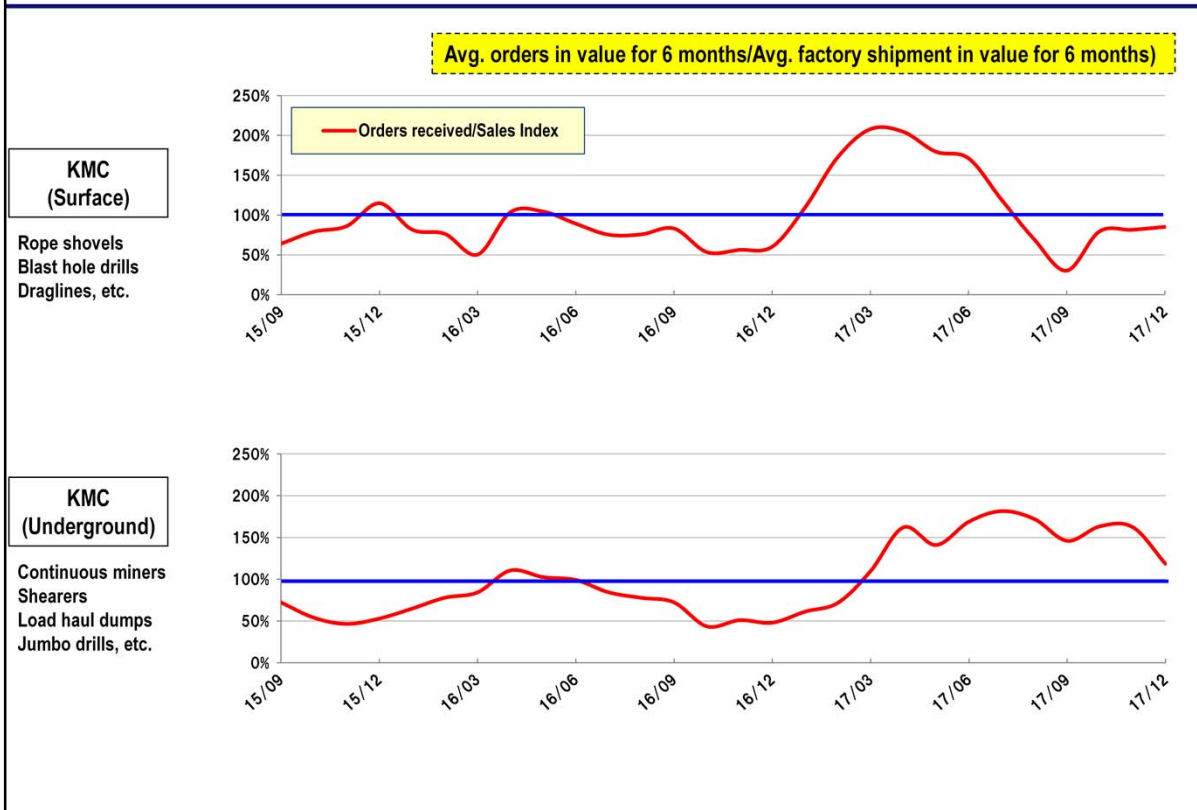
*1 | Including allowances for bad doubtful accounts in China (FY16/1Q: JPY-1.0 bn, 2Q: JPY -0.5bn bn, 3Q: JPY-0.2:bn, 4Q:JPY-4.9bn)



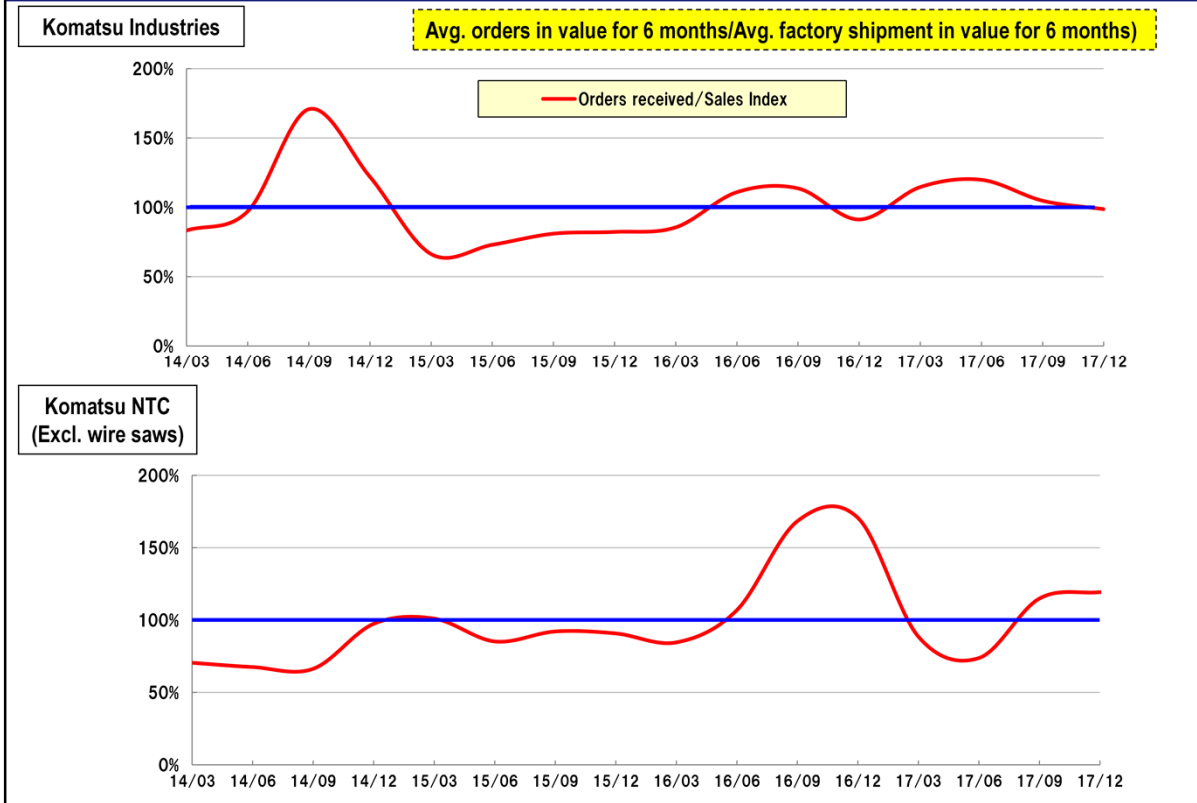
Book-to-Bill Ratio of Mining Equipment (6 Months)



- These graphs show the book-to-bill ratios of mining equipment.
- Specifically, they show the ratio of orders received for new equipment for the last six-month period divided by sales of new equipment for the same six-month period.



- These graphs show the book-to-bill ratios of KMC-made mining equipment since September 2015.
- Top graph shows the book-to-bill ratio of surface mining equipment, such as rope shovels and blast hole drills, while the bottom graph that of underground mining equipment, such as continuous miners and shearers.



- These graphs show the book-to-bill ratios of industrial machinery.
- Specifically, they show the ratio of orders received for new machines for the last six-month period divided by sales of new machines for the same six-month period.

We have celebrated the tenth anniversary of the commercial deployment of its Autonomous Haulage System (hereafter "AHS"). Today, more than 100 AHS trucks operate in Australia, North and South America. Based on the 10-year proven record of safety, productivity, environmental resistance and system flexibility in an array of mining environments, Komatsu plans to accelerate the pace of AHS deployment.



A standard truck 830E with the AHS retrofit kit running in autonomous mode at Rio Tinto's mine in Australia

We have signed an agreement to acquire from Prenbec Equipment (CEO: Charles MacLennan) based in Quebec, Canada, the attachment business, namely, the Quadco and Southstar brands, owned by Prenbec Equipment and its subsidiaries. We plan to complete the acquisition by the end of February.



Komatsu's forest machine with Quadco's felling head

<Attachments owned by Prenbec Equipment>

[Quadco-brand felling head]



[Southstar-brand harvester head]

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.

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