

# Financial Results Briefing

In 2019, Tadano will celebrate the 100<sup>th</sup> anniversary of its founding.

Nov 7, 2018

TADANO LTD.

Tadano Ltd.



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- 1919** Founded by Masuo Tadano
- 1948** Established as a company
- 1955** Developed Japan's first hydraulic truck crane



The OC-2 hydraulic truck crane

- 2018** 70<sup>th</sup> anniversary of establishment
- 2019** 100<sup>th</sup> anniversary of founding

- Revenue and profit fell for the third consecutive year
- Operating margin dropped

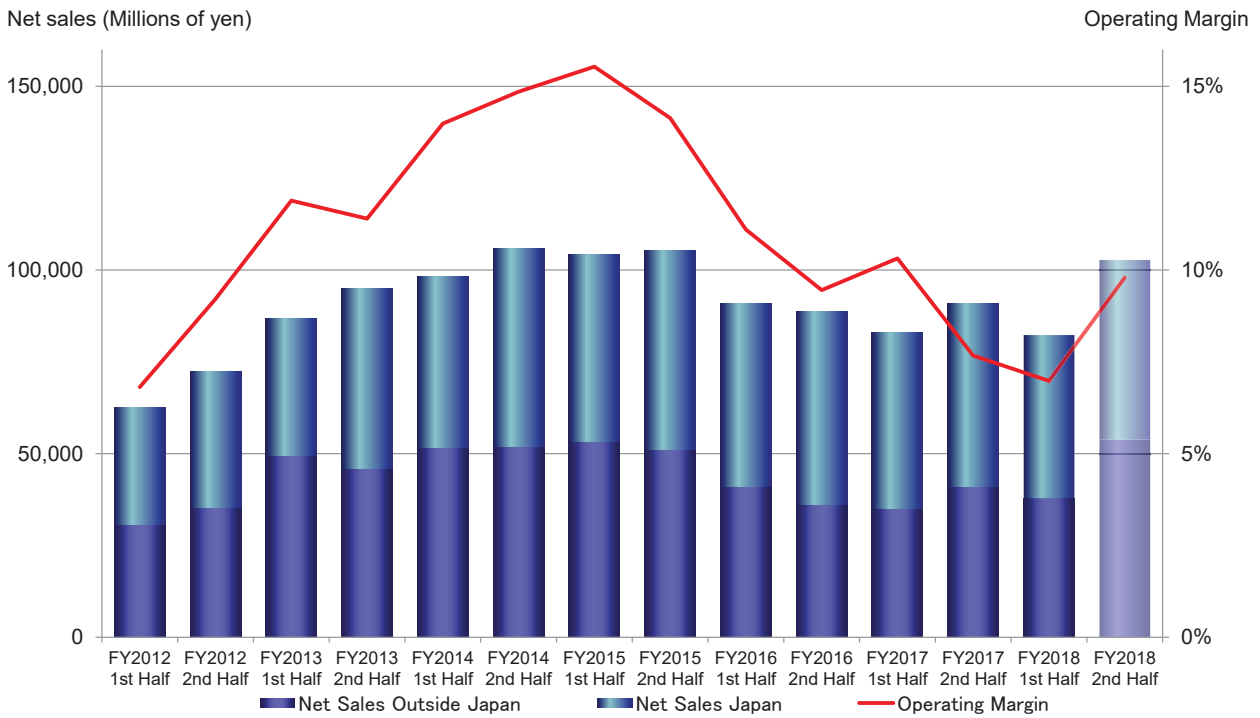
FY2018 business forecast was revised downward, but . . .

- Expected sales and profit will increase for the first time in 3 years
- Business performance will bottom out in the 1<sup>st</sup> half of FY 2018
- There is a mixture of positive and negative points inclusive in the forecast

# Sales and Profit Trends by Fiscal Half Years



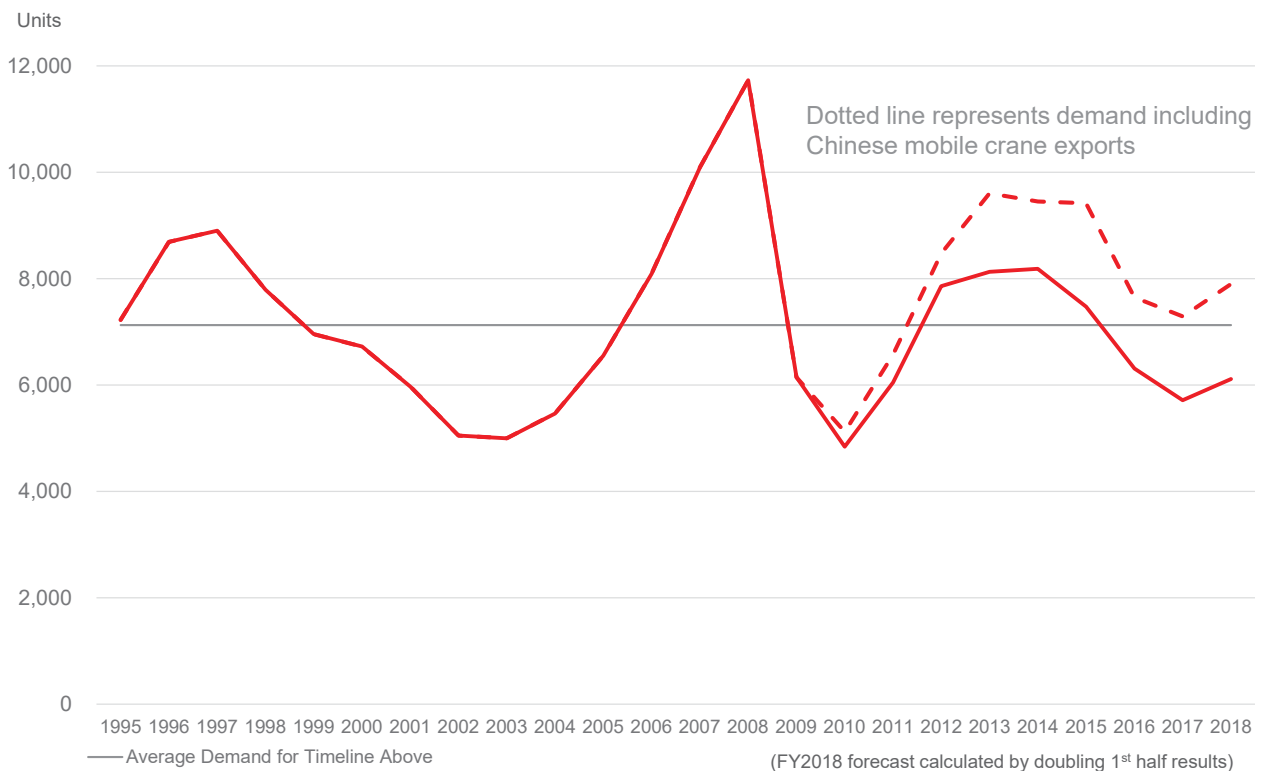
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# Total Demand Trends for Mobile Cranes

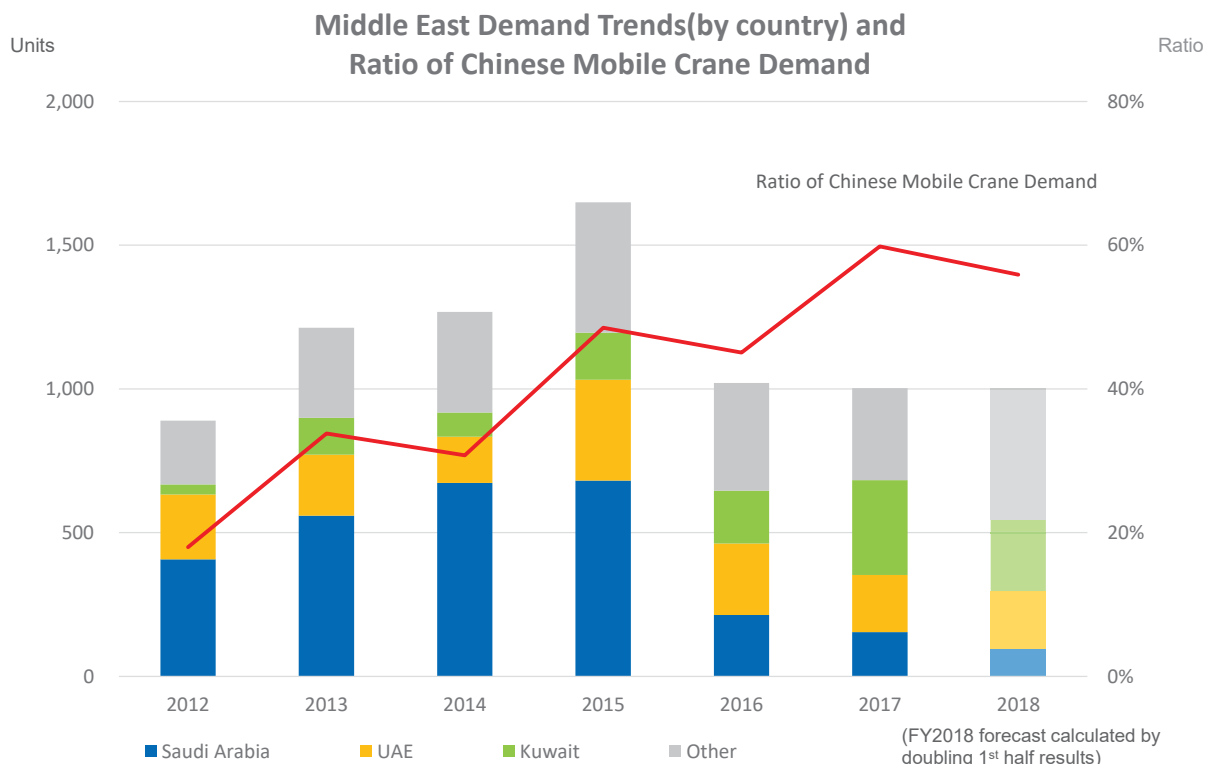


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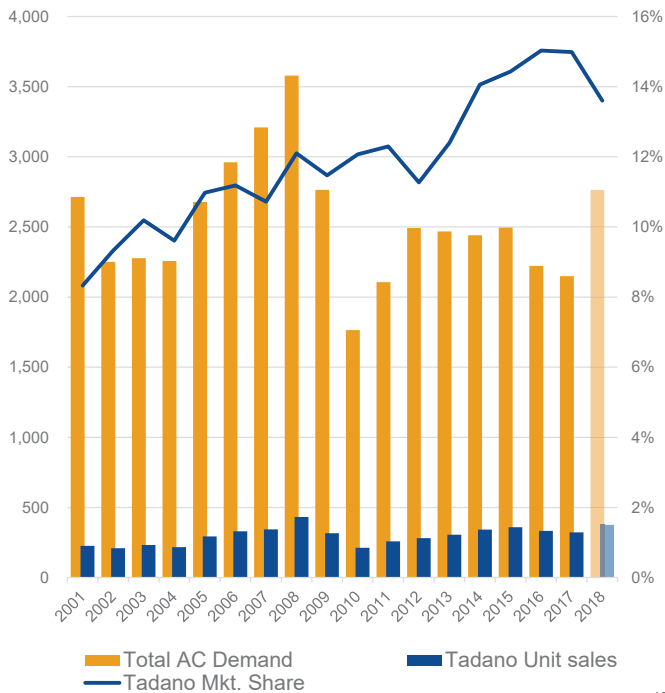
- Middle East: Large Drop in Sales Volume
- European Operations: Operating Loss
- Aerial Work Platforms: Sales Structure is Changing

## Negative Points: Middle East: Large Drop in Sales Volume



# Negative Points: European Operations: Operating Loss

Units Trends for Total AC Demand and Tadano Unit Sales/Market Share Mkt. Share



## Background:

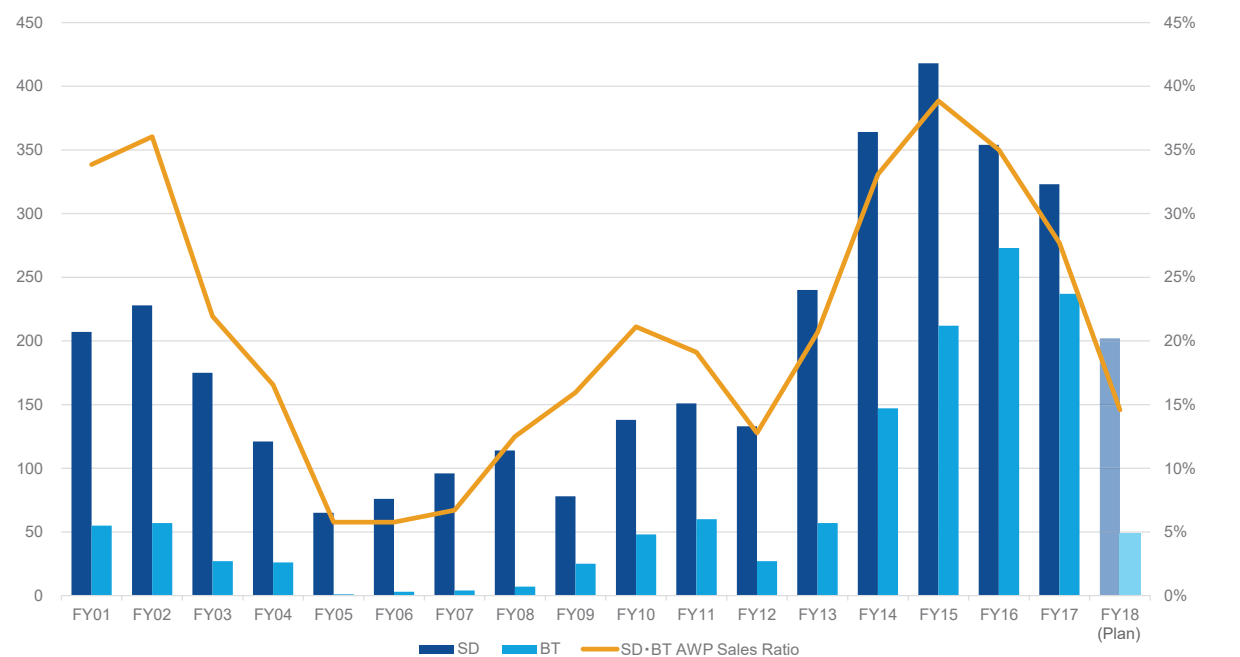
- Delayed product development
- Delayed delivery from Suppliers
- Quality problems
- ATF 600: Prolongation of Testing

(FY2018 forecast calculated by doubling 1st half results)

※ AC: All Terrain Crane

# Negative Points: Aerial Work Platforms: Sales Structure is Changing

Units Trends in Tadano SD/BT Unit Sales and AWP Sales Ratio AWP sales Ratio



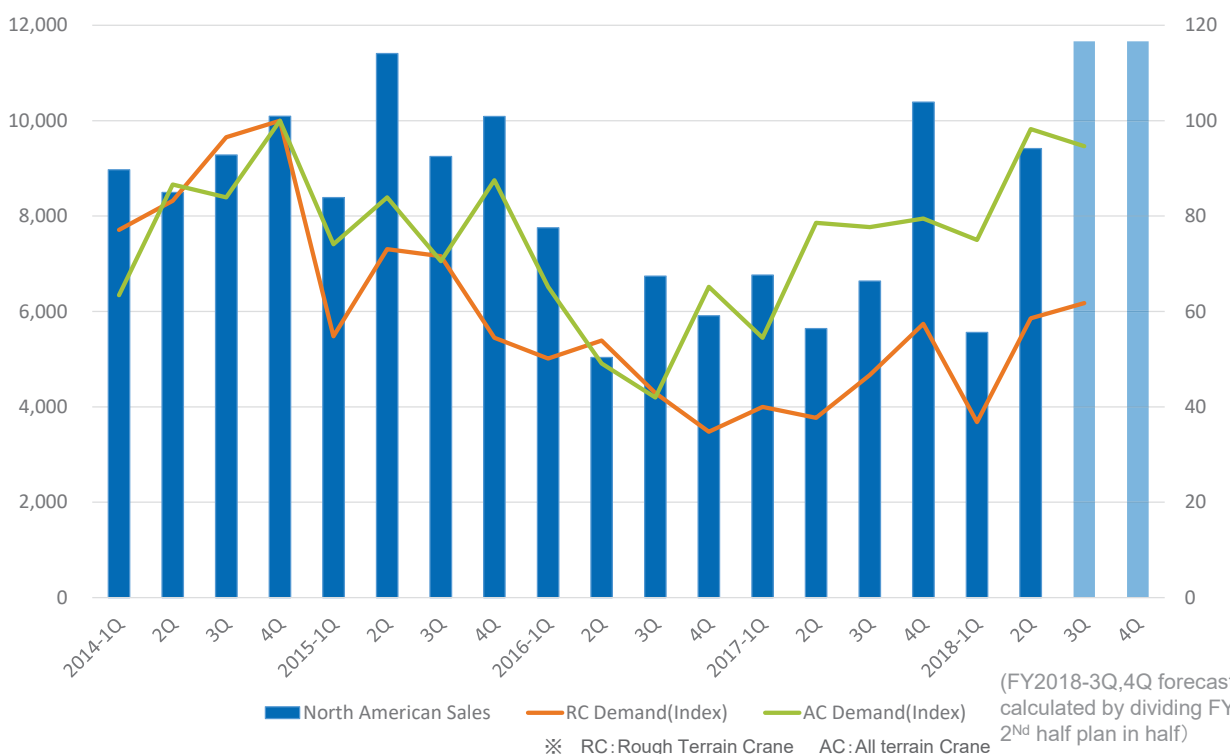
Note: SD = Super Deck, BT = Bridge Checker, AWP = aerial work platform

- North America: Clear Demand Recovery
- Oceania: Strong Market
- Japan RC: New Models Released

※ RC:Rough Terrain Crane

Net Sales: Millions of yen

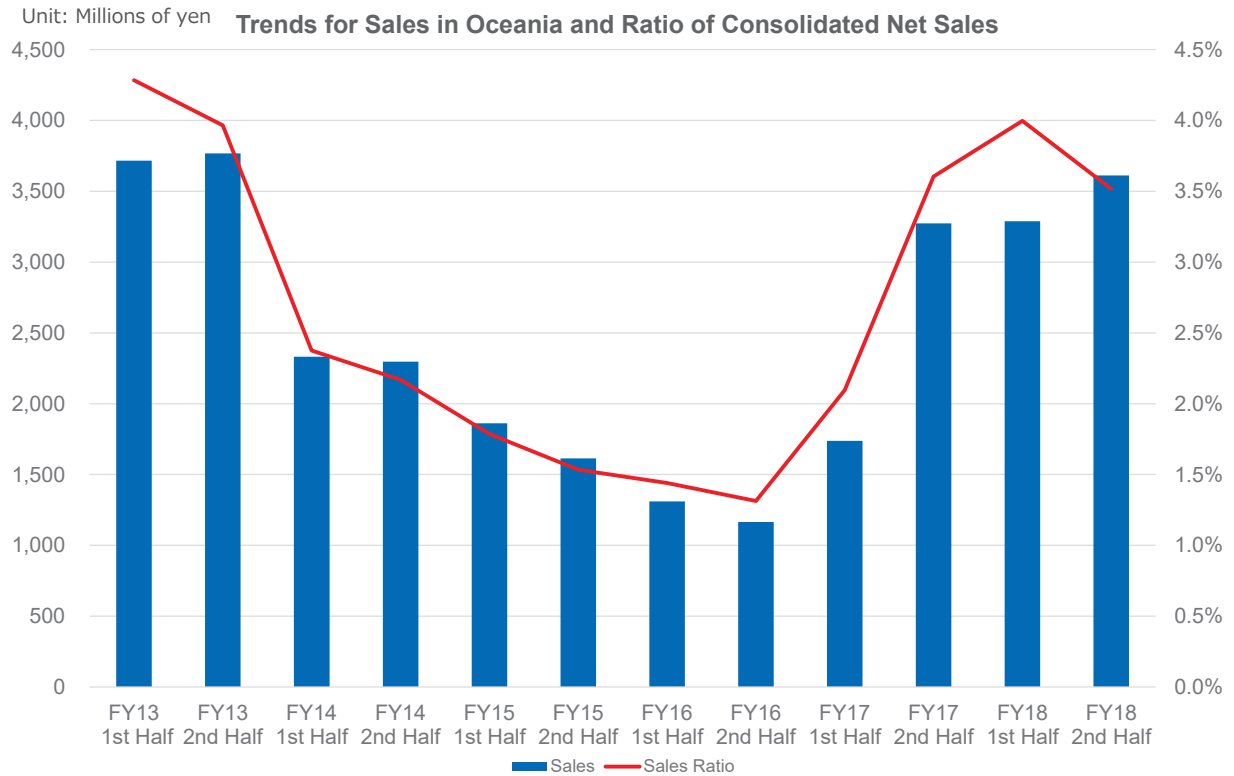
Demand Index: FY 2014-4Q Normalized to 100



# Positive Points: Oceania: Strong Market



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# Positive Points: Japan RC: New Models Released



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## ◆New Products for Japan

Developed Japan's largest-capacity rough terrain cranes (100 tons) that are allowed to travel on public roads.

Also developed the largest-capacity three-axle rough terrain crane in Japan (60 tons) .



GR-1000N (G4)

GR-600N (G4)

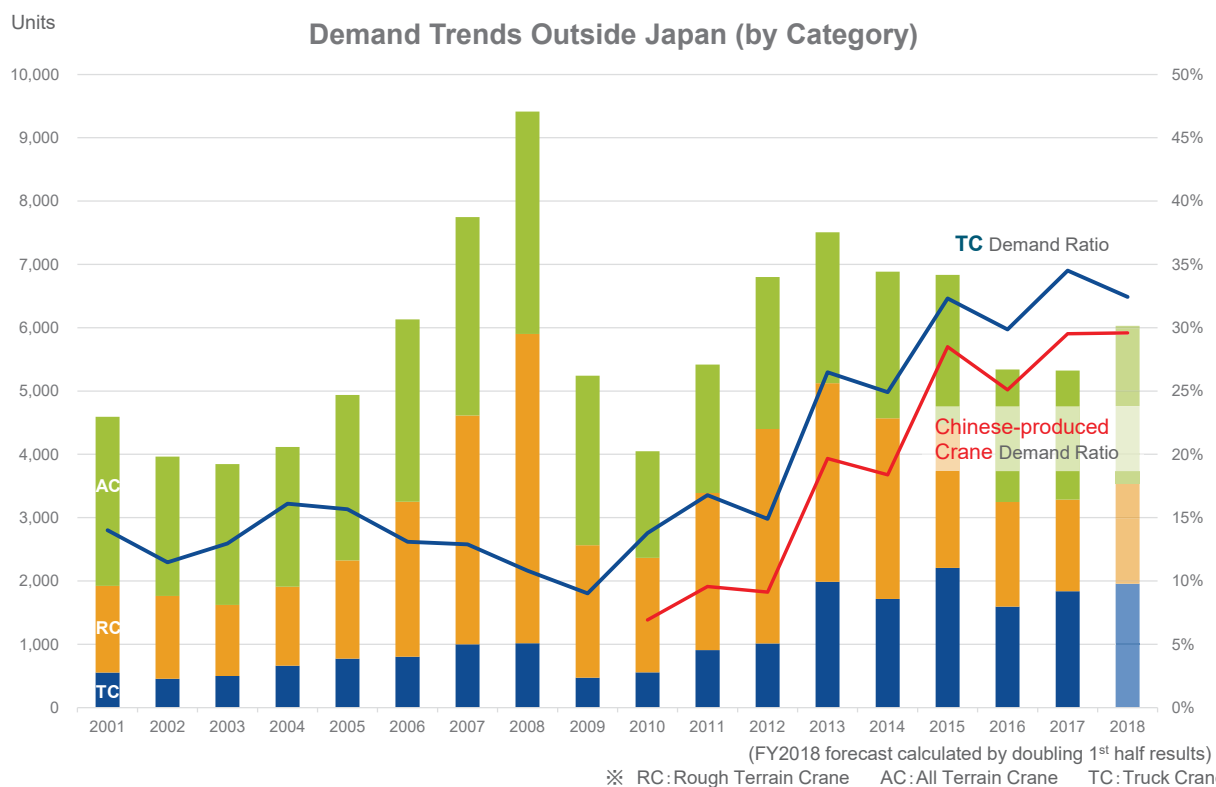
- Japan

- Mobile Cranes 2<sup>nd</sup> Half Increase
- Truck Loader Cranes 2<sup>nd</sup> Half Increase
- Aerial Work Platforms 2<sup>nd</sup> Half Decrease

- Outside Japan

- Demand Trends Recovered Since FY 2017 2<sup>nd</sup> Half
- Chinese-Produced Cranes Continue to Rise

# Chinese-Produced Cranes Continue to Rise





- New Plant Project
- R&D (Reinforce Human Resources, Collaborative Research, etc.)
- Standardize Group-Wide Design Information,  
Promote Modularization
- Parts Centers (New Singapore Parts Center, etc.)
- Acquired European Distributors, Subsidiary in Chile Began  
Operations
- M&As and Alliances

## ◆ Investment in Manitex International Inc. (May 2018)

- We acquired shares in Manitex International Inc., a NASDAQ listed company headquartered in Illinois (United States), issued through a third party allotment.
- Acquisition cost: 32.6 million dollars, Shareholding ratio: 14.9%

## ◆ Agreement on the establishment of the joint venture company specializing in crane manufacturing and sales in India (August 2018)

- Paid-in capital: 6 million INR (approx. 6.5 million JPY)
- Ownership: Tadano 51%, Escorts Ltd. 49%



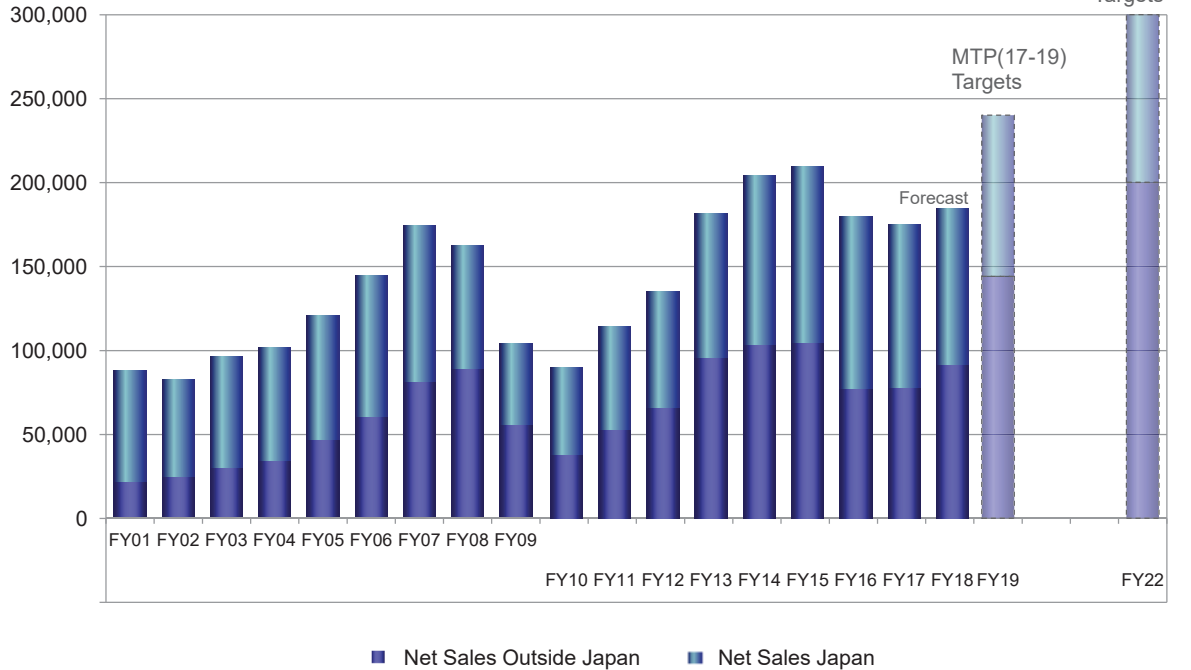
- Comparing “waves” (appropriately juxtaposed timelines)
- How will the next wave behave ?

# What Growth Means for Tadano (Growth of the Next Wave: Sales)



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Net Sales (Millions of yen)

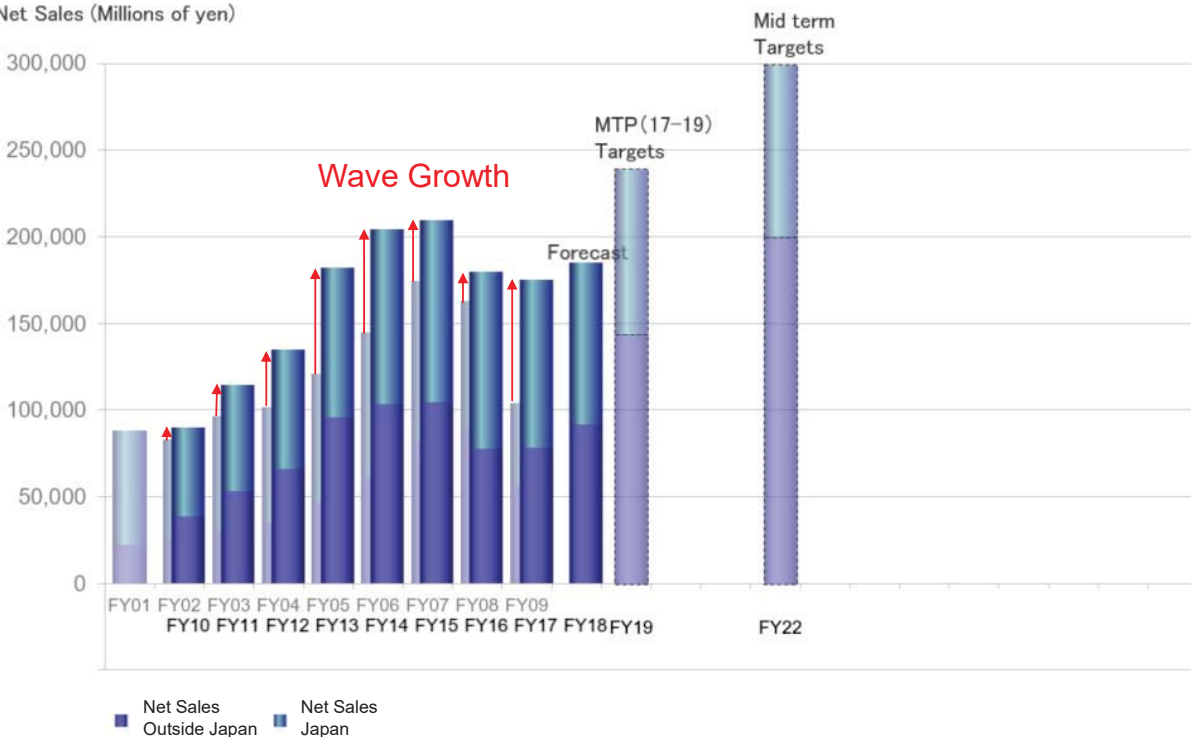


# What Growth Means for Tadano (Growth of the Next Wave: Sales)



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Net Sales (Millions of yen)



# Mid-Term Management Plan (17-19): Current Deviations from Short- and Mid-Term Goals

Unit: 100 million yen

	FY 16	FY 17	FY 18 Forecast	FY 19 Targets	...	FY 22 Mid-Term Targets
<b>Sales</b>	1,796	1,737	1,850	2,400		3,000
<b>Japan</b>	1,022	975	933	960		1,000
Outside Japan	774	761	917	1,440		2,000
<b>Sales Ratio Outside Japan</b>	43.1%	43.8%	49.6%	60.0%		66.7%
<b>Operating Income</b>	184	155	158	360		500
<b>Operating Margin</b>	10.3%	8.9%	8.5%	15.0%		16.7%
<b>Inv. Turnover Ratio</b>	3.3	3.2		4.8		
<b>ROA</b>	7.9%	6.5%		13.0%		

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## Towards the Next Growth Phase

- Enhancing our Sales Network
- Enhancing Customer Support (CS)
- New Plant Project
- Stock Business
- Responding to Changes in Technology
- New Products
- Global Growth of our loader crane and aerial work platform lineups
- M&As and Alliances
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