

## Press Release

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# KION Group Results for First Nine Months of 2022 Impacted by Sharp Increase in Project Business Costs in Third Quarter

- KION Group's third-quarter adjusted EBIT for 2022 at the higher end of the expected range communicated in September
- Q1–Q3 2022 order intake at €9.172 billion above previous year (+2.0%) – considerable order deferrals by customers in the project business in the third quarter
- Q1–Q3 2022 revenue increases by 9.4 % to €8.243 billion driven by a strong Industrial Trucks & Services segment
- Q1–Q3 2022 adjusted EBIT of €210.6 million significantly below previous year (€691.1 million) – affected by ongoing disruptions in supply chains and further increases in costs for materials, energy, and logistics
- Q1–Q3 2022 free cash flow of -€971.9 million (€134.7 million) clearly negative as a result of a significant increase in net working capital
- KION Group intends to withdraw completely from Russian business
- Full year 2022 outlook presented in September 2022 confirmed

Frankfurt am Main, October 27, 2022 – KION Group ended the first nine months of the 2022 financial year with a solid order intake and strong revenue, driven in particular by the Industrial Trucks & Services (ITS) segment. Free cash flow and adjusted EBIT were under significant strain.

High inflation and increasing economic uncertainties continued to have a serious impact on the KION Group's business activities in the third quarter of 2022. The continuing unfavorable development of costs coupled with supply chain disruptions also had an increasingly negative effect. The inefficiencies due to a lack of availability of important parts at project locations led to project delays and therefore higher overall project costs in the Supply Chain Solutions segment. The extremely volatile macroeconomic environment also exacerbated internal inefficiencies in project management and implementation. Sharply rising costs for materials, energy, and logistics, as well as ongoing bottlenecks for supplier parts and components also

negatively impacted the Industrial Trucks & Services segment and thereby the Group's results.

The adjusted EBIT of KION Group of -€101.1 million (previous year: €228.9 million) for the third quarter of 2022 is at the higher end of the expected range of -€140 to -€100 million communicated in September 2022.

"In a market environment that remains volatile, KION Group has intensified its measures to reduce costs and improve project management processes. The Group also continues to focus on strengthening its supplier network and on implementing agile price adjustments," says Rob Smith, CEO of KION GROUP AG. "During the third quarter, we also developed a roadmap of targeted measures to increase our profitability, particularly in the project business, which we are now implementing consistently." Among other things, this includes risk reduction in all project contracts through price adjustment clauses and a general optimization of bid preparation and solution design at the start of projects. Further, procurement processes will be improved, the supplier network expanded, and risk mitigation across the entire portfolio intensified.

The **order intake** of KION Group after nine months of 2022 was at €9.172 billion, 2.0 percent higher than the strong 2021 comparative value. The Industrial Trucks & Services segment increased order intake in the reporting period by 17.5 percent to €6.732 billion (prior year: €5.731 billion), despite a market environment affected by macroeconomic uncertainties. A substantial part of the increase is attributable to previous price increases, particularly in the EMEA region. In the third quarter of 2022, the order intake of €1.905 billion was 11.4 percent higher than in the prior-year quarter. The Supply Chain Solutions segment recorded a decrease of 24.1 percent in order intake in the nine-month comparison, down to €2.480 billion (prior year: €3.267 billion). In the third quarter of 2022, order intake decreased by 56.1 percent to €614 million compared to the record third quarter of the previous year. Whilst in the prior year, the order book was filled with several large contracts, the lower order volume in the reporting period was also impacted by customers deferring considerably orders. In addition, slowing demand from e-commerce customers as well as the cancellation of two significant orders by customers also impacted order intake.

By September 30, 2022, the Group order book increased accordingly to €7.697 billion (end of 2021: €6.658 billion).

After nine months of 2022, **Group revenue** totaled €8.243 billion, exceeding the prior year's value (€7.534 billion) by 9.4 percent. Revenues grew by 5.5 percent in the third quarter to €2.706 billion. Total revenue in the Industrial Trucks & Services segment in the reporting period was up 11.3 percent to €5.288 billion (prior year: €4.750 billion). Due to extended delivery times, the increase in revenue was largely based on the order book from the previous year. As a result, the dynamic price increases for industrial

trucks in the first nine months have not yet had a tangible impact on revenue for the Industrial Trucks & Services segment. High deliveries of trucks at the end of the third quarter however led to a significant increase in revenue compared to the prior-year quarter. Total revenue in the Supply Chain Solutions segment increased by 6.3 percent to €2.970 billion (previous year: €2.794 billion), mainly driven by strong growth in the service business.

**KION Group's adjusted EBIT** fell to €210.6 million in the reporting period (prior year: €691.1 million). The adjusted EBIT margin therefore dropped significantly to 2.6 percent (previous year: 9.2 percent).

The adjusted EBIT in the Industrial Trucks & Services segment decreased to €300.4 million in the nine-month comparison (prior year: €423.1 million). In the third quarter of 2022, adjusted EBIT was €102.6 million, 29 percent lower than in the same quarter of the previous year (Q3 2021: €144.5 million). The higher costs were so far barely offset by increases in sales prices in the first nine months of the year 2022, as mainly orders received before the price adjustments were being processed. The adjusted EBIT margin in the first nine months of 2022 was 5.7 percent (prior year: 8.9 percent), a slight improvement compared to the previous quarter. As a result of higher sales volumes, the adjusted EBIT margin in the third quarter of 2022 improved by around 0.8 percentage points compared to the previous quarter.

The adjusted EBIT for the Supply Chain Solutions segment in the first nine months of 2022 was -€32.2 million, significantly below the prior year's value (€336.6 million). In the third quarter of 2022, adjusted EBIT decreased significantly to -€182.0 million as a result of the aforementioned effects. Therefore, the negative adjusted EBIT margin dropped to -1.1 percent in the nine-month comparison (prior year: 12.0 percent).

At €66.9 million, Group net income in the reporting period was significantly down from the previous year (€430.8 million). This includes negative extraordinary effects from the Russian business (after tax) of approximately €34 million.

At -€971.9 million, **free cash flow** was clearly negative (prior year: €134.7 million). The main driver here was the significant increase in net working capital.

KION Group has secure **funding**, allowing it to meet the expected financing requirements at all times. Therefore, the Group considers itself to be in a solid position in terms of its future financing capabilities.

### **KION Group Intends to Withdraw Completely from Russian Business**

KION Group reacted immediately to the war in Ukraine and has upheld and will continue to uphold all sanctions. In the meantime, the Executive Board of KION GROUP AG has decided to withdraw entirely from Russian business and different

options to this effect are being examined. Less than 1 percent of the global revenue of the KION Group were generated in Russia and Belarus in 2021.

## Outlook

The Executive Board of KION GROUP AG presented new outlook for the 2022 financial year on September 13, 2022. The Executive Board expects the key performance indicators for KION Group and its operating segments in the 2022 financial year to be within the following ranges:

in € million	KION Group	Industrial Trucks & Services	Supply Chain Solutions
Order intake <sup>1</sup>	11,600 – 12,500	8,200 – 8,600	3,400 – 3,900
Revenue <sup>1</sup>	10,450 – 11,250	6,800 – 7,200	3,650 – 4,050
Adjusted EBIT <sup>1</sup>	200 – 310	360 – 410	-60 – 0
Free cash flow	-950 – -700	–	–
ROCE	2.5% – 3.3%	–	–

<sup>1</sup> The information for the Industrial Trucks & Services and Supply Chain Solutions segments also includes internal Group cross-segment order intakes, revenue, and EBIT effects.

In view of the continued deterioration of the macroeconomic environment and lingering uncertainty in the sales markets, combined with the escalating energy crisis, persistent disruption in the supply chains, and risks associated with further rises in procurement costs, the predictions for the business performance of the Group and the operating segments in the remainder of the year continue to be subject to significant uncertainty.

## Key Figures for KION Group and Both Operating Segments for the First Nine Months of 2022 and the Third Quarter Ending September 30, 2022

In € million	Q1-3/2022	Q1-3/2021	Diff.	Q3/2022	Q3/2021	Diff.
<b>Group order intake</b>	<b>9,172.1</b>	<b>8,989.1</b>	<b>2.0%</b>	2,517.3	3,107.4	-19.0%
<i>Industrial Trucks &amp; Services</i>	6,732.1	5,731.1	17.5%	1,904.9	1,710.0	11.4%
<i>Supply Chain Solutions</i>	2,479.6	3,267.4	-24.1%	614.4	1,398.7	-56.1%
<b>Group revenue</b>	<b>8,243.0</b>	<b>7,533.7</b>	<b>9.4%</b>	2,706.4	2,565.8	5.5%
<i>Industrial Trucks &amp; Services</i>	5,288.3	4,794.8	11.3%	1,838.9	1,630.1	12.8%
<i>Supply Chain Solutions</i>	2,970.4	2,794.2	6.3%	874.4	937.0	-6.7%
<b>Group order book [1]</b>	<b>7,697.5</b>	<b>6,658.5</b>	<b>15.6%</b>			
<i>Industrial Trucks &amp; Services</i>	4,257.8	2,877.8	48.0%			
<i>Supply Chain Solutions</i>	3,477.4	3,792.2	-8.3%			
<b>Group adjusted EBIT [2]</b>	<b>210.6</b>	<b>691.1</b>	<b>-69.5%</b>	-101.1	228.9	< -100.0%
<i>Industrial Trucks &amp; Services</i>	300.4	423.1	-29.0%	102.6	144.5	-29.0%
<i>Supply Chain Solutions</i>	-32.2	336.6	< -100.0%	-182.0	109.3	< -100.0%
<b>Group adjusted EBIT margin [2]</b>	<b>2.6%</b>	<b>9.2%</b>	<b>-</b>	-3.7%	8.9%	<b>-</b>
<i>Industrial Trucks &amp; Services</i>	5.7%	8.9%	-	5.6%	8.9%	-
<i>Supply Chain Solutions</i>	-1.1%	12.0%	-	-20.8%	11.7%	-
<b>Net income</b>	<b>66.9</b>	<b>430.8</b>	<b>-84.5%</b>	-92.9	139.6	< -100.0%
<b>Group free cash flow [3]</b>	<b>-971.9</b>	<b>134.7</b>	<b>&lt; -100.0%</b>	-380.4	-166.7	< -100.0%
<b>Group employees [4]</b> (FTE, incl. trainees)	<b>41,156</b>	<b>39,602</b>	<b>3.9%</b>			

[1] Value on closing date 9/30/2022 compared with balance sheet date 12/31/2021

[2] Adjusted for effects of purchase price allocations as well as one-time and special effects

[3] Free cash flow is defined as cash flow from ongoing business activity plus cash flow from investment activity

[4] Number of full-time equivalents on 9/30/2022 compared with balance sheet date 12/31/2021

## 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 Europe 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 2021, more than 1.6 million industrial trucks and over 8,000 installed systems from the KION Group were in use by customers from all manner of sectors and of varying sizes on six continents. The group currently has around 40,000 employees and generated revenue of approx. €10.3 billion in the 2021 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 is particularly true with regard to the currently unforeseeable further developments in the context of the war in Ukraine and the geopolitical consequences of the war, as well as with a view to the coronavirus pandemic and the resulting impact on the KION GROUP AG and its subsidiaries as well as on the wider economic and political landscape in the markets in

which the KION GROUP AG and its subsidiaries operate. We do not assume any responsibility for updating the forward-looking statements contained in this release.

#### Further information for media representatives

Frank Grodzki

Vice President External Communications & Group Newsroom

Telephone +49 (0)69 201 107 496

Cell +49 (0)151 65 26 29 16

[frank.grodzki@kiongroup.com](mailto:frank.grodzki@kiongroup.com)

Christopher Spies

Senior Manager Corporate Communications

Cell +49 (0)151 14 06 52 27

[christopher.spies@kiongroup.com](mailto:christopher.spies@kiongroup.com)

#### Further Information for Investors

Sebastian Ubert

Vice President Investor Relations

Telephone +49 (0)69 201 107 329

[sebastian.ubert@kiongroup.com](mailto:sebastian.ubert@kiongroup.com)

Raj Junginger

Senior Manager Investor Relations

Telephone +49 (0)69 201 107 942

[raj.junginger@kiongroup.com](mailto:raj.junginger@kiongroup.com)