

Product Support Business

December 12, 2011

Hidetaka Kita

Executive Officer,

President of Product Support Division,

Construction & Mining Equipment Marketing Division, Komatsu Ltd.

- Never stop machines.
- Further strengthen operations as a source of stable income.

Mid-range action policies

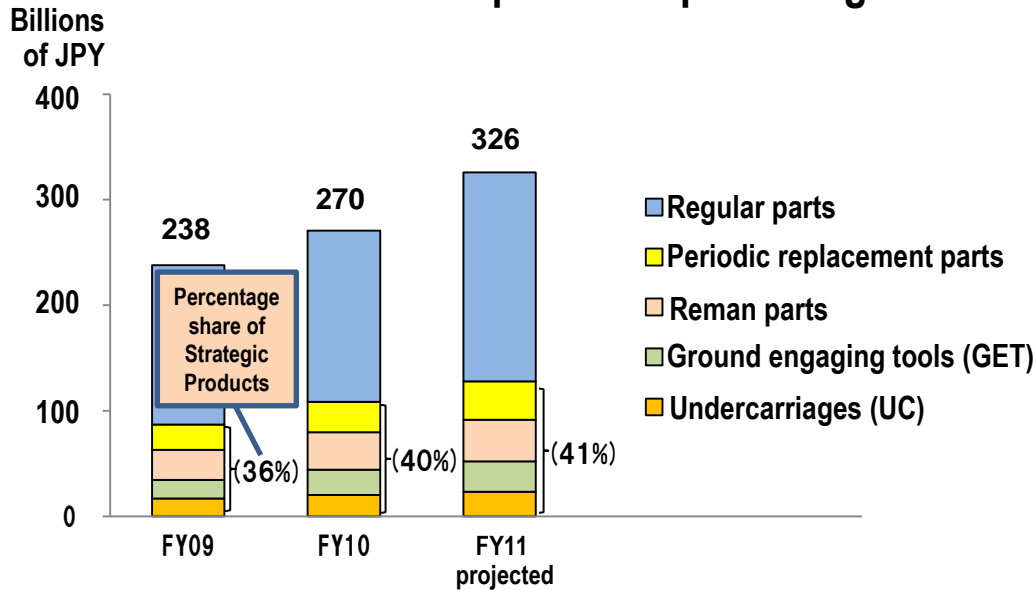
1. Establish DANTOTSU competitive position with product support and after-sales capabilities, including those of distributors. (Reinforcement of the business foundation)
2. Improve the precision of demand projection for parts and Reman components in order to maximize business with minimum inventories.
3. Promote “visualization” by utilizing ICT and take up the challenge of evolving operations and product support business model.



Mid-range tasks	
I.	Strengthen parts supply operation.
II.	Establish Reman operation. (global Reman operation)
III.	Develop wear-out parts, broaden their lineups and expand their sales. (UC, GET and periodic replacement parts) GET:Ground Engaging Tool UC:UnderCarriage
IV.	Reinforce distributors' operation and engage in continuous human resource development.
V.	Strengthen support for mining equipment.

Parts Business

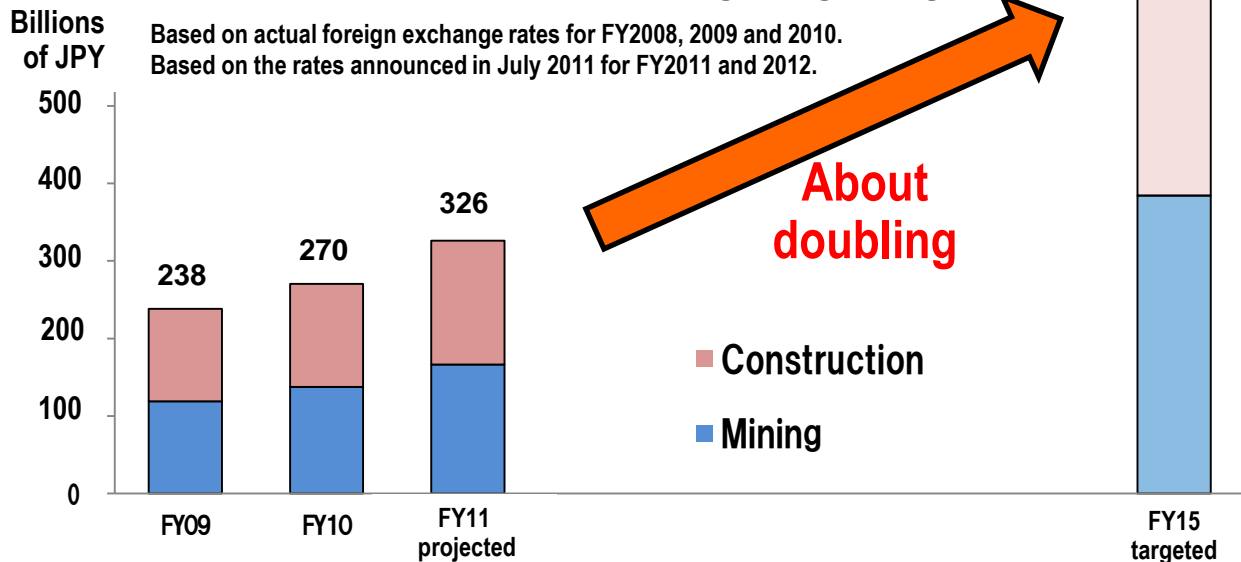
Consolidated sales of parts and percentage share of "Strategic Products"



"Strategic Products" of Parts Business

- In FY2010, we achieved our target of 40% share ahead of plan with sales of Strategic Products, i.e., UC, GET, Reman and periodic replacement parts, in total sales of parts.
- We are working to further expand their sales.

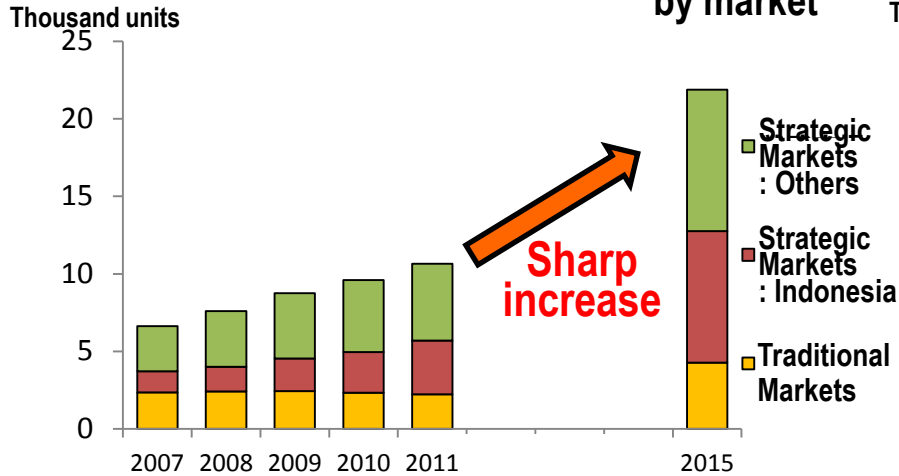
Consolidated sales of parts: a long-range target



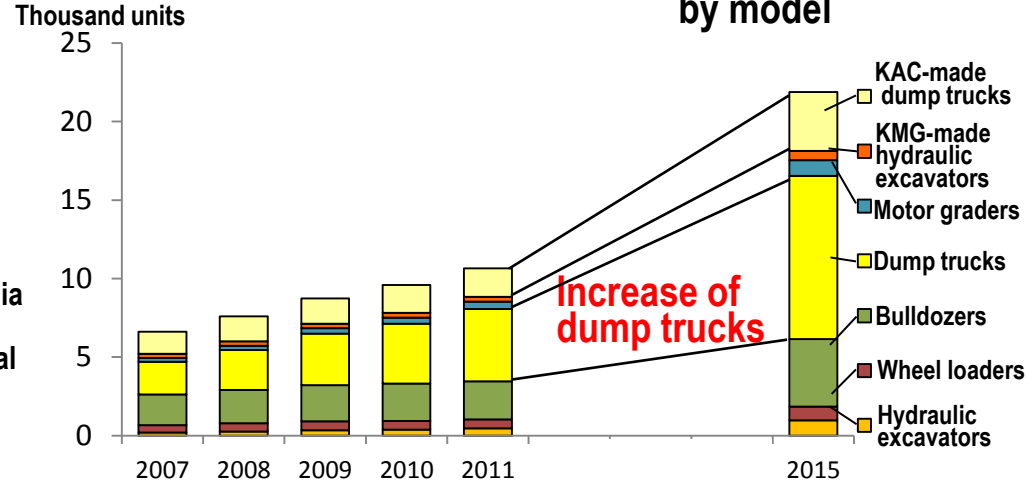
Target for FY2015:
About twice as much as
 FY2011 sales
 (See next page for projected demand.)

Based on actual foreign exchange rates for FY2008, 2009 and 2010.
 Based on the rates announced in July 2011 for FY2011 and 2012.

1. Number of units in operation for 10-year lifetime by market



2. Number of units in operation for 10-year lifetime by model



<Anticipated Changes in Market Environment>

2011 vs. 2015

- Increase in the delivery in Strategic Markets
 - Increase in Indonesia
 - Increase in other Strategic markets: India, CIS, etc.

<Anticipated Changes in Delivered Equipment by Model>

2011 vs. 2015

- Increase in the delivery of dump trucks
- Increase in the delivery of electric dump trucks
- Increase in the percentage shares of both mechanical and electric dump trucks

Anticipated changes in market environment

Parts categories

Items of anticipated intensifying competition

Intensifying competition with parts makers for super-large models

Wear-out parts

UC,GET

Competitors' entry into the repair parts market

Functional parts

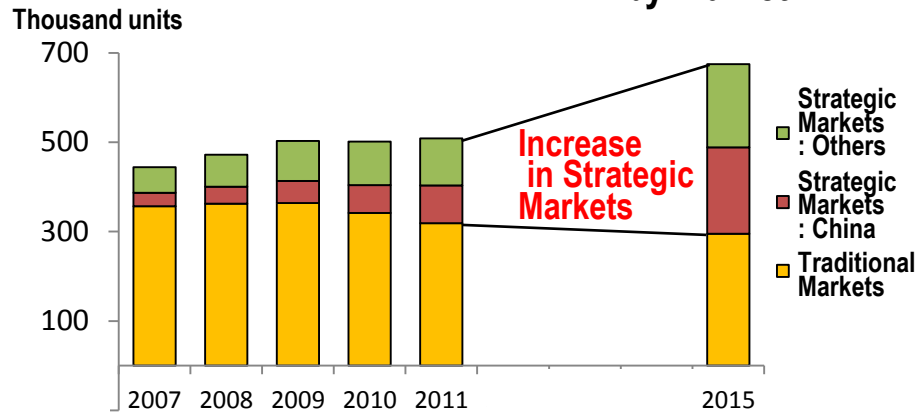
Motors, cylinders, gears, etc.

Competitors' entry into the maintenance parts market

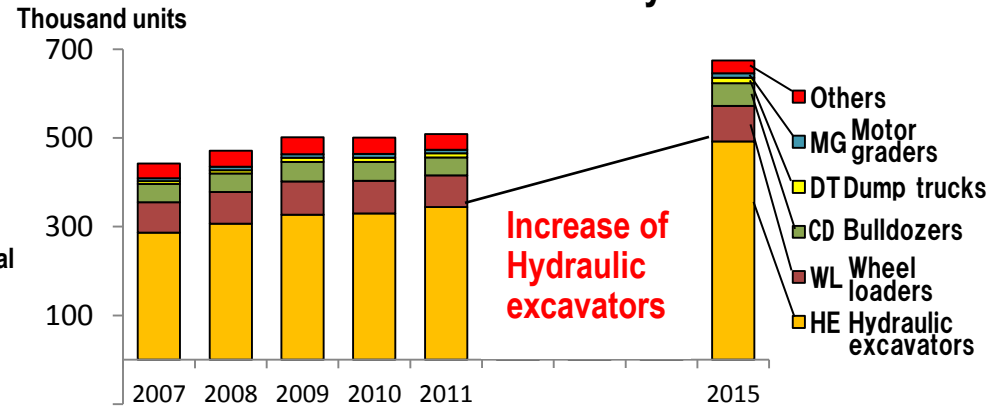
Periodic replacement parts

Maintenance parts

1. Number of units in operation for 10-year lifetime by market



2. Number of units in operation for 10-year lifetime by model



<Anticipated Changes in Market Environment>

2011 vs. 2015

- 1) Decrease in the delivery in Traditional Markets
- 2) Increase in the delivery in Strategic Markets
 - Sharp increase in China
 - Increase in Indonesia, India, Asia, CIS and other markets as well

<Anticipated Changes in Delivered Equipment by Model>

2011 vs. 2015

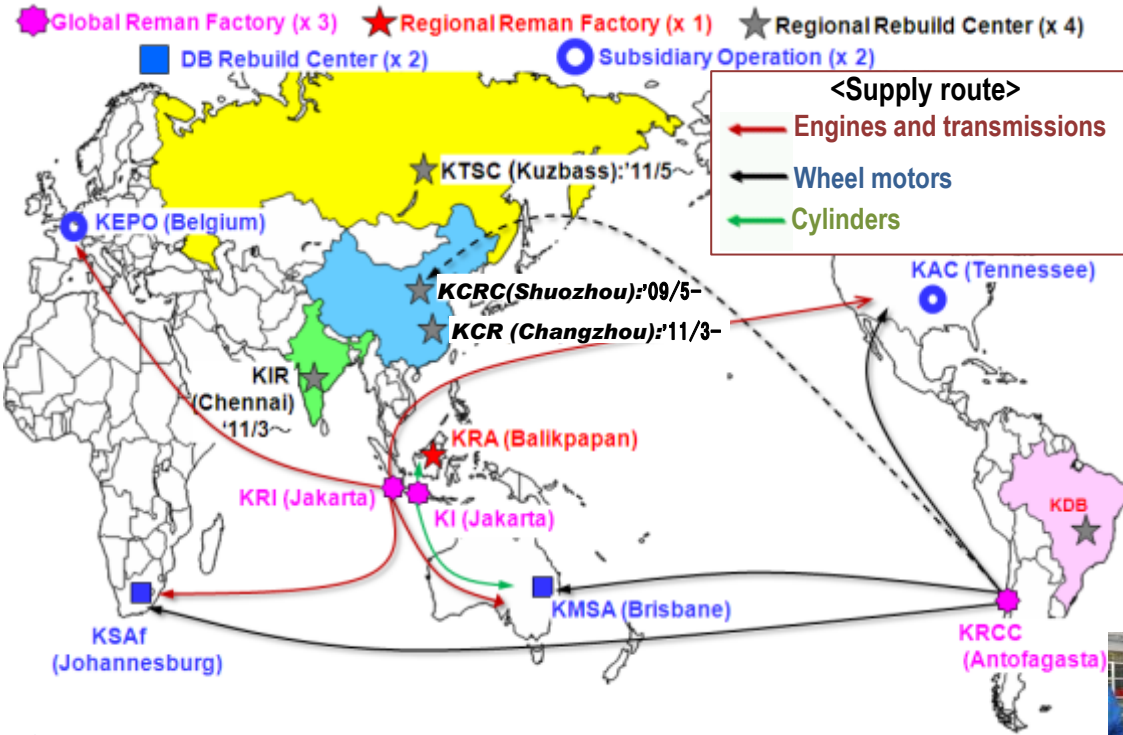
- 1) Increase of hydraulic excavators
- 2) Increase in the percentage share of hydraulic excavators
- 3) Sharp increase of 30 to 40-ton class hydraulic excavators
- 4) Continuing increase of 20-ton class hydraulic excavators

Anticipated changes in market environment	Parts categories	Items of intensifying competition
Competitor s' (parts makers) entry into 30 to 40 ton class Hydraulic excavator(H/E) market as well	Wear-out parts	UC, GET and filters
Competing as well as third-party products are emerging for our electronic parts for 20-ton class H/E market. → Their entry into electronic parts for 30 to 40 ton class H/E market.	Functional parts	Controllers, seals, engines, internal parts of hydraulic components
Expanding demand for attachments against the background of urbanization		Attachments such as breakers and crushers

Basic Policies

1. Komatsu remanufactures components of large equipment for mining applications exclusively in Indonesia and Chile.
2. Distributors rebuild parts using global Reman components and sub-components supplied by Komatsu.
3. Komatsu opens rebuild centers and expands their operations to Reman in emerging countries (regions without rental and used equipment business). (China, CIS, India and Brazil)

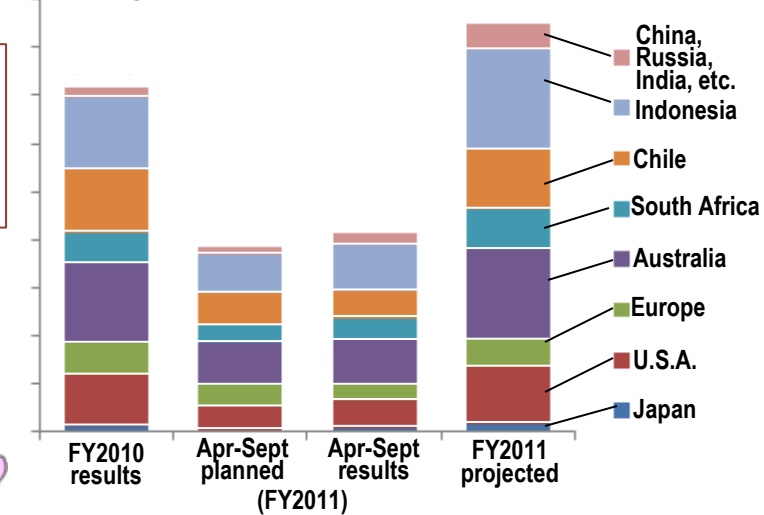
1. Global supply network



★ Regional rebuild centers

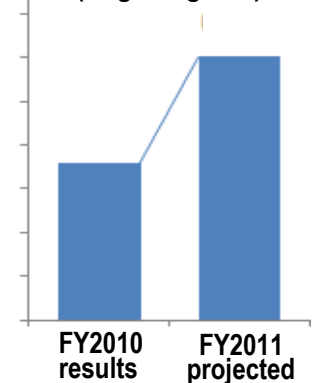
Rebuild centers	★ KIR	★ KCRC	★ KCR	★ KTSC
Components	Engine	Engine, P/L, W/M	Engine, Sub-Compo	Engine, P/L, PPM
Operation	2011/3~	2009/5~	2011/3~	2011/5~

2. Sales of Reman components (mining and construction equipment)



KTSC Rebuild Center

Expansion of Reman volume (large engines)



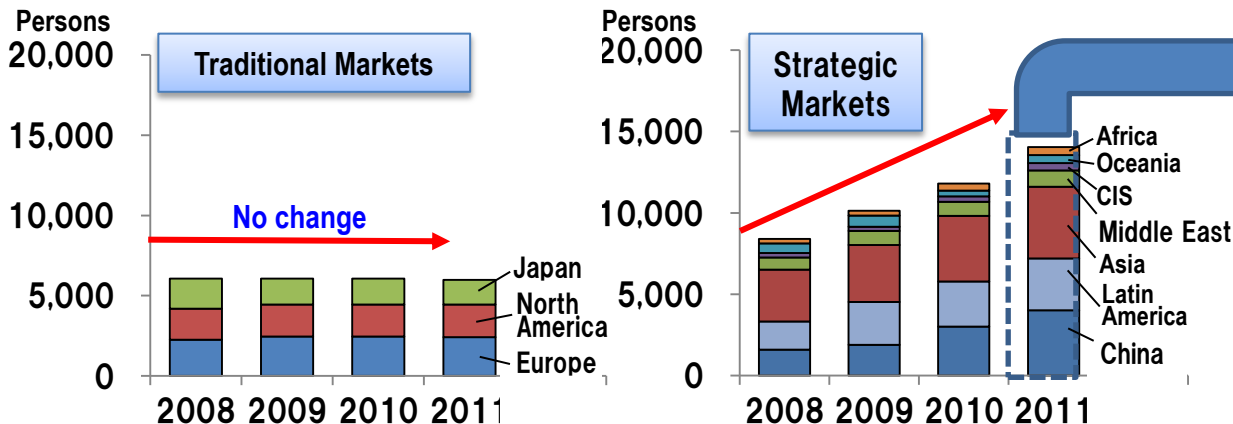
Service

Delivered equipment by region and allocation of mechanics: 2008 to 2011

Number of mechanics increased in tandem with a sharp increase of delivered equipment (esp. in Strategic Markets).

Strategic Markets: mechanics' years of experience

50% represents those with fewer than 3 years of experience



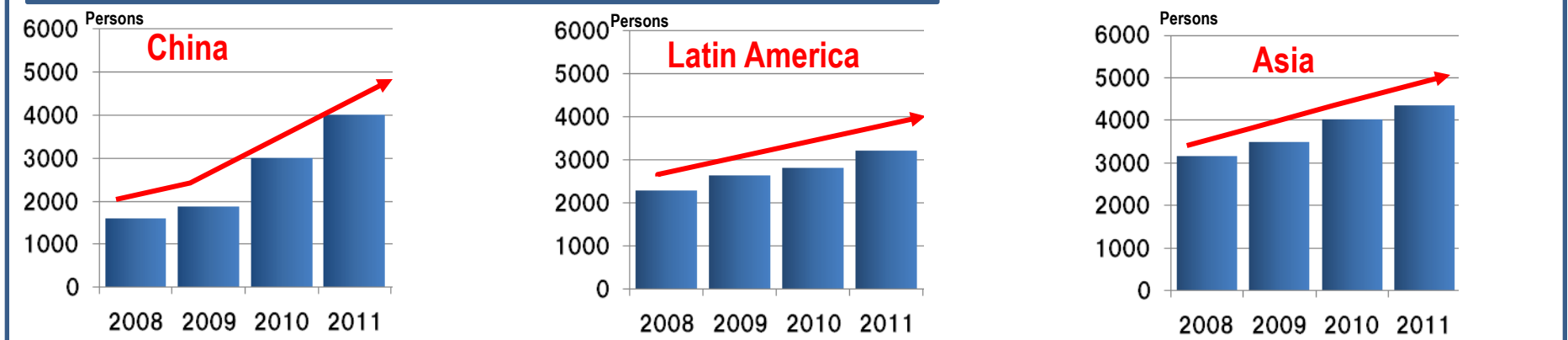
1. Reinforcement and level enhancement of human resource development in Strategic Markets

- Extension of direct support to Strategic Markets
- Expansion of service support centers (25 → 29 centers)

2. Making human resource development "visible"

- Training and management of ready-for-work mechanics by means of LMS (Learning Management System)

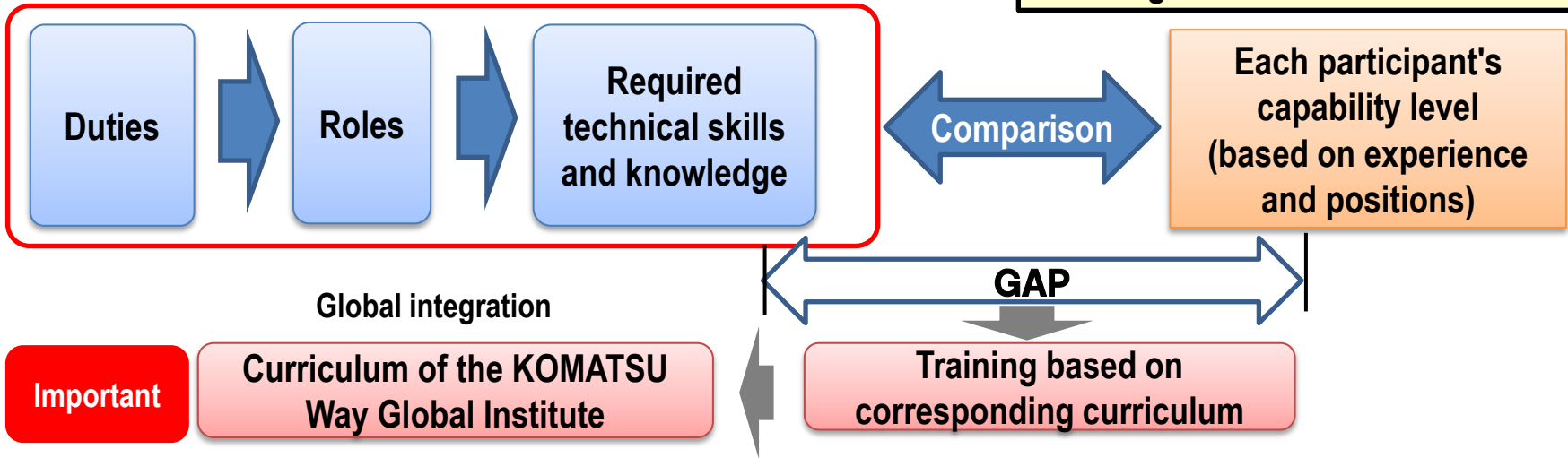
Areas of particularly strong growth in Strategic Markets



Training and management of ready-for-work mechanics and making these process "visible"

-Human resource development and management by role of distributor service

On the LMS platform, we train and manage all participants based on a map of matrix each for "roles, technical skills and knowledge one must have" and "training curriculum."



We will achieve both reinforcement of human resource development and management of resources through LMS.

<Objectives>

- To achieve human resource development based on standard **training paths**. = Benchmark for human resource development
- Implement and manage LMS, the common training system for all regions** and **make** human resource development by all distributors around the world **"visible"**.

Advantages of using LMS

- Making distributors' human resource development "visible" by means of Web system.
- Distributors: in-house management
 - Overseas subsidiaries: management of individual distributors
 - KLTD: elaboration of global human resource development strategies

Development of service engineers for mining equipment

- Need to meet a sharp increase in full-time service engineers in residence in Strategic Markets
- Need for generation change of full-time service engineers in residence

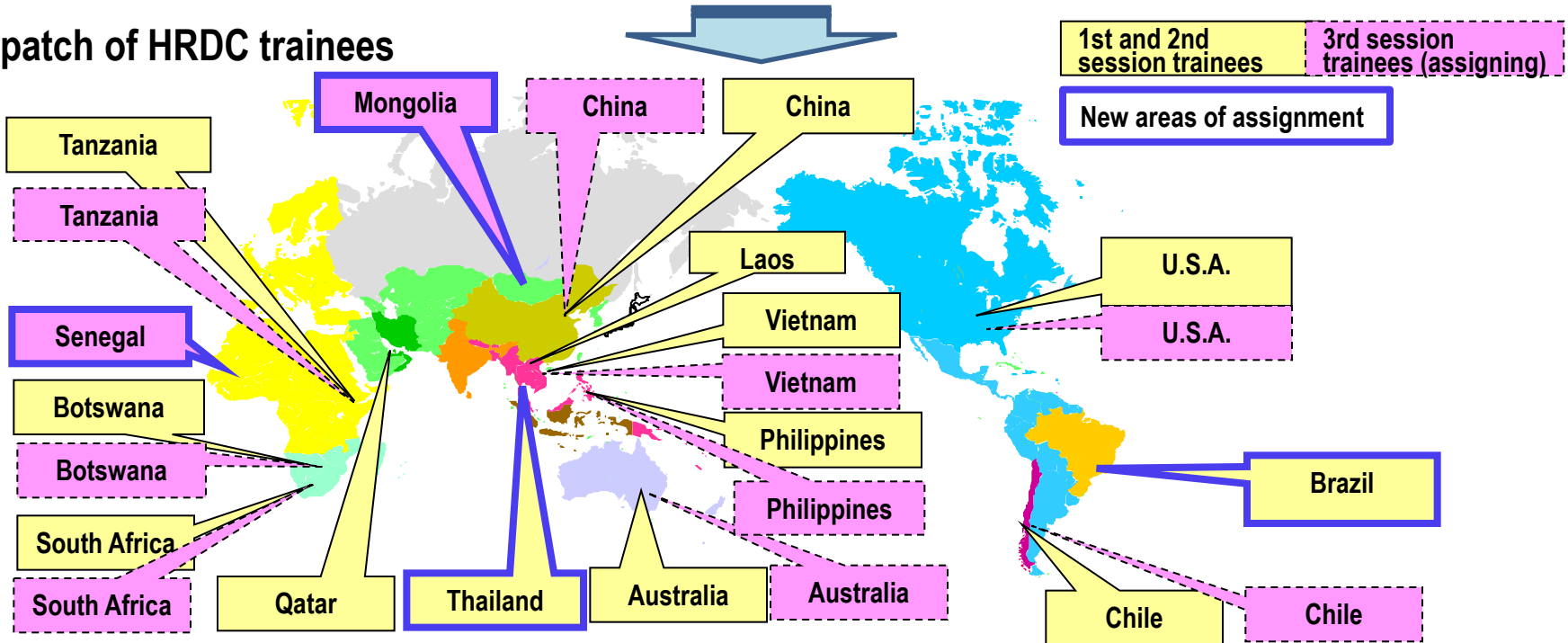


Need to improve the technical level of service engineers

Developing Filipino service specialists at Komatsu HRDC

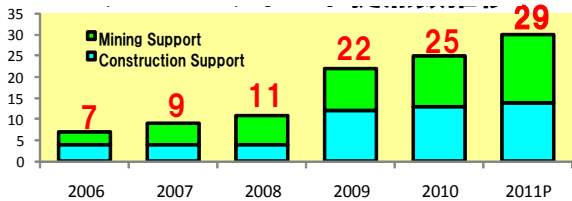
	2008	2009	2010	2011	2012	2013	2014	Notes
1st session	Began in Nov.	HRDC	Jobsite OJT	Jobsite OJT	Jobsite OJT			
2nd session		Began in Nov.	HRDC	Jobsite OJT	Jobsite OJT	Jobsite OJT		
3rd session			Began in Nov.	HRDC	'12/Jan- Jobsite OJT	Jobsite OJT	Jobsite OJT	

Dispatch of HRDC trainees



We have been establishing service support centers(SSC) to reinforce jobsite capabilities and accelerate the speed of feeding back market information in Strategic Markets.

No. of service support centers



- 1) SSC support distributors from inside (esp. high-quality support activities)
- 2) We dispatch at least one Japanese service engineer and offer OJT especially to one counterpart chosen by each distributor.
- 3) In the areas where we have our subsidiaries, we ask distributors take the leadership in daily operations; SSC exclusively support local distributors under the name of "Service branch."
In the areas where we have no subsidiaries, SSC function as subsidiaries to instruct local distributors.



Kuzbass SSC

