

KION UPDATE CALL Q1 2014

Gordon Riske, CEO
Thomas Toepfer, CFO
Frankfurt, 8 May 2014



1 Highlights Q1 2014

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Q1 2014: FINANCIAL HIGHLIGHTS

Solid start into 2014

Order intake increases year-over-year

- €1,196m; growth of 4.4% follows market momentum
- Western European recovery continues
- Strong growth of Economy IC trucks in China
- Further expansion of position in other Asian markets
- Order book up 10%

Revenue stable with book-to-bill > 1

- €1,089m; up 0.3% year-over-year
- New truck revenues impacted by Q4 order intake
- Continued growth in services
- Negative FX effects

Solid development in the first quarter

Adjusted EBIT in Q1 reflects seasonality

- €87m adjusted EBIT with 8.0% margin
- Negative FX impact relative to prior year

Net income on prior year level

- Q1 2014 of €28m
- Benefits from improved post IPO financing structure

Q1 2014: OPERATIONAL HIGHLIGHTS

Profitable growth strategy on track

Global markets maintain pace

- Western European recovery and sustained strong growth in China and USA
- Strong emerging markets business with 1/3 of volume for KION

Product innovation and global platforms

- Expanding leading position in E-Trucks with ongoing innovations and product launches
- Continuing expansion of platform concept with focus on China and other growth markets

Continuing progress in Weichai cooperation

- Successful first pilot for joint procurement indicating attractive savings
- Linde leverages Weichai distribution
- Weichai engines for Baoli trucks

Further solid service business growth

- Services revenues grow steadily with 7.9% year-over-year
- Reflects higher after sales volumes and integration of recently acquired dealers
- Expansion of used truck refurbishment center in Poland benefitting from attractive local conditions to support growing business

CURRENT MARKET DEVELOPMENT

Strong start into 2014

Global orders increase by 10% in Q1

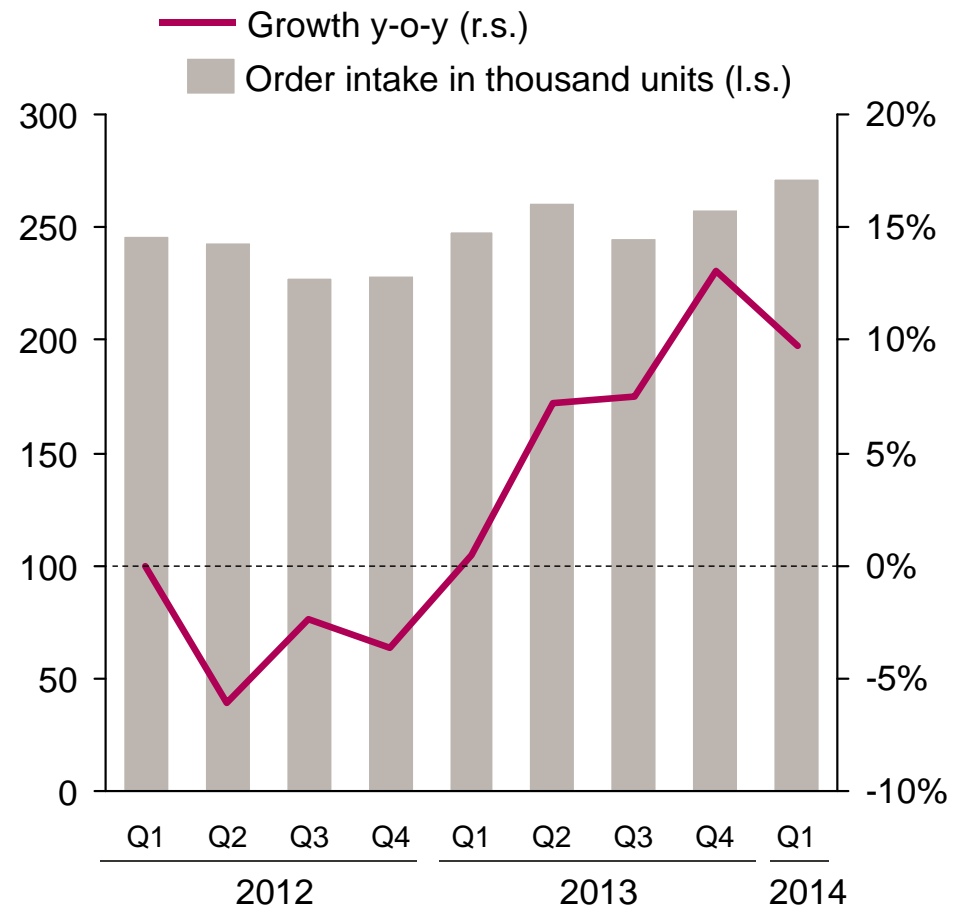
- Global market marks new quarterly high
- Upward trend continues with slight moderation
- Major markets of China, Western Europe & North America drive growth

Double digit growth in top three regions

- Western Europe: ongoing underlying recovery
- Asia: China drives global growth with record high orders, Emerging Asia with solid growth
- North America: solid growth path
- Eastern Europe: two speed development - decline in Russia and gains for remainder
- Central/South America: weaker after reaching high levels last year

Source: WITS/FEM

Global market



All data is based on industrial trucks order intake in units.

REGIONAL MARKET DEVELOPMENT

Continued momentum in major global markets



Year-over-year change in %

North America		
Q3/13	Q4/13	Q1/14
13.5%	10.3%	14.2%

Western Europe		
Q3/13	Q4/13	Q1/14
-2.0%	10.1%	10.3%

Eastern Europe		
Q3/13	Q4/13	Q1/14
7.4%	13.9%	-6.9%

China		
Q3/13	Q4/13	Q1/14
21.2%	23.4%	17.7%

Central/South America		
Q3/13	Q4/13	Q1/14
-8.8%	0.0%	-18.4%

WORLD		
Q3/13	Q4/13	Q1/14
7.5%	13.0%	9.7%

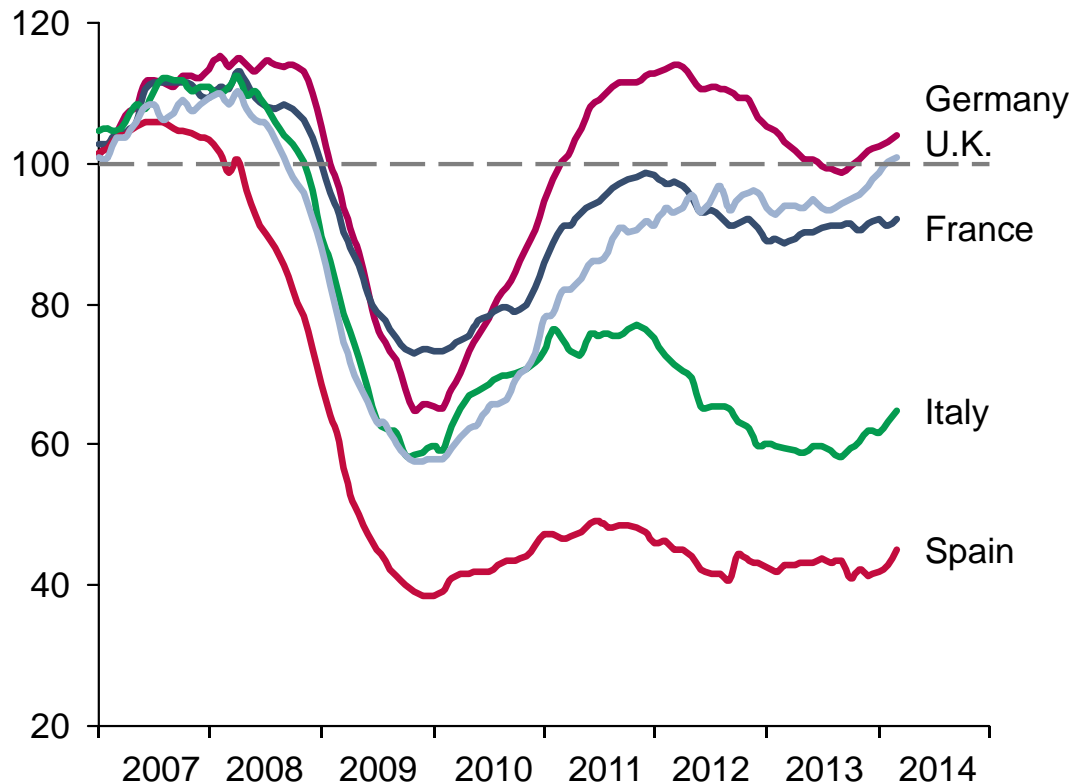
Note: Based on order intake in units
Source: WITS/FEM

WESTERN EUROPE

Underlying recovery to become increasingly visible

Country markets pre- and post crisis

Indexed LTM order units (year end 2006=100)



Source: WITS/FEM

- Core markets show sustained upward momentum as macro-economic recovery stays on track
- Sentiment and early indicators suggest a robust business climate this year
- Germany: good start, steady positive trend
- UK: healthy demand continuing upward trajectory
- France: steady, but still below pre-crisis level
- Italy and Spain: recovering, but still well below pre-crisis level

KION PERFORMANCE

Benefitting from European recovery and good start in Asia



Orders 3% above previous year in Q1

- High level of 39,200 units in Q1
- Drivers: Recovery in Western Europe and expansion of our position in Emerging Asia

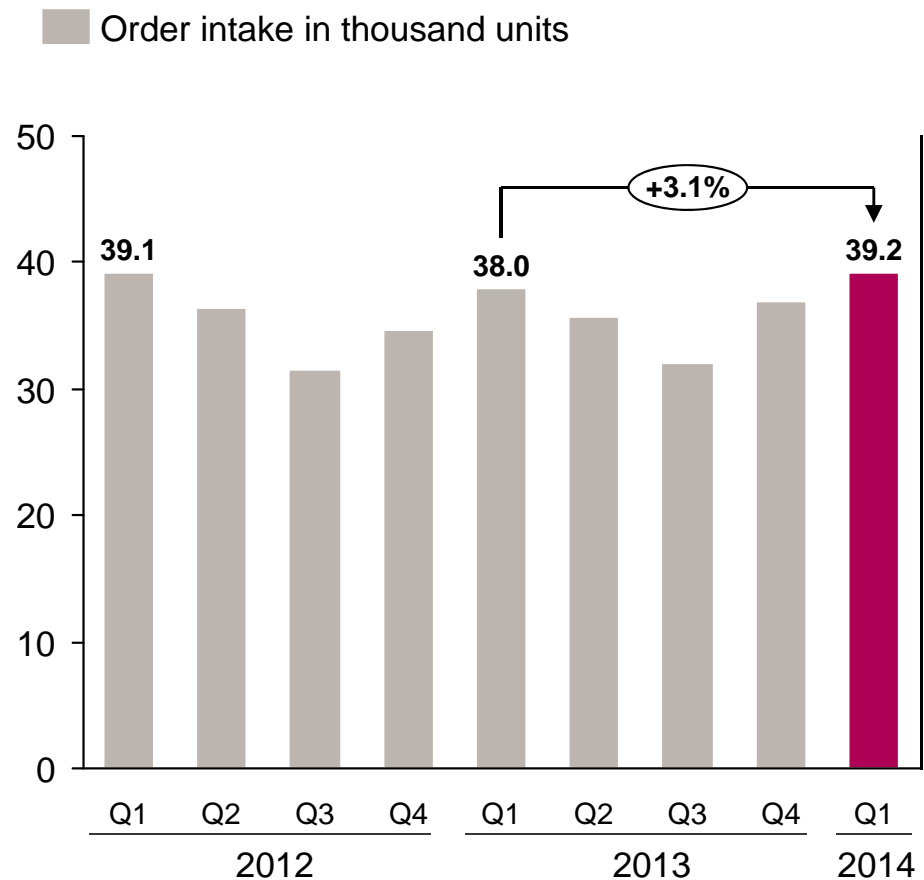
Recovery in Western Europe stabilizes

- Core markets continue on recovery path
- Solid foundation: German demand improving

Different dynamics in emerging markets

- All-time high order level in China in Q1
- Solid growth in Eastern Europe except for decline in Russia
- Brazil below previous year compared to record high base

KION global orders



All data is based on industrial trucks order intake in units.

REGIONAL PERSPECTIVE

Positive development in volume markets



Regional development

Order intake in units: %-change 2014 vs. 2013

	Market Q1	KION Q1
Western Europe	10.3 ↑	2.6 ↑
Eastern Europe	-6.9 ↓	-0.8 →
Central/ South America	-18.4 ↓	-15.0 ↓
China	17.7 ↑	18.7 ↑

Western Europe

- **Market:** continued recovery partially driven by rental fleet additions of counterbalance trucks
- **KION:** solid progress, improving high level

Eastern Europe

- **Market:** significant Russian market decline overshadows gains in remaining Eastern Europe
- **KION:** stable development, better than market

Central/South America

- **Market:** weakness compared to high base last year, uncertainty about subsidies in Brazil
- **KION:** impacted by regional decline, above trend

China

- **Market:** record start with continued strong demand across products
- **KION:** realized all time high order level, growth driven by locally developed economy IC trucks

GLOBAL ECONOMY PLATFORM

Above market growth in China, leveraging in other growth markets



New products launched in China

- New 3.5t model
- Introduction of “D-one”, D-series with manual transmission and 3m simplex mast

Increased market coverage in China

- Over 20 new dealers joined Baoli in Q1 2014
- Successful conversion of competitor dealers to Baoli



Order intake in units: %-change Q1 2014 vs. Q1 2013

Use for global platform

- Baoli and Voltas share modular platform of D-series:
 - Baoli with special engines to attend emission regulations in specific markets
 - Voltas with local engine for Indian market and fluid coupling version
- D-series available in 3 different sub-models to address local demand also in other growth markets



Image: Baoli D-one model

WEICHAI POWER COOPERATION

Good progress in many areas indicates attractive potential



Joint purchasing initiative

- First pilot of joint purchasing with four companies of Shandong Heavy Industry Group (SHIG) and Weichai Power
- In a first wave more than 60 suppliers in four material groups addressed
- So far, savings of ~10% on spend of purchasing volume identified for KION
- Sustainable process for continuing savings
- Next waves in progress



Weichai distribution to drive services business model

- Linde China signed on 22 new dealers of Weichai Power and its affiliates
- Increase of Linde network scale by 20%
- First wave of sales and service training
- Network expansion to drive service business in China

Using Weichai engines in Baoli trucks

- Weichai's Yangchai 490 engine implemented successfully
- Joint study on extending Weichai's engine portfolio for forklift trucks ongoing
- Weichai engines for global economy products in emerging markets

E-TRUCK MARKET

KION undisputed leader



Market	KION Performance										
<ul style="list-style-type: none"> - Europe largest E-Truck market worldwide (>1/3)¹ - Strong growth in China (2007-13: +11.6% p.a.) - Increased relevance through <ul style="list-style-type: none"> ▪ Higher payload due to e-technology evolution ▪ Tighter emission regulations for IC-trucks 	<p>Control of key technologies</p>	<p>Continuous product innovation</p>	<p>Expansion of strong market position</p>								
	<p>Proprietary development and manufacturing:</p> <ul style="list-style-type: none"> - Electric drive axles - E-Motors - Inverters and controllers <p>Development with strategic partners:</p> <ul style="list-style-type: none"> - Li-Ion batteries 	<p>Launches in 2014</p> <ul style="list-style-type: none"> - Facelift 1.5-2 ton E-trucks for Europe - New 6-8 ton E-trucks for Europe - New 2.5-3 ton E-truck for growth markets <p>WH applications</p> <ul style="list-style-type: none"> - New reach truck - Li-Ion trucks 	<p>Market share growth %</p> <p>Since 2007</p> <table border="0"> <tr> <td>Western Europe</td> <td>+5.4pp</td> </tr> <tr> <td>Brazil</td> <td>+8.2pp</td> </tr> <tr> <td>Eastern Europe</td> <td>+3.7pp</td> </tr> <tr> <td>China</td> <td>+1.8pp</td> </tr> </table>	Western Europe	+5.4pp	Brazil	+8.2pp	Eastern Europe	+3.7pp	China	+1.8pp
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¹ Based on order intake in units

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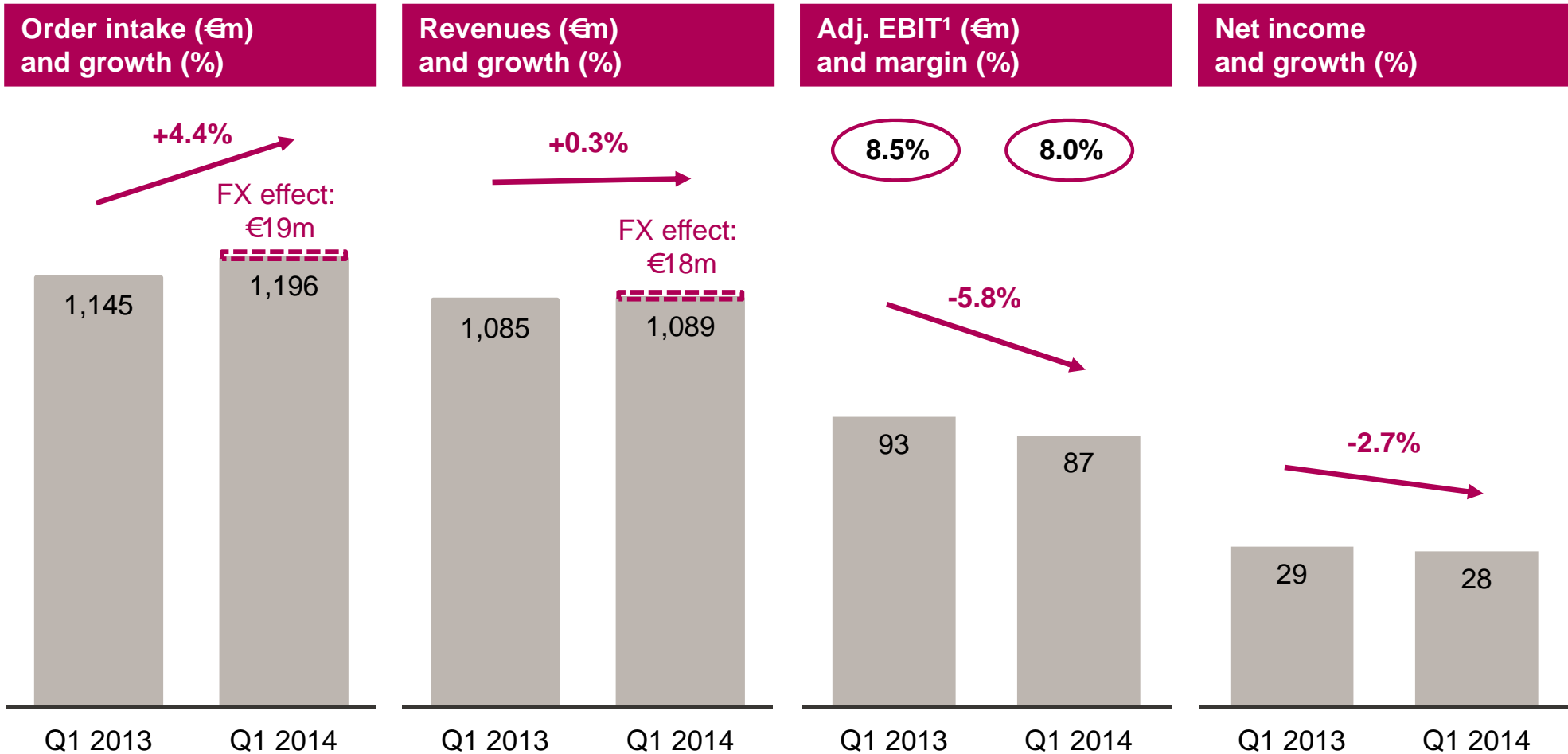
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KEY FINANCIALS Q1 2014

Momentum in Western Europe drives top line growth

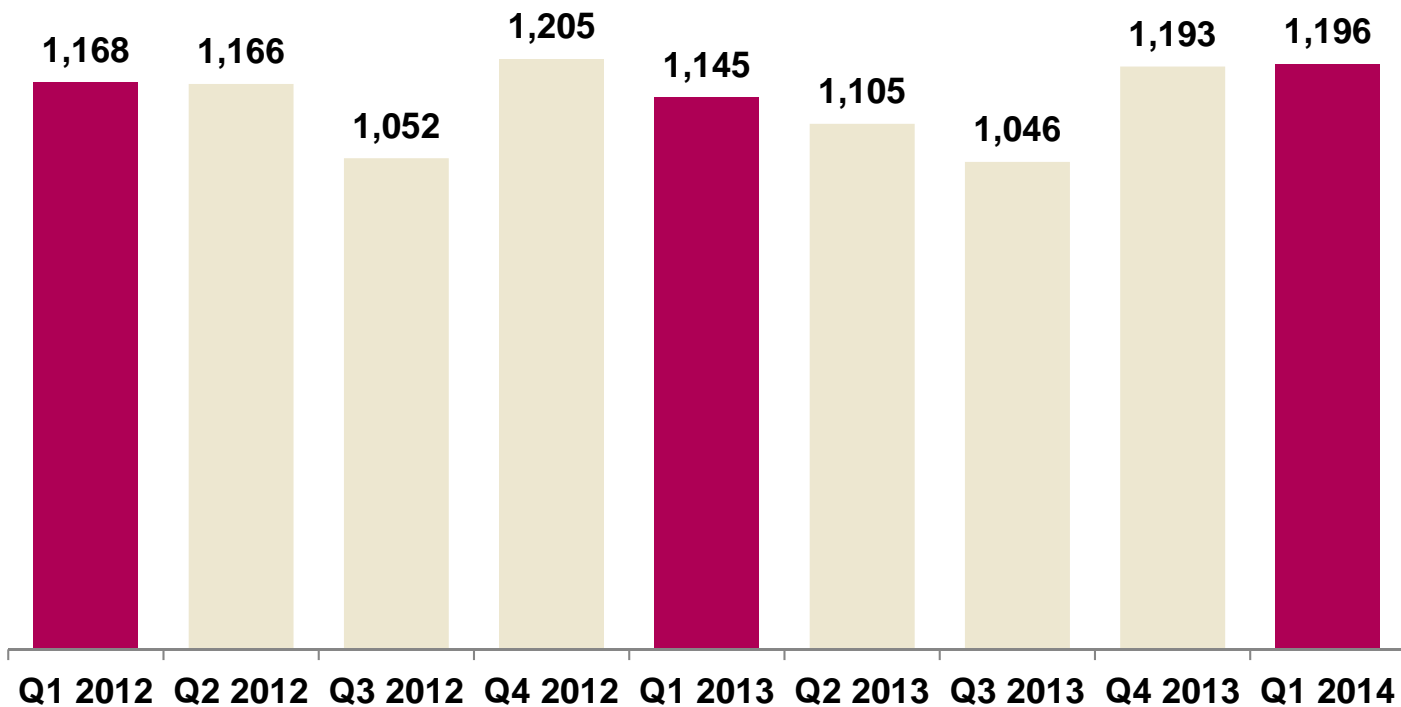


¹ Adjusted for one-off items and purchase price allocation

ORDER INTAKE BY QUARTER

Growth reflecting recovery

Order intake (€m)¹



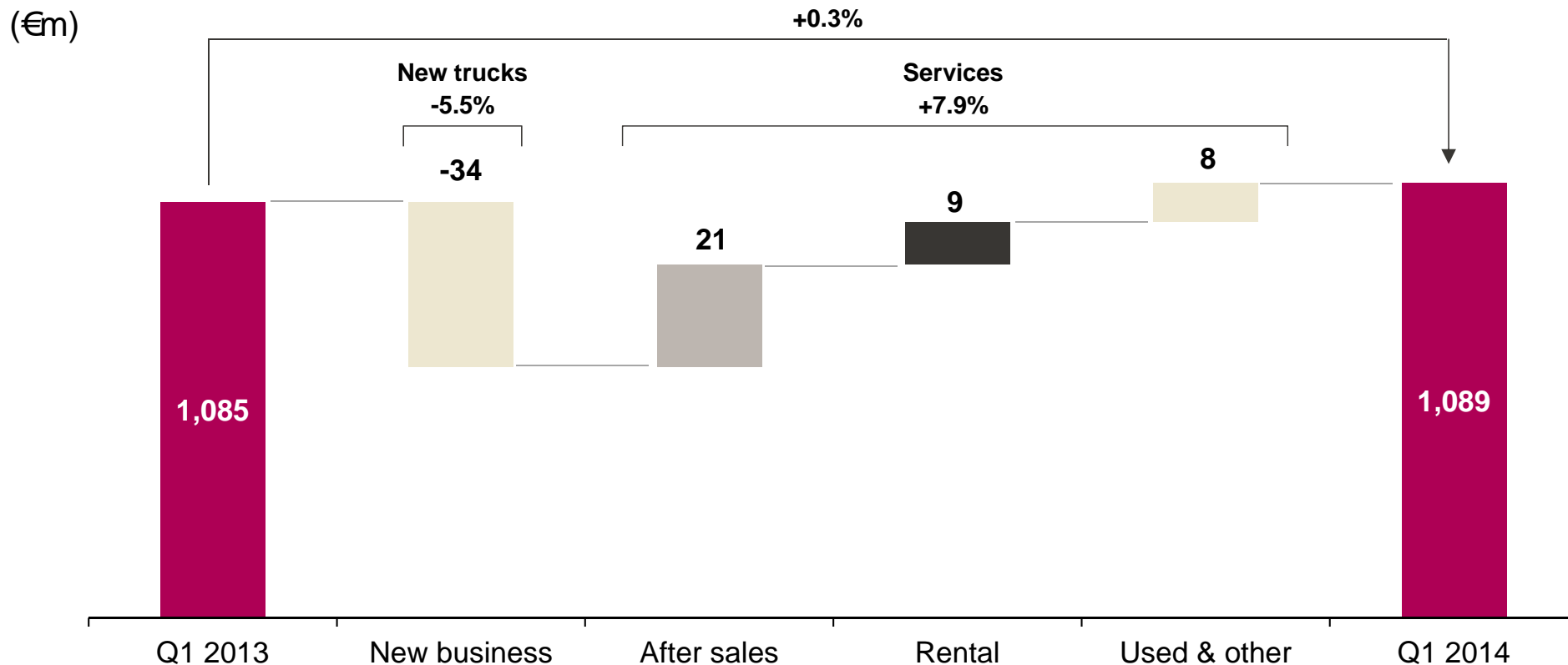
- Strong 1st quarter compared to prior years
- Order backlog increased to €764m in Q1 2014 (+€70m)
- Book-to-bill >1

¹ For comparability purposes prior year figures are adjusted for the disposal of our Hydraulics Business

REVENUE DEVELOPMENT

Continued service growth

Q1 2014: revenue by product categories

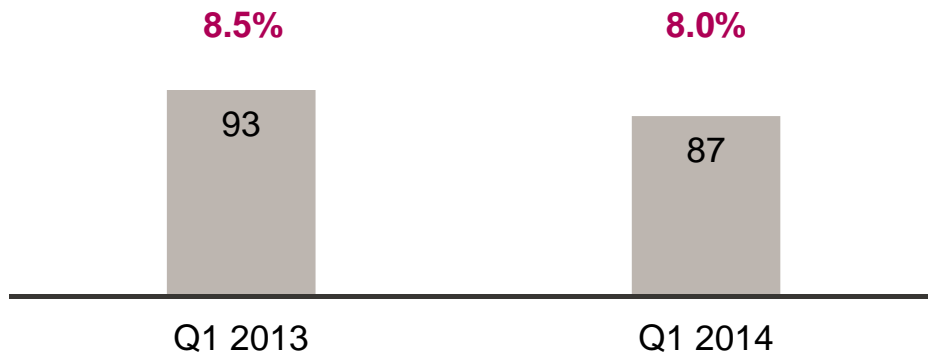


– New business affected by negative FX effects and lower order book level at year-end 2013

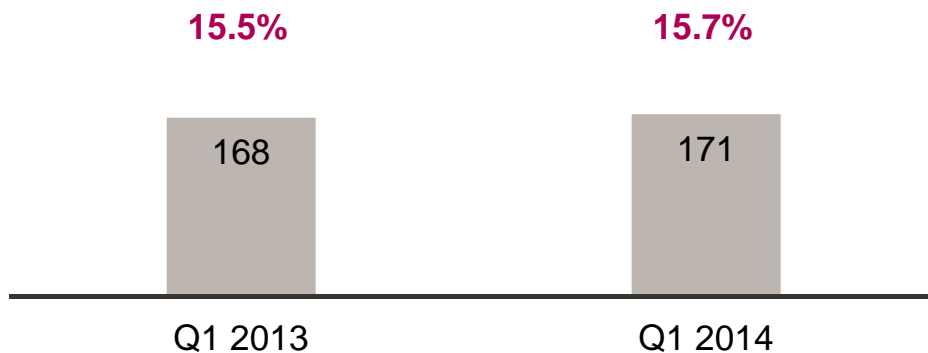
ADJUSTED EBIT AND EBITDA

EBIT margin in Q1 reflects seasonal patterns

Adjusted EBIT (€m) and margin¹



Adjusted EBITDA (€m) and margin¹



Main margin development drivers

- Further improvement of gross margin across product segments
- Negative FX effects in Q1
- Fixed cost increase well under control
- Continued high R&D spend to maintain technological leadership
- Adjusted EBITDA slightly above 2013 level

¹ Adjusted for one-off items and purchase price allocation

ADJUSTED EBIT TO NET INCOME Q1 2014

Improved interest level – offset by higher tax expenses

€ million	Q1 2014	Q1 2013	Change
Adjusted EBIT¹	87	93	-5.8%
Non-recurring items	-5	1	<-100%
KION acquisition items	-6	-8	23.2%
Reported EBIT	77	86	-10.9%
Net financial expenses	-30	-48	36.4%
EBT	47	39	20.4%
Taxes	-19	-10	-84.7%
Net income	28	29	-2.7%
EPS reported	€0.28	€0.44	-36.4%
EPS pro forma ²	€0.28	€0.28	0.0%

– 2013 includes €8m positive effect from HYD carve out

– Sustainable reduction of interest after IPO

– High seasonal effective tax rate, expect normalisation during the year

¹ Adjusted for one-off items and purchase price allocation

² EPS based on 98.9 million no-par-value shares

CASH FLOW PERFORMANCE

FCF development driven by EBITDA and TWC

€ million	Q1 2014	Q1 2013	Change
EBITDA (excl. FS segment)	148	154	-3.8%
Change of trade working capital	-90	-82	-10.1%
Taxes paid	-16	-11	-36.8%
Pension payments	-6	-5	-16.0%
Other	3	-13	>100%
Leasing cash flow	2	2	-5.9%
Cash flow from operating activities	41	45	-8.5%
Operating capex	-27	-25	-7.9%
Rental capex (net)	-37	-26	-46.7%
Other	1	-0	>100%
Cash flow from investing activities	-63	-51	-24.8%
Free cash flow	-22	-6	<-100%

- 2013 including additional effect of Weichai transaction

- Total TWC: €611m; Seasonal development comparable to prior year Q1 level

- Higher trade tax payments in Q1 2014

- Reflects rental fleet replacements

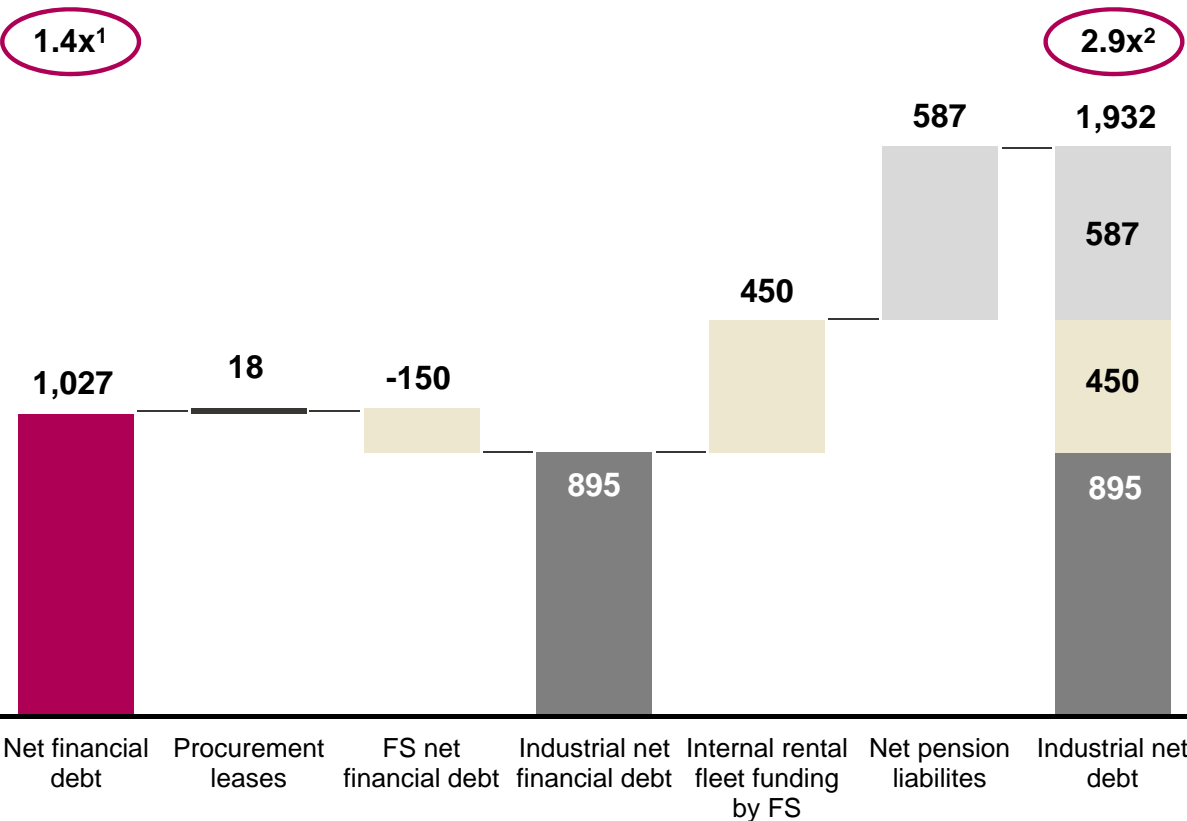
NET DEBT DEVELOPMENT

Steady development with typical seasonal pattern



Net debt 31 Mar 2014

[€m]



Net debt development

- Seasonal swing in group financial net debt
- Minor movements in rental fleet financing and FS net financial debt
- Increase in pension liabilities due to lower interest rates

End customer leasing

- Total assets for end customer leasing of €738m remained stable relative to year end (€732m)
- Funding through SALB increased slightly by €16m to €633m corresponding to reduction of FS net financial debt by €14m to €150m

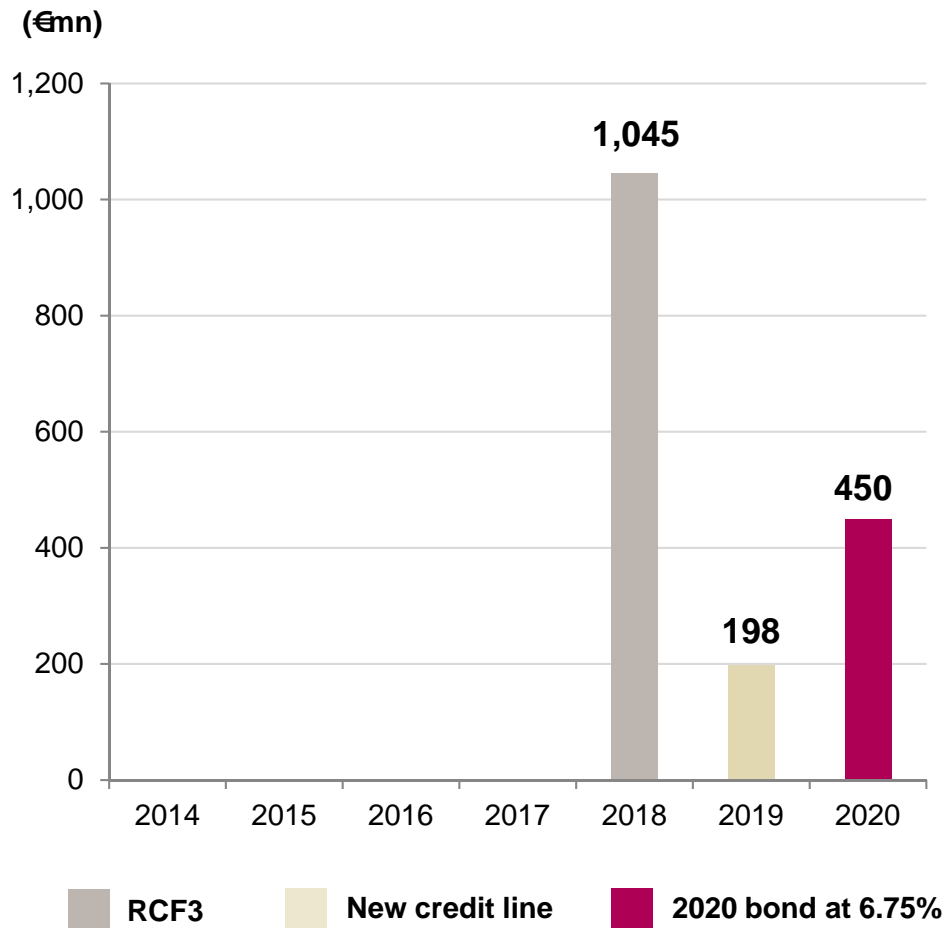
1 Based on LTM adjusted EBITDA of €725m

2 Industrial leverage based on €655m of LTM adjusted industrial EBITDA (excluding €70m of LTM EBITDA for FS)

FINANCING UPDATE

Bond calls and ratings upgrades

Maturity profile after bond calls



Refinancing of pre-IPO bonds on 15 April

- Call of two pre-IPO bonds
 - €325m 2018 bond with 7.875%
 - €200m 2020 bond with Euribor +4.50%
- Refinancing with long-term, pre-payable bank debt
 - Drawing under existing RCF3
 - New credit line of €198m
- Full year interest savings of over €20m
 - One-off expenses of €23m in Q2 2014

Ratings upgrades by one notch

STANDARD
& POOR'S

BB with positive outlook

MOODY'S

Ba2 with stable outlook

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OUTLOOK CONFIRMED

Profitable growth in 2014

Market

-  **Global market volumes are expected to moderately increase**
- Further stabilisation in Europe
 - A sustained uptrend in North America
 - Growth in Asian and Eastern European markets
 - Average global unit growth rate of about 4% over the next few years
 - No significant changes in the proportion of total revenue generated by each product segment

KION

-  **Unlock the full potential of the Western European and emerging markets in 2014**
- **Slight increase in order intake** and consolidated **revenue** compared with 2013
 - **Significant year-on-year rise in adjusted EBIT** reflecting top line growth and efficiency gains
 - **Adjusted EBIT margin** continues to **increase** in line with medium term margin expansion
 - **Strong net income growth** from higher EBIT and reduced financial expenses, but no positive tax one-offs
 - **Free cash flow** to be **considerably higher** due to increased EBIT and lack of one-off effects
 - **Higher capital expenditure** than in 2013
 - Continue **reduction of net debt** using operating cash flow and optimising capital structure

Note: Please see disclaimer on last page regarding forward-looking statements.

- 1** Attractive market with growth profile above GDP
- 2** Global leader – strong home base and well positioned in growth markets
- 3** Technology leadership drives premium positioning and customer value
- 4** Robust integrated business model with high contribution from services
- 5** Profitability benchmark – well prepared for future value creation
- 6** Proven management team with a clear strategy

WE KEEP THE WORLD MOVING

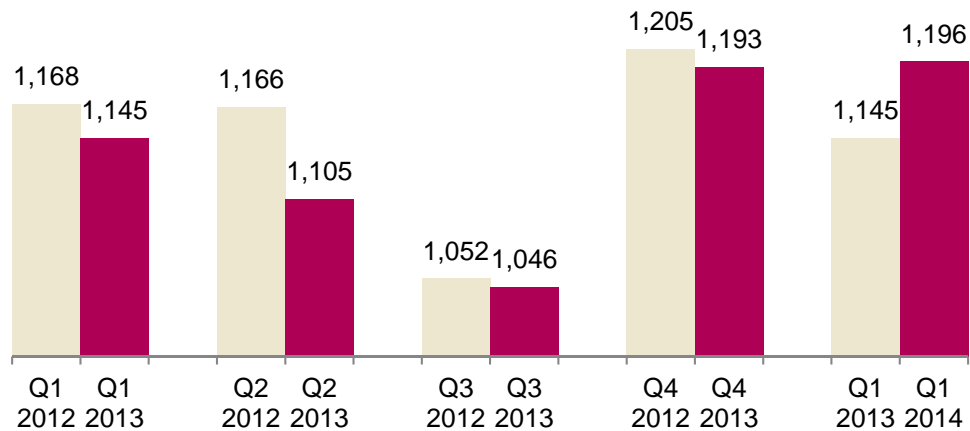


ANNEX

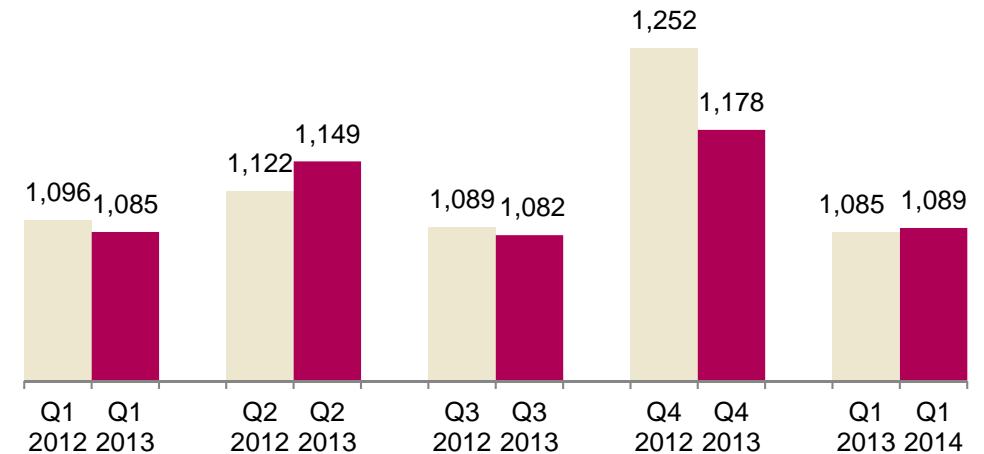
KEY FINANCIAL FIGURES BY QUARTER

March 2014

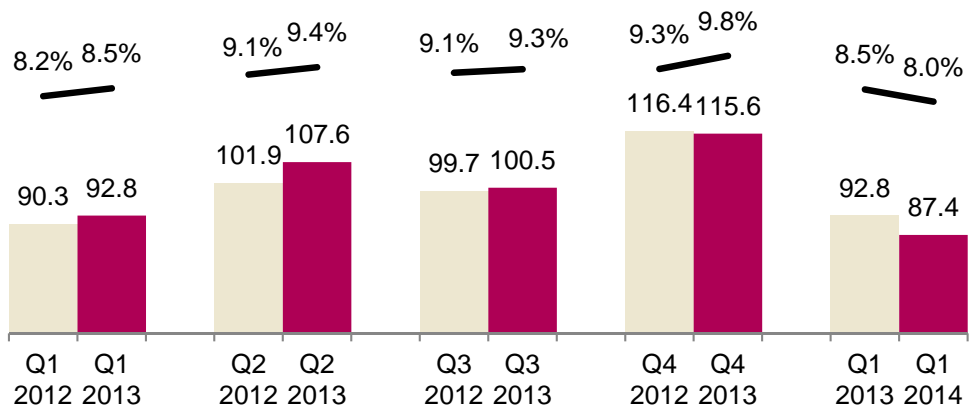
Order intake (€m)¹



Revenue (€m)¹



Adjusted EBIT (€m)^{1,2}



- Order intake in Q1 above prior year and even slightly above strong Q4
- Revenue flat y-o-y (less backlog and reduced production output)
- EBIT margin with 8.0% below prior year
- Backlog increase of 10% in Q1 compared to Q4

¹ For comparability purposes prior year figures are adjusted for the disposal of our Hydraulics Business

² Adjusted for one-off items and purchase price allocation

Financial Calendar

Date	Event
19 May 2014	Annual General Meeting
6 Aug 2014	Report on the second quarter of 2014 (Q2 2014)
5 Nov 2014	Report on the third quarter of 2014 (Q3 2014)

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