

QUARTERLY RESULTS

Q3 2018

KION GROUP AG

Q3 2018 Update Call

Gordon Riske (CEO), Anke Groth (CFO) – Frankfurt, 25 October 2018



Agenda

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

Q3 2018 Strategic Highlights

Further product introductions in line with KION 2027 strategy

» Dematic introduces robotics solution for food distribution

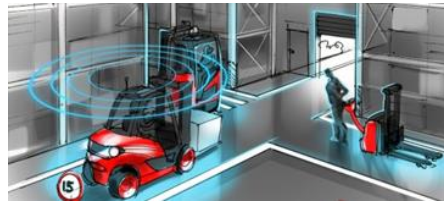


» Linde Material Handling strengthens its offering

- Complete Li-ion portfolio



- “Zone intelligence” function



» STILL first to release a tractor with a lifting function

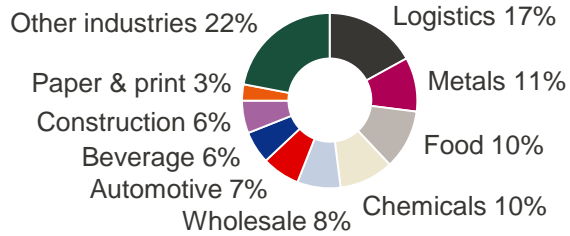


Q3 2018 Strategic Highlights

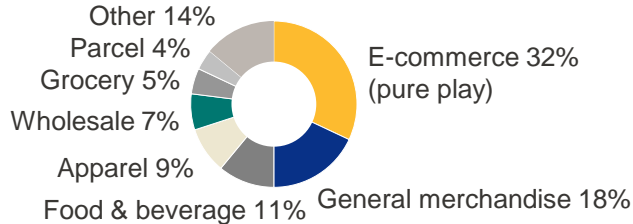
KION 2027 strategy innovations further broaden resilient business mix

Broad industry mix

Industrial Trucks and Services FY 2017¹

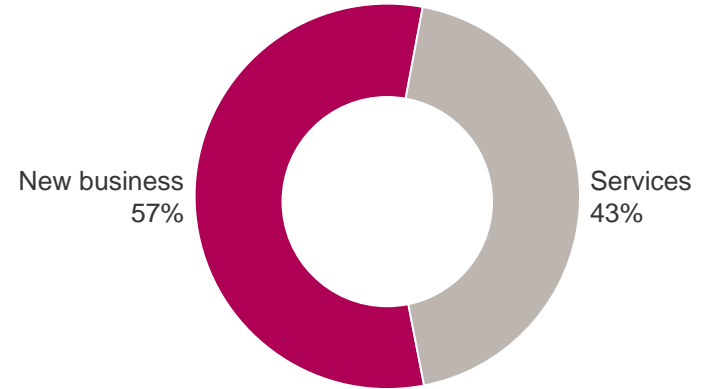


Supply Chain Solutions FY 2017²



Resilient service business

KION Group product mix FY 2017³



1. Based on order intake by industry based on German customer base only 2. Based on revenue by industry 3. Based on total group revenue

Q3 2018 Financial Highlights

Continued strong order growth and solid earnings

Outlook	<ul style="list-style-type: none">- Outlook for FY 2018 confirmed
Growth	<ul style="list-style-type: none">- Order intake grew by 11.5% to €2.1bn; revenue grew by 3.5% to €1.9bn in Q3 2018- IT&S¹ order intake increased by 7.6% to €1.5bn and revenue by 8.0% to €1.4bn- SCS² order intake increased by 21.5% to €598m; revenue declined by 8.4% to €473m due to lower order intake in earlier quarters
Profitability	<ul style="list-style-type: none">- Adj. EBIT³ of €193m results in a margin of 10.2% in Q3 2018 (Q3 2017: 10.7%)- IT&S margin declined to 11.1% (Q3 2017: 11.4%) mainly due to supplier delivery bottlenecks- SCS margin declined to 9.3% (Q3 2017: 11.9%) due to lower order intake in earlier quarters
Indebtedness	<ul style="list-style-type: none">- Net financial debt of €2.2bn as at Sep 2018 above €2.1bn as at Dec 2017- Free cash flow of €107m in Q1-Q3 2018 due to higher inventories and tax payments

1. Segment Industrial Trucks & Services 2. Segment Supply Chain Solutions 3. Adjusted for PPA items and non-recurring items
Note: Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

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Industrial Truck Market

Global market maintains momentum

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

North America			
Q4/17	Q1/18	Q2/18	Q3/18
26.1%	19.2%	7.6%	2.9%

Western Europe			
Q4/17	Q1/18	Q2/18	Q3/18
11.6%	4.7%	19.4%	13.4%

China			
Q4/17	Q1/18	Q2/18	Q3/18
35.0%	15.2%	30.4%	11.9%

Eastern Europe			
Q4/17	Q1/18	Q2/18	Q3/18
19.4%	17.8%	27.5%	20.8%

South/Central America			
Q4/17	Q1/18	Q2/18	Q3/18
39.8%	29.0%	7.8%	-6.1%

World			
Q4/17	Q1/18	Q2/18	Q3/18
21.0%	12.0%	18.9%	9.7%

Source: WITS/FEM

Industrial Truck Market

KION continues to benefit from global growth

Industrial trucks: Regional development

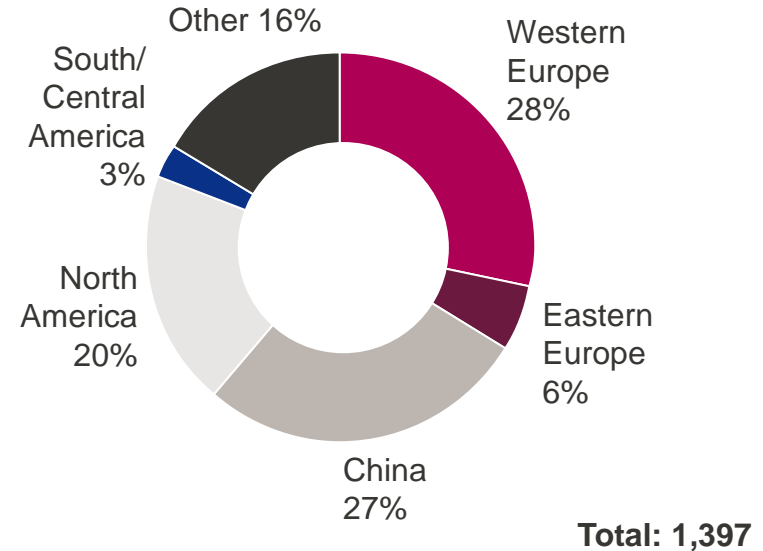
Order intake (in '000 units) and growth y-o-y (in %)

	Q1-Q3 2018		Q3 2018	
	Market	KION	Market	KION
Western Europe	+12.1% ↑	+8.1% ↑	+13.4% ↑	+5.8% ↑
Eastern Europe	+21.9% ↑	+17.9% ↑	+20.8% ↑	+15.5% ↑
China	+19.1% ↑	+9.2% ↑	+11.9% ↑	+14.4% ↑
North America	+9.8% ↑	-15.3% ↓	+2.9% ↑	+22.4% ↑
South/Central America	+8.6% ↑	+9.6% ↑	-6.1% ↓	-4.9% ↓
World	1,165.9 +13.6% ↑	159.5 +7.9% ↑	364.8 +9.7% ↑	49.0 +8.1% ↑

Source: WITS/FEM

Industrial trucks: Market by region

Order intake FY 2017 (in '000 units)



Agenda

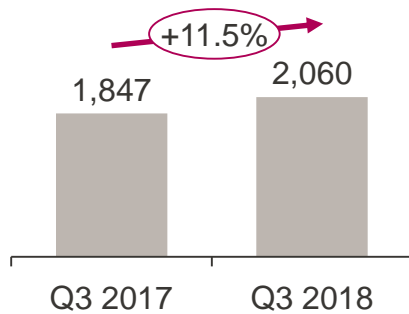
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Q3 2018 Key Financials

Continued strong order momentum

Order intake

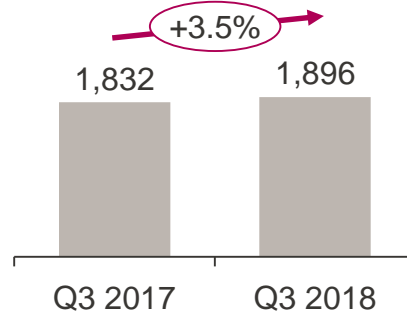
(in €m)



- Negative FX translation effect of -€23m¹
- Order book of €3.2bn strongly above year end

Revenue

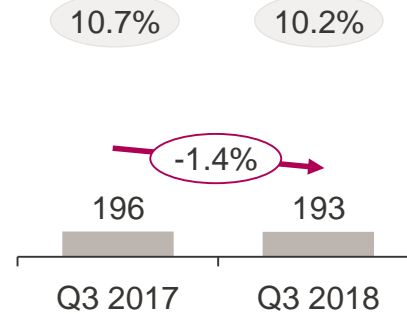
(in €m)



- Negative FX translation effect of -€15m¹
- Book-to-bill ratio 1.09x

Adj. EBIT and margin

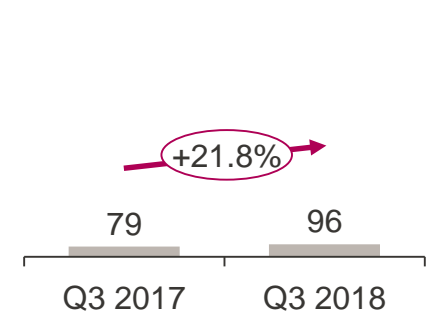
(in €m and %)



- FX translation effect of €0m¹
- Ongoing headwinds from supplier bottlenecks, SCS under-utilisation, material and labour cost

Net income

(in €m)

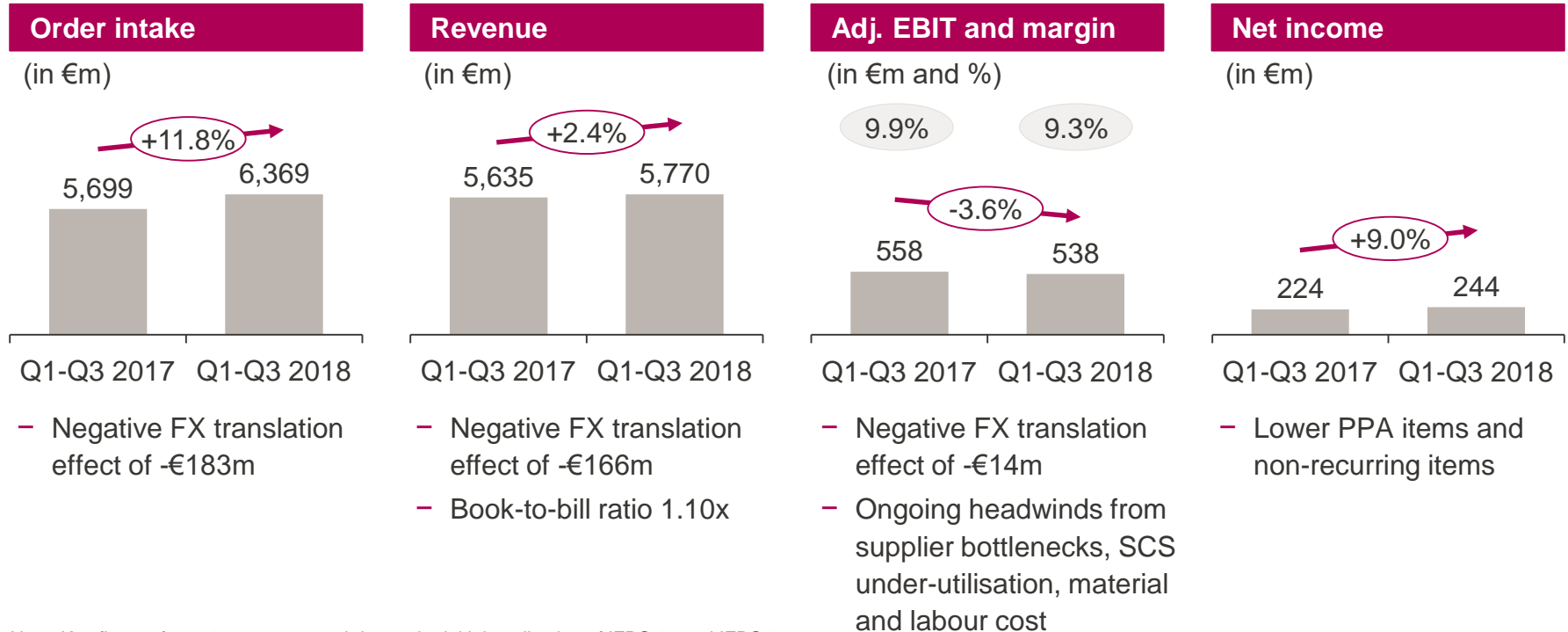


- Lower PPA items and non-recurring items

1. Calculated as delta between FX-effects as at Q1-Q3 2018 and H1 2018
 Note: Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Q1-Q3 2018 Key Financials

Revenue and margin impacted by headwinds



Note: Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

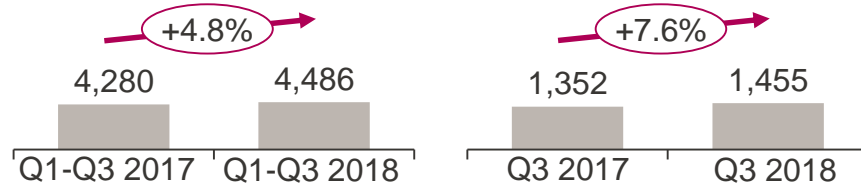
Industrial Trucks & Services

Countermeasures against supplier bottlenecks on track

Key financials

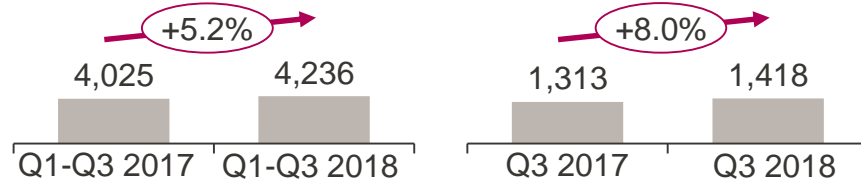
Order intake

(in €m)



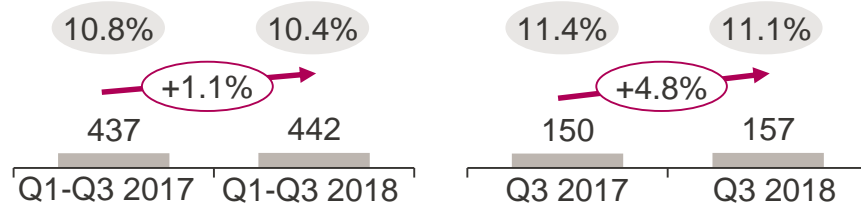
Revenue

(in €m)



Adj. EBIT and margin

(in €m and %)



FX translation effect

(in €m)	Q1-Q3 2018	Q3 2018 ¹
Order intake	-83	-22
Revenue	-83	-23
Adjusted EBIT	-3	-1

1. Calculated as delta between FX-effects as at Q1-Q3 2018 and H1 2018
Note: Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

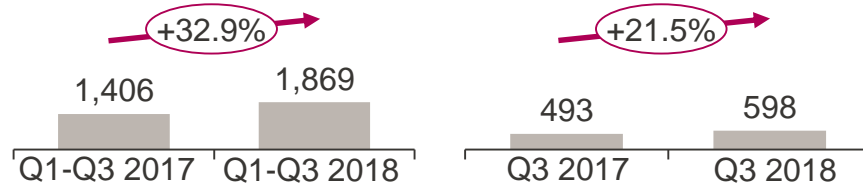
Supply Chain Solutions

Strong order momentum but continued under-utilisation

Key financials

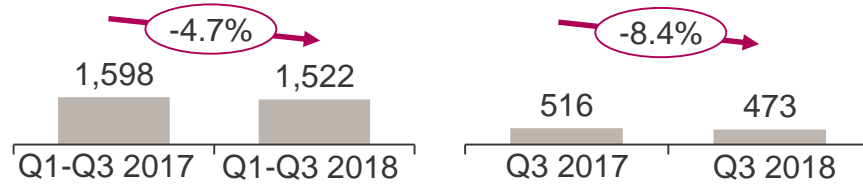
Order intake

(in €m)



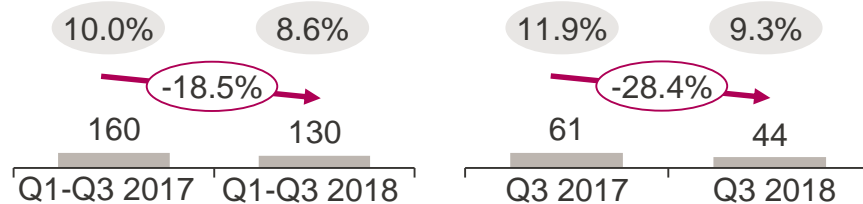
Revenue

(in €m)



Adj. EBIT and margin

(in €m and %)



FX translation effect

(in €m)	Q1-Q3 2018	Q3 2018 ¹
Order intake	-100	-1
Revenue	-84	+8
Adjusted EBIT	-11	+1

1. Calculated as delta between FX-effects as at Q1-Q3 2018 and H1 2018
Note: Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Adjusted EBITDA to Net Income

Net income increase from lower PPA items and non-recurring items

(in €m)	Q1-Q3 2018	Q1-Q3 2017	Change	Q3 2018	Q3 2017	Change
Adjusted EBITDA	1,098	1,091	0.6%	380	381	-0.3%
D&A	-560	-533	-5.1%	-187	-186	-1.0%
Adjusted EBIT	538	558	-3.6%	193	196	-1.4%
Non-recurring items (NRI)	-4	-27	84.0%	-1	-12	89.1%
PPA items	-97	-139	30.6%	-23	-48	52.2%
Reported EBIT	437	391	11.6%	169	136	23.9%
Net financial expenses	-81	-68	-18.5%	-27	-20	-35.7%
EBT	355	323	10.1%	141	116	21.8%
Taxes	-112	-99	-12.5%	-45	-37	-21.9%
Net income	244	224	9.0%	96	79	21.8%
Reported EPS	€2.09	€1.97		€0.83	€0.67	
Adjusted EBITDA margin	19.0%	19.4%		20.0%	20.8%	
Adjusted EBIT margin	9.3%	9.9%		10.2%	10.7%	

Explanations

- Operating performance impacted by headwinds
- PPA items relate mainly to Dematic
- Net financial expenses reflect among others a positive FX impact in 2017 from USD intercompany loan related to Dematic

Note: Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Free Cash Flow Statement

Free cash flow impacted by higher inventories and taxes

(in €m)	Q1-Q3 2018	Q1-Q3 2017	Change
EBITDA	1,095	1,062	3.1%
Change in Net Working Capital (NWC)	-232	-256	9.3%
Taxes paid	-142	-70	<-100%
Pension payments	-28	-22	-26.4%
Other	5	32	-85.2%
Rental capex (net)	-149	-150	0.1%
Change in leased assets and lease receivables/ liabilities and non-cash deferral of leasing profits	-289	-264	-9.3%
CF from operating activities	260	332	-21.7%
Operating capex	-164	-137	-19.8%
Acquisitions	-2	-6	74.7%
Other	13	-1	>100%
CF from investing activities	-153	-145	-5.8%
Free cash flow	107	187	-43.0%

Explanations

- Increased inventories due to delivery issues at selected IT&S suppliers offset by received pre-payments in SCS

- Higher tax pre-payments

- Leasing capex driven by business volume

Note: Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Net Debt

Net debt increases due to temporary working capital financing

(in €m)	30 Sep 2018	31 Dec 2017 ³
Adjusted LTM EBITDA	1,502	1,496
Adjusted LTM industrial EBITDA ¹	1,187	1,195
Net financial debt	2,234	2,096
Liabilities from procurement leases	383	369
Liabilities from short-term rental financing ²	552	516
Industrial net operating debt (INOD)	3,169	2,980
Net pension liabilities	974	979
Industrial net debt	4,143	3,960
Leverage on net financial debt	1.5x	1.4x
Leverage on industrial net operating debt	2.7x	2.5x
Leverage on industrial net debt	3.5x	3.3x

Net debt development

- Net debt increases due to temporary working capital financing requirements

Long-term leasing business

- Assets for long-term leasing of €2,186m (Dec 2017: €2,122m)
- Correspondingly, liabilities from long-term leasing of €2,112m (Dec 2017: € 2,050m)

1. Excludes LTM EBITDA for long-term leasing 2. Includes liabilities from short-term rental financing and liabilities from financial services (rental)

3. Restated based on adjusted definition of industrial net operating debt Note: Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

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FY 2018 Outlook

Outlook confirmed

(in €m)	KION Group		Industrial Trucks & Services		Supply Chain Solutions	
	FY 2017 ¹	Outlook FY 2018	FY 2017 ¹	Outlook FY 2018	FY 2017 ¹	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
FCF	378	410 – 475				
ROCE	9.9%	8.7% – 9.7%				

1. Key figures for 2017 were not restated due to the initial application of IFRS 15 and IFRS 16. Note: The outlook is based on the assumption that material prices and the exchange rate environment will hold steady as at the time the outlook was prepared. Please see disclaimer on last page regarding forward-looking statements.

Financial Calendar



Date	Event
28 February 2019	Publication of 2018 annual report (FY 2018) Financial statements press conference and analyst call
25 April 2019	Quarterly statement for the period ended 31 Mar 2019 (Q1 2019) and analyst call
09 May 2019	Annual General Meeting

Subject to change without notice

Key Financials by Quarter

FY 2017 restated due to the initial application of IFRS 15 and IFRS 16

	Group figures							Industrial Trucks & Services							Supply Chain Solutions						
(in €m)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Order intake	2,060	2,424	1,885	2,280	1,847	1,971	1,882	1,455	1,546	1,485	1,580	1,352	1,514	1,415	598	874	396	693	493	452	461
Revenue	1,896	2,031	1,843	1,963	1,832	2,001	1,801	1,418	1,450	1,369	1,547	1,313	1,398	1,314	473	579	471	412	516	600	482
Adj. EBITDA ¹	380	377	341	405	381	388	322	326	318	301	372	318	323	276	56	64	46	42	73	71	50
Adj. EBITDA margin in % ¹	20.0	18.6	18.5	20.6	20.8	19.4	17.9	23.0	21.9	22.0	24.0	24.2	23.1	21.0	11.9	11.1	9.8	10.1	14.2	11.9	10.3
Adj. EBIT ¹	193	187	158	220	196	210	152	157	148	136	206	150	159	127	44	52	35	29	61	64	34
Adj. EBIT Margin in % ¹	10.2	9.2	8.6	11.2	10.7	10.5	8.4	11.1	10.2	9.9	13.3	11.4	11.4	9.7	9.3	8.9	7.4	7.0	11.9	10.7	7.2

1. Adjusted for PPA items and non-recurring items

Note: Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

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