Komatsu Ltd.
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Notice: Difference between Non-consolidated Business Results for FY2018 and Those for the Previous Fiscal Year and Dividends from Retained Earnings

Komatsu Ltd. (President and CEO: Hiroyuki Ogawa) (hereafter "the Company") does not disclose projections of non-consolidated business results. However, please be informed of the difference between non-consolidated business results for the fiscal year ended March 31, 2019 and those for the previous fiscal year as follows.

Please be also informed that the Board of Directors, in its meeting on April 26, 2019, resolved to propose at the 150th ordinary general shareholders' meeting that the Company will change the latest projection of retained earnings with the record date of March 31, 2019 and pay dividends.

Specifics

1. Difference between non-consolidated full-year results for the fiscal year ended March 31, 2019 and those for the previous fiscal year (April 1, 2018 to March 31, 2019)

	Sales	Ordinary profit	Net income	Net income per share
	Million JPY	Million JPY	Million JPY	JPY
FY2017 results (A) (Ended March 31, 2018)	868,403	136,924	135,119	143.18
FY2018 results (B) (Ended March 31, 2019)	928,967	195,534	157,754	167.10
Difference (B-A)	60,563	58,610	22,635	—
Rate of change (%)	7.0	42.8	16.8	—

[Reasons for the difference]

Concerning non-consolidated business results, sales of construction and mining equipment expanded sharply in Asia, and domestic sales were also brisk. As a result, both sales and profits improved from the previous fiscal year. Ordinary profit expanded sharply from the previous fiscal year, because the Company received special dividends from subsidiaries in the fiscal year under review. For the fiscal year under review, the gain on sale of investment securities declined from the previous fiscal year. As a result, the rate of growth of net income for the year was lower than that of ordinary profit.

2. Details of dividend

	Amounts decided	Most recent dividend projection (As of October 29, 2018)	Actual dividends for FY2017 (Ended March 31, 2018)
Record date	March 31, 2019	Same as on the left	March 31, 2018
Dividend per share	JPY59	JPY51	JPY48
Total amount of dividends	JPY55,718 million	—	JPY45,301 million
Effective date	June 19, 2019	—	June 20, 2018
Source of dividends	Retained earnings	—	Retained earnings

[Reason]

The Company is building a sound financial position as well as flexible and agile corporate strengths to increase its corporate value. Concerning the policy for cash dividends to shareholders, the Company redistributes profits by considering consolidated business results and continues to pay stable dividends. Specifically, we have set the goal of a consolidated payout ratio of 40% or higher and no reduction of dividends, as long as the consolidated payout ratio does not exceed 60%.

Under this basic policy, the Company plans to pay JPY59 per share for the year-end dividend, up JPY8 from the projection announced on October 29, 2018, after considering the business results for FY2018 and future business operations. As a result, annual cash dividends per share for FY2018 will amount to JPY110, an increase of JPY26 per share from FY2017 ended March 31, 2018. This dividend amount will be proposed to the 150th ordinary general meeting of shareholders scheduled for June 18, 2019.

[Reference]

	Dividend per share		
Record date	End of the second quarter	Fiscal year-end	Total
FY2018 results	JPY51	JPY59	JPY110
FY2017 results (Ended March 31, 2018)	JPY36	JPY48	JPY84

(end)