

Q1

INTERIM REPORT
2015



**We
keep
the
world
moving.**



Key figures

KION Group overview

| in € million | Q1 2015 | Q1 2014 | Change |
|---------------------------------------|---------------|---------------|-------------|
| Order intake ¹ | 1,247.9 | 1,166.8 | 7.0% |
| Revenue | 1,164.8 | 1,088.9 | 7.0% |
| Order book ^{1,2} | 866.9 | 764.1 | 13.4% |
| Financial performance | | | |
| EBITDA | 177.6 | 166.5 | 6.6% |
| Adjusted EBITDA ³ | 181.4 | 171.2 | 5.9% |
| Adjusted EBITDA margin ³ | 15.6% | 15.7% | – |
| EBIT | 82.1 | 77.0 | 6.6% |
| Adjusted EBIT ³ | 93.4 | 87.4 | 6.8% |
| Adjusted EBIT margin ³ | 8.0% | 8.0% | – |
| Net income for the period | 41.9 | 27.8 | 50.6% |
| Financial position² | | | |
| Total assets | 6,418.6 | 6,128.5 | 4.7% |
| Equity | 1,631.5 | 1,647.1 | –1.0% |
| Net financial debt | 846.7 | 810.7 | 4.4% |
| Cash flow | | | |
| Free cash flow ⁴ | –19.6 | –22.3 | 12.1% |
| Capital expenditure ⁵ | 27.4 | 27.2 | 0.7% |
| Employees⁶ | 22,906 | 22,669 | 1.0% |

1 Prior-year figures restated to reflect the change in the order intake calculation introduced in 2015.

2 Figure as at 31/03/2015 compared with 31/12/2014

3 Adjusted for KION acquisition items and non-recurring items

4 Free cash flow is defined as cash flow from operating activities plus cash flow from investing activities.

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

6 Number of employees (full-time equivalents) as at 31/03/2015 compared with 31/12/2014

All amounts in this interim report are disclosed in millions of euros (€ million) unless stated otherwise. The addition of the totals presented may result in minor rounding differences. The percentages shown are calculated on the basis of the respective amounts, rounded to the nearest thousand euros.

This interim report is available in German and English at www.kiongroup.com under Investor Relations/Financial Reports. Only the content of the German version is authoritative.

We keep the world moving.

The KION Group has a global presence with products, services and solutions provided by its six brand companies. The KION Group is the European market leader and the world's second largest manufacturer of forklift trucks and warehouse technology, and it is one of the leading international suppliers in the sector in China.

Linde and STILL serve the premium segment worldwide, while Baoli focuses on the economy segment. Fenwick is the material-handling market leader in France, OM STILL is a market leader in Italy and Voltas is one of the two market leaders in India.

Building on these strong foundations, the KION Group and its more than 22,000 employees generated revenue of €4.7 billion in 2014.



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INVESTOR RELATIONS

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KION GROUP WEBSITE

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Highlights of the first quarter of 2015

Sustained momentum in the first quarter thanks to western Europe and China

- Order intake up by 7 per cent in the first quarter
- From January to March, the KION Group grew faster than the global market in terms of unit sales
- Revenue for the quarter rose by 7 per cent year on year
- Profitability in line with the prior-year figure: adjusted EBIT margin in the first quarter was 8.0 per cent
- Free cash flow improved by 12 per cent in the first quarter

Free float increases: KION shares now even more tradable

- Following Superlift's placement of all of its shares, free float increased to more than 61 per cent
- Share price reaches record highs in March
- Broad majority of analysts recommend KION GROUP AG shares as a 'buy'

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KION shares

Share performance

KION shares, which have been included in Deutsche Börse's MDAX since 22 September 2014, climbed strongly in the buoyant stock market of the first three months of 2015. They closed at €38.16 on 31 March 2015, which was up by 20.2 per cent on their 2014 year-end closing price of €31.74, an increase that matched the high level of the market. Over the same period, the MDAX rose by 22.1 per cent, while the DAX went up by 22.0 per cent. KION shares reached their lowest price of the year so far (€30.64) on 14 January 2015, while on 11 March 2015 they reached their highest price (€39.61) since the IPO on 28 June 2013. The performance of the shares in the first quarter was largely driven by the general market trend. However, the announcement of record results for 2014 and the sizeable placements in the first quarter also had a positive impact.

Overall the share price has gone up by an impressive 61.0 per cent since the IPO on 28 June 2013.

At the end of the reporting period, market capitalisation stood at €3.8 billion. The average daily Xetra trading volume during the first quarter was approximately 219 thousand shares or €7.8 million.

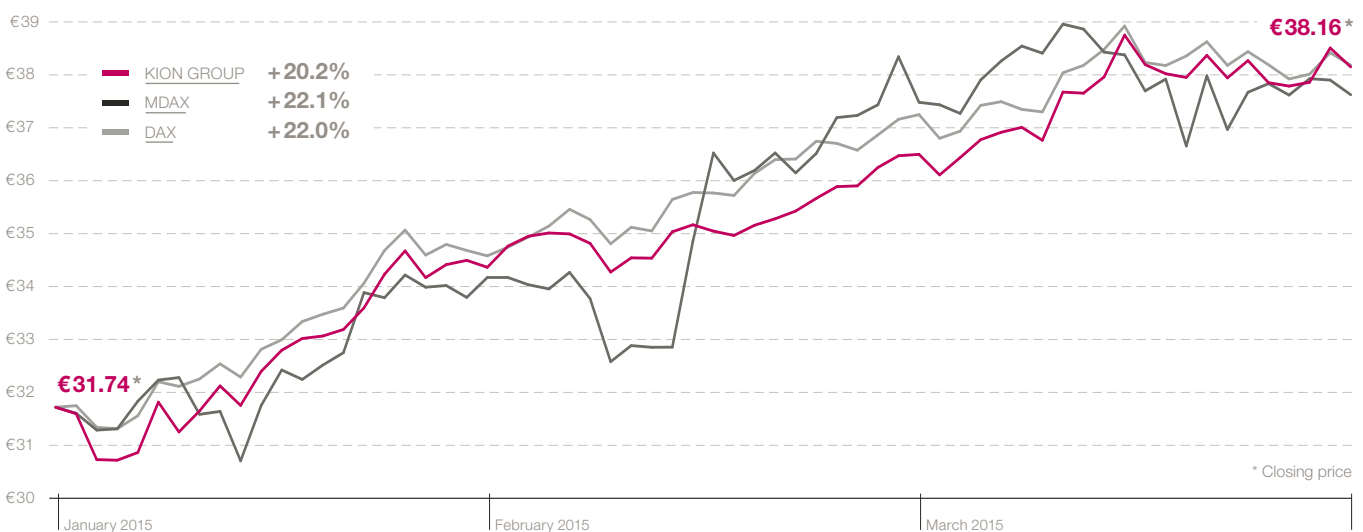
> **DIAGRAM 01**

Shareholder structure

On 12 February 2015, 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) hold their shares in KION, placed a further 4.8 million KION shares (4.9 per cent of KION stock) on the market. As a result of this transaction, the free float increased again, from 47.7 per cent to 52.6 per cent. Goldman Sachs and KKR thereby initially reduced their shareholding in KION from 18.8 per cent to around 13.9 per cent. On 27 March 2015 Superlift Holding

Share price performance between 30 December 2014 and 31 March 2015

DIAGRAM 01



announced the sale of the remaining 13.9 per cent of KION shares. This means the strategic investors Goldman Sachs and KKR have now ceased to be shareholders. As part of the placement, a block of shares equivalent to around 5.0 per cent was sold to Weichai Power Co. Ltd. This transaction saw the free float increase to around 61.5 per cent as at 31 March 2015. 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 before 28 June 2018 (as part of a standstill agreement). KION GROUP AG itself holds 0.2 per cent. > **DIAGRAM 02**

Dividend and 2015 Annual General Meeting

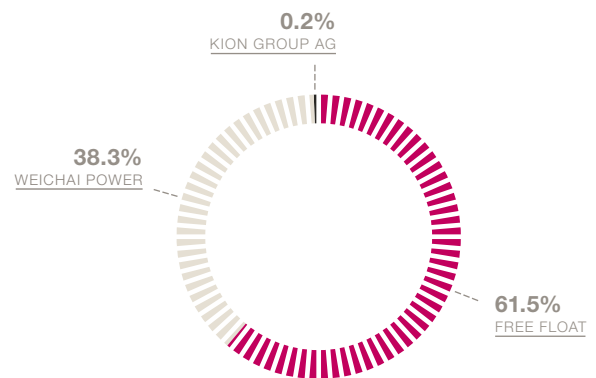
The Executive Board and Supervisory Board of KION GROUP AG will propose a dividend of €0.55 per share to the Annual General Meeting on 12 May 2015. This equates to a dividend payout rate of 31 per cent of the net income for 2014 and an increase of 57 per cent on the previous year's dividend. Over the coming years, the plan is to gradually increase the dividend payout rate to around 35 per cent of net income.

Investor relations

Investor relations activities during the period under review focused on investor conferences, roadshows and numerous one-on-one meetings with analysts and institutional investors. On 19 March 2015, to mark the publication of the 2014 annual report, there was also a conference call in which CEO Gordon Riske and CFO Dr Thomas Toepfer spoke with analysts and KION Group investors. Sixteen brokerage houses publish regular studies about KION shares. Thirteen of them recommended KION shares as a buy; three rated them as neutral. The median target price specified for the shares was €40.00 as at 31 March 2015. > **TABLE 01**

Shareholder structure as at 31 March 2015

DIAGRAM 02



Corporate bond and credit rating

The fixed-rate (6.75 per cent) tranche of the bond issued in 2013, which has a volume of €450.0 million and a maturity date of 2020, remains a key part of the Company's funding structure. There was no change to the KION Group's credit ratings in the first quarter of 2015: Moody's maintained their rating of the KION Group and its bonds at Ba2 with a stable outlook; the Standard & Poor's rating remains BB with a positive outlook.

Share data

TABLE 01

| | |
|--|--|
| Issuer | KION GROUP AG |
| Registered office | Wiesbaden |
| Share capital | €98,900,000; divided into 98,900,000 no-par-value shares |
| Share class | No-par-value shares |
| Stock exchange | Frankfurt Stock Exchange |
| Market segment | Regulated market (Prime Standard) |
| Index | MDAX |
| Stock exchange symbol | KGX |
| ISIN | DE000KGX8881 |
| WKN | KGX888 |
| Bloomberg/Reuters | KGX GR/ KGX.DE |
| Closing price as at 31/03/2015 | €38.16 |
| Performance since beginning of 2015 | 20.2% |
| Market capitalisation as at 31/03/2015 | €3,773.5 million |
| Free float | 61.5% |
| Earnings per share* | €0.41 |

* For the reporting period 01/01/ – 31/03/2015

Interim group management report

FUNDAMENTALS OF THE KION GROUP

Management and control

With effect from 15 January 2015 Bert-Jan Knoef and Theodor Maurer stepped down as members of the KION Group's Executive Board. At the same time, Gordon Riske, in addition to his role as KION Group CEO, took over as CEO of both the Linde Material Handling GmbH and the STILL GmbH brand companies and assumed responsibility for quality, while CFO Dr Thomas Toepfer became responsible for facility management/health, safety & environment (HSE) and logistics/Urban.

With effect from 1 January 2015 Silke Scheiber and Dr Martin Hintze stepped down from the Supervisory Board. Birgit A. Behrendt and Xu Ping were appointed to the Supervisory Board in their place. As a result of their appointments the Supervisory Board now has three female members.

Strategy of the KION Group

The KION Group continued as planned with the implementation of its Strategy 2020 in the first quarter of 2015. Under this strategy, the Company aims to leverage its strong global position and cross-brand synergies even more effectively and to close the gap on the global market leader by 2020. To this end, the KION Group is focusing on its successful multi-brand approach underpinned by a comprehensive modular and platform strategy, on expanding its presence in key markets with growth potential, such as China and the United States, and on expanding its already very robust service business. Furthermore, in order to entrench its position as the most profitable supplier in the market, the KION Group aims to improve its EBIT margin so that it is permanently in the double-digit range – a target that was stated in the 2014 annual report and that remains unchanged in communications since the IPO. To achieve this target, greater efforts are being made to become even more competitive, particularly in the KION Group's home market of Europe. Further details on the Strategy 2020 can be found in the 2014 group management report. There has been no change to the information contained in this report regarding the Company and its management system.

The segments and their products and services

The subsidiary KION India was integrated into the Linde Material Handling (LMH) segment with effect from 1 January 2015. Previously the entity was in the Other segment, which now comprises only holding companies and service companies that provide cross-segment services such as IT and logistics.

REPORT ON THE ECONOMIC POSITION

Macroeconomic and sector-specific conditions

MACROECONOMIC CONDITIONS

Initial estimates suggest that the global economy is continuing to expand at a muted rate. Geopolitical risks and the general slow-down in growth in the emerging markets are proving to be inhibiting factors. However, the general health of the global economy did improve overall in the first quarter of this year. The industrialised countries are currently providing most of the momentum.

According to the latest economic data, the Chinese economy cooled again, mainly because of the decline in capital spending on infrastructure and the downturn in the property market. The picture in the other Asian emerging markets remained positive overall. In South America, political uncertainty and low commodity prices remain a factor in the economic situation, and the region's biggest economy, Brazil, continues to face serious problems. Russia is still suffering from the low oil price and economic sanctions, while the other eastern European countries generally performed robustly.

In the industrialised countries, however, the economy recovery advanced again in the first three months of 2015. The US economy proved robust, although the start of the year was more muted because of seasonal-related factors. In the first quarter, consumer spending and foreign trade were the main growth drivers for Germany and its neighbouring eurozone countries, while the depreciation of the euro and the fall in the oil price improved prospects. Countries in central Europe, which held steady at a moderate level, also benefited from the positive trend.

SECTORAL CONDITIONS

Sales markets

The global market for industrial trucks made a promising start to 2015. Unit sales went up by 4.1 per cent in the first three months of the year. Growth was mainly driven by demand in western Europe and North America, while declines in the larger emerging markets had an adverse effect.

Western Europe was the strongest performer in the global market, with the number of trucks ordered going up by 16.9 per cent. Warehouse technology accounted for the bulk of this additional volume. There was also still a lot of pent-up demand in southern Europe. Spain, Italy and France generated strong growth. Germany and the United Kingdom fell slightly short of the average.

The slump in the Russian market caused orders to fall by 10.4 per cent in eastern Europe, although there was an increase overall for the other eastern European countries. In China growth declined by 12.8 per cent, mainly due to the sharp fall in diesel truck orders. The picture was positive overall in the other Asian countries. Brazil, the largest single market in South America, remained challenging, contracting by a substantial 25.5 per cent. There was a sharp increase in Central America, however. The North American market also grew strongly, expanding by 8.7 per cent on the corresponding quarter of the previous year.

In terms of product areas, demand for electric forklift trucks (up by 9.2 per cent) rose significantly in the first quarter of 2015, whereas sales of diesel trucks (down by 6.7 per cent) were much slower than in the same period last year. Sales of warehouse trucks saw the strongest growth, with an increase of 15.1 per cent. > [TABLE 02](#)

Global industrial truck market (order intake)

TABLE 02

| in thousand units | Q1 2015 | Q1 2014 | Change |
|-------------------------|--------------|--------------|-------------|
| Western Europe | 87.3 | 74.7 | 16.9% |
| Eastern Europe | 12.5 | 14.0 | -10.4% |
| North America | 57.2 | 52.7 | 8.7% |
| Central & South America | 11.1 | 10.8 | 2.7% |
| Asia (excl. Japan) | 85.0 | 91.6 | -7.2% |
| Rest of world | 30.0 | 28.3 | 6.1% |
| World | 283.1 | 271.9 | 4.1% |

Source: WITS/FEM

Procurement markets and conditions in the financial markets

Overall, commodity prices were far lower in the first quarter of 2015 than in the same period of the previous year. The price of steel, the most important raw material for KION, fell again in the first three months of the year as a result of the muted economic growth. In the first quarter of 2015, copper was at almost exactly the same level as the corresponding period of 2014, although copper prices have rallied strongly since the beginning of the year. Although crude oil prices climbed again in the first quarter, they were still well down year on year.

The much weaker euro had a generally positive impact on the export business in the first quarter of 2015. The euro fell again against the Chinese renminbi in the first three months of the year. Pound sterling also increased overall, whereas the Brazilian real depreciated, despite the weak euro.

Business performance

Increasing digitisation and connectedness will further accelerate the move towards full automation in the logistics sector. The KION Group is therefore taking early steps to meet the global challenges presented by Industry 4.0. Following the signing of a cooperation agreement and, on 27 February 2015, the acquisition of a 10 per cent stake in French robotics specialist Balyo SA, Linde Material Handling and Balyo SA will intensify their efforts to jointly develop innovative industrial trucks.

Financial position and financial performance

OVERALL ASSESSMENT OF THE ECONOMIC SITUATION

The KION Group has had a good start to 2015. The marked rise in revenue and order intake reflects the strength of the Group's market position in the new truck and service businesses, both in developed and in emerging markets. Even after elimination of positive currency effects, the Group still generated an encouraging level of growth.

The KION Group and its brand companies outperformed the market in the first quarter. Significantly better unit sales of diesel trucks enabled Baoli to consolidate its position in the global economy segment. The strategy of marketing region-specific products

beneath the premium segment based on a cost-efficient production and development platform is starting to bear fruit.

Adjusted EBIT increased considerably, whereas the EBIT margin was unchanged year on year. The improvement in net financial expenses, which can be attributed to the optimisation of funding in 2014, provided an extra boost to net income. Earnings per share came to €0.41, which was roughly 49 per cent up on the figure for the first quarter of last year.

Level of orders

In the first three months of 2015, order intake advanced by 7.0 per cent or €81.1 million to €1,247.9 million. Both brand segments saw increases in the volume of orders. Positive currency effects amounting to €34.2 million also contributed to this trend.

The number of trucks ordered increased to approximately 41.6 thousand trucks, which was 6.2 per cent higher than in the first quarter of 2014. In western Europe, the number of trucks ordered from the KION Group was up by 11.2 per cent. Whereas there was a slight increase in market share for counterbalance trucks, sales figures for warehouse trucks were behind overall market growth rates even though they rose significantly. Reflecting the overall market situation, demand in eastern Europe declined – although unit sales were very encouraging in some eastern European countries. In Asia, and above all in China, the KION Group bucked the market trend by generating growth and therefore strengthened its market position. By contrast, the number of trucks ordered in South America continued to slide, especially in Brazil.

The total value of the order book amounted to €866.9 million, an increase of 13.4 per cent on the value at the end of last year (31 December 2014: €764.1 million).

Revenue

The new truck business and service business contributed equally to the increase in revenue, which went up by 7.0 per cent to €1,164.8 million (Q1 2014: €1,088.9 million). Positive currency effects amounting to €31.4 million also played a part in the increase.

Revenue from new truck business climbed to €622.1 million, compared with €577.7 million in the first quarter of 2014. This rise of 7.7 per cent was primarily accounted for by electric forklift trucks and warehouse trucks.

Revenue from the service business advanced by 6.2 per cent to reach €542.7 million (Q1 2014: €511.3 million), growth that was attributable to a greater volume of servicing and maintenance work under service agreements. There was also an increase in short-term rental business compared with the first three months of 2014. Overall, the service business generated 46.6 per cent of the KION Group's total revenue (Q1 2014: 46.9 per cent). > **TABLE 03**

A regional breakdown shows that the rise in revenue was primarily attributable to the western European sales markets. The United

Kingdom, Italy and Germany achieved particularly notable year-on-year increases. In Asia, the main contributors to the growth in revenue were China and India. The KION Group notched up sharp rises in eastern Europe, while revenue in South and Central America was up by only a moderate degree compared with the prior-year period. Overall, the growth markets accounted for 25.3 per cent of consolidated revenue (Q1 2014: 23.0 per cent). The proportion generated outside Germany came to 74.7 per cent (Q1 2014: 73.3 per cent). > **TABLE 04**

Revenue by product category

TABLE 03

| in € million | Q1 2015 | Q1 2014 | Change |
|----------------------|----------------|----------------|-------------|
| New business | 622.1 | 577.7 | 7.7% |
| Service business | 542.7 | 511.3 | 6.2% |
| – Aftersales | 325.9 | 304.7 | 7.0% |
| – Rental business | 127.0 | 116.5 | 9.1% |
| – Used trucks | 61.4 | 64.0 | –4.0% |
| – Other | 28.4 | 26.1 | 8.8% |
| Total revenue | 1,164.8 | 1,088.9 | 7.0% |

Revenue by customer location

TABLE 04

| in € million | Q1 2015 | Q1 2014 | Change |
|----------------------|----------------|----------------|-------------|
| Western Europe | 853.2 | 816.3 | 4.5% |
| Eastern Europe | 94.4 | 82.0 | 15.2% |
| Americas | 59.1 | 55.1 | 7.2% |
| Asia | 124.3 | 100.3 | 23.9% |
| Rest of world | 33.8 | 35.2 | –4.1% |
| Total revenue | 1,164.8 | 1,088.9 | 7.0% |

Earnings

EBIT and EBITDA

Earnings before interest and tax (EBIT) amounted to €82.1 million, which was more than in the same period of the previous year (Q1 2014: €77.0 million). Although gross profit was up substantially, there were also increases in selling expenses, administrative expenses and development costs. Non-recurring items resulted in expenses of €4.5 million in the first quarter (Q1 2014: €4.5 million). Adjusted EBIT excluding non-recurring items and KION acquisition

items amounted to €93.4 million (Q1 2014: €87.4 million). The adjusted EBIT margin was unchanged year on year at 8.0 per cent.

> **TABLE 05**

Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached €177.6 million, compared with €166.5 million in the corresponding quarter of 2014. Adjusted EBITDA rose to €181.4 million (Q1 2014: €171.2 million). This means that the adjusted EBITDA margin was virtually unchanged at 15.6 per cent (Q1 2014: 15.7 per cent). > **TABLE 06**

EBIT

TABLE 05

| in € million | Q1 2015 | Q1 2014 | Change |
|---------------------------|-------------|-------------|-------------|
| Net income for the period | 41.9 | 27.8 | 50.6% |
| Income taxes | -19.6 | -18.9 | -3.5% |
| Net financial expenses | -20.6 | -30.3 | 31.8% |
| EBIT | 82.1 | 77.0 | 6.6% |
| + Non-recurring items | 4.5 | 4.5 | -1.5% |
| + KION acquisition items | 6.8 | 5.9 | 16.0% |
| Adjusted EBIT | 93.4 | 87.4 | 6.8% |

EBITDA

TABLE 06

| in € million | Q1 2015 | Q1 2014 | Change |
|-------------------------------|--------------|--------------|-------------|
| EBIT | 82.1 | 77.0 | 6.6% |
| Amortisation and depreciation | 95.5 | 89.5 | 6.7% |
| EBITDA | 177.6 | 166.5 | 6.6% |
| + Non-recurring items | 3.8 | 4.7 | -19.3% |
| + KION acquisition items | 0.0 | 0.0 | - |
| Adjusted EBITDA | 181.4 | 171.2 | 5.9% |

Key influencing factors for earnings

The cost of sales increased by 6.1 per cent to €823.5 million (Q1 2014: €776.5 million), slightly below the rate of growth in revenue.

A fall in commodity prices and an improvement in the product mix had a positive impact on the gross margin. Gross profit totalled €341.3 million (Q1 2014: €312.5 million).

Selling expenses grew by 6.7 per cent to €148.5 million (Q1 2014: €139.2 million). Development costs amounted to €34.0 million, a year-on-year increase of €4.6 million (Q1 2014: €29.5 million). Administrative expenses were significantly higher in the first quarter of 2015 at €84.3 million (Q1 2014: €74.4 million), due in large part to

costs incurred in connection with the implementation of the Strategy 2020. Currency effects and increased personnel expenses contributed to the rise in functional costs. The 'Other' item was at roughly the same level as in the prior-year period at €7.7 million (Q1 2014: €7.6 million). The share of profit (loss) from equity-accounted investments, which are included in the 'Other' item, amounted to a loss of €1.6 million (Q1 2014: loss of €1.6 million). The main reason for this was the pro-rata loss from Linde Hydraulics, which was the result of current depreciation and amortisation in connection with its purchase price allocation (PPA), among other factors. > **TABLE 07**

(Condensed) income statement

TABLE 07

| in € million | Q1 2015 | Q1 2014 | Change |
|--|--------------|--------------|--------------|
| Revenue | 1,164.8 | 1,088.9 | 7.0% |
| Cost of sales | -823.5 | -776.5 | -6.1% |
| Gross profit | 341.3 | 312.5 | 9.2% |
| Selling expenses | -148.5 | -139.2 | -6.7% |
| Research and development costs | -34.0 | -29.5 | -15.5% |
| Administrative expenses | -84.3 | -74.4 | -13.3% |
| Other | 7.7 | 7.6 | 1.2% |
| Earnings before interest and taxes (EBIT) | 82.1 | 77.0 | 6.6% |
| Net financial expenses | -20.6 | -30.3 | 31.8% |
| Earnings before taxes | 61.4 | 46.7 | 31.5% |
| Income taxes | -19.6 | -18.9 | -3.5% |
| Net income for the period | 41.9 | 27.8 | 50.6% |

Net financial income/expenses

There was a substantial improvement in the balance of financial income and financial expenses, leading to net financial expenses of €20.6 million (Q1 2014: €30.3 million). This encouraging decrease, which also helped to push up earnings before tax, was the result of the optimisation of funding following the early redemption of two tranches of the corporate bonds in the second quarter of 2014.

Income taxes

Income tax expenses amounted to €19.6 million (Q1 2014: €18.9 million). Current income taxes went up by €8.4 million to €22.6 million as a result of the improved earnings situation. However, whereas there had been a deferred tax expense of €4.7 million in the first quarter of 2014, primarily due to utilisation of deferred tax assets, there was deferred tax income of €3.0 million in the reporting period. The tax rate was 31.9 per cent (Q1 2014: 40.5 per cent).

Net income for the period

The KION Group's net income after taxes totalled €41.9 million, which was up by a substantial 50.6 per cent on the €27.8 million reported in the first quarter of the previous year. Diluted and basic earnings per share for the reporting period increased to €0.41 (Q1 2014: €0.28).

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE SEGMENTS

Linde Material Handling segment

Order intake in the Linde Material Handling (LMH) segment amounted to €843.8 million in the quarter under review, an increase of 10.1 per cent. The assignment of KION India to the LMH segment with effect from 1 January 2015 caused order intake to rise by €8.5 million. The key contributors to this segment's strong performance were the western European sales markets, particularly France, the United Kingdom and Spain. LMH's orders were also up significantly in Asia. In addition, the segment benefited from positive currency effects.

Segment revenue improved by 9.2 per cent compared with the first three months of 2014, reaching €787.3 million (Q1 2014: €720.9 million). The predominant factor in this uptrend was the increase in new truck business, which was in turn mainly driven by higher unit sales of warehouse trucks and electric forklift trucks. The segment also saw revenue rise in its service and rental truck businesses. KION India, which has been reported in the Linde Material Handling segment since 1 January 2015, contributed revenue of €6.8 million.

Adjusted EBIT amounted to €77.8 million, which represented slight year-on-year growth (Q1 2014: €75.3 million). The adjusted EBIT margin was 9.9 per cent in the first quarter of 2015 and therefore lower than the prior-year figure (Q1 2014: 10.5 per cent). > **TABLE 08**

Key figures – LMH –

TABLE 08

| in € million | Q1 2015 | Q1 2014 | Change |
|------------------------|---------|---------|--------|
| Order intake* | 843.8 | 766.7 | 10.1% |
| Revenue | 787.3 | 720.9 | 9.2% |
| EBITDA | 114.5 | 112.6 | 1.7% |
| Adjusted EBITDA | 115.8 | 115.2 | 0.5% |
| EBIT | 70.6 | 67.0 | 5.5% |
| Adjusted EBIT | 77.8 | 75.3 | 3.3% |
| Adjusted EBITDA margin | 14.7% | 16.0% | – |
| Adjusted EBIT margin | 9.9% | 10.5% | – |

* Prior-year figures restated to reflect the change in the order intake calculation introduced in 2015

STILL segment

The STILL segment also achieved substantial year-on-year increases in both order intake and revenue. Order intake went up by 5.9 per cent to €499.6 million (Q1 2014: €471.7 million) owing to higher orders in nearly all regions. The only exception was Brazil, where the market was adversely affected by economic conditions. Unit sales were particularly boosted by the figures from Germany, Turkey and Italy.

Segment revenue advanced by 6.8 per cent to €461.5 million (Q1 2014: €432.3 million), also due to increases in both western and eastern Europe. The main factors at play here were strong growth in new trucks and a significant rise in the service and rental truck businesses.

At €24.2 million, the adjusted EBIT for the segment was unchanged on the first three months of 2014. The adjusted EBIT margin was slightly lower at 5.2 per cent (Q1 2014: 5.6 per cent).

> TABLE 09

Key figures – STILL –

TABLE 09

| in € million | Q1 2015 | Q1 2014 | Change |
|------------------------|---------|---------|--------|
| Order intake | 499.6 | 471.7 | 5.9% |
| Revenue | 461.5 | 432.3 | 6.8% |
| EBITDA | 52.0 | 49.4 | 5.4% |
| Adjusted EBITDA | 52.0 | 50.6 | 2.8% |
| EBIT | 22.6 | 23.0 | -1.8% |
| Adjusted EBIT | 24.2 | 24.2 | 0.0% |
| Adjusted EBITDA margin | 11.3% | 11.7% | - |
| Adjusted EBIT margin | 5.2% | 5.6% | - |

Financial Services segment

The Financial Services (FS) segment is the central financing partner for end-customer leasing and short-term rental fleet financing for the LMH and STILL brand segments. It again benefited from growing internal and external demand for financing solutions in the first three months of 2015. Segment revenue, including internal revenue from the financing of the LMH and STILL segments' short-term rental

fleet, advanced by 6.0 per cent to €147.3 million. External revenue from customers climbed by 10.0 per cent to €85.0 million. At €1,412.2 million, the FS segment's assets were up slightly compared with the end of last year (31 December 2014: €1,361.3 million) and up significantly year on year due to the increase in the volume of orders (31 March 2014: €1,257.8 million).

Earnings before tax were unchanged year on year at €1.3 million. As at 31 March 2015, the FS segment had intra-group lease

Key figures – Financial Services –

TABLE 10

| in € million | Q1 2015 | Q1 2014 | Change |
|---|---------|---------|--------|
| Revenue | 147.3 | 139.0 | 6.0% |
| Adjusted EBITDA | 21.7 | 18.3 | 19.1% |
| Adjusted EBIT | -0.1 | 0.5 | <-100% |
| Earnings before taxes (EBT) | 1.3 | 1.3 | 2.6% |
| Total segment assets | 1,412.2 | 1,257.8 | 12.3% |
| Leased assets | 277.5 | 244.2 | 13.6% |
| Lease receivables | 1,032.5 | 911.3 | 13.3% |
| thereof lease receivables from long-term leases to third parties | 543.3 | 461.3 | 17.8% |
| thereof lease receivables from LMH and STILL from funding of the short-term rental business | 489.3 | 450.0 | 8.7% |
| Lease liabilities ¹ | 1,081.1 | 948.6 | 14.0% |
| thereof liabilities from funding of the long-term leases with third parties | 730.7 | 631.3 | 15.7% |
| thereof liabilities from funding of the short-term rental business of LMH and STILL | 350.4 | 317.4 | 10.4% |
| Net financial debt | 169.7 | 150.3 | 12.9% |
| Equity | 41.9 | 41.2 | 1.7% |
| Return on equity ² | 13.3% | 13.0% | - |

¹ Includes liabilities from financing of the short-term rental fleet reported as other financial liabilities

² Earnings before taxes divided by average equity employed excluding net income (loss) for the current period

receivables of €489.3 million from the LMH and STILL brand segments relating to the intra-group financing of the short-term rental fleet (31 December 2014: €473.0 million; 31 March 2014: €450.0 million). The funding of intra-group long-term leases (finance leases) with LMH and STILL resulted in lease liabilities of €350.4 million (31 December 2014: €334.5 million; 31 March 2014: €317.4 million). Net financial debt amounted to €169.7 million at the end of the reporting period (31 December 2014: €155.1 million; 31 March 2014: €150.3 million). The return on equity (ROE) of 13.3 per cent was almost the same as at the end of last year (31 December 2014: 13.0 per cent). > **TABLE 10**

Other segment

Group head office functions that do not come under any other segment are reported in the Other segment. Revenue generated outside the KION Group totalled €4.2 million (Q1 2014: €9.2 million). The decrease is attributable to the reassignment of KION India to the Linde Material Handling segment at the start of this year. In the first quarter of last year, KION India contributed revenue of €4.7 million. The Other segment reported a negative amount for adjusted EBIT of minus €6.8 million (Q1 2014: minus €6.7 million). > **TABLE 11**

Key figures – Other –

TABLE 11

| in € million | Q1 2015 | Q1 2014 | Change |
|-----------------|---------|---------|--------|
| Order intake | 54.3 | 57.3 | -5.2% |
| Revenue | 54.3 | 56.7 | -4.3% |
| EBITDA | -14.2 | -3.4 | <-100% |
| Adjusted EBITDA | -2.6 | -2.5 | -3.6% |
| EBIT | -18.4 | -7.6 | <-100% |
| Adjusted EBIT | -6.8 | -6.7 | -1.3% |

FINANCIAL POSITION

The principles and objectives applicable to financial management as at 31 March 2015 were the same as those described in the 2014 group management report. There were no significant financing activities in the reporting period.

Analysis of capital structure

Long-term borrowing totalled €648.0 million as at 31 March 2015 and, as had been the case at the end of 2014, comprised a corporate bond due to mature in 2020 and the drawdowns under the revolving credit facility classified as long term.

The total financial debt recognised came to €930.1 million, which was slightly higher than the figure at the end of 2014 of €909.6 million. After deduction of cash and cash equivalents of €83.4 million, net financial debt amounted to €846.7 million, compared with €810.7 million at the end of last year. Net debt as at 31 March 2015 was roughly 1.1 times adjusted EBITDA for the past twelve months. > **TABLE 12**

At €938.4 million, pension provisions had risen by €150.9 million compared with the end of last year (31 December 2014: €787.5 million), owing to a further fall in interest rates during the period under review.

The lease liabilities resulting from sale and leaseback transactions used to fund long-term leases with end customers at Group level rose to €734.7 million (31 December 2014: €707.7 million) due to an increase in financial services activities. Of this total, €532.9 million related to non-current lease liabilities and €201.8 million to current lease liabilities. Other financial liabilities also included liabilities of €355.3 million from sale and leaseback transactions used to finance the short-term rental fleet (31 December 2014: €339.1 million). The Group's equity was slightly less than at the end of 2014, falling from €1,647.1 million to €1,631.5 million as at 31 March 2015. Positive currency effects and the level of net income largely offset the negative effects resulting from defined benefit obligations (€111.5 million). The equity ratio was 25.4 per cent (31 December 2014: 26.9 per cent).

> **TABLE 13**

Net financial debt

TABLE 12

| in € million | 31/03/2015 | 31/12/2014 | Change |
|---|--------------|--------------|-------------|
| Corporate bond (2013/2020) – fixed rate (gross) | 450.0 | 450.0 | – |
| Liabilities to banks (gross) | 480.3 | 459.9 | 4.4% |
| Liabilities to non-banks (gross) | 6.4 | 6.6 | –3.7% |
| ./. Capitalised borrowing costs | –6.5 | –6.9 | 4.9% |
| Financial debt | 930.1 | 909.6 | 2.2% |
| ./. Cash and cash equivalents | –83.4 | –98.9 | 15.7% |
| Net financial debt | 846.7 | 810.7 | 4.4% |

(Condensed) statement of financial position – equity and liabilities

TABLE 13

| in € million | 31/03/2015 | in % | 31/12/2014 | in % | Change |
|-------------------------------------|----------------|--------------|----------------|--------------|--------------|
| Equity | 1,631.5 | 25.4% | 1,647.1 | 26.9% | -1.0% |
| Non-current liabilities | 2,975.1 | 46.4% | 2,688.3 | 43.9% | 10.7% |
| thereof: | | | | | |
| Retirement benefit obligation | 938.4 | 14.6% | 787.5 | 12.8% | 19.2% |
| Financial liabilities | 646.5 | 10.1% | 646.8 | 10.6% | -0.0% |
| Deferred tax liabilities | 323.4 | 5.0% | 320.9 | 5.2% | 0.8% |
| Lease liabilities | 532.9 | 8.3% | 461.7 | 7.5% | 15.4% |
| Current liabilities | 1,812.0 | 28.2% | 1,793.0 | 29.3% | 1.1% |
| thereof: | | | | | |
| Financial liabilities | 283.6 | 4.4% | 262.9 | 4.3% | 7.9 % |
| Trade payables | 608.7 | 9.5% | 564.6 | 9.2% | 7.8% |
| Lease liabilities | 201.8 | 3.1% | 246.0 | 4.0% | -18.0% |
| Total equity and liabilities | 6,418.6 | | 6,128.5 | | 4.7% |

Analysis of capital expenditure

The KION Group's total capital expenditure came to €27.4 million, compared with €27.2 million in the first quarter of 2014. As was the case last year, this spending mainly constituted capitalised development costs in the LMH and STILL brand segments. In addition, the Group continued to modernise its production and technology sites, especially in Germany and Asia. It also optimised its IT infrastructure, one of the aims being to standardise the sales systems. Another reason for the increase in the volume of capital expenditure was the construction of the new plant in the Czech Republic.

(Condensed) statement of cash flows

TABLE 14

| in € million | Q1 2015 | Q1 2014 | Change |
|---|--------------|--------------|--------------|
| EBIT | 82.1 | 77.0 | 6.6% |
| Cash flow from operating activities | 57.1 | 41.0 | 39.3% |
| Cash flow from investing activities | -76.7 | -63.3 | -21.2% |
| Free cash flow | -19.6 | -22.3 | 12.1% |
| Cash flow from financing activities | -0.3 | -64.9 | 99.6% |
| Effect of foreign exchange rate changes on cash | 4.3 | -0.7 | >100% |
| Change in cash and cash equivalents | -15.6 | -87.9 | 82.3% |

Analysis of liquidity

The KION Group's net cash provided by operating activities totalled €57.1 million, which was significantly higher than the comparable prior-year figure of €41.0 million. This was due not only to the KION Group's good operating performance but also to the fact that there were some payments in transit at the end of 2014, thereby leading to an increase in cash and cash equivalents at the start of the first quarter of 2015.

The net cash used for investing activities amounted to €76.7 million (Q1 2014: €63.3 million). Cash payments for capital expenditure on property, plant and equipment and on intangible assets and the rental business totalled €66.2 million in the first quarter of 2015, representing a small year-on-year increase (Q1 2014: €64.6 million). The remaining €10.4 million of the net cash used for investing activities was predominantly accounted for by the granting of a loan to Linde Hydraulics and by the acquisition of a 10 per cent stake in French robotics specialist Balyo SA.

Free cash flow – the sum of cash flow from operating activities and investing activities – improved by €2.7 million to minus €19.6 million in the reporting period (Q1 2014: minus €22.3 million).

Cash flow from financing activities improved substantially year on year to minus €0.3 million (Q1 2014: minus €64.9 million). The financial debt taken up during the first quarter of this year, which

came to €214.8 million, was offset by repayments totalling €206.9 million. The cash payments for costs incurred in connection with debt transactions totalled €1.8 million (Q1 2014: €2.0 million). Net cash of €20.2 million was used for regular interest payments (Q1 2014: €22.4 million). > TABLE 14

NET ASSETS

Non-current assets had increased to €4,666.9 million as at 31 March 2015 (31 December 2014: €4,524.8 million). Intangible assets accounted for €2,414.6 million (31 December 2014: €2,412.5 million). Goodwill and the KION Group's brand names represented €2,098.6 million of that, which was only slightly higher than at the end of the previous year (31 December 2014: €2,092.4 million) due to currency effects. Due to the overall growth in business, leased assets for leases with end customers that are classified as operating leases rose slightly, from €279.0 million at 31 December 2014 to €288.6 million at 31 March 2015. Long-term lease receivables arising from leases with end customers that are classified as finance leases were significantly higher at €408.8 million (31 December 2014: €345.3 million) owing to the increase in new business with end customers. The rental assets in the brand segments' short-term rental fleet advanced to €497.0 million (31 December 2014: €487.1 million).

(Condensed) statement of financial position – assets

TABLE 15

| in € million | 31/03/2015 | in % | 31/12/2014 | in % | Change |
|---------------------------|----------------|--------------|----------------|--------------|-------------|
| Non-current assets | 4,666.9 | 72.7% | 4,524.8 | 73.8% | 3.1% |
| thereof: | | | | | |
| Goodwill | 1,502.1 | 23.4% | 1,497.1 | 24.4% | 0.3% |
| Brand names | 596.5 | 9.3% | 595.4 | 9.7% | 0.2% |
| Deferred tax assets | 413.0 | 6.4% | 357.9 | 5.8% | 15.4% |
| Rental assets | 497.0 | 7.7% | 487.1 | 7.9% | 2.0% |
| Leased assets | 288.6 | 4.5% | 279.0 | 4.6% | 3.4% |
| Lease receivables | 408.8 | 6.4% | 345.3 | 5.6% | 18.4% |
| Current assets | 1,751.6 | 27.3% | 1,603.7 | 26.2% | 9.2% |
| thereof: | | | | | |
| Inventories | 623.1 | 9.7% | 529.2 | 8.6% | 17.7% |
| Trade receivables | 674.9 | 10.5% | 598.2 | 9.8% | 12.8% |
| Lease receivables | 161.7 | 2.5% | 202.5 | 3.3% | -20.1% |
| Other current assets | 196.7 | 3.1% | 168.2 | 2.7% | 17.0% |
| Cash and cash equivalents | 83.4 | 1.3% | 98.9 | 1.6% | -15.7% |
| Total assets | 6,418.6 | | 6,128.5 | | 4.7% |

The rise in current assets to €1,751.6 million (31 December 2014: €1,603.7 million) was mainly attributable to trade receivables, but also to increased inventories. Inventories in both the LMH and the STILL segments had grown considerably compared with 31 December 2014. This seasonal increase, particularly in inventories, is necessary to maintain a stable production process. There was also a decrease in short-term lease receivables from end customers, which reached €161.7 million at the end of the reporting period (31 December 2014: €202.5 million).

Cash and cash equivalents amounted to €83.4 million at the end of the quarter (31 December 2014: €98.9 million). Taking into account the credit facility that was still available, the cash and cash equivalents available to the KION Group at 31 March 2015 amounted to €914.9 million. > TABLE 15

Non-financial key performance indicators

EMPLOYEES

The number of employees (full-time equivalents, FTEs) increased slightly to 22,906 as at 31 March 2015 (31 December 2014: 22,669). Additional production, service and sales employees were hired, especially in western Europe and Asia, owing to the expansion of business. The increased headcount, changes to collective bargaining agreements and larger additions to pension provisions caused personnel expenses to go up by 11.1 per cent to €328.1 million (Q1 2014: €295.4 million). Currency effects also pushed up personnel expenses. > TABLE 16

Employees (full-time equivalents)

TABLE 16

| | 31/03/2015 | 31/12/2014 | Change |
|----------------|---------------|---------------|-------------|
| Western Europe | 16,129 | 15,985 | 0.9% |
| Eastern Europe | 1,776 | 1,767 | 0.5% |
| Americas | 657 | 651 | 0.9% |
| Asia | 3,782 | 3,722 | 1.6% |
| Rest of world | 562 | 544 | 3.3% |
| Total | 22,906 | 22,669 | 1.0% |

RESEARCH AND DEVELOPMENT

Against the backdrop of the Strategy 2020, the KION Group increased its total spending on research and development (R&D) to €30.7 million in the period under review (Q1 2014: €29.4 million). This means that 2.6 per cent of revenue was channelled into R&D.

The number of full-time jobs in R&D stood at 1,021 as at 31 March 2015 (31 December 2014: 1,023).

The main R&D projects in 2014 continued during the first three months of 2015. They are described in detail in the 2014 group management report. The areas of focus included reduction of emissions and fuel consumption, the modular and platform strategy, drive technology, automation and networking, and workplace safety and ergonomics. > TABLE 17

CUSTOMERS

The KION brand companies regularly exhibit at the leading trade fairs for their sector so that they can showcase their new products and strengthen their relationships with customers and partners.

In early March of this year, LMH received two accolades from the Fork Lift Truck Association (FLTA), including one in the safety category for the Linde Safety Pilot. At LogiMAT in February, STILL exhibited its innovative FMX reach trucks and its LTX electric tractors and transport vehicles.

Research and development (R&D)

TABLE 17

| in € million | Q1 2015 | Q1 2014 | Change |
|---------------------------------------|-------------|-------------|-------------|
| Research and development costs (P&L) | 34.0 | 29.5 | 15.5% |
| Amortisation expense (R&D) | -13.0 | -9.9 | -31.4% |
| Capitalised development costs | 9.6 | 9.8 | -1.5% |
| Total R&D spending | 30.7 | 29.4 | 4.5% |
| R&D spending as percentage of revenue | 2.6% | 2.7% | - |

EVENTS AFTER THE REPORTING DATE

Between the reporting date of these interim financial statements and 5 May 2015, there were no events or developments that would have led to a material change in the recognition or measurement of the individual assets and liabilities reported as at 31 March 2015 or that it would be necessary to disclose.

OUTLOOK, RISK REPORT AND OPPORTUNITY REPORT

Outlook

FORWARD-LOOKING STATEMENTS

The forward-looking statements and information given below are based on the Company's current expectations and assessments. Consequently, they involve a number of risks and uncertainties. Many factors, several of which are beyond the control of the KION Group, affect the Group's business activities and profitability. Any unexpected developments in the global economy would result in the KION Group's performance and profits differing significantly from those forecast below. The KION Group does not undertake to update forward-looking statements to reflect subsequently occurring events or circumstances. Furthermore, the KION Group cannot guarantee that future performance and actual profits generated will be consistent with the stated assumptions and estimates and can accept no liability in this regard.

Actual business performance may deviate from the forecasts due, among other factors, to the opportunities and risks described in the 2014 group management report. Performance particularly depends on macroeconomic and industry-specific conditions and may be negatively affected by increasing uncertainty or a worsening of the economic and political situation.

EXPECTED BUSINESS PERFORMANCE

Given its positive performance in the first quarter of 2015, the KION Group is confirming its forecast for 2015 as a whole that was published in the 2014 group management report. By continuing with the implementation of its Strategy 2020, the Group intends to achieve even better results than the record figures reported for 2014.

Based on the forecasts for market conditions, the KION Group expects both order intake and consolidated revenue to be slightly higher than in 2014. The growth in consolidated revenue will continue to be underpinned by a strong contribution from the service business in western Europe and the emerging markets in 2015.

The KION Group also expects a slight year-on-year rise in adjusted EBIT for the current year. Costs resulting from implementation of the Strategy 2020 will have to be factored in, which should lead to a sustained improvement in the EBIT margin in subsequent years. For this reason, the Group expects the adjusted EBIT margin for 2015 to remain at the record level reached in 2014. The forecast is based on the assumption that material prices will remain stable.

The KION Group expects free cash flow to be slightly below the very high level achieved in 2014. This is due to increased capital expenditure on the one hand and to higher anticipated tax payments on the other.

In the current year, the KION Group plans to use free cash flow to lower its net debt still further.

Opportunity and risk report

The KION Group's overall risk and opportunity situation has not changed significantly compared with the description in the 2014 group management report. As things stand at present, there are no indications of any risks that could jeopardise the Company's continuation as a going concern.

Condensed consolidated interim financial statements

Consolidated income statement

TABLE 18

| in € million | Q1 2015 | Q1 2014 |
|--|--------------|--------------|
| Revenue | 1,164.8 | 1,088.9 |
| Cost of sales | -823.5 | -776.5 |
| Gross profit | 341.3 | 312.5 |
| Selling expenses | -148.5 | -139.2 |
| Research and development costs | -34.0 | -29.5 |
| Administrative expenses | -84.3 | -74.4 |
| Other income | 23.2 | 18.2 |
| Other expenses | -14.0 | -9.1 |
| Loss from equity-accounted investments | -1.6 | -1.6 |
| Earnings before interest and taxes | 82.1 | 77.0 |
| Financial income | 12.4 | 11.5 |
| Financial expenses | -33.1 | -41.8 |
| Net financial expenses | -20.6 | -30.3 |
| Earnings before taxes | 61.4 | 46.7 |
| Income taxes | -19.6 | -18.9 |
| Current taxes | -22.6 | -14.3 |
| Deferred taxes | 3.0 | -4.7 |
| Net income for the period | 41.9 | 27.8 |
| Attributable to shareholders of KION GROUP AG | 40.9 | 27.4 |
| Attributable to non-controlling interests | 1.0 | 0.4 |
| Earnings per share according to IAS 33 (in €) | | |
| Basic earnings per share | 0.41 | 0.28 |
| Diluted earnings per share | 0.41 | 0.28 |

Consolidated statement of comprehensive income

TABLE 19

| in € million | Q1 2015 | Q1 2014 |
|---|---------------|--------------|
| Net income for the period | 41.9 | 27.8 |
| Items that will not be reclassified subsequently to profit or loss | -111.5 | -31.5 |
| Gains / losses on employee benefits | -111.5 | -31.5 |
| thereof changes in unrealised gains and losses | -157.1 | -44.5 |
| thereof tax effect | 45.6 | 12.9 |
| Items that may be reclassified subsequently to profit or loss | 53.3 | -6.1 |
| Impact of exchange differences | 62.7 | -6.3 |
| thereof changes in unrealised gains and losses | 62.7 | -6.3 |
| Gains / losses on cash flow hedges | -9.4 | -0.6 |
| thereof changes in unrealised gains and losses | -16.7 | -1.4 |
| thereof realised gains (-) and losses (+) | 4.6 | 0.5 |
| thereof tax effect | 2.7 | 0.2 |
| Gains / losses from equity-accounted investments | 0.0 | 0.8 |
| Other comprehensive loss | -58.2 | -37.7 |
| Total comprehensive loss | -16.3 | -9.9 |
| Attributable to shareholders of KION GROUP AG | -17.4 | -10.3 |
| Attributable to non-controlling interests | 1.0 | 0.4 |

Consolidated statement of financial position – assets

TABLE 20

| in € million | 31/03/2015 | 31/12/2014 |
|-------------------------------------|----------------|----------------|
| Goodwill | 1,502.1 | 1,497.1 |
| Other intangible assets | 912.5 | 915.5 |
| Leased assets | 288.6 | 279.0 |
| Rental assets | 497.0 | 487.1 |
| Other property, plant and equipment | 503.9 | 494.1 |
| Equity-accounted investments | 113.9 | 114.6 |
| Lease receivables | 408.8 | 345.3 |
| Other non-current financial assets | 27.2 | 34.3 |
| Deferred taxes | 413.0 | 357.9 |
| Non-current assets | 4,666.9 | 4,524.8 |
| Inventories | 623.1 | 529.2 |
| Trade receivables | 674.9 | 598.2 |
| Lease receivables | 161.7 | 202.5 |
| Income tax receivables | 11.8 | 6.6 |
| Other current financial assets | 196.7 | 168.2 |
| Cash and cash equivalents | 83.4 | 98.9 |
| Current assets | 1,751.6 | 1,603.7 |
| Total assets | 6,418.6 | 6,128.5 |

Consolidated statement of financial position – equity and liabilities

TABLE 21

| in € million | 31/03/2015 | 31/12/2014 |
|---|----------------|----------------|
| Subscribed capital | 98.7 | 98.7 |
| Capital reserves | 1,996.3 | 1,996.2 |
| Retained earnings | -106.8 | -148.2 |
| Accumulated other comprehensive loss | -363.1 | -304.9 |
| Non-controlling interests | 6.4 | 5.3 |
| Equity | 1,631.5 | 1,647.1 |
| Retirement benefit obligation | 938.4 | 787.5 |
| Non-current financial liabilities | 646.5 | 646.8 |
| Lease liabilities | 532.9 | 461.7 |
| Other non-current provisions | 82.3 | 83.7 |
| Other non-current financial liabilities | 451.6 | 387.8 |
| Deferred taxes | 323.4 | 320.9 |
| Non-current liabilities | 2,975.1 | 2,688.3 |
| Current financial liabilities | 283.6 | 262.9 |
| Trade payables | 608.7 | 564.6 |
| Lease liabilities | 201.8 | 246.0 |
| Income tax liabilities | 41.7 | 31.3 |
| Other current provisions | 83.3 | 84.4 |
| Other current financial liabilities | 592.8 | 603.9 |
| Current liabilities | 1,812.0 | 1,793.0 |
| Total equity and liabilities | 6,418.6 | 6,128.5 |

Consolidated statement of cash flows

TABLE 22

| in € million | Q1 2015 | Q1 2014 |
|---|--------------|--------------|
| Earnings before interest and taxes | 82.1 | 77.0 |
| Amortisation, depreciation and impairment charges of non-current assets | 95.5 | 89.5 |
| Other non-cash income (-) and expenses (+) | 10.3 | 7.6 |
| Gains (-) / losses (+) on disposal of non-current assets | 0.0 | 0.9 |
| Changes in leased assets (excluding depreciation) and lease receivables / liabilities | -17.2 | -16.6 |
| Change in inventories | -75.9 | -74.1 |
| Change in trade receivables / payables | -26.5 | -16.3 |
| Cash payments for defined benefit obligations | -5.1 | -5.8 |
| Change in other provisions | -5.5 | -9.9 |
| Change in other operating assets / liabilities | 17.7 | 4.1 |
| Taxes paid | -18.2 | -15.6 |
| Cash flow from operating activities | 57.1 | 41.0 |
| Cash payments for purchase of non-current assets | -27.4 | -27.2 |
| Cash receipts from disposal of non-current assets | 2.8 | 1.4 |
| Change in rental assets (excluding depreciation) | -38.8 | -37.4 |
| Dividends received | 0.3 | 0.1 |
| Acquisitions of equity-investments, net of cash acquired | -2.7 | 0.0 |
| Cash payments for sundry assets | -10.9 | -0.2 |
| Cash flow from investing activities | -76.7 | -63.3 |

Consolidated statement of cash flows (continued)

TABLE 22

| in € million | Q1 2015 | Q1 2014 |
|--|--------------|--------------|
| Cash receipts / cash payments for changes in ownership interests in subsidiaries without loss of control | -0.1 | 0.0 |
| Financing costs paid | -1.8 | -2.0 |
| Proceeds from borrowings | 214.8 | 506.6 |
| Repayment of borrowings | -206.9 | -558.9 |
| Interest received | 1.0 | 1.9 |
| Interest paid | -20.2 | -22.4 |
| Cash receipts from other financing activities | 12.9 | 9.8 |
| Cash flow from financing activities | -0.3 | -64.9 |
| Effect of foreign exchange rate changes on cash and cash equivalents | 4.3 | -0.7 |
| Change in cash and cash equivalents | -15.6 | -87.9 |
| Cash and cash equivalents at the beginning of the period | 98.9 | 219.3 |
| Cash and cash equivalents at the end of the period | 83.4 | 131.4 |

Consolidated statement of changes in equity

| in € million | Subscribed capital | Capital reserves | Retained earnings |
|---|--------------------|------------------|-------------------|
| Balance as at 01/01/2014 | 98.7 | 2,223.2 | -524.9 |
| Net income for the period | | | 27.4 |
| Other comprehensive income (loss) | | | |
| Comprehensive income (loss) | 0.0 | 0.0 | 27.4 |
| Changes from application of the equity-method | | | 2.0 |
| Balance as at 31/03/2014 | 98.7 | 2,223.2 | -495.5 |
| Balance as at 01/01/2015 | 98.7 | 1,996.2 | -148.2 |
| Net income for the period | | | 40.9 |
| Other comprehensive income (loss) | | | |
| Comprehensive income (loss) | 0.0 | 0.0 | 40.9 |
| Changes from employee share option programme | | 0.1 | |
| Changes from application of the equity-method | | | 0.7 |
| Other changes | | | -0.1 |
| Balance as at 31/03/2015 | 98.7 | 1,996.3 | -106.8 |

TABLE 23

| Accumulated other comprehensive income (loss) | | | | | | | |
|---|--|------------------------------------|--|--|---------------------------|---------|--|
| Cumulative translation adjustment | Gains / losses on defined benefit obligation | Gains / losses on Cash Flow Hedges | Gains / losses from equity investments | Equity attributable to shareholders of KION GROUP AG | Non-controlling interests | Total | |
| -66.5 | -126.3 | 0.5 | 0.3 | 1,605.0 | 5.0 | 1,610.0 | |
| | | | | 27.4 | 0.4 | 27.8 | |
| -6.3 | -31.5 | -0.6 | 0.8 | -37.7 | 0.0 | -37.7 | |
| -6.3 | -31.5 | -0.6 | 0.8 | -10.3 | 0.4 | -9.9 | |
| | | | | 2.0 | 0.0 | 2.0 | |
| -72.8 | -157.8 | -0.1 | 1.1 | 1,596.7 | 5.4 | 1,602.1 | |
| | | | | | | | |
| -31.7 | -264.6 | -4.2 | -4.3 | 1,641.8 | 5.3 | 1,647.1 | |
| | | | | 40.9 | 1.0 | 41.9 | |
| 62.6 | -111.5 | -9.4 | | -58.2 | 0.0 | -58.2 | |
| 62.6 | -111.5 | -9.4 | 0.0 | -17.4 | 1.0 | -16.3 | |
| | | | | 0.1 | 0.0 | 0.1 | |
| | | | | 0.7 | 0.0 | 0.7 | |
| | | | | -0.1 | 0.0 | -0.1 | |
| 30.9 | -376.1 | -13.6 | -4.3 | 1,625.1 | 6.4 | 1,631.5 | |

Notes to the condensed consolidated interim financial statements

BASIS OF PRESENTATION

General information on the Company

KION GROUP AG, whose registered office is at Abraham-Lincoln-Strasse 21, 65189 Wiesbaden, is entered in the commercial register at the Wiesbaden local court under reference HRB 27060.

The condensed consolidated interim financial statements and the interim group management report were prepared by the Executive Board of KION GROUP AG on 5 May 2015.

Basis of preparation

The condensed consolidated interim financial statements of the KION Group for the three months ended 31 March 2015 have been prepared in line with International Accounting Standard (IAS) 34 'Interim Financial Reporting' and other International Financial Reporting Standards (IFRSs) as adopted by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council concerning the application of international accounting standards for interim financial statements. A condensed scope of interim reporting has been prepared in accordance with IAS 34.

All of the IFRSs and the related interpretations (IFRICs/SICs) of the IFRS Interpretations Committee (IFRS IC) that had been issued by the reporting date and that were required to be applied for financial years commencing on or after 1 January 2015 have been applied in preparing these condensed consolidated interim financial statements. These condensed consolidated interim financial statements do not contain all the information and disclosures required of a set of consolidated annual financial statements and should therefore be read in conjunction with the consolidated financial statements prepared for the year ended 31 December 2014.

The reporting currency is the euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise. The addition of the totals presented may result in minor rounding differences. The percentages shown are calculated on the basis of the respective amounts, rounded to the nearest thousand euros.

FINANCIAL REPORTING STANDARDS TO BE ADOPTED FOR THE FIRST TIME IN THE CURRENT FINANCIAL YEAR

The following financial reporting standards were adopted for the first time with effect from 1 January 2015:

- IFRIC 21 'Levies'
- Annual Improvements to IFRSs (2011–2013).

The first-time adoption of these standards and interpretations has had no significant effect on the financial performance, financial position or notes to the interim financial statements of the KION Group.

FINANCIAL REPORTING STANDARDS RELEASED BUT NOT YET ADOPTED

In its condensed consolidated interim financial statements for the three months ended 31 March 2015, the KION Group has not applied the standards and interpretations that it reported on as at 31 December 2014 that have been issued by the IASB but are not yet required to be adopted in 2015. These standards and interpretations are expected to be applied by the entities included in the KION Group only from the date on which they must be adopted for the first time. Their effects on the financial performance and financial position of the KION Group are still being analysed.

Basis of consolidation

As was the case at 31 December 2014, a total of 21 German and 75 foreign subsidiaries were fully consolidated in addition to KION GROUP AG as at 31 March 2015.

In addition, nine joint ventures and associates were consolidated and accounted for using the equity method (31 December 2014: nine).

53 (31 December 2014: 52) subsidiaries with minimal business volumes or no business operations and other investments were not included in the consolidation. In February 2015, the KION Group acquired a 10 per cent stake in French robotics specialist Balyo SA. This equity investment is carried at cost.

Accounting policies

With the exception of the new and amended IFRSs described above, the accounting policies applied in these condensed consolidated interim financial statements are fundamentally the same as those used for the year ended 31 December 2014. These condensed consolidated interim financial statements are based on the interim financial statements of the parent company and its consolidated subsidiaries prepared in accordance with the standard accounting policies applicable throughout the KION Group.

ASSUMPTIONS AND ESTIMATES

The preparation of these condensed IFRS consolidated interim financial statements requires the use of assumptions and estimates for certain line items that affect recognition and measurement in the statement of financial position and the income statement. The actual amounts realised may differ from estimates. Assumptions and estimates are applied in particular:

- in assessing the need for and the amount of impairment losses on intangible assets, property, plant and equipment, and inventories;
- in determining the useful life of non-current assets;
- in classifying leases;
- in measuring options;
- in recognising and measuring defined benefit obligations;
- in recognising and measuring other provisions;
- in assessing the recoverability of deferred tax assets.

The estimates may be affected, for example, by deteriorating global economic conditions or by changes in exchange rates, interest rates or commodity prices. Production errors, the loss of key customers and changes in financing can also impact on the Company's performance going forward. Changes are recognised in profit or loss when they become known and assumptions are adjusted accordingly.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

Net financial income/expenses

Interest expenses arising from capital market liabilities fell by €8.8 million year on year. This decrease was due to early repayment in April 2014 of the fixed-rate tranche of the corporate bond issued in 2011, which was due to mature in 2018 and had a volume of €325.0 million, and the floating-rate tranche of the corporate bond issued in 2013, which was due to mature in 2020 and had a volume of €200.0 million.

Income taxes

In the consolidated interim financial statements, current income taxes for the reporting period are calculated on the basis of the expected income tax rate for the full year.

Earnings per share

Basic earnings per share are calculated by dividing the net income (loss) accruing to the KION GROUP AG shareholders by the weighted average number of shares outstanding during the reporting period (Q1 2015: 98,736,438 no-par-value shares; Q1 2014: 98,700,000 no-par-value shares). The net income accruing to the shareholders of KION GROUP AG was €40.9 million (Q1 2014: €27.4 million). Information about determining the net income (loss) accruing to the KION GROUP AG shareholders can be found in the consolidated income statement. Basic earnings per share for the reporting period came to €0.41 (Q1 2014: €0.28). The 163,562 no-par-value treasury shares repurchased by KION GROUP AG were not included in this figure as at 31 March 2015 (31 December 2014: 163,562).

Diluted earnings per share are calculated by adding the potential dilutive no-par-value shares that employees can obtain for free under the employee share option programme to the weighted average number of shares outstanding during the reporting period. The

calculation of diluted earnings per share was based on a weighted average of 98,747,367 no-par-value shares issued. Diluted earnings per share for the reporting period came to €0.41 (Q1 2014: €0.28). In the first quarter of 2015, there had been no equity instruments that diluted the earnings per share for the number of shares issued.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill and other intangible assets

The change in the amount of goodwill in the first three months of 2015 was the result of currency effects.

The total carrying amount for technology and development assets as at 31 March 2015 was €208.7 million (31 December 2014: €210.0 million). Development costs of €9.6 million were capitalised in the first quarter of 2015 (Q1 2014: €9.8 million). Total research and development costs of €34.0 million were recognised as an expense in the first quarter of 2015 (Q1 2014: €29.5 million). Of this amount, €13.0 million (Q1 2014: €9.9 million) related to amortisation.

Inventories

The rise in inventories compared with 31 December 2014 was largely attributable to the increase in work in progress (up by 13.7 per cent) and finished goods (up by 23.4 per cent). In the first quarter of 2015, impairment losses of €2.7 million were recognised on inventories (Q1 2014: €4.5 million). Reversals of impairment losses had to be recognised in the amount of €0.9 million (Q1 2014: €0.4 million) because the reasons for the impairment no longer existed.

Trade receivables

The rise in trade receivables compared with 31 December 2014 was primarily due to the increase of €67.6 million in receivables due from third parties and the increase of €9.3 million in receivables due from unconsolidated subsidiaries, equity-accounted investments and other investments. Valuation allowances of €40.5 million (31 December 2014: €40.2 million) were recognised for trade receivables.

Equity

As at 31 March 2015, the Company's share capital amounted to €98.9 million, which was unchanged on 31 December 2014, and was fully paid up. It was divided into 98.9 million no-par-value shares.

The total number of shares outstanding as at 31 March 2015 was 98,736,438 no-par-value shares (31 December 2014: 98,736,438 no-par-value shares). At the reporting date, KION GROUP AG held 163,562 treasury shares, as it had at 31 December 2014.

Retirement benefit obligation

For the purposes of the interim report, a qualified estimate of the defined benefit obligation was made based on the change in actuarial parameters in the period under review.

The retirement benefit obligation was higher than it had been at the end of 2014 owing, above all, to actuarial losses resulting from lower discount rates. The estimated present value of the defined benefit obligation was calculated on the basis of the discount rates shown in > TABLE 24.

| Discount rate | TABLE 24 | |
|--------------------------|------------|------------|
| | 31/03/2015 | 31/12/2014 |
| Germany | 1.50% | 2.20% |
| UK | 3.25% | 3.55% |
| Other (weighted average) | 1.17% | 1.79% |

The change in estimates in relation to defined benefit pension entitlements resulted in a decrease of €111.5 million in equity as at 31 March 2015 (after deferred taxes). The net obligation after offsetting the retirement benefit obligation against the pension plan assets recognised under 'Other non-current financial assets' therefore increased to €926.3 million (31 December 2014: €765.8 million).

OTHER DISCLOSURES

Information on financial instruments

The carrying amounts and fair values of financial assets and liabilities in accordance with IFRS 7 are shown in > TABLE 25.

Whereas lease liabilities arising from sale and leaseback transactions stood at €734.7 million (31 December 2014: €707.7 million), lease receivables amounted to €510.5 million (31 December 2014: €490.6 million) and leased assets amounted to €239.6 million (31 December 2014: €230.5 million). Both items resulting from long-term leases with end customers and are funded using sale and leaseback transactions.

The finance lease obligations reported in other liabilities comprise liabilities arising from the sale and leaseback financing of industrial trucks of €355.3 million (31 December 2014: €339.1 million). These are mainly allocated to the Financial Services segment and result from the intra-group financing provided by the Financial Services segment for the short-term rental business of the Linde Material Handling and STILL brand segments.

The unconsolidated subsidiaries and other investments that are shown in > TABLE 25 are carried at cost less impairment losses, as observable fair values are not available and reliable results cannot be obtained using other permitted measurement techniques. At present there is no intention to sell these financial instruments.

Carrying amounts and fair values broken down by class

TABLE 25

| in € million | 31/03/2015 | | 31/12/2014 | |
|---|-----------------|------------|-----------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| Non-consolidated subsidiaries and other investments | 14.0 | 14.0 | 11.4 | 11.4 |
| Loans receivable | 0.3 | 0.3 | 0.6 | 0.6 |
| Financial receivables | 23.7 | 23.7 | 12.4 | 12.4 |
| Non-current securities | 0.8 | 0.8 | 0.8 | 0.8 |
| Lease receivables* | 570.6 | 573.1 | 547.8 | 549.2 |
| Trade receivables | 674.9 | 674.9 | 598.2 | 598.2 |
| Other receivables | 104.1 | 104.1 | 106.0 | 106.0 |
| thereof non-derivative receivables | 46.2 | 46.2 | 62.3 | 62.3 |
| thereof derivative receivables | 57.9 | 57.9 | 43.7 | 43.7 |
| Cash and cash equivalents | 83.4 | 83.4 | 98.9 | 98.9 |
| Financial liabilities | | | | |
| Liabilities to banks | 480.3 | 480.4 | 459.9 | 460.0 |
| Corporate bond | 443.5 | 487.3 | 443.1 | 490.0 |
| Other financial liabilities to non-banks | 6.4 | 6.4 | 6.6 | 6.6 |
| Lease liabilities* | 734.7 | 739.9 | 707.7 | 711.2 |
| Trade payables | 608.7 | 608.7 | 564.6 | 564.6 |
| Other liabilities | 581.5 | 584.2 | 555.4 | 557.2 |
| thereof non-derivative liabilities | 164.5 | 164.5 | 169.0 | 169.0 |
| thereof liabilities from finance leases* | 388.6 | 391.3 | 373.1 | 374.9 |
| thereof derivative liabilities | 28.4 | 28.4 | 13.3 | 13.3 |

* as defined by IAS 17

FAIR VALUE MEASUREMENT AND ASSIGNMENT TO CLASSIFICATION LEVELS

The following tables show the assignment of fair values to the individual classification levels as defined by IFRS 13 for financial instruments measured at fair value. > TABLES 26–27

Financial instruments measured at fair value

TABLE 26

| in € million | Fair Value Hierarchy | | | 31/03/2015 |
|--------------------------------|----------------------|---------|---------|-------------|
| | Level 1 | Level 2 | Level 3 | |
| Financial assets | | | | 58.7 |
| thereof non-current securities | 0.8 | | | 0.8 |
| thereof derivative instruments | | 23.2 | 34.7 | 57.9 |
| Financial liabilities | | | | 28.4 |
| thereof derivative instruments | | 25.9 | 2.6 | 28.4 |

Financial instruments measured at fair value

TABLE 27

| in € million | Fair Value Hierarchy | | | 31/12/2014 |
|--------------------------------|----------------------|---------|---------|-------------|
| | Level 1 | Level 2 | Level 3 | |
| Financial assets | | | | 44.5 |
| thereof non-current securities | 0.8 | | | 0.8 |
| thereof derivative instruments | | 9.0 | 34.7 | 43.7 |
| Financial liabilities | | | | 13.3 |
| thereof derivative instruments | | 10.3 | 3.0 | 13.3 |

Level 1 comprises long-term securities for which the fair value is calculated using prices quoted in an active market.

All currency forwards are classified as Level 2. The fair value of the currency forwards is calculated by the system using the discounting method based on forward rates on the reporting date. The default risk for the Group and for the counterparty is taken into account on the basis of gross figures.

The financial assets and liabilities allocated to Level 3 relate to a put option held by Linde Material Handling GmbH, Aschaffenburg, and two call options held by Weichai Power on the shares in Linde Hydraulics. The Black-Scholes model and probability-weighted scenario analysis are used to calculate the fair value of the put option and the two call options. The measurement is based on the following significant, unobservable input parameters as at 31 March 2015.

An unchanged amount of €64.1 million has been recognised as the fair value of the shares in Linde Hydraulics, both for the put option and for the two call options (31 December 2014: €64.1 million). A base exercise price of €77.4 million (31 December 2014: €77.4 million) and a term to maturity of 0.24–2.24 years (31 December 2014: 0.49–2.49 years) have been assumed for the put option. For the measurement of call option 1, a base exercise price of €77.4 million (31 December 2014: €77.4 million) and a term to maturity of 2.74 years (31 December 2014: 2.99 years) were used, while a base exercise price of €38.7 million (31 December 2014: €38.7 million) and a term to maturity of 0.24–2.74 years (31 December 2014: 0.49–2.99 years) were used for call option 2. At 31 March 2015, the material changes in fair value and the impact on the income statement for the first three months of the year were as follows. > **TABLE 28**

Change in financial assets / liabilities classified as level 3

TABLE 28

| in € million | Q1 2015 | Q1 2014 |
|--|-------------|--------------|
| Value as at 01/01/ | 31.7 | -11.5 |
| Gains recognised in net financial income / expenses | 0.4 | 0.6 |
| Value as at 31/03/ | 32.1 | -10.9 |
| Gains for the period relating to financial assets / liabilities held as at 31/03/ | 0.4 | 0.6 |
| Change in unrealised gains for the period relating to financial assets / liabilities held as at 31/03/ | 0.4 | 0.6 |

As at 31 March 2015, the net value calculated for the options on the shares in Linde Hydraulics came to €32.1 million (31 December 2014: €31.7 million). If the fair value of the shares had been 10.0 per cent lower on the reporting date, the net value arising from the options would have increased by €5.2 million (31 December 2014: by €5.3 million) to €37.4 million (31 December 2014: €37.1 million) and led to a gain of €5.2 million (31 December 2014: gain of €5.3 million). A 10.0 per cent rise in the fair value of the shares in Linde Hydraulics would have reduced the net value arising from the options by €5.5 million (31 December 2014: by €5.6 million) to €26.6 million (31 December 2014: €26.2 million) and led to an expense of €5.5 million (31 December 2014: €5.6 million).

In order to eliminate default risk to the greatest possible extent, the KION Group only ever enters into derivatives with investment-grade counterparties.

If events or changes in circumstances make it necessary to reclassify financial instruments as a different level, they are reclassified at the end of a reporting period. No financial instruments were transferred between Levels 1, 2 or 3 in the first three months of 2015.

Variable remuneration

KEEP EMPLOYEE SHARE OPTION PROGRAMME

As at 31 March 2015, KION Group employees held options on a total of 29,080 no-par-value shares (31 December 2014: 29,116). The total number of bonus shares granted therefore declined by 36 forfeited bonus shares in the first quarter of 2015. A pro-rata expense of €0.1 million for three months was recognised for bonus shares under functional costs in the first quarter of 2015 (Q1 2014: €0.0 million).

KION PERFORMANCE SHARE PLAN (PSP) FOR MANAGERS

In March 2015, a further long-term, variable remuneration component (the KION Long-Term Incentive Plan for Top Management 2015) with a defined period (three years) was introduced retrospectively from 1 January 2015 for the managers in the KION Group. At the beginning of the performance period on 1 January 2015, the managers were allocated a total of 0.2 million virtual shares for this tranche with a specific fair value. The allocation was based on a particular percentage of each manager's individual gross annual remuneration at the time of grant.

The total carrying amount for liabilities in connection with share-based remuneration as at 31 March 2015 was €2.9 million (31 December 2014: €1.6 million). Of this amount, €2.4 million related to the 2014 tranche (31 December 2014: 1.6 million) and €0.5 million to the 2015 tranche.

KION PERFORMANCE SHARE PLAN (PSP) FOR THE EXECUTIVE BOARD

As part of the KION GROUP AG performance share plan, the Executive Board members are allocated virtual shares over a fixed period (two-and-a-half years for the 2013 tranche and three years for all subsequent tranches). At the beginning of the performance period on 1 January 2015, the Executive Board members were allocated a total of 0.2 million virtual shares for this tranche with a specific fair value. The shares were allocated on the basis of an allocation value in euros specified in each Executive Board member's service contract.

The total carrying amount for liabilities in connection with share-based remuneration as at 31 March 2015 was €9.4 million (31 December 2014: €6.1 million). Of this amount, €6.2 million related to the 2013 tranche (31 December 2014: 4.4 million), €2.7 million to the 2014 tranche (31 December 2014: €1.7 million) and €0.5 million to the 2015 tranche.

Segment report

The Executive Board divides the KION Group into financial services activities, the activities grouped in the 'Other' segment and the Linde Material Handling (LMH) and STILL brands for management purposes. Segment reporting follows the same breakdown, taking into account the relevant organisational structures and corporate

strategy of the KION Group. Since the start of 2015, KION India Pvt. Ltd., Pune, India, has been included in the LMH brand segment. This change has not been reflected in the prior-year figures in the segment reporting because it only had a minor effect on the key financials for the LMH and Other segments.

The KPIs used to manage the brand segments are order intake, revenue and adjusted EBIT. Segment reporting therefore includes a

Segment report for Q1 2015

TABLE 29

| in € million | LMH | STILL | Financial Services | Other | Consolidation / Reconciliation | Total |
|---|-------------|-------------|--------------------|--------------|--------------------------------|-------------|
| Revenue from external customers | 710.1 | 365.5 | 85.0 | 4.2 | – | 1,164.8 |
| Intersegment revenue | 77.3 | 96.0 | 62.3 | 50.1 | –285.6 | – |
| Total revenue | 787.3 | 461.5 | 147.3 | 54.3 | –285.6 | 1,164.8 |
| Earnings before taxes | 67.4 | 14.6 | 1.3 | –29.3 | 7.4 | 61.4 |
| Financial income | 3.4 | 0.3 | 15.6 | 5.2 | –12.1 | 12.4 |
| Financial expenses | –6.6 | –8.3 | –14.2 | –16.2 | 12.2 | –33.1 |
| = Net financial expenses | –3.2 | –8.1 | 1.5 | –11.0 | 0.2 | –20.6 |
| EBIT | 70.6 | 22.6 | –0.1 | –18.4 | 7.3 | 82.1 |
| + Non-recurring items | 1.9 | –0.0 | 0.0 | 11.6 | –9.0 | 4.5 |
| + KION acquisition items | 5.2 | 1.6 | 0.0 | 0.0 | – | 6.8 |
| = Adjusted EBIT | 77.8 | 24.2 | –0.1 | –6.8 | –1.7 | 93.4 |
| Segment assets | 5,144.0 | 2,243.3 | 1,412.2 | 418.2 | –2,799.1 | 6,418.6 |
| Segment liabilities | 1,862.4 | 1,459.7 | 1,370.3 | 2,911.9 | –2,817.3 | 4,787.1 |
| Carrying amount of equity-accounted investments | 92.0 | 4.3 | 17.5 | 0.0 | – | 113.9 |
| Loss from equity-accounted investments | –1.6 | 0.0 | 0.0 | 0.0 | – | –1.6 |
| Capital expenditure ¹ | 14.0 | 9.5 | 0.0 | 3.9 | – | 27.4 |
| Amortisation and depreciation ² | 23.0 | 11.4 | 0.0 | 4.2 | – | 38.6 |
| Order intake | 843.8 | 499.6 | 152.2 | 54.3 | –301.9 | 1,247.9 |
| Number of employees ³ | 14.301 | 8.008 | 61 | 536 | – | 22.906 |

¹ Capital expenditure including capitalised development costs, excluding leased and rental assets

² On intangible assets and property, plant and equipment excluding leased and rental assets

³ Number of employees (full-time equivalents) as at 31/03/2015; allocation according to the contractual relationship

reconciliation of externally reported consolidated earnings before interest and tax (EBIT) – including KION acquisition items and non-recurring items – to the adjusted EBIT for the segments ('adjusted EBIT').

Earnings before taxes (EBT) and return on equity (ROE) are the KPIs used to manage the Financial Services segment. ROE is calculated on the basis of average equity employed excluding net income

(loss) for the current period. As at 31 March 2015, ROE – earnings before taxes as a percentage of average equity – was 13.3 per cent (31 December 2014: 13.0 per cent).

The following tables show information on the KION Group's operating segments for the first quarters of 2015 and 2014.

> TABLES 29–30

Segment report for Q1 2014

TABLE 30

| in € million | LMH | STILL | Financial Services | Other | Consolidation / Reconciliation | Total |
|---|-------------|-------------|--------------------|--------------|--------------------------------|-------------|
| Revenue from external customers | 651.3 | 351.1 | 77.3 | 9.2 | – | 1,088.9 |
| Intersegment revenue | 69.6 | 81.2 | 61.7 | 47.5 | –260.0 | – |
| Total revenue | 720.9 | 432.3 | 139.0 | 56.7 | –260.0 | 1,088.9 |
| Earnings before taxes | 64.0 | 14.7 | 1.3 | –27.9 | –5.4 | 46.7 |
| Financial income | 2.7 | –1.4 | 14.5 | 3.4 | –7.7 | 11.5 |
| Financial expenses | –5.6 | –7.0 | –13.8 | –23.6 | 8.2 | –41.8 |
| = Net financial expenses | –2.9 | –8.4 | 0.8 | –20.3 | 0.5 | –30.3 |
| EBIT | 67.0 | 23.0 | 0.5 | –7.6 | –5.9 | 77.0 |
| + Non-recurring items | 3.1 | 0.5 | 0.0 | 0.9 | – | 4.5 |
| + KION acquisition items | 5.3 | 0.6 | 0.0 | 0.0 | – | 5.9 |
| = Adjusted EBIT | 75.3 | 24.2 | 0.5 | –6.7 | –5.9 | 87.4 |
| Segment assets | 4,748.2 | 2,126.0 | 1,257.8 | 727.3 | –2,793.8 | 6,065.5 |
| Segment liabilities | 1,567.5 | 1,232.6 | 1,216.6 | 3,172.2 | –2,725.5 | 4,463.4 |
| Carrying amount of equity-accounted investments | 119.7 | 5.1 | 15.8 | 0.0 | – | 140.6 |
| Loss from equity-accounted investments | –1.6 | 0.0 | 0.0 | 0.0 | – | –1.6 |
| Capital expenditure ¹ | 14.3 | 9.3 | 0.0 | 3.5 | – | 27.2 |
| Amortisation and depreciation ² | 21.5 | 9.5 | 0.0 | 4.2 | – | 35.3 |
| Order intake ³ | 766.7 | 471.7 | 137.9 | 57.3 | –266.8 | 1,166.8 |
| Number of employees ⁴ | 13,838 | 7,689 | 60 | 680 | – | 22,267 |

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

2 On intangible assets and property, plant and equipment excluding leased and rental assets

3 Prior-year figures restated to reflect the change in the order intake calculation introduced in 2015

4 Number of employees (full-time equivalents) as at 31/03/2014; allocation according to the contractual relationship

As a result of the reclassification of KION India, LMH's revenue from external customers increased by €6.8 million in the first quarter of 2015, with a corresponding decline for the Other segment. The contribution to earnings from KION India amounted to €0.2 million.

The non-recurring items mainly comprise consultancy costs and expenses in connection with severance payments. In addition, write-downs and other expenses in relation to hidden reserves/liabilities identified in the process of acquiring equity investments are eliminated. Non-recurring items resulted in an overall net expense of €4.5 million in the first three months of 2015 (Q1 2014: €4.5 million).

The KION acquisition items relate to the acquisition of the KION Group, which was formed at the end of 2006 when it was spun off from Linde AG, Munich. These items comprise net write-downs and other expenses in relation to the hidden reserves identified as part of the purchase price allocation.

Related party disclosures

In addition to the subsidiaries included in these condensed consolidated interim financial statements, the KION Group maintains direct or indirect relationships with a large number of unconsolidated subsidiaries, joint ventures and associates in the course of its ordinary business activities. According to IAS 24, related parties include entities that have control or significant influence over KION GROUP AG. An entity is usually assumed to have control (parent) if it holds more than 50 per cent of the shares in another entity. Significant influence generally exists if an entity holds between 20 per cent and 50 per cent of the shares in another entity.

The related parties that are solely or jointly controlled by the KION Group or over which significant influence can be exercised are included in the list of shareholdings as at 31 December 2014. Another related party is Weichai Power Co. Ltd., Weifang, China, which indirectly holds a 38.3 per cent stake in KION GROUP AG and is thus the largest single shareholder. Because Superlift Holding S.à r.l. sold its entire remaining stake of 13.9 per cent of KION shares in March 2015, Superlift Holding S.à r.l., Luxembourg, Kohlberg Kravis Roberts & Co L.P., New York, USA, and Goldman, Sachs & Co., New York, USA, are no longer related parties.

The revenue generated by the KION Group in the first quarters of 2015 and 2014 from selling goods and services to related parties is shown in > **TABLE 31** along with the receivables that were outstanding at the reporting date. The receivables include a loan that the KION Group has granted to Linde Hydraulics GmbH & Co. KG, Aschaffenburg. The total commitment is €21 million, of which €12 million had been disbursed up to 31 March 2015. The loan has a variable interest rate. No valuation allowances for receivables from related parties had been recognised as at the reporting date, a situation that was unchanged on 31 December 2014.

The goods and services obtained from related parties in the first quarters of 2015 and 2014 are shown in > **TABLE 32** along with the liabilities that were outstanding at the reporting date.

Related party disclosures: receivables and sales

TABLE 31

| in € million | Receivables | | Sales of goods and services | |
|---------------------------------|-------------|-------------|-----------------------------|-------------|
| | 31/03/2015 | 31/12/2014 | Q1 2015 | Q1 2014 |
| Non-consolidated subsidiaries | 8.7 | 8.3 | 2.0 | 1.8 |
| Equity-accounted associates | 26.9 | 8.9 | 33.2 | 26.5 |
| Equity-accounted joint ventures | 4.0 | 1.1 | 9.2 | 13.7 |
| Other related parties* | 4.7 | 4.4 | 4.2 | 3.2 |
| Total | 44.3 | 22.7 | 48.5 | 45.2 |

* 'Other related parties' include, among others, transactions with Weichai and its affiliated companies

Related party disclosures: liabilities and purchases

TABLE 32

| in € million | Liabilities | | Purchases of goods and services | |
|---------------------------------|-------------|-------------|---------------------------------|-------------|
| | 31/03/2015 | 31/12/2014 | Q1 2015 | Q1 2014 |
| Non-consolidated subsidiaries | 8.5 | 4.9 | 2.1 | 2.8 |
| Equity-accounted associates | 14.0 | 2.2 | 31.2 | 30.6 |
| Equity-accounted joint ventures | 46.6 | 45.1 | 8.5 | 13.6 |
| Other related parties* | 0.9 | 0.9 | 0.9 | 2.9 |
| Total | 70.1 | 53.1 | 42.7 | 49.9 |

* 'Other related parties' include, among others, transactions with Weichai and its affiliated companies

Material events after the reporting date

Between the reporting date of these interim financial statements and 5 May 2015, there were no events or developments that would have led to a material change in the recognition or measurement of the individual assets and liabilities reported as at 31 March 2015 or that it would be necessary to disclose.

Wiesbaden, 5 May 2015

The Executive Board



Gordon Riske



Ching Pong Quek



Dr Thomas Toepfer

Quarterly information

Quarterly information

TABLE 33

| in € million | Q1 2015 | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 | Q4 2013 |
|------------------------|---------|---------|---------|---------|---------|---------|
| Order intake* | 1,247.9 | 1,283.5 | 1,116.1 | 1,204.8 | 1,166.8 | 1,192.5 |
| Revenue | 1,164.8 | 1,305.6 | 1,139.0 | 1,144.4 | 1,088.9 | 1,177.8 |
| EBIT | 82.1 | 109.4 | 69.1 | 91.5 | 77.0 | 107.4 |
| Adjusted EBIT | 93.4 | 134.2 | 111.8 | 109.5 | 87.4 | 115.6 |
| Adjusted EBIT margin | 8.0% | 10.3% | 9.8% | 9.6% | 8.0% | 9.8% |
| Adjusted EBITDA | 181.4 | 219.6 | 196.0 | 193.5 | 171.2 | 194.2 |
| Adjusted EBITDA margin | 15.6% | 16.8% | 17.2% | 16.9% | 15.7% | 16.5% |

* Figures for 2014 restated to reflect the change in the order intake calculation introduced in 2015

DISCLAIMER

Forward-looking statements

This interim report contains forward-looking statements that relate to the current plans, objectives, forecasts and estimates of the management of KION GROUP AG. These statements only take into account information that was available up to and including the date that this interim report was prepared. The management of KION GROUP AG makes no guarantee that these forward-looking statements will prove to be right. The future development of KION GROUP AG and its subsidiaries and the results that are actually achieved are subject to a variety of risks and uncertainties which could cause actual events or results to differ significantly from those reflected in the forward-looking statements. Many of these factors are beyond the control of KION GROUP AG and its subsidiaries and therefore cannot be precisely predicted. Such factors include, but are not limited to, changes in economic conditions and the competitive situation, changes in the law, interest rate or exchange rate fluctuations, legal disputes and investigations, and the availability of funds. These and other risks and uncertainties are set forth in the 2014 group management report and in this interim group management report. However, other factors could also have an adverse effect on our business performance and results. KION GROUP AG neither intends to nor assumes any separate obligation to update forward-looking statements or to change these to reflect events or developments that occur after the publication of this interim report.

Rounding

Certain numbers in this interim report have been rounded to the nearest whole number. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown as well as between the numbers in the tables and the numbers given in the corresponding analyses in the text of the interim report. All percentage changes and key figures were calculated using the underlying data in thousands of euros (€ thousand).

FINANCIAL CALENDAR

7 May 2015

Interim report for the period ended
31 March 2015

12 May 2015

Annual General Meeting

6 August 2015

Interim report for the period ended
30 June 2015

5 November 2015

Interim report for the period ended
30 September 2015

Subject to change without notice

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This interim report is available in German and English at kiongroup.com under Investor Relations/Financial Reports. Only the content of the German version is authoritative.





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