



KION UPDATE CALL FY 2014

Gordon Riske, CEO
Thomas Toepfer, CFO
Wiesbaden, 19 March 2015



KION
GROUP



1 Highlights FY 2014

Gordon Riske

2 Financial update

Thomas Toepfer

3 Outlook

Gordon Riske

FY 2014: YEAR OF RECORDS AND STRATEGIC MILESTONES

Record levels for all KPIs

- Guidance achieved



Success in emerging markets

- China
- Eastern Europe

R&D in focus

- New volume platform trucks
- Strengthened automation competence

Optimization of manufacturing setup

- New plant in CZ
- Investments into German core plants



Strategy 2020 under way

- USA
- India



Streamlined management structure

- Faster decision-making



MDAX inclusion

- Free float above 50%

Employee participation program

FY 2014: FINANCIAL HIGHLIGHTS

Setting records with all KPIs – guidance clearly achieved

Strong order intake growth

- FY: €4,877m up 9% compared to 2013
- Q4: €1,311m up 10% on previous year
- Overall unit growth above market driven by Europe and China
- Order book of €787m, up 14% over year-end 2013

Revenue growth in all business areas

- FY: €4,678m slightly above 2013
- Q4: €1,306m up 11% on previous year
- Growth in new business and services
- Book-to-bill ratio at 1x in Q4

**Record performance driven
by strong Q4 2014**

Adjusted EBIT increases significantly

- FY: €443m and 9.5% margin significantly above previous year
- Q4: €134m and 10.3% margin significantly above 9.8% margin in Q4 2013
- Increase also reflected in free cash flow

Strong net income improvement following refinancing

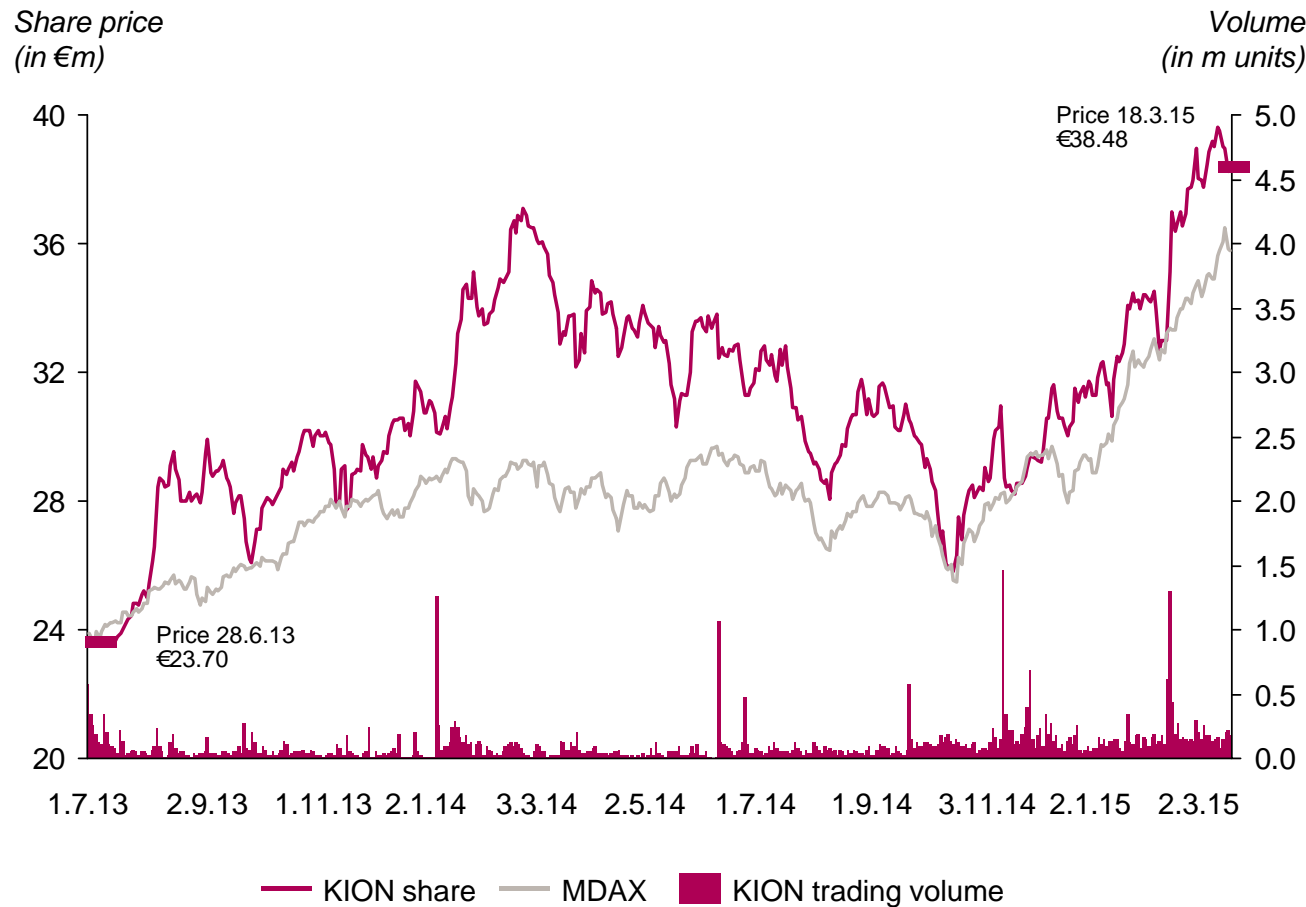
- FY: With €178m significantly above 2013
- Q4: With €60m slightly above 2013
- Sustained interest reduction from refinancing
- Proposed dividend per share of €0.55, up 57% on previous year

FY 2014: CAPITAL MARKET HIGHLIGHTS

MDAX inclusion & free float increase strengthen visibility of stock



KION share price performance 28 June 2013 – 18 March 2015



MDAX inclusion strengthens visibility of KION share

- Inclusion of KION in MDAX became effective on 22 September 2014
- Positive effects on capital market visibility and liquidity

Free float increases to 52.6% following sponsor sell-downs

- Free float increases through four sell-downs by Superlift (KKR and Goldman Sachs) since January 2014

FY 2014: OPERATIONAL HIGHLIGHTS

Strategy 2020 and innovation support growth momentum

Above market growth in FY and Q4

- KION unit growth in FY with 8.5% above world market growth of 7.8%, and also for Q4 (KION 7.5%, market 6.3%)
- KION shows strong growth in Western Europe, slightly below market
- KION outperforms markets in China and Eastern Europe

Strategy 2020 implementation under way

- Multi-year investment program started at German core plants
- Construction of new plant in Pilsen (CZ) started
- Li-ion batteries launched as new common module for WH-trucks
- Further models of volume platform launched in Asia
- KION North America set up and new team established

Automation competence strengthened

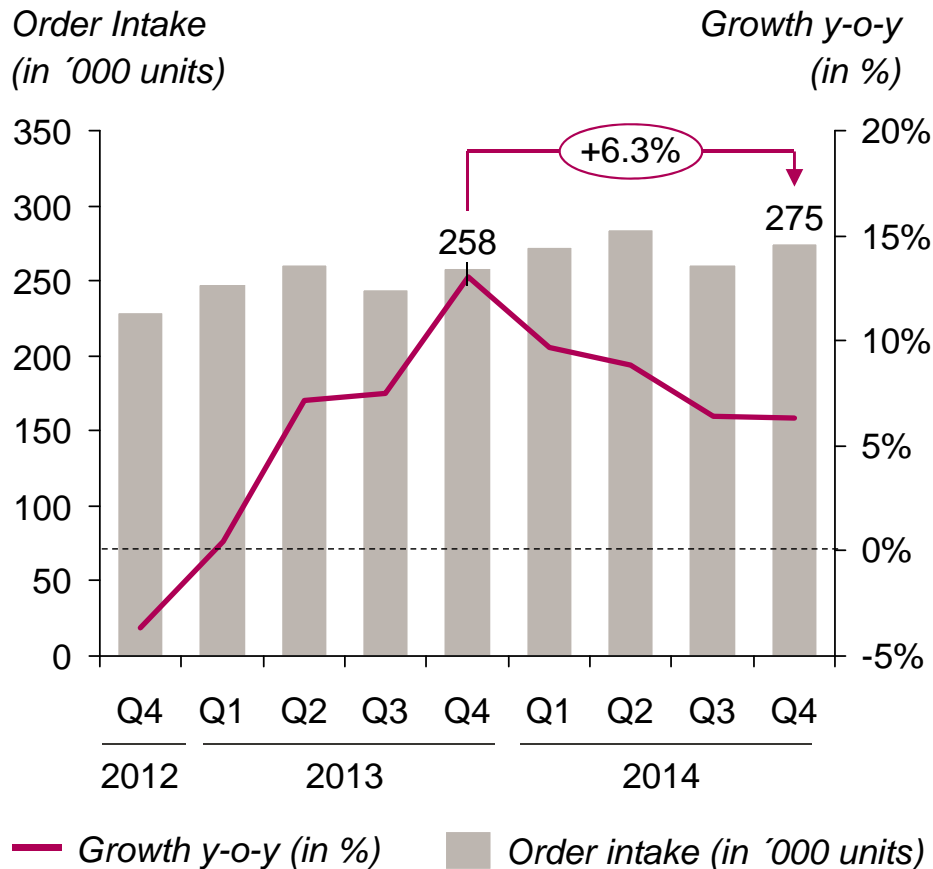
- Besides ongoing automation activities, KION continues to put strategic focus on automation competence and solutions
- Linde announces cooperation with French robotics specialist Balyo
- STILL wins prize at Innovative Logistics Solutions Day 2015

MARKET DEVELOPMENT

Global market finishes record year with solid gains



Global market order intake and growth



Note: All data is based on industrial trucks order intake in units
Source: WITS/FEM

Global market maintains momentum in Q4

- Global orders increase by 6% in Q4 to order volume of 274,500 units
- E- and WH-trucks drive global growth and expand at fast pace in Q4
- Annual order volume of ~1.1m trucks

Western Europe stays global growth driver

- Q4 slightly moderated on higher base last year
- Western Europe recovers to highest annual level since crisis of 2009

Slower development in emerging markets

- China: slower growth, but at all time high level
- Eastern Europe negatively affected by Russia, still positive development in other countries
- South/Central America slows again as Brazil weakness continues

MARKET DEVELOPMENT

Steady global growth trend with regional differences

Order intake unit growth y-o-y (in %)

North America		
Q2/14	Q3/14	Q4/14
2.3%	1.2%	18.9%

Western Europe		
Q2/14	Q3/14	Q4/14
14.0%	13.7%	8.3%

Eastern Europe		
Q2/14	Q3/14	Q4/14
9.5%	5.3%	-9.8%

China		
Q2/14	Q3/14	Q4/14
12.6%	6.7%	3.7%

South/Central America		
Q2/14	Q3/14	Q4/14
-11.3%	3.3%	-1.6%

WORLD		
Q2/14	Q3/14	Q4/14
8.9%	6.4%	6.3%

Note: All data is based on industrial trucks order intake in units
Source: WITS/FEM

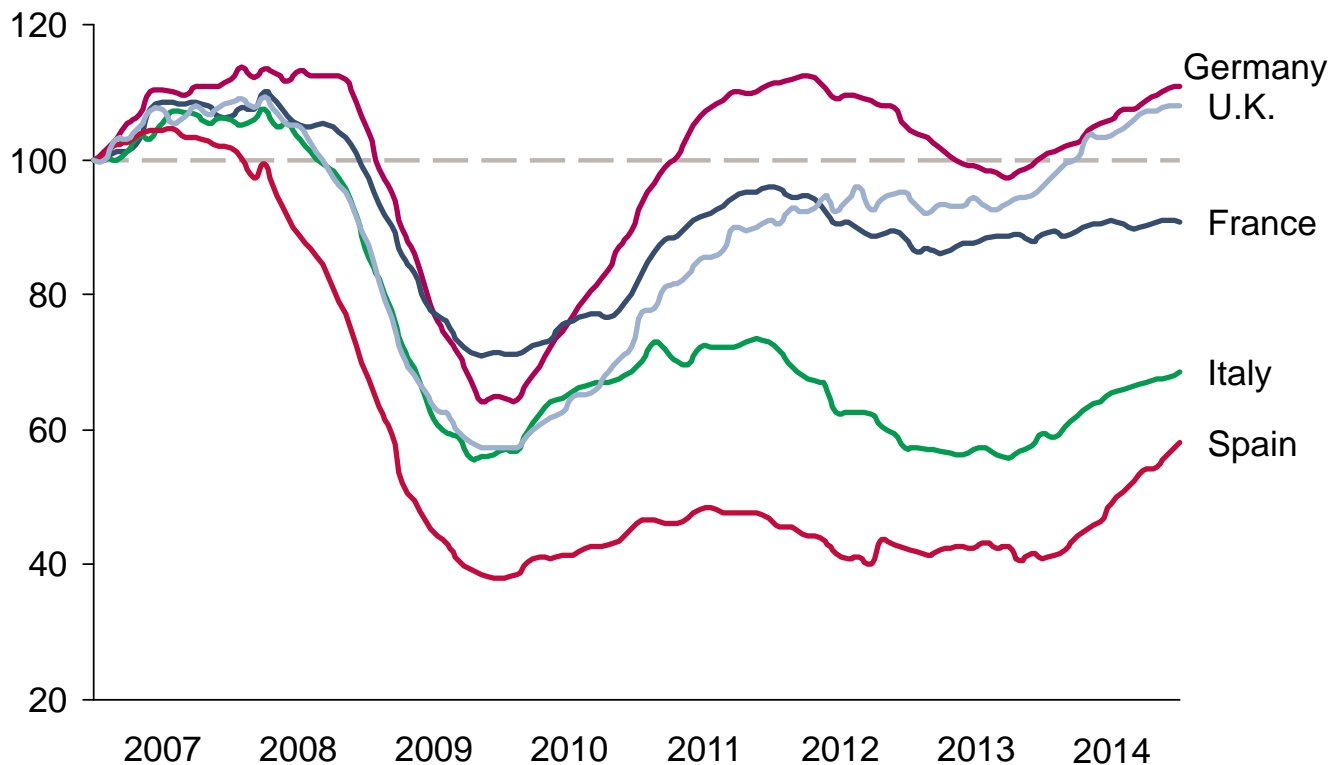
MARKET DEVELOPMENT – WESTERN EUROPE

Core markets benefit from replacements and pent-up demand



Country markets pre- and post crisis (status as at 31 Dec 2014)

Indexed LTM order units (LTM Jan. 2007=100)



Note: All data is based on industrial trucks order intake in units
Source: WITS/FEM

Positive trend continues

- Recovery in core markets progresses
- Replacement activity supports solid demand levels

Further upward potential

- Germany: in good shape
- UK: approaching new peak
- France: moving sideways
- Italy and Spain: highest levels in several years, but still long road to normality

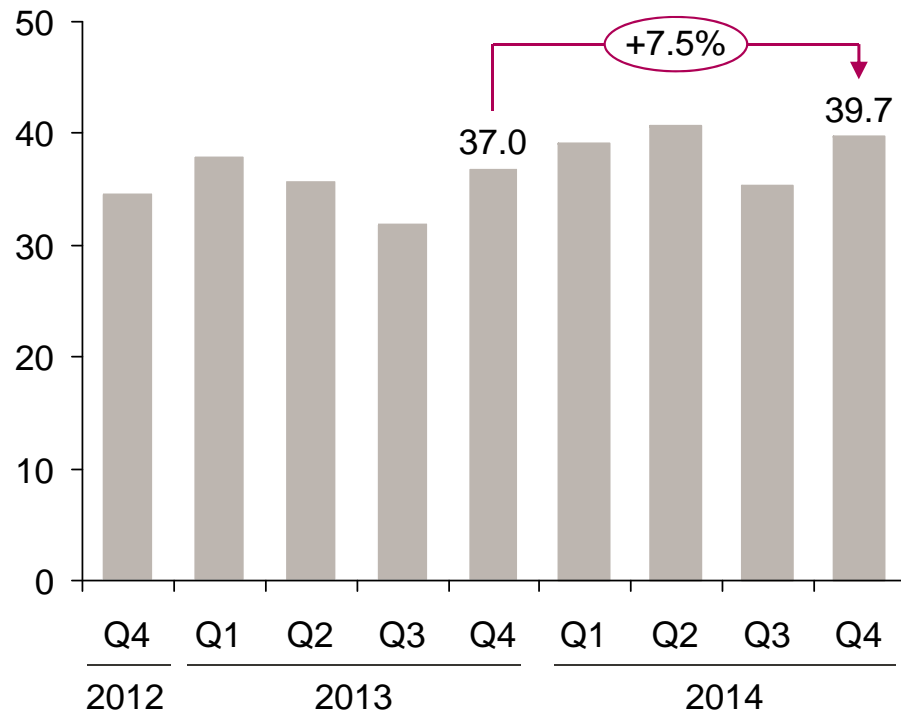
KION PERFORMANCE

Good order momentum in Q4



KION global orders

(in '000 units)



Note: All data is based on industrial trucks order intake in units

Overall growth above market

- High level of 39,700 units in Q4 2014
- Orders 7.5% above previous year in Q4 vs. market with growth of 6.3%
- Benefiting from gains in Europe and China

Good finish for KION in Western Europe

- Solid gains slightly below market
- Positive development in core markets

Positive trend in emerging markets

- China continues to grow above market
- Significantly above market trend in Eastern Europe, despite headwinds from Russia
- South/Central America with slight gain

REGIONAL PERSPECTIVE

KION stays on course in emerging markets



Regional development

Order intake unit growth y-o-y in %

	FY 2014		Q4 2014	
	Market	KION	Market	KION
Western Europe	11.5 ↑	9.5 ↑	8.3 ↑	6.9 ↑
Eastern Europe	-0.7 ↓	11.0 ↑	-9.8 ↓	8.4 ↑
China	10.2 ↑	13.1 ↑	3.7 ↑	8.8 ↑
South/Central America	-7.3 ↓	-10.0 ↓	-1.6 ↓	1.5 ↑

Note: All data is based on industrial trucks order intake in units
Source: WITS/FEM

Western Europe

- **Market:** Replacements and pent-up demand support growth momentum
- **KION:** Solid growth trend

Eastern Europe

- **Market:** Russia declined in Q4 by more than 40%
- **KION:** Strong development above market driven by Poland and CZ

China

- **Market:** Moderation due to decline in IC-trucks
- **KION:** Growth ahead of market with good finish across product segments

South/Central America

- **Market:** Brazilian weakness impacts region
- **KION:** Order gains outside of Brazil

STRATEGY 2020

KION is more than the sum of its parts

Objective

Even stronger focus on customer satisfaction, quality and innovation

Strategic levers



Facilitators

Strategy 2020 drives change

- Streamlined management structure
- Central management of R&D
- Better use of our employees' ideas
- Targeted use of brand differences and commonalities

STRATEGY 2020

Margin drivers under implementation – first effects in 2016

Margin drivers

Activities 2014

Next steps



Manufacturing setup

- New multi-brand plant in Pilsen, CZ
- Investment program at core plants in Germany

- » Start of production *in 2016*
- » Completion of program *by 2021*



Global platform/module strategy

- Li-ion batteries launched as one major common module
- Further new truck types of global volume platform launched

- » Next larger module launches *in 2016*
- » Next major series launches *in 2016*



Operating leverage

- Regional growth strategies
 - Example KION North America growth strategy

- » For North America, localization of first platform trucks *in 2016*

STRATEGY 2020

Margin drivers impact gross margin and SG&A cost

Margin drivers



Manufacturing setup



**Global platform/
module strategy**

- 1. Common modules
- 2. Common platforms
- 3. R&D leverage



Operating leverage

- Regional growth
- Support functions

P&L impact

Simplified P&L

Revenues

Cost of sales

Gross profit

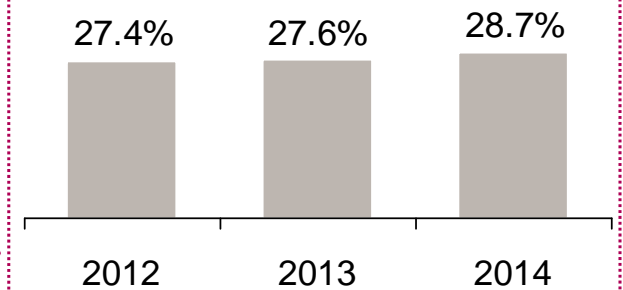
R&D expenses

Selling & admin
(SG&A) expenses

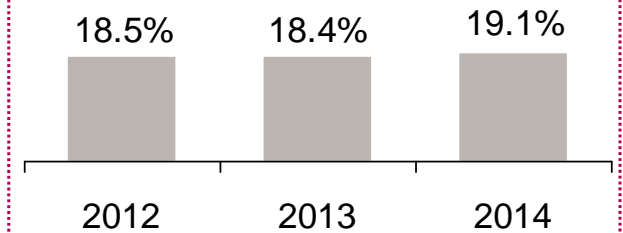
Reported EBIT

Recent development

Gross margin (in % of revenues)



SG&A expenses (in % of revenues)



AUTOMATION

KION offers broad product and solutions portfolio

Automated products

Examples



- Full range of automated series trucks enable automation of the entire material flow
- Automated product offering includes order pickers, pallet trucks, reach trucks, VNA trucks
- Based on different automation technologies
- Minimized configuration effort and simplified operation make automated solutions increasingly interesting for a larger target group (e.g. STILL iGoEasy System)

Intralogistics solutions

Example

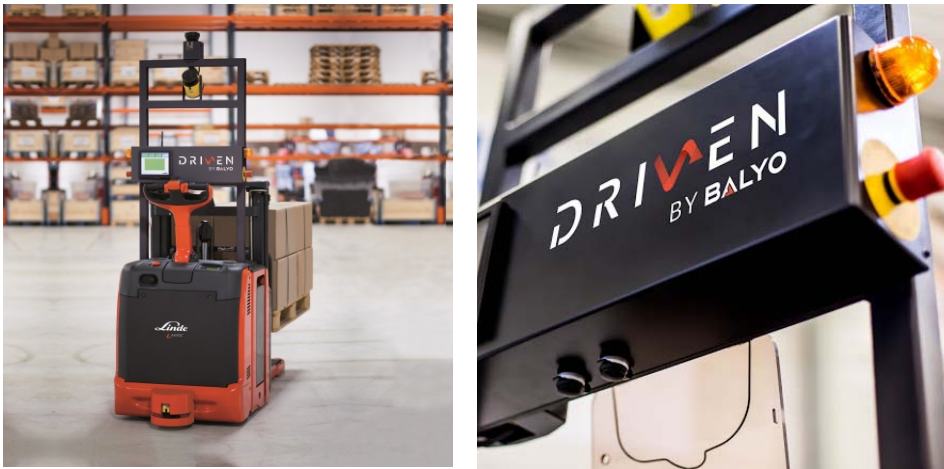


- Customized intralogistics solutions result from the combination of automated trucks with
 - consulting
 - planning
 - racking
 - shuttles
 - conveyor techniques
 - software and system integration

AUTOMATION

Linde and STILL pushing ahead on automated forklift trucks

Linde – Cooperation on robotics solutions



- Linde signs cooperation agreement with French robotics specialist Balyo in January 2015
- Extension of Linde's solutions portfolio in automated forklift trucks
- Linde standard trucks fitted with Balyo technology
- Robots do not require navigation infrastructure but use autonomous laser-assisted technology

STILL – Winner in autonomous transports



- STILL wins prize at Innovative Logistics Solutions Day in January 2015 (Wolfsburg, Germany)
- Within Project MARION¹, STILL developed an innovative concept for a new generation of autonomous transport trucks
- Robots include highly dynamic features: free navigation (2D/3D), self-adapting, self-cooperating, dynamic object recognition

1. Project MARION stands for Mobile Autonomous cooperative Robots In cOmplex value-added chainS and is a cooperative project funded by the German Federal Ministry for Economic Affairs and Energy (BMWi); partner companies include DFKI (German Research Center for Artificial Intelligence), CLAAS, ATOS (Siemens)

AGENDA



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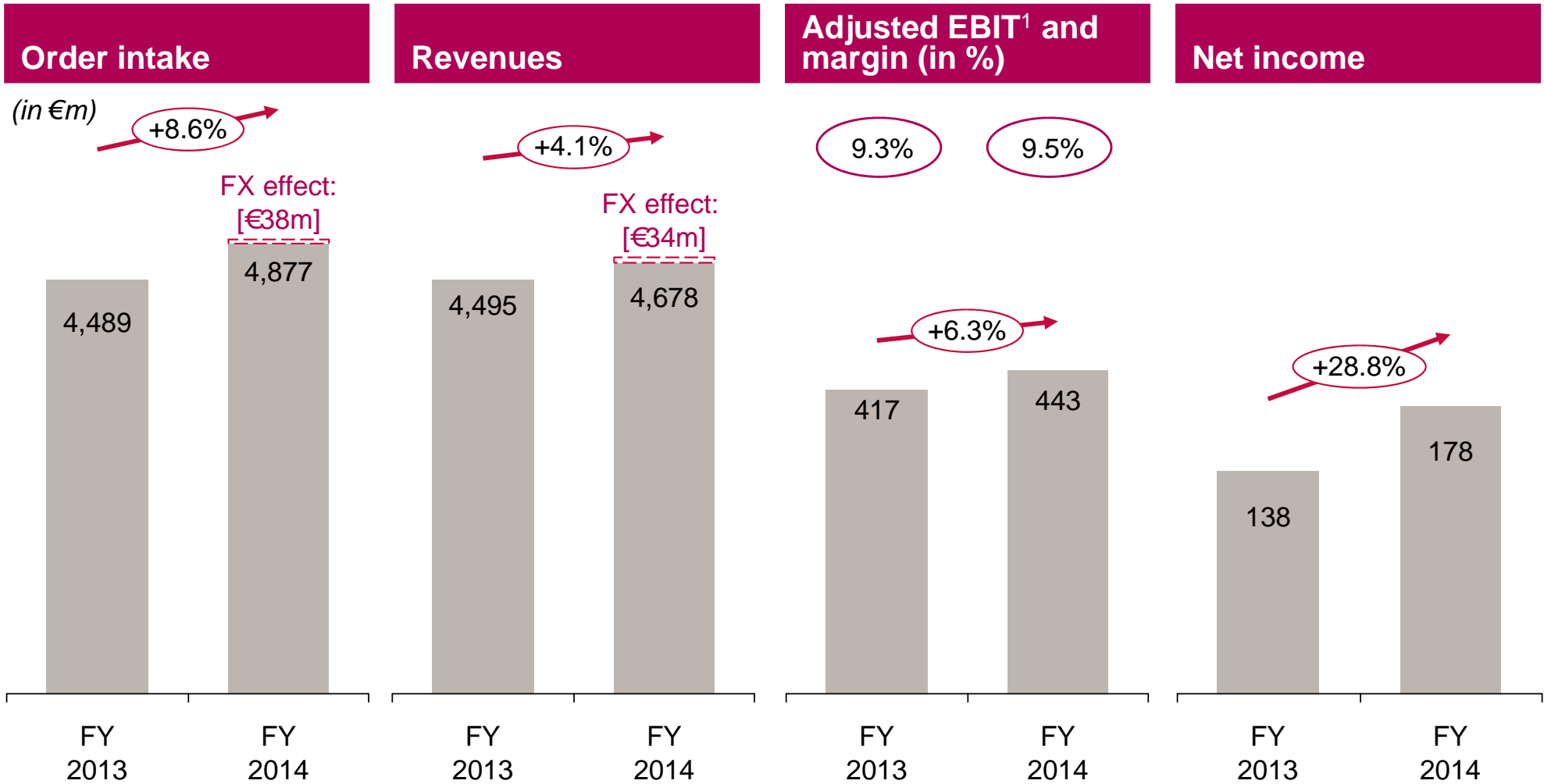
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KEY FINANCIALS FY 2014

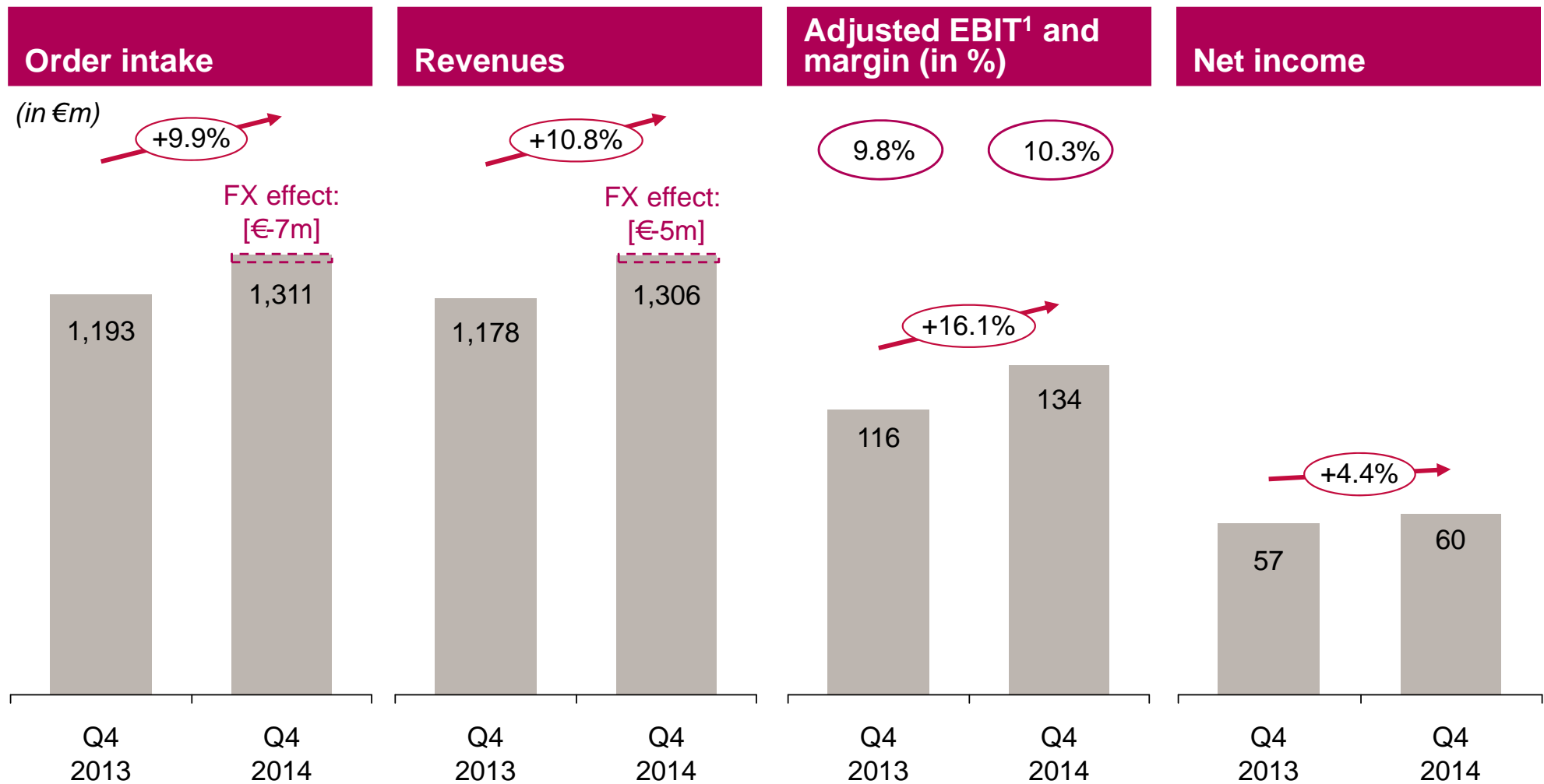
Another record year with all KPIs above previous year



1. Adjusted for one-off items and purchase price allocation

KEY FINANCIALS Q4 2014

Revenue and order intake with strong growth in Q4



1. Adjusted for one-off items and purchase price allocation

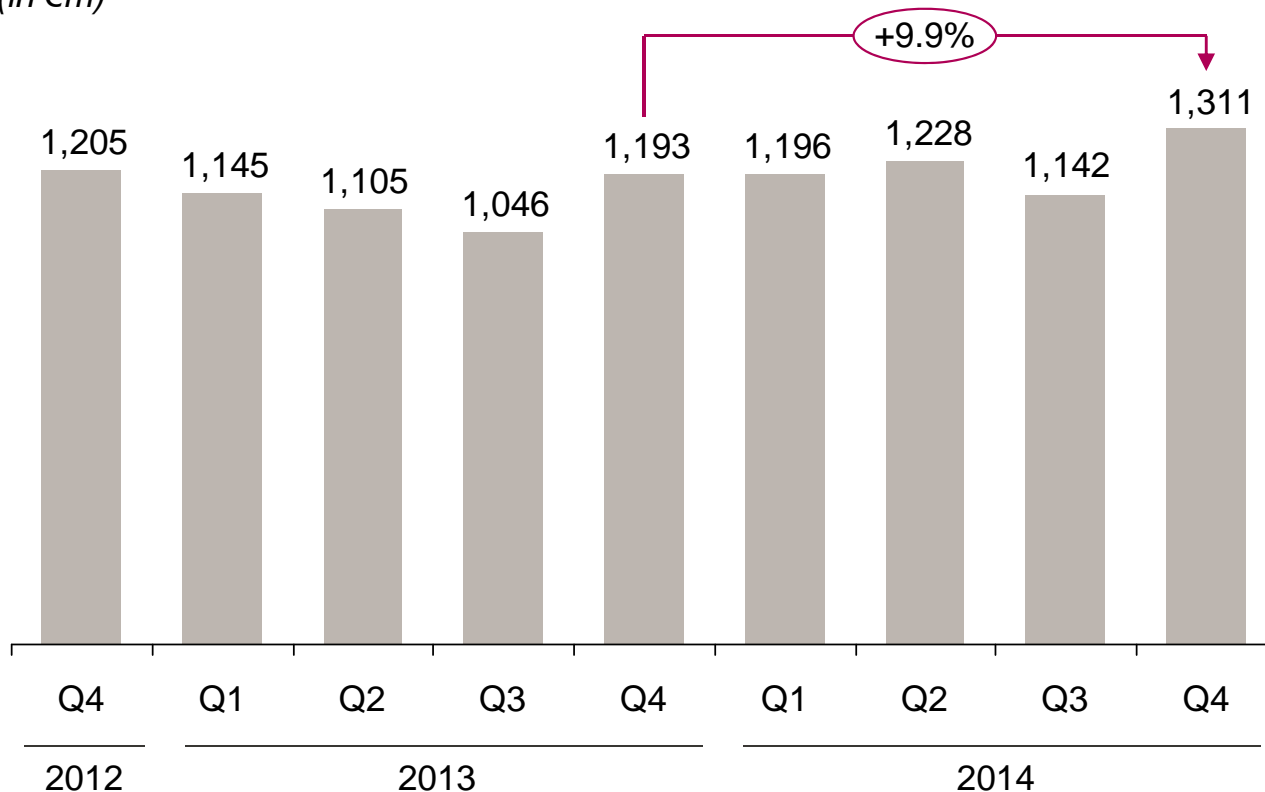
ORDER INTAKE

Order intake growth continues in Europe and China



KION global order intake¹

(in €m)



Comments

- Continued strong order intake growth in Q4, despite high base in 2013
- Growth driven by Europe and China
- Healthy order backlog at €787m, 14% above year-end 2013
- Book-to-bill ratio remains at 1x for Q4 and FY 2014

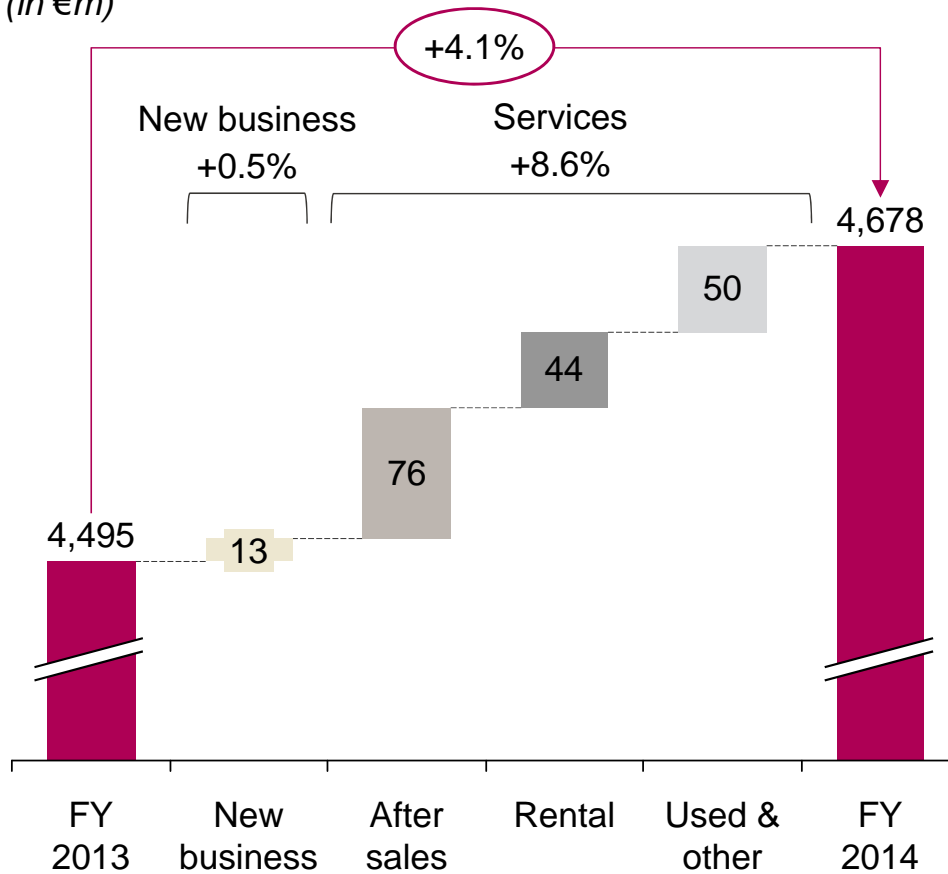
1. For comparability purposes 2012 figures are adjusted for the disposal of our Hydraulics Business

REVENUES

Strong new business growth in Q4

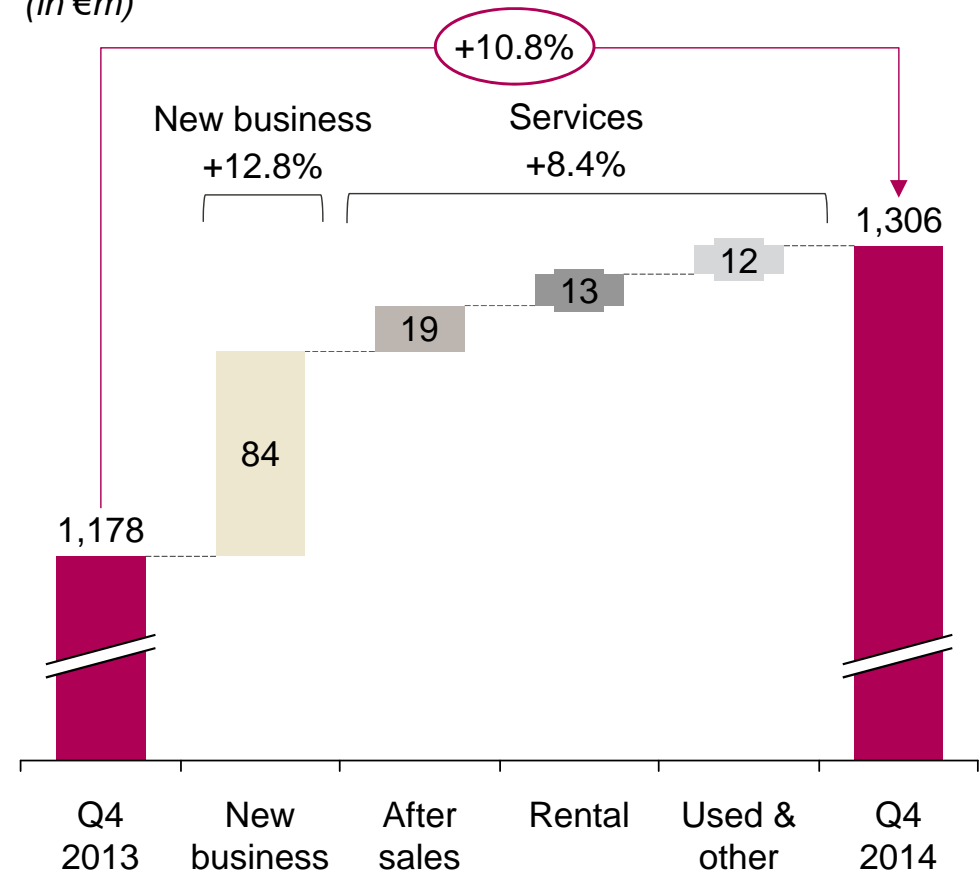
FY 2014: Revenue by product categories

(in €m)



Q4 2014: Revenue by product categories

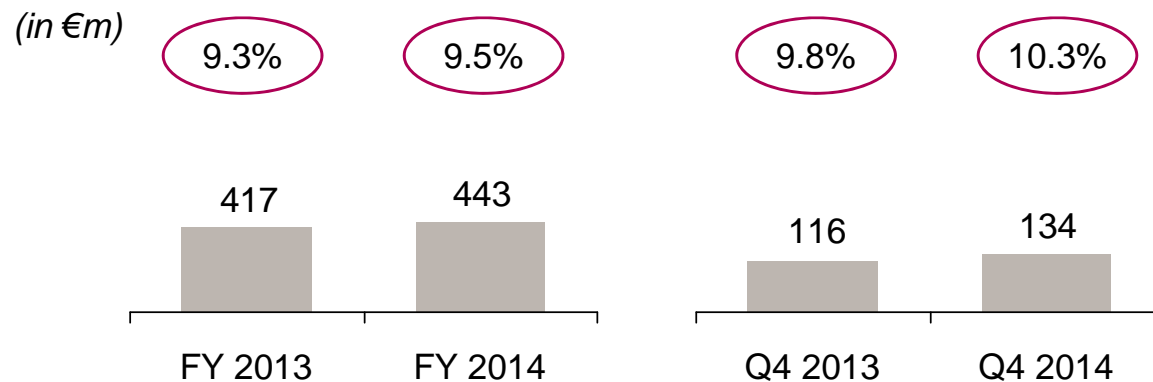
(in €m)



ADJUSTED EBIT AND EBITDA

Gross margin in Q4 drives adjusted EBIT increase

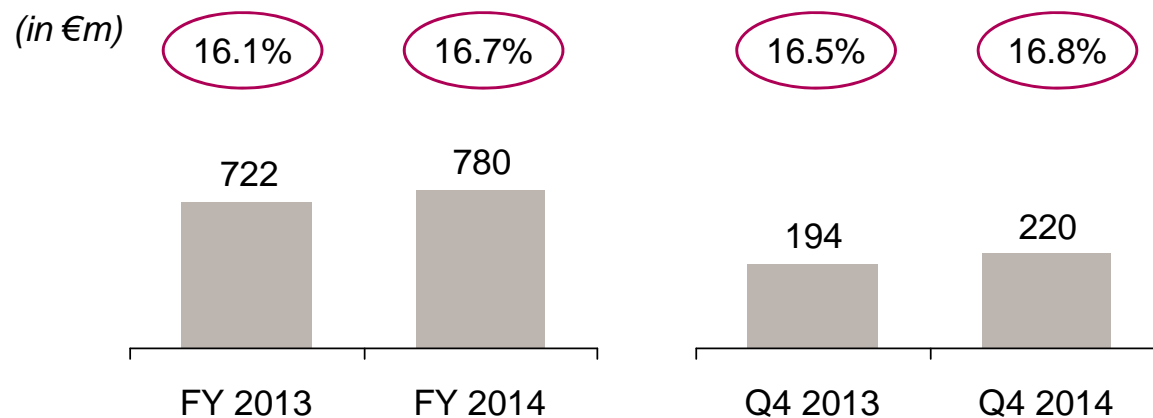
Adjusted EBIT¹ and margin (in %)



Comments

- Gross margin increase driven by new business product mix (esp. growth in E-trucks) and continued strong growth in services
- Increase in fixed costs FY 2014 driven by wage inflation, trade fairs and cost increase following IPO
- Adjusted EBITDA above 2013 level also driven by effects from first time consolidation of dealers

Adjusted EBITDA¹ and margin (in %)



1. Adjusted for one-off items and purchase price allocation

ADJUSTED EBIT TO NET INCOME

Strong underlying net income growth

<i>(in €m)</i>	Q4 2014	Q4 2013	Change	FY 2014	FY 2013	Change
Adjusted EBIT¹	134	116	16.1%	443	417	6.3%
Non-recurring items (NRI)	-10	-1	<-100%	-57	-13	<-100%
KION acquisition items	-15	-7	<-100%	-39	-30	-31.6%
Reported EBIT	109	107	1.8%	347	374	-7.2%
Net financial expenses	-27	-37	28.2%	-89	-220	59.6%
EBT	82	70	17.9%	258	154	67.4%
Taxes	-23	-13	-77.8%	-80	-16	<-100%
Net income	60	57	4.4%	178	138	28.8%
EPS reported	€0.60	€0.58		€1.79	€1.69	
Proposed dividend per share				€0.55	€0.35	

Comments

- NRI impact from 30% stake in Linde Hydraulics of €28m and changes in KION board
- Sustainable interest reduction after refinancing
- Financial result impacted by €43m due to measurement of options relating to Linde Hydraulics
- Proposed dividend payout ratio of about 31%

1. Adjusted for one-off items and purchase price allocation

FREE CASH FLOW

Strong increase in operating cash flow



<i>(in €m)</i>	FY 2014	FY 2013	Change
EBITDA (excl. FS segment)	632	643	-1.7%
Change of TWC	-34	17	<-100%
Taxes paid	-51	-120	57.4%
Pension payments	-20	-25	18.5%
Other	62	-8	>100%
Leasing cash flow	16	0	>100%
CF from operating activities	604	506	19.2%
Operating capex	-133	-126	-5.9%
Rental capex (net)	-183	-170	-7.7%
Acquisitions	0	-25	>100%
Other	19	10	80.2%
CF from investing activities	-298	-311	4.2%
Free cash flow	306	196	56.4%

Comments

- EBITDA 2014 includes the negative €28m (non-cash) effect from Linde Hydraulics, which is reversed in the line “Other”
- FS segment has EBITDA of €83m in FY 2014, included in leasing CF
- FCF improvement is also driven by lower taxes paid in 2014
- Working capital kept at tight levels with comparable seasonal pattern at 43 days

Note: Cash flow 2013 adjusted due to reclassifications

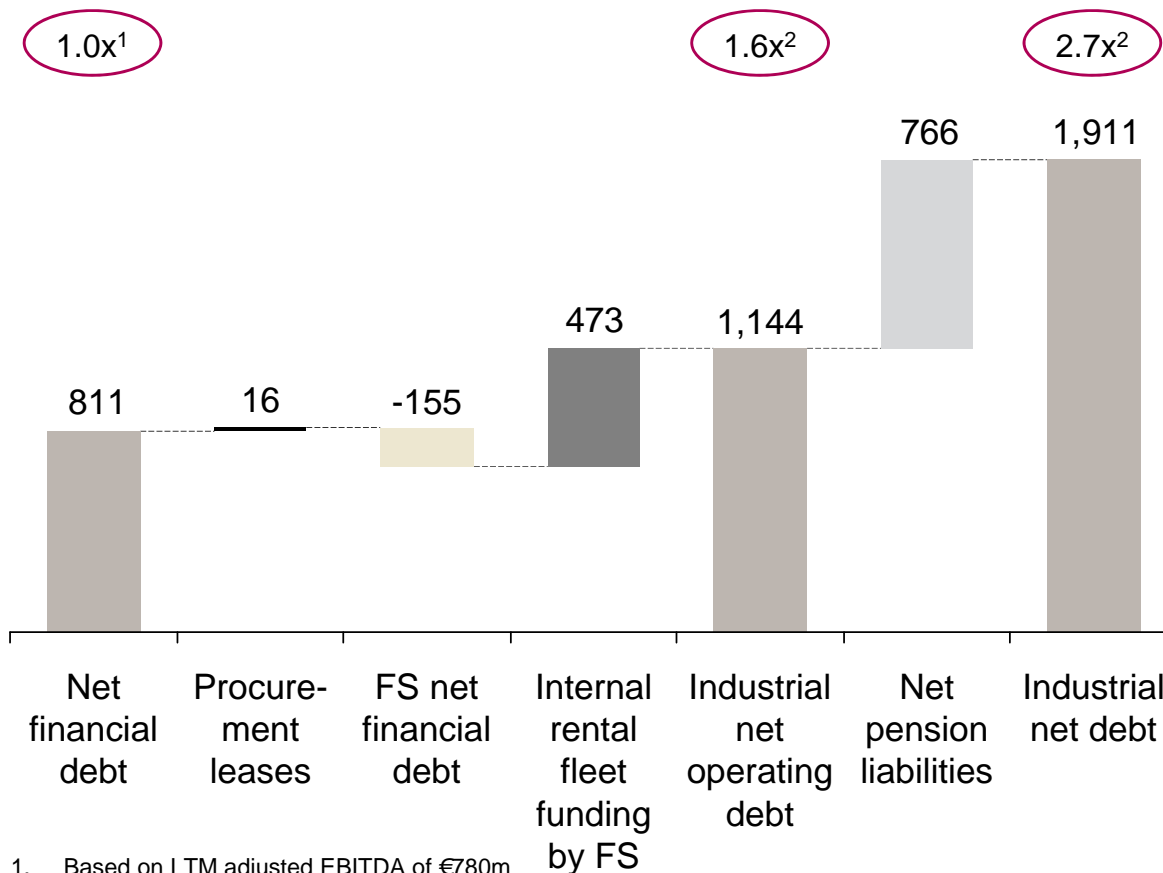
NET DEBT

Leverage improves compared to previous year



Net debt and leverage as at 31 December 2014

(in €m)



1. Based on LTM adjusted EBITDA of €780m

2. Industrial leverage based on €698m of LTM adjusted industrial EBITDA (excluding €83m of LTM EBITDA for FS)

Net debt development

- Group net financial debt decreases by €169m from Dec 2013 due to cash generation
- Leverage thereby improves compared to previous quarter
- Increase in pension liabilities due to decline in interest rates

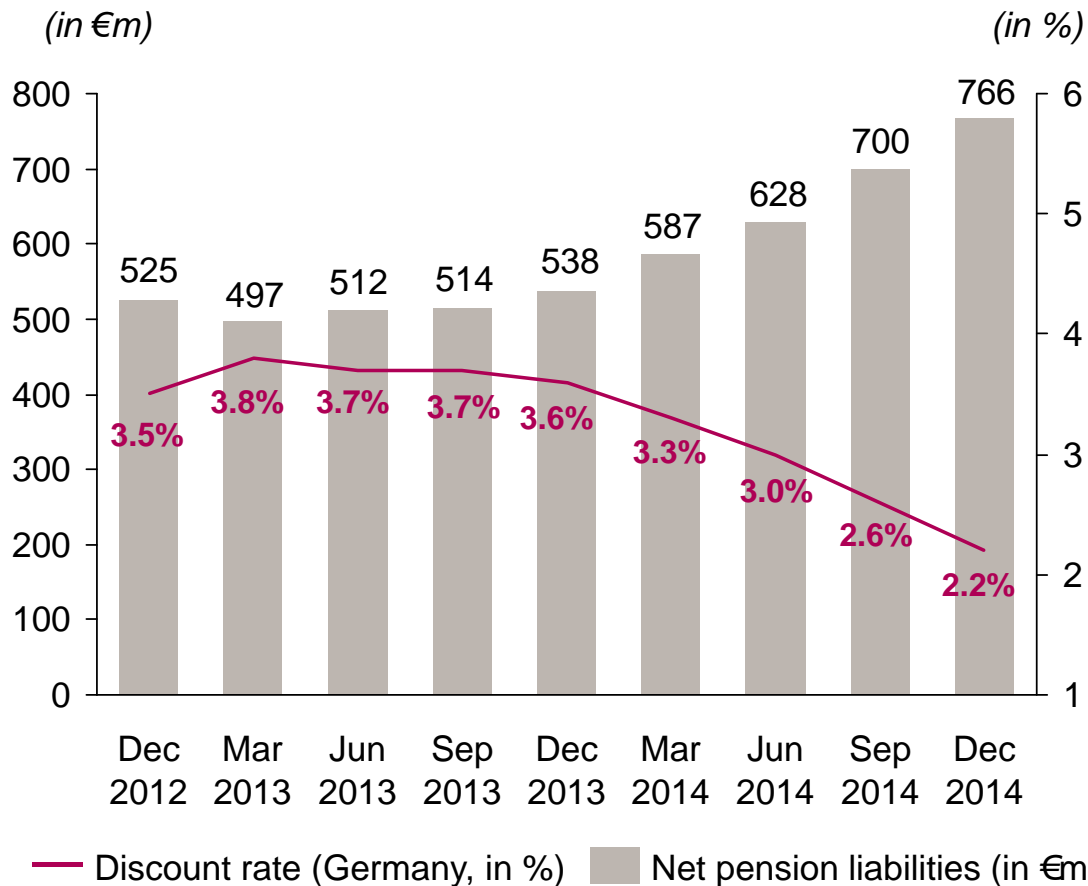
End customer leasing

- Total assets for end customer leasing of €827m increase by €95m compared to previous year (€732m)
- Funding through SALB increases similarly by €91m to €708m compared to previous year (€617m)

PENSION LIABILITIES

Increase driven by falling discount rates

Net pension liabilities and discount rates



Net pension liabilities mostly driven by German plans

- Large UK plans are fully funded, with offsetting pension assets
- Smaller plans in other countries

German pay-as-you-go long-term pension plan liability

- Accrued on balance sheet
- Duration of German plan even above group-level weighted average

Stable current cash outflows

- €20m cash payments for defined benefit obligations in 2014

AGENDA



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OUTLOOK COMPARISON 2014

Guidance achieved for all key performance indicators



<i>(in €m)</i>	Actuals FY 2013	Guidance FY 2014	Actuals FY 2014	Y-o-Y change	Evaluation
Order intake	4,489	Slight increase compared with 2013	4,877	+8.6%	✓
Revenues	4,495	Slight increase compared with 2013	4,678	+4.1%	✓
Adj. EBIT	417	Significant year-on-year rise from top-line growth and efficiency gains	443	+6.3%	✓
FCF	196	Considerably higher due to increased EBIT and lack of one-off effects	306	+56.4%	✓
Adj. EBIT margin	9.3%	Increase in line with medium-term margin expansion	9.5%	-	
Capex	126	Higher than in 2013	133	+5.9%	
Net debt	979	Continued reduction using operating CF and optimizing capital structure	811	-17.2%	

Key performance indicators
 Achieved

Market

➤ Further moderate increase in the worldwide market volume in 2015

- **Stabilisation in Western Europe** with sustained replacement and catch-up investment
- **Healthy market** conditions in **North America**
- **Growth** in the **emerging markets of Asia**
- **Risks related to** significant slowdown in **Russia's growth**; potential negative impact on neighbouring countries in Eastern Europe and for the Eurozone
- Average annual growth rate (in units) of about 4% for the global market over next few years
- No significant changes in the proportion of total revenue generated by each product segment

KION

➤ Growth underpinned by service in Western Europe and emerging markets

- **Slightly higher order intake** and consolidated **revenue** than in **2014**
- **Slight** year-on-year **rise** in **adjusted EBIT** reflecting costs for implementation of Strategy 2020 leading to a sustained improvement in the EBIT margin in subsequent years
- **Adjusted EBIT** margin at **2014 record level**
- Further **increase of net income** expected
- **Free cash flow** to be **slightly below** the very high level in previous year due to **increased capex** and higher anticipated tax payments
- Further **reduction of net debt** using free cash flow

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

Date	Event
7 May 2015	Interim report for the period ended 31 March 2015 (Q1 2015)
12 May 2015	Annual General Meeting
6 August 2015	Interim report for the period ended 30 June 2015 (Q2 2015)
5 November 2015	Interim report for the period ended 30 September 2015 (Q3 2015)

Subject to change without notice

- 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** Clear strategy 2020 for profitable growth

WE KEEP THE WORLD MOVING

KION[™]
GROUP

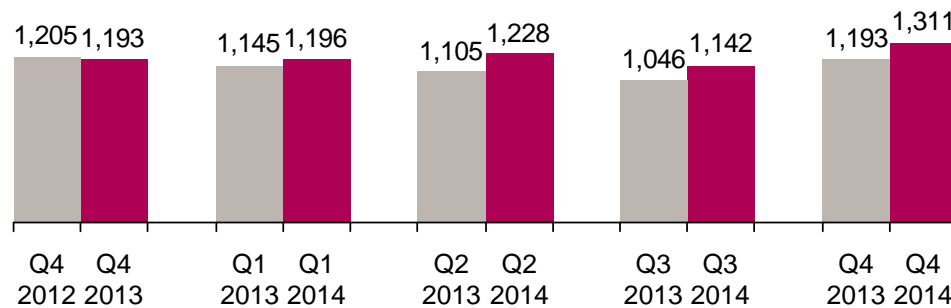


KEY FINANCIALS

Figures by quarter

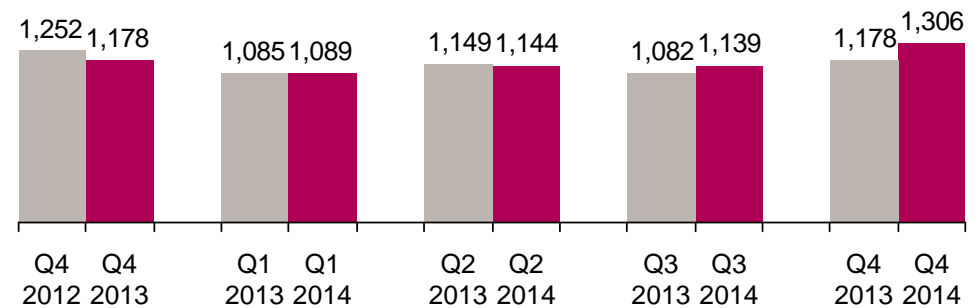
Order intake¹

(in €m)



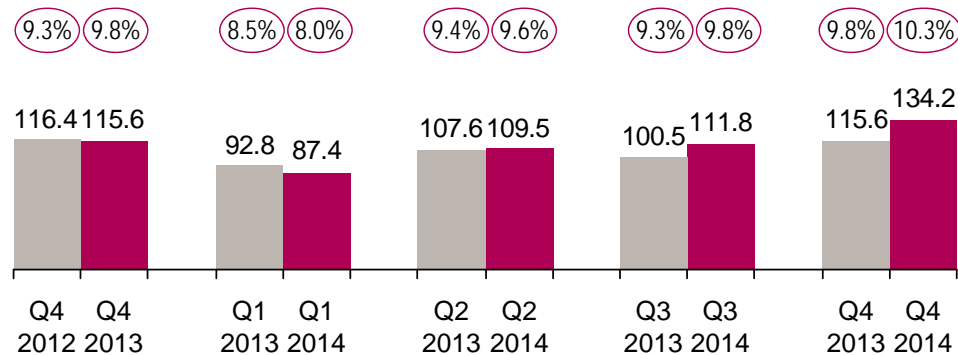
Revenue¹

(in €m)



Adjusted EBIT^{1,2} and margin (in %)

(in €m)



1. For comparability purposes 2012 figures are adjusted for the disposal of our Hydraulics Business
2. Adjusted for one-off items and purchase price allocation

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