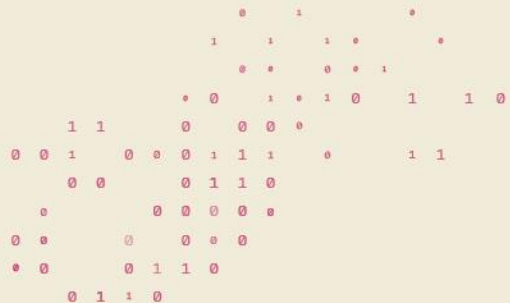


# QUARTERLY RESULTS

## Q3 2019



### **KION GROUP AG**

### **Q3 2019 Update Call**

Gordon Riske (CEO), Anke Groth (CFO) – Frankfurt, 24 October 2019



# Agenda

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

# Q1-Q3 2019 Financial Key Figures

## Continued strong performance

Order intake

**€6.5bn**

+2.6% y-o-y

Revenue

**€6.5bn**

+13.1% y-o-y

Adj. EBIT<sup>1</sup>

**€625m**

+16.2% y-o-y,  
Margin of 9.6% (+0.3 pp)

Free cash flow

**€53m**

-€54m y-o-y

1. Adjusted for PPA items and non-recurring items

## Q3 2019 Strategic Highlights

### KION 2027 strategy drives innovative solutions for our customers

#### » Dematic launches new micro-fulfillment solution



- Powering the future of commerce
- First installation at leading US retailer Meijer

#### » Largest single truck order for KION North America



- Over 600 Li-Ion trucks and automated trucks
- Combined offering by Linde, STILL and Dematic

#### » Linde broadens fuel cell offering with tow tractor



- Rapid refueling, efficient and emission-free in operation

#### » STILL upgrades E-offering with its RX 60 series



- Exceptional performance, maximum availability
- Supporting green logistics strategies

# Agenda

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# Industrial Truck Market

## Challenging macroeconomic environment weighs on overall market

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

North America			
Q4/18	Q1/19	Q2/19	Q3/19
-9.5%	-21.3%	-8.5%	+0.8%

Western Europe			
Q4/18	Q1/19	Q2/19	Q3/19
+4.0%	-4.4%	-10.4%	-7.7%

China			
Q4/18	Q1/19	Q2/19	Q3/19
+3.2%	+11.2%	-4.5%	+4.2%

Eastern Europe			
Q4/18	Q1/19	Q2/19	Q3/19
+14.6%	-4.0%	-6.7%	-11.9%

South/Central America			
Q4/18	Q1/19	Q2/19	Q3/19
-4.1%	-3.1%	-12.4%	+4.1%

World			
Q4/18	Q1/19	Q2/19	Q3/19
+1.2%	-2.7%	-7.6%	-2.5%

Source: WITS/FEM

## Industrial Truck Market

### KION continues to outperform the overall market in Q3 2019

#### Industrial trucks: Regional development

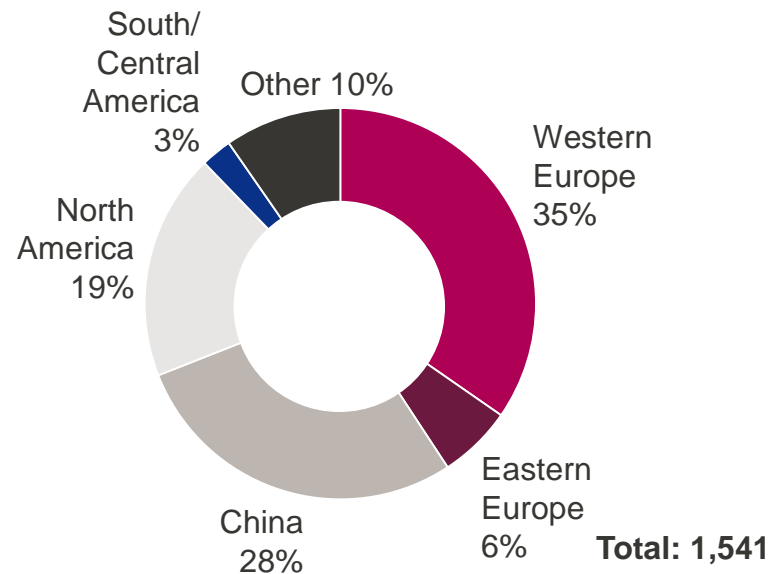
Order intake (in '000 units) and growth y-o-y (in %)

	YTD Sep 2019		Q3 2019	
	Market	KION	Market	KION
Western Europe	-7.5% ↓	-1.5% ↓	-7.7% ↓	+2.0% ↑
Eastern Europe	-7.6% ↓	-7.0% ↓	-11.9% ↓	-19.1% ↓
China	+3.4% ↑	+1.2% ↑	+4.2% ↑	+1.6% ↑
North America	-10.2% ↓	+6.0% ↑	+0.8% ↑	-3.5% ↓
South/Central America	-4.0% ↓	+11.2% ↑	+4.1% ↑	+16.3% ↑
<b>World</b>	<b>1,115.0</b> -4.4% ↓	<b>157.6</b> -1.1% ↓	<b>355.6</b> -2.5% ↓	<b>48.5</b> -1.0% ↓

Source: WITS/FEM

#### Industrial trucks: Market by region

Order intake FY 2018 (in '000 units)



# Agenda

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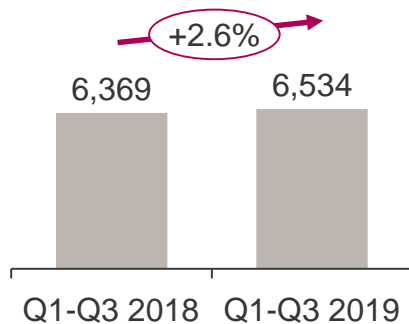


# Q1-Q3 2019 Key Financials

## Strong operating performance in both segments

### Order intake

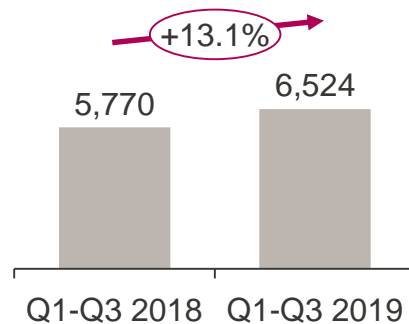
(in €m)



- Order book of €3.4bn above prior year level
- FX effect of +€65m<sup>1</sup>

### Revenue

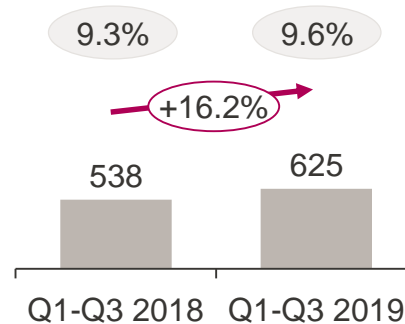
(in €m)



- Strong increase driven by high order book
- FX effect of +€69m<sup>1</sup>

### Adj. EBIT and margin

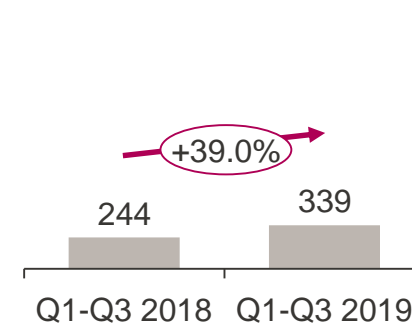
(in €m and %)



- Continued margin improvement and phasing effects
- FX effect of +€12m<sup>1</sup>

### Net income

(in €m)



- Operating performance, lower PPA items and tax rate

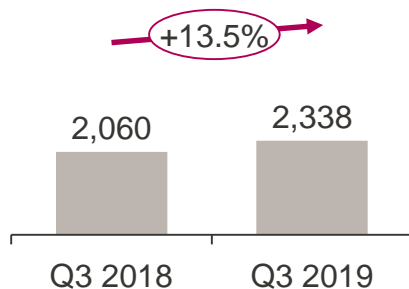
1. Translation effect

# Q3 2019 Key Financials

## Strong quarterly performance

### Order intake

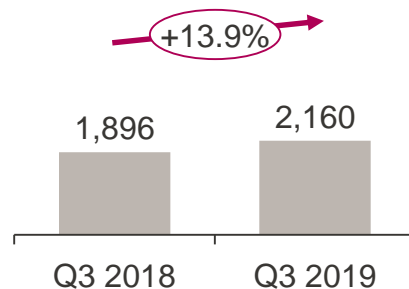
(in €m)



- Increase mainly driven by very strong SCS order intake
- FX effect of +30m<sup>1</sup>

### Revenue

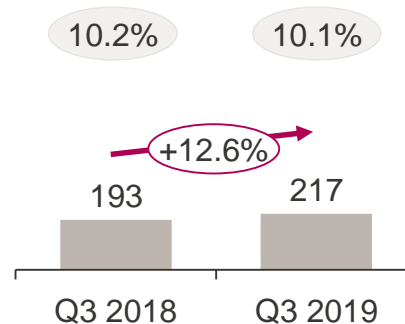
(in €m)



- Strong increase driven by high order book
- FX effect of +€24m<sup>1</sup>

### Adj. EBIT and margin

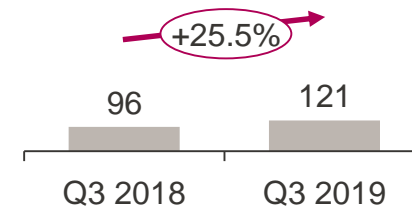
(in €m and %)



- Phasing effects are starting to reverse
- FX effect of +€3m<sup>1</sup>

### Net income

(in €m)



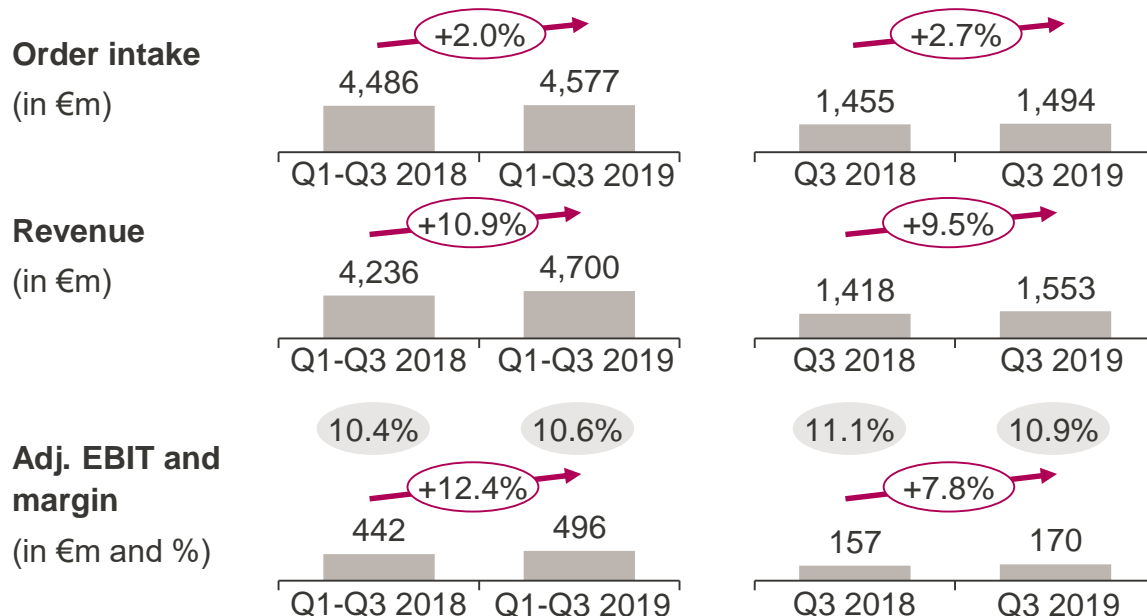
- Operating performance, lower PPA items and tax rate

1. Translation effect calculated as delta between FX-effects as at Q1-Q3 2019 and H1 2019

# Industrial Trucks & Services

## Continued growth despite challenging market conditions

### Key financials



### FX translation effect

(in €m)	Q1-Q3 2019	Q3 2019 <sup>1</sup>
Order intake	-1	+5
Revenue	-2	+6
Adjusted EBIT	0	0

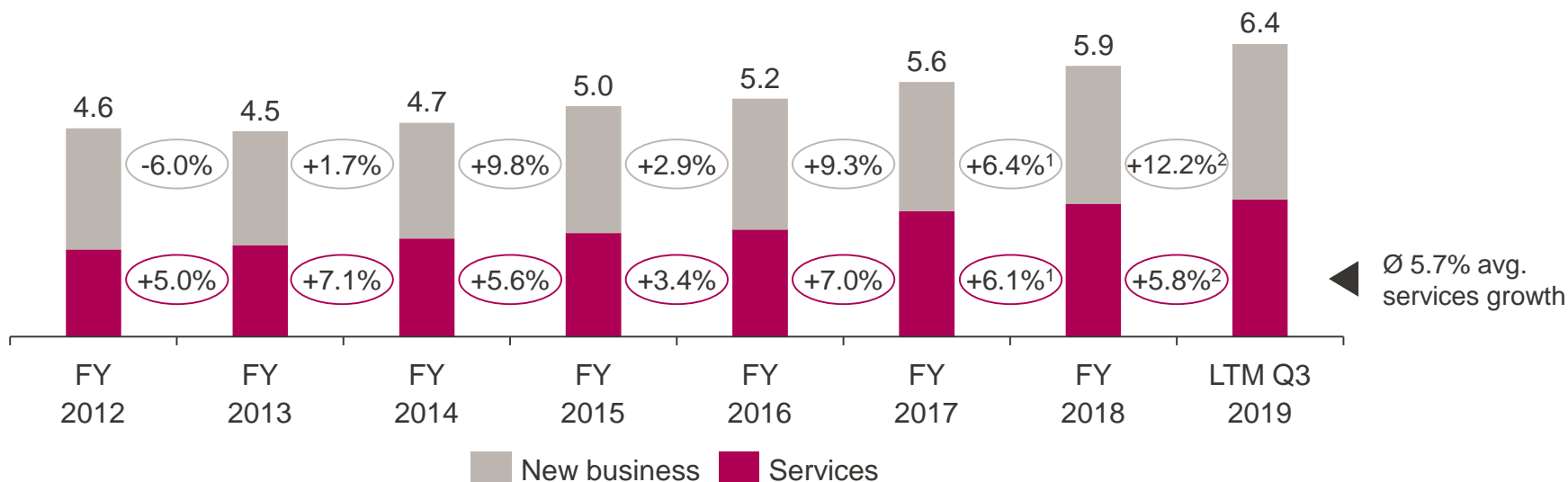
1. Calculated as delta between FX-effects as at Q1-Q3 2019 and H1 2019

# Industrial Trucks & Services

## Services deliver steady growth pattern

### IT&S new business and services sales development

(in €bn and change in % y-o-y)



1. Growth rate reflecting 2017 restatements due to the initial application of IFRS 15 and IFRS 16    2. Growth rate y-o-y versus LTM Q3 2018

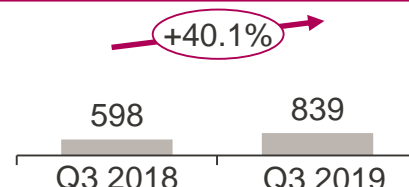
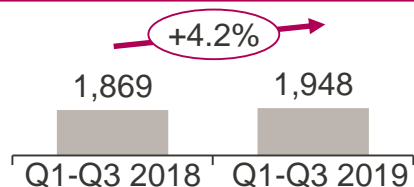
# Supply Chain Solutions

## Remarkable quarterly topline with further margin improvement

### Key financials

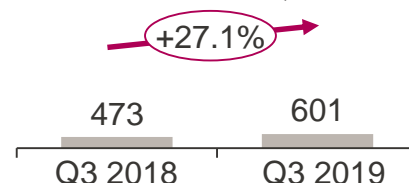
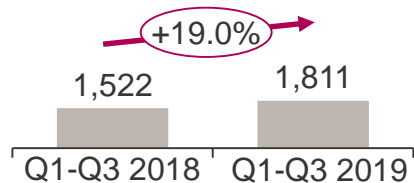
#### Order intake

(in €m)



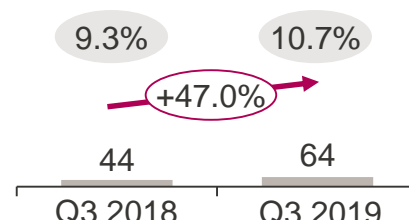
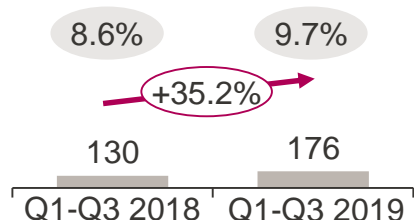
#### Revenue

(in €m)



#### Adj. EBIT and margin

(in €m and %)

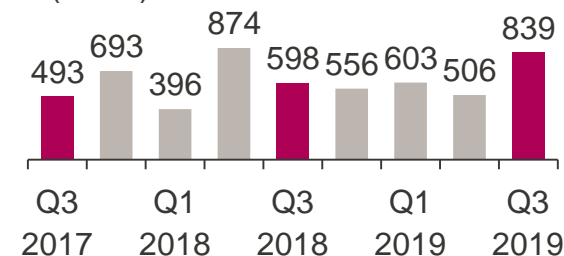


### FX translation effect

(in €m)	Q1-Q3 2019	Q3 2019 <sup>1</sup>
Order intake	+66	+25
Revenue	+70	+17
Adjusted EBIT	+12	+3

### Recent SCS order intake

(in €m)



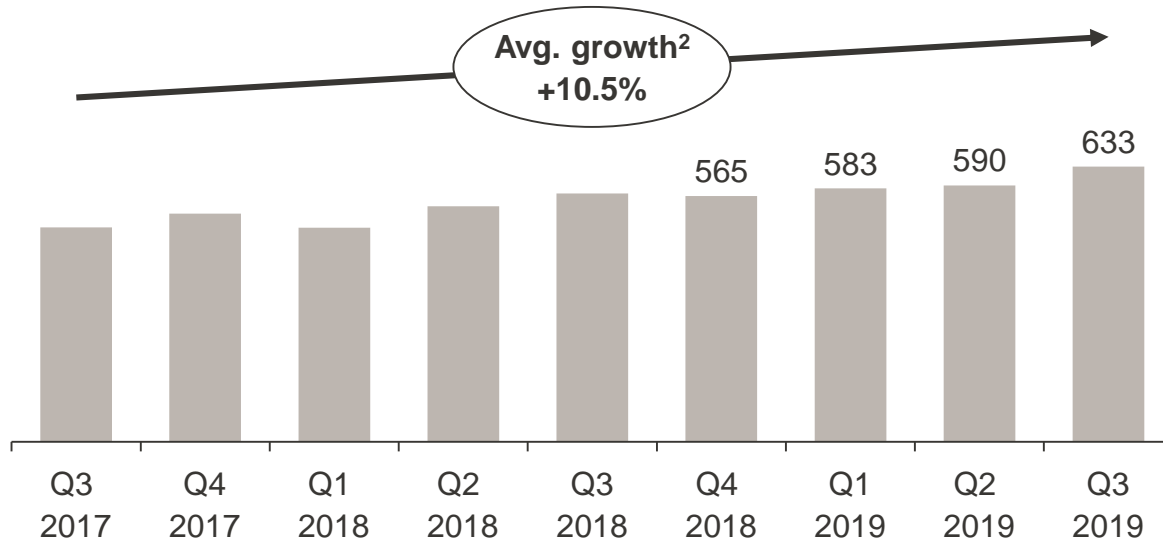
1. Calculated as delta between FX-effects as at Q1-Q3 2019 and H1 2019

## Supply Chain Solutions

### Average growth rate accelerated due to Q3 2019 development

#### Order intake development

Eight quarter rolling average order intake<sup>1</sup> (in €m)



1. Value per quarter is the sum of current quarter plus previous seven quarters divided by eight 2. Average of y-o-y growth rates, calculated for period Q3 2017 through Q3 2019

## Adjusted EBITDA to Net Income

### Operating performance and lower PPA drive EPS increase

(in €m)	Q1-Q3 2019	Q1-Q3 2018	Change	Q3 2019	Q3 2018	Change
<b>Adjusted EBITDA</b>	<b>1,224</b>	<b>1,098</b>	<b>11.5%</b>	<b>420</b>	<b>380</b>	<b>10.5%</b>
D&A	-599	-560		-203	-187	
<b>Adjusted EBIT</b>	<b>625</b>	<b>538</b>	<b>16.2%</b>	<b>217</b>	<b>193</b>	<b>12.6%</b>
Non-recurring items (NRI)	-5	-4		-1	-1	
PPA items	-65	-97		-21	-23	
<b>Reported EBIT</b>	<b>554</b>	<b>437</b>	<b>26.9%</b>	<b>195</b>	<b>169</b>	<b>15.6%</b>
Net financial expenses	-76	-81		-25	-27	
<b>EBT</b>	<b>478</b>	<b>355</b>	<b>34.5%</b>	<b>169</b>	<b>141</b>	<b>19.9%</b>
Taxes	-139	-112		-49	-45	
<b>Net income</b>	<b>339</b>	<b>244</b>	<b>39.0%</b>	<b>121</b>	<b>96</b>	<b>25.5%</b>
<b>Reported EPS</b>	<b>€2.88</b>	<b>€2.09</b>		<b>€1.01</b>	<b>€0.83</b>	

#### Explanations

- PPA relates mainly to Dematic
- Higher earnings lead to higher taxes in the reporting period
- Decreased tax rate

## Free Cash Flow Statement

### Free cash flow impacted by net working capital

(in €m)	Q1-Q3 2019	Q1-Q3 2018	Description
Reported EBITDA	1,219	1,095	
Change in Net Working Capital (NWC)	-471	-232	- Lower contract liabilities from SCS business
Taxes paid	-112	-142	
Pension payments	-15	-28	
Other	-6	5	
Rental capex (net)	-125	-149	- Higher operating capex includes investments into production expansion
Change in leased assets and lease receivables/ liabilities, non-cash deferral of leasing profits	-252	-289	
<b>CF from operating activities</b>	<b>238</b>	<b>260</b>	
Operating capex	-188	-164	
Acquisitions	-10	-2	
Other	13	13	
<b>CF from investing activities</b>	<b>-185</b>	<b>-153</b>	
<b>Free cash flow</b>	<b>53</b>	<b>107</b>	



## Net Debt

### Increase in NWC and pensions leads to increased net debt and leverage

(in €m)	30 Sep 2019	31 Dec 2018	Description
Adjusted EBITDA	1,681	1,555	
Adjusted industrial EBITDA <sup>1</sup>	1,351	1,234	
<b>Net financial debt</b>	<b>2,093</b>	<b>1,870</b>	– Increase in net financial debt due to higher NWC
Liabilities from procurement leases	436	421	
Liabilities from short-term rental financing <sup>2</sup>	591	597	
<b>Industrial net operating debt (INOD)</b>	<b>3,119</b>	<b>2,888</b>	– Increase in net pension liabilities due to a lower interest rate
Net pension liabilities	1,325	1,010	
<b>Industrial net debt</b>	<b>4,444</b>	<b>3,898</b>	
Leverage on net financial debt	1.2x	1.2x	
Leverage on industrial net operating debt	2.3x	2.3x	
Leverage on industrial net debt	3.3x	3.2x	

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

# Agenda

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1. Highlights
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## FY 2019 Outlook Outlook confirmed

(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
<b>Order intake</b>	8,657	8,250 – 8,950	6,211	6,250 – 6,450	2,425	2,000 – 2,500
<b>Revenue</b>	7,996	8,150 – 8,650	5,922	6,050 – 6,250	2,055	2,100 – 2,400
<b>Adj. EBIT</b>	790	805 – 875	655	685 – 720	180	190 – 225
<b>FCF</b>	520	380 – 480				
<b>ROCE</b>	9.3%	9.0% – 10.0%				

Please see disclaimer on last page regarding forward-looking statements

# Financial Calendar



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Date	Event
03 March 2020	Publication of 2019 annual report (FY 2019) Financial statements press conference and analyst call
28 April 2020	Quarterly statement for the period ended 31 March 2020 (Q1 2020) and analyst call
12 May 2020	Annual General Meeting

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Subject to change without notice

# Key Financials

	Group figures						Industrial Trucks & Services						Supply Chain Solutions					
(in €m)	Q3 2019	Q2 2019	Q1 2019	FY 2018	Q4 2018	Q3 2018	Q3 2019	Q2 2019	Q1 2019	FY 2018	Q4 2018	Q3 2018	Q3 2019	Q2 2019	Q1 2019	FY 2018	Q4 2018	Q3 2018
Order intake	2,338	2,079	2,118	8,657	2,287	2,060	1,494	1,573	1,510	6,211	1,724	1,455	839	506	603	2,425	556	598
Revenue	2,160	2,281	2,083	7,996	2,225	1,896	1,553	1,638	1,509	5,922	1,686	1,418	601	642	569	2,055	533	473
Adj. EBITDA <sup>1</sup>	420	425	379	1,555	457	380	348	355	324	1,340	395	326	80	78	62	232	65	56
Adj. EBITDA margin in % <sup>1</sup>	19.4	18.6	18.2	19.4	20.5	20.0	22.4	21.7	21.5	22.6	23.4	23.0	13.4	12.2	10.9	11.3	12.3	11.9
Adj. EBIT <sup>1</sup>	217	225	182	790	252	193	170	178	149	655	214	157	64	64	48	180	50	44
Adj. EBIT Margin in % <sup>1</sup>	10.1	9.9	8.8	9.9	11.3	10.2	10.9	10.8	9.9	11.1	12.7	11.1	10.7	9.9	8.5	8.8	9.4	9.3

1. Adjusted for PPA items and non-recurring items

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