KION Group starts 2013 with solid performance

- Earnings up once again: EBIT[1] margin rises to 8.5 per cent in the first quarter of 2013
- Order intake reaches €1.145 billion, just short of the record level achieved in the first quarter of 2012
- Revenue stabilises at a high level of around €1.085 billion
- Strong service business contributes more than 40 per cent of revenue
- Strategic partnership with Weichai Power strengthens position in Asia

Wiesbaden, 28 May 2013 – Robust start to the new year for the KION Group, the world's biggest specialist manufacturer of material handling equipment by revenue, building on the record results achieved in 2012.

Consolidated revenue totalled €1.085 billion in the first quarter of 2013, just short of the record figure of €1.096 billion achieved in Q1 2012 (adjusted for the hived-off hydraulics business). Adjusted EBIT[1] increased by 2.7 per cent* to €92.8 million. At 8.5 per cent, the adjusted EBIT[1] margin exceeded the previous record for the first quarter of a year, set in 2012, by 0.3 percentage points.

"This continuous improvement is being driven above all by our enhanced production structures, our cost discipline and the high-margin service business of our brand companies that we are continually expanding," commented Gordon Riske, CEO of the KION Group. In the first quarter of 2013, customer services, the used trucks business and financial services together contributed more than 40 per cent of revenue. "We are an industrial equipment company with an integrated service business," emphasised Riske.

Business performance in detail

With an order intake of 38,000 units in the first quarter of 2013, the KION Group retained its global market share of more than 15 per cent. The emerging markets accounted for 33 per cent of new truck orders, an increase of 4 percentage points on the same period of 2012. In monetary terms, order intake for the first quarter of the year (€1.145 billion) almost matched the high level achieved in the same period of 2012*. The order book stood at more than €830 million at 31 March 2013.

The overall market also maintained its high level. Global demand for material handling products increased on the back of a modest economic recovery, rising by 0.5 per cent in the first quarter of 2013 to almost 248,000 units. Almost one in four trucks was destined for the Chinese market.

* On a like-for-like basis; comparative 2012 figures adjusted for the hived-off hydraulics business
Consolidated revenue totalled €1.085 billion in the first quarter, representing a slight year-on-year decline of 1.0 per cent (Q1 2012: €1.096 billion*). The new trucks business experienced a small year-on-year contraction of 2.0 per cent in revenue. The KION Group increased its service business by around 0.4 per cent to €473.7 million.

Earnings before interest and tax, adjusted for non-recurring items (EBIT[1]) rose from €90.3 million* in the first quarter of 2012 to €92.8 million, an increase of 2.7 per cent. The EBIT[1] margin rose to 8.5 per cent, the highest ever figure recorded in the first quarter of a year*. This was achieved through structural improvements, strong revenues and cost discipline.

Net income increased to €28.6 million in the first quarter of 2013, up from €16.5 million in the same period of 2012 (including the hydraulics business).

The KION Group increased its cash flow from operating activities from minus €45.8 million (including the hydraulics business) in the first quarter of 2012 to plus €19.3 million. The net cash used for investing activities (including acquisitions) amounted to €23.9 million (Q1 2012: €27.9 million), which meant that free cash flow improved significantly from minus €73.7 to minus €4.7 million.

Total spending on research and development (R&D) came to €28.0 million, which equates to 2.6 per cent of revenue.

Net financial debt at the level of KION Holding 1 GmbH increased by just 1.9 per cent from 31 December 2012 to a total of €1,824.4 million at 31 March 2013. The proceeds of €649.0 million from the issue of a new bond in February 2013 were used to repay bank loans of €636.0 million.

The number of employees (including apprentices/trainees) increased by 1.0 per cent from 21,215 at 31 December 2012 to 21,421 at 31 March 2013.

Strategic measures in the first quarter of 2013

As orders of new trucks from emerging markets have already reached 33 per cent of KION Group's overall new truck orders, the company is continuing its policy of expansion in these high-growth regions. At the outset of the partnership with Weichai Power Co., Ltd. the two companies identified various areas that offered additional potential for market growth. The first projects, aimed at further strengthening the KION Group's position as the leading non-domestic supplier in China, are already being implemented. For example, Baoli IC trucks are already being fitted with engines from Weichai Power.

* On a like-for-like basis; comparative 2012 figures adjusted for the hived-off hydraulics business
The KION Group issued a further €650 million of corporate bonds in February 2013 in order to improve the maturity profile of its financial liabilities and to broaden its investor base. Some maturities now extend as far as 2020.

Following the start of production at the newly constructed plant in Indaiatuba/São Paulo, Brazil, the transfer of product lines from Rio de Janeiro has now been completed. KION South America officially inaugurated the combined warehouse technology and IC truck plant in March. The multi-brand collaboration and bundling of production in São Paulo is enabling the KION Group to leverage synergies and to react even more flexibly to customer requirements in the region.

In order to enhance the competitiveness of its heavy trucks business the KION Group has concluded a cooperation agreement with Konecranes in the area of container handlers. Konecranes is to become a long-term supplier of container handlers for the global distribution network of the KION Group subsidiary Linde Material Handling. Konecranes is also acquiring selected product rights to Linde container handlers and shifting production to its own plants. Both companies continue to offer a comprehensive range of container handlers including reach stackers and full/empty container handlers. By the end of October 2013, a large part of Linde Material Handling's global production of heavy trucks will have been outsourced to a contract production facility in the Czech Republic. The plant in Merthyr Tydfil (Wales, UK) is to be closed.

The Management Boards of the Linde and STILL brand companies have assumed greater responsibility at overall Group level since January 2013. The Chief Executive Officer of Linde Material Handling GmbH, Theodor Maurer, and the Chief Executive Officer of STILL GmbH, Bert-Jan Knoef, have been appointed to the Executive Board of KION Group in addition to their duties as CEO of their respective brand company. Ching Pong Quek has also been appointed to the Executive Board in the newly created position of Chief Asia Pacific Officer. Ching Pong Quek has been the CEO of Linde (China) Forklift Truck Corp., Ltd. since 2006 and has also headed up the entire Asian business of the KION Group as President & CEO since 2008. The Group has created the new Executive Board function in recognition of the ever increasing commercial importance of Asia.

Outlook

The KION Group reaffirms the forecast it provided in the press release dated 21 March 2013.
KION Group key performance indicators for the quarter ended 31 March 2013

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<tbody>
<tr>
<td>Order intake</td>
<td>1,145.3</td>
<td>n.a.</td>
<td>1,207.2</td>
<td>n.a.</td>
</tr>
<tr>
<td>Revenue</td>
<td>1,085.2</td>
<td>1,096.0</td>
<td>1,144.4</td>
<td>-1.0%</td>
</tr>
<tr>
<td>EBITDA[1]</td>
<td>167.9</td>
<td>160.5</td>
<td>175.4</td>
<td>4.6%</td>
</tr>
<tr>
<td>EBITDA[1] margin</td>
<td>15.5%</td>
<td>14.6%</td>
<td>15.3%</td>
<td></td>
</tr>
<tr>
<td>EBIT[1]</td>
<td>92.8</td>
<td>90.3</td>
<td>101.2</td>
<td>2.7%</td>
</tr>
<tr>
<td>EBIT[1] margin</td>
<td>8.5%</td>
<td>8.2%</td>
<td>8.8%</td>
<td></td>
</tr>
<tr>
<td>Net income for the year</td>
<td>28.6</td>
<td>n.a.</td>
<td>16.5</td>
<td>n.a.</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>19.3</td>
<td>n.a.</td>
<td>-45.8</td>
<td>n.a.</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>-4.7</td>
<td>n.a.</td>
<td>-73.7</td>
<td>n.a.</td>
</tr>
<tr>
<td>Employees (FTEs, incl. apprentices/trainees)</td>
<td>21,421</td>
<td>21,215 [3]</td>
<td></td>
<td></td>
</tr>
</tbody>
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[1] EBIT and EBITDA adjusted for KION acquisition items and non-recurring items
[2] Excluding the Linde Hydraulics business, which has not been consolidated since the end of 2012, to improve comparability

The company

The 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. The KION Group employed more than 21,000 people and generated revenue of €4.73 billion in 2012.

Disclaimer

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