

COMPANY PROFILE

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Company profile

✱ G4-3, G4-4, G4-9

WE KEEP THE WORLD MOVING.

The KION Group is a global leader in industrial trucks, warehouse technology, related services and supply chain solutions. Across over 100 countries, the KION Group designs, builds and supports logistics solutions that optimise material handling processes and the flow of information within factories, warehouses and distribu-

tion centres. With around 30,000 employees¹, 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 technology. With a global installed base of more than 1.2 million industrial trucks and over 6,000 systems, the KION Group's customer base includes companies in all industries and of all sizes on six continents (> **Figure 1**).

KION Group at a glance: A global market leader of supply chain solutions, industrial trucks and services

FIGURE 1



Note: Based on total revenues 2016

Source: (a) Modern Materials Handling, 2017

¹ incl. Dematic

WE ARE MOVED BY SUSTAINABILITY.

The KION Group aims to capture customer requirements as best as possible, and offer its customers safe, efficient and innovative logistics solutions. Sustainable business practices are the logical consequence of this aspiration. By aligning KION Group actions with environmental, social and economic aspects it also supports its customers in implementing their sustainability programmes, thereby meeting a key prerequisite for their own success.

This makes sustainability a task for every employee in the Company. Everyone is encouraged to contribute through innovations, ideas and consistent action to ensure the KION Group also meets its claim to be a leader in the field of sustainability. With a clear sustainability strategy, ambitious objectives and straightforward measures, the KION Group is on the right track. This report sets out its approach.

BUSINESS MODEL AND ORGANISATION

G4-4, G4-7, G4-8, G4-13

The KION Group offers its customers a unique product, technology and service portfolio ranging from industrial trucks and warehouse technology systems, through fleet and warehouse management solutions, to fully automated material handling and logistics systems.

This makes the KION Group a full-service provider for customers of various industries and sizes, from major key accounts with a global reach, through to small and medium-sized businesses. With the acquisition of Dematic in November 2016, this also makes the Company the leading intralogistics partner for Industry 4.0.

The KION Group comprises KION GROUP AG, a company incorporated under German law as the parent company, and its subsidiaries. KION GROUP AG is a strategic management holding listed on the Frankfurt Stock Exchange, and is also included in the MDax, the STOXX Europe 600 and the FTSE EuroMid.

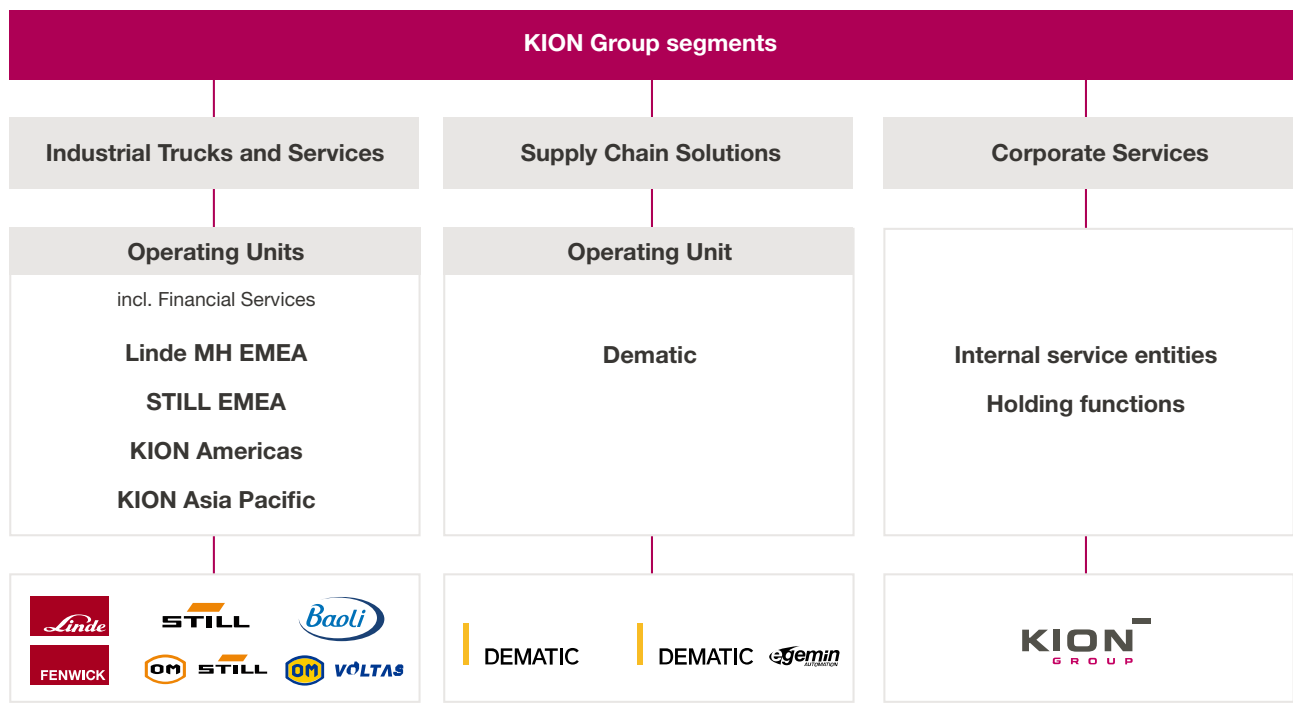
For a detailed illustration of the **KION Group's organisational structure, its business model and its key markets** see the Annual Report 2016.

Segments

The KION Group manages its business through the two segments: Industrial Trucks & Services and Supply Chain Solutions. In addition, cross-segment services are provided by the segment Corporate Services, which includes the holding and other service companies (> **Figure 2**).

KION Group segments

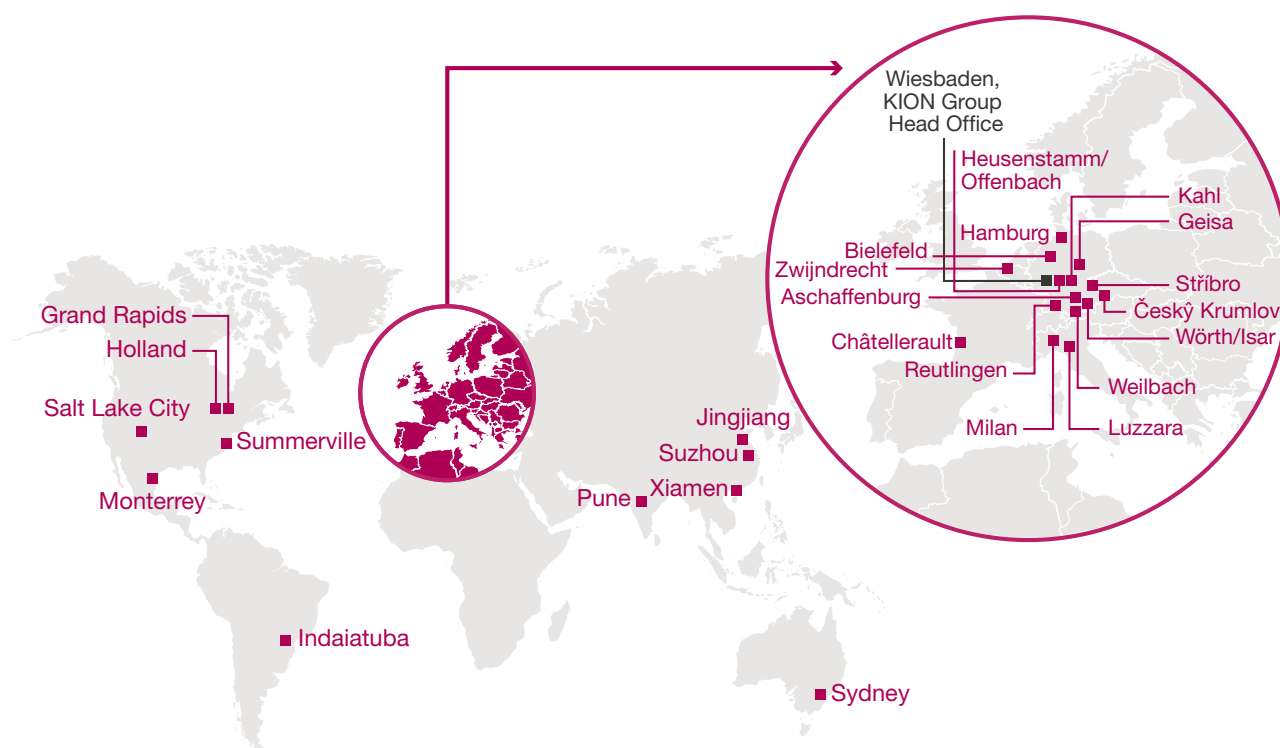
FIGURE 2



With its numerous industrial truck and system solution plants, the KION Group is present on five continents (> **Figure 3**).

Global presence – overview of production plants

FIGURE 3



The Industrial Trucks & Services segment comprises forklifts, warehouse technology and associated services plus supporting financial services. Its products and services are offered under the three international brands Linde, STILL and Baoli plus the three regional brands Fenwick, OM STILL and OM Voltas.

For effective and close collaboration across regions and markets, the industrial truck business has been structured into four

operating units since the fiscal year 2016: Linde Material Handling EMEA and STILL EMEA, which each focus on Europe, the Middle East and Africa, plus KION APAC and KION Americas, which hold cross-brand responsibility for the Asia-Pacific region and the regions of North, Central and South America respectively.

The Supply Chain Solutions segment encompasses integrated technology and software solutions that are used to optimise supply chains. Manual and automated solutions are provided for all functions along customers' supply chains, from goods inward and multishuttle warehouse systems, to picking and value-added packing. In this segment, the recently acquired companies Egemin Automation (Belgium) and Retrotech Inc. (USA) will be fully integrated into Dematic by the end of 2017. As its fifth operating unit, Dematic is responsible for the joint cross-brand market presence.

The KION Group is strengthening the competitiveness of its operating units across segments, brands and regions by consolidating the technical functions of R&D, procurement, quality assurance and production systems in its new CTO (Chief Technology Officer) organisation. Through the resulting uniform standards and global coordination of its engineering activities, it will be able to offer more product variants with less effort and shorter development processes.

Global success with strong brands

Strong brands, which in some cases have long traditions stretching back over 100 years, underpin the KION Group's global success. The KION Group's brands are among the best in the industry globally. Dematic, the latest addition to the KION Group, is a global leader in automated material handling processes, providing a comprehensive range of smart supply chain and automation solutions. Integrating Egemin into Dematic makes KION one of the biggest suppliers of automated guided vehicles (AGVs). The Linde and STILL brands serve the premium industrial truck segment, while Baoli focuses on industrial trucks in the economy segment. Among its regional industrial truck brand companies, Fenwick is the largest supplier of material handling products in France, while OM STILL is a market leader in Italy. Voltas serves the Indian market where it is a leading provider of industrial trucks.

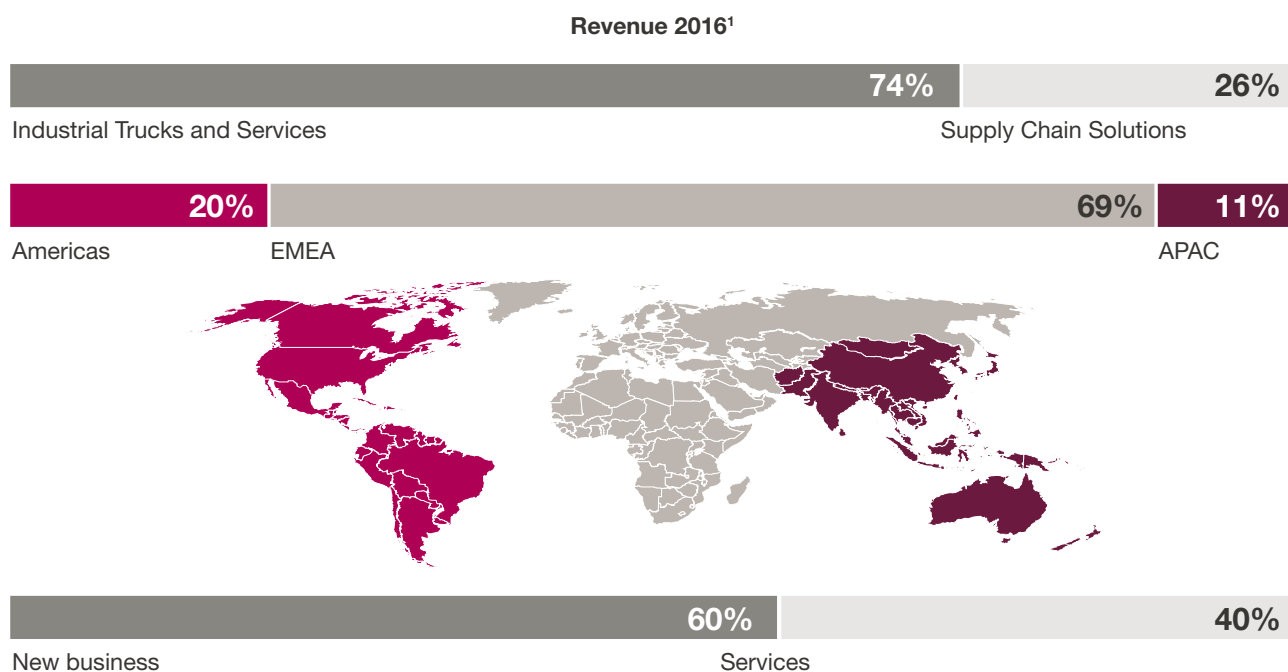
FINANCIAL DATA 2016 – THE KION GROUP SHOWS ITS ECONOMIC STRENGTH

G4-EC1

In 2016 the KION Group generated revenues of around €5.6 billion, exceeding the previous year's figure by 9.6 percent despite significant currency effects. For further information on its revenue mix, see > **Figure 4**.

KION Group market presence

FIGURE 4



¹ Based on pro-forma financials for FY 2016

As at the end of 2016 the Group-wide order book stood at €2.2 billion, forming a stable basis for future growth. The KION Group generated a total net profit of €246.1 million (> **Table 1**).

KION Group financial key figures – annual comparison

TABLE 1

in € million	incl. Dematic	KION GROUP AG (alone)				
	2016	2016	2015	2014	2013	2012
Order intake	5,833	5,553	5,216	4,771	4,489	4,590
Revenue	5,587	5,328	5,098	4,678	4,495	4,560
Adjusted EBITDA ¹	932		850	780	722	701
Adjusted EBITDA margin ¹	16.7%		16.7%	16.7%	16.1%	15.4%
Adjusted EBIT¹	537	527	483	443	417	408
Adjusted EBITDA margin ¹	9.6%	9.9%	9.5%	9.5%	9.3%	9.0%
Consolidated earnings	246		221	178	138	161
ROCE²	6.8%	12.4%	11.9%	11.4%	–	–
Capital expenditure ³	167		143	133	126	155
R&D total expenditure	147		131	120	114	120
Free cash flow⁴	-1,850	318	333	306	196	514
Net financial debt	2,903		573	811	979	1,790
Employees ⁵	30,544		23,506	22,669	22,273	21,215

1 Adjusted for effects of KION acquisitions as well as one-off and extraordinary effects

2 ROCE is derived as a ratio between Adjusted EBIT and Capital Employed; the calculation of ROCE is only carried out at the end of a fiscal year

3 Capital expenditure including capitalised development costs, excluding leased and rental assets

4 Free cash flow is defined as cash flow from operating activities plus cash flow from investment activities

5 Including apprentices and trainees

For a detailed picture of the KION Group's financial performance and position, see the **Annual Report**. Regular quarterly reporting supplements and updates this picture.

EXECUTIVE BOARD STATEMENTS

Sustainability is multifaceted – like the views of the KION Group Executive Board on the topic. Nevertheless, one common understanding is shared above all: taking a sustainable approach and economic success go hand-in-hand, as they are two sides of the same coin.



Gordon Riske

Chairman of the Executive Board

” KION is leading the way – also in terms of sustainable business practices. Sustainability is another area in which it strives to attain a leading position within its industry, and is something it is pursuing with the same resoluteness and consistency as it pursues its growth targets. The Group’s sustainability strategy, which it produced in 2016, is a key milestone in this respect – and anyone can monitor the Company’s achievement of objectives through its regular reporting.



Ching Pong Quek

Asia Pacific Executive Board

” Taking a sustainable approach in the interests of people brings long-term success, in the Asia Pacific region as well as on a global scale. This is what we strive for at the KION Group. Through responsible, transparent business practices and by playing an active role in society we are establishing an important pillar for its success as a company – while at the same time also contributing to ensure we all have a brighter future.

**Dr. Eike Böhm**

Chief Technology Officer

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The KION Group and its brands are a byword for innovative and reliable products, and for efficiency and safety at the highest technical level. Sustainability has always been an integral part of our commitment to deliver what we promise – this is and will continue to be reflected in our products. As our customers know: we deliver what we promise.

**Dr. Thomas Toepfer**

CFO

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Taking a sustainable approach also improves cost structures, prevents risks and offers numerous competitive opportunities – so it comes as no surprise that an ever-increasing number of financial analysts and investors are also taking sustainability aspects into account. In doing so, they not only assess the quality of an investment, but also the future viability of a company. In our Sustainability steering committee, we put these Group activities on the right track and in doing so shape our future. We take responsibility – both in terms of the aims we set ourselves and in the interests of our customers, employees and shareholders. Measurability and transparent reporting are key success factors in this regard. After all, only clearly defined targets and KPIs will steer the Company's activities in the desired direction. This report shows that we are on the right track!