

kardexgroup



Storing and Moving 2011

Professional storage
and material flow solutions.

Press and Analysts Conference 23 August 2011

Disclaimer

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Introduction

Philipp Buhofer, Chairman

Agenda

Introduction

Ph. Buhofer, Chairman

Financials 1 HY 2011

G. Mahrle, CFO

Division Report Kardex Remstar

J. Fankhänel

Division Report Kardex Stow

J. De Vuyst

Division Report Kardex Mlog

H.-J. Heitzer

Change from IFRS to Swiss GAAP FER

G. Mahrle, CFO

Capital Increase and Financing

G. Mahrle, CFO

Outlook and Q&A

Ph. Buhofer, Chairman

Executive Committee as of 1 June 2011



Philipp Buhofer
Chairman of the Board of Directors
(since April 2011)



Jens Fankhänel
Head of Kardex Remstar Division
1 year with Kardex
17 years in the industry



Felix Thöni
Vice President of the Board of Directors
(since April 2011)



Jos De Vuyst
Head of Kardex Stow Division
22 years with Stow / Kardex Stow
22 years in the industry



Gerhard Mahrle
CFO



Hans-Jürgen Heitzer
Head of Kardex Mlog Division
2 years with Kardex
20 years in the industry

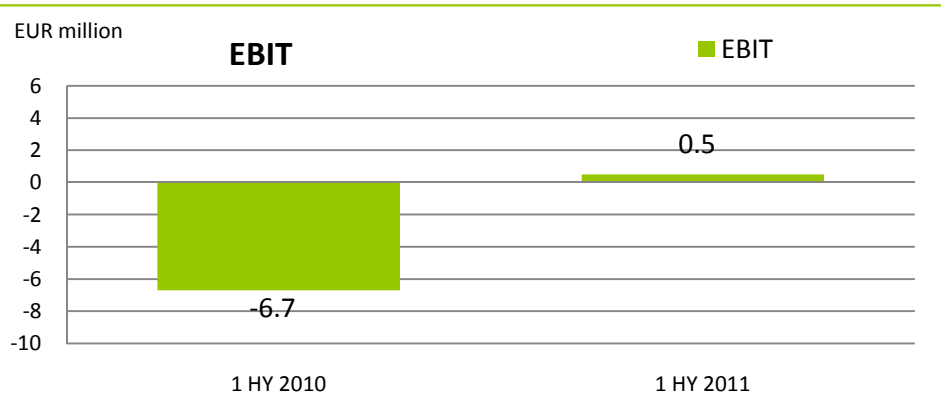
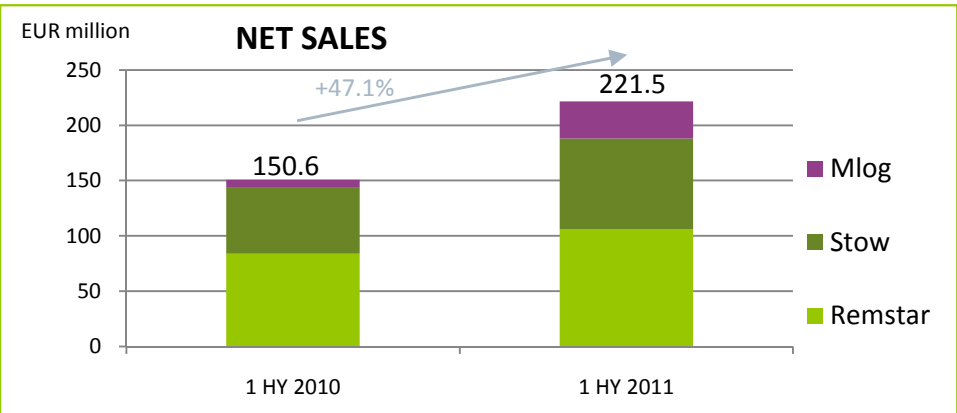
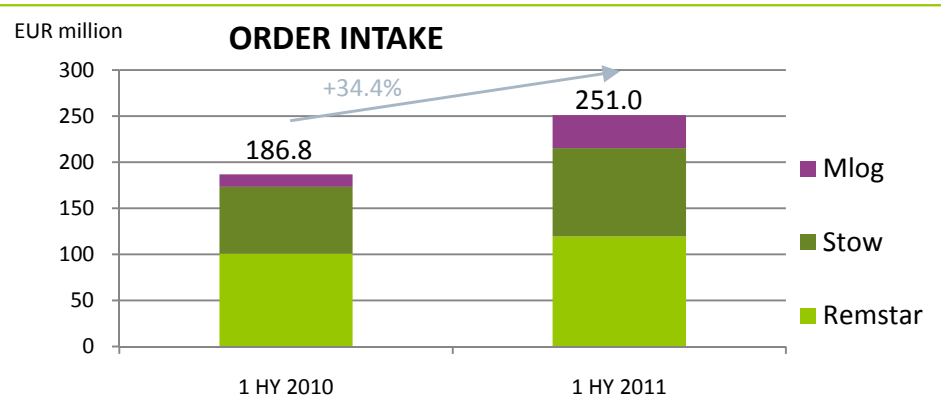
Key Initiatives

1. Capital Increase
2. Immediate cost reduction measures in all divisions
3. Kardex Remstar: Improvements in the utilization of plant capacity
Implementation of cost reduction measures
4. Kardex Stow: Review strategic options
5. Kardex Mlog: Focus internationalization on Europe
Process re-engineering project initiated
6. Holding structure
7. Financing structure
8. Change of accounting standard (IFRS -> Swiss GAAP FER)

Financials 1 HY 2011

Gerhard Mahrle, CFO

Development key figures Kardex Group



- Very positive order intake
- Order book trend intact
- Net sales increase by 47% compared to 1 HY 2010
- Despite continued overcapacities in the intralogistics industry, Kardex managed to further stabilize its profitability

Profit and Loss Statement Kardex Group 1 HY 2011 (1)

EUR million	1 HY 2011	1 HY 2010	Deviation
Net Sales	221.5	150.6	+47.1%
Cost of goods sold	-174.9	-118.5	+47.6%
Gross Margin	46.6	32.1	+45.2%
Gross Margin in %	21.0%	21.3%	
Operational Expenses	-46.1	-38.8	+18.8%
EBIT	0.5	-6.7	
EBIT in %	0.2%	-4.4%	
Depreciation	6.9	6.2	+11.3%
EBITDA	7.4	-0.5	
EBITDA in %	3.3%	-0.3%	

Profit and Loss Statement Kardex Group 1 HY 2011 (2)

EUR million	2011	2010	Deviation
EBIT	0.5	-6.7	
Financial Result	-3.6	-2.3	+56.5%
Income before Tax	-3.1	-9.0	-65.6%
Income Tax	0.8	1.4	-42.9%
Net Income	-2.3	-7.6	-69.7%

Balance Sheet Kardex Group

EUR million	1 HY 2011	31.12.10	1 HY 2010
Current Assets	168.7	171.5	148.0
Fixed Assets	132.9	137.0	149.8
Total Assets	301.6	308.5	297.8
Liabilities	213.6	215.9	201.1
- current	143.2	155.0	135.0
- non current	70.4	60.9	66.1
Equity	88.0	92.6	96.7
Total equity and liabilities	301.6	308.5	297.8
Important Key Figures			
Net Working Capital	65.9	53.6	63.7
Net Debt	44.9	42.6	61.4
Equity Ratio	29.2%	30.0%	32.5%

Vs. 1 HY 2010:

- Cash EUR +7.7 million
- Net Working Capital EUR +2.2 million
- DSO improved from 60 to 52 days
- CAPEX EUR 2.6 million (1 HY 2010: EUR 4.1 million)
- Decrease in Equity because of net loss in the amount of EUR 9.8 million at year-end 2010
- Gearing: 0.51 (1 HY 2010: 0.63)

Cash Flow Statement Kardex Group 1 HY 2011

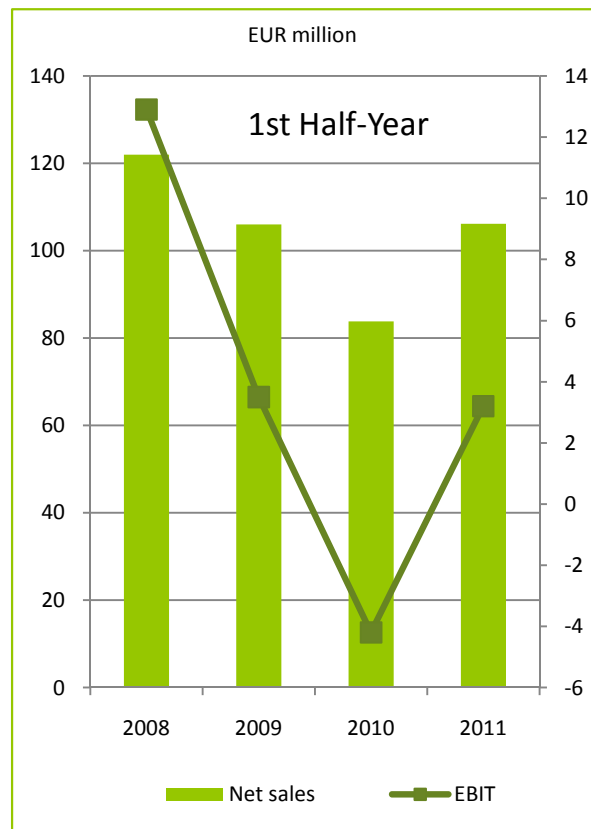
EUR million	2011	2010	Deviation
Net Cash Flow form operating activities	-6.6	-6.6	-
- Thereof change in net current assets	-12.4	-1.1	
Net cash flow used in investing activities	-1.7	-27.4	-93.8%
- Thereof purchase tangible and intangible assets (net)	-2.6	-4.1	-36.6%
- Thereof acquisition of Mlog	-	-23.0	
Free Cash Flow	-8.3	-34.0	-75.6%
Net cash flow used in financing activities	-2.7	29.9	-109.0%
Effect of foreign currency translation differences on cash and cash equivalents	-0.3	1.1	
Net change in cash and cash equivalents	-11.3	-3.0	+276.7%
Cash and cash equivalents	31.5	23.8	+32.4%

Division Report Kardex Remstar

Jens Fankhänel, Head of Division

Key Figures 1 HY 2011 (Comparison 2010)

EUR million	1 HY 2011	1 HY 2010	Dev
Bookings	119.5	100.5	+18.9%
Order Backlog	73.1	66.3	+10.3%
Net Sales	106.2	83.8	+26.7%
EBIT	3.2	-4.2	
EBIT in %	3.0%	-5.0%	
EBITDA	6.5	-0.9	
EBITDA in %	6.1%	-1.1%	
Employees (FTE)	1 292	1 311	-1.4%

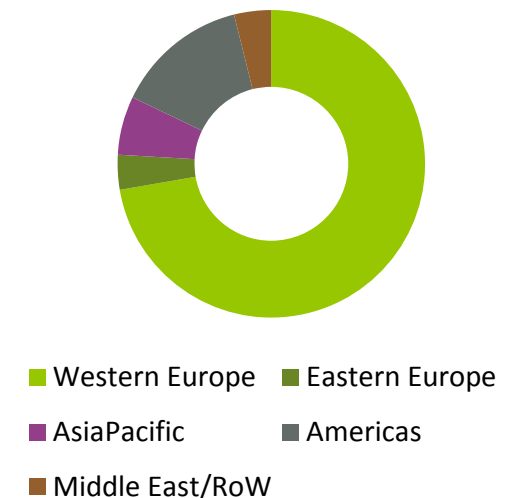


- Bookings 19% up compared to previous year - with further positive trend
- New products with successful start into market
- Healthy backlog as basis for improved second half year
- Market entry of additional competitors leading to price pressure in some areas
- Re-organization and Cost saving measures (COGS) showing first positive results

Market

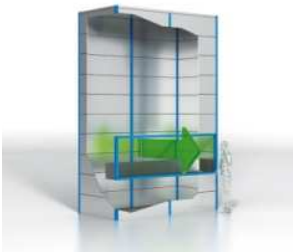
- Intralogistics Market still growing, however money tight again
- Many more decision makers higher up in hierarchy involved in selection of suppliers → prolonged offer lead times
- Kardex Remstar still not fully benefiting from economical upturn
- More competitors fighting for market share → price pressure and lower hit rates
- New competitors from other segments entering the market (solution provider)
- Relevant emerging markets (India, China, Rest of Asia) offering more potential than currently exploited
- Market entry concept for South America in development

Bookings by Region
06/2011



Product Portfolio

Shuttle XP



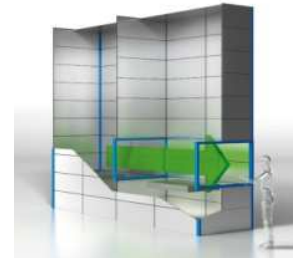
Shuttle XPlus



Shuttle XPCrane



Shuttle XP Multiple



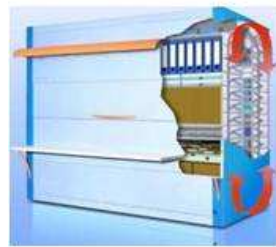
Element - **NEW**



Megamat - **NEW**



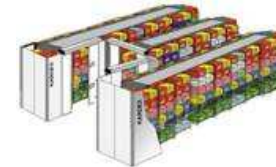
Lektriever



PPGlobal - **NEW**



Horizontal



Mobile Systems



Current Manufacturing Sites

Bellheim, Germany



Competence Center for Shuttles

41.500 m² production area

Neuburg, Germany



Competence Center for
Vertical Carousels

12.000 m² production area

Lewistown, USA



Competence Center for Element,
Lektriever, Horizontal Carousels,
Kompakt

23.000 m² production area

Top Priorities – Short Term

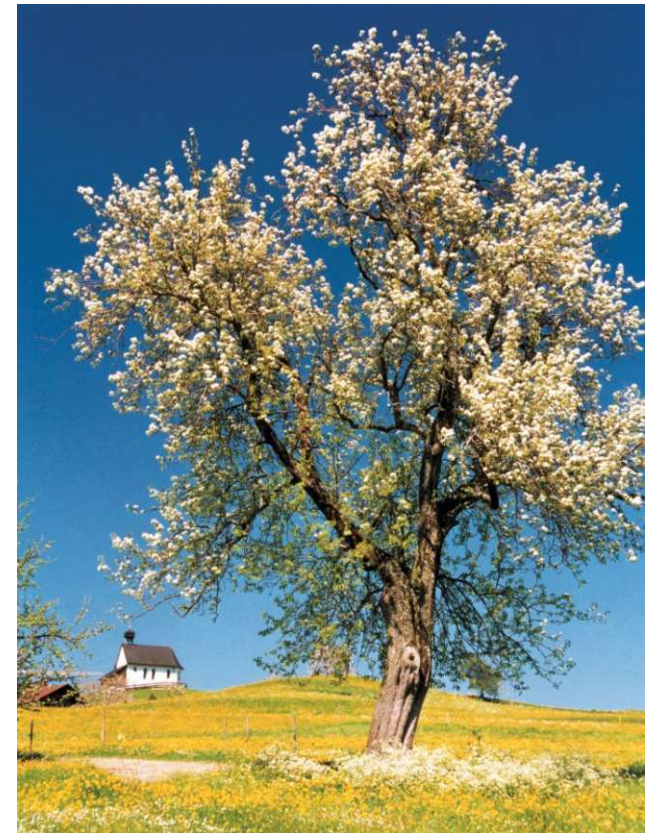
- Implement all measures for a proper turn-around of loss generating entities
- Review of the optimum use of company sites and implement all required changes to achieve operational excellence
- Focus on EBIT development and margin improvement
- Improve factory controlling
- Review organization and key people with focus on increased productivity and efficiency
- Define innovation requirements and roadmap 2012 – 2014 to support rolling business plan

Top Priorities – Mid Term

- Implement total customer focus
- Defend and expand market share in established markets
- Enforce presence and market share in emerging markets (China, India, Middle East)
- Start up in other emerging markets (e.g. South America)
- Streamline processes, simplify legal structures – reduce overhead costs
- Implement continuous improvement programs across the organization
- Establish market driven innovation process and increase innovation speed

Prune the tree to foster healthy growth...

- Kardex Remstar will be back to success based on:
 - Total Customer Focus
 - Resized, efficient organization
 - Operational Excellence
 - Innovation Leadership
 - Management Excellence

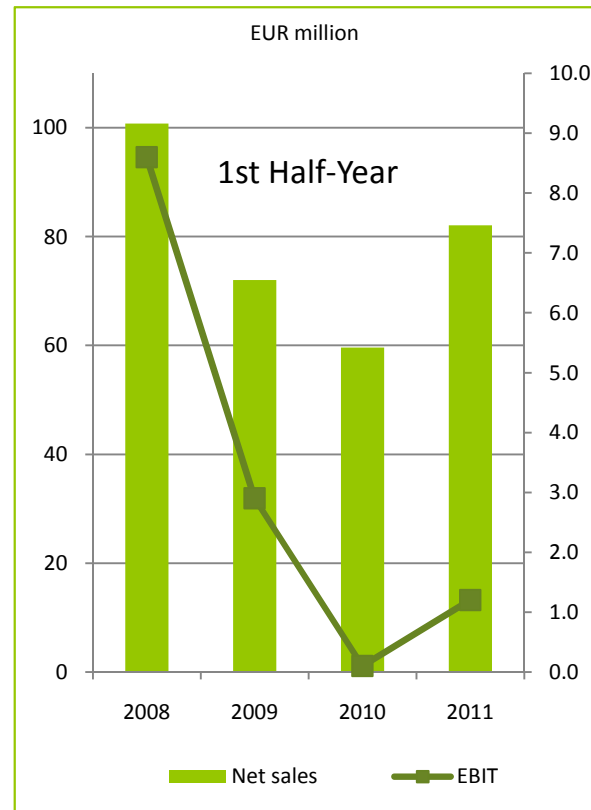


Division Report Kardex Stow

Jos De Vuyst, Head of Division

Key Figures 1 HY 2011 (Comparison 2010)

EUR million	1 HY 2011	1 HY 2010	Dev
Bookings	97.2	72.8	+33.5%
Order Backlog	46.6	42.9	+8.6%
Net Sales	82.1	59.6	+37.8%
EBIT	1.2	0.1	
EBIT in %	1.5%	0.2%	
EBITDA	3.1	2.3	+34.8%
EBITDA in %	3.8%	3.9%	
Employees (FTE)	584	565	+3.4%



- Kardex Stow is back on growth path after the downturn in 2009/2010
- Volumes are back in the market but margins stay under pressure, due to overcapacity in this business
- One off exceptional costs of kEUR 450
- Limited effect of rising steel price in 1 HY, 2011

Markets and market potentials

- Adressable pallet racking market:
 - Europe: EUR 2'000 million - of which Kardex Stow EUR 165 million / 8.5%
 - Asia: EUR 400 million - of which Kardex Stow EUR 15 million / 4.0%
- Fragmented and low differentiated market with overcapacity
- As cost leader, Kardex Stow has a growth potential in several European markets: Germany, France, UK, Netherlands because these markets are close to the factories
- Asia: creation of distribution channels in South East Asia and India

Products – new products

- Stow is heavily focused on pallet storage (highly automated Belgian and Chinese factories)
- The current product portfolio around pallet storage is being extended with:

SILO



Self supporting warehouses
 Market estimation: EUR 400 million
 Kardex Stow target: EUR 20 million/
 year

ATLAS



Pallet Shuttle:
 Market estimation EUR 100 million
 incl racking
 Kardex Stow target: EUR 10 million

MOBILE



Mobile Pallet racking:
 Market estimation: EUR 100 million
 Kardex Stow target: EUR 15 million

Current Manufacturing Sites

Dottenijs, Belgium



Highly automated manufacturing of
pallet racking
Max. capacity 130'000 ton

Karvina, Czech Republic



Factory for smaller customized orders
Job shop environment

Shanghai, PRC



Pallet racking factory
For Chinese and Asian, Indian market
Max. capacity 25'000 ton

Top Priorities: Short – Mid Term

- Operational excellence in sales:
 - Improve margin and profitability through optimization of project mix:
Increase focus on smaller and midsize projects with higher margin
 - Improved market penetration in the main European markets and Chinese market
 - Successful introduction of new products
 - Key account management
- Maintain and further improve cost leadership in factories (fine tuning)
- Increase overall profitability

Targets

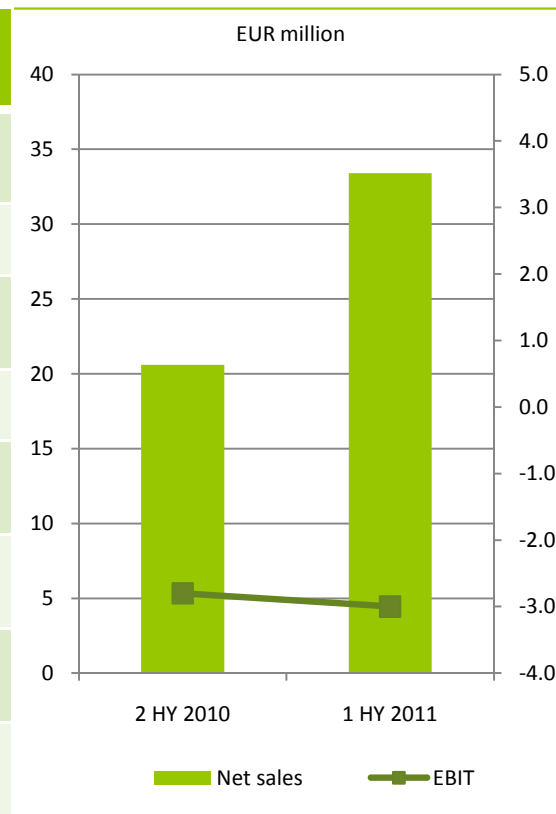
- Kardex Stow will be a major player in the pallet storage business in Europe and Asia, based on:
 - large product portfolio for pallet storage
 - profitable growth and cost leadership
- Further increase market share in existing markets
- Expand OEM business

Division Report Kardex Mlog

Hans-Jürgen Heitzer, Head of Division

Key Figures 1 HY 2011 (Comparison 2 HY 2010)

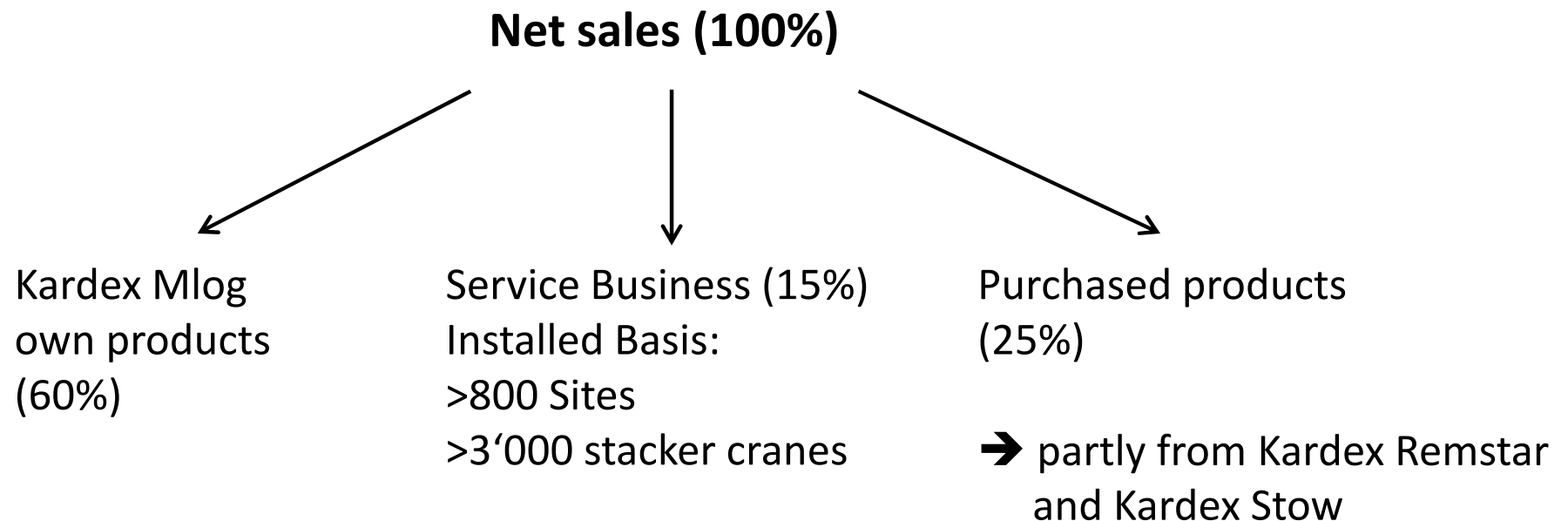
EUR million	1 HY 2011	2 HY 2010
Bookings	35.8	36.5
Order Backlog	38.5	36.1
Net Sales	33.4	20.6
EBIT	-3.0	-2.8
EBIT in %	-9.0%	-13.6%
EBITDA	-1.3	-1.0
EBITDA in %	-3.9%	-4.9%
Employees (FTE)	249	249



- Strong growth in sales and order intake
- Increasing margins in bookings
- Market potential in:
 - Internationalization through Kardex Group (one stop shop)
 - System solutions products (learning from Kardex Remstar)

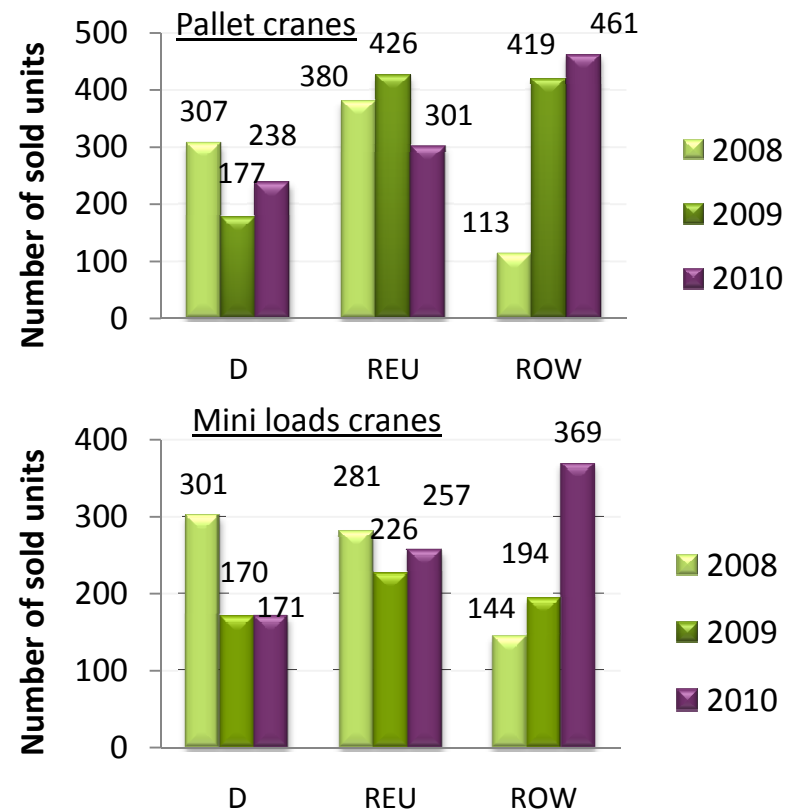
*since 1 May 2010

Business model – Offer mix (2014E)



Market

- Market for stacker cranes growing in ROW, again growing in Europe since early 2011
- More demand for mini load systems and system solutions
- More competitors fighting for market share
 - price pressure
- Today 95% of all warehouses worldwide are manually operated
 - significant market potential



Source: Internationale RBG Statistik, FEM

Wide Product Portfolio...

System solutions



Mcompact

Pallet cranes



for pallets

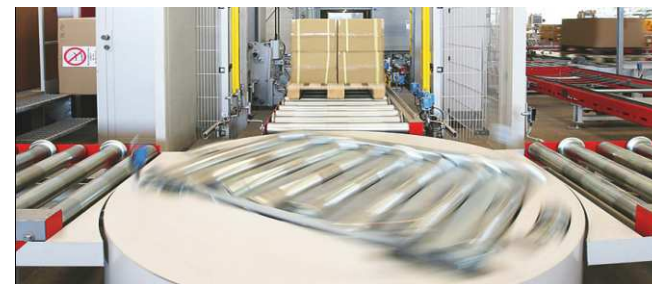


for bins



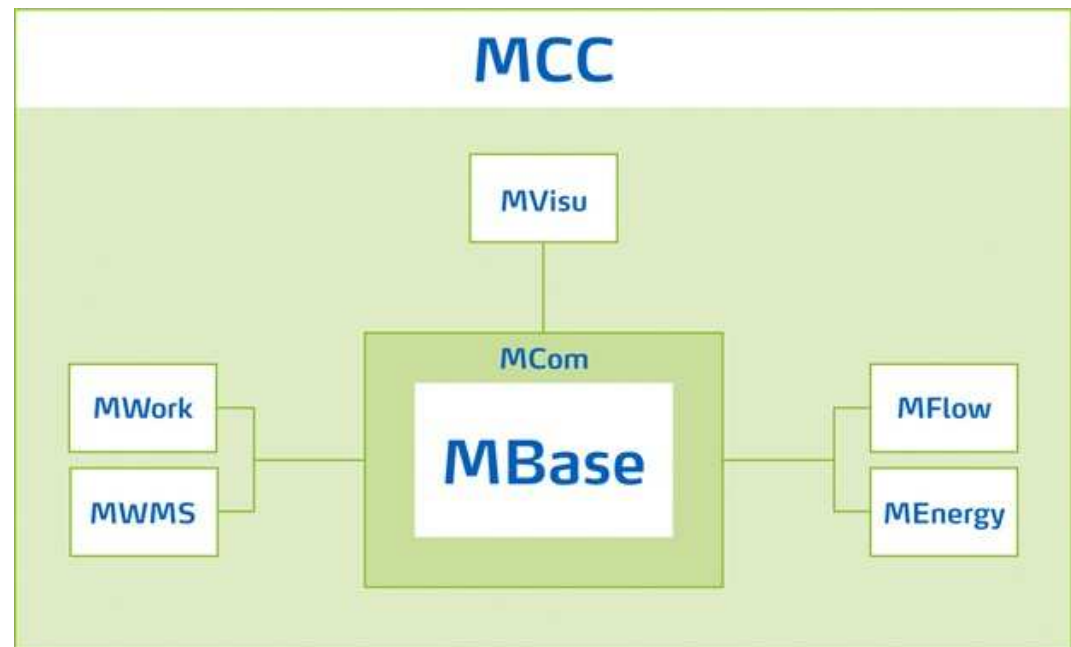
Mtower

Conveyors



...and Software...

MBase	Basic module
MVisu	Visualization system
MCom	Communications module
MFlow	Material flow control
MWork	Workplace module
MEnergy	Energy management
MWMS	Warehouse management



...leads to Competence as General Contractor and Full Service Contracts



11-08 Präsentation BMK 23-08-2011

Manufacturing Site

Neuenstadt am Kocher, Germany



- New facility (2009)
- Manufacturing surface: 18'000 m²
- Capacity: 180 stacker cranes (2 shifts / year)
- 249 FTE

Top Priorities – Mid Term / Long Term

- Cost reduction in all departments!
- Process re-engineering project initiated
- Cultural change in selling process to be initiated:
 - From technology driven acquisition process to customer education
 - From „mass“ to margin
- Boost service business potential
- Focus internationalization on Europe
- Return to former profitability

Accounting Standard, Capital Increase, Financing

Gerhard Mahrle, CFO

Outlook and Q & A

Philipp Buhofer, Chairman

Summary – reasons to invest in Kardex

- Kardex is well-positioned to benefit from current intralogistics market developments by leveraging its large customer base and strong brand recognition, as well as its existing distribution channels and service network
- Positive order intake and order book development expected to remain intact
- Implementation of efficiency improvements and cost base reductions to strengthen profitability
- Strategy as well as capital increase fully supported by Kardex' main shareholder

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