

Komatsu Ltd.

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 URL: <https://home.komatsu/en/>

Consolidated Business Results for Three Months of the Fiscal Year Ending March 31, 2020 (U.S. GAAP)

1. Results for Three Months Ended June 30, 2019

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	Three Months ended June 30, 2019	Three Months ended June 30, 2018	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	609,767	646,060	(36,293)	(5.6) %
Operating income	74,760	96,048	(21,288)	(22.2) %
Income before income taxes and equity in earnings of affiliated companies	66,910	92,940	(26,030)	(28.0) %
Net income attributable to Komatsu Ltd.	47,476	62,970	(15,494)	(24.6) %
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 50.30	¥ 66.75	¥ (16.45)	
Diluted	¥ 50.25	¥ 66.67	¥ (16.42)	

Note: Comprehensive income for three months ended June 30, 2019 and 2018

2019: 16,050 millions of yen, down 80.6% from 2018

2018: 82,544 millions of yen, up 53.2% from 2017

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of June 30, 2019	As of March 31, 2019
Total assets	3,691,547	3,638,219
Total equity	1,860,088	1,902,868
Komatsu Ltd. shareholders' equity	1,776,286	1,815,582
Komatsu Ltd. shareholders' equity ratio	48.1%	49.9%
Komatsu Ltd. shareholders' equity per share (Yen)	¥ 1,881.72	¥ 1,923.47

2. Dividends

(For the fiscal years ended March 31, 2019 and ending March 31, 2020)

Yen

	2019	2020 Projections
First quarter period		
Second quarter period	51.00	55.00
Third quarter period		
Year-end	59.00	55.00
Total	110.00	110.00

Note: Changes in the latest projected cash dividend as of July 29, 2019: None

3. Projections for the Fiscal Year Ending March 31, 2020

(From April 1, 2019 to March 31, 2020)

Millions of yen except per share amounts

	2020	
		Changes Increase (Decrease)
Net sales	2,617,000	(4.0)%
Operating income	337,000	(15.3)%
Income before income taxes and equity in earnings of affiliated companies	317,000	(16.0)%
Net income attributable to Komatsu Ltd.	215,000	(16.2)%
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	¥227.78	

Notes: 1) Changes in the latest projected consolidated business results as of July 29, 2019: None

2) Percentages shown above represent the rates of change compared with the corresponding period a year ago.

4. Others

(1) Changes in important subsidiaries during the three-month period under review: None

(2) Use of simplified accounting procedures and adoption of specific accounting procedures for the preparation of consolidated quarterly financial statements: None

(3) Changes in significant accounting rules, procedures and presentation and changes in significant accounting policies and estimates

1) Changes resulting from revisions in accounting standards, etc.: Applicable

2) Changes in other matters except for 1) above: None

Note: See (4) Others on page 9 for more details.

(4) Number of common shares outstanding

1) The numbers of common shares issued (including treasury stock) were as follows:

As of June 30, 2019: 972,252,460 shares

As of March 31, 2019: 972,252,460 shares

2) The numbers of shares of treasury were as follows:

As of June 30, 2019: 28,282,792 shares

As of March 31, 2019: 28,343,514 shares

3) The weighted average numbers of common shares outstanding were as follows:

Three months ended June 30, 2019: 943,653,998 shares

Three months ended June 30, 2018: 943,335,472 shares

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Management Performance and Financial Conditions

(1) Outline of Operations and Business Results

Starting in April this year, Komatsu Ltd. (“Company”) and its consolidated subsidiaries (together “Komatsu”) have embarked on the new three-year mid-term management plan (FY2019 – 2021), “DANTOTSU Value – FORWARD Together for Sustainable Growth” for its 100th anniversary in 2021 and beyond. Under the new mid-term management plan, Komatsu upholds three new pillars of growth strategies of 1) value creation by means of innovation, 2) growth strategies based on business reforms, and 3) structural reforms for growth, and has begun making efforts for sustainable growth through a positive cycle of improving earnings and solving ESG issues.

For the first three-month period (April 1 – June 30, 2019) of the fiscal year ending March 31, 2020, the first year of the new mid-term management plan, consolidated net sales totaled JPY609.7 billion, down 5.6% from the corresponding period a year ago. In the construction, mining and utility equipment business, while demand remained steady for mining equipment in North America and Oceania, demand for construction and mining equipment declined, especially in China and Asia. As a result, sales decreased from the corresponding period a year ago. In the industrial machinery and others business, sales declined, mainly affected by reduced sales of presses and machine tools to the automobile manufacturing industry, as well as declined sales of Excimer laser-related products on the semiconductor market.

With respect to profits for the first three-month period under review, operating income declined by 22.2% from the corresponding period a year ago, to JPY74.7 billion, mainly affected by reduced sales volume and a change in the geographic composition of sales in the construction, mining and utility equipment business. The operating income ratio decreased by 2.6 percentage points to 12.3%. Income before income taxes and equity in earnings of affiliated companies fell by 28.0% to JPY66.9 billion. Net income attributable to Komatsu Ltd. totaled JPY47.4 billion, down 24.6%.

	Three Months ended June 30, 2019	Three Months ended June 30, 2018	Changes
	1USD=JPY110.0 1EUR=JPY123.2 1RMB=JPY16.2	1USD=JPY108.2 1EUR=JPY130.1 1RMB=JPY17.1	Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	609,767	646,060	(5.6)%
Construction, Mining and Utility Equipment	561,477	594,211	(5.5)%
Retail Finance	17,279	14,259	21.2 %
Industrial Machinery and Others	34,021	41,245	(17.5)%
Elimination	(3,010)	(3,655)	-
Segment profit	72,743	95,910	(24.2)%
Construction, Mining and Utility Equipment	68,689	88,318	(22.2)%
Retail Finance	3,404	5,492	(38.0)%
Industrial Machinery and Others	554	3,044	(81.8)%
Corporate & elimination	96	(944)	-
Operating income	74,760	96,048	(22.2)%
Income before income taxes and equity in earnings of affiliated companies	66,910	92,940	(28.0)%
Net income attributable to Komatsu Ltd.	47,476	62,970	(24.6)%

Note: Unless otherwise noted, all sales by segment in this report indicate the amounts before elimination of inter-segment transactions.

Business results by operation are described below.

Construction, Mining and Utility Equipment

For the first three-month period under review, sales of the construction, mining and utility equipment business decreased by 5.5% from the corresponding period a year ago, to JPY561.4 billion. Segment profit declined by 22.2% to JPY68.6 billion.

In the area of value creation by means of innovation, one of the three pillars of growth strategies in the mid-term management plan, Komatsu is upholding electrification of construction, mining and utility equipment as one of the efforts of focus. At bauma 2019, a leading international trade fair for construction equipment held in Munich, Germany in April, Komatsu unveiled an electric mini excavator, designed to set the course for next-generation construction equipment. Komatsu is working to launch it on the market as soon as possible.

With respect to “SMARTCONSTRUCTION,” a solutions business for construction jobsites, which Komatsu launched in Japan in February 2015, Komatsu has made steady progress, introducing this new business model to over 8,200 construction jobsites to date (cumulative) in Japan. Overseas, Komatsu has also made good progress towards full-scale business start-up by engaging in pilot introduction mainly in the United States and Germany. With an eye to achieving safe, highly productive, smart and clean workplaces of the future as soon as possible, Komatsu has made efforts to obtain high-precision GNSS position correction information in order to further enhance the operating precision of ICT-intensive construction equipment. Looking ahead, Komatsu plans to provide the add-on “SMARTCONSTRUCTION Retrofit Kit” (provisional), designed to offer ICT functions to conventional construction equipment, thereby accelerating the digital transformation of construction.

		Three Months ended June 30, 2019	Three Months ended June 30, 2018	Changes Increase (Decrease)	
				[A-B]	[(A-B)/B]
Japan		63,777	63,904	(127)	(0.2)%
	North America	143,434	140,665	2,769	2.0 %
	Latin America	74,528	76,633	(2,105)	(2.7)%
Americas		217,962	217,298	664	0.3 %
	Europe	59,147	53,873	5,274	9.8 %
	CIS	34,050	31,354	2,696	8.6 %
Europe & CIS		93,197	85,227	7,970	9.4 %
China		36,237	50,527	(14,290)	(28.3)%
	Asia*	62,383	86,004	(23,621)	(27.5)%
	Oceania	56,135	51,005	5,130	10.1 %
Asia* & Oceania		118,518	137,009	(18,491)	(13.5)%
	Middle East	6,936	6,807	129	1.9 %
	Africa	23,971	31,351	(7,380)	(23.5)%
Middle East & Africa		30,907	38,158	(7,251)	(19.0)%
Total		560,598	592,123	(31,525)	(5.3)%

Note: *Excluding Japan and China

Komatsu's operations by region are described below.

Japan

For the first three-month period under review, sales remained flat from the corresponding period a year ago, mainly affected by reduced sales of used equipment, while demand recovered from the reactionary drop of pre-buy demand in anticipation of the new emission control regulations enforced in September 2017.

Americas

In North America, sales increased from the corresponding period a year ago, as demand for both construction and mining equipment remained strong. In Latin America, sales declined, mainly affected by deteriorating economic conditions in Argentina and sluggish demand for mining equipment, while demand for construction equipment was steady in Brazil.

Europe and CIS

In Europe, sales expanded from the corresponding period a year ago, supported by steady demand, centering on major markets of Germany, the United Kingdom and France, as well as eastern Europe. In CIS, sales advanced, as demand remained strong for mining equipment as well as sales of parts and service revenues advanced.

China

Sales declined from the corresponding period a year ago, affected by reduced demand for construction equipment resulting from growing uncertainty of the prospects of the domestic economy against the backdrop of prolonged United States-China trade war.

Asia and Oceania

In Asia, sales decreased from the corresponding period a year ago, as adversely affected by reduced demand for mining equipment in Indonesia, the largest market of the region, resulting from the declining price of thermal coal. Demand

were also adversely affected by elections in some countries. In Oceania, sales advanced, as demand for mining equipment remained strong.

Middle East and Africa

In the Middle East, sales increased from the corresponding period a year ago, mainly supported by large-lot orders for equipment for use in oil and gas development in the United Arab Emirates, as well as housing development, while governments in the region continued to tighten their budgets resulting from the prolonged civil war in Yemen. In Africa, sales fell, mainly affected by sluggish demand for mining equipment.

Retail Finance

Revenues increased by 21.2% from the corresponding period a year ago, to JPY17.2 billion, supported by increased revenues, mainly in North America. Segment profit fell by 38.0% to JPY3.4 billion, mainly reflecting no more reversal of allowances for doubtful accounts in China, which was recorded for FY2018.

Industrial Machinery and Others

For the first three-month period under review, sales declined by 17.5% from the corresponding period a year ago, to JPY34.0 billion, mainly affected by reduced sales of presses and machine tools to the automobile manufacturing industry, as well as declined sales of Excimer laser-related business on the semiconductor market. Segment profit dropped by 81.8% to JPY0.5 billion.

As part of connected plants, one of the efforts of focus in the mid-term management plan, the “Smart Line” which was based on machine tools made by Komatsu NTC Ltd., began full-scale operation in the machining process of major engine components at the Oyama Plant in 2019. Designed to achieve unmanned 4 - hour operation by means of fully synchronizing assembly, this new line has achieved outstanding improvements in productivity and energy saving, especially by automating the exchange of jigs and tools and measurement through IoT and centrally managing real-time information concerning machining, quality, and maintenance.

(2) Financial Conditions

As of June 30, 2019, total assets increased by JPY53.3 billion from the previous fiscal year-end, to JPY3,691.5 billion, mainly affected by the following three factors: 1) the Japanese yen appreciated against the US dollar, Euro and Renminbi more than the previous fiscal year-end, 2) Komatsu recognized right-of-use assets under operating lease on the consolidated balance sheet in compliance with the new accounting standard which it adopted, and 3) inventories increased. Interest-bearing debt increased by JPY73.6 billion from the previous fiscal year-end, to JPY1,004.3 billion. Komatsu Ltd. shareholders' equity decreased by JPY39.2 billion from the previous fiscal year-end, to JPY1,776.2 billion. As a result, Komatsu Ltd. shareholders' equity ratio decreased by 1.8 percentage points from the previous fiscal year-end, to 48.1%.

For the first three-month period under review, while working capital increased from the corresponding period a year ago, net cash provided by operating activities totaled JPY57.9 billion, an increase of JPY57.9 billion from the corresponding period a year ago, mainly due to net income and depreciation. Net cash used in investing activities amounted to JPY47.6 billion, an increase of JPY4.8 billion, mainly due to the purchase of fixed assets. Net cash provided by financing activities totaled JPY33.3 billion, mainly due to financing the payment of cash dividends and taxes, as compared to JPY51.3 billion provided for the previous first three-month period. After the effects of foreign exchange fluctuations are added, cash and cash equivalents totaled JPY193.4 billion as of June 30, 2019, an increase of JPY45.0 billion from the previous fiscal year-end.

(3) Projection for the Fiscal Year Ending March 31, 2020

(From April 1, 2019 to March 31, 2020)

Komatsu makes no change in the projection of April 26, 2019, concerning consolidated business results for the fiscal year ending March 31, 2020, which are shown on page 2 of this report.

(4) Others

- 1) Changes in important subsidiaries during the three-month period under review: None
- 2) Use of simplified accounting procedures and adoption of specific accounting procedures for the preparation of consolidated quarterly financial statements: None
- 3) Changes in significant accounting rules, procedures and presentation and changes in significant accounting policies and estimates

a) Changes resulting from revisions in accounting standards, etc.

From the three months ended June 30, 2019, Komatsu has adopted the Accounting Standards Update (“ASU”) 2016-02 “Leases”. This Update requires lessees to recognize most leases as the right-of-use assets and the lease liabilities on their balance sheets. This Update does not substantially change lessor accounting. The Financial Accounting Standards Board (“FASB”) also modified the definition of lease. Additionally, the guidance expands qualitative and quantitative disclosures related to lease. Concerning accounting in relation to this Update, Komatsu has adopted the rule in which an entity does not separate lease and non-lease components and regards all components as those of a single lease, and the exceptional rule in which an entity does not recognize short-term leases on the balance sheet. Concerning the transition methods in relation to this Update, Komatsu has adopted a series of practical expedients in which an entity does not reassess whether any expired or existing lease contracts are or contain leases, the lease classification for them and initial direct costs for them. Komatsu has also adopted the additional transition methods in which an entity does not retrospectively restate presentation or disclosure of comparative years at the period of the application of the new accounting standards and an entity does not assess whether existing or expired land easements that were not previously accounted for as leases. The application of the provision has no significant impact on Komatsu’s financial position and results of operations.

From the three months ended June 30, 2019, Komatsu has adopted the ASU 2017-12, “Targeted Improvements to Accounting for Hedging Activities”. This Update improves the application of hedge accounting under certain circumstances to reflect the economic consequences of an entity’s risk management activities in financial statements more appropriately. The Update eliminates the requirement to separately measure and present effective portion and ineffective portion of hedging and requires an entity to record the full amount of change in fair value of the hedging instrument in the same income statement line as gain or loss arising from the hedged item. The application of the provision has no significant impact on Komatsu’s financial position and results of operations.

b) Changes in other matters except for a) above: None

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.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

Assets

Millions of yen

	As of June 30, 2019		As of March 31, 2019	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	¥ 193,487		¥ 148,479	
Time deposits	2,238		2,331	
Trade notes and accounts receivable, net	776,174		842,183	
Inventories	875,026		837,552	
Other current assets	144,426		138,415	
Total current assets	1,991,351	53.9	1,968,960	54.1
Long-term trade receivables, net	419,212	11.3	416,363	11.4
Investments				
Investments in and advances to affiliated companies	37,964		37,321	
Investment securities	7,273		7,473	
Other	2,469		2,528	
Total investments	47,706	1.3	47,322	1.3
Property, plant and equipment				
- less accumulated depreciation and amortization	762,682	20.7	776,422	21.3
Operating lease right-of-use assets	51,097	1.4	-	-
Goodwill	161,051	4.4	161,921	4.5
Other intangible assets				
- less accumulated amortization	163,409	4.4	166,406	4.6
Deferred income taxes and other assets	95,039	2.6	100,825	2.8
Total	¥ 3,691,547	100.0	¥ 3,638,219	100.0

Liabilities and Equity

Millions of yen

	As of June 30, 2019		As of March 31, 2019	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	¥ 476,371		¥ 404,659	
Current maturities of long-term debt	37,633		53,556	
Trade notes, bills and accounts payable	255,323		266,951	
Income taxes payable	26,055		43,022	
Current operating lease liabilities	15,373		-	
Other current liabilities	317,780		313,951	
Total current liabilities	1,128,535	30.6	1,082,139	29.7
Long-term liabilities				
Long-term debt	490,386		472,485	
Liability for pension and retirement benefits	87,415		90,187	
Long-term operating lease liabilities	36,002		-	
Deferred income taxes and other liabilities	89,121		90,540	
Total long-term liabilities	702,924	19.0	653,212	18.0
Total liabilities	1,831,459	49.6	1,735,351	47.7
Komatsu Ltd. shareholders' equity				
Common stock	68,277		68,311	
Capital surplus	136,653		136,798	
Retained earnings:				
Appropriated for legal reserve	46,565		46,028	
Unappropriated	1,645,325		1,654,105	
Accumulated other comprehensive income (loss)	(70,771)		(39,792)	
Treasury stock	(49,763)		(49,868)	
Total Komatsu Ltd. shareholders' equity	1,776,286	48.1	1,815,582	49.9
Noncontrolling interests	83,802	2.3	87,286	2.4
Total equity	1,860,088	50.4	1,902,868	52.3
Total	¥ 3,691,547	100.0	¥ 3,638,219	100.0

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Millions of yen except per share amounts

	Three Months ended June 30, 2019		Three Months ended June 30, 2018	
		Ratio (%)		Ratio (%)
Net sales	¥ 609,767	100.0	¥ 646,060	100.0
Cost of sales	427,357	70.1	441,249	68.3
Selling, general and administrative expenses	109,667	18.0	108,901	16.9
Other operating income (expenses), net	2,017	0.3	138	0.0
Operating income	74,760	12.3	96,048	14.9
Other income (expenses), net				
Interest and dividend income	1,746	0.3	1,973	0.3
Interest expense	(6,650)	(1.1)	(5,423)	(0.8)
Other, net	(2,946)	(0.5)	342	0.1
Total other income (expenses)	(7,850)	(1.3)	(3,108)	(0.5)
Income before income taxes and equity in earnings of affiliated companies	66,910	11.0	92,940	14.4
Income taxes	17,831	2.9	28,023	4.3
Income before equity in earnings of affiliated companies	49,079	8.0	64,917	10.0
Equity in earnings of affiliated companies	668	0.1	1,098	0.2
Net income	49,747	8.2	66,015	10.2
Less: Net income attributable to noncontrolling interests	2,271	0.4	3,045	0.5
Net income attributable to Komatsu Ltd.	¥ 47,476	7.8	¥ 62,970	9.7
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 50.30		¥ 66.75	
Diluted	¥ 50.25		¥ 66.67	

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months ended June 30, 2019	Three Months ended June 30, 2018
Net income	¥ 49,747	¥ 66,015
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	(33,311)	17,996
Pension liability adjustments	328	226
Net unrealized holding gains (losses) on derivative instruments	(714)	(1,693)
Total other comprehensive income (loss), for the period, net of tax	(33,697)	16,529
Comprehensive income	16,050	82,544
Less: Comprehensive income (loss) attributable to noncontrolling interests	(447)	3,643
Comprehensive income attributable to Komatsu Ltd.	¥ 16,497	¥ 78,901

(3) Consolidated Statements of Cash Flows

Millions of yen

	Three Months ended June 30, 2019	Three Months ended June 30, 2018
Operating activities		
Net income	¥ 49,747	¥ 66,015
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	32,677	32,920
Deferred income taxes	4,749	5,274
Impairment loss and net loss (gain) on valuation of investment securities	(18)	267
Net loss (gain) on sale of property	(444)	(22)
Loss on disposal of fixed assets	694	396
Pension and retirement benefits, net	(1,554)	(693)
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	35,377	10,881
Decrease (increase) in inventories	(56,019)	(51,685)
Increase (decrease) in trade payables	(7,657)	(32,010)
Increase (decrease) in income taxes payable	(16,858)	(39,541)
Other, net	17,215	8,123
Net cash provided by (used in) operating activities	57,909	(75)
Investing activities		
Capital expenditures	(43,998)	(42,045)
Proceeds from sale of property	4,390	2,988
Proceeds from sale of investment securities	415	1,664
Purchases of investment securities	(218)	(136)
Acquisition of subsidiaries and equity investees, net of cash acquired	(7,459)	(5,380)
Other, net	(757)	177
Net cash provided by (used in) investing activities	(47,627)	(42,732)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	138,093	46,625
Payment on debt (Original maturities greater than three months)	(115,411)	(29,013)
Short-term debt, net (Original maturities three months or less)	70,053	81,637
Repayments of finance lease obligations	(20)	(19)
Sale (purchase) of treasury stock, net	(3)	(6)
Dividends paid	(55,719)	(45,301)
Other, net	(3,662)	(2,556)
Net cash provided by (used in) financing activities	33,331	51,367
Effect of exchange rate change on cash and cash equivalents	1,395	(7,256)
Net increase (decrease) in cash and cash equivalents	45,008	1,304
Cash and cash equivalents, beginning of year	148,479	144,397
Cash and cash equivalents, end of period	¥ 193,487	¥ 145,701

(4) Note to the Going Concern Assumption

None

(5) Business Segment Information

1) Information by Operating Segments

(For Three Months ended June 30, 2019)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	560,598	15,466	33,703	609,767	-	609,767
Intersegment	879	1,813	318	3,010	(3,010)	-
Total	561,477	17,279	34,021	612,777	(3,010)	609,767
Segment profit	68,689	3,404	554	72,647	96	72,743

(For Three Months ended June 30, 2018)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	592,123	12,971	40,966	646,060	-	646,060
Intersegment	2,088	1,288	279	3,655	(3,655)	-
Total	594,211	14,259	41,245	649,715	(3,655)	646,060
Segment profit	88,318	5,492	3,044	96,854	(944)	95,910

Notes: 1) Business categories and principal products & services included in each operating segment are as follows:

a) Construction, Mining and Utility Equipment

Excavating equipment, loading equipment, grading & roadbed preparation equipment, hauling equipment, forestry equipment, tunneling machines, underground mining equipment, recycling equipment, industrial vehicles, other equipment, engines & components, casting products, and logistics

b) Retail Finance

Financing

c) Industrial Machinery and Others

Metal forging & stamping presses, sheet-metal machines, machine tools, defense systems, temperature-control equipment, and others

2) Transfers between segments are made at estimated arm's-length prices.

2) Geographic Information

Net sales determined by customer location were as follows:

(For Three Months ended June 30, 2019 and 2018)

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2019	78,076	233,182	94,971	43,290	129,308	30,940	609,767
FY2018	81,814	233,520	89,189	55,848	147,500	38,189	646,060

Note: * Excluding Japan and China

(6) Note in Case of Notable Changes in the Amount of Shareholders' Equity

None

(end)