Press release

KION GROUP AG lays the foundations for a successful full year in the first six months of 2013

- KION Group’s revenue climbs to record level of approx. €2.234 billion in the first six months
- Strong order intake in emerging markets which account for over a third of all new truck orders
- First-half earnings up again, with EBIT[1] rising by 4.2 per cent year on year to €200.4 million
- Profitability continues to rise; first half year EBIT[1] margin of 9.0 per cent
- Boost to capital structure following successful IPO
- Net income raised to €70.3 million
- Expansion in sales and services in fast-growing Turkish market

Wiesbaden, 14 August 2013 – In the first six months of 2013, KION GROUP AG has laid the foundations for a successful full year and has maintained its profitable growth trajectory. At the end of the half year, following its successful flotation on 28 June 2013, the world's biggest specialist supplier of industrial trucks and associated services achieved record-breaking revenue, earnings and margins (adjusted for the sale of its hydraulics business).

The Group's revenue rose steadily to a new record figure of around €2.234 billion in the first half of the year. Operating profit (EBIT[1]) was up by 4.2 per cent to its highest-ever level of €200.4 million, resulting in a further improvement of 0.3 percentage points in the KION Group's EBIT[1] margin, taking it to 9.0 per cent, the highest margin in the first half of any year.

"Thanks to our excellent position in the emerging markets, KION GROUP AG succeeded in achieving further profitable growth in the first half of the year," said Gordon Riske, CEO of the KION Group. "We have laid the foundations for maintaining our successful operating performance of recent years. Our successful IPO and the strengthening of our capital base are another key condition for pursuing our global expansion strategy even more vigorously."

Around 509,000 new trucks were sold globally in the first half of 2013, which was up slightly (by 4 per cent) on the high level experienced in the same period last year. Sales were primarily driven by the US as well as the emerging markets of China, eastern Europe and Brazil which are crucial for the KION Group. Meanwhile, demand from western Europe fell to around 132,600 units (down by 3 per cent), contrasting with a rise in demand in China to around 126,900 units (up by 8 per cent). Unit sales in the eastern European market rose to 28,600 (up by 5 per cent) while the number of trucks sold in the Brazilian market increased to 12,500 (up by 44 per cent). Around 89,800 units were sold in
the US market (an increase of 11 per cent).

In this market environment, KION GROUP AG’s order intake was boosted by strong growth in the number of units ordered in the world’s emerging regions, which accounted for more than a third of new truck orders (34 per cent). The Group benefited from its outstanding market position in the emerging markets of eastern Europe, Brazil and China. In some of these countries the KION Group experienced growth above the market average in the first half of 2013. Despite the weaker level of demand in western Europe owing to the economic situation, global orders for new trucks placed with the KION Group totalled around 73,800, only just short of the high prior-year level (H1 2012: 75,500). In terms of value, the order intake for the first half of 2013 amounted to approx. €2.250 billion, which was 3.6 per cent lower than the first half of the previous year when the order intake was unusually strong (adjusted for the sale of the hydraulics business). Nevertheless, the total value of the order intake once more outstripped revenue.

The KION Group’s revenue for the first half of 2013 rose to around €2.234 billion, which was 0.7 per cent up on the prior-year when adjusted for the sale of the hydraulics business. The revenue attributable to new trucks remained at the same high level as in the first half of 2012. The KION Group achieved an increase of 1.8 per cent in its service business, which comprises after-sales business, services relating to used trucks and truck rental as well as fleet management systems and solutions. Service business continued to generate more than 40 per cent of total revenue.

In the first half of the year, the KION Group’s earnings before interest and tax (EBIT[1]) – adjusted for non-recurring items and for the sale of the hydraulics business – rose by 4.2 per cent, from €192.3 million to €200.4 million. Optimised cost structures and the ability to command higher prices were two factors that contributed to this increase. The EBIT[1] margin rose by 0.3 percentage points to 9.0 per cent in the first six months of the year, although the KION Group had achieved a margin of 9.4 per cent in the second quarter, which was a new second-quarter record.

Net income increased to €70.3 million in the first half of the year, up from €25.9 million in the same period of 2012. Besides an improved adjusted EBIT, the main contributor to this positive trend were one-off tax items. Pro forma earnings per share were €0.70, based on 98.9 million shares per 30 June 2013.

The net cash provided by operating activities in the first half of 2013 amounted to €55.9 million (H1 2012: €68.7 million). Higher consulting fees and higher tax payments were the principal reasons for the decline, plus the fact that the cash flow for the same period in 2012 also included the hydraulics business. The net cash used for investing activities in the first half of 2013 amounted to €40.4 million (H1 2012: €60.6 million) as a result of which there was free cash flow of €15.6 million (H1 2012: €8.1 million).
Total R&D spending was €57.3 million in the first six months of 2013, which was level with the same period in 2012 and equated to 2.6 per cent of revenue.

The number of employees (including apprentices and trainees) had risen by 1.5 per cent, from 21,215 as at 31 December 2012 to 21,533 as at 30 June 2013.

**Successful stock market flotation**

KION GROUP AG’s successful stock market flotation on 28 June 2013 marked a new chapter in the company’s history. A total of 17.2 million new shares originating from a capital increase were placed at an issue price of €24.00 per share and an additional 2.6 million shares from the stake held by original shareholder Superlift Holding S.à r.l., Luxembourg, were placed as an over-allotment. In two accompanying capital increases, Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, acquired 13.7 million new shares in the KION Group at a price of €24.00 per share and Superlift Holding acquired 4.0 million shares at a price of €29.21 per share by contributing a shareholder loan against equity. After deduction of bank fees, the company received total cash proceeds of around €732.5 million from the capital increases on 28 June and 2 July 2013. The three capital increases produced additional equity totalling €859.9 million before deduction of the transaction costs directly attributable to the IPO.

The funds received only upon completion of the IPO on 2 July 2013 reduced KION Group’s net financial debt to €1.0 billion, which meant that its net financial leverage effectively halved to 1.4x adjusted EBITDA for the previous twelve months.

Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, is a subsidiary of Weichai Power Co. Ltd, China. The shareholders of Superlift Holding S.à r.l., Luxembourg, are investment funds that are advised by companies in The Goldman Sachs Group, Inc. (Goldman Sachs) and companies advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) or associated with KKR.

After completion of all transactions, the share capital of KION GROUP AG stood at €98.9 million, divided into 98.9 million no-par-value shares, of which 17.7 per cent is in free float (including the final over-allotment at the end of the stabilisation period). Weichai Power holds 30 per cent, while 52.3 per cent is held by KKR and Goldman Sachs jointly via Superlift Holding and by the KION Group’s management.
Optimisation of funding structure

The IPO paved the way for further optimisation of the KION Group’s funding structure. In July 2013, the Group repaid all the existing long-term bank loans totalling €1,080 million that related to funding for the acquisition of the Group. The loans were repaid from the proceeds of the IPO, the increased capital contributed by Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, existing cash reserves and funds drawn down under a new €995.0 million revolving loan facility. Further drawings under this facility were used to repay €175.0 million of floating-rate notes maturing in 2018. Following these steps and the contribution of the shareholder loan against equity during the IPO, the Group’s long-term borrowing comprised secured senior notes for amounts of €325.0 million (maturing in 2018) and €650.0 million (maturing in 2020). The latter were placed in the market in February 2013. The combination of the new revolving credit facility and cash balances provide the company with a substantial liquidity headroom.

Rating upgrades

KION GROUP AG’s improved capital structure is also reflected in its credit rating, which Moody’s Investor Services upgraded by three notches to Ba3 on 2 July 2013. This was based on a ‘significant improvement’ in its net leverage following the successful IPO. On 5 July 2013, Standard & Poor’s raised KION’s rating by two notches to BB- with a positive outlook.

Expansion of services, development and production in emerging markets

In view of its strong position in the emerging markets, KION GROUP AG is also expanding its sales and services network. On 28 May 2013, it signed an agreement to take a controlling interest in STILL dealer Arser İş Makineleri Servis ve Ticaret A.Ş., laying the foundations for its future operations in Turkey. When the agreement finally comes into effect after it has been reviewed and approved by the competent authorities - expected to be in the third quarter of 2013 - STILL will own 51 per cent of the shares in Arser and Turkey’s Arkas Group will own 49 per cent.

In March 2013, a new plant was also officially opened in Indaiatuba (São Paulo), Brazil where the KION Group produces warehouse trucks, IC trucks and electric forklift trucks for the rapidly growing South American markets.

In the first half of 2013, the KION Group further expanded its research and development capacity in China where 211 people were employed in R&D by mid-year. This large R&D unit is developing a new series of products for the value segment in China and other emerging markets.
Cooperation agreement with Konecranes

On 30 April 2013, the KION Group signed a cooperation agreement in the area of container handling with Konecranes, a global market leader in the lifting business. Since then, Konecranes has become a long-term supplier of container handling equipment for Linde Material Handling’s global distribution network.

Outlook: rising demand and higher net income

The global market for industrial trucks gradually picked up in the first half of 2013, growing by around 3.8 per cent. Accordingly, the KION Group expects to see a slight recovery in demand for 2013 as a whole, compared with 2012.

The KION Group essentially reaffirms the forecasts made in the 2012 group management report. Nevertheless, economic and sectoral conditions have become more challenging. Given cost-related measures, this is not expected to have any significant impact on the financial position or financial performance of the KION Group. Provided the macroeconomic environment performs as expected and does not significantly weaken in the second half of the year, the KION Group's objectives of moderate rises in revenue and adjusted EBIT (both excluding the hydraulics business) will remain unchanged.

Besides new truck sales, the service business is expected to contribute to revenue growth. For 2013 as a whole, the service business is expected to contribute over 40 per cent of revenue, which is slightly more than was forecast at the end of 2012. The emerging markets are expected to make a significant contribution to revenue growth. The reduction in borrowings should also be reflected in a rise in net income. In departure from the forecast for a positive net income at the end of 2012, the KION Group now expects net income to be significantly higher, partly due to one-off tax items arising from the capitalisation of deferred taxes.
The KION Group's key figures as at 30 June 2013

<table>
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<tr>
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<th>H1 2013</th>
<th>H1 2012</th>
<th>Change</th>
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<tbody>
<tr>
<td>Revenue[2]</td>
<td>2,234.4</td>
<td>2,218.3</td>
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<tr>
<td>Order intake[2]</td>
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<td>EBITDA[1]</td>
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<td>EBIT[1]</td>
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<td>Net income for the period</td>
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<td>&gt;100.0%</td>
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<tr>
<td>Earnings per share</td>
<td>70.3</td>
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<tr>
<td>Pro forma earnings per share</td>
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<td>€0.70</td>
<td>€0.25</td>
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<td>Free cash flow</td>
<td>15.6</td>
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<td>Cash flow from operating activities</td>
<td>55.9</td>
<td>68.7</td>
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<tr>
<td>Employees [3]</td>
<td>21,533</td>
<td>21,215</td>
<td>+1.5%</td>
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[1] EBIT/EBITDA adjusted for KION acquisition items and non-recurring items; key figures for 2012 have also been adjusted to reflect the sale of the hydraulics business
[2] Key figures for 2012 have been adjusted to reflect the sale of the hydraulics business
[3] Figure as at 30 June 2013 compared with 31 December 2012 (full time equivalents)

About KION Group
The KION Group - comprising the six brands 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 market leader in India. The KION Group employed more than 21,000 people and generated revenue of €4.73 billion in 2012. KION Group is present in more than 100 countries and has a global market share of around 15 percent.

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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  
Email [michael.hauger@kiongroup.com](mailto:michael.hauger@kiongroup.com)

Frank Brandmaier  
Head of Corporate Media Relations  
Tel.: +49 (0) 611.770-752  
Email [frank.brandmaier@kiongroup.com](mailto:frank.brandmaier@kiongroup.com)

**Further information for investors**

Frank Herzog  
Head of Corporate Finance  
Tel.: +49 (0) 611.770-303  
Email [frank.herzog@kiongroup.com](mailto:frank.herzog@kiongroup.com)

Silke Glitza  
Head of Investor Relations & M&A  
Tel.: +49 (0) 611.770-450  
Email [silke.glitza@kiongroup.com](mailto:silke.glitza@kiongroup.com)