

Press release

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KION Group raises its outlook for 2021 due to emerging revenue growth

- **Outlook for the financial year 2021 raised for almost all target figures – Group’s free cash flow and order intake in the Supply Chain Solutions segment confirmed**
- **Order intake provisionally increases in the first half of 2021 by 33.7 percent to €5.88 billion compared with the prior-year period**
- **At a provisional €5.41 billion, the order book as of June 30, 2021, grows by 21.8 percent compared with the end of 2020**
- **Revenue expected to rise by 26.5 percent to €4.97 billion**
- **Provisional adjusted EBIT more than doubles to €462 million (H1 2020: €204.8 million)**
- **Adjusted EBIT margin expected to recover by more than 4 percentage points to 9.3 percent**
- **Net income for the period expected to be €291 million (H1 2020: €50.6 million)**
- **Provisional free cash flow of €301 million (H1 2020: minus €219.6 million) strengthens the Group’s financial position**

Frankfurt am Main, July 26, 2021 – The KION Group is on an impressive path of recovery and, according to provisional figures, recorded significant year-on-year improvements in all key performance indicators in the first half of 2021. For the first six months of the current year, the Group provisionally recorded sharp growth in order intake and revenue along with even stronger improvement in its earnings, with both operating segments – Industrial Trucks & Services (ITS) and Supply Chain Solutions (SCS) – contributing to this growth. Combined with a positive outlook for the financial year 2021 in line with the current forecasts for the global economy and, in particular, the fact that the KION Group’s upturn in revenue looks set to continue for the remainder of the year, KION has also raised its target figures for 2021 as a whole.

Provisional performance of the Group as a whole in H1 2021

“The first six months of the year have been very successful for us. And we intend to continue benefiting from the recovery of the global market – despite the uncertainties caused by rising commodity costs and potential supply issues in procurement,” says Gordon Riske, Chief Executive Officer of KION GROUP AG. “We have laid solid foundations for this in terms of our technology, production capabilities, and financial strength.”

The KION Group’s order intake provisionally increased by 33.7 percent to €5.88 billion in the first half of 2021 (H1 2020: €4.400 billion). This exceptionally strong increase is primarily a reflection of pent-up demand in the Industrial Trucks & Services (ITS) segment. In particular, the pandemic-related restrictions in place in 2020 resulted in a significant boost to demand in the current reporting period. The effect of customers bringing forward their purchases in anticipation of global supply bottlenecks and significantly longer lead times had a positive impact as well. There was also a year-on-year rise in the service business, which was up by more than 15 percent. Against a backdrop of continued rapid growth in the market as a whole, the Industrial Trucks & Services (ITS) segment recorded its highest ever level of order intake in a half-year period. The increase in the Supply Chain Solutions (SCS) segment was attributable not just to the service business but also, in particular, to the project business. In the prior-year period, order intake in the segment had been far less affected by the coronavirus pandemic than order intake in the Industrial Trucks & Services (ITS) segment. Currency effects reduced the value of the KION Group’s order intake by a total of around €115 million. According to provisional figures, the Group’s order book increased to €5.41 billion compared with the end of 2020 (December 31, 2020: €4.441 billion). The Industrial Trucks & Services (ITS) segment made the biggest contribution to this growth, but the order book in the Supply Chain Solutions (SCS) segment also increased again.

Consolidated revenue provisionally increased too, by 26.5 percent to €4.97 billion (H1 2020: €3.927 billion). The year-on-year revenue growth in the Supply Chain Solutions (SCS) segment was particularly pronounced at around 53 percent. In addition to the high overall volume of orders, this was because the segment worked through big-ticket orders for warehouse automation that had been placed in North America and Europe in 2020. The Industrial Trucks & Services (ITS) segment also saw a jump in its revenue, by nearly 15 percent. This was partly due to the pandemic-related restrictions on production in the prior-year period and to the resulting pent-up demand, particularly at the beginning of 2021. Currency effects reduced the provisional figure for consolidated revenue by approximately €128 million overall.

Adjusted EBIT for the first six months of 2021 provisionally amounted to €462 million, which was more than double the figure of €204.8 million for the first half of 2020. The

provisional adjusted EBIT margin recovered significantly to 9.3 percent (H1 2020: 5.2 percent). This improvement in profitability was attributable to the higher gross margin combined with a relatively low increase in selling expenses, development costs, and administrative expenses. The provisional figure for net income increased sharply to €291 million (H1 2020: €50.6 million). Basic earnings per share provisionally rose to €2.21 (H1 2020: €0.46). Provisional free cash flow amounted to around €301 million (H1 2020: minus €219.6 million), which strengthened the Group's financial position. This increase in free cash flow was due mainly to the rise in operating profit but also – despite the growth in the volume of business – to the relatively low growth in net working capital as at the reporting date.

Provisional figures show that the number of employees (stated in full-time equivalents) rose by 4.2 percent, from 36,207 as at December 31, 2020 to 37,718 as at June 30, 2021.

“We are well on course for success once again – our revenue is up sharply and profitability has also recovered markedly. Following last year's pandemic-related decline, we are now edging close again to our medium-term target range for the adjusted EBIT margin of 10 to 12 percent,” says Anke Groth, Chief Financial Officer of KION GROUP AG.

Market continues to bounce back

According to the latest report by the World Bank, the global economy performed much better in the first half of 2021 than in the same period of 2020. The pace of recovery varied between regions and between sectors depending on the particular course of the pandemic and the extent of economic and fiscal stimulus measures. In the eurozone, the sluggish and patchy rollout of vaccines and the restrictions on travel that were still in effect in some places slowed the pace of recovery. The US economy recovered more quickly than other developed economies because of larger government stimulus packages. Economic growth continued to pick up again in China too, driven by public investment, exports, and rising domestic demand.

Provisional segment performance in detail

In the first half of 2021, according to provisional figures, the **Industrial Trucks & Services (ITS) segment** generated strong growth across all product categories in the new truck business. The number of new trucks ordered provisionally advanced by nearly 75 percent year on year to more than 155 thousand units. This year-on-year increase relative to the first half of 2020 is primarily attributable to higher demand in the main sales market, the EMEA region. Counterbalance trucks contributed to this growth, particularly the electric variants.

In the APAC region, the KION Group's growth outstripped that of the market, mainly due to higher unit sales of counterbalance trucks (diesel and electric forklift trucks) and warehouse equipment in China. In the Americas region, the Industrial Trucks & Services (ITS) segment registered almost double the number of orders, meaning that its growth also outstripped that of the market.

The total value of order intake in the Industrial Trucks & Services (ITS) segment is provisionally up by 51 percent to €4.02 billion (H1 2020: €2.663 billion). Currency effects reduced order intake by roughly €41 million overall. The segment's provisional total revenue rose sharply, by nearly 15 percent, to €3.12 billion in the reporting period (H1 2020: €2.715 billion). Revenue in the new truck business was up by 14.0 percent, despite the current difficulties with the procurement of materials. All relevant product categories contributed to this growth. The biggest increases were generated from warehouse equipment and electric forklift trucks. There was also a year-on-year rise in the service business, which was up by more than 15 percent. The proportion of the segment's external revenue attributable to the service business was slightly higher than in the prior year (H1 2020: 52.0 percent). Currency effects reduced segment revenue by almost €28 million. Rising by nearly €164 million, the provisional figure for adjusted EBIT for the first half of 2021 in the Industrial Trucks & Services (ITS) segment more than doubled compared with the very low figure for the prior-year period to reach over €278 million (H1 2020: €114.8 million). This improvement was due to the substantial increase in revenue and the relatively slower rise in fixed costs. The current upward trajectory of commodity prices and global delivery bottlenecks had not yet had a material influence on the segment's productivity and profitability in the first half of 2021, even though there had already been some delays to the completion of new trucks. The segment's provisional adjusted EBIT margin recovered to around 8.9 percent (H1 2020: 4.2 percent).

Provisional order intake in the **Supply Chain Solutions (SCS) segment** exceeded the already high figure reported in the prior-year period, improving by 7.2 percent to around €1.87 billion in the first half of 2021 (H1 2020: €1.744 billion). The project business (business solutions) benefited from the continued strength of e-commerce and a sharp rise in project orders from the food and textile sectors. The service business also registered a sharp increase. Currency effects reduced order intake by just over €74 million overall. Based on provisional figures, the total revenue of the Supply Chain Solutions (SCS) segment surged by over 52 percent to €1.86 billion (H1 2020: €1.216 billion), primarily as a result of working through the project orders received in 2020 plus a consistently high level of capacity utilization. The increase in revenue was largely attributable to the long-term project business (business solutions), in which revenue went up by nearly 70 percent. Having seen a slight decrease in revenue in the first quarter, the service business (customer services) generated a year-on-year rise in revenue of 7.2 percent in the first half of 2021. The proportion of the segment's external revenue accounted for by the service business amounted to just over 19 percent (H1

2020: 27.6 percent). Currency effects reduced segment revenue by around €100 million overall. The provisional adjusted EBIT of the Supply Chain Solutions (SCS) segment for the first six months of 2021 amounted to €227 million, which was more than double the figure for the first half of 2020 of €112.1 million. The disproportionately strong growth in the project business (business solutions) made a bigger contribution to gross profit than the high-margin service business. The provisional adjusted EBIT margin improved to 12.2 percent overall (H1 2020: 9.2 percent).

Outlook

In its most recently available Global Economic Prospects report published at the midway point of the year, the World Bank predicts that global economic output will grow by 5.6 percent across 2021 as a whole after having contracted by 3.5 percent in 2020. This is a further 1.5 percentage points higher than its original forecast in January 2021. It also anticipates a sharp year-on-year rise of 8.3 percent in the volume of global trade.

According to the World Bank, the factors driving global growth include a strong recovery in the US economy as a result of the government's fiscal stimulus package, reflected in its US growth projection of 6.8 percent for 2021 as a whole. China is perceived as another engine of growth and is forecast to see expansion of 8.5 percent. The expectation is that the European economy will also grow, by 4.2 percent, thanks to rising vaccination rates and the extensive easing of coronavirus restrictions in many countries.

The KION Group believes that forecasts remain inherently uncertain as the future course of the coronavirus pandemic is impossible to predict. An unchecked surge in infections could result in a swift return to local or national lockdown measures and disrupt or even reverse the current recovery.

Expected business situation and financial performance of the KION Group

In the first half of 2021, the results achieved by the KION Group in all key performance indicators were significantly better than in its original forecast. For this reason, in conjunction with the current positive projections for global economic growth over the year as a whole, in particular, the fact that the KION Group's upturn in revenue looks set to continue for the remainder of the year, the Group is raising the target figures for 2021 that it published in its 2020 outlook. The only exceptions here are the Group's free cash flow as well as order intake in the Supply Chain Solutions (SCS) segment, where the target ranges remain unchanged.

The order intake of the KION Group is expected to be between €10,650 million and €11,450 million. The target figure for consolidated revenue is in the range of

€9,700 million to €10,300 million. The target range for adjusted EBIT is €810 million to €890 million. Free cash flow is still expected to be in a range between €450 million and €550 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 (ITS) segment is expected to be between €6,850 million and €7,250 million. The target figure for revenue is in the range of €6,250 million to €6,550 million. The target range for adjusted EBIT is €525 million to €565 million.

The expected volume of order intake in the Supply Chain Solutions (SCS) segment remains unchanged at between €3,800 million and €4,200 million. The target figure for revenue is in the range of €3,450 million to €3,750 million. The target range for adjusted EBIT is €385 million to €425 million.

	Adjusted outlook for 2021 as a whole (€ million)	Previous outlook for 2021 as a whole (€ million)
KION Group		
Order intake	10,650 – 11,450	9,700 – 10,400
Revenue	9,700 – 10,300	9,150 – 9,750
Adjusted EBIT	810 – 890	720 – 800
Free cash flow	450 – 550	450 – 550
ROCE	9.0% – 10.0%	8.2% – 9.2%
Industrial Trucks & Services segment		
Order intake	6,850 – 7,250	5,900 – 6,200
Revenue	6,250 – 6,550	5,900 – 6,200
Adjusted EBIT	525 – 565	445 – 485
Supply Chain Solutions segment		
Order intake	3,800 – 4,200	3,800 – 4,200
Revenue	3,450 – 3,750	3,250 – 3,550
Adjusted EBIT	385 – 425	360 – 400

Notwithstanding the raising of the target figures, there is still uncertainty in the economic environment. The KION Group continues to see risks, particularly in relation to changes in sales markets and commodity prices and in the availability of intermediate products. Final financial results of the second quarter 2021 to be published in the interim report as of 30 June 2021 will be released on 29 July 2021.

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 2020. 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 2019).

At the end of 2020, more than 1.6 million of the KION Group's industrial trucks and over 6,000 of its installed systems were in use by customers of various sizes and in numerous industries on six continents. The Group currently has in excess of 36,000 employees and generated revenue of €8.3 billion in 2020.

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.

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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 (including with respect to further developments in relation to the COVID-19 pandemic), regulatory reforms, results of technical studies, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. We do not undertake any responsibility to update the forward-looking statements in this release.

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