

# Business Results for the Three and Nine Months ended December 31, 2011

January 31, 2012

Business Coordination Department  
Komatsu Ltd.

# 1. Results for the Three Months ended December 31, 2011

## Sales and Profits for Three Months (October - December, 2011)

- Both sales and profits of the construction, mining and utility equipment business increased from the previous 3<sup>rd</sup> quarter a year ago by compensating for the adverse effects of Japanese yen's appreciation and declined sales in China primarily by expanded sales in other regions and of mining equipment and parts.
- Both sales and profits of the industrial machinery and others business decreased from the previous 3<sup>rd</sup> quarter due to a sharp drop in sales of wire saws.
- Consolidated net sales grew by 4.6% to ¥462.6 billion, but operating income was ¥58.8 billion, remaining flat from the previous 3<sup>rd</sup> quarter.

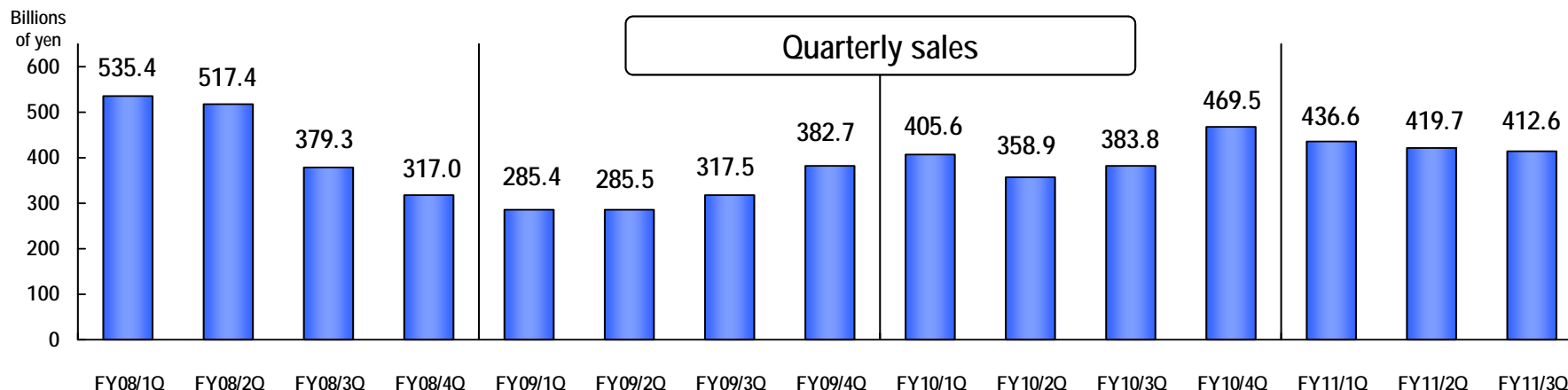
Billions of yen [ ]: Profit ratio [ ]: Sales after elimination of inter-segment transactions	Oct.-Dec., 2010 1USD = 82 yen 1EUR = 110 yen 1RMB = 12.4 yen	Oct.-Dec., 2011 1USD = 78 yen 1ERU = 105 yen 1RMB = 12.3 yen	Increase (decrease)	Change %
Net sales	442.2	462.6	20.4	4.6 %
Construction, Mining & Utility Equipment	[383.2] 383.8	[411.4] 412.6	[28.1] 28.7	[7.3 %] 7.5 %
Industrial Machinery & Others	[58.9] 61.2	[51.2] 53.0	[(7.7)] (8.1)	[(13.1) %] (13.4) %
Elimination	(2.9)	(3.0)	(0.1)	-
Segment profit	[13.6 %] 59.9	[12.7 %] 58.8	(1.0)	(1.7) %
Construction, Mining & Utility Equipment	[14.1 %] 54.0	[14.3 %] 58.8	4.7	8.7 %
Industrial Machinery & Others	[11.9 %] 7.2	[3.0 %] 1.5	(5.6)	(78.1) %
Corporate & elimination	(1.4)	(1.5)	(0)	-
Other operating income (expenses)	*1 (1.1)	0	1.0	-
Operating income	[13.3 %] 58.8	[12.7 %] 58.8	0	0.1 %
Other operating income (expenses)	(0)	(3.4)	(3.3)	-
Net income before income taxes	58.7	55.4	(3.3)	(5.7) %
Net income *2	36.8	34.7	(2.1)	(5.9) %

\*1 Including structural reform expenses of 0.5 billion yen.

\*2 Upon adoption of ASC 810, "Net income" is equivalent to "Net income attributable to Komatsu Ltd."

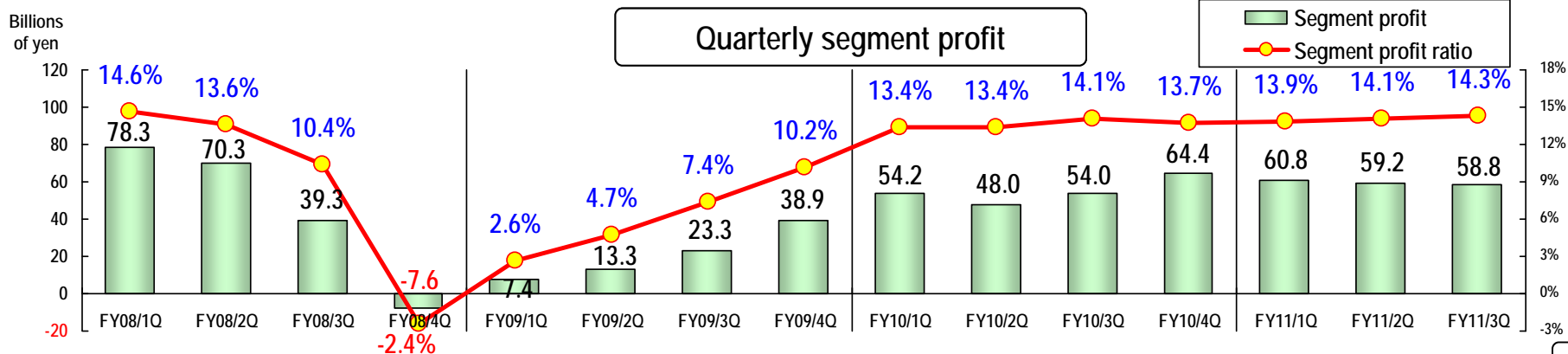
## Construction, Mining & Utility Equipment: Quarterly Sales and Segment Profit

- Sales of the construction, mining and utility equipment business decreased from the 2<sup>nd</sup> quarter due to declined sales in China, while segment profit ratio continuously improved to 14.3% mainly through increased selling prices.



Exchange rates

	08/1Q	08/2Q	08/3Q	08/4Q	09/1Q	09/2Q	09/3Q	09/4Q	10/1Q	10/2Q	10/3Q	10/4Q	11/1Q	11/2Q	11/3Q
1USD	105yen	107yen	95yen	95yen	97yen	93yen	90yen	91yen	91yen	85yen	82yen	82yen	81yen	77yen	78yen
1EUR	165yen	159yen	126yen	123yen	133yen	133yen	133yen	124yen	115yen	111yen	110yen	114yen	118yen	109yen	105yen
1RMB	15.2yen	15.7yen	13.9yen	13.9yen	14.2yen	13.6yen	13.2yen	13.3yen	13.4yen	12.6yen	12.4yen	12.5yen	12.5yen	12.1yen	12.3yen



## Construction, Mining &amp; Utility Equipment: Breakdown of Sales for Three Months (October - December, 2011)

-Sales increased from the previous 3<sup>rd</sup> quarter a year ago by compensating for declined sales in China by expanded sales in other Strategic markets and Traditional Markets.

## Construction, Mining and Utility Equipment: Sales to outside customers by region

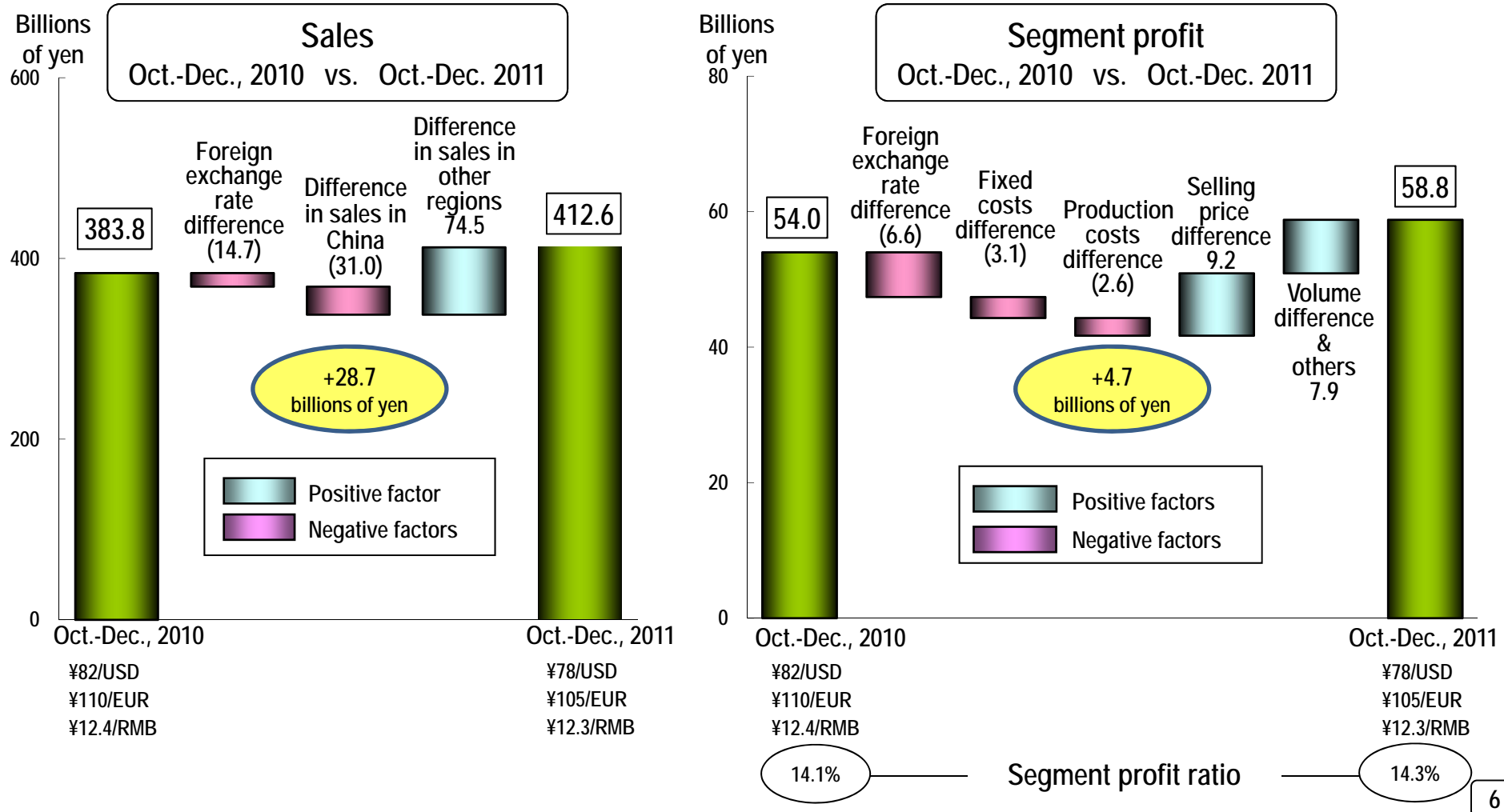
Billions of yen

		Oct. – Dec., 2010 1USD = 82 yen 1EUR = 110 yen 1RMB = 12.4 yen	Oct. – Dec., 2011 1USD = 78 yen 1EUR = 105 yen 1RMB = 12.3 yen	vs. Oct. – Dec., 2010	
				Increase (decrease)	Change %
Traditional Markets	Japan	69.6	78.0	8.4	12.2 %
	North America	48.6	55.2	6.5	13.5 %
	Europe	24.3	29.1	4.8	19.9 %
Strategic Markets	Latin America	42.7	48.9	6.2	14.5 %
	CIS	16.7	18.5	1.8	10.8 %
	China	67.2	35.5	(31.7)	(47.1) %
	Asia	60.2	79.4	19.1	31.8 %
	Oceania	28.9	38.5	9.6	33.2 %
	Middle East	6.6	7.2	0.6	9.2 %
	Africa	17.9	20.5	2.5	14.4 %
Total		383.2	411.4	28.1	7.3 %

## Construction, Mining & Utility Equipment: Causes for Difference in Sales and Segment Profit

- Sales increased by ¥28.7 billion from the previous 3<sup>rd</sup> quarter a year ago. Negative factors of the Japanese yen's appreciation and reduced sales in China were compensated for by expanded sales in other regions and of mining equipment and parts.

- Segment profit increased by ¥4.7 billion from the previous 3<sup>rd</sup> quarter. Negative factors of the Japanese yen's appreciation, increased fixed costs and steel prices were compensated for by improved selling prices and expanded volume of sales. Segment profit ratio improved to 14.3%.



## 2. Results for the Nine Months ended December 31, 2011

## Sales and Profits for Nine Months (April - December, 2011)

- Both consolidated net sales and profits increased from the previous 9-month period a year ago by compensating for the adverse effects of the Japanese yen's appreciation and reduced sales in China by expanded sales in other regions and of mining equipment and parts.
- Profitability of both construction, mining and utility equipment and industrial machinery and others businesses improved. Operating income ratio increased to 13.2%.

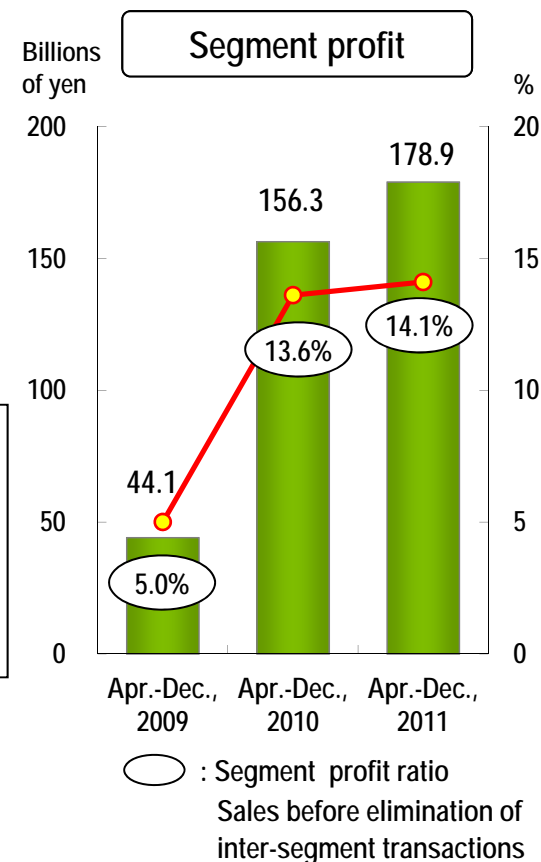
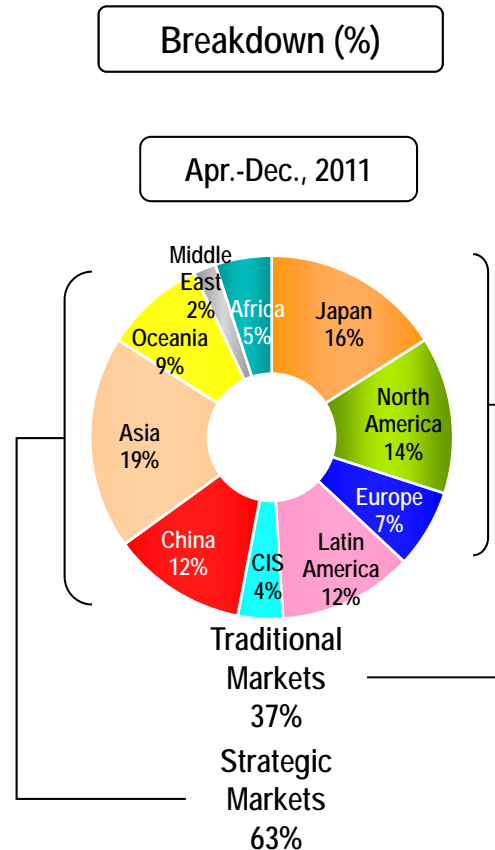
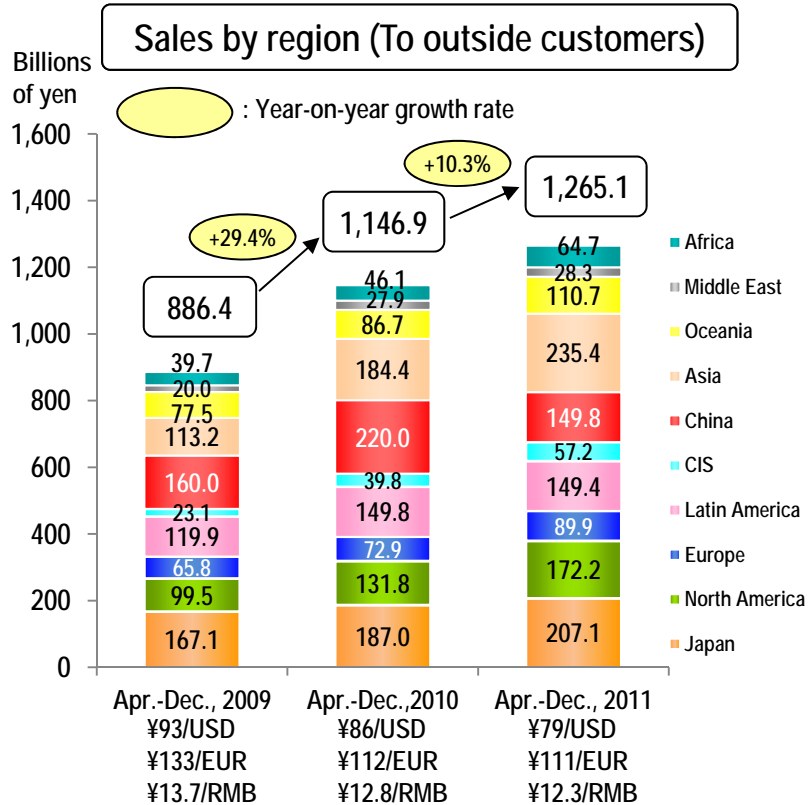
Billions of yen [ ]: Sales after elimination of inter-segment transactions	Apr.-Dec., 2010 1USD = 86 yen 1EUR = 112 yen 1RMB = 12.8 yen	Apr.-Dec., 2011 1USD = 79 yen 1EUR = 111 yen 1RMB = 12.3 yen	Increase (decrease)	Change %
Net sales	1,301.9	1,448.5	146.5	11.3%
Construction, Mining & Utility Equipment	[1,146.9] 1,148.5	[1,265.1] 1,269.0	[118.1] 120.5	[10.3%] 10.5%
Industrial Machinery & Others	[155.0] 162.7	[183.4] 189.4	[28.3] 26.6	[18.3%] 16.4%
Elimination	(9.3)	(9.9)	(0.6)	-
Segment profit	[12.7%] 165.0	[13.2%] 191.6	26.5	16.1%
Construction, Mining & Utility Equipment	[13.6%] 156.3	[14.1%] 178.9	22.5	14.4%
Industrial Machinery & Others	[8.2%] 13.4	[8.8%] 16.7	3.3	24.8%
Corporate & elimination	(4.7)	(4.0)	0.6	-
Other operating income (expenses)	*1 (2.3)	0.1	2.5	-
Operating income	[12.5%] 162.7	[13.2%] 191.8	29.0	17.9%
Other operating income (expenses)	(3.8)	(6.1)	(2.3)	-
Net income before income taxes	158.9	185.6	26.7	16.9%
Net income *2	100.6	129.3	28.7	28.6%

\*1 Including structural reform expenses of 2.7 billion yen.

\*2 Upon adoption of ASC 810, "Net income" is equivalent to "Net income attributable to Komatsu Ltd."

## Construction, Mining & Utility Equipment: Sales by Region and Segment Profit

- Sales increased by 10.3% from the previous 9-month period a year ago with expanded sales in Strategic Markets except for China, as well as in Traditional Markets.
- In spite of a sharp appreciation of the Japanese yen, segment profit ratio improved to 14.1%.

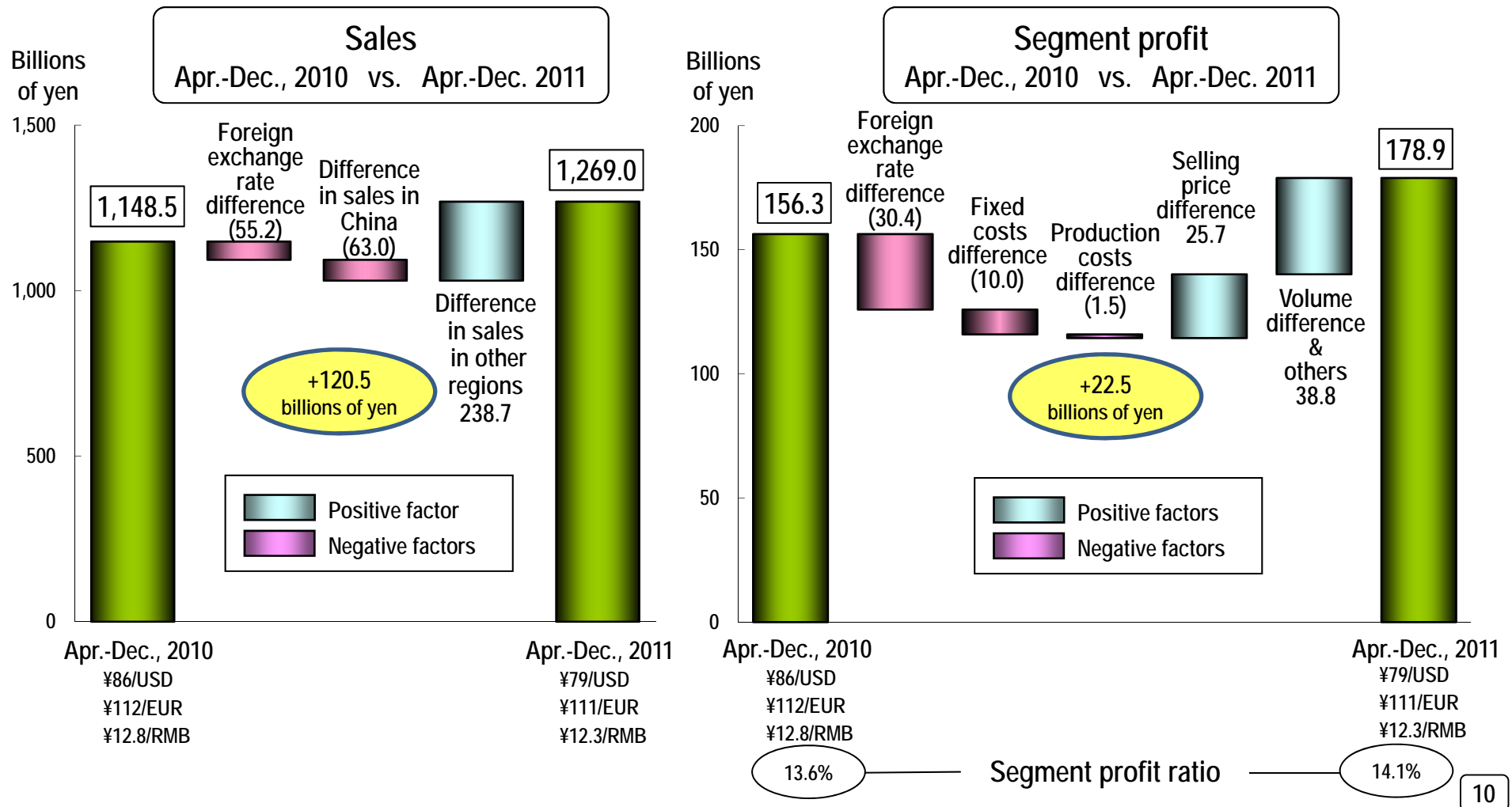


### Rate of growth (year-on-year basis)

%	Japan	North America	Europe	Latin America	CIS	China	Asia	Oceania	Middle East	Africa	Total
Apr.-Dec., 2010	11.9%	32.4%	10.9%	24.9%	72.0%	37.5%	62.8%	11.8%	39.2%	16.2%	29.4%
Apr.-Dec., 2011	10.7%	30.6%	23.3%	(0.3)%	43.5%	(31.9)%	27.7%	27.8%	1.4%	40.2%	10.3%

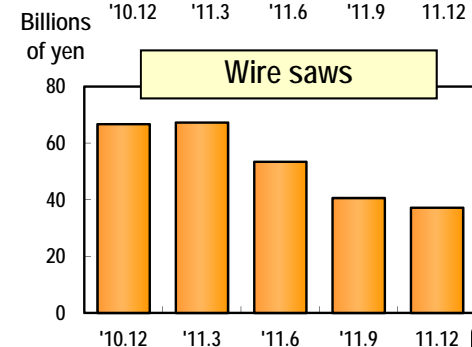
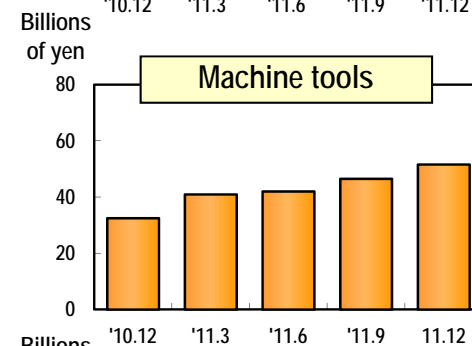
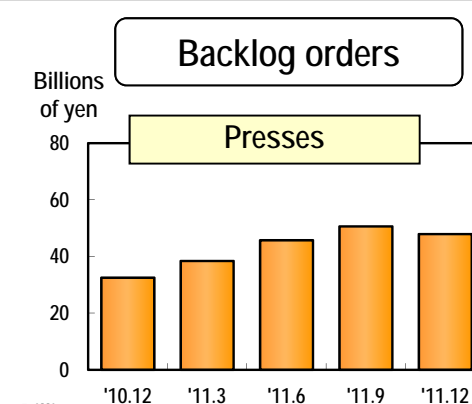
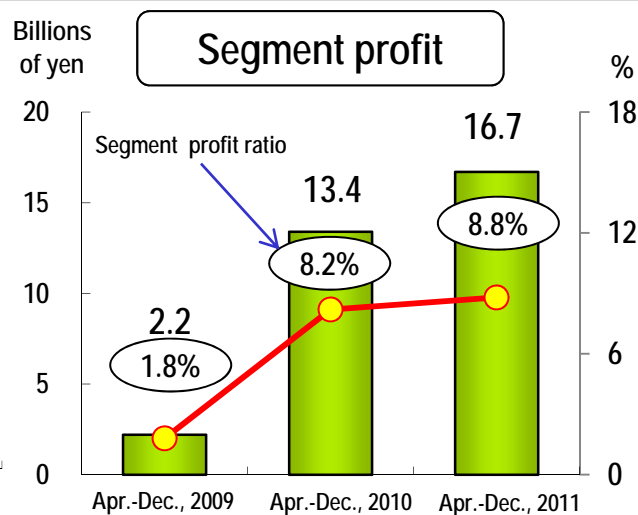
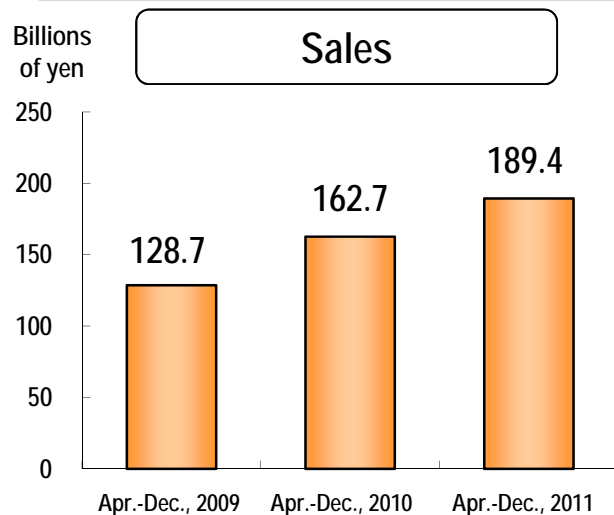
## Construction, Mining & Utility Equipment: Causes for Difference in Sales and Segment Profit

- Sales increased by ¥120.5 billion from the previous 9-month period a year ago. Negative factors of the Japanese yen's appreciation and reduced sales in China were compensated for by expanded sales in other regions and of mining equipment and parts.
- Segment profit improved by ¥22.5 billion yen. Negative factors of the Japanese yen's appreciation, increased fixed costs and steel prices were compensated for by improved selling prices and expanded volume of sales. Segment profit ratio improved to 14.1%.



## Industrial Machinery & Others: Sales and Segment Profit

- Sales and profits increased from the previous 9-month period a year ago with expanded sales of presses, machine tools and prefabricated structures for temporary shelter as well as consolidation of Gigaphoton Inc., while sales of wire saws dropped. Segment profit ratio improved by 0.6 points to 8.8%.
- Backlog orders for wire saws decreased due to a sharp drop in new orders. Orders for presses and machine tools remained firm, and backlog orders at a stable level.



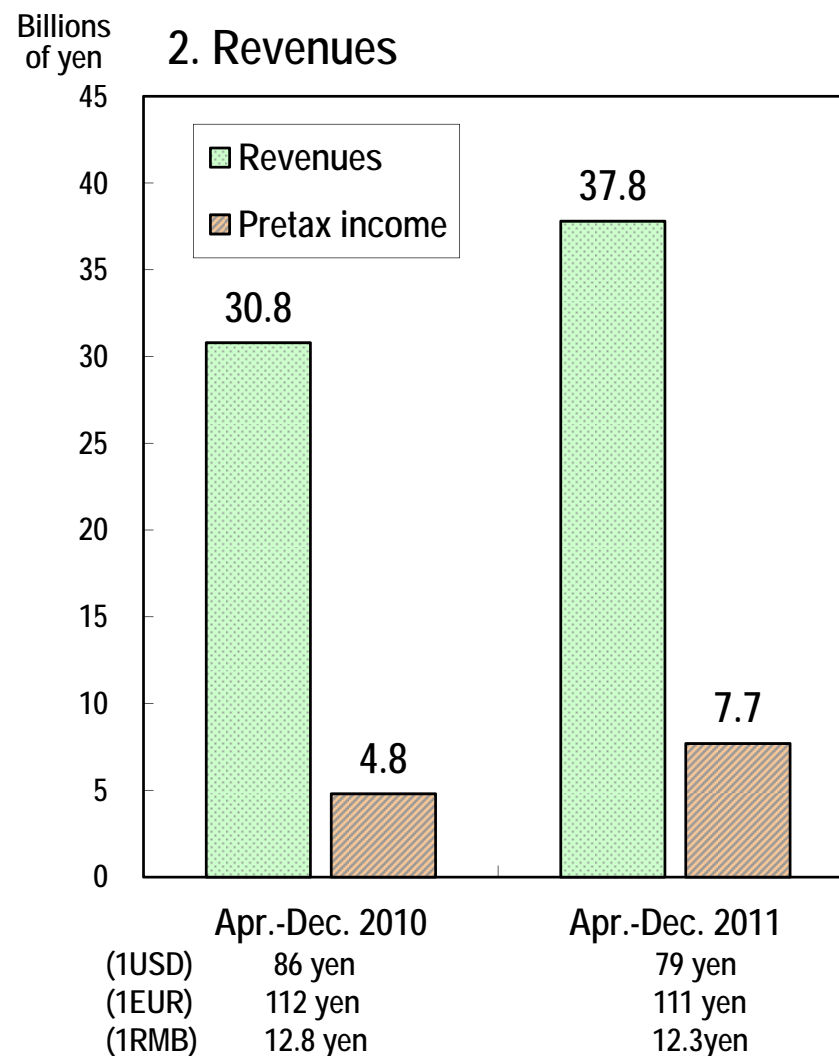
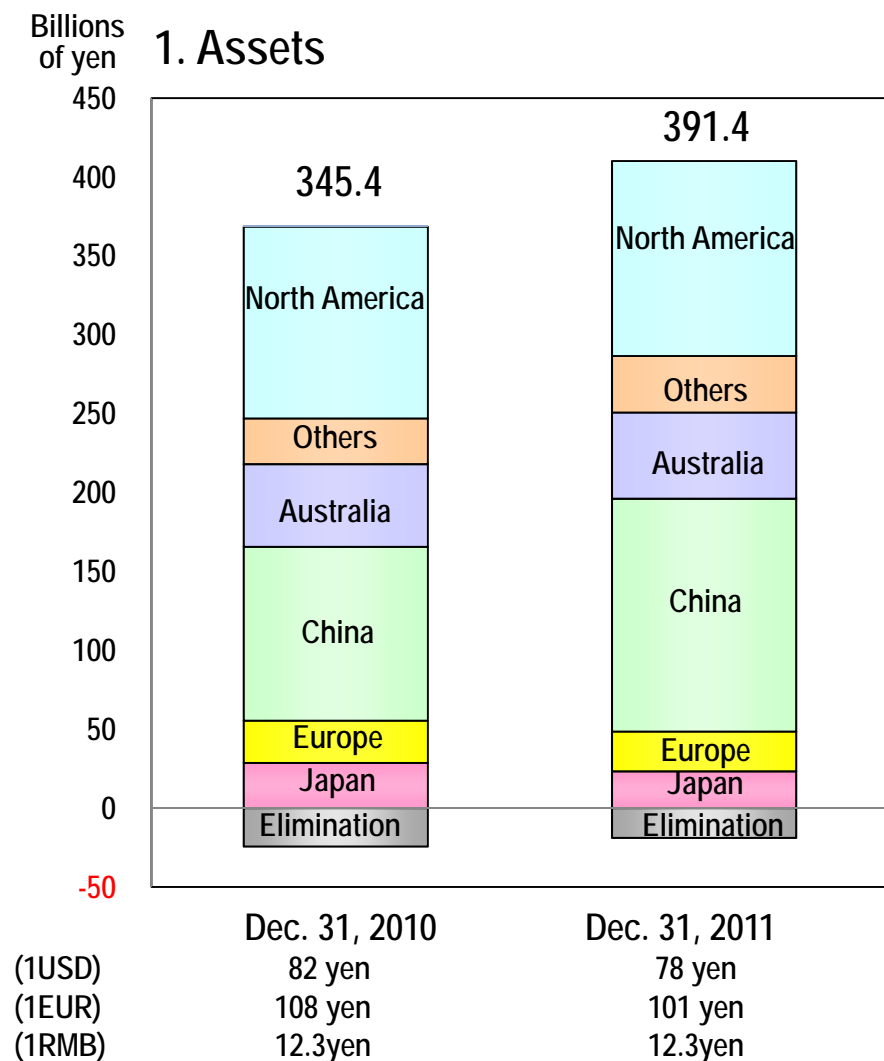
### Breakdown of sales

	Q3(Three-month period)			Q1-Q3(Nine-month period)		
	Oct. - Dec., 2010	Oct. - Dec., 2011	Increase (decrease)	Apr.-Dec., 2010	Apr.-Dec., 2011	Increase (decrease)
Komatsu Industries Corp.	8.6	13.5	4.9	23.4	33.1	9.7
Komatsu NTC Ltd. [wire saws]	35.1 [23.9]	17.8 [3.3]	(17.3) [(20.6)]	86.2 [51.7]	86.4 [43.2]	0.2 [(8.5)]
Gigaphoton, Komatsu House, the Defense Systems Division and others	17.5	21.7	4.2	53.1	69.8	16.7
<b>Total</b>	<b>61.2</b>	<b>53.0</b>	<b>(8.1)</b>	<b>162.7</b>	<b>189.4</b>	<b>26.6</b>

# Retail Finance Business

Expanded assets especially in China. Increased both revenues and pretax income from the previous 9-month period.

## Consolidated retail finance subsidiaries



## Consolidated Balance Sheets

- Total assets increased by ¥79.0 billion from the previous fiscal year-end, to ¥2,228.1 billion, largely due to expanded inventories of mining equipment and spare parts in response to expanded demand.
- Net debt-to-equity ratio increased by 0.11 point to 0.61 as adversely affected by increased interest-bearing debt.

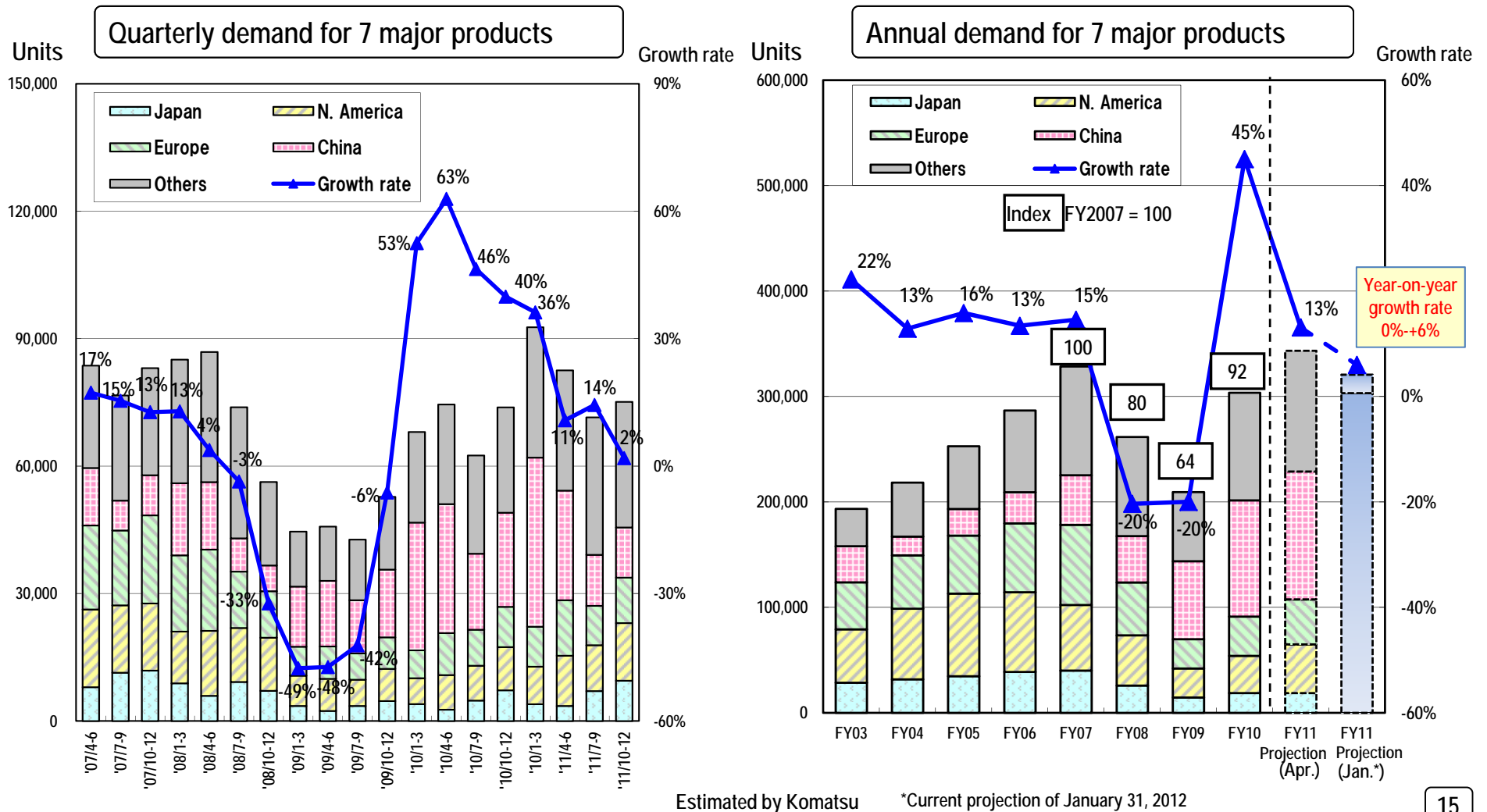
Billions of yen ○ : Net D/E ratio	Mar. 31, 2011 1USD = 83 yen 1EUR = 118 yen 1RMB = 12.7 yen	Dec. 31, 2011 1USD = 78 yen 1EUR = 101 yen 1RMB = 12.3 yen	Increase (decrease)
Cash & deposits (Incl. time deposits) [a]	84.9	104.8	+19.8
Accounts receivable (Incl. long-term trade receivables) <Excl. those of consolidated retail finance subsidiaries>	716.0 <419.3>	672.0 <351.8>	(44.0) <(67.5)>
Inventories	473.8	577.0	103.1
Tangible fixed assets	508.3	520.5	12.1
Other assets	365.8	353.7	(12.1)
<b>Total assets</b>	<b>2,149.1</b>	<b>2,228.1</b>	<b>79.0</b>
Accounts payable	308.9	276.6	(32.3)
Interest-bearing debt [b] <Excl. that of consolidated retail finance subsidiaries>	544.0 <276.9>	667.8 <376.2>	123.8 <99.3>
Other liabilities	323.4	313.9	(9.4)
<b>Total liabilities</b>	<b>1,176.4</b>	<b>1,258.4</b>	<b>81.9</b>
[ Shareholders' equity ratio ]	[ 43.0% ]	[ 41.6% ]	[ (1.4) pts ]
Komatsu Ltd. shareholders' equity	923.8	927.7	3.9
Noncontrolling interests	48.8	41.9	(6.8)
<b>Liabilities &amp; Equity</b>	<b>2,149.1</b>	<b>2,228.1</b>	<b>79.0</b>
<b>Interest-bearing debt, net [b-a]</b>	<b>○ 0.50</b> 459.1	<b>○ 0.61</b> 563.0	<b>103.9</b>
Net D/E ratio excluding cash and interest-bearing debt of consolidated retail finance subsidiaries	<b>○ 0.24</b>	<b>○ 0.33</b>	

### 3. Current Demand and Other Conditions of Construction and Mining Equipment Business

# Construction & Mining & Utility Equipment: Demand for 7 Major Products

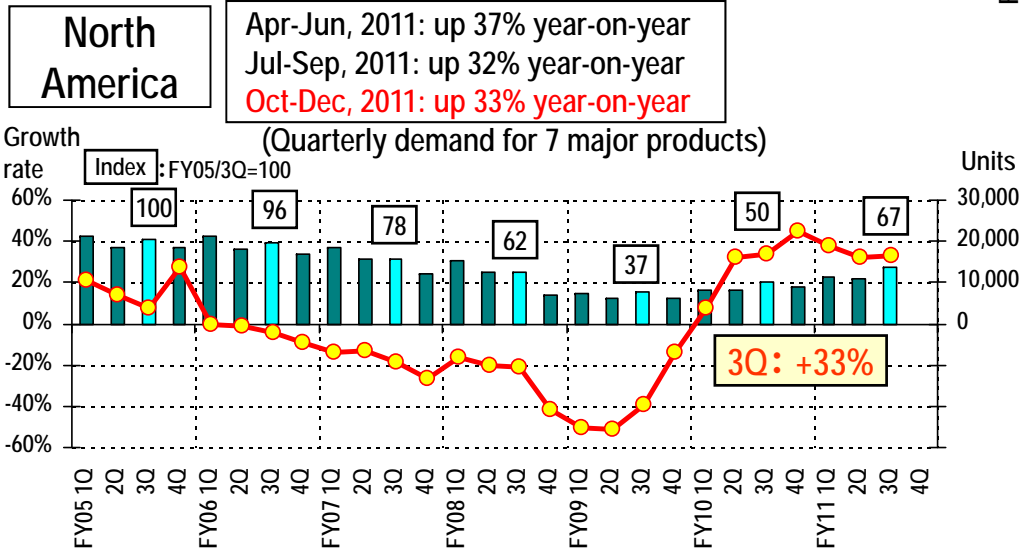
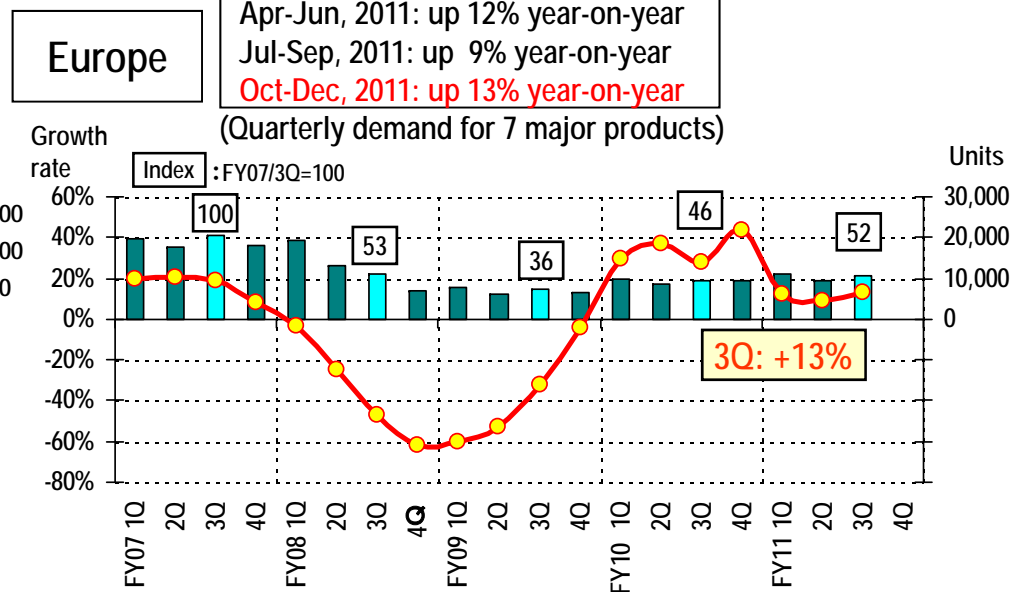
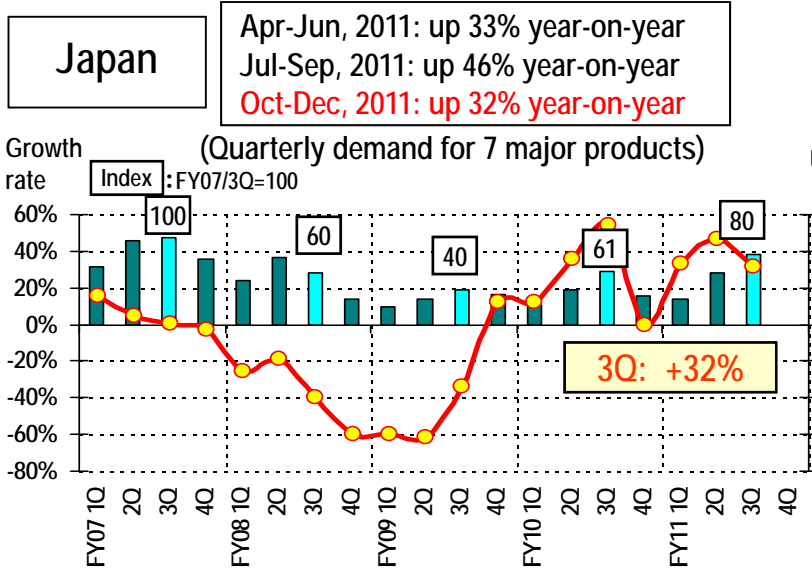
[Third-quarter demand]: Global demand in the 3<sup>rd</sup> quarter under review increased by 2% from the previous 3<sup>rd</sup> quarter a year ago. A sharp drop in Chinese demand was compensated for by other Strategic markets and Traditional Markets.

[Full-year projection] : For full-year demand, we are projecting an increase of 0% to 6% from the previous fiscal year, depending on Chinese demand after Chinese New Year.



**Construction, Mining & Utility Equipment: Demand in Major Markets [1. Traditional Markets]**

Third-quarter demand increased in the Traditional Markets of Japan, North America and Europe from the previous 3rd quarter a year ago, continuing to keep their recovery momentum.



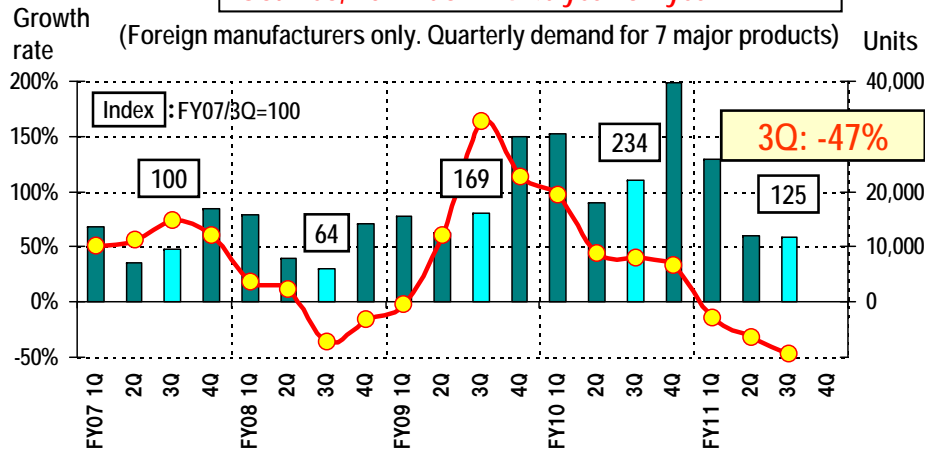
\* Estimated by Komatsu

## Construction, Mining & Utility Equipment: Demand in Major Markets [2. Strategic Markets]

- Third-quarter demand in China declined by 47% from the previous 3<sup>rd</sup> quarter a year ago.
- Demand remained strong in Southeast Asia and other Strategic markets.

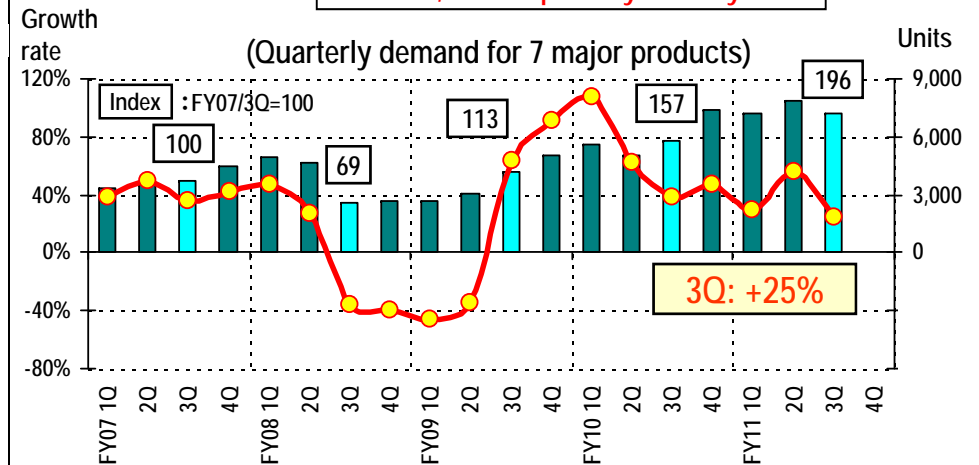
### China

Apr-Jun, 2011: down 15% year-on-year  
 Jul-Sep, 2011: down 33% year-on-year  
 Oct-Dec, 2011: down 47% year-on-year

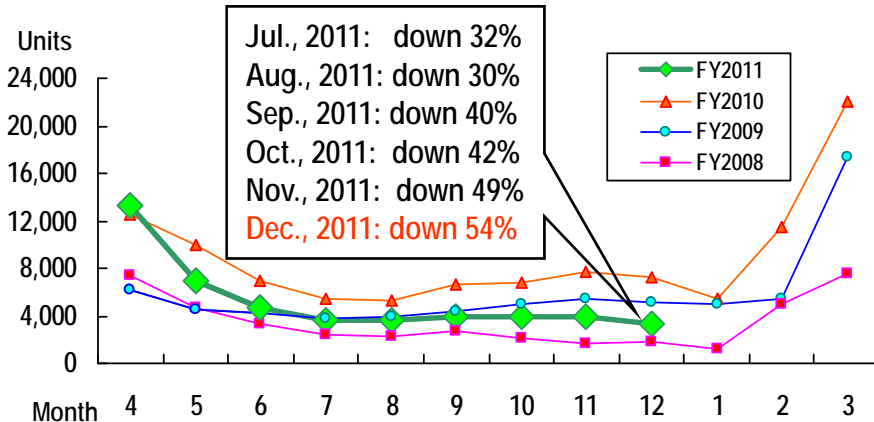


### Southeast Asia

Apr-Jun, 2011: up 29% year-on-year  
 Jul-Sep, 2011: up 56% year-on-year  
 Oct-Dec, 2011: up 25% year-on-year

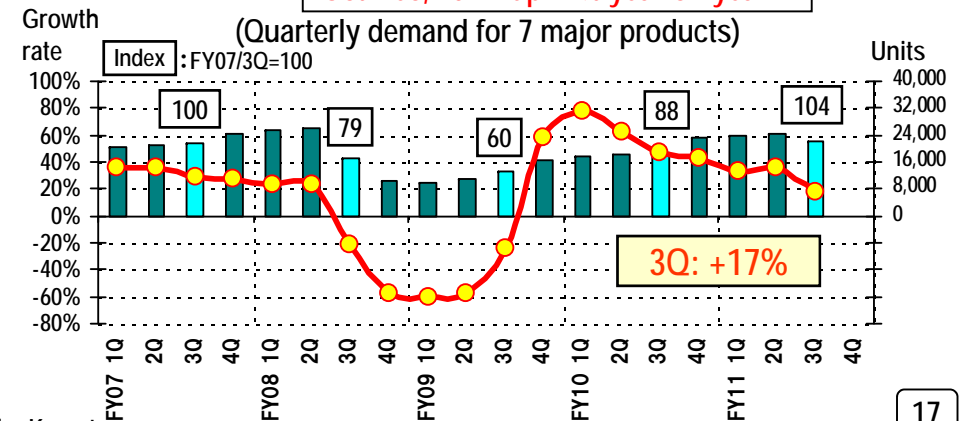


### Monthly demand for hydraulic excavators (Foreign makers: Sum of 6-ton and larger models)



### Others

Apr-Jun, 2011: up 33% year-on-year  
 Jul-Sep, 2011: up 36% year-on-year  
 Oct-Dec, 2011: up 17% year-on-year

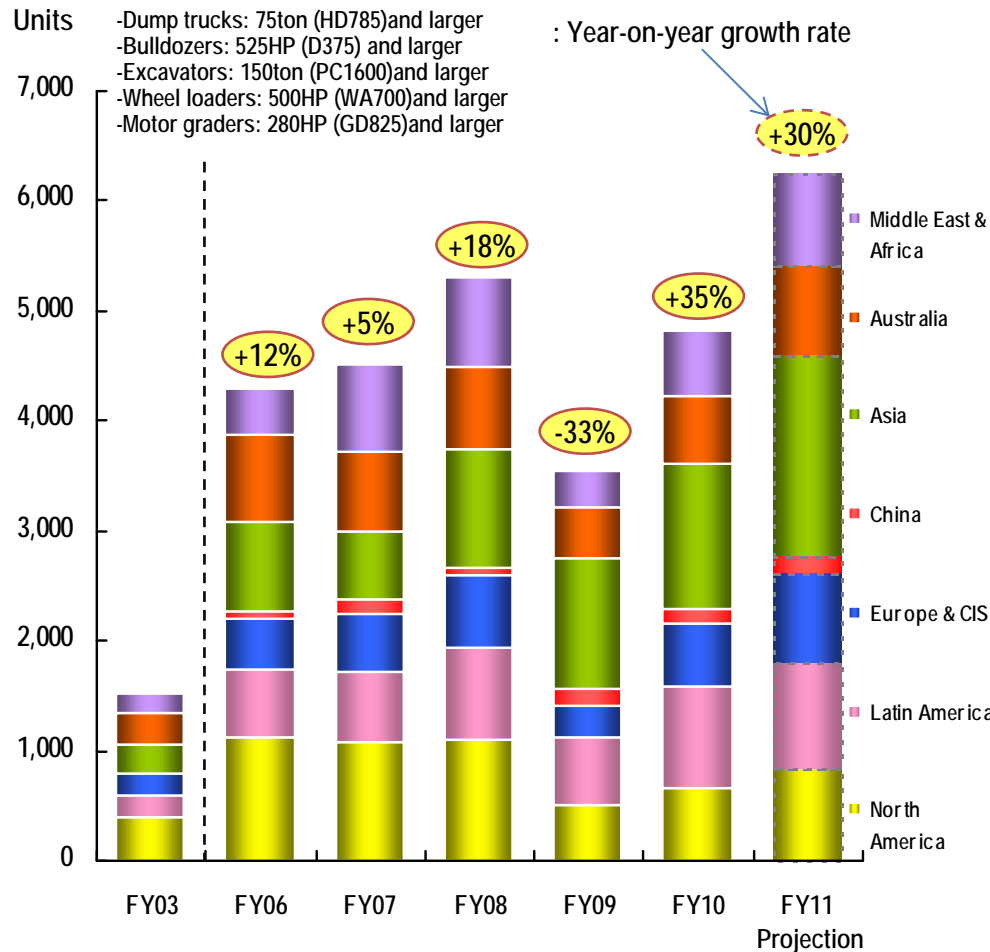


\* Estimated by Komatsu

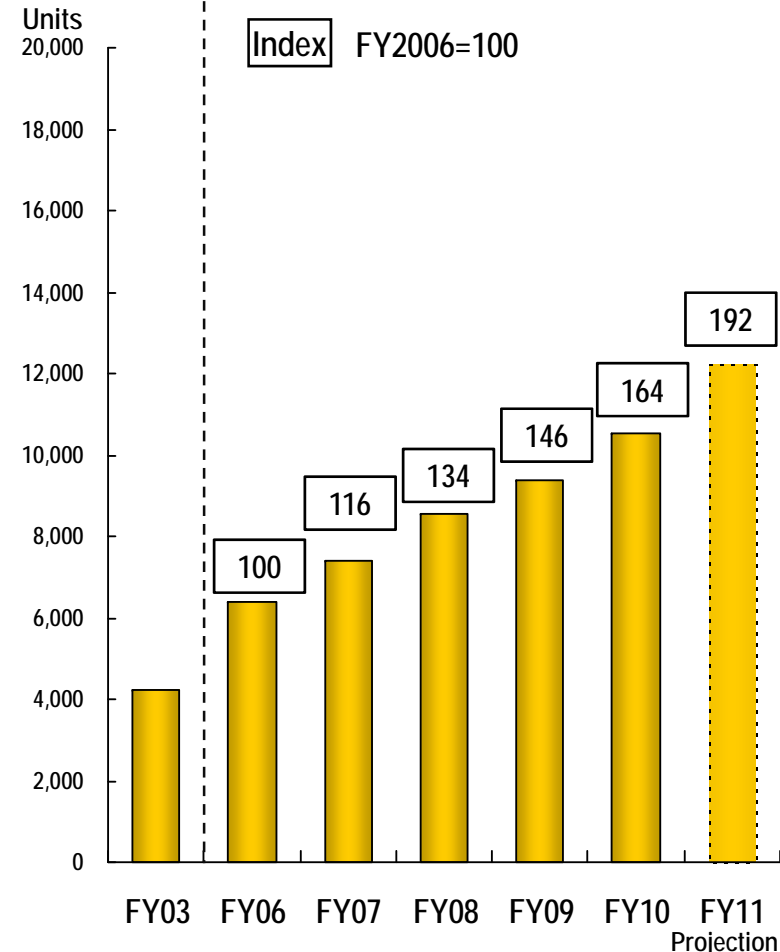
## Projections for Demand and Machine Population of Mining Equipment

- Demand for mining equipment has remained strong primarily in Asia and other markets. We are projecting that FY2011 demand will increase by 30% from the previous fiscal year.
- We are projecting that machine population of our mining equipment will expand against the backdrop of growing demand.

Demand of mining equipment by region (Units)



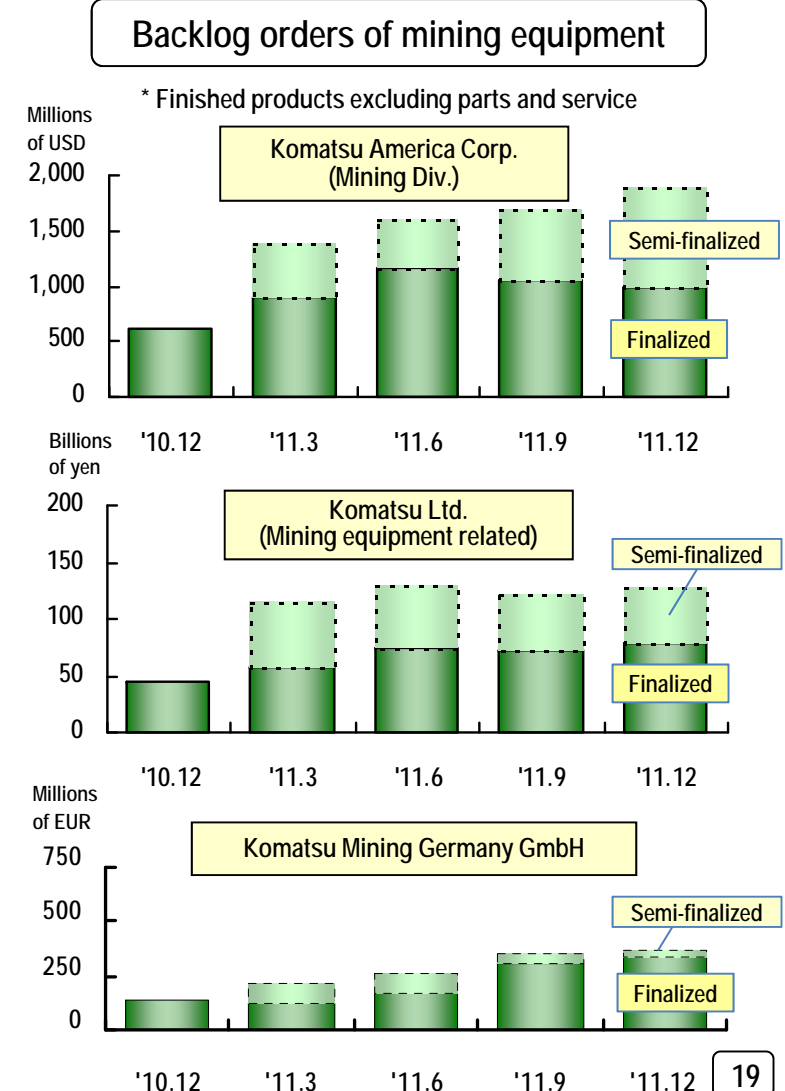
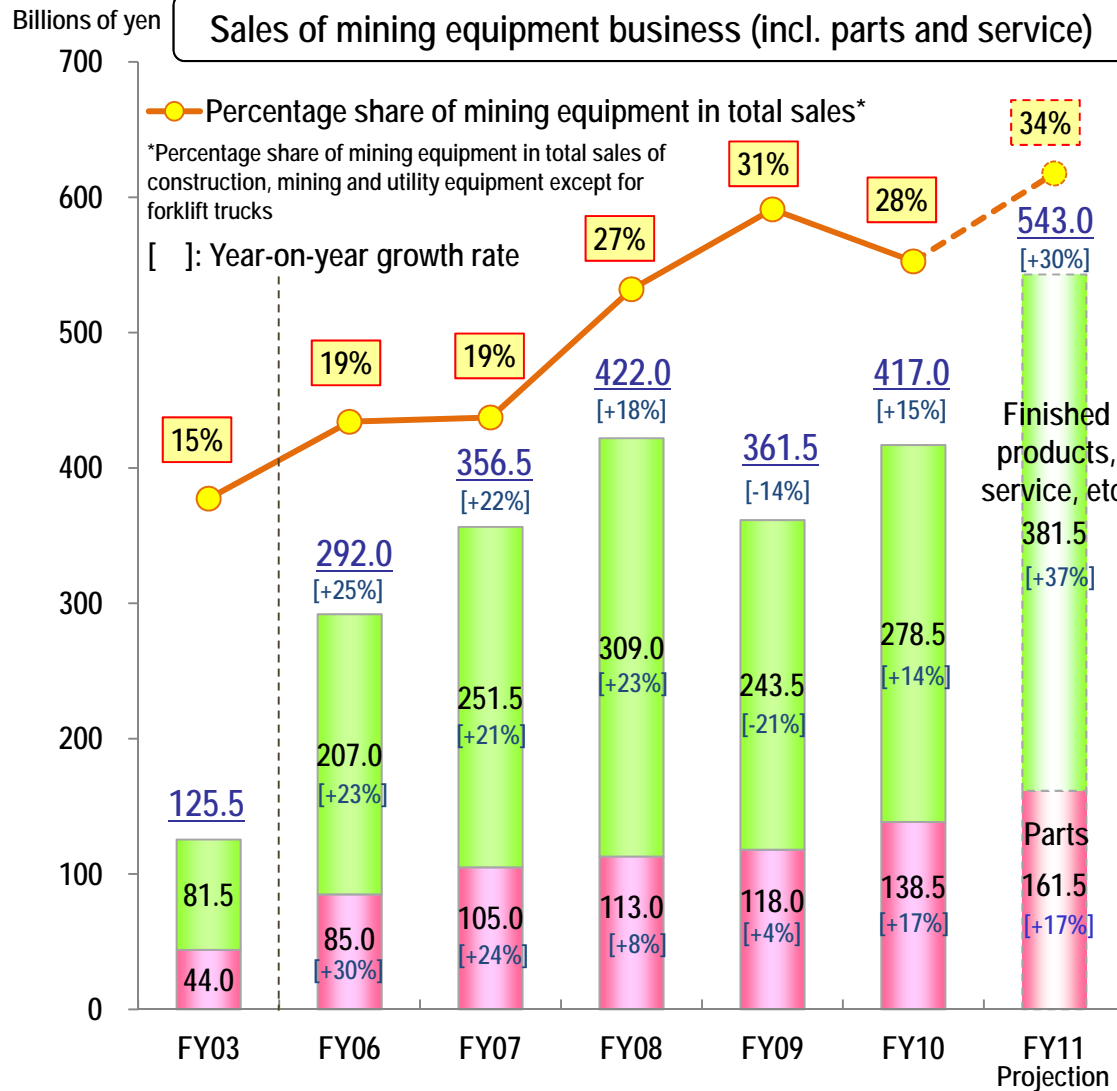
Machine population of Komatsu's mining equipment



## Sales Projection for Komatsu Mining Equipment

- Sales of the mining equipment business have firmly increased by capitalizing on growth of demand and our machine population. Their percentage share\* will also expand in total sales.
- Orders for mining equipment are remaining brisk, and backlog orders at a high level.

\*Percentage share of mining equipment in total sales of construction, mining and utility equipment except for forklift trucks



Sales and Profits for Three and Nine Months ended December 31, 2011: The Translation of Japanese Yen Amounts into US Dollar and Euro Amounts

Japanese yen amounts

Billions of yen

	Oct.,-Dec., 2010 (Three-month period)	Oct.,-Dec., 2011 (Three-month period)	Changes	Apr.,-Dec., 2010 (Nine-month period)	Apr.,-Dec., 2011 (Nine-month period)	Changes
Net sales	442.2	462.6	4.6%	1,301.9	1,448.5	11.3%
Operating income	58.8	58.8	0.1%	162.7	191.8	17.9%
Income before income taxes and equity in earnings of affiliated companies	58.7	55.4	(5.7)%	158.9	185.6	16.9%
Net income attributable to Komatsu Ltd.	36.8	34.7	(5.9)%	100.6	129.3	28.6%

US dollar amounts

Millions of USD

	Oct.,-Dec., 2010 (Three-month period) 1USD = 82 yen	Oct.,-Dec., 2011 (Three-month period) 1USD = 77yen	Changes	Apr.,-Dec., 2010 (Nine-month period) 1USD = 82yen	Apr.,-Dec., 2011 (Nine-month period) 1USD=77yen	Changes
Net sales	5,393	6,008	11.4%	15,878	18,812	18.5%
Operating income	718	765	6.6%	1,985	2,491	25.5%
Income before income taxes and equity in earnings of affiliated companies	717	720	0.4%	1,938	2,412	24.4%
Net income attributable to Komatsu Ltd.	449	451	0.3%	1,227	1,680	36.9%

Euro amounts

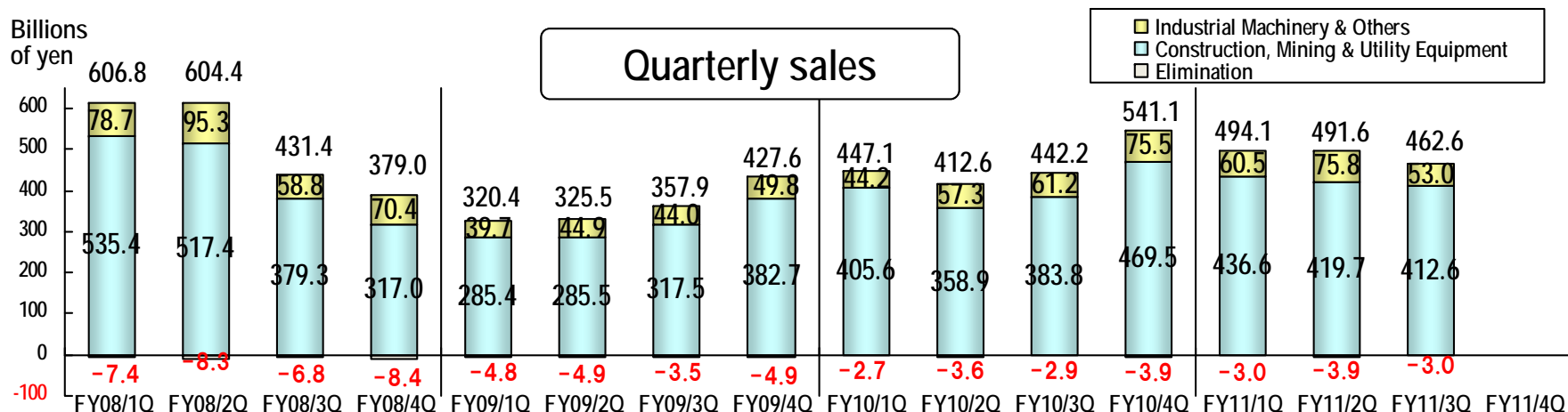
Millions of EUR

	Oct.,-Dec., 2010 (Three-month period) 1EUR = 108 yen	Oct.,-Dec., 2010 (Three-month period) 1EUR= 101 yen	Changes	Apr.,-Dec., 2010 (Nine-month period) 1EUR = 108 yen	Apr.,-Dec., 2011 (Nine-month period) 1EUR = 101 yen	Changes
Net sales	4,095	4,581	11.9%	12,055	14,342	19.0%
Operating income	545	583	7.0%	1,507	1,899	26.0%
Income before income taxes and equity in earnings of affiliated companies	544	549	0.8%	1,471	1,839	25.0%
Net income attributable to Komatsu Ltd.	341	344	0.7%	932	1,281	37.5%

Note: The translations of Japanese yen amounts into US dollar and Euro amounts were made at their approximate rates of exchange at December 31, 2011 and 2010. (The translation into US dollar amounts is made at the rate of exchange prevailing at the Federal Reserve Bank of New York.)

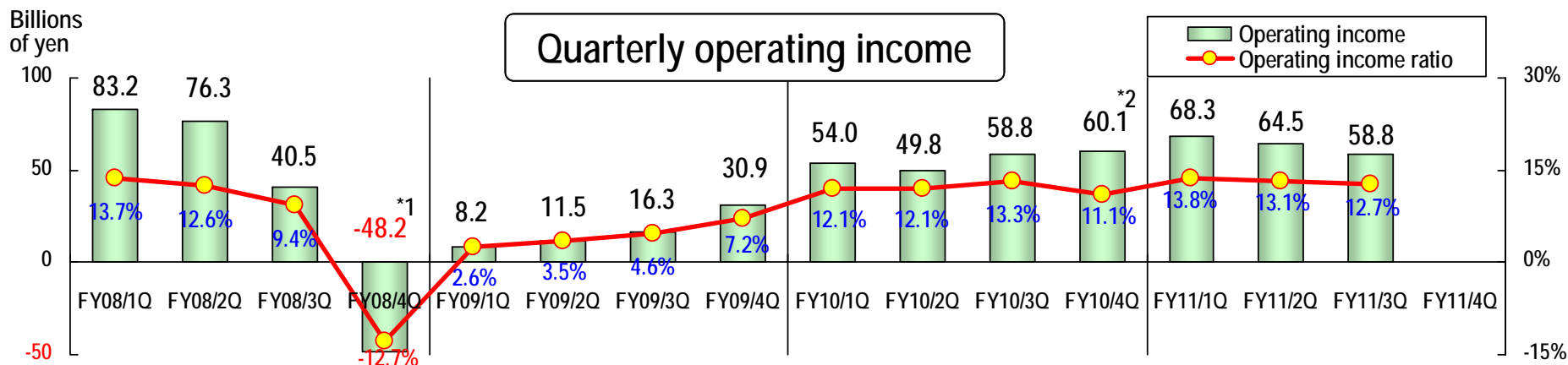
## <Appendix>

### Quarterly Sales and Operating Income



**Exchange rates**

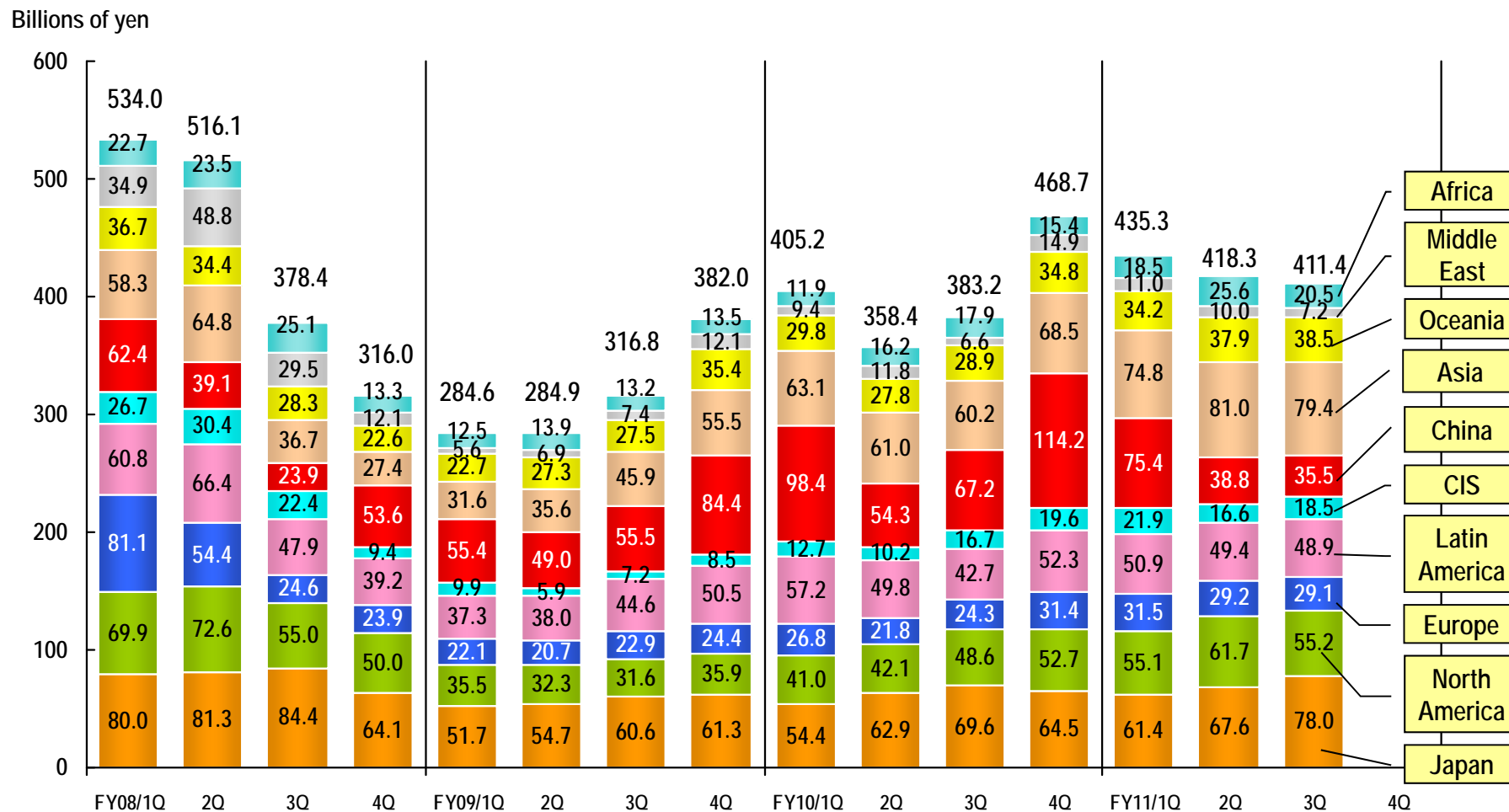
	08/1Q	08/2Q	08/3Q	08/4Q	09/1Q	09/2Q	09/3Q	09/4Q	10/1Q	10/2Q	10/3Q	10/4Q	11/1Q	11/2Q	11/3Q	11/4Q
1USD	105 yen	107 yen	95 yen	95 yen	97 yen	93 yen	90 yen	91 yen	91 yen	85 yen	82 yen	82 yen	81 yen	77 yen	78 yen	
1EUR	165 yen	159 yen	126 yen	123 yen	133 yen	133 yen	133 yen	124 yen	115 yen	111 yen	110 yen	114 yen	118 yen	109 yen	105 yen	
1RMB	15.2 yen	15.7 yen	13.9 yen	13.9 yen	14.2 yen	13.6 yen	13.2 yen	13.3 yen	13.4 yen	12.6 yen	12.4 yen	12.5 yen	12.5 yen	12.1 yen	12.3 yen	



\*1 Including structural reform expenses of 32.3 billion yen.

\*2 Including adverse effects of 7.0 billion yen from the earthquake disaster.

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

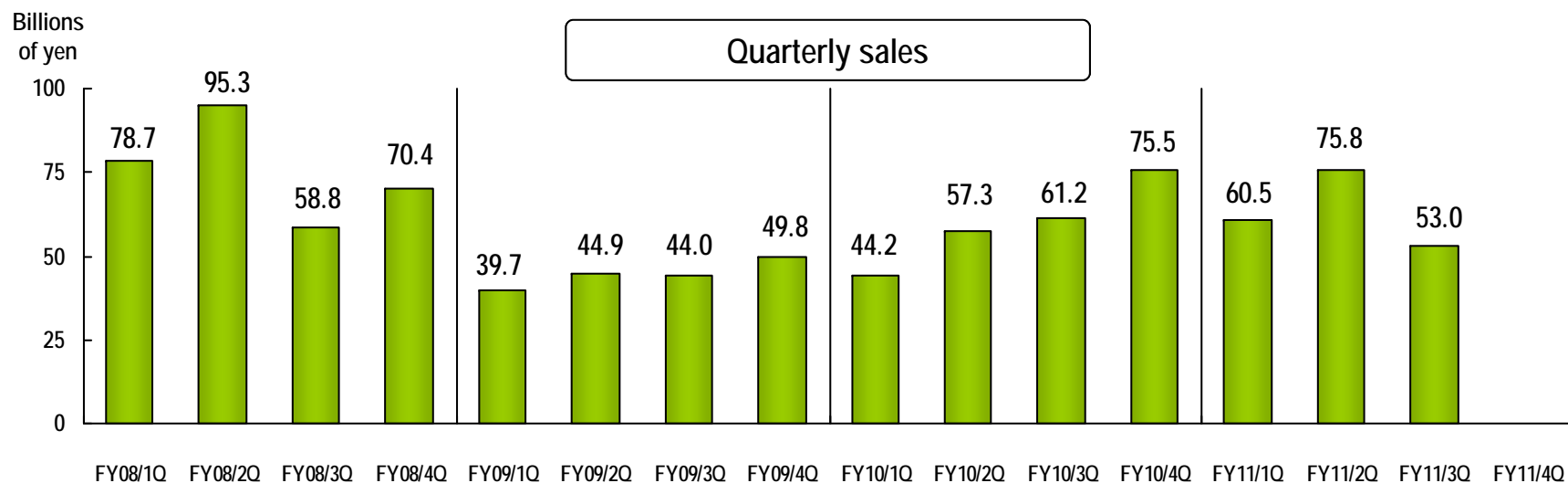


Exchange rates

	08/1Q	08/2Q	08/3Q	08/4Q	09/1Q	09/2Q	09/3Q	09/4Q	10/1Q	10/2Q	10/3Q	10/4Q	11/1Q	11/2Q	11/3Q	11/4Q
1USD	105 yen	107 yen	95 yen	95 yen	97 yen	93 yen	90 yen	91 yen	91 yen	85 yen	82 yen	82 yen	81 yen	77 yen	78 yen	
1EUR	165 yen	159 yen	126 yen	123 yen	133 yen	133 yen	133 yen	124 yen	115 yen	111 yen	110 yen	114 yen	118 yen	109 yen	105 yen	
1RMB	15.2 yen	15.7 yen	13.9 yen	13.9 yen	14.2 yen	13.6 yen	13.2 yen	13.3 yen	13.4 yen	12.6 yen	12.4 yen	12.5 yen	12.5 yen	12.1 yen	12.3 yen	

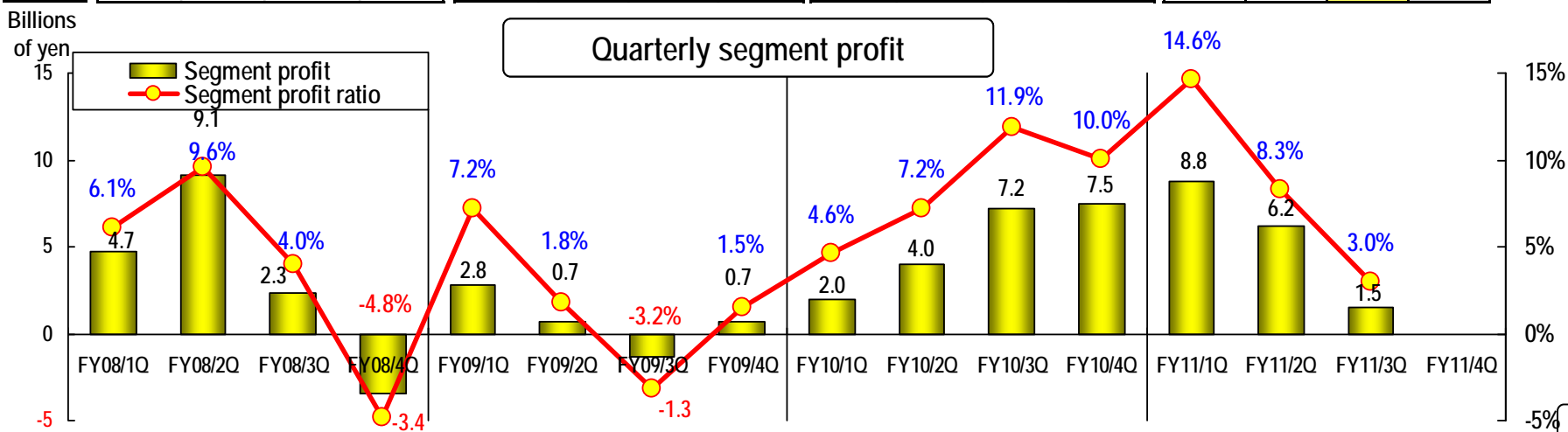
## <Appendix>

### Industrial Machinery & Others : Quarterly Sales and Segment Profit



Exchange rates

	08/1Q	08/2Q	08/3Q	08/4Q	09/1Q	09/2Q	09/3Q	09/4Q	10/1Q	10/2Q	10/3Q	10/4Q	11/1Q	11/2Q	11/3Q	11/4Q
1USD	105 yen	107 yen	95 yen	95 yen	97 yen	93 yen	90 yen	91 yen	91 yen	85 yen	82 yen	82 yen	81 yen	77 yen	78 yen	
1EUR	165 yen	159 yen	126 yen	123 yen	133 yen	133 yen	133 yen	124 yen	115 yen	111 yen	110 yen	114 yen	118 yen	109 yen	105 yen	
1RMB	15.2 yen	15.7 yen	13.9 yen	13.9 yen	14.2 yen	13.6 yen	13.2 yen	13.3 yen	13.4 yen	12.6 yen	12.4 yen	12.5 yen	12.5 yen	12.1 yen	12.3 yen	



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## Cautionary Statement

This presentation sheets contain forward-looking statements that reflect management's views and assumptions in the light of information currently available 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," "plans," "expects," 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. Any forward-looking statements speak only as of the date of this presentation sheets, and Komatsu assumes no duty to update such statements.

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Komatsu's 930E driverless dump trucks are in operation at an iron ore mine in Australia.

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