TADANO

Explanatory Materials for FY2014 First Quarter Consolidated Financial Results

Lifting your dreams

* 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.

August 2014
TADANO Ltd.

Lifting your dreams



Income Statement (vs. Previous Year)

Lifting your dreams

(Unit: millions of yen)

	1Q FY2013		1Q FY2014		Change
	Amount	Percentage	Amount	Percentage	
Net sales	38,114	100.0%	44,082	100.0%	5,968
Cost of sales	26,750	70.2%	31,424	71.3%	4,673
Gross profit on installment sales	13	0.0%	37	0.1%	24
Gross profit	11,376	29.8%	12,695	28.8%	1,318
Selling, general, and administrative expenses	6,694	17.6%	6,877	15.6%	182
Operating income	4,682	12.3%	5,817	13.2%	1,135
Non-operating income and loss	554	1.5%	-182	-0.4%	-737
Ordinary income	5,236	13.7%	5,634	12.8%	398
Extraordinary income and loss	0	0.0%	-8	0.0%	-8
Income before income taxes and minority interests	5,236	13.7%	5,626	12.8%	390
Corporate taxes	1,251	3.3%	1,911	4.3%	660
Minority interests	13	0.0%	16	0.0%	3
Net income	3,971	10.4%	3,698	8.4%	-273

[Key changes of this quarter (April-June)]

The highest sales, operating income and ordinary income ever for the first quarter.

- **Net sales**
  - Consolidated net sales increased by 15.7% compared with the previous 1Q.
  - Outside Japan sales ratio was 62.0%.
- **COGS ratio**
  - COGS ratio was 71.3%, increased by 1.1 percentage points compared with the previous 1Q due to the change in sales breakdown.
- **Selling, general, and administrative expenses**
  - ¥0.1 billion increase compared with the previous 1Q.
- **Profits:**
  - Operating income increased by ¥1.1 billion compared with the previous 1Q.
  - Ordinary income increased by ¥0.4 billion compared with the previous 1Q.
  - Net income decreased by ¥0.2 billion compared with the previous 1Q.
  - **Factors of ordinary income change:**
    - → + ¥1.7 billion by increase of ¥5.9 billion net sales
    - → - ¥0.5 billion due to 1.1 percentage points increase of COGS ratio
    - → - ¥0.1 billion due to increase of selling, general, and administrative expenses
    - → - ¥0.7 billion due to non-operating income and loss (- ¥0.7 billion by influence of foreign exchange income and loss)

Balance Sheet (vs. End of Previous Fiscal Year)

Lifting your dreams

(Unit: millions of yen)

	FY2013 year-end		1Q FY2014		Change
	Amount	Percentage	Amount	Percentage	
Cash deposit	48,365	24.3%	59,740	28.5%	11,375
Accounts receivable	48,259	24.3%	42,518	20.3%	-5,741
Inventories	45,968	23.1%	52,544	25.0%	6,575
Other current assets	8,074	4.1%	6,264	3.0%	-1,809
Total current assets	150,668	75.7%	161,067	76.7%	10,399
Tangible fixed assets	36,859	18.5%	36,971	17.6%	112
Intangible fixed assets	857	0.4%	842	0.4%	-14
Investment and other assets	10,559	5.3%	11,076	5.3%	516
Total fixed assets	48,275	24.3%	48,891	23.3%	615
Total assets	198,944	100.0%	209,958	100.0%	11,014
Accounts payable	30,036	15.1%	34,385	16.4%	4,349
Interest-bearing debt	38,233	19.2%	50,115	23.9%	11,881
Other liabilities	27,708	13.9%	20,895	10.0%	-6,812
Total liabilities	95,978	48.2%	105,396	50.2%	9,418
Total equity	102,965	51.8%	104,561	49.8%	1,596
Total liabilities and equity	198,944	100.0%	209,958	100.0%	11,014

[Key changes]

- **Accounts receivable decreased:**

  ¥48.2 billion → ¥42.5 billion

  → The receivable turnover period improved.
  (FY2013: 96.9 days → 1Q FY2014: 87.8 days)

- **Inventories increased:**

  ¥45.9 billion → ¥52.5 billion

  (The ¥52.5 billion includes ¥14.3 billion in TADANO Faun GmbH)

  → The inventory turnover period increased.
  (FY2013: 92.3 days → 1Q FY2014: 108.5 days)

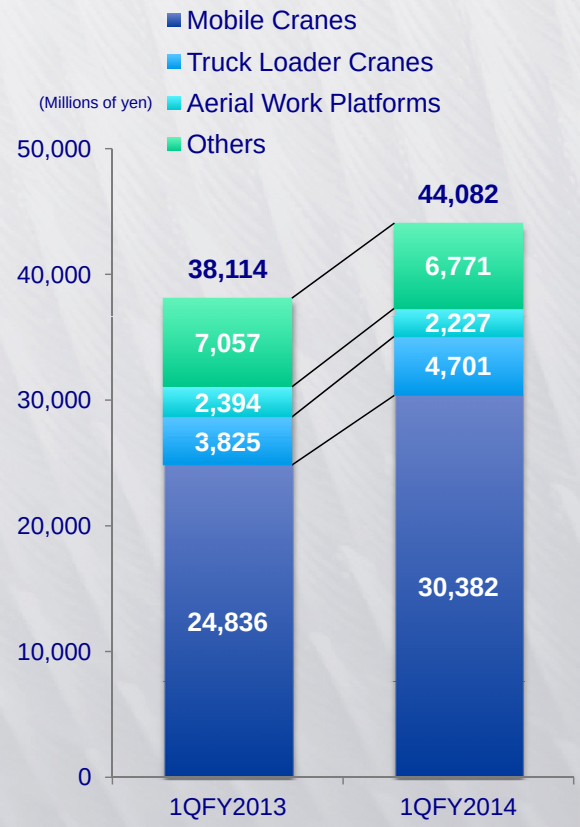
- **Interest-bearing debt increased:**

  ¥38.2 billion → ¥50.1 billion

  → Short-term: increased by ¥1.9 billion;
  Long-term: increased by ¥10.0 billion

  (Straight bonds issued in 1Q FY2014: ¥10.0 billion)

Net Sales by Product



(Unit: millions of yen)

	1Q FY2013		1Q FY2014		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	24,836	65.2%	30,382	68.8%	5,545	22.3%
Truck Loader Cranes	3,825	10.0%	4,701	10.7%	875	22.9%
Aerial Work Platforms	2,394	6.3%	2,227	5.1%	-166	-7.0%
Others	7,057	18.5%	6,771	15.4%	-286	-4.1%
Total	38,114	100%	44,082	100%	5,968	15.7%

* Breakdown of Mobile Crane sales in and outside Japan

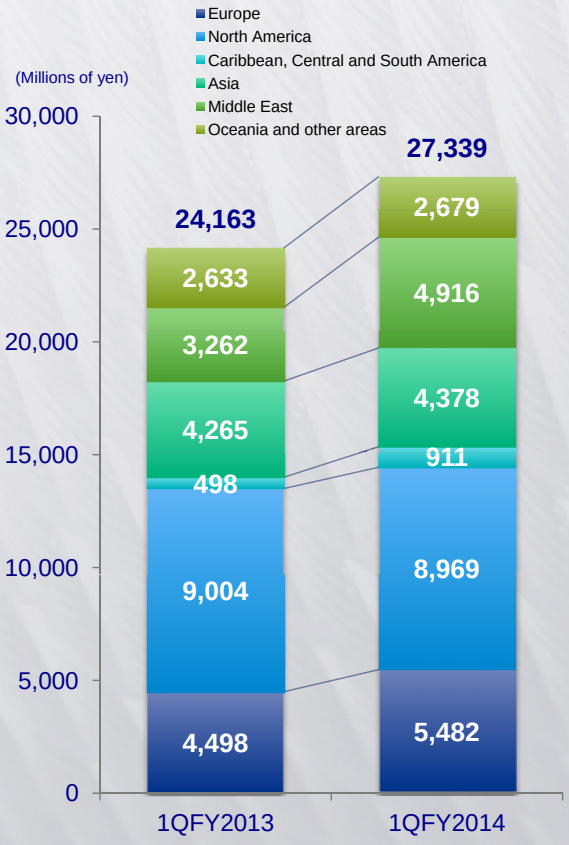
Japan	4,186	6,510	2,324	55.5%
Outside Japan	20,650	23,871	3,221	15.6%

* Exchange rate (January-March average rate)

USD	92.42	102.78
EUR	122.04	140.79

* Since the fiscal year for subsidiaries outside of Japan ends in December, the rates given here are January-March average.

Net Sales by Destination

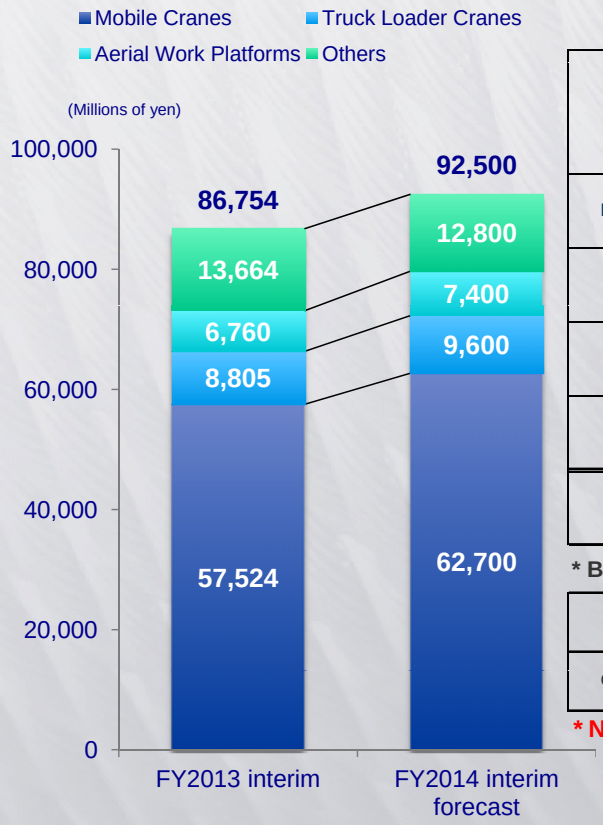


(Unit: millions of yen)

	1Q FY2013		1Q FY2014		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Europe	4,498	11.8%	5,482	12.4%	983	21.9%
North America	9,004	23.6%	8,969	20.3%	-34	-0.4%
Caribbean, Central and South America	498	1.3%	911	2.1%	412	82.6%
Asia	4,265	11.2%	4,378	9.9%	112	2.6%
Middle East	3,262	8.6%	4,916	11.2%	1,654	50.7%
Oceania and other areas	2,633	6.9%	2,679	6.1%	46	1.8%
Subtotal (total outside Japan sales)	24,163	63.4%	27,339	62.0%	3,175	13.1%
Japan	13,950	36.6%	16,743	38.0%	2,793	20.0%
Total	38,114	100%	44,082	100%	5,968	15.7%

* The graph on the left excludes Japan.

FY2014 Interim Forecast (Net Sales by Product)



(Unit: millions of yen)

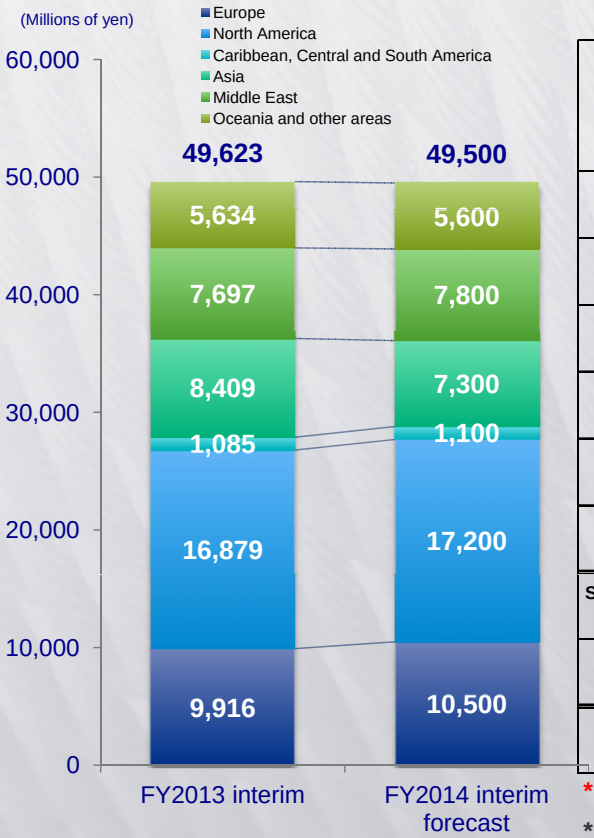
	FY2013 interim		FY2014 interim forecast		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	57,524	66.3%	62,700	67.8%	5,176	9.0%
Truck Loader Cranes	8,805	10.1%	9,600	10.4%	795	9.0%
Aerial Work Platforms	6,760	7.8%	7,400	8.0%	640	9.5%
Others	13,664	15.8%	12,800	13.8%	-864	-6.3%
Total	86,754	100%	92,500	100%	5,746	6.6%

* Breakdown of Mobile Crane sales in and outside Japan

Japan	14,696	19,500	4,804	32.7%
Outside Japan	42,827	43,200	373	0.9%

* No changes from the forecast released on April 28, 2014.

FY2014 Interim Forecast (Net Sales by Destination)



(Unit: millions of yen)

	FY2013 interim		FY2014 interim forecast		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Europe	9,916	11.4%	10,500	11.4%	584	5.9%
North America	16,879	19.5%	17,200	18.6%	321	1.9%
Caribbean, Central and South America	1,085	1.3%	1,100	1.2%	15	1.4%
Asia	8,409	9.7%	7,300	7.9%	-1,109	-13.2%
Middle East	7,697	8.9%	7,800	8.4%	103	1.3%
Oceania and other areas	5,634	6.5%	5,600	6.0%	-34	-0.6%
Subtotal (total outside Japan sales)	49,623	57.2%	49,500	53.5%	-123	-0.2%
Japan	37,130	42.8%	43,000	46.5%	5,870	15.8%
Total	86,754	100%	92,500	100%	5,746	6.6%

* No changes from the forecast released on April 28, 2014.

* The graph on the left excludes Japan.