

ANNUAL RESULTS 2019



KION GROUP AG **FY 2019 Update Call**

Gordon Riske (CEO), Anke Groth (CFO) – Frankfurt, 3 March 2020



Agenda

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

FY 2019 Financial Key Figures

KION beats expectations for 2019 with strong year end

Order intake

€9.1bn

+5.3% y-o-y

Revenue

€8.8bn

+10.1% y-o-y

Adj. EBIT¹

€851m

+7.7% y-o-y

Margin of 9.7%

Free cash flow

€568m

+€48m y-o-y

Dividend per share²

€1.30

+8.3% y-o-y

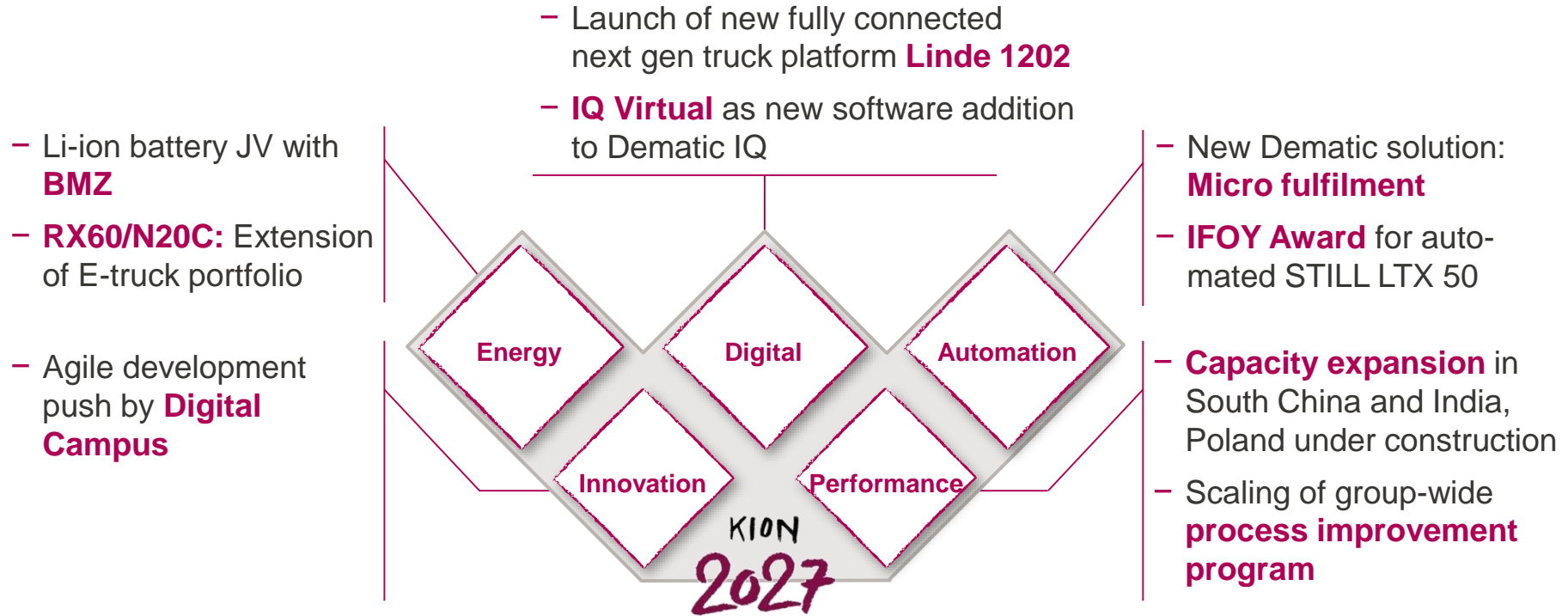
34% payout ratio

Outlook for FY 2019 reached and partially exceeded

1. Adjusted for PPA items and non-recurring items 2. Proposed dividend for the fiscal year 2019

FY 2019 Strategic Highlights

Implementing KION 2027 strategy



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Industrial Truck Market

Q4 as the strongest quarter within 2019

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

North America				
Q1/19	Q2/19	Q3/19	Q4/19	FY19
-21.3%	-8.5%	+0.8%	-0.4%	-7.6%

Western Europe				
Q1/19	Q2/19	Q3/19	Q4/19	FY19
-4.4%	-10.4%	-7.7%	-4.1%	-6.7%

China				
Q1/19	Q2/19	Q3/19	Q4/19	FY19
+11.2%	-4.5%	+4.2%	+26.8%	+8.6%

Eastern Europe				
Q1/19	Q2/19	Q3/19	Q4/19	FY19
-4.0%	-6.7%	-11.9%	+0.5%	-5.6%

South/Central America				
Q1/19	Q2/19	Q3/19	Q4/19	FY19
-3.1%	-12.4%	+4.1%	+11.0%	-0.1%

World				
Q1/19	Q2/19	Q3/19	Q4/19	FY19
-2.7%	-7.6%	-2.5%	+5.1%	-2.1%

Source: WITS/FEM

Industrial Truck Market

KION finishes FY2019 slightly below the record level from prior year

Industrial trucks: Regional development

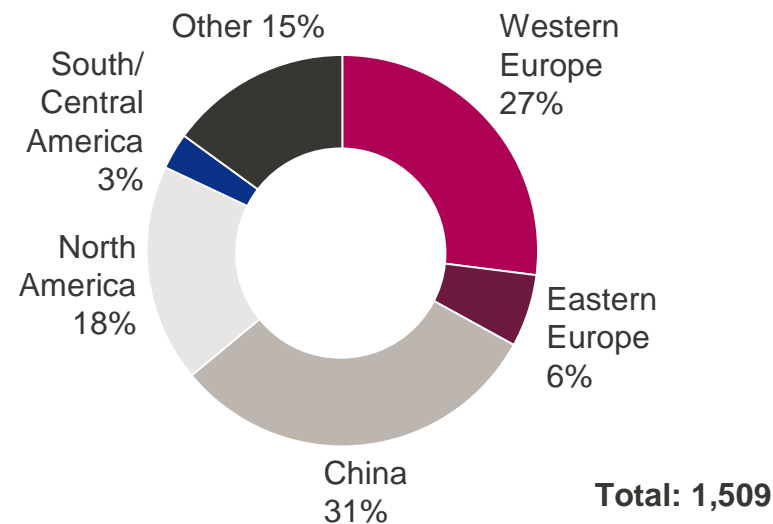
Order intake (in '000 units) and growth y-o-y (in %)

	YTD Dec 2019		Q4 2019	
	Market	KION	Market	KION
Western Europe	-6.7% ↓	-1.8% ↓	-4.1% ↓	-2.7% ↓
Eastern Europe	-5.6% ↓	-10.9% ↓	+0.5% ↑	-20.2% ↓
China	+8.6% ↑	+6.5% ↑	+26.8% ↑	+25.4% ↑
North America	-7.6% ↓	-1.3% ↓	-0.4% ↓	-21.7% ↓
South/Central America	-0.1% ↓	+14.3% ↑	+11.0% ↑	+22.2% ↑
World	1,509.2 -2.1% ↓	213.7 -1.4% ↓	394.2 +5.1% ↑	56.0 -2.1% ↓

Source: WITS/FEM

Industrial trucks: Market by region

Order intake FY 2019 (in '000 units)



Supply Chain Solutions Market

Long-term growth drivers and trends remain intact

Market growth drivers

E-commerce

Automation

Digitalization

Growth indicators 2019

+11%

Global
warehouse
capex¹

+11%

Global
e-commerce
growth²

1. Projected capital expenditure growth for warehousing equipment and technology in 2019; Peerless Research Group 2019 Ecommerce Foundation 2. Global e-commerce 2019 growth forecast;

Agenda

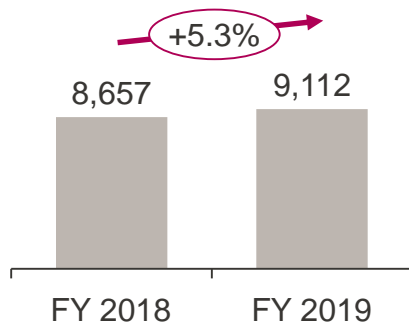
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FY 2019 Key Financials

Both segments with strong growth in new truck and project business

Order intake

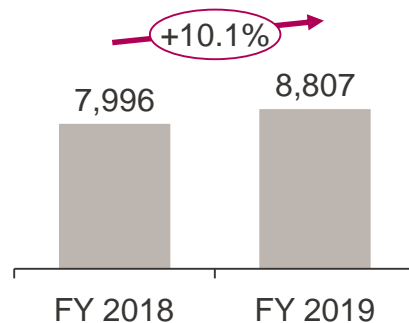
(in €m)



- Order book of €3.6bn above prior year level
- FX effect of +€92m¹

Revenue

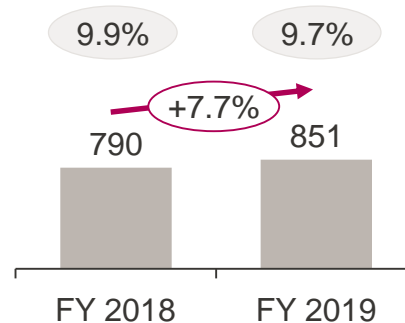
(in €m)



- Strong increase driven by both segments
- FX effect of +€84m¹

Adj. EBIT and margin

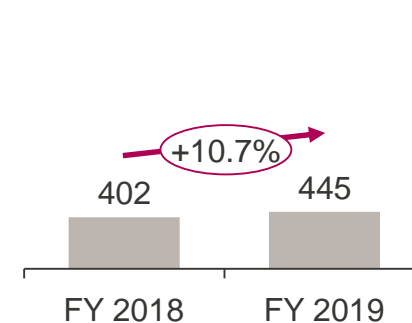
(in €m and %)



- Margin slightly impacted by mix effects and higher R&D investments
- FX effect of +€13m¹

Net income

(in €m)



- Operating performance and lower PPA items

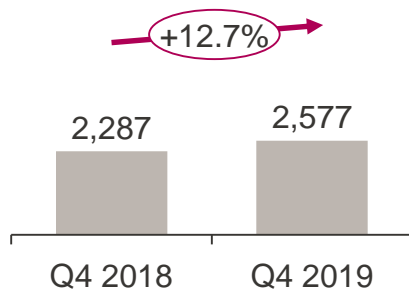
1. Translation effect

Q4 2019 Key Financials

Quarterly performance impacted by reversal of SG&A and R&D phasing

Order intake

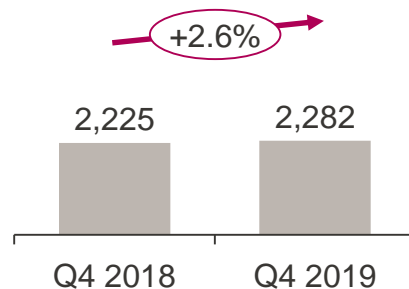
(in €m)



- Growth mainly driven by SCS with strong finish at year-end
- FX effect of +26m¹

Revenue

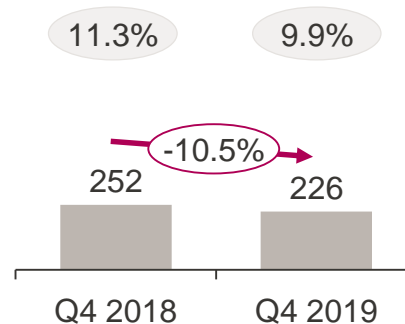
(in €m)



- Increase mainly driven by SCS revenue
- FX effect of +€16m¹

Adj. EBIT and margin

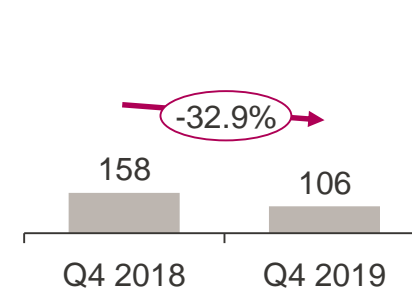
(in €m and %)



- Reversal of SG&A and R&D phasing effect
- FX effect of +€1m¹

Net income

(in €m)



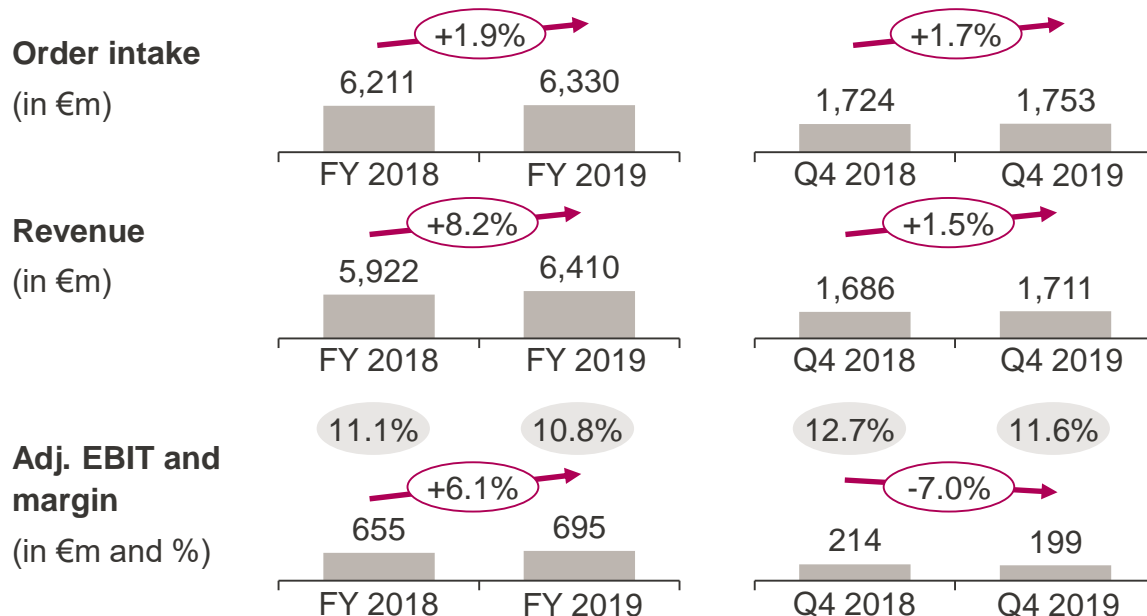
- Lower adj. EBIT in FY19 and positive one-off tax effect in Q4 2018

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

Industrial Trucks & Services

Growth in order intake despite challenging market conditions

Key financials



FX translation effect

(in €m)	FY 2019	Q4 2019 ¹
Order intake	+4	+5
Revenue	+5	+6
Adjusted EBIT	+1	0

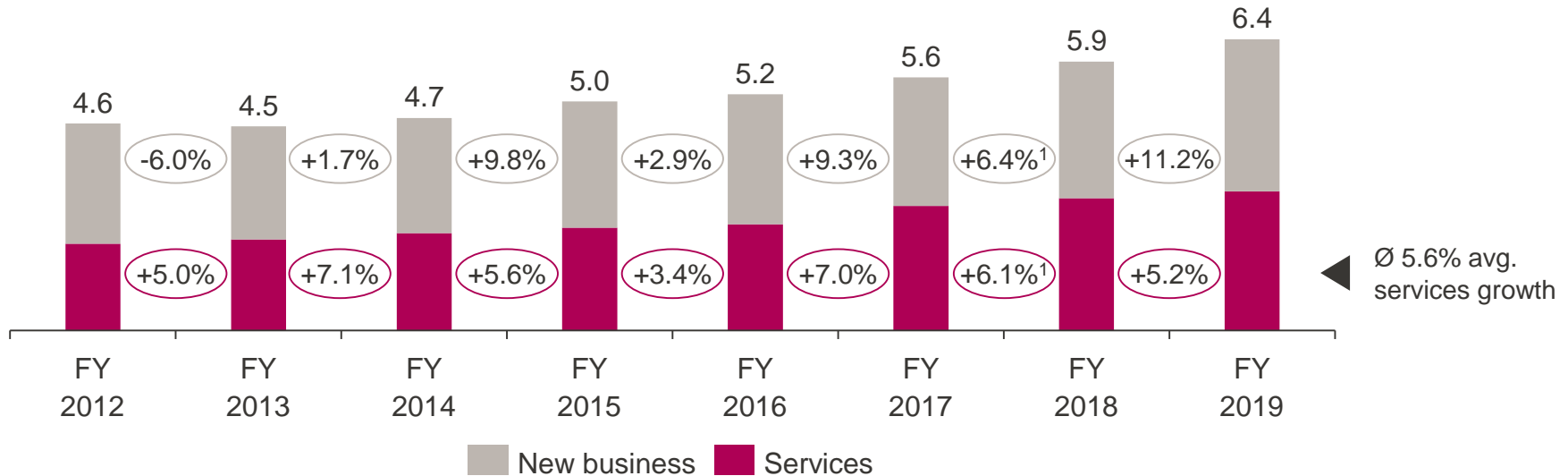
1. Calculated as delta between FX-effects as at FY 2019 and Q1-Q3 2019

Industrial Trucks & Services

Services contribute to better resilience

IT&S new business and services sales development

(in €bn and change in % y-o-y)

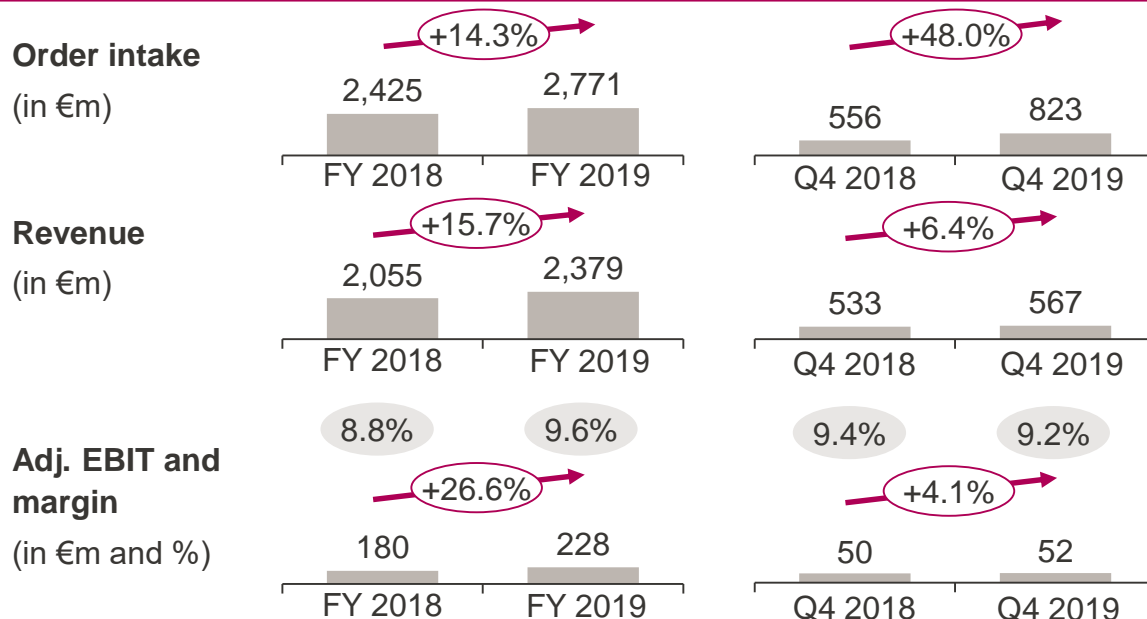


1. Growth rate reflecting 2017 restatements due to the initial application of IFRS 15 and IFRS 16

Supply Chain Solutions

Strong topline growth combined with margin improvement

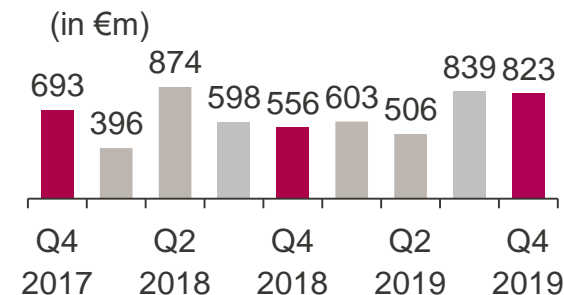
Key financials



FX translation effect

(in €m)	FY 2019	Q4 2019 ¹
Order intake	+88	+21
Revenue	+80	+10
Adjusted EBIT	+13	+1

Recent SCS order intake



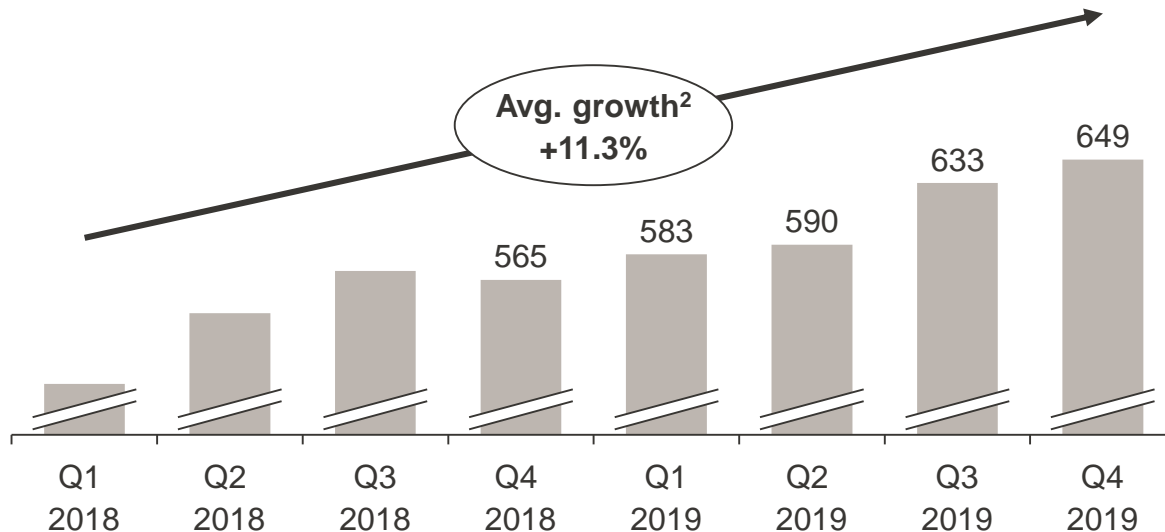
1. Calculated as delta between FX-effects as at FY 2019 and Q1-Q3 2019

Supply Chain Solutions

Further order intake growth acceleration supported by recent quarters

Order intake development

Eight quarter rolling average order intake¹ (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 Q1 2018 until Q4 2019

Adjusted EBITDA to Net Income

Strong increase in EPS supported by operating performance

(in €m)	FY 2019	FY 2018	Change	Q4 2019	Q4 2018	Change
Adjusted EBITDA	1,657	1,555	6.6%	433	457	-5.2%
D&A	-807	-765		-208	-205	
Adjusted EBIT	851	790	7.7%	226	252	-10.5%
Non-recurring items (NRI)	-43	-21		-38	-17	
PPA items	-91	-126		-26	-29	
Reported EBIT	717	643	11.5%	163	206	-21.2%
Net financial expenses	-95	-97		-19	-16	
EBT	622	545	14.0%	143	190	-24.5%
Taxes	-177	-144		-37	-32	
Net income	445	402	10.7%	106	158	-32.9%
Reported EPS	€3.86	€3.39	13.9%	€0.98	€1.31	-25.2%
Pro forma EPS ¹		€3.14	22.9%		€1.06	-7.6%

Explanations

- NRI mainly relates to reorganization measures and the preparation for implementing levers within efficiency program
- PPA relates mainly to Dematic
- Higher earnings lead to higher taxes in the reporting period
- Q4 2018 includes positive one-time tax effect leading to increased tax rate

1. Pro forma EPS for FY 2018 / Q4 2018 is adjusted by a one-off non-cash effect from a tax law amendment concerning the forfeiture of tax loss carry forwards

Free Cash Flow Statement

FCF driven by operating performance

(in €m)	FY 2019	FY 2018	Description
Reported EBITDA	1,615	1,541	
Change in Net Working Capital (NWC)	-147	-54	- Lower contract liabilities from SCS business
Taxes paid	-192	-193	
Pension payments	-22	-37	
Other	73	74	
Rental capex (net)	-147	-189	- Higher operating capex includes investments into production capacity expansion
Change in leased assets and lease receivables/ liabilities, non-cash deferral of leasing profits	-335	-376	
CF from operating activities	846	766	
Operating capex	-287	-258	
Acquisitions	-10	-2	
Other	20	14	
CF from investing activities	-278	-246	
Free cash flow	568	520	

Net Debt

Improved leverage ratios supported by operating performance

(in €m)	31 Dec 2019	31 Dec 2018	Description
Adjusted EBITDA	1,658	1,555	
Adjusted industrial EBITDA ¹	1,324	1,234	
Net financial debt	1,609	1,870	– Decrease in net financial debt due to reduction of bank liabilities
Liabilities from procurement leases	486	421	
Liabilities from short-term rental financing ²	616	597	
Industrial net operating debt (INOD)	2,711	2,888	– Increase in net pension liabilities due to lower interest rates
Net pension liabilities	1,212	1,010	
Industrial net debt	3,923	3,898	
Leverage on net financial debt	1.0x	1.2x	
Leverage on industrial net operating debt	2.0x	2.3x	
Leverage on industrial net debt	3.0x	3.2x	

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

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Strategic Investments in 2020

KION invests in medium and long-term growth

» New plant and R&D center in China



» Acquisition of Digital Applications International Limited



FY 2020 Outlook

Strategic investments to capture mid- and long-term growth

(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
Order intake	9,112	9,050 – 9,750	6,330	6,250 – 6,550	2,771	2,800 – 3,200
Revenue	8,807	8,650 – 9,250	6,410	6,150 – 6,450	2,379	2,500 – 2,800
Adj. EBIT	851	770 – 850	695	610 - 650	228	240 – 280
FCF	568	270 - 370				
ROCE	9.7%	8.5% - 9.5%				

Please see disclaimer on last page regarding forward-looking statements

COVID-19 – Implications and Situation for KION

Status of today

Potential implications and risks

- Epidemic assumed to peak in H1 2020, normalization towards year-end¹
- GDP impact visible for China in 2020; IT&S market in China consequently expected to decline on a full year basis
- Risk for health situation of workforce, maybe leading to closure of production or sales & service branches or challenges in global supply chain



Current situation at KION

- No KION employee infected so far
- All plants are running, plants in China slightly below planned capacity and with temporary production delay due to closures
- Q1 results in APAC will be negatively impacted, catch up seems feasible until year end depending on further development of epidemic
- Nearly no impact on supply chain in EMEA so far, mitigation efforts ongoing

KION-wide "taskforce" installed

Guidance for 2020 does not include any impact from COVID-19

1. Source: Oxford Economics

Financial Calendar



Date	Event
05 March 2020	Capital Markets Day 2020
28 April 2020	Quarterly statement for the period ended 31 March 2020 (Q1 2020) and analyst call
12 May 2020	Annual General Meeting
30 July 2020	Interim report for the period ended 30 June 2020 (Q2 2020) and analyst call
29 October 2020	Quarterly statement for the period ended 30 September 2020 (Q3 2020) and analyst call

Subject to change without notice

Key Financials

	Group figures							Industrial Trucks & Services							Supply Chain Solutions						
(in €m)	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2018	Q4 2018	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2018	Q4 2018	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2018	Q4 2018
Order intake	9,112	2,577	2,338	2,079	2,118	8,657	2,287	6,330	1,753	1,494	1,573	1,510	6,211	1,724	2,771	823	839	506	603	2,425	556
Revenue	8,807	2,282	2,160	2,281	2,083	7,996	2,225	6,410	1,711	1,553	1,638	1,509	5,922	1,686	2,379	567	601	642	569	2,055	533
Adj. EBITDA ¹	1,657	433	420	425	379	1,555	457	1,409	382	348	355	324	1,340	395	289	68	80	78	62	232	65
Adj. EBITDA margin in % ¹	18.8	19.0	19.4	18.6	18.2	19.4	20.5	22.0	22.3	22.4	21.7	21.5	22.6	23.4	12.1	12.0	13.4	12.2	10.9	11.3	12.3
Adj. EBIT ¹	851	226	217	225	182	790	252	695	199	170	178	149	655	214	228	52	64	64	48	180	50
Adj. EBIT Margin in % ¹	9.7	9.9	10.1	9.9	8.8	9.9	11.3	10.8	11.6	10.9	10.8	9.9	11.1	12.7	9.6	9.2	10.7	9.9	8.5	8.8	9.4

1. Adjusted for PPA items and non-recurring items

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