**Q1 25 Pre-Close Call on April 3, 2025**

I am very pleased to have the opportunity to speak to all of you today and would like to start by introducing myself for those who have not met me so far.

My name is Markus Georgi, I have been with KION since December 1st 2024, responsible for Investor Relations and Group Communications.

I started my career at Deutsche Telekom as Vice President Investor Relations and Head of Equity Capital Markets in the early 2000.

After nearly 10 years in the telecommunications sector, I switched into healthcare by heading Investor Relations at CompuGROUP, Celesio (which was sold to McKesson) and most recently - for the last 10 years - at Fresenius Group.

I am very proud, to now be part of the KION Group.

I look forward to working with Raj and the IR-team to ensure transparent and on-time communication with both - sell-side and buy-side - combined with strengthening further your trust in KION Group and our equity story.

No doubt, - the same applies, of course, to the media side.

I hope we will meet in person in the near-term future and continue to engage the intensive dialog around KION Group together.

But now, without any further ado, I would like to move on to the actual reason for today's call and officially start the pre-close call for the first quarter 2025.

As always in these calls, we'd like to remind you that the following trends and statements are based on our current view on the first quarter and that some of the developments we will describe here are subject to change.

Let's start off with our **ITS segment** as usual.

We have not seen any decisive new or changed demand trends so far this year. While the stock markets reacted very positively on economic stimulus news and very negatively on tariff speculations, to us it feels more like a typical first quarter. With regards to **order intake in units**, you will recall, that Q1 and Q3 tend to be seasonally weaker, and Q2 and Q4 tend to be seasonally stronger quarters in a "normal" year. In that context, Q1 25 looks like a normal Q1, with orders in units sequentially seasonally weaker, however we expect to be above Q1 24.

The **order intake in value terms** has likely increased in line with the unit growth in a year-over-year comparison, sequentially the decline was a little bit more pronounced.

As a general reminder, revenue in 2024 benefited from tailwind from a high order backlog, the effect of which now has been pretty much exhausted.

Consequently, **revenue** in ITS is expected to be slightly below the prior year level. The sequential decline is expected to be a little more pronounced due to the mix effect.

This would result in a considerably lower **order backlog** in a year-on-year comparison.

As outlined in the call on February 4th, as well in the FY24 update call, the lack of tailwind from the order backlog has an adverse effect on our factory utilization levels, which is likely to lead to a substantial - but temporary - decline of the **adjusted EBIT margin** in 2025. It should not surprise you if the margin in Q1 25 already reflects the mid-point of our full year guidance as the mix changes led to higher inefficiencies in production than expected at the end of February.

Moving on to our **SCS segment**….

In terms of order intake, fiscal years 2023 and 2024 were characterized by customer delays in signing new orders. Some of the orders pushed back at the end of 2024 were signed early this year. And the service business also continued to grow. Accordingly, **order intake** in Q1 25 could show a mid-teen percentage improvement both sequentially as well as year-on-year.

A nice consequence of the improved order intake in Q1 25 would be that the **order book** in SCS would show the first sequential increase since Q3 23. Compared to Q1 24, the order book is still down.

**Revenue** is likely to decline both sequentially and year-on-year, reflecting the subdued order intake in the project business in prior quarters.

**Adjusted EBIT** and the **adjusted EBIT margin** is expected to have increased strongly year-over-year mainly on improved project execution, continued service growth, completion of legacy projects as well as benefits from measures to improve our cost base. Sequentially, the margin likely remained stable, implying a small decline in the adjusted EBIT resulting from the lower revenue in the quarter.

For **KION Group** as a whole, the development in ITS and SCS means that we are likely to see sequentially lower **order intake**, maybe comparable to the level in Q2 24. The **order book** is likely to be sequentially stable, while **revenue** and **adjusted EBIT** could be lower both sequentially and year-on-year. Our expectations for adjusted EBIT are based on a meaningfully less negative contribution in the Corporate Services and Consolidation line compared to the prior quarter and the previous year quarter. It is not unusual for these expenses to be lowest in the first quarter of the year.

All in all, Q1 25 is likely to put us on a good path to achieve our full year guidance.

I'd like to add some color on the housekeeping items as Q1 25 will already be impacted by the efficiency program announced on February 4$^{th}$ of this year. We had outlined the total expenses with between 240 to 260 million euros.

We believe around 200 million euros of that will be expensed in **non-recurring items** in Q1 25, with the remaining amount to be expensed later in the year. This will therefore not affect adjusted EBIT but reported EBIT.

We expect PPA and net financial expenses more or less in line with the prior quarter.

This would result in a mid-to-high double digit negative **pretax result**. The expenses for the efficiency program are expected to be partially tax deductible. P&L-wise, this probably results in a high single digit/low double digit **tax credit**.

And finally, **free cash flow** is expected to be slightly positive.

This concludes our prepared remarks. Please remain aware that these are only preliminary statements based on our current view on the first quarter, and some of the trends we have discussed here are subject to change.

We will take a couple of questions but please restrict your questions to the purpose of this call, i.e., to clarify, if necessary, the prepared statements that I have made.

Let's leave all other questions for our management to be answered when we actually report on April 30 and have a better basis for answering your questions in more detail.

Q:
Today is all about tariffs. If you look at the tariff situation today and at the broader implications for the global economy. is it fair to consider that Q1, margins might be peak margins for you this year, and that they would

gradually deteriorate throughout the remaining part of the year before picking up again in 2026 on the back of the savings flowing through?

A:
Markus said in his prepared remarks that we should focus on the Q1 call and not so much talk about our expectations for the remainder of the year. And on top of that we have also confirmed our guidance for the year and say that Q1, as far as we can see, is putting us on a good path to it.

On the tariff side, our view has not fundamentally changed compared to the last couple of months and weeks. I mean, discussions were going up and down and back and forth in all directions. So maybe as a reminder to the broad audience, most of you'll be aware of this. On the ITS side, we feel that we are very well positioned producing in the region for the region. And for the SCS side, that is broadly the case as well, with one caveat, and that is, as you all know, we do have a production facility in Mexico that we supply into the US with. Now, the production facility is located in Monterrey in Mexico. And Monterrey has a special agreement with the US. From a tariff point of view, it is considered US territory and so far nobody has been able to say to us whether that agreement is then obsolete or whether that agreement will still stay on.

The second thing is if the agreement is obsolete, then we do have price escalation clauses that we would apply and as you might recall, Christian said in the first quarter call, then we will enter a commercial discussion with our customers. But just be aware, the question is if anybody in any industry is looking for alternative sources in the US, you could assume that US producers would jack up their prices as well. So, the question is whether or not it arbitrates itself out.
But as I said, at the moment, we have no knowledge if that agreement still stands. We are trying to establish whether or not that agreement gets terminated and then we would apply our pass-on clauses.

Q:
Obviously, you have given some guidance on supply chain solutions.
Has there been any indication of the phasing of these onerous contracts? I know that Rob said that some of these continue into 2026, but when we think about the year overall, is the benefit of those falling away linear or is there some sort of unusual effect we should expect in the quarters from supply chain solutions?
And the second question, if I can link into that, is on cash flow. It sounds that orders are better in supply chain solutions. Obviously, we can see normally the seasonality of cash. Obviously, you have talked about seasonality elsewhere, but when we think about cash, any difference in the normal seasonality? Thank you.

A:
On SCS, we did not provide a phasing on the legacy contracts as such, but we did provide phasing on SCS profitability expectations and we did say that we expect a similar pattern as we saw in 2024, so an improvement from quarter to quarter to quarter to quarter starting from Q1. And on the cash flow side where we stand at the moment, we would expect the usual seasonality. So, Q1 probably not the strongest cash flow quarter, Q4 likely the strongest cash flow quarter.

Q:
Two quick ones. One is linked also to supply chain solutions. So, you said that the orders that were coming in were pretty much stemming from the postponed batches that you had from last year, but I was wondering, is there a general change nevertheless in the sentiment on investments happening, or was it just clients couldn't just wait any longer to sign some contracts and to invest, or does that mean it's the start of an improvement in the situation overall?

And the second question is on, let's call it, price mix effects in ITS pretty much.
So, you said the mix is kind of the same as it was previously, i.e., towards the lower end. I was wondering if, first of all, this has exacerbated, or is it kind of unchanged? And secondly, what did this do to pricing in ITS on a more general basis?

A:
With regards to details about price/volume mix, I think we'd be happy to discuss that when we actually publish the full quarter.

So, going back to your first question on the SCS side, so we do see a mid-teens percentage improvement in Q1, and as Markus said, that is driven by some signings of contracts that spilled from Q4 into Q1, but also due to service growth. So, you could say that, in terms of signed orders on the new project side, you don't see a major difference, but we do feel, and we have for some time, that conversations are warming up and that clients who have been dragging out the decisions are wanting to have more conversations.
One of the most tangible signs of improvement or normalization is that one of our most important customers in the pure play e-commerce sector has, since the second half of last year, gone back to their normal way of conducting business with us as they did pre-COVID, which is that they regularly sit down with us and share their mid-term capacity plans and where we fit in in those. And that's something they started doing again towards the second half of last year. So that is a very tangible and very strong sign for us. But in terms of the actual order intake in the first quarter, that does not yet reflect a meaningful, sustainable recovery.

Q:
My question would be to follow up on cash flow. I mean, the EUR200 million charge on the P&L, is that already deducted from the free cash flow guidance? Or is the cash out only later?

A:
It is deducted from the full year cash flow guidance, but not from the Q1 because the cash out has not yet happened.

Q:
I was actually thinking about Jungheinrich´s comment the other day when they said they were expecting to gain share in Europe, including a partnership with one Chinese player to address the Class 1 truck market. could you just elaborate perhaps on the competitive dynamics right now in Europe?

A:
Competitive dynamics haven't fundamentally changed compared to last year. You know, we have had a mix shift, as you are very well aware, where we are seeing more growth, or we saw higher growth in warehouse equipment and that is also a more stable kind of growth situation because on one hand, it's very small ASP so probably behaves more like opex rather than capex.
And also they are used in a lot of verticals such as grocery or food and beverage or logistics, which tend to be a little bit less cyclical, whereas counterbalance trucks have a higher ASP and are more capex and are used also in a lot of industrial sectors.
Because of that mix shift, there has automatically been a bigger interface with Chinese competitors, for example, and that has definitely continued into Q1.
With regards to Jungheinrich, we would not comment on a competitor's intention and strategy.

Q:
Can I just come back to the point about Monterrey? I wasn't aware of that, that there was an exemption. Is that specific to you?

A:
It's specific to Monterrey, to the area. It's very close to the border.
And it's an agreement that the greater Monterey region has with the US Government.

Q:
Could I just ask, just to clarify your statement on what you said on adjusted EBIT margins within SCS. I just missed the exact comment.
So if we could just repeat that, if possible. Thank you.

A:

The comment on Q1 was that you will probably see a sequentially stable adjusted EBIT margin in SCS.

Q:
Did you say that the truck order intake should not only be up unit terms-wise, but also value-wise and Euro terms year-on-year? Is that what you said?

A:
So we compared it with the unit terms growth. And we said sequentially it's down, which is seasonally a very normal behavior, but it is up year-on-year in units. And in value the direction is the same. And the year-on-year increase in value is aligned with the year-on-year increase in units. Sequentially, in value terms down slightly more than in units.

Q:
So, there is no further mixed deterioration year-on-year?

A:
Not year-on-year, correct.

Q:
And you said the group order intake in Q1 is going to be on the same level as Q2 last year, but not ITS. That's right?

A:
Yes. We have an improvement in SCS.

Q:
I missed the revenue for SCS. What did you say for the revenue?

A:
For the first quarter it'll be down sequentially and year-on-year. Based on the lower project order intake that we saw in the last couple of quarters. So, margin is comparable sequentially.
But revenue is down sequentially.

Q:
And you're giving us no frame of how much down, right?

A:
No, I think we should wait until 30. April.

Q:
And, sorry, just back on trucks. You said, I think you said somewhere between the low end and the high end of the range. No, I think for the margin. Is that correct? I just wanted to check that.

A:
On the ITS margin we said that the first quarter could be at or close to the midpoint of our full-year guidance.

Q:
Yes, sorry. Just another clarification on SCS. Did I hear you right in saying the sales was down both year-on-year and quarter-on-quarter, or it was just down quarter-on-quarter?

A:
Both year-on-year and quarter-on-quarter.