

# Explanatory Materials on Consolidated Interim Financial Results

October 2012  
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; international: Beijing Office, Middle East Office (Dubai, UAE))		
<b>[Affiliates]</b>	11 subsidiaries and one affiliate in Japan; 15 subsidiaries and two affiliates overseas		
<b>[Paid-in capital]</b>	¥13,021 million	<b>[Stock shares]</b>	Shares issued: 129 million Number of shareholders: 8,854 (as of September 30, 2012)
<b>[Net sales]</b>	¥114,209 million (FY 2011)		
<b>[Number of employees]</b>	Consolidated: 3,134 non-consolidated: 1,319 (as of September 30, 2012)		

**[Major subsidiaries] (end of FY 2012 interim)**

11 domestic subsidiaries and one domestic affiliate:

TADANO IMES Ltd.  
TADANO ILEC Ltd.  
TADANO S-TEC Ltd.  
TADANO ENGINEERING K.K.  
TADANO TECHNO EAST Co., Ltd.  
TADANO TECHNO WEST Co., Ltd.  
CONCORDE LEASE AND FINANCE CO.  
TADANO KYOSHU CENTER K.K.  
TADANO BUTSURYU K.K.  
TADANO SYSTEMS Inc.  
TADANO SANGYO K.K.

NITTSU JUKI SERVICE K.K.

15 overseas subsidiaries and two overseas affiliates:

TADANO FAUN GmbH, TADANO FAUN Stahlbau [Germany]  
Tadano America Holdings, Inc., TADANO America Corp., TADANO MANTIS Corp. [U.S.A.]  
TADANO Brazil Equipamentos de Elevacao Ltda. [Brazil]  
JC-TADANO (Beijing) Hydraulic Co., Ltd., JTL-TADANO (Hebei) Ironparts Co., Ltd. [China]  
TADANO South China Co., Ltd., TADANO(Beijing)Ltd. [China]  
TADANO Korea Co., Ltd. [South Korea]  
TADANO Asia Pte Ltd. [Singapore]  
TADANO Oceania Pty Ltd. [Australia]  
TADANO INDIA PVT. LTD. [India]  
TADANO (Thailand) Co., Ltd. [Thailand]

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

# Key points of FY 2012 interim financial result

(Unit: millions of yen)

	FY 2011 interim		FY 2012 interim		Percent change
	Amount	Percentage	Amount	Percentage	
Net sales	50,415	100.0%	62,462	100.0%	+23.9%
Operating income	2,193	4.4%	4,257	6.8%	+94.1%
Ordinary income	1,636	3.2%	3,558	5.7%	+117.5%
Net income	1,131	2.2%	2,190	3.5%	+93.6%

	FY 2011 interim	FY 2012 interim
Capital investment	¥500 million	¥1,007 million
Depreciation	¥1,161 million	¥1,042 million
Exchange rate (USD)	¥82.04	¥79.74
Exchange rate (EUR)	¥114.98	¥103.45

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.)

## [FY 2012 management policies]

- (i) Pursuing the core values of safety, quality, and efficiency
- (ii) Enhance profitability
- (iii) Efforts specified for the Seven Strategy of the Mid-Term Management Plan(2011-2013)

### ◆ Increased revenues and increased profits led to year-end profit two years in a row.

- Efforts led to progress with appropriate sales prices in Japan, expanded sales overseas, and cost reductions.

### ◆ Both domestic sales and overseas sales grew drastically.

⇒ Domestic net sales:

¥26.1billion → ¥31.6 billion (+21.0%)

Sales of mobile cranes and truck loader cranes all increased significantly.

⇒ Overseas net sales:

¥24.2billion → ¥30.8billion (+27.0%)

An active demand drove significant increase of sales, despite the strong yen.

### ◆ Overseas sales ratio: 48.1% → 49.3%

### ◆ Income improved drastically.

Ordinary income: ¥1.6 billion → ¥3.5 billion

Net income: ¥1.1 billion → ¥2.1 billion



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# Income statement (vs. same period of previous year)

(Unit: millions of yen)

	FY 2011 interim		FY 2012 interim		Increase/decrease
	Amount	Percentage	Amount	Percentage	
Net sales	50,415	100.0%	62,462	100.0%	12,047
Cost of sales	39,096	77.5%	47,635	76.3%	8,539
Gross profit on installment sales	161	0.3%	98	0.2%	-62
Gross profit	11,480	22.8%	14,924	23.9%	3,444
Selling, general, and administrative expenses	9,286	18.4%	10,667	17.1%	1,380
Operating income	2,193	4.3%	4,257	6.8%	2,064
Non-operating income and loss	-557	-1.1%	-699	-1.1%	-142
Ordinary income	1,636	3.2%	3,558	5.7%	1,921
Extraordinary income and loss	78	0.2%	-103	-0.2%	-181
Income before income taxes and minority interests	1,714	3.4%	3,454	5.5%	1,740
Corporate taxes	555	1.1%	1,287	2.0%	732
Minority interests	27	0.1%	-23	0.0%	-51
Net income	1,131	2.2%	2,190	3.5%	1,059

## [Key changes]

### ◆ COGS ratio: from 77.5% to 76.3%

- Effort led to progress with appropriate sales price, and increase production led to cost reduction due to decline of fixed costs per unit.
- The COGS ratio improved by 1.2 % points from the same period of the previous fiscal year.

### ◆ Selling, general, and administrative expense increased by ¥1,380 million.

- Variable costs: + ¥378 million
- Personnel costs: + ¥528 million
- Other expenses: + ¥473 million

### ◆ Non-operating income and loss

- Non-operating revenues: from ¥289 million to ¥313 million
- Non-operating expenses: from ¥846 million to ¥1,013 million
- \* In FY2012 interim, ¥277 million transferred to provisions for doubtful accounts in connection with a case of misconduct at a U.S. subsidiary recorded as non-operating expenses.

### ◆ Extraordinary income and loss

- Extraordinary income: from ¥85 million to ¥0 million
- Extraordinary loss: from ¥6 million to ¥104 million

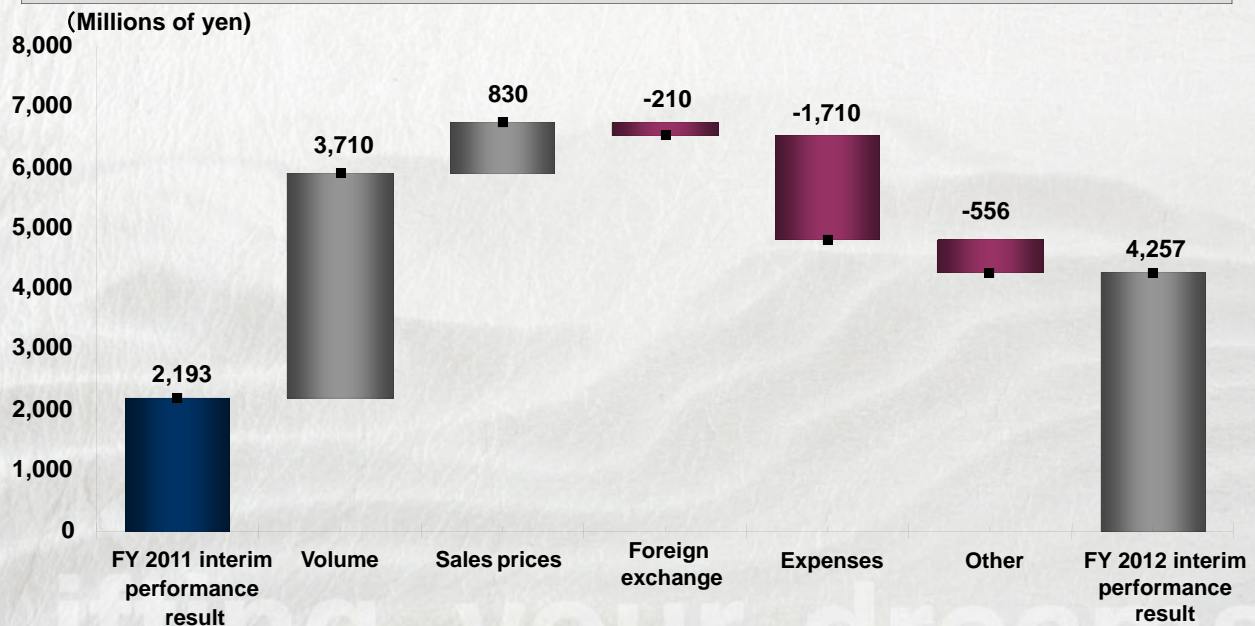


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# Income statement (major factors leading to change in operating income)

Despite the foreign exchange effects of a strong yen, increasing expense, and changes in sales mix, operating income grew by ¥2.0 billion due to increase of sales, leading to a significant increase in income and efforts at achieving appropriate sales price.



# Balance sheet (vs. end of previous period)

(Unit: millions of yen)

	FY 2011 year-end		FY 2012 interim		Increase/decrease
	Amount	Percentage	Amount	Percentage	
Cash deposit	40,225	25.0%	39,441	24.0%	-784
Accounts receivable	35,041	21.8%	33,319	20.3%	-1,722
Inventories	34,205	21.3%	40,280	24.6%	6,074
Other current assets	4,572	2.8%	5,580	3.4%	1,008
<b>Total current assets</b>	<b>114,045</b>	<b>70.8%</b>	<b>118,622</b>	<b>72.3%</b>	<b>4,576</b>
Tangible fixed assets	33,449	20.8%	33,381	20.3%	-68
Intangible fixed assets	867	0.5%	795	0.5%	-72
Investment and other assets	12,813	7.9%	11,301	6.9%	-1,511
<b>Total fixed assets</b>	<b>47,130</b>	<b>29.3%</b>	<b>45,478</b>	<b>27.7%</b>	<b>-1,652</b>
<b>Total assets</b>	<b>161,176</b>	<b>100.0%</b>	<b>164,100</b>	<b>100.0%</b>	<b>2,924</b>

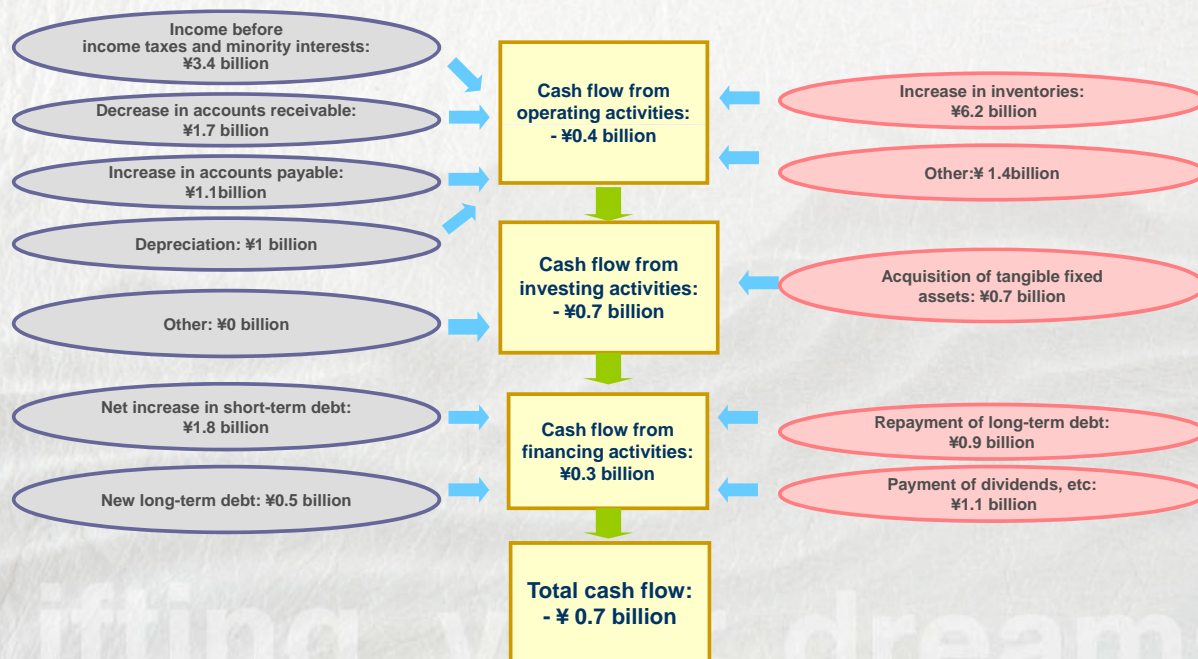
## [Key changes]

- ◆ **Accounts receivable decreased.**  
**¥35.0 billion → ¥33.3 billion**  
 ⇒ The receivable turnover period improved.  
 (FY 2011: 112.0 days; FY 2012 interim: 97.7 days)
- ◆ **Inventories increased.**  
**¥34.2 billion → ¥40.2 billion**  
 (The ¥40.2 billion yen figure includes ¥9.5 billion yen in TFG Group inventories.)  
 ⇒ The inventory turnover period become worse.  
 (FY 2011: 109.3 days; FY 2012 interim: 118.0 days)
- ◆ **Interest-bearing debt increased.**  
**¥38.1 billion → ¥39.3 billion**  
 ⇒ Short-term: increased by ¥1.3 billion;  
 long-term: decreased by ¥0.2 billion  
 Lease obligation remained at the same level.

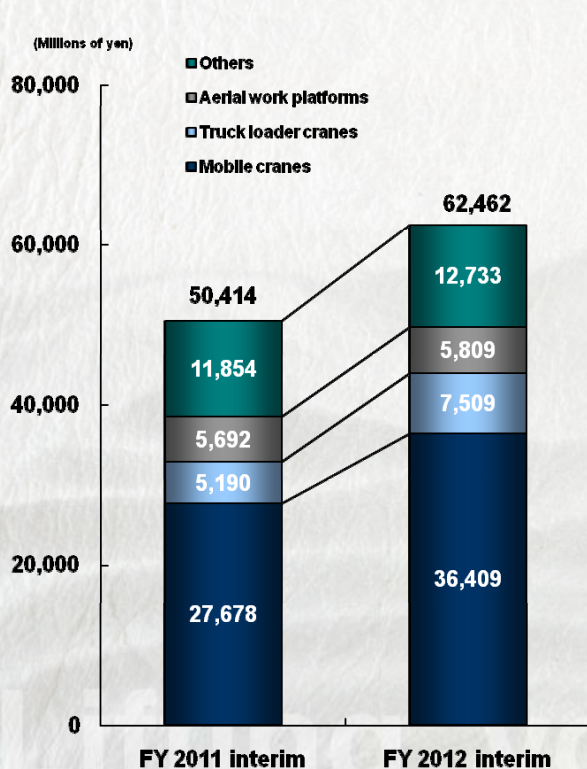
Accounts payable	28,331	17.6%	29,619	18.0%	1,288
Interest-bearing debt	38,101	23.6%	39,390	24.0%	1,289
Other current liabilities	16,224	10.1%	16,165	9.9%	-58
<b>Total liabilities</b>	<b>82,657</b>	<b>51.3%</b>	<b>85,176</b>	<b>51.9%</b>	<b>2,518</b>
<b>Total equity</b>	<b>78,518</b>	<b>48.7%</b>	<b>78,924</b>	<b>48.1%</b>	<b>405</b>
<b>Total liabilities and equity</b>	<b>161,176</b>	<b>100.0%</b>	<b>164,100</b>	<b>100.0%</b>	<b>2,924</b>

# Overview of cash flow

Due to recording income before income taxes and minority interests, decreased account receivable, and increased account payable, there were purchase of fixed assets and payment of debts. As a result, total cash flow decreased by ¥0.7 billion.



# Net sales by product



(Unit: millions of yen)

	FY 2011 interim		FY 2012 interim		Increase/decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percent change
Mobile cranes	27,678	54.9%	36,409	58.3%	8,730	31.5%
Truck loader cranes	5,190	10.3%	7,509	12.0%	2,319	44.7%
Aerial work platforms	5,692	11.3%	5,809	9.3%	117	2.1%
Others	11,854	23.5%	12,733	20.4%	879	7.4%
<b>Total</b>	<b>50,415</b>	<b>100%</b>	<b>62,462</b>	<b>100%</b>	<b>12,047</b>	<b>23.9%</b>

◆ Overseas sales ratio: 48.1% → 49.3%

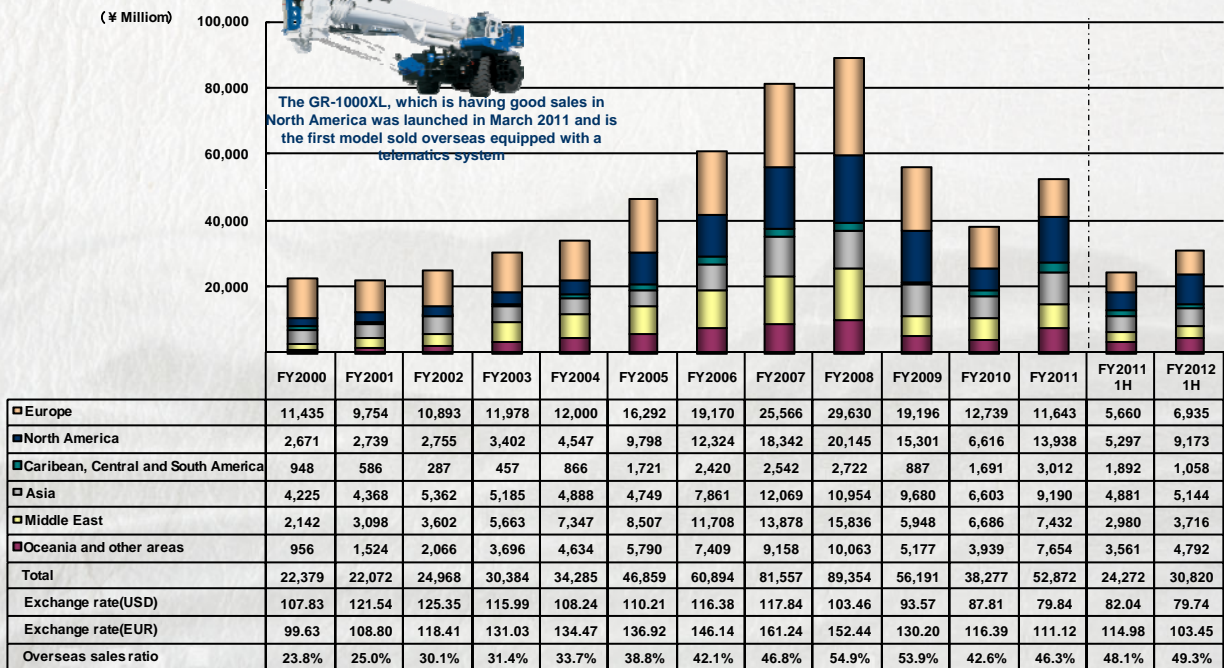
\* Breakdown of domestic and overseas sales of mobile cranes

	Amount	Percentage	Amount	Percentage
Domestic	8,813	24.2%	11,603	31.6%
Overseas	18,865	67.9%	24,806	68.4%



# Sales trends by overseas market

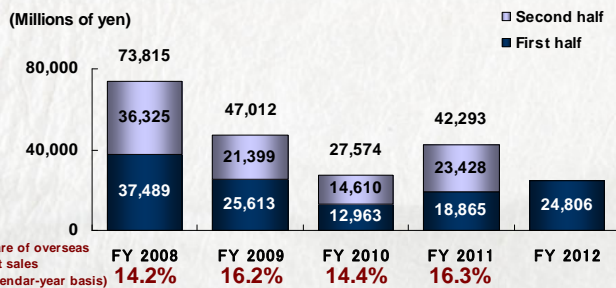
Overseas sales are **recovering** after bottoming out in FY2010 at less than one-half of their peak.



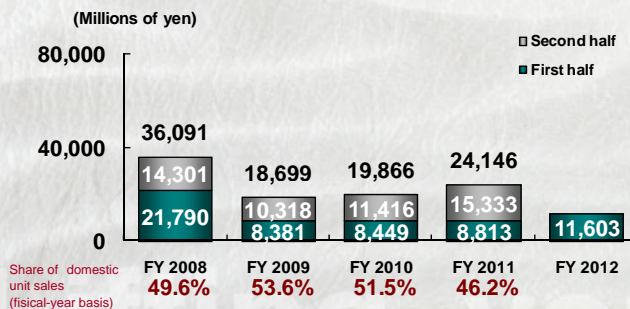
Note: The exchange rates indicated above are average rates over each period (since the fiscal year of overseas subsidiaries ends in December, full-year rates are averages for January-December. Interim rates are averages for January-June.) Euro figures for FY 2001 and earlier have been converted from Deutschmarks.

# Mobile cranes

Net sales of mobile cranes (overseas)

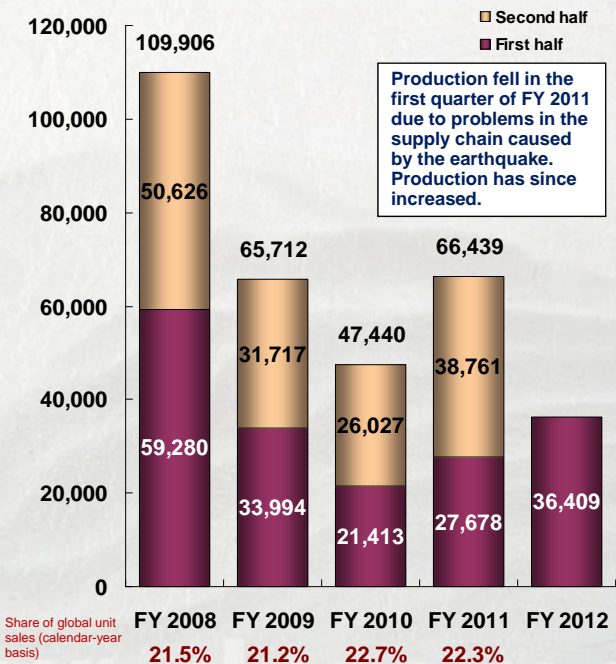


Net sales of mobile cranes (domestic)



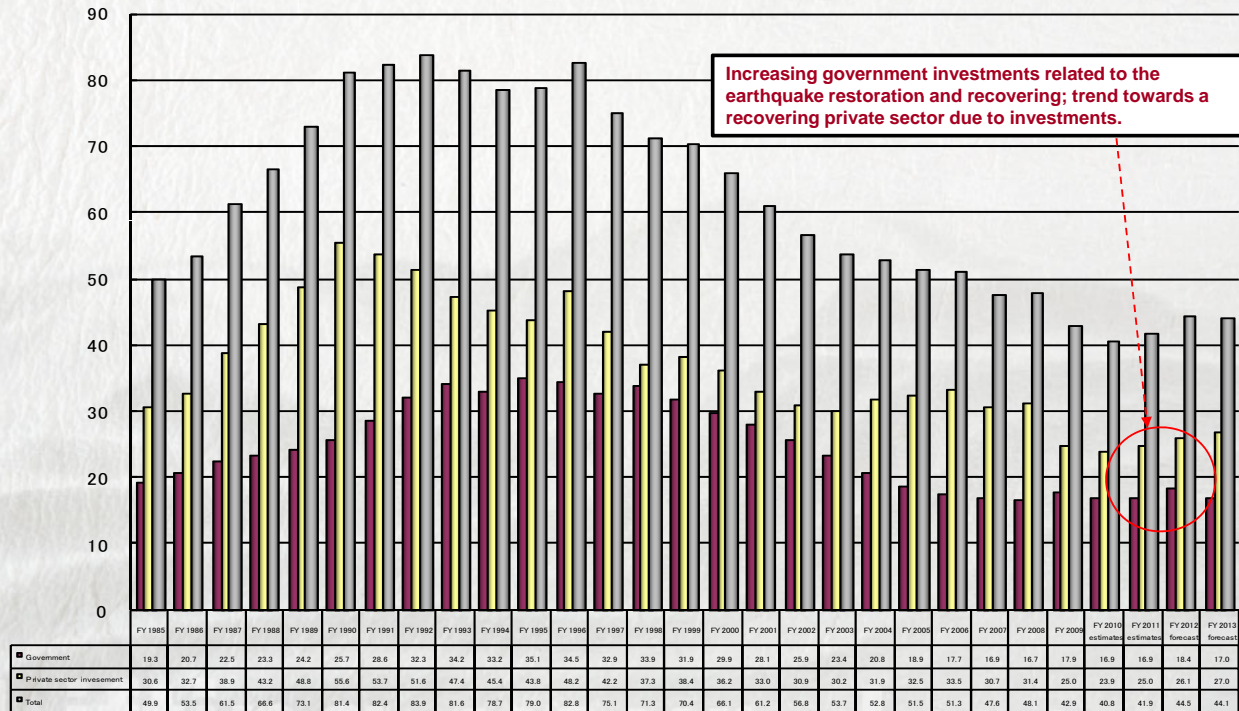
(Millions of yen)

Net sales of mobile cranes



# Trends and forecast in Domestic construction investment

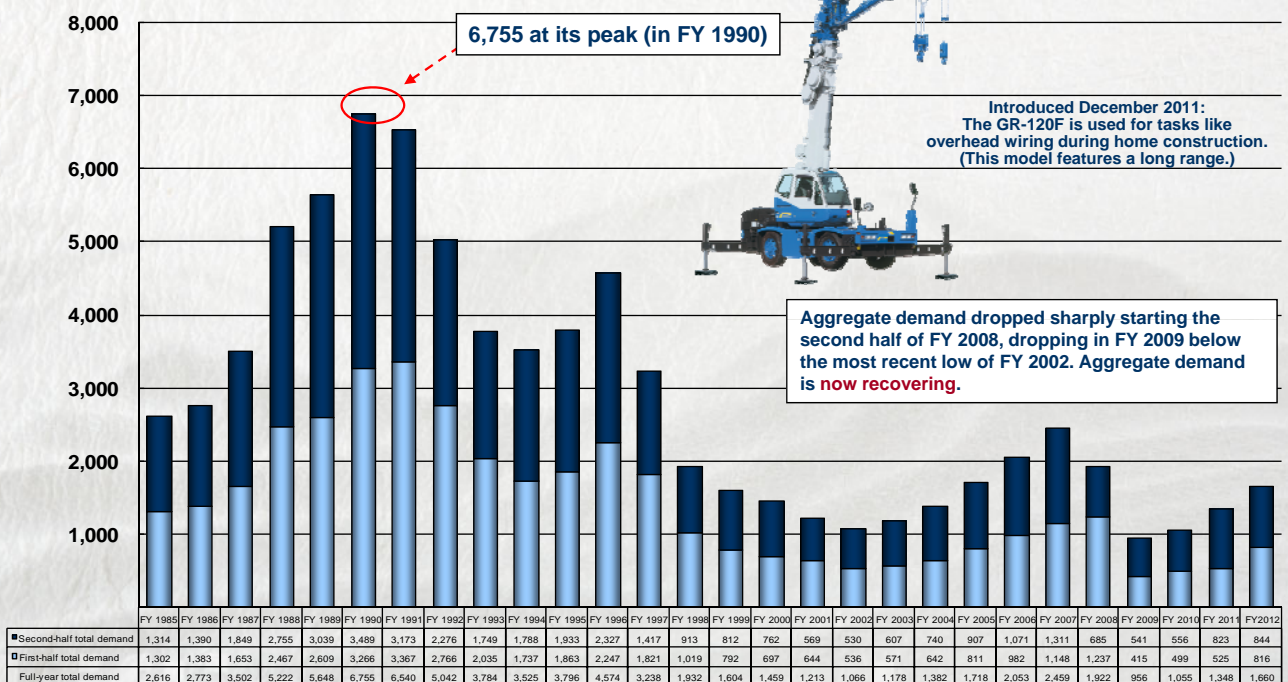
(Trillion yen)



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 July 30, 2012).

# Trends in total domestic demand for mobile cranes

(Units)



Note: All of the above figures are estimated by TADANO. Figures for the second half of FY 2012 are TADANO forecasts.

Average total annual demand over the decade starting in 2001 was 1,500 units.



# Mobile cranes

**TADANO's share of the domestic market fell from 45.3% to 43.5%.**

Total domestic demand for hydraulic mobile cranes was 816 units (for FY 2012 interim figure, based on TADANO research), up 55.4% from the same period of the previous year.

⇒ **TADANO market share by tonnage fell from 45.3% to 40.2%** due to efforts to **ensure appropriate sales prices.**

Domestic net sales were ¥11,603 million (131.6% of the figure from the same period of the previous year).

## [Rough terrain cranes]

- Main models in the domestic mobile crane business account for 93% of domestic aggregate demand (73% of North American aggregate 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.
- Domestic market: five models with 12- to 60-ton lifting capacity (emissions compliant, with Machine-Telemonitoring systems)
- Overseas markets: five models with 12- to 80-ton lifting capacity (TADANO produces both domestic and overseas models.)
- In Japan, these cranes travel on public roads. In North America, they are transported on trailers.



GR-250N

## [All-terrain cranes]

- Large cranes for urban development, elevated driveways, and bridge construction in Japan, account for 7% of total domestic demand (81% of total European demand)
- Outstanding long-distance mobility in addition to maneuverability  
(The third model produced by TFG for the Japanese market; all six axles can be steered)
- Domestic market: six models with 60- to 550-ton lifting capacity (produced by TADANO; carriers produced by TFG of Germany)
- Overseas markets: nine models with 40- to 400-ton lifting capacity (produced by TFG of Germany)
- Disassembly required for transport on public roads in Japan. No disassembly required for transport in Europe.



ATF360G

# Mobile cranes

## [Truck cranes]

- Cranes are mounted on trucks to make them easier to transport; primarily for overseas markets, with total domestic demand accounting for only a few units.
- Outstanding long-distance mobility.
- Domestic market: two models with 20-ton lifting capacity (produced by TADANO)
- Overseas markets: seven models with 40- ton 80-ton lifting capacity (produced by TADANO and TFG of Germany)

- **55 ton truck cranes produced by BQ-TADANO (China) have been exported to overseas markets. Plans call for an expansion of its sales line-up.**
- **Mounting of 70 ton truck cranes on locally produced trucks began at the new plant in Brazil.**

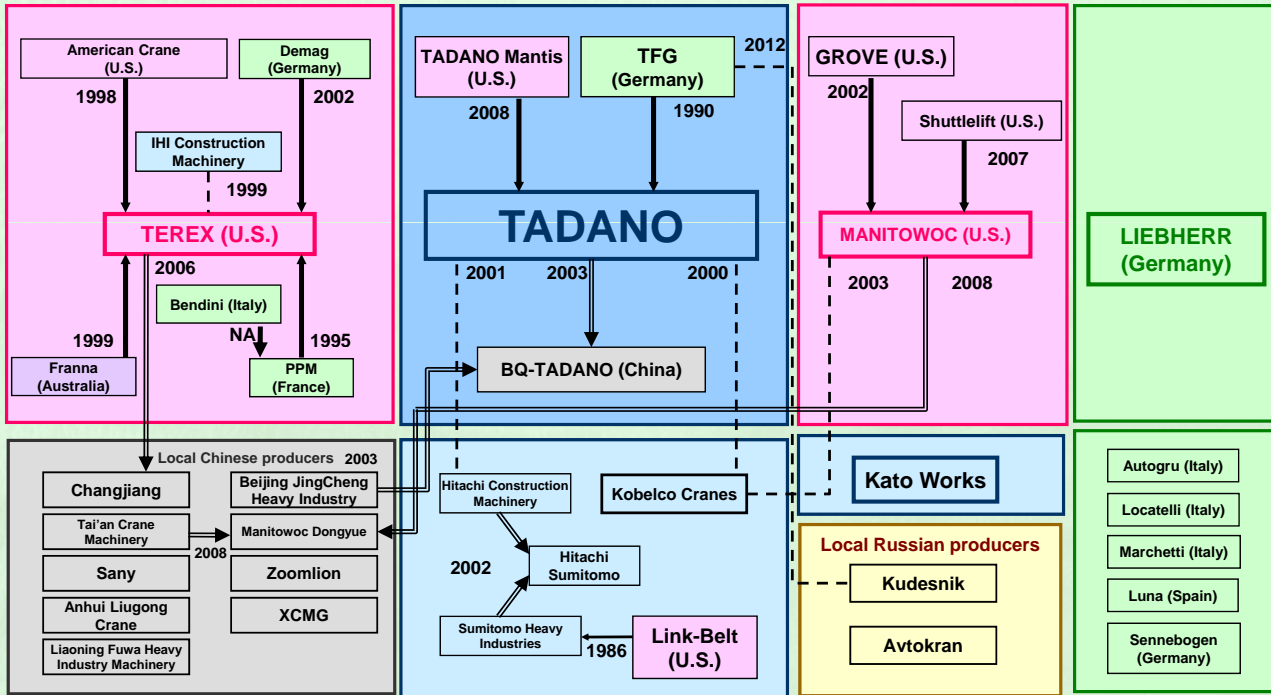


GT-600EX

## [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)
- Domestic buyers: 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. This 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 beginning April 2012.  
⇒ **The enforcement on regulations has been postponed in light of earthquake recovery construction.**
- Level 3.5 emissions regulations for RCs for the Japanese market  
Motor output 130 kW or higher: beginning April 2013      Less than 130 kW: beginning November 2013
- Emissions regulations for RCs for North American markets: (i) Tier 4 Interim: beginning January 2011; (ii) Tier 4: beginning January 2014
- Emissions regulations for ACs for European markets: (i) Euromoto IIIB: beginning January 2011; (ii) Euromoto IV: beginning January 2014

# Structure of the world crane industry (manufacturers of hydraulic cranes and crawler cranes)

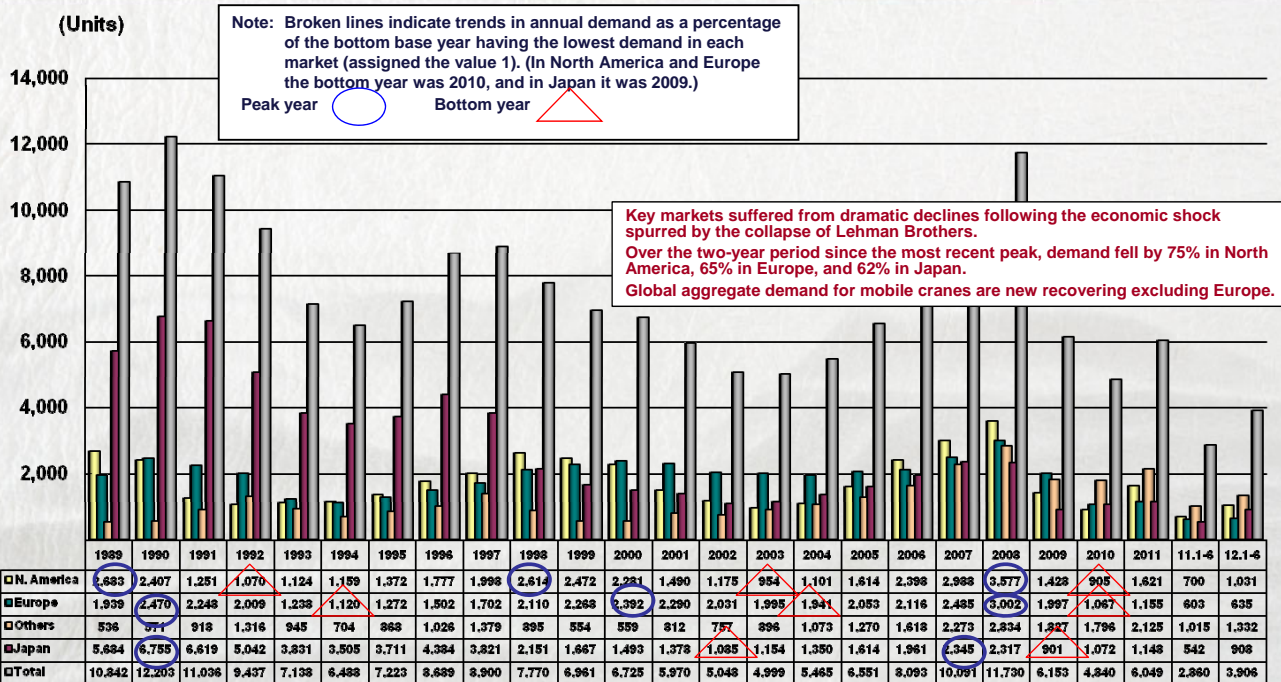


\* Prepared by TADANO based on materials from the Japan Construction Equipment Manufacturers Association.

→ Acquisition (numerals indicate fiscal year of acquisition)  
 - - - Partnership (numerals indicate fiscal year of partnership)  
 ⇨ Investment/joint venture



## Trends in global aggregate demand for mobile cranes (calendar-year basis)



1. Figures are estimated by TADANO.

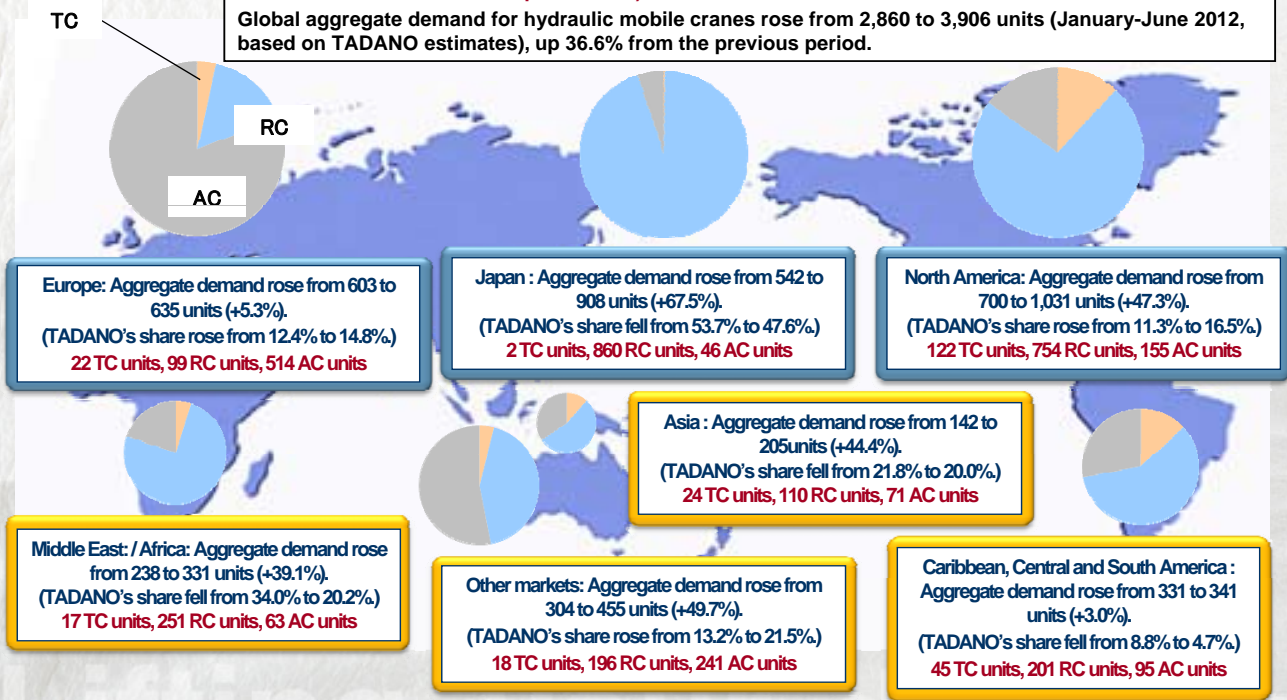
2. Mobile cranes produced in China and Russia excluded from the above. Boom trucks in the North American market also excluded. (See the bottom line of slide 22.)





# Mobile cranes Crane-type composition of demand by region (calendar-year basis)

**TADANO's share of the global market rose from 21.9% to 23.5%, (Global aggregate demand does not include Chinese and Russian production.)**  
**Global aggregate demand for hydraulic mobile cranes rose from 2,860 to 3,906 units (January-June 2012, based on TADANO estimates), up 36.6% from the previous period.**



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 refers to "Other markets" refer to Oceania, Russia, and Africa. Units and shares indicate changes of the same period in the previous year.



## European business -Offering a full range of all-terrain cranes-

### Overview of group companies in Europe

#### [TADANO FAUN GmbH]

Acquired in 1990; Paid-in capital: EUR 45 million ; 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 : 584

#### Trends in group sales:

2004: EUR 114 million/206 units; 2005: EUR 175 million/271 units;  
 2006: EUR 218 million/331 units; 2007: EUR 266 million/373 units;  
 2008: EUR 309 million/502 units; 2009: EUR 270 million/381 units;  
 2010: EUR 178 million/213 units; 2011: EUR 204 million/248 units.

#### Accelerating the offer of 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 cranes : Launched on September, 2012. New sales for Europe.)

#### Acquisition of site for testing ground:

TFG has purchased for EUR 2.5 million a 65,000 square meters site for testing prototypes of large ACs and other products, 30 kilometers north of the TFG plant.

#### Joint venture parts manufacturer:

##### [TADANO FAUN Stahlbau GmbH]

Paid-in capital: EUR 650,000 (ownership: TFG 80%; Amron 10%; Kozai Iron 10%)  
 Established: September 2008; location: inside TFG plant, Bavaria, Germany  
 Representative: Rolf Sonntag , President ; number of employees: 8



ATF400G



TADANO FAUN Stahlbau





# American businesses

- Increasing market share in North America and efforts targeting Caribbean, Central and South American markets-

## ● Overview of American group companies

[TADANO America Holdings, Inc.]  
 Paid-in capital: \$51 million; 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.

[TADANO America Corp.]  
 Paid-in capital: \$2.5 million; wholly-owned subsidiary of TAHI; location: same as TAHI  
 Line of business: distribution of mobile cranes  
 Representative: Yo Kakinuma, President; number of employees: 47  
 Sales trends: 2004: \$30 million; 2005: \$80 million; 2006: \$95 million; 2007: \$142 million; 2008: \$145 million; 2009: \$105 million; 2010: \$78 million; 2011: \$183 million

● New Panama office opened in March 2011 (responsible for Central and South American markets not including Brazil)



GTC-700EX

[TADANO Mantis Corp.]  
 Acquired in 2008; paid-in capital: \$287,000; wholly-owned subsidiary of TAHI  
 Location: Tennessee, U.S.A.; lines of business: manufacture and distribution and service of hydraulic telescopic boom crawler cranes  
 Representative: Shiro Morita, President; number of employees: 155  
 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.  
 Trends in net sales: 2008: \$41 million; 2009: \$33 million; 2010: \$16 million; 2011: \$34 million.



GS-700BR

[TADANO BRASIL EQUIPAMENTOS DE ELEVACAO LTDA.]  
 Paid-in capital: BRL 15 million; TADANO owns a 68.5% stake. Distributor TDB and Mr. Marcio Guimaraes de Campos own 31.5%.  
 Location: Sao Paulo, Brazil; lines of business: production, distribution, and service for mobile cranes.  
 Representative: Marcio Guimaraes Campos, President; number of employees: 15  
 Established April 2011; Plant construction began November 2011; Operations began May 2012.



# Chinese businesses

- Achieving a 1.2-1.3 times price differential and exporting products to outside China -

## ● Hydraulic crane market in China

Aggregate demand for hydraulic cranes in the 2011 calendar year was 35,000 units (same level as in the previous year), with Chinese-produced truck cranes accounting for most of this demand (TADANO research).  
 2007: 19,500 units (+38%); 2008: 21,500 units (+10%); 2009: 27,000 units (+26%); 2010: 35,000 units (+30%); 2011: 35,000 units (±0); 2012 Jan-Jun: 13,000 units (-44% of the figure from the same period of the previous year)  
 Small cranes with lifting capacities of up to 25 tons constitute the bulk of aggregate demand, accounting for an 88% share in 2011. This is assumed to reflect an increase in individual proprietorship (private users).

## ● Overview of BQ-TADANO Crane Co., Ltd. mobile crane joint venture

Paid-in capital: \$30 million; shares divided 50/50 between TADANO and Beijing Jing Cheng Heavy Industry Co., Ltd. (established 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 having lifting capacities of 8-100 tons  
 President: Hidemi Uchida (from TADANO); number of employees: 334  
 2008: sales 337 units, market share 1.4%, net sales RMB 360 million; 2009: sales 212 units, market share 0.8%, net sales RMB 220 million; 2010: sales 254 units, market share 0.7%, net sales RMB 250 million; 2011: sales 230 units, market share 0.6%, net sales RMB 310 million



BQ-TADANO

◆ In January 2006, TADANO invested an additional \$10 million in this joint venture.

● This investment increased the TADANO ownership stake to 50%, the maximum stake possible, due to Chinese limiting of foreign ownership of truck crane production facilities; these are regarded to belong to the motor vehicle industry.

Note: At present, this joint venture is not subject to consolidation and has almost no impact on Group business performance.

## ● Overview of JC-TADANO (Beijing) Hydraulic Co., Ltd. hydraulic parts joint venture

Paid-in capital: \$4 million; TADANO owns 65%, Mimura Ironworks 5%, Murakami Manufacturing 5%, and Beijing JingCheng Heavy Industry 25% (established 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: 89  
 Lines of business: production and distribution of hydraulic parts for use in mobile cranes (e.g., valves, rotary joints, small cylinders, pipes)  
 (This is the first joint venture involving investment by and joint efforts with partner companies in Kagawa Prefecture.)



JC-TADANO

## ● Overview of JTL-TADANO (Hebei) Ironparts Co., Ltd. metal parts joint venture

Paid-in capital: \$5.5 million; TADANO owns 56%, Amron 5%, Kawanishi 5%, and Hebei JTL 34% (established 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: 100  
 Lines of business: production and distribution of metal parts for use in mobile cranes (e.g., booms, jibs, outriggers)



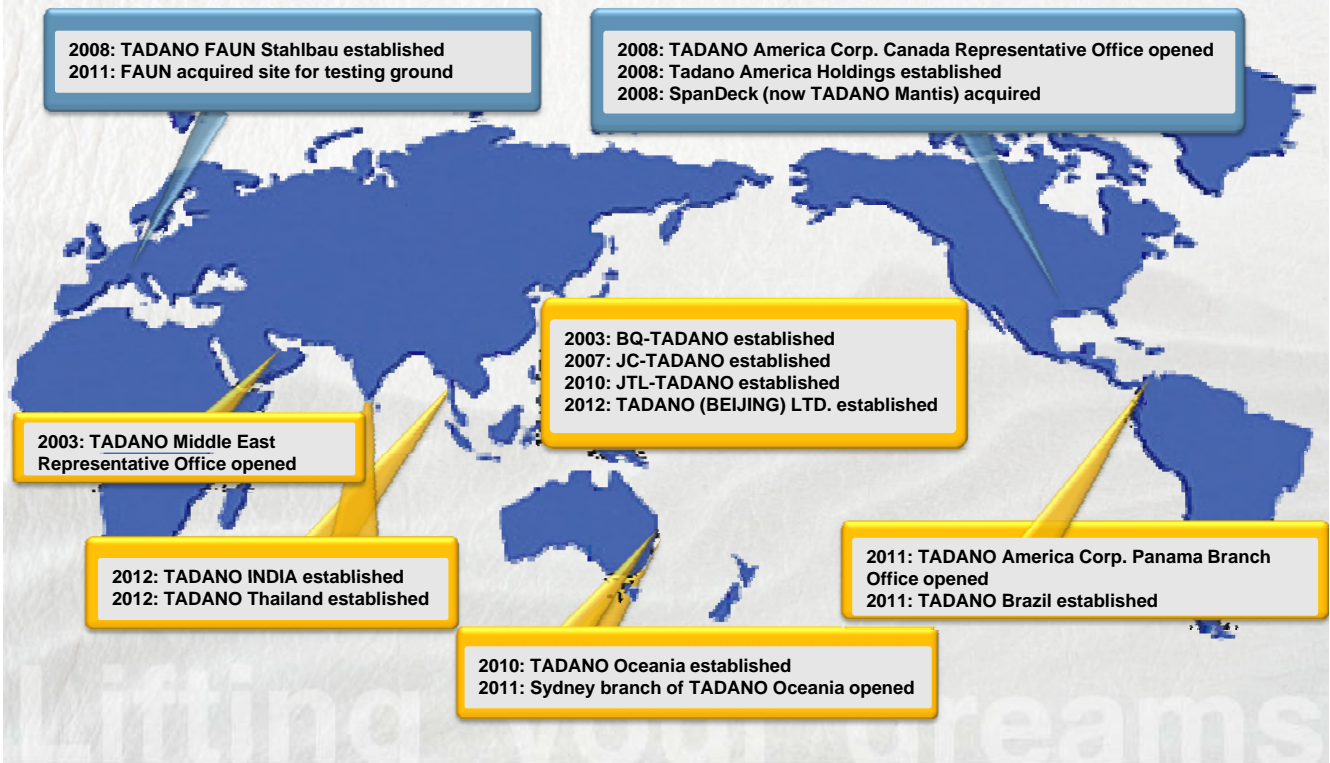
JTL-TADANO





# Business expansion overseas since 2003

- Eleven companies established or acquired; five new facilities opened -

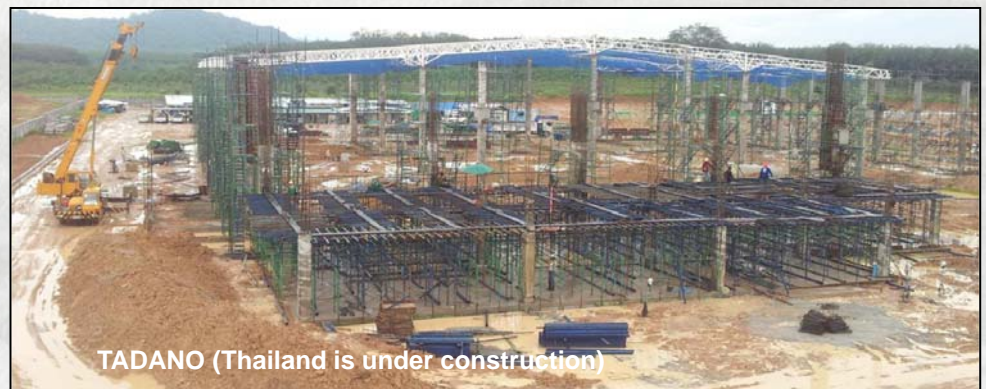


## Globalization of truck loader cranes ~TADANO (Thailand) Co., Ltd~

### 【 TADANO (Thailand) Co., Ltd 】

Paid in capital : THB 310 million ; 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 truck loader cranes  
 Productive capacity: 1,000 units / year (operations began in 2013)  
 Representative : Yasumasa Kuramae, President  
 Business plan : THB 1,150 million (FY2018 sales); 2,000 units (FY2018 production)

- TADANO established the first overseas production base other than mobile cranes. Accelerating the advance of overseas expansion, TADANO aims to increase profitability by establishing the manufacture subsidiary.



# Truck loader cranes

[Cargo cranes] **TADANO's share of the domestic market fell from 46.5% to 46.2%.**

Domestic aggregate demand was 6,750 units (for FY2012 interim, based on TADANO research), up 42.1% from the same period of the previous year.

⇒ Net sales were ¥7,509 million (144.7% of the figure from the same period of the previous year) due to demand growth generated by earthquake recovery efforts and to truck demand attributable to eco-vehicle subsidies and other factors.

- 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-

- Domestic truck dealers
- Sales tend to parallel truck demand.

ZE600



(Product photo: First truck loader crane with an optional idling stop system)

- **TADANO has focused its efforts on exports of cargo cranes to strategic markets, exporting crane components for mounting on local trucks. Sales in FY 2010: ¥980 million; in FY 2011: ¥1,200 million**
- **Overseas expansion is expected to accelerate following the opening of a manufacturing subsidiary in Thailand in April 2012.**

TM20110



(Product photo: boom truck with 20-ton lifting capacity for the North American market)

ZR560



(Product photo: ZR560 cargo crane for export)

SS-38

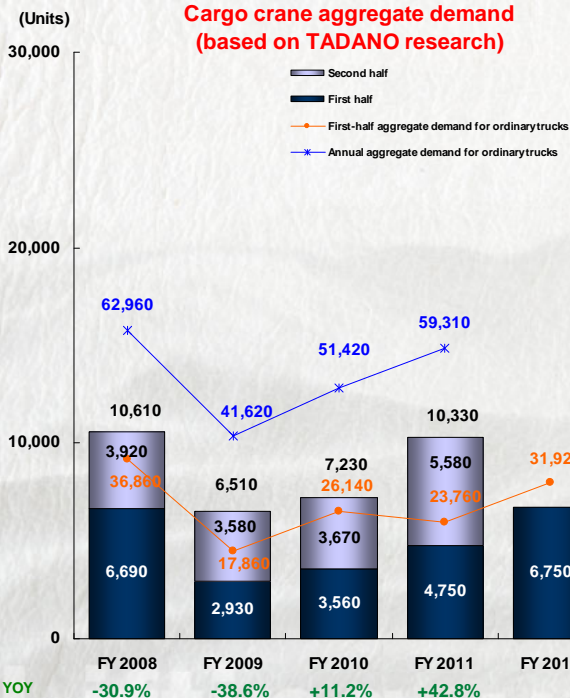


(Product photo: hybrid sliding carrier, the first of its kind on the market, introduced April 2011)

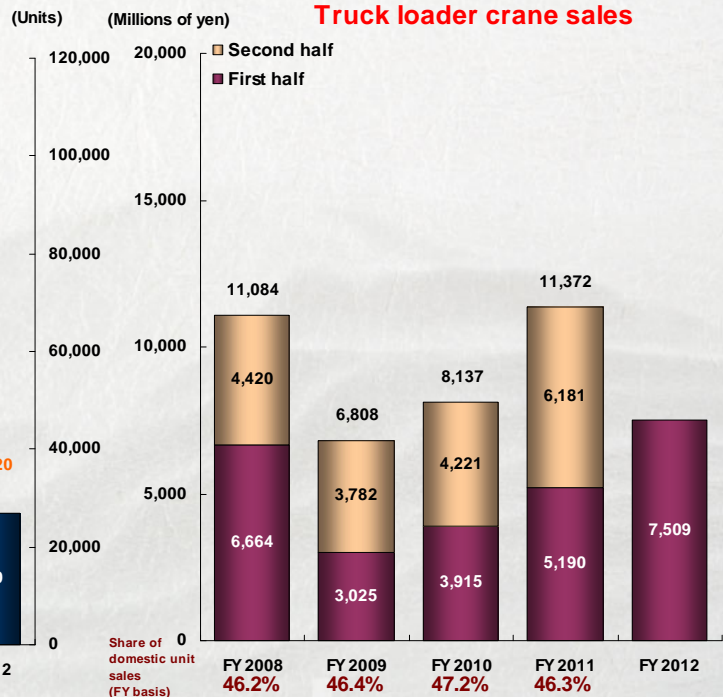


# Truck loader cranes

**Cargo crane aggregate demand (based on TADANO research)**



**Truck loader crane sales**





# Aerial work platforms

**TADANO's share of the domestic market rose from 34.9% to 35.8%**

Domestic aggregate demand for aerial work platforms mounted on trucks was 1,557 units (for FY 2012 interim; TADANO research), up 4.7% from the same period of the previous year.

⇒ Demand due to efforts made for the recovery from the earthquake and a focus on sales in the rental industry, where demands recovered significantly, resulted in net sales of ¥5,809 million (102.1% of the figure from the same period of the previous year).

- Used in electrical and telecommunications construction (Six models for telecommunications use; three models for electrical construction use)
- Used in general construction, including the construction of signs and interior/exterior finishing work (12 models for general use, three models with wheels)
- Models with wheel 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.

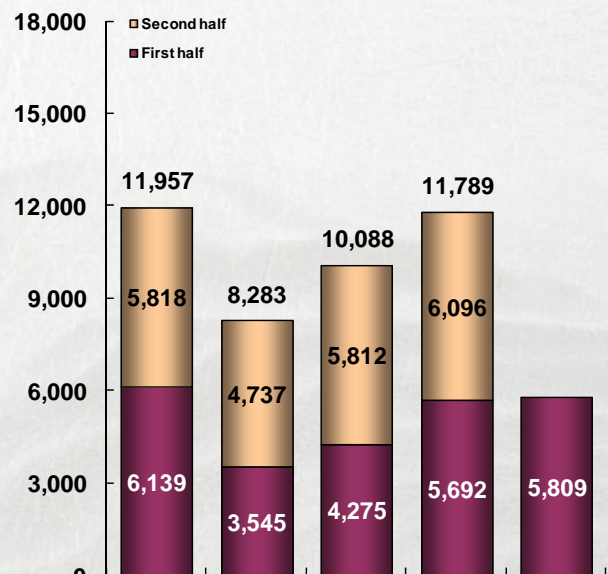
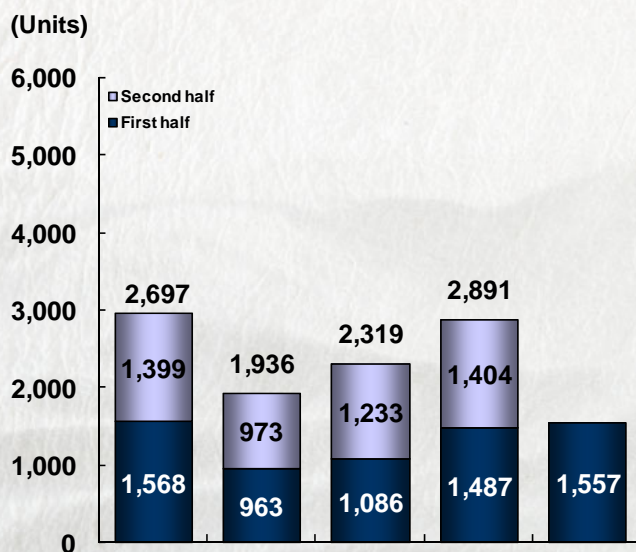


# Aerial work platforms

**Domestic aggregate demand for aerial work platform (based on TADANO research)**

(Millions of yen)

**Aerial work platform sales**



YOY change (FY basis) **-45.8%** **-34.7%** **+19.8%** **+24.7%**

Share of domestic unit sales (FY basis) **32.7%** **33.4%** **38.0%** **38.2%**



# Other businesses

⇒ Net sales from other businesses, such as parts, repairs, used cranes, and other products, were ¥12,733 million (107.4% of the figure from the same period of the previous year).

### [Used cranes]

- While used crane prices fell dramatically in the second half of FY 2008 due to the yen appreciation and a precipitous drop in demand, these prices leveled off in FY 2009.
- Domestic prices of used cranes have been trending up since July 2011 due to products shortages in spite of a sharp yen appreciation on international currency markets.
- This fiscal year domestic sales decreased. Overseas sales increased.



Example of the assembled CL-500 all-terrain crane mounting/removal lifter

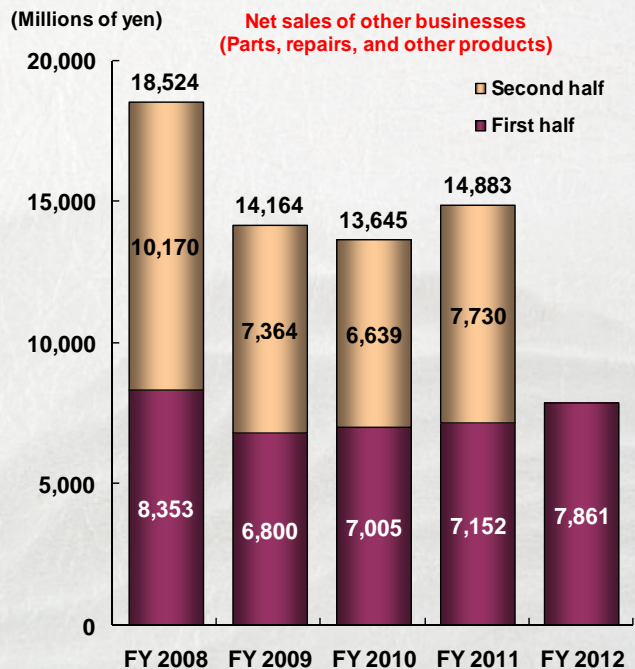
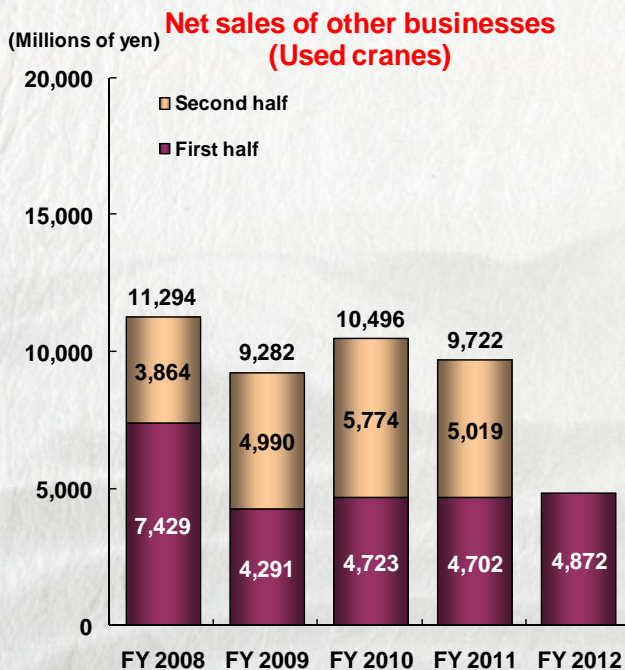
### [Parts and repairs]

- TADANO books sales of parts for repairs. (In general, the repairs themselves are handled by designated service facilities in Japan and overseas distributors. These parties book the repair sales.)
- Both domestic and overseas sales increased.

### [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





# FY 2012 business performance forecasts

(Unit: millions of yen)

	FY 2011		FY 2012 estimate		Increase/ decrease
	Amount	Percentage	Amount	Percentage	
Net sales	114,209	100.0%	132,000	100.0%	17,790
Operating income	5,895	5.2%	8,500	6.4%	2,604
Ordinary income	5,778	5.1%	7,500	5.7%	1,721
Net income	3,145	2.8%	4,700	3.6%	1,554

Note: FY 2012 business performance forecasts were revised on October 26.

Dividends per share	Interim: ¥0.00	Interim: ¥5.00
	Year-end: ¥7.00	Year-end: ¥5.00
	Full-year: ¥7.00	Full-year: ¥10.00

	FY 2011	FY 2012(projected)
Capital investment	¥1,584 million	¥4,000 million
Depreciation	¥2,535 million	¥2,600 million
Exchange rate (USD)	¥79.84	¥80.00
Exchange rate (EUR)	¥111.12	¥105.00

Note: Figures for capital investment include leased assets.

Note: The exchange rate has not changed since the beginning of this fiscal year.

## [Concepts for the coming three to four years]

- **Japanese market: Increasing business quality by ensuring appropriate sales prices**
- **Overseas markets: Increasing the overseas sales ratio by sales volume even the situation of a strong yen.**

## [FY 2012 management policies]

- Pursuing the core values of safety, quality, and efficiency
- Restoring profitability
- Efforts to implement the seven strategies of the Mid-Term Management Plan (2011-2013)

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

- **Operating strategies**
  - Making inroads into strategic markets
  - Developing eco-friendly products
  - Developing large LE products
- **Competitive strategies**
  - Enhancing cost competitiveness
  - Improving quality and service
- **Fundamental strategies**
  - Enhancing monozukuri (manufacturing) capabilities
  - Globalizing our organization and human resources

⇒ For 2012, the establishment of production bases and sales companies will accelerate activities in strategic markets.

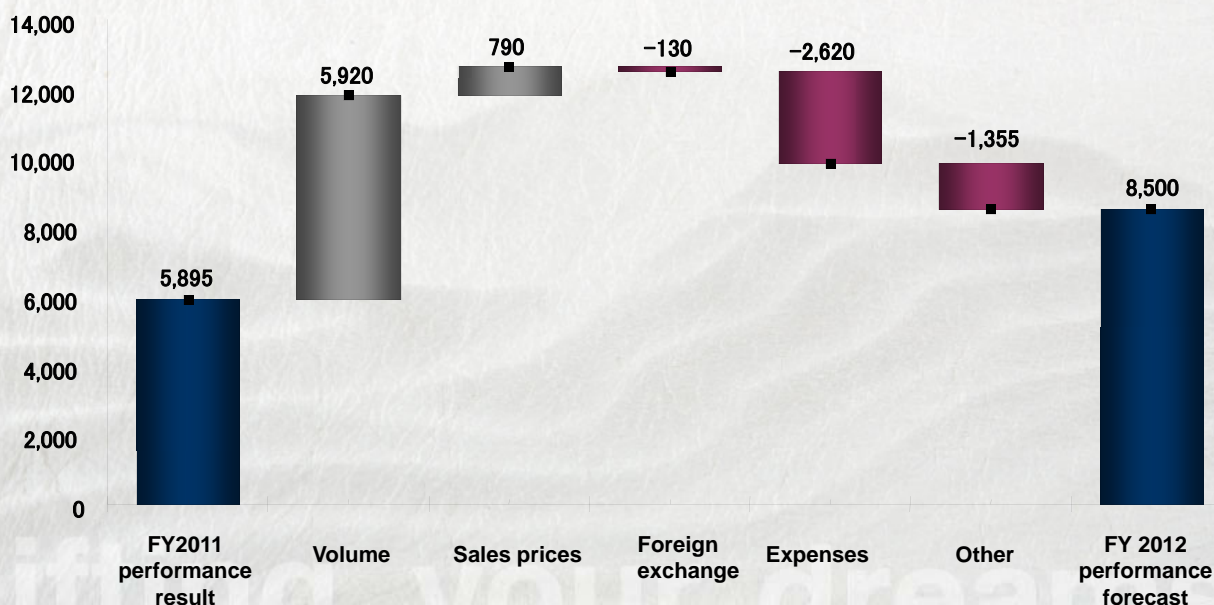
■ FY 2012 full-year proportion corresponding to overseas sales: 50.0%

# FY 2012 business performance forecasts

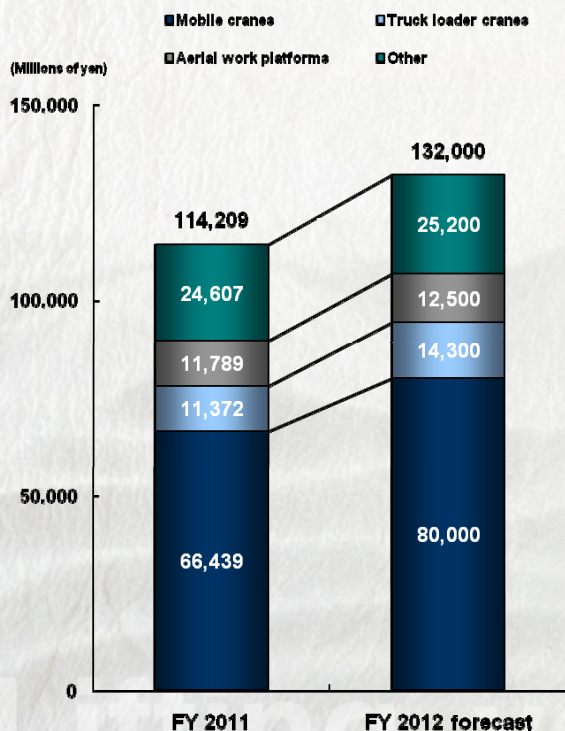
(main causes of changes in operating income)

While efforts to ensure appropriate sales prices will continue alongside efforts to increase net sales, operating income will increase by ¥2.6 billion due to various factors, including increasing expense and changes in sales mix.

(Millions of yen)



## FY 2012 business performance forecasts (net sales by product)



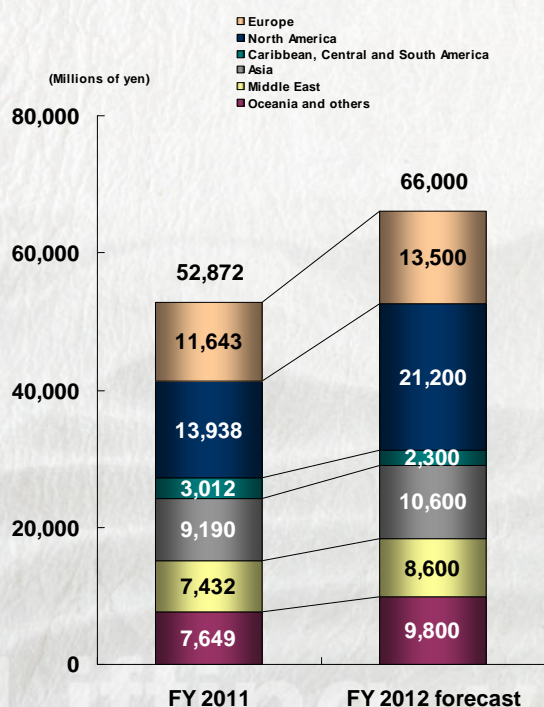
(Unit: millions of yen)

	FY 2011		FY 2012 forecast		Increase/ decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percent change
Mobile cranes	66,439	58.2%	80,000	60.6%	13,560	20.4%
Truck loader cranes	11,372	10.0%	14,300	10.8%	2,927	25.7%
Aerial work platforms	11,789	10.3%	12,500	9.5%	710	6.0%
Others	24,607	21.5%	25,200	19.1%	592	2.4%
<b>Total</b>	<b>114,209</b>	<b>100%</b>	<b>132,000</b>	<b>100%</b>	<b>17,790</b>	<b>15.6%</b>

### [Key points for individual products]

- ◆ **Mobile cranes: + ¥13.5 billion**  
Domestic: Sales growth of ¥1.8 billion due to replacement of older cranes  
Overseas: Sales growth of ¥11.7 billion due to demand recovery, primarily in North America
- ◆ **Truck loader cranes: + ¥2.9 billion**  
The demand growth generated by earthquake recovery efforts, eco-vehicle subsidies, and other factors.
- ◆ **Aerial work platforms: + ¥0.7 billion**  
Recovery forecast in domestic demand
- ◆ **Others: + ¥0.5 billion**  
Sales increased in parts, repairs, and other factors.

## FY 2012 business performance forecasts (net sales by destination)



(Units: million of yen)

	FY2011		FY2012 forecast		Increase/ Decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Europe	11,643	10.2%	13,500	10.2%	1,856	15.9%
North America	13,938	12.2%	21,200	16.1%	7,261	52.1%
Caribbean, Central and South America	3,012	2.6%	2,300	1.7%	-712	-23.6%
Asia	9,190	8.1%	10,600	8.0%	1,409	15.3%
Middle East	7,432	6.5%	8,600	6.5%	1,167	15.7%
Oceania and other areas	7,654	6.7%	9,800	7.5%	2,145	28.0%
Subtotal (total overseas sales)	52,872	46.3%	66,000	50.0%	13,127	24.8%
Japan	61,337	53.7%	66,000	50.0%	4,662	7.6%
<b>Total</b>	<b>114,209</b>	<b>100%</b>	<b>132,000</b>	<b>100%</b>	<b>17,790</b>	<b>15.6%</b>

※The graph on the left excludes Japan.