KION Group continues on growth trajectory in first half of 2012

- Order intake increases by 2.4 per cent compared with H1 2011 to €2.410 billion
- Revenue grows by 9.4 per cent year-on-year to €2.311 billion
- KION comfortably outperforms the market as a whole and strengthens its position in all markets

Wiesbaden, 14 August 2012: Having made a strong start to the year, the KION Group continued on its profitable growth trajectory at the end of the first half of 2012. It raised the total value of its order intake and its revenue further in the first six months of this year compared with the corresponding period of 2011. The total value of its order intake increased by 2.4 per cent on what had already been an impressive figure for the first half of 2011 to €2.410 billion in a slightly contracting market. Revenue jumped by 9.4 per cent to €2.311 billion. The KION Group raised its earnings before interest and tax (EBIT[1]) by more than 20 per cent to €213 million. It therefore achieved an EBIT[1] margin of 9.2 per cent in the first six months of 2012, which constituted yet another new record for the first half of a year.

The global market for new industrial trucks in the first half of 2012 amounted to approximately 490,400 units, which was just 3.2 per cent lower than the impressive figure achieved in the corresponding period of 2011. Demand in Europe fell by 7.9 per cent to 164,200 units. Demand in Western Europe in the first six months of 2012 declined by 8.8 per cent year-on-year to 136,900 units owing to the weakness of the economies in the southern European countries. Demand in the Eastern European markets remained virtually unchanged on the same period of 2011 at 27,300 units (down by 3.3 per cent). The American market grew by 1.8 per cent to 111,300 trucks. Demand in the Asian markets contracted by 2.6 per cent year-on-year to 195,100 trucks.

In this market environment the KION Group increased its order intake for new trucks to the highly impressive figure of just over 75,500 units (H1 2011: 74,300 trucks). This growth of 1.6 per cent enabled the KION Group to outperform the global market. It further strengthened its competitive position not only in its home market of Western Europe but also in the markets of China, Eastern Europe and South America.

The total value of its order intake in the first half of 2012 came to €2,410 billion, which was an improvement of 2.4 per cent on the corresponding period of 2011 (€2.353 billion). The KION Group once again raised its order backlog modestly on the level of 31 December 2011 to more than €1 billion as at 30 June 2012. This considerable order backlog provides
the KION Group with a fairly clear picture of how its revenue and earnings will perform over the remaining months of 2012.

The KION Group's **revenue** advanced by 9.4 per cent year-on-year to €2.311 billion (H1 2011: €2.113 billion). Revenue from business in new trucks grew by almost 13 per cent compared with the first six months of 2011. The KION Group achieved an increase of around 5 per cent in its service business, which comprises aftersales business as well as services relating to used and rental trucks. Service business continued to generate more than 40 per cent of total revenue.

The KION Group's **earnings before interest and tax** (EBIT[1]) – adjusted for non-recurring items – jumped by 21.3 per cent from €175 million in the first half of 2011 to €213 million in the first six months of 2012. This encouraging trend was mainly attributable to the KION Group's larger business volumes and, in particular, its improved cost structures. Even though the ongoing consolidation of KION's European production plants has yet to show its full positive impact on profitability, the EBIT[1] margin of 9.2 per cent achieved in the first half of 2012 exceeded the previous record margin attained in the first six months of 2011 by 0.9 percentage points.

**Cash flow from operating activities** in the first half of 2012 amounted to €69 million (H1 2011: €91 million). The reason for this decline – especially in the first three months of 2012 – was the temporary increase in working capital in connection with the KION Group's revenue growth. The net cash used for investing activities (including acquisitions) amounted to €61 million in the first half of 2012 (H1 2011: €71 million). Consequently, free cash flow came to €8 million (H1 2011: €20 million).

Total **research and development** spending (R&D) rose by 3.0 per cent to €58 million, which equates to more than 4 per cent of revenue from new business in trucks and hydraulics. The Group's total R&D spending therefore remained above the industry average, securing the KION brands' technological leadership over the long term.

The number of **employees** (including apprentices and trainees) rose by 8.5 per cent to 22,250 as at 30 June 2012 (30 June 2011: 20,515 people). First-time consolidations accounted for just under 800 of these employees.

**Consolidation of European production plants making headway**
KION achieved key milestones in the ongoing consolidation of its European production facilities, thereby largely completing two projects that had been launched in 2011. The manufacturing of counterbalance trucks at the plant in Bari (Italy) was relocated to Hamburg (Germany) in the first six months of 2012, while production of warehouse trucks will be transferred from Montataire (France) to Luzzara (Italy) in the second half of this year. KION reached an agreement that the site at Montataire in France is to be
reindustrialised by a metal-working company that will commence production at the former STILL plant in November.

Production at the new Indian plant ramped up
The new plant run by the Voltas MH brand company in Pune ramped up its production in the second quarter of 2012, gradually broadening the range of truck models that it manufactures. The plant now produces counterbalance trucks with load capacities of up to five tonnes, electric forklift trucks, and warehouse trucks. The second half of this year will see this range expanded to include trucks with load capacities of up to 16 tonnes as well as reach trucks.

Maturity profile of loans successfully extended and covenants amended
In July the KION Group completed the implementation of its previously announced plans to extend the maturity profile of its loans and amend its covenants. By extending the maturities of existing loans totalling well over €1 billion and obtaining additional credit lines worth more than €110 million, the KION Group once again significantly improved the security of its long-term funding on top of the bond that it had issued in 2011.

Change of personnel on KION’s Executive Board
Having served as the KION Group's Chief Financial Officer (CFO) for the past four years or so, Harald Pinger has decided to leave the Company at the end of August this year. He will be succeeded by Thomas Toepfer, who is currently CFO and Labour Relations Director at STILL GmbH in Hamburg.

Outlook: revenue growth, stronger profitability, and a market environment afflicted by the slowdown in global economic growth
The KION Group has achieved excellent financial results for the first half of 2012. Provided that no severe global economic events have an adverse impact on either the industrial truck markets or – consequently – the KION Group during the remainder of 2012, the KION Group still expects to generate moderate year-on-year revenue growth on the back of the strong market positions established by its brands, which were further consolidated in the first half of 2012. The measures aimed at optimising organisational structures and raising capacity utilisation at its production plants – which have yet to show their full effect – should also strengthen the KION Group's full-year profitability compared with 2011.

The global market for industrial trucks suffered a modest downturn around the middle of the year, and over the further course of 2012 it is still likely to fall slightly short of the very strong performance that it delivered last year. This situation is being exacerbated by the fact that the sovereign debt crisis continues to pose a risk to global macroeconomic trends and by the economic slowdown in the fast-growing regions of Asia and South America.
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 and drawing on its extensive sales & service network, the KION Group is excellently placed to benefit from future market opportunities.

The KION Group’s key figures for the six months ended 30 June 2012

<table>
<thead>
<tr>
<th></th>
<th>H1 2012</th>
<th>H1 2011</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>2,410</td>
<td>2,353</td>
<td>+2.4%</td>
</tr>
<tr>
<td>Revenue</td>
<td>2,311</td>
<td>2,113</td>
<td>+9.4%</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linde Material Handling</td>
<td>1,560</td>
<td>1,387</td>
<td>+12.4%</td>
</tr>
<tr>
<td>STILL</td>
<td>829</td>
<td>816</td>
<td>+1.7%</td>
</tr>
<tr>
<td>EBITDA[1]</td>
<td>363</td>
<td>322</td>
<td>+12.9%</td>
</tr>
<tr>
<td>EBITDA[1] margin</td>
<td>15.7%</td>
<td>15.2%</td>
<td></td>
</tr>
<tr>
<td>EBIT[1]</td>
<td>213</td>
<td>175</td>
<td>+21.3%</td>
</tr>
<tr>
<td>EBIT[1] margin</td>
<td>9.2%</td>
<td>8.3%</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>69</td>
<td>91</td>
<td>-24.2%</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>20</td>
<td>-59.6%</td>
</tr>
<tr>
<td>Employees</td>
<td>22,250</td>
<td>20,515</td>
<td>+8.5%</td>
</tr>
<tr>
<td>(FTEs, incl. apprentices/trainees)</td>
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</table>

[1] EBIT and EBITDA adjusted for KION acquisition items and non-recurring items
[2] This figure includes a year-on-year increase of just under 800 employees resulting from first-time consolidations

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 international 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 roughly 22,000 people and generated revenue of around €4.4 billion in 2011.
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For further information please contact
Michael Hauger
Head of Corporate Communications
Tel.: +49 (0)611 770 655
Email: michael.hauger@kiongroup.com