KION Group starts 2012 from a position of strength

- Order intake increased by 21 per cent to €4.7 billion
- Revenue grows by 24 per cent year on year to €4.4 billion
- Operating performance improved: EBIT[1] margin rises further to 8.3 per cent
- KION's brand companies sell three out of every ten new trucks to emerging markets
- Share of BRIC markets expanded further on the back of Voltas and Liftec activities: order intake and revenue from BRIC countries doubled compared with 2008
- Further consolidation of European production facilities
- Financial services separated at the beginning of 2012
- Bonds totalling €500 million successfully placed with investors

Wiesbaden, 19 March 2012: The KION Group delivered a highly successful performance in what was a benign market environment in 2011, raising its order intake and revenue by more than 20 per cent year on year. By pursuing rigorous cost management policies and constantly making structural improvements, the Company more than doubled its EBIT[1] margin compared with 2010 to 8.3 per cent.

"Our global footprint and our successful multi-brand strategy, which provides a perfect way of meeting highly diverse market requirements and customer needs, have enabled us to benefit from the continued market growth both in western Europe and in the emerging economies of Asia, eastern Europe and South America", commented Gordon Riske, the Chief Executive Officer of the KION Group. "The structural improvements that we have begun to make in recent years already significantly enhanced our operating performance in 2011. We are starting 2012 from a position of strength."

The global market for industrial trucks exceeded previous all-time highs in 2011: demand for new trucks grew by 23 per cent to 977,000 units, which was roughly 12 per cent more than in 2008. This upturn was essentially driven by two factors: first, the continued robust economic growth achieved by the emerging markets – especially in Asia, South America and eastern Europe – and, second, the recovery of demand in western Europe and North America.

The country that generated the strongest demand was China, which accounted for 238,000 units. Boosted by considerable expansion investment in fleets of industrial trucks, demand more than doubled compared with 2008. In western Europe, which remains the world's largest market for material-handling products, demand for new trucks grew by 26 per cent year on year to 278,000 units. This region is therefore still some 7 per cent below
the level it had reached in 2008. The eastern European market continued to stage an impressive recovery, growing by 36 per cent year on year to approximately 54,000 units. The most significant markets in eastern Europe are Russia, Poland and the Czech Republic.

In this market environment the KION Group raised the total value of its order intake in 2011 to €4.682 billion, which represents a year-on-year increase of 21 per cent (2010: €3.860 billion). The KION Group's order book had grown to approximately €1 billion by 31 December 2011. Order intake for new trucks climbed by 19 per cent from 121,500 units to 144,800 units. KION's brand companies sold three out of every ten new trucks to emerging markets – two of those three to the BRIC countries, which are the emerging economies with the strongest demand for industrial trucks worldwide. By continuing to expand in these fast-growing regions, the KION Group consolidated its position in the global market for material-handling trucks: the importance of the BRIC countries' markets in terms of both order intake and revenue has more or less doubled in the past three years.

**Revenue** advanced by 24 per cent year on year to €4.368 billion (2010: €3.534 billion). More than 70 per cent of this revenue was generated outside Germany. Revenue from business in new trucks grew by 33 per cent compared with 2010. KION achieved an increase of almost 12 per cent in its service business, which comprises aftersales business as well as services relating to used and rental trucks. Service business, which is fairly non-cyclical, accounted for 42 per cent of total revenue.

The KION Group's **earnings before interest and tax** (EBIT[1]), adjusted for non-recurring items, rose from €139 million in 2010 to €365 million in 2011. This equates to an EBIT[1] margin of 8.3 per cent.

**Cash flow from operating activities** grew sharply year on year to €387 million (2010: €199 million). The net cash used for investing activities (including acquisitions) amounted to €153 million (2010: €123 million); consequently, free cash flow totalled €234 million (2010: €76 million).

Total **research and development** expenditure rose by 16 per cent to €120 million, which equates to 4.7 per cent of revenue from new business in trucks and hydraulics. The fact that more than 125 new patent applications were filed is proof positive of the KION Group's innovative capabilities.

The number of **employees** (including apprentices and trainees) rose by 9.5 per cent to 21,862 as at 31 December 2011 (31 December 2010: 19,968 people). This figure includes more than 600 employees acquired from first-time consolidations. 62 per cent of the Company's employees work at international locations across 27 countries.
Key milestones achieved in 2011

The KION Group continually expanded its product range and its presence in the emerging markets last year. In São Paulo (Brazil) the Company began to build a new plant that will start to produce counterbalance trucks in the second half of 2012. The recent acquisition of the Voltas brand has enabled the KION Group to break into the rapidly growing market in India, where it is also currently constructing a new production facility. The Company has been operating in China for almost two decades with its own Linde-branded production plant and an extensive sales and service network. The China-based Baoli brand, which was acquired at the beginning of 2009 and whose products are positioned in the lower price segment, is becoming increasingly active in export markets. In Russia and Kazakhstan, Linde has integrated the business of Liftec, a dealer, into its own network. STILL has strengthened its Russian market presence by opening an additional branch in St. Petersburg.

KION is constantly optimising the structure of its business in western Europe as well. It acquired the remaining shares in UK-based dealer Linde Sterling, which is therefore now a wholly owned subsidiary. In order to improve the competitiveness of its European production plants, KION has started the legal process to transfer the manufacturing of warehouse trucks from Montataire (France) to Luzzara (Italy) and to relocate production of counterbalance trucks from Bari (Italy) to Hamburg (Germany).

KION consolidated its financial services activities in 2011 and organizationally separated them at the beginning of 2012. Legally and organisationally independent companies focusing on finance operations were launched in the five core European markets of Germany, France, the United Kingdom, Italy and Spain at the start of this year. This means that KION would be able to report its industrial business and financial services separately in future, thereby further improving transparency, efficiency and risk management in this key area of activity.

KION Finance S.A. placed bonds totalling €500 million with investors in April 2011. By issuing these bonds, which fall due in 2018, and using the proceeds from their issuance to repay bank debt, the KION Group enhanced the maturity profile of its financial liabilities and tapped the capital markets for the first time, acquiring a new investor base in the process.
Outlook: further improvement in margins
The KION Group has started 2012 with the benefit of a significant order backlog. Provided that no severe events have an adverse impact on either the global industrial-truck markets or the Company itself, the KION Group is optimistic that it will manage to achieve further modest year-on-year revenue growth. The measures that it has started to implement – especially those aimed at increasing capacity utilisation at its production plants – should further strengthen its profitability.

The pace of growth in the industrial-truck market is likely to return to more normal levels in 2012 owing to the higher prior-year figures that will then be used in year-on-year comparisons. The sovereign debt crisis in public finances continues to pose a risk to global macroeconomic trends and has had a visible impact on the real economy in recent months, especially in western European countries.

The market for industrial trucks, which form the backbone of the global logistics industry, will retain its appeal over the long term. By expanding its business in emerging markets, the KION Group is excellently placed to benefit from future market trends and developments; and by optimising the structure of its production facilities in Europe, it is laying the foundations underpinning the long-term competitiveness of its trucks.

The KION Group’s key figures for the year ended 31 December 2011

<table>
<thead>
<tr>
<th>€ million</th>
<th>2011</th>
<th>2010</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>4,682</td>
<td>3,860</td>
<td>+21.3%</td>
</tr>
<tr>
<td>Revenue of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linde Material Handling</td>
<td>2,856</td>
<td>2,254</td>
<td>+26.7%</td>
</tr>
<tr>
<td>STILL</td>
<td>1,666</td>
<td>1,420</td>
<td>+17.3%</td>
</tr>
<tr>
<td>EBITDA[1]</td>
<td>665</td>
<td>462</td>
<td>+43.9%</td>
</tr>
<tr>
<td>EBITDA[1] margin</td>
<td>15.2%</td>
<td>13.1%</td>
<td></td>
</tr>
<tr>
<td>EBIT[1]</td>
<td>365</td>
<td>139</td>
<td>&gt; 100%</td>
</tr>
<tr>
<td>EBIT[1] margin</td>
<td>8.3%</td>
<td>3.9%</td>
<td></td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cash flow</td>
<td>387</td>
<td>199</td>
<td>+94.1%</td>
</tr>
<tr>
<td></td>
<td>234</td>
<td>76</td>
<td>&gt; 100%</td>
</tr>
<tr>
<td>Employees (FTEs, including apprentices and trainees)</td>
<td>21,862 [2]</td>
<td>19,968</td>
<td>+9.5%</td>
</tr>
</tbody>
</table>

[1] EBIT and EBITDA adjusted for KION acquisition items and non-recurring items
[2] This figure includes more than 600 employees resulting from first-time consolidations
The Company
The KION Group with its six brands – Linde, STILL, Fenwick, OM, Baoli and Voltas – is Europe’s market leader for industrial trucks, the global number two in the industry and the leading international supplier in China. Its 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 the KION Group employed around 22,000 people and generated revenue of around €4.4 billion.

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