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KION media day: CEO Riske sees further potential for growth from the Dematic acquisition

- **Gordon Riske: KION Group's unique portfolio now covers the entire supply chain**
- **Dematic CEO John Baysore: Market potential from the megatrends of digitalization, urbanization, and increasing convenience for consumers**
- **KION media day at Dematic's European headquarters in Heusenstamm near Frankfurt**

Wiesbaden/Heusenstamm, December 2, 2016 – The Chief Executive Officer of the KION Group, Gordon Riske, believes the acquisition of automation and supply chain optimization specialist Dematic adds potential for growth. "Through the acquisition, we are creating a company whose products and services encompass the entire supply chain. Our product portfolio is unique and ranges from forklift trucks to fully automated material handling solutions," said Riske at the KION media day, which was held on Friday at Dematic's European headquarters in Heusenstamm near Frankfurt. According to Riske, the KION Group thus offers its customers everything they need for their warehouses and production lines. "We are also significantly expanding our global reach," emphasized the Chief Executive Officer.

At the event, the new CEO of Dematic, John Baysore, highlighted the market potential offered by the megatrends of digitalization, urbanization, and increasing convenience for consumers. "Dematic's automation solutions are needed by customers who are adapting to changing consumer requirements and want to maintain their competitive advantage," said Baysore. He added that the driving factors in retail included the boom in online business, rising labor costs, the trend for smaller stores, and the resulting shift of inventory from stores to distribution centers.

The KION Group will have three segments

As a result of the transaction, the KION Group will start managing its business and reporting financials by three segments in December 2016: Industrial Trucks and Services, Supply Chain Solutions and Corporate Services. The Industrial Trucks and Services segment represents KION's business up to now and consists of four operating units: Linde Material Handling EMEA and STILL EMEA, which each concentrate on Europe, the Middle East and Africa, plus KION APAC and KION

Americas, which hold cross-brand responsibility for the Asia-Pacific region and the Americas, respectively. The Supply Chain Solutions segment comprises Dematic, Egemin Automation and Retrotech, while Corporate Services includes headquarter functions and group wide services such as internal logistics and IT.

After the deduction of certain liabilities, the purchase consideration for the shares in Dematic amounts to circa US\$ 2.0 billion based on an enterprise value of US\$3.25 billion. The acquisition creates a leading player with pro forma revenue of more than €6.7 billion in the 2015 calendar year and a high level of profitability in the form of a combined adjusted EBIT margin of approximately 9.4 percent in the same period.

Dematic is a leading global supplier of advanced integrated supply chain automation technology, software and services. Its portfolio of products and systems includes intelligent software, conveyors, sortation, automated guided vehicles, automated storage and retrieval systems, light/voice directed order fulfilment, automated de-palletizing/palletizing and an 24/7/365 customer service. Dematic has grown by more than 12 percent annually since 2013. In 2015, it generated revenue of roughly US\$1.8 billion (€1.6 billion) and adjusted EBIT of US\$166 million (€150 million). Dematic employs almost 6,000 skilled logistics professionals – including more than 3,000 engineers in software development, research and development, engineering services, project management and customer service. The company operates more than 100 sites in 22 countries and is a leading player in the United States, Europe and worldwide. To date, its specialists have installed more than 4,500 integrated systems for small, medium-sized and large companies in a broad variety of industries, including the fast-growing e-commerce sector.

Attractive growth and cost synergies

The two companies complement one another with strong market positions and regional presence thus opening up opportunities for cross-selling in the medium term. Dematic will make use of the reputation and leading market positions of KION's forklift brands in key markets such as Europe, China and Brazil, while the KION Group benefits from Dematic's strong position in the U.S. and European automation markets. Moreover, the combination of the KION Group's comprehensive sales and service network and Dematic's large installed base opens up potential for further revenue gains in the software, service and retrofit businesses. The complementarity of both businesses will generate cost synergies.

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 company's 30,000 dedicated and highly skilled employees generated more than €6.7 billion in pro-forma revenue for the calendar year 2015.

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