

Explanatory Materials for FY2016 Consolidated Financial Results



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.

May 2017
TADANO Ltd.



[Corporate name]	TADANO Ltd. (established August 24, 1948); founder: Masuo Tadano Developed Japan's first hydraulic Truck Crane in 1955				
[Representative]	Koichi Tadano, President and C.E.O., Representative Director				
[Head office]	Ko-34 Shinden-cho, Takamatsu, Kagawa, Japan				
[Major lines of business]	Production and distribution of Mobile Cranes, Truck Loader Cranes, and Aerial Work Platforms				
[Sites]	Tokyo Office [Sumida-ku], Takamatsu Plant [Takamatsu], Shido Plant [Sanuki], Tadotsu Plant [Tadotsu], Chiba Plant [Chiba]				
[Other facilities]	Japan: 10 branch offices, 23 sales offices; Outside Japan: Beijing Office [China], Middle East Office [UAE]				
[Paid-in capital]	¥13,021 million	[Stock shares]	Shares issued: 129 million Number of shareholders: 8,294 (as of March 31, 2017)		
[Net sales]	¥179,676 million (FY 2016)				
[Number of employees]	Consolidated: 3,346; non-consolidated: 1,433 (as of March 31, 2017)				
[Major subsidiaries]	<table border="0"> <tr> <td style="vertical-align: top;"> 12 subsidiaries: TADANO IMES Ltd. TADANO ILEC Ltd. TADANO S-TEC Ltd. TADANO ENGINEERING K.K. TADANO TECHNO EAST Co., Ltd. TADANO TECHNO WEST Co., Ltd. TAIHEIKIKOU K.K. NITTSU JUKI SERVICE K.K. TADANO KYOSHU CENTER K.K. TADANO BUTSURYU K.K. TADANO SYSTEMS Inc. TADANO BUSINESS SUPPORT K.K. </td> <td style="vertical-align: top;"> 18 subsidiaries and two affiliates outside Japan: TADANO FAUN GmbH, TADANO FAUN Stahlbau GmbH [Germany] TADANO UK Ltd [U.K.] TADANO France SAS [France] TADANO America Holdings, Inc., TADANO America Corp., TADANO MANTIS Corp., [U.S.A.] TADANO Panama S.A. [Panama] TADANO Brasil Equipamentos de Elevacao Ltda. [Brazil] JC-TADANO (Beijing) Hydraulic Co., Ltd., TADANO (Beijing) Ltd. [China] TADANO Korea Co., Ltd. [South Korea] TADANO (Thailand) Co., Ltd., TADANO Thai Parts and Service Co., Ltd. [Thailand] TADANO Asia Pte. Ltd. [Singapore] TADANO India Pvt. Ltd. [India] TADANO Oceania Pty Ltd, AML Equipment Pty Ltd [Australia] </td> </tr> </table> <p style="margin-left: 40px;">BQ-TADANO (Beijing) Crane Co., Ltd. [China] Taiwan TADANO Ltd. [Taiwan]</p>			12 subsidiaries: TADANO IMES Ltd. TADANO ILEC Ltd. TADANO S-TEC Ltd. TADANO ENGINEERING K.K. TADANO TECHNO EAST Co., Ltd. TADANO TECHNO WEST Co., Ltd. TAIHEIKIKOU K.K. NITTSU JUKI SERVICE K.K. TADANO KYOSHU CENTER K.K. TADANO BUTSURYU K.K. TADANO SYSTEMS Inc. TADANO BUSINESS SUPPORT K.K.	18 subsidiaries and two affiliates outside Japan: TADANO FAUN GmbH, TADANO FAUN Stahlbau GmbH [Germany] TADANO UK Ltd [U.K.] TADANO France SAS [France] TADANO America Holdings, Inc., TADANO America Corp., TADANO MANTIS Corp., [U.S.A.] TADANO Panama S.A. [Panama] TADANO Brasil Equipamentos de Elevacao Ltda. [Brazil] JC-TADANO (Beijing) Hydraulic Co., Ltd., TADANO (Beijing) Ltd. [China] TADANO Korea Co., Ltd. [South Korea] TADANO (Thailand) Co., Ltd., TADANO Thai Parts and Service Co., Ltd. [Thailand] TADANO Asia Pte. Ltd. [Singapore] TADANO India Pvt. Ltd. [India] TADANO Oceania Pty Ltd, AML Equipment Pty Ltd [Australia]
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Key Points of FY 2016 Financial Results

(Unit: millions of yen)

	FY 2015		FY 2016		Percent change
	Amount	Percentage	Amount	Percentage	
Net sales	209,426	100.0%	179,676	100.0%	-14.2%
Operating income	31,062	14.8%	18,484	10.3%	-40.5%
Ordinary income	30,680	14.6%	18,490	10.3%	-39.7%
Net income attributable to Tadano Ltd.	19,621	9.4%	11,881	6.6%	-39.4%

Dividends per share	Mid-year	¥13.00	Mid-year	¥13.00
	Year-end	¥13.00	Year-end	¥13.00
	Full-year	¥26.00	Full-year	¥26.00

	FY 2015	FY 2016
Capital investment	¥4,572 million	¥6,030 million
Depreciation	¥2,793 million	¥3,113 million
Exchange rate (USD)	¥121.05	¥108.84
Exchange rate (EUR)	¥134.31	¥120.33

* Figure for capital investments include leased assets.

* The exchange rates given above are average rates for the period from January to December. (Subsidiaries outside Japan undertake their settlement of accounts in

【FY2016 management policies】

- (i) Pursuit of the TADANO Group's Core Values (Safety, Quality, Efficiency)
- (ii) Completion of objectives from the final year of the Mid-Term Management Plan (14-16) and planning for the next Mid-Term Management Plan (17-19)
- (iii) Preparation for and response to sudden market drops and escalating competition

◆ Revenues and profits declined for the first time in six years

- Further decline in demand for Mobile Cranes
- Foreign exchange effects

◆ Sales decreased both in and outside Japan

- ⇒ Net sales in Japan: ¥104.9 billion → ¥102.2 billion (-2.6%)
Decrease in Mobile Cranes, slight decrease in Truck Loader Cranes, increase in Aerial Work Platforms
- ⇒ Net sales outside Japan: ¥104.4 billion → ¥77.4 billion (-25.9%)
Continuing decline in demand, strong yen

◆ Outside Japan sales ratio : 49.9% → 43.1%

◆ Income decreased from the previous year-end results:

Operating income:	¥31.0 billion → ¥18.4 billion
Ordinary income:	¥30.6 billion → ¥18.4 billion
Net income:	¥19.6 billion → ¥11.8 billion

Income Statement (vs. Previous Year)



(Unit: millions of yen) [Key changes]

	FY 2015		FY 2016		Increase/ decrease
	Amount	Percentage	Amount	Percentage	
Net sales	209,426	100.0%	179,676	100.0%	-29,749
Cost of sales	146,298	69.9%	129,682	72.2%	-16,615
Gross profit on installment sales	-91	-0.0%	54	0.0%	146
Gross profit	63,036	30.1%	50,048	27.9%	-12,987
Selling, general, and administrative expenses	31,973	15.3%	31,564	17.6%	-408
Operating income	31,062	14.8%	18,484	10.3%	-12,578
Non-operating income and loss	-382	-0.2%	6	0.0%	388
Ordinary income	30,680	14.6%	18,490	10.3%	-12,190
Extraordinary income and loss	-563	-0.3%	-1,147	-0.6%	-584
Income before income taxes	30,117	14.4%	17,342	9.7%	-12,774
Corporate taxes	10,608	5.1%	5,401	3.0%	-5,207
Net income attributable to noncontrolling interests	-113	-0.1%	58	0.0%	171
Net income attributable to Tadano Ltd.	19,621	9.4%	11,881	6.6%	-7,739

◆ COGS ratio: 69.9% → 72.2%

- Despite the introduction of new models in Japan and efforts to maintain appropriate sales prices and to increase market shares outside Japan, due to lower sales and foreign exchange effects the COGS ratio up by 2.3% from the previous fiscal year.

◆ Selling, general, and administrative expenses: ¥408 million decrease

- Variable costs: - ¥363 million
- Personnel costs: - ¥224 million
- Other expenses: + ¥179 million

◆ Non-operating income and loss:

- Non-operating income: ¥623 million → ¥758 million
- Non-operating loss: ¥1,006 million → ¥752 million

◆ Extraordinary income and loss:

- Extraordinary income: ¥517 million → ¥150 million
- Extraordinary loss: ¥1,080 million → ¥1,298 million
- Gain on sales of investment securities: ¥105 million
- Loss on valuation of investments in capital of affiliates: ¥973 million
- Impairment loss: ¥199 million

Income Statement (Major Factors Leading to Change in Operating Income)



Operating income fell ¥12.5 billion due to lower sales, foreign exchange effects, and other factors.



Balance Sheet (vs. End of Previous Period)



(Unit: millions of yen)

	FY 2015		FY 2016		Increase/ decrease
	Amount	Percentage	Amount	Percentage	
Cash deposit	73,618	31.3%	68,745	29.9%	-4,873
Accounts receivable	51,143	21.7%	48,717	21.2%	-2,425
Inventories	53,021	22.5%	54,877	23.9%	1,855
Other current assets	7,699	3.3%	5,624	2.4%	-2,075
Total current assets	185,483	78.8%	177,965	77.4%	-7,518
Tangible fixed assets	38,982	16.6%	41,183	18.0%	2,201
Intangible fixed assets	1,187	0.5%	1,181	0.5%	-6
Investment and other assets	9,747	4.1%	9,469	4.1%	-277
Total fixed assets	49,917	21.2%	51,834	22.6%	1,917
Total assets	235,400	100.0%	229,799	100.0%	-5,600
Accounts payable	35,845	15.2%	26,080	11.3%	-9,764
Interest-bearing debt	36,869	15.7%	37,235	16.3%	365
Other liabilities	27,889	11.8%	23,934	10.4%	-3,954
Total liabilities	100,603	42.7%	87,250	38.0%	-13,353
Total equity	134,796	57.3%	142,549	62.0%	7,752
Total liabilities and equity	235,400	100.0%	229,799	100.0%	-5,600

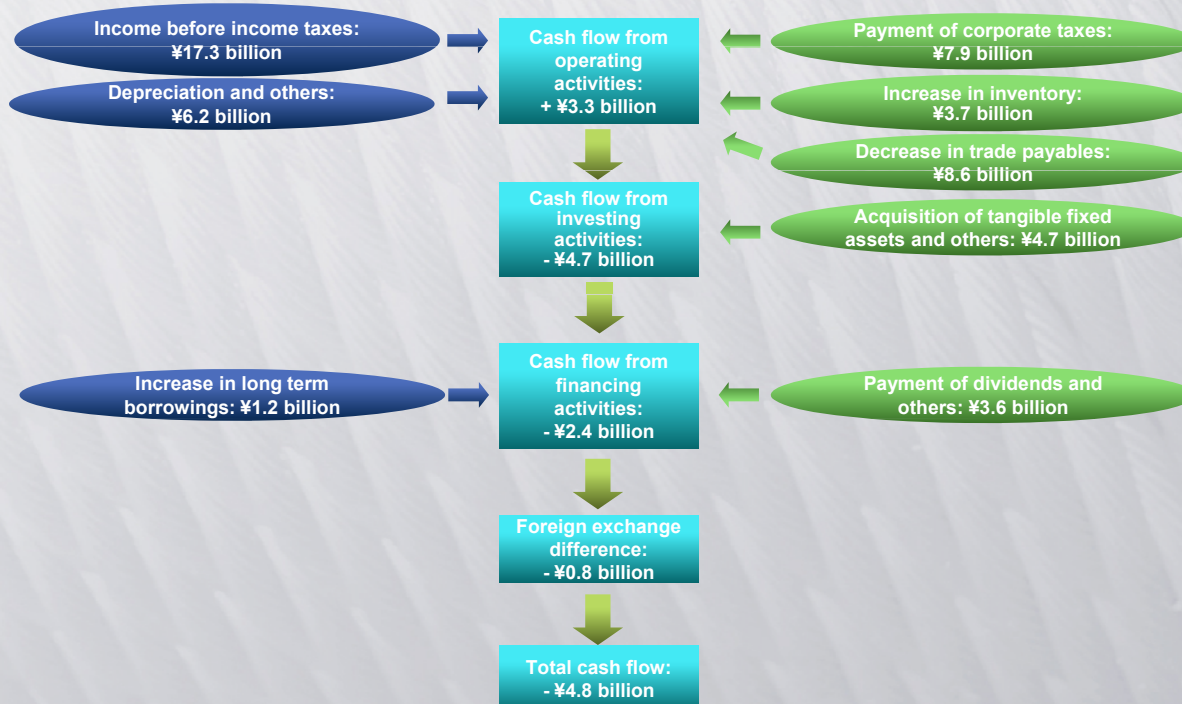
[Key changes]

- ◆ **Accounts receivable decreased:**
¥51.1 billion → ¥48.7 billion
 ⇒ The receivable turnover period deteriorated.
 (FY2015: 89.1 days → FY2016: 99.0 days)
- ◆ **Inventories increased:**
¥53.0 billion → ¥54.8 billion
 (The ¥54.8 billion includes ¥16.4 billion in TFG.)
 ⇒ The inventory turnover period deteriorated.
 (FY2015: 92.4 days → FY2016: 111.5 days)
- ◆ **Interest-bearing debt increased:**
¥36.8 billion → ¥37.2 billion
 ⇒ Short-term: decreased by ¥0.7 billion;
 Long-term: increased by ¥1.1 billion
- ◆ **ROA (operating income basis)**
13.5% → 7.9%
- ◆ **ROE**
15.4% → 8.6%

Overview of Cash Flow



Total cash flow fell ¥4.8 billion due to smaller cash flow from investing activities.

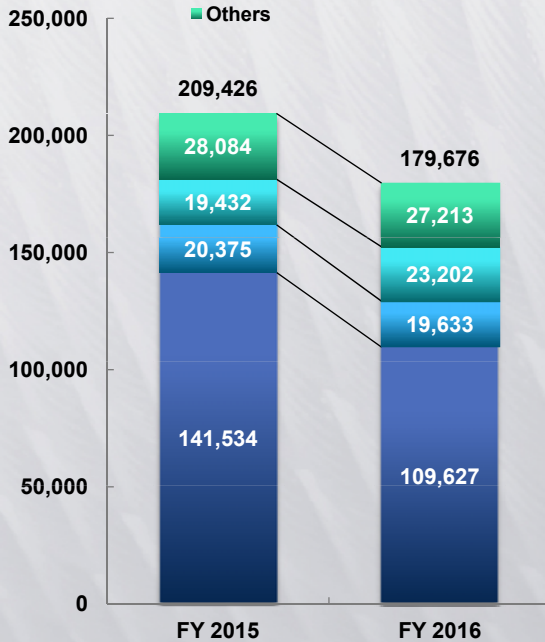


Net Sales by Product



(Millions of yen)

- Mobile Cranes
- Truck Loader Cranes
- Aerial Work Platforms
- Others



(Unit: millions of yen)

	FY 2015		FY 2016		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	141,534	67.6%	109,627	61.0%	-31,906	-22.5%
Truck Loader Cranes	20,375	9.7%	19,633	10.9%	-741	-3.6%
Aerial Work Platforms	19,432	9.3%	23,202	12.9%	3,769	19.4%
Others	28,084	13.4%	27,213	15.2%	-871	-3.1%
Total	209,426	100%	179,676	100%	-29,749	-14.2%

◆ Outside Japan sales ratio 49.9% → 43.1%

Mobile Crane sales in and outside Japan

	FY 2015	FY 2016	Change	Percentage
Japan	51,104	45,017	-6,086	-11.9%
Outside Japan	90,429	64,609	-25,819	-28.6%

Sales Trends by Market Outside Japan



(Millions of yen)



Sales fell 25.9% from the record high posted in the previous fiscal year. Compared to the previous fiscal year, sales fell 9.4% in Europe, 35.0% in North America, 41.3% in Middle East, and 19.8% in Asia.

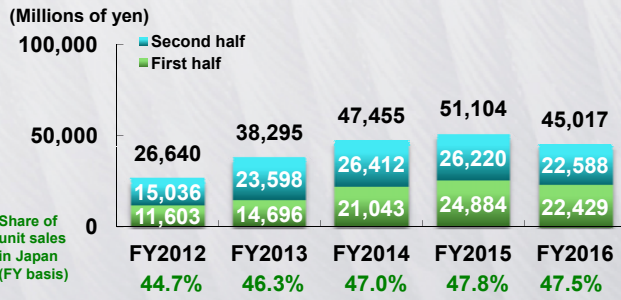


The GR-1600XL, one of the world's largest-capacity Rough Terrain Cranes (Released in August 2013)

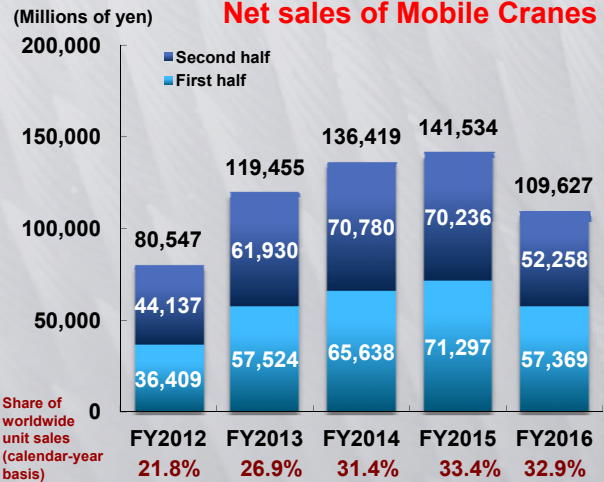
	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
■ Europe	11,435	9,754	10,893	11,978	12,000	16,292	19,170	25,566	29,630	19,196	12,739	11,643	12,510	16,844	20,211	22,844	20,701
■ North America	2,671	2,739	2,755	3,402	4,547	9,798	12,324	18,342	20,145	15,301	6,616	13,938	20,406	27,782	36,836	39,127	25,438
■ Caribbean, Central and South America	948	586	287	457	866	1,721	2,420	2,542	2,722	887	1,691	3,012	2,201	2,449	3,475	826	1,513
■ Asia	4,225	4,368	5,362	5,185	4,888	4,749	7,861	12,069	10,954	9,680	6,603	9,190	10,982	16,923	16,383	17,083	13,694
■ Middle East	2,142	3,098	3,602	5,663	7,347	8,507	11,708	13,878	15,836	5,948	6,686	7,432	10,090	18,167	17,052	17,680	10,375
■ Others	956	1,524	2,066	3,696	4,634	5,790	7,409	9,158	10,063	5,177	3,939	7,654	9,970	13,320	9,576	6,881	5,683
Total	22,379	22,072	24,968	30,384	34,285	46,859	60,894	81,557	89,354	56,191	38,277	52,872	66,160	95,487	103,535	104,444	77,406
Outside Japan Sales Ratio	23.8%	25.0%	30.1%	31.4%	33.7%	38.8%	42.1%	46.8%	54.9%	53.9%	42.6%	46.3%	49.1%	52.5%	50.7%	49.9%	43.1%
Exchange rate (USD)	107.83	121.54	125.35	115.99	108.24	110.21	116.38	117.84	103.46	93.57	87.81	79.84	79.82	97.65	105.85	121.05	108.84
Exchange rate (EUR)	99.63	108.8	118.41	131.03	134.47	136.92	146.14	161.24	152.44	130.2	116.39	111.12	102.63	129.68	140.42	134.31	120.33

- Notes
- Other markets comprise Oceania, Africa, and the CIS.
 - The exchange rates indicated above are average rates over each period. (Since the fiscal year of subsidiaries outside Japan ends in December, full-year rates are averages for January-December.)
 - Euro figures for FY2001 and earlier have been converted from Deutsche Mark.

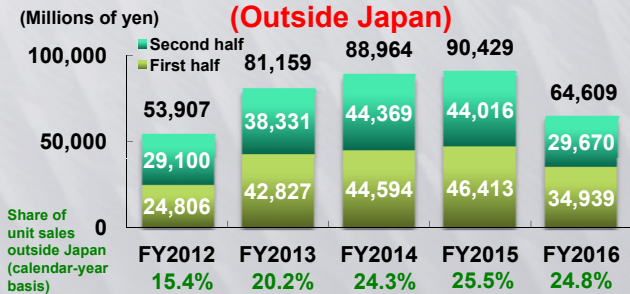
Net sales of Mobile Cranes (Japan)



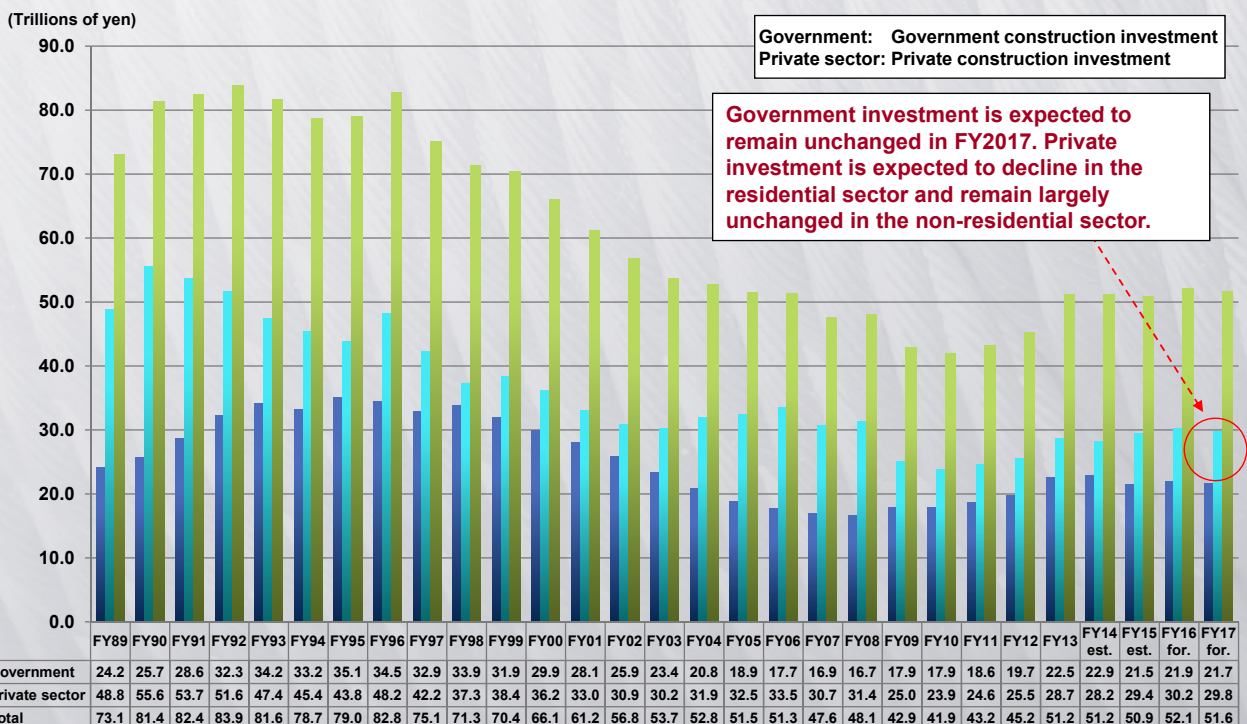
Net sales of Mobile Cranes



Net sales of Mobile Cranes (Outside Japan)



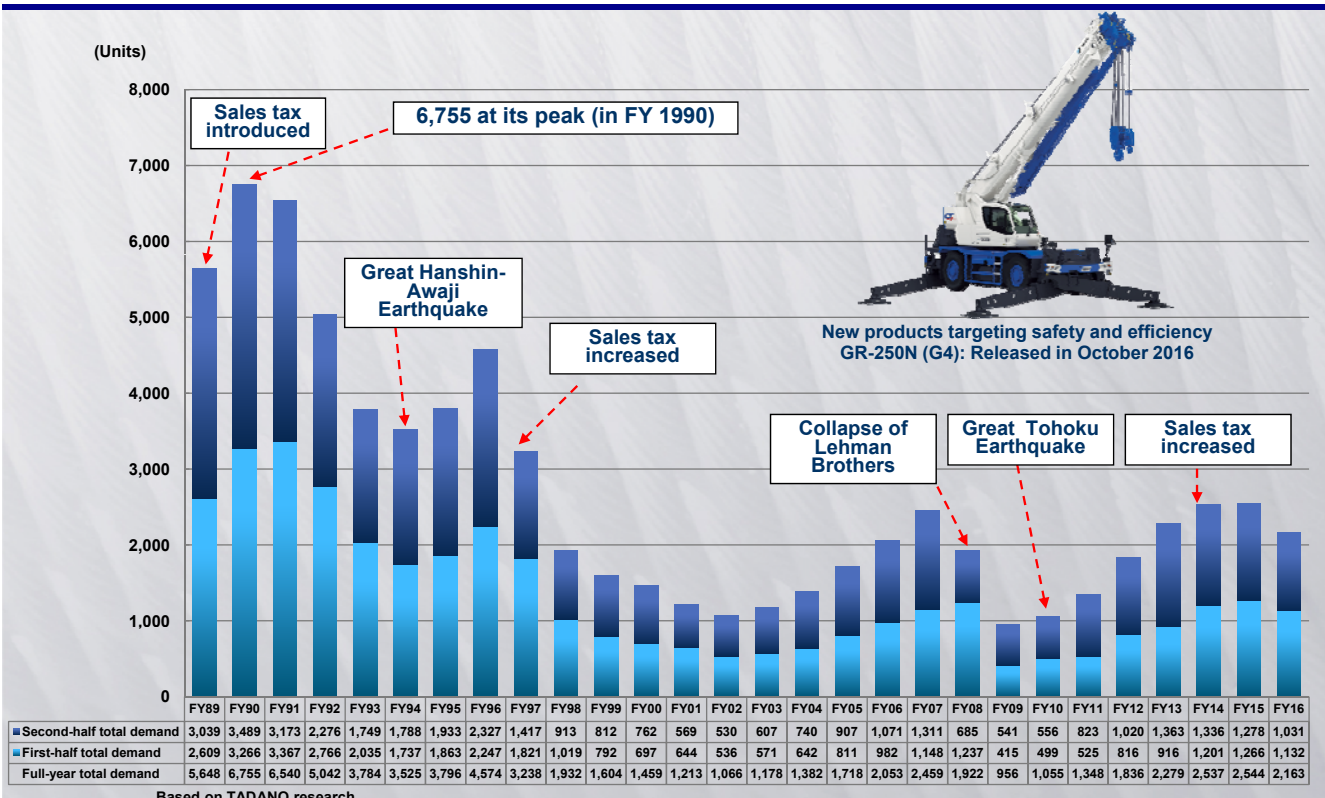
Trends and Forecast of Construction Investment in Japan



Notes All figures shown are nominal construction investment figures.

Forecasts are from the Research Institute of Construction and Economy's "Forecast of Construction Investment" (released on April 26, 2017)

Trends in Demand for Mobile Cranes in Japan



Mobile Cranes



Market share in Japan: 47.8% → 47.5%

Demand for hydraulic Mobile Cranes in Japan was 2,163 units (for FY2016, based on TADANO research), down 15.0% from the previous fiscal year.

→ Focusing on sales growth in a climate of declining demand.

Ton-based shares: 53.7% → 46.3%.

Net sales in Japan were ¥45,017 million (88.1% of the previous fiscal year).

[Rough Terrain Cranes]

- Main models in the Japanese Mobile Cranes business account for 93% of demand in Japan (62% of North American demand)
- Cranes suited to urban use; essential to construction in urban areas
- With compact bodies, these cranes perform well even in narrow areas (both front and rear axles can be steered)
- Able to operate the carrier and the crane from the same driver's seat
- Japanese market: six models with 13 to 70 ton lifting capacity
- Outside Japan markets: eight models with 12 to 145 ton lifting capacity (TADANO produces models for both in and outside Japan, with Machine-Telemonitoring System)
- In Japan, these cranes travel on public roads; In North America, they are transported on trailers



[All Terrain Cranes]

- Large cranes for urban development, elevated driveways, and bridge construction in Japan, account for 6% of demand in Japan (86% of European demand)
- Outstanding long-distance mobility in addition to maneuverability (with steering feature)
- Japanese market: six models with 100 to 550 ton lifting capacity (produced by TADANO FAUN GmbH in Germany and TADANO)
- Outside Japan markets: ten models with 40 to 400 ton lifting capacity (produced by TADANO FAUN GmbH in Germany)
- Disassembly required for transport on public roads in Japan; No disassembly required for transport in Europe



[Truck Cranes]

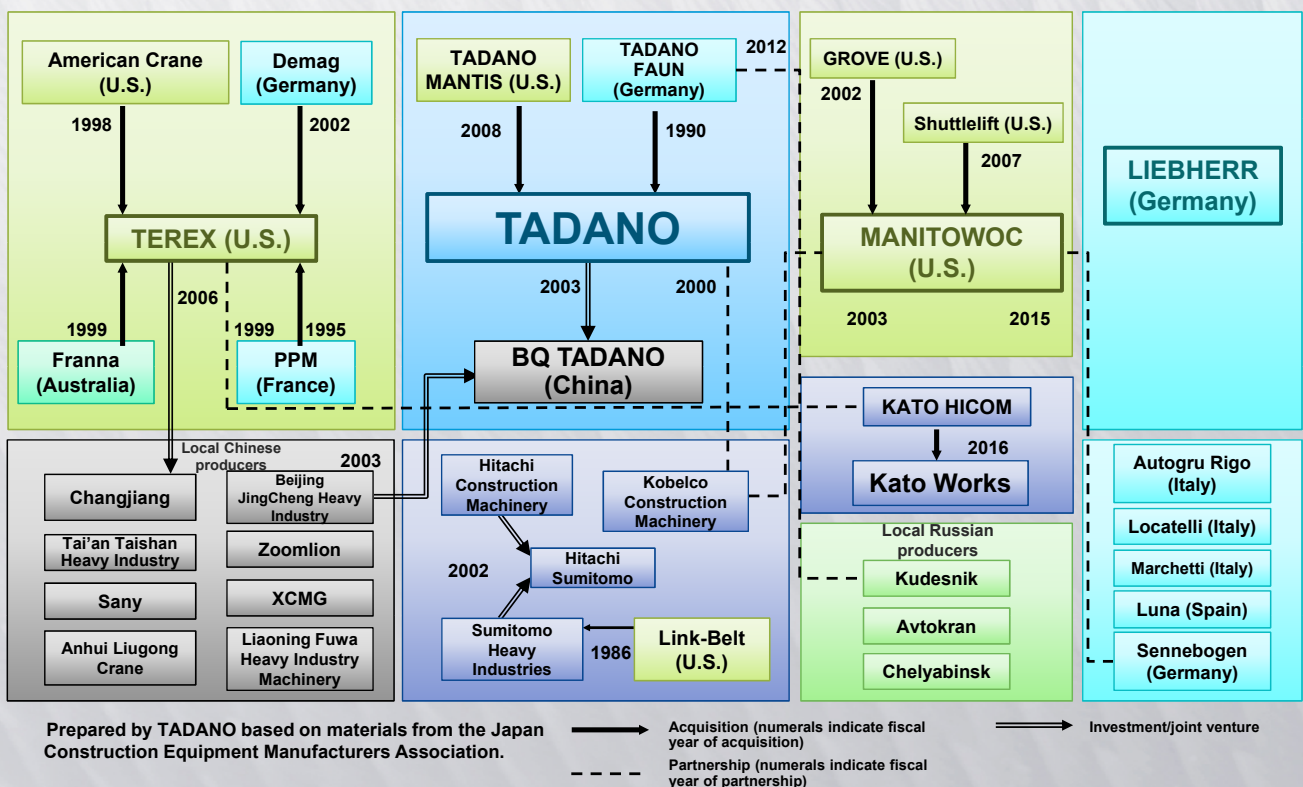
- Cranes are mounted on trucks to make them easier to transport; primarily for markets outside of Japan, with demand in Japan accounting for a few units
- Outstanding long-distance mobility
- Japanese market: one model with 20 ton lifting capacity (produced by TADANO)
- Outside Japan markets: seven models with 35 to 80 ton lifting capacity (produced by TADANO, TADANO FAUN GmbH in Germany, and BQ-TADANO in China)



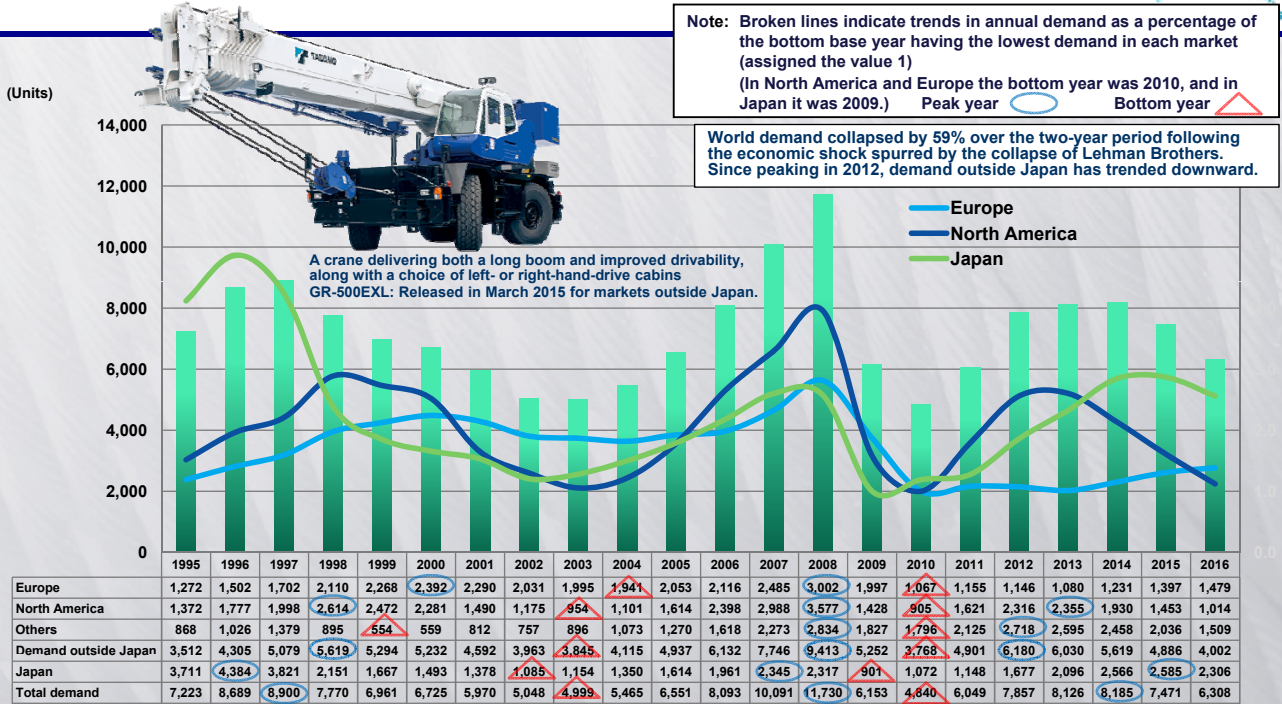
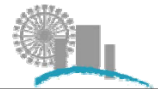
[Points shared with Mobile Cranes]

- **Regulators:** Ministry of Land, Infrastructure, Transport and Tourism (vehicle regulations) and Ministry of Health, Labour and Welfare (crane regulations)
The strengthening of engine emissions and noise regulations and enhanced enforcement of traffic regulations (disassembly for transport of large models such as all-terrain cranes)
- **Buyers in Japan:** Crane rental industry (primary and secondary subcontractors to general contractors, who dispatch cranes to construction sites along with licensed crane operators)
- **Engine emissions regulations on construction under the direct jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism:** The use of cranes compliant with level 2 standard values is required from April 2012.
→ The enforcement on regulations has been postponed in light of Great Tohoku Earthquake recovery construction
- **Level 4 emissions regulations for RCs in Japanese market**
Motor output 130 kW or higher: starting September, 2016 Less than 130 kW: starting September, 2017
- **Emissions regulations for RCs in North American markets:** Tier 4: started January 2014 (Next-generation regulations to be determined)
- **Emissions regulations for ACs in European markets:** Euromot V: starting January 2019

Structure of the World Crane Industry (Manufacturers of Hydraulic Cranes and Crawler Cranes)



Trends in Global Demand for Mobile Cranes (Calendar-year Basis)



- Demand outside Japan markets is estimated by TADANO based on SYSTEMATIC, CEMA, FEM, and other statistical data
 - Mobile Cranes produced in China and Russia are excluded.
- Demand trends in Chinese Market for Mobile Cranes produced in China are as follows:
2010: 35,000 units, 2011: 35,000 units, 2012: 22,000 units, 2013: 17,000 units, 2014: 14,000 units, 2015: 9,000 units, 2016: 9,000 units

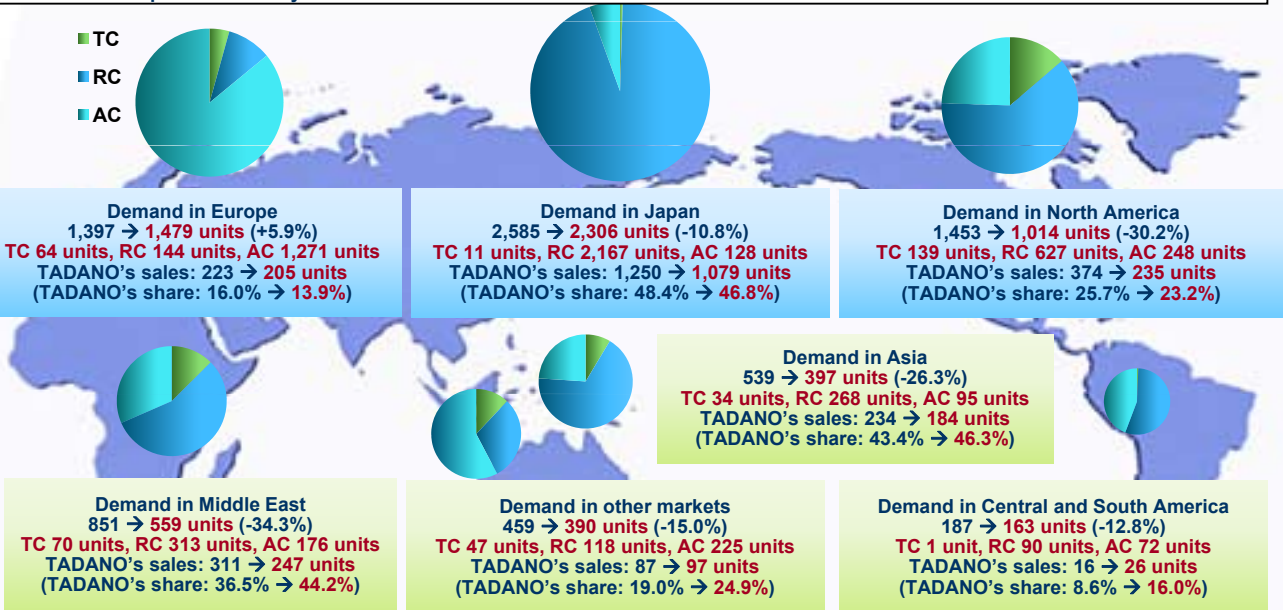


Mobile Cranes Crane-type Composition of Demand by Region (Calendar-year Basis)



TADANO's share in the global market fell from 33.4% to 32.9%.
(Excluding Chinese and Russian production from the global demand.) TADANO's sales fell from 2,495 units to 2,073 units.
Global demand for hydraulic Mobile Cranes fell from 7,471 units to 6,308 units (January-December 2016, TADANO research), down 15.6% from the previous fiscal year.

■ TC
■ RC
■ AC



Notes "TC" refers to Truck Cranes, "RC" to Rough Terrain Cranes, and "AC" to All Terrain Cranes.
The above figures are TADANO estimates. The term "Other markets" refers to Oceania, Africa and CIS. Units and shares indicate changes from the previous fiscal year.



< Our missions for the European business >
Offering full range of All Terrain Cranes, increasing shares in Europe, and sales promotion outside Europe

● **Overview of group companies in Europe**

[TADANO FAUN GmbH]

Acquired in 1990

Paid-in capital: 45 million EUR; wholly-owned subsidiary of TADANO

Location: Bavaria, Germany

Line of business: Development, production, and distribution of Mobile Cranes

Representative and President: Alexander Knecht; number of employees: 636

Sales trend:

2009; 270 million EUR/381 units, 2010; 178 million EUR/213 units, 2011; 199 million EUR/248 units, 2012; 268 million EUR/294 units, 2013; 313 million EUR/329 units, 2014; 308 million EUR/347 units, 2015; 304 million EUR/376 units, 2016; 319 million EUR/363 units

[TADANO FAUN Stahlbau GmbH]

Paid-in capital: 650,000 EUR (ownership: TFG 80%; Amron 10%; Kozai Iron 10%)

Established: September 2008

Location: Inside TFG plant, Bavaria, Germany

Line of business: Parts production (jibs and others) for TFG Mobile Cranes

Representative and President: Rolf Sonntag ; number of employees: 12

[TADANO UK Ltd]

Acquired in April, 2014

Paid-in capital: 2,000 GBP, wholly-owned subsidiary of TFG

Location: South Yorkshire, United Kingdom

Line of business: Distribution and service of Mobile Cranes

Representative and President: Thomas Schramm; number of employees: 17

[TADANO France SAS]

Established in February 2016; capital: 50,000 EUR; wholly-owned subsidiary of TFG

Line of business: Distribution and service of Mobile Cranes

Representative and President: Thomas Schramm; number of employees: 4

● **Accelerating the line-up expansion, to offer full range of All Terrain Cranes:**

Ten models with 40 to 400 ton lifting capacity are available.

Largest-class 600 ton (eight-axle) crane exhibited at Bauma in April 2016; sales are expected to begin during FY2017.



< Our missions for the American businesses >
Increasing shares in North America, and efforts for Caribbean, Central and South America

● **Overview of group companies in the Americas**

[TADANO America Corp.]

Paid-in capital: 2.5 million USD; wholly-owned subsidiary of TAH*; location: Texas, U.S.A.

Line of business: Distribution of Mobile Cranes

Representative and President: Ingo Schiller; number of employees: 79

Sales trend: 2011: 183 million USD; 2012: 249 million USD; 2013: 262 million USD; 2014: 305 million USD; 2015: 285 million USD; 2016: 206 million USD

[TADANO MANTIS Corp.]

Acquired in 2008

Paid-in capital: 287,000 USD; wholly-owned subsidiary of TAH*

Location: Tennessee, U.S.A.

Lines of business: Manufacture and distribution of Telescopic Boom Crawler Cranes

Representative and President: Shiro Morita; number of employees: 136

Major products: Telescopic Boom Crawler Cranes (products combining carriers with track belt suspensions and cranes with hydraulic telescoping booms); mainly used in civil engineering and construction work, these cranes are ideally suited to work performed on unlevelled ground, muddy ground, and inside tunnels.

Sales trend: 2011: 34 million USD; 2012: 39 million USD; 2013: 36 million USD; 2014: 30 million USD; 2015: 40 million USD, 2016: 27 million USD

[TADANO Panama S.A.]

Paid-in capital: 10,000 USD; wholly-owned subsidiary of TADANO

Location: Panama City, Panama

Line of business: Distribution and service of Mobile Cranes and other products

Representative and President: Kenji Munezawa; number of employees: 4

[TADANO Brasil Equipamentos de Elevacao Ltda.]

Paid-in capital: 30 million BRL; wholly-owned subsidiary of TADANO

Location: Sao Paulo, Brazil

Lines of business: Distribution and service of Mobile Cranes and other products

Representative and President: Keisuke Nagai; number of employees: 10

* TAH stands for TADANO America Holdings, Inc.



(Introduced March 2015
 First TMC model to use a round boom, developed jointly with TADANO)
 • Awarded 2014 LE Award by Lift and Access, a U.S. periodical



< Our missions for the Chinese businesses >

Realizing cost reduction and quality improvement, sales promotion inside China, and increasing exports from China
 Revaluation losses were recorded due to declining business conditions.

● Overview of group companies in China

[BQ TADANO (Beijing) Crane Co., Ltd.]

Paid-in capital: 30 million USD; shares divided 50/50 between TADANO and Beijing Jing Cheng Heavy Industry Co., Ltd. (established in March 2003)

Location: Linhe Industrial Development Zone, Syunyi District, Beijing (about 25 km northwest of central Beijing)

Lines of business: Production and distribution of Truck Cranes, with eight models of TCs with lifting capacities of 8-100 tons

President: Hidemi Uchida (from TADANO); number of employees: 110

[TADANO (Beijing) Ltd.]

Paid-in capital: 5 million USD (wholly-owned subsidiary of TADANO [established in March 2012])

Location: Chaoyang District, Beijing

Lines of business: Distribution and service for Mobile Cranes

President: Hulin Jin (from TADANO); number of employees: 7

[JC-TADANO (Beijing) Hydraulic Co., Ltd.] **Liquidation resolution approved in September, 2015**

Paid-in capital: 4 million USD (ownership: TADANO 65%, Mimura Ironworks 5%, Murakami Manufacturing 5%, and Beijing JingCheng Heavy Industry 25% [established in September 2007])

Location: Tongzhou District, Beijing (about 20 km east of central Beijing)

Lines of business: Production and distribution of hydraulic parts for use in Mobile Cranes (e.g., valves, rotary joints, small cylinders, pipes)

President: Teruyuki Murakami (from TADANO); number of employees: 3

[JTL-TADANO (Hebei) Ironparts Co., Ltd.] **Sold in March 2017 (removed from the scope of consolidation)**

Paid-in capital: 5.5 million USD (ownership: TADANO 56%, Amron 5%, Kawanishi 5%, and Hebei JTL 34% [established in January 2010])

Location: Development District, Zhuozhou City, Hebei Province (about 60 km southwest of central Beijing)

Lines of business: Production and distribution of metal parts for use in Mobile Cranes (e.g., booms, jibs, outriggers)

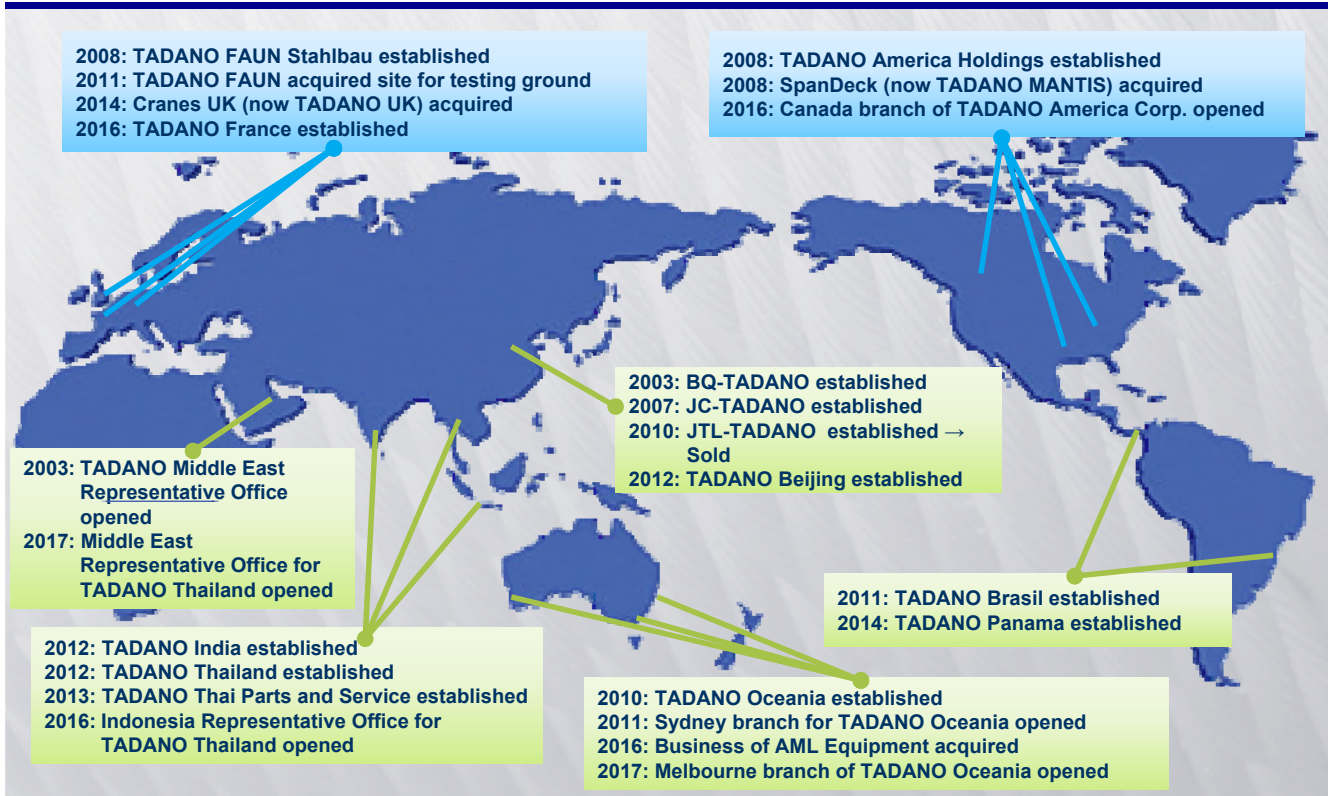
President: Teruyuki Murakami (from TADANO); number of employees: 52



BQ TADANO

Business Expansion Outside Japan Since 2003

- 16 Companies Established or Acquired; 7 New Facilities Opened -



Truck Loader Cranes



[Loader Cranes] Market share in Japan: 48.6% → 50.4%

Demand in Japan was 15,560 units (for FY2016, based on TADANO research), down 7.7% from the previous fiscal year.

→ In a climate of declining demand, sales fell despite a focus on sales growth.
Net sales were ¥19,633 million (96.4% of the previous fiscal year).

- Mounted trucks, these small cranes allow operators to load, transport, and install cargo with a single unit.
- They are sold indirectly by truck dealers for use in logistics, gardening, and construction industries.
- Numerous models are available for mounting on compact, mid-sized, and large trucks, with lifting capacities ranging from 0.49 to 4.9 tons.

-Regulator-

- Primarily the Ministry of Health, Labour and Welfare (crane regulations)

-Major buyers and distinctive features-

- Truck dealers
- Sales tend to parallel truck demand.



(The first of its kind to have an optional No Idle feature.)

[Business outside of Japan]

- TADANO has focused its efforts on exports of Loader Cranes to strategic markets, exporting crane components for mounting on local trucks.

Sales in FY2015: ¥1,680 million; sales in FY2016: ¥1,440 million

- Accelerating expansion outside Japan, including the opening of a manufacturing subsidiary in Thailand in April 2012.



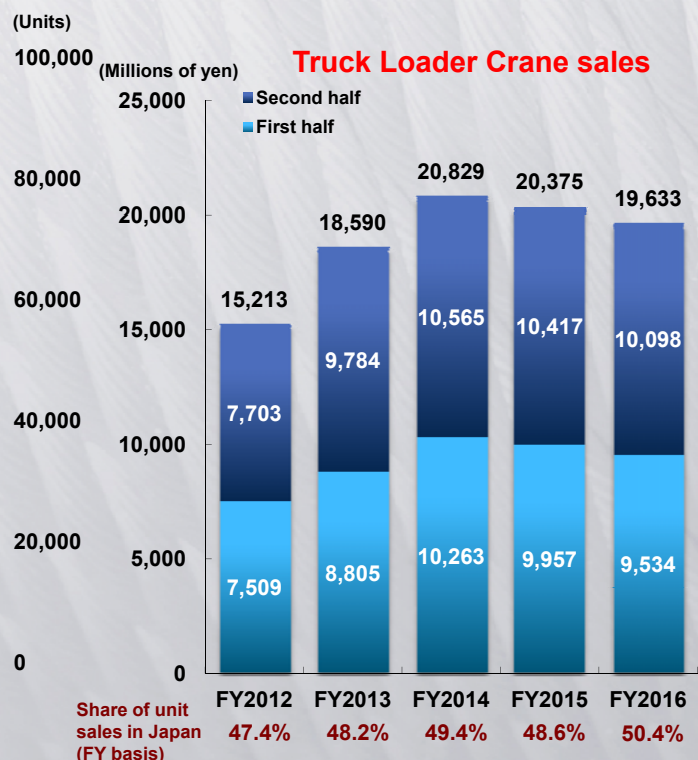
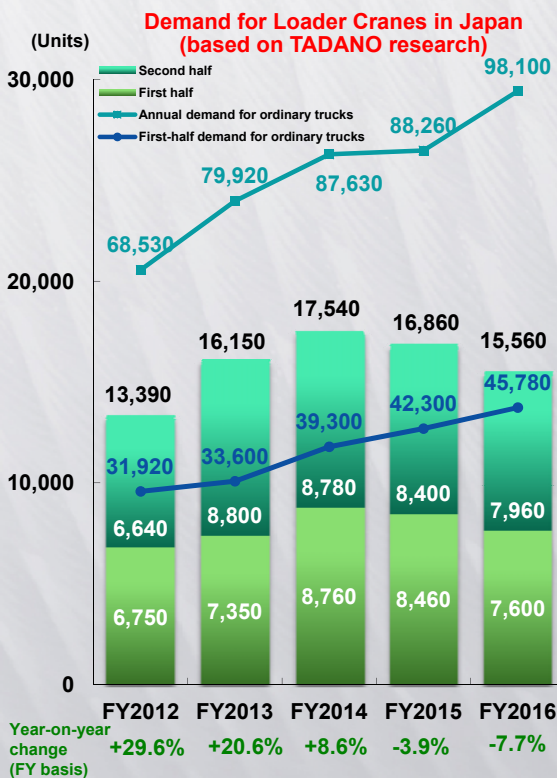
(ZR560 Loader Crane for export)



(Slide bed Vehicle Carrier [transport vehicle])



Truck Loader Cranes



[TADANO (Thailand) Co., Ltd.]

Paid in capital: 636 million THB; wholly-owned subsidiary of TADANO

Establishment: April 2012 (Operation launch: June 2013)

Location: Hemaraj Eastern Seaboard Industrial Estate, Rayong Province, Thailand

Line of business: Production and distribution of Loader Cranes

Productive capacity: 1,000 units/year (Sales: 258 units in 2014, 418 units in 2015, 385 units in 2016)

Representative and President: Kozo Yoshida; number of employees: 43

- TADANO has established the first outside Japan production base for products other than Mobile Cranes. While accelerating the expansion of our business outside Japan, we aim to increase profitability by establishing the manufacturing subsidiary.

[Plans to establish a joint sales company in Thailand]

- To further increase our market share of Truck Loader Cranes in Thailand, one of our main markets, we will establish a joint sales company in Bangkok with ItalThai Industrial Co., Ltd., our distributor in Thailand, in May 2017. The paid-in capital will be THB 50 million (Tadano will hold 49% of shares).



Loader Crane ZT1000 manufactured in the plant in Thailand (Released in July 2016)



Inside of the plant



TADANO (Thailand)

Market share in Japan: 39.2% → 36.3%

Japanese demand for Aerial Work Platforms mounted on trucks was 4,929 units (for FY2016 TADANO research), up 19.1% from the previous fiscal year.

⇒ While demand grew for Aerial Work Platforms, a focus on sales growth in high-value-added Super Deck and Bridge Checker models resulted in **record net sales** of ¥23,202 million, up 19.4% from the previous fiscal year.

Mounted on trucks:

- Five models for telecommunications use
- Three models for electric construction use
- 13 models for general construction use

Wheeled: Two models

Super Deck: Five models
(Equipped with advanced control technologies)

Bridge Checker: Three models
(Used in inspections of elevated roadways and bridges)



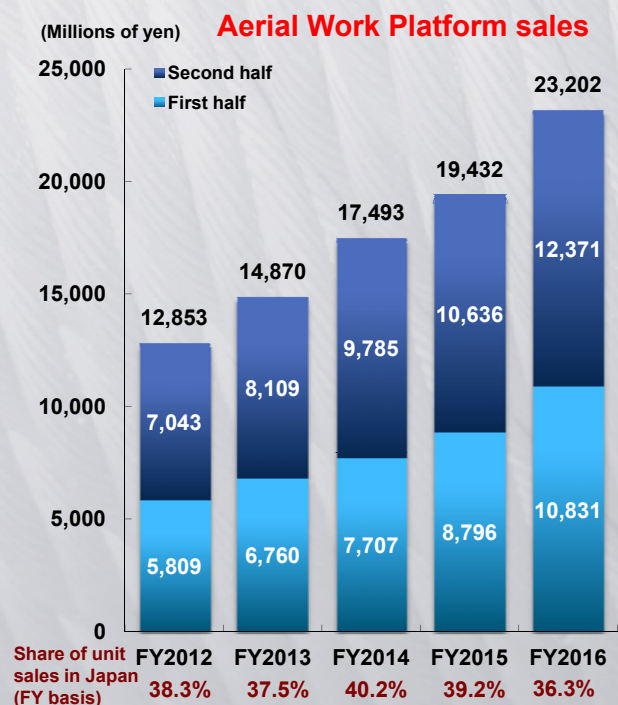
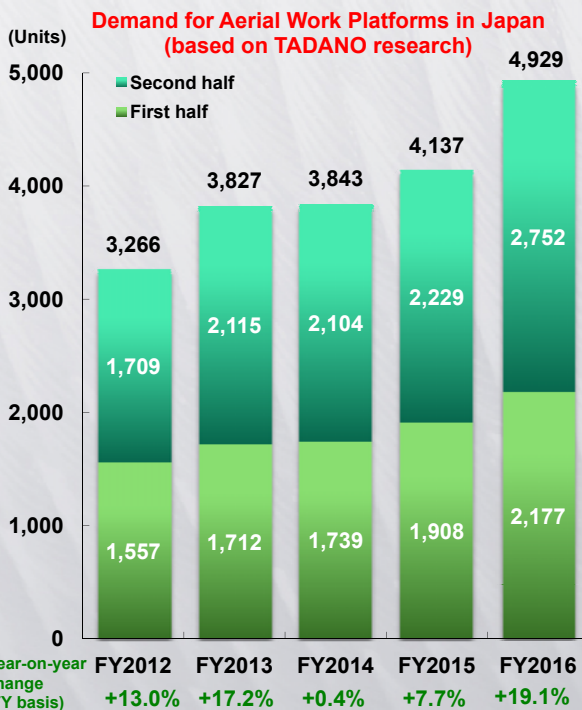
Bridge Checker BT-200

-Regulator-

- Primarily the Ministry of Health, Labour and Welfare (Aerial Work Platform regulations)

-Major buyers and distinctive features-

- Power-related electrical construction, telecommunications, rental, general use, shipbuilding, Ministry of Land, Infrastructure, Transport and Tourism



➔ Net sales from other businesses, such as parts, repairs, used cranes and other products, were ¥27,213 million (96.9% of the previous fiscal year).

[Used cranes]

- In this fiscal year, sales in Japan increased; sales outside Japan saw no growth
- The globalization of this business will be a future focus

[Parts and repairs]

- TADANO books sales for repair parts (In general, repairs are done by designated service facilities and distributors outside of Japan. These parties book the repair sales.)
- Sales in Japan saw no growth; sales outside Japan decreased during this fiscal year

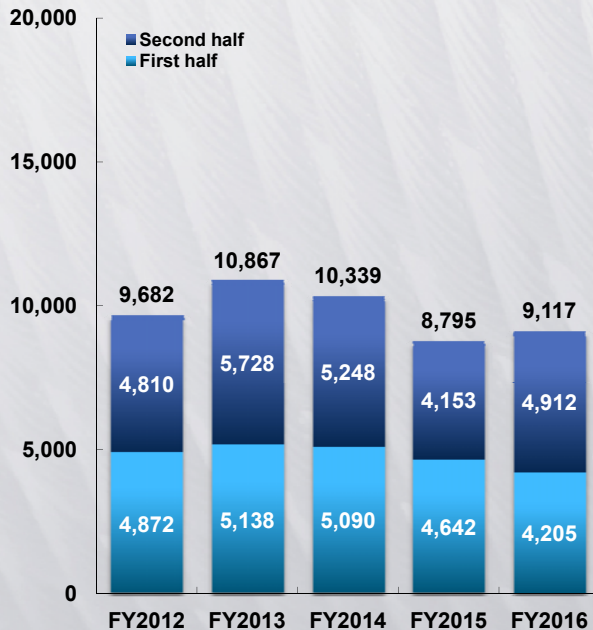


Example of boom removal from All Terrain Crane, ATF400G CL-500 (Released in August 2013)

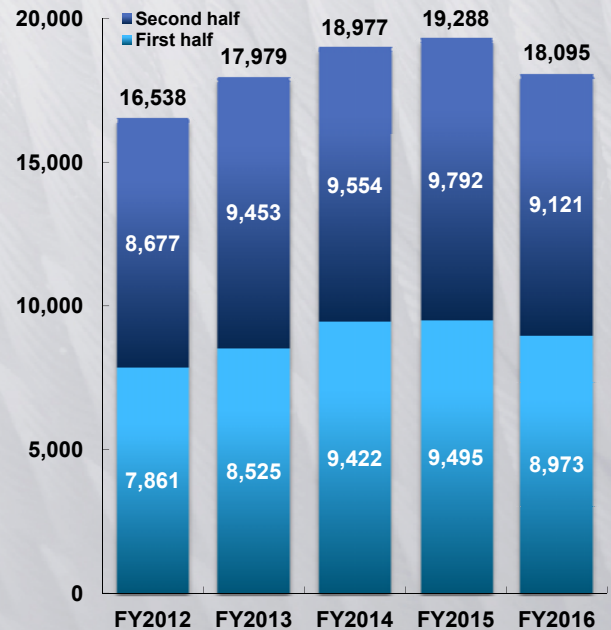
[All Terrain Crane mounting/removal lifters]

- These lifters are used to install and remove All Terrain Crane booms in Japan, where the law requires disassembly for transportation on public roads

(Millions of yen) **Net sales of other businesses (Used cranes and others)**



(Millions of yen) **Net sales of other businesses (Parts, repairs, and other products)**



(Unit: millions of yen)

	FY2016		FY2017 forecast		Percent change
	Amount	Percentage	Amount	Percentage	
Net sales	179,676	100.0%	175,000	100.0%	-2.6%
Operating income	18,484	10.3%	17,000	9.7%	-8.0%
Ordinary income	18,490	10.3%	16,500	9.4%	-10.8%
Net income attributable to Tadano Ltd.	11,881	6.6%	11,000	6.3%	-7.4%

Dividends per share	Mid-year	¥13.00	Mid-year	¥13.00
	Year-end	¥13.00	Year-end	¥13.00
	Full-year	¥26.00	Full-year	¥26.00

Capital investment	¥6,030 million	¥8,000 million
Depreciation	¥3,113 million	¥3,300 million
Exchange rate (USD)	¥108.84	¥110.00
Exchange rate (EUR)	¥120.33	¥120.00

Figures for capital investment include leased assets

[FY2017 management policies]

- (i) Pursue of the Tadano Group's Core Values (Safety, Quality, Efficiency)
- (ii) Engage in first-year activities of the Mid-Term Management Plan (17-19)
- (iii) Focus on the Tadano Red Arrow, and engaging in Tadano Yellow Arrow activities
- (iv) Prepare for and respond to Tadano Blue Arrow changes and escalating competition

【 Nine Strategies of the Mid-Term Management Plan (17- 19) 】

- (i) Improve Market Position
- (ii) Enhance Product Competitiveness
- (iii) Pursue Global & Flexible MONOZUKURI
- (iv) Provide Outstanding Quality & Service
- (v) Improve Product Life-Cycle Value
- (vi) Develop Solution Business
- (vii) Raise Level of Profitability and Asset Efficiency
- (viii) Establish Growth Structure
- (ix) Strengthen the Tadano Group & Global Management Structure

◆ FY2017 proportion of sales outside Japan: 45.4%

FY 2017 Business Performance Forecasts

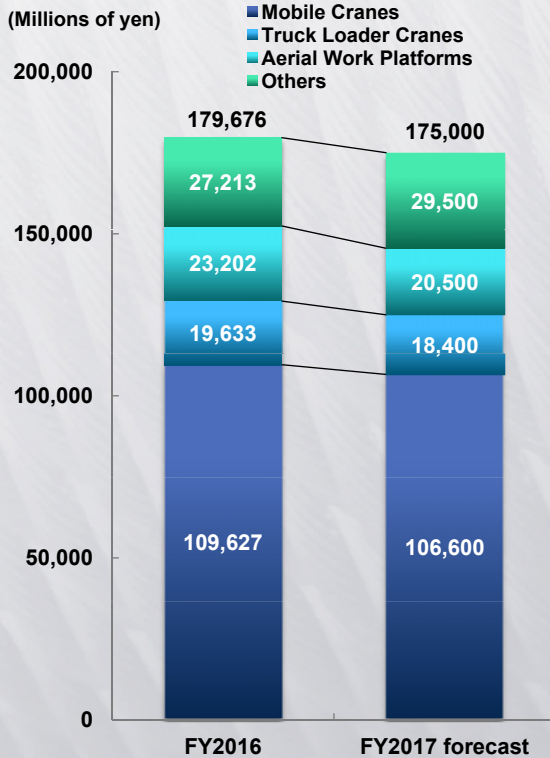
(Main Causes of Changes in Operating Income)

Operating income is expected to fall ¥1.4 billion due to lower sales and other factors.



FY 2017 Business Performance Forecasts

(Net Sales by Product)



(Unit: millions of yen)

	FY2016		FY2017 forecast		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	109,627	61.0%	106,600	60.9%	-3,027	-2.8%
Truck Loader Cranes	19,633	10.9%	18,400	10.5%	-1,233	-6.3%
Aerial Work Platforms	23,202	12.9%	20,500	11.7%	-2,702	-11.6%
Others	27,213	15.2%	29,500	16.9%	2,286	8.4%
Total	179,676	100%	175,000	100%	-4,676	-2.6%

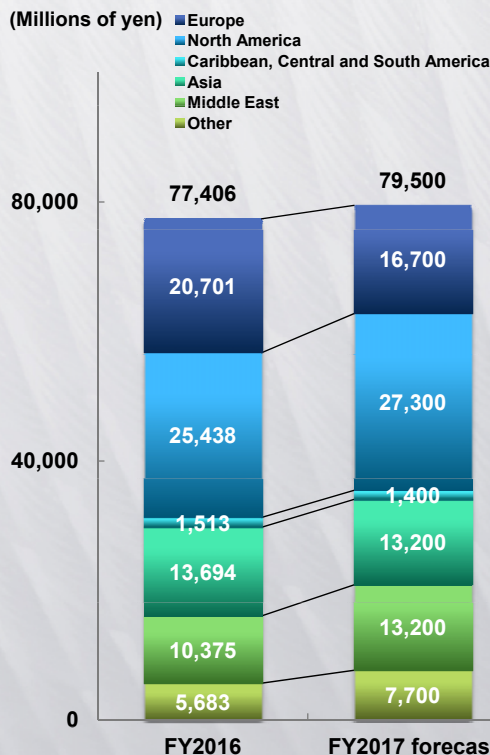
◆ Outside Japan sales ratio: 43.1% → 45.4%

Mobile Crane sales in and outside Japan

Japan	45,017	43,200	-1,817	-4.0%
Outside Japan	64,609	63,400	-1,209	-1.9%

FY 2017 Business Performance Forecasts

(Net Sales by Destination)



(Unit: millions of yen)

	FY2016		FY2017 forecast		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Europe	20,701	11.5%	16,700	9.5%	-4,001	-19.3%
North America	25,438	14.2%	27,300	15.7%	1,862	7.3%
Caribbean, Central and South America	1,513	0.8%	1,400	0.8%	-113	-7.5%
Asia	13,694	7.6%	13,200	7.5%	-494	-3.6%
Middle East	10,375	5.8%	13,200	7.5%	2,824	27.2%
Other	5,683	3.2%	7,700	4.4%	2,016	35.5%
Subtotal (total outside Japan sales)	77,406	43.1%	79,500	45.4%	2,093	2.7%
Japan	102,270	56.9%	95,500	54.6%	-6,770	-6.6%
Total	179,676	100%	175,000	100%	-4,676	-2.6%

* The graph on the left excludes Japan.
Other markets comprise Oceania, Africa, and the CIS.

◆ Acquisition of industrial site in Kagawa Prefecture land reclamation project (November 2016)

In July 2016, based on our conviction that TADANO needs a new plant in addition to the Shido Plant to manufacture Mobile Cranes and that this new plant will be essential to reaching our long-term goal—to become No. 1 Worldwide in the LE industry—we concluded a contract to acquire an industrial site by Kagawa prefecture as part of the prefecture’s land reclamation project in the western Kozai district of the Port of the Takamatsu.

The acquisition was completed in November.

Soil improvement work has been underway on the site since December 2016. Our goal is to have the plant operating in FY2018 following building construction and installation of machinery.

Location: Kozai Kitamachi, Takamatsu, Kagawa Prefecture
 Site area: approx. 20 ha
 Acquisition price: approx. ¥2.4 billion

Plans for the new plant

Purpose:	Production of Mobile Cranes
Total floor area of plant buildings:	Phase I: approx. 42,000 m ² (Expansion planned over several years)
Investment (in plant buildings):	Phase I: approx. ¥17.5 billion (Final investment after expansion: approx. ¥20 billion)
Employees:	Phase I: approx. 200



October 2014 photo
(courtesy Kagawa Prefecture)

The site is located 10 minutes west by car from central Takamatsu.

- Feb. 2008 TADANO America relocates to larger offices.
- Oct. 2008 Machine Telemonitoring System introduced in products for Japanese market (introduced in products for markets outside Japan in March 2011).
- Apr. 2009 TADANO Asia’s Singapore Training Centre opens.
- Jan. 2011 Chubu Parts Center opens.
- Mar. 2011 Machine Telemonitoring System introduced in products for markets outside Japan.
- Feb. 2012 Hokuriku Parts Center opens.
- Mar. 2013 TADANO TECHNO EAST head office expanded (Shinkiba Plant): ¥0.4 billion
- Apr. 2013 TADANO TECHNO EAST Sendai Installation Center opens.
- Oct. 2013 TADANO TECHNO EAST Moka Installation Center opens.
- Dec. 2014 TADANO Training Center opens: ¥0.4 billion
- Jun. 2015 Shutoken Parts Center opens.
- Mar. 2016 Taiheikikou (Hokkaido) acquired
- May 2016 TADANO Global Parts Center (Kobe) opens.
- Jun. 2016 TADANO TECHNO EAST Sakura Plant expanded: ¥1 billion
- Oct. 2016 Tadano Truck Mounting Training Center opens
- Nov. 2016 Business of Australian service representative (AML Equipment) acquired ¥0.5 billion
- Dec. 2016 TADANO America opens Canada Branch
- Mar. 2017 Nittsu Juki Service (Hokkaido) acquired

Note: Amounts shown are investment amounts.



An exterior view of the TADANO Global Parts Center (Kobe Port Island)



Canada branch of TADANO America Corp.

We plan to open sales/service facilities and parts depots outside Japan in the future.

◆ CREVO G4 series phase one (lifting capacity: 70 ton/25 ton) and phase two (lifting capacity: 16 ton) Rough Terrain Cranes introduced

In October 2016, sales began for advanced crane models developed to achieve improved safety, comfort, and efficiency. These models feature state-of-the-art technologies and their sophisticated design was recognized with the Good Design Award.

The GR-700N and GR-250N were introduced in October 2016. The GR-160N was introduced in March 2017.



GR-700N(G4)



GR-250N(G4)



GR-160N(G4)

[Wide Site View]

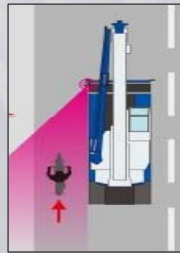
Feature that makes it possible to check surrounding conditions at all times



Wide Site View image

[Human Alert System]

Feature that detects motorcycles, bicycles, and pedestrians on the lefthand side and sounds an alarm and illuminates warning lamps (160N: left forward)



Human Alert System image (700N・250N)

[Setup Radio Control]

Radio control function that makes crane work preparations and cleanup more efficient

[Other]

- A new cab with improved comfort
- A new control system with improved usability
- Equipped with the latest eco-friendly engine
- The latest jib mounting feature (700N/250N)
- New two-staged power-tilt jib (160N)
- Earned designation as ultra-low-noise construction machinery (160N)