

Report on the First Quarter 2007



PALFINGER

PALFINGER Financial Highlights ¹⁾

EUR '000	Q1 2007	Q1 2006	Q1 2005	Q1 2004	Q1 2003
Income statement					
Revenue	162,396	140,108	121,736	86,391	79,966
EBITDA	27,203	20,687	19,707	8,856	10,049
EBITDA margin	16.8%	14.8%	16.2%	10.3%	12.6%
Earnings before interest and taxes (EBIT)	23,969	17,468	17,107	6,062	7,183
EBIT margin	14.8%	12.5%	14.1%	7.0%	9.0%
Profit before tax	26,682	17,447	17,033	5,538	6,494
Consolidated net profit for the period	19,646	12,547	12,835	3,553	4,171
Balance sheet					
Total assets	451,404	389,280	334,060	288,566	273,100
Non-current operating assets	168,399	148,059	123,289	113,576	110,047
Net working capital ²⁾	95,081	80,503	68,305	60,073	63,068
Capital employed (as of the reporting date) ²⁾	263,480	228,562	191,594	173,649	173,115
Liabilities	206,058	192,201	170,671	153,694	148,743
Capital and reserves	245,346	197,079	163,390	134,872	124,357
Equity ratio	54.4%	50.6%	48.9%	46.7%	45.3%
Net debt	18,134	31,482	27,311	38,039	48,677
Gearing	7.4%	16.0%	16.7%	28.2%	39.1%
Cash flow and investment					
Cash flows from operating activities	7,890	6,188	4,436	(2,328)	5,791
Free cash flow	(6,891)	4,888	1,872	(4,790)	4,122
Investment in property, plant, and equipment	15,712	3,648	3,346	1,941	2,649
Depreciation and amortisation	3,234	3,219	2,600	2,794	2,865
Payroll					
Average annual payroll ³⁾	3,666	3,371	2,858	2,412	2,269

1) Reporting data of prior years were changed in the 2005 financial year in accordance with IFRS 3 adaptations.

2) The definitions used for the calculations of key indicators were modified according to internal reporting. Prior year comparable data were adapted.

3) Consolidated Group companies excluding equity shareholdings, as well as excluding apprentices, temporary workers, and workers employed for only very short periods.

Quarterly Report for the Period Ended 31 March 2007

Economic Background

The strong growth of the global economy continued in the first quarter 2007, and is not likely to slow down to any extent in the 2007 financial year. After a global economic growth of 5.4 percent in 2006, a growth rate of 4.9 percent is projected for 2007. All in all, the International Monetary Fund (IMF) predicts a sustainable growth of the global economy. The emerging markets are expected to remain a significant driver for the global economy.

In the US the upswing of the economy has slowed down. Europe seems to be recovering quickly from the decline in economic activity predicted for the first half of 2007 – a fact that is also evidenced by the recently revised economic forecast of the European Commission. According to the IMF, this year's rate of expansion of 2.3 percent in the euro zone is only slightly below the previous year's level. The soaring economic growth in Asia is expected to ease back to 8.8 percent in 2007, down from 9.4 percent in 2006. Brazil is projected to step up its economic growth from 3.7 to 4.4 percent.

Despite historically unprecedented high levels, the euro is expected to remain strong versus the US dollar. In the first quarter 2007 the development of the Chinese yuan was similar to that of the US dollar, whereas the Brazilian real posted a slight upward trend.

In the first two months of the year, stock prices soared once again before adjustments took place. By the close of the quarter, however, stock prices had reached steady levels again. Commodity markets were not affected too much by the adjustments of stock prices. Since mid-January 2007 the oil price has shown an upward trend. Triggered by winter temperatures, OPEC's production cutbacks and the political situation in Iran, the oil price went up to USD 66.03 per barrel on 29 March 2007.

Group Performance

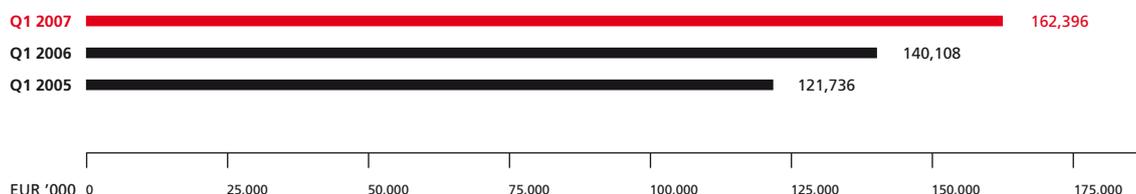
In the first quarter 2007, PALFINGER achieved record revenues and earnings. Revenues increased by 15.9 percent to EUR 162.4 million, and – compared with the same quarter of the previous year – EBIT rose by 37.2 percent to EUR 24.0 million. The EBIT margin reached 14.8 percent, up from 12.5 percent in the first quarter of the previous year. Order intake grew significantly more than expected, thus allowing PALFINGER to further expand its market position.

The prime contributors to this increase in revenues and earnings continued to be the cranes business in Europe and the high capacity utilisation in all production areas. This organic growth highlights the strong strategic position of PALFINGER in the CRANES segment. Still, the situation in the materials and components segment remained tight. Furthermore, PALFINGER was faced with another increase in material prices. Thus, in line with this increase in material prices, sales prices were raised at the beginning of the year, but due to the high order volume the price increase is expected to have a delayed effect on the results. Capacities have been and will continue to be expanded, with the focus remaining on a capacity increase and the ongoing commitment to improving effectiveness, efficiency, and quality.

The record sales revenue reflects the unbroken positive market situation in all core markets, the trend towards higher performance classes and fitting variants in the cranes business as well as the increased market penetration in Eastern Europe as well as in North and South America.

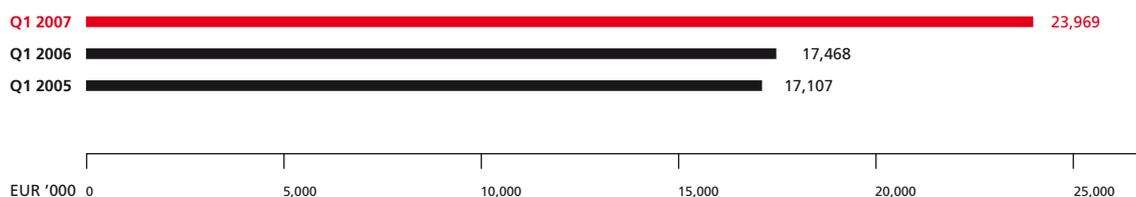
EPSILON has successfully continued the growth path it embarked upon, thus contributing to the increase in the profit of the CRANES segment. Both the SERVICES and the RAILWAY segments also managed to step up revenues and earnings significantly in comparison with the previous year. Achieving a sustainable turnaround in the HYDRAULIC SYSTEMS segment continued to remain a focus of management.

Development of revenue



The chances for further revenue growth are currently limited due to the tight materials and capacity situation. In the course of 2007 the first steps of the investment programme that was introduced and, in part, already implemented will be reflected in rising sales numbers.

Development of EBIT



Group Assets, Finances, and Earnings

The development of the PALFINGER Group's assets, finances, and earnings was also marked by continuing growth in the first quarter 2007.

The increase in net working capital to EUR 95.1 million (3/2006: EUR 80.5 million) was attributable to a rise in revenue by 15.9 percent to EUR 162.4 million and to tightening the value chain as a consequence of capacity increases that have already been implemented or are to be implemented. Investments in property, plant, and equipment totalled EUR 15.7 million and were primarily related to investments in capacity increases and the replacement of the Group's own aeroplane. As of the reporting date, capital employed amounted to EUR 263.5 million (3/2006: EUR 228.6 million; 12/2006: EUR 252.2 million).

The operating cash flow amounted to EUR 7.9 million in the period under review, up from EUR 6.2 million in the same period of the previous year. The low gearing ratio of 7.4 percent (3/2006: 16.0 percent; 12/2006: 4.2 percent) and the equity ratio of 54.4 percent – together with the cash flow – constitute a sufficient foundation for our strategy to finance further growth from our own resources.

Other Events

The Annual General Meeting held on 28 March 2007 resolved to distribute a dividend in the amount of EUR 2.20 (previous year: EUR 1.80) per share, which corresponds to a dividend yield of 2.9 percent relative to the average price for 2006. Moreover, a one-for-four reverse stock split and the necessary doubling of the issued share capital from capital reserves to EUR 37,136,000 were resolved. The reverse stock split will have been implemented by the end of 2007. Kurt Stiassny and Peter R. Scharler were elected Supervisory Board members of PALFINGER AG for a further period of five years.

Investor relations were further reinforced in the first quarter 2007. Excellent performance indicators as well as numerous road shows and investors' meetings created further interest in the PALFINGER share – a fact that is evidenced by the record share price of almost EUR 140 achieved on 30 April 2007, corresponding to an increase of more than 50 percent in comparison with the price achieved at the end of the year 2006.

Performance by Region

EUROPE and the REST of the WORLD

The segment EUROPE and the REST of the WORLD remains the foundation of the Group's solid growth. Markets in Spain, Germany, France, and Scandinavia deserve to be particularly mentioned just like the excessive growth rates in Eastern Europe, in particular in Russia, as well as in Australia, New Zealand, and South Africa. The positive development in these markets was due to increased sales of CRANE and EPSILON products.

In Asia, in particular in China and India, PALFINGER was able to reap the first fruit from the local market strategy. The first hookloaders leaving the assembly plant in Shenzhen, China, found a ready market. This stands to show that patience is of the essence for entering the Asian market.

Revenue in this segment rose by 16.5 percent, from EUR 125.5 million to EUR 146.1 million, while EBIT increased by 38.3 percent, from EUR 17.3 million to EUR 23.9 million.

NORTH and SOUTH AMERICA

In North America investments to increase assembly capacities in the CRANES and CRAYLER product areas were stepped up. This is to ensure a lowering of the CRANES order backlog, on the one hand, and, on the other, implement the planned value creation localisation of the CRAYLER business. The current development of the USD/EUR exchange rate further underlines the strategic significance of these projects. Incoming orders from Mexico and Canada led to an increased number of orders in the CRANES business despite the weakened US real property market.

During the traditionally weak summer season in South America our focus was on the stabilisation of the process chain and the consistent implementation of the projects initiated in 2006 including the entire value-creation chain and products.

With revenue increasing from EUR 14.6 million to EUR 16.3 million, EBIT in this segment came to EUR 0.1 million in the first quarter 2007 and was thus below the EUR 0.2 million of the previous-year period.

Performance by Product Group

CRANES

The extremely satisfactory development in terms of new orders emphasised the positive market trend in this segment. Despite the fact that revenue rose by 21.7 percent as a consequence of capacity and productivity increases, it was not possible to shorten delivery times due to the increase in new orders. The tight materials situation continued to cause bottlenecks in spite of counter-measures that were taken.

The trend towards higher performance classes and higher quality fittings in the case of replacement investments was continued and was also reflected in a considerable improvement of the EBIT margin. Even though all the regions made their respective contributions towards growth, Spain, France, Germany, Scandinavia, Eastern Europe, and Russia posted the strongest growth.

The EPSILON business also continued to be characterised by good market conditions, as reflected by the exceedingly high number of new orders particularly in Austria, Germany, France, and Great Britain in the traditional on-road area. The fairly young off-road business, however, achieved its first sales successes. The tight materials supply in connection with the good development in terms of new orders also led to longer delivery times in the EPSILON segment.

Revenue of the CRANES segment was stepped up by 21.7 percent in the first quarter 2007, from EUR 96.9 million to EUR 117.9 million. EBIT increased from EUR 18.4 million to EUR 24.2 million, which corresponds to an increase by 31.6 percent.

HYDRAULIC SYSTEMS and SERVICES

In the HYDRAULIC SYSTEMS and SERVICES segment revenue went up by 2.9 percent to EUR 44.5 million. EBIT increased from EUR – 0.9 million to EUR – 0.2 million.

The PALIFT division managed to further stabilise and/or increase output and quality in the first quarter 2007. Measures aimed at increasing efficiency were implemented in a consistent manner. A new product of the Power class was introduced at the BAUMA industrial fair in Munich. The European market continued to be strong and reinforced management in its goal to achieve a sustainable turnaround this year.

There was a diverging development of TAIL LIFT products in the first quarter 2007. After a difficult year in 2006, which brought a market decline of approximately 25 percent in Great Britain, the development of the first quarter 2007 was encouraging. For RATCLIFF the situation in terms of new orders not only stabilised but actually improved in comparison with the previous-year's first quarter, among other things due to annual framework contracts with allocated delivery times. New product developments are expected to have a positive effect on sales in Great Britain. By converting the layout in the production and assembly processes, efficiency was increased in materials flow. The welcome development in terms of new orders is expected to impact results in the course of the year. The integration of the company was concluded in the previous year. The development of the PALGATE continental European tail lift was also positive as regards new orders. However, PALGATE continues to struggle with long delivery times and a lack of delivery reliability as well as with the price pressure on the market and/or the implementation of cost savings.

In the RAILWAY business, existing orders were executed in the first quarter 2007 and new projects initiated, which led to a significant plus in revenue as well as a pleasing EBIT development.

The CRAYLER product area saw a different development in Europe than in North America. In Europe, in particular the strong market position in Germany increased the order intake and revenues and improved results. In North America efforts were hampered by the general decline of the market.

Due to the fact that the relocation of assembly was completed, the same results were achieved as in the comparable quarter of the previous year. The ongoing measures to step up local purchasing and on-site developments are expected to be reflected in the results in the course of the year.

In the BISON division output figures continued to increase and the current investment programme was promoted. Despite a slight stabilisation in materials supply, problems in this area prevented a further improvement of results. At the BAUMA fair, the 3.5t TA series trend-setting aerial work platform was enthusiastically acclaimed by the expert audience.

The SERVICES area was not only marked by an increase in revenue and earnings but also by the constant expansion of PALFINGER's dealer and service network. To this end a product-oriented services organisation was implemented in Europe and further training capacities created. In North America, in addition, the further expansion of the service network for the entire region was promoted and an exchange of experience intensified.

Outlook

On the basis of the excellent results of the first quarter 2007 as well as the positive development in terms of new orders, management expects record revenues and earnings in the 2007 financial year.

The successful implementation of the capacity-raising measures initiated together with a stable materials supply, as well as the successful turnaround in the HYDRAULIC SYSTEMS segment set the framework for the 2007 financial year.

Consolidated Balance Sheet as of 31 March 2007

EUR '000

31 March 2007

31 Dec 2006

31 March 2006

ASSETS

Non-current assets

Property, plant, and equipment	111,356	98,130	92,944
Intangible assets	30,497	31,420	32,283
Shareholdings	11,148	8,054	8,665
Other non-current assets	16,288	16,985	16,154
	169,289	154,589	150,046

Current assets

Inventories	125,784	114,249	108,480
Receivables and other current assets	126,006	109,992	115,554
Cash and cash equivalents	30,325	30,536	15,200
	282,115	254,777	239,234
Total assets	451,404	409,366	389,280

EQUITY AND LIABILITIES

Capital and reserves

Issued capital	18,568	18,568	18,568
Capital reserves	53,757	53,757	53,757
Retained earnings	153,733	114,431	111,346
Valuation reserves acc. to IAS 39	865	776	(1,257)
Foreign currency translation reserve	(6,079)	(6,053)	(4,202)
Consolidated net profit for the year	19,646	56,603	12,547
Minority interests	4,856	3,882	6,320
	245,346	241,964	197,079

Non-current liabilities

Non-current financial liabilities	31,786	31,566	36,918
Non-current provisions	15,379	15,685	16,955
Other non-current liabilities	3,775	4,174	4,861
	50,940	51,425	58,734

Current liabilities

Current financial liabilities	22,573	15,241	11,751
Current provisions	23,067	22,019	24,689
Other current liabilities	109,478	78,717	97,027
	155,118	115,977	133,467
Total equity and liabilities	451,404	409,366	389,280

Consolidated Income Statement

EUR '000	Jan–March 2007	Jan–March 2006
Revenue	162,396	140,108
Changes in inventory	7,024	12,975
Own work capitalised	24	23
Other operating income	2,159	1,771
Materials and services	(89,109)	(83,801)
Staff costs	(34,285)	(31,323)
Depreciation and amortisation expense	(3,234)	(3,219)
Other operating expenses	(21,006)	(19,066)
Earnings before interest and taxes (EBIT)	23,969	17,468
Income from shareholdings	3,093	744
Interest and other financial expenses	(380)	(765)
Net financial result	2,713	(21)
Profit before tax	26,682	17,447
Income tax expense	(6,062)	(4,085)
Profit after tax	20,620	13,362
Minority interests	(974)	(815)
Consolidated net profit for the period	19,646	12,547

Earnings per share in EUR

Earnings per share (undiluted)	2.23	1.42
Earnings per share (diluted) ¹⁾	–	–
Average number of shares in circulation (undiluted)	8,822,339	8,812,019
Average number of shares in circulation (diluted) ¹⁾	–	–

1) As of 31 March 2007 there are no outstanding convertible bonds. The undiluted earnings per share correspond to the diluted earnings per share.

Consolidated Cash Flow Statement

EUR '000	Jan–March 2007	Jan–March 2006
Profit before tax	26,682	17,447
Cash flows from operating activities	7,890	6,188
Cash flows from investing activities	(15,474)	(1,866)
Free cash flow	(6,891)	4,888
Cash flow from financing activities	7,373	9,324
Total cash flows	(211)	13,646

Consolidated Statement of Changes in Equity

EUR '000

	Issued capital	Capital reserves	Retained earnings	Valuation reserves for financial instruments acc. to IAS 39	Foreign currency translation reserve	Consolidated net profit for the year	Minority interests	Total
At 1 Jan 2006	18,568	53,757	78,504	(1,955)	(4,495)	48,143	5,477	197,999
Dividends 2005	0	0	0	0	0	(15,862)	(2,800)	(18,662)
Profit carried forward from 2005	0	0	32,281	0	0	(32,281)	0	0
Stock options as per IFRS	0	0	102	0	0	0	0	102
Profit after tax as of 31 Dec 2006	0	0	0	0	0	56,603	3,076	59,679
Earnings-neutral changes in financial instruments	0	0	0	2,731	0	0	0	2,731
IAS 19 social capital reserve	0	0	203	0	0	0	0	203
Other changes	0	0	3,341	0	(1,558)	0	(1,871)	(88)
At 31 Dec 2006	18,568	53,757	114,431	776	(6,053)	56,603	3,882	241,964
At 1 Jan 2007	18,568	53,757	114,431	776	(6,053)	56,603	3,882	241,964
Dividends 2006	0	0	0	0	0	(17,293)	0	(17,293)
Profit carried forward from 2006	0	0	39,310	0	0	(39,310)	0	0
Stock options as per IFRS	0	0	23	0	0	0	0	23
Profit after tax as of 31 March 2007	0	0	0	0	0	19,646	974	20,620
Earnings-neutral changes in financial instruments	0	0	0	89	0	0	0	89
IAS 19 social capital reserve	0	0	0	0	0	0	0	0
Other changes	0	0	(31)	0	(26)	0	0	(57)
At 31 March 2007	18,568	53,757	153,733	865	(6,079)	19,646	4,856	245,346

Segment Reporting

EUR '000

	EUROPE / REST OF THE WORLD		NORTH / SOUTH AMERICA	
Primary segmentation	Q1 2007	Q1 2006	Q1 2007	Q1 2006
Revenue	146,140	125,493	16,256	14,615
EBIT	23,878	17,269	91	199

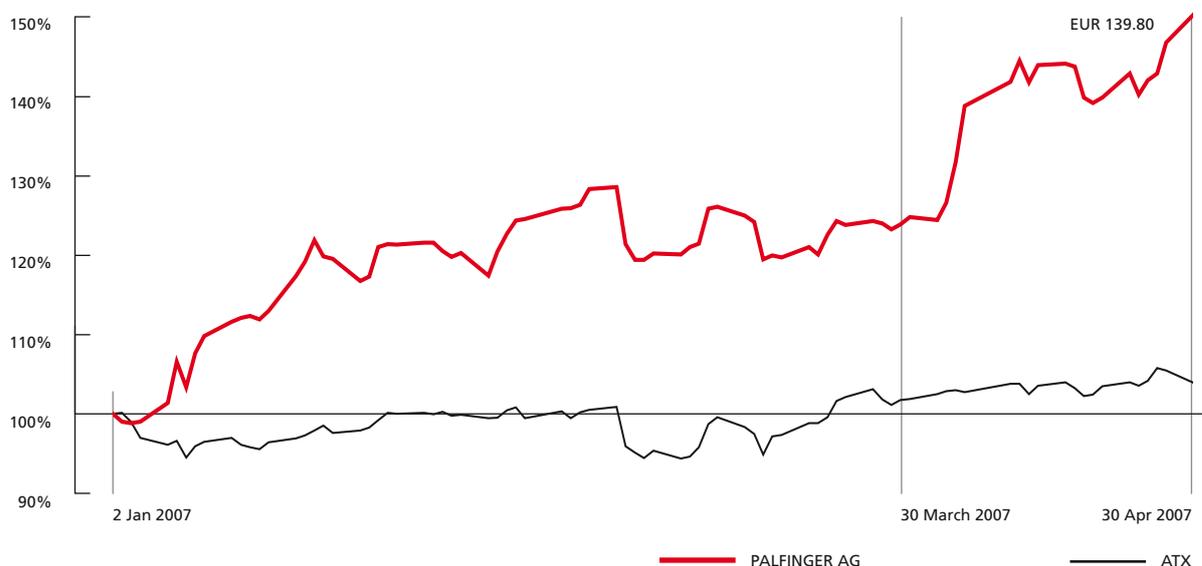
EUR '000

	CRANES		HYDRAULIC SYSTEMS / SERVICES	
Secondary segmentation	Q1 2007	Q1 2006	Q1 2007	Q1 2006
Revenue	117,941	96,923	44,455	43,185
EBIT	24,213	18,402	(244)	(934)

Q1 2007

International Securities Identification Number (ISIN)	AT0000758305
Number of shares issued	9,283,750
Number of own shares	461,411
Price as of 30 March 2007	EUR 116.00
Earnings per share (Q1 2007)	EUR 2.23
Market capitalisation as of 30 March 2007 (excl. own shares)	EUR 1,023,391,324

PALFINGER AG Share Price



Investor Relations

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Financial Calendar

8 August 2007	Publication of results for the first half of 2007
8 November 2007	Publication of results for the third quarter of 2007

Minimal arithmetical differences may arise from the application of commercial rounding to individual items and percentages in the Report on the First Quarter.

