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KION Group to become a global leader in intralogistics solutions by acquiring Dematic

- **Combination of KION Group and Dematic creates a global leader in advanced material handling solutions**
- **KION Group establishes a provider of the full range of material handling solutions – from hand pallet and forklift trucks to complete fully automated warehouse systems**
- **KION Group expects the purchase price for the shares to amount to approx. USD 2.1 billion, based on an enterprise value of Dematic of USD 3.25 billion**
- **Dematic contributes approx. USD 1.8 billion in revenue (calendar year 2015) with attractive growth**
- **KION Group establishes with Dematic a critical presence in the Americas and further develops its business in Europe and Asia**
- **Committed bridge financing; long-term financing with mix of equity and debt maintaining solid cross-over credit profile**
- **Closing of the transaction expected in Q4 2016; transaction subject to customary closing conditions and regulatory approvals**

Wiesbaden, 21 June 2016 – The KION GROUP AG (“KION Group”), already one of the two largest suppliers of forklift trucks, warehouse equipment and related services, will become one of the leading global providers of intelligent intralogistics solutions by acquiring Dematic, a best-in-class automation provider and specialist in supply chain optimization. The KION Group agreed with funds managed by AEA Investors and Ontario Teachers' Pension Plan as the sellers on this landmark transaction to create a true global provider with close to 30,000 employees, more than € 6.7 billion in revenue for the calendar year 2015 and a strong profitability with a combined adjusted EBIT margin of approx. 9.4 per cent for this period. After deductions for certain liabilities, the KION Group expects the purchase price for the shares to amount to approx. USD 2.1 billion, based on an enterprise value of Dematic of USD 3.25 billion. The transaction is subject to customary closing conditions and regulatory approvals and is expected to be closed in the course of the fourth quarter of 2016.

Dematic is a leading global supplier of advanced integrated automation technology, software and services to optimize supply chains and to meet the material handling automation needs of its customers. The company's product and systems portfolio ranges from Automated Guided Vehicles (AGVs), palletizers, storage and picking equipment including automated storage and retrieval systems, sorters and conveyors to a leading integrated software platform and automation technologies. Dematic has been growing annually by more than 12 per cent since 2013. It generated approx. USD 1.8 billion in revenue and achieved an adjusted EBIT of USD 166 million during the calendar year 2015. Dematic employs almost 6,000 skilled logistics professionals – including over 3,000 engineers in software development, R&D, engineering, project management and customer service – to support its customers globally, with engineering centers and manufacturing facilities located around the globe. With more than 100 locations Dematic is present in 22 countries. The company is a leading player in the USA, Europe, and worldwide. Dematic has implemented more than 4,500 integrated systems for small, medium and large companies with business in a broad variety of industries around the globe including the fast-growing e-commerce business.

Global leader in Intralogistics 4.0

The purchase of Dematic will establish the KION Group as a global leader in Intralogistics 4.0. Leveraging its sales and service networks, technologies and resources, the enlarged company will be able to seamlessly offer the full material handling product and service offering to customers of all sizes in a broad range of industries across the world. This most comprehensive material handling solutions offering in the market ranges from manually operated industrial trucks to complete fully automated warehouses. The KION Group will thus enhance its position as one-stop-supplier for intelligent supply chain and automation solutions and is now perfectly positioned for attractive and profitable growth driven by megatrends like Industry 4.0, digitalization and e-commerce.

Both companies contribute strong complementary market positions and geographical footprint as an opportunity for revenue growth. Dematic will leverage the KION Group's service network and brand reputation in key markets like Europe, China and Brazil, whereas the KION Group will take advantage of Dematic's strong position in the US and European automation markets in particular. This complementarity is also the source of cost synergies from this combination. KION Group's strong sales and service network together with Dematic's sizeable installed base provides the basis for unlocking further revenue potential from services and systems upgrades.

A unique company in its industry

In the past year, the KION Group already started to build up a strong position as provider of automated systems solutions by acquiring Egemin Automation and Retrotech, thereby making further inroads in this attractive and growing market. "With the acquisition of Dematic we are substantially changing and enhancing what KION Group is and does – for further profitable growth in a quickly changing industry and digitalized world," said KION Group's CEO Gordon Riske. "We are becoming a unique provider of products, services and solutions. Like no other company in our industry, we can accompany every customer seamlessly on its journey to Industry 4.0 and Intralogistics 4.0 now and everywhere."

"This transaction will be transformational to our industry. KION Group and Dematic together will design and deliver solutions that better position our customers to respond to dynamic demand," said Ulf Henriksson, CEO of Dematic. "With a shared vision and commitment to R&D, the combined company will continue to focus on superior customer solutions with significant investment in this area. Together, KION Group and Dematic will jointly define a new era in material handling solutions."

"The entire KION Group Supervisory Board is excited about the combination of KION Group and Dematic and is fully supportive of this landmark transaction. This marks another milestone in the implementation of the KION Group Strategy 2020," said John Feldmann, Chairman of the KION Group Supervisory Board. "Together KION Group and Dematic will be even better able to offer their customers worldwide the best suiting products and solutions available on the market."

"Following their purchase of Dematic in early 2013, owners AEA investors and Ontario Teachers' Pension Plan, supported by a renewed management team and board, invested significantly in the company to take advantage of automation trends in the supply chain driven by omnichannel retail and e-commerce," said G. Richard Wagoner, Jr., Chairman of Dematic. "In the ensuing three years, Dematic has achieved impressive results: rapid growth in order book, sales, and profitability; dramatically enhanced global business processes; and an expanded and diversified global customer base. To support the next stage of Dematic's development and our customers, employees, and other constituents, we are very pleased to have KION Group as the company's new home."

After closing of the transaction, Dematic will be integrated into the KION Group forming an additional fifth operating unit, which will also comprise the businesses of Egemin Automation and Retrotech. This future KION Group operating unit will be headed by Ulf Henriksson as its President.

Solid financing strategy

“KION Group’s strong cash flow generation and debt reduction over the last years since the IPO has provided us with the balance sheet strength for such a transformational transaction,” said Thomas Toepfer, CFO of the KION Group, and he further commented: “We have solid financing in place to fund the transaction with a prudent mix of equity and debt in line with our conservative financial policy that will maintain our financial profile as a good cross-over credit.”

The transaction will be funded initially with a bridge loan facility of € 3.0 billion which has been firmly committed by a group of KION Group’s core relationship banks. KION Group intends to permanently refinance the acquisition through equity, long-term capital markets and bank debt. The equity issuance of up to 10 per cent of new shares would utilize the entire currently existing authorized share capital and is fully supported by KION Group’s major shareholder Weichai Power. KION Group is committed to maintaining its position as a strong cross-over credit with reliable access to debt capital markets and would therefore consider the full spectrum of equity-generating instruments in line with its conservative financial policy.

The Companies

The **KION Group** – comprising the seven brands of Linde, STILL, Fenwick, OM STILL, Baoli, Voltas and Egemin Automation – is the largest manufacturer of industrial trucks in western and eastern Europe, the global number two in the industry and the leading non-domestic 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 a leading provider of industrial trucks in India. Egemin Automation is a leading international logistics automation specialist.

The KION Group is present in more than 100 countries and, in 2015, employed around 23,500 people and generated revenue of around €5.1 billion. KION GROUP AG is listed on Deutsche Börse's Frankfurt Stock Exchange, the MDAX (the German stock index for medium-sized companies) and the STOXX Europe 600 index, which comprises the 600 largest companies in Europe.

Dematic is a leading supplier of integrated automated technology, software and services to optimize the supply chain. Dematic employs almost 6,000 skilled logistics professionals to serve its customers globally, with engineering centers and manufacturing facilities located across the globe. Dematic has implemented more than 4,500 integrated systems for a customer base that includes small, medium and large companies doing business in a variety of market sectors.

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