KION GROUP AG
Q3 2017 Update Call

Gordon Riske (CEO), Dr Thomas Toepfer (CFO) – Wiesbaden, 26 October 2017

Agenda

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

Q3 2017 Strategic Highlights
Continuous expansion of KION's offering

Dematic agreement with AutoStore
- Agreement will enable Dematic to expand omni-channel integrated solution offering
- Offering includes ultra-high density storage and goods to person piece picking to optimise order fulfillment and kitting

Lithium-ion technology continues to advance
- Market launch of lithium-ion trucks with two to three tons load capacity
- Key characteristics: low-maintenance, long-life, and energy-saving batteries, strong driving and lifting performance

Q3 2017 Financial Highlights
KION remains on course for profitable Q3 despite headwinds

Outlook

- Outlook FY2017 for Group slightly lowered
- IT&S[1] segment outlook increased to reflect continued strong momentum
- SCS[2] segment outlook adjusted downwards to reflect lower than anticipated run-rate in FY2017

Growth

- Order intake and revenue grew to €1.8bn[3] in Q3 2017
- IT&S segment with continued growth at a more normalised level
- SCS segment saw hesitation to invest and delayed project decisions at customers

Profitability

- Adj. EBIT[4] of €195m results in margin of 10.5% in Q3 2017
- Margin significantly above previous-year level of 9.9%

Indebtedness

- Stable net financial debt of €2.3bn as at 30 Sept 2017 compared to June 2017
- Free cash flow of €120m in Q1-Q3 2017

1. Industrial Trucks & Services 2. Supply Chain Solutions 3. The figures reported for the prior-year period (Q1-Q3 2016) relating to the Group and the Supply Chain Solutions segment exclude Dematic, which was acquired on 1 Nov 2016 4. Adjusted for PPA items and non-recurring items

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Market Development
Industrial truck market maintains dynamic growth

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

North America			
Q4/16	Q1/17	Q2/17	Q3/17
0.9%	6.6%	8.1%	-0.9%

Western Europe			
Q4/16	Q1/17	Q2/17	Q3/17
9.7%	10.6%	7.3%	8.9%

China			
Q4/16	Q1/17	Q2/17	Q3/17
33.9%	46.3%	36.5%	39.0%

Eastern Europe			
Q4/16	Q1/17	Q2/17	Q3/17
18.2%	42.0%	14.8%	14.1%

South/Central America			
Q4/16	Q1/17	Q2/17	Q3/17
5.0%	16.6%	28.2%	32.4%

World			
Q4/16	Q1/17	Q2/17	Q3/17
12.4%	19.4%	15.5%	15.5%

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

KION Development

KION continues to benefit from strong global market

Industrial trucks: Regional development

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

	Q1-Q3 2017		Q3 2017	
	Market	KION	Market	KION
Western Europe	+9.0% ↑	+9.3% ↑	+8.9% ↑	+10.1% ↑
Eastern Europe	+22.4% ↑	+24.8% ↑	+14.1% ↑	+13.9% ↑
China	+40.5% ↑	+25.4% ↑	+39.0% ↑	+18.1% ↑
North America	+4.6% ↑	+76.0% ↑	-0.9% ↓	+4.1% ↑
South/Central America	+26.2% ↑	+3.9% ↑	+32.4% ↑	+8.0% ↑
World	**1,026.1** +16.8% ↑	**147.7** +13.8% ↑	**332.5** +15.5% ↑	**45.3** +11.3% ↑

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

Western Europe

- **Market:** Persisting growth momentum
- **KION:** Above market in Q3

Eastern Europe

- **Market:** Continued growth across key markets
- **KION:** Growing in line with market

China

- **Market:** Very strong dynamics
- **KION:** Good development continues

North America

- **Market:** Slight decline in Q3
- **KION:** Normalizing growth trend

South/Central America

- **Market:** Recovery continues
- **KION:** Solid development

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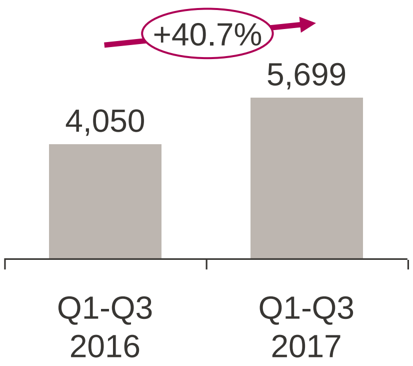
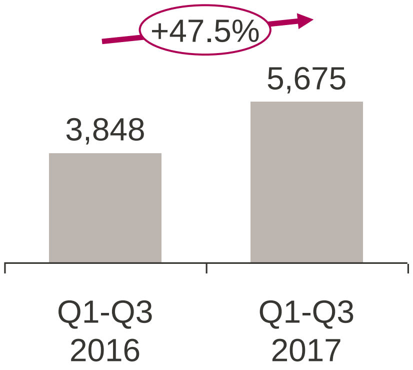
Q1-Q3 Key Financials
Continued strong profitable growth

Order intake
(in €m)



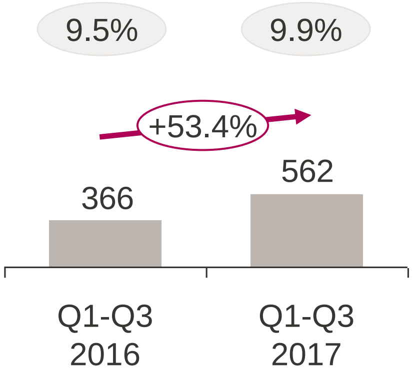
- Negative FX translation effect of -€26m
- Order book of €2.2bn remains at high year-end level

Revenue
(in €m)



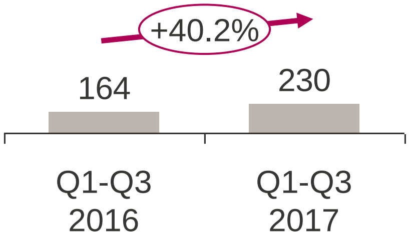
- Negative FX translation effect of -€27m
- Book-to-bill ratio 1.00x

Adj. EBIT and margin
(in €m and %)



- Adj. EBIT margin improves despite material cost headwinds and FX transaction effects

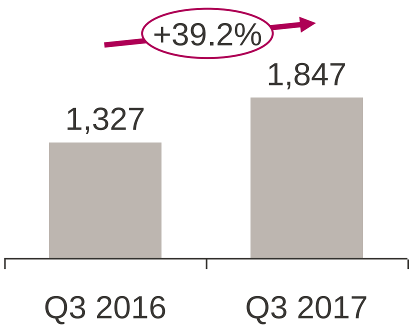
Net Income
(in €m)



- Strong increase despite PPA-effect from Dematic acquisition

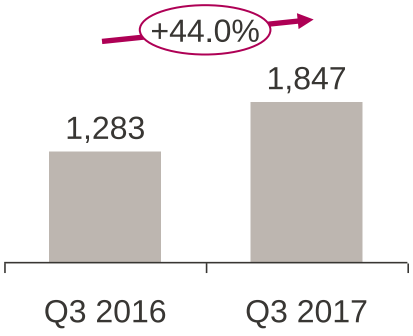
Q3 2017 Key Financials
Margin improvement despite headwinds

Order intake
(in €m)



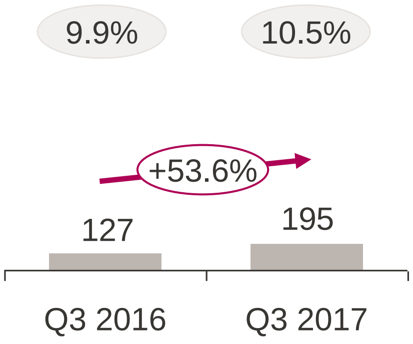
- Negative FX translation effect[1] of -€17m

Revenue
(in €m)



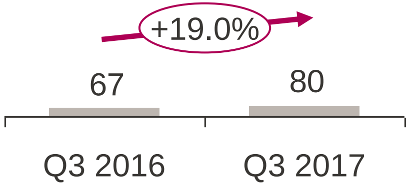
- Negative FX translation effect[1] of -€16m
- Book-to-bill ratio 1.00x

Adj. EBIT and margin
(in €m and %)



- Adj. EBIT margin improves despite material cost headwinds and FX transaction effects

Net Income
(in €m)



- Strong increase despite PPA-effect from Dematic acquisition

1. Calculated as delta between FX-effects for Q1-Q3 2017 and H1 2017

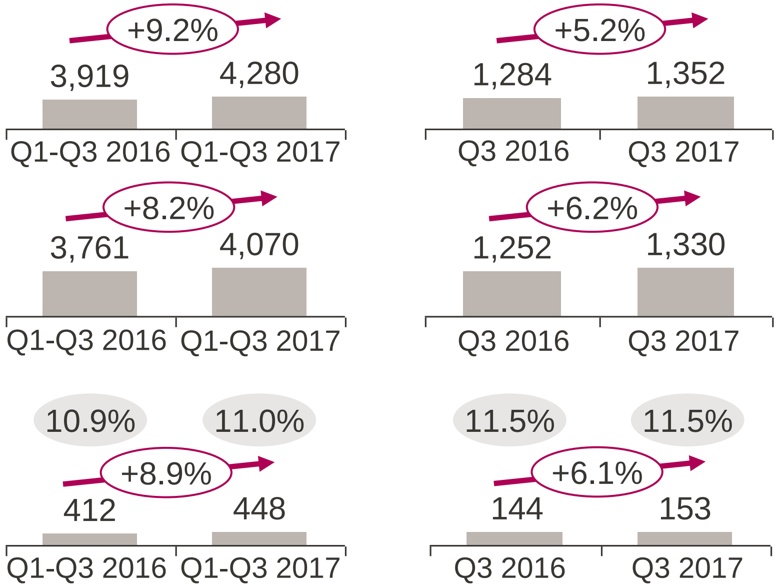
Industrial Trucks & Services
Normalised growth and stable margin in Q3 2017

Key financials

Order intake
(in €m)

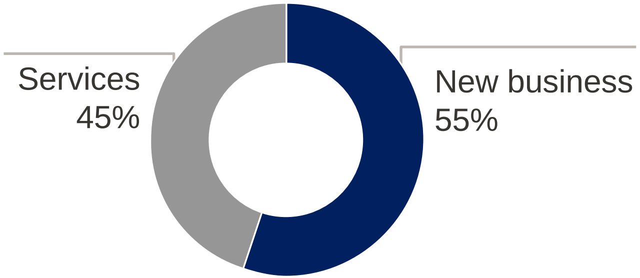
Revenue
(in €m)

Adj. EBIT and margin
(in €m and %)



Revenue by category

Based on FY 2016 financials



Supply Chain Solutions

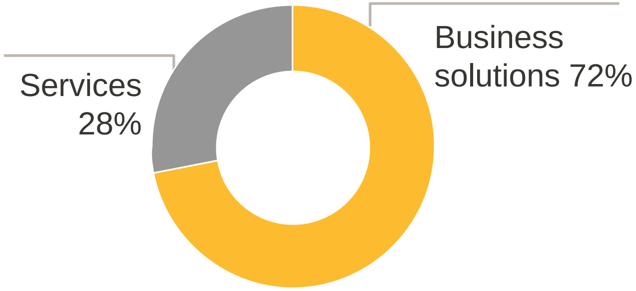
Topline lower than anticipated but strong margin step-up

Key financials

	Q1-Q3 2016	Q1-Q3 2017	Q3 2016	Q3 2017
Order intake (in €m)	118	1,406	38	493
Revenue (in €m)	75	1,593	27	514
Adj. EBIT and margin (in €m and %)	-3 -4.4%	154 9.7%	-1 -2.9%	59 11.4%

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-Q3 2017	Q1-Q3 2016	Change	Q3 2017	Q3 2016	Change
Adjusted EBITDA	**898**	**654**	**37.4%**	**310**	**224**	**38.1%**
D&A	337	288	16.9%	115	97	18.0%
Adjusted EBIT	**562**	**366**	**53.4%**	**195**	**127**	**53.6%**
Non-recurring items (NRI)	-27	-28	-3.3%	-12	-8	49.4%
PPA items	-139	-20	>100%	-48	-7	>100%
Reported EBIT	**396**	**318**	**24.3%**	**135**	**112**	**20.4%**
Net financial expenses	-62	-80	-22.3%	-17	-16	5.3%
EBT	**334**	**239**	**39.9%**	**118**	**96**	**22.9%**
Taxes	-103	-74	39.2%	-38	-29	32.0%
Net income	**230**	**164**	**40.2%**	**80**	**67**	**19.0%**
Reported EPS	€2.03	€1.59		€0.68	€0.62	
Adjusted EBITDA margin	15.8%	17.0%		16.8%	17.5%	
Adjusted EBIT margin	9.9%	9.5%		10.5%	9.9%	

Explanations

- Non-recurring items result mainly from expenses relating to integration costs and the Monterrey ramp-up
- PPA in 2017 relates mainly to Dematic
- Despite higher net debt compared to Q3 2016, net financial expenses improved by optimised financing structure
- Improved EPS despite capital increase

Free Cash Flow Statement
Free cash flow supported by operating performance

(in €m)	Q1-Q3 2017	Q1-Q3 2016	Change
EBITDA	870	631	37.9%
Change in Net Working Capital (NWC)	-252	-141	-78.9%
Taxes paid	-70	-77	9.0%
Pension payments	-22	-15	-46.2%
Other	46	11	>100%
Rental capex (net)	-159	-118	-35.0%
Change in leased assets and lease receivables/liabilities	-142	-107	-33.2%
CF from operating activities	**271**	**184**	**+47.4%**
Operating capex	-144	-101	-42.7%
Acquisitions	-6	-27	76.7%
Other	-1	9	<-100%
CF from investing activities	**-152**	**-119**	**-27.4%**
Free cash flow	**120**	**65**	**83.8%**

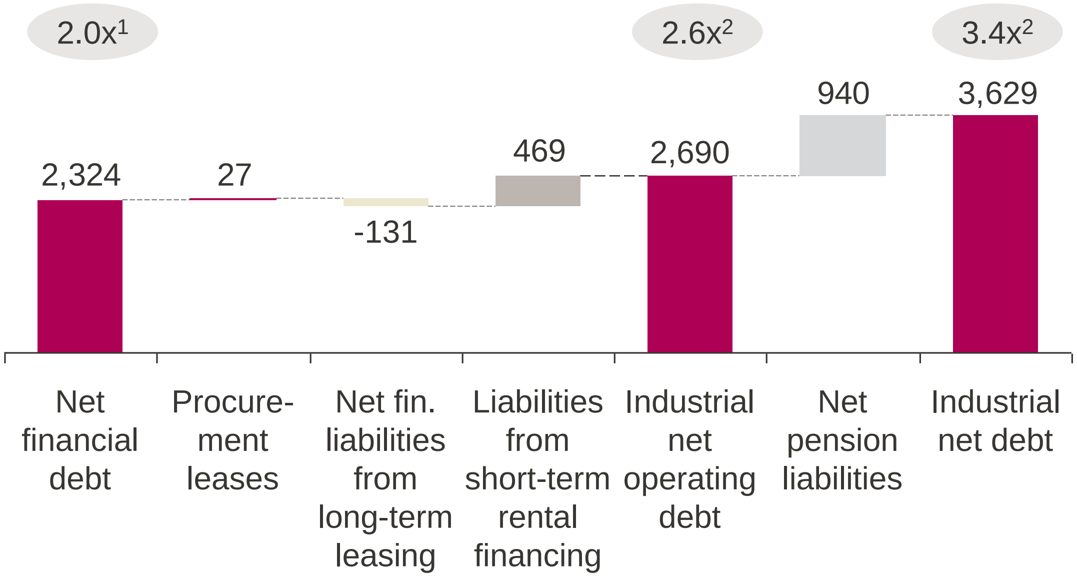
Explanations

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

Net Debt
Stable net debt and leverage

Net debt as at 30 Sep 2017

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



Net debt development

- Group net financial debt remained unchanged compared to June 2017
- Leverage on industrial net operating debt remained unchanged compared to June 2017
- Net pension liabilities also remained unchanged compared to June 2017

Long-term leasing business

- Assets for long-term leasing of €1,267m
- Correspondingly, funding via SALB of €1,060m

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

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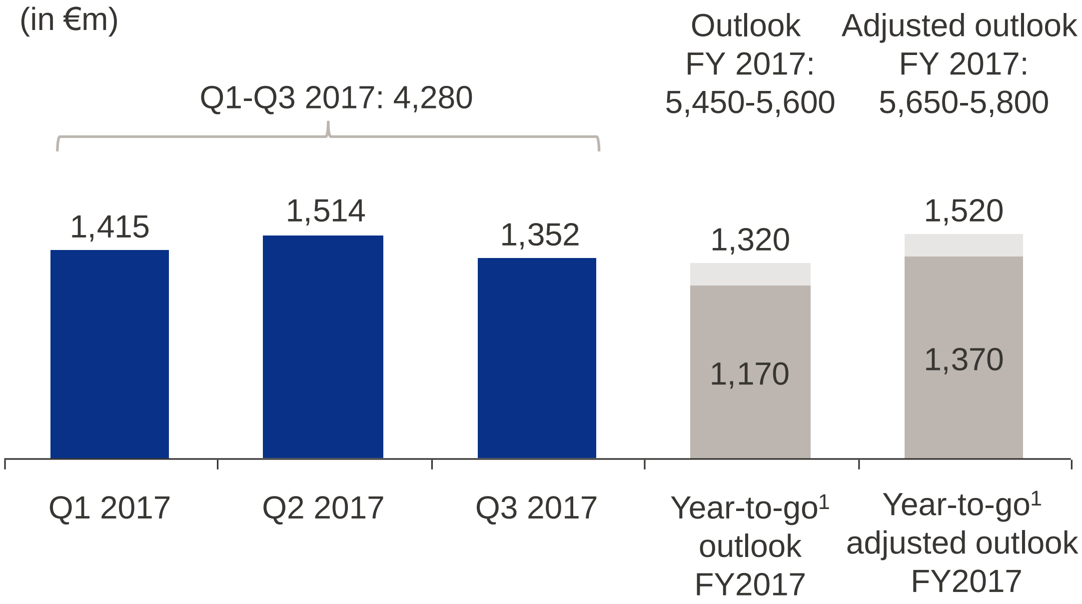
Industrial Trucks & Services

Outlook increased to reflect continued strong momentum

Order intake



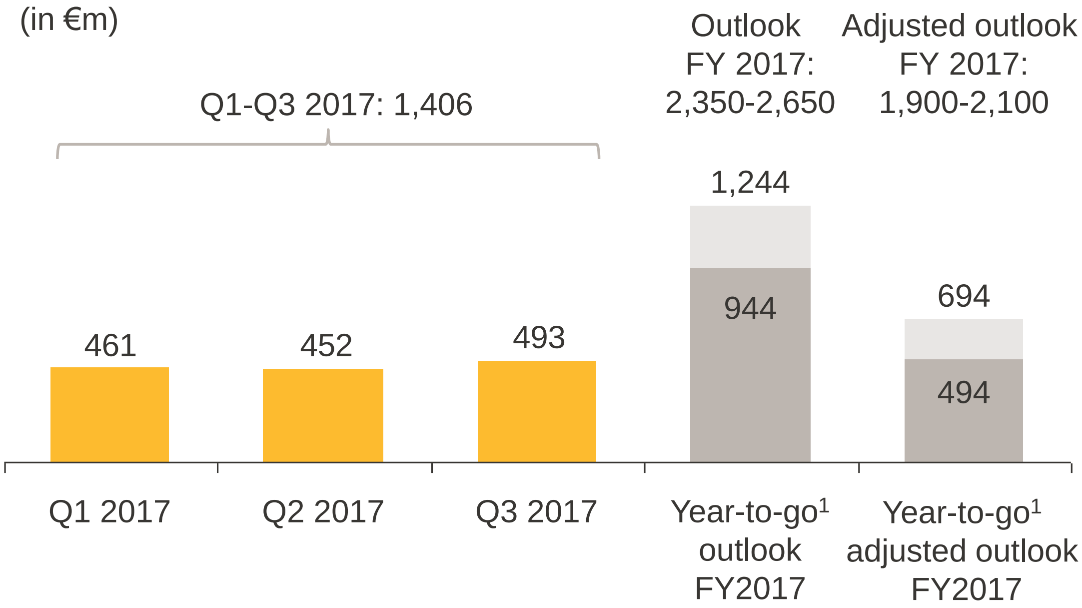
Explanations

- Order intake in Q3 2017 shows continued growth but at a more normalised level
- Performance year-to-date is higher than anticipated, driven by continued momentum across regions
- Outlook is therefore increased for order intake and revenue
- Outlook for adjusted EBIT remains unchanged due to material cost headwinds and FX transaction effects

1. Year-to-go calculated as upper and lower ends of outlook ranges for order intake less Q1-Q3 2017 preliminary order intake

Supply Chain Solutions
Outlook adjusted downwards to reflect lower than anticipated run-rate

Order intake



Explanations

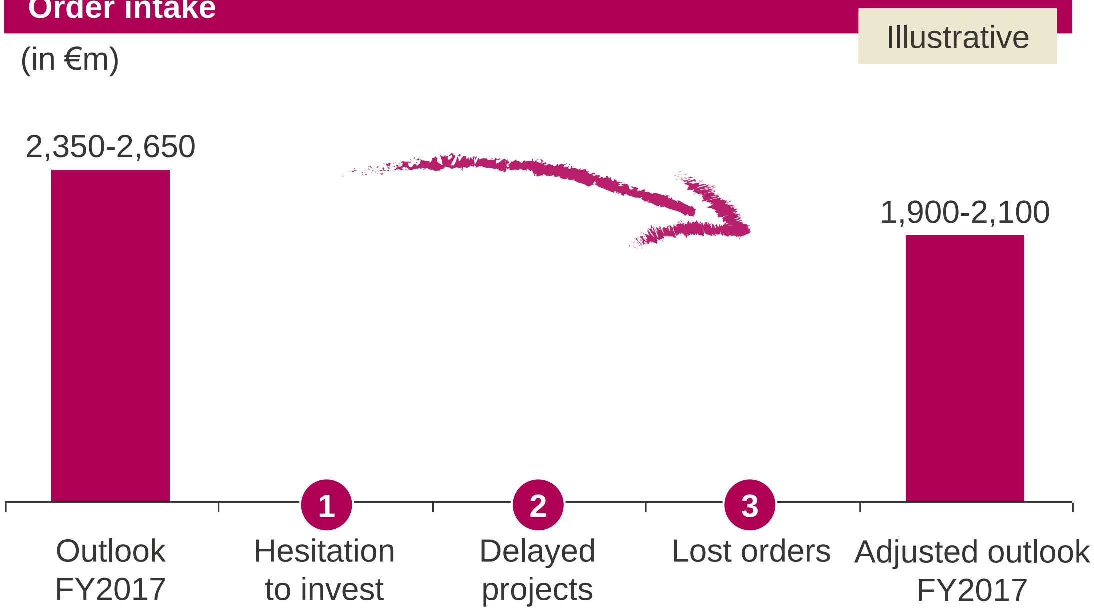
- Order intake in Q3 2017 was above level of first and second quarter, but lower than anticipated
- Topline impacted by customers' hesitation to invest, delayed project decisions and lost orders
- Adjusted outlook is based on detailed review of project pipeline and customer discussions
- Outlook is lowered for order intake, revenue and adjusted EBIT
- Long-term growth driver e-commerce and megatrends automation and digitalisation remain fully intact

1. Year-to-go calculated as upper and lower ends of outlook ranges for order intake less Q1-Q3 2017 preliminary order intake

Supply Chain Solutions

Pipeline review has identified key reasons for outlook adjustment

Order intake



Explanations

1. Hesitation to invest despite growth in US retail, esp. General Merchandise and Apparel
2. Delayed projects: Longer than expected negotiations as customers push out signing of orders to next quarter/year
3. Lost orders including, among others, repercussions due to late deliveries from Monterrey in 2015/16 (pre-acquisition)

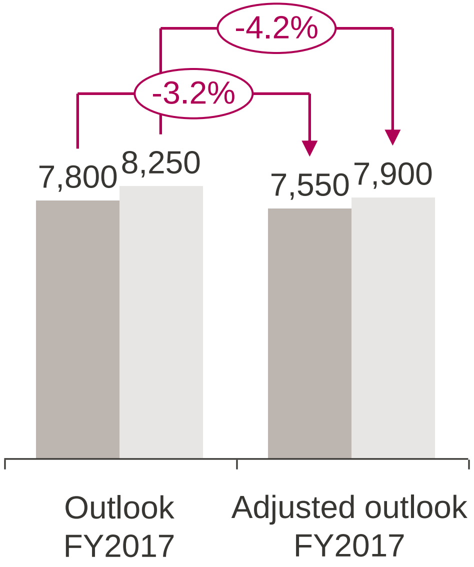
FY 2017 Outlook
Guidance adjusted slightly based on Q1-Q3 preliminaries

(in €m)	KION Group		Industrial Trucks & Services		Supply Chain Solutions	
	Outlook	Adjusted outlook	Outlook	Adjusted outlook	Outlook	Adjusted outlook
Order intake	7,800 – 8,250	7,550 – 7,900	5,450 – 5,600	5,650 – 5,800	2,350 – 2,650	1,900 – 2,100
Revenue	7,500 – 7,950	7,400 – 7,700	5,300 – 5,450	5,450 – 5,600	2,200 – 2,500	1,950 – 2,100
Adj. EBIT	740 – 800	715 – 765	605 – 630	605 – 630	195 – 230	170 – 195
FCF	370 – 430	320 – 380				
ROCE	9.5% – 10.5%	9.0% – 10.0%				

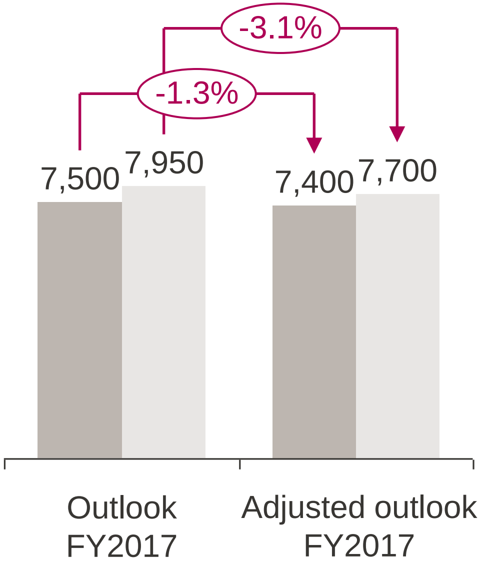
Note: Please see disclaimer on last page regarding forward-looking statements

FY 2017 Outlook
Group outlook for order intake, revenue and adj. EBIT lowered by 1%-4%

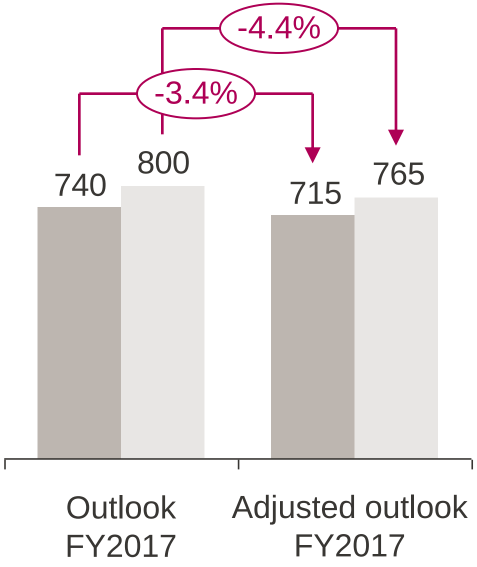
Order intake
(in €m)



Revenue
(in €m)



Adj. EBIT
(in €m)



Financial Calendar

Date	Event
1 March 2018	Financial statements press conference and analyst call Publication of 2017 annual report (FY 2017)
26 April 2018	Quarterly statement for the period ended 31 Mar 2018 (Q1 2018) and analyst call
9 May 2018	Annual General Meeting

Subject to change without notice

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