

PALFINGER AG

Anti-cyclical investment in the marine business

Presentation on the results for the third quarter of 2016

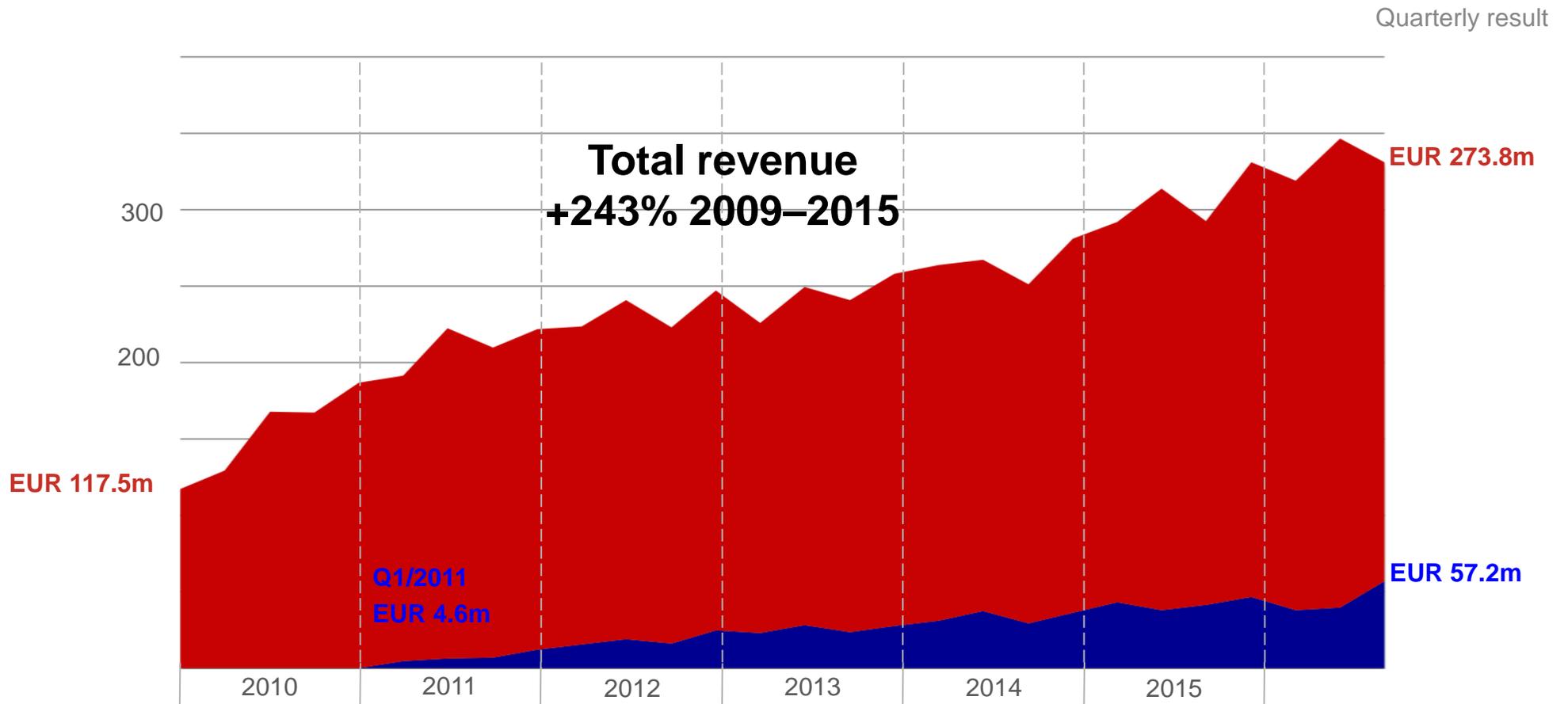
Bergheim, 27 October 2016

GROWTH DESPITE MARKET VOLATILITY



REVENUE, GROWTH AND VOLATILITY (QUARTERS)

- LAND segment from 2009 to 2016: +133%
- SEA segment from 2011 to 2016: +1,146%



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- 2016 marked by revenue growth and substantial increase in earnings
 - » Growth achieved primarily in Europe
 - » Increase in revenue in North America, but restructuring costs negatively impact earnings
 - » Strong demand for loader cranes in Europe
 - » Local value creation in Russia proved its worth
 - » Acquisition of distribution partner in Spain and foundation of PALFINGER Iberica
 - » Integration of Harding progressing well
 - Revenue rose by 10.9% to EUR 996.6 million
 - EBITDAn: EUR 131.1 million (+14.7%); margin: 13.2%
 - EBITn: EUR 96.9 million (+15.4%); margin 9.7%
 - Restructuring costs: EUR 10.6 million (+60.6%)

- New division of reported segments acc. to IFRS from Q3 2016 onwards: LAND and SEA segments, as well as HOLDING unit
- Marine business contributes more than 10% (currently 13.6%) to the Group's revenue and is PALFINGER's strategic growth area
- Segments adjusted to new organization; better transparency of earnings and costs after strategic repositioning of the PALFINGER Group
- Segments differ by core expertise, customer groups and business cycles; peer comparisons easier
- Revenue by region will be reported at Group level

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 digitization
 - Enhanced flexibility of international processes and synergies through global networking

 - Long-term, profitable growth through enhanced competitive advantages
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→ **Group: approx. EUR 1.3bn, approx. 10,500 employees**

» 39 production sites

→ **Land: approx. EUR 1bn**

» 8,500 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 0.3bn**

» 1,970 employees

» 16 service centres worldwide

» Number one worldwide for lifesaving systems

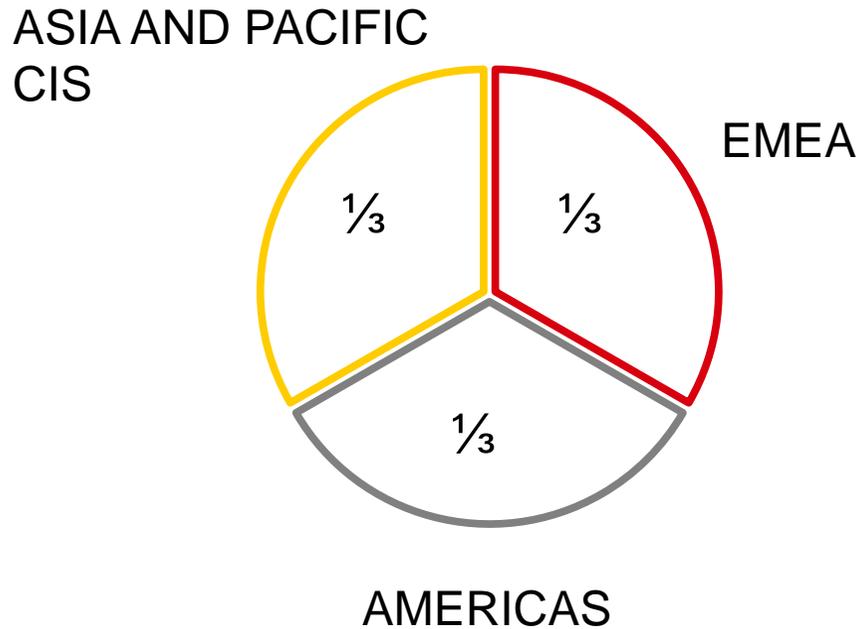
» Leading position in cranes for ships, offshore installations and offshore wind parks

→ **World's leading supplier of lifting and handling systems**

- Growth, primarily in North America, CIS, China and the marine business
- Completion of product portfolio in all regions
- Development of China into second domestic market
- Further expansion of market position in the marine and offshore areas
- Maintaining innovation leadership worldwide
- Quick adjustment to digitized business models
- By mid-2017: Restructuring in North America as well as integration and restructuring of marine business finalized
- 2-digit EBIT margin by 2018

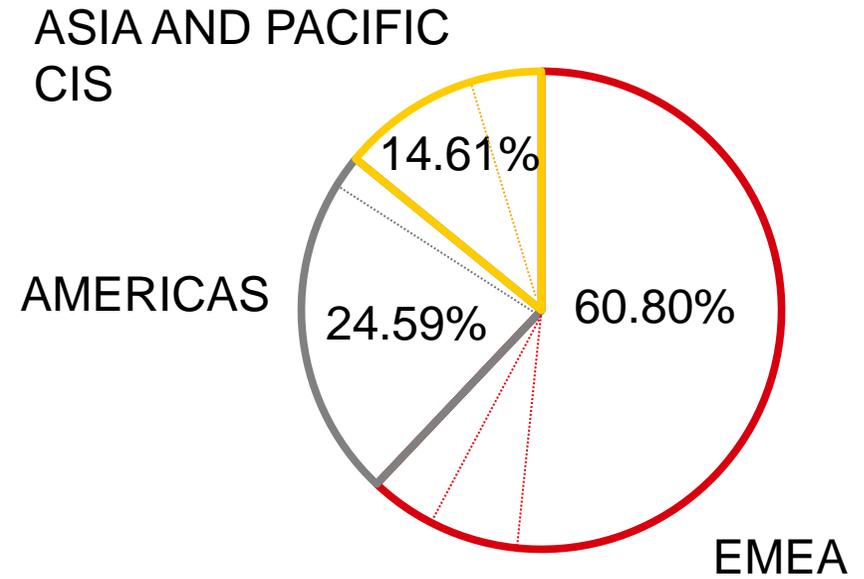
- ➔ **Strategic targets for 2021 will be developed until end of 2017**

STRATEGIC TARGET



REVENUE Q1-Q3 2016

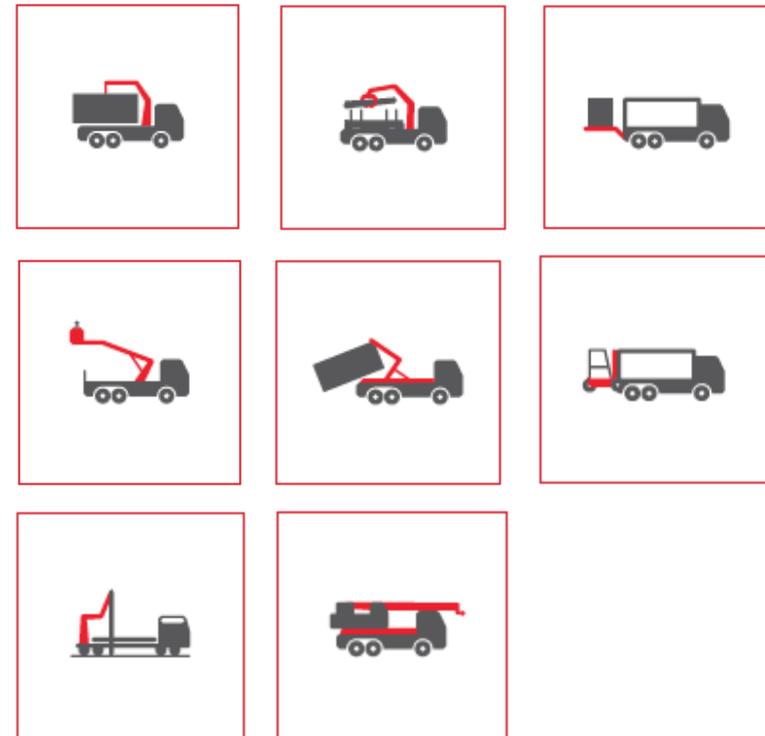
EUR 996.6m



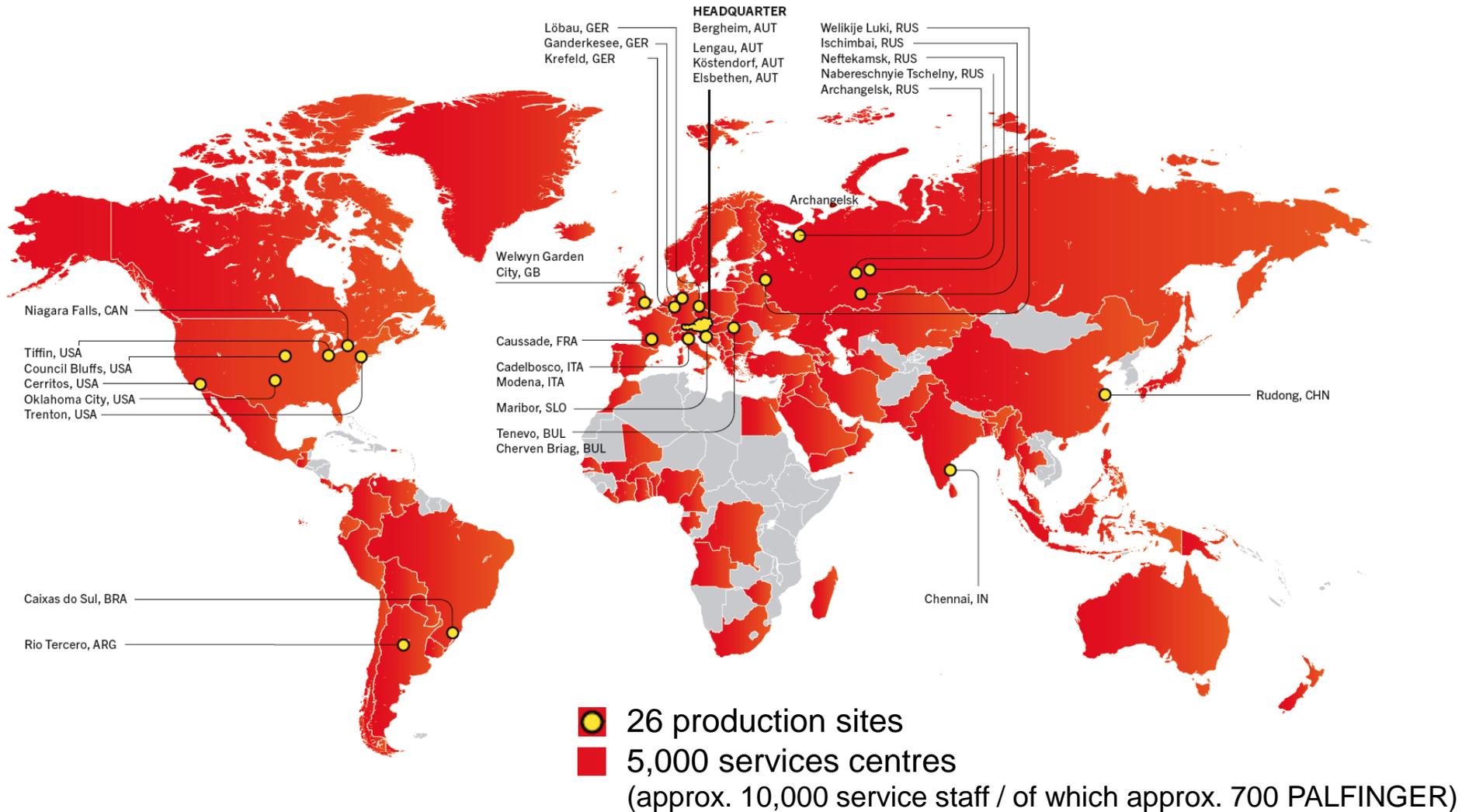
LAND SEGMENT

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

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



GLOBAL FOOTPRINT – LOCAL VALUE CREATION



- Strong demand for loader cranes increases revenue by 11.4%
 - » Growth in sales in all the regions except for South America
 - » Increased capacity utilization of production units – also through manufacturing for third parties
 - » Positive effect of PALFINGER Iberica
 - » Satisfactory growth rates from low levels in Spain and Italy
 - » Restructuring in North America according to plan
 - » JV's with SANY continue profitable growth
 - » Continuation of growth in CIS due to local production
- Revenue rose by 11.4% to EUR 861.2 million
- EBITDAn: EUR 135.0 million (+22.8%); margin 15.7%
- EBITn: EUR 107.3 million (+26.8%); margin 12.5%
- Restructuring costs: EUR 4.0 million

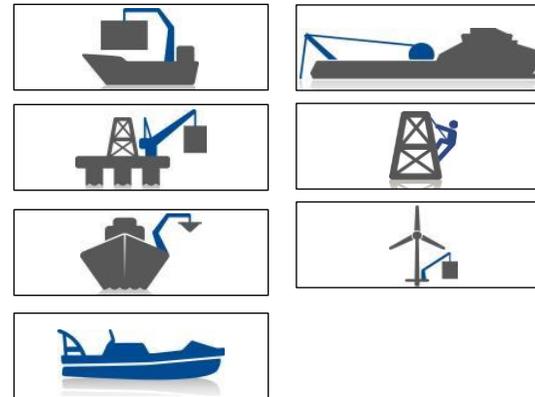
	Q1–Q3 2015*	Q1–Q3 2016	%
Revenue	772.8	861.2	+11.4%
EBITDAn	109.9	135.0	+22.8%
EBITDAn margin	14.2%	15.7%	–
EBITn	84.6	107.3	+26.8%
EBITn margin	10.9%	12.5%	–
Restructuring costs	3.8	4.0	+5.3%

* The figures were calculated retrospectively due to the change in segment reporting.

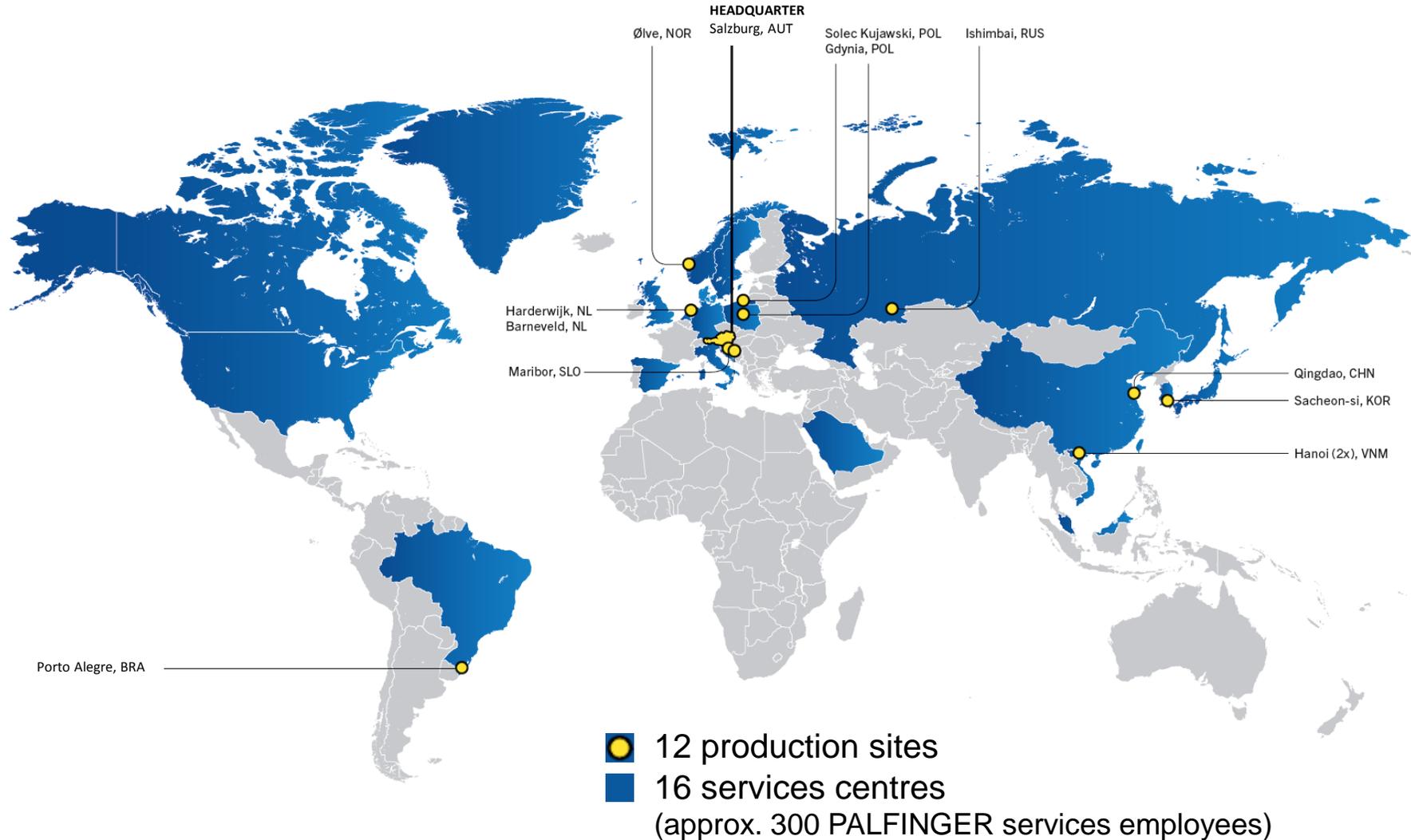
SEA SEGMENT

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
- After sales and service
- Rope access professionals



GLOBAL FOOTPRINT – ALSO IN SERVICES



- Acquisition of Harding a milestone confirming focus on expansion of marine activities
 - » Together with Harding, PALFINGER MARINE becomes world market leader in maritime lifesaving equipment
 - » Harding operates a global service network (16 locations)
 - » 800 employees, revenue of EUR 140 million, 50 per cent thereof from services; reduced dependence on oil price and investment cycles
 - » One-stop shop for all maritime customer industries with premium-quality packages of products and services
- Full consolidation from 30 June 2016
- Integration into PALFINGER Group to be completed by mid-2017
- **World market leader in maritime lifesaving equipment**

- Acquisition of Harding makes PALFINGER world market leader in maritime lifesaving equipment
 - » Thanks to Harding, PALFINGER MARINE now offers services worldwide
 - » Income in services business will reduce dependence on energy-sector cycles
 - » Difficult market environment responsible for decrease in incoming orders in all segments
 - » Restructuring focused on maintaining sound profitability at market trough
 - » Continuation of acquisition strategy
- Revenue rose by +7.3% to EUR 135.4 million
- EBITDAn: EUR 7.6 million (−46.1%); margin: 5.6%
- EBITn: EUR 3.2 million (−70.4%); margin: 2.4%
- Restructuring costs: EUR 3.0 million

	Q1–Q3 2015*	Q1–Q3 2016	%
Revenue	126.2	135.4	+7.3%
EBITDAn	14.1	7.6	(46.1%)
EBITDAn margin	11.2%	5.6%	–
EBITn	10.9	3.2	(70.6%)
EBITn margin	8.6%	2.4%	–
Restructuring costs	0.4	3.0	+650%

* The figures were calculated retrospectively due to the change in segment reporting.

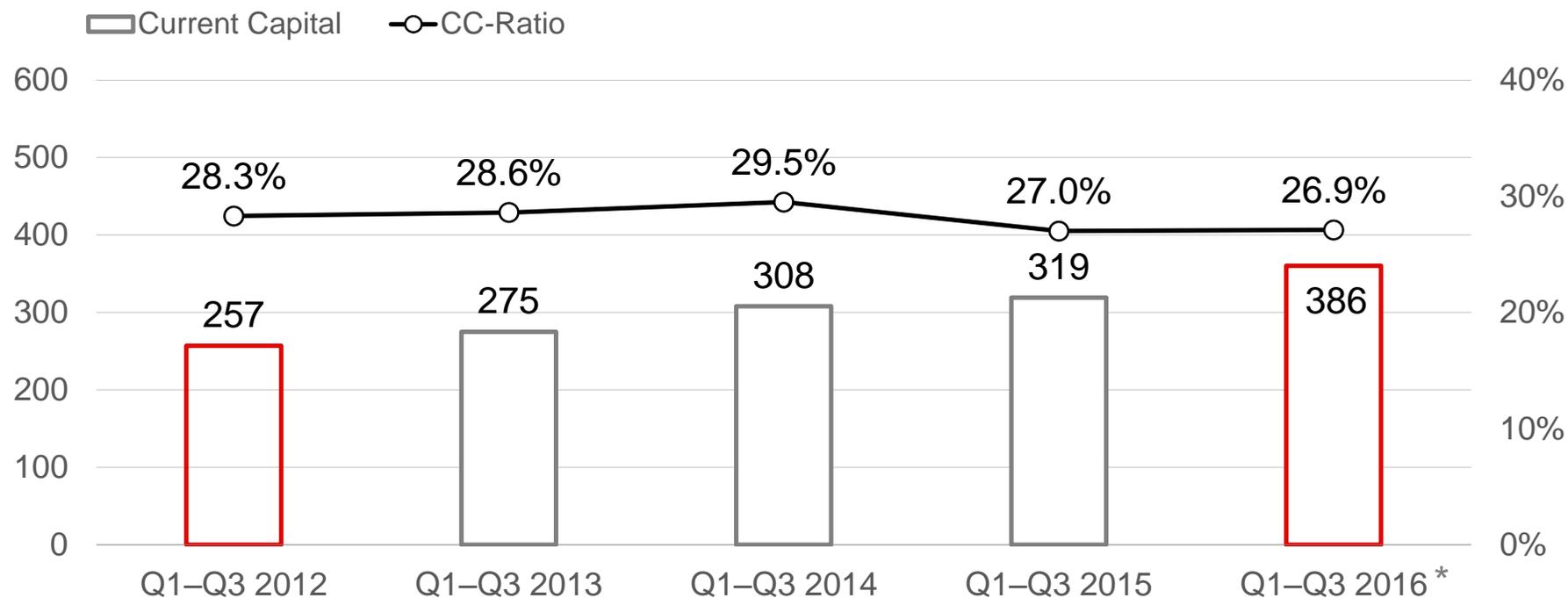
KEY FINANCIALS

KEY FINANCIALS

	Q1–Q3 2015*	Q1–Q3 2016	%
Revenue	898.9	996.6	+10.9%
EBITDA _n	114.3	131.1	+14.7%
EBITDA _n margin	12.7%	13.2%	–
EBIT _n	84.0	96.9	+15.4%
EBIT _n margin	9.3%	9.7%	–
Restructuring costs	6.6	10.6	+60.6%
EBIT	77.3	86.4	+11.7%
Consolidated net result for the period	48.1	49.7	+3.3%

Figures were adjusted with retrospective effect (see Annual Report 2015, pp. 146–149).

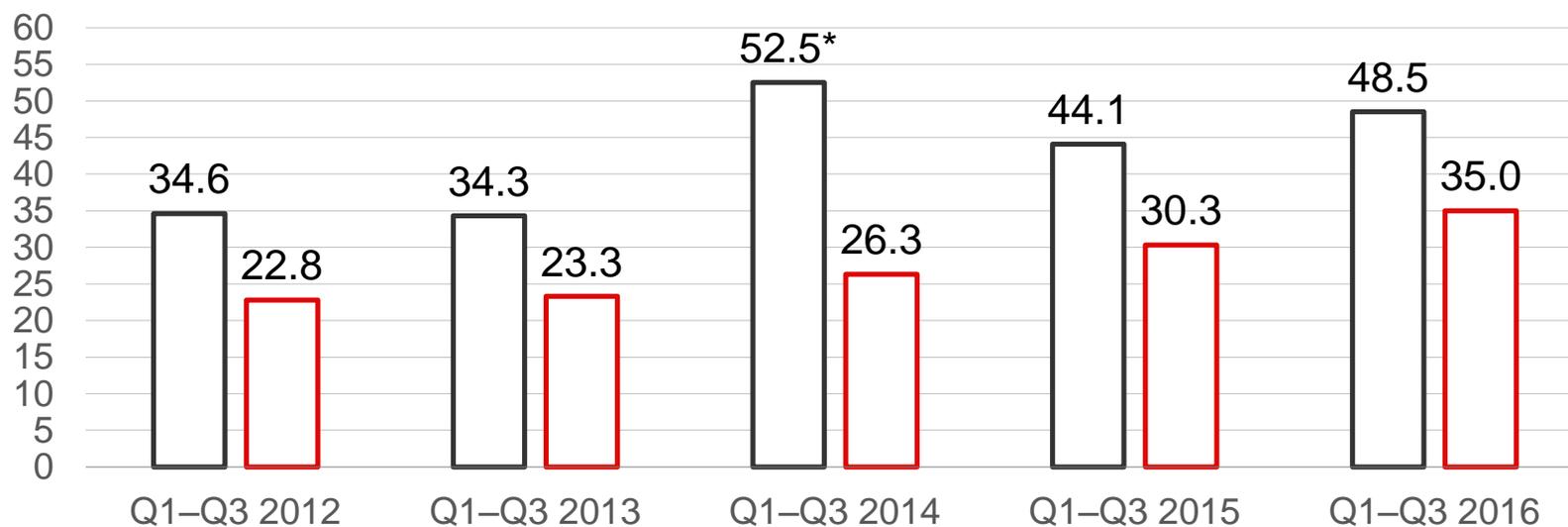
CURRENT CAPITAL*



* Average.

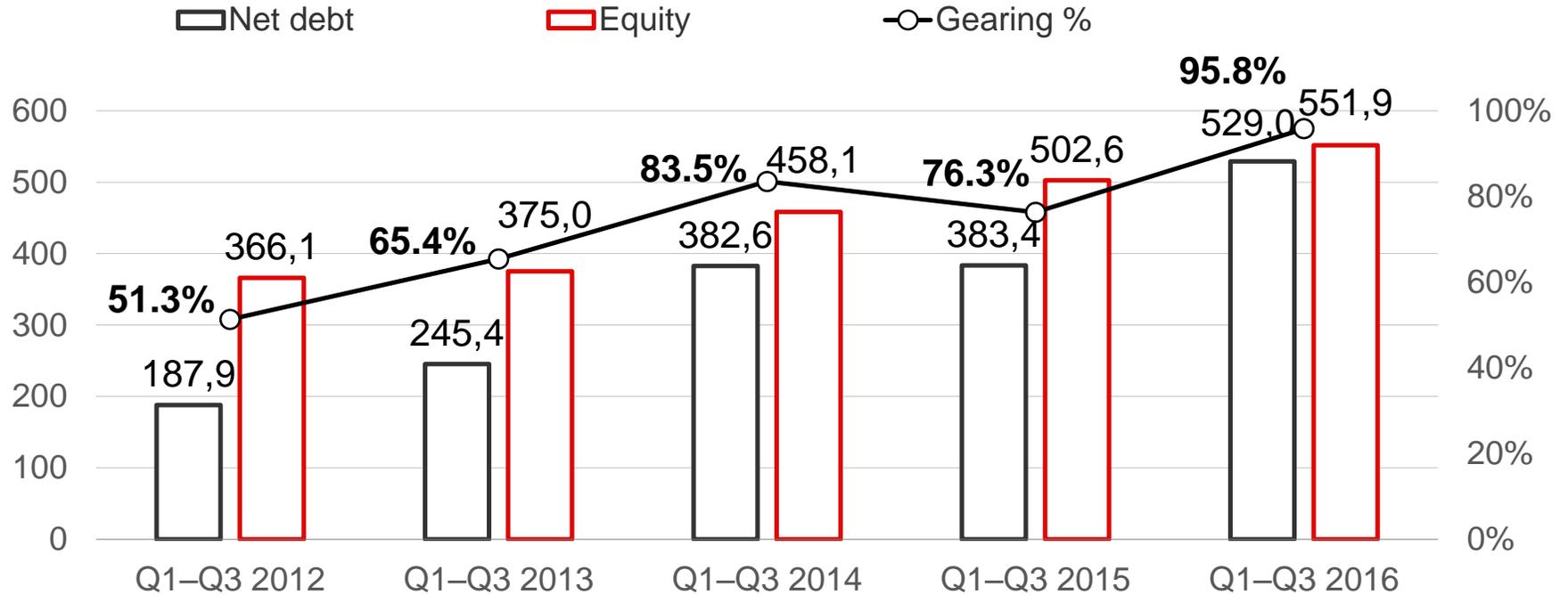
* Normalized by acquisitions.

- Net investments
- Depreciation, amortization and impairment



* Adjusted by acquisition of interest in SANY, total: EUR 109,978 thousand

GEARING RATIO AND EQUITY



➔ Sound equity basis continues to increase

FREE CASH FLOWS

	Q1–Q3 2014*	Q1–Q3 2015	Q1–Q3 2016
EBTDA	73.8	99.0	112.0
+/- Non-cash result from companies at equity	(1.0)	(3.7)	(3.4)
+/- Change in working capital	(60.8)	(35.8)	(13.2)
+/- Cash flows from tax payments	(4.7)	(5.8)	(23.9)
Cash flows from operating activities	7.3	53.7	71.5
+/- Cash flows from investing activities	(181.3)	(48.6)	(163.2)
Cash flows after changes in working capital & investments	(174.0)	5.1	(91.7)
+/- Cash flows from interest on borrowings adjusted by tax expense	7.2	6.7	7.0
Free cash flows	(166.8)	11.8	(84.7)
Cash flows from equity/investor capital	31.2	(29.7)	(17.5)
Cash flows from net debt	142.8	24.6	109.2

OUTLOOK

- Internationalization strategy to be continued
 - » Completion of product portfolio in all regions in the medium term
 - » Focus on sustainable market development in China and Russia
 - » Continuation of acquisition strategy in the SEA segment
- Sustainable integration of Harding by mid-2017
- Restructuring of PALFINGER MARINE
- Restructuring in North America finalized by mid-2017
- Further increase in flexibility (lean administration)
 - » Site-related optimization programmes, savings potentials, primarily in administrative processes
 - » Reducing complexity in global organizational structure
- Alignment of production structures: global benefits – local requirements
- Current capital reduction rolled out to marine sites

- Visibility remains limited in Europe, but has stabilized
 - Growth achieved primarily in Europe; restructuring in North America, satisfactory demand in CIS in spite of difficult conditions; South America affected by shrinking market, growth in China slower than expected
 - Restructuring will slow down growth in earnings, but significant increase in operating profitability on a normalized basis
 - Strategic corporate planning 2017–2021 to be finalized in Q4/2017
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- Continuation of growth strategy

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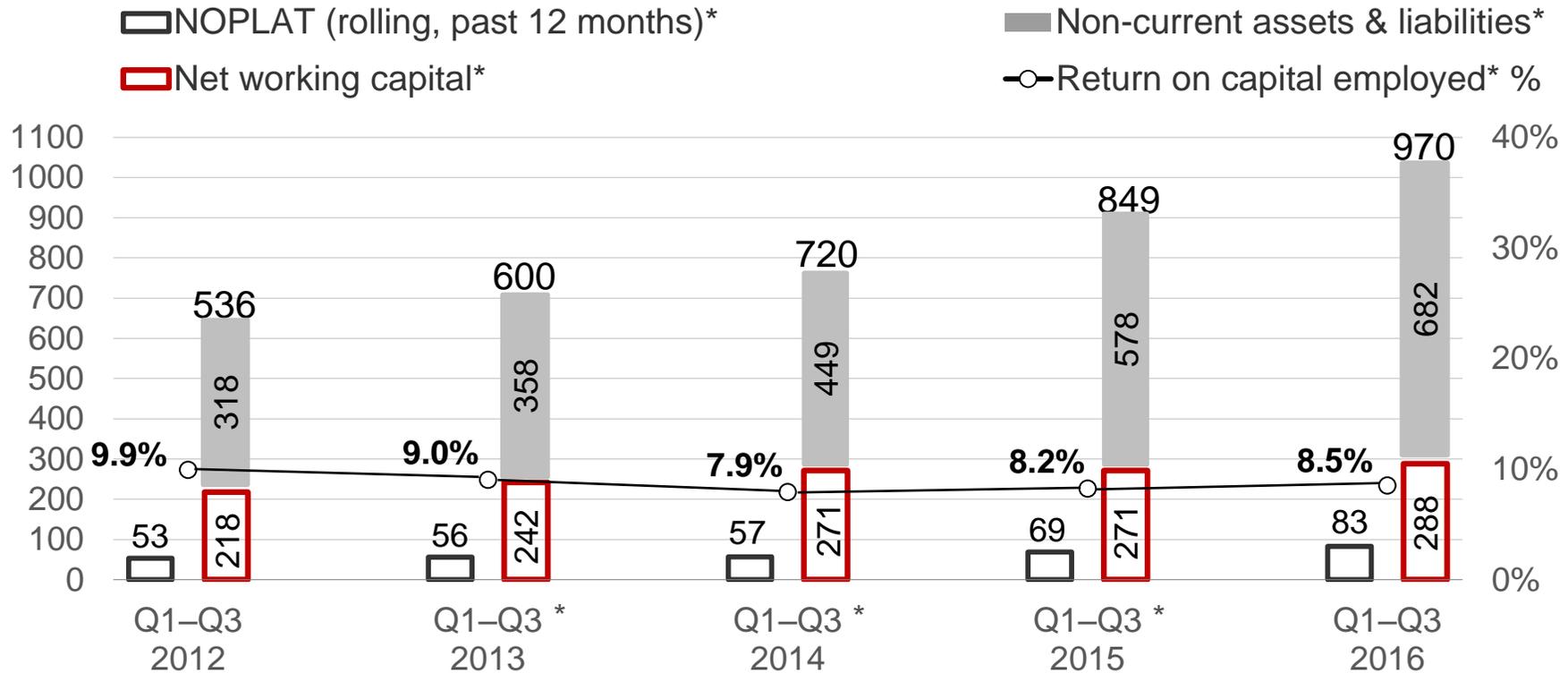
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This presentation contains forward-looking statements made on the basis of all information available at the time of preparation of this presentation. Actual outcomes and results may be different from those predicted.

BACKUP

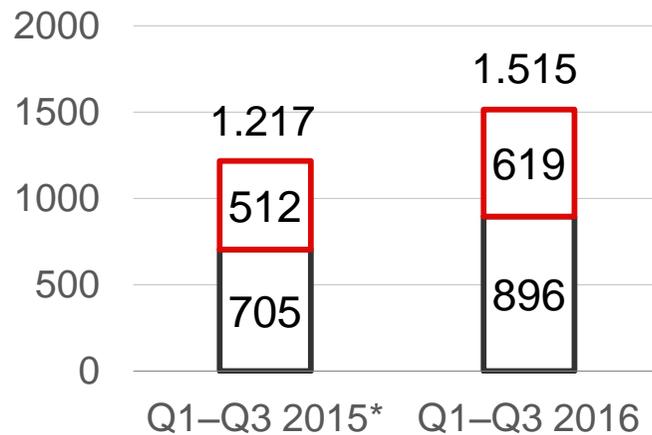
RETURN ON CAPITAL EMPLOYED



* Figures were adjusted with retrospective effect (see Annual Report 2015, pp. 146–149).

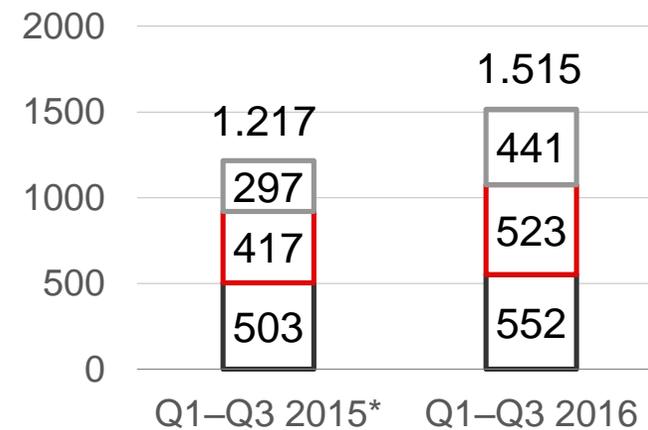
ASSETS

■ Non-current assets ■ Current assets



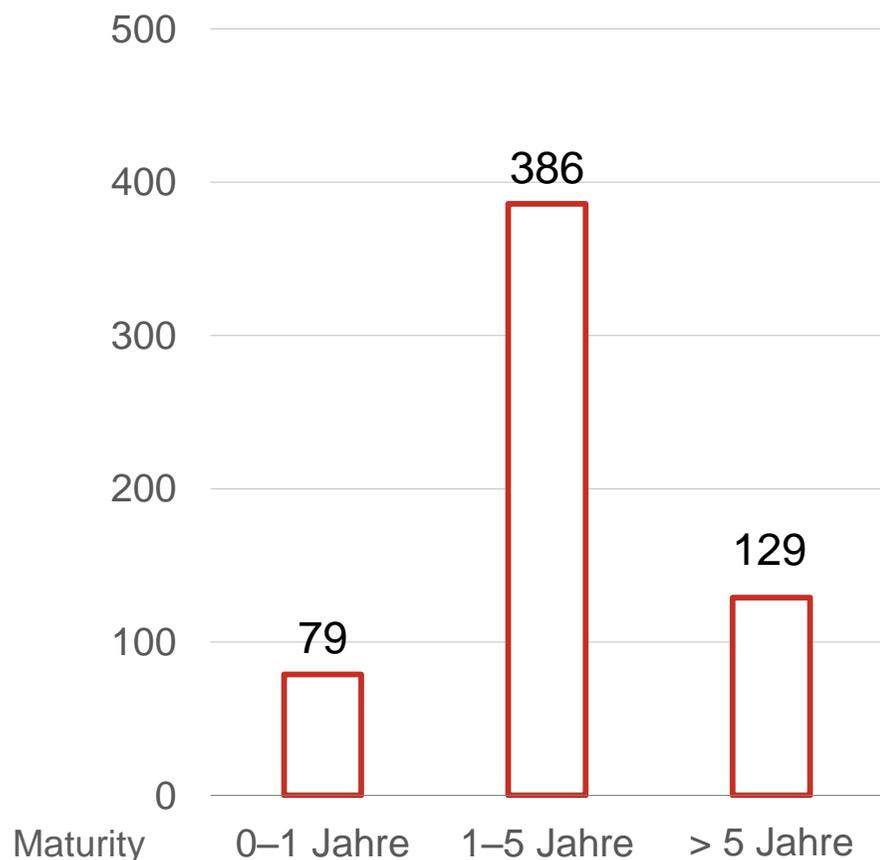
LIABILITIES

■ Equity
 ■ Non-current liabilities
 ■ Current liabilities



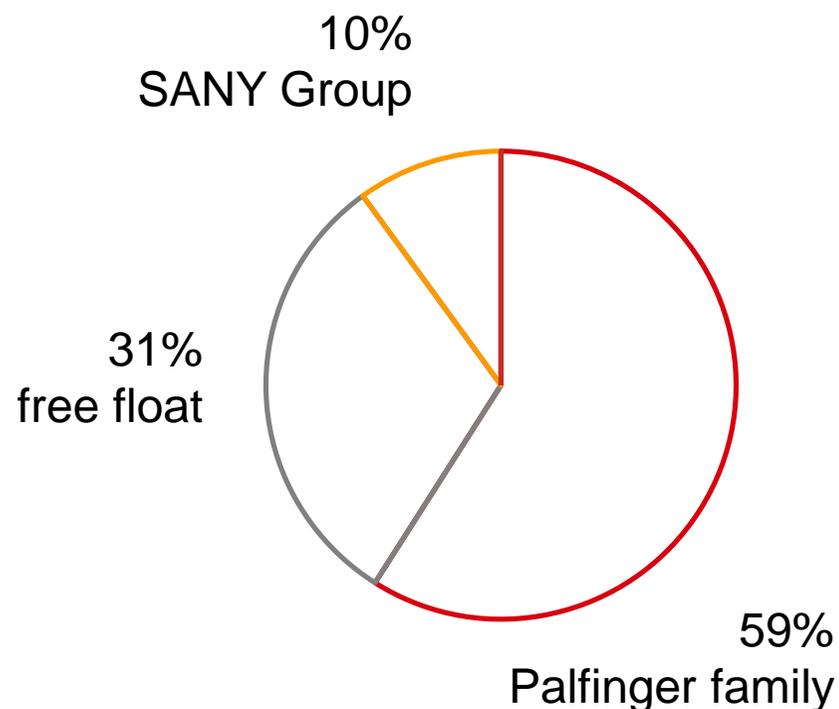
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FINANCING STRUCTURE AS AT 30 SEPT 2016



Financial liabilities (FL)	EUR 594.8m
Ø Interest rate FL	1.70%
Ø Remaining time to maturity FL	2.64 years
Cash equivalents	EUR 28.3m
Net debt	EUR 529.0m
Equity ratio	36.4%
Gearing	95.8%
Net debt/EBITDA	3.33

SHAREHOLDER STRUCTURE



SHAREHOLDER INFORMATION AS AT 30 SEPT 2016

ISIN	AT0000758305
Number of shares	37,593,258
Share price as at end of period	EUR 25.81
Market capitalization	EUR 970.3m
Earnings per share	EUR 1.33

PERFORMANCE OF PALFINGER SHARES SINCE 2015

