



HIAB

Small business, long term potential

Investor Presentation, Sept 25, 2019

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Table of Content

China Market On-road load handling equipment

Hiab Business Situation

China Strategy and Actions

China Market Characteristics

“Government driven and controlled”

- Market mostly driven by government infrastructure spending and construction industry, large portion of tender business, sales must be done through SPVs having gazettes
- Very strong growth since 2015 from low level

China still is a “basic equipment market”

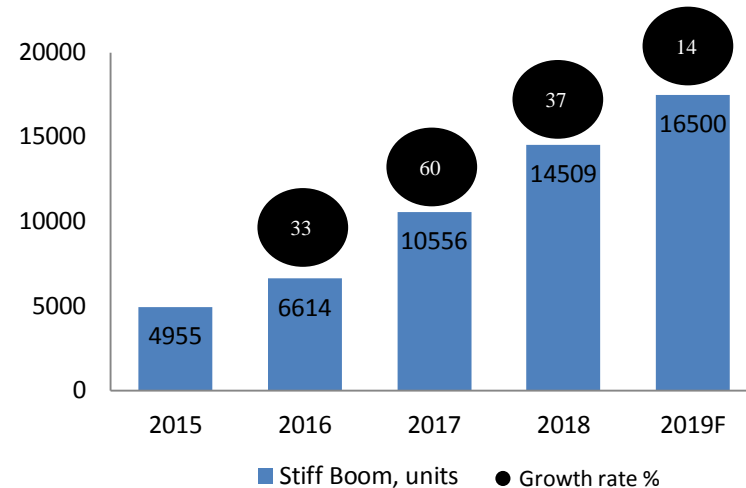
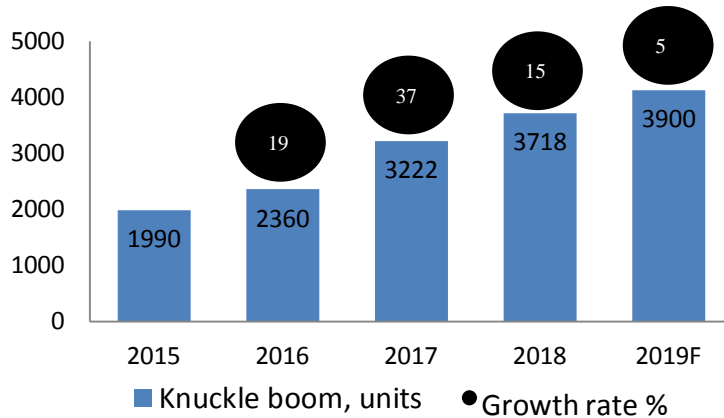
- *Very few products with electronic controls , overloading, no connectivity for usage data transfer*
- *Almost no service and maintenance contracts, mainly spare parts*

Pricing and competition

- *Generally price levels far below international averages*
- *Large number of competitors incl. state owned enterprises, local government invested companies, privately owned ones*

LCS Market development Mainland China

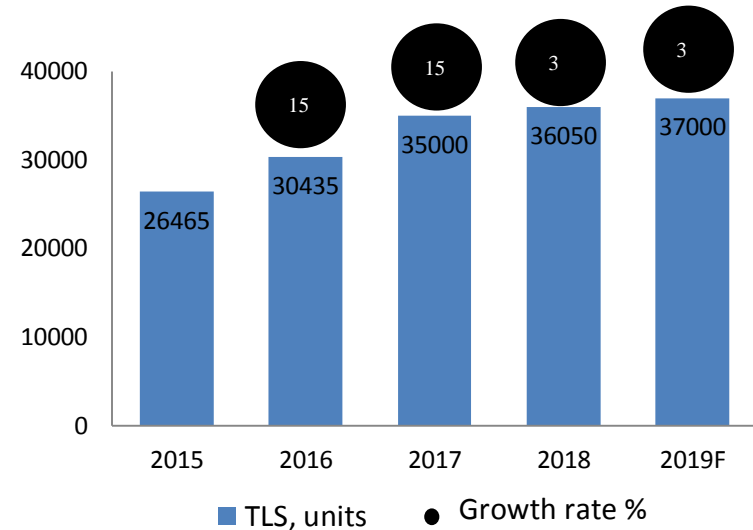
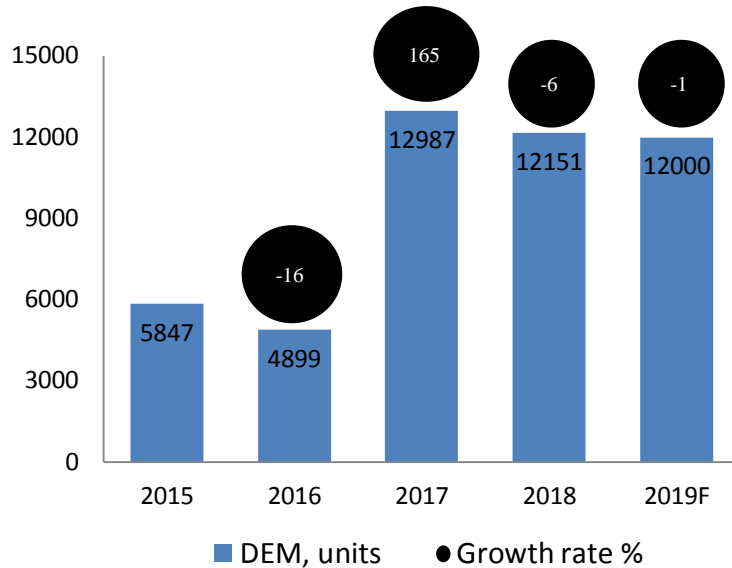
Stiff Boom segment accounts for over 80% of LCS



- Knuckle Boom Market growing steadily
- 70% of volumes in Guangdong
- Private demand growing
- More applications possibilities compared to Stiff-Boom cranes

- Globally largest Stiff Boom crane market
- Massive market growth rate 2014-2018
- Slow decline of growth rate, but shift to higher tonnage models

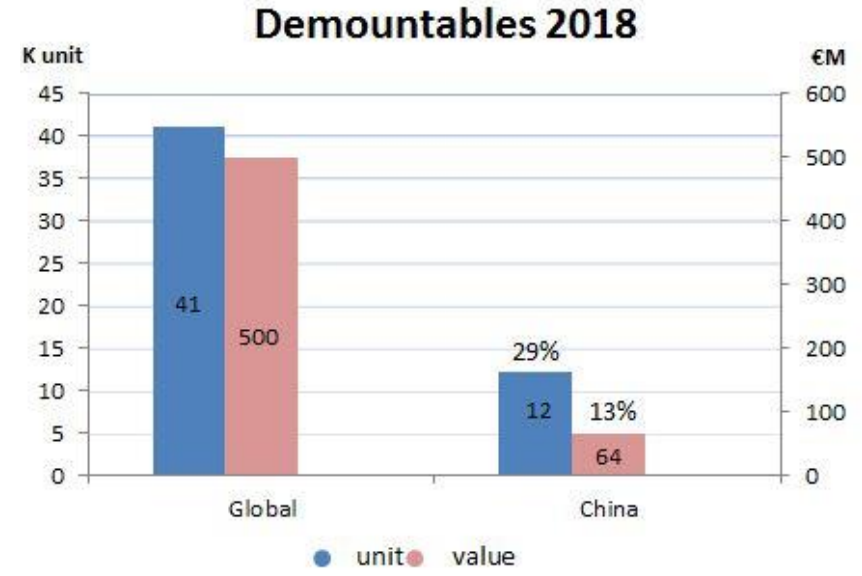
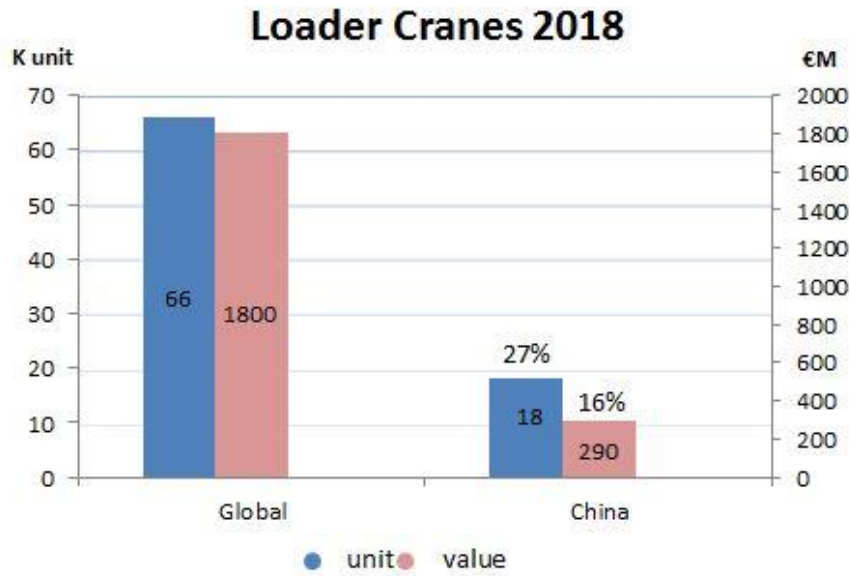
China Demountable and Tail Lift market volumes



- Growing Demountable market > 14ton
- 70% of volume is light range below 10t with very low standards
- Very low entry barriers
- Trend to larger tonnage, better quality and waste management solutions

- Market growing with increasing logistic needs and sophistication
- Still grey areas in Tail Lift road regulation
- Extremely basic designs, low quality and cost

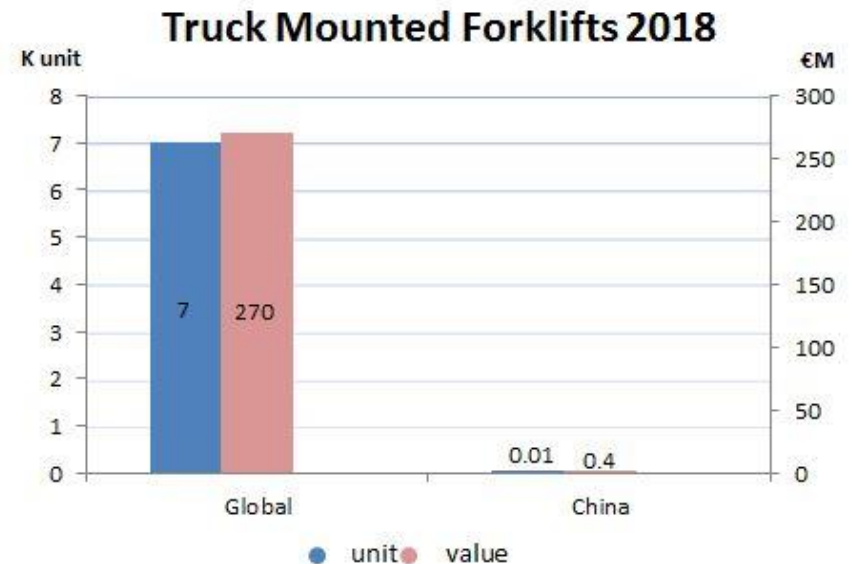
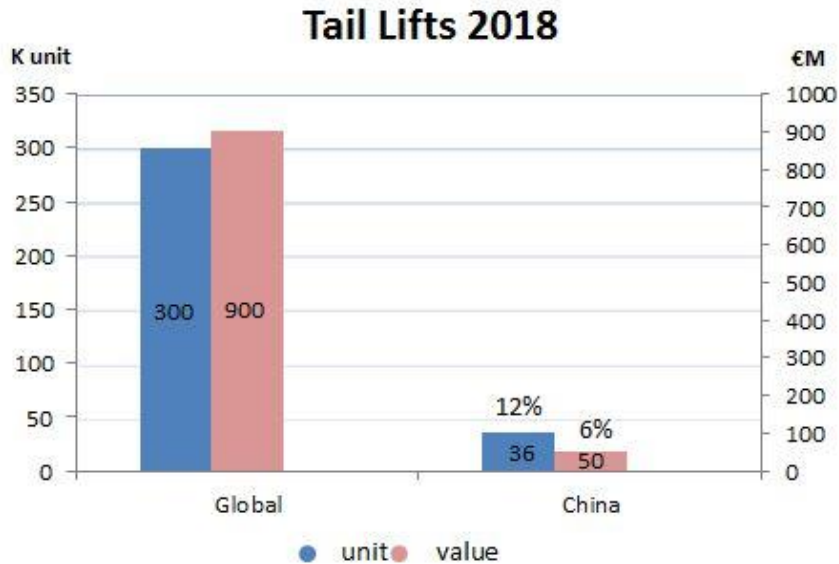
Mainland China's global value today vastly below the units share – low specs and prices



- Stiff boom > 80% of LCS market, addressable with JV products
- Hiab Knuckle Boom cranes imported

- 70% of market in small, low quality Demountables
- Hiab competes in heavy segment and maintains M/S around 8%

Mainland China's global TLS unit share growing, but very low value base. Truck Mounted Forklifts new market segment



- Unregulated industry
- Hiab currently does not compete

- Virgin market with substantial growth potential for Hiab in selected industries

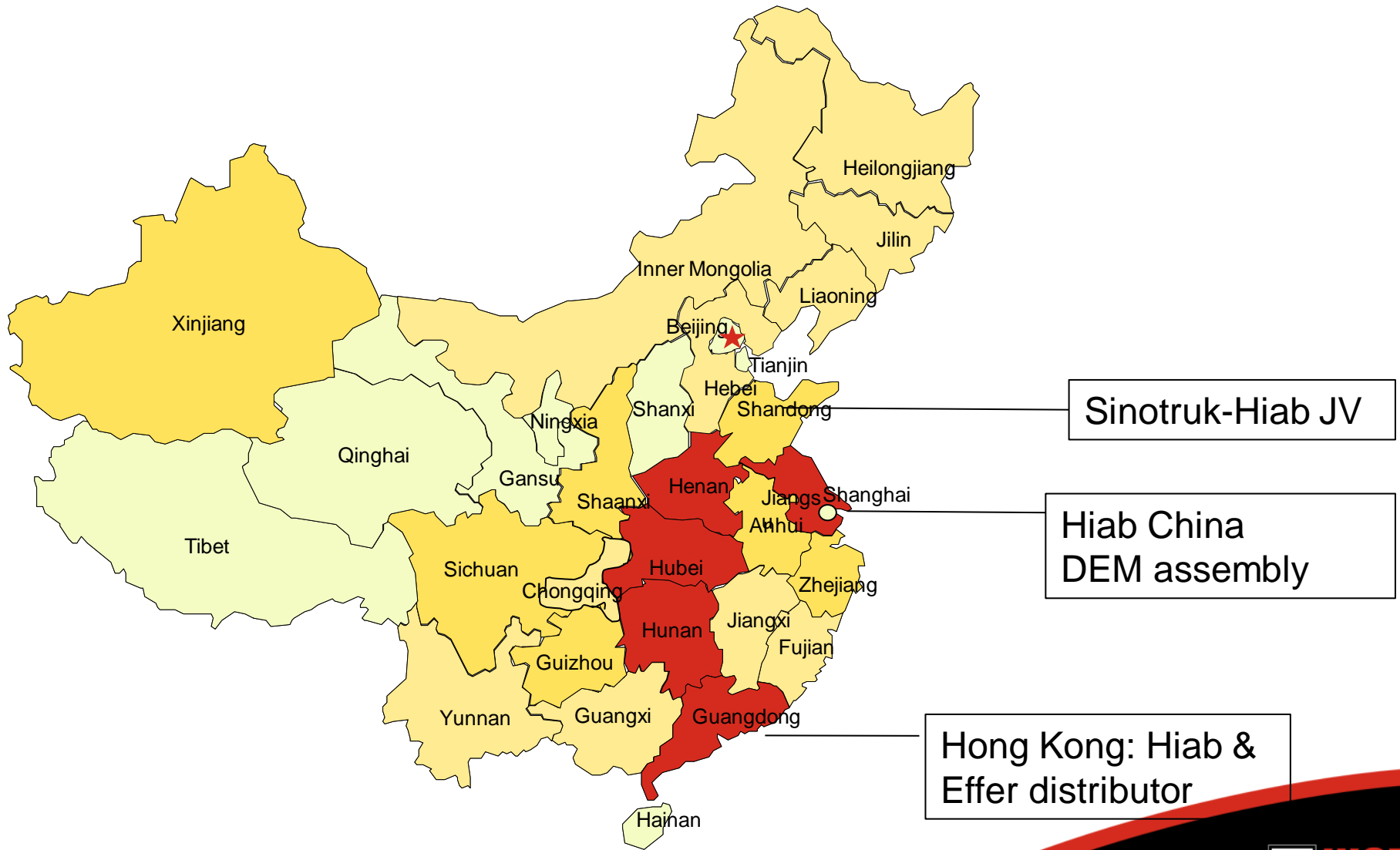
Table of Content

China Market

Hiab Business Situation China

China Strategy and Actions

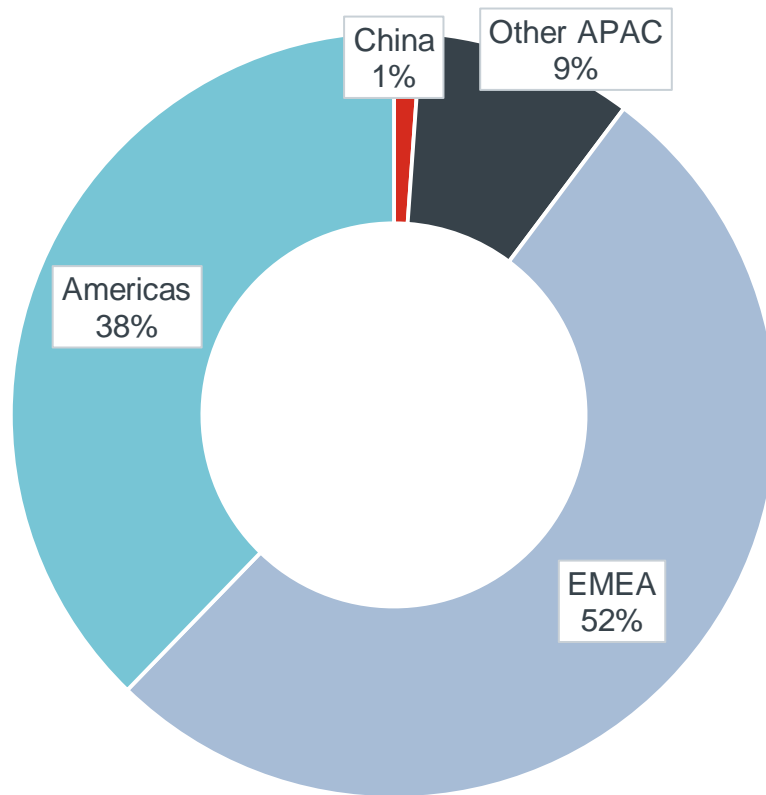
Hiab Locations in China



Main Hiab China Segments : Fire & Rescue, Waste, Construction



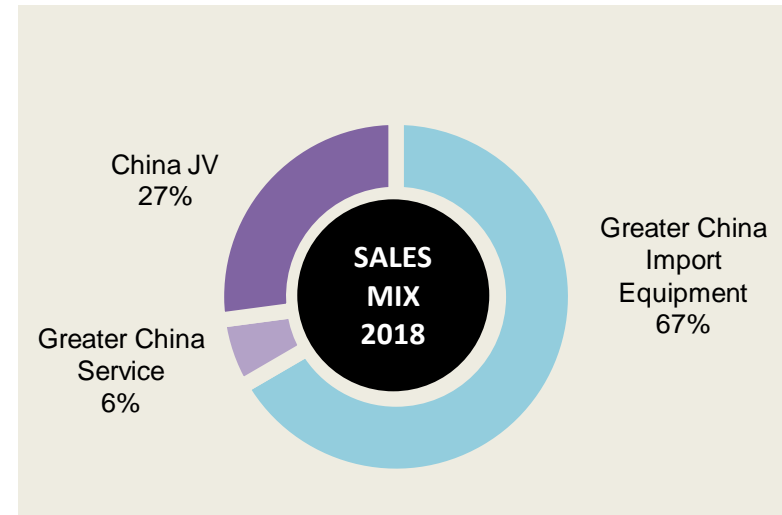
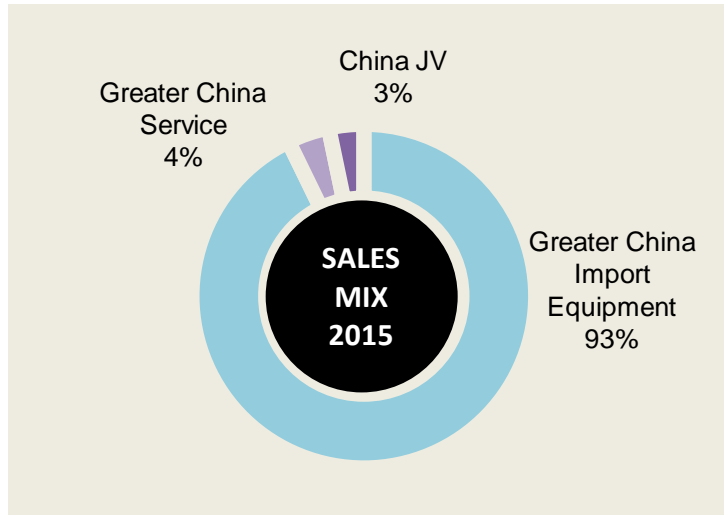
In 2018 Mainland China represents only 1% of Hiab's sales



- Hiab's sales in China were EUR 13 million in 2018 (excl. JV)
- Good growth in heavy segment of Demountables
- Service revenue was almost tripled
- Loader Cranes share roughly 60%

Greater China Business Structure 2015-2018

Increase of JV equipment sales and Service share



Highlights:

- Hiab/Effer distributor integration HK
- JV share increases, outgrows market
- Service grows rapidly in Mainland China

Challenges:

- Develop new niche markets, e.g. TMF, Sea cranes, Hong Kong applications
- Low maintenance and repair ratio in China, service growth mainly Spare Parts

Table of Content

China Market

Hiab Business Situation

Market drivers, Hiab Strengths and Opportunities

Market drivers and estimated growth rates

All market segments are expected to grow

	Knuckle Boom	Stiff Boom	Demountables	Tail Lifts	Truck Mounted Forklifts
Drivers	<ul style="list-style-type: none"> ◦ Spread out from Guangdong ◦ Increasing number of private transportation companies ◦ Product versatility ◦ Exports 	<ul style="list-style-type: none"> ◦ Infrastructure & construction ◦ Move to larger tonnage cranes ◦ Truck weight regulation ◦ Inland provinces invest 	<ul style="list-style-type: none"> ◦ Increasing amount of waste and treatment ◦ Waste separation ◦ Truck weight regulation 	<ul style="list-style-type: none"> ◦ Inland provinces logistics development ◦ Gradual legalization of Tail Lifts 	<ul style="list-style-type: none"> ◦ Versatile application ◦ Interest in F&R, disaster prevention etc
Growth %	~ 10% p.a.	~ 5% - 10% p.a.	~ 2% - 5% p.a.	~ 5% - 10% p.a.	multiple times

Fundamental drivers: GDP growth, infrastructure and logistic investments, search for efficiency increases

- Stiff Boom crane market remaining the largest segment
- Knuckle Boom and TMF particularly interesting for Hiab long term

Hiab Greater China Strengths & Opportunities

Strengths

- No 1 position Hiab & Effer in Hong Kong
- Leading import brand in Mainland China for F&R , waste
- Strong Brand and Quality reputation
- Long cooperation history with many SPVs

Opportunities

- Hiab product range: New segments such as Sea Cranes ,TMF
- Increase service revenue via refurbishment projects, maintenance
- Development of JV and closer product integration into HIAB
- Increasing China equipment exports
- Growing sophistication of China market and increasing demand for advanced cranes

- Ample opportunity to develop Hiab business in China in the long term
- TMF very interesting as a “virgin market”

Summary

- The Chinese Market is large and growing
 - The addressable market for premium foreign manufacturers still is limited today due to lower technology requirements and price levels, but will move higher over time
- Hiab is aiming to expand its China presence gradually by
 - Developing the existing Sinotruk - Hiab JV
 - Preparing to design products tailored for the Chinese Market
 - Maintaining our position in current niche applications
 - Expanding into new niches and growing market segments
 - Further increase our service business based on the installed basis of Hiab products

BUILT TO PERFORM



HIAB