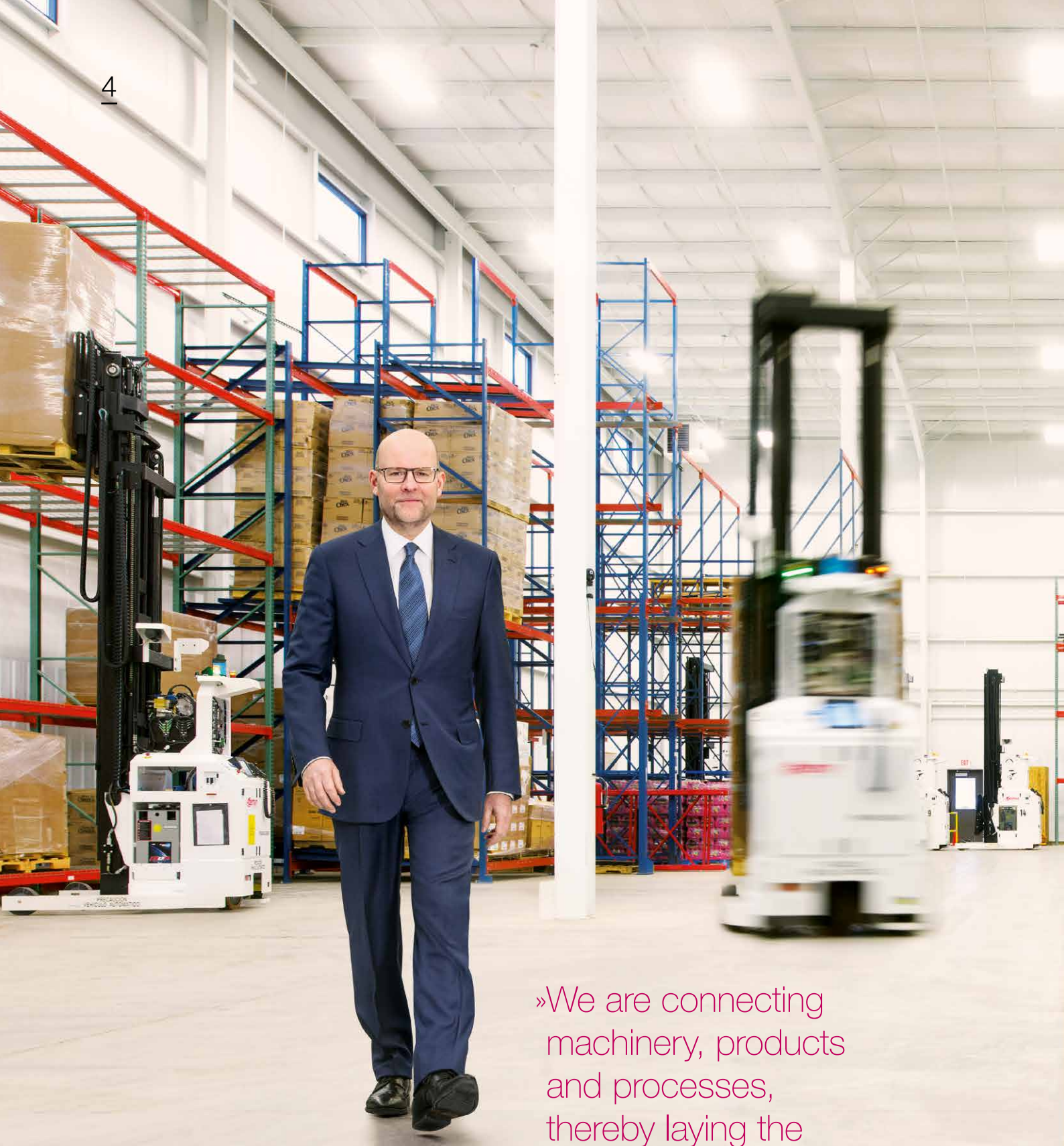


To our Shareholders

4 LETTER TO SHAREHOLDERS
6 EXECUTIVE BOARD
8 REPORT OF THE SUPERVISORY BOARD
18 KION SHARES
21 SERVICES FOR SHAREHOLDERS



»We are connecting machinery, products and processes, thereby laying the foundations for **Industry 4.0.**«

Gordon Riske
Chief Executive Officer


LETTER TO
SHAREHOLDERS
CAUTION
AUTOMATIC VEHICLE
NO RIDING

Dear shareholders, customers, partners, employees and friends of the KION Group,

We are witnessing a revolution. Not one that sweeps aside governments but one that will fundamentally affect how all of us live and work. The distinction between goods and services in a digital world is becoming blurred. In factories, products and machines are starting to talk to each other. Racks determine for themselves when they need to be replenished, shipping containers place the order for their loading, forklift trucks organise themselves autonomously. I am, of course, referring to the fourth industrial revolution – known as the Industrial Internet of Things or, in Germany, Industrie 4.0.
A sea change that would be inconceivable without Intralogistics 4.0.

The ones who are benefiting are our customers as they can use their warehouses, production lines and distribution structures much more efficiently than in the past. However, it is not employees who are posting their status on social media, sharing their location or describing what they are currently doing. It is our trucks. These are genuine innovations that offer added value for our customers.

Intralogistics 4.0 is already a reality in the KION Group. Our trucks are controlled intelligently and completely electronically, with a broad range of assistance systems that mean better safety and efficiency for drivers. Sophisticated fleet data management solutions, such as ‘connect:’ from Linde and FleetManager from STILL, capture and analyse huge quantities of information, e.g. operating hours, distances covered, speeds and energy consumption, that can be used for preventive maintenance and other purposes. The overarching objective is always to optimise the deployment of trucks and reduce costs for customers. KION brand companies already offer award-winning automation solutions, such as STILL’s iGoEasy. And since the acquisition of Egemin Automation, our portfolio has also included comprehensive intralogistics systems that combine warehouse management software with automated trucks. We are connecting machinery, products and processes, thereby laying the foundations for Industry 4.0, for intelligent supply chains in factories and warehouses.

Together, Egemin Automation – our seventh brand company – and the KION Group have vast potential for innovation that will enable us to provide the best possible solutions with which to satisfy future customer requirements around Intralogistics 4.0. The knowledge built up by our truck brands over the decades, combined with the almost as extensive experience of the automation experts at Egemin, opens up completely new opportunities – and is a major unique selling proposition for the KION Group. Welcoming Egemin as the new member of the KION family is a further milestone in the implementation of our Strategy 2020 and will help to secure our profitable growth in the years to come. To see Egemin's vision for the future of logistics, please visit kiongroup.com/industrial_revolution.

Focus on quality, customers and innovation

We have made good progress in turning our Strategy 2020 into reality. We are revamping our plants in Europe, Asia and the Americas so that they are even better able to meet future market requirements. Between now and 2021, we will optimise the efficiency of our core plants in Aschaffenburg and Hamburg as part of a seven-year project involving total capital

expenditure of €83 million. Our new plant in Stříbro, Czech Republic, took around a year to build and is what is known today as a 'smart factory'. Manufacturing got under way at the plant in January 2016. Constructing it on a greenfield site provided a good opportunity to design the processes and structures from a completely new perspective. KION Stříbro is a factory where digitised manufacturing of the future can take place. Ultra-modern IT systems, such as Extended Warehouse Management and Manufacturing Execution System, provide support for the production processes at the new site, enabling us to monitor and control assembly digitally. The first elements, such as real-time process tracking and networking of all processes, are already up and running, and there are more steps to come. About 150 people are working in Stříbro for now. We have capacity to build around 12,000 trucks per year there. The innovation section of this annual report gives you an insight into our newest, most modern KION plant.

Just as important to our profitable growth is our global modular and platform strategy in which the brand companies use shared modules to build their own products for our core market of western Europe. These modules include cutting-edge drive technologies, such

as lithium-ion batteries. In all other parts of the world, we deploy shared global platforms for the volume and economy segments. Last year, China was selected as the first market where we presented eleven new products based on these platforms. The necessary expertise is supplied by our developers in the southern Chinese city of Xiamen, where we have been represented by our Linde brand for more than 20 years. Our Chinese brand Baoli also unveiled the D Series, its first economy platform for global use. The KION Group's global product development is exemplified by our vertical order picker for the North American market, which features in the second article in the innovation section of this annual report.

All of these are far-reaching changes, and our own organisation too must adapt so that we can meet the needs of customers and markets even more effectively. The regions outside Europe now have more responsibility, enabling us to respond more flexibly to our customers' wishes. At the same time, the brand companies are collaborating even more closely. This is demonstrated by KION India: in India, we sell Baoli forklifts and build trucks for our main Indian brand, Voltas, partly using tried-and-tested technology from our Italian regional brand, OM STILL.

Specifically, the realignment of the organisational structure means that the Group is now managed as four operating units. Competition has become a lot tougher, especially in Europe. That is why the Linde Material Handling EMEA and STILL EMEA operating units are focusing their strengths on Europe, the Middle East and Africa. The KION APAC and KION Americas operating units hold cross-brand responsibility for the Asia-Pacific region and the Americas respectively. These four operating units oversee marketing, sales, services and the factories in their regions. They also hold P&L responsibility. The units are supported by overarching group functions and the KION technical functions, which are now managed centrally.

Synergies in product development

Since summer 2015, Chief Technology Officer Dr Eike Böhm has held groupwide responsibility for all research and development activities for counterbalance trucks, warehouse technology and products destined for the global markets. He is also in charge of module and component development, innovation, product strategy, groupwide procurement, quality management and the production system. Bringing our Group's technical functions together under one roof will play a valuable

part in helping to fully harness the potential of cross-brand synergies in product development while we of course continue to pursue our successful multi-brand strategy. The areas of technology in which we want to take the innovative strength of the KION brands to a whole new level are described in the joint interview at the start of the innovation section of this annual report.

Order intake, revenue and EBIT at record levels

You can see that we undertook a great deal in 2015 – and, at the same time, continued to grow profitably and strengthen our market position. We benefited from our strong position as market leader in western Europe, where the market fared well. In China, we were able to outperform the weak market because we are well placed with regard to warehouse technology and have a high proportion of service business.

Our global order intake rose both in terms of units (165,823 trucks, up by 7.0 per cent) and in terms of value (€5,215.6 million, up by 9.3 per cent). We increased our revenue by 9.0 per cent to €5,097.9 million while the order book was up by 13.1 per cent to €864.0 as at 31 December 2015. And our profitability reached the same very high level as 2014. Adjusted EBIT of €482.9 million gave us an adjusted EBIT margin for 2015 of 9.5 per cent – one of the best ratios in our sector.

We owe this success to our around 23,500 extremely motivated, highly skilled and fully committed employees. I would like to take this opportunity, on behalf of the entire Executive Board, to offer them my sincere thanks for their fantastic efforts.

What challenges, opportunities and potential do our employees see in our Company? This was the question that we put to around 1,800 managers in mid-2015. The survey gave us a clearer picture of how we want to take our business and our corporate culture forward together.

KION Group turns ten

The KION Group will mark its tenth anniversary this year. We have come a long way in a decade, growing from a European supplier into a global player in the material handling industry – despite a severe economic crisis. Around 1.2 million trucks are in operation in our customers' companies around the world. These provide the basis for our profitable service business, from which we again generated approximately 45 per cent of our revenue last year.

We are looking to the future – to many new opportunities for adding value for our customers. That is why the theme of this annual report is 'Moving Forward – Innovation'. Always being able to take the next step means being on a firm footing, knowing which direction to take, always focusing on your destination.

After all, we do not want to simply witness the fourth industrial revolution. Through our forklift trucks, warehouse technologies and services, we touch the lives of millions and millions of people around the world every day. That is why we are seizing the opportunities to help shape this revolution and ensure it creates benefits for our customers.

With best wishes,



Gordon Riske
Chief Executive Officer
KION GROUP AG



Executive Board

GORDON RISKE

- Chief Executive Officer (CEO) of KION GROUP AG
- Born in 1957 in Detroit (USA)

DR EIKE BÖHM

- Chief Technology Officer (CTO) of KION GROUP AG
- Born in 1962 in Pforzheim (Germany)

CHING PONG QUEK

- Chief Asia Pacific Officer of KION GROUP AG
- Born in 1967 in Batu Pahat/Johor (Malaysia)

DR THOMAS TOEPFER

- Chief Financial Officer (CFO) and Labour Relations Director of KION GROUP AG
- Born in 1972 in Hamburg (Germany)

»We again grew profitably in 2015 and reached **record levels** of order intake, revenue and EBIT.«

Dr Thomas Toepfer
Chief Financial Officer



»We are shaping **Intralogistics 4.0** and have a real innovative spirit throughout the entire organisation.«

Dr Eike Böhm
Chief Technology Officer

»Our **cross-regional platforms** for the volume and economy segments are enabling us to leverage valuable synergies worldwide.«

Ching Pong Quek
Chief Asia Pacific Officer

»We are revamping our business in EMEA, Asia-Pacific and the Americas so that we are even better able to meet **future market** requirements.«

Gordon Riske
Chief Executive Officer

Report of the Supervisory Board of KION GROUP AG

Dear shareholders,

KION GROUP AG can once again look back on a very successful year. It made some important strategic decisions in 2015. By purchasing the logistics automation business of Belgium's Egemin Group, the KION Group strengthened its expertise going forward in the design and management of complex automation projects. In addition, it created a new Executive Board role with central responsibility for research and development, procurement and quality management. It also announced that it would be comprehensively reorganising its Group structure from the beginning of 2016. The aim is to step up collaboration across all brands and regions and to make this collaboration even more efficient. In terms of business performance, the KION Group generated encouraging revenue and earnings growth and achieved all of its forecasts.

Last year, the Supervisory Board continued to fulfil the tasks and responsibilities imposed on it by the law, the Company's articles of incorporation and the German Corporate Governance Code with dedication and diligence. There were again many important decisions, transactions requiring approval and other matters to be discussed and resolved upon.

Monitoring and advisory role in dialogue with the Executive Board

The Supervisory Board advised the Executive Board on all significant matters relating to managing the Company and monitored the Executive Board's running of the Company. The Supervisory Board was fully involved in all major decisions affecting the Company from an early stage. The Executive Board always notified the Supervisory Board of every significant aspect of the decisions to be made promptly and in detail, providing both written and oral reports. Between meetings of the Supervisory Board and between those of its committees, the chairman of the Supervisory Board, who is also chairman of the Executive Committee, remained in close contact at all times with the Executive Board, particularly the Chief Executive Officer and the Chief Financial Officer. There was also regular contact between the chairman of the Audit



DR JOHN FELDMANN
Chairman

Committee and the Company's Chief Financial Officer. This ensured that the Supervisory Board was always kept up to date on the Company's performance and any significant transactions, even between meetings. The Supervisory Board satisfied itself at all times that the Company was being managed lawfully and diligently by the Executive Board. Giving the specified period of notice, the Executive Board presented to the Supervisory Board transactions that, according to the law, the Company's articles of incorporation or the rules of procedure for the Executive Board of KION GROUP AG, require the Supervisory Board's consent so that it could adopt resolutions. The Supervisory Board examined closely the resolutions proposed by the Executive Board and deliberated on them before adopting them.

Main focus areas discussed by the Supervisory Board

The deliberations of the Supervisory Board focused on the continued implementation of the Strategy 2020, which the Executive Board and Supervisory Board adopted in 2013. Particular attention was paid to generating growth and increasing efficiency in the reporting year.

The trends embodied by the Industrial Internet of Things, or Industry 4.0 – the opportunities and challenges for our customers' logistics systems and our own internal processes presented by digitisation, automation and connectivity – also featured heavily in the Supervisory Board's discussions last year. One prominent example was the acquisition of Egemin NV, a leader in the automation of logistics processes. The Supervisory Board advised and supported the Executive Board on this project, as it did on all other projects aimed at growth by acquisition, and where necessary adopted resolutions to give its consent, having weighed up the opportunities and risks. Issues relating to the Internet of Things were also on the agenda at the Supervisory Board's strategy meeting on 24 September 2015, where the main topics were integrated and automated logistics solutions and the importance of and prospects for 3D printing in manufacturing.

Other matters examined by the Supervisory Board were increasing profitability – in particular by improving the effectiveness and efficiency of the Company's core operating processes – and transitioning the organisational structure of the Company to a governance model that caters to changes in the requirements of customers and markets. Throughout the year, the Executive Board pushed for measures to boost efficiency, particularly at the large German sites, in its negotiations with workforce representatives. The Supervisory Board discussed the measures at every meeting in 2015. The Company is updating its organisational structure to reflect the changes resulting from the growing importance of markets outside Europe, the evolution of customer requirements and technological progress. The Executive Board discussed its ideas in this area with the Supervisory Board at the start of the year and fleshed out its plans as the year progressed. At its meeting on 24 September 2015, the Supervisory Board consented to the realignment of the organisational structure following in-depth discussions.

The core elements of this new structure are four decentralised, regional operating units, each with responsibility for their own profit and loss. These operating units are supported by a central R&D function and administrative departments. The CTO organisation, which is headed up by the Chief Technology Officer Dr Eike Böhm, assumed groupwide responsibility for product strategy, R&D, innovation, production system, quality assurance and procurement on 1 January 2016. Other administrative functions will be adapted to meet the requirements of the Group's new organisational structure during 2016, which will involve centralising and harmonising them. A Group Executive Committee (GEC) is being formed to advise the Executive Board in its decision-making and to coordinate matters at the uppermost level of management. The GEC will consist of the Presidents of the four regional operating units plus the

four members of the Executive Board. Its purpose is to ensure the Executive Board's decisions are made on the basis of the widest possible range of technical and regional expertise and experience. There will be no changes to the Executive Board's decision-making powers, however. The Group Executive Committee does not release the individual Executive Board members or the Executive Board as a whole from their statutory duties or their responsibility for the day-to-day management of the Company. The Supervisory Board has safeguarded this allocation of roles by introducing a charter for the GEC.

Against this background, it was necessary to redistribute responsibility for the different aspects of the business among the Executive Board members and to update the list of transactions requiring consent by removing individual transactions from the list and raising the threshold values for transactions requiring approval.

The Supervisory Board emphatically welcomed the Executive Board's prompt and proactive decision to introduce a change management process to support the changes brought about by these measures. An important element of this change management was a survey conducted among around 1,800 of the Company's managers at the start of the summer. An Organizational Health Index (OHI) was used to gauge the current state, or 'health' of the organisation so that challenges and necessary action areas could be identified. The Supervisory Board encouraged the Executive Board to tackle the change issues raised by managers, and they will be targeted as part of the improvements to be made to the Company's management culture. The Supervisory Board firmly believes that the major changes that have been initiated and will now be implemented over the coming months will benefit in the long term if the issues identified by the OHI are successfully addressed and the management culture at KION is improved accordingly.

Corporate governance matters

Besides the usual governance matters, the Supervisory Board dealt with a number of individual issues in the year under review. These included implementing the new statutory requirements on gender diversity in managerial roles, introducing a sustainable fast close process for preparing the consolidated financial statements, examining the efficiency of the Supervisory Board's work and reviewing the remuneration of the Executive Board and Supervisory Board.

The Supervisory Board carefully studied the requirements of Germany's 'Act for the equal participation of women and men in managerial positions in the private and

public sectors'. Despite its reservations about fixed quotas in this area, the Supervisory Board has an open and positive stance as far as the Act's socio-political objectives are concerned. The targets for the composition of the Executive Board and other management positions have been set within the realms of what is feasible and with a view to ensuring that the Company can attract the most suitable people with the right talents.

The Company intends to present its annual and quarterly financial statements more quickly than in previous years. To fulfil its core task of monitoring the Company's financial reporting systems, the Supervisory Board commissioned the Audit Committee, which in turn commissioned its chairman, to learn about the fast close process and its inherent risks. The independent auditors also got involved. The Supervisory Board was able to satisfy itself that the new structures and processes will enable the Company to continue preparing correct and reliable financial statements going forward.

The examination of efficiency confirmed that the Company's Supervisory Board has a robust structure and follows efficient processes. An external consultancy also scored the Supervisory Board and its committees highly in comparison with their industry peers. Suggestions for enhancing individual aspects of the Supervisory Board's work were identified with regard to committee size, the timing of when information is provided and the discussion of strategic matters by the full Supervisory Board. The consultants presented their report at the Supervisory Board's meeting in December. The Supervisory Board has already acted on a number of the suggestions and introduced or initiated changes. Where necessary, the Executive Board willingly provided its input.

Another area of focus was the remuneration of the Company's Executive Board and Supervisory Board. The structure of their remuneration had been revised ahead of the IPO in 2013. In late 2015, a consultancy reviewed it again, comparing it against the benchmark. Despite changes to economic conditions and the evolution of best practice, particularly regarding supervisory board remuneration, the Supervisory Board did not consider it appropriate to make changes to the structure and level of remuneration at the current time. However, adjustments will be required in the near future, including to the structure of the Executive Board's long-term variable remuneration and the acquisition of treasury shares by Executive Board members.

The topics on which the Executive Board and individual managers in the Company regularly submitted reports were the internal control system, risk management, internal audit and compliance in the Group. The focus was on the processes in place as well as on the content of the individual reports. As a result of these reports, the

Supervisory Board was able to gain an impression of the processes in place and to examine and comment on the proposed developments in these areas. It concluded that the systems and mechanisms at KION GROUP AG are adequate and suitable.

The Supervisory Board keeps a close eye on changes to the German Corporate Governance Code and to governance standards at international level. At its meeting on 17 December 2015, the Supervisory Board held its final discussion on the KION Group's compliance with the recommendations of the current version of the Code and issued an updated comply-or-explain statement pursuant to section 161 German Stock Corporation Act (AktG). It has been made permanently available to the public on the KION GROUP AG website. KION GROUP AG complies with all but one of the recommendations in the German Corporate Governance Code (version dated 5 May 2015) and intends to continue to do so in future. As in the previous year, the only recommendation of the Code with which KION GROUP AG does not comply is the recommendation in section 3.8 (3) of the Code for an excess in the D&O insurance policies for members of the Supervisory Board. KION GROUP AG's articles of incorporation do not provide for this type of excess. The Company believes that such an excess is not typical at international level and would therefore make it considerably more difficult to find independent candidates, in particular candidates from outside Germany.

In accordance with section 3.10 of the German Corporate Governance Code, the Executive Board and the Supervisory Board provide a detailed report on corporate governance in the KION Group in the corporate governance report. This is combined with the declaration on corporate governance pursuant to section 289a German Commercial Code (HGB) and can be found on pages 24 to 37 of this annual report and on the KION GROUP AG website at kiongroup.com/GovernanceReport. For details of the remuneration of the Executive Board and Supervisory Board for 2015, please refer to the remuneration report, which can be found on pages 38 to 51 of this annual report.

Work of the committees

Since the last report, there have not been any material changes to the established committees.

KION GROUP AG's Supervisory Board had four committees last year: the Mediation Committee pursuant to section 27 (3) German Codetermination Act (MitbestG), the Executive Committee, the Audit Committee and the Nomination Committee. These

committees, but primarily the Executive Committee, prepare the matters to be discussed at the meetings of the full Supervisory Board. In individual cases, the Supervisory Board's decision-making powers were delegated to committees within the scope permitted by law. The chairman of the Supervisory Board is also chairman of all committees except the Audit Committee. At the meetings of the full Supervisory Board, the committee chairmen report in detail on the discussions of the committees to ensure that the Supervisory Board as a whole is always fully informed.

In 2015, the Supervisory Board and its committees dealt with the matters at hand and made the necessary decisions at a total of 21 meetings (8 full Supervisory Board meetings and 13 committee meetings). There were also several informal conference calls for the purpose of providing the members of the Supervisory Board or the relevant committees with advance information.

All members of the Supervisory Board attended the Supervisory Board meetings in 2015 apart from the exceptions below. At one meeting, five members sent their apologies, at three meetings, at each of which one member sent his apology and at two meetings, at each of which two members sent their apologies. With the exception of five committee meetings at each of which one member sent his apology, all committee meetings were attended by all members of the respective committee. Supervisory Board member Tan Xuguang participated in fewer than half of all Supervisory Board meetings.

Engagement of the auditors; audit of the separate and consolidated financial statements

The Company's independent auditors, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, Frankfurt am Main branch office (Deloitte & Touche), audited the Company's separate financial statements and management report and the consolidated financial statements and group management report for the year ended 31 December 2015 following their engagement by the Annual General Meeting on 12 May 2015. The corresponding proposal to the Annual General Meeting had been prepared in meetings held between the chairman of the Audit Committee and the auditors. They concerned the suitability and independence of the auditors and the fees. The proposal was discussed at the Audit Committee's meeting on 10 March 2015 and committee members were given the opportunity to speak to the auditors in person. The key audit issues were discussed and set out accordingly at the Audit Committee's meeting on 10 March 2015. The auditors were appointed by the chairman of the Supervisory Board on 24 November 2015.

The auditors submitted their report and the documents relating to the financial statements to the members of the Audit Committee on 2 March 2016 and to the members of the Supervisory Board on 9 March 2016. The report was discussed in depth at the Audit Committee meeting on 9 March 2016 and at the full Supervisory Board meeting on 16 March 2016, both of which were attended by the auditors. At both of those meetings, the auditors reported in detail on the main findings of the audit and provided comprehensive answers to all questions asked by members of the Audit Committee and Supervisory Board. The auditors issued an unqualified opinion for the separate financial statements, including the management report, for the year ended 31 December 2015 and the consolidated financial statements, including the group management report, for the year ended 31 December 2015 on 9 March 2016.

Having itself scrutinised the Company's separate financial statements, consolidated financial statements, management report and group management report for the year ended 31 December 2015, the Audit Committee then made a recommendation to the full Supervisory Board, which the chairman of the Audit Committee explained in more detail in his report to the meeting of the full Supervisory Board. On this basis and taking the auditors' opinion into consideration, the Supervisory Board held a further discussion of its own and then approved the results of the independent audit at its meeting on 16 March 2016. Based on the final outcome of the Supervisory Board's own review, no objections were raised. The Supervisory Board approved the Company's separate financial statements and consolidated financial statements for the year ended 31 December 2015 prepared by the Executive Board, thereby adopting the annual financial statements.

At its meeting on 16 March 2016, the Supervisory Board also discussed and approved the proposal made by the Executive Board that the distributable profit of KION GROUP AG be appropriated for the payment of a dividend of €0.77 per no-par-value share. In doing so, the Supervisory Board took account of the Company's financial situation and performance, its medium-term financial and capital-expenditure planning and the interests of the shareholders. The Supervisory Board believes the proposed dividend is appropriate.

Review of the dependency report

Until 31 March 2015, the Company was controlled jointly by Superlift S.à r.l. and Weichai Power. This joint control ended on 31 March 2015 when the remaining KION GROUP AG shares held by Superlift S.à r.l. were sold. The Executive Board was

therefore obliged to prepare a report on the Company's relationships with affiliated entities (dependency report) for that period. The report was examined by the Supervisory Board. The Company's auditors, Deloitte & Touche, reviewed the dependency report, prepared an auditors' report on it and issued the following unqualified opinion based on their completed audit on 9 March 2016:

Auditor's opinion

Based on our audit and evaluation conducted in accordance with our professional duties, we hereby confirm that the factual information presented in the report is accurate.

The dependency report and the auditors' report about it were submitted to all the members of the Supervisory Board in good time and were discussed in detail in the presence of the auditors at the Supervisory Board meeting on 16 March 2016. The auditors reported on the main findings of their audit. The Supervisory Board agreed with the findings of the audit. Based on the final outcome of its own review, the Supervisory Board did not raise any objections to the Executive Board's declaration at the end of the report concerning relationships with affiliated entities.

Personnel changes on the Executive Board and Supervisory Board

With effect from 15 January 2015, Theodor Maurer and Bert-Jan Knoef stepped down as members of the KION Group's Executive Board by mutual agreement with the Company.

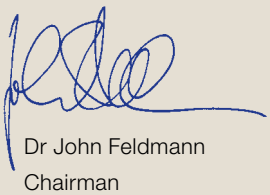
At its meeting on 25 June 2015, the Supervisory Board appointed Dr Eike Böhm as Chief Technology Officer and as a further ordinary member of the Executive Board of KION GROUP AG. Dr Böhm is responsible for research and development, product strategy, production system, innovation, quality assurance and procurement.

There were several changes on the Supervisory Board in 2015. Mr Johannes P. Huth stepped down from the Supervisory Board on 31 July 2015. Mr Wolfgang Faden was appointed by the courts as a shareholder representative with effect from 1 August 2015 until the Company's next Annual General Meeting. In the further course of discussions regarding succession planning, the Supervisory Board resolved in December 2015, following the recommendation of the Nomination Committee, to

propose to the Annual General Meeting on 12 May 2016 that Dr Christina Reuter be elected to the Supervisory Board as a shareholder representative to succeed Mr Faden. In addition, Mr Hans-Peter Weiß resigned from his position as an employee representative on the Company's Supervisory Board with effect from the end of 15 November 2015. The courts appointed Mr Jörg Milla as his successor with effect from 16 November 2015. The Supervisory Board would like to thank Mr Huth and Mr Weiß for the great dedication with which they always carried out their work in the interests of the Company.

The details of this report were discussed thoroughly at the Supervisory Board meeting on 16 March 2016 when it was adopted.

My colleagues on the Supervisory Board and I would like to thank the members of the Executive Board and the employees of KION GROUP AG and its Group companies in Germany and abroad for their commitment and outstanding achievements in 2015.



Dr John Feldmann
Chairman

KION shares

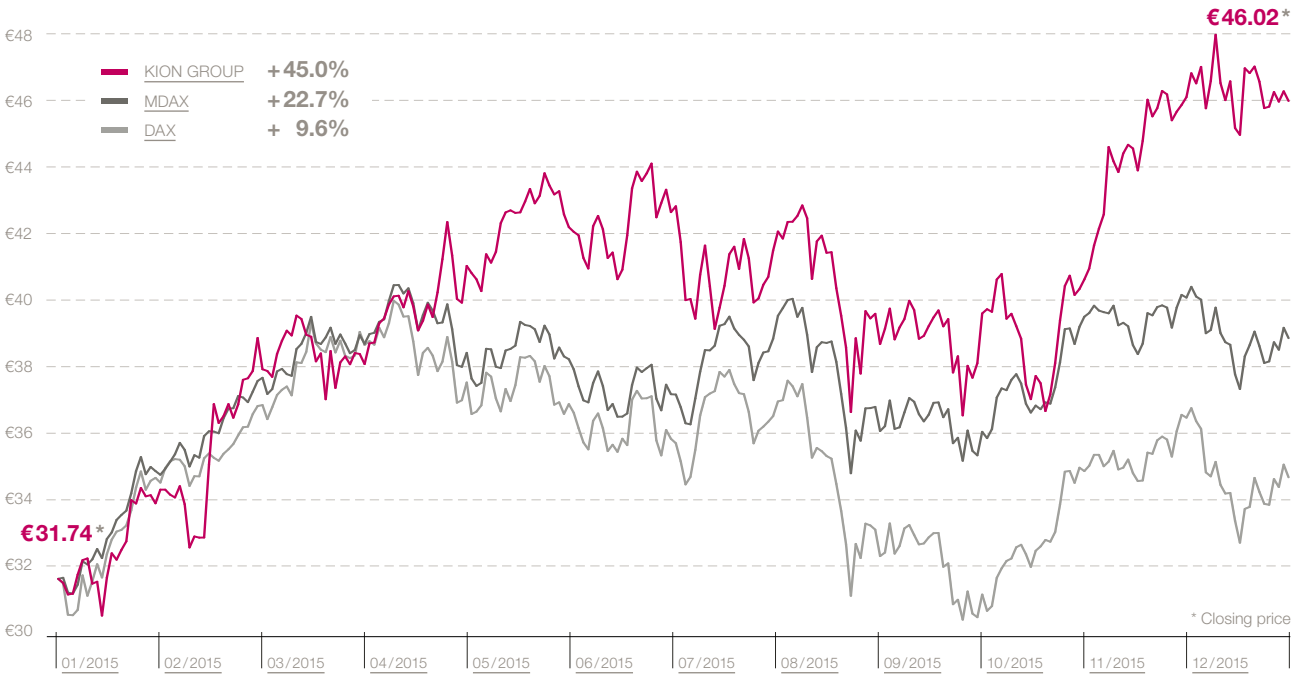
Highly volatile stock market environment

The world's stock markets were very nervous in 2015 and were characterised by strong volatility. Equities were a popular asset class as market interest rates remained very low, and this led to share price rises, especially in the first half of the year. However, the pricing level reached made the markets highly susceptible to external shocks. Slower growth in Asia and Latin America, turbulent capital markets in China, uncertainty about future monetary policy in the United States, geopolitical tension and, not least, the Volkswagen scandal resulted in a sharp price correction in the third quarter. The DAX, Germany's main index, ceded virtually all of the gains that it had made in the first six months. In the fourth quarter, however, most indices rose considerably on the back of persistently good growth figures from industrialised nations. The DAX closed the year at 10,743 points, representing an increase of 9.6 per cent. The MDAX climbed by an even more impressive 22.7 per cent to reach 20,775 points, thereby significantly outperforming the blue-chip index.

Strong growth for KION shares

KION shares finished 2015 considerably higher than where they had begun. They closed at €46.02 on 30 December 2015, which was 45.0 per cent higher than their 2014 year-end closing price of €31.74. Having reached the lowest price of the year of €30.64 on 14 January, the share price moved steadily upward in the first half of the year. Reflecting the trend in the market, the shares fell in the third quarter before beginning a steep uptrend in November to reach their highest price of the year of €48.00 on 7 December. Among the positive influencing factors were the inclusion in the

Share price performance between 30 December 2014 and 30 December 2015 DIAGRAM 001



STOXX Europe 600 and the release of good growth figures and strong results. Looking at the year as a whole, the KION Group comfortably outperformed both the MDAX and the DAX. > DIAGRAM 001

The KION Group's market capitalisation was €4.6 billion at the end of the reporting year. Of this total, 61.5 per cent or €2.8 billion was in free float. The average daily Xetra trading volume in 2015 was 206 thousand shares or €8.3 million, up considerably on the prior year. This can be attributed to KION GROUP AG's inclusion in the MDAX from September 2014 and the further increase in the free float. > TABLE 001

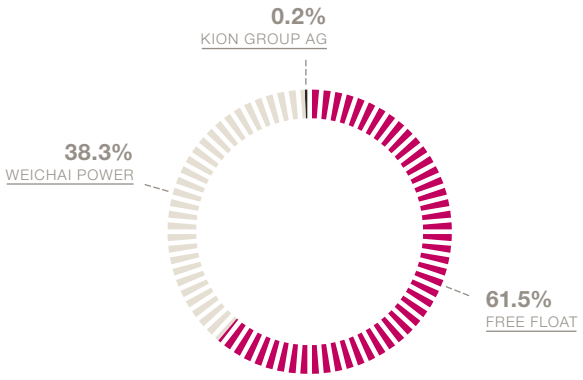
Basic information on KION shares TABLE 001

ISIN	DE000KGX8881
WKN	KGX888
Bloomberg	KGX:GR
Reuters	KGX.DE
Share type	No-par-value shares
Index	MDAX, STOXX Europe 600, MSCI Germany Small Cap

Further rise in free float and share repurchases

Superlift Holding S.à r.l. (Superlift Holding), through which The Goldman Sachs Group Inc. (Goldman Sachs) and Kohlberg Kravis Roberts & Co. L.P. (KKR) held their shares in KION, placed their remaining KION shareholding of 18.8 per cent in February and March 2015. With this the strategic investors Goldman Sachs and KKR ceased to be shareholders. As part of the final placement, a block of shares equivalent to around 5.0 per cent was sold to Weichai Power Co. Ltd. in March. Weichai Power, the biggest single shareholder of the KION Group, with its stake now at 38.3 per cent, has undertaken not to acquire more than 49.9 per cent of KION shares between now and 28 June 2018 (as part of a standstill agreement).

Shareholder structure as at 31 December 2015 DIAGRAM 002



KION GROUP AG launched another share buy-back programme on 10 September 2015 as part of its employee equity programme. In the period up to 30 September 2015, a total of 70,000 no-par-value shares (roughly 0.07 per cent of the share capital) had been purchased for this purpose. To do so, the KION GROUP AG used the authorisation granted at the Annual General Meeting on 13 June 2013.

The purchase of treasury shares left the proportion of shares held by KION GROUP AG unchanged at 0.2 per cent as at 31 December 2015. The free float accounted for 61.5 per cent at the end of the year. > DIAGRAM 002

KION shares predominantly recommended as a buy

17 brokerage houses published regular reports on KION Group in 2015. As at 31 December 2015, eleven analysts recommended KION shares as a buy and six rated them as neutral. The median target price specified for the shares was €48.50.

Share data TABLE 002

Closing price at the end of 2014	€31.74
High for 2015	€48.00
Low for 2015	€30.64
Closing price at the end of 2015	€46.02
Market capitalisation at the end of 2015	€4,551.4 million
Performance in 2015	45.0%
Average daily trading volume in 2015 (no. of shares)	206.0 thousand
Average daily trading volume in 2015 (€)	€8.3 million
Share capital	€98,900,000
Number of shares	98,900,000
Earnings per share for 2015	€2.20
Dividend per share for 2015*	€0.77
Dividend payout rate*	35%
Total dividend payout*	€76.0 million
Equity ratio as at 31/12/2015	28.7%

* Proposed dividend for the fiscal year 2015

Dividend of €0.77 per share planned

The Executive Board and Supervisory Board of KION GROUP AG will propose a dividend of €0.77 per share to the Annual General Meeting on 12 May 2016. This equates to a dividend payout rate of around 35.0 per cent of net income. Earnings per share for 2015 came to €2.20. > TABLE 002

Refinancing and credit rating

The fixed-rate (6.75 per cent) tranche of the bond issued in February 2013, which has a volume of €450.0 million, was part of the Company's funding structure in 2015 and repaid early and to the full extent on 15 February 2016. This bond as well as the remaining pre-IPO credit facility have been refinanced with a €1.5 billion credit facility reflecting investment-grade-style features. The new financing significantly reduces interest expenses and strongly improves KION's flexibility to pursue its profitable growth. Two rating agencies publish corporate credit ratings on the KION Group and improved the ratings in April 2015. Rating agency Standard & Poor's now rates the KION Group as BB+ with a stable outlook, while the rating from Moody's is Ba2 with a positive outlook.

Services for shareholders

Active investor relations

The objective of investor relations is to ensure, through continuous dialogue, that the capital markets value the Company appropriately. The Executive Board and the KION Group's investor relations team continued their active dialogue with investors and analysts last year. Overall, the KION Group participated in 17 investor conferences in Germany and abroad, ran a multitude of roadshows and held a number of one-on-one meetings.

On 12 November 2015, the Executive Board of the KION Group welcomed around 20 equity analysts to the KION Analyst Day, which was held at Linde Material Handling's site in Basingstoke, United Kingdom. The brokerage houses, which regularly write reports on the KION Group, took this opportunity to find out at first hand about the Strategy 2020 and progress on its implementation.

Around 120 shareholders participated in the Annual General Meeting of KION GROUP AG on 12 May 2015. Those in attendance, representing 80.4 per cent of the voting share capital, approved all the draft resolutions put forward by the Company's management with a substantial majority, including the resolution to distribute a dividend of €0.55 per share. The total dividend payout of €54.3 million was equivalent to a dividend payout rate of roughly 31 per cent of net income. The speeches of the Chief Executive Officer and the chairman of the Supervisory Board were broadcast live at kiongroup.com/agm. A webcast of the Chief Executive Officer's speech is also available on the Company's website.

Each of the KION Group's financial reports was explained in detail. At publication of the 2014 annual report, the Executive Board of KION GROUP AG held a conference call where it presented the steps already taken to implement the Strategy 2020 as well as the planned future milestones. In addition, the Executive Board held update calls to report on each set of quarterly results. The transcripts of the conference call on the 2014 financial year and the quarterly update calls along with the presentations form part of the extensive information for investors which is available on the Company's website.

Detailed information on KION shares, press releases, reports and presentations as well as information about the Annual General Meeting and corporate governance in the Group can be found at kiongroup.com/ir. The KION Group's annual report is also available here, both as a PDF file and as an interactive online version. A printed copy of the annual report can be ordered under IR Contact & Services. The contact details of the IR team are also provided here.

kiongroup.com/ir