



# KION GROUP AG

## Q4 and FY 2022 Update Call

Rob Smith (CEO)  
Marcus Wassenberg (CFO)  
Frankfurt, 2 March 2023



## New KION Group CFO as of January 2023

### Introduction

A professional headshot of Marcus Wassenberg, a middle-aged man with short brown hair, wearing round-rimmed glasses, a dark blue pinstripe suit, a white shirt, and a red patterned tie. He is smiling slightly and looking directly at the camera. The background is a blurred office interior with light-colored walls and a glass partition.

**Marcus Wassenberg**

**Chief Financial Officer (CFO)**

# Agenda

1. **Summary Q4 and FY 2022**
2. Market and Financial Update
3. Outlook 2023 and Beyond

## Q4 2022 Key Financial Figures

In line with implied guidance range

Order intake	Revenue	Adj. EBIT <sup>1</sup>	Free cash flow	EPS
<b>€2.5bn</b> -27% yoy +1% qoq	<b>€2.9bn</b> +5% yoy +7% qoq	<b>€82m</b> -46% yoy +€183m qoq <b>Margin of 2.8%</b>	<b>€256m</b> -€153m yoy +€637m qoq	<b>€0.27</b> -75% yoy +€0.99 qoq

→ **Adj. EBIT in upper half of implied guidance range**  
**Strong positive swing in FCF sequentially**

1. Adjusted for PPA items and non-recurring items

## FY 2022 Key Financial Figures

FY 2022 marked by strong demand, cost increases and supply chain challenges

Order intake	Revenue	Adj. EBIT <sup>1</sup>	Free cash flow	EPS	DPS <sup>2</sup>
<b>€11.7bn</b> -6% yoy	<b>€11.1bn</b> +8% yoy	<b>€292m</b> -65% yoy Margin of 2.6%	<b>-€716m</b> -€1,259m yoy	<b>€0.75</b> -83% yoy	<b>€0.19</b> ~25% payout ratio ~€25m payout

- **Guidance achieved**
- Order intake remains at high level despite soft ending to the year**
  - Revenue at record level despite supply chain challenges**
  - Earnings and FCF impacted by higher costs and supply chain disruptions**

1. Adjusted for PPA items and non-recurring items    2. Dividend proposal for the fiscal year FY 2022, subject to approval at the AGM on 17 May 2023

## Return to Profitable Growth

Measures underway to increase agility, resilience and profitability

> Agile pricing

> Strengthen supplier network  
and increase dual sourcing

> Improve project  
management processes

> De-risk contracts

> Expand service offering

# Agenda

1. Summary Q4 and FY 2022
- 2. Market and Financial Update**
3. Outlook 2023 and Beyond

# Industrial Truck Market and ITS Order Intake

## Market normalization continues - KION Group with strong unit order intake in FY 2022

### Industrial Truck Market

Region (Change in units yoy)	Q1 2022	Q2 2022	Q3 2022 <sup>1</sup>	Q4 2022 <sup>2</sup>
EMEA	+9%	-10%	-17%	substantial decrease yoy
AMERICAS	+27%	+2%	-16%	strong decrease yoy
APAC	+4%	-14%	-11%	strong decrease yoy
Global	+10%	-9%	-14%	

### Market Update

- In Q3 22, KION Group unit order intake development (-15% yoy) broadly in line with global ITS market (-14% yoy)
- Q3 22 softening expected to have increased in Q4 22
- FY 2022 Market not expected to reach the previous year's levels, mainly driven by EMEA<sup>2</sup>
- In **FY 2022, KION Group** with strong unit order intake level of **268k units** vs. 299k units in FY 2021

1. Based on WITS unit order intake data as of September 2022. Since January 2022 WITS data is published with a 3 months delay; 2. Management estimate

### Development of KION ITS segment

Regional growth (Change in units yoy)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
EMEA	+36%	+29%	-1%	-21%	-60%	-15%
AMERICAS	+88%	+76%	+9%	-15%	-48%	+0%
APAC	+11%	+20%	-9%	-1%	-6%	+0%
Global	+33%	+29%	-2%	-15%	-49%	-10%

Order intake	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Change yoy	Change qoq
Order intake (in '000 units)	80.8	87.4	86.3	53.5	41.0	-49%	-23%
Thereof IC-trucks	10.5	11.2	10.7	6.3	3.7	-65%	-42%
Thereof E-trucks	22.6	22.2	24.7	14.0	10.6	-53%	-24%
Thereof WH-trucks	47.8	54.0	50.9	33.2	26.7	-44%	-20%
Share of electrified products	87%	87%	88%	88%	91%	4bp	3bp



## ITS – Key Financials

### Strong shipments support record revenue and further sequential margin improvement

(in €m)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022 <sup>1</sup>	Change yoy	Change qoq	FY 2021	FY 2022 <sup>1</sup>	Change yoy
Order intake (in '000 units)	80.8	87.4	86.3	53.5	41.0	-49%	-23%	299.4	268.2	-10%
Order intake	2,435	2,082	2,745	1,905	1,694	-30%	-11%	8,166	8,426	+3%
Order book	2,878	3,193	4,220	4,258	3,818	+33%	-10%	2,878	3,818	+33%
Revenue	1,764	1,718	1,731	1,839	2,068	+17%	+12%	6,514	7,356	+13%
Of which service (%)	53%	52%	52%	51%	48%			52%	51%	
Adj. EBIT	113	114	84	103	120	+6%	+17%	536	420	-22%
Adj. EBIT margin	6.4%	6.6%	4.8%	5.6%	5.8%	-60bp	+20bp	8.2%	5.7%	-250bp

#### Comments on Q4 results

**Order intake** in € declined by a lower rate than in units due to positive effects from the 2022 price increases and continued growth in services

**Order book** supports more than one year of new business revenue. Backlog margin quality improved, due to price increases in 2022 as well as price adjustment clauses that are now included in almost half of the backlog

**Revenue** reached a record level on a quarterly basis driven by a 29% growth in new business revenue

**Adj. EBIT** improved sequentially due to additional volumes and despite higher costs for materials, energy and logistics

1. Incremental FX translation effects in Q4 (FY) 2022: order intake: +€57m (+€146m); revenue: +€46m (+€121m); adj. EBIT: +€2m (+€5m)

## SCS – Key Financials

### Strong contribution from services - adj. EBIT in line with guidance range

(in €m)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022 <sup>1</sup>	Change yoy	Change qoq	FY 2021	FY 2022 <sup>1</sup>	Change yoy
<b>Order intake</b>	1,062	843	1,022	614	882	-17%	+44%	4,329	3,362	-22%
Of which E-commerce (%) <sup>2</sup>	38%	16%	21%	1%	4%			41%	12%	
<b>Order book</b>	3,792	3,695	3,762	3,477	3,327	-12%	-4%	3,792	3,327	-12%
<b>Revenue</b>	1,002	1,020	1,076	874	836	-17%	-4%	3,796	3,807	+0%
Of which service (%)	21%	20%	22%	30%	31%	+980bp	+80bp	20%	25%	+490bp
<b>Adj. EBIT</b>	73	74	76	-182	-13	<-100%	+€169m	410	-46	<-100%
<b>Adj. EBIT margin</b>	7.3%	7.3%	7.0%	-20.8%	-1.6%	-890bp	+1,920bp	10.8%	-1.2%	-1,200bp

#### Comments on Q4 results

**Order intake** rebounded sequentially, despite low share of pure-play E-commerce orders. Similar to Q3 2022, the yoy order intake decline is related only to pure play E-commerce while the other verticals remained stable. Order intake continues to be impacted by slower decisions on new orders.

**Order book** continues to provide visibility for the quarters to come

**Revenue** down as strong growth in service business (+22% yoy) did not compensate for the decline in project business (-27% yoy) already impacted by lower orders of pureplay E-commerce customers in past quarters

**Adj. EBIT** impacted by execution of lower margin “legacy” projects

1. Incremental FX translation effects in Q4 (FY) 2022: order intake: +€51m (+€246m); revenue: +€49m (+€285m); adj. EBIT: +€4m (+€16m) ; 2. Calculation based on total order intake less service business

# KION Group – Key Financials

## Revenue and adj. EBIT at upper end of guidance

(in €m)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022 <sup>1</sup>	Change yoy	Change qoq	FY 2021	FY 2022 <sup>1</sup>	Change yoy
<b>Order intake</b>	3,493	2,900	3,755	2,517	2,536	-27%	+1%	12,482	11,708	-6%
<b>Order book</b>	6,658	6,855	7,941	7,697	7,078	+6%	-8%	6,658	7,078	+6%
<b>Revenue</b>	2,761	2,734	2,802	2,706	2,893	+5%	+7%	10,294	11,136	+8%
<b>Of which service (%)</b>	41%	40%	41%	44%	43%	+170bp	-100bp	41%	42%	+150bp
<b>Adj. EBIT</b>	151	170	141	-101	82	-46%	+€183m	842	292	-65%
<b>Corp. services./consolidation</b>	-35	-18	-18	-22	-25	+29%	-15%	-104	-83	+20%
<b>Adj. EBIT margin</b>	5.5%	6.2%	5.0%	-3.7%	2.8%	-260bp	+660bp	8.2%	2.6%	-560bp

### Comments on Q4 results

**Order intake** stabilized sequentially but down year-over-year reflecting normalization of demand in both segments following a record 2021

**Order book** continues to be at high levels, providing good workload for the quarters to come

**Revenue** benefited from strong ITS performance and resilient service business in both segments

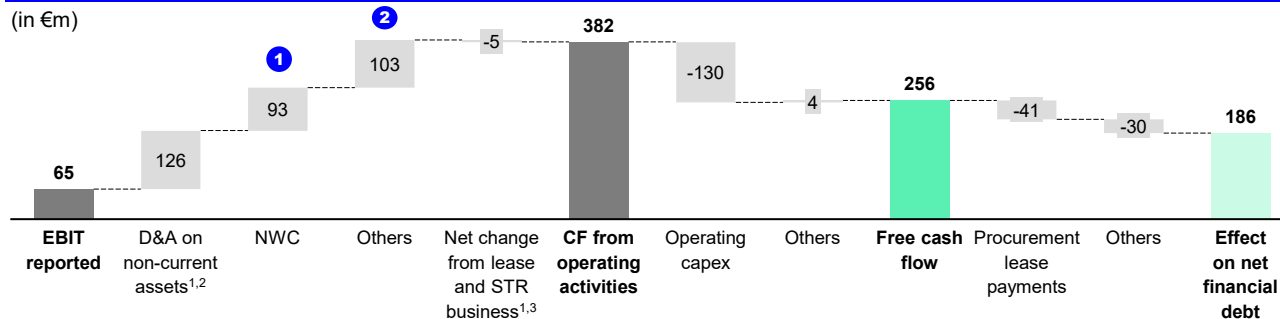
**Adj. EBIT** and **adj. EBIT margin** continue to be impacted by lower margin legacy projects in SCS

1. Incremental FX translation effects in Q4 (FY) 2022: order intake: +€108m (+€391m); revenue: +€95m (+€406m); adj. EBIT: +€6m (+€22m)

# Cash Flow Statement

## FCF rebound supported by improved EBIT and incipient NWC release

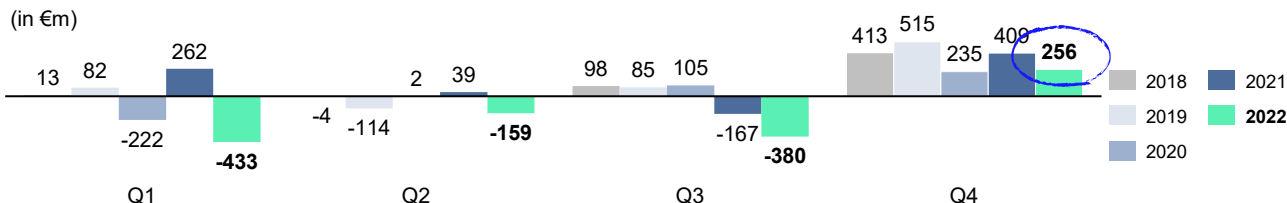
### Free cash flow Q4 2022



### Comments

- ① **NWC improvement** supported by further reduction of semi-finished trucks in ITS and improved milestone payments in SCS
- ② Includes **cash taxes** of -€10m, changes in other assets / liabilities of €115m, mainly attributable to lower VAT

### Historical quarterly free cash flow seasonality



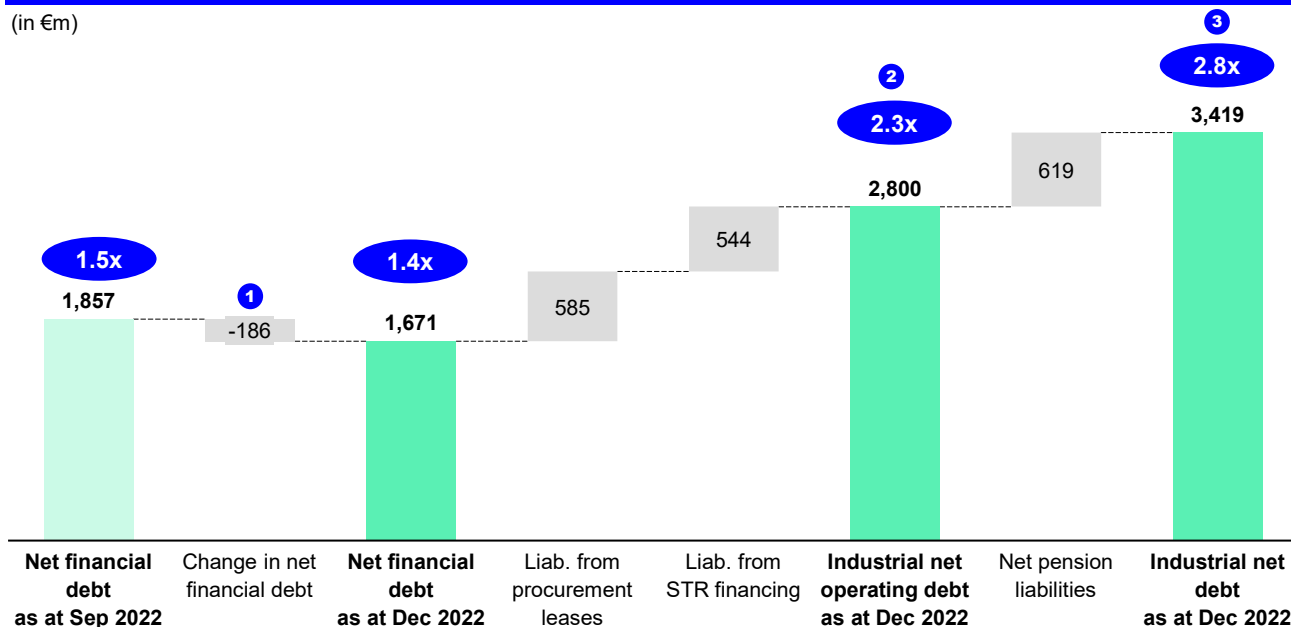
1. Including impairment and reversals of impairment; 2. Excl. lease and short-term rental assets;  
 3. Including D&A and release of deferred income, depreciation on rental assets +€56m; depreciation on leased assets +€87m

# Net Debt

## Leverage ratios stabilized sequentially

### Indebtedness and leverage<sup>1</sup> ratios as at 31 December 2022

(in €m)



### Comments

- 1 Positive free cash flow in Q4 22 **reduced net financial debt** by €186m
- 2 **RCF-relevant** leverage ratio stabilized vs Q3 22, leaving sufficient headroom under the covenant
- 3 All **leverage ratios** now calculated on the same LTM adj. EBITDA basis (i.e. including long-term lease business EBITDA)

1. Leverage based on adj. LTM EBITDA of €1,219m (Sept. 2022: €1,269m)

# Agenda

1. Summary Q4 and FY 2022
2. Market and Financial Update
3. **Outlook 2023 and Beyond**

## FY 2023 Outlook

Substantial improvement in adj. EBIT and FCF with a significantly stronger H2

	KION Group			Industrial Trucks & Services			Supply Chain Solutions	
	FY 22 Results	FY 23 Outlook		FY 22 Results	FY 23 Outlook		FY 22 Results	FY 23 Outlook
Revenue	€11,136m	≥11.0bn	>	€7,356m	≥7.8bn		€3,807m	≥3.2bn
Adj. EBIT	€292m	≥€550m	>	€421m	≥€600m		-€46m	≥€65m
FCF	-€716m	≥€500m						
ROCE	2.9%	≥5.0%						

- ITS: Relief in supply chain constraints and 2022 price increases to benefit mainly in H2 2023  
SCS: Execution of “legacy” projects to weigh on margins primarily in H1 2023

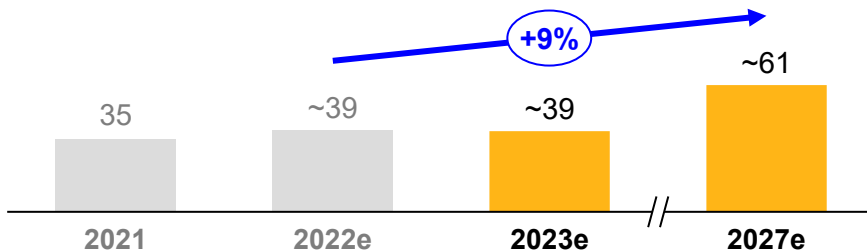
All predictions for the business performance of the Group and the operating segments in the remainder of the year continue to be subject to significant uncertainty in view of the continued deterioration of the macroeconomic environment and lingering uncertainty in the sales markets, combined with the escalating energy crisis, persistent disruption in the supply chains, and risks associated with further rises in procurement costs.

# Material Handling Market

## Long-term attractive markets after growth pause in 2023

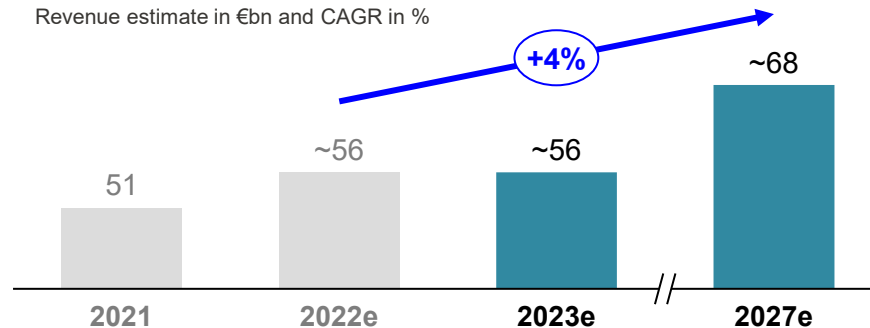
### Supply Chain Solutions Market<sup>1</sup>

Revenue estimate in €bn and CAGR in %



### Industrial Trucks & Services Market<sup>1</sup>

Revenue estimate in €bn and CAGR in %



### Main drivers

#### 2023

- Continued low capex investments from pure play E-Commerce retailers after significant acceleration during COVID-19
- Postponed investments due to near-term economic uncertainty

#### Beyond 2023

- Underlying mega trends drive future growth
  - Automation
  - Sustainability
  - Urbanization, demographic change and labor shortage
  - Continued growth in online sales
  - Speed of fulfilment and delivery

1. Based on internal KION market model as of January 2023, including service, supported by Interact Analysis. Changes compared to October 2022 also reflect positive FX rate adjustments.



### 2027 Targets



### Action Fields

-  Multi-branded Go-to-Market
-  Region-specific growth plans
-  Sustainability
-  Automation & Software
-  Performance & Agility
-  Values, People & Leadership

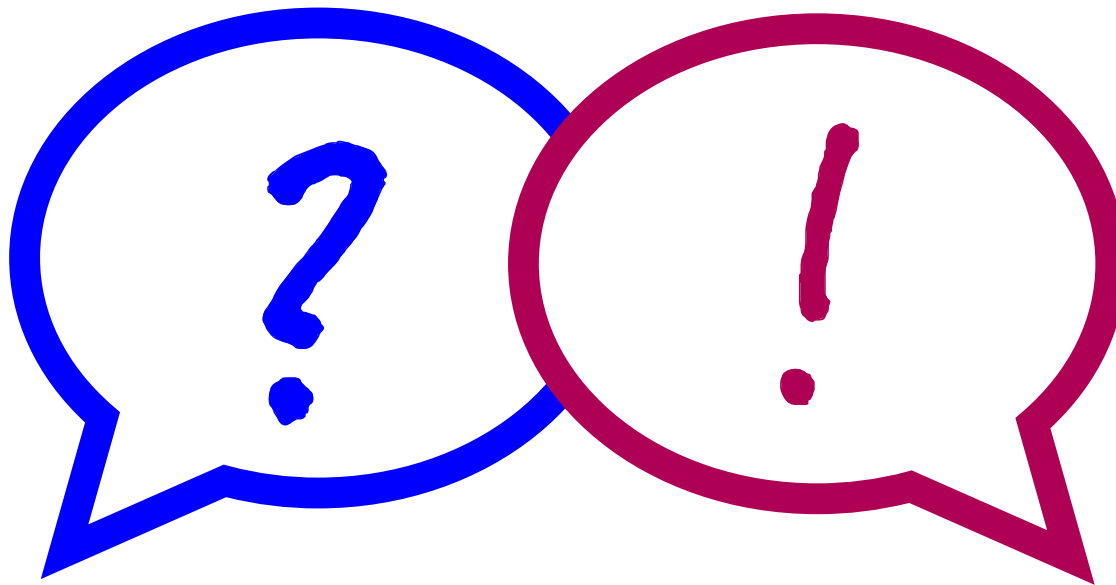
# Key Takeaways



Measures underway to increase agility, resilience and profitability

FY 2023 Outlook:  
Substantial improvement in adj. EBIT and FCF with a significantly stronger H2 2023

Updated KION 2027 Strategy for profitable growth supported by long-term attractive growth markets



# Appendix

# FY 2023 Expectation – Housekeeping Items

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

... between **-€5m to -€15m**

## PPA

... around **-€93m to -€96m**

## Net financial expenses

... between **-€90m to -€120m**

## Tax rate

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

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

... between **-€450m to -€500m**

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

... around **3%** of group revenue

## Dividend policy

... **25% to 40%** of consolidated net income,  
subject to availability of distributable profit

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

# FY 2022 Outlook to Actual Results Comparison

All outlook metrics clearly reached

	KION Group			Industrial Trucks & Services			Supply Chain Solutions	
	Outlook	Results		Outlook	Results		Outlook	Results
Order intake	€11,600m to €12,500m	€11,708m	>	€8,200m to €8,600m	€8,426m		€3,400m to €3,900m	€3,362m
Revenue	€10,450m to €11,250m	€11,136m	>	€6,800m to €7,200m	€7,356m		€3,650m to €4,050m	€3,807m
Adj. EBIT	€200m to €310m	€292m	>	€360m to €410m	€420m		-€60m to €0m	-€46m
FCF	-€950m to -€700m	-€716m						
ROCE	2.5% to 3.3%	2.9%						

# Key Financials

Group figures								Industrial Trucks & Services								Supply Chain Solutions							
(in €m)	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	FY 2021	Q4 2021	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	FY 2021	Q4 2021	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	FY 2021	Q4 2021	FY 2022	Q4 2022
Order intake	11,708	2,536	2,517	3,755	2,900	12,482	3,493	8,426	1,694	1,905	2,745	2,082	8,166	2,435	3,362	882	614	1,022	843	4,329	1,062		
Revenue	11,136	2,893	2,706	2,802	2,735	10,294	2,761	7,356	2,068	1,839	1,731	1,718	6,514	1,764	3,807	836	874	1,076	1,020	3,796	1,002		
Adj. EBITDA <sup>1</sup>	1,219	325	135	368	391	1,697	376	1,242	337	310	285	310	1,298	314	32	7	-162	95	93	477	90		
Adj. EBITDA margin in % <sup>1</sup>	10.9	11.2	5.0	13.1	14.3	16.5	13.6	16.9	16.3	16.8	16.5	18.0	19.9	17.8	0.8	0.8	-18.5	8.8	9.1	12.6	9.0		
Adj. EBIT <sup>1</sup>	292	82	-101	141	170	842	151	420	120	103	84	114	536	113	-46	-13	-182	76	74	410	73		
Adj. EBIT margin in % <sup>1</sup>	2.6	2.8	-3.7	5.0	6.2	8.2	5.5	5.7	5.8	5.6	4.8	6.6	8.2	6.4	-1.2	-1.6	-20.8	7.0	7.3	10.8	7.3		

1. Adjusted for PPA items and non-recurring items

## Adjusted EBITDA to Net Income

Strongly improved adj. EBIT, positive NRI and low tax rate drive positive net income

(in €m)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Change yoy	Change qoq	FY 2021	FY 2022	Change yoy
<b>Adj. EBITDA</b>	<b>376</b>	<b>391</b>	<b>368</b>	<b>135</b>	<b>325</b>	-13%	>+100%	<b>1,697</b>	<b>1,219</b>	-28%
D&A	-225	-221	-227	-236	-243	-8%	-3%	-855	-926	-8%
<b>Adj. EBIT</b>	<b>151</b>	<b>170</b>	<b>141</b>	<b>-101</b>	<b>82</b>	-46%	>+100%	<b>842</b>	<b>292</b>	-65%
Non-recurring items	42	-31	-2	-6	<b>1</b> 7	-84%	>+100%	38	-32	>+100%
PPA items	-22	-22	-23	-24	-24	-9%	+1%	-85	-93	-9%
<b>Reported EBIT</b>	<b>171</b>	<b>118</b>	<b>117</b>	<b>-131</b>	<b>65</b>	-62%	>+100%	<b>795</b>	<b>168</b>	-79%
Net fin. expenses	-10	-3	-7	-2	<b>2</b> -18	-83%	<-100%	-35	-30	+14%
<b>EBT</b>	<b>161</b>	<b>115</b>	<b>109</b>	<b>-133</b>	<b>47</b>	-71%	>+100%	<b>760</b>	<b>138</b>	-82%
Taxes	-24	-35	-30	40	<b>3</b> -8	+67%	>+100%	-192	-32	+83%
<b>Net income / loss</b>	<b>137</b>	<b>80</b>	<b>80</b>	<b>-93</b>	<b>39</b>	-72%	>+100%	<b>568</b>	<b>106</b>	-81%
<b>Net income / loss to shareholders</b>	<b>141</b>	<b>80</b>	<b>79</b>	<b>-95</b>	<b>35</b>	-75%	>+100%	<b>568</b>	<b>98</b>	-83%
<b>Reported EPS<sup>1</sup></b>	<b>€1.08</b>	<b>€0.61</b>	<b>€0.60</b>	<b>-€0.73</b>	<b>€0.27</b>	-75%	>+100%	<b>€4.34</b>	<b>€0.75</b>	-83%

### Comments on Q4 22

- 1** Positive **NRI** due to changes in pension schemes
- 2** **Net financial expenses** substantially higher due to interest rate development, in average higher indebtedness and adverse FX effects in Q4
- 3** **Taxes** positively impacted by higher deferred tax assets and tax credits in the US

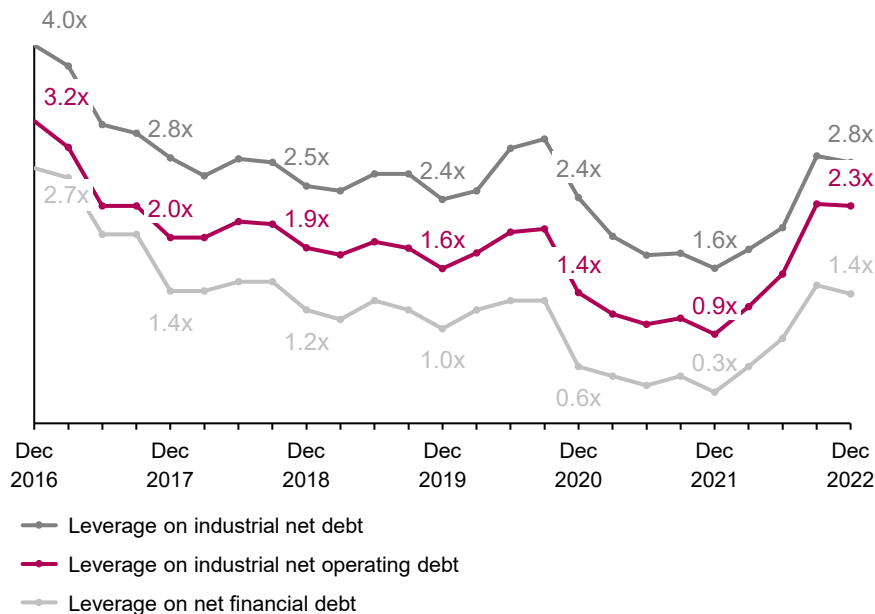
1. EPS calculation is based on average number of shares of 131.1m



# Leverage Development and Maturity Profile

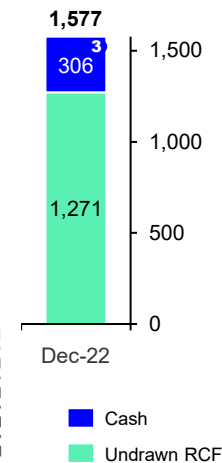
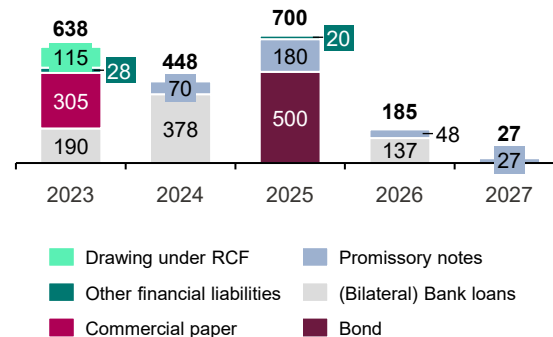
## Leverage ratios stabilized sequentially

### Leverage development<sup>1,2</sup>



### Maturity profile and free liquidity

as at 31 Dec 2022 (in €m)



1. Leverage ratios before Dec 2017 were not restated for IFRS 15 and IFRS 16; 2. Leverage based on adj. LTM EBITDA; 3. Total cash and cash equivalents amount to €318m

# Industrial Truck Market and ITS Order Intake

## Share of electrified products surpassing 90% in Q4 22

### Development of KION ITS segment

Order intake	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Change yoy	Change qoq	FY 2020	FY 2021	FY 2022	Change yoy
<b>Order intake (in '000 units)</b>	<b>80.8</b>	87.4	86.3	53.5	<b>41.0</b>	<b>-49%</b>	<b>-23%</b>	198.3	299.4	<b>268.2</b>	<b>-10%</b>
<b>Thereof IC-trucks</b>	10.5	11.2	10.7	6.3	<b>3.7</b>	-65%	-42%	25.2	38.8	31.9	-18%
<b>Thereof E-trucks</b>	22.6	22.2	24.7	14.0	<b>10.6</b>	-53%	-24%	47.5	76.3	71.4	-6%
<b>Thereof WH-trucks</b>	47.8	54.0	50.9	33.2	<b>26.7</b>	-44%	-20%	125.6	184.3	164.8	-11%
<b>Share of electrified products</b>	<b>87%</b>	87%	88%	88%	<b>91%</b>	<b>+4bp</b>	<b>+3bp</b>	87%	87%	<b>88%</b>	

# Financial Calendar

Date	Event
<b>02 March 2023</b>	<b>Publication of 2022 annual report with press conference analyst call</b>
03 March 2023	KION @ Metzler Roadshow, Frankfurt
10 March 2023	KION @ Stifel Swiss Roadshow, Zurich
23 March 2023	KION @ BofA Global Industrials Conference, London
30 March 2023	KION @ Stifel German Corporate Conference, Copenhagen
31 March 2023	KION @ SocGen European ESG Conference, virtual
<b>27 April 2023</b>	<b>Quarterly statement for the period ended 31 March 2023 (Q1 2023) and analyst call</b>
<b>27 April 2023</b>	<b>Sustainability Report 2022</b>
<b>17 May 2023</b>	<b>AGM, physically in Frankfurt</b>
<b>27 July 2023</b>	<b>Interim report for the period ended 30 June 2023 (Q2 2023) and analyst call</b>
<b>26 October 2023</b>	<b>Quarterly statement for the period ended 30 September 2023 (Q3 2023) and analyst call</b>

Subject to change without notice

# Disclaimer



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