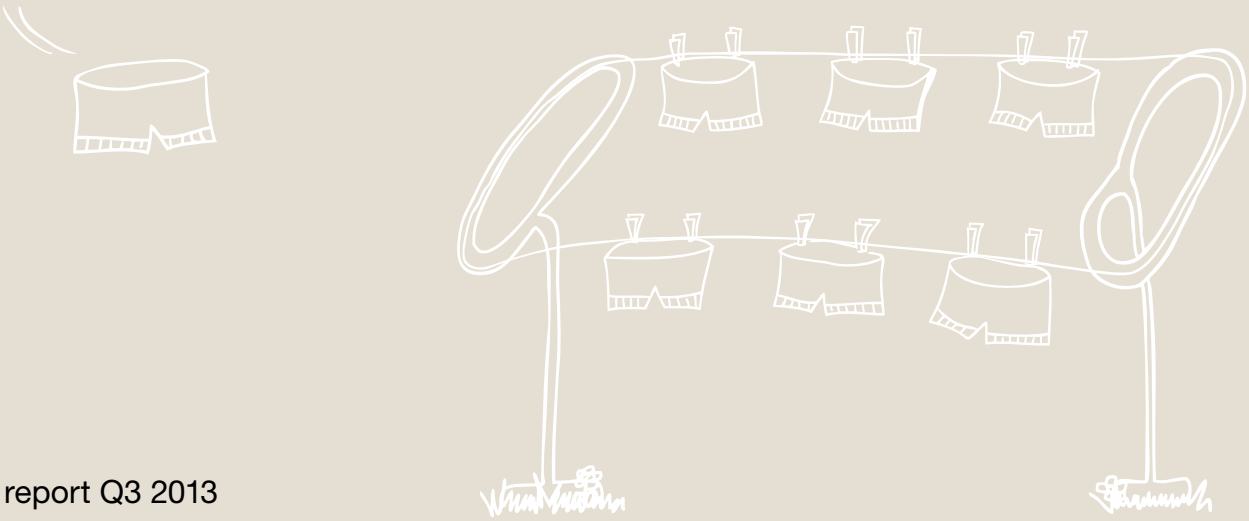
KION GROUP

Q3

We keep the world moving.



Interim report Q3 2013

Key figures

KION Group overview

in € million	Q3 2013	Q3 2012[6]	Change	Q1 – Q3 2013	Q1 – Q3 2012[6]	Change
Order intake	1,046.4	1,076.8	–2.8 %	3,296.6	3,486.6	–5.4 %
Order intake – excluding Hydraulics Business	1,046.4	1,052.0	–0.5 %	3,296.6	3,385.8	–2.6 %
Revenue	1,082.3	1,128.3	–4.1 %	3,316.7	3,438.8	–3.5 %
Revenue – excluding Hydraulics Business	1,082.3	1,089.5	–0.7 %	3,316.7	3,307.8	0.3 %
Order book[2]				693.9	807.8	–14.1 %
Results of operation						
EBITDA	171.4	167.6	2.3 %	516.0	531.3	–2.9 %
Adjusted EBITDA[1]	175.9	174.2	1.0 %	527.4	508.8	3.6 %
Adjusted EBITDA margin[1]	16.3 %	16.0 %	–	15.9 %	15.4 %	–
EBIT	88.8	79.6	11.5 %	266.7	275.0	–3.0 %
Adjusted EBIT[1]	100.5	99.7	0.8 %	300.9	291.9	3.1 %
Adjusted EBIT margin[1]	9.3 %	9.1 %	–	9.1 %	8.8 %	–
Net income	11.0	8.7	26.3 %	81.3	34.6	>100.0 %
Financial position[2]						
Total assets			–	5,973.9	6,213.2	–3.9 %
Equity			–	1,574.5	660.7	>100.0 %
Net financial debt			–	1,056.6	1,790.1	–41.0 %
Cash flow						
Free cash flow[3]	52.2	30.8	69.5 %	67.7	38.9	74.3 %
Capital expenditures[4]	27.2	37.9	–28.2 %	79.2	96.8	–18.1 %
Employees[5]				**21,819**	**21,215**	**2.8 %**

1 Adjusted for KION acquisition items and one-off items; key figures for 2012 were in addition adjusted due to the Hydraulics Business
2 Value as at 30/09/2013 compared to the balance sheet date 31/12/2012
3 Free cash flow is defined as Cash flow from operating activities plus Cash flow used in investing activities
4 Capital expenditures including capitalised R&D costs, excluding leased and rental assets
5 Number of employees in full-time equivalents as at 30/09/2013 compared to the balance sheet date 31/12/2012
6 Key figures for 2012 were adjusted due to the retrospective application of IAS 19R (2011)

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 rounding differences of +/– €0.1 million. 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 on www.kiongroup.com under Investor Relations / Financial Reports. Only the content of the German version is authoritative.

Company profile

The KION Group has a global presence with products, services and solutions provided by its six brand companies. Employing more than 21,000 people, KION is the European market leader and the world's second largest manufacturer of forklift trucks and warehouse technology. It is also 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. On this sound basis, the KION Group generated revenue in excess of €4.7 billion in 2012.

Linde STILL FENWICK OM STILL Baoli VOLTAS

Highlights of the third quarter of 2013

Dynamic

performance

of KION Group shares

- In the third quarter, the share price gained 12.0 per cent on its debut price of €24.19
- First-time admission to a stock-market index (SDAX)
- Vast majority of analysts recommend KION Group shares as a 'buy'

Sound business performance in the

third quarter of 2013

builds on successful first half of 2013

- Order intake remains robust in the third quarter
- Revenue in the first nine months remains at high prior-year level (excluding hydraulics business)
- Adjusted EBIT and adjusted EBIT margin reach record highs in the first nine months of the year (each excluding hydraulics business from the 2012 figure)
- Net income in the first nine months of the year improves significantly to €81.3 million; pro-forma earnings per share of €0.82 based on 98.9 million shares

Contents

The KION share

The shares of KION GROUP AG were listed in the Prime Standard section of the Frankfurt Stock Exchange for the first time on 28 June 2013. Following a periodic review of market indices on 23 September 2013, they were also included in the SDAX, the index of Deutsche Börse for those 50 public companies that rank below the MDAX in terms of market capitalisation and trading volume. This index reflects the performance of small-cap shares.

With a free-float market capitalisation of €544.1 million (as at 30 September 2013), the KION Group is among the ten largest stocks in the SDAX. In the third quarter, KION shares rose by 13.6 per cent and therefore outperformed the SDAX as a whole, which rose by 10.3 per cent. The share price was €27.10 at 30 September 2013, which was 12.0 per cent higher than its debut price on 28 June 2013. *>> TABLE 01*

KION shares have also performed well since the end of the reporting period, with the Xetra closing price reaching €29.01 on 7 November 2013, which was 20.9 per cent higher than the issue price. *>> GRAPHIC 01*

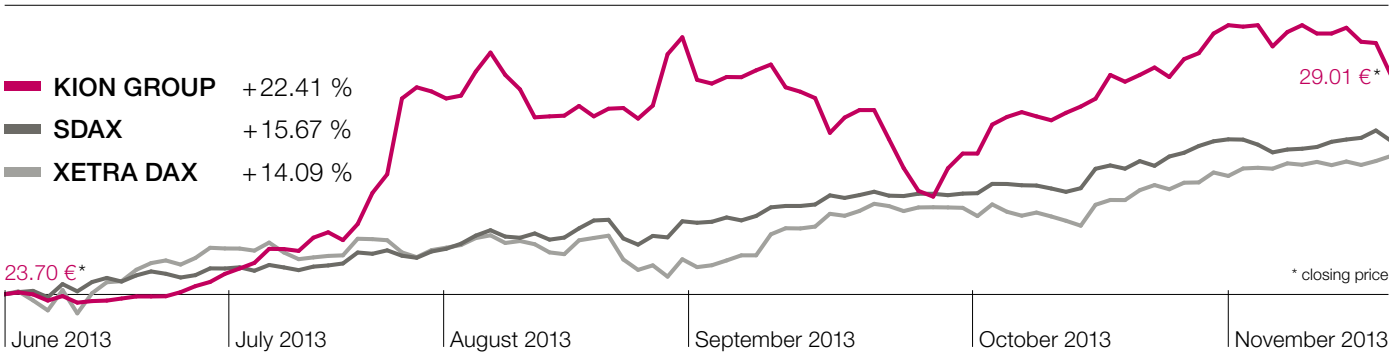
Of the 2.6 million shares in the initial over-allotment option, 2.3 million were repurchased and returned to Superlift Holding S.à r.l., Luxembourg, within the 30-day stabilisation period. The over-allotment option was exercised for the remaining 0.3 million shares at the end of the stabilisation period and they therefore remained in the free float.

Following its successful IPO, the KION Group began preparations for an employee share programme to enable staff members, initially those in Germany, to benefit from the long-term success of the Company. From 28 August onwards, as authorised by the Shareholders' Meeting on 13 June 2013, shares were repurchased via the stock exchange for this purpose. By 26 September 2013, a total of 200,000 shares had been repurchased, which represented around 0.2 per cent of the Company's share capital. Many of the participants in the broadly subscribed KION management partnership programme (MPP), which was launched for senior managers when the KION Group was sold in 2006, are now free to sell the shares held on their behalf by KION Management Beteiligungs GmbH & Co. KG (MPP-KG) or to transfer them into their private investment accounts. As a result, these shares are now counted as part of the free float. Shares held by members of the KION Executive Board and members of the Management Boards of Linde Material Handling GmbH and STILL GmbH remain subject to a lock-up period of one year following the IPO.

After completion of the share buyback program and including the shares still held by MPP-KG on behalf of KION executives that are not subject to lock-up restrictions, 20.3 per cent of KION shares are in free float. *>> GRAPHIC 02*

As a result of the IPO, there was a significant improvement in the KION Group's credit profile, and consequently in its credit rating. In July 2013, Moody's upgraded its corporate family rating by three notches, from B3/positive to Ba3/stable, while Standard & Poor's also significantly improved its rating for the KION Group, from B/stable to BB–/positive.

Share performance *>> GRAPHIC 01*



Share data

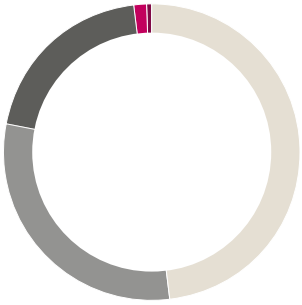
>> TABLE 01

Issuer	KION GROUP AG
Registered office	Wiesbaden
Commercial register no.	HRB 27060
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	SDAX
Stock exchange symbol	KGX
ISIN	DE000KGX8881
WKN	KGX888
Bloomberg	KGX GR
Reuters	KGX.DE
Profit entitlement	From 1 January 2013
First day of trading	28 June 2013
Opening price	24.19 €
Closing price as at 30/09/2013	27.10 €
Change compared with opening price	12.03 %
Market capitalisation as at 30/09/2013	€ 2,680.2 million
Pro forma earnings per share based on 98,9 million no-par-value shares*	0.82 €
Earnings per share*	1.07 €

* For the reporting period 01/01/—30/09/2013

Shareholder structure

>> GRAPHIC 02



48.6 % KKR and Goldman Sachs[1]
30.0 % Weichai Power
20.3 % Free float[3]
0.9 % KION management[2]
0.2 % KION GROUP AG

1 Held via Superlift Holding S.à r.l.
2 Held via KION Management Beteiligungs GmbH & Co. KG for participants in the management partnership programme whose shares are subject to a lock-up period.
3 Includes shares that are still held by KION Management Beteiligungs GmbH & Co. KG for participants in the management partnership programme but are no longer subject to a lock-up period and can therefore be sold or transferred to participants' private investment accounts.

Interim group management report

MAJOR DEVELOPMENTS

Key events

Since its initial public offering (IPO), the KION Group has improved its funding structure and is now on an even stronger footing for implementing its growth strategy. On 2 July 2013, the outstanding proceeds were received from the IPO and the capital increase from Weichai Power. They totalled €701.6 million after deduction of banking fees. As part of the IPO, the KION Group had also agreed a new revolving credit facility with a group of banks for €995.0 million with a term to maturity of five years after the IPO. Combined with the lower interest margins, this credit facility offers more favourable credit terms in line with those typically available to comparable listed companies.

As soon as all the proceeds from the IPO had been received, the KION Group used this cash, along with part of the new credit facility and existing cash reserves, to repay in full the long-term bank loans under the acquisition finance arrangements (Senior Facilities Agreement or SFA). In addition, the floating rate note, which was due to mature in 2018 and amounted to €175.0 million, was also repaid in full in July 2013. Following completion of the main funding activities in the first nine months of 2013, the KION Group can report a healthy equity ratio of 26.4 per cent. As at the reporting date, net debt was roughly 1.5 times adjusted EBITDA for the past twelve months (excluding the hydraulics business). Long-term borrowing now comprises the new revolving credit facility plus secured floating-rate and fixed-interest corporate bonds with a total value of €975.0 million, which are due to mature in 2018 and 2020 respectively.

Key strategic initiatives

Further progress was made with reorganising the container handler and heavy truck businesses in the third quarter. Following the successful sale of the container handler business to Konecranes, a large part of Linde Material Handling's production of heavy trucks has now been transferred to a contract production facility in the Czech Republic.

In August, the KION Group passed a significant milestone in expanding its sales activities in the fast-growing market of south-east Europe. STILL's acquisition of 51.0 per cent of the Turkish company Arser İş Makineleri Servis ve Ticaret A.Ş., which had been agreed in May 2013, was completed on 14 August 2013. This will enable the KION Group to step up its business in the Turkish market, a major hub for European trade with the Middle East.

The KION Group has also strengthened its presence in the French market by purchasing the remaining shares in two dealers: the outstanding 45.7 per cent stake in Bretagne Manutention S.A. was acquired on 23 July 2013, followed by the outstanding stake of 49.9 per cent in Manusom SAS on 11 September 2013.

Group structure, organisation, management

Ms Alexandra Schädler has been an employee representative on the Supervisory Board of KION GROUP AG since 2 October 2013. Dr Roland Köstler stepped down from the Supervisory Board on 1 October 2013.

ECONOMIC ENVIRONMENT AND BUSINESS PERFORMANCE

Macroeconomic conditions

According to data from the Organisation for Economic Co-operation and Development (OECD), the global economy only managed muted growth over the reporting period. Adjusted for inflation, the OECD countries' gross domestic product (GDP) rose by 0.6 per cent in the first quarter and by 1.0 per cent in the second quarter. This slight uptrend continued through the summer. Economic conditions improved somewhat in the European Union. The economy contracted by 0.8 per cent in the first three months, followed by close to zero growth (contraction of 0.2 per cent) in the second quarter. This trend was driven primarily by Germany, France and the United Kingdom. However, the negative growth rates in Italy and Spain, two major European economies, show that the eurozone has not yet overcome the crisis. This is also hampering growth in other European countries, including Russia.

Among the emerging markets, China's growth rates were almost as high as in the previous year, whereas other Asian markets experienced a decline. Brazil's upward trend continued, although the pace of

economic growth tailed off and there were considerable exchange-rate fluctuations. Although growth rates have slowed down in many emerging markets, they will continue to be significant in driving global economic expansion in the medium term.

Besides GDP growth, global demand for machinery and equipment is largely driven by investment confidence and world trade volumes. Over the course of the year, however, worldwide spending on capital equipment has increased only cautiously as ongoing uncertainty about growth prospects has continued to dampen companies' willingness to invest, particularly in the eurozone. Economic research institutes estimate that global trade in 2013 as a whole will once again be well behind the medium-term trend.

Sectoral conditions

Sales markets

The global market for industrial trucks maintained its uptrend in the third quarter. In the first nine months, the number of new trucks ordered was up by 5.0 per cent year on year, while the increase in the period July to September was even higher at 7.5 per cent. More than half of the rise in the nine-month period was attributable to the Chinese market, which continued to rally in the third quarter and achieved double-digit growth rates in the period under review.

Western Europe's slight downward trend continued in the third quarter. Falling sales in the United Kingdom, Italy and Germany all contributed to this, although France and Spain generated year-on-year growth. Reticence to invest continued to stand in the way of companies' renewal of their ageing truck fleets. By contrast, eastern Europe followed a subdued second quarter with healthy growth in the third quarter, above all thanks to growth in Poland and the Czech Republic. However, Russia's sales figures were only slightly higher than in the corresponding period of last year owing to the weakness of the third quarter. >> TABLE 02

Global industrial truck market (order intake) >> TABLE 02

in thousand units	Q3 2013	Q3 2012	Change	Q1—Q3 2013	Q1—Q3 2012	Change
Western Europe	57.9	59.1	–2.0 %	190.4	196.0	–2.8 %
Eastern Europe	14.8	13.8	7.4 %	43.4	41.0	5.9 %
North America	49.1	43.2	13.5 %	147.0	132.2	11.2 %
Central & South America	12.1	13.2	–8.8 %	39.3	35.6	10.2 %
Asia (excl. Japan)	83.4	69.8	19.6 %	248.9	227.9	9.2 %
Rest of world	27.6	28.6	–3.5 %	84.9	85.5	–0.6 %
World	**244.8**	**227.7**	**7.5 %**	**753.9**	**718.1**	**5.0 %**

Source: WITS/FEM

Procurement markets and conditions in the financial markets

Commodity prices have a direct impact on around 25.0 per cent of the cost of the materials needed to manufacture an industrial truck in the KION Group.

In the first nine months of 2013, purchase prices for steel and energy were generally down on the same period of 2012. However, the price of Brent crude oil, which is quoted in US dollars and affects the price of other fuels, went up again considerably in the third quarter owing to the crisis in Syria and the average price over the nine-month period was just 3.3 per cent below the price for the comparable period of last year.

The pound sterling depreciated against the euro. The value of the Brazilian real fell further in the third quarter, and Brazil's central bank intensified its intervention programme considerably in order to curb the decline. China's renminbi has proved comparatively stable over the year so far.

Level of orders

The KION Group's brand companies received orders for a total of 105.9 thousand new industrial trucks in the first nine months of 2013. This year-on-year decrease of 1.1 per cent was predominantly attributable to the weakness of the western European market, which remains the KION Group's largest market. The number of trucks ordered in the third quarter in Germany and the rest of western Europe was slightly below the comparable period of 2012, whereas new truck sales in the emerging markets – especially in eastern Europe, China and Brazil – remained at a highly positive level. In terms of units they accounted for 35.0 per cent of the trucks ordered in the reporting period.

Order intake totalled €3,296.6 million, just 2.6 per cent short of its value in the corresponding period of the previous year (excluding hydraulics activities). The order book remained at a healthy level and was worth €693.9 million at the end of the third quarter.

FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Financial performance

Overall assessment of the economic situation

As the European market leader, the KION Group felt the impact of poor economic conditions in the established western European markets and customers' reluctance to invest. The revenue growth that it has been aiming for has therefore been subdued so far this year. However, a decline in new truck business in Germany and the rest of western Europe contrasted with some positive trends: strong growth in China, Brazil and eastern European markets as well as a stable performance by the service business. The stable level of revenue achieved despite the challenging conditions shows that we have based our growth strategy on the right foundations. Moreover, we are constantly investing in the quality and innovativeness of our premium products. Because they deliver numerous benefits to our customers throughout their lifecycle, we have been able to largely offset the subdued level of unit sales through our prices.

The financial flexibility we need to continue pushing ahead with our international growth strategy has increased significantly as a result of the IPO and subsequent repayment of financial liabilities; the equity ratio has climbed to a healthy level. This is enabling us to gradually expand our service business, boost international sales and step up global marketing activities. The strategy also has a beneficial effect on costs, for example because of increased procurement in emerging markets.

The efficiency of the KION production sites has been further improved by restructuring the heavy truck business and their cost discipline was a significant factor in the moderate increase in adjusted EBIT (excluding the hydraulics business). Given the competitive situation, the adjusted EBIT margin of 9.1 per cent for the first nine months and 9.3 per cent for the third quarter was very satisfactory. Net income and thereby earnings per share were also helped by a reduction in debt, better funding conditions and non-recurring tax items.

Business situation and financial performance of the KION Group

Key influencing factors

To improve comparability between the results for the first nine months of 2013 and 2012, revenue and order intake are additionally stated – at the level of the Group and the Linde Material Handling segment – excluding the contributions made by the hydraulics business, which was sold in December 2012. Consequently, EBIT and EBITDA have been adjusted to take account of the contributions made by the hydraulics business on the basis of the financial results relating to the hydraulics business reported in the Linde Material Handling segment in 2012.

Please also note that the segment structure of the KION Group changed at the end of the 2012 financial year. Financial services activities were aggregated in the Financial Services segment to enable them to be managed separately.

The first-time adoption of new financial reporting standards (see Notes to the consolidated interim financial statements) did not have a major impact on the financial performance or financial position of the KION Group. Because the rules governing transition to the new IAS 19R "Employee Benefits" require it to be adopted retrospectively, the first three quarters of 2012 have been restated.

Revenue

The revenue generated in the first nine months of €3,316.7 million was down by 3.5 per cent on the figure reported for the same period of 2012, although this had still included the hydraulics business. However, eliminating the hydraulics revenue from the prior-year figure (€3,307.8 million) results in a slight year-on-year increase. In addition, currency effects, such as the devaluation of the Brazilian real and pound sterling, pushed down revenue by €48.5 million.

The revenue accounted for by the truck business of €1,864.3 million was slightly below the high level achieved in the previous year (Q1—Q3 2012: €1,897.5 million). Growing unit sales of warehouse trucks compensated almost entirely for the fall in counterbalance trucks. Revenue generated by the service business rose by 3.0 per cent to €1,452.4 million (Q1—Q3 2012: €1,409.6 million) on the back of a strong second and third quarter and was largely driven by rental and used truck business as well as resurgent demand for services.

>> TABLE 03

Revenue by product category *>> TABLE 03*

in € million	Q3 2013	Q3 2012	Change	Q1—Q3 2013	Q1—Q3 2012	Change
New business	587.9	620.3	–5.2 %	1,864.3	1,897.5	–1.7 %
Hydraulics	–	39.0	–100.0 %	–	131.7	–100.0 %
Service offering	494.4	468.9	5.4 %	1,452.4	1,409.6	3.0 %
After sales	295.9	284.9	3.8 %	866.5	852.8	1.6 %
Rental business	111.4	110.4	0.9 %	329.1	316.8	3.9 %
Used trucks	54.0	46.5	16.1 %	162.7	156.6	3.9 %
Other	33.1	27.1	22.4 %	94.2	83.3	13.0 %
Total	**1,082.3**	**1,128.3**	**–4.1 %**	**3,316.7**	**3,438.8**	**–3.5 %**
Revenue—excluding Hydraulics Business	**1,082.3**	**1,089.5**	**–0.7 %**	**3,316.7**	**3,307.8**	**0.3 %**

Revenue by customer location >> TABLE 04

in € million	Q3 2013	Q3 2012	Change	Q1—Q3 2013	Q1—Q3 2012	Change
Western Europe	773.2	794.0	–2.6 %	2,385.4	2,459.2	–3.0 %
Eastern Europe	85.4	87.8	–2.7 %	261.6	255.4	2.4 %
Americas	68.6	79.3	–13.5 %	209.2	230.4	–9.2 %
Asia	116.4	119.8	–2.8 %	335.9	359.3	–6.5 %
Rest of world	38.7	47.4	–18.3 %	124.7	134.6	–7.3 %
Total revenue	**1,082.3**	**1,128.3**	**–4.1 %**	**3,316.7**	**3,438.8**	**–3.5 %**
Revenue—excluding Hydraulics Business	**1,082.3**	**1,089.5**	**–0.7 %**	**3,316.7**	**3,307.8**	**0.3 %**

Revenue broken down by customer location reflects the variation in economic conditions across the regions. The decline in the volume of business in western Europe was primarily attributable to the German market. In other western European countries, the KION Group raised revenue slightly and the overall decline slowed down in the third quarter.

In eastern Europe, the KION Group brand companies again achieved overall year-on-year revenue growth despite the very high level generated in 2012, although it was down slightly in the third quarter. While revenue in Asia fell overall, the decline slowed down in the third quarter. Bucking the negative regional trend, KION's revenue increased in Brazil, its largest market in the Americas.

The proportion of the Group's revenue generated outside Germany went up slightly, from 74.1 per cent to 75.0 per cent. The emerging markets accounted for 25.1 per cent of consolidated revenue, compared with 24.3 per cent in the first nine months of 2012. >> TABLE 04

Earnings

EBIT AND EBITDA

Total earnings before interest and tax (EBIT) amounted to €266.7 million, which was 3.0 per cent below the same period of the previous year (Q1—Q3 2012: €275.0 million). Excluding the hydraulics business (resulting in EBIT of €248.8 million for the first nine months of 2012), EBIT improved by 7.2 per cent thanks to the improved cost structure and price effects. One of the factors that depressed earnings was the cost of the IPO and the accompanying capital increases. Of the total costs of €29.9 million before tax, €8.6 million was recognised in expenses while the remaining transaction costs after tax were recognised as other comprehensive income (loss). Including the costs of the IPO and the capital increases, non-recurring items included in EBIT came to a loss of €11.9 million (Q1—Q3 2012: income of €10.4 million, adjusted for the hydraulics business).

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. The associated effects of the purchase price allocation equated to an expense of €22.3 million in the reporting period, compared with an expense of €27.4 million in the first nine months of 2012, and largely comprised depreciation, amortisation and impairment.

Adjusted EBIT, which excludes non-recurring items and KION acquisition items, amounted to €300.9 million, thereby exceeding the prior-year figure (Q1—Q3 2012: €291.9 million) by 3.1 per cent. The adjusted EBIT margin was 9.1 per cent, compared with 8.8 per cent in the first nine months of 2012. >> TABLE 05

EBIT*

>> TABLE 05

in € million	Q3 2013	Q3 2012	Change	Q1—Q3 2013	Q1—Q3 2012	Change
Net income (+)/loss (–) for the period	11.0	8.7	26.3 %	81.3	34.6	>100.0 %
Income taxes	–7.4	–14.9	50.0 %	–3.1	–59.1	94.8 %
Financial result	–70.3	–56.0	–25.6 %	–182.4	–181.3	–0.6 %
EBIT	**88.8**	**79.6**	**11.5 %**	**266.7**	**275.0**	**–3.0 %**
+ Non-recurring items	4.7	10.9	–56.7 %	11.9	–10.4	>100.0 %
+ KION acquisition items	7.0	9.1	–23.3 %	22.3	27.4	–18.6 %
= Adjusted EBIT	**100.5**	**99.7**	**0.8 %**	**300.9**	**291.9**	**3.1 %**

* Key figures for 2012 were adjusted due to the retrospective application of IAS 19R (2011)

EBITDA was down by 2.9 per cent on the first nine months of 2013 at €516.0 million (Q1—Q3 2012: €531.3 million). Adjusted EBITDA amounted to €527.4 million, which was above the comparable figure of €508.8 million for the first three quarters of 2012 (excluding the hydraulics business). The adjusted EBITDA margin was 15.9 per cent, compared with 15.4 per cent in the prior-year period. >> TABLE 06

EBITDA*

>> TABLE 06

in € million	Q3 2013	Q3 2012	Change	Q1—Q3 2013	Q1—Q3 2012	Change
EBIT	88.8	79.6	11.5 %	266.7	275.0	–3.0 %
Amortisation and depreciation	82.6	87.9	–6.0 %	249.3	256.3	–2.7 %
EBITDA	**171.4**	**167.6**	**2.3 %**	**516.0**	**531.3**	**–2.9 %**
+ Non-recurring items	4.7	6.5	–26.8 %	11.0	–23.3	>100.0 %
+ KION acquisition items	–0.2	0.1	<–100.0 %	0.4	0.9	–53.9 %
= Adjusted EBITDA	**175.9**	**174.2**	**1.0 %**	**527.4**	**508.8**	**3.6 %**

* Key figures for 2012 were adjusted due to the retrospective application of IAS 19R (2011)

Condensed income statement of the KION Group*

>> TABLE 07

in € million	Q3 2013	Q3 2012	Change	Q1—Q3 2013	Q1—Q3 2012	Change
Revenue	1,082.3	1,128.3	–4.1 %	3,316.7	3,438.8	–3.5 %
Cost of sales	–769.8	–818.6	6.0 %	–2,388.0	–2,482.0	3.8 %
Gross profit	**312.5**	**309.6**	**0.9 %**	**928.8**	**956.8**	**–2.9 %**
Selling expenses	–130.4	–134.8	3.3 %	–403.7	–409.4	1.4 %
Research and development costs	–30.0	–29.3	–2.2 %	–88.7	–91.4	2.9 %
Administrative expenses	–67.0	–79.8	16.0 %	–219.3	–226.3	3.1 %
Other	3.6	13.8	–74.0 %	49.7	45.3	9.8 %
Earnings before interest and taxes (EBIT)	**88.8**	**79.6**	**11.5 %**	**266.7**	**275.0**	**–3.0 %**
Net interest income/expenses	–70.3	–56.0	–25.6 %	–182.4	–181.3	–0.6 %
Earnings before taxes	**18.5**	**23.6**	**–21.9 %**	**84.4**	**93.7**	**–10.0 %**
Income taxes	–7.4	–14.9	50.0 %	–3.1	–59.1	94.8 %
Net income	**11.0**	**8.7**	**26.3 %**	**81.3**	**34.6**	**>100.0 %**

* Income statement for 2012 was adjusted due to the retrospective application of IAS 19R (2011)

KEY INFLUENCING FACTORS FOR EARNINGS

The cost of sales fell to €2,388.0 million (Q1—Q3 2012: €2,482.0 million). The favourable movement in commodity prices, the cost benefits derived from the successful restructuring of the production sites and the resulting increase in capacity utilisation failed to compensate in full for the effect on gross profit of the sale of the high-margin hydraulics business.

Administrative expenses decreased to €219.3 million in the period under review (Q1—Q3 2012: €226.3 million). The cost-cutting measures put in place began to take effect, particularly in the third quarter, and offset the costs of the IPO, which were recognised under administrative expenses.

The key influencing factors included under "Other" were as follows. Other income rose to €82.0 million (Q1—Q3 2012: €57.8 million). In addition to higher commission income compared with the first nine months of 2012, this item also included additional income of €8.1 million resulting from the sale of our controlling interest (70.0 per cent) in Linde Hydraulics GmbH & Co. KG.

Profit from equity-accounted investments fell from €15.5 million in the first nine months of 2012 to a loss of €0.3 million in the period ended 30 September 2013. In the course of the acquisition of the remaining 51.0 per cent of shares in Linde Creighton Ltd., Basingstoke (UK), income of €8.0 million was realised on the revaluation of the shares, which had been accounted for under the equity method in the first nine months of 2012. Conversely, a pro-rata loss of €9.2 million for the nine-month period, generated by Linde Hydraulics GmbH & Co. KG, was included in the overall loss from equity-accounted investments in 2013. This loss largely comprised the effects of the purchase price allocation. >> TABLE 07

NET FINANCIAL INCOME / EXPENSES

Net financial expenses increased slightly year on year, rising to €182.4 million (Q1—Q3 2012: €181.3 million). Third-quarter net financial expenses amounted to €70.3 million and were negatively affected by a number of non-recurring items. The long-term bank loans under the acquisition finance arrangements (Senior Facilities Agreement or SFA) were repaid in full from the proceeds of the IPO, part of the new credit facility and existing cash reserves. This, along with the early redemption of the 2011/2018 floating rate note, resulted in deferred borrowing costs of €19.1 million being recognised as an expense. In addition, interest-rate hedging instruments that had been used in the past for the acquisition finance arrangements, were ended, which led to an amount of €17.7 million being recognised under financial expenses in the third quarter of 2013. Adjusted for these non-recurring items, net financial expenses amounted to €33.5 million in the third quarter, compared with €56.0 million in the corresponding period of 2012. This sustained reduction in net financial expenses was due to conversion of the shareholder loan of €670.8 million provided by Superlift Holding S.à r.l. into equity at the end of 2012, full repayment of the acquisition financing and cheaper funding under the new credit facility.

INCOME TAXES

Income tax expenses of €59.1 million in the first three quarters of 2012 contrasted with expenses of €3.1 million in the reporting period. Current tax expenses fell to €41.3 million (Q1—Q3 2012: €50.1 million), largely owing to income tax refunds of €5.4 million from previous years. Whereas there had been deferred tax expenses of €9.0 million in the prior-year period, there was deferred tax income of €38.3 million in the first nine months of 2013. The main reason for this change was the profit-and-loss transfer agreement between KION Material Handling GmbH (formerly KION GROUP GmbH) and Linde Material Handling GmbH, which was signed in April 2013 and resulted in additional deferred tax assets of €47.9 million being recognised on tax loss carryforwards that it had not previously been possible to utilise. Of this amount, €20.0 million had been utilised by 30 September 2013.

NET INCOME

After taxes, net income amounted to €81.3 million, compared with €34.6 million in the first nine months of 2012. Pro-forma earnings per share for the period totalled €0.82, based on 98.9 million no-par-value shares (in accordance with IAS 33: €1.07).

Business situation and financial performance of the segments

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE LINDE MATERIAL HANDLING SEGMENT

Order intake in the Linde Material Handling segment came to €2,126.8 million in the first nine months of 2013, underpinning its leading position in Europe. However this was 5.3 per cent down on the figure achieved in the same period of last year of €2,245.0 million (excluding the hydraulics business) due to poorer economic conditions. The EVO models launched at the start of the year proved to be a positive factor and have been at the centre of sales activities since January 2013. A study has found that the EVO models are among the lowest-emission trucks. As a result, LMH not only fulfils the strict Level III B EU emissions standard in the load capacity range of 2.5—5.0 tonnes but also undercuts the defined threshold by some way.

Revenue in the Linde Material Handling segment stood at €2,131.5 million, decreasing by 1.9 per cent compared with the figure of €2,173.6 million (excluding the hydraulics business) for the corresponding period of 2012 largely owing to currency effects. However, it proved more stable than order intake. Adjusted EBIT totalled €231.1 million, which was significantly up on the adjusted prior-year result (Q1—Q3 2012: €221.8 million excluding the hydraulics business). The adjusted EBIT margin improved from 10.2 per cent to 10.8 per cent for the nine-month period ended 30 September 2013. >> TABLE 08

Quarterly information—LMH— >> TABLE 08

in € million	Q3 2013	Q3 2012	Change	Q1—Q3 2013	Q1—Q3 2012	Change
Order intake[1]	773.1	772.3	0.1 %	2,126.8	2,245.0	–5.3 %
Revenue[1]	672.3	710.2	–5.3 %	2,131.5	2,173.6	–1.9 %
EBITDA	101.8	117.5	–13.4 %	328.4	369.1	–11.0 %
Adjusted EBITDA[1]	105.5	108.6	–2.8 %	332.7	320.1	4.0 %
EBIT	62.2	71.7	–13.2 %	208.2	236.9	–12.1 %
Adjusted EBIT[1]	71.7	74.1	–3.2 %	231.1	221.8	4.2 %
Adjusted EBITDA margin[1]	15.7 %	15.3 %	–	15.6 %	14.7 %	–
Adjusted EBIT margin[1]	10.7 %	10.4 %	–	10.8 %	10.2 %	–

1 Key figures for 2012 were in addition adjusted due to the Hydraulics Business

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE STILL SEGMENT

The STILL segment, which consists of the STILL and OM STILL brands, expanded its foothold in the Turkish market by acquiring 51.0 per cent in Arser, previously its exclusive dealer. The transaction was closed on 14 August 2013. The remaining 49.0 per cent of the shares are held by Turkey's Arkas Group.

Order intake continued to increase, rising by 2.3 per cent to €1,243.2 million (Q1—Q3 2012: €1,215.6 million). Revenue for the nine-month period advanced by 3.5 per cent year on year to €1,263.6 million. STILL registered encouraging gains in Brazil, although revenue was held back by negative currency effects. Bucking the general trend, STILL also generated growth in the German market.

Adjusted EBIT reached €82.0 million in the first nine months of 2013, which was slightly below the figure for the previous year (Q1—Q3 2012: €83.6 million). The EBIT margin stood at 6.5 per cent, a small decrease compared with the margin of 6.8 per cent in the first three quarters of 2012. >> TABLE 09

Quarterly information—STILL— >> TABLE 09

in € million	Q3 2013	Q3 2012	Change	Q1—Q3 2013	Q1—Q3 2012	Change
Order intake	433.8	412.0	5.3 %	1,243.2	1,215.6	2.3 %
Revenue	421.1	402.8	4.5 %	1,263.6	1,221.0	3.5 %
EBITDA	53.1	47.2	12.5 %	149.2	143.0	4.4 %
Adjusted EBITDA	54.8	54.7	0.1 %	154.5	152.5	1.3 %
EBIT	28.0	21.7	29.2 %	72.5	68.6	5.7 %
Adjusted EBIT	31.2	31.3	–0.3 %	82.0	83.6	–1.9 %
Adjusted EBITDA margin	13.0 %	13.6 %	–	12.2 %	12.5 %	–
Adjusted EBIT margin	7.4 %	7.8 %	–	6.5 %	6.8 %	–

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE FINANCIAL SERVICES SEGMENT

As the central funding partner of the Linde Material Handling and STILL brand segments, the Financial Services segment benefited from increasing demand for lease finance, particularly in western Europe outside Germany. The revenue generated by external customers was up by 19.2 per cent on the first nine months of the previous year (€196.0 million) and stood at €233.5 million. There was also a small year-on-year rise in revenue of 1.1 per cent from the intra-group financing of the short-term rental fleets of the Linde Material Handling and STILL segments. Total revenue amounted to €384.8 million, significantly ahead of the same period in 2012 (Q1—Q3 2012: €345.6 million).

The segment's earnings before tax of €3.5 million equalled those in the first three quarters of 2012 (€3.5 million). Expressed as a proportion of equity as at 30 September, earnings before tax in the segment amounted to 9.0 per cent, which was unchanged on the previous year. *>> TABLE 10*

Quarterly information—Financial Services— *>> TABLE 10*

in € million	Q3 2013	Q3 2012	Change	Q1—Q3 2013	Q1—Q3 2012	Change
Order intake	129.8	124.4	4.4 %	384.8	345.6	11.3 %
Revenue	129.8	124.4	4.4 %	384.8	345.6	11.3 %
Adjusted EBITDA	17.3	15.8	9.9 %	48.5	44.3	9.4 %
Adjusted EBIT	0.0	0.4	–94.0 %	0.2	1.1	–82.3 %
EBT	1.1	1.3	–10.5 %	3.5	3.5	–2.3 %
Lease receivables[1]	812.5	720.5	12.8 %	812.5	720.5	12.8 %
Lease liabilities[2]	804.7	697.2	15.4 %	804.7	697.2	15.4 %
Net financial debt	184.0	158.0	16.4 %	184.0	158.0	16.4 %
Equity	38.6	39.2	–1.4 %	38.6	39.2	–1.4 %
Return on equity in %				9.0 %	9.0 %	–

1 Includes intra-group lease receivables
2 Includes liabilities from financing of the rental fleet reported as other financial liabilities

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE OTHER SEGMENT

Group head office functions that do not come under any other segment, plus the Voltas brand company, are reported in the Other segment. Consequently, earnings and revenue in the Other segment also include intra-group contributions from subsidiaries which are eliminated at Group level. In the first nine months of 2013, there was a slight year-on-year reduction in order intake and revenue, which fell by €3.8 million to €178.8 million. Adjusted EBIT for the nine months to 30 September 2013 came to €56.0 million, compared with €16.1 million a year earlier. This year-on-year increase was predominantly the result of far higher intra-group income from investments in the first three quarters of 2013.

>> TABLE 11

Quarterly information—Other— >> TABLE 11

in € million	Q3 2013	Q3 2012	Change	Q1—Q3 2013	Q1—Q3 2012	Change
Order intake	56.8	64.8	–12.4 %	178.8	182.6	–2.1 %
Revenue	56.8	64.8	–12.4 %	178.8	182.6	–2.1 %
EBITDA	71.7	3.1	>100.0 %	66.9	12.3	>100.0 %
Adjusted EBITDA	70.8	11.1	>100.0 %	68.6	29.4	>100.0 %
EBIT	67.9	–1.7	>100.0 %	54.3	–1.0	>100.0 %
Adjusted EBIT	66.9	6.4	>100.0 %	56.0	16.1	>100.0 %

Net assets

The KION Group's current assets again decreased considerably between 30 June and 30 September 2013. This was due to receipt of the entire share premium arising from the placement of the new shares, which was subsequently used to repay financial liabilities. At €1,707.9 million, current assets were also below the level as at 31 December 2012. Cash and cash equivalents are now at roughly the level required for operational activities, while the share premium arising from the placement of the new shares and the capital increase from Weichai (previously reported under Other current assets) was used in its entirety to repay the acquisition financing once the funds had been received on 2 July 2013.

There was very little change in non-current assets. The overall rise of 10.8 per cent in leased assets and in short-term and long-term lease receivables was attributable to the growth in business in the Financial Services segment. >> TABLE 12

Financial position

Main financing activities in the reporting period

Following completion of the main funding activities in the first nine months of 2013, the KION Group can report a healthy equity ratio of 26.4 per cent. As at the reporting date, net debt was roughly 1.5 times adjusted EBITDA for the past twelve months (excluding the hydraulics business) and was underpinned by a far lower level of long-term financial debt with a generous maturity profile and advantageous con-

Condensed balance sheet, assets* >> TABLE 12

in € million	30/09/2013	in %	31/12/2012	in %	Change
Non-current assets	**4,266.0**	**71.4 %**	**4,231.0**	**68.1 %**	**0.8 %**
thereof:					
Goodwill	1,474.9	24.7 %	1,473.2	23.7 %	0.1 %
Brand names	594.9	10.0 %	593.9	9.6 %	0.2 %
Deferred tax assets	272.4	4.6 %	264.9	4.3 %	2.8 %
Rental assets	402.4	6.7 %	395.1	6.4 %	1.9 %
Leased assets	211.5	3.5 %	191.3	3.1 %	10.5 %
Lease receivables	300.7	5.0 %	267.1	4.3 %	12.6 %
Current assets	**1,707.9**	**28.6 %**	**1,982.2**	**31.9 %**	**–13.8 %**
thereof:					
Inventories	586.5	9.8 %	549.9	8.9 %	6.7 %
Trade receivables	609.8	10.2 %	625.5	10.1 %	–2.5 %
Lease receivables	142.2	2.4 %	132.1	2.1 %	7.7 %
Other current assets	130.4	2.2 %	106.8	1.7 %	22.1 %
Cash	230.6	3.9 %	562.4	9.1 %	–59.0 %
Total assets	**5,973.9**		**6,213.2**		**–3.9 %**

* Balance sheet for 2012 was adjusted due to the retrospective application of IAS 19R (2011)

ditions. The funding arrangements therefore also contribute to the Company's stable basis for growth.

In connection with the IPO, the KION Group had agreed a new revolving credit facility with a group of banks for €995.0 million with a term to maturity of five years after the IPO. Combined with the lower margins, this credit facility offers more favourable credit terms in line with those typically available to comparable listed companies.

On 2 July 2013, the outstanding proceeds were received from the share premium arising from the placement of the new shares and the capital increase from Weichai Power. They totalled €710.9 million (after deduction of banking fees amounting to €701.6 million).

These proceeds, along with part of the new credit facility and existing cash reserves, was used to repay in full the long-term bank loans under the acquisition finance arrangements (Senior Facilities Agreement or SFA) of €1,078.1 million in July 2013. In addition, the floating rate note, which was due to mature in 2018 and amounted to €175.0 million, was repaid in full.

On 28 August 2013, KION GROUP AG began to buy treasury shares for an employee share programme. By 30 September 2013, it held 200,000 treasury shares, funded from a total of €5.6 million in cash and cash equivalents.

Analysis of capital structure

Equity

After capital increases in the first half of the year, the KION Group's equity changed only marginally in the third quarter. As at 30 September 2013, it amounted to €1,574.5 million, which was far higher than the figure of €660.7 million reported at the end of 2012. The reduction in debt in the third quarter caused the equity ratio to rise to 26.4 per cent as at 30 September 2013, compared with 10.6 per cent as at 31 December 2012 and 22.7 per cent as at 30 June 2013. >> TABLE 13

Condensed balance sheet, equity and liabilities* >> TABLE 13

in € million	30/09/2013	in %	31/12/2012	in %	Change
Equity	**1,574.5**	**26.4 %**	**660.7**	**10.6 %**	**>100.0 %**
Non-current liabilities	**2,562.9**	**42.9 %**	**3,929.0**	**63.2 %**	**–34.8 %**
thereof:					
Corporate bond	957.1	16.0 %	489.5	7.9 %	95.5 %
Financial liabilities	3.8	0.1 %	1,811.2	29.2 %	–99.8 %
Deferred tax liabilities	293.5	4.9 %	308.8	5.0 %	–5.0 %
Lease liabilities	367.6	6.2 %	329.2	5.3 %	11.7 %
Current liabilities	**1,836.4**	**30.7 %**	**1,623.5**	**26.1 %**	**13.1 %**
thereof:					
Financial liabilities	326.3	5.5 %	51.8	0.8 %	>100.0 %
Trade payables	556.5	9.3 %	646.0	10.4 %	–13.9 %
Lease liabilities	172.7	2.9 %	145.8	2.3 %	18.4 %
Total equity and liabilities	**5,973.9**		**6,213.2**		**–3.9 %**

* Balance sheet for 2012 was adjusted due to the retrospective application of IAS 19R (2011)

Financial debt

Since full repayment of the acquisition finance of €1,078.1 million and the floating rate note with a volume of €175.0 million, the KION Group's long-term borrowing has comprised two secured corporate bonds with a total volume of €975.0 million. A senior secured bond with a total volume of €650.0 million and a maturity date of 2020 was issued in February 2013. It consists of a fixed-rate tranche of €450.0 million and a floating-rate tranche of €200.0 million. The fixed-rate tranche of a bond issued in 2011, which has a volume of €325.0 million and a maturity date of 2018, remains unchanged.

Excluding guarantees and other loan obligations from foreign subsidiaries, €300.0 million was drawn down from the newly agreed revolving credit facility of €995.0 million in the third quarter. Of the amount drawn down, €30.0 million was paid back soon after, resulting in a current financial liability as at 30 September of €270.0 million. As at 30 September 2013, the KION Group had unused loan facilities worth €784.1 million that it could draw down at short notice.

After deduction of cash and cash equivalents, the remaining net financial debt came to €1,056.6 million as at 30 September 2013 (31 December 2012: €1,790.1 million). This included borrowing costs of €17.9 million (31 December 2012: €34.1 million). >> TABLE 14

Net financial debt >> TABLE 14

in € million	30/09/2013	31/12/2012	Change
Corporate bond—fixed rate (2011/2018)—gross	325.0	325.0	–
Corporate bond—floating rate (2011/2018)—gross	–	175.0	–100.0 %
Corporate bond—fixed rate (2013/2020)—gross	450.0	–	–
Corporate bond—floating rate (2013/2020)—gross	200.0	–	–
Liabilities to banks (gross)	325.1	1,882.1	–82.7 %
Liabilities to non-banks (gross)	5.0	4.5	11.9 %
./. Capitalised borrowing costs	–17.9	–34.1	47.5 %
Financial debt	**1,287.2**	**2,352.4**	**–45.3 %**
./. Cash and cash equivalents	–230.6	–562.4	59.0 %
Net financial debt	**1,056.6**	**1,790.1**	**–41.0 %**

Capital expenditure

Capital expenditure amounted to €79.2 million in the first nine months of the year, which was down by 18.1 per cent on the same period of 2012 (Q1—Q3 2012: €96.8 million). In both the Linde Material Handling and STILL segments, the volume was below that of the comparable prior-year period, which had still included the hydraulics business.

Analysis of liquidity

Net cash provided by the KION Group's operating activities totalled €136.4 million (Q1—Q3 2012: €135.1 million). The improvement in cash flow from operating activities was achieved despite the fact that the previous year's figure included the net cash provided by the hydraulics business and that EBITDA declined in the reporting period.

Net cash used for investing activities amounted to €68.7 million (Q1—Q3 2012: net cash used of €96.2 million). This was attributable to lower capital expenditure in the Linde Material Handling and STILL segments, although the hydraulics business had still been included in the figure for the first nine months of 2012. The net cash used for the acquisition of the Arser Group in Turkey amounted to €3.9 million (after deduction of the cash received). In the first nine months of 2012, €9.7 million of the outflow of funds was attributable to the acquisition of a majority stake in Linde Creighton. Free cash flow in the reporting period was €67.7 million, which was substantially higher than in the first nine months of 2012 (€38.9 million). The cash flow from financing activities amounted to minus €395.1 million. Financial debt increased by €649.0 million due to the issuance of the senior secured bond in February 2013. Excluding guarantees and other loan obligations from foreign subsidiaries, €270.0 million had also been drawn down from the new revolving credit facility as at 30 September 2013. As a result of the capital increases from Weichai and the IPO at the end of June 2013, the capital contributions made up to 30 September totalled €741.8 million. In total, these transactions plus funds drawn from existing cash enabled the repayment of financial liabilities of €1,732.3 million relating to the Senior Facilities Agreement (SFA) as well as the early redemption of the 2011/2018 floating rate note amounting to €175.0 million. In the third quarter, 200,000 treasury shares worth €5.6 million were purchased on the stock exchange for the new employee share programme. The cash payments of €27.3 million arising from other financing activities (Q1—Q3 2012: €7.0 million) included costs of €42.3 million (Q1—Q3 2012: €13.5 million) incurred in connection with the debt and equity transactions mentioned above. Regular interest payments were €9.8 million higher than in the first nine months of 2012 and amounted to €97.4 million in the reporting period. These interest payments included a non-recurring outflow of funds of €14.4 million resulting from the termination of interest-rate hedging instruments in connection with the previous acquisition finance arrangements. Cash flow from financing activities in the first three quarters of 2012 (minus €257.0 million) was also largely attributable to the repayment of loans. The positive free cash flow and the existing cash from 2012 were predominantly used for the repayments. Overall, this resulted in a sharp contraction in cash and cash equivalents, which fell from €562.4 million as at the end of 2012 to €230.6 million as at 30 September 2013. >> TABLE 15

Condensed cash flow statement >> TABLE 15

in € million	Q3 2013	Q3 2012	Change	Q1—Q3 2013	Q1—Q3 2012	Change
EBIT	88.8	79.6	11.5 %	266.7	275.0	–3.0 %
Cash flow from operating activities	80.5	66.4	21.2 %	136.4	135.1	1.0 %
Cash flow from investing activities	–28.3	–35.6	20.6 %	–68.7	–96.2	28.6 %
Free cash flow	**52.2**	**30.8**	**69.5 %**	**67.7**	**38.9**	**74.3 %**
Cash flow from financing activities	–336.5	–55.1	<–100.0 %	–395.1	–257.0	–53.7 %
Currency effects on cash	–2.8	1.2	<–100.0 %	–4.3	3.3	<–100.0 %
Change in cash and cash equivalents	**–287.1**	**–23.1**	**<–100.0 %**	**–331.7**	**–214.9**	**–54.4 %**

EMPLOYEES

At 21,819, the number of people employed by the KION Group was slightly higher than at the end of 2012 (21,215), by which date the employees in the hydraulics division were already no longer included. The number of service and sales jobs rose while the headcount in production fell slightly. A regional breakdown shows particularly strong growth in the number of employees in the emerging markets and as a result of the acquisition of Arser in Turkey (+122). >> TABLE 16

Employees (full-time equivalents) >> TABLE 16

	30/09/2013	31/12/2012	Change
Western Europe	15,490	15,078	2.7 %
Eastern Europe	1,669	1,632	2.3 %
Americas	632	580	9.0 %
Asia	3,460	3,376	2.5 %
Rest of world	568	549	3.5 %
Total	**21,819**	**21,215**	**2.8 %**

RESEARCH & DEVELOPMENT

The KION Group aims to increase customer benefits in all price segments by introducing innovative drive systems, advanced ergonomics, intelligent intralogistics solutions and other developments while underpinning its leading position in the premium segment. To achieve these aims, the KION Group spends a substantial portion of its revenue on research and development (R&D).

In the first nine months of 2013, this spending amounted to €85.5 million, which was almost as much as in the comparative period of the previous year (Q1—Q3 2012: €86.2 million). Total expenditure equated to 2.6 per cent of total revenue, representing a slight year-on-year increase.

In the first nine months, total expenditure included depreciation and amortisation in the amount of €34.1 million (Q1—Q3 2012: €40.5 million), while development costs of €30.9 million (Q1—Q3 2012: €35.3 million) were capitalised. The number of full-time jobs in R&D teams stood at 919 as at 30 September 2013 (31 December 2012: 847), of which 249 jobs were in China. >> TABLE 17

Total R&D spending >> TABLE 17

in € million	Q3 2013	Q3 2012	Change	Q1—Q3 2013	Q1—Q3 2012	Change
Research and development costs (P&L)	30.0	29.3	2.2 %	88.7	91.4	–2.9 %
Amortisation expense	–11.8	–13.6	13.4 %	–34.1	–40.5	15.7 %
Capitalised development costs	10.0	12.2	–18.1 %	30.9	35.3	–12.5 %
Total R&D spending	**28.2**	**28.0**	**0.9 %**	**85.5**	**86.2**	**–0.8 %**
R&D spending as percentage of revenue	2.6 %	2.5 %	–	2.6 %	2.5 %	–

EVENTS AFTER THE REPORTING DATE

Between the reporting date of these interim financial statements and 8 November 2013, 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 30 September 2013 or that it would be necessary to disclose.

OPPORTUNITY AND RISK REPORT

The financial risks to which the KION Group is exposed, as presented in the 2012 group management report for the former KION Holding 1 GmbH, have diminished considerably because its equity has been boosted, financial liabilities have been repaid and its debt maturity profile has again been lengthened.

Otherwise, there were only marginal changes in the risks and opportunities relating to the KION Group compared with the 2012 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.

OUTLOOK

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.

Expected macroeconomic conditions

According to the IMF's World Economic Outlook in October 2013, global economic growth in 2013 will be slightly below the 2012 level. A growth rate of 2.9 per cent is now forecast for the year as a whole, despite the fact that growth of 3.5 per cent had been anticipated for 2013 at the end of 2012. Economic output in the eurozone is expected to show a fall of 0.4 percentage points. The 2013 growth forecasts for the BRIC countries were also lowered over the course of the year. Nevertheless, growth prospects remain good, especially in China.

The forecast for economic conditions is based on the assumption that monetary and fiscal policy will support the global economy. There are also considerable risks resulting, in particular, from the sovereign debt problems in the eurozone and United States, the tightening of public finances and the possibility of destabilisation in financial markets.

Expected sectoral conditions

The overall market for industrial trucks depends on the economic environment in the sales markets combined with specific regional factors, with the level of capital investment and growth in the volume of world trade being particularly crucial. Fuelled by strong demand in China and the United States, the global market for industrial trucks continued to pick up over the first nine months of 2013, growing by around 5.0 per cent. The KION Group therefore expects to see a slight recovery in demand for 2013 as a whole, compared with 2012.

China, the United States, eastern Europe and Brazil are the sales markets that are expected to drive growth, although China is likely to grow at a slightly slower rate than the medium-term historical trend. Based on developments over the first nine months, demand is predicted to be largely stable in western Europe, predominantly as a result of old trucks being replaced.

Expected business situation and financial performance

Nine months on, the KION Group essentially reaffirms the forecasts made in the group management report. Nevertheless, economic and sectoral conditions remain challenging. Despite negative currency effects and subdued demand in western Europe, the KION Group anticipates that revenue for 2013 as a whole will be at roughly the same level as in the previous year (excluding the hydraulics business). It had expected a moderate increase at the end of 2012. Given the cost-cutting measures implemented, this is not expected to have any significant impact on the financial performance or financial position of the KION Group. Provided there is no significant downturn in the macroeconomic environment in the fourth quarter, the KION Group stands by its forecast for the year, and its objectives of moderate rises in adjusted EBIT and the EBIT margin (both excluding the hydraulics business) remain unchanged.

For the year as a whole, the service business is expected to contribute over 40.0 per cent of revenue, which is slightly more than was forecast at the end of 2012.

The reduction in borrowings should also be reflected in a rise in net income. In departure from the forecast for a small net income at the end of 2012, the KION Group now expects net income to be much higher, partly due to non-recurring items arising from the capitalisation of deferred taxes.

Expected financial position

By using the issue proceeds (net of bank charges) and other cash and drawings under the new revolving credit facility to repay borrowings in July, the KION Group greatly improved its funding structure compared with the end of 2012.

Condensed consolidated interim financial statements

Consolidated income statement

>> TABLE 18

in € million	Q3 2013	Q3 2012*	Q1 – Q3 2013	Q1 – Q3 2012*
Revenue	1,082.3	1,128.3	3,316.7	3,438.8
Cost of sales	–769.8	–818.6	–2,388.0	–2,482.0
Gross profit	**312.5**	**309.6**	**928.8**	**956.8**
Selling expenses	–130.4	–134.8	–403.7	–409.4
Research and development costs	–30.0	–29.3	–88.7	–91.4
Administrative expenses	–67.0	–79.8	–219.3	–226.3
Other income	16.2	18.4	82.0	57.8
Other expenses	–10.0	–9.1	–34.0	–29.9
Loss (Profit) from at-equity investments	–3.6	3.8	–0.3	15.5
Other financial result	1.0	0.7	2.0	1.9
Earnings before interest and taxes	**88.8**	**79.6**	**266.7**	**275.0**
Financial income	8.7	–4.0	38.4	22.5
Financial expenses	–79.1	–52.0	–220.7	–203.8
Net financial expenses	**–70.3**	**–56.0**	**–182.4**	**–181.3**
Earnings before taxes	**18.5**	**23.6**	**84.4**	**93.7**
Income taxes	**–7.4**	**–14.9**	**–3.1**	**–59.1**
Current taxes	–9.2	–16.7	–41.3	–50.1
Deferred taxes	1.8	1.8	38.3	–9.0
Net income for the period	**11.0**	**8.7**	**81.3**	**34.6**
Attributable to shareholders of KION GROUP AG	12.1	8.2	81.4	33.1
Attributable to non-controlling interests	–1.1	0.6	–0.1	1.5
Earnings per share according to IAS 33 (in €)				
Basic earnings per share	0.12	0.13	1.07	0.52
Earnings per share – diluted	0.12	0.13	1.07	0.52

* Adjusted due to the retrospective application of IAS 19R (2011), for details see also 'Accounting policies'

Consolidated statement of comprehensive income

>> TABLE 19

in € million	Q3 2013	Q3 2012*	Q1—Q3 2013	Q1—Q3 2012*
Net income for the period	**11.0**	**8.7**	**81.3**	**34.6**
Gains/losses on employee benefits	0.8	–56.0	18.3	–130.4
thereof changes in unrealised gains and losses	2.1	–78.0	24.7	–183.9
thereof tax effect	–1.3	22.0	–6.4	53.5
Items that will not be reclassified subsequently to profit or loss	**0.8**	**–56.0**	**18.3**	**–130.4**
Impact of exchange differences	–8.9	4.5	–24.6	14.4
thereof changes in unrealised gains and losses	–8.9	4.5	–24.6	14.4
Gains/losses on cash flow hedges	9.8	3.8	17.8	0.7
thereof changes in unrealised gains and losses	29.0	9.6	68.9	13.5
thereof realised gains and losses reclassified to profit or loss	–14.4	–5.5	–43.3	–13.8
thereof tax effect	–4.9	–0.3	–7.9	1.0
Gains/losses from at-equity investments	–0.1	0.0	–0.1	0.0
thereof changes in unrealised gains and losses	–0.1	0.0	–0.1	0.0
Items that may be reclassified subsequently to profit or loss	**0.8**	**8.4**	**–7.0**	**15.1**
Other comprehensive income	**1.6**	**– 47.6**	**11.4**	**– 115.4**
Total comprehensive income	**12.6**	**–38.9**	**92.7**	**–80.8**
Attributable to shareholders of KION GROUP AG	13.8	–39.5	92.9	–82.3
Attributable to non-controlling interests	–1.2	0.6	–0.2	1.5

* Adjusted due to the retrospective application of IAS 19R (2011), for details see also 'Accounting policies'

Consolidated statement of financial position—Assets >> TABLE 20

in € million	30/09/2013	31/12/2012*
Goodwill	1,474.9	1,473.2
Other intangible assets	917.8	934.0
Leased assets	211.5	191.3
Rental assets	402.4	395.1
Other property, plant and equipment	478.7	500.3
At-equity investments	149.0	154.8
Lease receivables	300.7	267.1
Other non-current financial assets	58.7	50.2
Deferred taxes	272.4	264.9
Non-current assets	**4,266.0**	**4,231.0**
Inventories	586.5	549.9
Trade receivables	609.8	625.5
Lease receivables	142.2	132.1
Current income tax receivables	8.3	5.5
Other current financial assets	130.4	106.8
Cash and cash equivalents	230.6	562.4
Current assets	**1,707.9**	**1,982.2**
Total assets	**5,973.9**	**6,213.2**

* Adjusted due to the retrospective application of IAS 19R (2011), for details see also 'Accounting policies'

Consolidated statement of financial position—Equity and liabilities >> TABLE 21

in € million	30/09/2013	31/12/2012*
Subscribed capital	98.7	0.5
Capital contributions for carrying out the approved capital increase	–	1,132.6
Capital reserve	2,222.0	348.5
Retained earnings	–582.3	–650.7
Accumulated other comprehensive loss	–164.8	–176.3
Non-controlling interests	1.0	6.2
Equity	**1,574.5**	**660.7**
Retirement benefit obligation	542.1	547.6
Non-current financial liabilities	960.9	2,300.7
Lease liabilities	367.6	329.2
Other non-current provisions	80.2	87.7
Other non-current financial liabilities	318.6	355.1
Deferred taxes	293.5	308.8
Non-current liabilities	**2,562.9**	**3,929.0**
Current financial liabilities	326.3	51.8
Trade payables	556.5	646.0
Lease liabilities	172.7	145.8
Current income tax liabilities	83.2	85.0
Other current provisions	110.8	137.9
Other current financial liabilities	587.0	557.0
Current liabilities	**1,836.4**	**1,623.5**
Total equity and liabilities	**5,973.9**	**6,213.2**

* Adjusted due to the retrospective application of IAS 19R (2011), for details see also 'Accounting policies'

Consolidated statement of cash flows >> TABLE 22

in € million	Q1 – Q3 2013	Q1 – Q3 2012
Earnings before interest and taxes	**266.7**	**275.0**
Amortisation, depreciation and impairment charges of non-current assets	249.3	256.3
Other non-cash income (–) and expenses (+)	15.9	–9.2
Gain (–)/loss (+) on disposal of non-current assets	–4.5	–1.1
Changes in leased assets (excluding depreciation) and lease receivables/liabilities	–56.2	–58.7
Change in rental assets (excluding depreciation)	–107.2	–122.6
Change in inventories	–41.6	–82.1
Change in trade receivables/payables	–82.2	–41.0
Cash payments for defined benefit obligations	–18.0	–16.7
Change in other provisions	–34.2	–40.9
Change in other operating assets/liabilities	–12.0	12.7
Taxes paid	–39.5	–36.5
= Cash flow from operating activities	**136.4**	**135.1**
Cash payments for purchase of non-current assets	–79.2	–96.8
Cash receipts from disposal of non-current assets	8.2	8.7
Dividends received	6.3	3.8
Interest income received	4.6	3.1
Acquisitions of subsidiaries, net of cash acquired	–3.9	–9.7
Cash receipts (+)/cash payments (–) for sundry assets	–4.6	–5.4
= Cash flow from investing activities	**–68.7**	**–96.2**
Capital contribution from shareholders for the carried out capital increase	741.8	–
Acquisition of own shares	–5.6	–
Dividends paid to non-controlling interests	–2.1	–2.4
Cash receipts (+)/cash payments (–) from changes in ownership interests in subsidiaries without loss of control	–16.3	–2.0
Proceeds from borrowings	949.0	7.7
Repayment of borrowings	–1,937.3	–165.7
Interest paid	–97.4	–87.6
Cash receipts (+)/cash payments (–) for other financing activities	–27.3	–7.0
= Cash flow from financing activities	**–395.1**	**–257.0**
Effect of foreign exchange rate changes on cash and cash equivalents	–4.3	3.3
= Change in cash and cash equivalents	**–331.7**	**–214.9**
Cash and cash equivalents at the beginning of the period	562.4	373.5
Cash and cash equivalents at the end of the period	230.6	158.6

Consolidated statement of changes in equity

in € million	Subscribed capital	Contributions for carrying out the approved capital increase	Capital reserves	Retained earnings
Balance as at 01/01/2012	**0.5**	**0.0**	**348.5**	**–806.4**
Effects from first-time adoption IAS 19R*				–3.3
Balance as at 01/01/2012 (restated)	**0.5**	**0.0**	**348.5**	**–809.8**
Net income for the period*				33.1
Other comprehensive income (loss)*				
Comprehensive income (loss)				33.1
Dividends				
Effects from the acquisition / disposal of non-controlling interests				–0.4
Other changes				0.2
Balance as at 30/09/2012 (restated)	**0.5**	**0.0**	**348.5**	**–777.0**
Balance as at 01/01/2013	**0.5**	**1,132.6**	**348.5**	**–647.7**
Effects from first-time adoption IAS 19R*				–3.0
Balance as at 01/01/2013 (restated)	**0.5**	**1,132.6**	**348.5**	**–650.7**
Net income for the period				81.4
Other comprehensive income (loss)				
Comprehensive income (loss)				81.4
Capital increase	98.4	–1,132.6	1,894.0	
Transaction costs			–15.1	
Dividends				
Acquisition of own shares	–0.2		–5.4	
Effects from the acquisition / disposal of non-controlling interests				–13.0
Balance as at 30/09/2013	**98.7**	**0.0**	**2,222.0**	**–582.3**

* Adjusted due to the retrospective application of IAS 19R (2011), for details see also 'Accounting policies'

>> 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 at-equity investments	Equity attributable to shareholders of KION GROUP AG	Non-controlling interests	Total
	–35.5	**20.9**	**–23.0**	**0.4**	**–494.7**	**7.1**	**–487.6**
		4.3			1.0		1.0
	–35.5	**25.2**	**–23.0**	**0.4**	**–493.6**	**7.1**	**–486.6**
					33.1	1.5	34.6
	14.4	–130.4	0.7	0.0	–115.4	0.0	–115.4
	14.4	–130.4	0.7	0.0	–82.3	1.5	–80.8
						–2.4	–2.4
					–0.4	–0.7	–1.1
					0.2	0.1	0.3
	–21.2	**–105.2**	**–22.3**	**0.4**	**–576.2**	**5.7**	**–570.6**
	–32.8	**–130.4**	**–16.9**	**0.4**	**654.2**	**6.2**	**660.3**
		3.4			0.3		0.3
	–32.8	**–127.0**	**–16.9**	**0.4**	**654.5**	**6.2**	**660.7**
					81.4	–0.1	81.3
	–24.5	18.3	17.8	–0.1	11.5	–0.1	11.4
	–24.5	18.3	17.8	–0.1	92.9	–0.2	92.7
					859.9		859.9
					–15.1		–15.1
					0.0	–2.1	–2.1
					–5.6		–5.6
					–13.0	–2.9	–15.9
	–57.3	**–108.7**	**0.9**	**0.3**	**1,573.5**	**1.0**	**1,574.5**

Notes to the condensed consolidated interim financial statements

BASIS OF PRESENTATION

General information on the Company

At the Shareholders' Meeting on 25 April 2013, it was decided to transform KION Holding 1 GmbH, whose registered office is at Abraham-Lincoln-Strasse 21, 65189 Wiesbaden, Germany, into a public stock corporation with the name KION GROUP AG. The transformation became legally effective when KION GROUP AG was entered in the commercial register at the Wiesbaden local court under reference HRB 27060 on 4 June 2013. KION GROUP AG is the parent company of the KION Group in Germany. Superlift Holding S.à r.l., Luxembourg, is the parent company of KION GROUP AG.

The condensed consolidated interim financial statements were prepared by the Executive Board of KION GROUP AG on 8 November 2013.

Basis of preparation

The condensed consolidated interim financial statements of the KION Group for the nine months ended 30 September 2013 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 2013 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 2012. With the exception of the new IFRS standards and interpretations described below, the accounting policies used to prepare these condensed consolidated interim financial statements were the same as those used to prepare the consolidated financial statements for the year ended 31 December 2012.

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 rounding differences of +/– €0.1 million. 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 in the condensed consolidated interim financial statements for the nine months ended 30 September 2013:

- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards": amendments relating to fixed transition dates and severe hyperinflation
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards": amendments relating to government loans with a below-market rate of interest
- Amendments to IFRS 7 "Financial Instruments: Disclosures": offsetting of financial assets and financial liabilities
- IFRS 13 "Fair Value Measurement"
- Amendments to IAS 1 "Presentation of Financial Statements": amendments relating to the presentation of items of other comprehensive income
- Amendments to IAS 12 "Income Taxes": limited amendment to IAS 12 relating to the recovery of underlying assets
- Amendments to IAS 19 "Employee Benefits": elimination of the use of the "corridor" approach and amendments relating to the presentation of items of pension expense
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"
- Improvements to IFRSs (2009–2011).

Apart from the changes described below, the first-time adoption of these standards and interpretations has had no material effect on the financial position or financial performance of the KION Group or on the disclosures in the notes to its financial statements:

- The amended IAS 1 results in a revised presentation of the statement of comprehensive income. Following the amendment to the standard, the items of other comprehensive income and loss must be split into items that will never be reclassified to profit or loss and items that might be reclassified to profit or loss in future periods.

- The publication of IFRS 13 "Fair Value Measurement" introduces a separate standard containing general rules on the measurement of fair value. The KION Group is applying these rules for the first time in the 2013 financial year. The main impact of this is enhanced disclosures in the notes to the financial statements.

- The effects of the amendments to IAS 19 are described in the section "Accounting policies".

Financial reporting standards released but not yet adopted

In its condensed consolidated interim financial statements for the nine months ended 30 September 2013, the KION Group has not applied – besides the standards and interpretations reported as at 31 December 2012 – the following standards and interpretations, which have been issued by the IASB but are not yet required to be applied in 2013:

- Amendments to IAS 36 "Impairment of Assets": clarification of recoverable amount disclosures required for non-financial assets

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement": amendments relating to the novation of derivatives and continuation of hedge accounting

- IFRIC 21 "Levies".

These standards and interpretations will only be applied by the companies included in the KION Group from the date on which they must be adopted for the first time. Their effects on the financial position and financial performance of the KION Group are expected to be insignificant.

Basis of consolidation

A total of 19 German and 81 foreign subsidiaries were fully consolidated in addition to KION GROUP AG as at 30 September 2013. On 11 June 2013, Superlift Holding S.à r.l., Luxembourg, made a non-cash capital contribution – including all of the shares in Superlift Funding S.à r.l., Luxembourg – to KION GROUP AG as part of a capital increase. Superlift Funding S.à r.l. was therefore consolidated as part of the KION Group for the first time in June 2013.

In July 2013, the KION Group also acquired the remaining shares (45.7 per cent) in the French dealer Bretagne Manutention S.A. for a purchase consideration of € 16.2 million. As a result, as at 30 September 2013, KION GROUP AG indirectly held all the capital and voting shares in Bretagne Manutention S.A., Pacé, via Fenwick-Linde S.A.R.L., Elancourt, France. The shortfall of € 13.0 million between the amount of the non-controlling interest and the fair value of the consideration paid is recognised in retained earnings.

Furthermore, in September 2013, the KION Group acquired the remaining shares (49.9 per cent) in the French dealer MANUSOM SAS for a purchase consideration of € 0.4 million. As a result, as at 30 September 2013, KION GROUP AG indirectly held all the capital and voting shares in MANUSOM SAS, Rivery, via STILL SAS, Marne la Vallée, France.

In addition, ten joint ventures and associates were consolidated and accounted for using the equity method as at 30 September 2013, which was the same number as at 31 December 2012; 41 (31 December 2012: 39) companies with minimal business volumes or no business operations were not included in the consolidation.

Acquisition

In May 2013, STILL agreed to acquire 51.0 per cent of the shares in Arser İş Makineleri Servis ve Ticaret A.Ş. (referred to below as "Arser"), which had previously acted as exclusive dealer for the substantial Turkish market. The transaction was closed on 14 August 2013. The acquisition has enabled the KION Group to further strengthen the leading position of STILL and the brand company's Turkish distribution and service network.

The incidental acquisition costs incurred by this business combination amounted to €0.3 million and have been recognised as an expense for the current period and reported as administrative expenses on the face of the consolidated income statement.

The impact of this acquisition on the consolidated financial statements of KION GROUP AG based on the provisional figures available at the acquisition date is shown below. >> *TABLE 24*

Impact of the acquisition on the financial position of the KION Group >> *TABLE 24*

in € million	Fair value at the acquisition date
Goodwill	4.9
Other intangible assets	2.3
Leased / Rental assets	1.0
Lease receivables	20.2
Cash and cash equivalents	1.6
Other assets	15.1
Total assets	**45.1**
Financial liabilities	10.4
Lease liabilities	19.4
Other liabilities	9.3
Total liabilities	**39.1**
Total net assets	**6.0**
thereof non-controlling interests	0.6
Cash payment	5.5
Consideration transferred	**5.5**

The acquisition has not had any material impact on the KION Group's revenue or net income (loss). If this business combination had been completed by 1 January 2013, this would have had no material impact on either the revenue or the net income (loss) reported by the KION Group for the first nine months of this year.

The purchase price allocation for the acquisition described above was only provisional as at 30 September 2013 because some details, particularly in the area of leasing, had not yet been fully evaluated. Goodwill constitutes the strategic and geographical synergies that the KION Group expects to derive from this business combination. The goodwill arising from this acquisition is currently not tax deductible.

Accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are fundamentally the same as those used for the year ended 31 December 2012. 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.

The amendments in IAS 19R "Employee Benefits" are required to be applied on a retrospective basis to financial statements for financial years commencing on or after 1 January 2013. In the KION Group, actuarial gains and losses, including deferred taxes, were already recognised in other comprehensive income (loss).

First-time adoption of the revised IAS 19 in the KION Group for the 2013 financial year has led to an overall decrease in retained earnings/net income of €3.3 million with effect from 1 January 2012. Firstly, this is the result of the revised definition of termination benefits, according to which partial-retirement bonus payments must be accumulated as other long-term benefits for employees on a pro-rata basis over the vesting period. This has led to an increase in retained earnings/net income of €1.8 million with effect from 1 January 2012. Secondly, because the amendment to IAS 19R requires the past service cost to be recognised immediately, retained earnings/net income declined by €0.8 million. Furthermore, alignment of the expected return on plan assets with the discount rate caused retained earnings/net income to fall by €4.3 million with effect from 1 January 2012, while there was an equivalent rise in gains/losses on employee benefits recognised in other comprehensive income (loss).

Net income for the 2012 financial year has also increased retrospectively by €1.0 million, while other comprehensive income (after deferred taxes) has gone down by €1.0 million owing to the alignment of the expected return on plan assets with the discount rate. The change in the accounting treatment of provisions for partial retirement obligations has resulted in a decrease in net income (after income taxes) of €0.8 million for the 2012 financial year. The consequences of the above effects for the first nine months of 2012 were a rise of €0.2 million in net income (after income taxes) and a decline of €0.7 million in other comprehensive income (loss).

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;
- to the recognition and measurement of defined benefit pension obligations, provisions for tax, and other provisions; and
- 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

Other income

Other income of €82.0 million for the first nine months of 2013 included further income of €8.1 million connected with the sale in December 2012 of our controlling interest (70.0 per cent) in Linde Hydraulics GmbH & Co. KG, Aschaffenburg (referred to below as Linde Hydraulics).

Income taxes

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

In April 2013, KION GROUP GmbH, Wiesbaden (controlling company; since renamed KION Material Handling GmbH), and Linde Material Handling GmbH, Aschaffenburg (subordinated company), concluded a profit-and-loss transfer agreement. The agreement came into effect upon entry in the commercial register on 17 May 2013. In the first three quarters of 2013, this resulted in additional deferred tax assets being recognised on loss carryforwards of €47.9 million that it had previously not been possible to utilise, of which €20.0 million had been utilised by 30 September 2013.

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—Q3 2013: 76,346,342 no-par-value shares; Q3 2013: 98,863,795 no-par-value shares). The applicable amounts for net income (loss) can be found in the consolidated income statement. The number of shares taken into account was adjusted in accordance with the calculation method in IAS 33 and reflected a stock split from €2.00 to €1.00 per share as well as the capital increases from company funds in the first half of 2013. As a result, the applicable number of shares was adjusted by 63,700,000 no-par-value shares as at 1 January 2013. Due to the additional capital increases carried out during the second quarter of 2013 (see the section “Equity”), the number of shares to be taken into account in accordance with IAS 33 advanced from 63,950,000 no-par-value shares as at 1 January 2013 to 98,700,000 no-par-value shares as at 30 September 2013. This did not include the 200,000 no-par-value treasury shares which were repurchased by KION GROUP AG in the third quarter of 2013 as part of a buy-back programme. Accordingly, the calculation for each of the prior-year periods shown is based on an adjusted weighted average number of shares outstanding of 63,171,000 no-par-value shares.

As at 30 September 2013, there were no equity instruments that diluted the earnings per share for the number of shares issued.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-current assets

The change in goodwill in the first nine months of 2013 mainly resulted from the acquisition of STILL Arser, from which goodwill of €4.9 million arose, and from countervailing currency effects. This was allocated to the STILL segment.

Impairment losses of €1.2 million were recognised on capitalised development costs in the first nine months of 2013 to reflect the lack of opportunities to use them in future as a result of the planned closure of a production site. The goodwill mentioned above relates to further impairment losses in connection with the closure of the heavy truck plant in Merthyr Tydfil (Linde Material Handling segment).

Land and buildings in the amount of €18.3 million (31 December 2012: €4.2 million) were largely pledged as collateral for accrued retirement benefits under partial retirement agreements.

Equity

As at 30 September 2013, the Company's share capital amounted to €98.9 million and was fully paid up. It was divided into 98,900,000 no-par-value shares, each with a value of €1. The total number of shares outstanding as at 30 September 2013 was 98.7 million no-par-value shares. At the reporting date, KION GROUP AG held 0.2 million treasury shares. There were changes to the share capital in the first nine months of the year for the following reasons:

In December 2012, the Shareholders' Meeting of KION Holding 1 GmbH had approved a resolution to increase the share capital by €0.8 million to €1.3 million. The capital increase was not entered in the commercial register until 14 January 2013. In addition, free capital reserves went up by €1,131.8 million.

The Shareholders' Meeting on 25 April 2013 approved not only the change in legal form but also a resolution to increase the share capital by €62.7 million to €64.0 million from company funds. KION GROUP AG's transformation and capital increase were entered in the commercial register on 4 June 2013.

On 11 June 2013, the Shareholders' Meeting of KION GROUP AG resolved to increase the share capital by €4.0 million to €68.0 million by way of a share issue. The new shares were issued in return for a non-cash capital contribution from Superlift Holding S.à r.l., Luxembourg (referred to below as Superlift Holding). The non-cash capital contribution from Superlift Holding took the form of all shares in Superlift Funding S.à r.l., Luxembourg (referred to below as Superlift Funding), and all rights and duties of Superlift Holding arising out of the agreement between Superlift Holding and Superlift Funding dated 30 September 2009 for a loan of €100.0 million (plus accrued interest of €17.0 million). The portion of the non-cash capital contribution that exceeded the capital increase (€114.0 million) was paid into the capital reserves. The aforementioned capital increase was entered in the commercial register on 19 June 2013.

In addition, the Shareholders' Meeting on 13 June 2013 approved a further resolution to increase the share capital by €13.7 million to €81.7 million by way of a share issue. Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, subscribed these shares. The capital increase was entered in the commercial register on 27 June 2013, as a result of which the share capital grew by €13.7 million and free capital reserves went up by €314.7 million.

The share capital also increased due to the issue of shares to investors as part of the IPO. To this end, the Shareholders' Meeting of KION GROUP AG on 13 June 2013 resolved to increase the share capital of KION GROUP AG by a further €17.2 million to a total of €98.9 million by issuing new shares. An amount of €396.2 million was paid into the capital reserves.

Total transaction costs of €29.9 million were incurred in connection with the capital increases; €21.3 million of this total was directly attributable and was deducted directly from the capital reserves after subtraction of a tax benefit of €6.2 million.

Following the successful IPO, the KION Group began preparations for an employee share programme to enable staff members, initially those in Germany, to derive greater benefit from the success of the Company. As authorised by the Shareholders' Meeting on 13 June 2013, treasury shares were repurchased via the stock exchange for this purpose from 28 August 2013 onwards. By 26 September 2013, a total of 0.2 million treasury shares had been repurchased at an average price of €27.89. The total cost was €5.6 million.

Retirement benefit obligation

The retirement benefit obligation was lower than it had been at the end of 2012 owing, above all, to actuarial gains resulting largely from higher discount rates. The estimated present value of the defined benefit obligation was calculated on the basis of the following discount rates. >> TABLE 25

Discount rate >> TABLE 25

	30/09/2013	31/12/2012
Germany	3.70 %	3.50 %
UK	4.30 %	4.35 %
Other (weighted average)	3.01 %	2.57 %

Other comprehensive income (loss)

The change in estimates about defined benefit pension entitlements resulted in an increase of €18.3 million in equity as at 30 September 2013 (after deferred taxes).

Financial liabilities

Corporate bond

The KION Group issued a corporate bond for €650.0 million through the consolidated subsidiary KION Finance S.A., Luxembourg, in February 2013. Of the bond's total par value of €650.0 million, €450.0 million is repayable at a fixed interest rate of 6.75 per cent p.a., while €200.0 million carries a floating interest rate based on three-month Euribor plus a margin of 4.5 percentage points. The payout amount for the variable portion was €1.0 million below the par value (discount). The interest on the fixed-rate tranche is paid semi-annually, while interest on the floating-rate tranche is paid once a quarter. Excluding early repayment options, the contract stipulates repayment as a bullet payment on maturity in February 2020. Of the total proceeds of €649.0 million, €636.0 million was used to repay existing liabilities under the Senior Facilities Agreement (referred to below as SFA) and €12.3 million relates to settlement of the transaction costs incurred for the issuance of the corporate bond. On repayment of the existing SFA liabilities of €636.0 million, an amount of €4.7 million representing the proportion of the related deferred borrowing costs was recognised as an expense.

On 2 July 2013, the KION Group received the outstanding proceeds from the IPO and the capital increase by Weichai Power. They totalled €701.6 million after deduction of banking fees. On 5 July 2013, once all the proceeds from the IPO had been received, the KION Group used this cash, along with part of the new credit facility and existing cash reserves, to repay the long-term bank liabilities resulting from the KION Group's acquisition finance arrangements (SFA) of €1,078.1 million. In addition, the floating rate note, which was due to mature in 2018 and amounted to €175.0 million, was paid back in full on 19 July 2013.

On repayment of the existing SFA liabilities and the floating rate note due in 2018, an amount of €19.1 million representing the proportion of the related deferred borrowing costs was recognised as a financial expense. Of this total, €15.8 million related to bank liabilities and €3.3 million related to capital market liabilities.

In the third quarter of 2013, financial expenses of €17.7 million arising from the unwinding of interest-rate hedges were also incurred, of which €14.4 million impacted cash flow.

In connection with the IPO, the KION Group agreed a new revolving credit facility with a group of banks for €995.0 million with a term to maturity of five years after the IPO. The directly attributable transaction costs of €9.1 million have been expensed over the term of the credit facility. Combined with the lower margins, this credit facility offers more favourable credit terms in line with those typically available to comparable listed companies. The revolving credit facility and the corporate bond issued in February 2013 are secured in the same way as the SFA liabilities outstanding as at 31 December 2012 and the corporate bond issued in 2011.

OTHER DISCLOSURES

Information on financial instruments

In line with IFRS 7, the following table shows the carrying amounts and fair values of financial assets and liabilities. >> TABLE 26

Carrying amounts and fair values broken down by class >> TABLE 26

	30/09/2013		31/12/2012	
in € million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans receivable	0.7	0.7	0.7	0.7
Financial receivables	10.1	10.1	9.6	9.6
Available-for-sale investments	0.8	0.8	0.8	0.8
Lease receivables*	442.9	442.6	399.3	398.2
Trade receivables	609.8	609.8	625.5	625.5
Other receivables	56.2	56.2	59.2	59.2
thereof non-derivative receivables	34.8	34.8	35.2	35.2
thereof derivative receivables	21.3	21.3	23.9	23.9
Cash and cash equivalents	230.6	230.6	562.4	562.4
Financial liabilities				
Liabilities to banks	325.1	325.1	1,858.4	1,858.4
Corporate bond	957.1	1,039.3	489.5	530.9
Other financial liabilities to non-banks	5.0	5.0	4.5	4.5
Lease liabilities*	540.3	540.7	475.0	475.8
Trade payables	556.5	556.5	646.0	646.0
Other liabilities	488.1	488.3	503.1	503.6
thereof non-derivative liabilities	151.8	151.8	159.2	159.2
thereof liabilities from finance leases*	303.3	303.5	300.3	300.8
thereof derivative liabilities	33.1	33.1	43.6	43.6

* 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 27—28

Financial instruments measured at fair value >> TABLE 27

	Fair value hierarchy			
in € million	Level 1	Level 2	Level 3	30/09/2013
Financial assets				**22.1**
thereof available-for-sale	0.8			0.8
thereof derivative instruments		2.6	18.8	21.3
Financial liabilities				**33.1**
thereof derivative instruments		1.0	32.1	33.1

Financial instruments measured at fair value >> TABLE 28

	Fair value hierarchy			
in € million	Level 1	Level 2	Level 3	31/12/2012
Financial assets				**24.7**
thereof available-for-sale	0.8			0.8
thereof derivative instruments		4.2	19.7	23.9
Financial liabilities				**43.6**
thereof derivative instruments		27.1	16.5	43.6

Level 1 comprises available-for-sale assets for which the fair value is calculated using prices quoted in an active market.

All interest-rate swaps and currency forwards are classified as Level 2. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. Both contractually agreed payments and forward interest rates are used to estimate the future cash flows, which are then discounted on the basis of a yield curve that is observable in the market. The existing interest-rate hedges were unwound in the third quarter of 2013. The fair value of currency forwards is calculated by the system using the discounting method based on forward rates on the reporting date.

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 remaining shares in Linde Hydraulics. The Black-Scholes model is used to calculate the fair value of the put option and the two call options. There were the following material changes in fair value and impacts on the income statement for the first nine months of the year to 30 September 2013, although there was no material impact in the third quarter. >> TABLE 29

Development of financial assets / liabilities classified as level 3 >> TABLE 29

in € million	
Value as at 01/01/2013	**3.2**
Losses recognised in net financial expenses	–16.6
Value as at 30/09/2013	**–13.4**
Losses of the period relating to financial assets / liabilities held as at 30/09/2013	–16.6
Change in unrealised losses for the period relating to financial assets / liabilities held as at 30/09/2013	–16.6

Significant unobservable inputs of level 3 >> TABLE 30

Financial assets / liabilities	Input	Value as at 30/09/2013
Put-Option	Initial exercise price (in € million)	77.4
	Fair value of the remaining shares in Linde Hydraulics (in € million)	116.1
	Residual time (in years)	1.7 – 3.7
Call-Option 1	Initial exercise price (in € million)	77.4
	Fair value of the remaining shares in Linde Hydraulics (in € million)	116.1
	Residual time (in years)	4.2
Call-Option 2	Initial exercise price (in € million)	38.7
	Fair value of the remaining shares in Linde Hydraulics (in € million)	116.1
	Residual time (in years)	1.7 – 4.2

The fair values are measured using probability-weighted scenario analysis, on which the key, unobservable input parameters in the table above are based. >> TABLE 30

As at 30 September 2013, the net value calculated for the options on the remaining shares in Linde Hydraulics came to minus €13.4 million (31 December 2012: €3.2 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 €9.6 million (31 December 2012: €8.3 million) to minus €3.8 million (31 December 2012: €11.5 million) and led to a lower expense of €9.6 million (31 December 2012: additional gain of €8.3 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 €9.7 million (31 December 2012: €9.0 million) to minus €23.0 million (31 December 2012: €5.8 million) and led to an additional expense of €9.7 million (31 December 2012: €9.0 million).

In order to eliminate default risk to the greatest possible extent, the KION Group only 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 nine months of 2013.

KION Performance Share Plan

In May 2013, the Company entered into new service agreements with Executive Board members which were contingent on the Company's IPO going ahead. The provisions of these service agreements specify that long-term, variable compensation (the KION GROUP AG Performance Share Plan) is to be introduced so that the compensation structure is based on the sustainable performance of the Company.

As part of the KION GROUP AG Performance Share Plan, the Executive Board members will be allocated virtual shares over a fixed period (two-and-a-half years for the 2013 tranche and three years for all subsequent tranches). The long-term compensation component is equally based on the total shareholder return (TSR) of KION GROUP AG shares compared with the STOXX® Europe TMI Industrial Engineering index as a measure of market performance, and with return on capital employed (ROCE) as an internal measure. It also depends on the performance of KION GROUP AG shares during the relevant period.

The first performance period for the 2013 tranche ends on 31 December 2015. At the beginning of the performance period, the Executive Board members were granted a total of 0.3 million virtual shares for this tranche with a specific fair value based on an individually defined target in euros as detailed in the respective Executive Board member's service agreement. At the end of the performance period, the number of the virtual shares is amended depending on the degree to which the relevant targets are achieved.

The resulting final number of virtual shares multiplied by the smoothed price of KION GROUP AG shares at the end of the performance period determines the amount of cash actually paid. The Supervisory Board can also use a discretionary personal performance factor to adjust the final payment at the end of the performance period by +/– 20 per cent. The final payment is limited for each member of the Executive Board to an amount equal to 200 per cent of its individual target amount.

The pro-rata expense calculation based on the fair value of the virtual shares on each valuation date is carried out using Monte-Carlo simulation. The following valuation parameters were used to value the virtual shares on the reporting date. >> TABLE 31

Significant measurement parameters for the KION GROUP AG Performance Share Plan >> TABLE 31

Measurement parameters	Valuation date 30/09/2013
Expected volatility of the KION share	40.0 %
Expected volatility of the STOXX® Europe TMI Industrial Engineering Index	25.0 %
Risk-free interest rate	0.2 %
Expected dividend yield	0.88 €
Price of the KION share	27.10 €
Initial value of the KION share (60-days average)	26.64 €
Initial value of the STOXX® Europe TMI Industrial Engineering Index (60-days average)	204.26 €
Expected pay-out for internal target ROCE	100.0 %

The historic volatility of shares in similar companies (peer group) was used to determine the volatility of KION shares on which the valuation is based. As at 30 September 2013, the fair value of one virtual share was € 19.19 and the total fair value based on 0.3 million virtual shares was € 5.0 million on that date. Because the performance period for the 2013 tranche has been set at 30 months, a pro-rata expense of € 0.5 million for three months was recognised in the third quarter of 2013.

Segment report

The Executive Board divides the KION Group into financial services (FS) activities 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.

The key performance indicator used to manage the brand segments is "adjusted EBIT". Segment reporting therefore includes a 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"). To improve comparability and control, the non-recurring items for the Linde Material Handling segment in 2012 also include the retrospective elimination of the EBIT items for the hydraulics business, which was sold at the end of 2012.

The key performance indicator used to manage the Financial Services segment is earnings before tax (EBT). Return on equity (ROE) is also an important metric.

The tables below contain information on the revenue and earnings generated by the KION Group's operating segments in the third quarters of 2013 and 2012 and in the first nine months of 2013 and 2012. >> TABLES 32—35

Segment report Q3 2013 >> TABLE 32

in € million	LMH	STILL	Financial Services	Other	Consolidation/ Reconciliation	Total
Revenue from external customers	622.4	372.9	76.1	10.9	0.0	1,082.3
Intersegment revenue	49.9	48.2	53.7	45.9	–197.7	0.0
Total revenue	672.3	421.1	129.8	56.8	–197.7	1,082.3
Earnings before taxes	**59.8**	**18.2**	**1.1**	**8.5**	**–69.1**	**18.5**
Financial income	2.1	0.4	13.2	3.1	–10.1	8.7
Financial expenses	–4.5	–10.2	–12.0	–62.5	10.2	–79.1
= Net financial expenses	–2.4	–9.8	1.2	–59.4	0.1	–70.3
EBIT	**62.2**	**28.0**	**0.0**	**67.9**	**–69.3**	**88.8**
+ Non-recurring items	3.8	1.7	0.0	–0.7	0.0	4.7
+ KION acquisition items	5.8	1.5	0.0	–0.2	0.0	7.0
= Adjusted EBIT	**71.7**	**31.2**	**0.0**	**66.9**	**–69.3**	**100.5**
Equity result	–3.5	–0.1	0.0	0.0	0.0	–3.6
Capital expenditures[1]	15.6	9.6	0.0	3.9	–1.7	27.2
Depreciation[2]	22.5	10.4	0.0	4.6	–2.3	35.2
Order intake	773.1	433.8	129.8	56.8	–347.2	1,046.4

1 Capital expenditures including capitalised R&D costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excl. leased and rental assets

Segment report Q3 2012

>> TABLE 33

in € million	LMH	STILL	Financial Services	Other	Consolidation / Reconciliation	Total
Revenue from external customers	700.8	354.1	63.5	9.9	0.0	1,128.3
Intersegment revenue	48.2	48.7	60.9	54.9	–212.8	0.0
Total revenue	749.0	402.8	124.4	64.8	–212.8	1,128.3
Earnings before taxes	**67.7**	**14.6**	**1.3**	**–46.6**	**–13.4**	**23.6**
Financial income	2.4	0.6	10.5	–2.5	–14.9	–4.0
Financial expenses	–6.4	–7.6	–9.6	–42.4	14.0	–52.0
= Net financial expenses	–4.0	–7.0	0.9	–44.9	–0.9	–56.0
EBIT	**71.7**	**21.7**	**0.4**	**–1.7**	**–12.5**	**79.6**
+ Non-recurring items	–4.6	7.6	0.0	7.9	0.0	10.9
+ KION acquisition items	7.0	2.0	0.0	0.1	0.0	9.1
= Adjusted EBIT	**74.1**	**31.3**	**0.4**	**6.4**	**–12.5**	**99.7**
Equity result	1.5	1.1	1.2	0.0	0.0	3.8
Capital expenditures[1]	21.9	13.2	0.0	2.8	0.0	37.9
Depreciation[2]	25.7	10.5	0.0	4.7	0.0	40.9
Order intake	797.2	412.0	124.4	64.8	–321.5	1,076.8

1 Capital expenditures including capitalised R&D costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excl. leased and rental assets

Segment report Q1 — Q3 2013

>> TABLE 34

in € million	LMH	STILL	Financial Services	Other	Consolidation / Reconciliation	Total
Revenue from external customers	1,945.8	1,103.2	233.5	34.2	0.0	3,316.7
Intersegment revenue	185.6	160.4	151.3	144.6	–641.9	0.0
Total revenue	2,131.5	1,263.6	384.8	178.8	–641.9	3,316.7
Earnings before taxes	**200.0**	**47.4**	**3.5**	**–97.2**	**–69.2**	**84.4**
Financial income	6.7	1.3	38.7	21.4	–29.7	38.4
Financial expenses	–14.9	–26.4	–35.4	–172.9	28.9	–220.7
= Net financial expenses	–8.2	–25.1	3.3	–151.5	–0.8	–182.4
EBIT	**208.2**	**72.5**	**0.2**	**54.3**	**–68.4**	**266.7**
+ Non-recurring items	4.9	5.2	0.0	1.8	0.0	11.9
+ KION acquisition items	18.0	4.3	0.0	0.0	0.0	22.3
= Adjusted EBIT	**231.1**	**82.0**	**0.2**	**56.0**	**–68.4**	**300.9**
Segment assets	4,538.4	2,108.1	1,109.4	810.3	–2,592.4	5,973.9
Segment liabilities	1,405.3	1,185.0	1,070.8	3,324.6	–2,586.4	4,399.3
Carrying amount of at-equity investments	127.2	6.0	15.8	0.0	0.0	149.0
Equity result	–4.5	0.7	3.5	0.0	0.0	–0.3
Capital expenditures [1]	44.7	25.0	0.0	9.6	0.0	79.2
Depreciation [2]	64.6	28.9	0.0	12.6	0.0	106.1
Order intake	2,126.8	1,243.2	384.8	178.8	–637.0	3,296.6
Number of employees [3]	13,289	7,746	117	667	–	21,819

1 Capital expenditures including capitalised R&D costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excl. leased and rental assets
3 Number of employees in full-time equivalents as at 30 September

Segment report Q1—Q3 2012

>> TABLE 35

in € million	LMH	STILL	Financial Services	Other	Consolidation/ Reconciliation	Total
Revenue from external customers	2,142.4	1,070.3	196.0	30.2	0.0	3,438.8
Intersegment revenue	162.2	150.7	149.7	152.4	–615.0	0.0
Total revenue	2,304.6	1,221.0	345.6	182.6	–615.0	3,438.8
Earnings before taxes	**225.4**	**49.3**	**3.5**	**–151.3**	**–33.3**	**93.7**
Financial income	8.2	2.1	33.1	8.2	–29.2	22.5
Financial expenses	–19.7	–21.4	–30.6	–158.5	26.5	–203.8
= Net financial expenses	–11.5	–19.3	2.5	–150.3	–2.7	–181.3
EBIT	**236.9**	**68.6**	**1.1**	**–1.0**	**–30.6**	**275.0**
+ Non-recurring items	–36.4	9.6	0.0	16.3	0.0	–10.4
+ KION acquisition items	21.2	5.4	0.0	0.8	0.0	27.4
= Adjusted EBIT	**221.8**	**83.6**	**1.1**	**16.1**	**–30.6**	**291.9**
Segment assets	4,653.5	2,056.4	989.9	519.4	–2,137.0	6,082.2
Segment liabilities	1,603.0	1,151.6	950.7	5,071.4	–2,124.0	6,652.8
Carrying amount of at-equity investments	19.7	6.1	13.2	0.0	0.0	39.1
Equity result	13.1	1.2	1.2	0.0	0.0	15.5
Capital expenditures[1]	54.2	33.4	0.0	9.3	0.0	96.8
Depreciation[2]	75.9	31.6	0.0	13.3	0.0	120.8
Order intake	2,345.8	1,215.6	345.6	182.6	–603.1	3,486.6
Number of employees[3]	14,558	7,264	112	695	–	22,629

1 Capital expenditures including capitalised R&D costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excl. leased and rental assets
3 Number of employees in full-time equivalents as at 30 September

The non-recurring items mainly comprised consultancy costs, as well as costs incurred in connection with severance payments, social plan costs and costs relating to the relocation of production and closure of production sites (€14.4 million in total). In the first nine months of 2013, these items also included further income and expenses connected with the sale of our controlling interest (70.0 per cent) in Linde Hydraulics GmbH & Co. KG, Aschaffenburg in December 2012, and components of the share of profit (loss) of the remaining 30.0 per cent of the equity-accounted shares, which amounted to net income of minus €2.5 million. For reasons of comparability and control, the hydraulic business's current income of €26.2 million in the first nine months of 2012 was also eliminated as a non-recurring item from EBIT in last year's segment reporting.

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 on 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. Related parties that are controlled by the KION Group, through which a significant influence can be exerted over the KION Group, or which are members of the Superlift group are either included in the list of shareholdings as at 31 December 2012 or in the table below. >> TABLE 36

Related parties >> TABLE 36

Superlift Holding S.à r.l., Luxembourg	Parent company
Kohlberg Kravis Roberts & Co. L.P., New York, USA	Entity with significant influence
Goldman, Sachs & Co., New York, USA	Entity with significant influence
Weichai Power Co. Ltd., Weifang, China	Entity with significant influence
KION Management Beteiligungs GmbH & Co. KG	Stockholder

Superlift Funding S.à r.l., Luxembourg

Under a supplementary loan agreement dated 23 September 2009, investment funds advised by Kohlberg Kravis Roberts & Co. L.P. ("KKR") and The Goldman Sachs Group, Inc. extended the SFA to include an additional loan of €100.0 million to be paid via Superlift Funding S.à r.l., Luxembourg. The loan (including accrued interest) and the investment in Superlift Funding, together amounting to €118.1 million, were converted into equity with effect from 11 June 2013.

Advisory agreements

On 8 May 2007, KION GROUP GmbH, Kohlberg, Kravis Roberts & Co. L.P. ("KKR") and Goldman, Sachs & Co. entered into an advisory agreement, under the terms of which KKR and Goldman, Sachs & Co. were to provide advisory services for the KION Group. These advisory services related, in particular, to financial and strategic issues. The advisory agreement expired when KION GROUP AG was floated on the stock market. A pro-rata amount of €2.4 million has been recognised as an expense in respect of this agreement in the condensed consolidated interim financial statements for the nine months ended 30 September 2013 (Q1—Q3 2012: €3.5 million, of which €1.2 million relates to Q3 2012).

KION GROUP AG, KKR and Goldman, Sachs & Co. concluded a new global advisory agreement on 7 June 2013. Under the agreement, KKR and Goldman, Sachs & Co. will continue to provide limited advisory services for the KION Group after its IPO in the event that the KION Group decides it wishes to draw on this expertise. In the third quarter of 2013, a total of €0.1 million was recognised as an expense.

In connection with the issuance of a corporate bond, a banking fee totalling €1.9 million was paid to KKR and Goldman, Sachs & Co. as syndicate members. This fee has been allocated pro rata as transaction costs to each of the tranches and expensed over their respective terms.

As part of the stock market flotation, KKR and Goldman, Sachs & Co. were promised a contractual banking fee totalling €5.1 million, which was reported in other comprehensive income (loss) as transaction costs relating to the capital increase.

In August 2013, the KION Group began preparations for an employee share programme to enable staff members, initially those in Germany, to derive greater benefit from the success of the Company. An agreement for handling the share repurchase was signed with Goldman Sachs International, in which Goldman Sachs International was authorised to run the buy-back programme on behalf of KION GROUP AG. In the third quarter of 2013, a total of €0.1 million was recognised as an expense.

Weichai Power

Weichai Power Co. Ltd., Weifang, China (referred to below as Weichai Power) holds a 30.0 per cent stake in KION GROUP AG, Wiesbaden. In addition, Weichai Power has a controlling interest (70.0 per cent) in Linde Hydraulics GmbH & Co. KG, Aschaffenburg (referred to below as Linde Hydraulics). The remaining shares (30.0 per cent) in Linde Hydraulics are held by the KION Group. During the first nine months of 2013, the KION Group earned revenue of €12.3 million from selling goods and services to Linde Hydraulics and its subsidiaries. Of this amount, €4.1 million related to the third quarter of 2013. During the first nine months of the year, KION Group companies obtained goods and services from Linde Hydraulics and its subsidiaries amounting to €88.5 million. Of this amount, €25.7 million related to the third quarter of 2013. The receivables arising from the sale of goods and services stood at €2.8 million as at 30 September 2013 (31 December 2012: €1.0 million). Valuation allowances for trade receivables had not been recognised as at the reporting date, a situation that was unchanged on 31 December 2012. As at 30 September 2013, liabilities to Linde Hydraulics and its subsidiaries resulting from the purchase of goods and services came to €4.7 million (31 December 2012: €0.0 million).

In parallel with its global advisory agreement with KKR and Goldman, Sachs & Co., KION GROUP AG also concluded a global advisory agreement with Weichai Power on 7 June 2013. Under the agreement, Weichai Power will provide advisory services related to the Asia-Pacific region for the KION Group after its IPO in the event that the KION Group decides it wishes to draw on this expertise.

Weichai Power (Luxembourg) Holding S.à r.l. acquired shares by way of a capital increase. This capital increase caused the share capital to rise by €13.7 million and the capital reserves by €314.7 million. The share premium of €314.7 million was paid by Weichai Power on 2 July 2013.

Material events after the reporting date

Between the reporting date of these interim financial statements and 8 November 2013, 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 30 September 2013 or that it would be necessary to disclose.

Wiesbaden, 8 November 2013

The Executive Board

Gordon Riske

Bert-Jan Knoef

Theodor Maurer

Ching Pong Quek

Dr Thomas Toepfer

Quarterly information

Quarterly information >> TABLE 37

in € million	Q3 2013	Q2 2013	Q1 2013	Q4 2012 [2]	Q3 2012 [2]	Q2 2012 [2]
Order intake	1,046.4	1,104.8	1,145.3	1,213.5	1,076.8	1,202.6
Order intake—excluding Hydraulics Business	1,046.4	1,104.8	1,145.3	1,204.5	1,052.0	1,165.8
Revenue	1,082.3	1,149.3	1,085.2	1,287.9	1,128.3	1,166.1
Revenue—excluding Hydraulics Business	1,082.3	1,149.3	1,085.2	1,252.0	1,089.5	1,122.3
EBIT	88.8	91.5	86.4	274.1	79.6	104.7
Adjusted EBIT [1]	100.5	107.6	92.8	116.4	99.7	101.9
Adjusted EBIT margin [1]	9.3 %	9.4 %	8.5 %	9.3 %	9.1 %	9.1 %
Adjusted EBITDA [1]	175.9	183.5	167.9	191.7	174.2	174.2
Adjusted EBITDA margin [1]	16.3 %	16.0 %	15.5 %	15.3 %	16.0 %	15.5 %
Free cash flow	52.2	20.2	–4.7	–73.7	30.8	81.7
Net financial debt	1,056.6	1,701.6	1,824.4	1,790.1	2,709.6	2,711.6

1 Key figures for 2012 were adjusted due to the Hydraulics Business
2 Key figures for 2012 were adjusted due to the retrospective application of IAS 19R (2011)

DISCLAIMER

We have included the interim group management report and the condensed consolidated interim financial statements of KION GROUP AG in this interim report. KION GROUP AG owns all the shares in KION Holding 2 GmbH, which in turn is the sole shareholder of KION Material Handling GmbH. KION Material Handling GmbH acts as our management holding company.

This interim report should be read in conjunction with the 2012 group management report and consolidated financial statements of KION Holding 1 GmbH (since renamed KION GROUP AG), which are available on our website. The information in this interim report comprises updates and additions to the 2012 group management report and consolidated financial statements.

The condensed consolidated interim financial statements of KION GROUP AG included in this interim report for the applicable period ended 30 September 2013 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. The financial information and financial statements in this report are disclosed in euros (€). Certain numbers in this interim report have been rounded up or down. 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).

This interim report contains information, data and forecasts concerning our markets and our competitive position. We have not verified the accuracy of the data and forecasts contained in this interim report that were taken from industry publications, publicly available documents of our competitors or other external sources. We believe that the information, data and forecasts in this interim report provide adequate estimates of the size of our markets and essentially provide a true and fair reflection of our competitive position in these markets. However, our internal estimates have not been verified by external experts. We cannot guarantee that a third party applying different methods of collecting, evaluating and calculating market information and data would obtain the same results. In addition, our competitors may define our and their markets differently to how we define them.

This interim report contains forward-looking statements that are subject to various risks and uncertainties. Certain factors may cause actual results to differ substantially from the results implied in these forward-looking statements. Such factors include, but are not limited to, changes in business conditions, economic conditions and the competitive situation, regulatory reforms, exchange rate fluctuations, uncertainties surrounding legal disputes and investigations and the availability of funds. These and other risks and uncertainties are set forth in the 2012 group management report, and an update has been provided in the section 'Opportunity and risk report' in this interim report. However, other factors could also have an adverse effect on our results.

The information in this interim report is given as of the date of the report. KION GROUP AG does not undertake to update the information contained in this interim report.

FINANCIAL CALENDAR

20 March 2014
Financial statements press conference
Publication of 2013 annual report

8 May 2014
Interim report for the period ended 31 March 2014

19 May 2014
Shareholders' Meeting

Subject to change without notice.

CONTACT INFORMATION

Contacts for the media

Michael Hauger
Head of Corporate Communications
Tel. +49 (0) 611.770-655
michael.hauger@kiongroup.com

Frank Brandmaier
Head of Corporate Media Relations
Tel. +49 (0) 611.770-752
frank.brandmaier@kiongroup.com

Contacts for investors

Frank Herzog
Head of Corporate Finance
Tel. +49 (0) 611.770-303
frank.herzog@kiongroup.com

Silke Glitza
Head of Investor Relations and M&A
Tel. +49 (0) 611.770-450
silke.glitza@kiongroup.com

Securities identification numbers
ISIN: DE000KGX8881
WKN: KGX888

KION GROUP AG
Abraham-Lincoln-Strasse 21
65189 Wiesbaden | Germany
Tel. +49 (0) 611.770-0
Fax +49 (0) 611.770-269
info@kiongroup.com
www.kiongroup.com

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

Publisher

KION GROUP AG
Corporate Communications
Abraham-Lincoln-Strasse 21
65189 Wiesbaden | Germany

Tel. +49 (0) 611.770-0
Fax +49 (0) 611.770-269
info@kiongroup.com
www.kiongroup.com