



KION GROUP AG

Q1 2017 Update Call

Gordon Riske (CEO), Dr Thomas Toepfer (CFO) – Wiesbaden, 27 April 2017

KION[™]
GROUP

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

Q1 2017 Strategic Highlights

Progress in refinancing Dematic and preparing for growth

January

Fitch Ratings

KION awarded first investment grade rating

- Fitch Ratings assigned KION a Long-Term issuer default rating of BBB- with stable outlook

February



Promissory note of ~€1bn issued (Schuldschein)

- Proceeds of €1,010m for refinancing the Dematic acquisition
- Maturity periods of 5, 7 and 10 years

March



Expansion of Dematic production with new factory in CZ

- New factory will serve European market with conveyor systems
- Investment of around €7m
- Completion in Q4 2017 and ramp-up during 2018

Q1 2017 Financial Highlights

Dynamic start into 2017

Outlook

- Outlook for FY 2017 confirmed

Growth

- Order intake and revenue grew to €1.9bn resp. €1.8bn in Q1 2017
- IT&S segment with double-digit growth
- SCS segment growth mainly driven by Dematic acquisition

Profitability

- Adj. EBIT¹ of €153m results in margin of 8.4% in Q1 2017
- Margin above previous-year level of 8.1% in Q1 2016

Indebtedness

- Net financial debt remains at €2.9bn as at Mar 2017
- Strong free cash flow of €64m in Q1 2017

1. Adjusted for PPA items and non-recurring items

Agenda

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

Industrial Trucks & Services: Market Development

Dynamic start led by emerging market growth

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

North America			
Q2/16	Q3/16	Q4/16	Q1/17
-0.6%	12.3%	0.9%	6.6%

Western Europe			
Q2/16	Q3/16	Q4/16	Q1/17
11.3%	13.9%	9.7%	10.6%

China			
Q2/16	Q3/16	Q4/16	Q1/17
-1.2%	22.4%	33.9%	46.3%

Eastern Europe			
Q2/16	Q3/16	Q4/16	Q1/17
27.4%	21.0%	18.2%	42.0%

South/Central America			
Q2/16	Q3/16	Q4/16	Q1/17
-9.3%	-8.9%	5.0%	16.6%

World			
Q2/16	Q3/16	Q4/16	Q1/17
1.8%	13.2%	12.4%	19.4%

Source: WITS/FEM; Note: Country allocation according to new governance

Industrial Trucks & Services: KION Development

Strong growth across all regions in Q1

Industrial trucks: Regional development

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

Q1 2017

	Market	KION
Western Europe	+10.6% ↑	+8.2% ↑
Eastern Europe	+42.0% ↑	+39.9% ↑
China	+46.3% ↑	+38.8% ↑
North America	+6.6% ↑	+19.3% ↑
South/Central America	+16.6% ↑	+20.6% ↑
World	350.5 +19.4% ↑	49.9 +14.4% ↑

Source: WITS/FEM; Note: Country allocation according to new governance

Western Europe

- **Market:** Persisting growth momentum
- **KION:** Good start into the year

Eastern Europe

- **Market:** Strong growth across markets, esp. in Russia
- **KION:** Growing with market momentum

China

- **Market:** Surge in orders driven by economy IC-trucks
- **KION:** Dynamic start, slightly lagging market

North America

- **Market:** Accelerating growth
- **KION:** Making further progress

South/Central America

- **Market:** Recovery continues
- **KION:** Good order level

Agenda

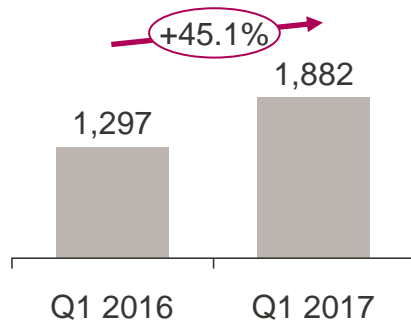
1. Highlights
2. Market Update
- 3. Financial Update**
4. Outlook

Q1 2017 Key Financials

Dynamic start into 2017

Order intake

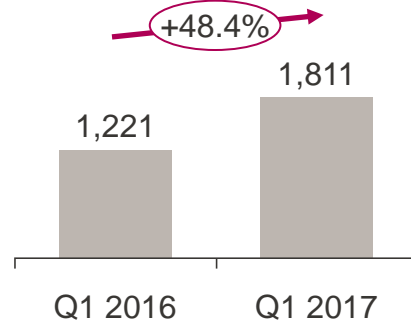
(in €m)



- No FX-impact
- Order book of €2.3bn above high level seen at the end of 2016

Revenue

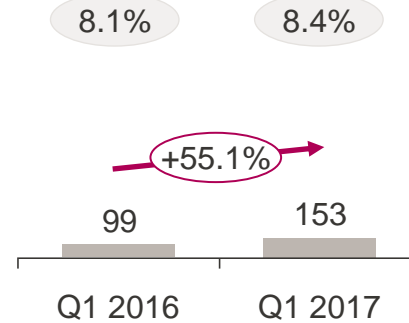
(in €m)



- No FX-impact
- Book-to-bill ratio 1.04x

Adj. EBIT and margin

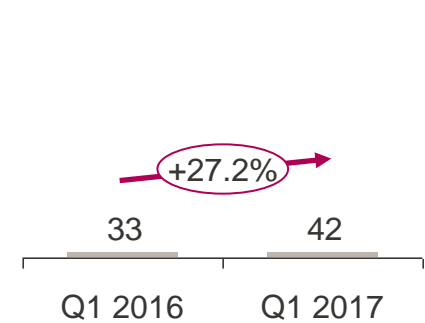
(in €m and %)



- Adj. EBIT margin driven by growth and implementation of margin upside measures

Net Income

(in €m)



- Strong increase despite PPA-effect from Dematic acquisition

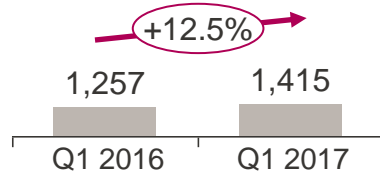
Segment Financials: Industrial Trucks & Services

Margin improvement to 9.8% in Q1 2017

Key financials

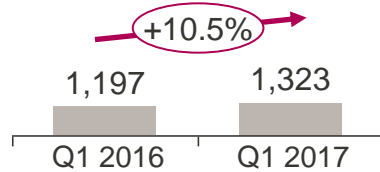
Order intake

(in €m)



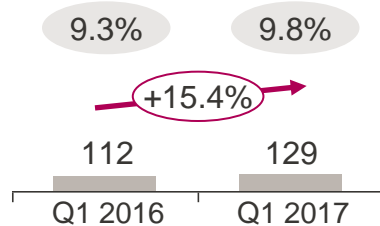
Revenue

(in €m)



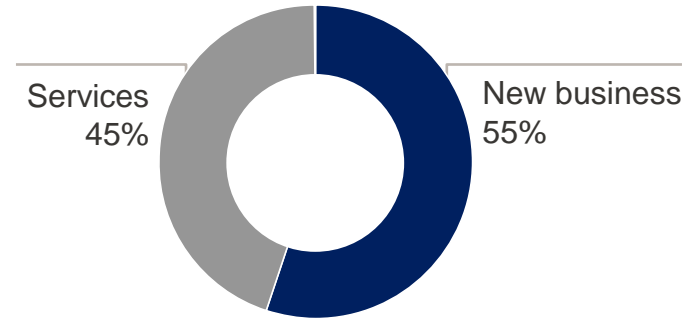
Adj. EBIT and margin

(in €m and %)



Revenue by category

Based on FY 2016 financials



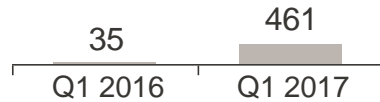
Segment Financials: Supply Chain Solutions

Solid margin at 7.1% in Q1 2017

Key financials

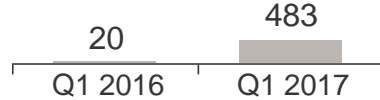
Order intake

(in €m)



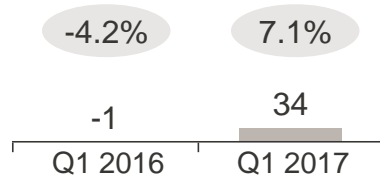
Revenue

(in €m)



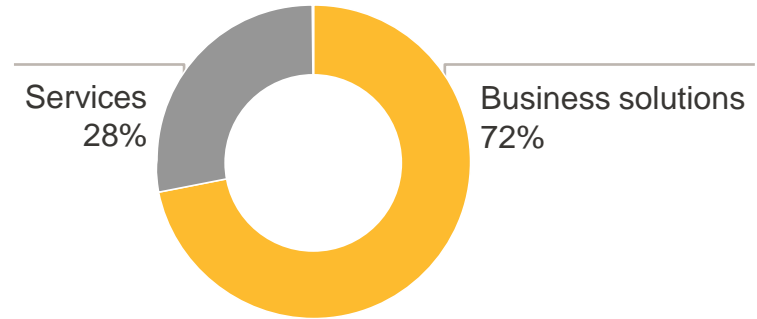
Adj. EBIT and margin

(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

Adjusted EBITDA to Net Income

Strong net income increase despite Dematic PPA

(in €m)	Q1 2017	Q1 2016	Change
Adjusted EBITDA	263	192	37.2%
D&A	110	93	18.2%
Adjusted EBIT	153	99	55.1%
Non-recurring items (NRI)	-10	-3	>100%
PPA items	-47	-7	>100%
Reported EBIT	97	89	8.5%
Net financial expenses	-36	-40	-11.4%
EBT	61	49	25.1%
Taxes	-19	-16	20.7%
Net income	42	33	27.2%
Reported EPS	€0.39	€0.33	
Adjusted EBITDA margin	14.5%	15.7%	
Adjusted EBIT margin	8.4%	8.1%	

Explanations

– Non-recurring items result mainly from expenses relating to integration costs and the Monterrey ramp-up

– PPA in Q1 2017 relates mainly to Dematic

– Net financial expenses reflect optimised financing structure

Free Cash Flow Statement

Strong free cash flow

(in €m)	Q1 2017	Q1 2016	Change
EBITDA	253	190	33.3%
Change in Net Working Capital (NWC)	11	-92	>100%
Taxes paid	-26	-18	-49.8%
Pension payments	-5	-5	-3.3%
Other	-23	35	<-100%
Rental capex (net)	-59	-44	-34.6%
Change in leased assets and lease receivables/liabilities	-45	-33	-36.2%
CF from operating activities	106	33	>100%
Operating capex	-43	-28	-53.9%
Acquisitions	-	-27	-
Other	1	2	-39.8%
CF from investing activities	-42	-53	21.8%
Free cash flow	64	-20	>100%

Explanations

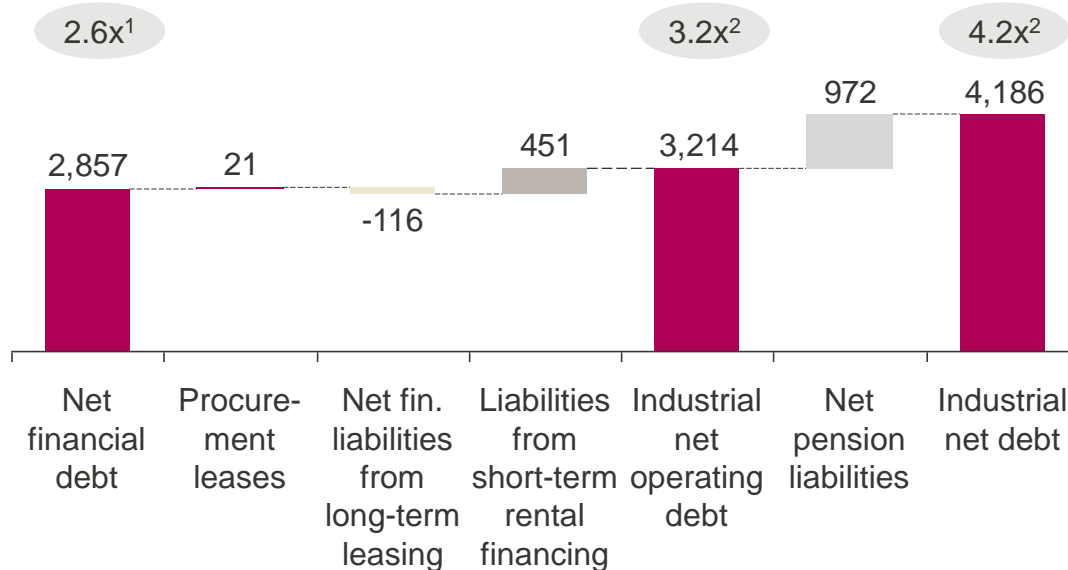
- Operating performance and stable NWC drive strong free cash flow
- NWC includes inventories, trade receivables, trade payables as well as advances received and unbilled construction contracts (net)

Net Debt

Improvement in net debt and leverage

Net debt as at 31 Mar 2017

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



Net debt development

- Group net financial debt decreased by €46m compared to Dec 2016
- Leverage on industrial net operating debt reduced from 3.4x as at Dec 2016
- Net pension liabilities remain almost unchanged compared to Dec 2016

Long-term leasing business

- Assets for long-term leasing of €1,186m
- Correspondingly, funding via SALB of €1,014m

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


Agenda

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

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

Financial Calendar



Date	Event
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	Quarterly statement for the period ended 30 Sep 2017 (Q3 2017) and analyst call

Subject to change without notice

This document has been prepared by KION GROUP AG (the "Company") solely for informational purposes. This disclaimer shall apply in all respects to the entire presentation (including all slides of this document), the oral presentation of the slides by representatives of the Company (or any person on behalf of the Company), any question-and-answer session that follows the oral presentation, hard copies of the slides as well as any additional materials distributed at, or in connection with this presentation (collectively, the "Presentation"). By attending the meeting (or conference call or video conference) at which the Presentation is made, or by reading the written materials included in the Presentation, you (i) acknowledge and agree to all of the following restrictions and undertakings, and (ii) acknowledge and confirm that you understand the legal and regulatory sanctions attached to the misuse, disclosure or improper circulation of the Presentation.

The Presentation is private and confidential and may not be reproduced, redistributed or disclosed in any way in whole or in part to any other person without the prior written consent of the Company.

None of the Company, its affiliates or any of their respective directors, officers, employees, agents or any other person shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of the Presentation or its contents or otherwise arising in connection with the Presentation. The information and opinions contained in this Presentation do not purport to be comprehensive, are provided as at the date of the document and are subject to change without notice. The Company is not under any obligation to update or keep current the information contained in the Presentation.

The Presentation does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to purchase, subscribe to or acquire, securities of the Company, its affiliates or an inducement to enter into investment activity in the United States or any other country. No part of this Presentation, nor the fact of its distribution, should form the basis of, or be relied on by any person in connection with, any contract or commitment or investment decision whatsoever.

Certain industry, market and competitive position data contained in this Presentation, if any, come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein has been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein, and the Company assumes no responsibility whatsoever in respect of the accuracy and completeness of any such data. In addition, certain industry, market and competitive position data contained in this Presentation come from the Company's own internal research and certain estimates are based on the knowledge and experience of the Company's management in the market in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. The Company, therefore, also assumes no responsibility whatsoever in respect of the accuracy and completeness of any such research and estimates. Accordingly, no reliance should be placed on any of the industry, market or competitive position data contained in this Presentation.

Statements in the Presentation, including those regarding the possible or assumed future or other performance of the Company and its affiliates or its industry or other trend projections, constitute forward-looking statements. These statements reflect the Company's current knowledge and expectations and projections about future events and may be identified by the context of such statements or words such as "anticipate", "believe", "expect", "intend", "project" and "target". By their nature, forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no assurance is given that such forward-looking statements will prove to have been correct. They speak only as at the date of the Presentation and the Company undertakes no obligation to update these forward-looking statements.

IFRS financial information for any previous fiscal year figures is adjusted in the Presentation as necessary pursuant to changes to IFRS or other mandatory reclassifications. The addition of the totals presented may result in rounding differences. In addition to figures prepared in accordance with IFRS, the Presentation also includes certain non-GAAP financial performance measures (e.g., EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net profit, free cash flow, gross debt, and net debt, order intake, order book and ROCE). These non-GAAP measures have been included because we believe that investors may find them helpful to measure our performance as reported under the relevant IFRS measures. However, these non-GAAP measures should be considered only in addition to, but not in isolation or as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles, and other companies that report similarly named non-GAAP measures may define or calculate these financial performance measures in different ways.