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## **KION Group continues to see strong order growth in the third quarter and posts solid earnings for the 9-month period**

- **Total value of order intake is up by a substantial 11.8 percent to €6.369 billion**
- **Revenue increases by 2.4 percent to €5.770 billion**
- **Adjusted EBIT margin of 9.3 percent with EBIT of €37.6 million**
- **Net income grows by 9.0 percent to €243.8 million**
- **Free cash flow amounts to €106.6 million**
- **Currency effects continue to adversely affect the key financials**
- **Outlook for 2018 confirmed**

Frankfurt, October 25, 2018 – The global market for industrial trucks and supply chain solutions has been in good shape this year and continues to grow on a high level. The KION Group benefited from this trend in both segments during the first nine months of 2018, registering a notable increase in orders. At €6.369 billion, the total value of order intake in the first three quarters of the year was up by 11.8 percent on the previous-year period (€5.699 billion). Excluding negative currency effects of -€183.0 million, the surge was 15.0 percent. As a result, the order book stood at a record €3.232 billion as of September 30, an increase of 23.6 percent compared with the end of 2017. Revenue rose by a moderate 2.4 percent to €5.770 billion. Excluding negative currency effects of -€166.3 million, revenue growth was 5.4 percent.

Adjusted EBIT came to €37.6 million, which was 3.6 percent below the figure for the previous-year period of €57.5 million. This was due to production inefficiencies caused by bottlenecks at individual suppliers in the Industrial Trucks & Services segment and temporary underutilization of project-related personnel capacity in the Supply Chain Solutions segment. An increase in the cost of materials, higher personnel expenses, and currency effects – mainly from the US dollar – also had a negative impact. The negative currency effect for the Group as a whole came to -€14.2 million. The EBIT margin stood at 9.3 percent, which was below the margin for the previous-year period of 9.9 percent. Net income for the nine-month period amounted to €243.8 million, a year-on-year gain of 9.0 percent (€223.6 million). The significant decline in write-downs in conjunction with purchase price allocations had a particularly positive impact on net income.

At €106.6 million, free cash flow was lower than in the first nine months of last year (€187.0 million). This was predominantly due to increased inventories and budgeted tax payments during the reporting period.

### **Growth drivers remain intact**

The global market for industrial trucks registered strong growth of 13.6 percent in the first three quarters of 2018, with all regions making a contribution. Sales of electric forklift trucks were up by 11.0 percent, which was on a par with the rate of increase for trucks with combustion engines of 10.3 percent. Warehouse trucks registered even stronger growth of 17.4 percent, predominantly due to the healthy demand for smaller entry-level models.

In the market for supply chain solutions, demand remained high for warehouse automation, sorting solutions, and automated goods transport. The steady growth of e-commerce continued to have a significant impact, as did the related realignment of many supply chains. A continuously increasing number of companies are investing in the expansion and optimization of their warehousing and logistics capacity to shorten lead times, improve the efficiency of the flow of goods, and widen their product range.

“The sustained pace of growth in the market for industrial trucks and supply chain solutions underlines the KION Group’s potential for the future,” said Gordon Riske, CEO of KION GROUP AG. “Thanks to our excellent product pipeline and our global activities in development, manufacturing, and sales, we are ideally placed to benefit over the long term from the huge global demand for our products.”

### **Segment performance in detail**

In the **Industrial Trucks & Services segment** (forklift trucks, warehouse technology, and related services) the KION Group’s brands took orders for 159,500 new trucks during the first three quarters of 2018. This equates to an increase of 7.9 percent. The total value of order intake rose by 4.8 percent to €4.486 billion. Negative currency effects amounted to -€3.1 million. The revenue generated by the segment went up by 5.2 percent to €4.236 billion in the 9-month period, despite this total, including negative currency effects of -€2.7 million. The segment’s earnings were impacted by inefficiencies resulting from bottlenecks at individual suppliers, higher material prices, and hikes in wage costs. Adjusted EBIT still came to €441.6 million, which represented a small increase of 1.1 percent on the figure for the previous-year period of €436.7 million. The adjusted EBIT margin was 10.4 percent, compared with 10.8 percent in the first three quarters of 2017.

Despite negative currency effects during the first half of the year, the **Supply Chain Solutions segment** reported order intake for the 9-month period of €1.869 billion. This is a substantial 32.9 percent increase on the figure for the previous-year period of €1.406 billion. The weaker US dollar reduced the value of order intake by a total of -€99.9 million. Revenue fell by 4.7 percent to €1.522 billion owing to delays in the awarding of projects by some customers in previous quarters. Currency effects also had an adverse impact on revenue, reducing it by -€83.6 million. Adjusted EBIT declined by 18.5 percent to €130.3 million. This reflected not only the negative currency effects of -€11.3 million – mainly attributable to the US dollar – but also the delayed awarding of projects in previous quarters, which led to temporary underutilization of project-related personnel capacity. Thus, the adjusted EBIT margin stood at 8.6 percent, below the 10.0 percent margin of the previous year.

### **Outlook**

Despite the temporary bottlenecks at individual suppliers and the related production inefficiencies in the Industrial Trucks & Services segment, the KION Group expects to achieve the outlook for the year as published in the 2017 combined management report. In 2018, the KION Group aims to build on its successful performance in 2017 and, based on the outlook for market growth, achieve further increases in order intake, revenue and adjusted EBIT.

The KION Group's order intake is expected to be between €8,050 million and €8,550 million. The target figure for consolidated revenue is in the range of €7,700 million to €8,200 million. The target range for adjusted EBIT is €770 million to €835 million. Free cash flow is expected to be in a range between €410 million and €475 million. The target figure for ROCE is in the range of 8.7 percent to 9.7 percent.

Order intake in the Industrial Trucks & Services segment is expected to be between €5,950 million and €6,150 million. The target figure for revenue is in the range of €5,700 million to €5,900 million. The target range for adjusted EBIT is €650 million to €685 million.

Order intake in the Supply Chain Solutions segment is expected to be between €2,100 million and €2,400 million. The target figure for revenue is in the range of €2,000 million to €2,300 million. The target range for adjusted EBIT is €180 million to €215 million.

The outlook is based on the assumption that material prices and the exchange rate environment will remain broadly the same as at the time the outlook was prepared.

Actual business performance may deviate from the outlook due, among other factors, to the opportunities and risks described in the 2017 combined management 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.

**KION Group key performance indicators for the third quarter ended September 30, 2018 and for the first nine months of 2018**

€ million	Q3 2018	Q3 2017*	Difference	Q1-Q3 2018	Q1-Q3 2017*	Difference
<b>Order intake</b>	<b>2,060</b>	<b>1,847</b>	<b>11.5%</b>	6,369	5,699	11.8%
<b>Revenue</b>	<b>1,896</b>	<b>1,832</b>	<b>3.5%</b>	5,770	5,635	2.4%
<b>Order book[1]</b>				3,232	2,615	23.6%
<b>EBITDA[2]</b>	<b>380.1</b>	<b>381.1</b>	<b>-0.3%</b>	1,098	1,091	0.6%
<b>EBITDA[2] margin</b>	<b>20.0%</b>	<b>20.8%</b>		19.0%	19.4%	
<b>EBIT[2]</b>	<b>192.7</b>	<b>195.5</b>	<b>-1.4%</b>	537.6	557.5	-3.6%
<b>EBIT[2] margin</b>	<b>10.2%</b>	<b>10.7%</b>		9.3%	9.9%	
<b>Net income</b>	<b>96.1</b>	<b>78.9</b>	<b>21.8%</b>	243.8	223.6	9.0%
<b>Free cash flow[3]</b>	<b>97.5</b>	<b>44.0</b>	<b>&gt;100%</b>	106.6	187.0	-43.0%
<b>Employees[4]</b> (FTEs, incl. apprentices/trainees)				32,952	31,608	4.3%

[1] Figure as at September 30, 2018 compared with December 31, 2017

[2] EBIT and EBITDA adjusted for purchase price allocation items and non-recurring items

[3] Free cash flow is defined as cash flow from operating activities plus cash flow from investing activities

[4] Number of employees stated in full-time equivalents as at September 30, 2018 compared with December 31, 2017

\* Key figures for 2017 have been adjusted because of the first-time adoption of IFRS 15 and IFRS 16

## 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 Group 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. The Linde and STILL brands serve the premium industrial truck segment. Baoli focuses on industrial trucks in the economy segment. Among KION's regional industrial truck brand companies, Fenwick is the largest supplier of material handling products in France, while OM STILL is a market leader in Italy, and OM Voltas is a leading provider of industrial trucks in India.

With an installed base of more than 1.3 million industrial trucks and over 6,000 installed systems, the KION Group's customer base includes companies in all industries and of all sizes on six continents. The Group has more than 32,000 employees and generated revenue of around €7.6 billion in 2017.

## Disclaimer

This document and the information contained herein are for information purposes only and do not constitute a prospectus or an offer to sell or a solicitation of an offer to buy any securities in the United States or in any other jurisdiction.

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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