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## **The KION Group enters a new era by successfully completing its acquisition of Dematic**

- **The KION Group becomes a leading global provider of supply chain solutions, with a unique, comprehensive and cutting-edge solutions portfolio**
- **Dematic under new management: John Baysore is the new President and CEO**
- **KION Group CEO Gordon Riske: "The acquisition is the dawn of a new era for the KION Group, Dematic and our customers"**
- **Dematic President and CEO Baysore: "We are proud that we can provide our customers with even more comprehensive support as part of the KION Group"**
- **The KION Group will have three segments for management and reporting purposes going forward**

Wiesbaden, 1 November 2016 – Starting a new chapter in the global supply chain industry, the KION Group has successfully completed its landmark acquisition of Dematic, a leading specialist for automation and supply chain optimisation. The purchase makes the KION Group one of the world's leading providers of supply chain solutions with a unique and comprehensive portfolio of products ranging from forklift trucks to fully automated material handling solutions. The KION Group is thus ideally positioned to tap into the attractive and profitable growth driven by megatrends such as Industry 4.0, digitalization and e-commerce.

"Today marks the dawn of a new era for the KION Group, Dematic and our customers," said Chief Executive Officer of the KION Group, Gordon Riske. "The transaction brings together the world's most profitable manufacturer of forklift trucks and warehouse technology with one of the largest and fastest-growing warehouse automation and software solutions providers. Our combined global presence, intelligent and tailored material handling as well as comprehensive automation and software technology solutions, plus now more than 30,000 dedicated and highly skilled employees will enable us to deliver even more value for our customers."

### **Experienced management team for Dematic**

The new Dematic operating unit will be led by John Baysore, previously CEO of Dematic North America, who will hold the role of President and Chief Executive Officer and has a proven track record in growing supply chain solutions business. In the newly created role of Executive Vice President International, Jeff Moss will head up Dematic's international business outside North America, which will be a key focus for expansion. The new management team will also include Frank Herzog, previously the KION Group's Head of Corporate Finance, in the role of Executive Vice President Finance and Chief Financial Officer. Business in North America will be the responsibility of Scott Watts, who has been appointed Executive Vice President North America.

"At Dematic, we are proud to move forward as part of the KION Group, which even better positions us to assist our customers with supply chain performance. The newly established solution portfolio affords our customers the ability to accommodate their ever changing business requirements and will dynamically optimize their warehouse and distribution functions," said John Baysore. "The market for system solutions is expected to grow by around 10 percent per year in the medium term. We have the innovative technology, software expertise and global network to meet the supply chain requirements of the future, such as those resulting from the rapidly growing e-commerce sector and the many other vertical markets we serve."

KION CEO Gordon Riske expressed his gratitude to the departing CEO of Dematic, Ulf Henriksson: "We are grateful to Ulf for his hard work helping build Dematic to where it is today, and thank him for leading a smooth closing process over the last several months."

### **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 depalletizing/palletizing and the industry's most robust 24/7/365 customer service offering. 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 further opportunities for cross-selling. 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. This complementarity of both businesses will generate cost synergies. 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.

### **Robust capital and financing structure**

In July, KION GROUP AG carried out a capital increase for 10 percent of its share capital with around €459 million gross proceeds, which are to be used to partly finance the transaction. The purchase was initially funded by a bridging loan of €3 billion, which will be reduced using the proceeds from the issue of shares. In addition to the capital increase, the acquisition will also be refinanced by long-term

capital-market and bank debt. The KION Group's conservative financial policy focuses on maintaining a strong cross-over credit profile with reliable access to debt capital markets. Going forward, the KION Group therefore intends to ask for the approval of its shareholders to create further authorised capital of up to 10 percent. This authorised capital would be used in the future should the KION Group believe this to be prudent at that time.

## 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 centres. 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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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.

Further information for the media

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