KION Group starts 2011 with a strong first quarter

- Order intake rises to around €1.2 billion, up 37 per cent compared to Q1 2010
- Revenue increases by 38 per cent to over €1.0 billion
- Adjusted EBITDA[1] more than doubles to €149 million
- Adjusted EBIT[1] margin has risen steadily since Q2 2010 to reach 7.3 per cent in Q1 2011

Wiesbaden, 8 June 2011 – The KION Group, one of the two leading global manufacturers of forklift trucks and warehouse equipment, has started 2011 with a strong first quarter. The Company has benefited from the fast-growing demand for material handling products and services, recording significant gains in revenue and earnings compared to the first quarter of 2010.

Having begun to rally in 2010, the global market for industrial trucks continued its recovery in the first quarter of 2011. Demand was up approximately 40 per cent on the first quarter of 2010, reaching almost 250,000 units – a record high for the first quarter of a calendar year. Besides the industrialised markets of Western Europe and North America, this trend was again driven by the high-growth markets of Asia, Eastern Europe and South America, which continued to see strong growth in demand for material handling solutions. Demand in China was 41 per cent higher than it had been in the first quarter of 2010 and amounted to 64,000 units in the first quarter of 2011 – this equates to more than a quarter of global demand and sets a new quarter record. Western Europe remained the largest individual market for material handling products in the first quarter of 2011 with demand totalling 76,000 units.

In these favourable market conditions, the KION Group's order intake rose to €1.157 billion in the first quarter of 2011, representing a year-on-year increase of 36.9 per cent (Q1 2010: €846 million). The KION Group's order backlog had grown to more than €900 million by 31 March 2011. Order intake for new trucks climbed by 36 per cent, from 26,900 units to 36,600 units.

Total consolidated revenue increased to €1.016 billion, a rise of 37.8 per cent year on year (Q1 2010: €738 million). Revenue from new trucks grew by more than 60 per cent, in particular due to greater demand for higher priced counterbalance trucks. There was also significant growth in hydraulics and service revenue, which recorded rises of over 38 per cent and over 15 per cent respectively. In the first quarter of 2011, 41 per cent of revenue was generated from the service business, which encompasses aftersales and services in connection with rental business and pre-owned trucks.
The KION Group's earnings before interest, tax, depreciation and amortisation (EBITDA[1]), adjusted for one-off items, more than doubled year on year, rising from €73 million in the first quarter of 2010 to €149 million in the first quarter of 2011. The EBITDA[1] margin therefore improved from 9.9 per cent to 14.6 per cent. Over the last four quarters, the EBIT[1] margin has also risen steadily, reaching 7.3 per cent in the first quarter of 2011. This increase is attributable to the volume increase, strict discipline in terms of fixed costs and the steps taken during the two years of crisis to boost efficiency.

At €66 million, cash flow from operating activities was also significantly higher than it had been a year earlier (Q1 2010: €1 million). Despite the far higher volume of business, working capital rose at a lower rate than revenue. The cash flow from investing activities amounted to a net outflow of €20 million (Q1 2010: €23 million); free cash flow therefore totalled €46 million (Q1 2010: minus €22 million).

The number of employees (including apprentices and trainees) was 20,154 as at 31 March 2011 – a small year-on-year increase of 2 per cent (31 March 2010: 19,733 employees).

In March 2011, KION announced that it was establishing a joint venture with Voltas Limited in India for the development, production, sales and service of forklift trucks and warehouse equipment. The joint venture is called Voltas Material Handling Private Limited. KION has acquired a majority share of the joint venture using existing funds and did not need to take out any additional loans. The joint venture was established in the second quarter of 2011.

KION is expanding its production capacities in Brazil by setting up a plant in São Paulo geared to the manufacture of IC trucks. This will enhance the company’s ability to satisfy local customer demand. Production in São Paulo is scheduled to start in early 2012. The existing Brazilian plant in Rio de Janeiro manufactures warehouse equipment for KION’s STILL and Linde brands.

In April 2011, KION issued a secured corporate bond with a total volume of €500 million in the capital markets. This has enabled the KION Group to improve the maturity profile of its debt, with some financial liabilities being extended to 2018. The proceeds from the issuance of the bond enabled the company to pay back pro rata some of its existing loans.
Having made an excellent start to 2011, KION expects its positive performance to continue throughout the year, provided that market conditions remain favourable. Although revenue will be lower than the record level achieved in 2008, the EBIT[1] margin could almost reach its historic high again.

**KION Group – Q1 2011**

Since 1 January 2011, KION has aggregated its STILL and OM brands in the STILL/OM segment.

<table>
<thead>
<tr>
<th>€ million</th>
<th>Q1 2011</th>
<th>Q1 2010</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>1,157</td>
<td>846</td>
<td>+37%</td>
</tr>
<tr>
<td>Revenue</td>
<td>1,016</td>
<td>738</td>
<td>+38%</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linde Material Handling</td>
<td>661</td>
<td>465</td>
<td>+42%</td>
</tr>
<tr>
<td>STILL/OM</td>
<td>400</td>
<td>301</td>
<td>+33%</td>
</tr>
<tr>
<td>EBITDA[1]</td>
<td>149</td>
<td>73</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>EBITDA[1] margin</td>
<td>14.6%</td>
<td>9.9%</td>
<td>+4.7 percentage points</td>
</tr>
<tr>
<td>EBIT[1]</td>
<td>75</td>
<td>(-6)</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>EBIT[1] margin</td>
<td>7.3%</td>
<td>(-0.9%)</td>
<td>+8.2 percentage points</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>66</td>
<td>1</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>46</td>
<td>-22</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Employees (FTEs, including apprentices/trainees)</td>
<td>20,154</td>
<td>19,733</td>
<td>+2%</td>
</tr>
</tbody>
</table>

[1]Adjusted for one-off items prior to purchase price allocation (PPA), including net investment income

**The Company**

The KION Group – comprising the six brands, Linde, STILL, Fenwick, OM, Baoli and Voltas – is Europe’s market leader for industrial trucks, the global number two in the industry and the leading international supplier in China. In 2010, the KION Group employed around 20,000 people and generated revenue of more than €3.5 billion.
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**For further information please contact**

Michael Hauger  
Head of Communications and Investor Relations  
Tel.: +49 (0)611 770 655  
Email: michael.hauger@kiongroup.com

Frank Kopfinger  
Head of Investor Relations  
Tel.: +49 (0)611 770 220  
Email: frank.kopfinger@kiongroup.com