

# Value Creation Process

## INPUT

Over 60 years of experience in the lifting equipment industry (developed Japan's first hydraulic truck crane in 1955)

Core technologies  
Structural technologies  
Motion control technologies  
Carrier technologies

Advanced manufacturing technologies (including high-tensile-strength steel plates processing and welding)  
Global production system

Organizational culture that allows for continued learning and growth (focus on human resources development)

Strategies set every 3 years in Mid-Term Management Plan



<b>Capital Investment</b> 14,458 million yen	<b>R&amp;D Expenses</b> 6,918 million yen	<b>No. of Patents Held</b> 570
<b>No. of Employees</b> 3,405 (consolidated)	<b>Worldwide Network</b> Over 100 locations (Group companies and distributors)	<b>Energy Use</b> 5,665 kiloliters (crude oil equivalent/in Japan) (FY 2018)

**Our Vision: Pursuing Further Excellence for the World and the Future**  
We are 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.

## OUTPUT

- Mobile Cranes
  - All Terrain Cranes
  - Rough Terrain Cranes
  - Truck Cranes
  - Telescopic Boom Crawler Cranes
- Creation, Contribution, Cooperation (Corporate Philosophy, Business Objective)
- C+SQE (Core Values) **P.03-04**
- Acquisition of Demag Mobile Cranes Business  
Over **20.0** billion yen **P.10,26**
- Investment in New Plant  
Over **20.0** billion yen **P.10**
- New Products Launched **14** models (e.g., largest rough terrain crane in Japan) **P.17-24**
- Maintaining Successful Relationships with Stakeholders **P.25-32**
- Transparent, Sound and Efficient Management (Corporate Governance) **P.33-34**
- Used Equipment
- No. of New Group Companies and Offices Established Outside of Japan **4** (Bangkok, India, Moscow, Chile) **P.43-44**

Product Competitiveness

Product Quality

Service Capability (Including Parts)

Used Crane Value

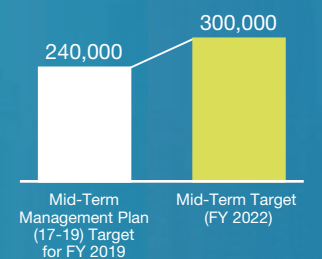
### Core Values: C+SQE (SQE based on C)

We pursue a set of Core Values which take precedence over everything else. Compliance forms the foundation for all action at Tadano. 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" by any means necessary. Compliance provides the groundwork that enables Tadano to actualize each of these Core Values of Safety, Quality, and Efficiency.

## OUTCOME & PLAN

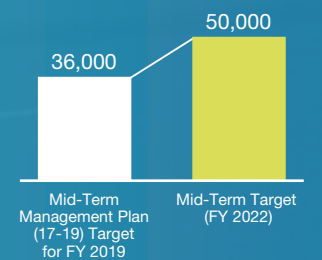
Consolidated Net Sales (Millions of yen)

**188,451** million yen



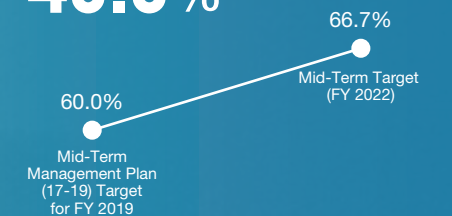
Operating Income (Millions of yen)

**15,835** million yen



Outside Japan Sales Ratio

**48.5%**





# Value Chain

At Tadano, we implement Total Quality Management (TQM) throughout the value chain, which we describe as “Designing, Manufacturing, Delivering, and Servicing.” To ensure that our customers will continue to choose our products, we are constantly polishing our product quality and service capability (including parts), our long-standing advantages. By further enhancing our product competitiveness and used crane value, we strive to be a manufacturer with four synergistic strengths.

## Designing — Research, Design, Development

At the heart of Tadano’s design process is our complete customer-oriented perspective. Our engineers go to the actual jobsites to see in person how a product is used and to hear directly from our customers what kind of functions would satisfy their needs. We want to create products that are strong enough to withstand the harshest of jobsite conditions and products that are quiet enough to operate without obstructing the peaceful calm of residential areas. We want to be able to deliver products that bring true benefits to our customers. At Tadano, we have tight-knit cooperation between development engineers and the production line workers to support building Tadano products with the highest quality and performance. Furthermore, our global designing process bolstered by collaborative manufacturing with Group companies—in Germany, the United States, Thailand, and India—will continue to evolve. We want to create products that exceed the expectations of our customers. There is no end to the array of challenges Tadano will take on.

### Message



Director, Senior Executive Officer  
In charge of Research and Development Division and Head of Sustainable and Super Value Engineering Division and Indian Operations

**Tamaki Okuyama**

Under the Technology Policy of “Lifting your dreams: For the Customer and the Greater Society,” the Research and Development Division looks toward the future from the present and develops products that meet current needs, while the Advanced Technology Research Division looks at the present from the perspective of the future as it researches the next generation of revolutionary, safe, and highly productive construction solutions. We have selected five key features to be offered in the future—“safety,” “higher, farther, faster,” “work at will (autonomous intelligence),” “easy to make, hard to break, easy to repair,” and “economy of use”—and are taking steps to realize them in our products.

## Manufacturing — Production, Procurement, Quality and Safety

At Tadano, we take pride in our technology, which has been passed down and honed since the company began as a welding business. We rely on our human resources to preserve and cultivate our technology. Cranes are especially complex pieces of precision machinery. The key to fitting their many intricate pieces together to create a high-quality product lies in continuous improvements in skill and technique derived from our wealth of accumulated engineering experience. Tadano develops the skills of its workforce through both specialized skill training, which leads to quality improvements, and multi-skill development, which leads to efficient manufacturing. At the same time, we are injecting our resources into the development of new facilities, equipment, and production technology. While our core production plants are located in Japan, Tadano also manufactures products that meet a diverse range of global needs at key facilities located in Germany, the United States, Thailand, and India. This integrated network results in a highly-efficient and cost-competitive global production model. We are reinforcing our efforts to achieve global quality, by implementing our core values of C+SQE (SQE based on C) at our companies. These efforts support the quality at the Tadano Group.

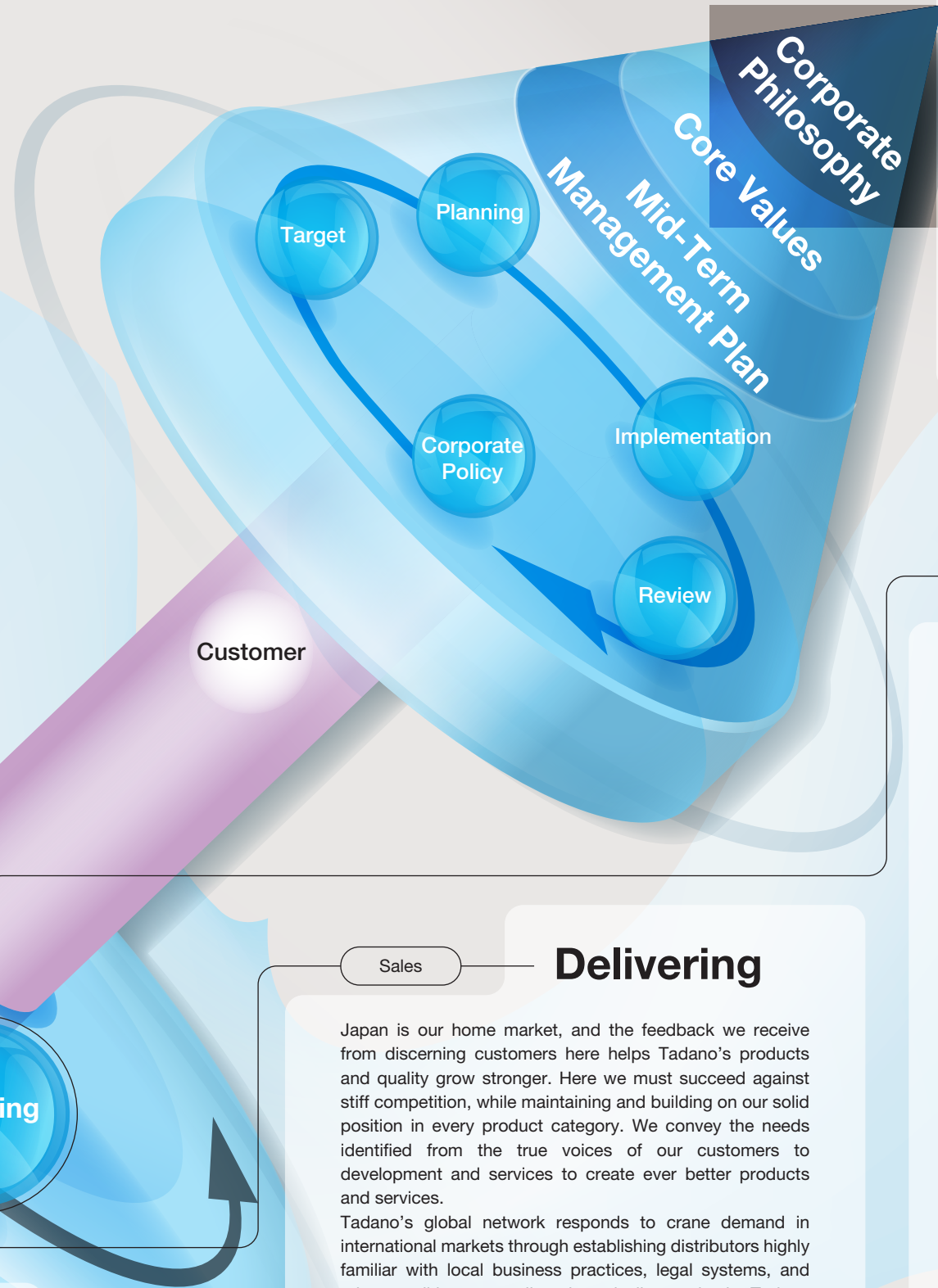
### Message



Director, Executive Officer  
In charge of Production Division and Head of Procurement Division, Quality and Safety Assurance Division, Thai Operations and Chinese Operations

**Yoichiro Nishi**

Tadano focuses on better quality and improved productivity by consolidating our production operations by product segment at our domestic and international production bases. Our new Kozai Plant—built on the concept of “Next Generation Smart Plant: Harmonizing the Balance of People and Machinery, Connecting to the Next Generation of Smart Manufacturing”—began operation in August 2019. We will further increase the plant’s productivity to develop it into a world-class crane plant, while moving forward with reorganization efforts at our Shido Plant to boost its productivity.



### Message



Director, Senior Executive Officer  
Head of Planning and Administration Division and Information and Communication Technology Division

**Toshiaki Ujiie**

As the world undergoes complicated, rapid and extreme changes, we are working to develop new systems and programs to ensure maximum performance for the entire Group. While we have many foreign national employees at Tadano, we are further promoting diversity at the company. Based on our action plan for empowering women formulated in 2016, we have implemented a systematic recruitment plan and developed a positive work environment for female employees. Going forward, we will work to further strengthen our governance structure as we aspire to be trusted by all our stakeholders.

## Servicing

Tadano’s services consist of after-sales services, which include repair services for the products we have delivered, and before-sales services, such as inspections and maintenance to ensure safe use. Product downtime leads directly to business losses for customers. That is why Tadano strives to deliver outstanding service exceeding the highest customer expectations.

In addition to 10 branches and 23 sales offices in Japan, our service network includes 345 authorized service contractors and 937 authorized service personnel across Japan. Further, we have established 7 parts centers including the Tadano Global Parts Center in Kobe, Japan. Our global service network (including direct and distributor-provided service) spans the entire world. We constantly work to enhance this network and improve our quality of service. We provide systematic and specialized training at our training center in Japan, in addition to local technical training courses outside of Japan. We also launched a parts center in Singapore with the goal of dramatically reducing the delivery time for parts.

## Delivering — Sales

Japan is our home market, and the feedback we receive from discerning customers here helps Tadano’s products and quality grow stronger. Here we must succeed against stiff competition, while maintaining and building on our solid position in every product category. We convey the needs identified from the true voices of our customers to development and services to create ever better products and services.

Tadano’s global network responds to crane demand in international markets through establishing distributors highly familiar with local business practices, legal systems, and other conditions, as well as through direct sales by Tadano Group companies. The close ties we have built with our customers in every country allow us to quickly and efficiently meet their needs.

### Message



Representative Director, Executive Vice President  
In charge of Sales Administration Division and Head of Customer Support Division, Japan Sales Division, International Sales Division, European Operations and Used Crane Division

**Tadashi Suzuki**

Tadano strives to minimize downtime and maximize product value so that we can deliver customer satisfaction over the entire lifecycle of our machines through our sales and service activities. We will do our utmost to ensure that our Japanese customers will continue to be satisfied with our products and services, while expanding our global network to strengthen our presence in international markets. Going forward, we will expand our product lineup by adding new products through strategic M&As to meet a wide range of customer needs.