PALFINGER
Strong organic growth

Presentation on the results
for the first three quarters of 2018
Vienna, 29 October 2018

The future is: reinventing yourself over and over again.

PALFINGER

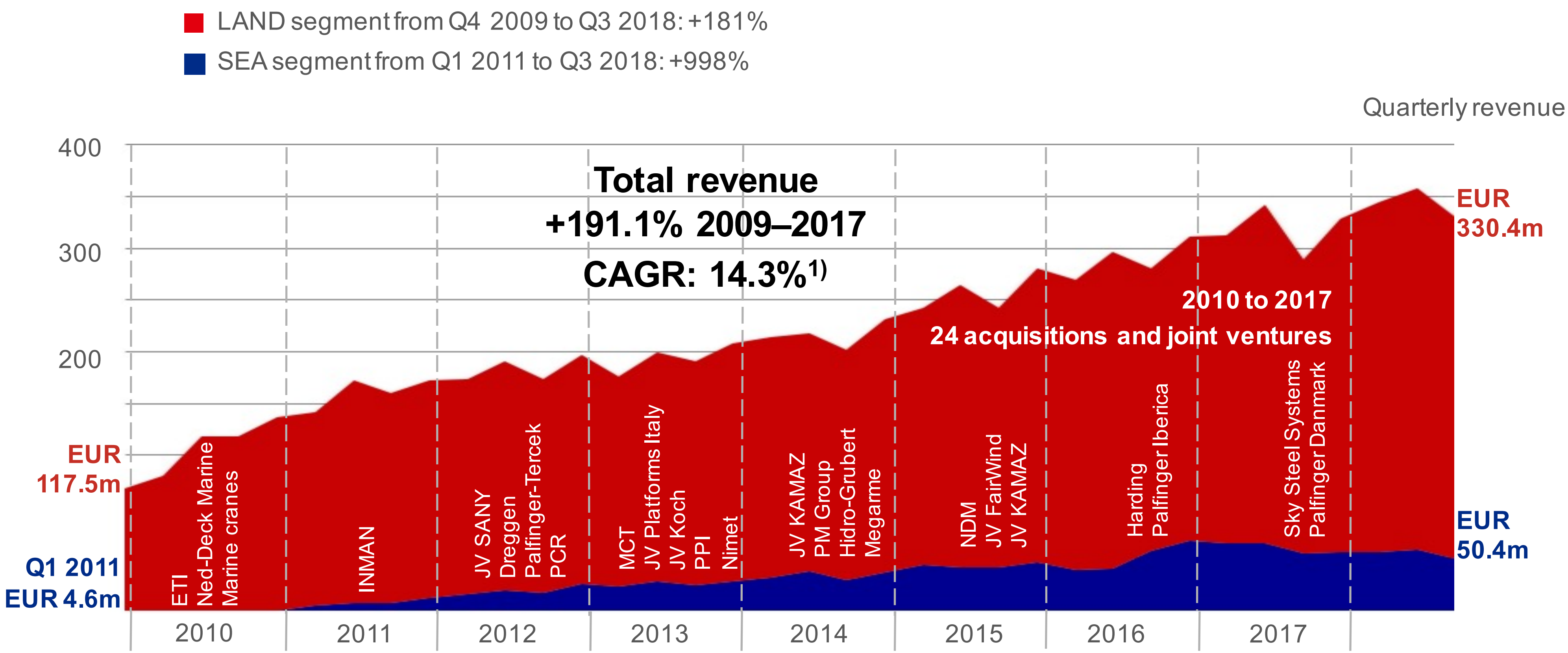
- **Global market leader**
- **Revenue: approx. EUR 1.5bn, 10,212 employees (year end 2017)**
  - **39 production sites**
- **60.9% EMEA – 23.6% Americas – 15.5% Asia and Pacific, CIS**

- 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
  - 26 service centres worldwide
  - #2 in lifesaving equipment
  - Leading position in cranes for ships, offshore installations and offshore wind farms

World’s leading supplier of loading, lifting and handling systems

CONSISTENT GROWTH – ORGANIC AND THROUGH ACQUISITIONS



1) of which 55% organic; 45% inorganic

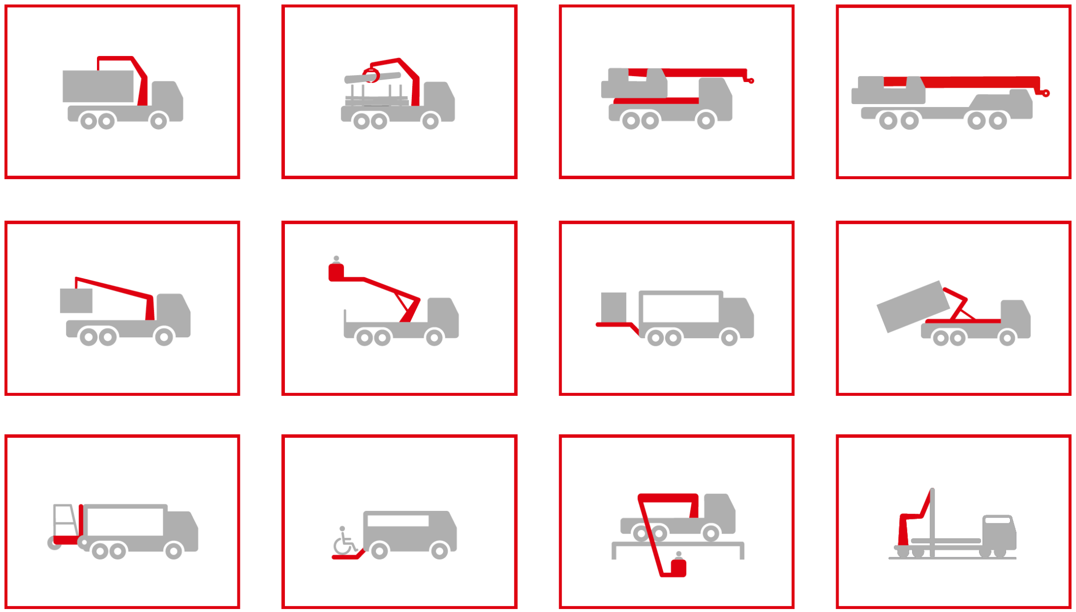
HIGHLIGHTS Q1–Q3 2018

- Revenue of EUR 1,182.6 million (+8.2%) marks new peak, operating profitability (expressed as EBITn margin) marginally below the 10 per cent threshold
- Strong organic expansion of business, mainly caused by positive performance in Europe, North America and CIS
- Marine business still challenging due to extremely difficult environment
- Restructuring in North America and in the marine business had a negative impact on earnings; all relevant one-time effects in North America recorded in the first half of 2018
- Incoming orders continue to be high, delivery backlog reduced in the third quarter
- Promissory note loan optimizes financing structure

LAND SEGMENT

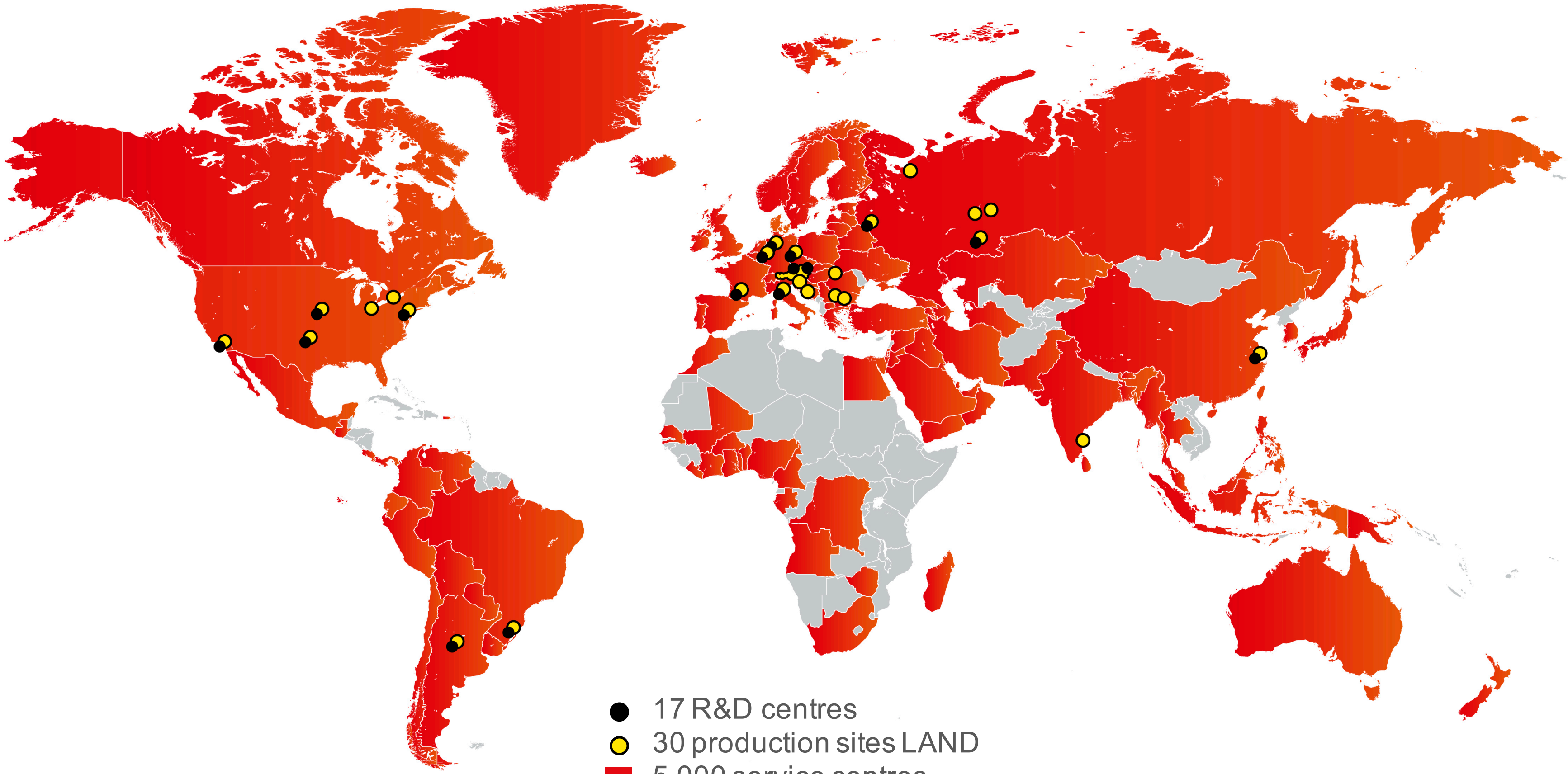
PRODUCT PORTFOLIO LAND SEGMENT

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



- 17 R&D centres
- 30 production sites LAND
- 5,000 service centres (approx. 10,000 service staff / of which approx. 700 PALFINGER)

HIGHLIGHTS LAND SEGMENT

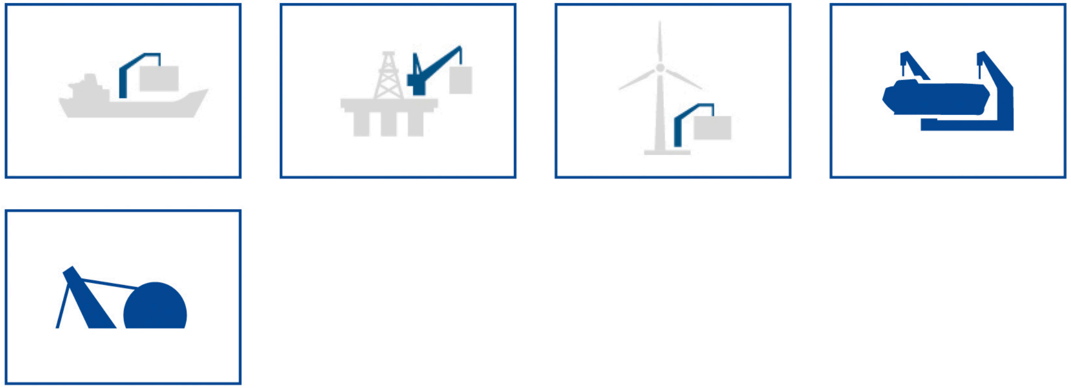
➔ Growth based on significant expansion of business in EMEA, revenue increased by 11.9% to EUR 1,017.3 million

- » Bottlenecks reduced despite increased demand in EMEA
- » Restructuring measures in North America implemented to a major extent in the first half of 2018; one-off effects recorded
- » Market environment in South America remains challenging, capacities adjusted to low demand, profitability ensured
- » Good partnership with SANY as foundation for growth of the Sany Palfinger joint venture by just under 40%
- » Local value creation in Russia/CIS facilitated further growth

SEA SEGMENT

PRODUCT PORTFOLIO SEA SEGMENT

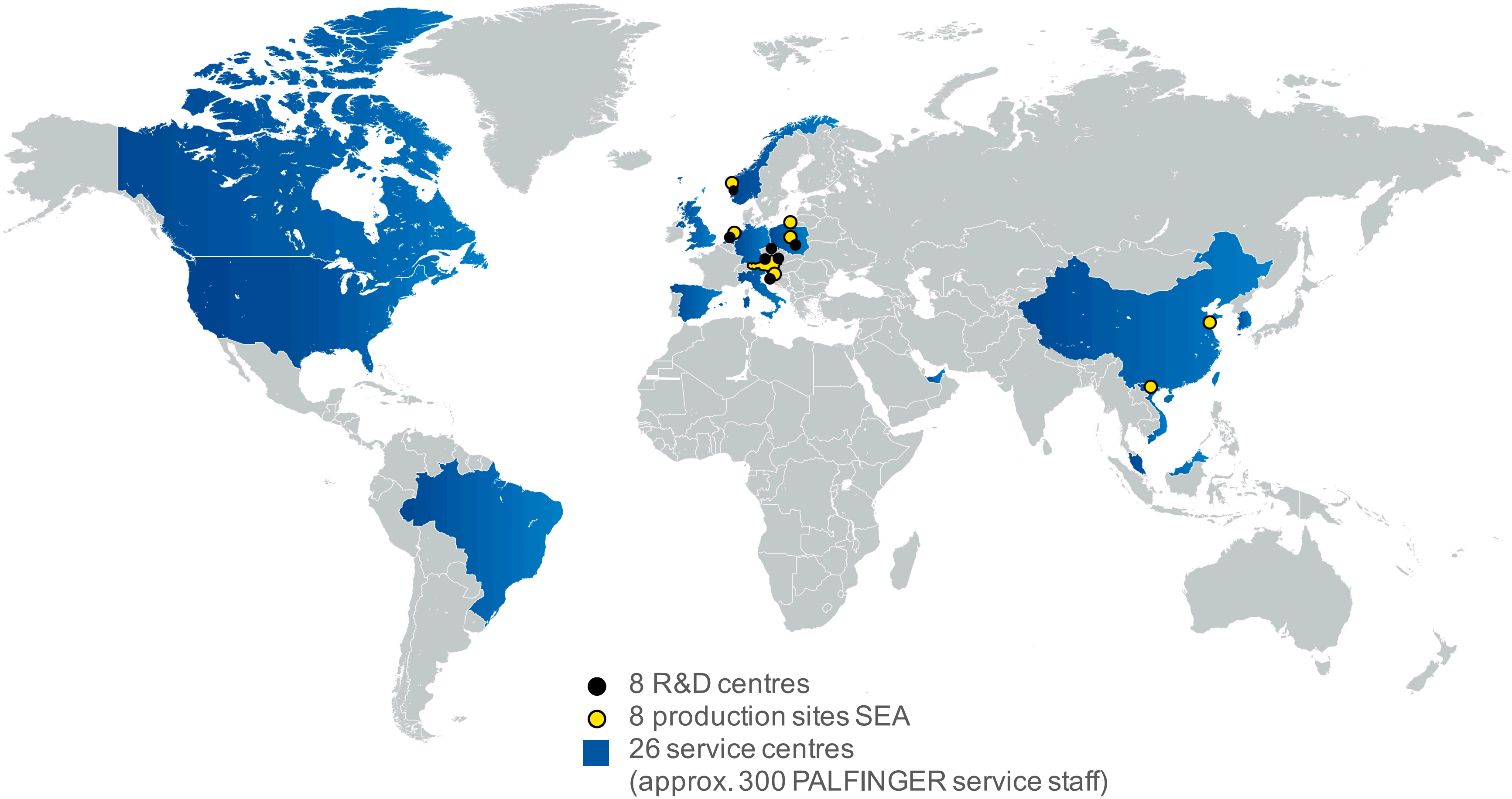
PALFINGER MARINE is the leading manufacturer of high-end deck equipment in the maritime sector



- ➔ Marine cranes
- ➔ Offshore cranes
- ➔ Wind cranes
- ➔ Lifesaving equipment
- ➔ Winches & handling solutions

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

PALFINGER



HIGHLIGHTS SEA SEGMENT

➔ Extremely difficult business environment, revenue declined by 10.3% to EUR 165.3 million

- Share of segment revenue in consolidated revenue shrank from 16.9% to 14.0%
- Positive effects of rising oil and gas prices limited to service business so far
- Continuation of intensive restructuring measures

IMPAIRMENT OF GOODWILL OF BUSINESS AREA MARINE CASH-GENERATING UNIT (CGU)

➔ On the basis of an AFREP review, there is material need for impairment of the goodwill of the business area Marine cash-generating unit as at the end of 2017

- » Executive Board estimates potential restatement may amount to approximately half of the goodwill recorded
  (EUR 156.5 million)
- » Adjustments of the 2017 financial statements will not have any effect on the 2018 results, but will reduce the Group's equity and equity ratio accordingly
- » Additionally, the impairment will lead to a retrospective reduction of the 2017 results
- » Prior to the adjustment, the Group's equity as at 31 December 2017 was EUR 575.7 million, the equity ratio was 37.3 per cent
- » Once the final review report is available, the necessary corrections will be published

KEY FINANCIALS

FINANCIALS LAND SEGMENT

	Q1–Q3 2017	Q1–Q3 2018	%
Revenue	908.8	1,017.3	+11.9%
EBITDAn[1)]	153.8	168.6	+9.6%
EBITDAn margin[1)]	16.9%	16.6%	–
EBITn[1)]	123.5	139.2	+12.7%
EBITn margin[1)]	13.6%	13.7%	–
Restructuring costs	8.9	6.0	(32.4%)

Continued increase in incoming orders

1) Figures normalized (n) by restructuring costs.

Acc. to IFRS in EUR million. Minor rounding differences may occur.

FINANCIALS SEA SEGMENT

PALFINGER

	Q1–Q3 2017	Q1–Q3 2018	%
Revenue	184.3	165.3	(10.3%)
EBITDAn[1)]	5.8	4.0	(31.2%)
EBITDAn margin[1)]	3.1%	2.4%	–
EBITn[1)]	(3.8)	(4.9)	–
EBITn margin[1)]	(2.0%)	(2.9%)	–
Restructuring costs	4.1	8.5	+107.6%

Significant decline in revenue; intensive restructuring until 2019

1) Figures normalized (n) by restructuring costs.

Acc. to IFRS in EUR million. Minor rounding differences may occur. 16

KEY FINANCIALS OF THE PALFINGER GROUP

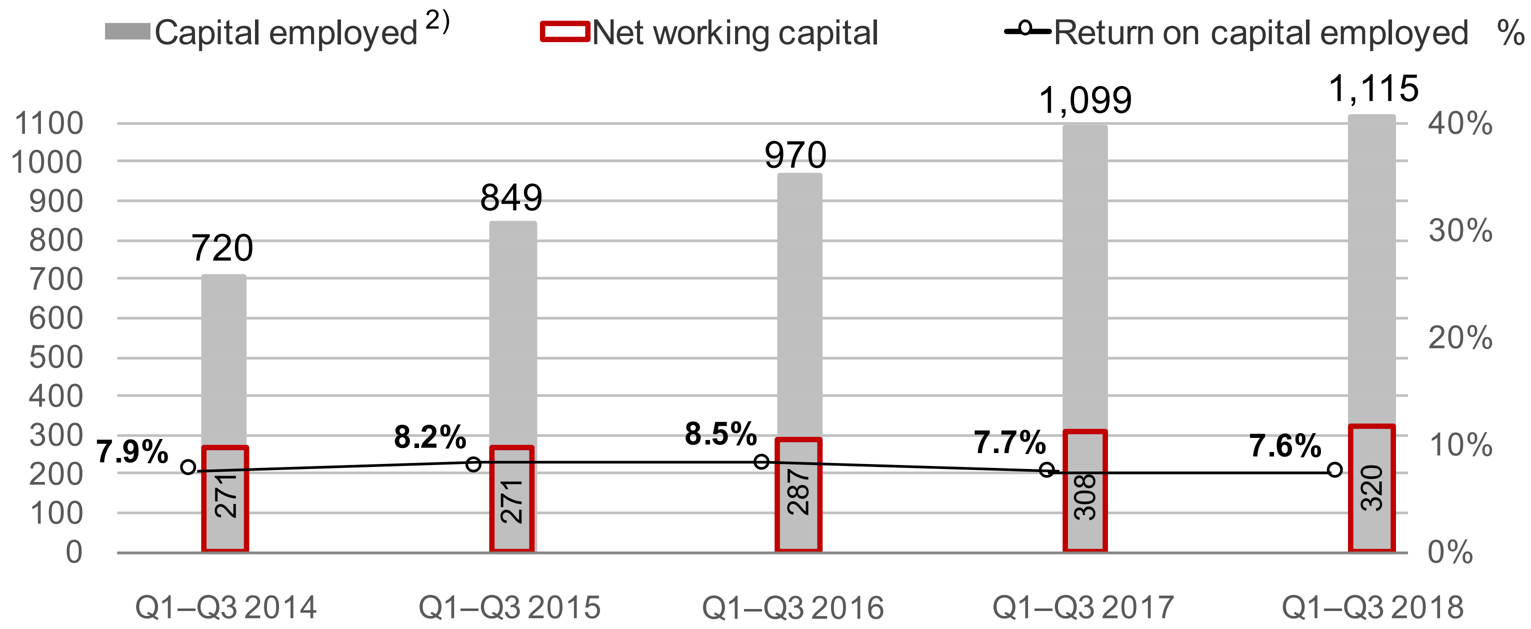
PALFINGER

	Q1–Q3 2016	Q1–Q3 2017	Q1–Q3 2018	%
Revenue	996.6	1,093.1	1,182.6	+8.2%
EBITDAn[1)]	131.1	147.6	157.1	+6.5%
EBITDAn margin[1)]	13.2%	13.5%	13.3%	–
EBITn[1)]	96.9	105.3	116.4	+10.5%
EBITn margin[1)]	9.7%	9.6%	9.8%	–
EBIT	86.4	91.9	101.7	+10.7%
Consolidated net result for the period	49.7	50.5	48.3	(4.4%)

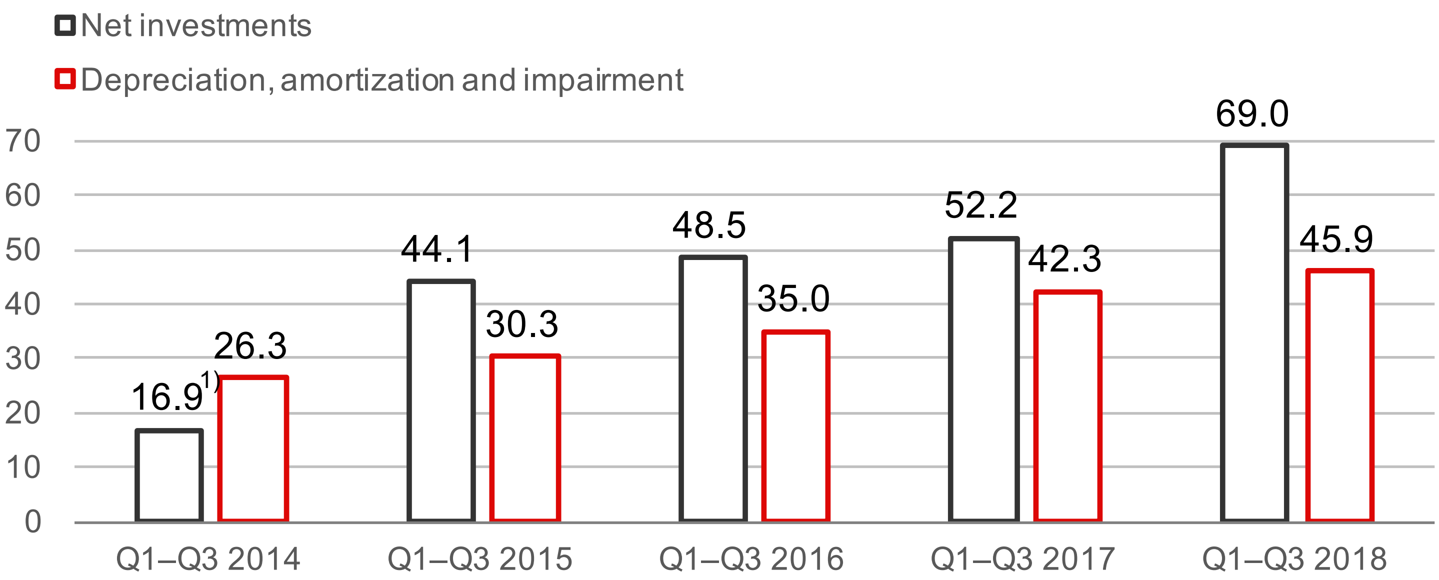
1) Figures normalized (n) by restructuring costs.

Acc. to IFRS in EUR million. Minor rounding differences may occur.

RETURN ON CAPITAL EMPLOYED[1)]



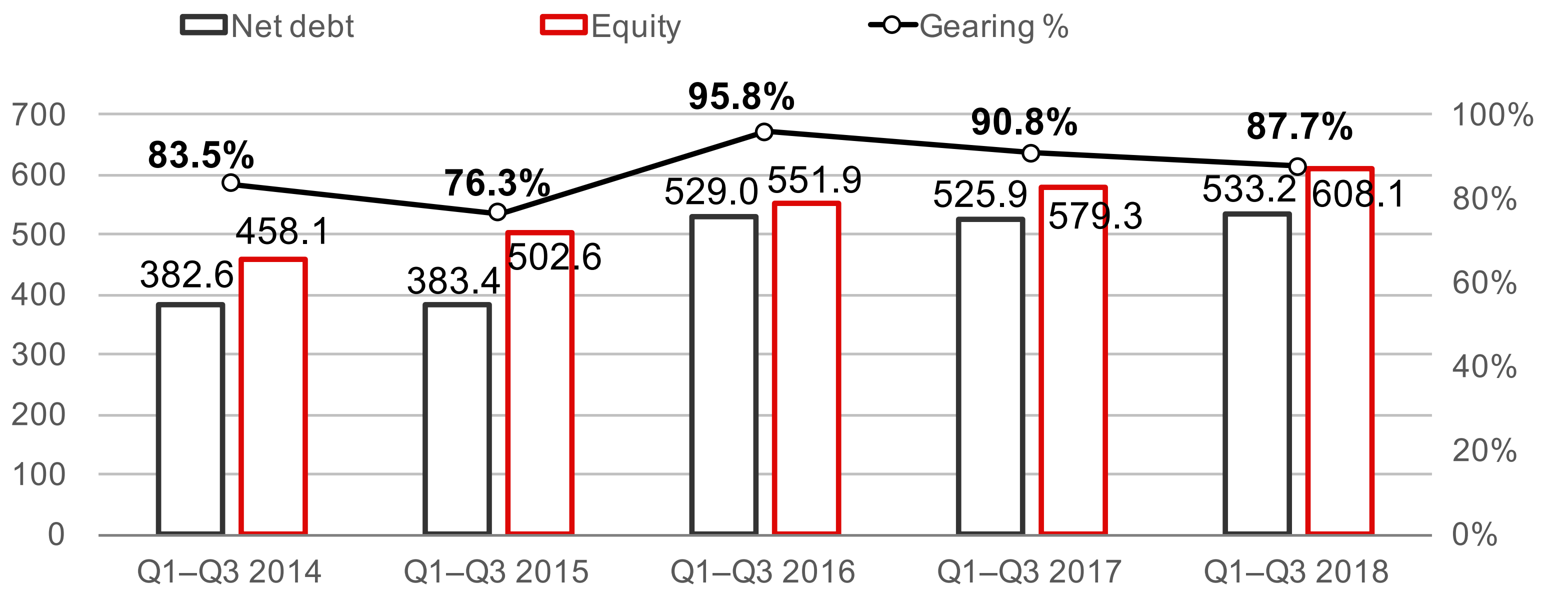
1) Figures before adjustment based on AFREP review.
2) Average of past 12 months.



Continued enlargement of production capacities and replacement investments

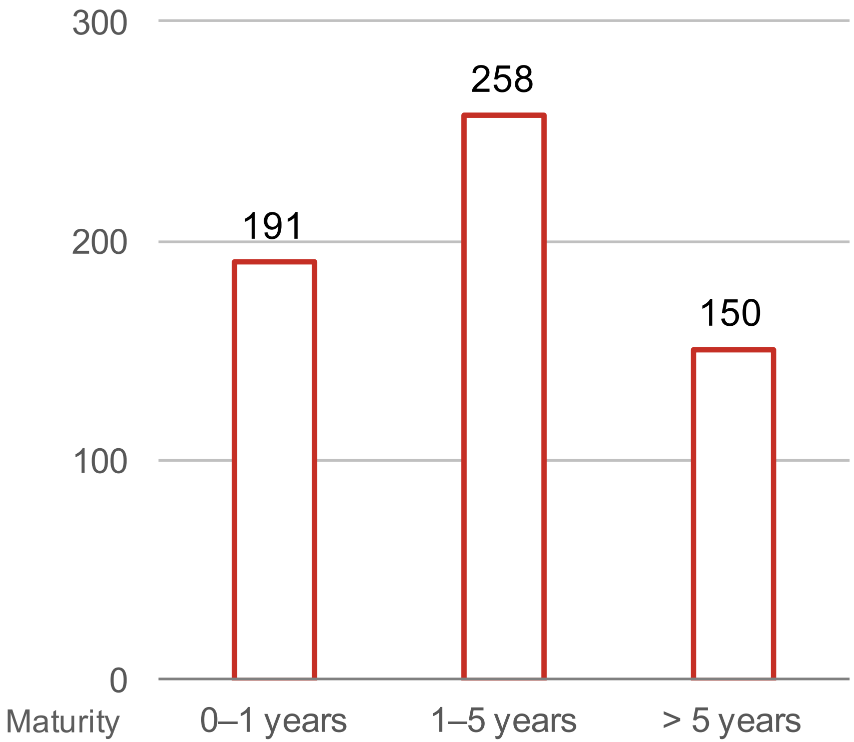
1) Adjusted by acquisition of interest in SANY, total: EUR 162.5 million.

GEARING RATIO AND EQUITY[1)]



1) Figures before adjustment based on AFREP review.

FINANCING STRUCTURE AS AT 30 SEPT 2018



Financial liabilities (FL)	EUR 598.6m
Ø Interest rate FL	1.66%
Ø Remaining time to maturity FL	3.25 years
Cash equivalents	EUR 34.3m
Net debt	EUR 533.2m
Equity ratio[1)]	38.0%
Gearing[1)]	87.7%
Net debt/EBITDA	2.95

1) Figures before adjustment based on AFREP review.

Acc. to IFRS in EUR million. Minor rounding differences may occur.

FREE CASH FLOWS

	Q1–Q3 2016	Q1–Q3 2017	Q1–Q3 2018
EBTDA	**112.0**	**121.9**	**134.5**
+/– Non-cash result from companies at equity	(3.4)	(4.4)	(2.3)
+/– Change in working capital	(13.2)	(41.4)	(17.3)
+/– Cash flows from tax payments	(23.9)	(14.7)	(31.6)
Cash flows from operating activities	**71.5**	**61.4**	**83.3**
+/– Cash flows from investing activities	(163.2)	(44.4)	(63.2)
Cash flows after changes in working capital & investments	**(91.7)**	**17.0**	**20.1**
+/– Cash flows from interest on borrowings adjusted by tax expense	7.0	7.6	6.3
Free cash flows	**(84.7)**	**24.6**	**26.4**
Cash flows from equity/investor capital	(17.5)	(40.3)	(31.9)
Cash flows from net debt	109.2	23.3	11.8

Acc. to IFRS in EUR million. Minor rounding differences may occur.

OUTLOOK

OUTLOOK AND OBJECTIVES

- ➔ Continued increase in incoming orders gives reason to expect further positive business development and operating profitability
- ➔ SANY repurchases 2.5% of its shares: Funds inflow of EUR 28.6 million
- ➔ Restructuring measures in the marine business will continue to depress earnings in Q4 and the first half of 2019
- ➔ Group-wide initiatives with a focus on internal synergies, process optimization, organizational streamlining and digital transformation (PALFINGER 21st, Process Excellence)
- ➔ Full integration of the numerous companies acquired
- ➔ GLOBAL PALFINGER ORGANIZATION

2018: Increase in revenue and operating profitability expected

INVESTOR RELATIONS

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