Financial Results Briefing

In 2019, Tadano will celebrate the 100th anniversary of its founding.

May, 2019

Milestone Year

• 100th anniversary of founding
• Kozai Plant is planned to start operating
• Planned Acquisition of Demag Mobile Crane Business
Long-Term Goals

- Becoming No.1 Worldwide in the Lifting Equipment Industry
- Attaining a sales of ratio of 80% outside of Japan
- Becoming a company with stable and high profitability (Attaining an average operating margin of 20%)

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

Difficulty in Sales, Sales ratio outside Japan and operating margin against the final target of the mid-term plan (17-19)

Unit: 100 million yen

<table>
<thead>
<tr>
<th></th>
<th>FY 17</th>
<th>FY 18</th>
<th>FY 19 Forecast</th>
<th>FY 19 Targets</th>
<th>FY 22 Mid-Term Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,737</td>
<td>1,884</td>
<td>2,000</td>
<td>2,400</td>
<td>3,000</td>
</tr>
<tr>
<td>Japan</td>
<td>975</td>
<td>913</td>
<td>970</td>
<td>960</td>
<td>1,000</td>
</tr>
<tr>
<td>outside Japan</td>
<td>761</td>
<td>970</td>
<td>1,030</td>
<td>1,440</td>
<td>2,000</td>
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<tr>
<td>Outside Japan Sales Ratio</td>
<td>43.8%</td>
<td>48.5%</td>
<td>51.5%</td>
<td>60.0%</td>
<td>66.7%</td>
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<tr>
<td>Operating income</td>
<td>155</td>
<td>158</td>
<td>175</td>
<td>360</td>
<td>500</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>8.9%</td>
<td>8.4%</td>
<td>8.8%</td>
<td>15.0%</td>
<td>16.7%</td>
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<tr>
<td>Inv. Turnover Ratio</td>
<td>3.2</td>
<td>3.0</td>
<td></td>
<td></td>
<td>4.8</td>
</tr>
<tr>
<td>ROA</td>
<td>6.5%</td>
<td>6.3%</td>
<td></td>
<td></td>
<td>13.0%</td>
</tr>
</tbody>
</table>
Progress of globalization

Sales (Millions of yen)

Outside Japan Sales ratio return to 50%

Net Sales Outside Japan
Net Sales Japan
Outside Japan Sales ratio

Sales Trends by Market Outside Japan

Record high sales expected for North America
Factors of operating profit margin decline
~Comparison FY15(highest) and FY18~

FY15 : 14.8% ⇒ FY18 : 8.4%

• COGS ratio : 3.1% P worse (69.9% ⇒ 73.0%)
  ➢ Product Line Structure
  ➢ Unable to Develop Pricing that Reflects Added Value
  ➢ Strategic Pricing

• SGA ratio : 3.4% P worse (15.3% ⇒ 18.7%)
  ➢ Increase in absolute amount : ¥ 3.2 billion
    (31.9 billion yen ⇒ 35.1 billion yen)
    Includes Growth Investment of 2.9 billion yen

Struggle of the European business

Background of FY17/FY18

• Delayed product development
  ⇒ Resolved

• Delayed delivery from Suppliers
  ⇒ Generally resolved, but some problems remain

• Quality problems
  ⇒ Shipping stabilization
    Continue for Market response

• ATF 600: Prolongation of Testing
  ⇒ Continuing for long time
Trends in Crane demand (Including Japan)

Change of Crane market structure

Composition ratio by model (Including Japan)
Trends of Total demand and sales by area

Index based on FY 2010 normalized to 100
- **Total Demand**
- **Sales**

Europe

North America

Middle East

Asia

Response to Structural changes

- **RC**: Increase market share
- **AC**: Pursue market leader position through planned acquisition of Demag Mobile Crane Business
- **TC**: We will engage Chinese competition through our India operations

※ RC: Rough Terrain Crane  AC: All terrain Crane  TC: Truck Crane
Response to Structural Changes

- CC: Tadano Mantis + Demag (super large)
- Truck Loader Cranes:
  - Straight boom: Japan + Thai business (Asia · Middle East)
  - Knuckle boom: Future Task (Product of PM group)
- Aerial Work Platforms: Focus on the Japanese market for the time being

※ CC: Crawler Crane

Approach to the Red Arrow

- Increase Mkt. Share, Improve sales price
- Standardize Group-Wide Design Information, Promote Modularization
- Reinforce for structure of Parts · service
- R&D (Reinforce Human Resources, Collaborative Research, etc.)
- M&As and Alliances
- Others
Kozai Plant

To become No. 1 worldwide in the lifting equipment industry, further expansion of production capacity is necessary

- Only 200 units of RC with current monthly production capacity as of FY14 / 15
- Supply main parts to production sites outside Japan to improve product quality

【Production item】
Large RC (Multi-axle model), TC
Main parts (boom • cylinder)

※ RC: Rough Terrain  TC: Truck Crane

After Planned Acquisition of Demag Mobile Crane Business

Net sales and outside Japan sales ratio will reach the final target of mid-term management plan (17-19)
Pursuing Further Excellence for the World and the Future.