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KION Group on course for strong full-year results after a solid third quarter

- **Total value of order intake between July and September grows by around 6 per cent**
- **New truck orders increase by more than 10 per cent in the third quarter, driven mainly by growth in Europe**
- **Order book expands by approximately 20 per cent compared with the end of 2015**
- **Revenue for the quarter rises by nearly 4 per cent year on year**
- **Profitability improves in the third quarter to an EBIT[1] margin of 9.9 per cent**
- **Net income increases by around 36 per cent**
- **Free cash flow higher than in the prior-year period**
- **Outlook for 2016 confirmed**
- **Closing of Dematic acquisition proceeding according to plan**

Wiesbaden, 27 October 2016 – The KION Group is heading for a strong 2016 following a solid third quarter. Driven mainly by growth in Europe, the total value of order intake in the period July to September increased by 5.8 per cent year on year to €1.327 billion. At €1.041 billion, the order book was up by 20.4 per cent compared with the end of 2015. Revenue advanced by 3.8 per cent to €1.283 billion, while the Group's EBIT[1] grew by 4.6 per cent to €126.8 million. As a result, the EBIT[1] margin improved to 9.9 per cent in the three-month period.

The KION Group, one of the two leading suppliers of forklift trucks, warehouse technology and associated services, saw the number of trucks ordered go up by 10.3 per cent in the third quarter of 2016. Compared with the third quarter of last year, the Company took 12.2 per cent more orders in its core market of western Europe. In China, the world's largest single country market, 15.7 per cent more trucks were ordered from KION Group brands than in the corresponding quarter of 2015.

In the period July to September, demand for industrial trucks in the world market rose by 13.2 per cent year on year to approximately 287,900 new trucks. The increase in western Europe, which was driven by simple warehouse trucks, was 14.0 per cent. The Chinese market stabilised, registering a large rise of 22.4 per cent. During the third quarter, the growth trend for electric forklift trucks and warehouse trucks

continued worldwide, while orders for IC trucks picked up – mainly on the back of demand in China.

"Our good results in the past quarter create stronger foundations on which to begin a new era for the KION Group once the Dematic acquisition closes in the fourth quarter," said the Chief Executive Officer of the KION Group, Gordon Riske. "Thanks to a unique and comprehensive portfolio of products ranging from forklift trucks to fully automated material handling solutions, we will be better positioned than ever to meet the needs of our customers and to support them with value adding solutions. There is a lot of work still to be done, but this means that we are ideally positioned to seize the opportunities of Industry 4.0 or the Internet of Things, e-commerce and digitalisation."

Business performance in detail

The **order intake** reported by the KION Group for the third quarter rose by 10.3 per cent to approximately 40,700 trucks. In the nine-month period, the Company's order intake was up 6.1 per cent to around 129,900 trucks. The value of order intake rose year on year both in the third quarter and in the period January to September, increasing by 5.8 per cent to €1.327 billion for the third quarter and by 6.1 per cent to €4.050 billion for the first nine months. However, there were negative currency effects of €25.9 million in the third quarter and €82.9 million in the period January to September. The order book as at 30 September 2016 stood at €1.041 billion, which was up by 20.4 per cent on the end of 2015.

Consolidated revenue improved by 3.8 per cent to €1.283 billion in the third quarter and by 5.2 per cent to €3.848 billion in the first three quarters of the year. In the new truck business, revenue from electric forklift trucks rose significantly. There was a slight increase in revenue from warehouse trucks, with substantially higher rates of increase in the third quarter than in the first six months of the year. Negative currency effects amounted to €25.9 million in the third quarter and to €79.3 million in the first three quarters of 2016 combined.

Earnings before interest and tax (EBIT[1]) was up by 4.6 per cent to €126.8 million in the third quarter due to a strong operating performance. In the nine-month period, EBIT[1] improved by 10.6 per cent to €366.1 million. The KION Group's EBIT[1] margin in the third quarter was thus better than in the corresponding period of 2015 at 9.9 per cent. In the period January to September, the KION Group achieved a margin of 9.5 per cent, compared with 9.1 per cent in the prior-year period. This is in line with the margin growth expected for the year as a whole of between 0.3 and 0.5 percentage points.

Net income in the period from July to September amounted to €67.3 million, up by 36.1 per cent on the same three months of 2015. This was due to the strong operating business and lower financial expenses following the refinancing in February 2016. In the first nine months of 2016, net income improved by 14.3 per cent to €164.4 million. **Earnings per share** came to €1.59 for the first nine months of 2016 (Q1–Q3 2015: €1.44).

Free cash flow rose from €30.1 million in the third quarter of 2015 to €75.7 million in the comparable period of 2016 and from €39.4 million in the first three quarters of 2015 to €65.2 million in the first nine months of this year. The main reasons for this encouraging trend were an increased EBIT, a lower rise in working capital and a reduction in cash payments for acquisitions.

Total expenditure on **research and development** (R&D) amounted to €33.4 million in the third quarter (Q1–Q3 2016: €100.9 million), compared with €31.0 million in the corresponding quarter of last year (Q1–Q3 2015: €95.1 million). R&D spending as a proportion of revenue remained at 2.6 per cent in the third quarter (Q1–Q3 2016: 2.6 per cent).

The number of **employees** at 30 September 2016 was 24,184, up by 2.9 per cent compared with the end of 2015.

Closing of Dematic acquisition going to plan

Closing of the acquisition of Dematic is proceeding according to plan and is expected to take place in the fourth quarter. In July, a capital increase generated gross proceeds of around €459 million that will be used to partly finance the purchase. At the same time, preparations for the integration of Dematic are fully under way. Dematic is a leading global supplier of advanced integrated automation technology, software and services. Its portfolio of products and systems comprises automated guided vehicles, palletisers, storage and picking equipment including automated storage and retrieval systems, sorters and conveyors, a leading integrated software platform and automation technologies. Dematic has grown by more than 12 per cent annually since 2013. In 2015, it generated revenue of roughly €1.6 billion and adjusted EBIT of €150 million.

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 closing of the transaction is expected in the fourth quarter of 2016.

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 third quarter ended 30 September 2016 and for the first nine months of 2016

	Q3 2016	Q3 2015	Difference	Q1–Q3 2016	Q1–Q3 2015	Difference
Order intake (no. of units, rounded)	40,700	36,900	+10.3%	129,900	122,400	+6.1%
€ million						
Order intake (value)	1,326.6	1,253.3	+5.8%	4,050.4	3,818.5	+6.1%
Revenue of which:	1,283.2	1,236.5	+3.8%	3,847.7	3,657.2	+5.2%
Linde Material Handling	831.1	812.8	+2.3%	2,537.7	2,463.0	+3.0%
STILL	506.7	470.9	+7.6%	1,497.6	1,416.5	+5.7%
Financial Services	175.4	192.9	-9.1%	543.9	522.3	+4.1%
Order book[2]				1,040.7	864.0	+20.4%
EBITDA[1]	224.1	212.0	+5.7%	654.0	599.9	+9.0%
EBITDA[1] margin	17.5%	17.1%		17.0%	16.4%	
EBIT[1]	126.8	121.2	+4.6%	366.1	331.0	+10.6%
EBIT[1] margin	9.9%	9.8%		9.5%	9.1%	
Net income	67.3	49.5	+36.1%	164.4	143.8	+14.3%
Free cash flow	75.7	30.1	+>100%	65.2	39.4	+65.7%
Employees[2] (FTEs, incl. apprentices/trainees)				24,184	23,506	+2.9%

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

[2] Figure as at 30 September 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 and is part of the MDAX (the German stock index for medium-sized companies), the STOXX Europe 600 and the FTSE EuroMid indices.

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