

Financial Results Briefing

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

May 15, 2018

TADANO LTD.

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

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The OC-2 hydraulic truck crane

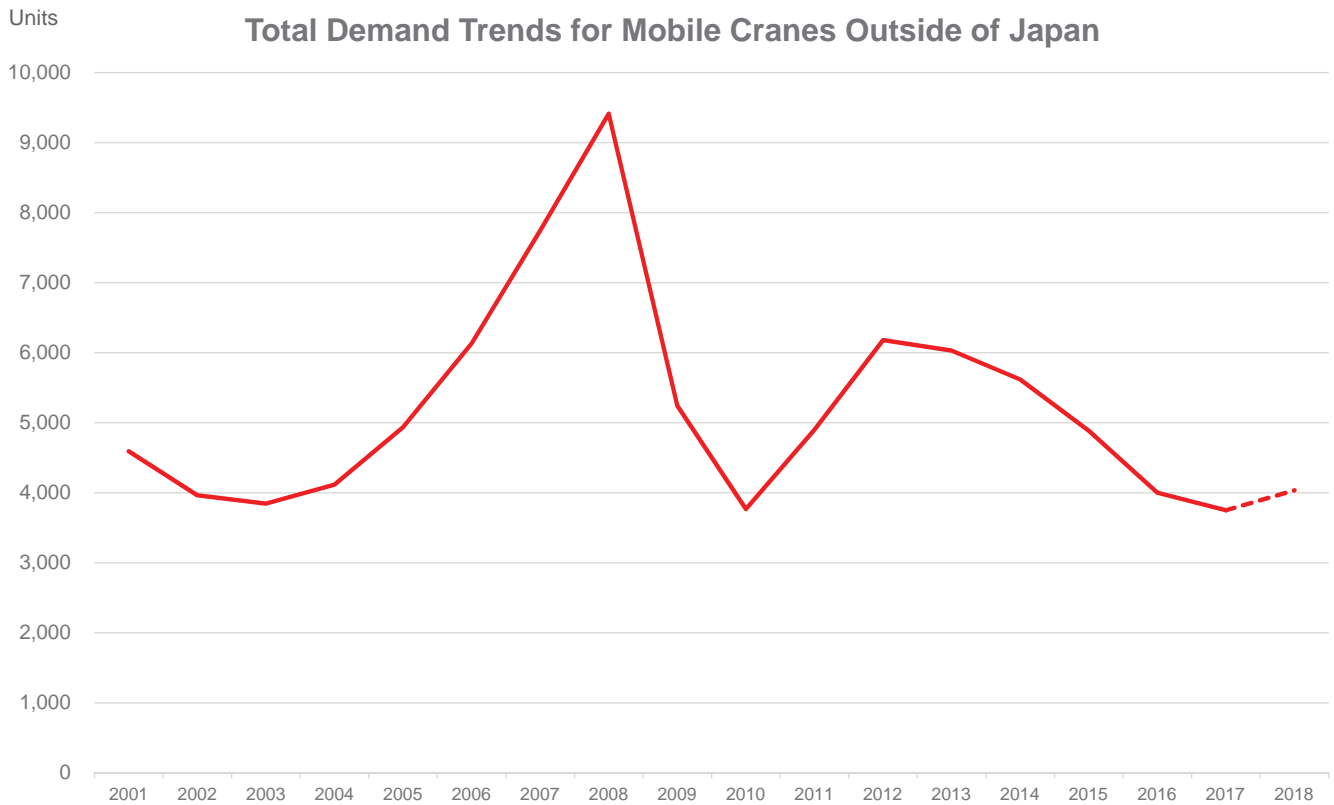
- 2018** 70th anniversary of establishment
- 2019** 100th anniversary of founding

- Revenue and profit fell for the 2nd consecutive year
- Failed to meet publically announced sales and profit forecasts
- Operating margin dropped from the 1st to the 2nd half of the year

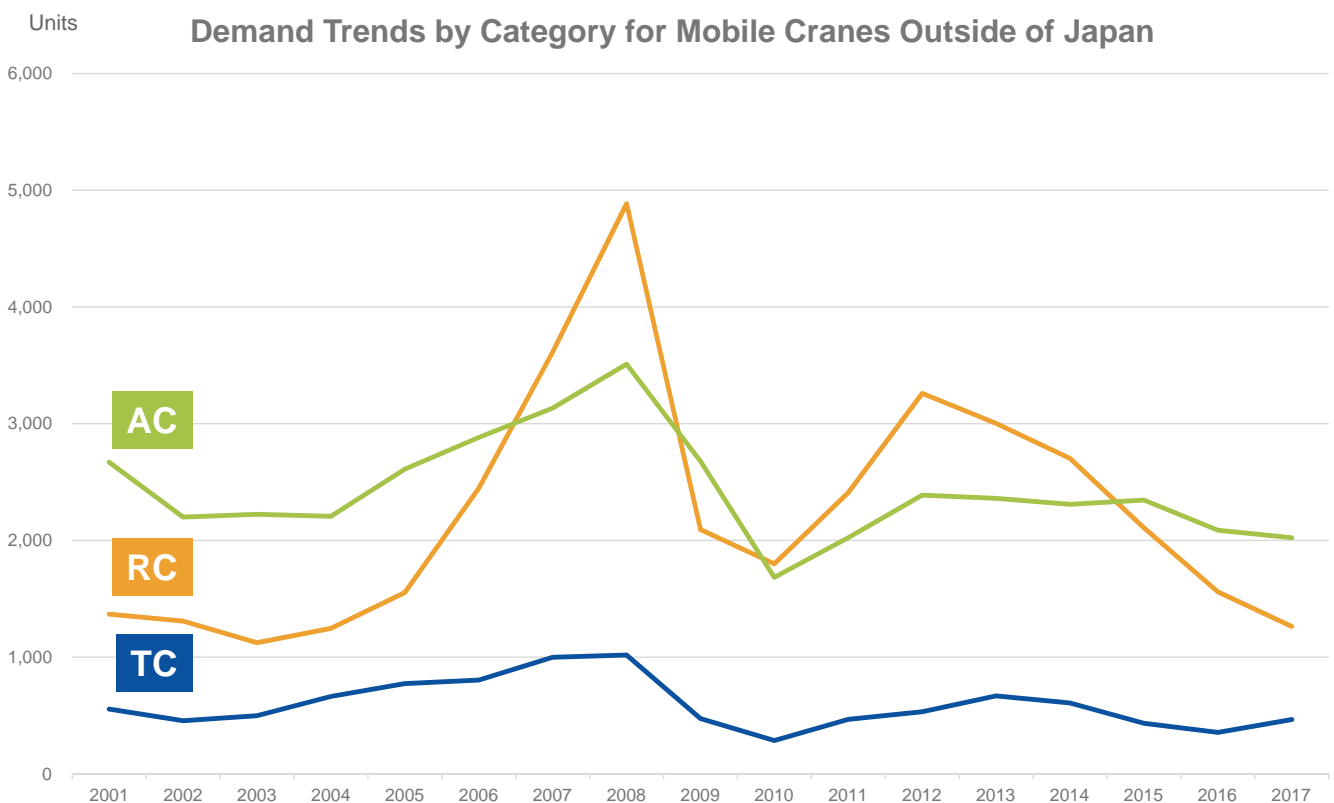
- Expected sales and profit increases for the first time in 3 years
- Despite increasing sales, operating margin will remain flat

Challenges

- Demand recovery outside of Japan is delayed
- Sales structure of products sold outside of Japan is changing → Fall in demand for rough terrain cranes
- All terrain crane growth challenges (quality problems and delayed product development at Tadano Faun)
- Rise of Chinese produced truck cranes (now being exported aggressively to strategic markets)
Liquidation of Tadano's Chinese joint venture company
- Aerial work platform sales structure is changing → saturation of market for Super Decks and Bridge Checkers to be followed by dropping demand

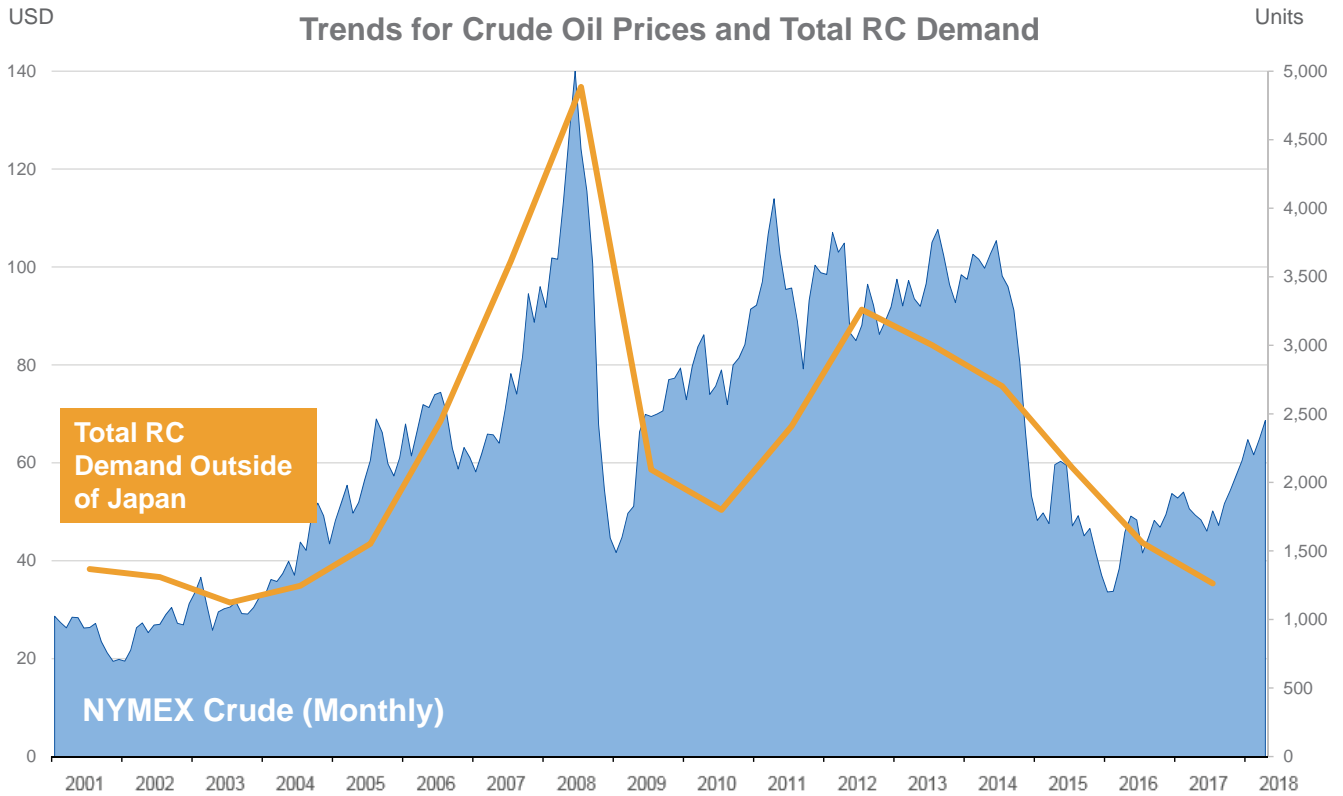


Note: Chinese export mobile cranes not included



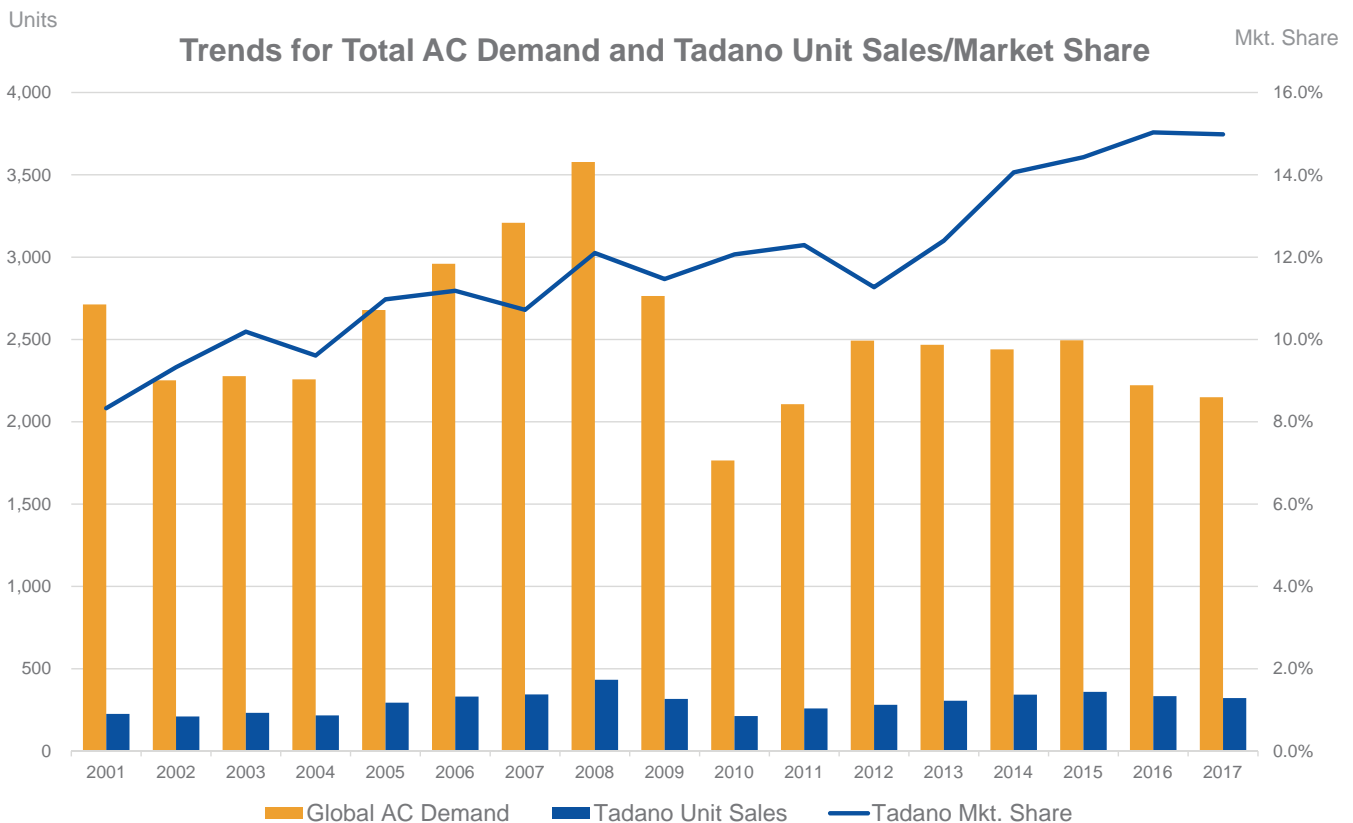
Notes: 1. AC = all terrain crane, RC = rough terrain crane, TC = truck crane
2. Chinese export mobile cranes not included

Challenges: Sales structure of products sold outside of Japan is changing → Fall in demand for rough terrain cranes

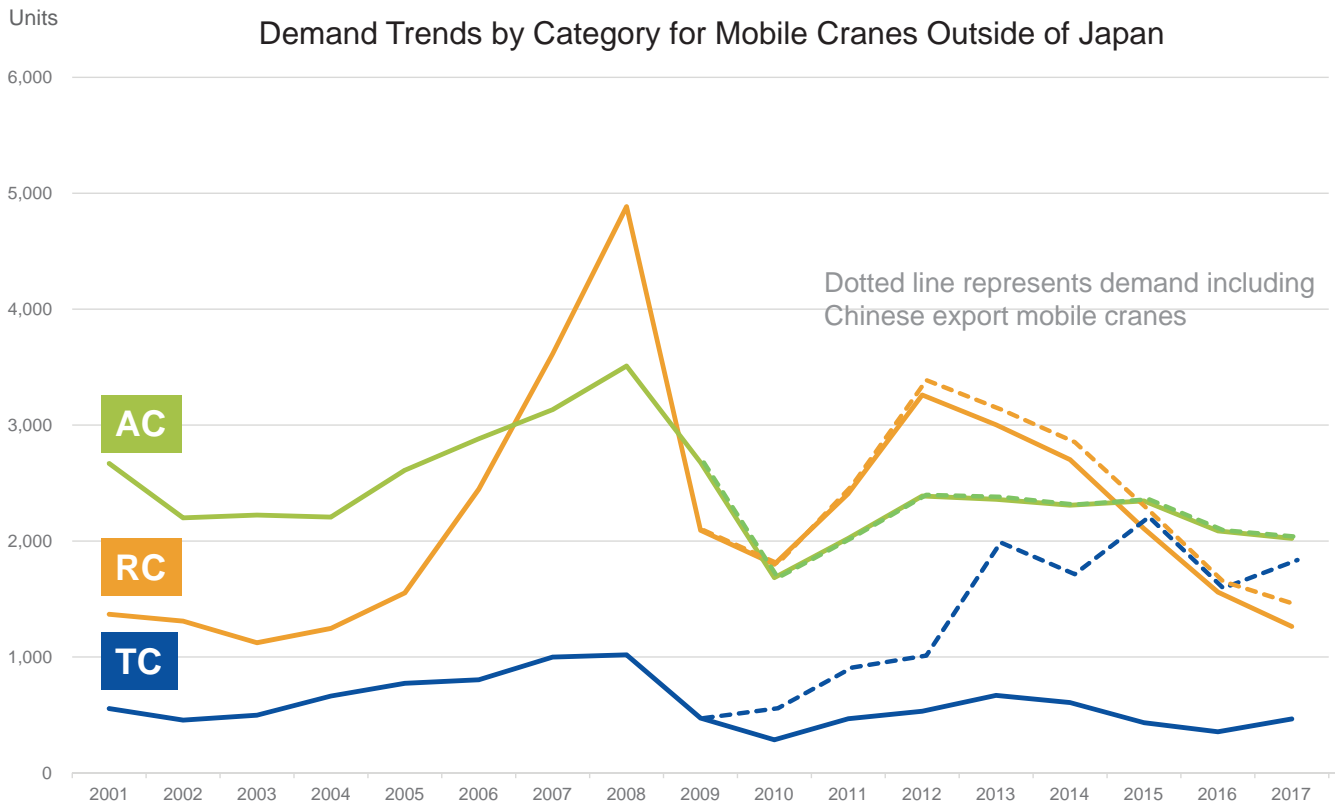


Notes: 1. Chinese export mobile cranes not included.
2. NYMEX prices are monthly closing prices

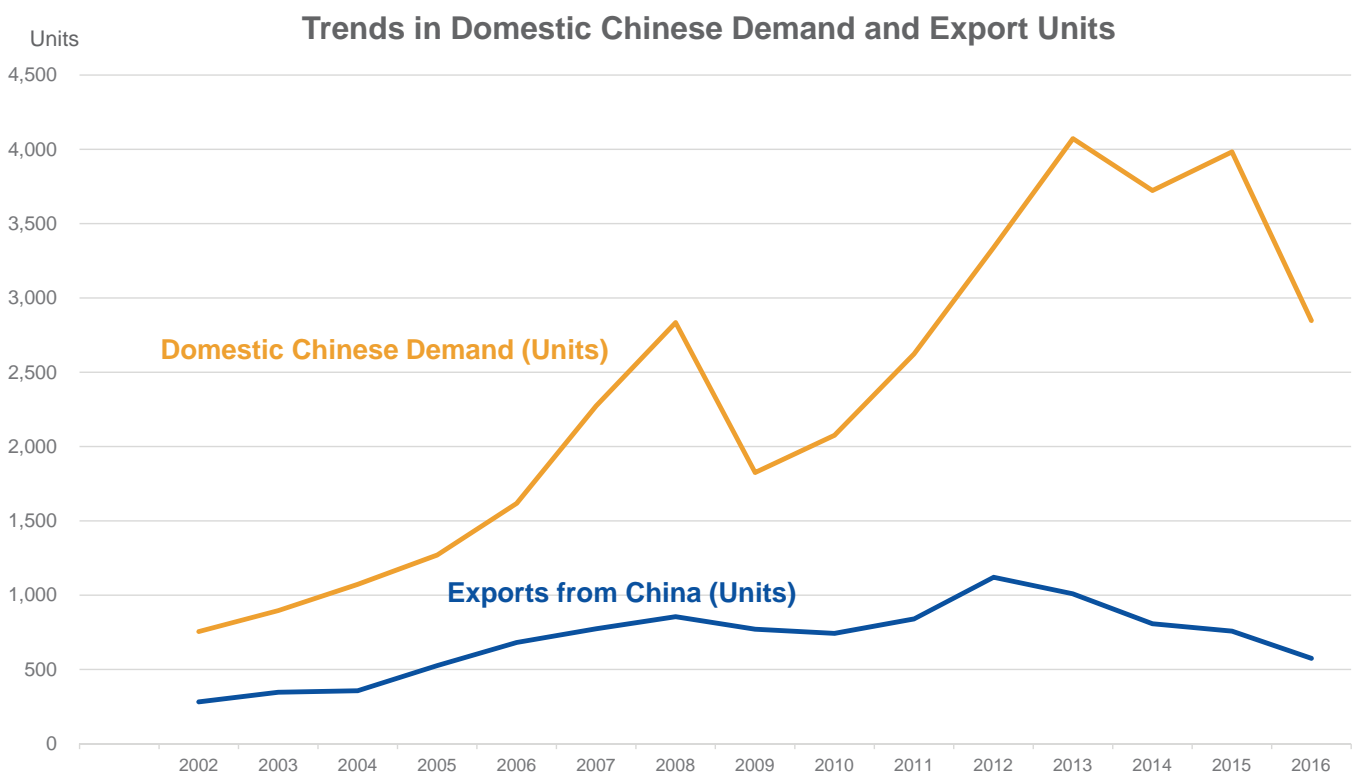
Challenges: All terrain crane growth challenges (quality problems and delayed product development at Tadano Faun)

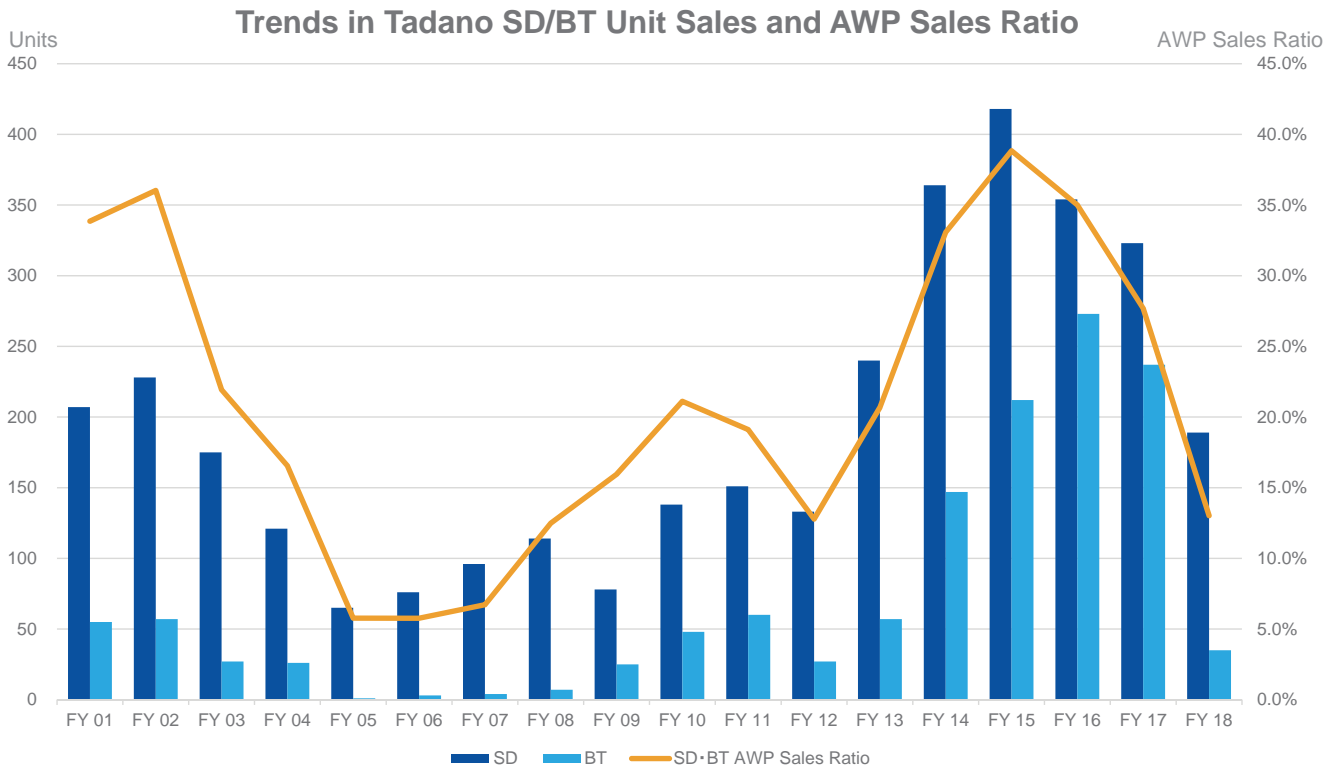


Challenges: Rise of Chinese produced truck cranes (now being exported aggressively to strategic markets)



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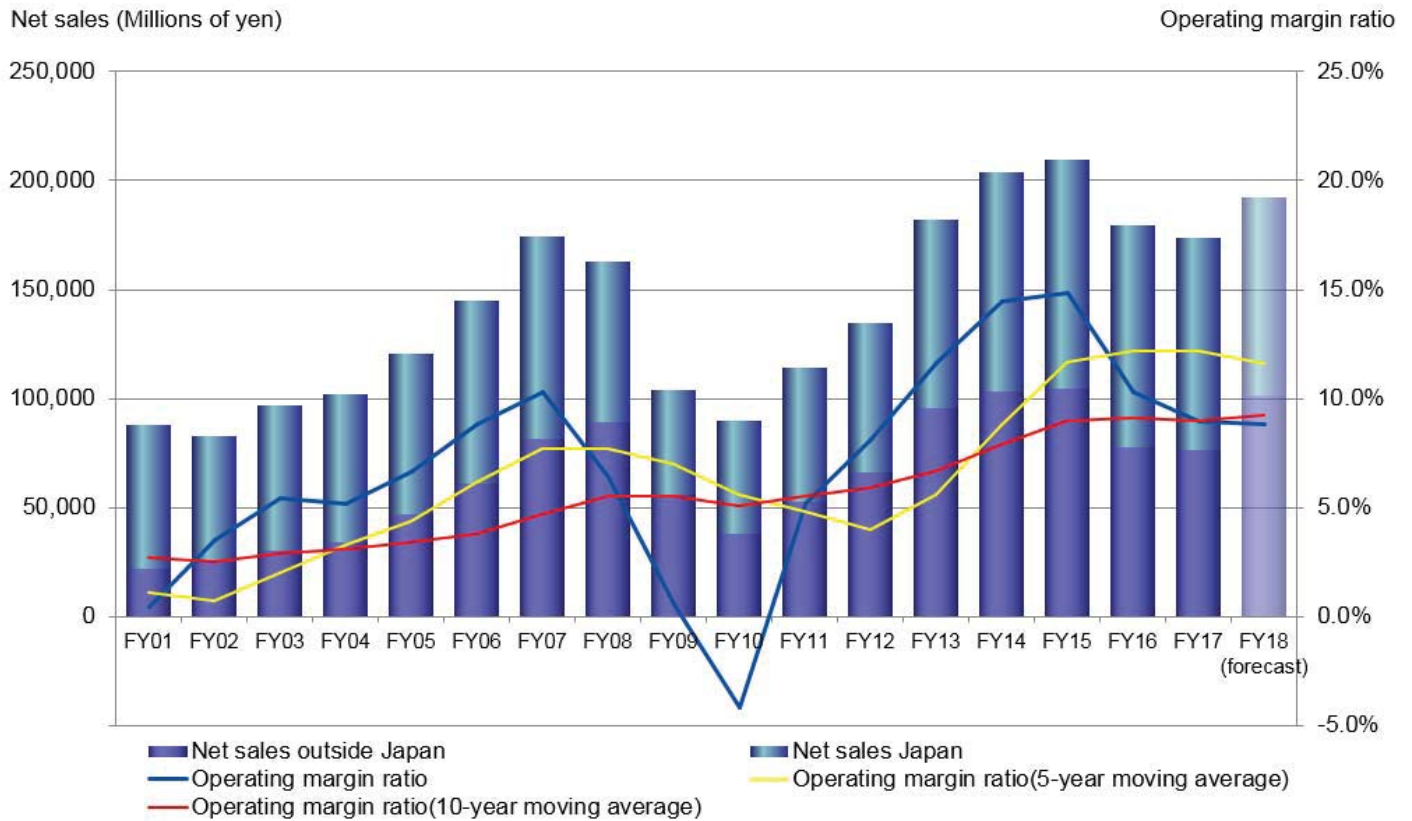


Note: SD = Super Deck, BT = Bridge Checker, AWP = aerial work platform

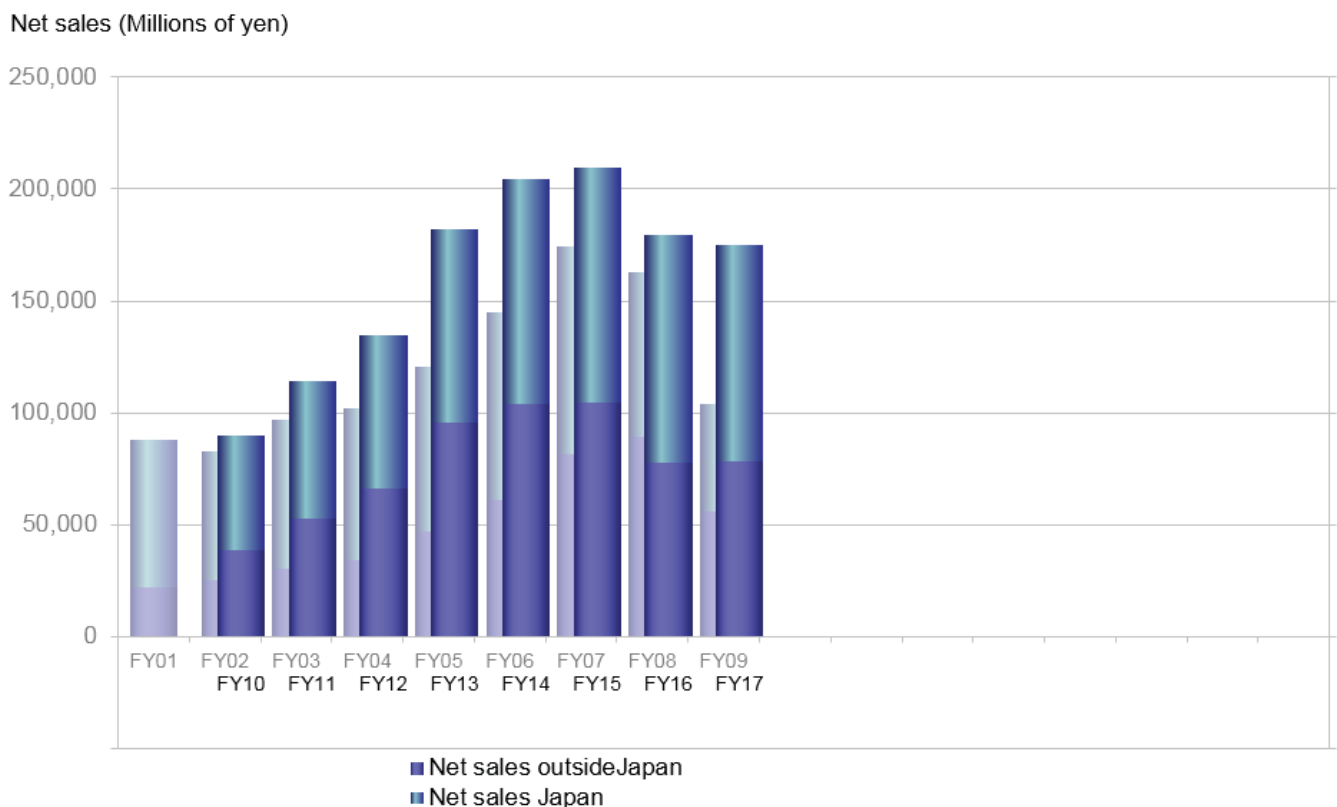
What Growth Means for Tadano

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

What Growth Means for Tadano (Sales and Profit Trends)

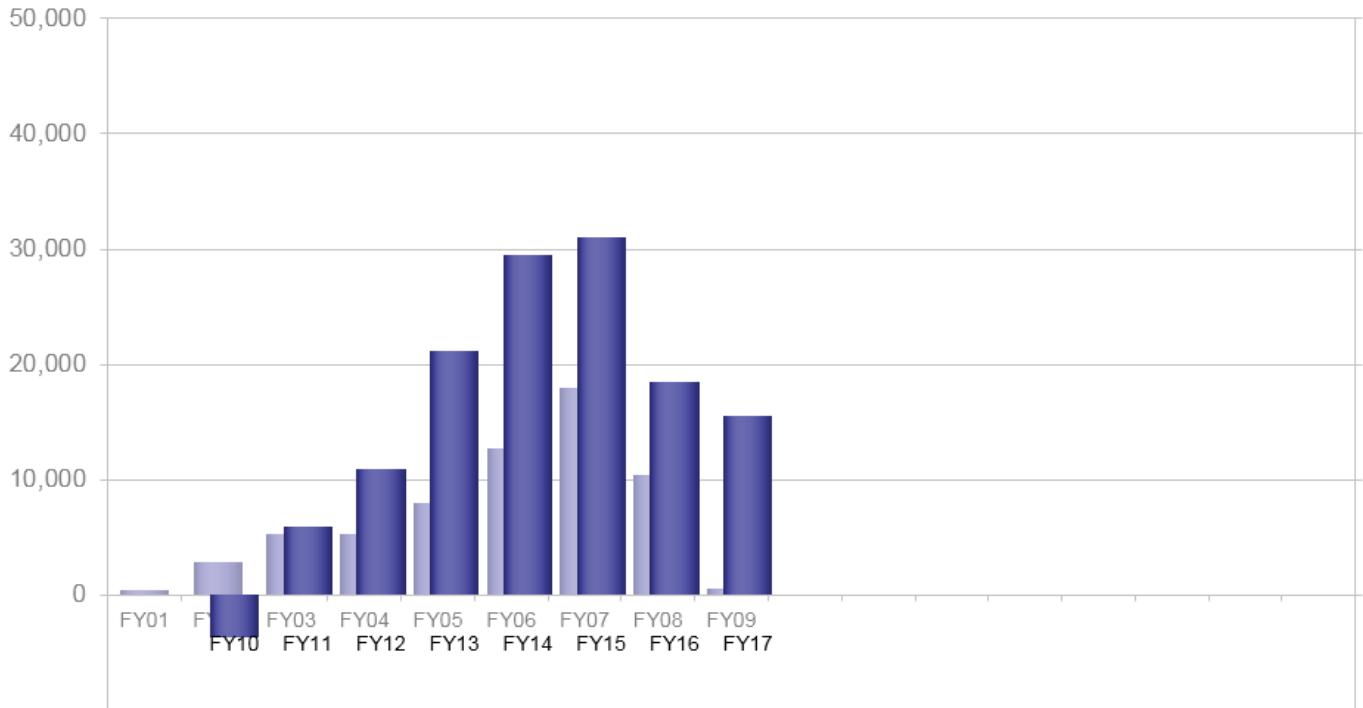


What Growth Means for Tadano (Growth of the Wave: Sales)



What Growth Means for Tadano (Growth of the Wave: Operating Income)

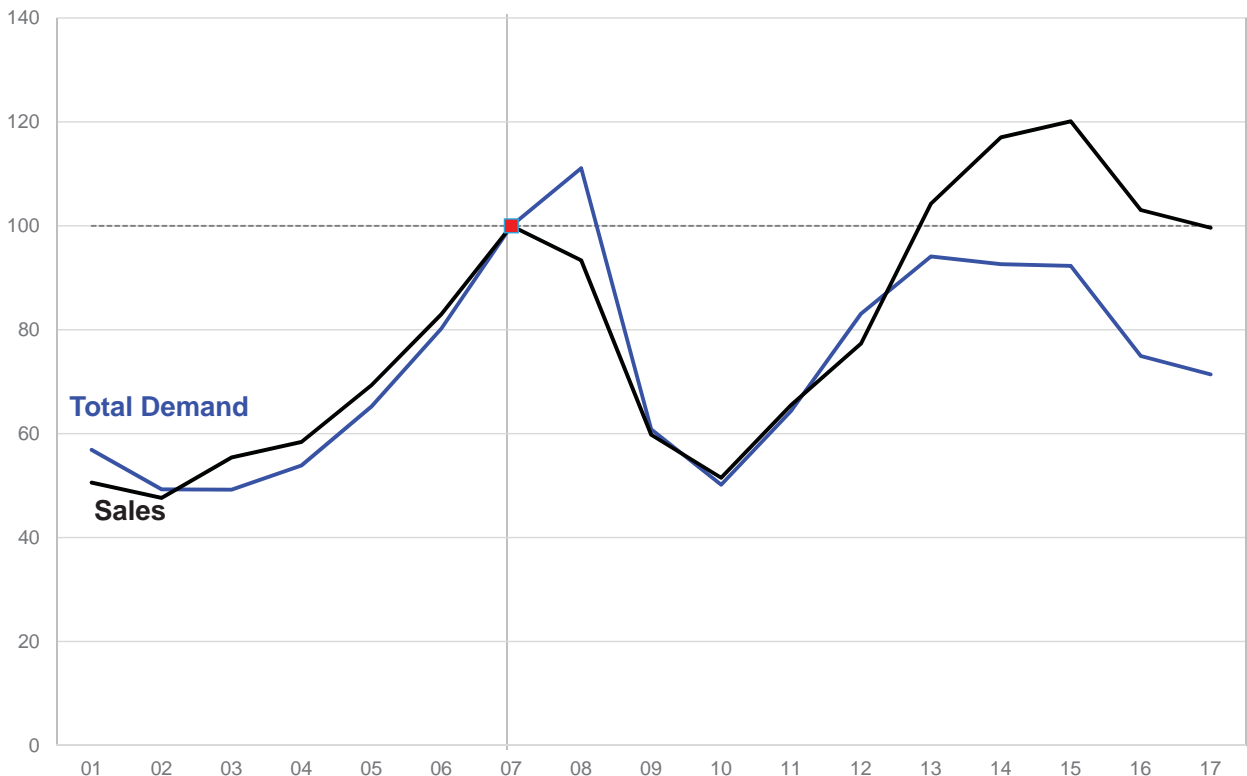
Operating Income (Millions of yen)



■ Operating Income

What Growth Means for Tadano (Normalizing Trends Against 2007)

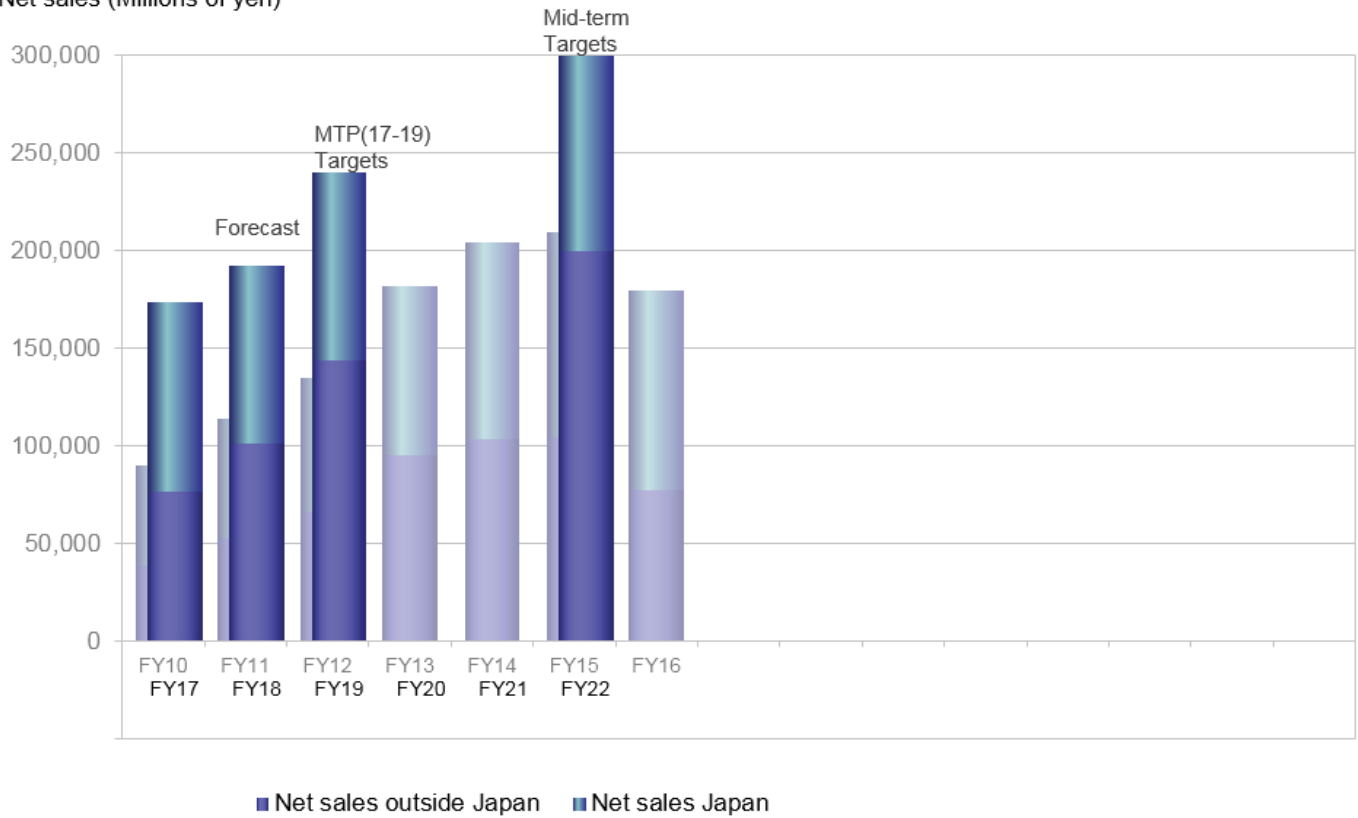
Total Demand, Sales (Normalizing 2007 Values to 100)



Note: Chinese export mobile cranes not included

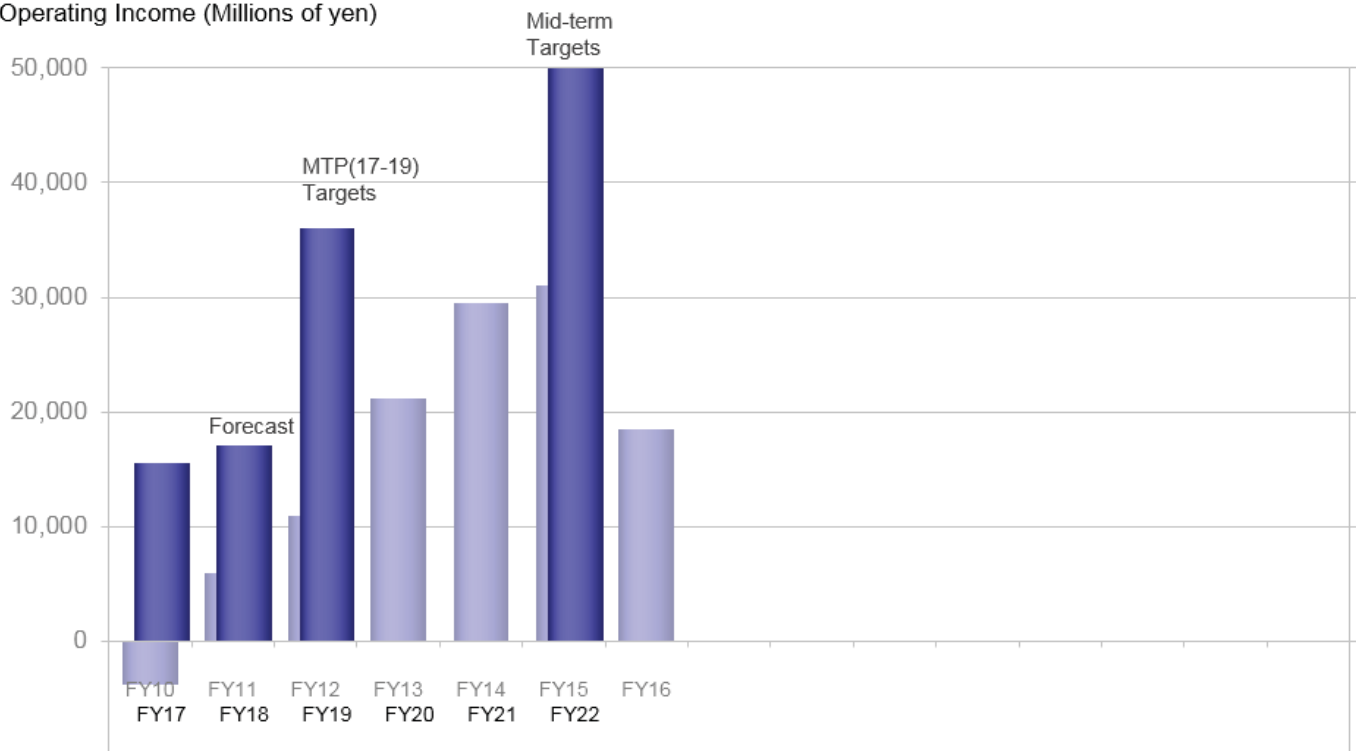
What Growth Means for Tadano (Growth of the Next Wave: Sales)

Net sales (Millions of yen)



What Growth Means for Tadano (Growth of the Next Wave: Operating Income)

Operating Income (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
Sales	1,796	1,737	1,920	2,400		3,000
Japan	1,022	975	908	960		1,000
Outside Japan	774	761	1,012	1,440		2,000
Sales Ratio Outside Japan	43.1%	43.8%	52.7%	60.0%		66.7%
Operating Income	184	155	170	360		500
Operating Margin	10.3%	8.9%	8.9%	15.0%		16.7%
Inv. Turnover Ratio	3.3	3.2		4.8		
ROA	7.9%	6.5%		13.0%		

19

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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20