

PALFINGERS most interesting stories from the world of lifting solutions and beyond.

MARKET

3, 2, 1 ... A Record Year

TALK

The Medici Effect

INTERVIEW

Confidence, Hope and Looking Ahead

ENVIRONMENT

In the Name of ESG

BUSINESS

A new Chapter



Moments of Truth.

How challenges become successes.

ISSUE #01





BRING ON THE NEXT CHALLENGE.

For decades, our adaptability has ensured PALFINGER a leading position in the global market - and helps us to further extend this lead. Because we react quickly and flexibly to changes and challenges, our innovative crane and lifting solutions are one thing above all else: perfectly adapted to the requirements of today, tomorrow and the day after tomorrow. More on www.palfinger.ag

90 YEARS
SINCE
1932

PALFINGER.AG

Dear &beyond Reader!

Every now and then it's time to do something new and set out on a new course. For the first time, we are publishing a magazine to supplement the PALFINGER Annual Report.

&beyond is absolutely not in competition with our annual report, but goes beyond that, illuminating topics in the PALFINGER universe from a bird's eye perspective.

We are deliberately taking a new angle and setting different priorities. The topics you'll find in this magazine are of course always related to PALFINGER, although PALFINGER is not necessarily always center stage. The focus is on diversity and a range of opinions, it's about central issues that are important to us.

We hope you like this colorful mix of internal and external stories and that we can arouse your interest in PALFINGER.

Enjoy reading this magazine!



Andreas Klauser
CEO PALFINGER AG

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if not now, when

PALFINGER

BREAKING NEWS

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Some challenges come sooner than you think. In 2019, when the GLOBAL PALFINGER ORGANIZATION (GPO) standardized PALFINGER's structure worldwide and was implemented across the Group, no one could have guessed that a year later a pandemic was to shake the global economy.

Truth.

Since then, nothing has been the same. 2021 will be remembered as one of those years characterized by a rapid economic recovery on the one hand – and, on the other, by overstretched supply chains, increasing costs for raw materials, energy and transport, and the return of high inflation rates as a result. PALFINGER has handled the challenges in style.

What's more, the company - which will be celebrating its 90th anniversary in 2022 - has not just responded to the challenges. It has also seized the opportunity to use the momentum of change to identify and set new goals, to expand its horizons, and to set course for new shores. Big goals call for big ideas. With its "Strategy 2030", PALFINGER clearly defines how it will expand its position as the world's leading provider of innovative crane and lifting solutions, as a pacemaker of digitization, as an equally demanding and responsible employer, and as a sustainable company in every respect. A lot is at stake. There is no time to lose.

Always One Step Ahead

In PALFINGER's 90-year corporate history, many decisions have been made that have significantly influenced the development of the innovative technology company. They have made PALFINGER what it is today. Taking its position as a pioneer in the industry, it was necessary to take calculated risks and show the courage to change. PALFINGER has often experienced moments of truth. The course that has been set was - and still is - critically scrutinized time and again in order to make the best possible decisions. There have been plenty of opportunities for failure in the past. This was the case during the oil crisis in the 1970s, during the currency crisis in the 1980s, and during the months of the financial crisis in 2007/08. PALFINGER has overcome all of these crises. Today, the company is stronger than ever.

The GLOBAL PALFINGER ORGANIZATION (GPO) implemented in 2019 has also proven its worth. The decision to roll it out was spot on. PALFINGER now operates as a global company at all levels and in all sectors. Lean structures and clear competencies promote communication and cooperation across all continents. It has also created the conditions for proactive decisions and making the most of every opportunity. The GPO has created the platform that is needed for everyone involved to interact efficiently. It ensures flexibility and rapid implementation of actions, even in a volatile environment. With the GPO, PALFINGER has managed to overcome every challenge and emerge from the crisis even stronger.



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Strategy
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Ambitious goals demand ambitious ideas:
PALFINGER's Strategy 2030.



GLOBAL PALFINGER ORGANIZATION:
the foundation of our future success.

Trust and a Clear Strategy

Following the cyberattack and the subsequent interruption to operations at the end of January 2021, the next challenge facing PALFINGER was not long in coming. Around the world, a shortage of materials and an increase in raw material prices made headlines. PALFINGER had to adjust its market prices as a consequence. Nevertheless, the high demand for our products remained unchanged. Especially the multiple sourcing strategy and proactive warehousing proved to be effective tools. Together with strategic partnerships and long-term supply contracts, this results in a highly resilient value chain. All this ensures that PALFINGER can supply its customers with consistently high quality. Today, tomorrow and also in the future. Another moment of truth that confirms PALFINGER's actions.

Stand Up and Take Action

In addition to successful crisis management, proactive action is another characteristic that sets PALFINGER apart from its competitors. The company does not wait. The world's leading provider of innovative crane and lifting solutions responds proactively and implements actions before they are required in the industry. Take sustainability, for example. For PALFINGER, it is a question of attitude and mindset. That is why PALFINGER has been living sustainability actively in all areas for many years. The company's sustainability strategy influences the vision "Driving positive impact!". PALFINGER has formulated six goals for this purpose that can be measured. For a future-oriented way of doing business, PALFINGER has set itself the goal of reducing CO₂ emissions in its operations and along the entire value chain. Under the tagline "For all the people we touch", PALFINGER focuses on health and safety as well as on attracting qualified and diverse employees. And to ensure forward-looking and entrepreneurial action, PALFINGER is committed to compliance with the highest moral, ethical and legal standards as well as to operating transparently. The establishment and implementation of the Sustainability Council involves the entire organization in sustainability agendas. This decision will also prove its worth.

Investing in the Future

Thinking and acting sustainably is part of PALFINGER's investment in the future. Shaping the future proactively. This is the claim PALFINGER demands of itself. In order to be a global leader in the development of new, intelligent, innovative and sustainable technologies and to provide the best possible training for tomorrow's skilled workers at the company's own plants, PALFINGER has launched a far-reaching investment program. In 2021 alone, around EUR 122 million net investments were spent, among other things, on the expansion of the PALFINGER Campus training and development center and on the growth of research and development capacities. High investment volumes are also planned for the coming years, including to drive forward digitization.



To stay market leader, you must invest in the future of your employees and your company.



Digital transformation is the driving force behind PALFINGER's evolution.

Digitization Needs Transformation

Digital transformation is changing everything. PALFINGER is using this transformation proactively to standardize and automate internal structures and processes. Above all, the company uses them to develop new, intelligent products and solutions for its customers and partners. For example, to keep in touch - with the help of the digital customer event PALFINGER World Tour. Or to make the customer journey easier, more intensive and more specialized - geared to the exact needs of the customer. Or to be able to operate efficient and predictive fleet management - and minimize downtime. But also, to develop new business models and business areas. PALFINGER is thinking ahead not only focusing on the present, but always looking to the future today.

Face the Future

Because the future is happening now. Every decision that is made or not made today affects the future success of the company. This is exactly what PALFINGER does. Making decisions, taking actions. In the coming years, the Group sees social change, digitization, and sustainability as game-changing developments that will not only affect its business model and field, but also those of its customers.

This is exactly where the opportunities lie that PALFINGER wants to make the most of. For this reason, Strategy 2030 tackles the big questions raised by these three developments and defines its own answers. To proactively shape change under our own power. To be a driving force and not be driven. To this end, PALFINGER has defined two strategic pillars: “Go for Solutions” and “Go Digital”. For decades, PALFINGER has been known for its state-of-the-art products and lifting solutions. Now the company is taking the next step with “Go for Solutions” by evolving into a solution provider that equips customers with complete solutions. With “Go Digital”, PALFINGER wants to offer its customers and users hardware and software from a single source. A digital ecosystem is built around each lifting solution. From the data obtained, PALFINGER and its partners gain valuable information that generates added value on a daily basis. The complete solution will live up to this claim.

To achieve this, the entire value chain - upstream and downstream - must be digitized. PALFINGER is becoming a data-driven company even more than before. At the core of a highly efficient global network, it is opening up new business areas and opportunities, and is always able to offer its customers new solutions. Together with its customers and its partners, we will achieve added value in the markets of the future.

The GPO laid a strong foundation for Strategy 2030 and set the ball rolling for the company's future course. Strategy 2030 marks the beginning of a new era that will also face PALFINGER with new challenges. But challenges are there to overcome and grow from.



Sustainable

POSITIVE
ENERGY

Eco-friendly

Constantly taking more responsibility.
For a future with a future.

2021 has not been short of challenges. CEO Andreas Klauser, CFO Felix Strohbichler and COO Martin Zehnder talk about PALFINGER's resilience, how megatrends challenge the company but also open up new opportunities, and how the foundation for a successful future is being laid today.



Defying

the

Headwind.

Preparing

for the

Future.

What has 2021 shown us? What is the most important development and what is the most important event in your opinion?

Klauser: The most important thing was that despite the challenges we faced, such as the cyberattack at the beginning of 2021, the ongoing Covid pandemic and the stressed supply chain, we were able to manage business in a stable way and achieve our goals. This applies to sales development as well as to investment capacities to secure future growth and higher efficiency.

Strohlichler: From my point of view, the jump from the valley of tears in 2020 to economic boom in 2021 has been remarkable. Within a few months, customer demand has gone from extreme restraint to equally extreme confidence and an absolute record level of orders for PALFINGER. The question was no longer “Where do we get the orders from”, but “How can we process them?”. The fact that this issue has shifted so much to the supply chain and the production side is unique in PALFINGER’s history.

Zehnder: What was completely unbelievable to me was the rise in raw material prices, the likes of which we have never seen before in our history. No one could predict that the cost of energy will increase by 60 percent or the price of steel will rise by a factor of two to three, and that transport prices for containers will increase sevenfold within a year. In addition, the impact of sustainability issues on our future offering has come faster than expected, which surprised me.

Are the price increases of raw materials “just” a corona problem - or do other factors also play a significant role?

Zehnder: Corona is certainly the main driver of the price increases. The pandemic dragged the entire economy almost down to zero in 2020. Everyone stopped placing orders. From then on it was all about what kind of curve the upturn would take - whether it was going to take the form of a V, a U, an L, or a W. Only there was little mention of the V curve, the fast recovery. Resources were shutdown everywhere; the steel industry, for example, shut down blast furnaces. These cannot be ramped up again from one day to the next. That is something that has a follow-on effect. The pandemic is also impacting global supply chains, where five to ten sub-suppliers depend on each other. Once this multi-stage system has stopped, it takes a long time to get everything up and running again. Corona has triggered and reinforced many things, including developments that we have observed before. I also noticed that some of our suppliers adopted an extreme pricing policy. I suspect this is a sign of the temptation today to exploit weaknesses in the system.

2021, a year full of contradictions. Economic upturn combined with supply chain constraints, cost increases and material shortages. And there is no end in sight. Is this the new normal?

Klauser: Volatility is the new normal. We have to deal better with volatile market conditions as planning periods are also getting shorter and shorter. If we look at regions, such as Latin America, where volatility has always been the order of the day, we see that these markets recover from a low much faster and deal with uncertainties better. Thanks to the clear GLOBAL PALFINGER ORGANIZATION (GPO) structures, we are able to deal more efficiently and better with uncertain situations and take targeted actions as we are able to address day-to-day challenges.

You just summed up the situation. Everything is becoming more volatile. You have to be able to react very quickly. You have to look ahead to be prepared for anything. That speaks for a high level of resilience. What is the role of the GPO you just mentioned?

Klauser: The GPO has become well-established as a management tool. This functional organization allows us to take actions very well on a daily basis, and flexibility has increased enormously. The Leadership Team works so well that it is able to make a high percentage of decisions on its own. Anything they cannot decide ends up with the Executive Board. This now works very well. The GPO is the backbone of our organization.

Strohlichler: PALFINGER has become more resilient in recent years not only thanks to the GPO, but also because of our financial strength. The decision to shift our focus from inorganic growth to organic growth, on our core business, has led to a significant improvement to several balance sheet figures, such as equity ratio and net financial debt, and to a stronger as well as more stable position than in the last ten years. This means that our room for actions has increased significantly, and with it our resilience.

As CFO, how do you handle this level of volatility? In principle, what you say and plan in the first quarter or at the half-year may no longer be up-to-date or still apply in the third or fourth quarter due to developments in the supply chain or cost increases?

Strohlichler: In addition to our budget cycles, we switched to monthly simulation and planning some time ago. In this process, we forecast monthly, in detail even weekly, sales planning and market demand compared with what we can map on the production side. This gives us month-by-month visibility into the future. We do not react to events in the past, but instead proactively to the updated forecast. That is how we have been able to handle volatility for a long time now using our management model. Based on sales and operations planning, we look into the future and act according to our short-term adapted forecasts.

This means that short-term management and long-term actions work together. This way, you secure reserves and opportunities. What role does the implementation of the Global Business Service Center (GBS) in Sofia play in this context? Is this another step towards becoming more efficient in terms of structure and therefore better in terms of cost?

Strohlichler: Of course, we could look at GBS purely from a cost perspective. But that would be too short-sighted. At GBS, we primarily pursue the goal of bundling processes, standardizing them and making them better. It is all about process optimization. The availability of qualified employees was a key argument for the choice of location. Especially in Sofia, the shared service center industry is well established. In this regard, we rely very heavily on the GBS.





“Our portfolio does not include products and solutions for today, but for tomorrow and the day after tomorrow.”

Andreas Klauser, CEO

beyond



“In terms of product development, it means that our products are evolving towards becoming lifting robots.”

Felix Strohlichler, CFO

beyond

Global supply chain constraints are a major contributor to volatility. PALFINGER has implemented its own Supply Chain Task Force to keep production running optimally.

Zehnder: The Task Force enables us to make quick decisions and keep lines of communication short. First and foremost, we installed it to gain clarity on the new challenges that arise every day. It helps to speed up coordination within the organization. One example: If we receive information from Purchasing that there are shortages of a certain microchip, we have to react to this. We check where it is to be installed and switch to other products in production. Then we have to coordinate with Sales whether the market will accept short-term changes. And we have to communicate this to our customers quickly. The Task Force plays a key role in ensuring that production meets the annual targets for 2021 and identifies the major issues at an early stage in order to avoid putting the planning for 2022 at risk.

PALFINGER already employs extremely diverse policies in terms of purchasing, in the way the company works, and in its cooperations. Multiple sourcing and long-term partnerships with Voest steelworks, for example, are part of this policy. Nevertheless, the question is, how flexible can a global company be? Or is flexibility the prerequisite for a company to operate successfully on a global scale?

Zehnder: Flexibility is a necessary precondition for success. Our production and supplier footprint has been taking care for years to purchase and produce in the region for the region. This worked very well in all regions in 2021. It has been particularly successful in Russia, South America and China.

From what you have said so far, you expect a volatile future. Does this mean that everything you have introduced in recent years - from the GPO to the various task forces – all of these form the toolkit that PALFINGER will use to operate effectively over the next few years?

Klauser: That is certainly the case. We are increasing the customer focus in the product lines. We do not only offer the most technologically innovative product and are best in class, we also provide solutions for our customers' general requirements. We even go one step further beyond our customers' currently demands. We are working intensively on sustainability to find solutions for us and our customers. We rely on artificial intelligence and automation processes as an answer to the shortage of skilled workers. Our portfolio does not include products and solutions for today, but for tomorrow and the day after tomorrow. This is what makes us and our premium products stand out as a technology leader: we continually ask ourselves what challenges our customers are going to be faced with. And how we can help solve these challenges. That is what sets PALFINGER apart.

Zehnder: Andreas mentioned a very important point. The keyword here is anticipation. We have to be highly active in detecting customer requirements in order to be able to implement them. At the same time, we need to take into consideration future megatrends - such as social change, digitization and sustainability - in the mid and long term - and take these challenges into account in product development.

Strohlichler: Despite this volatility, we are positive about the future. There is a reason for that. Even if industrial demand goes down, we still have very strong exposure to the construc-

tion industry, which is still booming. Due to the high demand for housing and massive investments in infrastructure, we assume a positive trend with growing markets. On this basis, we have set ourselves the goal of growing to EUR 2.3 billion in revenue by 2024.

Klauser: The upcoming infrastructure projects will not keep us busy just for two years. These are topics that will accompany us and our customers over longer periods of time.

PALFINGER's long-term approach is reflected in its Strategy 2030. This is aimed at the megatrends you mentioned earlier and is based on the two pillars "Go for Solutions" and "Go Digital".

Klauser: That's right. The vision and strategy have already been discussed intensively with the Leadership Team. Their implementation is already in the mindset. This is important. After all, Strategy 2030 cannot come from the Executive Board alone; it must be supported by the entire Leadership Team. Ultimately, it needs commitment at all levels. All of the projects we have launched contribute to that.

Go Digital. In a nutshell, how does this help the company?

Strohlichler: Firstly, Go Digital will massively drive digitization at PALFINGER over the next few years. PALFINGER will continue to digitize the entire production and value chain and our business models will also become more digital. In terms of product development, it means that our products are evolving towards becoming lifting robots. The digital features and intelligence in the products is increasing, which is a key aspect. Secondly, we need to integrate our suppliers and customers into our processes to a much greater extent. We want to use the opportunities created by digitization for the maximum integration of processes in order to make the right decisions. In this respect, the worldwide implementation of a global ERP system is an important milestone. And finally, we want to map a significant part of our revenue using digital business models in the future. STRUCINSPECT is a very good example of this. We will continue to work in this direction with innovative digital business models that are designed for our industries, support our solutions, and generate a significant contribution to revenue and earnings by 2030. That is why we will implement our own digital product line, with a focus on digital business models and digital products.

This means that you will use data to generate real, practical and valuable knowledge for your customers?

Strohlichler: The goal is to use Artificial Intelligence to analyze systems and unite data structures, make data readable and usable, and visualize the collected output in a tool. We have been pushing this important program for years and will continue to drive it forward with all our strength. It is a major challenge that requires massive investment and structural costs. But it will be worth it.





Mr. Zehnder, I'll pass the ball over to you. Digitization and solutions go hand in hand. The goal is the complete solution. Can you give us an outline of what the complete solution is all about?

Zehnder: In everything we do, we always have to make our customers more successful. That is why solutions are also about getting even closer to the customer. We need to understand their challenges. Including ones that arise in the future, along with all their impacts. Sustainability plays a central role here. More and more truck manufacturers are launching e-trucks. These vehicles are battery-powered and, in the next few years we are bound to see fuel cell-powered trucks coming onto the market. So we need to think about the right overall solution for our customers. This has very practical implications. Battery-powered crane vehicles need to plan their crane work differently than diesel-powered vehicles. Which is why our products need to become more efficient. They have to be recuperative and they have to be able to communicate with the truck and its operating environment. For example, to tell the driver that they need to recharge within the next ten minutes. We no longer just see our product, we see the entire vehicle and its environment as an interconnected ecosystem for which we offer a complete solution. It's about understanding the way our customers use our products, and optimize them accordingly.

To really understand customers well, you have to build a close relationship. To do this, you have to work even more closely with business partners, with dealers and with service partners. This means that PALFINGER has to find new forms of cooperation with its partners. Can you give us an example of what that might look like?

Zehnder: I am convinced that we can only meet the challenges of the present and the future with good partners, on all sides. Our service and sales network is central to this because ultimately it provides access to customers. Our suppliers are

also important partners. We need strong development partners. Doing everything alone is neither efficient nor fit for purpose. This has not worked well in the past and is even less promising given the speed of change that megatrends bring. We have to pay attention to this, keep an eye on what others are offering and, with a certain flexibility, always make sure we offer the best. We need to think about what we can do ourselves, what we can buy-in and when do we need partners. The ability to think this way will be an important asset for every company in the coming years. It used to be about doing the same thing better, faster, more efficiently. Today, thanks to the influence of megatrends, these topics really need to be rethought. And rethinking means rethinking with partners.

Klauser: I can only agree with Martin on that. It is no longer possible to do everything yourself. The mindset of "We know everything, we can do everything, we make everything," does not create a competitive advantage. If we continue in this direction, we will reach the end of the road at some point. Then there is a lack of capacity and resources to push ahead with digitization, for example. This is not limited to service and hardware. Digitization is also communication. Within the company with our employees using the new intranet as well as externally as directly as possible with our customers. This is essential: We communicate as directly as possible with our customers because at the end of the day the satisfied customers pay our bill. It's all about satisfied customers and their business. It's about them being able to do a better, faster job than their competitors. With a battery- or fuel cell-powered vehicle, you can still drive into the city - where internal combustion engines simply won't be allowed to enter in the future. And as far as development partnerships are concerned, on the supplier side we have a close cooperation with Voest and Danfoss, for example. That's how we share ideas on technologies and applications for the future. Two and a half years ago, we started opening up to get a decisive step ahead of our competitors.

“Today, thanks to the influence of mega-trends, topics really need to be rethought.”

Martin Zehnder, COO

Zehnder: It's not as if everything has to be reinvented. Often, it's about combining existing things in a new way. Felix Strohlichler has already mentioned STRUCINSPECT, which is also an excellent example of this. We use elements that already exist: drones, artificial intelligence and image recognition systems. And then we combine them. I think that's really the art. To see what is on the market and whether it has the maturity to be integrated into a new solution for the customer. For PALFINGER, this is the challenge we have to meet.

But this skill incurs costs first.

Klauser: It is an investment in the future. That is quite clear. The good thing is, as Felix mentioned earlier, that PALFINGER is able to invest in the future because of its solid financial structure.

Strohlichler: The investment volume that we implemented in 2021 is set to continue. We will continue to invest at a very high level in the coming years. On the one hand, in capacities, with the outsourcing share certainly increasing in order to achieve our revenue target of EUR 3.0 billion in 2030. On the other hand, there will be significant investments in structures to enable digitization, for example with the ongoing roll-out of the ERP system. This shows that PALFINGER has very big goals. These require an appropriate foundation and corresponding investments.

**That brings me to the final question:
Where does PALFINGER stand in 2030?**

Klauser: PALFINGER is a sustainable company. We are committed to sustainability not for sustainability's sake, but in a comprehensive sense. This starts with PALFINGER's ownership structure, with a strong core shareholder, and affects all our investments, our plans, strategies, and visions. We think far beyond today. We turn major challenges into opportunities. With us, the opportunities to successfully parti-

cipate far outweigh the risk. We see what is possible through our partnerships. We can counteract the consequences of demographic developments on the labor market by implementing automated processes and artificial intelligence. We are in a position that makes us more efficient, better and faster than others. We accept sustainability as an opportunity. That is why we offer our customers products that fully meet green requirements in every respect. Our future success is based on these pillars. Our customers get the best possible, most efficient, most cost-effective solution for their lifting challenge - that's what PALFINGER stands for. Today. Tomorrow.

Strohlichler: With our strong brand, with our commitment to sustainability, with an employee base that is characterized by a high level of commitment and has a lot of know-how, we have the perfect basis for reaching the goals for 2030 - high profitability and more than EUR 3.0 billion in revenue. And in view of the positive trends in areas such as housing and infrastructure, I am very confident about the future.

Zehnder: Another aspect is being the best place to work. We need to be the one, highly attractive employer to find and retain talent. That is a key point and I am convinced that we can do it. In the same way as we set the benchmark for complete solutions for our customers.

Thank you very much for the interview.



PALFINGER**90**
YEARS
SINCE
1932

MARKETS ARE CHANGING. AND SO ARE WE.

The eternal battle between bull and bear affects PALFINGER shareholders too. Although no crane can impact the ups and downs of the markets, we are pursuing a clear strategy for sustainable growth. Likewise, thanks to the structure of our GLOBAL PALFINGER ORGANIZATION (GPO), we are working with more focus, efficiency and coordination - and are well prepared for the future.

3, 2, 1 ...

A Record Year

The second year of the pandemic had everything: a turbulent upswing and unforeseeable developments, including the return of inflation. In such an environment, it proves which companies are proactive and forward-looking. For PALFINGER, 2021 was a year of new records

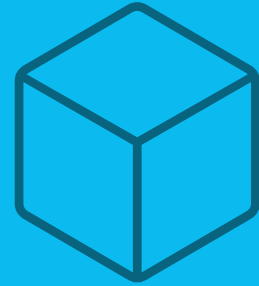
2021 is the year that sees the global economy recover with unexpected speed from COVID year 2020. Within six months, the recession turns into an upswing, fueled by a sharp increase in global demand and accompanied by the introduction of new vaccines and a feeling of optimism that the pandemic will soon be over. And yet it is the very speed of this development that leads to pitfalls. Due to the high demand for scarce raw materials, costs rise and supply chains – especially at sea – prove vulnerable, causing massive delays in the international exchange of goods. The production of semiconductors does not keep pace with the enormous demand, and all this is compounded, for the first time in thirty years, by a palpable and sharp increase in inflation.

What's more, from late autumn, the Omicron virus mutation leads to further interruptions in production and logistics as well as renewed uncertainty. As great as momentum was at the start of 2021, it was, in retrospect, a year of mixed fortunes. And there is nothing to indicate that it is an exceptional year. The fundamental problems and challenges remain. But that also applies to the positive trends.

In 2021, PALFINGER is able not only to make use of these developments, but also to take them further to its long-term advantage. The GLOBAL PALFINGER ORGANIZATION (GPO) gives the company a structure that has significantly increased transparency and enables fast communication as well as quick decisions. Flexibility and resilience, combined with reliability and the ability to plan ahead, prove to be the company's distinguishing strengths, allowing it to succeed in a volatile environment – and set milestones for the future.

Above all, it is the sharp upturn in the construction and forestry industries that ensures PALFINGER an excellent order situation in 2021. In Europe, but also in all other regions (Asia and the Pacific, North and Latin America, and the Commonwealth of Independent States around Russia), the Group is a prime mover in the positive overall economic development. The result is a new record year in the listed company's 90-year history. With record revenue of over EUR 1.84 billion, record earnings of EUR 155 million, a record net investment of around EUR 122 million and a record workforce of 11,700 employees. There is one disappointment: The cost increases in the second half of 2021 significantly impact profitability.

The Success Factors



Investments

With net investments of around EUR 122 million, PALFINGER starts the expansion of future-oriented facilities and creates the capacity for further growth. Among other things, the Köstendorf technology center is enlarged, the PALFINGER Campus and PALFINGER World in Lengau are substantially expanded, and the Group headquarters in Bergheim is acquired.

Order intake

2021 also marks a record order backlog in the company's 90-year history. These include, for example, a major follow-up order in Thailand for the delivery of 148 loader cranes to the state-owned Provincial Electricity Authority. In the USA, PALFINGER was able to win a major order of 150 units of the new truck-mounted forklift model. And PALFINGER Marine secured major orders for equipping British and French offshore wind farms – a business segment with a future.

Supply Chain Task Force

To minimize the impact of global material bottlenecks and interrupted supply chains on its production, PALFINGER implements a Supply Chain Task Force (see page 46). Thanks to the excellent capacity management, production volumes are optimally secured.

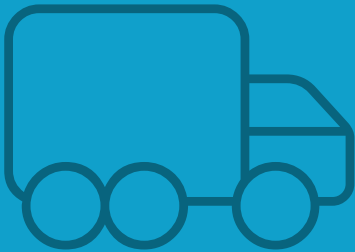
Shortage of materials

In the second half of 2021, the effects of the global supply bottlenecks have also an impact on PALFINGER. Material that would be necessary beyond the original order volume is not available. PALFINGER can no longer forecast how the market will affect its supply chain. If additional material is available, then only at significantly higher costs – to which rising costs for energy and raw materials must be added. What is more, suppliers are still struggling with the effects of the COVID-19 pandemic. In addition, chips and some electronic parts are only available in limited quantities on the European market. Thanks to its tried-and-tested multiple sourcing strategy, proactive warehousing, and strategic partnerships with long-term supply contracts, PALFINGER is able to minimize the effects of the bottlenecks.

Procurement costs

PALFINGER had already reckoned with higher costs for raw materials at the beginning of 2021 and had therefore increased its own product prices in several steps. Nevertheless, the massive price jumps of 30, 40, or 50 percent, and even more, still come as a surprise. The main reason for this is the iron ore shortage. China, the world's largest steel producer, no longer exports steel due to increased domestic demand. Despite all their efforts, European producers cannot close this gap anytime soon. The situation is not expected to improve until sometime in 2022.

In the first half of 2021, the cost increases are not yet affecting PALFINGER. The company has concluded long-term supply contracts based on its forward-looking planning. In the second half of the year, however, inflation also makes itself felt in PALFINGER's income statement. Because cost increases are not synchronous with price increases, the higher costs for raw materials will have an impact on profitability in the second half of 2021 as well as in the first half of 2022.



The Challenges

EMEA

Despite the pandemic, trends in PALFINGER's core industries (construction, transport and logistics, rentals and leases, agriculture and forestry, waste management, railways, and state institutions) are largely positive. Thanks to long-term infrastructure projects in the public sector and increasing investment in housing construction, the construction sector proves to be a solid foundation in 2021. Forestry is also strong.

CIS

The loader crane and the timber crane remain PALFINGER's undisputed core products in the Commonwealth of Independent States. The main industries include agriculture and forestry, the construction industry, transport and logistics, the oil and gas industry, and energy supply. In addition to local added value, PALFINGER maintains a comprehensive sales and service network in this region.

NAM

The construction, building materials, transport logistics, and waste management sectors ensure stable business development in the North America region. With the expansion of its mobile service network, PALFINGER strengthens its market position.

APAC

In der Region Asien und Pazifik bedient PALFINGER's customers in the APAC region are found in construction and infrastructure, transport and logistics, railways, waste management and recycling, forestry, and state institutions. Despite Covid-19, demand for cranes in China remains strong.

LATAM

In Latin America, PALFINGER focuses primarily on mining, construction, agriculture, energy, transport and logistics, and rentals. The great demand for PALFINGER products is reflected in revenue. No region showed stronger growth than LATAM in 2021.

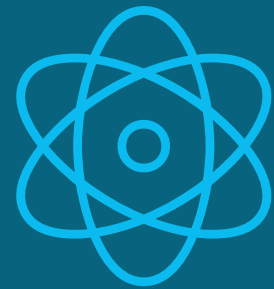
MARINE

In the Marine region, PALFINGER serves the offshore (oil and gas), wind, cruise, navy and coast guard, aquaculture and fisheries, and trade and transport industries with its product portfolio. In spite of the worldwide recession in the wake of COVID-19, the trend toward larger-scale projects with higher order volumes and more equipment continued in 2021 for all marine products with the exception of the cruise sector. The pandemic and the cruise ship crisis also significantly affected income from services.

The Regions



The Stock Market



Stock market environment

Stock markets are characterized by the rapid global economic recovery – but also by the marked rise in inflation. In this disparate environment, the most important indices increase in 2021 and improve their performance. The leading US index, Dow Jones Industrial Average, ends 2021 with an increase of 18.7 percent. The Euro Stoxx 50 surpasses this performance and closes at 21.0 percent above the year-end. The leading Japanese index, Nikkei 225, achieves an increase of 4.9 percent compared to its value as at December 31, 2020. In the emerging markets, price developments were much weaker in comparison. The price drop at MSCI Emerging Markets is 4.6 percent as of the reporting date.

Development of the PALFINGER Share in 2021

The PALFINGER share impresses with an excellent share price performance in 2021. On December 31, 2021, the share stood at EUR 34.40. Since the 2020 year-end value of EUR 25.90, the share price has therefore risen by 32.82 percent. Based on the IPO on June 4, 1999 (EUR 5.25 after split), the share price has increased more than sixfold. This clearly demonstrates that the company's equity story is perceived as highly attractive in the booming environment of the construction industry. By comparison, the ATX and DAX indices only tripled in the same period.

As at the reporting date, the market capitalization of PALFINGER AG amounted to approximately EUR 1.29 billion. The PALFINGER AG share is currently covered by seven analysts. Hauck and Aufhäuser resumed coverage of PALFINGER in the 3rd quarter of 2021. The analyst consensus at year-end was EUR 43.43 with six "buy" recommendations and one "accumulate" recommendation. Following the publication of the Q3 2021 results by PALFINGER, three analyst firms (Berenberg, Kepler Cheuvreux and Raiffeisen Research) raised their price targets to EUR 43.0, EUR 49.0 and EUR 44.0 respectively for the next twelve months at the beginning of November 2021. At the end of 2021, earnings per share amounted to EUR 2.31. The Annual General Meeting proposes dividends of EUR 0.77 per share for the fiscal year 2021.

PALFINGER uses Expo 2020 in Dubai for an exclusive event. The company presents to a selected audience how digitization is driving technological innovations – and positions itself as a premium brand.



Picture © Ivan Kurmyshev, shutterstock.com

Aiming High in Dubai

“It’s great to see PALFINGER and our partners here,” says a delighted Ivan Fornazaric. The managing director of Gotrade is beaming, simply beaming with the sun over Dubai. And he has every reason to. “To finally see each other and talk to each other after two years of the pandemic, that’s great and really important,” says Fornazaric. It is, even in 2021, still the exception rather than the rule. Even in Dubai, where Expo 2020 opened a year late - the ideal setting for PALFINGER to take its local presence to a new level. After all, nothing is as convincing as the personal conversation and hands-on experience. The innovative technology company has largely had to do without opportunities like this since March 2020. Just like the majority of businesses and industry around the world. Trade fairs, product launches, whatever had been considered a fixed point in the annual calendar until then, fell victim to the virus.

Three-Day Digital Event

In order to stay in contact and expand their network, many groups initiated online meetings. Product shows and events that are digitally broadcast. PALFINGER went one step further and invited participants to the PALFINGER World Tour, a digital and interactive three-day event in October 2020. A format that was very well received. During the first edition alone, 6,000 users from Europe, Russia and Asia took part in the discussions, keynotes, presentations, and virtual plant tours. The second edition in June 2021 attracted 8,700 visitors. “This format has once again proven its worth as a platform for exchange with our customers and partners,” says PALFINGER CEO Andreas Klauser. With the World Tour, the company has created a flexible way of presenting its products and services. Not only that, PALFINGER has also proven its competence in providing digital support to its partners and customers in every single situation, no matter how challenging. A format with a future.

And yet. Something is missing. At least in the long run. It lacks a certain kind of atmosphere. The possibility to get into a conversation with someone coincidentally and unplanned. That is something that can only happen at face-to-face meetings. The pandemic that has so rapidly pushed and accelerated the digitization of so many areas has brought about a new dimension to a highly analog form of exchange. A dimension that could be called depth.

That, too, is the new normal: the realization that while many things work faster and more focused on digital platforms, there are some things that are much better face to face.

This insight becomes even more apparent when it is connected to a special occasion.

Big Ambitions, High Expectations

The Dubai Expo was such a special opportunity. “Connecting Minds. Creating the Future.” is the motto of the world exhibition. And that, of course, is no coincidence. Dubai, the United Arab Emirates and the entire region have been undergoing a reorientation for some time now. In times of global climate change, the demand of zero CO2 emissions and the finite nature of fossil fuel deposits, relying exclusively on the production and export of oil and natural gas is not a sustainable concept for the future. Instead, the region is focusing on innovation, new technologies and impressive infrastructure projects. Priority is being given to planning and implementing new urban concepts. High-speed railroads are being built to connect cities and economic areas. Whether in Saudi Arabia, the United Arab Emirates, Qatar or Bahrain, ambitions are big. And the expectations from business partners are high. A challenge that PALFINGER accepts.

In fact, the company has been present in the region for around 40 years, from Morocco in the west to Oman in the east, as well as Africa to the south. But as visions of the future, plans and demands on the ground have changed, so has the group. It is also undergoing a process of major transformation.

From Digital Business Segments ...

One example of this is the award-winning innovation STRUCINSPECT: A digital inspection system that was developed to increase the safety of bridges, tunnels and roads. With the help of drones and artificial intelligence, high-precision digital twins are created of structures that can be automatically analyzed for wear, water, cold or heat damage. In itself, this project, which was implemented together with partners ANGST Group and VCE Ziviltechniker in PALFINGER’s corporate incubator P21st, is a significant step towards lucrative digital business segments. In Germany and Austria alone, around 25,000 rail bridges and 40,000 road bridges have to be inspected at regular intervals. STRUCINSPECT sets new standards in terms of speed and depth of information. “But,” says Albrecht Karlusch, Managing Director of STRUCINSPECT, “that’s not all. The digital inspection solution is a prime example of the way that digitization, automation and cooperation work together. Precise recommendations for maintenance activities make the maintenance of infrastructure objects more cost-effective, safer and longer lasting over the entire life cycle – for the benefit of our economy, but above all to protect people, resources and the environment. We make these unique services available to customers worldwide in the world’s first Infrastructure Lifecycle Hub for digital inspections and efficient life cycle management.”

Karlusch is presenting this hub in Dubai. Together with Andreas Klauser and Gerhard Sturm, Senior Vice President Global Sales & Services, who are presenting to an exclusive audience PALFINGER, an innovative, technology and data-driven global company that takes lifting and transporting loads to a new level. In every sense of the word.

This kind of thing attracts attention in Dubai. The Emirate sees itself as a pioneer among innovative and technology-savvy Arab countries. It attracts even more attention when there is time after the demonstration to check out the HoloLenses, as well as talk to each other, explore new possibilities, plan new projects.

... To the Analog Power of Persuasion

Despite all the digitization and dreams of the future, this is a profoundly analog skill. One that a company with a long tradition like PALFINGER is well versed in. “We are perceived here as a premium brand,” Andreas Klauser sums up.

A perception that is once again strengthened and deepened on the second day of the PALFINGER get2gether in Dubai. This time at the Gotrade site with an impressive display of the PALFINGER range of high-tech cranes, aerial work platforms, hooklifts, rescue boats and digital solutions that promise significant efficiency gains. “Seeing the equipment in action, being able to ask questions, experiencing the atmosphere - all this can only happen during a physical demonstration,” says Klauser, going on to add “The immediate experience is still one of our strongest arguments. I am absolutely confident that we can further expand our business in the Middle East and Africa.” A lasting impression is guaranteed.

2030 — THE FUTURE IS OURS

A Capital Markets Day is the best opportunity for investors, analysts and management to have intensive discussions and take a look at strategies and visions together. PALFINGER 2030, for example.

“The best way to predict the future is to invent it.” says American computer scientist Alan Kay. So that’s clear, then. Just not quite so simple. This is what simulation researcher Niki Popper explains at PALFINGER’s Capital Markets Day. The future can be modeled, says the scientist in his presentation to 60 investors, analysts and other guests at the Marx Palast in Vienna. Every decision that is then made influences the result. Popper knows what he is talking about. His simulations of the pandemic development made him well known in Austria. His keynote speech marks the opening of the Capital Markets Day, which is held live and digitally under the tagline “2030 - The Future is Ours”. Niki Popper isn’t the only one providing a glimpse of the future on November 5.

The PALFINGER executive board, Andreas Klauser, Felix Strohbichler and Martin Zehnder present the Vision and Strategy 2030 for the first time. Andreas Hille, Philipp Smole, Gerhard Sturm and Harald Hauser go into more detail while the ATX panel consisting of Herbert Eibensteiner (voestalpine), Heimo Scheuch (Wienerberger), Peter Krammer (STRABAG) and Andreas Klauser discuss the challenges of 2022. Group Spokesperson Hannes Roither, who knows the answer to the question of what exactly is meant by the tagline “2030 - The Future is Ours” is also there. “For PALFINGER, this tagline is not only about looking optimistically into the future, but also about shaping it proactively,” Roither starts by stating.

2030: Three Billion in Revenue

Actively shaping the future means setting two goals for the technology company: “Building on our strong brand, the ongoing development of our products into complete solutions and our global sales and service network, and therefore our direct proximity to our customers, we want to actively change

our markets and industries. Our goal is to grow disproportionately in the regions of North America, Latin America, Russia, Asia and Pacific and to strengthen our position as the world’s leading supplier.” That’s one thing. The other is setting financial targets: “By 2030, PALFINGER aims to generate three billion euros in revenue through organic growth and double its market capitalization,” says Roither.

The GLOBAL PALFINGER ORGANIZATION (GPO) initiated a profound process within the global company in 2019. The commitment “We are ONE PALFINGER” reflects the new spirit of the entire group. Where people used to work side by side, they now work together. Fast, clear and efficient. On this basis the effects of the pandemic could be managed well. The Vision and Strategy 2030 is the logical next step, Roither explains.

Response to the Megatrends

“To find the best answers for PALFINGER regarding the megatrends of digitalization, social change, and sustainability, we need pioneering spirit and entrepreneurial thinking. With our 90 years of experience in innovation, we want to actively shape change, to set industry standards and to create added value together with our partners and customers every day. That is why we focus on the direct benefit to the customer. The PALFINGER Strategy 2030 is based on the strategic pillars Go for Solutions and Go Digital. The first pillar describes PALFINGER evolving from a provider of products to a leading solutions provider. The second pillar focuses on the digitization of the value chain and additional growth opportunities through digital business models. In 2030, PALFINGER will be an even more innovative technology company, combining state-of-the-art hardware with the most advanced software from a single source,” says the Group spokesperson, outlining the key points of the new strategy.



Picture © Sebastian Kreuzberger

The goals are ambitious. Especially when the volatility of the last few years is considered. And even more so if it is assumed that this uncertainty will continue to affect the global economy over the coming years. Not to mention the fact that EU programs such as the Green Deal will also play a role. One could say that PALFINGER is taking the chance. Or has the simulation researcher already sketched out the future for management?

Simulation Tools in Everyday Life

That would be totally unscientific, Roither responds: “Popper does say that the future can be modeled. However, he also points out that many decisions, such as those made by politicians or management, affect the outcome. So for a model of the future to be meaningful, it is not enough to simulate individual processes and tasks within a company. Rather, according to Popper there must be an overall simulation across all sub-fields.”

And this is where things get exciting: “At PALFINGER, we already simulate many topics and processes. There is of course already a simulation tool for our key financial figures, for example. In purchasing and within the supply chain, projections and scenarios are also prepared at regular intervals and currently on a weekly basis by our Supply Chain Task Force. We will continue to extend this: Smart Solutions, digital business models, digital customer journey and the proactive management of supply chains for operational implementation will contribute to our success.” says Hannes Roither. Using fact-based and data-based simulation as a management tool cushions negative effects of tough circumstances and further strengthen the effects of good conditions.

The Sustainability Challenge

Speaking of conditions and framework agreements, how do the colleagues on the boards of Voest, Wienerberger and STRABAG see the immediate future? “The panelists were optimistic about successfully mastering the challenges of the coming years. And not just to handle them but to actively use them to open up new opportunities. The future, the panel agreed, is the sum of many decisions. The more decisions you actively take by yourself, the better. The panelists also agreed that sustainability will be one of the biggest challenges in coming years that will influence all business models. The leaders will remain those companies, that can attract the best minds. The development of the construction industry is seen by all as a very positive and new, formative trends are expected. Order books are currently well filled at the panelists’ companies with a good outlook for 2022,” says Roither, summarizing the results of the ATX panel discussion on the afternoon of November 5.

And what is his personal opinion? “For me, the focus was clearly on being able to discuss our Corporate vision and strategy 2030 in detail with analysts, investors and those interested in the PALFINGER share throughout the entire day. Above all, the personal exchange was particularly important for me. All analysts currently covering the PALFINGER share took part, some of them having traveled from Germany and England. IR communication still works best in person. Investors want to look into the eyes of top management, discuss with them and feel the spirit of the company. We were able to do that very well at this Capital Markets Day.” The future can come.



Erste Bank fund manager Gabriela Tinti expects investors to be much more selective in 2022. In order to benefit from this as a company, it is important to clearly communicate the sustainability factor, and not be satisfied with the status quo.

Pictures © Daniel Willinger

A portrait of Gabriela Tinti, a woman with long, wavy blonde hair, wearing a white fur coat over a dark top. She is looking directly at the camera with a slight smile. The background is dark and out of focus.

**“
It’s all
about models
of the future”**

What makes Austrian companies listed on the stock exchange stand out? Are there differences compared to German or European companies?

Tinti: There are a few differences. On the Austrian market, the share of family-owned companies, where the family is still part of the company, is higher than on other stock markets around the world. This has its pros and cons. One advantage is the medium to long-term strategy of these companies. This can often span several generations. A disadvantage for investors is that the family often holds the majority and as a “normal” investor you play a rather small role. This all comes at a price, of course.

What else stands out?

Tinti: Austrian companies that are listed on the stock exchange do not offer the wide range of sectors that we see on other stock exchanges. In Austria, we have many world market leaders and are more focused on industry, banks and energy.

Where do you see potential for improvement in Austrian listed companies? Where is there catching up to do compared with international companies?

Tinti: A lot can be improved, especially in terms of communication with market participants. There is room for improvement. What we also need is higher liquidity. That is one of the shortcomings of the Austrian financial market. We need to work on that. But that is something that individual companies cannot change on their own. The only thing they can really change is how they communicate.

Does the topic of sustainability already have the importance it should have at Austrian companies, or do you think the necessary commitment is missing here?

Tinti: Reports on sustainability are quite a recent topic. A lot is still changing there. The EU directives also bring changes that will affect companies and investors. I can see a need for more clarity here.

Does that apply specifically to Austrian companies, or in general?

Tinti: In general. As investors, we evaluate what we really need from companies. Where is more action required? The gold standard in terms of sustainability reporting has not yet been reached.

Staying on the topic of sustainability, does Erste Bank form its own opinion of companies, with its own assessments and evaluations regarding sustainability, or do you rely more on external sources, such as rating agencies?

Tinti: It's a mix. I can only speak for us at Erste Asset Management. In the investment division, we have our own SRI team with many years of experience analyzing data from external sources and processing it to build a scoring model. In the equity team, we also evaluate companies, regardless of the

results of the sustainability team. We interpret data from external sources and form our own opinion. The information we receive usually only reflects the status quo. But we want to invest in change. We look at the business model and the impact that sustainability has on the business sectors. Is it also financially sustainable? Does it have a future? We look to the future in the medium to long term. How does that affect profits? How does that affect margins? So it's a combination of different factors. One is the data that we receive, which flows in to form the basis from which our SRI team works, and which is then supplemented by our own evaluation. And then there is also our evaluation from the equity team - and that concerns future models in particular.

Are all three letters in ESG (Environment – Social – Governance) equally important?

Tinti: You can't say that there is a different rating for E, S, and G. But it is much easier at the moment to obtain facts from the environmental sector regarding carbon footprint or wastewater and waste disposal, for example. When it comes to social topics, companies find it much more difficult. But there are also reasons for exclusion.

What would you regard as a reason for exclusion?

Tinti: Child labor, for example, and coal is also completely excluded. There are minimum scores that you cannot fall short of. Of course, it also depends on the product. We have a range of products geared towards responsibility, which of course is more stringent. These scoring models create an investment universe.

Are European companies already over-regulated?

Tinti: I wouldn't say they are over-regulated. We now have a framework that will be continuously adapted. What is really sustainable? Europe is certainly a pioneer in this respect, especially compared to America and other regions. But they will catch up. In general, the topic of sustainability is in high demand by private and corporate customers.

PALFINGER has been in the Austrian sustainability index VÖNIX since day one. What role does that play from your point of view?

Tinti: At the moment, it does not play a major role. We'll keep an eye on it as a benchmark index, but other indexes are more important for us here.

Which sustainability index would you use?

Tinti: The MSCI is certainly an index that we take a closer look at. There are also several international indexes that we refer to in our assessments.





2022 is forecast to be a rather difficult year in terms of the stock market and stock performance. What are your expectations?

Tinti: We are more selective in this respect. If you take a worldwide viewpoint, we're talking about three super years of shares with double-digit growth rates. The Vienna Stock Exchange performed excellently last year, but the previous year was weaker. If inflation and interest rates rise, profit taking is sure to happen. That is a normal reaction. I don't have such a pessimistic outlook of the market. It will be more selective, and we will need to look more carefully at which companies we invest in. I can imagine that the entire leisure consumption sector is developing well again. Various banks could also benefit from this. Of course, there are risks, such as inflation, political conflicts and raw material prices, above all gas prices, and also the shortage of labor.

Are you a fan of cryptocurrencies? Or is that something you don't have in your investment universe at all?

Tinti: I'm not a fan. But the technology behind it is amazing. As far as blockchain is concerned, we can learn a lot. I think it is interesting what you can do with this technology and it has certainly earned its place.

Virtual or physical general meetings, which do you prefer?

Tinti: Well, once the corona pandemic is over, I'm sure I'll be attending meetings in-person again. Virtual is practical because it takes less time, there is no travel, etc. but I am looking forward to getting back together again face-to-face.

What would be your takeaway for Austrian private shareholders this year? Which Austrian stocks would you feel comfortable with?

Tinti: Industrial titles, energy titles and automotive suppliers could also do well in 2022.

Last but not least, what do you think of spontaneously when you think of PALFINGER?

Tinti: I am not an expert in this industry. But for me, PALFINGER has always been a quality company with traditional values, and not just as far as the stock market is concerned. A company that you know, you know what it stands for, and it has a solid strategy, that is something we investors appreciate.

About the interviewee

Gabriela Tinti has held the position of Head of Desk Equities Austria at Erste Asset Management since November 1, 2020. The fund manager began her career in the Austrian banking sector at Creditanstalt and joined Erste Asset Management thirteen years ago. She has been a proven expert in her field for years. One of her key objectives is to make equity fund management more sustainable.



PALFINGER



WE CONSTANTLY REACH NEW HEIGHTS.

When it comes to expanding our competencies and fields of activity, we have always surpassed ourselves. Just like the PALFINGER share, which has been performing excellently since its IPO in 1999 – and with good reason. Thanks to intelligent business models and technologies, we have stood for innovative crane and lifting solutions for almost 90 years. Or as we call it: Expansion by tradition. More at www.palfinger.ag

90 YEARS
SINCE
1932

PALFINGER.AG

Following the challenges of 2020 and 2021, Heimo Scheuch, CEO of Wienerberger AG, and Karl-Heinz Strauss, CEO of PORR AG, are looking to the future. They say we need legal certainty, clear policies and a willingness to get things done.



Heimo Scheuch, CEO of Wienerberger AG

“We Need Long-Term Orientation”



Karl-Heinz Strauss, CEO of PORR AG

“The trees don’t gro

Mr. Scheuch, Mr. Strauss, what were the major challenges for your companies last year?

Scheuch: Due to the extremely sharp increase in demand, it was a major challenge to make our products and product solutions available at all times in the markets of Europe and North America, where we operate. Being able to serve our customers in the areas of new construction, renovation and infrastructure was the most important task for us. Inflationary cost development was foreseeable, and we managed to keep pace with that. Wienerberger’s supply chains are not so international that we have to fall back on Asia or other markets. They are more local and so this issue does not affect us.

Strauss: Supply chains, materials and material availability were already a key topic for PORR in 2020 because our order books were very full. But not a single construction site came to a standstill as a consequence. We have pan-European purchasing management, so if something was not available in Austria, then we were able to obtain it in Poland, for example. Our logistics concept worked well. The second point that concerned me a lot was the the availability of personnel and the confidence of our employees. PORR was the first company in Austria to be almost completely vaccinated, and we rolled out the necessary infrastructure at all our locations throughout Europe. This gave people confidence. And we are taking this confidence with us into 2022.

Talking about confidence, which opportunities arose last year?

Strauss: 2021 was an important year for PORR. We experienced strong growth of over 40 percent in 2017/18. We consolidated in 2019 and wanted to ramp things up again the following year - and that's when Corona put a spanner in the works with the lockdown. So then it was last year that things started moving upwards again. Despite all the challenges, we have laid the foundation for further positive development.

Scheuch: We finished 2021 with a record result in the company's more than 200-year history. We will almost reach the four-billion-euro mark in terms of revenue, with a cash flow result of almost EUR 700 million. Over the past decade, we have recorded organic growth of over six percent per year. This means that we are strongly outperforming markets, thanks in particular to one aspect: We are focusing very strongly on innovation - more than 30 percent of our portfolio is innovative products and solutions. Then there is sustainability. We have developed dramatically in the areas of carbon footprint reduction, circular economy and biodiversity. These factors are also driving development at Wienerberger. I am optimistic that this development will continue in the coming years. The important thing is that we anticipate the megatrends and act accordingly.

Strauss: I can only confirm that. We are a systems-based service provider and technology group and see sustainability as a great opportunity. The construction industry has always been sustainable and PORR is the most sustainable construction company in Europe as a pure construction player. We have just received a sensational A- rating from the Carbon Disclosure Project, making us one of 13,000 companies in the leadership segment in this industry.

Sustainability includes our core topics of urban development and smart city, mobility and smart traffic and infrastructure, as well as recycling. In the previous year, we collected and recycled 1.7 million tons of material in Austria. Concrete, wood, brick and other materials are reused as part of a circular economy together with our industrial partners. There is no way around sustainability. But we also focus on health care: PORR has gone a long way with its own projects, from development and planning to the operation of medical facilities. A central theme is digitization at the construction site, something on which we are working intensively.

The construction industry is currently the backbone of the economy. What do you need to accompany developments so that your input can really have a broad effect?

Strauss: We are relatively optimistic, our entire industry has full order books for 2022. This includes the subcontractors. The demand has started well thanks to the catch-up effect after Corona and now the programs put in place by governments during the corona period are taking effect. For example, the 17 billion euro “Rail and Smart Living” package in Austria. These are programs that have longer lead times. They won't start until 2023/24, but will then give a boost to the construction industry if the economy slows down. And let's not forget the Green Deal. Just one example that shows how much the construction industry will benefit from this: Of the 190 billion euros for Italy, around 40 billion will go into infrastructure - the construction of railway lines, modernization projects, airports and intelligent road networks.

Scheuch: The fact is, we are already the driving force behind the economy, not only in Europe but also in North America. And it is set to stay that way. Certain factors are particularly relevant and we need to discuss them very openly. The first thing is that, as an industry, we don't need short-term programs. Long-term orientation is more important and better. The Green Deal includes the long term. And it would be good for politicians to listen to us now and not get held up by the short term.

Secondly, we need legal certainty, both for the implementation of projects and in investment activities. Our investment cycles span 30 or 40 years. When we build a new location, we need clarity about what the future looks like and not changes on a monthly or yearly basis.

w into the heavens.”

The third issue - and this affects the whole industry - is the shortage of skilled workers in Europe and North America. This means that we need to train people specifically for the construction of the infrastructure, especially for modernization, and ensure that we will have qualified workers for these projects in ten years' time. We can digitize a lot and plan and do almost everything, but we still need good people to implement it.

The fourth topic is financial viability. We live in a time of low interest rates and cheap money and have all gotten used to it. That's about to change. Unless countermeasures are implemented, inflation is here to stay. Combined with an increase in the interest rate, which leads to shortages. This is really important, especially during this critical phase where many projects, including state ones, that are being announced in large numbers today, can then be postponed. This is where I see the biggest risks.

Keyword inflation, how urgent is this problem?

Scheuch: Look, I don't see that as a problem now. We've learned to adapt to everything possible. In terms of risks, you need to prepare for them. Karl-Heinz Strauss and I come from a very mountainous and rural region. There's a German saying, "The trees don't grow into the heavens." We have a certain down-to-earth attitude. We know that things are not always on the up, but that things can go down a bit too. You have to balance this out with innovation and a stronger focus on customer benefit.

Strauss: I agree with Heimo Scheuch on that. We had to learn how to handle these things. Politicians are called upon not to ignite a flash in the pan. That is not sustainable. It is important to look two or three years ahead with intelligence and implement the necessary measures. We need to create the conditions for us to have legal certainty so that we can work across borders. We are a united Europe in how we work, how we are connected, how we do our logistics and how we buy. The economy should be allowed to work freely.

You raised the issue of getting good employees. How can PORR attract young people to start an apprenticeship?

Strauss: We have become more attractive in the past 24 months. Why? Because we make professions more visible. Because we have established more professions: construction, civil engineering, concrete engineering and more. A key point is that we work very, very digitally today. Everything we see in construction today, the planning, the calculation, the preparation for construction, it's all done virtually. There's no paper anymore. Working with virtual reality, augmented reality and all the possibilities to show what the finished project will look like – that is something that Corona has reinforced. This mixture of the virtual world on the one hand and the real

world on the other, building the shuttering, taking a brick in your hand and placing it correctly, standing back and seeing what you have achieved in the evening, that's what we have to show. This is having an increasing impact on young people. We have to appreciate manual skills again and say so out in the open. A professional trade is a great thing.

Wienerberger bricks contain a lot of science, research and development. Is that something you can use to attract employees?

Scheuch: Yes, indeed. We no longer produce just bricks, but everything that concerns pipes, facades, systems and other products. We have developed further. And the question that many young people ask themselves - whether what they are doing makes any sense - is a question that we can answer with a clear conscience with a loud "yes, it does!". The industry has fallen into a bit of disrepute. Hence the whole boom, everything is tech and everything is possible. But if you take a look at PORR and Wienerberger today, then we have many hundreds of start-ups in the business because we keep reinventing ourselves and driving innovation. I am sure that each of us will do everything that is necessary to get qualified people into the company and train the talent. This is our most urgent of tasks.

We need to create opportunities for people to earn more again, put their heart into it and pass on their knowledge. And I want to state this very clearly: We need to discuss a whole range of problems in our society, not just climate change. We have a demographic problem, we have a security problem, we have a health system problem. These are issues that need to be handled in order to preserve the economy and our system.

Strauss: I fully support that. The subject of sustainability is now covered by the discussion about climate change. This is an important point. The construction industry has been working really sustainably for years. We are confronted by the full range of challenges. We need clear policies and we need more willingness to get things done in the future.



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The risk of crisis-inducing developments is increasing. So it is important to be prepared. With its own task forces, PALFINGER safeguards its capacity to act as well as its operating processes, production, and jobs even in exceptional circumstances.

It is a Sunday in January 2021 when suddenly nothing at PALFINGER works anymore. Worldwide, access to certain data and programs is either limited or impossible. And within a very short time, it is clear that the company has been hit by a cyberattack.

But the technology group is not alone in this. Criminal attacks on companies are taking place at ever shorter intervals. For example, in the first week of 2021: On January 2, 2021, cyber criminals target the Portuguese media company Impresa; on January 3, it is the Twitter account of the Israeli newspaper Maariv and the Jerusalem Post website; on January 4, a department store in Singapore and the accident insurance company in Thuringia; on January 5, a county in New Mexico; and on January 7, the CPH Group in Switzerland. And that is only a small sample of known attacks. Welcome to the new normal of a high-risk world.





Act Faster and More Rigorously

“We must learn our lessons from the Coronavirus pandemic,” says Torsten Jeworrek, board member at the leading reinsurers Munich Re. “We need to act faster and more rigorously so that risks such as cyberattacks or climate change don’t take us unawares the way COVID-19 did,” he explains at an event in September 2020.

Insurers, especially reinsurers, are excellent indicators of critical trends. Their business is to keep an eye on the future and potential developments in order to be prepared in good time and can minimize risks. The world sketched by Munich Re in the fall of 2020 is an unnerving place.

According to the Munich insurers, world trade grew twice as fast as the economy in the years between 1990 and 2008. Since then, this trend – trade grows faster than economic output – has continued unabated. The result is ever closer networking and thus an increase in dependencies. In other words, success comes at a price in the form of many vulnerable Achilles' heels.

Reinsurers define three major risks for their core business: pandemics, climate change, and cybercrime. The latter has been increasing significantly for years. COVID has accelerated this development still further, as the experts from Munich note. They expect the cyber insurance market to triple to around USD 20 billion between 2020 and 2025. And that's a conservative estimate.

Risk Management as a Core Competence

It is not only the new communication technologies that represent a potential Achilles' heel. In its risk outlook for 2022, the intelligence unit of the British business magazine Economist summarizes ten scenarios “that can influence global growth and inflation.” Although only eleven pages long, the report makes uncomfortable reading. It describes, succinctly and in plain language, the probability of major crises over the next two years. But while conflicts between states can be resolved through smart and committed diplomacy, climate change, cybercrime, and resilient virus strains require strategies other than those put forward by national governments.

They require entrepreneurial initiatives. This is why risk management has long been one of the core competencies of global companies such as PALFINGER. Risks that may affect the Group are regularly identified and described, evaluated, and monitored – including cost fluctuations, material availability and delivery failures, effects of climate change, pandemics, the availability of qualified workers and, of course, the risk of cyberattacks.

Listing potential risks is, naturally, not enough. For each individual area, for each topic, concrete steps are defined to minimize the risk. Risk management is therefore more than just a glimpse into an (uncertain) future. It is the basis for dealing with challenges proactively and expecting the unexpected. To be prepared. Just like in January. The moment it is clear that the company is the victim of a targeted cyberattack, the rules that have been drawn up immediately take effect.

“We need to act faster and more rigorously so that risks such as cyberattacks or climate change don't take us unawares the way COVID-19 did.”

Crisis Management is Everyone's Responsibility

PALFINGER first isolates its systems worldwide – to prevent the attack from spreading further. Then the in-house IT experts, supported by external specialists, start to regain control of the affected systems, step by step. After just three days, the first successes can be seen. After two weeks, the systems are up and running again. PALFINGER is back online. And yet that's only part of the story.

The timing of the attack could not be more potentially damaging. Since the summer of 2020, the economy has been recovering. PALFINGER's order books are full. Delivery schedules are precisely coordinated with little room for maneuver, and customers are already expecting their new lifting solutions. Two weeks of enforced downtime must be managed and communicated. “Disaster recovery,” says Katharina Zeitlhofer, Vice President Corporate GRC, “is not the responsibility of a single department. In addition to Risk Management, the Communications, Legal, and Human Resources departments also take on essential crisis management tasks.”

So while IT experts work feverishly on recovery day and night, a specially set-up task force gets to work. It coordinates communication with partners and customers, with suppliers and logistics specialists. It gathers all the relevant information, which serves as the basis for all further steps. Right up to the question of how the enforced backlog can be cleared. The task force defines all the measures that will enable the company to minimize the effects of the crisis.

Health, Production, and Liquidity Optimization

This is not the first time that PALFINGER has used this instrument. At the end of February 2020, when it becomes clear that COVID is developing into a health crisis for Europe and Austria too, the Group proactively installs a COVID-19 task force. By April, its members have defined and implemented more than 220 actions to achieve three main goals: protecting the health of all employees, production control, and liquidity optimization.

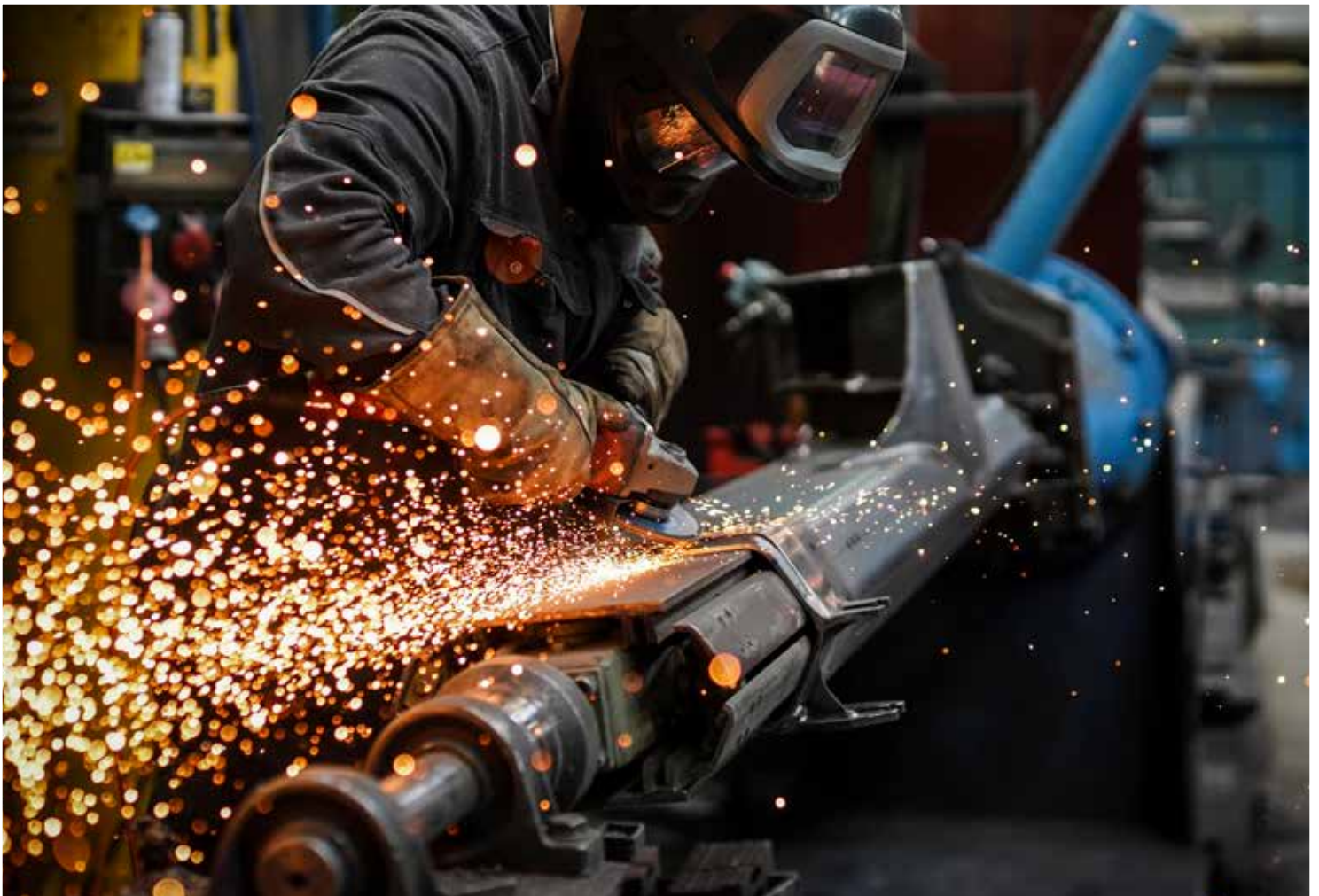
The success of the measures speaks for itself. As early as May 2020, full production can be resumed in almost all plants. Outages due to sick leave are kept at low levels and no site records a cluster. In addition, PALFINGER increases its equity ratio during the crisis to 38.8 percent in the first half of 2020.

“If the worst comes to the worst, the task force ensures that a regular daily routine is maintained,” says Katharina Zeitlhofer, outlining the essential purpose of the task force. “It guarantees that the company continues to function and meets its obligations in all areas and at all levels, even in a crisis situation. We bring people from all the relevant areas together here. This ensures that all important information comes together along the shortest possible channels and that the basis for rapid implementation is created,” she explains. A task force can be compared to a quick reaction force that ensures the organization remains fully operational whatever the circumstances. You hope you never need it. But to do without it is impossible.



Stress in the Chain

In 2021, the economic upswing brings supply chains to the brink of collapse. There is a shortage of everything everywhere. Nevertheless, some companies are better than others at cushioning the impact. PALFINGER, for example.



At 400 meters, it is as long as the Empire State Building is tall, it transports 17,000 containers with a goods value of one billion US dollars, and it is one of the largest container ships in the world, Ever Given. Running to a precise schedule, it is part of the global exchange of goods. Then it breaks down. In the eye of the needle of the Suez Canal, of all places, blocking not only shipping between the Red Sea and the Mediterranean for almost a week, but also global supply chains. They are already stretched to breaking point in March 2021. The aftermath of the pandemic, the rapid economic recovery, the surge in demand for virtually everything - global logistics is on edge and does not forgive any delay. Then the Ever Given blocks the way. Nothing can get through. And the world is astonished.

Supply Chain in Distress

The incident concerning Ever Given provided an image that summed up the situation. The year 2021 turned into a single stress test for global supply chains. In particular, the manufacturing industry, such as the PALFINGER technology group, saw - and still sees - itself confronted with difficult challenges. Harald Hauser is Vice President Supplier Management at PALFINGER and illustrates the importance of the supply chain for group: "The influence of procurement on PALFINGER's overall success is enormous. 60 percent of our revenue is based on our procurement spending. These amount to more than one billion euros every year." The success of global companies depends on a perfectly coordinated international network of suppliers, manufacturers and forwarders. Supply chains do not allow for major interruptions.

Raw Materials in Short Supply

Starting in September 2020, the rapidly improving economies in the USA and China led to an acute shortage of raw materials, causing prices to go through the roof. To meet high domestic demand, exporting nations turn into importing nations. "Normally, China exports 200 million tons of steel per year to Europe, and the European market is now short of this amount. Incidentally, this is exactly the amount that Europe is capable of producing," says Hauser. Semiconductors, steel, metals, wood, cardboard, plastics, coatings and much more - hardly any raw material or industry remains unaffected. Artificial shortages and geopolitical tensions between China and the U.S. are also driving up prices.

Demand far exceeds global supply and, combined with the high cost of raw materials and transport, is becoming the Achilles heel of the economic recovery. Factories come to a standstill, production is delayed, global corporations fall behind in their deliveries.

Everything Delayed

As a manufacturing and exporting company, PALFINGER is not spared from this development either and has to find solutions. "These are multi-faceted issues that we deal with on an ongoing basis. In addition to exploding prices, the shortage of raw materials also leads to extreme delays in delivery times. Steel plates require five months instead of two, semiconductors twelve months instead of four, and trucks and their chassis are available after ten months instead of three," Hauser explains at the end of 2021. "Transport costs have also increased rapidly. A shipping container now costs 16,000 euros, compared to 2,500 euros before the pandemic."

The glaring shortage of microchips is also having a dramatic effect. The pandemic is rapidly accelerating the trend toward online shopping and video calls. Electronic devices such as laptops, cell phones and TV sets are hogging the coveted semiconductors - cutting out the automotive industry and its suppliers.

Room for Maneuver

No company was prepared for the effects of the crisis, not even PALFINGER, notes Hauser. But preventive and proactive actions have paid off for the group. "Thanks to long-term partnerships with our suppliers and acceptable delivery reliability, we were able to cushion supply chain issues. We have closely coordinated processes with our partners and integrate them into our workflows right from the product development stage. In particular, we relied on multiple sourcing at an early stage. If one partner drops out, others can take over. This works well between countries within Europe," Hauser explains. "An important key to success is our Supply Chain Taskforce, which we use to respond to the latest developments on a daily basis. We need quick decisions and fast communication, which is where clearly coordinated processes help." With the Task Force, PALFINGER has created a tool that proved its worth during the Corona crisis. Measures for optimal utilization of production capacity are defined and implemented. In order to compensate for supply bottlenecks for microchips, for instance, PALFINGER reduced the production of high-tech cranes and increased the production of cranes with a lower electronics content.

Volatile until Summer

In November 2021, 42 percent of Austrian companies cited a lack of materials as a primary production constraint, according to the Austrian Institute of Economic Research (WIFO). The forecasts for 2022 also remain reserved. A study by credit insurer Euler Hermes forecasts that the volatile situation will continue into the summer. "Ups and downs will continue to be the order of the day in the coming year," says Ana Boata, Head of Economic Research at Euler Hermes. "We estimate that currently about four percent of globally traded are stuck where they are due to shipping bottlenecks."

Emerging from the crisis even stronger

The PALFINGER example shows how to react to the supply chain crisis at an early stage and how to create conditions for a resilient supply chain. "The inventory strategy for semi-finished products is adjusted and reserve stocks levels are increased. We will expand double sourcing with suppliers in different regions and focus primarily on globally active suppliers with whom we can pursue a 'local for local' strategy," says Hauser. "700 of our 7,000 suppliers are strategic and long-standing partners who ensure stable supplier quality and enable close cooperation in product development. We are continuing to strengthen this strategy. It is also important to digitize and automate processes to connect suppliers directly to our systems." It's about being able to switch quickly, reduce dependencies and enhance innovative partnerships. Not only in times of supply chain crisis.

When Ideas Give You Wings



On the Red Bull Flying Day 2021, PALFINGER showed tremendous power and passion. Creating something completely new in a short time – that requires the right spirit. PALFINGER’s corporate culture offers plenty of room for bold ideas

Pictures © Red Bull

Tension rises on the launch pad. Flying conditions are perfect. The weather is calm, the wind steady. Spectators have appeared in large numbers. Then comes the boarding call for all pilots. The aircraft are ready and the tension felt by the crew is now joined by that well-known tingling sensation in the pit of the stomach. Adrenaline shoots through the body, before things start to happen in quick succession. On the ramp, get set, go.

PALFINGER’s streamlined shark takes off, flies up towards the sky through the clear autumn air, reaches its zenith and lands shortly afterwards in the cold water of Brigittenau Bay. After a long break, the Red Bull Flying Day is back in Vienna in 2021, back where it used to take place. And just as it was then, today is all about flying as far as possible with self-designed and unique flying machines. Having a whole load of fun and providing a powerful dose of innovative know-how.

The approximately 40 teams from all over Austria, including two from PALFINGER, had also been given the task of building their aircraft from recyclable materials. There were no limits to creativity, performance, and flight distance, and points could be scored for all three. Whoever won the most points overall would win the flying contest. And it’s not always and exclusively the distance covered that counts.

The “Spirit of Innovation”

Thinking outside the box is required, as is the courage to come up with fresh ideas and unusual approaches. Some call it innovative spirit. The “fish and jibs” team demonstrates this with the design and construction of its flying shark. Lukas Robl, Walter Germann, David Roither, and Sebastian Költringer are engineering experts at PALFINGER MARINE. There’s no denying that their construction has a profoundly “maritime appearance”. However, this is not the only thing the four of them focus on. Understandably, they also have the design of their lifting solutions in mind. In this case, the marine crane proves a source of inspiration for the shark’s sleek, elegant, and striking design. It serves as a symbol of performance, efficiency, and cost-effectiveness.

The Marine engineers also give the shark a jib – which explains the team name, “fish and jibs”. In accordance with the rules, the materials used must be sustainable. Wood and cotton serve as the basic material, supplemented, held together, and dyed with paste made from flour and water, as well as paint made from elderberry – eco-friendliness can be this simple and effective. And finally the time has come: All the components are assembled, covered with fabric –

and the “flying machine” is complete. Ready for the big show. As is the second team, EPSFLY from PALFINGER EPSILON, consisting of Stefan Herberg, Simon Brandstetter, Tobias Eisl, and Tobias Lechner. Their design is based on the classic flying soapbox – but with movable wings.

Room for New Ideas

In their spare time, the flight crews tinkered, pondered, planned, and swapped ideas with colleagues. An idea emerged and took shape with the combined skills of PALFINGER experts. The development of the aircraft required careful planning, seamless cooperation, and precise communication. This was essential for completing the craft under time pressure and meeting every requirement with style and ingenuity. And this is exactly what PALFINGER is all about, promoting and enabling: A culture of innovation within the company that creates space for new things. Only in this way can the company position itself for the future.

The project also stands for another type of culture – corporate culture. Gabler’s business lexicon defines it as follows: “The universe of common values, norms, and attitudes that shape the decisions, actions, and behavior of the members of the organization.” Corporate culture can be said to provide succinct information about the company’s self-perception and expectations of itself.

Build on Values

In the case of PALFINGER, it is the three values of “entrepreneurship, respect, and learning” that lay the foundation for daily operations. They are the “moral” compass that provides guidance and promotes cohesion. Entrepreneurship stands for solution-based, responsible action, respect describes trust and integrity, among other things, and learning is defined, for example, by the ability to learn from mistakes. These three corporate values have shaped PALFINGER’s culture for many years and are the “glue” across regions, functions, and product lines.

In 2019, six additional leadership principles — Drive, Focus, Inspire, Empower, Develop, Deliver — were defined. Closely interlinked, they create clear expectations, especially for management.



With their flying machines, the team “fish & jibs” and team EPSFLY impressively demonstrate how the principles are lived at PALFINGER. “Focus” means, “Set goals, set the direction, set clear priorities. Always focus on our daily business. Finish what you started.” Not only does the team know exactly what direction they are heading in, what they want to achieve, but the priorities are also clear – get the job done first. The project will still be pushed forward. In their spare time.

“Inspire” is the third point: “Remain credible and show your enthusiasm. Lead by example and encourage your employees to create an open team environment.” Anyone who sets out to design an aircraft must not only be enthusiastic but ready to show it, too. As a manager, Johann Gnasmüller not only inspired his team, he also lent a hand himself and gave his employees the best possible support.

With the Develop principle, the teams are slowly but surely approaching the grand finale. Everything that has been thought about, discussed, and tried out so far must now be given shape. As “Develop” describes it: “Take calculated risks and make decisions. Act and develop quickly in a challenging

environment. Learn from mistakes and improve quickly.” And that is entrepreneurship in a nutshell. And finally, the time has come: The decisive day, the moment of truth, is here at last. In the sequence of PALFINGER leadership principles, the team now come to “Deliver”: “Take responsibility and meet earnings targets and commitments you have made. Create added value day by day.”

EPSFLY took off and the shark actually followed suit. Both then dropped toward the water very quickly. They had completed the task they had set themselves. Or, as PALFINGER CEO Andreas Klauser put it: “They all showed true PALFINGER team spirit.” And demonstrated at the same time what the company and its employees are really capable of. A good measure of entrepreneurial spirit, a healthy willingness to take risks, and a whole load of togetherness. A successful performance. In every way.

PALFINGER’s corporate values: We value people – People create value

Entrepreneurship

- Act pragmatically and take ownership
- Passion for sustainable top performance
- Exceed customer expectations
- Challenge the the status quo and have the courage for unconventional ideas
- Cost-benefit awareness
- Be proud and identify with your company

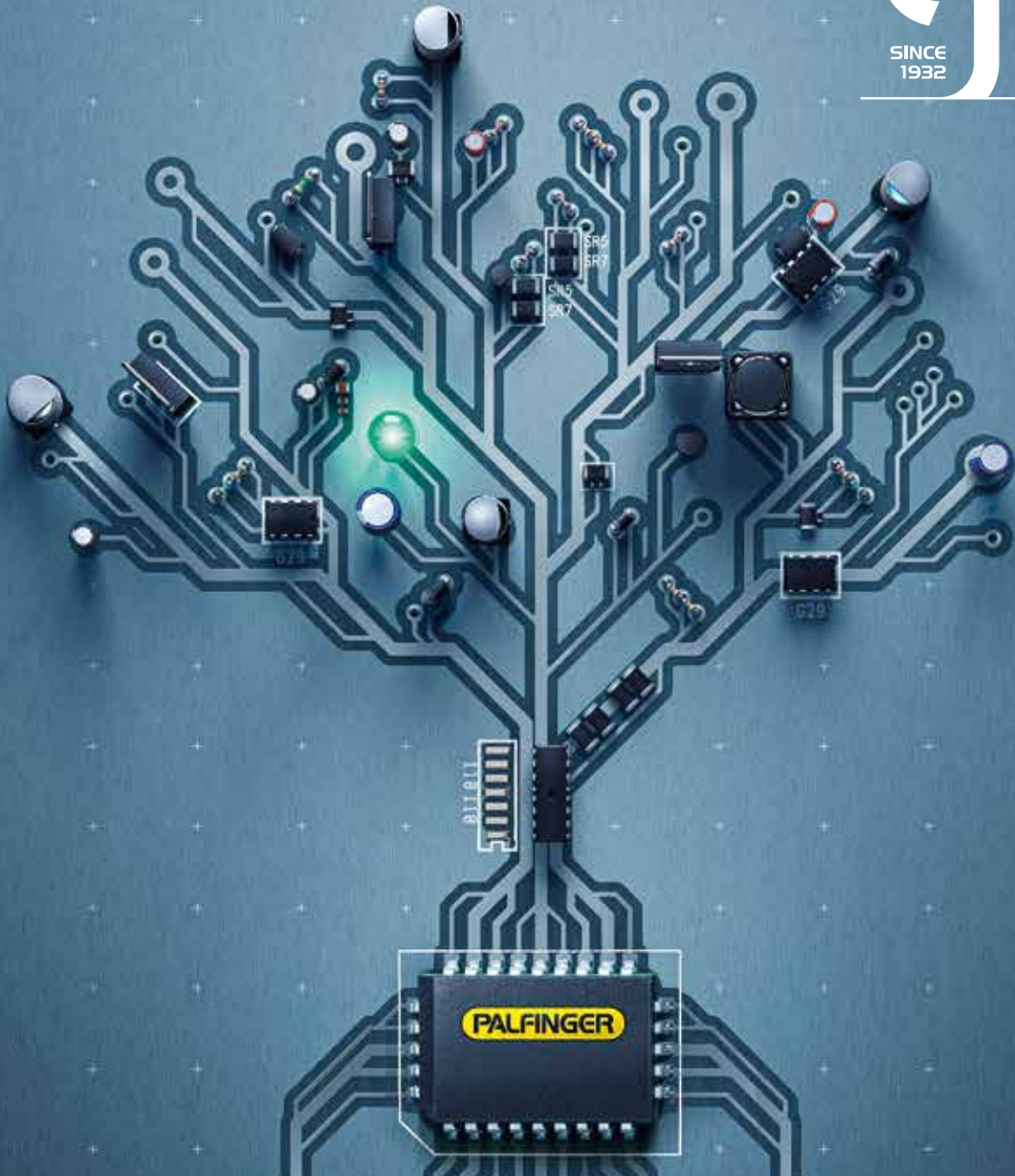
Learning

- Balance challenges and support
- Show appreciation, give feedback and praise
- Strengthen intercultural competence
- Openness to change
- Continuous improvement and learning from mistakes

Respect

- Treat others as you wish to be treated yourself
- Trust and integrity
- Take care of health and well-being
- Active listening and open and honest communication
- Appreciate differences and encourage diversity
- Protect the environment and take responsibility for tomorrow



PALFINGER**90**
YEARS
SINCE
1932

INNOVATION IS IN OUR ROOTS.

Anyone who proactively accepts change and shapes transformation sustainably is fit for the future. This spirit of progress has always driven us to develop the innovative crane and lifting solutions of tomorrow with the knowledge of a traditional company and the creativity of a start-up – and also to surpass ourselves in digital times. More about the future at www.palfinger.ag

The Medici Effect



Markus Hengstschläger and Niki Popper talk about models of the future and role models from the Renaissance. They also discuss which competencies are needed to translate the world's knowledge into innovation.

Pictures © Thomas Topf



They know about each other from radio and television, but they have never met before: geneticist Markus Hengstschläger and simulation researcher Niki Popper. That changes one day in December 2021, when the two talk about models of the future at the Institute of Medical Genetics. Two capacities come together. Popper's simulation models are key to formulating the Austrian corona strategy. They provide information about what can be expected under which circumstances. You could say that they provide a glimpse into the future. Hengstschläger is a geneticist, institute chair, and, together with Hannes Androsch, heads the Council for Research and Technology Development, is deputy chairman of the bioethics committee in the Austrian Chancellery and scientific director of the think tank Academia Superior – for him, questions concerning the future are his daily bread.

The atmosphere is relaxed. Both are looking forward to the talk and want to take the opportunity to exchange ideas on topics relating to the future. They agree to use the informal form of “Du” for “you” in German right from the beginning. So they are off to a good start. Then they get right down to the basic principles: What knowledge and information are needed to maintain an overview in an increasingly complex world? In order to shape the future?

Hengstschläger: Hengstschläger: Firstly, it is important to distinguish between implicit and explicit knowledge. It is also important to distinguish between the knowledge that is available to us worldwide and the knowledge that each of us have in our head. The fact that digital transformation gives us access to information, data and knowledge like never before is a huge advantage. But it also means that you need a load of competencies - such as courage, creativity, resilience, social skills, decision-making - that enable us to use this knowledge, develop new applications, be creative and innovative.

Popper: The difference between data and knowledge is an important point. Why? Because data is one thing, understanding what connects the world is another. For me it was never about gold mining with data, I always said I wanted to understand it. That is the point. With our models, we usually want to answer the why. Building models is a competence. You have to be able to model, know what micro and macro simulation is, what is AI, what is re-enforcement learning, and a thousand other things. You need to be skilled at this as a craft, using specific knowledge. In addition, you need the competence and creativity to say, how do I model a big city like Vienna? This creates a knowledge exchange.

The beginning is promising. There is agreement on the basic concepts of knowledge and competence. When one is talking, the other listens intently. It is already clear that this discussion will also cover fundamental questions, such as how to teach people competencies.

Hengstschläger: When we look towards models of the future, the question is, how do we treat the knowledge that is available? Tomorrow will be different from today. Therefore we must constantly apply our knowledge in such a way that we find solutions to questions we have never faced before. Available knowledge alone is not sufficient for these completely new problems and topics. We need to recombine it using our competencies and constantly expand it. That's what I like to call “solutions talent”. Humans are the most talented solution providers on this planet. Because we are able to apply our knowledge to things it has never been applied to before. In addition to creativity, this also requires hard work, critical thinking, teamwork and a high emotional IQ.

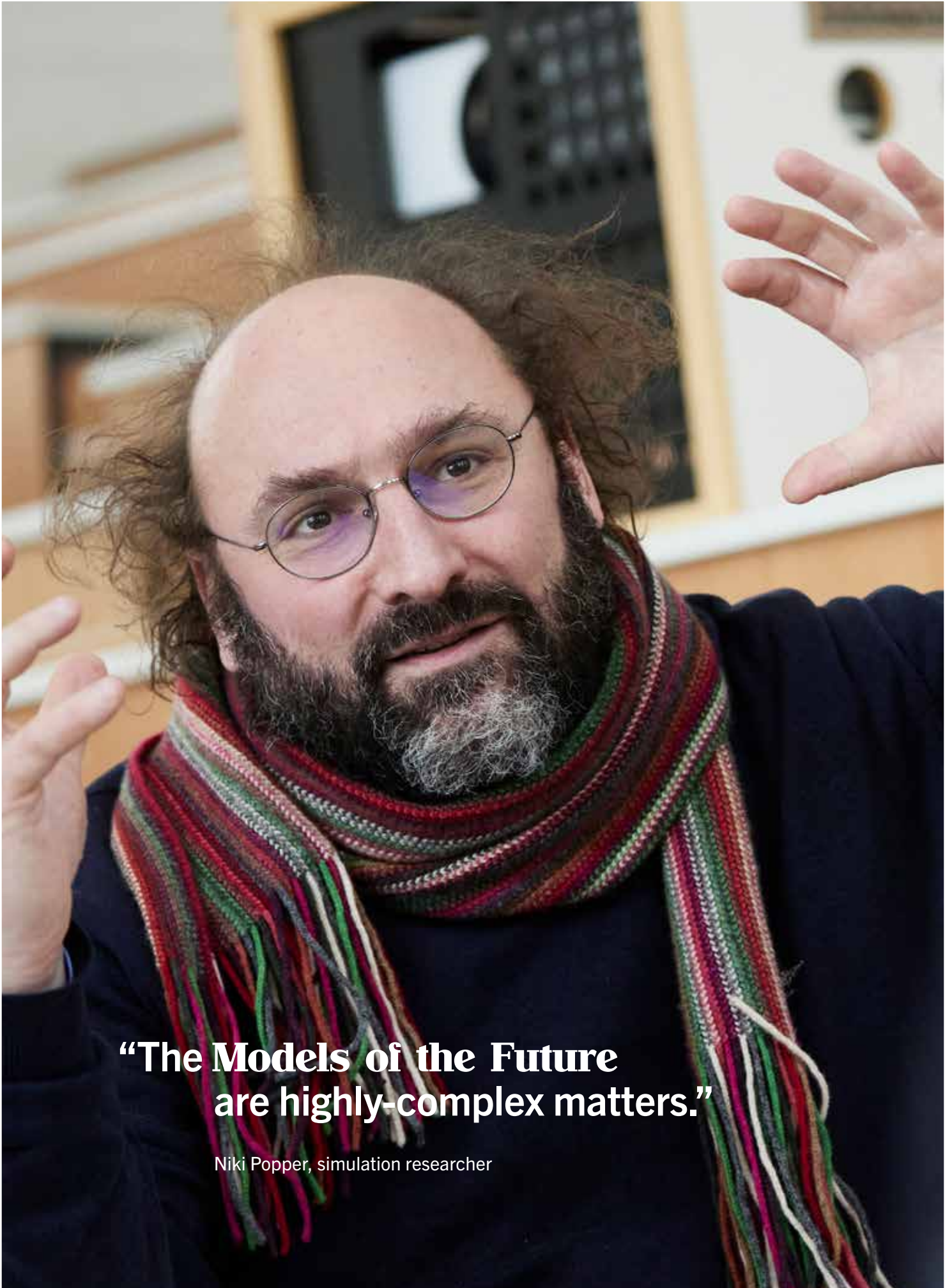
Hengstschläger is now in his element. Ten years on the Council for Research and Technology Development is ten years of evaluating Austria's education system and innovative capacity. And there are ten annual reports on these topics that he has worked on.

Hengstschläger: Our education system should focus much more on developing talents, skills and competencies in terms of “What do I do with it?”. The next generation should be able to say: “That's what I'm doing with it, I'm applying that, that is where we're innovative.” Austria is one of the richest countries in the world. But we are still not an innovation leader. We are an innovation follower. We are not a step ahead when it comes to patents, ideas and new developments. If society or business don't give direction to these non-specific competencies, then they don't have the right answers to the challenges of the future. Numbers, zeroes and ones, ATGC, data, they only become information if I can establish at least one or two relations. For example, that one is a date of birth and the other is a genetic code. Then I have information. Knowledge is the level where I say that I can now combine this in context with many other things and, for example, develop a new therapy. This is context knowledge. That's what we can do with this information: context! Humans are able to say, “If I combine this and change that, then something new will result.” And all of a sudden, airplanes fly through the air. Or we have an RNA

**“Tomorrow will differ
from Today.”**

Markus Hengstschläger, geneticist





**“The Models of the Future
are highly-complex matters.”**

Niki Popper, simulation researcher

vaccine. This is how innovation works! We need to focus much more on saying "How do we find the approach to the solution?". That will make all the difference for employees of the next generation.

While Hengstschläger talks, Popper nods in agreement. Making connections and establishing links is what he does. In a big way.

Popper: There is actually far too little discussion about the context. I'm interested in modeling concepts and understanding how I can describe the world in different ways. After all it's about the world out there and models of the future. We always deal with highly complex, composite systems. I am happy about every problem where I can sit down with three people with three different competencies and develop a model together. Time and again I find that companies have been staring at a problem for years using a single method, through the same pair of glasses, so to speak, and get stuck. You just have to turn the problem around, put on a different pair of glasses and suddenly you have a different effect. Then you can recognize dynamic effects. The question is how do we bring these competencies together to find new solutions?

The conversation takes on the character of a friendly but highly charged ping-pong game. Both quick-fire keywords into the game to discuss the questions in more detail. At one point they go back a good 500 years in history.

Hengstschläger: That brings me to the Silicon Valley of the past, the region between Pisa and Florence. The Florentine Renaissance was spurred on by the same thing that Niki Popper does, and what is known as the Medici effect. The Medici invested a lot of money to bring people together, who otherwise would not have met under normal circumstances, and to create interfaces. The Medici effect made it possible for knowledge from the most diverse fields to come together, resulting in new ideas and solutions. That's what Niki Popper does, he has data, he combines it, creates interfaces, and that leads to new solutions. These are the models of the future!

Popper: That really is the luxury I have. I talk to archaeologists in the morning, then dermatologists, a logistics expert in the afternoon, and art historians in the evening. It's really exciting. But we have a major disadvantage compared to you: geneticists change the world. We just build a virtual image of the system. That's all we generate. And that is a big limitation. You have to be aware of this, regardless of whether you are working on cargo logistics for Austrian Railways or on energy transfer in Europe. We create an image and help the various parties involved, decision makers, the scientific community, and the people affected to see how this is connected. But we don't change anything.

But isn't it also the models that can change behavior? During the pandemic - mentioned here as an example for the first and last time - didn't simulations of the infection process contribute to the fact that many people adapted their behavior accordingly? Popper agrees with that. He believes that he and his team had a substantial impact with their methods.

Popper: But you have to be aware that we can't change the world. In the best possible case, we change the way we understand the world. We give experts in the field a tool so that they can better understand mechanisms and relationships. We don't do more than that.

According to Popper, research on genetics is changing the world. This results in new therapies, new ways of understanding and treating diseases. In this respect, geneticists are actively shaping the future. Not them alone, explains Hengstschläger, leading in to the closing round of the talk.

Hengstschläger: The models of the future are always being created anew. I can see in my own field of work that the repertoire we originally planned only gets us to a certain point today. Then we need a different repertoire. We now have people at the institute who deal intensively with topics that were not included in the main curriculum for geneticists. Models and applicable solutions are only possible in the interfaces of teams. We need technological knowledge, we need factual knowledge and we need empathy so that these teams can include different people with different backgrounds, views, attitudes and competencies so they can work together to solve a problem. This component is central to the models of the future.

Popper: I absolutely share this approach. It is important to bring knowledge together, to work together. I think the word 'empathy' works very well in this context. You can no longer solve problems with one competence, with one or two employees. The models of the future are highly complex matters. With them, you can leverage potential and help people to understand the world. Our task is to prevent them from taking off and becoming virtual and abstract. We need to make sure that they remain understandable.

Hengstschläger: That's true. We need to be able to bring people together, build teams, and do it flexibly. For this specific problem, right now, I need the right configuration of team. After that, they go their separate ways. As a result, there are countless numbers of these Medici effects. I don't think it's possible any other way. We need to be able to use these unbelievable offerings of specific knowledge that exist on the planet in a really creative and innovative way.



CONFIDENCE, HOPE AND LOOKING AHEAD

Thomas Geierspichler is a wheelchair racing athlete. He has won the World Championships, the European Championships and the Paralympics. Sometimes he loses too. But he still keeps his confidence and optimism and shares his experiences with others. In our interview, he talks about the ups and downs and what motivates him at heart.





About the Interviewee

Wheelchair racing athlete Thomas Geierspichler ranks among the most outstanding athletes in Austria and internationally with a number of world records. He has won five World Championships, twelve European Championships and another twelve medals at the Paralympics, including two Golds. This makes him one of the most successful wheelchair racing athletes in the world. Thomas has been awarded the Decoration of Merit in Gold by the Republic of Austria and has been voted Austria's Sportsman of the Year four times in his sport. He maintains confidence and optimism even when he has been defeated. Thomas talks openly with inspiration and encouragement about his experience with victory and defeat, making him a popular speaker who is very much in demand.

What was 2021 like for you?

A: It was an exciting year, with some really big challenges. It was the year of the Olympic Games in Tokyo and my last-minute qualification. Due to the pandemic, all opportunities to qualify for the Olympics were canceled in 2020 and the games were postponed by one year. So I carried all the tension and pressure with me into 2021. It was nerve-wracking, because only if you are in the top six of the world rankings, do you qualify automatically. But I was only seventh because there were no more races in 2020. I could only qualify for the Paralympics by racing a very good time. In May, the Grand Prix racing series was held in Switzerland. It was cold, sometimes with temperatures in single digits. Not ideal conditions. I thought "it can't all go wrong now". In the race over 1,500-meters, the second last in this series, the pressure was on.

But you finally managed to qualify.

This race was not about placing, but about a specified qualifying time. So I went full speed ahead. In the final sprint, I still overtook my fellow competitor and won. I had fulfilled the criteria for Tokyo and was overjoyed that it worked out at the last minute.

2021 was very successful in sporting terms. You became double European Champion, and you just missed medals at the Olympic Games (finishing 4th and 6th).

I arrived at the European Championships in Bydgoszcz in Poland fully motivated. My goal was to perform well. In the very first race over 400 meters I beat all my long-term rivals, who are really good, and became European Champion. In the race over 1,500 meters, I raced very strategically and tactically and won again. What a great year so far! And then in September came the Olympics. It was just amazing that I made it to the final in the 400 meters and finished sixth. The tragic thing about our class is that it is meant to be only for people who are actually paraplegic. In the meantime, however, applicants who can walk are also competing. This is tough because I'm up against competitors whose physical disability is much less severe than in my case. In the 1,500-meter race, I realized that I couldn't keep up with the fast pace and had to let my opponents pull ahead so I could conserve my strength over four laps. This gave me the reserves to overtake most of my competitors again. In a thrilling sprint for the finish line, I was also able to leave the Mexican behind me to finish fourth.

Life isn't always on the up. How do you personally deal with setbacks?

One of my principles is: "If you look for sh*t, you'll only see sh*t." It's all about what you focus on. I don't focus on negative things, such as my paraplegia. When I had my accident, it was a huge setback for me. I had different goals and dreams for my life. No one wants to be paraplegic. Of course, I've been struggling with it for a long time. That's just normal. Then you have to find your bearings again and see how you can get out of this seemingly hopeless situation.

Where do you find the motivation to get up again in the event of a setback such as becoming paraplegic, or not performing as well as you would like in a race?

You have to find something that gives you a boost. Something that gives you strength, confidence and hope. It's all about which messages you surround yourself with. You have to "feed" yourself with something that gives you real confidence, hope and the chance to look ahead. For me, it is having faith.

It's said: "Faith is the realization of what you hope for, being convinced of things you don't see." It's about what inner conviction you have about life, yourself, God, or whatever. Because I deal with confidence a lot, I am a confident person. You become what you behold.

Does this have to do with believing in God or more with believing in yourself?

My belief in myself results from my belief in God. You need to know the roots of your self-esteem, optimism, and self-confidence. For me, it's passages from the Bible or certain texts that give me positive energy, a life force that I can focus on, that I think about. When you have found something like this and gain inner peace, you sleep more calmly, become more optimistic and have more confidence in yourself.

Does it help to have a vision of how things can go on?

Yes, you need a vision or a picture. The vision is the ultimate goal. It is basically the sun that is already behind the mountain. If you have a vision, you automatically get intermediate goals that you can achieve. If you just chase goals without a vision, you burn out.

Did you find this out for yourself and went your own way, or did you have a role model?

You learn a lot over the years, of course, and you have to find the right path for yourself. A lot is just theoretical knowledge. It is difficult to believe that everything will be fine after such an extreme situation. You also have to train your trust in a certain way and try to apply it. It grows over time.

Does this work in the same way for setbacks in athletics as well as in your private life?

Yes, it does. If you are at peace with yourself, you are confident and hopeful and believe that anything is possible for people who believe, then it works. And you apply that to every single aspect of your life. In relationships, in professional success, in sport. These are not things you can look at separately.

It must have been a long process of development to gain these experiences, to figure everything out.

Yes. And it never ends. You're always learning something new. And it's also important to keep moving all the time.

Do you share your experience with others?

I have written a book about it, and I give talks to companies. There have been fewer talks recently because of the pandemic, of course. I write a few articles from time to time. My aim in the talks is to tell people that a blow of fate is not the end of the line. This is very, very important to me. I want to take them on a journey and show them that no matter how low you fall, there is always a solution. In life, you have to have optimism.

Is belief in yourself a central element to overcoming crises and setbacks?

Yes, it certainly is. As a paraplegic, I would of course have the right to be sad and say that everything is so bad. But I'm still optimistic. Because I've decided to look at my options. Hope is the expectation of something good.

In the Name of

Sustainability needs clear goals and investors who demand key figures. That is why companies like PALFINGER underpin their strategy with concrete plans and targets to demonstrate measurable results and make sustainable action visible in business terms.

Picture © colnihko, shutterstock.com



E, S and G; three letters you need to know. They stand for “Environment, Social and Governance”, words that describe the three dimensions of sustainability and are currently stirring up the capital market. For example, the Frankfurter Allgemeine Zeitung reports on December 11, 2021: “Under pressure from customers, asset managers are looking more closely at ESG criteria than in the past and banishing companies from their portfolios. For example, many no longer want to have anything to do with companies that have particularly high carbon dioxide emissions.”

And it is not only the market that increases the pressure. The EU is making the goal of reducing CO₂ emissions by 55 percent by 2035 compared to 1990 levels and to cut them to zero by 2050 as part of the Green Deal. The program relies on a broad mix of measures, ranging from emissions trading to its own CO₂ taxes. This topic is here to stay, states Tobias Heilmair - JP Morgan's Co-Head of Investment Banking in Germany - in the Frankfurter Allgemeine Zeitung. And he asks the question: “How do I deal with business segments that are controversial from an ESG point of view - especially from an EU perspective?”

Sustainability in the Value Chain

Klaas Nemitz, VP Corporate Marketing & Communication at PALFINGER and watches over the implementation of ESG criteria. And not just since it has become essential. PALFINGER committed itself to sustainable management more than 15 years ago. Initiatives and measures for good corporate gover-

nance and social issues are implemented and documented internally just as consistently as those concerning the environment. However, driven by the debate about climate change and the European Union's Green Deal, investors are currently focusing more on reducing CO₂. This is not a trivial matter, explains Nemitz, because “the internal energy consumption of many companies only contributes a fraction of their CO₂ emissions.” The lion's share is attributable to the value chain upstream and downstream. At PALFINGER this is around 90% and includes the production of steel and aluminum and the daily use of diesel-powered products by customers. To be really effective, sustainability must be implemented together with suppliers and customers at all levels of the supply chain.

Michael Fembek, editor of the renowned CSR Guide Austria, is particularly impressed by companies that promote cooperation with regional and global partners along the supply chain. He is certain that “Neither companies, politicians, nor committed customers or consumers can solve any of the major environmental problems on their own.”

It needs a joint effort. Cooperation and exchange of knowledge across all areas. Nemitz gives an example from everyday practice: around 90 percent of a PALFINGER crane is made of steel. Steel production and processing are therefore also the largest generator of CO₂ in the upstream sector of the value chain. “Our partner companies are working on many ways to reduce CO₂ emissions during steel production. Blue Steel and Green Steel are already in practice today, although these investments are also associated with rising costs for PALFINGER.”

S

These costs will continue to rise at the start of the transformation. With taxes on carbon dioxide, policies are pushing the focus on developing climate-neutral drive systems and rebuilding the necessary infrastructure in public spaces. The latter is decisive for the most important climate factor in the downstream sector of the value chain: emission-free mobility. E-mobility, for example.

The Range of the Battery

One of the biggest obstacles to achieving this is customers' fear of running out of charge. But this is not the only reason e-vehicles are met with skepticism. "I know many people who don't trust modern technologies," says Klaas Nemitz. "For example, if there is a problem with a truck, drivers often like to take a look under the hood themselves. This is simply not possible with an electric drive system, because you have to call specialists who know their way around sensitive electronics and software." Some people see this as a loss of control. They also worry about having to depend on battery power for their crane work. Will the battery last? If there is enough charge to complete the job, is it still enough to get back home from the job site? This suddenly transforms the E in "ESG" into a tangible challenge. Major change can only be successful if this is solved satisfactorily and convincingly in detail.

That is why an electrically operated crane truck alone is not enough, although it is a step in the right direction with many advantages. For example, it is possible to work in residential areas and at night, because noise pollution is eliminated.

E

And allows access to districts that are closed to vehicles with a combustion engine. However, for many medium-sized companies in particular, this alone still does not justify the higher investments in e-devices. At least not at first glance.

Digitization gives Control

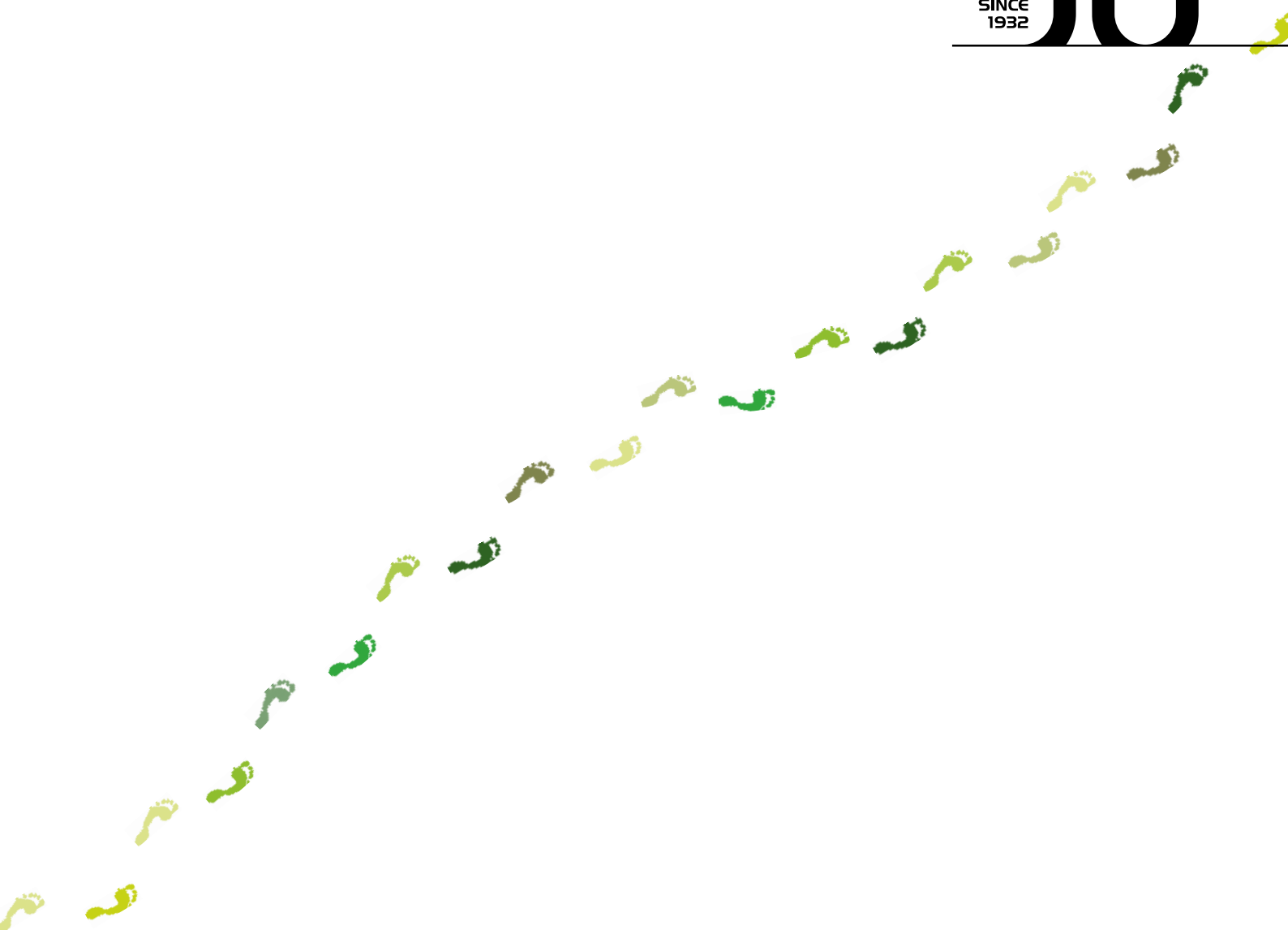
In the longer term, the cost advantages prevail. Running costs are cheaper because the fuel, maintenance and service costs required by vehicles and devices with combustion engines are significantly reduced for e-products. But that is still not enough for PALFINGER. The technology leader uses its digitization competence to show its customers the total cost of ownership and at the same time, enable them to use it in the most efficient way possible. With PALFINGER Connected, which combines the Fleet Monitor and Operator Monitor apps, all relevant data relating to the crane truck is brought together and is available at the push of a button. It displays all the information on range, reliability, wear and maintenance dates; so all the knowledge that gives crane operators and fleet managers control and overview.

In this way, sustainability is made truly visible in its very concrete economic effects. "This is essential," says Daniela Knieling from the sustainable corporate platform respACT: "Many companies only pretend to be sustainable. But you can



PALFINGER

90
YEARS
SINCE
1932



ACHIEVE AS MUCH AS POSSIBLE, **LEAVE BEHIND** **AS LITTLE AS POSSIBLE.**

Our aim is to achieve financial success with as little trace as possible from an ecological point of view. That's why we've been pursuing a comprehensive sustainability program for years that motivates us to take the right actions every day. As a responsible employer, we make eco-efficient, sustainable products and conduct a fair business. More at www.palfinger.ag/en/sustainability

quickly see whether they are serious or not. It is crucial that companies also understand what has not worked, what they have to work on, what they still want to achieve. Reflection and discourse are the most important milestones on this journey.”

Define Clear Goals

The climate transition needs clear goals, and investors need the key figures for this. The WWF and other international organizations have therefore developed the Science Based Targets to effectively counteract greenwashing. “The Science Based Targets initiative helps companies set themselves climate goals that are in line with limiting global warming to 1.5 degrees. So far, more than 1,000 companies have signed up, including ten from Austria.” PALFINGER is one of them.

The company plans to significantly reduce its own CO₂ emissions in relation to revenue year after year. This requires far-reaching adjustments on three levels: the company’s own internal energy consumption, bought-in electricity, and supply chain logic upstream and downstream. 99 percent of emissions are generated in this last level. The joint effort with suppliers and customers is therefore crucial and offers opportunities for everyone. The combination of ecological and economic goals is not only possible, but also profitable for PALFINGER and other companies. The capital market confirms this.

Focus on Sustainability

With its “Strategy 2030,” PALFINGER is proactively formulating answers to the three megatrend challenges of sustainability, digitization, social change. As a result, the topic of sustainability is again gaining in importance in every respect. It has a mid-term and direct impact on all PALFINGER activities and makes a significant contribution to the transformation of the company.

For this reason, and to anchor the topic even more strongly in the organization than before, a separate

Sustainability Council

was implemented in 2021. It consists of central management functions and has the responsibility of considering environmental, social and governance issues in addition to economic aspects in all business processes. Together, they form PALFINGER’s three strategic pillars of sustainability.

Environment

“For the living planet we all depend on”: In this area, the focus is on reducing energy consumption and emissions within the company as well as in product applications and in the upstream value chain

Social

“For all the people we touch”: This area includes the safety of PALFINGER products as well as employee health and safety, and topics such as education and training, workforce fluctuation, diversity and employee development.

Governance

“For the future-forward way of doing business”: This area formulates goals on the topics of transparency, human rights and fighting corruption.

Despite the ever-new waves of Covid-19 virus variations, Austria and the world economy are experiencing a remarkable economic boom. What stands out in particular is that unemployment is falling faster than expected and is roughly at pre-crisis level at the beginning of 2022. In November 2019, before the start of the pandemic, around 366,000 people in Austria were looking for work; two years later, there are almost 2,500 fewer people unemployed. In many industries, this is leading to a massive shortage of applicants with companies facing major challenges to adequately fill open positions. A similar development is taking place in many European countries. It is even more extreme in the USA, where in many regions there is full employment. In the CIS region, too, the labor market has become more competitive at PALFINGER's main locations.

What was already apparent in recent years is now reality: the labor market is going through fundamental change. Corona acts as an accelerator for this development.

Investing in Skills and Creating Perspectives

It is becoming increasingly difficult to sustainably fill jobs as many companies continue to grow. In addition to the declining number of job applicants, there is often a significant mismatch of supply and demand in terms of the skills available on the labor market. People who were working in retail yesterday, will not be ready to start working in industry tomorrow, whereas skilled workers and IT experts can pick and choose from the vacancies on offer in their sector. Retraining alone is not enough. Because the complexity of

many work processes is also increasing in the wake of digitization, and companies need to widely invest in education, training and the ongoing qualifications of their employees. State-of-the-art competence and specialized knowledge are essential for employees, especially in specialist, technology-oriented companies.

Ongoing training and the possibility of obtaining qualifications also play a particularly important role in the attractiveness of an employer. "Tech companies often operate on a global candidate market. As a result, they have to work harder than other companies on their attractiveness as employers in order to find and retain employees," explains Johannes Kopf, CEO of AMS, Austria's employment market service. The answer to this is, among other things, a comprehensive and future-oriented training programs. In order to meet this need, PALFINGER has created digital and physical places of knowledge transfer, as demonstrated by the go-live of the global learning management system, which bundles all future learning opportunities, development activities and measures, including the PALFINGER Campus in Lengau. These are places where you can learn and grow into your tasks. Experienced employees can further extend their knowledge and strengthen their competencies. Ongoing learning during working hours is supported, as are part-time or even full-time sabbaticals for education purposes.

New employees, such as apprentices, have a varied and versatile career ahead of them. Around 90 percent apprentices remain with the leading supplier of innovative crane and lifting solutions after completing their training. "Highly motivated, well-trained employees want to have global development opportunities in a learning organization - and they want to be part of a winning team," adds Michael Berger, VP Global Human Resources. Opportunities like becoming an apprentice welder, for example, with the prospect of looking for and obtaining new tasks and new positions within the Group in the future. At PALFINGER, employees can get to know this range of opportunities on cross-divisional assignments at other sites, to mention just one of the many options. This is how the company also strengthens the personal international network and encourages people to strive for more. He continues: "That is why active talent management with individual training and development opportunities are an integral part of Strategy 2030. Our goal is to attract, retain and develop apprentices, talented workers and experts." To meet the diverse requirements of the rapidly changing labor market - and to develop convincing perspectives together.

Fo- cusing



The Future Demands a Different Mindset

Increasing digitization is also fundamentally transforming the world of work. On the one hand, technological advances lead to the elimination of jobs. 3D printers produce machine parts, chatbots answer customer inquiries, drones replace industrial climbers - the list goes on and on. On the other hand, digitization also opens up new opportunities and possibilities. "Digitization is creating many new and innovative jobs and is transforming the way work is organized in many industries. It also means that automation puts low-skilled jobs at risk," explains Johannes Kopf. Routine manual tasks are becoming less important. At the same time, people are becoming even more important. But the workforce of the future will look quite different from the way it does today. Knowledge gained from experience, networked thinking, digital and social competence are high on the agenda. Everything that sets people apart from machines, robots and algorithms. Employees can and should actively help shape the jobs of the future. Routine tasks are being replaced by work that is determined by the employee. What is needed is willingness to learn, readiness to change and flexibility. "We live in a knowledge-based society, and that means the most important qualities will continue to be a willingness to learn and flexibility," says Kopf.

The General Conditions Have to be Right

The future world of work will also challenge companies in another dimension: In order to find skilled employees in the future, they will have to develop to the extent, almost reinvent themselves. In many cases, it is not the companies that choose their employees, but the employees who choose their employer. According to Kopf, "it is by no means just about money; the general conditions also have to be right." Companies with attractive working conditions have a clear competitive advantage. For one reason, because employees like to stay there. For another, because they attract new, much-needed employees. "Factors such as social and environmental responsibility, the balance between work life, family life and leisure time have become decisive," Kopf says. The whole situation is further complicated by demographic change. The "baby boomers" are reaching retirement age and the supply of labor is declining.

Proactively Shaping Change

PALFINGER is constantly developing in this respect. In recent years, the focus has been on making work more flexible in terms of time and location. Flexible working hours and working from home have been common practice for years.

In the coming years, it will be a matter of companies and employees finding entirely new ways of working together. They will do this by jointly developing perspectives that benefit both sides. "People are still the pulse of an organization - today and in ten years' time. PALFINGER is very aware that it is our employees who create value for our customers, partners, society and ultimately for us as a global team. That's why we will continue to host 'Future of Work' initiatives as part of our Vision and Strategy 2030 to create an even more attractive working environment for our employees," emphasizes Ploner.

"New employees quickly notice what PALFINGER offers them as an employer. And I'm not just talking about the many advantages PALFINGER offers its employees, such as flexible working hours to optimize the balance between work and family life, telecommuting, childcare during the school holidays, etc. I'm talking above all about the strong foundation on which the company has stood for 90 years, the opportunity every employee has to help shape their future, and the meaningful work that all PALFINGER employees do every day," says Karin Ploner, Senior Process Expert Global Employer Branding at PALFINGER. The leading technology group worldwide wants to shape the future: the future of PALFINGER, the global industry for lifting solutions, and the business models of its customers.

**The world of work is fundamentally changing.
That is why employers need to act with
smart concepts and convincing offers
to attract the best talents.**

**on
People**

The “Strategy 2030” with its pillars “Go for Solutions” and “Go Digital” is transforming PALFINGER. The company is consistently following its course as a provider of highly innovative, smart complete solutions with increased efficiency, enhanced safety and improved operability, complementing them with digital systems and new business models that create more value for customers and users.



Create More Value

The automotive industry does it, banks do it and entire industries do it - reacting to a rapidly changing world. Meeting changing requirements. The Volkswagen Group, which is still the largest automotive group in the world in terms of revenue, continues to develop and also wants to take the position as global leader in the field of e-mobility. At the same time, the group is working on implementing autonomous driving, defining itself as a mobility company - and expanding its business models far beyond the car as its core product.

This is just one example of many, and it is a typical one.

Customer Proximity as a Pivotal Point

In light of the megatrends of digitization, sustainability and social change, it is no longer enough to just come up with a new, technologically upgraded product range. Instead, comprehensive and networked answers and offerings for customers are required. More than ever before, users and operators are becoming the essential reference point for business activities. They will become partners, if they are not already.

In such a situation, companies that build their success on a close customer relationship have an advantage. The technology company PALFINGER has always identified strongly with placing great emphasis on the best possible customer proximity. Not only to be able to offer service and support,

but also to learn from the practical experience of its customers and users. This exchange of knowledge forms the basis for new innovations as well as for market-driven solutions and business models.

With the "2030 Strategy", PALFINGER is doing more than reacting to change. With its two strategic pillars, "Go for Solutions" and "Go Digital," the company creates the conditions for supporting its customers and partners in adding value more comprehensively and efficiently than before. "As a technology company, we combine hardware and software to create real added value for our customers, suppliers and partners," says PALFINGER COO Martin Zehnder, taking a look into the near future.

Solutions for All Requirements

Andreas Hille, Senior Vice President of Global Product Line Management & Engineering, explains that PALFINGER's core business is to offer a wide variety of lifting systems, which are installed on trucks either in our internal PALFINGER installation centers or in our global partner network.



By defining our solution strategy, we extend our area of responsibility from individual products to fully integrated, turnkey customer-specific lifting solutions. These solutions comprise our lifting system, the vehicle and all other necessary elements such as vehicle accessories and other logistical support systems. PALFINGER takes technical responsibility for the complete solution, from design and production to installation and service.

We will offer our customers four different options on how to reach their solution. At the same time, the company offers its distribution and service partners the opportunity to increase their own added value as a certified installation partner. "For us as PALFINGER", emphasizes Hille, "all solutions are equally relevant and important. The essential point of this approach is that we give our customers the greatest possible flexibility."

In order to meet this requirement in all respects, the developments of "Go for Solutions" go even deeper. A transformation is taking place that encompasses the product as well as all steps of the customer journey, from the customer's initial considerations, through purchase and ongoing operation to making use of services. A transformation that unlocks and uses potential, as Gerhard Sturm, Senior Vice President of Global Sales & Service, knows.

Unlock Potential

"By offering the complete solution, we are using additional optimization potential that has not yet been available to us," explains Hille. Taking the crane as an example, it is already very advanced mechanically, so its optimization potential is limited. "Alternative, lighter materials could sometimes be used instead of steel, but even that would have little effect," says Hille. "When developing an integrated complete solution that covers everything from the crane to the frame and the chassis, we have a lot more optimization options at our disposal. By developing the interfaces precisely so they are closely matched with each other, we can leverage a lot of potential to significantly reduce the overall weight of the entire vehicle."

This is only the first point that Hille makes. It results in significantly higher complexity in the interaction between the vehicle and the lifting system. "We therefore have to continuously coordinate the requirements of both the vehicle and the lifting system, otherwise seamless integration cannot be achieved," says Hille. This in turn has a direct impact on cooperation with vehicle manufacturers, which needs to become even closer.

And there are many more aspects in terms of complexity. When customers configure their complete PALFINGER solution, it doesn't just affect the lifting system, but also other areas, says Gerhard Sturm. "We use digital solutions to support our customers and partners along the customer journey. This makes managing complexity much easier for everybody," he explains and demonstrates the advantages of digital tools using an example: "With the configurator and option packages, such as special country-specific packages, we make selection easier for the customer, reduce complexity and avoid errors in the ordering process".

Communication across System Boundaries

The exciting thing is that there is an evolutionary revolution taking place here. The overall picture, a lifting system on a vehicle, remains the same. Nothing will be changing from one day to the next. And yet, many things, if not everything, will change step by step. Digital transformation ensures this, says Andreas Hille and explains: "Today, we supply our customers with lifting systems that are powered by hydraulics and controlled by mechatronics. Our telematics systems, which enable data exchange in real time, create fully integrated solutions that enable fleet management, preventive maintenance, operator applications and much more. We not only create significant added value for our customers, but also use the data generated to support the optimization of our products and the development of new product innovations."

It's the data that counts. In 2017, every person generated on average more than 600 MB of data every day. At work, on the go, on a mobile phone, at home, at the checkout, in the car. This figure is now one gigabyte every day. There is no end to this increase in sight. Linking data in a meaningful and purpose-specific way is the big leap that will actually fundamentally change the way humans work, live, think and treat others, especially when it comes to providing medical care.

Customized Solutions

PALFINGER is all about custom-built industry solutions. This means solutions that enable our users to operate successfully with ever more complex systems and in ever more complex ecosystems. And predictive maintenance will become the standard in the future. A system that informs its users, such as the fleet manager, about upcoming and necessary maintenance so that work does not have to be interrupted. "We bundle service components," explains Philipp Smole, Digital Transformation Officer at PALFINGER. "As a basis for this, we will continue to digitize processes in depth and in their complexity." The end result is a vehicle with a lifting system that, as a central hub in a constant, concentrated and targeted flow of information, becomes a networked part of the customer's value-added system. A network that brings together users, owners and fleet managers as well as PALFINGER's services.

As a result, the "Strategy 2030" and the digital transformation will be accompanied by a general change in business models. "We link and connect information. It is important to interpret and filter the data in such a way that the customer receives data essential to them that creates added value. This can lead to completely new business ideas and products," says Smole. The goal always remains the same: Understanding customers, solving problems together with them, and helping them to create more value. Day after day.



PALFINGER Connected — a valuable digital tool

A range of digital, custom-built solutions have already emerged around PALFINGER lifting systems in recent years. One example is PALFINGER Connected. In the era of digital networking, PALFINGER Connected ensures a continuous flow of information between fleet managers, company owners, service partners and operators using PALFINGER lifting solutions. The Operator Monitor allows access to crane data, error messages and specific maintenance checklists to ensure the smoothest possible operation on site. With the Fleet Monitor, the customer has an overview of the entire fleet and receives information on the status, application and location of the vehicles. These can be called up at any time to make sure the right vehicle is deployed to the right job.

However, PALFINGER Connected is not only an example of a new digital solution, but also an example of interdisciplinary and cross-site collaboration and how PALFINGER thinks and promotes the innovation process. The idea for PALFINGER Connected developed from initial considerations of how crane data can be processed to added value for the customer. The conception of the idea up to release 1.0 was driven forward as part of P21st - the Corporate Incubator. Once PALFINGER Connected had reached a certain level of maturity, it was successfully transferred to the core organization. "Anchoring PALFINGER Connected within the PALFINGER core organization enables us to further expand the Fleet Monitor and Operator Monitor through our customer proximity", is how Balthasar Gwechenberger (VP Global Service) explains the set-up for the ongoing development of PALFINGER Connected.

STRUCINSPECT

The "Go for Solutions" pillar significantly supports digital initiatives. With "Go Digital", PALFINGER is also looking for new, data-driven business models. While data has previously been used primarily for controlling machines and control systems, a radical change is taking place in some cases and data is becoming the basis for independent business models. As is the case with STRUCINSPECT.

The joint venture between PALFINGER, VCE - Vienna Consulting Engineers and the ANGST Group was born from an idea presented by PALFINGER employees to revolutionize bridge inspection. STRUCINSPECT has now developed into the world's first "Infrastructure Lifecycle Hub". The goal of the

hub is to enable precise and efficient testing, cost-efficient maintenance and simplified collaboration between everyone involved. Artificial Intelligence and Augmented Reality provide the basis for this system supported by structured data covering all process steps. The focus here is no longer just on carrying out the digital inspection itself, but much more on providing and exchanging knowledge, services and partnerships for all stakeholders involved - from infrastructure owners to civil engineers, data collectors and maintenance companies.

SUCCESSFUL TOGETHER



Following Iceland and Norway, it is the least populated country in Europe: Finland. About 5.5 million people live in an area almost as large as Germany. On average, that is only 18 inhabitants per square kilometer, while Austria has 108 and Germany has 235 people per square kilometer. The majority of Finns live in the south of Finland. The further north you go, the less frequently you meet people. That's not the only special characteristic of the Finnish market, as Managing Director Timo Lankila explains. Once a Finn has gotten an idea into their head, it will be implemented — no matter what. The result is the widespread corporate form of a one-person company. Also in the transport industry. Only a quarter of all truck fleet operators have more than five trucks. The large majority of Finnish transport companies consist of the driver and his truck. Their success depends on having an excellent service network available in case of any technical problems.

The Network Advantage

“Coming together is a beginning. Staying together is progress. Working together is success,” Henry Ford once said. Nothing has changed there. Being able to successfully compete in the international business world, requires strong partnerships and an even stronger network. According to a study by Harvard Business School¹, groups are superior to lone fighters because they make better decisions by learning faster and making fewer mistakes. A strong network consisting of partnerships based on trust sustainably secures the market position of global companies.

Networked Success

The Cambridge Dictionary defines a network as a system that enables communication between all its parts. Networking means sharing knowledge and experience. Innovations as well as market positions are based on this. Successful networks are characterized by long-term partnerships, their importance for each region and, above all, by trust. These are the features that the global technology group PALFINGER promotes in its Sales & Service network. With over 5,000 sales and service locations, the network extends across more than 130 countries worldwide.


As Senior Vice President of Global Sales & Service at PALFINGER, Gerhard Sturm manages the global network and is responsible for the relationship with its partners: “Over the past ten years, the focus has been on internationalizing our business. PALFINGER has been represented in all regions of the world for a long time, over 40 years in the Middle East, for example. Through acquisitions over the past 20 years, we have further strengthened our network in order to give our partners the opportunity to grow together with us. The fact that PALFINGER has grown so strongly with its partners in recent years - that is the success story - successful together.”

Strong Partners

With the help of strong partnerships, PALFINGER was able to achieve record revenue of EUR 1.84 billion in 2021. As the market leader and technology pioneer in its field, the company strives to secure long term business success of its partners through economically and ecologically future-safe solutions and products. The dealer conference held in October 2021 under the tagline “Excellent Partnerships” focused on the quality of the relationship between PALFINGER and its partners. “The tagline 'Excellent Partnerships' conveys two messages. The first relates to the relationship, namely that the partnership as such is excellent. For example, we have dealers like the one in Belgium or our partner in Switzerland that is celebrating their 50th anniversary with us. With them we can look back on a long-standing, trusting and intensive partnership that works very well. The second relates to the excellence of the partner. Our sales partners are highly experienced and have a service network that is close-knit and well-trained. That is the way we define excellence,” says Sturm.

Close-knit Service Network

A PALFINGER partner in this network is the Finnish family-owned company VTA Tekniikka Oy. Together with over 80 employees, Managing Director Timo Lankila has a market share of around 50 percent. Thanks to the wide range of PALFINGER products, VTA is able to meet all of its customers' needs and offer the highest possible quality in sales.



Strong partnerships play a crucial role in the success of global companies. Close-knit networks help reach customers all over the world. That is where PALFINGER's Sales & Service network stands out.

The dealer's 44 service centers play a decisive role in their success. After all, the Finnish customer structure goes hand in hand with special requirements, says Lankila: "If you make a living with just one truck, as is often the case in Finland, then downtime is far more critical than for a fleet owner who can simply rely on another unit. Even on public holidays, we receive emotional calls from customers who are worried about losing business. In addition to personal customer contact and expertise, the quality of the service network is defined by every kilometer, which is why our customers can count on a network with excellent coverage between Helsinki and Lapland."

Gerhard Sturm can only confirm this aspect: "Sales and service at PALFINGER go hand in hand. Only companies that have a well-trained and close-knit service network can be successful on the market in the long term and sell new products. Especially in our industry, the most important thing for customers is uptime, which is guaranteed by the service support available. On the one hand, we need to offer solutions for smaller companies with two or three trucks in their fleet, in the form of regional sales and services. And on the other hand, we need to be able to support larger fleets by providing access to cross-border service concepts. Think global, act local. And that is the way sales and service work together."

Ongoing Development

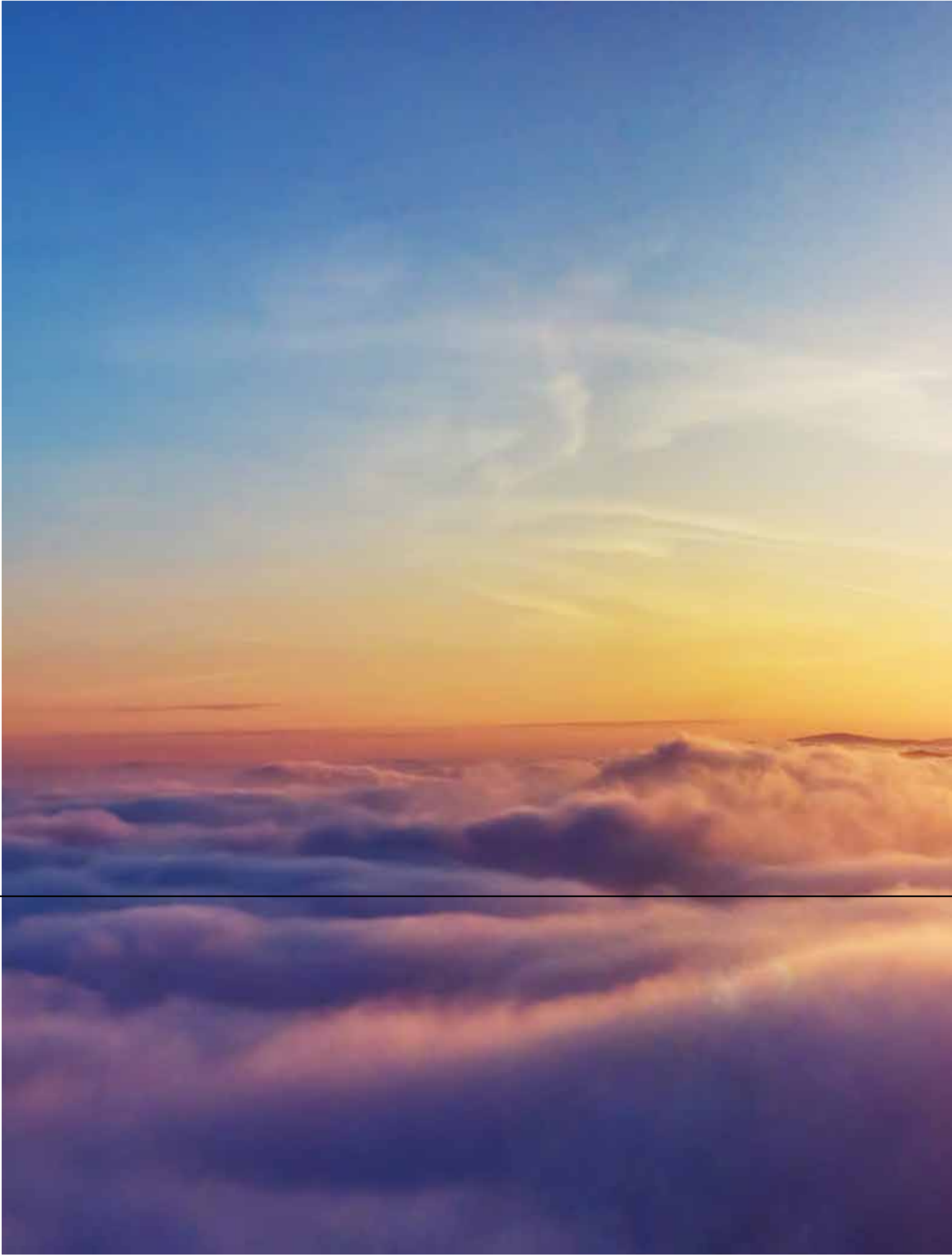
To ensure that the network is continuously developed and strengthened, PALFINGER operates its own Network Development organization. Together with the general representatives, discuss are held how to achieve even better

sales & service coverage in the markets. This is done by support promotions, such as financial incentives to hire sales staff, and by boosting quality assurance in the form of further training. Ongoing qualifications for employees is a core element, emphasizes Sturm.

Network of the Future

Partnerships are the future, says Sturm, who wants to tighten the network even more. "Digitization will be a game changer in the customer journey. The most important customer contact points will be digitized and will provide our dealers with tools to make their business more efficient," says Sturm, continuing: "We introduced the product configurator just over a year ago. In Europe, more than 80 percent of orders for loader, timber, and recycling cranes now come in via the product configurator. In the past, we sent out price lists, which the dealer then translated and later passed on to their sub-dealerships. It used to be a lengthy process, sometimes taking up to two months due to postal routes and translation work. With digital tools, the price list is updated at the push of a button. That's an increase in efficiency." For Gerhard Sturm, one thing is certain: The success story will be continued together with dealers.

1) Staats, B.; Gino F. and Pisano G. (2010). Varied Experience, Team Familiarity, and Learning: The Mediating Role of Psychological Safety. <https://www.hbs.edu/faculty/Pages/item.aspx?num=36470>



A NEW CHAPTER

In order to strengthen its position as a global market leader and innovative technology company and to ensure profitable growth, PALFINGER is drawing up its Strategy 2030. With this strategy, the Group is opening a new chapter in its corporate history.

As the Great Depression reaches one of its peaks in 1932, the company that will one day become PALFINGER AG is founded. In the beginning it is just a small workshop. It might seem that the timing is not good, but Richard Palfinger goes ahead regardless. He starts a business for agricultural vehicles, tippers, dumpers and trailers and specializes in their service and repair work.

A good decision, a decision that points the way forward. For despite the difficult economic situation in Europe in the early 1930s, it is precisely now that a profound change is taking place: The mechanization of agriculture is beginning. Horses are replaced by engines, muscle power by machines. Step by step, and only slowly at first. But unstoppable, that's the nature of megatrends. Richard Palfinger has recognized the signs of the times. The economic miracle after the Second World War helps speed up this development, and the company is not short of work. On the contrary.

Timely Innovations

That could be seen as quite enough to be going on with. It is Hubert Palfinger senior who is not satisfied with what has been achieved and strives for more. Between 1959 and 1964, the company undergoes a transformation. First, it presents the first crane constructed by the company, and this is followed by the market launch of hydraulic loader cranes on trucks. From now on PALFINGER enjoys the reputation of being an innovative company with a flair for technology. A characteristic that is confirmed again and again and is developed ever further in the decades that follow.

"As a pioneer, PALFINGER has always evolved throughout its long corporate history," says PALFINGER CEO Andreas Klauser. He continues, "Change is nothing new for us. We recognize opportunities and take advantage of them for the good of the company."

In fact, over the nine decades, periods of ground-breaking activity can be identified that occurred at almost regular intervals and were accompanied by new technologies, new approaches, and new product lines. And with them, new business models and segments. With its "Strategy 2030", PALFINGER is launching a process that will prepare the company for the challenges of the coming years proactively and with foresight.

A Global Company

"Today, PALFINGER is one of the most successful companies in our industry" Klauser continues, "and we are very proud of this unique success. But we are not resting on our laurels. We take global developments very seriously and respond to the challenges with pioneering concepts and actions." In 2013, there was a change in the company. Hubert Palfinger junior is elected Chair of the Supervisory Board, Hannes Palfinger Vice Chair, signaling a fresh wind of change. A restructuring of the Group's global organization was already undertaken in 2019. The GLOBAL PALFINGER ORGANIZATION (GPO) has laid the

foundation for proactive, transparent, and efficient communication as well as close networking between functions, product lines, and regions.

The motto is "ONE PALFINGER". Uniform standards, precisely defined responsibilities and structured processes make a significant contribution to PALFINGER's ability to act much more flexibly as a global company. This is an essential prerequisite if we are to continue to set the pace successfully. There is no shortage of challenges.

But meeting them is only part of the story

PALFINGER is confronted with three so-called megatrends, each of which entails tremendous changes. Among other things, they affect product development, the nature of collaboration, and customer needs. These megatrends require sustainable answers. It is therefore important to identify and exploit opportunities and challenges in good time in order to create added value for customers and partners.

One megatrend is sustainability – which currently focuses on how to slow down global warming and make companies carbon neutral. The question is how companies can make business models, and thus life on our planet, sustainable, i.e. favorable for future generations.

The second is social change – this concerns the way that aging populations, migration, and the emerging megacities, along with new values and attitudes, are affecting the economy.

Finally, the third is digitization – which is transforming cooperation along the entire value chain through learning systems, automation, and artificial intelligence.

Accepting Global Challenges and Benefiting from Opportunities

Taken individually, each of these trends is a major challenge in itself. The opportunity now lies in finding a common future-proof approach for proactively dealing with all three. The bedrock for a company like PALFINGER is its customers. The aim is to provide them with solutions, services, and opportunities that help them perform with economic, ecological, and social success and competence in a rapidly and radically changing environment. In a word: Their success is always PALFINGER's success.

An essential tool for this is digitization. It opens up the opportunity to strengthen networks with customers, users, and partners and add new, data-based solutions and services to the product portfolio. That is one component. Andreas Klauser describes the second as follows: "We want to further digitize our entire production and value chain. The goal is to make cooperation easier and more efficient by using advanced technologies."

One Strategy ...

Consequently, the technology company is building its Strategy 2030 on two pillars: "Go for Solutions" and "Go Digital". These pillars are inseparably linked. They go hand in hand, trigger a radical shift, and lay the foundation of PALFINGER's continued success as the world's leading crane and lifting specialist.

Today, complete solutions are the exceptions and products our daily business. In future, PALFINGER intends to shift the focus. To achieve this, all areas must work closely together. To implement the first pillar "Go for Solutions", one step is expansion of the Sales & Service network to achieve even closer proximity to our end customers. In addition, PALFINGER is further expanding its partner network to ensure standardized processes and high service quality along the customer journey and to expand the ecosystem around the solutions in close cooperation with partners in development and the supply chains.

The second pillar, "Go Digital", extends PALFINGER's business model, taking it to a higher level by digitizing the entire value chain as well as products and services. For this purpose, PALFINGER combines hardware and software from a single source. In this way, a separate ecosystem is created around lifting solutions and the crane vehicle which covers all aspects of the machinery, its maintenance, equipment, and utilization. PALFINGER calls this the "complete solution" which connects users, customers, and partners even more closely with the company.

The complete solution requires digitized processes, products, and services. Starting with the website and encompassing the product configurator and the fleet monitor, to name just a few examples. It requires a company that consistently lives and promotes the advantages, strengths, and opportunities of digitization at all levels. Both internally and externally. PALFINGER is implementing this using a series of initiatives. Through a smart and future-oriented mix of cloud and on-premises systems; through the ability to work literally anywhere; through the standardization of processes; and through in-house agile software development. And all this in cooperation with the company's partners – to work out solutions together and create added value together. ■

... and Clear Goals

In other words: Strategy 2030 enables PALFINGER to actively address the challenges of the megatrends described well in advance and make the most of opportunities. It creates the framework for PALFINGER to tailor its solutions precisely to the needs of its customers and partners. All this helps the company to make every aspect of its operations measurably sustainable. "PALFINGER is working to offer its customers future-proof complete solutions at the highest level— responsibly and with a positive impact on people, the planet, and the success of our company," emphasizes Andreas Klauer.

90 years after PALFINGER was founded, "Strategy 2030" describes the way the Group is positioning itself in a rapidly changing world. Not only that: it also sets clear goals. When PALFINGER looks back on 100 years of company history, the strategy should also manifest itself in the financial targets. In 2030, PALFINGER is aiming for revenue of three billion euros. Something no one would have dreamed of in 1932.



&beyond

PALFINGER in the Change of Time

1932

Richard Palfinger opens a workshop for the construction and repair of agricultural trailers, dump trucks, and vehicle bodies.

1959/64

The start of a new era. PALFINGER constructs its first crane and Hubert Palfinger Sr. introduces hydraulic truck-mounted loader cranes.

1984

Growth makes expansion necessary. PALFINGER opens a new manufacturing and assembly plant in Lengau, Austria.

1988

The family is growing. Founded in 1980, EPSILON Timber & Recycling joins the PALFINGER family and adds to the high-tech, innovative portfolio.

1992

The call of the sea. PALFINGER manufactures its first marine crane in Köstendorf, Austria, and moves the division to an independent plant in Croatia in 2000.

1996

The portfolio expands. With the first PALIFT hooklift, a development project from 1994, PALFINGER creates a new product group

1999

The stock market beckons. PALFINGER goes public in June, gaining access to the international capital market in order to accelerate its growth.

2008

Zero emissions. With the development of the first fully electric tail lift, PALFINGER takes an important step toward sustainable products.

2012

Innovations. PALFINGER introduces the P-profile, a teardrop-shaped, polygonal extension system, into series production of its latest loader crane.

2013

A fresh wind comes up. Hubert Palfinger junior is elected Chair of the Supervisory Board of PALFINGER AG and Hannes Palfinger is elected Vice Chair.

2014

From Russia with Love. PALFINGER and KAMAZ create value with two joint ventures specializing in the production and distribution of truck bodies and hydraulic cylinders.

2015

Shanghai calling. PALFINGER opens its latest plant in Rudong, which was built in record time and is primarily dedicated to the production of loader cranes for the Sany PALFINGER joint venture.

2019

Digitization continues apace. PALFINGER Connected introduces telematics into the PALdesk platform – the fleet monitor, operator monitor and service cockpit make life easier for customers.

2020/2021

PALFINGER develops Strategy 2030.

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