



# KION GROUP AG

## Q3 2020 Update Call

Gordon Riske (CEO), Anke Groth (CFO)  
Frankfurt, 29 October 2020



# Agenda

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

## Q1-Q3 2020 Financial Key Figures

Continued robust order intake thanks to ongoing e-commerce boom

Order intake	Revenue	Adj. EBIT <sup>1</sup>	Free Cashflow
<b>€6.7bn</b> +2.8% y-o-y	<b>€6.0bn</b> -8.0% y-o-y	<b>€364m</b> -41.8% y-o-y Margin of 6.1%	<b>-€114m</b> -€167m y-o-y

1. Adjusted for PPA items and non-recurring items

# Q3 2020 Strategic Highlights

## KION further invests into the future

**KION and Quicktron form strategic partnership for autonomous mobile robots (AMR)**



**KION successfully places €500m bond under €3bn EMTN<sup>1</sup> program**



**KION makes further progress in implementation of global production footprint strategy**



1. Euro Medium Term Note

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# Industrial Truck Market

## Q3 market recovery strongly driven by exceptional growth in China

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

North America			
Q4/19	Q1/20	Q2/20	Q3/20
-0.4%	+3.6%	-16.8%	-1.1%

South/Central America			
Q4/19	Q1/20	Q2/20	Q3/20
+11.0%	-8.5%	-33.8%	+25.4%

Western Europe			
Q4/19	Q1/20	Q2/20	Q3/20
-4.1%	-5.5%	-29.0%	-0.5%

Eastern Europe			
Q4/19	Q1/20	Q2/20	Q3/20
+0.5%	-3.5%	-22.4%	+7.7%

China			
Q4/19	Q1/20	Q2/20	Q3/20
+26.8%	-21.1%	+40.6%	+76.3%

World			
Q4/19	Q1/20	Q2/20	Q3/20
+5.1%	-9.4%	-4.5%	+24.1%

Source: WITS/FEM

## Industrial Truck Market

### KION with stable unit orders in Q3 2020

#### Industrial trucks: Regional development

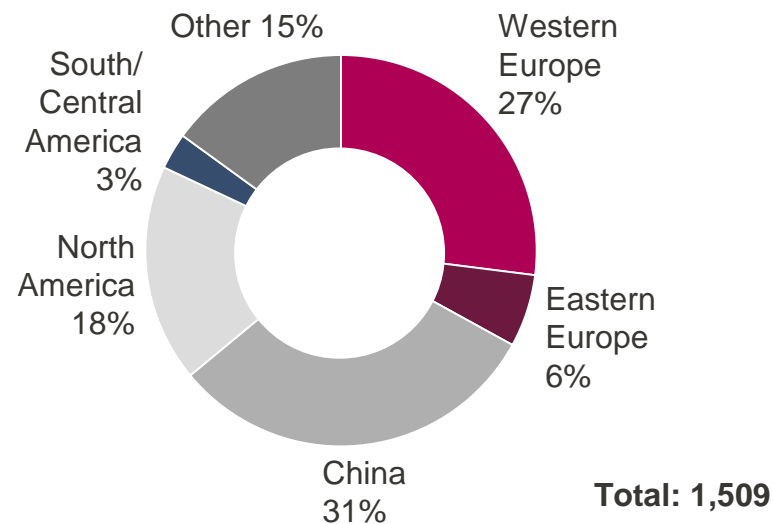
Order intake (in '000 units) and growth y-o-y (in %)

	Q3 2020		Q1-Q3 2020	
	Market	KION	Market	KION
<b>Western Europe</b>	-0.5% ↓	-9.8% ↓	-12.0% ↓	-17.4% ↓
<b>Eastern Europe</b>	+7.7% ↑	-9.6% ↓	-6.2% ↓	-17.8% ↓
<b>China</b>	+76.3% ↑	+46.0% ↑	+30.2% ↑	+12.9% ↑
<b>North America</b>	-1.1% ↓	-4.4% ↓	-5.1% ↓	-23.9% ↓
<b>South/Central America</b>	+25.4% ↑	+38.3% ↑	-4.7% ↓	-5.4% ↓
<b>World</b>	<b>441.2</b> +24.1% ↑	<b>48.6</b> +0.2% ↑	<b>1,147.7</b> +2.9% ↑	<b>137.5</b> -12.8% ↓

Source: WITS/FEM

#### Industrial trucks: Market by region

Order intake FY 2019 (in '000 units)



# Agenda

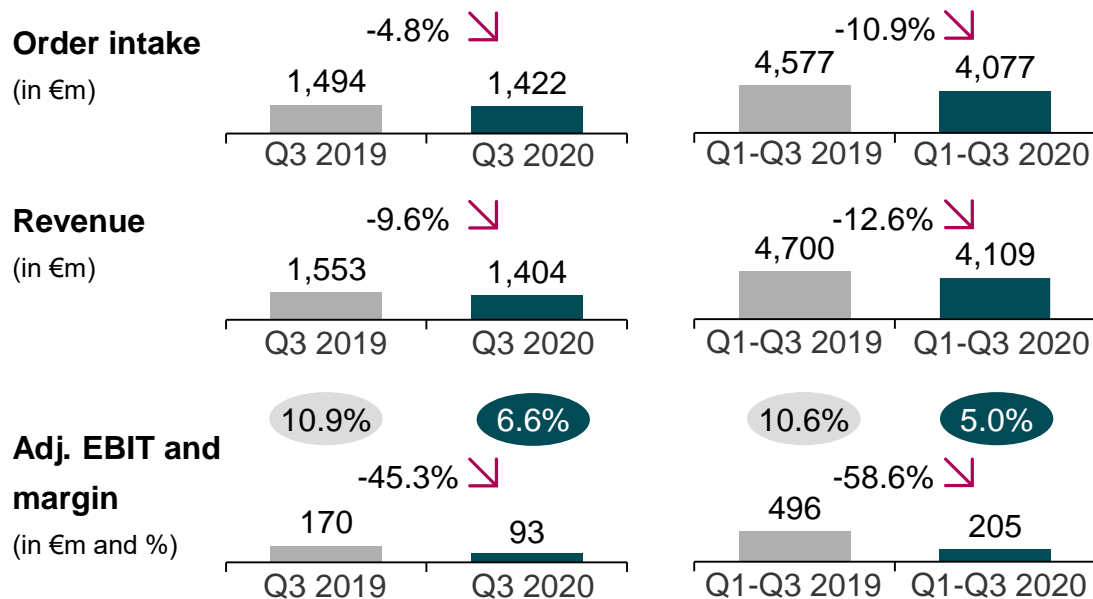
1. Highlights
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4. Outlook



# Industrial Trucks & Services

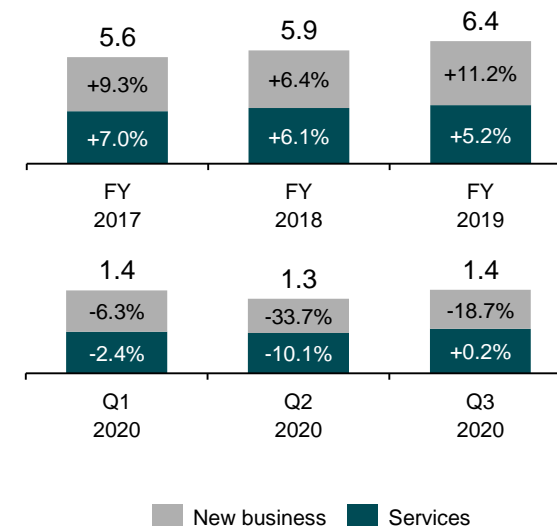
## Recovery in adj. EBIT despite challenging conditions

### Key financials<sup>1</sup>



### IT&S new and service business<sup>2</sup>

(in €bn and change in % y-o-y)

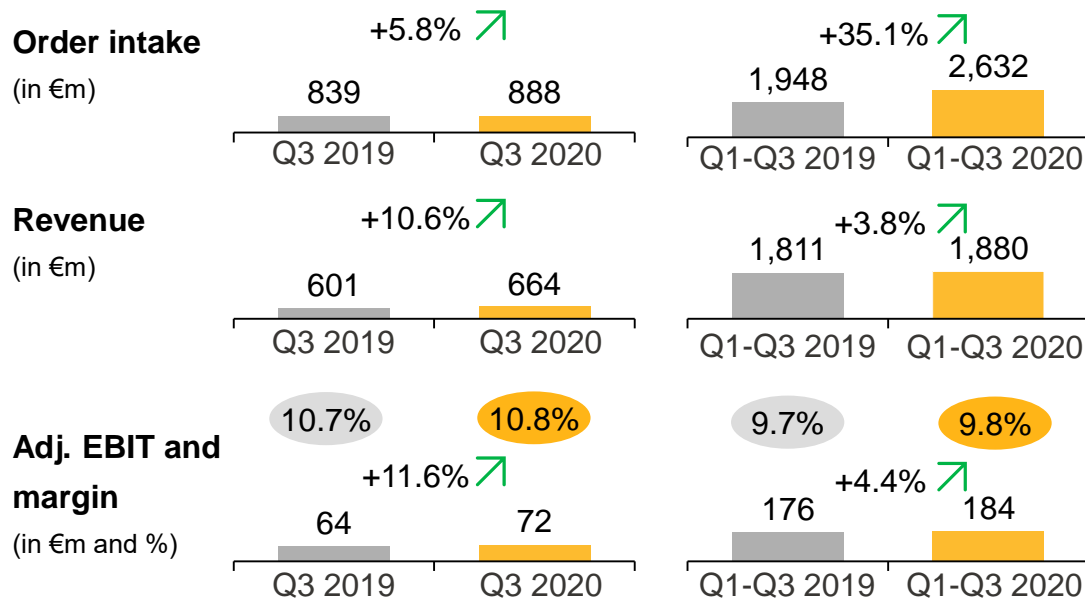


1. Translation effects in Q3 2020 / Q1-Q3 2020: order intake: -€28m / -€49m; revenue: -€26m / -€47m; adj. EBIT: €0m / -€1m  
 2. In 2018 growth rate reflects 2017 restatements due to the initial application of IFRS 15 and IFRS 16

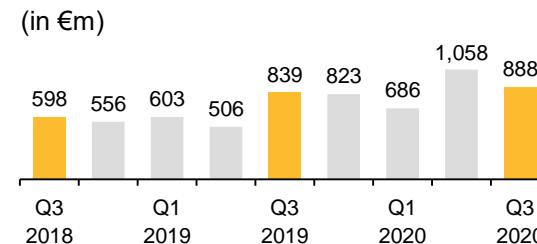
# Supply Chain Solutions

## Another strong quarter driven by e-commerce projects

### Key financials<sup>1</sup>



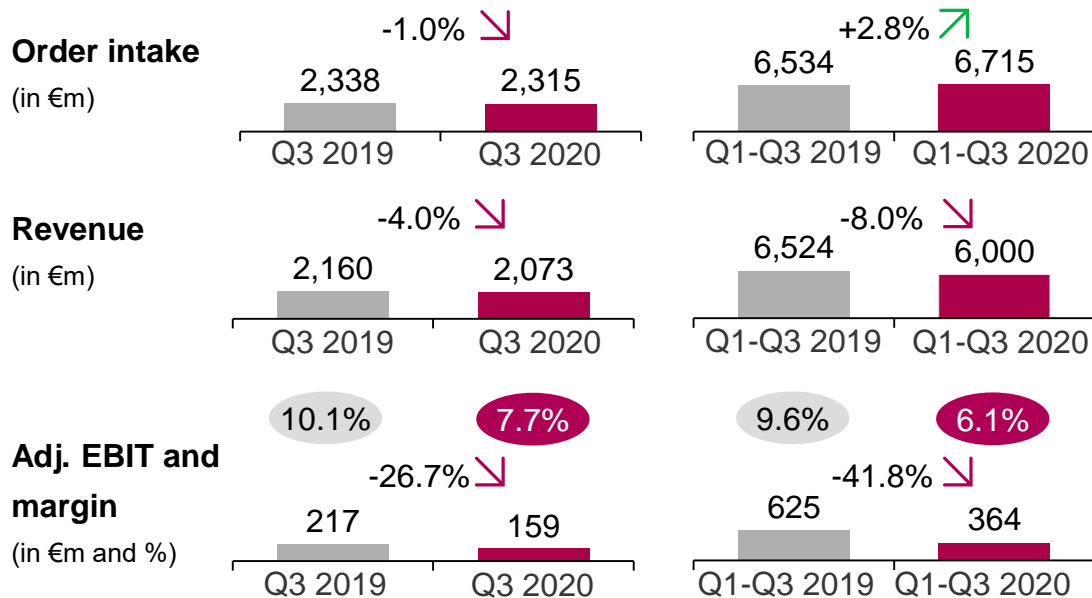
### Recent SCS order intake



1. Translation effects in Q3 2020 / Q1-Q3 2020: order intake: -31m / -€10m; revenue: -€22m / -€9m; adj. EBIT: -€4m / €0m

## COVID-19 effects still visible but operating performance gradually improving

### Key financials<sup>1</sup>



### Additional information

- ① **Order book** of €4.1bn grew strongly vs. year-end, driven by considerable **SCS order intake**
- ② Decrease in **revenue** purely driven by IT&S
- ③ **Adj. EBIT<sup>2</sup> and margin** significantly down year-over-year but with sequential improvement based on better IT&S performance

1. Translation effects in Q3 2020 / Q1-Q3 2020: order intake: -€59m / -€60m; revenue: -€48m / -€57m; adj. EBIT: -€4m / -€2m 2. Chart shows values in €m and margin in % of revenue

## Adjusted EBITDA to Net Income

### Clearly positive development in Q3 net income

(in €m)	Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change
<b>Adjusted EBITDA</b>	<b>367</b>	<b>420</b>	<b>-12.6%</b>	<b>987</b>	<b>1,224</b>	<b>-19.4%</b>
D&A	-208	-203		-623	-599	
<b>Adjusted EBIT</b>	<b>159</b>	<b>217</b>	<b>-26.7%</b>	<b>364</b>	<b>625</b>	<b>-41.8%</b>
Non-recurring items (NRI)	-2	-1		-25	-5	
PPA items	-22	-21		-66	-65	
<b>Reported EBIT</b>	<b>135</b>	<b>195</b>	<b>-30.6%</b>	<b>273</b>	<b>554</b>	<b>-50.8%</b>
Net financial expenses	-17	-25		-64	-76	
<b>EBT</b>	<b>118</b>	<b>169</b>	<b>-30.3%</b>	<b>209</b>	<b>478</b>	<b>-56.3%</b>
Taxes	-36	-49		-76	-139	
<b>Net income</b>	<b>82</b>	<b>121</b>	<b>-32.2%</b>	<b>132</b>	<b>339</b>	<b>-60.9%</b>
<b>Reported EPS</b>	<b>€0.72</b>	<b>€1.01</b>	<b>-28.6%</b>	<b>€1.18</b>	<b>€2.88</b>	<b>-59.0%</b>

### Explanations

- 1 **Net financial expenses** benefitted from improved financing and reduced interest expenses from leasing business and pensions
- 2 Reduced **taxes** due to operating performance, effective tax rate increased

## Free Cash Flow Statement

### FCF impacted by weak operating performance and DAI acquisition

(in €m)	Q1-Q3 2020	Q1-Q3 2019
Reported EBITDA <sup>1</sup>	962	1,219
Change in Net Working Capital (NWC)	-277	-471
Taxes paid	-156	-112
Pension payments	-17	-15
Other	59	-6
Change in rental assets and rental liabilities	-149	-125
Change in leased assets and lease receivables/ liabilities, non-cash deferral of leasing profits	-251	-252
<b>CF from operating activities</b>	<b>170</b>	<b>238</b>
Operating capex	-190	-188
Acquisitions	-108	-10
Other	18	13
<b>CF from investing activities</b>	<b>-284</b>	<b>-185</b>
<b>Free cash flow</b>	<b>-114</b>	<b>53</b>

#### Description

- ① Change driven by a **lower build-up in inventories** and the **strong project business**
- ② Higher **tax payments** due to higher earnings in 2019
- ③ Includes **production footprint** expansion in 2020
- ④ Driven by **DAI acquisition**

1. Depreciation rental assets +€142.9m (2019: +€151.7m), depreciation leased assets +€246.0m (2019: +€236.8m)

## Net Debt

### Higher leverage due to weak EBITDA and increased funding needs

(in €m)	30 Sep 2020	31 Dec 2019
Adjusted LTM EBITDA	1,420	1,658
Adjusted LTM industrial EBITDA <sup>1</sup>	1,084	1,324
<b>Net financial debt</b>	<b>1,868</b>	<b>1,609</b>
Liabilities from procurement leases	528	486
Liabilities from short-term rental financing <sup>2</sup>	524	616
<b>Industrial net operating debt (INOD)</b>	<b>2,919</b>	<b>2,711</b>
Net pension liabilities	1,359	1,212
<b>Industrial net debt</b>	<b>4,278</b>	<b>3,923</b>
Leverage on net financial debt	1.3x	1.0x
Leverage on industrial net operating debt	2.7x	2.0x
Leverage on industrial net debt	3.9x	3.0x

#### Description

- ① Increase in **net financial debt** to fund working capital needs and DAI acquisition
- ② Decrease in **STR liabilities** in line with fleet development
- ③ **Net pension liabilities** increased due to lower interest rates

1. Excludes LTM EBITDA for long-term leasing

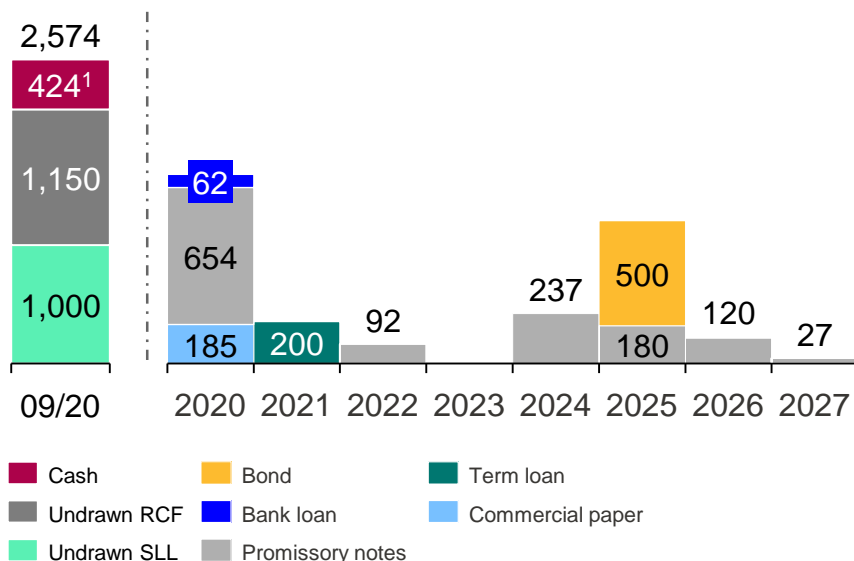
2. Includes liabilities from short-term rental financing and liabilities from financial services (rental)

# Financing Structure

## Successful bond placement further improves maturity profile

### Free liquidity and maturity profile as at 30 Sep 2020

(in €m)



1. Total cash and cash equivalents of €429 as at 30 Sep 2020

### Corporate credit ratings

- Fitch Ratings: BBB- (Outlook stable, Sep 2020) and F3 (Commercial Paper Program, Sep 2020)
- Standard & Poor's: BB+ (Outlook stable, Sep 2019)

### Liquidity and financing structure

- Financial headroom of €2.6bn:
  - Cash position of €429m
  - Fully committed and available credit lines (RCF and SLL) of €2.15bn, totally undrawn as at Sep 2020

### Euro Medium Term Note (EMTN) program

- Debt Issuance Program with a volume of up to €3bn and listing in Luxembourg
  - Successful placement of €500m bond (due Sep 2025)
  - Bond proceeds will be used to refinance €654m promissory notes originally due in May 2022 at the end of October 2020, thus improving our maturity profile

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## FY 2020 Outlook

Downturn in group and IT&S financials reflects negative impacts from COVID-19

(in €m)	KION Group		Industrial Trucks & Services		Supply Chain Solutions	
	FY 2019	Outlook FY 2020	FY 2019	Outlook FY 2020	FY 2019	Outlook FY 2020
<b>Order intake</b>	9,112	8,900 – 9,600	6,330	5,500 – 5,800	2,771	3,400 – 3,800
<b>Revenue</b>	8,807	7,850 – 8,450	6,410	5,450 – 5,750	2,379	2,400 – 2,700
<b>Adj. EBIT</b>	851	465 – 545	695	265 – 305	228	235 – 275
<b>FCF</b>	568	50 – 150				
<b>ROCE</b>	9.7%	5.2 – 6.2%				

Please see disclaimer on last page regarding forward-looking statements

# Financial Calendar

Date	Event
2 March 2021	Publication of 2020 annual report (FY 2020) Financial statements press conference and analyst call
28 April 2021	Quarterly statement for the period ended 31 March 2020 (Q1 2021) and analyst call
11 May 2021	Annual General Meeting

Subject to change without notice

# Key Financials

	Group figures							Industrial Trucks & Services							Supply Chain Solutions						
(in €m)	Q3 2020	Q2 2020	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q3 2020	Q2 2020	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q3 2020	Q2 2020	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019
Order intake	2,315	2,319	2,081	9,112	2,577	2,338	2,079	1,422	1,261	1,394	6,330	1,753	1,494	1,573	888	1,058	686	2,771	823	839	506
Revenue	2,073	1,900	2,028	8,807	2,282	2,160	2,281	1,404	1,263	1,442	6,410	1,711	1,553	1,638	664	635	581	2,379	567	601	642
Adj. EBITDA <sup>1</sup>	367	268	351	1,657	433	420	425	276	198	280	1,409	382	348	355	88	70	74	289	68	80	78
Adj. EBITDA margin in % <sup>1</sup>	17.7	14.1	17.3	18.8	19.0	19.4	18.6	19.6	15.6	19.4	22.0	22.3	22.4	21.7	13.2	11.1	12.7	12.1	12.0	13.4	12.2
Adj. EBIT <sup>1</sup>	159	61	144	851	226	217	225	93	16	97	695	199	170	178	72	53	59	228	52	64	64
Adj. EBIT margin in % <sup>1</sup>	7.7	3.2	7.1	9.7	9.9	10.1	9.9	6.6	1.2	6.7	10.8	11.6	10.9	10.8	10.8	8.4	10.1	9.6	9.2	10.7	9.9

1. Adjusted for PPA items and non-recurring items

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