

Gordon Riske,

Chief Executive Officer of KION GROUP AG

**Annual General Meeting of
KION GROUP AG**

Frankfurt, May 9, 2019

Check against delivery.

Welcome address: Keeping the world moving

Ladies and gentlemen,
shareholders, friends and partners of the KION Group,

On behalf of our now 33,000-strong workforce and my colleagues on the Executive Board:
Welcome to this year's Annual General Meeting!

Almost six years ago, when we went public, many of you, perhaps, invested in the shares of a forklift truck manufacturer that showed a lot of promise. Today, you are part owners of a completely different organization; A company that is helping to shape the global economy of the 21st Century – an economy based on the division of labor and the exchange of goods and data. A company that provides the backbone, so to speak, and the key components of a central nervous system for eCommerce, Industry 4.0 and the Internet of Things.

The mega-trends of digitalization and automation have led to the emergence of completely new segments of the economy. And you just saw it in the film: Our lives and habits have also changed dramatically. And will continue to change.

Movement and rapid change are two of the defining features of today's world. The movement of goods is exactly what KION's products are made for. And when it comes to change, we don't simply follow the lead of others, but actively shape the process and drive it forward with our innovations.

KION has undergone an enormous transformation: from a European forklift truck manufacturer to a leading global supplier of intralogistics solutions. Whether it's forklift trucks and warehouse equipment, mobile robotics and highly automated systems, or software and cloud solutions for managing the flow of materials, we are **the** partner that customers worldwide can count on. The partner that helps its customers to improve their processes, to become more competitive and even to develop and implement whole new business models.

You'll notice that my presentation, today, will be focused on one topic above all others: innovative products and solutions. I'll be presenting you with examples of these that will help us to expand our customers' businesses and thus strengthen our leading position in the market. Innovations, after all, are securing our future – and for you, our shareholders, they are a prerequisite for a successful long-term investment.

2018: A year of key strategic decisions

But let us first look back on the past year and some of its highlights: In 2018, we continued to see strong growth in our core markets and we took advantage of this!

We also laid important foundations for the future on the personnel front. On that note, I would like to mention my two new colleagues on the Executive Board:

- Anke Groth, who became our CFO in June 2018;

- and our Chief Digital Officer, Susanna Schneeberger, who has been driving forward this important future-focused field since October 1, 2018. By creating a specific Executive Board role for digitalization, we are leading the way in our industry.

We have also strengthened Dematic's global management team and made it fit for the future by bringing on board Hasan Dandashly as president and Gabriel Diab as CFO.

As we are increasingly hearing from customers and external job applicants, our shared KION Group values – integrity, collaboration, courage, and excellence – are another important USP for the company. We developed them in cooperation with employees from every global location and rolled them out worldwide in 2018. They define how we work together within the company and what we can expect from our colleagues. But most importantly, they form the basis for long-term relationships with our partners and customers.

In 2018, for the benefit of our customers, we significantly expanded our technological expertise and our product and service portfolio. Because we want to remain **the** company in our industry that best understands what the customer needs and can offer the right solution for each and every one of them.

With a clear focus on the individual action fields set out in our KION 2027 Strategy, we have laid a stable foundation for generating further profitable growth – the ultimate objective of our strategy.

KION 2027 – Phase One successfully completed!

A year ago, I presented KION 2027 to you as our roadmap for the future and I am happy to report that we have successfully completed Phase One.

Five action fields mark our priorities for the coming years. We will be looking to consolidate and expand our position as the market leader in:

- energy;
- digitalization;
- automation;
- performance;
- innovation.

We made good progress in every field in 2018. We delivered what we promised. Let me illustrate with a few highlights.

Let's start with **innovation**. Innovation is crucial for the future viability of any business. A few years ago, we brought together research and development as well as overarching technical and production functions in our CTO organization under the leadership of Mr. Eike Böhm. It has since become a genuine powerhouse of innovation. Last year alone, we launched 50 new products and solutions.

Here are three examples:

1. STILL brought the new RX 20 family of trucks to the market. The RX 20 is setting new standards in the industry thanks to its excellent maneuverability, long range, top handling performance and multiple innovations.
2. Linde's wide range of safety solutions is also second to none. One recent introduction was Zone Intelligence, which uses ultra-wideband technology to make warehouse operations even safer. Linde Safety Guard and Linde Safety Pilot are further unique solutions for safer warehouse management.
3. The QBIK research partnership, meanwhile, is working on a system that will combine automation technology with human capabilities. We are cooperating on this project with the Karlsruhe Institute of Technology (KIT), the Institute of Material Handling and Logistics (IFL), and the Institute of Intelligent Process Automation and Robotics (IPR).

And just two weeks ago, the LTX 50 automated electric tractor from STILL, in conjunction with the LiftRunner frames for automatic loading and unloading, was named 'International Forklift of the Year' in the Automated Guided Vehicles and Intralogistics Robots category. The IFOY Award is regarded as the most important international innovation prize in intralogistics. STILL's tugger train is the first to combine automated driving with automated load handling; an ideal solution for bringing materials to and from production lines. Congratulations to the entire STILL team!

Let's now move on to **energy**. Our customers rightly expect KION, as a technology leader, to make our products extremely energy efficient.

Here again are three examples:

1. Our portfolio of lithium-ion-powered trucks meant that we were already one of the market leaders. And now we have closed the final gaps in the product range. We've also introduced a new flexible hire concept for lithium-ion batteries.
2. Our positioning in the fuel cell segment has been expanded as well. We now offer the broadest range of fuel cell-powered forklift trucks. The basis for this was our joint development work with BMW and the Technical University of Munich. Our anchor shareholder, Weichai, is investing heavily in this technology and it will benefit us in the long term. In December, STILL landed a much-heralded order for 137 hydrogen-powered warehouse trucks from French retailing giant Carrefour.
3. And finally I'd like to mention our cooperation with EP Equipment in China, which began at the start of 2018 and will enable us to build on our strong position as a leading supplier of electric-powered material handling equipment in Asia.

The future-focused field of **automation** has top priority for the industry and for KION as well.

Thanks to our broad portfolio of automated systems, we are the undisputed global market leader. No other manufacturer has more automated guided vehicle systems in operation at customers than we do. It offers us enormous potential. The market for automated guided vehicle systems is booming and KION is in the pole position. We have the right solution to our customers' increasing demands when it comes to speed and precision in logistics.

Wherever applications require continuous throughput or recurring processes can be automated, our automated vehicles are of great benefit. Guided by a laser scanner, they move independently, transport goods as well as store and retrieve. And many other new products are already in development.

We have also just launched a groundbreaking innovation on the market. We call it 'PackMyRide'. In cooperation with the German parcel service DPD, we have developed the first fully automated solution for the 'last mile', for loading packages into the delivery van. PackMyRide brings the goods directly to the delivery vehicle and loads them. We have thus eliminated the need for a manual step in the supply chain to the customer that had previously been extremely time-consuming and strenuous and thus often unpopular for delivery operatives.

PackMyRide is a perfect example of a KION innovation that adds value and is geared toward the customer. It also demonstrates our efforts to do even more to connect our customers' intralogistics and logistics systems and thus provide them with a decisive competitive advantage.

It also applies to a completely new system for processing mail order returns, which we presented a month ago at the ProMAT trade show in North America. It usually takes up to two weeks for a return to be available for sale again. With our new Dematic system, it can be done in just 24 hours. A massive competitive advantage for our customers!

Let's now move on to the **performance** action field. It isn't just about ongoing improvements to our internal processes. We also focus on our performance from a customer perspective – in other words, our ability, in ever-growing markets, to manufacture goods quickly once the customer has placed an order. As well as continuously investing in process improvements at our existing plants, we are also expanding our capacity to cater to the anticipated market growth.

In 2018, we added a second hall to our factory in Stříbro in the Czech Republic. The result is that we can now better serve the growing demand in Europe for automated warehouse solutions from Dematic. It's the ideal complement to our Dematic facility in Mexico.

Additional capacity is also required so that we can fully exploit the potential in the global market for industrial trucks, which is why we are currently planning to build a new truck plant in Poland. We're also adding to our capacity in China with an additional plant specializing in warehouse trucks. And we are making preparations to build a new plant in India, a market with huge long-term potential for KION. It is scheduled to go into operation at the end of this year. We are thus expanding our production capacity for industrial trucks by a total of 20 percent and laying the groundwork for future growth.

I will go into the last of our five action fields, **digitalization**, in a little more detail.

Digitalization@KION Group

Digitalization is changing all of our lives in fundamental ways and on a daily basis, especially when it comes to the world of work. Intralogistics will also continue to undergo massive changes: faster, more efficient, more flexible and with less need for operational staff – this is what our customers want. Digitalization is therefore **the** key technology, which is why we have made it an integral part of our KION 2027 Strategy.

By creating a specific Executive Board role for digitalization, we are leading the way in our industry. But that's not all. This new function brings together all resources and areas of expertise that are working on future-focused digital projects. It has already yielded a number of new products and solutions, four of which I would like to now present to you in more detail.

The digital function includes the Digital Campus, which was created in 2018, and KION IT, which we see not as a driver, but as a supporter of digitalization. We are, after all, making a conscious effort to drive digitalization from a customer perspective.

Let's take a look at our **Digital Campus** first. Since the beginning of last year, strategists, user experience designers and developers in the campus have been working on new digital projects and bringing them to completion within extremely short time frames using agile methods. The first solutions developed at the campus include

- a chatbot app for Linde service technicians;
- an application from STILL for data-driven fleet optimization.

As well as helping us to develop new forward-looking business models and new customer solutions that can be implemented directly, the KION Digital Campus allows us to accelerate the digital transformation of the entire Group. I am very proud of our creative innovation laboratory and the first projects developed there by our operational staff. And there's still a lot more to come. Among other things, the team is currently working on a concept for the KION Digital Academy, a forum that will provide digital training to our employees.

And now to some exciting digital innovations.

Let me start with a fantastic development that never ceases to amaze me: **Dematic IQ Virtual**. It was created in one of our global development centers – in Waterloo, Ontario, Canada's Silicon Valley.

Dematic iQ Virtual is a software platform that is used to emulate future warehouse management systems. It allows the customer to emulate planned or future expansion stages of warehouses without actually having to physically implement them. It means that mistakes can be eliminated in the design phase and costs can be saved. Not to mention the efficiency gains in terms of time. Like PackMyRide, which I described earlier, this is a real paradigm shift. Dematic iQ is revolutionizing the planning for new warehouses.

Another absolute highlight of 2018 was our new **Robotics Center of Excellence** in the US. It will play a central role in our innovation offensive in the coming years. The robotic piece-picking module is one its first developments. Designed to accelerate storage and retrieval tasks, this software-controlled robot arm is equipped with sensors and visual processing capabilities and has the ability to grip objects of different shapes and sizes. It's a shining example of how automation and digitalization are becoming increasingly intertwined. We'll also be hearing a lot more from this new innovation laboratory, I'm sure.

And let's not forget our new **Dematic iQ Insights platform**. This cloud-based asset performance management platform integrates facility-wide data related to operations, maintenance and equipment. iQ Insights uses the principles of the Internet of Things and Industry 4.0 to keep warehouses running at peak performance, maximize uptime and provide actionable information through real-time alerts, analysis and visualization.

And finally, yet another completely new development for our digital future, the **KION Cloud**. As a virtual service center, it provides our customers with almost unlimited capacity and maximum flexibility for recording and analyzing their data. What that means in practice is that the assets in use send data to the cloud, where it is sorted and 'smoothed', filtered and categorized. Step-by-step, a data resource is created which can be used for a variety of forward-looking, custom solutions that are based on the customer's specific data. The KION Cloud provides the link between many of our activities and will play a key role in the future of our industry.

Our digitalization specialists are working on a number of new applications in addition to the ones I've just mentioned. I hope that this small selection has shown you just how strong we are when it comes to innovation.

2018: KION delivers again

And so at the end of February, it should be of no surprise that the implementation of our strategy led to positive financial results for 2018.

Let's look at the highlights: The most important metrics in our outlook are order intake, revenue, adjusted EBIT, net income and free cash flow. For each of the main KPIs, we set a range for our expectations and that applies both to the Group as well as the two operating segments. We met the targets in our outlook for all KPIs last year and in some cases, such as order intake and free cash flow at the Group level, we even exceeded them. The results for 2018 once again underscore that the KION Group delivers what it promises.

At this Annual General Meeting, we are thus proposing a significantly higher dividend of EUR 1.20, compared with 99 cents last year. It represents an increase of 21 percent. We want to use the dividend increase to allow you to share in the success of the company. I am therefore asking you to support this proposal.

2019 first quarter: successful start to the year

Following the successful end to 2018, we have just reported a very good first quarter in 2019. A leading company in its industry, the KION Group has made a strong start and maintained its path of profitable growth despite challenging market conditions. Each of our main KPIs made significant gains.

In particular, further strong growth in order intake underscores our excellent positioning. Bolstered by these results and the clear focus on our strategic action fields, we believe we are well prepared for 2019, a year for which we have again made big plans.

Outlook for 2019: We have set ourselves ambitious goals!

Digitalization, automation and energy remain the focus of our research and development efforts. We would also like to see our segments work together even more closely than before. There is huge customer interest in integrated solutions for their intralogistics and Dematic can play a key role here.

China, and the Asia-Pacific region as a whole, continue to offer a lot of growth potential. China alone accounts for around 20 percent of global economic output. Through our anchor shareholder, Weichai, and our large Asia-Pacific team led by Mr. Ching Pong Quek, we are in an excellent position to tap into this potential.

I have already mentioned the optimization and expansion of capacity at our existing plants and, particularly, the construction of new plants in Poland, India and China. By pursuing these goals and initiatives, and through focused capital expenditure, we want to – and will continue to be – **the** driver of our industry. Our vision is clear: We at KION are shaping the future of intralogistics.

Let me summarize these goals and priorities in figures and comment on our outlook for the year. Based on the forecasts for market growth, the KION Group remains consistent with its expectation of further increases in revenue and adjusted EBIT, building on its successful performance in 2018.

The fundamental growth drivers of our industry are intact. Of course, the respective opportunities in the regions hinge on regional economic developments. At the global level, however, growth rates in the market for industrial trucks and services are expected to reach around 4 percent, which is the long-term average. When it comes to supply chain solutions, the effects of the core growth drivers are likely to have an even stronger impact, so we expect high single-digit percentage growth in the medium term here.

But why are we confident that we will continue to grow?

A very important aspect is the persistent trend of consumers choosing to buy online, or eCommerce. As the number of orders grows, so, too, must the warehouse capacities. And these

need to be managed quickly and effectively. This is where we come in.

Our intelligent trucks, our data management and our automated storage systems keep supply chains running smoothly. A prime example is an eCommerce fashion company that ships extensively to customers and also handles lots of returns. This type of mail-order business is not really viable these days without a cutting-edge system to manage the goods coming in and out of the warehouse.

The supply chains of the global economy are additional drivers of our business. They are increasingly fragmented, which means that the many individual links are often broadly dispersed; in many cases, around the world. It also creates demand for our products and solutions.

Then there are mega-trends such as digitalization and automation that are accelerating the pace of business and changing it forever. Companies are under constant pressure to optimize their logistics. We help them to maintain a decisive competitive edge.

Ambitious medium-term targets

Based on these strong global trends, we are confident that we will be writing further chapters in our story of success over the coming years. We have therefore set ourselves ambitious medium-term targets under our KION 2027 Strategy. We are aiming for an annual revenue of EUR 10 billion in 2022, which means we'll need to leverage our leading market position to generate significant growth. And that translates to profitable growth. We are also explicitly reaffirming our medium-term target of achieving double-digit EBIT margins of between 10 and 12 percent.

We firmly believe that being one of the most profitable companies in our industry will be essential if we are to have sufficient funds available in the long term to remain a technology leader – not to mention to continue paying an attractive dividend to all of you, our shareholders.

We keep the world moving.

This success in achieving our ambitious targets is only possible with a skilled and motivated team. So on behalf of the entire Executive Board – and on behalf of everyone here as well, I'm sure – I would like to thank all of our employees around the world. Their daily dedication, their loyalty to the company, their creativity and their passion for our customers make KION the success story that it has been for many years.

My dear Mr. Feldmann, you, too, have played a huge role in this story of success. After roughly eight years of hard work as chairman of our Supervisory Board, you are stepping down today. Provided the necessary resolutions are approved at today's Annual General Meeting and by the Supervisory Board, you will hand the baton over to Michael Macht, who has been undergoing an intensive induction process since the fall of 2018 and will ensure long-term continuity at the helm of the Supervisory Board. Ladies and gentlemen, we therefore recommend that you, our

shareholders, elect Mr. Macht to the Supervisory Board, as well as Mr. Tan, who is proposed for election as a representative from our anchor shareholder, Weichai.

In German, we say that you should stop when it can't get any better, and I hope my dear Mr. Feldmann that that's not the case where you're concerned. After all, who knows what the future has in store for you now?

The company whose supervisory board chairmanship you are handing over today has all the ingredients it needs for its future success:

- During your tenure, you played a key role in the KION Group's transformation from a European manufacturer of industrial trucks into one of the world's leading providers of intralogistics and automation solutions.
- In 2012, we brought on board a stable long-term anchor shareholder, namely, Weichai Power.
- The company has been listed on the MDAX since 2013.
- You put the Executive Board on a diverse, international foundation, with a broad range of experience and expertise, making it truly future-proof.
- You also improved the composition of the Supervisory Board with a view to the strategic challenges of digitalization.
- You demonstrated a sense of duty toward all of the company's stakeholders and played a key role in implementing the German Corporate Governance Code within the Group.

With your vast international experience and strategic foresight, you have been a highly appreciated advisor to me and the entire Executive Board. We have enjoyed a close and trusting relationship with you as chairman of the Supervisory Board.

The Executive Board, the entire workforce – and I think the shareholders in attendance as well – thank you very, very much for everything you have done for this organization! You have every reason to believe that you will be able to proudly watch KION continue to thrive in the years ahead.

Thank you so much!