



# KION GROUP AG

## Q2 2020 Update Call

Gordon Riske (CEO), Anke Groth (CFO)  
Frankfurt, 30 July 2020



# Agenda

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

# H1 2020 Financial Key Figures

## KION records strong order intake in H1 2020 thanks to e-commerce boom

Order intake	Revenue	Adj. EBIT <sup>1</sup>	Free Cashflow
<b>€4.4bn</b>  +4.8% y-o-y	<b>€3.9bn</b>  -10.0% y-o-y	<b>€205m</b>  -49.8% y-o-y Margin of 5.2%	<b>-€220m</b>  -€188m y-o-y

1. Adjusted for PPA items and non-recurring items

# COVID-19 – Progress of Action Items as of 30 July 2020

## KION addresses COVID-19 challenges with various measures

### 1 Workforce

- Comprehensive [health protection measures](#) incl. alignment of workplaces according to distancing rules and “working from home solutions”
- Further use of [personnel measures](#) e.g. reduction of over-time accounts and short-time work

### 2 Operations

- Continuous [tracking of supply situation and material availability](#)
- Industrial Trucks & Services:
  - IT&S production capacity adapted to demand level
  - Chinese factories back at pre-COVID-19 capacity levels
  - Limitations for service business gradually fading away
  - Unfavorable used truck market but short-term rental business with slight recovery
- Supply Chain Solutions:
  - SCS production sites in operation
  - Few limitations for installations and services remaining

### 3 Cash

- Continuous [steering of expenses](#) that are influenceable short-term
- Investments into strategic projects are now being accelerated again
- Additional [credit facility](#) of €1bn to increase financial flexibility

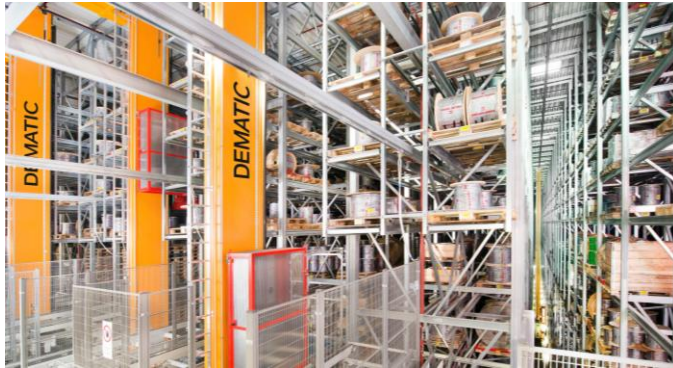
## Q2 2020 Product Highlights

### KION 2027 strategy drives continuous product innovation

Next generation of  
Dematic Multishuttle



STILL E-truck RX 60  
wins IFOY<sup>1</sup> Award



Automated Pallet  
Storage optimized



1. International Intralogistics and Forklift of the Year Award

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# Industrial Truck Market

## All regional markets significantly down in Q2 aside from China

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

North America			
Q3/19	Q4/19	Q1/20	Q2/20
+0.8%	-0.4%	+3.6%	-16.8%

South/Central America			
Q3/19	Q4/19	Q1/20	Q2/20
+4.1%	+11.0%	-8.5%	-33.8%

Western Europe			
Q3/19	Q4/19	Q1/20	Q2/20
-7.7%	-4.1%	-5.5%	-29.0%

Eastern Europe			
Q3/19	Q4/19	Q1/20	Q2/20
-11.9%	+0.5%	-3.5%	-22.4%

China			
Q3/19	Q4/19	Q1/20	Q2/20
+4.2%	+26.8%	-21.1%	+40.6%

World			
Q3/19	Q4/19	Q1/20	Q2/20
-2.5%	+5.1%	-9.4%	-4.5%

Source: WITS/FEM

# Industrial Truck Market

## KION with significant decrease in unit orders in Q2

### Industrial trucks: Regional development

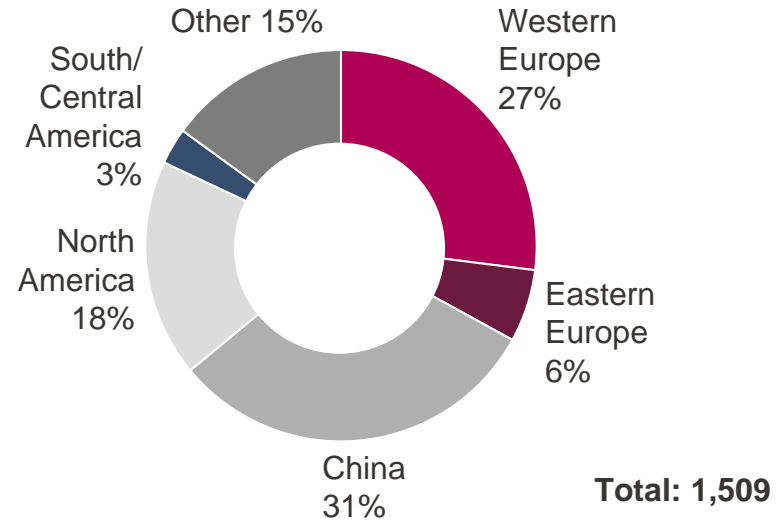
Order intake (in '000 units) and growth y-o-y (in %)

	Q2 2020		H1 2020	
	Market	KION	Market	KION
<b>Western Europe</b>	-29.0% ↓	-29.8% ↓	-16.9% ↓	-20.7% ↓
<b>Eastern Europe</b>	-22.4% ↓	-18.9% ↓	-12.9% ↓	-21.1% ↓
<b>China</b>	+40.6% ↑	+13.7% ↑	+8.9% ↑	-2.4% ↓
<b>North America</b>	-16.8% ↓	-38.9% ↓	-7.2% ↓	-31.3% ↓
<b>South/Central America</b>	-33.8% ↓	-36.0% ↓	-20.7% ↓	-28.3% ↓
<b>World</b>	<b>360.2</b> -4.5% ↓	<b>43.1</b> -22.7% ↓	<b>706.4</b> -7.0% ↓	<b>88.9</b> -18.5% ↓

Source: WITS/FEM

### Industrial trucks: Market by region

Order intake FY 2019 (in '000 units)





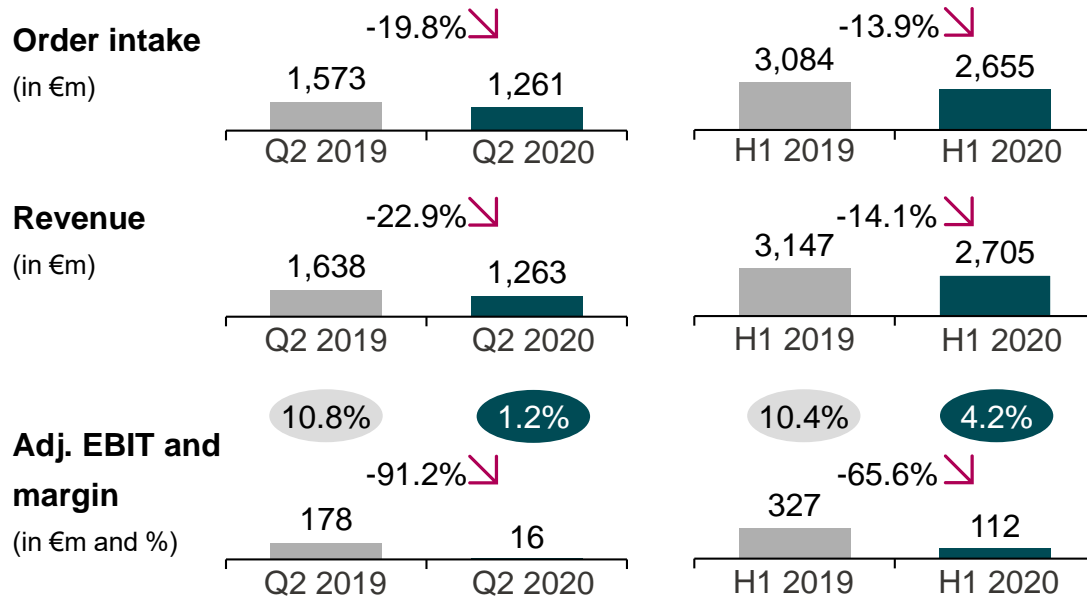
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# Industrial Trucks & Services

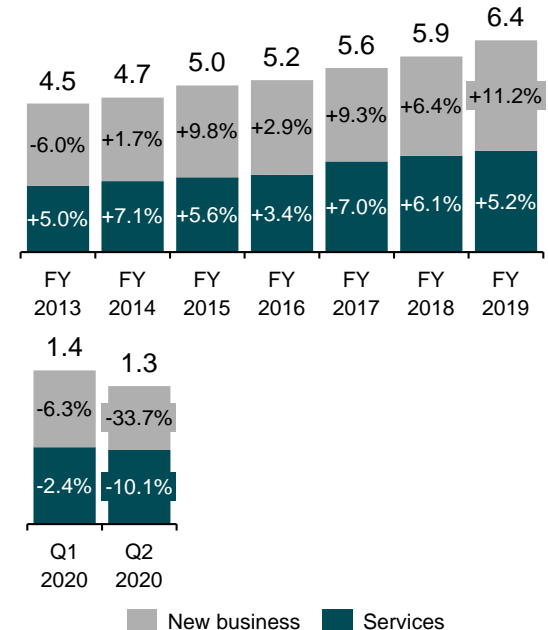
## COVID-19 with significant impact on IT&S performance

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



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

(in €bn and change in % y-o-y)

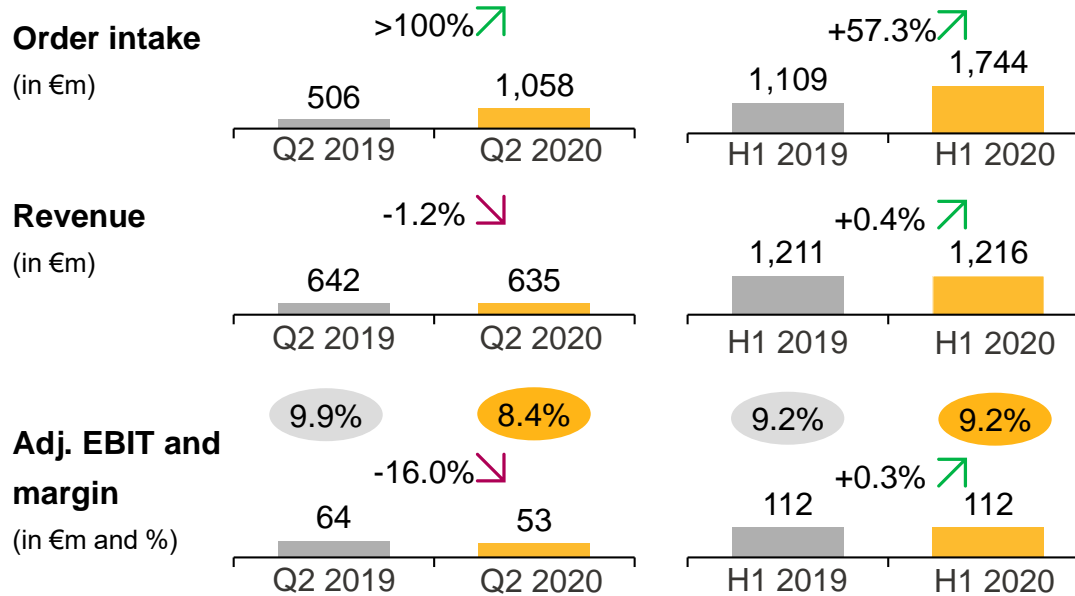


1. Translation effects in Q2 2020 / H1 2020: order intake: -€17m / -€22m; revenue: -€18m / -€22m; adj. EBIT: -€1m / -€1m  
 2. In 2018 growth rate reflects 2017 restatements due to the initial application of IFRS 15 and IFRS 16

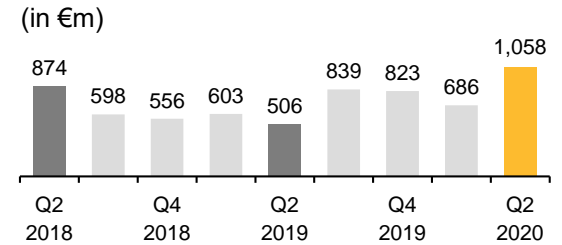
# Supply Chain Solutions

## Boost in order intake driven by e-commerce and food & beverage logistics

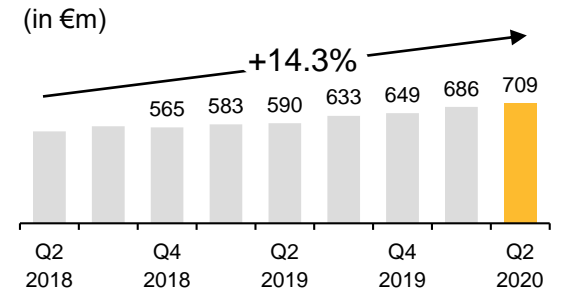
### Key financials<sup>1</sup>



### Recent SCS order intake



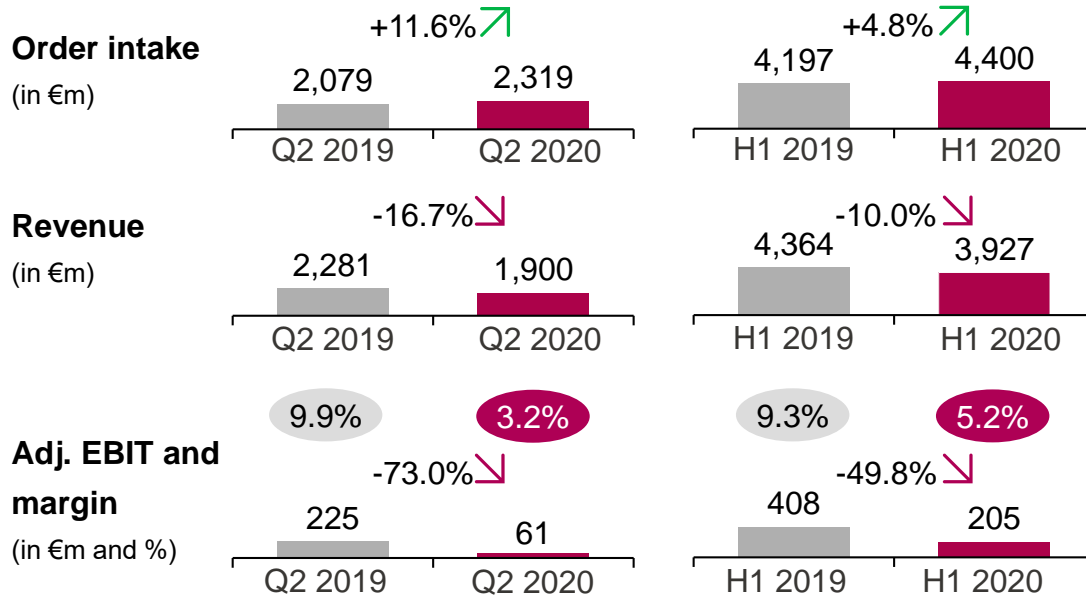
### Rolling average order intake<sup>2</sup>



1. Translation effects in Q2 2020 / H1 2020: order intake: +€10m / +€21m; revenue: +€4m / +€13m; adj. EBIT: +€1m / +€3m  
 2. Eight quarter rolling average order intake (in €m)

## SCS drives order intake, operating performance impacted by COVID-19

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



### Explanations

- ① **Order book** of €4.0bn grew strongly vs. year-end, driven by considerable **SCS order intake**
- ② Decrease in **revenue** reflects market downturn and plant closures in IT&S
- ③ **EBIT margin** impacted by lower fixed cost coverage and costs for strategic projects

1. Translation effects in Q2 2020 / H1 2020: order intake: -€8m / -€1m; revenue: -€15m / -€9m; adj. EBIT: +€1m / +€2m

## Adjusted EBITDA to Net Income

### KION with positive net income after first half of 2020

(in €m)	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change
<b>Adjusted EBITDA</b>	<b>268</b>	<b>425</b>	<b>-36.9%</b>	<b>619</b>	<b>804</b>	<b>-23.0%</b>
D&A	-208	-200		-415	-396	
<b>Adjusted EBIT</b>	<b>61</b>	<b>225</b>	<b>-73.0%</b>	<b>205</b>	<b>408</b>	<b>-49.8%</b>
Non-recurring items (NRI)	-21	-3		-22	-5	
PPA items	-23	-21		-45	-44	
<b>Reported EBIT</b>	<b>17</b>	<b>201</b>	<b>-91.3%</b>	<b>138</b>	<b>359</b>	<b>-61.7%</b>
Net financial expenses	-21	-26		-47	-50	
<b>EBT</b>	<b>-4</b>	<b>175</b>	<b>&lt;-100%</b>	<b>91</b>	<b>309</b>	<b>-70.6%</b>
Taxes	-13	-50		-40	-91	
<b>Net income (loss)</b>	<b>-17</b>	<b>125</b>	<b>&lt;-100%</b>	<b>51</b>	<b>218</b>	<b>-76.8%</b>
<b>Reported EPS</b>	<b>-€0.13</b>	<b>€1.08</b>	<b>&lt;-100%</b>	<b>€0.46</b>	<b>€1.87</b>	<b>-75.4%</b>

### Explanations

- Higher NRIs due to impairment of stake in Linde Hydraulics and realignment of UK IT&S sales organization
- 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)	H1 2020	H1 2019
Reported EBITDA	597	799
Change in Net Working Capital (NWC)	-205	-381
Taxes paid	-83	-67
Pension payments	-10	-11
Other	-26	-19
Rental capex (net)	-92	-78
Change in leased assets and lease receivables/ liabilities, non-cash deferral of leasing profits	-183	-173
<b>CF from operating activities</b>	<b>-3</b>	<b>70</b>
Operating capex	-130	-113
Acquisitions	-98	-
Other	11	11
<b>CF from investing activities</b>	<b>-217</b>	<b>-102</b>
<b>Free cash flow</b>	<b>-220</b>	<b>-32</b>

#### Description

- ① Reduced cash impact resulting from IT&S and SCS
- ② Higher **tax payments** due to higher earnings in 2019
- ③ **Operating capex** increase due to capacity expansions
- ④ Driven by **DAI acquisition**

## Net Debt

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

(in €m)	30 Jun 2020	31 Dec 2019
Adjusted LTM EBITDA	1,473	1,658
Adjusted LTM industrial EBITDA <sup>1</sup>	1,137	1,324
<b>Net financial debt</b>	<b>1,925</b>	<b>1,609</b>
Liabilities from procurement leases	503	486
Liabilities from short-term rental financing <sup>2</sup>	551	616
<b>Industrial net operating debt (INOD)</b>	<b>2,980</b>	<b>2,711</b>
Net pension liabilities	1,302	1,212
<b>Industrial net debt</b>	<b>4,282</b>	<b>3,923</b>
Leverage on net financial debt	1.3x	1.0x
Leverage on industrial net operating debt	2.6x	2.0x
Leverage on industrial net debt	3.8x	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

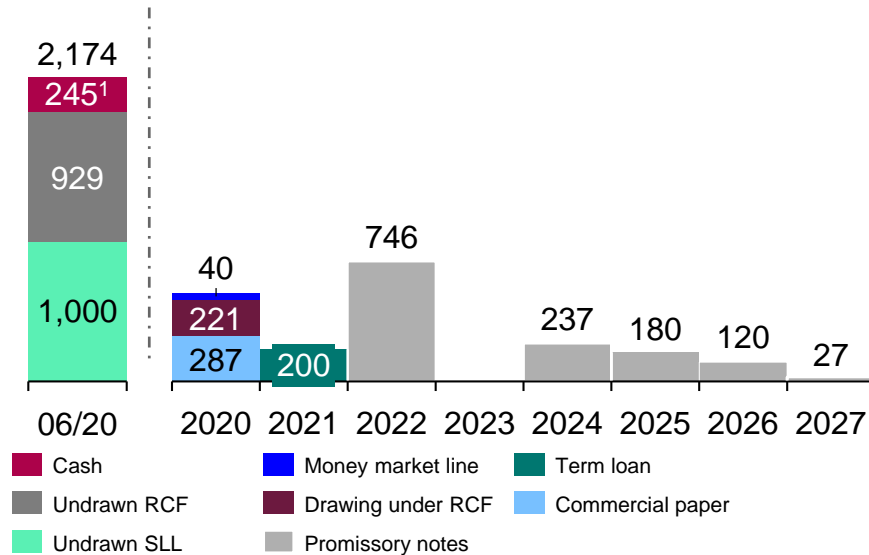
2. Includes liabilities from short-term rental financing and liabilities from financial services (rental)

# Financing Structure

## Current liquidity situation provides good base to weather the crisis

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

(in €m)



1. Total cash and cash equivalents of €249m as at 30 June 2020

### Corporate credit ratings

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

### Liquidity and financing structure

- Financial headroom of €2.2bn:
  - Cash position of €249m
  - Fully committed credit line (RCF) of €1.1bn, thereof €221m utilized
  - Syndicated liquidity line (SLL) with the participation of Kreditanstalt für Wiederaufbau (KfW) and KION's core banks of €1.0bn
- Debt maturing in FY2020 is mainly caused by working capital movements

### Covenant

- Temporary suspension of covenant in connection with the syndicated liquidity line and the RCF until end of March 2021



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## FY 2020 Outlook

### COVID-19 with considerable impact on FY 2020 financials

(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	Noticeable decrease	6,330	Significant decrease	2,771	Substantial increase
<b>Revenue</b>	8,807	Significant decrease	6,410	Significant decrease	2,379	Comparable level
<b>Adj. EBIT</b>	851	Significant decrease	695	Significant decrease	228	Comparable level
<b>FCF</b>	568	Significant decrease				
<b>ROCE</b>	9.7%	Significant decrease				

Please see disclaimer on last page regarding forward-looking statements

Date	Event
29 October 2020	Quarterly statement for the period ended 30 September 2020 (Q3 2020) and analyst call
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

Subject to change without notice

# Key Financials

	Group figures							Industrial Trucks & Services							Supply Chain Solutions						
(in €m)	Q2 2020	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q2 2020	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q2 2020	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Order intake	2,319	2,081	9,112	2,577	2,338	2,079	2,118	1,261	1,394	6,330	1,753	1,494	1,573	1,510	1,058	686	2,771	823	839	506	603
Revenue	1,900	2,028	8,807	2,282	2,160	2,281	2,083	1,263	1,442	6,410	1,711	1,553	1,638	1,509	635	581	2,379	567	601	642	569
Adj. EBITDA <sup>1</sup>	268	351	1,657	433	420	425	379	198	280	1,409	382	348	355	324	70	74	289	68	80	78	62
Adj. EBITDA margin in % <sup>1</sup>	14.1	17.3	18.8	19.0	19.4	18.6	18.2	15.6	19.4	22.0	22.3	22.4	21.7	21.5	11.1	12.7	12.1	12.0	13.4	12.2	10.9
Adj. EBIT <sup>1</sup>	61	144	851	226	217	225	182	16	97	695	199	170	178	149	53	59	228	52	64	64	48
Adj. EBIT Margin in % <sup>1</sup>	3.2	7.1	9.7	9.9	10.1	9.9	8.8	1.2	6.7	10.8	11.6	10.9	10.8	9.9	8.4	10.1	9.6	9.2	10.7	9.9	8.5

1. Adjusted for PPA items and non-recurring items

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