

KION UPDATE CALL Q1 2015

Gordon Riske, CEO

Thomas Toepfer, CFO

Wiesbaden, 7 May 2015

1 Highlights	Gordon Riske
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2 Market update	Gordon Riske
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3 Financial update	Thomas Toepfer
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4 Outlook	Gordon Riske
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Q1 2015 FINANCIAL HIGHLIGHTS

A dynamic start to FY 2015



- » Order intake rises by 7%, mainly driven by Western Europe and China
 - Overall unit growth above market
 - Healthy order book at €867m
- » Revenues grow by 7% to €1.165bn
- » Adjusted EBIT margin of 8.0% remains at prior-year level
- » Net income increases following refinancing
- » Free cash flow improves over previous year
- » Guidance 2015 confirmed
- » Free float increases to nearly 62%

Q1 2015 STRATEGY 2020 HIGHLIGHTS

Implementation track record continues

Strategic levers



**Multi-brand
strategy &
innovation**



**Aftersales and
service**



**Regional growth
strategies**

Recent activities

KION acquires Egemin's Handling Automation division

- Egemin is a leading supplier of automation solutions for logistics flows
- KION further expands its automation and systems business

New spare parts center strengthens service business in Asia

- Linde opens APAC customer service and spare parts center in China
- Service quality and parts availability improves for Asia Pacific customers

North American strategy under way

- STILL introduces first products to North American market
- Leveraging group assets in context of organic growth strategy

EGEMIN HANDLING AUTOMATION

KION acquires Handling Automation division of Egemin Group



Joining forces in automation & intralogistics



- Automated logistics systems
- Project management skills
- Proven software competence



- Broad range of industrial trucks
- Sales leads for automation projects
- Service network

» There is no “Industry 4.0” without “Logistics 4.0”

Market for automation systems is attractive

- Logistics automation market is considered to show an increasingly strong demand
- Following Strategy 2020, KION targets to become a leading player in automated logistics and material flow systems

Egemin expands KION’s automation capabilities

- Egemin is one of the leading suppliers of automated solutions for logistics and processes
- Through this acquisition, KION strengthens its expertise to offer best solutions to its customers

Egemin established as 7th brand of KION Group

- “Egemin Automation” will form a new brand under KION’s multi-brand strategy
- It will be responsible for the group’s project business in automation and system solutions

EGEMIN HANDLING AUTOMATION

Solutions overview: Comprehensive automation offering

Autom. warehouse systems



- Automated warehouse and distribution systems
- Order picking systems with software-supported picking methods
- Higher-level software for warehouse management

Automated guided vehicles



- Fully automatic and flexible transport systems for
 - Distribution – warehouse – production
 - Repetitive transports
 - Multi-shift and 24/7 operations

In-floor chain conveyors



- Reliable transport and sorting systems that convey and sort goods on a closed loop
- Robust construction and plain technology
- Highly reliable and efficient system

EGEMIN HANDLING AUTOMATION

Company background: Established player in automation



Company overview

- KION acquires Handling Automation division of Belgian automation specialist Egemin Group
- Over 60 years of industry expertise, established player in the market
- Headquarters in Belgium, branches in NL, F, D, UK, CH, USA and China

Key figures

- Revenues 2014: Approx. €76m
- Employees 2014: Over 300 employees
- Enterprise value: Approx. €72m; transaction expected to be completed in Q3 2015

Solutions offering

- Focus on solutions for
 - Automated guided vehicles
 - Automated warehouse systems
 - In-floor chain conveyors
- Own IP and software competence
- Strong project management capabilities

Project history with KION

- Close cooperation with KION brands Linde and STILL for many years
- Projects with KION mainly on very narrow aisle trucks and reach trucks
- Regional focus on Western Europe
- Further joint projects in pipeline

1 Highlights

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2 Market update

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2 Financial update

Thomas Toepfer

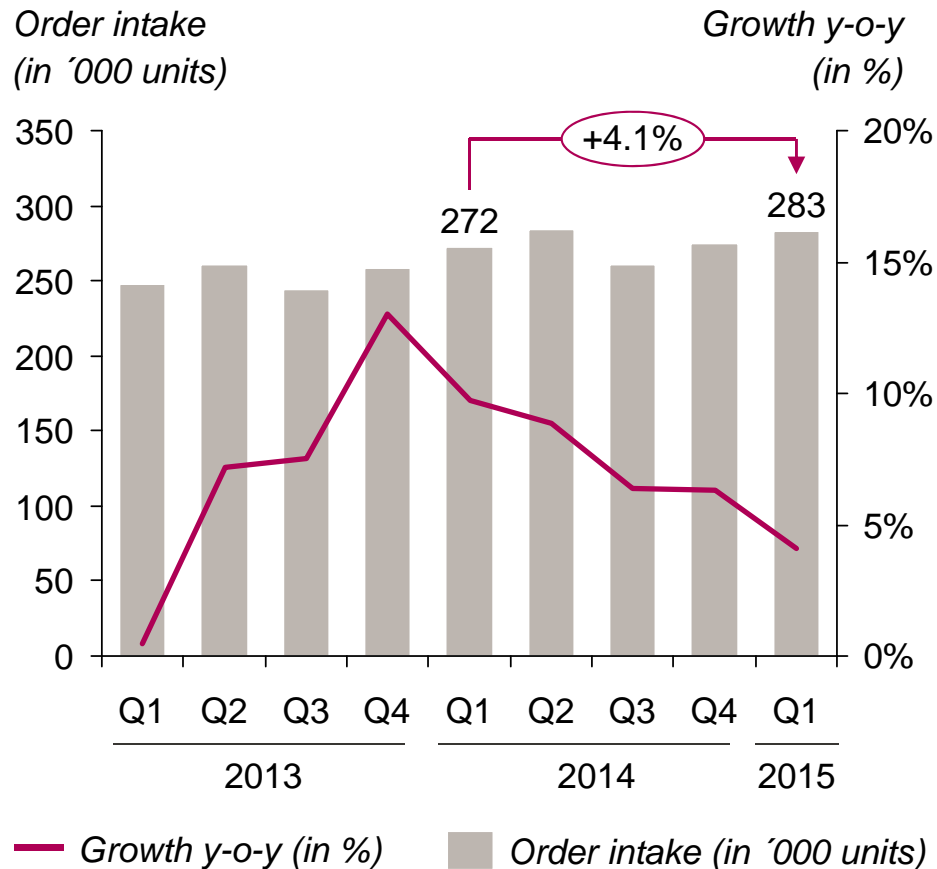
3 Outlook

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MARKET DEVELOPMENT

Solid momentum in the beginning of 2015

Global market order intake



Global market growth continues in Q1

- Global orders increase by 4%
- High order volume of 283,000 units
- Nine consecutive quarters of global y-o-y growth
- E- and WH-trucks drive global growth, IC-truck decline hampers growth momentum

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

MARKET DEVELOPMENT

Mature market tailwinds drive global growth

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

North America		
Q3/14	Q4/14	Q1/15
1.2%	18.9%	8.7%

Western Europe		
Q3/14	Q4/14	Q1/15
13.7%	8.3%	16.9%

Eastern Europe		
Q3/14	Q4/14	Q1/15
5.3%	-9.8%	-10.4%

China		
Q3/14	Q4/14	Q1/15
6.7%	3.7%	-12.8%

Latin America		
Q3/14	Q4/14	Q1/15
3.3%	-1.6%	2.7%

WORLD		
Q3/14	Q4/14	Q1/15
6.4%	6.3%	4.1%

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

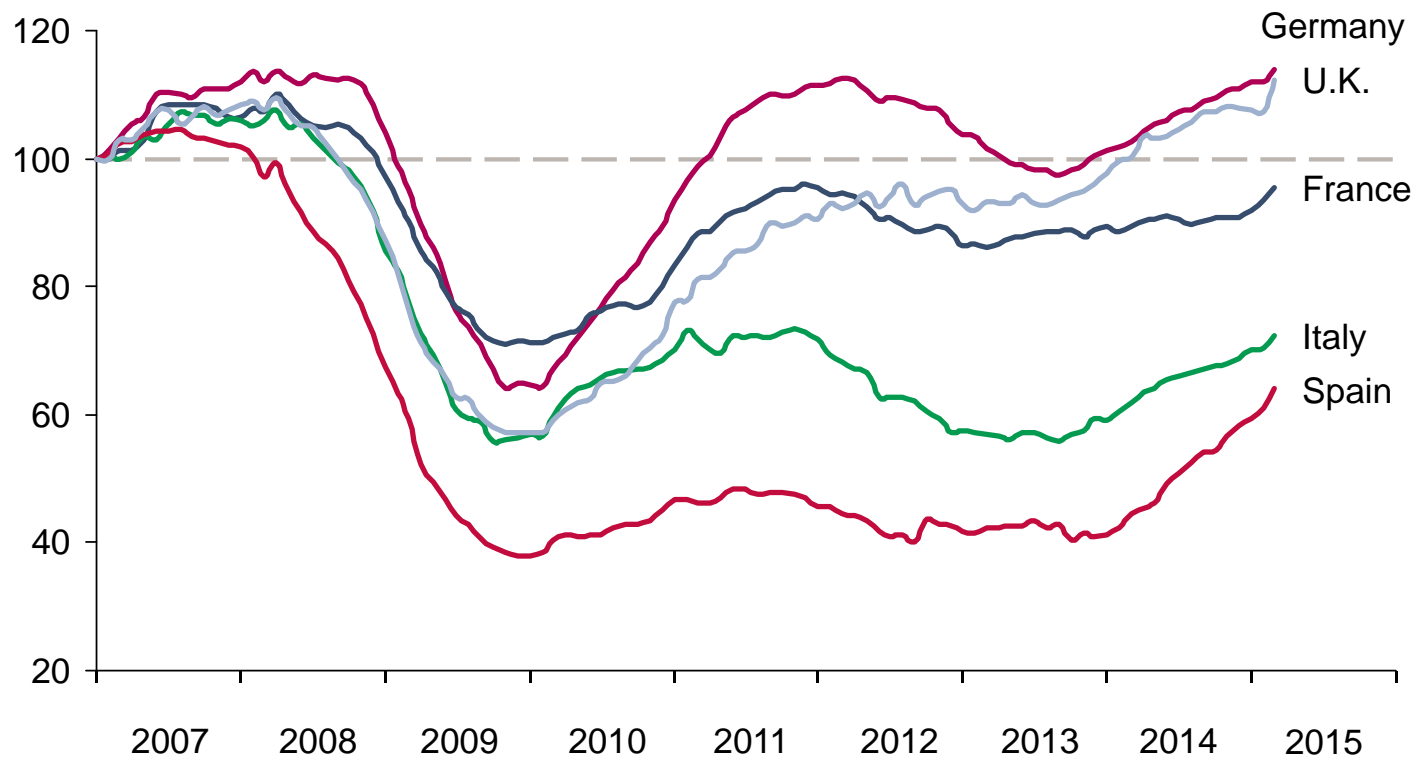
MARKET DEVELOPMENT

Western European core markets are in good shape



Markets pre- and post-crisis (status as at 31 Mar 2015)

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



Upward trend continues

- Improving confidence supports healthy demand
- Good momentum in Germany, UK and France
- Progressing recovery in Italy and Spain

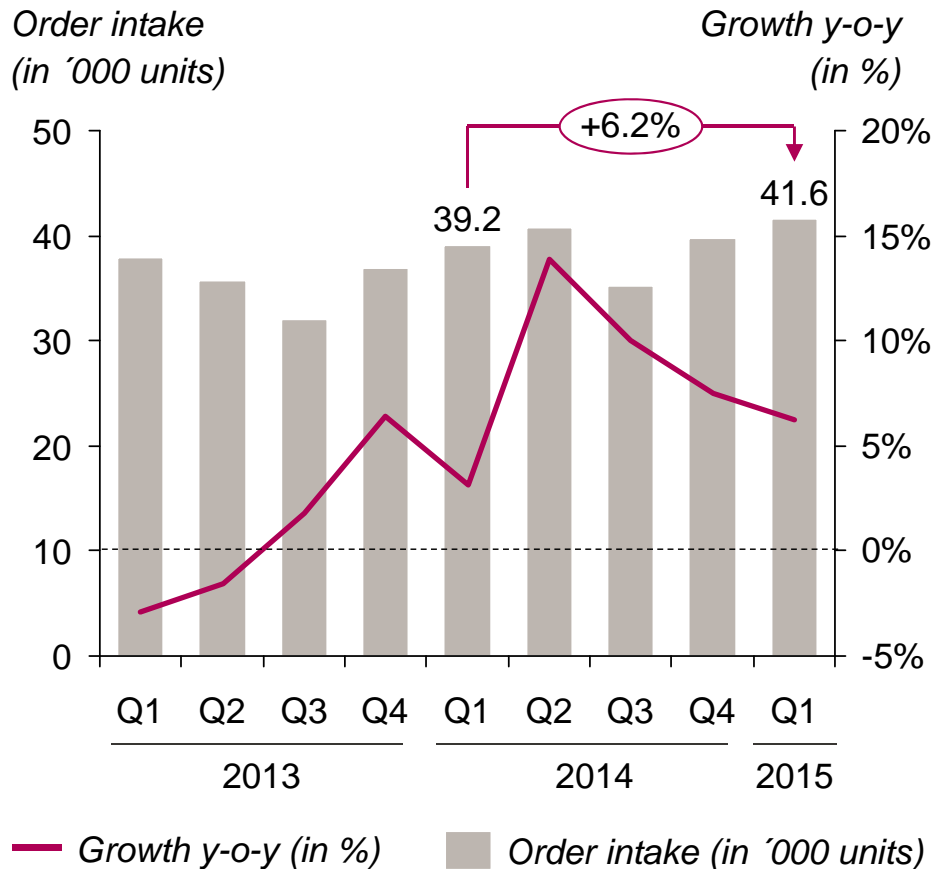
Note: All data is based on industrial trucks order intake in units
Source: WITS/FEM

KION DEVELOPMENT

Good start into the year with continued growth



KION global order intake



KION grows above global market

- Orders by more than 6% above previous year in Q1 vs. market growth of 4%
- High order level of 41,600 units
- Gains in E- and WH-trucks drive global growth
- Continued recovery in home markets supports growth momentum

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

KION DEVELOPMENT

KION benefits from growth in Western Europe and China



Regional development

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

	Market Q1 2015	KION Q1 2015
Western Europe	16.9 	11.2
Eastern Europe	-10.4 	-10.7
China	-12.8 	8.6
South/Central America	2.7 	-31.9

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

Western Europe

- **Market:** Strong growth momentum
- **KION:** Above market growth in forklifts, lagging above-average dynamics in WH-trucks

Eastern Europe

- **Market:** Significant slowdown in Russia
- **KION:** Impacted by regional weakness

China

- **Market:** Down due to decline in IC-trucks
- **KION:** Visibly above market, Baoli continues to improve market position

South/Central America

- **Market:** Strong growth in Central markets compensates decline in Southern markets
- **KION:** Gearing towards South America and weaker WH-market lead to visible decline

AGENDA

1 Highlights

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2 Market update

Gordon Riske

3 Financial update

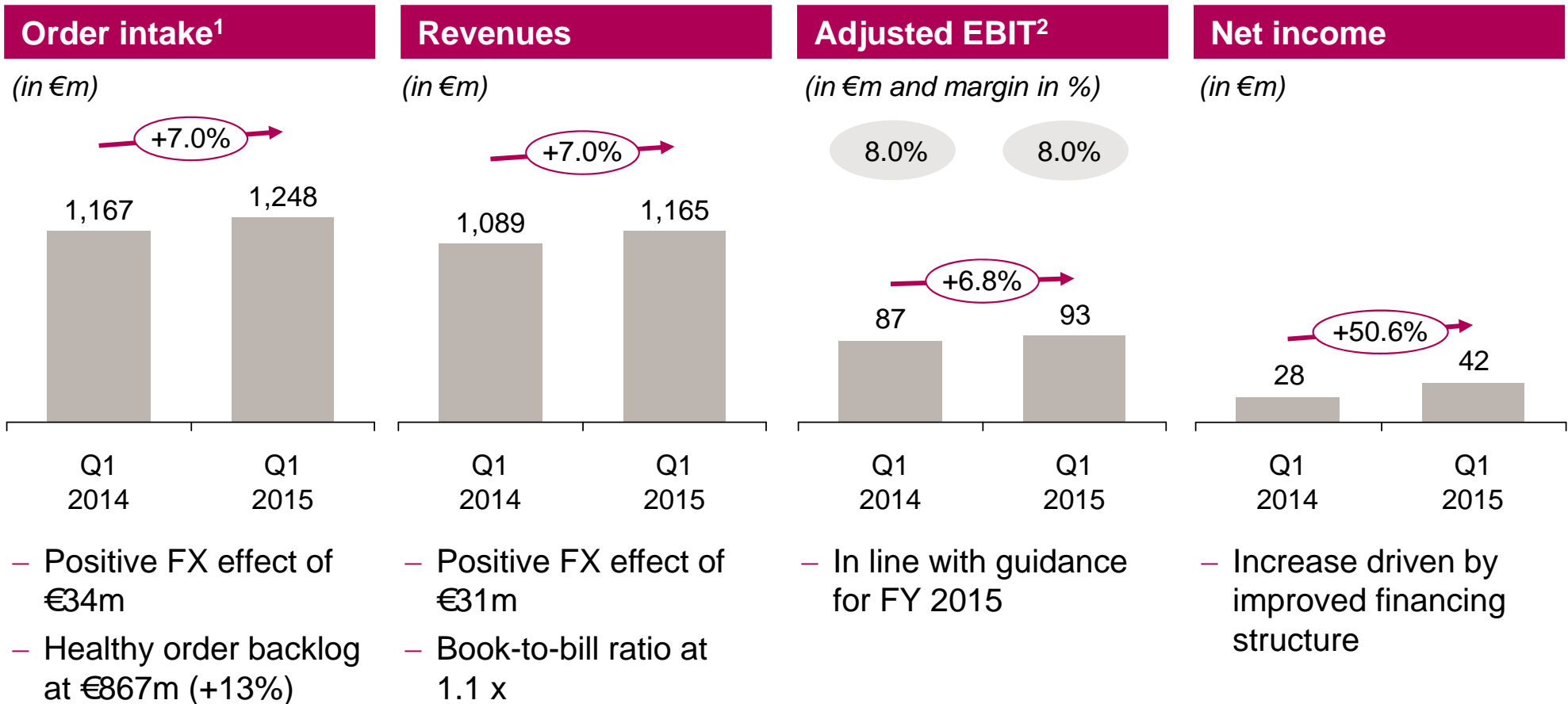
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KEY FINANCIALS

Continued momentum in order intake and revenues



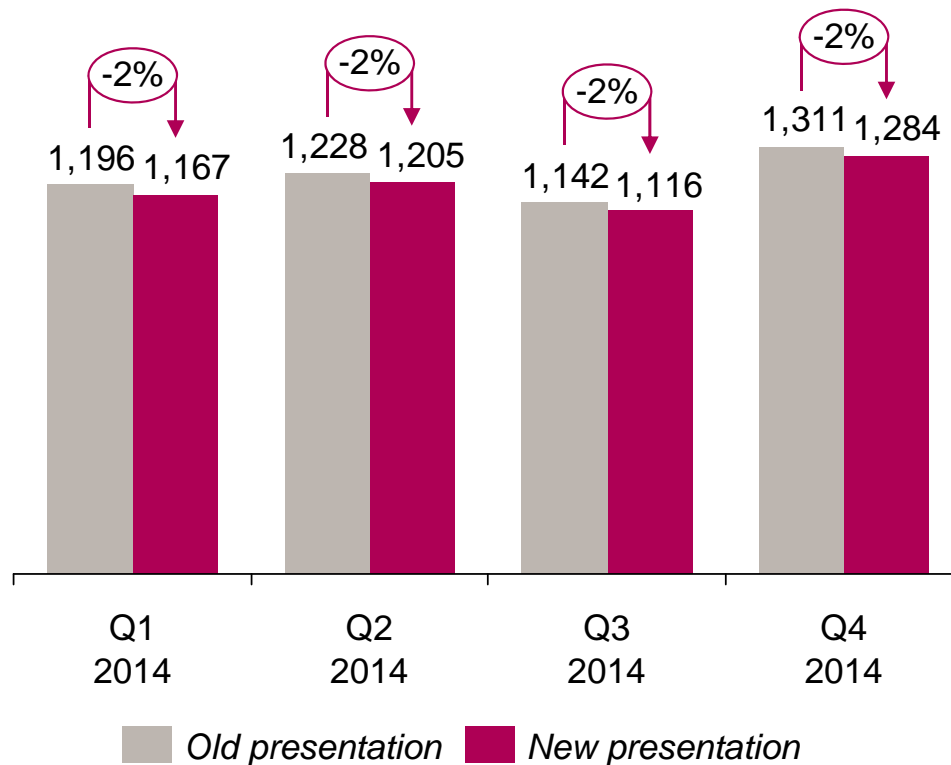
1. Order intake for FY 2014 shown based on new presentation
 2. Adjusted for one-off items and purchase price allocation

ORDER INTAKE

New presentation of order intake value implemented

FY 2014 quarterly order intake differences

(in €m)



Comments

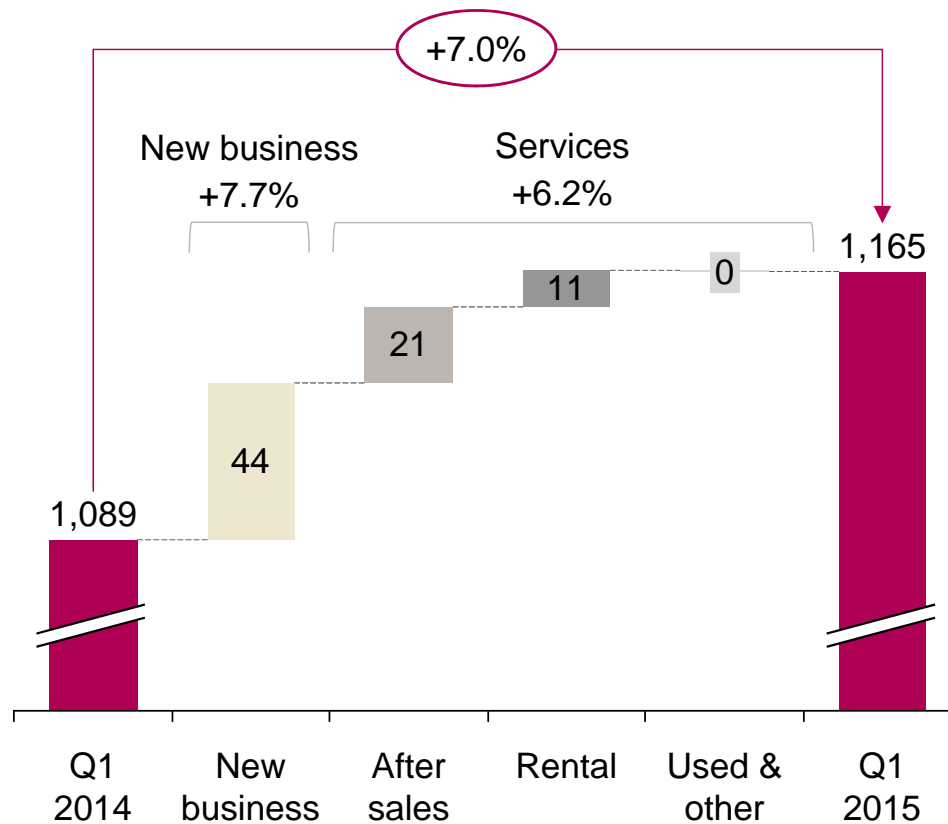
- Order intake in value terms is now reported according to a new definition
- New definition eliminates deviation between former gross order intake and net sales measurement
- Order book value for FY 2014 is €764m based on new definition and was €787m before change in presentation

REVENUES

Growth continues in new business and services

Revenues by product categories

(in €m and growth y-o-y in %)



Comments

- Similar growth contribution from both new business and services
- New business driven by growth in E- and WH-trucks
- Service growth driven by higher share of service contracts and growth in rental
- Services represent 47% of KION revenues

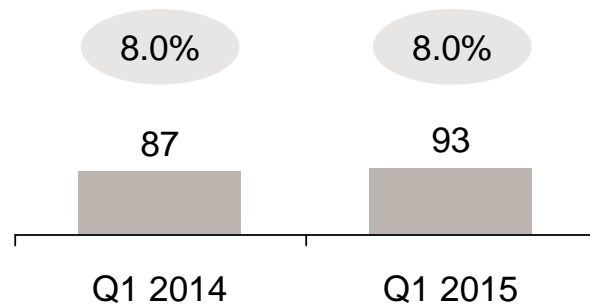
ADJUSTED EBIT AND EBITDA

Stable margin results from implementation costs for Strategy 2020



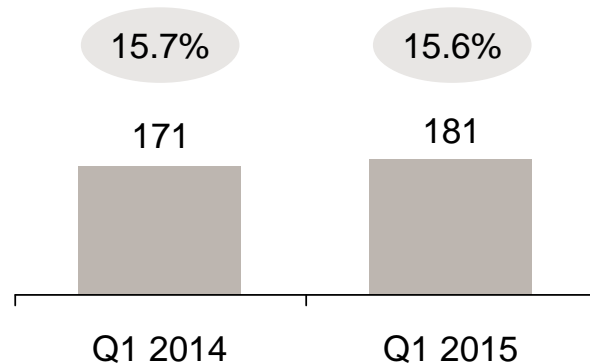
Adjusted EBIT¹

(in €m and margin in %)



Adjusted EBITDA¹

(in €m and margin in %)



Comments

- Adjusted EBIT and adjusted EBITDA margins are in line with previous year
- Gross margin increase driven by new business product mix and lower commodity prices
- Increase in fixed costs driven by wage inflation, FX effects and costs for implementation of Strategy 2020

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

ADJUSTED EBIT TO NET INCOME

Net income growth from higher EBIT and improved financing



(in €m)	Q1 2015	Q1 2014	Change
Adjusted EBIT¹	93	87	6.8%
Non-recurring items	-4	-5	1.5%
KION acquisition items	-7	-6	-16.0%
Reported EBIT	82	77	6.6%
Net financial expenses	-21	-30	31.8%
EBT	61	47	31.5%
Taxes	-20	-19	-3.5%
Net Income	42	28	50.6%

Comments

- Financial result benefits from sustainable interest reduction after refinancing in April 2014
- Reported EPS increases to €0.41 from €0.28 in the previous year

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

FREE CASH FLOW STATEMENT

Free cash flow slightly above previous year

<i>(in €m)</i>	Q1 2015	Q1 2014	Change
EBITDA (excl. FS segment)	156	148	5.1%
Change of TWC	-102	-90	-13.4%
Taxes paid	-18	-16	-17.1%
Pension payments	-5	-6	11.7%
Other	22	3	>100%
Leasing cash flow	5	2	>100%
CF from operating activities	57	41	39.3%
Operating capex	-27	-27	-0.7%
Rental capex (net)	-39	-37	-3.8%
Acquisitions	-3	0	<-100%
Other	-8	1	<-100%
CF from investing activities	-77	-63	-21.2%
Free cash flow	-20	-22	12.1%

Comments

- EBITDA excludes FS segment with €22m EBITDA, included in leasing CF
- Trade working capital (TWC) with comparable seasonal pattern
- “Other operating CF” mainly relates to cash in transit, i.e. payments that were still in transit on 31 Dec 2014 and lead to a cash inflow at the beginning of Q1 2015
- “Other investing CF” includes loan to Linde Hydraulics

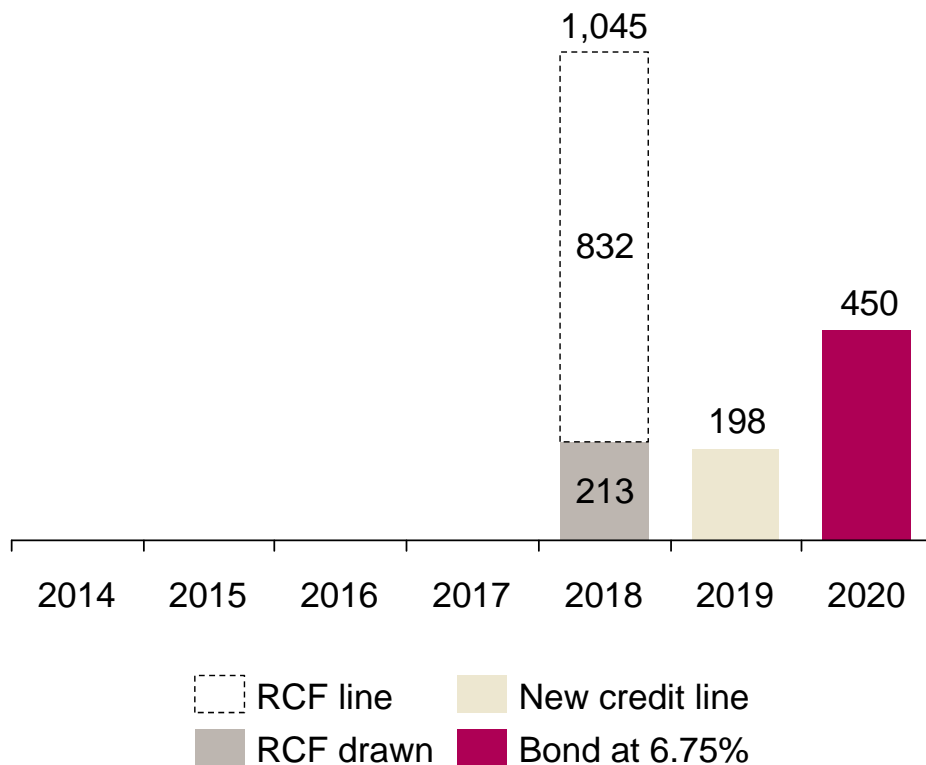
FINANCING STRUCTURE

Recent positive ratings action following continued deleveraging



Maturity profile as at 31 Mar 2015

(in €m)



Positive ratings action in April 2015

STANDARD
& POOR'S

BB+ with stable outlook

MOODY'S

Ba2 with positive outlook

Last pre-IPO bond callable in February 2016

- Remaining bond of €450m at 6.75%
- Bond refinancing allows replacement of still existing LBO bank loan documentation

Continuing benefits from refinancing in 2014

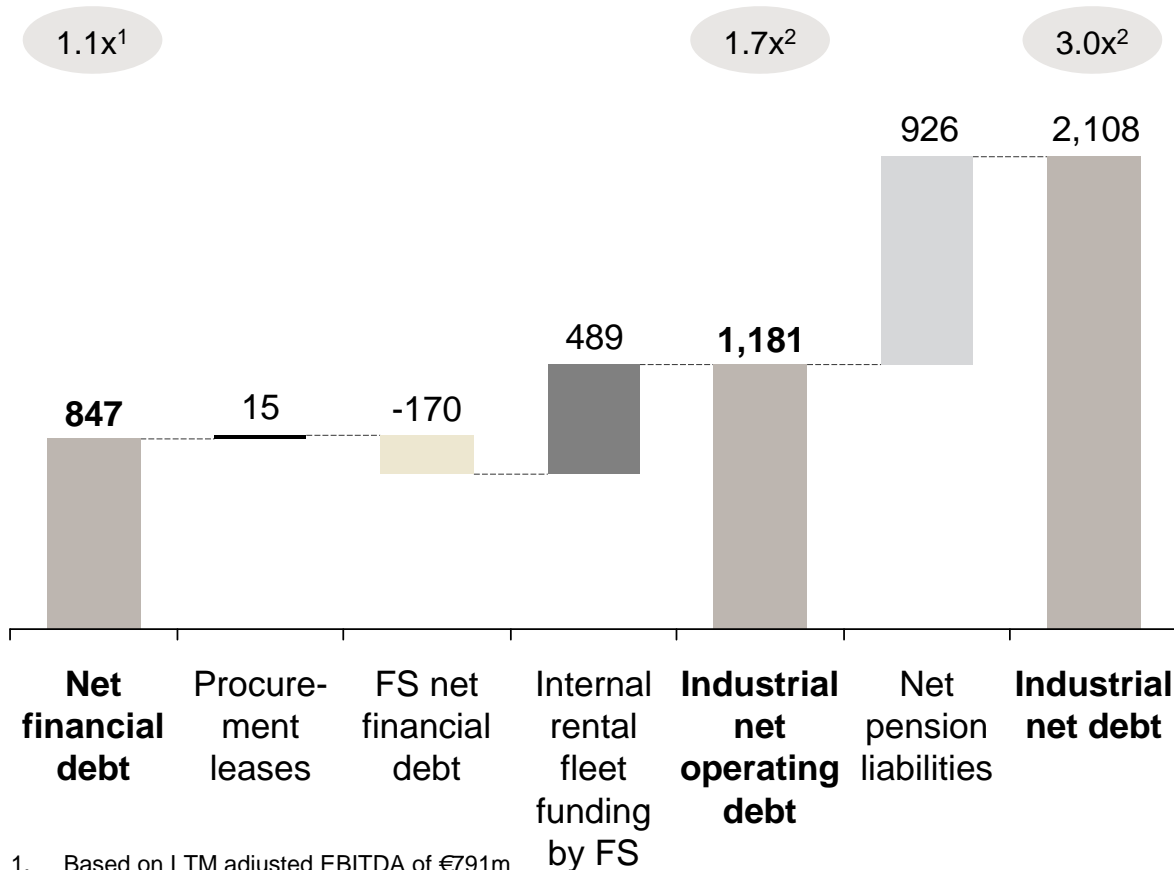
- Over €20m annual savings from refinancing in April 2014 with call of €525m of bonds

NET DEBT

Significant increase in pension liabilities

Net debt as at 31 Mar 2015

(in €m)



1. Based on LTM adjusted EBITDA of €791m
 2. Based on €705m of LTM adjusted industrial EBITDA (excluding €86m of LTM EBITDA for FS)

Net debt development

- Group net financial debt increases slightly by €36m from Dec 2014, mainly due to short-term debt
- Net financial leverage increases slightly from Dec 2014
- Industrial net operating leverage steady at 1.7x
- Significant increase in pension liabilities due to lower interest rates

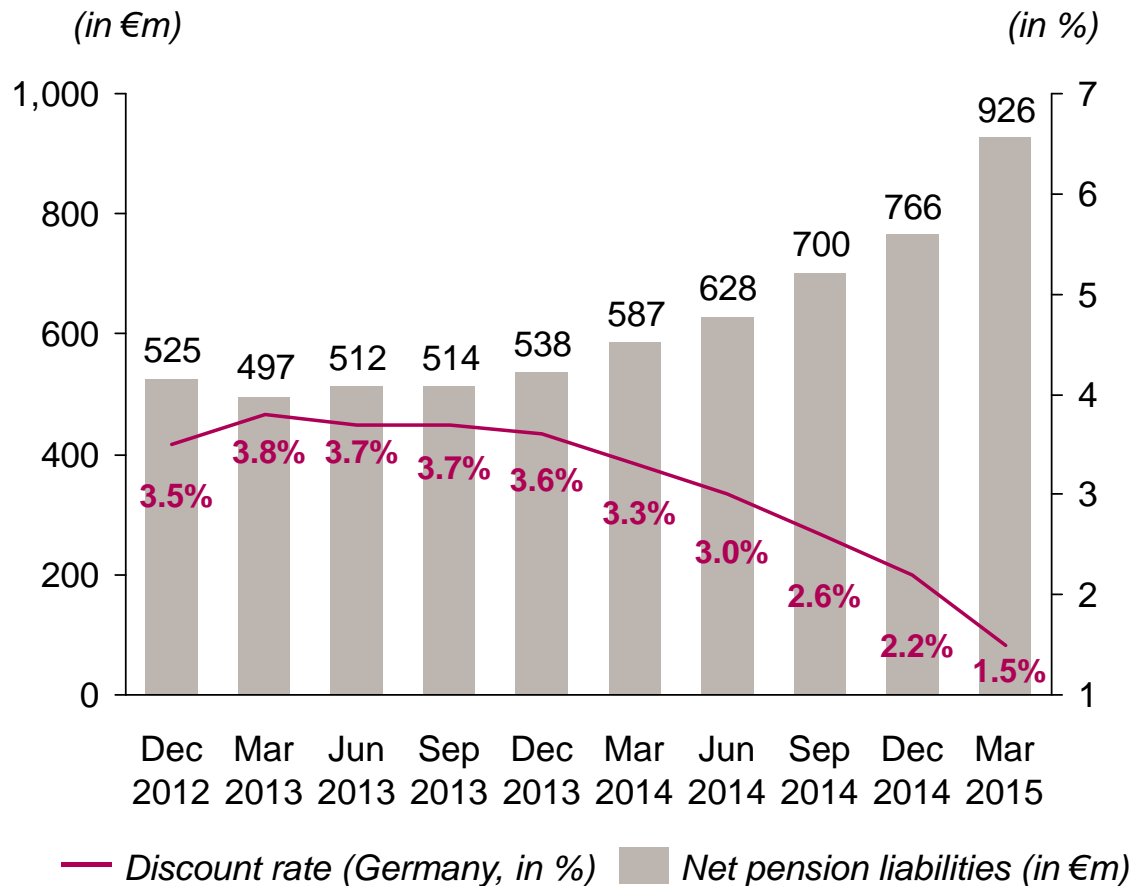
End customer leasing

- Total assets for end customer leasing of €859m increase by €32m compared to Dec 2014 from stronger financial services activity
- Correspondingly, funding through SALB of €735m increases by €27m compared to Dec 2014

PENSION LIABILITIES

Further 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 and €5m in Q1 2015

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|--------------------|---------------------|
| 1 Highlights | Gordon Riske |
| 2 Market update | Gordon Riske |
| 3 Financial update | Thomas Toepfer |
| 4 Outlook | Gordon Riske |

OUTLOOK FY 2015

Outlook confirmed based on positive performance in Q1 2015



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

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