

# Explanatory Materials for Consolidated Financial Results

May 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.



# 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; Outside Japan: 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: 7,987 (as of March 31, 2014)		
<b>[Net sales]</b>	¥181,764 million (FY 2013)				
<b>[Number of employees]</b>	Consolidated: 3,227; non-consolidated: 1,335 (as of March 31, 2014)				
<b>[Major subsidiaries]</b>	<table border="0"> <tr> <td style="vertical-align: top;">                     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.                 </td> <td style="vertical-align: top;">                     17 subsidiaries and two affiliates outside Japan:                      TADANO FAUN GmbH, TADANO FAUN Stahlbau GmbH [Germany]                      TADANO UK Ltd. [U.K.] (Acquired in April)                      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., TADANO Thai Parts and Service Co., Ltd. [Thailand]                      TADANO Oceania Pty Ltd. [Australia]                       BQ-TADANO (Beijing) Crane Co., Ltd. [China]                      Taiwan TADANO Ltd. [Taiwan]                 </td> </tr> </table>			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.	17 subsidiaries and two affiliates outside Japan: TADANO FAUN GmbH, TADANO FAUN Stahlbau GmbH [Germany] TADANO UK Ltd. [U.K.] (Acquired in April) 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., TADANO Thai Parts and Service Co., Ltd. [Thailand] TADANO Oceania Pty Ltd. [Australia]  BQ-TADANO (Beijing) Crane Co., Ltd. [China] Taiwan TADANO Ltd. [Taiwan]
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# Key Points of FY 2013 Financial Results

(Unit: millions of yen)

	FY 2012		FY 2013		Percent change
	Amount	Percentage	Amount	Percentage	
Net sales	134,836	100.0%	181,764	100.0%	+34.8%
Operating income	10,925	8.1%	21,140	11.6%	+93.5%
Ordinary income	11,448	8.5%	21,642	11.9%	+89.0%
Net income	7,341	5.4%	14,410	7.9%	+96.3%

Capital investment	¥2,925 million	¥4,178 million
Depreciation	¥2,167 million	¥2,366 million
Exchange rate (USD)	¥79.82	¥97.65
Exchange rate (EUR)	¥102.63	¥129.68

Note:

\* Figures for capital investments include leased assets.

\* The exchange rates given above are average rates for the period from January to December.  
(The fiscal year of overseas subsidiaries ends in December.)

## [FY 2013 management policies]

- (i) Pursuing the core values of safety, quality, and efficiency
  - (ii) Pursuing quality in Japan and quantity outside Japan
  - (iii) Strengthening profitability
  - (iv) Completing the accomplishment of Mid-Term Management Plan (2011-2013)
- **Increase in revenues and profits for three consecutive financial years**  
**Highest revenues and profits ever**
    - Efforts for resuming appropriate sales prices in Japan, expanding sales outside Japan, and reducing costs.
  - **Sales both in and outside Japan grew:**
    - ➔ Japan net sales:  
¥68.6 billion → ¥86.2 billion (+25.6%)  
Sales of Mobile Cranes, Truck Loader Cranes, and Aerial Work Platforms all increased.
    - ➔ Outside Japan net sales:  
¥66.1 billion → ¥95.4 billion (+44.3%)  
Sales increased due to the shift to larger models and increase in share despite of the slight decrease in demand.
  - **Outside Japan sales ratio : 49.1% → 52.5%**
    - ➔ Highest sales outside Japan  
(Surpassed the FY2008 record of ¥89.3 billion)
  - **Income drastically grew from the previous year-end results:**
    - Operating income: ¥10.9 billion → ¥21.1 billion
    - Ordinary income: ¥11.4 billion → ¥21.6 billion
    - Net income: ¥7.3 billion → ¥14.4 billion



# Income Statement (vs. Previous Year)

(Unit: millions of yen)

## [Key changes]

	FY 2012		FY 2013		Increase/ decrease
	Amount	Percentage	Amount	Percentage	
Net sales	134,836	100.0%	181,764	100.0%	46,927
Cost of sales	101,364	75.2%	132,335	72.8%	30,970
Gross profit on installment sales	160	0.1%	76	0.0%	-83
Gross profit	33,631	24.9%	49,505	27.2%	15,873
Selling, general, and administrative expenses	22,705	16.8%	28,364	15.6%	5,658
Operating income	10,925	8.1%	21,140	11.6%	10,215
Non-operating income and loss	523	0.4%	501	0.3%	-21
Ordinary income	11,448	8.5%	21,642	11.9%	10,193
Extraordinary income and loss	-76	-0.1%	-231	-0.1%	-155
Income before income taxes and minority interests	11,372	8.4%	21,410	11.8%	10,038
Corporate taxes	4,123	3.1%	7,026	3.9%	2,902
Minority interests	-92	-0.1%	-26	-0.0%	66
Net income	7,341	5.4%	14,410	7.9%	7,069

### ➤ COGS ratio: 75.2% → 72.8%

- Due to the efforts for resuming appropriate sales prices, foreign exchange effects, and cost reductions by means of utilization rates improvement, the COGS ratio improved by 2.4% from the previous fiscal year.

### ➤ Selling, general, and administrative expenses: ¥5,600 million increase

- Personnel costs: + ¥1,840 million
- Variable costs: + ¥1,083 million
- Other expenses: + ¥2,734 million

### ➤ Non-operating income and loss:

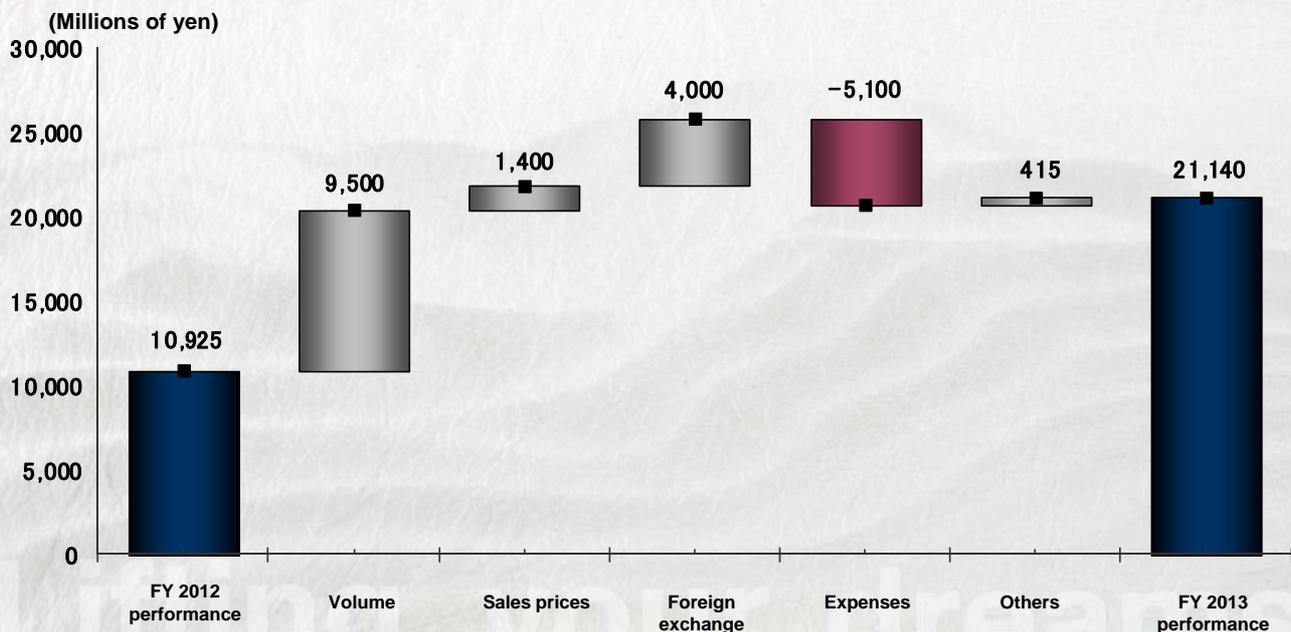
- Non-operating income: ¥1,518 million → ¥1,353 million
- Non-operating loss: ¥995 million → ¥852 million

### ➤ Extraordinary income and loss:

- Extraordinary income: ¥164 million → ¥7 million
- Extraordinary loss: ¥241 million → ¥239 million

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

Income grew significantly due to increase in net sales. Operating income increased by ¥10.2 billion by resuming appropriate sales prices, and with foreign exchange effects.



# Balance Sheet (vs. End of Previous Period)

(Unit: millions of yen)

	FY 2012 year-end		FY 2013 year-end		Increase/ decrease
	Amount	Percentage	Amount	Percentage	
Cash deposit	39,582	22.3%	48,365	24.3%	8,782
Accounts receivable	40,820	23.0%	48,259	24.3%	7,439
Inventories	45,341	25.5%	45,968	23.1%	626
Other current assets	6,400	3.6%	8,074	4.1%	1,674
<b>Total current assets</b>	<b>132,144</b>	<b>74.4%</b>	<b>150,668</b>	<b>75.7%</b>	<b>18,523</b>
Tangible fixed assets	34,584	19.5%	36,859	18.5%	2,274
Intangible fixed assets	776	0.4%	857	0.4%	80
Investment and other assets	10,105	5.7%	10,559	5.3%	453
<b>Total fixed assets</b>	<b>45,466</b>	<b>25.6%</b>	<b>48,275</b>	<b>24.3%</b>	<b>2,809</b>
<b>Total assets</b>	<b>177,611</b>	<b>100.0%</b>	<b>198,944</b>	<b>100.0%</b>	<b>21,332</b>

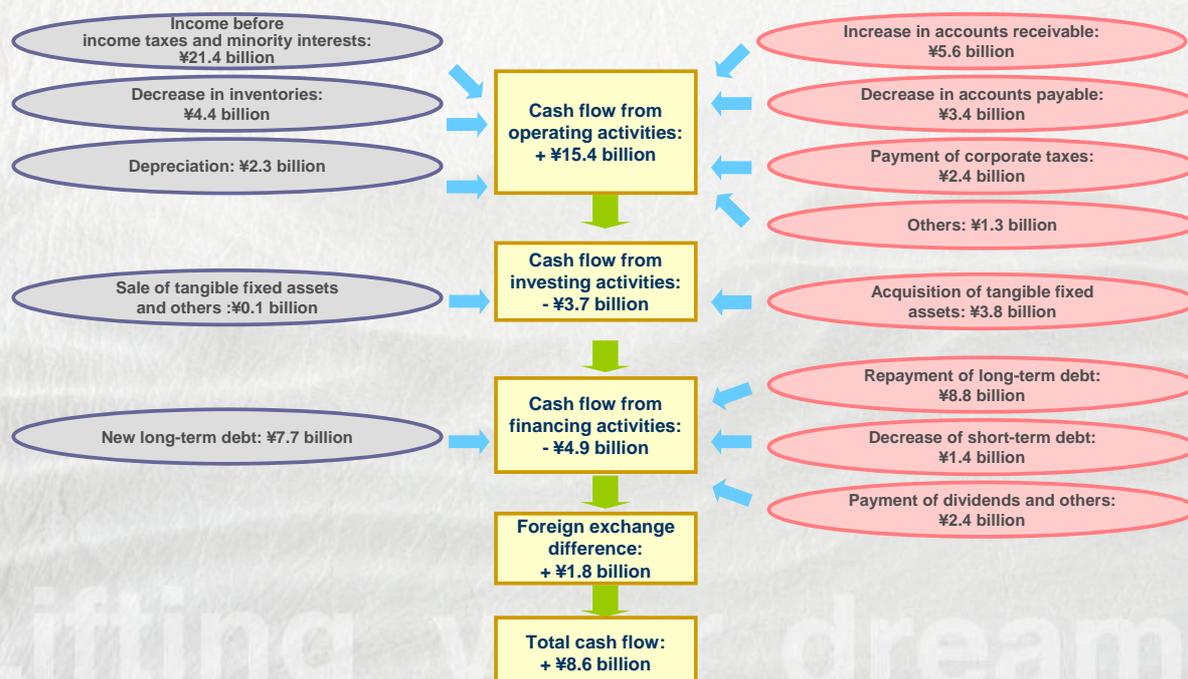
## [Key changes]

- **Accounts receivable increased:**  
**¥40.8 billion → ¥48.2 billion**  
 → The receivable turnover period improved.  
 (FY 2012: 110.5 days; FY 2013: 96.9 days)
- **Inventories remained at the same level:**  
**¥45.3 billion → ¥45.9 billion**  
 (The ¥45.9 billion includes ¥13.8 billion in TADANO Faun GmbH)  
 → The inventory turnover period improved.  
 (FY 2012: 122.7 days; FY 2013: 92.3 days)
- **Interest-bearing debt remained at the same level:**  
**¥38.7 billion → ¥38.2 billion**  
 → Short-term: increased by ¥12.3 billion;  
 Long-term: decreased by ¥12.8 billion

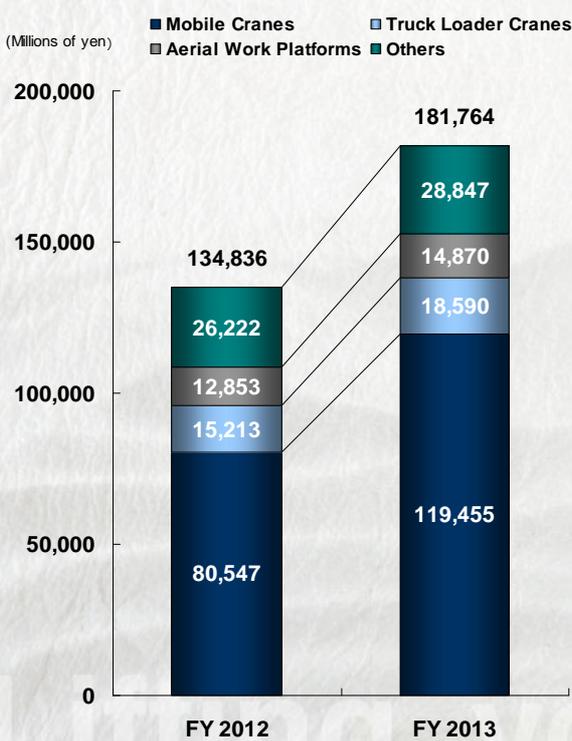
Accounts payable	31,094	17.5%	30,036	15.1%	-1,057
Interest-bearing debt	38,706	21.8%	38,233	19.2%	-473
Other current liabilities	21,136	11.9%	27,708	13.9%	6,571
<b>Total liabilities</b>	<b>90,937</b>	<b>51.2%</b>	<b>95,978</b>	<b>48.2%</b>	<b>5,041</b>
<b>Total equity</b>	<b>86,674</b>	<b>48.8%</b>	<b>102,965</b>	<b>51.8%</b>	<b>16,291</b>
<b>Total liabilities and equity</b>	<b>177,611</b>	<b>100.0%</b>	<b>198,944</b>	<b>100.0%</b>	<b>21,332</b>

# Overview of Cash Flow

Total cash flow increased by ¥8.6 billion, by acquiring fixed assets and repaying the debts with income before income taxes and minority interests.



# Net Sales by Product



(Unit: millions of yen)

	FY2012		FY2013		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	80,547	59.7%	119,455	65.7%	38,907	48.3%
Truck Loader Cranes	15,213	11.3%	18,590	10.2%	3,377	22.2%
Aerial Work Platforms	12,853	9.5%	14,870	8.2%	2,017	15.7%
Others	26,222	19.5%	28,847	15.9%	2,625	10.0%
<b>Total</b>	<b>134,836</b>	<b>100%</b>	<b>181,764</b>	<b>100%</b>	<b>46,927</b>	<b>34.8%</b>

► Outside Japan sales ratio: 49.1% → 52.5%

\* Breakdown of Mobile Crane sales both in and outside Japan

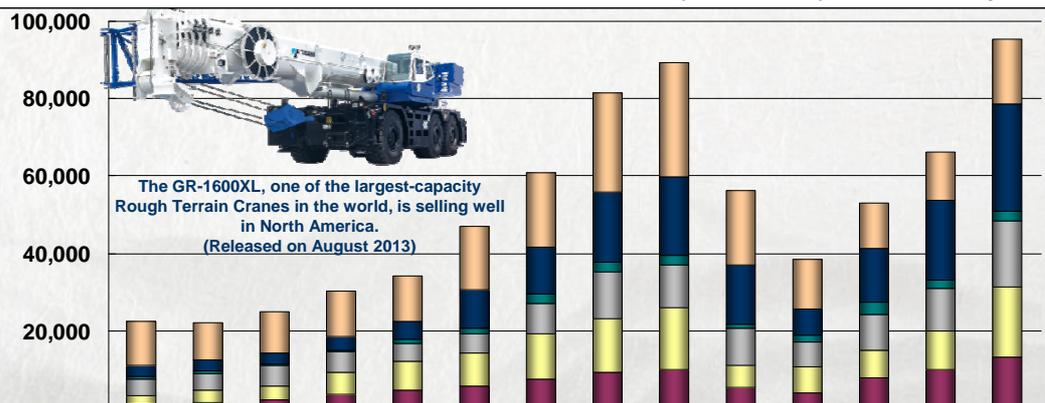
Japan	26,640	38,295	11,655	43.8%
Outside Japan	53,907	81,159	27,252	50.6%

# Sales Trends by Overseas Market

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

Sales grew by 34.6% in Europe, 36.1% in North America, 11.3% in the Caribbean, Central and South America, 54.1% in Asia, 80.0% in the Middle East, and 33.6% in Oceania and other areas compared with the previous financial year.

(Millions of yen)

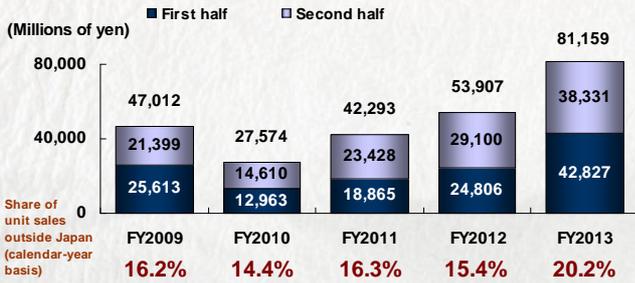


	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Europe	11,435	9,754	10,893	11,978	12,000	16,292	19,170	25,566	29,630	19,196	12,739	11,643	12,510	16,844
North America	2,671	2,739	2,755	3,402	4,547	9,798	12,324	18,342	20,145	15,301	6,616	13,938	20,406	27,782
Caribbean, Central and South America	948	586	287	457	866	1,721	2,420	2,542	2,722	887	1,691	3,012	2,201	2,449
Asia	4,225	4,368	5,362	5,185	4,888	4,749	7,861	12,069	10,954	9,680	6,603	9,190	10,982	16,923
Middle East	2,142	3,098	3,602	5,663	7,347	8,507	11,708	13,878	15,836	5,948	6,686	7,432	10,090	18,167
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	13,320
<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>95,487</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	97.65
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	129.68
Outside Japan sales ratio	23.8%	25.0%	30.1%	31.4%	33.7%	38.8%	42.1%	46.8%	54.9%	53.9%	42.6%	46.3%	49.1%	52.5%

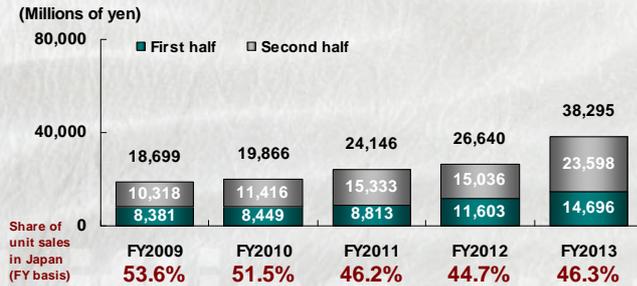
Note: The exchange rates indicated above are average rates over each period (since the fiscal year of overseas subsidiaries ends in December, full-year rates are averages for January-December). Euro figures for FY2001 and earlier have been converted from Deutsche Mark.

# Mobile Cranes

Net sales of Mobile Cranes (Outside Japan)

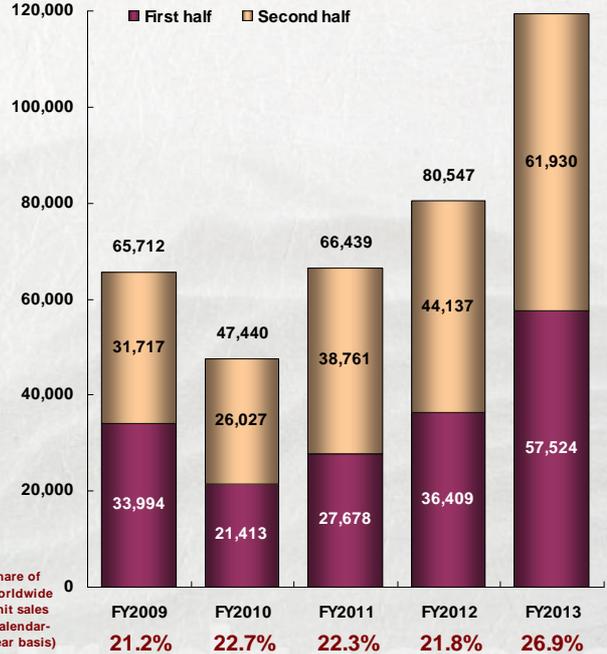


Net sales of Mobile Cranes (Japan)



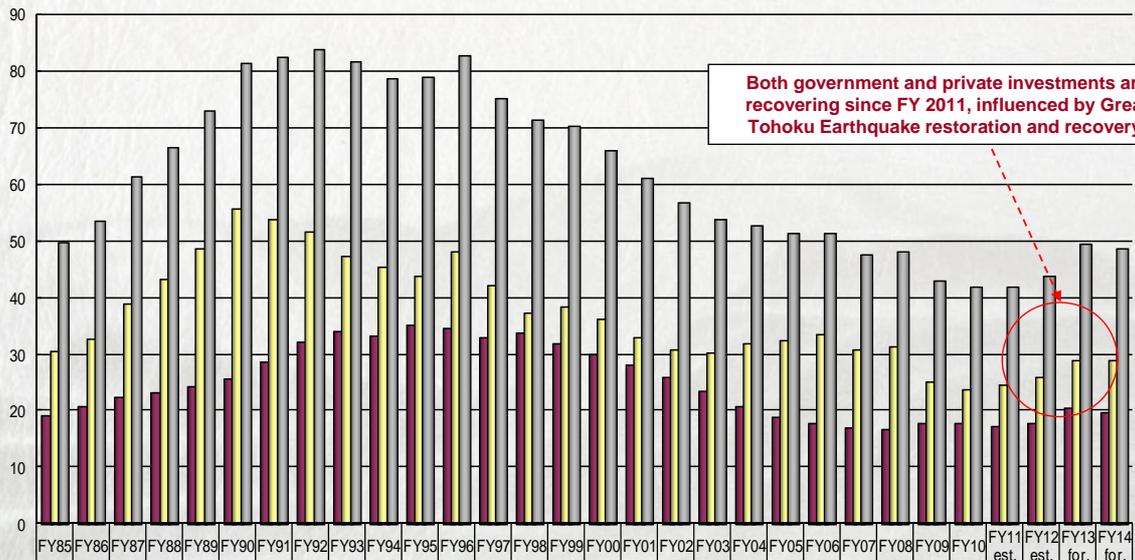
(Millions of yen)

Net sales of Mobile Cranes



# Trends and Forecast of Construction Investment in Japan

(Trillions of yen)



Both government and private investments are recovering since FY 2011, influenced by Great Tohoku Earthquake restoration and recovery.

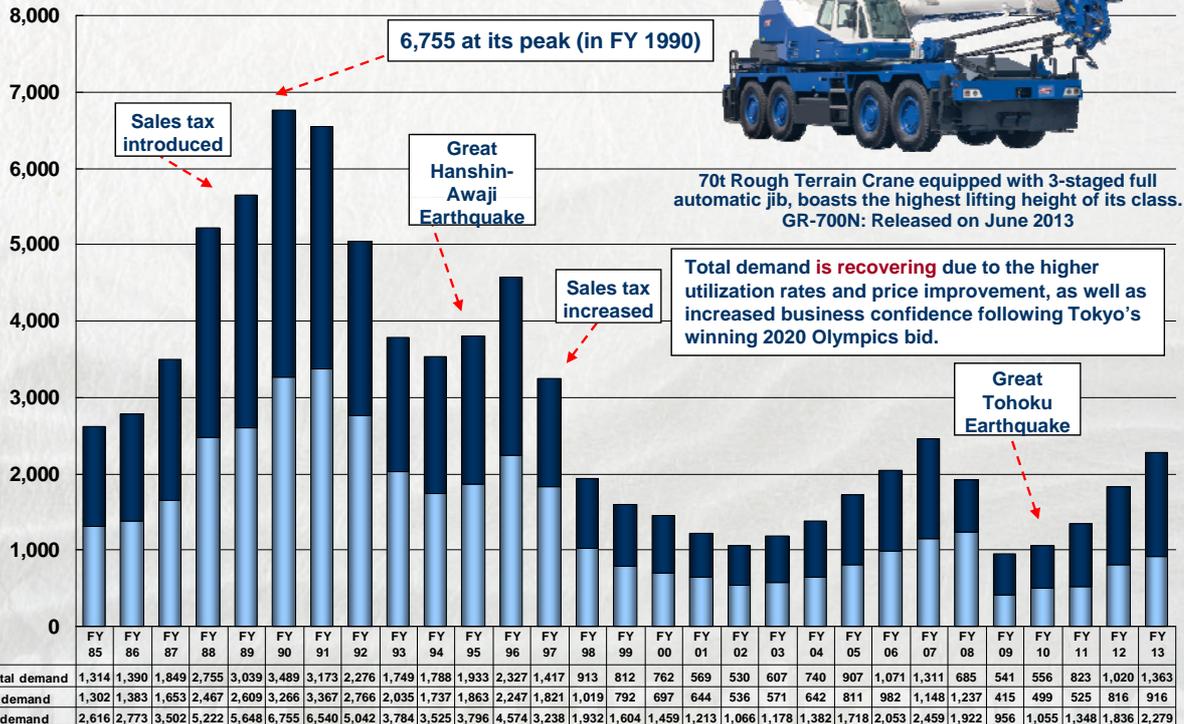
\* est. = estimate, for. = forecast

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 April 23, 2014).

# Trends in Demand for Mobile Cranes in Japan

(Units)



Average annual demand over the decade starting in 2004 was around 1,700 units.



## Mobile Cranes

### Market share in Japan: 44.7% → 46.3%

Demand for hydraulic Mobile Cranes in Japan was 2,279 units (for FY2013, based on TADANO research), up 24.1% compared with the previous fiscal year.

→ Sales rose due primarily to a focus on expanding sales of products compatible with new emissions regulations as demand increased.

**Ton-based shares: 40.9% → 46.1%.**

Net sales in Japan was ¥38,295 million (143.8% 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 (63% 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: four models with 13 to 70 ton lifting capacity
- Overseas markets: six models with 12 to 145 ton lifting capacity (TADANO produces models for both in and outside Japan, with Machine-Telemonitoring System)
- In Japan, these cranes travel on public roads
- In North America, they are transported on trailers



(Released on October 2013)

### [All Terrain Cranes]

- Large cranes for urban development, elevated driveways, and bridge construction in Japan, account for 5% of demand in Japan (85% of European demand)
- Outstanding long-distance mobility in addition to maneuverability (with steering feature)
- Japanese market: seven models with 60 to 550 ton lifting capacity (produced by TADANO Faun GmbH in Germany and TADANO)
- Outside Japan markets: nine models with 40 to 400 ton lifting capacity (produced by TADANO Faun GmbH in Germany)
- Disassembly required for transport on public roads in Japan; No disassembly required for transport in Europe



(Released on May 2013)



# Mobile Cranes

## [Truck Cranes]

- Cranes are mounted on trucks to make them easier to transport; primarily for markets outside of Japan, with demand in Japan accounting for a few units
- Outstanding long-distance mobility
- Japanese market: two models with 20 ton lifting capacity (produced by TADANO)
- Outside Japan markets: nine models with 35 to 60 ton lifting capacity (produced by TADANO, Tadano Faun GmbH, and BQ-TADANO)



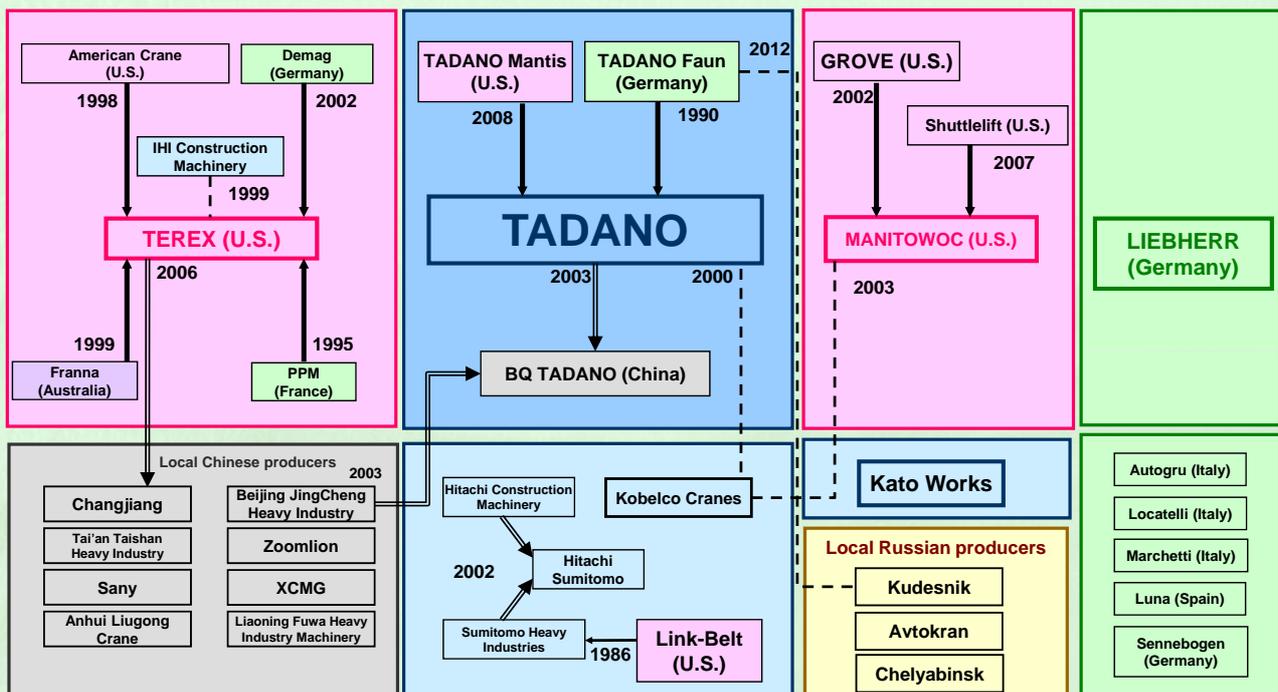
**Focusing our efforts to export Truck Cranes with 35 and 55 ton lifting capacity produced by BQ-TADANO outside China. Expanding both number of models and export volumes.**

## [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



# 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 Demand for Mobile Cranes (Calendar-year Basis)

(Units)

14,000

12,000

10,000

8,000

6,000

4,000

2,000

0

Note: Broken lines indicate trends in annual demand as a percentage of the bottom base year having the lowest demand in each market (assigned the value 1)  
(In North America and Europe the bottom year was 2010, and in Japan it was 2009.)  
Peak year ○ Bottom year ▲

Key markets suffered from dramatic declines following the economic shock spurred by the collapse of Lehman Brothers.  
Over the two-year period since the most recent peak, demand fell by 75% in North America, 65% in Europe, and 62% in Japan.  
Demands has been **recovering** since 2011 prominently in North America and Japan.

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
North America	2,683	2,407	1,251	1,070	1,124	1,159	1,372	1,777	1,998	2,614	2,472	2,281	1,490	1,175	954	1,101	1,614	2,398	2,988	3,577	1,428	905	1,621	2,316	2,355
Europe	1,939	2,470	2,248	2,009	1,238	1,120	1,272	1,502	1,702	2,110	2,268	2,392	2,290	2,031	1,995	1,941	2,053	2,116	2,485	3,002	1,997	1,067	1,155	1,146	1,080
Others	536	571	918	1,316	945	704	868	1,026	1,379	895	554	559	812	757	896	1,073	1,270	1,618	2,273	2,834	1,827	1,796	2,125	2,718	2,595
Japan	5,684	6,755	6,619	5,042	3,831	3,505	3,711	4,384	3,821	2,151	1,667	1,493	1,378	1,085	1,154	1,350	1,614	1,961	2,345	2,317	901	1,072	1,148	1,677	2,096
Total	10,842	12,203	11,036	9,437	7,138	6,488	7,223	8,689	8,900	7,770	6,961	6,725	5,970	5,048	4,999	5,465	6,551	8,093	10,091	11,730	6,153	4,840	6,049	7,857	8,126

1. Figures are estimated by TADANO.

2. Mobile Cranes produced in China and Russia are excluded.

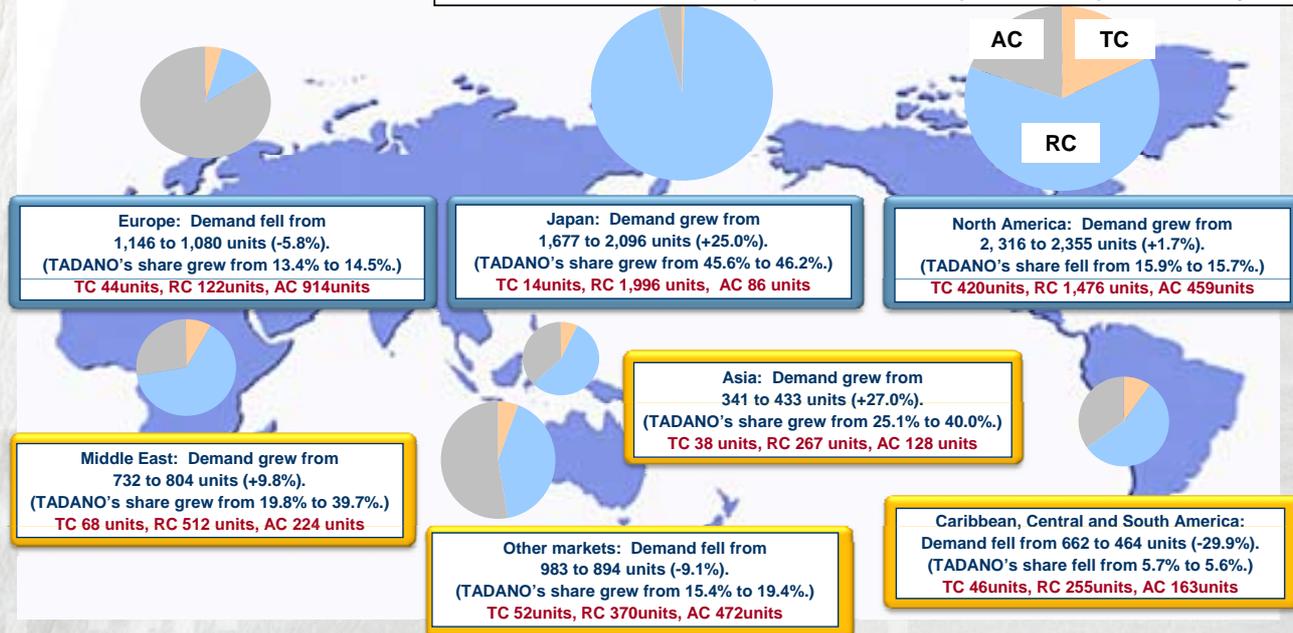


15

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

TADANO's shares in the global market grew from 21.8% to 26.9%.  
(Excluding Chinese and Russian production from the global demand.)

Global demand for hydraulic Mobile Cranes grew from 7,857 to 8,126 units (January-December 2013, TADANO research), a 3.4% increase compared with the previous fiscal year.



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: 607  
 Sales trend:  
 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, 2013; 313 million EUR/329 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

**[TADANO UK Ltd.]**

Acquired in April, 2014  
 Paid-in capital: 2,000 GBP  
 Location: South Yorkshire, United Kingdom  
 Line of business: Distribution and service of Mobile Cranes  
 Representative: Thomas Schramm, President; number of employees: 17

- **Accelerating the line-up expansion, to offer full range of All Terrain Cranes:**  
 Nine models with 40 to 400 ton lifting capacity are available.



# 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: 62  
 Sales trend: 2008: 145 million USD; 2009: 105 million USD; 2010: 78 million USD;  
 2011: 183 million USD, 2012: 249 million USD; 2013: 262 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: 143  
 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; 2013: 36 million USD

**[TADANO Brasil Equipamentos de Elevacao Ltda.]**

Paid-in capital: 30 million BRL; wholly-owned subsidiary of TADANO Group  
 Location: Sao Paulo, Brazil  
 Lines of business: Production, distribution and service for Mobile Cranes and other products.  
 Representative: Keisuke Nagai, President; number of employees: 12



(Product photo: CTC-1200 was exhibited at ConExpo, the first product to install a round boom as TMC product, jointly developed by TADANO and TMC)



# Chinese Business

## < 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 2013 calendar year was 17,000 units (23% down against the previous year), with Chinese-produced Truck Cranes accounting for most of this demand (TADANO research).

2009: 27,000 units (+26%); 2010: 35,000 units (+30%); 2011: 35,000 units (±0%) ; 2012: 22,000 units (-37%)

Small cranes with lifting capacities of up to 25 tons constitute the bulk of demand, accounting for an 83% share in 2013.

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 eight models of TCs with lifting capacities of 8-100 tons

President: Hidemi Uchida (from TADANO); number of employees: 302

#### [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: 62

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: 78

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

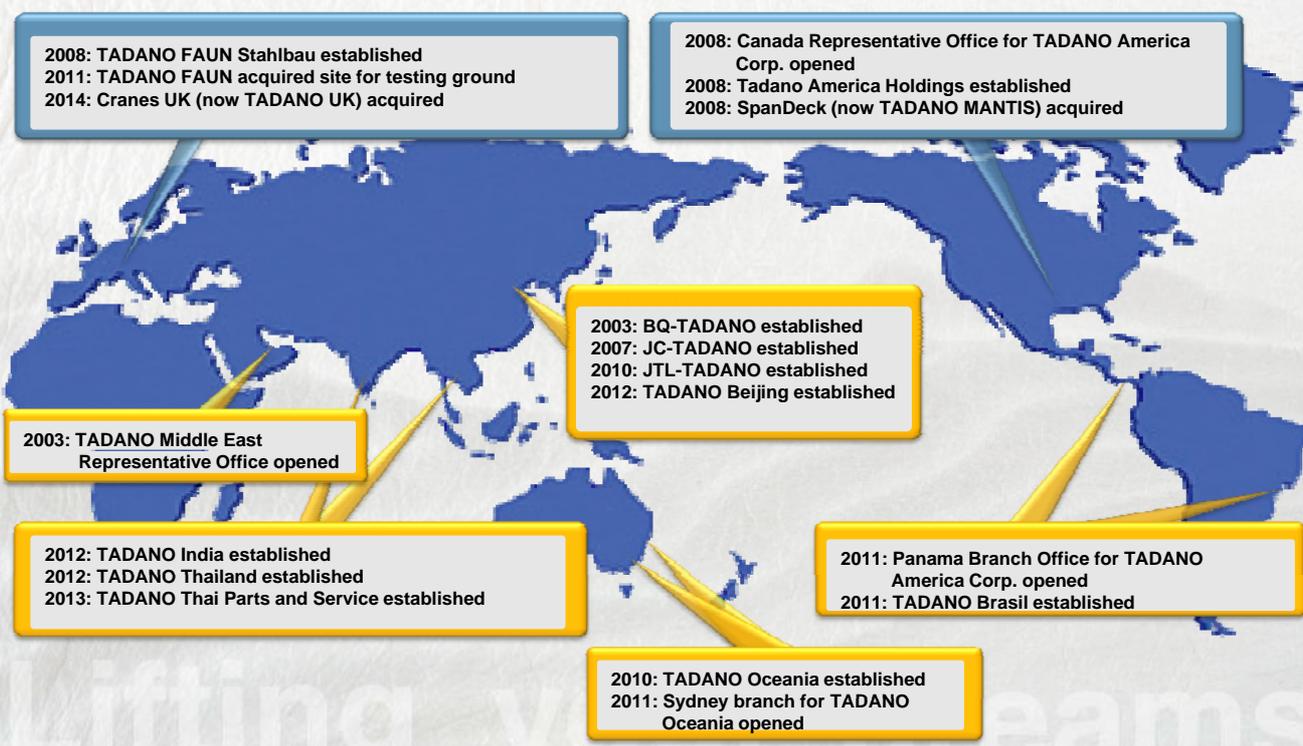


JTL-TADANO



# Business Expansion Overseas Since 2003

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



# Truck Loader Cranes

**[Loader Cranes] Market share in Japan: 47.4% → 48.2%**

Demand in Japan was 16,150 units (for FY2013, based on TADANO research), increased 20.6% compared with the previous fiscal year.

→ Net sales grew to ¥18,590 million (122.2% 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)
- Truck dealers in Japan

-Major buyers and distinctive features-

- Sales tend to parallel truck demand.

ZE600



(Product photo: the first of its kind to have an optional feature of 'No idling' function as a Loader Crane)

**[Business outside of Japan]**

- TADANO has focused its efforts on exports of Loader Cranes to strategic markets, exporting crane components for mounting on local trucks.  
Sales in FY2012: ¥1,230 million; in FY2013: ¥1,410 million
- Accelerating overseas expansion, including the opening of a manufacturing subsidiary in Thailand on April 2012.



(Product photo: ZR560 Loader Crane for export)

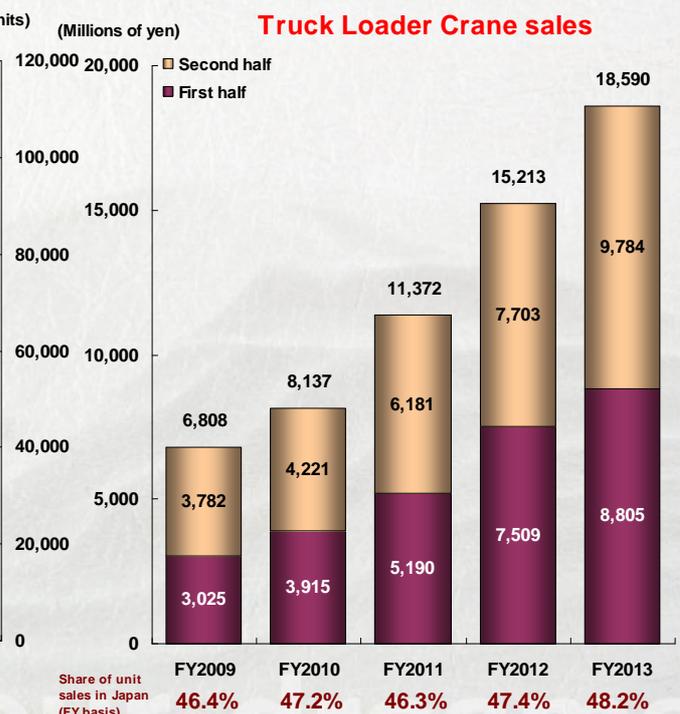
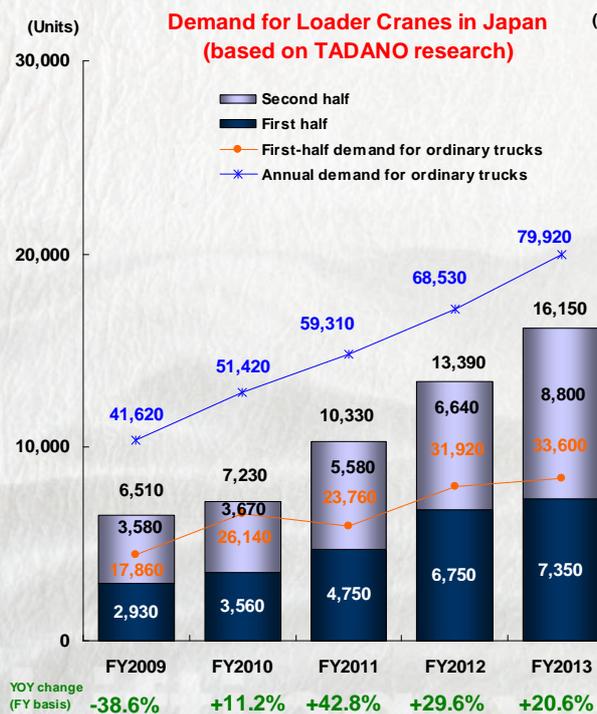
SS-38F



(Product photo: Slide bed Vehicle Carrier [transport vehicle] released on December 2013)



# Truck Loader Cranes



# Truck Loader Cranes - First step for globalization -

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

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

Establishment : April 2012 (Operation launch: June 2013)

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

Line of business : Production and distribution of Loader Cranes

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

Representative: Yasumasa Kuramae, President

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

- 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.



(Product photo: Loader Crane ZT500 manufactured in the plant in Thailand)



May 2013 TADANO(Thailand)Plant Opening Ceremony



TADANO(Thailand)



Lifting your dreams



# Aerial Work Platforms

## Market share in Japan: 38.3% → 37.5%

Japanese demand for Aerial Work Platforms mounted on trucks was 3,827 units (for FY2013; TADANO research), increased 17.2% compared with the previous fiscal year.

→ Despite low demand for electric power and electrical construction use, demand for sales to the rental industry, which has seen vigorous capital investment, helped boost sales of Aerial Work Platforms, resulted in net sales of ¥148,70 million (115.7% of the figure from the previous fiscal 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 (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-

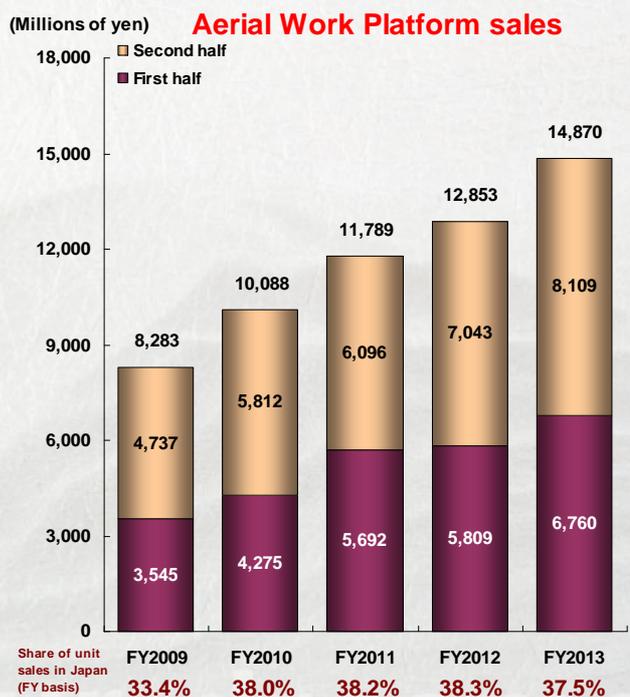
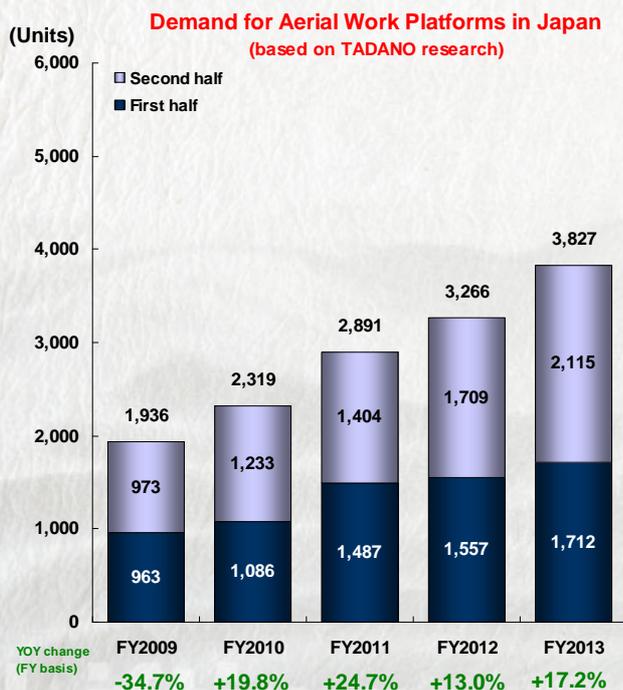
- Power-related electrical construction, telecommunications, rental, general use, shipbuilding, Ministry of Land, Infrastructure, Transport and Tourism.
- TADANO is focusing on sales of high-value-added Super Decks and Aerial Work Platforms for inspections of elevated driveways and bridges



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



# Aerial Work Platforms



# Other Businesses

→ Net sales from other businesses, such as parts, repairs, used cranes and other products, were ¥28,847 million (110.0% 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 outside Japan sales increased



Example of boom removal from All Terrain Crane, ATF400G

Product photo: CL-500 (Released on August 2013)

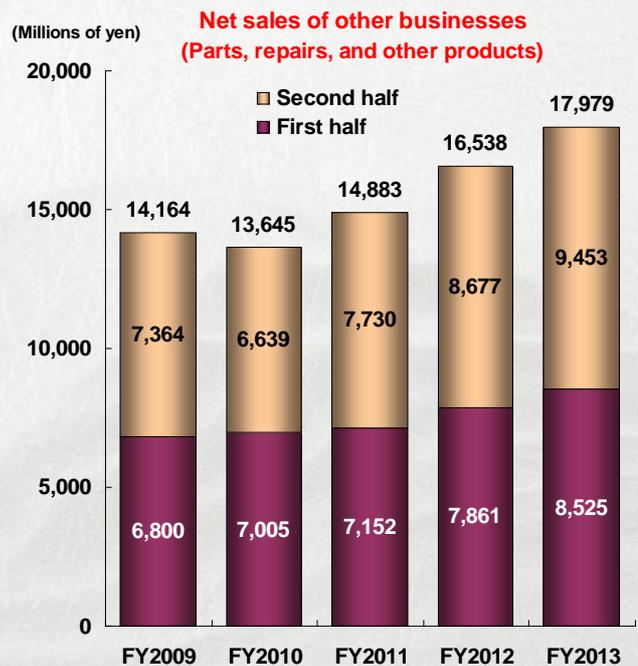
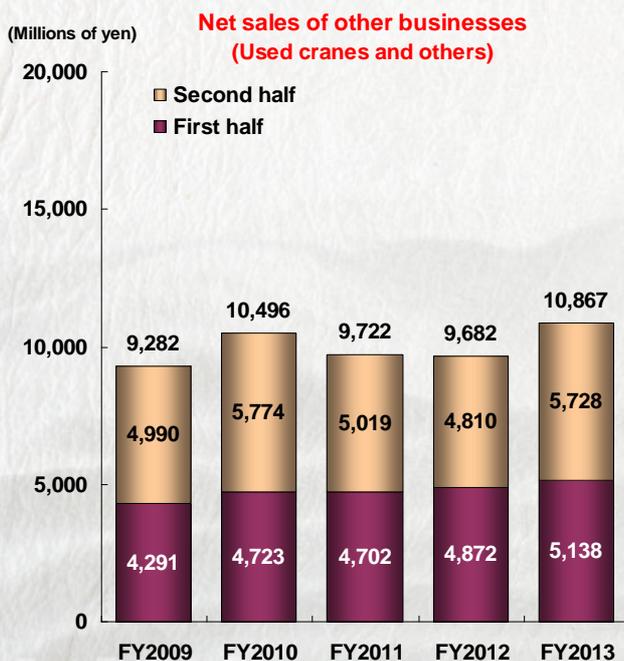
### [All Terrain Crane mounting/removal lifters]

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

### [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 and outside Japan increased during this fiscal year

# Other Businesses



# FY 2014 Business Performance Forecasts

(Unit: millions of yen) [FY 2014 management policies]

	FY2013		FY2014 forecast		Percent change
	Amount	Percentage	Amount	Percentage	
Net sales	181,764	100.0%	192,000	100.0%	+5.6%
Operating income	21,140	11.6%	23,000	12.0%	+8.8%
Ordinary income	21,642	11.9%	22,500	11.7%	+4.0%
Net income	14,410	7.9%	14,700	7.7%	+2.0%

- (i) Pursue the TADANO Group's Core Values (Safety, Quality, Efficiency)
- (ii) First-year deployment of the Mid-Term Management Plan (14 - 16)
  - Enhance volume & quality in Core Market, expand volume in Strategic Market
  - Improve profitability
  - Improve and pursue quality

## [Seven Strategies of the Mid-Term Management Plan (14 - 16)]

- (i) Enhance volume & quality in Core Market, Expand volume in Strategic Market
- (ii) Provide No.1 products and expand our sales lineup
- (iii) Pursue global & flexible MONOZUKURI
- (iv) Provide Outstanding Quality & Service
- (v) Improve life-cycle value of our products
- (vi) Raise profitability level
- (vii) Strengthen the TADANO group & global management structure

Dividends per share	Interim: ¥9.00	Interim: ¥10.00
	Year-end: ¥10.00	Year-end: ¥10.00
	Full-year: ¥19.00	Full-year: ¥20.00

Capital investment	¥4,178 million	¥5,000 million
Depreciation	¥2,366 million	¥2,800 million
Exchange rate (USD)	¥97.65	¥100.00
Exchange rate (EUR)	¥129.68	¥135.00

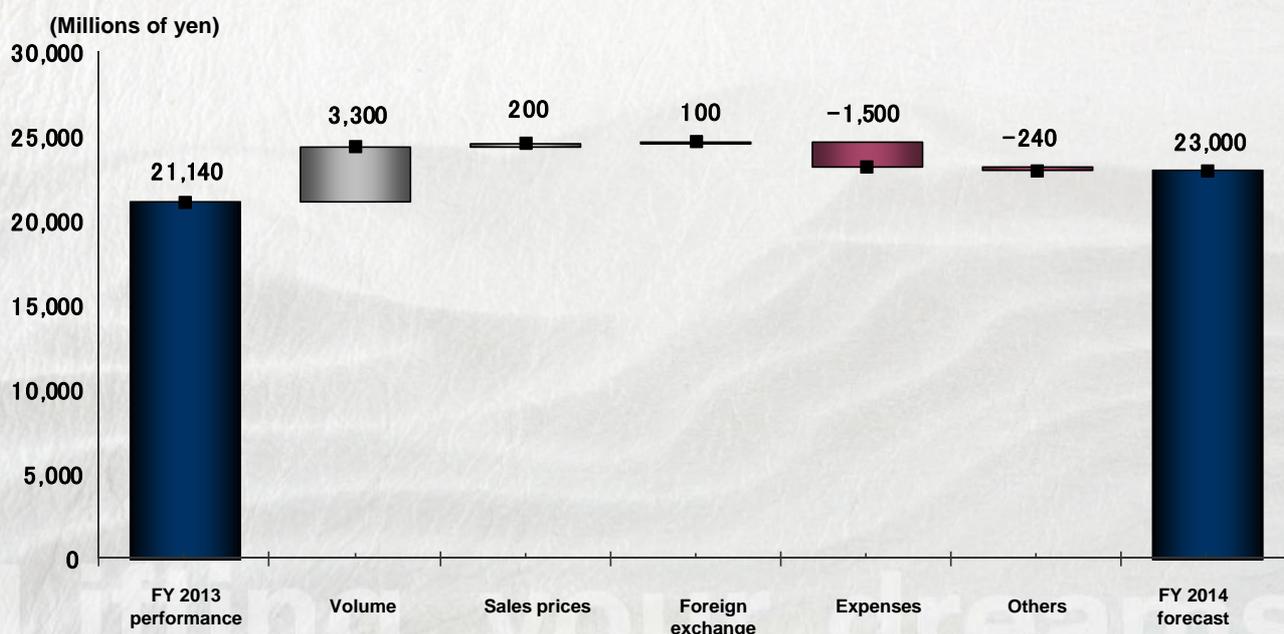
Note: Figures for capital investment include leased assets.

- FY 2014 full-year proportion of sales outside Japan: 53.1%

# FY 2014 Business Performance Forecasts

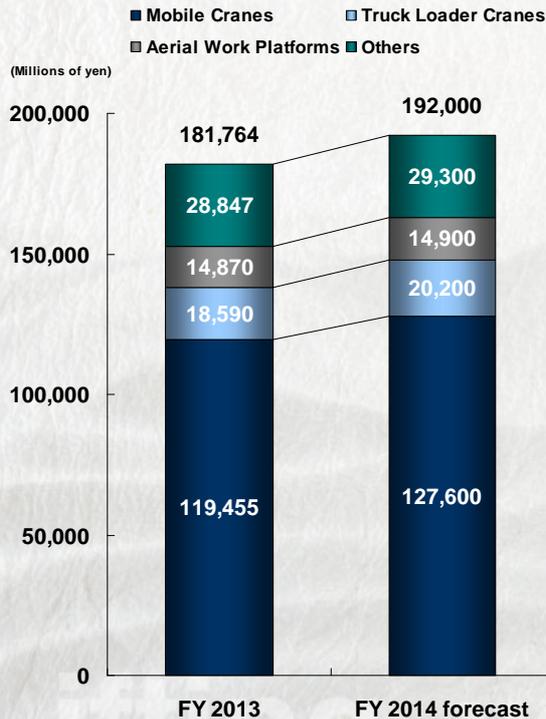
(Main Causes of Changes in Operating Income)

Operating income is projected to increase by ¥1.9 billion due to the sales expansion both in and outside of Japan which offsets cost rise.



# FY 2014 Business Performance Forecasts

## (Net Sales by Product)



(Unit: millions of yen)

	FY 2013		FY 2014 forecast		Increase/decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percent change
Mobile Cranes	119,455	65.7%	127,600	66.5%	8,145	6.8%
Truck Loader Cranes	18,590	10.2%	20,200	10.5%	1,610	8.7%
Aerial Work Platforms	14,870	8.2%	14,900	7.8%	30	0.2%
Others	28,847	15.9%	29,300	15.2%	453	1.6%
<b>Total</b>	<b>181,764</b>	<b>100%</b>	<b>192,000</b>	<b>100%</b>	<b>10,236</b>	<b>5.6%</b>

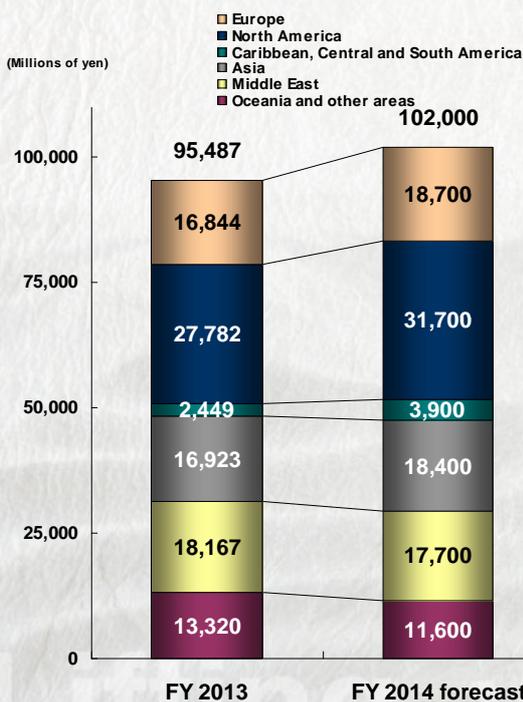
➤ Outside Japan sales ratio: 52.5% → 53.1%

\* Breakdown of Mobile Crane sales both in and outside Japan

Japan	38,295	41,000	2,705	7.1%
Outside Japan	81,159	86,600	5,441	6.7%

# FY 2014 Business Performance Forecasts

## (Net Sales by Destination)



(Unit: millions of yen)

	FY 2013		FY 2014 forecast		Increase/decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percent change
Europe	16,844	9.3%	18,700	9.7%	1,856	11.0%
North America	27,782	15.3%	31,700	16.5%	3,918	14.1%
Caribbean, Central and South America	2,449	1.3%	3,900	2.0%	1,451	59.2%
Asia	16,923	9.3%	18,400	9.6%	1,477	8.7%
Middle East	18,167	10.0%	17,700	9.2%	-467	-2.6%
Oceania and other areas	13,320	7.3%	11,600	6.1%	-1,720	-12.9%
<b>Subtotal (total outside Japan sales)</b>	<b>95,487</b>	<b>52.5%</b>	<b>102,000</b>	<b>53.1%</b>	<b>6,513</b>	<b>6.8%</b>
Japan	86,276	47.5%	90,000	46.9%	3,724	4.3%

Note: The graph on the left excludes Japan.

# TOPICS

## ➤ Our exhibition at 'ConExpo 2014'

One of the three biggest construction machine exhibitions in the world, at Las Vegas from March 4 to 8, 2014

More than 2,400 companies took part in the last 'ConExpo 2011', attracting more than 120,000 visitors from all over the world.

All Terrain Cranes (two models): ATF400G-6, ATF220G-5

Rough Terrain Cranes (four models): GR-1600XL-2, GR-1000XL-2, GR-750XL-2, GR-150XL-1

Telescopic Boom Crawler Crane (one model): GTC-1200



Lifting your dreams

