

KION
GROUP



Analyst & Investor Event 2021

Accelerating profitable growth

Frankfurt / Main – November 03, 2021



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Analyst & Investor Event 2021
Agenda: Accelerating profitable growth



	Speaker
Welcome	Sebastian Ubert
CEO: Market & Strategy	Gordon Riske
CFO: Financials	Anke Groth
SCS: Segment Update	Hasan Dandashly
<i>Break</i>	
ITS: Segment Update	Andreas Krinninger & CP Quek
CTO: ESG	Dr Henry Puhl
<i>CEO Closing Remarks and Q&A</i>	

Analyst & Investor Event 2021

Our management team



Gordon Riske

Chief Executive Officer
KION Group



Anke Groth

Chief Financial Officer
KION Group



Andreas Krinninger

President KION
ITS EMEA



Dr Henry Puhl

Chief Technology Officer
KION Group



CP Quek

President KION ITS
Asia Pacific & Americas



Hasan Dandashly

President KION
Supply Chain Solutions

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Key Messages



Highly **attractive long-term market outlook** driven by continued megatrends



Strong rebound and **accelerated growth in 2021, raising our medium-term targets**



KION 2027 strategy: continued strategic investments and **sustainability as new field of action**

Megatrends and Expected Market Developments

Material handling industry benefits from attractive macro-drivers

Megatrends & demand implications

 **E-commerce**

➤ Demand for automated warehouse solutions

 **Emerging markets**

➤ Demand for (value) trucks in Chinese market

 **Sustainable solutions**

➤ Demand for zero-emission intra-logistics solutions

 **Demographic change**

➤ Demand for automated and robotic solutions

Medium-term market growth

Warehouse automation market

+13%¹

Industrial truck market China

+11%¹

Market for Li-Ion powered trucks

+50%¹

Mobile robot market

+53%²

1. Compound Annual Growth Rate (CAGR) 2020-2023, management assumptions based on internal KION Market Model as of November 2021

2. CAGR 2020-2023, Interact Analysis, Mobile Robots 2021

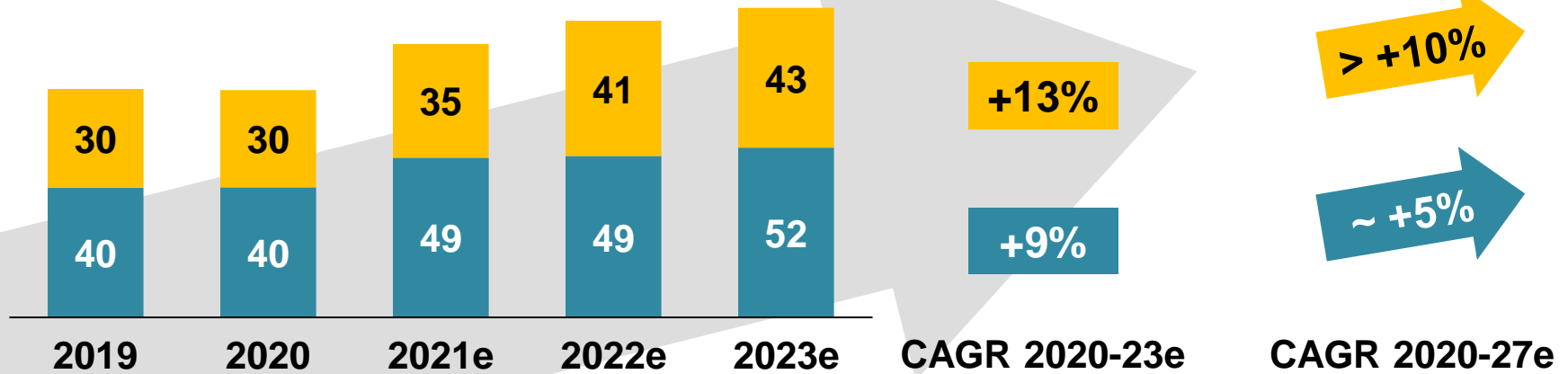
Material Handling Market Overview

Both industrial truck & automation markets expected to grow substantially

Material handling – total addressable market

Revenue in €bn, CAGR in %

Automation systems Industrial trucks



Stable markets despite pandemic environment, ready to grow substantially in the medium to longer-term

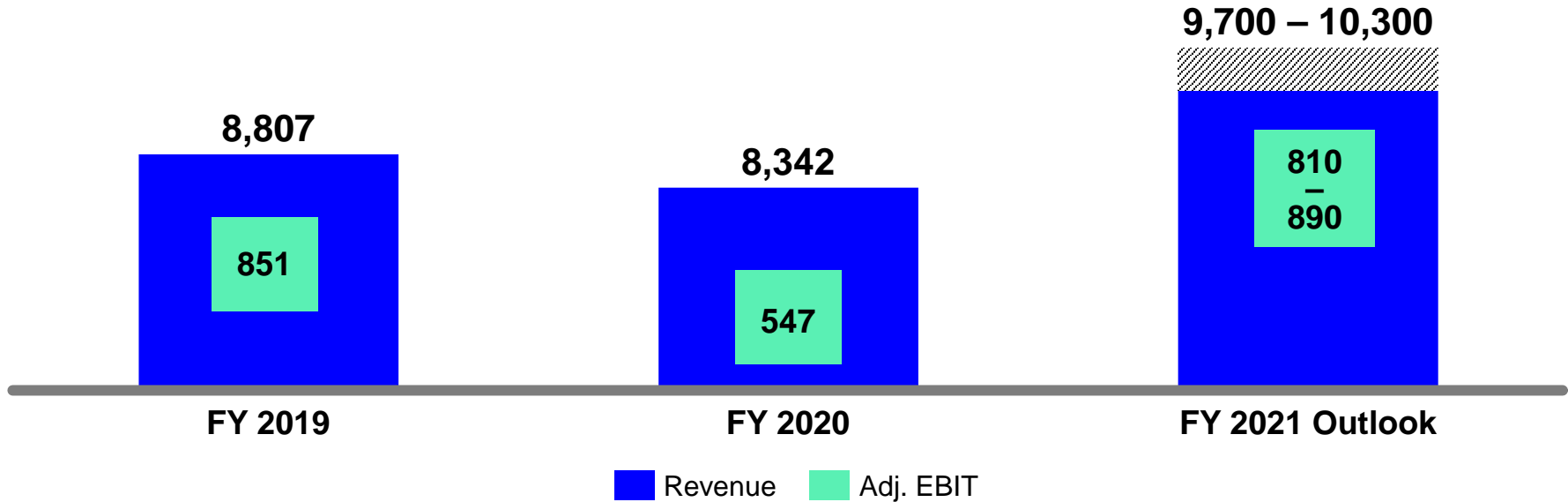
Source: Management assumptions based on internal KION Market Model as of November 2021, including service revenues. Serial/hybrid mobile automation solutions included in industrial trucks, bespoke mobile automation solutions included within automation systems

Performance Development and Outlook

Strong rebound and accelerating growth in 2021

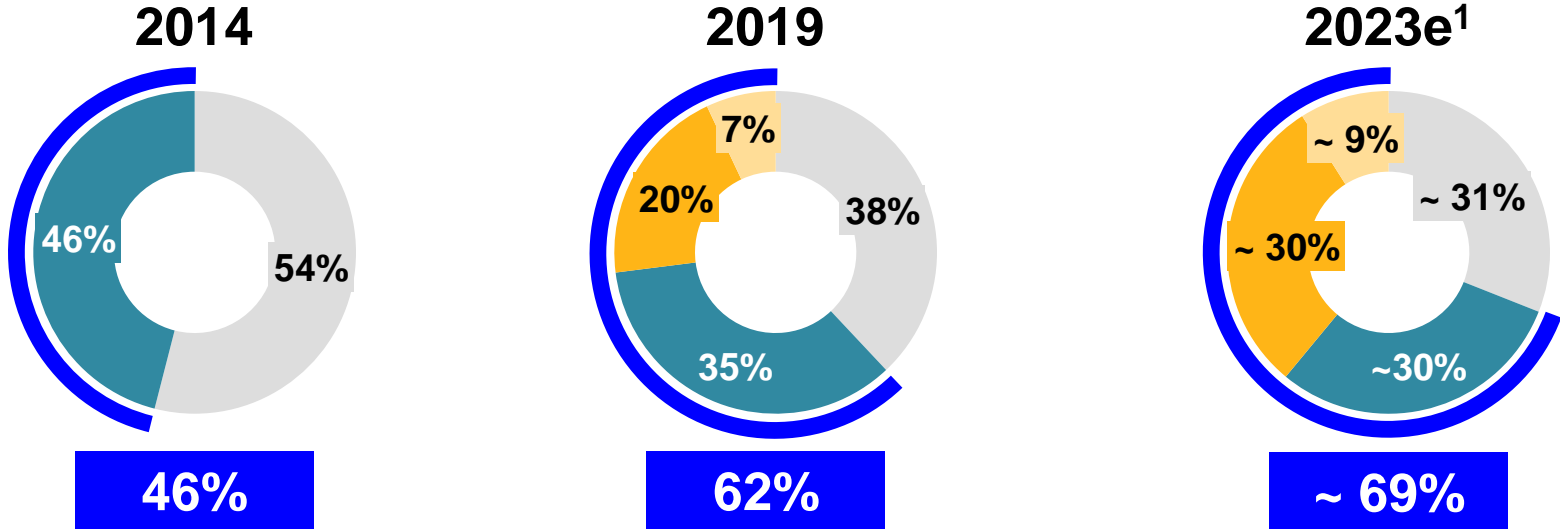
KION Group revenue and adj. EBIT

in €m



Development of Business Model Resilience

Resilient share of revenue expected to increase further



■ Share of resilient business ■ ITS - New trucks ■ ITS - Services ■ SCS - Business solutions ■ SCS - Services

1. KION internal estimate
Note: KION defines resilient business as ITS services plus SCS business solutions and SCS services

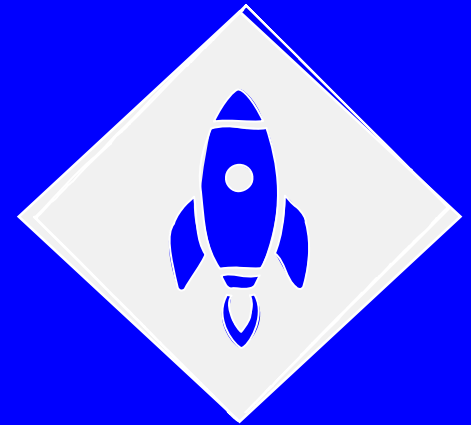
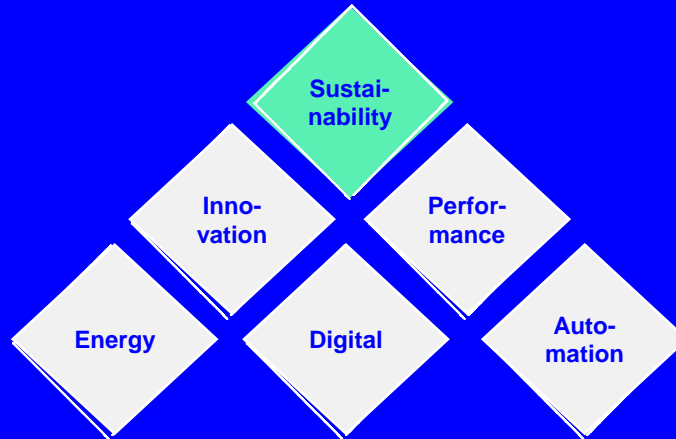
KION 2027 Strategy

Focus on continued profitable growth

Aspiration KION 2027 maintains focus

Sustainability as new strategic field of action

Strategic investments accelerate growth



Sustainability Acknowledgements

KION fully committed to sustainable material handling



Received first **A- score** for climate change in 2020



ESG¹ risk score of 24.7, ranking within **top 8% of machinery industry** peers (April 2021)



ISS ESG Prime Rating confirmed (2020), equivalent to **top 10% of companies in machinery**

S&P Global

In **top quartile** of machinery industry group in **S&P Global Corporate Sustainability Assessment** (2020)



EcoVadis Gold sustainability rating for Linde Material Handling EMEA (2020) and STILL EMEA (2021)

DAX | QONTIGO

Member of the **DAX[®] 50 ESG** since March 2020

1. Environment, Social, Governance
Note: Selected acknowledgements only

Strategic Investments

Accelerating profitable growth

ITS investments executed

**New ITS plant in
Kolbaskowo (PL),
start of production in
July 2021**



**New ITS plant in
Jinan (CN),
start of production in
December 2021**

SCS investments next up

**Site
for
SCS
plant**



**New SCS plant in
Jinan (CN),
start of construction in
December 2021**

**Acquisition of an Indian
warehouse automation
company, strengthening
competitive position in
India & APAC¹**



1. Transaction is subject to regulatory approval, once received full consolidation

Medium-term Targets

Raising our 2023 revenue target and confirming margin outlook

Surpassing €12bn revenue

fueled by expected continued strong SCS growth and ITS recovery

> €12bn

Focused on profitability

striving for double-digit adj. EBIT margin

10% – 12%

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Key Messages



Sound financial profile as basis for
execution of key investments



Increasing revenue target and stable margin outlook
introducing segment targets



Investment focus on rapidly growing SCS business in
preparation for next growth phase

Financial Performance

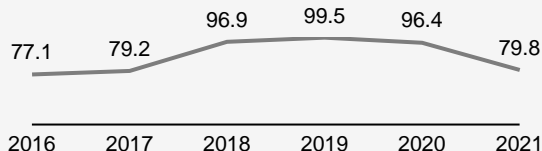
Strong cash conversion and deleveraging lead to investment grade rating

Cashflow Conversion¹

Operating Cashflow / Adj. EBIT

80%

Cashflow conversion
LTM² September 2021



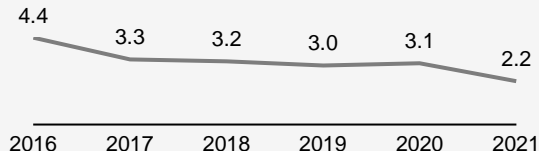
Strong operational performance and rigid cash management drive cash conversion

Leverage³

IND⁴ / Industrial Adj. EBITDA

2.2x

Leverage as of September 2021⁵



Continuous deleveraging following Dematic acquisition

Credit Rating

Investment Grade Rating

By both Fitch and S&P

BBB rating by Fitch⁶ and BBB- rating by Standard & Poor's⁷, both with a stable outlook

1. 2016-2020 cashflow conversion based on full year values, 2021 based on last twelve month since September 2021 2. Last twelve month 3. 2016-2020 leverage based on respective December values, 2021 based on September values 4. Industrial Net Debt 5. Leverage based on adj. LTM industrial EBITDA of €1,392m, which excludes adj. LTM EBITDA for long-term lease business 6. As of September 2021 7. As of August 2021

Review of Investments Announced in 2020

All initiatives supporting growth executed despite the pandemic

Investments presented in 2020

Specific projects

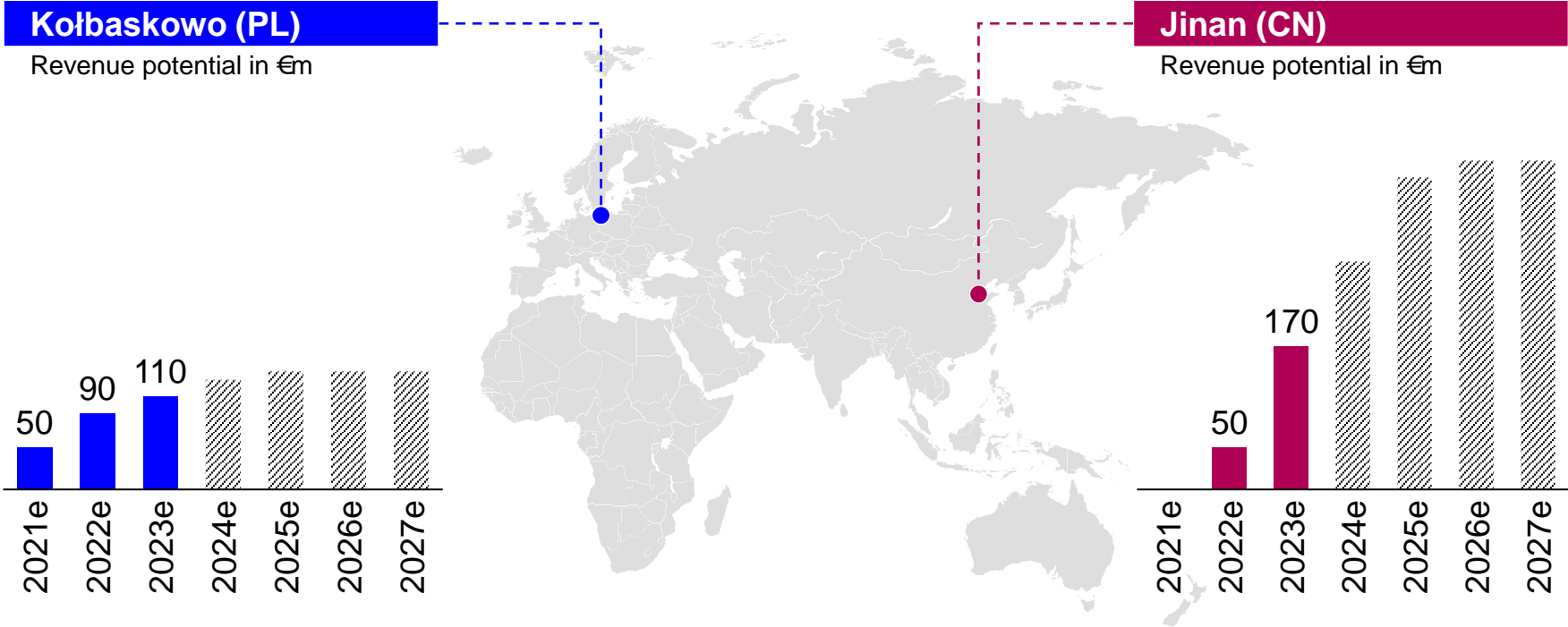
Focused investments	New products	12XX series, ITS value series	✓
	Li-Ion battery supply	KION Battery Systems Joint Venture	✓
	Growth in EMEA	New ITS plant in Kołbaskowo (PL)	✓
	IT enablement	Ongoing digitalization initiatives incl. SAP S/4HANA rollout	✓
Strategic investments	Growth in China	New ITS plant in Jinan (CN); broadening sales network	✓
	DAI acquisition	Acquisition of warehouse automation software provider	✓

Investments presented in 2020 focused on ITS. The **successful and on-time execution** of all investments **supports our medium-term targets** and targets **positive implications beyond FY 2023.**

Investments with ITS focus
 Investments with SCS focus

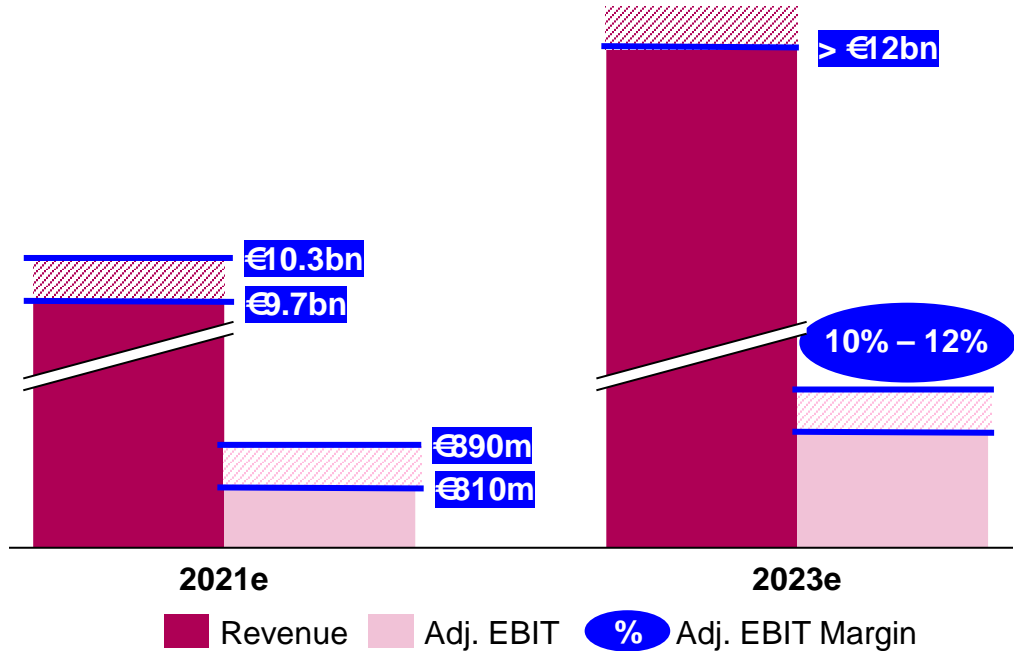
Revenue Potential From New ITS Plants

Executed investments support medium- and long-term growth plans



Medium-term Targets – KION Group

Increased revenue target and stable margin outlook



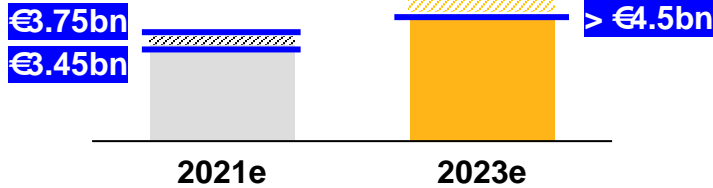
We are confident to reach our medium-term targets:

- Continued SCS and ITS revenue growth beyond 2021
- New capacities and products supporting growth
- Leveraging of scale effects
- Continued strict cost discipline through structural program

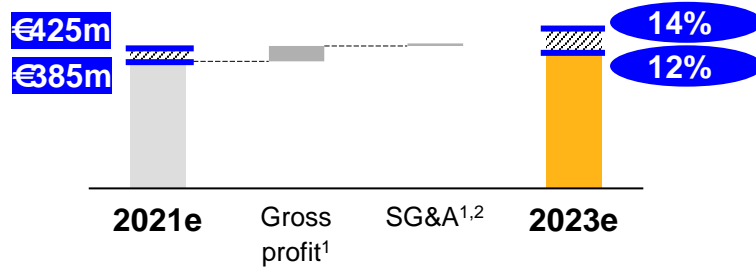
Medium-term Targets – SCS

Focus on execution, cost control and scale key to achieve 12% – 14% margin

Revenue



Adj. EBIT margin



1. Expected 2. Selling, General & Administrative expenses

Gross profit levers

Pursue **strongly growing verticals** to access fast growth environments as well as **differentiate through technology**

Grow **customer services** with structured services product offering

Increase **regional production and engineering footprint** especially in developing countries to drive **global cost position**

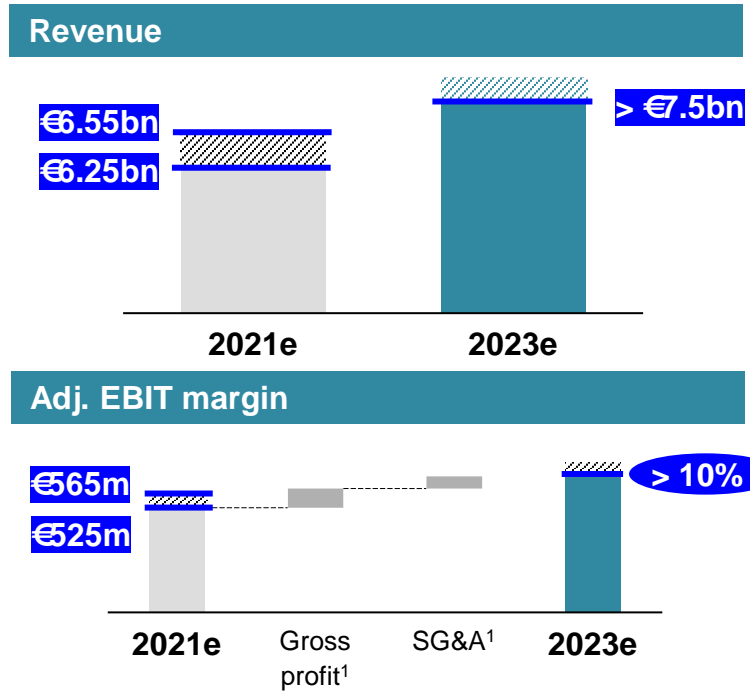
Increase application of **standardized solutions** and **scale capacities and workforce** to **improve execution** of continuous business growth

SG&A levers

Pursue **scale effects** from strong revenue growth and enhanced leverage of existing capacities

Medium-term Targets – ITS

Profitable growth key to return to double-digit margin



Gross profit levers

New offerings and products to cover strongly growing value segment and capture market growth

New production facilities to expand capacities and support future growth

Enlarge accessible profit pools through **resilient services offering** covering the full asset lifecycle

Increase **production productivity** through e.g. increasing automation of production processes

SG&A levers

Savings from **efficiency improvements**: initiatives in standardization, productivity and structural cost

1. Expected

Summary of Medium-term Targets for FY 2023

Increased targets support raise in dividend policy

	KION Group	Supply Chain Solutions	Industrial Trucks & Services
Revenue	> €12bn	> €4.5bn	> €7.5bn
Adj. EBIT margin	10% – 12%	12% – 14%	> 10%
Dividend payout ratio ¹	25% – 40%		

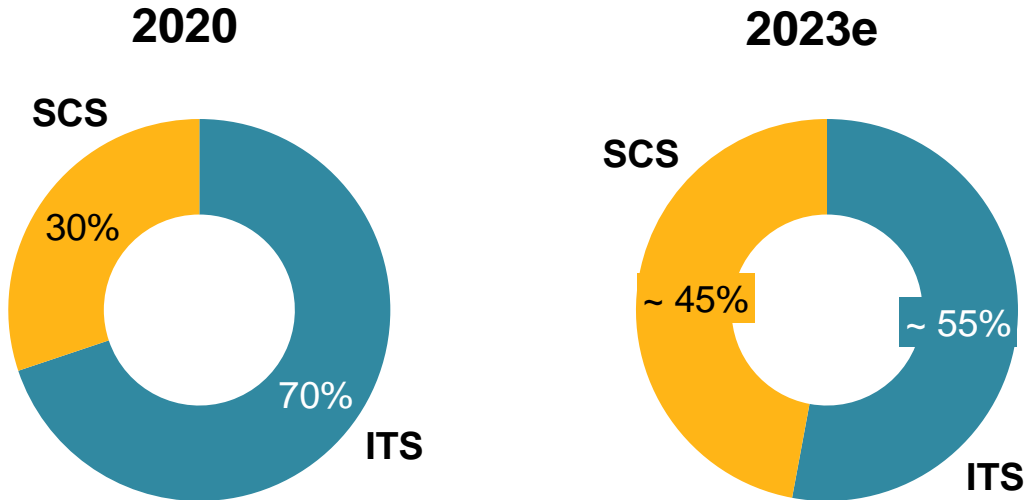
1. Target, subject to availability of distributable profit

Development of R&D Spend

Preparing for growth – shifting R&D spend towards SCS

R&D¹ spend

in % of total



Key considerations:

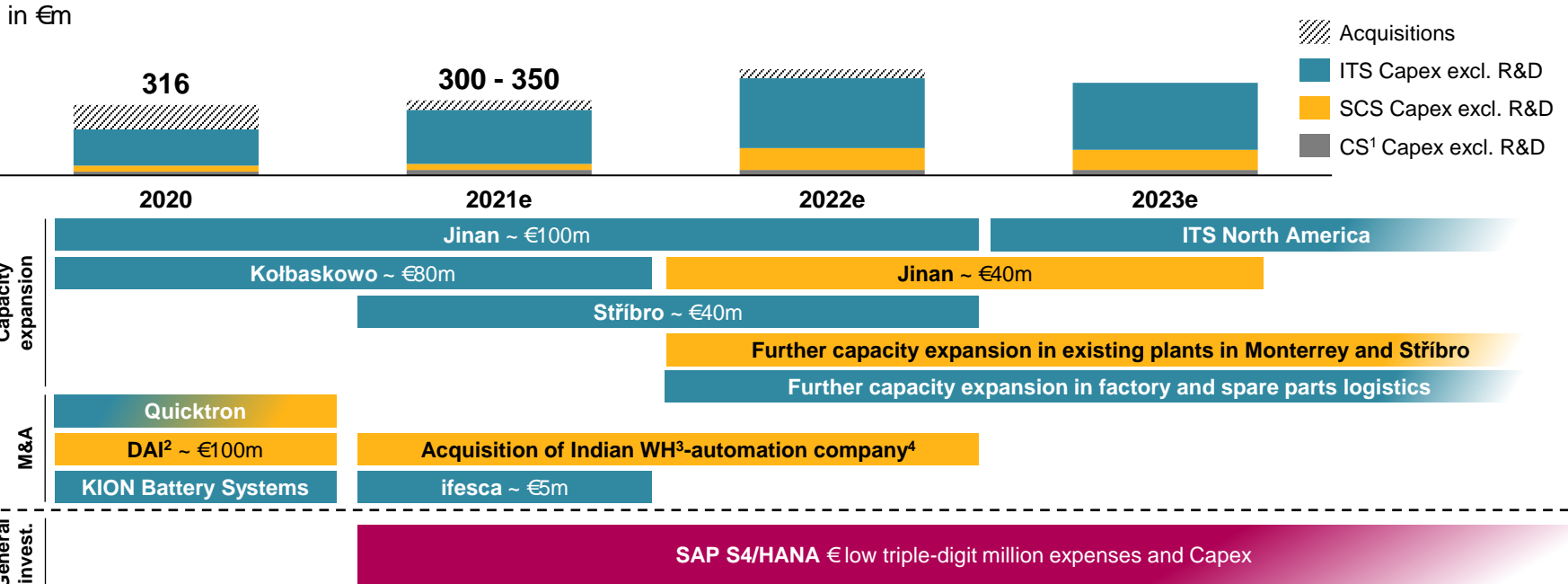
- Relative **shift** in R&D spend from ITS to **SCS**
- Strong **growth of SCS R&D spend** in particular driven by software development
- Stable R&D spend at KION Group level at around **3% of group revenue**

1. Research & development

Development of Strategic Investments

Next growth investments lined up

Strategic investments excl. R&D and SAP S4/HANA



1. Corporate Services 2. Includes one tranche in 2020 and further payments of ~ €20m over 3.5 years starting 2021 3. Warehouse 4. Acquisition is subject to approval; structure includes two equal tranches in 2021/2022. Third tranche foreseen in 2025

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Trends and Impacts

Post-COVID world requires speed, flexibility and accuracy



Urbanization

55%

of world's population lives in cities¹



Skill Shortage

60%

turnover in warehousing in the US up 150% over past 5 years²



Speed

80%

of shoppers want same-day shipping³



Logistics Expenditure

10%

rate of logistics costs to GDP⁴



E-commerce

26%

year-on-year growth in retail E-commerce sales totaling ~ €3.6 trillion in 2020⁵



Distribution

> 130,000

additional square meters of distribution space needed for every additional €1bn E-commerce sales⁶



Amazon

> 8,000

football fields equivalent of distribution center space currently operated by Amazon⁷



Automation

~ 10%

of warehouses are fully automated⁸

Accelerated demand for intelligent, connected and automated supply chain

1. Worldbank, Urban Development, 2020 2. US Bureau of Labor Statistics, Getting the most out of warehouse labor, 2020 3. Invesp, The Importance of Same Day Delivery, 2021 4. Bain Co. 2017 5. Emarketer, Global Ecommerce Forecast 2021, 2021 6. CBRE, How has e-commerce shaped industrial real estate demand?, 2018 7. MWPVL Intl. 2020 8. LEK Consulting, The Evolving Warehouse Automation Market and the Implications for Investors, 2020

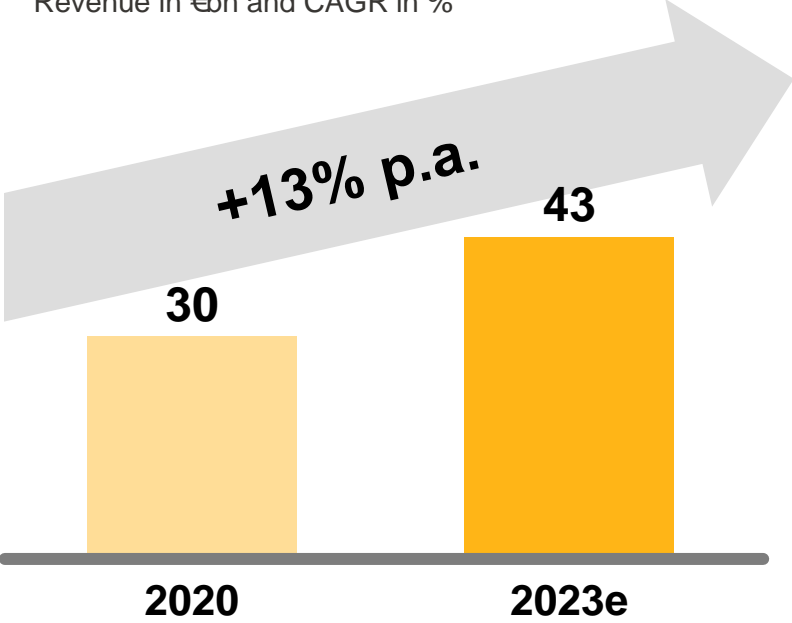
Note: All figures are global unless stated otherwise

Market Growth

Robust market fundamentals & COVID-accelerated market demands

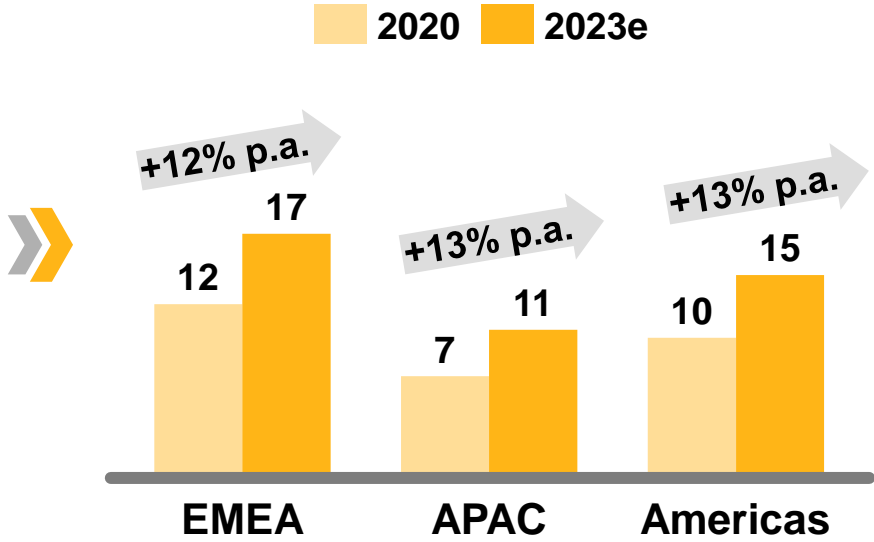
Market size

Revenue in €bn and CAGR in %



Market size by region

Revenue in €bn and CAGR in %



Source: Management assumptions based on internal KION Market Model as of November 2021, numbers may not add up due to rounding

Landmark Group & SCS Solution – Key Facts & Figures

Largest and the most sophisticated distribution center in the Middle East

Highly Intelligent & networked solution



74,000

boxes processed
per day



2,200

stores fulfilled



3

Continents

Best-in-class automation and robotics technology



36K

pallet storage
locations



371K

tote storage
locations



1,200

multishuttles



220

workstations

Sophisticated integration, executed with excellence



250

SCS employees
on site



1,800

tons of steel
used



860

shipment
containers



11.3 km

conveyor

Source: <https://www.landmarkgroup.com/int/en/home>, 2021

The largest retail group in the Middle East, Africa, and India, with a growing presence across Southeast Asia

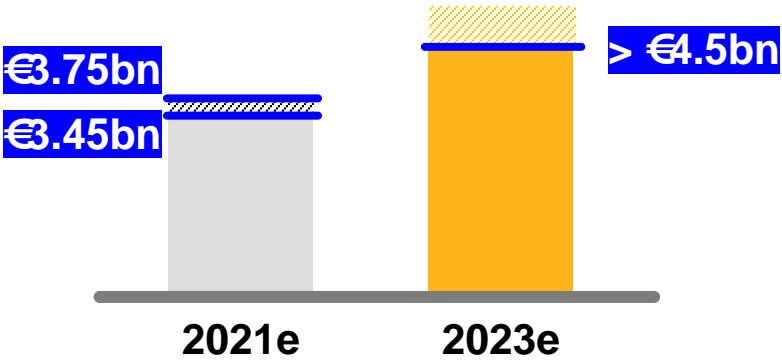
16 brands, 3 continents, 2,200 stores

SCS – Medium-term Targets

Driving growth and margin enhancement – poised to exceed 12% adj. EBIT margin

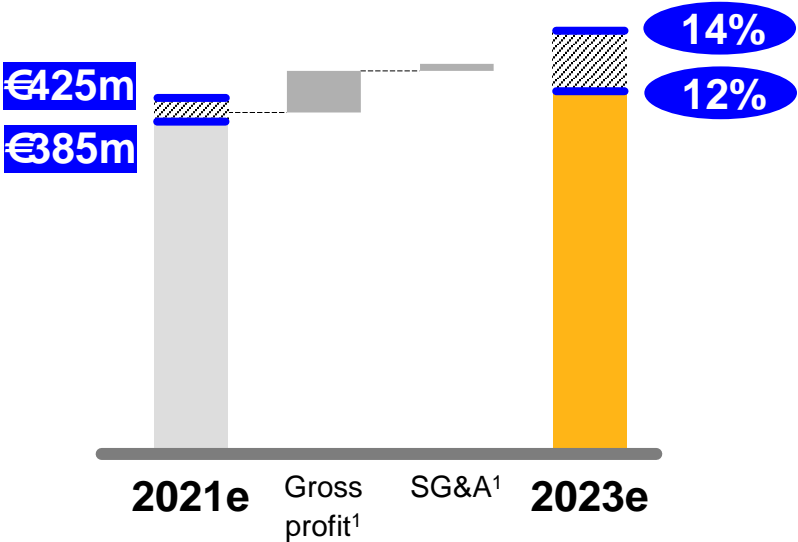
Revenue

Revenue in €bn



Adj. EBIT / adj. EBIT margin

Adj. EBIT in €m and adj. EBIT margin in %



1. Expected

SCS Framework

Targeting accelerated growth with clear EBIT improvement focus



Focus on high growth segments

Purposeful global growth in **verticals with highest growth potential**. **Balanced portfolio** of simpler / short cycle projects & large / complex projects

Revenue growth



Lead with differentiated technology

Continued focus on delivering highly intelligent and connected automation solutions by breakthrough **software, robotics, and technology offerings**

Enhanced offering & margins



Drive a life-cycle based service approach

Drive customer outcomes through a comprehensive **value-based service offering** across the entire **project lifecycle**

Margin expansion & portfolio stability



Deliver on growth & execution at scale

Standardization to drive margins and scale, focusing on **emerging markets** to drive global cost position

Global scale and greater productivity

1 Focus Verticals, Drivers and Solutions

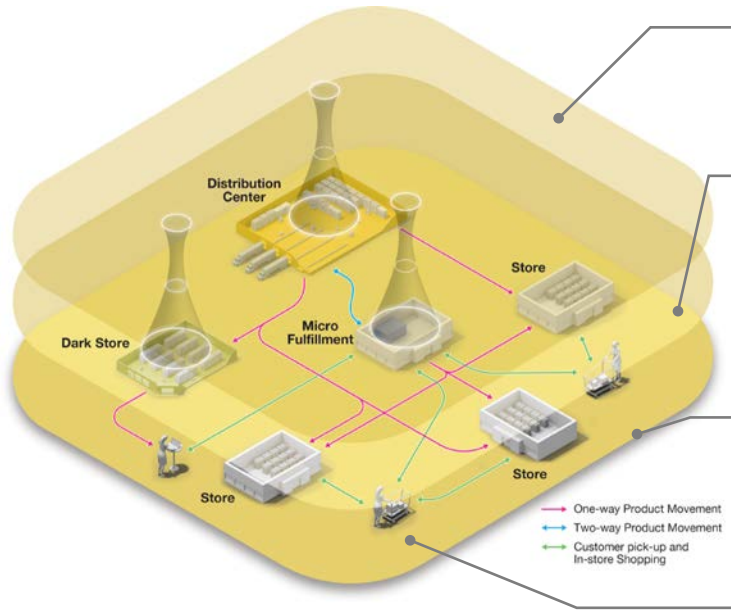
Purposeful growth on verticals with highest growth potential

	Share of total market revenue 2020 (%) ¹	CAGR 2020-23e (%) ¹	Value drivers	SCS solutions (selected solutions only)				Selected clients			
SCS focused growth verticals ~70% of the total market by revenue ¹	General Merchandise	30%	↑ +17%	E-commerce and growth of digital channels	Speed of fulfillment & delivery Decentralized supply chains	Warehouse Management Software	Flexible Fulfillment Center	Micro-Fulfillment	AMR-based ² Fulfillment	mPick / GTP ³	
	Apparel	9%	↑ +7%							Pouch / GOH ⁴	
	Food & Beverage	12%	↑ +12%		Urbanization Speed to consumer	Intelligent Control Tower	Flexible Mixed Case Fulfillment	Chilled / Freezer Environments	Pallet Automated Storage / Retrieval Systems (AS/RS)	AutoStore	
	Grocery	16%	↑ +12%		Speed of fulfillment & delivery Decentralized supply chains						Micro-Fulfillment
Further SCS active verticals	Durable	Healthcare	Non-Durable Manufacturing	Parcel	Third-Party Logistics	Wholesale / B2B					

1. Business Solutions Market 2. Autonomous Mobile Robot 3. Modular Pick / Goods to Person 4. Garment on Hanger
Source: Management assumptions based on internal KION Market Model as of November 2021

1 Ecosystem-based Solutions (Grocery Example)

SCS innovates at all levels of a customer ecosystem



○ Software & data
+

○ Network connectivity
SCS Solution Approach & Portfolio

○ Automation
+

○ Life Cycle Services



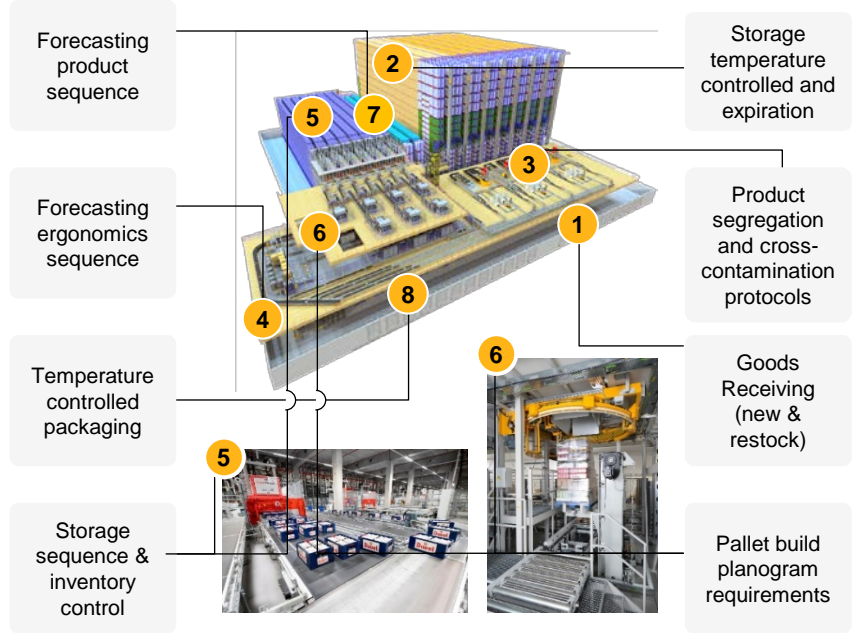
Optimizing customer's supply chain requires a deep-ecosystem level understanding

1. Automated Mixed Case Palletizing
2. Mini Load
3. Automated Guided Vehicle

1 Grocery Case Study

Enabling grocery e-Commerce fulfillment for Americold

Intelligent & integrated solution with high degree of automation driving customer productivity



Forecasting product sequence

Forecasting ergonomics sequence

Temperature controlled packaging

Storage sequence & inventory control

Storage temperature controlled and expiration

Product segregation and cross-contamination protocols

Goods Receiving (new & restock)

Pallet build planogram requirements

- 1. Warehouse Control System
- 2. Warehouse Execution System
- 3. Stock Keeping Units

183
temp.-controlled
warehouses

>1bn ft³
refrigerated
storage

Highly intelligent **flexible mixed case fulfilment solution** controlled by advanced **WCS¹ / WES² layer**

- Two distribution centers** with 41 meters high pallet high bay warehouses with 34,000 m² building footprint
- Dynamic balancing** of volumes and movement of SKUs³ to increase order fulfillment throughput including **lifecycle services**

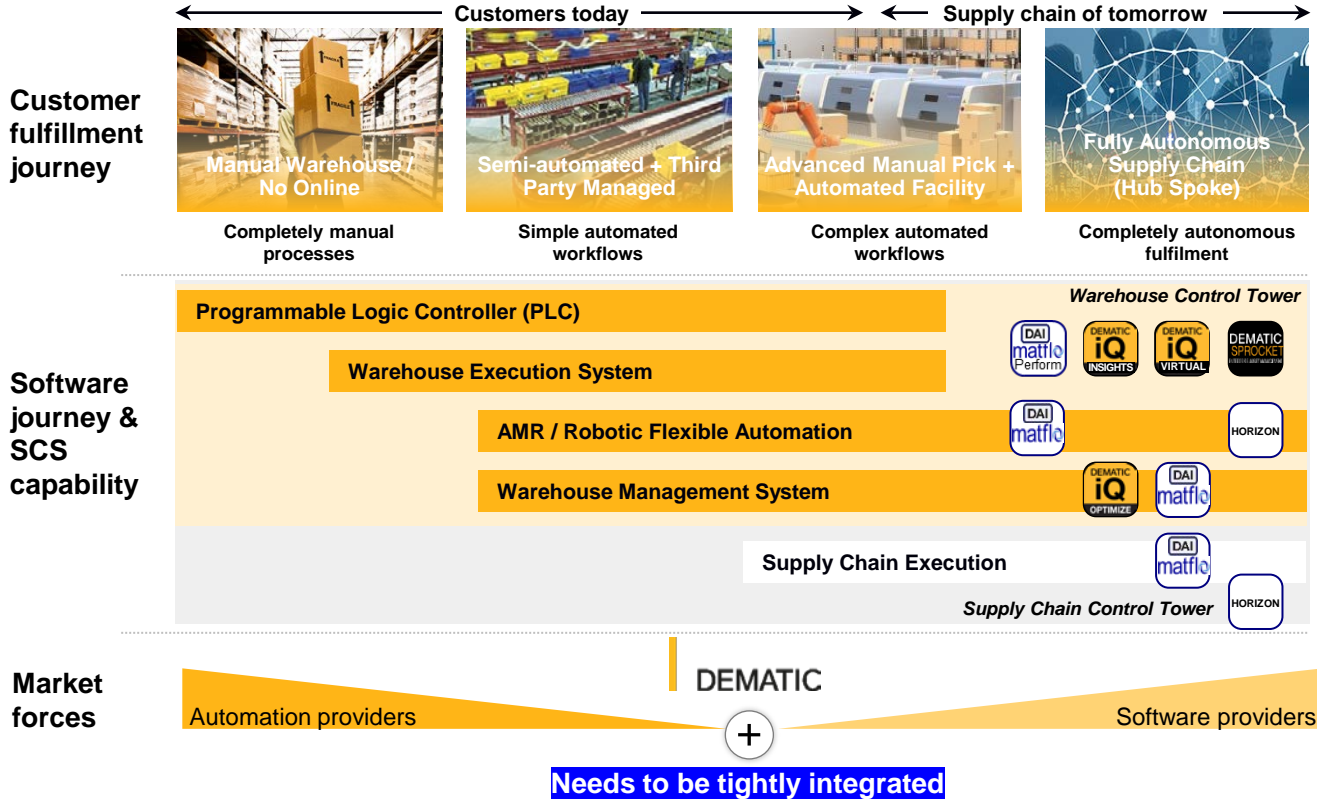
> 350,000 cases
throughput per day

3 temp. zones
storage facilities

2.5 million miles
of freight eliminated

2 Software-defined Automation Journey and Capabilities

SCS enables the autonomous supply chain of the future



← SCS driving customer outcomes →

Productivity

Ability to maximize throughput and Reduce total cost of ownership (TCO)

Flexibility

Highly configurable framework
AMR-based robotic fulfillment

Scalability

Scale up and down based on peak seasons. Ability to move from manual to fully automated facilities

Visibility

Single-site or enterprise, multi-site visibility across the entire ecosystem

2 Software Vision and Footprint

Software is core to SCS's portfolio and value proposition

SCS's digital vision

To provide vertical **ecosystem based highly intelligent solutions** that combine our software / digital capabilities with automation & robotics technology to deliver **increased productivity flexibility, reliability, and throughput** to customer globally

Software expertise

> 1,300

Software engineers

> 300

AI¹ / R&D, cybersecurity experts

> 500

Software clients worldwide

> 100

Sites with remote monitoring

> 99.98%

Client retention rate

Select software customers



What we deliver

(Value proposition)

2% – 10%

increased product throughput²

5% – 10%

increased labor productivity²

2% – 5%

increased hardware availability²

20% – 50%

reduction in response & repair times²

1. Artificial intelligence 2. Anticipated benefits based on project outcome assumptions made by SCS product management

3 Service Footprint

Unparalleled installed base and operational footprint in the industry¹



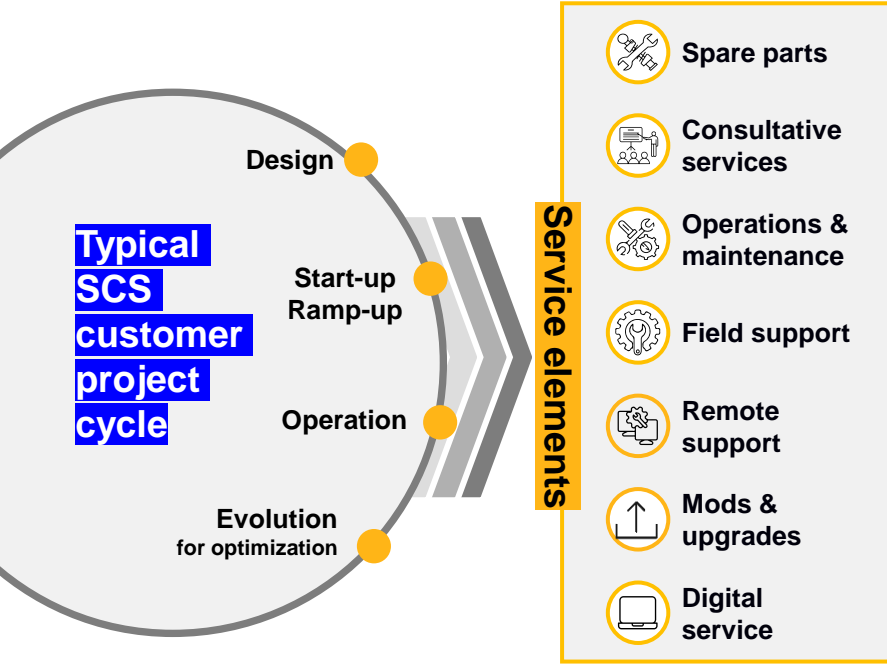
> 200 years of customer intimacy & installations serves huge service potential

1. Based on independent third-party customer survey, Assessment of Warehouse Automation Services Market, Market and Markets, March 2021

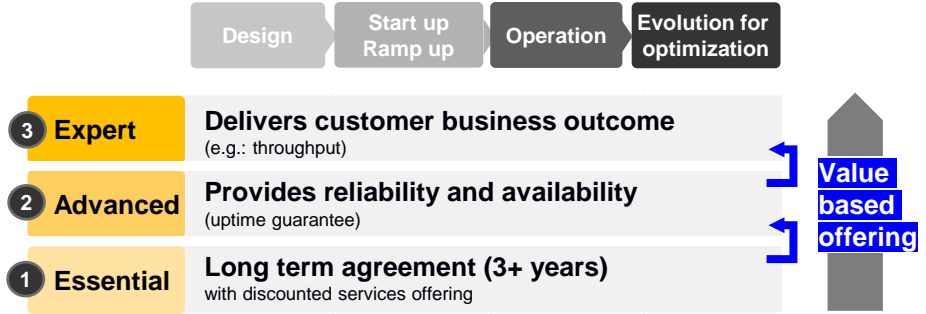
3 Lifecycle-based Service Approach

Reducing total cost of ownership & driving value-based service offering

Customer intimacy across project journey (20+ years)



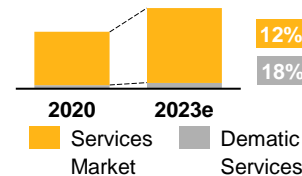
Driving business outcomes with combined offerings



Outpace market growth

Revenue development¹

CAGR in %



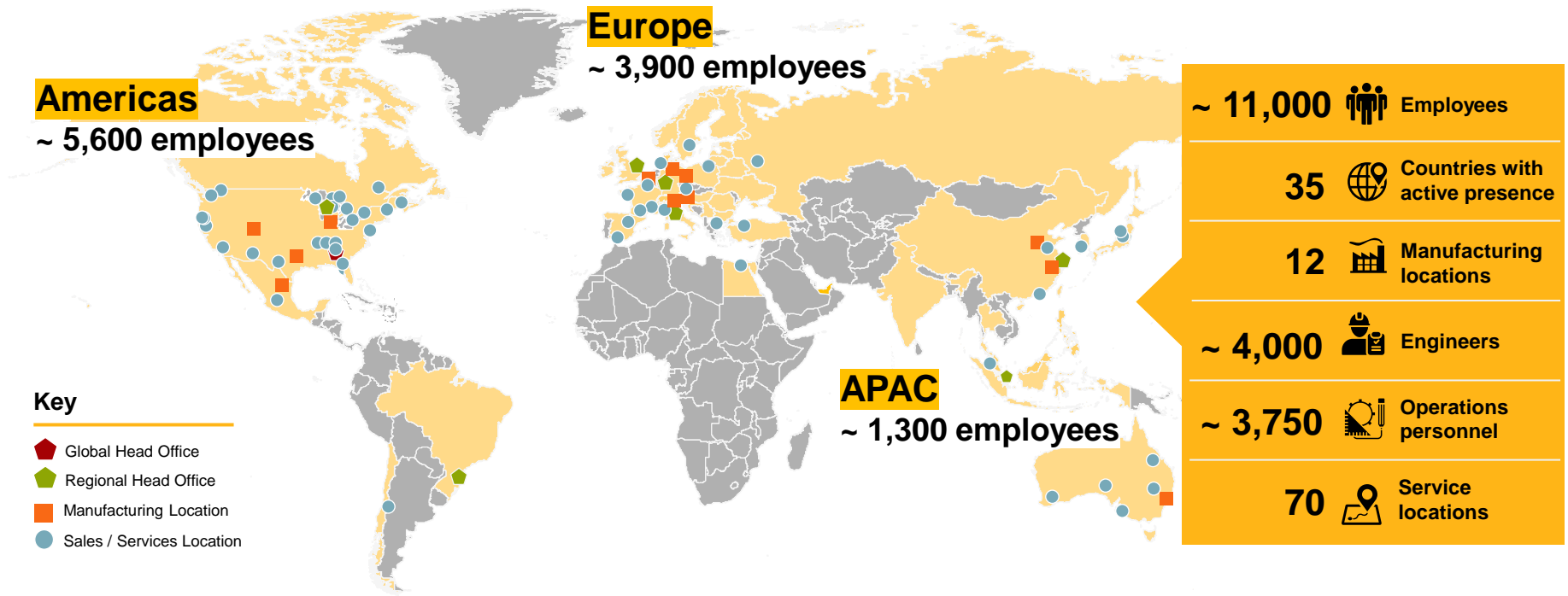
- **Market share leader** in customer service revenue in 2020²
- Plan to **outpace market growth**
- Ability to **bundle with business solutions** to up-sell / cross-up

1. Management assumptions based on internal KION Market Model as of November 2021
Automation Services Market, Market and Markets, March 2021

2. Based on independent third-party customer survey, Assessment of Warehouse

4 Global Operational Footprint

Global reach with a local presence in over 35 countries

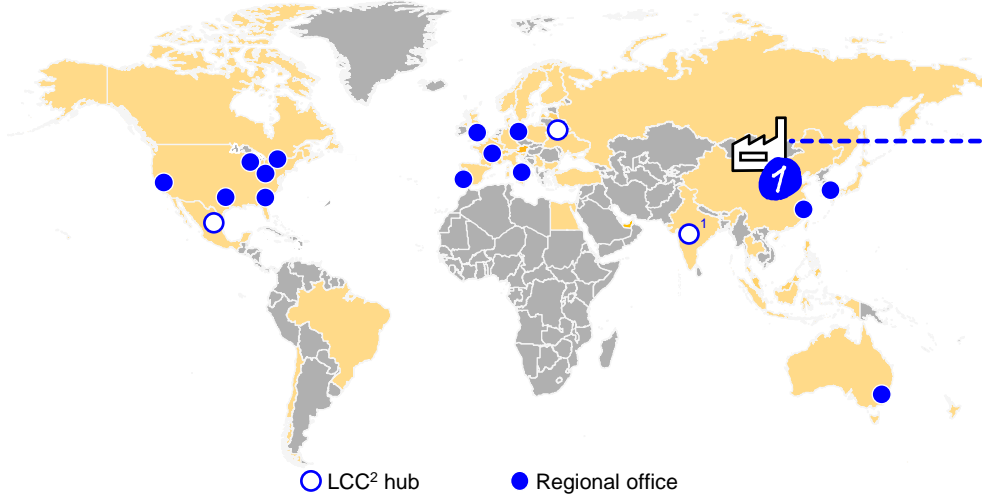


4 Emerging Markets Footprint

Driving cost leverage through low-cost country presence



Bettering global cost position and scale

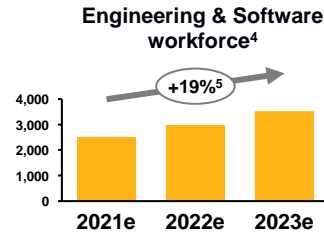


Expanding engineering & software support and increasing manufacturing capacity in low-cost countries

1 Additional SCS APAC plant in China

- Creating a **new manufacturing facility** at Jinan
- Will become the **largest plant** (28,000 m²) for SCS in China
- **Regionalized manufacturing footprint** with high-complex mix (Suzhou, CN) with a low-complex mix plant (Jinan, CN)
- **Value added products** such as conveyors, DMS³ racks and AGVs both for APAC market and overseas

2 Engineering & software efficiency

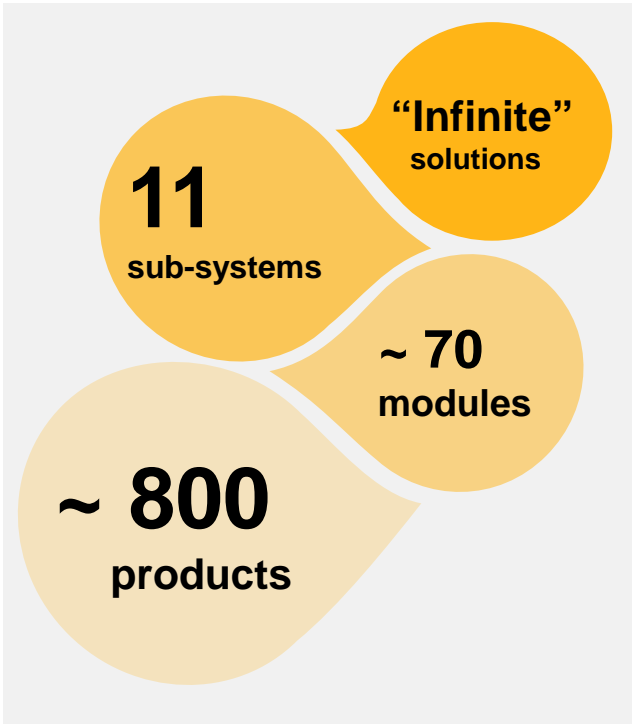


Increasing technical support through **hub and spoke model** for software and project engineering; sourcing from developing markets to **drive global cost position**

1. Acquisition in India subject to regulatory approval
2. Low-cost country
3. Dematic Multishuttle
4. In full-time equivalents, based on 2021 SCS internal estimates
5. CAGR

4 Standardization and Execution Benefits

Standardization is key to improve profitability and speed



Benefits of standards:

Scalability

Standardization helps to reduce manufacturing costs and production times

Faster execution

Selling more standard solutions reduces planning and installation times

Enhanced usability

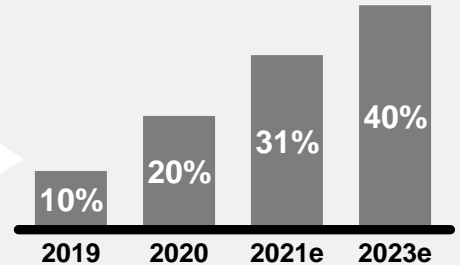
Similar solutions across different customer locations is beneficial to quality, efficiency, operational control and maintenance

Sustainability

Less waste when integrating on site, driving higher efficiency products

Increasing standards:

% of standards as part of SCS overall order intake¹



Expected to reach ~ 40% by FY 2023, further increasing profitability

1. SCS Internal Estimates, 2021

Supply Chain Solutions

Growing the business substantially, increasing the margin to 12% – 14%

1

Accelerated market fundamentals expected to drive
strong growth of warehouse automation market

2

Capture market growth in promising verticals
through an ecosystem based on intelligent and connected automation solutions

3

Target to lead with **software and robotic technology**
embedded into automation solutions across the offering portfolio

4

Execution at scale to margins and scale, focusing on **emerging markets** to drive global cost position

**Accelerated
profitable
growth
with an EBIT
focused
playbook**

Analyst & Investor Event 2021

Agenda



	Speaker
Welcome	Sebastian Ubert
CEO: Market & Strategy	Gordon Riske
CFO: Financials	Anke Groth
SCS: Segment Update	Hasan Dandashly
<i>Break</i>	
ITS: Segment Update	Andreas Krinninger & CP Quek
CTO: ESG	Dr Henry Puhl
<i>CEO Closing Remarks and Q&A</i>	

Analyst & Investor Event 2021

Agenda



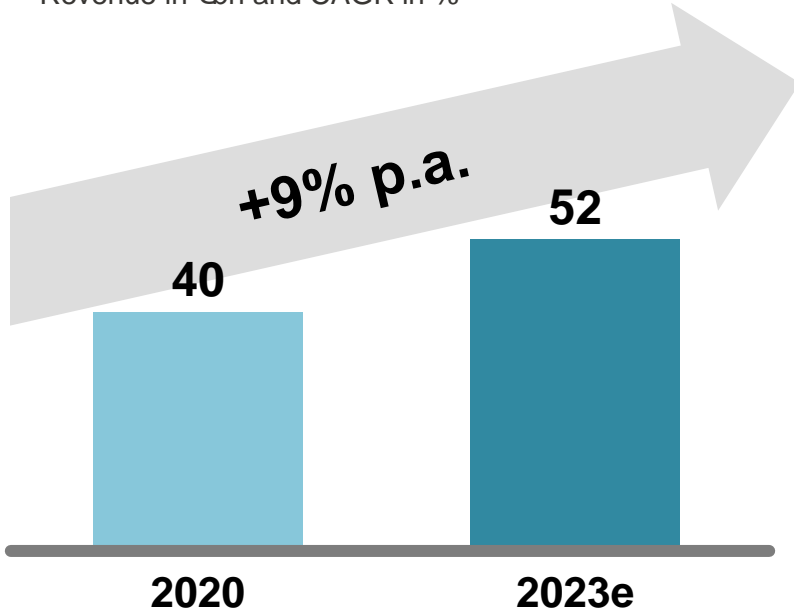
	Speaker
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Market Growth

Global truck markets rebound after turbulent COVID impact

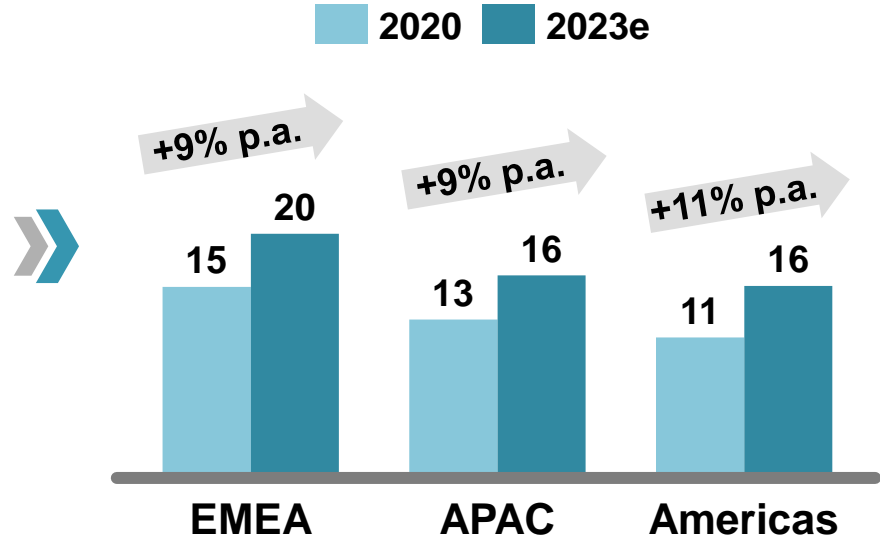
Market size

Revenue in €bn and CAGR in %



Market size by region

Revenue in €bn and CAGR in %



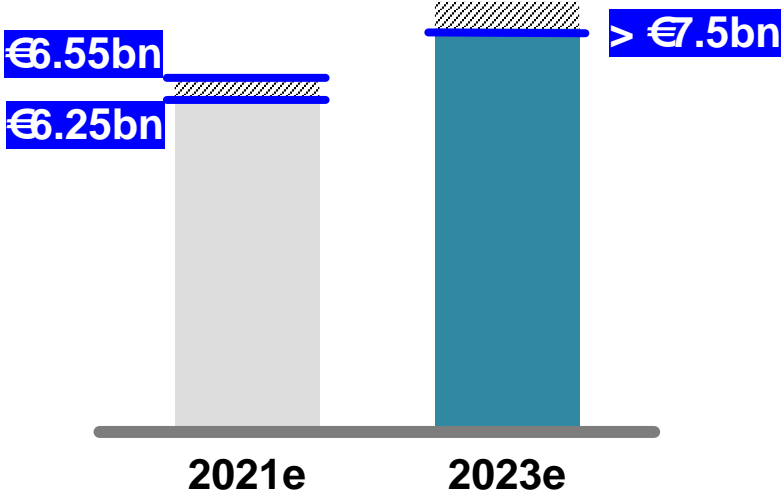
Source: Management assumptions based on internal KION Market Model as of November 2021, numbers may not add up due to rounding

ITS – Medium-term Targets

Profitable growth key to return to double-digit adj. EBIT margin

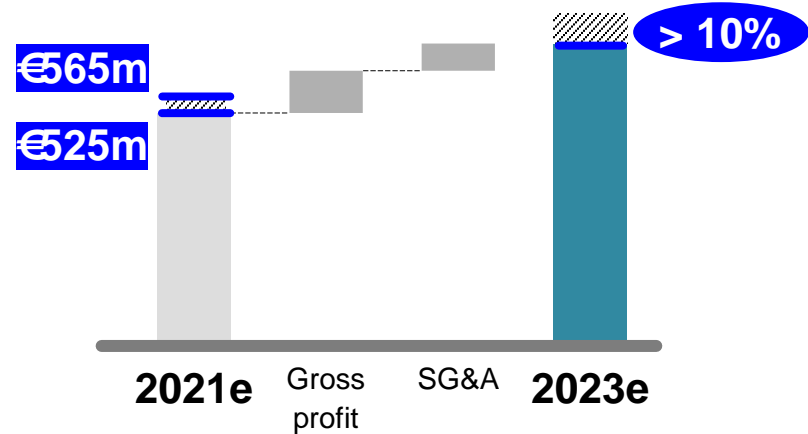
Revenue

Revenue in €bn



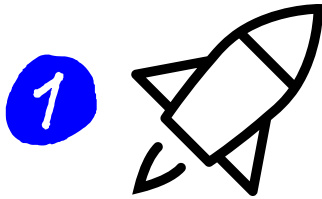
Adj. EBIT / adj. EBIT margin

Adj. EBIT in €m and adj. EBIT margin in %



ITS Framework

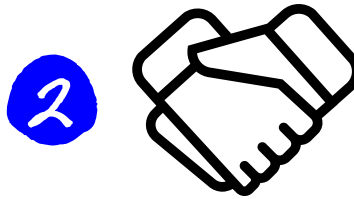
Key goals are capturing growth while returning to double-digit adj. EBIT margin



Growth framework

Combining new offerings and products
with enlarged as well as new production capacities to support future growth

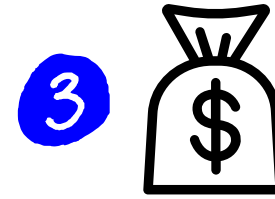
Capture market growth



Resilient services

Covering the full asset lifecycle
from first to third truck life with customer centric offerings

Enlarge profit pools



Efficiency improvement

Consistently addressing margin improvement
through initiatives in standardization, productivity and structural cost

Lean processes and standards

1 KION Group Global Value Platform

Introducing a completely new approach targeting the value segment



1. Internal combustion 2. Electric

Key features

Multi-brand product platform for Baoli, Linde Material Handling and STILL

Modular platform for IC¹- and E²-trucks

Platform offers various **truck configurations** ranging from eco to value

Production located at new plant in **Jinan, CN**

Strategic importance

Covering the strongly growing **value segment** and strategic positioning vs **Chinese competition**

1 Important Features of the Value Platform

Using modular platform and scaling drives price competitiveness

1 Winning selling proposition

- Increased **price competitiveness** through **modular platform**
- **Reduced service time** versus Chinese competitors¹
- Optimized **price-performance ratio** for value customers

2 Vast product variety

- Basis for **> 50 new products** in next five years
- Incl. **Li-Ion series** with battery variants for all brands

3 Timeline confirmed

- Start of production in **December 2021**
- First models to be launched in the **2.0t & 2.5t category** for **largest market segment**
- Start of production: **2 models in 2021, 48 models 2022 – 2024**

1. Based on internal benchmarking

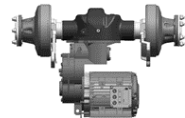
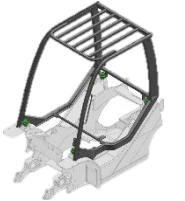
Truck architecture using modular components

Produce common modules

for masts, chassis and overhead guard, ensuring **best product cost and quality**

Source standard modules

such as engines under joint sourcing to get the best **cost to volume ratio**



1 Overview of New Production Plants

Expansion of production capacities in Poland and China

New plant in Jinan, CN

- One of the largest KION Group plants with **annual capacity of 40,000 units**
- **Broad level of automation** with integrated equipment & software systems for productivity and cost efficiency
- Production center for **KION Group Global Value Platform**
- Start of pre-production in December 2021, start of **regular production in February 2022**



New plant in Kołbaskowo, PL

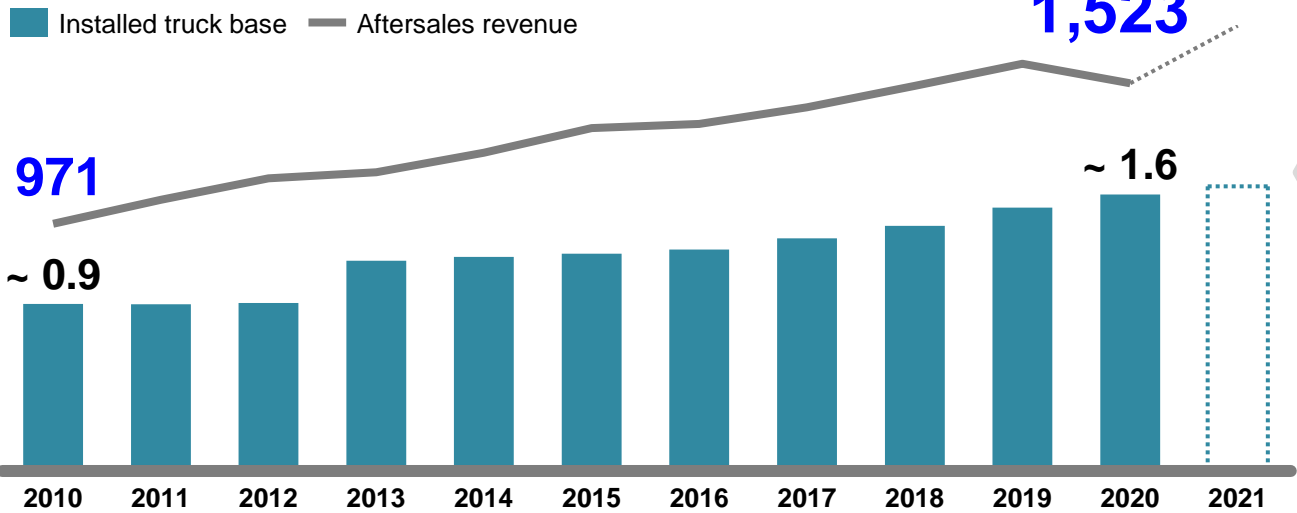
- Addressing highly competitive **E-truck** segment
- Increasing capacity to **serve low load capacity IC-truck** segment
- Freeing up capacities for **new truck generations** in other EMEA plants
- Enabling **future capacity increase** through further site expansion opportunities, current annual capacity of 12,000 units
- **Production commenced in July 2021**

2 **Overview of KION Installed Truck Base**

Solid basis for continued growth in highly profitable services business

Development of KION installed truck base¹

(Installed truck base in m units, aftersales revenue in €m)



Continuously growing installed truck base
as foundation for highly profitable services business growth

1. Includes counterbalance (CB) and warehouse (WH) trucks. Installed base from CB shipments of last 10 years, WH shipments from last 8 years

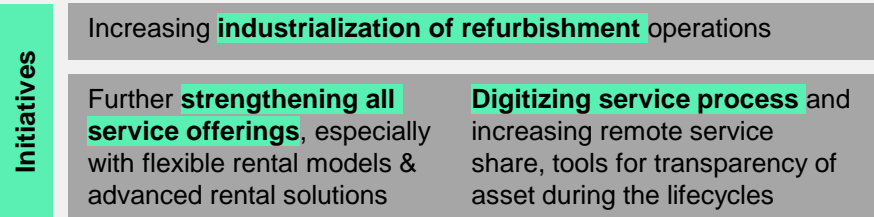
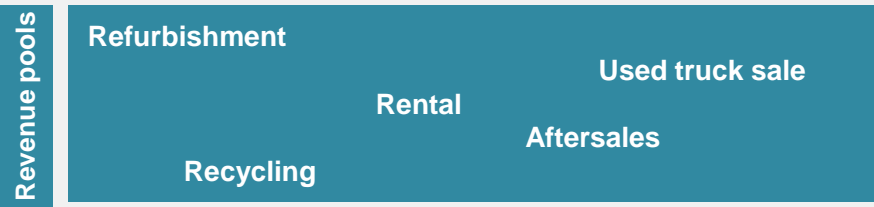
2 Active Industrial Truck Lifecycle Management

Substantial additional revenue pools after first life

1st life: ~ 5 years

Existing revenue pools **actively addressed through various initiatives** targeting services revenues

2nd & 3rd life: ~ 10 years



Additional revenue potential per asset of **80% – 100%¹** during 2nd & 3rd life

1. KION Group analysis September 2021; Calculation based on historic data per truck class - including used truck sales and service revenues, leasing, aftersales & recycling net sales

3 Efficiency Improvement

Profitability focus on top and bottom-line initiatives



Product cost

Building a reach truck competence center in Střebro, CZ

Optimizing capacity utilization in APAC & EMEA plants

Focusing Jinan, CN plant on high volume, low mix value product

Increasing production productivity in ITS plants



Structural program

Streamlining management structures

Increasing HQ organizational and process efficiency

Outsourcing and optimizing regional cost setup



Standardization

Industrializing production of mobile automation solutions

Streamlining business structure through formation of ITS EMEA

Back-office process standardization with global IT template

3 Building a Reach Truck Competence Center

Creating a strong product for resilient industries and targeting cost benefits

Overview

- Consolidating **all steps from design to production** to one plant, targeting cost benefits
- **Freeing up capacities** in Hamburg, GER plant for production of new truck variants
- Creating an even **stronger product** for highly attractive and resilient **retail, grocery and food & beverage sector**
- Reach trucks are key product within this sector, offering **substantial cross-selling potential**

Key figures

- Plant in **Stříbro, CZ** annual capacity of **> 18,000 trucks** by 2025
- **~ 250 employees** for production, R&D and indirect services
- Annual **savings in the high single-digit million €** range targeted



3 Industrializing Production of Mobile Automation Solutions

Taking the necessary steps for anticipated strong market growth



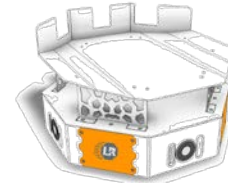
Pallet stacker

- **Manual assembly replaced** by automated production with start of production (SOP) in early 2022 in Châtellerault, FR
- **Substantial reduction in production time** achieved
- Also successful in highly competitive **Chinese market**



Quicktron

- **AMRs** for Dematic, Linde Material Handling and STILL with integrated Quicktron technology available
- SOP of next-generation M100 model in **December 2021**
- Dedicated **research and production facilities** for AMRs in Xiamen, CN



LoadRunner

- Development of high-speed, small-sized, **AI-assisted AGVs** in collaboration with Fraunhofer IML
- Sortation of **10,000 parcels per hour** by just 60 prototype vehicles – in line with standard sorting systems
- Common development by KION Group and IML to achieve **market launch by 2025**

Mobile Automation as binding element between ITS and SCS

Industrial Trucks & Services

Accelerate volume growth and return to double-digit adj. EBIT margin

1

Global truck expected to
grow strongly in the medium-term

2

Clear framework capturing growth via
new products and increased production footprint

3

Accessing greater profit pools through
active truck lifecycle service management
across all stages of truck life

4

Improved product cost focus, structural program,
and standardization are all part of focused effort to
improve profitability

**Harvest on
investments**
in a highly
attractive
market

Analyst & Investor Event 2021

Agenda



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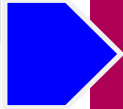
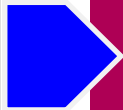
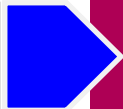
Sustainability Topics and Targets

KION sets itself ambitious sustainability targets

Excerpt

2020 KION Group Sustainability Report¹

Strategic Topic	Strategy aspect	Targets and KPIs	Target Year
Occupational health and safety (OHS)	Accident frequency at KION	Reduction of accident frequency by 5% p.a. (based on target; long-term: No occupational accidents)	per annum
	Management systems	100% certification rate ISO 45001 ¹ by sites	2024
Employer attractiveness	Employee satisfaction	+	+
	Decent Work	No cases of non-compliance with KION Group Minimum employment standards	continuous
Product climate change mitigation	Composition of product portfolio	Development towards an electric focused portfolio incl. battery and fuel cell driven products: ITS: + SCS: already 100% electrified	continuous
	CO ₂ emissions of products and solutions during use phase	CO ₂ neutrality of products and solutions during use phase (in scope 3 GHG emissions in tons of CO ₂ e caused by KION's annually shipped products and solutions)	+
Product efficiency	Efficiency	+	+
Enhancing customers' safety	Accidents at customers	+	+
	Material safety	+	+
Climate change mitigation	Total energy related GHG emissions of own operations	30% absolute reduction of total energy related GHG emissions of own operations in tons of CO ₂ e compared to 2017	2027



Excerpt

Selected sustainability targets¹

People



Occupational Health & Safety:
100% certification rate ISO 45001 by sites by 2024

Products



ITS & SCS: Development towards an **electric focused portfolio** incl. battery & fuel cell driven products

Processes



Achieved:
32% reduction by 2020

30% absolute reduction of total energy-related **GHG emissions²** of own operations compared to 2017 by 2027

→ Access our full report [here](#)

1. KION Group Sustainability Report 2020, p. 11 2. Greenhouse gas emissions measured in tons of CO₂ equivalents (CO₂e); Scope 1, 2, 3 (partially), market-based

People | Occupational Health & Safety and Board Remuneration

Promoting employee health & safety and strengthening board ESG focus

Achievements 2020 (selected)¹

42% of **Occupational Health & Safety Management Systems** at all sites certified²

↳ **99%** of all employees trained in **Occupational Health & safety**

↳ **85%** of employees were able to benefit from **occupational health examinations**

ESG-linked board remuneration

ESG-linked board remuneration introduced in 2021 with dedicated **target criteria:**

- 1** Occupational Health & Safety: **Lost Time Injury Frequency Rate (LTIFR)**
- 2** Environmental Management System: **ISO 14001 certification**
- 3** ESG performance: **S&P Global Corporate Sustainability Assessment**
- 4** Employer attractiveness: **Employee Survey Score**

1. KION Group Sustainability Report 2020, p. 2, 11, 36, 37 2. ISO 45001, 100% target by 2024

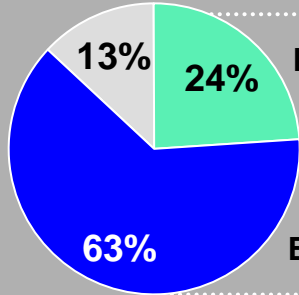
Products | Product Electrification & Efficiency

Combining electrification & efficiency focus enables client emission reduction



Electrified product portfolio¹

IC-trucks



E-trucks

87%
electrified
order intake

Electric WH-trucks

100%

Supply Chain
Solutions

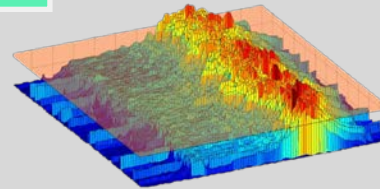
100%
electrified
order intake



Energy efficient solutions

Linde X20 – X35

E-truck series with minimized energy consumption yet IC-truck equivalent performance²

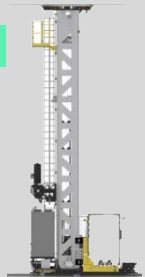


Ifesca Energy Management

Smart charging solution to reduce peak power demand

Dematic UL1200

Increased energy efficiency by 40%³



1. Based on order intake FY 2020, Source: WITS/FEM 2021 2. Based on self-conducted test of Li-Ion powered Linde industrial truck 1252 X25 with equivalent Diesel-powered Linde industrial truck 1202 H25D (both with load capacity of 2.5t) in 2021; KION estimates that total operating performance (productivity measured in time per cycle) of both industrial truck models is comparable. Testing methodology by KION was certified by TÜV Nord in 2009. 3. Internal assessment of Dematic UL1200 SRM and standard technology.

Products | Resource Efficiency and Product Health & Safety

Longevity, efficient resource use and health & safety as key parameters

Using trucks & resources efficiently

Up to
99%

recyclability¹ of trucks
ensured through ecological, modular design

1 in 4

trucks sold by ITS in 2020
was a used truck²

Almost
100%

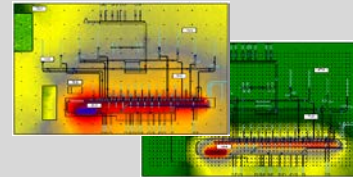
of counterbalance weights
in EU made from scrap metal¹

1st to 3rd

life truck lifecycle management
from sourcing to recycling

Health & Safety at customer site

Noise abatement



Dematic Quiet Flow Solution

- **3 – 15 decibels (dBA) reduction** via solution-based approach³
- Integration in new & retrofit applications

Ergonomics



STILL iGo Neo

- Multi-level safety, **ergonomic design**
- Up to **75%⁴ less** mounting and dismounting

1. Linde Material Handling Sustainability Report 2021

2. KION Group Sustainability Report 2020

3. Based on test results from laboratory and on-site product testing

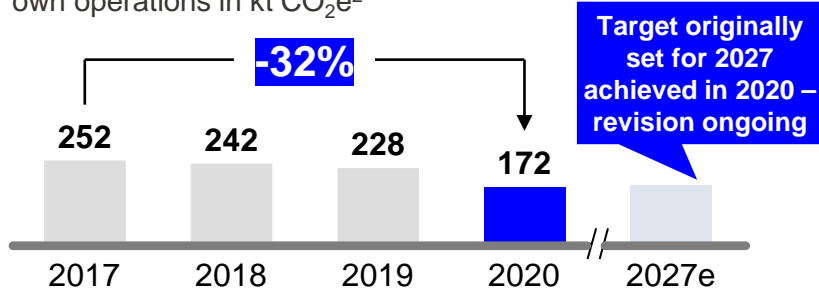
4. Based on internal calculation and on-site testing

Processes | Greenhouse Gas Reduction & Supply Chain Transparency

Improving own operations and transparency across the supply chain

Reducing our impact on climate change¹

Energy-related GHG emissions of own operations in kt CO₂e²



Efficiency measures: environmental standards certified at 58% of sites (ISO 14001)

Renewable electricity: solar panels at plants in Pune, IND and Summerville, USA; new green energy sourcing contracts

Transparency along the supply chain¹

ecovadis

Sustainable supply chain initiative

Rating: assessment & validation of 21 ESG factors incl. environment, ethics & sustainable procurement

Target: EcoVadis or equivalent rating available for 100% of strategic and high-risk suppliers by 2023

Future requirements: KION minimum standard for all suppliers to be introduced by 2023

1. KION Group Sustainability Report 2020 2. Scope 1, 2, 3 (partially), market-based

Evolving KION finance structure with first ESG-linked revolving credit facility

Key features

- Total credit volume of **€1 billion**
- **5-year maturity** (until Q4 2026) with market standard option to extend twice for one year

Bonus-malus interest rate adjustment

- **+/- 2.5 basis points** interest rate adjustment based on **ESG performance**
- **First** testing in 2023 (based on KION Group Sustainability Report 2022)

Three performance criteria

- **Lost Time Injury Frequency Rate (LTIFR)**
- **Share of electrified trucks**
- **Greenhouse gas emissions**

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Investment Highlights

Key reasons for an investment in KION Group

1 | Attractive markets

KION benefits from ITS market rebound, **E-commerce acceleration** and **energy & automation trends**

2 | One of the global leaders

KION is well positioned to **grow above the material handling market** by driving customer centricity, innovation and **investments into new technologies**

3 | Resilient & sustainable business model

KION has an integrated sustainable business model with **high contribution from services and warehouse automation**

4 | Capitalize on attractive areas of growth

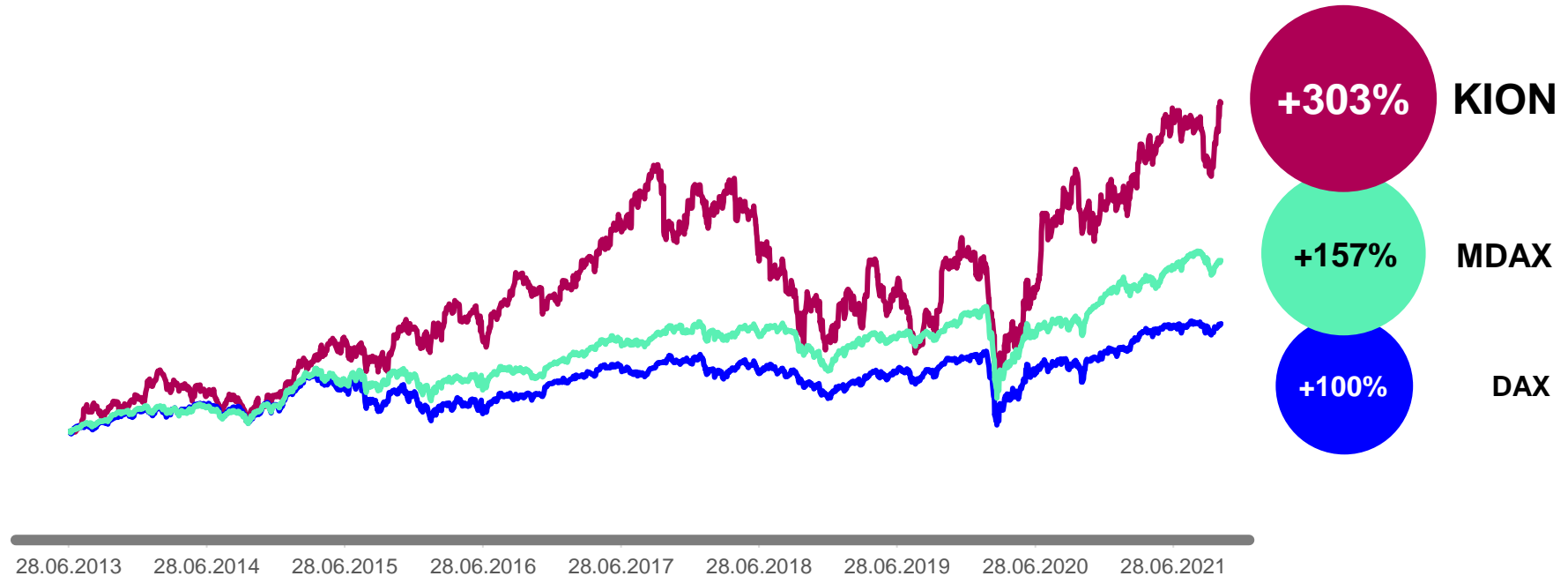
Focus on **strategic investments** into regional coverage, manufacturing footprint, product and software portfolio to play in **attractive growth environments**

5 | Margin upside from scale and synergies

Value creation through **integrated offerings, structural programs, and scale efficiencies**

Development of KION Group Shares Since the IPO

Significant outperformance against the market



Note: DAX and MDAX indexed with KION GROUP AG Xetra share price in € until November 02, 2021. Total shareholder return calculation including dividend payments, KION GROUP AG share price adjusted for capital increases Source: Bloomberg

New KION Group CEO as of January 2022
Rob Smith to succeed Gordon Riske



Gordon Riske

**will step down as CEO
on December 31, 2021**

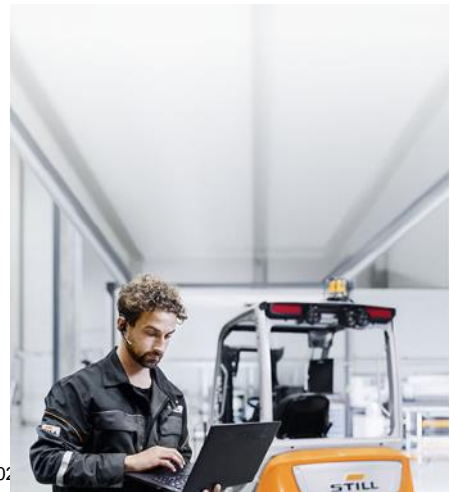


Dr Rob Smith

**appointed as CEO
from January 01, 2022**

Questions & Answers





KION[®]

G R O U P