



KION GROUP AG

Q2 2023 Update Call



Rob Smith (CEO)
Christian Harm (CFO)
Frankfurt, 27 July 2023



New KION Group CFO Christian Harm



Agenda

1. **Summary Q2 2023 & Strategic Highlight**
2. Financial Update
3. Outlook 2023 & Key Takeaways

Q2 2023 Key Financial Figures

Strong momentum accelerates driven by ITS segment

Order intake	Order Book	Revenue	Adj. EBIT ¹	Free cash flow	EPS
€2.9bn -24% yoy +17% qoq	€6.7bn -16% yoy -0% qoq	€2.8bn +1% yoy +2% qoq	€192m +36% yoy +23% qoq Margin of 6.8%	€124m +€283m yoy +€19m qoq	€0.54 -10% yoy -1% qoq

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- ITS: favorable supply chains and benefits from commercial and operational agility measures drove strong Q2 performance
 - KION FY 2023 outlook raised for all major KPIs for KION Group

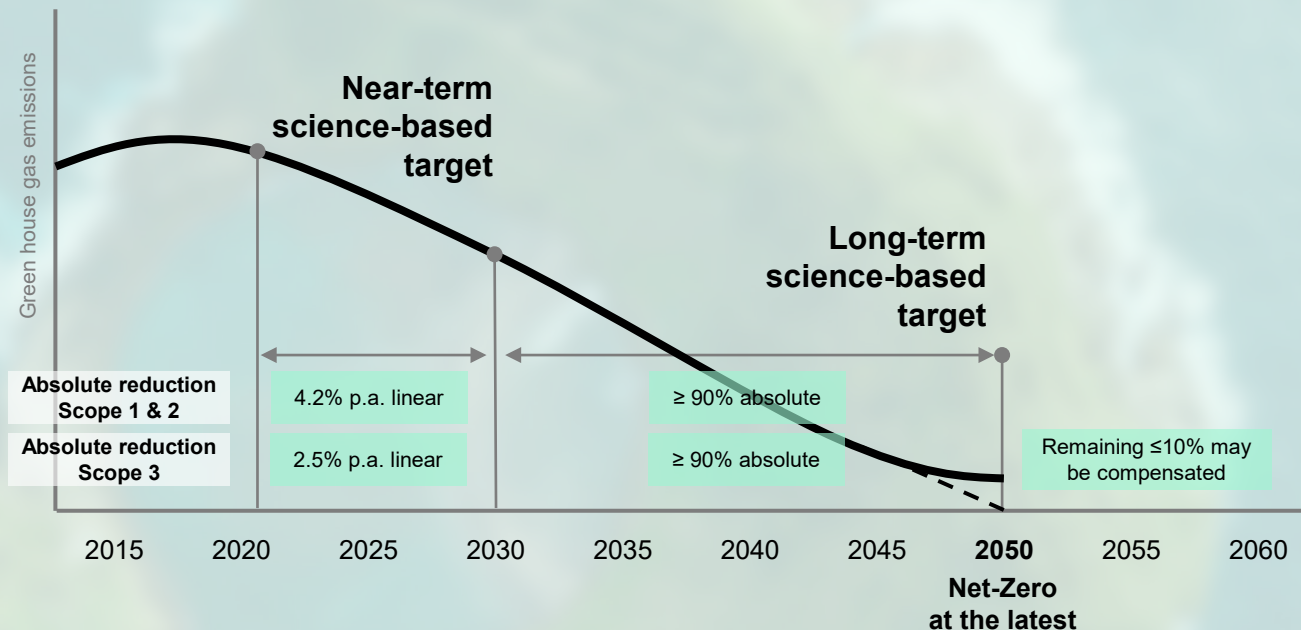
1. Adjusted for PPA items and non-recurring items

Q2 2023 Strategic Highlight

KION commits to Net-Zero and to the Science Based Targets initiative

SBTi path to 1.5°C Net-Zero (schematic)

- Near-term path: linear
- Long-Term: **Net-Zero by 2050 at the latest**, multiple paths possible



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ITS – Key Financials

Ongoing agility measures continue to drive strong performance



(in €m)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023 ¹	Change yoy	Change qoq
Order intake (in '000 units)	86.3	53.5	41.0	59.4	62.3	-28%	+5%
Order intake	2,745	1,905	1,694	1,957	2,001	-27%	+2%
Order book	4,220	4,258	3,818	3,757	3,604	-15%	-4%
Revenue	1,731	1,839	2,068	2,005	2,130	+23%	+6%
Of which service (%)	52%	51%	48%	49%	47%		
Adj. EBIT	84	103	120	177	202	>100%	+15%
Adj. EBIT margin	4.8%	5.6%	5.8%	8.8%	9.5%	+470bp	+70bp

Comments on Q2 results

Order intake strongest order intake over past four quarters, both in units and in € terms, in line with our view on the market for the full year. Services contributed to stabilize the order intake in € terms

Order book remained at healthy levels, supports approx. one year of new business revenue

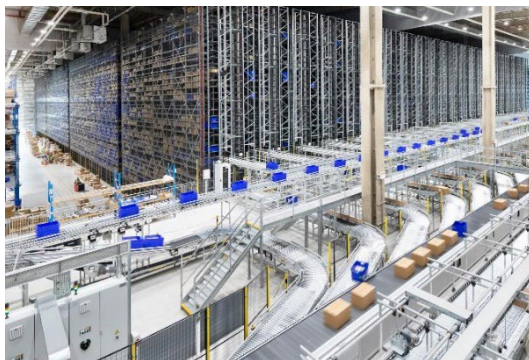
New quarterly record in **revenue** due to favorable material availability leading to higher production level as well as 2022 price increases

Adj. EBIT and **adj. EBIT margin** improved strongly, both sequentially and yoy supported by higher volumes, pricing and effects from operational and commercial agility measures – adj. EBIT margin exceeded 9% for the first time since Q2 2021

1. FX translation effects in Q2 2023: order intake: -€30m; revenue: -€29m; adj. EBIT: -€2m

SCS – Key Financials

Adj. EBIT in line with expectations while order intake recovered from weak Q1



(in €m)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023 ¹	Change yoy	Change qoq
Order intake	1,022	614	882	497	873	-15%	+76%
Of which E-Commerce (%)²	21%	1%	4%	29%	53%		
Order book	3,762	3,477	3,327	3,000	3,154	-16%	+5%
Revenue	1,076	874	836	783	714	-34%	-9%
Of which service (%)	22%	30%	31%	32%	37%		
Adj. EBIT	76	-182	-13	7	8	-90%	+8%
Adj. EBIT margin	7.0%	-20.8%	-1.6%	0.9%	1.1%	-590bp	+20bp

Comments on Q2 results

Order intake recovered from the low prior quarter level. Overall, order intake expected to remain lumpy and impacted by ongoing hesitancy in signing of new orders, still reflecting macroeconomic uncertainty and higher financing costs

Order book continues to provide visibility for the next quarters. Approx. 70% of order book now has price adjustment clauses

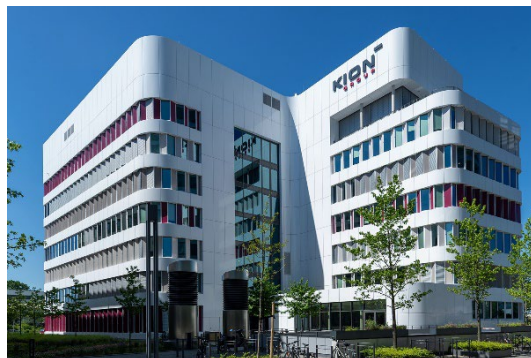
Revenue down as growth in service business (+8% yoy) did not compensate for the steep decline in the project business (-46% yoy) due to lower orders from pureplay e-commerce customers in past quarters and adverse currency effects

Adj. EBIT and **adj. EBIT margin** in line with expectations for a weaker H1 2023

1. FX translation effects in Q2 2023: order intake: -€9m; revenue: -€22m; adj. EBIT: -€2m 2. Calculation based on total order intake less service business

KION Group – Key Financials

KION Group accelerates strong momentum driven by ITS segment



(in €m)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023 ¹	Change yoy	Change qoq
Order intake	3,755	2,517	2,536	2,444	2,864	-24%	17%
Order book	7,941	7,697	7,078	6,687	6,682	-16%	-0%
Revenue	2,802	2,706	2,893	2,781	2,836	+1%	+2%
Of which service (%)	41%	44%	43%	44%	44%		
Adj. EBIT	141	-101	82	156	192	+36%	+23%
Corp. services ./consolidation	-18	-22	-25	-28	-18	+2%	+36%
Adj. EBIT margin	5.0%	-3.7%	2.8%	5.6%	6.8%	+180bp	+120bp

Comments on Q2 results

Order intake reflects normalization of demand levels in both segments following strong development in prior year quarters; sequentially order intake stabilized in ITS and rebounded in SCS

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

Revenue benefited from strong ITS performance compensating for weak SCS revenue and resilient service business in both segments

Adj. EBIT and **adj. EBIT margin** improved due to strong performance in ITS. Lower corporate services / consolidation in Q2 to be seen in conjunction with high Q1 level and reflects timing of costs

1. FX translation effects in Q2 2023: order intake: -€39m; revenue: -€51m; adj. EBIT: -€4m

Adjusted EBITDA to Net Income

Higher taxes and net financial expenses offset improved adj. EBIT

(in €m)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Change yoy	Change qoq
Adj. EBITDA	368	135	325	390	436	+19%	+12%
D&A	-227	-236	-243	-234	-244	-8%	-4%
Adj. EBIT	141	-101	82	156	192	+36%	+23%
Non-recurring items	-2	-6	7	-1	-5	<-100%	<-100%
PPA items	-23	-24	-24	-25	-22	+3%	+12%
Reported EBIT	117	-131	65	129	165	+41%	+27%
Net financial expenses	-7	-2	-18	-36	1 -41	<-100%	-14%
EBT	109	-133	47	94	124	+13%	+32%
Taxes	-30	40	-8	-20	2 -51	-71%	<-100%
Net income / loss	80	-93	39	74	73	-9%	-1%
Net income / loss to shareholders	79	-95	35	72	71	-10%	-1%
Reported EPS¹	€0.60	-€0.73	€0.27	€0.55	€0.54	-10%	-1%

Comments

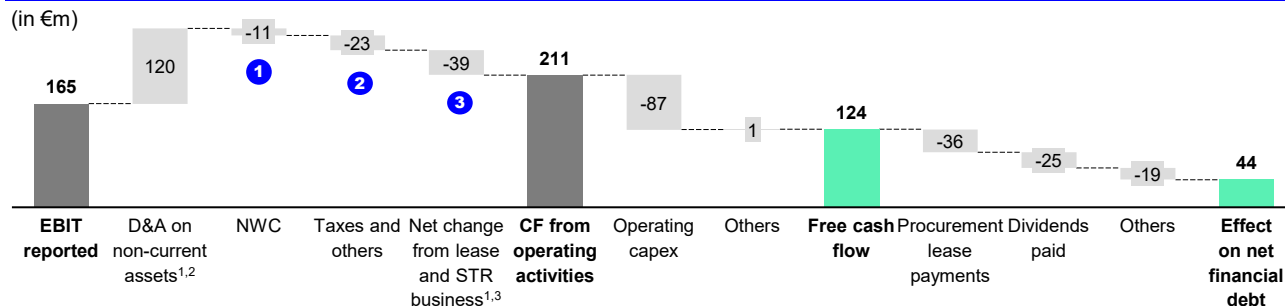
- Net financial expenses** substantially higher due to higher indebtedness, higher interest rates, lower net interest result from leasing and change in derivatives
- Higher **tax rate (41%)** in Q2 impacted by one-time effects in the quarter

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

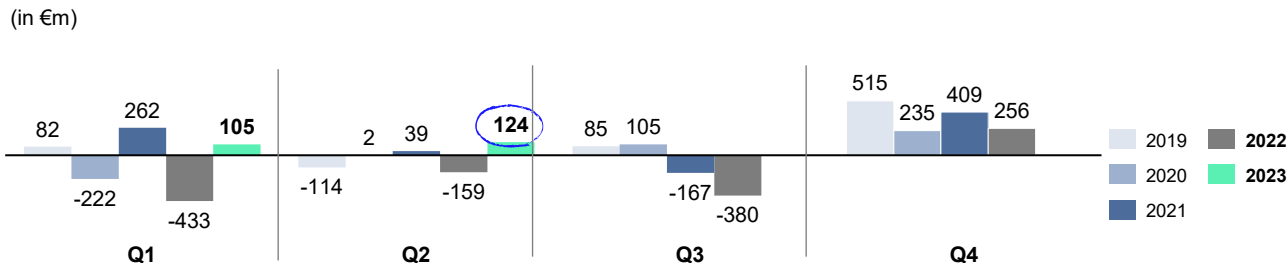
Cash Flow Statement

FCF swing supported by better EBIT and almost stable NWC

Free cash flow Q2 2023



Historical quarterly free cash flow seasonality



1. Including impairment and reversals of impairment 2. Excluding lease and short-term rental assets 3. Including release of deferred income -€24m, depreciation on rental assets +€58m; depreciation on leased assets +€87m, net interest from leasing/STR -€14m

Comments

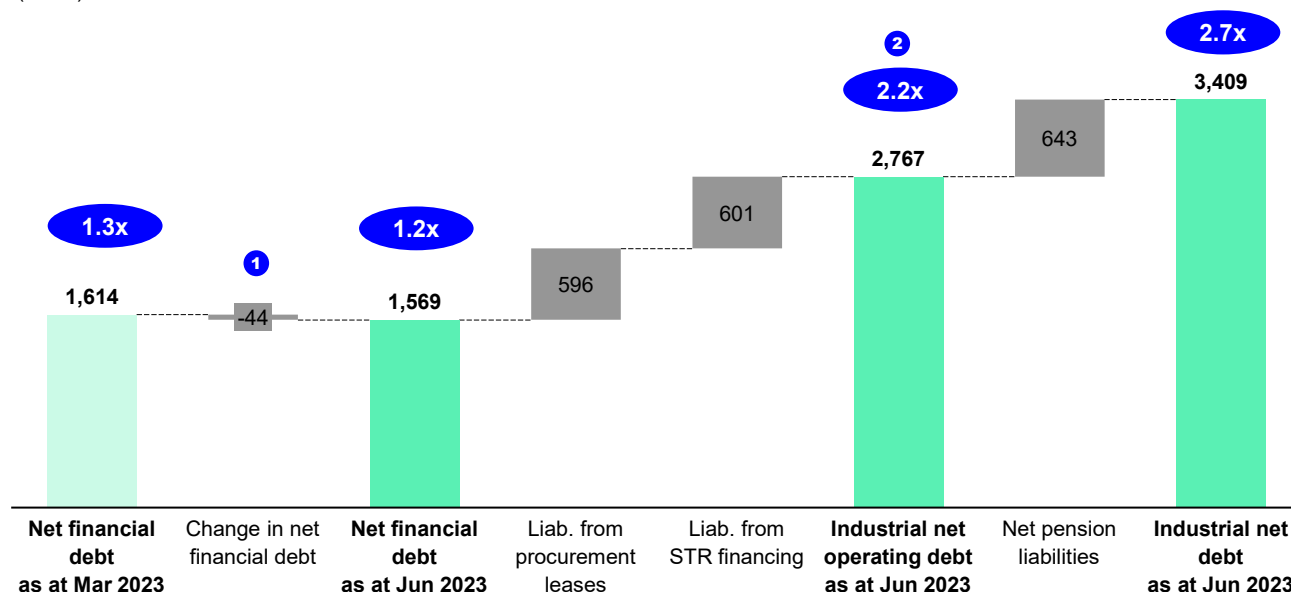
- Low NWC build-up** enabled by further stabilizing supply chains in Q2 vs Q1. **Semi-finished** trucks in ITS remained stable <3k units
- Includes **cash taxes** of -€58m, partly compensated by non-cash P&L effects
- Temporary deterioration** due to increase of Short-Term Rental fleet and timing of refinancing

Net Debt

Leverage ratios improved by one notch sequentially

Indebtedness and leverage¹ ratios as at 30 June 2023

(in €m)



Comments

1 Positive free cash flow in Q2 mainly used for repayment of financial debt, **reducing net financial debt** by €44m

2 **RCF-relevant** leverage ratio continues to improve since Q3 2022

Substantial improvement in leverage ratios from Q3 2023 expected, as weak Q3 2022 will be eliminated from the LTM EBITDA calculation

1. Leverage based on adj. LTM EBITDA of €1,286m (Mar. 2023: €1,217m)

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3. **Outlook 2023 & Key Takeaways**

FY 2023 Outlook

Strong development at ITS leads to raised guidance

	KION Group			Industrial Trucks & Services		Supply Chain Solutions	
(in €m)	Old	Updated		Old	Updated	Unchanged	
Revenue	≥ 11,200	≥ 11,400	➤	≥ 8,000	≥ 8,200	≥ 3,200	≥ 3,200
Adj. EBIT	≥ 615	≥ 680	➤	≥ 665	≥ 730	≥ 65	≥ 65
FCF	≥ 565	≥ 615					
ROCE (%)	≥ 5.5	≥ 6.0					

- ➔ **ITS: Favorable material availability and effects from agility measures to support H2 development**
SCS: Execution of “legacy” projects primarily impacting margins in H1 23

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.

Key Takeaways

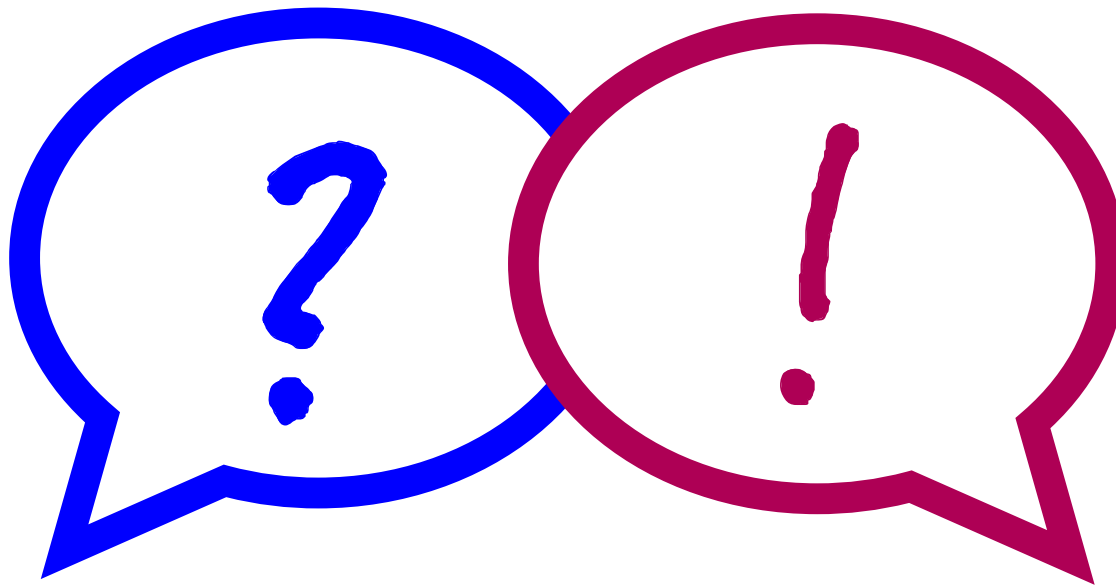


We raise our FY 2023 guidance based on strong ITS performance

ITS segment profitability is driven by favorable material availability and commercial and operational agility measures

In SCS ongoing measures to increase agility, resilience, and profitability are well underway to show effect in the coming quarters

KION commits to Net-Zero and the Science Based Targets initiative (SBTi)



Appendix

FY 2023 Expectation – Housekeeping Items

Non-recurring items¹

Updated from
-€5m to -€15m

... between **-€10m to -€20m**

PPA

... around **-€93m to -€96m**

Net financial expenses

updated from
-€90m to -€120m

... between **-€120m to -€150m**

Tax rate

updated from
26% and 31%

... effective tax to be between **27% and 32%**

Operating Capex²

... between **-€450m to -€500m**

R&D spending³

... 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

Key Financials

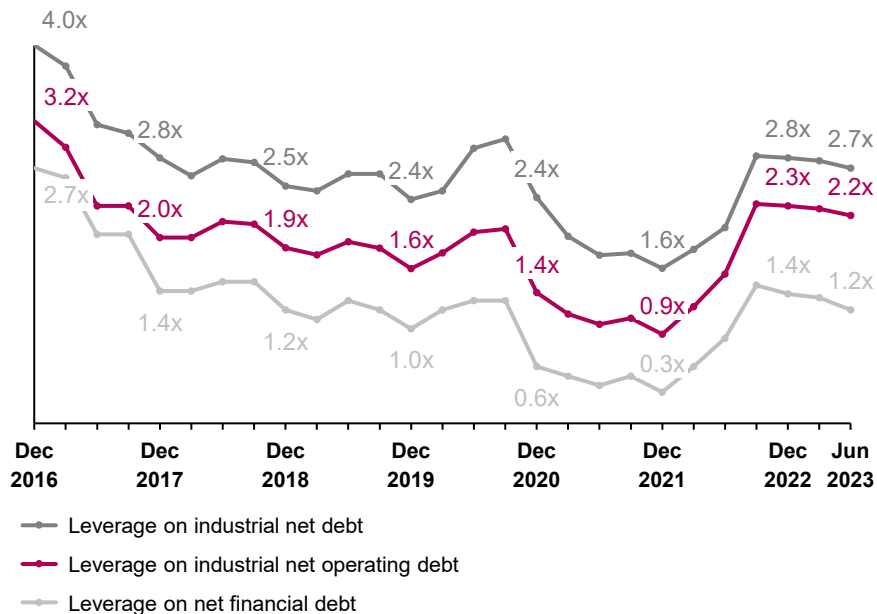
Group figures								Industrial Trucks & Services							Supply Chain Solutions						
(in €m)	Q2 2023	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q2 2023	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q2 2023	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Order intake	2,864	2,444	11,708	2,536	2,517	3,755	2,900	2,001	1,957	8,426	1,694	1,905	2,745	2,082	873	497	3,362	882	614	1,022	843
Revenue	2,836	2,781	11,136	2,893	2,706	2,802	2,735	2,130	2,005	7,356	2,068	1,839	1,731	1,718	714	783	3,807	836	874	1,076	1,020
Adj. EBITDA ¹	436	390	1,219	325	135	368	391	420	383	1,242	337	310	285	310	28	28	32	7	-162	95	93
Adj. EBITDA margin in % ¹	15.4	14.0	10.9	11.2	5.0	13.1	14.3	19.7	19.1	16.9	16.3	16.8	16.5	18.0	3.9	3.5	0.8	0.8	-18.5	8.8	9.1
Adj. EBIT ¹	192	156	292	82	-101	141	170	202	177	420	120	103	84	114	8	7	-46	-13	-182	76	74
Adj. EBIT margin in % ¹	6.8	5.6	2.6	2.8	-3.7	5.0	6.2	9.5	8.8	5.7	5.8	5.6	4.8	6.6	1.1	0.9	-1.2	-1.6	-20.8	7.0	7.3

1. Adjusted for PPA items and non-recurring items

Leverage Development and Maturity Profile

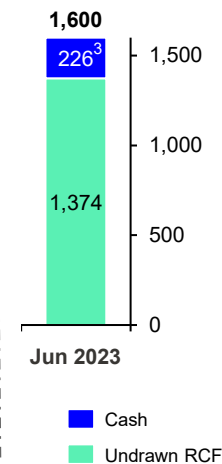
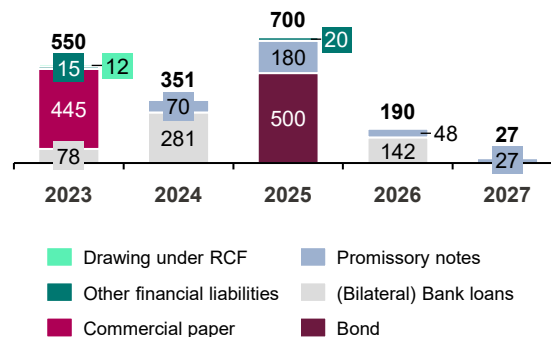
Leverage ratios peaked in Q3 2022

Leverage development^{1,2}



Maturity profile and free liquidity

as at 30 June 2023 (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 €240m

ITS Order Intake

Share of electrified products at 92% in Q2 23

Development of KION ITS segment

Order intake	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Change yoy	Change qoq	FY 2020	FY 2021	FY 2022	Change yoy
Order intake (in '000 units)	86.3	53.5	41.0	59.4	62.3	-28%	+5%	198.3	299.4	268.2	-10%
Thereof IC-trucks	10.7	6.3	3.7	5.5	5.2	-52%	-7%	25.2	38.8	31.9	-18%
Thereof E-trucks	24.7	14.0	10.6	14.4	16.4	-34%	+13%	47.5	76.3	71.4	-6%
Thereof WH-trucks	50.9	33.2	26.7	39.4	40.8	-20%	+3%	125.6	184.3	164.8	-11%
Share of electrified products	88%	88%	91%	91%	92%			87%	87%	88%	

Industrial Truck Market and ITS Order Intake

Market is slowing down but KION Group improves OI sequentially in Q2 2023

Industrial Truck Market ¹							Development of KION ITS segment						
Region (Change in units yoy)	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023 ²	Regional growth (Change in units yoy)	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023
EMEA	-10%	-17%	-27%	-11%	-24%	Substantial decrease yoy	EMEA	-1%	-21%	-60%	-15%	-39%	-36%
AMERICAS	+2%	-16%	-9%	+1%	-28%	Substantial decrease yoy	AMERICAS	+9%	-15%	-48%	+0%	-50%	-37%
APAC	-14%	-11%	-7%	-7%	-2%	Strong increase yoy	APAC	-9%	-1%	-6%	+0%	-3%	+7%
Global	-9%	-14%	-15%	-7%	-15%		Global	-2%	-15%	-49%	-10%	-32%	-28%

KION vs. Market

- In Q1 23, KION Group unit order intake development (-32% yoy) fell behind global ITS market (-15% yoy) after very strong PY
- ITS Market Q2 23 expected to see a sequentially weaker demand across all regions² confirming our view of high single-digit decline in FY2023
- KION Q2 23 order intake decreased with -28% yoy due to high base effect and demand normalization; +5% increase qoq

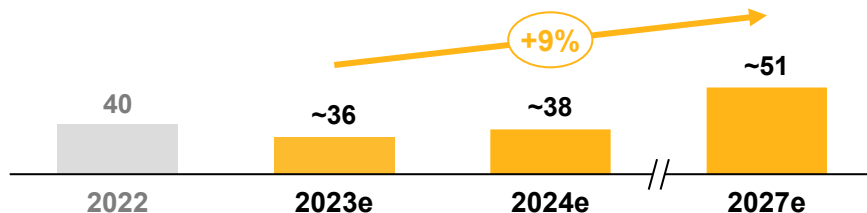
1. Based on WITS unit order intake data as of March 2023. WITS data is published with a 3 months delay 2. Management estimate

Material Handling Market

Long-term attractive markets after being temporary weaker in 2023

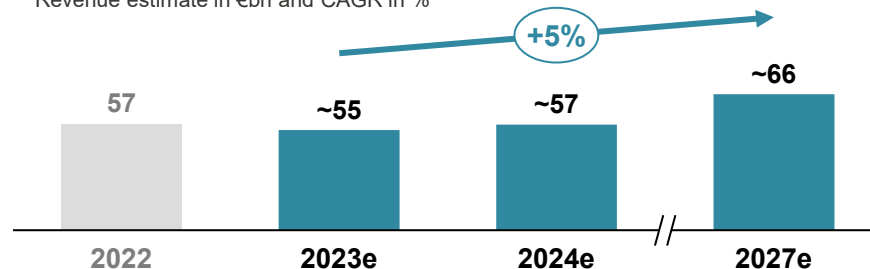
Supply Chain Solutions Market¹

Revenue estimate in €bn and CAGR in %



Industrial Trucks & Services Market¹

Revenue estimate in €bn and CAGR in %



Main drivers

2023

Expected lower market volume is ground on:

- Temporary slowdown in capex investments from E-Commerce retailers after significant acceleration during COVID-19
- Postponed investment decisions due to near-term economic uncertainty paired with negative impact of the higher interest rate environment
- Solid growth of resilient service business

Beyond 2023

Underlying megatrends drive future growth

- Automation
- Sustainability
- Urbanization, demographic change, labor and space shortage
- Continued growth in online sales
- Speed of fulfilment and delivery

1. Based on internal KION market model as of June 2023, including service, supported by Interact Analysis.

Financial Calendar

Date	Event
05 September 2023	KION @ Exane BNP Paribas Roadshow, Milan, Italy
06 September 2023	KION @ Commerzbank & ODDO BHF German Corporate Conference, Frankfurt, Germany
08 September 2023	KION @ Morgan Stanley Industrial CEOs Unplugged Conference, London, UK
15 September 2023	KION @ UBS Quo Vadis Field Trip, virtual
18 September 2023	KION @ Berenberg / Goldman Sachs German Corporate Conference, Munich, Germany
19 September 2023	KION @ Baader Investment Conference, Munich, Germany
26 October 2023	Quarterly statement for the period ended 30 September 2023 (Q3 2023) and analyst call

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