

Zurich, 4 March 2021

Kardex proves robust in an environment dominated by the pandemic

- The Life Cycle Service business lives up to its stabilizing role in the pandemic
- The Kardex team demonstrates a high degree of flexibility and its strong cohesion in the extraordinary situation
- Immediately implemented cost-saving programs, as well as lower travel expenses and variable compensation, have a positive impact on earnings
- Kardex believes in the growth potential of intralogistics and is therefore continuing to make strategic investments with undiminished consistency

Kardex' financial year 2020 was strongly influenced by the global pandemic. Despite significant business losses and operational constraints, the Group's business model proved to be robust. Thanks to the cautious planning of recent years, a short response time, and the above-average commitment of its employees, Kardex weathered the year, which was negatively impacted by the Corona pandemic, well. Looking into the future, strategic investments were deliberately continued, which will further consolidate Kardex' market position. In addition, Kardex has in a first step summarized its internal efforts in the area of sustainability, which have long been part of its corporate philosophy, and documented them in this annual report.

In 2020, Kardex recorded bookings of EUR 416.8 million, 7.9% below the previous year. Revenues declined more sharply to EUR 412.9 million and were 12.4% lower than in the previous year. However, the picture was not uniform for the two divisions. While new business at Kardex Remstar weakened considerably in most regions in the first half of the year, with Kardex Mlog it recovered significantly after the weak previous year. By contrast, the stabilizing Life Cycle Service business held up very well throughout the Group. Since the second half of the year, demand for new business from Kardex Remstar has also been recovering slightly.

Profitability at previous year's level

Despite the decline in revenues, Kardex was able to maintain its profitability in percentage terms. At EUR 153.0 million, gross profit was only 10.7% below the previous year's record, but the gross margin rose from 36.4% in the previous year to 37.1%. Operating costs were reduced by almost 10% thanks to the rapidly implemented measures, resulting in an operating profit (EBIT) of EUR 55.5 million. This represents a decrease of 12.6% compared to the previous year. Because of the Covid pandemic and the one-off effect of the inventory correction at Kardex Mlog, this corresponded to a gratifyingly high EBIT margin of 13.4%, on a par with the previous year level. Net profit amounted to EUR 40.7 million, a decline of 9.4% compared to the previous year. The net profit margin was 9.9%, ROCE 43.7%, and earnings per share CHF 5.65. After many years of growth, Kardex' headcount declined slightly by 2.8% to 1 860 full-time positions.

The pleasing business result was positively influenced by windfall effects which, however, will not be repeated to this extent and thus cannot be projected linearly into the future. Low travel and distribution costs, sharply reduced variable compensation, deferred expenses, but also the positive effects of partial short-time work contributed their share.

Strategic investments continued

No changes were made to the Group's strategic orientation. Supported by Kardex' strong balance sheet and confidence in the high medium- to long-term growth potential of intralogistics, strategic investments were pursued with undiminished consistency. However, due to the restrictions imposed by the pandemic, their implementation was slowed down. For example, the new Kardex Remstar plant in the USA, which is now almost complete, is not expected to start operations until the third quarter of 2021, but will then become a pillar of the supply chain close to the market.

The strategic investments in new technologies were continued, including the investments in the technology companies Robomotive B.V. and Rocket Solution GmbH, which are deliberately not integrated into the

divisions. They are maturing as entrepreneur-led, innovative companies with leading product platforms. New strategic initiatives were also developed and implemented in Marketing and Human Resources as part of Corporate Services, which are available to the divisions for the implementation of their strategic plans. A global partnership agreement was also signed with AutoStore AS in February 2021. The successful storage and picking solution with autonomous robots ideally complements Kardex' range of products and services.

Kardex Remstar maintains profitability

Kardex Remstar achieved a good result in a difficult financial year despite a sharp drop in volumes. Many customers were reluctant to invest in new machinery, especially in the first half of the year. As a result, bookings suffered severely, and revenues fell in step. Kardex Remstar responded quickly to the downturn with immediate measures and rigorous cost management. In combination with the gratifyingly stable Life Cycle Service business, a slightly higher gross profit margin was achieved. The operating result declined at a disproportionately low rate. Thanks to its good market position and the continued growth of the intralogistics market, Kardex Remstar expects an increasing recovery in bookings and revenues in 2021. From today's perspective, margins can still be expected to remain within the communicated financial targets.

Kardex Mlog with positive business development

In financial year 2020, Kardex Mlog confirmed the resilience of its business model in a difficult market environment and achieved pleasing results. Bookings recovered strongly compared to the previous year. Revenues were below the previous year due to the low order backlog at the beginning of the year. Gross profit margin remained at a solid level. Reported operating result suffered from a one-time inventory revaluation in the first half but recovered strongly in the second half. Overall, EBIT was satisfactory in operational terms and only slightly below the communicated target corridor due to the one-time effect. Kardex Mlog starts fiscal year 2021 with a solid order backlog and is thus equipped to generate good results in 2021 as well.

Strong balance sheet and further improvement in equity ratio

Despite the acquisitions made and the strategic investments, Kardex' balance sheet remains very stable. At the end of the year, with total assets of EUR 277.3 million, the equity ratio had risen further to 62.9%. Capex increased year-on-year to around EUR 20 million (approx. EUR 17 million) and the free cash flow generated was EUR 25.2 million. Kardex had a net cash position of EUR 122.3 million at year-end.

Dividend of CHF 4.00 per share proposed

The solid annual result enables the Board of Directors to propose a distribution of CHF 4.00 per share (previous year CHF 4.50) to the Annual General Meeting on April 15, 2021. This corresponds to around 70% of the net operating profit generated and a dividend yield of 2.1%.

Handover at the top of the Board of Directors

All current members of the Board of Directors will stand for re-election at the Annual General Meeting. There will be a handover in the chairmanship. Philipp Buhofer, who has led the Board for 10 years, is stepping down from his position and will hand over the responsibility to Felix Thöni.

Felix Thöni has been a member of the Board of Directors since 2011, led Kardex as Delegate from 2012-2016 and has since acted as Vice Chairman. Philipp Buhofer will remain a member of the Board of Directors and in this capacity will also represent the interests of the long-term oriented anchor shareholder BURU Holding. The Board of Directors thanks Philipp Buhofer for his great services and wishes Felix Thöni every success in his new function.

Outlook

The Board of Directors and the Group Management remain convinced of the medium to long-term growth opportunities and the dynamics of automation in intralogistics. The difficult circumstances of the past year have proven that the organization is resilient and flexibly positioned. Market conditions and the short-term impact on business are difficult to assess due to the continuing pandemic, especially at Kardex Remstar. However, Kardex' medium-term growth and financial targets remain unchanged.

Key figures

in EUR million

1.1.-31.12.	2020		2019		+/-%
Bookings	416.8	100.9%	452.4	96.0%	-7.9%
Order backlog (31.12.)	220.2	53.3%	217.8	46.2%	1.1%
Net revenues	412.9	100.0%	471.2	100.0%	-12.4%
Gross profit	153.0	37.1%	171.3	36.4%	-10.7%
OPEX	97.5	23.6%	107.8	22.9%	-9.6%
EBITDA	62.6	15.2%	70.2	14.9%	-10.8%
Operating result (EBIT)	55.5	13.4%	63.5	13.5%	-12.6%
Result for the period (net profit)	40.7	9.9%	44.9	9.5%	-9.4%
Net cash flow from operating activities	49.8		44.8		11.2%
Free cash flow	25.2		30.8		-18.2%
ROCE	43.7%		51.2%		

	31.12.2020		31.12.2019		+/-%
Net working capital	67.9		77.3		-12.2%
Net cash	122.3		133.6		-8.5%
Equity/Equity ratio	174.3	62.9%	172.0	59.4%	1.3%
Employees (FTE)	1 860		1 913		-2.8%

	2020		2019		+/-%
Distribution per share (CHF) ¹	4.00		4.50		-11.1%

¹ 2020: Distribution of a dividend as proposed to the Annual General Meeting to be held on 15 April 2021.

Annual Report

A PDF version of the Annual Report 2020 of Kardex is available on our [website](#).

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Agenda	
15 April 2021	Annual General Meeting 2021
29 July 2021	Publication Interim Report 2021 Conference Call for Media and Analysts
3 March 2022	Publication Annual Report 2021 Conference Call for Media and Analysts
21 April 2022	Annual General Meeting 2022 SIX ConventionPoint, Zurich, Switzerland
28 July 2022	Publication Interim Report 2022 Conference Call for Media and Analysts

Kardex– Corporate Profile

Kardex is a global industry partner for intralogistic solutions and a leading supplier of automated storage solutions and material handling systems. The Group consists of two entrepreneurially managed divisions, Kardex Remstar and Kardex Mlog. Kardex Remstar develops, produces and maintains dynamic storage and retrieval systems and Kardex Mlog offers integrated materials handling systems and automated high-bay warehouses. The two divisions are partners for their customers over the entire lifecycle of a product or solution. This begins with an assessment of customer requirements and continues via the planning, realization and implementation of customer-specific systems through to ensuring a high level of availability and low lifecycle costs by means of customer-oriented lifecycle management. Around 1 900 employees in over 30 countries work for Kardex.

Disclaimer

This communication contains statements that constitute “forward-looking statements”. In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Kardex’s ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors detailed in Kardex’s past and future filings and reports and in past and future filings, press releases, reports and other information posted on Kardex companies’ websites. Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication. Kardex disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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