

Explanatory Materials for FY2016 Third Quarter Consolidated Financial Results



Lifting your dreams

* Note on forecasts:

- This document (including business plans) is based on information available at the time of its preparation. Nevertheless, actual results may differ substantially from projections due to various risks and uncertainties.

February 2017
TADANO Ltd.



Income Statement (vs. Previous Year)



(Unit: millions of yen)

| | 3Q FY2015 | | 3Q FY2016 | | Increase/ decrease |
|---|-----------|------------|-----------|------------|-----------------------|
| | Amount | Percentage | Amount | Percentage | |
| Net sales | 149,748 | 100.0% | 128,020 | 100.0% | -21,728 |
| Cost of sales | 104,242 | 69.6% | 90,751 | 70.9% | -13,490 |
| Gross profit on installment sales | -88 | -0.1% | 151 | 0.1% | 239 |
| Gross profit | 45,417 | 30.3% | 37,420 | 29.2% | -7,997 |
| Selling, general and administrative expenses | 22,899 | 15.3% | 23,244 | 18.2% | 344 |
| Operating income | 22,517 | 15.0% | 14,175 | 11.1% | -8,341 |
| Non-operating income and loss | -129 | -0.1% | 46 | 0.0% | 175 |
| Ordinary income | 22,388 | 15.0% | 14,221 | 11.1% | -8,166 |
| Extraordinary income and loss | -36 | -0.0% | -11 | -0.0% | 24 |
| Income before income taxes | 22,351 | 14.9% | 14,209 | 11.1% | -8,141 |
| Corporate taxes | 7,102 | 4.7% | 4,137 | 3.2% | -2,965 |
| Net income attributable to noncontrolling interests | 47 | 0.0% | 60 | 0.0% | 13 |
| Net income attributable to Tadano Ltd. | 15,202 | 10.2% | 10,012 | 7.8% | -5,190 |

[Key changes of this quarter (April-December)]

Sales and profits for the 3Q decreased for the first time in six years

➤ Net sales:

- Consolidated net sales decreased by 14.5% compared with the previous 3Q.
- Outside Japan sales ratio was 46.8%.

➤ COGS ratio:

- Despite the efforts to maintain appropriate sales prices and cost reductions, decreased sales and foreign exchange effects drove up the COGS ratio to 70.9%, by 1.3% points from the previous 3Q.

➤ Selling, general and administrative expenses:

- SGA increased by ¥0.3 billion compared with the previous 3Q.

➤ Profits:

- Operating income decreased by ¥8.3 billion compared with the previous 3Q.
- Ordinary income decreased by ¥8.1 billion compared with the previous 3Q.
- Net income attributable to Tadano Ltd. decreased by ¥5.1 billion compared with the previous 3Q.

➤ Factors of operating income change:

- - ¥8.0 billion due to an influence of sales volume (Japan: - ¥1.2, Outside Japan: - ¥6.8)
- + ¥0.3 billion due to sales price effects
- - ¥1.0 billion due to foreign exchange effects
- - ¥0.3 billion due to cost effects
- + ¥0.7 billion by other influences



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Balance Sheet (vs. End of Previous Fiscal Year)



(Unit: millions of yen)

| | FY2015 year-end | | 3Q FY2016 | | Increase/ decrease |
|-----------------------------|-----------------|------------|-----------|------------|-----------------------|
| | Amount | Percentage | Amount | Percentage | |
| Cash deposit | 73,618 | 31.3% | 68,492 | 29.6% | -5,126 |
| Accounts receivable | 51,143 | 21.7% | 39,830 | 17.2% | -11,313 |
| Inventories | 53,021 | 22.5% | 64,288 | 27.8% | 11,266 |
| Other current assets | 7,699 | 3.3% | 7,001 | 3.0% | -698 |
| Total current assets | 185,483 | 78.8% | 179,612 | 77.6% | -5,871 |
| Tangible fixed assets | 38,982 | 16.6% | 39,984 | 17.3% | 1,002 |
| Intangible fixed assets | 1,187 | 0.5% | 971 | 0.4% | -216 |
| Investment and other assets | 9,747 | 4.1% | 11,001 | 4.7% | 1,254 |
| Total fixed assets | 49,917 | 21.2% | 51,957 | 22.4% | 2,039 |
| Total assets | 235,400 | 100.0% | 231,569 | 100.0% | -3,831 |

[Key changes]

➤ Accounts receivable decreased:

¥ 51.1billion → ¥ 39.8 billion

- The receivable turnover period improved.
(3Q FY2015: 81.0 days, FY2015: 89.1 days
→ 3Q FY2016: 85.6 days)

➤ Inventories increased:

¥ 53.0 billion → ¥ 64.2 billion

- (The ¥64.2 billion includes ¥17.1 billion in TADANO FAUN GmbH)
- The inventory turnover period deteriorated.
(3Q FY2015: 110.0 days, FY2015: 92.4 days
→ 3Q FY2016: 138.1 days)

➤ Interest-bearing debt increased:

¥ 36.8 billion → ¥ 37.5 billion

- Short-term: increased by ¥0.7 billion;
Long-term: decreased by ¥0.0 billion

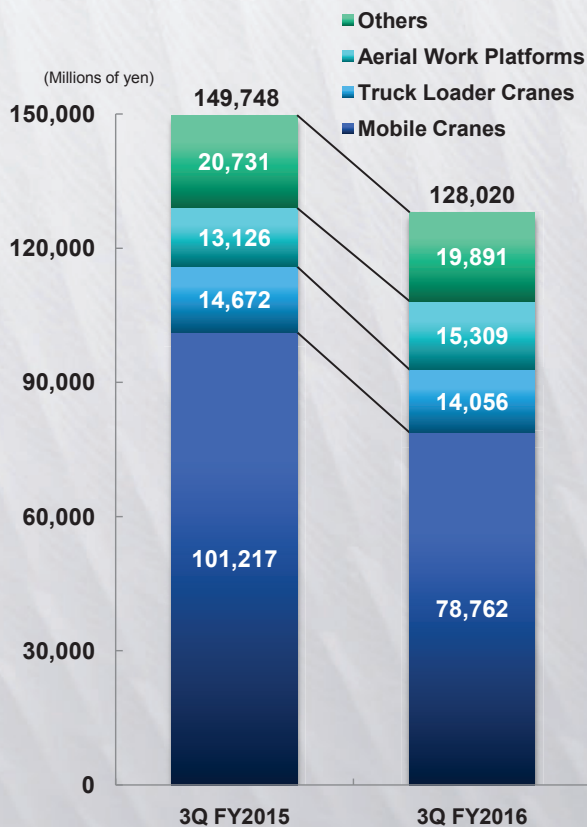
November 2016

Acquisition of industrial site ¥2.4 billion
(Kozai, Takamatsu, Kagawa Prefecture)



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Net Sales by Product



(Unit: millions of yen)

| | 3Q FY2015 | | 3Q FY2016 | | Increase/decrease | |
|-----------------------|----------------|-------------|----------------|-------------|-------------------|---------------|
| | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| Mobile Cranes | 101,217 | 67.6% | 78,762 | 61.5% | -22,455 | -22.2% |
| Truck Loader Cranes | 14,672 | 9.8% | 14,056 | 11.0% | -616 | -4.2% |
| Aerial Work Platforms | 13,126 | 8.8% | 15,309 | 12.0% | 2,183 | 16.6% |
| Others | 20,731 | 13.8% | 19,891 | 15.5% | -840 | -4.1% |
| Total | 149,748 | 100% | 128,020 | 100% | -21,728 | -14.5% |

Breakdown of Mobile Crane sales in and outside Japan

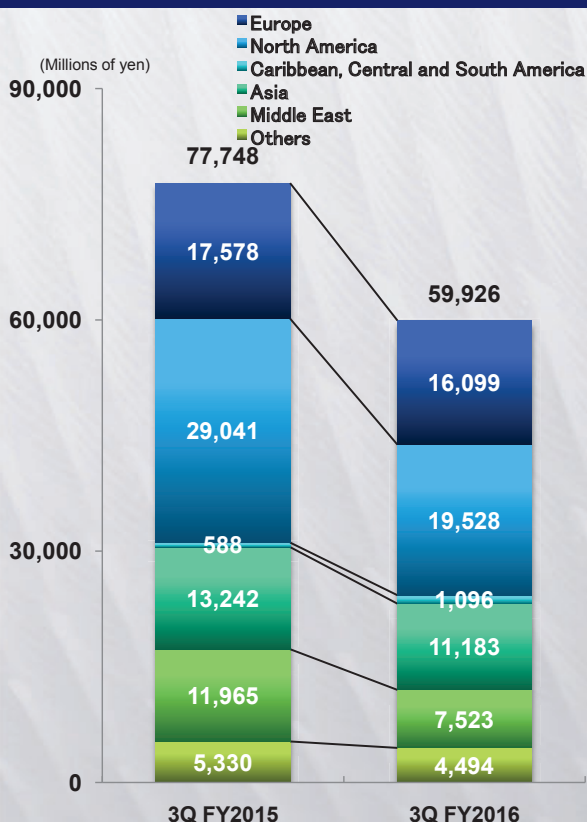
| | | | | |
|---------------|--------|--------|---------|--------|
| Japan | 33,807 | 28,163 | -5,643 | -16.7% |
| Outside Japan | 67,410 | 50,599 | -16,811 | -24.9% |

Exchange rate (January-September average rate)

| | | |
|-----|--------|--------|
| USD | 120.89 | 108.69 |
| EUR | 134.77 | 121.17 |

Since the fiscal year for subsidiaries outside of Japan ends in December, the rates given here are January-September average.

Net Sales by Destination



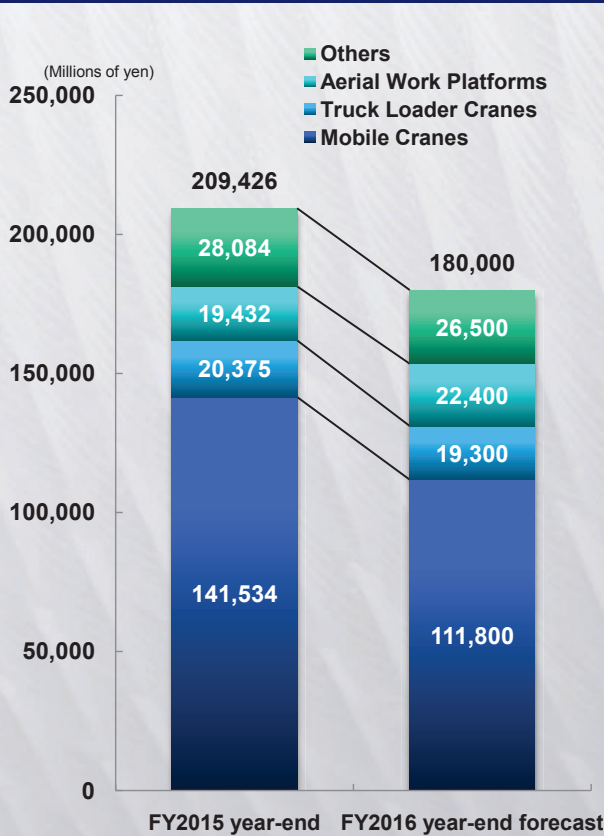
(Unit: millions of yen)

| | 3Q FY2015 | | 3Q FY2016 | | Increase/decrease | |
|--------------------------------------|----------------|-------------|----------------|-------------|-------------------|---------------|
| | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| Europe | 17,578 | 11.7% | 16,099 | 12.5% | -1,479 | -8.4% |
| North America | 29,041 | 19.4% | 19,528 | 15.3% | -9,513 | -32.8% |
| Caribbean, Central and South America | 588 | 0.4% | 1,096 | 0.9% | 508 | 86.3% |
| Asia | 13,242 | 8.8% | 11,183 | 8.7% | -2,059 | -15.5% |
| Middle East | 11,965 | 8.0% | 7,523 | 5.9% | -4,442 | -37.1% |
| Others | 5,330 | 3.6% | 4,494 | 3.5% | -836 | -15.7% |
| Subtotal (total sales outside Japan) | 77,748 | 51.9% | 59,926 | 46.8% | -17,821 | -22.9% |
| Japan | 71,999 | 48.1% | 68,093 | 53.2% | -3,906 | -5.4% |
| Total | 149,748 | 100% | 128,020 | 100% | -21,728 | -14.5% |

The graph on the left excludes Japan.

Others comprise Oceania, Africa and the CIS.

FY2016 Year-end Forecast (Net Sales by Product)



(Unit: millions of yen)

| | FY2015 year-end | | FY2016 year-end forecast | | Increase/decrease | |
|-----------------------|-----------------|-------------|--------------------------|-------------|-------------------|---------------|
| | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| Mobile Cranes | 141,534 | 67.6% | 111,800 | 62.1% | -29,734 | -21.0% |
| Truck Loader Cranes | 20,375 | 9.7% | 19,300 | 10.7% | -1,075 | -5.3% |
| Aerial Work Platforms | 19,432 | 9.3% | 22,400 | 12.5% | 2,967 | 15.3% |
| Others | 28,084 | 13.4% | 26,500 | 14.7% | -1,584 | -5.6% |
| Total | 209,426 | 100% | 180,000 | 100% | -29,426 | -14.1% |

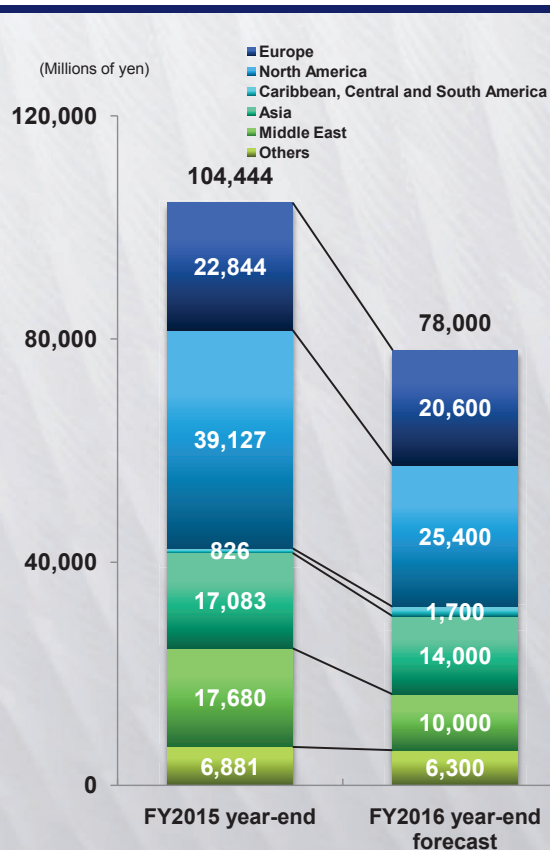
◆ Outside Japan sales ratio 49.9% → 43.3%

Breakdown of Mobile Crane sales in and outside Japan

| | | | | |
|---------------|--------|--------|---------|--------|
| Japan | 51,104 | 46,500 | -4,604 | -9.0% |
| Outside Japan | 90,429 | 65,300 | -25,129 | -27.8% |

No changes from the forecast released on October 31, 2016. □
However, the composition of sales by product has been revised to reflect the latest sales conditions.

FY2016 Year-end Forecast (Net Sales by Destination)



(Unit: millions of yen)

| | FY2015 year-end | | FY2016 year-end forecast | | Increase/decrease | |
|--------------------------------------|-----------------|-------------|--------------------------|-------------|-------------------|---------------|
| | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| Europe | 22,844 | 10.9% | 20,600 | 11.4% | -2,244 | -9.8% |
| North America | 39,127 | 18.7% | 25,400 | 14.1% | -13,727 | -35.1% |
| Caribbean, Central and South America | 826 | 0.4% | 1,700 | 0.9% | 873 | 105.8% |
| Asia | 17,083 | 8.2% | 14,000 | 7.8% | -3,083 | -18.0% |
| Middle East | 17,680 | 8.4% | 10,000 | 5.6% | -7,680 | -43.4% |
| Others | 6,881 | 3.3% | 6,300 | 3.5% | -581 | -8.4% |
| Subtotal (total sales outside Japan) | 104,444 | 49.9% | 78,000 | 43.3% | -26,444 | -25.3% |
| Japan | 104,981 | 50.1% | 102,000 | 56.7% | -2,981 | -2.8% |
| Total | 209,426 | 100% | 180,000 | 100% | -29,426 | -14.1% |

No changes from the forecast released on October 31, 2016.
However, the composition of sales by destination has been revised to reflect the latest sales conditions.

The graph on the left excludes Japan.

Others comprise Oceania, Africa, and the CIS.