

## KION Group Update Call FY 2011

Gordon Riske, CEO

Harald Pinger, CFO

Wiesbaden, March 19, 2012



# Agenda



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# KION key facts

## Diversified market leader



- #1
KION is European #1 and Global #2
- 6
A well positioned global player with six unique brands
- 1  
Million
Installed truck base worldwide support after sales business
- 21,900
Employees<sup>1</sup>, approx. 1,200 sales locations worldwide
- 30%
Order intake of new trucks from BRIC and other growth regions



### Key financials

In € millions	2008	2009	2010	2011
Revenue	4,554	3,084	3,534	4,368
EBITDA adj. <sup>2</sup> Margin	709 15.6%	311 10.1%	462 13.1%	665 15.2%
EBIT adj. <sup>2</sup> Margin	358 7.9%	(29) (0.9)%	139 3.9%	365 8.3%

<sup>1</sup> Approx. as of 31 Dec 2011  
<sup>2</sup> Adjusted for one-off items and PPA

## KION key facts

### Highlights 2011



- **Strong financial performance driven by market surge and cost control**
  - KION benefits from strong position in Europe and growth regions
  - Global market back on record level drives business volume up significantly, regional market structure differs significantly from previous peak in 2008
  - Service business grows, driven by higher utilization levels and spare parts demand
  - Cost control and restructuring initiatives significantly improved profitability
  - Continued positive trend in margin development
- **Further consolidation of European plants**
  - Relocation of warehouse truck production from Montataire (France) to Luzzara (Italy)
  - Consolidation of STILL/OM counterbalance production in Hamburg (Germany)
- **Investments to strengthen position in key markets and expanding business in after-sales market**
  - Construction start of new production facility in Sao Paulo (Brazil) for counterbalance trucks
  - Businesses of Liftec in Russia, Ukraine, Kazakhstan to be integrated into Linde network
  - Joint Venture with Voltas to further strengthen set-up in growth region India
  - Acquisition of further tranche of shares in Baoli and now holding close to 100% of shares
  - Complete take-over of UK dealership Linde Sterling to strengthen market position in UK
- **€ 500m senior secured notes 2011/18 issued**
  - Improving maturity profile of liabilities
  - Diversified investor base
- **Set up of a financial services organization with a separated legal structure within the KION Group**
  - “State of the art” communication towards capital markets
  - Strengthen KION’s financial services business – it supports almost 60% of the group’s sales
  - Further enhancement of risk management in terms of efficiency and transparency by separation of the financial services business segment



# Operation FS @ KION: Dedicated Financial Services segment is being set up through segmentation and separation



## Segmentation

Separate voluntary reporting of results according to business split based on an additional steering and reporting model

- Improve transparency, credibility and the possibility to manage the FS business more actively (figures and organization)
- Give a clear picture of the operational expertise to investors
- Establish “state of the art” communication towards the capital markets

## Separation

Separate legal set-up with dedicated organization, personnel and infrastructure

- Set up more effective sales support by bundling and strengthening of FS know how
- Reduce the complexity with external financing partners and meliorate refinancing flexibility
- Control the risks and benefits of the FS business more effectively

## Implementation

Implementation in two phases:

- Phase I (2011): 5 Core countries<sup>1</sup> (current project)
- Phase II (2012+): Rest of World

<sup>1</sup> Germany, France, UK, Spain, Italy

# Phase I : Start of KION Financial Services segment as planned



Status	
✓	7 FS <b>captives</b> <sup>1)</sup> founded
✓	Existing <b>employees</b> migrated and new staff hired
✓	43.000 <b>Units</b> from 16 entities evaluated and legally transferred
✓	Specialized <b>FS software</b> LIS@ and operative <b>processes</b> ready-to-operate
✓	Transfer of <b>refinancing contracts</b> with banking partners agreed
✓	<b>Accounting</b> and <b>reporting requirements</b> defined
✓	<b>IT Go Live</b> and <b>Data Migration</b> of existing portfolio executed

1) Two entities in Germany (KION FS, STILL); 2 in France: (Fenwick, STILL), 1 in UK, 1 in Spain, 1 in Italy



## Summary - order intake (units)

### Recovery continued in FY 2011



#### KION Group

- Back to 2008 levels with ~145k units sold in 2011
- Order intake in units grows +19% in 2011 (+32% in 2010)
- December 2011 with order intake of 14.7k units strongest performance since June 2008
- Importance of growth regions increased to ~30% of order intake (23% in 2008)
- Global market share stable at about 15%

#### Market Development

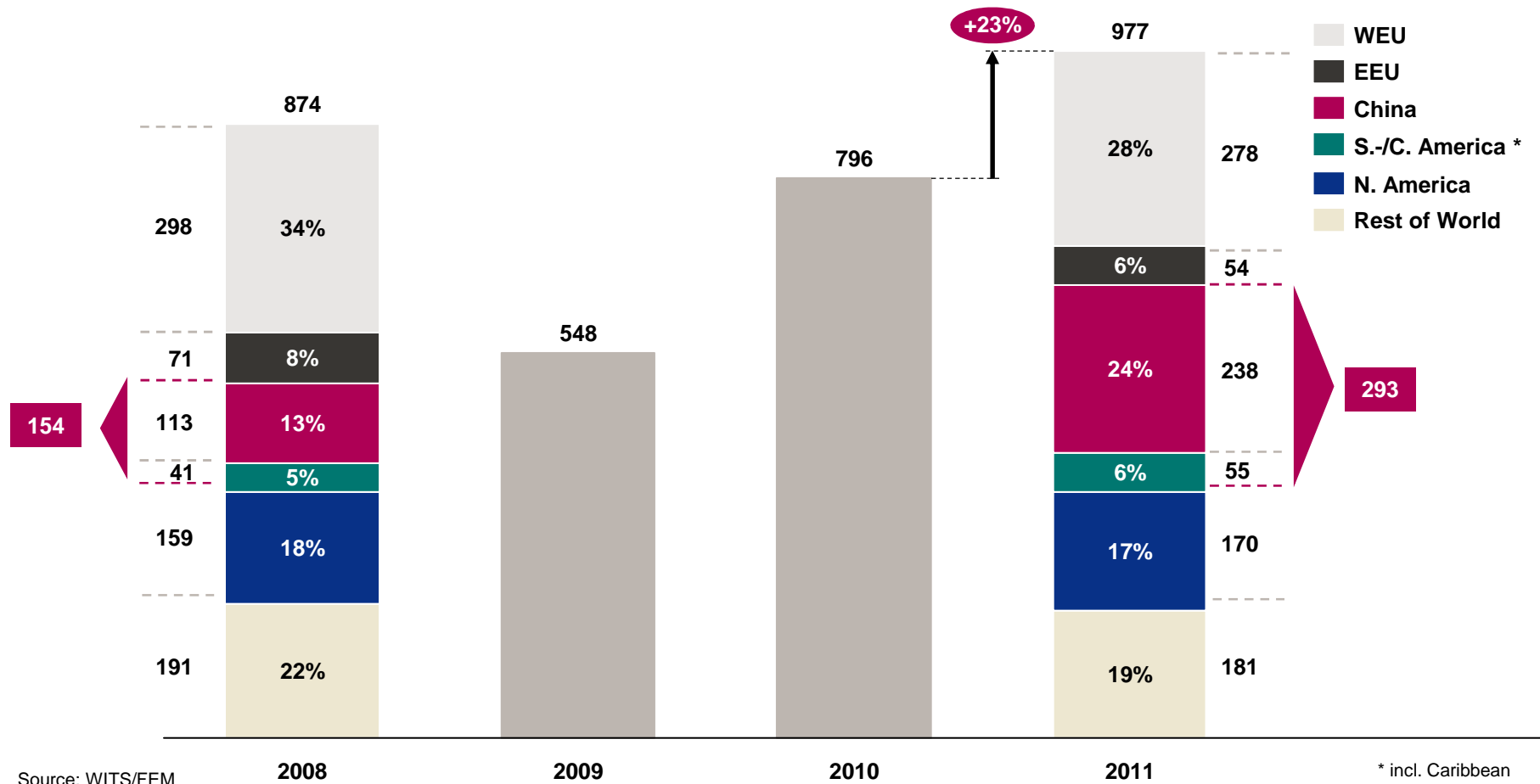
- Market reached new high of ~977k units and grew +23% (+45% in 2010)
- WEU biggest market with ~278 units (93% of 2008 levels)
- China with ~238k units second biggest market (210% of 2008 levels)
- Structural market change is progressing with growth regions driving global recovery

# Global market order intake (units)

## Growth markets gain importance



### Industrial trucks order intake by region (in units)

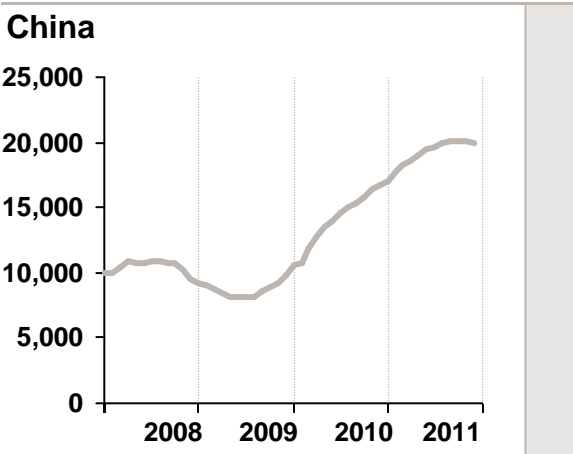
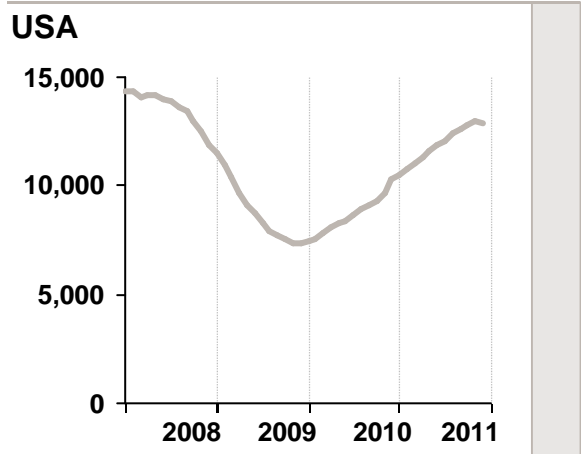
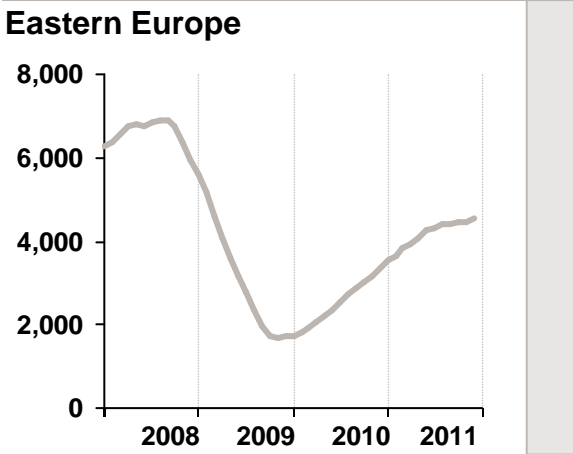
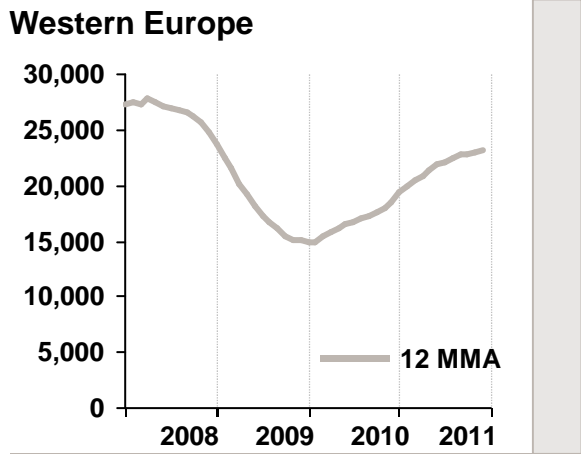


# Global market order intake (units)

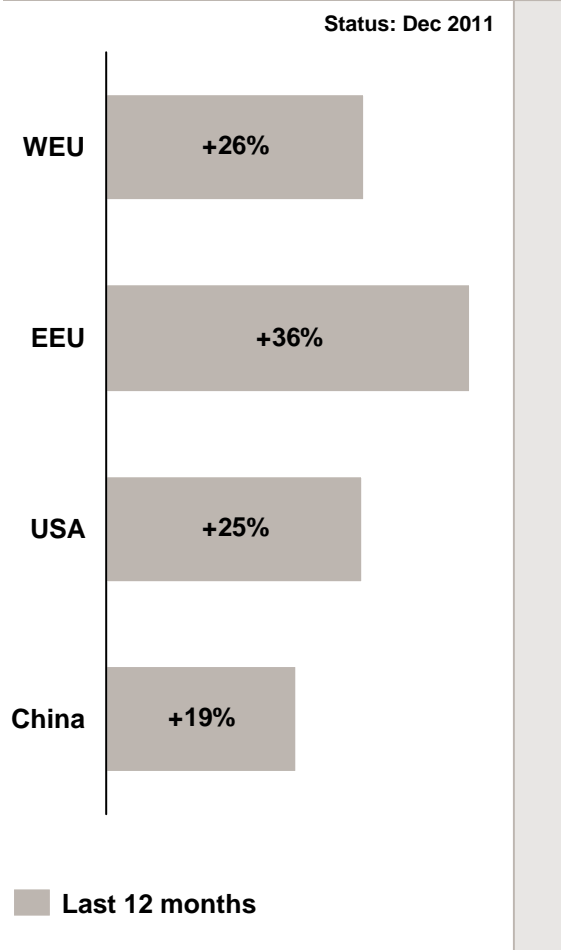
## Recovery continued in 2011



### Industrial trucks order intake countries (average units)



### Growth vs prior year (in %)



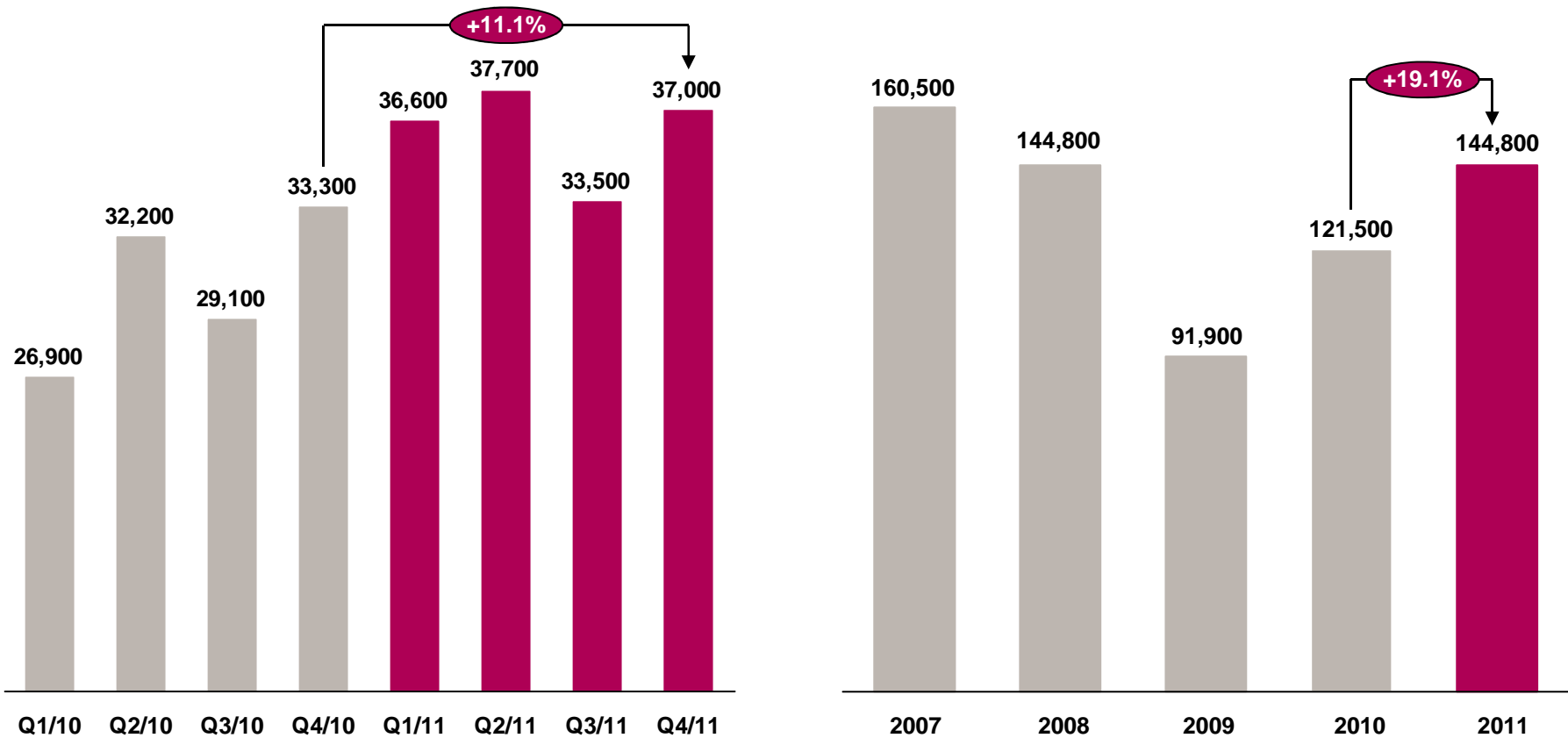
Source: WITS/FEM

## KION order intake (units)

Strong performance in Q4 closes the year 2011



### Industrial trucks order intake (in units)



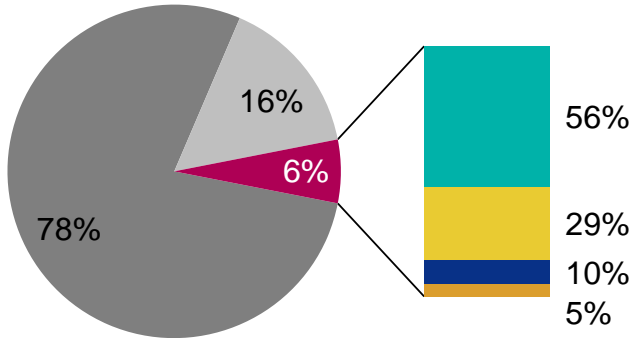
# KION breakdown by geography

KION revenue and order intake shares in BRIC countries have doubled



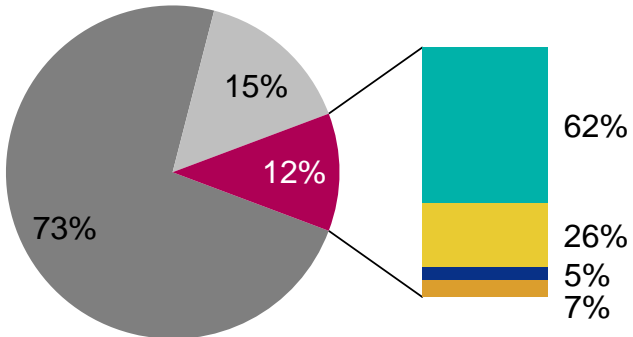
## 2008

Total revenues in 2008: € 4,554m

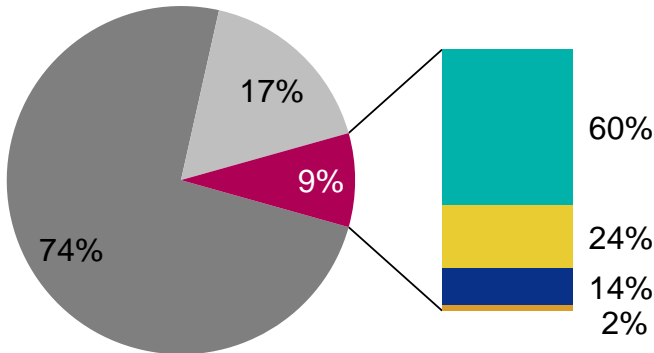


## 2011

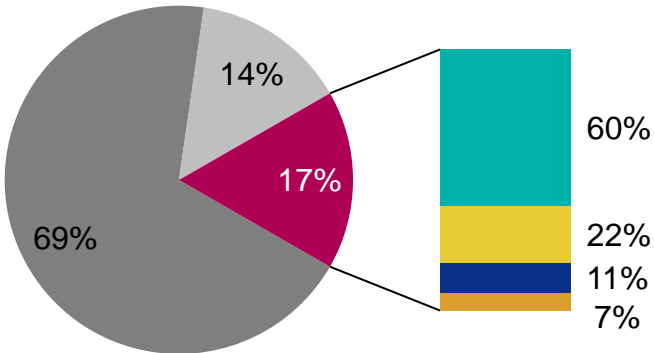
Total revenues in 2011: € 4,368m



Total order intake in 2008: 144,825 units



Total order intake in 2011: 144,744 units



■ WEU ■ ROW ■ China ■ Brazil ■ Russia ■ India

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## Summary

### Strong performance in 2011



- **Order intake** with **€4,682m** strongly above prior year (+21.3%), supported by good Q4/11 performance of € 1,217m (Q4/10: €1,064m).
- **Order book** increased to about **€1bn**
- **Revenues** exceeds with **€4,368m** prior year by +23.6%, driven by strong order intake and good Q4 performance of €1,212m (Q4/10: €1,043m).
- KION reaches in 2011 **adj. EBIT** of **€365m** (2010: €139m) with a margin of 8.3%  
Q4/11 adj. EBIT of €105m above Q4/10 level (€63m).
- **FCF** at **+€234m** significant above prior year (2010: €76m).
- **Net Debt** of **€2,657m** stable in 2011 (Dec 10: €2,641m)
- **Leverage** continues to decrease (2011: **4.0x**).
- **FTE** of **21,862** (incl. new acquisitions) increased by 9.5% compared to prior year.

FTE including apprentices and new acquisitions (Sterling – UK, Cailotto – Italy, Voltas – India, Manusom – France and Liftec - Russia, in total +627 FTE).

## Financial overview

### KION with strong Q4 and FY 2011 performance



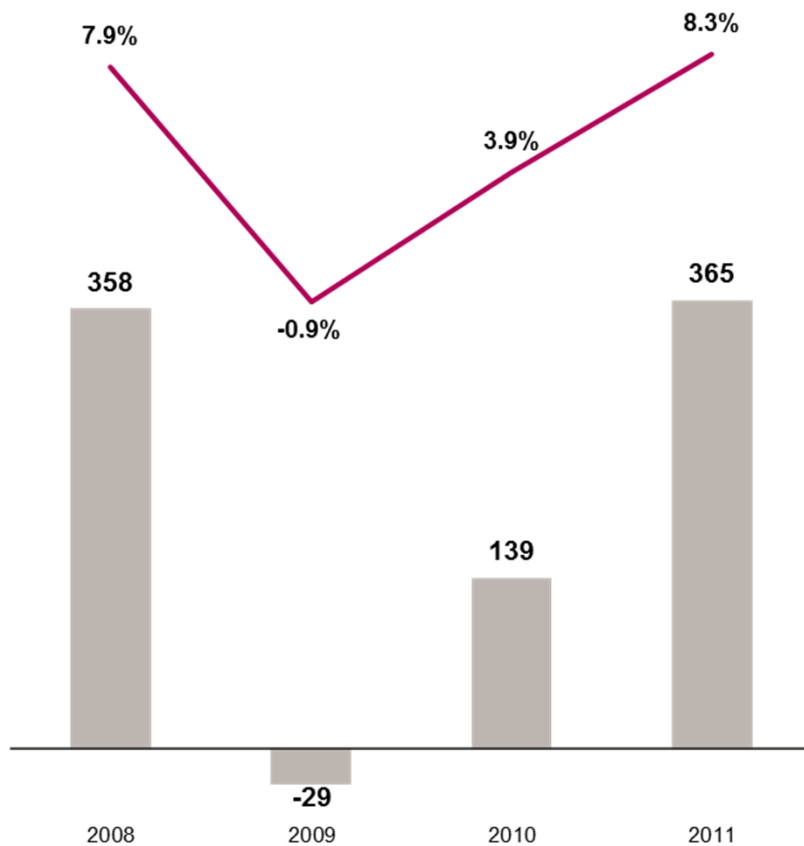
in €m	Q4/10	Q4/11	vs. Q4/10 in %	2010	2011	vs. 2010 in %
Order Intake	1,064.4	1,217.4	14.4%	3,859.7	4,681.9	21.3%
Revenue	1,042.5	1,211.7	16.2%	3,534.5	4,368.4	23.6%
EBITDA	121.0	103.2	-14.7%	380.2	569.2	49.7%
Adjusted EBITDA	148.8	183.4	23.3%	462.2	665.3	43.9%
<i>Margin</i>	14.3%	15.1%		13.1%	15.2%	
EBIT	28.8	-8.9	>-100%	34.6	213.2	>100%
Adjusted EBIT	62.7	105.0	67.5%	139.4	364.6	>100%
<i>Margin</i>	6.0%	8.7%		3.9%	8.3%	
Free Cash Flow	77.0	184.1	>100%	76.0	234.2	>100%
TWC	667.8	660.7	-1.1%	667.8	660.7	-1.1%
<i>% of Revenue</i>	21.4%	18.2%		18.9%	15.1%	
Capital Expenditures	49.2	53.9	9.7%	123.5	133.0	7.7%
Headcount (FTE) incl. apprentices	19,968	21,862	9.5%	19,968	21,862	9.5%

# Adjusted EBIT

Margin 2011 above 2008 – quarterly trend remains positive

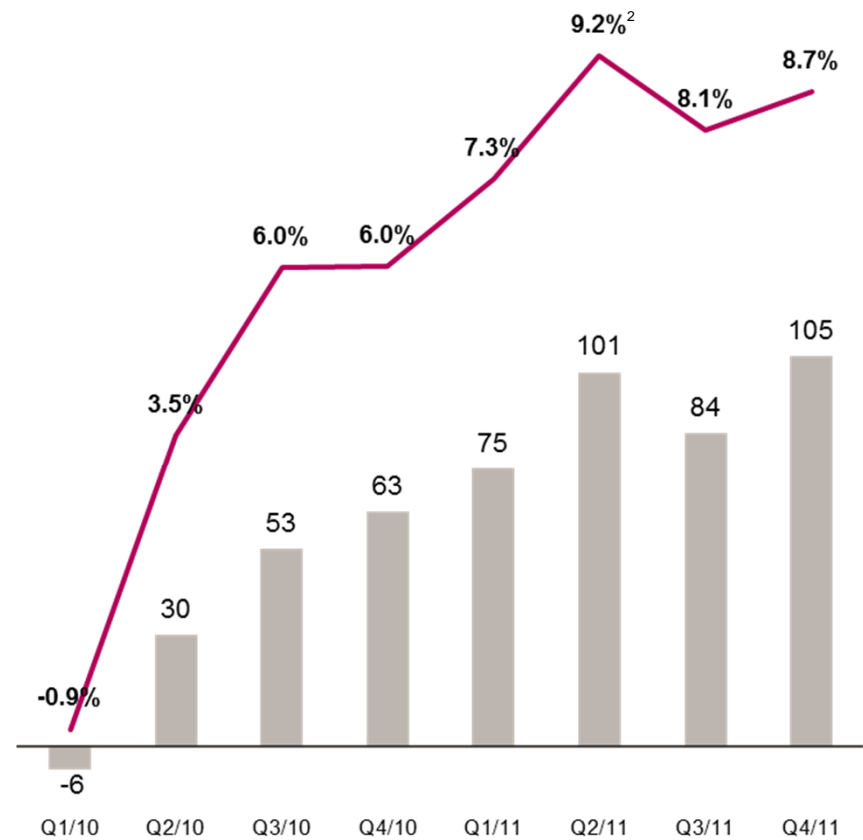


Annual adjusted EBIT<sup>1</sup> (€m)



<sup>1</sup> Adjusted for one-off items and PPA

Quarterly adjusted EBIT<sup>1</sup> 2010 - 2011 (€m)



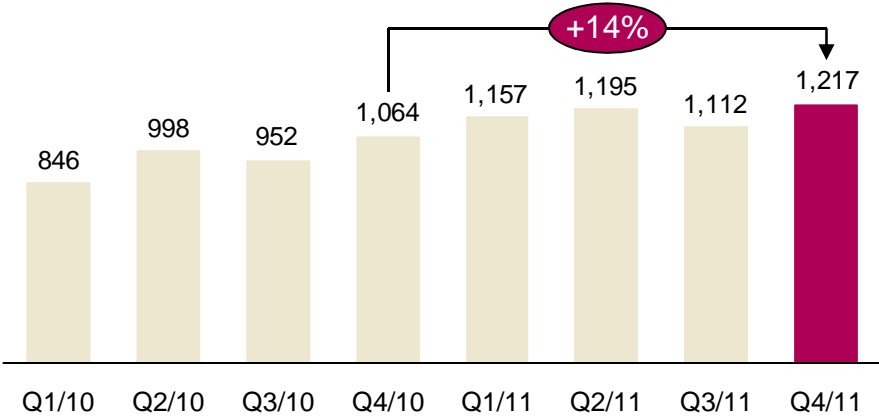
<sup>2</sup> Incl. an above-average investment result of € 8m

# Key financials

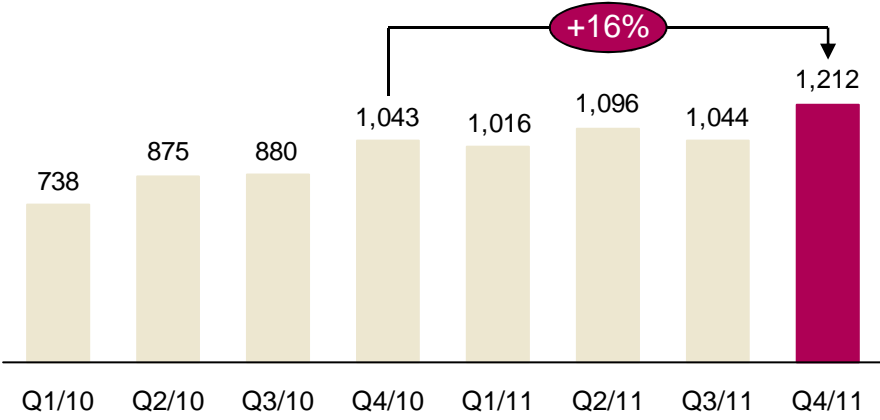
## KION with strong Q4 performance



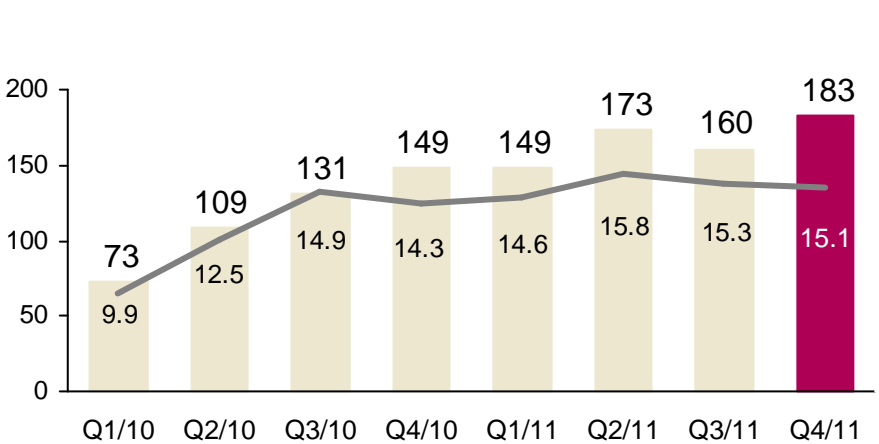
**Order intake (all lines of business) €m**



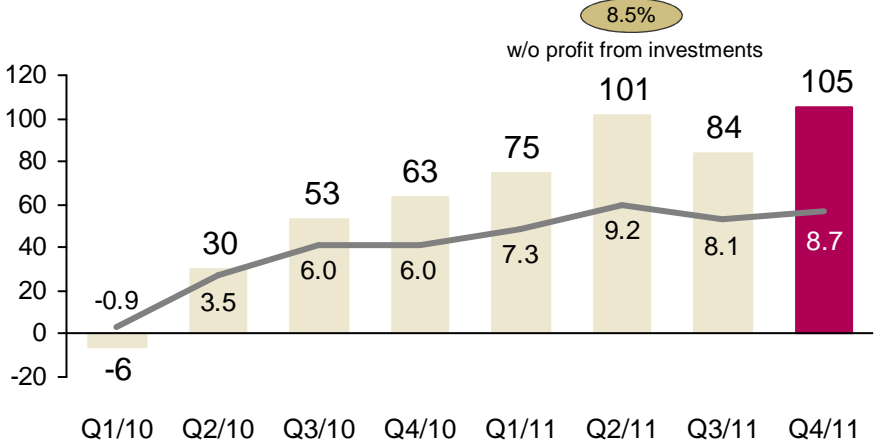
**Revenue €m**



**Adjusted EBITDA €m / Adjusted EBITDA margin (%)**



**Adjusted EBIT €m / Adjusted EBIT margin (%)**

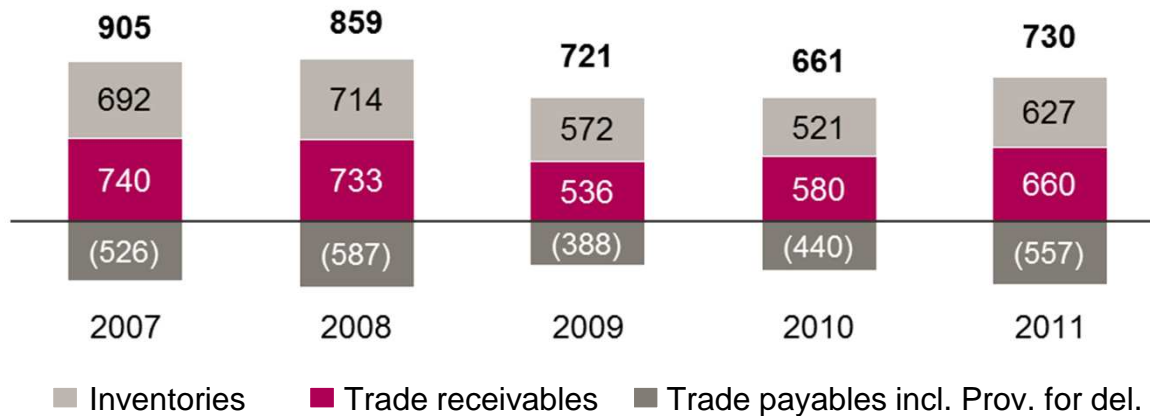


## TWC Average

Continuously improving and significantly below historical levels



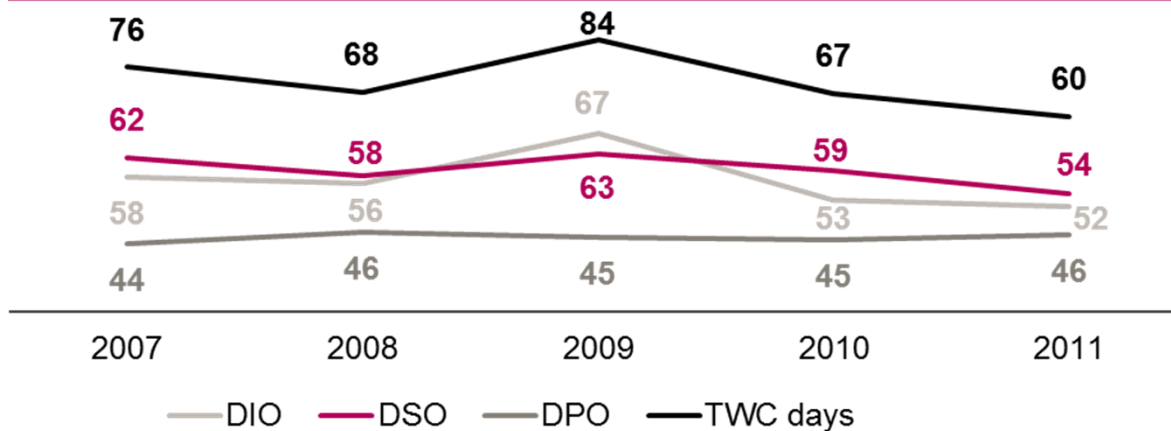
### TWC development (averages in €m)



### Highlights

- Realization of planned TWC measures during 2011 resulted in improved TWC days
- DSO and DIO are significantly below crisis level and even improved compared to 2008
- DPO are also above pre-crisis level
- Make-to-order-process results in low stock of finished goods. In 2011 finished goods in average accounted for 24% of total inventories or 3% of Net Sales.

### TWC days development (average)

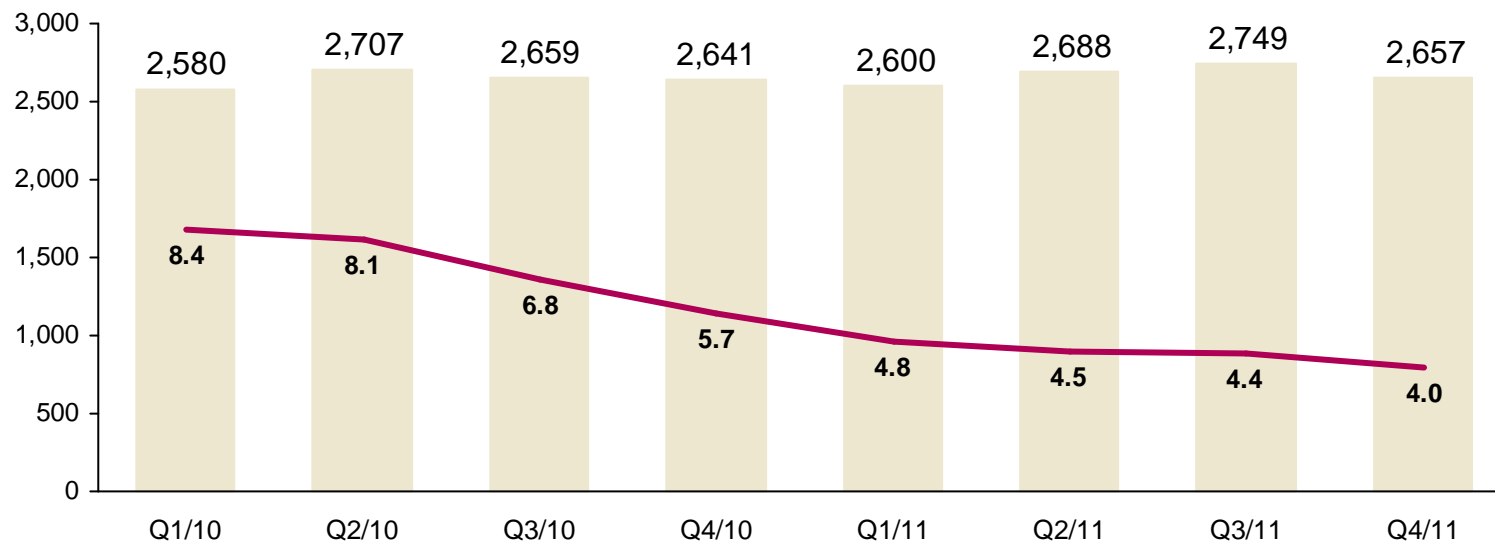


## Net debt

Significant deleveraging through higher volumes and cost control



Net financial debt in €m / Leverage (net financial debt / LTM adj. EBITDA)





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## Outlook 2012

### Further improvement in margins



The KION Group has started 2012 with the benefit of a significant order backlog. Provided that no severe events have an adverse impact on either the global industrial-truck markets or the Company itself, the KION Group is optimistic that it will manage to achieve further modest year-on-year revenue growth. The measures that it has started to implement – especially those aimed at increasing capacity utilisation at its production plants – should further strengthen its profitability.

The pace of growth in the industrial-truck market is likely to return to more normal levels in 2012 owing to the higher prior-year figures that will then be used in year-on-year comparisons. The sovereign debt crisis in public finances continues to pose a risk to global macroeconomic trends and has had a visible impact on the real economy in recent months, especially in western European countries.

The market for industrial trucks, which form the backbone of the global logistics industry, will retain its appeal over the long term. By expanding its business in emerging markets, the KION Group is excellently placed to benefit from future market trends and developments; and by optimising the structure of its production facilities in Europe, it is laying the foundations underpinning the long-term competitiveness of its trucks.

## IR Contact



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