



DIGITAL & BEYOND

KION GROUP AG **Analyst Day 2019**

Anke Groth (CFO), Susanna Schneeberger (CDO) – Heusenstamm, 13 March 2019



Anke Groth



Chief Financial Officer
KION Group

Susanna Schneeberger



Chief Digital Officer
KION Group

Agenda

1. **FY 2018 Recap**
2. IT&S Highlights
3. SCS Deep-Dive
4. FY 2019 Guidance and Mid-term Outlook
5. Digital & Beyond

FY 2018 Financial Highlights

KION sees strong finish to the year and fully meets outlook



Order intake

€8.7bn

+8.5% y-o-y

Revenue

€8.0bn

+5.2% y-o-y

Adj. EBIT¹

€790m

Margin of 9.9% in
FY 2018

Free cash flow

€520m

+€46m y-o-y

Dividend per share

€1.20

+21.2% y-o-y,
35% payout ratio²

Outlook for FY 2018 fully achieved across all KPIs

1. Adjusted for PPA items and non-recurring items 2. Proposed dividend for the fiscal year 2018

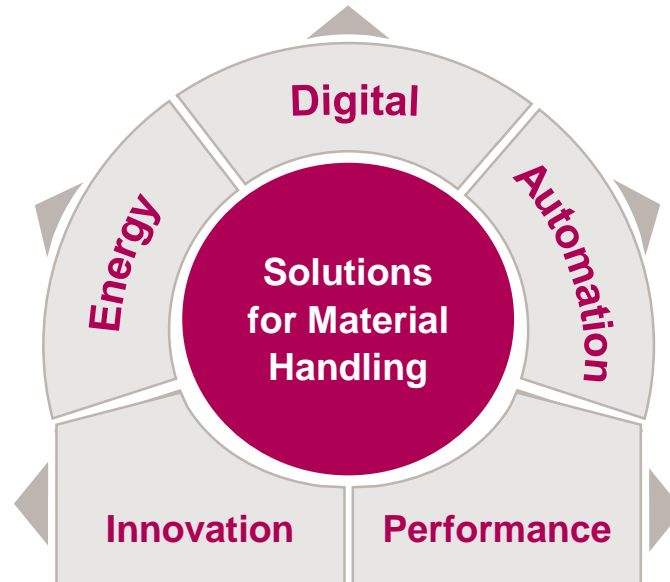
FY 2018 Strategic Highlights

Significant progress in implementing KION 2027 strategy

- Enhanced digital **fleet management**
- Go-live of KION **Digital Campus**

- Complete **Li-Ion** truck portfolio
- Strategic **partnership** with EP Equipment

- **Award-winning** STILL RX 20 E-truck family
- New Linde **safety** solutions



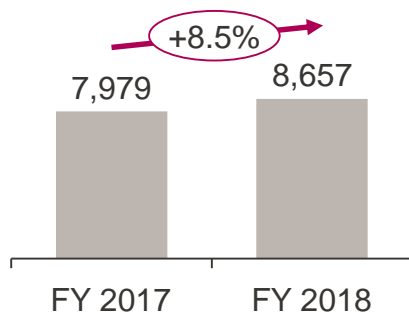
- New Dematic piece **picking robot**
- Launch of Dematic iQ InSights **software**
- **Ramp-up** of new factory in CZ
- Preparation of new factory in **Poland**

FY 2018 Key Financials

Good growth momentum and solid margin despite headwinds

Order intake

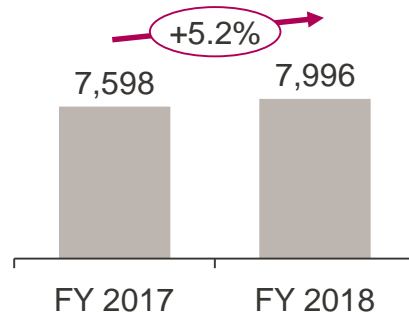
(in €m)



- Negative FX translation effect of -€186m
- Order book of €3.3bn strongly above prior year level (+26.2%)

Revenue

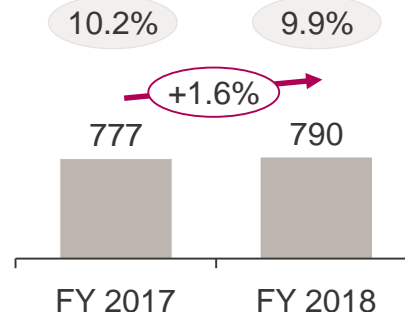
(in €m)



- Negative FX translation effect of -€174m
- Book-to-bill ratio 1.08x

Adj. EBIT and margin

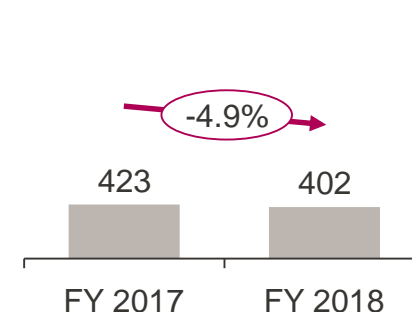
(in €m and %)



- Negative FX translation effect of -€14m
- Headwinds from supplier bottlenecks, SCS under-utilization, material and labor cost

Net income

(in €m)



- Lower PPA items and non-recurring items
- FY 2017 and FY 2018 include positive one-time tax effects

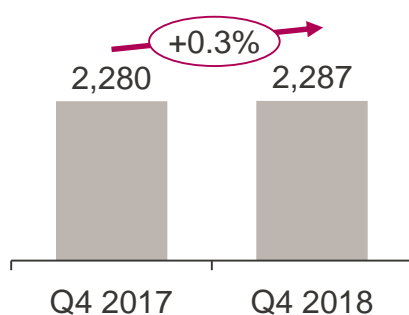
Note: Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Q4 2018 Key Financials

Strong finish to the year

Order intake

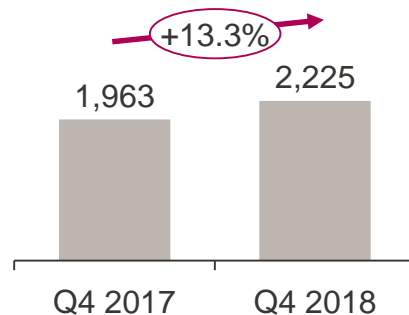
(in €m)



- Negative FX translation effect of -€4m¹

Revenue

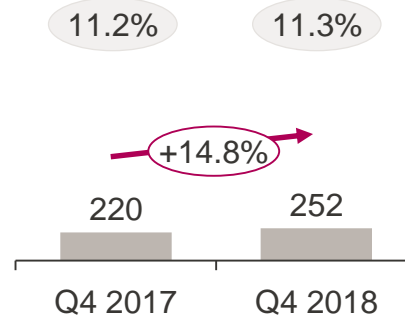
(in €m)



- Negative FX translation effect of -€8m¹
- Book-to-bill ratio 1.03x

Adj. EBIT and margin

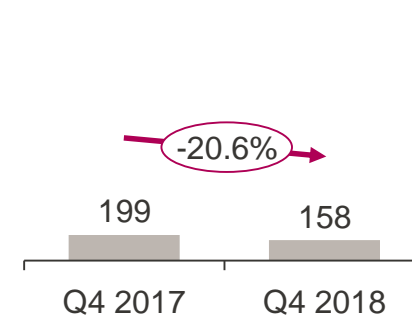
(in €m and %)



- FX translation effect of €0m¹
- Headwinds from supplier bottlenecks, material and labor cost

Net income

(in €m)



- Q4 2017 and Q4 2018 include positive one-time tax effects

1. Calculated as delta between FX-effects as at FY 2018 and Q1-Q3 2018
 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 supported by EBITDA increase

(in €m)	FY 2018	FY 2017	Change	Description
Reported EBITDA	1,541	1,458	5.7%	- EBITDA driven by operating performance
Change in Net Working Capital (NWC)	-54	-113	-52.1%	
Taxes paid	-193	-136	-41.7%	- Received pre-payments in SCS from strong order intake in FY 2018
Pension payments	-37	-28	-32.5%	
Other	74	59	26.3%	- Higher tax pre-payments
Rental capex (net)	-189	-196	4.0%	
Change in leased assets and lease receivables/ liabilities and non-cash deferral of leasing profits	-376	-331	-13.8%	- Leasing capex driven by business volume
CF from operating activities	766	712	7.5%	
Operating capex	-258	-218	-18.4%	- Operating capex driven by facility expansion and modernization
Acquisitions	-2	-13	-87.7%	
Other	14	-6	>100%	
CF from investing activities	-246	-238	-3.4%	
Free cash flow	520	474	9.6%	

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

FY 2018 Outlook Comparison

Guidance achieved for all KPIs

(in €m)	KION Group		Industrial Trucks & Services		Supply Chain Solutions	
	Outlook FY 2018	FY 2018	Outlook FY 2018	FY 2018	Outlook FY 2018	FY 2018
Order intake	8,050 – 8,550	8,657 	5,950 – 6,150	6,211 	2,100 – 2,400	2,425 
Revenue	7,700 – 8,200	7,996 	5,700 – 5,900	5,922 	2,000 – 2,300	2,055 
Adj. EBIT	770 – 835	790 	650 – 685	655 	180 – 215	180 
FCF	410 – 475	520 				
ROCE	8.7% – 9.7%	9.3% 				

 Achieved

Agenda

1. FY 2018 Recap
- 2. IT&S Highlights**
3. SCS Deep-Dive
4. FY 2019 Guidance and Mid-term Outlook
5. Digital & Beyond

Industrial Trucks and Services

A world leader in industrial trucks

- No.1** KION Group is European No. 1 and Global No. 2
- 5** A well positioned global player with five unique brands
- 1.4m** Growing truck base worldwide supports aftersales business
- 1,600** Close to 1,600 sales and/or service locations
- >1/3** More than every third truck sold in growth markets
- 100** Global presence in more than 100 countries

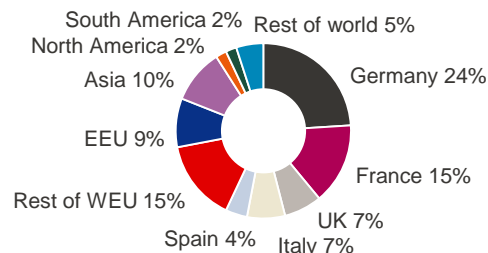
Key financials

(in €m)	2018	2017	2016	2015
Order intake	6,211	5,859	5,383	5,146
Revenue	5,922	5,572	5,203	5,045
Adj. EBIT ¹	655	643	587	529
Margin	11.1%	11.5%	11.3%	10.5%

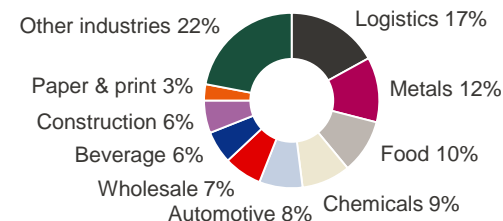
Revenue by product



Revenue by region



Truck order intake by industry²



Adjusted for PPA items and non-recurring items ². Calculation in unit terms, based on German customers only
 Note: Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Industrial Truck Market

Double digit order growth in FY 2018

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

North America				
Q1/18	Q2/18	Q3/18	Q4/18	FY18
19.2%	7.6%	2.9%	-9.5%	+4.0%

Western Europe				
Q1/18	Q2/18	Q3/18	Q4/18	FY18
4.7%	19.4%	13.4%	4.0%	+10.0%

China				
Q1/18	Q2/18	Q3/18	Q4/18	FY18
15.2%	30.4%	11.9%	3.2%	+15.2%

Eastern Europe				
Q1/18	Q2/18	Q3/18	Q4/18	FY18
17.8%	27.5%	20.8%	14.6%	+20.0%

South/Central America				
Q1/18	Q2/18	Q3/18	Q4/18	FY18
29.0%	7.8%	-6.1%	-4.1%	+5.0%

World				
Q1/18	Q2/18	Q3/18	Q4/18	FY18
12.0%	18.9%	9.7%	1.2%	+10.3%

Source: WITS/FEM

Industrial Truck Market

KION ends a successful year with a good Q4

Industrial trucks: Regional development

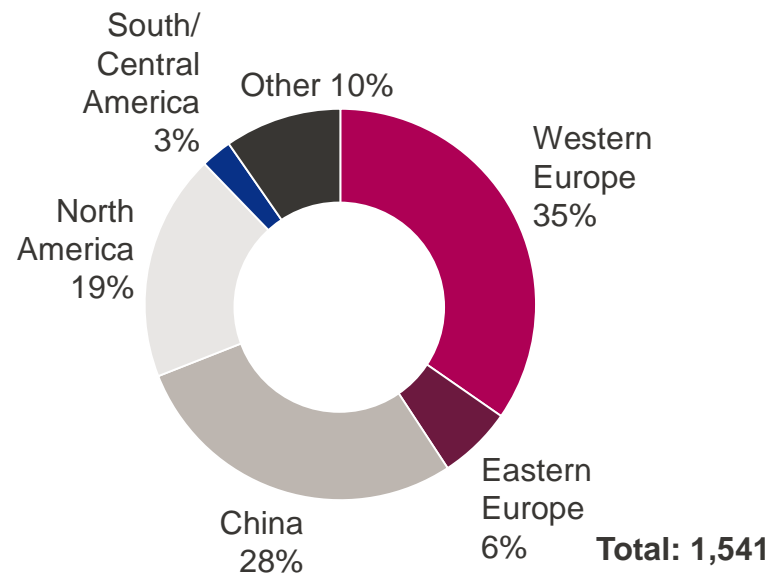
Order intake (in '000 units) and growth y-o-y (in %)

	FY 2018		Q4 2018	
	Market	KION	Market	KION
Western Europe	+10.0% ↑	+7.5% ↑	+4.0% ↑	+6.0% ↑
Eastern Europe	+20.0% ↑	+19.4% ↑	+14.6% ↑	+23.2% ↑
China	+15.2% ↑	+4.4% ↑	+3.2% ↑	-10.0% ↓
North America	+4.0% ↑	-12.2% ↓	-9.5% ↓	-1.9% ↓
South/Central America	+5.0% ↑	+10.2% ↑	-4.1% ↓	+11.7% ↑
World	1,540.9 +10.3% ↑	216.7 +7.6% ↑	375.0 +1.2% ↑	57.2 +6.6% ↑

Source: WITS/FEM

Industrial trucks: Market by region

Order intake FY 2018 (in '000 units)

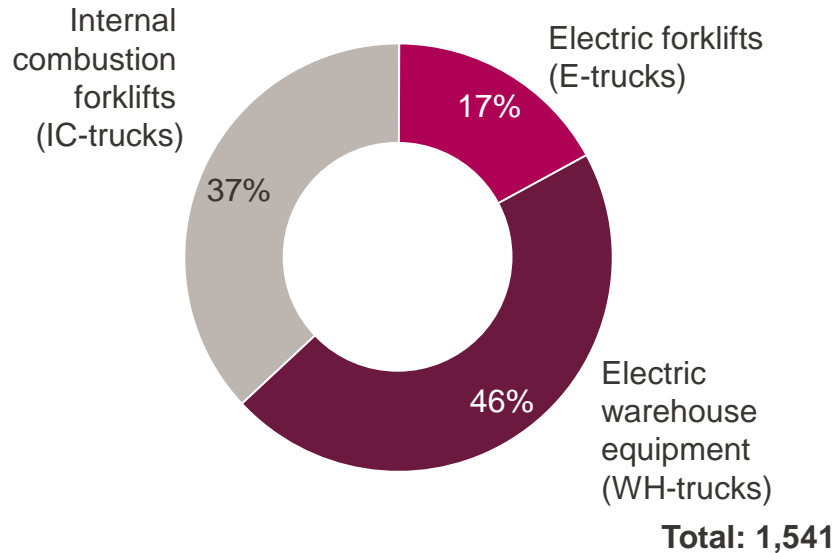


Industrial Trucks & Services

Strong E- and WH-offering benefits from growth in E-commerce

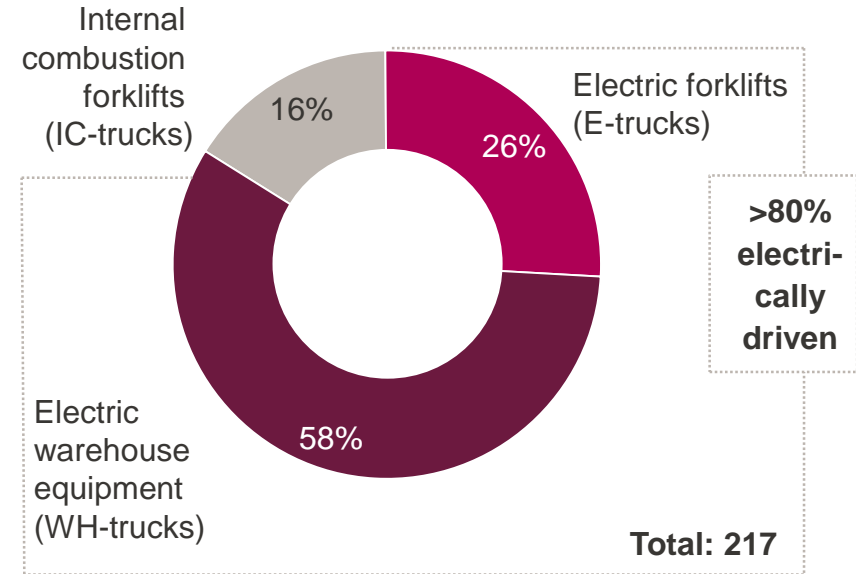
Market segment mix

Order intake FY 2018 (in '000 units)



KION segment mix

Order intake FY 2018 (in '000 units)

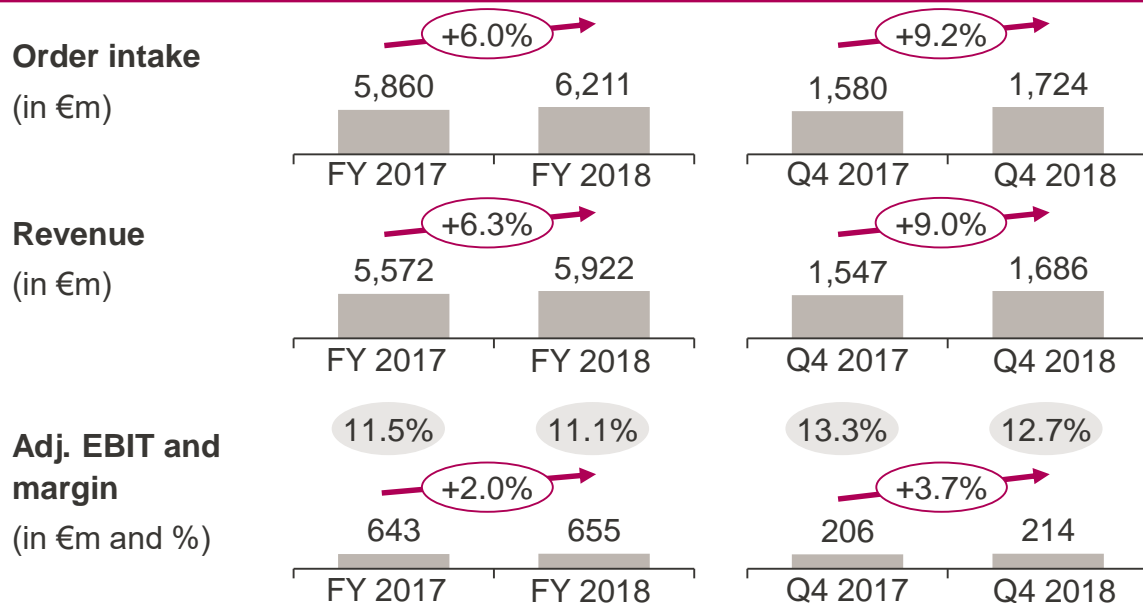


Source: WITS/FEM

Industrial Trucks & Services

Good growth momentum and continued supplier bottlenecks

Key financials



FX translation effect

(in €m)	FY 2018	Q4 2018 ¹
Order intake	-99	-15
Revenue	-98	-15
Adjusted EBIT	-4	-2

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

Agenda

1. FY 2018 Recap
2. IT&S Highlights
3. **SCS Deep-Dive**
4. FY 2019 Guidance and Mid-term Outlook
5. Digital & Beyond

Supply Chain Solutions

Leading in material handling automation solutions

- No. 1** KION Group is global No.1¹ following acquisition of Dematic
- ↗** Automation systems market expected to grow at a high single digit rate in midterm
- 6,000** >6,000 integrated systems implemented at customers
- ~100** Close to 100 locations globally
- 7,000** Almost 7,000 employees incl. >3,000 engineers
- 24** Global presence in 24 countries

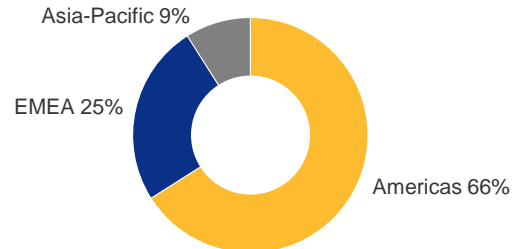
Key financials

(in €m)	2018	2017	2016	2015
Order intake	2,425	2,099	431	49
Revenue	2,055	2,010	366	33
Adj. EBIT	180	189	6	2
Margin	8.8%	9.4%	1.6%	6.1%

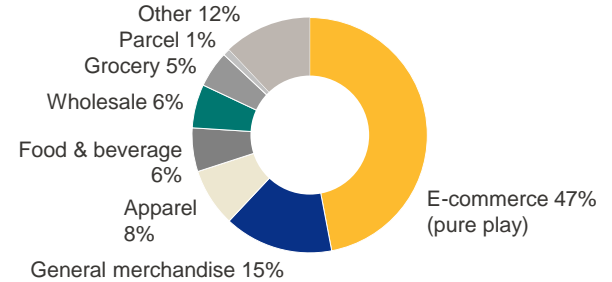
Revenue by product



Revenue by region



Revenue by industry



1. Börsen-Zeitung, 2 March 2018
 Note: Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Supply Chain Solutions Market

Growth drivers and trends remain intact

Market growth drivers



E-commerce



Automation



Digitalization

Growth indicators 2018

+9%

Global
warehouse
capex¹

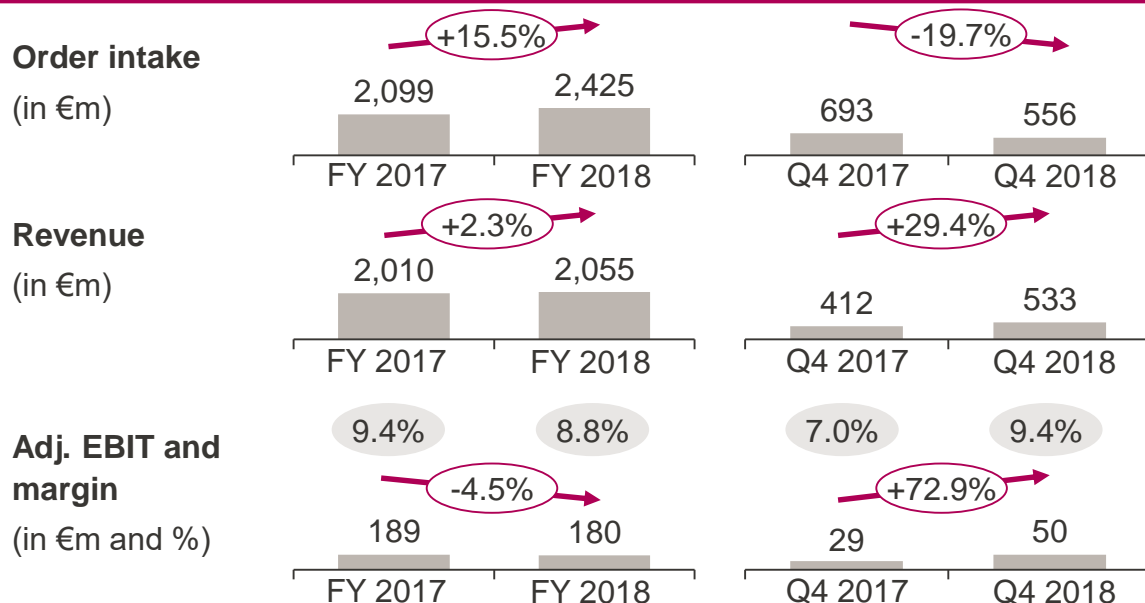
+14%

Global
e-commerce
growth²

1. Projected capital expenditure growth for warehousing equipment and technology in 2018; Peerless Research Group 2018
Ecommerce Foundation

2. Outlook for global e-commerce growth in 2018;

Key financials



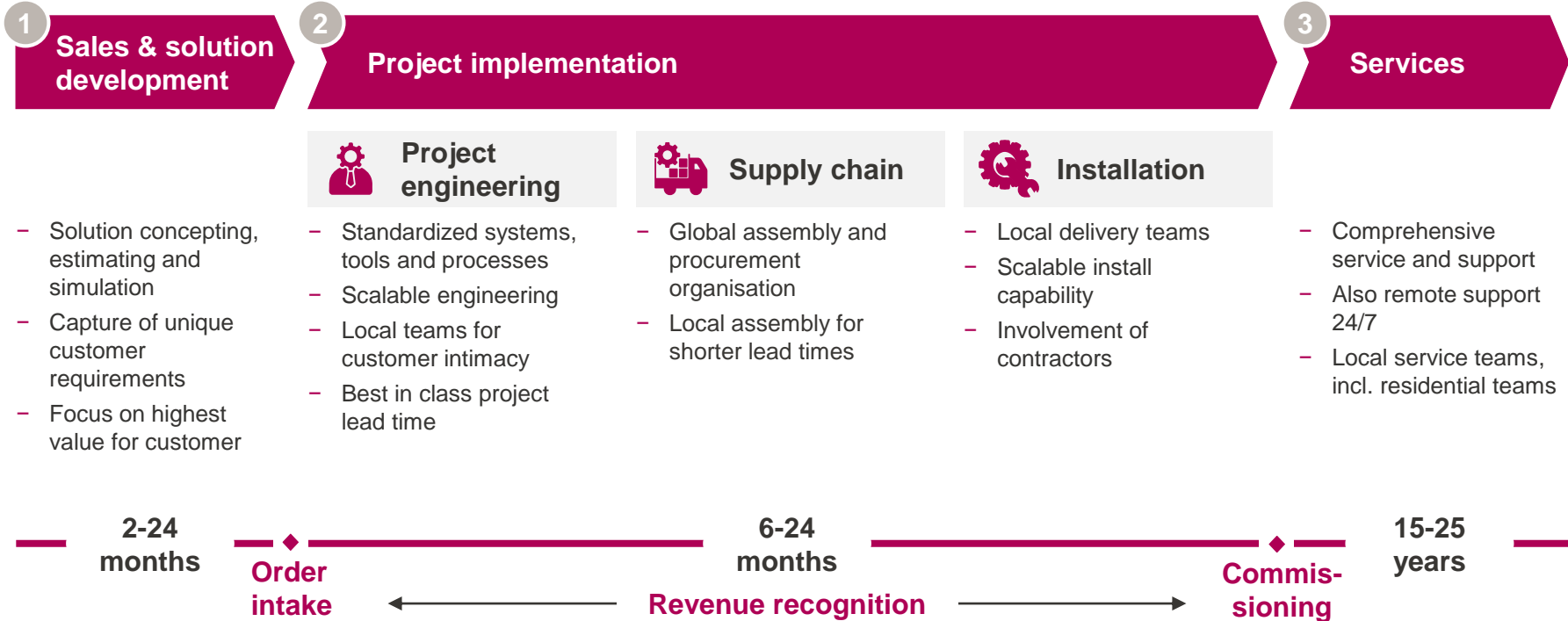
FX translation effect

(in €m)	FY 2018	Q4 2018 ¹
Order intake	-88	+12
Revenue	-76	+7
Adjusted EBIT	-10	+2

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

Supply Chain Solutions Project Timeline

Both sales and implementation processes can take up to 24 months

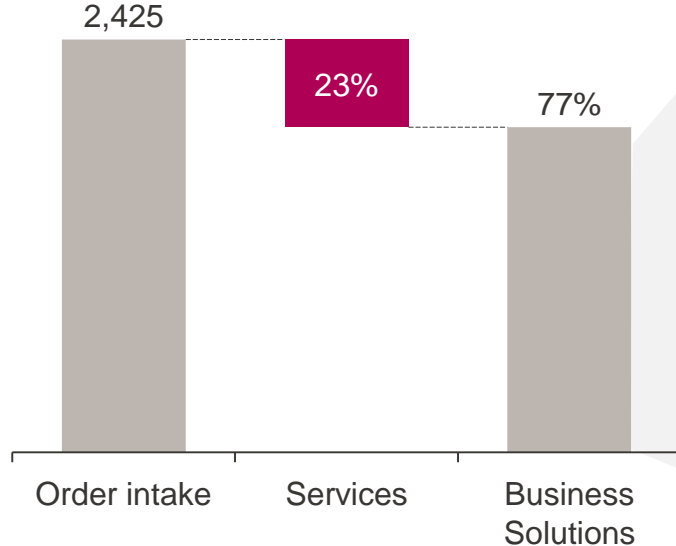


Supply Chain Solutions Order Profile

Stability from services activities and inflow of smaller orders

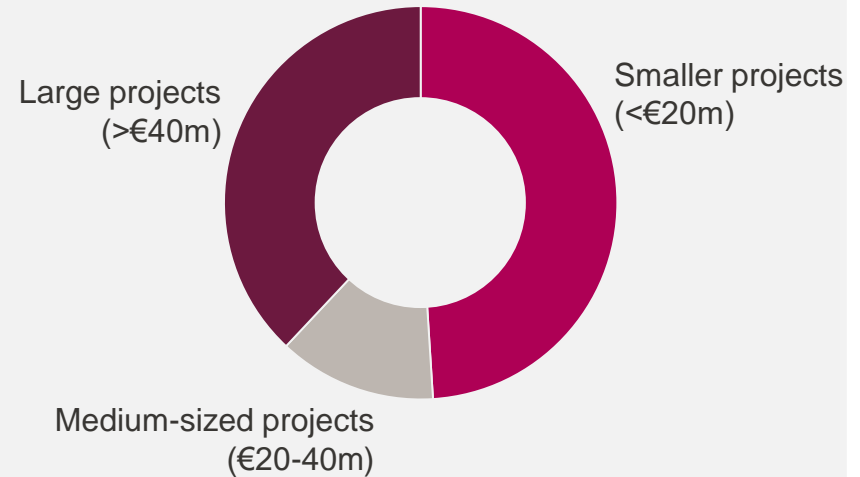
SCS order intake by product

Total order intake 2018 (in €m)



SCS orders by project size

Business Solutions order intake 2018



Agenda

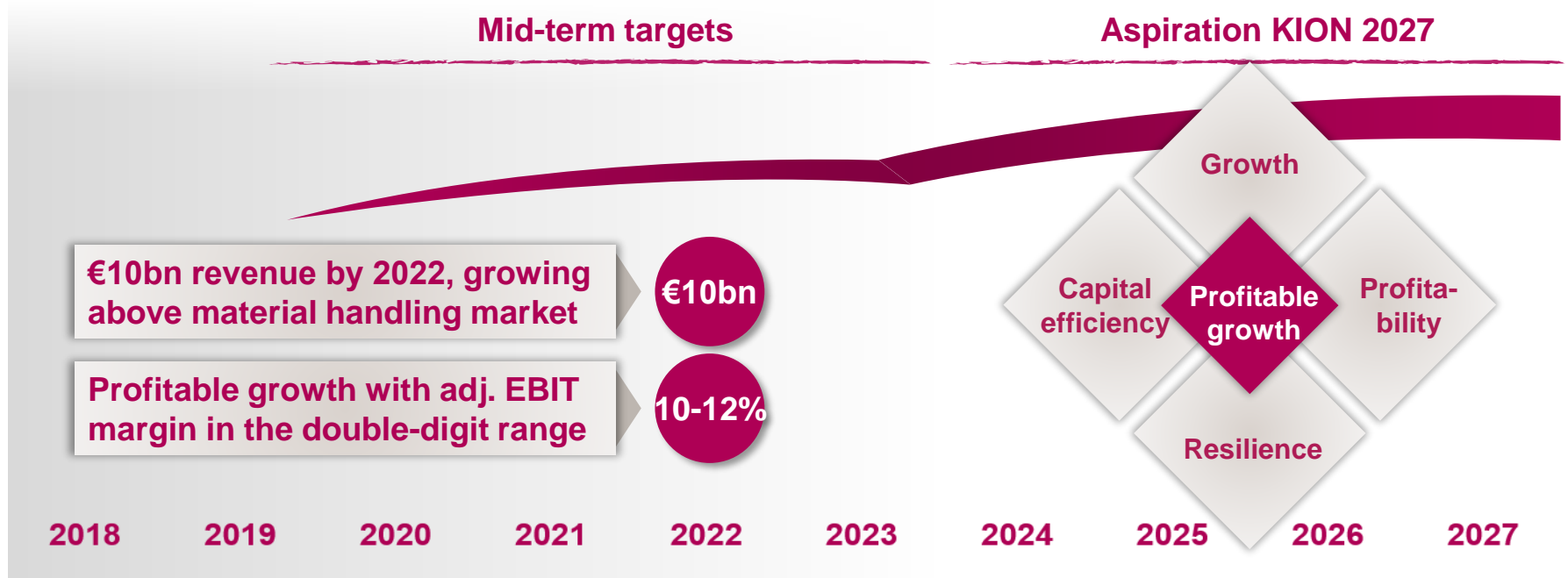
1. FY 2018 Recap
2. IT&S Highlights
3. SCS Deep-Dive
- 4. FY 2019 Guidance and Mid-term Outlook**
5. Digital & Beyond

FY 2019 Outlook

Investing into strategic fields of action for continued profitable growth

(in €m)	KION Group		Industrial Trucks & Services		Supply Chain Solutions	
	FY 2018	Outlook FY 2019	FY 2018	Outlook FY 2019	FY 2018	Outlook FY 2019
Order intake	8,657	8,250 – 8,950	6,211	6,250 – 6,450	2,425	2,000 – 2,500
Revenue	7,996	8,150 – 8,650	5,922	6,050 – 6,250	2,055	2,100 – 2,400
Adj. EBIT	790	805 – 875	655	685 – 720	180	190 – 225
FCF	520	380 – 480				
ROCE	9.3%	9.0% – 10.0%				

Please see disclaimer on last page regarding forward-looking statements



Performance depends on industry-specific conditions and may be negatively affected by increasing uncertainty or worsening of the economic and political situation

Revenue

- €10bn revenue by 2022, growing above the material handling market

Adj. EBIT

- Profitable growth with adj. EBIT margin in the double-digit range, growing into the range between 10% and 12%

EPS

- EPS growth above EBIT growth

Dividend

- Dividend payout at 25-35% of net income
- Dividend growth in line with EPS growth

Leverage

- Target to remain at least a solid cross-over credit
- Leverage on industrial net operating debt of around 2x in coming years

M&A strategy

- Continued focus on bolt-on M&A and opportunities in the market

Agenda

1. FY 2018 Recap
2. IT&S Highlights
3. SCS Deep-Dive
4. FY 2019 Guidance and Mid-term Outlook
5. **Digital & Beyond**

Digital Beyond

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

Digital Organization

Bundling all digital activities



CDO Organisation

Supply Chain Solutions

Mobile Automation

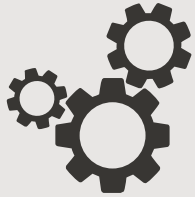
Software Development

Digital Campus

IT

Digital Priorities

From digital processes and digital solutions to new business models



**Enterprise &
Operations**



**Solutions &
Services**



**Customer
Interaction**



**New Business
Models**

IT Backbone

Ways of Working

Digital Customer Offering

How KION digitalizes supply chains



Intelligent trucks

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



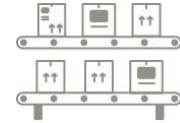
Fleet data management

- Fleet data services connect trucks with cloud based management tool
- Financial and security benefits



Automated trucks

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



Automated systems

- Customized integrated soft- and hardware intralogistics solutions
- Solutions for robotic piece picking

Growth drivers **» Safety – fewer accidents**

» Increasing precision and reliability

» Wage inflation and labor shortage

» Flexibility, esp. in handling complex material flows

No “Industry 4.0” without “Intralogistics 4.0”

Intralogistics 4.0

Recent additions to KION's digital solutions

Intelligent trucks

Dynamic mast control

- Reduced mast oscillation
- Increased safety and efficiency



Safety guard

- Speed control and collision avoidance
- Using radio signal



Truck spot

- Driving path warning system
- Higher operational safety



Fleet data management

Zone intelligence

- Sensor-based assistance for greater safety



KION Cloud

- Virtual solution for collection and evaluation of intralogistics data

Fleet management

- neXXt fleet web portal to optimize fleets of industrial trucks



Automated trucks

Extended range of AGVs

- New additions to Linde-MATIC truck series
- Award-winning STILL order picker iGo neo



Mobile automation center of excellence

- Combination of best-in-class AGV portfolios



Automated systems

Robotic picking

- New solution for robotic piece picking



Warehouse intelligence

- Part of Dematic IQ family
- Cloud-based Dematic iQ Insights system



AutoStore partnership

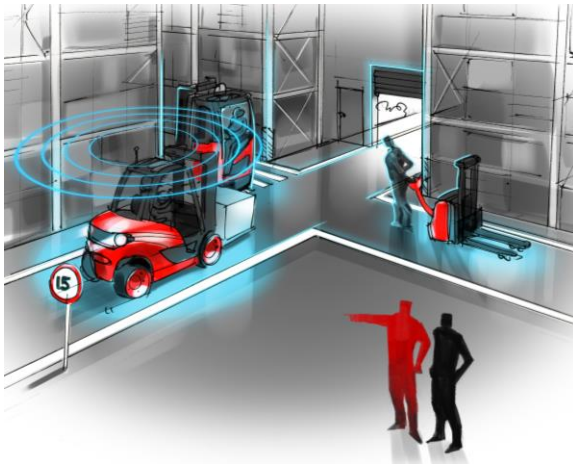
- Expanded offering with high density storage capability



Intralogistics 4.0

Fleet data management

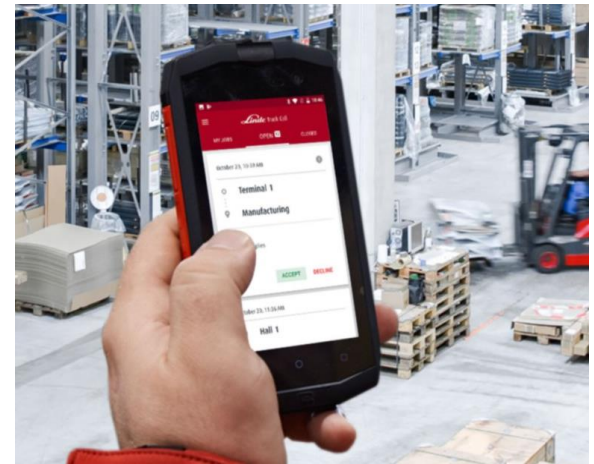
Zone intelligence



KION Cloud for improved connectivity



Enhanced digital fleet management



Intralogistics 4.0

Automated trucks and systems

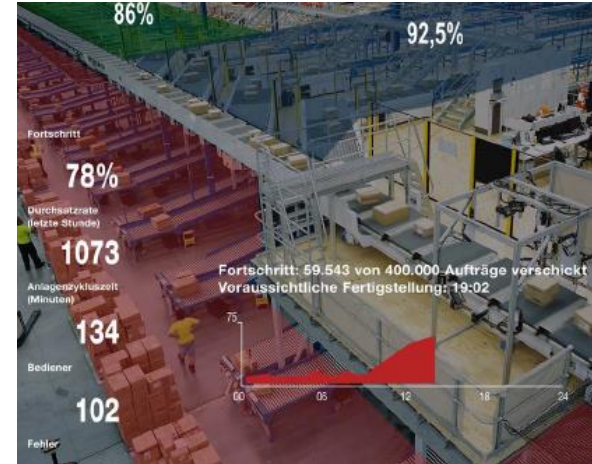
Global leader in mobile automation



Piece picking robot



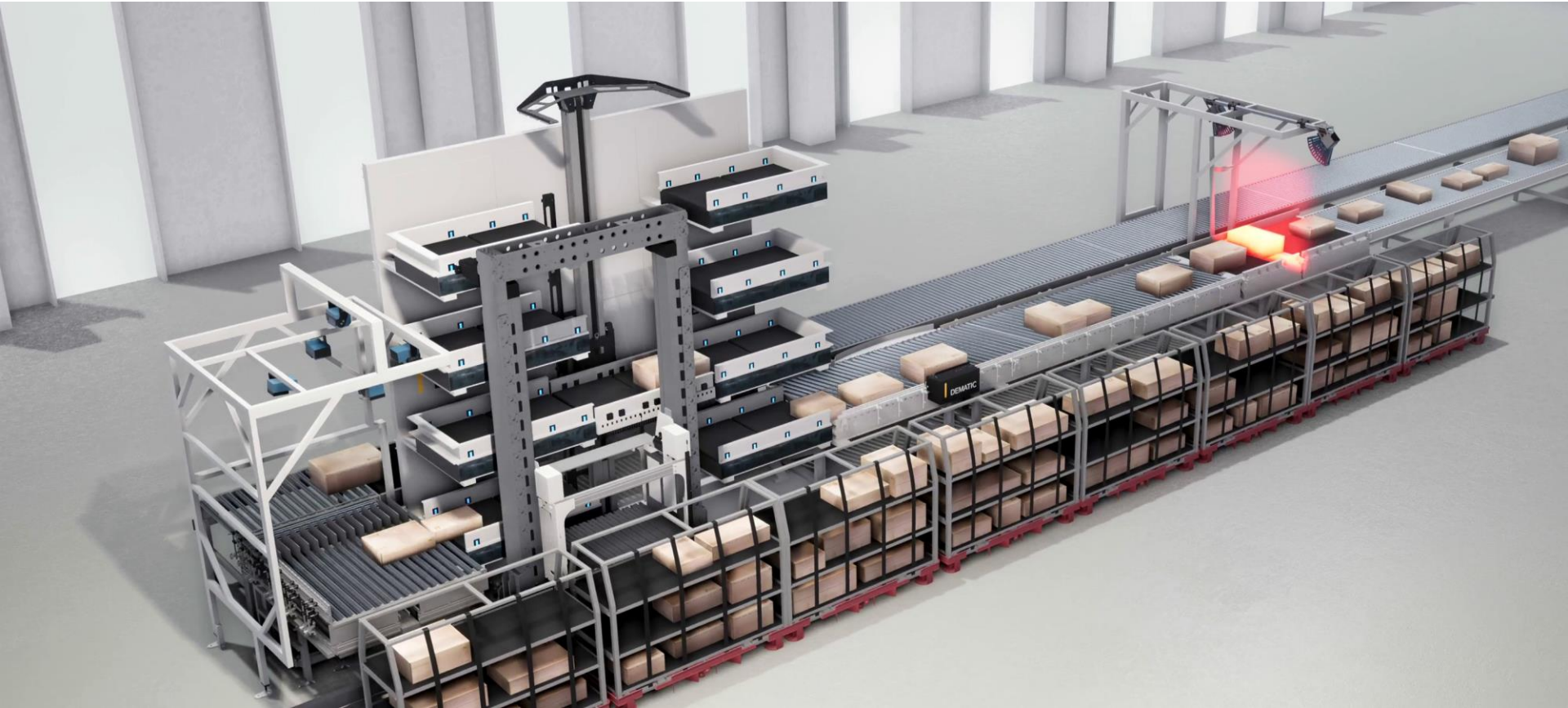
IQ InSights software



Intralogistics 4.0

Dematic PackMyRide: Automated parcel loading for last mile delivery

KION
GROUP



KION Digital Campus

Main goal for 2019 is to extend from accelerate to innovate and enable



Accelerate



We empower, accelerate and boost digital projects of the operating units in a co-creational approach.

Innovate



We build up knowledge and contribute cutting-edge digital innovation to the whole organization.

Enable

We bring novel skills, capabilities and mindset necessary for the digital transformation into KION.

Financial Calendar



Date	Event
25 April 2019	Quarterly statement for the period ended 31 Mar 2019 (Q1 2019) and analyst call
09 May 2019	Annual General Meeting
25 July 2019	Interim report for the period ended 30 Jun 2019 (Q2 2019) and analyst call
24 October 2019	Quarterly statement for the period ended 30 Sep 2019 (Q3 2019) and analyst call

Subject to change without notice

IR Contacts



Dr Karoline Jung-Senssfelder
Senior Vice President Corporate Strategy
and Investor Relations

Phone: +49 (0)69 20110-7450
karoline.jung-senssfelder@kiongroup.com

Antje Kelbert
Senior Manager Investor Relations

Phone: +49 (0)69 20110-7346
antje.kelbert@kiongroup.com

Dana Unger
Senior Manager Investor Relations

Phone: +49 (0)69 20110-7371
dana.unger@kiongroup.com

Maria Cristina Burgel
Assistant Investor Relations

Phone: +49 (0)69 20110-7327
maria.cristina.burgel@kiongroup.com

ir@kiongroup.com

KION GROUP AG
Thea-Rasche-Strasse 8
60549 Frankfurt am Main
Germany

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.