

KION⁺
GROUP



DEMATIC

KION ACQUIRES DEMATIC

Creating a Global Leader in Intralogistics Solutions

Wiesbaden, 21 June 2016

KION Acquires Dematic for \$3.25bn

Highlights of transformational transaction

Highlights

- EV¹ of \$3.25bn
- Purchase price for shares of ~\$2.1bn
- Dematic sales CY² 2015 of ~\$1.8bn
- Dematic adj. EBIT³ CY² 2015 of \$166m
- Initial run-rate cost synergies: 1-2% of Dematic's sales
- Long-term financing to maintain solid cross-over credit profile
- Expected closing in Q4 2016

Strong rationale for transformational transaction

Unique player in Intralogistics 4.0

- Acquisition of Dematic creates an unparalleled leading player in Intralogistics 4.0
- Continuation of path started with Egemin acquisition

Attractive growth market

- Expected market growth in supply chain automation of ~10% until 2019
- Incremental growth from digitalisation and e-commerce

Seamless one-stop-offering

- Complete full-range intralogistics solutions offering
- From manually operated industrial trucks to complete and fully automated warehouses

Complementary footprint

- Complementary market positions and regional footprint
- Potential upside from leveraging Dematic's US and European installed base and KION's global sales & service network

Strong financial profile & value creation

- Strong financial track record of growth and margins
- Potential topline upside from leveraging complementary setup and initial run-rate cost synergies of 1-2% of Dematic's sales

1. EV = enterprise value 2. CY = calendar year; Dematic's financial year ends in September 3. Adjusted in line with KION Group's adjusted financial performance indicators

Dematic at a Glance

Leading in material handling automation solutions

top 3 Dematic is global No. 3^(a) with leading position in US and Europe

12% ~12% annual revenue growth since 2013

4,500 >4,500 integrated systems implemented at customers

100 More than 100 locations globally

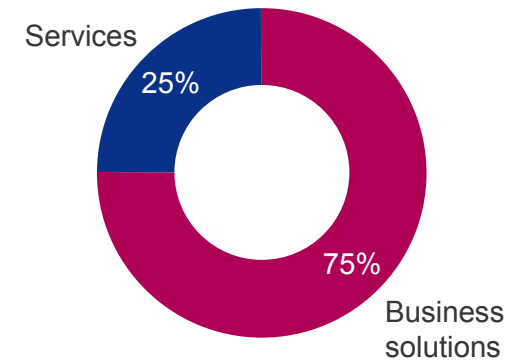
6,000 Almost 6,000 employees incl. >3,000 engineers

22 Global presence in 22 countries

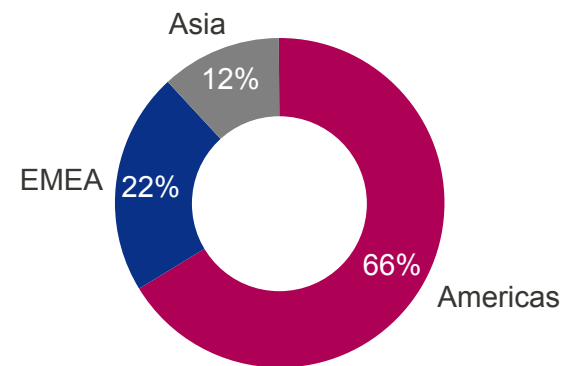
Key financials¹

(in \$m)	CY ² 2015	CAGR since 2013
Revenue	1,796	12.4%
Adj. EBITDA ³	201	11.5%
Margin	11.2%	
Adj. EBIT ³	166	11.4%
Margin	9.2%	

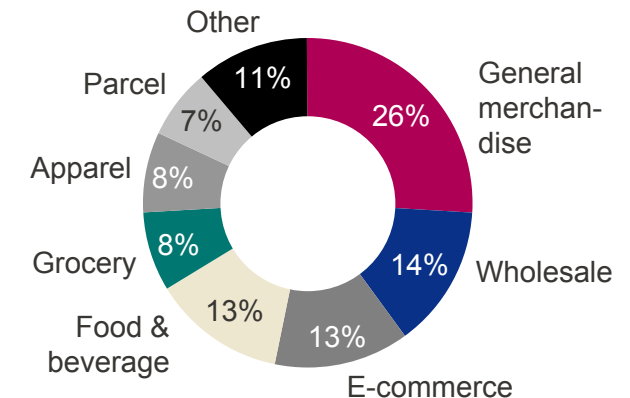
Revenue⁴ by product



Revenue¹ by region



Revenue⁴ by end customer



1. Financials for calendar year 2015 2. CY = calendar year 3. Adjusted in line with KION Group's adjusted financial performance indicators 4. Financials for FYE-Sep 2015
Source: (a) Modern Materials Handling, May 2016

Attractive Market Development and Growth

Positioning KION for attractive growth in automation solutions

Consumer expectations ...



- Digitalisation drives growth in online sales
 - Greater purchase variety
 - Expectation for faster delivery
 - Better return handling
- Convenience trend drives acceptance of smaller store formats

...drive changes in retail and e-commerce...



- E-commerce players shorten order cycles and increase SKU¹ availability
- Traditional players are catching up
- Changes require adaptations also by related manufacturers/suppliers and parcel carriers

... focused on supply chain



- Move towards decentralised distribution centres
- Demand for continuously improved throughput performance
- Innovation shortens upgrade cycles
- Strong aftermarket due to increased complexity

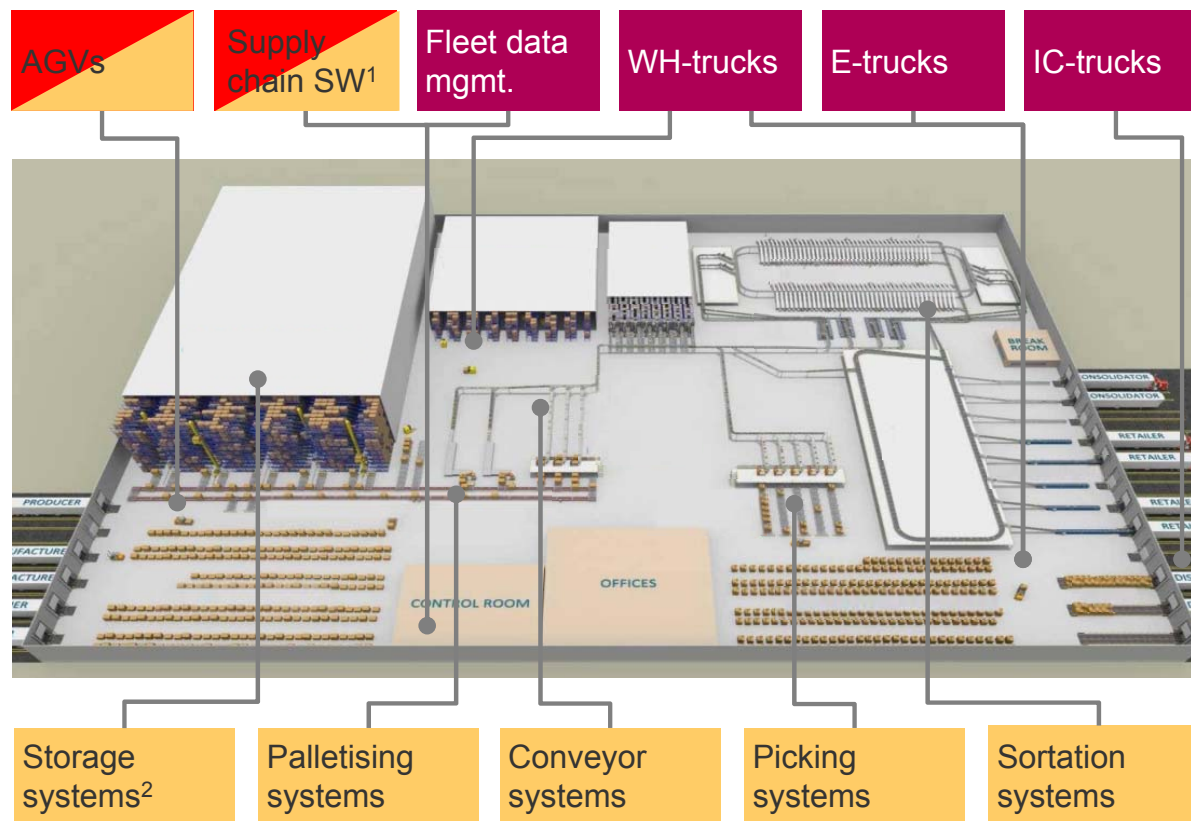
➔ **~10% market growth is expected by 2019 in supply chain automation**

1. SKU = stock keeping unit
Source: Modern Materials Handling, May 2016

Integrated Total Offering across KION

Creating a unique and complete material handling offering

Material handling solutions for every part of the warehouse



■ KION forklift brands' offering
 ■ Egemin offering
 ■ Dematic offering

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

Dematic adds best-in-class automation solutions

- Dematic offers comprehensive range of high-end storage and material handling technology
- Best-in-class R&D and leading integrated software platform

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 following acquisition of Egemin Automation

Broad Solutions Offering by Dematic

Comprehensive range of high-end automation technology

Warehouse control and management software

- Advanced real-time, knowledge-based logistics software beyond warehouse management & control software

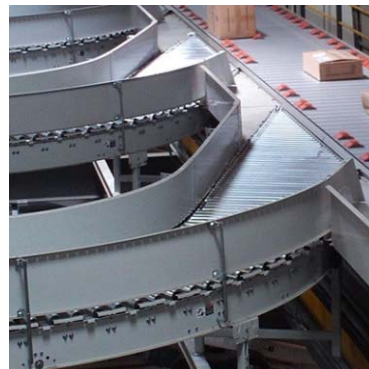


Conveyor systems



- All conveyor types for assembly, manufacturing and distribution

Sortation systems



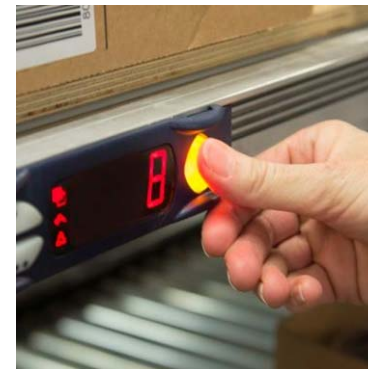
- Focus on fast, reliable sortation
- Full sortation technology range

Storage systems



- Complete storage range including AS/RS¹, shuttles and racking

Picking systems



- Voice-directed picking
- Pick and Put-to-Light systems

Palletising systems



- Mixed case palletising solutions for grocery

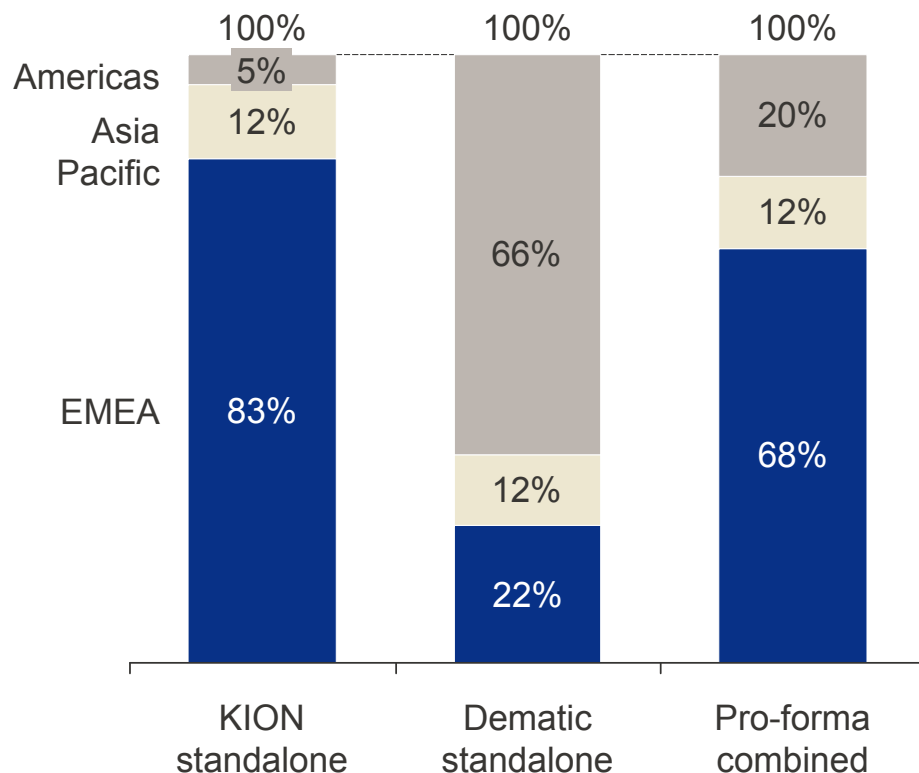
Customer service, upgrades and refurbishments

1. AS/RS = Automated storage and retrieval systems

Balancing the Combined Regional Setup

Highly complementary geographical footprints

Revenue¹ by region



Strengthening presence in automation

- KION takes advantage of Dematic's strong position in the US and European automation markets

Establishing critical presence in North America

- Dematic adds strong revenues and a leading position in the US market to KION

Leveraging strong European & Asian positions

- KION has significant business and leading positions in Europe, China and Brazil
- Dematic can leverage KION's sales and service network and brand reputation

Unlocking further potential

- Complementarity as source of cost synergies
- Leveraging KION's strong sales and service network and Dematic's installed base

1. Financials for calendar year 2015

Convincing Transaction Economics

Enhanced financial profile and attractive value creation

Transaction valuation

Enterprise value \$3.25bn

Adj. EBIT¹
FYE-Sep 2016E \$170-190m

EV/EBIT Multiple
FYE-Sep 2016E
before synergies 17x-19x

Forward EV/EBIT multiple significantly lower due to growth, margin expansion and synergies

Upsides and value creation



- Attractive growth from material handling automation solutions above 12% in line with recent years
- Driven by global megatrends of Industry 4.0, digitalisation and e-commerce



- Strong margin expansion at Dematic:
 - Increased share of attractive software and service businesses
 - Increase in manufacturing productivity
 - Operating leverage from topline growth
- In line with KION's target to improve its adjusted EBIT margin so it is permanently in the double digits range



- Building on respective regional strengths and service potential
- Customer benefits from integrated software platform for truck guidance, fleet management and full automation
- Cross selling opportunities as a one-stop-supplier

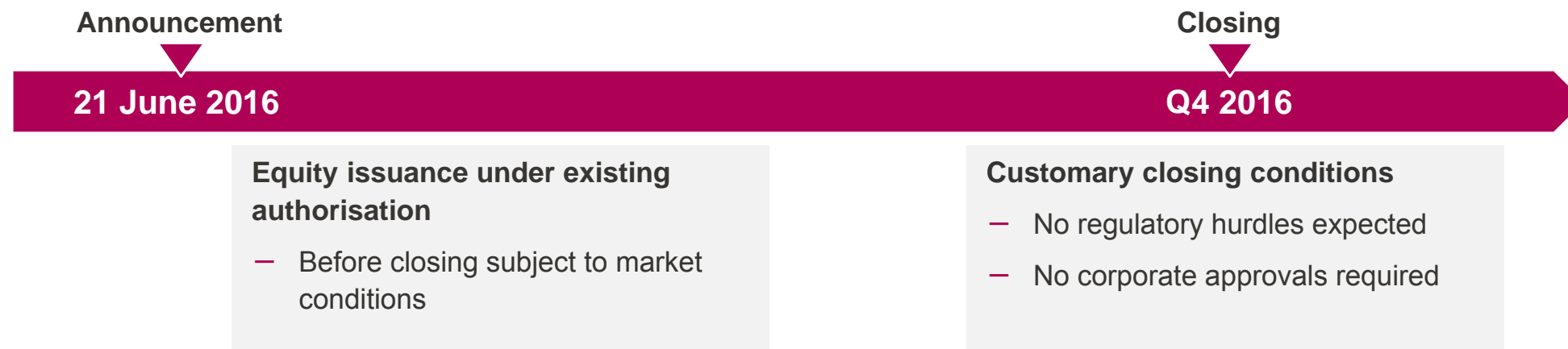


- Run-rate cost synergies of initially 1-2% of Dematic sales
 - Increased purchasing power from similar supply base
 - G&A cost savings

1. Adjusted in line with KION Group's adjusted financial performance indicators

Straightforward Closing and Financing

Clear path to closing and solid financing strategy



Financing strategy

- Transaction will be initially funded with committed bridge loan facility of €3.0bn
- KION intends to refinance the acquisition through equity, long-term capital markets and bank debt
- Equity issuance of up to 10% of new shares would utilise the entire currently existing authorised share capital and is fully supported by KION's major shareholder Weichai Power
- KION is committed to maintaining its position as a strong cross-over credit with reliable access to debt capital markets
- In line with its conservative financial policy, KION would consider the full spectrum of equity generating instruments should this be required

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