Press Release

Weichai Power and KION Group Successfully Close Transaction to Form Long-term Strategic Partnership

- Weichai Power has joined KKR and Goldman Sachs Capital Partners as an anchor investor in KION with a 25% stake via capital increase
- EUR 671 million shareholder loan of KION converted into equity
- Weichai Power now the majority shareholder of Linde Hydraulics
- Linde Material Handling GmbH completes carve-out of Linde Hydraulics business and all 1,400 LHY employees agree to transfer to the new entity
- Aschaffenburg-based Linde Hydraulics business to move into new dedicated plant in 2015
- Supervisory board of KION to reflect new shareholder structure
- With sound organization structure, Linde Hydraulics can operate independently

Wiesbaden/Weifang, 27 December 2012 – Weichai Power Co., Ltd. (“Weichai Power”), KION Holding 1 GmbH (“KION”) and their respective subsidiaries (together with KION the “KION Group”) and the shareholders of KION today successfully closed and supplemented their strategic partnership, which was first announced on 31 August 2012. Weichai Power, a leading Chinese automotive and equipment manufacturer and part of the Shandong Heavy Industry Group (“SHIG”), and KION Group, one of the world’s leading manufacturers of industrial trucks, intend to strengthen their industrial base in the European markets, create additional opportunities for expansion for their Asia-Pacific businesses and build a platform for future joint growth.

Weichai Power, through its Luxembourg based subsidiary Weichai Power (Luxembourg) Holding S.à.r.l., acquired a 25% stake in KION by way of a capital increase, making it an anchor investor in KION Group alongside KKR and Goldman Sachs Capital Partners. In addition, Weichai Power now holds a 70% majority stake in Linde Hydraulics GmbH & Co. KG (“Linde Hydraulics”), which comprises the carved-out former hydraulics business activities of Linde Material Handling GmbH. The remaining 30% continue to be held by Linde Material Handling GmbH. In addition to the existing call option enabling Weichai Power to increase its shareholding in KION to 30% on a fully diluted basis upon the completion of a potential future IPO, the parties agreed to grant Weichai Power a further option to acquire an additional 3.3% stake in KION from the current shareholders until 30 June 2013 or within three months after completion of a potential future IPO. If Weichai holds at least 33.3% of KION, the parties will support the election of a Weichai Power representative to Chairman of the Supervisory Board of KION.
For Weichai Power, venturing into the world's leading forklift and high-end hydraulic fields has brought about clear improvements to the structure of its corporate product division, as well as to its upgrading of enterprise products. In addition, there is greater rationalization of its corporate global strategic business structure.

For KION Group, the strategic partnership with Weichai Power provides additional access to key Asian growth markets as it will leverage Weichai Power’s strong local roots and relationships. KION Group will also have access to a larger supplier base throughout China and Europe.

Following the successful carve-out, the hydraulics business of Linde is now being operated and managed by the independent company Linde Hydraulics. Weichai Power holds 70% in Linde Hydraulics through a subsidiary, while Linde Material Handling GmbH retains a 30% minority stake in the newly formed company. Linde Hydraulics continues to market its products under the Linde trademark. The existing Strategic Sales Agreement between Linde Hydraulics and Eaton Corporation, which has been reasonably amended, remains in place. Through its partnership with Weichai Power, Linde Hydraulics will gain additional scale and will improve its ability to adapt in a changing market environment and amid increasingly intensive competition. Linde Hydraulics will leverage Weichai Power’s complementary products and technologies in an effort to exploit untapped market potential, particularly in the growing Asia region.

Weichai Power has invested a total of EUR 738 million, including EUR 467 million paid in to acquire its 25% stake in KION through a capital increase and EUR 271 million paid to Linde Material Handling GmbH for its 70% majority stake in Linde Hydraulics. Proceeds from this transaction will further strengthen KION Group’s capital structure. A large portion of the proceeds will be used for repaying outstanding debt under KION Group’s senior facilities. In addition to the received cash proceeds, an outstanding EUR 671 million shareholder loan granted by the shareholders to KION that would have matured in 2021 was converted into equity in connection with the closing.

Tan Xuguang, Chairman and CEO of Weichai Power, said: “Our teams have done a tremendous job in closing this transaction in a very short timeframe, and have thus helped our strategic partnership get off to an encouraging start. We will now make an immediate start to implementing our common growth strategy in the area of hydraulics. The new Aschaffenburg-based Linde Hydraulics plant is set to start operations in 2015. Also, teams from Linde Hydraulics and Weichai Power have already started to explore a wide range of applications for Linde Hydraulics technologies in Weichai Power products. Our options to increase our overall shareholding in KION up to 33.3% demonstrate our strong commitment to the common goals of KION Group and Weichai Power.”
Gordon Riske, CEO of KION Group, said: “The closing of this long-term strategic partnership is a milestone in our strategy to continuously expand our forklift truck business in the growing Asian and Chinese markets. Moreover, the additional enhancement of our capital structure provides exciting opportunities with which we can build on our growth strategy. Our teams have successfully completed all of the more than 3,000 action items in less than four months. This is a considerable achievement which highlights our exceptional execution capabilities and spirit that the two partners share.”

Johannes Huth, Member & Head of KKR Europe, and Alexander Dibelius, Head of Goldman Sachs Germany, Austria and Central and Eastern Europe, added: “We very much look forward to the additional growth opportunities this partnership brings to KION to continue its highly successful development trend over the past years. This strategic partnership is part of our strategy to further enhance KION Group’s global business presence so as to exploit the vast market opportunities in markets outside Europe.”

The long-term strategic partnership between Weichai Power and KION Group will also be reflected in the governance structure of KION and Linde Hydraulics.

Jiang Kui, President of Shandong Heavy Industry Group and Director of Weichai Power, will join the Supervisory Board of KION, which will continue to be led by Chairman John Feldmann. Jiang will succeed Michael Süß, member of the executive board of Siemens AG, who will leave the KION Supervisory Board. All other members of the Supervisory Board of KION will retain their current positions.

The Supervisory Board of the newly established Linde Hydraulics will consist of Jiang Kui (Chairman), Sun Shaojun and Jeffrey Chen, all of whom were nominated by Weichai Power, as well as Theodor Maurer, who was nominated by Linde Material Handling, and who will ensure full continuity in the business relationship between Linde Hydraulics and Linde Material Handling as one of the continued key customers of Linde Hydraulics. The respective employee representatives have yet to be nominated.

Jörg Ulrich (Speaker of the Management Board and Head of Finance and Administration, age 42), Steffen Appel (Head of Operations, age 45), and Thorsten Van der Tuuk (Head of Products and Markets, age 56) have been appointed to the Management Board of Linde Hydraulics.
Gordon Riske, CEO of KION Group, Tan Xuanguang, Chairman and CEO of Weichai Power, Alexander Dibelius, Head of Goldman Sachs Germany, Austria and Central and Eastern Europe, and Johannes Huth, Member and Head of KKR Europe, (from left) form a long-term strategic partnership between KION Group and Weichai Power in Wiesbaden/ Germany, Thursday, 27th, December 2012.

About Weichai Power
Weichai Power Co., Ltd. (2338HK/000338SZ) is a leading automotive and equipment manufacturing group in China. It operates in three main business segments: power assembly (including engines, gear boxes and axles), commercial vehicles, and automobile electronics and parts, encompassing one of the most comprehensive product ranges in the industry. Weichai Power has the highest sales volume globally in high-speed heavy-duty engines and heavy-duty gearboxes. Its spark plug products enjoy the largest market share in China, and its heavy-duty axle products are considered a top brand in China. The company also ranks No. 4 in heavy duty trucks in China. The company was listed on Hong Kong Stock Exchange in 2004 and on Shenzhen Stock Exchange in 2007. In 2011, Weichai Power generated revenue of RMB 60 billion (about USD 9.5 billion or EUR 7.5 billion) and a net profit of RMB 5.6 billion (about USD 900 million or EUR 700 million). At the end of 2011, Weichai Power has approximately 42,000 employees globally.
About Shandong Heavy Industry Group

Shandong Heavy Industry Group is one of the most comprehensive leading industrial equipment manufacturers in China, with two complete industrial chains of the highest quality commercial vehicles and construction machinery. The Group has four listed subsidiaries, including Weichai Power (2338HK/000338SZ), Weichai Heavy Machinery (000880SZ), Yaxing Motor Coach (600213SH), and Shantui Construction Machinery (000680SZ), which is the largest bulldozer producer in the world. In 2011, the Group generated revenue of RMB 122.5 billion (about USD 19.4 billion or EUR 15.4 billion) and a profit of RMB 8.6 billion (about USD 1.4 billion or EUR 1.1 billion), with 60,000 employees worldwide.

About KION Group

KION Group - comprising the six brands Linde, STILL, Fenwick, OM STILL, Baoli and Voltas - is Europe’s market leader in industrial trucks, 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 one of the two market leaders in India. In 2011, KION Group employed roughly 22,000 people and generated revenue of around €4.4 billion.

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