Press release

Website: www.kiongroup.com/media
Twitter: @kion_group

KION Group maintains profitable growth and reports robust results for the nine-month period

- **Total value of order intake goes up by 2.6 percent to €6.534 billion**
- **Revenue jumps by 13.1 percent to €6.524 billion**
- **Adjusted EBIT rises sharply by 16.2 percent to €624.7 million**
- **Adjusted EBIT margin improves by 0.3 percentage points to 9.6 percent**
- **Net income for the period increases by a substantial 39.0 percent to €338.9 million**
- **Free cash flow amounts to €53.0 million**
- **Outlook for 2019 confirmed**
- **Ching Pong Quek reappointed as Chief Asia Pacific Officer of KION GROUP AG with effect from July 2020**

Frankfurt/Main, October 24, 2019 – The KION Group has maintained its path of profitable growth over the first nine months of 2019. Its order intake and revenue both surpassed the high levels achieved in the prior-year period. In a challenging market environment, KION's order intake for the period January to September rose by 2.6 percent year on year to reach €6.534 billion. This was attributable to a good level of orders in both of the Group's operating segments, Industrial Trucks & Services (IT&S) and Supply Chain Solutions (SCS). Consolidated revenue amounted to €6.524 billion in the first nine months of this year (Q1–Q3 2018: €5.770 billion), a sharp rise of 13.1 percent that was driven by both operating segments in equal measure. At €3.367 billion, the order book had grown by 2.0 percent compared with the end of 2018 (31 December 2018: €3.301 billion).

Adjusted EBIT rose sharply by 16.2 percent to €624.7 million in the first three quarters of the year (Q1–Q3 2018: €537.6 million). The adjusted EBIT margin improved from 9.3 percent to 9.6 percent. Net income for the period also increased significantly, jumping by 39.0 percent to €338.9 million. This robust level of net income was attributable to the very good operating performance, lower amortization expense in connection with purchase price allocations, and improvements to net financial expenses and taxes. As a result of the increase in net income, basic earnings per share for the first three quarters of 2019 stood at €2.88 (Q1–Q3 2018: €2.09). At €53.0 million, free cash flow was lower than in the first nine months of last year (Q1–

Q3 2018: €106.6 million). This was predominantly because of an increase in inventories during the year and capital investment.

“We recorded significant revenue growth and a very good operating profit in the first three quarters of 2019, to which both operating segments contributed,” said Gordon Riske, Chief Executive Officer of KION GROUP AG. “The good results for the first nine months of this year show that the KION Group remains on the right track, despite the mixed market conditions, and that the Group has become substantially more resilient.”

Strong performance in the third quarter of 2019

Order intake amounted to €2.338 billion in the third quarter of 2019, a rise of 13.5 percent compared with the corresponding period of the previous year. This growth was driven by a robust increase in order intake in the SCS segment and, compared with the market as a whole, another very solid performance by the IT&S segment. The Group’s revenue for the third quarter went up by 13.9 percent to €2.160 billion. Adjusted EBIT came to €217.1 million, which was 12.6 percent higher than the figure for the prior-year period. The adjusted EBIT margin stood at 10.1 percent and was thus only just short of the healthy margin achieved a year earlier (Q3 2018: 10.2 percent). Net income for the period rose by 25.5 percent to €120.7 million. Free cash flow in the third quarter amounted to €84.6 million (Q3 2018: €97.5 million).

E-commerce still the engine of growth

According to the KION Group’s estimates, the trend toward warehouse automation and toward sorting solutions and automated goods transport is continuing and it generated strong demand in the market for supply chain solutions. This trend was further bolstered by sustained capital investment in connection with e-commerce and multichannel distribution strategies. A growing number of businesses invested in the expansion and optimization of their warehouse and logistics capacities and in automated warehouse systems that include not only solutions for individual processes, such as picking and packing, but also fully integrated end-to-end solutions.

In the first nine months of 2019, order intake in the global market for industrial trucks fell short of the figure for the corresponding period of 2018. This was due, to some extent, to the prevailing conditions in the global economy and the related economic uncertainties.

In the first three quarters of 2019, the number of new trucks ordered in the global market fell by 4.4 percent to 1,115 thousand. New orders decreased by 7.2 percent in the EMEA region. The Americas region saw a year-on-year decline of 9.5 percent. In the APAC region, demand for industrial trucks rose slightly, by 0.5 percent, during the nine-month period.

Segment performance in detail

In the **Industrial Trucks & Services segment** (industrial trucks, warehouse technology, and related services), the brand companies took orders for 157.6 thousand new trucks during the first nine months of this year. Despite the current market slowdown, the segment fell only just short of the figure for the first three quarters of 2018 (down by 1.1 percent). In terms of order numbers, the segment's new truck business comfortably outperformed the market as a whole and the segment is thus gaining market share. The value of order intake rose from €4.486 billion in the first three quarters of 2018 to €4.577 billion in the reporting period, an increase of 2.0 percent. Total revenue in this segment for the first nine months of this year went up by 10.9 percent to €4.700 billion (Q1–Q3 2018: €4.236 billion). Adjusted EBIT improved by 12.4 percent year on year to reach €496.3 million (Q1–Q3 2018: €441.6 million). At 10.6 percent, the adjusted EBIT margin was in double figures again and was higher than the figure for the prior-year period of 10.4 percent.

In the third quarter of 2019, the IT&S segment registered order intake of 48.5 thousand trucks, which was only 1.0 percent down on the same period of last year. The total value of order intake rose by 2.7 percent to €1.494 billion (Q3 2018: €1.455 billion). Segment revenue went up by 9.5 percent to €1.553 billion, compared with €1.418 billion in the prior-year period. Adjusted EBIT came to €169.8 million, a year-on-year increase of 7.8 percent. The segment's adjusted EBIT margin declined slightly, from 11.1 percent in the third quarter of 2018 to 10.9 percent.

At €1.948 billion in the first three quarters of 2019, order intake in the **Supply Chain Solutions** segment (automated warehouse systems) was 4.2 percent up on the figure reported for the prior-year period (Q1–Q3 2018: €1.869 billion). This was helped by significant orders secured from new customers, particularly in Europe during the third quarter. Segment revenue rose by 19.0 percent to €1.811 billion (Q1–Q3 2018: €1.522 billion). The segment's adjusted EBIT surged by 35.2 percent to €176.2 million in the nine-month period (Q1–Q3 2018: €130.3 million). As a result, the adjusted EBIT margin improved to 9.7 percent (Q1–Q3 2018: 8.6 percent).

In the third quarter of 2019, the value of the SCS segment's order intake jumped by 40.1 percent to €838.6 million (Q3 2018: €598.5 million). SCS thus reported its second-best order intake for a quarter since its establishment as a KION segment. Segment revenue went up by 27.1 percent to €600.6 million (Q3 2018: €472.7 million). Adjusted EBIT improved by a substantial 47.0 percent to €64.4 million

(Q3 2018: €43.8 million). At 10.7 percent, the adjusted EBIT margin was much higher than the figure of 9.3 percent for the third quarter of 2018.

Contract extension for Executive Board member Ching Pong Quek

On September 25, 2019, the Company confirmed that Ching Pong Quek (52) will serve a further five years on the Executive Board of KION GROUP AG. The Supervisory Board decided to reappoint the Chief Asia Pacific Officer as one of the five members of the KION Group's executive team. This decision reflects the KION Group's growth strategy for the APAC region. Ching Pong Quek's new five-year term begins on July 1, 2020.

Ching Pong Quek joined the Executive Board of the KION Group in 2013. He took overall charge of the KION Group's Asian business in 2008. Since 2006, he has also been CEO of Linde (China) Forklift Truck Corp., which is based in Xiamen.

Outlook

Compared with the forecasts made in the 2018 group management report, there has been a deterioration in the sectoral economic conditions. The macroeconomic indicators for industrial output and manufacturing are also on a downward trend in comparison with expectations at the turn of the year.

Sectoral conditions remain disparate for the two segments. Further rapid growth in the e-commerce market is sustaining the positive trend that had been anticipated for warehouse systems. Unit sales of industrial trucks were weak in the first nine months of the year, so in the absence of a marked change in the prevailing global economic conditions, it currently appears unlikely that the original expectation of a growth rate close to the long-term trend of around 4 percent will be achieved for the year as a whole. Nevertheless, the overall market for industrial trucks and automated warehouse systems is likely to expand again in 2019, as originally forecasted.

Despite the current market slowdown in the Industrial Trucks & Services segment, the KION Group is adhering to the outlook for the year as a whole that was published in the 2018 combined management report and believes it will continue along its path of profitable growth in 2019 while further improving its market position. Following rises in the first three quarters of 2019, both revenue and adjusted EBIT are expected to increase over the year as a whole.

The order intake of the KION Group is still expected to be between €8.250 billion and €8.950 billion. The target figure for consolidated revenue remains in the range of €8.150 billion to €8.650 billion. The target range for adjusted EBIT is unchanged at €805 million to €875 million. Free cash flow is expected to be in a range between

€380 million and €480 million. The target figure for ROCE is in the range of 9.0 percent to 10.0 percent.

Order intake in the Industrial Trucks & Services segment is expected to be between €6.250 billion and €6.450 billion. The target figure for revenue is in the range of €6.050 billion to €6.250 billion. The target range for adjusted EBIT is €685 million to €720 million.

Order intake in the Supply Chain Solutions segment is expected to be between €2.000 billion and €2.500 billion. The target figure for revenue is in the range of €2.100 billion to €2.400 billion. The target range for adjusted EBIT is €190 million to €225 million.

KION Group key performance indicators for the third quarter ended September 30, 2019 and for the first nine months of 2019

€ million	**Q3 2019**	**Q3 2018**	**Difference**	Q1–Q3 2019	Q1–Q3 2018	Difference
Order intake	**2,338**	**2,060**	**13.5%**	6,534	6,369	2.6%
Revenue	**2,160**	**1,896**	**13.9%**	6,524	5,770	13.1%
Order book [1]				3,367	3,301	2.0%
Adjusted EBITDA [2] **Adjusted EBITDA margin [2]**	**420.1** **19.4%**	**380.1** **20.0%**	**10.5%**	1,224 18.8%	1,098 19.0%	11.5%
Adjusted EBIT [2] **Adjusted EBIT margin [2]**	**217.1** **10.1%**	**192.7** **10.2%**	**12.6%**	624.7 9.6%	537.6 9.3%	16.2%
Net income for the period	**120.7**	**96.1**	**25.5%**	338.9	243.8	39.0%
Free cash flow [3]	**84.6**	**97.5**	**-13.2%**	53.0	106.6	-50.2%
Employees [4] (FTEs, incl. apprentices/trainees)				34,438	33,128	4.0%

[1] Figure as at September 30, 2019 compared with December 31, 2018.

[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, 2019 compared with December 31, 2018.

The Company

The KION Group is a global leader in industrial trucks, related services and supply chain solutions. Across more than 100 countries worldwide, the KION Group designs, builds and supports logistics solutions that optimize material and information flow within factories, warehouses and distribution centers. The Group is the largest manufacturer of industrial trucks in Europe, the second-largest producer of forklifts globally and 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 economy 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 India.

With an installed base of more than 1.4 million industrial trucks and over 6,000 installed systems, the KION Group's customer base includes companies in all industries and of all sizes on six continents. The Group has more than 33,000 employees and generated revenue of €8 billion in 2018.

Disclaimer

(fgr)

Further information for the media

Michael Hauger
Senior Vice President Corporate Communications
Tel: +49 (0)69 201 107 655
Cell: +49 (0)151 1686 5550
michael.hauger@kiongroup.com

Frank Grodzki
Senior Director External Communications & Group Newsroom
Tel: +49 (0)69.2 01 10-74 96
Mobil +49 (0)151 65 26 29 16
frank.grodzki@kiongroup.com

Further information for investors

Phil Pezus
Senior Vice President Investor Relations
Tel: +49 (0)69.2 01 10-74 50
phil.pezus@kiongroup.com