

Industrial Machinery Business

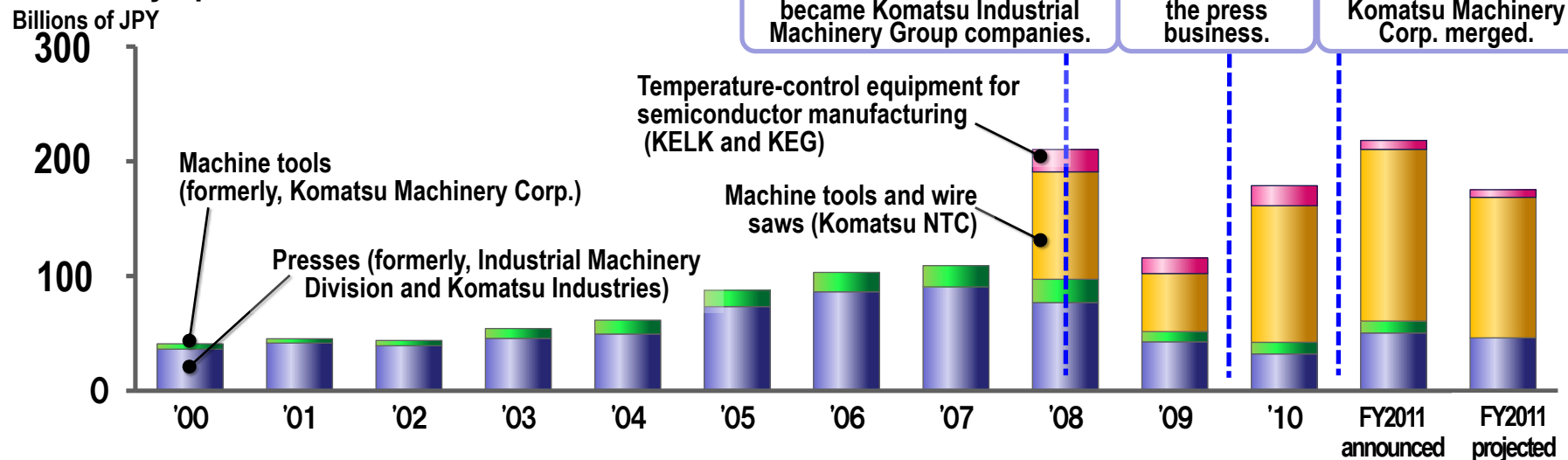
December 12, 2011

Tadashi Okada
Senior Executive Officer,
President of Industrial Machinery Division, Komatsu Ltd.
President, Komatsu Industries Corp.

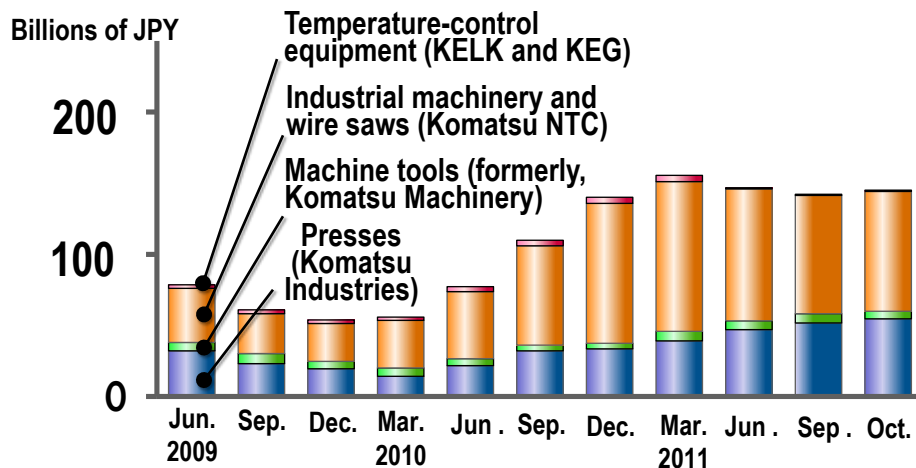
Industrial Machinery Business: Sales

- Presses and machine tools: Sales have increased gradually since 2009 in tandem with increasing demand for automobiles. Backlog orders are also growing.
- Wire saws: Sales have been adversely affected by the credit squeeze measures in China, although sales of backlog orders will be recorded in fiscal 2011 sales. Orders should recover in 2012 or later.

1. Sales by operation

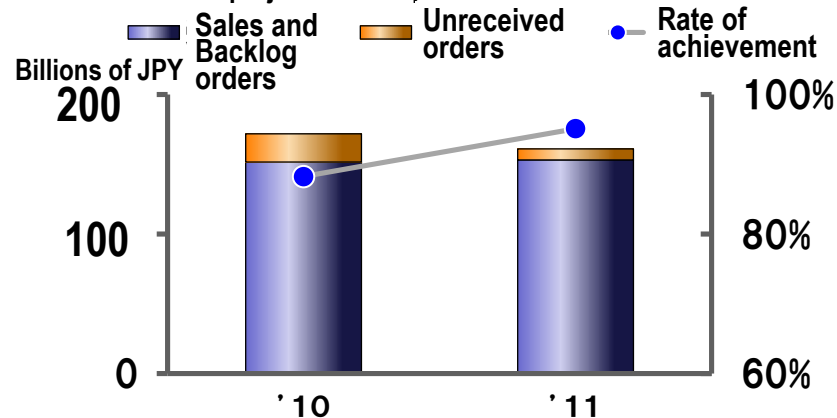


2. Backlog orders



3. Rate of achievement: FY2010 vs. FY2011 (as of October 30)

Note: Rates of achievement for FY2010 and FY2011 have been obtained from sales projections of April 2010 and 2011.



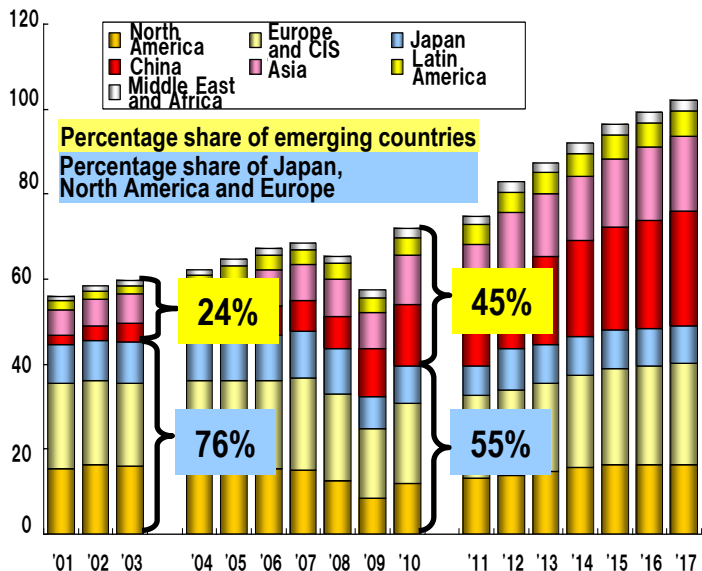
Projected Demand for Presses and Machine Tools

- Global automobile production volume surpassed the pre-Lehman Shock level in 2010, and it should continue to grow into the future. In this light, we anticipate automakers' capital investment will steadily increase.
- Demand for presses is beginning to increase in emerging countries, such as India, China and Brazil, where automobile production is expanding sharply.
- We are looking into replacement demand for industrial machinery for use in machining automobile engines, as new emission control regulations will become effective.

Worldwide automobile production volume

Source: csm worldwide (2011/6/20)
Note: Excluding large trucks and buses

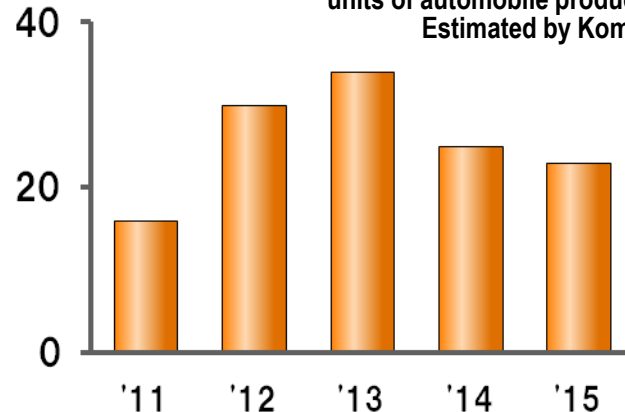
Millions of units



Year-on-year growth rates	Results in 2010	Average rates from 2011 to 2015
Middle East and Africa	18%	3%
Brazil	8%	6%
India	32%	11%
China	32%	10%
Japan	19%	1%
Europe and CIS	16%	4%
N. America	39%	6%
Worldwide total	25%	6%

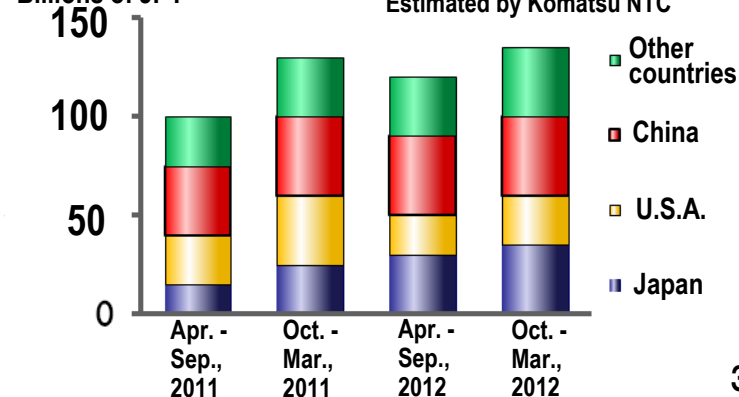
Projected demand for large presses

Lines
New demand: 1 press line per an increase of 100,000 units of automobile production
Estimated by Komatsu



Projected capital investment in machine tools (engine-related machining)

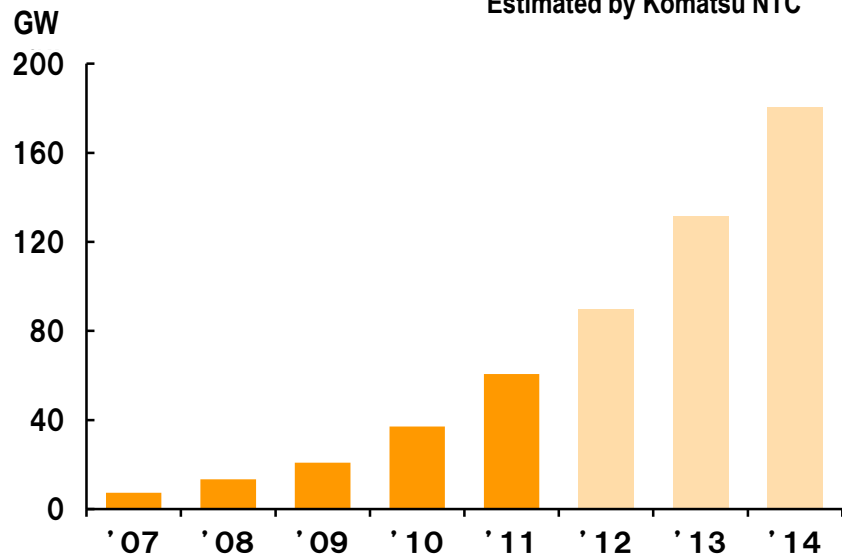
Billions of JPY
Note: Excluding European automakers, Estimated by Komatsu NTC



- We anticipate that demand for solar cells will recover and grow against the background of a sharp increase in demand for solar energy generation.

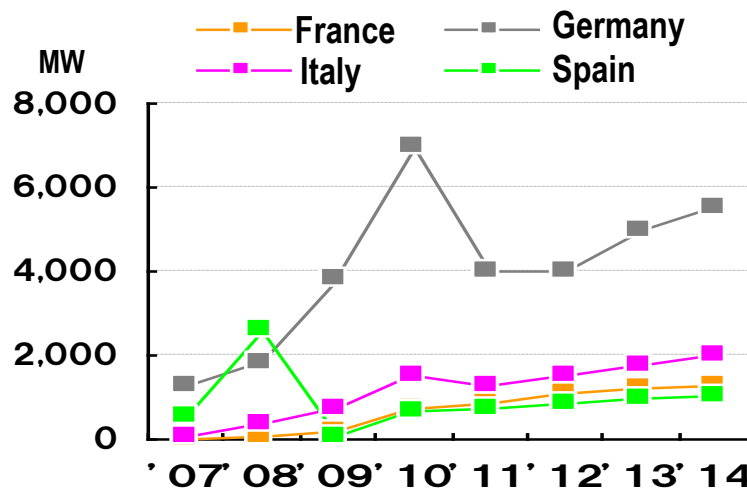
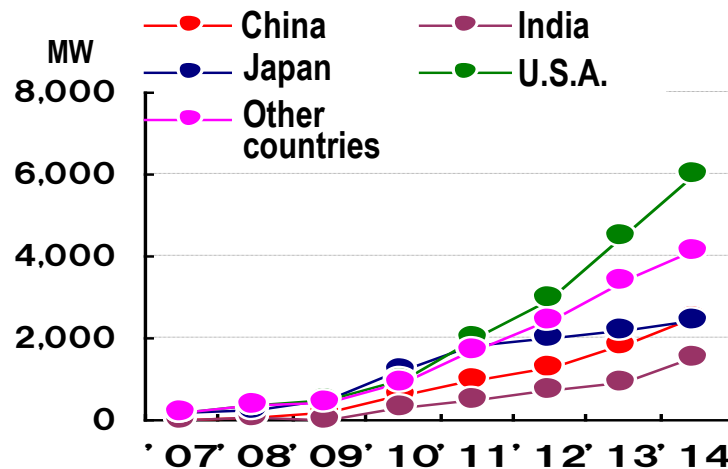
Projected volume of solar energy generation

Estimated by Komatsu NTC



Projected demand for solar cells by country

Source: Global Market Outlook for Photovoltaics until 2014



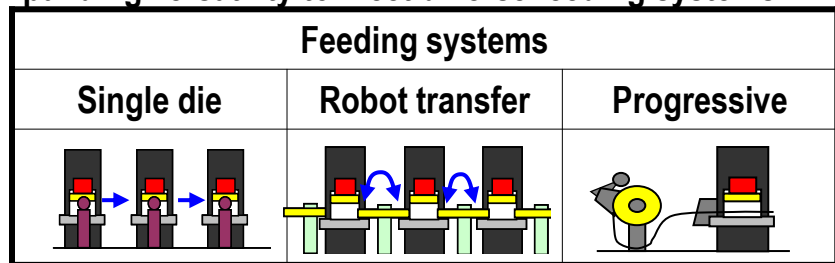
Basic Stance on Business Expansion

- Further reinforce competitiveness of products with a high market position (at least second place).
- Make continuous R&D investment in core products of the future. ➡ Study committee for future industrial machinery

Products	Tasks	Basic stances	Response measures
Presses Medium and large sizes	Design and production of mechanism by specification - Long lead-time - Low SVMs	Involve exclusively in Servo mechanisms and enhance productivity.	- Standardize basic components. - Promote modules for structure.
		Accelerate the pace of Servo application. - Enhance product competitiveness and reduce production costs by means of model change.	Develop a menu-based sales approach. Reduce production costs by simultaneous process engagement. Reduce the number of models and devices.
Small size	Further improvement of mass production efficiency	Introduce the same sales and production planning system as construction equipment.	Promote local production in China.
Industrial machinery Transfer machines, crankshaft millers	- Sales expansion to customers in emerging countries - Promotion of energy-saving and compact machines	Generate synergy from merger of Komatsu NTC and Komatsu Machinery.	Win orders from customer-specific systems by collaborating with a Chinese subsidiary (YNC).
		Offer optimal lines by promoting compact machines.	Develop small machine tools.
Wire saws	Further enhancement of product competitiveness	Develop next-generation machines (ultra-thin slicing of larger-diameter ingots) Introduce products before competitors.	Expand sales of diamond-wire saws. Improve profitability of flagship models. Research applications to new areas.
	Applications to other industries. Promotion of wear-out parts business	Develop wear-out parts markets.	Develop a business model for re-machining the groove of main rollers.

1. Small AC Servo presses

1) Expanding versatility to meet diverse feeding systems



2) Reducing the number of models and devices

Number of models:

41 (mechanical and old Servo presses) ➔ 7 (new Servo presses)

Number of devices:

171 (mechanical and old Servo presses) ➔ 68 (new Servo presses)

2. Medium and Large Presses

1) Standardizing basic components

By combining basic components of 400-ton to 3000-ton presses, we are reducing the model range: 66 ➔ 17.

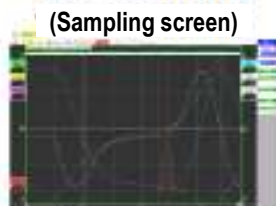
Components		Standardization
Final drive		High speed : 4 ranges Slow speed : 5 ranges
Die cushion		2 ranges
Servo motor		4 ranges

3. Added values by means of ICT

1) System for "visualization"

Displaying the forming load and slide position on the control panel monitor.

- ➔ Easy to set optimal motion conditions according to products
- ➔ Easy to adjust dies when changing them
- ➔ Capable for high-precision machining



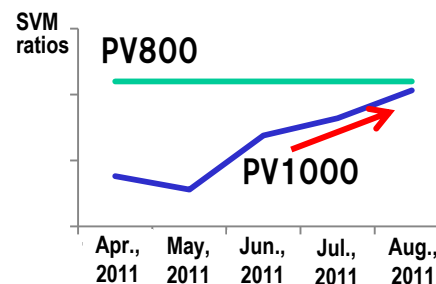
2) Industrial Machinery KOMTRAX

Making operating and maintenance conditions "visible"

- ➔ Expand parts and service businesses by supporting customers' production.

4. Wire saws

1) Improvement of profitability of flagship models



Design changes

- Reduced number of parts
- Reassessed equipment in use

Reduced man-hour for assembly

Reduced man-hour for machining

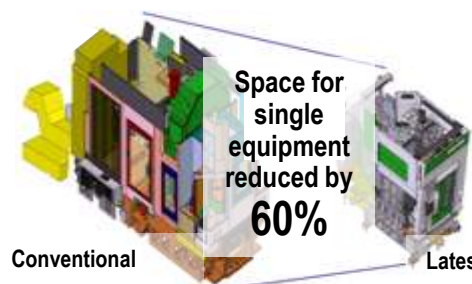
2) Next-generation flagship diamond wire saw



Slicing by diamond wire

5. Machine tools

Synergy from combined machine tool business



Proposal of mini lines with small machines

Space and energy-saving (Efficient use of existing space)

1. Local production in China

Press and sheet-metal machines

Operation:

- Oct. 2011: Began production of small and medium-sized presses at KCCM.
- Apr. 2011: Began production of plasma cutting machines at the Chinese plant of a supplier.
- Considering local production of large presses.

Machine tools and wire saws

- Collaborating with YNC (Chinese subsidiary of Komatsu NTC) in the areas of producing machining lines for automobile engines and expanding orders for them.

2. Sales and service

Press and sheet-metal machines



Specific measures:

Japanese market

- Proposal activities for the improvement of productivity in product lifecycle.
- Expansion of the parts business by means of Industrial Machinery KOMTRAX

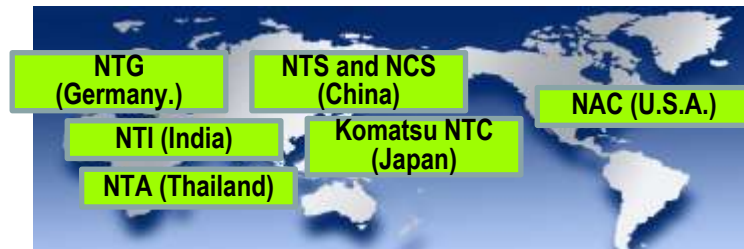
Chinese and other Asian markets

- Increase in the number of service engineers and introduction of Japanese business models.
- Chinese-version KOMTRAX: Introducing Jan. 2012

North American market

- Preventive maintenance activities for large presses.

Machine tools and wire saws



Specific measures:

- Full-turn key proposals for automobile production lines.
- Addition of service bases in China, India, Mexico and Brazil.
- Reinforcement of maintenance service for wire saws.