KION Group on course for a successful year 2015 following strong second quarter results

- Total value of order intake up by more than 9 per cent
- Net income grew considerably between April and June
- Growth outperforms global market: new truck orders increase by nearly 8 per cent in the second quarter, driven by western Europe and China
- Order book grows by over 21 per cent
- Revenue for the quarter rises by almost 10 per cent year on year
- EBIT[1] up by more than 6 per cent despite expenses for a payment to former dealer following court ruling
- Profitability remains at a high level, with EBIT[1] margin at 9.3 per cent

Wiesbaden, 6 August 2015 – The KION Group is on course for a successful year 2015 following a strong set of second quarter results. Thanks mainly to the dynamic demand in western Europe, the KION Group's core market, and market share gains in China, the value of order intake between April and June increased by 9.3 per cent year on year to reach €1.317 billion. The total value of the order book at the half-year mark stood at €927.6 million, an improvement of more than 21 per cent on the end of last year. In the second quarter of 2015, revenue rose by 9.8 per cent to reach €1.256 billion. Despite expenses of €6.5 million for a payment to a former dealer following a court ruling, the KION Group's EBIT[1] grew by 6.3 per cent to €116.4 million. As a result, the EBIT[1] margin was down slightly on the prior-year period, by 0.3 percentage points. At 9.3 per cent it still stood at a high level in the second quarter.

The KION Group, one of the world's two leading suppliers of forklift trucks, warehouse technology and associated services, recorded a 7.6 per cent increase in orders between April and June. It thereby clearly outperformed the global market, which grew by only 2.8 per cent. With growth of 9.9 per cent, the Group also outperformed its home market of western Europe (up 8.6 per cent). In China, the world's largest single market, the KION Group bucked the decline in the market overall (down by 7.7 per cent) by recording growth of 11.3 per cent in the second quarter.

"The KION Group continues to benefit from the recovery of the western European market and is also well positioned in China, the world's largest single market, thanks to its comprehensive market-specific product range. However, we cannot afford to relax our efforts to become even more competitive, particularly in light of the cost
situation in western Europe," said Gordon Riske, Chief Executive Officer of the KION Group. "The KION Group is adapting to new market requirements and future areas of business all the time: with Egemin Automation coming on board as a seventh brand company we are adding to our expertise and opportunities in the increasingly important field of system solutions for intralogistics and automation."

**Business performance in detail**

The **order intake** reported by the KION Group for the second quarter rose by 7.6 per cent to approx. 43,800 trucks. In the first six months, the Company's order intake was up by 6.9 per cent to approx. 85,400 units. Driven by the successful business in western Europe and Asia, the value of the order intake rose sharply on the prior-year period both in the second quarter and in the first six months overall, increasing by 9.3 per cent to €1.317 billion and by 8.2 per cent to €2.565 billion respectively. Positive currency effects contributed €43.9 million to the second quarter, and €78.2 million for the first half of the year. As at 30 June 2015, the order book stood at €927.6 million, which was 21.4 per cent higher than at the end of 2014.

**Consolidated revenue** increased by 9.8 per cent in the second quarter to reach €1.256 billion, a significant improvement on the previous year's level. The picture was similar for the first six months overall, with revenue for this period growing by 8.4 per cent to €2.421 billion. New truck business increased by 13.2 per cent in the second quarter and by 10.5 per cent in the first six months. Electric forklift trucks and warehouse trucks in particular exceeded clearly the previous year's level in the first half of 2015. The service business grew by nearly 6 per cent both in the second quarter and in the first six months. Positive currency effects contributed €41.4 million to revenue growth in the second quarter and €72.8 million to revenue growth in the first and second quarter combined.

In the second quarter of 2015, **earnings before interest and tax (EBIT[1])** increased by 6.3 per cent to €116.4 million, despite a court requiring the Company to expense €6.5 million for a pay-out to a dealer in France whose contract was terminated in 2008. EBIT[1] also increased in the first six months overall, by 6.6 per cent to €209.8 million. As a result of the court decision, the EBIT[1] margin was down slightly on the second quarter of 2014, falling 0.3 percentage points to 9.3 per cent; for the first six months overall, however, it held about steady at 8.7 per cent. Without the expenses for the payment under the court ruling, the margin would have stood at 9.8 per cent for the second quarter of 2015 and 8.9 per cent for the first and second quarters combined.

**Net income** in the period from April to June of this year amounted to €52.5 million compared with €32.8 million in the corresponding period of last year. This equates to
an increase of 60.0 per cent. The KION Group achieved net income of €94.3 million in the first half of 2015, an increase of 55.7 per cent on the prior-year level (2014: €60.6 million). This result was driven not only by the strong growth in EBIT[1] but also by the reduction in interest costs following the redemption of two corporate bonds in the second quarter of 2014. **Earnings per share** came to €0.94 for the first half of the year (H1 2014: earnings per share of €0.60).

**Free cashflow** declined from €42.1 million in the second quarter of 2014 to €28.8 million in the comparable period of 2015 and from €19.8 million in the first half of 2014 to €9.2 million in the first six months of this year. This was attributable to the seasonal and business-related increase in working capital and the expansion of the rental fleet aimed at supporting further growth.

Total **research and development** (R&D) spending in the second quarter of 2015 came to €33.4 million (H1 2015: €64.1 million) compared with €29.9 million in the corresponding quarter of last year (H1 2014: €59.3 million). R&D spending as a proportion of revenue therefore amounted to 2.7 per cent in the second quarter of this year (H1 2015: 2.6 per cent) compared with 2.6 per cent in the comparative quarter of last year (H1 2014: 2.7 per cent). This increase is partly attributable to costs in relation to innovations in drive technologies and to the implementation of the global platform strategy.

The number of **employees** at 30 June 2015 was 22,963, up by 1.3 per cent compared with the end of 2014.

**Acquisition adds to the KION Group's expertise in automation solutions**

In May, the KION Group announced the acquisition of the Belgian automation specialist Egemin Automation which will substantially add to KION's expertise and capabilities in the design and management of complex logistics automation projects. Egemin Automation will become the seventh brand in the KION Group. Together, Egemin and KION have great potential for providing the best possible solutions for customers in this field. The acquisition is a further milestone in the implementation of the KION Group Strategy 2020. The transaction is expected to be closed shortly.

**R&D strengthened by new organisation and fourth Executive Board member**

The KION Group is strengthening its research and development activities with a fourth Executive Board member and new organisational structures. Going forward, the KION Group will be centralising responsibility for the main technical functions in order to fully exploit the potential of cross-brand synergies in product development.
Since 1 August Dr Eike Böhm, as the fourth Executive Board member and Chief Technology Officer (CTO), has group-wide responsibility for all research and development activities for counterbalance trucks and warehouse technology as well as the development of product platforms in growth markets outside western Europe. He is also responsible for module and component development, innovation, product strategy, group-wide purchasing and quality management.

**KION Group included in another share index**

Since June 2015, the KION GROUP AG share has been included in the STOXX Europe 600 index, which comprises the 600 largest companies in Europe. Back in September 2014, the Company was included in the MDAX, the German stock index for medium-sized companies.

**Outlook**

The KION Group confirms the outlook for 2015 provided in the 2014 annual report, in which the Company expected a slight rise in order intake, revenue and adjusted EBIT compared with 2014. Furthermore, the KION Group expects that the adjusted EBIT margin will remain at its record prior-year level. Free cash flow is expected to be slightly below the strong level reported for 2014.
KION Group key performance indicators for the second quarter ended 30 June 2015 and the first six months overall

<table>
<thead>
<tr>
<th></th>
<th>Q2/2015</th>
<th>Q2/2014</th>
<th>Difference</th>
<th>H1/2015</th>
<th>H1/2014</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake (no. of units)</td>
<td>43,847</td>
<td>40,767</td>
<td>+7.6%</td>
<td>85,442</td>
<td>79,933</td>
<td>+6.9%</td>
</tr>
<tr>
<td>Order intake value[2]</td>
<td>1,317.3</td>
<td>1,204.8</td>
<td>+9.3%</td>
<td>2,565.2</td>
<td>2,371.6</td>
<td>+8.2%</td>
</tr>
<tr>
<td>Revenue of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Linde Material Handling</td>
<td>862.9</td>
<td>755.8</td>
<td>+14.2%</td>
<td>1,650.3</td>
<td>1,476.7</td>
<td>+11.8%</td>
</tr>
<tr>
<td>STILL</td>
<td>484.1</td>
<td>445.6</td>
<td>+8.6%</td>
<td>945.6</td>
<td>877.9</td>
<td>+7.7%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>182.1</td>
<td>138.3</td>
<td>+31.6%</td>
<td>329.4</td>
<td>277.3</td>
<td>+18.8%</td>
</tr>
<tr>
<td>Order book[3]</td>
<td></td>
<td></td>
<td></td>
<td>927.6</td>
<td>764.1</td>
<td>+21.4%</td>
</tr>
<tr>
<td>EBITDA[1]</td>
<td>206.6</td>
<td>193.5</td>
<td>+6.7%</td>
<td>388.0</td>
<td>364.8</td>
<td>+6.4%</td>
</tr>
<tr>
<td>EBITDA[1] margin</td>
<td>16.4%</td>
<td>16.9%</td>
<td></td>
<td>16.0%</td>
<td>16.3%</td>
<td></td>
</tr>
<tr>
<td>EBIT[1]</td>
<td>116.4</td>
<td>109.5</td>
<td>+6.3%</td>
<td>209.8</td>
<td>196.9</td>
<td>+6.6%</td>
</tr>
<tr>
<td>EBIT[1] margin</td>
<td>9.3%</td>
<td>9.6%</td>
<td></td>
<td>8.7%</td>
<td>8.8%</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>52.5</td>
<td>32.8</td>
<td>+60.0%</td>
<td>94.3</td>
<td>60.6</td>
<td>+55.7%</td>
</tr>
<tr>
<td>Free cashflow</td>
<td>28.8</td>
<td>42.1</td>
<td>-31.6%</td>
<td>9.2</td>
<td>19.8</td>
<td>-53.4%</td>
</tr>
<tr>
<td>Employees[3] (FTEs, incl.</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>apprentices/trainees)</td>
<td></td>
<td></td>
<td></td>
<td>22,963</td>
<td>22,669</td>
<td>+1.3%</td>
</tr>
</tbody>
</table>

[1] EBIT and EBITDA adjusted for KION acquisition items and non-recurring items
[2] Prior-year figures adjusted in line with the new method for calculating order intake introduced in 2015
[3] Figure as at 30 June 2015 compared with 31 December 2014
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. In May 2015 the KION Group announced plans to acquire Egemin Automation, a Belgian logistics automation specialist, which will become the Company’s seventh brand.

The KION Group is present in more than 100 countries and, in 2014, employed almost 23,000 people and generated revenue of around €4.7 billion. KION GROUP AG is listed on Deutsche Börse’s Frankfurt Stock Exchange, the MDAX (the German stock index for medium-sized companies) and the STOXX Europe 600 index, which comprises the 600 largest companies in Europe.

Disclaimer

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This release contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of technical studies, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. We do not undertake any responsibility to update the forward-looking statements in this release.
Further information for the media

Michael Hauger
Head of Corporate Communications
Tel.: +49 (0)611 770 655
michael.hauger@kiongroup.com

Frank Brandmaier
Head of Corporate Media Relations
Tel.: +49 (0)611 770 752
frank.brandmaier@kiongroup.com

Further information for investors

Frank Herzog
Head of Corporate Finance
Tel.: +49 (0)611 770 303
frank.herzog@kiongroup.com

Dr Karoline Jung-Senssfelder
Head of Investor Relations and M&A
Tel.: +49 (0)611 770 450
karoline.jung-senssfelder@kiongroup.com