



KION GROUP AG

Q3 2023 Update Call

Rob Smith (CEO), Christian Harm (CFO)
Frankfurt, 26 October 2023



Agenda

1. **Summary Q3 2023 & ESG Update**
2. Financial Update
3. Outlook 2023 & Key Takeaways

Q3 2023 Key Financial Figures

Strong Q3 23 performance driven by ITS segment

Order intake	Order Book	Revenue	Adj. EBIT ¹	Free cash flow	EPS
€2.6bn +4% yoy -8% qoq	€6.6bn -14% yoy -1% qoq	€2.7bn +1% yoy -4% qoq	€224m >100% yoy +16% qoq Margin of 8.2%	€101m +€481m yoy -€23m qoq	€0.61 >100% yoy +12% qoq

-
- ITS: favorable supply chains and benefits from commercial and operational agility measures drove better-than-expected Q3 performance
 - FY 2023 outlook adjusted

1. Adjusted for PPA items and non-recurring items

Leadership successions position KION well to drive profitable growth strategy

Changes effective January 1, 2024



Michael Larsson

appointed to the Executive Board as
President KION Supply Chain Solutions¹
and KION ITS Americas

1. Succeeding Hasan Dandashly who will retire from the Executive Board at the end of this year



Ching Pong Quek

to add role of Chief Technology Officer
(CTO)² to his existing responsibilities as
President KION ITS APAC

2. Succeeding Henry Puhl, who is leaving at the end of the year at his own request to pursue new challenges outside of KION Group

Q3 2023 ESG Update

Consistently executing on our ESG roadmap

- 1 **AAA @MSCI ESG Ratings** – KION now among the **Top 10%** of the industry
- 2 KION Group **closes recycling loop** for Li-ion batteries with Li-Cycle's plant inauguration
- 3 **Focus on circularity**: STILL opens fourth refurbishment center in Europe – giving a new life to around 8,000 trucks every year

Overview

1

Company

KION GROUP AG

Industry: Construction & Farm Machinery & Heavy Trucks

ESG Rating ⓘ

KION GROUP AG

Industry Adjusted Score: 10

Weighted Average Key Issue Score: 6.7

Rating Action Date: September 27, 2023

Last Report Update Date: September 27, 2023

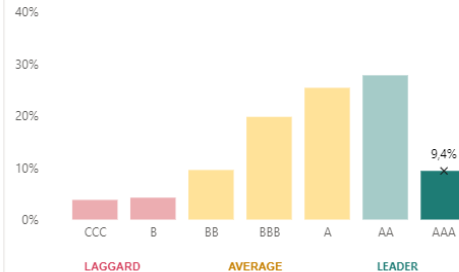


CCC	B	BB	BBB	A	AA	AAA
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KION GROUP AG is LEADER among 114 Construction & Farm Machinery & Heavy Trucks

ESG Rating Distribution ⓘ

Construction & Farm Machinery & Heavy Trucks



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ITS – Key Financials

Back to double digit adj. EBIT margins



(in €m)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023 ¹	Change yoy	Change qoq
Order intake (in '000 units)	53.5	41.0	59.4	62.3	53.0	-1%	-15%
Order intake	1,905	1,694	1,957	2,001	1,757	-8%	-12%
Order book	4,258	3,818	3,757	3,604	3,366	-21%	-7%
Revenue	1,839	2,068	2,005	2,130	2,025	+10%	-5%
Of which service (%)	51%	48%	49%	47%	48%		
Adj. EBIT	103	120	177	202	235	>100%	+16%
Adj. EBIT margin	5.6%	5.8%	8.8%	9.5%	11.6%	+600bp	+210bp

Comments on Q3 results

Order intake stabilized around prior year's level in units but down sequentially due to normal seasonality. In money terms, continued growth in Services partially compensated for the decline in new truck business in a year-on-year comparison

Order book remained at healthy levels, supporting almost 9 months of new business revenue

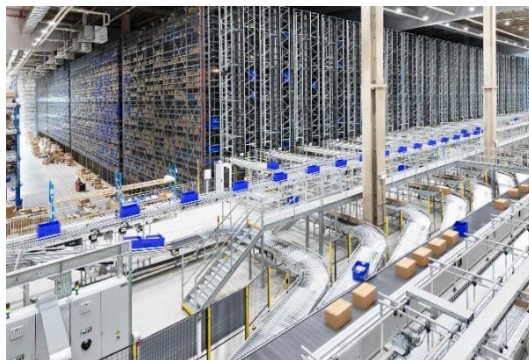
Revenue remained above the €2bn mark thanks to favorable material availability enabling higher production levels as well as the 2022 price increases

Adj. EBIT and **adj. EBIT margin** improved strongly, both sequentially and yoy supported by higher volumes, pricing, and benefits from operational and commercial agility measures – adj. EBIT margin exceeded 11% for the first time since Q4 2019

1. FX translation effects in Q3 2023: order intake: -€39m; revenue: -€47m; adj. EBIT: -€5m

SCS – Key Financials

Order intake remained at the Q2 level supported by a large order



(in €m)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023 ¹	Change yoy	Change qoq
Order intake	614	882	497	873	872	+42%	-0%
Of which E-Commerce (%)²	1%	4%	29%	53%	7%		
Order book	3,477	3,327	3,000	3,154	3,338	-4%	+6%
Revenue	874	836	783	714	719	-18%	+1%
Of which service (%)	30%	31%	32%	37%	37%		
Adj. EBIT	-182	-13	7	8	16	>100%	>100%
Adj. EBIT margin	-20.8%	-1.6%	0.9%	1.1%	2.2%	+2,300bp	+110bp

Comments on Q3 results

Order intake remained at the prior quarter level due to a single large order from APAC. Overall, trend towards larger new projects with execution period over up to three years. Order intake expected to remain lumpy, still impacted by customers' hesitancy to sign new contracts due to macro uncertainty and higher financing costs

Order book duration increased due to larger, longer-term projects in the order intake. Approx. 80% of order book now has price adjustment clauses

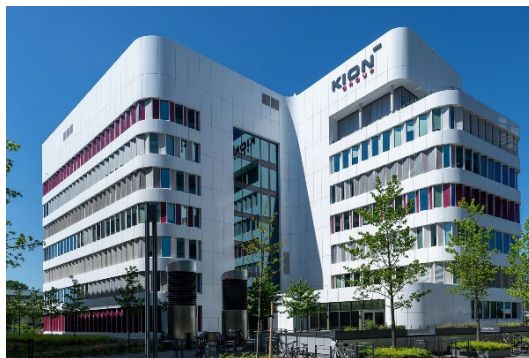
Revenue down yoy as stable service business did not compensate for the steep decline in the project business (-26% yoy). Lower orders from pureplay e-commerce customers in past quarters and adverse currency effects also had a negative impact on revenue

Adj. EBIT and **adj. EBIT margin** improved for the third consecutive quarter this year, in line with expectations for a stronger H2 2023

1. FX translation effects in Q3 2023: order intake: -€65m; revenue: -€47m; adj. EBIT: -€4m 2. Calculation based on total order intake less service business

KION Group – Key Financials

KION Group improves profitability for the fourth consecutive quarter



(in €m)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023 ¹	Change yoy	Change qoq
Order intake	2,517	2,536	2,444	2,864	2,621	+4%	-8%
Order book	7,697	7,078	6,687	6,682	6,634	-14%	-1%
Revenue	2,706	2,893	2,781	2,836	2,730	+1%	-4%
Of which service (%)	44%	43%	44%	44%	45%		
Adj. EBIT	-101	82	156	192	224	>100%	+16%
Corp. services ./consolidation	-22	-25	-28	-18	-27	-24%	-52%
Adj. EBIT margin	-3.7%	2.8%	5.6%	6.8%	8.2%	+1,190	+140bp

Comments on Q3 results

Order intake reflects normalization of demand levels in both segments

Order book stabilized sequentially, 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 for the fourth consecutive quarter

1. FX translation effects in Q3 2023: order intake: -€105m; revenue: -€94m; adj. EBIT: -€9m

Adjusted EBITDA to Net Income

Higher net financial expenses and taxes partly offset improved adj. EBIT

(in €m)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Change yoy	Change qoq
Adj. EBITDA	135	325	390	436	463	>100%	+6%
D&A	-236	-243	-234	-244	-239	-2%	+2%
Adj. EBIT	-101	82	156	192	224	>100%	+16%
Non-recurring items	-6	7	-1	-5	-4	+30%	+19%
PPA items	-24	-24	-25	-22	-22	-7%	-0%
Reported EBIT	-131	65	129	165	197	>100%	+20%
Net financial expenses	-2	-18	-36	-41	① -55	<-100%	-36%
EBT	-133	47	94	124	142	>100%	+14%
Taxes	40	-8	-20	-51	② -60	<-100%	-17%
Net income / loss	-93	39	74	73	82	>100%	+13%
Net income / loss to shareholders	-95	35	72	71	80	>100%	+12%
Reported EPS¹	-€0.73	€0.27	€0.55	€0.54	€0.61	>100%	+12%

Comments

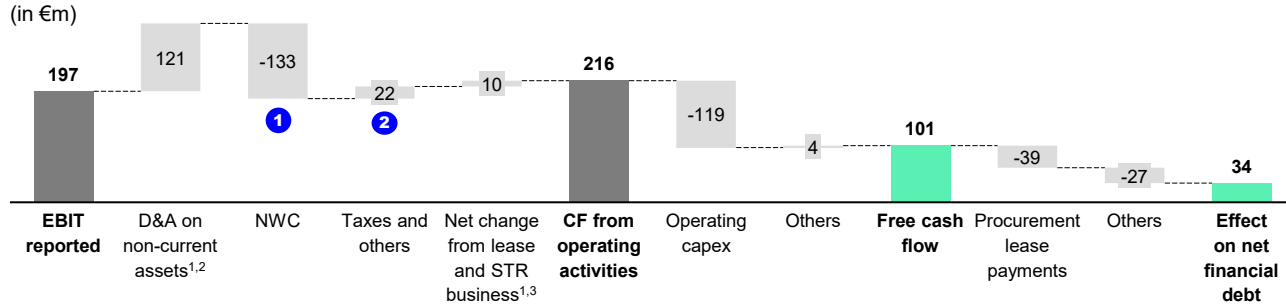
- Net financial expenses** substantially higher due to higher interest rates, lower net interest result from leasing and change in derivatives
- Tax rate (42%)** remained at a comparable level as in Q2 23, again being impacted by temporary effects in the quarter

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

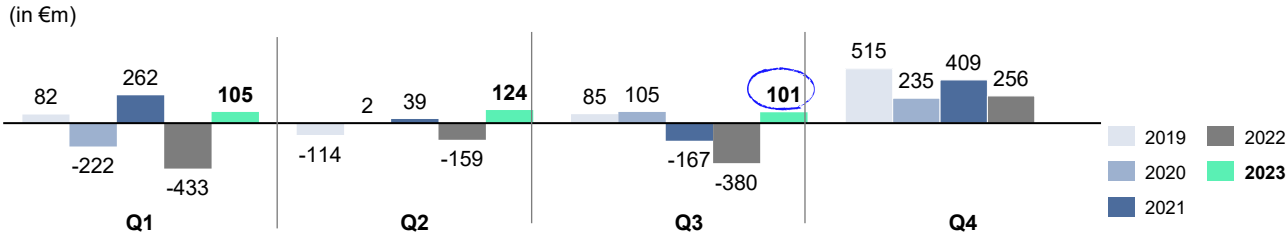
Cash Flow Statement

Third consecutive triple-digit positive FCF in the quarter

Free cash flow Q3 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 -€21m, depreciation on rental assets +€54m; depreciation on leased assets +€87m, net interest from leasing/STR -€18m

Comments

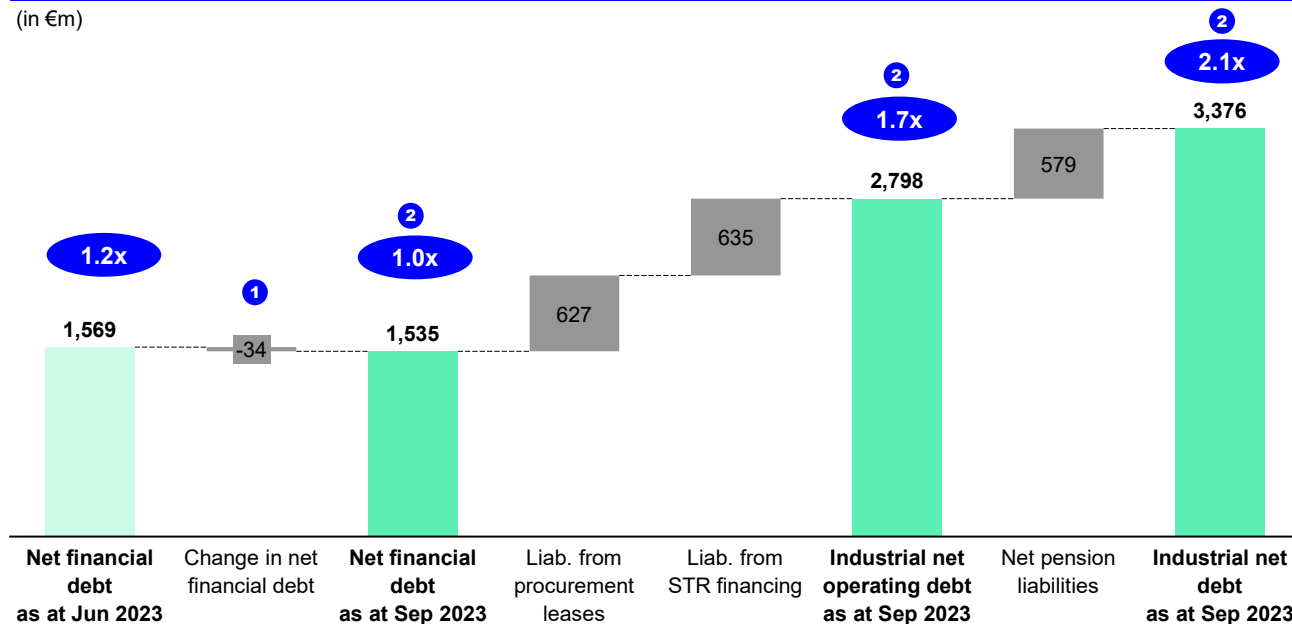
- NWC build-up** due to higher inventories (work in progress) and lower trade payables, partly compensated by a favorable development in contract assets/liabilities
- Includes **cash taxes** of -€31m, which were more than compensated by non-cash P&L effects

Net Debt

Higher LTM adj. EBITDA leads to substantially improved leverage ratios

Indebtedness and leverage¹ ratios as at 30 September 2023

(in €m)



Comments

- 1 Positive free cash flow in Q3 partially used for repayment of financial debt, **reducing net financial debt** by €34m
- 2 **Leverage ratios** improved sequentially in Q3 23 as weak Q3 22 adj. EBITDA (€135m) no longer included in LTM calculation

Leverage ratios on INOD and IND **improved by 0.5x and 0.6x** qoq respectively

1. Leverage based on LTM adj. EBITDA of €1,614m (Jun. 2023: €1,286m)

Agenda

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3. **Outlook 2023 & Key Takeaways**

FY 2023 Outlook

Guidance adjusted

	KION Group			Industrial Trucks & Services			Supply Chain Solutions	
(in €m)	Old	Updated		Old	Updated		Old	Updated
Revenue	≥ 11,400	≥ 11,200	>	≥ 8,200	≥ 8,200		≥ 3,200	≥ 3,000
Adj. EBIT	≥ 680	≥ 780	>	≥ 730	≥ 830		≥ 65	≥ 55
FCF	≥ 615	≥ 660						
ROCE (%)	≥ 6.0	≥ 7.0						

- ITS: Favorable material availability and effects from agility measures to support Q4 development
- SCS: FY23 outlook lowered due to high share of projects with medium-term execution horizon in this year's order intake, which do not benefit revenue and adj. EBIT this year

All predictions for the business performance of the Group and the operating segments in the remainder of the year continue to be subject to uncertainty in view of the development of the macroeconomic environment and lingering uncertainty in the sales and supply markets.

Key Takeaways



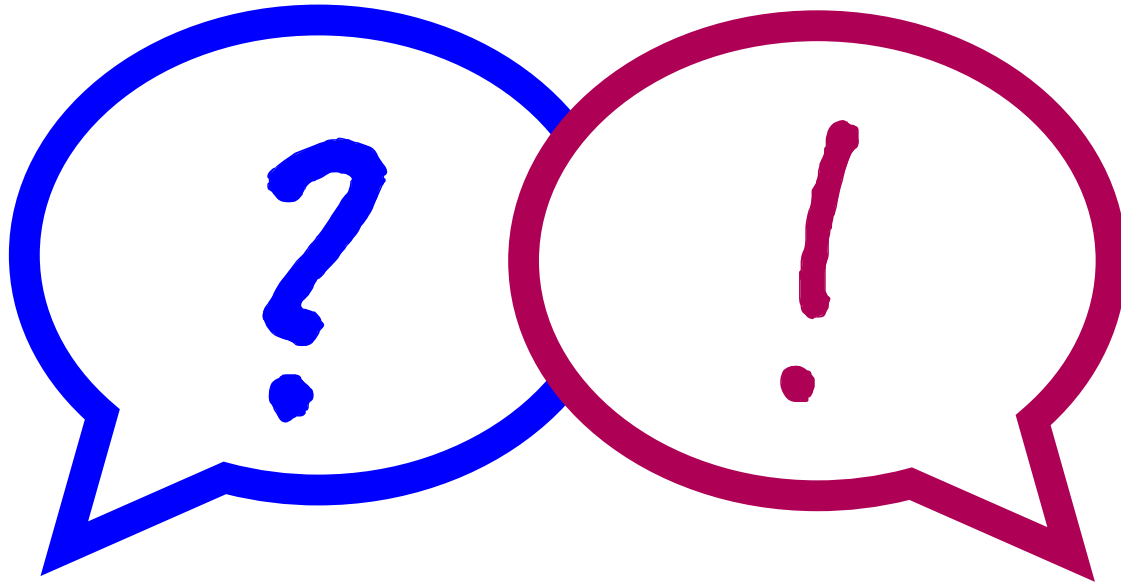
Outlook for FY 2023 for KION Group adjusted

Leadership succession effective 2024
Well-positioned to drive profitable growth strategy going forward

KION Group improves profitability for the fourth consecutive quarter in both operating segments ITS and SCS as well as in the Group

Benefits from implemented operational and commercial agility measures drive ITS' return to double digit adj. EBIT margins

Consistently executing on our ESG roadmap – KION now among the Top 10 % at MSCI ESG ratings



Appendix

FY 2023 Expectation – Housekeeping Items

Non-recurring items¹

... between **-€10m to -€20m**

PPA

... around **-€93m to -€96m**

Net financial expenses

... between **-€170m to -€190m**

updated from
-€120m to -€150m

Tax rate

... effective tax to be between **28% and 33%**

updated from
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

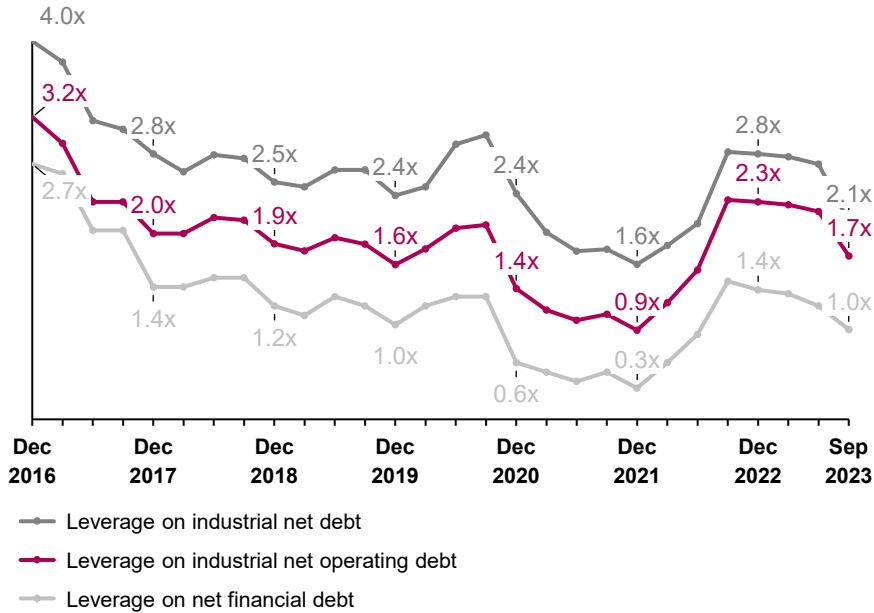
Group figures								Industrial Trucks & Services							Supply Chain Solutions						
(in €m)	Q3 2023	Q2 2023	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q3 2023	Q2 2023	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q3 2023	Q2 2023	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022
Order intake	2,621	2,864	2,444	11,708	2,536	2,517	3,755	1,757	2,001	1,957	8,426	1,694	1,905	2,745	872	873	497	3,362	882	614	1,022
Revenue	2,730	2,836	2,781	11,136	2,893	2,706	2,802	2,025	2,130	2,005	7,356	2,068	1,839	1,731	719	714	783	3,807	836	874	1,076
Adj. EBITDA ¹	463	436	390	1,219	325	135	368	448	420	383	1,242	337	310	285	36	28	28	32	7	-162	95
Adj. EBITDA margin in % ¹	17.0	15.4	14.0	10.9	11.2	5.0	13.1	22.1	19.7	19.1	16.9	16.3	16.8	16.5	5.0	3.9	3.5	0.8	0.8	-18.5	8.8
Adj. EBIT¹	224	192	156	292	82	-101	141	235	202	177	420	120	103	84	16	8	7	-46	-13	-182	76
Adj. EBIT margin in % ¹	8.2	6.8	5.6	2.6	2.8	-3.7	5.0	11.6	9.5	8.8	5.7	5.8	5.6	4.8	2.2	1.1	0.9	-1.2	-1.6	-20.8	7.0

1. Adjusted for PPA items and non-recurring items

Leverage Development and Maturity Profile

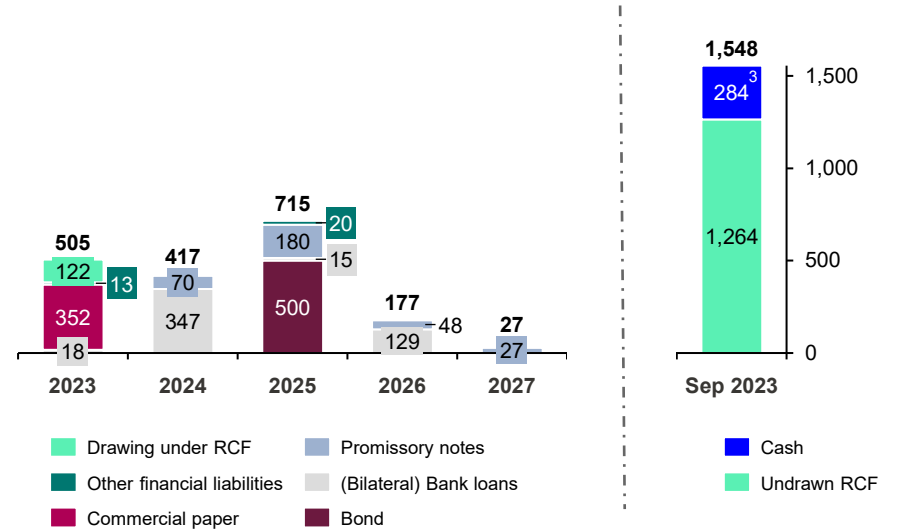
Leverage ratios improved substantially in Q3 2023

Leverage development^{1,2}



Maturity profile and free liquidity⁴

as at 30 September 2023 (in €m)



1. Leverage ratios before Dec 2017 were not restated for IFRS 15 and IFRS 16 Promissory Notes with maturities up to 7 years issued in October 2023
 2. Leverage based on adj. LTM EBITDA
 3. Total cash and cash equivalents amount to €299m
 4. €375m ESG-linked

ITS Order Intake

Share of electrified products at 90% in Q3 23

Development of KION ITS segment

Order intake	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Change yoy	Change qoq	FY 2020	FY 2021	FY 2022	Change yoy
Order intake (in '000 units)	53.5	41.0	59.4	62.3	53.0	-1%	-15%	198.3	299.4	268.2	-10%
Thereof IC-trucks	6.3	3.7	5.5	5.2	5.2	-18%	+1%	25.2	38.8	31.9	-18%
Thereof E-trucks	14.0	10.6	14.4	16.4	13.2	-5%	-19%	47.5	76.3	71.4	-6%
Thereof WH-trucks	33.2	26.7	39.4	40.8	34.5	+4%	-15%	125.6	184.3	164.8	-11%
Share of electrified products	88%	91%	91%	92%	90%			87%	87%	88%	

Industrial Truck Market and ITS Order Intake

KION global market share improved sequentially again in Q2 23

Industrial Truck Market ¹							Development of KION ITS segment						
Region (Change in units yoy)	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023 ²	Regional growth (Change in units yoy)	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023
EMEA	-17%	-27%	-11%	-24%	-18%	Slight decrease yoy	EMEA	-21%	-60%	-15%	-39%	-36%	-3%
AMERICAS	-16%	-9%	+1%	-28%	-19%	Substantial decrease yoy	AMERICAS	-15%	-48%	+0%	-50%	-37%	+0%
APAC	-11%	-7%	-7%	-2%	+3%	Substantial increase yoy	APAC	-1%	-6%	+0%	-3%	+7%	+2%
Global	-14%	-15%	-7%	-15%	-9%		Global	-15%	-49%	-10%	-32%	-28%	-1%

KION vs. Market

- KION global market share improved sequentially again in Q2 23
- ITS market Q3 23 expected to see a seasonally weaker demand across all regions²
- KION Q3 23 order intake decreased only -1% yoy; seasonal decline of -15% qoq due to weaker summer months

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

Date	Event
08 November 2023	KION @ ODDO BHF Roadshow, Dublin, Ireland
14 November 2023	KION @ BNPP Exane Roadshow, Milan, Italy
21 November 2023	KION @ DZ Bank Equity Conference, Frankfurt, Germany
28 November 2023	KION @ Deutsche Börse Eigenkapitalforum, Frankfurt, Germany
28 – 29 November 2023	KION @ UBS Industrial Summit, Manalapan, USA
30 November 2023	KION @ Société Générale The Premium Review Conference, Paris, France
5 December 2023	KION @ Goldman Sachs 15 th Annual Industrials Conference, London, UK
6 December 2023	KION @ Berenberg European Conference 2023, Pennyhill Park, UK
8 – 9 January 2024	KION @ Commerzbank / ODDO BHF German Investment Seminar, NYC, USA
12 January 2024	KION @ ODDO Lyon Forum, Lyon, France
15 – 17 January 2024	KION @ KeplerCheuvreux German Corporate Conference, Frankfurt, Germany
29 February 2024	Publication of 2023 annual report with press conference and analyst call
25 April 2024	Quarterly statement for the period ended 31 March 2024 (Q1 2024) and analyst call

Subject to change without notice

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