



# KION GROUP AG

## Q1 2020 Update Call

Gordon Riske (CEO), Anke Groth (CFO)  
Frankfurt, 28 April 2020



# Agenda



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

## Q1 2020 Financial Key Figures

KION started solidly into a year with ample challenges

Order intake	Revenue	Adj. EBIT <sup>1</sup>	Free Cashflow
<b>€2.1bn</b> -1.8% y-o-y	<b>€2.0bn</b> -2.7% y-o-y	<b>€144m</b> -21.0% y-o-y Margin of 7.1%	<b>-€222m</b> -€304m y-o-y

1. Adjusted for PPA items and non-recurring items

## COVID-19 – Action Items

### KION addresses COVID-19 challenges with various measures

#### Workforce

- “Working from home” solutions
- Broad information campaign
- Adaption of shift models with staggered work shifts
- Work places designed according to distancing rules and providing of protection equipment where needed
- Reduction of over-time accounts, usage of vacation as well as short-time work



#### Operations

- Continuous tracking of supply situation and material availability incl. build-up of parts buffers
- IT&S production plant closures in general for 2 weeks mainly in April
- SCS mainly on track with limited plant closures exclusively due to government-imposed restrictions
- First limitations for installations and services
- Special permits to serve for system-critical customers
- Chinese factories back at pre-COVID-19 capacity levels

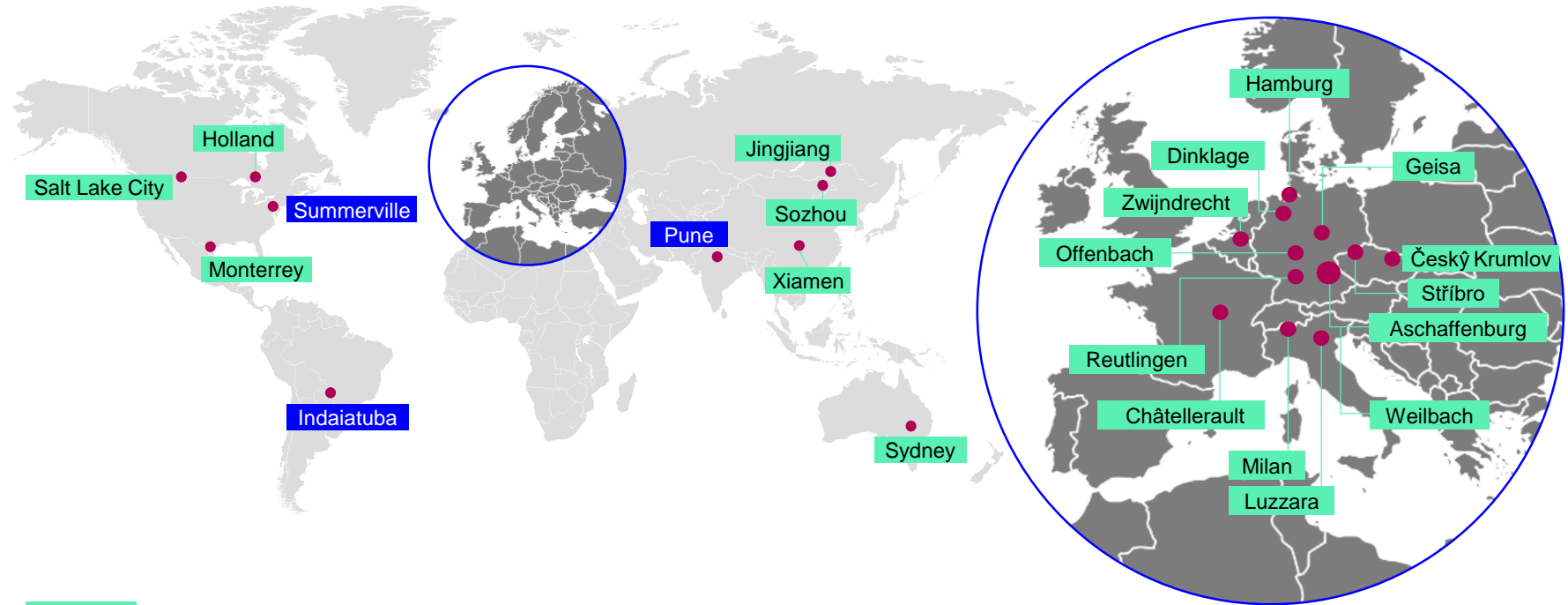


#### Cash

- Tight steering of expenses that are influenceable short term
- Strict management of cash flow and liquidity on all levels
- Postponement of investments into expansion
- Reduction of dividend proposal for 2019 to €0.04 per share
- Exploration of additional credit facilities to increase financial flexibility

# Current Status of Production Plants as of 28 April 2020

## Only selected factories are closed



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# Industrial Truck Market

## Market significantly impacted by COVID-19 development

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

North America			
Q2/19	Q3/19	Q4/19	Q1/20
-8.5%	+0.8%	-0.4%	+3.6%

Western Europe			
Q2/19	Q3/19	Q4/19	Q1/20
-10.4%	-7.7%	-4.1%	-5.5%

China			
Q2/19	Q3/19	Q4/19	Q1/20
-4.5%	+4.2%	+26.8%	-21.1%

Eastern Europe			
Q2/19	Q3/19	Q4/19	Q1/20
-6.7%	-11.9%	+0.5%	-3.5%

South/Central America			
Q2/19	Q3/19	Q4/19	Q1/20
-12.4%	+4.1%	+11.0%	-8.5%

World			
Q2/19	Q3/19	Q4/19	Q1/20
-7.6%	-2.5%	+5.1%	-9.4%

Source: WITS/FEM

## Industrial Truck Market

### KION not immune against COVID-19 effects especially in March

#### Industrial trucks: Regional development

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

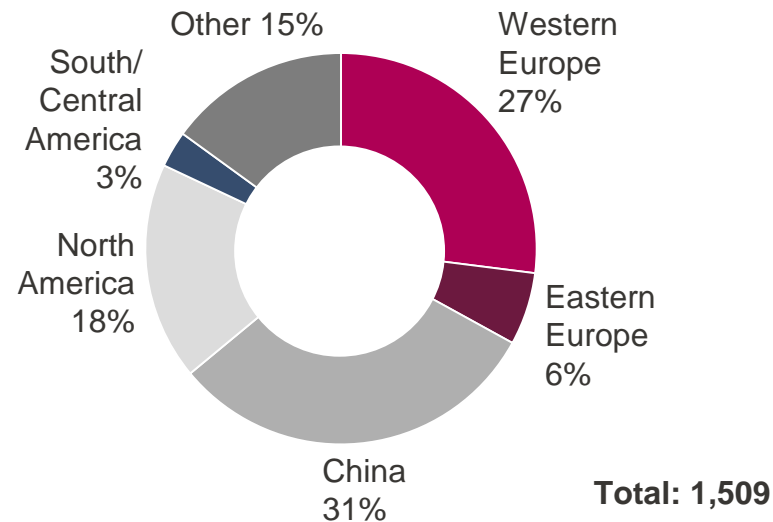
##### Q1 2020

	Market	KION
<b>Western Europe</b>	-5.5% ↘	-11.1% ↘
<b>Eastern Europe</b>	-3.5% ↘	-23.4% ↘
<b>China</b>	-21.1% ↘	-19.8% ↘
<b>North America</b>	+3.6% ↗	-23.4% ↘
<b>South/Central America</b>	-8.5% ↘	-22.2% ↘
<b>World</b>	<b>346.2</b> -9.4% ↘	<b>45.9</b> -14.2% ↘

Source: WITS/FEM

#### Industrial trucks: Market by region

Order intake FY 2019 (in '000 units)





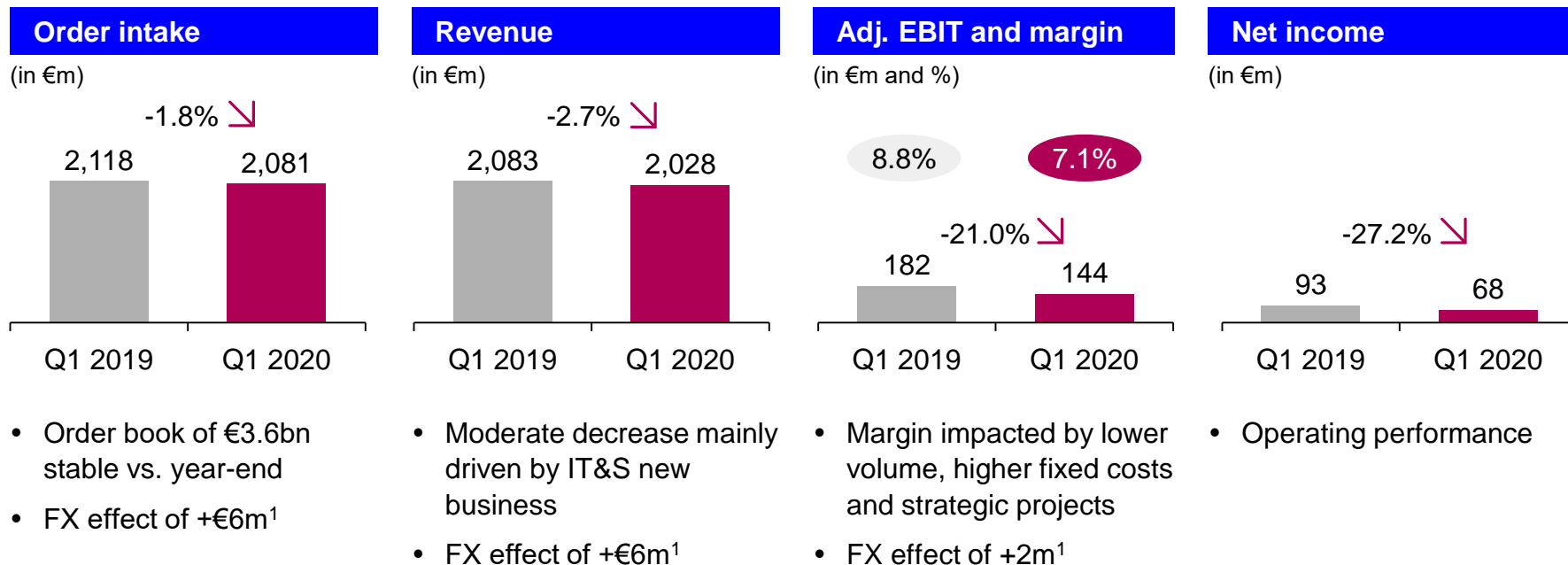
# Agenda



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

## Q1 2020 Key Financials

### Solid start into the year despite challenging environment



1. Translation effects

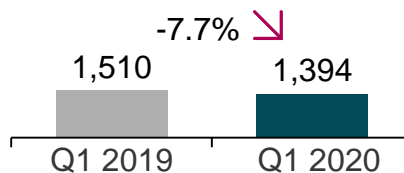
# Industrial Trucks & Services

## Decreasing topline and product launches impact performance

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

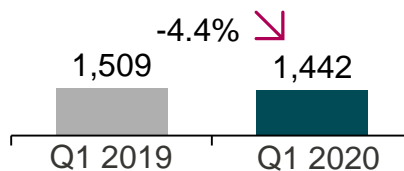
#### Order intake

(in €m)



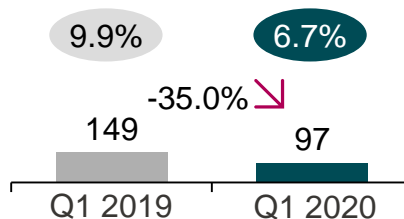
#### Revenue

(in €m)



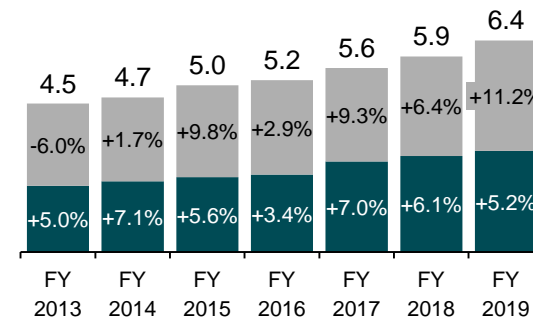
#### Adj. EBIT and margin

(in €m and %)



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

(in €bn and change in % y-o-y)



■ New business ■ Services

1. Translation effects in Q1 2020: order intake: -€5m; revenue: -€4m; adjusted EBIT: €0m  
 2. In 2018 growth rate reflects 2017 restatements due to the initial application of IFRS 15 and IFRS 16

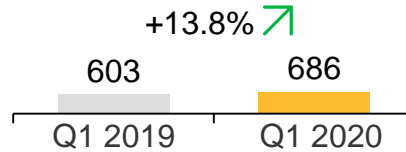
# Supply Chain Solutions

## Notable order intake development and further margin improvement

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

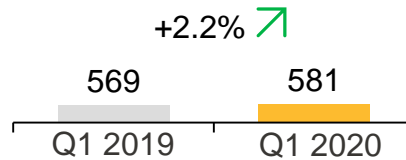
#### Order intake

(in €m)



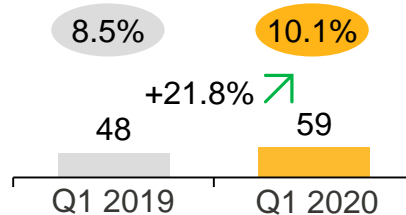
#### Revenue

(in €m)



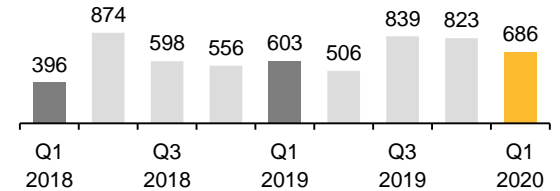
#### Adj. EBIT and margin

(in €m and %)



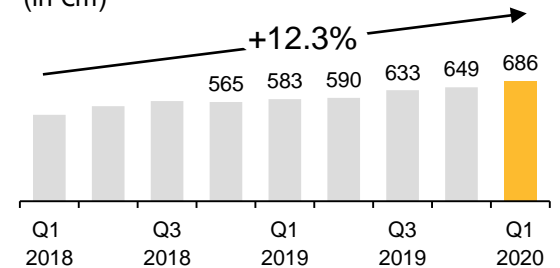
### Recent SCS order intake

(in €m)



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

(in €m)



1. Translation effects in Q1 2020: order intake: +€11m; revenue: +€10m; adjusted EBIT: +€2m  
 2. Eight quarter rolling average order intake (in €m)

## Adjusted EBITDA to Net Income

### EPS driven by weaker topline

(in €m)	Q1 2020	Q1 2019	Change
<b>Adjusted EBITDA</b>	<b>351</b>	<b>379</b>	<b>-7.4%</b>
D&A	-207	-197	
<b>Adjusted EBIT</b>	<b>144</b>	<b>182</b>	<b>-21.0%</b>
Non-recurring items (NRI)	-2	-1	
PPA items	-22	-22	
<b>Reported EBIT</b>	<b>120</b>	<b>159</b>	<b>-24.3%</b>
Net financial expenses	-26	-25	
<b>EBT</b>	<b>94</b>	<b>134</b>	<b>-29.5%</b>
Taxes	-27	-41	
<b>Net income</b>	<b>68</b>	<b>93</b>	<b>-27.2%</b>
<b>Reported EPS</b>	<b>€0.58</b>	<b>€0.79</b>	<b>-26.6%</b>

### Explanations

- 1 Reduced **taxes** in the reporting period due to operating performance and tax incentives

# Free Cash Flow Statement

## FCF impacted by strategic investments and NWC

(in €m)	Q1 2020	Q1 2019
Reported EBITDA	349	378
Change in Net Working Capital (NWC)	-122	-43
Taxes paid	-47	-35
Pension payments	-5	-5
Other	-90	-18
Rental capex (net)	-42	-49
Change in leased assets and lease receivables/ liabilities, non-cash deferral of leasing profits	-105	-95
<b>CF from operating activities</b>	<b>-61</b>	<b>132</b>
Operating capex	-81	-56
Acquisitions	-86	0
Other	6	6
<b>CF from investing activities</b>	<b>-162</b>	<b>-50</b>
<b>Free cash flow</b>	<b>-222</b>	<b>82</b>

### Description

- ① Q1 2019 with very **low trade payables** due to phasing effects
- ② Higher **tax payments** due to higher earnings in 2019
- ③ **Operating capex** increase due to capacity expansions
- ④ **DAI acquisition**

## Net Debt

### Solid balance sheet

(in €m)	31 Mar 2020	31 Dec 2019
Adjusted LTM EBITDA	1,630	1,658
Adjusted LTM industrial EBITDA <sup>1</sup>	1,294	1,324
<b>Net financial debt</b>	<b>1,875</b>	<b>1,609</b>
Liabilities from procurement leases	485	486
Liabilities from short-term rental financing <sup>2</sup>	578	616
<b>Industrial net operating debt (INOD)</b>	<b>2,938</b>	<b>2,711</b>
Net pension liabilities	1,063	1,212
<b>Industrial net debt</b>	<b>4,001</b>	<b>3,923</b>
Leverage on net financial debt	1.2x	1.0x
Leverage on industrial net operating debt	2.3x	2.0x
Leverage on industrial net debt	3.1x	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** decreased due to higher discount rates, driven by higher risk premium for corporate bonds

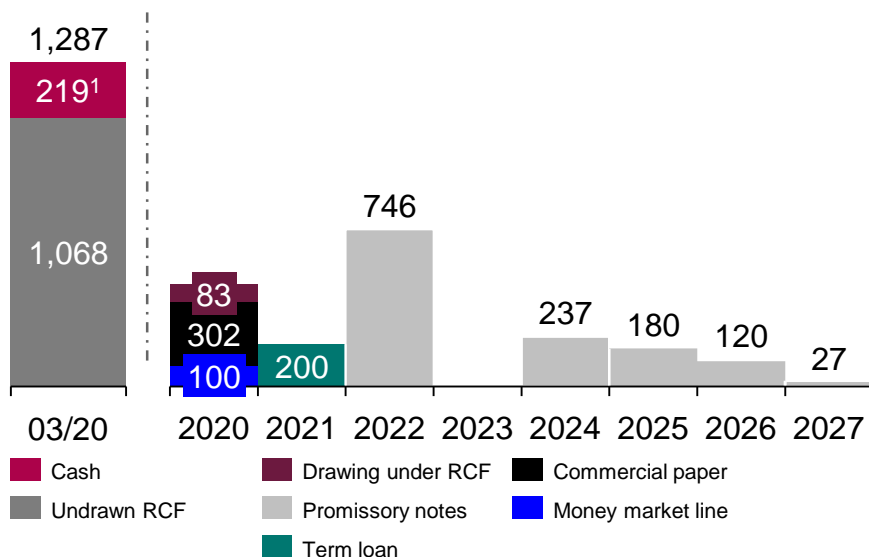
1. Excludes LTM EBITDA for long-term leasing  
 2. Includes liabilities from short-term rental financing and liabilities from financial services (rental)

# Financing Structure

## KION with solid financial flexibility

### Free liquidity and maturity profile as at 31 March 2020

(in €m)



1. Total cash and cash equivalents of €223m as at 31 March 2020  
 2. Excludes LTM EBITDA for long-term leasing

### Corporate credit ratings

- Fitch Ratings: BBB- (outlook stable, April 2020) and F3 (short-term, April 2020)
- Standard & Poor's: BB+ (outlook stable, December 2019)

### Liquidity and financing structure

- Financial headroom of €1.3bn:
  - Cash position of €223m
  - Fully committed credit line of €1.1m, thereof €83m utilized
- Debt maturing in FY2020 is mainly caused by working capital movements

### Covenant

- Covenant is based on LTM adj. industrial EBITDA<sup>2</sup> to INOD and governs credit relations as well as our promissory notes



# Financial Calendar



Date	Event
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)	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2018	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2018	Q1 2020	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2018
Order intake	2,081	9,112	2,577	2,338	2,079	2,118	8,657	1,394	6,330	1,753	1,494	1,573	1,510	6,211	686	2,771	823	839	506	603	2,425
Revenue	2,028	8,807	2,282	2,160	2,281	2,083	7,996	1,442	6,410	1,711	1,553	1,638	1,509	5,922	581	2,379	567	601	642	569	2,055
Adj. EBITDA <sup>1</sup>	351	1,657	433	420	425	379	1,555	280	1,409	382	348	355	324	1,340	74	289	68	80	78	62	232
Adj. EBITDA margin in % <sup>1</sup>	17.3	18.8	19.0	19.4	18.6	18.2	19.4	19.4	22.0	22.3	22.4	21.7	21.5	22.6	12.7	12.1	12.0	13.4	12.2	10.9	11.3
Adj. EBIT <sup>1</sup>	144	851	226	217	225	182	790	97	695	199	170	178	149	655	59	228	52	64	64	48	180
Adj. EBIT Margin in % <sup>1</sup>	7.1	9.7	9.9	10.1	9.9	8.8	9.9	6.7	10.8	11.6	10.9	10.8	9.9	11.1	10.1	9.6	9.2	10.7	9.9	8.5	8.8

1. Adjusted for PPA items and non-recurring items

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