TADANO

Explanatory Materials for FY2015 Consolidated Financial Results

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.

May 2016
TADANO Ltd.

Lifting your dreams

TADANO

Corporate Profile

Lifting your dreams

[Corporate name]	TADANO Ltd. (established August 24, 1948); founder: Masuo Tadano Developed Japan's first hydraulic Truck Crane in 1955
[Representative]	Koichi Tadano, President and C.E.O., Representative Director
[Head office]	Ko-34 Shinden-cho, Takamatsu, Kagawa, Japan
[Major lines of business]	Production and distribution of Mobile Cranes, Truck Loader Cranes, and Aerial Work Platforms
[Sites]	Tokyo Office [Sumida-ku], Takamatsu Plant [Takamatsu], Shido Plant [Sanuki], Tadotsu Plant [Tadotsu], Chiba Plant [Chiba]
[Other facilities]	Japan: 10 branch offices, 23 sales offices; Outside Japan: Beijing Office [China], Middle East Office [UAE]
[Paid-in capital]	¥13,021 million [Stock shares] Shares issued: 129 million Number of shareholders: 7,275 (as of March 31, 2016)
[Net sales]	¥209,426 million (FY 2015)
[Number of employees]	Consolidated: 3,433; non-consolidated: 1,505 (as of March 31, 2016)

[Major subsidiaries]

11 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.
TAIHEIKIKOU K.K.
TADANO KYOSHU CENTER K.K.
TADANO BUTSURYU K.K.
TADANO SYSTEMS Inc.
TADANO BUSINESS SUPPORT K.K.

NITTSU JUKI SERVICE K.K.

18 subsidiaries and two affiliates outside Japan:

TADANO FAUN GmbH, TADANO FAUN Stahlbau GmbH [Germany]
TADANO UK Ltd. [U.K.]
TADANO France SAS [France] (established in February)
TADANO America Holdings, Inc., TADANO America Corp., TADANO MANTIS Corp., [U.S.A.]
TADANO Panama S.A. [Panama]
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 Korea Co., Ltd. [South Korea]
TADANO (Thailand) Co., Ltd., TADANO Thai Parts and Service Co., Ltd. [Thailand]
TADANO Asia Pte. Ltd. [Singapore]
TADANO India Pvt. Ltd. [India]
TADANO Oceania Pty Ltd. [Australia]

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

Key Points of FY 2015 Financial Results

Lifting your dreams

(Unit: millions of yen)

	FY 2014		FY 2015		Percent change
	Amount	Percentage	Amount	Percentage	
Net sales	204,059	100.0%	209,426	100.0%	2.6%
Operating income	29,462	14.4%	31,062	14.8%	5.4%
Ordinary income	30,357	14.9%	30,680	14.6%	1.1%
Net income attributable to Tadano Ltd.	19,483	9.5%	19,621	9.4%	0.7%

Dividends per share	Mid-year	¥11.00	Mid-year	¥13.00
	Year-end	¥12.00	Year-end	¥13.00
	Full-year	¥23.00	Full-year	¥26.00

	FY 2014	FY 2015
Capital investment	¥3,905 million	¥4,572 million
Depreciation	¥2,589 million	¥2,793 million
Exchange rate (USD)	¥105.85	¥121.05
Exchange rate (EUR)	¥140.42	¥134.31

* Figures for capital investments include leased assets.

* The exchange rates given above are average rates for the period from January to December. (Subsidiaries outside Japan undertake their settlement of accounts in December.)

[FY 2015 management policies]

(i) Pursuit of the TADANO Group's Core Values (Safety, Quality, Efficiency)

(ii) Second-year deployment of the Mid-Term Management Plan (14–16)

(iii) Preparation for a potential market reversal

◆ **Highest revenues and profits reached record highs for the third consecutive fiscal year**

◆ **Increases in revenues and profits for the fifth consecutive fiscal year**
- Expanding sales both in and outside Japan
- Foreign exchange influence
- Reducing costs

◆ **Expanding sales both in and outside Japan**

⇒Net sales in Japan: ¥100.5 billion → ¥104.9 billion (+4.4%) Growth in Mobile Cranes and Aerial Work Platforms

⇒Net sales outside Japan: ¥103.5 billion → ¥104.4 billion (+0.9%)
Growth attributable to expanding sales of larger models despite the decrease in demand
Highest sales outside Japan

◆ **Outside Japan sales ratio : 50.7% → 49.9%**

◆ **Income grew from the previous year-end results:**

Operating income: ¥29.4 billion → ¥31.0 billion
Ordinary income: ¥30.3 billion → ¥30.6 billion
Net income: ¥19.4 billion → ¥19.6 billion

Income Statement (vs. Previous Year)

Lifting your dreams

(Unit: millions of yen)

	FY 2014		FY 2015		Increase/ decrease
	Amount	Percentage	Amount	Percentage	
Net sales	204,059	100.0%	209,426	100.0%	5,366
Cost of sales	144,219	70.7%	146,298	69.9%	2,079
Gross profit on installment sales	1	0.0%	-91	-0.0%	-92
Gross profit	59,841	29.3%	63,036	30.1%	3,194
Selling, general, and administrative expenses	30,378	14.9%	31,973	15.3%	1,594
Operating income	29,462	14.4%	31,062	14.8%	1,600
Non-operating income and loss	894	0.4%	-382	-0.2%	-1,277
Ordinary income	30,357	14.9%	30,680	14.6%	323
Extraordinary income and loss	-27	-0.0%	-563	-0.3%	-535
Income before income taxes	30,329	14.9%	30,117	14.4%	-212
Corporate taxes	10,803	5.3%	10,608	5.1%	-194
Net income attributable to noncontrolling interests	42	0.0%	-113	-0.1%	-155
Net income attributable to Tadano Ltd.	19,483	9.5%	19,621	9.4%	137

[Key changes]

◆ **COGS ratio: 70.7% → 69.9%**
- Due to the efforts for maintaining appropriate sales prices, cost reductions and foreign exchange effects, the COGS ratio improved by 0.8 percentage points from the previous fiscal year

◆ **Selling, general, and administrative expenses: ¥1,594 million increase**
- Variable costs: - ¥359 million
- Personnel costs: + ¥916 million
- Other expenses: + ¥1,037 million

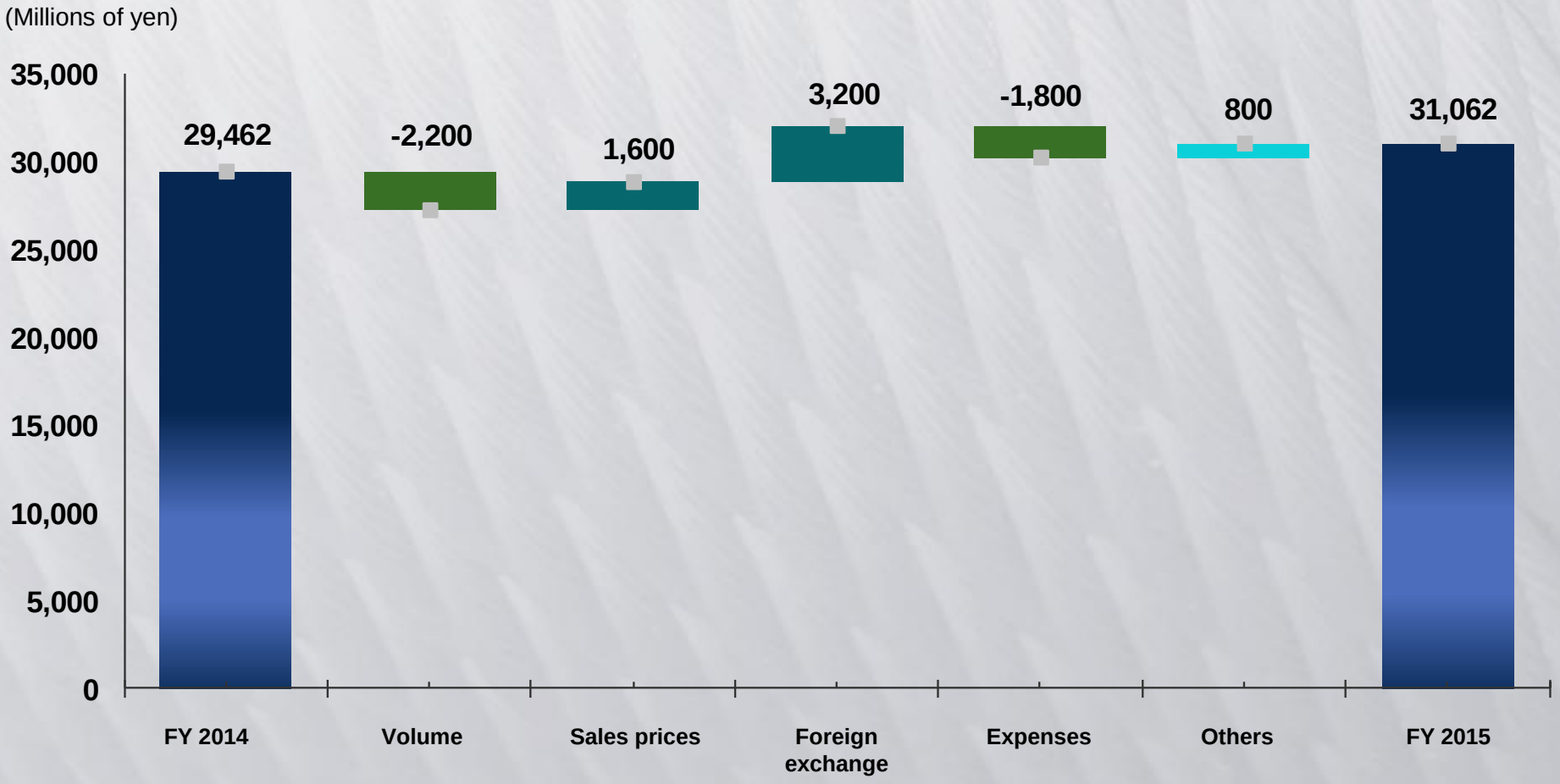
◆ **Non-operating income and loss:**
- Non-operating income: ¥1,731 million → ¥623 million
- Non-operating loss: ¥837 million → ¥1,006 million

◆ **Extraordinary income and loss:**
- Extraordinary income: ¥44 million → ¥517 million
- Extraordinary loss: ¥71 million → ¥1,080 million
  - Gain on sales of investment securities: ¥511 million
  - Loss on valuation of investments in capital of affiliates: ¥692 million
  - Impairment loss: ¥283 million

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

Lifting your dreams

Price improvements and foreign exchange effects resulted in a ¥1.6 billion increase in operating income.



Balance Sheet (vs. End of Previous Period)

Lifting your dreams

(Unit: millions of yen)

	FY 2014		FY 2015		Increase/ decrease
	Amount	Percentage	Amount	Percentage	
Cash deposit	61,533	27.5%	73,618	31.3%	12,084
Accounts receivable	52,328	23.4%	51,143	21.7%	-1,184
Inventories	51,384	23.0%	53,021	22.5%	1,637
Other current assets	7,250	3.2%	7,699	3.3%	448
Total current assets	**172,497**	**77.1%**	**185,483**	**78.8%**	**12,986**
Tangible fixed assets	38,292	17.1%	38,982	16.6%	689
Intangible fixed assets	1,258	0.6%	1,187	0.5%	-71
Investment and other assets	11,560	5.2%	9,747	4.1%	-1,813
Total fixed assets	**51,111**	**22.9%**	**49,917**	**21.2%**	**-1,194**
Total assets	**223,608**	**100.0%**	**235,400**	**100.0%**	**11,792**
Accounts payable	34,417	15.4%	35,845	15.2%	1,427
Interest-bearing debt	37,620	16.8%	36,869	15.7%	-750
Other liabilities	29,429	13.2%	27,889	11.8%	-1,539
Total liabilities	**101,467**	**45.4%**	**100,603**	**42.7%**	**-863**
Total equity	**122,141**	**54.6%**	**134,796**	**57.3%**	**12,655**
Total liabilities and equity	**223,608**	**100.0%**	**235,400**	**100.0%**	**11,792**

[Key changes]

◆ **Accounts receivable decreased:**

¥52.3 billion → ¥51.1 billion

⇒ The receivable turnover period improved.
(FY2014: 93.6 days → FY2015: 89.1 days)

◆ **Inventories increased:**

¥51.3 billion → ¥53.0 billion

(The ¥53.0 billion includes ¥15.7 billion in TFG.)

⇒ The inventory turnover period deteriorated.
(FY2014: 91.9 days → FY2015: 92.4 days)

◆ **Interest-bearing debt decreased:**

¥37.6 billion → ¥36.8 billion

⇒ Short-term: increased by ¥0.1 billion;
Long-term: decreased by ¥0.8 billion

◆ **ROA (operating income basis)**

13.9% → 13.5%

Mid-term plan target: 13.0% or higher in FY2016

◆ **ROE** **17.5% → 15.4%**

Overview of Cash Flow

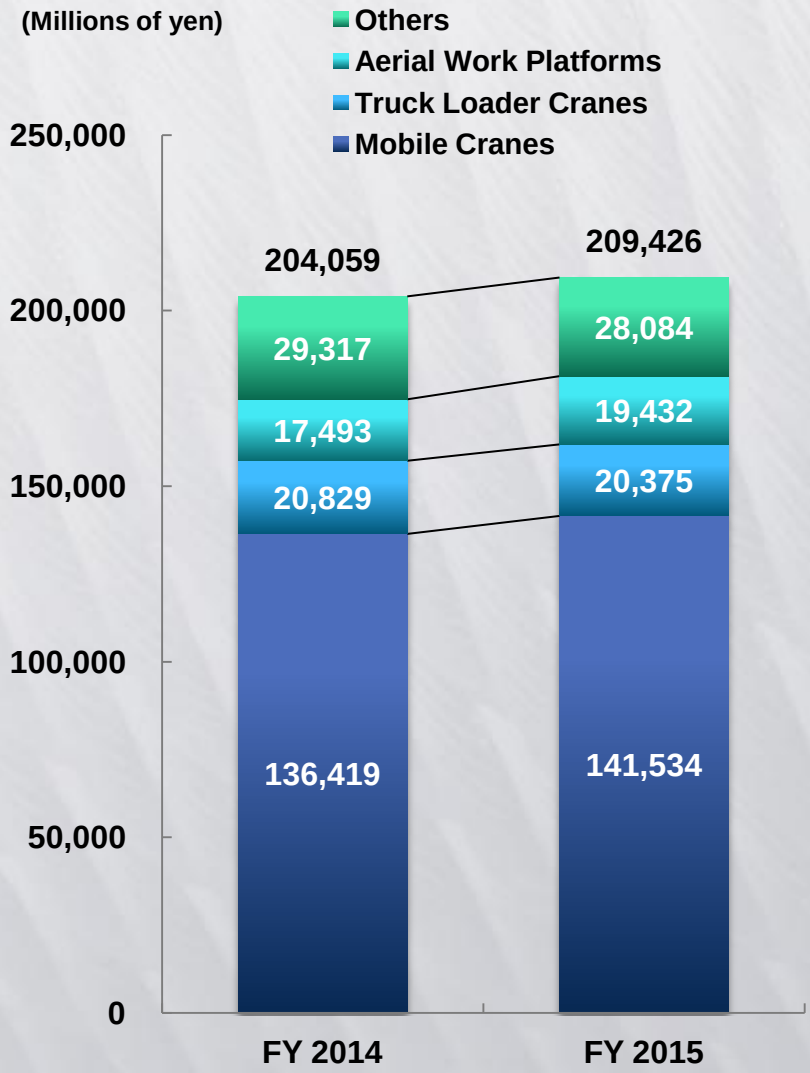
Lifting your dreams

Total cash flow increased by ¥11.8 billion thanks to significantly greater cash flow from operating activities.



Net Sales by Product

Lifting your dreams



(Unit: millions of yen)

	FY 2014		FY 2015		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	136,419	66.8%	141,534	67.6%	5,114	3.7%
Truck Loader Cranes	20,829	10.2%	20,375	9.7%	-454	-2.2%
Aerial Work Platforms	17,493	8.6%	19,432	9.3%	1,939	11.1%
Others	29,317	14.4%	28,084	13.4%	-1,233	-4.2%
Total	204,059	100%	209,426	100%	5,366	2.6%

◆Outside Japan sales ratio 50.7% → 49.9%

Mobile Crane sales in and outside Japan

Japan	47,455	51,104	3,649	7.7%
Outside Japan	88,964	90,429	1,465	1.6%

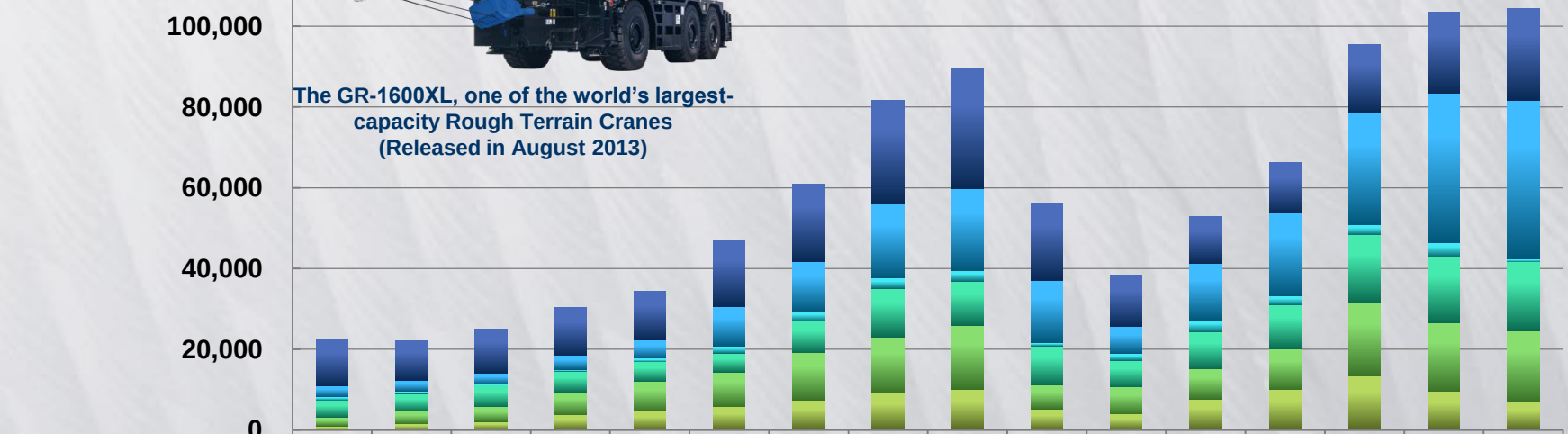
Sales Trends by Market Outside Japan

Lifting your dreams

Sales outside Japan recovered and reached the highest levels after bottoming out in FY2010 at lower than one-half of the previous peak.
Compared to the previous fiscal year, sales grew by 13.0% in Europe, 6.2% in North America, 4.3% in Asia, and 3.7% in Middle East.



The GR-1600XL, one of the world's largest-capacity Rough Terrain Cranes (Released in August 2013)



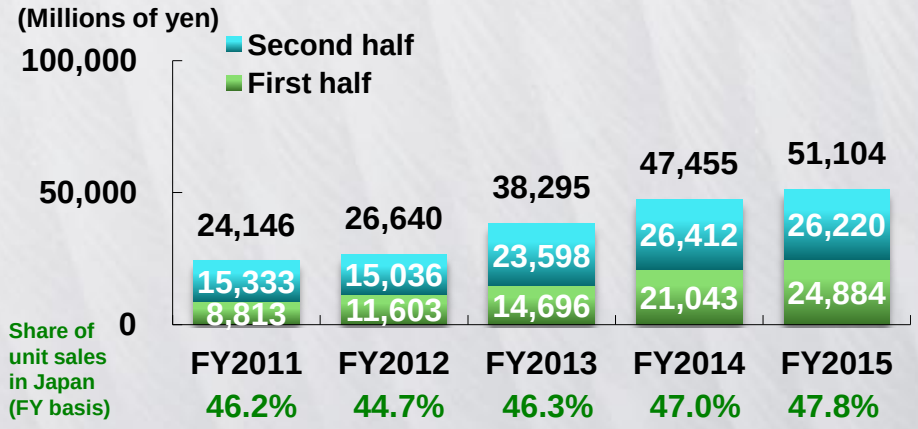
	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Europe	11,435	9,754	10,893	11,978	12,000	16,292	19,170	25,566	29,630	19,196	12,739	11,643	12,510	16,844	20,211	22,844
North America	2,671	2,739	2,755	3,402	4,547	9,798	12,324	18,342	20,145	15,301	6,616	13,938	20,406	27,782	36,836	39,127
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	3,475	826
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	16,383	17,083
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	17,052	17,680
Others	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	9,576	6,881
Total	22,379	22,072	24,968	30,384	34,285	46,859	60,894	81,557	89,354	56,191	38,277	52,872	66,160	95,487	103,535	104,444
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%	50.7%	49.9%
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	105.85	121.05
Exchange rate (EUR)	99.63	108.8	118.41	131.03	134.47	136.92	146.14	161.24	152.44	130.2	116.39	111.12	102.63	129.68	140.42	134.31

Notes
- Other markets comprise Oceania, Africa, and the CIS.
- The exchange rates indicated above are average rates over each period. (Since the fiscal year of subsidiaries outside Japan ends in December, full-year rates are averages for January-December.)
- Euro figures for FY2001 and earlier have been converted from Deutsche Mark.

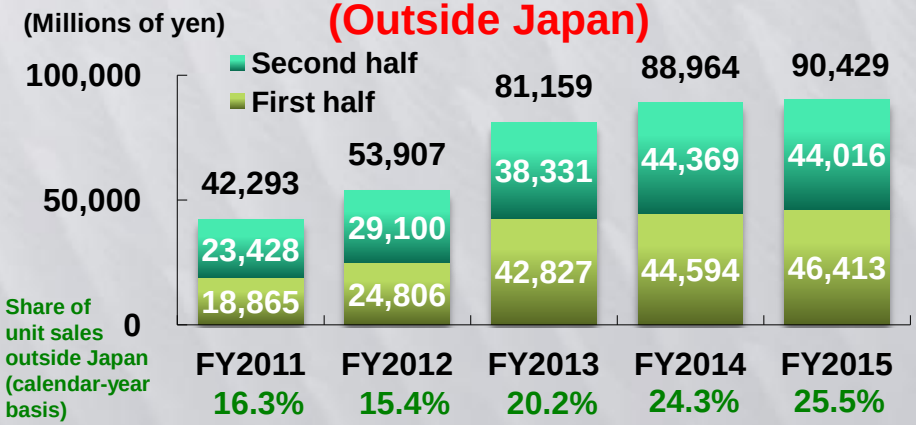
Mobile Cranes

Lifting your dreams

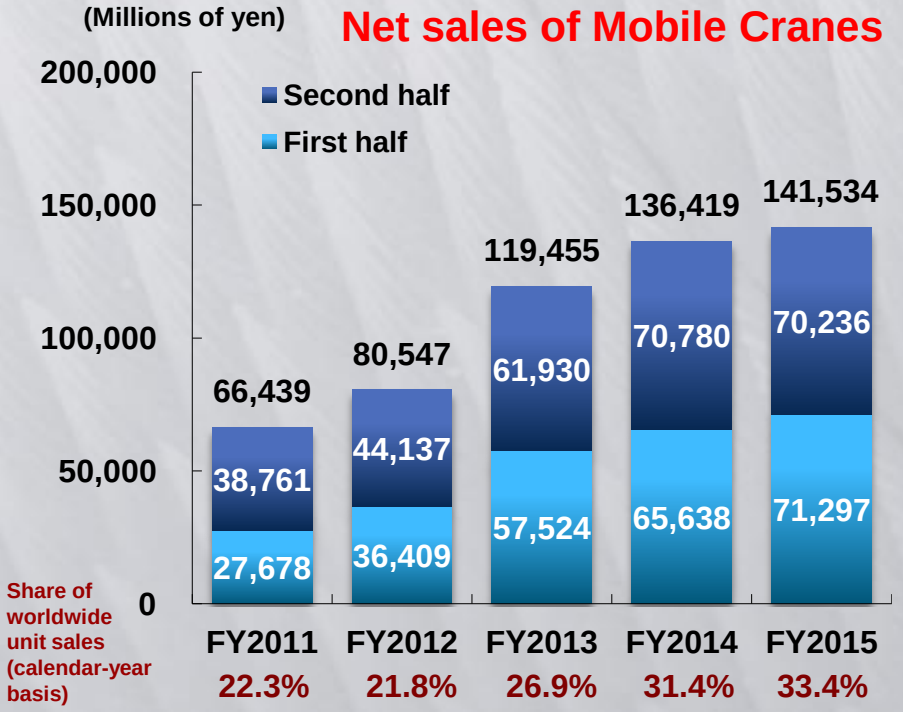
Net sales of Mobile Cranes (Japan)



Net sales of Mobile Cranes (Outside Japan)

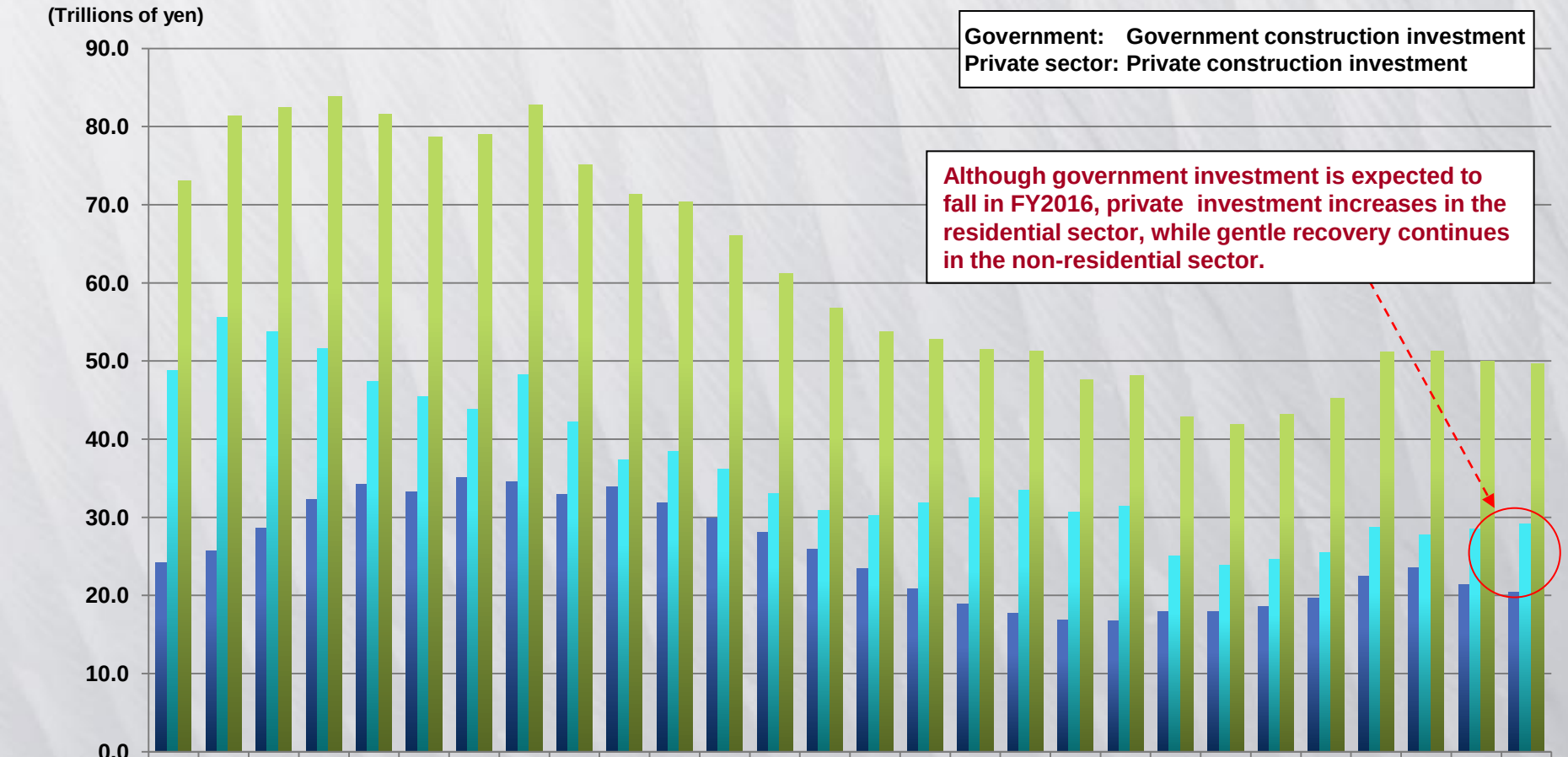


Net sales of Mobile Cranes



Trends and Forecast of Construction Investment in Japan

Lifting your dreams



	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13 est.	FY14 est.	FY15 for.	FY16 for.
Government	24.2	25.7	28.6	32.3	34.2	33.2	35.1	34.5	32.9	33.9	31.9	29.9	28.1	25.9	23.4	20.8	18.9	17.7	16.9	16.7	17.9	17.9	18.6	19.7	22.5	23.5	21.4	20.4
Private sector	48.8	55.6	53.7	51.6	47.4	45.4	43.8	48.2	42.2	37.3	38.4	36.2	33.0	30.9	30.2	31.9	32.5	33.5	30.7	31.4	25.0	23.9	24.6	25.5	28.7	27.8	28.5	29.1
Total	73.1	81.4	82.4	83.9	81.6	78.7	79.0	82.8	75.1	71.3	70.4	66.1	61.2	56.8	53.7	52.8	51.5	51.3	47.6	48.1	42.9	41.9	43.2	45.2	51.2	51.3	50.0	49.6

Notes 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 25, 2016)

Trends in Demand for Mobile Cranes in Japan

Lifting your dreams



A promising new three-axle 50t Rough Terrain Crane equipped with 3-staged jib, boasting the highest lifting height of its class
GR-500N: Released in April 2015

	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Second-half total demand	3,039	3,489	3,173	2,276	1,749	1,788	1,933	2,327	1,417	913	812	762	569	530	607	740	907	1,071	1,311	685	541	556	823	1,020	1,363	1,336	1,278
First-half total demand	2,609	3,266	3,367	2,766	2,035	1,737	1,863	2,247	1,821	1,019	792	697	644	536	571	642	811	982	1,148	1,237	415	499	525	816	916	1,201	1,266
Full-year total demand	5,648	6,755	6,540	5,042	3,784	3,525	3,796	4,574	3,238	1,932	1,604	1,459	1,213	1,066	1,178	1,382	1,718	2,053	2,459	1,922	956	1,055	1,348	1,836	2,279	2,537	2,544

Based on TADANO research.

Mobile Cranes

Lifting your dreams

Market share in Japan: 47.0% → 47.8%

Demand for hydraulic Mobile Cranes in Japan was 2,544 units (for FY2015, based on TADANO research), up 0.3% from the previous fiscal year.

→ **Sales rose due primarily to a focus on expanding product sales to meet continuing high demand.**
Ton-based shares: 49.6% → 53.7%.
Net sales in Japan were ¥51,104 million (up 7.7% from the previous fiscal year).

[Rough Terrain Cranes]

- Main models in the Japanese Mobile Cranes business account for 95% of demand in Japan (60% of North American demand)
- Cranes suited to urban use; essential to construction in urban areas
- With compact bodies, these cranes perform well even in narrow areas (both front and rear axles can be steered)
- Able to operate the carrier and the crane from the same driver's seat
- Japanese market: five models with 13 to 70 ton lifting capacity
- Outside Japan markets: eight 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

GR-700N



Released on June 2013

[All Terrain Cranes]

- Large cranes for urban development, elevated driveways, and bridge construction in Japan, account for 5% of demand in Japan (89% of European demand)
- Outstanding long-distance mobility in addition to maneuverability (with steering feature)
- Japanese market: six models with 100 to 550 ton lifting capacity (produced by TADANO FAUN GmbH in Germany and TADANO)
- Outside Japan markets: ten 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

ATF100G



Released on April 2014 in Japan

Mobile Cranes

Lifting your dreams

[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: one model with 20 ton lifting capacity (produced by TADANO)
- Outside Japan markets: seven models with 35 to 80 ton lifting capacity (produced by TADANO, TADANO FAUN GmbH in Germany, and BQ-TADANO in China)

Focusing our efforts to export Truck Cranes with 35 and 55 ton lifting capacity produced by BQ-TADANO outside China.



[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)
- 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 4 emissions regulations for RCs in Japanese market
  Motor output 130 kW or higher: starting September, 2016 Less than 130 kW: starting September, 2017
- Emissions regulations for RCs in North American markets: Tier 4: started January 2014 (Next-generation regulations to be determined)
- Emissions regulations for ACs in European markets: Euromot IV: started January 2014 (Next-generation regulations to be determined)

Structure of the World Crane Industry

(Manufacturers of Hydraulic Cranes and Crawler Cranes)

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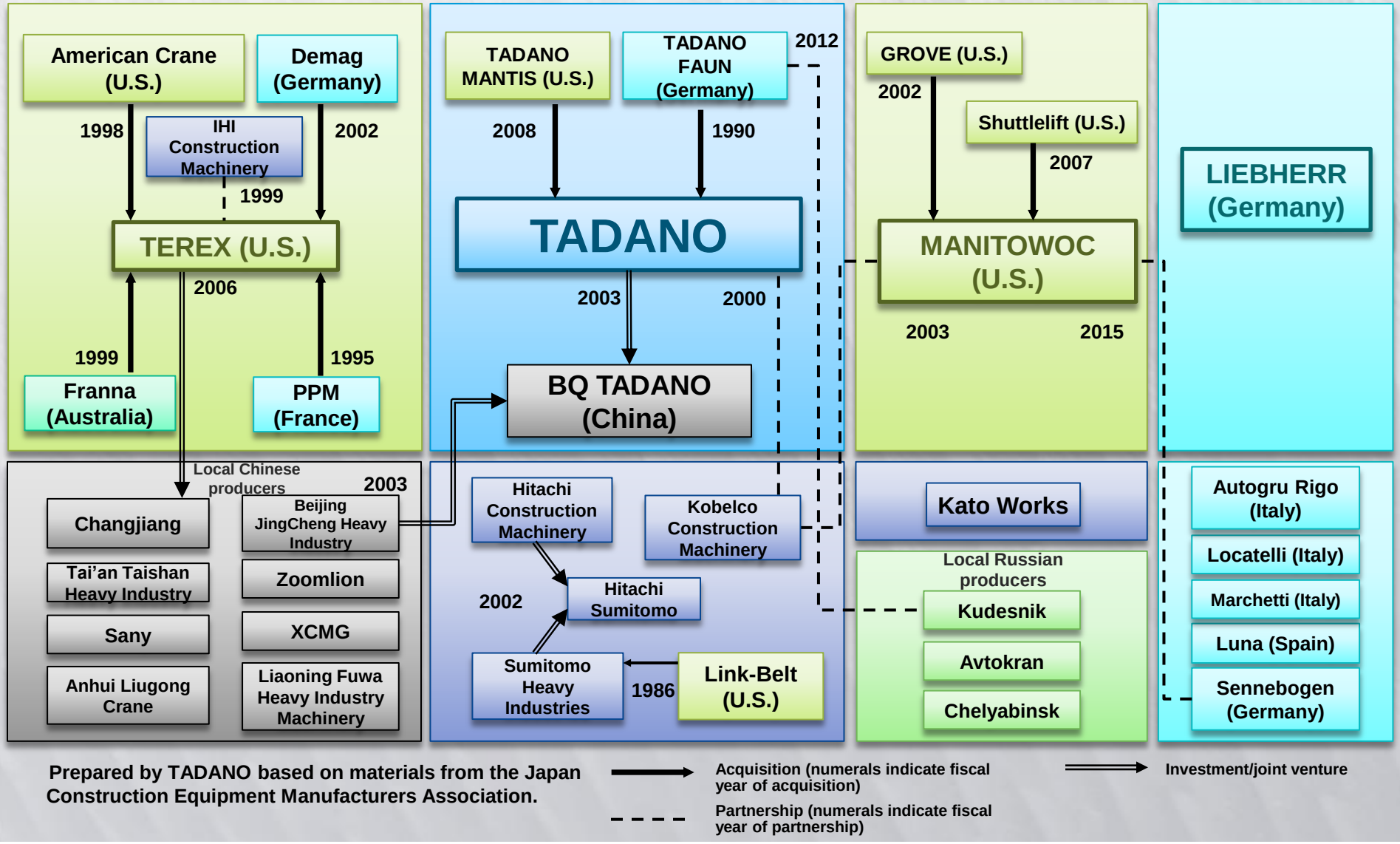


Prepared by TADANO based on materials from the Japan Construction Equipment Manufacturers Association.

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)



A crane delivering both a long boom and improved drivability, along with a choice of left- or right-hand-drive cabins
GR-500EXL: Released in March 2015 for markets outside Japan.

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 △

World demand collapsed by 59% over the two-year period following the economic shock spurred by the collapse of Lehman Brothers. Demand outside Japan fell by 21% after peaking in 2012.

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Europe	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	1,231	1,397
North America	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	1,930	1,453
Others	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	2,458	2,036
Demand outside Japan	3,512	4,305	5,079	5,619	5,294	5,232	4,592	3,963	3,845	4,115	4,937	6,132	7,746	9,413	5,252	3,768	4,901	6,180	6,030	5,619	4,886
Japan	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	2,566	2,585
Total demand	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	8,185	7,471

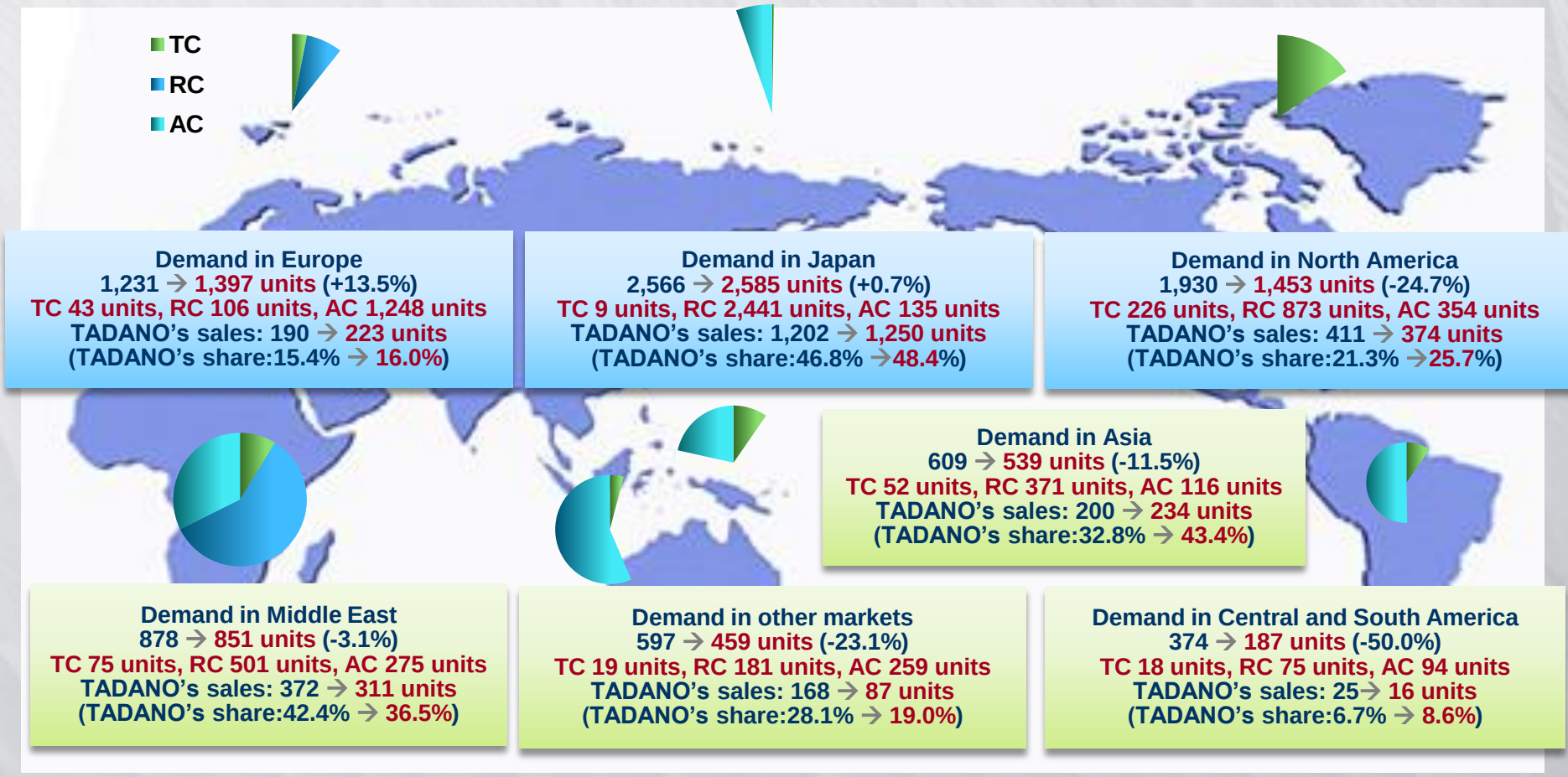
1. Demand outside Japan markets is estimated by TADANO based on SYSTEMATIC, CEMA, FEM, and other statistical data
2. Mobile Cranes produced in China and Russia are excluded.
   Demand trends in Chinese Market for Mobile Cranes produced in China are as follows:
   2009: 27,000 units, 2010: 35,000 units, 2011: 35,000 units, 2012: 22,000 units, 2013: 17,000 units, 2014: 14,000 units, 2015: 9,000 units

Mobile Cranes

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

Lifting your dreams

TADANO's share in the global market grew from 31.4% to 33.4%.
(Excluding Chinese and Russian production from the global demand.) TADANO's sales fell from 2,568 units to 2,495 units.
Global demand for hydraulic Mobile Cranes fell from 8,185 units to 7,471 units (January-December 2015, TADANO research), down 8.7% from the previous fiscal year.



Demand in Europe
1,231 → 1,397 units (+13.5%)
TC 43 units, RC 106 units, AC 1,248 units
TADANO's sales: 190 → 223 units
(TADANO's share:15.4% → 16.0%)

Demand in Japan
2,566 → 2,585 units (+0.7%)
TC 9 units, RC 2,441 units, AC 135 units
TADANO's sales: 1,202 → 1,250 units
(TADANO's share:46.8% →48.4%)

Demand in North America
1,930 → 1,453 units (-24.7%)
TC 226 units, RC 873 units, AC 354 units
TADANO's sales: 411 → 374 units
(TADANO's share:21.3% →25.7%)

Demand in Asia
609 → 539 units (-11.5%)
TC 52 units, RC 371 units, AC 116 units
TADANO's sales: 200 → 234 units
(TADANO's share:32.8% → 43.4%)

Demand in Middle East
878 → 851 units (-3.1%)
TC 75 units, RC 501 units, AC 275 units
TADANO's sales: 372 → 311 units
(TADANO's share:42.4% → 36.5%)

Demand in other markets
597 → 459 units (-23.1%)
TC 19 units, RC 181 units, AC 259 units
TADANO's sales: 168 → 87 units
(TADANO's share:28.1% → 19.0%)

Demand in Central and South America
374 → 187 units (-50.0%)
TC 18 units, RC 75 units, AC 94 units
TADANO's sales: 25→ 16 units
(TADANO's share:6.7% → 8.6%)

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

European Business

Lifting your dreams

< 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: 621
Sales trend:
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, 2014; 308 million EUR/347 units, 2015; 304 million EUR/376 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: 11



[TADANO UK Ltd.]
Acquired in April, 2014
Paid-in capital:2,000 GBP, wholly-owned subsidiary of TFG
Location: South Yorkshire, United Kingdom
Line of business: Distribution and service of Mobile Cranes
Representative:Thomas Schramm, President; number of employees: 16

[TADANO France SAS]
Established in February 2016; capital: 50,000 EUR; wholly-owned subsidiary of TFG
Line of business: Distribution and service of Mobile Cranes

- **Accelerating the line-up expansion, to offer full range of All Terrain Cranes:**
Nine models with 40 to 400 ton lifting capacity are available.
Largest-class 600t (eight-axle) crane exhibited at Bauma in April 2016; formal product release to be determined

American Businesses

Lifting your dreams

< 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 Corp.]
Paid-in capital: 2.5 million USD; wholly-owned subsidiary of TAH*; location: Texas, U.S.A.
Line of business: Distribution of Mobile Cranes
Representative: Yo Kakinuma, President; number of employees: 81
Sales trend: 2010: 78 million USD; 2011: 183 million USD; 2012: 249 million USD; 2013: 262 million USD; 2014: 305 million USD; 2015: 285 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: 146
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 unleveled ground, muddy ground, and inside tunnels.
Sales trend: 2010: 16 million USD; 2011: 34 million USD; 2012: 39 million USD; 2013: 36 million USD; 2014: 30 million USD; 2015: 40 million USD

[TADANO Panama S.A.]
Paid-in capital: USD10,000; wholly-owned subsidiary of TADANO
Location: Panama City, Panama
Line of business: Distribution and service for Mobile Cranes and other products
Representative: Kenji Munezawa, President; number of employees: 4

[TADANO Brasil Equipamentos de Elevacao Ltda.]
Paid-in capital: 30 million BRL; wholly-owned subsidiary of TADANO
Location: Sao Paulo, Brazil
Lines of business: Distribution and service for Mobile Cranes and other products
Representative: Keisuke Nagai, President; number of employees: 14

* TAH stands for TADANO America Holdings, Inc.


TADANO America Corp.


GTC-1200

(Introduced March 2015
First TMC model to use a round boom, developed jointly with TADANO)
- Awarded 2014 LE Award by Lift and Access, a U.S. periodical

Chinese Business

Lifting your dreams

< Our missions for the Chinese businesses >

Realizing cost reduction and quality improvement, sales promotion inside China, and increasing exports from China
Revaluation losses were recorded due to declining business conditions.

- **Overview of group companies in China**


BQ TADANO

[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)
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: 252



JTL-TADANO

[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)
Lines of business: Production and distribution of metal parts for use in Mobile Cranes (e.g., booms, jibs, outriggers)
President: Teruyuki Murakami (from TADANO); number of employees: 54

[TADANO (Beijing) Ltd.]

Paid-in capital: 5 million USD (wholly-owned subsidiary of TADANO [established on March 2012])
Location: Chaoyang District, Beijing
Lines of business: Distribution and service for Mobile Cranes
President: Hulin Jin (from TADANO); number of employees: 7

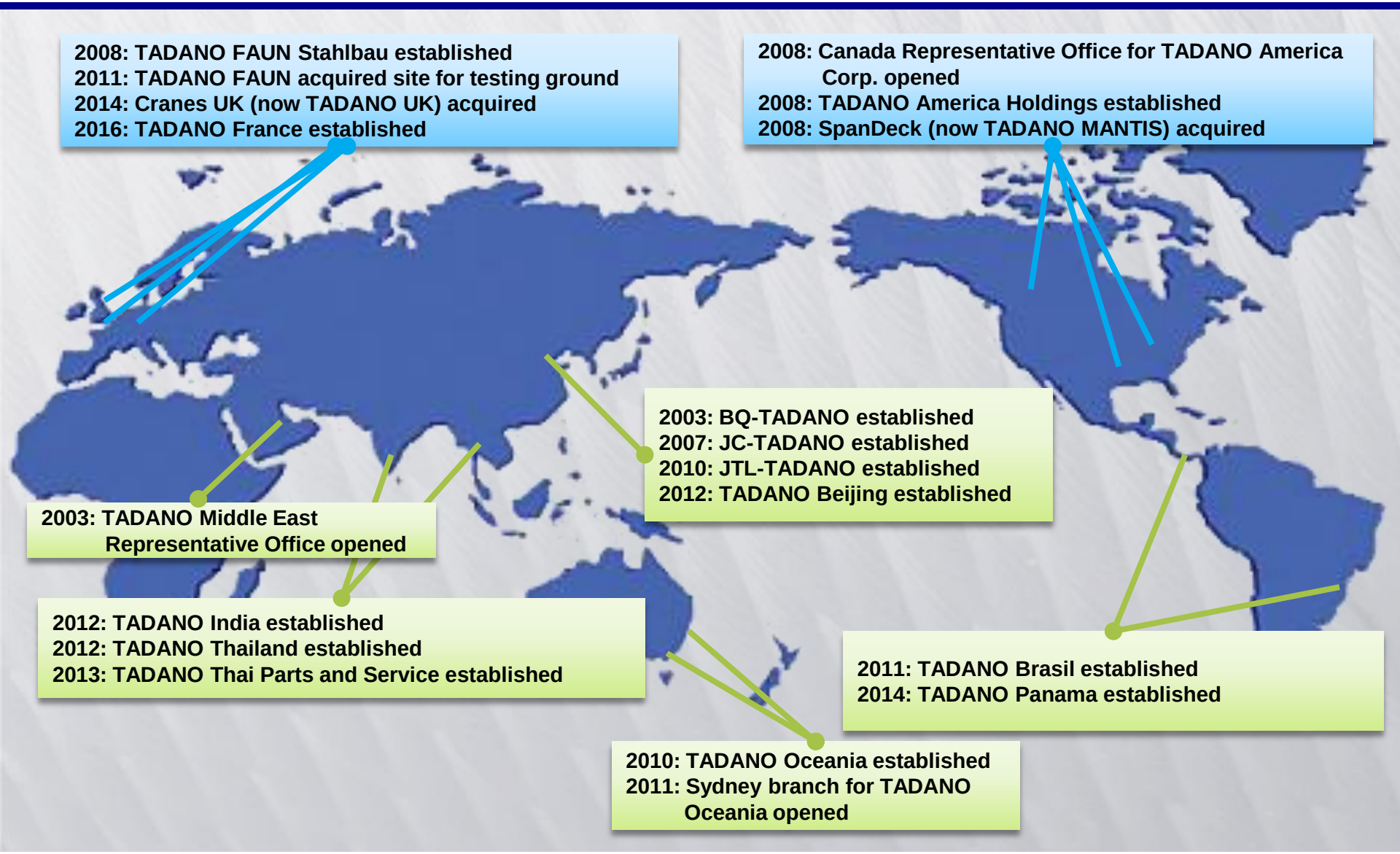
[JC-TADANO (Beijing) Hydraulic Co., Ltd.] Liquidation resolved on September, 2015

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)
Lines of business: Production and distribution of hydraulic parts for use in Mobile Cranes (e.g., valves, rotary joints, small cylinders, pipes)
President: Teruyuki Murakami (from TADANO); number of employees: 7

Business Expansion Outside Japan Since 2003

- 15 Companies Established or Acquired; 4 New Facilities Opened -

Lifting your dreams



Truck Loader Cranes

Lifting your dreams

[Loader Cranes] Market share in Japan: 49.4% → 48.6%

Demand in Japan was 16,860 units (for FY2015, based on TADANO research), down 3.9% from the previous fiscal year.

→ **Net sales fell to ¥20,375 million (97.8% of the previous fiscal year) despite a focus on expanding sales, as demand fell slightly.**

- Mounted trucks, these small cranes allow operators to load, transport, and install cargo with a single unit.
- They are sold indirectly by truck dealers for use in logistics, gardening, and construction industries.
- Numerous models are available for mounting on compact, mid-sized, and large trucks, with lifting capacities ranging from 0.49 to 4.9 tons.

-Regulator-
- Primarily the Ministry of Health, Labour and Welfare (crane regulations)

-Major buyers and distinctive features-
- Truck dealers
- Sales tend to parallel truck demand.

ZE600



(The first of its kind to have an optional No Idle feature.)

[Business outside of Japan]

Net sales and units sold both set new record highs in FY2015.

- TADANO has focused its efforts on exports of Loader Cranes to strategic markets, exporting crane components for mounting on local trucks.
  Sales in FY2014: ¥1,140 million; sales in FY2015: ¥1,680 million
  (surpassing 800 units for first time)
- Accelerating expansion outside Japan, including the opening of a manufacturing subsidiary in Thailand on April 2012.

ZR560



(ZR560 Loader Crane for export)

SS-38F

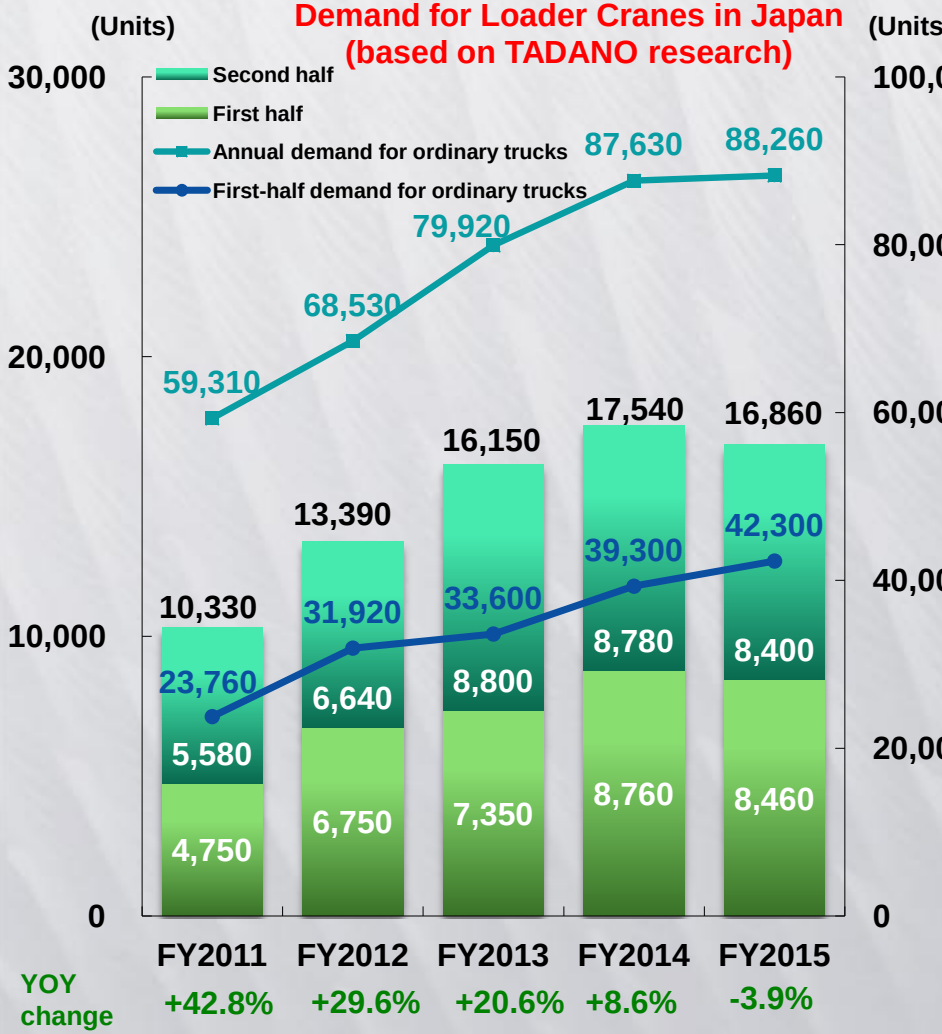


(Slide bed Vehicle Carrier [transport vehicle])

Truck Loader Cranes

Lifting your dreams

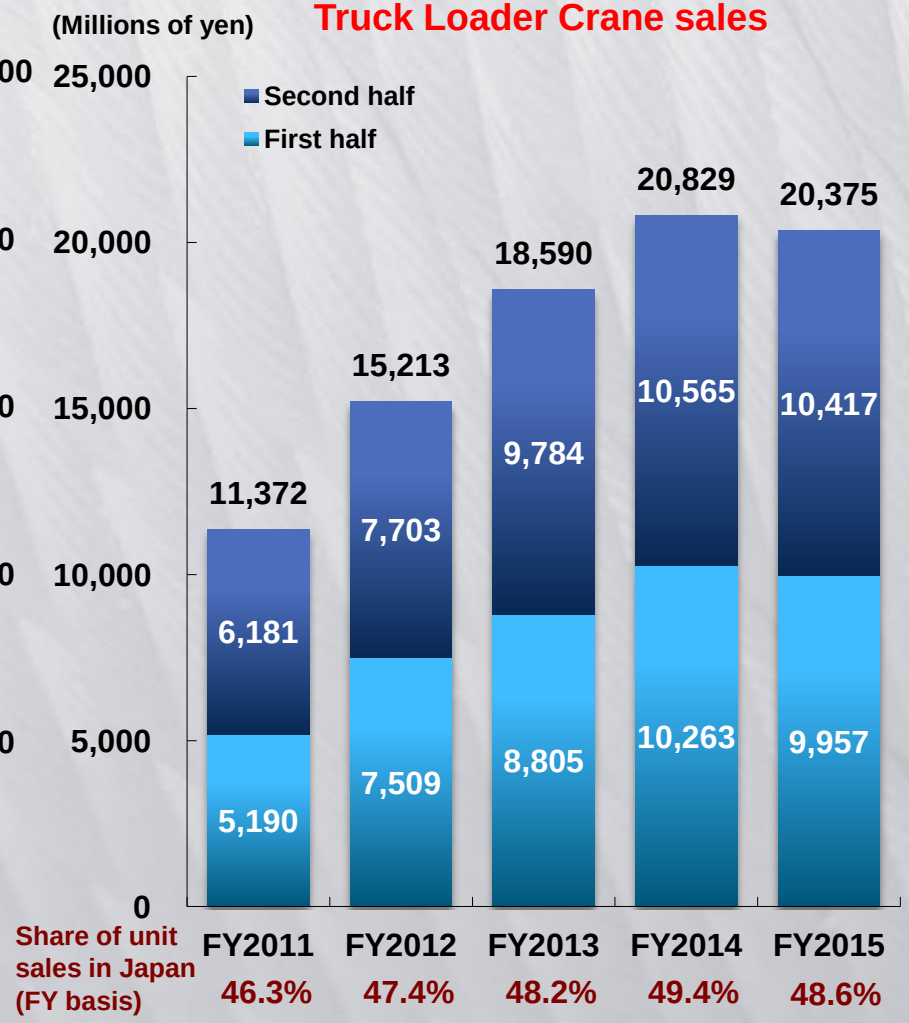
Demand for Loader Cranes in Japan (based on TADANO research)



YOY change (FY basis)

FY2011	FY2012	FY2013	FY2014	FY2015
+42.8%	+29.6%	+20.6%	+8.6%	-3.9%

Truck Loader Crane sales



Share of unit sales in Japan (FY basis)

FY2011	FY2012	FY2013	FY2014	FY2015
46.3%	47.4%	48.2%	49.4%	48.6%

Truck Loader Cranes - Steps for globalization -

Lifting your dreams

[TADANO (Thailand) Co., Ltd.]

Paid in capital: 310 million THB; wholly-owned subsidiary of TADANO
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 (Sales: 38 units in 2013, 258 units in 2014, 418 units in 2015)
Representative: Kozo Yoshida, President; number of employees: 42

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



(Loader Crane ZT500 manufactured in the plant in Thailand)


Inside of the plant



TADANO（Thailand）

Lifting your dreams

TADANO

Aerial Work Platforms

Lifting your dreams

Market share in Japan: 40.2% → 39.2%

Japanese demand for Aerial Work Platforms mounted on trucks was 4,137 units (for FY2015; TADANO research), up 7.7% from the previous fiscal year.

⇒ **While demand for Aerial Work Platforms increased, a focus on sales expansion in the rental industry resulted in record net sales of ¥19,432 million, up 11.1% from the previous fiscal year.**

Mounted on trucks:
- **Five models for telecommunications use**
- **Three models for electric construction use**
- **13 models for general construction use**

Wheeled: Two models

Super Deck: Five models
(Equipped with advanced control technologies)

Bridge Checker:Three models
(Used in inspections of elevated roadways and bridges)



Bridge Checker BT-200

-Regulator-

- **Primarily the Ministry of Health, Labour and Welfare (Aerial Work Platform regulations)**

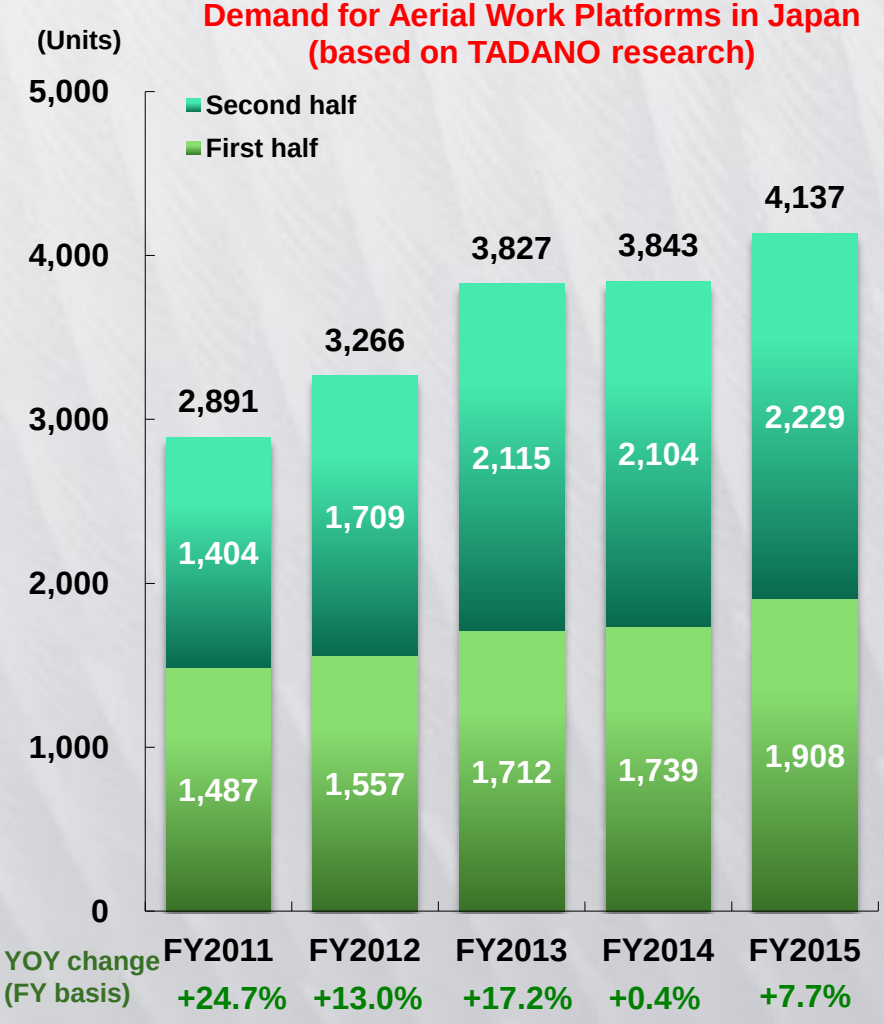
-Major buyers and distinctive features-

- **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 Bridge Checkers**

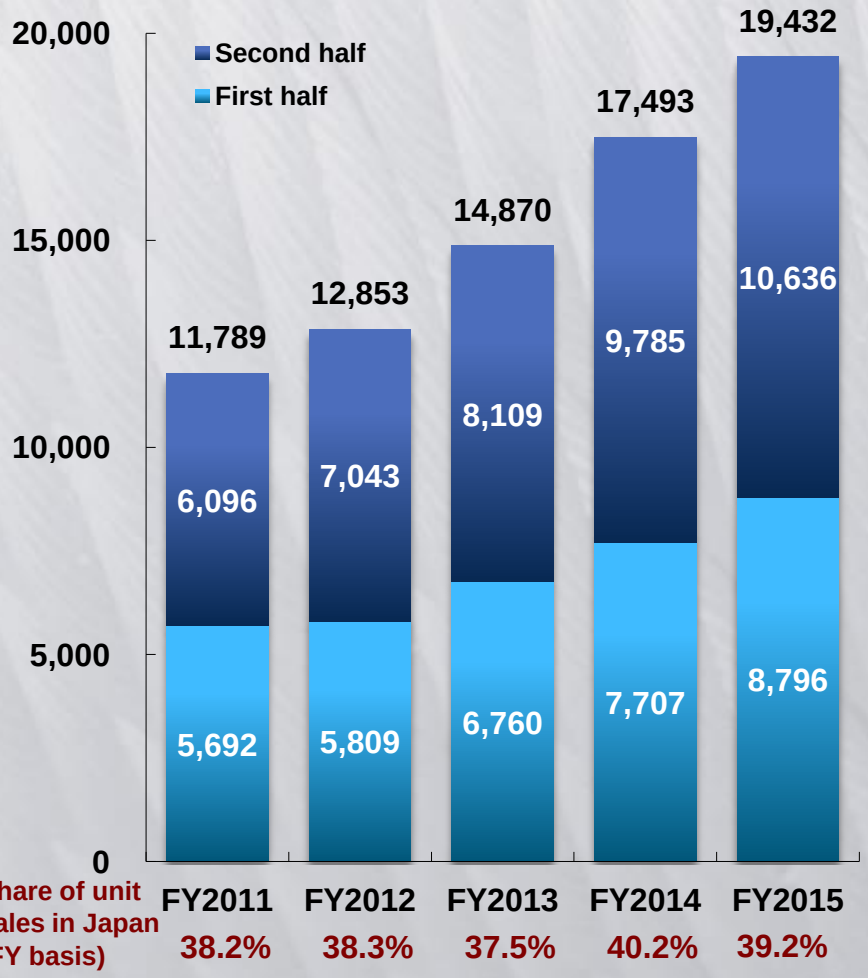
Aerial Work Platforms

Lifting your dreams

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



Aerial Work Platform sales



Other Businesses

Lifting your dreams

→ **Net sales from other businesses, such as parts, repairs, used cranes and other products, were ¥28,084 million (95.8% of the previous fiscal year).**

[Used cranes]

- Export units and prices fell due to the effects of import restrictions in Asia, the slowing economy, and exchange rates
- In this fiscal year, both sales in and outside Japan decreased
- The globalization of this business will be a future focus

[Parts and repairs]

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



Example of boom removal from All Terrain Crane, ATF400G

CL-500 (Released on August 2013)

[All Terrain Crane mounting/removal lifters]

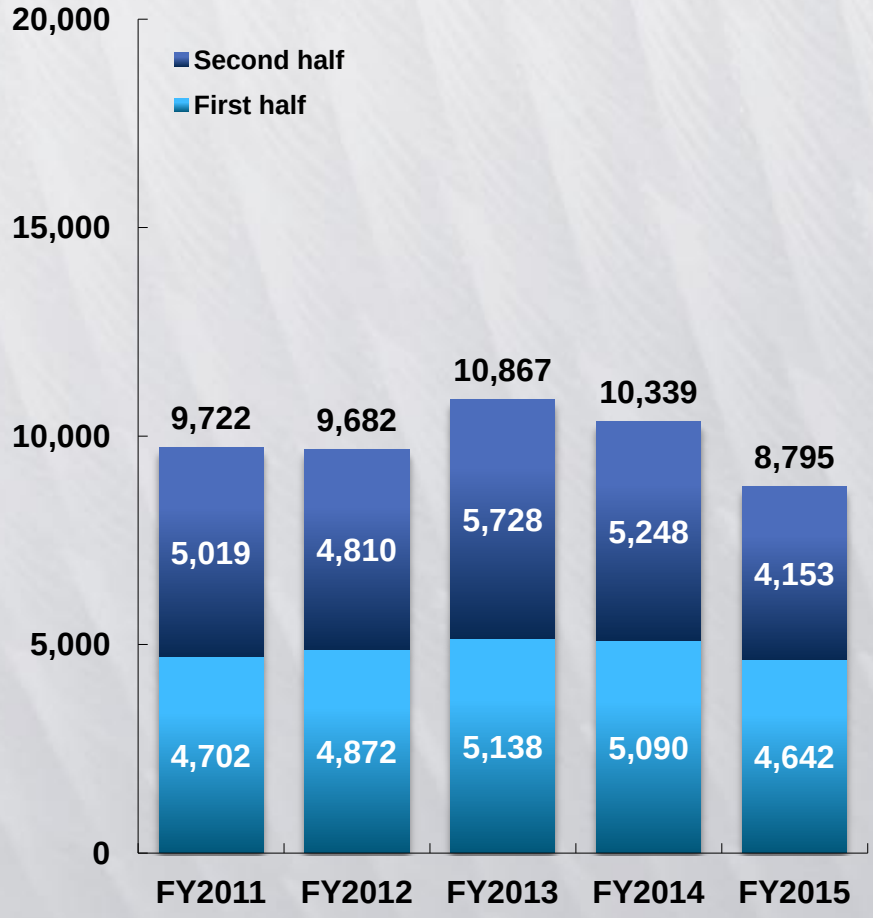
- These lifters are used to install and remove All Terrain Crane booms in Japan, where the law requires disassembly for transportation on public roads

Other Businesses

Lifting your dreams

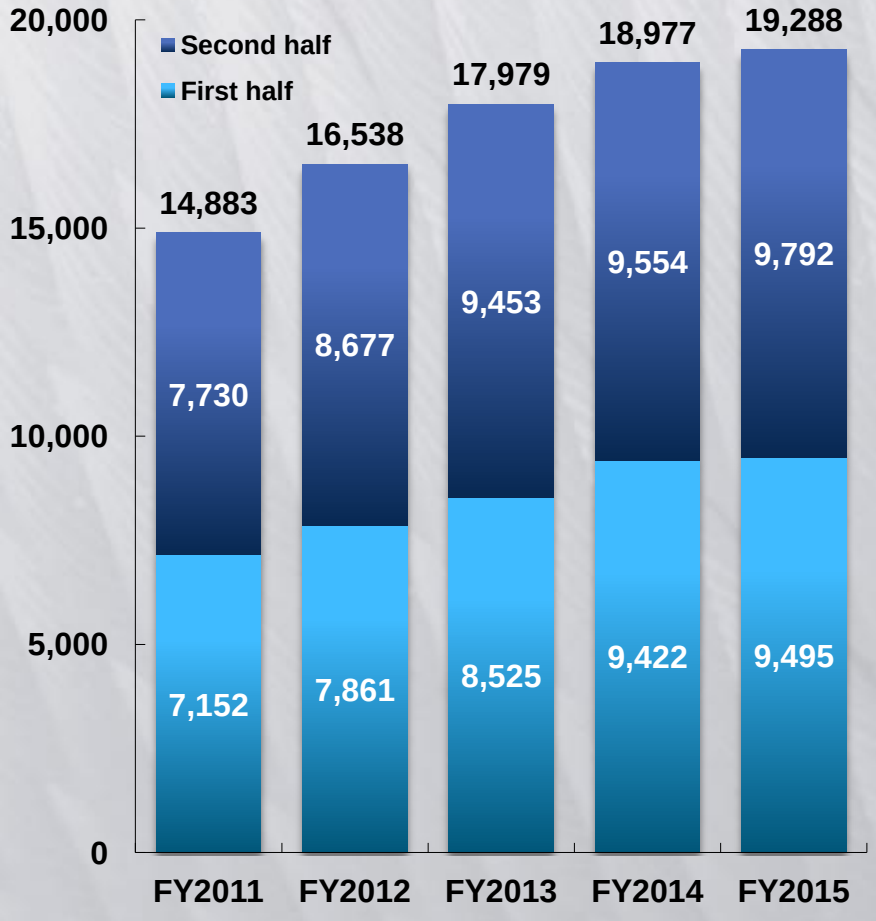
(Millions of yen)

Net sales of other businesses (Used cranes and others)



(Millions of yen)

Net sales of other businesses (Parts, repairs, and other products)



FY2016 Business Performance Forecasts

Lifting your dreams

(Unit: millions of yen)

	FY2015		FY2016 forecast		Percent change
	Amount	Percentage	Amount	Percentage	
Net sales	209,426	100.0%	190,000	100.0%	-9.3%
Operating income	31,062	14.8%	20,000	10.5%	-35.6%
Ordinary income	30,680	14.6%	19,500	10.3%	-36.4%
Net income attribute to Tdano Ltd.	19,621	9.4%	13,500	7.1%	-31.2%

Dividends per share	Mid-year	¥13.00	Mid-year	¥13.00
	Year-end	¥13.00	Year-end	¥13.00
	Full-year	¥26.00	Full-year	¥26.00

Capital investment	¥4,572 million	¥8,500 million
Depreciation	¥2,793 million	¥3,100 million
Exchange rate (USD)	¥121.05	¥105.00
Exchange rate (EUR)	¥134.31	¥120.00

Figures for capital investment include leased assets

[FY2016 management policies]

(i) Pursuit of the TADANO Group's Core Values (Safety, Quality, Efficiency)

(ii) Completion of objectives from the final year of the Mid-Term Management Plan (14-16) and planning for the next Mid-Term Management Plan (17-19)

(iii) Preparation for and response to sudden market drops and escalating competition

[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

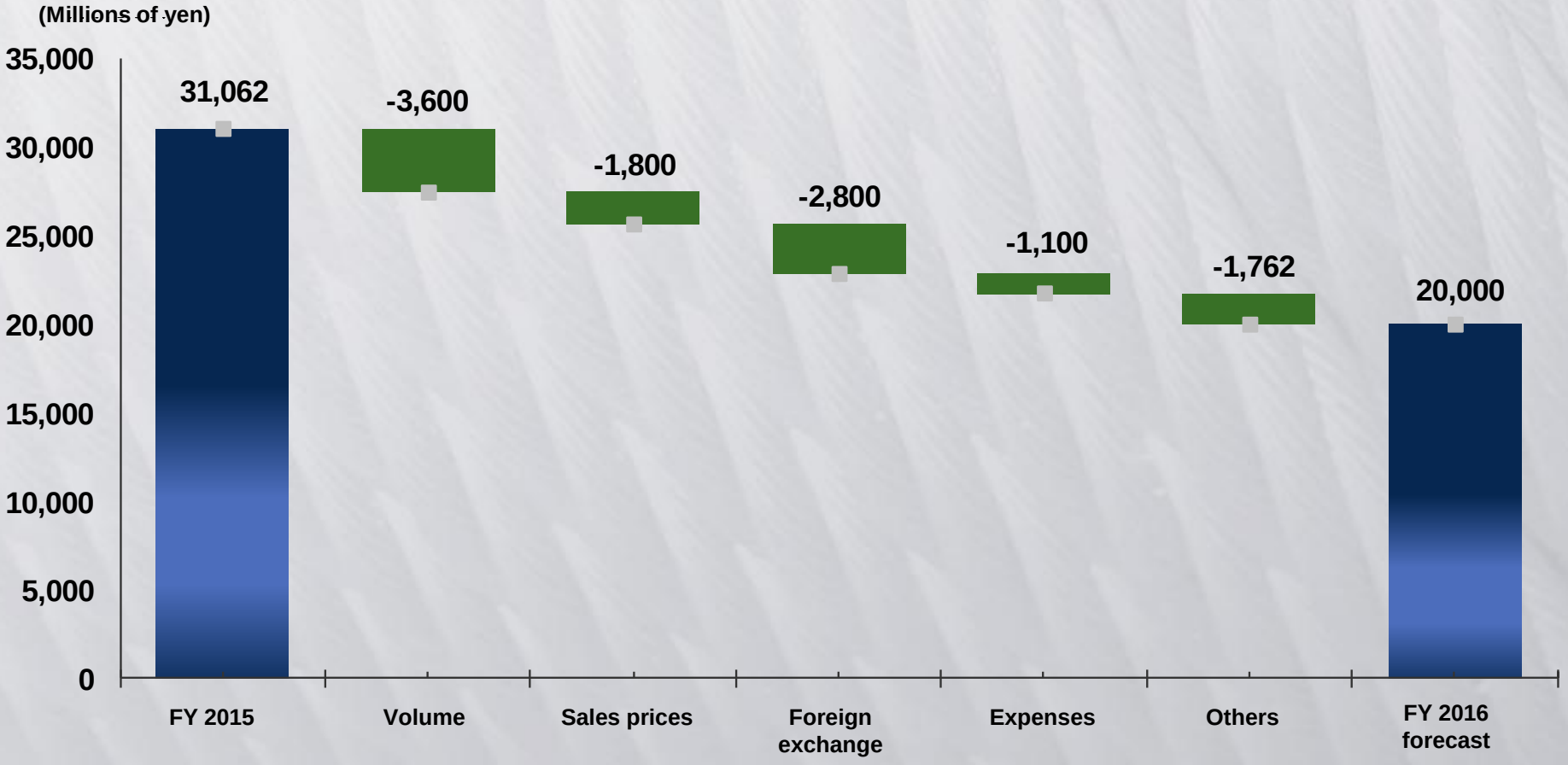
(vii) Strengthen the TADANO group & global management structure

◆ **FY2016 proportion of sales outside Japan: 47.4%**

FY 2016 Business Performance Forecasts
(Main Causes of Changes in Operating Income)

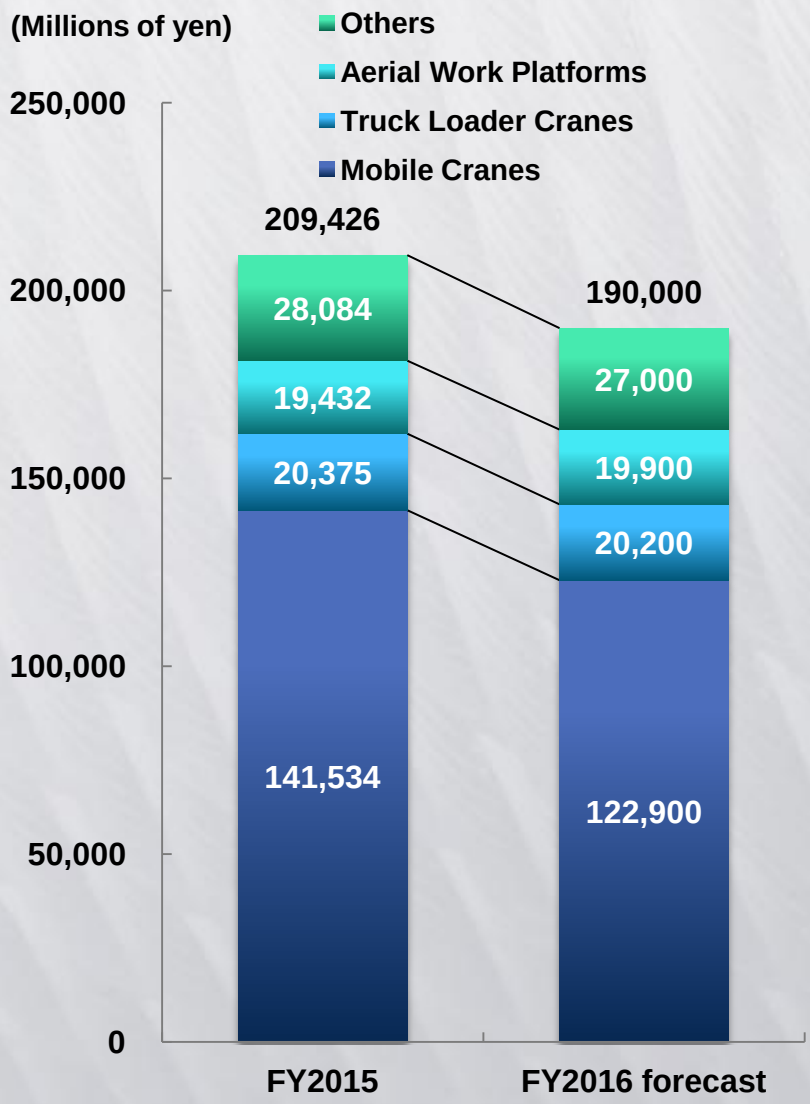
Lifting your dreams

Operating income is projected to fall by ¥11.0 billion due to effects of volume and foreign exchange effects.



FY 2016 Business Performance Forecasts
(Net Sales by Product)

Lifting your dreams



(Unit: millions of yen)

	FY2015		FY2016 forecast		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	141,534	67.6%	122,900	64.7%	-18,634	-13.2%
Truck Loader Cranes	20,375	9.7%	20,200	10.6%	-175	-0.9%
Aerial Work Platforms	19,432	9.3%	19,900	10.5%	467	2.4%
Others	28,084	13.4%	27,000	14.2%	-1,084	-3.9%
Total	209,426	100%	190,000	100%	-19,426	-9.3%

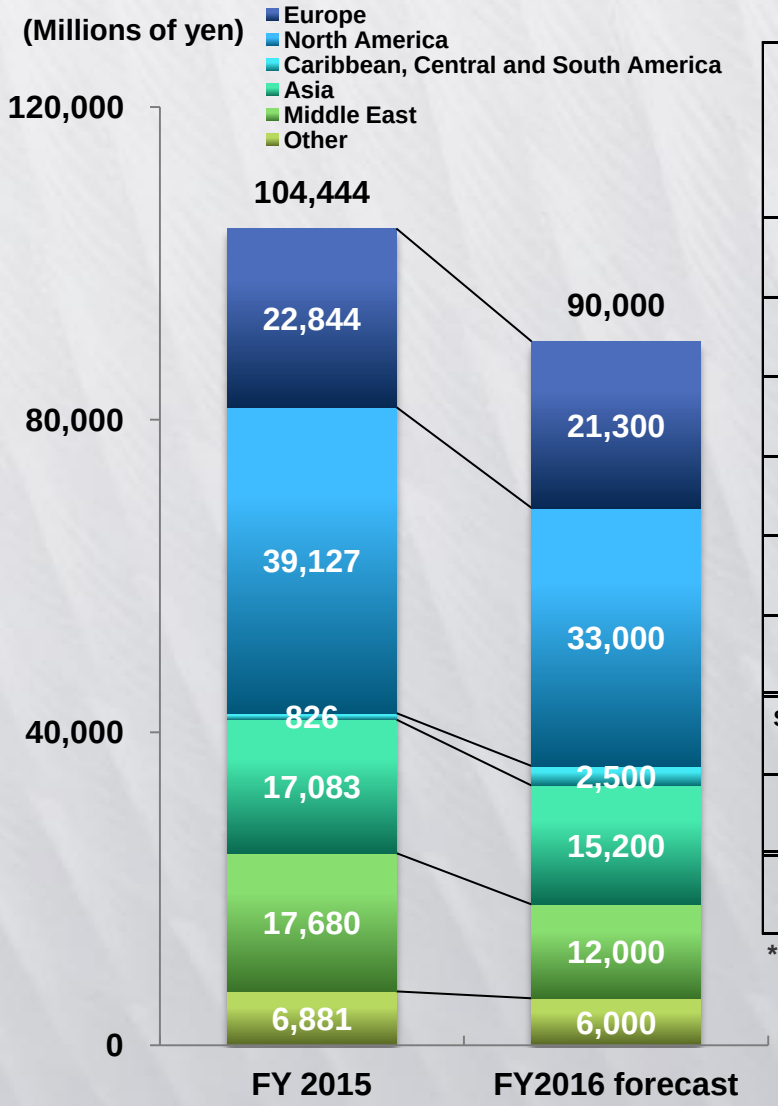
◆Outside Japan sales ratio: 49.9% → 47.4%

Mobile Crane sales in and outside Japan

Japan	51,104	46,400	-4,704	-9.2%
Outside Japan	90,429	76,500	-13,929	-15.4%

FY 2016 Business Performance Forecasts
(Net Sales by Destination)

Lifting your dreams



(Unit: millions of yen)

	FY2015		FY2016 forecast		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Europe	22,844	10.9%	21,300	11.2%	-1,544	-6.8%
North America	39,127	18.7%	33,000	17.4%	-6,127	-15.7%
Caribbean, Central and South America	826	0.4%	2,500	1.3%	1,673	202.7%
Asia	17,083	8.2%	15,200	8.0%	-1,883	-11.0%
Middle East	17,680	8.4%	12,000	6.3%	-5,680	-32.1%
Other	6,881	3.3%	6,000	3.2%	-881	-12.8%
Subtotal (total outside Japan sales)	104,444	49.9%	90,000	47.4%	-14,444	-13.8%
Japan	104,981	50.1%	100,000	52.6%	-4,981	-4.7%
Total	209,426	100%	190,000	100%	-19,426	-9.3%

* The graph on the left excludes Japan.
Other markets comprise Oceania, Africa, and the CIS.

TOPICS

—Expanding production capacity in line with our efforts to become No. 1 Worldwide in the LE industry—

Lifting your dreams

◆Application submitted to purchase plot in Kagawa Prefecture land reclamation project (May 2016)

Based on our conviction that TADANO needs a new plant in addition to the Shido Plant to manufacturer Mobile Cranes and that the new plant will be essential to reaching our long-term goals—to become No. 1 Worldwide in the LE industry—we plan to apply to acquire a site on industrial land offered by Kagawa Prefecture as part of its land reclamation project in the western Kozai district of the Port of Takamatsu.

Location: Kozai Kitamachi, Takamatsu, Kagawa Prefecture
Site area: approx. 20 ha
Asking price: approx. ¥2.4 billion
*** A decision is expected to be made in late June following a review by the prefecture.**

Plans for the new plant

Purpose:	Production of Mobile Cranes
Total floor area of plant buildings:	Phase I*: approx. 30,000 m^2 (Expansion planned over several years)
Investment (in plant buildings):	Phase I: approx. ¥10 billion (Final investment after expansion: approx. ¥20 billion)
Employees:	Phase I: approx. 200-300

* Phase I construction: roughly autumn 2016 – autumn 2018



October 2014 photo
(courtesy Kagawa Prefecture)

The site is located 10 minutes west by car from central Takamatsu.

TOPICS – Efforts to provide outstanding service –

Lifting your dreams

Feb. 2008	TADANO America relocates to larger offices.	
Oct. 2008	Machine Telemonitoring System introduced in products for Japanese market.	
Apr. 2009	TADANO Asia's Singapore Training Centre opens.	
Jan. 2011	Chubu Parts Center opens.	
Mar. 2011	Machine Telemonitoring System introduced in products for markets outside Japan.	
Feb. 2012	Hokuriku Parts Center opens.	
Mar. 2013	TADANO TECHNO EAST head office expanded (Shinkiba Plant):	¥0.4 billion
Apr. 2013	TADANO TECHNO EAST Sendai Installation Center opens.	
Oct. 2013	TADANO TECHNO EAST Moka Installation Center opens.	
May 2014	Relocation of TADANO TECHNO WEST Hiroshima Installation Center.	
Jul. 2014	Relocation of TADANO TECHNO WEST Hirakata Plant.	
Dec. 2014	TADANO Training Center opens:	¥0.4 billion
Jun. 2015	Shutoken Parts Center opens.	
May 2016	TADANO Global Parts Center (Kobe) opens.	
Jun. 2016	TADANO TECHNO EAST Sakura Plant expanded:	¥1.1 billion

Note: Amounts shown are investment amounts.

We plan to open sales/service facilities and parts depots outside Japan in the future.



An exterior view of the TADANO Global Parts Center (Kobe Port Island)