



Materials for May 13, 2015

Financial Explanatory Briefing



May 2015
TADANO Ltd.

1. Mid- and Long-Term Vision
2. FY2014 Financial Results and
FY2015 Business Performance
Forecasts

1. Business Domain



- 1948 Tadano Ltd. established
- 1955 Developed Japan's first hydraulic truck crane

- Current Business Domain:
Lifting Equipment (LE) Industry

2. Corporate Philosophy



The TADANO Group's business objective is the actualization of our corporate philosophy: Sozo (Creation), Hoshi (Contribution), Kyoryoku (Cooperation). We consider this as something towards which we must constantly and diligently strive.



Corporate Philosophy

Sozo (Creation)

We will create innovative and high-quality products of which we can be proud.

Hoshi (Contribution)

We will contribute to our customers' success and serve society.

Kyoryoku (Cooperation)

We will cooperate to ensure our happiness and strengthen the bonds between us.

3. Vision



Pursuing Further Excellence for the World and the Future.

The TADANO Group

- Seeks to maximize our corporate value in response to the expectations of our stakeholders.
- Establishes an organizational culture which allows for individuals and the company as a whole to continue to learn and grow.



4. Core Values



We constantly share and pursue a set of Core Values, which take precedence over everything else. They are “safety first, quality second, efficiency third,” and we always uphold them in this critical order of priority.

However, it is impossible to manage our company without the third value of efficiency. Therefore, we must ensure “safety first” and “quality second” by any means.



1. Safety (S)

Prioritizing the safety of society and of all those who make and use our products or services

2. Quality (Q)

Pursuing quality improvement, including quality of products, services and business operations

3. Efficiency (E)

Enhancing efficiency in our business operation, as well as contributing to customer business efficiency improvement

5. Long-Term Goal



- **No.1 worldwide in the LE Industry**
- **Outside Japan sales ratio: 80%**
- **Being a stable company with high profitability (constant 20% operating income ratio)**



6. LE industry



- From the perspective of demographics,
LE is a GROWTH INDUSTRY
- Both the LE industry and Tadano have big potential
Uptrends in the long term...
However, in the mid- and short-term, demand is volatile



Volatile Up-Down
Trends

7. Crane Characteristics



▪ Complicated, Difficult

Number of Parts: Many

Process Accuracy: High

▪ Demand Fluctuation:

Volatile

▪ Parts Sales Ratio:

Low

▪ Used Machine Value:

High

8. Parts Sales Ratio (Consolidated)



	FY2013	FY2014
Komatsu	18.6%	19.6%
HCM*	21.3%	21.4%
Tadano	6.7%	6.3%

*HCM:Hitachi Construction Machinery

9. A Manufacturer with Four Synergistic Strengths

**Product
Competitiveness**
+
Product Quality
+
CS Capability
+
Used Crane Value

- **Competitiveness that can be attained after a long-term effort**
- **A manufacturer with four synergistic strengths!**

<< **Basic Policy** >>

Becoming a Stronger Company

A *Stronger company* means being able to continuously do the following 2 things even if demand were to fall by half in the next fiscal year:



<< Three Priorities >>





Seven Strategies

- ① Enhance volume & quality in Core Market,
Expand volume in Strategic Market
- ② Provide No.1 products and expand our sales lineup
- ③ Pursue global & flexible MONOZUKURI
- ④ Provide Outstanding Quality & Service
- ⑤ Improve life-cycle value of our products
- ⑥ Raise profitability level
- ⑦ Strengthen the Tadano Group & global
management structure

Targets published Apr. 2014

Management Targets

P/L	Sales	Over ¥220 billion
	Operating Income	Over ¥30 billion
	Outside Japan Sales Ratio	Over 60%
B/S	Inventory Turnover Ratio	Over 5.0
	ROA (Operating Income / Total Assets)	Over 13%

14. Mid- to Long-Term Investment Plan (3-4 years from now)

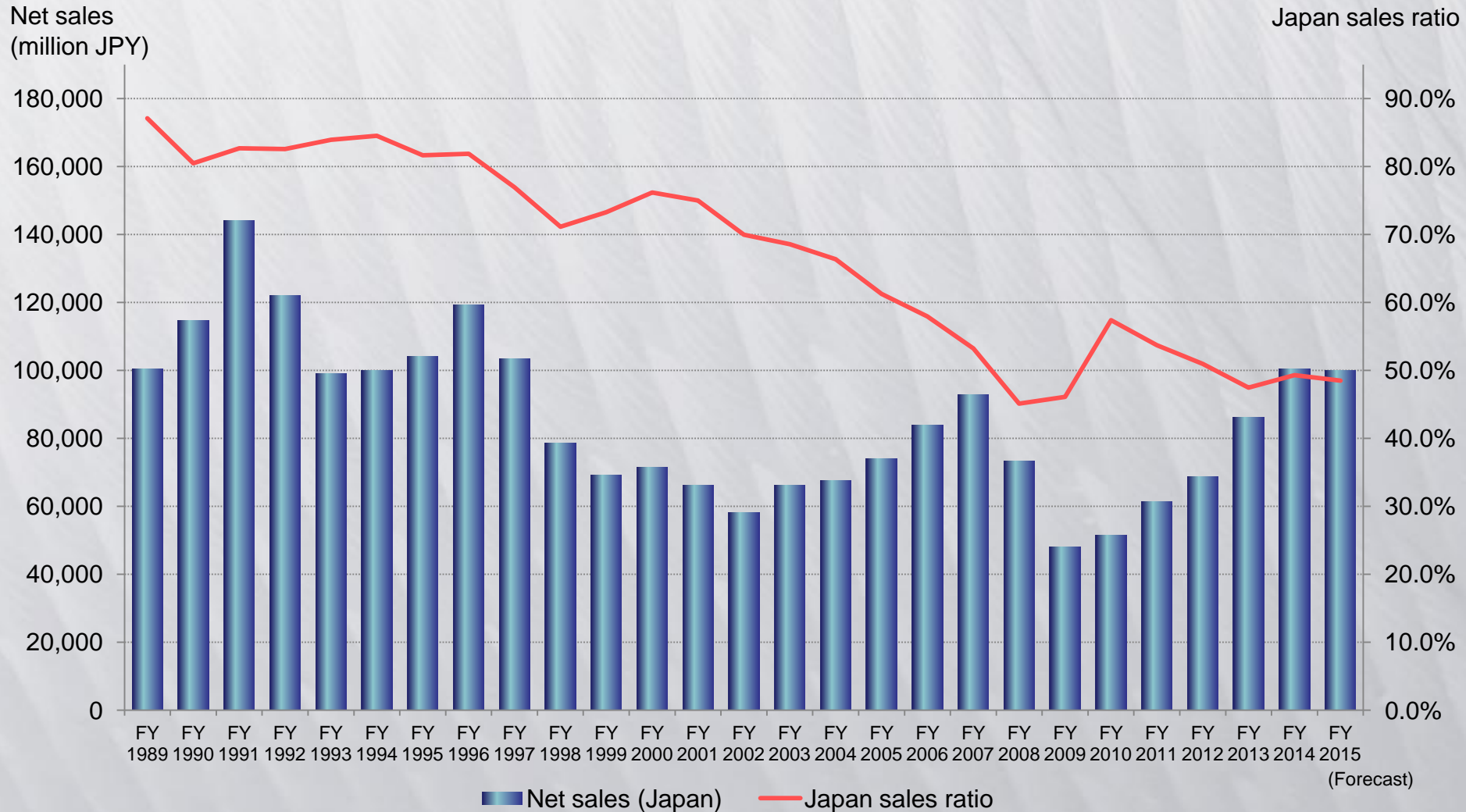


- **Sales and Service Locations**
- **Parts Depots**
- **Used Crane Reconditioning**
- **Plant and Equipment**
- **M&A**

¥30 billion

?

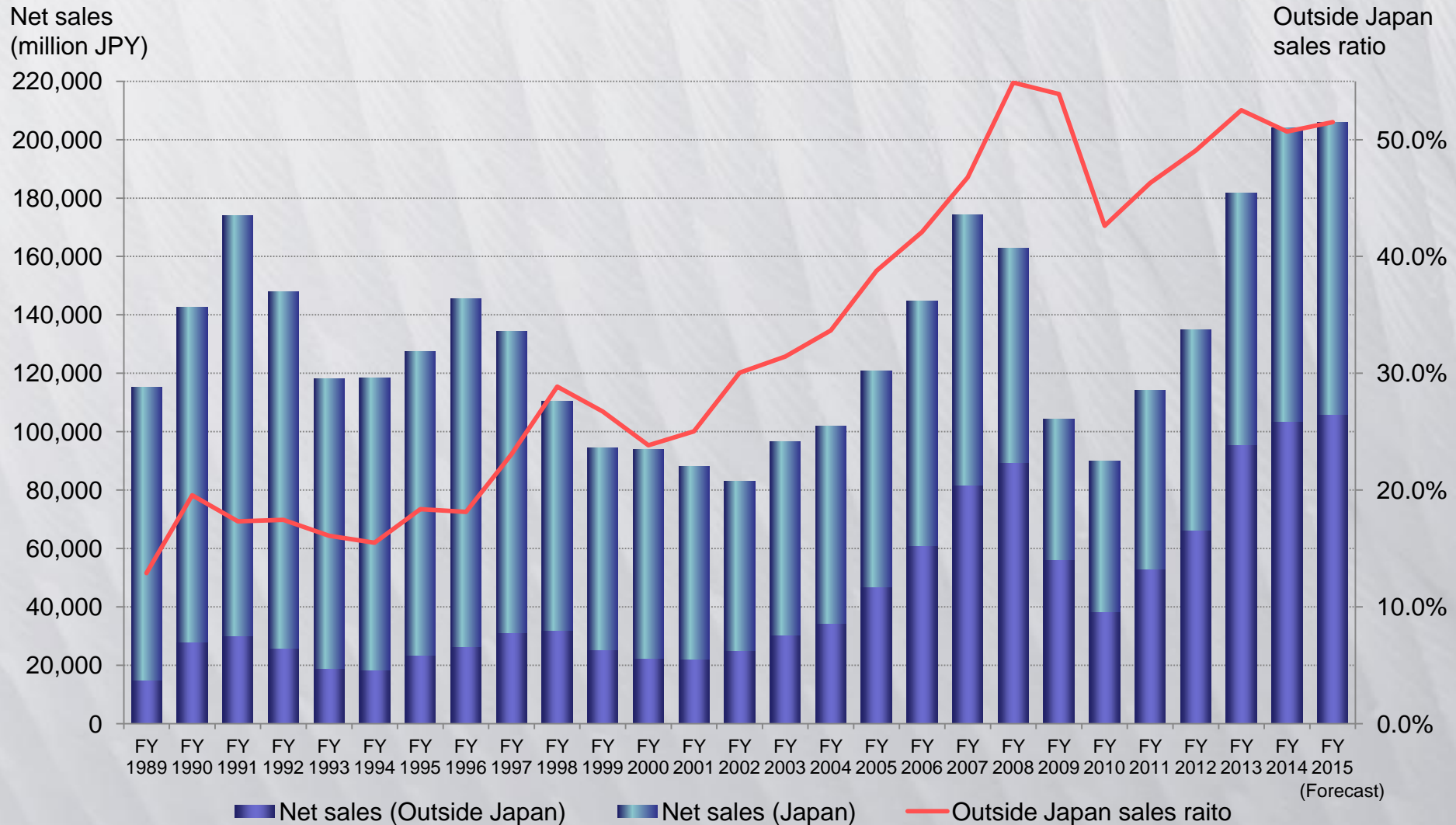
15-1. Trends in Net Sales (Japan) and Japan Sales Ratio



15-2. Trends in Net Sales (Outside Japan) and Outside Japan Sales Ratio



15-3. Trends in Net Sales (Japan and Outside Japan) and Outside Japan Sales Ratio



Struggling Operations = Business for the future

- **China Operations**
- **Tadano Mantis Corp. (U.S.)**
- **Thailand Operations**
- **Brazil Operations**
- **India Operations**



- Revenues and profits reached record highs for the second consecutive fiscal year (Increase in revenues and profits for the fourth consecutive fiscal year)
- Net sales surpassed ¥200 billion for the first time
 - Sales in Japan surpassed ¥100 billion for the first time in 17 years
 - Sales outside Japan surpassed ¥100 billion for the first time ever
- Operating income ratio, ordinary income ratio and net income ratio all reached record highs
- Ordinary income surpassed ¥30 billion for the first time
- Aerial Work Platform market share in Japan reached 40.2%, marked record-high net sales of ¥17.5 billion
- Sales in North American Operations surpassed \$300 million for the first time

18. FY2014, FY2015 (Forecast) Sales and Profits



	FY2013	FY2014	FY2015 (Forecast)
Net Sales	¥181.7 billion	¥204.0billion	¥206.0billion
Operating Income	¥21.1billion	¥29.4billion	¥30.0billion
Ordinary Income	¥21.6billion	¥30.3billion	¥29.8billion
Net Income	¥14.4billion	¥19.4billion	¥20.0billion
Dividends per Share	Mid-year ¥9 Year-end ¥10 Full-year ¥19	Mid-year ¥11 Year-end ¥12 Full-year ¥23	Mid-year¥12.5 Year-end¥12.5 Full-year ¥25
Capital Investment	¥4.1billion	¥3.9billion	¥5.0billion
Depreciation	¥2.3billion	¥2.5billion	¥2.8billion
Exchange Rate (USD)	¥97.65	¥105.85	¥115.00
Exchange Rate (EUR)	¥129.68	¥140.42	¥125.00

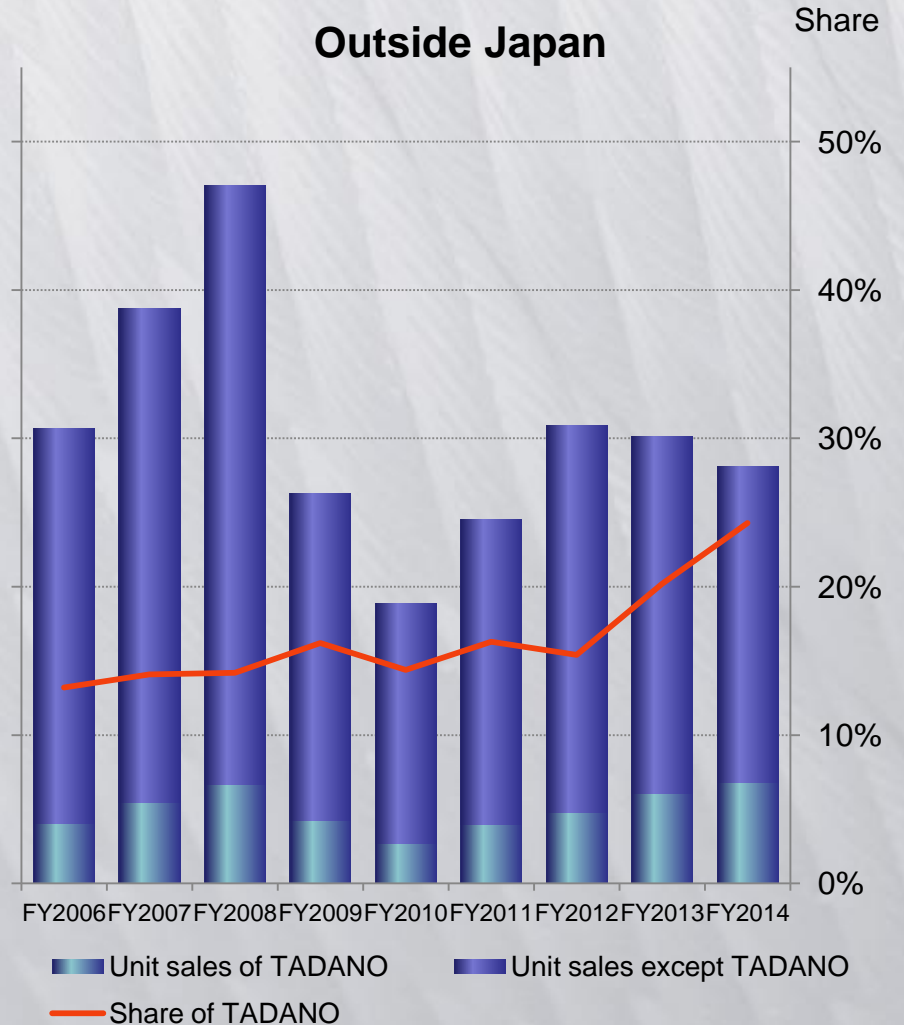
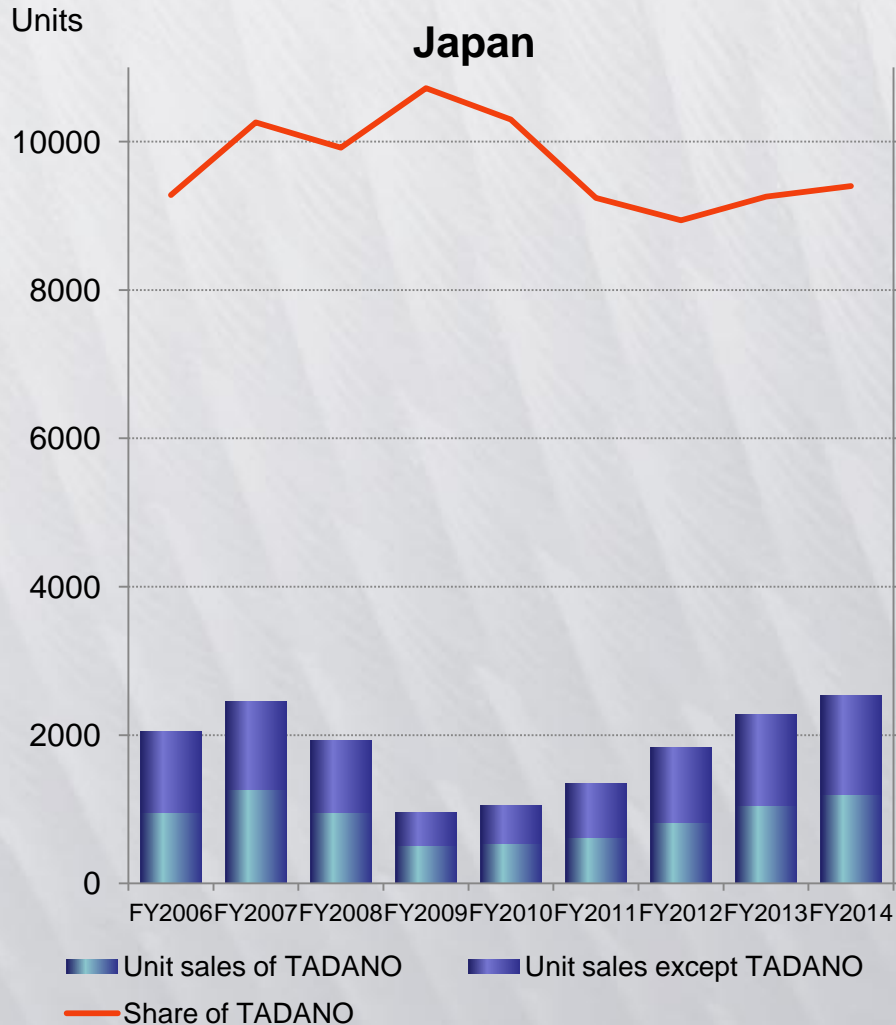
19. FY2006 - FY2014

Trends in Demand, Share, Sales and Profits



	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
World Demand	8,185	10,204	11,335	6,208	4,823	6,249	8,016	8,309	8,156
Japan	2,053	2,458	1,922	956	1,055	1,348	1,836	2,279	2,537
(fiscal year basis)									
Outside Japan	6,132	7,746	9,413	5,252	3,768	4,901	6,180	6,030	5,619
(calendar-year basis)									
Share									
Japan	46.4%	51.3%	49.6%	53.6%	51.5%	46.2%	44.7%	46.3%	47.0%
Outside Japan	13.2%	14.1%	14.2%	16.2%	14.4%	16.3%	15.4%	20.2%	24.3%
Exchange Rate									
(USD periodical average, JPY)	116.38	117.84	103.46	93.57	87.81	79.84	79.82	97.65	105.85
Net Sales(billion JPY)	144.6	174.3	162.7	104.2	89.8	114.2	134.8	181.7	204.0
Japan	83.7	92.8	73.4	48.0	51.5	61.3	68.6	86.2	100.5
Outside Japan	60.8	81.5	89.3	56.1	38.2	52.8	66.1	95.4	103.5
Operating Income	12.7	17.9	10.3	0.6	-3.7	5.8	10.9	21.1	29.4
(billion JPY)									

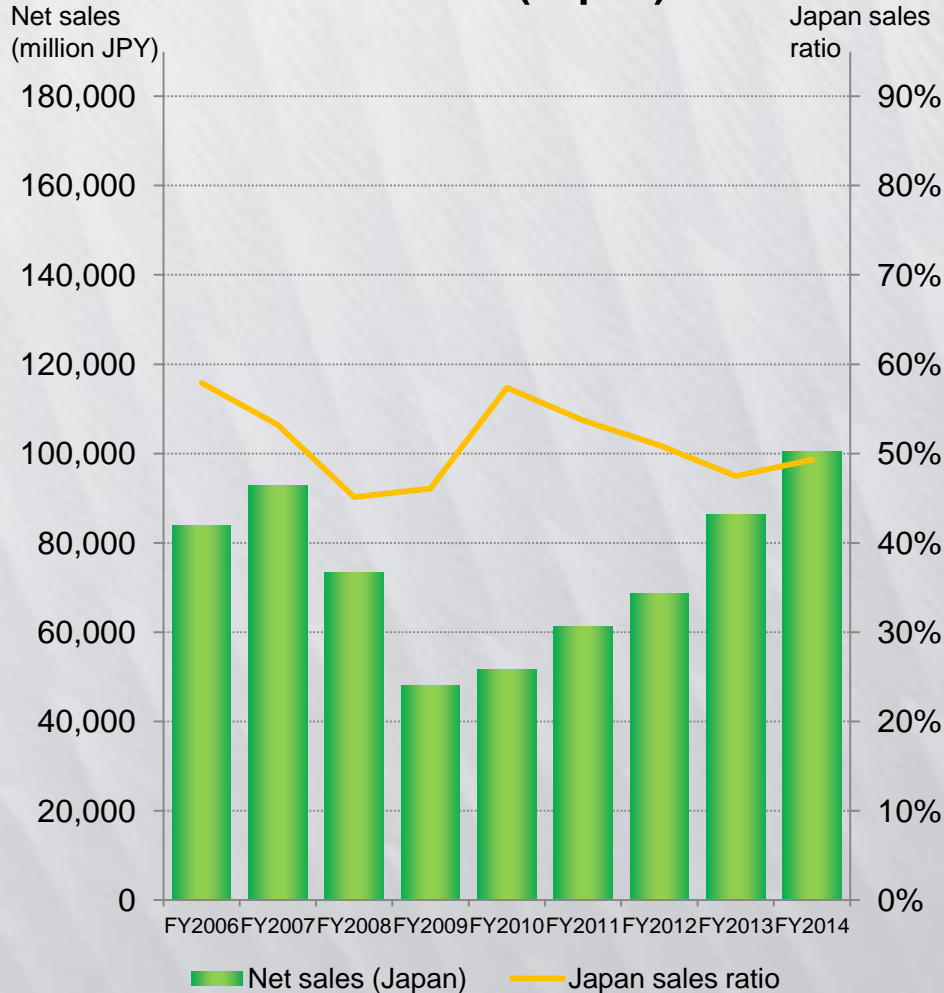
20. Trends in Demand and Unit Sales



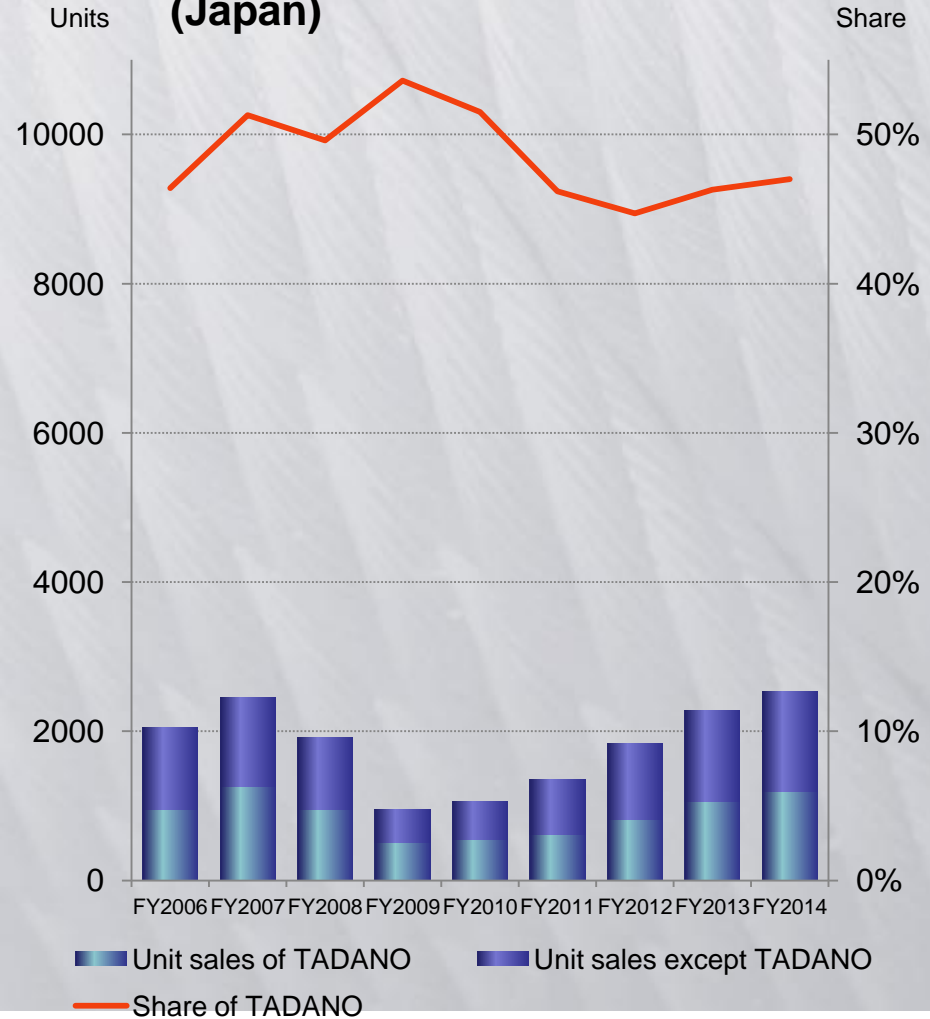
21-1. Trends in Net Sales, Demand, Unit Sales and Share (Japan)



Net Sales (Japan)



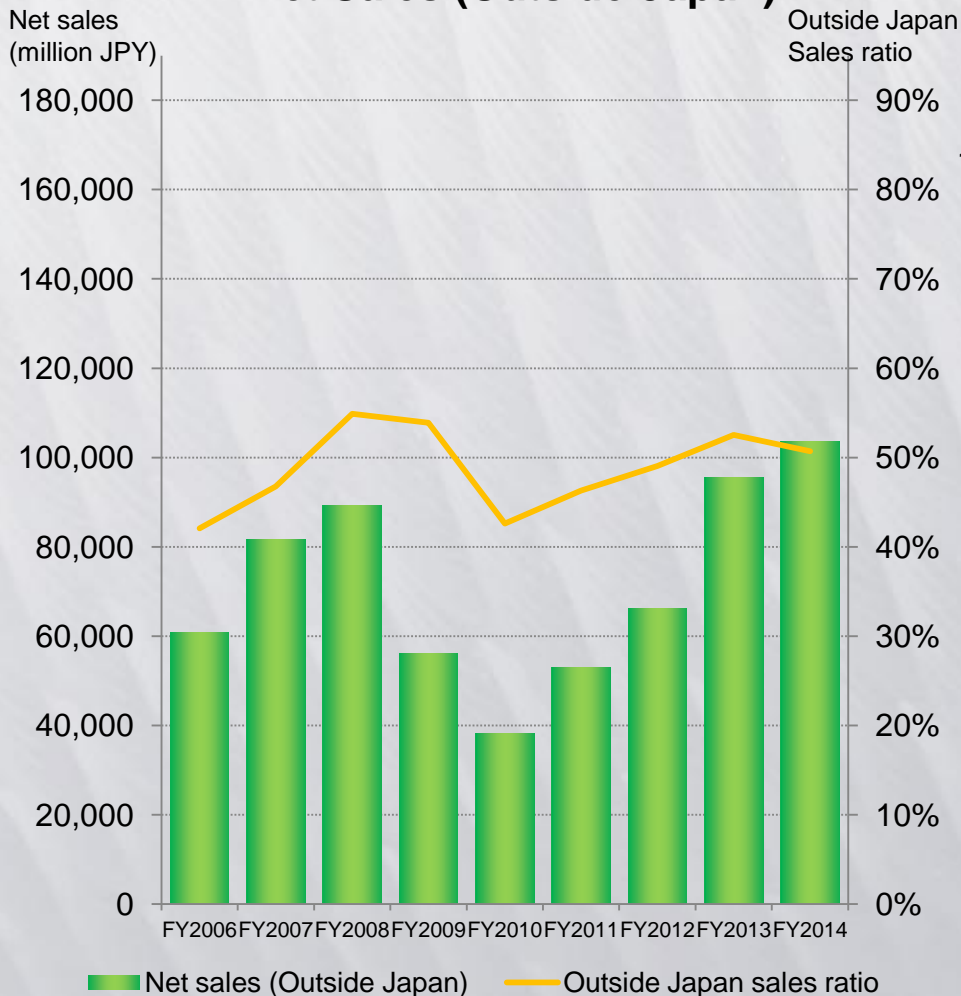
Demand, Unit Sales and Share (Japan)



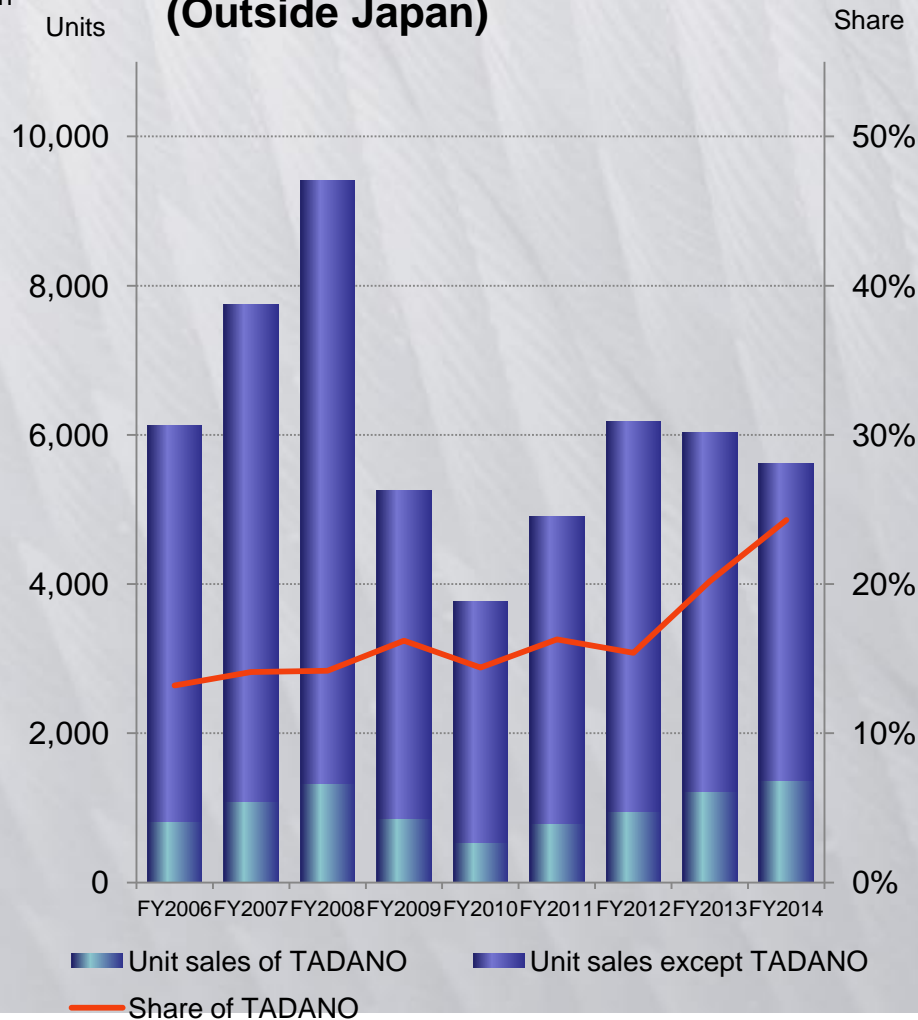
21-2. Trends in Net Sales, Demand, Unit Sales and Share (Outside Japan)



Net Sales (Outside Japan)



Demand, Unit Sales and Share (Outside Japan)



世界に、そして未来に誇れる企業を目指して

Pursuing Further Excellence
for the World and the Future.

ご安全に！！
Safety First!!
Glück auf !!