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KION Group maintains profitable growth in the second quarter of 2017

- **The KION Group continues its strong growth, both organically and as a result of the Dematic acquisition**
- **Rise in the value of order intake to €1.971 billion in the second quarter of 2017 (up by 38.1 percent)**
- **Significant growth in revenue to €2.016 billion (up by 50.0 percent)**
- **Adjusted EBIT margin improves to 10.6 percent**
- **Net income increases to €108.2 million (up by 69.1 percent)**
- **Strong free cash flow of €100.6 million in the first half of the year**
- **Outlook for 2017 confirmed**

Wiesbaden, July 26, 2017 – Having seen strong momentum in the first quarter of 2017, the KION Group continued to grow profitably in the period April to June. In the second quarter of 2017, the total value of order intake rose by 38.1 percent to €1.971 billion following last year's acquisition of Dematic, a specialist in automation and supply chain optimization. At €2.196 billion, the order book was at the high level reported at the end of 2016 (€2.245 billion). The period April to June 2017 saw substantial year-on-year revenue growth of 50.0 percent to €2.016 billion. Adjusted earnings before interest and tax (EBIT) went up by 52.2 percent to €214.2 million. The KION Group thus improved on the strong adjusted EBIT margin of 10.5 percent achieved in the second quarter of last year to reach 10.6 percent.

Second-quarter net income rose to €108.2 million, an increase of 69.1 percent. Earnings per share for the period amounted to €0.95. Driven by its good operating performance, the Group generated a strong free cash flow of €100.6 million in the period January to June (Q2 2017: €36.1 million).

Looking at the first half of 2017, the total value of order intake grew by 41.4 percent to €3.852 billion, while revenue for the first six months of the year improved by 49.3 percent to €3.828 billion. In the period January to June, adjusted EBIT increased by 53.4 percent to €367.1 million and net income was up by 54.8 percent to €150.3 million.

"Our two main segments – Industrial Trucks & Services and Supply Chain Solutions – continue to see strong market momentum, and we are fully participating in this

growth," said Gordon Riske, Chief Executive Officer of the KION Group, at presentation of results. "The global market for trucks and warehouse technology also developed very well in the second quarter. As before, the rapid expansion of e-commerce and the increasing penetration of Industry 4.0 technologies are driving the warehouse systems and automation solutions businesses."

The global market for forklift trucks and warehouse technology recorded further growth in the second quarter of 2017. New truck orders were up by 15.5 percent on the second quarter of 2016, reaching around 343,600 trucks. This rise was driven primarily by strong increases in China and the sustained momentum in Europe.

Segment performance in detail

The **Industrial Trucks & Services segment** (forklift trucks, warehouse technology, and related services) reported order intake, measured in terms of units, of approximately 52,500 trucks in the second quarter of 2017, a year-on-year improvement of 15.3 percent and the highest number of orders ever registered in a single quarter. In the first six months, the segment's order intake was up by 14.9 percent to 102,400 units. The total value of order intake grew by 9.9 percent to €1.514 billion in the second quarter and by 11.1 percent to €2.928 billion in the first half of the year. Revenue rose by 8.0 percent year on year to €1.417 billion in the second quarter (H1 2017: €2.740 billion, up by 9.2 percent), with the new truck business making a particularly strong contribution to this increase. The main revenue growth drivers were again electric forklift trucks and warehouse trucks. At €166.7 million, adjusted EBIT surpassed the figure for the prior-year quarter by 6.9 percent (H1 2017: €295.8 million, up by 10.4 percent). The adjusted EBIT margin remained stable at 11.8 percent in the second quarter (Q2 2016: 11.9 percent).

The **Supply Chain Solutions segment** has only included Dematic since November 2016 and the total value of its order intake was €452.3 million in the second quarter of 2017, compared with €44.7 million in the corresponding period of last year. This segment's order intake for the first six months was €913.6 million, up from €79.8 million in the first half of 2016. It posted revenue of €596.0 million for the second quarter of 2017 in comparison with €27.8 million a year earlier (H1 2017: €1.079 billion; H1 2016: €47.6 million). In the period April to June 2017, adjusted EBIT stood at €61.4 million, compared with an operating loss of €1.7 million in the second quarter of last year (H1 2017: €95.5 million; H1 2016: operating loss of €2.5 million). The adjusted EBIT margin reached a strong 10.3 percent in the second quarter of 2017.

Successful capital increase

In May, KION GROUP AG carried out a successful capital increase, placing all 9,300,000 new shares with institutional investors at a price of €64.83 each. The resulting gross proceeds amounted to approximately €603 million, which has been used to partly refinance the acquisition of Dematic.

Outlook

Given its good business and earnings performance in the first half of 2017, which was in line with expectations, the KION Group confirms the outlook for 2017 as a whole that was published in the 2016 combined management report.

In 2017, the KION Group aims to build on its successful performance in 2016 and, based on the forecasts 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 €7.800 billion and €8.250 billion. The target figure for consolidated revenue is in the range of €7.500 billion to €7.950 billion. The target range for adjusted EBIT is €740 million to €800 million. The adjusted EBIT margin is predicted to increase above the margin of 9.6 percent that was generated in 2016. Free cash flow is expected to be in a range between €370 million and €430 million. The target figure for ROCE is in the range of 9.5 percent to 10.5 percent.

Order intake in the Industrial Trucks & Services segment is expected to be between €5.450 billion and €5.600 billion. The target figure for revenue is in the range of €5.300 billion to €5.450 billion. The target range for adjusted EBIT is €605 million to €630 million. The adjusted EBIT margin is predicted to increase slightly above the margin of 11.3 percent achieved in 2016.

Order intake in the Supply Chain Solutions segment is expected to be between €2.350 billion and €2.650 billion. The target figure for revenue is in the range of €2.200 billion to €2.500 billion. The target range for adjusted EBIT is €195 million to €230 million. The adjusted EBIT margin is predicted to increase significantly above the margin of 1.6 percent that was generated in 2016.

The outlook is based on the assumption that material prices will hold steady and the current exchange rate environment will remain as it is. Actual business performance may deviate from the forecasts due, among other factors, to the opportunities and risks described in the 2016 group annual 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 30 June 2017

€ million	Q2 2017	Q2 2016	Difference	H1 2017	H1 2016	Difference
Order intake (value)	1,970.5	1,427.1	+38.1%	3,852.3	2,723.8	+41.4%
Revenue	2,016.4	1,343.8	+50.0%	3,827.8	2,564.5	+49.3%
Order book[2]				2,196.0	2,244.7	-2.2%
EBITDA[1]	326.0	238.2	+36.8%	588.9	430.0	+37.0%
EBITDA[1] margin	16.2%	17.7%		15.4%	16.8%	
EBIT[1]	214.2	140.8	+52.2%	367.1	239.4	+53.4%
EBIT[1] margin	10.6%	10.5%		9.6%	9.3%	
Net income for the period	108.2	64.0	+69.1%	150.3	97.1	+54.8%
Free cash flow	36.1	9.9	>+100%	100.6	-10.5	>+100%
Employees[2] (FTEs, incl. apprentices/trainees)				30,943	30,544	+1.3%

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

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

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. Egemin Automation is a leading logistics automation specialist with a particular

strength in AGVs. 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 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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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.

Further information for the media

Michael Hauger
Head of Corporate Communications
Tel.: +49 (0)611 770 655
Mobile: +49 (0)151 16 86 55 50
michael.hauger@kiongroup.com

Frank Brandmaier
Head of Corporate Media Relations
Tel.: +49 (0)611 770 752
frank.brandmaier@kiongroup.com

Further information for investors

Dr Karoline Jung-Senssfelder

Head of Investor Relations and M&A

Tel.: +49 (0)611 770 450

karoline.jung-senssfelder@kiongroup.com