KUKA Aktiengesellschaft

Annual Accounts Press Conference 2017
March 22, 2018
2017 – Sales revenues at record level and investment in further growth

€3.6 billion orders received (+5.6%)

€3.5 billion revenues (+18.0%)

4.3% EBIT marge¹
4.7% in 2016²

€88.2 million earnings after taxes (+2.3%)

1) Before purchase price allocations in connection with corporate acquisitions and before growth investments
2) Before purchase price allocation for Swisslog and after one-off costs relating to Midea
Outlook 2018: KUKA Group

Sales revenues
> €3.5 billion

EBIT margin
~5.5%

1) Before purchase price allocations, before growth investments and before reorganization expenditure amounting to about €30 million
Highlights 2017 – Large-scale orders for all divisions

Systems: major order for supplying a battery production system

Swisslog: major order from dm-drogerie markt

Winner: Supplier of the year Powertrain & Body Shop Equipment

Robotics signs framework agreement with mit Robert Bosch GmbH

Siemens Healthineers awards a contract to Robotics

Robotics wins major contract in the electronics sector
Highlights 2017
Site concept 2025 – Update

- **Parking garage** (planned completion 07/2018)
  - Location: former tank testing track
  - approx. 1000 parking spaces
  - 20 charging stations for electric cars

- **Production shop** (tender stage)
  - Location: along Blücherstrasse

- **Training center** (planning stage)
  - Location: on Zugspitzstrasse
Robot Valley @ Augsburg

_industrie4.0

_production

_research&development

@KUKA CAMPUS

_training&education

_start-ups

_innovation

_tradition
Group: Q4/17 and full year 2017

Orders received (€ million)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4/16</td>
<td>3,422.3</td>
<td>794.9</td>
</tr>
<tr>
<td>Q4/17</td>
<td>3,614.3</td>
<td>835.1</td>
</tr>
<tr>
<td>% change</td>
<td></td>
<td>+5.1%</td>
</tr>
</tbody>
</table>

2) Before Swisslog purchase price allocation

Sales revenues (€ million)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4/16</td>
<td>2,948.9</td>
<td>904.8</td>
</tr>
<tr>
<td>Q4/17</td>
<td>3,479.1</td>
<td>882.0</td>
</tr>
<tr>
<td>% change</td>
<td></td>
<td>-2.5%</td>
</tr>
</tbody>
</table>

EBIT margin (%)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4/16</td>
<td>4.72</td>
<td>5.22</td>
</tr>
<tr>
<td>Q4/17</td>
<td>4.31</td>
<td>1.01</td>
</tr>
<tr>
<td>% change</td>
<td></td>
<td>-420bp</td>
</tr>
</tbody>
</table>

1) Before purchase price allocations in connection with corporate acquisitions and before growth investments
2) Before Swisslog purchase price allocation
### Group: Key financial indicators for Q4/17 and full year 2017

<table>
<thead>
<tr>
<th></th>
<th>Q4/16</th>
<th>Q4/17</th>
<th>Delta (%)</th>
<th>FY16</th>
<th>FY17</th>
<th>Delta (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenues</td>
<td>904.8</td>
<td>882.0</td>
<td>-2.5</td>
<td>2,948.9</td>
<td>3,479.1</td>
<td>18.0</td>
</tr>
<tr>
<td>Gross operating result</td>
<td>217.9</td>
<td>161.1</td>
<td>-26.1</td>
<td>766.5</td>
<td>754.3</td>
<td>-1.6</td>
</tr>
<tr>
<td>in % of sales revenues</td>
<td>24.1</td>
<td>18.3</td>
<td>-</td>
<td>26.0</td>
<td>21.7</td>
<td>-</td>
</tr>
<tr>
<td>EBITDA</td>
<td>67.1</td>
<td>14.0</td>
<td>-79.1</td>
<td>205.3</td>
<td>180.2</td>
<td>-12.2</td>
</tr>
<tr>
<td>in % of sales revenues</td>
<td>7.4</td>
<td>1.6</td>
<td>-</td>
<td>7.0</td>
<td>5.2</td>
<td>-</td>
</tr>
<tr>
<td>Earnings before interest and taxes (EBIT)</td>
<td>44.6</td>
<td>-8.0</td>
<td>&gt;-100</td>
<td>127.2</td>
<td>102.7</td>
<td>-19.3</td>
</tr>
<tr>
<td>in % of sales revenues</td>
<td>4.9</td>
<td>-0.9</td>
<td>-</td>
<td>4.3</td>
<td>3.0</td>
<td>-</td>
</tr>
<tr>
<td>Earnings after taxes</td>
<td>7.2</td>
<td>8.7</td>
<td>20.8</td>
<td>86.2</td>
<td>88.2</td>
<td>2.3</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>36.5</td>
<td>50.1</td>
<td>37.3</td>
<td>99.6</td>
<td>138.8</td>
<td>39.4</td>
</tr>
<tr>
<td>Equity ratio (in %)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33.0</td>
<td>32.8</td>
<td>-</td>
</tr>
<tr>
<td>Net liquidity (Dec. 31)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>113.0</td>
<td>-45.2</td>
<td>-</td>
</tr>
<tr>
<td>Employees (Dec. 31)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,188</td>
<td>14,256</td>
<td>8.1</td>
</tr>
<tr>
<td>Cash earnings</td>
<td>64.3</td>
<td>18.1</td>
<td>-71.9</td>
<td>203.9</td>
<td>184.6</td>
<td>-9.5</td>
</tr>
<tr>
<td>Cash flow from current business operations</td>
<td>64.2</td>
<td>235.7</td>
<td>&gt;200</td>
<td>-9.6</td>
<td>92.0</td>
<td>&gt;100</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>26.2</td>
<td>120.1</td>
<td>&gt;300</td>
<td>-106.8</td>
<td>-135.7</td>
<td>-27.1</td>
</tr>
</tbody>
</table>
Robotics: Q4/17 and full year 2017

Orders received (€ million)
- 2016: 1,088.8
- 2017: 1,223.3
- Q4/16: 307.8
- Q4/17: 277.0
- % change: +12.4%
- % change: -10.0%

Sales revenues (€ million)
- 2016: 993.5
- 2017: 1,200.6
- Q4/16: 324.5
- Q4/17: 305.3
- % change: +20.8%
- % change: -5.9%

EBIT margin (%)
- 2016: 10.1
- 2017: 11.1
- Q4/16: 10.3
- Q4/17: 11.8
- % change: +100bp
- % change: +150bp
Systems: Q4/17 and full year 2017

**Orders received (€ million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Q4</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,644.6</td>
<td>292.9</td>
</tr>
<tr>
<td>2017</td>
<td>1,530.2</td>
<td>344.2</td>
</tr>
</tbody>
</table>

**Sales revenues (€ million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Q4</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,395.5</td>
<td>421.9</td>
</tr>
<tr>
<td>2017</td>
<td>1,579.2</td>
<td>369.6</td>
</tr>
</tbody>
</table>

**EBIT margin (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Q4</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>6.5</td>
<td>6.3</td>
</tr>
<tr>
<td>2017</td>
<td>1.1</td>
<td>Q4/17</td>
</tr>
</tbody>
</table>

- Q4/16 to Q4/17:
  - Orders received: -7.0%
  - Sales revenues: +13.2%
  - EBIT margin: -12.4%

- Full year 2016 to 2017:
  - Orders received: -7.0%
  - Sales revenues: +13.2%
  - EBIT margin: -12.4%
Swisslog: Q4/17 and full year 2017

**Orders received (€ million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Q4/16</th>
<th>Q4/17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>742.6</td>
<td>926.2</td>
<td>+24.7%</td>
</tr>
<tr>
<td>Q4/16</td>
<td>207.4</td>
<td>226.0</td>
<td>+9.0%</td>
</tr>
</tbody>
</table>

**Sales revenues (€ million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Q4/16</th>
<th>Q4/17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>593.5</td>
<td>763.7</td>
<td>+28.7%</td>
</tr>
<tr>
<td>Q4/16</td>
<td>170.1</td>
<td>233.8</td>
<td>+37.4%</td>
</tr>
</tbody>
</table>

**EBIT margin¹ (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Q4/16</th>
<th>Q4/17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2.6</td>
<td>2.9</td>
<td>+30bp</td>
</tr>
<tr>
<td>Q4/16</td>
<td>3.9</td>
<td>4.4</td>
<td>+50bp</td>
</tr>
</tbody>
</table>

¹) Before purchase price allocation
Restructuring of systems engineering at Augsburg location

**Situation 2017**

- Challenges with projects
- Capacity bottlenecks, subcontracted supply failures and tight margins

**Status 2018**

- Systems construction site situation stabilized to a large extent
- New projects with premium customers
- Personnel adjustments through socially acceptable measures in progress
Global megatrends demand solution-oriented automation

KUKA offers comprehensive automation solutions, from the robot to cell, system and logistics solutions

Stronger focus on industries and markets

Presenting one face to the customer
KUKA’s target organization 2018 for customer closeness and efficiency

<table>
<thead>
<tr>
<th>Divisions</th>
<th>Americas</th>
<th>APAC</th>
<th>EMEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure customer proximity</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Domain expertise**
- Automotive
- Industries
- Consumer Goods & Logistics Automation
- Healthcare

**Smart Platforms**
- Operations/Production/Purchasing
- Service
- Indusrie 4.0/ connyun
- R&D (HRC, Mobility)

**Connectivity & data-driven models**
- Central Functions (HR, Strategy, Marketing, Finance, etc.)

Info: R&D = Research and Development, HR = Human Resources

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From Augsburg, we are driving automation and digital transformation on a global scale

Automotive

Industries

Consumer Goods & Logistics Automation

Healthcare

With our innovations, we enable our customers around the world to achieve greater success and make people’s lives and work easier.
ONE KUKA structure in public perception

www.blog.kuka.com and www.kuka.com
Acquisitions – strengthening our know-how

**IoT experts from Munich**

- Accelerator for KUKA’s Industrie 4.0 strategy
- Translation of IoT expertise from device insight via connyun to the smart production area
- Use of modular platform from device insight in the production environment

**Finnish simulation professionals**

- Software solutions for 3D simulation of factory planning
- Addition to KUKA product portfolio
- Key elements for technology innovations (artificial intelligence, virtual and augmented reality, IoT)
Market potential in China

- **China’s 13th 5-year plan:** Increasing value creation as part of China’s transformation
- **Made in China 2025:** Clear focus on development breakthroughs in ten strategic industries
- **Internet Plus:** Reformation of existing production with information and communication technologies

### Articulated robots, shipments

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>83,652</td>
</tr>
<tr>
<td>2018</td>
<td>100,000</td>
</tr>
<tr>
<td>2019</td>
<td>125,000</td>
</tr>
<tr>
<td>2020</td>
<td>150,000</td>
</tr>
<tr>
<td>2021</td>
<td>172,501</td>
</tr>
<tr>
<td>2022</td>
<td>198,376</td>
</tr>
<tr>
<td>2023</td>
<td>228,133</td>
</tr>
<tr>
<td>2024</td>
<td>262,353</td>
</tr>
</tbody>
</table>

Source: IFR, CRIA, KUKA/Midea estimation

+20% estimation
KUKA & Midea – Joint Ventures for growth in China

Joint Venture
Midea KUKA Robotics (Industries)
- Access to new market segments
- Use growth potential in China

Joint Venture
Midea Swisslog Healthcare
- Access to new customers
- Strong local presence
- Ability to establish strong strategic partnerships

Joint Venture
Midea Swisslog WDS (Logistics)
- Market access to the strongly growing middle market segment
- Utilization of Midea’s supplier network
- Development of standardized logistics solutions local market
- Strategic partnerships with Chinese key accounts
Robotics park at Shunde – potential for global growth

- Capacity for 75,000 robots and AGVs by 2024
- KUKA has 50% stake; will be fully consolidated
- KUKA chairs the directors board and appoints the CEO
- Production, sales and service for new robot types
- Groundbreaking ceremony in Shunde on March 28, 2018

Our goal:
KUKA becomes no. 1 in Robotics in China
120 years of innovation

www.kuka.com/KUKA120
twitter.com/KUKA_press
We look forward to seeing you at Hannover Messe
Thank you
Disclaimer

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