

# Explanatory Materials on Interim Financial Results

**October 2013**

**TADANO Ltd.**

**\* 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.



# Corporate Profile

<b>[Corporate name]</b>	TADANO Ltd. (established August 24, 1948); founder: Masuo Tadano Developed Japan's first hydraulic Truck Crane in 1955		
<b>[Representative]</b>	Koichi Tadano, President and C.E.O., Representative Director		
<b>[Head office]</b>	Ko-34 Shinden-cho, Takamatsu, Kagawa, Japan		
<b>[Major lines of business]</b>	Production and distribution of Mobile Cranes, Truck Loader Cranes, and Aerial Work Platforms		
<b>[Sites]</b>	Tokyo Office (Sumida-ku), Takamatsu Plant (Takamatsu), Shido Plant (Sanuki), Tadotsu Plant (Tadotsu), Chiba Plant (Chiba)		
<b>[Other facilities]</b>	Japan: 10 branch offices, 23 sales offices; Overseas: Beijing Office, Middle East Office (Dubai, UAE)		
<b>[Paid-in capital]</b>	¥13,021 million	<b>[Stock shares]</b>	Shares issued: 129 million Number of shareholders: 7,770 (as of the end of September 2013)
<b>[Net sales]</b>	¥134,836 million (FY2012)		
<b>[Number of employees]</b>	Consolidated: 3,178; non-consolidated: 1,352 (as of the end of September 2013)		
<b>[Major subsidiaries]</b>	<div> 10 subsidiaries and one affiliate in Japan:  TADANO IMES Ltd.  TADANO ILEC Ltd.  TADANO S-TEC Ltd.  TADANO ENGINEERING K.K.  TADANO TECHNO EAST Co., Ltd.  TADANO TECHNO WEST Co., Ltd.  TADANO KYOSHU CENTER K.K.  TADANO BUTSURYU K.K.  TADANO SYSTEMS Inc.  TADANO BUSINESS SUPPORT K.K.    NITTSU JUKI SERVICE K.K. </div> <div> 16 subsidiaries and two affiliates overseas:  TADANO FAUN GmbH, TADANO FAUN Stahlbau GmbH [Germany]  TADANO America Holdings, Inc. [U.S.A.]  TADANO America Corp., TADANO MANTIS Corp., [U.S.A.]  TADANO Brasil Equipamentos de Elevacao Ltda. [Brazil]  JC-TADANO (Beijing) Hydraulic Co., Ltd., JTL-TADANO (Hebei) Ironparts Co., Ltd. [China]  TADANO (Beijing) Ltd. [China], TADANO South China Co., Ltd. [China]  TADANO Korea Co., Ltd. [South Korea]  TADANO Asia Pte. Ltd. [Singapore], TADANO India Pvt. Ltd. [India]  TADANO (Thailand) Co., Ltd. [Thailand], Tadano Thai Parts and Service Co., Ltd [Thailand]  TADANO Oceania Pty Ltd. [Australia]    BQ-TADANO (Beijing) Crane Co., Ltd. [China]  Taiwan TADANO Ltd. [Taiwan] </div>		



## Key Points of FY2013 Interim Financial Results

(Unit: millions of yen)

	FY2012 interim		FY2013 interim		Percent change
	Amount	Percentage	Amount	Percentage	
Net sales	62,462	100.0%	86,754	100.0%	+38.9%
Operating income	4,257	6.8%	10,313	11.9%	+142.2%
Ordinary income	3,558	5.7%	10,496	12.1%	+195.0%
Net income	2,190	3.5%	7,359	8.5%	+235.9%

	FY2012 interim	FY2013 interim
Capital investment	¥1,007 million	¥2,235 million
Depreciation	¥1,042 million	¥1,102 million
Exchange rate (USD)	¥79.74	¥95.59
Exchange rate (EUR)	¥103.45	¥125.50

Note:

\* Figures for capital investments include leased assets.

\* The exchange rates given above are average rates for the period from January to June.  
(Overseas subsidiaries undertake their interim settlement of accounts in June.)

### [FY2013 management policies]

- Pursuing the core values of safety, quality, and efficiency
- Pursuing quality in Japan and quantity overseas
- Strengthening profitability
- Completing the accomplishment of Mid-Term Management Plan (2011-2013)

### Highest profits ever for the interim results.

- **Increased revenues and profits for three consecutive financial years**
  - Efforts for resuming appropriate sales prices in Japan
  - Expanding sales overseas
  - Cost reduction efforts
- **Both sales in Japan and overseas grew:**
  - ➔ Japan net sales:  
¥31.6 billion → ¥37.1 billion (+17.3%)  
Sales of Mobile Cranes, Truck Loader Cranes, and Aerial Work Platforms all increased.
  - ➔ Overseas net sales:  
¥30.8 billion → ¥49.6 billion (+61.0%)  
Significant increase backed by increasing demands and weak yen.
- **Overseas sales ratio: 49.3% → 57.2%**
- **Income increased significantly:**
  - Ordinary income: ¥3.5 billion → ¥10.4 billion
  - Net income: ¥2.1 billion → ¥7.3 billion



# Income Statement (vs. Previous Year)

(Unit: millions of yen)

	FY2012 interim		FY2013 interim		Change
	Amount	Percentage	Amount	Percentage	
Net sales	62,462	100.0%	86,754	100.0%	24,291
Cost of sales	47,635	76.3%	63,007	72.6%	15,371
Gross profit on installment sales	98	0.2%	32	0.0%	-66
Gross profit	14,924	23.9%	23,778	27.4%	8,853
Selling, general, and administrative expenses	10,667	17.1%	13,464	15.5%	2,797
Operating income	4,257	6.8%	10,313	11.9%	6,056
Non-operating income and loss	-699	-1.1%	182	0.2%	882
Ordinary income	3,558	5.7%	10,496	12.1%	6,938
Extraordinary income and loss	-103	-0.2%	0	0.0%	103
Income before income taxes and minority interests	3,454	5.5%	10,496	12.1%	7,041
Corporate taxes	1,287	2.0%	3,163	3.6%	1,875
Minority interests	-23	0.0%	-26	0.0%	-2
Net income	2,190	3.5%	7,359	8.5%	5,169

## [Key changes]

### > COGS ratio: 76.3% → 72.6%

- Efforts for resuming appropriate sales prices, effects of weak yen, and cost reductions by means of operating ratio improvement, lead to the improvement of COGS ratio by 3.7 percentage points

### > Selling, general, and administrative expenses: ¥2.79 billion

- Variable costs increased: + ¥819 million
- Personnel costs: + ¥734 million
- Other expenses: + ¥1,244 million

### > Non-operating income and loss:

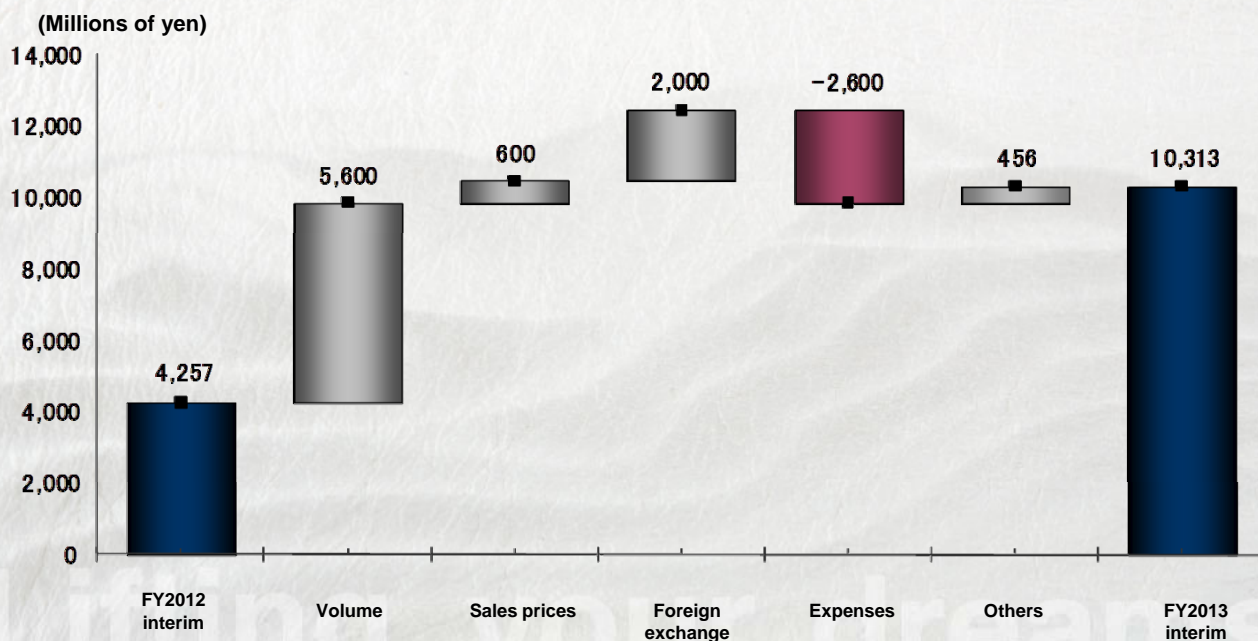
- Non-operating income: ¥313 million → ¥559 million
- Non-operating loss: ¥1,013 million → ¥376 million

### > Extraordinary income and loss:

- Extraordinary income: ¥0 million → ¥1 million
- Extraordinary loss: ¥104 million → ¥1 million

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

Operating income increased by ¥6 billion, due to significant growth of profits from sales increase, and with foreign exchange effects of weak yen surpassing the loss from expenses.





# Balance Sheet (vs. End of Previous Period)

(Unit: millions of yen)

	FY2012 year-end		FY2013 interim		Change
	Amount	Percentage	Amount	Percentage	
Cash deposit	39,582	22.3%	44,384	23.6%	4,802
Accounts receivable	40,820	23.0%	41,435	22.0%	615
Inventories	45,341	25.5%	48,207	25.6%	2,866
Other current assets	6,400	3.6%	6,949	3.7%	549
<b>Total current assets</b>	<b>132,144</b>	<b>74.4%</b>	<b>140,977</b>	<b>74.9%</b>	<b>8,833</b>
Tangible fixed assets	34,584	19.5%	36,172	19.2%	1,587
Intangible fixed assets	776	0.4%	885	0.5%	108
Investment and other assets	10,105	5.7%	10,125	5.4%	20
<b>Total fixed assets</b>	<b>45,466</b>	<b>25.6%</b>	<b>47,183</b>	<b>25.1%</b>	<b>1,717</b>
<b>Total assets</b>	<b>177,611</b>	<b>100.0%</b>	<b>188,161</b>	<b>100.0%</b>	<b>10,550</b>

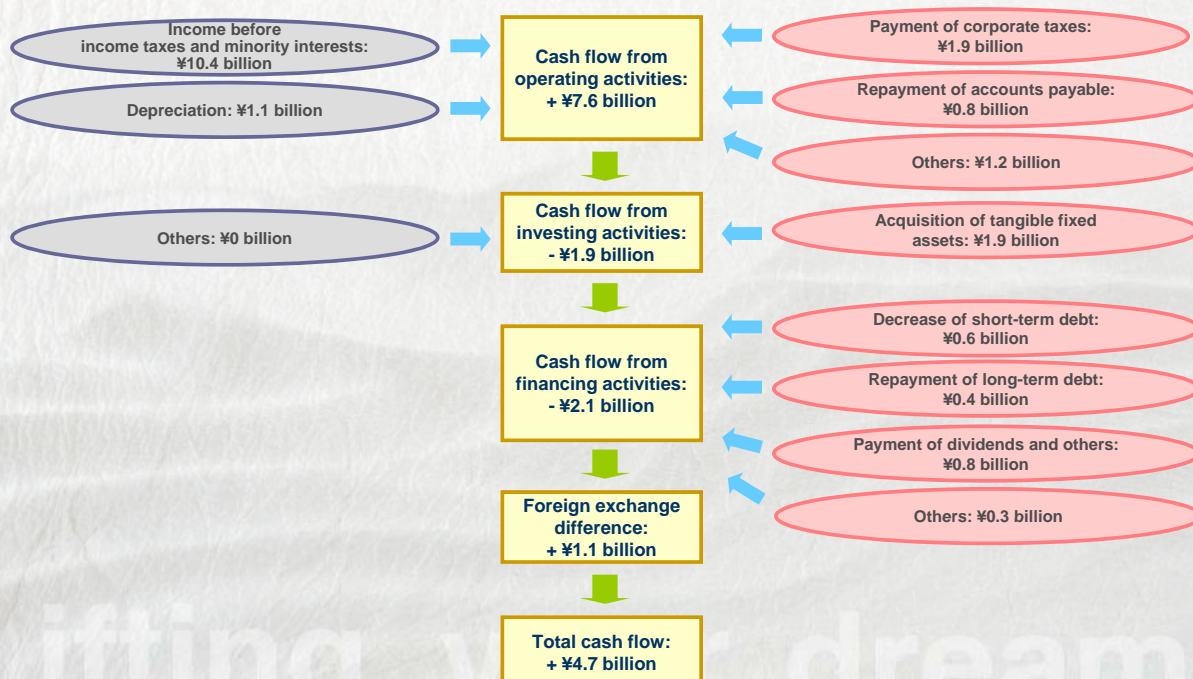
Accounts payable	31,094	17.5%	31,844	16.9%	750
Interest-bearing debt	38,706	21.8%	38,621	20.5%	-85
Other liabilities	21,136	11.9%	21,798	11.6%	662
<b>Total liabilities</b>	<b>90,937</b>	<b>51.2%</b>	<b>92,264</b>	<b>49.0%</b>	<b>1,327</b>
<b>Total equity</b>	<b>86,674</b>	<b>48.8%</b>	<b>95,896</b>	<b>51.0%</b>	<b>9,222</b>
<b>Total liabilities and equity</b>	<b>177,611</b>	<b>100.0%</b>	<b>188,161</b>	<b>100.0%</b>	<b>10,550</b>

## [Key changes]

- **Accounts receivable increased:**  
**¥40.8 billion → ¥41.4 billion**  
 → The receivable turnover period improved.  
 (FY2012: 110.5 days → FY2013 interim: 87.4 days)
- **Inventories increased:**  
**¥45.3 billion → ¥48.2 billion**  
 (The ¥48.2 billion includes ¥11.9 billion in TADANO Faun GmbH)  
 → The inventory turnover period improved.  
 (FY2012: 122.7 days → FY2013 interim: 101.7 days)
- **Interest-bearing debt remained at the same level:**  
**¥38.7 billion → ¥38.6 billion**  
 → Short-term: increased by ¥0.6 billion;  
 Long-term: decreased by ¥0.6 billion

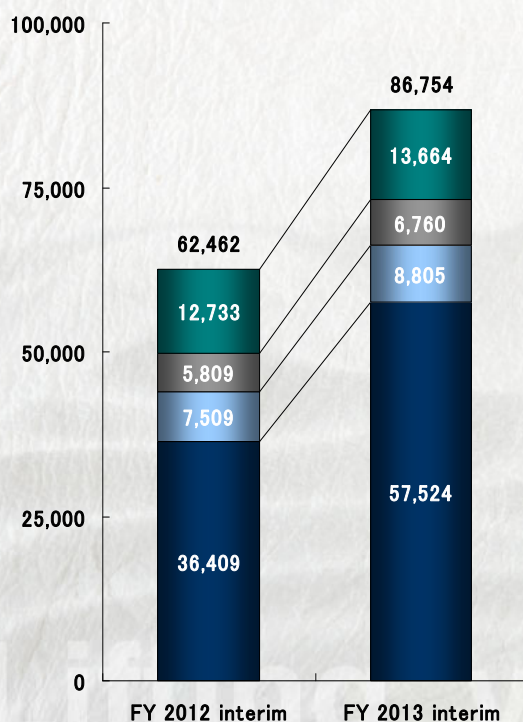
# Overview of Cash Flow

**Total cash flow increased by ¥4.7 billion, by acquiring fixed assets and repaying the debts with income before income taxes and minority interests.**



# Net Sales by Product

(Millions of yen) ■ Mobile Cranes ■ Truck Loader Cranes ■ Aerial Work Platforms ■ Others



(Unit: millions of yen)

	FY2012 interim		FY2013 interim		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	36,409	58.3%	57,524	66.3%	21,114	58.0%
Truck Loader Cranes	7,509	12.0%	8,805	10.1%	1,295	17.3%
Aerial Work Platforms	5,809	9.3%	6,760	7.8%	951	16.4%
Others	12,733	20.4%	13,664	15.8%	930	7.3%
<b>Total</b>	<b>62,462</b>	<b>100%</b>	<b>86,754</b>	<b>100%</b>	<b>24,291</b>	<b>38.9%</b>

➤ Overseas sales ratio: 49.3% → 57.2%

\* Breakdown of Mobile Crane sales in Japan and overseas

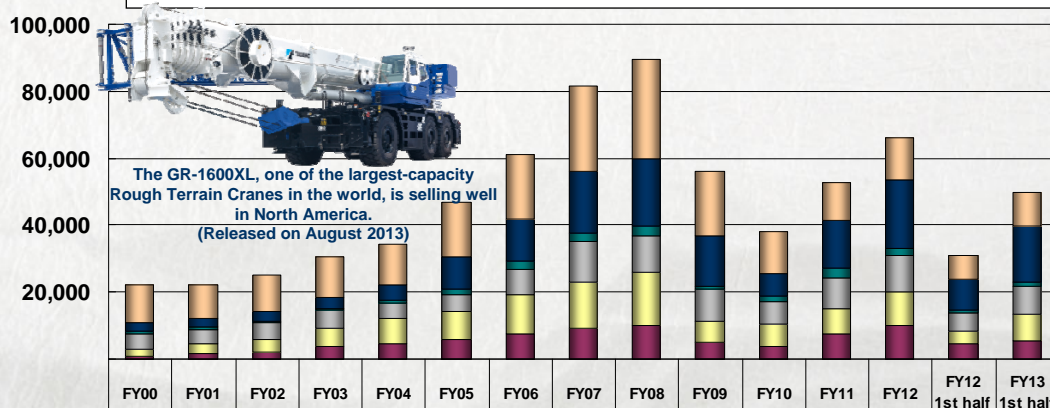
Japan	11,603	14,696	3,093	26.7%
Overseas	24,806	42,827	18,020	72.6%

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# Sales Trends by Overseas Market

(Millions of yen)



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	6,935	9,916
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	9,173	16,879
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	1,058	1,085
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	5,144	8,409
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	3,716	7,697
Oceania and other areas	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	4,792	5,634
<b>Total</b>	<b>22,379</b>	<b>22,072</b>	<b>24,968</b>	<b>30,384</b>	<b>34,285</b>	<b>46,859</b>	<b>60,894</b>	<b>81,557</b>	<b>89,354</b>	<b>56,191</b>	<b>38,277</b>	<b>52,872</b>	<b>66,160</b>	<b>30,820</b>	<b>49,623</b>
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	79.74	95.59
Exchange rate (EUR)	99.63	108.80	118.41	131.03	134.47	136.92	146.14	161.24	152.44	130.20	116.39	111.12	102.63	103.45	125.50
Overseas 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%	49.3%	57.2%

Note: The exchange rates indicated above are average rates over each period (since the fiscal year of overseas subsidiaries ends in December, full-year rates are averages for January-December, interim rates are average for January-June). Euro figures for FY2001 and earlier have been converted from Deutsche Mark.

**TADANO**

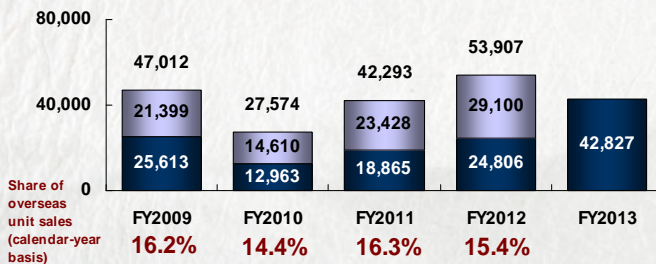
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# Mobile Cranes

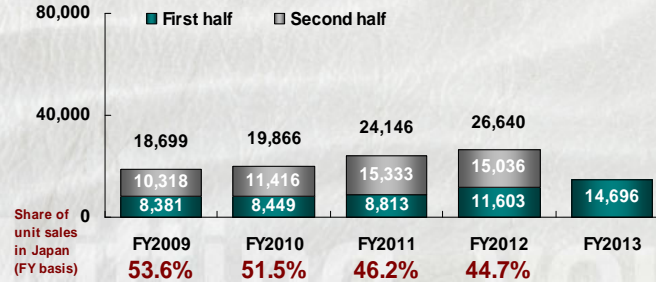
## Net sales of Mobile Cranes (overseas)

(Millions of yen) ■ First half □ Second half



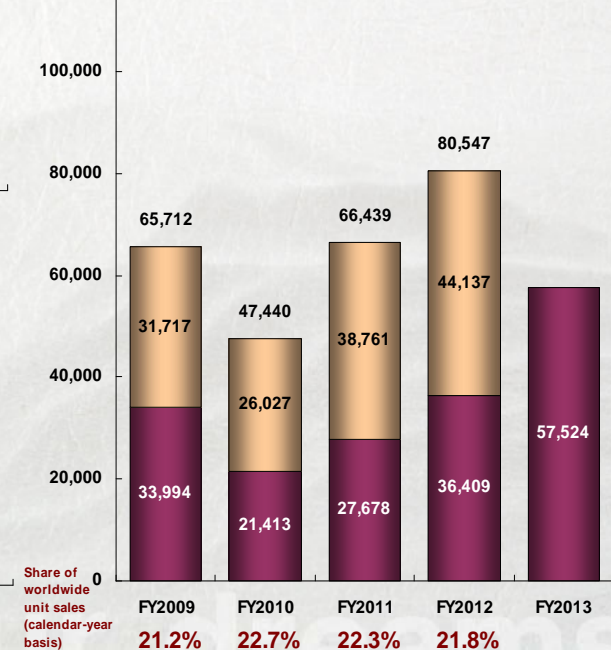
## Net sales of Mobile Cranes (Japan)

(Millions of yen) ■ First half □ Second half



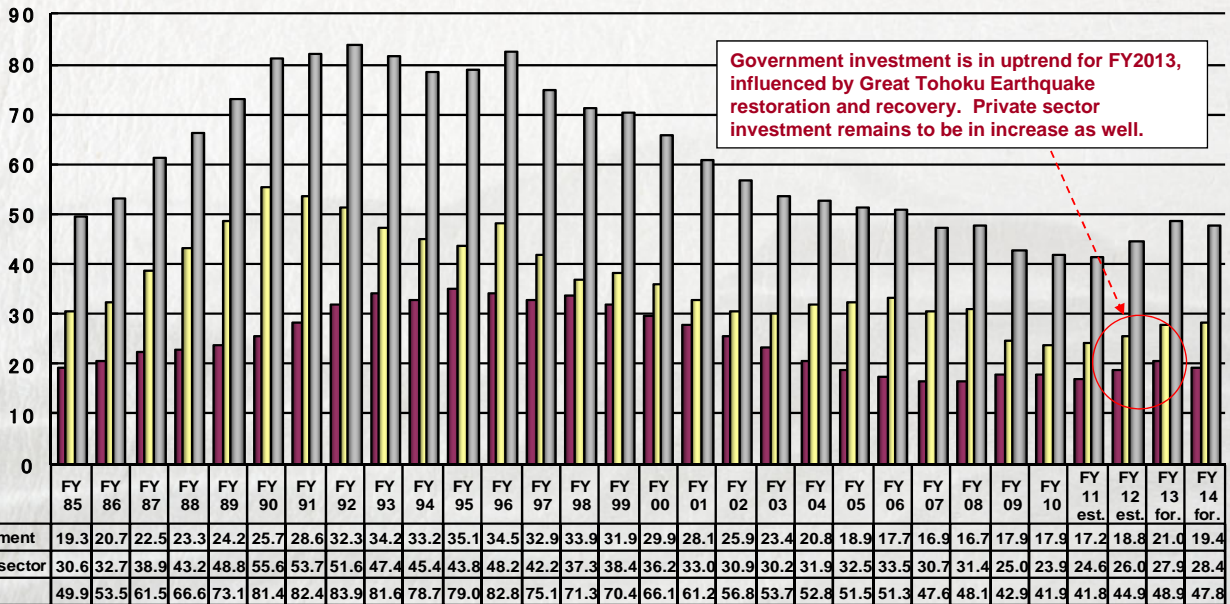
## Net sales of Mobile Cranes

(Millions of yen) ■ First half □ Second half



# Trends and Forecast of Construction Investment in Japan

(Trillions of yen)

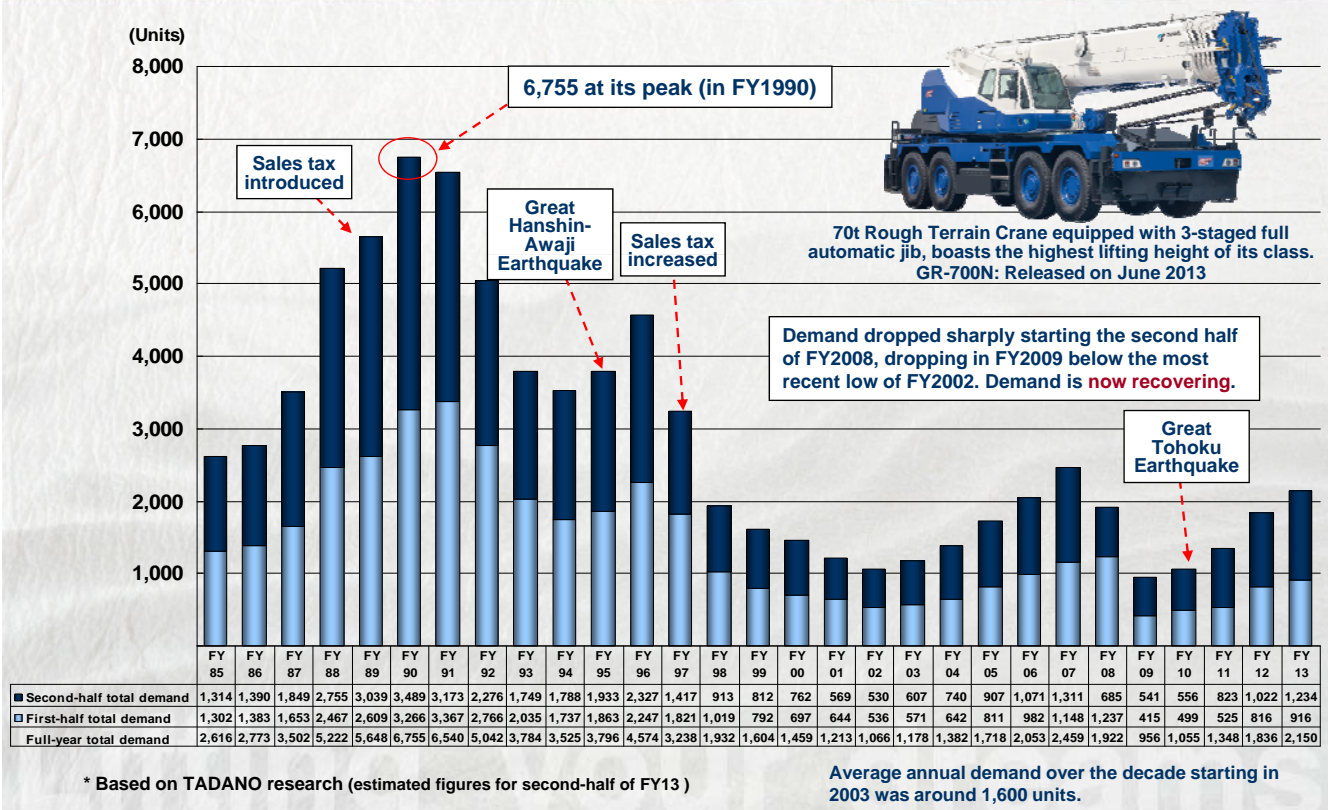


\* est. = estimate, for. = forecast

Note: 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 October 21, 2013).

# Trends in Demand for Mobile Cranes in Japan



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## Mobile Cranes

### Market share in Japan: 43.5% → 46.5%

Demand for hydraulic Mobile Cranes in Japan was 916 units (for interim FY2013, based on TADANO research), up 12.3% compared with the previous fiscal year.

- Our shares in Japan increased, promoting sales of products compliant with new emission regulation, while continuing our efforts to resume appropriate sales price. Ton-based shares: 40.2% → 48.6%.
- Net sales in Japan was ¥14,696 million (126.7% of the figure from the previous fiscal year).

### [Rough Terrain Cranes]

- Main models in the Japanese Mobile Cranes business account for 95% of demand in Japan (64% 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: five models with 12 to 70 ton lifting capacity (emissions compliant, with Machine-Telemonitoring System)
- Overseas markets: six models with 12 to 145 ton lifting capacity (TADANO produces both Japanese and overseas models)
- 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 4% of demand in Japan (83% of European demand)
- Outstanding long-distance mobility in addition to maneuverability
- Japanese market: eight models with 60 to 550 ton lifting capacity (produced by TADANO Faun GmbH of Germany and TADANO)
- Overseas markets: nine models with 40 to 400 ton lifting capacity (produced by TADANO Faun GmbH of Germany)
- Disassembly required for transport on public roads in Japan; No disassembly required for transport in Europe



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# Mobile Cranes

## [Truck Cranes]

- Cranes are mounted on trucks to make them easier to transport; primarily for overseas markets, with demand in Japan accounting for only a few units
- Outstanding long-distance mobility
- Japanese market: two models with 20 ton lifting capacity (produced by TADANO)
- Overseas markets: nine models with 35 to 80 ton lifting capacity (produced by TADANO, Tadano Faun GmbH, and BQ-TADANO)

**Focusing our efforts to export Truck Cranes with 35 and 55 ton lifting capacity produced by BQ-TADANO outside China.**  
**The export is planned to be increased from 6 units (Jan-June 2013 result) along with line-up expansion.**



## [Points shared with Mobile Cranes]

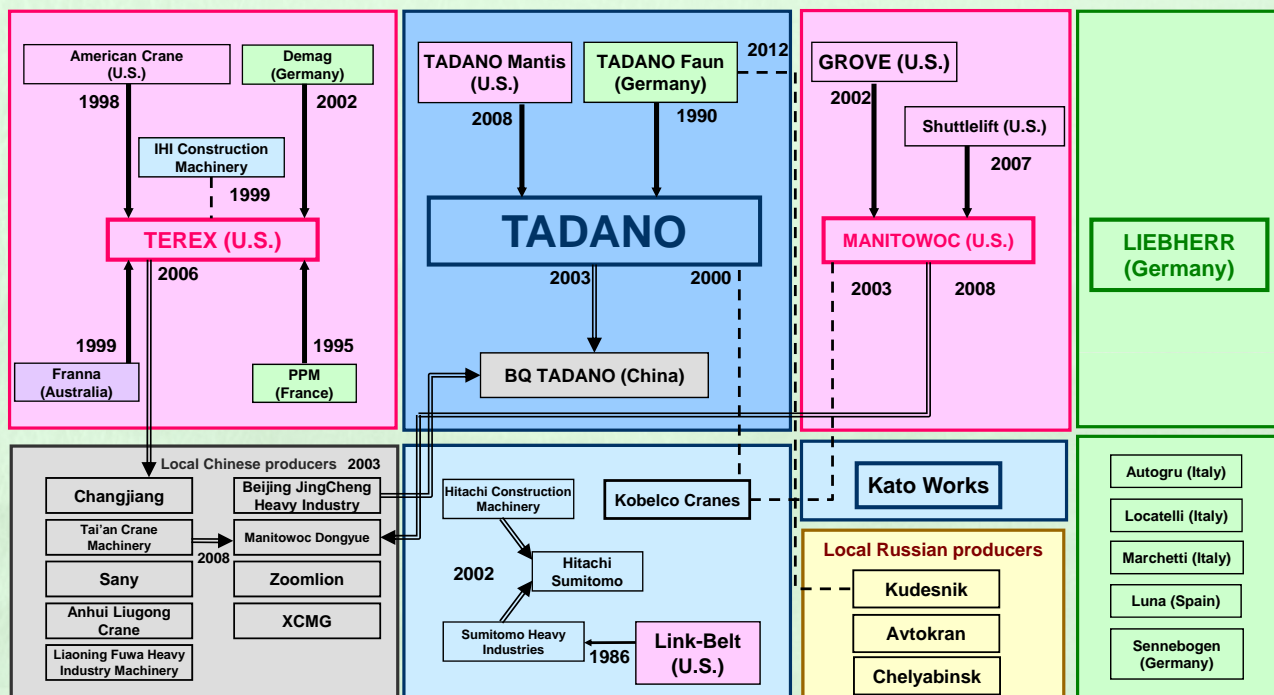
- Regulators: Ministry of Land, Infrastructure, Transport and Tourism (vehicle regulations) and Ministry of Health, Labour and Welfare (crane regulations)  
 The strengthening of engine emissions and noise regulations and enhanced enforcement of traffic regulations (disassembly for transport of large 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)
- Distinctive features of sales: Until the 1990s, installment sales using commercial bills was common industry practice, which is shifting toward sales via finance lease companies
- 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 starting April 2012  
 → The enforcement on regulations has been postponed in light of Great Tohoku Earthquake recovery construction
- Level 3.5 emissions regulations for RCs in Japanese market  
 Motor output 130 kW or higher: started on April 2013  
 Less than 130 kW: starting November 2013
- Emissions regulations for RCs in North American markets: Tier 4: starting January 2014
- Emissions regulations for ACs in European markets: Euromoto IV: starting January 2014



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# Structure of the World Crane Industry

(Manufacturers of Hydraulic Cranes and Crawler Cranes)



\* Prepared by TADANO based on materials from the Japan Construction Equipment Manufacturers Association.

→ Acquisition (numerals indicate fiscal year of acquisition)  
 --- Partnership (numerals indicate fiscal year of partnership)

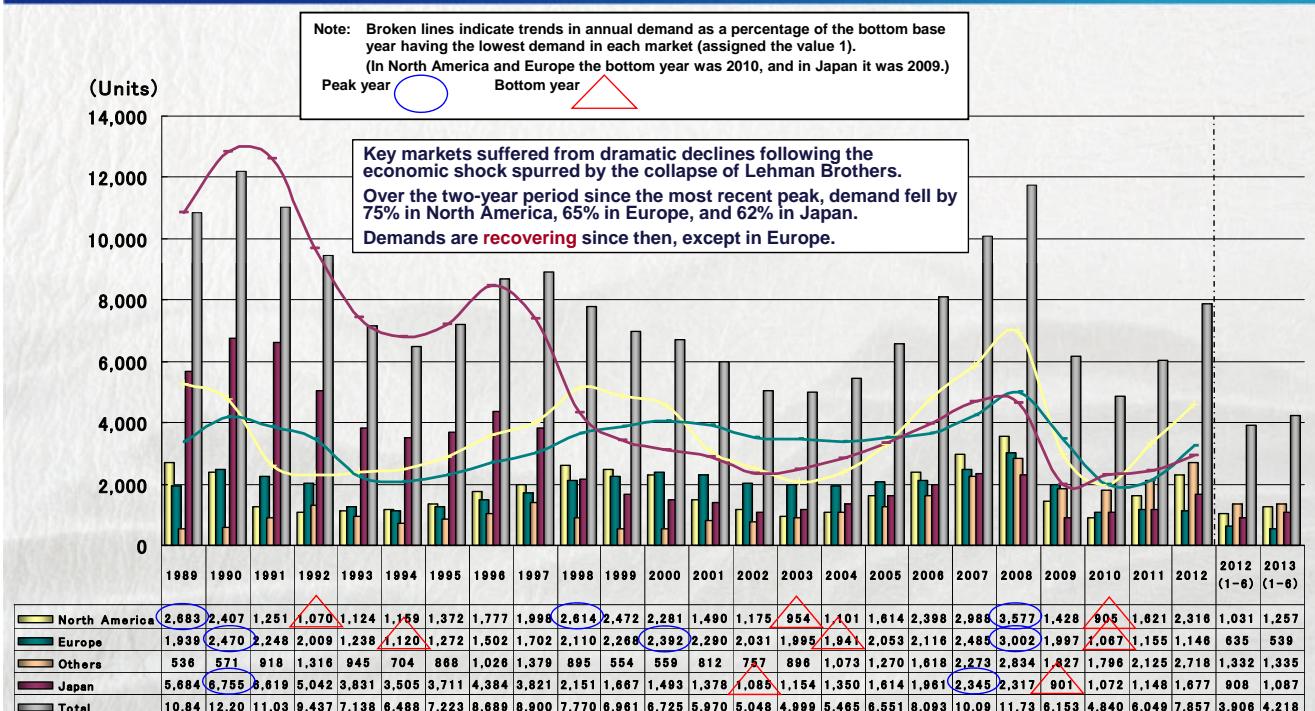
→ Investment/joint venture



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



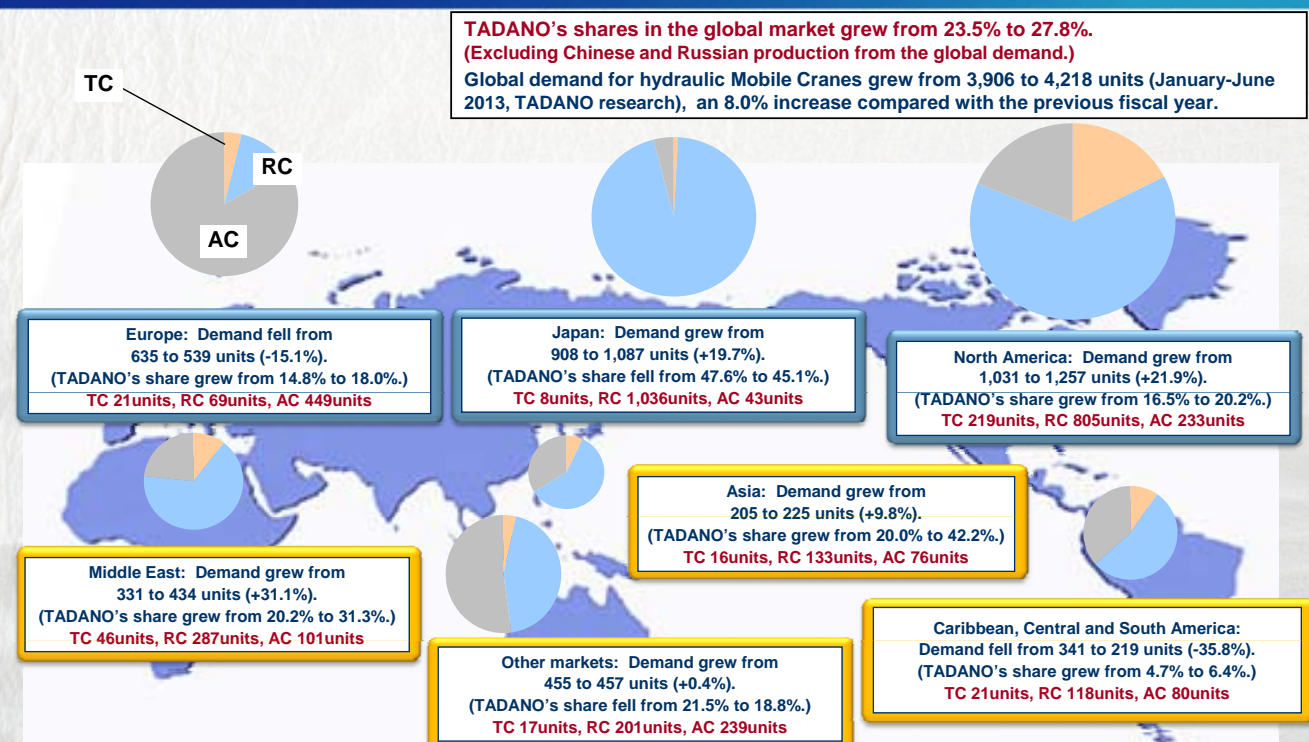
1. Figures are estimated by TADANO.

2. Mobile Cranes produced in China and Russia, and Boom Trucks in North American market are both excluded.



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



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, Russia and Africa.  
Units and shares indicate changes of the same period in the previous year.



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# European Business

**< 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: Alexander Knecht, President; number of employees: 593

Sales trend:

2005; 175 million EUR/271 units, 2006; 218 million EUR/331 units,  
 2007; 266 million EUR/373 units, 2008; 346 million EUR/502 units,  
 2009; 270 million EUR/381 units, 2010; 178 million EUR/213 units,  
 2011; 199 million EUR/248 units, 2012; 268 million EUR/294 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: Rolf Sonntag, President; number of employees: 8

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

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

(Photo on the right is 400t All Terrain Crane: Launched on September 2012 for Europe;  
 Launched on May 2013 for Japan.)



**ATF400G**



In use from September 2012



# American Businesses

**< 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 Holdings, Inc. (TAH)]**

Paid-in capital: 51 million USD; wholly-owned subsidiary of TADANO

Location: Texas, U.S.A., Line of business: Holding company for the Americas

Representative: Yo Kakinuma, President

**[TADANO America Corp.]**

Paid-in capital: 2.5 million USD; wholly-owned subsidiary of TAH; location: Same as TAH

Line of business: Distribution of Mobile Cranes

Representative: Yo Kakinuma, President; number of employees: 59

Sales trend: 2005: 80 million USD; 2006: 95 million USD; 2007: 142 million USD; 2008: 145 million USD;  
 2009: 105 million USD; 2010: 78 million USD; 2011: 183 million USD, 2012: 249 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: Shiro Morita, President; number of employees: 150

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: 2008: 41 million USD; 2009: 33 million USD; 2010: 16 million USD;  
 2011: 34 million USD; 2012: 39 million USD

**[TADANO BRASIL EQUIPAMENTOS DE ELEVACAO LTDA.]**

Paid-in capital: 20 million BRL (ownership: TADANO 76.2%; Mr. Marcio Guimaraes de Campos [our sales representative president] 23.8%)

Location: Sao Paulo, Brazil

Lines of business: Production, distribution and service for Mobile Cranes and other products.

Representative: Keisuke Nagai, President; number of employees: 14



**TADANO America Corp.**



A Telescopic  
 Boom Crawler  
 Crane, TADANO  
 Mantis product

**GTC-700EX**





# Chinese Businesses

## < Our missions for the Chinese businesses >

Realizing cost reduction and quality improvement, sales promotion inside China, and increasing exports from China

### ● Hydraulic crane market in China

Demand for hydraulic cranes in the 2012 calendar year was 22,000 units (37% down against the previous year), with Chinese-produced Truck Cranes accounting for most of this demand (TADANO research).

2008: 21,500 units (+10%); 2009: 27,000 units (+26%); 2010: 35,000 units (+30%); 2011: 35,000 units (±0)

Small cranes with lifting capacities of up to 25 tons constitute the bulk of demand, accounting for an 83% share in 2012.

This is seen to reflect an increase in individual proprietorship (private users).

### ● 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 on March 2003)

Location: Linhe Industrial Development Zone, Syunyi District, Beijing (about 25 km northwest of central Beijing); Plant size 36,000 square meters; Plant site 120,000 square meters

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

President: Hidemi Uchida (from TADANO); number of employees: 325

[JC-TADANO (Beijing) Hydraulic Co., Ltd.]

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

Location: Tongzhou District, Beijing (about 20 km east of central Beijing); Plant size 8,000 square meters; Plant site 13,000 square meters

President: Teruyuki Murakami (from TADANO); number of employees: 64

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

[JTL-TADANO (Hebei) Ironparts Co., Ltd.]

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

Location: Development District, Zhuozhou City, Hebei Province (about 60 km southwest of central Beijing); Plant size 10,000 square meters; plant site 33,000 square meters

President: Teruyuki Murakami (from TADANO); number of employees: 76

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

[TADANO (Beijing) Ltd.]

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

Location: Chaoyang District, Beijing

President: Masatoshi Hirano (from TADANO); number of employees: 7

Lines of business: Distribution and service for Mobile Cranes



BQ TADANO



JC-TADANO



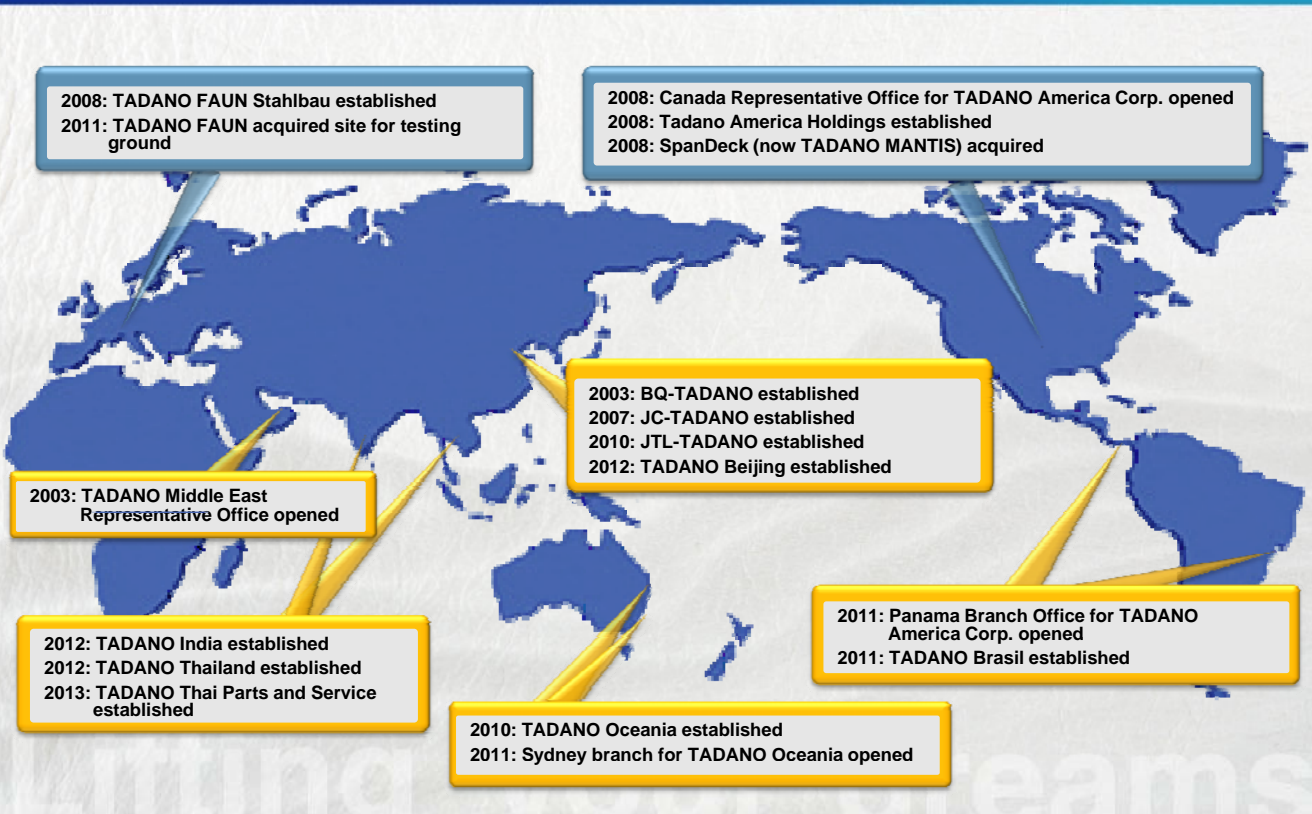
JTL-TADANO



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## Business Expansion Overseas Since 2003

- Twelve Companies Established or Acquired; Five New Facilities Opened -



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# Accelerating Global Expansion - Expansion within Asia -

## [TADANO INDIA PVT. LTD.]

Paid in capital : 90 million INR; wholly-owned subsidiary of TADANO group

Establishment : March 2012

Location: Karnataka State, Bangalore City, Republic of India

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

Representative: Chihiro Nishida, President



- TADANO group aims to strengthen our sales and services with close contact with our users, and with meticulous approach toward demand in the Indian market. Feasibility studies will be conducted with an eye toward future local production.

## [TADANO (Thailand) Co., Ltd.]

Paid in capital : 310 million THB; wholly-owned subsidiary of TADANO group

Establishment : April 2012

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

Line of business : Production and distribution of Loader Cranes

Productive capacity: 1,000 units/ year (as of operation launch in 2013)

Representative: Yasumasa Kuramae, President

Business plan: FY2018 sales; 1,150 million THB, FY2018 production; 2,000 units



TADANO (Thailand) factory launched its operation in June

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





# Truck Loader Cranes

## [Loader Cranes] Market share in Japan: 46.2% → 48.4%

Demand in Japan was 7,350 units (for interim FY2013, based on TADANO research), up 8.9% compared with the previous fiscal year.

→ Net sales grew to ¥8,805 million (117.3% of the figure of the previous fiscal year) due to demand growth of trucks, and since the ratio of crane mounted trucks remained at high level.

- 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 in Japan
- Sales tend to parallel truck demand.

ZE360



(Product photo: Truck Loader Crane equipped with 'anti-theft device')

### [Overseas business]

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

Sales in FY2011: ¥1,200 million; in FY2012: ¥1,230 million

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



(Product photo: ZR560 Loader Crane for export)

SS-38



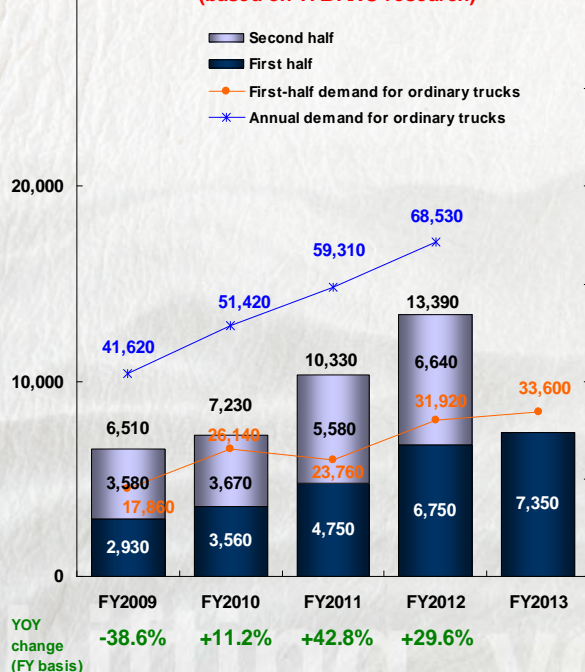
(Product photo: Hybrid Slide bed Vehicle Carrier, the first of its kind in the market. Introduced on April 2011)



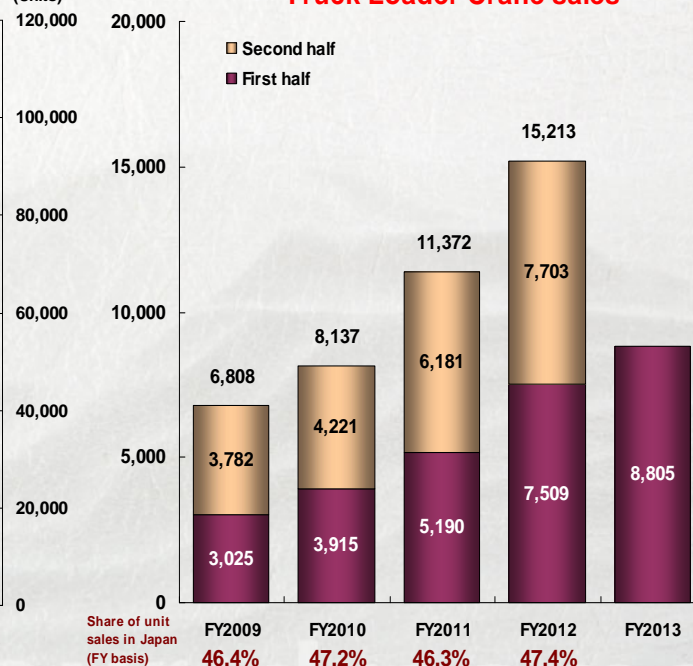
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# Truck Loader Cranes

## Demand for Loader Cranes in Japan (based on TADANO research)



## Truck Loader Crane sales



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# Aerial Work Platforms

## Market share in Japan: 35.8% → 39.3%

Japanese demand for Aerial Work Platforms mounted on trucks was 1,712 units (for interim FY2013; TADANO research), up 10.0% compared with the previous fiscal year.

→ Sales efforts made for the rental industry, which is highly active for capital investments, resulted in net sales of ¥6,760 million (116.4% of the figure from the previous fiscal year).

- Used in electrical and telecommunications construction (five models for telecommunications use; three models for electrical construction use)
- Used in general construction, including the construction of signs and interior/exterior finishing work (13 models for general use, two models with wheels)
- Models with both wheel based and crawler based chassis are available, as well as models designed to be installed on trucks
- Five models of TADANO's own Super Deck products equipped with advanced control technologies
- Three models designed for inspection of elevated driveways and bridges



### -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.
- TADANO is focusing on sales of high-value-added Super Decks and Aerial Work Platforms for inspections of elevated driveways and bridges



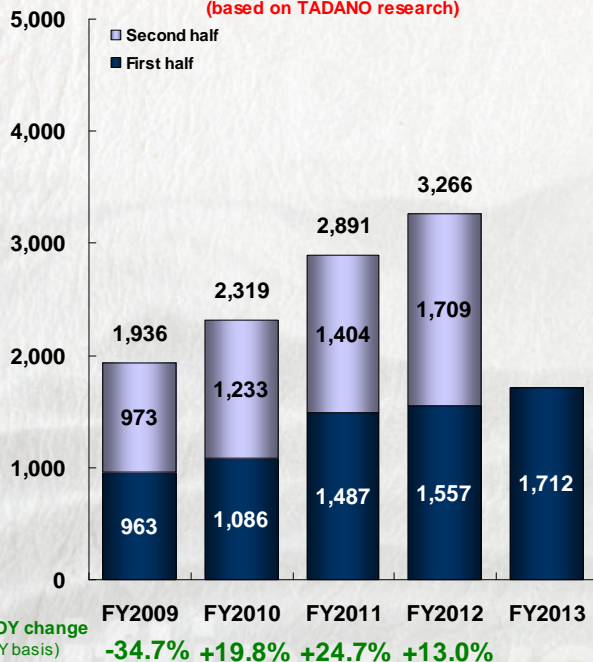
Rolling jacks boost efficiency of continuous work inside tunnels (constructions, inspections and others)



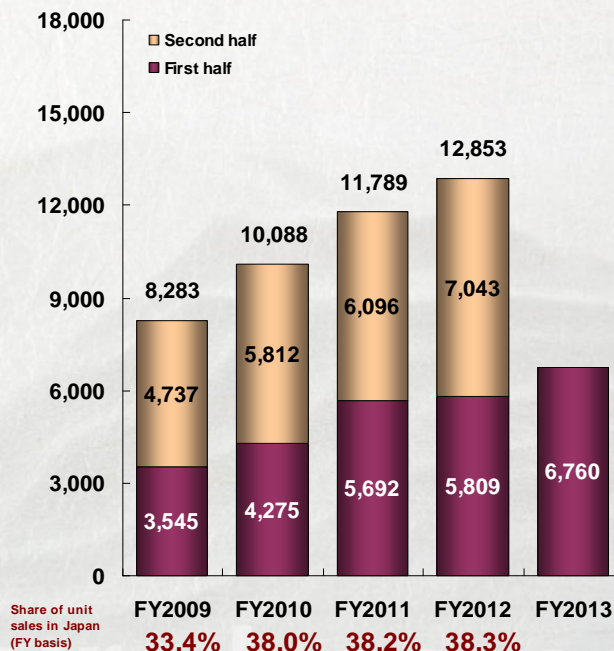
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# Aerial Work Platforms

(Units) Demand for Aerial Work Platforms in Japan (based on TADANO research)



(Millions of yen) Aerial Work Platform sales



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## Other Businesses

→ Net sales from other businesses, such as parts, repairs, used cranes and other products, were ¥13,664 million (107.3% of the figure from the previous fiscal year).

### [Used cranes]

- Supply is in short for the Japanese market, due to busy operation for Great Tohoku Earthquake recovery efforts and disaster prevention measures
- In this fiscal year, Japanese sales decreased, while overseas sales increased

### [Parts and repairs]

- TADANO books sales for repair parts (In general, repairs are done by designated service facilities in Japan and overseas distributors. These parties book the repair sales.)
- Both sales in Japan and overseas increased during this fiscal year



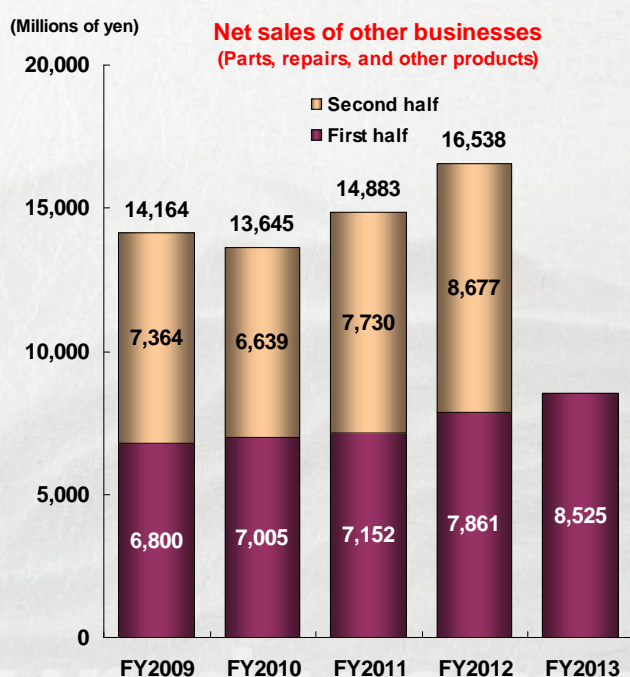
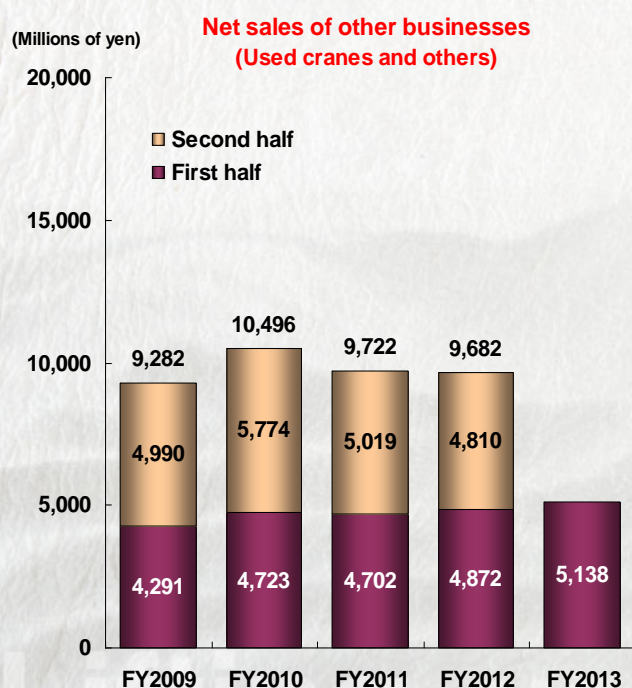
Example of boom removal from All Terrain Crane, ATF400G

Product photo: CL-500 (Released on 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

## Other Businesses



# FY2013 Forecast

(Unit: millions of yen)

	FY2012		FY2013 forecast		Percent change
	Amount	Percentage	Amount	Percentage	
Net sales	134,836	100.0%	175,000	100.0%	+29.8%
Operating income	10,925	8.1%	19,200	11.0%	+75.7%
Ordinary income	11,448	8.5%	18,700	10.7%	+63.3%
Net income	7,341	5.4%	12,000	6.9%	+63.5%

\* FY2013 performance forecast has been modified on October, 29.

Dividends per share	Interim: ¥5.00	Interim: ¥9.00
	Year-end: ¥7.00	Year-end: ¥9.00
	Full-year: ¥12.00	Full-year: ¥18.00

\* FY2013 dividends forecast has been modified on October, 29.

	FY 2012	FY 2013 (projected)
Capital investment	¥2,925 million	¥4,000 million
Depreciation	¥2,167 million	¥2,500 million
Exchange rate (USD)	¥79.82	¥95.00
Exchange rate (EUR)	¥102.63	¥125.00

Note: Figures for capital investment include leased assets.

Foreign exchange rates have not been changed since their initial release at the beginning of this financial year.

## [Seven Strategies of the Mid-Term Management Plan (2011-2013)]

### ● Operating strategies

- (i) Making Inroads into Strategic Markets
- (ii) Developing Eco-friendly Products
- (iii) Developing Large LE products

### ● Competitive strategies

- (i) Enhancing Cost Competitiveness
- (ii) Improving Quality and Service

### ● Fundamental strategies

- (i) Enhancing Monozukuri (manufacturing) capabilities
- (ii) Globalizing our Organization and Human Resources

→ For the last FY in the current Mid-Term Management Plan (2011-2013), we exert ourselves to improve profitability, and for further sales promotion overseas.

### Full-year performance forecast:

Both net sales and profits are projected to set a new high.

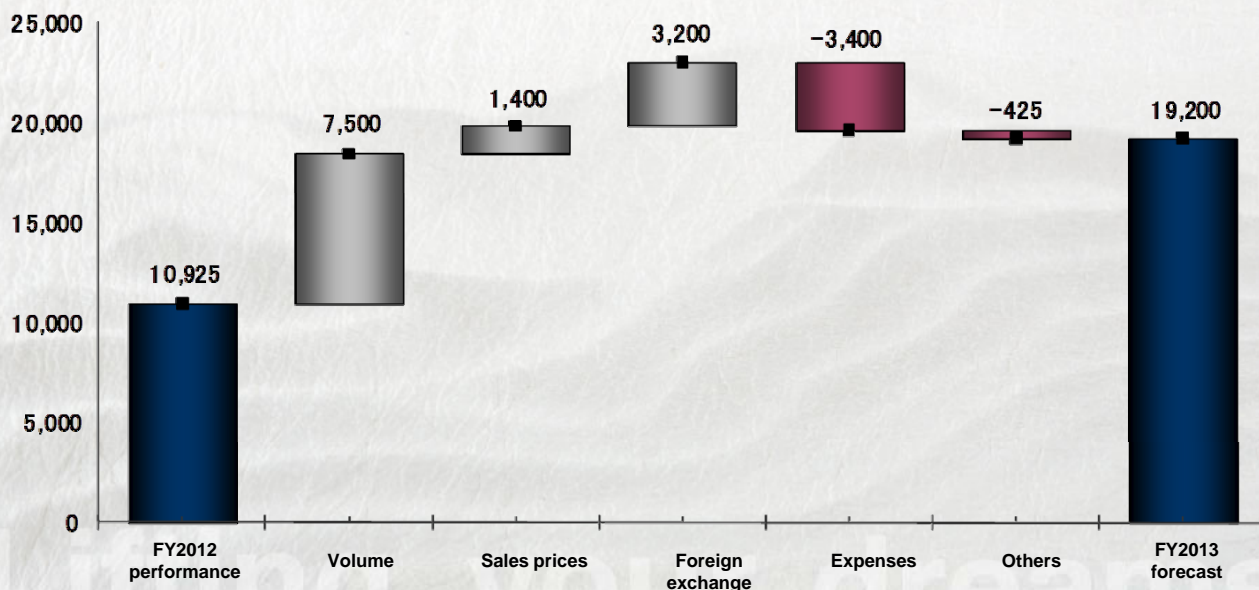
■ FY2013 full-year proportion of overseas sales: 53.5%

# FY2013 Forecast

## (Main Causes of Changes in Operating Income)

Operating income is projected to increase by ¥8.2 billion, due to foreign exchange effect, sales increase, and by continuing to resume appropriate sales prices, despite the increase in expenses.

(Millions of yen)

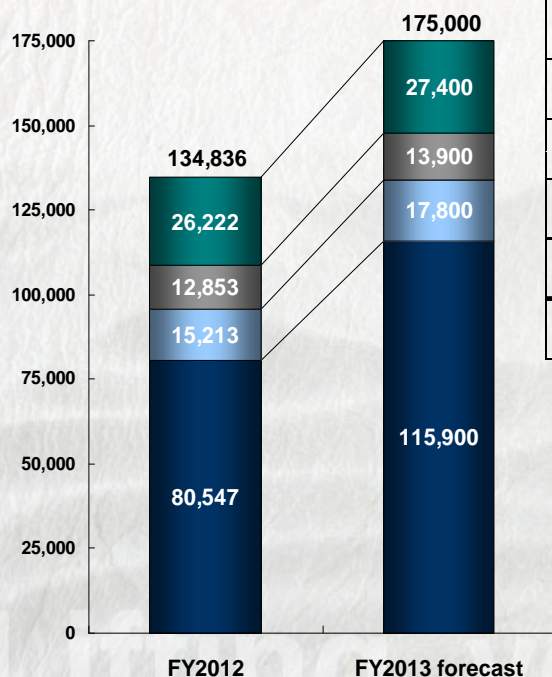




## FY2013 Forecast (Net Sales by Product)

(Millions of yen)

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



(Unit: millions of yen)

	FY2012		FY2013 forecast		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	80,547	59.7%	115,900	66.2%	35,353	43.9%
Truck Loader Cranes	15,213	11.3%	17,800	10.2%	2,587	17.0%
Aerial Work Platforms	12,853	9.5%	13,900	7.9%	1,047	8.1%
Others	26,222	19.5%	27,400	15.7%	1,178	4.5%
<b>Total</b>	<b>134,836</b>	<b>100%</b>	<b>175,000</b>	<b>100%</b>	<b>40,164</b>	<b>29.8%</b>

### [Key points for individual products]

#### ➤ Mobile Cranes: + ¥35.3 billion

Japan: Sales growth of ¥8.6 billion due to replacement of older cranes, and last-minute demand before sales tax increase

Overseas: Sales growth of ¥26.7 billion due to weak yen, and demand increase in some regions

#### ➤ Truck Loader Cranes: + ¥2.6 billion

Demand increase in Japan

#### ➤ Aerial Work Platforms: + ¥1.0 billion

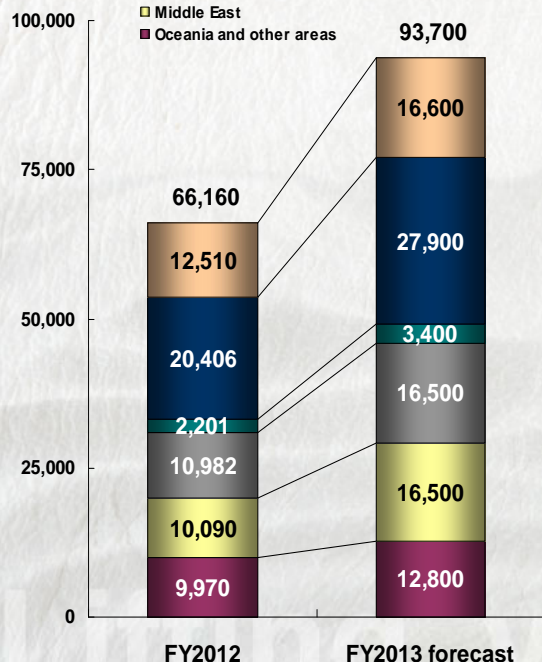
Demand increase in Japan

#### ➤ Others: + ¥1.2 billion

## FY2013 Forecast (Net Sales by Destination)

(Millions of yen)

■ Europe ■ North America  
■ Caribbean, Central and South America  
■ Asia  
■ Middle East  
■ Oceania and other areas



(Unit: millions of yen)

	FY2012		FY2013 forecast		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Europe	12,510	9.3%	16,600	9.5%	4,090	32.7%
North America	20,406	15.1%	27,900	15.9%	7,494	36.7%
Caribbean, Central and South America	2,201	1.6%	3,400	1.9%	1,199	54.5%
Asia	10,982	8.1%	16,500	9.4%	5,518	50.2%
Middle East	10,090	7.5%	16,500	9.4%	6,410	63.5%
Oceania and other areas	9,970	7.4%	12,800	7.3%	2,830	28.4%
<b>Subtotal (total overseas sales)</b>	<b>66,160</b>	<b>49.1%</b>	<b>93,700</b>	<b>53.5%</b>	<b>27,540</b>	<b>41.6%</b>
Japan	68,675	50.9%	81,300	46.5%	12,625	18.4%
<b>Total</b>	<b>134,836</b>	<b>100%</b>	<b>175,000</b>	<b>100%</b>	<b>40,164</b>	<b>29.8%</b>

Note: The graph on the left excludes Japan.