SP2 Analytics

13 July 2026

Company-Sponsored Research

Initiation of Coverage | Sector: Industrial Trucks, Supply Chain Automation

KION Group: Supply Chain Automation and Industrial Trucks Leader

Company-Sponsored Research

About SP2 Analytics

SP2 Analytics is a global investment research and analytics firm specializing in providing high-quality offshore analysts who help clients effectively manage their investment research and data analytics requirements. We also develop custom AI solutions that streamline investment research workflows, enhance productivity, and support data-driven decision-making.

Incorporated in India, SP2 Analytics is a trusted research partner to Investment Banks, Equity Research Firms, Private Equity Firms, Asset Management Companies, Hedge Funds, and Consulting Firms worldwide. Our multidisciplinary team of Chartered Accountants (CAs), CFA charterholders/candidates, MBA Finance professionals, data analysts, and AI specialists delivers institutional-quality equity research, financial modelling, valuation, industry research, data analytics, and AI-powered solutions, enabling clients to scale their analytical capabilities with flexibility, accuracy, and cost efficiency.

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As an investment firm, we had the opportunity to work closely with SP2 Analytics and his team across several high-impact projects (equity research, investment banking and private equity). SP2/ Siddhartha’s consistent and dependable service made it easier for our team to focus on strategic execution while relying on him for seamless research and analytics.

- Ex-Managing Director at EQT and Director at KKR

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I have had an excellent experience working with the SP2 Analytics team. Their research team support has been instrumental in helping me evaluate opportunities and manage investments for our family office more effectively. The team consistently delivers high-quality research, insightful analysis, and timely responses, demonstrating strong professionalism and attention to detail. I highly appreciate their dedication and would strongly recommend SP2 Analytics to anyone seeking reliable investment research support.

- CIO, Investment Firm at DIFC

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We are impressed with your analyst’s overall effort, professionalism, and demeanour. The team members have developed a strong working partnership and have collaborated effectively on our projects.

- Founder & CEO, New York Equity Research Firm

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The professional approach to building and maintaining financial models, conducting research, and assisting in writing various initiation and industry reports was commendable. Efficient handling of the work allowed me to focus on a more strategic business development role

- Ex-Equity Research Director at Stifel

Kion Group AG (KGX)

Key Statistics	
52 Week Range	€37.78 - €70.45
Avg. Volume (3 months)	422.52K
Shares Outstanding	131M
Market Capitalization	€5.49B
EV/EBITDA	8.29X
Cash Balance	€475M
Analyst Coverage	1

*Cash balance as of December 2025

Financial Overview (€m)			
Dec – FY	**2026E**	**2027E**	**2028E**
Revenue	11,661	11,985	12,188
EBIT	660	756	803
EBIT margin	5.7%	6.3%	6.6%
Net Income	374	431	467
Net margin	3.2%	3.6%	3.8%
EPS (€)	2.78	3.21	3.48

Kion Group AG is a leading global provider of industrial trucks, warehouse automation solutions, and supply chain technology, operating through brands such as Linde Material Handling, STILL and Dematic.

Share Price	€41.07	Target Price	€65.64

Investment Highlights

A structural beneficiary of warehouse automation and supply chain digitization, KION has transformed from a traditional forklift manufacturer into a broader intralogistics and automation provider. Through its Industrial Trucks & Services (ITS) and Intelligent Automation Solutions (IAS) segments, the company is positioned to benefit from long-term growth in e-commerce fulfilment, warehouse automation, and labor-saving technologies.

Intelligent Automation Solutions is emerging as a stronger earnings contributor. IAS segment continues to demonstrate improving business quality, supported by disciplined project selection and stronger execution. Order intake increased by 39.5% YoY in FY25, while adjusted EBIT margin expanded from the previous year's 3.8% to 6.0%, highlighting both healthy demand and a more profitable operating model.

Technology partnerships strengthen KION's automation ecosystem. KION has built a broad network of strategic partnerships across artificial intelligence, robotics, cloud computing, and sustainable energy solutions. Collaborations with NVIDIA, Accenture, Quicktron, Eurofork, and Li-Cycle enhance the company's ability to offer integrated, next-generation automation solutions and reinforce its competitive positioning.

Strong cash generation and recurring service revenues support resilience; the company generated €709m of free cash flow in FY25, exceeding management guidance and reflecting improved operational execution. Combined with a large installed base of industrial trucks that generates recurring revenue from service, maintenance, and spare parts, KION benefits from a resilient business model and strong financial flexibility.

Valuation: KION's leadership in automation and industrial trucks, combined with improving margins and strong cash generation, supports meaningful upside potential.

KION’s Automation-Led Growth and Operational Excellence Drive Long-Term Value Creation

Strategic Execution and Automation-Led Growth Drive KION's Long-Term Value Creation: KION Group continues to advance its Strategy KION 2027, focusing on automation, software-enabled warehouse solutions, and operational efficiency across its Industrial Trucks & Services (ITS) and Intelligent Automation Solutions (IAS) segments. Management remains committed to strengthening profitability while expanding its exposure to structural growth themes such as e-commerce fulfillment, warehouse robotics, artificial intelligence, and supply chain digitalization. The successful completion of the Group's efficiency program in 2025 has further enhanced operating leverage, supporting margin resilience despite ongoing macroeconomic and geopolitical uncertainties.

Intelligent Automation Solutions Emerging as a Key Growth Driver KION’s IAS segment, primarily represented by Dematic, continues to benefit from increasing customer demand for automated warehouse and supply chain solutions. In Q1 2026, order intake within IAS increased by 25.9% YoY to €951.2 million, reflecting strong demand for automation projects and software-driven solutions. Segment revenue from external customers increased 12.6% YoY to €763.1 million, supported by a higher project backlog and improving execution of Business Solutions contracts. Management also highlighted continued progress in physical AI applications and ecosystem partnerships with Siemens, NVIDIA, and Accenture, which are expected to strengthen KION's competitive positioning in next-generation warehouse automation.

Strong Order Momentum Supports Revenue Visibility: KION reported a positive start to 2026, with Group order intake increasing to €2.985 billion from €2.706 billion in the prior-year period. Growth was driven by both ITS and IAS segments, demonstrating broad-based customer demand despite a challenging macroeconomic backdrop. The expanding order book provides improved revenue visibility and supports management's confidence in achieving its 2026 outlook. Continued strength in service activities across industrial trucks and automation solutions further enhances earnings stability through recurring revenue streams.

Efficiency Program Delivering Sustainable Margin Benefits: Following the completion of its multi-year efficiency initiative in 2025, KION is beginning to realize tangible profitability improvements. Q1 2026 adjusted EBIT increased to €205.2 million, while adjusted EBIT margin improved to 7.4%, compared with 7.0% in Q1 2025. Management attributed part of this improvement to the positive effects of cost optimization measures and improved operational execution across both business segments. These initiatives are expected to support margin expansion as revenue growth accelerates.

Robotics Investments Enhance Future Growth Opportunities. To strengthen its position in warehouse automation, KION announced a strategic investment in ZIKOO Robotics, a leading provider of warehouse robotics solutions. This investment aligns with management's broader strategy of expanding automation capabilities and increasing exposure to high-growth robotics markets. Combined with partnerships focused on AI-enabled logistics solutions, the initiative reinforces KION's ambition to become a leading provider of intelligent supply chain ecosystems.

COMPANY OVERVIEW

KION Group operates through two business segments: Industrial Trucks & Services (ITS) and Intelligent Automation Solutions (IAS). The Group combines industrial trucks, warehouse equipment, warehouse automation systems, software platforms, and lifecycle services within a single operating structure. This integrated model enables KION to participate across multiple stages of the intralogistics value chain while serving customers ranging from manufacturers to logistics providers and e-commerce operators.

The company generated approximately €11.3 billion in revenue in FY2025 and benefits from a large installed base of trucks and warehouse equipment units in operation globally. This extensive footprint and recurring aftermarket business provide stable cash flow generation while supporting long-term customer relationships across a wide range of industries.

KION Group maintains a diversified portfolio of premium industrial truck brands, warehouse automation technologies, and software-driven supply chain solutions, serving customers in more than 100 countries through its globally recognized brands, including Linde Material Handling, STILL, Baoli, and Dematic

KION's Global Plant Setup

KION Group operates a globally diversified manufacturing network comprising 30 production facilities across Europe, the Americas, and Asia-Pacific. Key manufacturing hubs include Aschaffenburg and Hamburg (Germany), Grand Rapids (United States), Pune (India), and Jinan (China), each strategically positioned to serve regional customer demand while supporting localized engineering, procurement, and supply chain operations.

Exhibit 1: Kion's global production plants setup. Source: Company Report, SP2 Analytics Research

Proximity to key logistics hubs reduces lead times and supports just-in-time delivery capabilities. The network is progressively being enhanced through targeted capacity investments in growth regions, particularly China and India, reflecting management's focus on expanding the Group's operational reach in high-potential emerging markets.

Corporate Structure

The KION Group comprises the parent company KION GROUP AG, which is a public limited company under German law, and its subsidiaries. The KION Group's strategic management holding company, KION GROUP AG, is listed on the Frankfurt Stock Exchange and is part of the MDAX, MSCI World, MSCI Germany Small Cap, STOXX Europe 600, FTSE EuroMid, and other indices. It is also included in sustainability indices, namely the FTSE4Good Index Series, STOXX Europe Sustainability, DAX 50 ESG, and the Dow Jones Best-in-Class Europe Index.

Business Model, Principal Markets, and Distribution Methods

KION's revenue model is structured to generate income across multiple stages of the product and solution lifecycle. Equipment and new business revenues provide scale and market share, while the embedded service relationship encompassing maintenance contracts, spare parts, rental solutions, telematics subscriptions, fleet management, and digital services creates recurring annuity-like income streams that span the operational life of each installed unit or automation system. This lifecycle monetization approach reduces earnings volatility and differentiates KION from pure-play equipment manufacturers.

End-to-End Value Chain

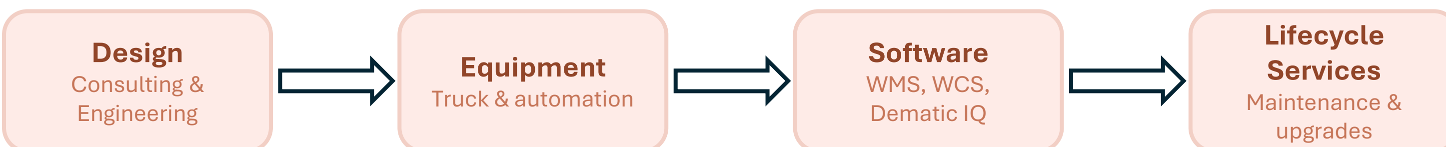


Exhibit 2: End-to-End Operational Flow in KION's Business Segments. Source: Company Reports, SP2 Analytics Research

KION's business offering can be broadly categorized into two principal areas:

- **Industrial Trucks & Services (ITS):** The ITS segment generates revenue from industrial trucks, warehouse equipment, rental solutions, financing activities, spare parts, maintenance, and fleet management services. Revenue is generated both from new equipment sales and recurring aftermarket activities throughout the product lifecycle.

- **Intelligent Automation Solutions (IAS)**: IAS provides warehouse automation systems, robotics, software solutions, and lifecycle support services designed to optimize material and information flows across warehouses and distribution centers.

KION's principal markets include Europe, North America, and Asia-Pacific, serving customers across industries such as e-commerce, manufacturing, food & beverage, wholesale distribution, automotive, healthcare, and third-party logistics. Demand is supported by long-term trends including warehouse automation, digitalization, electrification, and supply chain optimization.

The operational logistics of KION's business model are supported by a global network of approximately 2,200 sales and service locations. Industrial trucks and equipment are distributed through direct sales and service channels, while automation projects follow a comprehensive lifecycle process encompassing solution design, engineering, installation, commissioning, modernization, and long-term service support. These capabilities enable KION to maintain long-term customer relationships and generate recurring revenue streams across its global installed base.

Global Project Portfolio: Diversified in Europe, America, and Asia-Pacific

KION's geographic revenue contribution reflects the Company's multi-region operating model. Europe remains the dominant revenue contributor, accounting for the majority of ITS segment revenue and the largest share of IAS project activity. IAS is deriving a meaningful portion of its order intake from American e-commerce, grocery, and retail automation projects. Asia-Pacific, led by China and India, contributes through both ITS unit volumes and emerging automation demand.

Europe remains the foundation of KION's manufacturing and engineering capabilities. At the same time, America represents an important growth market, particularly for warehouse automation and supply chain solutions, while Asia-Pacific offers long-term expansion opportunities driven by rising industrialization, urbanization, and investment in logistics infrastructure. The balanced regional presence enables KION to participate in growth opportunities across both developed and emerging markets.

China warrants particular attention as a strategic priority. The Group is actively expanding its China production capabilities and product development activities, recognizing both the competitive intensity from domestic manufacturers and the long-term demand potential from an increasingly automated Chinese logistics sector. KION's Baoli brand provides a competitively priced manufacturing base within China, supporting cost-efficient access to Asia-Pacific markets, while the Linde MH premium brand targets higher-value customers across the region.

KION's globally diversified operating footprint enhances customer proximity, strengthens supply chain resilience, and provides exposure to growth opportunities across developed and emerging markets.

KION's geographically diversified footprint is a significant competitive advantage, providing proximity to customers and enhanced operational flexibility. The Company's presence across multiple regions positions it to benefit from evolving logistics requirements while supporting long-term growth across global markets.

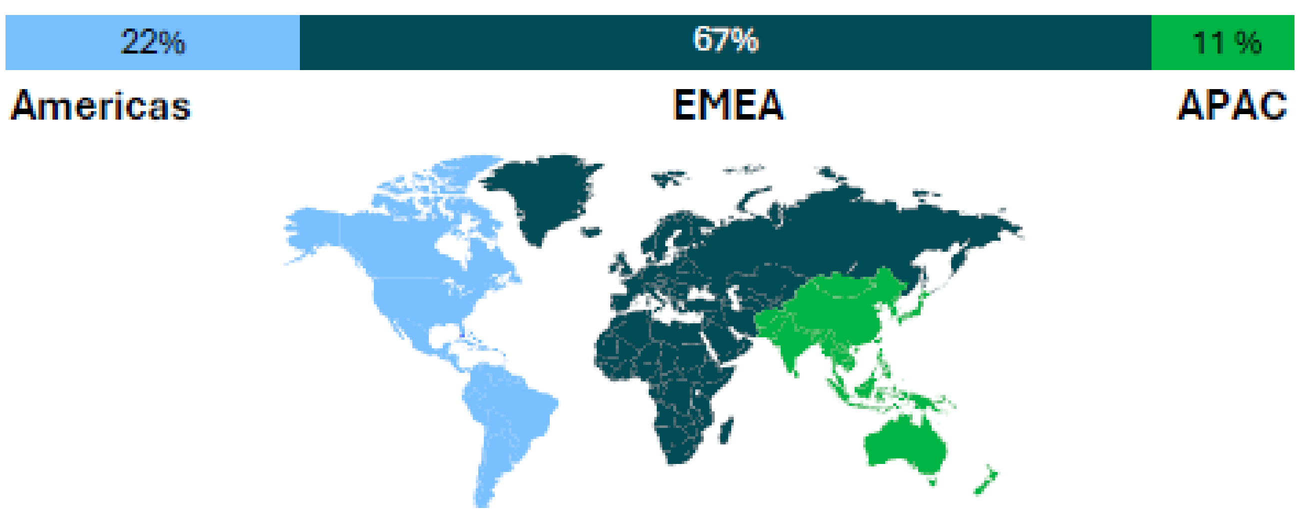


Exhibit 3: Kion's geographical revenue Contribution. Source: Company Reports, SP2 Analytics Research

Industrial Trucks & Services: A Market-Leading Franchise with Recurring Revenue Characteristics

Industrial Trucks & Services ("ITS") is KION Group's largest operating segment and represents the foundation of the Company's business model. The segment encompasses the design, manufacture, sale, rental, financing, and servicing of industrial trucks and warehouse equipment through a portfolio of globally recognized brands including Linde Material Handling, STILL, Baoli, Fenwick, and OM. Operating across Europe, America, and Asia-Pacific, ITS serves a broad customer base spanning manufacturing, logistics, wholesale distribution, food & beverage, chemicals, automotive, construction, and other industrial sectors.

In FY2025, the segment generated revenue of €8.3 billion and adjusted EBIT of €722 million, representing approximately 73% of Group revenue. KION maintains its leading market position in EMEA and ranks as the second-largest industrial truck manufacturer globally, benefiting from a strong installed base, a premium brand portfolio, and an extensive service network. We view ITS as the Group's primary earnings and cash flow generator, providing stability through economic cycles while supporting investment in higher-growth automation initiatives

ITS Segment Positioned for Margin Recovery Amid Gradual Revenue Stabilization

The Industrial Trucks & Services (ITS) segment is expected to remain stable following the demand slowdown in 2025. Revenue is projected to recover gradually from €8.27 billion in 2025 to €8.65 billion by 2028, reflecting improving order intake and normalization in customer demand. Despite the modest top-line growth, the recovery is expected to be driven more by operational improvements than by a sharp increase in volumes.

Industrial Trucks & Services (€m)	2024A	2025A	2026E	2027E	2028E
Revenue	8,609	8,273	8,291	8,513	8,647
EBIT	880	533	563	645	686
EBIT Margin %	*10.2%*	*6.4%*	*6.8%*	*7.6%*	*7.9%*
Adj EBIT	918	722	705	740	735
Adj EBIT Margin %	*10.7%*	*8.7%*	*8.5%*	*8.7%*	*8.5%*

Reported EBIT is forecast to improve from €533 million in 2025 to €686 million by 2028, with the EBIT margin expanding from 6.4% to 7.9% as restructuring costs ease, pricing actions take effect, and operational efficiency improves. In contrast, Adjusted EBIT is expected to remain relatively stable around €705–740 million, while the Adjusted EBIT margin stays within the 8.5%–8.7% range. The narrowing gap between EBIT and Adjusted EBIT indicates that one-off costs are expected to diminish, allowing reported profitability to gradually converge toward the segment's underlying operating performance.

Revenue Structure and Business Model

One of the defining characteristics of the ITS segment is its balanced revenue structure. Unlike many industrial equipment manufacturers that depend heavily on new equipment sales, KION generates significant revenue throughout the lifecycle of its products. Following the initial equipment sale, customers typically require maintenance services, spare parts, fleet management solutions, financing arrangements, rental equipment, modernization programs, and digital fleet services. As a result, services represented approximately 51% of segment revenue in FY2025, compared with 49% generated from new business activities. This balanced mix provides an important source of recurring revenue and helps mitigate cyclical fluctuations in equipment demand.

Exhibit 4: Revenue by Product Source: Company Reports, SP2 Analytics Research

The Company's integrated ecosystem enables customers to engage with KION throughout the entire lifecycle of their equipment, creating long-term relationships and enhancing customer retention.

The increasing contribution of service activities enhances revenue visibility and supports earnings resilience across economic cycles. As KION's installed base continues to expand, service revenues should remain an important contributor to segment profitability and cash generation.

Market Leadership Supported by Premium Brands

KION maintains a leading position within the global industrial truck market, ranking as the number one provider in EMEA and the second-largest industrial truck manufacturer globally. The segment's competitive position is supported by a portfolio of established brands that address different customer requirements, price points, and geographic markets. These brands benefit from strong customer recognition, extensive dealer networks, and decades of operating experience within the material handling industry.

The segment's scale provides meaningful competitive advantages, including purchasing power, manufacturing efficiency, research and development capabilities, and the ability to support customers through comprehensive service offerings. Furthermore, KION's installed base of industrial trucks creates long-term customer relationships and recurring aftermarket revenue opportunities, supporting earnings resilience throughout economic cycles. We view the Company's strong market position as a key competitive moat that would be difficult for smaller competitors to replicate.

KION's multi-brand architecture allows the Group to address a broad spectrum of customer requirements without relying on a single brand proposition. While Linde Material Handling and STILL focus on premium and technology-driven solutions, Baoli targets value-oriented customers, enabling KION to compete effectively across multiple price points and market segments. This portfolio approach enhances customer reach, supports cross-selling opportunities, and allows the Company to adapt its offering to regional market dynamics and evolving customer preferences.

Brand	Positioning	Description
Linde Material Handling	Premium Global	The world's highest-technology industrial truck brand, serving premium customers in over 100 countries. Known for hydrostatic drive technology, superior ergonomics, and highest-quality fleet management integration. Commands significant pricing premium over competitors.
STILL	Premium / Higher Value	Serves the premium and higher-value segment with a focus on sustainability, digitalisation, and total cost of ownership. Strong presence in Germany, France, and broader Europe. STILL pursues a circular and resource-conserving approach in all product developments.
Baoli	Economy / Lower Value	Focuses on the production and international distribution of forklifts and warehouse equipment with roots in China. Combines Asian manufacturing efficiency with European quality standards, providing cost-effective solutions for price-sensitive customers.
Fenwick	French Market	The leading forklift brand in France by market share, providing localised sales, service, and rental solutions. Operates as the Linde MH and STILL distributor in France with deep customer relationships.
OM	Italian / South European	Italy's leading industrial truck brand, with long-standing customer relationships across Southern Europe. OM provides forklifts and warehouse technology tailored to Italian manufacturing and logistics sectors.

Leading the Electrification Drive

Electrification has emerged as one of the most significant trends within the industrial truck industry, driven by sustainability objectives, tightening emissions regulations, lower operating costs, and advances in battery technology. KION has established itself as a leader in this transition through continuous investment in electric trucks, warehouse equipment, lithium-ion technology, and alternative energy solutions.

We view electrification as a structural growth driver that should support product upgrades, replacement demand, and continued market share gains over the long term. As customers increasingly prioritize sustainability and operating efficiency, KION's leadership position within electric material handling equipment is expected to become an increasingly important competitive advantage

In FY2025, approximately 93% of ITS order intake units consisted of electrified products, including electric warehouse trucks and electric counterbalanced trucks. This high level of electrification reflects both customer adoption and KION's ability to provide products that combine sustainability benefits with the performance traditionally associated with internal combustion equipment. Over the past two decades, KION has consistently outperformed the broader market in electrification adoption, highlighting its technology leadership and ability to anticipate evolving customer requirements.

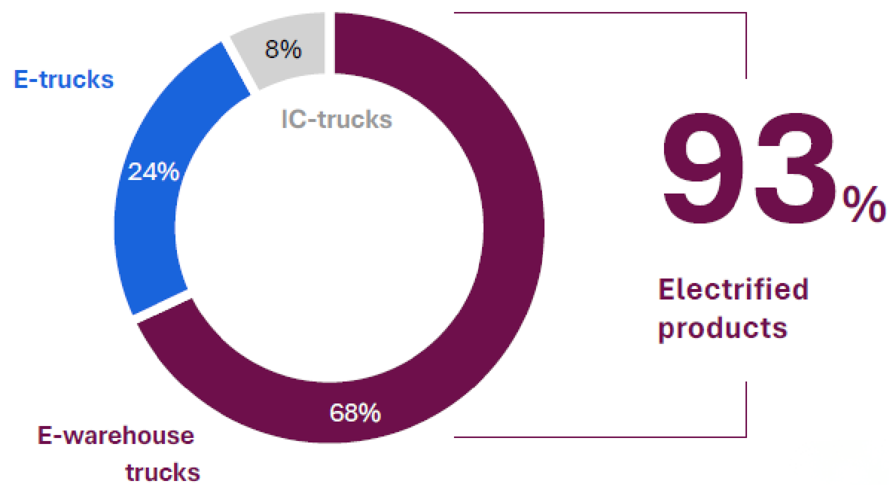


Exhibit 5: Order Intake Split E-trucks and IC trucks. Source: Company Reports, SP2 Analytics Research

Diversified End-Market Exposure Supports Resilience

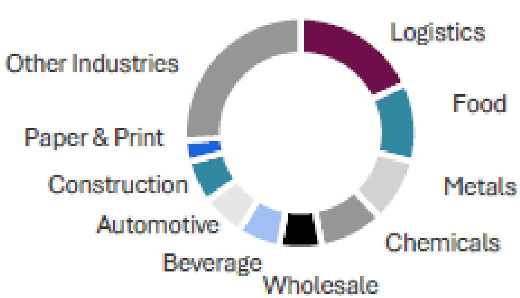


Exhibit 6: Shipments by industry Source: Company Reports, SP2 Analytics Research

The ITS segment benefits from exposure to a broad range of end markets, reducing reliance on any single industry or customer group. Logistics represents the largest end market, followed by food & beverage, metals, chemicals, wholesale distribution, automotive, construction, and other industrial sectors. This diversified customer base provides resilience against cyclical fluctuations within individual industries while enabling KION to participate in multiple long-term growth trends.

KION's broad industry exposure provides both diversification benefits and multiple avenues for long-term growth. Combined with its market leadership, recurring service revenues, and technology capabilities, the ITS segment remains a key driver of the Group's long-term value creation.

Industrial Trucks & Services is the core earnings engine of KION Group, supported by market-leading positions, recurring service revenues, strong electrification trends, and diversified end-market exposure. The segment's scale, installed base, and technology leadership provide a solid foundation for sustainable long-term growth and cash flow generation.

Intelligent Automation Solutions (IAS): Positioned to Benefit from Automation of Global Supply Chains

The Intelligent Automation Solutions (IAS) segment represents KION Group's primary vehicle for participation in the structural growth of warehouse automation and supply chain digitalization. Operating principally through the Dematic platform, IAS provides integrated automation solutions that help customers improve productivity, throughput, and operational efficiency across distribution centers and fulfillment networks.

In FY2025, IAS generated revenue of €3.07 billion and adjusted EBIT of €183.2 million, reflecting continued progress in profitability and operational execution. The segment's order backlog remained substantial at approximately €5.7 billion, providing multi-year revenue visibility and supporting confidence in future growth. Importantly, the quality of the backlog has improved following management's focus on disciplined project selection and the exit of lower-margin legacy contracts.

IAS is KION's most significant long-term growth opportunity. As warehouse operators increasingly invest in automation, software, and intelligent material-flow solutions, the segment is positioned to benefit from rising adoption across e-commerce, retail, grocery, healthcare, manufacturing, and third-party logistics markets. Combined with improving execution and a growing contribution from software and service activities, IAS is expected to play an increasingly important role in KION's earnings growth and margin expansion over the medium term.

A key differentiator of IAS is its ability to combine automation hardware, software, and lifecycle support within a single integrated platform. This enables customers to deploy scalable solutions that improve warehouse productivity, enhance operational visibility, and reduce reliance on manual processes. As supply chains become increasingly complex and customer expectations for speed and efficiency continue to rise, integrated automation platforms are becoming a critical component of modern logistics infrastructure. We believe this positions IAS favorably to capture a growing share of automation spending across global supply chains.

Intelligent Automation Solutions Returns to Sustainable Growth

The Intelligent Automation Solutions (IAS) segment is projected to recover steadily, with revenue increasing from €3.07 billion in 2025 to €3.54 billion by 2028, supported by improving order conversion and a gradual recovery in warehouse automation demand. The growth reflects stronger project execution and a more stable operating environment following the slowdown experienced in recent years.

Reported EBIT is forecast to improve from €86 million in 2025 to €117 million by 2028, resulting in an expansion of the EBIT margin from 2.8% to 3.3%. Adjusted EBIT is expected to remain broadly stable in the €183–193 million range, while the Adjusted EBIT margin moderates slightly to approximately 5.7% to 6%. The persistent gap between reported and adjusted profitability indicates that the segment continues to absorb restructuring and transformation-related costs, although improving reported margins suggest that these headwinds are gradually easing.

Intelligent Automation Solutions (€m)	2024A	2025A	2026E	2027E	2028E
Revenue	2,943	3,071	3,370	3,472	3,541
EBIT	9	86	98	111	117
EBIT Margin %	*0.3%*	*2.8%*	*2.9%*	*3.2%*	*3.3%*
Adj EBIT	113	183	187	193	191
Adj EBIT Margin %	*3.8%*	*6.0%*	*5.7%*	*6.0%*	*6.0%*

Dematic: The Technology Platform Behind KION's Automation Strategy

Dematic is the cornerstone of KION Group's Intelligent Automation Solutions segment and one of the world's leading providers of warehouse automation technologies. Through a broad portfolio of automation hardware, software applications, and integrated systems, Dematic enables customers to automate material flow across increasingly complex warehouse environments.

Dematic's portfolio combines automation hardware, software solutions, and system integration capabilities that support customers throughout the warehouse lifecycle. These technologies are designed to improve productivity, throughput, and operational efficiency across distribution centers and fulfillment facilities.

Exhibit 7: Dematic's integrated automation ecosystem spans storage, conveyance, sortation, robotics, autonomous vehicles, and software solutions. Company Report, SP2 Analytics Research

Dematic's integrated approach allows customers to combine automation technologies and software within a single platform, enabling the optimization of both physical material flow and information flow throughout warehouse operations.

Through its broad portfolio of automation technologies and software solutions, Dematic supports customers across a wide range of industries and serves as the technological foundation of KION's automation strategy.

Dematic's Lifecycle Business Model Supports Recurring Revenue Generation

Dematic supports customers throughout the entire warehouse lifecycle, creating long-term customer relationships that extend beyond the initial automation project. The business model encompasses solution development, project implementation, and lifecycle services, enabling the Company to participate throughout the operational life of customer facilities.

The process begins with solution development activities, including consulting, engineering, system design, simulation, and planning. Once a project is awarded, Dematic manages project implementation activities such as installation, integration, testing, and commissioning.

Following implementation, customers continue to utilize Dematic's lifecycle services, which include maintenance, spare parts, modernization programs, software support, remote monitoring, and digital services. These activities support long-term customer engagement while contributing to recurring revenue generation.

The lifecycle business model enables Dematic to generate revenue throughout the duration of customer relationships while supporting operational reliability and system performance across warehouse environments.

Exhibit 8: Dematic's business model combines solution development, project implementation, and long-term lifecycle services, supporting recurring revenue generation and operational profitability. Source: Company Reports, SP2 Analytics Research

Artificial Intelligence, Robotics, and Strategic Partnerships

KION's AI and robotics capabilities are beginning to generate commercial traction, as evidenced by IAS order intake metrics. From an IAS segment perspective, the strategic significance of these partnerships lies in their ability to reduce project implementation timelines, lower commissioning risk, and support higher software content per project. Increased software intensity per automation project improves gross margin profile and supports the shift toward recurring software and service revenues within IAS.

The Dematic iQ software platform is central to this evolution. The platform integrates warehouse management, warehouse execution, and material flow control within a single software layer, enabling customers to manage automation systems and manual processes through a unified operational environment. As Dematic iQ adoption scales across the installed base of automation systems, software subscription revenues are expected to become an increasingly meaningful and high-margin contributor to IAS segment revenue.

The strategic investment in ZIKOO Robotics extends KION's capabilities into next-generation warehouse robotics, complementing Dematic's established automation portfolio with flexible, AI-enabled robotic solutions. ZIKOO's technology is designed to address fulfillment environments that require greater adaptability than traditional fixed-infrastructure systems, making it particularly relevant as retail and e-commerce customers increasingly demand reconfigurable automation capable of handling variable SKU complexity and fluctuating order volumes.

Taken together, these technology investments support both the near-term IAS margin recovery narrative and the longer-term structural shift toward a higher-quality, software-enriched revenue mix within the automation segment. Management has indicated that service and software revenues within IAS are expected to grow at a structurally faster rate than new project revenues over the medium term, creating a margin-accretive mix shift as the business scales.

Diversified End-Market Supports Long-Term Demand

IAS serves customers across a broad range of industries, reducing dependence on any single end market. E-commerce represents the largest vertical, followed by grocery, general merchandise, food & beverage, wholesale distribution, manufacturing, healthcare, and third-party logistics providers. This diversified exposure enables the segment to participate in multiple automation investment cycles while benefiting from the ongoing modernization of global supply chains.

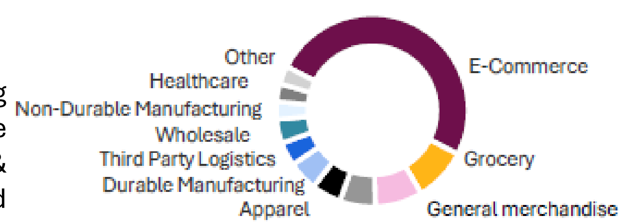


Exhibit 9: KION benefits from diversified end-market exposure across industrial sectors. Source: Company Reports, SP2 Analytics Research

Long-term demand for warehouse automation remains supported by powerful structural trends, including labour scarcity, supply chain optimization, digitalization, and e-commerce growth. Combined with Dematic's market position, broad technology portfolio, software capabilities, and expanding service business, IAS is well positioned to benefit from increasing automation adoption across global supply chains.

MANAGEMENT OVERVIEW

KION's Executive Board and senior management team comprise experienced professionals with a proven track record in industrial technology, supply chain automation, software, and corporate finance. This diverse international team brings decades of industry expertise to drive the Company's 'Playing to Win' transformation and operational excellence across its global platform

Rob Smith – Chief Executive Officer (CEO)

Rob Smith leads KION GROUP as Chief Executive Officer. He brings extensive strategic leadership experience in global industrial technology companies. Under his leadership, KION launched the transformative 'Playing to Win' strategy in 2025 and accelerated the group's AI and automation transformation. He leads engagement with key strategic partners, including NVIDIA and Accenture and is driving KION's positioning as 'The Supply Chain Solutions Company'. He oversees both the ITS and IAS segments and is responsible for group-wide capital allocation and strategic priorities.

Christian Harm – Chief Financial Officer

Christian Harm serves as Chief Financial Officer of KION Group and is responsible for finance, treasury, accounting, controlling, investor relations, and capital allocation. Having held senior leadership positions within KION for more than two decades, he played important roles in the Group's IPO, the acquisition of Dematic, and the implementation of the KION 2027 strategy. He currently oversees financial discipline, balance sheet management, and the execution of KION's operational efficiency initiatives.

Valeria Gargiulo – Chief People & Sustainability Officer (CPSO)

Valeria Gargiulo is responsible for KION's people strategy, organisational development, and sustainability reporting. She leads implementation of the ESRS sustainability disclosures in KION's Annual Report and the group's journey toward science-based emissions targets. She ensures ESG performance is embedded in strategy execution, and leads the diversity, equity, and inclusion agenda across KION's global workforce of more than 42,000 employees

Andreas Krinninger– President, KION ITS EMEA

Andreas Krinninger is President of KION ITS EMEA and is responsible for KION's Industrial Trucks & Services business across Europe, the Middle East, and Africa. He oversees the Linde Material Handling and STILL brands within the region and is responsible for sales, service, manufacturing operations, and profitability. Under his leadership, KION continues to strengthen its market-leading position in EMEA while advancing fleet electrification, digital solutions, and recurring service revenue growth.

Ching Pong Quek – Chief Technology Officer (CTO) & President KION ITS Asia Pacific

Ching Pong Quek serves as Chief Technology Officer of KION Group and President of KION ITS Asia Pacific. He is responsible for the Group's global technology strategy, innovation roadmap, product development, and engineering activities. He also leads KION's Industrial Trucks & Services business across Asia-Pacific, supporting the expansion of electric material handling solutions, automation technologies, and next-generation warehouse equipment across key growth markets.

Michael Larsson – President KION Supply Chain Solutions (SCS) & ITS Americas

Michael Larsson leads KION Supply Chain Solutions and KION ITS Americas. He is responsible for the Group's warehouse automation activities, including the Dematic business, as well as industrial truck operations across the Americas region. His responsibilities include automation growth, software solutions, project execution, and the expansion of KION's integrated supply chain solutions platform. He plays a key role in advancing the Group's automation strategy and strengthening its position in warehouse technology markets.

Hasan Dandashly – President & CEO, Dematic

Hasan Dandashly leads the Dematic business the global leader in warehouse automation. He has been driving Dematic's strategic transformation from a project-centric integrator toward a software-led, recurring revenue model. His focus areas include the NVIDIA Omniverse AI partnership, the Dematic iQ software platform, the commercialization of AMR and autonomous solutions, and the recovery of IAS margins through improved project management and new-business mix.

'Playing to Win' Strategy: Transforming KION into The Supply Chain Solutions Company

Launched in 2025, KION's **'Playing to Win'** strategy marks a decisive inflection point in the company's corporate trajectory, shifting from a product-centric industrial truck manufacturer to a fully integrated, AI-enabled supply chain solutions provider. The strategy rests on four interdependent strategic pillars that collectively drive industry leadership, digital transformation, recurring revenue growth, and operational excellence. This strategy is not merely a set of aspirational targets but a clearly sequenced execution roadmap, supported by a quantified and time-bound efficiency programme, strategic technology partnerships, and a fundamentally strengthened management team.

Pillar 1: Industry Leadership and Market Expansion KION's strategy prioritizes defending and extending its global leadership in industrial trucks through EMEA market share consolidation, Americas and Asia-Pacific expansion, and broadening the premium Linde and STILL brands' footprint in growing markets. In warehouse automation, the strategy positions Dematic to capitalize on the accelerating global demand for automation by expanding its geographic reach in the Asia-Pacific region, where automation adoption remains nascent relative to EMEA and North America. The multi-brand ITS architecture enables KION to compete at every price point, from Linde's ultra-premium positioning to Baoli's economy offering, ensuring no customer segment is left underserved.

Pillar 2: AI and Digital Transformation focuses on integrating software, artificial intelligence, and digital technologies across KION's industrial trucks, automation systems, and supply chain solutions. Through partnerships with NVIDIA, Accenture, and Siemens, the Company is advancing digital twin and Physical AI capabilities to improve warehouse design, deployment, and operational performance. Management believes these technologies will enhance customer productivity, strengthen competitive differentiation, and support long-term growth in software and service revenues.

Pillar 3: Service and Recurring Revenue Growth A core strategic objective of 'Playing to Win' is to shift KION's revenue mix toward higher-margin, recurring service, software, and subscription revenues. In ITS, the target is to grow the service share of segment revenue through expanded maintenance contracts, fleet management subscriptions, and telematics services across the ~2M-unit installed base. In IAS, the strategy is to accelerate the transition from project-based revenues toward recurring lifecycle services, software subscriptions, and managed services, a business model transformation that improves revenue predictability, gross margins, and earnings quality. This is the most underappreciated long-term value driver in the current KION investment case.

Pillar 4: Operational Excellence and Margin Recovery is centered on KION's efficiency program, which targets sustainable annual cost savings of €140–160 million and is expected to be fully effective by the end of 2026. The program addresses both structural and variable costs across the Group, with one-off implementation expenses of approximately €240–260 million largely recognized in 2025. Management has reported solid progress in implementation and reaffirmed that the program remains on track. Combined with improving order intake trends in the IAS segment and expectations for higher revenues, improved project margins, and continued growth in the high-margin service business, the initiative is expected to support profitability improvement over the medium term. We view the successful execution of the efficiency program and the realization of the targeted savings as a key operational milestone and an important driver of margin expansion.

Management has consistently met all development milestones of the 'Playing to Win' program to date; restructuring charges are substantially recognized in 2025, and the first meaningful cost savings are expected to be visible in H1 2026 results, providing an early proof point of execution that we expect to be a material positive catalyst for the stock.

Market Dynamics: Structural Demand Tailwinds And Resilient Long-term Automation Demand

Warehouse Automation: Growth Momentum Rebuilding as Investment Activity Improves

Long-term demand for warehouse automation remains underpinned by the increasing digitalization of supply chains, growing labor cost pressures, and the need for greater flexibility in warehouse operations. Companies are increasingly adopting automation solutions to improve throughput, optimize resource utilization, reduce operational costs, and enhance service levels, supporting continued investment across a broad range of industries and end markets.

Regional demand trends remain differentiated. The Americas continues to represent the strongest growth opportunity, supported by healthy logistics activity, ongoing investment in distribution infrastructure, and increasing adoption of automation technologies. Europe presents a mixed environment, with retail, grocery, and parcel logistics remaining comparatively resilient, while industrial investment activity remains subdued in certain manufacturing-focused markets.

China continues to experience slower demand growth relative to historical levels as customers adopt a more cautious approach to capital expenditure. Nevertheless, industry forecasts remain constructive through the remainder of the decade, supported by favorable structural drivers and increasing automation penetration across warehouse operations.

The warehouse automation industry remains concentrated among a relatively small group of global providers capable of delivering complex end-to-end solutions. Dematic, the automation business of KION Group, maintains a leading position globally by revenue, competing alongside companies such as Symbotic, Daifuku, Vanderlande, KNAPP, SSI Schäfer, Honeywell, and AutoStore. Competitive differentiation is increasingly driven by software, robotics, artificial intelligence, and lifecycle service capabilities, as customers place greater emphasis on integrated platforms that optimize material flow, warehouse execution, and long-term operational performance.

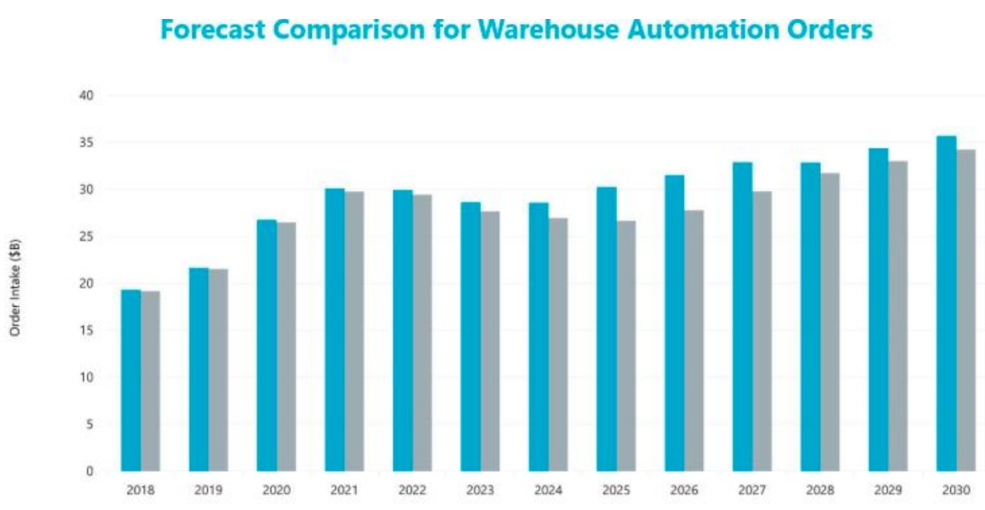


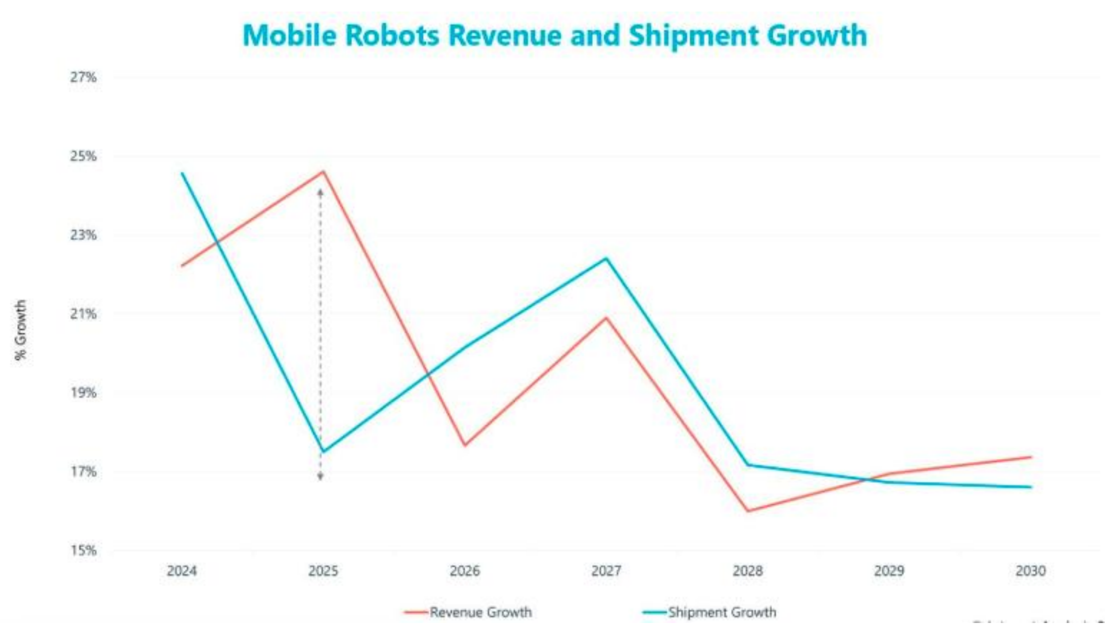
Exhibit 10: Warehouse Automation orders for the overall industry (Nov 2025, May 2025), Source: Interact Analysis

Automation and Robotics: Fastest-Growing Segment of Warehouse Automation

Automation and robotics continue to represent the most attractive growth segment within the broader warehouse automation market. Revenue growth for Autonomous Mobile Robots (AMRs) and Automated Guided Vehicles (AGVs) is projected to have reached approximately 24% in 2025, significantly outpacing overall warehouse automation growth. While shipment growth is expected to have moderated from approximately 24.5% in 2024 to 18% in 2025, revenue growth remains elevated due to increasing system sophistication, greater software content, and higher average selling prices.

The rapid adoption of mobile automation reflects the growing preference among warehouse operators for scalable and flexible solutions that can be deployed faster and adapted more easily than traditional fixed infrastructure. Technological competition is increasingly centered on high-throughput fulfilment environments, where mobile tote-to-person systems are beginning to challenge traditional shuttle-based architectures. Industry forecasts suggest that shuttle systems, which represented roughly 70% of high-throughput installations in 2024, could see their share decline materially by 2030 as mobile robotics providers continue to improve productivity and throughput performance.

For KION, this trend represents a significant strategic opportunity. The strong recovery in IAS's order intake during 2025 reflects improving customer demand for advanced automation systems and robotics-enabled fulfilment solutions. As warehouse operators increasingly prioritize flexibility, labor productivity, and software-driven optimization, mobile automation is expected to remain one of the fastest-growing areas within the broader logistics technology ecosystem.



Source: Interact Analysis

Exhibit 11: Mobile automation robots industry revenue vs shipment growth, Source: Interact Analysis

Structural Demand Drivers Supporting Long-term Industry Growth

Several powerful secular trends continue to support long-term demand for warehouse automation, robotics, and intelligent material handling solutions.

The increasing adoption **of artificial intelligence, digital twins, and software-defined logistics infrastructure** is fundamentally transforming warehouse operations. The commercialization of warehouse simulation, AI-driven picking optimization, and real-time labor allocation software has accelerated the pace of automation adoption and improved the financial return profile of automation investment for customers. As supply chains grow in complexity, software-defined logistics is emerging as a distinct competitive layer, rewarding providers with proprietary platforms over those offering hardware-only solutions.

Labour shortages remain another significant structural demand driver. Across Europe and North America, demographic changes, rising wage inflation, and persistent labour scarcity continue to increase the economic attractiveness of automation relative to manual processes. This trend is particularly relevant in warehouse operations where labour-intensive workflows face growing recruitment and retention challenges.

The continued expansion of e-commerce also remains a major catalyst for automation adoption. Rising fulfilment complexity, increasing order volumes, and consumer expectations for faster delivery times are driving investment in automated storage, robotic picking systems, and micro-fulfilment solutions. At the same time, urbanization trends are increasing demand for smaller, highly automated distribution facilities capable of operating efficiently in constrained environments.

Global Industrial Truck Industry: Structural Growth Supported by Electrification and Logistics Expansion

The global forklift market is projected to expand significantly from approximately USD 58 billion in 2023 to USD 212.6 billion by 2033, reflecting sustained long-term demand across industrial, logistics, and warehousing applications. Growth is expected to be broad-based across all product categories, with Class 3 Electric Motor Hand/Rider Trucks remaining the largest segment throughout the forecast period, supported by expanding warehouse activity and increasing adoption of electric pallet trucks and stackers. Class 4/5 Internal Combustion Engine Trucks continue to account for a significant share of the market, driven by demand from construction, manufacturing, and other heavy-duty outdoor applications although this segment is expected to decline gradually as electrification accelerates. Meanwhile, Class 1 Electric Motor Rider Trucks and Class 2 Electric Narrow Aisle Trucks are expected to witness steady growth as warehouse operators increasingly invest in electrified fleets and high-density storage solutions.

The industry's growth outlook is supported by structural trends including warehouse modernization, rapid e-commerce expansion, supply chain optimization, and the ongoing transition toward electric material handling equipment. As businesses prioritize operational efficiency, sustainability, and lower total cost of ownership, demand for advanced electric forklifts and warehouse equipment is expected to strengthen further. The balanced expansion across both warehouse-focused electric trucks and heavy-duty industrial forklifts provides long-term growth opportunities for manufacturers with broad product portfolios, extensive service networks, and integrated material handling solutions.

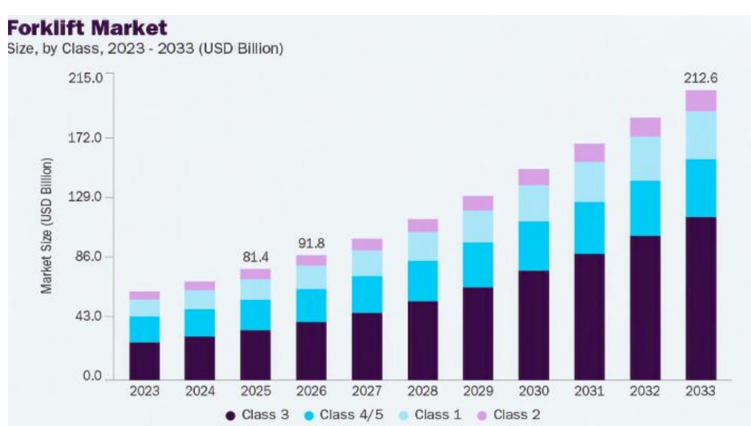


Exhibit 12: Forklift Market, source: Grand View Research

Exhibit 13: Forklift End Market, source: Grand View Research

Diversified End-Market Exposure

The global forklift market benefits from a diversified end-user base, supporting demand across multiple economic cycles. Industrial applications represent the largest end-use segment, driven by material handling requirements in manufacturing, automotive, metals, and heavy industries, while Retail & E-commerce and Logistics collectively account for a significant share of demand as warehouse expansion, fulfilment centers, and supply chain modernization continue to accelerate. Food & Beverage and Chemical industries further contribute to market growth through ongoing investments in warehousing and inventory management infrastructure. This balanced demand profile enhances the industry's resilience by reducing reliance on any single sector while creating long-term growth opportunities through increasing warehouse automation, rising logistics activity, and sustained industrial investment.

Industry Transformation Supports Long-Term Growth

The forklift industry is undergoing a structural transformation as manufacturers increasingly prioritize electrification, digital connectivity, and operational efficiency. Growing investments in industrial infrastructure, factory automation, and smart warehousing are accelerating the adoption of advanced material handling equipment capable of supporting high-volume and data-driven operations. The integration of telematics, IoT-enabled fleet management, and lithium-ion battery technology is enhancing equipment productivity, reducing maintenance requirements, and lowering the total cost of ownership, encouraging customers to modernize existing fleets with more efficient and sustainable solutions.

At the same time, the industry continues to evolve alongside broader warehouse automation trends. While the increasing deployment of Automated Guided Vehicles (AGVs) and Autonomous Mobile Robots (AMRs) is transforming repetitive material-handling activities, conventional forklifts remain an essential component of warehouse and manufacturing operations, particularly in applications requiring flexibility, heavy-load handling, and mixed workflows. Rather than replacing forklifts entirely, automation is driving the development of more intelligent and connected equipment, creating long-term opportunities for manufacturers that combine electrified products, digital capabilities, and integrated material handling solutions within a broader automation ecosystem.

Competitive Positioning: Unique Exposure To Both Industrial Trucks And Automation

KION's competitive positioning is best assessed using market share data rather than broad strategic claims. In the industrial truck market, KION brands collectively hold the number two global market share position by unit volume, trailing only Toyota Industries and ahead of Jungheinrich, Crown Equipment, and Hyster-Yale. In Europe specifically, KION maintains the number one position, a distinction particularly relevant given the region's relatively higher penetration of premium counterbalance forklifts and reach trucks, where Linde MH and STILL command strong brand loyalty and pricing power.

In warehouse automation, the competitive landscape is more fragmented and evolving more rapidly. KION's Dematic brand competes against Honeywell Intelligrated, Vanderlande (Toyota Industries), Swisslog (KUKA), Knapp, and a growing cohort of robotics-native challengers. Dematic's competitive strengths are concentrated in large-scale, high-throughput distribution center automation, particularly sortation systems, miniload ASRS, multi-shuttle systems, and goods-to-person solutions, where deep engineering experience, project execution track record, and lifecycle service networks create meaningful barriers to entry for both established players and new entrants.

Competitive Differentiators

Single Ecosystem	Cross-sell Depth	Global Reach
One Vendor, full stack	Equipment→ software→ service	Operational in 100+ countries

The Company's leadership positions further strengthen this competitive advantage. KION remains the world's second-largest supplier of industrial trucks by revenue and the market leader in EMEA, while Dematic holds a leading position in global warehouse automation. This combination creates opportunities for cross-selling, larger project participation, and deeper customer relationships that extend beyond individual products or systems. As the installed base of equipment and automation solutions expands, recurring service and support activities further reinforce customer retention and long-term value creation.

KION's ability to combine industrial trucks, automation technologies, software capabilities, and lifecycle services within a single ecosystem represents a meaningful competitive differentiator that few industry participants can replicate, positioning the Company favorably as supply chains become increasingly automated, connected, and software-driven.

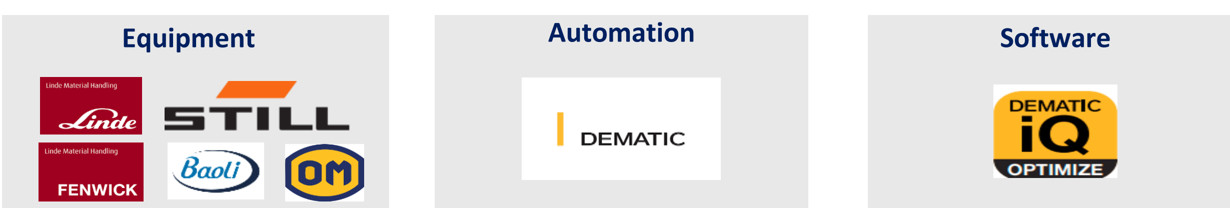


Exhibit 14: KION's Integrated Portfolio Across Equipment, Automation, and Software. Source: Company Reports, SP2 Analytics Research

EVALUATING FINANCIAL PERFORMANCE AND STRENGTH

KION's financial outlook reflects a balanced contribution from its Industrial Trucks & Services (ITS) and Intelligent Automation Solutions (IAS) segments. Our forecasts are based on management guidance, historical operating performance, segment-level trends, order intake development, backlog conversion, and the expected benefits of ongoing strategic initiatives. Revenue dynamics are expected to shift significantly from 2026E, driven by IAS's new-business recovery as legacy backlog clears and the efficiency program delivers cost savings, combined with ITS volume recovery as fleet electrification mandates drive replacement demand. We have forecasted the company's revenue based on two-stage growth assumptions:

- **Explicit Forecast Period (FY2025–FY2028E):** The first phase incorporates the recovery and progressive scaling of revenues from both ITS and IAS. Revenue projections are based on expected unit volumes, order book conversion rates, and service revenue growth.
- **Residual / Long-Term Period:** The second phase represents KION's mature-state growth beyond FY2028E. Revenue projections are based on a constant long-term growth rate of 1.3%, reflecting a normalized operating environment where growth broadly aligns with expected long-term inflation and economic expansion in KION's core markets. This conservative assumption captures the company's ability to maintain its market position while recognizing the cyclical nature of the industrial and automation sectors.

Year End 31st Dec (€m)	2024A	2025A	2026E	2027E	2028E
Revenue	**11,503**	**11,297**	**11,661**	**11,985**	**12,188**
YoY Growth %	*0.6%*	*(1.8%)*	*3.2%*	*2.8%*	*1.7%*
Gross Profit	3,094	2,950	3,045	3,236	3,352
Gross Margin %	*26.9%*	*26.1%*	*26.1%*	*27.0%*	*27.5%*
EBITDA	**1,917**	**1,701**	**1,889**	**1,970**	**2,019**
EBITDA Margin %	***16.7%***	***15.1%***	***16.2%***	***16.4%***	***16.6%***
EBIT	**778**	**501**	**660**	**756**	**803**
EBIT Margin %	***6.8%***	***4.4%***	***5.7%***	***6.3%***	***6.6%***
Adj EBIT	**917**	**789**	**900**	**949**	**949**
Adj EBIT Margin %	***8.0%***	***7.0%***	***7.7%***	***7.9%***	***7.8%***
PBT	590	354	541	622	675
Net Income	369	241	374	431	467
Net Margin %	*3.2%*	*2.1%*	*3.2%*	*3.6%*	*3.8%*
EPS (€)	2.75	1.75	2.78	3.21	3.48

Exhibit 15: Financial Performance Outlook (FY23–FY28E). Source: SP2 Analytics Research

Margin Recovery: From Restructuring Trough to Multi-Year Expansion

KION's profitability profile was significantly impacted in FY2025, with reported EBIT declining to €501 million and EBIT margin contracting to 4.4%, primarily reflecting restructuring expenses associated with the Company's operational efficiency initiatives. Despite the temporary earnings pressure, the underlying business continued to demonstrate resilience, supported by stable revenue generation and improving gross profitability.

Forecast reported EBIT to recover to ~€660 million in FY2026E, representing an EBIT margin of ~5.7%, as restructuring-related costs normalize and the benefits of ongoing cost optimization measures begin to materialize. Gross margin is expected to remain the same, i.e., ~26% in FY2025 to ~26% in FY2026E, supported by a more favorable business mix, operational efficiencies, and improving project execution within the IAS segment.

Adjusted EBIT is forecast to increase from €789 million in FY2025 to €900 million in FY2026E, with the Adjusted EBIT margin improving from 7.0% to 7.7%, reflecting the benefits of margin recovery and operational efficiency initiatives. Profitability is expected to strengthen further as the benefits of operational improvements and margin recovery continue to materialise. We forecast EBIT to increase to approximately €756 million in FY2027E, with the EBIT margin expanding to 6.3%, supported by improved project execution within IAS, a more favourable revenue mix, and continued cost efficiencies. Net income is projected to increase from €241 million in FY2025 to approximately €374 million in FY2026E and €431 million in FY2027E, resulting in a net profit margin of 3.6% in FY2027E. This earnings recovery is underpinned by stronger operational execution, an increasing contribution from high-margin recurring service revenues, disciplined cost management, and the gradual normalisation of demand across both the Industrial Trucks & Services (ITS) and Intelligent Automation Solutions (IAS) segments.

Strong Cash Generation and Conservative Balance Sheet

KION maintains a strong financial position supported by resilient free cash flow generation, disciplined capital allocation, and a conservative leverage profile. The Company's asset-light service business and improving profitability continue to support robust cash conversion, enabling consistent free cash flow generation across the cycle. Free Cash Flow (FCF) accounted for €715.2 million in FY2023 and €709.5 million in FY2025, despite restructuring activities within the IAS segment. FCF is expected to increase slightly to approximately €732 million in FY2026E due to higher capital expenditure and working capital requirements, before increasing to approximately €761 million in FY2027E, supported by improving operational performance and continued strategic investments. Strong cash generation provides KION with the financial flexibility to fund capital expenditure, pursue automation and technology investments, strengthen its balance sheet, and maintain disciplined capital allocation.

The Company's balance sheet is expected to strengthen further over the forecast period, with cash and cash equivalents increasing from €474.9 million in FY2025 to €621.5 million in FY2026. Debt-to-EBITDA is forecast to improve from 0.62x in FY2025 to ~0.4x in FY2026E, highlighting KION's strong deleveraging capacity and financial flexibility. Combined with an equity ratio consistently above 33%, the Company remains well-positioned to finance future growth initiatives while maintaining a robust balance sheet.

BALANCE SHEET & CASH FLOW						
Year End 31st Dec (€m)	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
Cash & Equivalents	312	787	475	621	1,089	1,539
Total Assets	17,388	18,805	18,295	18,579	19,276	19,969
Total Equity	5,773	6,207	6,123	6,400	6,718	7,063
Equity Ratio	*33.2%*	*33.0%*	*33.5%*	*34.4%*	*34.9%*	*35.4%*
Capex	443	463	396	466	479	488
FCF	715	702	710	732	761	814
FCF Margin	*6.3%*	*6.1%*	*6.3%*	*6.3%*	*6.3%*	*6.7%*

Exhibit 16: Overview of the Balance sheet and cash flow statement. Source: SP2 Analytics Research

Valuation

We value KION Group using a Discounted Cash Flow (DCF) methodology, which we believe best captures the Company's long-term earnings power, recurring cash-generation profile, and expected margin-improvement trajectory. The valuation is based on projected free cash flows over the explicit forecast period and a terminal value that reflects the sustainable cash-generating capability of the business beyond the forecast horizon.

The following developments will act as important valuation drivers over the medium term:

- Continued recovery in IAS order intake, project execution, and backlog conversion
- Expansion of service revenue contribution, supporting margin resilience and cash flow visibility
- Successful implementation of the Company's operational excellence and cost-efficiency initiatives
- Ongoing normalization of supply chain and project execution conditions across automation activities
- Increased adoption of warehouse automation, AI-enabled software solutions, and integrated supply chain offerings
- Growth in electric and energy-efficient material handling equipment to be driven by sustainability requirements and fleet replacement demand
- Improvement in free cash flow conversion supported by disciplined capital allocation and working capital management
- Further margin enhancement through a more selective project mix and operational leverage

Discounted Cash Flow (DCF) Valuation										
(€m)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	660	756	803	848	845	857	878	891	906	923
LESS - TAXES	(167)	(192)	(208)	(216)	(212)	(212)	(215)	(215)	(217)	(219)
NOPAT/NOPLAT	**494**	**564**	**595**	**631**	**633**	**645**	**663**	**676**	**689**	**704**
Depreciation & Amortisation	1,229	1,214	1,216	1,229	1,250	1,275	1,305	1,339	1,376	1,415
Capex	(466)	(479)	(488)	(496)	(498)	(506)	(514)	(521)	(528)	(535)
Δ Working Capital	181	204	263	71	29	84	92	101	110	119
Free Cash Flow to the firm	**1,075**	**1,095**	**1,060**	**1,294**	**1,356**	**1,330**	**1,362**	**1,393**	**1,427**	**1,465**
Discount Rate	0.91X	0.82X	0.75X	0.68X	0.62X	0.56X	0.51X	0.46X	0.42X	0.38X
PV of FCFF	**976**	**901**	**792**	**877**	**834**	**742**	**690**	**640**	**595**	**555**

Exhibit 17: DCF Valuation Forecast (2026E–2035E)

The forecast indicates a gradual strengthening of KION's cash-generating capability over the explicit forecast period, supported by improving operating profitability and disciplined capital allocation. NOPAT is expected to increase steadily as margin recovery initiatives and operational efficiencies offset higher investments in growth, while depreciation and capital expenditure remain broadly aligned with the Company's long-term expansion strategy. Working capital requirements normalize over the forecast horizon, supporting stronger free cash flow generation and reinforcing KION's ability to create sustainable shareholder value.

The valuation framework assumes that KION continues to strengthen profitability through a combination of service-led growth, improved automation execution, and benefits from cost optimization measures.

The forecast period reflects gradual recovery in automation markets, stable demand across industrial trucks and services, and continued focus on enhancing return on capital and cash generation. Applying a WACC of 10.20% and a terminal growth rate of 1.3%, we derive an Enterprise Value of €13.9 billion and a Fair Value of Equity of €8.6 billion.

This results in an intrinsic value of approximately €65.64 per share, compared with the current market price of €41.07, implying a potential upside of approximately 59.83%. While macroeconomic uncertainty, industrial production trends, customer investment cycles, and project execution risks remain key factors to monitor, the current valuation does not fully reflect KION's improving earnings quality, strong free cash flow generation, margin recovery initiatives, and ability to benefit from long-term structural trends in automation, electrification, and supply chain modernization.

Valuation Summary	(in €m unless stated)
Discount Rate (WACC)	10.2%
Terminal Growth Rate	1.3%
PV of FCFF – Explicit Period (2026–2035E)	7,604
PV of Terminal Value	6,312
Enterprise Value	**13,917**
(–) Financial Debt & Leases	(5,887)
(–) Non-Controlling Interests	(10)
(+) Cash & Cash Equivalents	475
(+) Investment / Associates	113
Fair Value of Equity	**8,606**
Weighted Avg. Shares Outstanding (M)	131.1
Intrinsic Value per Share	**€65.64**
Current Market Price (CMP)	**€41.07**
Upside / (Downside)	**+59.83%**

Exhibit 18: Discounted Cash Flow (DCF) Valuation Summary

Appendix

Year-end 31 Dec. (in €m)	2024A	2025A	2026E	2027E	2028E
INCOME STATEMENT					
Revenue	**11,503**	**11,297**	**11,661**	**11,985**	**12,188**
YoY Growth %	***0.6%***	***-1.8%***	***3.2%***	***2.8%***	***1.7%***
Cost of Sales	(8,409.7)	(8,347)	(8,616)	(8,749)	(8,836)
Gross Profit	3,093	2,950	3,045	3,236	3,352
Margin %	*26.9%*	*26.1%*	*26.1%*	*27.0%*	*27.5%*
Selling Expenses	(1,206)	(1,283)	(1,238)	(1,297)	(1,332)
R&D Costs	(260)	(259)	(257)	(270)	(274)
Administrative Expenses	(835)	(913)	(894)	(919)	(951)
Other Income	115	138	133	136	142
Other Expenses	(145)	(143)	(143)	(146)	(151)
EBIT	**778**	**501**	**660**	**756**	**803**
Margin %	***6.8%***	***4.4%***	***5.7%***	***6.3%***	***6.6%***
Adj EBIT	**917**	**789**	**900**	**949**	**949**
Margin %	***8.0%***	***6.9%***	***7.8%***	***8.2%***	***8.3%***
Net Financial Expenses	(188)	(147)	(119)	(133)	(128)
Income Taxes	(220)	(113)	(167)	(192)	(208)
Net Income	**369**	**240**	**374**	**431**	**467**
Margin %	**3.2%**	**2.1%**	**3.2%**	**3.6%**	**3.8%**
EPS (€)	2.75	1.75	2.78	3.21	3.48
BALANCE SHEET					
ASSETS					
Non-Current Assets					
Goodwill	3,648	3,451	3,451	3,451	3,451
Other Intangible Assets	2,167	2,022	2,022	2,022	2,022
Leased Assets	1,631	1,726	1,801	1,880	1,961
Other PPE	1,986	2,013	1,875	1,791	1,740
Current Assets					
Inventories	1,749	1,632	1,567	1,508	1,403
Trade Receivables	1,696	1,528	1,495	1,480	1,468
Cash & Equivalents	787	475	621	1,089	1,539
Total Assets	**18,805**	**18,295**	**18,579**	**19,276**	**19,969**
EQUITY & LIABILITIES					
Equity					
Subscribed Capital	131	131	131	131	131
Capital Reserve	3,827	3,827	3,827	3,827	3,827
Retained Earnings	2,136	2,269	2,533	2,834	3,163
Non-Current Liability	7,088	7,065	7,025.2	7,258.9	7,456
Current Liabilities	5,510	5,107	5,154	5,299	5,450
Total Equity & Liabilities	**18,805**	**18,295**	**18,579**	**19,276**	**19,969**
Cash Flow from Operations	1,171	1,132	1,198	1,240	1,301
Capex	(463)	(396)	(466)	(479)	(487)
Free Cash Flow	**702**	**709**	**732**	**761**	**814**
FCF Margin %	*6.2%*	*6.5%*	*6.3%*	*6.3%*	*6.7%*

Risk Profile

Macroeconomic Cyclicality and Industrial Truck Demand:
KION's ITS business is closely linked to global manufacturing activity, industrial production, and customer capital expenditure. A prolonged economic slowdown could reduce forklift demand, delay fleet replacement cycles, and pressure equipment margins.
Mitigation: Recurring aftermarket activities (service, maintenance, rentals, and telematics) account for roughly half of ITS revenue, providing resilient cash flows during weaker equipment demand.

IAS Project Execution and Margin Recovery:
IAS profitability depends on disciplined execution of large fixed-price automation projects, successful conversion of its order backlog, and continued improvement in project selection. Cost overruns, implementation delays, or slower commercialization of AI-enabled solutions could delay margin expansion.
Mitigation: Management has tightened project governance, improved pricing discipline, reduced exposure to large-risk contracts, and completed most legacy low-margin projects.

Geopolitical and Supply Chain Risk:
KION operates global manufacturing and sourcing networks across Europe, Asia, and the Americas. Trade restrictions, tariffs, geopolitical tensions, or component shortages could increase input costs, disrupt production, and delay customer deliveries.
Mitigation: A diversified manufacturing footprint, localized sourcing strategy, and multiple suppliers for key components reduce concentration risk.

Competitive Pressure from Chinese Manufacturers:
Chinese forklift manufacturers continue expanding internationally with aggressive pricing, particularly in value-oriented markets. Increased competition may pressure market share and pricing for Baoli and entry-level product offerings.
Mitigation: Premium brands such as Linde and STILL benefit from strong technology, service networks, customer loyalty, and higher switching costs, while Baoli provides an efficient platform for economy segments.

Interest Rate and Financing Risk:
KION's leasing business and debt portfolio expose earnings to higher financing costs during periods of elevated interest rates. Rising borrowing costs could reduce leasing profitability and cash flow generation.
Mitigation: The company employs interest-rate hedging, maintains investment-grade financing access, and benefits from asset-backed lease receivables.

Foreign Exchange and Commodity Price Risk:
Operations across multiple currencies expose KION to FX fluctuations, while volatility in steel, batteries, semiconductors, and other raw materials can put pressure on manufacturing margins.
Mitigation: Natural currency hedging, financial derivatives, long-term supplier agreements, and pricing mechanisms help offset part of these risks.

Governance and Majority Shareholder Risk:
Weichai Power's ~46.5% ownership provides significant influence over strategic decisions and capital allocation, which may create governance concerns for minority shareholders.
Mitigation: KION operates under Germany's corporate governance framework with an independent supervisory board and established governance controls.

Let's Connect:

About SP2 Analytics: We specialise in providing quality offshore analysts who help our clients to effectively manage their work in the field of investment research and consulting. We provide our clients with a highly skilled workforce, mainly focusing on qualified Chartered Accountants (CA), CFAs, and MBA Finance professionals.
Incorporated in India, we have the knowledge and skill set to become a trusted partner of Investment banks, Private Equity Firms, Venture Capital Firms, Equity Research Companies, Asset Management Companies, etc.

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