

## Press Release

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### **Despite difficult conditions, the KION Group achieves good order intake and revenue in the first half of the year**

- **Continued high demand despite macroeconomic uncertainties**
- **Compared to the previous year, order intake increases by 13.1 percent to € 6.655 billion**
- **Order book increases by 19.3 percent to € 7.941 billion compared with the end of 2021**
- **Revenue up by 11.4 percent to € 5.537 billion compared to the previous year**
- **At € 311.7 million, adjusted EBIT is significantly lower than the previous year (€ 462.2 million) due to disruptions in supply chains and higher cost of material, energy and logistics**
- **Adjusted EBIT margin down to 5.6 percent (previous year: 9.3 percent)**
- **Net income at € 159.8 million, down from previous year (€ 291.2 million)**
- **Free cash flow of € -591.5 million significantly below previous year's level (€ 301.5 million)**
- **KION Group intends to issue an outlook for 2022 later in the year**

Frankfurt am Main, July 28, 2022 – KION GROUP AG closed the first half of the 2022 financial year with good order intake and revenue. However, the operating result of the intralogistics group was impacted in the first six months of this year by the sharp rise in material, energy and logistics costs and the ongoing disruptions in supply chains. In addition, there have been more Covid lockdowns, which affected the Asian region in particular. The war in Ukraine also further exacerbated the situation in the second quarter of 2022. The KION Group has already completely halted all product deliveries to Russia and Belarus in both operating segments in the first quarter, including the supply of spare parts and related services.

"In order to actively counter the current challenges - especially supply bottlenecks and increased material, energy and logistics costs - and to sustainably strengthen the resilience of our business, we have taken numerous substantial measures in both operating segments," says Rob Smith, Chief Executive Officer of KION GROUP AG.

"These include strengthening our supplier network, dynamic pricing, extending leases to ensure the continued availability of industrial trucks for our customers, and even more flexible production processes at our plants."

In the first half of 2022, KION Group's order intake rose by 13.1 percent to € 6.655 billion (previous year: € 5.882 billion). This level of momentum continued in the second quarter—not least due to the continuation of strong growth trends in the intralogistics industry (online trade, urbanization, demographic change and increasing customer requirements in terms of delivery speeds). Currency effects had a positive impact of € 179.2 million on the value of orders received at the KION Group. The order backlog increased further in the second quarter and amounted to € 7.941 billion at the mid-year mark (end of 2021: € 6.658 billion). As well as the high volume of new orders, crucial factors here included the significantly longer delivery times for industrial trucks in the Industrial Trucks & Services segment.

At € 5.537 billion, the Group's revenue was 11.4 percent higher than at mid-2021 (€ 4.968 billion). As in the previous quarter, the increase in revenue still resulted largely from the order book of the previous year and positive development within the service business. Overall, compared to the previous year, the proportion of the Group's revenue coming from services increased to 40.5 percent (previous year: 40.0 percent). The Group's revenue was positively influenced by currency effects totaling € 190.7 million.

Adjusted EBIT fell to € 311.7 million (previous year: € 462.2 million). The adjusted EBIT margin dropped significantly to 5.6 percent (previous year: 9.3 percent). At € 159.8 million, net income was significantly lower than the previous year (€ 291.2 million). This includes special effects from Russian business (after tax) of € 30 million in total already recognized in the first quarter.

### **Global Economy Heavily Impacted**

The ongoing war in Ukraine and the aftermath of the coronavirus pandemic weighed heavily on the global economy during the reporting period. The further increase in raw material and energy prices (and in turn inflation rates) as a result of the war, as well as disruptions to global supply chains and Covid-related lockdowns in Asia, had a distinctly negative impact on global economic growth. The World Bank revised its growth forecast for the global economy this year predicting global economic growth of just 2.9 percent (compared to 5.7 percent in the previous year).

### **Slow Growth for the Material Handling Market**

According to KION Group, the global material handling market grew moderately in the first half of 2022. As such, demand for industrial trucks in KION Group's sales markets was still above the previous year's level. As a result of the significant macroeconomic

uncertainties and the considerable supply restrictions, according to the KION Group, momentum declined in all sales regions in the second quarter. In a half-year comparison, the order figures in the EMEA region are likely to be slightly higher than in the previous year, while the KION Group estimates stronger growth in the Americas region. In the APAC region, order numbers are unlikely to reach those achieved in the previous year, due in part to measures taken to contain the coronavirus pandemic in Asia.

Project business for supply chain solutions was also impacted due to delays on the supply side. In the view of KION Group, the global market for supply chain solutions has continued to grow in the reporting period. The EMEA and Americas regions contributed to the high level of market activity once again.

In the view of the KION Group, the mid to long-term growth trend is intact in both operating segments.

## Development of Operating Segments in Detail

The number of new orders in the **Industrial Trucks & Services** segment increased by 11.7 percent to 173.7 thousand units in the first half of 2022, with the number of orders in the second quarter declining by 1.8 percent compared to the same period of the previous year. In all regions, demand in the first half of 2022 was higher than in the same period of the previous year. Significant growth was achieved in the EMEA and Americas regions. The value of order intake increased by 20.0 percent to € 4.827 billion (previous year: € 4.021 billion). In view of the continued increase in material costs, the list prices on the sales side were adjusted to the current market situation in the first six months of the year, particularly for KION ITS EMEA, also resulting in an increase in the value of order intake. The increase in new truck business was primarily due to higher order intake for counterbalanced forklift trucks and continued increase in the share of electric forklift trucks. The segment was also up for warehouse trucks. In the services business, the value of order intake grew in almost all service categories. It was only in the case of used equipment that the order intake fell below that of the previous year, due to the current limited availability. Currency effects had a positive impact on orders received—€ 55.9 million in total.

At € 3.449 billion, total revenue in the **Industrial Trucks & Services** segment exceeded the previous year's figure (€ 3.120 billion) by 10.6 percent. The segment mainly benefited from the high order backlog that had accumulated by the end of 2021. The new truck business acquired in the current year, on the other hand, only contributed marginally to the increase in revenue. The persistently sluggish supply of parts continued to cause significant delays in the delivery of trucks to customers, particularly in the EMEA region. As a result, the dynamic list price increases from recent quarters had barely any impact on revenue growth in the Industrial Trucks & Services segment. The service business demonstrated growth of 10.4 percent, driven

mainly by the after-sales and rental business. The services business accounted for 52.2 percent of external segment revenue (previous year: 52.3 percent). Currency effects had a positive impact on segment revenue of € 48.7 million.

The adjusted EBIT in the Industrial Trucks & Services segment fell to € 197.8 million in the first half of this year (previous year: € 278.6 million). The positive effects of revenue growth on the result were offset by a significant increase in negative effects, which can be attributed to significantly higher material, energy and logistics costs, as well as inefficiencies resulting from disruptions in the supply chains on the production side. In an attempt to mitigate this, countermeasures were initiated on the supplier and sales side. The production processes were and are flexibly adjusted due to the lack of supplier parts, and the supplier network was further strengthened and continuously expanded. In addition, due to the continued momentum in the material costs, price increases will be passed on to customers in the future in order to account for the current market situation. However, these will only affect the result once the order book from the previous year has been processed. The adjusted EBIT margin dropped to 5.7 percent in the reporting quarter (previous year: 8.9 percent).

In the first half of the year, the **Supply Chain Solutions** segment achieved an order intake of € 1.865 billion (previous year: € 1.869 billion)—almost the same as for the previous year. The orders are primarily attributable to new and upgrade investments in e-commerce as well as in general goods trade and the food sector. Compared to the previous year, order intake from new customers in different sectors led to a further diversification of the customer portfolio. Order intake in the reporting period was based on continued stable demand in the long-term project business (business solutions), including outside the core region of North America. In addition, in the higher-margin service business, order intake continued to rise sharply compared to the previous year. Currency effects had a positive impact on order intake—€ 123.3 million in total.

Total revenue in the Supply Chain Solutions segment was up 12.9 percent to € 2.096 billion (previous year: € 1.857 billion). Despite the limited availability of materials due to disruptions in the supply chains, customer projects continued to progress, particularly in the areas of e-commerce, food, and goods trading. This contributed to the 10.4 percent increase in revenue in the long-term project business. In the service business, the significant increase in revenue was due in particular to modernization and upgrades as well as the delivery of spare parts. The share of the service business in external segment revenue increased by 1.9 percent to 21.3 percent compared to the same period of the previous year. Currency effects increased segment revenue by € 142.0 million.

At € 149.8 million, adjusted EBIT in the Supply Chain Solutions segment was significantly lower than in the previous year (€ 227.3 million). This was increasingly the

result of inefficiencies due to bottlenecks for upstream parts, in addition to higher material costs. On account of this, the adjusted EBIT margin dropped to 7.1 percent in the reporting quarter (previous year: 12.2 percent).

## **Outlook**

In view of the ongoing and substantial uncertainties in the procurement markets, which are being significantly exacerbated by the war in Ukraine and renewed coronavirus lockdowns, especially in Asia, the Executive Board of KION GROUP AG decided on April 4, 2022 to withdraw the outlook for 2022 that had been published in the 2021 annual report.

Although the KION Group believes that the fundamental driving factors in the intralogistics industry remain intact, there are still significant uncertainties with regard to evaluating the Group's business performance over the further course of the year. The persistently difficult conditions mean it is not possible to provide a reliable projection of the key performance indicators for 2022. The consequences of the war in Ukraine and the looming energy crisis cannot be reliably determined at the present time, nor can the resulting impact on sales and procurement markets. For the remainder of 2022, the ongoing disruption to supply chains and further rises in the already high costs of materials, energy, and logistics will continue to have a negative impact on adjusted EBIT and related key performance indicators, and on free cash flow. As a result, the figures for 2022 as a whole are expected to fall short of the levels achieved in the prior year.

The KION Group intends to issue a new outlook later in the year.

**KION Group Figures for the First Half of 2022 and the Second Quarter Ending June 30, 2022**

In € million	H1/2022	H1/2021	Diff.	Q2/2022	Q2/2021	Diff.
<b>Order intake</b>	<b>6,654.8</b>	<b>5,881.7</b>	<b>13.1%</b>	3,754.6	3,225.4	15.3%
<b>Revenue</b>	<b>5,536.7</b>	<b>4,967.9</b>	<b>11.4%</b>	2,802.2	2,592.8	8.1%
<b>Order book[1]</b>	<b>7,941.1</b>	<b>6,658.5</b>	<b>19.3%</b>			
<b>Adjusted EBITDA[2]</b>	<b>759.2</b>	<b>879.5</b>	<b>-13.7%</b>	368.2	457.7	-19.5%
<b>Adjusted EBITDA margin[2]</b>	<b>13.7%</b>	<b>17.7%</b>	<b>-</b>	13.1%	17.7%	<b>-</b>
<b>Adjusted EBIT[2]</b>	<b>311.7</b>	<b>462.2</b>	<b>-32.6%</b>	141.4	247.2	-42.8%
<b>Adjusted EBIT margin[2]</b>	<b>5.6%</b>	<b>9.3%</b>	<b>-</b>	5.0%	9.5%	
<b>Net income</b>	<b>159.8</b>	<b>291.2</b>	<b>-45.1%</b>	79.6	154.2	-48.4%
<b>Free cash flow[3]</b>	<b>-591.5</b>	<b>301.5</b>	<b>&lt; -100%</b>	-158.9	39.4	<b>&lt; -100%</b>
<b>Employees[4]</b> (FTE, incl. trainees)	<b>40,804</b>	<b>39,602</b>	<b>3.0%</b>			

[1] Value on closing date 6/30/2022 compared with balance sheet date 12/31/2021

[2] Adjusted for effects of purchase price allocations as well as one-time and special effects

[3] Free cash flow is defined as cash flow from ongoing business activity plus cash flow from investment activity

[4] Number of full-time equivalents on 6/30/2022 compared with balance sheet date 12/31/2021

## The Company

The KION Group is one of the world's leading providers of industrial trucks and supply chain solutions. Its full spectrum of services includes industrial trucks, such as forklift trucks and warehouse trucks, as well as integrated automation technologies and software solutions for the optimization of supply chains—including all related services. The KION Group's solutions ensure the smooth flow of materials and information in customers' warehouses, production plants, and distribution centers in over 100 countries.

The MDAX listed group is the largest manufacturer of industrial trucks in Europe based on the number of units sold in 2021. Based on revenue for the year 2021, the KION Group is the leading overseas manufacturer in China, and including domestic

manufacturers, the third-largest supplier there. The KION Group is also one of the world's leading warehouse automation providers, based on 2021 revenue.

At the end of 2021, more than 1.6 million industrial trucks and over 8,000 installed systems from the KION Group were in use by customers from all manner of sectors and of varying sizes on six continents. The group currently has around 40,000 employees and generated revenue of approx. € 10.3 billion in the 2021 financial year.

*You can access up-to-date image material for the KION Group via our image database <https://mediacenter.kiongroup.com/categories> as well as on our respective brands' websites.*

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This release contains forward-looking statements that are subject to various risks and uncertainties. Future results may deviate significantly from the results currently expected, and due to various risk factors and uncertainties such as changes in the business, economic, or competitor situation, changes in legislation, outcomes of technical studies, exchange rate fluctuations, uncertainties regarding litigation or investigative proceedings, and the availability of financial resources. This particularly applies in respect of currently unforeseeable further developments in connection with the war in Ukraine, and the geopolitical consequences of the war, and in respect of the coronavirus pandemic and the resulting impact on KION GROUP AG and its subsidiaries and on the wider economic and political environment in the markets in which KION GROUP AG and its subsidiaries operate. We do not assume any responsibility for updating the forward-looking statements contained in this release.

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