

Global economy and the impact on crane industry

Eric Etchart, president, Manitowoc Cranes
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About The Manitowoc Company, Inc.

- Founded in 1902
- Headquarters: Manitowoc, Wis.
- Two divisions
 - Manitowoc Cranes
 - Manitowoc Foodservice
- More than 10,000 employees worldwide



Manitowoc Cranes

A technology and market leader



End markets

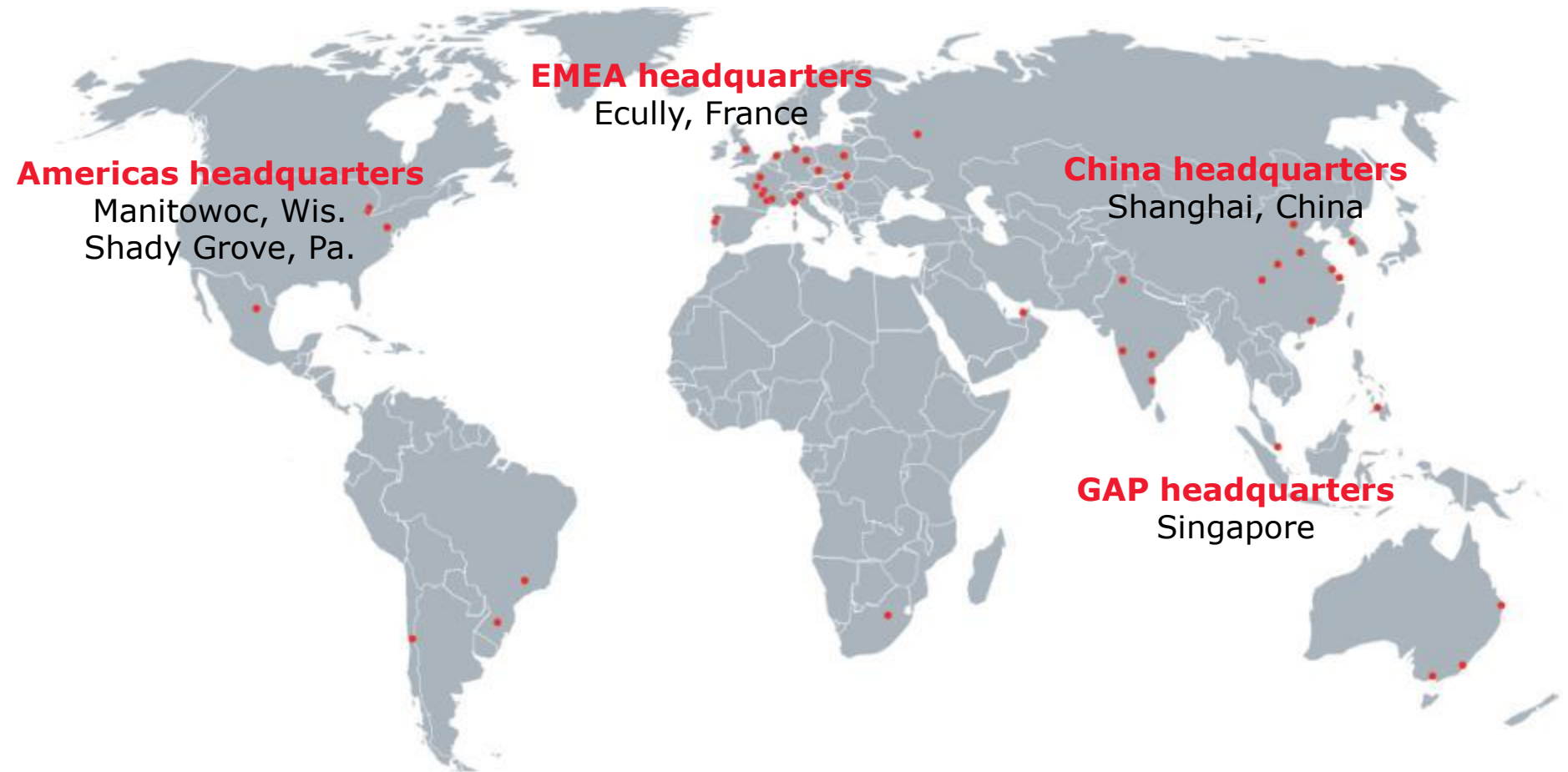
- Energy-related
- Infrastructure
- Heavy construction
- Bridges and highways
- Commercial construction
- High-density residential

Key strengths

- Industry innovator
- Leading global aftermarket service network
- Global manufacturing near customers
- Operational excellence

Manitowoc Cranes overview

Global footprint



Global economies

Global economies

United States

- One-legged recovery; oil and energy markets remain relatively healthy
- Reinvestment in fleets by dealers/rental companies after several flat years
- Tower crane market remains very tough
- Subtle recovery of crawler crane market



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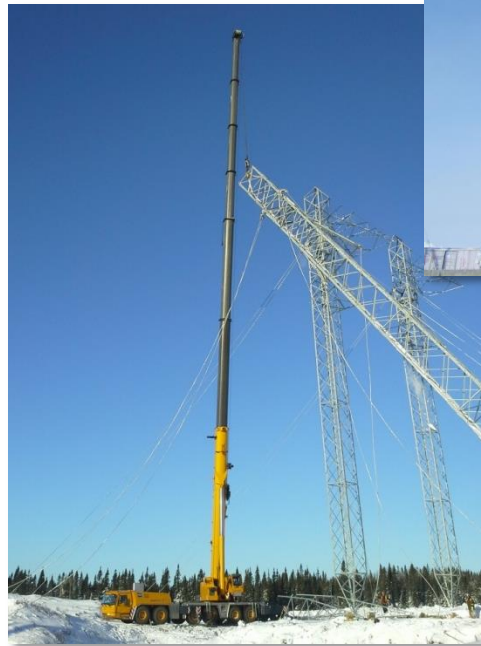
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Global economies

Canada



- Canada bright spot, fueled by oil industry, mining
- Optimistic outlook for 2013
- Well established sales channels and rental network



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Global economies

Latin America

- Fully harnessing its long-held potential
- Increased trading lanes with Asia (vs. North American trade lanes)
- Large projects in power, ports, oil and mining
- Brazil driving region; Chile and Colombia also strong
- Political stability key to future growth



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Passo Fundo, Brazil

Global economies

Europe

- Very depressed outlook for short term; 2013 worse than 2012
- Germany/Scandinavia best markets
- Activity flattest in residential construction, but industrial soft too
- Government stimulus held back by uncertainty over Euro currency
- Purchasing larger machines to cover wider range of jobs
- Tower cranes down vs. mobile cranes, particularly



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Global economies

China

- No more double digit growth in China
- More infrastructure needed
- Dominant domestic manufacturers
- Manufacturers need to produce cranes locally to participate in the market
- Joint venture is required by law to produce mobile cranes



Global economies

Greater Asia-Pacific

- Overall strong crane market despite slowdown in Australia mining sector
- Preference for locally-built (across Asia)
- Need more education on benefits of service/maintenance
- Economic fortunes directly linked to Chinese economy
- Two Manitowoc factories: One in India, one in China



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Changing competitive landscape

Geography

- China now world's largest crane market
- Middle East, Africa, Latin America, Asia still growing in importance
- Europe still large (but less potential for growth)
- Large number of Chinese manufacturers with over capacity. Future consolidation?
- North America and Europe seeing slow infiltration of Chinese manufacturers



Changing competitive landscape

Future design

- Customers want more capacity and reach, yet easier transport
- More modularity for flexible configuration, more commonality of parts across ranges
- More electronics to assist with controls, Crane Control System
- Use of composites and plastics in future designs to optimize weight
- Better testing and modeling (e.g. Product Verification Center) will create more reliable cranes
- CraneSTAR asset management system maximizes customer productivity and profitability by monitoring crane fleet information



Changing competitive landscapes

Legislation

- Tier IV/Euro IIIB impacted product development, implications for used equipment
- Roading laws still vary widely country-to-country (state-to-state in the U.S.) Hard to design crane to suit all markets
- Still have punishing import tariffs in China, Brazil, India and other places. Need freer trade
- Increased focus on site safety, especially in developing markets



