

Explanatory Materials for FY2014 Third Quarter 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.

February 2015
TADANO Ltd.



Income Statement (vs. Previous Year)



(Unit: millions of yen)

	3Q FY2013		3Q FY2014		Change
	Amount	Percentage	Amount	Percentage	
Net sales	125,766	100.0%	145,121	100.0%	19,355
Cost of sales	91,337	72.6%	102,722	70.8%	11,384
Gross profit on installment sales	59	0.0%	-28	-0.0%	-87
Gross profit	34,488	27.4%	42,371	29.2%	7,883
Selling, general, and administrative expenses	19,995	15.9%	21,711	15.0%	1,716
Operating income	14,493	11.5%	20,660	14.2%	6,166
Non-operating income and loss	931	0.7%	1,217	0.8%	285
Ordinary income	15,425	12.3%	21,877	15.1%	6,452
Extraordinary income and loss	-111	-0.1%	-10	-0.0%	101
Income before income taxes and minority interests	15,313	12.2%	21,867	15.1%	6,554
Corporate taxes	4,940	3.9%	7,285	5.0%	2,344
Minority interests	-29	-0.0%	35	0.0%	64
Net income	10,401	8.3%	14,546	10.0%	4,144

[Key changes in the cumulative 3rd quarter (Apr-Dec)]

Sales and profit for this April-December period set a new high against last fiscal year's record for the same period.

- **Net Sales:**
 - Consolidated net sales increased by 15.4% compared with the previous 3Q
 - Outside Japan sales ratio was 53.8%
- **COGS ratio:**
 - COGS ratio was 70.8%, improved by 1.8 percentage points compared with the previous 3Q due to larger model sales promotion, efforts for resuming appropriate sales prices, cost savings, and foreign exchange effects.
- **Selling, general, and administrative expenses:**
 - ¥1.7 billion increase compared with the previous 3Q.
- **Profits:**
 - Operating income increased by ¥6.1 billion compared with the previous 3Q.
 - Ordinary income increased by ¥6.4 billion compared with the previous 3Q.
 - Net income increased by ¥4.1 billion compared with the previous 3Q.
- **Factors of ordinary income change:**
 - ➔ + ¥5.3 billion by increase of ¥19.3 billion net sales
 - ➔ + ¥2.6 billion due to 1.8 percentage points improvement of COGS ratio
 - ➔ - ¥1.7 billion due to increase of selling, general, and administrative expenses
 - ➔ + ¥0.2 billion due to non-operating income and loss (+ ¥0.2 billion by influence of foreign exchange income and loss)

Balance Sheet (vs. End of Previous Fiscal Year)



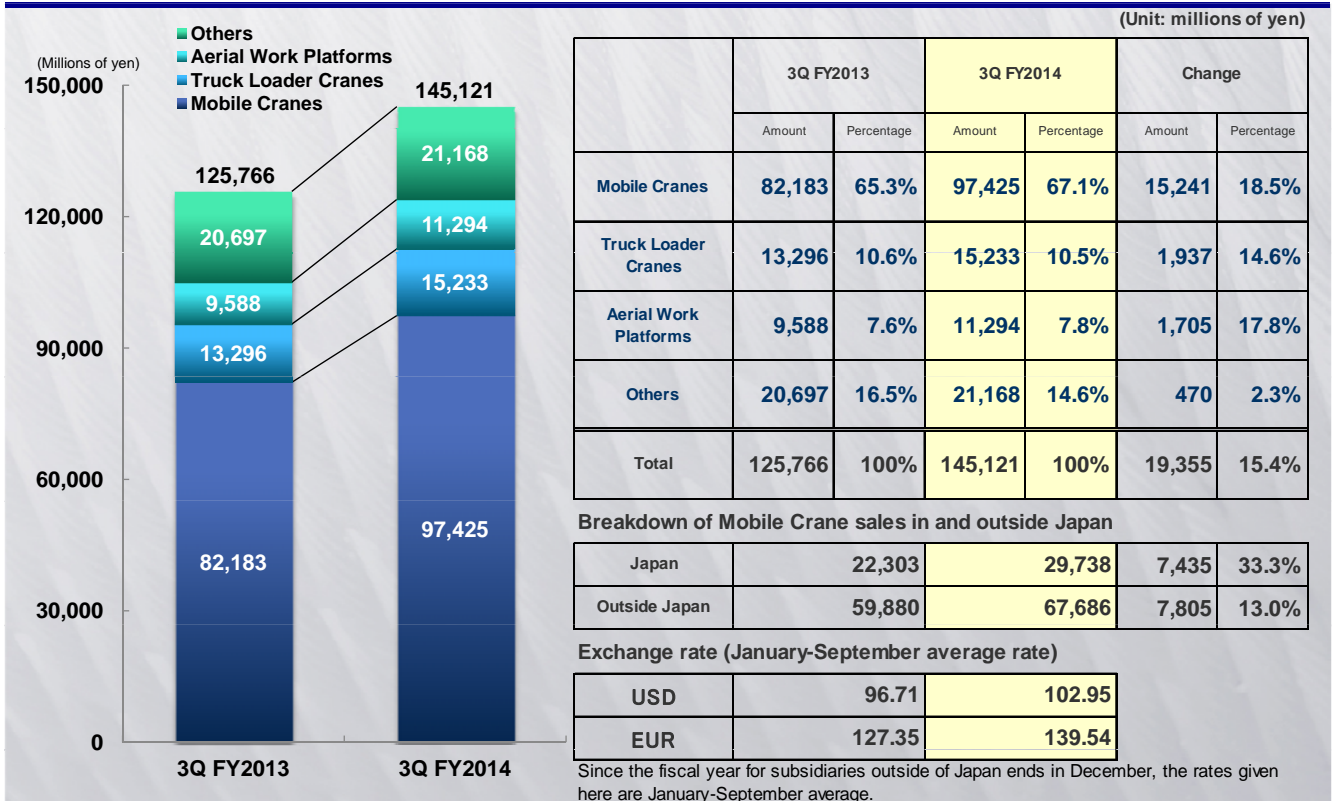
(Unit: millions of yen)

	FY2013 year-end		3Q FY2014		Change
	Amount	Percentage	Amount	Percentage	
Cash deposit	48,365	24.3%	74,189	31.8%	25,824
Accounts receivable	48,259	24.3%	43,172	18.5%	-5,087
Inventories	45,968	23.1%	56,982	24.5%	11,014
Other current assets	8,074	4.1%	8,284	3.6%	209
Total current assets	150,668	75.7%	182,629	78.4%	31,961
Tangible fixed assets	36,859	18.5%	37,693	16.2%	833
Intangible fixed assets	857	0.4%	1,174	0.5%	317
Investment and other assets	10,559	5.3%	11,486	4.9%	927
Total fixed assets	48,275	24.3%	50,354	21.6%	2,078
Total assets	198,944	100.0%	232,983	100.0%	34,039
Accounts payable	30,036	15.1%	43,088	18.5%	13,051
Interest-bearing debt	38,233	19.2%	49,585	21.3%	11,352
Other liabilities	27,708	13.9%	25,441	10.9%	-2,267
Total liabilities	95,978	48.2%	118,114	50.7%	22,136
Total equity	102,965	51.8%	114,869	49.3%	11,903
Total liabilities and equity	198,944	100.0%	232,983	100.0%	34,039

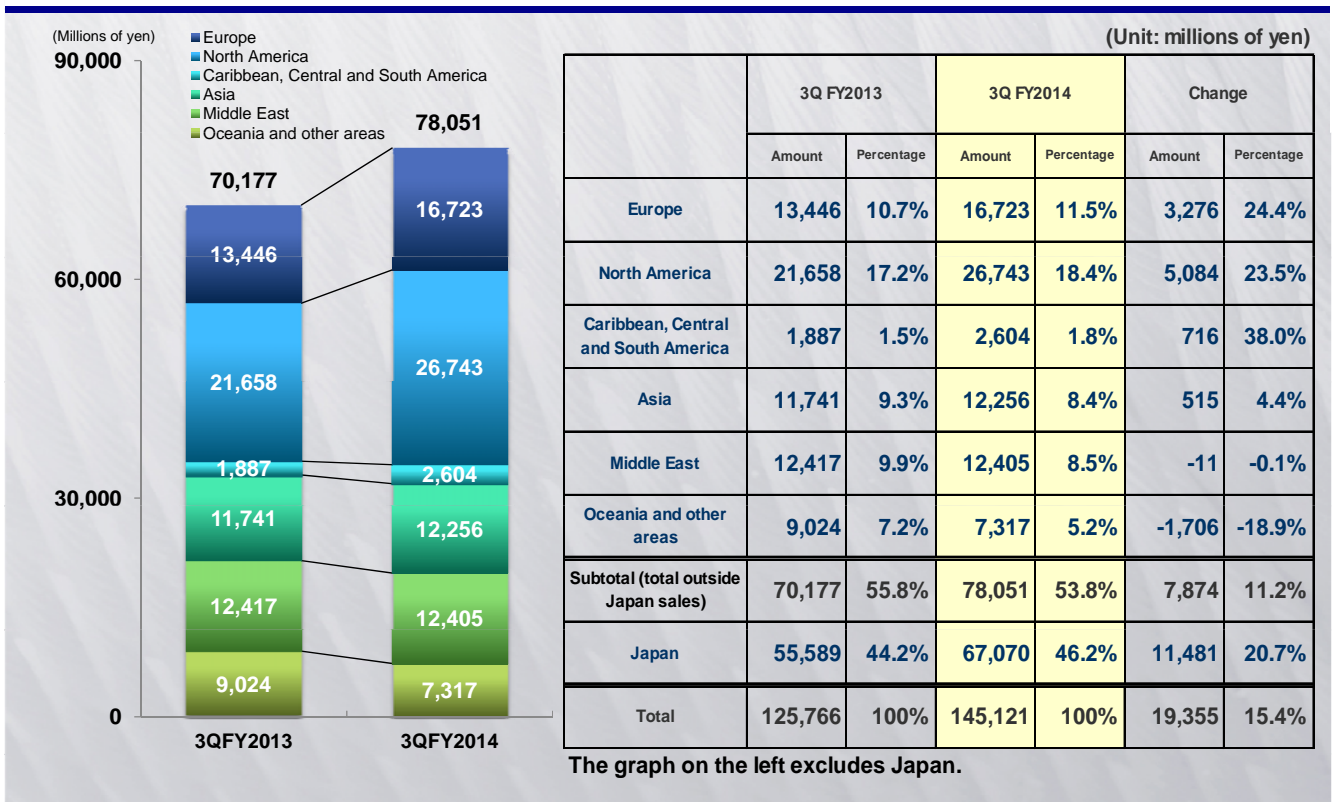
[Key changes]

- **Accounts receivable decreased:**
¥48.2 billion → ¥43.1 billion
 - ➔ The receivable turnover period improved.
(3Q FY2013: 83.1 days, FY2013: 96.9 days
→ 3Q FY2014: 81.8 days)
- **Inventories increased:**
¥45.9 billion → ¥56.9 billion
 - (The ¥56.9 billion includes ¥14.5 billion in TADANO Faun GmbH)
 - ➔ The inventory turnover period increased.
(3Q FY2013 : 120.1 days, FY 2013: 92.3 days
→ 3Q FY2014: 108.0 days)
- **Interest-bearing debt increased:**
¥38.2 billion → ¥49.5 billion
 - ➔ Short-term: increased by ¥0.7 billion;
Long-term: increased by ¥10.6 billion
(Tadano issued ¥10.0 billion in straight bonds in June 2014 in anticipation of ¥20.0 billion in previously issued straight bonds being redeemed in January 2015.)

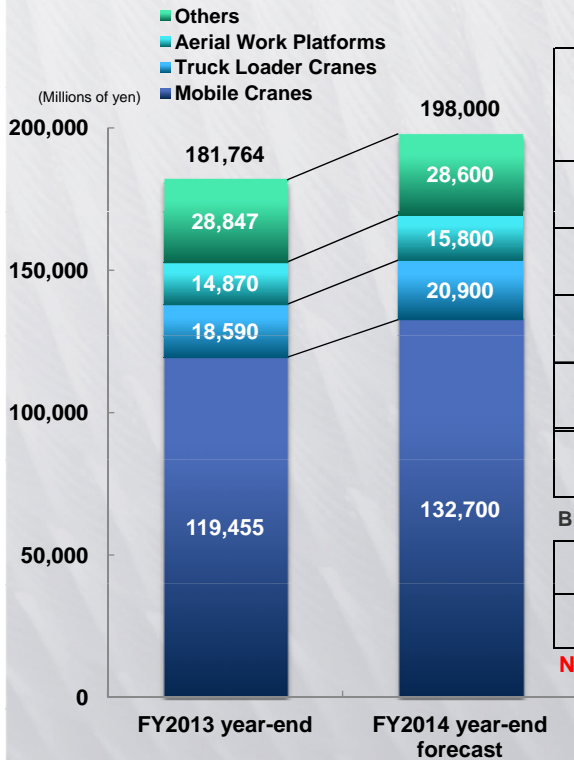
Net Sales by Product



Net Sales by Destination



FY2014 Year-end Forecast (Net Sales by Product)



(Unit: millions of yen)

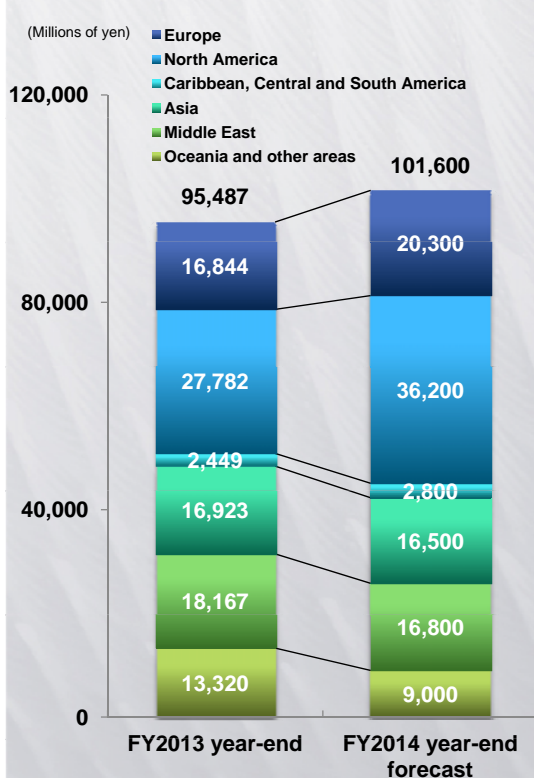
	FY2013 year-end		FY2014 year-end forecast		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	119,455	65.7%	132,700	67.0%	13,244	11.1%
Truck Loader Cranes	18,590	10.2%	20,900	10.6%	2,309	12.4%
Aerial Work Platforms	14,870	8.2%	15,800	8.0%	929	6.3%
Others	28,847	15.9%	28,600	14.4%	-247	-0.9%
Total	181,764	100%	198,000	100%	16,235	8.9%

Breakdown of Mobile Crane sales in and outside Japan

Japan	38,295	45,700	7,404	19.3%
Outside Japan	81,159	87,000	5,840	7.2%

No changes from the forecast released on October 16, 2014.

FY2014 Year-end Forecast (Net Sales by Destination)



(Unit: millions of yen)

	FY2013		FY2014 year-end forecast		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Europe	16,844	9.3%	20,300	10.3%	3,455	20.5%
North America	27,782	15.3%	36,200	18.3%	8,417	30.3%
Caribbean, Central and South America	2,449	1.3%	2,800	1.4%	350	14.3%
Asia	16,923	9.3%	16,500	8.3%	-423	-2.5%
Middle East	18,167	10.0%	16,800	8.5%	-1,367	-7.5%
Oceania and other areas	13,320	7.3%	9,000	4.5%	-4,320	-32.4%
Subtotal (total outside Japan sales)	95,487	52.5%	101,600	51.3%	6,112	6.4%
Japan	86,276	47.5%	96,400	48.7%	10,123	11.7%
Total	181,764	100%	198,000	100%	16,235	8.9%

No changes from the forecast released on October 16, 2014.

However, breakdown by destination has been modified to reflect latest sales progress. The graph on the left excludes Japan.