



# FY 2022 Financial Explanatory Briefing

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February 2023  
Tadano Ltd.

# FY 2022 Results and FY 2023 Forecast

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- **FY 2022 Results: Operating income and ordinary income increased.**
  - Secured target sales, despite prolonged production constraints in both Europe and Japan.
  - Despite increases in expenses and raw material prices, operating income increased by ¥3.8 billion due to increases in sales volume, improvements in selling prices and foreign exchange effects.
  
- **FY 2023 Forecast: Net sales and operating income will increase.**
  - Net sales will increase due to not only easing production constraints but also generally steady demand.
  - Increase in cost of sales expected due to inflation and depreciation of the Japanese yen (material prices, logistics costs and labor costs).
    - Tadano will minimize downward pressure on profits via price revisions.
  - Future-oriented investment and expenses will be continued.

**Despite a profit boost from depreciation of the Japanese yen, the company is struggling to meet FY 2023 targets of the Mid-Term Management Plan (21-23) due to unexpected cost increases, production constraints and others.**

	FY2021	FY2022 (*irregular)	FY2022 (**adjusted)	FY2023 Forecast	FY2023 MTP Targets
<b>Net sales</b>	¥205.6 billion	¥192.9 billion	¥226.7 billion	¥270 billion	¥275 billion
<b>Operating income</b>	¥5.2 billion	¥7.1 billion	¥9 billion	¥12 billion	¥27.5 billion
<b>Operating margin</b>	2.6%	3.7%	4.0%	4.4%	10.0%
<b>Outside Japan sales ratio</b>	54.8%	67.2%	58.9%	65.5%	66.9%
<b>ROIC</b>	0.9%	0.4%	0.8%	2.6%	8.0%
<b>Exchange rate</b>	USD: ¥109.80 EUR: ¥129.89	USD: ¥131.43 EUR: ¥138.04	USD: ¥131.43 EUR: ¥138.04	USD: ¥125 EUR: ¥140	USD: ¥105 EUR: ¥125

\*\*FY2022(irregular)" is the 9-month fiscal period from April 1, 2022 to December 31, 2022.

\*\*\*FY2022(adjusted)" figures are adjusted to 12-month fiscal period from January 1, 2022 to December 31, 2022.

# Future Outlook

# Mobile Crane Demand Trends

- Global demand recovered to pre-coronavirus disruption levels (CY 2022).
- Global demand will remain strong despite some concerns in each region (CY 2023).
- Energy and infrastructure-related demand in regions (North America, Middle East, Oceania, etc.) will continue at a high level.

Region	(Units)					
	CY2019	CY2020	CY2021	CY2022	vs 2021	vs 2019
Europe	1,650	1,390	1,360	1,470	108%	89%
North America	1,650	980	1,090	1,150	106%	70%
Latin America	270	200	370	590	159%	219%
Asia	1,290	1,020	1,360	2,020	149%	157%
Middle East	650	480	520	910	175%	140%
Other	1,240	1,170	2,080	3,760	181%	303%
<b>Subtotal (total outside Japan)</b>	<b>6,750</b>	<b>5,240</b>	<b>6,780</b>	<b>9,900</b>	<b>146%</b>	<b>147%</b>
Japan	1,870	1,520	1,420	1,380	97%	74%
<b>Total</b>	<b>8,620</b>	<b>6,760</b>	<b>8,200</b>	<b>11,280</b>	<b>138%</b>	<b>131%</b>

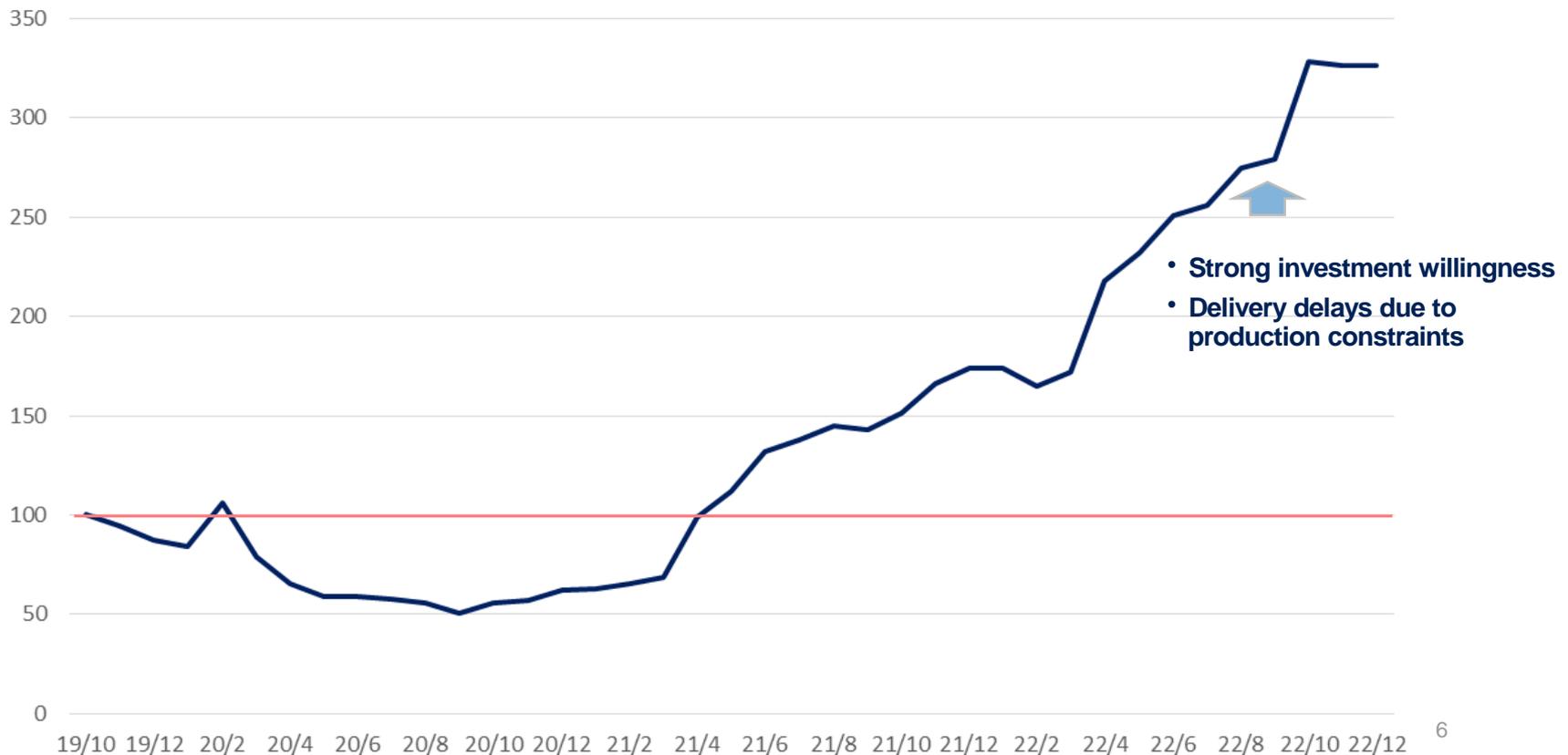
\*Mobile cranes produced in China for Chinese market are excluded.

\*Mobile cranes produced in Russia are excluded.

# Trends in Order Backlog

- Order backlog remains high due to production constraints in addition to recovering demand.
- Making up for delays caused by production constraints, steadily leading to sales.

Trends in order backlog (by monetary value) with October 2019 normalized to the value of 100



# Production Situation

**Planning to increase production volumes in both Japan and Germany to make up for delays in FY 2022.**

## ➤ Procurement Challenges

### **FY 2022:**

- **Coronavirus disruption (prolonged + Shanghai lockdown), Ukraine crisis and truck chassis supply constraints in Japan.**
  - Shortage of goods – Certain electric components, trucks, etc.
  - Shortage of manpower – Delays in delivery of supplied materials, logistics delays

### **FY 2023:**

- **Production situation is recovering in both Japan and Germany, but there is still a lack of clarity about the future.**
- **Multi-sourcing (in-house production and multiple purchasing) initiatives are in progress.**

## ➤ Costs Increase

- **Rising raw material prices and overhead costs (logistics, labor, etc.).**
- **Increase in costs is partly easing, but it remains high.**

# Initiatives for the Future

# One Tadano Initiatives

## Initiatives Implemented:

- ✓ Harmonization under the Tadano brand
- ✓ Unification of accounting period
- ✓ Revitalized organizational structure (strengthened product segment and sales region alignments)
- ✓ Closure of production plants in Thailand and India
  - Tadano will concentrate the Tadano Group's resources on rebuilding its European operations.

## Towards a True One Tadano:

**Fostering and building One Tadano as the Tadano Group works together to revitalize the European operations.**

- ✓ Active global communication (recognizing diversity)
- ✓ Optimal development and production schemes (combining ideas and seeking best practices for Japan and Germany)

# Progress in Restructuring of European Operations

- Demand and orders are favorable. On the other hand, prolonged production constraints resulted in lower production/sales volumes, reduced production efficiency, and higher raw material prices, all of which were negative factors for profits.
  
- Under new CEO Kenichi Sawada, we will accelerate efforts towards the restructuring and establish a development and production scheme that can only be achieved by Tadano that combines the essence of superior abilities of Japan and Germany (becoming a true One Tadano).
  - Japan's strength: High quality, stability in terms of cost and delivery schedules
  - Germany's strength: Cutting-edge technologies, environmental considerations

## Concrete Actions:

- ✓ Optimization of workforce and assets under the restructuring plan – **completed**
- ✓ Integration of business operations and brand harmonization – **completed**
- ✓ Review of product lineups – **in progress**
- ✓ Establishment of an optimal production scheme in collaboration with Japan – **in progress**
- ✓ Establishment of an Advanced Technology Research Center in Europe – **in progress**

# Toward Achieving Net Zero Carbon Emissions

## ➤ Further development of Tadano Green Solutions

- **Planning to launch world's first electric rough terrain crane EVOLT by the end of 2023 (initially targeting the Japanese market).**

→ In response to the announcement in April 2022, we have received many reactions and inquiries from direct customers, design/construction companies that place construction orders, and related component suppliers.

- **Exhibiting at the construction trade show CONEXPO being held in Las Vegas, USA from March 14 through 18, 2023.**

- ✓ Planning to announce the launch of new products that do not aim towards a “CO2 reduction” level (low emissions), but a goal of “zero emissions.”
- ✓ Message added to the Tadano Green Solutions logo with the Tadano Group's strong commitment to achieving “zero emissions.”



**OUR TRUE MISSION  
ZERO EMISSIONS**

# Highlights

# Highlights: bauma 2022

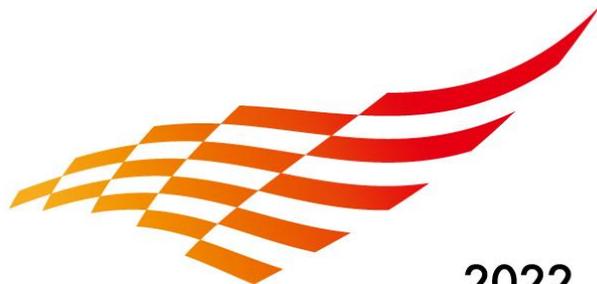
bauma 2022 – one of the three great global construction machinery exhibitions – was held in October of last year in Munich, Germany. This was the first bauma exhibition for Tadano Demag GmbH since Demag joined the Tadano group, and it exhibited products including latest all-terrain cranes, a pedestal crane based on technologies developed with lattice boom crawler cranes, and rough-terrain cranes for Europe. It also exhibited a demonstration model of a hybrid all-terrain crane as part of Tadano Green Solutions. The event received large numbers of visitors on each of the event days, and was an extremely successful and important construction machinery exhibition.



# Highlights: Diversity and Human Capital

## Selected for five consecutive years as a “Certified Health & Productivity Management Organization”

Tadano is working to develop a culture of good health, launching its “Physical and Mental Wellness Program” in 1981, and opening the “Fitness Center” located on company premises to employees and their families. Each year beginning from 2018, we have been selected as a “Certified Health & Productivity Management Organization (Large Enterprise Category)” recognized by Japan’s Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council). Our seven Group companies in Japan were also recognized as “Certified Health & Productivity Management Organizations 2022 (Small and Medium-sized Enterprise Category).”



2022

健康経営優良法人

Health and productivity

## Creation of a recruitment PR video aiming to acquire diverse human resources

Aiming to acquire diverse human resources, we produced a recruitment PR video focusing on our employees, based on the two themes of “empowering women at the workplace” and “sharing our dreams at Tadano.” We believe that accepting diversity with a wide range of values and harnessing it in the organization, will lead to improved employee job satisfaction and productivity, and to the creation of additional value. We will continue working to create an environment where a diverse range of employees can put their abilities to use in the future.



# Highlights: Initiatives for ESG and SDGs

## Completion of solar power generating system covering 30% of power consumption at the Tadotsu Plant

In January 2023, the installation of a solar power generating system at the Tadotsu Plant was completed based on a Power Purchase Agreement with Daigas Energy Co., Ltd. The total panel capacity is 606.8 kW, and 543,000 kWh is expected to be consumed annually by the plant. As a result, it is estimated that 32.2% of annual power consumption at the Tadotsu Plant can be provided by renewable energy. This is expected to reduce CO<sub>2</sub> emissions by 288 t annually, 1.5% of the emissions from all business sites in Japan. The Tadano Group will continue contributing to realize a zero carbon society in a variety of ways in the future, aiming to achieve our goal of Net Zero Carbon Emissions by 2050.



## A Lecture on the SDGs by Mr. Tsuyoshi Kitazawa

As a collaboration event with Kamatamare Sanuki, a football club of Kagawa Prefecture, a former member of the Japan national team and J-League player Mr. Tsuyoshi Kitazawa was invited at the Tadano headquarters to give a lecture on his contribution to society through sports and his involvement in the promotion of the SDGs. Mr. Kitazawa first introduced his reason to start playing football and shared some stories from his time as a player. He then spoke about his experience in supporting football for developing nations, and for people with disabilities.



**Pursuing Further Excellence  
for the World and the Future.**