KION Group is heading for successful 2014 following strong second quarter

- Total value of order intake up by more than 11 per cent in second quarter
- Order book increases by over 20 per cent in first six months
- Growth outperforms global market: Q2 unit sales – driven by western Europe, China and eastern Europe – advance by roughly 14 per cent
- Second-quarter revenue in line with high prior-year figure
- EBIT[1] grows by 1.7 per cent to €109.5 million in second quarter
- Improvement in profitability: EBIT[1] margin rises to 9.6 per cent in second quarter

Wiesbaden, 6 August 2014 - The KION Group is heading for a successful 2014 following a strong second quarter. Thanks largely to rapid growth in the core market of western Europe, order intake amounted to €1.228 billion in the period of April to June 2014 – an increase of over 11 per cent compared with the corresponding quarter of 2013. In terms of units, order intake rose by around 14 per cent. The total value of the order book as at 30 June 2014 was more than 20 per cent higher than at the end of 2013. While revenue in the second quarter was in line with the high prior-year figure, the KION Group improved its earnings before interest and tax EBIT[1]. It strengthened its profitability, with the EBIT[1] margin advancing from 9.4 per cent to 9.6 per cent in the second quarter.

The KION Group, one of the world's two leading suppliers of forklift trucks, warehouse technology and associated services, clearly outperformed the market as a whole (growth of 8.9 per cent) in the second quarter in terms of unit sales. The Company's unit order intake in western Europe increased by 18.2 per cent during this period, a rate above the market. The KION Group also generated stronger growth than the overall Chinese market – the world's largest individual market – both in the second quarter (up by 16.5 per cent) and also in the first six months of the year (up by 17.5 per cent). Moreover, the Company registered its highest ever unit sales for a quarter in China in the period April to June 2014. In eastern Europe, the KION Group achieved unit growth of 20.7 per cent in the second quarter, significantly outperforming the market.

"The second quarter showed that the KION Group is clearly benefiting from the recovery of the western European market and, at the same time, is strengthening its position in key emerging markets such as China," said Gordon Riske, Chief Executive Officer of the KION Group. "The capital expenditure announced for our core plants in
Aschaffenburg and Hamburg and our new factory in the Czech Republic will provide additional long-term support for our trajectory of profitable growth.”

The global market for industrial trucks improved considerably in both the second quarter of 2014 and the first six months of the year. Driven primarily by growth in western Europe and China, orders worldwide advanced by 8.9 per cent year on year to approximately 284,400 trucks in the second quarter (H1 2014: 556,300 trucks, an increase of 9.3 per cent). In the period April to June, western Europe registered growth of 14.0 per cent (H1 2014: growth of 12.1 per cent), while China's orders were up by 12.6 per cent (H1 2014: up by 15.0 per cent).

Business performance in detail

Thanks to favourable market conditions, the KION Group’s order intake climbed by 13.9 per cent to almost 40,800 units in the second quarter. In the first six months, the Company's order intake was up by 8.4 per cent to 79,900 units. There were significant year-on-year increases in the value of the order intake both in the second quarter and in the first six months overall. Order intake grew by 7.7 per cent to €2.424 billion in the first half of the year, while its growth accelerated to 11.1 per cent in the second quarter with €1.228 billion order intake by value. As at 30 June 2014, the order book stood at €834.7 million, 20.4 per cent higher than at the end of 2013.

The KION Group's second-quarter revenue came to €1.144 billion, which was in line with the high prior-year figure (Q2 2013: €1.149 billion). The same applies to the first half of the year: revenue for the first six months of 2014 remained virtually unchanged year on year at €2.233 billion (H1 2013: €2.234 billion). Growth was dented by adverse exchange-rate effects of €17.3 million in the second quarter and €35.7 million in the first half of the year.

Second-quarter earnings before interest and tax (EBIT[1]) advanced by 1.7 per cent year on year to €109.5 million. EBIT for the first six months of 2014 edged down year on year to €196.9 million, which was in part attributable to higher administrative expenses in the wake of the initial public offering (IPO). The EBIT margin for the second quarter thus came to 9.6 per cent (Q2 2013: 9.4 per cent).

Net income in the second quarter of 2014 amounted to €32.8 million compared with €41.8 million in the corresponding period of last year. This is due to positive one-off tax effects in the previous year and one-off charges in the second quarter of this year, especially costs of around €23 million incurred by the redemption of two corporate bonds. The repayment of these bonds is expected to reduce the Company’s interest costs by around €20 million per year. Net income for the first six months of 2014 totalled €60.6 million compared with €70.3 million in the corresponding period of
Earnings per share for the first half of 2014 came to €0.60 (H1 2013: Earnings per share pro forma €0.70).

Free cash flow rose from €18.4 million in the second quarter of 2013 to €42.1 million in the same period of 2014. The principal reasons were lower tax payments, an improvement in working capital, and lower net cash outflow for the leasing business.

Total expenditure on research and development (R&D) in the second quarter of 2014 came to €29.9 million (H1 2014: €59.3 million) compared with €29.3 million in the corresponding quarter of last year (H1 2013: €57.3 million). R&D spending as a proportion of revenue therefore amounted to 2.6 per cent in the second quarter of this year (H1 2014: 2.7 per cent) compared with 2.5 per cent in the corresponding quarter of last year (H1 2013: 2.6 per cent).

The number of employees at the Company as at 30 June 2014 was 22,211, which was virtually unchanged (down by 0.3 per cent) on the headcount at the end of 2013.

Capital expenditure paving the way for further growth in Europe

By optimising its production processes, the KION Group plans to further improve the competitiveness and cost effectiveness of the core plants run by its premium brand companies Linde and STILL. It also intends to create additional capacity for medium-term growth. To this end the KION Group has decided to invest a total of roughly €60 million in Linde’s core plant in Aschaffenburg by 2021 and will spend around €23 million on STILL’s core site in Hamburg over the same period.

In addition, the KION Group is planning to open a new plant near Pilsen in the Czech Republic. The ground-breaking ceremony is due to be held in October, and production – initially of existing warehouse technology products – is scheduled to start in early 2016. This plant is also supposed to build trucks in the value and economy segments in order to improve the Company’s capability and efficiency in supplying markets in eastern and southern Europe in particular.

Free float increased

The free float in KION’s shares was increased during the second quarter from 31.2 per cent as at 2 May 2014 to a total of 39.6 per cent. Approximately 7.5 million shares attributable to Goldman Sachs were placed with investors in June. Furthermore, all participants in the KION management partnership plan (MPP) are now free to sell their shares or transfer them into private investment accounts. All shares previously
reported as being attributable to KION management are therefore now counted as part of the free float.

Outlook

The KION Group confirms the forecast provided in the 2013 group management report.

KION Group key performance indicators for the three- and six-month period ended 30 June 2014

<table>
<thead>
<tr>
<th></th>
<th>Q2 2014</th>
<th>Q2 2013</th>
<th>Change</th>
<th>H1 2014</th>
<th>H1 2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit order intake</td>
<td>40,767</td>
<td>35,788</td>
<td>+13.9%</td>
<td>79,933</td>
<td>73,766</td>
<td>+8.4%</td>
</tr>
<tr>
<td>Value of order intake</td>
<td>1,227.9</td>
<td>1,104.8</td>
<td>+11.1%</td>
<td>2,424.0</td>
<td>2,250.2</td>
<td>+7.7%</td>
</tr>
<tr>
<td>Revenue of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Linde Material Handling</td>
<td>755.8</td>
<td>747.9</td>
<td>+1.1%</td>
<td>1,476.7</td>
<td>1,459.2</td>
<td>+1.2%</td>
</tr>
<tr>
<td>STILL</td>
<td>445.6</td>
<td>432.8</td>
<td>+3.0%</td>
<td>877.9</td>
<td>842.5</td>
<td>+4.2%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>138.3</td>
<td>140.7</td>
<td>-1.7%</td>
<td>277.3</td>
<td>255.0</td>
<td>+8.8%</td>
</tr>
<tr>
<td>EBITDA[1]</td>
<td>193.5</td>
<td>183.5</td>
<td>+5.5%</td>
<td>364.8</td>
<td>351.4</td>
<td>+3.8%</td>
</tr>
<tr>
<td>EBITDA[1] margin</td>
<td>16.9%</td>
<td>16.0%</td>
<td></td>
<td>16.3%</td>
<td>15.7%</td>
<td></td>
</tr>
<tr>
<td>EBIT[1]</td>
<td>109.5</td>
<td>107.6</td>
<td>+1.7%</td>
<td>196.9</td>
<td>200.4</td>
<td>-1.8%</td>
</tr>
<tr>
<td>EBIT[1] margin</td>
<td>9.6%</td>
<td>9.4%</td>
<td></td>
<td>8.8%</td>
<td>9.0%</td>
<td></td>
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<tr>
<td>Net income</td>
<td>32.8</td>
<td>41.8</td>
<td>-21.4%</td>
<td>60.6</td>
<td>70.3</td>
<td>-13.8%</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>42.1</td>
<td>18.4</td>
<td>&gt;100%</td>
<td>19.8</td>
<td>12.5</td>
<td>+59.2%</td>
</tr>
<tr>
<td>Employees[2]</td>
<td></td>
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<tr>
<td>(FTEs, incl. apprentices/trainees)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.3%</td>
</tr>
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</table>

[1] EBIT and EBITDA adjusted for KION acquisition items and non-recurring items
[2] Figure as at 30 June 2014 compared with 31 December 2013 (full-time equivalents)
The Company

The KION Group – comprising the six brands of 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 leading provider of industrial trucks in India. The KION Group is present in more than 100 countries and, in 2013, employed over 22,000 people and generated revenue of €4.5 billion.

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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.

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