



KION GROUP AG

Q2 2022 Update Call

Rob Smith (CEO and CFO ad interim)
Frankfurt, 28 July 2022



Agenda

1. **Highlights**
2. Market & Financial Update
3. Closing Remarks
4. Appendix

Q2 2022 Key Financial Figures

Strong order intake, but supply chain disruptions and higher costs impact results

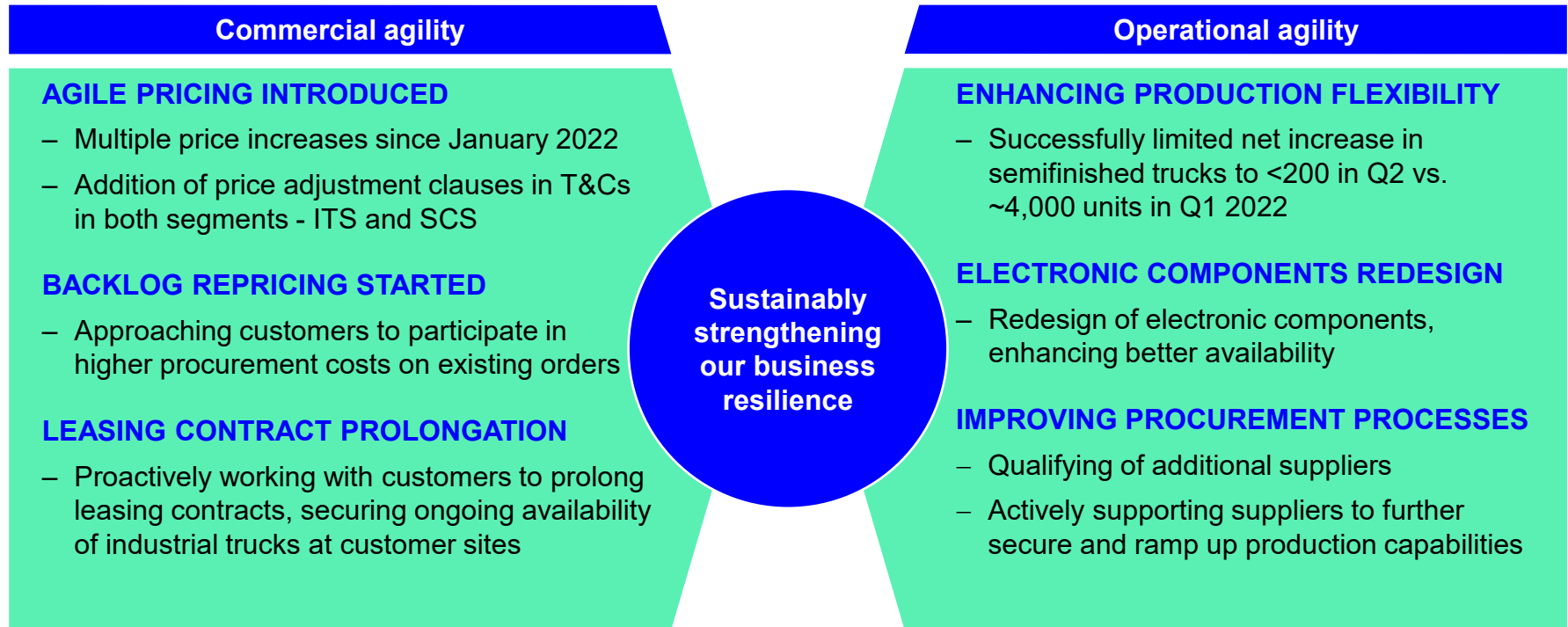
Order intake	Revenue	Adj. EBIT ¹	Free cash flow	EPS
€3.8bn	€2.8bn	€141m	-€159m	€0.60
+15% yoy +29% qoq	+8% yoy +2% qoq	-43% yoy -17% qoq Margin of 5.0% -450bp yoy -120bp qoq	-€198m yoy +€274m qoq	-49% yoy -1% qoq

➔ **New outlook for FY 2022 intended to be issued later this year**

1. Adjusted for PPA items and non-recurring items

Actively Working Against a Challenging Environment

Addressing higher procurement cost and supply chain disruptions



Q2 2022 Strategic Highlights

Enlarging software offerings and mobile automation footprint

1 Dematic partners with Google Cloud to further accelerate Supply Chain Innovation using Artificial Intelligence (AI) and Machine Learning (ML) technologies

2 Shortly after market launch at LogiMAT KION Group won a large (~300 units) initial order for **autonomous mobile robots (AMRs)** from omnichannel retail company Radial Europe



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Industrial Truck Market and ITS Order Intake

KION gained market share in Q1 2022 - order intake momentum slowed in Q2 2022

Industrial Truck Market

Region (Change in units yoy)	Q1 2022 ¹	Q2 2022 ²
EMEA	+9%	strong decrease yoy
AMERICAS	+27%	moderate growth yoy
APAC	+4%	substantial decrease yoy
Global	+10%	

Market Update

- Market dynamics expected to normalize in H2 2022 after exceptional demand levels in recent quarters
- The long-term CAGR of ~4%³ until 2027e of the ITS market remains valid and is expected to be stronger than global GDP growth

1. Based on WITS unit order intake data as of July 2022. Since January 2022 WITS data is published with a 3 months delay
 2. Management estimate
 3. Management assumptions based on internal KION Market Model as of July 2022

Development of KION ITS segment

Regional growth (Change in units yoy)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
EMEA	+103%	+28%	+36%	+29%	-1%
AMERICAS	+255%	+33%	+88%	+76%	+9%
APAC	+84%	+33%	+11%	+20%	-9%
Global	104%	30%	33%	+29%	-2%

Order intake	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Change yoy	Change qoq
Order intake (in '000 units)	87.9	63.1	80.8	87.4	86.3	-2%	-1%
Thereof IC-trucks	12.0	7.3	10.5	11.2	10.7	-10%	-4%
Thereof E-trucks	22.1	15.3	22.6	22.2	24.7	+12%	+11%
Thereof WH-trucks	53.9	40.5	47.8	54.0	50.9	-6%	-6%
Share of electrified products	86%	88%	87%	87%	88%	+200bp	+100bp

ITS – Key Financials

Current order backlog secures more than one year of new business revenue



(in €m)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022 ¹	Change yoy	Change qoq
Order intake	2,221	1,710	2,435	2,082	2,745	+24%	+32%
Order backlog	2,265	2,316	2,878	3,193	4,220	+86%	+32%
Revenue	1,601	1,630	1,764	1,718	1,731	+8%	+1%
Of which service (%)	52%	51%	53%	52%	52%	+/-0bp	+/-0bp
Adj. EBIT	148	144	113	114	84	-44%	-27%
Adj. EBIT margin	9.2%	8.9%	6.4%	6.6%	4.8%	-440bp	-180bp

Comments on Q2 results

Order intake driven by robust demand for electric counter-balance trucks as well as prior list-price increases. Addition of price adjustment clauses.

Order backlog secures more than one year of new business revenue. Backlog margin quality benefitting from implemented list price increases. Repricing initiative started for orders placed before April 2022.

Revenue slightly up vs. Q1 2022, despite increased supply chain disruptions.

Adjusted EBIT down vs. Q1 2022 due to March-spike in material, energy and logistics costs starting to flow through our P&L as well as inefficiencies caused by intensified supply chain disruptions.

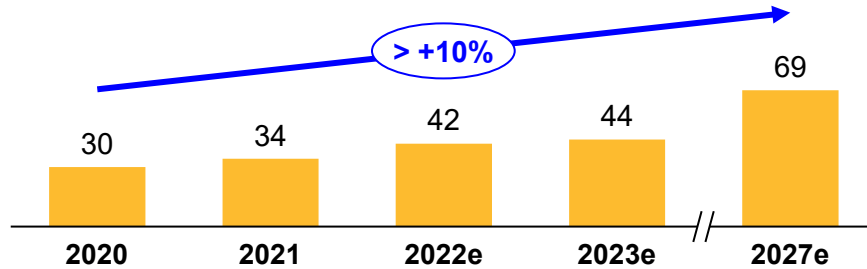
1. FX translation effects in Q2 2022: order intake: +€32m; revenue: +€29m; adj. EBIT: +€1m

SCS – Market Growth and Pipeline

Strong market fundamentals and robust pipeline

Total Warehouse Automation Market¹

Revenue in €bn and CAGR in %



Market Update

- E-Commerce retailer capex allocation may grow slower in the short-term as investments accelerated during COVID-19
- Verticals like general merchandise, food & beverage or grocery are forecasted to grow more strongly
- Near-term economic uncertainty might lead to deferred investment decisions

Comments on market and project pipeline²

Fundamental drivers remain intact

- Trends towards automation
- Speed of fulfilment and delivery
- Urbanization, demographic change and labor shortage
- Continued E-Commerce sales growth

Main verticals driving growth

- General Merchandise
- Food & Beverage
- Grocery

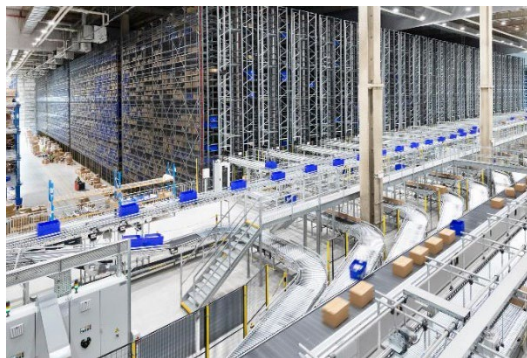
Comments on current pipeline

- Pipeline remains solid
- Above the level one year ago and end of last year

1. Management assumption based on internal KION market model as of July 2022, including service. FX-rate changes led to a slight increase of overall market size until 2027 2. Pipeline reflects potential future projects over next 12 months

SCS – Key Financials

Order intake above the €1bn mark, driven by structural demand drivers



(in €m)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022 ¹	Change yoy	Change qoq
Order intake	1,039	1,399	1,062	843	1,022	-2%	+21%
Of which E-Commerce (%)²	55%	50%	38%	16%	21%		
Order backlog	3,150	3,671	3,792	3,695	3,762	+19%	+2%
Revenue	997	937	1,002	1,020	1,076	+8%	+6%
Of which service (%)	19%	22%	21%	20%	22%	+300bp	+200bp
Adj. EBIT	126	109	73	74	76	-40%	+2%
Adj. EBIT margin	12.6%	11.7%	7.3%	7.3%	7.0%	-560bp	-30bp

Comments on Q2 results

Order intake continues to be driven by ongoing fundamental need for more automation. While pure-play E-Commerce share decreased in Q2 2022 vs. prior year, orders from other verticals such as general merchandise, food & beverage as well as apparel grew strongly

Order backlog remains high, securing good visibility for the quarters to come

Revenue comparable to last two quarters, driven by continued backlog conversion

Adjusted EBIT remained impacted by inefficiencies due to supply chain disruptions and the increased costs of materials, energy and logistics, partially compensated by positive one-time effects

1. FX translation effects in Q2 2022: order intake: +€79m; revenue: +€88m; adj. EBIT: +€9m 2. Calculation based on total order intake less service business

KION Group – Key Financials

Order intake driven by high demand, price increases and positive FX-effects



(in €m)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022 ¹	Change yoy	Change qoq
Order intake	3,255	3,107	3,493	2,900	3,755	+15%	+29%
Order backlog	5,409	5,981	6,658	6,855	7,941	+47%	+16%
Revenue	2,593	2,566	2,761	2,734	2,802	+8%	+2%
Of which service (%)	39%	41%	41%	40%	41%	+200bp	+100bp
Adj. EBIT	247	229	151	170	141	-43%	-17%
Corp. services ./consolidation	-26	-25	-35	-18	-18		
Adj. EBIT margin	9.5%	8.9%	5.5%	6.2%	5.0%	-450bp	-120bp

Comments on Q2 results

Order intake and **order backlog** benefitted from high demand as well as price increases and positive FX-effects

Revenue at record level despite ongoing supply chain disruptions

Adjusted EBIT and adj. EBIT margin declined sequentially and year-over-year, due to increased inflationary environment for materials, energy and logistics costs as well as inefficiencies from supply chain disruptions

1. FX translation effects in Q2 2022: order intake: +€111m; revenue: +€118m; adj. EBIT: +€10m

Adjusted EBITDA to Net Income

Net income sequentially stable supported by lower NRIs

(in €m)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Change yoy	Change qoq
Adj. EBITDA	458	442	376	391	368	-20%	-6%
D&A	-210	-213	-225	-221	-227	+8%	+3%
Adj. EBIT	247	229	151	170	141	-43%	-17%
Non-recurring items	-5	1	42	-31	-2		
PPA items	-21	-21	-22	-22	-23		
Reported EBIT	221	209	171	118	117	-47%	-1%
Net financial expenses	-9	-6	-10	-3	① -7	-20%	>+100%
EBT	212	203	161	115	109	-48%	-5%
Taxes	-58	-64	-24	-35	② -30	-48%	-14%
Net income	154	140	137	80	80	-48%	-1%
Reported EPS¹	€1.17	€1.04	€1.08	€0.61	€0.60	-49%	-1%

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

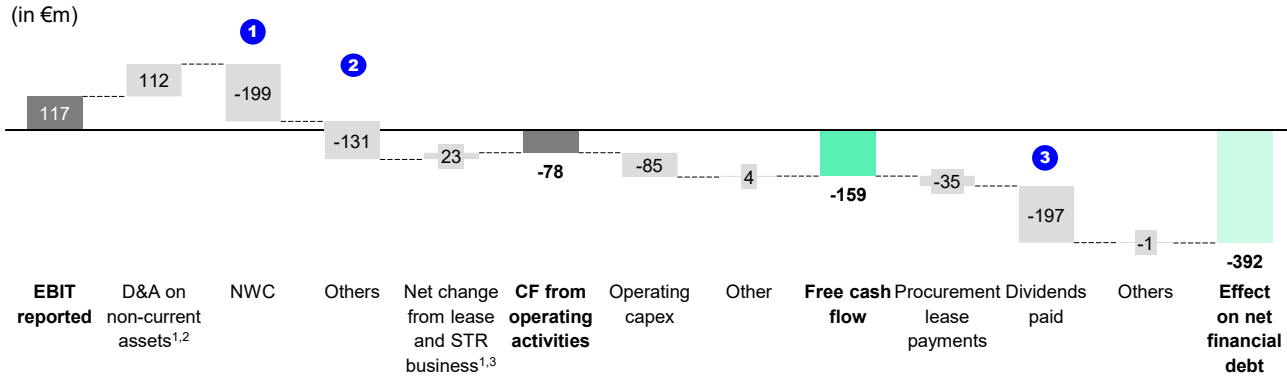
Comments

- 1 Net financial expenses** driven by lower net interest result from lease business and changes in the fair value of interest-rate derivatives
- 2 Tax rate** back to normalized levels

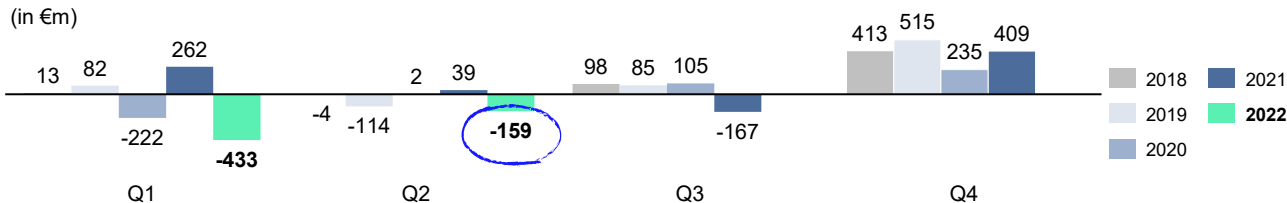
Cash Flow Statement

Increase in semifinished truck inventory almost stopped in Q2 2022

Free cash flow Q2 2022



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 +€53m; depreciation on leased assets +€85m

Comments

1 NWC build up mainly caused by stocking of components and temporarily increased working capital needs of SCS

Total number of semifinished trucks stable at 12,000 at the end of June 2022

2 Includes cash taxes of €54m

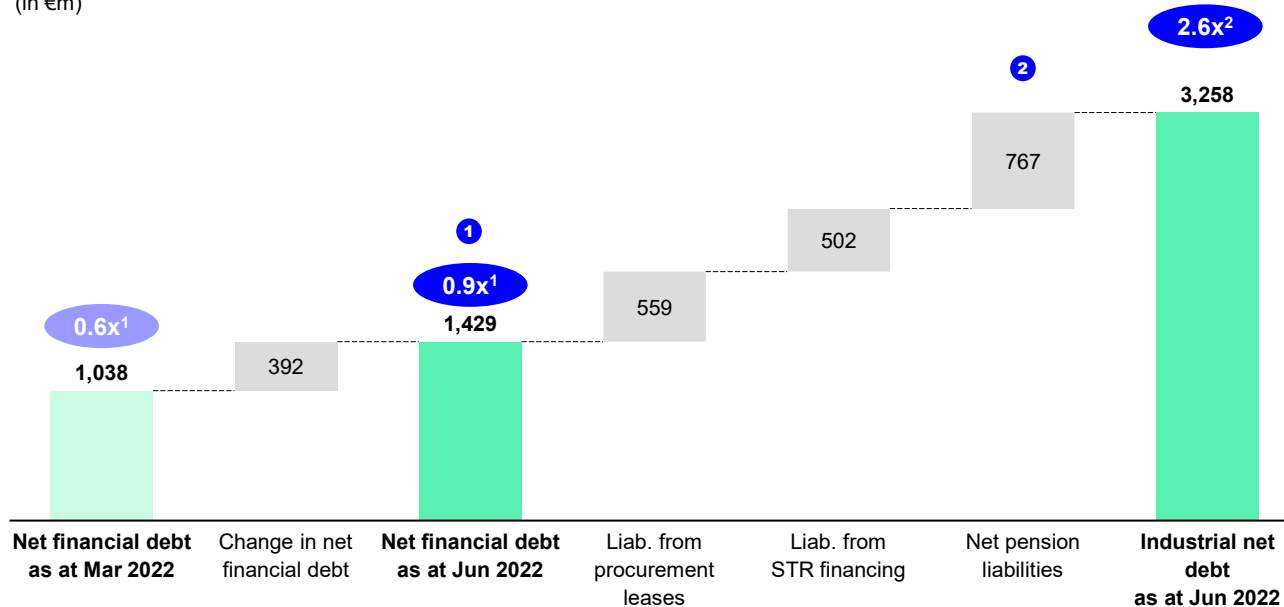
3 2021 Dividend of €1.50 per share paid towards shareholders after AGM

Net Debt

Increased net financial debt partially offset by lower pension liabilities

Indebtedness and leverage^{1,2} ratios as at 30 June 2022

(in €m)



Comments

- 1 Dividend payout and negative free cash flow increased **net financial debt by €392m**
- 2 **Net pension liabilities** decreased by €244m to €767m (Mar 2022: €1,012m) due to increased discount rates

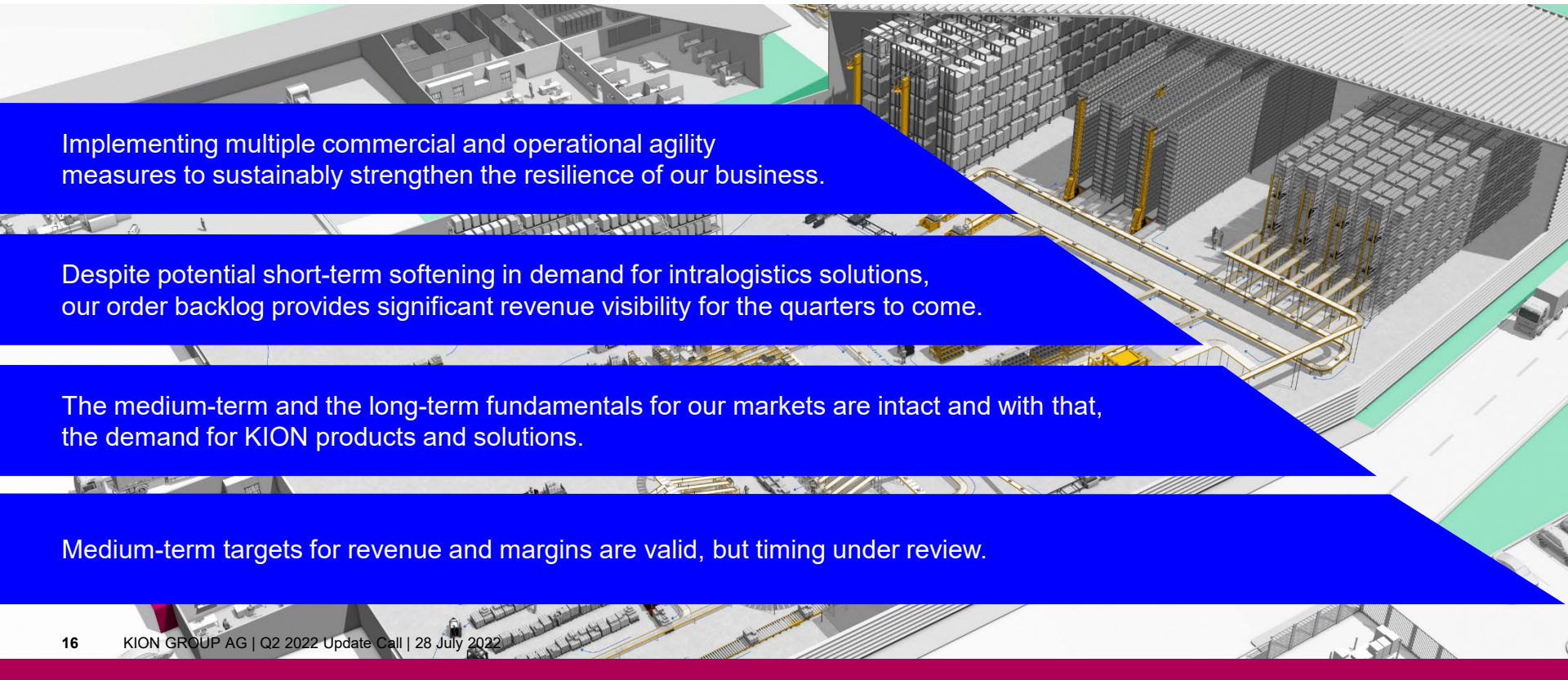
1. Leverage based on adj. LTM EBITDA of €1,577m (Mar. 2021: €1,666m)

2. Leverage based on adj. LTM industrial EBITDA of €1,257m which excludes adj. LTM EBITDA of €320m for long-term lease business

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Key Takeaways



Implementing multiple commercial and operational agility measures to sustainably strengthen the resilience of our business.

Despite potential short-term softening in demand for intralogistics solutions, our order backlog provides significant revenue visibility for the quarters to come.

The medium-term and the long-term fundamentals for our markets are intact and with that, the demand for KION products and solutions.

Medium-term targets for revenue and margins are valid, but timing under review.

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Key Financials

	Group figures								Industrial Trucks & Services ²								Supply Chain Solutions							
(in €m)	Q2 2022	Q1 2022	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2020	Q2 2022	Q1 2022	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2020	Q2 2022	Q1 2022	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2020
Order intake	3,755	2,900	12,482	3,493	3,107	3,255	2,626	9,443	2,745	2,082	8,166	2,435	1,710	2,221	1,800	5,797	1,022	843	4,329	1,062	1,399	1,039	830	3,654
Revenue	2,802	2,735	10,294	2,761	2,566	2,593	2,375	8,342	1,731	1,718	6,514	1,764	1,630	1,601	1,519	5,723	1,076	1,020	3,796	1,002	937	997	861	2,627
Adj. EBITDA ¹	368	391	1,697	376	442	458	422	1,384	285	310	1,298	314	333	336	315	1,055	95	93	477	90	127	142	118	341
Adj. EBITDA margin in % ¹	13.1	14.3	16.5	13.6	17.2	17.7	17.8	16.6	16.5	18.0	19.9	17.8	20.5	21.0	20.8	18.4	8.8	9.1	12.6	9.0	13.5	14.2	13.7	13.0
Adj. EBIT ¹	141	170	842	151	229	247	215	547	84	114	536	113	144	148	131	311	76	74	410	73	109	126	102	278
Adj. EBIT margin in % ¹	5.0	6.2	8.2	5.5	8.9	9.5	9.1	6.6	4.8	6.6	8.2	6.4	8.9	9.2	8.6	5.4	7.0	7.3	10.8	7.3	11.7	12.6	11.8	10.6

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.

Financial Calendar

Date	Event
07 September 2022	KION @ Oddo-Commerzbank Annual Corporate Conference, Frankfurt
09 September 2022	KION @ Morgan Stanley Industrial CEOs Unplugged, London
12 September 2022	KION @ Bankhaus Metzler Roadshow, Frankfurt
20 September 2022	KION @ Goldman Sachs / Berenberg German Corporate Conference, Munich
21 September 2022	KION @ Baader Conference, Munich
27 October 2022	Quarterly statement for the period ended 30 September 2022 (Q3 2022) and webcast / analyst call
02 March 2023	Publication of 2022 annual report with press conference and webcast / analyst call
27 April 2023	Quarterly statement for the period ended 31 March 2023 (Q1 2023) and webcast / analyst call

Subject to change without notice

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