

# Material for FY2015 Financial Results Briefing



May 2016  
TADANO Ltd.

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# I. Basic Business Vision & Mid-Term Management Plan

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## 1. Business Domain



- 1948 Tadano Ltd. established
- 1955 Developed Japan's first hydraulic truck crane
  
- Current Business Domain:  
**Lifting Equipment (LE) Industry**

## 2. Corporate Philosophy



The TADANO Group's business objective is the actualization of our corporate philosophy: Sozo (Creation), Hoshi (Contribution), Kyoryoku (Cooperation). We consider this as something towards which we must constantly and diligently strive.



### Corporate Philosophy

#### Sozo (Creation)

We will create innovative and high-quality products of which we can be proud.

#### 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.

## 3. Vision



### Pursuing Further Excellence for the World and the Future.

The TADANO Group

- Seeks to maximize our corporate value in response to the expectations of our stakeholders.
- Establishes an organizational culture which allows for individuals and the company as a whole to continue to learn and grow.



We work to bring sustainable growth to our business activities and to maximize our corporate value.



We take initiative, increase our competitiveness and improve ourselves together with our company.

We remain aware at all times of safety and environmental issues and offer products that are useful to society.

We dedicate ourselves to growing as a team and creating better products and services.

We always take the customers' perspective and work to enhance the value of their business through our products and services.

## 4. Core Values



We constantly share and pursue a set of Core Values, which take precedence over everything else. They are “safety first, quality second, efficiency third,” and we always uphold them in this critical order of priority.

However, it is impossible to manage our company without the third value of efficiency. Therefore, we must ensure “safety first” and “quality second” by any means.



### 1. Safety (S)

Prioritizing the safety of society and of all those who make and use our products or services

### 2. Quality (Q)

Pursuing quality improvement, including quality of products, services and business operations

### 3. Efficiency (E)

Enhancing efficiency in our business operation, as well as contributing to customer business efficiency improvement

## 5. Long-Term Goals



- **No.1 worldwide in the LE Industry**
  - **Outside Japan Sales Ratio: 80%**
  - **Company with stable and high profitability**
- (Constant 20% Operating Income ratio)**



## 8. Parts Sales Ratio (Consolidated)



	FY2013	FY2014	FY2015
<b>Komatsu</b>	<b>18.6%</b>	<b>19.6%</b>	<b>21.4%</b>
<b>HCM</b>	<b>21.3%</b>	<b>21.4%</b>	<b>23.2%</b>
<b>TADANO</b>	<b>6.7%</b>	<b>6.3%</b>	<b>6.3%</b>

\*HCM: Hitachi Construction Machinery

## 9. Manufacturer With Four Synergistic Strengths

**Product Competitiveness**  
+  
**Product Quality**  
+  
**CS Capability**  
+  
**Used Crane Value**

- Competitiveness that can be attained after a long-term effort
- **A manufacturer with four synergistic strengths!**

<< Basic Policy >>

## Becoming a Stronger Company

A *Stronger company* means being able to continuously do the following 2 things even if demand were to fall by half in the next fiscal year:



<< Three Priorities >>



## Seven Strategies

- ① Enhance volume & quality in Core Market, Expand volume in Strategic Market
- ② Provide No.1 products and expand our sales lineup
- ③ Pursue global & flexible MONOZUKURI
- ④ Provide Outstanding Quality & Service
- ⑤ Improve life-cycle value of our products
- ⑥ Raise profitability level
- ⑦ Strengthen the TADANO group & global management structure

## Management Targets

Targets Published Apr. 2014

P/L	Sales	Over 220 billion JPY
	Operating Income	Over 30 billion JPY
	Outside Japan Sales Ratio	Over 60%
B/S	Inventory Turnover Ratio	Over 5.0
	ROA (Operating Income / Total Assets)	Over 13%



## Ⅱ . FY2015 and Beyond

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### 1. FY2015

- Japanese Market: Favorable Conditions
- Outside the Japanese Market:
  - Market peak in FY2012
  - Demand has been decreasing for three consecutive fiscal years (starting in FY2013)
  - Tadano's market share is up
- Tadano's revenues and profits reached record highs for the third consecutive fiscal year
- Expanding sales both inside and outside Japan:
  - Aerial Work Platform Sales: New record high
  - Sales Outside Japan: New record high
  - Outside Japan Sales Ratio: 49.9%

## 2. FY2016 & FY2017



- Current Outlook: Severe conditions for next two years
  - Japanese Market: Continuing favorable conditions (High plateau through FY2018. Decline expected from FY2019)
  - Markets Outside Japan: Severe (Decline through 2017. Recovery expected from FY2018)
- We seek to improve our market position outside of Japan while we continue to benefit from favorable conditions within the Japanese market
- FY2017 results will be on par with those of FY2016
- The external market environment is unclear, but we expect to maintain sales and profits above the FY 2007 levels (record highs at the time) that preceded the Lehman Shock

## 3. FY2016



- Japanese Market: Continuing high plateau
- Markets Outside Japan: Decline
- Expect first drop in revenue and profits in 6 years

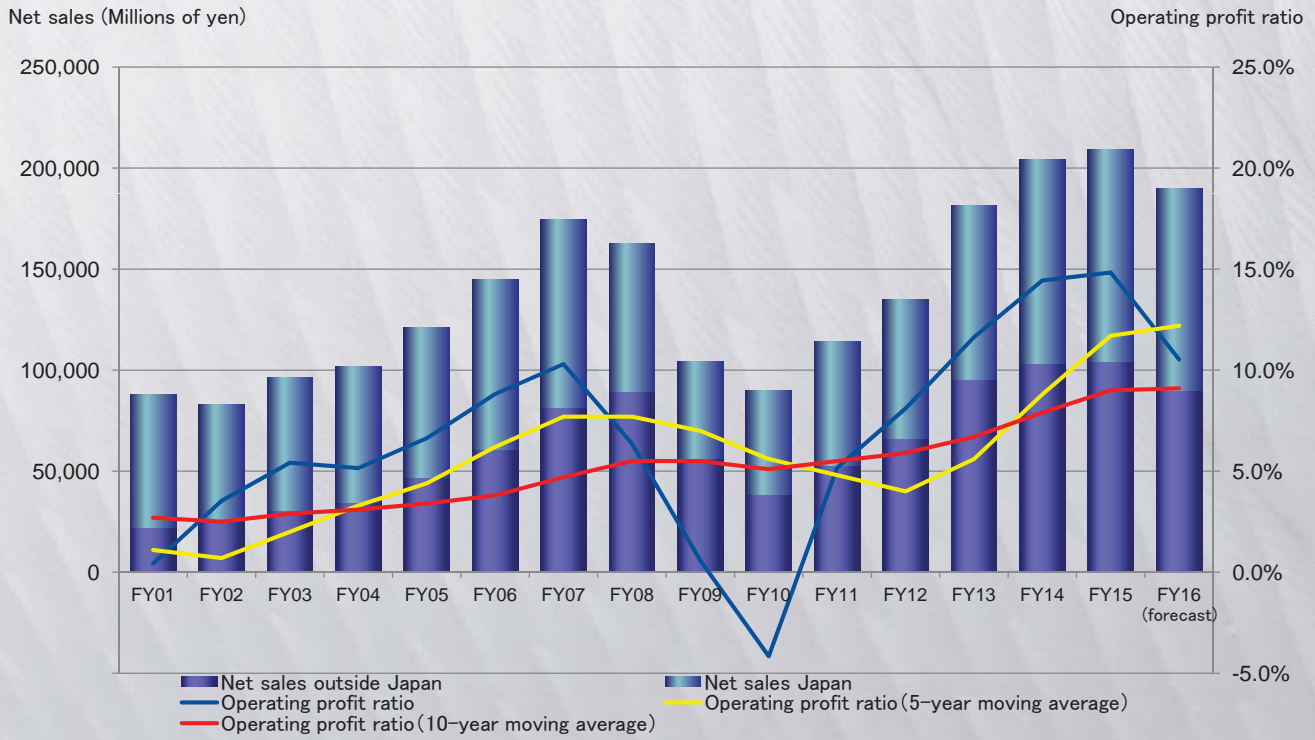
- Tadano Up Until Now

- Tadano From Here on Out

### In Order to Become a Manufacturer with Four Synergistic Strengths:

- M&A: 2 companies
- Establish a new plant
- Establish more sales, parts, and service locations
- Enhance our Used Crane Operation
  
- Further increase for rough terrain crane (RC) market share
- There are growth opportunities in all terrain crane (AC) and truck crane (TC) markets
  - AC: Establish stronger foundation over next 2 years, then begin increasing share from FY2018
  - TC: Re-establish TC strategy and start to expand sales from FY2017
- Increase truck loader crane sales outside of Japan

**(Appendix 1)**  
Trends in Net Sales and Operating Profit Ratio



**(Appendix 2)**  
Trends in Demand and Share

