

KION 2027

Capital Markets Day

Frankfurt, 6 March 2018



Capital Markets Day

Agenda

Start	Topic	Presenter
10:30	Welcome	Riske
10:40	Market update	Riske
11:00	Strategic update – KION 2027	Riske
11:15	Automation	Vercammen
12:00	Energy	Krinninger
12:15	Digital	Krinninger
12:30	Lunch	
13:30	Innovation	Riske
13:40	Performance	Riske
13:50	Financial update	Toepfer
14:10	Q&A	
14:55	Summary and farewell	Riske

Capital Markets Day

Presenters



Gordon Riske

Chief Executive Officer
KION Group



Dr Thomas Toepfer

Chief Financial Officer
KION Group



Andreas Krinninger

President
LMH EMEA



Jan Vercammen

Managing Director
Dematic Central Europe

Capital Markets Day

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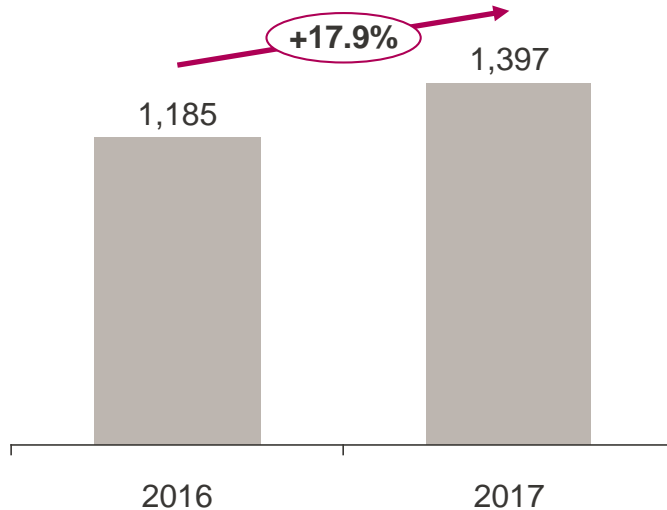
1. **Market update**
2. Strategic update – KION 2027
3. Financial update
4. Q&A

Industrial Truck Market

Continued strong momentum

Global market growth

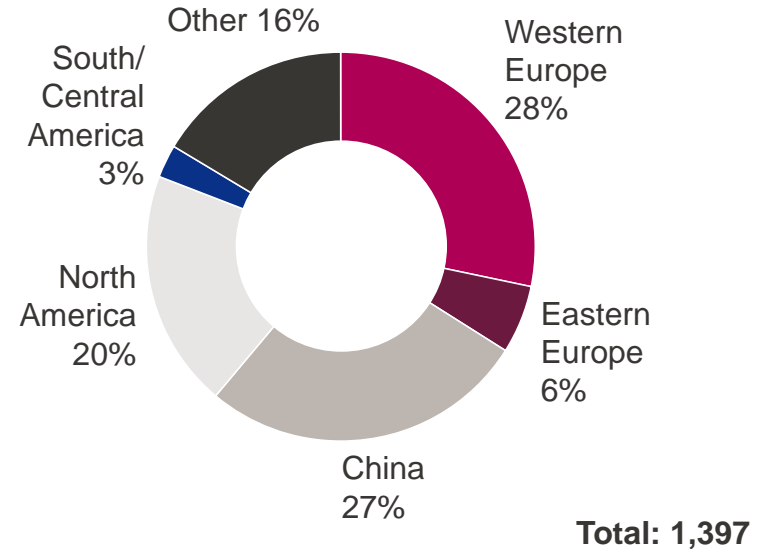
Order intake (in '000 units) and growth y-o-y (in %)



Source: WITS/FEM

Market by region

Order intake FY 2017 (in '000 units)



Industrial Truck Market

Strong final quarter across all regions

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

North America			
Q1/17	Q2/17	Q3/17	Q4/17
6.6%	8.1%	-0.9%	26.1%

Western Europe			
Q1/17	Q2/17	Q3/17	Q4/17
10.6%	7.3%	8.9%	11.6%

China			
Q1/17	Q2/17	Q3/17	Q4/17
46.3%	36.5%	39.0%	35.0%

Eastern Europe			
Q1/17	Q2/17	Q3/17	Q4/17
42.0%	14.8%	14.1%	19.4%

South/Central America			
Q1/17	Q2/17	Q3/17	Q4/17
16.6%	28.2%	32.4%	39.8%

World			
Q1/17	Q2/17	Q3/17	Q4/17
19.4%	15.5%	15.5%	21.0%

Source: WITS/FEM

Industrial Truck Market

KION continues to benefit from strong market growth

Industrial trucks: Regional development

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

	FY 2017		Q4 2017	
	Market	KION	Market	KION
Western Europe	+9.7% ↑	+9.1% ↑	+11.6% ↑	+8.6% ↑
Eastern Europe	+21.6% ↑	+26.1% ↑	+19.4% ↑	+29.5% ↑
China	+39.1% ↑	+22.4% ↑	+35.0% ↑	+14.3% ↑
North America	+10.2% ↑	+58.5% ↑	26.1% ↑	+19.8% ↑
South/Central America	+29.8% ↑	+8.3% ↑	+39.8% ↑	+21.3% ↑
World	1,397 +17.9% ↑	201 +13.0% ↑	371 +21.0% ↑	54 +10.9% ↑

Source: WITS/FEM

Western Europe

- **Market:** Persisting growth momentum
- **KION:** Strong growth

Eastern Europe

- **Market:** Steady growth in key markets
- **KION:** Above market growth

China

- **Market:** Very strong dynamics
- **KION:** Record levels

North America

- **Market:** Strong final quarter
- **KION:** Very good progress

South/Central America

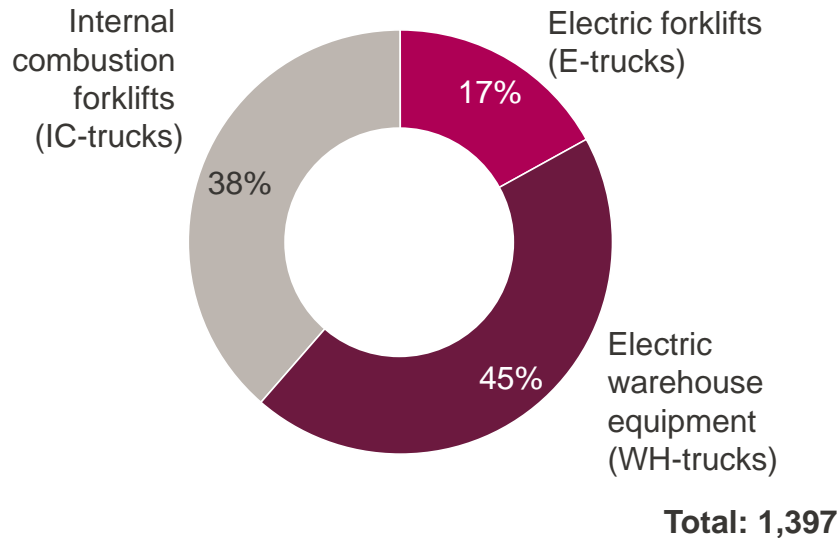
- **Market:** Recovery continues
- **KION:** Good finish below strong market

Industrial Truck Market

KION best positioned to benefit from E-commerce growth

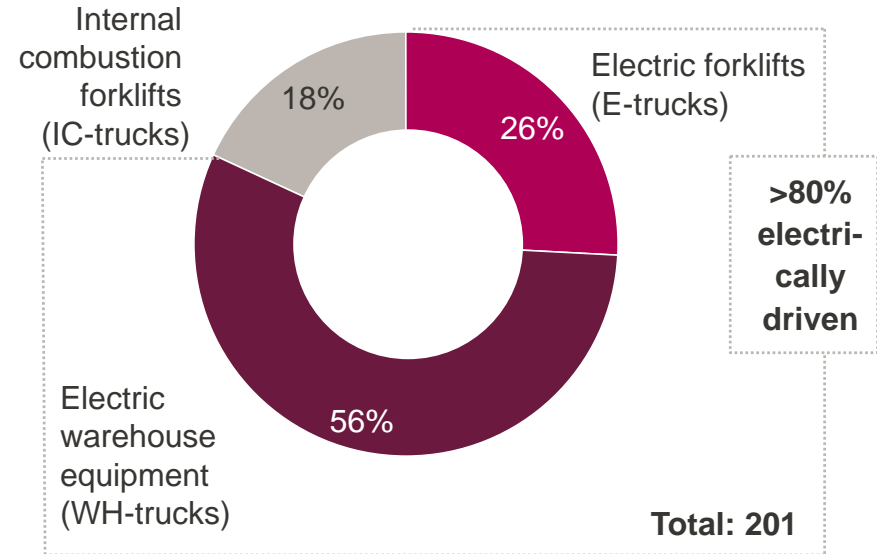
Market segment mix

Order intake FY 2017 (in '000 units)



KION segment mix

Order intake FY 2017 (in '000 units)



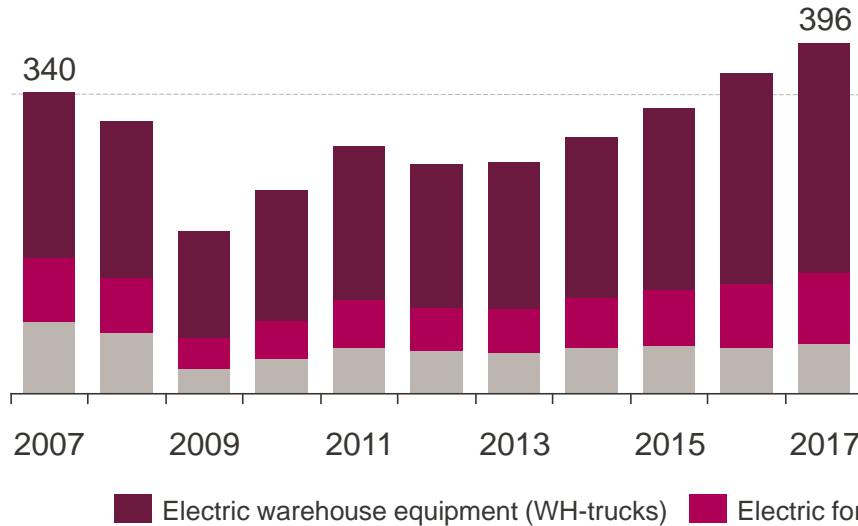
Source: WITS/FEM

Industrial Truck Market

Stability from replacement, growth from E-commerce

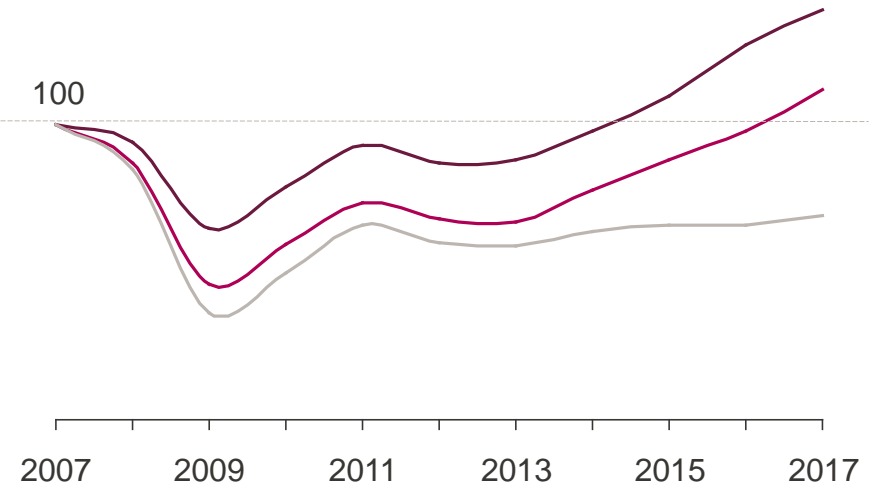
Western European market

Order intake (in '000 units)



Indexed growth

Indexed order intake (units 2007 = 100)



Source: WITS/FEM

Supply Chain Solutions Market

Growth drivers and trends remain intact

Market growth drivers

E-commerce

Automation

Digitalisation

Growth proxies 2017

+17%

Global
E-commerce
growth¹

+12%

Growth in
German
logistics
space³

+9%

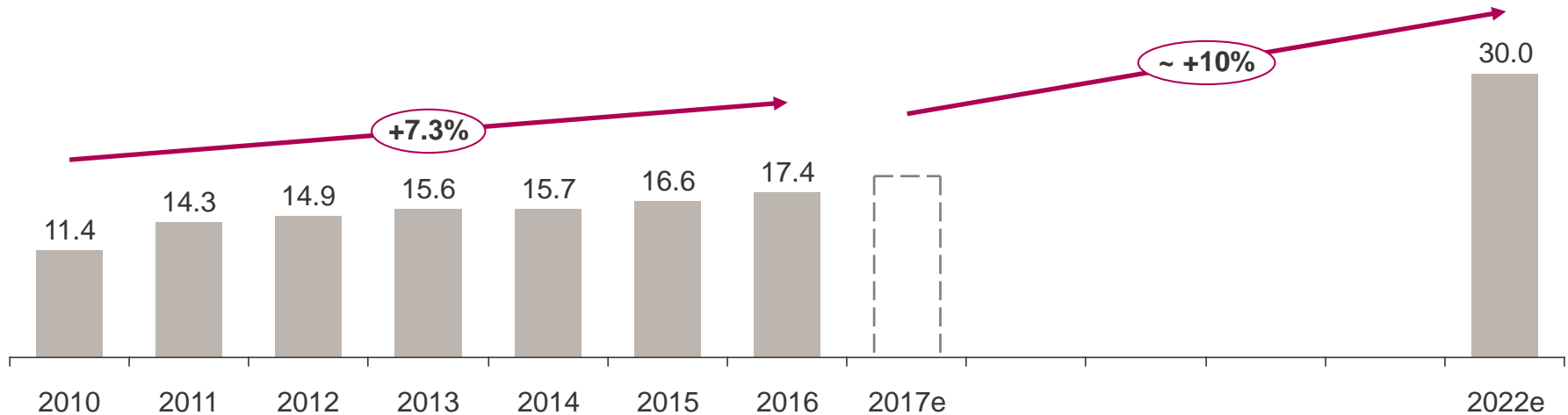
Global
warehouse
capex²

1. Outlook for global E-commerce growth in 2017; Ecommerce Foundation 9/2017 2. Growth in capital expenditure on enlarging and modernising warehouses and on the related technologies increased in 2017; Peerless Research Group 2017 3. Growth in demand for logistics premises in Germany in 2017; bulwiengesa AG Report 10/2017

Supply Chain Solutions Market

Attractive market expected to grow at around double-digit rates

Top 20 suppliers' revenue 2010-2016 (in \$bn) and CAGR (in %)



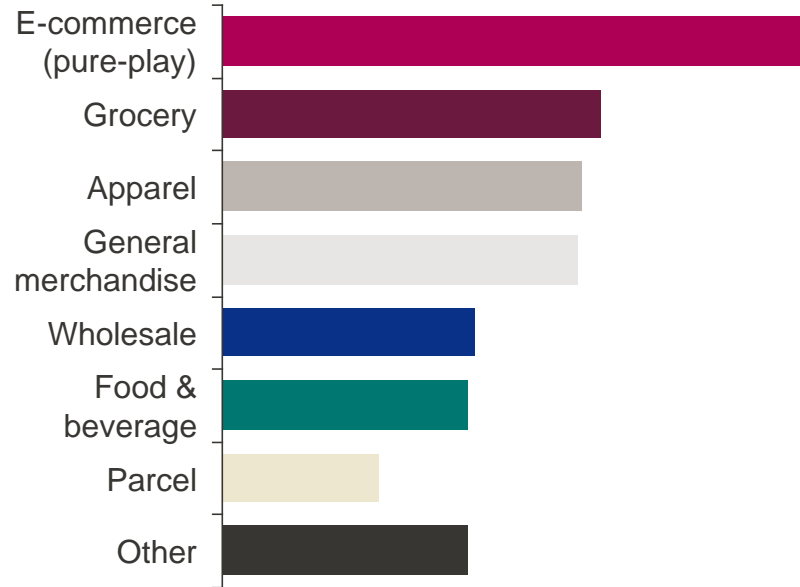
Source: Modern Materials Handling 2010-2016

Supply Chain Solutions Market

KION SCS segment has strong exposure to high-growth industries

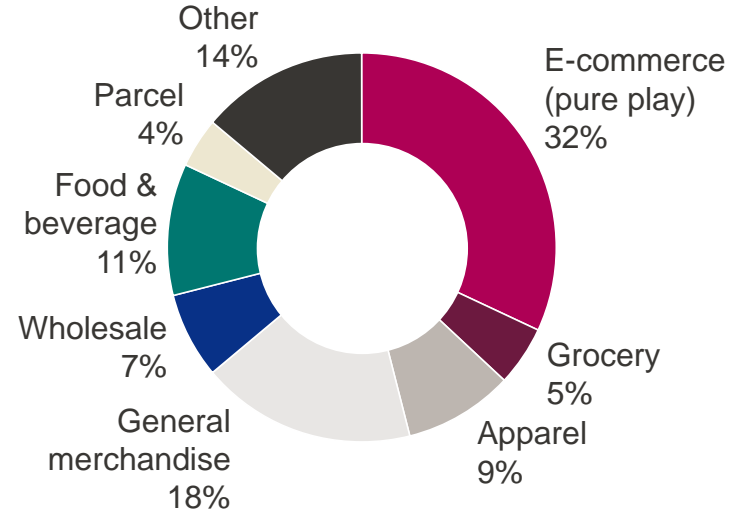
Market growth by industry

Estimated CAGR 2017-2022 (in %)



KION SCS segment revenue by industry



















Revenue FY 2017 (in €m)



Total: 2,006

Supply Chain Solutions Market

Key end customer industries driven by different growth trends

Industry	Dematic customer examples	Growth drivers
E-commerce (pure play)	  	<ul style="list-style-type: none">- Need to increase throughput, speed and storage capacity- Build distribution centers close to consumer for faster delivery
Grocery	   	<ul style="list-style-type: none">- High labour costs and limited labour availability- Need to fulfill high requirements in inventory management- Increasing demand for home delivery
Apparel	  	<ul style="list-style-type: none">- Need to handle many SKUs¹ with multiple variations (size, colour, regional differences)- Move towards click and collect models
General merchandise	  	<ul style="list-style-type: none">- Amazon challenging general merchandise players- Implementing omni-channel strategies to compete
Food & beverage	  	<ul style="list-style-type: none">- Growing demand for store-friendly deliveries- Need to efficiently handle chilled goods
Parcel	 	<ul style="list-style-type: none">- Increasing volume in parcel shipping from E-commerce- Need to handle different packaging/sizes

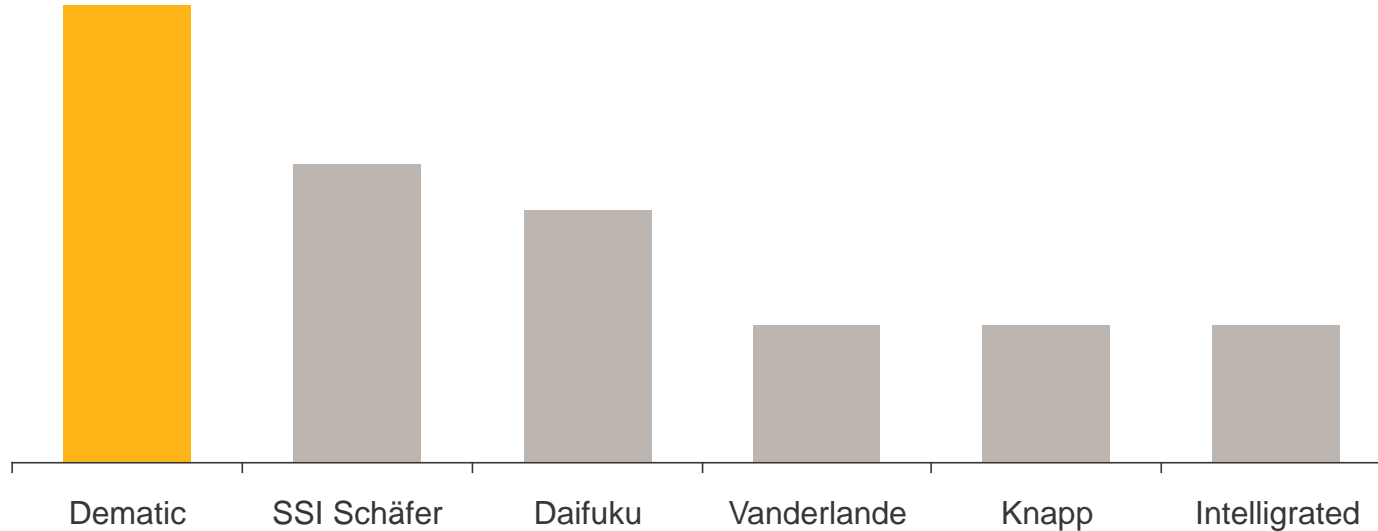
1. SKU = Stock Keeping Unit

Note: Further end customer industries include wholesale/B2B, third party logistics, durable manufacturing, non-durable manufacturing, pharma/healthcare and document management

Supply Chain Solutions Market

Dematic is the leading global player in automation systems

Top 6 supply chain solutions suppliers' revenue 2016 (in €bn)



Source: Börsen-Zeitung 2.3.2018

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FY 2017 Strategic Highlights

Continuous expansion of KION's offering

» ProMat trade show attended in the US

- Release of 5 new trucks adapted to US
- Joint showcasing of Dematic, Linde, Baoli



» Dematic agreement with AutoStore

- Expands offering to ultra-high density storage

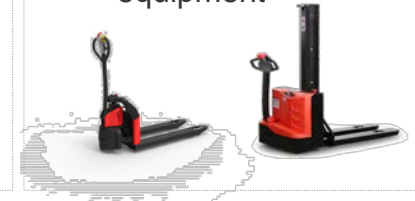


» Li-ion offering increased

- E-trucks with two to three tons load capacity
- Low-maintenance, long-life and energy-saving batteries

» Strategic partnership with EP¹

- Exclusive global partnership and minority interest
- Focus on entry-level warehouse equipment



» Dematic production site in CZ completed

» KION awarded first investment grade rating (Fitch Ratings)

» Promissory note of ~€1bn issued and successful capital increase of €603m

1. Strategic partnership agreed in January 2018

Strategy KION 2027

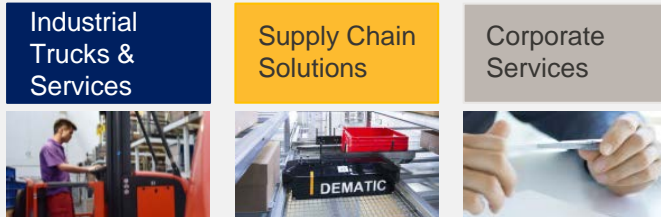
New starting position following acquisition of Dematic

New starting position

Dematic acquisition



New governance

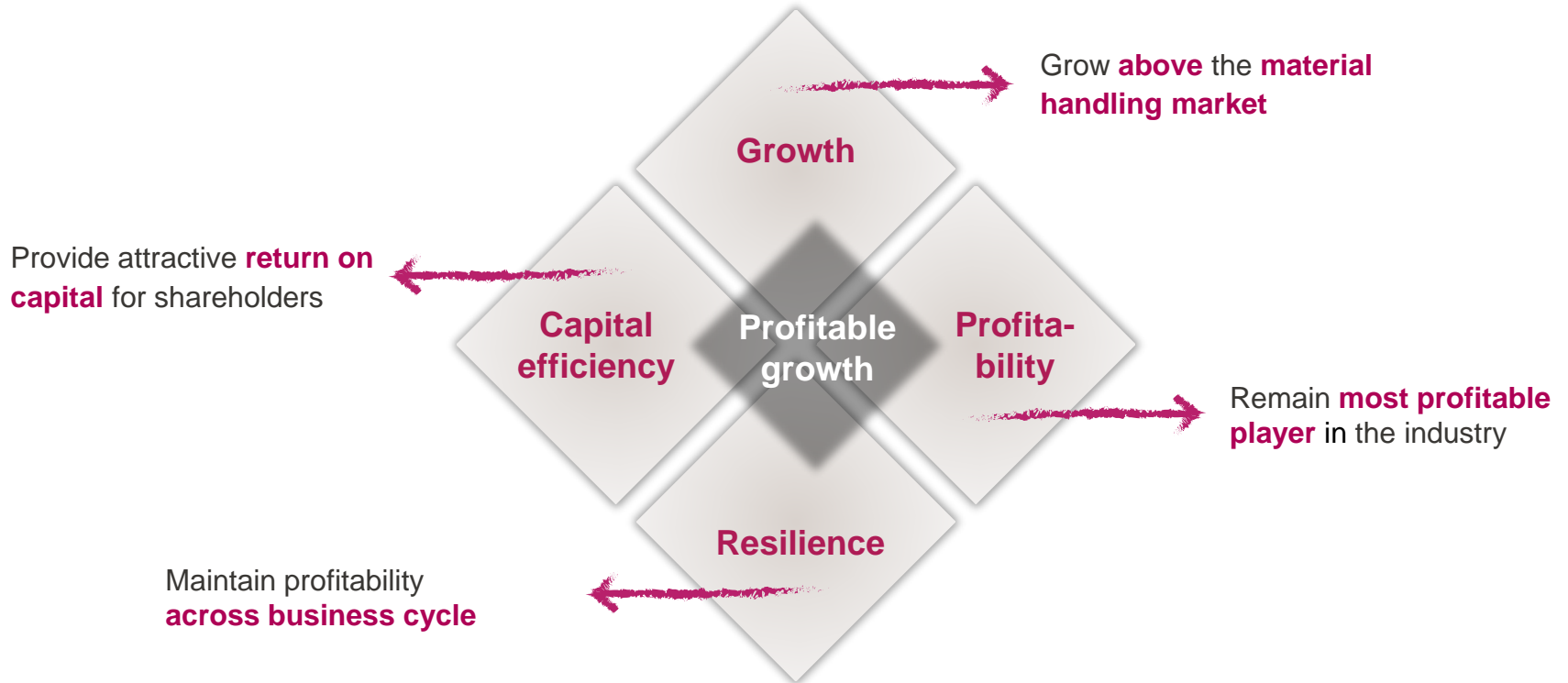


Updated strategy

KION 2027

Strategy KION 2027

Strategy maintains aspiration for profitable growth



Strategy KION 2027

Strategic fields of action set priorities to achieve aspiration

We transform our business into the digital world. For customers we develop **digital solutions** to improve their intralogistics efficiency. Internally we **digitalise our processes** to improve our performance.

We are leading the material handling industry in the **efficient use of energy** through our products and solutions. We focus on **new energy sources** for **industrial trucks** and related **services**.

We **drive innovation** in the material handling industry through an effective **innovation ecosystem** and a state-of-the-art **development process & speed**.



Our solutions allow customers to benefit from **automation effectively**, supporting them on their journey to “lights-out” warehouses.

We continuously improve the **efficiency in our group** as well as the **performance of our products**.

Sustainability Report 2016



Selected videos

What is supporting a green supply chain?

Red Fenwick forklifts. Electric trucks with built-in sustainability.

What do trucks do at break times?

They charge. Greater uptime thanks to innovative battery technology.

What's that protecting man and machine?

The beeper and the keeper. Small aids that make a big difference to work-place safety.

How is the sun harnessed for production?

Using solar energy. All systems go for sustainability.

Source: <http://reports.kiongroup.com/2017/ar/>; <http://www.kiongroup.com/responsibility>

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Intralogistics 4.0

How KION integrates supply chains



Intelligent trucks

- Trucks equipped with electronic control unit
- Increased efficiency also from driver assistance systems



Fleet data management

- Fleet data services connect trucks with management tool
- Optimise truck fleet usage



Automated trucks

- Full range of automated series trucks
- Enable automation of the entire material flow



Automated systems

- Customised integrated intralogistics solutions
- Automated trucks combined with further hard- and software

Growth drivers

» Wage inflation

» Safety – fewer accidents

» Increasing precision and reliability

» Flexibility, esp. in handling complex material flows

No “Industry 4.0” without “Intralogistics 4.0”

Intralogistics 4.0

Recent additions to KION's Intralogistics 4.0 solutions

Intelligent trucks

Dynamic mast control

- Reduced mast oscillation
- Increased safety and efficiency



Safety guard

- Speed control and collision avoidance
- Using radio signal



Blue spot

- Driving path warning system
- Higher operational safety



Fleet data management

Order management app

- Truck call app controls transport tasks
- Avoiding empty trips



Expansion of autonomous iGo range

- Award-winning order picker combined with Dematic pick-to-voice system
- New tugger train incl. automated loading



New fleet management features

- Mobile phone app for connected pre-shift check



Automated trucks

Extended range of robotic trucks

- New additions to Linde-MATIC truck series



Mobile automation center of excellence

- Combination of best-in-class AGV portfolios



Automated systems

Dematic iQ updates

- Enhancements with focus on continuous flow based fulfilment optimisation



AutoStore partnership

- Expanded offering with high density storage capability



Robotic picking

- New developments for robotic piece picking



SCS Offering

Comprehensive integrated range of high-end automation solutions

Warehouse execution system

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

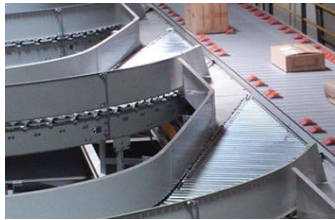


Conveyor



- All conveyor types for assembly, manufacturing and distribution

Sortation



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

Storage



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

Picking



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

Palletising

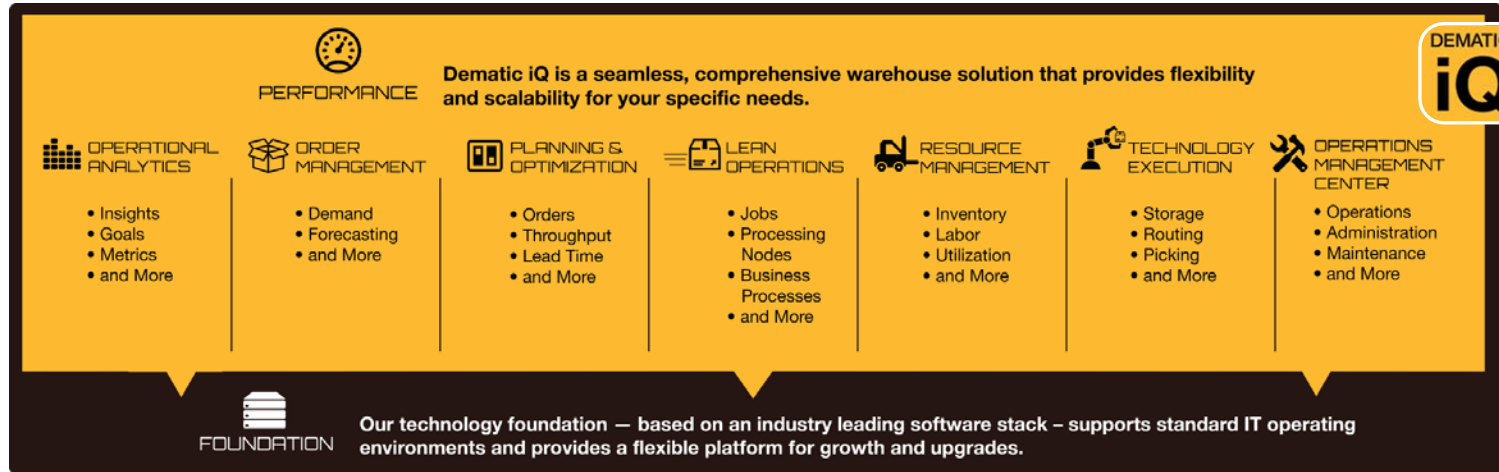


- Mixed case palletising solutions

Customer service, upgrades and refurbishments

1. AS/RS = Automated storage and retrieval systems

Dematic iQ is a modular real-time platform that orchestrates our solutions



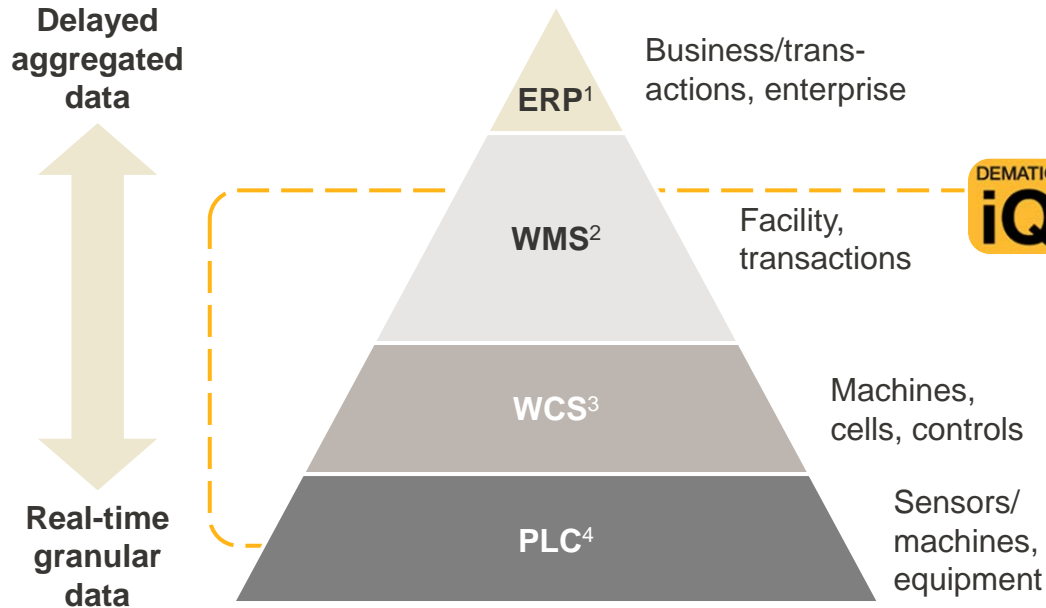
Next generation integrated software platform

- Dematic iQ is a real-time, knowledge-based logistics platform beyond WCS¹/WMS²
- Modular setup provides flexibility and scalability

Strong value proposition for customer

- Industry-leading software stack
- Operational agility, increased labour productivity and maximum equipment utilisation

1. WCS = Warehouse Control System 2. WMS = Warehouse Management System



Access to real-time granular equipment data

- Equipment and sensors generate unique real-time granular data to optimise logistics processes
- Dematic has unique access to the data of its equipment

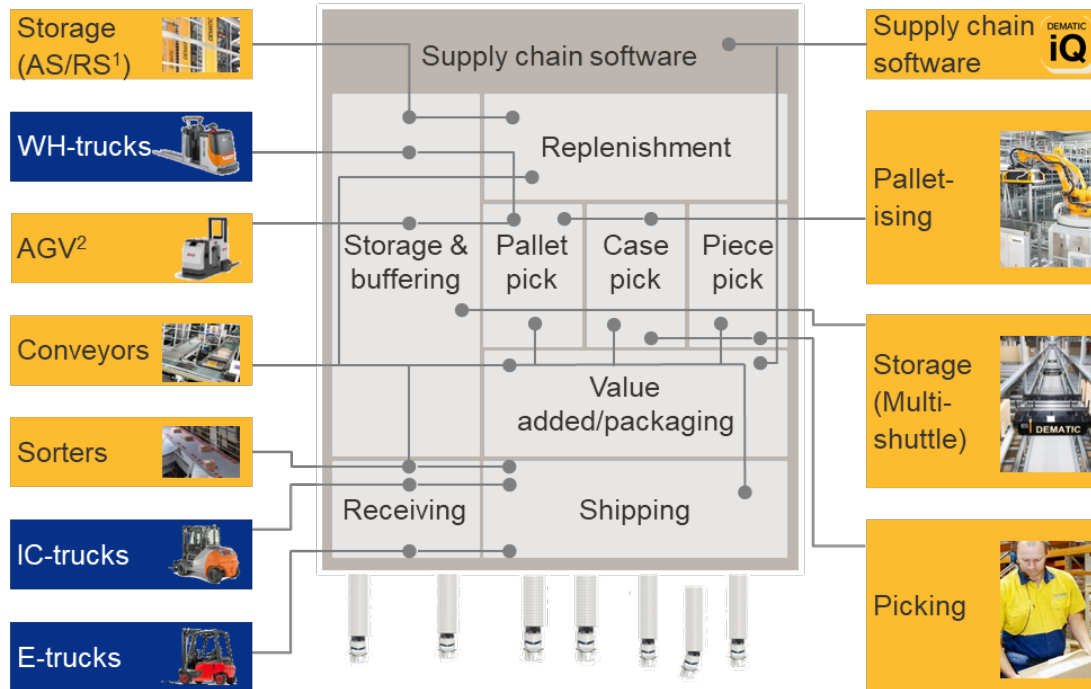
Management and analysis of unique data

- Real-time analytics of processes
- Basis for optimising customer supply chains

1. ERP = Enterprise Resource Planning 2. WMS = Warehouse Management System 3. WCS = Warehouse Control System 4. PLC = Programmable Logic Controller

SCS Components

Customised solutions improve customers' supply chain performance



Comprehensive automation

- Distribution centers contain numerous critical supply chain functions
- Dematic's offering can improve outcomes within all functional areas

Customer-specific implementation

- Customisable offering results in optimised customer specific solution

Focus on performance

- Integrated full-range offering minimises interfaces and optimises total benefit of ownership
- Dematic iQ software ties solution together real-time

SCS Go-to-Market Approach

Enhanced go-to-market approach leverages industry and global expertise

Industry vertical focus program

- Established Vertical Market Value Realisation program
- Business development experts understand industry-specific problems and develop specific solutions
- Identification of product gaps as basis for optimal solution development
- Targeted sales and marketing campaigns

In place

Leverage global – act local

- Customers looking for partner to scale locally and globally
- Dematic with most substantial global presence
- Global solutions and support for global customers' needs
- Local teams for local customer intimacy

In place

Cross-selling with industrial trucks

- Increased customer access
- Leveraging sales and service networks
- Preparation of integrated offerings of industrial trucks and supply chain solutions
- Gradual timing due to extended sales cycle

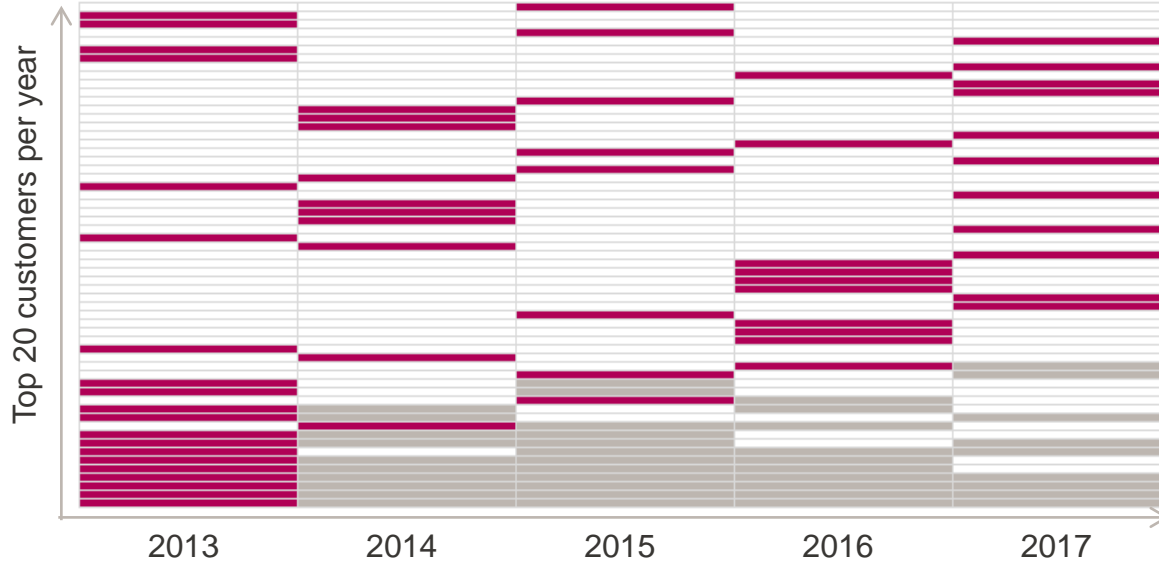
In progress

SCS Customer Buying Patterns

Significant variance in buying patterns for projects

Illustrative

Customer project activity



- Automation projects are often major capex and strategic decisions for customers
- Capex patterns vary widely depending on business requirements
- Limited number of customers with consistent annual project activity
- New entrants are developed over time

■ First substantial SCS order intake 2013-2017 ■ Consecutive substantial SCS order intake 2013-2017

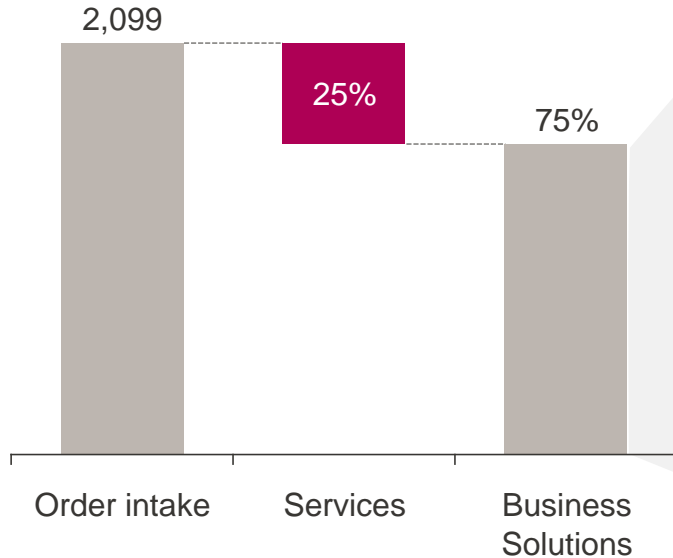
SCS Order Profile

Stability from services activities and inflow of smaller orders

Illustrative

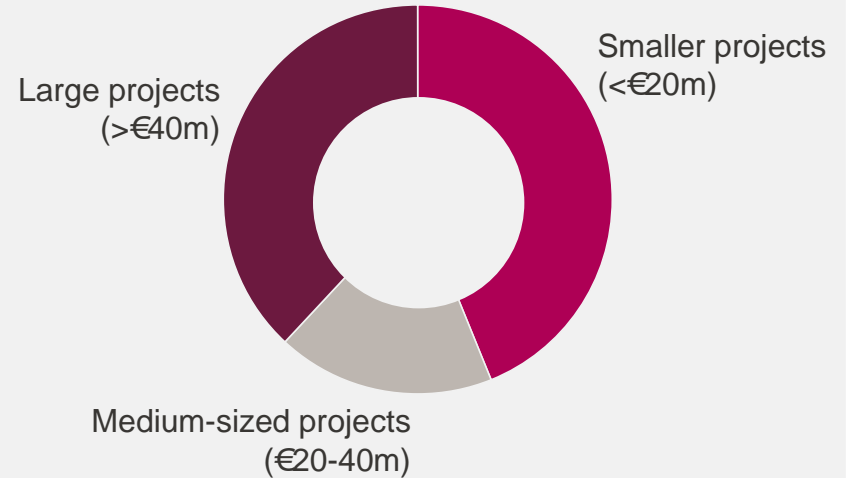
SCS order intake by product

Total order intake 2017 (in €m)



SCS orders by project size

Business Solutions order intake 2017



SCS Order Profile

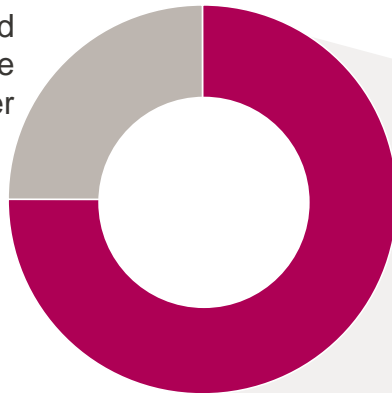
Revenue generation strongly supported by order backlog and services

Illustrative

Backlog conversion

SCS backlog as at 31 Dec 2017

To be converted into revenue in 2019 or later

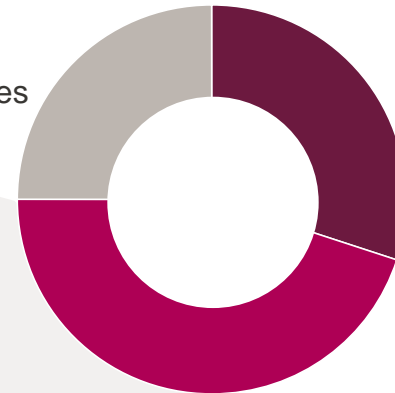


To be converted into revenue in 2018

Revenue by category

SCS revenue based on FY 2018 guidance

Services

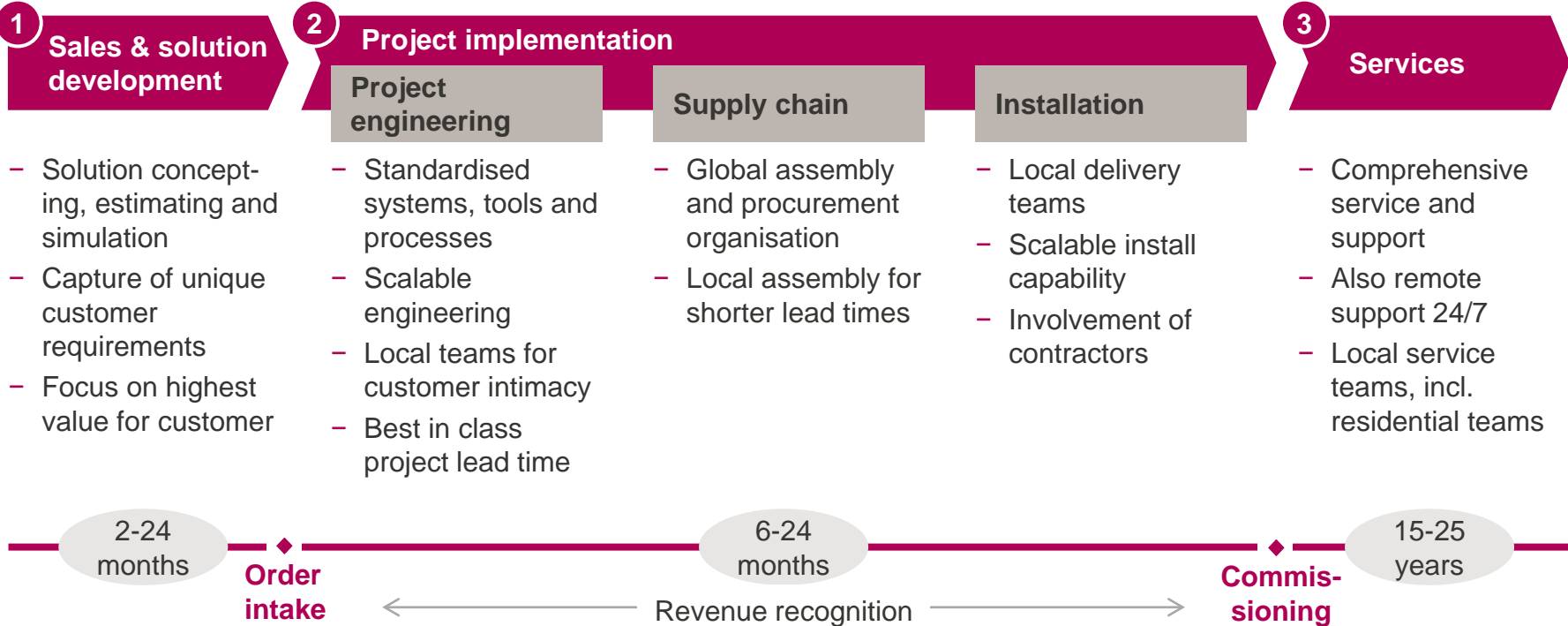


Business solutions revenue from 2018 order intake converted into revenue in 2018 ("win & do")

Business solutions revenue converted from SCS backlog as at 31 Dec 2017

SCS Project Timeline

Both sales and implementation processes can take up to 24 months



1 SCS Sales & Solution Development

Large duration variances between initial contact and placed order

Illustrative

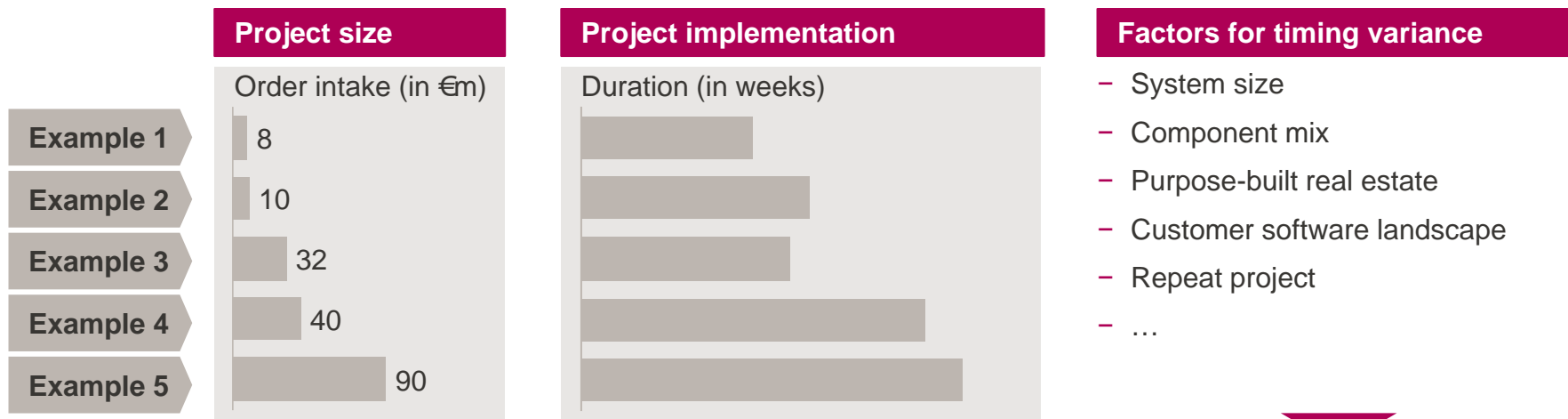


Timing determined mainly by **external factors**

2 SCS Project implementation

Variance in implementation time mainly due to project size and complexity

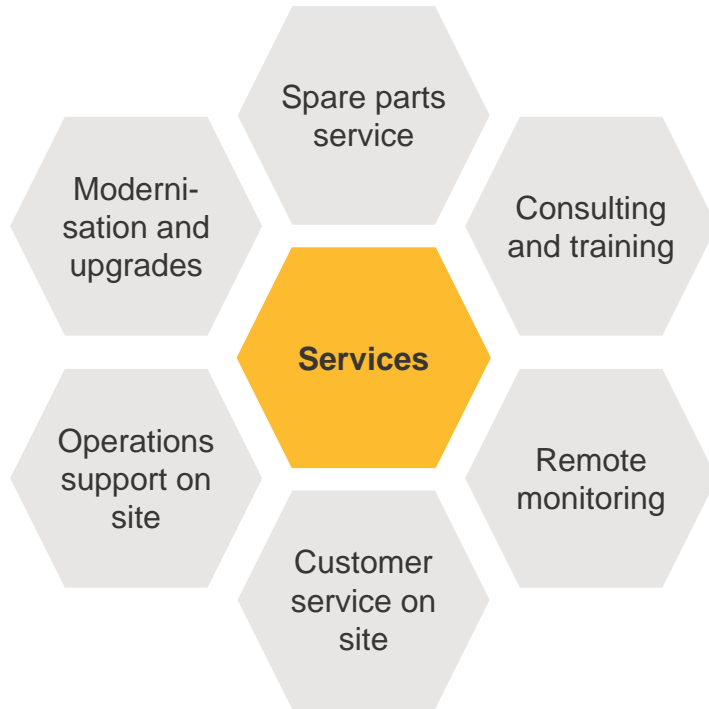
Illustrative



Timing determined mainly by
project size and complexity

3 SCS Services

Total life cycle support optimises system productivity



Worldwide service network

- System uptime is critical, downtime costs customers money
- Approx. 1,300 employees in over 20 countries provide on-site support for more than 6,000 installed systems
- Remote monitoring, diagnostics and support for earlier identification of problems

Modernisation and upgrades

- Incumbent well placed, software platform a key factor
- Increased throughput, productivity and accuracy
- Customised programmes can be implemented with minimal disruption to operational schedule

Long-term and stable revenue

- Service during >15 year typical life of installation
- Lock in follow-on expansion at existing installation

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Market trends



Shift from internal combustion to **electric forklifts** due to **regulations** and **new technologies**



Strong growth in **warehouse equipment**, esp. in **light-duty units** (shift from manual to electric)

KION positioning

KION **market leader** for battery-powered trucks

Li-ion readiness of electric forklift and warehouse portfolio

EP partnership to capture global growth in small warehouse equipment



Quick recharging

- Battery chargeable during short breaks
- Battery changes and charging rooms no longer necessary



Higher efficiency

- Up to 30% more capacity through higher energy density
- High overall system efficiency, also from optimal matching of truck control and battery management



Powerful system

- No loss of performance, even with decreasing battery charge
- Improved power delivery in cold store applications



User-friendly

- No leaking of hazardous battery gases and acids
- Maintenance-free and easy to clean

Multi-level safety concept



- Safety functions on cell-, module- and battery-level
- Battery management system controls optimal battery usage and prevents damage
- CE-compliance across vehicle, battery and charger

Crash-tested battery tray



- In forklift accidents, enormous forces are exerted by weight
- 25mm steel tray protects cells from severe external damage
- Confirmed by maximum load crash test

Drop-test of battery



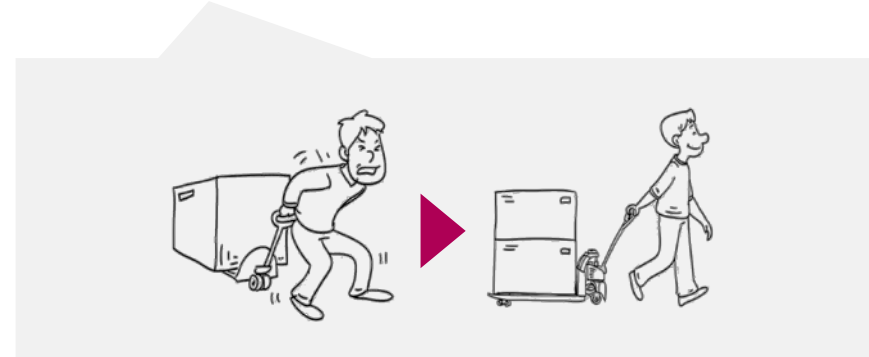
- Battery specifically designed, built and tested for forklifts
- Protection against hard shocks and accidental drops

Small Warehouse Equipment

Strategic partnership with EP Equipment

EP entry-level warehouse equipment

- EP Equipment is a leading Chinese manufacturer
- Aim to extend offering in the fast-growing market for entry-level light-duty warehouse equipment



- Exclusive global partnership with focus on joint product development and supply chain synergies
- KION acquired a minority stake in EP – transaction to close in 2018



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Digital Solutions

Taking digital solutions to the next level

Digital offerings as of today



- Leading portfolio of digital solutions
- Exploiting connectivity and data analysis capabilities

Digital innovation



- Fostering digital innovation in terms of products and solutions
- Digital campus as co-creation space for digital business ideas



KION Digital Campus

- Ecosystem for the acceleration of first-choice digitalisation projects
- Central campus in Frankfurt with multifunctional workspace, close to airport and new HQ
- Broad service portfolio assures consistent support of dedicated projects
- Digital academy to further spread digital DNA and mindset throughout KION



Projects



**Digital
facilitator**

▶ Boost digital projects within KION's segments in a co-creational approach

Teams



**Digital
enabler**

▶ Empower and work closely with segment teams and IT to be able to continuously drive their relevant digital projects

Organization

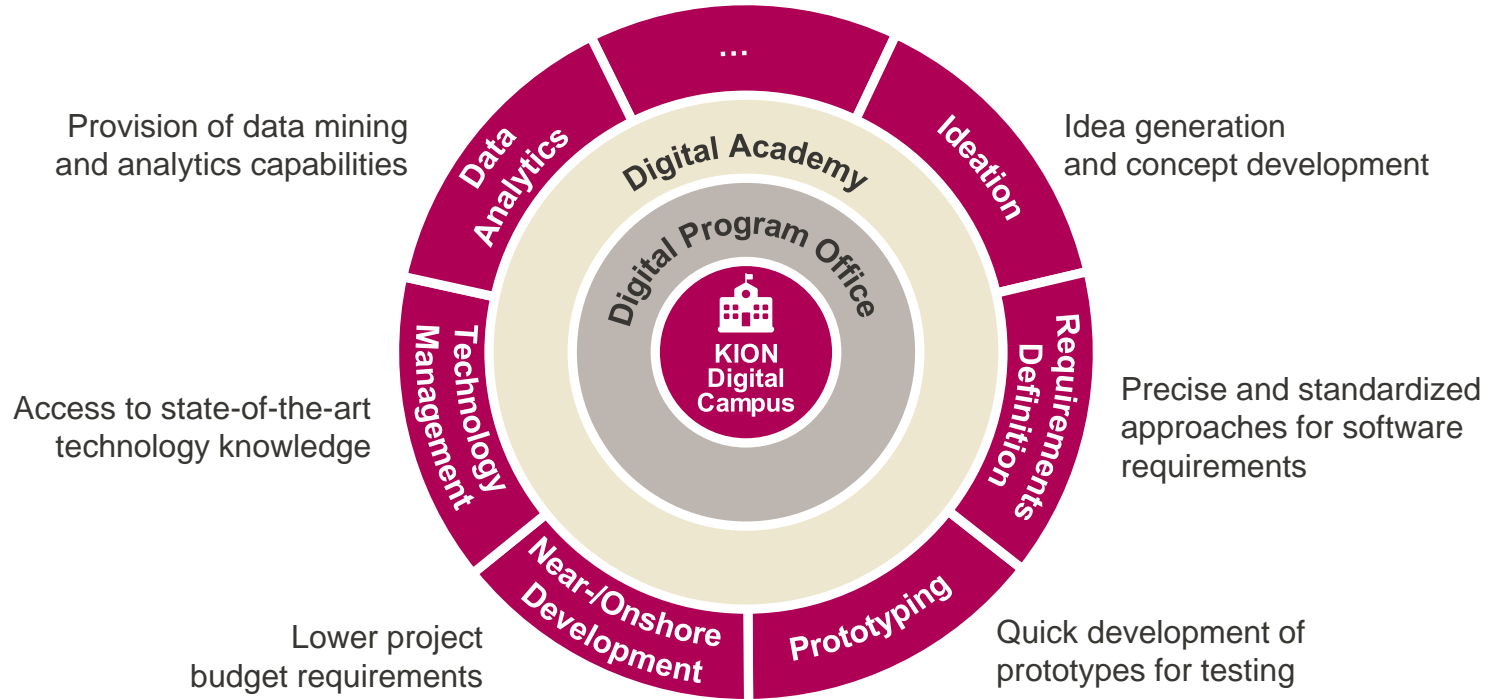


**Digital
academy**

▶ Build up knowledge and transfer essential skills and capabilities across the organisation

KION Digital Campus

Broad service portfolio with strong digital and project expertise



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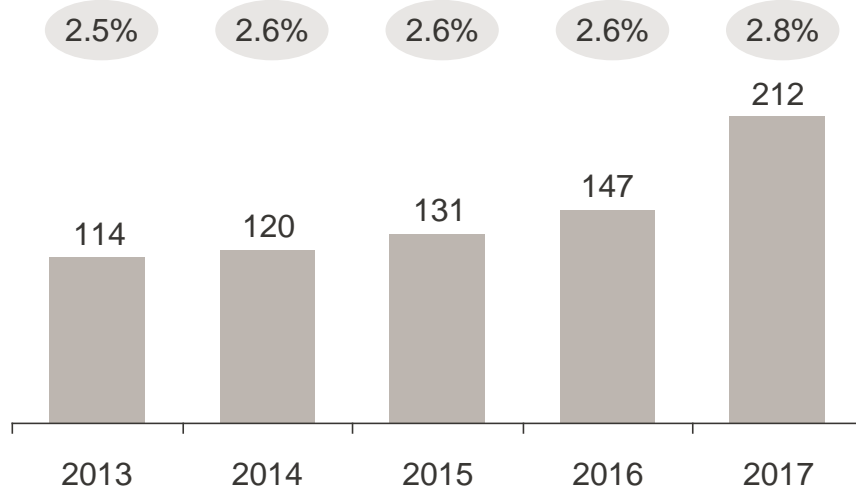
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Innovation Leadership

Continued commitment to R&D as basis for innovation leadership

Commitment to R&D

R&D spend¹ (in €m and % of revenue)



Recognised technology and quality leadership



Resulting customer and market awards



1. R&D expenditures (P&L) - amortisation expense + capitalised development costs = total R&D spend

Innovation Leadership

Driving innovation across entire offering

Examples

Value-adding features

STILL OPX



- New horizontal order picker
- Innovations around higher efficiency and fatigue-free work

Value-adding software

Dematic IQ release



- New alert monitoring to speed up order cycle times
- Focus on continuous flow based fulfilment optimisation

Combining strengths

Smart factory



- Innovative project for smart factory at Audi pioneering competence center
- Developed jointly by STILL and Dematic

Value-adding services

Linde Vision Zero



- Structured consulting offering to improve safety in internal traffic
- Complements portfolio of safety features and assistance systems

New applications

QBIK



- Autonomous, learning logistics robot with gripping system
- Human-machine-interface
- Joint development in publicly funded project

Value-Adding Features

STILL OPX – Thrillingly dynamic horizontal order picker

Example



Power

Power: High driving dynamics and **best picking performance** thanks to driving speed up to 14 km/h and 5-wheel chassis



Precision

Precision: **Simultaneous steering, lifting and driving** without changing grip using the STILL EASY Drive steering wheel



Ergonomics

Ergonomics: Minimised workers' absences due to perfect **pneumatic platform** dampening



Safety

Safety: **Safety Light 4Plus** leading to higher safety and lower collision hazard by better visibility of the truck



Environmental
responsibility

Environmental responsibility: Driving programs: Maximum turnover performance or **high efficiency**

Value-Adding Software

Updated software based on distribution science for optimised fulfilment

Example



- Latest release of Dematic iQ Warehouse Execution System software platform
- Continuous flow fulfilment processing for E-commerce
- Distribution science optimising principles

Value addition

- Speed up order cycle times
- Increase labour productivity
- Maximise equipment utilisation

Combining Strengths

Smart factory – Audi partners with STILL and Dematic

Example



- Audi is working on its vision of a smart factory at the heart of Industry 4.0
- Logistics site in Ingolstadt supplies vehicle components to production sites on several continents
- Partnering with KION on automated transport of bulk carriers from high rack warehouse to packing lines



Value-Adding Services

Linde's integrated safety consulting with vision of zero accidents

Example



- Comprehensive safety consulting process with directly measurable success
- Starts with in-depth analysis of customer operations
- Recommendations range from changes in setup, increasing employee awareness to supporting tools from broad range of safety features
- Results in less accidents, truck collisions and damage, thereby reducing interruptions and costs

New Applications

QBIK – Project to combine autonomous systems with human capabilities



Autonomous navigation:

QBIK navigates autonomously and independently in indoor environments



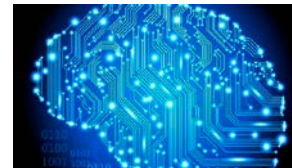
Autonomous gripping with tactile proximity sensors:

QBIK uses innovative sensors



Human-machine-interface:

Virtual reality remote control station allows direct control



Learning:

QBIK learns from its challenges and adapts itself to changing articles

Source: <http://www.qbiik.de/>

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1. Market update
2. **Strategic update – KION 2027**
 - a) Automation
 - b) Energy
 - c) Digital
 - d) Innovation
 - e) Performance**
3. Financial update
4. Q&A

Performance

Continued execution of performance excellence programs

Efficient manufacturing setup



- Operational issues at Dematic plant in Monterrey resolved
- New plant for Dematic in CZ as of Q1 2018
- Efficiency programs ongoing across European IT&S plants

Efficient product development



- Global module and platform strategy
- Clear integration roadmap for common modules in Western Europe
- Continued roll-out of global platforms outside Western Europe

Continuous improvement



- Continuous review and implementation of efficiencies

Efficient Manufacturing Setup

Monterrey and new CZ factory strengthen SCS capacity



Monterrey factory now fully operational

- Purpose-built high-capacity manufacturing facility
- KION approach to production and assembly introduced
- Flow-through operation with efficient production techniques, lean manufacturing principles and intense quality control



Swift execution on new Dematic factory in CZ

- New factory will serve European market with conveyor systems
- 1.5 years from decision to start of production in Q1 2018
- “Smart factory” with digitally connected systems

Efficient Manufacturing Setup

Continued implementation of efficiency program across European IT&S plants



New logistics terminal

- New innovative logistics center as hub for internal logistics for truck despatch and storage of large parts
- Facility located close to STILL headquarters in Hamburg
- Part of intelligently linked and controlled production and internal material flow concept



Highly automated powder coating plant

- Highly automated environmental friendly powder coating facility on premises of Linde's Aschaffenburg plant
- Less than 8 months until completion of a new building; ramp-up of coating line in Q1 2018
- Part of program to increase capacity and efficiency

Efficient Product Development

Continuous implementation of global platform strategy

Examples

1218/19/20 Platform



Basic torque converter



Advanced torque converter



Hydrostat

Model	1218 (HT25-35)	1219 (HT25-35s)	1220 (H25-35)
Capacity	2.5-3.5 tons	2.5-3.5 tons	2.5-3.5 tons
Region	China, APAC	RoW excl. WEU	RoW excl. WEU

Localisation approach

Asia

North America



1219D



1219T



Different engine



1219T



Different engine



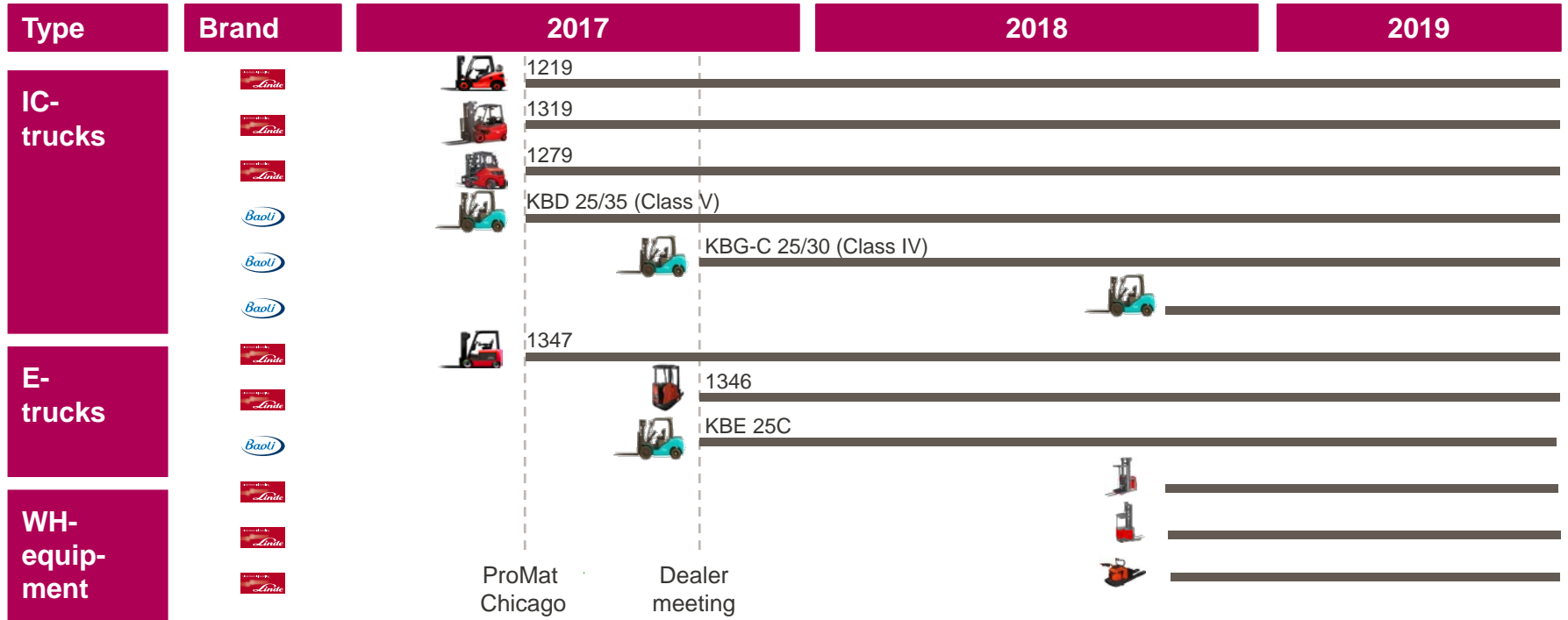
1319T



Different chassis

Efficient Product Development

New platform product launches fill the gaps in North America



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FY 2017 Financial Highlights

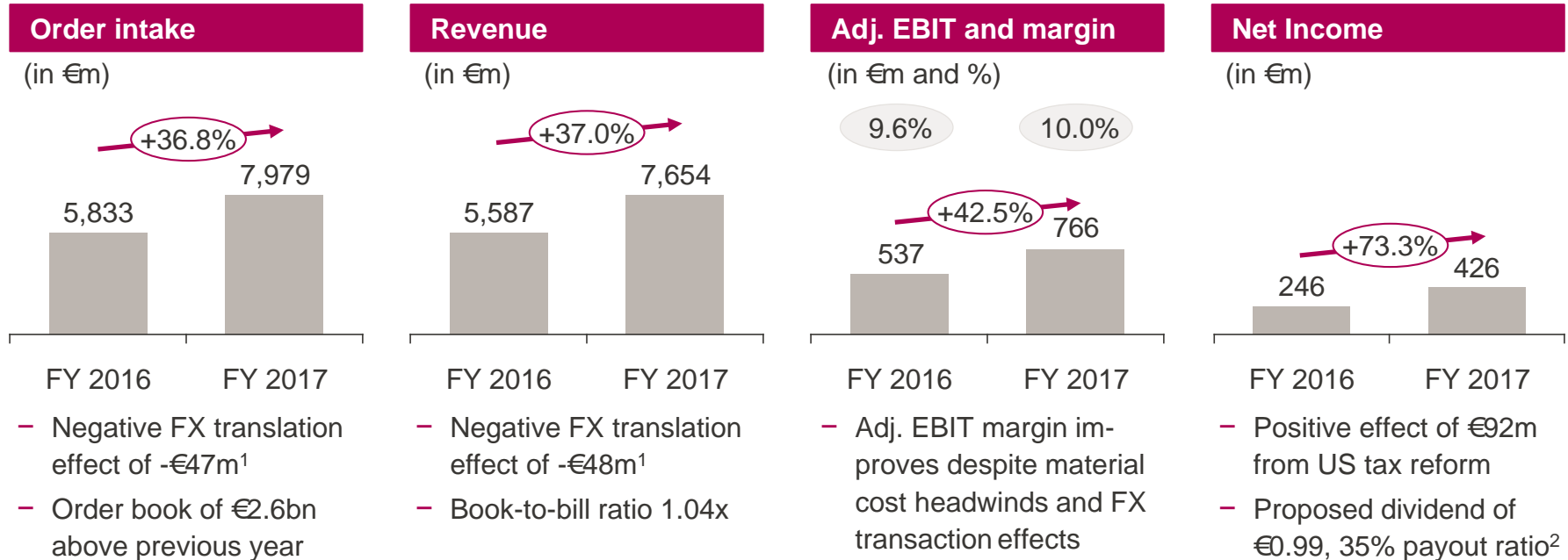
KION fully meets adjusted outlook, achieving record results

Outlook	<ul style="list-style-type: none">- Adjusted outlook for FY 2017 fully achieved across all KPIs
Growth	<ul style="list-style-type: none">- Order intake grew to €8.0bn, revenue to €7.7bn in FY 2017- IT&S¹ increased its full year order intake by 8.8% to €5.9bn and revenue by 8.2% to €5.6bn- SCS² showed an order intake of €2.1bn and revenue of €2.0bn in FY 2017
Profitability	<ul style="list-style-type: none">- Adj. EBIT³ of €766m results in a margin of 10.0% in FY 2017 compared to 9.6% in FY 2016- IT&S showed a slight margin increase to 11.4%, while SCS expanded its margin to 9.0%
Indebtedness	<ul style="list-style-type: none">- Net financial debt lowered to €2.1bn as at Dec 2017, compared to €2.9bn in 2016- Free cash flow of €378m generated in FY 2017
Dividend	<ul style="list-style-type: none">- Net income of €426m includes positive one-time non-cash effect from US tax reform- Proposed dividend per share increases by 23.8% to €0.99 in FY 2017

1. Segment Industrial Trucks & Services 2. Segment Supply Chain Solutions 3. Adjusted for PPA items and non-recurring items

FY 2017 Key Financials

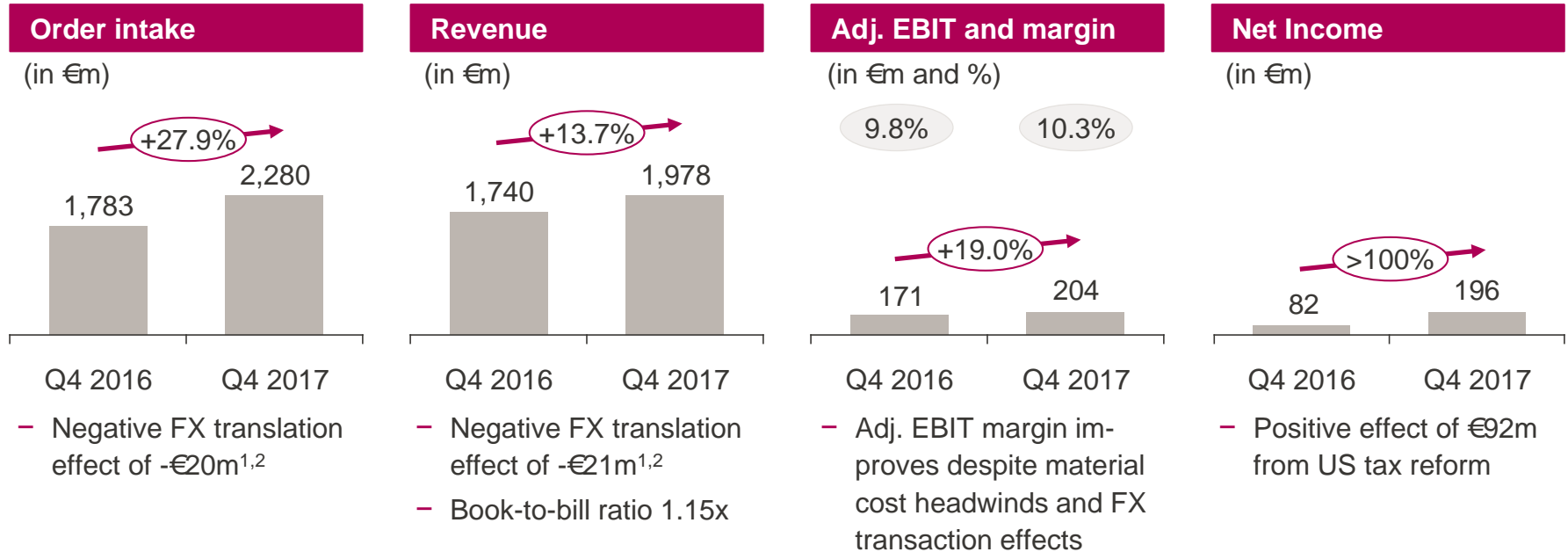
Continued strong profitable growth



1. Relating only to IT&S segment 2. Proposed dividend is based on pro forma EPS of €2.91 for FY 2017, which is adjusted due to the one-off non-cash effect resulting from the remeasurement of deferred taxes in connection with the corporate tax rate reduction approved in the US

Q4 2017 Key Financials

Margin improvement despite headwinds



1. Calculated as delta between FX-effects for FY 2017 and Q1-Q3 2017 2. Relating only to IT&S segment

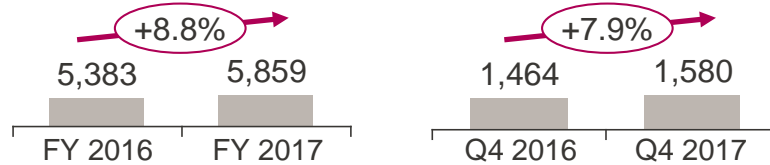
Industrial Trucks & Services

Continued growth and slight margin improvement in FY 2017

Key financials

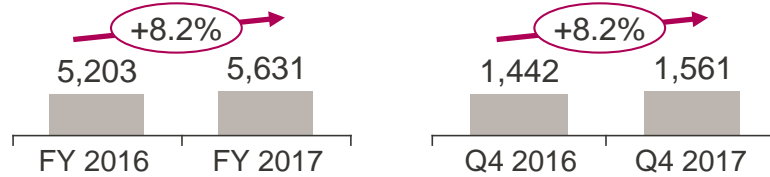
Order intake

(in €m)



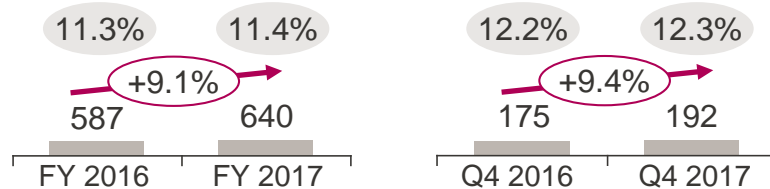
Revenue

(in €m)



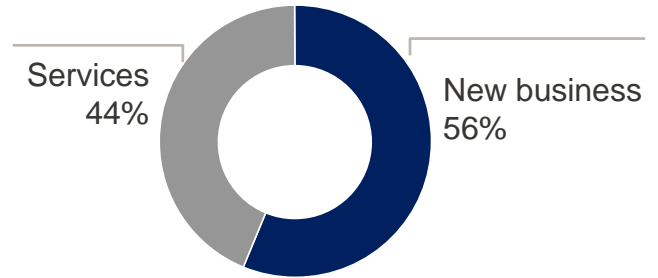
Adj. EBIT and margin

(in €m and %)



Revenue by category

Based on FY 2017 financials



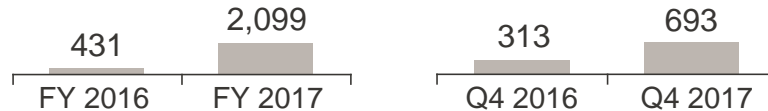
Supply Chain Solutions

First full year results of Dematic with margin improvement

Key financials

Order intake

(in €m)



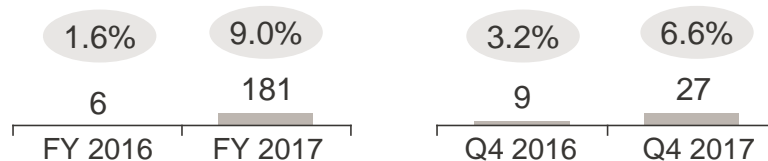
Revenue

(in €m)



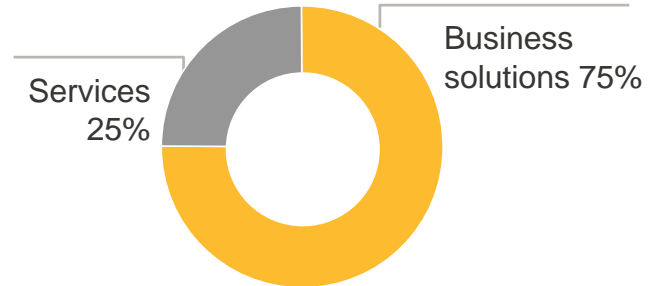
Adj. EBIT and margin

(in €m and %)



Revenue by category

Based on FY 2017 financials



Segment composition

- Dematic: consolidated as of Nov 2016
- Retrotech: consolidated as of Mar 2016

Adjusted EBITDA to Net Income

Net income increase includes one-time non-cash effect of US tax reform

(in €m)	FY 2017	FY 2016	Change	Q4 2017	Q4 2016	Change
Adjusted EBITDA	1.224	932	31.4%	325	278	17.2%
D&A	458	394	16.2%	122	106	14.3%
Adjusted EBIT	766	537	42.5%	204	171	19.0%
Non-recurring items (NRI)	-40	-42	-4.9%	-13	-14	-7.9%
PPA items	-176	-60	>100%	-37	-40	-8.6%
Reported EBIT	549	435	26.3%	154	117	31.9%
Net financial expenses	-81	-96	-15.3%	-19	-16	19.7%
EBT	468	339	38.1%	135	101	33.9%
Taxes	-42	-93	-55.0%	61	-19	<-100%
Net income	426	246	73.3%	196	82	>100%
Reported EPS	€3.72	€2.38		€1.66	€0.77	
Pro forma EPS ¹	€2.91	–		€0.88	–	
Adjusted EBITDA margin	16.0%	16.7%		16.5%	16.0%	
Adjusted EBIT margin	10.0%	9.6%		10.3%	9.8%	

Explanations

- Non-recurring items result mainly from expenses relating to integration costs and the Monterrey ramp-up
- PPA in 2017 relates mainly to Dematic
- Net financial expenses reflect among others optimised financing structure
- Pro forma EPS adjusted for positive one-time non-cash effect of US tax reform

1. Pro forma EPS of €2.91 for FY 2017 is adjusted due to the one-off non-cash effect resulting from the remeasurement of deferred taxes in connection with the corporate tax rate reduction approved in the US

Free Cash Flow Statement

Free cash flow supported by operating performance

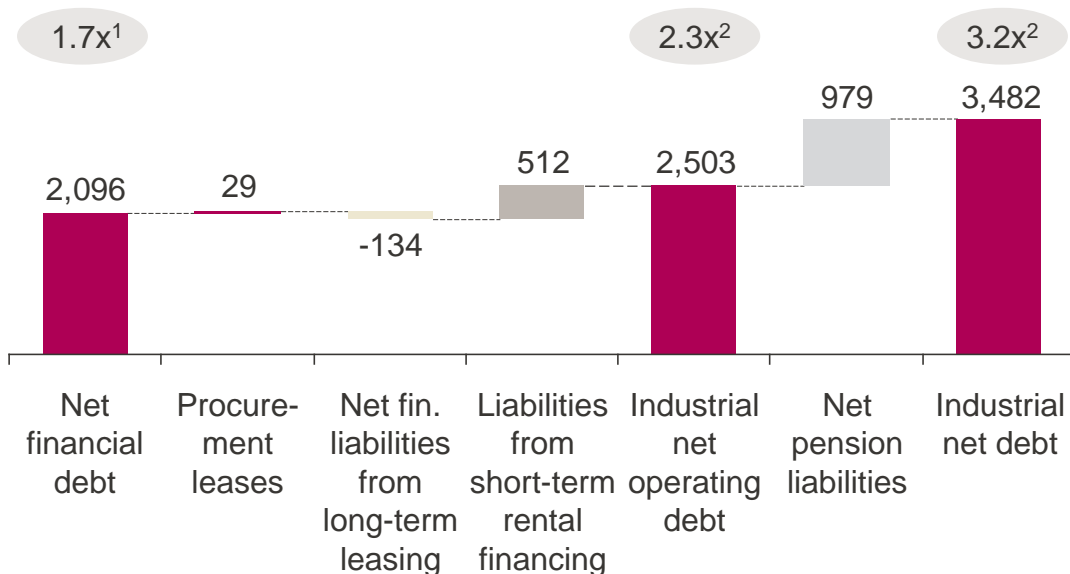
(in €m)	FY 2017	FY 2016	Change	Explanations
EBITDA	1,186	889	33.3%	- Operating performance drives strong free cash flow
Change in Net Working Capital (NWC)	-110	-29	<-100%	
Taxes paid	-136	-109	-25.4%	- NWC reflects higher business volume
Pension payments	-28	-21	-36.6%	
Other	54	-39	>100%	- FY 2016 included cash outflows due to pre-contract expenses at Dematic in connection with the acquisition by KION
Rental capex (net)	-206	-158	-30.1%	
Change in leased assets and lease receivables/liabilities	-144	-120	-19.3%	
CF from operating activities	616	414	48.6%	
Operating capex	-218	-167	-31.0%	
Acquisitions	-13	-2,119	99.4%	
Other	-6	21	<-100%	
CF from investing activities	-238	-2,264	89.5%	
Free cash flow	378	-1,850	>100%	

Net Debt

Net debt and leverage significantly reduced

Net debt as at 31 Dec 2017

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



Net debt development

- Group net financial debt significantly lowered by €808m compared to Dec 2016 as a result of capital increase in May 2017 and strong FCF generation
- Leverage on industrial net operating debt materially lower from 3.4x in Dec 2016
- Net pension liabilities remained almost unchanged compared to Dec 2016

Long-term leasing business

- Assets for long-term leasing of €1,398m
- Correspondingly, funding via SALB of €1,131m

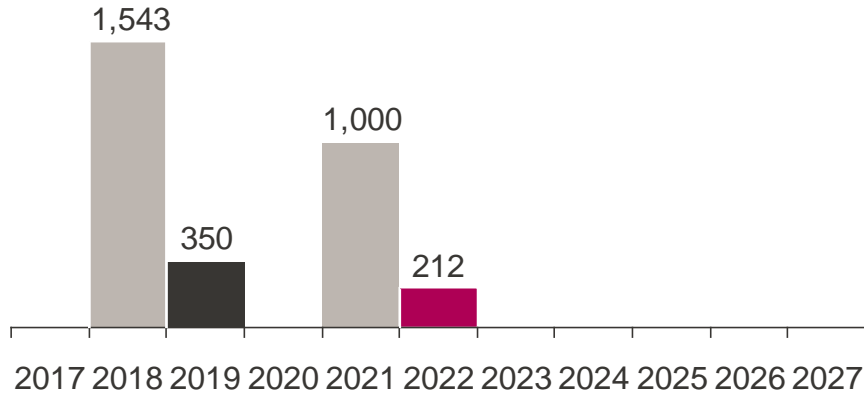
1. Based on pro-forma LTM adjusted EBITDA 2. Based on pro-forma LTM adjusted industrial EBITDA (excluding LTM EBITDA for long-term leasing)

Financing Structure

Maturity profile significantly improved

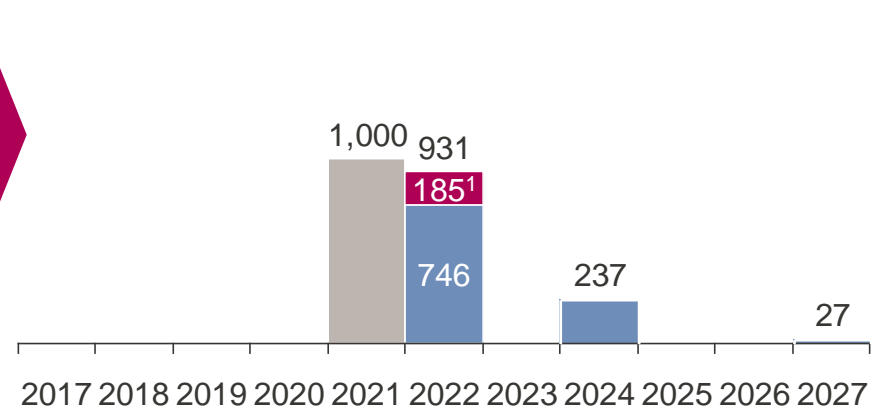
Financing Structure as at 31 Dec 2016

(in €m)



Financing Structure as at 31 Dec 2017

(in €m)



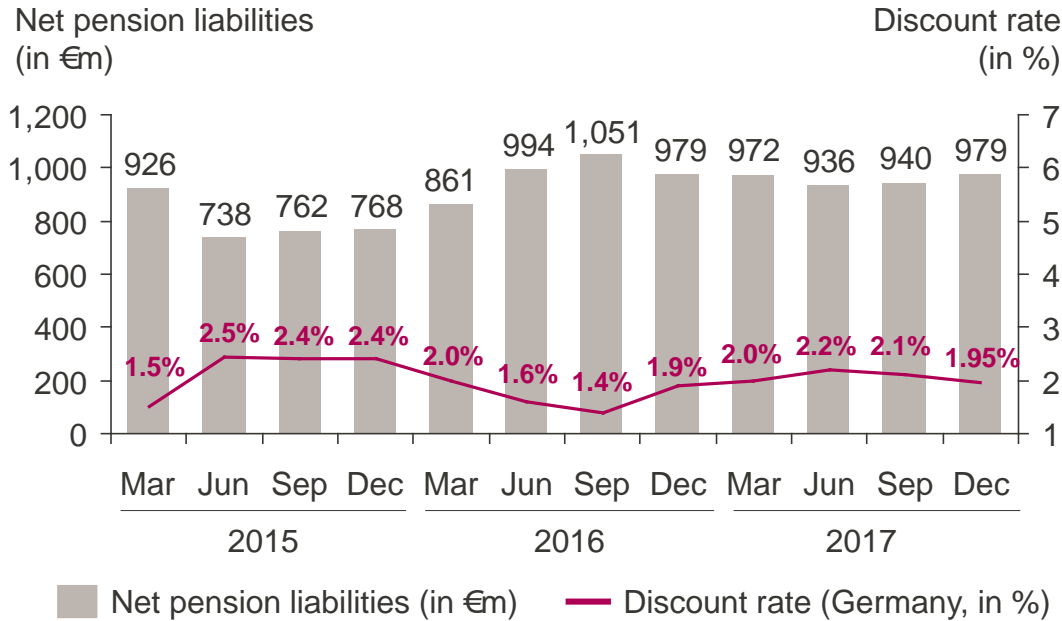
SFA tranche
 Drawing under RCF
 Acquisition term loan
 Promissory note

1. In January 2018, the term of the RCF was extended by one year. The RCF can now be utilized until February 2023

Pension Liabilities

Increase driven by interest rate

Net pension liabilities as at 31 Dec 2017



Net pension liabilities mostly driven by German plans

- Large UK plans are fully funded, with offsetting pension assets
- US plans with minimum funding requirements
- 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

- Cash payments amounted to €28m in FY 2017

IFRS Impact

New IFRS accounting mainly results in balance sheet extension

New IFRS accounting standards applied as of 1 Jan 2018

IFRS 9

(Financial instruments)

- Changes in classification requirements without material impact on KION's financial statements
- Expected loss model reduces loss provisions on financial assets
- Hedge relations are expected to be maintained

IFRS 15

(Revenue from contracts with customers)

- For IT&S, no material changes in revenue recognition for sales & service contracts
- For SCS, revenue for selected construction contracts will be affected by timing shifts

IFRS 16

(Leases)

- Transactions previously shown as outright sales to either refinancing or vendor partners will be classified as lease transactions
- Procurement leases will be on balance, in general, stating right-of-use assets and liabilities from procurement leases

Estimated one-time impact

(in €m)	Min	Max
Assets	25	35
Equity	25	35












(in €m)	Min	Max
Assets	0	50
Liabilities	0	50

(in €m)	Min	Max
Assets	900	1,000
Liabilities	1,070	1,230
Equity ¹	-145	-195

1. Including deferred taxes

FY 2017 Outlook Comparison

Adjusted guidance achieved for all KPIs

(in €m)	KION Group		Industrial Trucks & Services		Supply Chain Solutions	
	Adj. Outlook ¹ FY 2017	FY 2017	Adj. Outlook ¹ FY 2017	FY 2017	Adj. Outlook ¹ FY 2017	FY 2017
Order intake	7,550 – 7,900	7,979 	5,650 – 5,800	5,859 	1,900 – 2,100	2,099 
Revenue	7,400 – 7,700	7,654 	5,450 – 5,600	5,631 	1,950 – 2,100	2,006 
Adj. EBIT	715 – 765	766 	605 – 630	640 	170 – 195	181 
FCF	320 – 380	378 				
ROCE	9.0% – 10.0%	9.9% 				

 Achieved

1. Outlook for FY 2017 (in €m) as published in Annual Report FY 2016: **KION Group**: Order intake 7,800 – 8,250; Revenue 7,500 – 7,950; Adj. EBIT 740 – 800; FCF 370 – 430; ROCE 9.5% – 10.5%; **Industrial Trucks & Services**: Order intake 5,450 – 5,600; Revenue 5,300 – 5,450; Adj. EBIT 605 – 630; **Supply Chain Solutions**: Order intake 2,350 – 2,650; Revenue 2,200 – 2,500; Adj. EBIT 195 – 230

FY 2018 Outlook

Profitable growth set to continue

(in €m)	KION Group		Industrial Trucks & Services		Supply Chain Solutions	
	FY 2017	Outlook FY 2018	FY 2017	Outlook FY 2018	FY 2017	Outlook FY 2018
Order intake	7,979	8,050 – 8,550	5,859	5,950 – 6,150	2,099	2,100 – 2,400
Revenue	7,654	7,700 – 8,200	5,631	5,700 – 5,900	2,006	2,000 – 2,300
Adj. EBIT	766	770 – 835	640	650 – 685	181	180 – 215
FCF¹	378	410 – 475				
ROCE¹	9.9%	8.7% – 9.7%				

1. FCF and ROCE for FY 2018 are adjusted by effects of new IFRS accounting standards Note: Please see disclaimer on last page regarding forward-looking statements

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Q&A

Date	Event
26 April 2018	Quarterly statement for the period ended 31 Mar 2018 (Q1 2018) and analyst call
9 May 2018	Annual General Meeting
26 July 2018	Interim report for the period ended 30 Jun 2018 (Q2 2018) and analyst call
25 October 2018	Quarterly statement for the period ended 30 Sep 2018 (Q3 2018) and analyst call

Subject to change without notice

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