

Investor Handbook

May 2018

kardexgroup

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1. Executive Summary

1.1 Kardex in brief

Kardex is a leading intralogistics provider of automated storage, retrieval and material handling systems in an attractive and growing market. With two entrepreneurially managed divisions, Kardex Remstar and Kardex Mlog, the Group developed from a product and service supplier into a global industry partner providing solutions and services under the Kardex brand name. Kardex is well positioned to grow in a market with strong fundamentals and to achieve attractive financial returns.

Kardex has three manufacturing facilities and around 1 650 employees in over 30 countries worldwide.

Kardex AG is listed on the SIX Swiss Exchange since 1987.

1.2 Intralogistics market and key trends

Storage and material handling is a key cost and efficiency factor, not only in traditional production and distribution facilities but increasingly also for service providers and for new (e.g. internet-based) business models. Many of these companies have to invest in modernizing their storage and warehouse facilities in the coming years. Companies with a manufacturing or distribution basis in high cost countries in Central Europe have been the main drivers of the automation trend. The rest of Europe, North America and increasingly also Asia/Pacific and South America are following this trend.

There are a lot of global trends that are causing change to the industry. These trends relate to core technologies and materials as well as the way how B2B and B2C transactions will be handled in the future. Most of these trends will therefore either directly or indirectly also have an impact on the intralogistics solution providers and their customers. The biggest impact will be in the transactions and ways of interaction with customers and the total information handling, which are directly related to the ever more globalized and digitalized business world. For instance the increase in e-commerce and the resulting delivery/return logistics demand more decentralized, smaller warehouses and "last mile" solutions. There will be a fundamental change in requirements to intralogistics core technology and product range with the implementation of smart machines with embedded solutions. Artificial intelligence has become a commercial reality and these new technologies will serve as enablers for more efficient solutions.

1.3 Strategic growth drivers

The Kardex Group has defined three strategic drivers to exploit further growth and profit opportunities:

- Geographic expansion
- Leveraging existing customers with new solutions and services
- Entering new industry segments

The main geographic growth will be based on an increased market penetration in regions such as North America and Asia. In addition, Kardex will leverage its strong position and large installed base in the current markets to generate additional sales with existing customers through an extended solution and service offering. To further broaden the revenue streams, Kardex will continue to develop additional industry segments with existing standard solutions or new industry specific solutions.

1.4 Differentiating factors

Strong market position

Kardex Remstar is a global market leader for dynamic storage, retrieval and material handling solutions. Kardex Mlog has a leading position in Central Europe for stacker cranes, conveyor systems and automated material handling systems. The two divisions are unified under a strong group brand.

Large installed basis and strong service network

With over 100 000 installed Kardex Remstar machines and close to 1 000 Kardex Mlog warehouse systems, the Group has a broad existing customer base that counts on first-class after-sales services. Furthermore, many of these customers must and will upgrade their systems to further increase efficiency. Kardex is well positioned to benefit from these modernization needs.

Industry specific stand alone solutions

Each division, separately as well as combined, offers stand alone subsystems for the various industry segments which are enjoying a rising demand.

Global footprint

Kardex's global footprint offers a strong basis to provide sales and service worldwide and to partially mitigate the risk of local or regional downturns.

1.5 Key financials

Key figures

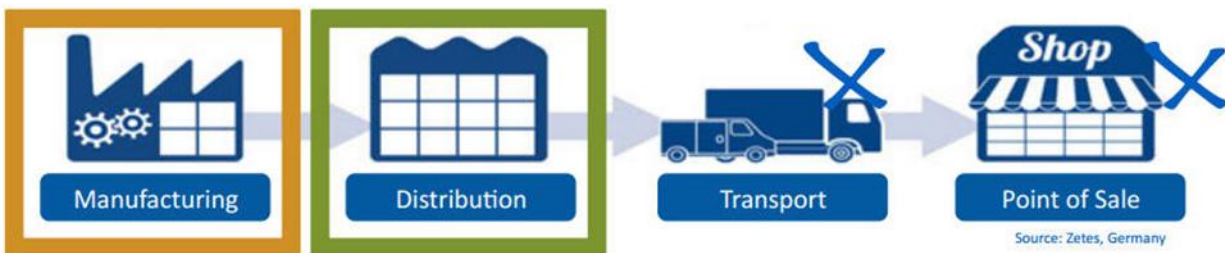
EUR millions

1.1.-31.12.	2017		2016		+/-%
Bookings	411.9	109.5%	373.6	104.2%	10.3%
Order backlog (31.12.)	173.6	46.2%	137.8	38.4%	26.0%
Net revenues	376.1	100.0%	358.5	100.0%	4.9%
Gross profit	135.7	36.1%	128.4	35.8%	5.7%
OPEX	89.7	23.9%	87.1	24.3%	3.0%
EBITDA	51.4	13.7%	46.3	12.9%	11.0%
Operating result (EBIT)	46.0	12.2%	41.3	11.5%	11.4%
Result for the period (net profit)	31.8	8.5%	30.8	8.6%	3.2%
Net cash flow from operating activities	46.0		24.2		90.1%
Free cash flow	34.6		16.4		111.0%
ROCE	46.9%		42.3%		10.9%
	31.12.2017		31.12.2016		+/- %
Net working capital	64.6		65.6		-1.5%
Net cash	114.9		105.7		8.7%
Equity/Equity ratio	139.0	57.9%	138.2	59.6%	0.6%
Employees (FTE)	1 653		1 552		6.5%
	2017		2016		+/-%
Reduction of nominal value per share (CHF)	3.6		3.3		9.1%

2. Kardex Group

2.1 Introduction

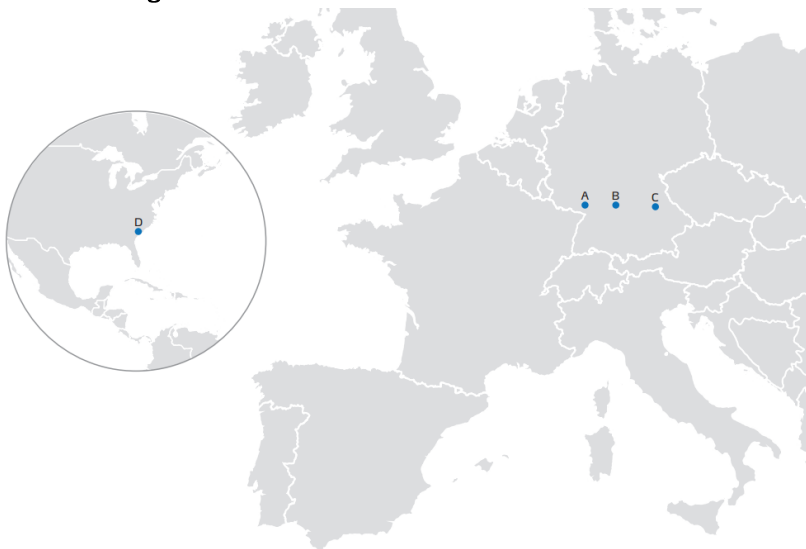
Kardex is a leading provider of automated storage, retrieval and material handling systems in the intralogistics market. The intralogistics market covers the material logistics and handling but also the information management within manufacturing or distribution centers and aims to improve efficiency through increased performance and cost reduction. Intralogistics does not include the transportation outside the manufacturing and distribution centers.



The Group consists of the two divisions Kardex Remstar and Kardex Mlog. Both divisions are partners for their customers over the entire life cycle of a product or solution. The customer journey with Kardex includes all phases starting from design and conception to meet customer requirements, realization and start-up support and a continuous life cycle management.

Kardex has three manufacturing facilities in Europe and one logistics and assembly facility in the US, and has around 1 650 employees in over 30 countries worldwide.

Manufacturing sites



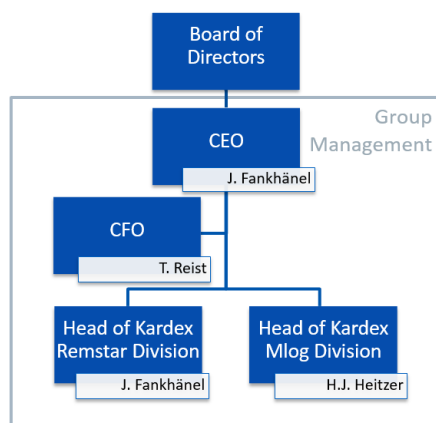
- A – Bellheim, Germany (Kardex Remstar)
- B – Neuenstadt am Kocher, Germany (Kardex Mlog)
- C – Neuburg, Germany (Kardex Remstar)
- D – Westbrook, USA (Kardex Remstar – logistics and assembly only)

2.2 Historical evolution

1977	Kardex incorporated under Swiss law
1981	Kardex AG opens the North American operations Remstar in Westbrook, ME
1987	Kardex listed on the SIX Swiss Exchange
1996	Acquisition of Megamat GmbH, Germany (former competitor in Germany)
2000	Acquisition of AFT Automation and Conveying Systems GmbH, Germany; Creation of the AFT Division
2001	Acquisition of 60% of the Stow Group, Belgium
2003	Kardex takes over the remaining 40% of the Belgian Stow Group; Creation of the Stow Division
2004	Split Kardex shares 1:5
2007	Sale of the AFT Division; Integration of Kardex International and Megamat to strengthen the Kardex Remstar Division
2008	Acquisition of Kardex Systems Inc. (Marietta, OH), a former competitor in the US
2009	Remstar (Westbrook, ME) and Kardex Systems Inc. (Marietta, OH) merge to form Kardex Remstar Inc.
2010	Acquisition of Mlog Logistics GmbH, Germany; Creation of the Mlog Division
2011	Change accounting standards to Swiss GAAP FER
2011/12	Strategic repositioning and recapitalization
2013	Sale of Stow Division

2.3 Group structure

The Kardex Group consists of two entrepreneurial managed divisions, organized under the roof of a holding company. The divisions run as stand-alone units with full P&L and balance sheet responsibility. The central functions managed at holding level are kept at a minimum. The Kardex Group is led by the Board of Directors and the Group Management, which consists of CEO and Head of the Kardex Remstar division Jens Fankhänel, CFO Thomas Reist and Head of the Kardex Mlog division Hans-Jürgen Heitzer.

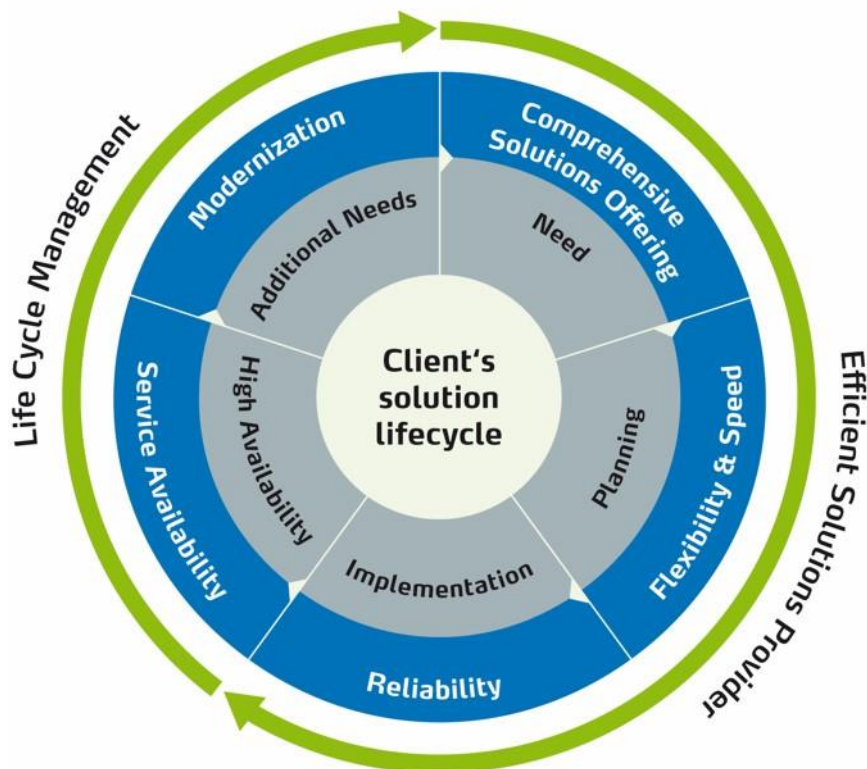


2.4 Business model and group strategy

The mission of the Kardex Group is to provide solutions and services in order to increase the efficiency in storing and handling of goods and materials on a global scale. Kardex Remstar and Kardex Mlog are leading providers of solutions and services for automated storage, retrieval and materials handling. The Kardex portfolio includes products for heavy to light goods, software solutions, systems and life cycle services.

Based on a comprehensive product and service offering, the divisions aim to serve their customers as a life-time partner for warehousing solutions; starting from consulting to implementation through to service and life cycle management. In order to maintain and strengthen its competitive position through technological innovation and outstanding customer loyalty, the Group is substantially investing in R&D activities as well as in the expansion of its service organization.

Business Model

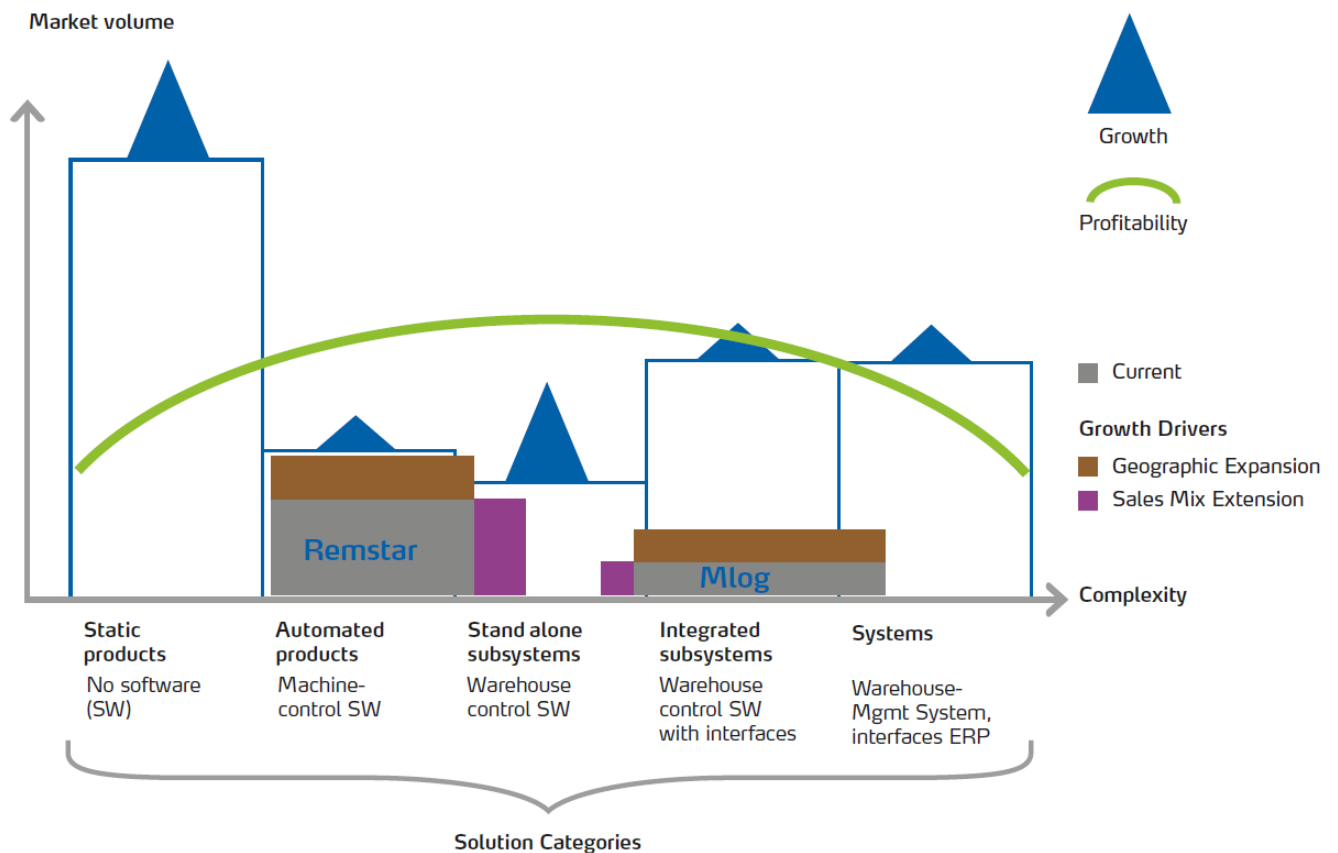


Strategic growth directions

Kardex will move to a next level based on three main strategic growth directions – geographical expansion, leverage of existing customer segments with new solutions and services and entry into new industry segments. Both Kardex divisions are running business development activities to further penetrate their respective markets, to identify new countries and to define industry segments they will either increase the penetration or newly develop.

In terms of product and solutions offering, both divisions are increasing their efforts to further penetrate the solution category of stand alone subsystems, which shows one of the highest growth rates combined with attractive margins and lower risk levels. This market is driven by the need for standardization in many industries as well as new business model requirements from smaller (light industrial and service) companies, like internet shops.

Although other solution categories are growing at a healthy pace, profitability is lower in the static racking market (commodities) as well as in the most complex category (due to the higher project risks levels). Thus Kardex is not active in these solution categories, respectively only to a limited extent (Kardex Mlog).



Static products

The first category of static storage systems is typically used in low-bay warehouses for storage of palletized goods or for storage of smaller boxes, creation of modular warehouse shelving and racking solutions. Racking and shelving systems are the most basic requirements in any distribution, storage or material handling operation and include various types of storage racks such as cantilever storage racks, portable stacking racks, conventional pallet racks, etc.

Automated products

This category includes automated products such as carousels (vertical and horizontal), vertical lift modules, vertical buffer modules etc. Typical solutions offered in this segment include these products combined with complementary product like bins & accessories, pick-to-light products and various software solutions. Ergonomically designed to be user-friendly, the return of these solutions is mostly driven by reduction in labor cost and optimized space requirements.

Stand alone subsystems

This category evolves from the category of automated products by combining standard technology available from the above categories with the aim of improving efficiency and quality of the solution. These solutions are mostly tailored to industry specific requirements and can be applied for many customers within the same industry segment due to their standardization. Demand for stand alone subsystems is growing fast as it offers the best returns based on the combination of low risk and high level of standardization.

Integrated subsystems/systems

This category forms the last step of any intralogistics automation and includes mostly greenfield projects, when the customers move from one or more manually operated sites to one central logistics center. The fully automated equipment with a stand alone warehouse control software is categorized as integrated subsystems, whereas a fully automated equipment with a fully integrated software solution is categorized as system. The level of complexity is determined by the customer's logistics processes and the various levels of the integration of the information systems required to run the operation.

2.5 Financial targets

	Net sales growth	EBIT margin*	ROCE
Kardex Remstar		7%-15%	
Kardex Mlog		4%-6%	
Kardex Group	3%-5% p.a.	> 6%	>20%

* Over the cycle

Equity ratio	Dividend policy (pay-out ratio)	Net debt/EBITDA
>35%	Up to 75% of operational Net Profit	<2.5x

2.6 Kardex divisions

2.6.1 Division Remstar

2.6.1.1 Introduction

Overview

Key figures

- Marketshare >35%*
- > 1 360 FTE
- > 100 000 installed solutions worldwide
- 2 manufacturing sites in Germany
- 1 logistics and assembly site in the USA

Solutions

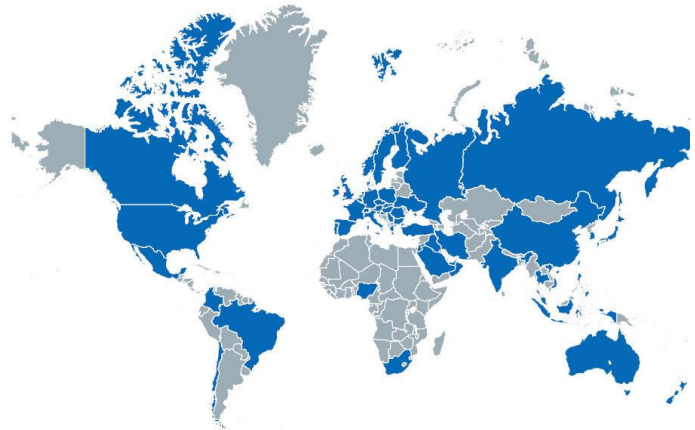
- Dynamic storage
- Retrieval and order picking
- Handling and automation

Product portfolio

- Vertical Lift Modules
- Vertical Carousel Modules
- Vertical Buffer Modules
- Horizontal Carousel Modules
- Software

* company estimate

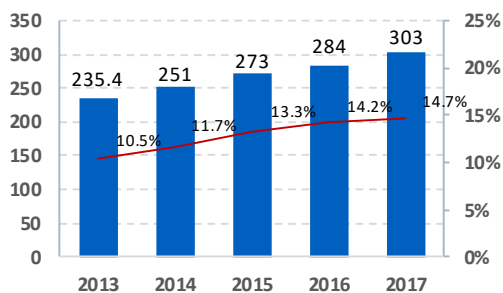
Entities, business partners & references (excerpt)



Consolidated key figures for Kardex Remstar

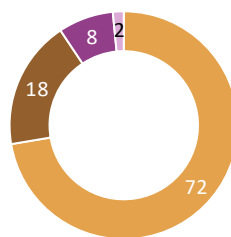
EUR millions	2017		2016		+/-%
Bookings	336.9	111.3%	289.3	101.9%	16.5%
Order backlog (31.12.)	124.6	41.2%	90.4	31.8%	37.8%
Segment net revenues	302.7	100.0%	283.9	100.0%	6.6%
EBITDA	49.0	16.2%	44.6	15.7%	9.9%
Operating result (EBIT)	44.4	14.7%	40.3	14.2%	10.2%
ROCE	39.2%		33.7%		16.2%
Employees (FTE on 31.12.)	1 369		1 281		6.9%

Net revenue and EBIT margin
(in EUR millions)



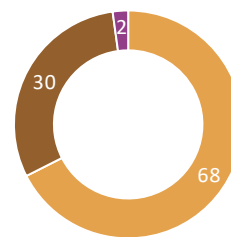
● Net revenue
● EBIT margin

Net revenue by geographical split
2017 financial year in %



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

Net revenue by business unit
2017 financial year in %



● New Business
● Life Cycle Services
● OEM

Kardex Remstar customers can be found in a broad range of industries, from highly industrialized through to office environment. Over 50% of the business is currently generated in four major segments – Machinery, Warehousing & Distribution, Electrics & Electronics and Automotive.

Segment Name	Today's Share
Machinery	23%
Warehousing & Distribution	12%
Electrics & Electronics	11%
Automotive	11%
Maintenance	8%
Chemicals & Pharmaceuticals	6%
Government & Military	6%

The division has subsidiaries throughout Europe, Middle East/Africa, Asia and the US. For Kardex Remstar, the combination of local presence with a global service organization has become a crucial differentiator in terms of securing and gaining market share. Key success factors are high product quality, customer proximity and short response times, high and fast availability of spare parts and reduced general maintenance intervals. In addition, a professional global support network helps to ensure timely solutions to all customer needs.

Kardex Remstar’s business model consists of three business units – New Business, Life Cycle Service and OEM, of which the latter one is the newest, implemented to open up additional sales channels via dedicated business partners.

New Business

This business unit is in charge of the customer journey from first touchpoint through to implementation and acceptance of delivered solutions. One of the main goals is to assure a continuous generation of new customers in existing and new industry segments via targeted marketing and business development activities.

OEM

The implementation of the OEM strategy is a key cornerstone for the further development of Kardex Remstar. This new business unit aims to achieve a greater penetration of the intralogistics market with Kardex Remstar technology and to increase the capacity utilization rate of existing manufacturing sites generating economies of scale. In addition it provides a chance to enter geographical areas or industry segments that are currently not covered by Kardex Remstar.

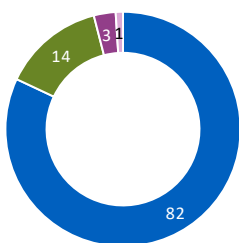
Targeted OEM partners range from companies that offer complementary product ranges to solution providers and integrators.

Life Cycle Service

Life Cycle Service serves as lifetime partner supporting all customer needs from acceptance to the end of life of a single product or an entire system. It offers support and improves the customer’s installations in a proactive manner with a shift to more predictive activities. One of the main goals is to assure maximum equipment and system uptime to support highest productivity for the customers. Life Cycle Service solutions offered to customers can be divided in 3 main service products. The following exhibit shows the contribution of each service product to Kardex Remstar’s net sales.

Sales split LCS (2017)

in %



- Field services, accessories and spare parts
- Relocation and modifications
- Technical support
- Other services

Field services, accessories and spare parts

- Service contract portfolio with three different levels "Base Care", "Flex Care" and "Full Care" covering preventive maintenance, repair and parts services
- Preventive maintenance and ad-hoc repair service for non-contract customers
- Spare parts services delivery to customers for preventive or corrective replacement
- Spare parts packages/kits to assure high performance and high availability of installed equipment
- After Sales accessories and software licenses

Technical support

- Remote support services for equipment and the installed software suite providing support via remote to minimize machine downtime in case no physical repair on-site is required

Relocation and modifications

- Move equipment due to customer needs to optimize workflow layout
- Safety upgrade kits to conform to new safety requirements
- Technology update packages for hardware and software
- Functional upgrade packages

Other services

- Training for various levels of customer user groups (operators, super users, maintenance, etc.)
- Technician certification programs for business partners

2.6.1.2 Solution and product portfolio

Best-in-class equipment and software (product portfolio) is one of the most important success factors for profitable growth. All Kardex Remstar solutions will mainly be based on the Kardex Remstar's equipment and software portfolio. In addition, a combination with innovative 3rd party technology or cross-divisional solutions are complementing the solution portfolio offered to the customers to drive additional growth and to improve the competitive position of Kardex Remstar.

The new business product portfolio can be divided into 5 product families - Vertical Lift Modules (VLM), Vertical Carousel Modules (VCM), Horizontal Carousel Modules (HCM), Vertical Buffer Modules (VBM) and the Software Suite.

The following exhibit shows the product portfolio of Kardex Remstar.

Vertical Lifts

- Shuttle



Horizontal Carousels



Vertical Carousels

- Megamat
- Lektriever



Vertical Buffers

- LR 35
- LT 35



Software Suite

- Power Pick Global



Main customer benefits from installing Kardex Remstar solutions are:

- High reliability based on many years of engineering experience and high level of standardization
- Fast returns on invest due to low level of investment combined with increased picking efficiencies and space savings
- Customizable to special requirements and meeting industry specific needs (e.g. air conditioning, built-in fire protection, meeting industry specific requirements)

2.6.2 Division Mlog

2.6.2.1 Introduction

Overview

Key figures

- Strong market position in Germany
- > 270 FTE
- Close to 1 000 installed solutions worldwide
- 1 production site in Germany

Solutions

- Integrated material flow systems
- High bay warehouses
- Turnkey warehouse system solutions

Solution and product portfolio

- Integrated subsystems
- Stand alone subsystems
- Stacker crane systems
- Conveyor and warehouse technology

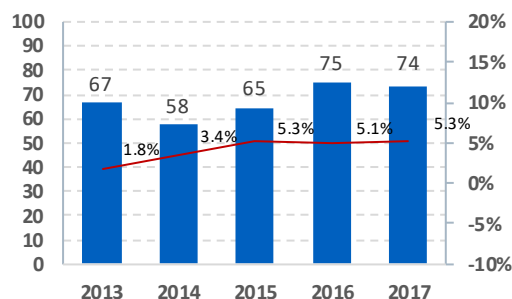
Entities, business partners & references (excerpt)



Consolidated key figures for Kardex Mlog

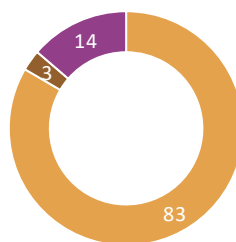
EUR millions	2017		2016		+/-%
Bookings	75.1	102.0%	84.7	112.8%	-11.3%
Order backlog (31.12.)	49.1	66.7%	47.5	63.2%	3.4%
Segment net revenues	73.6	100.0%	75.1	100.0%	-2.0%
EBITDA	4.6	6.3%	4.4	5.9%	4.5%
Operating result (EBIT)	3.9	5.3%	3.8	5.1%	2.6%
ROCE	36.4%		46.3%		-21.3%
Employees (FTE on 31.12.)	276		263		4.9%

Revenues and EBIT margin
(in EUR millions)



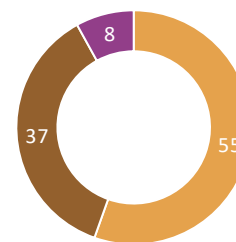
● Revenues
● EBIT margin

Net revenue by geographical split
2017 financial year in %



● Germany
● Benelux
● Other

Net revenue by business unit
2017 financial year in %



● Integrated subsystems
● Products
● Life Cycle Services

Kardex Mlog has three business units: Integrated subsystems, Products and Life Cycle Services (incl. refurbishment).

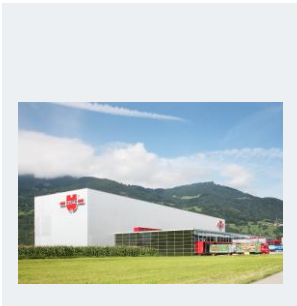
Kardex Mlog's operates in the DACH region plus some selected countries in Europe. The development and introduction of standardized stand alone subsystems and the sales push for stacker cranes and conveyor modules will help to increase business volumes in a profitable way.

2.6.2.2 Solution and product portfolio

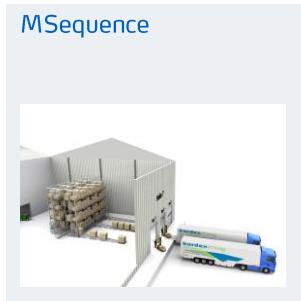
Kardex Mlog offers a full range of solutions and products for fully automated high bay warehouses for pallet and box (miniload) handling including pallet and box conveyors, monorail systems and stacker cranes. The portfolio consists of the stacker crane family, conveyor & transportation family and the warehouse management software.

The following exhibit shows the solution and product portfolio of Kardex Mlog.

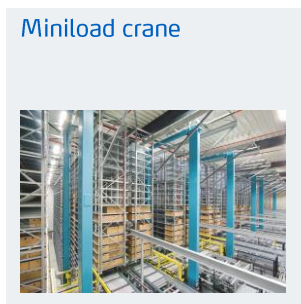
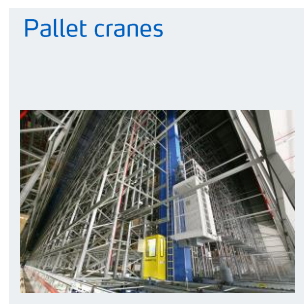
Integrated subsystems



Stand alone subsystems



Stacker cranes used in integrated subsystems and stacker crane systems



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

Chain conveyors



Roller conveyors



Transfer units



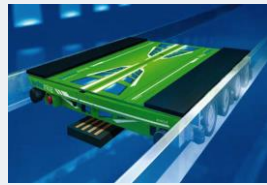
Monorail systems



Pallet lift



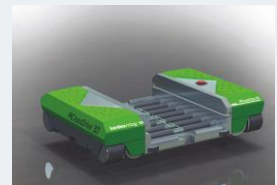
MMove



MSpacer



MCrossDrive



Main customer benefits from installing Kardex Mlog solutions are:

- High reliability of solutions and products based on many years engineering experience and high level of standardization
- Designed to meet the customer's requirements
- Efficient and fast warehouse logistic and material flow with low operating cost and reduced energy consumption

2.7 Corporate Governance

2.7.1 Board of Directors and Group Management

Board of Directors



Philipp Buhofer
1959, Swiss citizen,
HWV Horw/Lucerne

Member since 2004
Chairman since 2011

Since 1997

Independent entrepreneur

2002-2003

Delegate and Chairman of the Board of Directors, EPA AG, Zurich, Switzerland

1997-2002

Member of the Board of Directors, EPA AG, Zurich, Switzerland

1987-1997

Purchasing and Sales and member of Executive Management, EPA AG, Zurich, Switzerland

1984-1987

Procurement and Marketing, Metro International (Baar, Düsseldorf and Hong Kong)



Felix Thöni
1959, Swiss citizen,
Dr. oec. HSG

Member since 2011
Vice Chairman since 2016
Executive Director from 2012 to 2016

Since 2010

Board Member, management consultant

2003-2009

CFO, Charles Vögele Holding AG, Pfäffikon, Switzerland

1992-2002

CFO, Carlo Gavazzi Holding AG, Steinhausen, Switzerland

1988-1991

Area Controller, Schindler Management AG, Ebikon, Switzerland



Jakob Bleiker
1957, Swiss citizen,
grad. phys. ETH, lic. oec. HSG

Member since 2012

2017

Manager Business Unit Food, Bosch Packaging Technology, Robert Bosch GmbH, Beringen, Switzerland

2011-2016

Manager Confectionery and Food Division, Bosch Packaging Technology, Robert Bosch GmbH, Beringen, Switzerland

2004-2011

Manager Bosch Packaging Systems Division, Bosch Packaging Technology, Robert Bosch GmbH, Beringen, Switzerland

2002-2003

Manager Business Unit Sigpack Service and Specialty Market, SIG Holding AG, Neuhausen, Switzerland

1998-2002

Manager Customer Support Service and member of the Executive Board, Sulzer Textil AG, Rüti, Switzerland

1988-1998

Various management functions, Sulzer Group, Winterthur, Switzerland

1986-1987

Project Manager, Kannegiesser Maschinen AG, Ziefen, Switzerland



Ulrich Jakob Looser

1957, Swiss citizen,
grad. phys. ETH, lic. oec. HSG

Member since 2012

Since 2009

Partner, Berg Looser Rauber & Partners
(BLR & Partners), Thalwil, Switzerland

2001–2009

Chairman (since 2005), Accenture AG
(Switzerland), Zurich, Switzerland

1987–2001

Partner (since 1993), McKinsey & Company
Inc., Zurich, Switzerland

1983–1984

Software development, Spectrospin AG,
Fällanden, Switzerland



Walter T. Vogel

1957, Swiss citizen,
grad. mechanical engineer, ETH Zurich

Member since 2006

Since 2015

Member of various Boards of Directors

2007–2015

CEO, Aebi Schmidt Holding AG, Frauen-
feld, Switzerland

2003–2007

CEO, Von Roll Holding AG, Gerlafingen,
Switzerland

1999–2003

Head of the Infratec Division and member
of Group Management, Von Roll Group,
Gerlafingen, Switzerland

1995–1999

Head of Direct Fastenings Business Unit
and member of extended Group Manage-
ment, HILTI AG, Schaan, Liechtenstein

1992–1995

Director of Marketing and Sales and mem-
ber of Executive Management, Aliva AG,
Widen, Switzerland

Members of the Group Management



Jens Fankhänel
Chief Executive Officer &
Head of Kardex Remstar Division

1965, German citizen
University degree in Electrical Engineering/
Specialization in Automation Engineering
and Technical Cybernetics, University
Chemnitz, Germany

Since 2016

CEO of Kardex Group &
Head of Kardex Remstar Division

2011-2016

Head of Kardex Remstar Division

2008-2010

Managing Director WDS Region Europe 1,
Swisslog AG, Buchs, Switzerland

2005-2008

Vice President and CEO Hub Central Eu-
rope, Dematic GmbH & Co. KG, Offenbach,
Germany

2002-2005

Managing Director, Swisslog Australia,
Epping, Australia

1994-2002

Senior Consultant/Director, i+o GmbH,
Heidelberg, Germany



Thomas Reist
Chief Financial Officer

1971, Swiss citizen
MAS in Corporate Finance / Bachelor of
Science FH in Business Administration,
FHNW Zurich / Olten, Switzerland

Since 2016

CFO of Kardex Group

2011-2016

Head of Finance & Controlling on holding
level, Kardex AG, Zurich, Switzerland

2001-2011

Group Controller / Head of Finance & Con-
trolling / Department Head Finance,
Angst+Pfister AG, Zurich, Switzerland /
Paris, France

1998-2001

Head of Finance & Controlling / Controller,
Zimex Aviation AG, Zurich, Switzerland



Hans-Jürgen Heitzer
Head of Kardex Mlog Division

1962, German citizen
grad. mechanical engineer, Aachen
Technical University, Germany

Since 2011

Head of Kardex Mlog Division

2010-2011

Managing Director, Mlog Logistics GmbH,
Neuenstadt, Germany

2002-2009

Managing Director, Locanis AG, Unter-
föhring, Germany

2000-2001

Division Manager Distribution and Project
Management automatic high rack storage
systems, MAN Logistics, Heilbronn,
Germany

1996-2000

Division Manager Systems, Mannesmann
Dematic, South Africa

1989-1996

Project Manager "overall projects",
Mannesmann Dematic, Offenbach,
Germany

2.7.2 Extract of the Corporate Governance Report

The Kardex Group is divided into the two divisions or segments Kardex Remstar and Kardex Mlog.

The Kardex Group is led by the Board of Directors and the Group Management, which consists of CEO Jens Fankhänel, CFO Thomas Reist and Hans-Jürgen Heitzer, Head of the Kardex Mlog division.

Board of Directors	Functions / Committees
Philipp Buhofer (1959, Swiss citizen) Since 2004	Chairman of the Board
Felix Thöni (1959, Swiss citizen) Since 2011	Vice Chairman of the Board Audit Committee, Compensation and Nomination Committee
Jakob Bleiker (1957, Swiss citizen) Since 2012	Member Chairman Audit Committee
Ulrich Jakob Looser (1957, Swiss citizen) Since 2012	Member Audit Committee, Chairman Compensation and Nomination Committee
Walter T. Vogel (1957, Swiss citizen) Since 2006	Member Compensation and Nomination Committee
Group Management	Functions
Jens Fankhänel (1965, German citizen)	CEO & Head of Kardex Remstar Division
Thomas Reist (1971, Swiss citizen)	CFO
Hans-Jürgen Heitzer (1962, German citizen)	Head of Kardex Mlog Division

«one share – one vote»

The 7 730 000 registered shares of Kardex AG have a nominal value of CHF 4.05 each. A reduction in nominal value to CHF 0.45 per share is in progress and the dividend will probably be paid out in July 2018. Each registered share corresponds to one vote at the General Meeting (“one share – one vote” principle) and is eligible for dividends. The right to apply the special rules concerning treasury shares held by the company is reserved, particularly in relation to the exception from the entitlement to dividends.

Registration rules

The registered shares of Kardex AG may be purchased by any legal or natural person. Nominee registrations are permitted. The purchasing of shares is subject to the following limitations on nominee registrations:

The company may refuse registration as a shareholder with voting rights in the share register if upon request the purchaser does not expressly declare that they hold the shares in their own name and for their own account. The Board of

Directors is entitled to delete an entry in the share register with retroactive effect from the date of that entry if such entry was based on false information. It may hear the shareholder or beneficiary in question in advance.

In each case, the shareholder or beneficiary in question must be immediately informed of the deletion.

Shareholders' participation rights

On 31 December 2017, there were 2 052 shareholders entered in the share register. A majority of them had their registered office or domicile in Switzerland. Each Kardex AG registered share entitles the holder to one vote at the General Meeting. There are no voting right restrictions. Furthermore, any shareholder has the right to have his shares represented at the General Meeting by written proxy by an independent voting proxy, another shareholder with voting rights or a third party.

Shareholders representing at least 1% of the shares issued may request in writing that items be added to the agenda, specifying the proposed resolutions. Such items must be submitted to the Board of Directors in writing at least 40 days before the General Meeting.

Duty to make an offer upon change of control

In accordance with § 4 of the company's Articles of Incorporation, a purchaser of Kardex AG shares is only obliged to make a public offer under the terms of article 135 (the opting-up clause) of the Financial Market Infrastructure Act (FMIA) if his holding exceeds 49% of the company's voting stock.

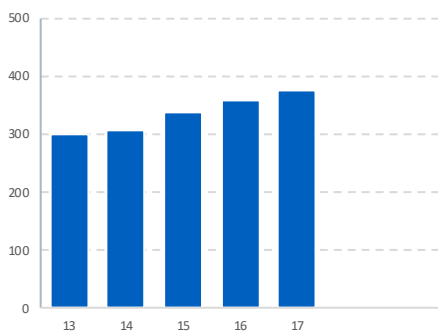
Statutory auditors

PricewaterhouseCoopers AG, Zurich, Switzerland, have been the statutory auditors of Kardex AG since 2014.

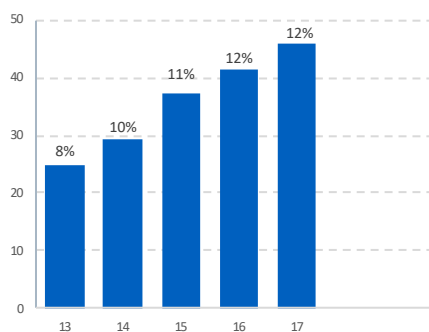
3. Key figures and share information

3.1 Key figures at a glance

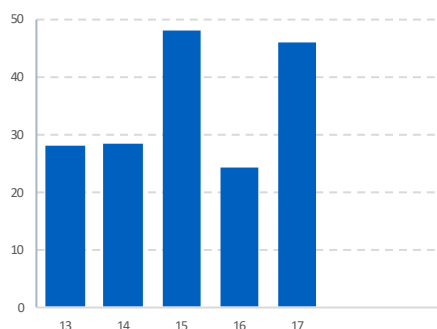
Net revenues
in EUR millions



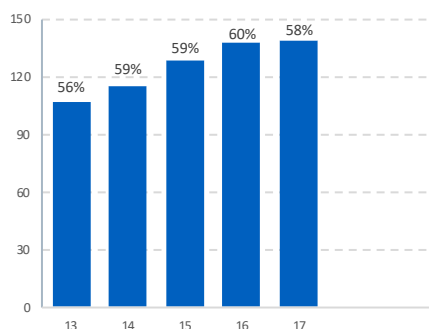
Operating result (EBIT) and EBIT margin
in EUR millions and in %



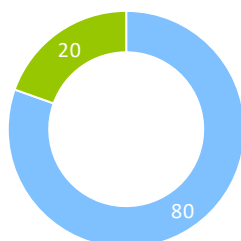
Net cash flow from
operating activities
in EUR millions



Equity and equity ratio
in EUR millions and in %

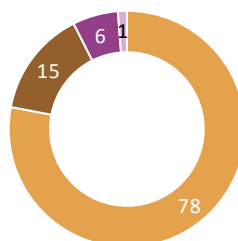


Net revenue by division
Business year 2017 in %



- Kardex Remstar
- Kardex Mlog

Net revenue by geographical split
Business year 2017 in %



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

3.2 Financial highlights 2017

Key figures

EUR millions

1.1.-31.12.	2017		2016		+/-%
Bookings	411.9	109.5%	373.6	104.2%	10.3%
Order backlog (31.12.)	173.6	46.2%	137.8	38.4%	26.0%
Net revenues	376.1	100.0%	358.5	100.0%	4.9%
Gross profit	135.7	36.1%	128.4	35.8%	5.7%
OPEX	89.7	23.9%	87.1	24.3%	3.0%
EBITDA	51.4	13.7%	46.3	12.9%	11.0%
Operating result (EBIT)	46.0	12.2%	41.3	11.5%	11.4%
Result for the period (net profit)	31.8	8.5%	30.8	8.6%	3.2%
Net cash flow from operating activities	46.0		24.2		90.1%
Free cash flow	34.6		16.4		111.0%
ROCE	46.9%		42.3%		10.9%
	31.12.2017		31.12.2016		+/- %
Net working capital	64.6		65.6		-1.5%
Net cash	114.9		105.7		8.7%
Equity/Equity ratio	139.0	57.9%	138.2	59.6%	0.6%
Employees (FTE)	1 653		1 552		6.5%
	2017		2016		+/-%
Reduction of nominal value per share (CHF)	3.6		3.3		9.1%

3.3 Consolidated balance sheet

EUR millions	31.12.2017	31.12.2016
Property, plant and equipment	28.2	27.6
Intangible assets	2.9	2.0
Financial assets	6.5	7.8
Non-current assets	37.6	37.4
Inventories and work in progress	12.7	18.8
Trade accounts receivable	60.6	53.6
Other receivables	10.6	12.3
Prepaid expenses	3.8	4.2
Cash and cash equivalents	114.9	105.7
Current assets	202.6	194.6
Assets	240.2	232.0
Share capital	21.9	40.1
Capital reserves	31.1	31.1
Retained earnings and translation differences	87.2	68.3
Treasury shares	-1.2	-1.3
Equity	139.0	138.2
Non-current provisions	18.4	18.4
Non-current liabilities	18.4	18.4
Trade accounts payable	13.8	14.5
Current provisions	7.8	7.9
Accruals	43.3	36.1
Other current liabilities	17.9	16.9
Current liabilities	82.8	75.4
Liabilities	101.2	93.8
Equity and liabilities	240.2	232.0

3.4 Information on Kardex share

Share capital and capital structure

	2017	2016	2015	2014	2013
Par value per share (CHF)	4.05	7.35	10.35	11.00	11.00
Total registered shares	7 730 000	7 730 000	7 730 000	7 730 000	7 730 000
Number of treasury shares	15 149	16 700	-	-	-
Number of dividend-bearing shares	7 714 851	7 713 300	7 730 000	7 730 000	7 730 000
Registered capital (CHF 1 000)	31 307	56 816	80 006	85 030	85 030
Total voting rights	7 714 851	7 713 300	7 730 000	7 730 000	7 730 000

Key stock exchange figures per share

CHF	2017	2016	2015	2014	2013
Share price high	120.00	99.90	82.00	47.55	44.35
Share price low	94.20	57.80	40.20	37.60	23.05
Closing rate	119.60	95.25	78.00	46.25	39.20
Average volume per trading day (no. of shares)	14 415	12 596	16 528	14 719	23 239
Market capitalization - CHF million (31.12.)	924.51	736.28	602.94	357.51	303.02

Key figures per share¹

CHF	2017	2016	2015	2014	2013
Earnings per share (EPS) ² - basic	4.59	4.34	3.94	3.74	4.95
Earnings per share (EPS) ² - diluted	4.59	4.34	3.94	3.74	4.95
Price earning ratio (closing rate)	26.12	21.95	19.79	12.34	7.93
Dividend	-	-	-	1.65	1.25
Extraordinary dividend	-	-	-	-	1.40
Reduction of nominal value ³	3.60	3.30	3.00	0.65	-
Equity	21.17	19.18	18.10	18.01	16.89

¹ From May 2010 until July 2013, the Kardex Group consisted of the divisions Kardex Remstar, Kardex Stow and Kardex Mlog. As of July 2013 the Kardex Stow Division no longer belongs to the Group. These changes affect the comparison of the key figures per share.

² Calculated by the generally accepted method (net result/average number of outstanding shares).

³ 2017: Reimbursement by reduction of the nominal value as proposed to the Annual General Meeting to be held on 12 April 2018.

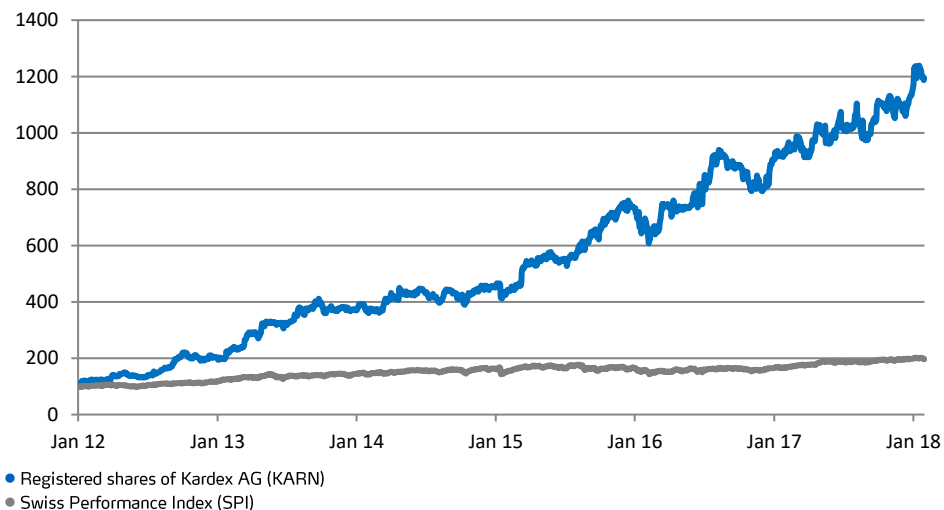
The registered shares of Kardex AG are traded by the Swiss Reporting Standard of SIX Swiss Exchange in Zurich, Switzerland. They are contained in the SPI (Swiss Performance Index).

Stock exchange symbol: KARN; Swiss securities number: 10083728; ISIN number: CH0100837282; Bloomberg: KARN SW Equity; Reuters: KARN.S. Current prices can be seen at www.kardex.com.

Share price performance

Kardex AG (Holding) share

On SIX Swiss Exchange 1 January 2012 to 31 January 2018 based on the daily closing price in CHF



Shareholder structure

As at 31 December 2017, there were 2 052 shareholders (1 951) entered in the share register. The following shareholders held 3% or more of the outstanding share capital of Kardex AG at year end:

	31.12.2017	31.12.2016
BURU Holding AG and Philipp Buhofer	23.6%	23.6%
Alantra Partners S.A.	7.1%	4.8%
Credit Suisse Funds AG	3.2%	3.9%
Lombard Odier Asset Management (Switzerland) SA	3.2%	-

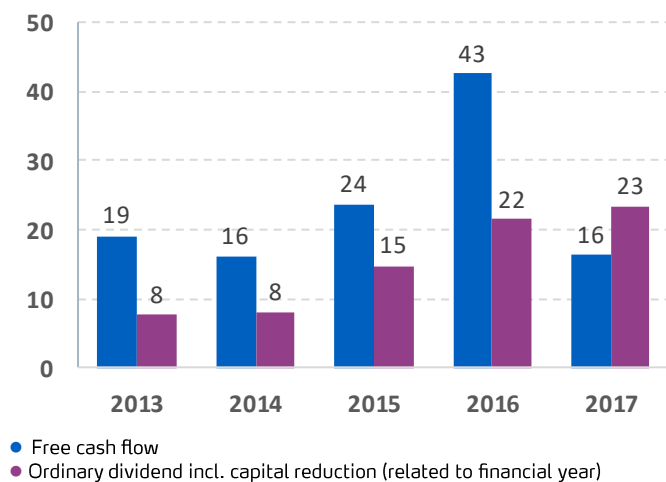
3.5 Attractive dividend policy

Based on a resolution at the Annual General Meeting, up to 75% of the net profit (based on the consolidated group result) will be paid out to the shareholders.

Over the last four years the free cash flow has been able to more than cover the dividends.

Cash flows cover payouts to the shareholders

EUR millions



4. Industry outlook

4.1 Intralogistics overview

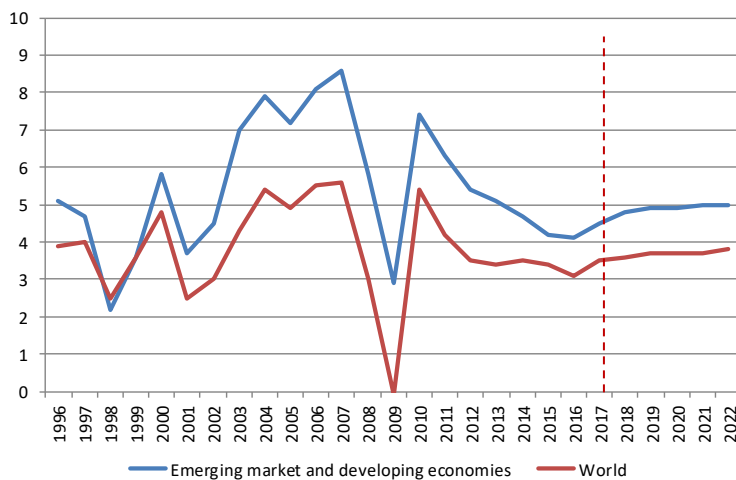
Modern, smooth intralogistics has a major impact on the productivity of companies in any industry sector and of any size. Whatever goods are stored, a reliable and efficient storage and retrieval system significantly reduces personnel resource requirements and warehousing costs. Excellent logistics processes are expressed in the form of low stock levels, short supply times, on-time delivery, low error rate and low logistics costs. For manufacturing and warehousing and distribution companies, the task is to plan, control and monitor logistics processes with a very high degree of precision.

4.2 Global trends and drivers impacting intralogistics

4.2.1 Sound global demand

The global economic activity is expected to pick up again, with the worldwide growth to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018, according to the World Economic Outlook from the IMF. The estimates are also positive for the years ahead, with a cyclical recovery in investment, manufacturing and trade. The growth in the emerging markets and developing economies are expected to outpace the world real GDP growth by about 1%, which bodes well for the Kardex divisions whose strategies are geared up to profiting from the geographical expansion.

Real GDP growth (in %)



Source: IMF World Economic Outlook

The overall intralogistics market moves in line, albeit with a time lag with the global economy. This cyclicity is induced in the industry by its end users who, in line with any down-swing, postpone or cancel their orders but on the other hand have to invest extensively in any given economic up-swing. This cyclicity and the associated time lags were also observable during the last economic crisis as well as the subsequent economic recovery. The time lag between economic recovery and increase in intralogistics orders or shipments is approximately 9–12 months and is driven by factors such as capital intensity of the installed solutions and dependency of new orders on capacity expansion. Although Kardex has been impacted by this cyclicity in the past, the increased revenues generated through after-sales services, which today accounts for around 30% of total revenues, substantially reduced the impact of economic cycles on the company and its corresponding vulnerability.

4.2.2 Increase in e-commerce

More and more companies are adapting to e-commerce resulting in an exploding number of goods which need to be stored and picked and ultimately forces the companies to optimize their supply chain and logistics. E-commerce is setting new standards, with tight delivery deadlines and first-rate service. Many companies will have to change their overall supply chain strategy; instead of a centralized distribution center, many smaller, decentralized distribution hubs must be available to ensure a quick or same-day shipping. Clear order processes and returns procedures are absolutely essential for a company's success in the e-business. With returns substantially increasing, reverse logistics will become a major competitive factor in the e-commerce business. Through the implementation of new affordable, flexible automated storage and retrieval systems, the reverse logistics process can be simplified and managed at lower cost.

4.2.3 Industry 4.0

The broad penetration and application of modern IT creates a network where smart machines can share information with one another and can work independently or together with humans, making modern production and distribution more flexible and efficient. Modern machines are able to collect data, analyze them and take decisions or provide advice upon them. Industry 4.0 gives rise to a need for change from a central to an embedded intelligence and thus there will be a fundamental change in requirements to intralogistics core technology and product range.

All these changes will affect total supply chains, taking intralogistics to the next level. Smart businesses will need smart products and solutions, where real-time data will be shared among machines, robots, employees, suppliers and customers to enhance the productivity, reliability and ultimately profitability.

4.2.4 Cloud computing

The delivery of hosted services over the internet enables companies, organizations and private individuals to consume shared computing resources, such as virtual machine, servers, storage or applications, as a utility rather than having to build and maintain local servers or personal devices. Cloud platforms are enabling new business models and services, such as Software as a Service (SaaS), also known as on-demand software, hosted software or web-based software.

These decentralized network systems make it easier to gather, monitor, analyze, and distribute data across the entire value chain. It helps in improving inventory management, mobile field services, and mobile sales, along with compatibility with other mobile devices. Besides eliminating the cost for hardware acquisition, installation, maintenance and even IT staff, organizations can benefit from automatic software updates, accessibility from any location and cross device compatibility. These are new revenue opportunities for intralogistics providers, uplifting after-sales services into a new dimension. Not only by generating more predictable and stable revenues but also by increasing customer efficiency and loyalty.

4.2.5 Ageing society and stronger health and safety regulations

One of the great achievements of the last century is the rise in life expectancy, not only in the western economies but also in the developing countries. This great accomplishment of increased longevity also comes with significant long-term economic consequences. An aging population means fewer working-age people in the economy, which leads to a supply shortage of qualified workers, higher labor costs, increased health care costs and pension commitments.

This leads to not only a need for an increased level of automation in the manufacturing industry, but also to adjustments on the machines, tools, devices and software to suit the requirements of an aging workforce. The industry will

have to adapt to support and accommodate the user needs of the older worker. More and more organizations are starting to deploy ergonomically designed automation systems which help workers complete their tasks while simultaneously eliminating the risk of injury. In addition to enhancing safety, the devices can boost productivity and reduce a variety of costs – positioning both workers and companies for operational success.

In addition to the higher standards required for an aging workforce, stronger health and safety regulations are being implemented for which companies will have to comply with. This can also be seen as an opportunity for companies to modernize and automate their intralogistics, offering a more efficient working space while at the same time substantially decreasing the risk of worker injury.

4.2.6 After-sales service and support

Product or system related services (which include support, refurbishment, maintenance, repair and engineering services) are getting more and more important. Due to increasing competition from low cost manufacturing locations like China, India and other Asian countries, product related service business offers higher top line and bottom line growth to be derived from significant differentiation and increased brand loyalty. Due to increasing competition, intralogistics companies are focusing on providing consultative value added services to their customers after the normal sales cycle.

With the implementation of new technologies under the “Industry 4.0” framework, intralogistics providers will also be able to monitor their machines in real time and give insights and cost saving information to their clients. This helps the clients in proactively identifying and addressing potential problems. The machine downtime is drastically reduced as clients can repair or replace critical parts before they have to shut down the machine. And manufacturers can predict after-sales services throughout the lifetime of machines leading to higher availability of the correct spare parts and lower maintenance cost for the clients.

5. Peers

5.1 Competition occurs mostly on divisional level

Overall, Kardex competes with many large and mid-size companies which are operating businesses similar to one or both divisions of Kardex. It is important to note that Kardex is not competing as a whole because it operates with two independent entrepreneurially managed divisions.

Kardex Remstar enjoys market leadership in the dynamic storage solutions market in many countries with a global market share of approx. 35%-40%. A long-standing experience in the dynamic storage market, a broad range of automated storage and retrieval solutions, a global presence and first-class after-sales services are the factors that give Kardex Remstar an edge over its competitors. Today, about 80% of total revenue of Kardex Mlog is generated in the German market. Kardex estimates that Kardex Mlog ranks amongst the first three manufacturers of stacker cranes in Germany and is leading in certain niche markets.

The following table lists various peers (direct competitors) of Kardex by division.

Kardex Remstar	Kardex Mlog
Modula S.p.A.	SSI Schäfer AG
Hänel GmbH & Co. KG	Dematic/HK Systems (Kion Group)
SSI Schäfer AG	Swisslog (KUKA Group)
SencorpWhite	KNAPP AG
Dexion (Constructor Group AS)	viastore SYSTEMS GmbH
EffiMat Storage Technology A/S	LTW Intralogistics GmbH
Electroclass	Stöcklin Logistik AG
	Vanderlande Industries (Toyota Industries Corp.)
	Körber AG
	Gebhardt Intralogistics Group

The majority of these companies is held privately or is a division of a larger group.

Disclaimer

This Investor Handbook is issued by the management of Kardex AG. It is being made available to current Kardex AG shareholders as well as persons who are evaluating the possibility to enter into a shareholder relationship with Kardex AG and thus making their own opinions on the transaction, for which they ultimately hold full responsibility.

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