

# **PALFINGER AG**

**Presentation on the 2014 financial year**

**6 February 2015**

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# **HERBERT ORTNER, CEO**

# 5 CONTINENTS – 7 OCEANS



## NORTH AMERICA

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

**MARINE**

**MARINE**

## SOUTH AMERICA

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

**MARINE**

## EMEA

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

## CIS

- Loader cranes
- Timber and recycling cranes
- Hooklifts
- Railway systems
- Mobile cranes

**MARINE**

## ASIA AND PACIFIC

- Loader cranes
- Hooklifts
- Railway systems

**MARINE**

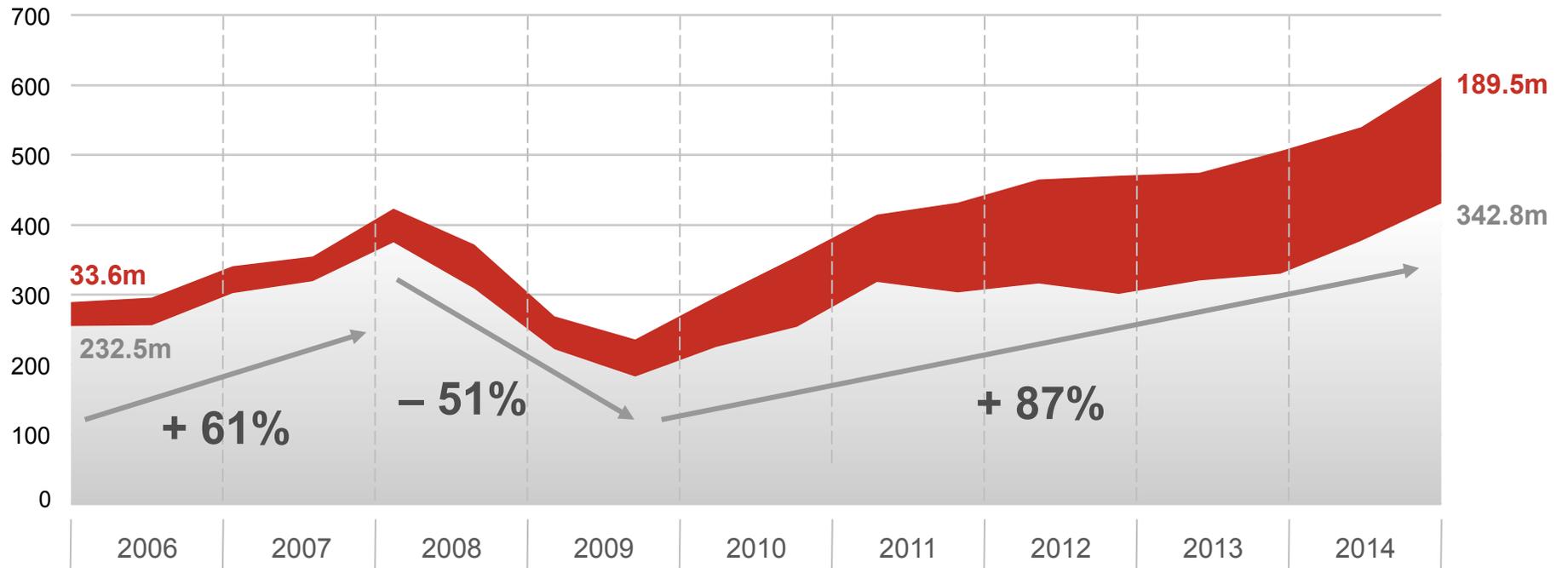
# ONGOING MARKET VOLATILITY



## REVENUE, GROWTH AND VOLATILITY (HALF YEAR)

■ AREA UNITS from 2006 to 2014: + 463%

■ EUROPEAN UNITS from 2006 to 2014: + 47%



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

- Performance satisfactory in light of economic situation
  - » Internationalization proved its worth – record revenue
  - » Good performance and potential in the Marine business area
  - » Leading market position expanded further
- Increase in revenue of 8.4% to EUR 1,063.4 million
- EBIT declined by 10.3% to EUR 66.5 million
  - » Decline in orders in Europe in summer affected EBIT for 2014
  - » Growth recorded in North America and China; signs of weakness in South America and Russia

### → Joint venture in China

- » Sales development highly satisfactory
- » Construction of new production plant near Shanghai completed
- » Cross shareholding with SANY completed

### → Expansion in Russia

- » Acquisition of PM-Group concluded
- » 2 joint ventures with KAMAZ
- » Doubling of production capacities at INMAN from 2015 onwards

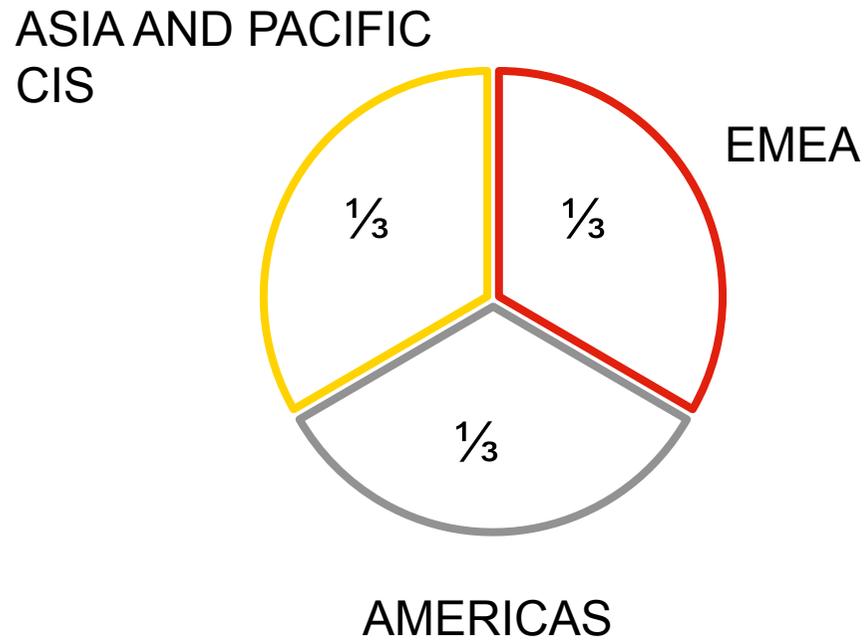
### → HIDRO-GRUBERT

- » Minority shareholding in Argentinian manufacturer of access platforms
- » Staff of 200, revenue in 2013: USD 16.1 million

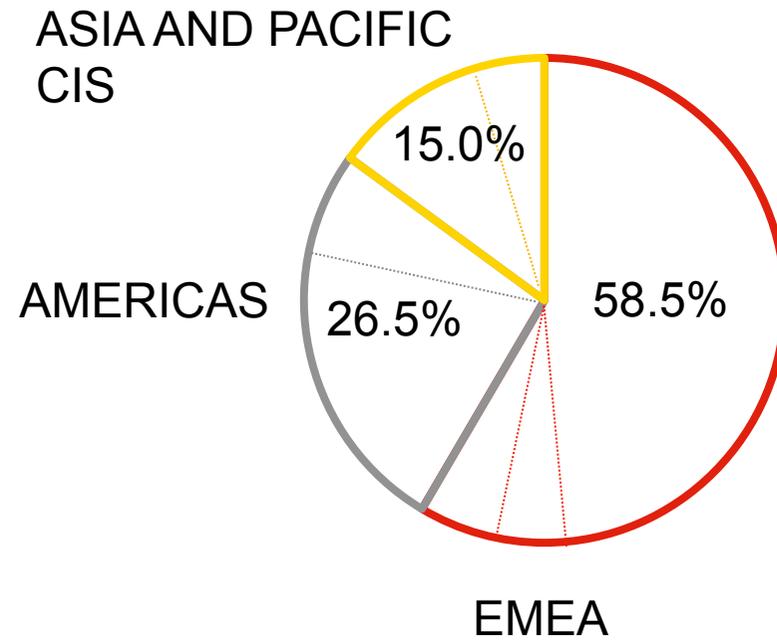
### → Increasing flexibility and capital employed management

# STRATEGY

## STRATEGIC TARGET 2017



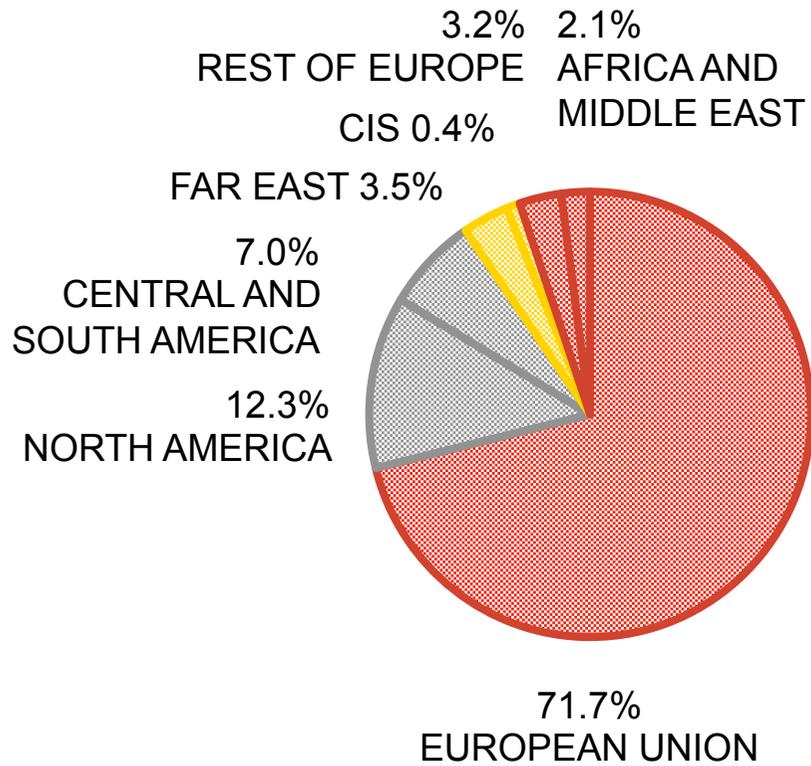
## REVENUE 2014



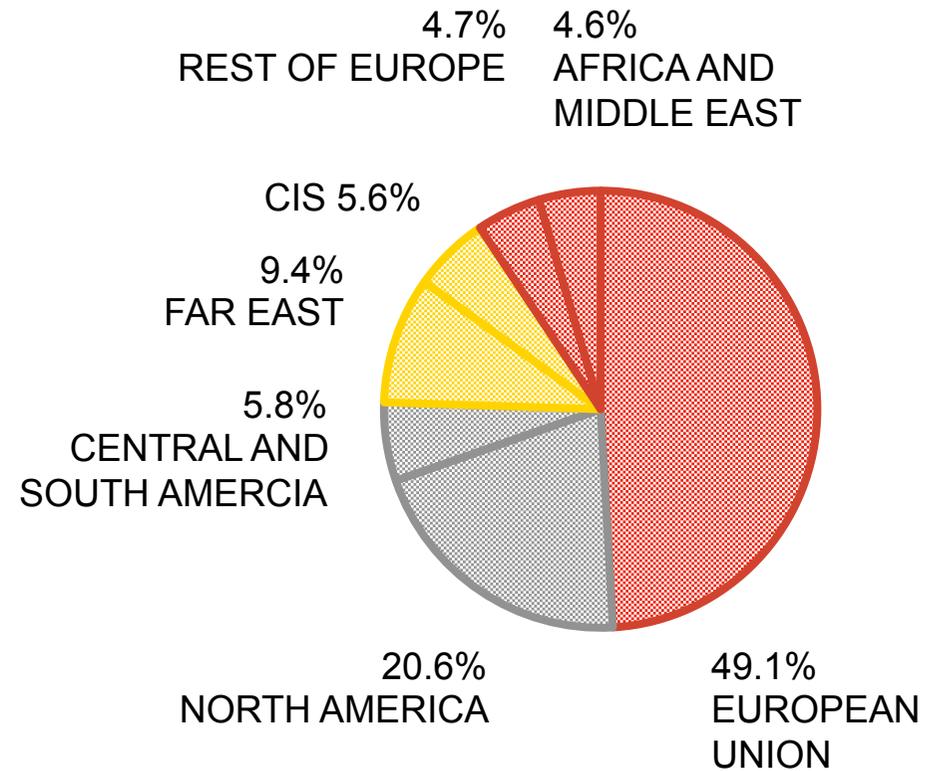
# INTERNATIONALIZATION (2)



### REVENUE 2009



### REVENUE 2014



Minor rounding differences may occur.

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

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

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- Growth, primarily in BRIC countries
  - Completion of product portfolio in all regions
  - Development of China into second domestic market
  - Global balance of production and proximity to customers
  - Consolidation of leading position in the marine and offshore areas
  - Maintaining innovation leadership worldwide
  - Meeting customers' expectations through customized solutions
  - Adjustment of production sites and technologies in Europe
- Revenue target 2017: approx. EUR 1.8 billion\***

\* assuming that the JV in China is fully consolidated

**MARTIN ZEHNDER, COO**

# 35 PRODUCTION SITES



Lengau/AUT



Köstendorf/AUT



Elsbethen/AUT



Löbau/GER



Ganderkesee/GER



Krefeld/GER



Barneveld/NED



Harderwijk/NED



W. Garden City/GBR



Cadelbosco/ITA



Modena/ITA



Caussade/FRA



Marburg/SLO



Delnice/CRO



Lazuri/ROU



Tenevo/BUL



Cherven Brjag/BUL



Gdynia/POL



Ischimbai/RUS



Velikiye Luki/RUS



Arkhangelsk/RUS



Niagara Falls/CAN



Tiffin/USA



Council Bluffs/USA



Cerritos/USA



Trenton/USA



Oklahoma City/USA



Caxias do Sul/BRA



Cachoeirinha/BRA



Rio Tercero/ARG



Shenzhen/CHN



Rudong/CHN



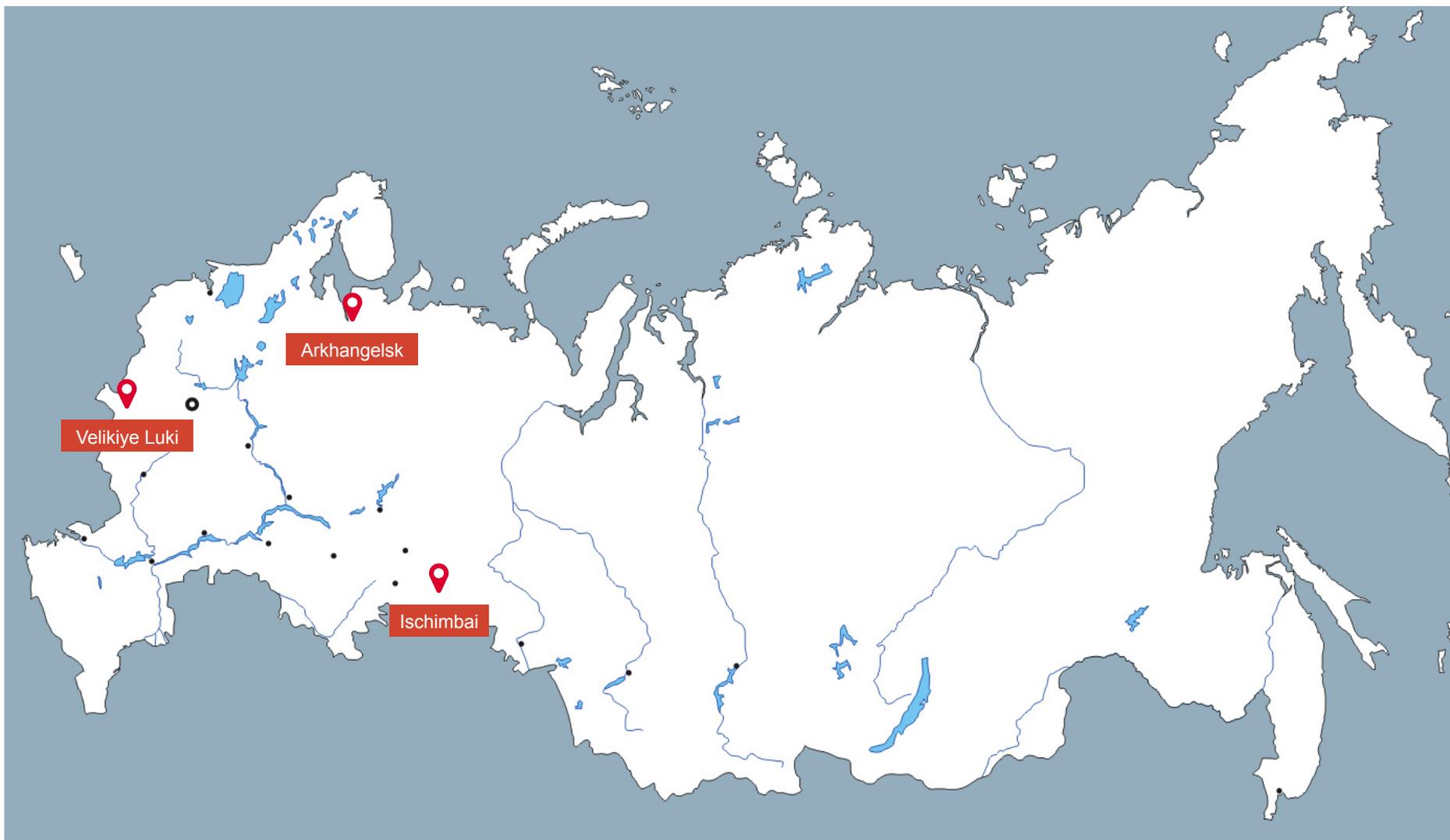
Hanoi/VIE



Chennai/IND



Sacheon-si/KOR



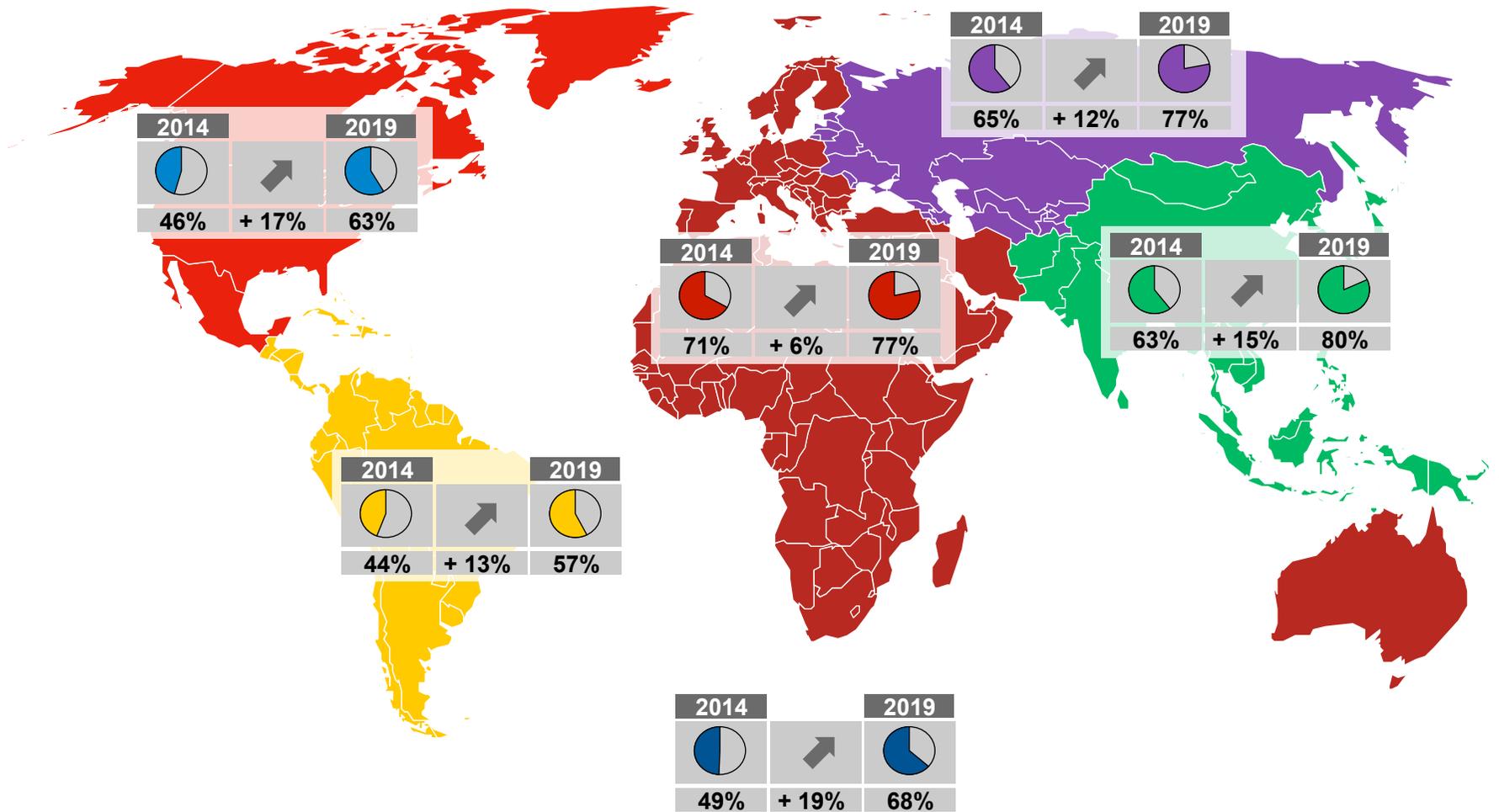


Ischimbai/RUS



Rudong/CHN

# PRIMARY OBJECTIVE: FLEXIBILITY



# EVALUATION CRITERIA

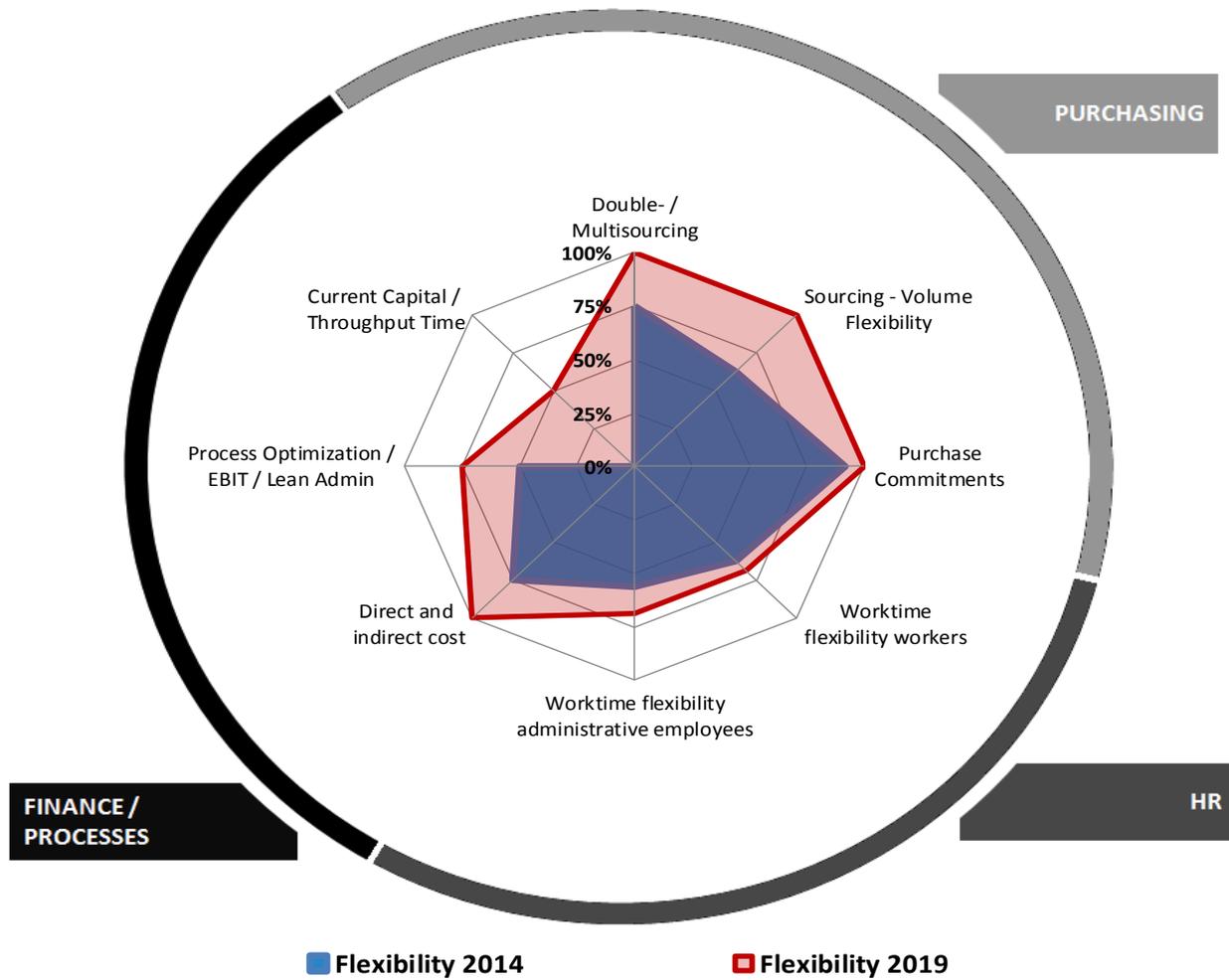


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<b>Purchasing</b>	Double sourcing/ multisourcing	Volume flexibility	Purchase commitments
<b>Human resources</b>	Worktime flexibility employees	Worktime flexibility workers	
<b>Finance / processes</b>	Direct and indirect costs	Current capital / throughput time	Process optimization / EBIT / lean administration

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# FLEXIBILITY MATRIX



- Adjusted business models for individual products and regions
- Standardized processes with regional characteristics
- Contract manufacturing
- Capacity expansions and investments in production sites
- Value creation in the region for the region
- Further increase in the quality level of our products and processes

# **SEGMENTS**

## **WOLFGANG PILZ, CMO**

## SEGMENT FINANCIALS



### SEGMENT REVENUE

	2013	2014	%
EUROPEAN UNITS	651.0	720.3	+ 10.8%
AREA UNITS	329.6	343.1	+ 4.1%
VENTURES	—	—	—

### SEGMENT EBIT

	2013	2014	%
EUROPEAN UNITS	83.5	75.0	(10.2%)
AREA UNITS	11.4	10.4	(8.7%)
VENTURES	(20.3)	(19.0)	+ 6.2%

- Still a mixed picture in Europe, increase in revenue of 10.6%, weak demand in Q3
  - » Business units Loader Cranes, EPSILON, Railway Systems and Production posted increases
  - » Other business units stagnated or recorded declines in revenue
  - » Germany, Switzerland, Sweden, UK and Benelux saw growth rates, market in Southern Europe stimulated for the first time in years
  
- Continuous growth in global Marine business area
  - » Business volume rose by approx. 30%

→ Revenue increased by 4.1%

- » North America marked by harsh winter, then strong market dynamics
- » South America suffered losses caused by exchange rate developments and reduction in public funding
- » Asia reported substantial increases, sales in China above budget
- » New production facilities in CIS planned, start of operations in HY1 2015
- » New production facilities in China to start operations in Q1 2015

→ Losses of Q1 compensated, EBIT for 2014: EUR 10.4 million

- Focus on integration of companies acquired in 2013
  - » Cross shareholding with SANY
  - » Interest in HIDRO-GRUBERT
  - » Preparation of integration of PM-Group
  - » Introduction of access platforms in China
  - » Preparation of further acquisitions for the Marine business area
- Continuation of cost-related and structural programmes

# **KEY FINANCIALS**

## **CHRISTOPH KAML, CFO**

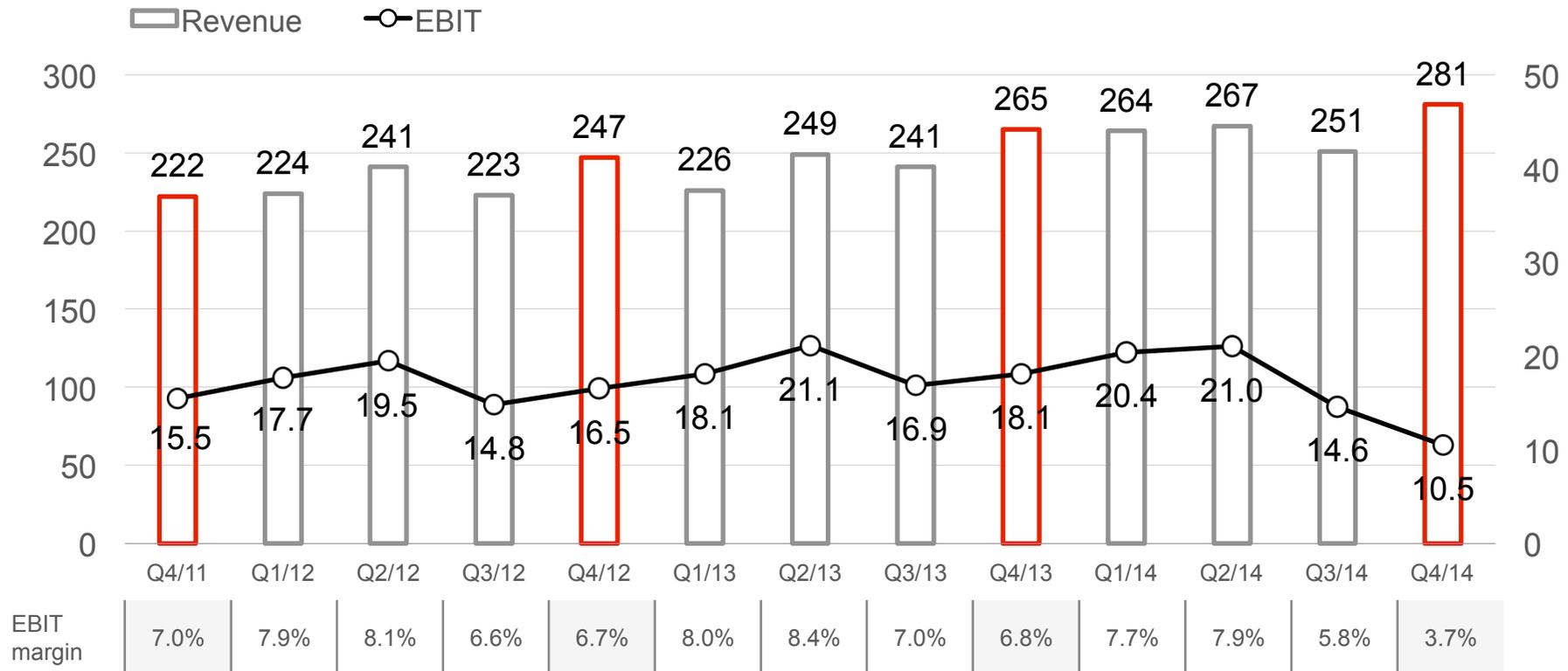
## KEY FINANCIALS



	2012	2013	2014	%
Revenue	935.2	980.7	1,063.4	+ 8.4%
EBITDA	98.0	105.5	104.6	(0.8%)
EBITDA margin	10.5%	10.8%	9.8%	–
EBIT	68.5	74.1	66.5	(10.3%)
EBIT margin	7.3%	7.6%	6.3%	–
Result before income tax	53.7	61.1	54.6	(10.7%)
Consolidated net result for the period	40.4	44.0	38.4	(12.8%)
Dividend per share (EUR)	0.38	0.41	0.34*	(17%)

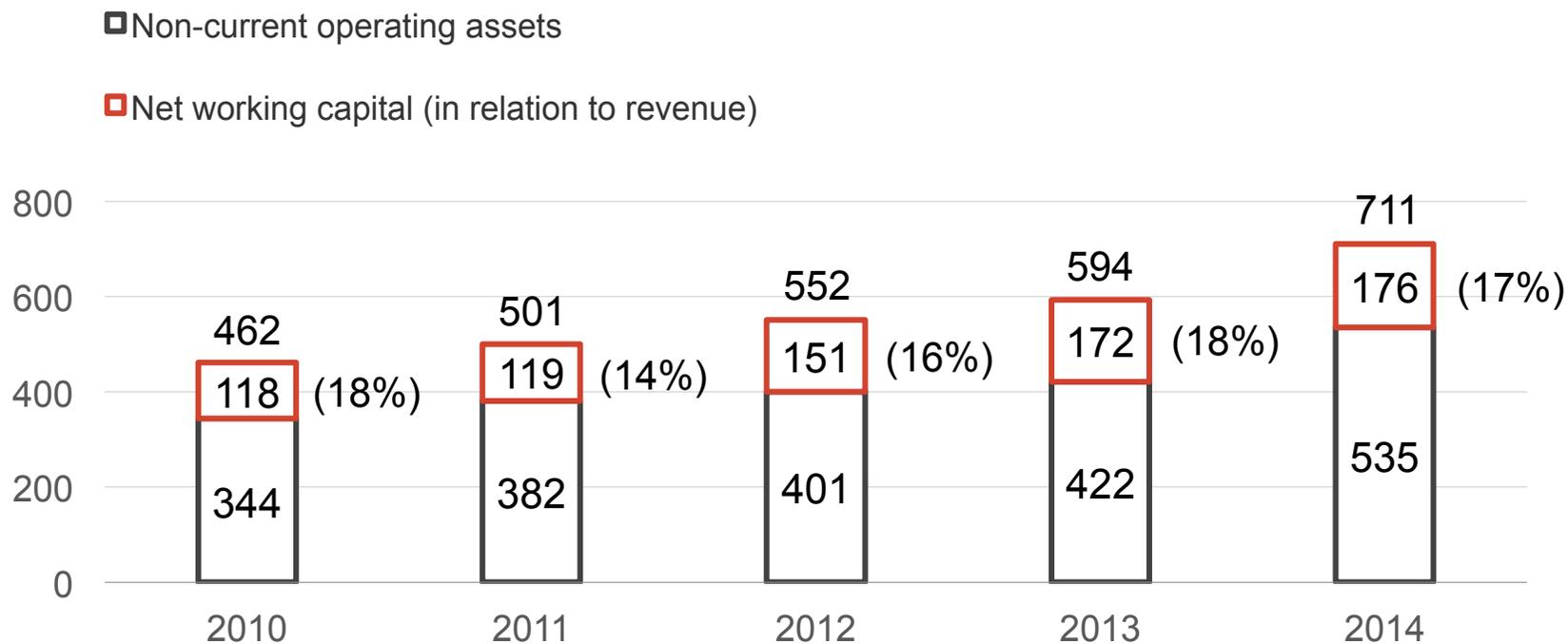
\* Proposal to the Annual General Meeting.

# QUARTERLY FIGURES



**➔ Consistent growth with record revenue**

# CAPITAL EMPLOYED\*

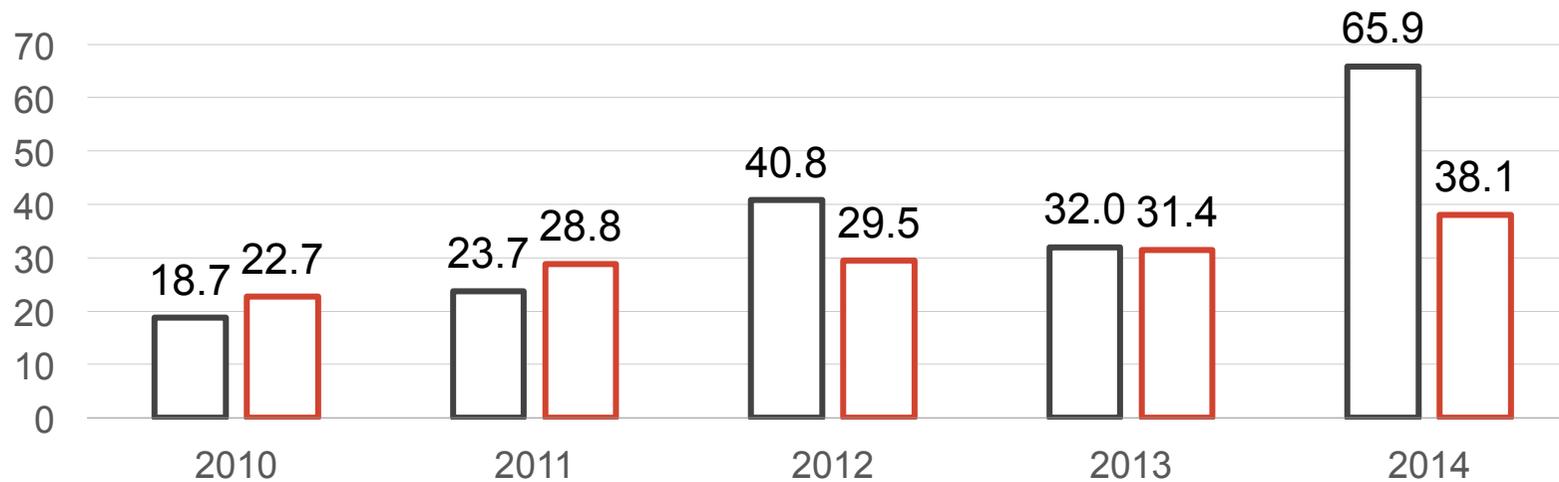


➔ Increase through expansion of business volume, net working capital as percentage of revenue at low level

\* Average.

# INVESTMENTS

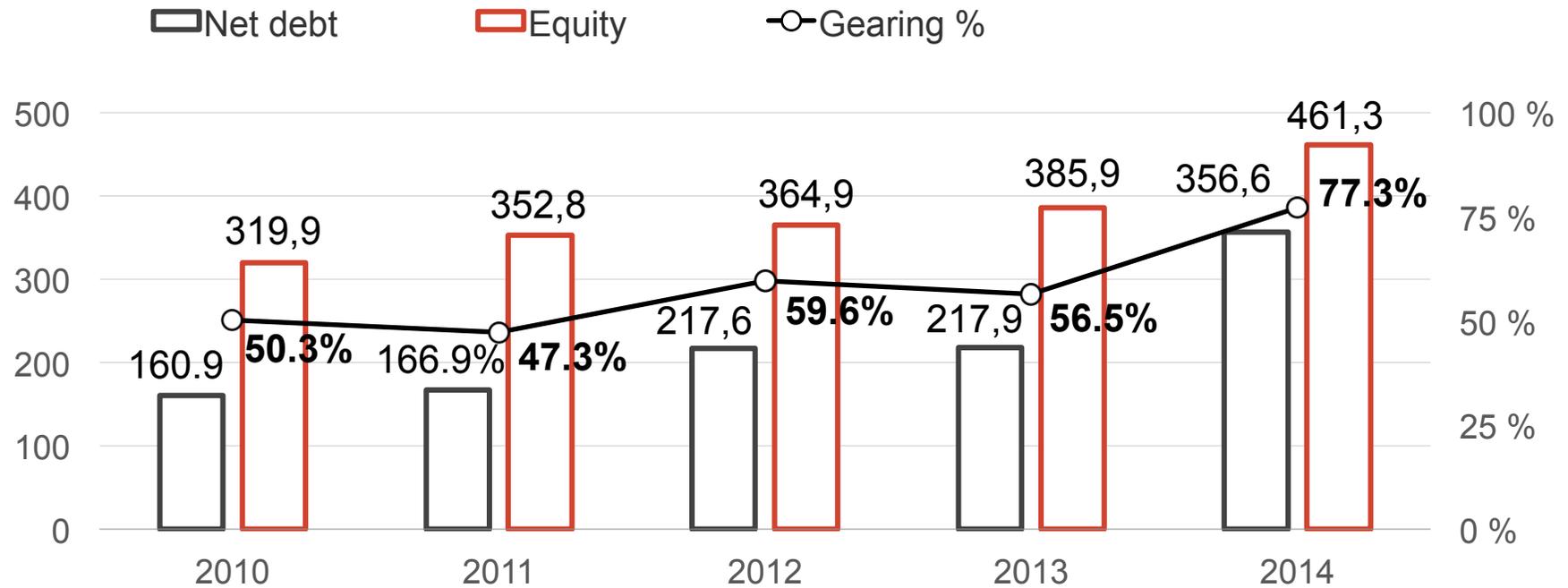
- Net investments
- Depreciation, amortization and impairment



➔ Investments to support further development of areas

\* Adjusted by acquisition of interest in SANY, total: EUR 175,855 thousand.

# GEARING RATIO AND EQUITY



➔ Net debt funded for the long term

## FREE CASH FLOWS



	2012	2013	2014
<b>EBTDA</b>	<b>82.8</b>	<b>92.5</b>	<b>92.4</b>
+/- Non-cash result from companies at equity	(1.9)	(6.1)	(1.1)
+/- Change in working capital	(12.8)	(18.1)	(37.6)
+/- Cash flows from tax payments	(12.7)	(5.8)	(6.5)
<b>Cash flows from operating activities</b>	<b>55.4</b>	<b>62.5</b>	<b>47.2</b>
+/- Cash flows from investing activities	(70.6)	(39.7)	(220.0)
<b>Cash flows after changes in working capital &amp; investments</b>	<b>(15.2)</b>	<b>22.8</b>	<b>(172.8)</b>
+/- Cash flows from interest on borrowings adjusted by tax expense	12.1	8.8	10.7
<b>Free cash flows</b>	<b>(3.1)</b>	<b>31.6</b>	<b>(162.1)</b>
Cash flows from equity/investor capital	(22.4)	(17.6)	31.3
Cash flows from net debt	37.6	(5.2)	141.5

# **OUTLOOK**

## **HERBERT ORTNER, CEO**

- Internationalization strategy to be continued
  - » Completion of product portfolio in all markets
  - » Focus on China and Russia
- Support high pace of growth in marine business
- Further increase in flexibility (lean administration)
  - » Fixed-cost control of all processes in production and administration
  - » Reducing complexity, also in global organizational structure
- Alignment of production structures: global benefits – local requirements
- Sustainability management at all sites



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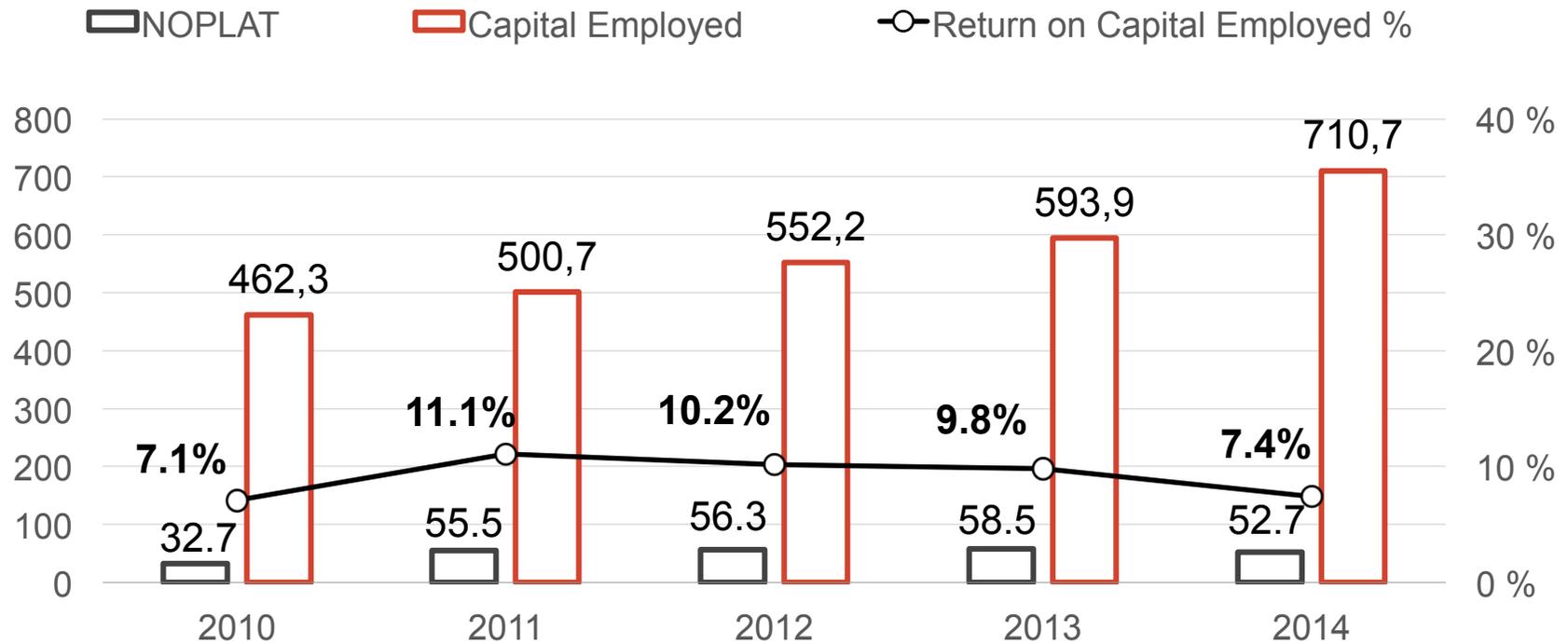
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This presentation contains forward-looking statements made on the basis of all information available at the time of preparation of this presentation. Actual outcomes and results may be different from those predicted.

# **BACK UP**

# RETURN ON CAPITAL EMPLOYED

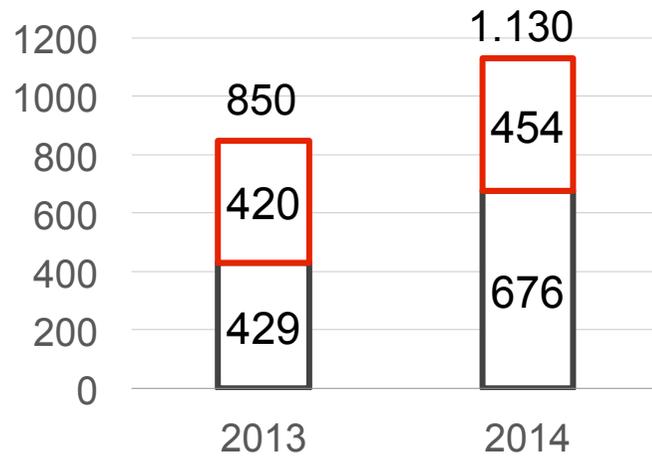


# BALANCE SHEET STRUCTURE



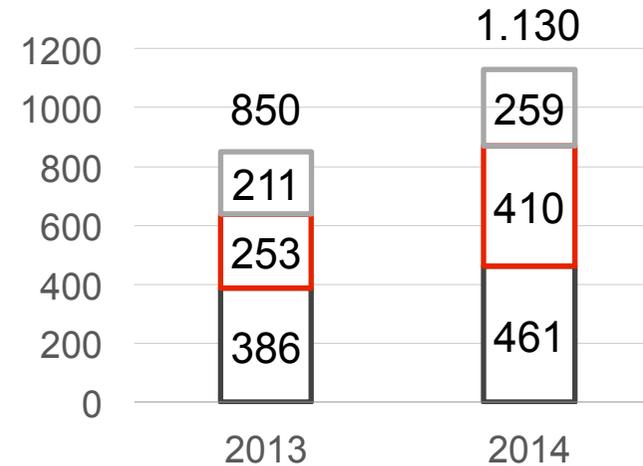
## ASSETS

- Non-current assets
- Current assets



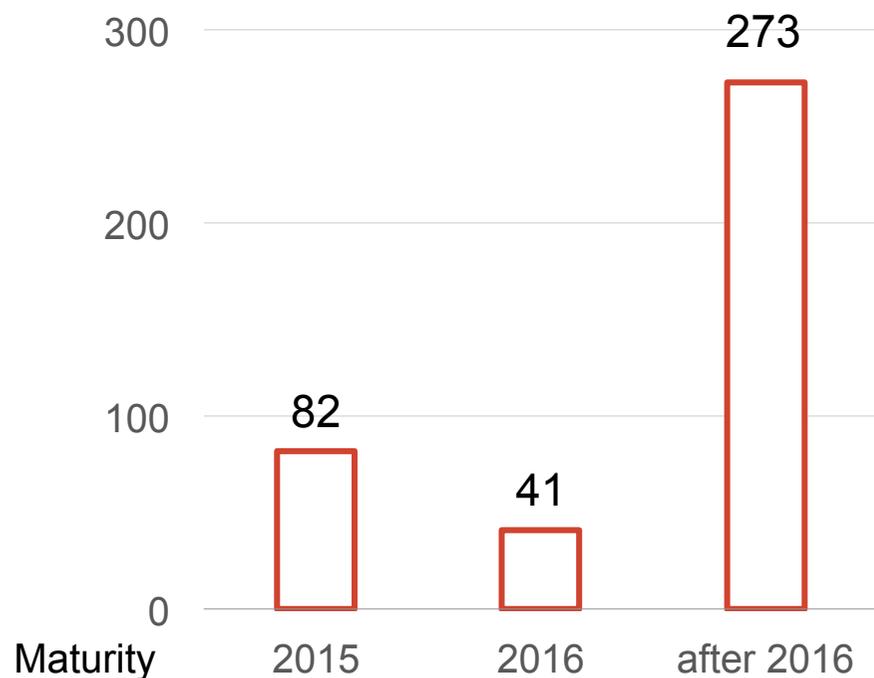
## LIABILITIES

- Equity
- Non-current liabilities
- Current liabilities



➔ Long-term financial structure

# FINANCING STRUCTURE AS AT 31 DEC 2014

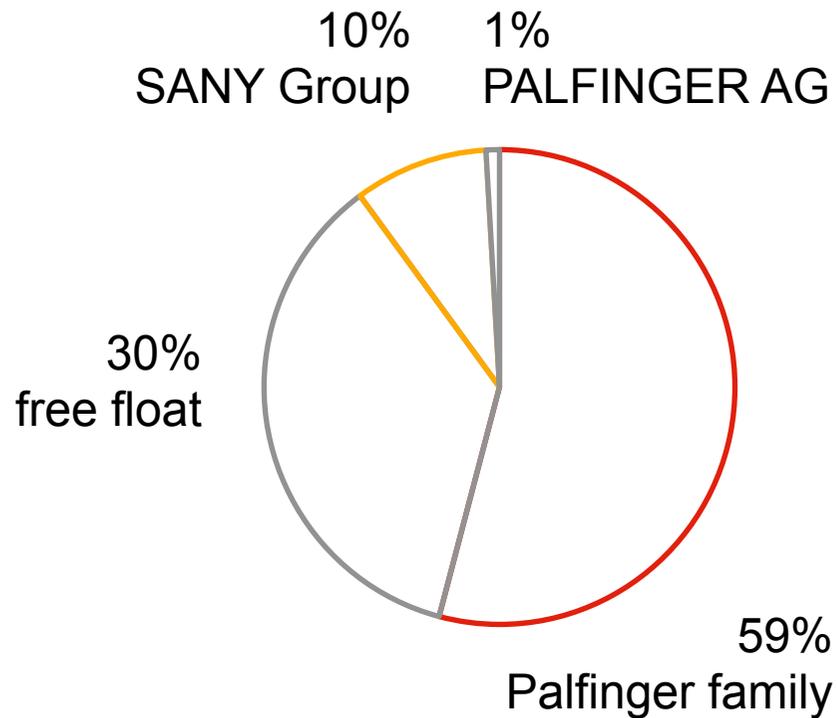


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Ø Interest rate	2.28%
Ø Remaining time to maturity	3.3 years
Financial assets	EUR 20.8m
Equity ratio	40.7%

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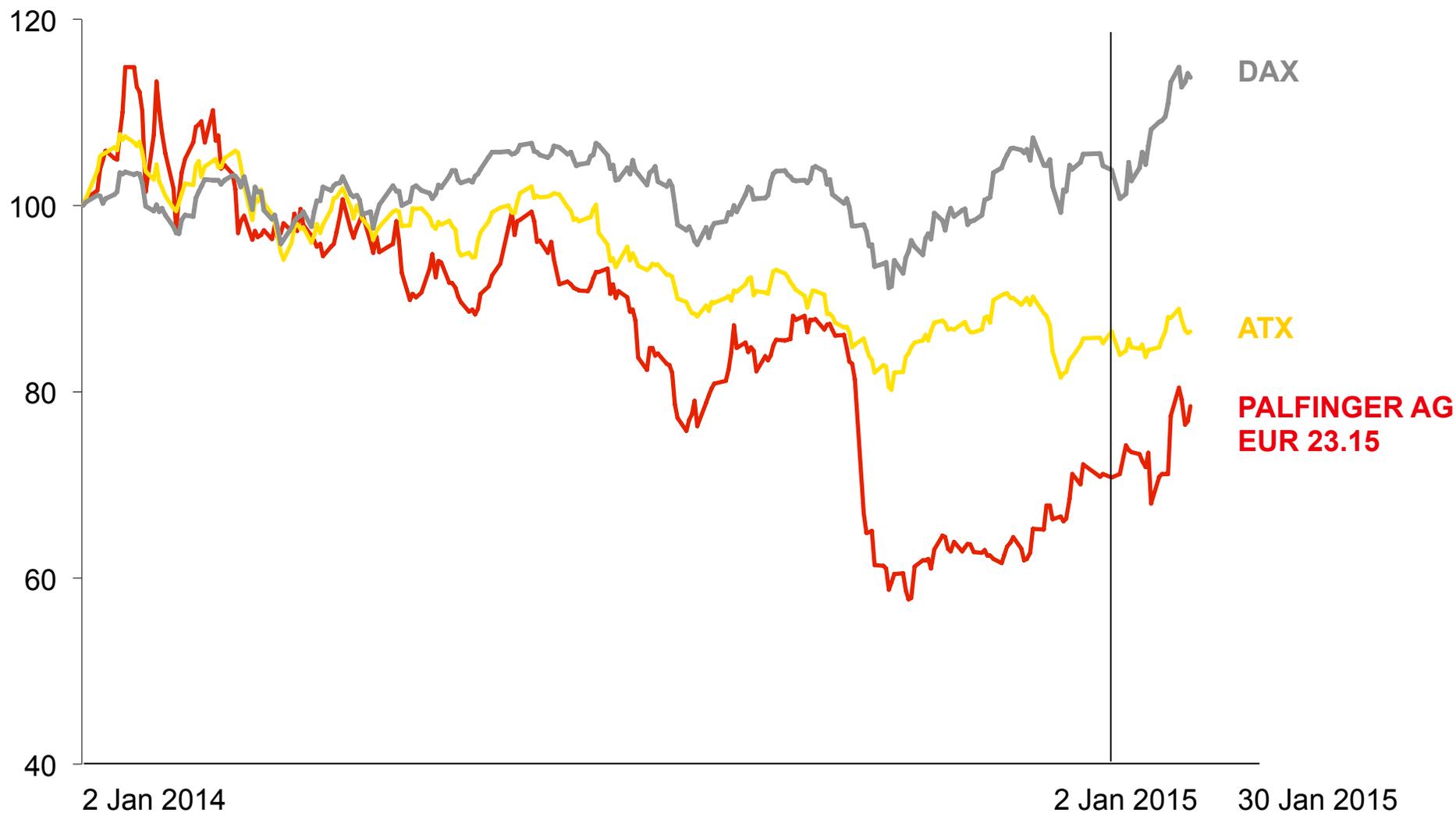
## SHAREHOLDER STRUCTURE



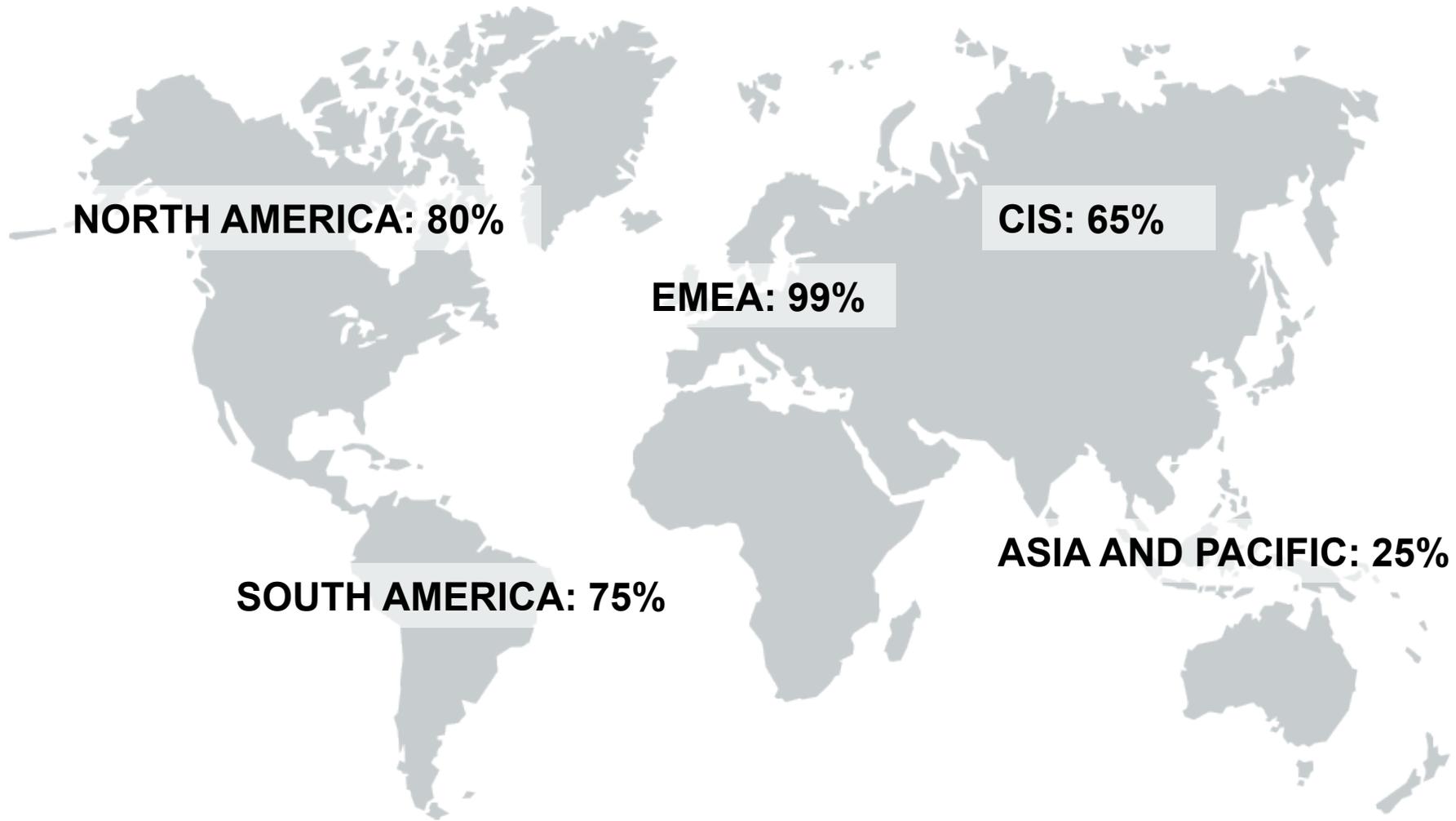
## SHAREHOLDER INFORMATION AS AT 31 DEC 2014

ISIN	AT000075830 5
Number of shares thereof own shares	37,593,258 291,968
Share price as at end of period	EUR 20.99
Market capitalization	EUR 789.08m
Earnings per share	EUR 1.05

# PERFORMANCE OF PALFINGER SHARES SINCE 2014



# LOCAL FOOTPRINT: SOURCING



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11 March 2015	Annual General Meeting
13 March 2015	Ex-dividend day
17 March 2015	Dividend payment day
30 April 2015	Publication of the results for the first quarter of 2015
30 July 2015	Publication of the results for the first half of 2015
30 October 2015	Publication of the results for the first three quarters of 2015

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