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## **KION Group remains on course for profitable growth in third quarter despite headwinds**

- **Total value of order intake grows to €1.847 billion for the period July to September**
- **Revenue increases to €1.847 billion**
- **Adjusted EBIT margin improves from 9.9 to 10.5 percent despite higher cost of materials**
- **Net income for the period increases to €80.2 million**
- **Free cash flow of €119.9 million in the first nine months**
- **Outlook slightly adjusted after weaker growth in the Supply Chain Solutions segment**

Wiesbaden, October 26, 2017 – The KION Group has remained on course for profitable growth in the third quarter of 2017 despite headwinds. Following last year's acquisition of Dematic, a specialist in automation and supply chain optimization, the total value of order intake rose to €1.847 billion in the period July to September 2017, an increase of 39.2 percent on the corresponding prior-year period. At €2.186 billion, the order book was at a similarly high level to that reported at the end of 2016 (€2.245 billion). In the third quarter, revenue improved by 44.0 percent to €1.847 billion, while adjusted EBIT grew by 53.6 percent to €194.7 million. Despite the higher cost of materials and currency effects related to pound sterling, the Group increased its adjusted EBIT margin from 9.9 percent in the corresponding period of the previous year to 10.5 percent.

Net income improved by 19.0 percent in the third quarter to €80.2 million. Earnings per share for the period amounted to €0.68. The Group achieved a free cash flow of €119.9 million between January and September (Q3 2017: €19.3 million).

Looking at the first nine months of this year, the total value of order intake increased by 40.7 percent to €5.699 billion compared to the same period of the previous year, while revenue improved by 47.5 percent to €5.675 billion over the same period. Adjusted EBIT climbed by 53.4 percent to €561.8 million between January and September. Net income rose by 40.2 percent to €230.4 million.

"Despite headwinds we continued to grow profitably, benefitting from the opportunities arising from e-commerce and the megatrends of automation and digitalization across both our business segments", commented Gordon Riske, CEO of the KION Group, at

the presentation of the final results for the quarter and the first nine months of 2017. “Also thanks to our acquisition of Dematic, we are very well positioned in this respect.”

The global market for forklift trucks and warehouse technology recorded further growth in the third quarter of 2017. The number of new orders increased year on year by 15.5 percent to around 332,500 units, driven mainly by particularly strong gains in China and ongoing growth in Europe.

### **Segment performance in detail**

Following the strong growth in the **Industrial Trucks & Services segment** of the past quarters, growth is returning to normal. In the third quarter of 2017, the order intake, measured in terms of units, saw a year-on-year increase of 11.3 percent to around 45,300 units. In the first nine months of 2017, the segment reported an increase of 13,8 percent to 147,700 units. The total value of order intake grew by 5.2 percent to €1.352 billion in the third quarter, and by 9.2 percent to €4.280 billion for the period January to September. Revenue rose by 6.2 percent year on year to €1.330 billion in the third quarter (Q1–Q3 2017: €4.070 billion, up 8.2 percent), with the new truck business in western Europe making a particularly strong contribution to this increase. By far the biggest share of this increase in revenue was attributable to electric forklift trucks and warehouse equipment. The adjusted EBIT for the third quarter came to €152.5 million, a year-on-year increase of 6.1 percent (Q1–Q3 2017: €448.3 million, up 8.9 percent). The adjusted EBIT margin remained high at 11.5 percent in the third quarter (Q1–Q3 2017: 11.0 percent).

The **Supply Chain Solutions segment**, which has only included Dematic since November 2016, reported an order intake of €492.7 million in the third quarter of 2017, compared to €38.1 million in the corresponding period of the previous year. The segment's order intake between January and September was €1.406 billion, up from €117.9 million for the nine-month period in 2016. It posted revenue of €514.2 million in the third quarter in comparison with €27.2 million a year earlier (Q1–Q3 2017: €1.593 billion; Q1–Q3 2016: €74.8 million). In the period July to September 2017, adjusted EBIT stood at €58.7 million, whereas the segment had reported an operating loss of €0.8 million in the corresponding period of the previous year (Q1–Q3 2017: €154.2 million; Q1–Q3 2016: loss of €3.3 million). The adjusted EBIT margin in the third quarter of 2017 was a healthy 11.4 percent (Q1–Q3 2017: 9.7 percent).

### **Outlook**

On October 19, 2017, the KION Group has slightly adjusted its outlook for the current financial year on the basis of its preliminary results for Q1–Q3 2017.

While the year-on-year growth in the value of order intake and in revenue in the Industrial Trucks & Services segment was stronger than anticipated, order intake and revenue in the Supply Chain Solutions segment fell short of expectations. The weaker performance in the Supply Chain Solutions segment is mainly attributable to customers' hesitation to invest and delayed project decisions by customers.

A subsequent adjustment of the outlook for both segments for the fiscal year 2017 leads to a slightly adjusted outlook for the Group:

Order intake in the KION Group is now expected to be between €7.550 and €7.900 billion (previously €7.800 to €8.250 billion). The target figure for consolidated revenue is in the range of €7.400 to €7.700 billion (previously €7,500 to €7.950 billion). The target range for adjusted EBIT is between €715 and €765 million (previously €740 to €800 million). Free cash flow is expected to be in a range between €320 and €380 million (previously €370 to €430 million). The target figure for ROCE is in the range of 9.0 to 10.0 percent (previously 9.5 to 10.5 percent).

The bottom end of the range has thus been lowered by between 1.3 and 3.4 percent for order intake, revenue, and EBIT.

Order intake in the Industrial Trucks & Services segment is expected to be between €5.650 and €5.800 billion (previously €5.450 to €5.600 billion). The target figure for revenue is in the range of €5.450 to €5.600 billion (previously €5.300 to €5.450 billion). The target range for adjusted EBIT remains unchanged at €605 to €630 million.

The order intake of the Supply Chain Solutions segment is expected to be between €1.900 and €2.100 billion (previously €2.350 to €2.650 billion). The target figure for revenue is in the range of €1.950 to €2.100 billion (previously €2.200 to €2.500 billion). The target range for adjusted EBIT is between €170 and €195 million (previously €195 to €230 million).

The outlook is based on the assumptions that material prices will not increase any further and that the exchange rate environment will remain stable.

### KION Group key performance indicators for the third quarter ended September 30, 2017 and for the first nine months of 2017

| In € million                                       | Q3 2017 | Q3 2016 | Difference | Q1–Q3 2017 | Q1–Q3 2016 | Difference |
|--|---------|---------|------------|------------|------------|------------|
| Order intake (value)                               | 1,847.2 | 1,326.6 | +39.2%     | 5,699.5    | 4,050.4    | +40.7%     |
| Revenue  | 1,847.4 | 1,283.2 | +44.0%     | 5,675.2    | 3,847.7    | +47.5%     |
| Order book[1]                                      |         |         |            | 2,186.4    | 2,244.7    | -2.6%      |
| EBITDA[2]  | 309.5   | 224.1   | +38.1%     | 898.5      | 654.0      | +37.4%     |
| EBITDA[2] margin                                   | 16.8%   | 17.5%   |            | 15.8%      | 17.0%      |            |
| EBIT[2]  | 194.7   | 126.8   | +53.6%     | 561.8      | 366.1      | +53.4%     |
| EBIT[2] margin                                     | 10.5%   | 9.9%    |            | 9.9%       | 9.5%       |            |
| Net income for the period                          | 80.2    | 67.3    | +19.0%     | 230.4      | 164.4      | +40.2%     |
| Free cash flow                                     |         |         |            | 119.9      | 65.2       | +83.8%     |
| Employees[1]<br>(FTEs, incl. apprentices/trainees) |         |         |            | 31,365     | 30,544     | +2.7%      |

[1] Figure as at September 30, 2017 compared with December 31, 2016 (full-time equivalents).

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

### 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 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. 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 OM 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 KION Group has more than 30,000 employees and generated revenue of around €5.6 billion in 2016.

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