

# **PALFINGER AG**

**Continued growth**

**Two-digit operating profitability achieved**

**Presentation on the results for the first half of 2017  
Vienna, 27 July 2017**

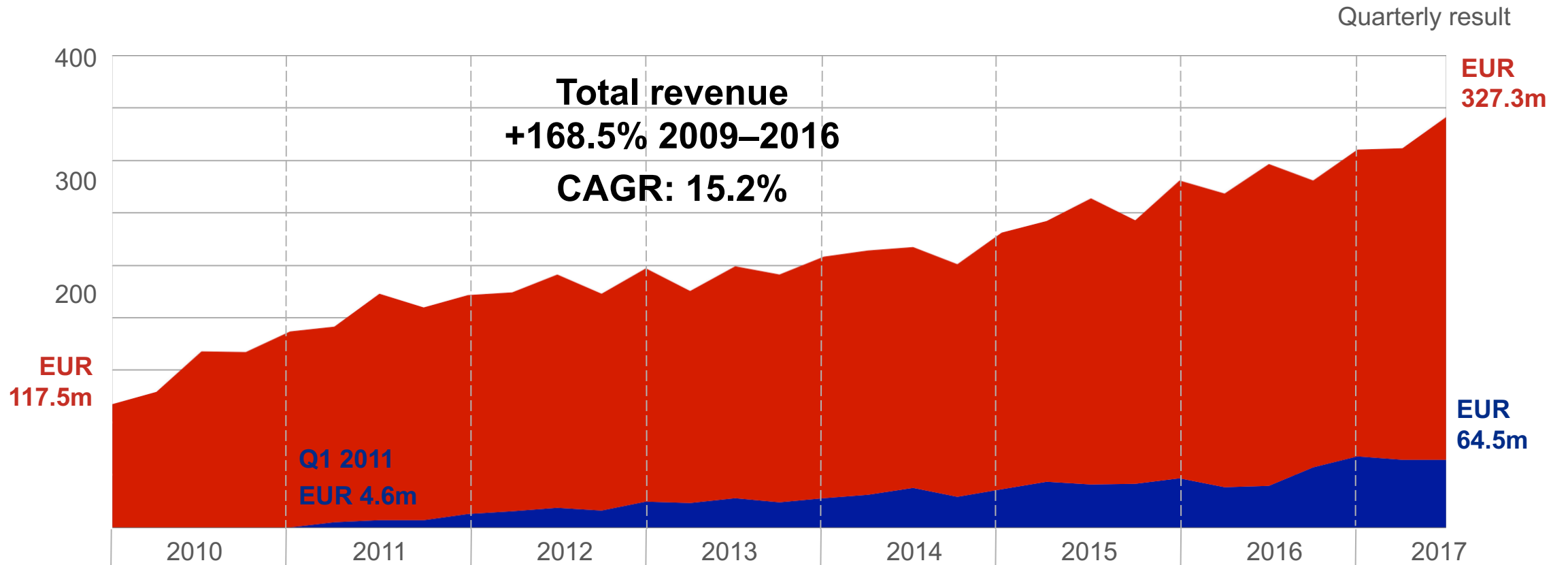
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# GROWTH DESPITE MARKET VOLATILITY



## REVENUE, GROWTH AND VOLATILITY (QUARTERS)

- LAND segment from 2009 to 2017: +177%
- SEA segment from 2011 to 2017: +1,306%



- Continued growth; two-digit operating profitability
  - » Environment remains heterogeneous from a global perspective
  - » Excellent performance in Europe, Russia and China
  - » Downturn seems to have bottomed out in South America; environment remains difficult
  - » Acquisitions support growth strategy
  - » Marine business remains at a low level
  - » Restructuring costs have a negative effect on earnings
- Revenue rose by 13.2% to EUR 753.8 million
- EBITDAn rose by 13.2% to EUR 105.5 million (EBITDAn margin: 14.0%)
- EBITn rose by 8.0% to EUR 77.1 million (EBITn margin: 10.2%)
- Restructuring costs: EUR 10.2 million

### → Sky Steel Systems LLC

- » 20% investment in Sky Steel Systems, Dubai, producer of building maintenance tools and facade access equipment

### → Palfinger Danmark AS

- » Takeover of sales organization from former owner, who will focus on the company's core business

### → Restructuring

- » North America: Sale of service body business, adjustment of product portfolio, increase in productivity; restructuring mostly completed at the end of the first half
- » Marine business: Integration of Harding, utilization of synergies, consolidation of sites; restructuring expected to be completed by the end of the year

### → Successful placement of a promissory note loan in the amount of EUR 200 million

# 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 maximization of competitive advantages

→ **Group: approx. EUR 1.4bn, approx. 9,970 employees (2016)**

- » 38 production sites

→ **LAND: approx. EUR 1.2bn**

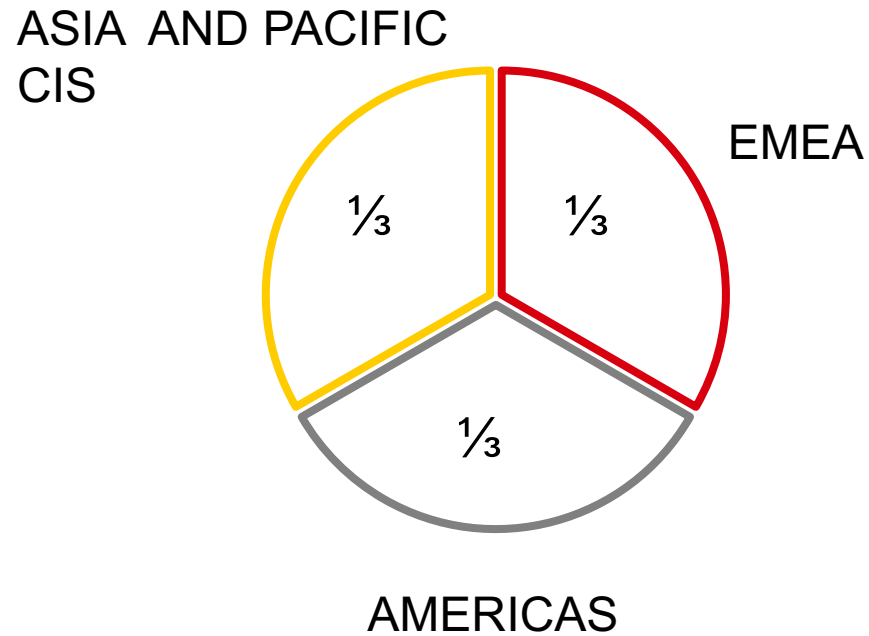
- » 7,800 employees
- » 5,000 service centres worldwide
- » Number one worldwide for loader cranes and hooklifts, timber and recycling cranes as well as railway systems
- » Top 3 worldwide for tail lifts and truck mounted forklifts

→ **SEA: approx. EUR 0.2bn**

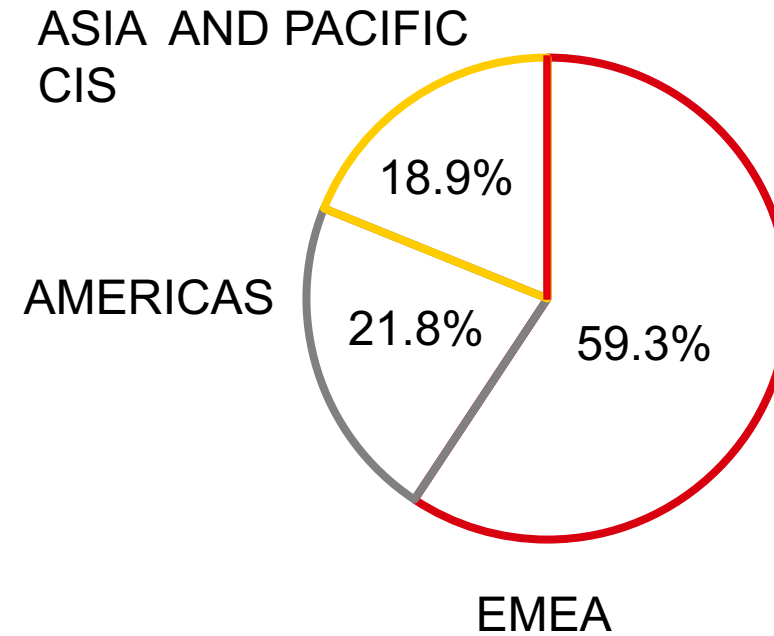
- » 1,500 employees
- » 16 service centres worldwide
- » Number one worldwide for lifesaving systems
- » Leading position in cranes for ships, offshore installations and offshore wind farms

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

## STRATEGIC TARGET



## REVENUE HY1 2017<sup>1)</sup>

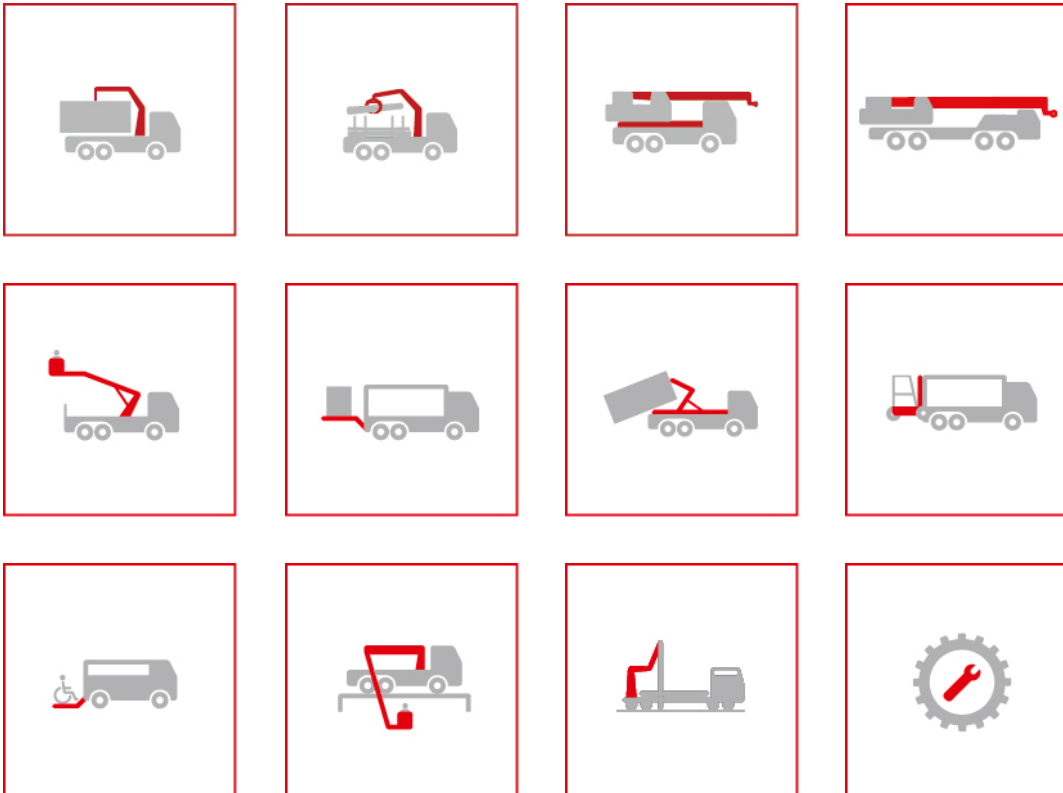


1) Including joint ventures



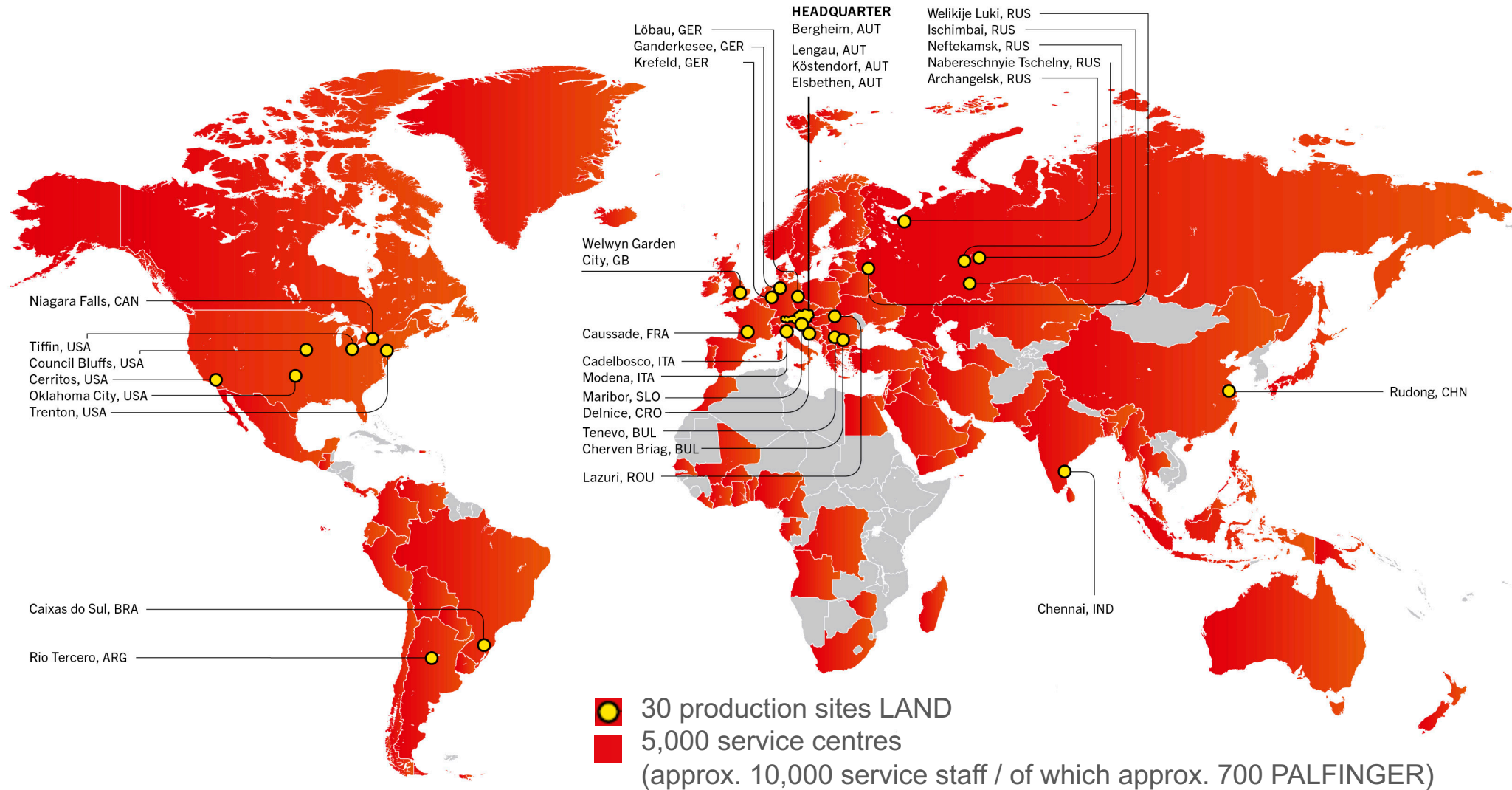
# LAND SEGMENT

**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 expansion of business in EMEA and CIS, increase in revenue by 6.3% to EUR 624.6 million
  - » Significant expansion of business in EMEA and CIS
  - » Positive effect of PALFINGER Iberica and Palfinger Danmark
  - » Economic recovery in Europe becoming a steady factor
  - » Restructuring in North America mostly completed
  - » Market environment in South America still stagnant at low level
  - » SANY as foundation for sound development of business in Asia
- EBITDAn rose significantly by 11.3% to EUR 106.5 million (EBITDAn margin: 17.0%)
- EBITn rose by 11.2% to EUR 86.1 million (EBITn margin: 13.8%)
- Restructuring costs: EUR 7.5 million

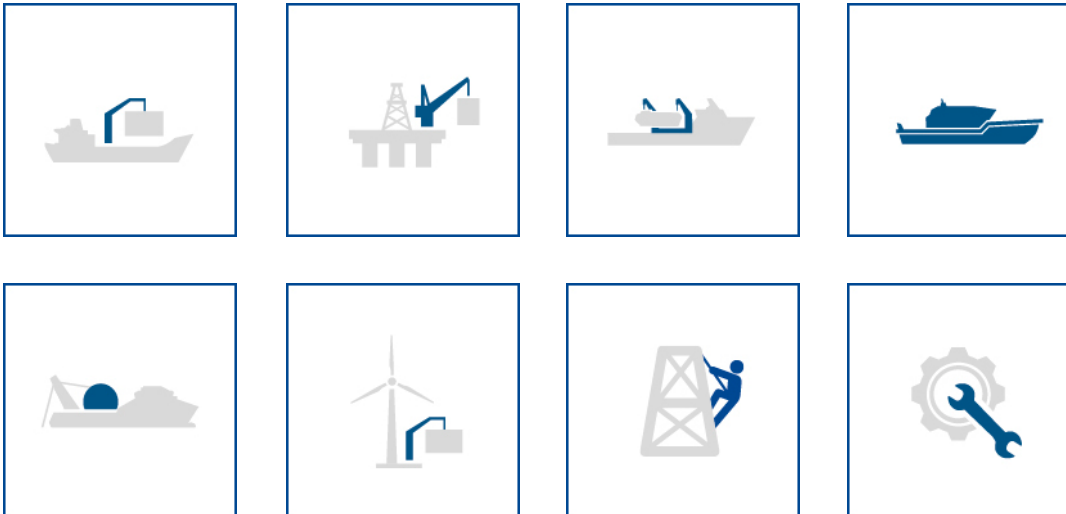
	HY1 2016	HY1 2017	%
Revenue	587.4	624.6	+6.3%
EBITDAn <sup>1)</sup>	95.7	106.5	+11.3%
EBITDAn margin <sup>1)</sup>	16.3%	17.0%	–
EBITn <sup>1)</sup>	77.4	86.1	+11.2%
EBITn margin <sup>1)</sup>	13.2%	13.8%	–
Restructuring costs	4.1	7.5	+82.9%

 **Exceptional growth of operating result**

<sup>1)</sup> Starting in 2015, these figures were normalized (n) by restructuring costs.

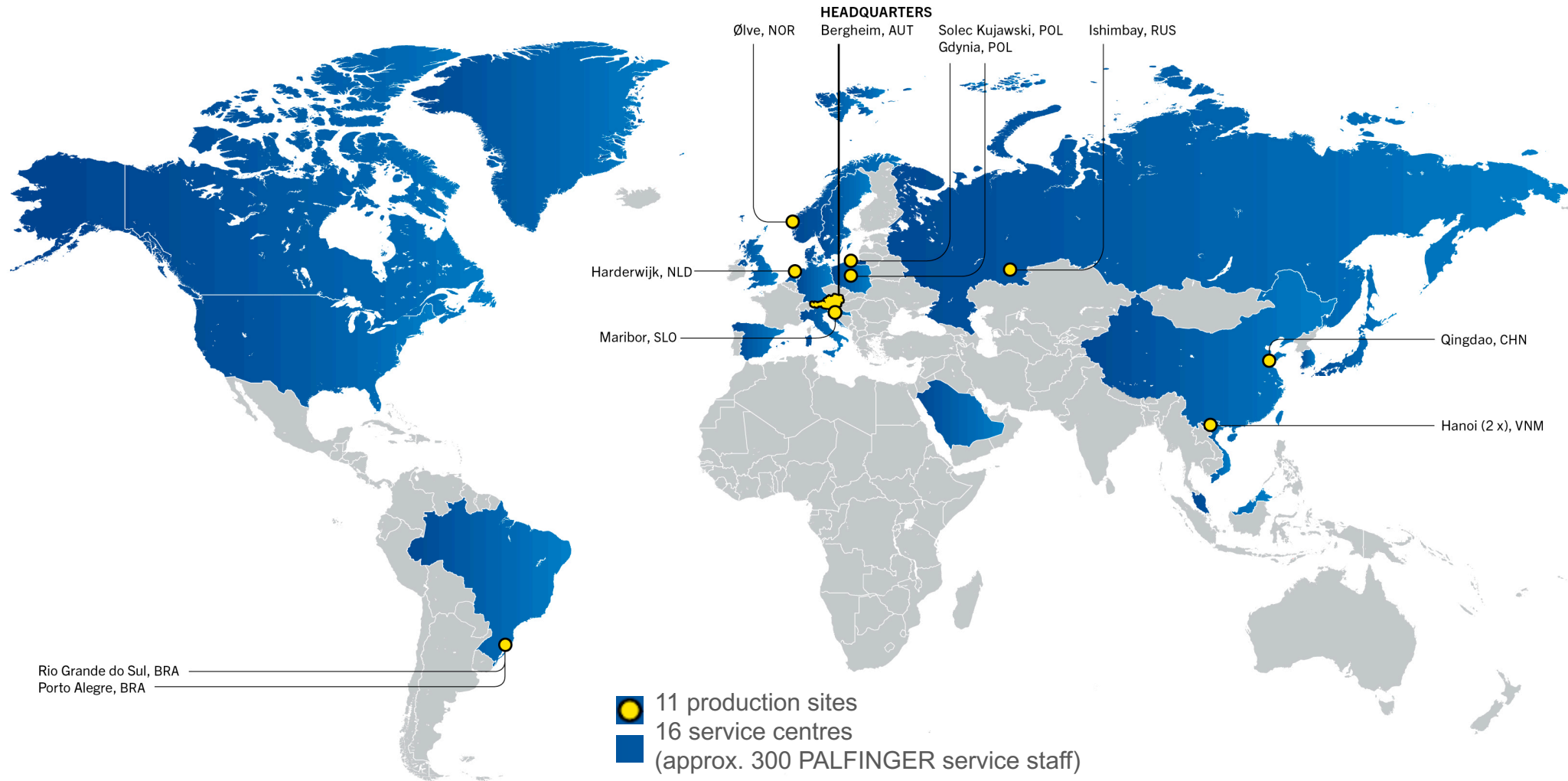
# SEA SEGMENT

**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 SERVICE





- Revenue increased by 65.2% to EUR 129.2 million
  - » Harding contributed EUR 54.7 million to revenue
  - » Share of segment revenue in consolidated revenue rose to 17.1%
  - » Strained situation in the oil and gas industry continues
  - » Increase in incoming orders during the reporting period points to market upturn
  - » Consolidation of sites in Korea and the Netherlands
  - » Restructuring expected to be completed by the end of the year
- EBITDAn increased by 13.6% to EUR 5.9 million (EBITDAn margin: 4.6%)
- EBITn declined to –EUR 0.5 million (EBITn margin: –0.4%)
- Restructuring costs: EUR 2.5 million

	HY1 2016	HY1 2017	%
Revenue	78.2	129.2	+65.2%
EBITDAn <sup>1)</sup>	5.2	5.9	+13.6%
EBITDAn margin <sup>1)</sup>	6.7%	4.6%	–
EBITn <sup>1)</sup>	3.1	(0.5)	–
EBITn margin <sup>1)</sup>	4.0%	(0.4%)	–
Restructuring costs	0.9	2.5	+177.8%

 Operating profitability already increased in Q2

<sup>1)</sup> Starting in 2015, these figures were normalized (n) by restructuring costs.

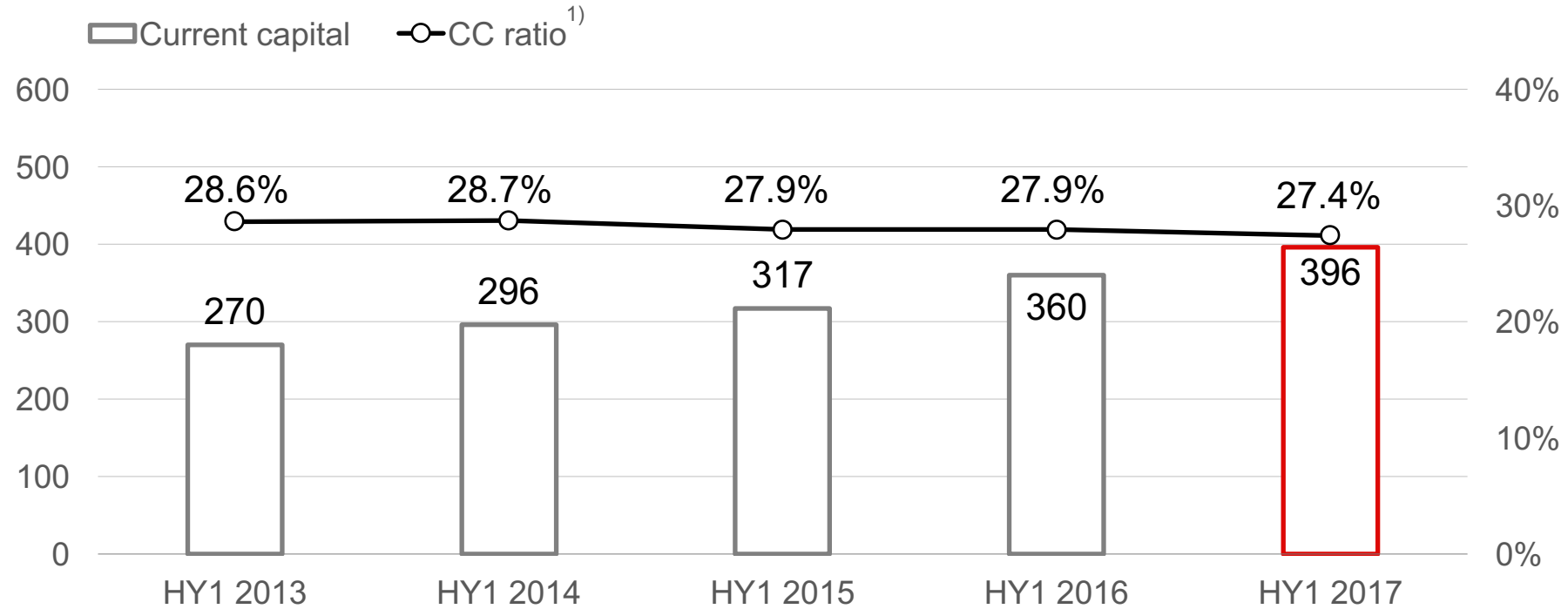
# KEY FINANCIALS

## KEY FINANCIALS

	HY1 2015	HY1 2016	HY1 2017	%
Revenue	606.2	665.6	753.8	+13.2%
EBITDAn <sup>1)</sup>	77.3	93.2	105.5	+13.2%
EBITDAn margin <sup>1)</sup>	12.7%	14.0%	14.0%	–
EBITn <sup>1)</sup>	57.3	71.4	77.1	+8.0%
EBITn margin <sup>1)</sup>	9.4%	10.7%	10.2%	–
Result before income tax	48.6	58.8	59.5	+1.2%
Consolidated net result for the period	34.5	39.7	38.6	(2.8%)

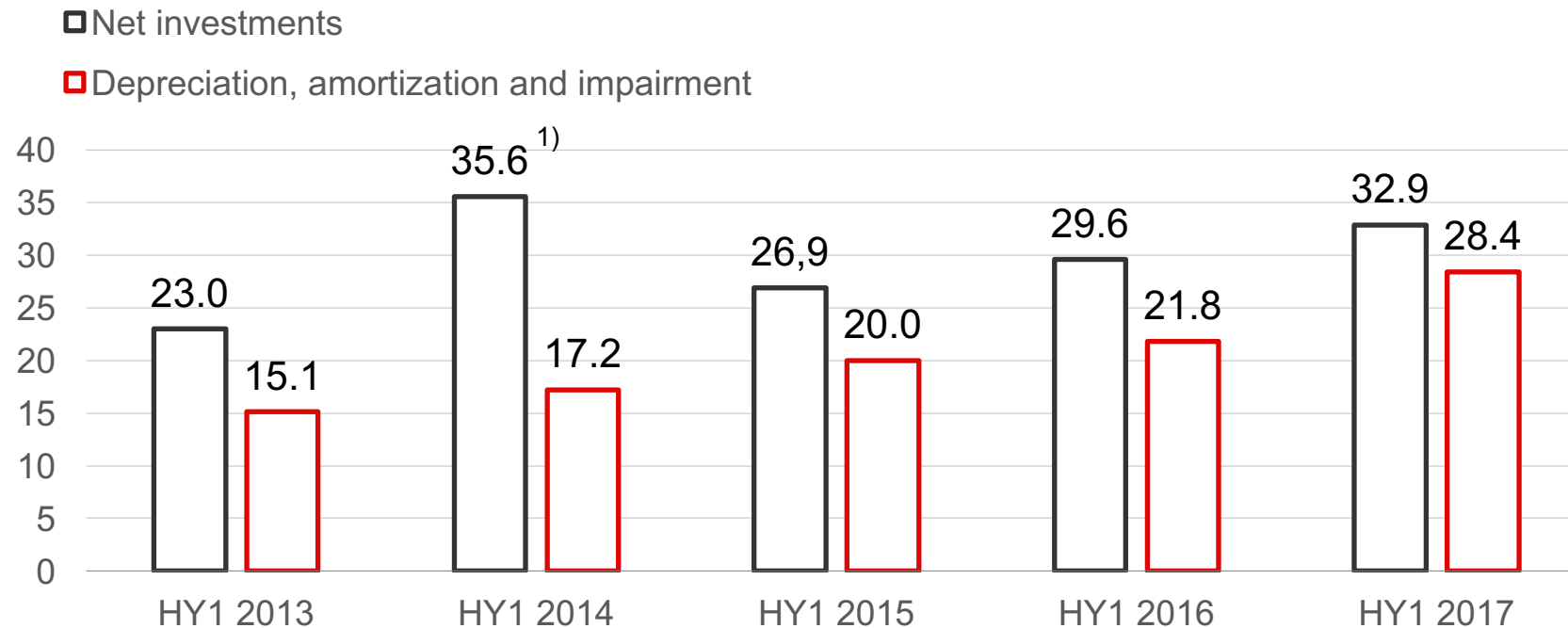
1) Starting in 2015, these figures were normalized (n) by restructuring costs.

# CURRENT CAPITAL



**➔ Continuous improvement targeted**

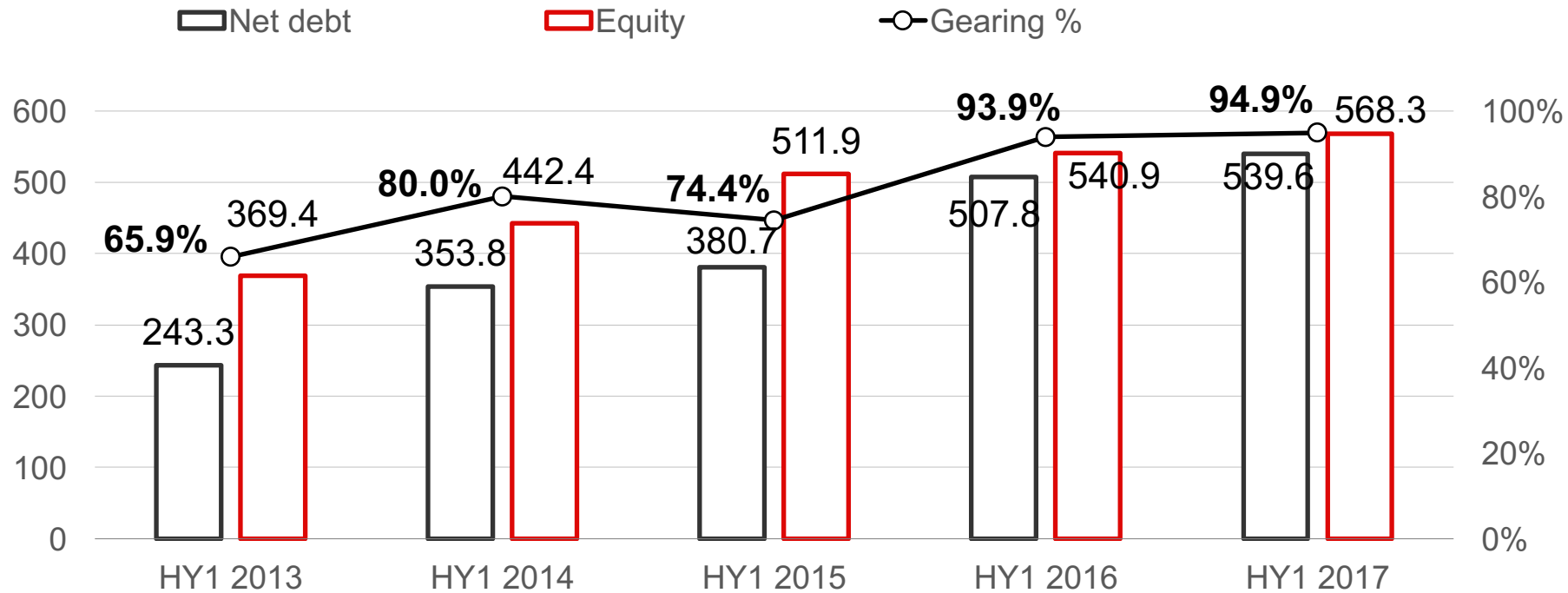
1) Current capital (average) in proportion to revenue of the previous 12 months.



**➔ Investments for the enlargement of production capacities and replacement investments**

1) Adjusted by acquisition of interest in SANY, total: EUR 145.6 million

# GEARING RATIO AND EQUITY



➔ Acquisition of Harding increased net debt, but solid development of equity

## FREE CASH FLOWS

	HY1 2015	HY1 2016	HY1 2017
<b>EBTDA</b>	<b>68.6</b>	<b>80.6</b>	<b>87.9</b>
+/- Non-cash result from companies at equity	(1.1)	(0.9)	(0.5)
+/- Change in working capital	(26.1)	(11.2)	(49.5)
+/- Cash flows from tax payments	(3.8)	(3.9)	(7.1)
<b>Cash flows from operating activities</b>	<b>37.6</b>	<b>64.6</b>	<b>30.8</b>
+/- Cash flows from investing activities	(35.0)	(138.7)	(23.1)
<b>Cash flows after changes in working capital &amp; investments</b>	<b>2.6</b>	<b>(74.1)</b>	<b>7.7</b>
+/- Cash flows from interest on borrowings adjusted by tax expense	4.4	4.3	4.8
<b>Free cash flows</b>	<b>7.0</b>	<b>(69.8)</b>	<b>12.5</b>
Cash flows from equity/investor capital	(29.5)	(12.8)	(40.1)
Cash flows from net debt	26.9	86.9	32.4



# OUTLOOK

- Continuing high level of incoming orders gives reason to expect further positive business development
  - Most of the restructuring measures in North America and in the marine business implemented; outstanding issues to be completed by the end of the year
  - Integration of the Harding Group proves challenging
  - Autumn 2017: Opening of a development site in Vienna
  - Group-wide initiatives with a focus on customer-orientation, digital transformation and process optimization
  - Strategic corporate planning 2017–2022 to be completed in the autumn
- 
- **2017: Revenue growth and higher operating result expected**

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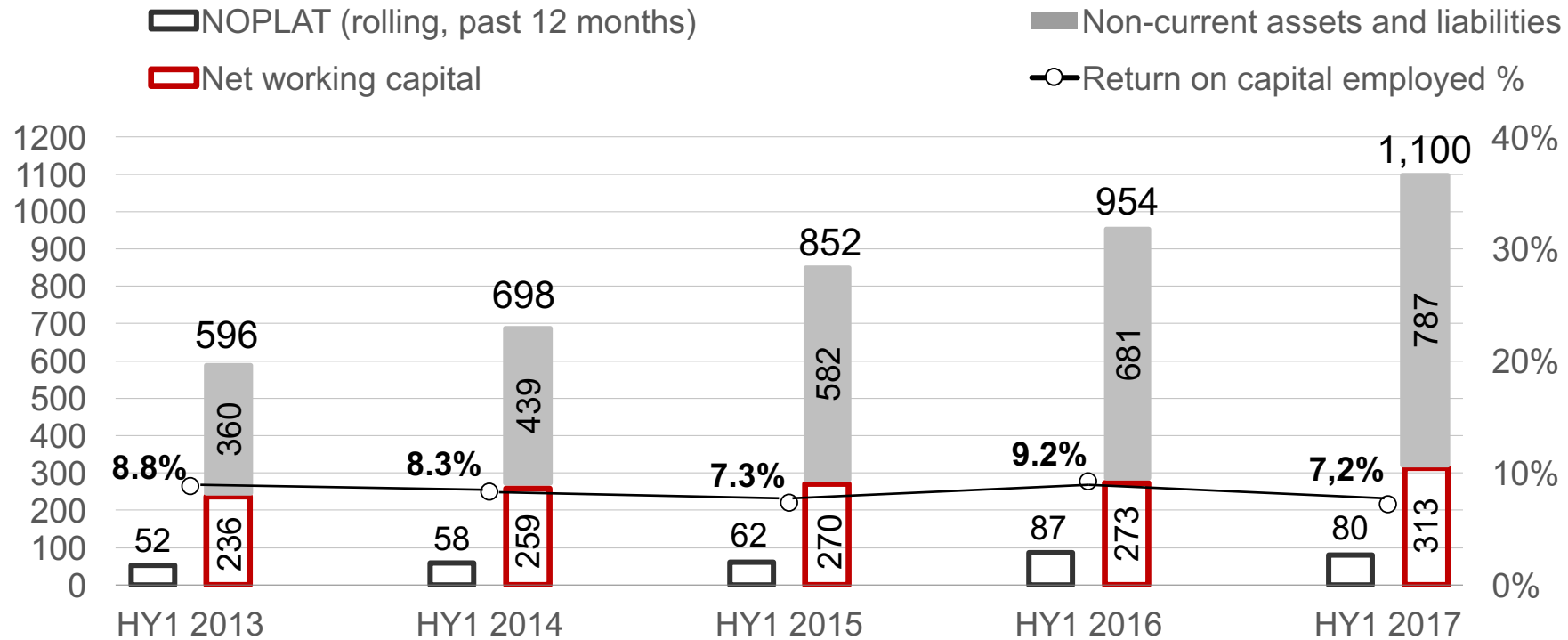
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This presentation contains forward-looking statements made on the basis of all information available at the time of preparation of this presentation. Actual outcomes and results may be different from those predicted.

# **BACK UP**

# RETURN ON CAPITAL EMPLOYED

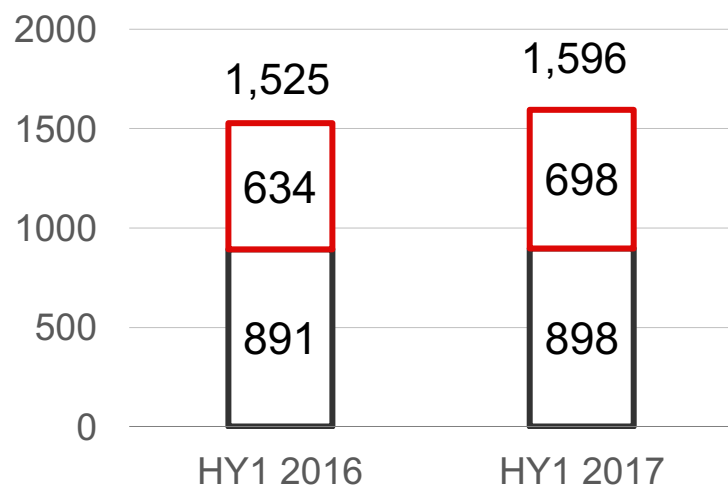


# BALANCE SHEET STRUCTURE



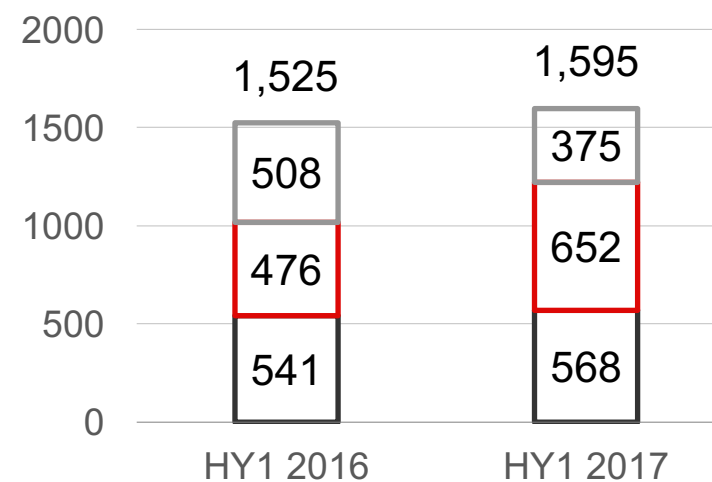
## ASSETS

■ Non-current assets
 ■ Current assets

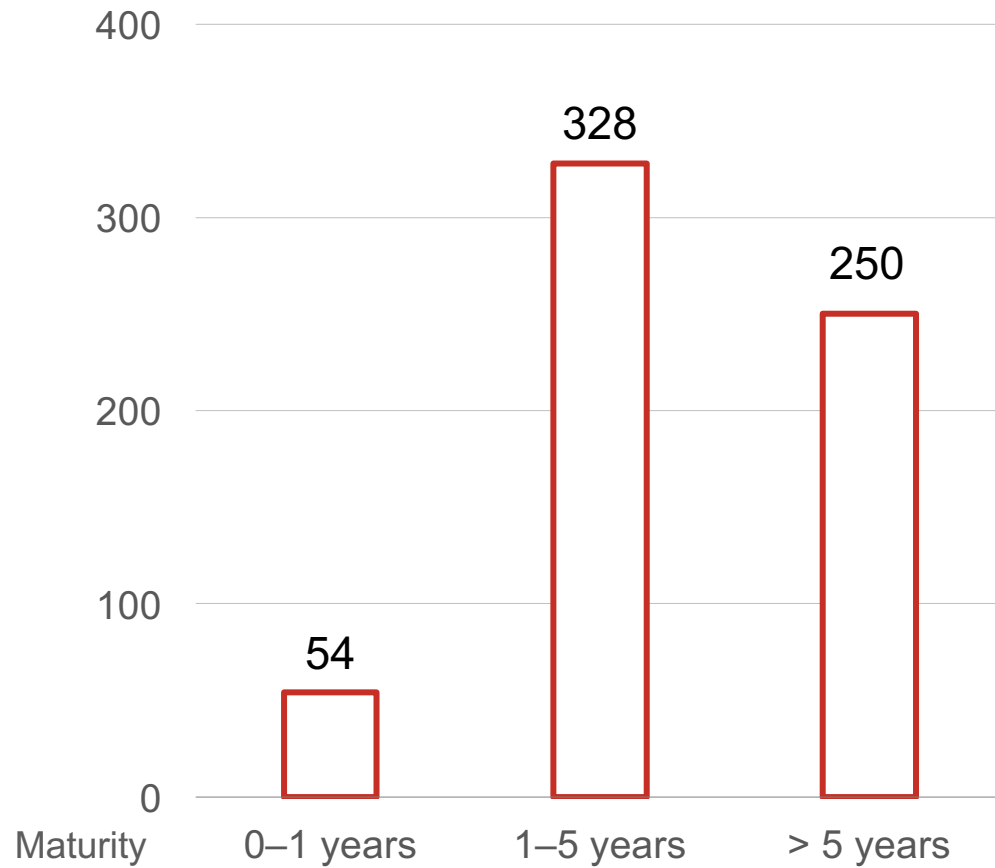


## LIABILITIES

■ Equity
 ■ Non-current liabilities
 ■ Current liabilities

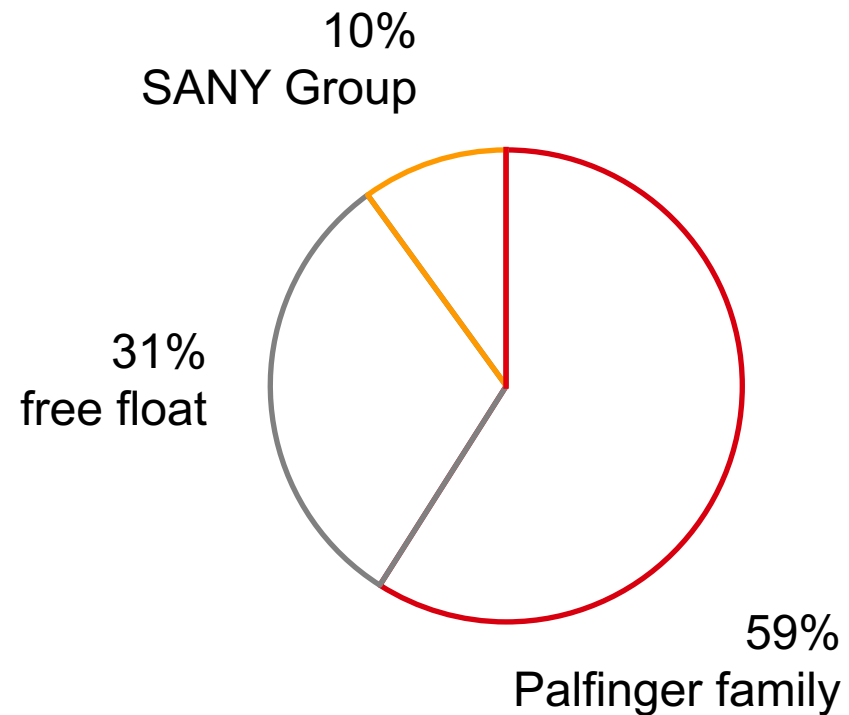


# FINANCING STRUCTURE AS AT 30 JUNE 2017



Financial liabilities (FL)	EUR 631.6m
Ø Interest rate FL	1.88%
Ø Remaining time to maturity FL	4.00 years
Cash equivalents	EUR 53.9m
Net debt	EUR 539.6m
Equity ratio	35.6%
Gearing	94.9%
Net debt/EBITDA	3.28

## SHAREHOLDER STRUCTURE

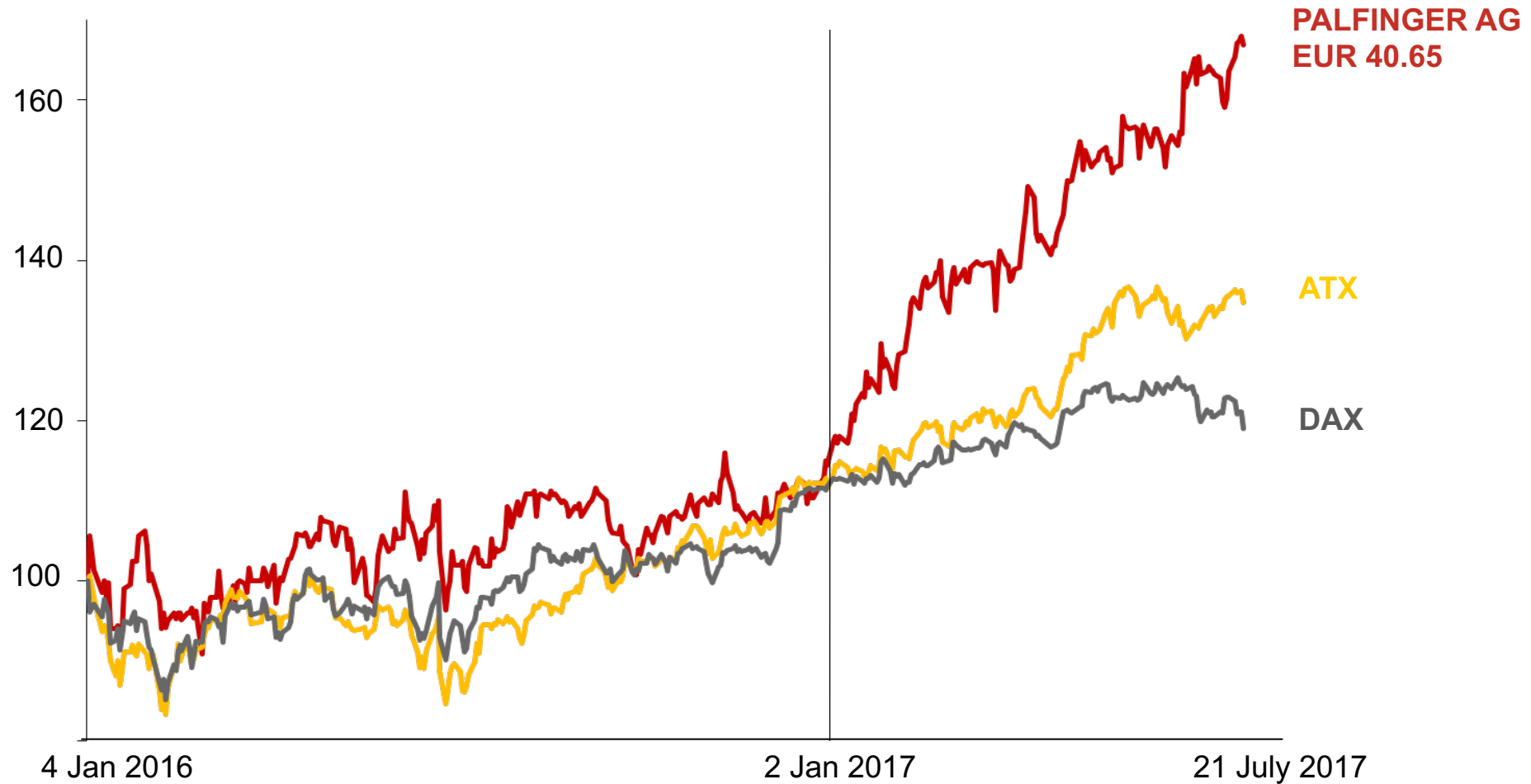


## SHAREHOLDER INFORMATION AS AT 30 JUNE 2017

ISIN	AT0000758305
Number of shares	37,593,258
Share price as at end of period	EUR 40.80
Market capitalization	EUR 1.5bn
Earnings per share	EUR 1.03



# PERFORMANCE OF PALFINGER SHARES SINCE 2016



Deutsche Bank

HSBC

Erste Group

Kepler Cheuvreux

Hauck & Aufhäuser

RCB

Berenberg Bank

Earnings estimates – consensus (EUR million)	2017e	2018e
Revenue	1,455.6	1,534.9
EBIT	146.8	164.1
Earnings per share (EUR)	2.10	2.63