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KION Group continues growth path in the first quarter of 2016

- Order intake improves by around 4 per cent to around €1.297 billion in the first quarter
- Revenue rises by around 5 per cent to €1.221 billion
- EBIT[1] grows by almost 6 per cent to €98.6 million
- EBIT[1] margin advances to 8.1 per cent
- Outlook for the full year confirmed

Wiesbaden, 27 April 2016 – The KION Group maintained its prior-year growth trajectory in the first quarter of 2016. Mainly thanks to sustained demand in the core market of western Europe, the total value of order intake grew by 3.9 per cent year on year to reach €1.297 billion in the first three months. The order book stood at €921.5 million, which was 6.6 per cent higher than at the end of 2015. The KION Group's revenue advanced by 4.8 per cent to €1.221 billion. Earnings before interest and tax (EBIT[1]) rose by 5.6 per cent to €98.6 million. This enabled the KION Group to report a year-on-year improvement in its EBIT[1] margin, which rose to 8.1 per cent for the first three months of 2016.

The KION Group, one of the two leading suppliers of forklift trucks, warehouse technology and associated services, saw its orders advance by 4.9 per cent to approximately 43,600 trucks in the first quarter 2016. Hence, the Company again outperformed the growth rate of the global market. The Group's orders in the core market of western Europe were up by 6.2 per cent compared with the first quarter of last year. In China, the world's largest single market, 2.5 per cent more trucks were ordered from KION Group brands than in the corresponding period of 2015.

"We are very satisfied with how the year has begun," said Gordon Riske, Chief Executive Officer of the KION Group. "Our industry is currently benefiting from the trend towards warehouse trucks and electric forklift trucks, which is driven in part by the growth in e-commerce. As global market leader in the electric forklift truck segment, we are ideally positioned to capitalise on this development and on the highly attractive market for automation and warehouse system solutions."

In the first three months of the year, approximately 293,500 new trucks were ordered worldwide, a year-on-year rise of around 3.7 per cent. The increase in western

Europe during the same period was 12.5 per cent. The Chinese market was up by 6.8 per cent year on year in the first three months of 2016, following decreases in the four previous quarters. This growth in China was driven by pre-buy effects due to the tightening of emissions regulations for internal combustion forklift trucks. Worldwide, demand for warehouse trucks saw particularly robust growth. There was also a strong increase in demand for electric forklift trucks, whereas orders for internal combustion forklift trucks continued to go down.

Business performance of the KION Group in detail

Measured in terms of units, **order intake** for the first quarter of 2016 totalled approximately 43,600 trucks, a year-on-year improvement of 4.9 per cent. The strongest growth was in electric forklift trucks, followed by warehouse trucks. The number of internal combustion forklift trucks ordered was down on the same period of last year, which can be attributed to the shift in demand towards electric forklift trucks.

In the first three months of the year, the value of order intake increased by 3.9 per cent to €1.297 billion, despite negative currency effects of €21.6 million stemming from the appreciation of the euro. The order book advanced to €921.5 million, an increase of 6.6 per cent on the value at the end of 2015 of €864.0 million.

At €1.221 billion, **consolidated revenue** was up by 4.8 per cent compared with the first quarter of 2015 despite negative currency effects of around €21.1 million.

Earnings before interest and tax (EBIT[1]) rose by 5.6 per cent to €98.6 million in the first three months of 2016. The EBIT[1] margin improved from 8.0 per cent in the first quarter of last year to 8.1 per cent in the reporting period.

Net income fell by 21.0 per cent year on year to €33.0 million in the first quarter due to expenses of €25.7 million for renewing and optimising the KION Group's financing structure. However, lower interest expenses will have a substantial positive effect in the quarters to come. **Earnings per share** for the first three months of 2016 amounted to €0.33.

At minus €20.4 million, **free cash flow** was on a par with the prior-year period (Q1 2015: minus €19.6 million) despite the purchase of US systems integrator Retrotech.

Total expenditure on **research and development (R&D)** came to €32.8 million in the first quarter (Q1 2015: €30.7 million).

The number of **employees** at 31 March 2016 was 23,761, which was up by 1.1 per cent compared with the end of 2015.

Improved assessment from rating agency

In April, rating agency Moody's raised its credit rating for the KION Group from Ba2 with a positive outlook to Ba1 with a stable outlook. The reason given by the agency was the ongoing deleveraging, supported by a continued strong operating performance last year, which is expected to be sustained in 2016.

Purchase of Retrotech completed

The KION Group and its automation brand Egemin Automation completed the acquisition of Retrotech Inc., an established US systems integrator of warehouse and distribution solutions, on 1 March 2016. This enables the KION Group to further strengthen its automated warehouse systems expertise in North America. An agreement on the sale of the company at a value of around US\$ 40 million was signed in February 2016.

Cutting-edge KION plant officially opens in Stříbro, Czech Republic

In February, the KION Group officially opened its state-of-the-art plant near the Czech town of Stříbro close to Plzeň. The Group built the new plant as a smart factory featuring digitally connected systems and began manufacturing reach trucks there at the start of January 2016. Around 150 people are working at the site currently. The KION Group has spent around €12 million in investments on fitting out the building, which has an area of approximately 24,000 square metres.

Outlook

The KION Group confirms the outlook for 2016 provided in the 2015 group annual report. 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 first quarter, which ended 31 March 2016

	Q1 2016	Q1 2015	Difference
Order intake (no. of units, rounded)	43,600	41,600	+4.9%
€ million			
Order intake (value)	1,296.7	1,247.9	+3.9%
Revenue of which:	1,220.6	1,164.8	+4.8%
Linde Material Handling	814.9	787.3	+3.5%
STILL	475.0	461.5	+2.9%
Financial Services	162.5	147.3	+10.3%
EBITDA[1]	191.7	181.4	+5.7%
EBITDA[1] margin	15.7%	15.6%	
EBIT[1]	98.6	93.4	+5.6%
EBIT[1] margin	8.1%	8.0%	
Net income	33.0	41.9	-21.0%
Free cash flow	-20.4	-19.6	- 4.1%
Employees[2] (FTEs, incl. apprentices/trainees)	23,761	23,506	+1.1%

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

[2] Figure as at 31 March 2016 compared with 31 December 2015 (full-time equivalents).

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 logistics automation specialist.

The KION Group is present in more than 100 countries and, in 2015, employed around 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) and the STOXX Europe 600 index, which comprises the 600 largest companies in Europe.

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Further information for the media

Michael Hauger
Head of Corporate Communications
Tel.: +49 (0)611 770 655
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

Frank Herzog

Head of Corporate Finance

Tel.: +49 (0)611 770 303

frank.herzog@kiongroup.com

Dr Karoline Jung-Senssfelder

Head of Investor Relations and M&A

Tel.: +49 (0)611 770 450

karoline.jung-senssfelder@kiongroup.com