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KION GROUP AG
FY 2016 Update Call

Gordon Riske (CEO), Dr Thomas Toepfer (CFO) – Heusenstamm, 2 March 2017

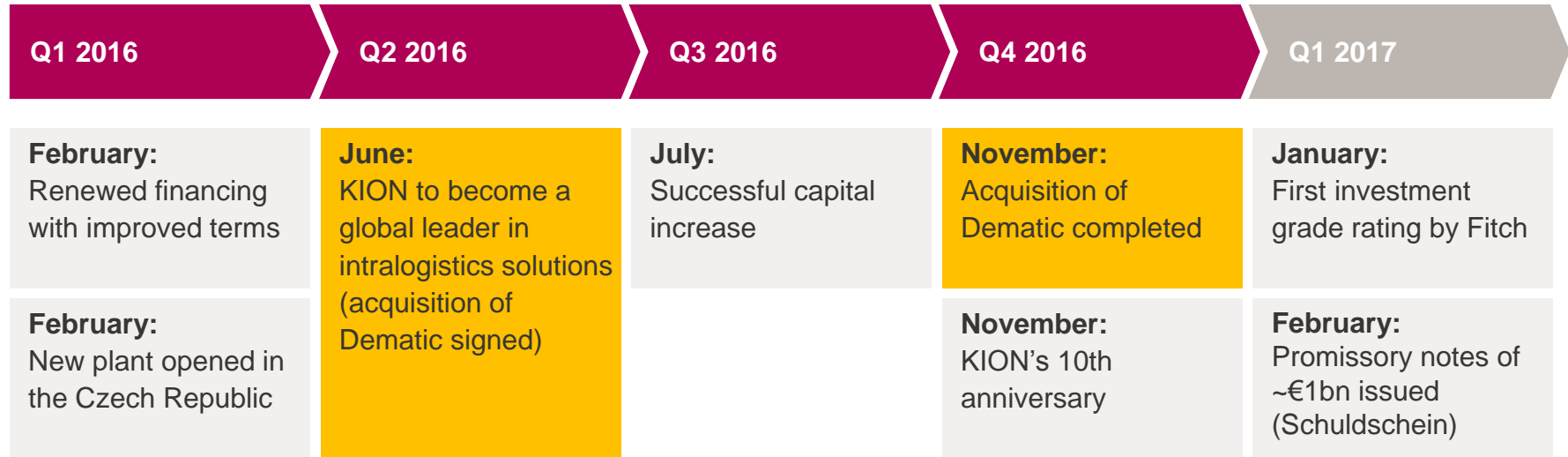
KION
GROUP

Agenda

1. **Highlights**
2. Market Update
3. Financial Update
4. Outlook

FY 2016 Strategic Highlights

Dematic acquisition as transformational milestone



Dematic Acquisition

KION enters a new era by acquiring Dematic

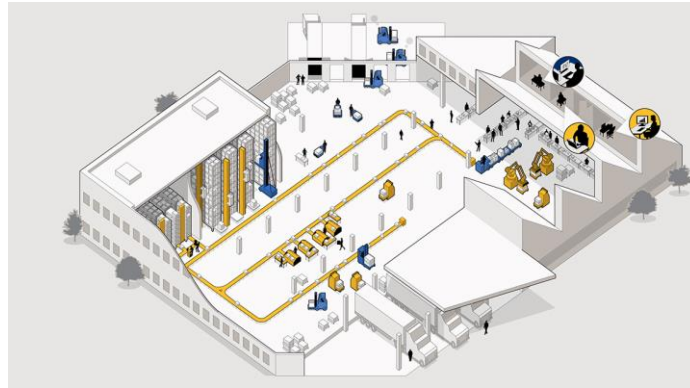
Transaction highlights

- Acquisition creates unique player in Intralogistics 4.0
- Dematic EV¹ of \$3.25bn
- Initial run-rate synergies of 1-2% of Dematic's revenue

Dematic – leading in automation

- Global No. 3 and leading in US and Europe
- Attractive market growth in supply chain automation

Seamless one-stop offering



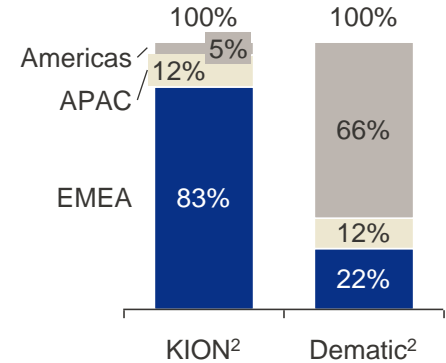
Dematic as new segment

- New segment also includes Egemin³

Solid financing strategy

- Promissory notes refinance acquisition bridge
- Conservative financial policy of maintaining a solid cross-over credit profile

Complementary regional setup

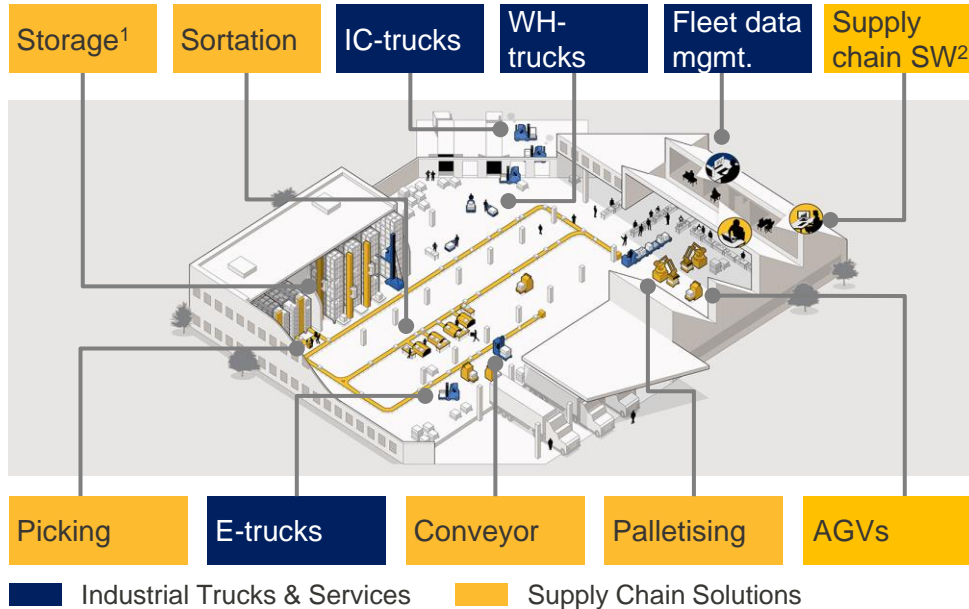


1. EV = enterprise value 2. Pro forma revenue for CY 2015 3. Including Egemin's subsidiary Retrotech

Dematic Acquisition

Creating a unique and complete material handling offering

Material handling solutions for every part of the warehouse



1. Mainly AS/RS (AS/RS = Automated Storage & Retrieval Systems) 2. SW = Software

Dematic adds best-in-class automation solutions

- Dematic offers comprehensive range of high-end storage and material handling technology

Acquisition creates a unique full-spectrum one-stop supplier

- Combined offering ranges from manual industrial trucks to fully automated warehouses
- Transformational step towards Intralogistics 4.0
- Topline upside from cross-selling as a one-stop supplier

Dematic Acquisition

Monterrey ramp-up measures in place and effective

Dematic's main production locations in the Americas



Monterrey production is ramping up

- Focus on process optimisation for kitting and assembly
- Close integration of local suppliers

Close management attention assured

- Bi-weekly steering committee meetings in place
- Continuous tracking of output and utilisation

Completion expected during 2017

- Ramp-up expected to be completed during FY 2017

FY 2016 Financial Highlights

KION Group hits new highs to achieve outlook

Outlook	- Outlook for FY 2016 excluding Dematic is fully achieved across all KPIs
Growth	- Order intake and revenue excluding Dematic grew by 6.5% resp. 4.5% y-o-y in FY 2016 to €5.6bn resp. €5.3bn
Profitability	- Adj. EBIT ¹ margin excluding Dematic improves to 9.9% in FY 2016 - Margin including Dematic was at 9.6%
Indebtedness	- Net financial debt of €2.9bn as at Dec 2016 includes acquisition financing
Dividend	- Dividend per share for FY 2016 increases to €0.80 based on payout ratio of 35%

1. Adjusted for PPA items and non-recurring items

FY 2016 Segmentation

Annual report reflects new segmentation around trucks and solutions



Industrial Trucks & Services



- Industrial truck business including financial services activities
- Regional Operating Units
 - LMH EMEA
 - STILL EMEA
 - KION APAC
 - KION Americas

Supply Chain Solutions

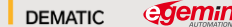


- Supply chain and warehouse automation
- Global Operating Unit including
 - Dematic
 - Egemin
 - Retrotech

Corporate Services



- Internal service entities
 - Logistics
 - IT
- Holdings with central functions



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Industrials Trucks & Services: Market Development

Positive development across all regions in Q4

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

North America			
Q1/16	Q2/16	Q3/16	Q4/16
-0.9%	-1.0%	11.8%	0.6%

Western Europe			
Q1/16	Q2/16	Q3/16	Q4/16
12.5%	11.3%	14.0%	9.7%

China			
Q1/16	Q2/16	Q3/16	Q4/16
6.8%	-1.2%	22.4%	33.9%

Eastern Europe			
Q1/16	Q2/16	Q3/16	Q4/16
8.4%	28.6%	20.9%	18.1%

South/Central America			
Q1/16	Q2/16	Q3/16	Q4/16
-18.4%	-5.1%	-1.8%	5.4%

World			
Q1/16	Q2/16	Q3/16	Q4/16
3.7%	1.8%	13.2%	12.4%

Source: WITS/FEM

Industrials Trucks & Services: KION Development

KION finishes successful year with record final quarter

Industrial trucks: Regional development

Order intake (in '000 units) and growth y-o-y (in %)

	FY 2016		Q4 2016	
	Market	KION	Market	KION
Western Europe	+11.8% ↑	+8.7% ↑	+9.7% ↑	+12.5% ↑
Eastern Europe	+19.0% ↑	+13.0% ↑	+18.1% ↑	+16.1% ↑
China	+14.0% ↑	+11.5% ↑	+33.9% ↑	+26.2% ↑
North America	+2.4% ↑	+9.5% ↑	+0.6% ↑	-16.0% ↓
South/Central America	-5.2% ↓	-13.3% ↓	+5.4% ↑	-9.9% ↓
World	1,185 +7.5% ↑	178 +7.5% ↑	306 +12.4% ↑	48 +11.4% ↑

Source: WITS/FEM

Western Europe

- **Market:** Good momentum, growth driven by WH-trucks
- **KION:** Strong growth in Q4 above market

Eastern Europe

- **Market:** Strong growth across markets esp. in Russia
- **KION:** Continued good momentum

China

- **Market:** Continued recovery with strong final quarter
- **KION:** Strong finish with record full year volumes

North America

- **Market:** Stable development towards year end
- **KION:** Successful full year

South/Central America

- **Market:** Stabilisation in Q4 from dealer re-stocking
- **KION:** Negative development due to exposure to Brazil

Agenda

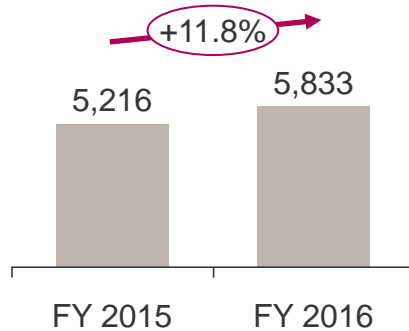
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FY 2016 Key Financials

Strong set of financials – Dematic consolidated for Nov/Dec 2016

Order intake

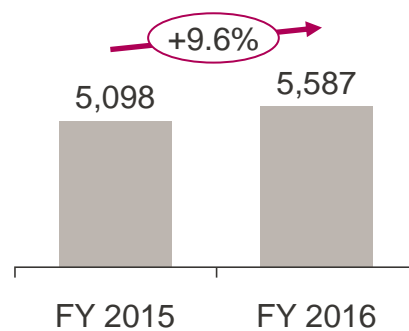
(in €m)



- FX-effect €-109m
- Order book at €2.2bn with strong contribution from Dematic

Revenue

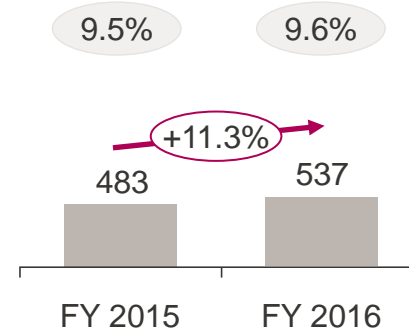
(in €m)



- FX-effect €-105m
- Book-to-bill ratio 1.04x

Adj. EBIT and margin

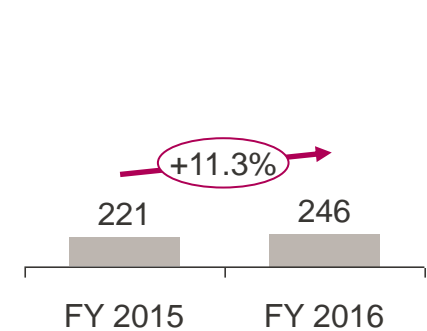
(in €m and %)



- Adj. EBIT margin excluding Dematic improves to 9.9%

Net Income

(in €m)



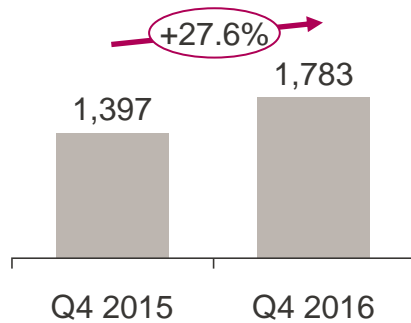
- Undiluted EPS €2.38
- Proposed dividend of €0.80, 35% payout ratio

Q4 2016 Key Financials

Strong finish to the year – Dematic consolidated for Nov/Dec 2016

Order intake

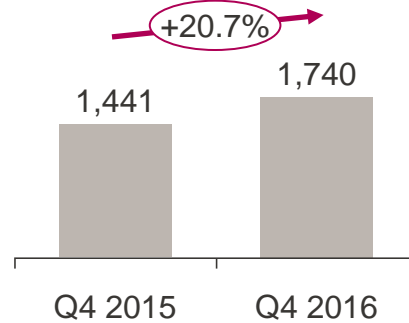
(in €m)



- FX-effect €-26m

Revenue

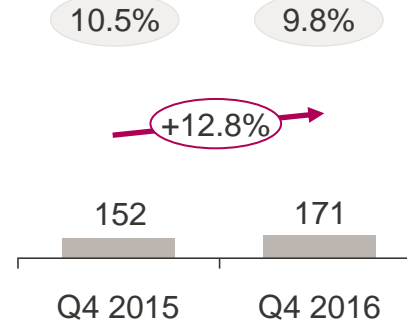
(in €m)



- FX-effect €-26m
- Book-to-bill ratio 1.02x

Adj. EBIT and margin

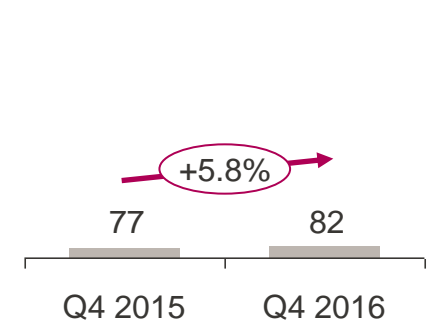
(in €m and %)



- Adj. EBIT margin excluding Dematic improves to 10.9%

Net Income

(in €m)



- Net income impacted by effects related to Dematic acquisition

1. Calculated as delta between FX-effects for FY 2016 and Q1-Q3 2016

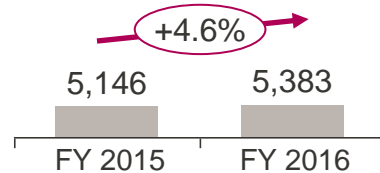
FY 2016 Segment Financials: Industrial Trucks & Services

Margin improvement to 11.3% in FY 2016

Key financials

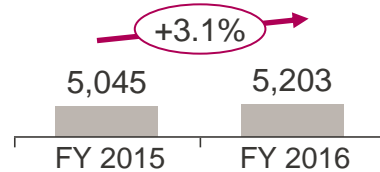
Order intake

(in €m)



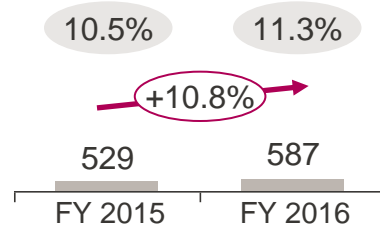
Revenue

(in €m)



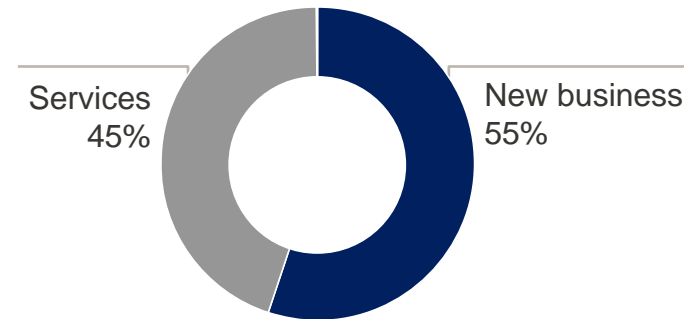
Adj. EBIT and margin

(in €m and %)



Revenue by category

Based on FY 2016 financials



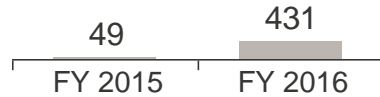
FY 2016 Segment Financials: Supply Chain Solutions

New segment includes Dematic and Egemin with Retrotech

Key financials

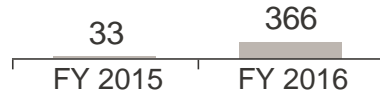
Order intake

(in €m)



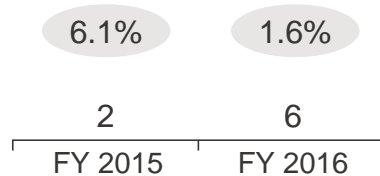
Revenue

(in €m)



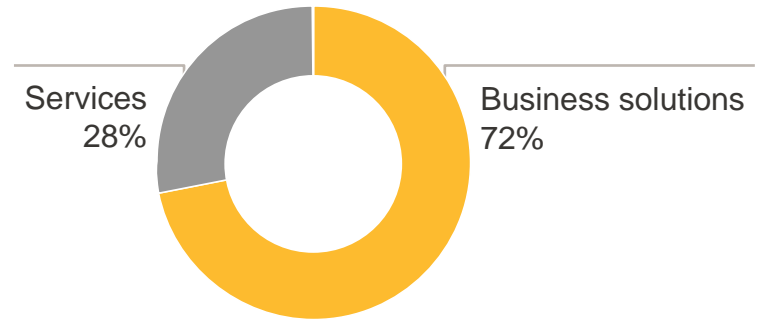
Adj. EBIT and margin

(in €m and %)



Revenue by category

Based on FY 2016 financials



Segment composition

- Egemin: consolidated as of Aug 2015
- Retrotech: consolidated as of Mar 2016
- Dematic: consolidated as of Nov 2016

Dematic Key Financials

FY 2016 margin impacted by Monterrey ramp-up

Dematic financials¹

(in €m)	Q1-Q3 2015	Q1-Q3 2016	Nov-Dec 2015	Nov-Dec 2016
Order intake	1,330	1,468	317	280
Revenue	1,233	1,337	251	260
Adj. EBIT	120	106	15	10
Margin	9.8%	7.9%	5.9%	3.9%

Relevant explanations

– Q4 seasonally weaker due to Christmas peak season at Dematic's customers

– Book-to-bill ratio at around 1.1x

– Profitability impacted by production ramp-up in Monterrey

1. Dematic financials translated into Euros applying the relevant period-specific EUR/USD FX-rates

Adjusted EBITDA to Net Income

NRI and PPA driven by Dematic acquisition

(in €m)	FY 2016	FY 2015	Change	Q4 2016	Q4 2015	Change
Adjusted EBITDA	932	850	9.6%	278	250	11.0%
D&A	394	367	7.4%	106	98	8.4%
Adjusted EBIT	537	483	11.3%	171	152	12.8%
Non-recurring items (NRI)	-42	-33	-27.8%	-14	-13	-15.7%
PPA items	-60	-27	<-100%	-40	-7	<-100%
Reported EBIT	435	423	2.8%	117	133	-12.0%
Net financial expenses	-96	-93	-3.3%	-16	-24	34.1%
EBT	339	330	2.7%	101	108	-7.1%
Taxes	-93	-109	14.7%	-19	-31	39.0%
Net income	246	221	11.3%	82	77	5.8%
Reported EPS	€2.38	€2.20		€0.77	€0.76	
Adjusted EBITDA margin	16.7%	16.7%		16.0%	17.4%	
Adjusted EBIT margin	9.6%	9.5%		9.8%	10.5%	

Relevant explanations

- Non-recurring items result mainly from expenses relating to the acquisition of Dematic
- PPA relates mainly to KION and Dematic
- Net financial expenses reflect optimised financing structure
- Q4 2016 contains cost for Dematic bridge financing for 2 months

Free Cash Flow Statement

Free cash flow impacted by Dematic acquisition

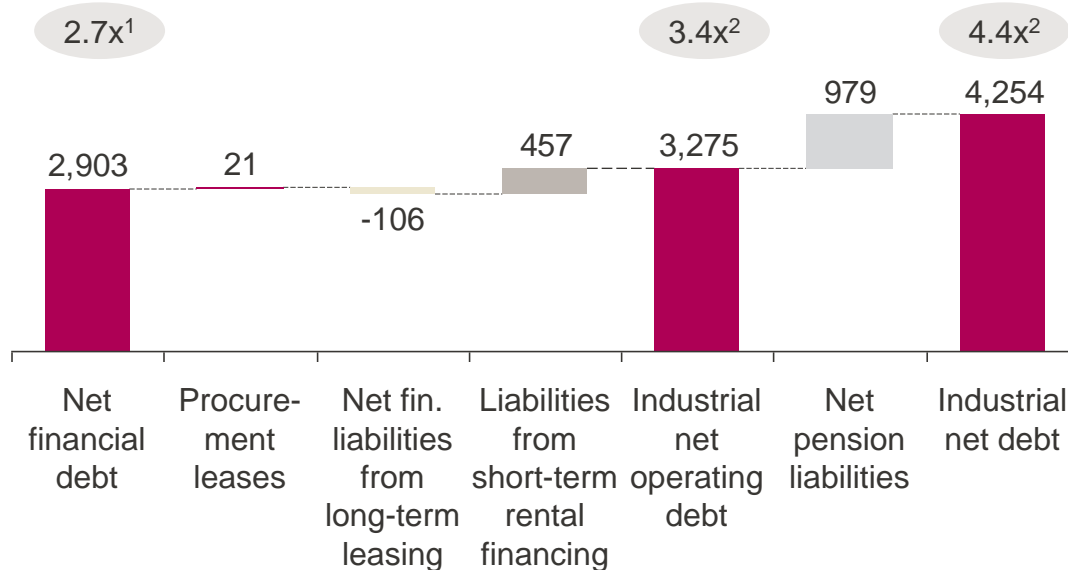
(in €m)	FY 2016	FY 2015	Change	Relevant explanations
EBITDA	889	824	7.9%	
Change of TWC	-110	-83	-32.5%	- TWC increase due to volume growth
Taxes paid	-109	-85	-28.2%	
Pension payments	-21	-24	14.7%	- Difference in taxes driven by higher prepayments
Other	43	74	-42.0%	
Rental capex (net)	-158	-156	-1.5%	
Change in leased assets and lease receivables/liabilities	-120	-95	-26.8%	- Rental capex and leasing cash flow driven by business growth
CF from operating activities	414	455	-8.9%	
Operating capex	-167	-143	-16.9%	
Acquisitions	-2,119	-85	<-100%	- Acquisitions mainly reflect purchase of Dematic in Nov 2016
Other	21	105	-80.0%	
CF from investing activities	-2,264	-122	<-100%	
Free cash flow	-1,850	333	<-100%	- Free cash flow excluding Dematic of €317m in FY 2016

Net Debt

Leverage reflects Dematic acquisition financing

Net debt as at 31 Dec 2016

(in €m and leverage as multiple of LTM adjusted EBITDA)



Net debt development

- Group net financial debt increased by €2,330m compared to Dec 2015 following Dematic acquisition
- Net pension liabilities increased by €211m compared to Dec 2015, driven by Dematic and lower interest rates

Long-term leasing business

- Total assets for long-term leasing of €1,161m increased by €173m compared to Dec 2015
- Correspondingly, funding via SALB of €1,007m increased by €152m compared to Dec 2015

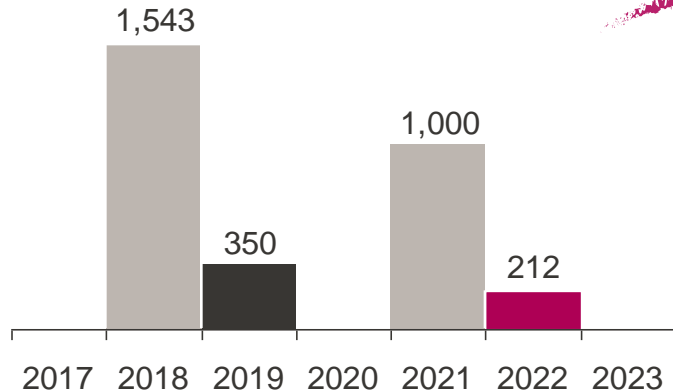
1. Based on pro-forma LTM adjusted EBITDA 2. Based on pro-forma LTM adjusted industrial EBITDA (excluding LTM EBITDA for long-term leasing)

Financing Structure

Promissory notes issuance substantially extends maturity profile

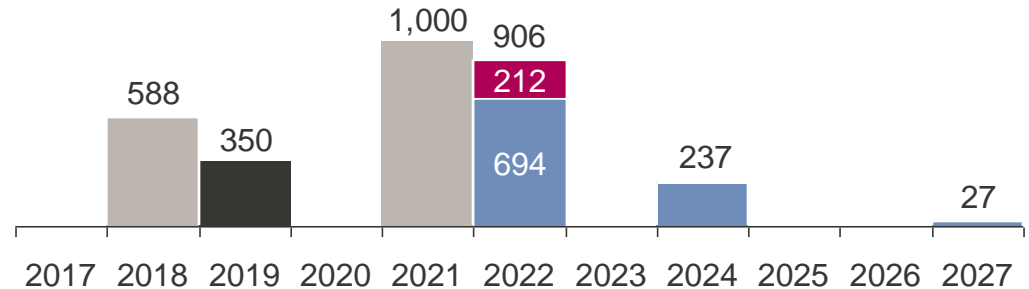
Pre notes issuance

(in €m)



Post notes issuance

(in €m)



■ SFA tranche ■ Cash drawing under RCF ■ Bridge loan ■ Promissory notes

Agenda

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4. **Outlook**

FY 2016 Outlook Comparison

Guidance excluding Dematic achieved for all KPIs

(in €m)	FY 2015	Outlook FY 2016	FY 2016 (incl. Dematic)	FY 2016 (excl. Dematic)	
Order intake	5,216	5,350 – 5,500	5,833	5,553	✓
Revenue	5,098	5,200 – 5,350	5,587	5,328	✓
Adj. EBIT	483	510 – 535	537	527	✓
FCF	333	280 – 320	-1,850	317	✓
ROCE	11.9%	Slightly above previous year	6.8%	12.4%	✓
Adj. EBIT margin	9.5%	Increase compared to previous year	9.6%	9.9%	✓

Key performance indicators (KPIs)

✓ Achieved

FY 2017 Outlook

Guidance detailed by segment

(in €m)	KION Group		Industrial Trucks & Services		Supply Chain Solutions	
	FY 2016	Outlook FY 2017	FY 2016	Outlook FY 2017	FY 2016	Outlook FY 2017
Order intake	5,833	7,800 – 8,250	5,383	5,450 – 5,600	431	2,350 – 2,650
Revenue	5,587	7,500 – 7,950	5,203	5,300 – 5,450	366	2,200 – 2,500
Adj. EBIT	537	740 – 800	587	605 – 630	6	195 – 230
FCF	-1,850	370 – 430				
ROCE	6.8%	9.5% – 10.5%				

 Key performance indicators (KPIs)

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

Date	Event
2 March 2017	Financial statements press conference, analyst call and analyst conference Publication of 2016 annual report (FY 2016)
27 April 2017	Interim notification for the period ended 31 March 2017 (Q1 2017) and analyst call
11 May 2017	Annual General Meeting
26 July 2017	Interim report for the period ended 30 June 2017 (Q2 2017) and analyst call
26 Oct 2017	Interim notification for the period ended 30 Sep 2017 (Q3 2017) and analyst call

Subject to change without notice

Key Financials


Segment figures by quarter

Industrial Trucks & Services

(in €m)	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Order intake	1,257	1,378	1,284	1,464
Revenue	1,197	1,312	1,252	1,442
Adjusted EBITDA	201	249	236	273
Adjusted EBITDA margin	16.8%	19.0%	18.9%	19.0%
Adjusted EBIT	112	156	144	175
Adjusted EBIT margin	9.3%	11.9%	11.5%	12.2%

Supply Chain Solutions

(in €m)	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Order intake	35	45	38	313
Revenue	20	28	27	291
Adjusted EBITDA	-1	-1	-1	13
Adjusted EBITDA margin	-3.2%	-5.1%	-1.9%	4.6%
Adjusted EBIT	-1	-2	-1	9
Adjusted EBIT margin	-4.2%	-6.1%	-2.9%	3.2%

 Key performance indicators

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