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## **KION Group confirms positive trend with a sharp rise in orders**

- **Sustained high demand in fast-growing core markets**
- **Supply Chain Solutions attracts record level of new orders worth €874.2 million in the second quarter**
- **Total value of order intake for the Group rises by 23 percent to €2.424 billion; with €3.060 billion, order book up significantly on December 31, 2017**
- **Revenue increases by 1.5 percent to €2.031 billion**
- **Adjusted EBIT margin stands at 9.2 percent**
- **Net income for the period of €79.3 million**
- **Significant negative foreign exchange effect among others from US dollar**
- **Outlook for 2018 confirmed**

Frankfurt/Main, July 26, 2018 – The KION Group benefited from sustained strong growth in the markets for industrial trucks and supply chain solutions in the second quarter of 2018. The Group's order intake rose by a substantial 23 percent to €2.424 billion, one of the main contributors being its project business for automated systems. At €3.060 billion, the order book was up significantly compared with December 31, 2017 (€2.614 billion). Revenue rose by 1.5 percent to €2.031 billion in the second quarter. The share of consolidated revenue attributable to the service business increased from 39.2 percent to 41.6 percent.

Adjusted EBIT came to €187.0 million, which was below the figure for the prior-year period of €210.4 million. This KPI was affected by wage cost increases, higher prices for materials, production inefficiencies caused by bottlenecks at individual suppliers, and negative currency effects. The adjusted EBIT margin thus declined to 9.2 percent (Q2 2017: 10.5 percent). Second-quarter net income amounted to €79.3 million, a 24.6 percent fall compared with the second quarter of 2017.

Over the first six months of 2018, KION increased its order intake by 11.9 percent to €4.309 billion (foreign exchange effect: - €159.8 million). Revenue rose by 1.9 percent to €3.874 billion (foreign exchange effect: - €151.2 million). Adjusted EBIT came to €344.9 million, which was 4.7 percent lower than the figure for the prior-year period (foreign exchange effect: - €14.3 million). The adjusted EBIT margin was 8.9 percent

(H1 2017: 9.5 percent). Net income rose by 2.1 percent to €147.7 million. Earnings per share for the first half of 2018 therefore stood at €1.26 (H1 2017: €1.30). Free cash flow came to €9.0 million in the first six months due to a temporary rise in inventories (H1 2017: €143.0 million).

“Our record order intake in the second quarter confirms our excellent positioning in fast-growing core markets. The growth drivers remain intact both for industrial trucks and in the supply chain solutions market, ensuring sustained high demand,” said Gordon Riske, Chief Executive Officer of the KION Group. “By appointing Susanna Schneeberger as our Chief Digital Officer with effect from October 1, 2018 and launching our Digital Campus, we are putting great emphasis on aligning our business with the areas that will dominate the future of our industry. At the same time, we are continuing to invest heavily in strategic projects and technologies in the fields of mobile automation, robotics, and new digital solutions that enable the connectivity of industrial trucks. We want to continue offering our customers the best solutions in our industry.”

The global market for industrial trucks experienced strong growth across all regions, with the number of new trucks ordered rising by 15.4 percent in the first half of 2018. As before, the rapid expansion of the e-commerce sector and the increasing use of Industry 4.0 technologies are shaping the market for warehouse systems and automation solutions. Many companies continue to expand and optimize their warehouse capacities and invest into automated warehouse systems.

### **Segment performance in detail**

Orders in the **Industrial Trucks & Services segment** (forklift trucks, warehouse technology, and related services) increased to around 57,000 units in the second quarter, while the total value of order intake rose by 2.2 percent to €1.546 billion. Over the first six months, order intake grew at a rate of 3.5 percent to reach €3.032 billion. Revenue rose by 3.7 percent to €1.450 billion in the second quarter and amounted to €2.818 billion in the first half of 2018. Adjusted EBIT for the second quarter of 2018 amounted to €148.2 million, a year-on-year drop of 7.0 percent. This was due to wage cost rises, higher material prices, and inefficiencies resulting from bottlenecks at individual suppliers. The EBIT margin was 10.2 percent (Q2 2017: 11.4 percent). For the first six months of 2018, adjusted EBIT came to €284.2 million, which almost matched the figure for the first half of 2017 of €286.4 million. The adjusted EBIT margin stood at 10.1 percent (H1 2017: 10.6 percent).

The value of order intake in the **Supply Chain Solutions segment** increased sharply in the second quarter of 2018, rising by 93.3 percent to €874 million. In the first half of the year, order intake thus grew by 39.0 percent to €1.270 billion. Excluding significant adverse currency effects amounting to €38.7 million, second-quarter

revenue rose by 3.0 percent. Taking these currency effects into account, however, revenue fell by 3.5 percent to €578.8 million. Revenue for the first six months amounted to €1.049 billion. This equates to a decrease of 3.0 percent. Normalized for currency effects, revenue was up by 5.5 percent compared with the first half of 2017. In the second quarter, adjusted EBIT decreased by 19.7 percent year on year to €51.5 million. This was due, in particular, to the negative impact of the US dollar exchange rate as well as underutilization of project-related personnel capacity resulting from delays in the awarding of projects by customers during recent quarters. The adjusted EBIT margin stood at 8.9 percent. In the first six months, adjusted EBIT amounted to €86.5 million, resulting in a margin of 8.2 percent (H1 2017: 9.1 percent). Excluding foreign exchange effects of - €12.5 million it matched the figure for the first half of 2017.

## **Outlook**

Despite 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 order intake of the KION Group 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 second quarter and for the first half-year, which ended June 30, 2018

€ million	Q2 2018	Q2 2017*	Difference	H1 2018	H1 2017*	Difference
<b>Order intake</b>	<b>2,424.0</b>	<b>1,970.5</b>	<b>23.0%</b>	4,309.0	3,852.3	11.9%
<b>Revenue</b>	<b>2,031.1</b>	<b>2,001.3</b>	<b>1.5%</b>	3,874.4	3,802.3	1.9%
<b>Order book[1]</b>				3,060.2	2,614.6	17.0%
<b>EBITDA[2]</b>	<b>377.0</b>	<b>387.7</b>	<b>-2.8%</b>	717.8	709.8	1.1%
<b>EBITDA[2] margin</b>	<b>18.6%</b>	<b>19.4%</b>		18.5%	18.7%	
<b>EBIT[2]</b>	<b>187.0</b>	<b>210.4</b>	<b>-11.2%</b>	344.9	362.0	-4.7%
<b>EBIT[2] margin</b>	<b>9.2%</b>	<b>10.5%</b>		8.9%	9.5%	
<b>Net income for the period</b>	<b>79.3</b>	<b>105.2</b>	<b>-24.6%</b>	147.7	144.7	2.1%
<b>Free cash flow[3]</b>	<b>-3.7</b>	<b>57.9</b>	<b>&lt;-100%</b>	9.0	143.0	-93.7%
<b>Employees[4]</b> (FTEs, incl. apprentices/trainees)				32,309	31,608	2.2%

[1] Figure as at June 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 June 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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