Annual report

Pöttinger has successfully countered the challenging market situation in the grassland sector with tillage and seed drill technology

*Thanks to innovative products and a balanced product range, the Austrian family-owned company Pöttinger managed to achieve a turnover of EUR 301 million during the last financial year despite difficult market conditions and a significant downturn in total sales volume in the agricultural technology industry.*

The financial year 2015/16 was overcast by a difficult market situation: the demand for agricultural technology is closely linked to the development of income in farming. The negative development of producer prices led to a considerable downturn in earnings for farmers who in turn recorded a marked reduction in investment volume. As a consequence, machinery sales were correspondingly lower - especially in the grassland sector. Thanks to an innovative and balanced product range, Pöttinger was able to counter this overall development in the market: sales of tillage and seed drill technology machinery were successfully increased while spare parts sales remained steady. In total, the Austrian family-owned business with around **1,700 employees** managed to achieve a turnover of **EUR 301 million**. Compared to the highly successful financial year 2014/15, that is a slight drop of 6 percent. Following the intensive growth and doubling of turnover in recent years, this plateau in growth gives Pöttinger an opportunity to prepare the next steps in development and boost further internationalisation. This is based on strong customer-driven innovation and partnership-oriented relationships with customers and dealerships.

**Investments in the success of tomorrow**

For future-oriented companies like Pöttinger, this phase of favourable interest rates offers unique opportunities for investment. That is why the focus of the Austrian family-owned company during the previous year lay clearly on further expansion for the growth and success of tomorrow. The series of Pöttinger **PlantWORLD** expansions includes ProductionWORLD with an investment volume of EUR 25 million and SparePartsWORLD. In addition to the now completed expansions to the plants in Bernburg and Vodnany, an additional 12,000 sqm of production space will be built at company headquarters by mid 2017 and all processes redesigned. In the newly created space, the flow of materials will be greatly improved for grassland machinery production with ergonomic workstations for employees to build high quality machinery using the most modern technology.

The WorkingWORLD project saw forward-looking administration offices being built at the company's headquarters, also setting the course for the future.

In Taufkirchen an der Trattnach, not far from company headquarters, the Pöttinger SparePartsWORLD is taking shape. The modern logistics centre with an area of around 7,000 sqm guarantees continued availability of around 50,000 different spare and wear parts.

**Living farm equipment**

Pöttinger is an Austrian family-owned company that contributes to a sustainable increase in effectiveness, efficiency and quality in agricultural production and that acts as a partner on whom its customers can rely. The development of reliable products that ideally cater for the needs of customers is one of Pöttinger's key aims. The high innovative strength of the family-owned company is backed by years of experience: many of the employees are farmers themselves who understand the challenges from their own experience and who live and work with agricultural technology on a daily basis. That is why the Pöttinger product range is so professional and versatile.

**Strong development in tillage and seed drill technology**

The enormous investment in developing tillage, soil preparation and seed drill technology in recent years has now paid off during these difficult times. Pöttinger has managed to record an increase in sales in these sectors.

The **grassland sector** accounts for the highest turnover at 57 percent, followed by **tillage and seed drill technology** at around 28 percent. Compared to the previous year, however, grassland is down around 12 percent. Seed drill technology, on the other hand, saw an excellent development in turnover of 20 percent on the previous year. **Original spare parts business** remained constant with the same turnover compared to last year. This was thanks mainly to the long-term availability of spare parts as well as the successful market establishment of the extremely wear-resistant DURASTAR spare parts.

Many markets around the globe were beset with difficult economic circumstances. Even so, there were also some positive exceptions: above average growth – with corresponding increases in sales - was recorded in export markets in the Far East, Baltic States, Canada, Ukraine, Australia and Belgium.

**Continuous internationalisation as a basis for future growth**

International markets continue to be key to Pöttinger's success. An export quota of **86.5 percent** and international sales of around EUR 260.5 million indicate their significance.

The top five countries for growth in turnover in terms of absolute **machine sales** compared to the previous year are Ukraine, Canada, France, Japan and China. France, with 13.5 percent share of total turnover, represents one of the largest and most important markets after Germany with around 19 percent.

**Austrian market remains stable**

With a **13.5 percent** share of overall turnover, the domestic market of Austria remains one of the strongest country markets, alongside Germany and France. Compared to the previous year, turnover fell slightly due to the challenging conditions. All the same, Austrian farmers still want quality products made in their home country. That is something about which Pöttinger is particularly pleased. Especially because meeting each individual farmer's specific expectations in a country with as diverse terrain as Austria - from the Alps to the plains - needs a great deal of experience in machine development. One of Pöttinger's strengths.

**Keep on course with developments, even into a strong headwind**

"Everyone needs agriculture. In the future, regional farming will continue to play a central role in providing the world with food. All the more important that future-oriented businesses make the investments necessary now to ensure the success of tomorrow. That is exactly what Pöttinger is doing with our series of expansion projects," explains Heinz Pöttinger on behalf of the management team, going on to say: "When we develop products, we think in the same dimensions as our customers: high levels of crop and soil conservation, excellent working results, safety, operational reliability and efficiency. Thanks to our consistent customer orientation, we have evolved into an international, tractor-independent specialist for forage harvesting, tillage, seedbed preparation and seed drill technology. Together with our customers and dealerships, we want to continue on this successful course into the future."

**Photo preview:**

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| **Heinz Pöttinger**  | **The new management team since 01 August 2016****From the left: Heinz Pöttinger (Mag.), Jörg Lechner (DI (FH)), Gregor Dietachmayr and Dr. Markus Baldinger** |
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