KION

Q2 2026 Results Update Call

30.07.2026, 15:00 CEST

Rob Smith: Thank you, Chloe.

Ladies and gentlemen, good afternoon, and welcome to our Update Call and Webcast on the Second Quarter of 2026.

For the call, please refer to our presentation on the IR website if you're joining by telephone.

I'm going to start with a summary of the second quarter 2026 and some recent business developments, and then Christian will take you through our detailed second quarter financials and talk about our updated outlook for 2026. I'll be back with some key takeaways, and then we'll get into the questions and answers.

Starting together on page 3, KION showed a positive development in the second quarter. Order intake was a solid €2.8 billion, 20% lower against a record quarter in IAS last year and after a Q1 in ITS driven by pre-buying effects.

Revenue was up by 8% compared to the prior-year quarter level. Adjusted EBIT increased 18% to €224 million, corresponding to an adjusted EBIT margin of 7.7%.

Free cash flow performed in line with our expectations and was positive, excluding M&A, additional pension funding, and cash out for the efficiency program.

Some recent business developments on page 4, KION is accelerating the development and industrialization of next-generation supply chain robotics with a focus on autonomous pallet trucks which navigate safely in the warehouse with high precision and efficiency and include the autonomous loading and unloading of trucks.

Truck loading and unloading today is very manpower intensive, and the future solution will highly automate the process. In this context, we acquired 70% of Smart Innovation NV, the Belgian retailer Colruyt's research and development subsidiary during the second quarter.

These pallet trucks have already been operating in Colruyt distribution centres for 2 years and will be now scaled in multiple industries by our KION brands.

The world's talking a lot about AI these days, sometimes in a tangible context, sometimes in rather intangible ideas, and I'd like to share a very concrete example with you today where AI is used in improving our KION operations.

The example is KION's spare parts distribution centre, demonstrating how AI is creating value for us today. In spare parts logistics, every second counts. Orders often arrive at the last minute, and shipments still must be packed and dispatched on time.

To optimize these processes, especially at the end of the workday when the workload is at its highest, we made significant improvements using predictive artificial intelligence. We can predict with 96 or better percent certainty whether specific orders can be dispatched or if additional items are expected to arrive later.

These real-time recommendations are improving our operations in the warehouses and the on-time fulfilment delivery performance for our customers.

Here, AI is not replacing people. Rather, it's supporting them better in their operational decision-making, resulting in measurable gains in productivity, process reliability, resource utilization, and deliveries to our customers.

Now I'll hand to Christian, and he's going to take you through our detailed second quarter financials.

Christian Harm: Thank you, Rob.

Let's go together to slide 6 for the key financials of the ITS segment. As expected, order intake in units developed atypically in the second quarter of 2026, as the first quarter was significantly positively impacted by pull-forward effects, driven by the announcement of the price increase effective April 6 of 2026.

Accordingly, order intake in the second quarter amounted to a solid 69,000 units.

New orders in value terms were 6% lower year-on-year. Service growth of 2% did not fully compensate for the mix-driven 15% decline in new business.

Revenue was up 2% year-over-year, supported by both the service growth of 3% and new truck revenue growth of 2% resulting from the good order intake in the first quarter.

Adjusted EBIT reached €183 million, and this 5% year-on-year increase was attributable to savings from the efficiency program and lower expenses for long-term incentive programs which more than made up for the continued low fixed cost absorption.

The adjusted EBIT margin increased to 8.8%.

Now I continue on page 7, which summarizes the key financials for IAS. Order intake developed in line with our expectations against the record second quarter of 2025.

Pureplay e-commerce accounted for 46% of Business Solutions orders. The remaining verticals in total nearly doubled their order intake, led particularly by Food and Beverage, Parcel, and Wholesale. Service showed a good growth of 12% driven especially driven by the Modernization & Upgrades part.

Overall, revenue increased by 23% year-over-year due to higher order intake in recent quarters and driven by a 40% growth in Business Solutions. Service revenue increased by 2%.

Adjusted EBIT increased 42% year-over-year to €60 million, and the adjusted EBIT margin increased by 100 basis points to 7.0%. Higher revenues as well as lower expenses for long-term incentive programs contributed to the increase in the profitability.

Now let me quickly run through the key financials for the Group on page 8. Order intake development reflects the strong prior-year quarter in IAS on the one hand and prebuying effects in ITS in the first quarter on the other hand.

Revenue growth of 8% was driven by both operating segments. Adjusted EBIT increased 18% to €224 million, corresponding to an adjusted EBIT margin of 7.7%.

Profitability improvement was driven by both operating segments, supported by savings from the efficiency program, lower expenses from the long-term incentive programs, and lower expenses in the Corporate Services and Consolidation line.

Now continuing on page 9 that shows the reconciliation from adjusted EBITDA to Group net income, the nonrecurring items in the second quarter were positive, driven by the release of a provision, partially offset by approximately €4 million expenses relating to the efficiency program.

You may recall that we had said that, out of the total expenses of €180 million, €169 million were expended in 2025, and the small remainder will follow this year. We have slightly reduced our full-year expectations for nonrecurring expenses, as you will see in the appendix on the slide with the housekeeping items.

PPA items were in line with the usual quarterly levels. The net financial expenses improved year-over-year driven by improved net interest expenses from the short-term rental and leasing business. Due to the good development in the first half of 2026, we have also reduced our full-year expectations for net financial expenses, as again you will see on the housekeeping slide in the appendix.

Pretax earnings therefore increased to €176 million. Tax expenses of €61 million in the quarter corresponded to a tax rate of 35% and are thus in line with our full-year expectations.

Accordingly, the net income attributable to shareholders increased by 19% to €112 million, corresponding to an improved earnings per share of €0.86.

Now let's continue with the free cash flow statement on page 10. Free cash flow in the quarter reached minus €25 million. The free cash flow was solidly double-digit positive, excluding a total of €63 million cash out for the acquisition of the 35% stake in Zikoo Robotics that was announced with our Q1 results, additional pension funding as well as for cash out for the efficiency program.

The increase in net working capital is due to higher trade receivables in IAS from outstanding milestone payments at the end of the quarter.

The year-over-year lower free cash flow results mainly from the increase in net working capital, which is expected to substantially improve over the next 2 quarters.

Now I'm moving on to page 11, that shows the development of the net financial debt and our leverage ratios.

Now remember back in February, we started to point out that we intend to broaden the financing of the leasing business to include also debt capital market instruments with general corporate purpose. We issued such an instrument at the end of March 2026 with a €500 million bond.

During the second quarter, we used the bond's net proceeds of €495 million to refinance existing leasing liabilities, and this is the reason why the net financial debt increased not only by the €162 million that you saw on the previous page but also by these €495 million.

The calculation of industrial net operating debt was revised to deduct those €495 million of financial debt used to refinance the lease business as of June 30 of 2026. And that is the reason for the asymmetrical development of the two debt metrics and the corresponding leverage ratios.

So now on slide 13, we lay out our updated guidance for the fiscal year 2026 based on the year-to-date business performance and the current level of orders. I will quickly walk you through that.

For ITS, we have lowered the upper end of the guidance bracket for both revenue and adjusted EBIT to reflect reduced expectations for the second half-year based on the current macroeconomic and geopolitical conditions. We now expect revenue between €8.2 billion and €8.5 billion and adjusted EBIT between €765 million and €835 million in the full year 2026.

For IAS, we have slightly raised both ends of the guidance brackets for revenue and narrowed the ranges for adjusted EBIT based on the good performance in the first half-year and a better visibility on the second half. We now expect revenue between €3.325 billion and €3.525 billion and adjusted EBIT between €230 million and €270 million for the full year 2026.

For KION, this results in narrowed guidance ranges with slightly lower midpoints in all outlook metrics. Well, I think you can all read the table faster than I can read it out, so I will skip that in the interest of time.

As mentioned earlier, you will find the slide on the housekeeping items, as usual, in the appendix.

With that, I now hand back to Rob for our key takeaways.

Rob Smith: Thank you, Christian.

Let's turn to page 14 for our key takeaways. KION had a positive first half 2026, with a moderate increase in revenue driven by growth in IAS. Adjusted EBIT and the corresponding EBIT margin improved in both operating segments.

We're accelerating the development and industrialization of next-generation supply chain robotics with a focus on autonomous pallet trucks, including the autonomous loading and unloading of trucks. In this context, KION acquired 70% of Smart Innovation NV during the second quarter.

KION continues to make significant advances in development of innovative, AI-based solutions. We're leveraging AI in a predictive model, helping us streamline operations in our parts distribution centre, resulting in measurable gains in productivity, process reliability, and resource utilization.

With the first half behind us and increased visibility on the second half, we narrowed our guidance ranges today for revenue, adjusted EBIT, ROCE, and free cash flow. Our updated outlook remains subject to no additional significant burdens arising from the current geopolitical situations.

This concludes our presentation. Thanks for your interest so far. Let's move back to Q&A now. Chloe, please open the line.

Operator: Thank you. We will now begin the question-and-answer session.

Sven Weier: Good afternoon from my side. And the first question, if I may, is on the truck EBIT guidance. If we take the midpoint of the new guidance and you kind of assume you keep the same EBIT in Q3, it implies significant pick up to €250 million of EBIT in Q4, which would be quite unusual, even when considering seasonality.

So I was just wondering, from a kind of an EBIT bridge, what you assume to get there, or would it be fairer to assume that you actually rather achieve the lower end of this truck EBIT guidance? Thank you.

Christian Harm: Hi, Sven, this is Christian. If you look at the guidance at the midpoint, we expect higher revenue in ITS at the midpoint to come in the second half of the year, also on the base of a market that shows dynamic, and so we expect that also from order intake to come that we can realize in the revenue.

And as we have been pointing out that we are seeing an underutilization of resources, you can imagine that that does not come with incremental fixed costs. And therefore, that revenue sort of plays into that line. That's the main element.

Supporting element is that, in terms of the efficiency program, the savings in the second half will be slightly higher than in the first half. That will also support that element.

And then throughout the year, we have also made a reference to pricing. In particular, the order intake that we had at the back end of last year in the fourth quarter, now this has been now actually realized also in sales.

And therefore, we also expect that effect to wash out in the second half of the year, and so that pricing also has a positive effect in the development for the second half.

Sven Weier: This sounds like you feel relatively confident also in the midpoint of that guidance, given those factors, right?

Christian Harm: I would say, as always, we feel the guidance that we are putting into place is a balanced guidance.

Sven Weier: And that leads also to the second question I had because you were mentioning that revenue at the midpoint being higher in Q4 and on the back of maybe also an improvement in the order intake. Are you observing this already that now the prebuy effect is out and orders start to trend more positive during Q3? Is that the assumption?

Christian Harm: I would refrain from commenting on Q3. You know us quite well, Sven, and you know the business. Q3, in particular, more than any other quarter, is very much depending on the final month. So it's very difficult to make a judgment on the quarter in the current trading over summer before September is done, and then we already talk about the full quarter.

So therefore, I would not actually want to add on the quarterly phasing in addition to what I already said on your first question.

Sven Weier: So basically, the Q4 revenue momentum should also come from the existing backlog then?

Christian Harm: Existing backlog plays into that one, but for sure, as I said, we expect the dynamic in the market also in the order intake to be realized also in revenue in the second half of the year.

Sven Weier: Understood. Thank you, Christian.

Tore Fangmann: Thank you for taking my questions. Hi, Rob. Hi, Christian. Maybe just one follow-up question on the margin side, I appreciate you gave us a lot of detail already, but could you maybe just remind us a little bit on how is the pricing and competition are currently looking?

It feels to me like there was some increased competition also between the Western European players basically within this quarter. And together with this, what really needs to happen from here for you to achieve the 10% medium-term margin? Thank you.

Rob Smith: Sure, Tore. We don't comment on other people's pricing, but as I'm sure you'll recall, we did put a price increase into the market. We put it in there effective 6 April. We had some pull-forward effect that we described in the first quarter.

And as Christian just described, we have been very consistent in building down our lead times on delivering trucks from a very high number of months to over a year back in '22 to now probably plus or minus 4 months as a pretty good lead time now.

And so the pricing that we put in place from April, as that now is affecting the second half of the year, we expect that that pricing will have an impact on the order intake we take, the orders that we're building, and the revenue that we're getting in the second-half. And so my preference is just to simply comment on our own pricing.

Tore Fangmann: Appreciate. And any views on the next steps that are needed for the 10% medium-term target?

Rob Smith: Yes, well, it's volume, it's mix, it's service, and it's good volume and good mix and good service and good performance, good execution.

Tore Fangmann: Very fair. Then just like one last from my side is we've seen very decent PMI strength actually across regions, both US, also Europe so far year-to-date. Still, if we look at the total ITS order intake for the first half, so basically then compare it to the first half last year, we're down minus 1% roundabout. So we've seen a bit of a decline versus the PMI actually showing some positive signs.

Any view on phasing on when we should this improved activity in Europe see filtering through to forklift volumes as well?

Rob Smith: I comment more on the market, if you will, and my observations on the market, consistent with what we said in the past, Tore, we see that the trough is behind us for both of our segments. You're asking specifically about the ITS market. We do see the ITS market bringing substantial growth this year in units.

As you know, the value of those units lags the growth in the units themselves. And so that's a dynamic you need to be aware of or at least be building into your models. I think you know that one.

If you're talking PMI, with the geopolitics and news flashes these days, you almost need to take a time date stamp on when did the PMI come out and then what was the next morning's news and developments and so, correlating those 2 closely, just a one-shot number with the overall market, but indeed, there's growth in the market in both of our segments.

Tore Fangmann: Perfect. Thank you.

Gael de-Bray: The ITS gross margin took a hit of more than 100 bps in Q2 compared to Q1. So could you provide a bit more colour on this negative sequential development? And do you expect the ITS gross margin to be back to prior levels around 29% as of H2, given the recent price rises, or is it a bit premature?

Christian Harm: So yes, the gross margin development was as you described, and that was across the segments of the portfolio, from the new business and then the mix in the new business, but also in the services.

So we expect that to pick up also going forward. As I said, as gross margin also incorporates an element of fixed costs by definition, and with an incremental revenue, we should have a better utilization on the product side, and that should support the gross margin development going forward, which is a part of my answer that I had to the first question from Sven, in terms of where would I see the pickup in the margin in the second half of the year

Gael de-Bray: But what really drove the disappointment versus internal expectations for ITS margins in Q2?

Christian Harm: When you say internal expectations, I guess you make a reference to the Pre-Close call, right?

Gael de-Bray: Yes.

Christian Harm: Yeah, okay, thank you. There were FX changes that we had at the end of the month, from particular currencies, one of them, the Polish zloty that came in, that were not incorporated in our internal expectations, and that is part of what drove then the expectation on the margin for the segment.

Gael de-Bray: Okay. Thank you.

Timothy Lee: Thanks for taking my questions. So my first question is about the current trading momentum also for the warehouse automation side of things. Can you also give a little colour on what's going on market, how the order activities look like in terms of the order intake by the industry players? Thank you.

Rob Smith: Sure. You're asking about current trading in Q3. I think Christian covered the ITS market very well. With the summer pause in July parts and August parts, Q3 is always strong in September.

And now talking about the IAS segment, glad you brought that up, the trough is clearly behind us in the IAS segment also. We had very good growth ourselves, and the market grew well last year. Our view is the market's got strong growth in it this year, and our orders, as we called out, it's across all segments. You saw the 46% share of pure-play e-commerce, and the other verticals almost doubled on a comparative basis. So we've got good strong orders across all verticals in terms of a good market development there.

And what I'd point out to you is, at least at this point in time, there has not been a perceivable slowdown in customers' willingness to be starting new projects based on the conflict in Iran. So we're keeping a close eye on that, and we'll keep you posted, but at this point, good growth in both segments and good growth in IAS across multiple verticals.

Timothy Lee: Understood. Very helpful. Thank you. And my second question is about the competition again. So I think, if I look at the numbers of the Chinese trucks imports, it seems to be also picking up year-to-date. So can you give also some colour on how's the competitive landscape look like for the overall truck market, especially from the perspective of the Chinese players?

Rob Smith: Sure, Timothy. You've observed that right, and you've observed that correctly. There is strong growth in the market with the CETA players during the course of this year so far. And that's the right observation. That's what we're seeing as well.

You're asking perhaps about underlying -- I heard you talk about commercials around that and pricing, for example. Look, I think the whole point I would get to is we see that growth, and we see it's a growth market. As we are driving our order intake, we take a careful balance on driving order intake along in good balance with achieving our margin targets. And so we're not chasing every single last deal if we think the margins aren't going to be good.

Timothy Lee: All right. Understood. Very helpful. Thank you.

Akash Gupta: Yes, hi. Good afternoon, Rob and Christian. My first one is on M&A. I think you set aside €200 million for M&A this year, and when I look at your cash flow statement in the report, so far, you have spent around €36 million according to cash flow statement. So maybe if you can talk about what else left in the pipeline, and is there any chance that the final amount on M&A could increase or exceed or shortfall behind this €200 million that you have set aside? So that's the first one.

Christian Harm: Okay. So Akash, I'll take that one. Yes, you have noticed, obviously, the amount that we have spent in the first half of the year. The next one is in line is the one that Rob made a reference to in the highlights for this quarter, which closed in the month of July. And that will be a lower double-digit million amount going out.

I still hold to the €200 million for the remaining of the year. As always, it will very much depend on the timing of the closing, which is not just the function of the signing, but then also, do we go wherever we have to go through regulatory processes that take the time. And so we will see to that, but our pipeline and what we are looking at right now is supporting still the €200 million, and that's why I'm maintaining this as the current number.

Akash Gupta: Thank you. And my follow-up question is for Rob, and this is more of a strategic or maybe technology question. So we see a lot of interesting development on humanoid robots, and there is a big interest on what these humanoid robots can do. And of course, warehouse and like one of the areas where people think about their applications, we already see their use in factory floor, where German automotive companies are leading the deck in Europe to deploy these humanoid robots.

So the question I have for you is that, when you look at, let's say, on a medium-term, 3- to 5-year basis, do you see that as an opportunity, given you are the leader in warehouse automation business? So is this something that you can integrate with your warehouse automation system to improve overall productivity, or this is more of a threat where there may be some sort of risk to some of the forklifts that go in warehouse or in factories that might be replaced with humanoid robots in future? Thank you.

Rob Smith: Sure. Let's answer your question back to front here, Akash. First of all, would humanoids be replacing industrial trucks on the shop floor, very much less so. I don't see that particularly. The applications for humanoid robots are not particularly moving pallets. The applications for humanoid robots are on smaller, lighter things, and sometimes it's picking and placing, for example.

I think that that's what we call the lane 2, the startup and flexible mobile automation. And it's a little bit like a horse race, and you have to back quite a few horses in that race. And clearly, one of our technology partners is a humanoid technology partner, a very reputable one. And we see humanoids as one of the potential technologies that will be growing over the next 3 to 5 years that will be integrating into our warehouse automation solutions, our supply chain automation solutions.

And so you have, as the integrator with the right orchestration capability, we have a very exciting opportunity to be able to integrate our own technology, Akash, as you know, as well as third-party technology, especially in this mobile and flexible and potentially humanoid automation, and integrating that into an overall solution.

So we're ready for that. I would tell you applications -- and also, you can use a subsystem of a humanoid too. You don't need the entire body to do what an arm does for picking and placing, and there's a lot of automation picking-and-placing robots at the end of picking-and-placing lines right now, and I think that'll probably increase. We'll see on the overall humanoid.

The elegant thing about a humanoid robot is it does fit into the same brownfield work environment where a human fits in without having to modify the working environment. That's kind of the intriguing thing on it.

And most of the distribution centres, we talk about 80% of the world's warehouses and distribution centres are still quite manual. So we'll see how that develops. We're ready when it comes, and one of our technology partners is working strong on that, and we'd be integrating that into our overall solution.

Akash Gupta: Thank you, Rob.

Philippe Lorain: So I wanted to have maybe from your side any further colour on the pricing and the mix impacts weighing on the ITS new business order intake trend in the second quarter besides the regional mix, which is quite obvious.

There's a delta of about minus 14 percentage points, if I calculate that correctly, between the minus 1% in volume and the minus 15% in order intake in value there. So I just wanted to understand a little bit because that 14 percentage points is quite puzzling.

Christian Harm: So Philippe, it's Christian. On that one, as you rightly pointed out, and one can actually have a look at that in the appendix, there is in that development a regional mix effect, as you have pointed out, where the development was quite different in EMEA than from APAC: growth in APAC 14%, 6% less in EMEA. So that's one mix effect.

We have a mix effect from the product lines themselves. You can also see that from both counterbalance lines, E and IC truck, both approximately 10% down. Warehouse equipment is 3% up.

And your question was on pricing, which is then the other element. So the development is to be attributed to the mix rather than the pricing. We have increased our pricing in Europe on the 6th of April. We have done the same thing also in APAC in the following weeks.

And we maintain our pricing there, remain rational on that end, and so the development that we are seeing there is a mix development, regional and product mix rather than a pricing development.

Philippe Lorain: And just to follow-up on that, did you have any, let's say, abnormal ordering activity from the rental fleet? Because this one would trigger volumes but no value in orders.

Christian Harm: Yes, we have a higher growth in rental. And when we talk rental also for the operating lease, that share also went up a bit, that vertical also on rental. And in rental, as you rightly point to the fact, you have actually units, reflected in the order intake, but the revenue and then the order intake value-wise and the revenue is actually then distributed over the time of the rental period or the usage period of the rental truck

So that ayayalso plays into this difference between a value order intake and the unit order intake as a technical consequence.

Philippe Lorain: Okay. Perfect. And there's no, let's say, like specific view to have, like on the ordering of the rental fleet in the next quarters, no, I guess.

Christian Harm: No, nothing that I would highlight at this point.

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Philippe Lorain: Okay. Perfect. Then the second question I have is also to you, Christian. It's more regarding the change in net debt, etc. So should we expect the portion of the net financial debt that is used to finance the leasing and the rental businesses to grow in line with the rental and leasing-related assets in the future? Because in the past, what you seem to call the leasing RCF was evolving that way over time.

Christian Harm: I'm not sure, Philippe, I got the last part of your question. Could you please repeat that just acoustically?

Philippe Lorain: Yeah, I was just asking whether we should expect the portion of the net financial debt, so the nearly €500 million that went up in this quarter and that is used to finance the leasing and rental business, to grow in line with the rental and the leasing-related assets in the future?

Christian Harm: The €495 million, that's the specific use of an instrument for the leasing and rental. Now we have used that instrument. So that's done then

Should we -- and this is now just to illustrate the mechanics of the model -- should we use another instrument like issue another bond, which at this point in time, there is no need, then that number would change, but if not, that number would not change because we have used and consumed, if you will, for the leasing and rental. We have now used the proceeds of the bond.

Philippe Lorain: Okay. So to put that in other words, so basically, you have that financing in place. Now whatever comes like in terms of increase of the leasing book, for instance, would be related to increases in the leasing liabilities in the balance sheet up to the next step when you need like to have another instrument like that.

Christian Harm: Yes, that's exactly correct.

Philippe Lorain: Okay. Perfect. Thank you very much.

Adrian Pehl: Yes, hi, everyone. As we spoke about also gross profit margins on ITS, I was just wondering, looking at the performance and putting whatever constant gross profit margin on service gives me the impression that actually, on the Business Solutions development, that has been rather stable sequentially?

The question is then, obviously, where should additional margin increases come from? Is that basically because you also see a better loading? And since you're working through these loss-making contracts, we should see a pickup in the gross profit margin in IAS, or is the development that we should potentially expect to meet your guidance rather coming from SG&A or other operating expenses elements? That's my first one.

Christian Harm: So Adrian, on the IAS side and the margin development on the IAS side it all comes back to the usual set of drivers here, because, yes, as you have said, we are still working off the legacy projects and the progress on that one, and that's a reflection that it's less and less a burden on the results of the IAS side. So that's the one element.

It’s the project execution as such and the margin quality of the orders that we are getting in and maintaining that. And then also on service we expect service to grow going forward, and that will have a contribution to the margin quality as well.

We are not looking at the midpoint of the guidance to a significantly higher revenue in the second half of the year, as you rightly pointed out, but also operating leverage from the SG&A is coming. But that’s probably not the main lever in the second half of the year, as that is more directed to the other elements that I made a reference to in terms of execution, working down the legacy projects and the service growth.

Adrian Pehl: Just then also pointing to better gross profit margins on Business Solutions as part of IAS, I would assume, right?

Christian Harm: That’s then the consequence, yes, Adrian.

Adrian Pehl: Okay. Very clear.

Sven Weier: Yeah, thanks for taking the follow-up. It’s on factory load because I would assume that, when we look at the entry-level segment of your truck sales, where you have the EP partnership, that this is going quite well and probably going to stay quite well.

I was just wondering, in terms of improving your factory load, is this something you could do internally yourself, or could you not do this cost competitively when you look at your terms that you have with EP?

Rob Smith: So let’s be clear about that, Sven. I’m glad you asked the question actually. Well done. The EP partnership we have, it’s one element of our overall strategy. We’ve got a very comprehensive strategy for China for China as well as China for the rest of the world, and the EP partnership goes all the way back to 2018, when we bought our share in EP, and that’s an element. We have other partners there too.

The very small warehouse trucks – th ehand trucks - is primarily what we source from EP. We’ve got our own very strong China footprint, as you know, third largest player in the entire market, only Western player. The rest of the Western players left over the years.

What we build in our new factory in Jinan that we built in 2021, the product for the economy and value line segments, the counterbalance trucks there, and we do that in China for China. We do that in China for export to all of our other regions as well, and that’s a very well-performing truck in the market.

And we’re in the process now of extending one of our other factories in China, the larger warehouse truck production, looking to build exactly the same kind of a global patform that we have when we talked about the KGCB, the KION Group CounterBalanced. That’s the one that we designed and engineered and sourced and built in China and is competitive in China and competitive for export.

The larger warehouse trucks, not these very, very small hand pallet trucks, but the larger warehouse trucks, we’re putting in place a global platform too. And we expect to be introducing that over time. And that will be exporting, be playing in China against the players there competitively and also be exported to other places, other regions. So the factory load is a load that's going against our own factory in China.

Sven Weier: So insourcing those hand pallets wouldn't really move the dial, if I understand you correctly, even if you were doing them yourself, wouldn't matter.

Rob Smith: Well, now we're back to the story on value and units, Sven. And I trust that you're talking value, and you're exactly right. On a unit basis, insourcing would jack the units but wouldn't do anything to the financials.

Sven Weier: And we obviously all observed now that Jungheinrich has also taken a stake in EP just like yourself. Does that make you feel uncomfortable, or do you see this well kind of ring fence, so to speak, and there's no collision with your interests in the partnership?

Rob Smith: No, we're relaxed about that, Sven. We've been working with EP and Jinhui there for -- we started our formal partnership in 2018, 8 years back, but we've known him and his company for many, many years and feel like we've got a very good working relationship there.

Sven Weier: Understood. Thank you, Rob.

Operator: Ladies and gentlemen, I would now like to turn the conference back over to Rob Smith for closing remarks.

Rob Smith: Thank you, Chloe, and thank you, all, very much for joining our call today and each of your good questions.

I hope you've had a good summer and about to have a real good summer when you go on vacation. We'll look forward to keeping the dialogues going in the weeks to come in our virtual and in-person conferences. Christian, the IR team, and I will be presenting in September, and we'll see you back here with our Q3 2026 results for our call at the end of October. Thanks very much and all the best. Bye, bye.