Kardex Group – Company Presentation

Investora – 19 September 2019

kardexgroup

Agenda

Introduction

Intralogistics Industry

Kardex Divisions

Financials 2018

Robustness of Kardex' Business Case

Why Kardex – Outlook and Investment Case

Q&A

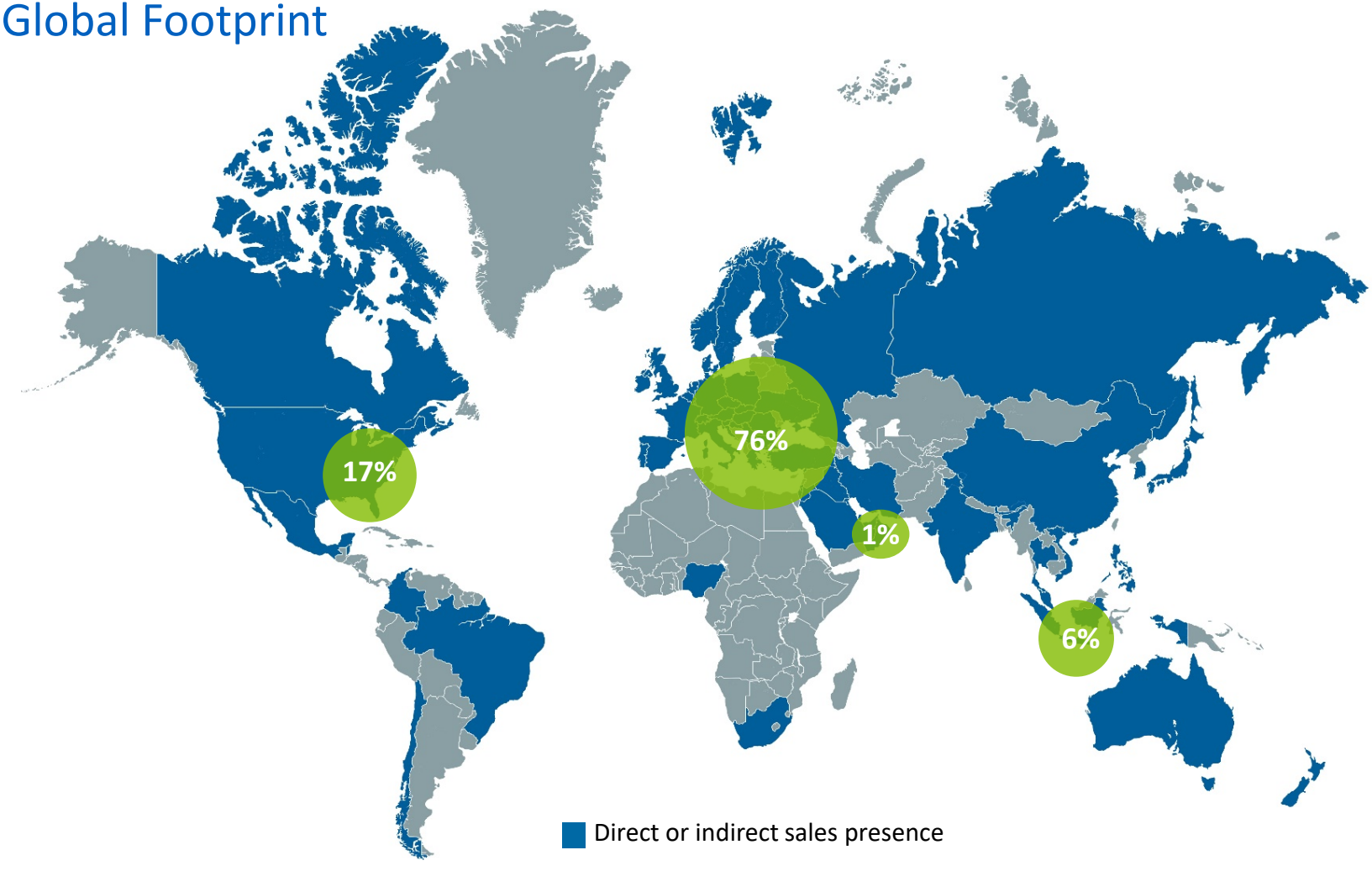
Kardex in Brief

- Kardex provides solutions and services to increase the **efficiency in storing and handling of goods and materials** of its customers
- Kardex consists of 2 Divisions which are both well positioned in an **attractive and growing market – kardex remstar** and **kardex mlog**

- **Key figures** FY 2018
  - Net revenue EUR 423 millions
  - EBIT margin 12.6%
  - Net profit EUR 38.3 millions

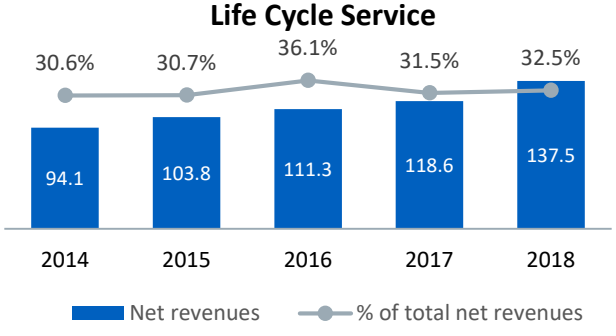
- **Market Cap** as of September 13, 2019: CHF 1 127 millions

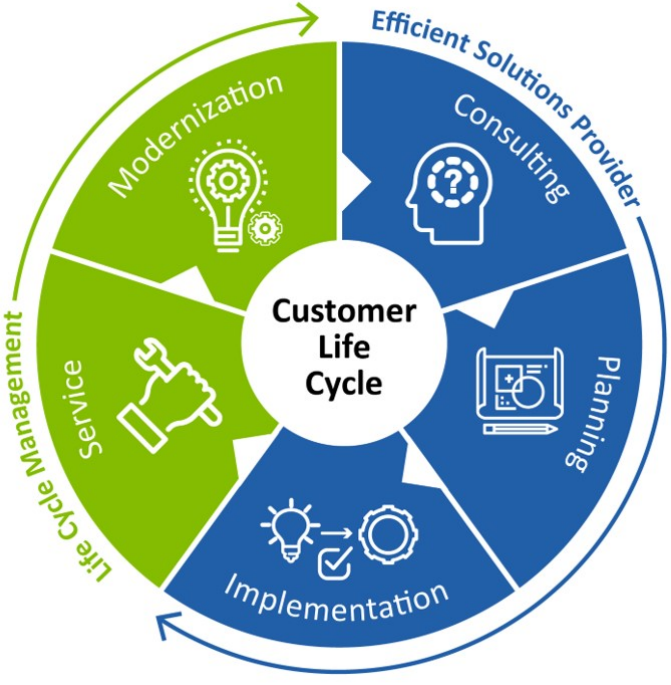
Global Footprint



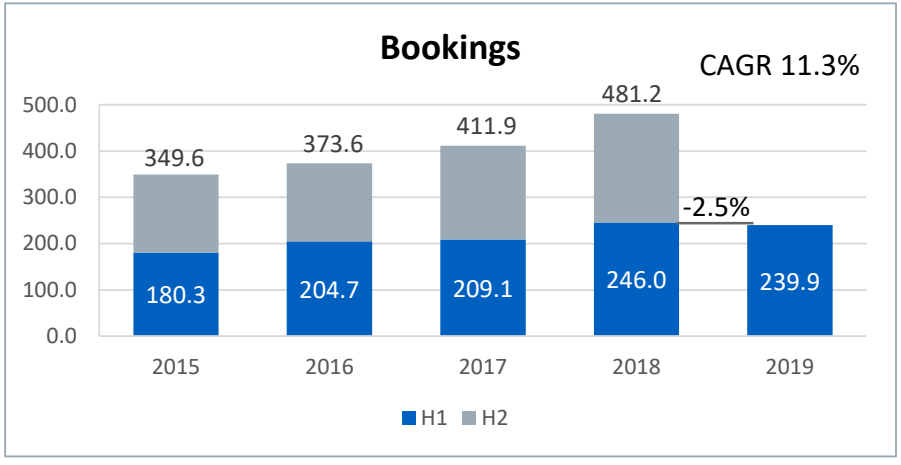
Life Cycle Management as the basis for a sustainable business model

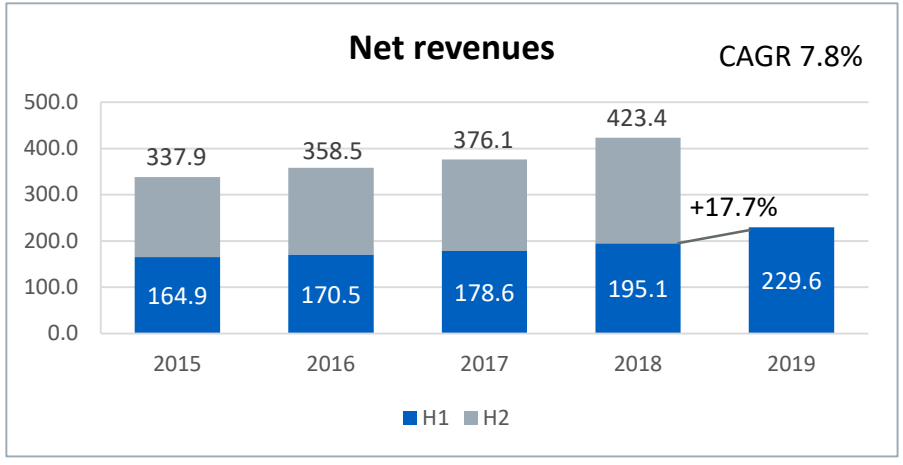
- 120 000+ installed Kardex Remstar machines
- 950+ Kardex Mlog systems with more than 2 500 stacker cranes
- Kardex grows with the customers; high proportion of New Business with existing customers in addition to +30% Life Cycle Service business

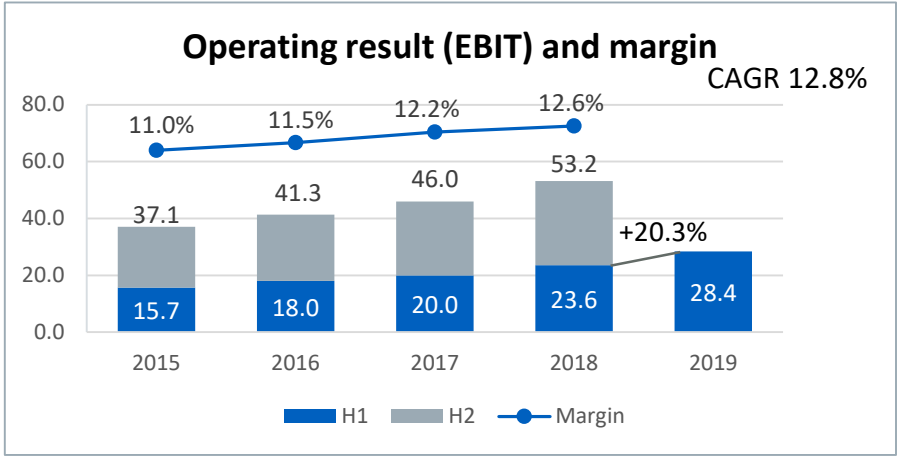


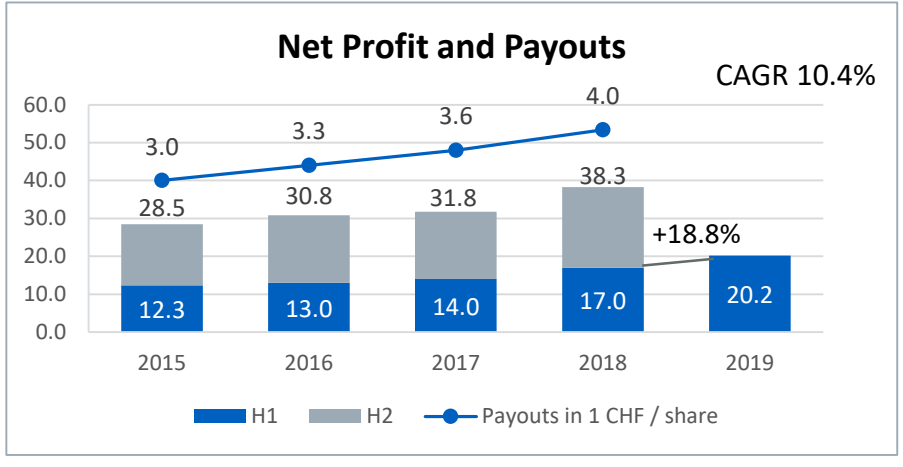


Key Figures 2015 – 2018 (+H1 2019) (in EUR millions)



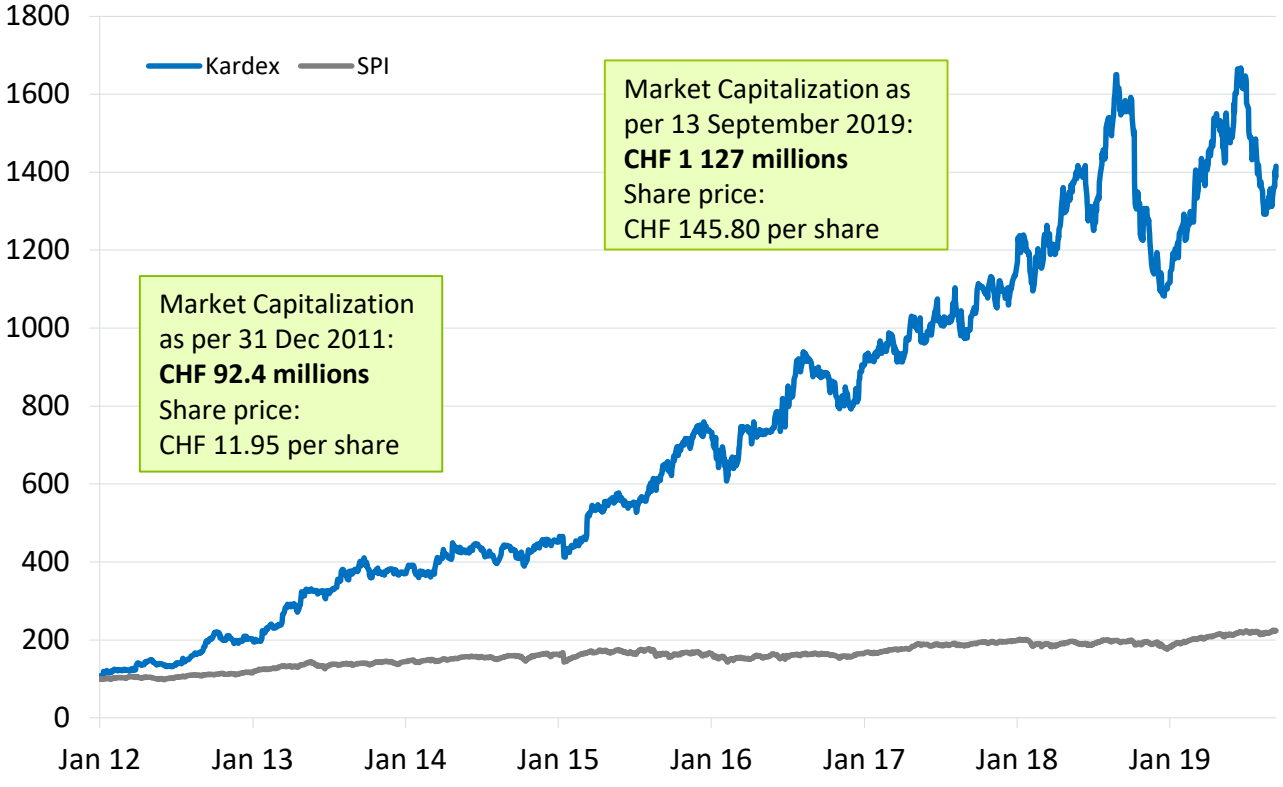






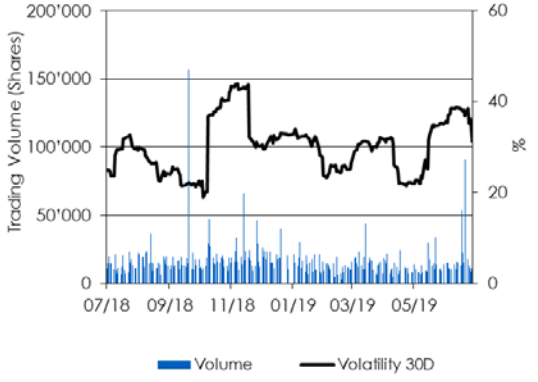
Share Price Kardex January 2012 – September 2019*

Rebased, incl. dividends



* As of September 13, 2019

Daily Trading Volume + Volatility (12 months)



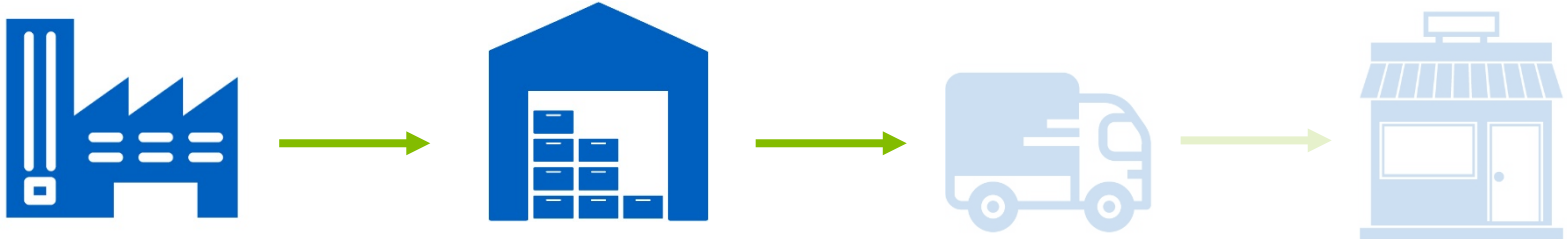
Liquidity per year

Volume	% of Free Float
3'526'056	68%

Intralogistics Industry

Definition Intralogistics

Intralogistics optimizes the efficiency of supply chains
within the boundaries of a manufacturing and/or distribution center



Source: Zetes, Germany

Intralogistics – Market Segments and Positioning

Volume, Growth and Profitability

Relative growth

Market volume

Growth Directions

Profitability

Person-to-goods

kardexremstar

Goods-to-person

kardexmlog

Racking and Shelving

Automated products

Stand alone subsystem

Integrated subsystem

Automated systems

Complexity

Selected Trends dominating the (manufacturing) Industry

Martin Boggess from Hitachi Solutions summarizes the dominating trends for manufacturers – 5 of them substantially driven by Intralogistics Industry

- **IoT is THE Big Thing**
  34% of manufacturers have a company strategy implemented to apply IoT Technologies to their processes
- **Predictive Maintenance is Keeping Production on Track**
  98% of organizations say a single hour of downtime costs over $100k. Therefore ensuring uptime is a key priority.
- **Greater Visibility Into Big Data is Helping Manufacturers Achieve More**
  Growing need for manufacturers to have a comprehensive understanding of their business to improve production, optimize operations and solve problems before problems occur
- **Shifting Focus from B2B to B2B2C**
  Increased complexity and speed requirements due to many manufacturers are shifting their business model to increase profits, enable faster time to market, brand control and better customer date
- **Leveraging Supply Chain for Competitive Advantage**
  According to PwC 1/3 of interviewed industrial companies have digitized their supply chains while nearly 3/4 expect within the upcoming years

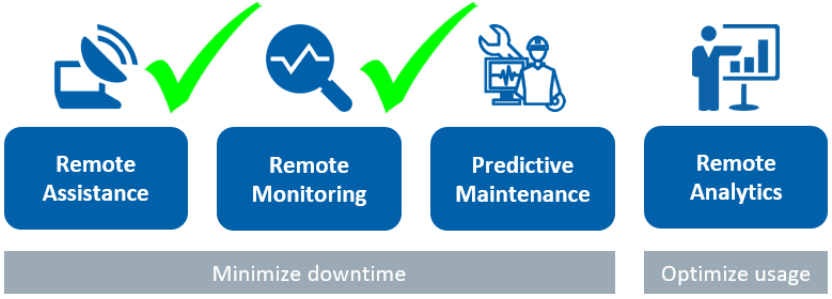
Source: Martin Boggess, Hitachi Solutions, USA

How Kardex addresses these dominating Trends

Digital Services

– **IoT is THE Big Thing**
– **Predictive Maintenance**
– **Greater Visibility into Big Data**

- Since several years products from Kardex are delivered with latest sensor technology



Enhanced Solution Portfolio

– **Shifting Focus from B2B to B2B2C**
– **Leveraging Supply Chain**

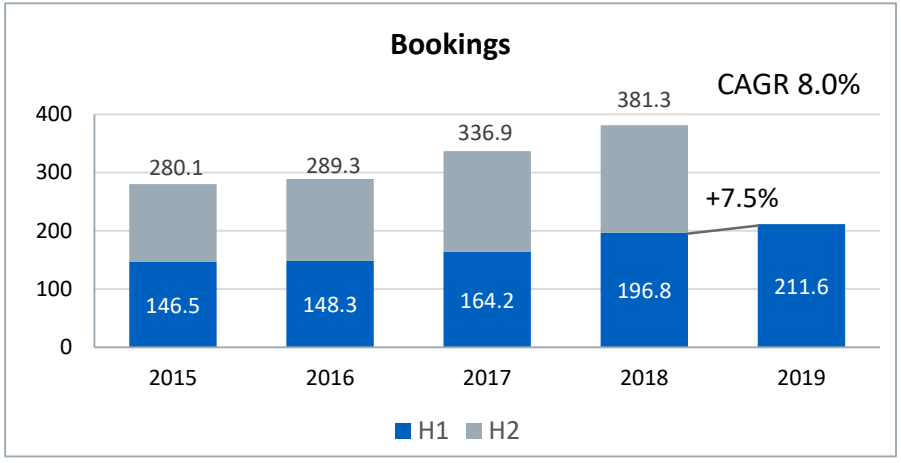
- Increase in efficiency (space, labor, accuracy) as core competence of Kardex with Industry Specific Solutions

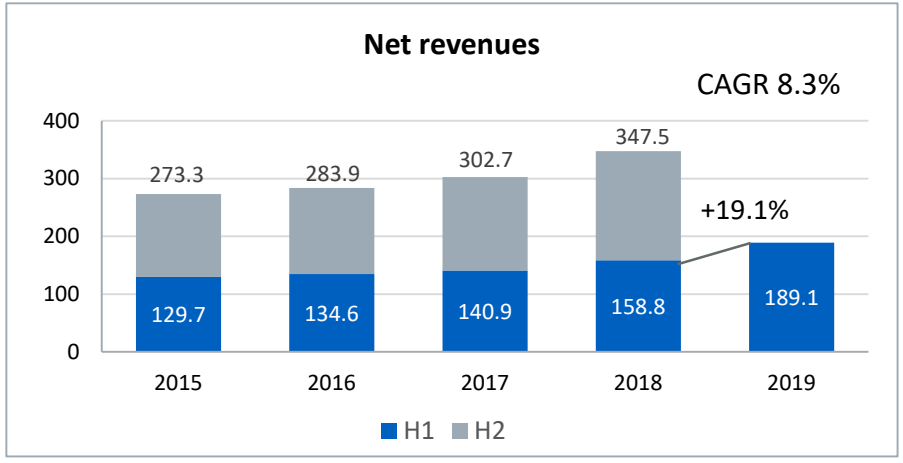
Kardex Divisions

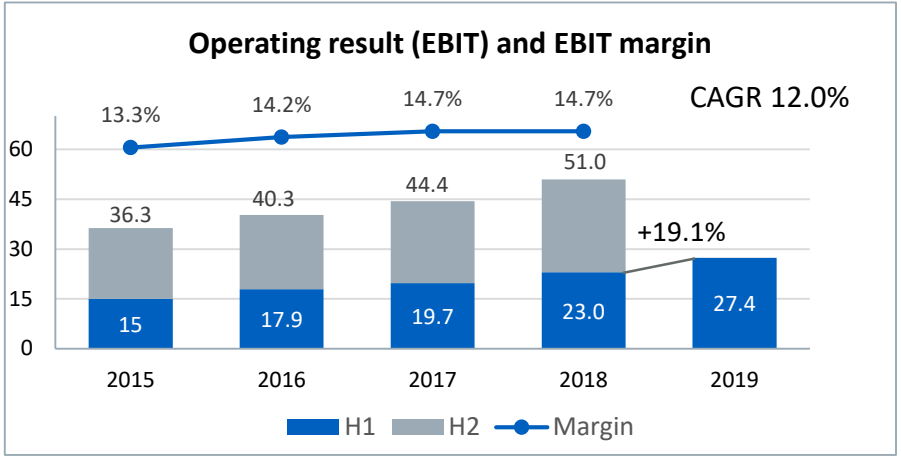
Kardex Remstar

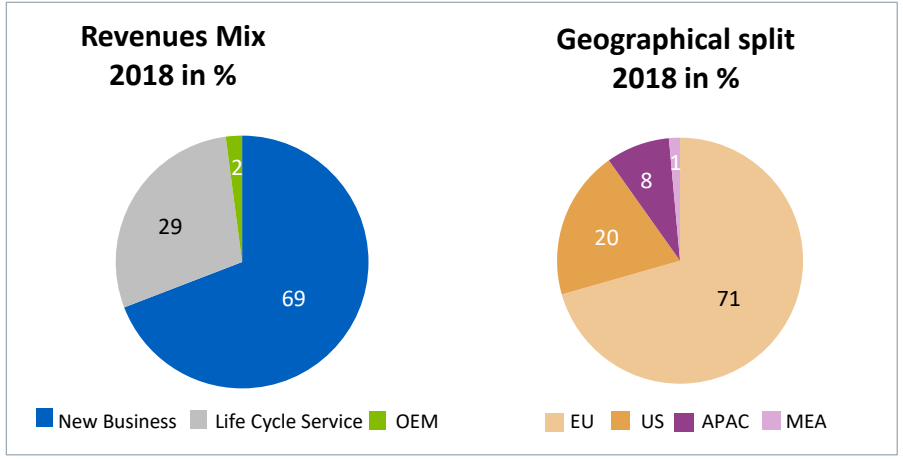
- Global market leader
- Market share > 35%
- 1 500+ FTEs
- 120 000+ installed solutions
- 2 Production sites in Germany
- 1 Production site being built up in the US
- Main Competitors
  - Modula, privately owned, Italy
  - Hänel, privately owned, Germany
  - SSI Schäfer, privately owned, Germany

Division Kardex Remstar - Key Figures 2015-2018 (+H1 2019)(in EUR millions)









Product Portfolio as base for Efficient Solutions

Vertical Buffers (LR 35/LT 35)

Horizontal Carousels

Software Suite (Power Pick Global)

Vertical Carousels (Megamat)

Vertical Carousels (Lektriever)

Vertical Lifts (Shuttle)

Focus on single item handling of light and small goods

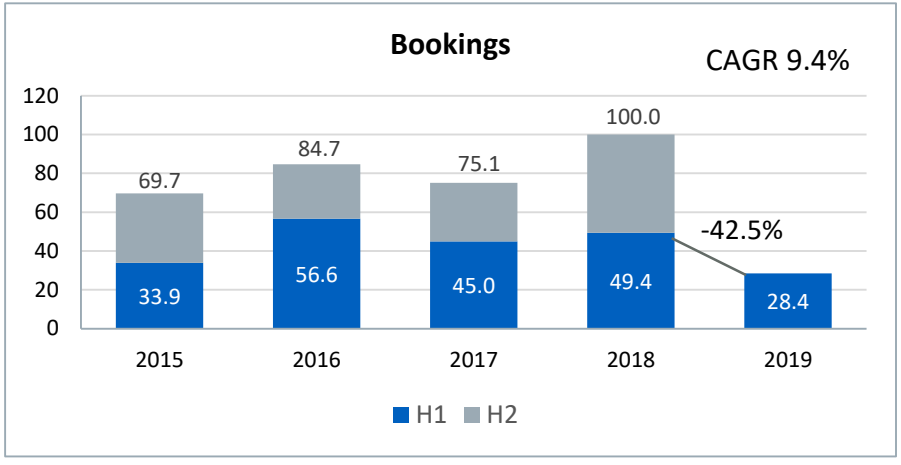
Kardex Remstar – Case Study

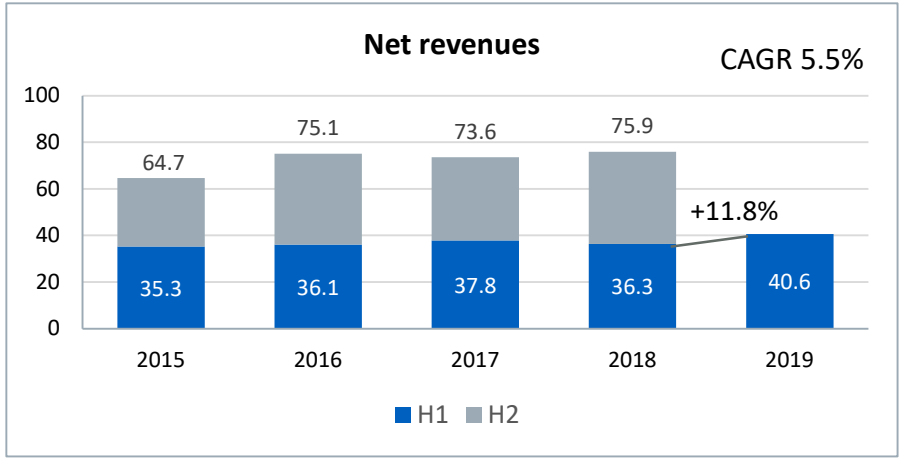
- **Customer:** Wildkamp, Technical Wholesaler, Netherlands
  - Stock of 100 000 different articles
  - Delivery to 46 own stores & customers
  - More space and accuracy required
  - Availability & delivery speed is key
- **Solution:** Faster Order Processing for Delivery within 24h
  - 6 x LR35 Vertical Buffer
  - Power Pick Global Software
  - Batching, Pick/Put-to-light Features
  - Put Frames
- **Benefits:**
  - Picking speed almost tripled
  - Drastically reduced walkways – around 80%
  - High reduction of the storage area footprint
    - Approx. 8 000 bins now stored on less than 140 m^2
  - Staff reduced from 6-7 to 2-3 persons
  - Enabled to stay 4-5 years longer in their current warehouse

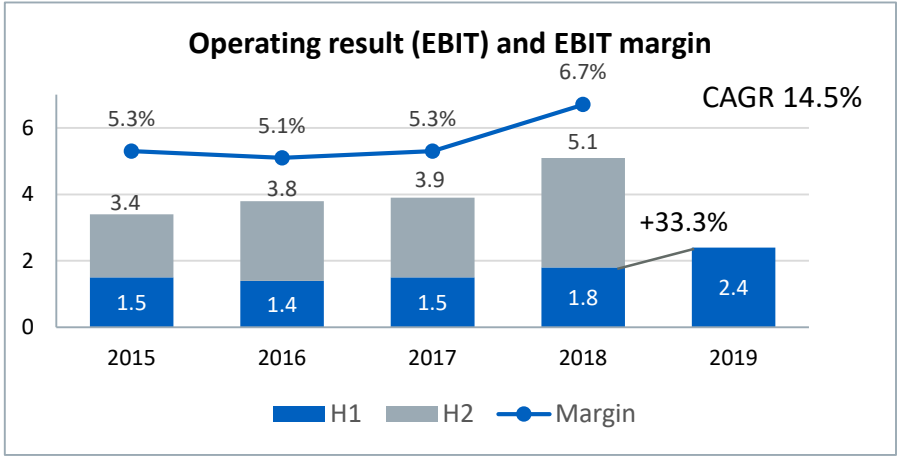
Kardex Mlog

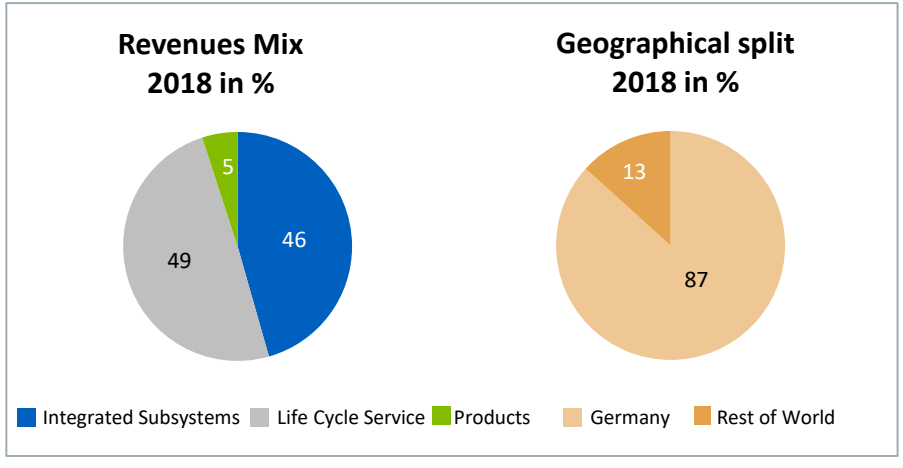
- Strong market position in Germany and specific segments
- 280+ FTEs
- 950+ installed solutions worldwide
- Production site in Germany
- European focus
- Main Competitors
  - SSI Schäfer, privately owned, Germany
  - Dematic (Kion Group)
  - Aberle Logistics (Körber Group)

Division Kardex Mlog - Key Figures 2015-2018 (+H1 2019)(in EUR millions)



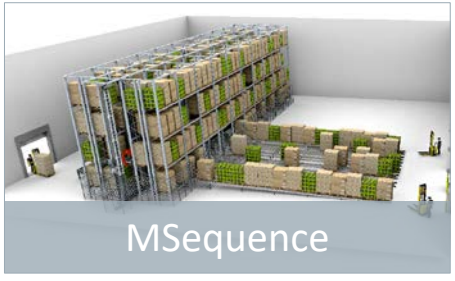




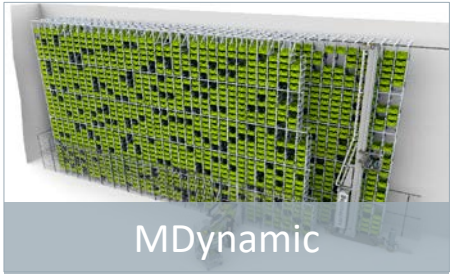


Product Portfolio as base for Efficient Solutions

Stand alone subsystems


MSequence

MCompact


MDynamic

MTower

Stacker cranes used in integrated subsystems and stacker crane systems

Pallet cranes

Miniload crane

Focus on unit load handling of heavy goods

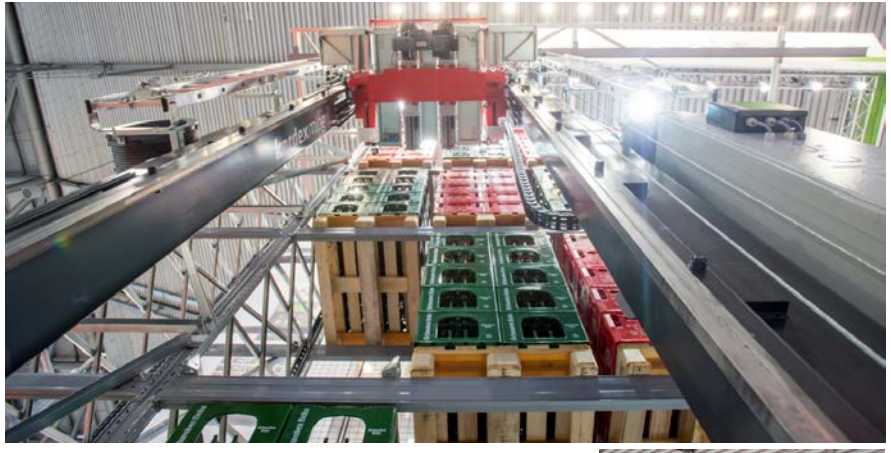
Kardex Mlog – Case Study

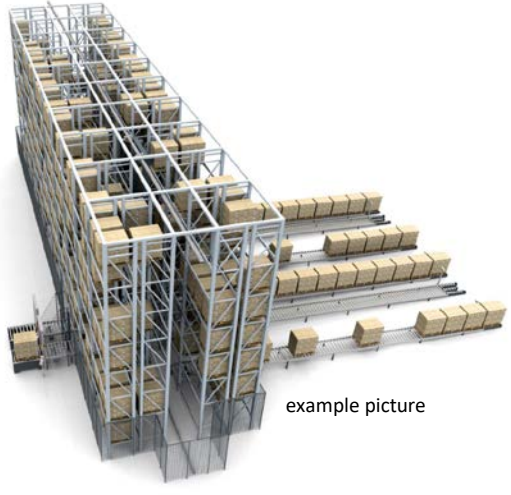
MSequence for beverage industry shipping area

- Automatic pallet buffer vs. manual material handling
- MSequence Variant Speed
  - pallet load 1 000 kg
  - double-deep storage with 176 positions
  - >50 double cycles
  - gate-based retrieval on gravity conveyors
- Just-in-sequence loading of trucks
- Automatic, error-free and dynamic order staging

Customer benefits

- FTE in shipping area reduced by > 60%
- Handling equipment in shipping area reduced
- Required floor space reduced by > 60%
- Manual handling errors reduced by 98%
- Truck loading times reduced significantly
- Modular and flexible system
- ROI for customer 2.5 to 4 years



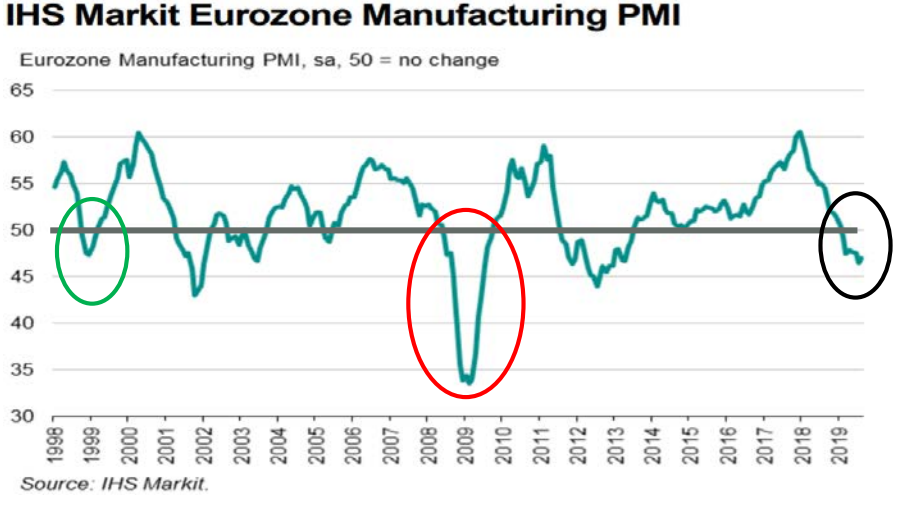


example picture

Robustness of Kardex' Business Case

Uncertain Economic Outlook

- Economic Environment is considered instable by many people
  - Trade war USA-China
  - Geopolitical shift
  - National interests before global interests
  - Brexit
- Purchasing Managers Index (PMI)



Robustness of Business Case per Division

kardex remstar

- Logistics efficiency seen as competitive advantage by customers
- Relatively low investment for customers
- Global footprint with large installed base providing service potential
- Share of after sales business ~ 30%
- IoT as main focus

- Fixed cost base with 2 (3) factories
- >70% volume in Europe

kardex mlog

- Logistics efficiency seen as competitive advantage by customers
- Modernization and Service provide potential to compensate for lack of New Business during downturns
- Share of after sales business >40%
- IoT as main focus

- Relatively high investment for customers
- >85% volume in Germany

Why Kardex – Outlook and Investment Case

Outlook for the Remainder of the Year

- Heterogenous market demands for efficient Intralogistics Solutions, partial slowdown of order intake
- Kardex Remstar with solid development of Net Revenues driven by current Order Backlog
- Kardex Mlog with reduced volume expectations for New Business, partially compensated by Life Cycle Services
- Further investments in Remstar Supply Chain by building up manufacturing capacities in the US
- Investments into IT to improve internal efficiencies ongoing
- Despite slowdown solid revenues and EBIT outlook for the Remainder of the Year based on Order Backlog

Kardex Investment Case

- Intralogistics is a **key cost and efficiency factor** and a key competence over a wide area of industries
- **Kardex Remstar** is the **global market leader** in a very attractive niche of the intralogistics market
- **Kardex Mlog** has a **leading position** in Central Europe
- **Large installed base** with > 120’000 Kardex Remstar machines and 950 Kardex Mlog warehouse systems
- **Life Cycle Management** with more than 30% of Net Revenues is the **basis for a sustainable business model**
- Very solid balance sheet with **no interest bearing debt or goodwill**
- **Substantial free cash flow** generated every year
- **High profitability** of Kardex Group as a result of a very good market position and a sustainable business model
- **Very attractive dividend policy** with a payout ratio of up to 75% of the operating profit

Q&A

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Thomas Reist, Investora 2019