Tadano Group Mid-Term Management Plan（20-22）

TADANO LTD.

Mid-Term Management Plan（20-22）
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I. Tadano Business Overview

I−1. Business Overview

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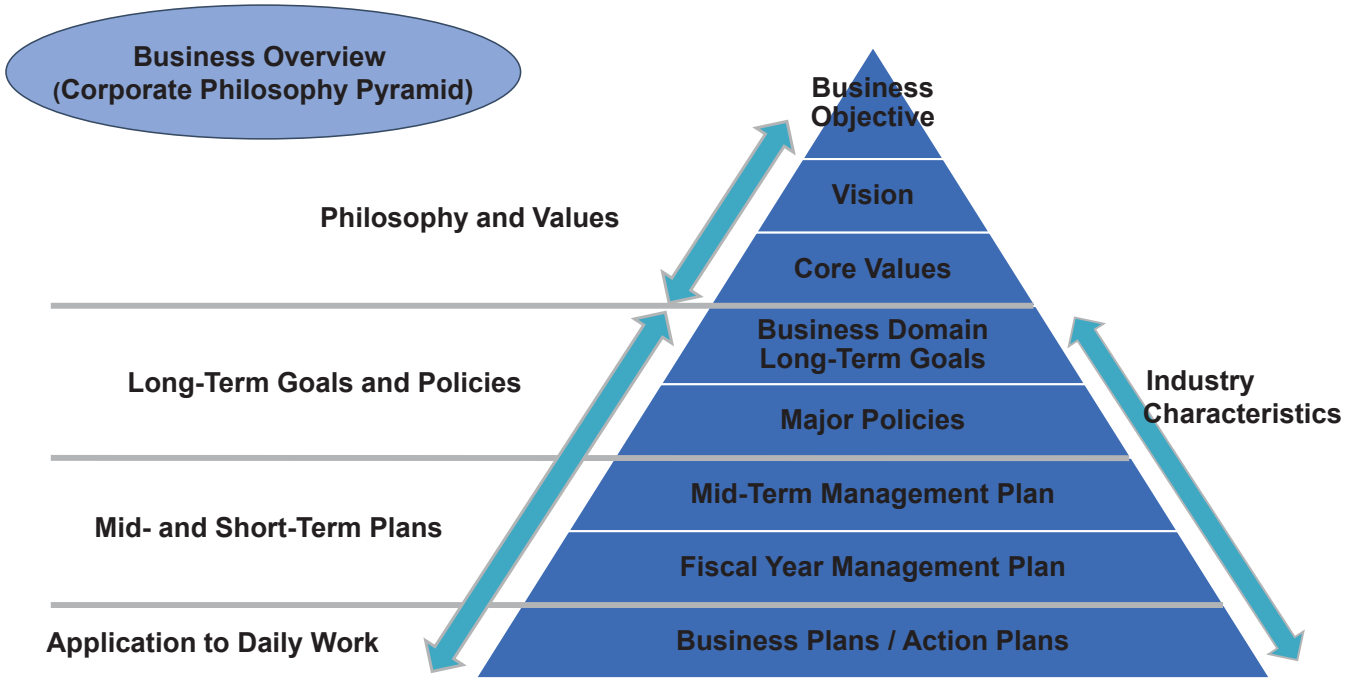

I—2. Corporate Philosophy

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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.

I—3. Corporate Social Responsibility

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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.**

Pursuing Further 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.

Compliance (C): Acting with fairness and honesty by obeying laws, regulations and rules, in addition to maintaining a high sense of ethics

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

Compliance forms the foundation for all action at Tadano. In addition to obeying rules, regulations, and corporate ethics, we are called to act in accordance with norms and demands of the greater society. 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. Compliance provides the groundwork that enables Tadano to actualize each of these Core Values of Safety, Quality, and Efficiency.

I－6. Business Domain

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

I－7. Long-Term Goals

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- 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%）

Safety and Health Policy

In order to provide our customers and the greater society with safety and reliability, we will engage in the following:

1. We aim to have zero accidents in our work.

2. We will work to ensure mental and physical health.

3. We will enhance internal awareness of the importance of safety.

4. We will work toward ensuring safety and good health in the workplace.

5. We will follow established rules thoroughly.

Quality Policy

We Aim to Provide No.1 Quality in the Lifting Equipment Industry.

1. Give priority to safety and quality over all else.

2. Focus on society and customers.

3. Enhance human resources and overall corporate strength.

4. Thoroughly implement TAS (Tadano Anzen* Standard).

5. Give importance to quick execution and to the actual site, the actual object, and the actual situation.

***Anzen = Safety**

Environmental Policy

We serve society by harmonizing the balance of people, machinery and the environment.

1. Promote environmentally responsible behavior.

2. Develop environmentally friendly products.

3. Conduct environmentally responsible business activities.

Technology Policy

Lifting your dreams
– For the Customer and the Greater Society –

Tadano's Technology Policy Incorporates the Following 5 Concepts:

① The Technology Policy is the starting point for idea generation in our research and development activities.

② We will pursue the 5 Functionalities: "Safety," "Higher, Farther, Faster," "Working at Will (Autonomous, Intelligent)," "Easy to Build, Hard to Break, Easy to Repair," and "Economy of Use." (Despite certain contradictions existing among these 5 Functionalities, we seek to achieve beyond these and engage in outstanding research and development.)

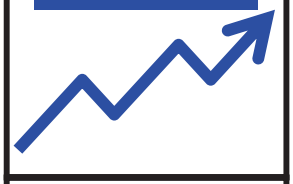
③ We will continuously enhance the 5 Technologies: "Structure," "Control," "Power/Drive," "Information and Communications Technologies," and "Monozukuri (Manufacturing that Improves Continuously)."

④ We will create cutting edge products through the enhancement of the 5 Technologies and the pursuit of the 5 Functionalities.

⑤ By putting the Technology Policy into practice, we aim to realize the vision of "Lifting your dreams."



Blue Arrow



Markets: External factors like demand and forex are always in flux. (Blue is the color of the sky.)

+

Red Arrow



Self-support efforts: Things we can control on our own power. (Red is the color of passion.)

+

Yellow Arrow

Large Investments: New plant construction and M&As. (Yellow is the color of gold.)

=

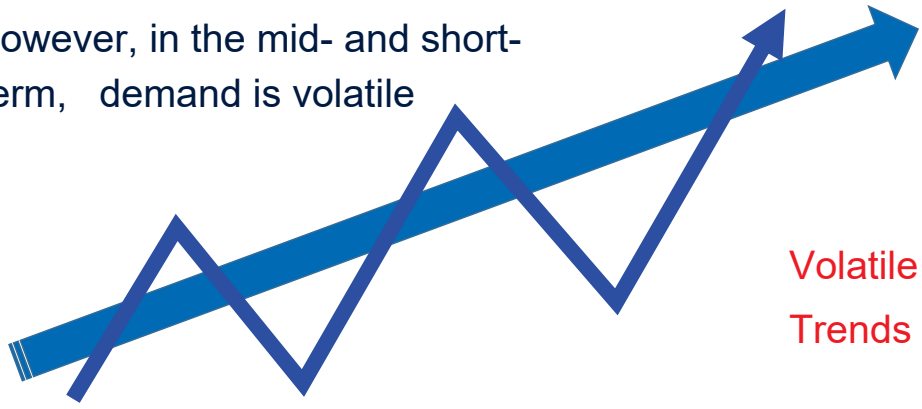
Black Arrow



Business Performance: Blending the other arrows' colors. (Black is the color of profits.)

- 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

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

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II. Mid-Term Management Plan (20-22)

MTP(20-22) Context:

Growing Organically Toward Becoming No. 1 Worldwide in the Lifting Equipment Industry

- Next Steps Beyond Tadano's First 100 Years
- Developing a System to Become No. 1 Worldwide in the Lifting Equipment Industry
- Aiming for Long-Term Profit Growth

MTP (20-22) Basic Policy:

Pursuing Further Excellence (Focusing on the Tadano Red Arrow)

Four Priority Points:

- Maximize Tadano Group Synergy (+TDG)
- Increase Resilience
- Enhance Competitiveness
- Engage in ESG* and SDGs**

*ESG = Environment, Social, Governance
**SDGs = Sustainable Development Goals

<< Basic Policy >>

Pursuing Further Excellence (Focusing on the Tadano Red Arrow)

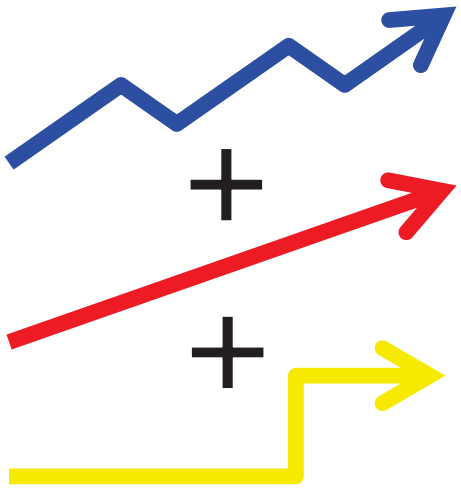


'Further Excellence' Means:

- Being a Robust Company
- Being a Company that Continues to Evolve
- Being a Company that Benefits Society and Customers
- Being a Company that Earns the Esteem of the Greater World
- Being a Company that Earns the Pride of its Employees

Focusing on the Tadano Red Arrow

Markets
(Demand, Exchange rates)



Self-Support Efforts

Large Investments
(New Plants, M&As)

Business Performance

II－5. The Tadano Blue & Red Arrows

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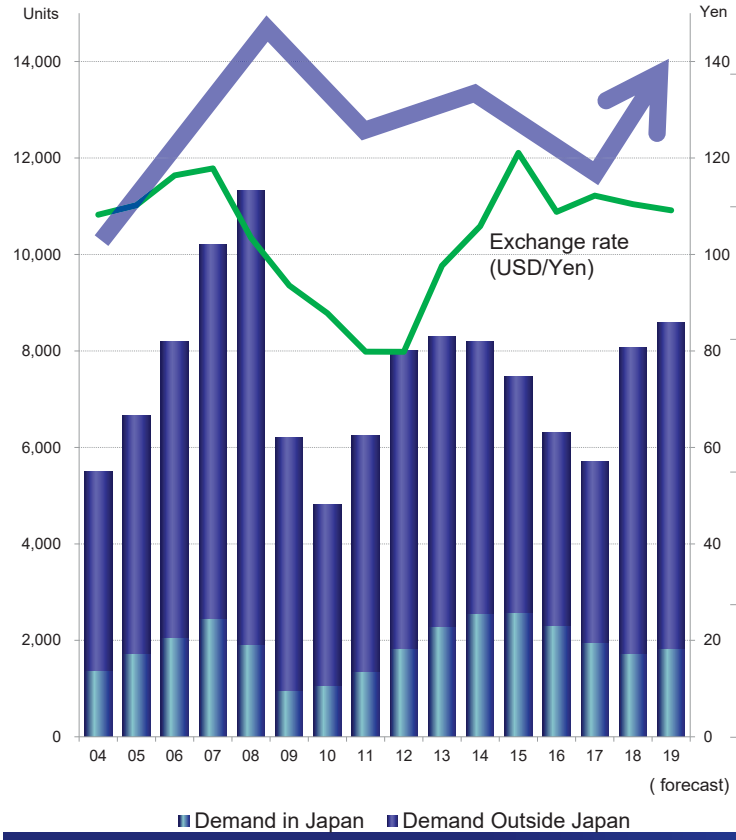
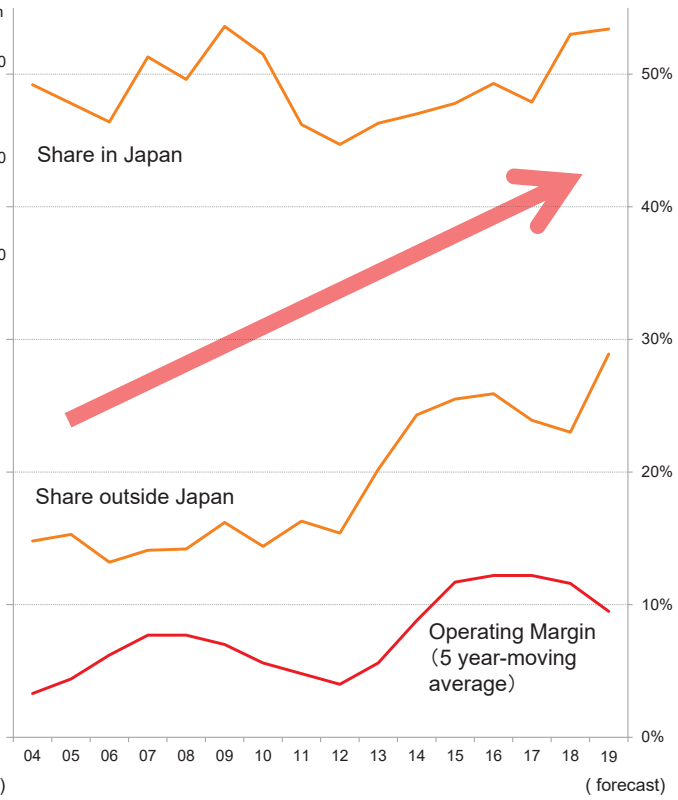
Blue Arrow （Total Demand・Exchange Rates）



Red Arrow （Share・Operating Margin）



II－6. Priority Points

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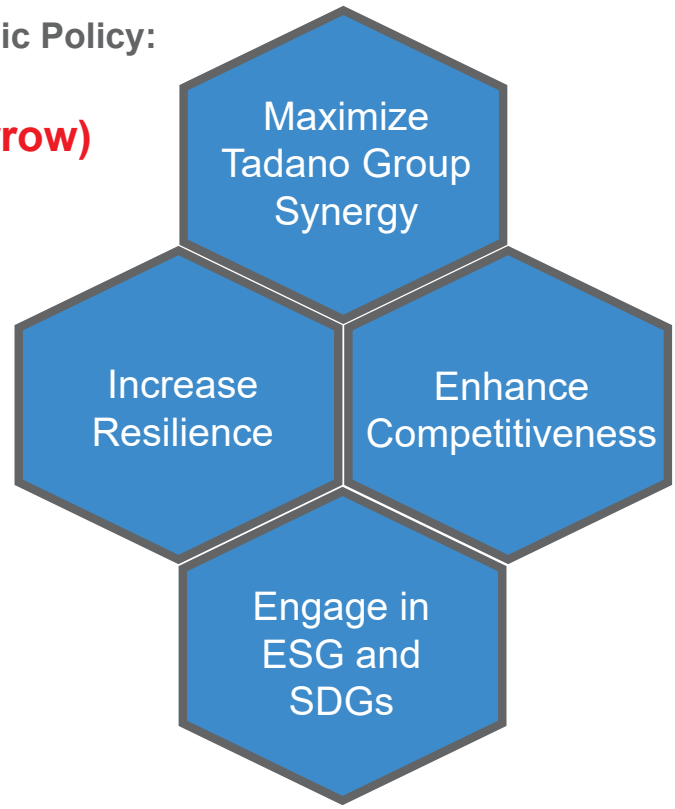
Mid-Term Management Plan (20-22) Basic Policy:

Pursuing Further Excellence
(Focusing on the Tadano Red Arrow)

Four Priority Points



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.

+TDG

RISE

With the acquisition of the Demag Mobile Cranes Business, the Tadano Group seeks to maximize integration and synergy effects, starting with a focus on our European Operations.

RISE

Revitalize

Integrate

Synergize

Expand

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**

Tadano has long held our vision to be “Pursuing Further Excellence for the World and the Future.” This vision aligns with the aims of the UN’s Sustainable Development Goals. In continuing our aim for further excellence, Tadano is enhancing its ESG and SDG endeavors as we step forward into our second century of operations as a company.

From the time of our founding, Tadano has held the firm belief that a company can exist only when it is in harmony with the people around it and the greater society. Under this belief, we aim to prioritize harmony with our stakeholders as we carry out our social responsibilities. Tadano’s core competencies are quality and service capability. Our Core Values are Safety, Quality, and Efficiency based on Compliance (C+SQE).Centered on our products and services, we are promoting ESG and SDG endeavors as we work along the value chain of “Designing, Manufacturing, Delivering, and Servicing.”

III. Eight Strategies

Mid-Term Management Plan (20-22) Strategies

① **Strengthen Market Position**
(Enhance RT Position and Intercept the Competition | Revitalize AT Business | Advance TC Business with Japan-Built and India-Built Products | Initiate CC Business | Rebuild TBC Business | Expand Loader Crane Business | Enhance AWP Business)

② **Enhance the Four Synergistic Strengths**
(Enhance Product Competitiveness | Pursue Outstanding Quality | Deliver Outstanding Service | Grow Used Crane Business Globally)

③ **Engage in Global and Flexible *Monozukuri**
(Power of Flexibility | Division of Work Responsibilities | Expanding Procurement Functions Globally)

④ **Improve Life Cycle Value (Expand Stock Business)**

⑤ **Develop New Technologies and Solution Business**

⑥ **Revitalize Profitability and Improve Asset Efficiency**
(Operating Margin | CCC: Reducing Inventory)**

⑦ **Strengthen the Tadano Group and Global Management Structure**
(One Tadano | Best Practices)

⑧ **Optimize Human Resource Utilization**

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

****CCC = Cash Conversion Cycle**

The quantitative management targets for Mid-Term Management Plan (20-22) have not yet been formulated due to the difficulty in reasonably assessing the impact of the novel coronavirus disease (COVID-19). This section remains pending, but the targets will be disclosed in a timely manner after it becomes possible to assess these matters to a higher degree.

Reference: Sales and Profit Trends Since Company Establishment

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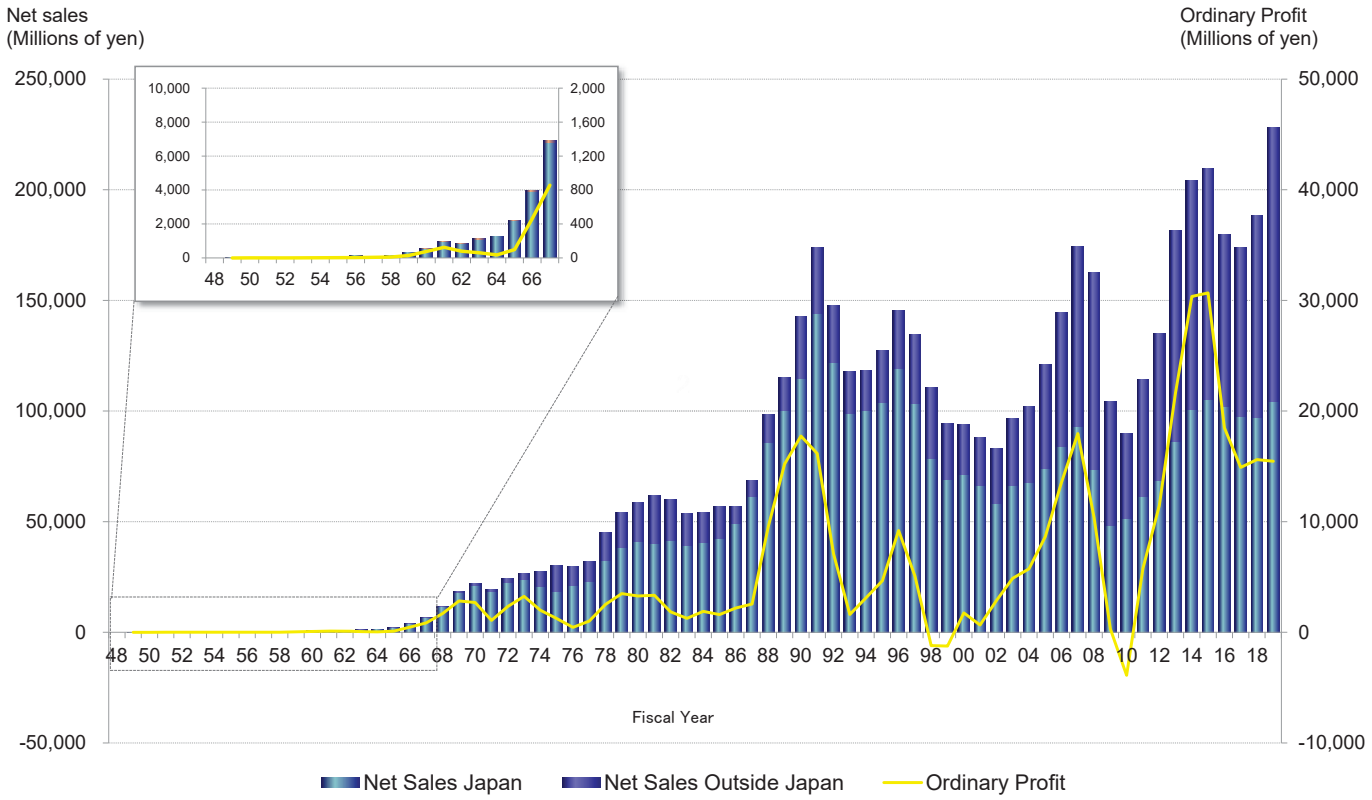

- The year indicates beginning point of each fiscal year. Until 1986, accounting period was from September to August, and was seven months from August to March in 1987 (above graph is recalculated as 12 months period). From 1988, the period has been from April to March.
- Group consolidated accounting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

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Go-Anzen-Ni !