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KION Group takes a proactive approach to the challenges of the coronavirus pandemic

- **Shutdown over Easter will be used to get supply logistics and production in shape for the challenges of the coronavirus pandemic**
- **Pandemic is making it impossible to set out a reliable outlook for the 2020 financial year**
- **Annual General Meeting will be postponed to a date to be determined at a later stage**
- **Supervisory Board and Executive Board adjust the proposal for the appropriation of profit for the 2019 financial year**
- **Growing global demand for e-commerce solutions continues to generate positive momentum in the project business**
- **In China, truck production is already nearly back to normal**
- **Service support and supply of spare parts are fully operational**

Frankfurt, March 26, 2020 – KION GROUP AG will use the Easter holiday period, usually a relatively quiet time, to get its supply logistics and production in the best possible shape to tackle the challenges posed by the coronavirus pandemic. The Company actively supports the far-reaching measures implemented by governments around the world to contain the spread of the virus and will suspend its production at key production sites in Europe, North America, South America, and India over the Easter period, initially for an average of two weeks.

“Our comprehensive health protection measures are the right course of action to prevent our employees, our customers, and our suppliers from being exposed to the risk of infection. We are actively contributing to efforts to slow down the spread of the disease,” stressed Gordon Riske, CEO of KION GROUP AG. “The health and safety of our employees and their families are the absolute priority for us. At the same time, we are taking due account of the importance of our operations in maintaining supplies to the general public. And we are already preparing to ramp up both production and deliveries to normal levels rapidly once the current exceptional circumstances come to an end.”

During the shutdown period, the KION Group will also lay the foundations for lasting improvements in the availability of materials, which had recently come under

pressure. The production activities of suppliers, especially in Italy and France, are currently either subject to far-reaching constraints or have been suspended completely. The goal is to build up greater buffers of parts supplies by the end of the Easter period, in order to ensure that production can be resumed in an organized and efficient manner once government restrictions are lifted.

Importance of maintaining supplies to the general public

The KION Group is playing a critical role in maintaining supplies to the general public during the current pandemic. Critical sectors such as the healthcare system, the pharmaceutical industry, food production, logistics, and the food retail sector are in urgent need of support in order to be able to keep the population reliably supplied.

“Our workforce is going to great lengths to serve our customers even in this challenging and constantly changing environment. And we are collaborating very closely with our suppliers in this endeavor,” says Mr. Riske. “The same applies to our service technicians and those involved with the supply of spare parts. Both of these areas are currently of vital importance to our customers and remain fully operational irrespective of the situation in the production of new trucks.”

Outlook retracted due to the coronavirus pandemic

In light of uncertainty about the further course of the pandemic, its likely duration, and its impact on the economy in Europe and the US, the Executive Board of the KION Group today decided to retract the outlook for the 2020 financial year as published in the 2019 annual report. “As expected, the situation in China is already clearly improving again, but the current situation in Europe and anticipated developments in the US make it impossible at this point in time to set out a sufficiently reliable outlook for the performance of our business over the further course of the year,” says Riske. “Our outlook, which previously did not take account of the impact of the coronavirus pandemic at all, will be updated later in the year.”

Annual General Meeting postponed

KION GROUP AG is also postponing its Annual General Meeting (AGM), which had originally been scheduled for Tuesday, May 12, 2020, due to coronavirus. A new date has not been determined yet. Holding an AGM in the current situation would run counter to the extensive measures implemented to curb the rise in new coronavirus infections. The KION Group has made this decision as part of its contribution to the containment of the virus. The health and safety of everyone involved in the AGM has the highest priority for the Company.

A new date for the AGM will be announced as soon as possible. The Executive Board aims to hold the AGM within the time frame stipulated by law. Invitations to the AGM,

including the agenda, will be sent out in compliance with applicable notification requirements.

Changes to the proposal for the appropriation of profit

In addition, the Executive Board and the Supervisory Board of KION GROUP AG today made the decision to adjust the proposal for the appropriation of profit published in the 2019 annual report in light of the coronavirus pandemic and the current unpredictability of its likely impact. Based on the current situation, they will propose to the AGM to pay out the statutory minimum dividend of €0.04 per share and to add the remainder of the distributable profit to retained earnings. The Executive Board and the Supervisory Board will keep this proposal under constant review as they monitor the evolving situation and may update it again ahead of the AGM.

“Our goal is to maintain our ability to act from a strong cash position even in an environment that may be shaped by longer-lasting adverse economic effects of the coronavirus pandemic,” explained Anke Groth, CFO of KION GROUP AG. The Executive Board and Supervisory Board of the KION Group had originally intended to propose to the Annual General Meeting that the dividend payout be increased by 10 cents to €1.30 per share following the Company’s strong performance in 2019.

Safe and reliable truck production is the number one goal

In order to mitigate the disruption caused by temporary delivery problems on the part of suppliers in the production of new trucks, production at the **German** plants in Aschaffenburg and Hamburg and at the company-owned components plants in Weilbach, Dinklage, and Geisa will be suspended during the two weeks around the Easter weekend, i.e. from April 6 through April 17 on current planning, with the agreement of the workforce representatives of these plants. Production at the Reutlingen plant will be suspended from April 14 through April 24. After this shutdown period, production is intended to be progressively ramped up again on the basis of more stable access to materials thanks to the buffers that will have been built up. A variety of tried-and-tested personnel measures will be used in order to flexibly manage the temporary suspension of production and the subsequent ramp-up. For example, working hours credits accumulated by employees in recent years will be used up during this period and short-time working will be introduced where local conditions require it.

In the **Czech Republic**, truck production in Stříbro and component production in Český Krumlov will also be suspended from April 6 through April 17.

Truck production at the plant in Luzzara (**Italy**) has been suspended from March 23 through April 3, in line with decrees issued by the Italian government.

In **France**, the production of trucks at the Châtellerault plant has been suspended until March 31. As a result of severe supply shortages, the plant is now focusing on supporting other KION Group facilities and their brand companies by supplying them with modules.

Production at the Pune plant in **India** has also been suspended, initially until April 10, due to government restrictions imposed to curb the spread of coronavirus.

In **Brazil**, production will be suspended for three weeks from March 30 in light of local conditions. We also expect authorities in the **US** to impose restrictions that may require us to suspend production in the region.

In **China**, the spread of coronavirus has already been contained effectively and all three truck plants of the KION brand companies have almost returned to normal production schedules. Chinese suppliers have also largely returned to business as usual.

In the **Supply Chain Solutions** segment, our plants in **Mexico, Belgium, Germany, the Czech Republic, China, and Australia** are currently continuing to produce at a high level. In the **US**, two smaller production sites in Holland and Grand Rapids, Michigan, have been affected by government health protection measures. The plant in Salt Lake City is currently still operating. Production in Milan (**Italy**) has also been suspended until April 3 in line with government restrictions. The project business continues to perform well as demand for e-commerce solutions keeps growing. However, cases of project delays caused by regional access restrictions for project engineers are increasing, especially in the US.

Health and safety of employees have the highest priority

Measures previously put in place to protect the workforce of the KION Group remain applicable until further notice, always with the aim of containing the spread of coronavirus.

To date, only about a dozen employees of the Group's global workforce have tested positive for coronavirus. There has been no chain of infections within the Company so far.

The Company

The KION Group is one of the world's leading intralogistics providers for 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 and the second largest worldwide. It is also a leading provider of automation technology.

The KION Group's world-renowned brands are clear industry leaders. Dematic, the newest addition to the KION Group, is a global leader in automated material handling, providing a comprehensive range of intelligent supply chain and automation solutions. The Linde and STILL brands serve the premium industrial truck segment. Baoli focuses on industrial trucks in the value segment. Among KION's regional industrial truck brand companies, Fenwick is the largest supplier of material handling products in France and OM Voltas is a leading provider of industrial trucks in the Indian market.

With an installed base of more than 1.5 million industrial trucks and over 6,000 installed systems, the KION Group's customers include companies in all industries and of all sizes on six continents. The Group has more than 34,000 employees and generated revenue of €8.8 billion in 2019.

(mh/fgr)

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