KION Group aims to become industry leader with its Strategy 2020

- Focus on growth, profitability, resilience and capital efficiency
- Medium-term objectives: market leadership and an EBIT margin in double digits
- Greater significance for Asia and North America
- Cross-brand deployment of shared modules and platforms

Wiesbaden, 20 March 2014 – KION GROUP AG intends to harness its global potential even more effectively, focusing on growth, profitability, resilience and capital efficiency in order to become the industry leader worldwide. Other objectives within its KION Group Strategy 2020 are an EBIT margin in double digits and a significantly higher return on capital employed. "We want to become one of the best capital goods companies in every aspect," said Gordon Riske, Chief Executive Officer of KION GROUP AG, when the company presented its 2013 annual report.

The KION Group attaches particular importance to the fast-growing Asian and North American markets. It plans to boost the competitiveness of the global brands Linde, STILL and Baoli and the regional brands Fenwick, OM STILL and Voltas by stepping up use of shared modules and platforms.

"The core element of our Strategy 2020 is to make even better use of the KION Group's strong global position and cross-brand synergies," added Riske. "The basis for this is our successful integrated business model with its high proportion of service business, as well as our multi-brand strategy."

The KION Group also plans to use its Strategy 2020 to strengthen its resilience in the event of decreases in revenue during economic downturns. "We want to remain clearly profitable, even in times of crisis," said Thomas Toepfer, Chief Financial Officer of KION GROUP AG. "To this end, we intend to expand our position as the most profitable supplier in our industry and generate EBIT margins of more than 10 per cent – as achieved by other companies in the capital goods sector with comparable integrated business models."

Contributing to this objective is the service business, which accounts for over 40 per cent of the KION Group's revenue. Some 1.2 million trucks built by the KION brand companies are now in use worldwide – representing an enormous reservoir of potential service business that the company intends to systematically exploit.
Growth plans for Asia and the United States

Asia, especially China, plays a central role in the KION Group’s growth plans. “We are deliberately developing product platforms beneath the premium segment that we can deploy worldwide,” explained Riske. The KION Group believes that this will enable it to manufacture trucks for other growth markets far more efficiently and, as a result, more cheaply.

The KION Group also wants to gain a much stronger foothold in the United States. In order to increase market share there, the company will continue to expand the product portfolio for the US market and offer additional services. It will do so by drawing on sufficient capacity reserves of an existing plant in South Carolina, using product platforms developed within the company and with the aid of an extensive existing dealer network. In its home market of Europe, the KION Group will continue to benefit from its position as the undisputed market leader in the premium segment.

Further process improvements

From production right through to marketing, sales and service, the KION Group aims to fully exploit economies of scale and efficiency gains in every area. “The purchasing and product development units will collaborate even more closely. This will reduce product costs and ensure that the KION brands become even more competitive in many markets,” explained CFO Thomas Toepfer. Capacity utilisation in the production facilities is to be stepped up while vertical integration will be constantly reviewed. Moreover, the Group’s manufacturing facilities are to be brought even closer to its global sales markets.

Closer cooperation on research and development in growth markets

Under the Strategy 2020, multi-brand research and development (R&D) teams will cooperate more closely at KION level in the growth markets, using shared worldwide platforms that are mainly developed at the KION Group’s Chinese R&D centre. Meanwhile, the focus in Europe will be on shared, cross-brand modules. The R&D teams in Europe and the growth markets will share knowledge and information extensively. Modules and platforms developed within the Group are available to all brand companies and regions.

Business performance in 2013

The KION Group can look back on a solid 2013. EBIT and profitability reached record levels despite weakness in the western European market and unfavourable currency effects. The Group recorded order intake and revenue at similarly high levels to those in
the previous year, after adjusting for the sale of the hydraulics business in 2012.

About KION Group

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 market leader in India in industrial trucks. The KION Group is present in more than 100 countries.

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Further information for the media

Michael Hauger
Head of Corporate Communications
Tel.: +49 (0) 611.770-655
michael.hauger@kiongroup.com

Frank Brandmaier
Head of Corporate Media Relations
Tel.: +49 (0) 611.770-752
frank.brandmaier@kiongroup.com
Further information for investors

Frank Herzog  
Head of Corporate Finance  
Tel.: +49 (0) 611.770-303  
frank.herzog@kiongroup.com

Silke Glitza  
Head of Investor Relations and M&A  
Tel.: +49 (0) 611.770-450  
silke.glitza@kiongroup.com