Press Release

KION Group continues to pursue globalisation strategy and boosts profitability in the first nine months of the year

- Order intake slightly up year on year at €3.487 billion
- Revenue grows by 8.9 per cent year on year to €3.439 billion
- Further improvement in margins: EBIT[1] margin reaches 9.3 per cent in Q1-Q3 2012
- Partnership with Weichai Power opens up additional market opportunities in Asia
- New plant in Brazil starts production

Wiesbaden, 14 November 2012 – In the first nine months of 2012 the KION Group utilised its strong global position and continued along its path of growth. Generating robust order intake volumes and revenue growth, the KION Group registered another sharp year-on-year rise in profitability. The total value of its order intake increased by 0.6 per cent on what had already been an impressive figure for the first nine months of 2011 to €3.487 billion in a slightly contracting market. Revenue rose by 8.9 per cent year on year to €3.439 billion. The KION Group raised its earnings before interest and tax (EBIT[1]) by 22.8 per cent to €319 million. It achieved an EBIT[1] margin of 9.4 per cent in the third quarter of 2012. As a result, the KION Group’s EBIT margin for the first nine months of 2012 reached a record for this period of 9.3 per cent.

The global market for new industrial trucks in the first three quarters of 2012 amounted to approximately 718,000 units, which was just 2.9 per cent lower than the high figure achieved in the corresponding period of 2011. Demand in Europe fell to 237,000 units, 6.2 per cent down on the first three quarters of 2011. In the first nine months of 2012, demand in western Europe declined by 7.4 per cent year on year to 196,000 units owing to the weakness of the economies in the southern European markets. Demand in the eastern European market was at the same level as in the first three quarters of 2011 at 41,000 units. The American market grew slightly to 168,000 trucks, an increase of 1.3 per cent on the same period of the previous year. Demand in the Asian markets contracted by 3.8 per cent year on year to 282,000 trucks.

In this market environment, the KION Group reported an encouraging order intake of 107,000 new trucks in the first nine months of 2012, a figure that was roughly unchanged year on year (Q1-Q3 2011: 107,800 trucks). The KION Group therefore outperformed the global market, which declined by 2.9 per cent over the period in terms of units sold. This positive trend was driven by the KION Group’s market success in western Europe and, above all, in China, eastern Europe and South America, where the KION brand companies were able to consolidate their strong market position.
The total value of order intake in the first nine months of 2012 came to €3.487 billion, which was a further small improvement of 0.6 per cent on the very strong figure of €3.464 billion reported for the corresponding period of 2011. The KION Group’s order book continued to be well in excess of €900 million as at 30 September 2012. This considerable order book provides the KION Group with a clear picture of how its revenue and earnings will perform over the next few months.

The KION Group’s revenue advanced by 8.9 per cent year on year to €3.439 billion in the first three quarters of 2012 (Q1-Q3 2011: €3.157 billion). Revenue from business in new trucks grew by 12.6 per cent compared with the first nine months of 2011. The KION Group achieved a year-on-year increase of 4.7 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 22.8 per cent from €260 million in the first three quarters of 2011 to €319 million in the corresponding period of this year. This encouraging trend was mainly attributable to the KION Group’s larger business volumes and improved cost structures. Even though the consolidation of KION’s European production plants, which was completed in 2012, will not show its full positive impact on profitability until next year, the EBIT[1] margin of 9.3 per cent achieved in the first three quarters of 2012 exceeded the margin attained in the same period of 2011 by 1.1 percentage points, which was the highest margin in the first three quarters ever achieved since the KION Group was spun off in 2006.

Cash flow from operating activities in the first nine months of 2012 amounted to €135 million and was therefore only slightly lower than in the comparable period of last year (Q1-Q3 2011: €146 million). This was largely attributable to a rise in working capital, which had been increased in the first quarter in connection with the KION Group’s revenue growth. The net cash used for investing activities (including acquisitions) remained unchanged at €96 million in the first three quarters of 2012 (Q1-Q3 2011: €96 million). Consequently, free cash flow came to €39 million (Q1-Q3 2011: €50 million).

Total expenditure on research and development (R&D) rose by 1.5 per cent to €86 million compared to the same period of the previous year. This equates to 4.2 per cent of revenue from new trucks. The KION Group’s total R&D spending therefore remained very high for the sector, which will secure the KION brands’ technological leadership over the long term.

The number of employees (including apprentices and trainees) rose by 5.1 per cent to 22,629 as at 30 September 2012 (30 September 2011: 21,536).
Weichai Power and KION Group agree long-term strategic partnership
As part of their strategy to expand their global footprint and thereby fully harness the potential of the hugely populous emerging markets, the KION Group and China's Weichai Power Co., Ltd. have agreed to enter into a long-term strategic partnership focusing on close cooperation in the field of industrial trucks and hydraulic drive technology. As part of a capital increase, Weichai Power will acquire a stake of 25 per cent in KION for €467 million and a majority stake of 70 per cent in KION's hydraulics division for €271 million, representing a total investment of €738 million. The transaction is due to be completed in the fourth quarter of 2012 and is subject to the usual regulatory approvals.

KION hopes that this strategic partnership will act as a significant catalyst for strong growth in Asia, particularly in China, where teaming up with a major national company has the potential to further improve the KION truck brands' access to the market. China accounts for around a quarter of the global market for industrial trucks. The partnership will also reinforce KION's capital structure.

In addition to its continuing successful sales alliance with US partner Eaton Corporation, Linde Hydraulics will be able to generate significant economies of scale and to exploit previously untapped market potential in the fast-growing regions of Asia thanks to its future majority shareholder Weichai Power.

KION acquires outstanding shares in Voltas MH
On 2 November 2012 the KION Group acquired Voltas Limited's 34 per cent minority shareholding in India-based Voltas Material Handling Pvt. Ltd. (VMH). VMH was founded jointly by the KION Group and Voltas Limited in May 2011. The KION Group is now the sole owner of VMH. The acquisition of VMH in its entirety is another milestone in KION's successful global growth strategy. This step paves the way for KION to continue to tap into the Indian market and harness its attractive long-term potential for growth. VMH has a network of 14 sales offices and 35 dealerships in India through which it serves the hugely populous Indian market.

Manufacturing starts at new plant in South America
KION South America's new plant has gone into operation. The new plant in Indaiatuba/São Paulo will be producing both IC forklift trucks and warehouse trucks for the Brazilian and South American market under the Linde and STILL brands. A workforce of 180 will be involved in the manufacturing process once production is running at full speed. Previously, warehouse truck production had been based at a plant in Rio de Janeiro. KION South America closed this plant in November 2012.
Expansion of systems engineering sales activities
The KION Group is also stepping up its systems engineering sales activities. In the third quarter of 2012 a training and demonstration centre was inaugurated as part of an extensive programme of investment at KION Warehouse Systems’ Reutlingen site. The new centre is now providing significant support for the international sales activities of Linde and STILL in this field.

Change of personnel on KION's Executive Board
Thomas Toepfer became CFO of the KION Group in September 2012. He was previously CFO and labour relations director at STILL GmbH in Hamburg.

Outlook: revenue growth, further improvement in profitability
Compared with the very strong performance seen in 2011, the global market for industrial trucks has suffered a modest downturn this year owing to worldwide macroeconomic conditions. The situation at the end of the third quarter of 2012 indicates that the global market is likely to fare slightly less impressively in 2012 as a whole than it did last year. The KION Group has again achieved gains in market share, posted strong earnings and made operational improvements in the first nine months of 2012. For the year as a whole, it expects to generate a small year-on-year increase in revenue. 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. This is provided that no severe global economic events have an adverse impact on either the industrial truck markets or – consequently – the KION Group.

The KION Group believes that 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 the hugely populous emerging markets and drawing on its extensive sales and service network, the KION Group is excellently placed in its key markets in western Europe, eastern Europe, South America and Asia to benefit from future market opportunities. The KION Group expects the new partnership it has agreed with Weichai Power to give it a considerable competitive edge in the medium to long term.
The KION Group's key figures for the nine months ended 30 September 2012

<table>
<thead>
<tr>
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<th>Q1-Q3 2012</th>
<th>Q1-Q3 2011</th>
<th>Change</th>
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<tbody>
<tr>
<td><strong>Order intake</strong></td>
<td>3,487</td>
<td>3,464</td>
<td>+0.6%</td>
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<tr>
<td><strong>Revenue</strong></td>
<td>3,439</td>
<td>3,157</td>
<td>+8.9%</td>
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<td>of which:</td>
<td></td>
<td></td>
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<tr>
<td>Linde Material Handling</td>
<td>2,323</td>
<td>2,071</td>
<td>+12.2%</td>
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<tr>
<td>STILL</td>
<td>1,233</td>
<td>1,212</td>
<td>+1.8%</td>
</tr>
<tr>
<td><strong>EBITDA[1]</strong></td>
<td>548</td>
<td>482</td>
<td>+13.8%</td>
</tr>
<tr>
<td><strong>EBITDA[1] margin</strong></td>
<td>15.9%</td>
<td>15.3%</td>
<td></td>
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<tr>
<td><strong>EBIT[1]</strong></td>
<td>319</td>
<td>260</td>
<td>+22.8%</td>
</tr>
<tr>
<td><strong>EBIT[1] margin</strong></td>
<td>9.3%</td>
<td>8.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>135</td>
<td>146</td>
<td>-7.6%</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>39</td>
<td>50</td>
<td>-22.5%</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>22,629 [2]</td>
<td>21,536</td>
<td>+5.1%</td>
</tr>
<tr>
<td>(FTEs, incl. apprentices/trainees)</td>
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[1] EBIT and EBITDA adjusted for KION acquisition items and non-recurring items
[2] This figure includes a year-on-year increase of 447 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.
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.

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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