

Press release

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KION Group with strong start to 2023

- Revenue up 1.7 percent to €2.8 billion (Q1 2022: €2.7 billion)
- Adjusted EBIT of €156.0 million (Q1 2022: €170.3 million)
- 5.6 percent adjusted EBIT margin (Q1 2022: 6.2 percent)
- Significantly positive free cash flow of €104.9 million (Q1 2022: minus €432.6 million)
- Upgraded 2023 outlook for Industrial Trucks & Services segment and KION Group – Supply Chain Solutions outlook confirmed

Frankfurt am Main, April 27, 2023 – As already published on April 19, 2023, KION Group started strongly into 2023, despite a continued challenging market environment. The positive development of the Group's business was mainly due to the Industrial Trucks & Services (ITS) segment performing much stronger than expected in the first quarter of 2023.

The ITS segment, which focuses on forklift trucks, warehouse technology, and associated services, grew revenue by 16.7 percent year-on-year to €2.0 billion (Q1 2022: €1.7 billion). ITS made good progress executing the sizeable order book that was built last year, with positive effects on revenue growth. Dynamic price increases implemented in 2022 materialized already in the first quarter of 2023 and boosted revenue growth earlier than expected.

Adjusted EBIT in the ITS segment rose substantially to €176.6 million (Q1 2022: €114.2 million), corresponding to a strong adjusted EBIT margin uplift to 8.8 percent (Q1 2022: 6.6 percent). The main contributing factors were the improving supply chain situation and operational and commercial agility, which allowed the business to bring orders forward.

Putting measures in place to boost profitability

“We are off to a strong start,” said Rob Smith, Chief Executive Officer of KION GROUP AG. “Our growth in the ITS segment underlines the effectiveness of our measures. The Group is on track to achieve sustainable profitability improvements and further strengthen its resilience.”

Adjusted EBIT for the KION Group came in at €156.0 million (Q1 2022: €170.3 million), exceeding company expectations. The corresponding adjusted EBIT margin for the first quarter was 5.6 percent (Q1 2022: 6.2 percent). Net income for the period decreased to €73.5 million year-on-year (Q1 2022: €80.2 million). Free cash flow was clearly positive at €104.9 million (Q1 2022: minus €432.6 million). A key factor in addition to the level of operating profit was a nearly unchanged level of working capital compared to the end of 2022.

Group revenues increased by 1.7 percent to €2.8 billion (Q1 2022: €2.7 billion), driven by improving supply chain conditions and dynamic price increases in the ITS segment, which boosted revenues earlier than expected. The service business grew 10.5 percent, mainly due to higher revenue volumes in the after-sales and rental business.

Revenue and EBIT in the Supply Chain Solutions (SCS) segment were in line with the Group's expectations. Against the backdrop of lower order volume in 2022, especially in the project business, segment revenues fell by 23.3 percent to €783 million (Q1 2022: €1.0 billion). Order volume decreased mainly due to customers holding back capital expenditure decisions. By contrast, the segment's revenue from the service business increased by 20.3 percent. The service share is now 31.6 percent (previous year: 20.1 percent).

The SCS segment returned to profitability following a loss in 2022, with an adjusted EBIT in the first quarter of 2023 of €7.1 million (Q1 2022: €74.0 million), or a margin of 0.9 percent (Q1 2022: 7.3 percent). The expected softer results reflect the execution of low-margin projects from previous years as well as a lack of bought-in parts that caused project delays.

Outlook

The KION Group has made a strong start to 2023. The business performance of the Industrial Trucks & Services segment was much better than expected.

The improving supply chain situation meant that production and delivery could be ramped up, which allowed the sizeable order book built up in 2022 to be worked through at a faster pace. The resulting effects of newer orders being brought forward are likely to continue to have a positive impact on revenue and adjusted EBIT in the Industrial Trucks & Services segment over the remainder of the year.

The Supply Chain Solutions segment is expected to see a noticeable increase in revenue and an improvement in adjusted EBIT, especially in the second half of 2023, thanks to a growing proportion of higher-margin customer projects in the order book.

KION Group key performance indicators for the first quarter, which ended March 31, 2023

€ million	Q1 2023	Q1 2022	Difference
Revenue	2,781.0	2,734.5	1.7%
<i>Industrial Trucks & Services</i>	2,004.8	1,718.4	16.7%
<i>Supply Chain Solutions</i>	782.5	1,019.8	-23.3%
Order book [1]	6,686.6	7,077.8	-5.5%
<i>Industrial Trucks & Services</i>	3,756.6	3,817.6	-1.6%
<i>Supply Chain Solutions</i>	3,000.3	3,327.5	-9.8%
Adjusted EBIT [2]	156.0	170.3	-8.4%
<i>Industrial Trucks & Services</i>	176.6	114.2	54.6%
<i>Supply Chain Solutions</i>	7.1	74.0	-90.4%
Adjusted EBIT margin [2]	5.6%	6.2%	-
<i>Industrial Trucks & Services</i>	8.8%	6.6%	-
<i>Supply Chain Solutions</i>	0.9%	7.3%	-
Net income for the period	73.5	80.2	-8.3%
Free cash flow [3]	104.9	-432.6	> 100.0%
Earnings per share (€)	0.55	0.61	-9.2%
Order intake	2,444.3	2,900.1	-15.7%
<i>Industrial Trucks & Services</i>	1,956.5	2,082.1	-6.0%
<i>Supply Chain Solutions</i>	497.5	843.2	-41.0%
Employees [4] (FTEs, incl. apprentices/trainees)	41,196	41,149	0.1%

[1] Figure as at the reporting date of December 31.

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

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

[4] Number of employees stated in full-time equivalents as at December 31.

Raised outlook for 2023

On April 19, 2023, the Executive Board of KION GROUP AG revised the target figures for 2023 that it had published in the outlook section of the 2022 annual report for the Group and the Industrial Trucks & Services segment. The target figures for the Supply Chain Solutions segment remain unchanged.

Outlook for 2023

	KION Group		Industrial Trucks & Services		Supply Chain Solutions	
	Outlook 2023	Outlook 2023 adjusted	Outlook 2023	Outlook 2023 adjusted	Outlook 2023	Outlook 2023 unchanged
Revenue ¹	minimum €11.0 billion	minimum €11.2 billion	minimum €7.8 billion	minimum €8.0 billion	minimum €3.2 billion	minimum €3.2 billion
Adjusted EBIT ¹	minimum €550 million	minimum €615 million	minimum €600 million	minimum €665 million	minimum €65 million	minimum €65 million
Free cash flow	minimum €500 million	minimum €565 million	–	–	–	–
ROCE	minimum 5.0%	minimum 5.5%	–	–	–	–

¹ Disclosures for the Industrial Trucks & Services and Supply Chain Solutions segments also include intragroup cross-segment revenue and effects on EBIT.

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 the EMEA region 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 2022, more than 1.7 million industrial trucks from the KION Group were in use by customers from all manner of sectors and of varying sizes on six continents.

The Group currently employs over 41,000 people and generated revenue of approx. €11.1 billion in the 2022 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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