

# Mid-Term Management Plan (20-22)

[Basic Policy]

## Pursuing Further Excellence (Focusing on the Tadano Red Arrow)

### Review of Mid-Term Management Plan (17-19)

We positioned the three years under the Mid-Term Management Plan (17-19) as a period to lay the groundwork to become No. 1 worldwide in the lifting equipment industry. To this end, we worked on accomplishing the further global growth, higher resilience, and enhanced competitiveness, as priority points, under the basic policy of Becoming a Stronger Company (Focusing on the Tadano Red Arrow) capable of continuously generating profits and developing human resources each term regardless of the business environment. As overseas demand for mobile cranes hit bottom in 2017 and then began recovering, we strived to improve our business results by launching new large models and increasing our market share. Although we increased our market share in Japan and North America, our market share declined in the Middle East and Asia partly because we kept to our own pricing strategy apart from the price competition triggered by Chinese manufacturers. In terms of management targets set under the Mid-Term Management Plan (17-19), our sales ratio outside of Japan was 54.1%, failing to reach the target 60%. The acquisition of the Demag mobile cranes business, however, has paved the way to achieving this goal. Ratio of operating income to net income (ROS) was 6.9% and ratio of operating income to total assets (ROA) 5.5%, both below the 15.0% and 13.0% targets, respectively.

The combination of the foundation of TEI\* in December 2018, commencement of operations in the Kozai Plant in August 2019, and the acquisition of the Demag mobile cranes business in July 2019 in our European operations has provided us with the tools to break through the sales threshold of 300 billion yen that will move us toward becoming No. 1 worldwide in the lifting equipment industry. One big challenge lying ahead of us is how to use these tools.

\*TEI refers to an Indian joint venture, Tadano Escorts India Pvt. Ltd.

### Focusing on the Tadano Red Arrow



	MTP Target	FY 2017	FY 2018	FY 2019
Net sales	240.0	173.7	188.4	227.9
Japan	96.0	97.5	97.0	104.5
Overseas	144.0	76.1	91.3	123.4
Outside Japan sales ratio	60.0%	43.8%	48.5%	54.1%
Operating income	36.0	15.5	15.8	15.6
ROS	15.0%	8.9%	8.4%	6.9%
ROA	13.0%	6.5%	6.3%	5.5%
Inventory turnover rate	4.8 times	3.2 times	3.0 times	2.7 times

\*The financial figures for FY 2019 above will be revised retrospectively in the second quarter of FY 2020 following the finalization of the provisional accounting treatment for business combinations.

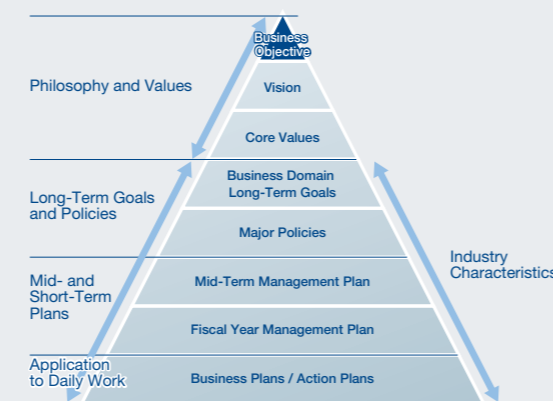
### Tadano Group's Corporate Philosophy Pyramid

We uphold our business objective of "implementing the corporate philosophy (creation, contribution, cooperation), our vision of "pursuing further excellence for the world and the future," and core values of "C+SQE (SQE based on C)." These are the philosophy and values we hold sacrosanct and will remain unchanged no matter how the external environment changes. In addition, we have identified lifting equipment as our business domain under our long-term goals and policy and have established three long-term goals of becoming No. 1 worldwide in the lifting equipment industry, attaining a sales ratio of 80% outside of Japan, and becoming a company with stable and high profitability (attaining an average operating margin of 20%). We have also established four major policies comprising Safety and Health Policy, Quality Policy, Environmental Policy and Technology Policy.

From the perspective of the world's demographics, the lifting equipment industry is a growth industry in the long term. Looking forward, we believe that the industry has major potential.

"Our core values, "C+SQE (SQE based on C)," represent that compliance forms the foundation of all our actions. We will always uphold our core values of "Safety First, Quality Second, Efficiency Third" in this critical order of priority.

### Corporate Philosophy Pyramid



### Mid-Term Management Plan (20-22) Context

The Mid-Term Management Plan (20-22) aims to achieve organic growth toward becoming No. 1 worldwide in the lifting equipment industry. Under the previous Mid-Term Management Plan, we implemented three major initiatives as the Tadano Yellow Arrow, "shouldering the weight" and decisively taking tactics with large impact. This is to say that, if we look at our present selves from the future, we are close to completing a set of tools to grow and leap toward our big goal of becoming No. 1 worldwide in the lifting equipment industry. We use the phrase, organic growth, as we will hold back on large investments in the next few years and focus our efforts inwardly (on using the tools at hand). In other words, we will take the next step beyond the 100th anniversary, to organize systems to become No. 1 worldwide in the lifting equipment industry, and to achieve long-term profit growth.

### Growing Organically Toward Becoming No. 1 Worldwide in the Lifting Equipment Industry

- Next Steps Beyond Tadano's First 100 years
- Developing a System to Become No. 1 Worldwide in the Lifting Equipment Industry
- Aiming for Long-Term Profit Growth

### Basic Policy of Mid-Term Management Plan (20-22)

The basic policy of the Mid-Term Management Plan (20-22) is "Pursuing Further Excellence (Focusing on the Tadano Red Arrow)." "Further Excellence" is a phrase adopted from Tadano's Vision, "Pursuing Further Excellence for the World and the Future." "Further Excellence" means being a robust company, a company that continues to evolve, a company that benefits society and customers, a company that earns the esteem of the greater world, and most importantly a company that earns the pride of its employees. We consider that the conditions of "Further Excellence" are to fulfill these five requirements. These five goals carry onward our pursuit to become a stronger company under the previous Mid-Term Management Plans.

[Basic Policy]

### Pursuing Further Excellence (Focusing on the Tadano Red Arrow)



"Further Excellence" means:

- Being a Robust Company
- Being a Company that Continues to Evolve
- Being a Company that Benefits Society and Customers
- Being a Company that Earns the Esteem of the Greater World
- Being a Company that Earns the Pride of its Employees

### Priority Points of Mid-Term Management Plan (20-22)

The Mid-Term Management Plan (20-22) has four priority points: maximize Tadano Group synergy (+ TDG), increase resilience, enhance competitiveness, and engage in ESG\* and SDGs\*.

- **Maximize Tadano Group Synergy (+ TDG)**: With the acquisition of the Demag mobile cranes business, TDG\*\* joined the Tadano Group. We will aim to establish the new European operation structure (TFG\*\* and TDG) by promptly integrating it into the Tadano Group and generating synergy. "+TDG" emphasizes our largest challenge, European operations. To achieve long-term profit growth for the entire Tadano Group including TMC\*\*, TTC\*\* and TEI, we will endeavor to maximize group synergy and make best efforts to realize organic growth as One Tadano.
- **Increase Resilience**: We aim to bolster our resilience to change and achieve stable growth given the high volatility of the lifting equipment industry which is susceptible to changes in the external environment and demand.
- **Enhance Competitiveness**: We need to deliver products and services with greater added value than those offered by our competitors to ensure that we will continue to be the first choice for our customers. To this end, we aim to be a manufacturer with four synergistic strengths optimally combined to achieve excellence: product competitiveness, product quality, service capability (including parts), and used crane value.
- **Engage in ESG and SDGs**: We promote ESG and SDGs initiatives mainly through our products and services that derive from our corporate activities throughout the value chain of "Designing, Manufacturing, Delivering and Servicing."

\* ESG = Environment, Social, Governance SDGs = Sustainable Development Goals  
\*\* TDG = Tadano Demag GmbH TFG = Tadano Faun GmbH  
TMC = Tadano Mantis Corporation TTC = Tadano (Thailand) Co., Ltd.

### Four Priority Points



### Mid-Term Management Plan (20-22) Strategies

We are working on the following eight strategies to realize the basic policy and priority points of the Mid-Term Management Plan (20-22).

- 1 Strengthen Market Position
- 2 Enhance the Four Synergetic Strengths
- 3 Engage in Global and Flexible *Monozukuri*\*
- 4 Improve Life Cycle Value
- 5 Develop New Technologies and Solution Business
- 6 Revitalize Profitability and Improve Asset Efficiency
- 7 Strengthen the Tadano Group and Global Management Structure
- 8 Optimize Human Resource Utilization

\* *Monozukuri* = Manufacturing with a focus on continuous improvement

### Challenges and Numerical Targets of Mid-Term Management Plan (20-22)

As we focus on organic growth under the Mid-Term Management Plan (20-22) we recognize that our biggest challenge is to swiftly transform our struggling European operations (TFG and TDG) into profitable businesses. We have not set numerical targets for the Mid-Term Management Plan (20-22) because it is difficult to make reasonable and appropriate calculations as the impact of the spread of COVID-19 on our business activities and results is unclear at the time this document is being prepared. We will promptly disclose them when it becomes possible to make reasonable and appropriate calculations in the future.

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