Press release

KION Group achieves record results in 2012 and further strengthens capital structure and position in emerging markets

- Order intake increases to €4.7 billion despite slightly weaker market
- Revenue up by 8.2 per cent to €4.7 billion
- Further improvement of operating performance in 2012: EBIT[1] margin reaches 9.3 per cent
- Order book of over €800 million at the end of the year
- Net financial debt reduced by a substantial €0.8 billion to €1.8 billion
- Strategic partnership with Weichai Power strengthens position in Asia

Wiesbaden, 21 March 2013 – The KION Group successfully continued along its growth trajectory in 2012, with consolidated revenue increasing by 8.2 per cent to €4.7 billion. Adjusted EBIT[1] rose by 20.2 per cent to €438 million, resulting in an EBIT[1] margin for the KION Group of 9.3 per cent.

Despite demand for industrial trucks falling by 3.1 per cent to 947,000 units worldwide in 2012, the KION Group was able to expand its share of this market. Its order intake for new trucks was almost the same as in 2011 at 141,700 trucks. The total value of the KION Group's order intake grew by 0.4 per cent to €4.700 billion (2011: €4.682 billion). The order book as at 31 December 2012 was over €800 million.

"Structural improvements in recent years and increased capacity utilisation in our plants contributed to these very encouraging results. Our more flexible cost structure has enabled us to increase our profitability even more. We are now in a far better position to absorb the impact of economic weakness than in the past," said Gordon Riske, CEO of the KION Group, on publication of the 2012 financial statements. "We have continued to expand our footprint in high-growth regions. The strategic partnership with Weichai Power has given yet another boost to our position as the leading non-domestic supplier in China. Coupled with our strong service business, this reduces our dependence on regional fluctuations in demand."

Net financial debt at the level of KION Holding 1 GmbH amounted to €1,790 million at 31 December 2012, which was €841 million lower than at 31 December 2011. Factors contributing to this sharp decrease included not only inflows from the Weichai transaction but also the strong operational performance resulting in no small part from the cost-cutting programmes initiated in previous years.
The KION Group's equity rose by €1,148 million year on year to €660 million (31 December 2011: minus €488 million). The main contributing factors here were the conversion of the shareholder loan into equity, as well as the contribution made by Weichai Power for the acquisition of 25 per cent of the shares in KION Holding 1 GmbH by way of a capital increase.

Business performance in detail

Consolidated revenue rose to a record €4.727 billion in 2012, up by 8.2 per cent compared with the previous year (2011: €4.368 billion). The KION Group generated approximately 74 per cent of this revenue outside Germany. Revenue from business in new trucks grew by 12 per cent compared with 2011. The KION Group's revenue from its service business increased by around 4 per cent to €1.9 billion. The service business, which comprises aftersales activities as well as services such as financing, fleet management and IT solutions, generated more than 40 per cent of total revenue and is more independent of the economic cycle than the new truck business.

The KION Group's earnings before interest and tax (EBIT[1]), adjusted for non-recurring items, rose from €365 million in 2011 to €438 million in 2012 – an increase of 20.2 per cent. This equates to an EBIT[1] margin of 9.3 per cent. The KION Group therefore continued to improve its profitability.

In 2012 KION Group generated net income of €161 million (2011: minus €93 million) in the year under review. This increase of €254 million mainly resulted from an increase in adjusted EBIT[1] and a net gain from the sale of 70 per cent of the hydraulics business to Weichai Power, partly offset by the rise in income taxes.


Total expenditure on research and development (R&D) came to €120 million, which equates to 2.5 per cent of revenue. In 2012, the KION companies were granted a total of 63 patents and filed 96 new patent applications – a moderate year-on-year increase after adjustment for the spin-off of the hydraulics business.

The number of employees (including apprentices and trainees) decreased by 3.0 per cent to 21,215 as at 31 December 2012 (31 December 2011: 21,862 employees). The reduction is a result of spinning off the hydraulics business. A total of 1,487 employees transferred to the new company Linde Hydraulics on 27 December 2012 and were therefore no longer included in the KION Group headcount as at the reporting date.
Major strategic steps taken in 2012
The KION Group has implemented important measures to enable it to benefit from a continued upturn in fast-growing regions. The strategic partnership with Weichai Power Co., Ltd. opens up additional market opportunities in Asia: the two companies are cooperating closely on industrial trucks and hydraulic drive technology. In December 2012, Weichai Power became an anchor investor with a 25 per cent stake in KION Holding 1 GmbH by way of a capital increase, while at the same time acquiring a 70 per cent controlling interest in Linde Hydraulics.

In April 2012, KION had already set up KION South Asia Pte. Ltd. in Singapore to unlock the huge potential of the markets in South and South-East Asia. The new company is supporting the ongoing expansion of the local sales and service networks of the Linde, STILL and Baoli brands.

In November 2012, the KION Group also acquired the outstanding shares in the India-based Voltas Material Handling Pvt. Ltd. (VMH). As a result, the KION Group is now the sole owner of VMH, which targets the populous Indian market.

The KION Group has also strengthened its presence in the South American market. Since the third quarter of 2012, KION South America has been manufacturing forklift trucks and warehouse technology for the regional markets of the Linde and STILL brands in a completely new factory in Indaiatuba/São Paulo, Brazil. By facilitating cross-brand cooperation and pooling production in São Paulo, KION can leverage synergies and respond even more flexibly to regional customer requirements.

Moreover, the KION Group has systematically expanded the sales and service organisations of the Linde and STILL brands in eastern Europe. It also invested in acquiring dealers in western Europe last year.

Outlook: further improvement to margins
Whereas the global market for industrial trucks in 2012 was around 3 per cent down on the record level achieved in 2011, the KION Group expects demand to recover slightly in 2013. Based on current macroeconomic forecasts and in view of past market performance, the KION Group predicts an average annual growth rate of about 4 per cent for the next five years.

In 2012 the KION Group laid the foundations for continued profitable growth in subsequent years. As a result, consolidated revenue in 2013 should exceed the figure for 2012 adjusted for the spin-off of the hydraulics business. In 2013 the KION Group anticipates that its new truck business will expand on the back of sustained high demand for replacement investment – particularly in developed markets – and increasing product sales in Asia and Latin America. The service business should continue to contribute
around 40 per cent of consolidated revenue. The emerging markets are predicted to be a significant factor in the growth of revenue again. As the market leader for industrial trucks in Europe and thanks to its leading position in emerging markets, the KION Group is excellently placed worldwide to benefit from future market trends and developments. The partnership with Weichai Power is expected to have a positive impact in the Chinese and Asian markets as early as 2013.

The good market position of the brands, the broad product portfolio, high market share in the core markets in Germany and France, good positioning in growth markets, growing service business, the measures taken towards a more flexible cost structure as well as economies of scale should all contribute to moderately improving the adjusted EBIT margin[1] in 2013 as well.

A slightly positive consolidated net income is expected for 2013, which should also reflect the reduction in debt.

Following the reduction of net debt in 2012, the Company will also continue to strive to reduce debt levels and optimise the funding structure in 2013.

The KION Group’s key figures for the year ended 31 December 2012

<table>
<thead>
<tr>
<th>€ million</th>
<th>2012</th>
<th>2011</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>4,700</td>
<td>4,682</td>
<td>+0.4%</td>
</tr>
<tr>
<td>Revenue of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linde Material Handling</td>
<td>3,132</td>
<td>2,854</td>
<td>+9.8%</td>
</tr>
<tr>
<td>STILL</td>
<td>1,677</td>
<td>1,667</td>
<td>+0.6%</td>
</tr>
<tr>
<td>EBITDA[1]</td>
<td>747</td>
<td>665</td>
<td>+12.3%</td>
</tr>
<tr>
<td>EBITDA[1] margin</td>
<td>15.8%</td>
<td>15.2%</td>
<td></td>
</tr>
<tr>
<td>EBIT[1]</td>
<td>438</td>
<td>365</td>
<td>+20.2%</td>
</tr>
<tr>
<td>EBIT[1] margin</td>
<td>9.3%</td>
<td>8.3%</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>161</td>
<td>-93</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>414</td>
<td>387</td>
<td>+7.0%</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>518</td>
<td>234</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Employees</td>
<td>21,215 [2]</td>
<td>21,862</td>
<td>-3.0%</td>
</tr>
<tr>
<td>(FTEs, incl. apprentices/trainees)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[1] EBIT and EBITDA adjusted for KION acquisition items and non-recurring items
[2] Excluding 1,487 employees of Linde Hydraulics, which has not been consolidated since late 2012
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
This press release contains forward-looking statements involving known and unknown risks, uncertainties and other factors, many of which are outside the control of the KION Group (‘KION’), are difficult to predict and may cause future developments to differ significantly from assumed developments as expressed or implied in the forward-looking statements in this press release.

Any liability (including in respect of direct, indirect or consequential loss or damage) of any member of KION with regard to the information contained in this press release is expressly disclaimed. This press release does not purport to contain all of the information that may be required to evaluate any proposed transaction, and any recipient hereof should seek its own legal, accounting and other relevant professional advice.
No member of KION undertakes any obligation or expects to update or revise this press release, including forward-looking statements or any other information contained herein, whether as a result of new information, future events or otherwise.

For further information please contact
Michael Hauger
Head of Corporate Communications
Tel.: +49 (0)611 770 655
Email: michael.hauger@kiongroup.com