

STRATEGIC OBJECTIVES

The strategic plan extends to 2024, and in this way makes it possible for the company to achieve long-term, stable alignment in all markets.

Global number one for lifting solutions

The global number one ranking for lifting solutions is safeguarded by the focus on the company's own strengths and the realization of synergies. At the same time, the market position in growth products and regions is being reinforced. To achieve this, improvements with a global approach will be pursued in all product areas in order to achieve the maximum synergy potential, taking universal standards and the highest quality standards into account.

Financial targets

ORGANIC GROWTH

PALFINGER strives to achieve stable organic growth in the years to come. Revenue is forecast to rise to EUR 2.0 billion by 2022. Above-average growth in the North America (NAM), Asia and Pacific (APAC), and Latin America (LATAM) regions and with marine products will make it possible to meet this target.

10% EBIT MARGIN

An average 10-percent EBIT margin is expected to be achieved across all phases of the economic cycle. Optimizing low-margin product lines and completing the restructuring projects in the NAM region and the Segment SEA will support the achievement of this goal. In addition, the successful implementation of the GPO will make it possible to realize further earnings potential. Synergy potential can be leveraged, for example, through global procurement, the further development of shared service centers, and the optimization of the functional areas, which are now organized globally. Professionalization of processes and activities achieved by pooling skills in areas such as HSEQ, R&D, HR, and Finance will safeguard the success of the company as a leading supplier on a global playing field.

10% ROCE

The optimal use of current and non-current assets will ensure that an average return on capital employed of 10 percent can be achieved throughout the economic cycle. To achieve this, the PALFINGER Group is focusing more closely on strict current capital management and CAPEX optimization.

Non-financial targets

PALFINGER also pursues non-financial targets. For instance, four quantitative goals have been defined in the area of human resources: They concern the three topics of fluctuation, staff absences, and diversity. In the environmental area, PALFINGER has formulated four long-term targets in the areas of climate protection, energy efficiency, renewable energy, and waste reduction.

 [Sustainability indicators and targets, page 47](#)

Creating added value every day

PALFINGER has committed itself to creating added value for its customers every day. To achieve this, employees of all product lines are putting the customer into the focus of their day-to-day activities. This requirement thus forms the foundation for achieving all of the other strategic objectives.

The following table presents an overview of the priorities, the progress made in 2019, and the objectives for the period up to 2022.

	IMPLEMENTATION IN 2019	OBJECTIVES THROUGH 2022
PALFINGER Group	<ul style="list-style-type: none"> • Successfully implement the GPO structure • Realize initial synergies within the global functions • Restructure Segment SEA 	<ul style="list-style-type: none"> • EUR 2.0 billion revenue from organic growth by 2022 • Further stable growth • 10 percent average EBIT margin over the economic cycle • 10 percent average ROCE over the economic cycle
Turnkey solutions	<ul style="list-style-type: none"> • PALFINGER's focus on turnkey solutions • Clearly define the business model and roadmap at group level 	<ul style="list-style-type: none"> • Build up existing turnkey solutions based on a strategy defined across the Group
Further growth with focus on BRIC countries	<ul style="list-style-type: none"> • Successfully assume operational responsibility in the Sany PALFINGER joint venture • Strong revenue and earnings growth in co-operation with SANY (APAC region) • Exercise call option and take a majority stake in Hidro-Grubert 	<ul style="list-style-type: none"> • Increase market share and achieve further revenue growth in the APAC region • Establish and improve range of products in the LATAM region • Further optimization of production plants in the CIS region to safeguard revenue growth
Global use of production facilities	<ul style="list-style-type: none"> • Introduce the global Sales & Operations Planning (S&OP) process across all products and regions 	<ul style="list-style-type: none"> • Global use of production facilities • Optimize the capacity utilization of plants globally and optimize supplier network
Strengthen position in Segment SEA	<ul style="list-style-type: none"> • Completely implement all restructuring measures • Significantly reduce structural costs • Drive up incoming orders 	<ul style="list-style-type: none"> • Positive result from 2020 onward • Integrate Segment SEA in the GPO and thus realize additional synergy potential
Retain technology leadership in the field of innovation	<ul style="list-style-type: none"> • Centralize R&D activities • PALFINGER Connected (fleet management system for crane operators and fleet managers); launch at BAUMA 2019 	<ul style="list-style-type: none"> • Further implement international projects • Technology leader for lifting solutions • Important revenue contribution from disruptive solutions • Augment PALFINGER Connected with ser-vic partner components
Customer focus	<ul style="list-style-type: none"> • Align the GPO toward the customer • Focus on solutions for customers • Customer focus as an organizational requirement 	<ul style="list-style-type: none"> • Further reinforce the GPO structure, primarily in the Sales & Service areas and within the Product Line Management & Engineering Organization • Additional focus on turnkey solutions • Brand core revised and new direction with strong customer focus
Ensure viability by assuming responsibility for society and the environment	<ul style="list-style-type: none"> • Unveiling of electric products at BAUMA 2019 • Good performance in long-term sustainability objectives • 68 percent share of renewable energy already attained • Implement PV plant in Köstendorf (AT) • Establish HR strategy 2020 and introduce global Leadership Principles • Implement a safety and quality organizational structure at the Group level • Revise existing Code of Conduct 	<ul style="list-style-type: none"> • Establish a global climate protection strategy • Innovation leadership also in the field of products for environmental and social purposes • Conduct a materiality analysis in 2020 • Achieve long-term sustainability objectives in the employee and environmental areas • Establish new HSEQ structure and safety culture, and promote global management systems • Establish an employer branding strategy • Reinforce and use the diversity of the employees and meet diversity targets