

PALFINGER AG

Another record in revenue

Increase in operating profitability

**Establishment of marine business
as second mainstay**

**Presentation on the 2016 financial year
7 February 2017**

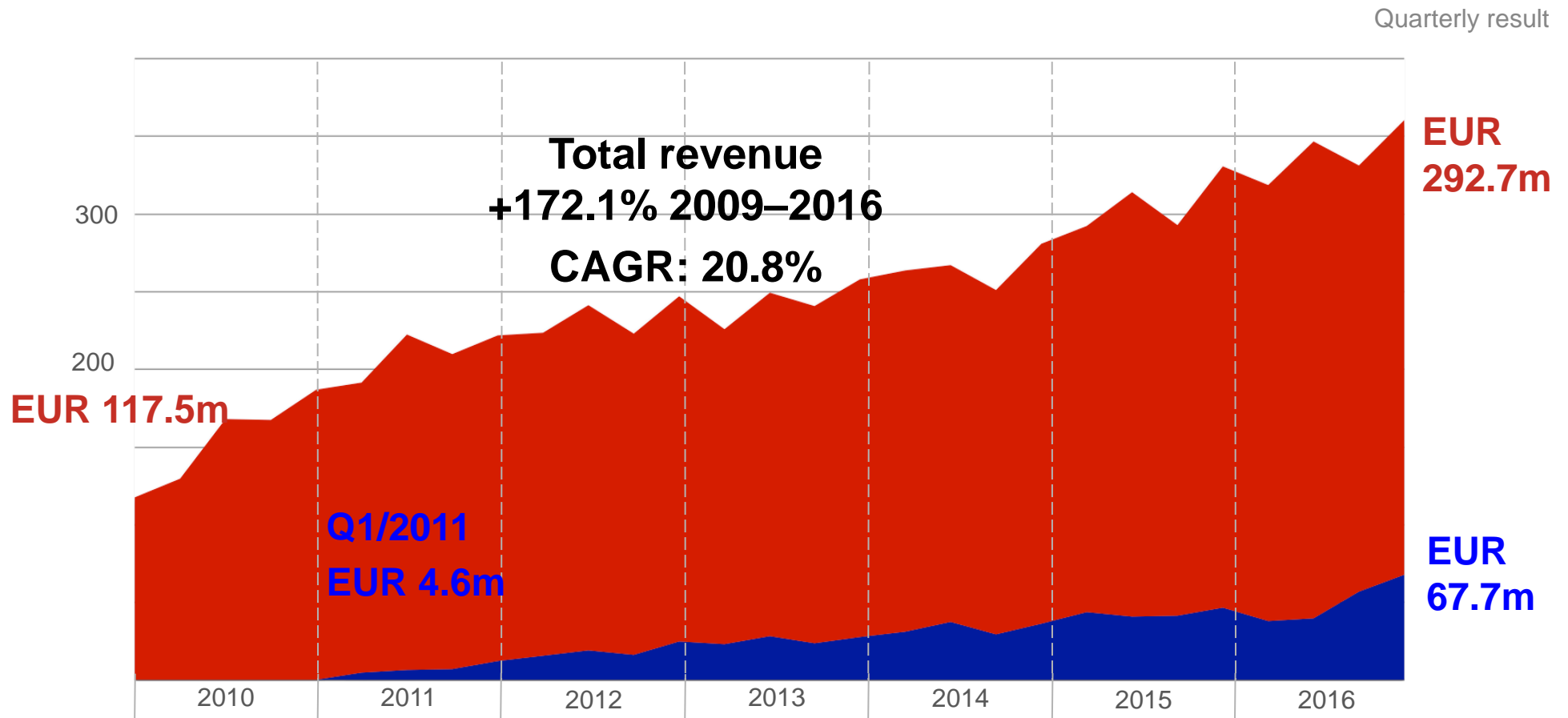
HERBERT ORTNER, CEO

GROWTH DESPITE MARKET VOLATILITY

REVENUE, GROWTH AND VOLATILITY (QUARTERS)

■ LAND segment from 2009 to 2016: +149%

■ SEA segment from 2011 to 2016: +1,372%



-
- ➔ 2016 marked by strong growth in revenue and earnings
 - » Increase in sales in Europe, CIS, North America and China
 - » Foundation of PALFINGER Iberica had positive effect
 - » Local value creation in CIS proved its worth, joint venture with KAMAZ positive
 - » Joint venture with SANY doubled sales
 - » Doubling of revenue in marine business due to acquisition of the Harding Group
 - » Large order for offshore wind farm in the German part of the North Sea
 - » Expansion of sustainability targets
 - ➔ Revenue rose by 10.3% to EUR 1,357.0 million
 - ➔ EBITDAn rose by 11.7% to EUR 172.5 million (EBITDAn margin 12.7%)
 - ➔ EBITn rose by 9.1% to EUR 123.7 million (EBITn margin 9.1%)
 - ➔ Restructuring costs: EUR 17.7 million

→ Expansion of marine business

- » Acquisition of the Harding Group makes PALFINGER world market leader in maritime lifesaving equipment
- » One-stop-shop solutions for products and services
- » Marine business volume doubled to more than EUR 300 million

→ Restructuring

- » North America: Reinforcement of management, streamlining of cost structure, increases in productivity, adaptation of product portfolio
- » Marine business: Integration of Harding, utilizing synergies

→ Change in reporting structures

- » New segmentation reflects organizational and management structures
- » More transparency due to normalized earnings ratios

STRATEGY

- Strategic pillars: Innovation – internationalization – flexibility
- Expand relevant market position on the world market in both segments
- Further acquisitions to strengthen marine business
- Completion of product portfolio in all regions
- Growth through higher market shares and increased profitability
- Continuous innovation with focus on development of product features and business models based on digitalization
- Enhanced flexibility of internal processes and synergies through global networking
- Long-term, profitable growth through enhanced competitive advantages

→ Group: approx. EUR 1.4bn, approx. 9,970 employees

- » 38 production sites

→ Land: approx. EUR 1.2bn

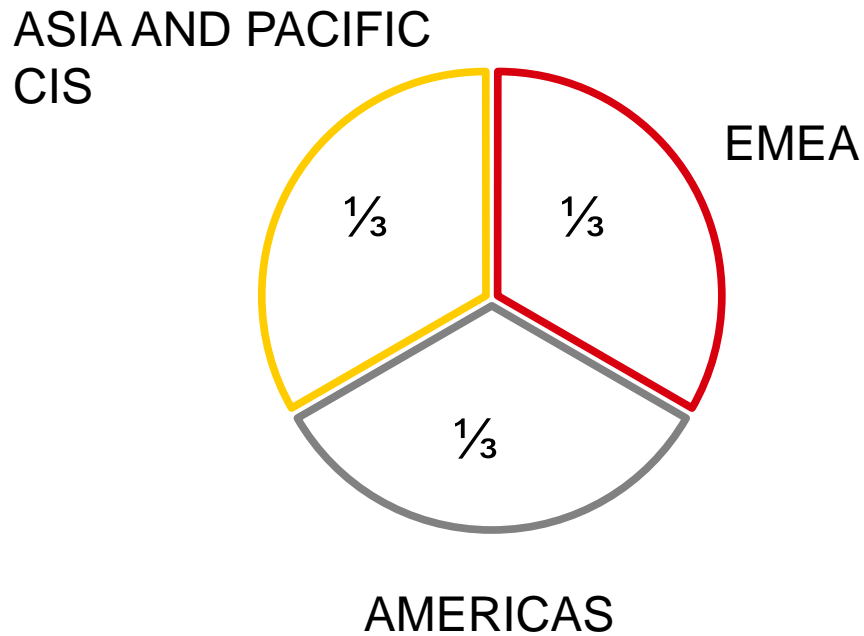
- » 7,800 employees
- » 5,000 service centres worldwide
- » Number one worldwide for truck mounted loader cranes and hooklifts, timber and recycling cranes as well as railway systems
- » Top 3 worldwide for tail lifts and truck mounted forklifts

→ Sea: approx. EUR 0.2bn

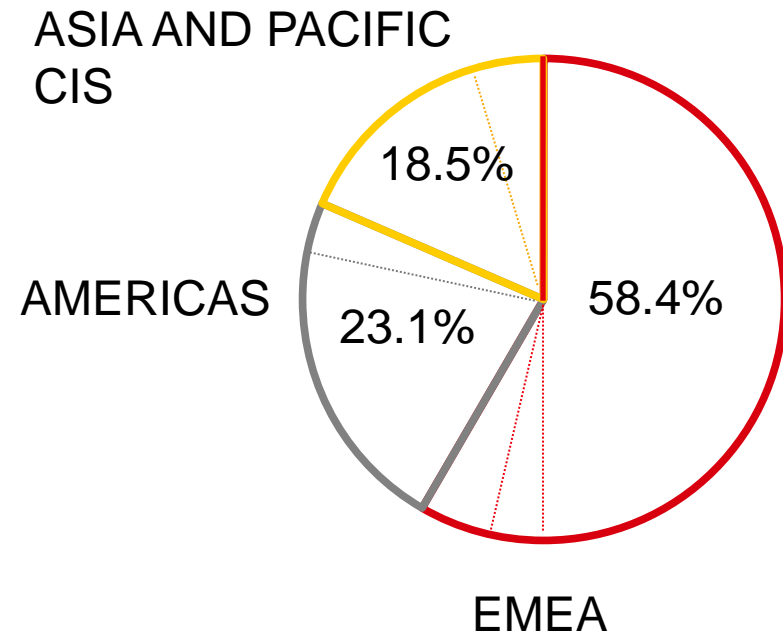
- » 1,500 employees
- » 16 service centres worldwide
- » Number one worldwide for lifesaving systems
- » Leading position in cranes for ships, offshore installations and offshore wind farms

→ World's leading supplier of lifting and handling systems

STRATEGIC TARGET



REVENUE 2016

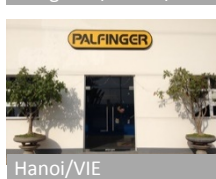


MARTIN ZEHNDER, COO VALUE CREATION AND DIGITALIZATION

38 PRODUCTION SITES



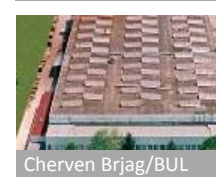
Asia



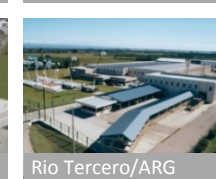
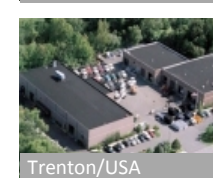
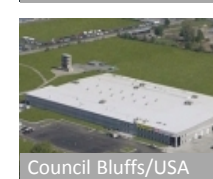
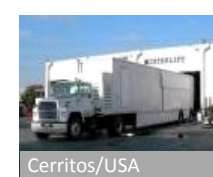
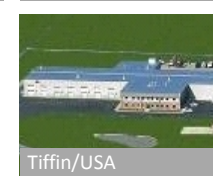
CIS



Europe



Americas



“GO EAST” STRATEGY EMEA



→ Expansion at Cherven Brjag

- » From components to products
- » Investments in painting and assembly



→ Cylinder production at Tenevo

- » Further expansion of manufacturing for third parties
- » Outsourcing of small cylinders
- » Support of cylinder plant in Russia



→ Expansion electroplating plant Lazuri

- » Continuous chrome plating procedure expanded
- » Investment in upstream processes



- ↗ Shift of repetitive operations
- ↗ Developing a supplier pool for Eastern Europe
- ↗ Proximity to important markets

- From products to turn-key solutions
- One-stop-shop expertise our sales partners and customers
- Strong networks with dealers, truck manufacturers, suppliers and major customers
- Mounting centres in EMEA, the Americas, Asia and CIS



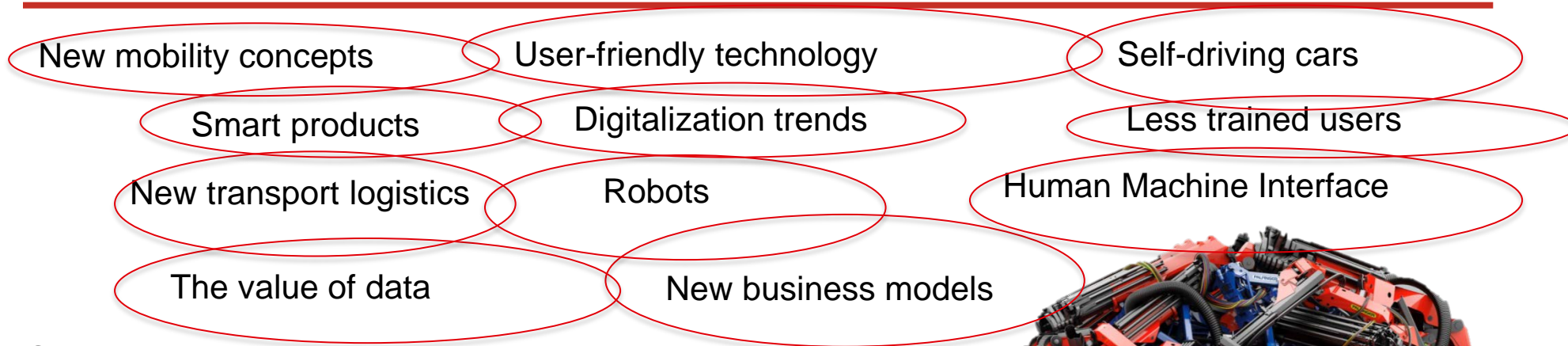
JV Kamaz Mounting



Lengau MCC



Truck + PK200000



Consequences for PALFINGER

➤ Cranes become robots

Simplified control, full sensor technology, semi-automated workflows

➔ increases in efficiency, safety, comfort

➤ Total connectivity of trucks, cranes, equipment and truck bodies

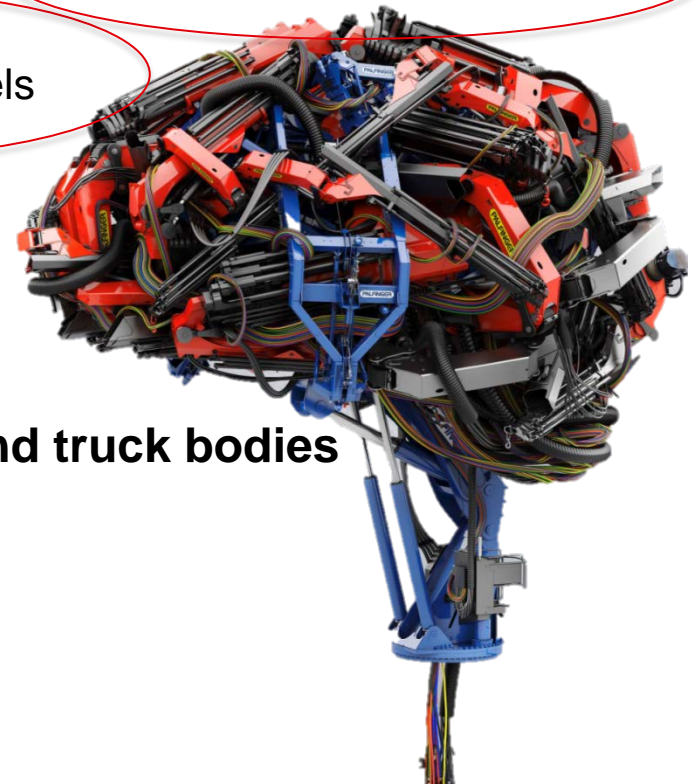
Data collected in cloud ➔ new business models, services

➤ New service models

New technologies such as augmented reality, connectivity and big data ➔ increases in service quality, machine availability

➤ Strategic partnerships

Suppliers, competitors, tech companies ➔ strong networks



“Smart services” New digital business models

- Data-based business models
- Sharing/ rental platforms products & services beyond the core business
- Focus on customer value creation chain
- Telematics & connectivity
- Platform/market place

“Smart functions” Digitalization of products

- Data loggers & user data
- Assistance functions
- Autonomous functions
- Intelligent sensors
- Integration of carrier vehicle
- Predictive maintenance

“Smart apps” Interaction with customers

- After-sales portal
- CRM
- Digital marketing
- Social media
- Communication tools

“Smart processes” Digitalization of processes

- Supply chain management
- Documentation of service and quality
- Product data management
- Industry 4.0



EXAMPLE DIGITALIZATION IN RECYCLING



➤ New possible features

- » Automatic approach system
- » Recognition via RFID
- » Weight determination during the lifting process (overload)
- » Automated container emptying process
- » Automated container positioning
- » Measurement of container content
- » Picking up containers from various contract partners
- » Direct settlement via RFID recognition of the container
- » ...

A woman in a red shirt is operating a small, white, autonomous vehicle (AV) in a factory setting. The AV has a blue light bar on its front and a small screen on its side. The background shows industrial equipment and shelving.

Arbeitgang 7:
Teil 16 positionieren
und heften

[illegible]

A 3D model of a mechanical part, possibly a bracket or arm, with various tolerance specifications. The part is dark grey with some colored regions (green, blue, yellow) indicating different material or processing areas. Tolerance callouts include:

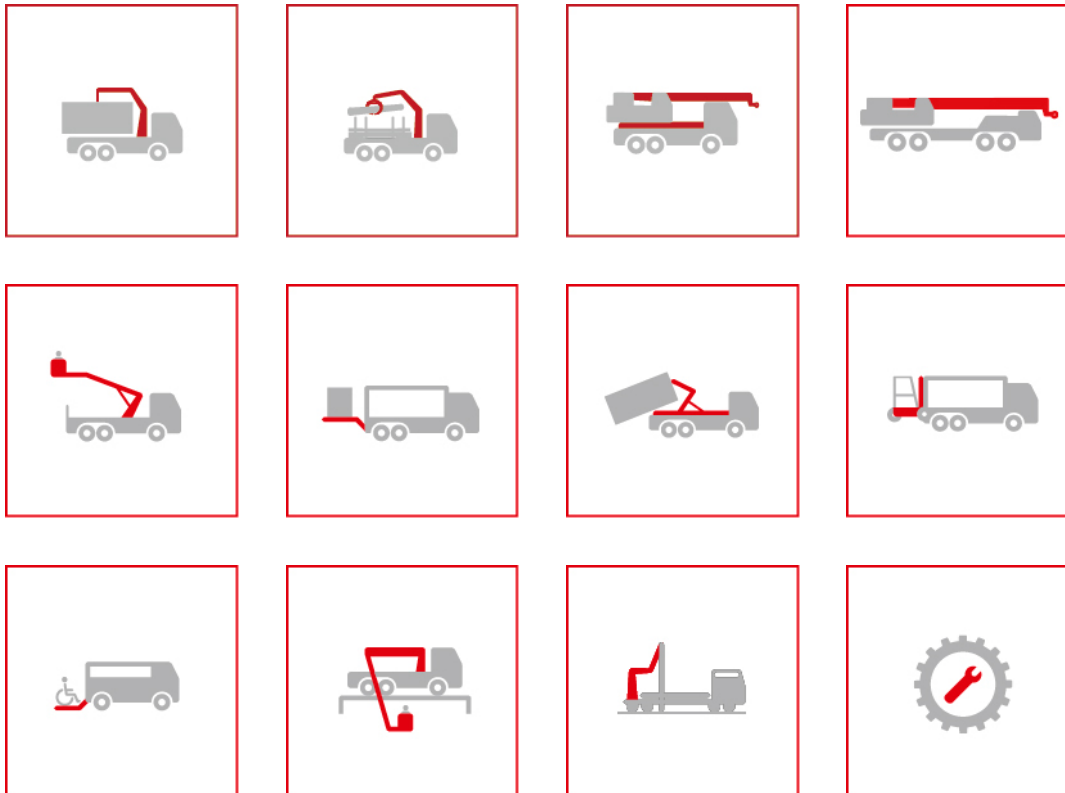
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HERBERT ORTNER, CEO

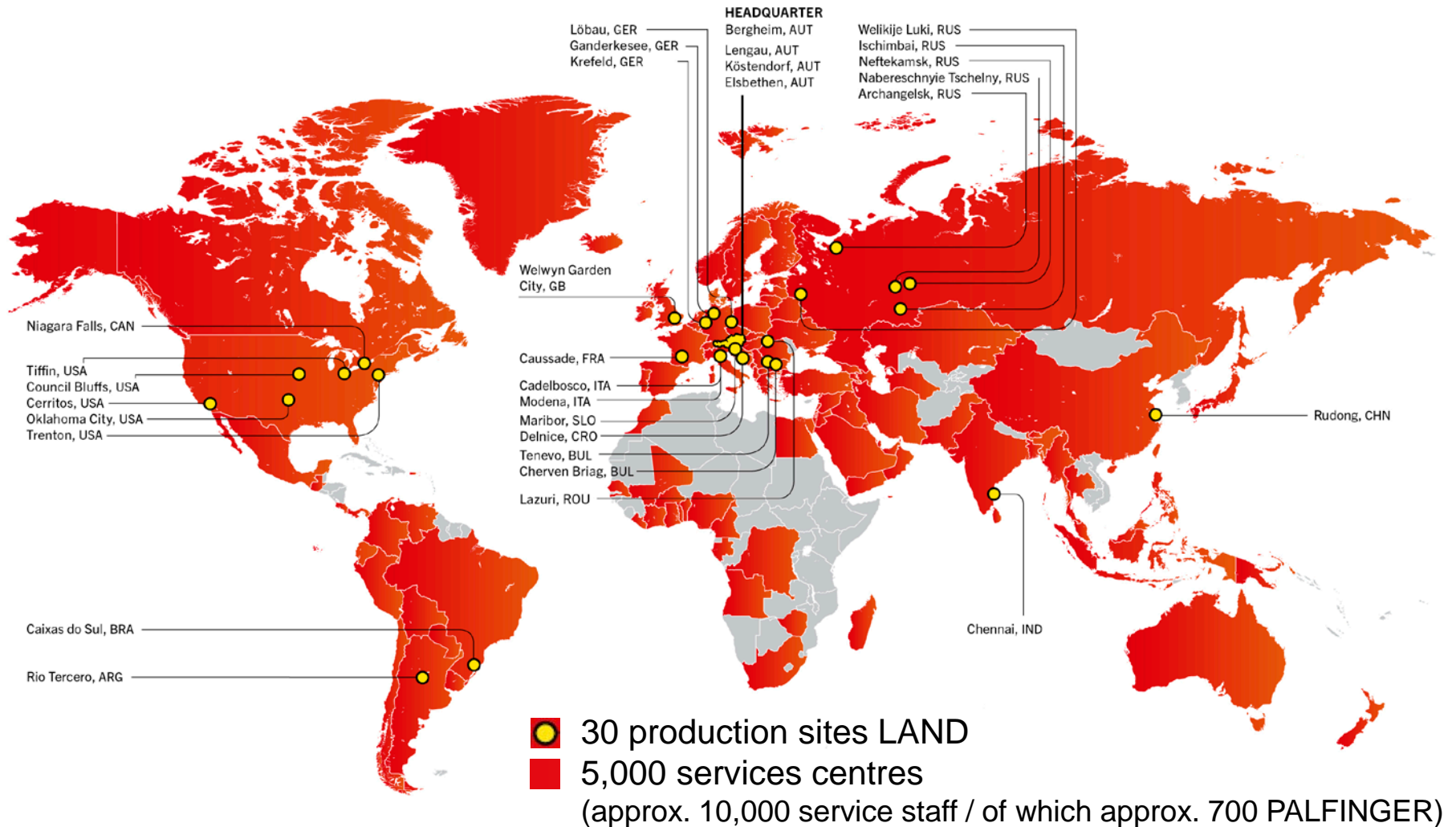
LAND SEGMENT

**PALFINGER is the leading supplier
of loading, lifting and handling systems**



- Loader cranes
- Timber and recycling cranes
- Telescopic cranes
- Mobile cranes
- Access platforms
- Tail lifts
- Hooklifts
- Truck mounted forklifts
- Passenger lifts
- Bridge inspection units
- Railway systems
- After sales and service

GLOBAL FOOTPRINT – LOCAL VALUE CREATION



- ➔ Growth based on good performance in Europe, increase in revenue of 9.2% to EUR 1,153.9 million
 - » Demand in EMEA still strong
 - » Asia and CIS show satisfactory performance
 - » Cooperation with SANY remains highly successful
 - » Further contraction of Brazilian market by around 40%
 - » PALFINGER Iberica had a good start in a revived market
 - » Restructuring initiated in North America
 - » Joint ventures with KAMAZ show positive development
- ➔ EBITDAn rose significantly by 18.8% to EUR 175.6 million (EBITDAn-margin 15.2%)
- ➔ EBITn increased by 21.7% to EUR 138.4 million (EBITn margin 12.0%)
- ➔ Restructuring costs: EUR 9.5 million

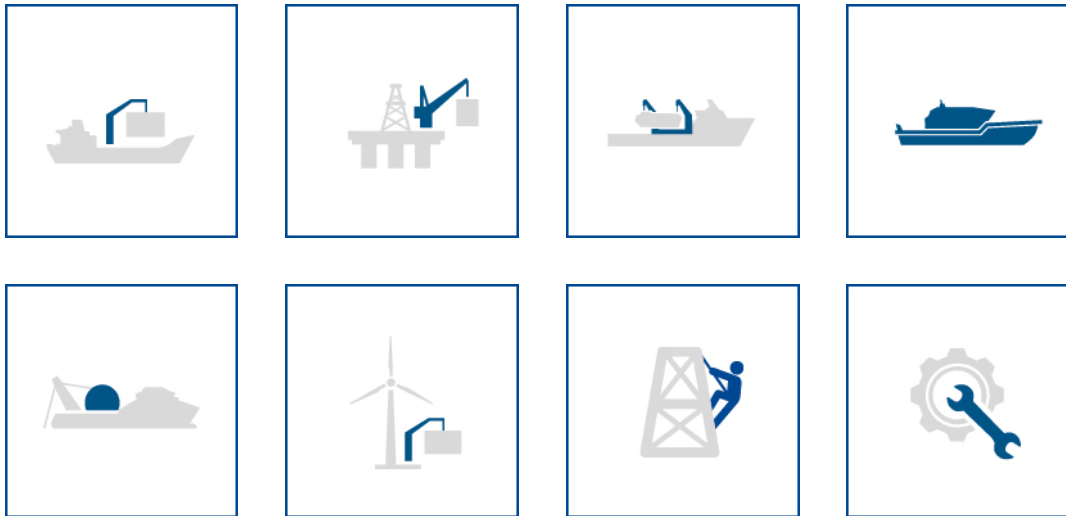
	2015 ¹⁾	2016	%
Revenue	1,057.0	1,153.9	+9.2%
EBITDAn	147.9	175.6	+18.8%
EBITDAn margin	14.0%	15.2%	–
EBITn	113.7	138.4	+21.7%
EBITn margin	10.8%	12.0%	–
Restructuring costs	6.7	9.5	+41.8%

 Operating profitability rose to 15.2 per cent

¹⁾ Figures were calculated retrospectively due to the new segmentation.

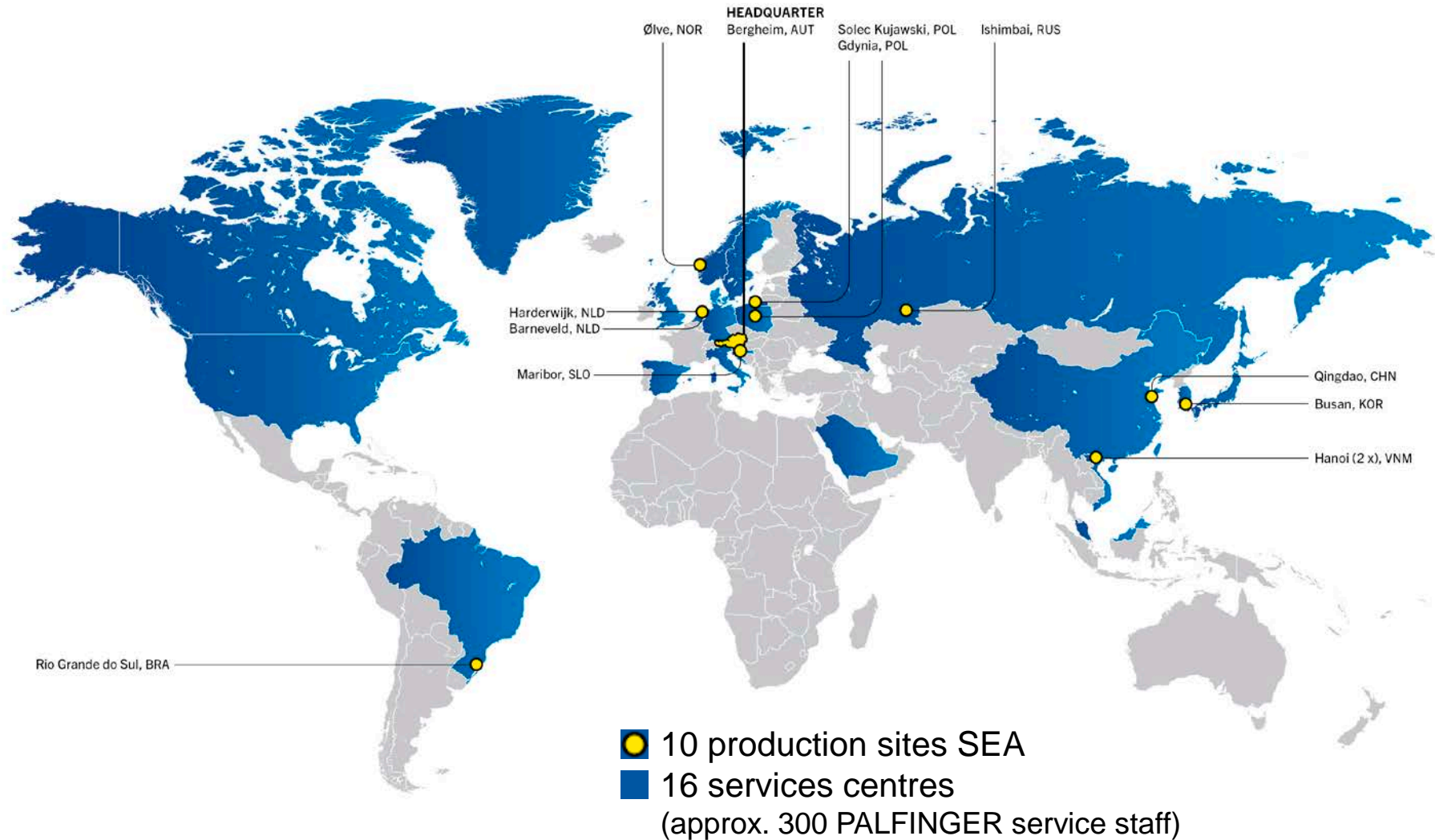
SEA SEGMENT

PALFINGER MARINE is the leading manufacturer of high-end deck equipment in the maritime sector



- Marine cranes
- Offshore cranes
- Davit systems
- Boats
- Winches and offshore equipment
- Wind cranes
- Rope access professionals
- After sales and service

GLOBAL FOOTPRINT – ALSO IN SERVICES



- Revenue increased by 17.4% to EUR 203.1 million due to acquisition of Harding Group
 - » Harding contributed EUR 45.4 million to revenue
 - » Low oil price lowered investment propensity in core customer industry
 - » Declining demand for cranes
 - » Upward trend in wind energy industry had a positive effect
 - » Large order for offshore wind farm in the German part of the North Sea
 - » Segment revenue rose to 15.0% of Group revenue
- EBITDAn decreased by 42.4% to EUR 11.5 million (EBITDAn margin 5.6%)
- EBITn decreased by 81.4% to EUR 2.9 million (EBITn margin 1.4%)
- Restructuring costs: EUR 6.1 million

	2015 ¹⁾	2016	%
Revenue	172.9	203.1	+17.4%
EBITDAn	19.9	11.5	(42.4%)
EBITDAn margin	11.5%	5.6%	–
EBITn	15.7	2.9	(81.4%)
EBITn margin	9.1%	1.4%	–
Restructuring costs	0.7	6.1	+818.6%

 **Global service business will stabilize earnings**

¹⁾ Figures were calculated retrospectively due to the new segmentation.

CHRISTOPH KAML, CFO

KEY FINANCIALS

KEY FINANCIALS

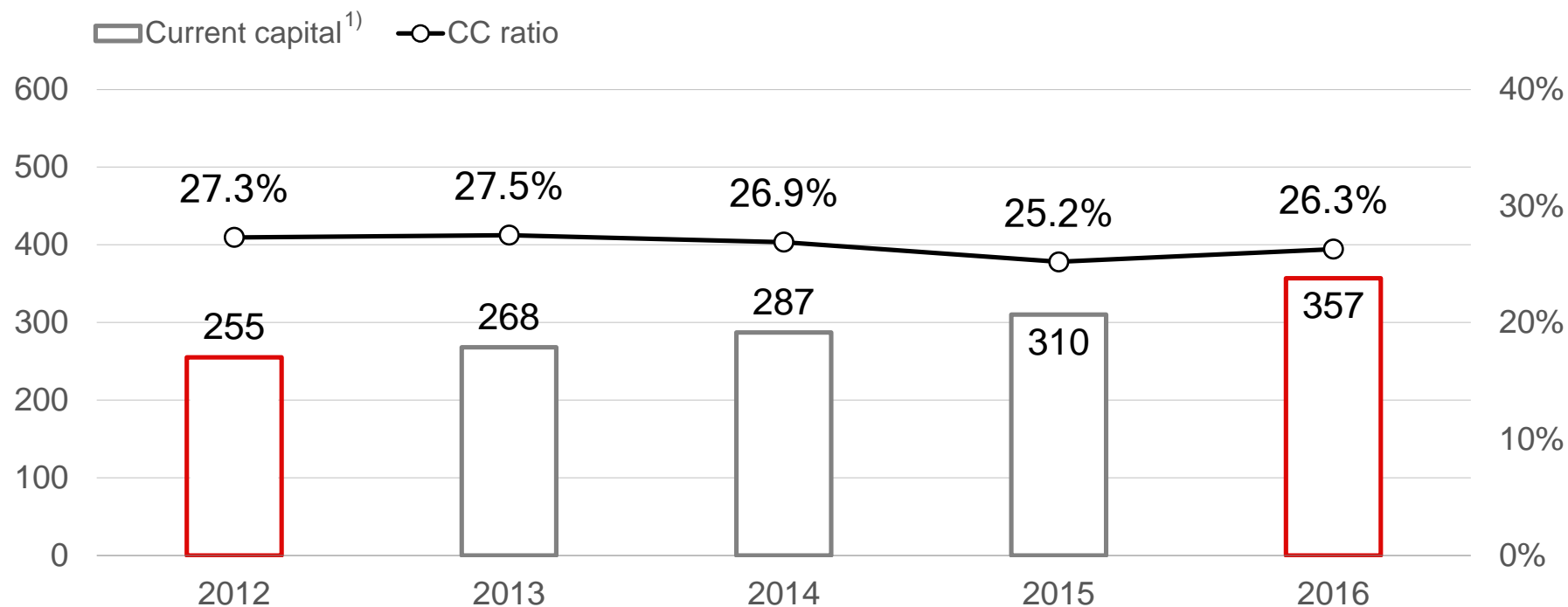
	2014 ¹⁾	2015	2016	%
Revenue	1,063.4	1,229.9	1,357.0	+10.3%
EBITDAn ²⁾	104.6	154.4	172.5	+11.7%
EBITDAn margin ²⁾	9.8%	12.6%	12.7%	–
EBITn ²⁾	66.1	113.4	123.7	+9.1%
EBITn margin ²⁾	6.2%	9.2%	9.1%	–
Result before income tax	54.2	93.0	93.2	+0.3%
Consolidated net result for the period	38.2	64.4	61.2	–5.0%
Dividend per share (EUR)	0.34	0.57 ³⁾	0.57 ⁴⁾	–

¹⁾ Figures for 2014 were adjusted with retrospective effect. ²⁾ neutralized figures only for 2015 and 2016

³⁾ of which EUR 0.18 interim dividend, final dividend: EUR 0.39

⁴⁾ Proposal to the Annual General Meeting.

CURRENT CAPITAL¹⁾

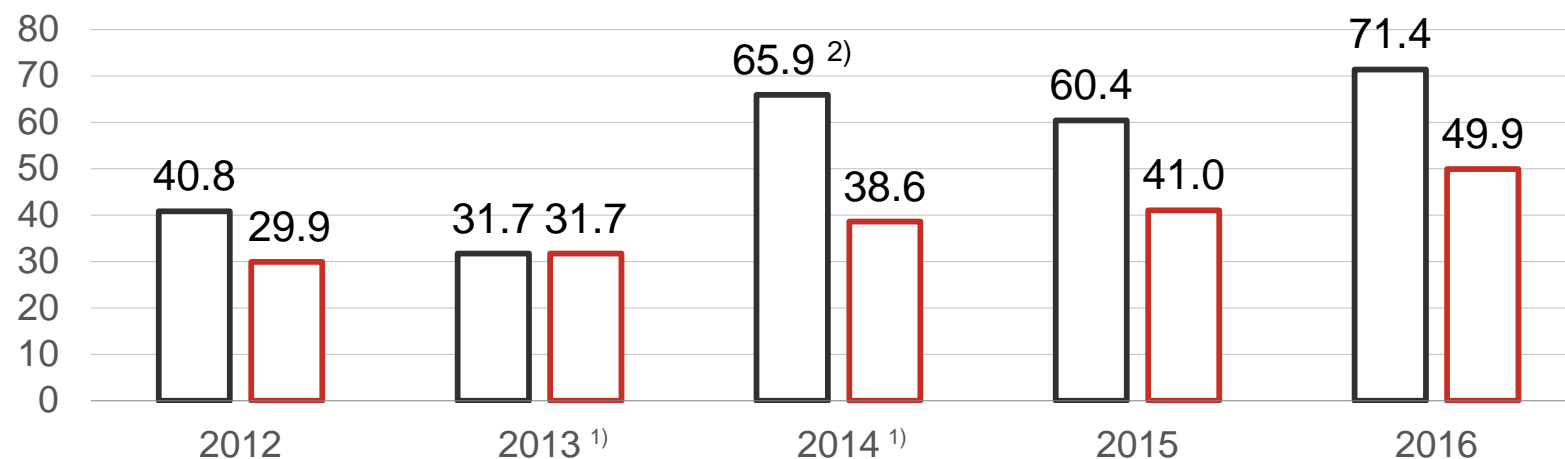


➔ Long-term flexibility of balance-sheet structure

¹⁾ Average

▣ Net investments

▣ Depreciation, amortization and impairment

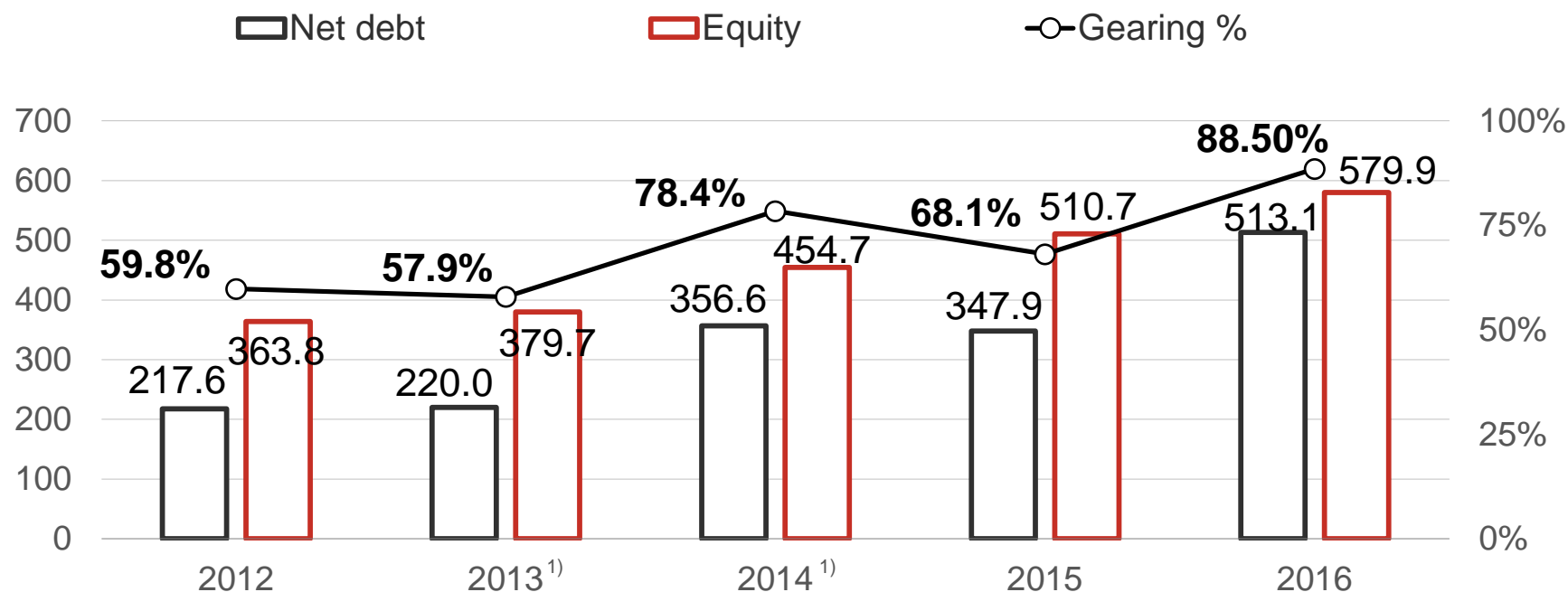


➔ Investments to expand production capacities and replacement investments

¹⁾ 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



➔ Acquisition of Harding increased net debt;
Solid performance of equity

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

FREE CASH FLOWS

	2014 ¹⁾	2015	2016
EBTDA	92.4	133.9	143.2
+/- Non-cash result from companies at equity	(1.1)	(4.0)	(3.6)
+/- Change in working capital	(37.6)	(11.0)	0.1
+/- Cash flows from tax payments	(6.5)	(8.3)	(30.1)
Cash flows from operating activities	47.2	110.6	109.6
+/- Cash flows from investing activities	(217.4)	(64.6)	(187.7)
Cash flows after changes in working capital & investments	(170.2)	46.0	(78.1)
+/- Cash flows from interest on borrowings adjusted by tax expense	10.7	8.7	9.4
Free cash flows	(159.5)	54.7	(68.7)
Cash flows from equity/investor capital	31.3	(36.7)	(17.6)
Cash flows from net debt	138.9	(9.3)	95.7

¹⁾ Figures for 2014 were adjusted with retrospective effect.

OUTLOOK

HERBERT ORTNER, CEO

- ➔ Continuation of growth strategy
 - » Completion of product portfolio in all regions
 - » Digital services as drivers of growth and value
 - » Reduction of current capital
 - » Industry 4.0 as flexibility boost
 - » Further development of corporate culture
- ➔ Further expansion of marine business
 - » Integration and restructuring of the entire area
 - » Further acquisitions planned
- ➔ Completion of restructuring measures by mid-2017
- ➔ Further market development in Asia and CIS
- ➔ **Target for 2017: double-digit EBITn margin**

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