

# Explanatory Materials for FY2013 Third Quarter Consolidated Financial Results

January 2014

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.



# Income Statement (vs. Previous Year)

(Unit: millions of yen) [ Key changes of this quarter (April-December) ]

|   | 3Q FY2012 |            | 3Q FY2013 |            | Change |
|---|-----------|------------|-----------|------------|--------|
|   | Amount    | Percentage | Amount    | Percentage |        |
| Net sales   | 94,119    | 100.0%     | 125,766   | 100.0%     | 31,647 |
| Cost of sales                                     | 70,437    | 74.8%      | 91,337    | 72.6%      | 20,900 |
| Gross profit on installment sales                 | 129       | 0.1%       | 59        | 0.0%       | -69    |
| Gross profit                                      | 23,811    | 25.3%      | 34,488    | 27.4%      | 10,676 |
| Selling, general, and administrative expenses     | 16,148    | 17.2%      | 19,995    | 15.9%      | 3,846  |
| Operating income                                  | 7,663     | 8.1%       | 14,493    | 11.5%      | 6,830  |
| Non-operating income and loss                     | 113       | 0.1%       | 931       | 0.7%       | 818    |
| Ordinary income                                   | 7,776     | 8.3%       | 15,425    | 12.3%      | 7,648  |
| Extraordinary income and loss                     | -48       | -0.1%      | -111      | -0.1%      | -63    |
| Income before income taxes and minority interests | 7,728     | 8.2%       | 15,313    | 12.2%      | 7,585  |
| Corporate taxes                                   | 2,788     | 3.0%       | 4,940     | 3.9%       | 2,152  |
| Minority interests                                | -44       | -0.1%      | -29       | -0.0%      | 15     |
| Net income  | 4,984     | 5.3%       | 10,401    | 8.3%       | 5,417  |

The highest sales and profit ever for the third quarter.

- **Net sales**
  - Consolidated net sales increased by 33.6% compared with the previous 3Q.  
(Net sales in Japan: +21.1%, Net sales overseas: +45.5%)
  - Overseas sales ratio was 55.8%.
- **COGS ratio**
  - COGS ratio was 72.6% (improved by 2.2 percentage points compared with the previous 3Q), by resuming appropriate sales prices, reducing costs from operating ratio improvement, and with depreciation of yen.
- **Selling, general, and administrative expenses**
  - ¥3.8 billion increase compared with the previous 3Q.  
(Personnel costs: +¥1.1 billion, Variable costs: +¥1.0 billion, Other expenses: +¥1.7 billion)
- **Ordinary income and net income:**
  - Ordinary income increased by ¥7.6 billion compared with the previous 3Q. (+ 98.4%)
  - Net income increased by ¥5.4 billion compared with the previous 3Q. (+ 108.7%)
  - **Factors of ordinary income change:**
    - ➔ + ¥7.9 billion by increase of gross profit due to ¥31.6 billion net sales increase
    - ➔ + ¥2.7 billion by 2.2 percentage points improvement of COGS ratio
    - ➔ - ¥3.8 billion due to increase of selling, general, and administrative expenses
    - ➔ + ¥0.8 billion by improvement of non-operating income and loss (+ ¥0.6 billion by improvement of foreign exchange income and loss)



1

# Balance Sheet (vs. End of Previous FY)

(Unit: millions of yen)

|                                     | FY2012 year-end |               | 3Q FY2013      |               | Change        |
|-------------------------------------|-----------------|---------------|----------------|---------------|---------------|
|                                     | Amount          | Percentage    | Amount         | Percentage    |               |
| Cash deposit                        | 39,582          | 22.3%         | 48,547         | 24.8%         | 8,965         |
| Accounts receivable                 | 40,820          | 23.0%         | 38,008         | 19.4%         | -2,812        |
| Inventories                         | 45,341          | 25.5%         | 54,910         | 28.0%         | 9,569         |
| Other current assets                | 6,400           | 3.6%          | 7,433          | 3.8%          | 1,033         |
| <b>Total current assets</b>         | <b>132,144</b>  | <b>74.4%</b>  | <b>148,900</b> | <b>76.0%</b>  | <b>16,755</b> |
| Tangible fixed assets               | 34,584          | 19.5%         | 36,091         | 18.4%         | 1,506         |
| Intangible fixed assets             | 776             | 0.4%          | 837            | 0.4%          | 60            |
| Investment and other assets         | 10,105          | 5.7%          | 10,181         | 5.2%          | 76            |
| <b>Total fixed assets</b>           | <b>45,466</b>   | <b>25.6%</b>  | <b>47,110</b>  | <b>24.0%</b>  | <b>1,643</b>  |
| <b>Total assets</b>                 | <b>177,611</b>  | <b>100.0%</b> | <b>196,010</b> | <b>100.0%</b> | <b>18,399</b> |
| Accounts payable                    | 31,094          | 17.5%         | 39,821         | 20.3%         | 8,727         |
| Interest-bearing debt               | 38,706          | 21.8%         | 35,958         | 18.3%         | -2,747        |
| Other liabilities                   | 21,136          | 11.9%         | 22,279         | 11.4%         | 1,142         |
| <b>Total liabilities</b>            | <b>90,937</b>   | <b>51.2%</b>  | <b>98,059</b>  | <b>50.0%</b>  | <b>7,122</b>  |
| <b>Total equity</b>                 | <b>86,674</b>   | <b>48.8%</b>  | <b>97,951</b>  | <b>50.0%</b>  | <b>11,277</b> |
| <b>Total liabilities and equity</b> | <b>177,611</b>  | <b>100.0%</b> | <b>196,010</b> | <b>100.0%</b> | <b>18,399</b> |

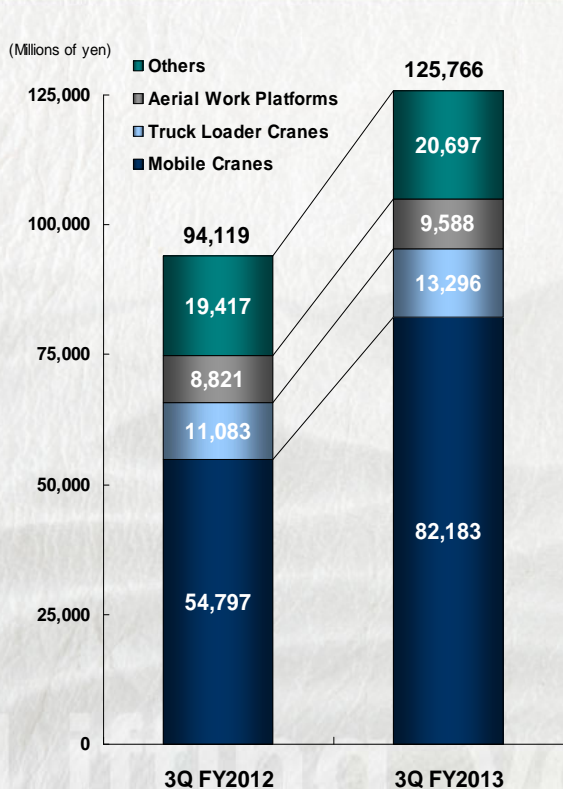
## [Key changes]

- **Accounts receivable decreased:**  
**¥40.8 billion → ¥38.0 billion**  
 ➔ The receivable turnover period improved.  
 (FY2012: 110.5 days → 3Q FY2013: 83.1 days)
- **Inventories increased:**  
**¥45.3 billion → ¥54.9 billion**  
 (The ¥54.9 billion includes ¥12.1 billion in TADANO Faun GmbH)  
 ➔ The inventory turnover period improved.  
 (FY2012: 122.7 days → 3Q FY2013: 120.1 days)
- **Interest-bearing debt decreased:**  
**¥38.7 billion → ¥35.9 billion**  
 ➔ Short-term: decreased by ¥9.5 billion;  
 Long-term: increased by ¥6.8 billion



2

# Net Sales by Product



(Unit: millions of yen)

|                       | 3Q FY2012     |             | 3Q FY2013      |             | Change        |              |
|-----------------------|---------------|-------------|----------------|-------------|---------------|--------------|
|                       | Amount        | Percentage  | Amount         | Percentage  | Amount        | Percentage   |
| Mobile Cranes         | 54,797        | 58.2%       | 82,183         | 65.3%       | 27,386        | 50.0%        |
| Truck Loader Cranes   | 11,083        | 11.8%       | 13,296         | 10.6%       | 2,212         | 20.0%        |
| Aerial Work Platforms | 8,821         | 9.4%        | 9,588          | 7.6%        | 767           | 8.7%         |
| Others                | 19,417        | 20.6%       | 20,697         | 16.5%       | 1,280         | 6.6%         |
| <b>Total</b>          | <b>94,119</b> | <b>100%</b> | <b>125,766</b> | <b>100%</b> | <b>31,647</b> | <b>33.6%</b> |

\* Breakdown of Mobile Crane sales in Japan and overseas

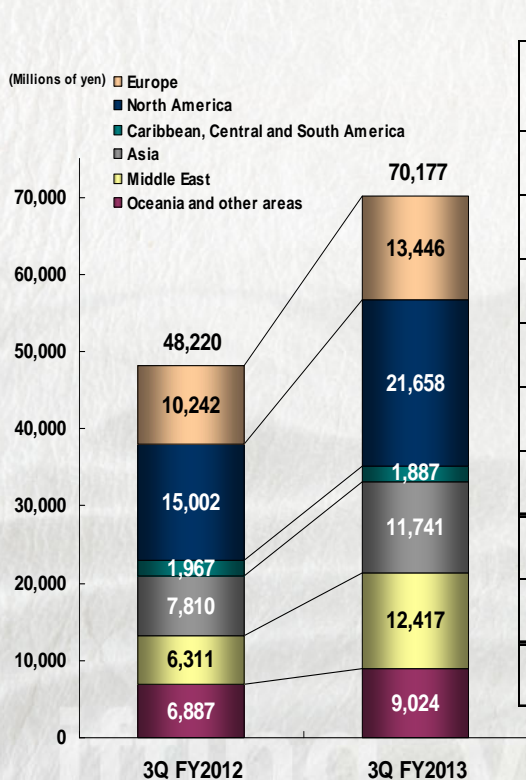
|          |        |        |        |       |
|----------|--------|--------|--------|-------|
| Japan    | 15,605 | 22,303 | 6,697  | 42.9% |
| Overseas | 39,192 | 59,880 | 20,688 | 52.8% |

\* Exchange rate (January-September average rate)

|     |        |        |
|-----|--------|--------|
| USD | 79.37  | 96.71  |
| EUR | 101.75 | 127.35 |

Note: Since the fiscal year for overseas subsidiaries ends in December, the rates given here are January-September average.

# Net Sales by Region

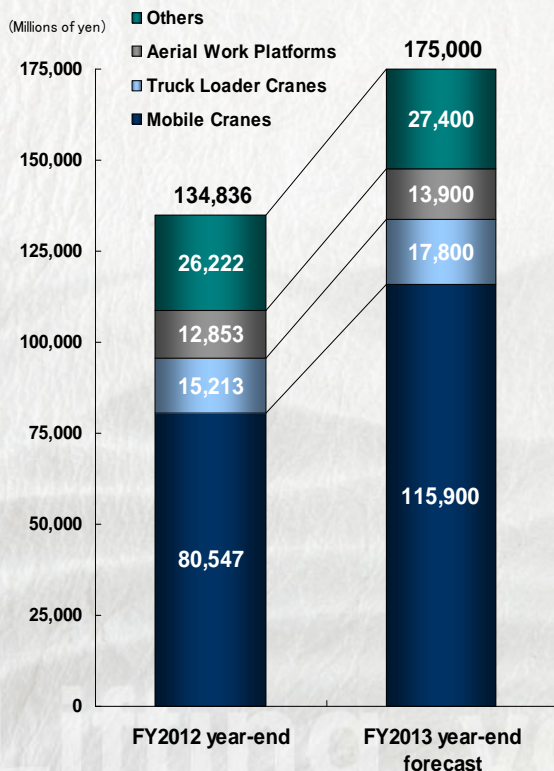


(Unit: millions of yen)

|  | 3Q FY2012     |              | 3Q FY2013      |              | Change        |              |
|--|---------------|--------------|----------------|--------------|---------------|--------------|
|  | Amount        | Percentage   | Amount         | Percentage   | Amount        | Percentage   |
| Europe                                 | 10,242        | 10.9%        | 13,446         | 10.7%        | 3,204         | 31.3%        |
| North America                          | 15,002        | 15.9%        | 21,658         | 17.2%        | 6,656         | 44.4%        |
| Caribbean, Central and South America   | 1,967         | 2.1%         | 1,887          | 1.5%         | -79           | -4.0%        |
| Asia                                   | 7,810         | 8.3%         | 11,741         | 9.3%         | 3,931         | 50.3%        |
| Middle East                            | 6,311         | 6.7%         | 12,417         | 9.9%         | 6,105         | 96.7%        |
| Oceania and other areas                | 6,887         | 7.3%         | 9,024          | 7.2%         | 2,137         | 31.0%        |
| <b>Subtotal (total overseas sales)</b> | <b>48,220</b> | <b>51.2%</b> | <b>70,177</b>  | <b>55.8%</b> | <b>21,956</b> | <b>45.5%</b> |
| Japan                                  | 45,898        | 48.8%        | 55,589         | 44.2%        | 9,690         | 21.1%        |
| <b>Total</b>                           | <b>94,119</b> | <b>100%</b>  | <b>125,766</b> | <b>100%</b>  | <b>31,647</b> | <b>33.6%</b> |

Note: The graph on the left excludes Japan.

# FY2013 Year-end Forecast (Net Sales by Product)



(Unit: millions of yen)

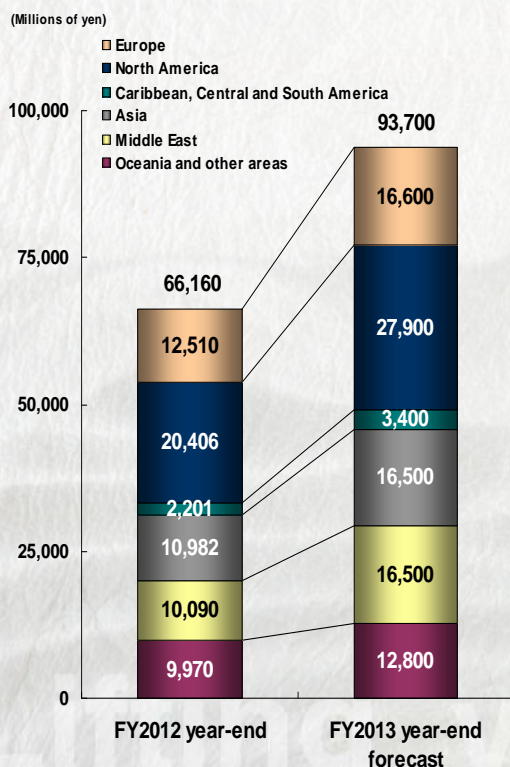
|                       | FY2012 year-end |             | FY2013 year-end forecast |             | Change        |              |
|-----------------------|-----------------|-------------|--------------------------|-------------|---------------|--------------|
|                       | Amount          | 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> |

\* Breakdown of Mobile Crane sales in Japan and overseas

|          |        |        |        |       |
|----------|--------|--------|--------|-------|
| Japan    | 26,640 | 35,300 | 8,660  | 32.5% |
| Overseas | 53,907 | 80,600 | 26,693 | 49.5% |

Note: No changes from the forecast released on October 29, 2013.

# FY2013 Year-end Forecast (Net Sales by Region)



(Unit: millions of yen)

|  | FY2012 year-end |              | FY2013 year-end 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: No changes from the forecast released on October 29, 2013.

The graph on the left excludes Japan.