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KION Group starts 2019 with a strong first quarter

- **Total value of order intake amounts to €2.118 billion, maintaining a very strong growth rate at 12.4 percent**
- **Order book expands slightly, from €3.3 billion at the end of 2018 to €3.4 billion**
- **Revenue increases by a substantial 13.0 percent to €2.083 billion**
- **Adjusted EBIT goes up by 15.5 percent to €182.4 million**
- **Adjusted EBIT margin improves from 8.6 percent to 8.8 percent**
- **Net income for the period grows by 36.1 percent to €93.1 million**
- **Healthy free cash flow of €2.0 million underlines the good operating performance**
- **Outlook for 2019 confirmed**

Frankfurt/Main, April 25, 2019 – A leading company in its industry, the KION Group has made a strong start to 2019 and maintained its path of profitable growth despite challenging market conditions. Order intake grew at the very strong rate of 12.4 percent to reach €2.118 billion (Q1 2018: €1.885 billion). This increase was primarily due to the particularly strong order intake of the Supply Chain Solutions segment (SCS). There were also small positive currency effects of €24.6 million, primarily relating to the US dollar. The order book continued to expand, amounting to €3.375 billion at the end of March compared with €3.301 billion at the end of 2018. The market for material handling solutions remains intact, driven predominantly by the global growth of e-commerce.

Consolidated revenue rose significantly to €2.083 billion. This increase of 13.0 percent was attributable to the two operating segments, Industrial Trucks & Services (IT&S) and Supply Chain Solutions, in equal measure. There were positive currency effects, again primarily relating to the US dollar, of €24.8 million. The KION Group's adjusted EBIT went up by a very substantial 15.5 percent to €182.4 million (Q1 2018: €157.9 million). As a result, the adjusted EBIT margin improved from 8.6 percent to 8.8 percent.

Net income for the period jumped by 36.1 percent to €93.1 million on the back of the Group's strong operating performance in the first three months of the year. There was also an increase in free cash flow, which amounted to €2.0 million compared with €12.7 million in the first quarter of last year.

Disparate market trends

After several years of growth, the global market for industrial trucks registered a year-on-year contraction in the first quarter of 2019. This was due not only to current economic uncertainties but also the feared impact of ongoing trade disputes and the possibility of the United Kingdom leaving the European Union. At 382,200, the number of new trucks ordered was down by 2.7 percent compared with the first quarter of 2018. There was a decrease of 3.5 percent in the Europe, Middle East and Africa (EMEA) region. The Americas region experienced a sharp year-on-year fall of 19.2 percent. By contrast, the APAC region generated growth of 6.8 percent, thanks mainly to rising unit sales in China.

According to the KION Group's estimates, the ongoing trend toward warehouse automation and toward sorting solutions and automated goods transport continued to generate high demand in the market for supply chain solutions. This was underpinned by high levels of capital investment in connection with multichannel and e-commerce strategies. A growing number of companies invested in the expansion and optimization of their warehousing and logistics capacity, leading to a rise in order intake.

"The KION Group remains well on track this year. We made a strong start to 2019 and have cemented our excellent market position in both operating segments. This shows that our firm focus on implementing our KION 2027 strategy in the five fields of action – energy, digital, automation, innovation, and performance – is paying off," said Gordon Riske, Chief Executive Officer of KION GROUP AG. "In view of the prediction of further long-term growth in demand for our products, we are continuing to forge ahead with optimizing and expanding our capacity at existing plants and with building new production facilities."

Global capital expenditure by the KION Group aimed at further growth

The KION Group intends to remain on a path of growth in the future and is investing in the expansion of its sites worldwide. Just last month, the KION Group announced the construction of a new plant for industrial trucks at its facility in Pune, India. Capital expenditure on this project will amount to around €15 million. The factory is scheduled to go into operation at the start of 2020. The new plant incorporates a research and development center, a training center for service personnel, and space for Dematic's future growth in India. Further plants in China and Poland are also planned. The three new plants will enable KION to increase its production capacity by roughly 20 percent.

As well as this expansion in Asia and Eastern Europe, KION is also investing significant amounts in the enlargement of its existing plants in Germany and other Western European countries. An extensive program to optimize the plant structures is

currently taking place in Aschaffenburg and Hamburg in Germany as well as in Châtellerault (France) and Luzzara (Italy).

Segment performance in detail

In the **Industrial Trucks & Services segment** (industrial trucks, warehouse technology, and related services), the KION Group's brand companies took orders for 53,400 new trucks during the first three months of this year. New orders were thus almost at the record level achieved in the first quarter of 2018. The total value of order intake rose by 1.7 percent to €1.511 billion (Q1 2018: €1.485 billion). Segment revenue went up by 10.2 percent to €1.509 billion, compared with €1.369 billion in the prior-year period. Warehouse trucks notched up the highest growth rates, followed by electric forklift trucks and diesel trucks. At €148.8 million, adjusted EBIT was 9.5 percent higher than in the first quarter of 2018. The segment's adjusted EBIT margin was unchanged year on year at 9.9 percent. The impact of the temporary bottlenecks at suppliers continued to be felt in production.

The value of order intake in the **Supply Chain Solutions segment** increased markedly to reach €602.9 million in the first three months of 2019 (Q1 2018: €396.3 million). This equates to growth of 52.1 percent. The encouraging growth of order intake in Europe and healthy level of new business in North America deserve particular mention, the latter being mainly attributable to an order worth more than €100 million placed by a new customer. This new order has reinforced Dematic's already robust market position. As a result, segment revenue rose by a considerable 20.9 percent to €568.8 million (Q1 2018: €470.7 million). This sharp rise caused adjusted EBIT to jump by 37.8 percent to €48.2 million (Q1 2018: €35.0 million). At 8.5 percent, the adjusted EBIT margin was significantly higher than the figure of 7.4 percent in the prior-year period.

Outlook

Figures for the first quarter of 2019 confirmed the expected normalization of new truck business in the Industrial Trucks & Services segment. For 2019 as a whole, the KION Group continues to anticipate growth in the new industrial truck business, albeit at a rate that is closer to the long-term trend of around 4 percent. Following the positive performance of the sectors relevant to the Supply Chain Solutions segment in the first quarter of 2019, the prediction is still for market growth in the high single digits.

Based on the forecasts for market growth, the KION Group is adhering to its expectation of further increases in revenue and adjusted EBIT, thereby building on its successful performance in 2018. Without exception, all of the targets specified in the outlook in the 2018 annual report are confirmed:

The order intake of the KION Group is expected to be between €8,250 million and €8,950 million. The target figure for consolidated revenue is in the range of €8,150 million to €8,650 million. The target range for adjusted EBIT is €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 million and €6,450 million. The target figure for revenue is in the range of €6,050 million to €6,250 million. 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 million and €2,500 million. The target figure for revenue is in the range of €2,100 million to €2,400 million. The target range for adjusted EBIT is €190 million to €225 million.

Key performance indicators for the first quarter, which ended March 31, 2019

€ million	Q1 2019	Q1 2018	Difference
Order intake	2,118	1,885	12.4%
Revenue	2,083	1,843	13.0%
Order book[1]	3,375	3,301	2.2%
Adjusted EBITDA[2]	378.9	340.9	11.2%
Adjusted EBITDA margin[2]	18.2%	18.5%	
Adjusted EBIT[2]	182.4	157.9	15.5%
Adjusted EBIT margin[2]	8.8%	8.6%	
Net income	93.1	68.4	36.1%
Free cash flow[3]	82.0	12.7	> 100%
Employees[4]	33,564	33,128	1.3%

[1] Figure as at March 31, 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 March 31, 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.

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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, 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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