Tadano Group Mid-Term Management Plan（17-19）

During the final year of Mid-Term Management Plan (17-19),
Tadano will celebrate the 100th anniversary of its Founding
(August 29, 1919).

Mid-Term Management Plan（17-19）Content

TADANO
Lifting your dreams

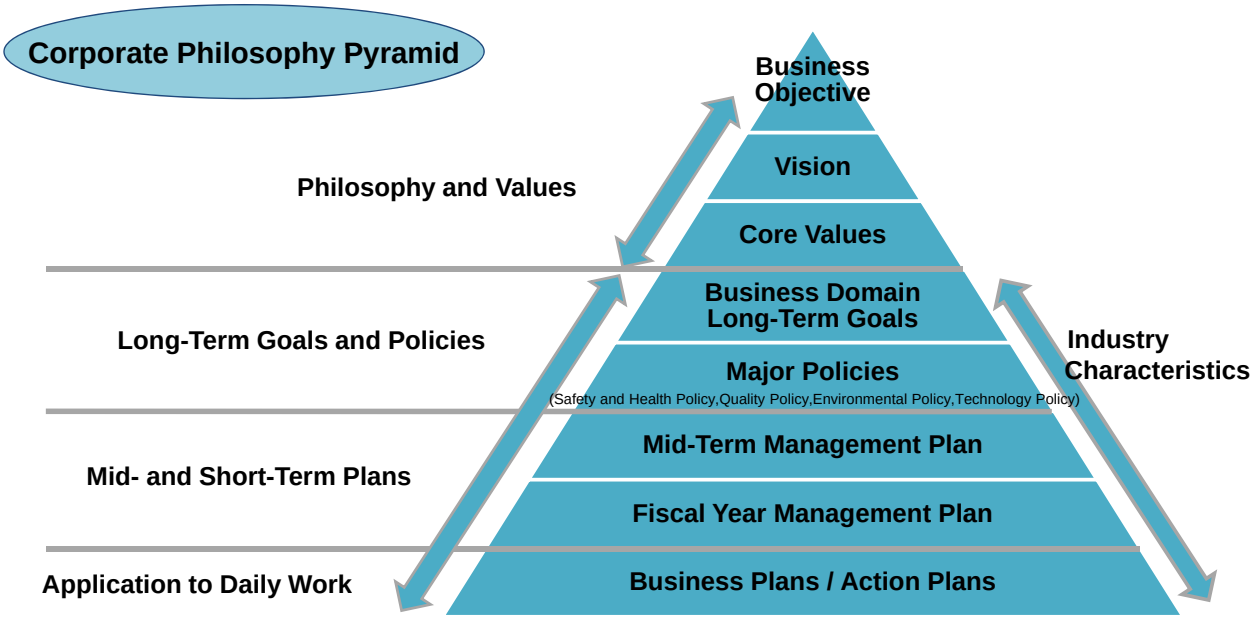
Ⅰ.Tadano Business Overview
－1. Corporate Philosophy Pyramid
－2. Corporate Philosophy
－3. Corporate Social Responsibility
－4. Vision and Core Values
－5. Business Domain and Long-Term Goals
－6. Industry Characteristics

Ⅱ. Mid-Term Management Plan (17-19)
－1. Mid-Term Management Plan (17-19) Context
－2. Basic Policy and Three Priority Points
－3. The Red Arrow
－4. The Blue Arrow and the Red Arrow
－5. Further Global Growth
－6. Higher Resilience
－7. Enhanced Competitiveness
－8. Strategies
－9. Management Targets

Reference: Sales and Profit Trends Since Company Establishment

Ⅰ. Tadano Business Overview

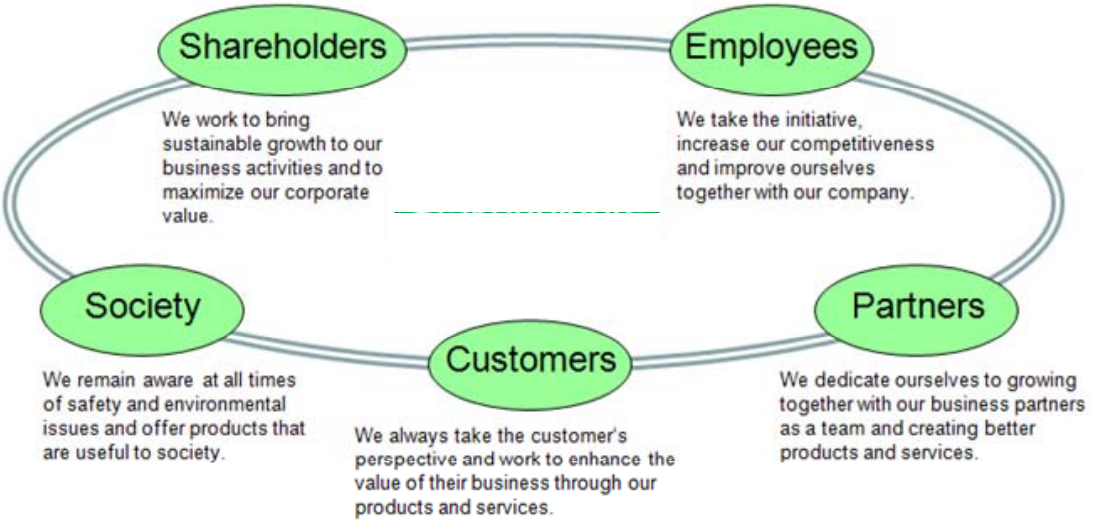
Ⅰ－1. Corporate Philosophy Pyramid (Overall Representation of Our Business)



Sozo (Creation):	We will create by innovating and taking pride in high-quality products.
Hoshi (Contribution):	We will contribute to our customers' success and serve society.
Kyoryoku (Cooperation):	We will cooperate to ensure our happiness and strengthen the bonds between us.

The Tadano Group's Business Objective is the implementation of our Corporate Philosophy. We consider this to be something towards which we must constantly and diligently strive.

We aim to meet the expectations of all stakeholders* and create harmony through win-win relationships in order to maximize our corporate value.



*Stakeholders = All parties with a direct or indirect interest in the conduct of our company's business.

[Vison]

Pursuing Excellence for the World and the Future

- The Tadano Group is working to meet the expectations of all stakeholders and to maximize our corporate value.
- We are also creating an organizational culture that allows for continued learning and growth.

[Core Value]

Safety (S):	Prioritizing the safety of society and of all those who make and use our products and services
Quality (Q):	Pursuing quality improvement, including of products, services, and business operations
Efficiency (E):	Enhancing efficiency in our business operations, as well as contributing to improvements in customer business efficiency

Tadano's Core Values are "Safety First, Quality Second, Efficiency Third," and we always uphold them in this critical order of priority. However, since it is impossible to manage our company without the third value of efficiency, we must ensure "Safety First, Quality Second, Efficiency Third" by any means necessary.

[Business Domain]

Our business domain is Lifting Equipment (Mobile machinery used for lifting loads and carrying out aerial work)

[Long-Term Goals]

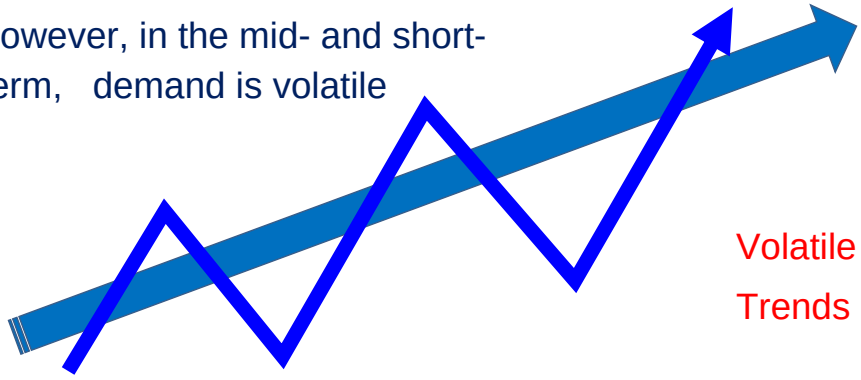
- **Becoming No. 1 Worldwide in the Lifting Equipment Industry**
- **Attaining a sales ratio of 80% outside of Japan**
- **Becoming a company with stable and high profitability （Attaining an average operating margin of 20%）**

Ⅰ－6. Industry Characteristics(1)

TADANO
Lifting your dreams

- From the perspective of demographics,
  Lifting Equipment is a Growth Industry
- Both the Lifting Equipment industry and Tadano have big potential

Uptrends in the long term…
However, in the mid- and short-term, demand is volatile

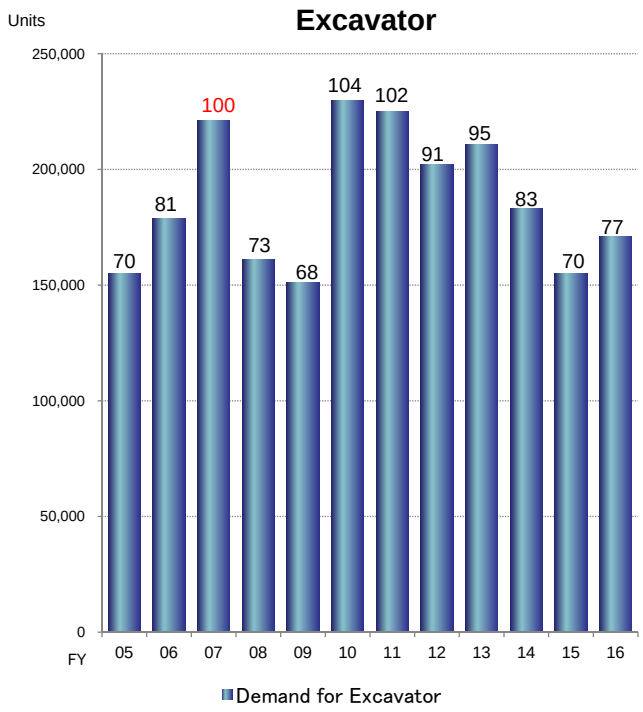


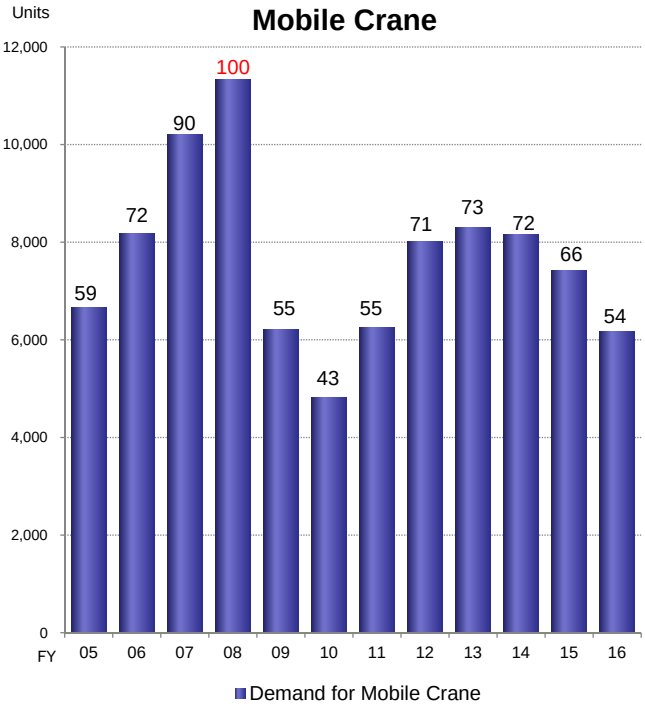
Volatile Up-Down Trends

Ⅰ－6. Industry Characteristics(2)

TADANO
Lifting your dreams

- Sophisticated, Intricate Products:
  Number of parts: Many
  Production Process Accuracy: High
- Demand Fluctuation: Volatility: High
- Parts Sales Ratio: Low
- Used Machine Value: High



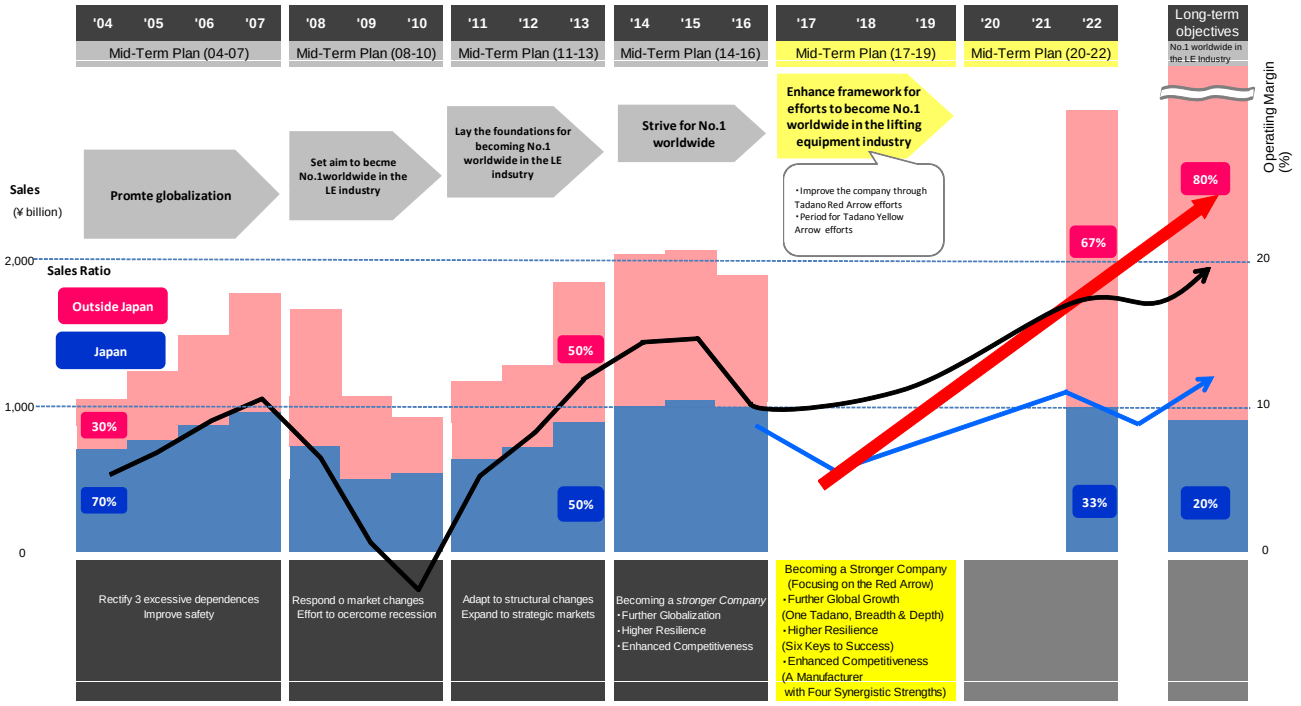


Based on Tadano research. Mobile cranes produced in China and Russia are excluded

Ⅱ. Mid-Term Management Plan（17-19）

Ⅱ－1. Mid-Term Management Plan (17-19) Context

TADANO
Lifting your dreams



Ⅱ－2. Basic Policy and Three Priority Points

TADANO
Lifting your dreams

Mid-Term Management Plan (17-19) Basic Policy:

Becoming a *Stronger Company* (Focusing on the Tadano Red Arrow)

A *Stronger company* means being able to continuously do the following two things regardless of the external business environment:



Three Priority Points

- **Further Global Growth (One Tadano, Breadth & Depth)**
- **Higher Resilience (Six Keys to Success)**
- **Enhanced Competitiveness (A Manufacturer with Four Synergistic Strengths)**

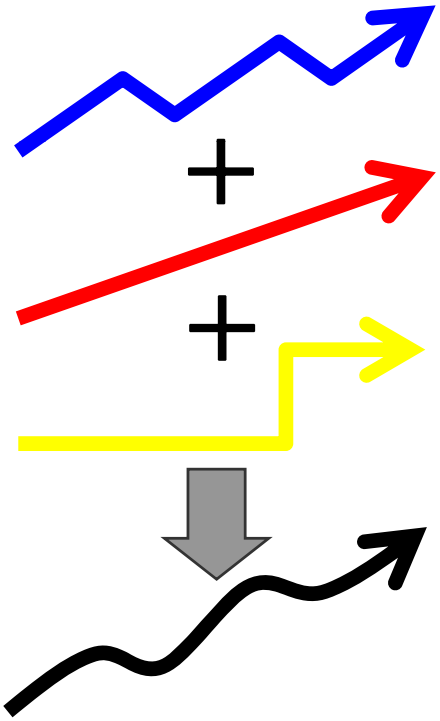
Focusing on the Tadano Red Arrow

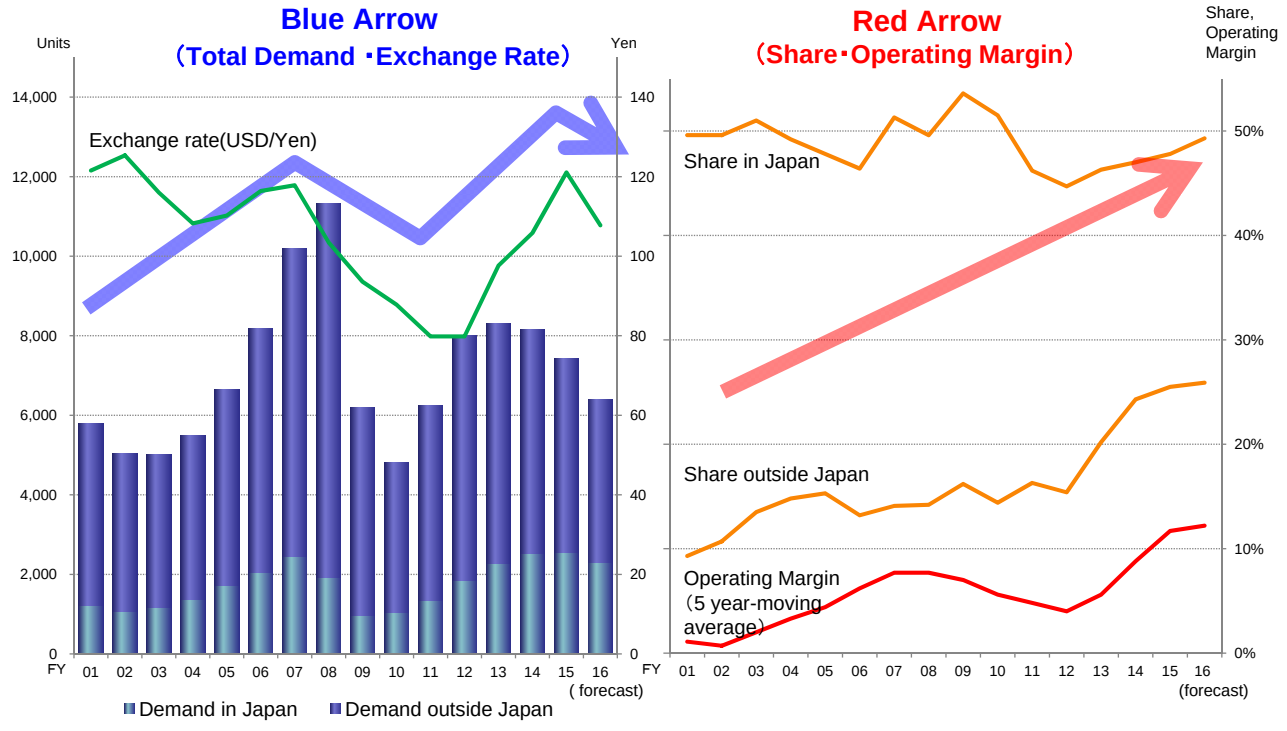
Market
（Demand, Exchange rate）

Self-Support Effort

Investment
（New Plant, M&As）

Performance





TADANO
Lifting your dreams

One Tadano

Becoming one team through the sharing of common values throughout the Tadano Group.

Breadth & Depth

Expanding globally with breadth, infusing the value chain with depth.

TADANO
Lifting your dreams

Six Keys to Success

Extending our Capabilities

We must constantly strive to strengthen our profitability and to prepare for sudden demand changes.

Becoming Lean

We must become lean by reducing inventory to the proper level.

Flexibility

We must convert fixed costs to variable costs and reduce lead time, among other efforts, in order to attain flexibility toward sudden demand changes.

Diversification

We must avoid over-concentration in one area by diversifying in various aspects, such as product segmentation, sales area, customers and suppliers.

Agility

We must continuously and diligently make forecasts and preparations with heightened sensitivity. We must be prepared for both war and peace, with a Plan B at the ready for immediate action.

Quality Improvement

We must engage in quality improvements, including improvement of product, work and human resources. Product quality, despite the challenges involved in its continuous improvement, is an especially powerful instrument in the enhancement of overall corporate strength.

A Manufacturer with Four Synergistic Strengths!

Product Competitiveness

＋

Product Quality

＋

Service Capability
(Including Parts)

＋

Used Crane Value

- Competitive superiority attained through continuous improvements and long-term effort

① Improve Market Position
② Enhance Product Competitiveness
③ Pursue Global & Flexible *Monozukuri**
④ Provide Outstanding Quality & Service
⑤ Improve Product Life-Cycle Value
⑥ Develop Solution Business
⑦ Raise Level of Profitability and Asset Efficiency
⑧ Establish Growth Structure
⑨ Strengthen the Tadano Group & Global Management Structure

**Monozukuri* = Manufacturing with a focus on continuous improvement*

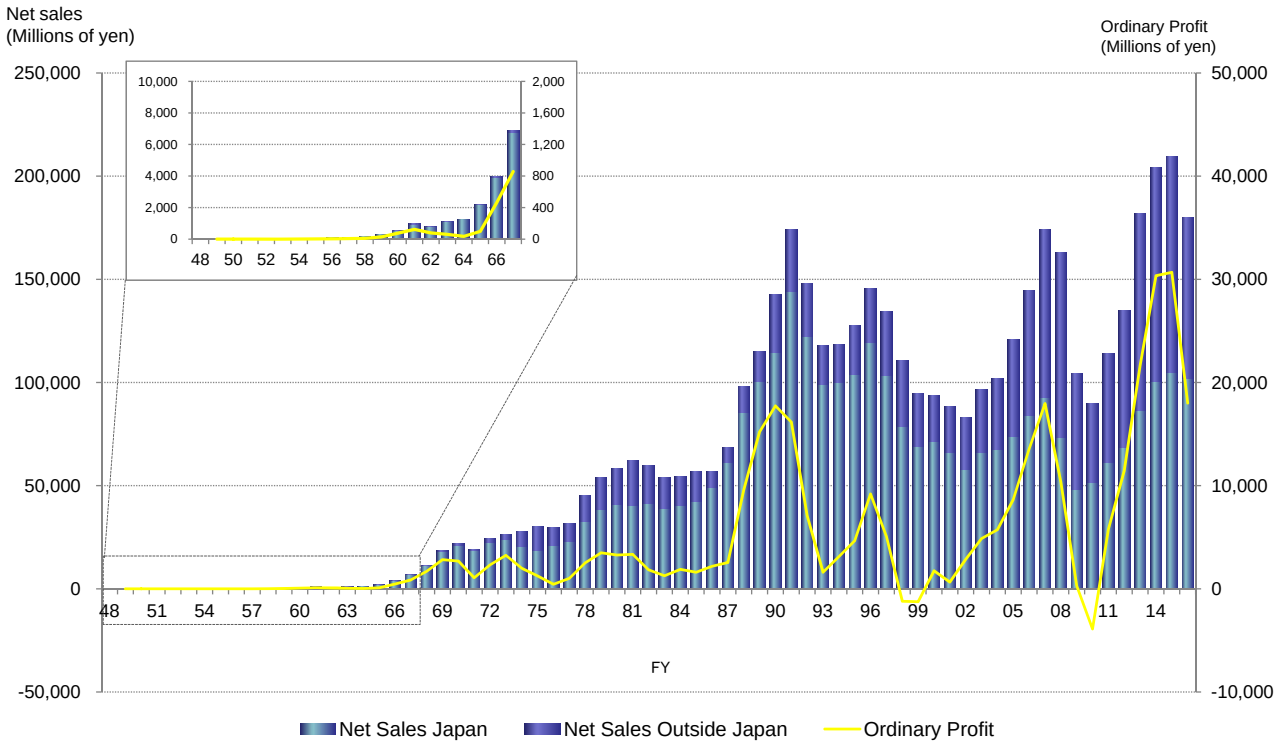
TADANO
Lifting your dreams

	FY2016 Results	FY2019 Targets	FY2022 Mid-Term Targets
Sales	¥179.6billion	¥240.0billion	¥300.0billion
Inside Japan	¥102.2billion	¥96.0billion	¥100.0billion
Outside Japan	¥77.4billion	¥144.0billion	¥200.0billion
Outside Japan Ratio	43.1%	60.0%	66.7%
Operating Income	¥18.4billion	¥36.0billion	¥50.0billion
Operating Income Ratio	10.3%	15.0%	16.7%
Inventory Turnover Ratio	3.3	4.8	
ROA（Operating Income /Total Assets）	7.9%	13.0%	

Exchange rates ：USD ¥110 EUR ¥120

Reference:Sales and Profit Trends Since Company Establishment

TADANO
Lifting your dreams



- The year indicates beginning point of each fiscal year. Until 1986, accounting period was from September to August, and was seven months from August to March in 1987 (above graph is recalculated as 12 months period). From 1988, the period has been from April to March.
- Group consolidated accounting started from 1989.