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KION Group: dynamic start into 2017

- **Sustained growth, both organic and as a result of Dematic acquisition**
- **Considerable rise in the value of order intake to €1.882 billion in the first quarter of 2017 (up by 45.1 percent)**
- **Strong growth in revenue to €1.811 billion (up by 48.4 percent)**
- **Adjusted EBIT margin improves from 8.1 percent to 8.4 percent**
- **Strong free cash flow of €64.5 million**
- **Outlook for 2017 confirmed**

Wiesbaden, April 27, 2017 – The KION Group had a dynamic start into 2017: Following last year's acquisition of Dematic, a specialist in automation and supply chain optimization, the total value of order intake rose by 45.1 percent to €1.882 billion in the first quarter of 2017. At €2.306 billion, the order book was above the high level seen at the end of last year (31 December 2016: €2.245 billion). Revenue grew by a substantial 48.4 percent to €1.811 billion in the first three months of 2017, while earnings before interest and tax (EBIT[1]) grew by 55.1 percent to €152.9 million. This resulted in an improvement in the EBIT[1] margin from 8.1 percent to 8.4 percent.

Net income increased by 27.2 percent to €42.0 million in the period January to March. Earnings per share for the first three months of the year came to €0.39. The KION Group generated a strong free cash flow of €64.5 million.

"The first quarter, which includes Dematic results on a fully consolidated basis, represents a highly promising start to our new era," said Gordon Riske, Chief Executive Officer of the KION Group. "The industrial truck market again developed dynamically in the first three months of this year, while demand for automated supply chain solutions continues to boom – driven among others by e-commerce. As a provider of products and services catering to all intralogistics needs, the KION Group is ideally positioned to shape these developments and profit from them."

The global market for forklift trucks and warehouse technology recorded strong growth in the first quarter of 2017. New truck orders were up by 19.4 percent on the first quarter of 2016, reaching 350,500 trucks. The main driver of this increase was the very strong recovery in China. Western Europe was able to continue the positive momentum seen in the previous year.

Segment performance in detail

In the **Industrial Trucks & Services segment** (forklift trucks, warehouse technology, and related services), order intake for the first quarter of 2017 totalled around 49,900 units, a year-on-year improvement of 14.4 percent. The total value of order intake was €1.415 billion in the first quarter of 2017 (up by 12.5 percent). Revenue rose by 10.5 percent year on year to €1.323 billion, with the new truck business making a particularly strong contribution to this increase. The main revenue drivers were once again sales of electric forklift trucks and warehouse equipment. EBIT[1] reached €129.1 million, which was up by 15.4 percent on the prior-year period. As a result, the EBIT[1] margin went up from 9.3 percent in the first quarter of 2016 to 9.8 percent in the same period of this year.

The **Supply Chain Solutions segment** has only included Dematic since November 2016. The total value of its order intake was €461.3 million in the first quarter of 2017, compared with €35.1 million in the first three months of last year. Revenue amounted to €483.0 million (Q1 2016: €19.8 million). In the period January to March 2017, the segment generated EBIT[1] of €34.2 million, after an operating loss of €0.8 million a year earlier. The EBIT[1] margin reached 7.1 percent in the first quarter of 2017.

Outlook

The KION Group confirms the outlook provided for 2017 in the 2016 group annual report.

The Group aims to build on its successful performance in 2016 and, based on the forecasts for market growth, achieve further increases in order intake, revenue, and adjusted EBIT.

The order intake of the KION Group is expected to be between €7.800 billion and €8.250 billion. The target figure for consolidated revenue is in the range of €7.500 billion to €7.950 billion. The target range for adjusted EBIT is €740 million to €800 million. The adjusted EBIT margin is predicted to increase above the margin of 9.6 percent that was generated in 2016. Free cash flow is expected to be in a range between €370 million and €430 million. The target figure for ROCE is in the range of 9.5 percent to 10.5 percent.

Order intake in the Industrial Trucks & Services segment is expected to be between €5.450 billion and €5.600 billion. The target figure for revenue is in the range of €5.300 billion to €5.450 billion. The target range for adjusted EBIT is €605 million to €630 million. The adjusted EBIT margin is predicted to increase slightly above the margin of 11.3 percent achieved in 2016.

Order intake in the Supply Chain Solutions segment is expected to be between €2.350 billion and €2.650 billion. The target figure for revenue is in the range of €2.200 billion to €2.500 billion. The target range for adjusted EBIT is €195 million to €230 million. The adjusted EBIT margin is predicted to increase significantly above the margin of 1.6 percent that was generated in 2016.

The outlook is based on the assumption that material prices will hold steady and the current exchange rate environment will remain as it is. Actual business performance may deviate from the forecasts due, among other factors, to the opportunities and risks described in the 2016 group annual report. Performance particularly depends on macroeconomic and industry-specific conditions and may be negatively affected by increasing uncertainty or a worsening of the economic and political situation.

Improved assessment from rating agency

In April, the rating agency Standard & Poor's raised its credit rating for the KION Group from BB+ with a negative outlook to BB+ with a stable outlook. The reason given by the agency was KION's solid operational and financial performance and successful measures to refinance large parts of the Dematic acquisition bridge facility as well as the expectation amongst other of a continued positive development of KION's key credit metrics.

KION Group key performance indicators for the first quarter, which ended March 31, 2017

€ million	Q1 2017	Q1 2016	Difference
Order intake (value)	1,881.7	1,296.7	+45.1%
Revenue	1,811.4	1,220.6	+48.4%
EBITDA[1]	263.0	191.7	+37.2%
EBITDA[1] margin	14.5%	15.7%	
EBIT[1]	152.9	98.6	+55.1%
EBIT[1] margin	8.4%	8.1%	
Net income	42.0	33.0	+27.2%
Free cash flow	64.5	-20.4	>100%
Employees[2] (FTEs, incl. apprentices/trainees)	30,680	30,544	+0.4%

[1] EBIT and EBITDA adjusted for KION acquisition items and non-recurring items.

[2] Figure as at March 31, 2017 compared with December 31, 2016 (full-time equivalents).

The Company

The KION Group is a global leader in industrial trucks, related services, and supply chain solutions. Across more than 100 countries worldwide, the KION Group designs, builds and supports logistics solutions that optimize material and information flow within factories, warehouses and distribution centers. The company is the largest manufacturer of industrial trucks in Europe, the second-largest producer of forklifts globally, and a leading provider of warehouse automation.

The KION Group's world-renowned brands are clear industry leaders. Dematic, the newest addition to the KION Group, is a global leader in automated material handling providing a comprehensive range of intelligent supply chain and automation solutions.

Egemin Automation is a leading logistics automation specialist with a particular strength in AGVs. The Linde and STILL brands serve the premium industrial truck segment. Baoli focuses on industrial trucks in the economy segment. Among its regional industrial truck brands, Fenwick is the largest supplier of material handling products in France, OM STILL is a market leader in Italy, and Voltas is a leading provider of industrial trucks in India.

With a global installed base of more than 1.2 million industrial trucks and over 6,000 installed systems, KION Group's customer base includes companies in all industries and of all sizes on six continents. The KION Group has more than 30,000 employees and generated revenue of around €5.8 billion in 2016.

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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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