For Immediate Release

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Date: October 27, 2017
URL: https://home.komatsu/en/

Announcement Concerning the Revision of Projected Business Results and Cash Dividend

Komatsu Ltd. (hereinafter "Company") (President and CEO: Tetsuji Ohashi) has revised the projections for consolidated and non-consolidated business results as well as cash dividend for the fiscal year ending March 31, 2018(April 1, 2017 - March 31, 2018), which the Company announced on April 27, 2017.

Projection for Consolidated Business Results for the Fiscal Year Ending March 31, 2018 (U.S. GAAP)

Millions of yen except per share amounts

	Current projection	Earlier projection	Changes		Results for FY ended March 31, 2017
	[A]	[B]	[A-B]	[(A-B)/B]	
Net sales	**2,328,000**	2,135,000	193,000	9.0%	1,802,989
Operating income	**216,000**	156,000	60,000	38.5%	174,097
Income before income taxes and equity in earnings of affiliated companies	**237,000**	141,000	96,000	68.1%	166,469
Net income attributable to Komatsu Ltd.	**159,000**	92,000	67,000	72.8%	113,381
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	**168.58**	97.56	-	-	120.26

Projection for Non-consolidated Business Results for the Fiscal Year Ending March 31, 2018

Millions of yen except per share amounts

	Current projection	Earlier projection	Changes		Results for FY ended March 31, 2017
	[A]	[B]	[A-B]	[(A-B)/B]	
Net sales	**812,000**	738,000	74,000	10.0%	685,938
Ordinary profit	**117,000**	94,000	23,000	24.5%	76,747
Net income	**120,000**	73,000	47,000	64.4%	67,320
Net income per share - Basic (Yen)	**127.17**	77.37	-	-	71.36

Reasons for the Revision

[Projection for Consolidated Business Results]

In the first six-month period of FY2017, sales of construction equipment in Strategic Markets, such as China and Indonesia, as well as sales of mining equipment surpassed the projections. In addition, the Japanese yen depreciated more than anticipated, and Komatsu secured a gain from the sale of investment securities. As a result, sales outperformed the initial projection for the period under review. In the second six-month period of FY2017, Komatsu anticipates that demand for construction and mining equipment will remain firm in a multiple number of regions. Accordingly, Komatsu projects that actual business results for FY2017 will outperform its initial projections. Komatsu has also reassessed the projected foreign exchange rates, which are preconditions for the projection of full-year results. Specifically, Komatsu changed the average exchange rates in the second six-month period of FY2017 to EUR1=JPY123 and RMB1=JPY15.5. As a result, Komatsu is revising consolidated sales and profits of the full-year projections of April 27, 2017 for FY2017 (April 1, 2017 - March 31, 2018).

Komatsu estimates the average exchange rates for the full year as follows: USD1=JPY108.0, EUR1=JPY124.4 and RMB1=JPY16.0. (Initial assumption: USD1=JPY105, EUR1=JPY115 and RMB1=JPY15.0)

[Projection for Non-consolidated Business Results]

Similar to the revision of consolidated business results, Komatsu is revising non-consolidated sales and profits of the full-year projections for FY2017 (April 1, 2017 - March 31, 2018), announced on April 27 this year, as sales of construction equipment in Strategic Markets, such as China and Indonesia, and those of mining equipment outperformed its projections for the first six-month period under review, demand for construction and mining equipment should remain firm in a multiple number of regions, and Komatsu has also reassessed the projected foreign exchange rates, which are preconditions for the projection of full-year results.

Revision of Projected Cash Dividend

Yen

	The entire FY ending March 31, 2018		**The entire FY ended March 31, 2017**
	Results	**Projection**	
First quarter period			
Second quarter period	**36.00**		**29.00**
Third quarter period			
Year-end		**36.00**	**29.00**
Total		**72.00**	**58.00**

Reasons for the Revision

The Company is building a sound financial position as well as flexible and agile corporate strengths to increase its corporate value. Concerning cash dividends to shareholders, the Company maintains the policy of redistributing profits by considering consolidated business results and continuing stable dividends. Specifically, the Company sets the goal of a consolidated payout ratio of 40% or higher and no decrease of dividends, as long as the consolidated payout ratio does not surpass 60%.

Concerning the interim cash dividend under this basic policy, the Company is planning to increase it by JPY7 from the projection of April 27, 2017 to JPY36 per share, after reviewing business results for the first six-month period of FY2017 and considering future business prospects. With respect to the year-end cash dividend, the Company is also revising the projection and planning to increase by JPY7 to JPY36. As a result, the Company plans to pay annual cash dividends of JPY72 per share, an increase of JPY14 from the previous fiscal year ended March 31, 2017.

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.
