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## The KION Group remains firmly on a path of profitable growth in Q2

- **KION Group publishes preliminary figures and confirms outlook for the full year**
- **Order intake improves by more than 8 per cent to around €1.427 billion in the second quarter**
- **Faster growth than the world market once again: new truck orders for KION up by 3.9 per cent in the period April to June**
- **Revenue increases by 7 per cent to approximately €1.344 billion**
- **EBIT[1] grows by circa 21 per cent to €140.8 million**
- **EBIT[1] margin improves significantly to 10.5 per cent**
- **Net income rises by almost 22 per cent**

Wiesbaden, 18 July 2016 – After a very solid start to 2016, the KION Group remains firmly on its path of profitable growth in the second quarter according to preliminary figures. In the period from April to June, the total value of order intake rose by 8.3 per cent year on year to reach €1.427 billion. This was due, in particular, to the pace of growth in the core market of western Europe. The order book stood at €1.009 billion, which was 16.8 per cent higher than at the end of 2015. Revenue improved by 7.0 per cent to €1.344 billion. Earnings before interest and tax (EBIT[1]) reached €140.8 million, an increase of 20.9 per cent. As a result, the KION Group generated a significantly improved EBIT[1] margin of 10.5 per cent in the period April to June – the highest figure for a second quarter so far.

The KION Group, one of the two leading suppliers of forklift trucks, warehouse technology and associated services, saw its orders go up by 3.9 per cent to approximately 45,600 units in the second quarter of this year. The Group thus again grew faster than the world market as a whole. In western Europe, the KION Group's orders rose by 4.7 per cent in the second quarter, another year-on-year rise. The Company's focus in its warehouse equipment business – the segment with currently the highest growth rates – is more on sustainable growth from higher-value equipment than on high-volume products with little value added. In China, the world's largest single country market, 3.9 per cent more trucks were ordered from KION Group brands than in the corresponding period of 2015.

"The significant increase in our margin in the second quarter is a clear signal that we are continuing to make progress on improving our profitability," said Gordon Riske, Chief Executive Officer of the KION Group. "Additionally, the acquisition of Dematic, which was announced in June, will make us one of the world's leading providers of end-to-end solutions for Intralogistics 4.0. We are therefore best positioned to benefit from the attractive and profitable growth that is being driven by megatrends such as Industry 4.0, digitalisation and e-commerce."

In the second quarter, demand for industrial trucks in the global market stagnated, according to available preliminary data. In western Europe market growth was accordingly in the low teens whereas the Chinese market declined. During the reporting period, the strong growth trend for electric forklift trucks and warehouse equipment continued worldwide, whereas there was a further fall in orders for IC trucks.

### **Business performance of the KION Group in detail**

Measured in terms of units, the KION Group's **order intake** for the second quarter rose by 3.9 per cent to approximately 45,600 units. In the first half of the year, the Group's order intake was up by 4.4 per cent to around 89,200 units. There were year-on-year increases in the value of the order intake both in the second quarter and in the first six months overall: order intake rose by 8.3 per cent to €1.427 billion in the period from April to June and by 6.2 per cent to €2.724 billion in the period from January to June. The contributions to order intake resulting from the acquisitions of Egemin Automation and Retrotech, which totalled €44.4 million in the second quarter (H1 2016: €79.5 million), were contrasted by negative currency effects of approximately €35.5 million in the same period (H1 2016: €57.0 million). As at 30 June 2016, the order book stood at €1.009 billion, which was 16.8 per cent higher than at the end of 2015.

At €1.344 billion in the second quarter, **consolidated revenue** clearly exceeded the prior-year figure by 7.0 per cent. The same was true of the six-month period, with revenue increasing by 5.9 per cent to €2.565 billion. Contributions to revenue resulting from the acquisitions of Egemin Automation and Retrotech, which totalled €27.5 million in the second quarter (H1 2016: €47.3 million), were contrasted by negative currency effects of approximately €32.3 million in the same period (H1 2016: €53.4 million). In the new truck business, electric forklift trucks clearly exceeded the sales level of the previous year.

**Earnings before interest and tax (EBIT[1])** rose by 20.9 per cent to €140.8 million in the second quarter, primarily driven by the Group's very strong operating

performance. Moreover, the figure for the prior-year quarter had been adversely affected by an expense of around €6.5 million for a payment to a former dealer in France following a court ruling. The EBIT[1] margin increased from 9.3 per cent to 10.5 per cent in the second quarter of 2016 and from 8.7 per cent to 9.3 per cent in the half-year period.

**Net income** in the period from April to June of this year amounted to €64.0 million compared with €52.5 million in the corresponding period of last year. This equates to an increase of 21.9 per cent that is primarily attributable to the highly successful operating business. The KION Group achieved net income of €97.1 million in the first half of 2016, an increase of 2.9 per cent on the prior-year level (H1 2015: €94.3 million). In February, €25.7 million was spent on renewing and optimising the KION Group's financing structure. **Earnings per share** came to €0.97 for the first half of the year (H1 2015: earnings per share of €0.94).

**Free cash flow** fell from €28.8 million in the second quarter of 2015 to €9.9 million in the comparable period of 2016 and from €9.2 million in the first half of 2015 to minus €10.5 million in the first six months of this year. The positive impact of the higher level of EBIT and further optimisation of working capital in the reporting period was reduced by the acquisition of Retrotech Inc. and by higher tax prepayments.

The number of **employees** at 30 June 2016 was 23,804, which was up by 1.3 per cent compared with the end of 2015.

### **KION Group announces acquisition of Dematic**

The KION Group's acquisition of Dematic, a leading specialist for automation and supply chain optimisation, will make the KION Group one of the world's leading suppliers of intelligent intralogistics solutions. The transaction is to be completed in the fourth quarter of 2016. The acquisition creates a true global provider in the material handling industry with almost 30,000 employees, revenue of more than €6.7 billion in the 2015 calendar year and a strong profitability with a combined adjusted EBIT margin of approximately 9.4 per cent in the same period.

The Company's sales and service network, technologies and resources will enable it to seamlessly offer the full range of material handling product and service offering to customers of all sizes in a broad range of industries across the world. The portfolio is the most comprehensive in the market, ranging 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.

The transaction will initially be funded by a bridge loan of €3.0 billion. In a first step, this loan is to be reduced by a 10 per cent capital increase supported by Weichai Power, the KION Group's strategic anchor investor. Weichai Power wants to at least maintain its current shareholding of 38.25 per cent. In addition, the acquisition will be refinanced permanently by long-term capital-market and bank debt. The KION Group has a conservative financial policy of maintaining a strong cross-over credit profile with reliable access to debt capital markets. Going forward, the KION Group would therefore ask for the approval of its shareholders to create another authorized capital of up to 10 per cent. This authorized capital would be used in the future should the KION Group believe it to be prudent to do so at that time.

## Outlook

The KION Group fully confirms the outlook for 2016 provided in the 2015 group annual report. Any effects of the acquisition of Dematic have not been taken into account as the transaction has not yet been completed. Accordingly, the order intake is expected to be between €5.350 billion and €5.500 billion. The target figure for consolidated revenue is in the range of €5.200 billion to €5.350 billion. The targeted range for adjusted EBIT is €510 million to €535 million. The adjusted EBIT margin is predicted to increase above the margin of 9.5 per cent that was generated in 2015. Free cash flow is expected to be in a range between €280 million and €320 million after taking account of the acquisition of Retrotech Inc.

**KION Group key performance indicators for the second quarter and for the first half-year, which ended 30 June 2016**

	Q2 2016	Q2 2015	Difference	H1 2016	H1 2015	Difference
<b>Order intake (no. of units, rounded)</b>	<b>45,600</b>	<b>43,900</b>	<b>+3.9%</b>	89,200	85,400	+4.4%
€ million						
<b>Order intake (value)</b>	<b>1,427.1</b>	<b>1,317.3</b>	<b>+8.3%</b>	2,723.8	2,565.2	+6.2%
<b>Revenue</b> of which:	<b>1,343.8</b>	<b>1,256.0</b>	<b>+7.0%</b>	2,564.5	2,420.8	+5.9%
Linde Material Handling	<b>891.7</b>	<b>862.9</b>	<b>+3.3%</b>	1,706.6	1,650.3	+3.4%
STILL	<b>515.9</b>	<b>484.1</b>	<b>+6.6%</b>	990.9	945.6	+4.8%
Financial Services	<b>206.0</b>	<b>182.1</b>	<b>+13.2%</b>	368.5	329.4	+11.9%
<b>Order book[2]</b>				1,009.4	864.0	+16.8%
<b>EBITDA[1]</b>	<b>238.2</b>	<b>206.6</b>	<b>+15.3%</b>	430.0	388.0	+10.8%
<b>EBITDA[1] margin</b>	<b>17.7%</b>	<b>16.4%</b>		16.8%	16.0%	
<b>EBIT[1]</b>	<b>140.8</b>	<b>116.4</b>	<b>+20.9%</b>	239.4	209.8	+14.1%
<b>EBIT[1] margin</b>	<b>10.5%</b>	<b>9.3%</b>		9.3%	8.7%	
<b>Net income</b>	<b>64.0</b>	<b>52.5</b>	<b>+21.9%</b>	97.1	94.3	+2.9%
<b>Free cash flow</b>	<b>9.9</b>	<b>28.8</b>	<b>-65.5%</b>	-10.5	9.2	<-100%
<b>Employees[2]</b> (FTEs, incl. apprentices/trainees)				23,804	23,506	+1.3%

[1] EBIT and EBITDA adjusted for KION acquisition items and non-recurring items.

[2] Figure as at 30 June 2016 compared with 31 December 2015.

## The Company

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 specialist in logistics automation.

The KION Group is present in more than 100 countries and, in 2015, employed approximately 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), the STOXX Europe 600 index, which comprises the 600 largest companies in Europe, and the FTSE EuroMid, which is made up of mid-cap European stocks.

## Disclaimer

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