KION Group generates broad-based growth in third quarter despite softer global economy

- Total value of order intake up by more than 9 per cent in third quarter
- Growth again outperforms global market: orders by units advance by 10 per cent in third quarter thanks to buoyancy of western Europe, Asia and eastern Europe
- Revenue for the quarter rises by more than 5 per cent year on year
- EBIT[1] increases by over 11 per cent to €111.8 million
- Further improvement in profitability: EBIT[1] margin climbs to 9.8 per cent in third quarter
- Free cash flow for the quarter rises more than 50 per cent
- Outlook for 2014 confirmed

Wiesbaden, 5 November 2014 – The KION Group generated visible growth on a broad front in the third quarter of 2014, despite a softer global economy. Thanks to the buoyancy of the KION Group’s core market western Europe, Asia and eastern Europe, the value of order intake increased to €1.142 billion – up by more than 9 per cent compared with the corresponding quarter of the previous year. While the KION Group's revenue between July and September went up by more than 5 per cent year on year, there was a significant rise of over 11 per cent in earnings before interest and tax (EBIT[1]). This drove the EBIT[1] margin from 9.3 to 9.8 per cent in the quarter under review.

The KION Group, one of the two leading suppliers of forklift trucks, warehouse technology and associated services, saw its unit order intake advance by 10.0 per cent in the third quarter whereas the market as a whole expanded by 6.4 per cent. In the period January to September, the KION Group generated growth of 8.9 per cent, compared with 8.3 per cent in the market as a whole. The KION Group also outperformed the market in both China and eastern Europe. In China, the largest single market, unit orders were up by 8.9 per cent in the third quarter and by 14.6 per cent over the first nine months of the year. Meanwhile, its order intake in eastern Europe increased by 16.3 per cent in the third quarter and by 11.8 per cent in the period January to September. The KION Group's unit orders in western Europe rose by 11.5 per cent in the third quarter and by 10.4 per cent in the nine-month period, which was slightly below the growth generated by the market as a whole.
"One of the reasons for our success in the third quarter and in the first nine months of 2014 is our strong service business, which generates stable revenues with attractive margins," said the KION Group's Chief Executive Officer, Gordon Riske. "The KION Group has therefore again proved the effectiveness of its integrated business model. Our resilience in the face of a softer global economy is strengthened by the diversity of our customer base, which encompasses a very broad range of industries."

The global market for industrial trucks saw further year-on-year growth, both in the third quarter and in the first nine months of 2014. Driven primarily by increases in western Europe and China, global unit order intake advanced by 6.4 per cent year on year to approximately 260,500 trucks in the third quarter (Q1-Q3 2014: 816,800 trucks, a rise of 8.3 per cent). In the third quarter, western Europe registered growth of 13.7 per cent (Q1-Q3 2014: growth of 12.6 per cent), while China's orders were up by 6.7 per cent (Q1-Q3 2014: up by 12.2 per cent). In the period July to September, orders in eastern Europe grew by 5.3 per cent (Q1-Q3 2014: growth of 2.4 per cent).

**Business performance in detail**

The **order intake** in units reported by the KION Group for the third quarter rose by 10.0 per cent to 35,300 trucks. In the period January to September 2014, this figure was up by 8.9 per cent to 115,200 trucks. There were substantial year-on-year increases in the value of order intake, both in the third quarter and in the first nine months. Order intake in value grew by 8.2 per cent to €3.566 billion in the period January to September 2014. There was growth of 9.2 per cent in the third quarter, taking order intake to €1.142 billion. As at 30 September 2014, the order book stood at €806.4 million, which was 16.3 per cent higher than at the end of 2013.

The KION Group's third-quarter **consolidated revenue** came to €1.139 billion, which exceeded the high comparative prior-year figure (Q3 2013: €1.082 billion) by 5.2 per cent. Over the nine-month period, revenue was up slightly year on year at €3.372 billion (Q1-Q3 2013: €3.317 billion). The strong service business made a significant contribution. Adjusted for currency effects of €39.7 million, the increase in revenue was 2.9 per cent.

**Earnings before interest and tax** (EBIT[1]) climbed by 11.3 per cent to €111.8 million in the third quarter. Over the nine-month period, EBIT[1] was slightly higher than in the corresponding period of the previous year at €308.7 million (Q1-Q3 2013: €300.9 million). The 22.1 per cent decline in reported EBIT in the third quarter is primarily attributable to the non-cash impairment of €32.0 million on the 30 per cent stake held in Linde Hydraulics, which had a negative impact on the profit (loss) from
equity-accounted investments. An offsetting effect arose from the revaluation of options in connection with Linde Hydraulics recognized in the financial result.

**Net income** amounted to €58.0 million in the third quarter, which was considerably more than in the corresponding period of last year (Q3 2013: €11.0 million). This increase was due to improved operating performance as well as improvements in the financial result reflecting in particular refinancing effects following the IPO. Net income for the first nine months of this year totalled €118.6 million, compared with €81.3 million in the corresponding period of 2013. **Earnings per share** came to €1.19 for the nine-month period (Q1-Q3 2013: pro-forma earnings per share of €0.82).

**Free cash flow** rose from €50.7 million in the third quarter of 2013 to €77.7 million in the same period of 2014. The principal reason for this trend was the net cash provided by an improvement in operating activities.

Total expenditure on **research and development** (R&D) amounted to €28.8 million in the third quarter (Q1-Q3 2014: €88.0 million), compared with €28.2 million in the corresponding quarter of last year (Q1-Q3 2013: €85.5 million). R&D spending as a proportion of revenue therefore stood at 2.5 per cent in the third quarter (Q1-Q3 2014: 2.6 per cent), following 2.6 per cent in the comparative quarter of last year (Q1-Q3 2013: 2.6 per cent).

The number of **employees** at 30 September 2014 was 22,724, which was up by 2.0 per cent compared with the end of 2013.

**KION GROUP AG joins the MDAX**

On 22 September 2014, KION GROUP AG joined the MDAX – 15 months on from its IPO. This promotion to the mid-cap segment will make KION shares even more visible and appealing to investors. Before that, the shares had been part of the small-cap SDAX index for about a year.

**Outlook**

The KION Group confirms the forecast provided in the 2013 Group management report.
The Company

The KION Group – comprising the six brands of Linde, STILL, Fenwick, OM STILL, Baoli and Voltas – is the largest manufacturer of industrial trucks in western and eastern Europe, the global number two in the industry and the leading non-domestic supplier in China. The Linde and STILL brands serve the premium segment worldwide. Fenwick is the largest supplier of material handling products in France, while OM STILL is a market leader in Italy. The Baoli brand focuses on the economy segment, and Voltas is a leading provider of industrial trucks in
India. The KION Group is present in more than 100 countries and, in 2013, employed over 22,000 people and generated revenue of €4.5 billion.

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