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## **KION Group hits new highs to achieve outlook – excellently positioned to seize new opportunities thanks to Dematic**

- **New record results – excluding Dematic – with revenue of €5.3 billion and EBIT margin[1] of 9.9 percent in 2016**
- **Strong free cash flow excluding Dematic**
- **Outlook excluding Dematic acquisition fully achieved for all KPIs**
- **Including two months of revenue from Dematic, KION achieves revenue of €5.6 billion with an EBIT margin of 9.6 percent**
- **Outlook for 2017: further growth and increased profitability**
- **Proposed dividend of €0.80 per share**
- **CEO Gordon Riske: “Integration of Dematic is the key objective for 2017”**
- **KION Group reports for the first time based on new segmentation**

Wiesbaden, March 2, 2017 – The KION Group has hit new highs to fully meet its outlook for the 2016 financial year, and believes it is ideally positioned to take advantage of new market opportunities thanks to the acquisition of Dematic, a specialist in automation and supply chain optimization. Excluding Dematic’s results, the KION Group’s order intake, revenue, adjusted EBIT, adjusted margin, and net income reached unprecedented levels. The profitability of the KION Group - excluding Dematic - rose to 9.9 percent. Free cash flow reached €317.5 million, a figure at the upper end of the outlook range.

In its outlook for 2017, the Group expects further profitable growth in both of its new core segments, Industrial Trucks & Services and Supply Chain Solutions. The Executive Board and Supervisory Board of KION GROUP AG will propose a dividend of €0.80 per share to the Annual General Meeting on May 11, 2017. This represents approximately 35 percent of the net income attributable to KION GROUP AG and is in line with the Company’s dividend policy.

**CEO Riske: “The results provide an excellent basis for a new era”**

“Our very good results in 2016 form an excellent basis for a new era with Dematic, the newest KION brand,” said the Chief Executive Officer of the KION Group, Gordon Riske, when the figures were presented. “We have already made a great deal of progress in the integration of the new company since the acquisition was completed in November,” he stressed. “The key objective this year will be to continue pushing ahead with this task so we can take full advantage of the opportunities in the rapidly growing market for automated supply chain solutions. At the same time we will continue to benefit from the strong market growth in our other core business of trucks, warehouse equipment, and related services.”

If the Dematic results for the last two months of 2016 are included, the total value of order intake grew by 11.8 percent to €5.833 billion. The order book as at year-end – including Dematic – totaled €2.245 billion. Revenue increased by 9.6 percent to €5.587 billion. Adjusted EBIT advanced by 11.3 percent to €537.3 million. The adjusted EBIT margin therefore grew from 9.5 percent to 9.6 percent. Net income rose to €246.1 million, an increase of 11.3 percent

**Sustained growth in the core market of western Europe**

In the **Industrial Trucks & Services segment** (forklift trucks, warehouse equipment, and related services), the order intake in 2016 grew by 4.6 percent to €5.383 billion, driven by increases in both the new truck business and in services. At the same time, revenue rose by 3.1 percent to €5.203 billion. Key driver was the new truck business, which benefitted from unit sales in Germany, France, Italy, and eastern Europe in particular. Adjusted EBIT improved by 10.8 percent to €586.9 million, while the adjusted EBIT margin rose significantly from 10.5 to 11.3 percent.

The KION Group’s new truck orders rose by 7.5 percent in 2016, mainly thanks to the sustained growth in the core market of western Europe, but also due to the positive trend in China. The Group was thus able to take full advantage of the growth in the global market, which also expanded by 7.5 percent in 2016. The number of trucks ordered worldwide was just under 1.2 million, compared with around 1.1 million in 2015. In the Industrial Trucks & Services segment, the KION Group received approximately 178,300 orders (2015: approximately 165,800 orders), more than in any previous year. The KION Group was able to benefit in particular from the growth in electric forklift trucks and warehouse equipment, which already account for more than 80 percent of order intake.

The **Supply Chain Solutions segment**, which includes the Dematic, Egemin, and Retrotech brands, secured order intake to the value of €431.2 million in 2016. This

figure included two months of Dematic and ten months of Retrotech. There were major projects for new customers, including in Europe. The acquisition increased revenue in this segment to €366.0 million. Here too, the contribution of Dematic and Retrotech is pro rata. North America accounted for almost half of the revenue. Adjusted EBIT came to €6.0 million (2015: €2.0 million). The adjusted EBIT margin for this segment was 1.6 percent (2015: 6.1 percent).

With the annual report for 2016, the KION Group for the first time reports based on its new segmentation. In addition to Industrial Trucks & Services and Supply Chain Solutions, the new structure also includes the Corporate Services segment, which comprises holding companies and other service companies that provide services such as IT and logistics across all segments.

### **Outlook for 2017: order intake, revenue, and adjusted EBIT set to increase**

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, with only two months of Dematic included.

**Milestones in 2016**

- Financing: In February, the KION Group renewed its financing structure, securing typical terms for established corporates. It repaid the last remaining bond issued before its IPO and refinanced its old pre-IPO credit facility now with significantly improved terms reflecting investment grade style features.
- Production: Also in February, the KION Group 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.
- Acquisition: In June, the KION Group announced its intention to acquire Dematic, a leading specialist in automation and supply chain optimization. This makes KION one of the world's leading suppliers of intelligent intralogistics solutions.
- Capital increase: A few weeks later, the Group completed a capital increase used to partly refinance the acquisition of Dematic. A total of 9,890,000 new shares were placed at €46.44 each.
- Acquisition: The purchase of Dematic was successfully completed in November.
- Rating: Two months after the acquisition of Dematic, a leading specialist for automation and supply chain optimization, the KION Group has received its first investment grade rating. The international agency Fitch Ratings assigned the company a Long-Term Issuer Default Rating of BBB- with a stable outlook.
- Promissory notes: Early 2017, KION Group successfully issued its first promissory notes. The proceeds of around €1 billion are used for the refinancing of the bridge loan that the Company had obtained from its core group of banks for the acquisition of Dematic.

**KION Group key performance indicators for 2016 both including and excluding Dematic, and for the fourth quarter, which ended December 31, 2016.**

	2016 incl. Dematic	2016 excl. Dematic	2015	Diff.	Q4 2016	Q4 2015	Diff.
€ million							
<b>Order intake (value)</b>	<b>5,833.1</b>	<b>5,553.0</b>	<b>5,215.6</b>	<b>+11.8%</b>	1,782.7	1,397.1	<b>+27.6%</b>
<b>Revenue</b> of which:	<b>5,587.2</b>	<b>5,327.7</b>	<b>5,097.9</b>	<b>+9.6%</b>	1,739.5	1,440.7	<b>+20.7%</b>
Industrial Trucks & Services	<b>5,202.6</b>		<b>5,044.7</b>	<b>+3.1%</b>			
Supply Chain Solutions	<b>366.0</b>		<b>33.0</b>	<b>+&gt;100%</b>			
Corporate Services	<b>242.0</b>		<b>219.4</b>	<b>+10.3%</b>			
Consolidation/reconciliation	<b>-223.4</b>		<b>-199.3</b>	<b>-12.1%</b>			
<b>Order book[2]</b>	<b>2,244.7</b>		<b>864.0</b>	<b>+&gt;100%</b>			
<b>EBITDA[1]</b> <b>EBITDA[1] margin</b>	<b>931.6</b> <b>16.7%</b>		<b>850.0</b> <b>16.7%</b>	<b>+9.6%</b>	277.6 16.0%	250.0 17.4%	<b>+11.0%</b>
<b>EBIT[1]</b> <b>EBIT[1] margin</b>	<b>537.3</b> <b>9.6%</b>	<b>527.2</b> <b>9.9%</b>	<b>482.9</b> <b>9.5%</b>	<b>+11.3%</b>	171.2 9.8%	151.8 10.5%	<b>+12.8%</b>
<b>Net income</b>	<b>246.1</b>		<b>221.1</b>	<b>+11.3%</b>			
<b>Free cash flow</b>	<b>-1,850.0</b>	<b>317.5</b>	<b>332.7</b>	<b>&lt;-100%</b>			
<b>Employees[2]</b> (FTEs, incl. apprentices/trainees)	<b>30,544</b>		<b>23,506</b>				

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

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

## 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.

## Disclaimer

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