

ANDREAS KLAUSER
CEO

**STRATEGY 2030 &
HOW TO GET THERE**

PALFINGER

**WHERE WE COME
FROM AND
WHERE WE STAND**



**FOR GENERATIONS WE HAVE BEEN A SUCCESSFUL COMPANY
DRIVEN BY OUR VALUES AND PIONEERING SPIRIT**

PALFINGER



**FROM THE BEGINNING WE HAVE BEEN DRIVING THE INDUSTRY
THROUGH ONGOING INNOVATION AND LEADING TECHNOLOGY**

PALFINGER



OUR POWERFUL PREMIUM PRODUCT PORTFOLIO



LOADER
CRANES



ACCESS
PLATFORMS



TRUCK MOUNTED
FORKLIFTS



BRIDGE INSPECTION &
MAINTENANCE



RAILWAY
SYSTEMS



MARINE
CRANES



TIMBER/
RECYCLING



HOOKLIFTS &
SKIPLOADERS



TAIL
LIFTS



TURNKEY SOLUTIONS



PASSENGER SYSTEMS



BOATS



DAVITS



WIND
CRANES



OFFSHORE
CRANES



WINCHES

TURNING A POOR DOG INTO A CASH COW



LOADER
CRANES



ACCESS
PLATFORMS



TRUCK MOUNTED
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BRIDGE
CONSTRUCTION &
MAINTENANCE



OFFSHORE
CRANES



WINCHES



DAVITS



WIND
CRANES

WE ARE A LEADING GLOBAL PLAYER – FROM ALL PERSPECTIVES

PALFINGER

Premium brand with high profitability

Long-term partnerships with premier dealers and distributors

Exports in **130** countries with **>5,000** partners

Global coverage, **local** presence

Strong global **No. 1** in knuckle-boom cranes

No. 1 in timber cranes globally

>1.75 bn EUR
targeted revenue 2021

WHERE TO GO & WHY

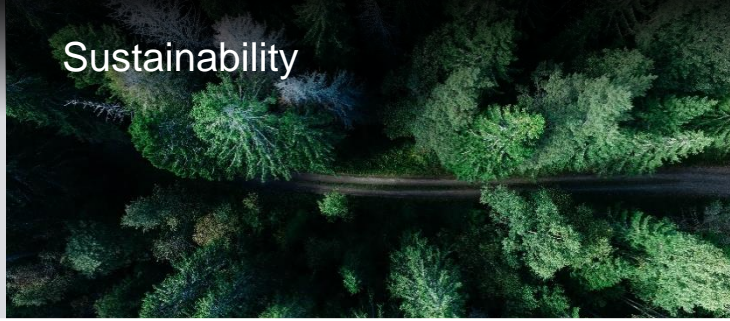
OUR 2030 STRATEGY IS OUR RESPONSE TO MEGA TRENDS IN A HIGHLY VOLATILE ENVIRONMENT

PALFINGER

Globalization



Sustainability



We actively shape the future and drive the evolution of the industry

Digitalization



Demographics



Strategy

2030

THROUGHOUT THIS JOURNEY, WE CAN BUILD ON OUR STRENGTHS

PALFINGER

- For nearly 90 years - the pioneer in innovative crane and hydraulic systems
- Leading global producer of cutting-edge lifting solutions
- Offering highest standards and taking responsibility
- Lifelong value - transforming customer challenges into value



WE WILL ADDRESS THE CHALLENGES AND NEEDS OF SUSTAINABILITY AND TURN IT INTO VALUE DRIVERS

- Creating positive impact with our solutions
- Reducing energy consumption, emissions and waste in the value chain



SUSTAINABILITY IS A CORE ELEMENT OF OUR STRATEGY AND OUR DAILY ACTIVITIES

PALFINGER

Newly established **Sustainability Council** ensures implementation of **ESG strategy**

DRIVING POSITIVE IMPACT



We achieve
positive impact
with our solutions



We reduce **energy**
consumption,
emissions &
waste along the
value chain



We promote the
health, education
and safety of
employees



We strengthen
diversity & equal
opportunities



We guarantee
legal compliance
and human rights



We ensure
good corporate
governance

Environment

Social

Governance



PALFINGER

WHAT TO DO & HOW



TWO STRATEGIC PILLARS ARE KEY TO OUR SUCCESS IN 2030

PRIMARY PILLAR



Go for Solutions



SECONDARY PILLAR



Go Digital



Based on:

» Strong roots » Impressive Brand » Commitment to Sustainability



PRIMARY PILLAR – GO FOR SOLUTIONS

PALFINGER



SECONDARY PILLAR – GO DIGITAL

PALFINGER

- Internal processes, i.e. S4/HANA
- Solutions
- Services, i.e. predictive maintenance

IOIO GO
IOIO DIGITAL

Smart Eye



Fleet Monitor



Business with Data



SUCCESS 2030 MEANS...

PALFINGER

- **Product lines and regions** are strong contributors to top line and bottom line
- Excellent **global operations** with **local footprint**
- Most **innovative lifting solutions**
- Highly **effective supply chain**
- New **business models**
- Next level **customer satisfaction**

MARKET LEADER FOR CRANE AND LIFTING SOLUTIONS

#1

**EUR 3 billion
revenue through organic growth**

Q & A

FELIX STROHBICHLER
CFO

**FINANCIAL PERFORMANCE &
TARGETS**

WE HAVE STRONGLY INCREASED OUR REVENUE THROUGH ACQUISITIONS AND ORGANIC GROWTH

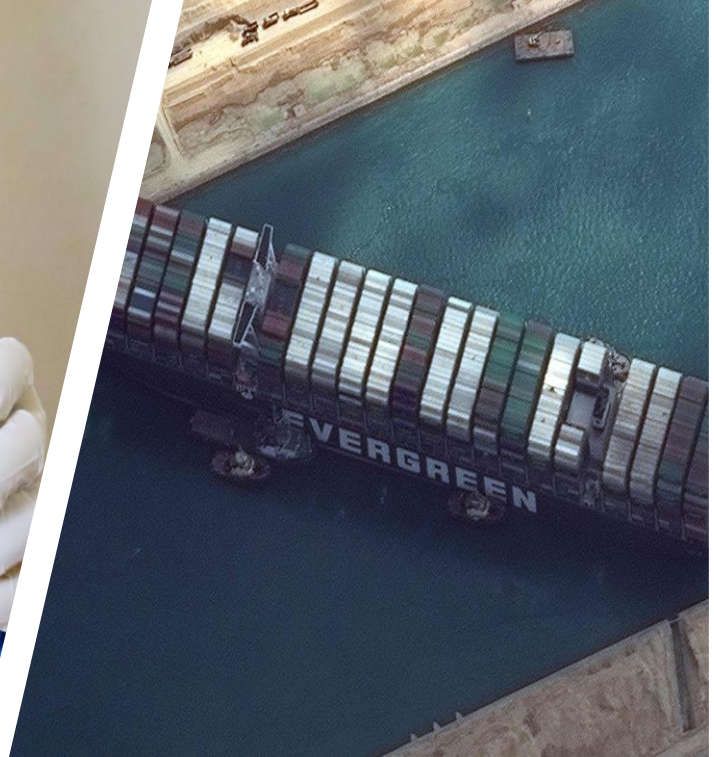
PALFINGER

- 28 acquisitions and joint ventures from 2010 to 2021
- More than 50% organic growth
- Still on the road to success with a clear target for 2024



WHERE DO WE STAND

PALFINGER



REVENUE AND EARNINGS ABOVE COMPARABLE VALUES OF THE RECORD YEAR 2019

in EUR million	Q1-Q3/2019	Q1-Q3/2020	Q1-Q3/2021	Δ% 2019/21
Revenue	1,300.6	1,102.4	1,337.6	+2.8 %
EBITDA	175.1	140.3	188.3	+7.5 %
EBITDA margin	13.5%	12.7%	14.1 %	-
EBIT (operating result)	119.3	70.6	125.4	+5.1%
EBIT margin	9.2%	6.4%	9.4 %	-
Consolidated net result	63.6	31.8	71.4	+12.3 %

In accordance with IFRS, slight rounding differences possible.

NET FINANCIAL RESULT AND TAX RATE SHOW SIGNIFICANT IMPROVEMENT

PALFINGER

in EUR million	Q1-Q3/2019	Q1-Q3/2020	Q1-Q3/2021
Undistributed profits from companies reported at equity	15.0	8.7	11.5
Net financial result	-12.2	-12.1	-8.5
Earnings before taxes	107.1	58.5	116.9
Tax rate	-27.2%	-30.0%	-26.4%
Annual net income attributable to minority shares	-14.4	-9.1	-14.7

SUBSTANTIAL REDUCTION IN NET DEBT



in EUR million	09/30/2019	09/30/2020	09/30/2021
Net financial debt	576.9	459.0	421.0
Avg. interest debt ¹⁾	1.62 %	1.38 %	1.28%
Avg. remaining term debt	4.40 years	4.06 years	2.80 years
Equity	618.9	606.7	689.2

1) Excluding currency hedging costs.

In accordance with IFRS, slight rounding differences possible.

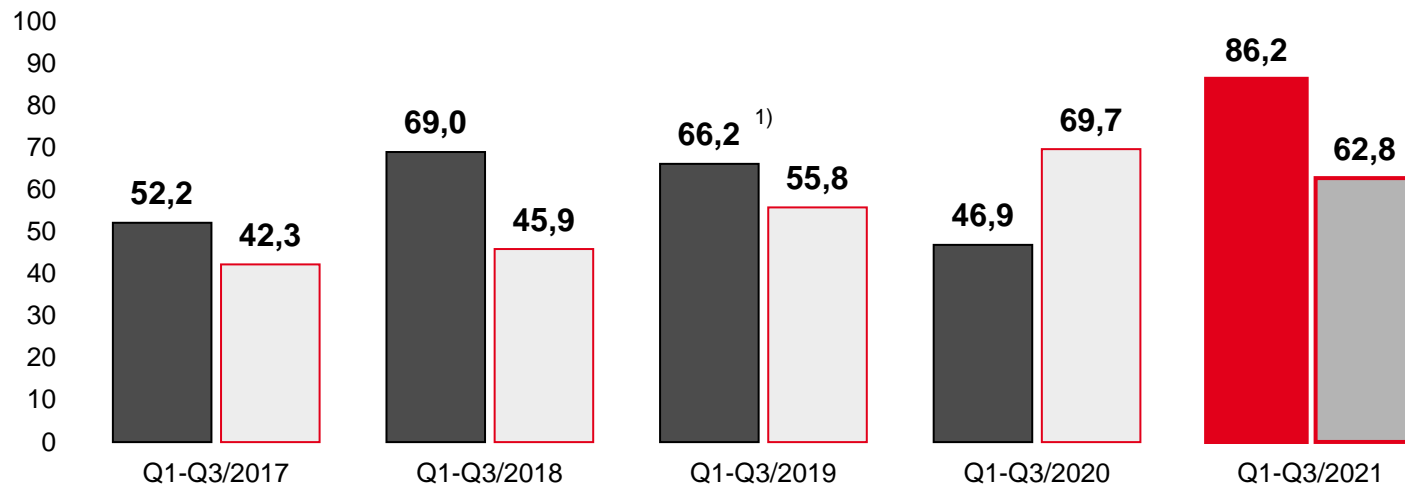
HIGHLY SOLID BALANCE SHEET STRUCTURE – NET DEBT / EBITDA RATIO AT EXCELLENT LEVEL

PALFINGER

	09/30/2019	09/30/2020	09/30/2021
Equity ratio	37.1 %	39.0 %	39.2%
Gearing	93.2 %	75.6 %	61.1%
Net debt/EBITDA	2.57	2.43	1.78

In accordance with IFRS, slight rounding differences possible.

PALFINGER INVESTS MASSIVELY IN FUTURE GROWTH

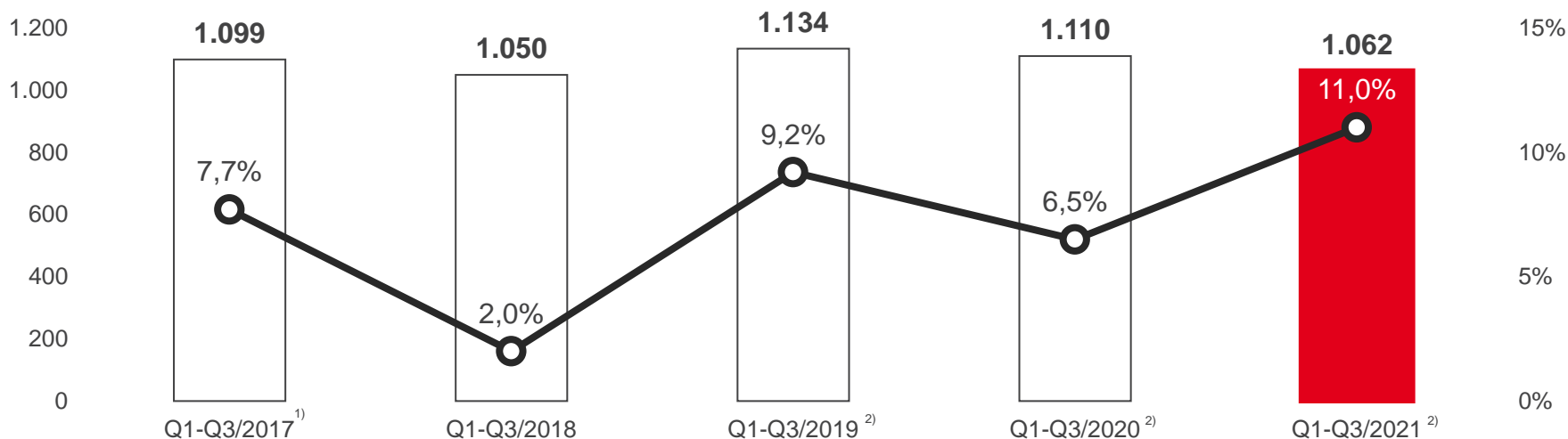


■ Net Investments
■ Depreciation, amortization and impairment

¹⁾ Including additions from leasing (IFRS 16); excluding divestment of 2.5% from Sany Lifting Solutions (EUR 28.6 million).
In accordance with IFRS, slight rounding differences possible.

ROCE HEADING TOWARDS RAISED TARGET LEVEL OF 12%

PALFINGER






1) Including restatement 2017.

2) Including additions from leases (IFRS 16).

3) Average of the last 12 months.

4) ROCE = Ratio of NOPLAT and average capital employed (reporting date of previous year to reporting date of this year)

In accordance with IFRS, slight rounding differences possible.

  Capital employed³⁾
 Return on capital employed⁴⁾

INVENTORY BUILD-UP DUE TO STRESSED SUPPLY CHAIN AND HIGH INVESTMENTS LEAD TO LOW FREE CASH FLOW

in EUR million	Q1-Q3/2019	Q1-Q3/2020	Q1-Q3/2021
EBTDA	163.0	128.2	181.0
+/- non-cash income from at-equity companies	-11.9	-4.7	-8.1
+/- change in working capital	-37.1	16.1	-53.1
+/- cash flow from tax payments	-32.5	-6.8	-22.1
Cash flow from operating activities	81.5	132.8	97.6
+/- cash flow from investing activities	-33.2 ¹⁾	-42.9	-100.8
Cash flow after changes in working capital and investments	48.3	89.9	-3.2
+/- cash flow from interest on borrowings adjusted for tax expenditure	7.8	6.4	6.0
Free cash flow	56.1	96.3	2.8

¹⁾ Including divestment of 2.5% from Sany Lifting Solutions (EUR 28.6 million)

In accordance with IFRS, slight rounding differences possible.

2021: RECORD YEAR TARGETED

1

Positive market environment and full order books provide **good visibility until Q2/2022**

2

Target for 2021: Revenue above **EUR 1.75 billion**
EBIT above **EUR 150 million**

3

Material availability remains **risk factor**,
supply chain task force successfully in action

4

Historic investment volume in 2021 of about EUR 130 million in implementation; including acquisition of Global Headquarters in Bergheim

PALFINGER



OUR TARGETS FOR THE NEXT YEARS

PALFINGER



PALFINGER RAISED THE MID-TERM TARGET 2024 FOR REVENUE AND ROCE

PALFINGER

FINANCIAL GOALS 2024

#1

Market leader for crane and lifting solutions

EUR 2,3 bn
revenue through
organic growth

10%
EBIT margin

12%
ROCE

Main challenges 2022:

Volatile environment



Supply chain constraints



Material costs



COVID-19



A CLEAR VISION FOR 2030

#1

MARKET LEADER FOR CRANE AND LIFTING SOLUTIONS

EUR 3 billion
Revenue from organic growth

Market Cap 3 billion

How to achieve these targets:

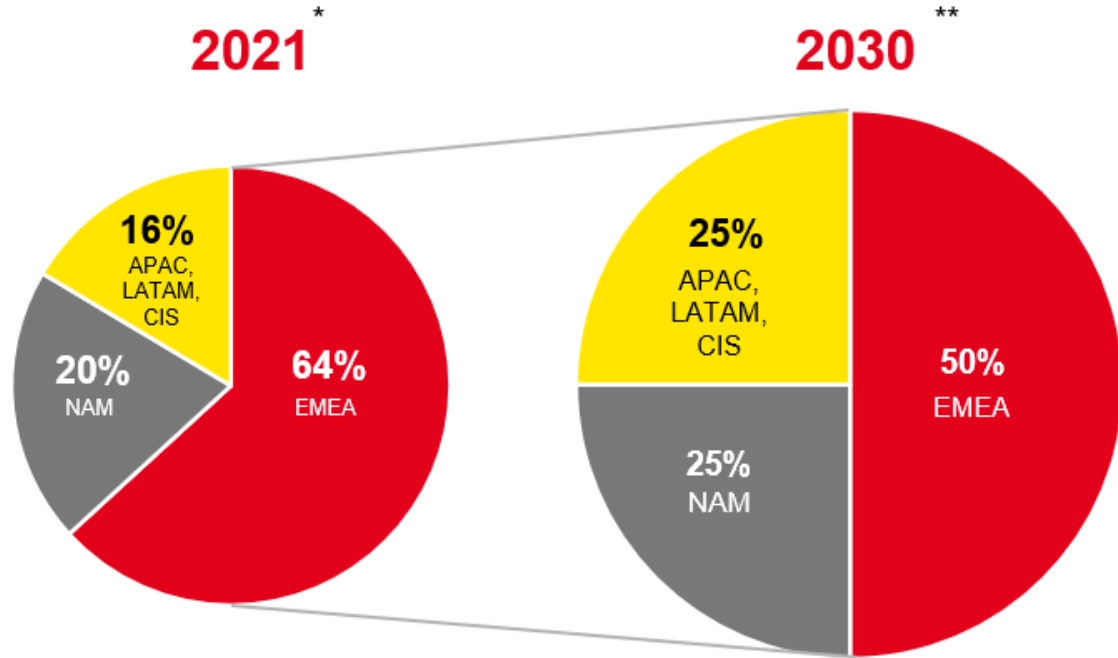
➤ Go for Solutions  ➤ Go Digital 

Based on:

➤ Strong roots ➤ Impressive Brand ➤ Commitment to Sustainability

PALFINGER WILL GROW OVERPROPORTIONALLY OUTSIDE OF EMEA

PALFINGER



^{*} Revenue split based on targeted revenue 2021 > EUR 1,75 bn

^{**} Revenue split based on targeted revenue 2030 of 3 bn EUR

SHARE PERFORMANCE

PALFINGER



PALFINGER SHARE OUTPERFORMS ATX & DAX BY FAR

PALFINGER

1

Price October, 29 2021: EUR 39.25

2

Share price development since IPO (June 4, 1999):
> 7-times (+709 percent)

3

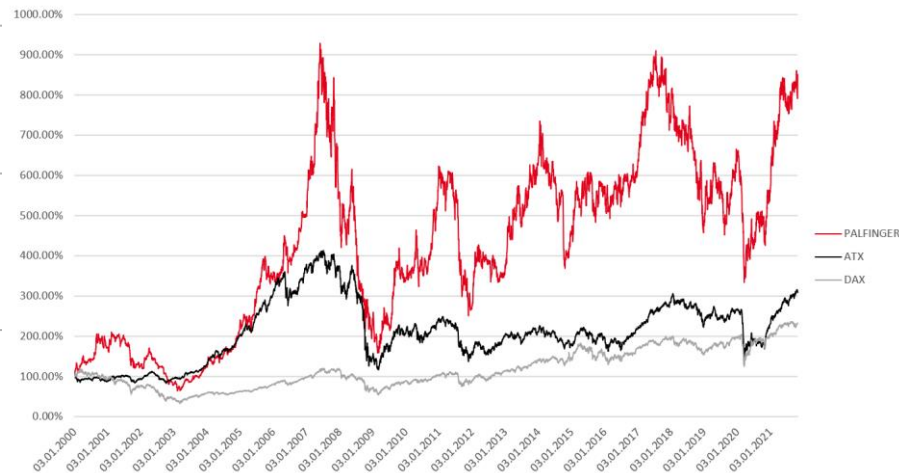
Current market capitalization:
Around EUR 1.4 billion

4

Analyst consensus: EUR 43.21
Current coverage: 7 analysts

5

Stable Pay out ratio in line with dividend policy:
1/3 of net profit



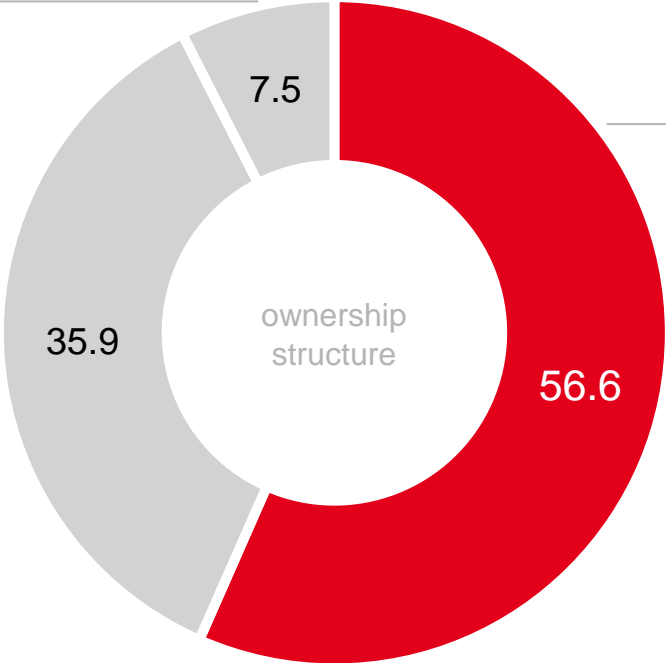
SHAREHOLDER STRUCTURE ENSURES LONG TERM ORIENTATION



SANY
Group



Free
float



PALFINGER

Palfinger
Family

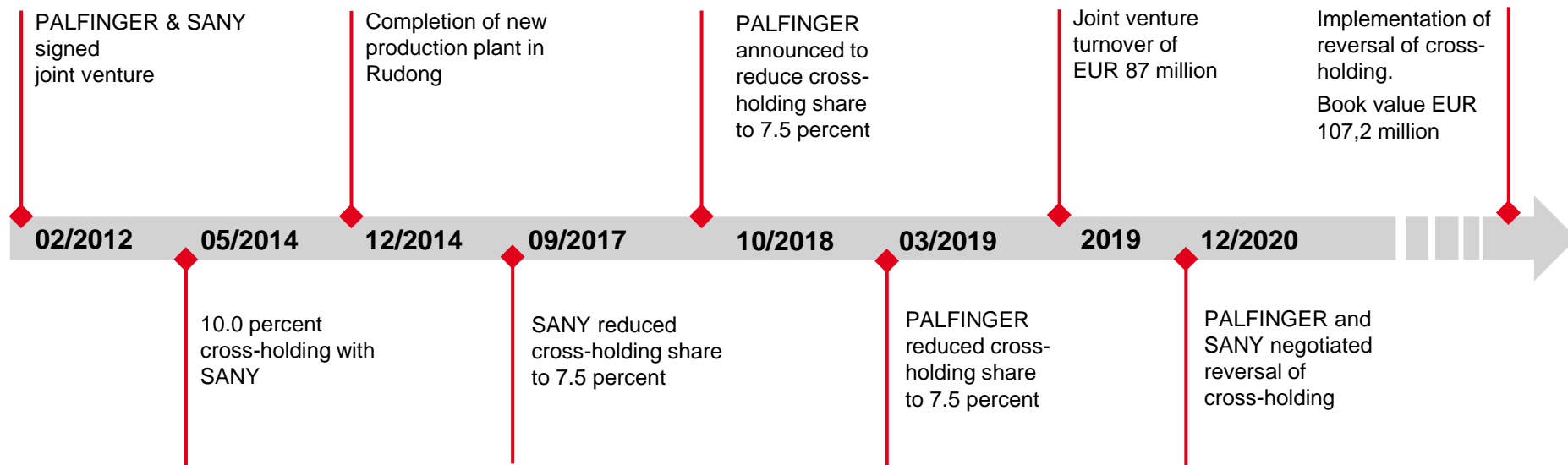
PALFINGER



PARTNERSHIP WITH SANY SUCCESSFUL – NO FURTHER NEED FOR CROSS-HOLDING

PALFINGER

PALFINGER & SANY HISTORY



Q & A

MARTIN ZEHNDER
COO

**KEY SUCCESS FACTORS AND
CHALLENGES IN PRODUCT MANAGEMENT
& ENGINEERING AND SUPPLY CHAIN**

OUR STRONG PRODUCT OFFERING IS BUILT ON AN EFFECTIVE SUPPLY CHAIN AND POSITIONING OURSELVES CLOSE TO THE CUSTOMER

PALFINGER

PRODUCT MANAGEMENT & ENGINEERING

1

Close to the customer

2

Job to be done

3

8 Product Lines

4

3 Centers of Excellence

SUPPLIER-FOOTPRINT

1

Strong Regional Supplier Footprint

2

Long-term Partnerships

3

Multisourcing

4

Categories & Sourcing Groups

VALUE CREATION FOOTPRINT

1

Local for Local

2

Worldwide Manufacturing Footprint

3

Best Cost Countries

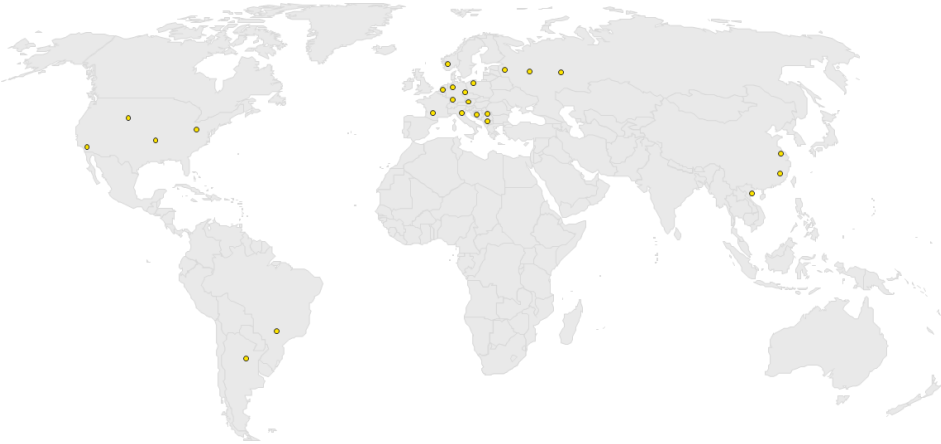
4

Core competencies

OUR GLOBAL R&D STRUCTURE MEETS LOCAL & GLOBAL REQUIREMENTS

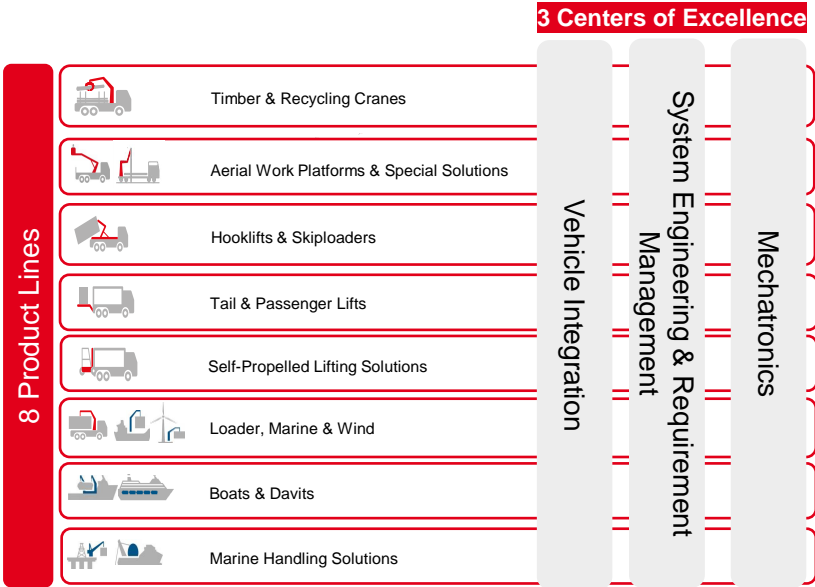


GLOBAL R&D SITE SETUP



R&D Sites	Employees	Countries
33	~700	13

R&D MATRIX ORGANIZATION



KEY SUCCESS FACTORS		
Model Based System Engineering	Verification & Validation	Standards, Process & Tools

INNOVATIVE AND POWERFUL PRODUCT PORTFOLIO



LOADER
CRANES



TIMBER &
RECYCLING



HOOKLIFTS &
SKIPLOADERS



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RAILWAY
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WIND
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DAVITS



BOATS

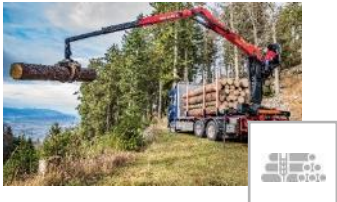
CRISIS-RESISTANT THANKS TO INDUSTRY DIVERSITY



Construction



Forestry & Agriculture



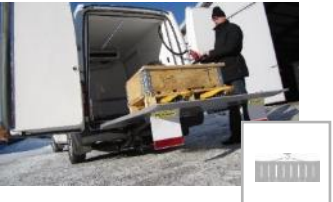
Infrastructure



Industry



Transport & Logistics



Public sector



Railway



Waste Mgmt. & Recycling



Offshore Supply & Oil and Gas



Offshore Wind



Passenger



Aquaculture & Fishing



Commercial



THESE SUPPLIER FOOTPRINT FACTORS UNDERLINE OUR POSITION AS MARKET LEADER

- >1 bn EUR sourcing spend
- 7 categories; ~100 sourcing groups
- 700 strategic suppliers
- 7000 suppliers in total
- 250,000 article numbers
- 50,000 order positions / month



OUR LONGSTANDING SUPPLIER PARTNERSHIPS ENSURE STABLE AND RELIABLE COOPERATION

- Strong delivery performance
- Coordinated processes
- Close cooperation in product development
- Stable supplier quality ensured

A photograph showing two men in business casual attire shaking hands in front of a white Palfinger truck. The truck is equipped with a red hydraulic crane. In the background, a large building features a prominent yellow sign with the word 'PALFINGER' in black capital letters. The scene is set outdoors on a paved area under a clear blue sky.

**RELIABLE SUPPLY GUARANTEED
EVEN IN DIFFICULT TIMES**

WITH >8000 EMPLOYEES IN OPERATIONS, WE ARE CLOSE TO THE CUSTOMER AND BENEFIT FROM BEST COST COUNTRIES

PALFINGER

>8000

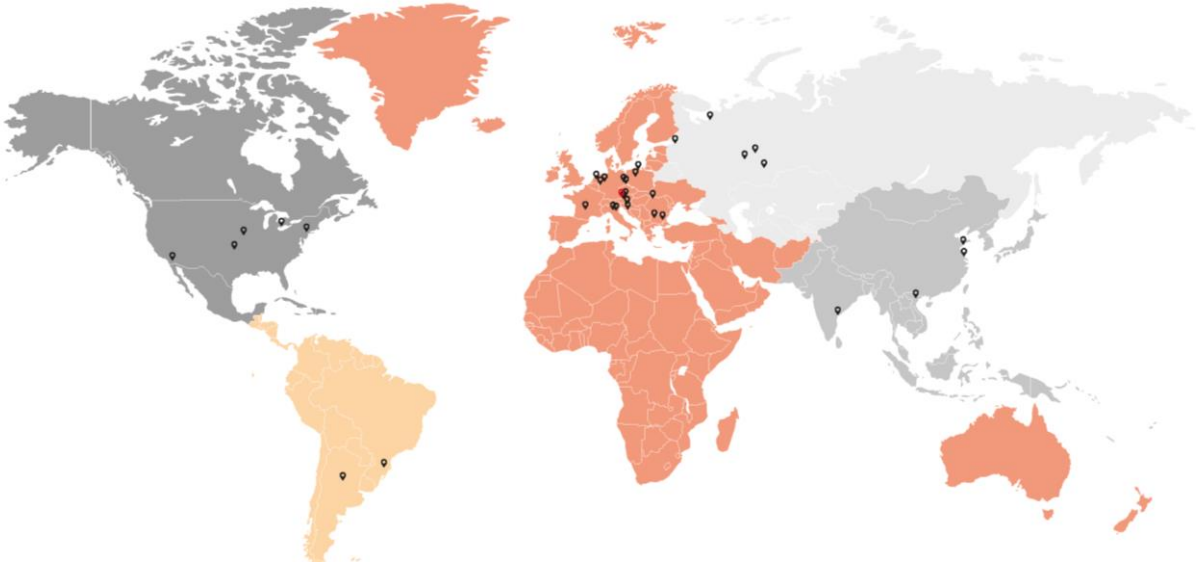
Employees in Operations

17

countries

33

Production sites



SUCCESS FACTORS OF BEST COST COUNTRIES

Attractive cost structures

Proximity to assembly locations & customer regions

Many years of experience

NAM		LATAM		EMEA		CIS		APAC	
Production sites:	5	Production sites:	2	Production sites:	17	Production sites:	5	Production sites:	4
Employees:	490	Employees:	570	Employees:	5,350	Employees:	1380	Employees:	440

OUR STRENGTH AND POWER LIE IN A HIGH DEGREE OF VERTICAL INTEGRATION

PALFINGER

ADVANTAGES OF OWN PLANTS

- Engineering and Operations: Highly efficient communication
- Firm control of supply chain
- Better control of quality
- Production margin as part of our total profit

...BUT WE HAVE TO DEAL WITH

- High structural costs in strong market decline
- Higher level of capital employed



Shaping of sheet



Welding



Mechanical Processing



Cathodic dip coating



Assembly



Installation

2021 CHARACTERIZED BY SUPPLY CHAIN DISRUPTION

PALFINGER

Frankfurter Allgemeine

WÜRTH-CHEF IM F.A.Z.-GESPRÄCH

Die Welt der Lieferketten spielt verrückt

VON SUSANNE PREUSS - AKTUALISIERT AM 20.10.2021 - 08:50



Gut 50 Prozent mehr Bestellungen für Holzschrauben, ge
China, zehnfache Frachtraten: Der langjährige Würth-Ch
spricht über die dramatische Liefersituation.

The New York Times

Oct. 15

THE DAILY

The Great Supply Chain Disruption

The supply chain crisis triggered by the pandemic was supposed to be

Michael Johnson, Sydney Harper, Mooj Zadie, Daniel Guillemette, Eric
Chris Wood

ndemic, businesses of all sizes have faced
ortgages and rising costs linked to disruptions in
chain. Consumers have been confronted with an
modern times: no stock available, and no idea
n.

Giant ship blocking Suez canal partially refloated

Tugboats work to free 400-metre 'megaship' Ever Given as vessels
gather at either end of key waterway

● **How the ship blocked the canal - visual guide**



▲ Container ship runs aground in Suez canal causing traffic jam - video

OUR COORDINATED AND TARGETED MEASURES SECURE THE SUPPLY CHAIN EVEN DURING CHALLENGING TIMES

PALFINGER

CHALLENGES

Supply bottlenecks

Long lead times

Price increases

Approval of new suppliers & new components

Geopolitical challenges

Availability of workers

ACCEPTED!

SCM Task Force

S&OP

Transparency & Price Amendments

Additional Engineering resources

Flexible Production Network

Employer Branding, Investment program

WHERE ARE PRODUCT MANAGEMENT & ENGINEERING HEADED?

GO FOR SOLUTIONS: WE UNDERSTAND THE CUSTOMER REQUIREMENTS AND THE JOB TO BE DONE

PALFINGER

CLOSE TO THE CUSTOMER

ACES

ADDITIONAL SERVICES

JOB TO BE DONE

**AUTONOM, CONNECTED
ECO EFFICIENT
SOLUTIONS**

SMART SOLUTIONS



SUSTAINABILITY: WE CONSIDER IT OUR RESPONSIBILITY TO REDUCE PALFINGER'S CO₂ FOOTPRINT

PALFINGER

SUPPLIERS

7%



PALFINGER CO₂ EMISSIONS

< 1%



PRODUCT IN USE

92%



WHERE ARE WE GOING WITH SUPPLY CHAIN?

PALFINGER

PROCUREMENT

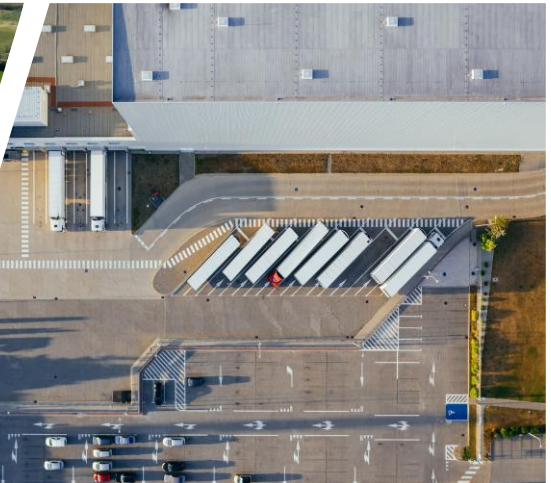
- Strong partnerships in the region for the region
- Digital connection of suppliers
- Higher purchasing expertise in mechatronics topics

OPERATIONS

- Standardized Processes & global ERP-system
- Capacity leveling
- Regional installation centers for Solutions strategy

LOGISTICS

- Strategic partner development
- Make or buy
- Focus on sustainability



SUCCESS 2030 IN PRODUCT MANAGEMENT, ENGINEERING AND SUPPLY CHAIN MEANS...

PALFINGER

to...

1

... offer **sustainable solutions** for our customers.

2

... collaborate with **best-in-class partners** and build **long-term partnerships**.

3

... develop a **resilient supply chain**.

4

... find and retain **talented employees**.

Q & A

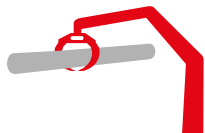
ANDREAS HILLE
SVP GLOBAL PLM/ R&D

**TRANSFORMATION OF SMART PRODUCTS
TO SMART SOLUTIONS**

PRODUCTS & SOLUTIONS - THE RIGHT FIT FOR DIFFERENT CUSTOMER DEMANDS

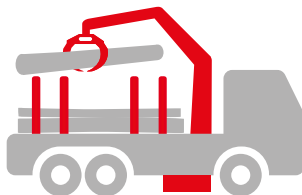
PALFINGER

PRODUCTS



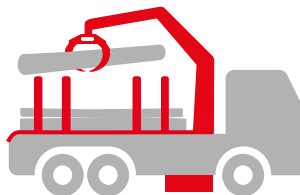
Installation by PALFINGER
or **partners**

SOLUTION 1



Engineered by PALFINGER
& installation by **certified
partners**

SOLUTION 2



Engineered & installed by
PALFINGER, without supply
of a chassis

SOLUTION 3



A complete vehicle
provided & installed by
PALFINGER (ready-to-use)

WE ARE DRIVING THE TRANSFORMATION FROM PRODUCTS OVER SMART PRODUCTS TO SMART SOLUTIONS

PALFINGER

GO FOR
SOLUTIONS

01
**OPTIMIZATION
POTENTIAL**

02
**INTERACTION VEHICLE
& LIFTING SYSTEM**

03
**COMPLEXITY
MANAGEMENT**

04
ELECTRIFICATION



OPTIMIZING PERFORMANCE OF THE INTEGRATED SOLUTION

PALFINGER

1

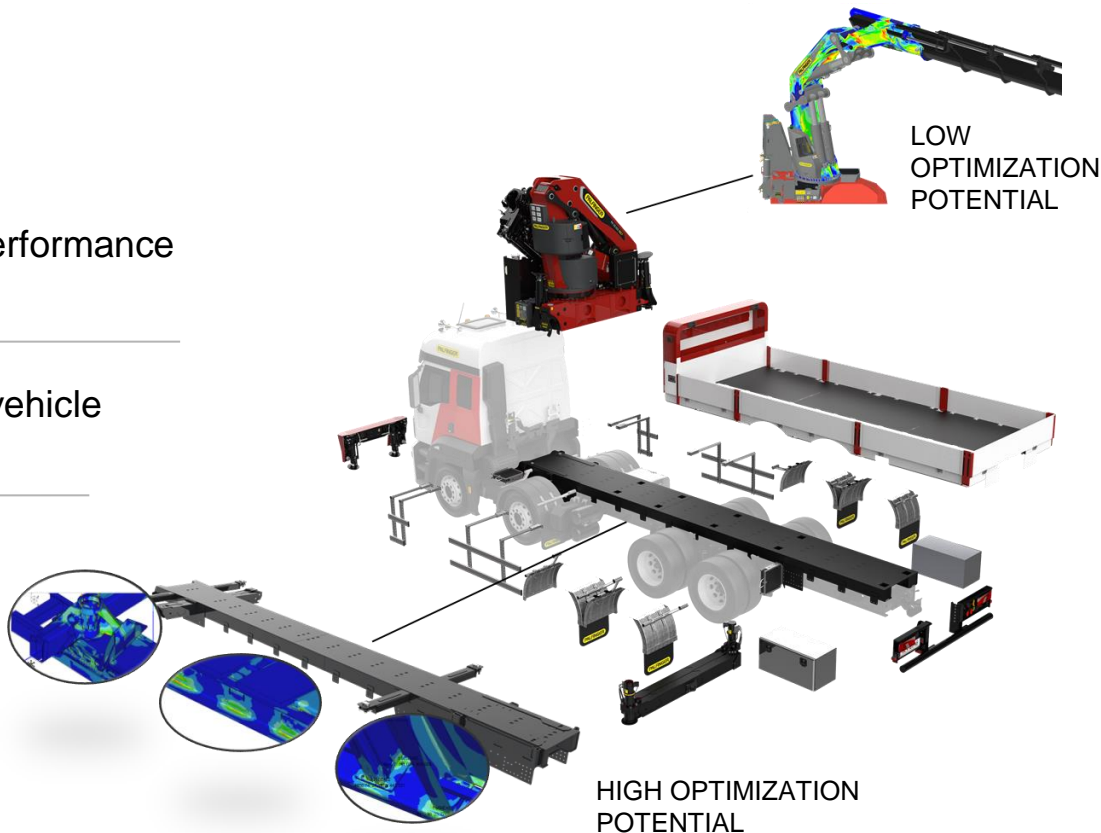
High level of maturity and performance of core lifting system

2

High optimization potential at vehicle interface

3

Factory build high quality solution



SEAMLESS INTEGRATION OF DIFFERENT SYSTEMS

PALFINGER

1

From connecting to seamless integration

2

Harmonized development of systems & interfaces

3

Partner Management



COMPLEXITY MANAGEMENT BECOMES CRITICAL CAPABILITY

PALFINGER

1

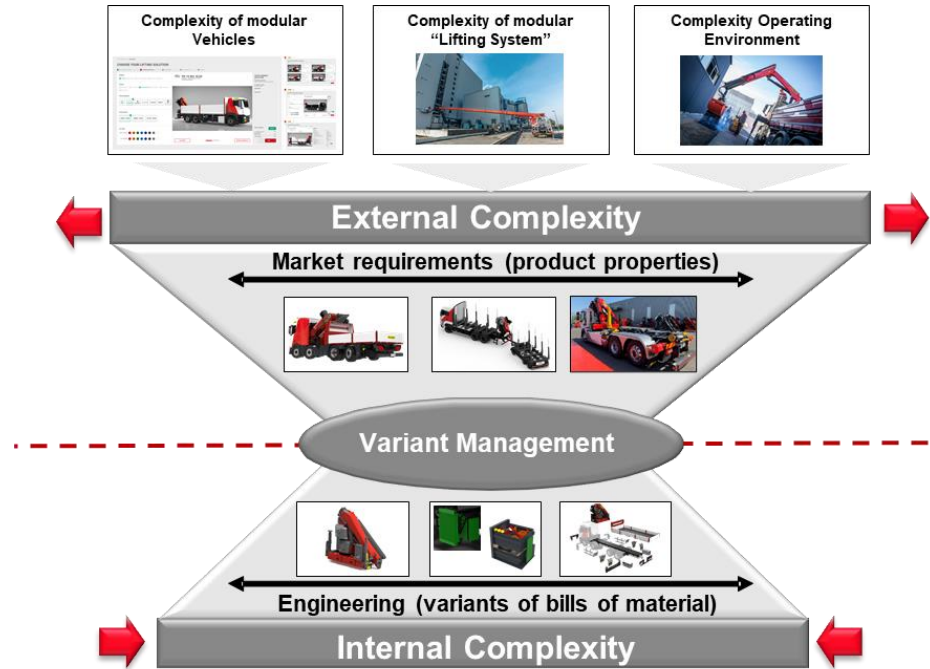
Understand the customer application

2

Intelligent management of external complexity

3

Modular kit structure of solution



GOING ELECTRIFICATION TOWARDS A SUSTAINABLE FUTURE

1

Power supply interface – design & integration

2

Power consumption and energy management

3

Electrification enabling technology shift



Q & A

PHILIPP SMOLE

VP CORPORATE INCUBATOR

**TURNING CHALLENGES INTO
OPPORTUNITIES AND HOW TO EVOLVE
THE DIGITAL BUSINESS MODELS**

**DIGITALIZATION ALLOWS US TO STEP UP
TO THE NEXT LEVEL AND TO REMAIN A
LEADING PLAYER IN THE MARKET**

**Digitalization requires a joint
effort of the entire organization.**

We have to work together to digitalize our
processes and deliver enhanced solutions
to our customers.

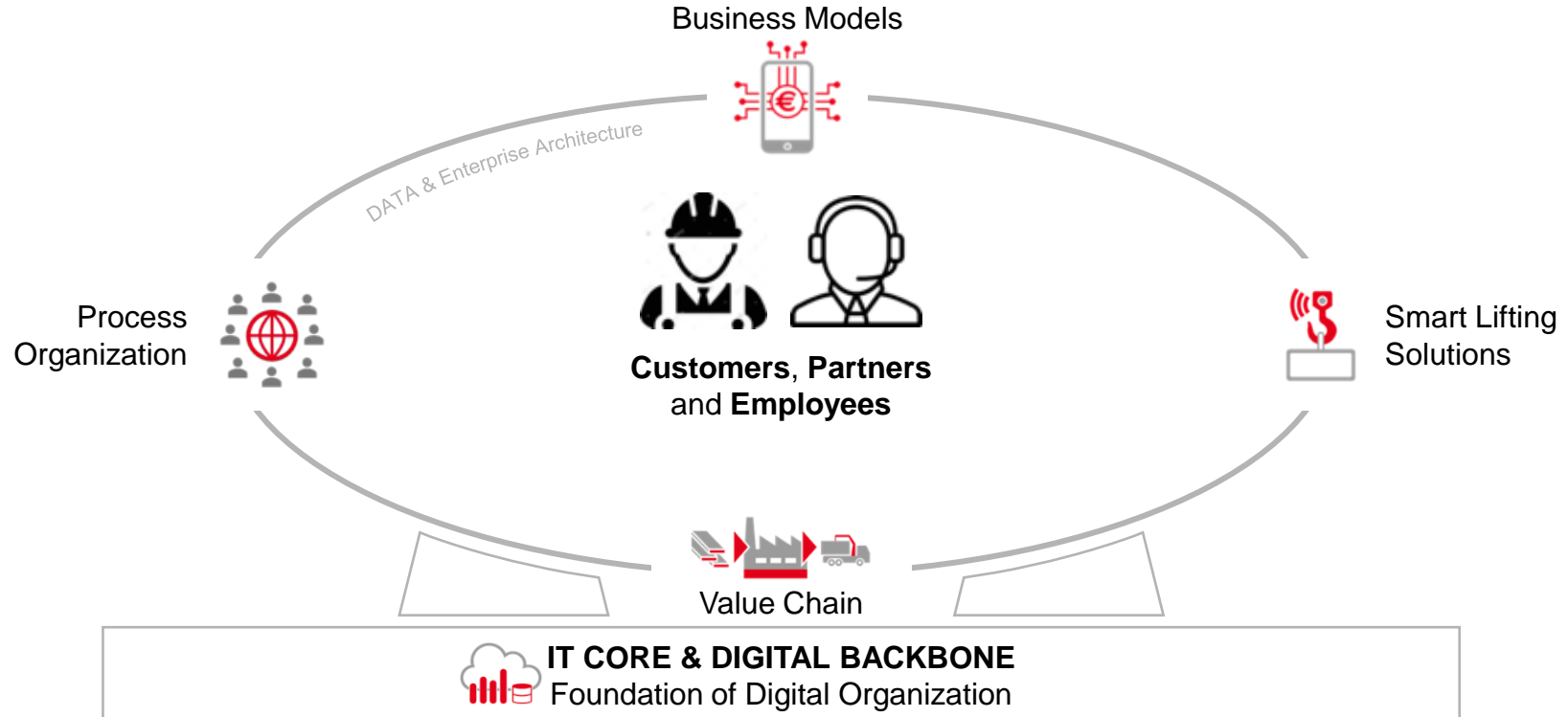
PALFINGER

1010 GO
1010 DIGITAL

WE DRIVE A HOLLISTIC DIGITALIZATION APPROACH

PALFINGER

IOIO GO
IOIO DIGITAL



**TO SEIZE NEW REVENUE OPPORTUNITIES,
WE CREATE DIGITAL BUSINESS MODELS**

**Our ambition is to generate
significant revenue through data
driven business models.**

Through data, we get a better
understanding of our customers,
thereby offering better services and
solutions.

PALFINGER

1010 GO
1010 DIGITAL



WE FURTHER BUILD MOMENTUM BY ACCELERATING AND COMPLEMENTING ONGOING INITIATIVES

PALFINGER

1010 GO
1010 DIGITAL

DATA DRIVEN BUSINESS MODELS

New, fully digital, data-driven **business models** are a key value driver in the future



SMART SERVICES & CONTRACTING

Generate **additional value** for **our customers** and unlock the full potential of our solutions

USAGE BASED BUSINESS MODELS

Services, like **functionality on demand**, make our customer offering and solutions ready for digital service platforms



OTHER

Further business opportunities being explored



PALFINGER

**WHAT IS COOKING
IN THE KITCHEN?**



PALFINGER

PALFINGER CONNECTED



A close-up view of a Palfinger hydraulic cylinder and a control panel. The cylinder is black with a yellow label that reads "PALFINGER". The control panel is red and black, mounted on a metal structure. The background is a blurred industrial setting.

PALFINGER



A Palfinger truck with a red crane is shown in front of a modern building. The truck has a yellow label that reads "PALFINGER". The crane is extended upwards. The background is a modern building with large windows. The ground is paved with yellow and orange markings. A transparent AR overlay shows a blue container being positioned by the crane.

PALFINGER

SMART LOADING ASSIST





STRUCINSPECT

Infrastructure Lifecycle Hub

Q & A

GERHARD STURM
SVP SALES & SERVICE

DIGITALIZED CUSTOMER JOURNEY

WE ENSURE A PROFESSIONAL AND WIDE SALES AND SERVICE NETWORK

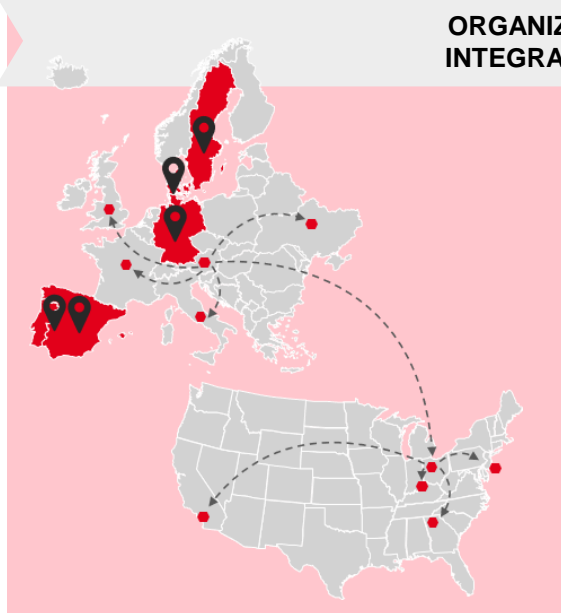
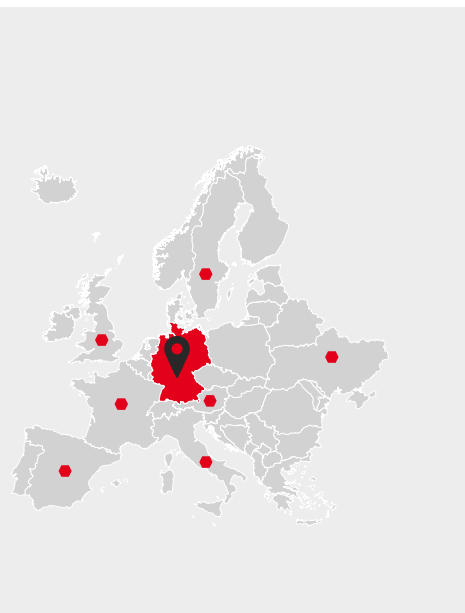
PALFINGER

Until 2016

Today

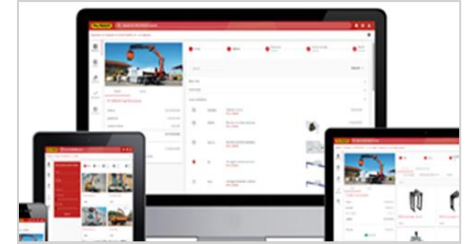
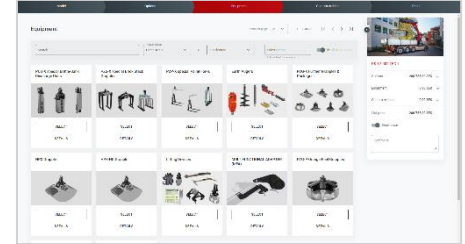
2030

ORGANIZATIONAL SET-UP TO SECURE
INTEGRATION & NETWORK COVERAGE



OUR GOAL IS TO DELIVER COMPLETE SOLUTIONS – WITH HARD- AND SOFTWARE FROM A SINGLE SOURCE

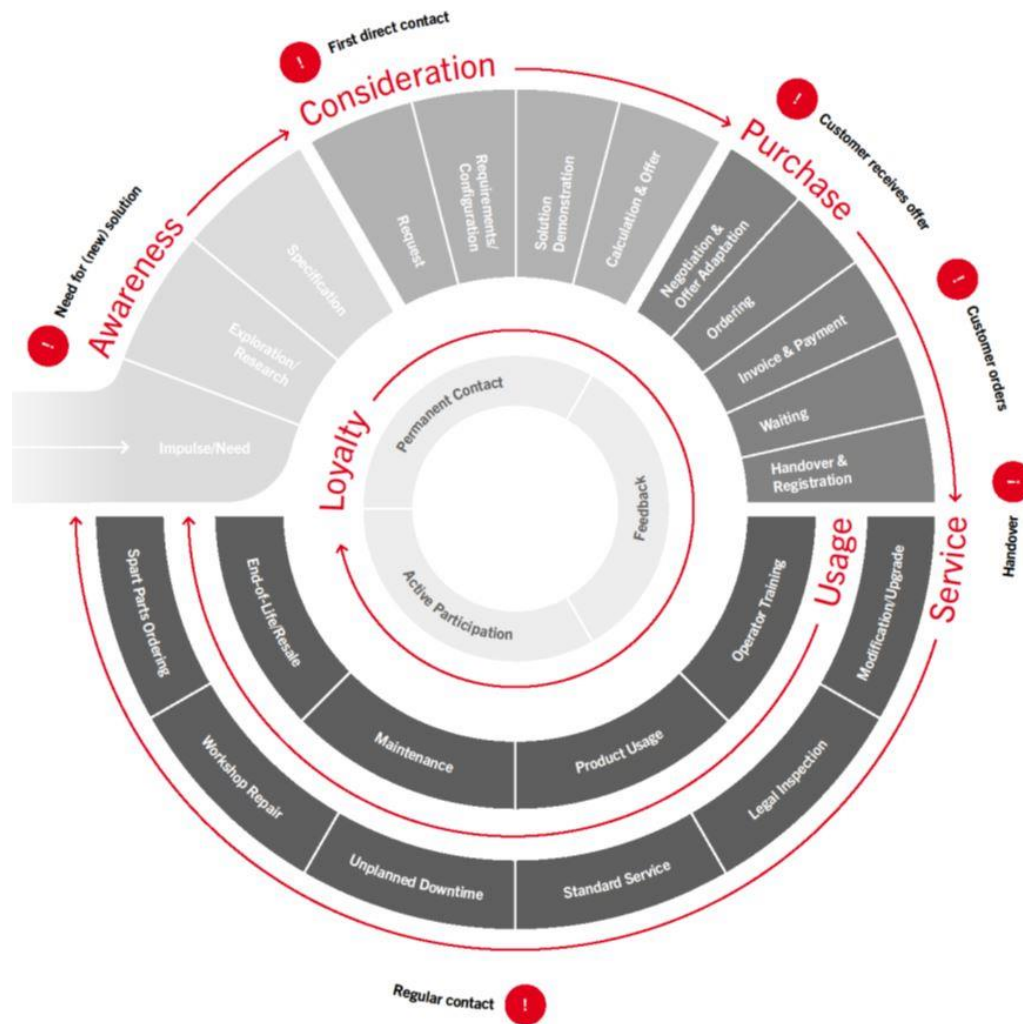
PALFINGER



CUSTOMER JOURNEY

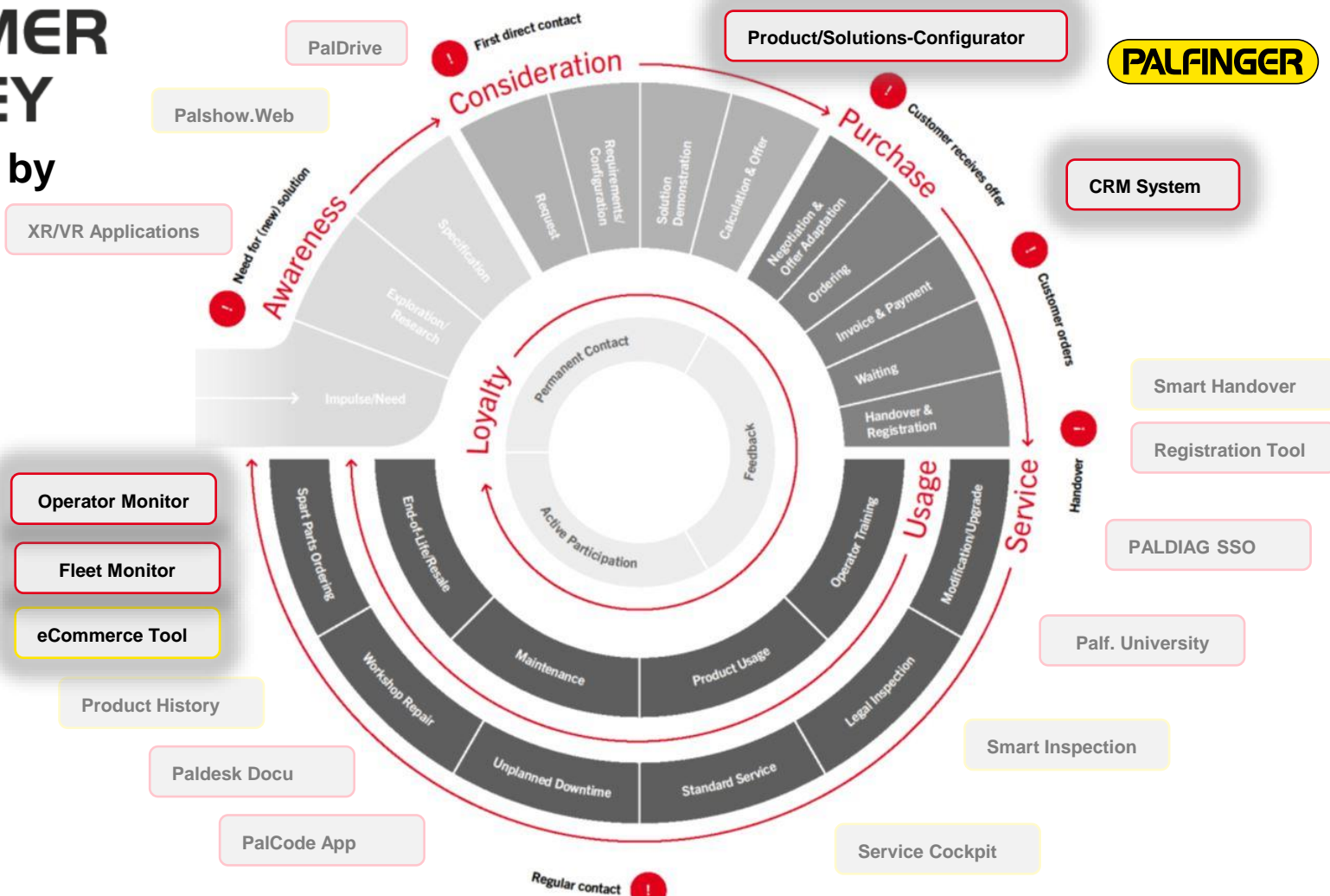
is supported by
Tools for
Network and
Customer

PALFINGER



CUSTOMER JOURNEY

is supported by
**Tools for
Network and
Customer**



SALES TOOLS FOR EACH STEP IN THE CUSTOMER JOURNEY

PALFINGER

IOIO GO
IOIO DIGITAL

Implementation of a fully integrated
global CRM System generating a
holistic view on our **Customers**



Sales Tools to optimize offer
and order processes for
**Sales Partners and
Distributors**



Measurement of
Customer Experience at
Touchpoints along the
Customer Journey



SMART TOOLS MAKE THE WORLD OF OUR CUSTOMERS MORE CONVENIENT

PALFINGER

CRM SYSTEM

- 360° view on our Customers
- Integrated System including Sales, Service and Marketing Processes



PRODUCT-/SOLUTIONS CONFIGURATOR

- From opportunity to Order
- Configurator, offer and order management in one tool



CUSTOMER EXPERIENCE

- Asking customers for feedback regarding their experiences with PALFINGER
- Closer to the Customer
- Customer Satisfaction Index



SERVICE & AFTER-SALES BECOME A BUSINESS WITH TOOLS FOR EACH STEP IN THE CUSTOMER JOURNEY

PALFINGER

IOIO GO
IOIO DIGITAL

Connected products & digital
information for **real-time**,
holistic product knowledge



Predictability of service
& downtime for **more efficiency**



Digital partner service tools for
more **consistency in quality**
and branding



WE ROLL OUT GLOBALLY STANDARDIZED SALES TOOLS

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SMART PROCESSES

- Processes are supported by tools on all kind of devices (e.g. Mobile)
- Data are automatically generated for all levels and provide a complete service history



FLEET MONITOR

- Enables Fleet Management for End Customers
- Overview of core data of customer's fleet
- Includes the “Service Cockpit” as a tool for Service Partners



E-COMMERCE

- Full Scale Web Shop for B2B and B2C
- Replaces all order Tools which we have today



HARALD HAUSER

VP SUPPLIER MANAGEMENT

**MANAGEMENT OF SUPPLY CHAIN
CONSTRAINTS**

YEARLY DEMAND AND SUPPLY OVERVIEW

PALFINGER

In **all** Regions with **>7,000** suppliers - appr. 700 strategic Partners

Number of articles: **>250,000**

>50,000 items ordered / Months

Supply Strategy: (in % of orders)

- 5% JIT (spec. variant Articles)
- 10% VMI (Vendor Management Inventories)
- 15% Kanban
- 35% normal Orders
- 5% eCatalogue

95% Delivery Performance >0.50% claim rate

>1.0 bn EUR
PLANNED SOURCING SPEND 2021

FUNCTIONAL VALUE ADDED “PROCUREMENT”

PALFINGER



Strategy

Utilization of Sourcing
Synergy effect for whole
PALFINGER group

Central Responsibility for
Strategic Sourcing Activities
and
P2P-Processes

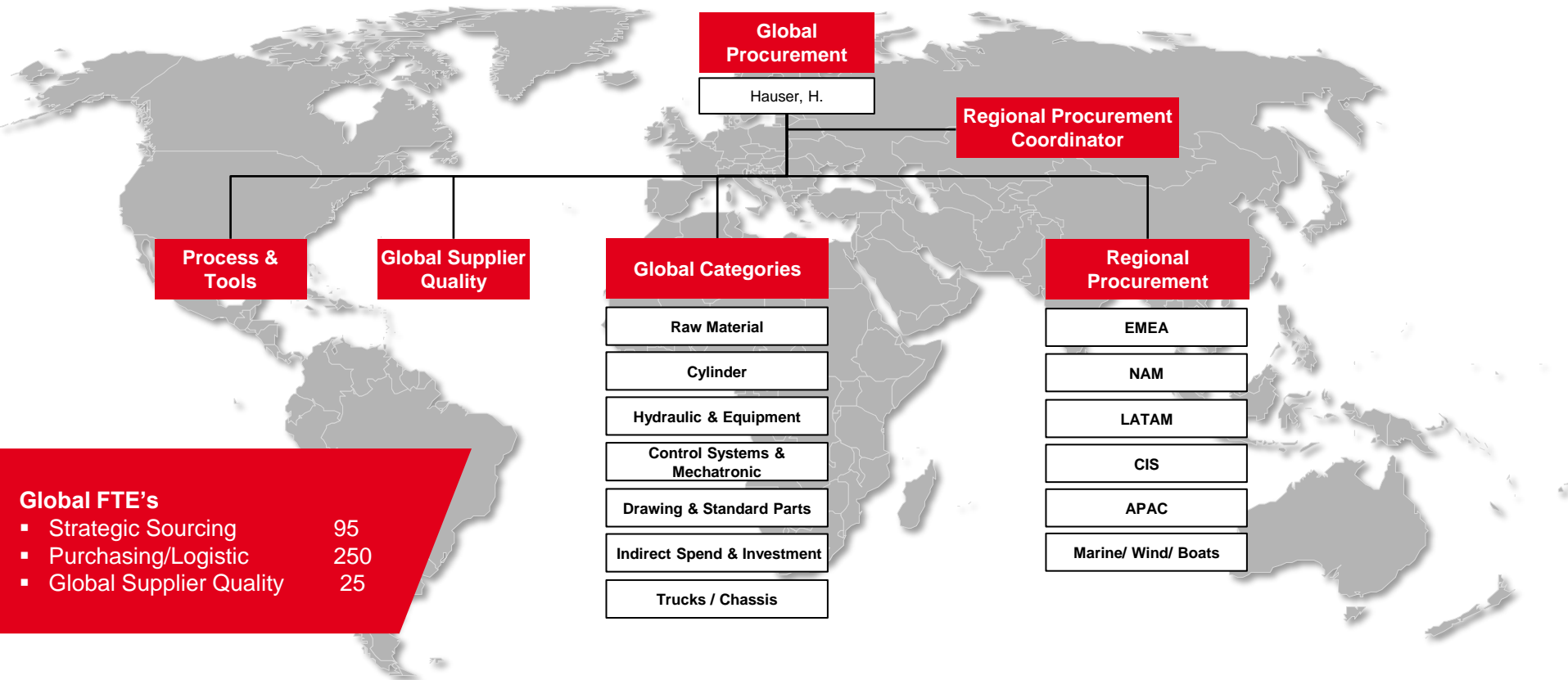
Assure right Performance of
Supplier, Costs, Delivery and
Quality



Main strategic directions

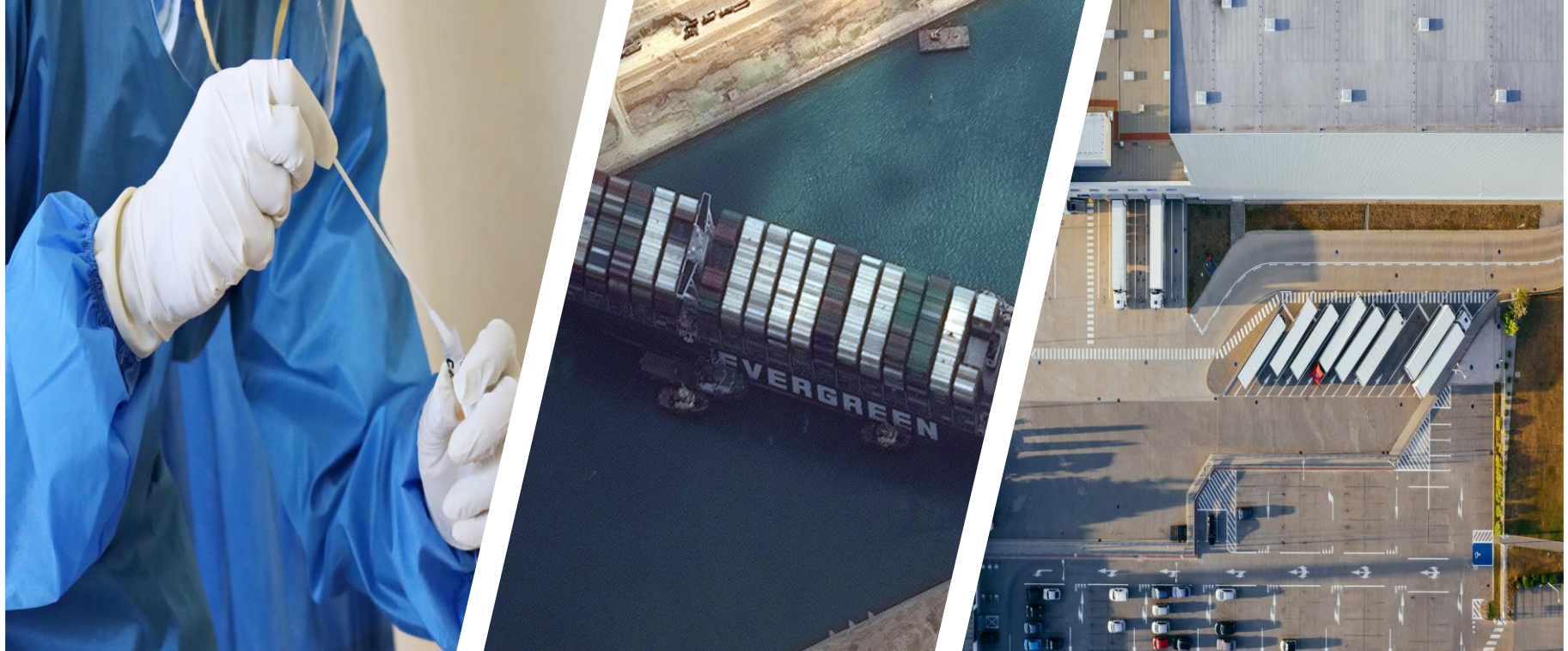
- Bundled volume Global responsibility per Categories
- New international markets
- Multi Sourcing vs Single Sourcing
- Standardized P2P-Processes
- Increase efficiency of P2P-Processes
- Supplier development
- Reduction of Sourcing-Risk

GLOBAL PROCUREMENT STRUCTURE



REASONS FOR THE SUPPLY CHAIN DISRUPTION

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UNEXPECTED WORLDWIDE INCREASE IN DEMAND LEADS TO CONSTRAINTS IN SUPPLY CHAIN

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Increased delivery times

- Steel plates 2 → 5 months
- Tubes 3 → 6 months
- Semiconductors 4 → 12 months
- Truck/Chassis 3 → 10 months

Shortage in electronics

- Semiconductor chip shortage affecting a wide range of industries
- Worldwide stock buying for a lot of products (chips, electronics, etc.)

Increased transport costs

- Higher costs in Sea freight € 2,500 → € 16,000
(40-foot container)
- Transport time 4 weeks → 8 weeks



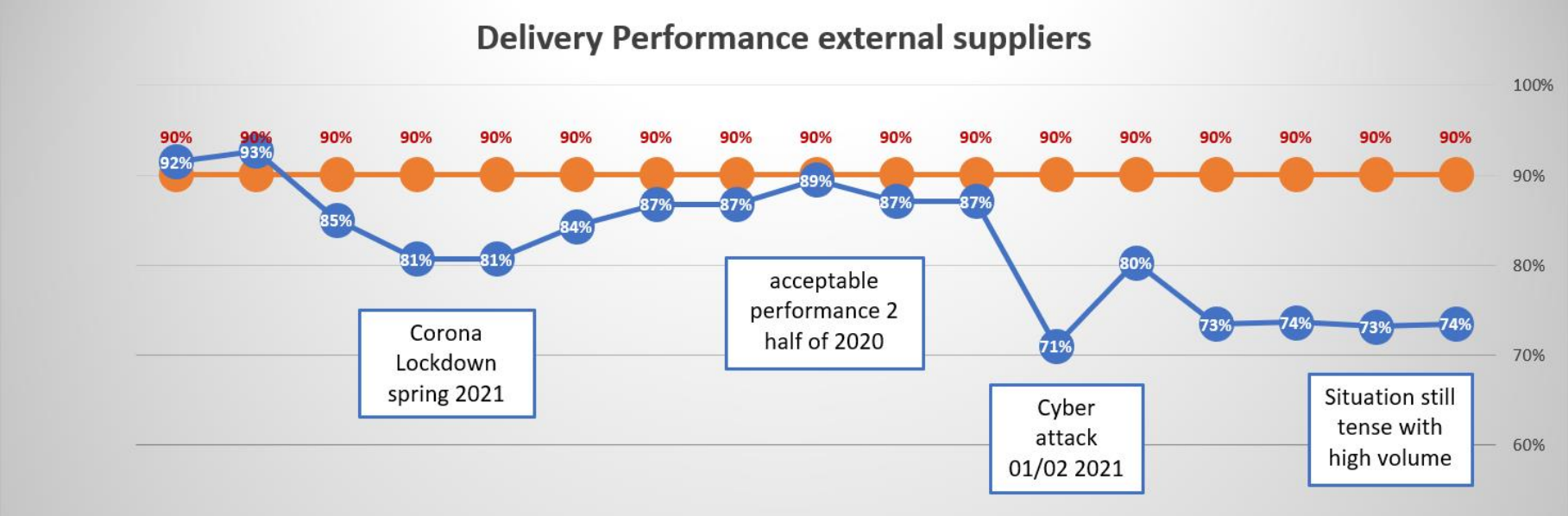
IMPACT OF COVID-19 ON SUPPLY CHAIN

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- Reduced capacities due to infected workers
- Many working women have to stay at home with children
- Lot of double sourcing suppliers in the same region
(Italy – Lombardie, etc.)
- Not enough skilled workers - specifically welders
- Contracts lose validity due to force majeure
- Truck transports are blocked at the borders
- Supply problems have shifted from direct suppliers to sub-suppliers
- Low vaccination level in Eastern European countries



DELIVERY PERFORMANCE OF EXTERNAL SUPPLIERS BELOW TARGET



UNEXPECTED AND DRAMATIC PRICE INCREASES IN STEEL MATERIAL WORLDWIDE

PALFINGER

1

Extraordinarily high demand in China → increases in raw material prices (iron ore, scrap, alloy materials, etc.)

2

Almost no import material from China

3

Worldwide shortage of production capacities due to late restart of blast furnaces

4

Huge demand for car industry

5

High import duties to the USA up to 25%

NOBODY COULD FORESEE THE ACTUAL FORECAST OF PRICE DEVELOPMENT

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Price Expectations



FACTORS THAT WILL CONTINUE TO CHALLENGE US IN 2022

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1

The situation of electronic components will not relax before the 2nd half of 2022

2

Approval of new suppliers for double sourcing at least 1 – 2 years

3

Cost reduction due to material price development;
The first indicator is that raw material prices have started to fall

4

Global International Transportation risks expected to continue well into 2022

5

Availability of **trucks** due to long lead time and allocations



LEARNINGS



Adjust **inventory strategy** for commodity parts (higher safety stock)

Double sourcing with suppliers in **different regions**

Using **global acting suppliers** as far as possible “local for local”

Force strong and long-term **partnership** with strategic suppliers and sub-suppliers

We already have a strong base to rely on!

Q & A