

Press release

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KION Group records best order intake in its history

- Further course set for future global growth
- Outlook for 2020 achieved
- Order intake up by 3.6 percent to a record **€9.443 billion**
- Order book expands by a substantial **22.3 percent** to **€4.441 billion**
- Revenue decreases by 5.3 percent to **€8.342 billion**
- Adjusted EBIT falls to **€546.9 million**
- Net income remains well into positive territory at **€10.9 million** despite the pandemic
- Free cash flow amounts to **€120.9 million**
- Proposed dividend of **€0.41 per share**
- CEO Riske: “Opportunities seized in 2020”

Frankfurt am Main, March 2, 2021 – The 2020 financial year will go down in history as the year of coronavirus. In a completely changed and extremely challenging climate, the KION Group demonstrated its resilience and steered through the pandemic relatively well. The ever-increasing importance of e-commerce and the sustained rise in demand for material handling technologies in warehouse logistics have substantially boosted growth in the Supply Chain Solutions business. Automation and software-driven solutions for global supply chains therefore proved to be a stabilizing factor for the KION Group.

The positioning of the KION Group, with its two strong operating segments and clear focus on the trends of tomorrow, proved its worth again in 2020 – a year dominated by the coronavirus pandemic. “As a full-service provider for intralogistics with strong roots on all continents, we successfully seized our opportunities in 2020,” says Gordon Riske, Chief Executive Officer of KION GROUP AG. “Our vision is and remains very clear: At KION, we are keeping the world moving and shaping the future of intralogistics.”

The Group also used the year of the pandemic to press ahead with the implementation of its ‘KION 2027’ strategy: Investment in the areas of automation, digitalization, and energy, the market launch of new products, and the expansion of global production capacity and the sales and service network have laid the foundation stones for further

profitable global growth. “The acquisition of Digital Applications International Limited, a UK software company specializing in warehouse logistics applications, and the partnership with the Chinese robotics specialist Shanghai Quicktron Intelligent Technology Company Limited last year have expanded our operations in areas that will be key to future growth,” says Gordon Riske. In addition, KION’s recently formed subsidiary, KION Battery Systems GmbH, a joint venture between KION GROUP AG and BMZ Holding GmbH, went into full production of state-of-the-art lithium-ion batteries for industrial trucks in the autumn.

Innovative strength and expansion of global production capacity

The latest developments of the strong KION brand companies embody the KION Group’s capacity to innovate. Dematic has developed a new generation of the successful Multishuttle, which increases the speed of transportation and improves accuracy and availability in warehouses and distribution centers. The Multishuttle 2.0 is even more efficient and reliable than its successful predecessor.

OPX iGo neo, an autonomous order picker developed by STILL, uses ultra-modern sensors to detect its surroundings, obstacles, and distances and then makes its own decisions. This reduces picking errors and significantly increases picking performance. The new STILL RX 60 electric forklift truck (3.5 to 5.0t load capacity) boasts impressive handling capacity and minimal downtime. Its performance is comparable to that of an IC truck – but without the emissions.

Linde Material Handling is focusing on connectivity with its new 1202 series of H20–H35 IC counterbalance trucks. This latest generation offers excellent performance and versatility and is robust, user-friendly, and digitally connected. Customers can upgrade their industrial trucks with new functions, without having to replace a single hardware component.

To better meet global demand for our products and be closer to our customers, the Group is building two new plants for counterbalance trucks – one in Jinan, China, and one in Kolbaskowo in Poland. The second plant in the Chinese region of Xiamen has been in operation, manufacturing warehouse trucks, since last year. KION’s subsidiary Dematic has also recently opened new production facilities in the Czech town of Stříbro and in Kahl, in Bavaria.

Excellence in climate change mitigation

International environmental organization CDP has once again recognized the KION Group’s commitment to combating climate change. The intralogistics provider received an ‘A-’ rating for the first time in the latest assessment, improving on its ‘B’ rating of the past two years. The rating reflects the KION Group’s progress from a coordinated

approach to climate change mitigation (management level) to the implementation of the latest best practice (leadership level).

Improved funding structure

Last September, KION GROUP AG launched a corporate bond program (EMTN program) with a total volume of up to €3 billion that is listed on the regulated market of the Luxembourg Stock Exchange. The first corporate bond to be issued under the EMTN program was many times oversubscribed. The very successful capital increase in December 2020 strengthened the KION Group's long-term funding structure and set it on course for future growth. "The fact that the response to the new shares was so positive and that take-up of the previously issued bond was so good underlines the confidence that shareholders and the capital markets have in our successful KION 2027 strategy," says Anke Groth, CFO of KION GROUP AG. "We plan to use this strong financial position to forge ahead with our innovative business activities."

Outlook for the current year

Gordon Riske believes the KION Group is well positioned for 2021 and beyond. "We have an extensive and high-performance intralogistics portfolio, a highly flexible, customer-focused sales network, and a strong balance sheet," he explains. "Our global positioning and the strength of our service business provide us with excellent prospects for long-term growth. The strong demand for automation solutions looks set to continue and that also gives us confidence."

However, the outlook for 2021 is particularly uncertain in view of the continued rapid spread of coronavirus at the end of 2020. If the pandemic continues to worsen, the authorities may impose renewed restrictions that would adversely affect procurement, production, and sales activities and make customers less willing to invest. In addition, the International Monetary Fund estimates that prices for raw materials will rise significantly. This is also likely to have an impact on the purchase prices of the materials used by the KION Group.

Expected sectoral conditions

In the KION Group's view, the global material handling market should see strong growth in 2021 as economic conditions improve. The increasing buoyancy of the supply chain solutions market and the further gradual recovery of the global market for industrial trucks are primed to be the engines of this growth. Overall, the global material handling market is expected to grow at a faster rate than global GDP. This is primarily because of the fundamental growth drivers, particularly the fragmentation of value chains and consumers' increasing preference for e-commerce, which the KION Group believes has become even more important as a result of the coronavirus pandemic.

Growth at regional level, especially in the more cyclical market for industrial trucks, will again depend heavily on economic conditions in the main sales markets.

Following the fallout from coronavirus in 2020, the KION Group is expecting new business with industrial trucks to gradually recover in 2021, with a rise in order intake (in terms of units) that is in the mid-single-digit range and above the medium-term growth trend of around 4 percent. This rise is expected to be driven primarily by the recovery of the EMEA region, which was heavily affected by the pandemic in 2020, and by sustained growth in China. However, the latter is likely to be significantly slower following the exceptionally strong growth in 2020.

The market for supply chain solutions is likely to continue expanding in 2021, particularly as a result of the sustained uptrend in e-commerce, which was further strengthened by the changes in the way that consumers shopped during the pandemic. The trend for micro-fulfillment warehouses is also expected to continue. From a technology perspective, automation and robotics solutions will remain the main drivers. Market growth is expected to be into double digits in the medium-term.

Expected business situation and financial performance of the KION Group

The order intake of the KION Group is expected to be between €9,700 million and €10,400 million. The target figure for consolidated revenue is in the range of €9,150 million to €9,750 million. The target range for adjusted EBIT is €720 million to €800 million. Free cash flow, including the effects of the capacity and structural program started in 2020, is expected to be in a range between €450 million and €550 million. The target figure for ROCE is in the range of 8.2 percent to 9.2 percent.

Order intake in the Industrial Trucks & Services segment is expected to be between €5,900 million and €6,200 million. The target figure for revenue is in the range of €5,900 million to €6,200 million. The target range for adjusted EBIT is €445 million to €485 million.

Order intake in the Supply Chain Solutions segment is expected to be between €3,800 million and €4,200 million. The target figure for revenue is in the range of €3,250 million to €3,550 million. The target range for adjusted EBIT is €360 million to €400 million.

The detailed outlook for 2021 is contained on pages 106–109 of the 2020 annual report, which is published on KION's website at

<https://www.kiongroup.com/en/Investor-Relations/Publications/>.

Business performance in 2020

“Our early focus on the growth sectors of automation, digitalization, and high-performance energy systems anticipated the trends within our industry, and the strong

growth in order intake in our Supply Chain Solutions segment in 2020 confirms this was the right approach,” says Chief Executive Officer Gordon Riske. The Company intends to continue expanding its strong position in this segment.

Despite a very difficult market environment and the changes brought about by the coronavirus pandemic, the value of the KION Group’s order intake amounted to a record €9,443 billion in 2020, which was a year-on-year increase of 3.6 percent. The big-ticket orders secured by Supply Chain Solutions in the project business also reaffirm that the segment is highly competitive and very customer-oriented, laying excellent foundations for 2021. The order book grew by a substantial 22.3 percent to reach €4.441 billion at the end of the year, compared to €3.632 billion at the end of 2019.

Consolidated revenue went down by 5.3 percent to €8.342 billion as a result of the pandemic (2019: €8.807 billion). The strong revenue growth in the Supply Chain Solutions segment was able to partly offset the substantial decrease in the Industrial Trucks & Services segment. Adjusted EBIT decreased to €546.9 million (2019: €850.5 million), primarily due to the fall in revenue. The prompt introduction of cost-cutting measures and an only moderate increase in material prices at the aggregate level helped to contain the decline. At 6.6 percent, the adjusted EBIT margin was down by a substantial 3.1 percentage points in the reporting year (2019: 9.7 percent).

Net income remained firmly in positive territory at €210.9 million (2019: €444.8 million). This included expenses of €45.8 million (before income taxes) for personnel measures under the capacity and structural program. Significant cost reductions are expected in the future as a result of the initiated program, which is planned to be implemented by 2023.

As expected, free cash flow recovered strongly in the fourth quarter of 2020 and was in positive territory at €120.9 million for the year as a whole (2019: €568.4 million). The reduction in liquidity was mainly attributable to the decrease in operating profit, higher tax payments, an increase in working capital, and cash outflows for the acquisition of Digital Applications International Limited and the stake in Shanghai Quicktron Intelligent Technology Co. Ltd.

The Executive Board and Supervisory Board of the KION GROUP AG will propose a dividend of €0.41 per share (2019: €0.04) to the Annual General Meeting on May 11, 2021. With earnings per share for 2020 of €1.81, this equates to a dividend payout rate of around 25 percent.

Business performance of the segments in detail

In the **Industrial Trucks & Services** segment (industrial trucks and related services), the brand companies together took orders for around 198.3 thousand new trucks in 2020, a year-on-year decline of 7.2 percent. This poorer performance was mainly due to the challenging conditions in the segment's main sales market, the EMEA region. In the APAC region, the segment recorded a year-on-year increase, primarily thanks to disproportionately strong growth in China.

The total value of order intake fell by 8.8 percent to €5.776 billion (2019: €6.330 billion). The decrease in new truck business was due in particular to the disproportionately strong decline in order intake for counterbalance trucks, which have significantly higher unit prices. By contrast, the service business was more stable on the whole. The segment's total revenue decreased by 11.1 percent to €5.699 billion (2019: €6.410 billion), due in large part to the persistent and significant weakness of the market in the EMEA region and the revenue shortfalls resulting from lockdown measures in the second quarter.

The segment's adjusted EBIT fell by 56.1 percent to €305.5 million in the year under review (2019: €695.1 million). This reduction was due to the significant fall in revenue, higher impairments on inventories and receivables, and the underutilization of capacity that was largely due to the lockdown in the second quarter. Earnings were also squeezed by higher write-downs in connection with the market launch of new products and higher costs for strategic projects. Consequently, the adjusted EBIT margin fell to 5.4 percent (2019: 10.8 percent).

The value of order intake in the **Supply Chain Solutions segment** (automated warehouse systems) surged by 31.9 percent to €3.654 billion during the year under review (2019: €2.771 billion). This sharp rise was due in no small part to new orders, modernization orders, and expansion orders from e-commerce customers in North America and Europe. Both the long-term project business (business solutions) and the service business (customer services) recorded year-on-year increases in order intake. Thanks to the encouraging level of order intake the order book was significantly increased.

The segment's total revenue stood at €2.627 billion, which was 10.4 percent higher than the prior-year figure (2019: €2.379 billion). Adjusted EBIT amounted to €277.5 million, up by 21.6 percent on the figure of €228.1 million in 2019. The adjusted EBIT margin rose from 9.6 percent in 2019 to 10.6 percent in the year under review.

KION Group key performance indicators for 2020 and for the fourth quarter, which ended December 31, 2020

€ million	2020	2019	Difference	Q4 2020	Q4 2019	Difference
Order intake	9,443	9,112	3.6%	2,727	2,577	5.8%
Revenue	8,342	8,807	-5.3%	2,341	2,282	2.6%
Order book[1]	4,441	3,632	22.3%			
Adjusted EBITDA [2]	1,384	1,657	-16.5%	396.8	433.4	-8.4%
Adjusted EBITDA margin[2]	16.6%	18.8%		16.9%	19.0%	
Adjusted EBIT [2]	546.9	850.5	-35.7%	183.0	225.8	-18.9%
Adjusted EBIT margin[2]	6.6%	9.7%		7.8%	9.9%	
Net income	210.9	444.8	-52.6%			
Free cash flow[3]	120.9	568.4	-78.7%			
Employees[4]	36,207	34,604	4.6%			

[1] Figure as at the reporting date of December 31.

[2] EBIT and EBITDA 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 full-time equivalents (FTEs) as at December 31.

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 still the leading foreign manufacturer (as measured by revenue in 2020) and number three overall. The KION Group is also one of the 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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