



# Kardex Group – Company Presentation

Investora – 19 September 2019

# Agenda

Introduction

Intralogistics Industry

Kardex Divisions

Financials 2018

Robustness of Kardex' Business Case

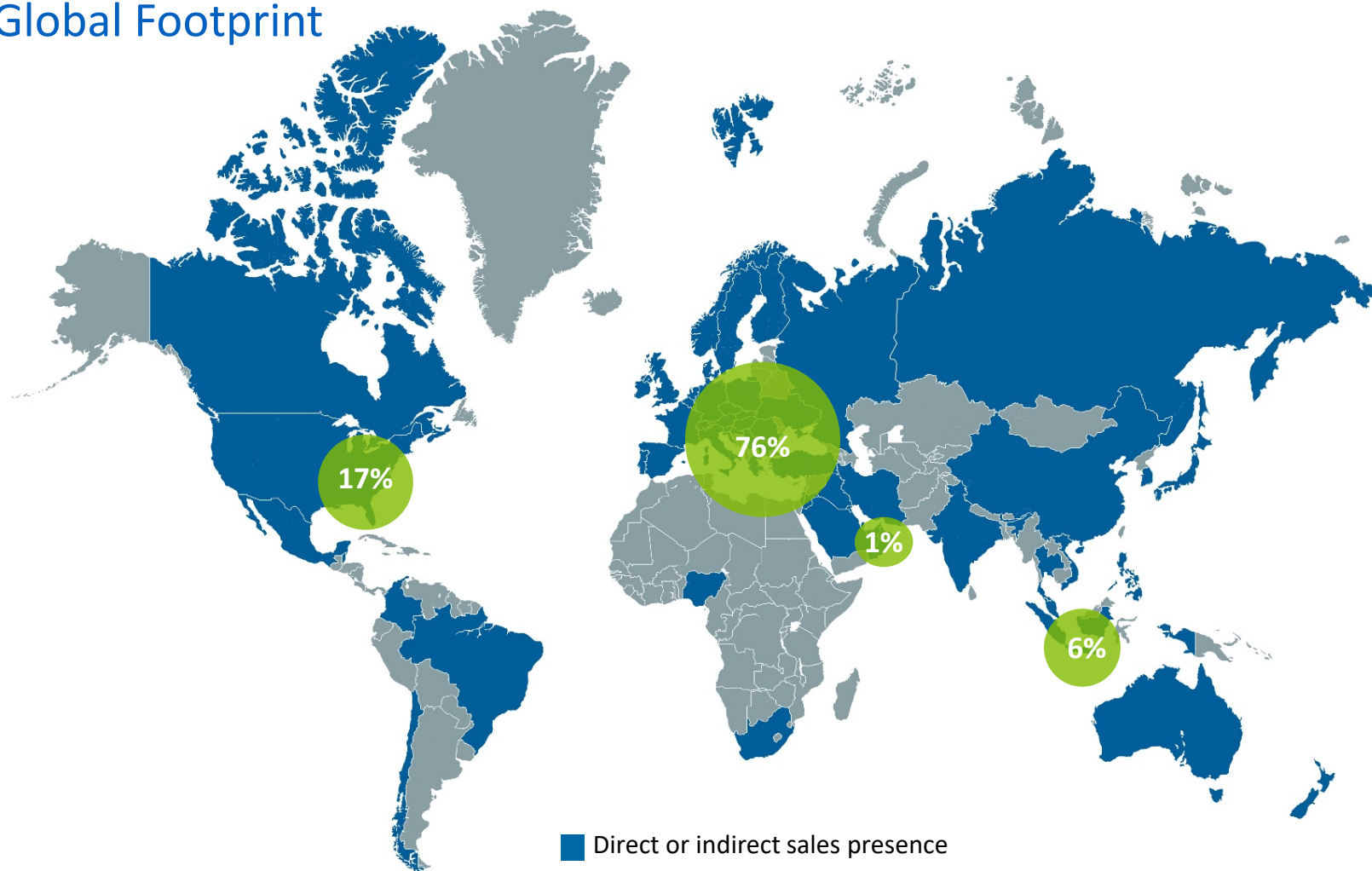
Why Kardex – Outlook and Investment Case

Q&A

## Kardex in Brief

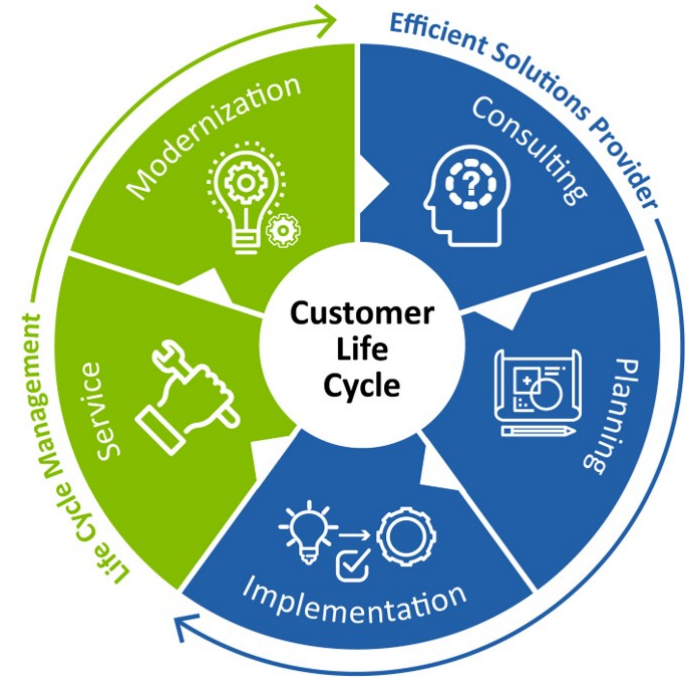
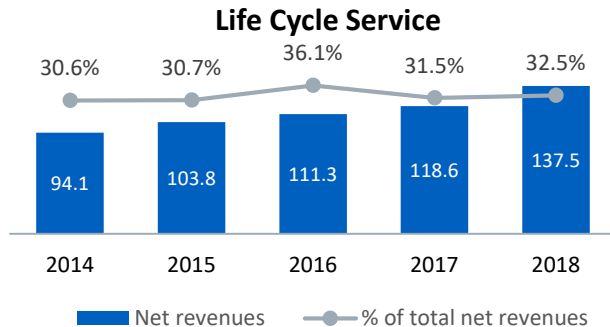
- Kardex provides solutions and services to increase the **efficiency in storing and handling of goods and materials** of its customers
- Kardex consists of 2 Divisions which are both well positioned in an **attractive and growing market** – **kardexremstar** and **kardexmlog**
- **Key figures FY 2018**
  - 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

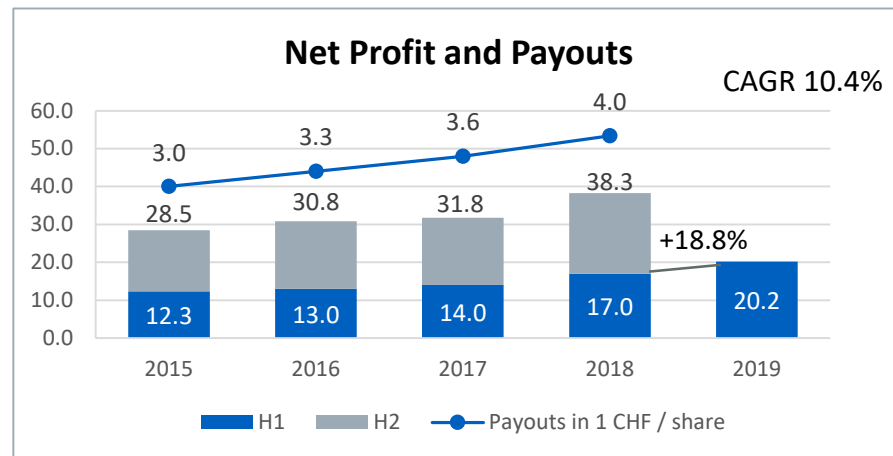
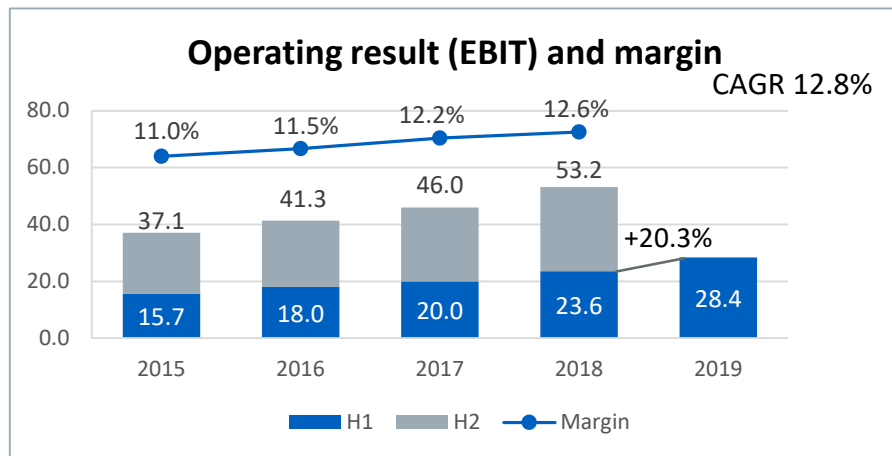
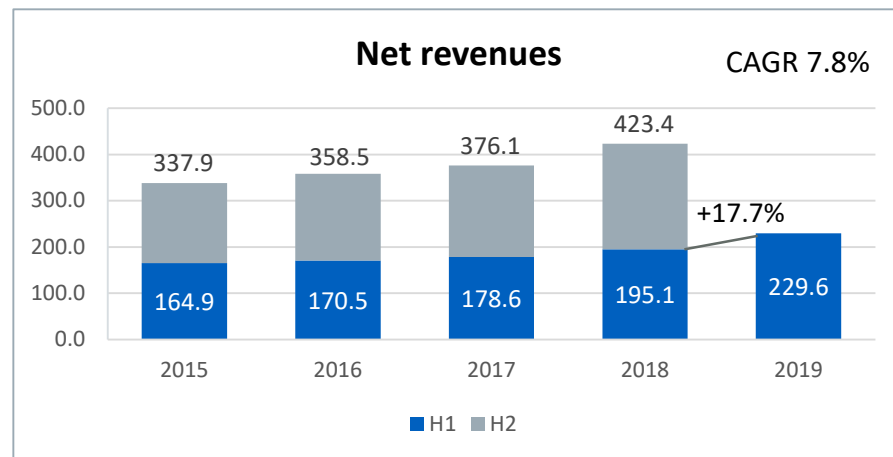
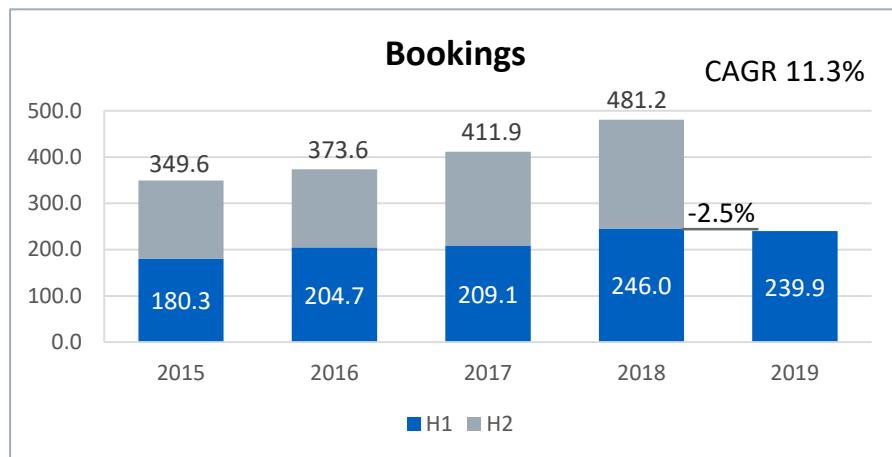


# Life Cycle Management as the basis for a sustainable business model

- 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

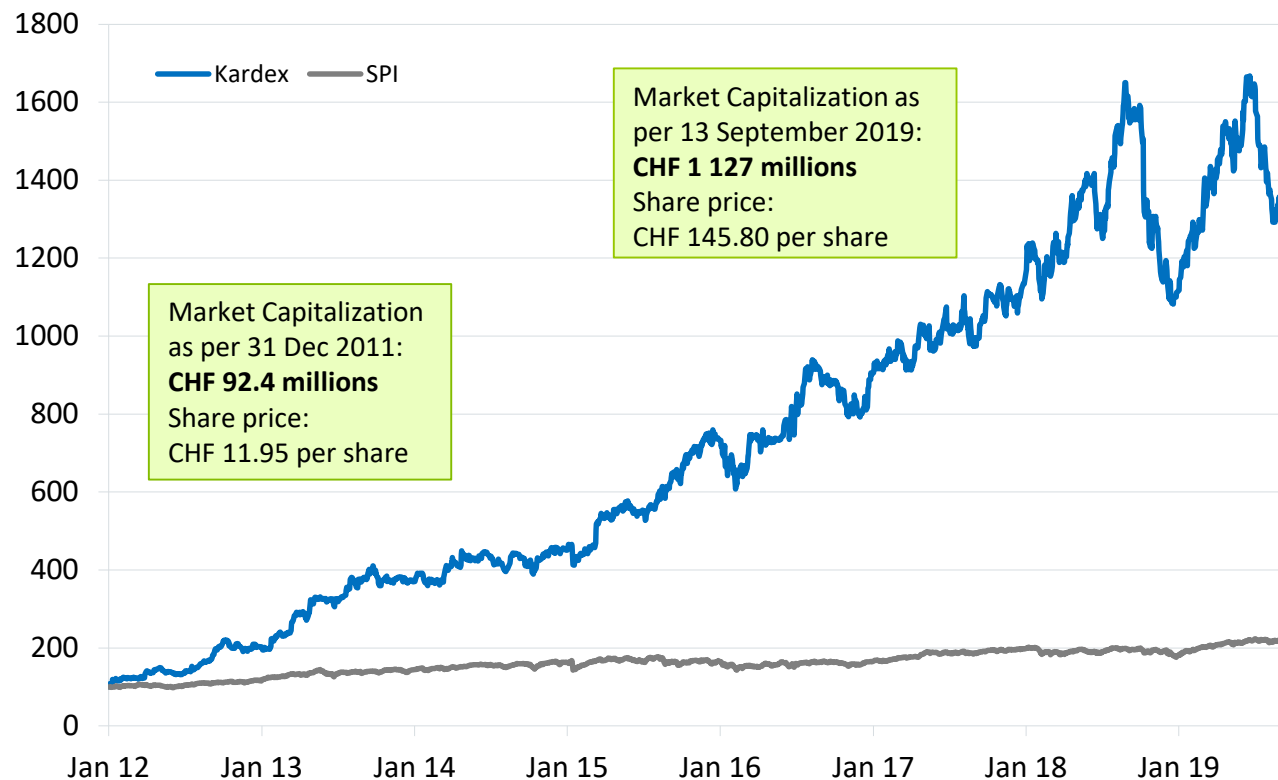


# Key Figures 2015 – 2018 (+H1 2019) (in EUR millions)



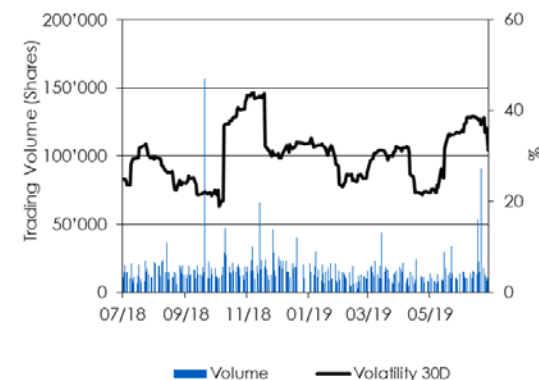
# Share Price Kardex January 2012 – September 2019\*

Rebased, incl. dividends



\* As of September 13, 2019

## Daily Trading Volume + Volatility (12 months)



## Liquidity per year

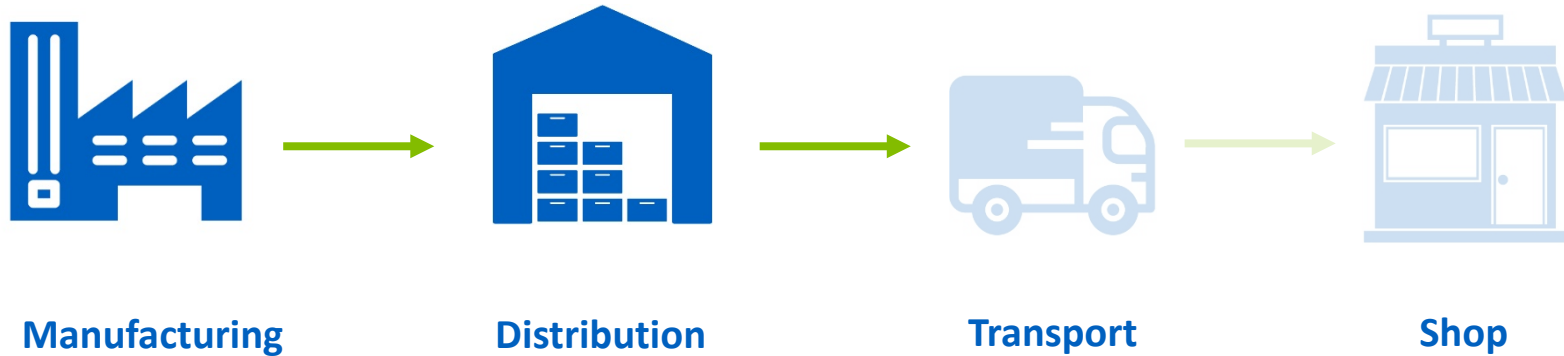
Volume	% of Free Float
3'526'056	68%

## Intralogistics Industry



# Definition Intralogistics

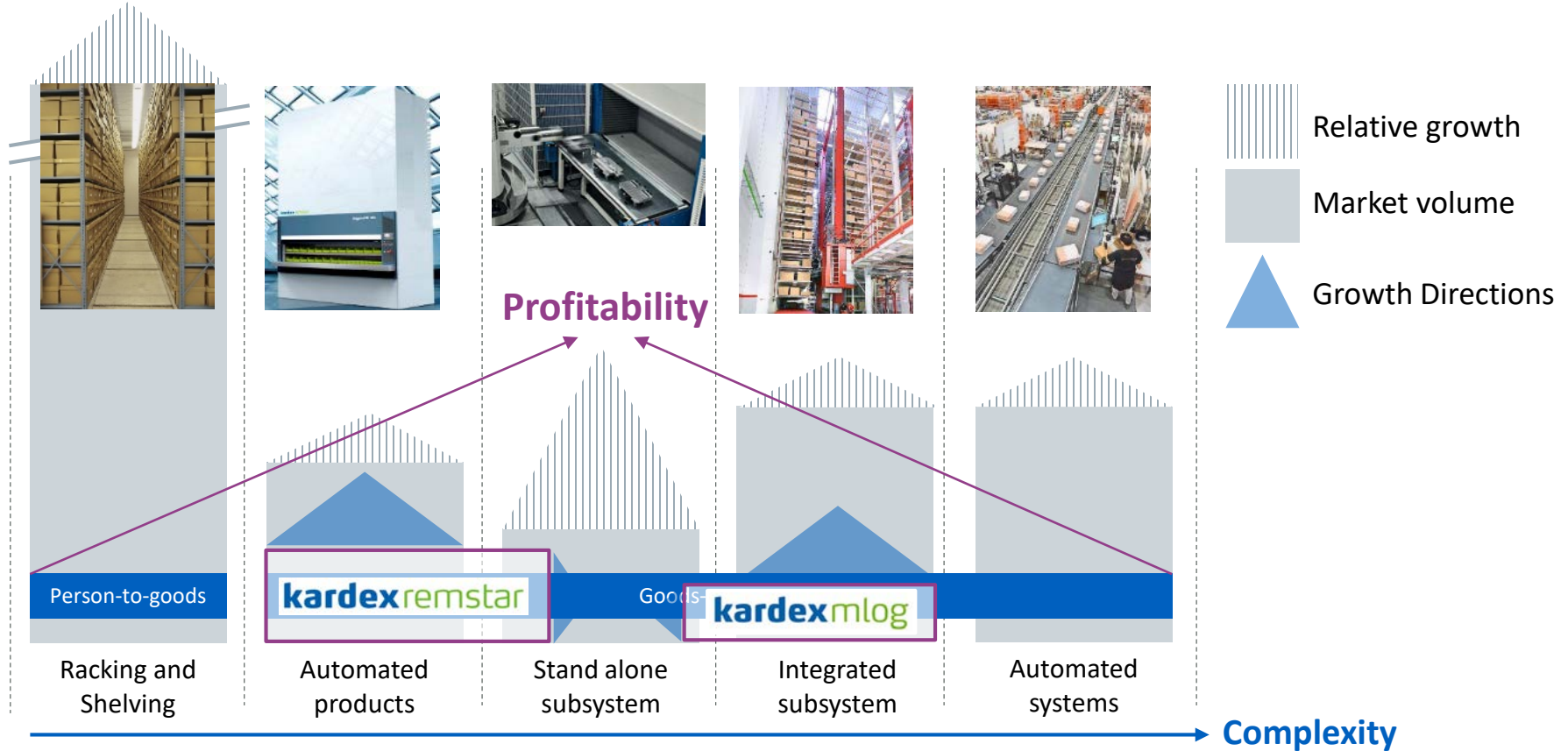
Intralogistics optimizes the efficiency of supply chains within the boundaries of a manufacturing and/or distribution center



Source: Zetes, Germany

# Intralogistics – Market Segments and Positioning

Volume, Growth and Profitability



# 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**

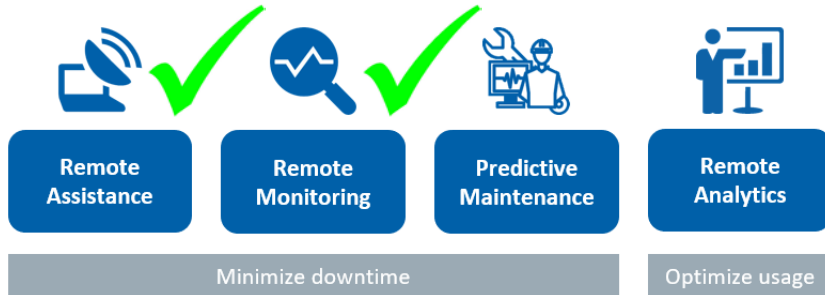
According to PwC 1/3 of interviewed industrial companies have digitized their supply chains while nearly 3/4 expect within the upcoming years

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



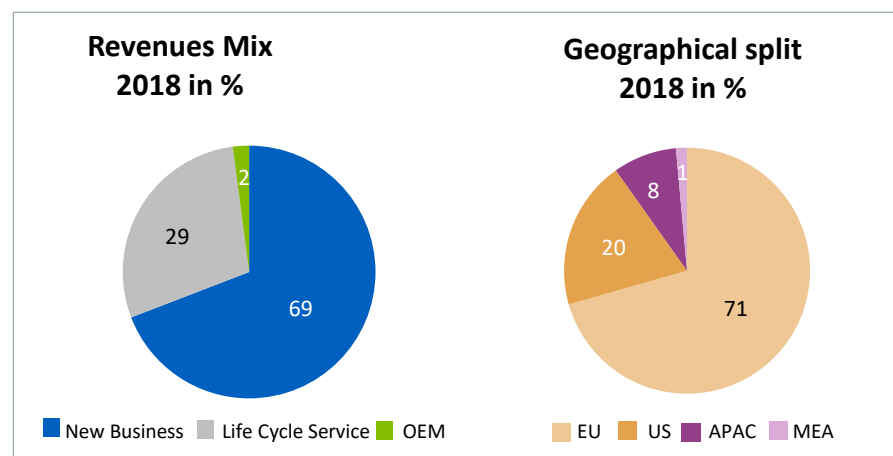
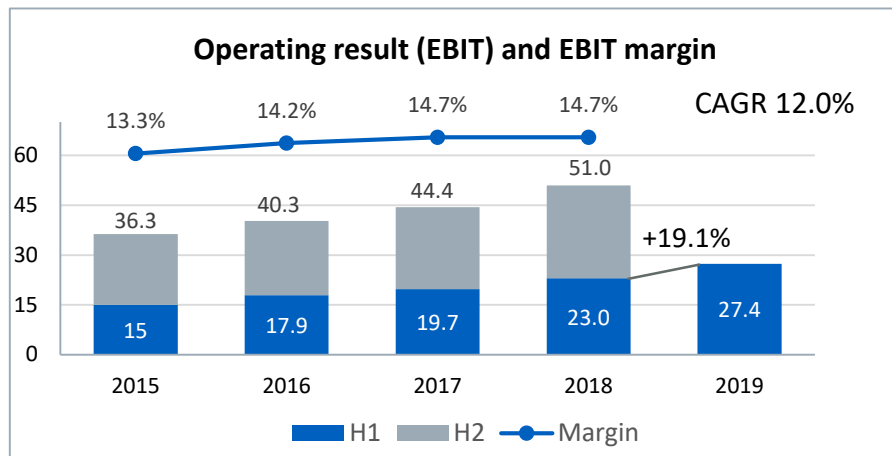
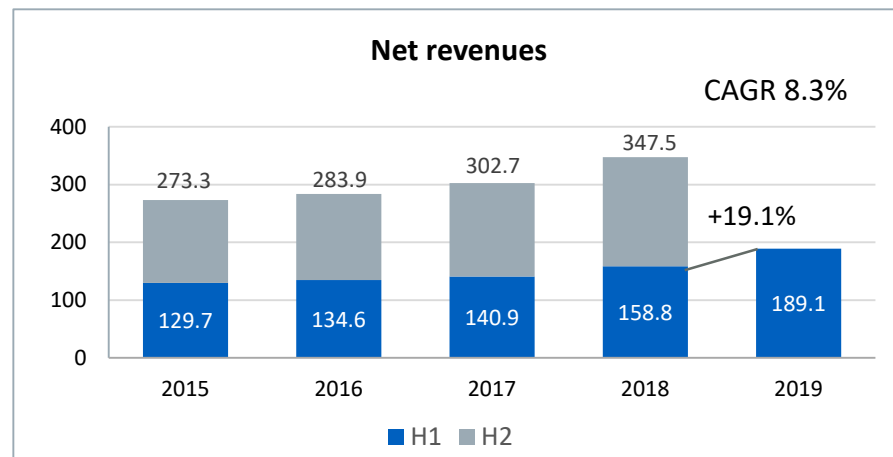
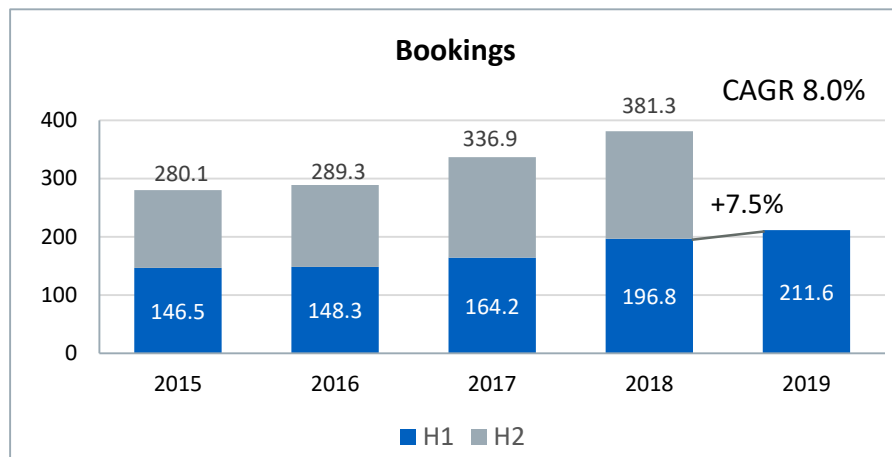
## Kardex Divisions

# 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

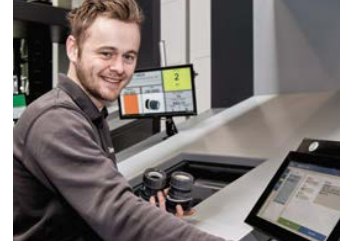


**Focus on single item handling of light and small goods**



# 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<sup>2</sup>
  - Staff reduced from 6-7 to 2-3 persons
  - Enabled to stay 4-5 years longer in their current warehouse

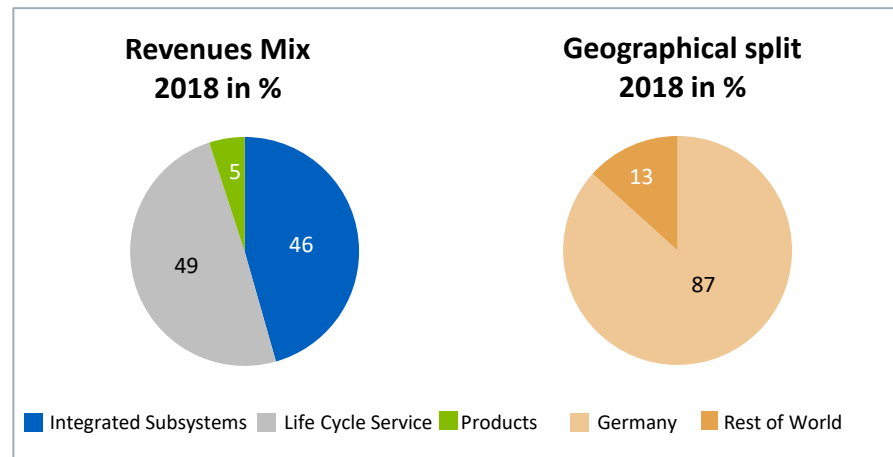
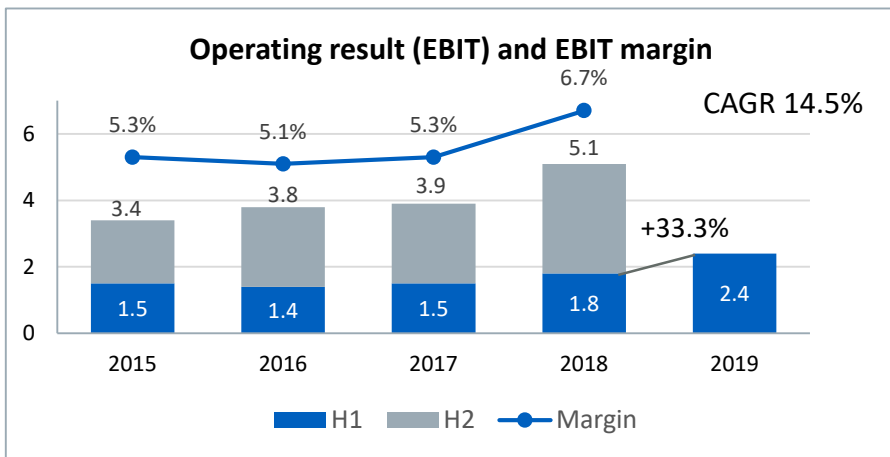
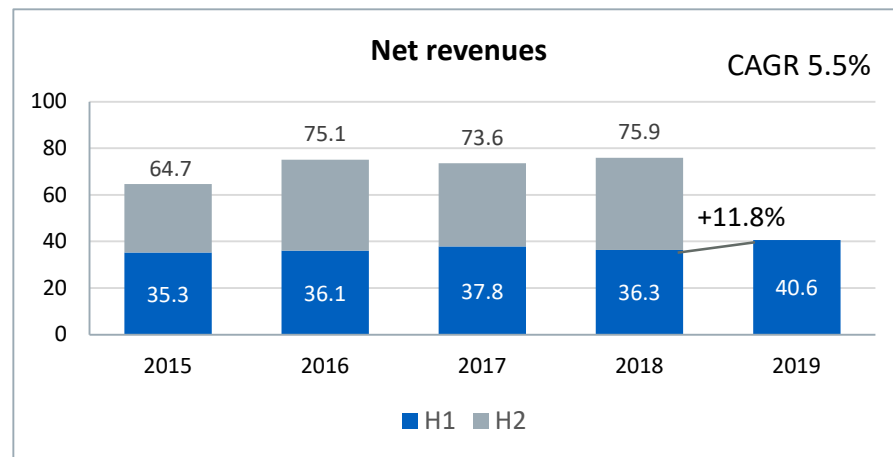
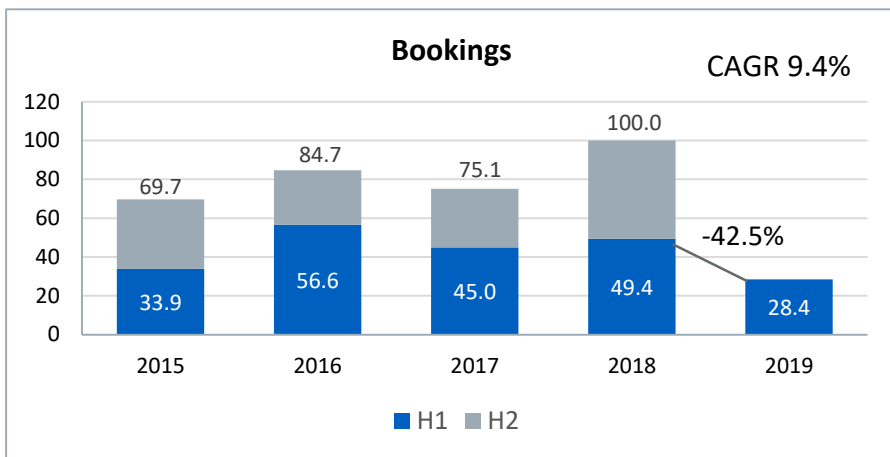


# Kardex Mlog

- 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)

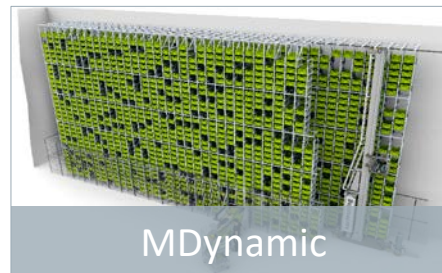
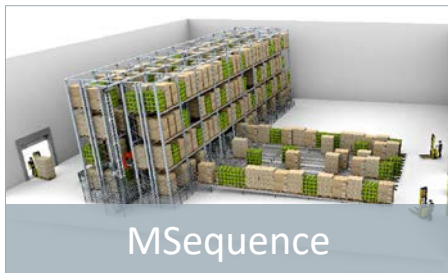


# Division Kardex Mlog - Key Figures 2015-2018 (+H1 2019)(in EUR millions)

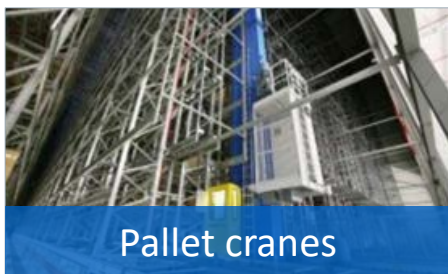


# Product Portfolio as base for Efficient Solutions

## Stand alone subsystems



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



## Focus on unit load handling of heavy goods



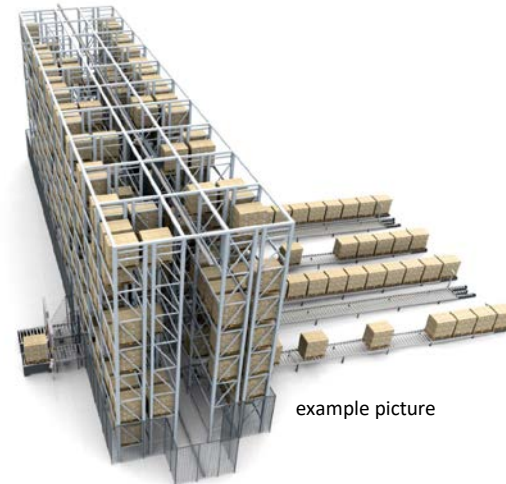
# Kardex Mlog – Case Study

## 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



## 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)

## IHS Markit Eurozone Manufacturing PMI

Eurozone Manufacturing PMI, sa, 50 = no change



Source: IHS Markit.

## 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

## Your Contacts



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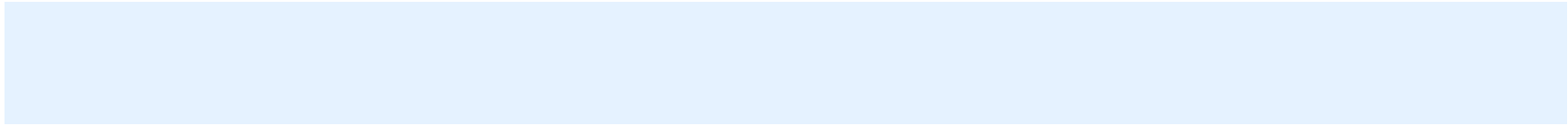
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Thomas Reist, Investora 2019