



# KION GROUP AG

## Q2 2021 Update Call

Gordon Riske (CEO), Anke Groth (CFO)  
Frankfurt, 29 July 2021



# Agenda

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

## H1 2021 Key Financial Figures

Outstanding customer demand and improved profitability drive H1 results

Order intake	Revenue	Adj. EBIT <sup>1</sup>	Free cash flow
<p><b>€5.9bn</b></p> <p>+33.7% y-o-y</p>	<p><b>€5.0bn</b></p> <p>+26.5% y-o-y</p>	<p><b>€462m</b></p> <p>&gt;100% y-o-y</p> <p>Margin of 9.3%</p>	<p><b>€301m</b></p> <p>+€521m y-o-y</p>

**➔ Outlook for FY 2021 raised**

1. Adjusted for PPA items and non-recurring items

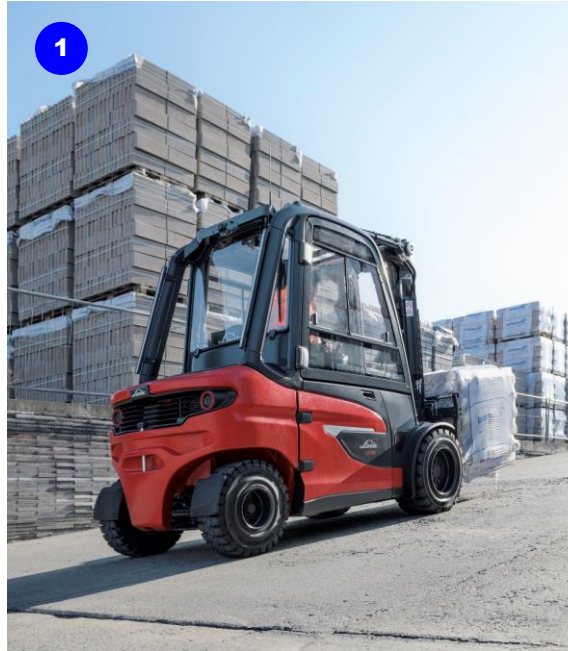
## Q2 2021 Highlights

### New products and expanded footprint strengthen KION's position

1 New fully connected electric forklifts from Linde offer the performance level<sup>1</sup> of IC trucks

2 Release of new ConfiKIT app for easy conveyor line configuration, supporting start of customer's automation journey

3 KION Group commences production of forklift trucks at new Polish plant



1. Based on a 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 the total operating performance (productivity measured in time per cycle) of both industrial truck models is comparable. The testing methodology to compare the productivity (measured in time per cycle) of industrial trucks used by KION was certified by TÜV Nord in 2009.

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# Industrial Truck Market

## Continued strong demand for material handling equipment

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

North America				
Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
-16.8%	-1.1%	+9.3%	+71.1%	+98.9%
55.3	64.9	82.5	105.0	109.9

South/Central America				
Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
-33.8%	+25.4%	+31.4%	+76.6%	+204.9%
5.9	12.2	15.0	15.3	17.9

Western Europe				
Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
-29.0%	-0.5%	+10.5%	+40.0%	+116.6%
73.0	90.5	114.2	143.9	158.2

Eastern Europe				
Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
-22.4%	+7.7%	+14.6%	+49.6%	+133.9%
17.0	22.8	27.2	31.7	39.8

China				
Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
+40.6%	+76.3%	+56.8%	+131.3%	+36.0%
163.8	195.2	191.5	225.7	222.9

World				
Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
-4.5%	+24.1%	+24.7%	+71.0%	+73.6%
360.2	441.2	491.7	592.0	625.5

Source: WITS/FEM

# Industrial Truck Market

## Significant outperformance of ITS market during Q2

### Industrial trucks: Regional development

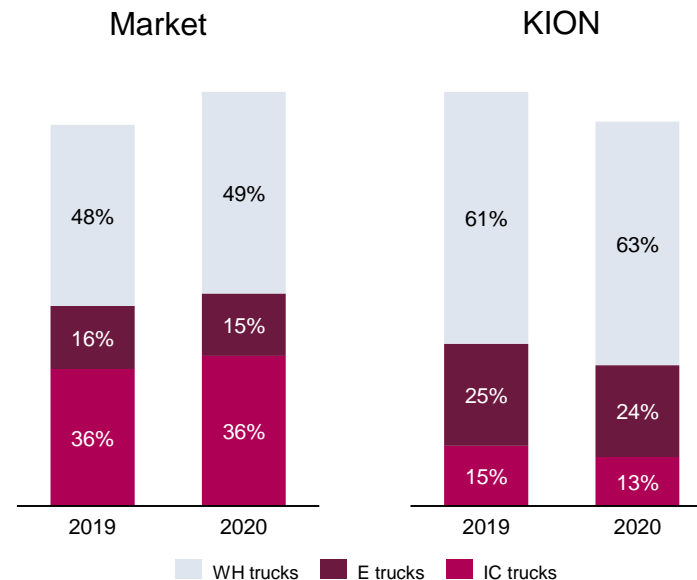
Order intake (in '000 units) and growth y-o-y (in %)

	Q2 2021		H1 2021	
	Market	KION	Market	KION
<b>Western Europe</b>	+116.6%	+107.9%	+71.8%	+68.5%
<b>Eastern Europe</b>	+133.9%	+82.2%	+87.2%	+64.4%
<b>China</b>	+36.0%	+82.6%	+71.6%	+93.6%
<b>North America</b>	+98.9%	+324.5%	+84.3%	+220.0%
<b>South/Central America</b>	+204.9%	+194.3%	+128.5%	+83.4%
<b>World</b>	<b>625.5</b> +73.6%	<b>87.9</b> +104.1%	<b>1,217.5</b> +72.3%	<b>155.5</b> +74.8%

Source: WITS/FEM

### Industrial trucks: Split by product category

Unit order intake split in %



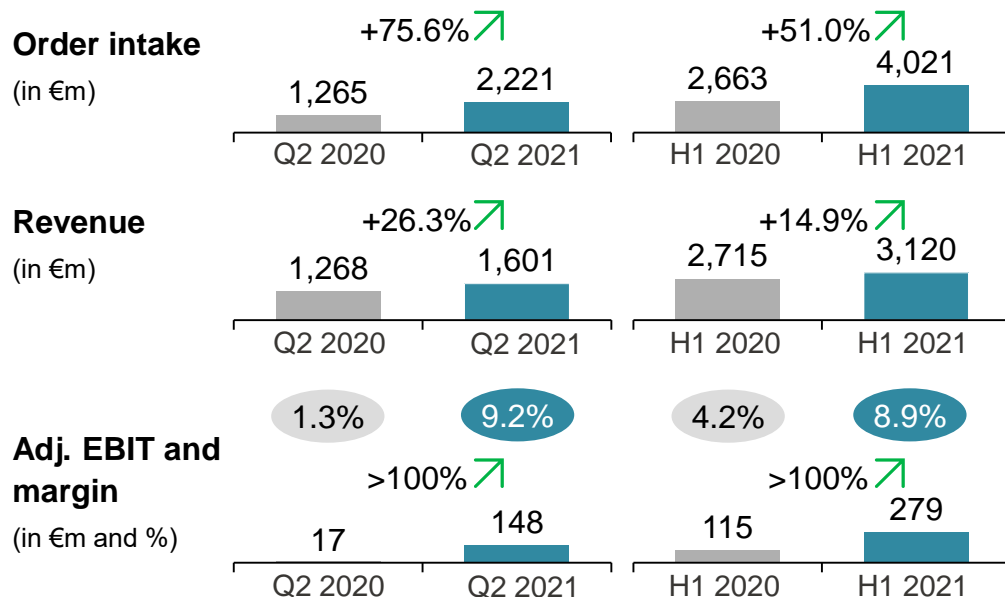
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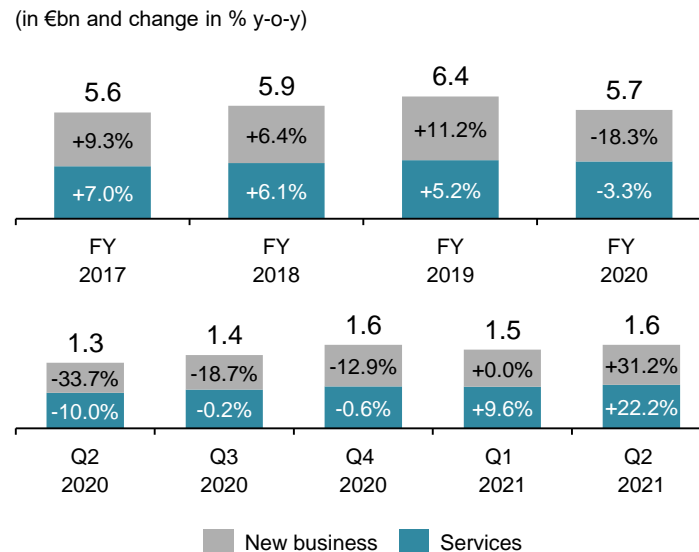


## Record order intake in Q2 provides improved visibility until year end

### Key financials<sup>1,3</sup>



### ITS revenue split<sup>2,3</sup>



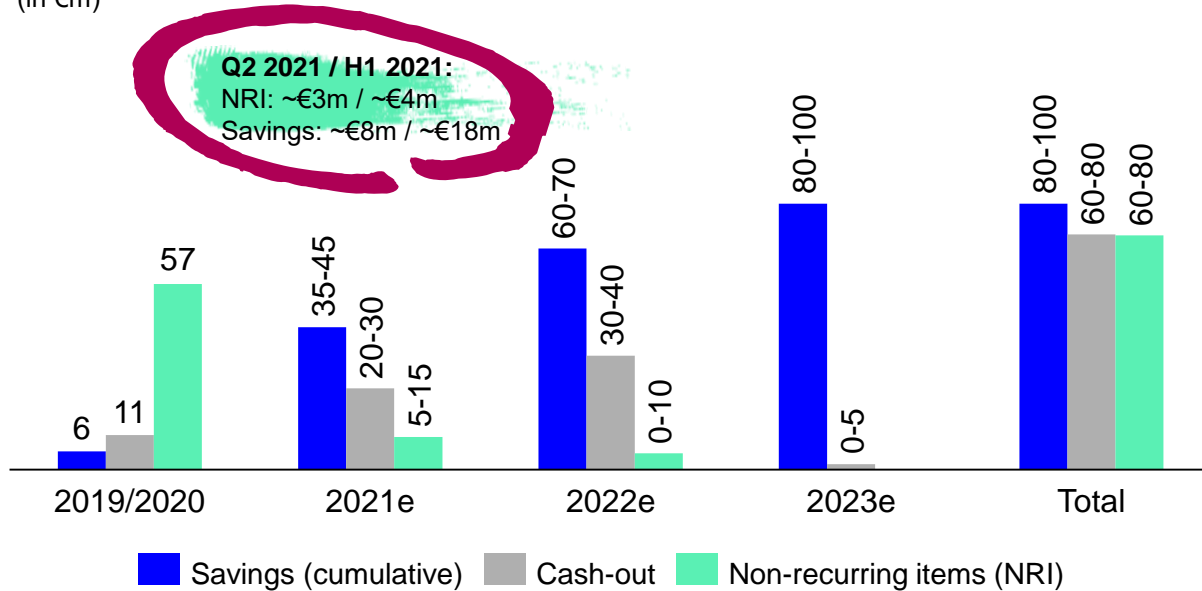
1. FX translation effects in Q2 2021 / H1 2021: order intake: -€13m / -€41m; revenue: -€5m / -€28m; adj. EBIT: €0m / -€1m; 2. In 2018, growth rate reflects 2017 restatements due to the initial application of IFRS 15 and IFRS 16 3. Effective January 1, 2021, the logistics service companies were transferred from the Corporate Services segment to the Industrial Trucks & Services segment. 2020 segment figures have been adjusted accordingly.

# Capacity and Structural Program

## Further savings from optimization of organizational structures

### Expected financial impact on P&L and cash flow

(in €m)



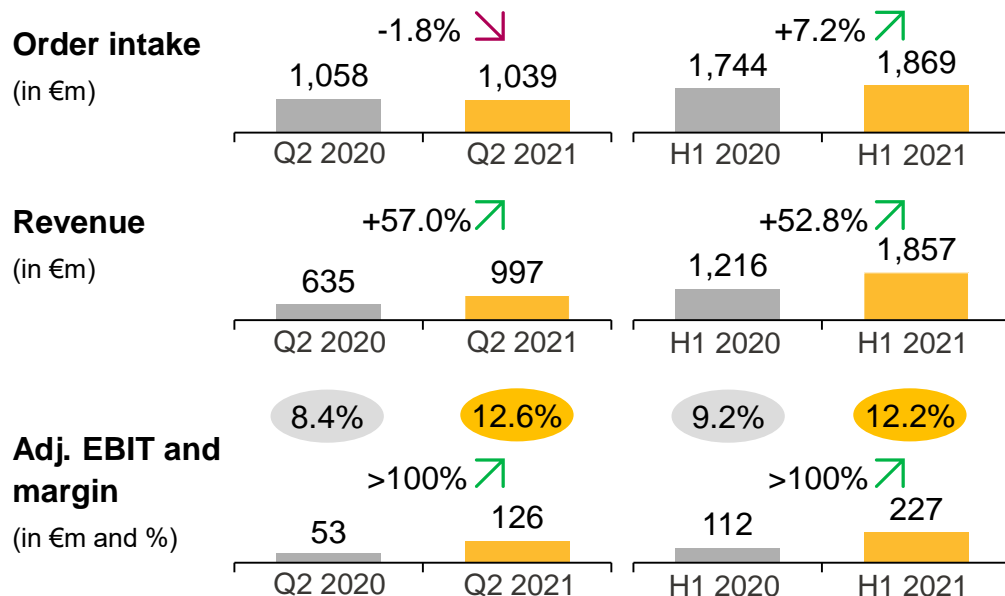
Note: Due to timing reasons, individual ranges may not match total amounts  
Please see disclaimer on last page regarding forward-looking statements

### Explanation

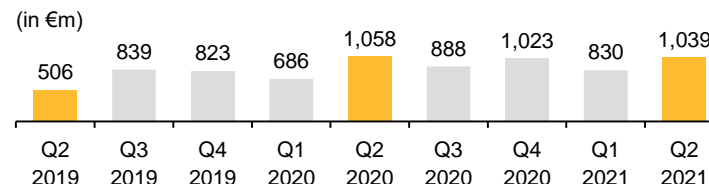
- Due to dynamic market development, capacity adaptation is obsolete, program scope now aligned on structural and efficiency gains with stringent execution
- Initiatives include early retirement schemes, new collective agreements for logistics employees, minor downsizing of indirect workforce
- Total recurring savings annually between €80m and €100m expected by 2023
- Total costs between €60m and €80m expected, €57m provisions already booked in 2019 and 2020

## Successful backlog conversion leads to significantly higher revenue and profit

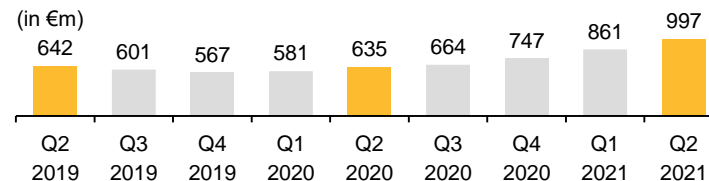
### Key financials<sup>1</sup>



### Recent SCS order intake



### Recent SCS revenue



### Backlog conversion

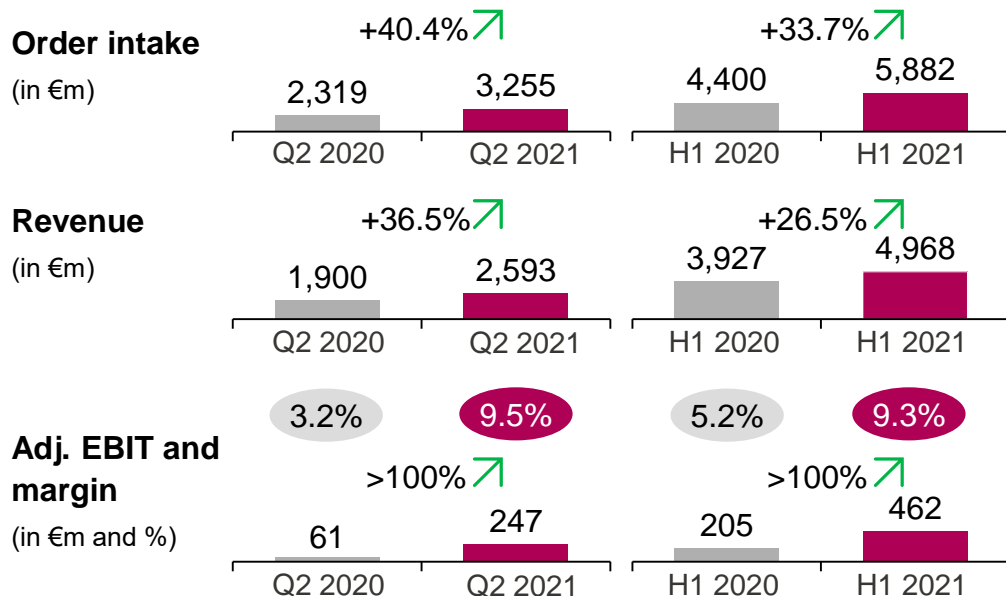
(in % of Jun 2021 backlog of €3,150m)

~ 50% for delivery in FY 2021

Beyond FY 2021

1. FX translation effects in Q2 2021 / H1 2021: order intake: -€44m / -€74m; revenue: -€50m / -€100m; adj. EBIT: -€10m / -€19m

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



1. FX translation effects in Q2 2021 / H1 2021: order intake: -€57m / -€115m; revenue: -€56m / -€128m; adj. EBIT: -€10m / -€20m

### Additional information on Q2

#### 1 Order book:

(in €m)	Jun 2021	Dec 2020	Change
SCS	3,150	3,071	+2.6%
ITS	2,265	1,384	+63.6%
<b>Group</b>	<b>5,409</b>	<b>4,441</b>	<b>+21.8%</b>

2 Increase in **revenue** driven by both ITS and SCS

3 **Adj. EBIT and margin** benefitted from a strong rebound in ITS and significant SCS performance

## Adjusted EBITDA to Net Income

Operating performance, lower NRIs and net financial expenses drove net income

(in €m)	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
<b>Adjusted EBITDA</b>	<b>458</b>	<b>268</b>	<b>+70.5%</b>	<b>880</b>	<b>619</b>	<b>+42.0%</b>
D&A	-210	-208		-417	-415	
<b>Adjusted EBIT</b>	<b>247</b>	<b>61</b>	<b>&gt;100%</b>	<b>462</b>	<b>205</b>	<b>&gt;100%</b>
Non-recurring items (NRI)	① -5	-21		-5	-22	
PPA items	-21	-23		-42	-45	
<b>Reported EBIT</b>	<b>221</b>	<b>17</b>	<b>&gt;100%</b>	<b>415</b>	<b>138</b>	<b>&gt;100%</b>
Net financial expenses	② -9	-21		-19	-47	
<b>EBT</b>	<b>212</b>	<b>-4</b>	<b>&gt;100%</b>	<b>396</b>	<b>91</b>	<b>&gt;100%</b>
Taxes	③ -58	-13		-104	-40	
<b>Net income</b>	<b>154</b>	<b>-17</b>	<b>&gt;100%</b>	<b>291</b>	<b>51</b>	<b>&gt;100%</b>
<b>Reported EPS<sup>1</sup></b>	<b>€1.17</b>	<b>-€0.13</b>	<b>&gt;100%</b>	<b>€2.21</b>	<b>€0.46</b>	<b>&gt;100%</b>

### Explanations on Q2

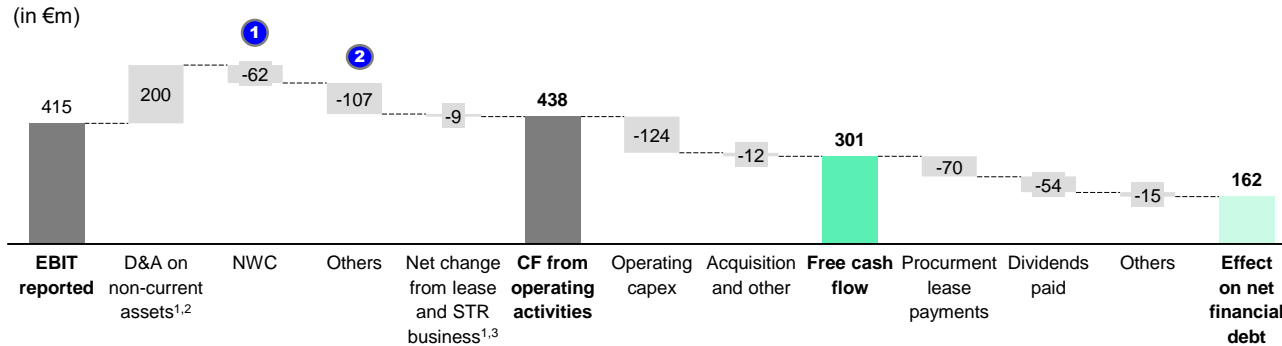
- ① **Lower non-recurring items** compared to pandemic-induced prior year which included impairments
- ② **Net financial expenses** driven by improved net interest result from lease business, pensions and lower financial debt
- ③ Increased **taxes** in line with improved operating performance and within expected range

1. EPS calculation is based on average number of shares of 131.1m in Q2 2021 and H1 2021 (Q2 2020 and H1 2020: 118.0m)

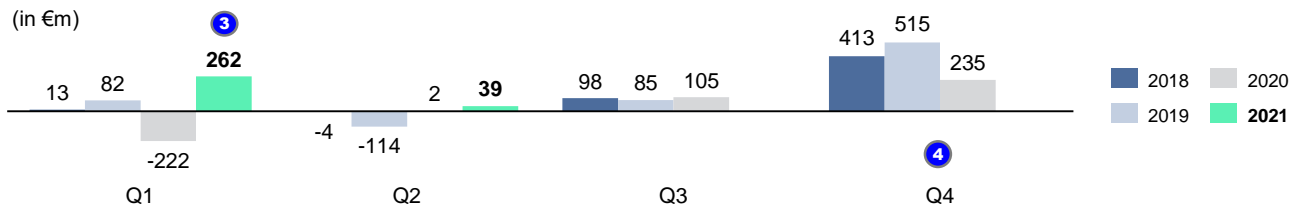
# Cash Flow Statement

## Very solid FCF development driven by strong business activity

### Free cash flow H1 2021



### Historical quarterly free cash flow seasonality



1. Including impairment and reversals of impairment 2. Excl. lease and short-term rental assets 3. Including D&A and release of deferred income; depreciation on rental assets +€91m (H1 2020: +€97m); depreciation on leased assets +€169m (H1 2020: +€164m)

### Explanations on cash flow

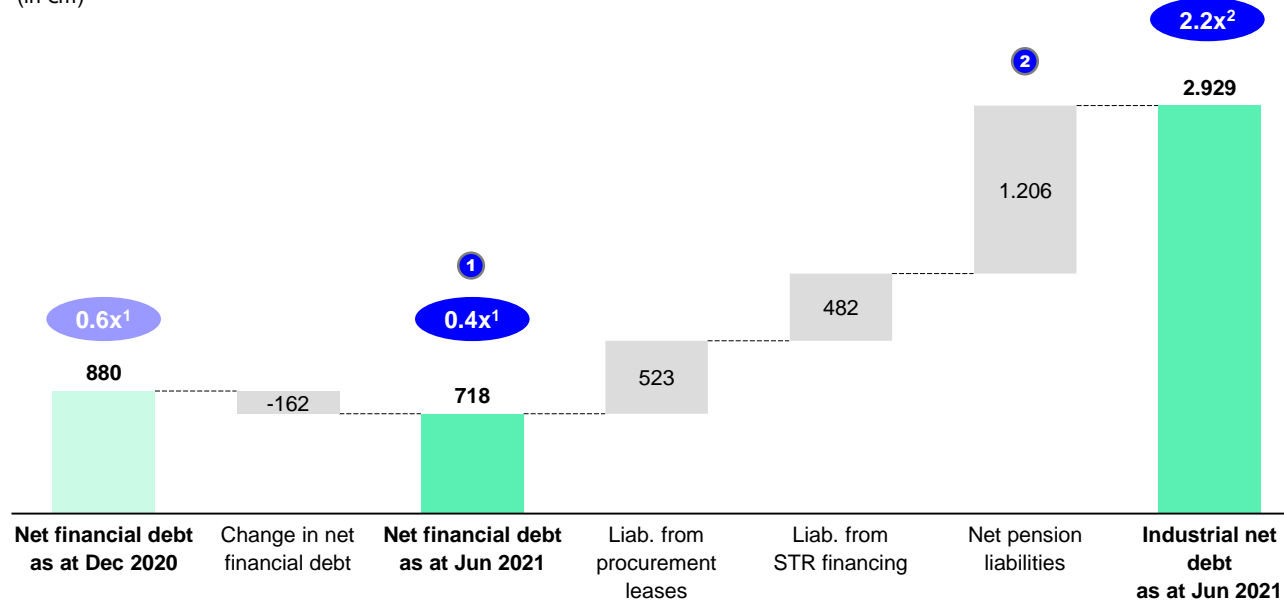
- 1 Increase in contract assets and inventory build-up only partially offset by favorable trade payables development
- 2 Including €99m in taxes paid
- 3 Free cash flow in Q1 did not follow the usual phasing seen in prior years
- 4 Typically, Q4 strongest FCF generating quarter

# Net Debt

## Reduced leverage due to positive cash flow development

### Indebtedness and leverage<sup>1,2</sup> ratios as at 30 June 2021

(in €m)



### Comments on indebtedness

- 1 Strong cash flow resulted in significant decrease in **net financial debt**
- 2 **Net pension liabilities** decreased to €1,206 (Dec. 2020: €1,400m) due to substantially higher discount rates

1. Leverage based on adj. LTM EBITDA of €1,644m (Dec. 2020: €1,384m) 2. Leverage based on adj. LTM industrial EBITDA of €1,315m which excludes LTM EBITDA for long-term lease business

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# FY 2021 Outlook

## Raised outlook on almost all KPIs

	KION Group			Industrial Trucks & Services <sup>1</sup>			Supply Chain Solutions	
	Old	Updated		Old	Updated		Old	Updated
<b>Order intake</b>	€9,700m to €10,400m	€10,650m to €11,450m <i>Change y/y: +12.8% to +21.3%</i>	➤	€5,900m to €6,200m	€6,850m to €7,250m <i>Change y/y: +18.2% to +25.1%</i>		€3,800m to €4,200m	€3,800m to €4,200m <i>Change y/y: +4.0% to +14.9%</i>
<b>Revenue</b>	€9,150m to €9,750m	€9,700m to €10,300m <i>Change y/y: +16.3% to +23.5%</i>	➤	€5,900m to €6,200m	€6,250m to €6,550m <i>Change y/y: +9.2% to +14.4%</i>		€3,250m to €3,550m	€3,450m to €3,750m <i>Change y/y: +31.3% to +42.7%</i>
<b>Adj. EBIT</b>	€720m to €800m	€810m to €890m <i>Change y/y: +48.1% to +62.7%</i>	➤	€445m to €485m	€525m to €565m <i>Change y/y: +68.6% to +81.4%</i>		€360m to €400m	€385m to €425m <i>Change y/y: +38.7% to +53.2%</i>
<b>FCF</b>	€450m to €550m	€450m to €550m <i>Change y/y: &gt; 100%</i>						
<b>ROCE</b>	8.2% to 9.2%	9.0% to 10.0% <i>Change y/y: +2.8%pts to +3.8%pts</i>						

1. Effective January 1, 2021, the logistics service companies were transferred from the Corporate Services segment to the Industrial Trucks & Services segment. 2020 segment figures have been adjusted accordingly. Please see disclaimer on last page regarding forward-looking statements

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# Financial Calendar

Date	Event
01 September 2021	KION @ UBS Japan Event
01 September 2021	KION @ Commerzbank Corporate Conference
09 September 2021	KION @ Morgan Stanley CEO's Unplugged Conference
20 September 2021	KION @ Goldman Sachs / Berenberg Corporate Conference
21 September 2021	KION @ Baader Investment Conference
06 October 2021	KION @ Société Générale ESG/SRI Conference
<b>26 October 2021</b>	<b>Quarterly statement for the period ended 30 September 2021 (Q3 2021) and analyst call</b>
<b>3 November 2021</b>	<b>Virtual Analyst &amp; Investor Event</b>
30 November 2021	KION @ DZ Bank Equity Conference
02 December 2021	KION @ Société Générale Review Conference
07 December 2021	KION @ Berenberg European Conference
<b>03 March 2022</b>	<b>Publication of 2021 annual report (FY 2021), Financial statements press conference and analyst call</b>
<b>28 April 2022</b>	<b>Quarterly statement for the period ended 31 March 2022 (Q1 2022) and analyst call</b>

Subject to change without notice    Participation at "KION @ events" is currently expected to be virtual

# FY 2021 Expectation – Housekeeping Items

## Non-recurring items<sup>1</sup>

... between €15m to €25m

updated from  
€35m-€45m

## Operating Capex<sup>2</sup>

... between €400m to €450m

## PPA

... to be around €85m

## R&D spending<sup>3</sup>

... around 3% of group revenue

## Net financial expenses

... between €50m to €60m

## Dividend policy

... subject to availability of distributable profit, approximately 25% to 35% of consolidated net income

## Tax rate

... effective tax to be between 26% and 31%

1. Refers to NRIs on EBIT 2. Includes capitalized development costs and spending on property, plant, and equipment and on intangible assets (excluding right-of-use assets)  
3. includes R&D expenditure and capitalized development costs  
Please see disclaimer on last page regarding forward-looking statements

# Key Financials

	Group figures							Industrial Trucks & Services <sup>2</sup>							Supply Chain Solutions						
(in €m)	Q2 2021	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q2 2021	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q2 2021	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Order intake	3,255	2,626	9,443	2,727	2,315	2,319	2,081	2,221	1,800	5,797	1,707	1,426	1,265	1,399	1,039	830	3,654	1,023	888	1,058	686
Revenue	2,593	2,375	8,342	2,341	2,073	1,900	2,028	1,601	1,519	5,723	1,598	1,411	1,268	1,447	997	861	2,627	747	664	635	581
Adj. EBITDA <sup>1</sup>	458	422	1,384	397	367	268	351	336	315	1,055	293	279	201	283	142	118	341	109	88	70	74
Adj. EBITDA margin in % <sup>1</sup>	17.7	17.8	16.6	16.9	17.7	14.1	17.3	21.0	20.8	18.4	18.3	19.8	15.8	19.5	14.2	13.7	13.0	14.6	13.2	11.1	12.7
Adj. EBIT <sup>1</sup>	247	215	547	183	159	61	144	148	131	311	102	95	17	98	126	102	278	94	72	53	59
Adj. EBIT margin in % <sup>1</sup>	9.5	9.1	6.6	7.8	7.7	3.2	7.1	9.2	8.6	5.4	6.4	6.7	1.3	6.8	12.6	11.8	10.6	12.5	10.8	8.4	10.1

1. Adjusted for PPA items and non-recurring items 2. Effective January 1, 2021, the logistics service companies were transferred from the Corporate Services segment to the Industrial Trucks & Services segment. 2020 segment figures have been adjusted accordingly.

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