

## Press release

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## KION Group generates rapid growth in challenging conditions and achieves record order intake

- Order intake jumps by 32.2 percent to €12.482 billion
- Order book expands by a substantial 49.9 percent to €6.659 billion
- Revenue rises by 23.4 percent to €10.294 billion
- Adjusted EBIT improves significantly, by 53.9 percent, to €841.8 million (2020: €546.9 million)
- Adjusted EBIT margin improves by 1.6 percentage points to 8.2 percent
- Net income more than doubles to reach €568.0 million (2020: €210.9 million)
- Free cash flow is up significantly year on year at €543.8 million (2020: €120.9 million)
- Increased capacity paves the way for further growth
- Sustainability to be an even greater priority going forward
- Proposed dividend of €1.50 per share

Frankfurt am Main, March 3, 2022 – KION GROUP AG can look back on a highly successful 2021. The global manufacturer of industrial trucks, robotics, and automation technologies for intralogistics remains on course for success despite the difficult situation in the procurement markets and the ongoing coronavirus pandemic.

“The KION Group generated rapid growth in 2021 and more than made up for the adverse impact of coronavirus in 2020 in almost all areas. As a full-service provider with a substantial global footprint, the Group made use of the opportunities presented to it in 2021. It fully achieved its ambitious targets and, in the case of order intake, comfortably exceeded the target,” comments Rob Smith, who took over from Gordon Riske as Chief Executive Officer of KION GROUP AG with effect from January 1, 2022. Although the availability of materials and the rise in commodity prices are creating huge challenges, the KION Group once again underlined its crucial role in the industry: “We are not only keeping the world moving but also shaping the future of our sector. The KION Group is excellently positioned in the industrial truck and warehouse technology markets and as one of the world’s leading providers of warehouse automation systems,

automated guided vehicle systems and robotics, and digital solutions, for which it offers a full range of software. We help our customers to anticipate tomorrow's logistics challenges today and to tackle these challenges efficiently and sustainably.”

This is reflected in the KION Group's financial success in the past year. The value of its order intake amounted to a record €12.482 billion, which was almost a third (32.2 percent) higher than the figure for the previous year (2020: €9.443 billion). This significant rise was primarily driven by the Industrial Trucks & Services (ITS) segment, whose order intake grew by 40.9 percent year on year and even exceeded the pre-pandemic order levels of 2019. Order intake in the Supply Chain Solutions (SCS) segment also went up, rising by 18.5 percent to €4.329 billion (2020: €3.655 billion). The Group's order book increased to €6.659 billion as at the end of 2021 (December 31, 2020: €4.441 billion), in part due to orders brought forward by customers in the ITS segment. Consolidated revenue rose by 23.4 percent to €10.294 billion in 2021 (2020: €8.342 billion), thereby exceeding the €10 billion threshold for the first time.

Adjusted EBIT rose at an even faster rate as a result of increased volumes and the savings from efficiency and cost measures, jumping by 53.9 percent to €841.8 million (2020: €546.9 million). The adjusted EBIT margin improved substantially to 8.2 percent (2020: 6.6 percent), though it still has some way to go to reach pre-pandemic levels. Greatly increased material prices and logistics costs as well as inefficiencies resulting from supply and resource bottlenecks had a negative impact on margins. Overall, the KION Group's gross margin therefore remained virtually unchanged year on year at 24.5 percent (2020: 24.5 percent).

At €568.0 million, net income greatly exceeded the figure for 2020 (€210.9 million) and was also higher than in 2019. This upturn was driven by the increase in revenue combined with a moderate rise in functional costs, by the improvement in net interest expense, and by positive non-recurring items in relation to defined benefit obligations resulting from plan adjustments.

Free cash flow amounted to €543.8 million (2020: €120.9 million), which strengthened the Group's financial position. This increase was due mainly to the rise in the KION Group's operating profit. The rise was limited by higher cash payments for capital expenditure on expanding and modernizing the production sites and by the growth in net working capital over the course of the year. The larger volume of business and the ongoing supply problems meant that inventories had increased by the end of the year, particularly in the ITS segment.

Basic earnings per share rose to €4.34 (2020: €1.81) based on an average number of 131.1 million (2020: 118.9 million) no-par-value shares. KION GROUP AG will propose the distribution of a dividend of €1.50 per share to the 2022 Annual General Meeting (2020: €0.41).

Thanks to this very encouraging business performance, the KION Group adjusted the capacity and structural program that it had launched in 2020 in relation to personnel measures aimed at reducing capacity in response to the coronavirus pandemic. Going forward, the KION Group will focus on its structural program and the related efficiency measures.

The number of employees worldwide (full-time equivalents) rose by 3,395 (9.4 percent) to 39,602 in the course of the year.

### **Global investment for sustained growth**

The KION Group forged ahead with its capital expenditure projects in both segments in order to continue driving its global growth. The sustained expansion of business in China is a key part of the KION Group's growth strategy. Just at the end of last year, the Group announced that it was building a new plant for supply chain solutions in Jinan in China's Shandong province. The new plant will be used to manufacture items such as rack systems for the Multishuttle system of KION's subsidiary Dematic, components for automated guided vehicle systems, and conveyor systems. This automation solutions plant is scheduled to come on stream in the first quarter of 2023. It is situated right next to the additional plant for counterbalance trucks that the KION Group officially opened in December 2021. The KION Group plans to create more than 1,000 new jobs in Jinan in the medium term.

As well as expanding in Asia, the Group continues to grow in Europe. Last year, the KION Group brought on stream a new state-of-the-art industrial truck plant in Kołbaskowo near Szczecin in Poland. The KION Group plans to create up to 400 jobs at the Polish site by the end of 2023.

It also intends to expand its site in Kahl am Main, Germany, where an ultra-modern parts warehouse with high-bay storage facilities and automated, digitalized, and intelligently networked processes is to be built. Known as the Regional Distribution Center Kahl, the warehouse will occupy a total area of around 31,000 square meters.

### **Groundbreaking innovations for the future**

In its mission to shape the future of intralogistics, the KION Group is also tapping into the pioneering spirit and innovativeness of external organizations, primarily in the fields of new energy, automation, and digitalization, with a particular focus on connectivity.

For example, the Group is working in an exclusive partnership with the Fraunhofer Institute for Material Flow and Logistics (IML) to develop swarm robots for the warehouses of the future. The objective is to pave the way for a new generation of automated guided vehicles that will revolutionize intralogistics using artificial intelligence (AI). As well as being considerably faster, these vehicles will be able to coordinate their actions in an intelligent, swarm-like way using distributed AI. This

makes them ideal for the kinds of sorting tasks that are carried out in parcel depots, for example.

Research and development in the KION Group, which has an extensive range of electric forklift trucks, is also focused on energy management and smart interfaces to further reduce energy use in warehouses. This will be made possible by the AI-based software platform of ifesca GmbH, in which the KION Group acquired a stake last year. The ultra-precise forecasts of this platform allow customers to plan the optimum charging times for their fleets of industrial trucks, to avoid peaks in charging, and in doing so to significantly reduce their energy costs and the demands they put on electricity grids.

### **Sustainability further enshrined in the Group**

Acting responsibly as a business and recognizing its responsibility to society are key principles by which the KION Group operates. That is why the Group has now enshrined sustainability in its KION 2027 corporate strategy for the world to see. Its focus on sustainability is reflected in its eco-friendly and safe products, in its environmentally friendly manufacturing processes, and in the safe and non-discriminatory working environment that it provides.

This has been recognized not just by customers but also by investors, banks, and rating agencies. The KION Group received a B rating from global environmental non-profit organization CDP and was awarded an industry-specific prime status rating (B-) from ISS ESG. These ratings support the KION Group's efforts to be categorized as a sustainable investment for environmentally conscious investors.

"Every day, we aim to do a little bit better – including when it comes to sustainability," says CEO Rob Smith, announcing new sustainability targets for the Group in 2022. And, explains Smith, because sustainability does not begin and end at its factory gates, the KION Group has widened the scope to include suppliers and business partners in addition to its own business.

### **New core elements of the KION sustainability strategy: people, environment, and profitable growth**

"For me, people, the environment, and profitable growth are the core elements of a successful and sustainable future. And by people, I mean customers, suppliers, our shareholders and investors, and of course all our employees," says the new CEO. "We are maintaining a sharp focus on these three parameters. The foundations for our long-term success are and will continue to be provided by the KION Group's strong brand companies: Linde Material Handling, STILL, Baoli, Fenwick, OM, and Dematic."

## Clear recovery in the intralogistics markets

The global material handling market, which comprises industrial trucks and supply chain solutions, again grew at a faster rate than the global economy in 2021. The number of new truck orders rose by a total of 42.9 percent to 2,343 thousand units, which was a new record. The momentum dropped off sharply in all regions over the course of 2021, which the KION Group believes was mainly because the recovery had already begun to take significant effect in some regions in the previous year.

All sales regions contributed to the growth of the global material handling market. In the APAC region (Asia-Pacific), the number of new trucks ordered went up by 30.0 percent compared with the previous year. The Chinese market (up by 28.0 percent) made the biggest contribution in absolute terms. In the EMEA region (western Europe, eastern Europe, Middle East, and Africa), new orders rose by 53.4 percent compared with the (albeit severely impacted) figure for the prior year. The Americas region (North, Central, and South America) registered growth of 60.7 percent, which was mainly due to higher order volumes in the North American market. There was also a steep upward trend in the markets in Latin America.

According to market research provider Interact Analysis, there was also a sharp increase in the global market for supply chain solutions in 2021. It estimates that global revenue generated by warehouse automation solutions rose by around 21 percent in 2021. According to Interact Analysis, this growth was partly due to companies working through the high level of orders on hand that had built up in 2020.

The EMEA and Americas regions were both key contributors to the growth in supply chain solutions. This was attributable in large part to the grocery and general merchandise industries, which saw sharp increases in project volumes.

## Performance of the KION segments in detail

In 2021, the **Industrial Trucks & Services (ITS)** segment generated strong growth in the new truck business across the entire product range. Because the recovery had begun to gather pace over the course of 2020, the year-on-year increase in the second half of 2021 was less pronounced than in the first half. Nevertheless, longer delivery times and the announcement of upcoming price rises provided a boost to orders at the end of 2021. The total number of new trucks ordered rose by 51.0 percent to 299.4 thousand, driven by pent-up demand from previous years and orders brought forward.

This increase was primarily attributable to higher order intake for counterbalance trucks, with a noticeable trend toward electric forklift trucks. Despite growing competition from Chinese providers in the EMEA region, order intake almost matched the rapid growth of the market as a whole. In the APAC region, the KION Group saw a

sharp rise in the number of counterbalance truck orders, primarily due to an increase in the number of trucks ordered in China. Orders for warehouse trucks in the APAC region went up at an even stronger rate. The highest percentage increases were achieved in the Americas region, enabling the segment to capture additional market share. In the North American market, orders for both counterbalance trucks and warehouse trucks more than doubled.

The total value of order intake rose by 40.9 percent to €8.166 billion (2020: €5.797 billion). New truck business jumped by 68.5 percent, reflecting the particularly high growth rates for counterbalance trucks, which command higher unit prices than warehouse trucks. The order volume also increased across all categories in the service business.

At €6.514 billion, total revenue in the ITS segment was up by 13.8 percent on the previous year (2020: €5.723 billion). Revenue in the new truck business went up by 13.5 percent, despite the bottlenecks in the procurement of components and raw materials. All product categories recorded a year-on-year rise, with particularly big increases in the warehouse truck and electric forklift truck categories. The service business registered an increase of 14.1 percent, thus outstripping the high rate of revenue growth for new truck business thanks to significant rises in the aftersales and used truck businesses.

The segment's adjusted EBIT rose by €224.6 million to €536.0 million (2020: €311.4 million). This was mainly attributable to the increase in revenue. The segment's gross margin was higher than in the previous year, partly due to the smaller increase in fixed costs. However, the positive effects on earnings of revenue growth and the savings achieved in the ongoing structural program were partly offset by negative effects arising from greatly increased material prices and logistics costs, supply bottlenecks, and the resulting production inefficiencies in the new truck business. The adjusted EBIT margin improved to 8.2 percent in 2021 (2020: 5.4 percent).

Order intake in the **Supply Chain Solutions** (SCS) segment went up by 18.5 percent to €4.329 billion in 2021 (2020: €3.655 billion), driven by continued strong demand from customers for warehouse automation. Customers became more willing to invest as the year went on, resulting in a particularly robust volume of orders in the second half of 2021. Featuring its Dematic brand, the segment secured attractive new projects and projects for the modernization and expansion of existing facilities, primarily in North America and western Europe. The projects were of various durations and sizes and mainly for customers in the general merchandise, grocery retail, and food and beverage sectors. The expanding installed base of completed projects also resulted in a greater volume of orders in the service business. Despite the segment working through the high volume of orders received in the previous year, the order book

continued to grow in the reporting year, which will ensure a good level of project-based capacity utilization well into 2022.

The total revenue of the SCS segment increased year on year to €3.796 billion (2020: €2.627 billion). This very substantial rise of 44.5 percent was primarily attributable to the growth of the long-term project business (business solutions), where revenue jumped by 55.4 percent. Revenue growth was particularly significant in North America and western Europe, mainly because the segment worked through the order book that it had built up in 2020 and maintained a consistently high level of capacity utilization. The global supply bottlenecks had an especially noticeable impact on the SCS segment in the fourth quarter of 2021, resulting in delays to projects. Revenue in the service business (customer services) increased by 13.1 percent year on year.

The adjusted EBIT of the SCS segment amounted to €409.5 million (2020: €277.5 million). This year-on-year rise of €132.0 million was largely due to the increased volume of business. The gross margin was substantially lower than in the previous year owing to higher material prices, inefficiencies resulting from supply and resource bottlenecks and – as a result of the strong growth of the project business – the relatively small volume increase in the high-margin service business. This was more than offset by the smaller increase in other functional costs. The adjusted EBIT margin stood at 10.8 percent, which was slightly higher than the margin of 10.6 percent for 2020.

## **Outlook**

The KION Group has set itself the goal for 2022 of maintaining the profitable growth generated in 2021 and growing at a faster rate than the global material handling market.

Order intake in the Industrial Trucks & Services segment is expected to be lower than in 2021 because the global market for industrial trucks is likely to contract. However, revenue is predicted to rise sharply, supported by the strength of the order book at the end of 2021. Furthermore, the KION Group will forge ahead with capital expenditure on creating more capacity – in places such as China (Jinan) and eastern Europe – and expand its service activities as a means of generating additional business along the product lifecycle. It also plans to achieve further efficiency gains, in part by relocating the manufacturing of products to other sites.

In the Supply Chain Solutions segment, the Company intends to maintain its growth by focusing heavily on highly promising market segments in warehouse automation, software, and robotics solutions. To this end, it will expand the services provided throughout the lifecycle of customers' equipment and technology. Additional production capacity and the expansion of project-related personnel resources will support this

growth. In addition, the Company is looking to improve the gross margin through a greater degree of standardization and greater efficiency in the delivery of projects.

The order intake of the KION Group is expected to be between €11.600 billion and €12.800 billion. The target figure for consolidated revenue is in the range of €11.000 billion to €12.000 billion. The target range for adjusted EBIT is €1.010 billion to €1.115 billion. Free cash flow is expected to be in a range between €520 million and €640 million. The target figure for ROCE is in the range of 11.0 percent to 12.0 percent.

Order intake in the Industrial Trucks & Services segment is expected to be between €7.200 billion and €7.800 billion. The target figure for revenue is in the range of €7.000 billion to €7.600 billion. The target range for adjusted EBIT is €655 million to €735 million.

Order intake in the Supply Chain Solutions segment is expected to be between €4.400 billion and €5.000 billion. The target figure for revenue is in the range of €4.000 billion to €4.400 billion. The target range for adjusted EBIT is €465 million to €525 million.

## KION Group key performance indicators for the fourth quarter, which ended December 31, 2021, and for the full 2021 financial year

€ million	Q4 2021	Q4 2020	Difference	2021	2020	Difference
<b>Order intake</b>	<b>3,492.6</b>	2,727.1	28.1%	<b>12,481.6</b>	9,442.5	32.2%
<b>Revenue</b>	<b>2,760.6</b>	2,341.4	17.9%	<b>10,294.3</b>	8,341.6	23.4%
<b>Order book [1]</b>				<b>6,658.5</b>	4,441.3	49.9%
<b>Adjusted EBITDA [2]</b>	<b>375.5</b>	396.8	-5.4%	<b>1,696.9</b>	1,383.5	22.7%
<b>Adjusted EBITDA [2] margin</b>	<b>13.6%</b>	16.9%		<b>16.5%</b>	16.6%	
<b>Adjusted EBIT [2]</b>	<b>150.8</b>	183.0	-17.6%	<b>841.8</b>	546.9	53.9%
<b>Adjusted EBIT [2] margin</b>	<b>5.5%</b>	7.8%		<b>8.2%</b>	6.6%	
<b>Net income</b>	<b>137.2</b>	78.5	74.9%	<b>568.0</b>	210.9	>100%
<b>Free cash flow [3]</b>	<b>409.1</b>	235.2	74.0%	<b>543.8</b>	120.9	>100%
<b>Employees [4]</b> (FTEs, incl. apprentices/trainees)				<b>39,602</b>	36,207	9.4%



[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 full-time equivalents (FTEs) as at December 31.

The KION Group is deeply concerned by the situation in Eastern Europe and its thoughts are with all the people suffering from the terrible conflict in Ukraine.

The expectations presented are based on the information available to the Company. Future developments are subject to considerable uncertainty, particularly in view of the current political situation in Ukraine, Russia and Belarus. The KION Group monitors current developments closely and adjusts estimates and expectations as necessary.

## 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 Group, which is included in the MDAX, is the largest manufacturer of industrial trucks in Europe in terms of units sold in 2021. In China, it is the leading foreign manufacturer (as measured by revenue in 2020) and number three overall. The KION Group is also one of the world's leading providers of warehouse automation (as measured by revenue in 2020).

At the end of 2021, around 1.6 million of the KION Group's industrial trucks and round about 8,000 of its installed systems were in use by customers of various sizes and in numerous industries on six continents. The Group currently has around 40,000 employees and generated revenue of €10.3 billion in 2021.

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

## 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 materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of technical studies, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. This applies in particular with regard to currently unforeseeable further developments of the Corona pandemic as well as the political situation in Ukraine, Russia and Belarus and the resulting effects on the Company as well as on the economy and politics in general in the markets in which the Company operates. We do not undertake any responsibility to update the forward-looking statements in this release.

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