

Press release

Website: www.kiongroup.com/media

Twitter: [@KIONGroup](https://twitter.com/KIONGroup); LinkedIn: [@kiongroup](https://www.linkedin.com/company/kiongroup); WeChat: [KION Group 凯傲集团](#)

KION Group increases profitability in the first half of the year and raises guidance

- **Result driven by strong performance in the ITS segment**
- **Revenue rises to €5.617 billion (H1 2022: €5.537 billion)**
- **Adjusted EBIT at €348.3 million (H1 2022: €311.7 million)**
- **Adjusted EBIT margin improves to 6.2 percent (H1 2022: 5.6 percent)**
- **Free cash flow increases to €228.8 million (H1 2022: minus €591.5 million)**
- **Group and ITS segment guidance raised**

Frankfurt am Main, July 27, 2023 – The KION Group continued to increase its profitability in the first half of the year driven by the further strong momentum of its Industrial Trucks & Services (ITS) segment. The improved supply chain situation and successful measures to increase commercial and operational agility are key reasons for the positive result. Adjusted EBIT improved by 11.7 percent year on year, while revenue was up by 1.5 percent.

“The agility and performance measures initiated last year are paying off,” said Rob Smith, Chief Executive Officer of KION GROUP AG. “The positive development in the ITS segment is impressive proof that the determined focus of the entire KION team on the right levers has made the company much more resilient and agile going forward. We are therefore raising our guidance for 2023 for both the Group and the ITS segment.”

Consolidated revenue advanced by 1.5 percent year on year to €5.617 billion in the reporting period (H1 2022: €5.537 billion). The proportion of consolidated revenue attributable to the service business grew to 44.3 per cent (H1 2022: 40.5 percent). The 19.9 percent increase in revenue in the ITS segment to €4.135 billion (previous year: €3.445 billion) resulted mainly from measures to improve material availability. Price increases implemented in 2022 also had a positive impact. Revenue from the service business went up as volumes grew across all service categories.

Revenue in the Supply Chain Solutions (SCS) segment, however, fell by 28.6 percent year on year to €1.497 billion (H1 2022: €2.096 billion). This was primarily due to

-muted customer demand in the project business (business solutions) in the previous quarters. By contrast, revenue development in the service business (customer services) was very encouraging again increasing by 13.5 percent compared to the same period last year.

The Group's **adjusted EBIT** rose by 11.7 percent to €348.3 million in the first half of 2023 (H1 2022: €311.7 million). This increased the adjusted EBIT margin to 6.2 percent (H1 2022: 5.6 percent).

Adjusted EBIT for the ITS segment improved significantly to €378.9 million (H1 2022: €197.8 million). This rise in earnings came from the revenue growth driven by higher volume and prices as well as efficiency gains in production. The improved profitability in the ITS segment was also reflected in the adjusted EBIT margin of 9.2 percent (H1 2022: 5.7 percent).

Adjusted EBIT for the SCS fell year on year to € 14.8 million (H1 2022: € 149.8 million) and returned to profit after a negative result in the full year 2022. The execution of lower-margin projects and delays due to ongoing component shortages contributed to the decline in revenue and earnings at SCS. The adjusted EBIT margin for the first half stood at 1.0 percent (H1 2022: 7.1 percent).

Net income for the period amounted to €146.3 million (H1 2022: €159.8 million). This reflects a significantly lower financial result and higher tax expenses.

Free cash flow was €228.8 million (H1 2022: negative free cash flow of €591.5 million), resulting from the increase in EBIT while net working capital remained at a similar level to the end of 2022. As a result of the improved liquidity situation, it was possible to reduce financial liabilities by €178.9 million. Net debt decreased by €101.0 million to €1.570 billion compared to end of 2022.

KION Group commits to net-zero target and Science Based Targets initiative

Sustainability is a key focus of the KION 2027 strategy. At the beginning of July 2023, the KION Group committed to the Science Based Targets initiative (SBTi) in order to provide transparency with regard to its activities and progress on the path toward a carbon-neutral future. In line with the SBTi principles, the KION Group is pursuing the net-zero target of being emission-free along its entire value chain (scopes 1, 2, and 3) by 2050 at the latest. The criteria for assessing whether companies are operating carbon neutrally are based on a fundamental scientific framework and align with the objective of the United Nations Paris climate agreement to limit the rise in global temperatures to 1.5°C.

KION Group sells the ITS segment's Russian business

The KION Group announced its intention to exit its Russian business in October 2022. On 16 June 2023, the Group signed a contract to sell the ITS segment's Russian

business as part of a management buyout. The transaction is still subject to approval by the Russian authorities. The SCS segment's remaining business in Russia is being wound up at the same time. Once the contracts come into force, the KION Group will no longer have any business activities in Russia.

Outlook

In the first half of 2023, the KION Group achieved revenue growth and a sharp increase in earnings thanks to the healthy business performance of the Industrial Trucks & Services segment. The main contributing factors were the measures taken to enhance operational and commercial agility, the improved supply chain situation, and better availability of materials. In the remaining months of 2023, the Industrial Trucks & Services segment is therefore expected to see an improvement in revenue and adjusted EBIT compared to the second half of the previous year.

The Supply Chain Solutions segment is set to see noticeably higher revenue and improved adjusted EBIT in the second half of 2023 compared with the first six months thanks to the growing proportion of higher-margin customer projects in the order book.

Subject to the proviso that there are no changes to the current level of availability of materials, the Executive Board of KION GROUP AG is raising the outlook for 2023 for the Group and the Industrial Trucks & Services segment once again, having already raised it on April 19, 2023. The target figures for the Supply Chain Solutions segment remain unchanged:

Outlook 2023

	KION Group		Industrial Trucks & Services		Supply Chain Solutions	
	Outlook July 2023	Outlook April 2023	Outlook July 2023	Outlook April 2023	Outlook July 2023	Outlook April 2023
Revenue ¹	minimum €11.4 billion	minimum €11.2 billion	minimum €8.2 billion	minimum €8.0 billion	minimum €3.2 billion	minimum €3.2 billion
Adjusted EBIT ¹	minimum €680 million	minimum €615 million	minimum €730 million	minimum €665 million	minimum €65 million	minimum €65 million
Free cash flow	minimum €615 million	minimum €565 million	–	–	–	–
ROCE	minimum 6.0%	minimum 5.5%	–	–	–	–

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

Key performance indicators for the KION Group and its two operating segments for the first half-year of 2023 and for the second quarter ending June 30, 2023

€ million	H1 2023	H1 2022	Difference	Q2 2023	Q2 2022	Difference
Order intake, Group	5,308.1	6,654.8	-1,346.7	2,863.8	3,754.6	-890.9
<i>Industrial Trucks & Services</i>	3,957.3	4,827.2	-869.9	2,000.8	2,745.1	-744.3
<i>Supply Chain Solutions</i>	1,370.7	1,865.2	-494.5	873.2	1,022.0	-148.8
Revenue, Group	5,617.4	5,536.7	1.5%	2,836.4	2,802.2	1.2%
<i>Industrial Trucks & Services</i>	4,134.7	3,449.4	19.9%	2,129.9	1,731.0	23.0%
<i>Supply Chain Solutions</i>	1,497.0	2,096.0	-28.6%	714.5	1,076.2	-33.6%
Order book, Group [1]	6,682.0	7,077.8	-395.8			
<i>Industrial Trucks & Services</i>	3,603.7	3,817.6	-213.9			
<i>Supply Chain Solutions</i>	3,154.2	3,327.5	-173.3			
Adjusted EBIT, Group [2]	348.3	311.7	11.7%	192.3	141.4	36.0%
<i>Industrial Trucks & Services</i>	378.9	197.8	91.5%	202.3	83.6	> 100%
<i>Supply Chain Solutions</i>	14.8	149.8	-90.1%	7.7	75.8	-89.8%
Adjusted EBIT margin, Group [2]	6.2%	5.6%	-	6.8%	5.0%	-
<i>Industrial Trucks & Services</i>	9.2%	5.7%	-	9.5%	4.8%	-
<i>Supply Chain Solutions</i>	1.0%	7.1%	-	1.1%	7.0%	-
Net income for the period	146.3	159.8	-8.4%	72.8	79.6	-8.6%
Free cash flow, Group [3]	228.8	-591.5	820.3	123.9	-158.9	282.7
Employees, Group [4] (FTEs, incl. apprentices/trainees)	41,236	41,149	87			

[1] Figure as at June 30, 2023 compared with December 31, 2022.

[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 June 30, 2023 compared with December 31, 2022.

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

With an installed base of more than 1.7 million industrial trucks at the end of 2022, the KION Group's customers include companies of various sizes in numerous industries on six continents. The Group currently has more than 41,000 employees and generated revenue of around €11.1 billion in 2022.

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

(fgr)

Disclaimer

This release and the information contained herein are for information purposes only and do not constitute a prospectus or an offer to sell or a solicitation of an offer to buy any securities in the United States or in any other jurisdiction.

This release contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ significantly from the results that are currently expected due to various risk factors and uncertainties such as changes in economic or industry-specific conditions, changes in the market environment or political situation, changes in domestic or international legislation, interest rate or exchange rate fluctuations, legal disputes and investigations, and the availability of financial resources. We do not assume any responsibility for updating the forward-looking statements in this release.

Further information for the media

Frank Grodzki

Vice President External Communications & Group Newsroom

Tel: +49 (0)69 201 107 496

Mobile: +49 (0)151 6526 2916

frank.grodzki@kiongroup.com

Christopher Spies
Senior Manager Corporate Communications
Tel: +49 (0)69 201 107 725
Mobile: +49 (0)151 1406 5227
christopher.spies@kiongroup.com

Further information for investors

Sebastian Ubert
Vice President Investor Relations
Tel: +49 (0)69 201 107 329
sebastian.ubert@kiongroup.com

Raj Junginger
Senior Manager Investor Relations
Tel: +49 (0)69 201 107 942
raj.junginger@kiongroup.com