TADANO

Explanatory Materials for FY2016 Third 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.

February 2017
TADANO Ltd.

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Income Statement (vs. Previous Year)

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(Unit: millions of yen)

	3Q FY2015		3Q FY2016		Increase/ decrease
	Amount	Percentage	Amount	Percentage	
Net sales	149,748	100.0%	128,020	100.0%	-21,728
Cost of sales	104,242	69.6%	90,751	70.9%	-13,490
Gross profit on installment sales	-88	-0.1%	151	0.1%	239
Gross profit	45,417	30.3%	37,420	29.2%	-7,997
Selling, general and administrative expenses	22,899	15.3%	23,244	18.2%	344
Operating income	22,517	15.0%	14,175	11.1%	-8,341
Non-operating income and loss	-129	-0.1%	46	0.0%	175
Ordinary income	22,388	15.0%	14,221	11.1%	-8,166
Extraordinary income and loss	-36	-0.0%	-11	-0.0%	24
Income before income taxes	22,351	14.9%	14,209	11.1%	-8,141
Corporate taxes	7,102	4.7%	4,137	3.2%	-2,965
Net income attributable to noncontrolling interests	47	0.0%	60	0.0%	13
Net income attributable to Tadano Ltd.	15,202	10.2%	10,012	7.8%	-5,190

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

Sales and profits for the 3Q decreased for the first time in six years

- **Net sales:**
  - Consolidated net sales decreased by 14.5% compared with the previous 3Q.
  - Outside Japan sales ratio was 46.8%.
- **COGS ratio:**
  - Despite the efforts to maintain appropriate sales prices and cost reductions, decreased sales and foreign exchange effects drove up the COGS ratio to 70.9%, by 1.3% points from the previous 3Q.
- **Selling, general and administrative expenses:**
  - SGA increased by ¥0.3 billion compared with the previous 3Q.
- **Profits:**
  - Operating income decreased by ¥8.3 billion compared with the previous 3Q.
  - Ordinary income decreased by ¥8.1 billion compared with the previous 3Q.
  - Net income attributable to Tadano Ltd. decreased by ¥5.1 billion compared with the previous 3Q.
- **Factors of operating income change:**
  - → - ¥8.0 billion due to an influence of sales volume (Japan: - ¥1.2, Outside Japan: - ¥6.8)
  - → + ¥0.3 billion due to sales price effects
  - → - ¥1.0 billion due to foreign exchange effects
  - → - ¥0.3 billion due to cost effects
  - → + ¥0.7 billion by other influences

Balance Sheet (vs. End of Previous Fiscal Year)

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(Unit: millions of yen)

	FY2015 year-end		3Q FY2016		Increase/ decrease
	Amount	Percentage	Amount	Percentage	
Cash deposit	73,618	31.3%	68,492	29.6%	-5,126
Accounts receivable	51,143	21.7%	39,830	17.2%	-11,313
Inventories	53,021	22.5%	64,288	27.8%	11,266
Other current assets	7,699	3.3%	7,001	3.0%	-698
Total current assets	185,483	78.8%	179,612	77.6%	-5,871
Tangible fixed assets	38,982	16.6%	39,984	17.3%	1,002
Intangible fixed assets	1,187	0.5%	971	0.4%	-216
Investment and other assets	9,747	4.1%	11,001	4.7%	1,254
Total fixed assets	49,917	21.2%	51,957	22.4%	2,039
Total assets	235,400	100.0%	231,569	100.0%	-3,831
Accounts payable	35,845	15.2%	36,111	15.6%	266
Interest-bearing debt	36,869	15.7%	37,599	16.2%	730
Other liabilities	27,889	11.8%	20,317	8.8%	-7,572
Total liabilities	100,603	42.7%	94,028	40.6%	-6,575
Total equity	134,796	57.3%	137,540	59.4%	2,744
Total liabilities and equity	235,400	100.0%	231,569	100.0%	-3,831

[Key changes]

- **Accounts receivable decreased:**
  ¥ 51.1billion → ¥ 39.8 billion
  → The receivable turnover period improved.
  (3Q FY2015: 81.0 days, FY2015: 89.1 days
  → 3Q FY2016: 85.6 days)

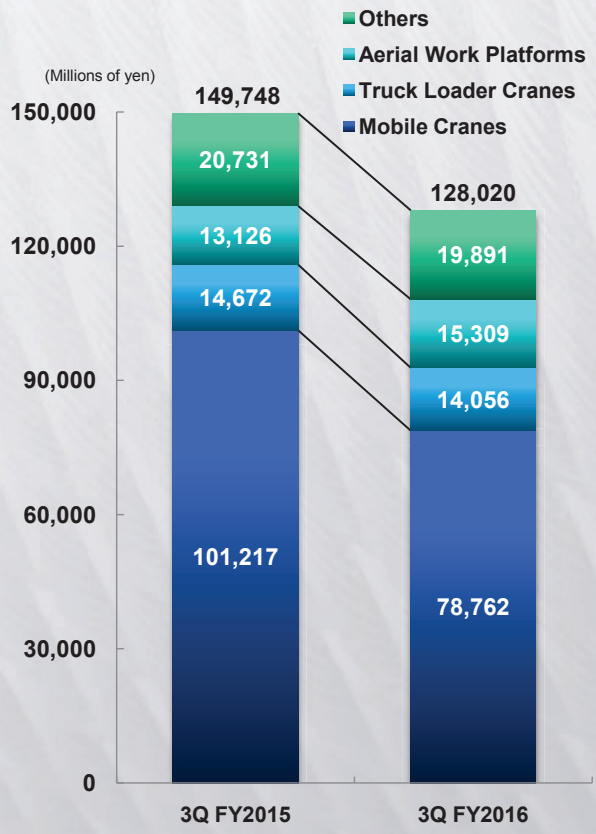
- **Inventories increased:**
  ¥ 53.0 billion → ¥ 64.2 billion
  (The ¥64.2 billion includes ¥17.1 billion in TADANO FAUN GmbH)
  → The inventory turnover period deteriorated.
  (3Q FY2015: 110.0 days, FY2015: 92.4 days
  → 3Q FY2016: 138.1 days)

- **Interest-bearing debt increased:**
  ¥ 36.8 billion → ¥ 37.5 billion
  → Short-term: increased by ¥0.7 billion;
  Long-term: decreased by ¥0.0 billion

November 2016
Acquisition of industrial site ¥2.4 billion
(Kozai, Takamatsu, Kagawa Prefecture)

Net Sales by Product

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(Unit: millions of yen)

	3Q FY2015		3Q FY2016		Increase/ decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	101,217	67.6%	78,762	61.5%	-22,455	-22.2%
Truck Loader Cranes	14,672	9.8%	14,056	11.0%	-616	-4.2%
Aerial Work Platforms	13,126	8.8%	15,309	12.0%	2,183	16.6%
Others	20,731	13.8%	19,891	15.5%	-840	-4.1%
Total	149,748	100%	128,020	100%	-21,728	-14.5%

Breakdown of Mobile Crane sales in and outside Japan

Japan	33,807	28,163	-5,643	-16.7%
Outside Japan	67,410	50,599	-16,811	-24.9%

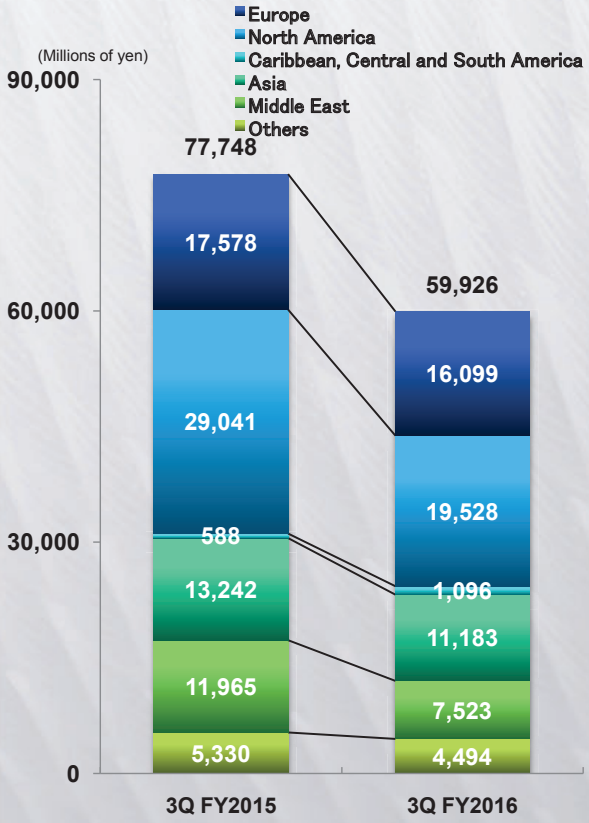
Exchange rate (January-September average rate)

USD	120.89	108.69
EUR	134.77	121.17

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

Net Sales by Destination

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(Unit: millions of yen)

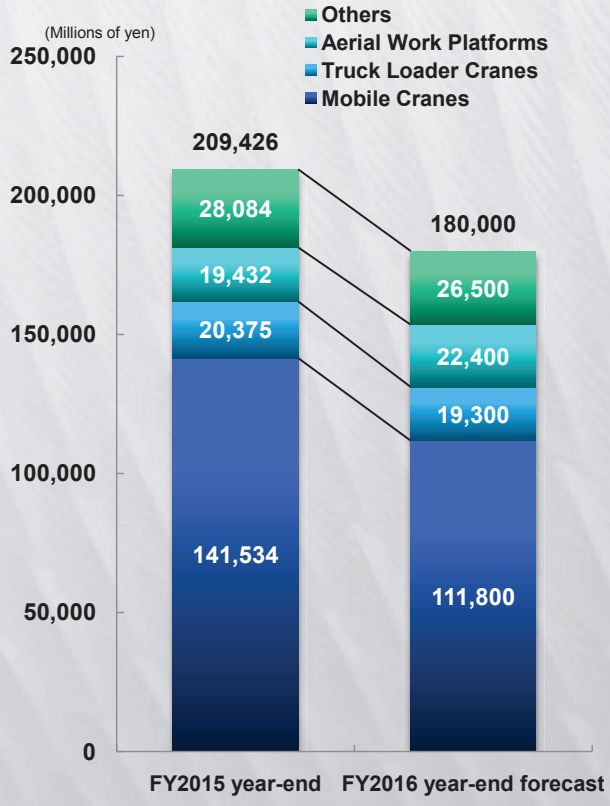
	3Q FY2015		3Q FY2016		Increase/ decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Europe	17,578	11.7%	16,099	12.5%	-1,479	-8.4%
North America	29,041	19.4%	19,528	15.3%	-9,513	-32.8%
Caribbean, Central and South America	588	0.4%	1,096	0.9%	508	86.3%
Asia	13,242	8.8%	11,183	8.7%	-2,059	-15.5%
Middle East	11,965	8.0%	7,523	5.9%	-4,442	-37.1%
Others	5,330	3.6%	4,494	3.5%	-836	-15.7%
Subtotal (total sales outside Japan)	77,748	51.9%	59,926	46.8%	-17,821	-22.9%
Japan	71,999	48.1%	68,093	53.2%	-3,906	-5.4%
Total	149,748	100%	128,020	100%	-21,728	-14.5%

The graph on the left excludes Japan.

Others comprise Oceania, Africa and the CIS.

FY2016 Year-end Forecast (Net Sales by Product)

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(Unit: millions of yen)

	FY2015 year-end		FY2016 year-end forecast		Increase/ decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	141,534	67.6%	111,800	62.1%	-29,734	-21.0%
Truck Loader Cranes	20,375	9.7%	19,300	10.7%	-1,075	-5.3%
Aerial Work Platforms	19,432	9.3%	22,400	12.5%	2,967	15.3%
Others	28,084	13.4%	26,500	14.7%	-1,584	-5.6%
Total	209,426	100%	180,000	100%	-29,426	-14.1%

◆Outside Japan sales ratio 49.9% → 43.3%

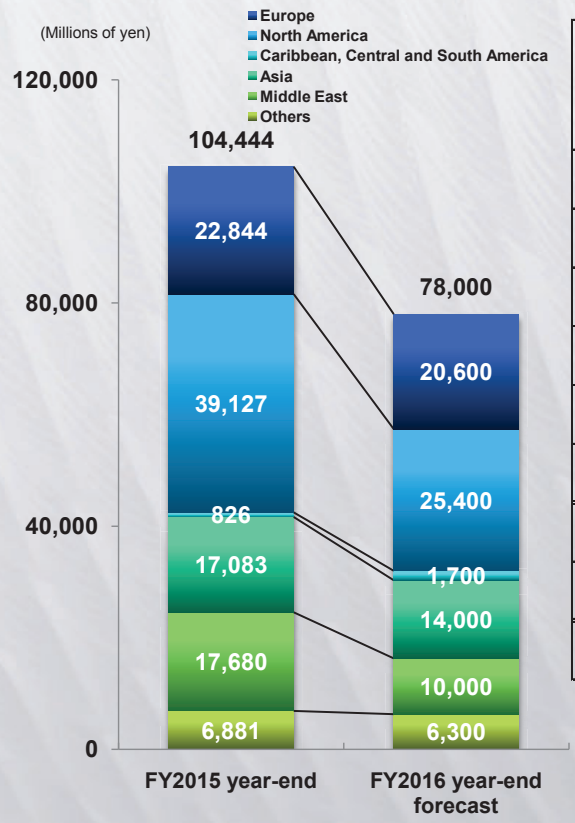
Breakdown of Mobile Crane sales in and outside Japan

Japan	51,104	46,500	-4,604	-9.0%
Outside Japan	90,429	65,300	-25,129	-27.8%

No changes from the forecast released on October 31, 2016.
However, the composition of sales by product has been revised to reflect the latest sales conditions.

FY2016 Year-end Forecast (Net Sales by Destination)

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(Unit: millions of yen)

	FY2015 year-end		FY2016 year-end forecast		Increase/ decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Europe	22,844	10.9%	20,600	11.4%	-2,244	-9.8%
North America	39,127	18.7%	25,400	14.1%	-13,727	-35.1%
Caribbean, Central and South America	826	0.4%	1,700	0.9%	873	105.8%
Asia	17,083	8.2%	14,000	7.8%	-3,083	-18.0%
Middle East	17,680	8.4%	10,000	5.6%	-7,680	-43.4%
Others	6,881	3.3%	6,300	3.5%	-581	-8.4%
Subtotal (total sales outside Japan)	104,444	49.9%	78,000	43.3%	-26,444	-25.3%
Japan	104,981	50.1%	102,000	56.7%	-2,981	-2.8%
Total	209,426	100%	180,000	100%	-29,426	-14.1%

No changes from the forecast released on October 31, 2016.
However, the composition of sales by destination has been revised to reflect the latest sales conditions.
The graph on the left excludes Japan.
Others comprise Oceania, Africa, and the CIS.