For Immediate Release

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Announcement Concerning the Revision of Projected Business Results and Cash Dividend

Komatsu Ltd. ("Company") (President and CEO: Tetsuji Ohashi) and its consolidated subsidiaries (together "Komatsu") have revised the projections for consolidated business results as well as cash dividend for the fiscal year ending March 31, 2019(April 1, 2018 - March 31, 2019), which the Company announced on April 26, 2018.

Projection for Consolidated Business Results for the Fiscal Year Ending March 31, 2019 (U.S. GAAP)

Millions of yen except per share amounts

	Current projection	Earlier projection	Changes		Results for FY ended March 31, 2018
	[A]	[B]	[A-B]	[(A-B)/B]	
Net sales	**2,662,000**	2,503,000	159,000	6.4%	2,501,107
Operating income	**381,000**	339,000	42,000	12.4%	268,503
Income before income taxes and equity in earnings of affiliated companies	**362,000**	320,000	42,000	13.1%	291,807
Net income attributable to Komatsu Ltd.	**240,000**	226,000	14,000	6.2%	196,410
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	**254.35**	239.58	-	-	208.25

Note: From the three months ended June 30, 2018, Komatsu has adopted the Accounting Standards Update ("ASU") 2017-07, "Compensation-Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". Accordingly, the figures for the fiscal year ended March 31, 2018, were reclassified in accordance with ASU 2017-07.

Reasons for the Revision

In the first six-month period of FY2018, sales of construction and mining equipment outperformed projections, centering on North America and Indonesia, and Komatsu anticipates that demand will remain strong, especially in North America and for mining equipment, in the second six-month period. Furthermore, as the Japanese yen is depreciating more than projected, Komatsu has reassessed projected foreign exchange rates (by changing the average exchange rate in the second six-month period of FY2018 to USD1=JPY105), which are preconditions for the projection of full-year results. As a result, Komatsu is revising consolidated sales and profits for FY2018.

Komatsu estimates the average exchange rates for the full year as follows: USD1=JPY107.4, EUR1=JPY126.4 and RMB1=JPY16.3. (Initial assumption: USD1=JPY100, EUR1=JPY123 and RMB1=JPY15.8)

Revision of Projected Cash Dividend

Yen

	The entire FY ending March 31, 2019		The entire FY ended March 31, 2018
	Results	Projection	
First quarter period			
Second quarter period	51.00		36.00
Third quarter period			
Year-end		51.00	48.00
Total		102.00	84.00

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 JPY3 from the projection of April 26, 2018 to JPY51 per share, after reviewing business results for the first six-month period of FY2018 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 JPY3 to JPY51. As a result, the Company plans to pay annual cash dividends of JPY102 per share, an increase of JPY18 from the previous fiscal year ended March 31, 2018.

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.
