

# **PALFINGER AG**

**Continuation of growth**

**Measures to increase profitability**

**Use of opportunities arising from digitalization**

**Presentation on the 2017 financial year**

*8 February 2018*

# **FELIX STROHBICHLER, CFO**

- **Global market leader**
- **Revenue: approx. EUR 1.5 bn, 10,212 employees (year end 2017)**
  - » 38 production sites
- **60.9% EMEA – 23.6% Americas – 15.5% Asia and Pacific, CIS**
  
- **LAND: approx. EUR 1.2bn**
  - » 8,200 employees
  - » 5,000 service centres worldwide
  - » Global market leader for loader cranes, hooklifts and skiploaders, timber and recycling cranes, and railway systems
  - » Top 3 worldwide for tail lifts and truck mounted forklifts
- **SEA: approx. EUR 0.2bn**
  - » 1,700 employees
  - » 28 service centres worldwide
  - » Global market leader for lifesaving equipment
  - » Leading position in cranes for ships, offshore installations and offshore wind farms

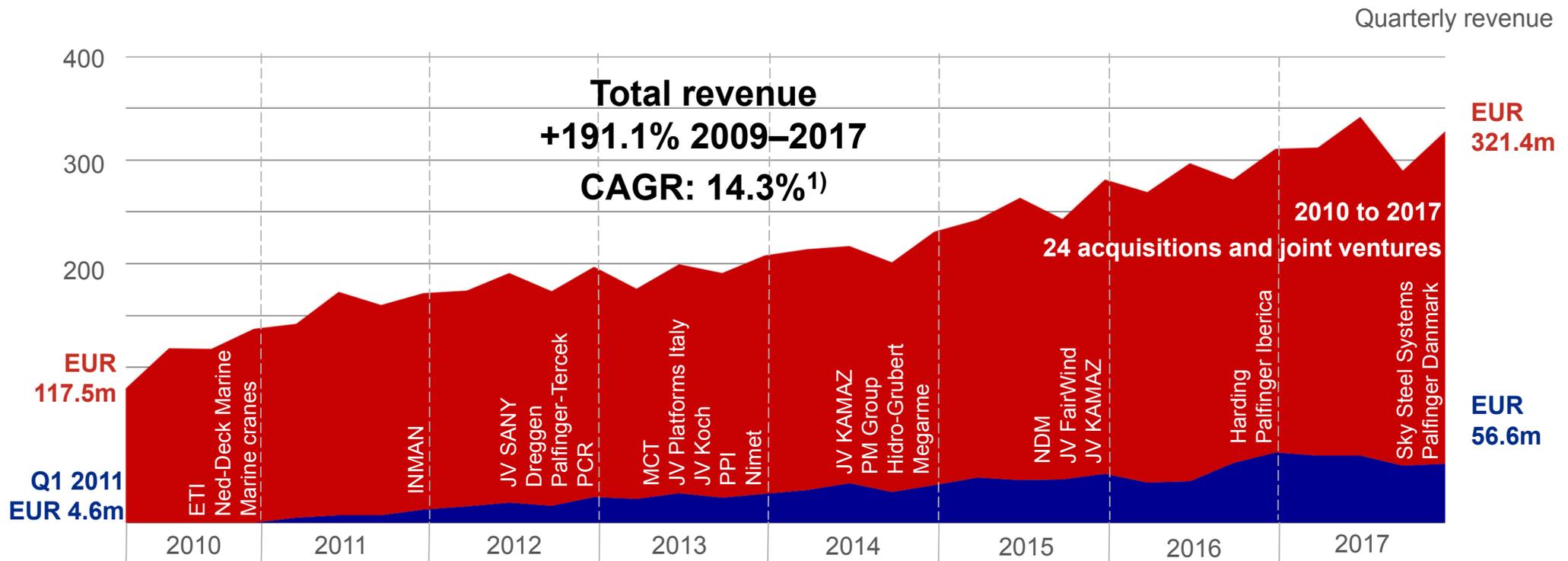
**World's leading supplier of loading, lifting and handling systems**

---

# CONSTANT GROWTH – ORGANIC AND THROUGH ACQUISITIONS



- LAND segment from 2009 to 2017: +174%
- SEA segment from 2011 to 2017: +1,132%



1) of which 55% organic; 45% inorganic.

- Significant expansion of business with increase in EBIT, primarily in Europe and CIS
- Continued completion of product portfolio
- Continuous innovation efforts to secure market leadership
- Focus on increase in profitability through consistent restructuring (primarily in North America and marine business) and use of synergies
- Focus on standardization of processes and preparation of a global SAP S/4 HANA roll out
- Successful placement of promissory note loan in the amount of EUR 200 million
- Development of a new vision and strategic corporate planning

# **MARTIN ZEHNDER, PRESIDENT LAND**

# THE WORLD IS CHANGING AT A RAPID PACE

**PALFINGER**



TOGETHER WE ARE **SHAPING THE FUTURE** OF OUR CUSTOMERS' LIFTING SOLUTIONS

**PALFINGER**



INNOVATION

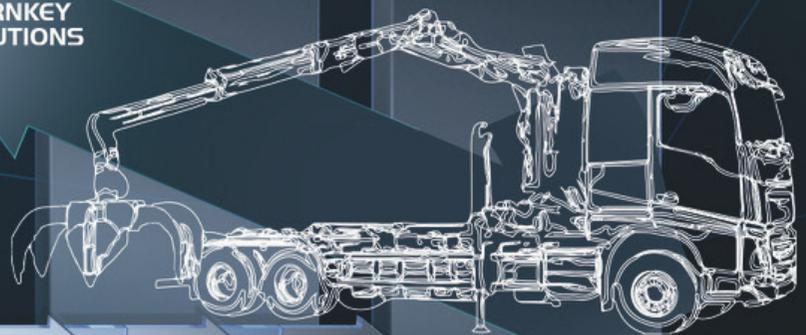
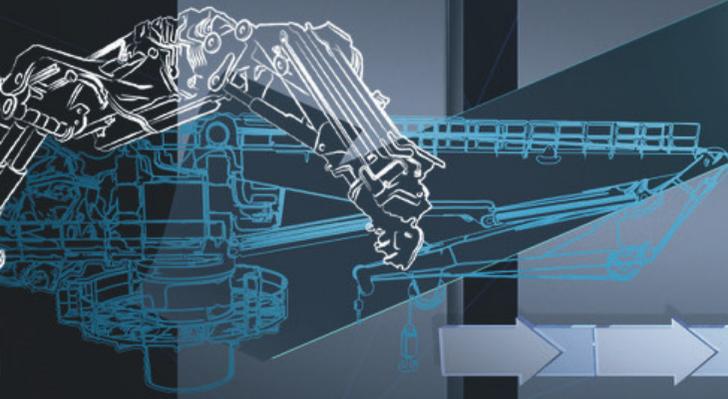
INTERNATIONALIZATION

FLEXIBILITY

PALFINGER 21ST

LIFETIME EXCELLENCE

TURNKEY SOLUTIONS



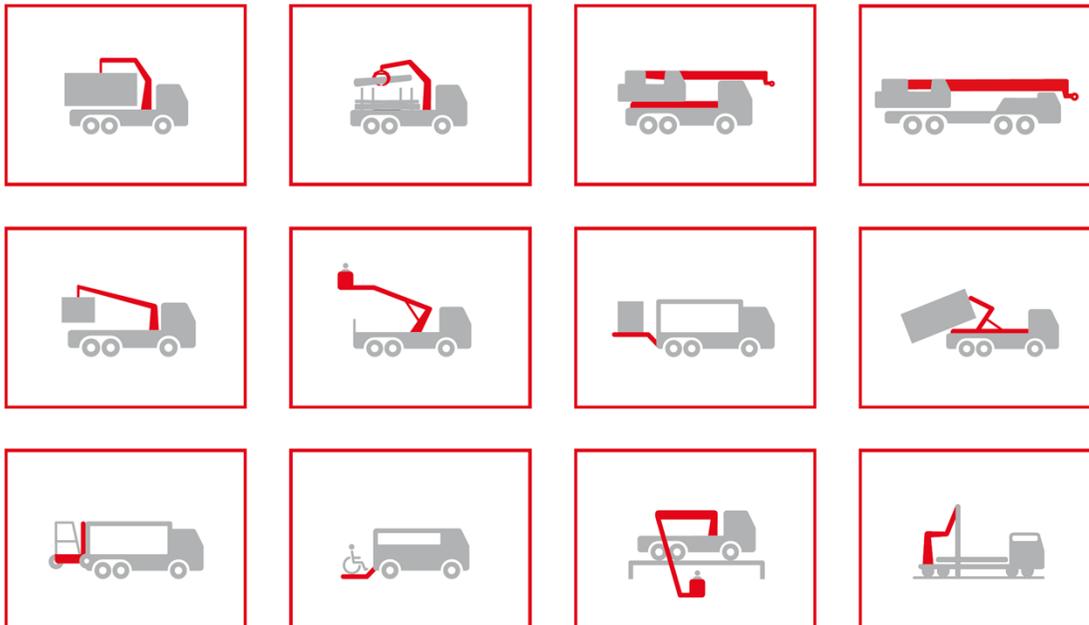
PROCESS EXCELLENCE

- Internet of Things
  - » Focus on connectivity: using the data of PALFINGER products
  - » Providing customer-specific data, e.g. for fleet management
  - » Development of new business models on the basis of these data
- Smart solutions/products
  - » Use of augmented reality and virtual reality to make product use easier and/or facilitate a higher safety level
- Virtual reality
  - » Use of manufacturing simulations and application simulations
- Predictive service and remote maintenance
- Design studies for new products, solutions and business models (e.g. pay-per-use in India and China)

# **THE PALFINGER GROUP IN 2017**

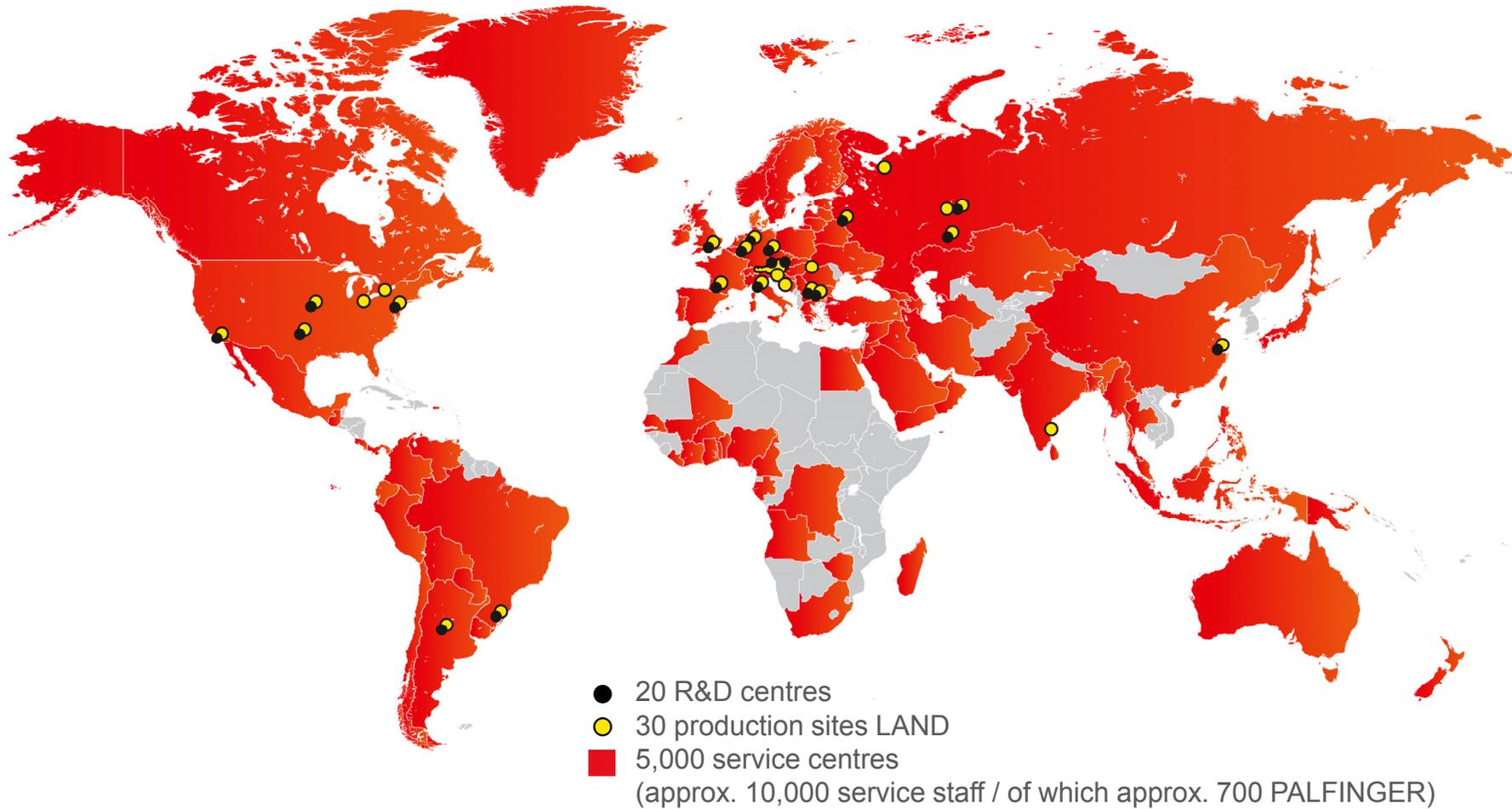
# LAND SEGMENT

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



- Loader cranes
- Timber and recycling cranes
- Telescopic cranes
- Mobile cranes
- Stiff boom cranes
- Access platforms
- Tail lifts
- Hooklifts and skiploaders
- Truck mounted forklifts
- Passenger lifts
- Bridge inspection units
- Railway systems

## GLOBAL FOOTPRINT – IN SALES, SERVICE, PRODUCT DEVELOPMENT AND VALUE CREATION



- Growth based on expansion of business in EMEA and CIS, revenue increased by 6.6% to EUR 1,230.2 million
  - » Significant expansion of business in EMEA, CIS and China
  - » Acquisition of the Danish dealer
  - » Interest in Sky Steel Systems
  - » Acquisition of dealers (Spain, Portugal, Denmark) contributes to result
  - » Excellent construction growth in Europe becomes a constant factor
  - » Substantial restructuring in North America
  - » Market environment in South America stagnant at low level
  - » Continuously high level of incoming orders, also at the beginning of 2018

# **SEA SEGMENT**

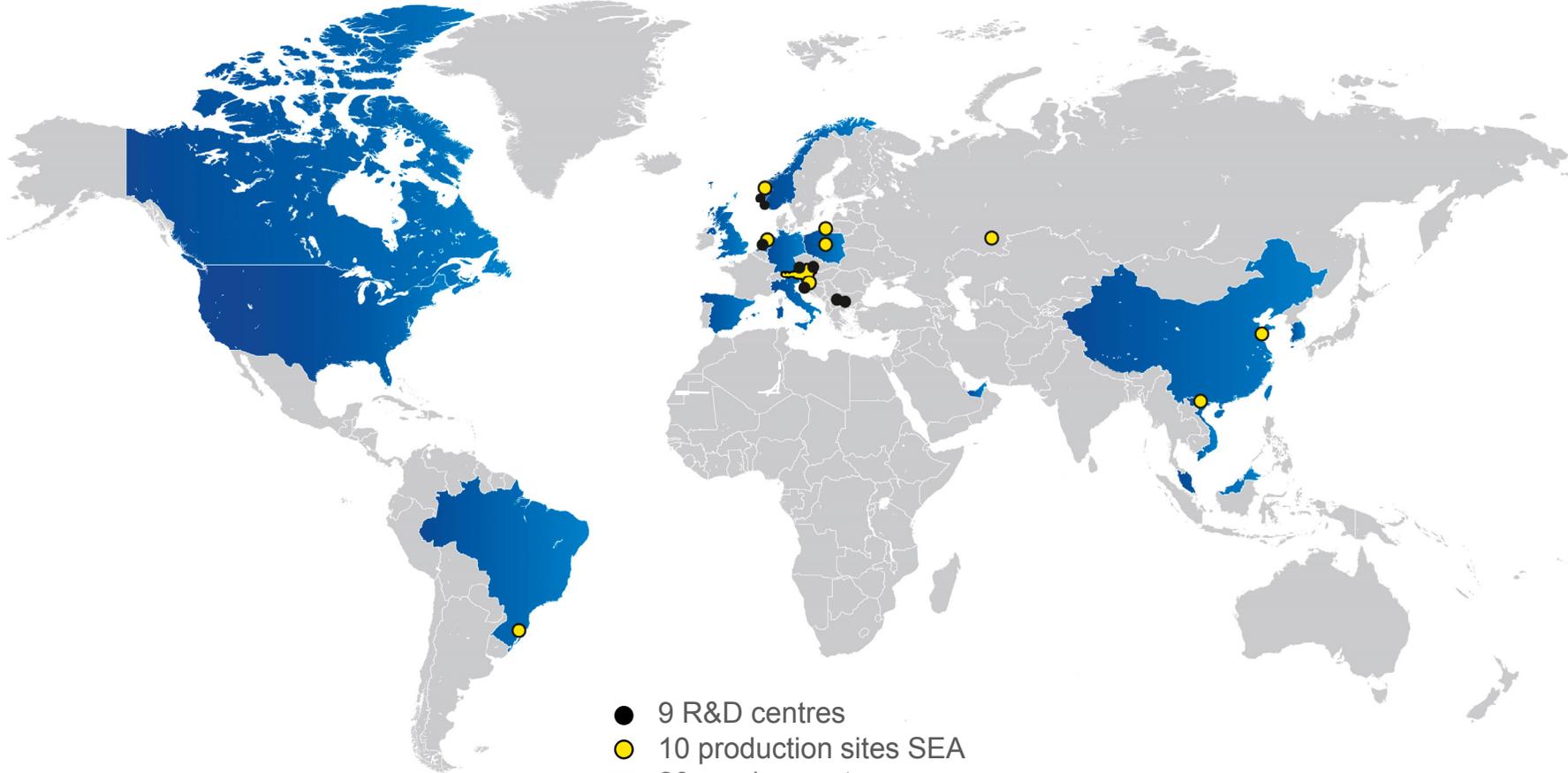
**FELIX STROHBICHLER**  
**PRESIDENT SEA, CFO**

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



- Cranes
- Lifesaving equipment
- Winches & handling solutions
- Rope access

# GLOBAL FOOTPRINT – IN SALES, SERVICE, PRODUCT DEVELOPMENT AND VALUE CREATION



- 9 R&D centres
- 10 production sites SEA
- 28 service centres  
(approx. 300 PALFINGER service staff)

- ➔ Revenue increased by 18.6% to EUR 240.9 million
  - » Harding contributed EUR 101.6 million to revenue
  - » Share of segment revenue in consolidated revenue rose to 16.4%
  - » Strained situation in the oil and gas industry continued
  - » Stabilization of market at low level
  - » Consolidation of sites in Korea and the Netherlands
  - » Further restructuring measures are being evaluated and implemented on a regular basis

# KEY FINANCIALS

	2016	2017	%
Revenue	1,153.9	1,230.2	+6.6%
EBITDAn <sup>1)</sup>	175.6	201.4	+14.6%
EBITDAn margin <sup>1)</sup>	15.2%	16.4%	–
EBITn <sup>1)</sup>	138.4	160.8	+16.2%
EBITn margin <sup>1)</sup>	12.0%	13.1%	–
Restructuring costs	9.5	13.3	+40.0%

Growth with extraordinarily high increase in earnings

1) Figures normalized (n) by restructuring costs.

Acc. to IFRS in EUR million.

Minor rounding differences may occur.

	2016	2017	%
Revenue	203.1	240.9	+18.6%
EBITDAn <sup>1)</sup>	11.5	3.2	(72.2%)
EBITDAn margin <sup>1)</sup>	5.6%	1.3%	–
EBITn <sup>1)</sup>	2.9	(9.4)	–
EBITn margin <sup>1)</sup>	1.4%	(3.9%)	–
Restructuring costs	6.1	5.5	(9.8%)

**Business expansion due to Harding acquisition;  
earnings affected by market environment, restructuring costs and integration**

<sup>1)</sup> Figures normalized (n) by restructuring costs.

Acc. to IFRS in EUR million.

Minor rounding differences may occur.

## KEY FINANCIALS OF THE PALFINGER GROUP



	2015	2016	2017	%
Revenue	1,229.9	1,357.0	1,471.1	+8.4%
EBITDAn <sup>1)</sup>	154.4	172.5	186.0	+7.8%
EBITDAn margin <sup>1)</sup>	12.6%	12.7%	12.6%	–
EBITn <sup>1)</sup>	113.4	123.7	129.7	+4.8%
EBITn margin <sup>1)</sup>	9.2%	9.1%	8.8%	–
EBIT	104.4	106.0	110.2	+3.9%
Consolidated net result for the period	64.4	61.2	52.5	(14.2%)
Dividend per share (EUR)	0.57	0.57	0.47 <sup>2)</sup>	(17.5%)

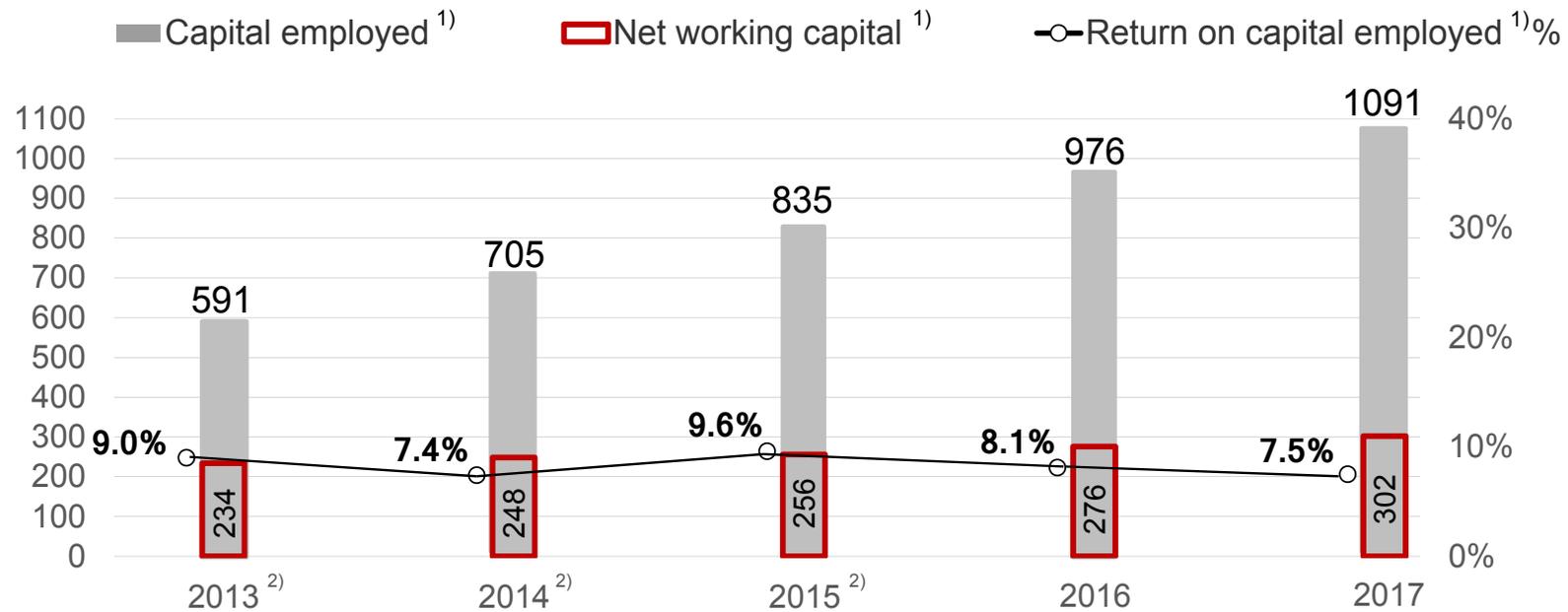
1) Figures normalized (n) by restructuring costs.

2) Proposal to the Annual General Meeting.

Acc. to IFRS in EUR million.

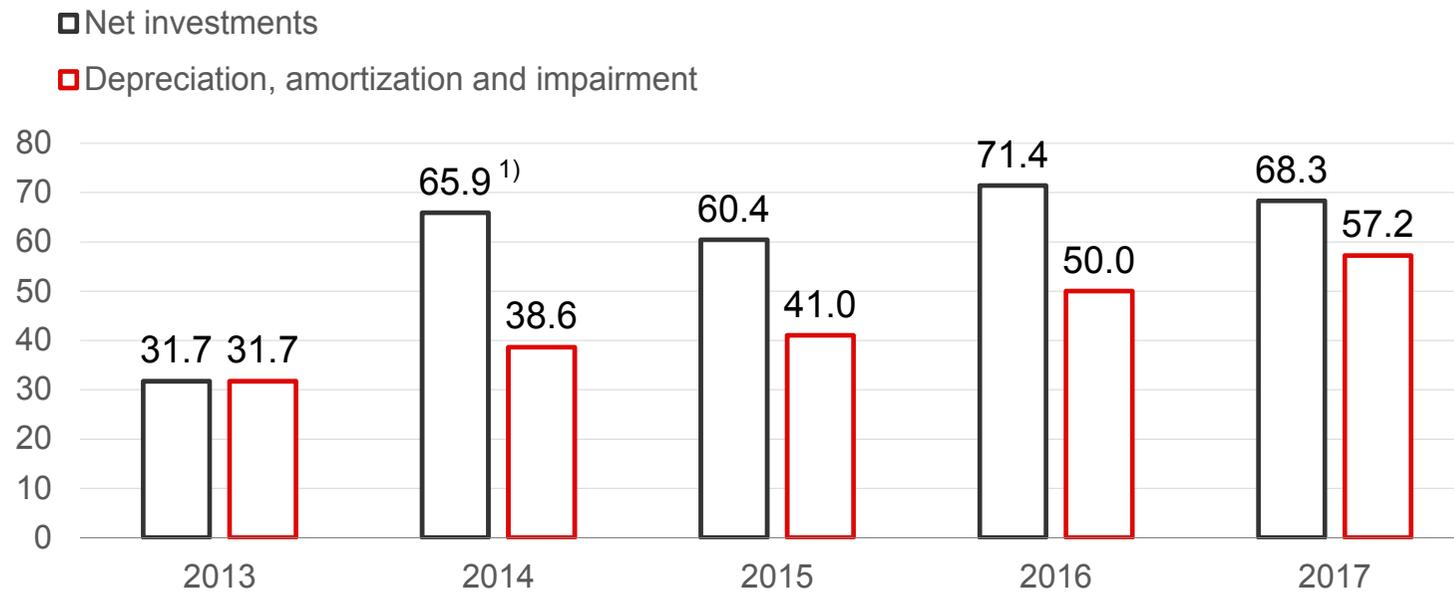
Minor rounding differences may occur.

# RETURN ON CAPITAL EMPLOYED



1) Annual average.

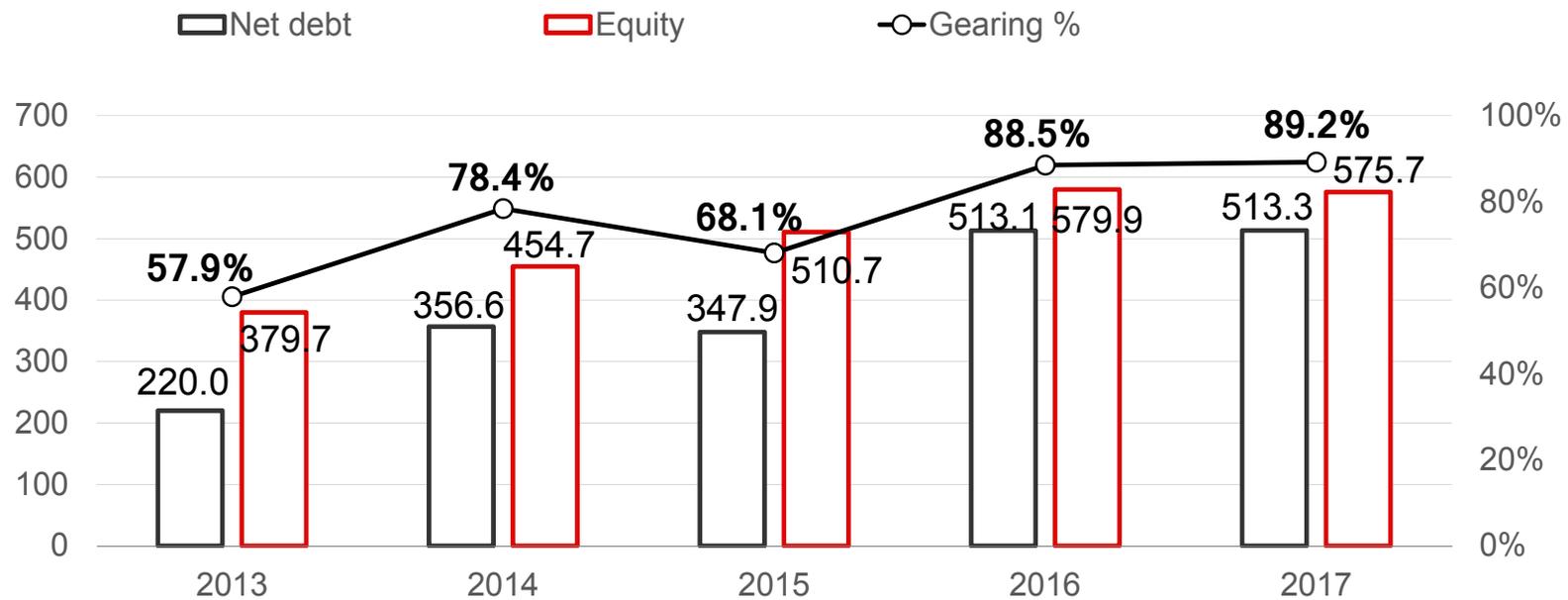
2) Figures adjusted with retrospective effect (see Annual Report 2015, pages 146–149).



## Enlargement of production capacities and replacement investments

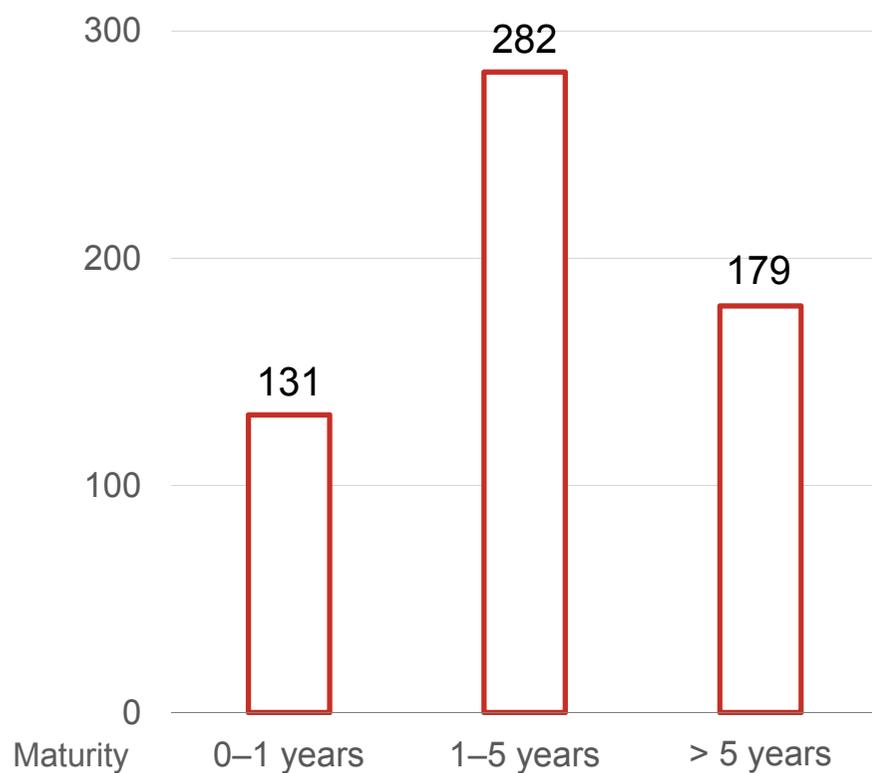
1) Adjusted by acquisition of interest in SANY, total: EUR 175.9 million.

## GEARING RATIO AND EQUITY



Sound balance sheet structure, high equity ratio

## FINANCING STRUCTURE AS AT 31 DEC 2017



Financial liabilities (FL)	EUR 592.2m
Ø Interest rate FL	1.78%
Ø Remaining time to maturity FL	3.73 years
Cash equivalents	EUR 39.8m
Net debt	EUR 513.3m
Equity ratio	37.3%
Gearing	89.2%
Net debt/EBITDA	3.07

## FREE CASH FLOWS



	2015	2016	2017
<b>EBTDA</b>	<b>133.9</b>	143.2	<b>145.7</b>
+/- Non-cash result from companies at equity	(4.0)	(3.6)	(6.5)
+/- Change in working capital	(11.0)	0.1	(27.2)
+/- Cash flows from tax payments	(8.3)	(30.1)	(20.0)
<b>Cash flows from operating activities</b>	<b>110.6</b>	109.6	<b>92.0</b>
+/- Cash flows from investing activities	(64.6)	(187.7)	(58.7)
<b>Cash flows after changes in working capital &amp; investments</b>	<b>46.0</b>	(78.1)	<b>33.3</b>
+/- Cash flows from interest on borrowings adjusted by tax expense	8.7	9.4	9.7
<b>Free cash flows</b>	<b>54.7</b>	(68.7)	<b>43.1</b>
Cash flows from equity/investor capital	(36.7)	(17.6)	(40.4)
Cash flows from net debt	(9.3)	95.7	7.1

# OUTLOOK

- Continuously high level of incoming orders gives reason to expect further positive business development and operating profitability
- Restructuring measures in North America (to be completed in the first half of 2018) and in the marine business continue to affect earnings
- Evaluation of additional measures and concentration of the product portfolio in the marine business
- Group-wide initiatives with a focus on customer-orientation, digital transformation and process optimization (PROCESS EXCELLENCE)
- Appointment of a new CEO in the first half of 2018

2018: Growth strategy will be continued  
Further measures to increase profitability

**Felix Strohbichler**, CFO  
Phone +43 662 2281-81008  
f.strohbichler@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.