

Explanatory Materials for FY2016 Second 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.

November 2016
TADANO Ltd.



[Corporate name]	TADANO Ltd. (established August 24, 1948); founder: Masuo Tadano Developed Japan's first hydraulic Truck Crane in 1955		
[Representative]	Koichi Tadano, President and C.E.O., Representative Director		
[Head office]	Ko-34 Shinden-cho, Takamatsu, Kagawa, Japan		
[Major lines of business]	Production and distribution of Mobile Cranes, Truck Loader Cranes, and Aerial Work Platforms		
[Sites]	Tokyo Office [Sumida-ku], Takamatsu Plant [Takamatsu], Shido Plant [Sanuki], Tadotsu Plant [Tadotsu], Chiba Plant [Chiba]		
[Other facilities]	Japan: 10 branch offices, 23 sales offices; Outside Japan: Beijing Office [China], Middle East Office [UAE]		
[Paid-in capital]	¥13,021 million	[Stock shares]	Shares issued: 129 million Number of shareholders: 8,121 (as of September 30, 2016)
[Net sales]	¥209,426 million (FY 2015)		
[Number of employees]	Consolidated: 3,415; non-consolidated: 1,500 (as of September 30, 2016)		
[Major subsidiaries]	11 subsidiaries and one affiliate in Japan: TADANO IMES Ltd. TADANO ILEC Ltd. TADANO S-TEC Ltd. TADANO ENGINEERING K.K. TADANO TECHNO EAST Co., Ltd. TADANO TECHNO WEST Co., Ltd. TAIHEIKIKOU K.K. TADANO KYOSHU CENTER K.K. TADANO BUTSURYU K.K. TADANO SYSTEMS Inc. TADANO BUSINESS SUPPORT K.K. NITTSU JUKI SERVICE K.K.	18 subsidiaries and two affiliates outside Japan: TADANO FAUN GmbH, TADANO FAUN Stahlbau GmbH [Germany] TADANO UK Ltd. [U.K.] TADANO France SAS [France] TADANO America Holdings, Inc., TADANO America Corp., TADANO MANTIS Corp., [U.S.A.] TADANO Panama S.A. [Panama] TADANO Brasil Equipamentos de Elevacao Ltda. [Brazil] JC-TADANO (Beijing) Hydraulic Co., Ltd., JTL-TADANO (Hebei) Ironparts Co., Ltd. [China] TADANO (Beijing) Ltd. [China] TADANO Korea Co., Ltd. [South Korea] TADANO (Thailand) Co., Ltd., TADANO Thai Parts and Service Co., Ltd. [Thailand] TADANO Asia Pte Ltd. [Singapore] TADANO India Pvt. Ltd. [India] TADANO Oceania Pty Ltd [Australia] BQ-TADANO (Beijing) Crane Co., Ltd. [China] Taiwan TADANO Ltd. [Taiwan]	

Key Points of FY 2016 Interim Financial Results

(Unit: millions of yen)

	FY 2015 Interim		FY 2016 Interim		Percent change
	Amount	Percentage	Amount	Percentage	
Net sales	104,189	100.0%	90,914	100.0%	-12.7%
Operating income	16,187	15.5%	10,094	11.1%	-37.6%
Ordinary income	15,983	15.3%	10,024	11.0%	-37.3%
Net income attributable to Tadano Ltd.	10,724	10.3%	6,973	7.7%	-35.0%

	FY 2015 Interim	FY 2016 Interim
Capital investment	¥1,397 million	¥1,459 million
Depreciation	¥1,315 million	¥1,517 million
Exchange rate (USD)	¥120.23	¥111.81
Exchange rate (EUR)	¥134.17	¥124.62

Figures for capital investments include leased assets.

The exchange rates given above are average rates for the period from January to June. (Subsidiaries outside Japan undertake their interim settlement of accounts in June.)

[FY 2016 management policies]

- (i) Pursuit of the TADANO Group's Core Values (Safety, Quality, Efficiency)
- (ii) Completion of objectives from the final year of the Mid-Term Management Plan (14-16) and planning for the next Mid-Term Management Plan (17-19)
- (iii) Preparation for and response to sudden market drops and escalating competition

◆ Revenues and profits declined for first time in six years

- Demand for Mobile Cranes fell
- Foreign exchange effects

◆ Net sales in Japan remained unchanged; net sales outside Japan fell

- ⇒ Net sales in Japan: ¥50.8 billion → ¥49.7 billion (-2.2%)
Decreases in Mobile Cranes and Truck Loader Cranes, growth in Aerial Work Platforms
- ⇒ Net sales outside Japan: ¥53.3 billion → ¥41.1 billion (-22.8%)
Demand decreased in major markets.

◆ Outside Japan sales ratio : 51.2% → 45.3%

◆ Income decreased from the previous interim results:

- Operating income: ¥16.1 billion → ¥10.0 billion
- Ordinary income: ¥15.9 billion → ¥10.0 billion
- Net income: ¥10.7 billion → ¥6.9 billion

Income Statement (vs. Previous Year)



(Unit: millions of yen) [Key changes]

	FY 2015 Interim		FY 2016 Interim		Increase/ decrease
	Amount	Percentage	Amount	Percentage	
Net sales	104,189	100.0%	90,914	100.0%	-13,275
Cost of sales	72,533	69.6%	65,282	71.8%	-7,250
Gross profit on installment sales	-110	-0.1%	94	0.1%	204
Gross profit	31,545	30.3%	25,726	28.3%	-5,819
Selling, general, and administrative expenses	15,358	14.7%	15,631	17.2%	273
Operating income	16,187	15.5%	10,094	11.1%	-6,092
Non-operating income and loss	-203	-0.2%	-70	-0.1%	133
Ordinary income	15,983	15.3%	10,024	11.0%	-5,959
Extraordinary income and loss	-24	-0.0%	-57	-0.1%	-33
Income before income taxes	15,959	15.3%	9,966	11.0%	-5,992
Corporate taxes	5,203	5.0%	2,957	3.3%	-2,245
Net income attributable to noncontrolling interests	30	0.0%	35	0.0%	4
Net income attributable to Tadano Ltd.	10,724	10.3%	6,973	7.7%	-3,751

◆ **COGS ratio: 69.6% → 71.8%**

- Despite efforts to maintain appropriate sales prices and cost reductions, decreased sales and foreign exchange effects drove the COGS ratio up by 2.2 percentage points from the same period of the previous fiscal year.

◆ **Selling, general, and administrative expenses: ¥273 million increase**

- Variable costs: - ¥69 million
- Personnel costs: + ¥60 million
- Other expenses: + ¥282 million

◆ **Non-operating income and loss:**

- Non-operating income: ¥239 million → ¥309 million
- Non-operating loss: ¥443 million → ¥379 million

◆ **Extraordinary income and loss:**

- Extraordinary income: ¥1 million → ¥1 million
- Extraordinary loss: ¥25 million → ¥58 million

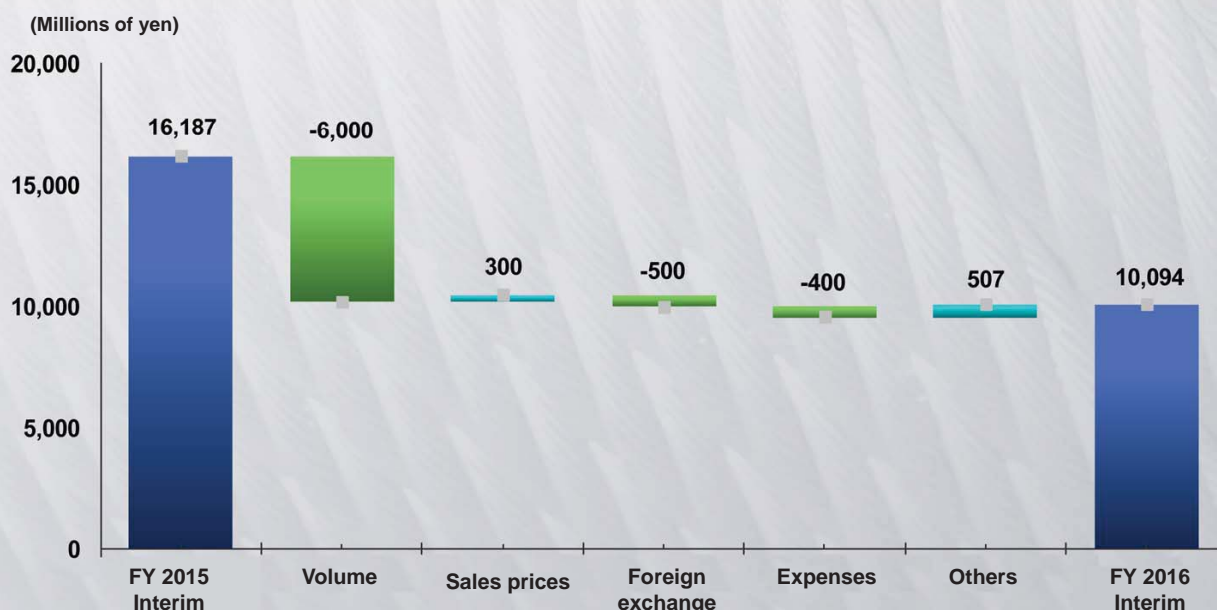


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Income Statement (Major Factors Leading to Change in Operating Income)



Operating income fell 6 billion yen due to lower sales, foreign exchange effects, and other factors.



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Balance Sheet (vs. End of Previous Period)



(Unit: millions of yen)

	FY 2015 Year-end		FY 2016 Interim		Increase/ decrease
	Amount	Percentage	Amount	Percentage	
Cash deposit	73,618	31.3%	66,798	29.2%	-6,819
Accounts receivable	51,143	21.7%	48,201	21.1%	-2,942
Inventories	53,021	22.5%	58,287	25.5%	5,265
Other current assets	7,699	3.3%	6,965	3.0%	-734
Total current assets	185,483	78.8%	180,253	78.8%	-5,230
Tangible fixed assets	38,982	16.6%	37,906	16.6%	-1,075
Intangible fixed assets	1,187	0.5%	1,008	0.4%	-179
Investment and other assets	9,747	4.1%	9,606	4.2%	-140
Total fixed assets	49,917	21.2%	48,522	21.2%	-1,394
Total assets	235,400	100.0%	228,775	100.0%	-6,625

Accounts payable	35,845	15.2%	32,262	14.1%	-3,582
Interest-bearing debt	36,869	15.7%	37,302	16.3%	432
Other liabilities	27,889	11.8%	23,696	10.4%	-4,192
Total liabilities	100,603	42.7%	93,261	40.8%	-7,341
Total equity	134,796	57.3%	135,513	59.2%	716
Total liabilities and equity	235,400	100.0%	228,775	100.0%	-6,625

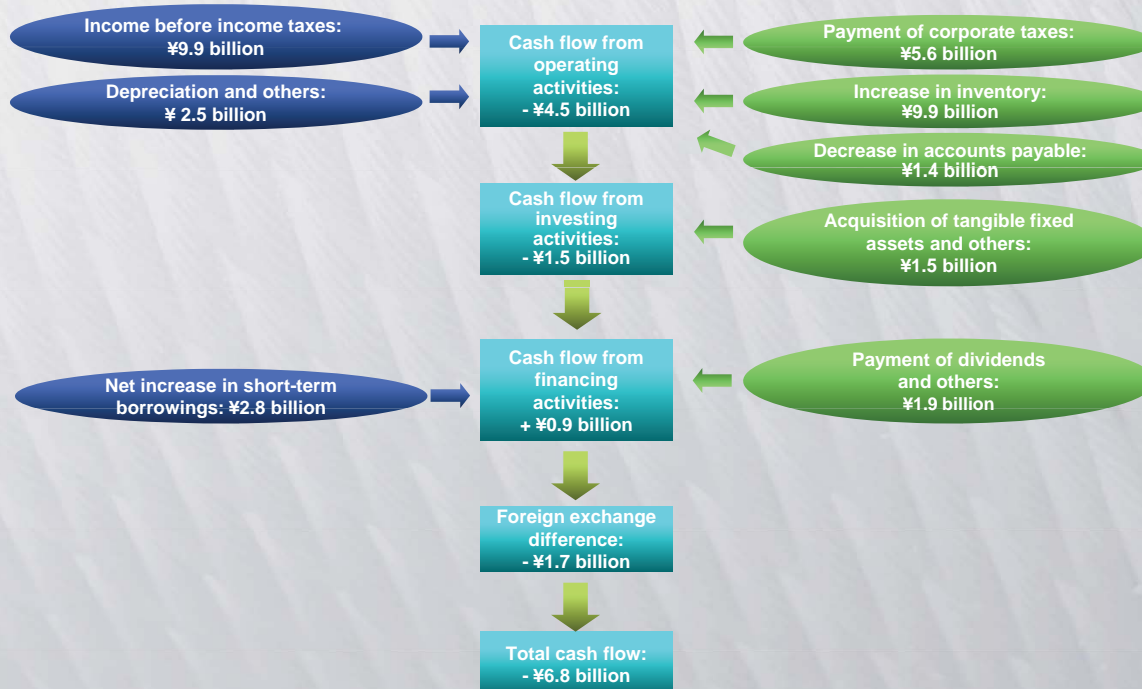
[Key changes]

- ◆ **Accounts receivable decreased:**
¥51.1 billion → ¥48.2 billion
 ⇒ The receivable turnover period deteriorated.
 (FY 2015 Interim: 90.1 days/FY 2015 Full-year: 89.1 days
 → FY 2016 Interim: 97.0 days)
- ◆ **Inventories increased:**
¥53.0 billion → ¥58.2 billion
 (The ¥58.2 billion includes ¥16.6 billion in TFG.)
 ⇒ The inventory turnover period deteriorated.
 (FY 2015 Interim: 93.5 days/FY 2015 Full-year: 92.4 days
 → FY 2016 Interim: 117.3 days)
- ◆ **Interest-bearing debt increased:**
¥36.8 billion → ¥37.3 billion
 ⇒ Short-term: increased by ¥0.4 billion;
 Long-term: decreased by ¥0.0 billion

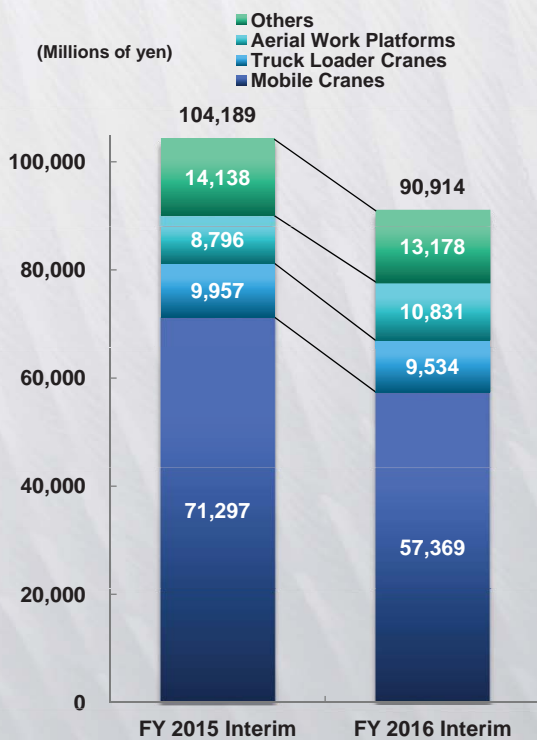
Overview of Cash Flow



Total cash flow decreased by ¥6.8 billion due to smaller cash flow from operating activities.



Net Sales by Product



(Unit: millions of yen)

	FY 2015 Interim		FY 2016 Interim		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	71,297	68.4%	57,369	63.1%	-13,928	-19.5%
Truck Loader Cranes	9,957	9.6%	9,534	10.5%	-422	-4.2%
Aerial Work Platforms	8,796	8.4%	10,831	11.9%	2,035	23.1%
Others	14,138	13.6%	13,178	14.5%	-959	-6.8%
Total	104,189	100%	90,914	100%	-13,275	-12.7%

◆ Outside Japan sales ratio 51.2% → 45.3%

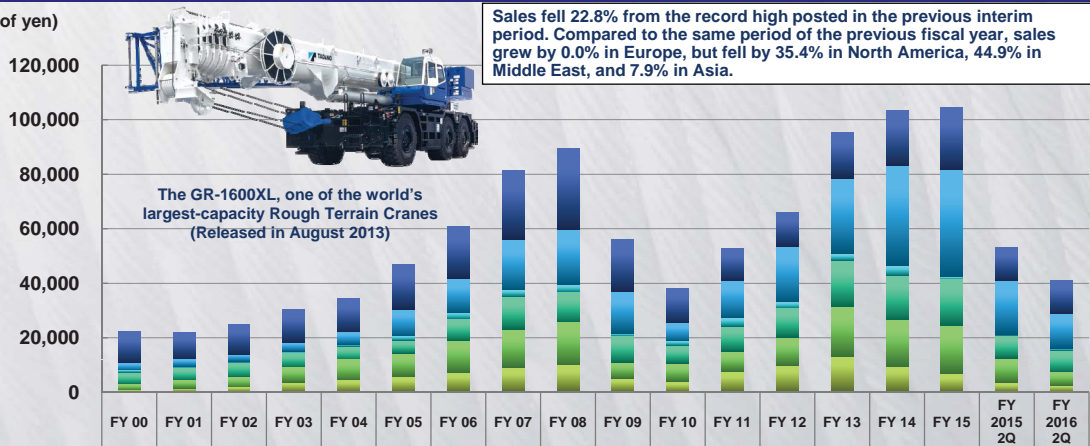
Mobile Crane sales in and outside Japan

Japan	24,884	22,429	-2,454	-9.9%
Outside Japan	46,413	34,939	-11,474	-24.7%

Sales Trends by Market Outside Japan



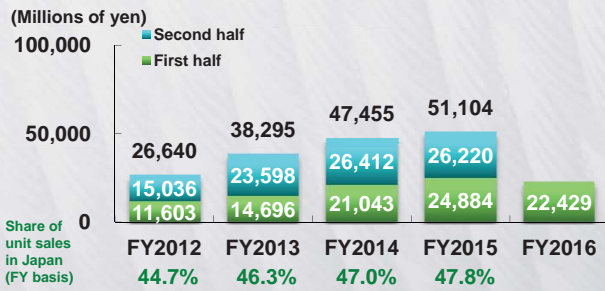
(Millions of yen)



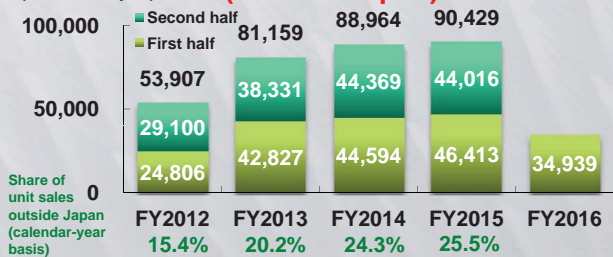
Notes

- Other markets comprise Oceania, Africa, and the CIS.
- The exchange rates indicated above are average rates over each period. (Since the fiscal year of subsidiaries outside Japan ends in December, full-year rates are averages for January–December; interim rates are averages for January–June.)
- Euro figures for FY2001 and earlier have been converted from Deutsche Mark.

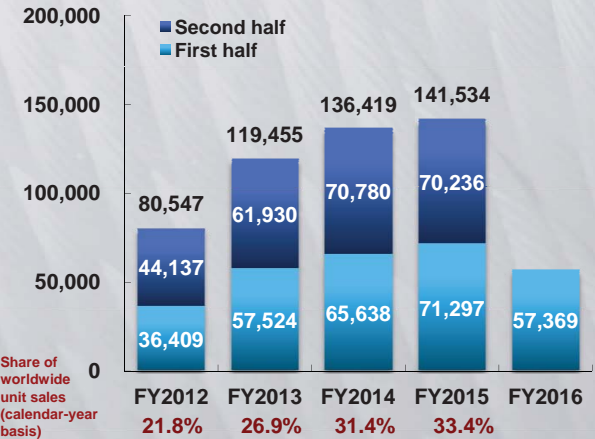
Net sales of Mobile Cranes (Japan)



Net sales of Mobile Cranes (Outside Japan)



Net sales of Mobile Cranes (Worldwide)



Trends and Forecast of Construction Investment in Japan

(Trillions of yen)



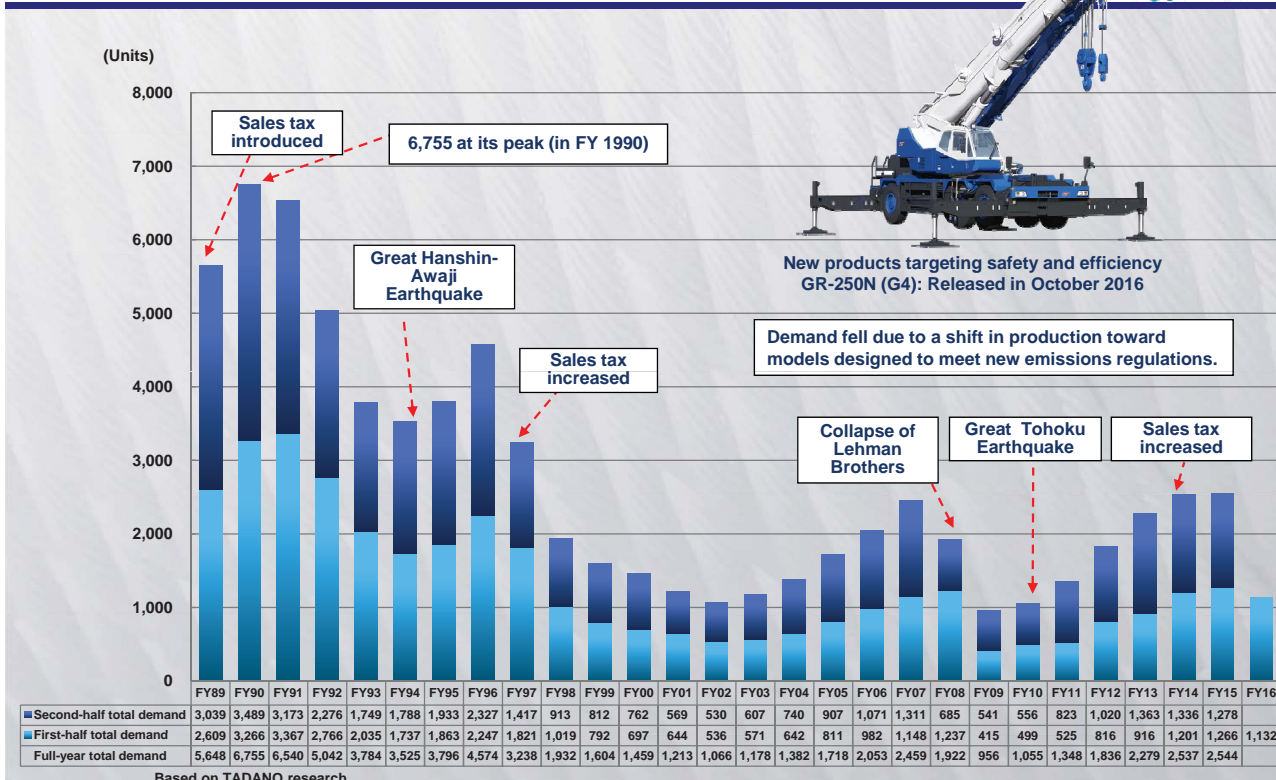
Government: Government construction investment
Private sector: Private construction investment

Government investment is expected to decline significantly in FY2017. Private investment is expected to decline in the residential sector and remain largely unchanged in the non-residential sector.

Notes All figures shown are nominal construction investment figures.

Forecasts are from the Research Institute of Construction and Economy's "Forecast of Construction Investment" (released on August 30, 2016)

Trends in Demand for Mobile Cranes in Japan



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Mobile Cranes



Market share in Japan: 48.1% → 47.5%

Demand for hydraulic Mobile Cranes in Japan was 1,132 units (for interim FY2016, based on TADANO research), down 10.6% from the same period of the previous fiscal year.

→ Focusing on sales growth in a climate of declining demand.

Ton-based shares: 51.5% → 47.9%.

Net sales in Japan were ¥22,429 million (90.1% of the same period of the previous fiscal year).

[Rough Terrain Cranes]

- Main models in the Japanese Mobile Cranes business account for 95% of demand in Japan (65% of North American demand)
- Cranes suited to urban use; essential to construction in urban areas
- With compact bodies, these cranes perform well even in narrow areas (both front and rear axles can be steered)
- Able to operate the carrier and the crane from the same driver's seat
- Japanese market: six models with 13 to 70 ton lifting capacity
- Outside Japan markets: eight models with 12 to 145 ton lifting capacity (TADANO produces models for both in and outside Japan, with Machine-Telemonitoring System)
- In Japan, these cranes travel on public roads; In North America, they are transported on trailers



[All Terrain Cranes]

- Large cranes for urban development, elevated driveways, and bridge construction in Japan, account for 5% of demand in Japan (87% of European demand)
- Outstanding long-distance mobility in addition to maneuverability (with steering feature)
- Japanese market: six models with 100 to 550 ton lifting capacity (produced by TADANO FAUN GmbH in Germany and TADANO)
- Outside Japan markets: ten models with 40 to 400 ton lifting capacity (produced by TADANO FAUN GmbH in Germany)
- Disassembly required for transport on public roads in Japan; No disassembly required for transport in Europe



Released on April 2014 in Japan



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[Truck Cranes]

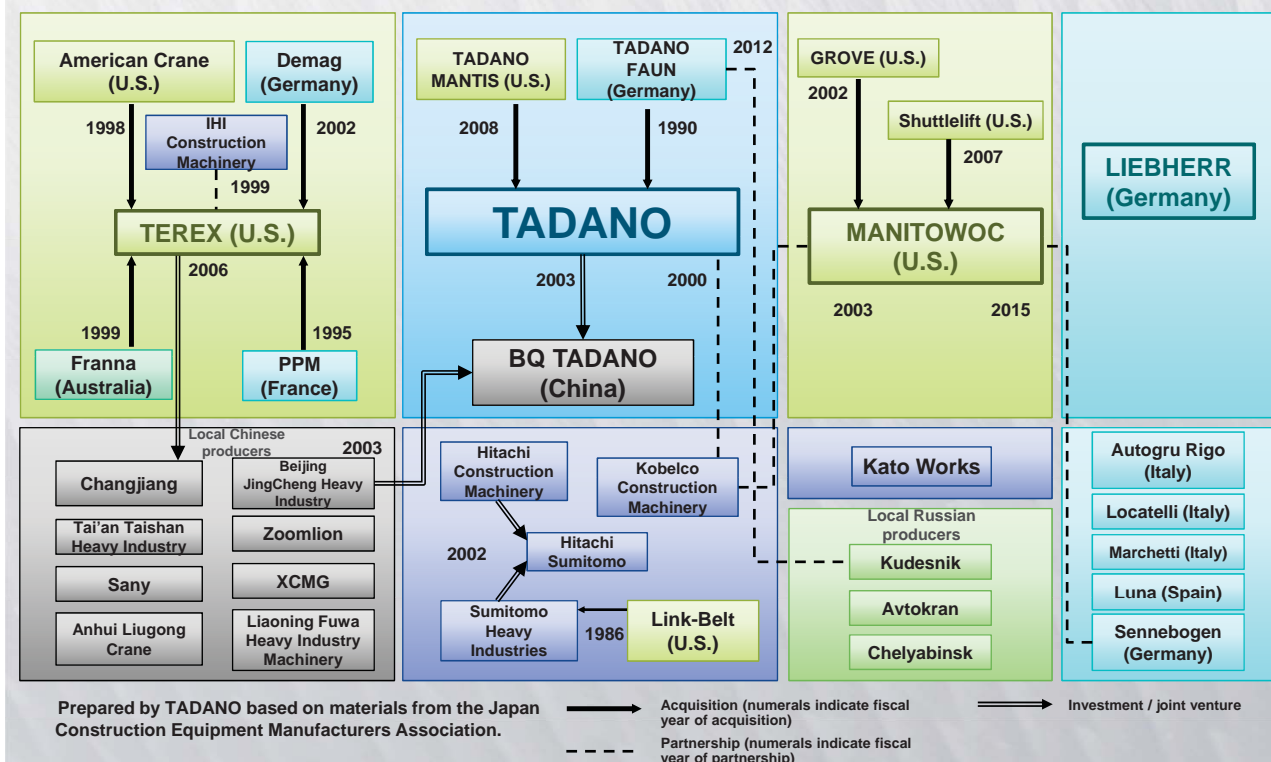
- Cranes are mounted on trucks to make them easier to transport; primarily for markets outside of Japan, with demand in Japan accounting for a few units
- Outstanding long-distance mobility
- Japanese market: one model with 20 ton lifting capacity (produced by TADANO)
- Outside Japan markets: seven models with 35 to 80 ton lifting capacity (produced by TADANO, TADANO FAUN GmbH in Germany, and BQ-TADANO in China)



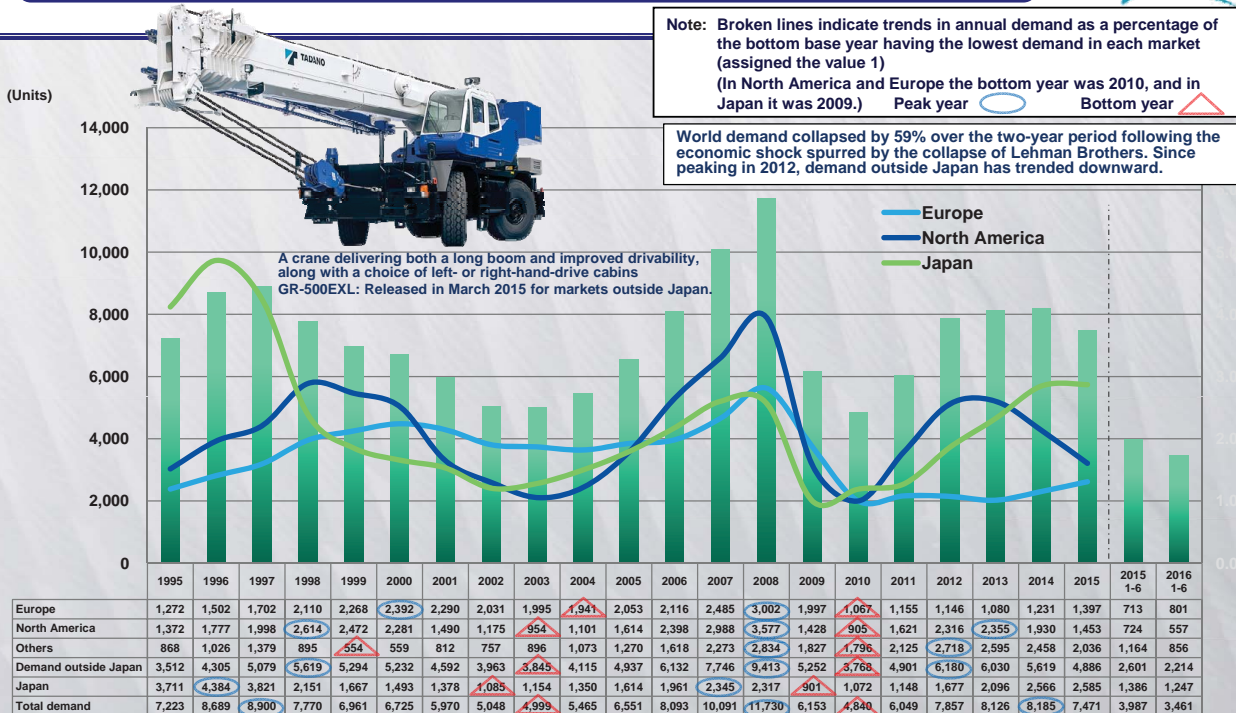
[Points shared with Mobile Cranes]

- Regulators: Ministry of Land, Infrastructure, Transport and Tourism (vehicle regulations) and Ministry of Health, Labour and Welfare (crane regulations)
The strengthening of engine emissions and noise regulations and enhanced enforcement of traffic regulations (disassembly for transport of large models such as all-terrain cranes)
- Buyers in Japan: Crane rental industry (primary and secondary subcontractors to general contractors, who dispatch cranes to construction sites along with licensed crane operators)
- Engine emissions regulations on construction under the direct jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism: The use of cranes compliant with level 2 standard values is required starting April 2012.
→ The enforcement on regulations has been postponed in light of Great Tohoku Earthquake recovery construction
- Level 4 emissions regulations for RCs in Japanese market
Motor output 130 kW or higher: starting September, 2016 Less than 130 kW: starting September, 2017
- Emissions regulations for RCs in North American markets: Tier 4: started January 2014 (Next-generation regulations to be determined)
- Emissions regulations for ACs in European markets: Euromot IV: started January 2014 (Next-generation regulations to be determined)

Structure of the World Crane Industry (Manufacturers of Hydraulic Cranes and Crawler Cranes)



Trends in Global Demand for Mobile Cranes (Calendar-year Basis)



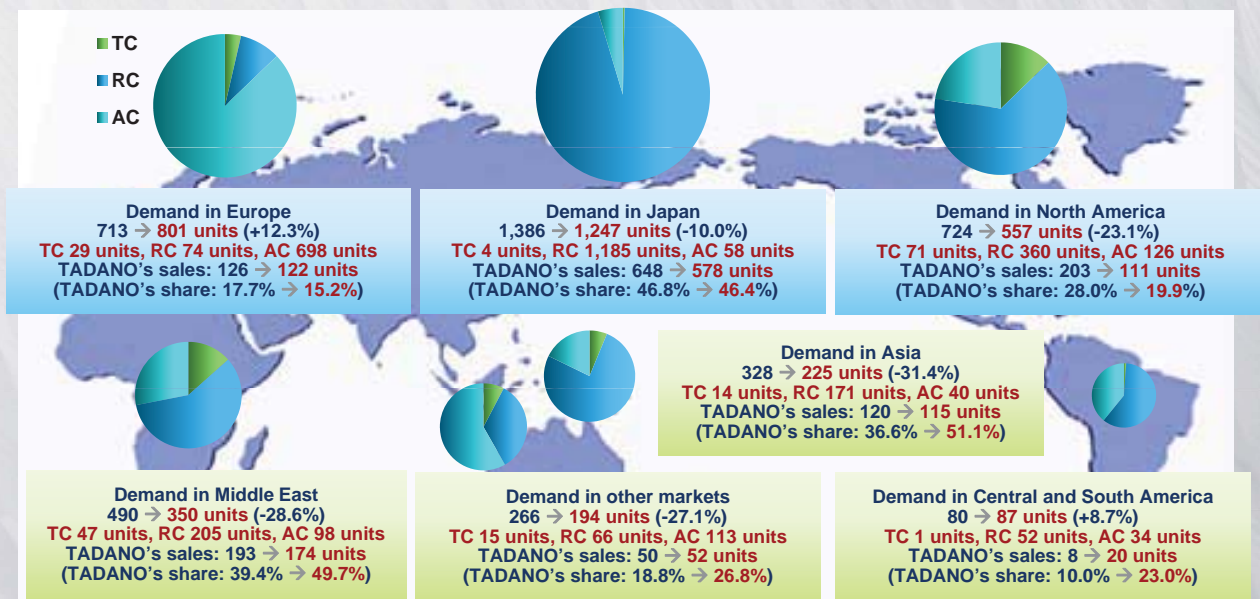
1. Demand outside Japan markets is estimated by TADANO based on SYSTEMATIC, CEMA, FEM, and other statistical data
2. Mobile Cranes produced in China and Russia are excluded.
Demand trends in Chinese Market for Mobile Cranes produced in China are as follows:
2009: 27,000 units, 2010: 35,000 units, 2011: 35,000 units, 2012: 22,000 units, 2013: 17,000 units, 2014: 14,000 units, 2015: 9,000 units



Mobile Cranes Crane-type Composition of Demand by Region (Calendar-year Basis)



TADANO's share in the global market grew from 33.8% to 33.9%.
(Excluding Chinese and Russian production from the global demand.) TADANO's sales fell from 1,348 units to 1,172 units.
Global demand for hydraulic Mobile Cranes fell from 3,987 units to 3,461 units (January-June 2016, TADANO research), down 13.2% from the same period of the previous fiscal year.



Notes "TC" refers to Truck Cranes, "RC" to Rough Terrain Cranes, and "AC" to All Terrain Cranes.
The above figures are TADANO estimates. The term "Other markets" refers to Oceania, Africa and CIS. Units and shares indicate changes of the same period in the previous year.



< Our missions for the European business >
Offering full range of All Terrain Cranes, increasing shares in Europe, and sales promotion outside Europe

● **Overview of group companies in Europe**

[TADANO FAUN GmbH]

Acquired in 1990
 Paid-in capital: 45 million EUR; wholly-owned subsidiary of TADANO

Location: Bavaria, Germany

Line of business: Development, production, and distribution of Mobile Cranes

Representative: Alexander Knecht, President; number of employees: 622

Sales trend:

2009; 270 million EUR/381 units, 2010; 178 million EUR/213 units, 2011; 199 million EUR/248 units, 2012; 268 million EUR/294 units, 2013; 313 million EUR/329 units, 2014; 308 million EUR/347 units, 2015; 304 million EUR/376 units

[TADANO FAUN Stahlbau GmbH]

Paid-in capital: 650,000 EUR (ownership: TFG 80%; Amron 10%; Kozai Iron 10%)

Established: September 2008

Location: Inside TFG plant, Bavaria, Germany

Line of business: Parts production (jibs and others) for TFG Mobile Cranes

Representative: Rolf Sonntag, President; number of employees: 13

[TADANO UK Ltd.]

Acquired in April, 2014

Paid-in capital: 2,000 GBP, wholly-owned subsidiary of TFG

Location: South Yorkshire, United Kingdom

Line of business: Distribution and service of Mobile Cranes

Representative: Thomas Schramm, President; number of employees: 17

[TADANO France SAS]

Established in February 2016; capital: 50,000 EUR; wholly-owned subsidiary of TFG

Line of business: Distribution and service of Mobile Cranes

Representative: Thomas Schramm, President; number of employees: 3

● **Accelerating the line-up expansion, to offer full range of All Terrain Cranes:**

Nine models with 40 to 400 ton lifting capacity are available.

Largest-class 600t (eight-axle) crane exhibited at Bauma in April 2016; formal product release to be determined.



< Our missions for the American businesses >
Increasing shares in North America, and efforts for Caribbean, Central and South America

● **Overview of group companies in the Americas**

[TADANO America Corp.]

Paid-in capital: 2.5 million USD; wholly-owned subsidiary of TAH*; location: Texas, U.S.A.

Line of business: Distribution of Mobile Cranes

Representative: Yo Kakinuma, President; number of employees: 78

Sales trend: 2010: 78 million USD; 2011: 183 million USD; 2012: 249 million USD; 2013: 262 million USD; 2014: 305 million USD; 2015: 285 million USD

[TADANO MANTIS Corp.]

Acquired in 2008

Paid-in capital: 287,000 USD; wholly-owned subsidiary of TAH*

Location: Tennessee, U.S.A.

Lines of business: Manufacture and distribution of Telescopic Boom Crawler Cranes

Representative: Shiro Morita, President; number of employees: 150

Major products: Telescopic Boom Crawler Cranes (products combining carriers with track belt suspensions and cranes with hydraulic telescoping booms); mainly used in civil engineering and construction work, these cranes are ideally suited to work performed on unlevelled ground, muddy ground, and inside tunnels.

Sales trend: 2010: 16 million USD; 2011: 34 million USD; 2012: 39 million USD; 2013: 36 million USD; 2014: 30 million USD; 2015: 40 million USD

[TADANO Panama S.A.]

Paid-in capital: 10,000 USD; wholly-owned subsidiary of TADANO

Location: Panama City, Panama

Line of business: Distribution and service for Mobile Cranes and other products

Representative: Kenji Munezawa, President; number of employees: 4

[TADANO Brasil Equipamentos de Elevacao Ltda.]

Paid-in capital: 30 million BRL; wholly-owned subsidiary of TADANO

Location: Sao Paulo, Brazil

Lines of business: Distribution and service for Mobile Cranes and other products

Representative: Keisuke Nagai, President; number of employees: 12

* TAH stands for TADANO America Holdings, Inc.



(Introduced March 2015
 First TMC model to use a round boom, developed jointly with TADANO)

• Awarded 2014 LE Award by Lift and Access, a U.S. periodical



< Our missions for the Chinese businesses >

Realizing cost reduction and quality improvement, sales promotion inside China, and increasing exports from China
 In the fiscal year ended March 2016, we recorded revaluation losses due to worsening business conditions.

● Overview of group companies in China

[BQ TADANO (Beijing) Crane Co., Ltd.]

Paid-in capital: 30 million USD; shares divided 50/50 between TADANO and Beijing Jing Cheng Heavy Industry Co., Ltd. (established on March 2003)

Location: Linhe Industrial Development Zone, Syunyi District, Beijing (about 25 km northwest of central Beijing)

Lines of business: Production and distribution of Truck Cranes, with eight models of TCs with lifting capacities of 8-100 tons

President: Hidemi Uchida (from TADANO); number of employees: 240



[JTL-TADANO (Hebei) Ironparts Co., Ltd.]

Paid-in capital: 5.5 million USD (ownership: TADANO 56%, Amron 5%, Kawanishi 5%, and Hebei JTL 34% [established on January 2010])

Location: Development District, Zhuozhou City, Hebei Province (about 60 km southwest of central Beijing)

Lines of business: Production and distribution of metal parts for use in Mobile Cranes (e.g., booms, jibs, outriggers)

President: Teruyuki Murakami (from TADANO); number of employees: 51



[TADANO (Beijing) Ltd.]

Paid-in capital: 5 million USD (wholly-owned subsidiary of TADANO [established on March 2012])

Location: Chaoyang District, Beijing

Lines of business: Distribution and service for Mobile Cranes

President: Hulin Jin (from TADANO); number of employees: 7

[JC-TADANO (Beijing) Hydraulic Co., Ltd.] Liquidation resolved on September, 2015

Paid-in capital: 4 million USD (ownership: TADANO 65%, Mimura Ironworks 5%, Murakami Manufacturing 5%, and Beijing JingCheng Heavy Industry 25% [established on September 2007])

Location: Tongzhou District, Beijing (about 20 km east of central Beijing)

Lines of business: Production and distribution of hydraulic parts for use in Mobile Cranes (e.g., valves, rotary joints, small cylinders, pipes)

President: Teruyuki Murakami (from TADANO); number of employees: 3

Business Expansion Outside Japan Since 2003

- 15 Companies Established or Acquired; 4 New Facilities Opened -

2008: TADANO FAUN Stahlbau established
 2011: TADANO FAUN acquired site for testing ground
 2014: Cranes UK (now TADANO UK) acquired
 2016: TADANO France established

2008: Canada Representative Office for TADANO America Corp. opened
 2008: TADANO America Holdings established
 2008: SpanDeck (now TADANO MANTIS) acquired

2003: TADANO Middle East Representative Office opened

2003: BQ-TADANO established
 2007: JC-TADANO established
 2010: JTL-TADANO established
 2012: TADANO Beijing established

2012: TADANO India established
 2012: TADANO Thailand established
 2013: TADANO Thai Parts and Service established

2011: TADANO Brasil established
 2014: TADANO Panama established

2010: TADANO Oceania established
 2011: Sydney branch for TADANO Oceania opened

Truck Loader Cranes



[Loader Cranes] Market share in Japan: 48.1% → 50.6%

Demand in Japan was 7,600 units (for interim FY2016, based on TADANO research), down 10.1% from the same period of the previous fiscal year.

→ With demand declining, net sales fell to ¥9,534 million (95.8% of the previous fiscal year) despite a focus on expanding sales.

- Mounted trucks, these small cranes allow operators to load, transport, and install cargo with a single unit.
- They are sold indirectly by truck dealers for use in logistics, gardening, and construction industries.
- Numerous models are available for mounting on compact, mid-sized, and large trucks, with lifting capacities ranging from 0.49 to 4.9 tons.

-Regulator-

- Primarily the Ministry of Health, Labour and Welfare (crane regulations)

-Major buyers and distinctive features-

- Truck dealers
- Sales tend to parallel truck demand.



(The first of its kind to have an optional No Idle feature.)

[Business outside of Japan]

- TADANO has focused its efforts on exports of Loader Cranes to strategic markets, exporting crane components for mounting on local trucks.
Sales in interim FY2015: ¥670 million; sales in interim FY2016: ¥640 million
- Accelerating expansion outside Japan, including the opening of a manufacturing subsidiary in Thailand on April 2012.



(ZR560 Loader Crane for export)



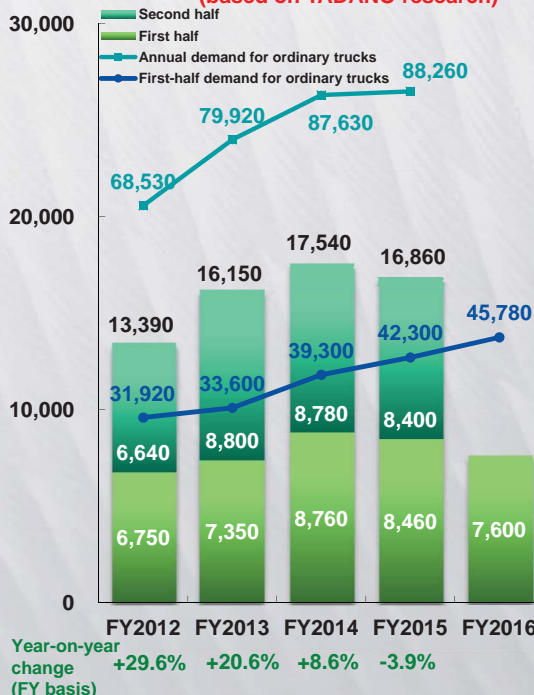
(Slide bed Vehicle Carrier [transport vehicle])



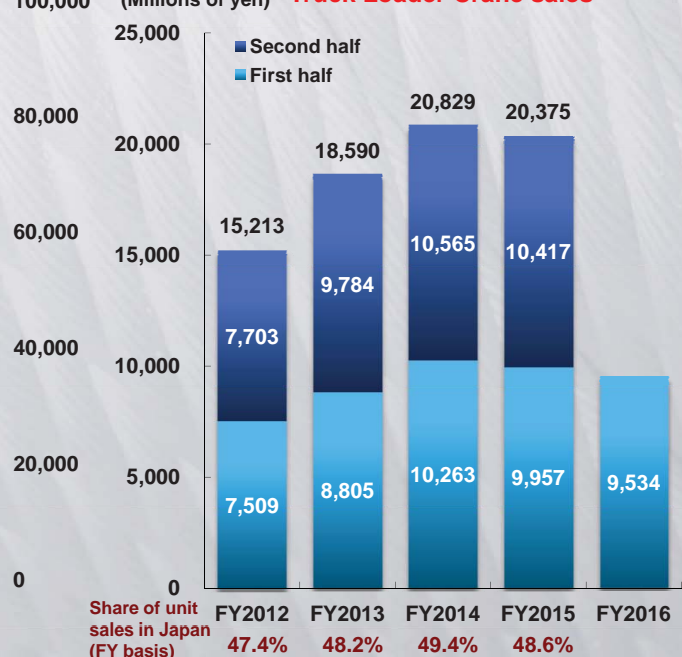
Truck Loader Cranes



Demand for Loader Cranes in Japan (based on TADANO research)



Truck Loader Crane sales (Millions of yen)



[TADANO (Thailand) Co., Ltd.]

Paid in capital: 310 million THB; wholly-owned subsidiary of TADANO

Establishment: April 2012 (Operation launch: June 2013)

Location: Hemaraj Eastern Seaboard Industrial Estate, Rayong Province, Thailand

Line of business: Production and distribution of Loader Cranes

Productive capacity: 1,000 units/year (Sales: 38 units in 2013, 258 units in 2014, 418 units in 2015)

Representative: Kozo Yoshida, President; number of employees: 39

- TADANO has established the first outside Japan production base for products other than Mobile Cranes. While accelerating the expansion of our business outside Japan, we aim to increase profitability by establishing the manufacturing subsidiary.



Loader Crane ZT1000 manufactured in the plant in Thailand (Released in July 2016)



Inside of the plant



TADANO (Thailand)

Market share in Japan: 40.3% → 38.9%

Japanese demand for Aerial Work Platforms mounted on trucks was 2,177 units (for interim FY2016; TADANO research), up 14.1% from the same period of the previous fiscal year.

⇒ Amid growing demand, interim sales of ¥10,831 billion (123.1% of the same period of the previous fiscal year) were **the highest ever recorded as a half-year period**, driven by a focus on expanding sales of the high-value-added SuperDeck Bridge Checker.

Mounted on trucks:

- Five models for telecommunications use
- Three models for electric construction use
- 13 models for general construction use

Wheeled: Two models

Super Deck: Five models
(Equipped with advanced control technologies)

Bridge Checker: Three models
(Used in inspections of elevated roadways and bridges)



Bridge Checker BT-200

-Regulator-

- Primarily the Ministry of Health, Labour and Welfare (Aerial Work Platform regulations)

-Major buyers and distinctive features-

- Power-related electrical construction, telecommunications, rental, general use, shipbuilding, Ministry of Land, Infrastructure, Transport and Tourism

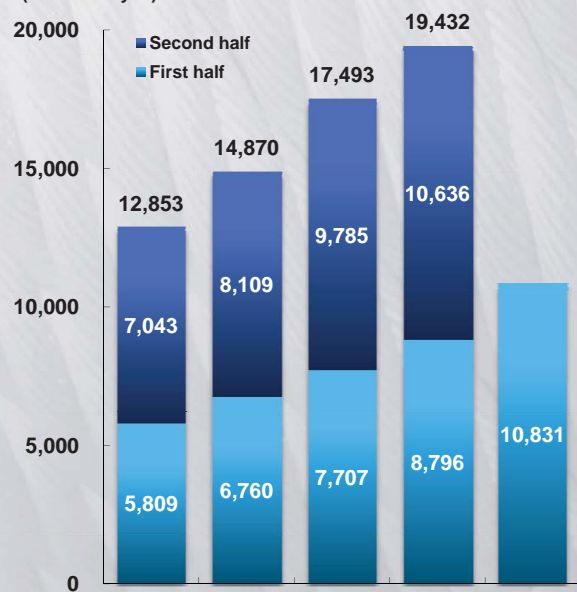
(Units) Demand for Aerial Work Platforms in Japan (based on TADANO research)



Year-on-year change (FY basis)

Fiscal Year	Change (%)
FY2012	+13.0%
FY2013	+17.2%
FY2014	+0.4%
FY2015	+7.7%
FY2016	-

(Millions of yen) Aerial Work Platform sales



Share of unit sales in Japan (FY basis)

Fiscal Year	Share (%)
FY2012	38.3%
FY2013	37.5%
FY2014	40.2%
FY2015	39.2%
FY2016	-

➔ Net sales from other businesses, such as parts, repairs, used cranes and other products, were ¥13,178 million (93.2% of the same period of the previous fiscal year).

[Used cranes]

- In this half of the fiscal year, sales in Japan increased while sales outside Japan decreased.
- The globalization of this business will be a future focus

[Parts and repairs]

- TADANO books sales for repair parts (In general, repairs are done by designated service facilities and distributors outside of Japan. These parties book the repair sales.)
- In this half of the fiscal year, both sales in and outside Japan decreased

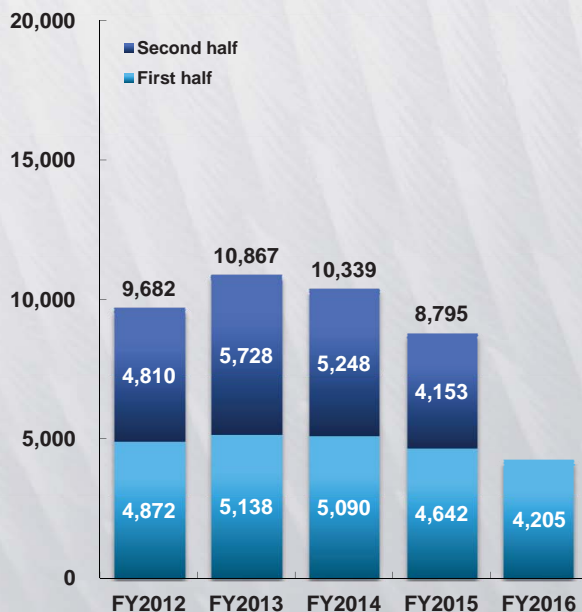


Example of boom removal from All Terrain Crane, ATF400G CL-500 (Released on August 2013)

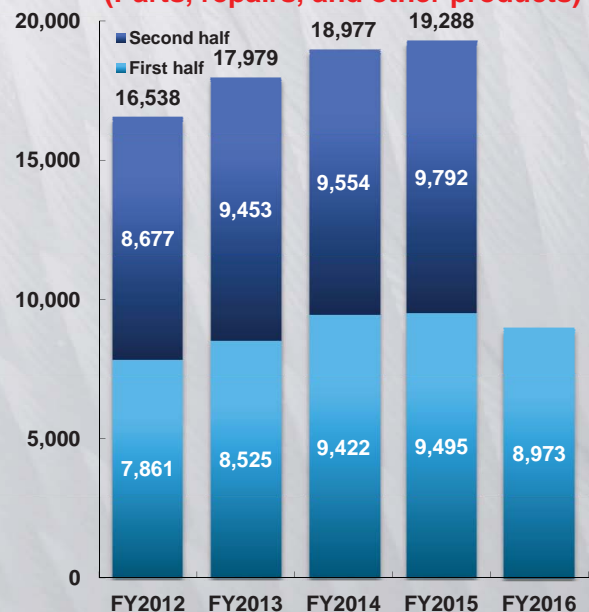
[All Terrain Crane mounting/removal lifters]

- These lifters are used to install and remove All Terrain Crane booms in Japan, where the law requires disassembly for transportation on public roads

(Millions of yen) **Net sales of other businesses (Used cranes and others)**



(Millions of yen) **Net sales of other businesses (Parts, repairs, and other products)**



FY2016 Business Performance Forecasts



(Unit: millions of yen)

	FY2015		FY2016 forecast		Percent change
	Amount	Percentage	Amount	Percentage	
Net sales	209,426	100.0%	180,000	100.0%	-14.1%
Operating income	31,062	14.8%	18,000	10.0%	-42.1%
Ordinary income	30,680	14.6%	18,000	10.0%	-41.3%
Net income attributable to Tadano Ltd.	19,621	9.4%	11,500	6.4%	-41.4%

[FY2016 management policies]

- (i) Pursuit of the TADANO Group's Core Values (Safety, Quality, Efficiency)
- (ii) Completion of objectives from the final year of the Mid-Term Management Plan (14-16) and planning for the next Mid-Term Management Plan (17-19)
- (iii) Preparation for and response to sudden market drops and escalating competition

FY2016 Business Performance Forecasts were revised October 31.

Dividends per share	Mid-year	¥13.00	Mid-year	¥13.00
	Year-end	¥13.00	Year-end	¥13.00
	Full-year	¥26.00	Full-year	¥26.00

Dividend forecasts remain unchanged from those announced April 28.

Capital investment	¥4,572 million	¥7,000 million
Depreciation	¥2,793 million	¥3,100 million
Exchange rate (USD)	¥121.05	¥105.00 (2nd half)
Exchange rate (EUR)	¥134.31	¥115.00 (2nd half)

Figures for capital investment include leased assets

The interim exchange rates were revised October 31.

[Seven Strategies of the Mid-Term Management Plan (14 - 16)]

- (i) Enhance volume & quality in Core Market, Expand volume in Strategic Market
- (ii) Provide No.1 products and expand our sales lineup
- (iii) Pursue global & flexible MONOZUKURI
- (iv) Provide Outstanding Quality & Service
- (v) Improve life-cycle value of our products
- (vi) Raise profitability level
- (vii) Strengthen the TADANO group & global management structure

◆ **FY2016 proportion of sales outside Japan: 43.3%**



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FY 2016 Business Performance Forecasts (Main Causes of Changes in Operating Income)



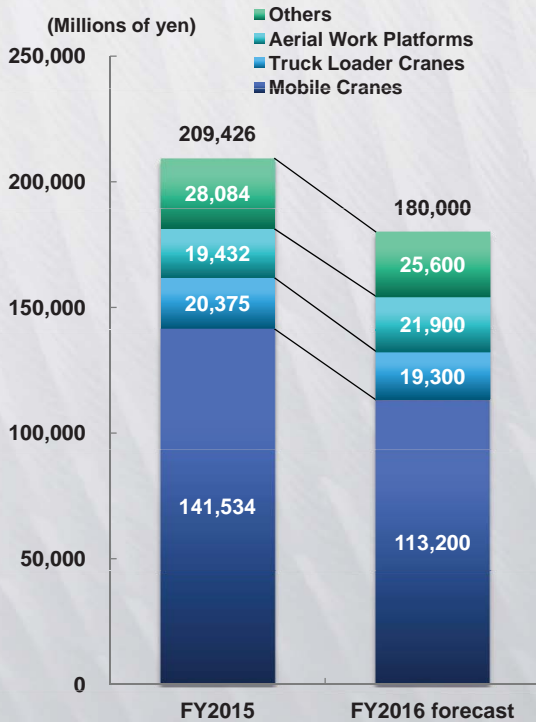
Operating income fell ¥13 billion due to lower sales, foreign exchange effects, and other factors.



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FY 2016 Business Performance Forecasts

(Net Sales by Product)



(Unit: millions of yen)

	FY2015		FY2016 forecast		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mobile Cranes	141,534	67.6%	113,200	62.9%	-28,334	-20.0%
Truck Loader Cranes	20,375	9.7%	19,300	10.7%	-1,075	-5.3%
Aerial Work Platforms	19,432	9.3%	21,900	12.2%	2,467	12.7%
Others	28,084	13.4%	25,600	14.2%	-2,484	-8.8%
Total	209,426	100%	180,000	100%	-29,426	-14.1%

◆ Outside Japan sales ratio: 49.9% → 43.3%

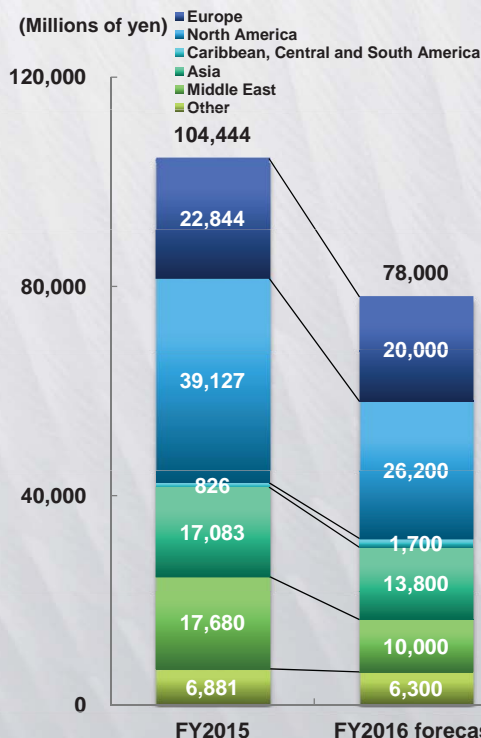
Mobile Crane sales in and outside Japan

Japan	51,104	47,200	-3,904	-7.6%
Outside Japan	90,429	66,000	-24,429	-27.0%

Business Performance Forecasts were revised October 31.

FY 2016 Business Performance Forecasts

(Net Sales by Destination)



(Unit: millions of yen)

	FY2015		FY2016 forecast		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Europe	22,844	10.9%	20,000	11.1%	-2,844	-12.4%
North America	39,127	18.7%	26,200	14.5%	-12,927	-33.0%
Caribbean, Central and South America	826	0.4%	1,700	0.9%	873	105.8%
Asia	17,083	8.2%	13,800	7.7%	-3,283	-19.2%
Middle East	17,680	8.4%	10,000	5.6%	-7,680	-43.4%
Other	6,881	3.3%	6,300	3.5%	-581	-8.4%
Subtotal (total outside Japan sales)	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%

Business Performance Forecasts were revised October 31.

The graph on the left excludes Japan.

Other markets comprise Oceania, Africa, and the CIS.

◆ Acquisition of industrial site in Kagawa Prefecture land reclamation project (November 2016)

Based on our conviction that TADANO will need a new plant in addition to the Shido Plant to manufacture Mobile Cranes and that this new plant will be essential to reaching our long-term goals—to become No. 1 worldwide in the LE industry—we concluded an agreement to acquire an industrial site in a land reclamation project in the western Kozai district of the Port of Takamatsu in July 2016. Plans call for completion of the acquisition in November.

Location: Kozai Kitamachi, Takamatsu, Kagawa Prefecture
 Site area: approx. 20 ha
 Asking price: approx. ¥2.4 billion

Plans for the new plant

Purpose:	Production of Mobile Cranes
Total floor area of plant buildings:	Phase I*: approx. 42,000 m ² (Expansion planned over several years)
Investment (in plant buildings):	Phase I: approx. ¥17.5 billion (Final investment after expansion: approx. ¥20 billion)
Employees:	Phase I: approx. 200

* Phase I construction: roughly autumn 2016 – autumn 2018



October 2014 photo (courtesy Kagawa Prefecture)

The site is located 10 minutes west by car from central Takamatsu.

- Feb. 2008 TADANO America relocates to larger offices.
- Oct. 2008 Machine Telemonitoring System introduced in products for Japanese market.
- Apr. 2009 TADANO Asia's Singapore Training Centre opens.
- Jan. 2011 Chubu Parts Center opens.
- Mar. 2011 Machine Telemonitoring System introduced in products for markets outside Japan.
- Feb. 2012 Hokuriku Parts Center opens.
- Mar. 2013 TADANO TECHNO EAST head office expanded (Shinkiba Plant): ¥0.4 billion
- Apr. 2013 TADANO TECHNO EAST Sendai Installation Center opens.
- Oct. 2013 TADANO TECHNO EAST Moka Installation Center opens.
- May 2014 Relocation of TADANO TECHNO WEST Hiroshima Installation Center.
- Jul. 2014 Relocation of TADANO TECHNO WEST Hirakata Plant.
- Dec. 2014 TADANO Training Center opens: ¥0.4 billion
- Jun. 2015 Shutoken Parts Center opens.
- May 2016 TADANO Global Parts Center (Kobe) opens.**
- Jun. 2016 TADANO TECHNO EAST Sakura Plant expanded: ¥1.1 billion**
- Sep. 2016 TADANO America relocates and expands its Canada Office**
- Oct. 2016 Agreement reached on acquisition of Australian distributor**

Note: Amounts shown are investment amounts.

We plan to open sales/service facilities and parts depots outside Japan in the future.



An exterior view of the TADANO Global Parts Center (Kobe Port Island)



TADANO America's Canada Office

◆ The first models have been released in the CREVO G4 series: Rough Terrain Cranes with 70 t and 25 t lifting capacity

In October 2016, sales began for advanced crane models developed to achieve improved safety, comfort, and efficiency. These models feature state-of-the-art technologies and their sophisticated design was recognized with the Good Design Award.



GR-700N(G4)



GR-250N(G4)

[Wide Site View]

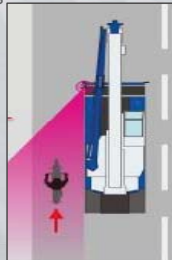
Feature that makes it possible to check surrounding conditions at all times



Wide Site View image

[Human Alert System]

Feature that detects motorcycles, bicycles, and pedestrians on the left-hand side and sounds an alarm and illuminates warning lamps



Human Alert System image

[Setup Radio Control]

Radio control function that makes crane work preparations and cleanup more efficient

[Other]

- A new cab with improved comfort
- A new control system with improved usability
- Equipped with the latest eco-friendly engine
- The latest jib feature (SACO Jib II)
- Also equipped with numerous other new features