



# Kardex Group – Company Presentation

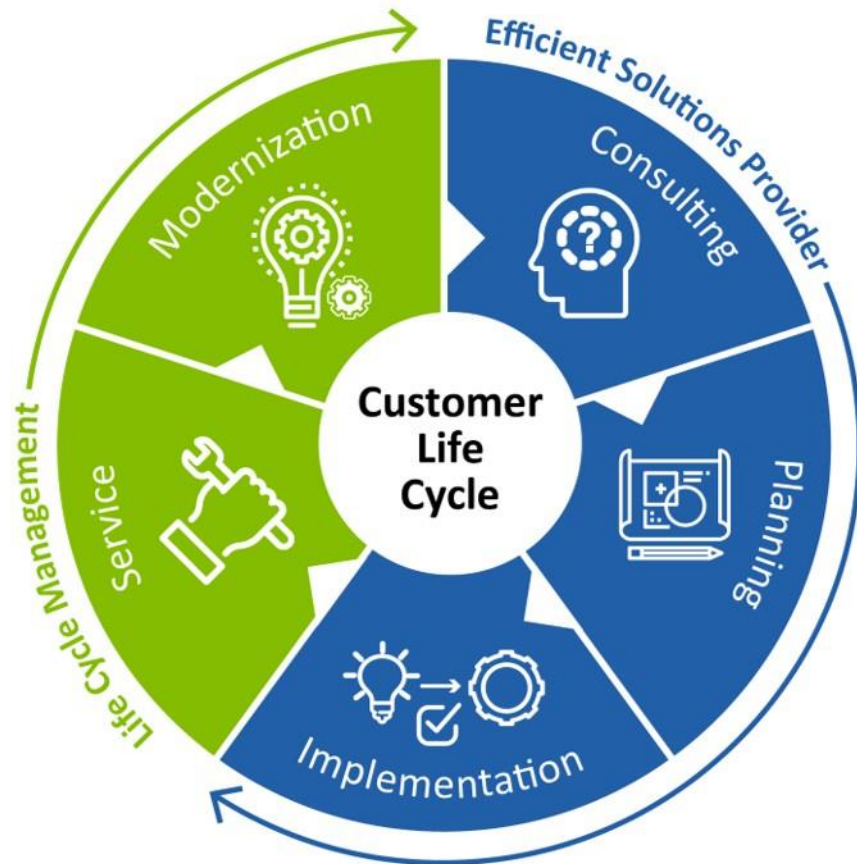
March 2019

## Kardex in Brief

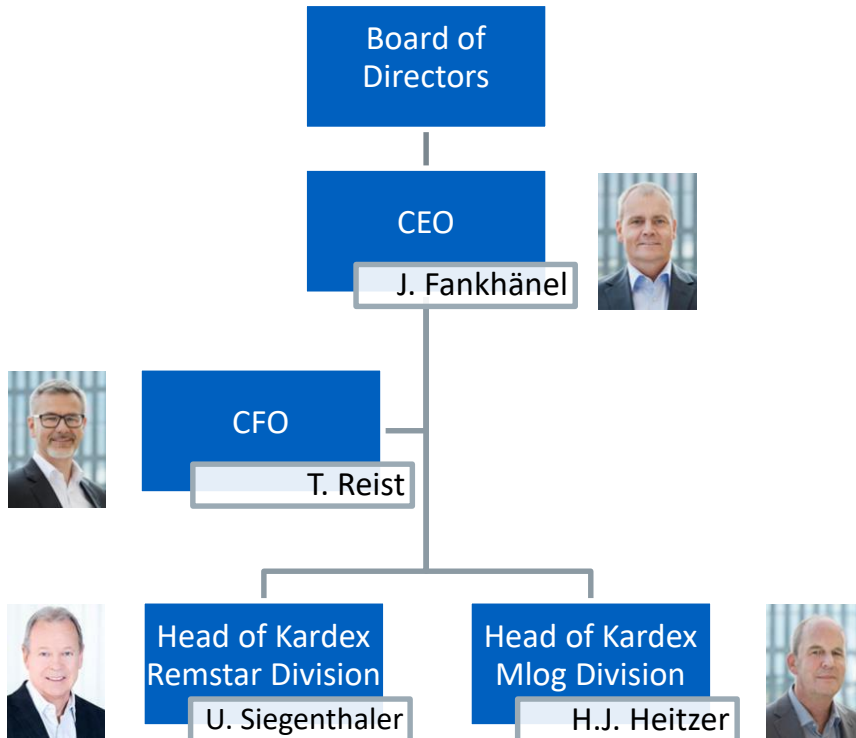
- Kardex provides solutions and services to increase the **efficiency in storing and handling of goods and materials** of its customers
- Kardex consists of 2 Divisions which are both positioned in an **attractive and growing market** – **Kardex Remstar** and **Kardex Mlog**
- **Key figures FY 2018**
  - Net revenue    EUR 423 millions
  - EBIT margin    12.6%
  - Net profit        EUR 38.3 millions
- **Market Cap** as of March 4: approx. CHF 1 120 millions

# Life Cycle Management as the basis for a sustainable business model

- 100 000+ installed Kardex Remstar machines
- 900+ Kardex Mlog systems with more than 2 000 stacker cranes
- Kardex grows with the customers; high proportion of New Business with existing customers in addition to +30% Life Cycle Service business
- Provide capital goods in need of explanation



# Management Structure as per 1 January 2019



## ■ Group Level

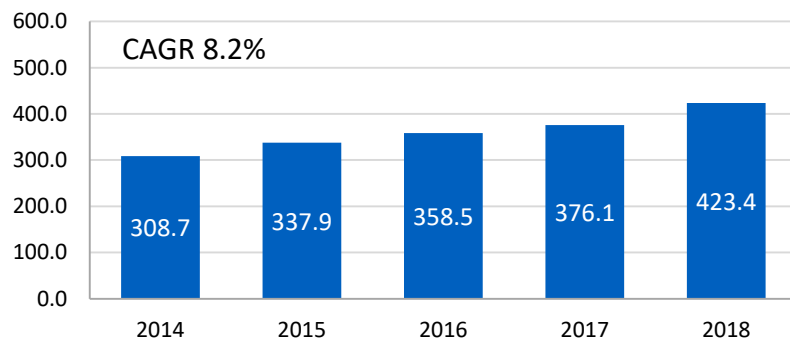
- Group strategy
- Public Relations / Investor Relations
- Financing / Resource allocation
- Corporate Functions as Service Centers (HR, IT, MarCom)
- Group Management: CEO, CFO, Head of Divisions

## ■ Divisional Level

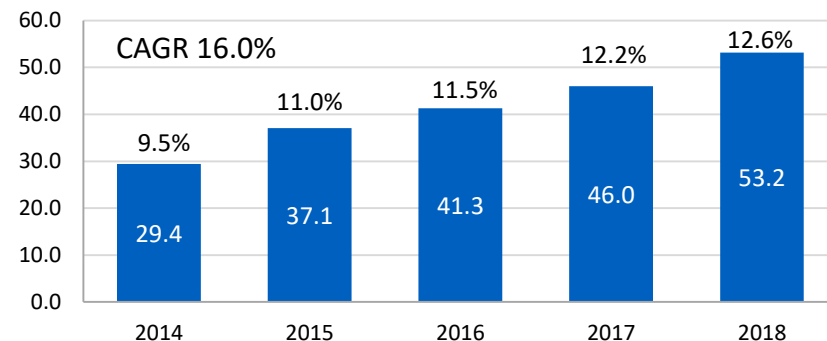
- Divisional strategies
- Stand-alone units with full P&L and balance sheet responsibility

# Key Figures 2014–2018 (in EUR millions)

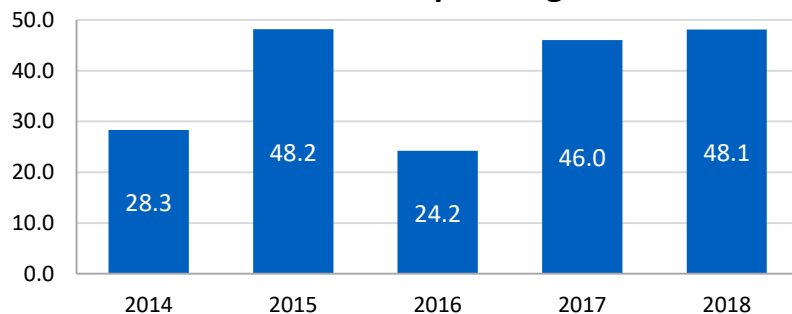
## Net revenues



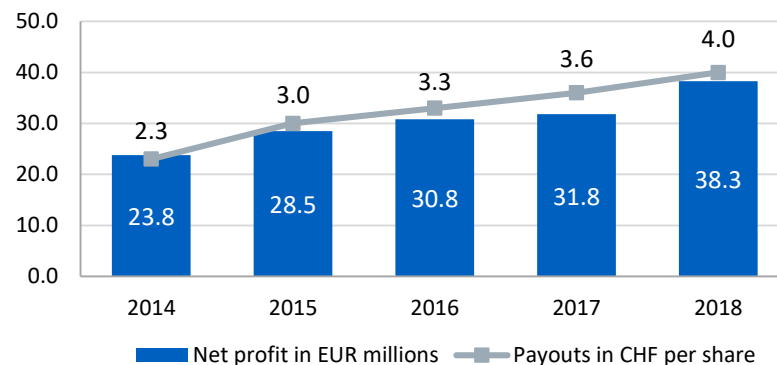
## Operating result (EBIT) and EBIT margin



## Net cash flow from operating activities



## Net profit and Payouts



## Financial Targets

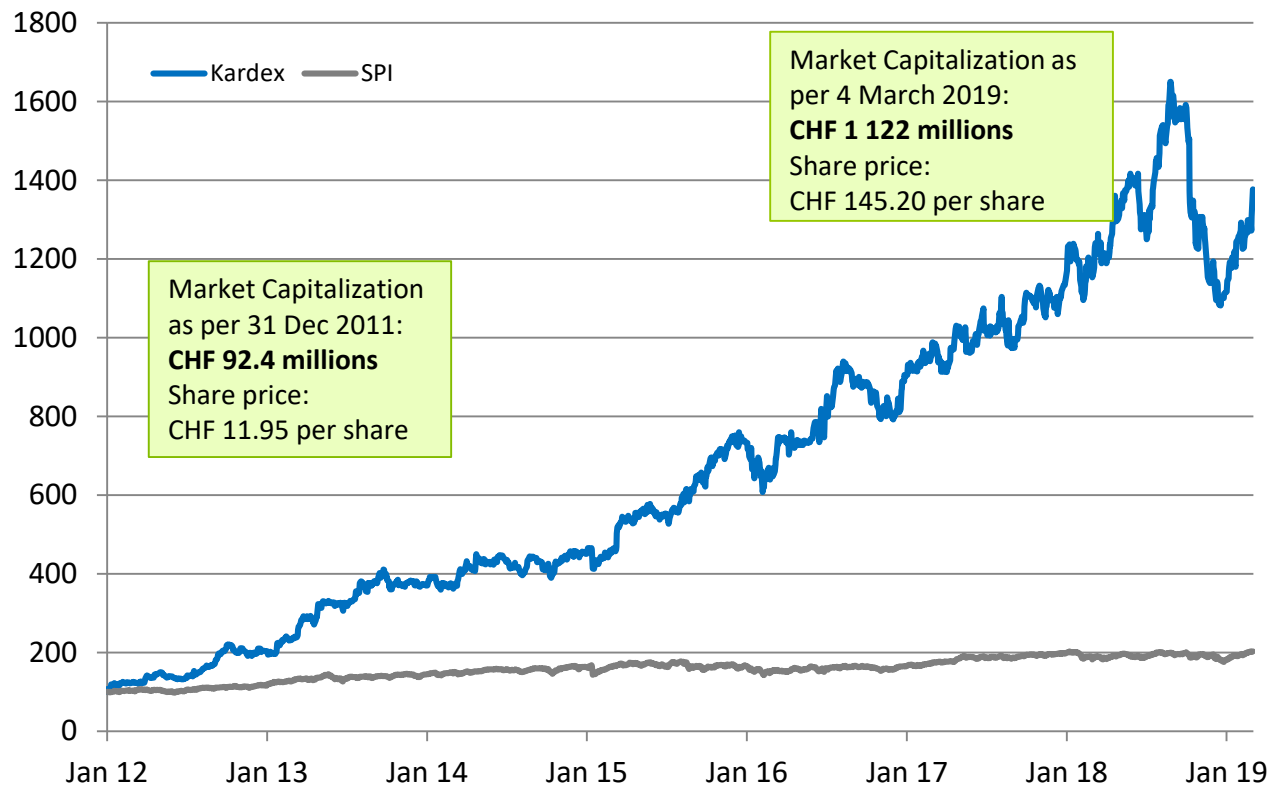
	Net Sales Growth*	EBIT Margin*	ROCE*	<i>Previously</i>
Kardex Remstar		8% - 16%		7% - 15%
Kardex Mlog		4% - 8%		4% - 6%
Group	4% - 5% p.a.	> 6%	> 20%	3% - 5% p.a.

Dividend Policy (pay out ratio)	Net Debt/EBITDA
up to 75% of operational Net Profit	< 2.5 x

\* over the cycle of 5 years

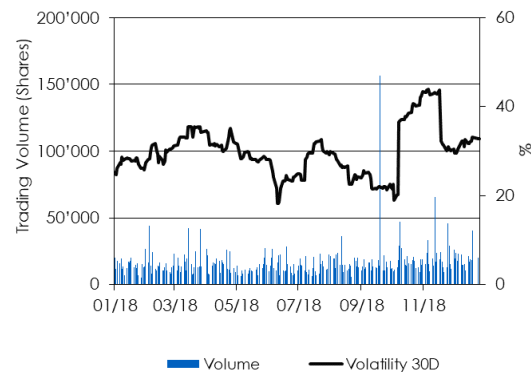
# Share Price Kardex January 2012 – March 2019\*

Rebased, incl. dividends



\* As of March 4, 2019

## Daily Trading Volume + Volatility (12 months)



## Liquidity

Volume/Month  
380'702

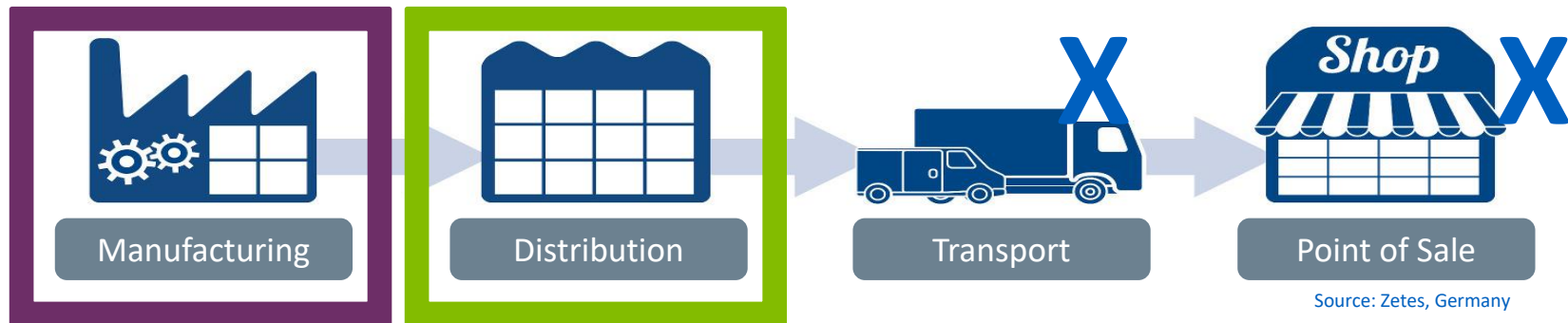
% of Free Float  
7.0%

## Intralogistics Industry

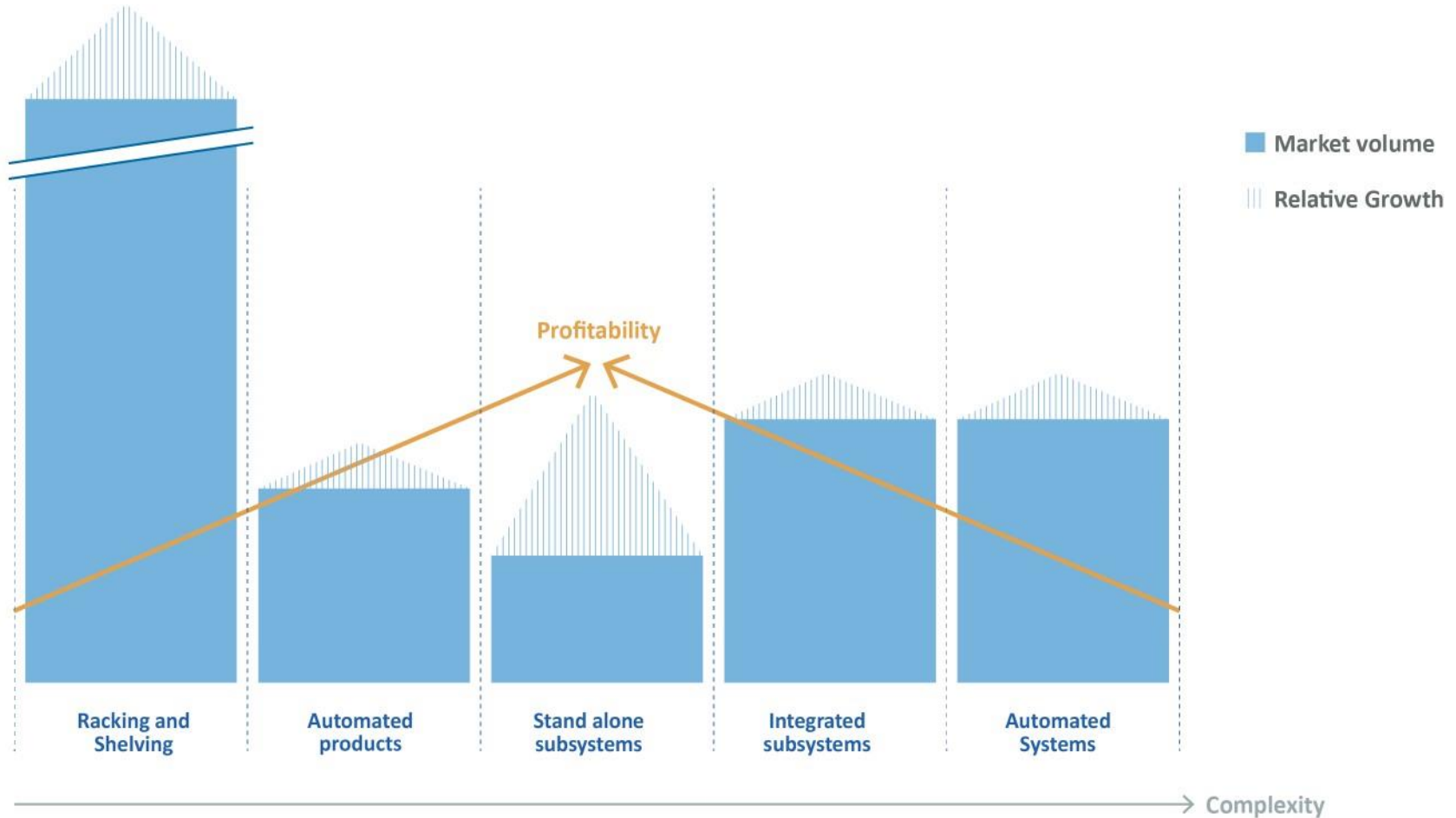


# Definition of Intralogistics

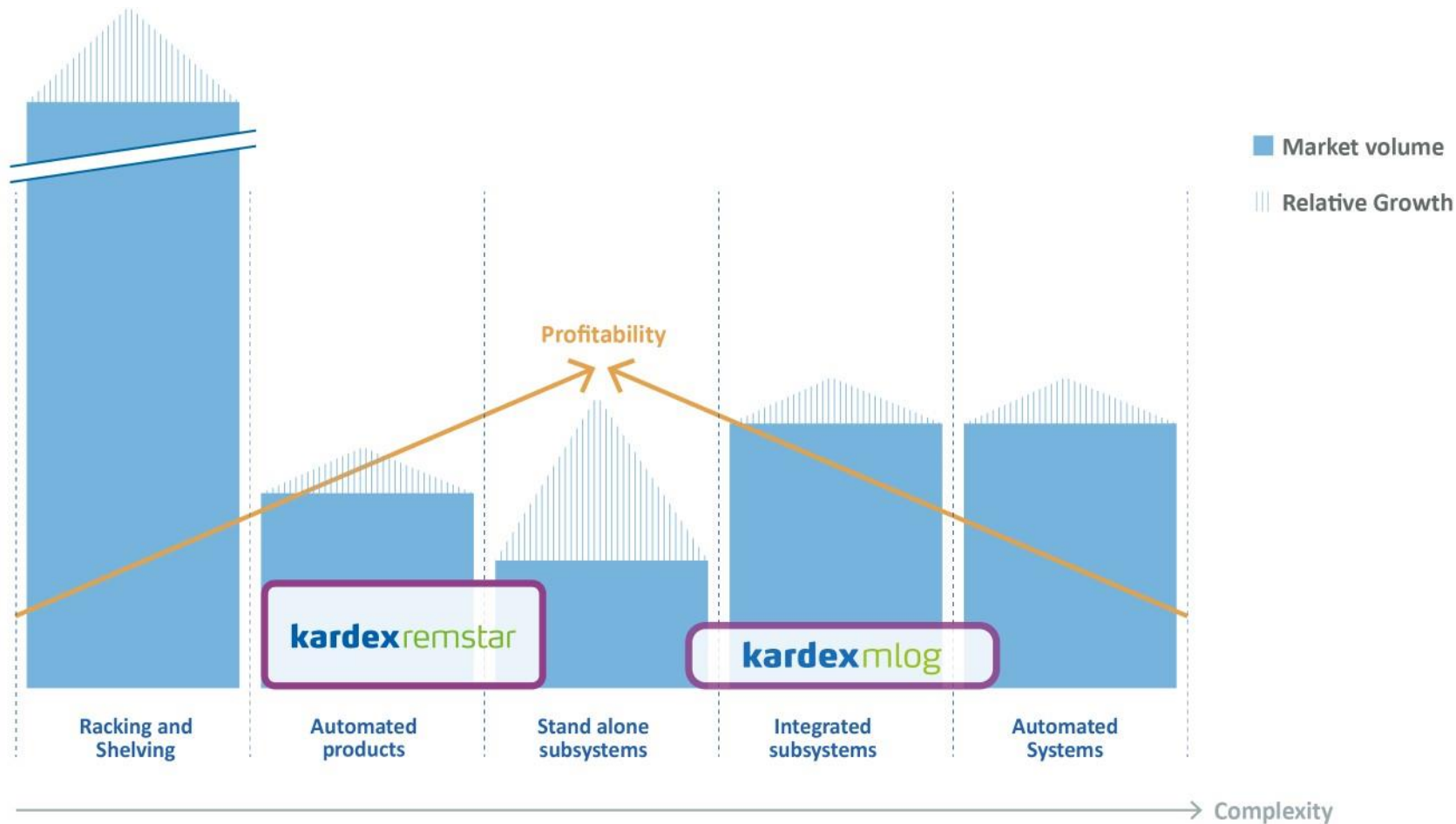
- **Intralogistics** covers the Material Logistics & Material Handling plus Information Management within the four walls/boundaries of a manufacturing or distribution center
- **Intralogistics** aims to improve efficiency (via performance increase, cost reduction, added value)
- **Intralogistics** does not include the transportation outside the four walls/boundaries and not POS
- **Manufacturing Centers** – typically Raw Material Handling, interim transports, interim Manufacturing Buffers, Finished Goods Handling
- **Distribution Centers** – typically Finished Goods Handling incl. Receiving, Storage/Retrieval, Order Picking/Value Add, Sortation, Shipping



# Intralogistics: Volume, Growth and Profitability



# Intralogistics: Positioning of Divisions



# Global Trends and Impact on Intralogistics

- **Increase in e-commerce and resulting delivery logistics:** Greater demand for decentralized, smaller warehouses and “last mile” solutions
- **Industry 4.0 (“Internet of things”, Service 4.0, Logistics 4.0, Connectivity):** Need for change from central to embedded intelligence, fundamental change in requirements to Intralogistics core technology and product range
- **Ageing society and stronger health and safety regulations:** Increased need for ergonomic and automated handling solutions, trends towards simplified Human Machine Interfaces
- **Increased focus on environment and sustainability:** Increased need for energy-efficient and recyclable technology, battery technology
- **Cloud computing:** potential radical technology change and business model change towards Software as a Service
- **Smart Robots including human machine dialogue in collaboration with people:** increased need due to shortage of labor, fundamental change to Intralogistics concepts and interfacing between Robots and standard products

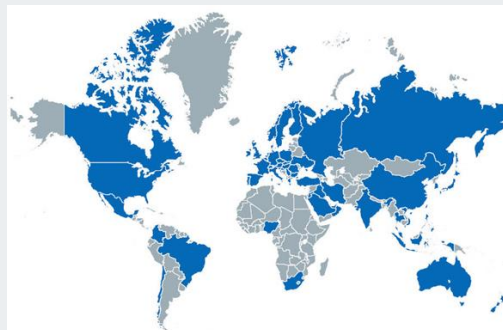
## Kardex Divisions

# Overview Kardex Remstar Division

## Key Figures

- Market share > 35%
- > 1 500 FTEs
- > 100 000 installed solutions worldwide
- 2 production sites in Germany

## Geographic Focus

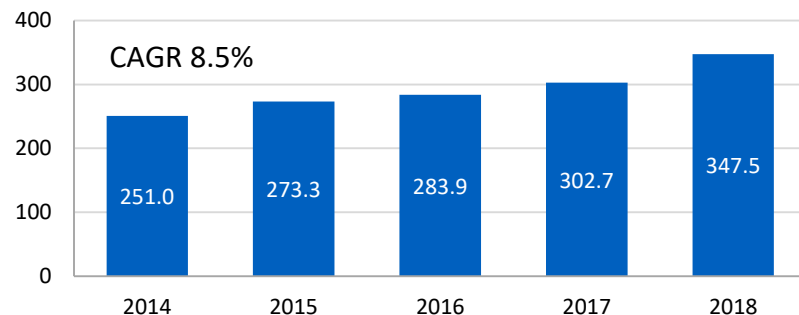


## References (selected)

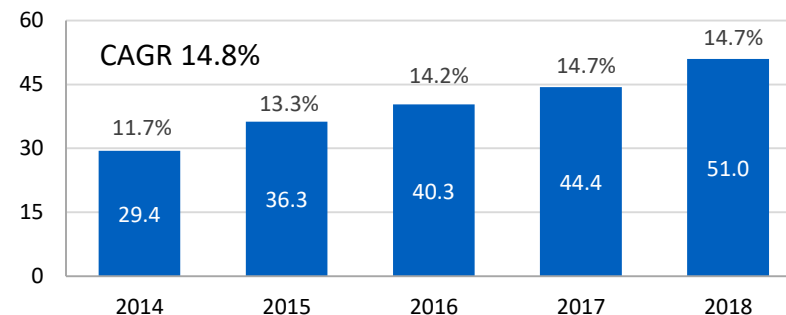


# Division Kardex Remstar - Key Figures 2014-2018 (in EUR millions)

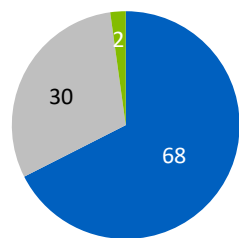
## Net revenues



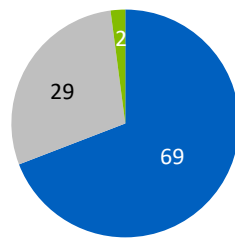
## Operating result (EBIT) and EBIT margin



## Revenues Mix 2017 in %

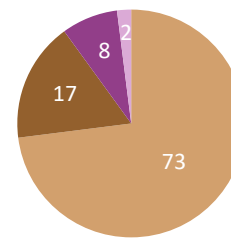


## Revenues Mix 2018 in %

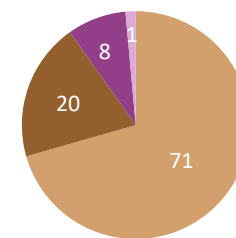


■ New Business ■ Life Cycle Service ■ OEM

## Geographical split 2017 in %



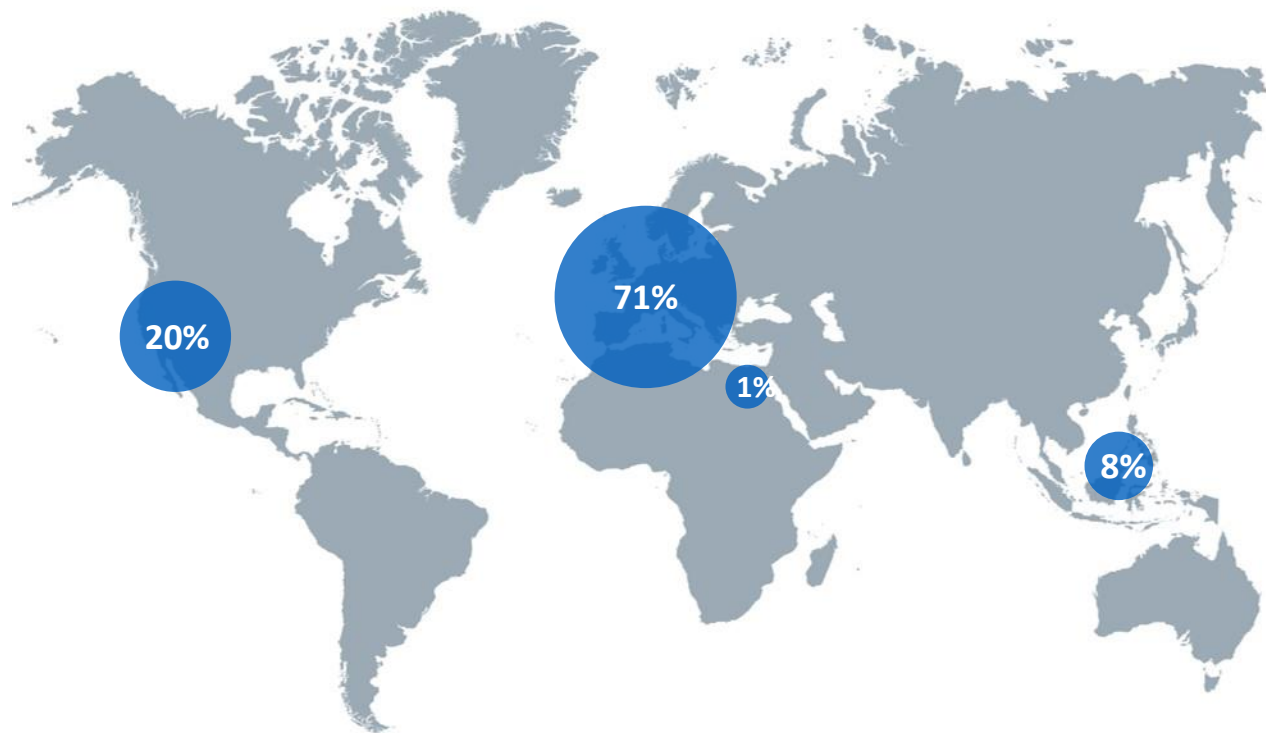
## Geographical split 2018 in %



■ Europe ■ Americas (North, Middle, South) ■ Asia/Pacific ■ Middle East and Africa

# Kardex Remstar – Industry Segments & Geographical Split 2018

Segment Name	Today's Share
Mechanical Engineering	14%
Electronics	13%
Wholesale / Retail / E-Commerce	13%
Automotive / Transportation Equipment	11%
Metal	8%
Public Administration / Government	7%
Third-Party Logistics / Transportation	3%
Others	31%



% represent share per geographical region of total net sales



## Kardex Remstar - Main strategic growth drivers

### Geographical Expansion

- Further implement revised business plan North America
- Push business plan Asia/Pacific
- Execute market entry South America

### Leverage Customer Segments

- Intensify account management for existing customers
- Establish additional OEM partners
- Establish lead nurturing to win new customers

### Leverage Industry Segments

- Increase penetration of
  - E-Commerce
  - Warehouse & Distribution
  - Government
  - Transportation

### Extended Solution and Product Portfolio

- Introduce remote services and remote diagnostics
- Extend Vertical Buffer family
- Introduce new / cloud-based software solutions

Ready for Industry 4.0

# Kardex Remstar – Industry Specific Solutions

## Industry Specific Solution:

Standard Kardex Products +  
Complimentary Technology +  
Kardex Logistics Software Suite

*... with Industry Specific Customization*



*From heavy goods (individual or pallet based) to light and small goods (bin or carton based)*

# Kardex Remstar – Product Portfolio as base for Efficient Solutions

## Vertical Lifts - Shuttle



## Horizontal Carousels



## Vertical Carousels - Megamat - Lektriever



## Vertical Buffers - LR 35 - LT 35



## Software Suite - Power Pick Global



*From heavy goods (individual or pallet based) to light and small goods (bin or carton based)*

# Kardex Remstar – Product Portfolio Life Cycle Services



# Kardex Remstar – Case Study



## Solution

- 9 Megamat RS350 (vertical carousels) installed
- Power Pick Global warehouse management software handles the orders
- Optical pick-by-view indicators for picking accuracy

## Challenge of our customer

- Med24: online health care retailer in Scandinavia
- 10 000 different items, 1 200m<sup>2</sup> warehouse, 25 FTE
- 400% growth over the last 3 years
- Average 1 500 orders of 4 500 items processed daily
- Storage system unable to keep up with growth in terms of amount of products and storage space

## Advantages

- Reduced order picking time: 60%
- No. of orders processed per hour increased from 100-120 to 250-300
- Footprint cut from 1 000m<sup>2</sup> to 200m<sup>2</sup>
- Staff reduced from 7-9 to 3-4
- ROI within 2 years

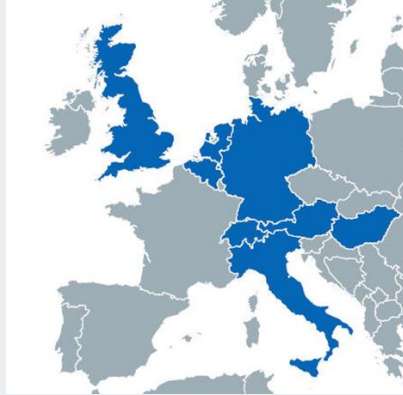


# Overview Kardex Mlog Division

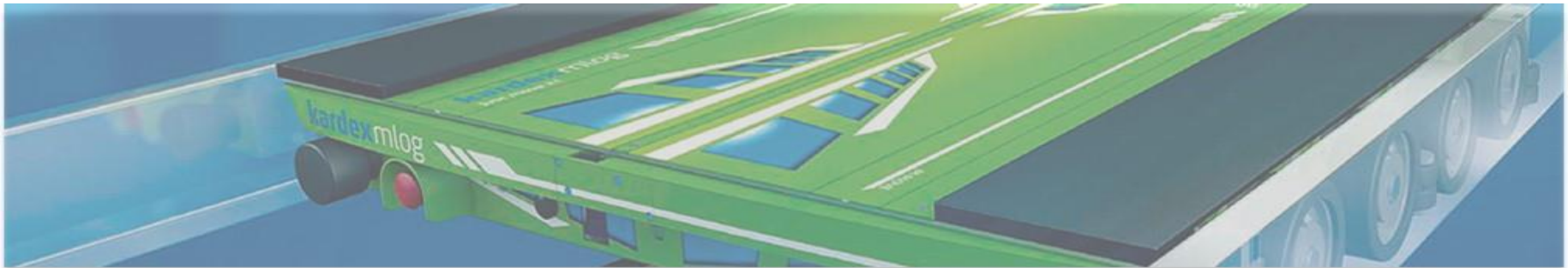
## Key Figures

- Strong market position in Germany and specific segments
- > 280 FTEs
- > 900 installed solutions worldwide
- 1 production site in Germany

## Geographic Focus

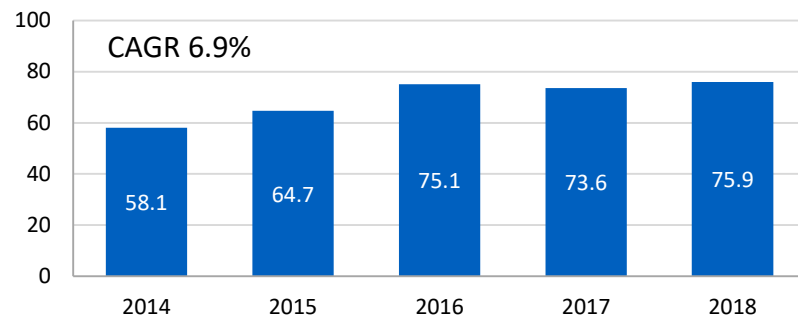


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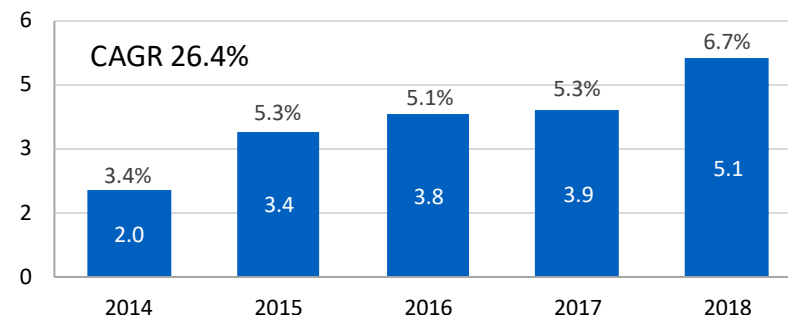


# Division Kardex Mlog - Key Figures 2014-2018 (in EUR millions)

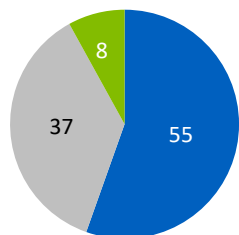
## Net revenues



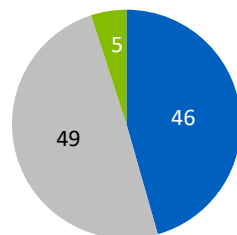
## Operating result (EBIT) and EBIT margin



## Revenues Mix 2017 in %

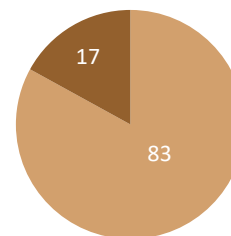


## Revenues Mix 2018 in %

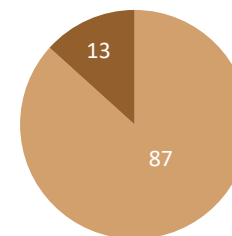


■ Integrated Subsystems ■ Life Cycle Service ■ Products

## Geographical split 2017 in %



## Geographical split 2018 in %



■ Germany ■ Rest of Europe

## Kardex Mlog - Main strategic growth drivers

### Geographical Expansion

- Increase revenue proportion in selected countries outside Germany to 30%
- Use industry segment solutions as a market entry strategy

### Leverage Customer Segments

- Intensify account management for existing customers
- Concentrate on new small and mid-size customers for products and stand alone subsystems

### Leverage Industry Segments

- Increase penetration of
  - Food and beverage
  - Pharmaceuticals
  - Kitchen manufacturers

### Extended Solution and Product Portfolio

- Introduce new light goods shuttle (MCrossDrive)
- Define further stand alone subsystems / X-divisional solutions

Ready for Industry 4.0



# Kardex Mlog – Industry Specific Solutions

## Industry Specific Solution:

Standard Kardex Products +  
Complimentary Technology +  
Kardex Logistics Software Suite

*... with Industry Specific Customization*



*From heavy goods (pallet based) to light and small goods (bin or carton based)*

# Kardex Mlog – Solutions and product portfolio

## Stand alone subsystems

MTower



MSequence



MDynamic



MCompact



## Stacker cranes used in integrated subsystems and stacker crane systems

Pallet cranes



Miniload crane



*From heavy goods (pallet based) to light and small goods (bin or carton based)*

# Kardex Mlog – Solutions and product portfolio

Conveyor and warehouse technology used in integrated subsystems and stacker crane systems

Chain conveyors



Roller conveyors



Transfer units



Monorail systems



Pallet lift



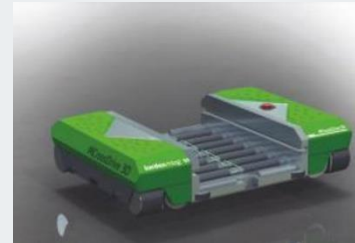
MMove



MSpacer

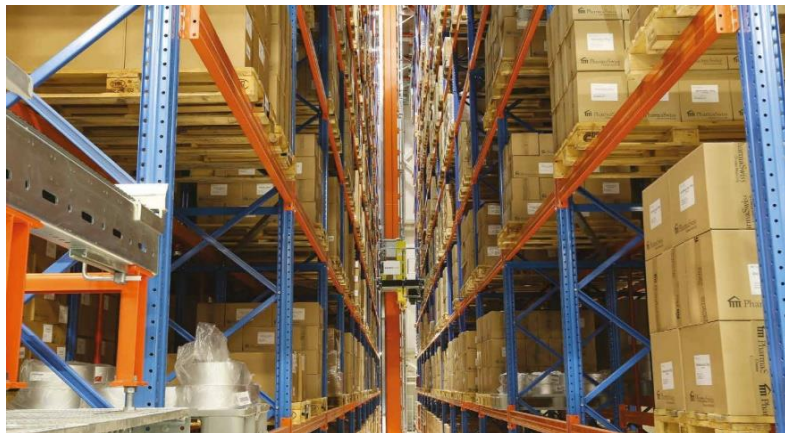


MCrossDrive



*From heavy goods (pallet based) to light and small goods (bin or carton based)*

# Kardex Mlog – Case Study



## Solution

- Fully automatic high-bay warehouse
- 24 meter high and capacity of 4 840 pallets occupying the minimum of floor space
- Two MSingle storage and retrieval machines
- Total throughput of 54 double-cycles per hour
- Conveyor system with 70 drives (fully automatic)

## Challenge of our customer

- PharmaSwiss: generic drugs distribution center in Belgrad
- Strong growth in the preceding years
- Packaging and warehouse capacities reached their limits
- High performance and safety requirements
- Fulfill GXP (pharmaceutical) guidelines

## Advantages

- Human error eliminated (zero-error strategy)
- Increases the warehouse capacity
- Components, hardware and software are aligned
- Clean and easy to operate, saving time and costs
- 100% safety: incorrect storage or retrieval are technically impossible

## Financials 2018

## Income Statement (1/2)

EUR millions	2018	in %	2017	in %	+/- in %
<b>Bookings</b>	<b>481.2</b>	<b>113.7%</b>	<b>411.9</b>	<b>109.5%</b>	<b>16.8%</b>
Order Backlog (31.12.)	230.1	54.3%	173.6	46.2%	32.5%
<b>Net revenues</b>	<b>423.4</b>	<b>100.0%</b>	<b>376.1</b>	<b>100.0%</b>	<b>12.6%</b>
<b>Gross profit</b>	<b>152.2</b>	<b>35.9%</b>	<b>135.7</b>	<b>36.1%</b>	<b>12.2%</b>
OPEX	99.0	23.4%	89.7	23.9%	10.4%
<b>EBIT</b>	<b>53.2</b>	<b>12.6%</b>	<b>46.0</b>	<b>12.2%</b>	<b>15.7%</b>

- Bookings mainly pushed by New Business of both Divisions and Refurbishment at Kardex Mlog
- Order Backlog with significant increase
- EBIT and EBIT-margin improve again

## Income Statement (2/2)

EUR millions	2018	in %	2017	in %	+/- in %
<b>EBIT</b>	<b>53.2</b>	<b>12.6%</b>	<b>46.0</b>	<b>12.2%</b>	<b>15.7%</b>
Financial result, net	-1.7	-0.4%	-1.5	-0.4%	-13.3%
<b>EBT</b>	<b>51.5</b>	<b>12.2%</b>	<b>44.5</b>	<b>11.8%</b>	<b>15.7%</b>
Income tax	-13.2	-3.1%	-12.7	-3.4%	-3.9%
<i>Tax rate</i>	<i>25.6%</i>		<i>28.5%</i>		
<b>Result for the period</b>	<b>38.3</b>	<b>9.0%</b>	<b>31.8</b>	<b>8.5%</b>	<b>20.4%</b>
<b>EBITDA</b>	<b>59.0</b>	<b>13.9%</b>	<b>51.4</b>	<b>13.7%</b>	<b>14.8%</b>

- Income tax rate decrease mainly due to US tax reform
- Significant increase of the Result for the period



## Balance Sheet

EUR millions	2018	2017	+/-	+/- in %
Non-current assets	42.2	37.6	4.6	12.2%
Current assets	222.7	202.6	20.1	9.9%
<i>thereof cash and cash equivalents</i>	129.2	114.9	14.3	12.4%
<b>Assets</b>	<b>264.9</b>	<b>240.2</b>	<b>24.7</b>	<b>10.3%</b>
Equity	153.3	139.0	14.3	10.3%
<i>Equity ratio</i>	57.9%	57.9%		
Liabilities	111.6	101.2	10.4	10.3%
<b>Equity and liabilities</b>	<b>264.9</b>	<b>240.2</b>	<b>24.7</b>	<b>10.3%</b>

- Cash and Equity grew in line with each other
- Equity ratio stays at the same solid level



## Cash Flow Statement

EUR millions	2018	2017	+/-	+/- in %
Net CF from operating activities	48.1	46.0	2.1	4.6%
<i>thereof change in NWC</i>	-0.7	-1.0	0.3	30.0%
Net CF from investing activities	-10.3	-11.4	1.1	9.6%
<b>Free cash flow</b>	<b>37.8</b>	<b>34.6</b>	<b>3.2</b>	<b>9.2%</b>
Net CF from financing activities	-23.9	-23.4	-0.5	-2.1%
FX effect	0.4	-2.0	2.4	n.a.
<b>Net change in cash and cash equivalents</b>	<b>14.3</b>	<b>9.2</b>	<b>5.1</b>	<b>55.4%</b>

- Higher Result for the period and reduced NWC lead to higher FCF
- NWC positively affected by higher advance payment levels

## Division Kardex Remstar - Financial Highlights 2018

EUR millions	2018	2017	+/- %
Bookings	381.3	336.9	13.2%
Order backlog	157.1	124.6	26.1%
<b>Net revenues</b>	<b>347.5</b>	<b>302.7</b>	<b>14.8%</b>
<b>EBITDA</b>	<b>55.7</b>	<b>49.0</b>	<b>13.7%</b>
<i>EBITDA in %</i>	<i>16.0%</i>	<i>16.2%</i>	
<b>EBIT</b>	<b>51.0</b>	<b>44.4</b>	<b>14.9%</b>
<i>EBIT in %</i>	<i>14.7%</i>	<i>14.7%</i>	
Employees	1 511	1 369	10.4%

- New Business with another double digit bookings increase
- Europe, North America and China major contributors to bookings growth
- Backlog increase provides good basis for 2019
- Net revenues growth exceeds bookings growth despite partial capacity constraints
- Service Business achieves EUR 100 millions net revenues mark
- Investments in R&D further increased
- Financial KPIs in upper target range:
  - EBIT margin 14.7%
  - ROCE 43.0%

## Division Kardex Mlog - Financial Highlights 2018

EUR millions	2018	2017	+/-%
Bookings	100.0	75.1	33.2%
Order backlog	73.2	49.1	49.1%
<b>Net revenues</b>	<b>75.9</b>	<b>73.6</b>	<b>3.1%</b>
<b>EBITDA</b>	<b>5.9</b>	<b>4.6</b>	<b>28.3%</b>
<i>EBITDA in %</i>	<i>7.8%</i>	<i>6.3%</i>	
<b>EBIT</b>	<b>5.1</b>	<b>3.9</b>	<b>30.8%</b>
<i>EBIT in %</i>	<i>6.7%</i>	<i>5.3%</i>	
Employees	287	276	4.0%

- Bookings hits EUR 100 millions mark
- Strong order backlog ensures positive start for 2019
- Net revenues with under-proportional growth rate due to project delays on selected customer sites
- Profitability on new level based on good project margins and revenue mix
- Focused investments in product portfolio and people development
- Financial KPIs exceeds target range:
  - EBIT margin 6.7%
  - ROCE 54.8%

## Why Kardex - outlook

## Summary

- Continued global demand for efficient intralogistics solutions
- Kardex Remstar with ongoing profitable growth based on capacity increase, focus on growth markets and adjusted industry segment approach
- Kardex Mlog with consolidation of new profitability level, focusing on revenue mix and selected geographical expansion
- Kardex invests further in people development, technology and digitalization
- The Kardex Group's outlook remains optimistic based on a solid backlog and the strong market position of both divisions
- Kardex offers its investors stable financial returns and a high pay-out ratio

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