

# **PALFINGER AG**

**PALFINGER accelerated growth pace in 2015**  
**Record revenue and earnings**

**Presentation on the 2015 financial year**  
**5 February 2016**

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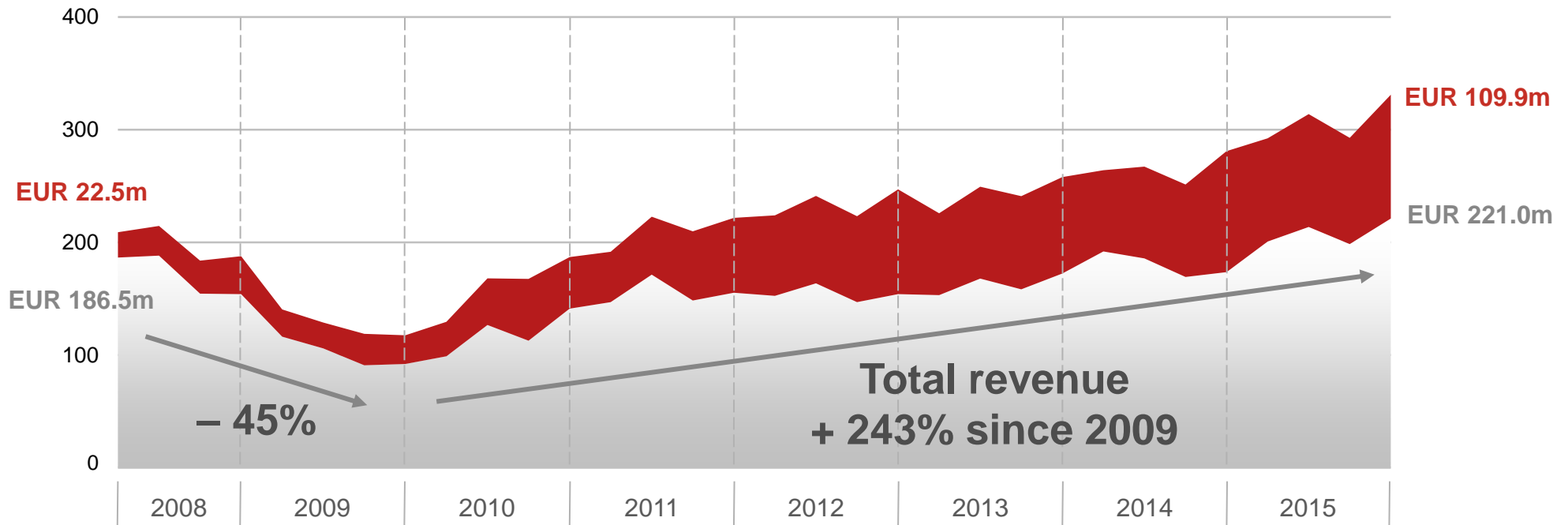
- 2015: Record year despite difficult environment
  - » Revenue increased by 15.7% to EUR 1,229.9 million
  - » EBIT increased by 58.0% to EUR 104.4 million
  - » Consolidated net result increased by 68.7% to EUR 64.4 million
- Outstanding position on the market and among competitors due to implementation of long-standing corporate strategy
- Continued growth possible even though global economy was marked by volatility and slow growth

# ONGOING MARKET VOLATILITY

## REVENUE, GROWTH AND VOLATILITY (QUARTERS)

■ AREA UNITS from 2008 to 2015: + 388%

■ EUROPEAN UNITS from 2008 to 2015: + 19%



➔ Internationalization as basis for revenue growth  
Flexibility as basis for profitability

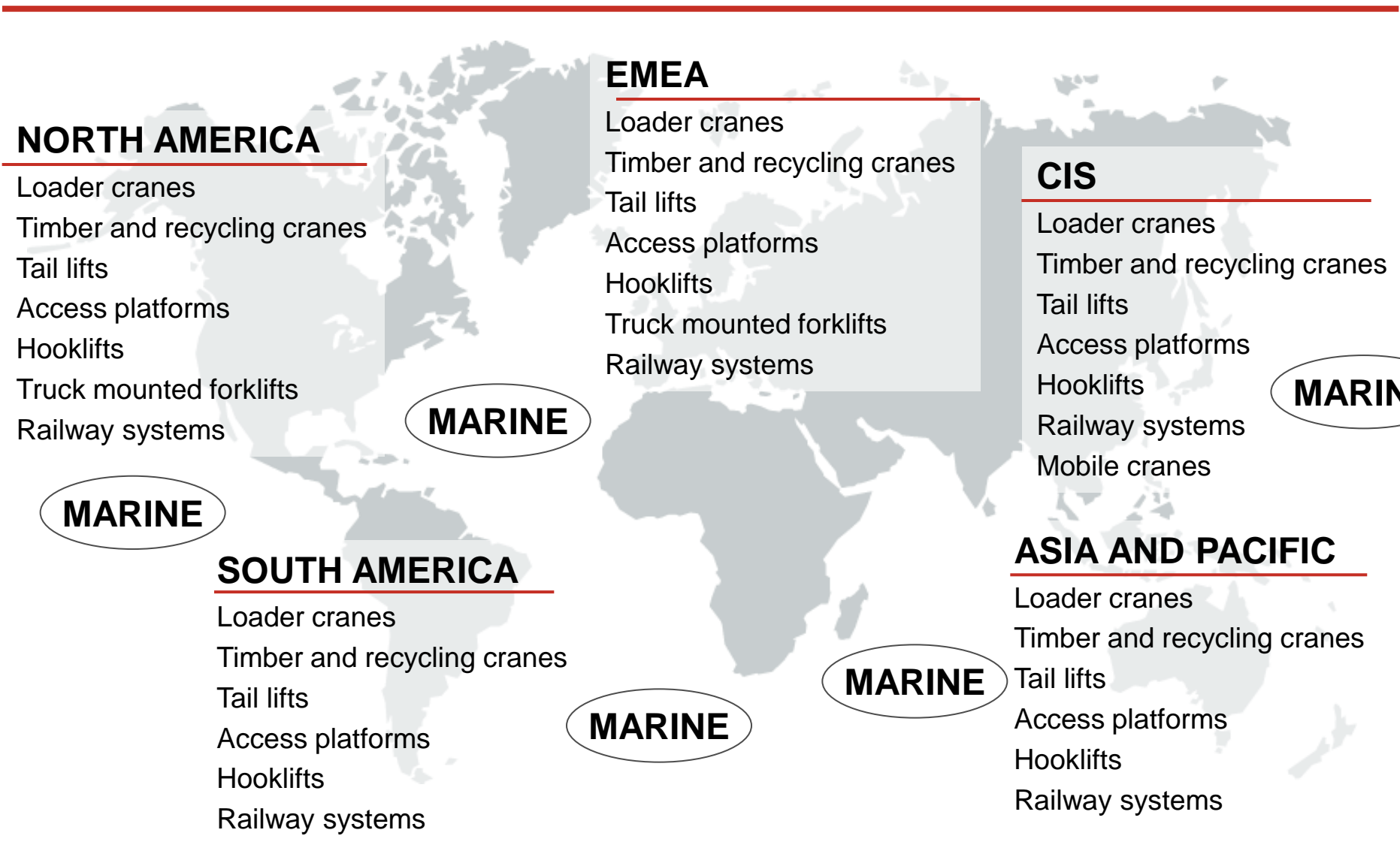
- 2015 marked by steep growth and strong earnings
  - » Growth achieved in Europe, North America and CIS
  - » Demand for loader cranes strong in Europe
  - » Revenue in North America increased by approx. 30%
  - » Local value creation in Russia proved its worth
  - » Joint venture with SANY in China was successful
  - » Marine business area grew by more than 25%
  - » Leading market position in important regions further expanded
  - » South America affected by shrinking market volume
- Revenue rose by 15.7% to EUR 1,229.9 million
- EBIT rose by 58.0% to EUR 104.4 million

- 
- Establishment of local value creation in Russia
    - » Integration of PM-Group Lifting Machines
    - » Successful start of production at the new INMAN plant
    - » Start of operations of the joint ventures with KAMAZ
    - » Lack of exports to CIS due to sanctions more than compensated
  - Joint venture with Fairwind LLC
    - » Servicing of the American wind energy market (60,000 wind energy plants)
    - » Technological shift to large access platforms
  - Acquisition in marine business
    - » Integration of Norwegian Deck Machinery (NDM)
  - Takeover of dealer in Spain and Portugal
  - Flexibility enhancement and capital employed management
    - » Implemented measures proved their worth in current situation
    - » Continuation in all areas, including administration

# STRATEGY

- Leading international manufacturer of innovative lifting solutions
  - » World market leader in loader cranes, timber and recycling cranes, hooklifts, marine cranes, wind cranes. Leading specialist in tail lifts, truck mounted forklifts and high-tech railway systems
- Global sales and services network (more than 200 general importers/dealers and 5,000 sales and services centres worldwide)
- Global procurement, production and assembly (36 manufacturing and assembly locations)
- Strategic pillars: innovation – internationalization – flexibility
  
- ➔ Maintaining and expanding the Group's competitive edge

# 5 CONTINENTS – 7 OCEANS



## NORTH AMERICA

- Loader cranes
- Timber and recycling cranes
- Tail lifts
- Access platforms
- Hooklifts
- Truck mounted forklifts
- Railway systems

## EMEA

- Loader cranes
- Timber and recycling cranes
- Tail lifts
- Access platforms
- Hooklifts
- Truck mounted forklifts
- Railway systems

## CIS

- Loader cranes
- Timber and recycling cranes
- Tail lifts
- Access platforms
- Hooklifts
- Railway systems
- Mobile cranes

## SOUTH AMERICA

- Loader cranes
- Timber and recycling cranes
- Tail lifts
- Access platforms
- Hooklifts
- Railway systems

## ASIA AND PACIFIC

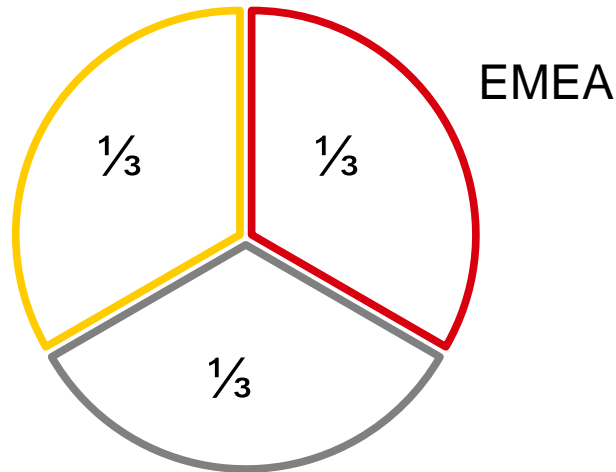
- Loader cranes
- Timber and recycling cranes
- Tail lifts
- Access platforms
- Hooklifts
- Railway systems



## STRATEGIC TARGET 2017

approx. EUR 1,800m<sup>1)</sup>

ASIA AND PACIFIC  
CIS

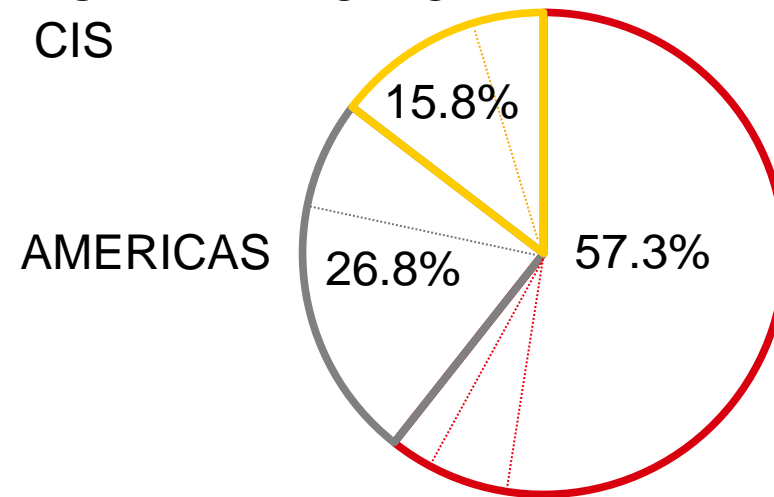


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## REVENUE 2015

EUR 1,229.9m

ASIA AND PACIFIC  
CIS

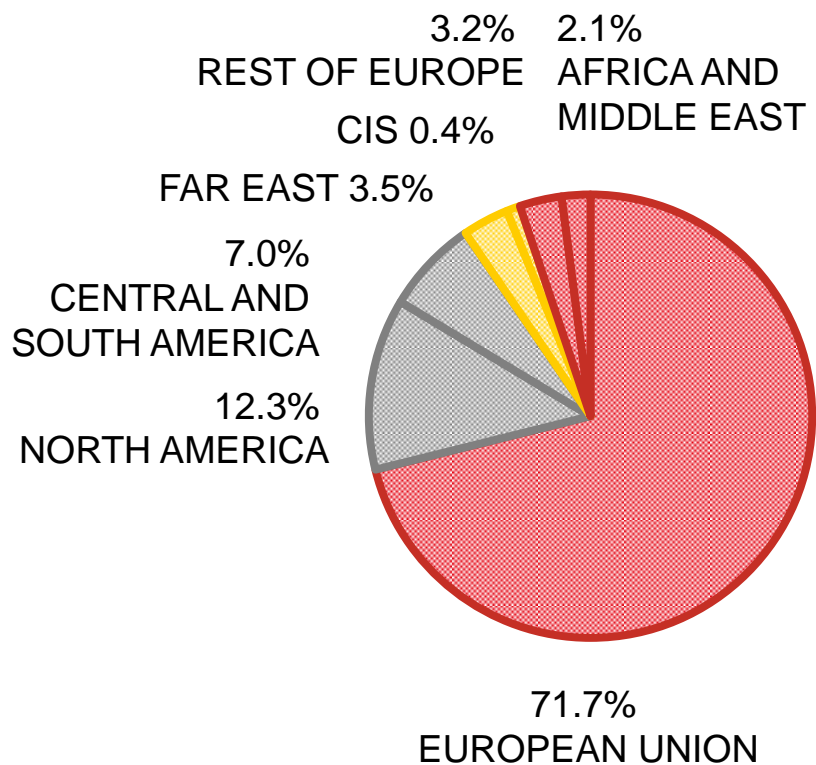


EMEA

<sup>1)</sup> including JVs in China and Russia

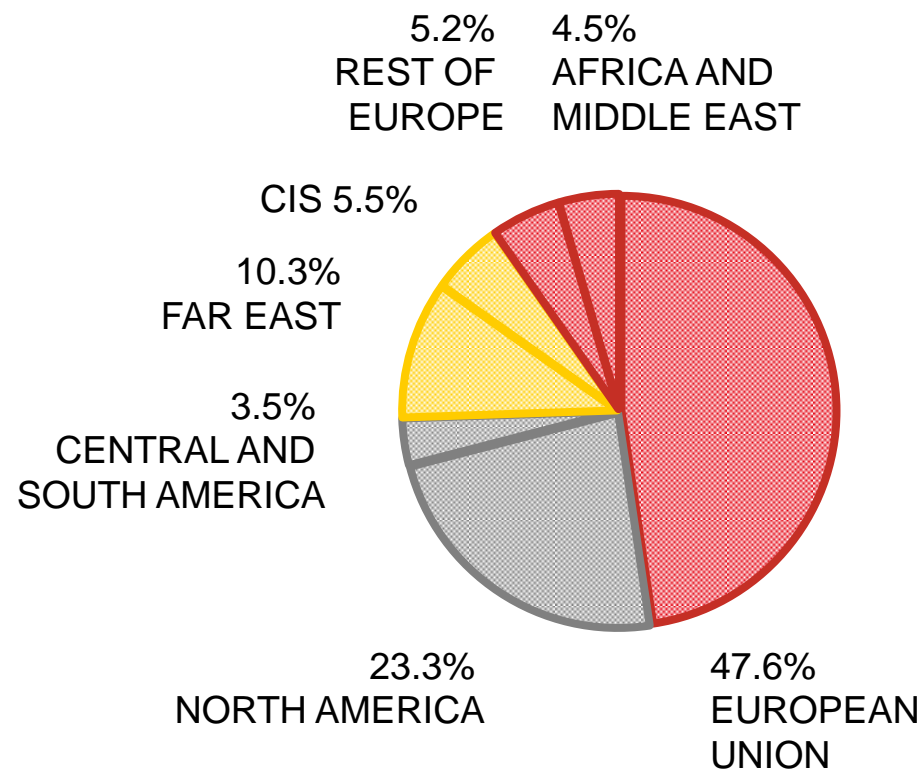
## REVENUE 2009

EUR 505.3m



## REVENUE 2015

EUR 1,229.9m



- Dealer organization built up since 2009
- Acquisitions and partnerships for market expansion
  - » Leading crane manufacturer INMAN
  - » PM-Group Lifting Machines: market leader in timber and recycling cranes with area-wide dealer and service network
  - » 2 joint ventures with largest truck producer KAMAZ: truck bodies and cylinder production
- In total, almost 1,800 employees in CIS
- Local value creation for local market as USP: good capacity utilization

- 2006 construction of an assembly plant in Shenzhen
- 2012 partnership with SANY Group
  - » JV Sany Palfinger in China: sale of PALFINGER products successfully started
  - » Construction of new plant in Rudong, start of production in 2015
  - » JV Palfinger Sany outside China: dealers and first sales of SANY mobile cranes in CIS
- Cross shareholding with SANY (10 per cent interest)
- Increasing importance of the Chinese market

- 
- Growth, primarily in BRIC countries
  - Completion of product portfolio in all regions
  - Development of China and CIS into second domestic market
  - Global balance of production and proximity to customers
  - Consolidation of position in the marine and offshore areas
  - Maintaining innovation leadership worldwide
  - Meeting customers' expectations through customized solutions
  - Adjustment of all process to "Industry 4.0"
- ➔ Revenue target 2017: approx. EUR 1.8 billion<sup>1)</sup>**

<sup>1)</sup> assuming that the JV in China is fully consolidated

# 36 PRODUCTION SITES



Lengau/AUT



Köstendorf/AUT



Elsbethen/AUT



Löbau/GER



Ganderkesee/GER



Krefeld/GER



Barneveld/NED



Harderwijk/NED



W. Garden City/GBR



Cadelbosco/ITA



Modena/ITA



Caussade/FRA



Maribor/SLO



Delnice/CRO



Lazuri/ROU



Tenevo/BUL



Cherven Brjag/BUL



Gdynia/POL



Ishimbay/RUS



Velikiye Luki/RUS



Neftekamsk/RUS



Naberezhnye Chelny/RUS



Arkhangelsk/RUS



Niagara Falls/CAN



Tiffin/USA



Council Bluffs/USA



Cerritos/USA



Trenton/USA



Oklahoma City/USA



Caxias do Sul/BRA



Cachoeirinha/BRA



Rio Tercero/ARG



Rudong/CHN



Sacheon-si/KOR



Hanoi/VIE



Chennai/IND

# SEGMENTS

# SEGMENT FINANCIALS



## SEGMENT REVENUE

	2014	2015	%
EUROPEAN UNITS	720.3	833.8	+ 15.7%
AREA UNITS	343.1	396.1	+ 15.5%
VENTURES	–	–	–

## SEGMENT EBIT

	2014	2015	%
EUROPEAN UNITS	75.0	107.0	+ 42.8%
AREA UNITS	10.1 <sup>1)</sup>	14.0	+ 40.0%
VENTURES	(19.0)	(16.0)	+ 15.8%

<sup>1)</sup> The figures for 2013 and 2014 were adjusted with retrospective effect.



- 
- ➔ Visibility remains low in Europe, but nevertheless increase of 15.7% to EUR 833.8 million achieved
    - » Loader Cranes, Access Platforms, Railway Systems, Timber and Recycling Cranes, Hooklifts and Truck Mounted Forklifts posted increases in sales
    - » Satisfactory capacity utilization of production units – also due to production for third parties
    - » Growth recorded in Southern Europe, Belgium, Netherlands, Luxemburg, Africa and New Zealand
    - » Marine business grew by 25%
    - » Strong contribution by Norwegian Deck Machinery (NDM)
    - » Major contracts for large marine cranes from Norway and for cranes for offshore wind farms from Germany and Great Britain
  - ➔ EBIT increased extraordinarily by 42.8% to EUR 107.0 million

- Revenue increased by 15.5% to EUR 396.1 million
  - » North America posted strong growth
  - » Joint venture with Fairwind in the USA
  - » Local value creation in Russia fully utilized
  - » Asia recorded increases, good capacity utilization of the plant in Rudong
  - » South America suffered losses, but gained market shares
  - » Segment's share in group revenue rose to 32.2%
  
- EBIT rose significantly by 40.0% to EUR 14.0 million

- Focus on integration of the acquired companies
  - » Establishment of operations of the two joint ventures with KAMAZ
  - » Acquisition of Norwegian Deck Machinery AS completed
  - » Forward integration through joint venture with Fairwind LLC
- Preparation of takeover of Spanish dealer and foundation of PALFINGER Ibérica
- Continuation of cost-related and structural programmes
- Further reduction of expenses
- Focus on optimization of current capital

# KEY FINANCIALS

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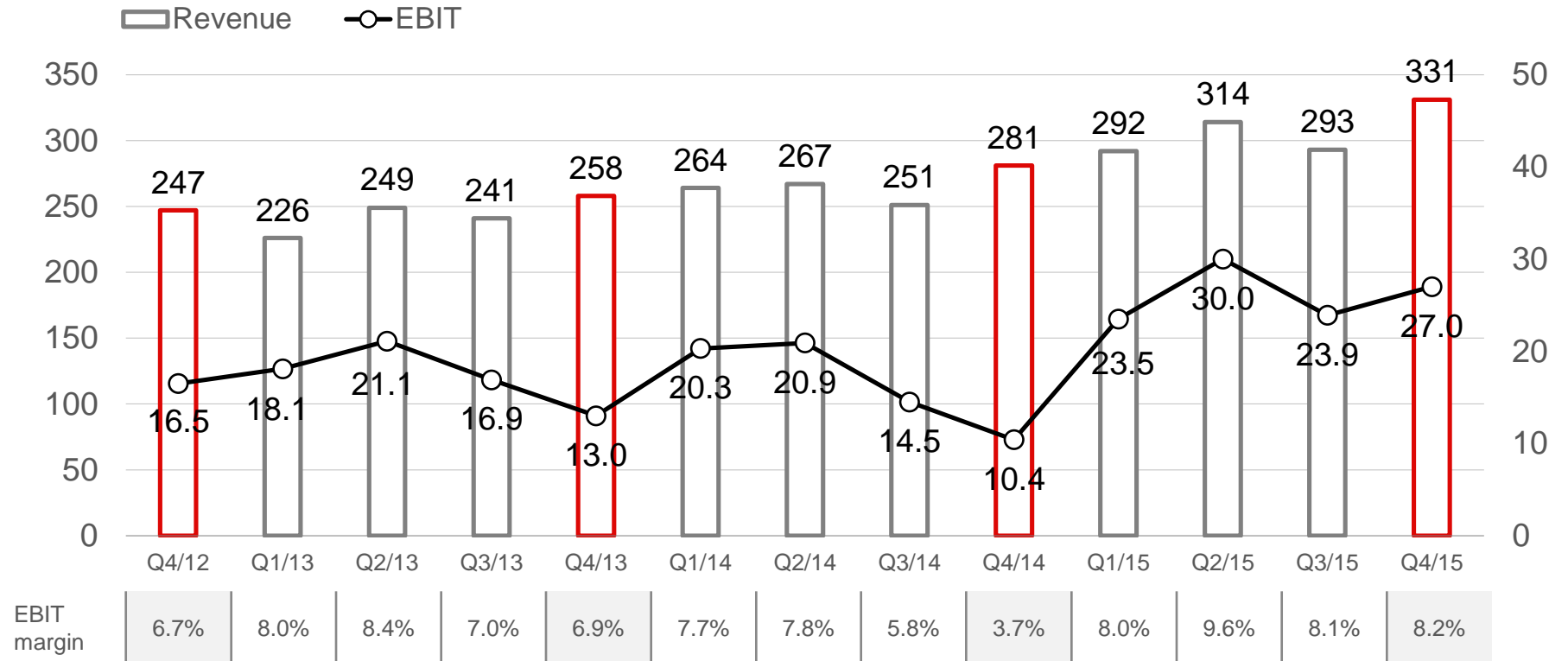


	2013 <sup>1)</sup>	2014 <sup>1)</sup>	2015	%
Revenue	973.9	1,063.4	1,229.9	+ 15.7%
EBITDA	100.7	104.6	145.3	+ 38.9%
EBITDA margin	10.3%	9.8%	11.8%	–
EBIT	69.0	66.1	104.4	+ 57.9%
EBIT margin	7.1%	6.2%	8.5%	–
Result before income tax	56.0	54.2	93.0	+ 71.6%
Consolidated net result for the period	38.7	38.2	64.4	+ 68.7%
Dividend per share (EUR)*	0.41	0.34	0.57 <sup>2)</sup>	+ 67.6%

<sup>1)</sup> The figures for 2013 and 2014 were adjusted with retrospective effect.

<sup>2)</sup> Of which EUR 0.18 interim dividend, proposal to the Annual General Meeting: 0.39

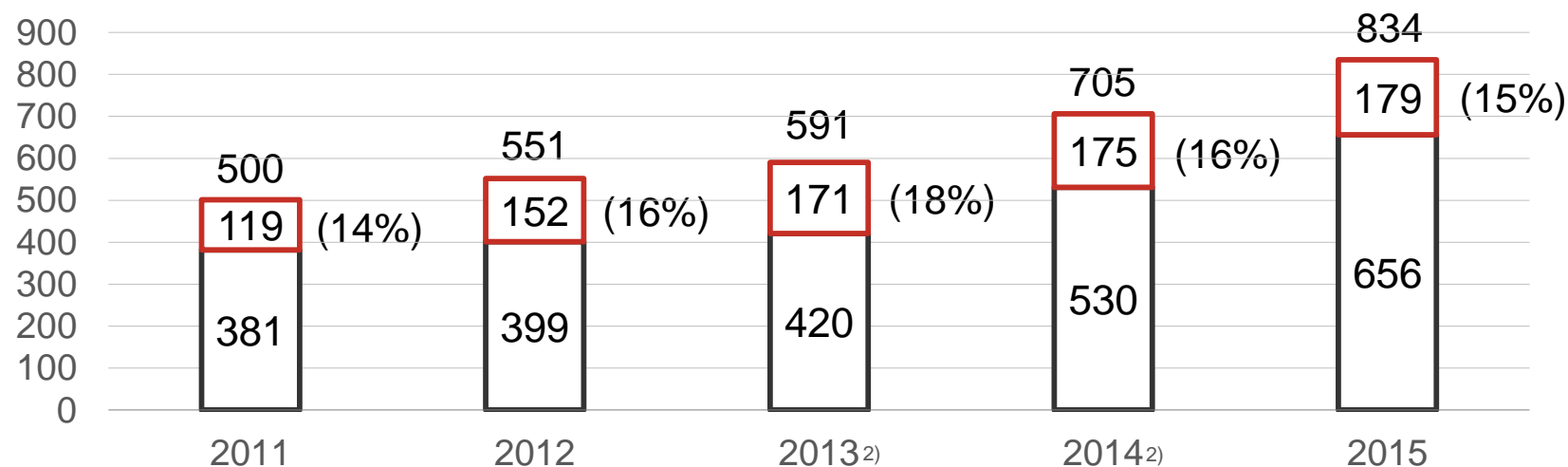
# QUARTERLY FIGURES



**➔ Continuation of revenue growth**

# CAPITAL EMPLOYED<sup>1)</sup>

- Non-current operating assets
- ▣ Net working capital (as percentage of revenue)



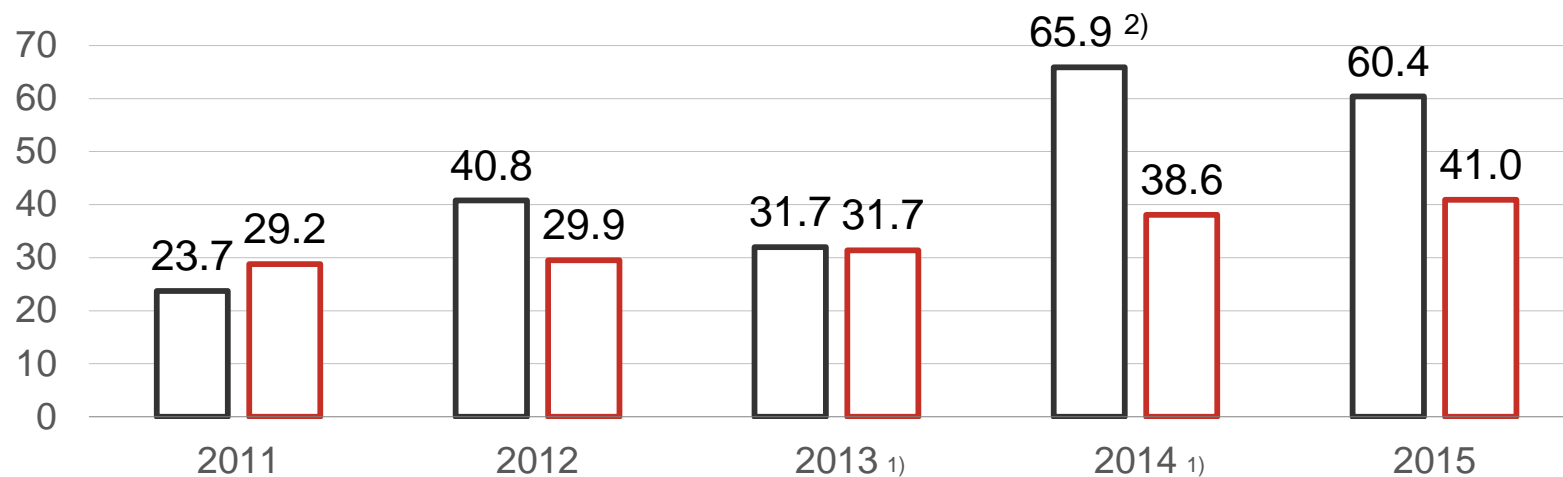
➔ Increase through expansion of business volume, net working capital as percentage of revenue at low level

<sup>1)</sup> Average

<sup>2)</sup> Of which EUR 0.18 interim dividend, proposal to the Annual General Meeting: 0.39

▣ Net investments

▣ Depreciation, amortization and impairment



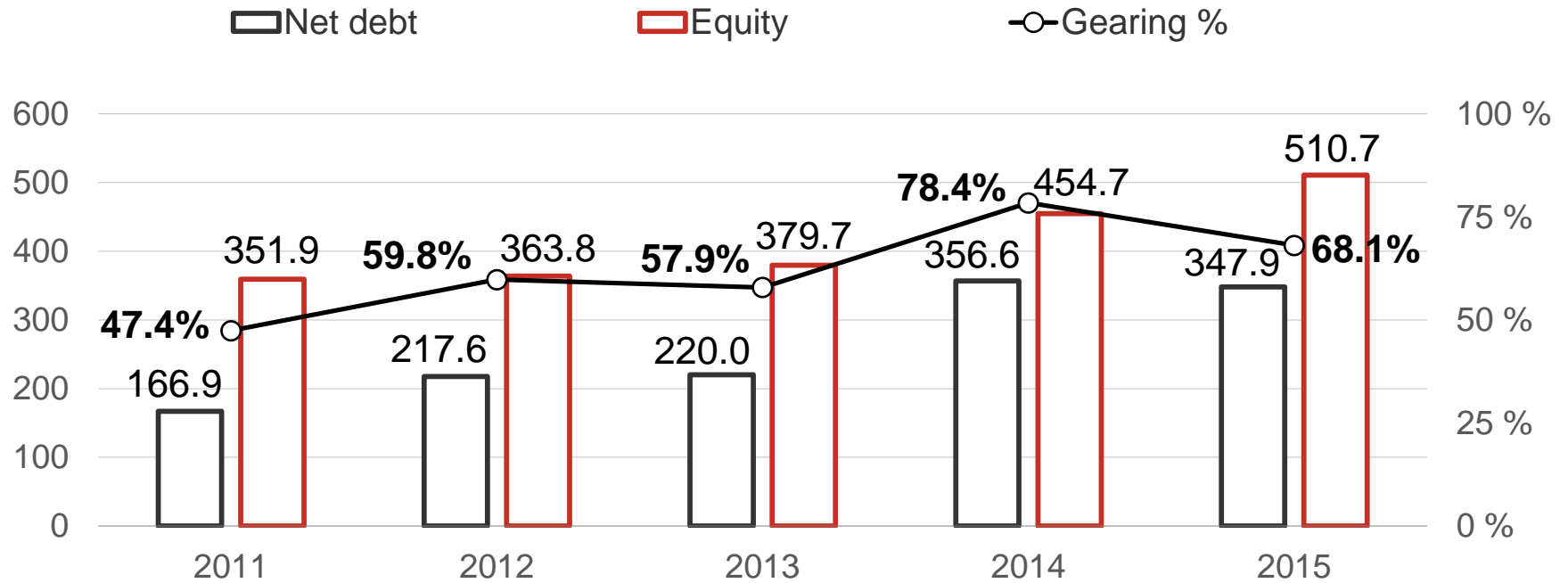
**➔ Investments to support further development of the areas**

<sup>1)</sup> The figures for 2013 and 2014 were adjusted with retrospective effect.

<sup>2)</sup> Adjusted by acquisition of interest in SANY, total EUR 175,855 thousand



# GEARING RATIO AND EQUITY



**Decrease in net debt and gearing**

<sup>1)</sup> The figures for 2013 and 2014 were adjusted with retrospective effect.

# FREE CASH FLOWS

	2013 <sup>1)</sup>	2014 <sup>1)</sup>	2015
<b>EBTDA</b>	<b>87.8</b>	<b>92.4</b>	<b>133.9</b>
+/- Non-cash result from companies at equity	0.5	(1.1)	(4.0)
+/- Change in working capital	(13.4)	(37.6)	(11.0)
+/- Cash flows from tax payments	(5.7)	(6.5)	(8.3)
<b>Cash flows from operating activities</b>	<b>69.2</b>	<b>47.2</b>	<b>110.6</b>
+/- Cash flows from investing activities	(48.8)	(217.4)	(64.6)
<b>Cash flows after changes in working capital &amp; investments</b>	<b>20.4</b>	<b>(170.2)</b>	<b>46.0</b>
+/- Cash flows from interest on borrowings adjusted by tax expense	8.6	10.7	8.7
<b>Free cash flows</b>	<b>29.0</b>	<b>(159.5)</b>	<b>54.7</b>
Cash flows from equity/investor capital	(17.6)	31.3	(36.7)
Cash flows from net debt	(2.8)	138.9	(9.3)

<sup>1)</sup> The figures for 2013 and 2014 were adjusted with retrospective effect.

# OUTLOOK

- Continuation of internationalization strategy
  - » Completion of product portfolio in all regions in the medium term
  - » Focus on sustainable market development in China and Russia
- Further promotion of growth in the marine business
- Further increase in flexibility (lean administration)
  - » Site-related optimization programmes, savings potentials, primarily in administrative processes, reduction of complexity in global organizational structure
- Industry 4.0: Active implementation of digitization strategies – internally and on the market
- Alignment of production structures to reconcile global benefits with local requirements
- Sustainability management at all sites

- Heterogeneous economic developments, no pronounced growth dynamics
  - Growth achieved in non-European regions, particularly in North America and Asia. Satisfactory demand in CIS in spite of difficult conditions. South America affected by shrinking market.
  - Political tensions and low oil prices influence customers' investment behaviour
  - Visibility continues to be very low
- 
- Continuation of growth strategy planned

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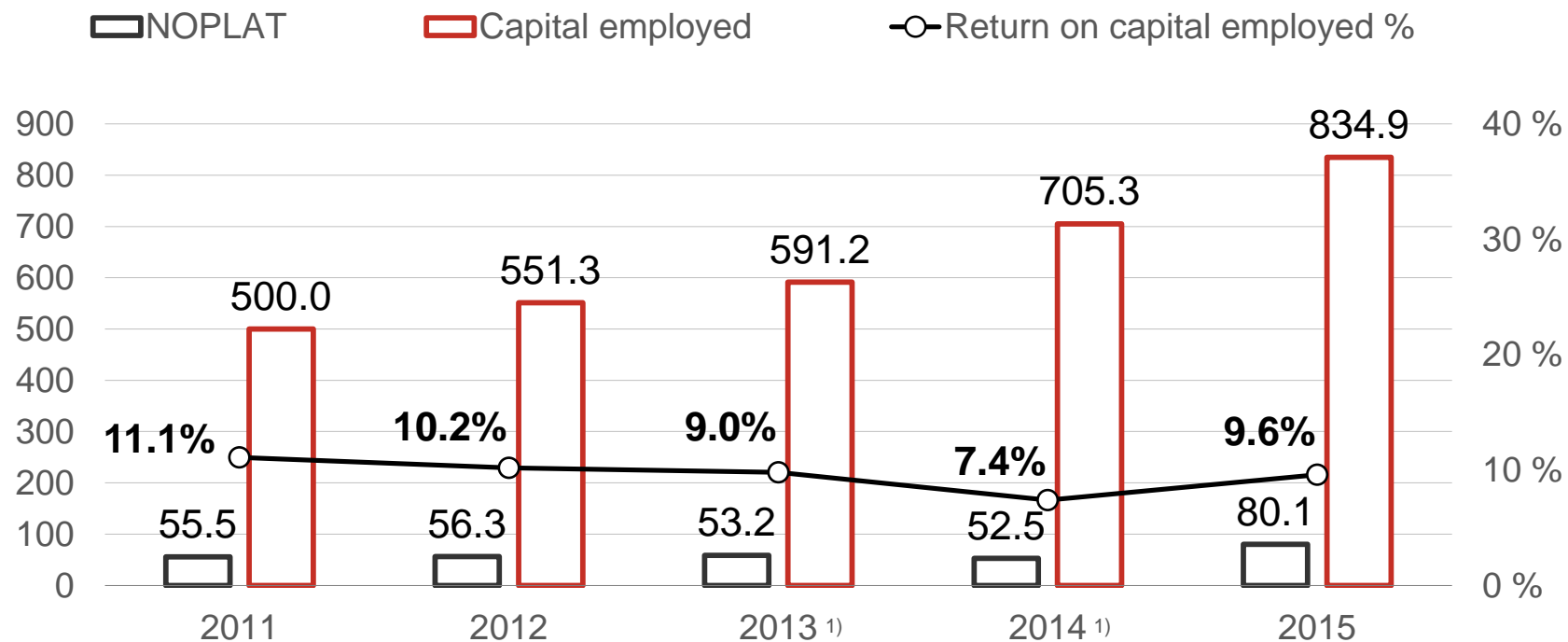
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This presentation contains forward-looking statements made on the basis of all information available at the time of preparation of this presentation. Actual outcomes and results may be different from those predicted.

# **BACK UP**

# RETURN ON CAPITAL EMPLOYED

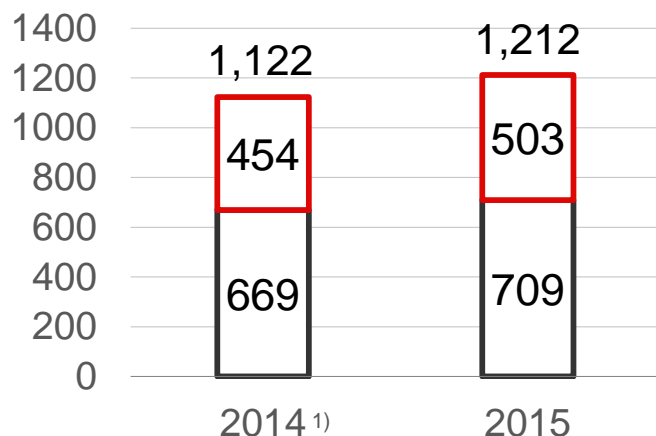


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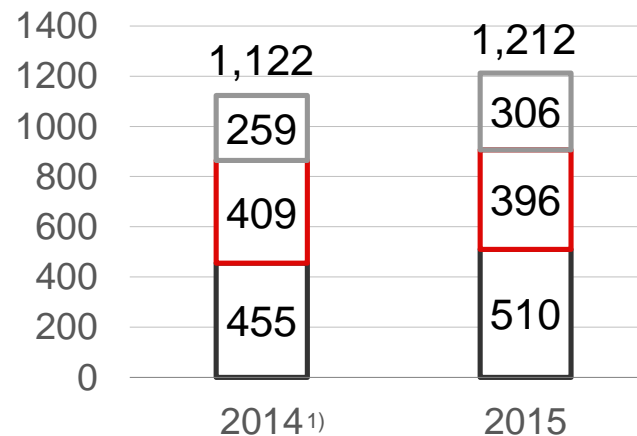
## ASSETS

■ Non-current assets   ■ Current assets



## LIABILITIES

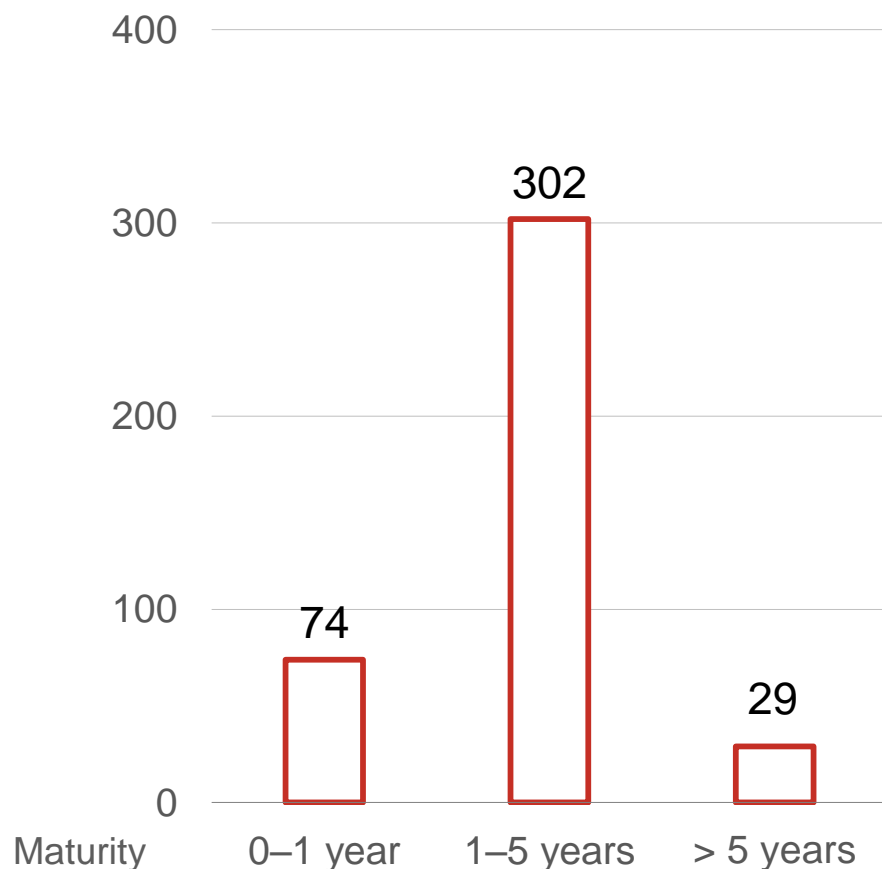
■ Equity  
 ■ Non-current liabilities  
 ■ Current liabilities



## ➔ Long-term financial structure

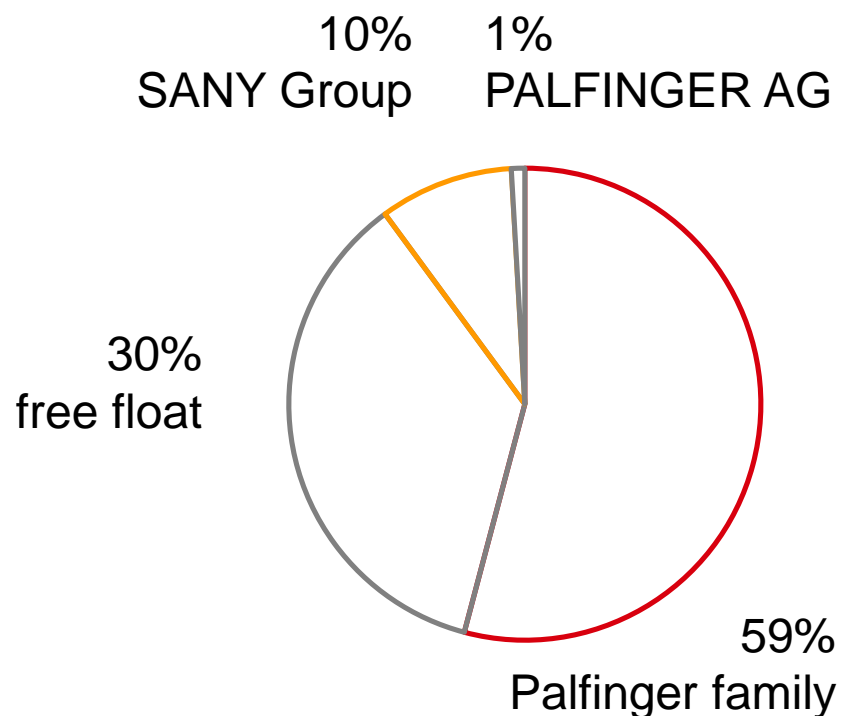
<sup>1)</sup> The figures for 2013 and 2014 were adjusted with retrospective effect.

# FINANCING STRUCTURE AS AT 31 DEC 2015



Financial liabilities	405.5 Mio EUR
Ø Interest rate	2.06%
Ø Remaining time to maturity	3.1 years
Cash and cash equivalents	21.6 Mio EUR
Net Debt	347.9 Mio EUR
Equity ratio	42.1%
Gearing	68.1%
Net Debt/EBITDA	2.39

## SHAREHOLDER STRUCTURE

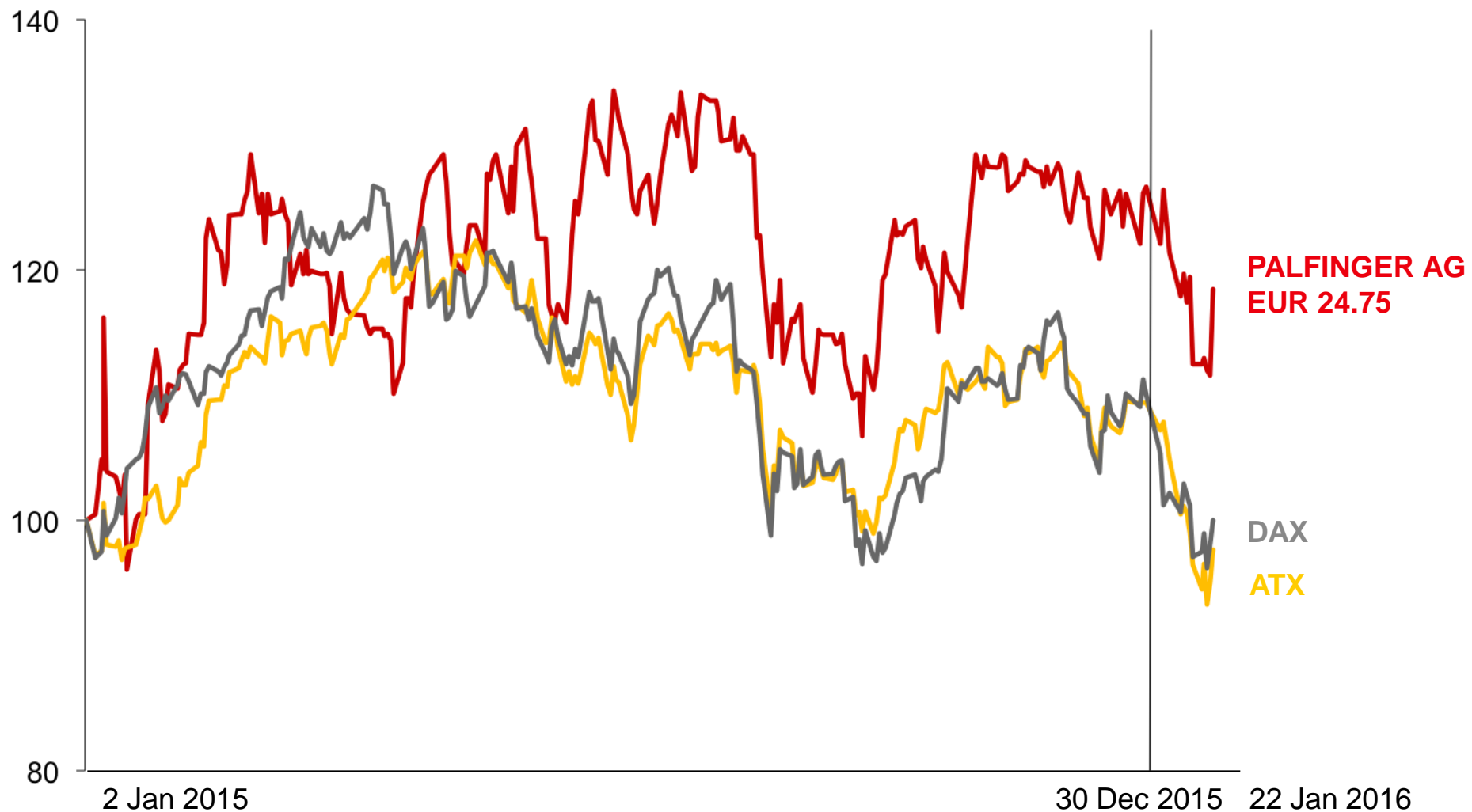


## SHAREHOLDER INFORMATION AS AT 31 DEC 2015

ISIN	AT0000758305
Number of shares thereof own shares	37,593,258 282,756
Share price as at end of period	EUR 26.45
Market capitalization	EUR 994.34m
Earnings per share <sup>1)</sup>	EUR 1.73

<sup>1)</sup> The figures for 2013 and 2014 were adjusted with retrospective effect.

# PERFORMANCE OF PALFINGER SHARES SINCE 2015



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9 March 2016	Annual General Meeting
11 March 2016	Ex-dividend date
14 March 2016	Record date
15 March 2016	Dividend payment date
27 April 2016	Publication of the results for the first quarter of 2016
27 July 2016	Publication of the results for the first half of 2016
27 October 2016	Publication of the results for the first three quarters of 2016

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