

Press Release

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Sharp Rise in Procurement Costs and Disruptions in Supply Chains hit Q1 2022 Results of KION Group

- **Order intake increases by 10.4 percent to €2.900 billion**
- **Order book rises by 2.9 percent to €6.855 billion compared with end of 2021**
- **Revenue up 15.1 percent to €2.734 billion thanks to strong order book in previous year**
- **Adjusted EBIT at €170.3 million compared with €215.0 million in the same period last year**
- **Adjusted EBIT margin falls to 6.2 percent (previous year: 9.1 percent)**
- **Net income at €80.2 million, down from previous year (€137.0 million)**
- **Free cash flow of €-432.6 million significantly below previous year's level (€262.1 million)**
- **Outlook for financial year 2022 remains suspended due to economic and political uncertainties**

Frankfurt am Main, April 28, 2022 – KION GROUP AG has started the 2022 financial year with good results for order intake and revenue. However, the substantial increase in procurement costs and the global supply chain disruptions continued to impact the Group's profitability. In addition, the already troubled situation has intensified further due to the war in Ukraine. There have also been new coronavirus lockdowns, which affected the Asian region in particular.

KION Group's order intake rose by 10.4 percent to €2.900 billion (previous year: €2.626 billion) in the reporting period. KION Group started the new financial year with a well-filled order book from 2021. Thanks to the ongoing positive order situation, and also due to long delivery times continuing, the Group's order book rose by €196.1 million to €6.855 billion compared with the end of 2021 (€6.658 billion).

Group revenue increased by 15.1 percent to €2.734 billion (previous year: €2.375 billion). The year-on-year revenue growth was due to the order book being well filled by the end of 2021. Consistently strong revenue growth in service business was also

achieved in the first quarter of the new financial year. Services accounted for 40.2 percent (previous year: 40.8 percent) of Group revenue.

Adjusted EBIT fell to €170.3 million (previous year: €215.0 million). The adjusted EBIT margin dropped to 6.2 percent (previous year: 9.1 percent) as a result. At €80.2 million, the Group net income was down from the previous year (€137.0 million). This included non-recurring items from Russian business (after tax) of €-29.2 million in total. At €-432.6 million, free cash flow was significantly lower than in the previous year (€262.1 million) due to the increase in unfinished products and higher stocks of raw materials and supplies to safeguard the Group's ability to fulfill orders.

“The ongoing escalation of material and logistics costs and the continuing bottlenecks in procurement markets impacted our business, as was already the case in Q4 2021,” said Rob Smith, CEO of KION GROUP AG. “Despite these circumstances, we were able to significantly increase order intake and revenue compared to the previous year thanks to ongoing demand.”

He believes the Group is still in a strong position going forward: “We are represented on all key global markets as a leading full-service provider in intralogistics. The fundamental drivers of our industry are still intact, as demonstrated by the full order books. We will continue to focus on profitable growth and the implementation of our strategy, ‘KION 2027’.”

Economic and Political Uncertainties Slowing Down Global Economy

The war in Ukraine will severely set back the global economy, according to the International Monetary Fund (IMF). It stated the existing disruptions to supply chains and rising raw material and energy prices will result in a much higher inflation rate. Based on its current estimates, the IMF predicts global growth of just 3.6 percent and an inflation rate of 5.7 percent for advanced economies and 8.7 percent for emerging and developing economies. This marks another downward revision of the IMF's global growth target for 2022, which stood at 4.4 percent in January 2022.

The international sanctions against Russia and Belarus caused further price increases on the raw materials markets. Not only have prices for fossil fuels such as gas, oil, and coal risen sharply, but the price of metals such as palladium and nickel have also gone up dramatically at times. Russia is one of the biggest exporters of nickel, which is mainly used in steel production and battery manufacturing.

According to the IMF, there are still ongoing risks to the global economy from restrictions caused by the coronavirus pandemic, particularly if lockdown-measures continue to hit production in China.

In the view of KION Group, the material handling market was initially only moderately affected by the effects of the war in Ukraine in the first quarter of 2022. Demand for

industrial trucks in KION Group's sales markets was still above the previous year's level. In the view of KION Group, the market in the EMEA and Americas regions grew strongly in the reporting period. Order intake in the APAC region was slightly higher than the previous year's level in the view of KION Group, driven by the continuing positive trend in China. At the same time, significant supply limitations are continuing as a knock-on effect from the coronavirus pandemic. In addition, the industry is being adversely affected by the lack of preliminary products for production and loss of key transport routes due to the war in Ukraine. Across the sector, supply chain delays hampered the delivery of urgently needed upstream products to production sites. This led to significantly and persistently longer delivery times, including for KION Group brands.

Due to industry association amendments to rules for the publication dates of market data for new orders of industrial trucks, there is no reportable data available for order figures on the overall market in the reporting period.

Project business for supply chain solutions was also hit due to delays on the supply side. In the view of KION Group, the global market for supply chain solutions has continued to grow strongly in the reporting period. The EMEA and Americas regions contributed to the high level of market activity once again. It is too early to fully appraise the impact of the war in Ukraine and the international sanctions against Russia and Belarus on economic development in the KION Group's customer industries.

The mid- to long-term growth trend substantiated by market studies is still intact in the view of KION Group, driven by continued growth in e-commerce, urbanization, demographic change and the increasing demands on delivery speeds.

Segment Development in Detail

Order intake in the **Industrial Trucks & Services** segment rose by 15.6 percent to €2.082 billion (previous year: €1.800 billion). The 18.9 percent increase in new truck business was primarily due to higher order intake for counterbalanced forklift trucks. This marked a continuation of the trend from the previous year towards electric forklift trucks. Warehouse trucks also achieved strong growth. In total, the number of new orders in the first quarter of 2022 rose by 29.3 percent to 87,000 units. In service business, order intake grew in all categories.

At €1.718 billion, revenue in the Industrial Trucks & Services segment were 13.2 percent above the previous year's level (€1.519 billion). The growth was due to the high number of orders on hand accumulated by the end of 2021. However, due to the ongoing sluggish supply of upstream parts in the EMEA region in particular, there were delays to the delivery of new trucks. Therefore, the usual price increases in the fourth quarter of 2021 have not yet impacted the value of revenue in the segment. In all

relevant product categories, the previous year's figures were exceeded, with the increasing demand for electric forklift trucks continuing. Service business grew by 12.2 percent. This was due primarily to rental business, as well as the increase in the after-sales area. Service business accounted for 52.2 percent of external segment revenue (previous year: 52.7 percent).

Adjusted EBIT fell to €114.2 million (previous year: €131.0 million), mainly impacted by significant increase in material prices and logistics costs, as well as inefficiencies on the production side due to delivery bottlenecks. On account of this, the adjusted EBIT margin dropped to 6.6 percent in the reporting period (previous year: 8.6 percent) and was thus at the level of Q4/2021.

The **Supply Chain Solutions** segment recorded order intake of €843.2 million in the first three months of 2022, a rise of 1.6 percent year-on-year (previous year: €829.8 million). The orders are primarily attributable to new and upgrade investments in e-commerce as well as in general merchandise and the grocery sector. Project business (Business Solutions) was down slightly compared with the previous year. In the higher-margin services business, order intake rose strongly again compared with the previous year.

Total revenue in the Supply Chain Solutions segment was up 18.5 percent to €1.020 billion (previous year: €860.7 million). Despite the lack of stability in supply chains and the resulting limited availability of materials, the Group pressed ahead with ongoing customer projects, particularly in e-commerce, grocery, and general merchandise. Service business accounted for 20.1 percent of external segment revenue, close to the previous year's level (19.9 percent).

At €74.0 million, adjusted EBIT in the Supply Chain Solutions segment was lower than in the previous year (€101.7 million). The main causes of this were inefficiencies due to bottlenecks for upstream parts, in addition to higher material prices. Consequently, the adjusted EBIT margin was 7.3 percent (previous year: 11.8 percent) and was thus at the level of Q4/2021.

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 significant uncertainties with regard to evaluating the Group's business performance over the further course of the year. From

the current perspective, it is not possible to reliably assess how the war in Ukraine or the coronavirus pandemic will unfold or what their economic impact will be. The bottlenecks in the procurement markets, which are persisting for much longer than anticipated, and continuing sharp rises in the cost of materials and logistics costs will have a particularly adverse effect on the KION Group's adjusted EBIT and free cash flow. This applies to both segments in equal measure.

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

Key Performance Indicators for Q1, ended 3/31/2022

In € million	Q1/2022	Q1/2021	Diff.
Order intake	2,900	2,626	10.4%
Revenue	2,734	2,375	15.1%
Order book[1]	6,855	6,658	2.9%
Adjusted EBITDA[2]	391.0	421.9	-7.3%
Adjusted EBITDA margin[2]	14.3%	17.8%	
Adjusted EBIT[2]	170.3	215.0	-20.8%
Adjusted EBIT margin[2]	6.2%	9.1%	
Net income	80.2	137.0	-41.5%
Free cash flow[3]	-432.6	262.1	< -100%
Employees[4]	40,519	39,602	2.3%

[1] Value on closing date 3/31/2022 compared with balance sheet date 12/31/2021

[2] Adjusted for purchase price allocation items and as non-recurring items.

[3] Free cash flow is defined as cash flow from operating activities plus cash flow from investing activities.

[4] Number of full-time equivalents on 3/31/2022 compared with balance sheet date 12/31/2021

The Company

The KION Group is among the world's leading suppliers of industrial trucks and supply chain solutions. Its portfolio encompasses industrial trucks such as forklift trucks and warehouse trucks, as well as integrated automation technology and software solutions for the optimization of supply chains, including all related services. Across more than 100 countries worldwide, the KION Group's solutions improve the flow of material and information within factories, warehouses, and distribution centers.

The Group, which is included in the MDAX, is the largest manufacturer of industrial trucks in Europe in terms of units sold in 2021. In China, it is the leading foreign manufacturer (as measured by revenue in 2020) and number three overall. The KION Group is also one of the world's leading providers of warehouse automation (as measured by revenue in 2020).

At the end of 2021, more than 1.6 million of the KION Group's industrial trucks and more than 8,000 of its installed systems were in use by customers of various sizes and in numerous industries on six continents. The Group currently has around 40,000 employees and generated revenue of around €10.3 billion in 2021.

Current KION Group images can be found in our image database at <https://mediacenter.kiongroup.com/categories> and on the websites of our various brands.

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This release contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of technical studies, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. This applies in particular with regard to currently unforeseeable further developments of the Corona pandemic as well as the political situation in Ukraine, Russia and Belarus and the resulting effects on the Company as well as on the economy and politics in general in the markets in which the Company operates. We do not undertake any responsibility to update the forward-looking statements in this release.

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