

## STRATEGIC OBJECTIVES 2022

**Priority topics support the achievement of the strategic objectives up to 2022**

PALFINGER consistently pursues its strategic objectives, which are linked to priority topics. In the period under review, these objectives were updated and stipulated for the period up to 2022. The Executive Board also defined the following specific goals in connection with the Group's new organizational structure in autumn 2018:

### **Global number one for lifting solutions**

PALFINGER plans to further expand its leading position in the crane industry and enhance its market position in other product areas.

### **Financial targets 2022**

#### **ORGANIC GROWTH OF REVENUE TO APPROX. 2 BILLION EUROS**

PALFINGER will strive to increase revenue to EUR 2 billion through organic growth by 2022. This goal is to be achieved through the growth markets of China, Russia, North and South America and by unlocking revenue potential through closer networking within the Group.

#### **10 PER CENT EBIT MARGIN OVER THE ECONOMIC CYCLE**

The goal is to achieve an average EBIT margin of 10 per cent over the economic cycle. This means that in years when the economy is slow, the margin may be lower than 10 per cent, whereas in an economic upturn it will have to be higher than 10 per cent.

#### **10 PER CENT ROCE OVER THE ECONOMIC CYCLE**

The efficient use of resources is to facilitate a return on capital employed (ROCE) of 10 per cent on the average. Also this goal should be seen as an average over the economic cycle, which is to be achieved through the efficient employment of non-current as well as current operating assets.

### **Creating added value on a daily basis**

PALFINGER wants to provide added value to its customers every day, which means that every employee must add value to the organization as well. This objective is also the basis for reaching all financial and non-financial targets.

The following table presents an overview of the priority topics, the progress made in 2018 and the goals for the period up to 2022.

 [Detailed GRI and sustainability disclosures, Sustainability programme, page 224](#)

	IMPLEMENTATION IN 2018	OBJECTIVES 2022
<b>Further growth with focus on BRIC countries</b>	<ul style="list-style-type: none"> <li>• Intensification of cooperation with SANY agreed (Asia and Pacific)</li> <li>• Successful restructuring in Brazil (Central and South America)</li> <li>• Full utilization of production in CIS</li> </ul>	<ul style="list-style-type: none"> <li>• Organic growth of consolidated revenue to 2 billion euros</li> <li>• Making PALFINGER an integrated group</li> <li>• Optimization of the global production network</li> <li>• Participation in the recovery of the Brazilian market</li> <li>• Mitigation of political and currency risks in business area CIS</li> </ul>
<b>Development of China as largest single market</b>	<ul style="list-style-type: none"> <li>• Assumption of operational responsibility in the Sany Palfinger joint venture (SPV)</li> <li>• Adjustment of responsibilities in Asia</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancement of sales structures in China and surrounding countries</li> <li>• Integration of SPV into global production strategy</li> </ul>
<b>Global balance regarding production and sales markets</b>	<ul style="list-style-type: none"> <li>• Development of the GLOBAL PALFINGER ORGANIZATION (GPO)</li> <li>• Deadline for the GPO implementation early January 2019</li> </ul>	<ul style="list-style-type: none"> <li>• Global balance regarding the product and production footprint</li> <li>• Further strengthening of customer proximity in all regions</li> </ul>
<b>Strengthening of position in marine business</b>	<ul style="list-style-type: none"> <li>• Optimization of the production set-up and cost structure</li> <li>• Reorganization of sales and service</li> </ul>	<ul style="list-style-type: none"> <li>• Optimization of the global production network (LAND and SEA)</li> <li>• Optimization of structural costs</li> <li>• Full participation in the recovery of the marine markets</li> </ul>
<b>Retention of innovation leadership in all markets</b>	<ul style="list-style-type: none"> <li>• Continued focus on digitalization</li> <li>• First projects involving PALFINGER 21st and start-ups</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of PALFINGER 21st as an innovation centre for innovators who think outside the box</li> <li>• Successful completion of PALFINGER 21st projects</li> <li>• Expansion of innovation leadership through PALFINGER 21st</li> </ul>
<b>Satisfaction of customer expectations</b>	<ul style="list-style-type: none"> <li>• Development of GPO</li> <li>• GPO implementation in January 2019</li> <li>• Customer proximity defined as an organizational requirement</li> </ul>	<ul style="list-style-type: none"> <li>• Successful implementation of GPO</li> <li>• Organic growth of revenue to 2 billion euros</li> <li>• Turnkey solutions</li> </ul>
<b>Internal integration</b>	<ul style="list-style-type: none"> <li>• Introduction of GPO</li> <li>• Analysis of production capacities</li> <li>• Unlocking of additional optimization potential</li> </ul>	<ul style="list-style-type: none"> <li>• Process chain focussing on added value</li> <li>• Reduction of complexity</li> <li>• Successful implementation of GPO</li> </ul>
<b>Reinforcement of the employer brand</b>	<ul style="list-style-type: none"> <li>• Continued establishment of HR Strategy 2020, in particular continued implementation of the HR system, job architecture and competency models</li> <li>• Focus on organizational development and communication</li> </ul>	<ul style="list-style-type: none"> <li>• Achievement of diversity goals (women, nationalities) as well as enhancement and practical implementation of the diversity scheme</li> <li>• Continuous reduction of industrial accidents and employee turnover</li> <li>• Establishment of additional employee-related targets</li> <li>• Establishment of a global learning strategy up to 2022</li> </ul>
<b>Responsibility for society and the environment to ensure viability</b>	<ul style="list-style-type: none"> <li>• Market launch of electric access platforms, electric offshore cranes and davits</li> <li>• Implementation of a product lifecycle assessment of cranes, including costs and CO<sub>2</sub> impact</li> <li>• New long-term efficiency targets for energy and hazardous waste: reduction by 30 percentage points each by 2030</li> <li>• New target for renewable energy: 75 per cent of the Group's electricity by 2022</li> <li>• Evaluation and implementation of photovoltaic solutions within EMEA</li> <li>• Consolidation of an organizational structure for safety &amp; quality at group level</li> <li>• Reinforcement of the employer brand</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of guidelines and guiding principles in the entire Group as well as reinforcement of leadership quality</li> <li>• Consistent observance of the PALFINGER Code of Conduct and introduction of the Code at new sites</li> <li>• Promotion of management systems regarding the environment and occupational health and safety</li> <li>• Gradual approach to the long-term environmental targets up to 2030</li> <li>• 75 per cent of the Group's electricity to be generated from renewable energy sources</li> <li>• Innovation leadership also in the field of products for ecological and social purposes</li> </ul>