

Press release

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KION Group delivers strong earnings and free cash flow in the first nine months of 2023 and raises outlook

- Revenue at €8.347 billion (Q1–Q3 2022: €8.243 billion)
- Adjusted EBIT more than doubles to €571.9 million (Q1–Q3 2022: €210.6 million)
- Adjusted EBIT margin at 6.9 percent (Q1–Q3 2022: 2.6 percent)
- Strong free cash flow at €329.3 million (Q1–Q3 2022: minus €971.9 million)
- Sustainability: MSCI increases KION Group's ESG rating to AAA
- Outlook raised for the Group's adjusted EBIT and free cash flow
- KION Group strengthens leadership team

Frankfurt am Main, October 26, 2023 – The KION Group achieved a strong increase in its profitability and free cash flow in the first nine months of this year. These results were mainly driven by a continued momentum in the Industrial Trucks & Services (ITS) segment. The primary reasons for this impressive performance were the stabilization of the supply chain enabling higher production volumes, and the positive effects of the measures initiated in 2022 to boost commercial and operational agility.

“The significant upward trajectory of KION Group is once again underscored by these strong results for the first nine months of this year”, says Rob Smith, Chief Executive Officer of KION GROUP AG. “This strong momentum reinforces our leading position in intralogistics solutions for customers worldwide.”

Consolidated **revenue** amounted to €8.347 billion in the first three quarters of 2023, a year-on-year rise of 1.3 percent (Q1–Q3 2022: €8.243 billion). The proportion of consolidated revenue attributable to the service business increased to 44.6 percent (Q1–Q3 2022: 41.7 percent).

Total revenue in the Industrial Trucks & Services segment increased by 16.5 percent to €6.160 billion (Q1–Q3 2022: €5.288 billion). The systematic processing of the sizeable order book built in 2022 had a positive impact on revenue in the segment. In addition, price increases implemented in the previous year made a substantial contribution to revenue growth. At 48.1 percent, the proportion of the segment's external revenue

attributable to the service business was lower than in the prior-year period (Q1–Q3 2022: 51.7 percent).

In the Supply Chain Solutions segment, total revenue contracted by 25.4 percent to €2.216 billion (Q1–Q3 2022: €2.970 billion). Whilst the stable and higher-margin service business (customer services) registered a proportionate increase to 34.9 percent (Q1–Q3 2022: 23.9 percent) of total revenue muted customer demand in the project business (business solutions) in the preceding quarters led to a drop in revenue. Moreover, the projects secured in the reporting period were predominantly of a long-term nature, from which the revenue will be recognized over an extended period.

Adjusted EBIT for the nine-month period increased to €571.9 million (Q1–Q3 2022: €210.6 million). Price adjustments introduced in 2022 and, on the supply side, the general improvement in the availability of materials and stable costs contributed to these strong earnings.

Reflecting this, the KION Group's adjusted EBIT margin significantly increased to 6.9 percent (Q1–Q3 2022: 2.6 percent).

The adjusted EBIT of the Industrial Trucks & Services segment more than doubled to €613.6 million (Q1–Q3 2022: €300.4 million). This was partly due to the earnings effect from increases in volumes and prices and the efficiency gains in production.

The ITS segment's adjusted EBIT margin returned to double digits to 10.0 percent for the first nine months of the year (Q1–Q3 2022: 5.7 percent).

Adjusted EBIT for the Supply Chain Solutions segment was €30.7 million in the first three quarters of 2023 (Q1–Q3 2022: € minus 32.2 million). The segment's earnings improved in the third quarter with the successive completion of lower-margin orders.

The adjusted EBIT margin for the first nine months of 2023 turned positive to 1.4 percent (Q1–Q3 2022: minus 1.1 percent).

The Group's **net income** for the period amounted to €228.3 million, which was up by €161.4 million year on year (Q1–Q3 2022: €66.9 million). Basic earnings per share attributable to the shareholders of KION GROUP AG came to €1.70 (Q1–Q3 2022: €0.48) based on a weighted average of 131.1 million no-par-value shares (Q1–Q3 2022: 131.1 million).

The Group generated **free cash flow** of €329.3 million (Q1–Q3 2022: € minus 971.9 million) during the reporting period.

MSCI, one of the leading index providers, raised the KION Group's **sustainability rating to AAA** at the end of September, putting the KION Group in the top 10 percent of its sector.

Outlook

In the third quarter of 2023, the KION Group once again significantly increased its earnings and margins compared with the corresponding quarter of 2022. The ongoing positive effects of the measures taken to enhance operational and commercial agility led to a particularly noticeable improvement in the financial performance of the Industrial Trucks & Services segment and thus of the Group compared with the first half of 2023.

Having updated it in July 2023, the KION Group has once again raised its 2023 full-year outlook for adjusted EBIT because the earnings of the Industrial Trucks & Services segment in the third quarter of 2023 were better than expected. This was primarily due to the continued improvement in the availability of materials and the easing of material prices on the supply side.

The 2023 full-year outlook for revenue and adjusted EBIT in the Supply Chain Solutions segment has been lowered. This is because the customer orders received in the reporting period were predominantly for long-term projects, which will not yet convert into revenue in 2023.

In light of this situation, the Executive Board of KION GROUP AG decided on October 13, 2023 to update the outlook for 2023, both for the Group and for the Industrial Trucks & Services and Supply Chain Solutions segments. The outlook had originally been published on March 2, 2023 and was most recently updated in July 2023. The new outlook is shown below:

Outlook for 2023

	KION Group		Industrial Trucks & Services		Supply Chain Solutions	
	Outlook July 2023	Outlook October 2023	Outlook July 2023	Outlook October 2023	Outlook July 2023	Outlook October 2023
Revenue ¹	minimum €11.4 billion	minimum €11.2 billion	minimum €8.2 billion	minimum €8.2 billion	minimum €3.2 billion	minimum €3.0 billion
Adjusted EBIT ¹	minimum €680 million	minimum €780 million	minimum €730 million	minimum €830 million	minimum €65 million	minimum €55 million
Free cash flow	minimum €615 million	minimum €660 million	–	–	–	–
ROCE	minimum 6.0%	minimum 7.0%	–	–	–	–

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

KION Group strengthens leadership team

Determined to expand the KION Group's technology leadership in the intralogistics industry, the Supervisory Board of KION GROUP AG has appointed Michael Larsson (58) as Executive Board member responsible for Supply Chain Solutions (SCS) and for the region Americas of the segment Industrial Trucks & Services (ITS).

At the same time, the Supervisory Board has appointed Ching Pong Quek (56) as the new Chief Technology Officer (CTO) of the KION Group. In his expanded responsibilities on Board level, Quek will continue to be responsible for ITS in the region APAC and hand over the responsibility of ITS in the region Americas to Michael Larsson.

Both appointments will be effective as of 1 January 2024.

Henry Puhl, the current CTO, will leave the company at the end of the year at his own request, as he decided to pursue new challenges outside of the KION Group.

Michael Larsson will succeed Hasan Dandashly, who will retire from the Executive Board at the end of this year.

Hans Peter Ring, Chairman of the Supervisory Board of KION GROUP AG: "Resolved to strengthen our leading position in automation and integrated solutions I am confident that with the appointments of Ching Pong Quek and Michael Larsson we are well positioned to drive our profitable growth strategy going forward."

Rob Smith, CEO: "As the longest serving Executive Board member of the KION Group with a proven track record, Ching Pong Quek brings a vast multicultural background and diverse regional experience. CP has also successfully built strong technology competencies for KION in the dynamic APAC market, actively contributing to the KION global platform and module strategy as well as the mobile automation and software offerings. CP's agile, team-oriented leadership style, extensive experience in the material handling market, and strong customer orientation, make him the ideal successor for Henry Puhl as the CTO of the KION Group. In his new role, he will focus on expanding our already robust innovation pipeline, particularly in the growth areas of our industry. This will help us to meet and beat the increasing competition from Asia."

Michael Larsson, who has been serving as Executive Vice President of SCS in the Americas region for the past three years, brings over 30 years of experience across four continents in the field of technology-driven automation solutions. His background equips him to drive and grow the business globally.

Rob Smith, CEO: "With his responsibility for the SCS business globally and ITS in the Americas, Michael Larsson will further drive our strong commitment to profitable

growth. He will expand our integrated solutions strategy on lighthouse projects with top customers."

Rob Smith, CEO: "I would like to thank Hasan Dandashly for his five years of leadership of the KION Supply Chain Solutions segment. During his tenure, Hasan oversaw the significant commercial growth of Dematic and met the tremendous demand increases throughout the COVID pandemic. Hasan also led our investments in building software capabilities and advanced technologies to strengthen our leadership in the supply chain automation market."

Rob Smith, CEO: "I would like to thank Henry Puhl for his contributions to transforming the CTO organization. Henry has successfully reshaped the technology organization over the past two years, has further expanded the product and solution portfolio of the KION brands and has driven innovation in energy, software and warehouse management systems."

Key performance indicators for the KION Group and its operating segments for the first nine months of 2023 and for the third quarter ended September 30, 2023

€ million	Q1–Q3 2023	Q1–Q3 2022	Difference	Q3 2023	Q3 2022	Difference
Order intake, Group	7,928.8	9,172.1	-1,243.3	2,620.7	2,517.3	103.4
<i>Industrial Trucks & Services</i>	5,713.9	6,732.1	-1,018.2	1,756.6	1,904.9	-148.4
<i>Supply Chain Solutions</i>	2,243.0	2,479.6	-236.6	872.3	614.4	257.9
Revenue, Group	8,347.3	8,243.0	1.3%	2,729.9	2,706.4	0.9%
<i>Industrial Trucks & Services</i>	6,159.8	5,288.3	16.5%	2,025.1	1,838.9	10.1%
<i>Supply Chain Solutions</i>	2,216.3	2,970.4	-25.4%	719.3	874.4	-17.7%
Order book, Group [1]	6,634.5	7,077.8	-443.3			
<i>Industrial Trucks & Services</i>	3,365.8	3,817.6	-451.8			
<i>Supply Chain Solutions</i>	3,338.2	3,327.5	10.7			
Adjusted EBIT, Group [2]	571.9	210.6	> 100%	223.6	-101.1	> 100%
<i>Industrial Trucks & Services</i>	613.6	300.4	> 100%	234.7	102.6	> 100%
<i>Supply Chain Solutions</i>	30.7	-32.2	> 100%	15.8	-182.0	> 100%
Adjusted EBIT margin, Group [2]	6.9%	2.6%	-	8.2%	-3.7%	-
<i>Industrial Trucks & Services</i>	10.0%	5.7%	-	11.6%	5.6%	-
<i>Supply Chain Solutions</i>	1.4%	-1.1%	-	2.2%	-20.8%	-
Net income for the period	228.3	66.9	> 100%	82.0	-92.9	> 100%
Free cash flow, Group [3]	329.3	-971.9	1,301.2	100.6	-380.4	481.0
Employees, Group [4] (FTEs, incl. apprentices/trainees)	41,827	41,149	678			

[1] Figure as at September 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 September 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.

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