

PALFINGER AG

PALFINGER accelerated growth pace in 2015
Record revenue and earnings

Presentation on the 2015 financial year
5 February 2016

HERBERT ORTNER, CEO

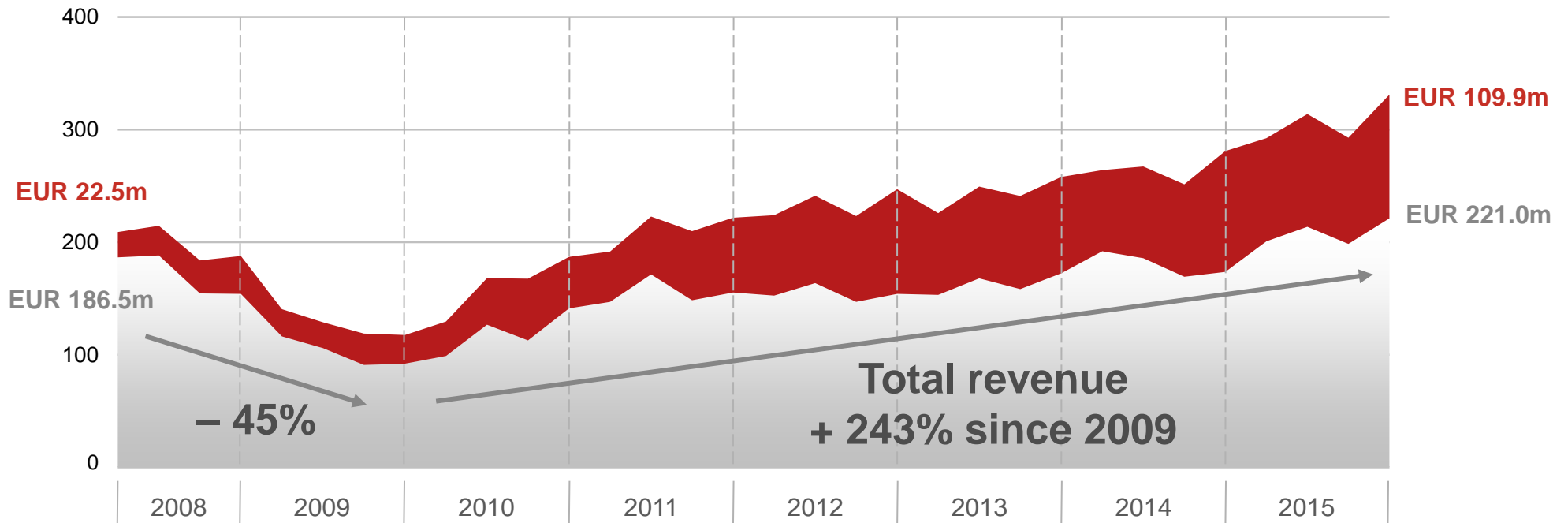
- 2015: Record year despite difficult environment
 - » Revenue increased by 15.7% to EUR 1,229.9 million
 - » EBIT increased by 58.0% to EUR 104.4 million
 - » Consolidated net result increased by 68.7% to EUR 64.4 million
- Outstanding position on the market and among competitors due to implementation of long-standing corporate strategy
- Continued growth possible even though global economy was marked by volatility and slow growth

ONGOING MARKET VOLATILITY

REVENUE, GROWTH AND VOLATILITY (QUARTERS)

■ AREA UNITS from 2008 to 2015: + 388%

■ EUROPEAN UNITS from 2008 to 2015: + 19%



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

- 2015 marked by steep growth and strong earnings
 - » Growth achieved in Europe, North America and CIS
 - » Demand for loader cranes strong in Europe
 - » Revenue in North America increased by approx. 30%
 - » Local value creation in Russia proved its worth
 - » Joint venture with SANY in China was successful
 - » Marine business area grew by more than 25%
 - » Leading market position in important regions further expanded
 - » South America affected by shrinking market volume
- Revenue rose by 15.7% to EUR 1,229.9 million
- EBIT rose by 58.0% to EUR 104.4 million

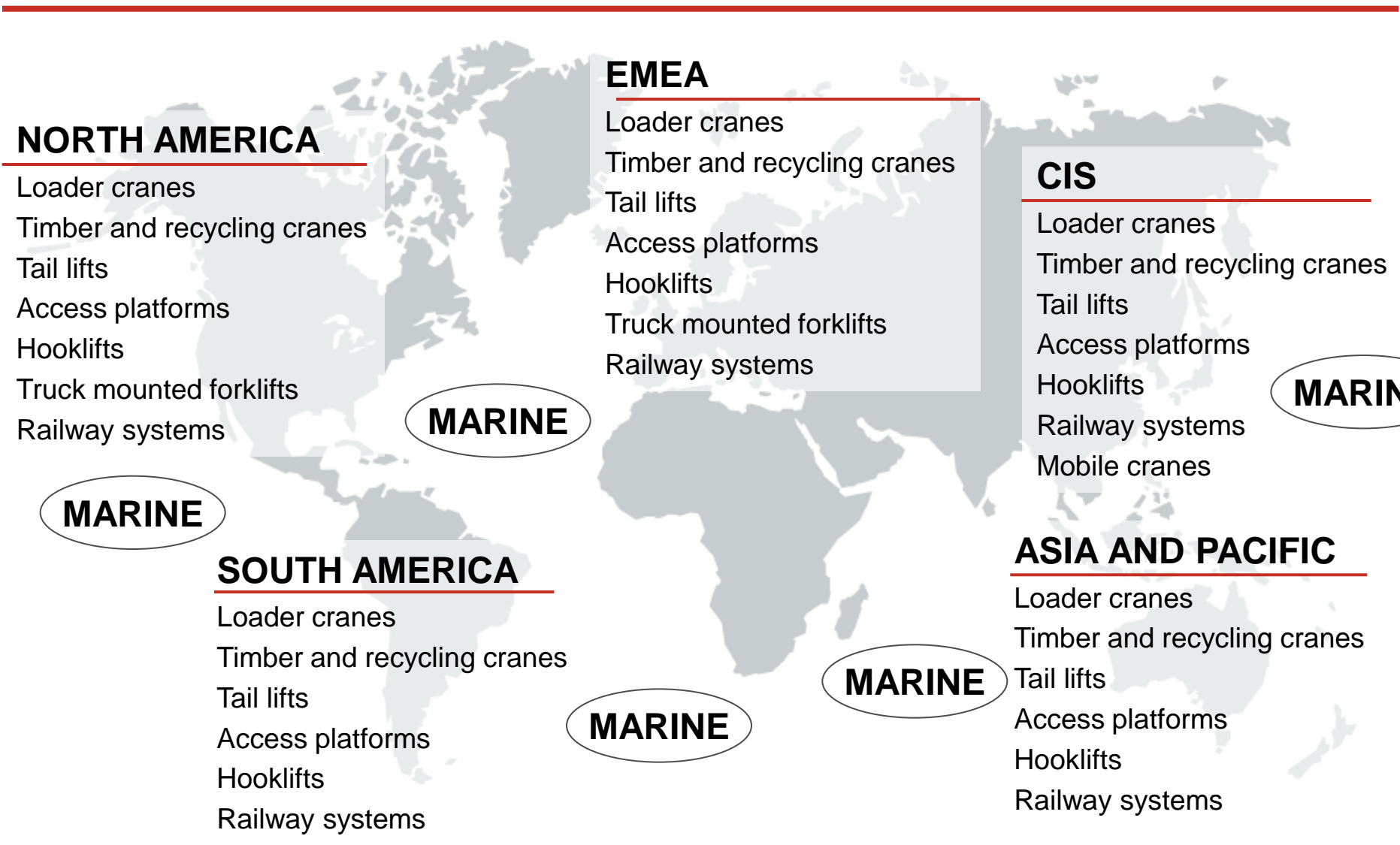
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- Establishment of local value creation in Russia
 - » Integration of PM-Group Lifting Machines
 - » Successful start of production at the new INMAN plant
 - » Start of operations of the joint ventures with KAMAZ
 - » Lack of exports to CIS due to sanctions more than compensated
 - Joint venture with Fairwind LLC
 - » Servicing of the American wind energy market (60,000 wind energy plants)
 - » Technological shift to large access platforms
 - Acquisition in marine business
 - » Integration of Norwegian Deck Machinery (NDM)
 - Takeover of dealer in Spain and Portugal
 - Flexibility enhancement and capital employed management
 - » Implemented measures proved their worth in current situation
 - » Continuation in all areas, including administration

STRATEGY

-
- Leading international manufacturer of innovative lifting solutions
 - » World market leader in loader cranes, timber and recycling cranes, hooklifts, marine cranes, wind cranes. Leading specialist in tail lifts, truck mounted forklifts and high-tech railway systems
 - Global sales and services network (more than 200 general importers/dealers and 5,000 sales and services centres worldwide)
 - Global procurement, production and assembly (36 manufacturing and assembly locations)
 - Strategic pillars: innovation – internationalization – flexibility

 - Maintaining and expanding the Group's competitive edge

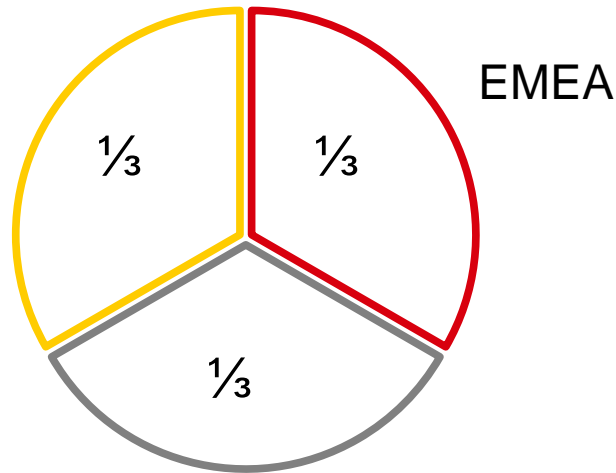
5 CONTINENTS – 7 OCEANS



STRATEGIC TARGET 2017

approx. EUR 1,800m¹⁾

ASIA AND PACIFIC
CIS

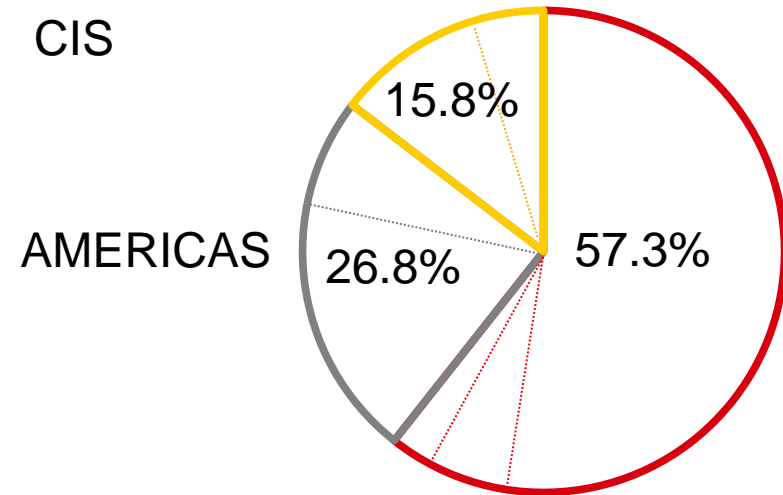


AMERICAS

REVENUE 2015

EUR 1,229.9m

ASIA AND PACIFIC
CIS

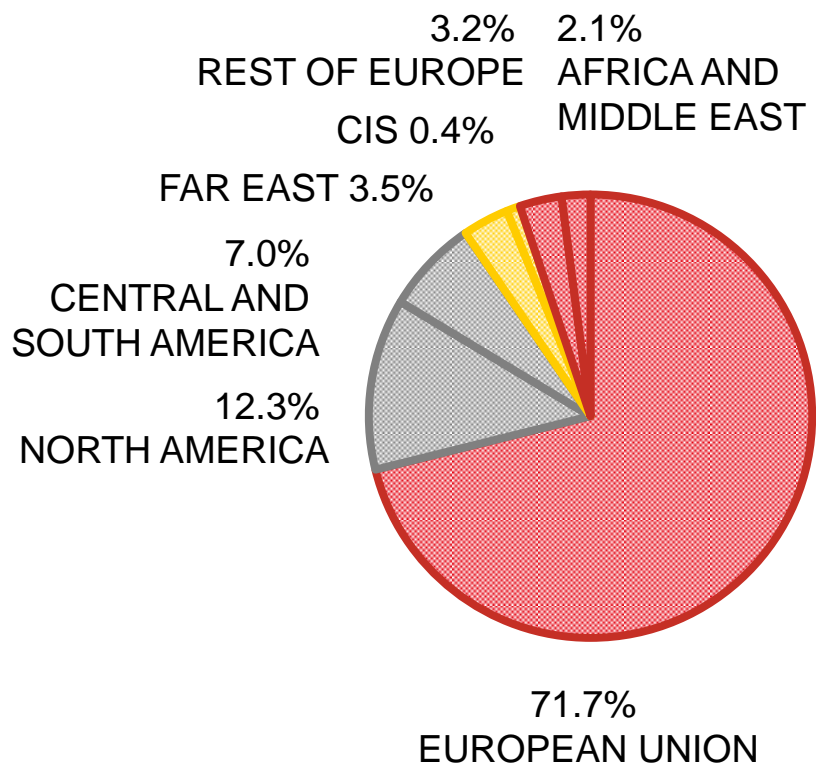


EMEA

¹⁾ including JVs in China and Russia

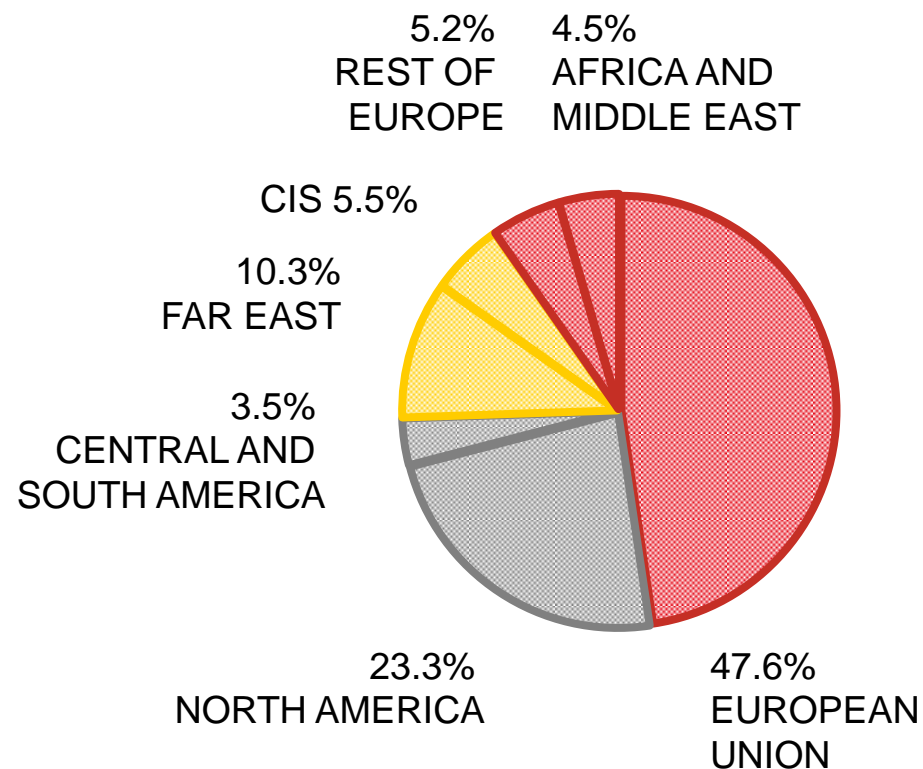
REVENUE 2009

EUR 505.3m



REVENUE 2015

EUR 1,229.9m



- 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
- 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 in Rudong, 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

-
- Growth, primarily in BRIC countries
 - Completion of product portfolio in all regions
 - Development of China and CIS into second domestic market
 - Global balance of production and proximity to customers
 - Consolidation of position in the marine and offshore areas
 - Maintaining innovation leadership worldwide
 - Meeting customers' expectations through customized solutions
 - Adjustment of all process to "Industry 4.0"
- ➔ Revenue target 2017: approx. EUR 1.8 billion¹⁾**

¹⁾ assuming that the JV in China is fully consolidated

MARTIN ZEHNDER, COO

36 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



Maribor/SLO



Delnice/CRO



Lazuri/ROU



Tenevo/BUL



Cherven Brjag/BUL



Gdynia/POL



Ishimbay/RUS



Velikiye Luki/RUS



Neftekamsk/RUS



Naberezhnye Chelny/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



Rudong/CHN



Sacheon-si/KOR



Hanoi/VIE



Chennai/IND



- New product group access platforms for small trucks since 2013
- Currently 13 models – launch of new product group on crawlers in 2016
- Products for EMEA, NA, SA, CIS and Asia&Pacific
- Manufacture of components in PALFINGER's production plants
- Assembly in Italy
- Delivery of finished vehicles in EMEA
- Delivery of kits for areas outside EMEA



- Established as a joint venture in 2009
- World's third largest producer of chrome plated bars and tubes
- The use of continuous electroplating offers advantages over the traditional electroplating bath
 - » Impact on the environment
 - » Energy consumption
 - » Productivity
 - » Quality
- 12% of total revenue is attributable to PALFINGER plants, the rest to manufacturing for third parties

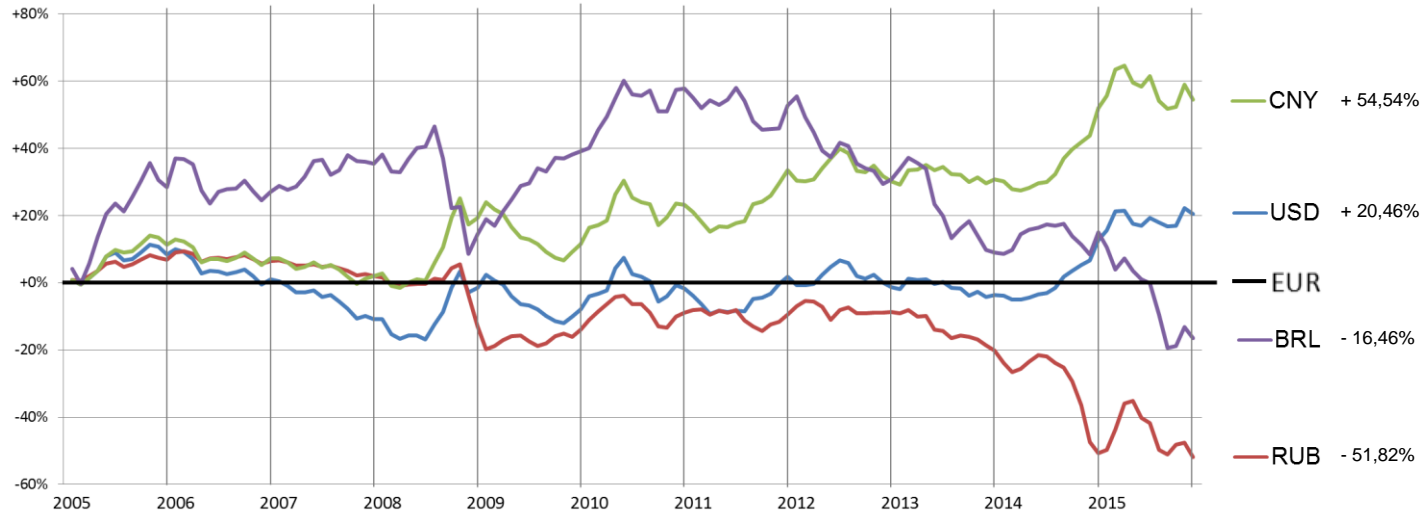
ISHIMBAY - RUSSIA



- INMAN acquired in 2012
- Largest producer of loader cranes in Russia
- New production plant opened in 2015
- Production area: 10,000 m²
- Total investments: EUR 13 million
- Integration in production footprint CIS

- Adjusted business models for individual products and regions
- Standardized processes adjusted to regional needs
- Contract manufacturing
- Capacity expansions and investments in production sites
- Further enhancing top-quality level of our products and processes
- Utilizing great potential of Industry 4.0
- Value creation in major currency areas

→ Pronounced exchange rate shifts



→ Potential: Production of components and products for other currency areas

→ Prerequisites:

- » Production plants in the currency areas
- » Products and components identical all over the world (customer requirements, Q-standards, standardization)
- » Purchasing materials in the region
- » Flexible working time models

Distinction between product reference and production reference:

- Product reference → smart connected products or **Digitization**
- Production reference → smart production or **Industry 4.0**
- Real-time information to contribute to optimization of the entire value-creation chain and a product's life cycle via networks
- Completely new view of business processes and models
- Already implemented:
 - » Linking of manufacturing plants
 - » Horizontal integration in the supply chain
 - » Services based on sensor-generated data (fleet management, proactive maintenance)
 - » Use of 3D printer for prototype construction and pilot production of first components

→ Sensors for ...

- » Cylinder pressure
- » Angulation
- » Length measurement
- » Force measurement



→ Geometry and forces defined

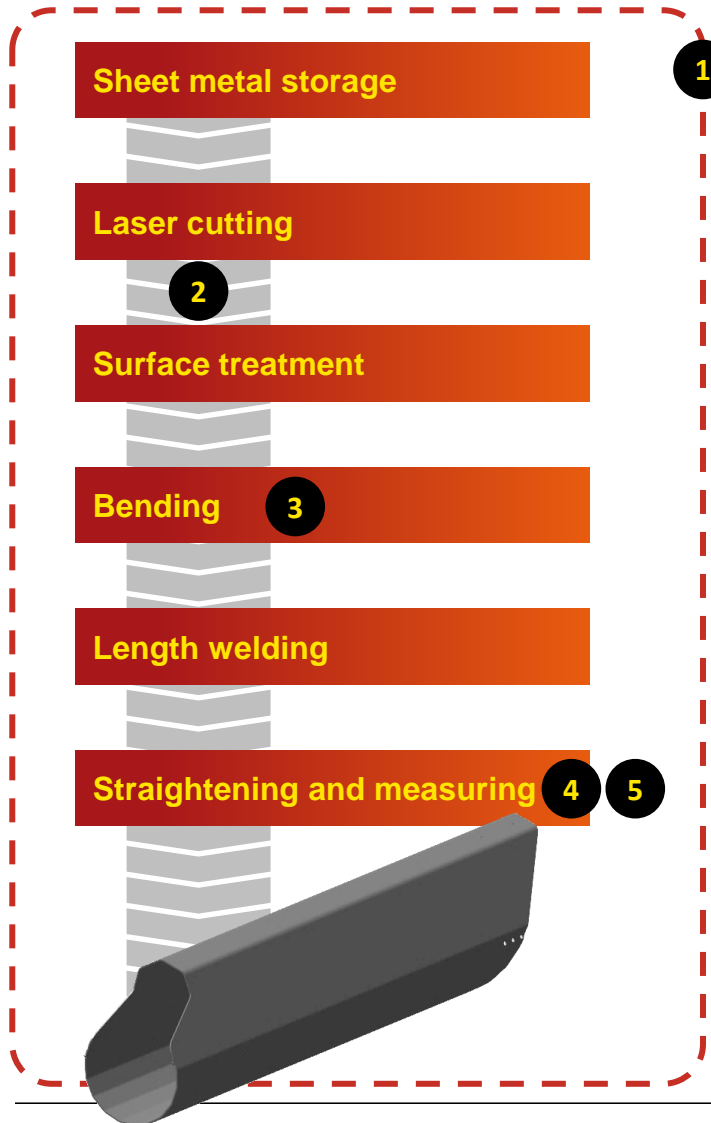


→ Advantages ...

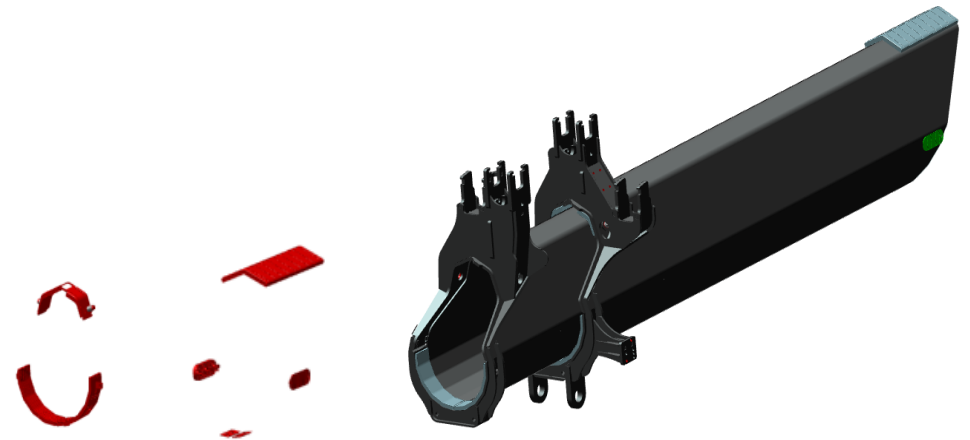
- » Increase stability
- » Automated folding
- » Wear detection
- » Work-related rental costs
- » Optimization of fleet management
- » Training of operators



INDUSTRY 4.0 USING THE EXAMPLE OF AUTOMATED PROFILE MANUFACTURING



- 1 Interlinked, automated and self-regulating system
- 2 Roughness measurement for partial sliding surface optimization
- 3 Bending force monitoring for quality control
- 4 Dimension control to regulate the machine settings
- 5 Geometrical information for the assembly process – selection of the right sliding packages



SEGMENTS

WOLFGANG PILZ, CMO

SEGMENT FINANCIALS

SEGMENT REVENUE

	2014	2015	%
EUROPEAN UNITS	720.3	833.8	+ 15.7%
AREA UNITS	343.1	396.1	+ 15.5%
VENTURES	–	–	–

SEGMENT EBIT

	2014	2015	%
EUROPEAN UNITS	75.0	107.0	+ 42.8%
AREA UNITS	10.1 ¹⁾	14.0	+ 40.0%
VENTURES	(19.0)	(16.0)	+ 15.8%

¹⁾ The figures for 2013 and 2014 were adjusted with retrospective effect.

-
- ➔ Visibility remains low in Europe, but nevertheless increase of 15.7% to EUR 833.8 million achieved
 - » Loader Cranes, Access Platforms, Railway Systems, Timber and Recycling Cranes, Hooklifts and Truck Mounted Forklifts posted increases in sales
 - » Satisfactory capacity utilization of production units – also due to production for third parties
 - » Growth recorded in Southern Europe, Belgium, Netherlands, Luxemburg, Africa and New Zealand
 - » Marine business grew by 25%
 - » Strong contribution by Norwegian Deck Machinery (NDM)
 - » Major contracts for large marine cranes from Norway and for cranes for offshore wind farms from Germany and Great Britain
 - ➔ EBIT increased extraordinarily by 42.8% to EUR 107.0 million

- ➔ Revenue increased by 15.5% to EUR 396.1 million
 - » North America posted strong growth
 - » Joint venture with Fairwind in the USA
 - » Local value creation in Russia fully utilized
 - » Asia recorded increases, good capacity utilization of the plant in Rudong
 - » South America suffered losses, but gained market shares
 - » Segment's share in group revenue rose to 32.2%

- ➔ EBIT rose significantly by 40.0% to EUR 14.0 million

- Focus on integration of the acquired companies
 - » Establishment of operations of the two joint ventures with KAMAZ
 - » Acquisition of Norwegian Deck Machinery AS completed
 - » Forward integration through joint venture with Fairwind LLC
- Preparation of takeover of Spanish dealer and foundation of PALFINGER Ibérica
- Continuation of cost-related and structural programmes
- Further reduction of expenses
- Focus on optimization of current capital

KEY FINANCIALS

CHRISTOPH KAML, CFO

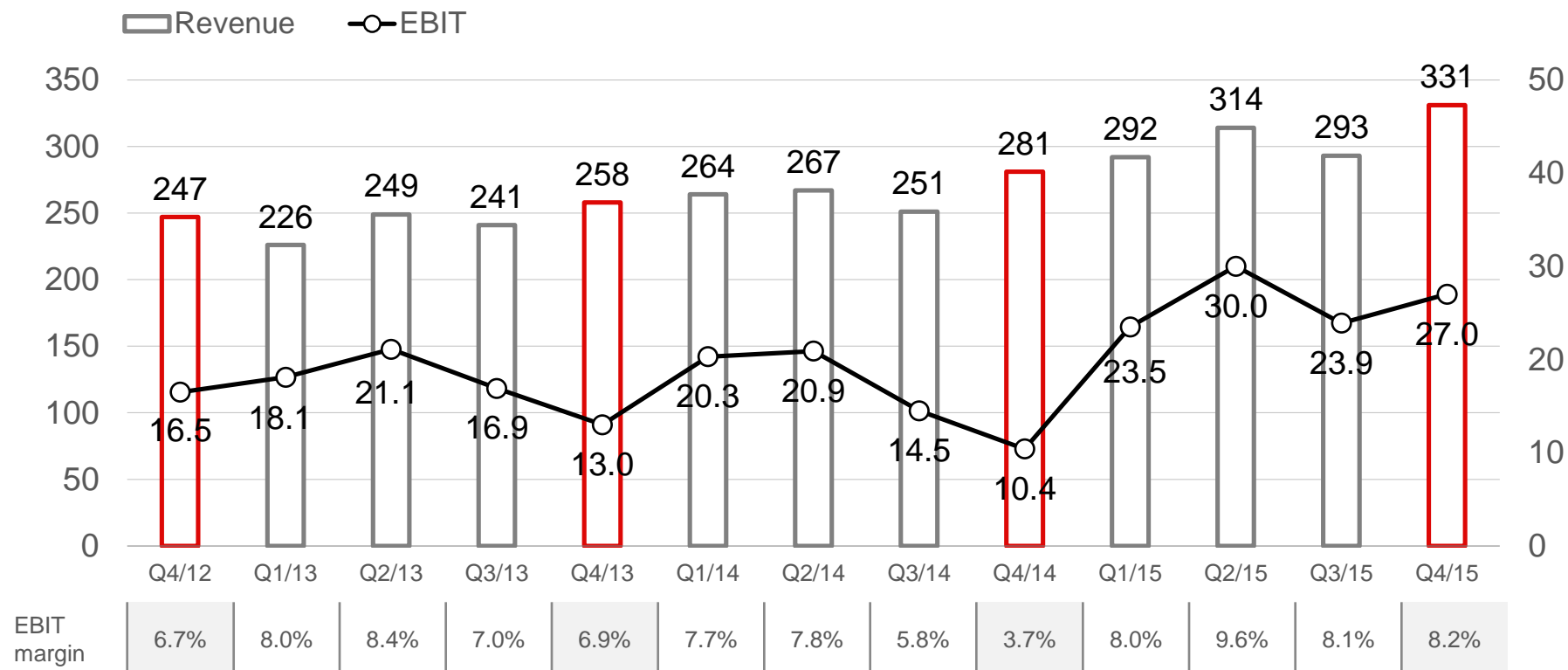
KEY FINANCIALS

	2013 ¹⁾	2014 ¹⁾	2015	%
Revenue	973.9	1,063.4	1,229.9	+ 15.7%
EBITDA	100.7	104.6	145.3	+ 38.9%
EBITDA margin	10.3%	9.8%	11.8%	–
EBIT	69.0	66.1	104.4	+ 57.9%
EBIT margin	7.1%	6.2%	8.5%	–
Result before income tax	56.0	54.2	93.0	+ 71.6%
Consolidated net result for the period	38.7	38.2	64.4	+ 68.7%
Dividend per share (EUR)*	0.41	0.34	0.57 ²⁾	+ 67.6%

¹⁾ The figures for 2013 and 2014 were adjusted with retrospective effect.

²⁾ Of which EUR 0.18 interim dividend, proposal to the Annual General Meeting: 0.39

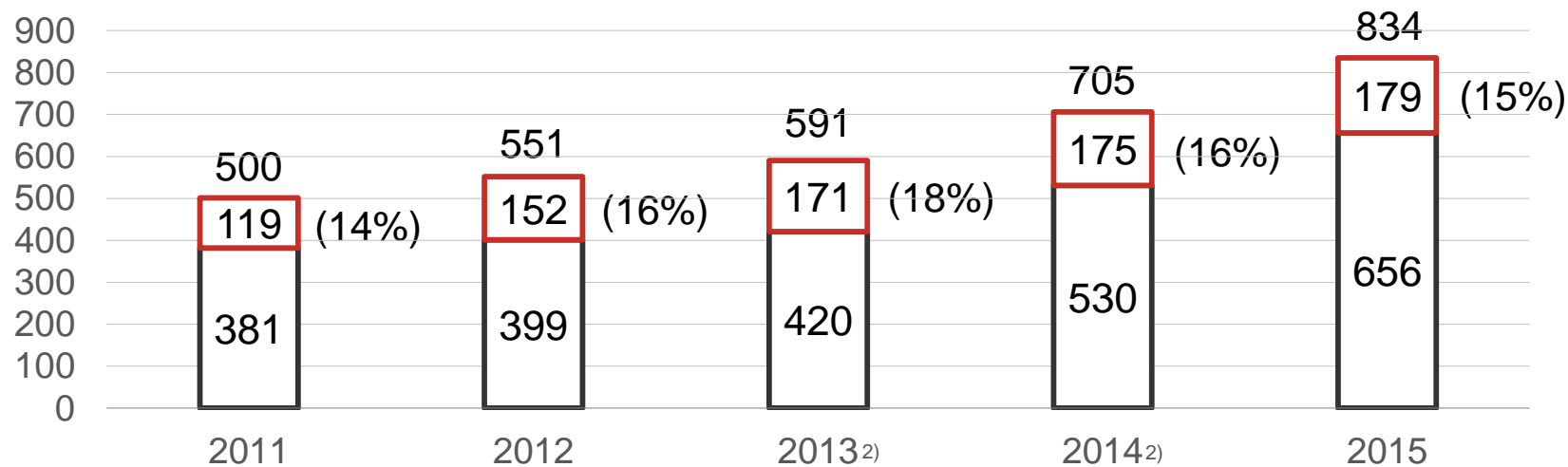
QUARTERLY FIGURES



➔ Continuation of revenue growth

CAPITAL EMPLOYED¹⁾

- Non-current operating assets
- ▣ Net working capital (as percentage of revenue)

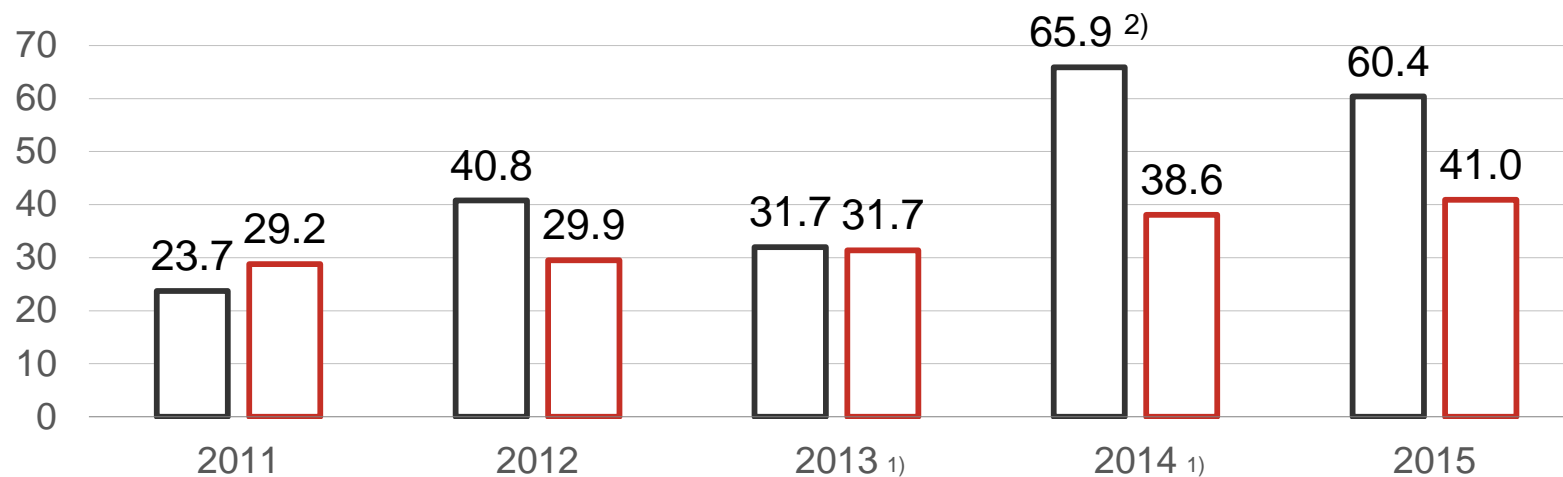


➔ Increase through expansion of business volume, net working capital as percentage of revenue at low level

¹⁾ Average

²⁾ Of which EUR 0.18 interim dividend, proposal to the Annual General Meeting: 0.39

- ▣ Net investments
- ▣ Depreciation, amortization and impairment

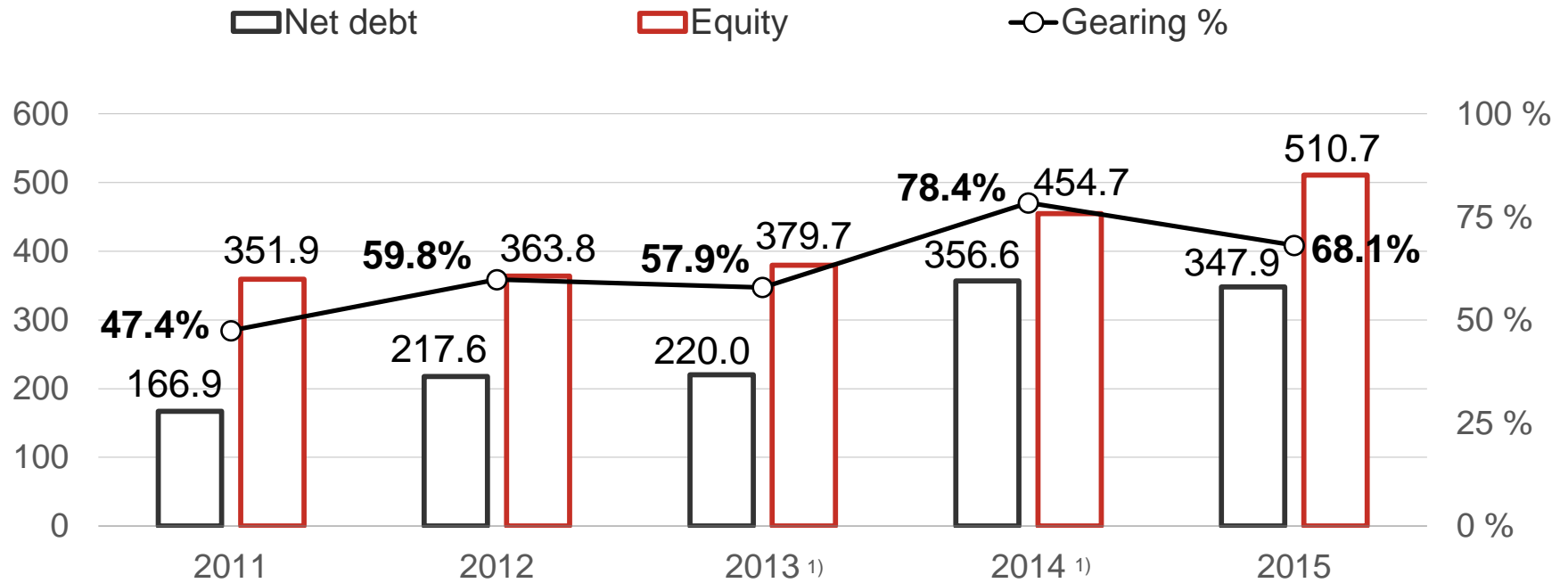


➔ Investments to support further development of the areas

¹⁾ The figures for 2013 and 2014 were adjusted with retrospective effect.

²⁾ Adjusted by acquisition of interest in SANY, total EUR 175,855 thousand

GEARING RATIO AND EQUITY



Decrease in net debt and gearing

¹⁾ The figures for 2013 and 2014 were adjusted with retrospective effect.

FREE CASH FLOWS

	2013 ¹⁾	2014 ¹⁾	2015
EBTDA	87.8	92.4	133.9
+/- Non-cash result from companies at equity	0.5	(1.1)	(4.0)
+/- Change in working capital	(13.4)	(37.6)	(11.0)
+/- Cash flows from tax payments	(5.7)	(6.5)	(8.3)
Cash flows from operating activities	69.2	47.2	110.6
+/- Cash flows from investing activities	(48.8)	(217.4)	(64.6)
Cash flows after changes in working capital & investments	20.4	(170.2)	46.0
+/- Cash flows from interest on borrowings adjusted by tax expense	8.6	10.7	8.7
Free cash flows	29.0	(159.5)	54.7
Cash flows from equity/investor capital	(17.6)	31.3	(36.7)
Cash flows from net debt	(2.8)	138.9	(9.3)

¹⁾ The figures for 2013 and 2014 were adjusted with retrospective effect.

OUTLOOK

HERBERT ORTNER, CEO

- Continuation of internationalization strategy
 - » Completion of product portfolio in all regions in the medium term
 - » Focus on sustainable market development in China and Russia
- Further promotion of growth in the marine business
- Further increase in flexibility (lean administration)
 - » Site-related optimization programmes, savings potentials, primarily in administrative processes, reduction of complexity in global organizational structure
- Industry 4.0: Active implementation of digitization strategies – internally and on the market
- Alignment of production structures to reconcile global benefits with local requirements
- Sustainability management at all sites

- Heterogeneous economic developments, no pronounced growth dynamics
 - Growth achieved in non-European regions, particularly in North America and Asia. Satisfactory demand in CIS in spite of difficult conditions. South America affected by shrinking market.
 - Political tensions and low oil prices influence customers' investment behaviour
 - Visibility continues to be very low
-
- Continuation of growth strategy planned

Herbert Ortner, CEO

Phone +43 662 2281-81001

h.ortner@palfinger.com

Hannes Roither, Company Spokesperson

Phone +43 662 2281-81100

h.roither@palfinger.com

PALFINGER AG

Lamprechtshausener Bundesstrasse 8

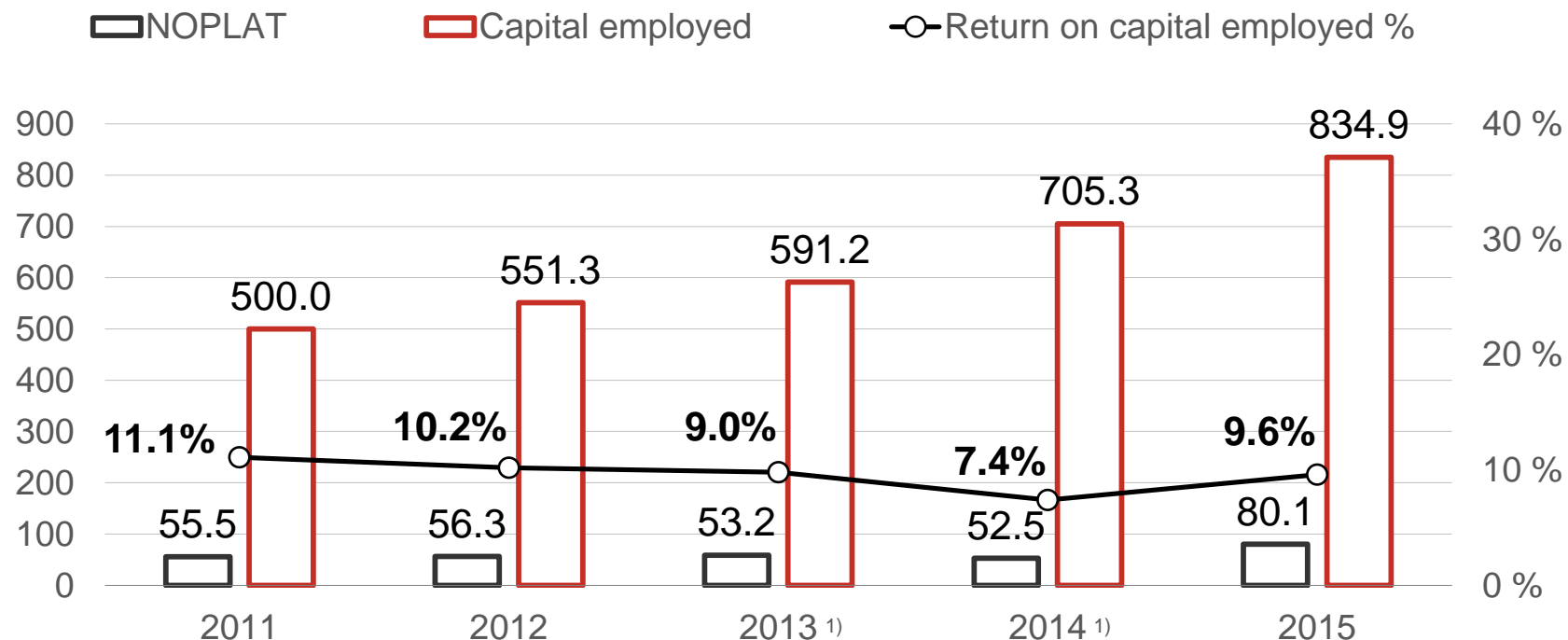
5101 Bergheim

www.palfinger.ag

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

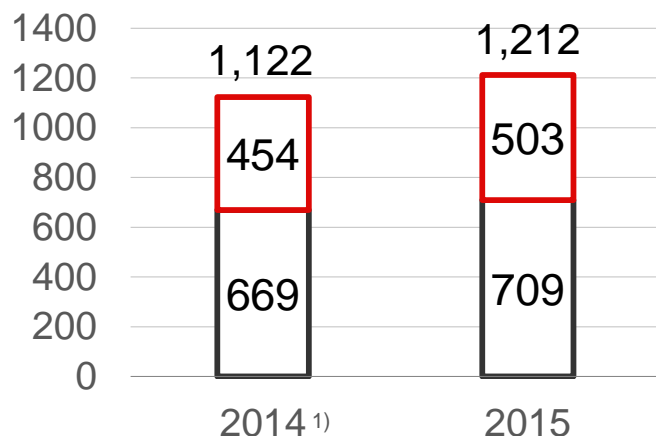
RETURN ON CAPITAL EMPLOYED



¹⁾ The figures for 2013 and 2014 were adjusted with retrospective effect.

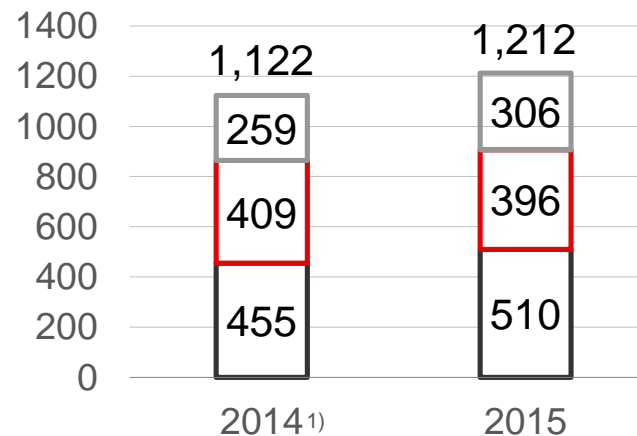
ASSETS

■ Non-current assets ■ Current assets



LIABILITIES

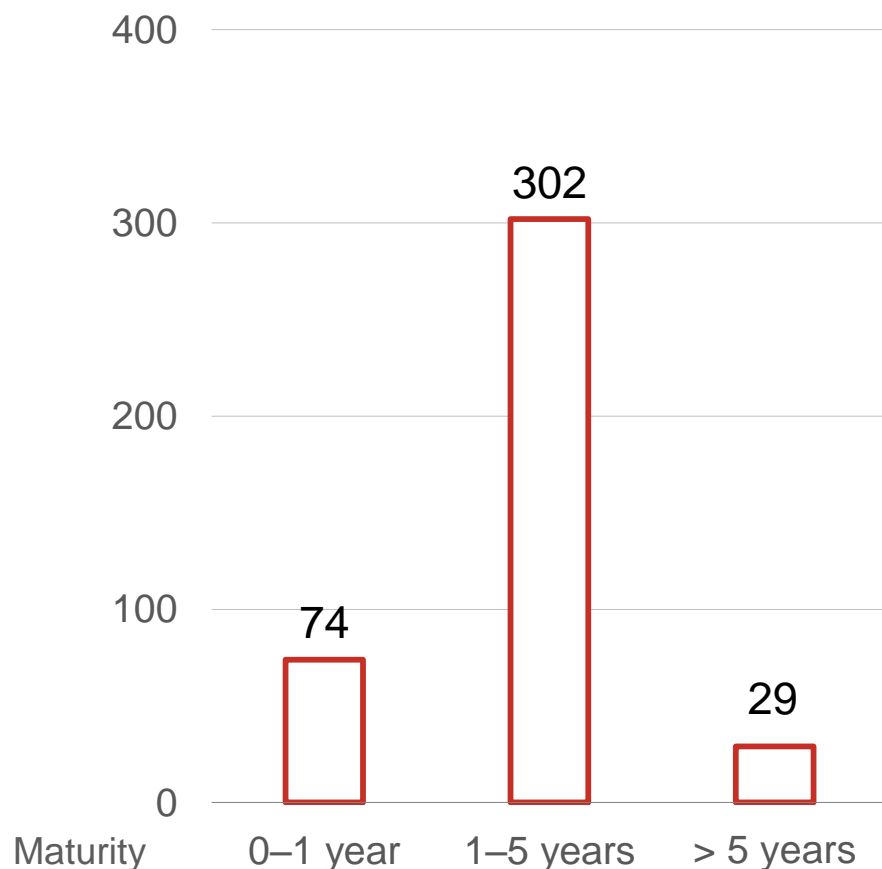
■ Equity
 ■ Non-current liabilities
 ■ Current liabilities



➔ Long-term financial structure

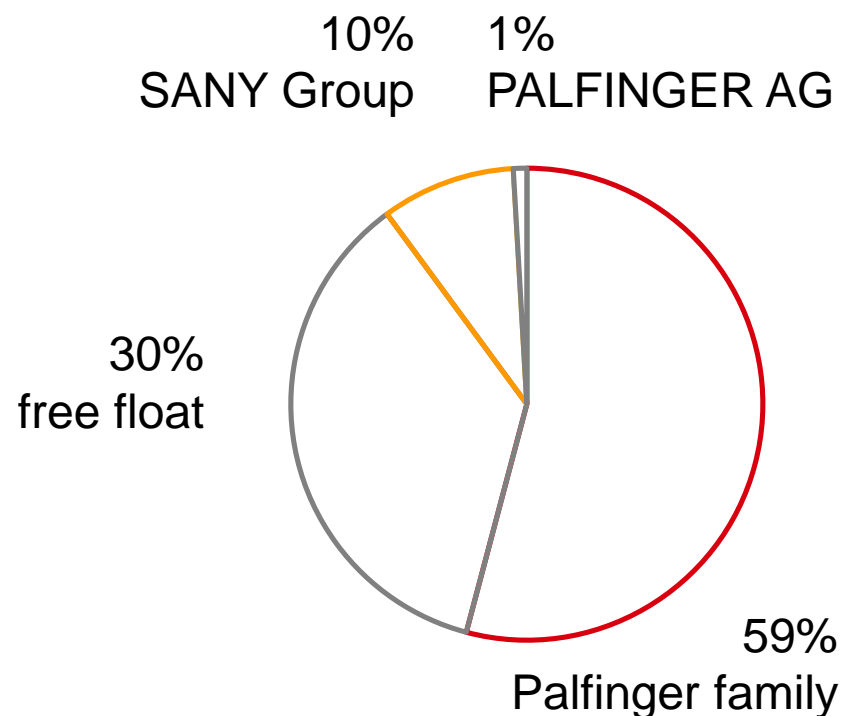
¹⁾ The figures for 2013 and 2014 were adjusted with retrospective effect.

FINANCING STRUCTURE AS AT 31 DEC 2015



Financial liabilities	405.5 Mio EUR
Ø Interest rate	2.06%
Ø Remaining time to maturity	3.1 years
Cash and cash equivalents	21.6 Mio EUR
Net Debt	347.9 Mio EUR
Equity ratio	42.1%
Gearing	68.1%
Net Debt/EBITDA	2.39

SHAREHOLDER STRUCTURE

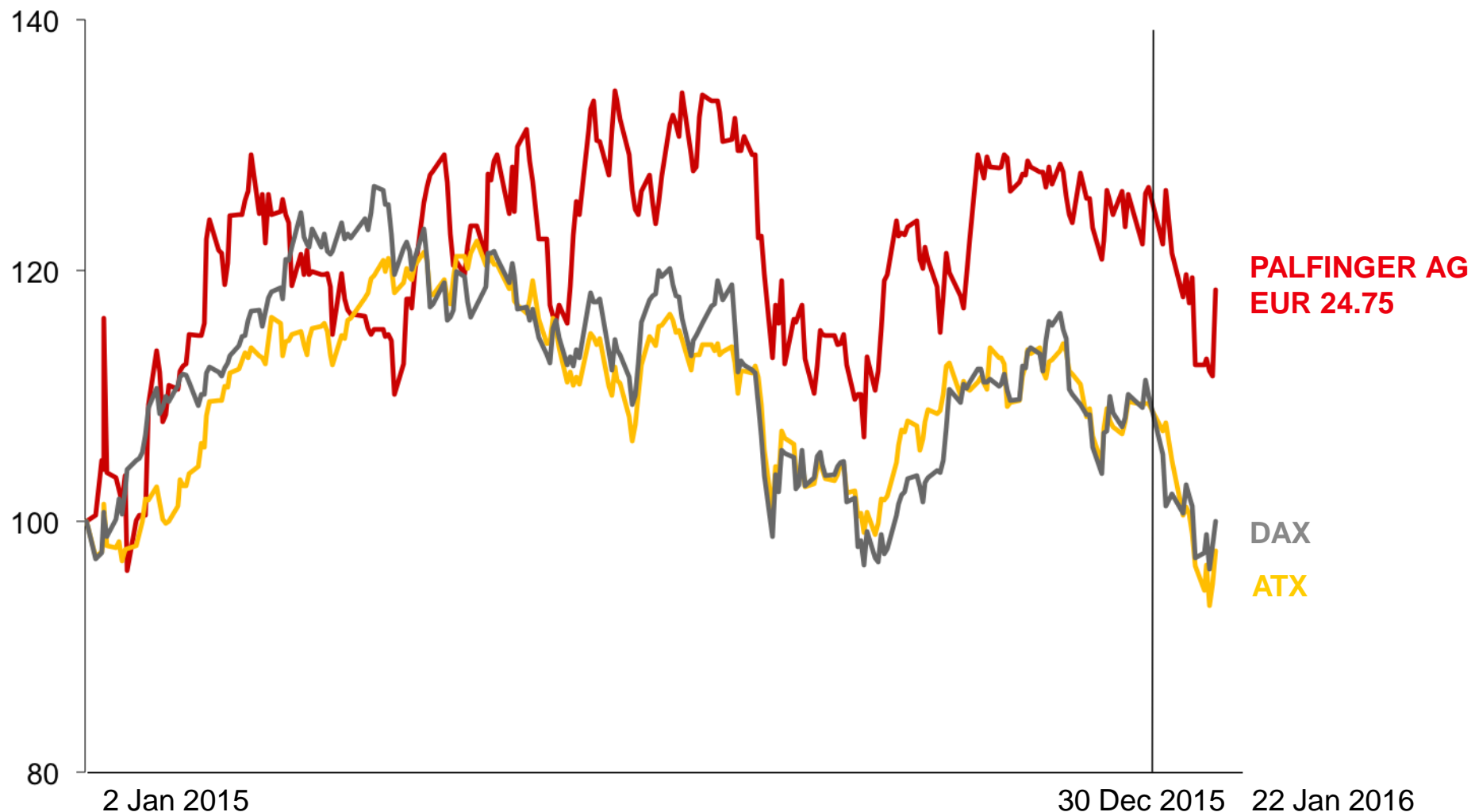


SHAREHOLDER INFORMATION AS AT 31 DEC 2015

ISIN	AT0000758305
Number of shares thereof own shares	37,593,258 282,756
Share price as at end of period	EUR 26.45
Market capitalization	EUR 994.34m
Earnings per share ¹⁾	EUR 1.73

¹⁾ The figures for 2013 and 2014 were adjusted with retrospective effect.

PERFORMANCE OF PALFINGER SHARES SINCE 2015



9 March 2016	Annual General Meeting
11 March 2016	Ex-dividend date
14 March 2016	Record date
15 March 2016	Dividend payment date
27 April 2016	Publication of the results for the first quarter of 2016
27 July 2016	Publication of the results for the first half of 2016
27 October 2016	Publication of the results for the first three quarters of 2016
