

# Industrial Machinery, Vehicles and Others



Crankshaft miller made by Komatsu Machinery Corporation

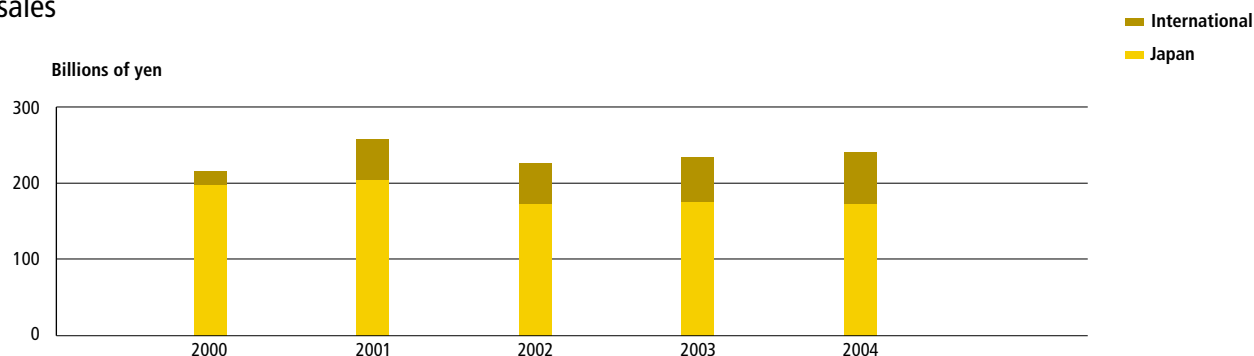
The Industrial Machinery, Vehicles and Others business is positioned as a core business on par with the construction and mining equipment business. This segment works to provide products and services with originality, based on Komatsu's technological edge in the areas of sheet metal and forging machinery, industrial vehicles, such as forklift trucks, and agricultural and forestry equipment. Together with logistics and engineering services, the mission of this business is to make contributions to customers' businesses in a wide range of industries for its own business growth.

Consolidated net sales of industrial machinery, vehicles and other operations totaled ¥241.9 billion (US\$2,327 million) for the year, up 2.2% over the previous year. Of this amount, Japanese sales totaled ¥174.0 billion (US\$1,673 million), a 1.9% decline from the previous year, while overseas sales reached ¥67.9 billion (US\$653 million), demonstrating an advancement of 14.4%.

Komatsu continued to launch new products with originality in the forklift trucks, industrial machinery, and agricultural and forestry equipment markets, and expanded sales over the previous year. Komatsu Engineering Corp. and Komatsu Logistics Corp. also improved their performance substantially for the year.

Segment profit increased 27.3% over the previous year, to ¥11.2 billion (US\$108 million) for the year, reflecting continued efforts on fixed cost reduction in addition to expanded sales.

## Net sales





### Komatsu Forklift

Komatsu Forklift Co., Ltd. carried out aggressive sales and service activities of the LEO-NXT series engine-driven forklift trucks, battery-powered forklift trucks, and Linde-made models, and expanded sales in Japan during the year.

Overseas, the company captured growth in demand in the United States and increased sales of locally produced forklift trucks. The company also expanded export sales of finished units from Japan to the Middle East and CIS. Coupled with continued efforts in fixed cost reduction, the company improved consolidated results from the previous year.

### Industrial Machinery Business

In the sheet metal and forging machinery business, demand improved during the year, after having bottomed out in last fiscal year. This improvement reflects the recovery in capital investments of consumer electronics and general machinery industries, in addition to active investments by the automobile manufacturing industry.

Komatsu Industries Corporation continued to enjoy strong sales of the H1F and H2F Hybrid AC Servo Press series, surpassing the cumulative sum of 400 units since the market introduction about two years ago. The company also focused its efforts on the sales promotion of strategic products such as the twister fine plasma cutting machines, while aggressively engaging in engineering services. As a result, the company advanced both sales and profits for the fourth consecutive year.

Komatsu Machinery Corp. captured opportunities in automobile manufacturers aggressive capital investments, and made an impressive gain in sales of crankshaft millers and other machine tools. The company also improved sales to LCD (liquid crystal display) manufacturers.

Industrial Machinery Division of the Company improved sales of large presses to automobile manufacturers over the previous year by seizing investments of automobile manufacturers in China and the rest of Asia in particular.

### Komatsu Zenoah

Komatsu Zenoah Co. advanced sales of agricultural and forestry equipment in Japan and abroad for the year. In Japan, the market introduction of originality-emphasized products made contributions to expanded sales, including brisk sales of an innovative knapsack-type brushcutter, that allows for an extend-

ed degree of maneuverability, and the G3200EZ chainsaw, which features a unique mechanism for easy tightening of the saw. Overseas, in addition to Europe and Korea, the company increased sales in Australia where it gained a new distributor.

### Subsidiaries reinforcing business in the Chinese market

In November 2003, Komatsu Zenoah completed the construction of a new plant for its subsidiary Komatsu Zenoah (Changzhou) Construction Machinery Co., Ltd. Since its establishment in 1999, this subsidiary has engaged in assembly and sales of outdoor power equipment, such as brushcutters and chainsaws. By expanding Chinese production with this new additional plant, Komatsu Zenoah will provide high-quality, cost-competitive products in not only China but also Japan and Europe.

Similarly, Komatsu Forklift established Komatsu Forklift (Shanghai) Co., Ltd., in October 2003, and Komatsu Industries, Komatsu Industries (Shanghai) Ltd., in January of this year, to reinforce their sales and service capabilities in China.

### LEO-NXT forklift trucks receives award by the Minister of Economy, Trade and Industry of Japan

In July 2003, Komatsu Forklift's LEO-NXT109 series engine-driven forklift truck received the Award of the Minister of Economy, Trade and Industry, the highest award of the 33rd Machine Design Award. Sponsored by The Nikkan Kogyo Shimbun, Japan's leading industrial newspaper, the Machine Design Award evaluates all possible aspects that are expected from industrial goods, including external design, performance, quality, safety, environmental conservation, economy and marketability. Outstanding appraisals were given to the LEO-NXT109 series for its innovation in compactness. It is the size of a 1-ton class vehicle, but offers the performance of a 2-ton class vehicle.



Komatsu Zenoah's G3200EZ chainsaw with a unique mechanism for easy tightening of the saw