

Report of the Executive Board on agenda item 7

The Company is authorized, by resolution of the extraordinary general meeting of 13 June 2013, to acquire own shares up to a total of 10% of the share capital and to use them for certain purposes. This authorization will run until 12 June 2016 and will therefore expire shortly after the annual general meeting in 2016. The Executive Board and the Supervisory Board believe it reasonable to continue to allow the Company, in accordance with usual corporate practice, to acquire and use own shares pursuant to section 71(1), no. 8 German Stock Corporation Act. Agenda item 7 contains the proposal to cancel the existing authorization for the acquisition and use of own shares and to grant a new authorization.

1. Acquisition of own shares

With the new authorization for the acquisition and use of own shares, the Company will – for five years, i.e. on or before 11 May 2021 – be able to acquire own shares up to a total of 10% of the share capital at the time of the adoption of the resolution or – if this value is lower – at the time at which the authorization is exercised. This will allow the Company to make use of the legal framework for such authorizations. Based on the proposed authorization, the Company can, by itself or via companies dependent on it or in which the Company holds a majority of the shares or via third parties acting on its or their account, acquire own shares by means of a purchase over the stock exchange or by way of a public purchase offer.

When acquiring own shares the equal treatment principle of section 53a German Stock Corporation Act should be noted. The proposed acquisition of the shares over the stock exchange or by way of a public purchase offer takes this principle into account. Should, in the case of a public purchase offer, the number of shares offered for sale exceed the total volume the Company intends to acquire, it is possible that, based on the proposed authorization, the acquisition will be performed according to the proportion of offered shares per shareholder instead of according to the proportion of the participation quotas. In this way the acquisition process can be simplified and technically executed in an economically reasonable manner. Moreover, it shall be possible to give preferential treatment to lower numbers of shares up to 100 shares per shareholder. On the one hand, this possibility serves to avoid small residual quantities and possibly related de facto discrimination of small shareholders. On the other hand, the possibility likewise contributes to the simplification of the technical execution of the acquisition process. Finally, in all cases it shall be possible to provide for a rounding of shares according to commercial principles, in order to avoid fractional shares. This possibility will also simplify the technical execution. The Executive Board and the Supervisory Board consider it objectively justified and appropriate vis-à-vis the shareholders to exclude any more extensive right of the shareholders to sell shares in all of the structures specified in this paragraph.

2. Use of own shares

The own shares acquired based on the proposed authorization may be used for all legally permissible purposes including, in particular, the following:

a) Redemption of shares

The resolution proposal contains the authorization of the Company to redeem own shares without a further resolution of the general meeting. This authorization makes it possible for the Company to react to the respective capital market situation in an appropriate and flexible manner. The proposed authorization stipulates that the Executive Board can also redeem the shares in accordance with section 237(3), no. 3 German Stock Corporation Act without a capital reduction. Redemption of shares without a capital reduction results in an increase of the proportional amount of the remaining shares in the share capital of the Company pursuant to section 8(3) German Stock Corporation Act. In such a case the Executive Board shall be authorized to amend the articles of association with respect to the changed amount of the no-par value shares.

b) Sale of shares for cash consideration

The own shares acquired by the Company can be sold over the stock exchange or by means of an offer to all shareholders. In this way the principle of equal treatment of the shareholders will be adhered to when the shares are sold. In addition, the Company can also – based on the proposed authorization – sell the acquired own shares, under exclusion of acquisition rights, in a different manner than over the stock exchange or by means of an offer to all shareholders if the shares are sold for cash at a price that does not fall significantly below the stock exchange price of shares in the Company at the time of the sale. This authorization makes use of the possibility of simplified exclusion of acquisition rights permitted in section 71(1), no. 8 German Stock Corporation Act in analogous application of section 186(3), sentence 4 German Stock Corporation Act. It will serve the interest of the Company in achieving the best possible price when selling the own shares. The Company will be put in a position to make use of the available opportunities, based on the respective state of the stock market, quickly and flexibly as well as cheaply. The sale proceeds achievable by means of a pricing that is as close as possible to market pricing usually results in a significantly higher inflow of funds per sold share than in the case of a placement of shares with acquisition rights of the shareholders, in respect of which there are generally significant markdowns of the stock exchange price. In addition, by foregoing the time-consuming and expensive execution of acquisition rights, the equity capital requirements can be quickly met through market opportunities arising at short notice. Finally, the authorization of the Company will also help when it comes to finding new investors.

The concept of dilution protection for the shareholders is taken into account by the fact that the shares may only be sold at a price that does not fall significantly below the

relevant stock exchange price. The final sale price for the own shares is determined shortly before the sale. Taking into account the respective relevant market conditions, the Executive Board will endeavour to keep any markdown of the stock exchange price as low as possible. It is generally possible for interested shareholders to maintain their participation quota by acquiring additional shares in the market.

The authorization applies subject to the provision that the shares sold with the exclusion of the acquisition right pursuant to section 186(3), sentence 4 German Stock Corporation Act may not, in the aggregate, exceed a proportional amount of 10% of the share capital either at the time this authorization takes effect or at the time it is exercised. Shares that are issued during the term of this authorization from authorized capital under exclusion of the subscription right pursuant to sections 203(2), sentence 2, section 186(3), sentence 4 German Stock Corporation Act will be counted towards this limit. Moreover, any shares that are to be issued for servicing bonds and/or participation rights with conversion or option rights or a conversion or option obligation will be counted towards this limit insofar as the bonds and/or participation rights are issued subject to the exclusion of subscription rights during the term of this authorization in analogous application of section 186(3), sentence 4 German Stock Corporation Act. The financial and voting rights interests of the shareholders are appropriately protected as a result of these imputations and the fact that the issue price must be based on the stock exchange price.

c) Sale of shares for non-cash consideration

Moreover, the Company shall be given the possibility to sell own shares, under exclusion of acquisition rights of the shareholders, for non-cash consideration as well. Thereby, the Company will be put in a position to be able to offer own shares, directly or indirectly, as consideration in appropriate individual cases, in particular in connection with the acquisition of enterprises, parts of enterprises or interests in enterprises. The Company competes at a global level. It must be in a position at all times to act quickly and flexibly in national and international markets. Practice shows that it is not uncommon for shares to be demanded as consideration instead of money. The possibility to offer own shares as consideration therefore creates an advantage when competing for interesting acquisition targets as well as the necessary leeway to be able to make use of available opportunities to acquire objects quickly, flexibly and in a manner that does not weaken the Company's liquidity position. Consideration in the form of shares may also make sense from the perspective of an optimum financing structure. If such projects materialise, the Executive Board will carefully assess whether it should make use of the authorization to grant own shares. When determining the relations between the respective values, the Executive Board will make sure that the interests of the shareholders are appropriately protected. When determining the value of the shares provided as consideration, the Executive Board will generally take the stock exchange price of the shares as a basis. However, a schematic connection with the stock exchange price is not in the interest of the Company,

especially so as not to call into question – through fluctuations in the stock exchange price – results of negotiations that have been achieved.

d) Fulfilment of conversion or option rights/conversion or option obligations

Moreover, the authorization provides that the own shares, under exclusion of shareholders' acquisition rights, may be used to fulfil conversion or option rights/conversion or option obligations arising from bonds and/or participation rights that were issued by the Company or a domestic or foreign company in which the Company holds directly or indirectly the majority of the votes and capital.

Instead of new shares from a capital increase, it may be expedient to use – in full or in part – own shares in order to service conversion or option rights/conversion or option obligations. For this reason the authorization provides for such a – common – possibility to use own shares.

e) Use for remuneration or employee share schemes

It shall be possible for the acquired own shares to be used as well in connection with share-based remuneration or employee share schemes of the Company, or of companies that are dependent on the Company or in which the Company holds a majority of the shares, and issued to persons who are or were in an employment or service relationship with the Company or a company that is dependent on the Company or in which the Company holds a majority of the shares. It could be in the interest of the Company and its shareholders to issue employee shares since this could promote the employees' identification with the Company and, in so doing, help increase the corporate value as well as encourage a sense of responsibility. In order to be able to offer the employees the chance to purchase own shares, the shareholders' acquisition rights to these shares must be excluded. When determining the purchase price to be paid by the employees, an appropriate reduction based on the company's success – which is customary for employee shares – can be granted. The authorization also makes it possible to provide employees with shares free of charge.

On 1 October 2014 the Executive Board of KION GROUP AG introduced a share participation programme for employees ("KION Employee Equity Programme", hereinafter "KEEP"). Participation in KEEP having been limited to employees of KION GROUP AG and selected German group companies in 2014, in 2015 employees of selected group companies in China, France, Italy and Great Britain were also offered the opportunity to participate in addition to employees of KION GROUP AG and selected German group companies. In addition to the companies already participating, in future years KION GROUP AG plans to further extend participation in KEEP to the employees of group companies in other countries.

The employee participation programme KEEP is structured as a share matching plan. Participating employees acquire shares in KION GROUP AG from KION GROUP AG as

a personal investment. Purchasing three shares and holding said three shares for three years in accordance with the KEEP terms and conditions qualifies each entitled employee to subscribe – free of charge – one further share in KION GROUP AG (“Bonus Share”). In addition, KION GROUP AG issues the employees with so-called starter packages for their initial participation in KEEP: Within the limits of the tax-free allowance of EUR 360.00 KION GROUP AG agrees to bear the cost for one KION GROUP AG share per employee (“Free Share”). The Management Board of KION GROUP AG shall decide each year whether to make employees an offer for the purchase of shares and, if so, when.

3. Exclusion of acquisition rights for the benefit of creditors of bonds

Finally, the authorization makes it possible, in the case of an offer of own shares to the shareholders, to partly exclude the shareholders’ acquisition rights for the benefit of the creditors of bonds and/or participation rights with conversion or option rights/a conversion or option obligation. This makes it possible, instead of reducing the conversion or option price, to grant the holders of existing conversion or option rights/the creditors of bonds with conversion or option obligations subscription rights to shares as dilution protection.

4. Additional information

The aforementioned possibilities can also be made use of with respect to shares that were acquired on the basis of earlier authorisation resolutions in accordance with section 71(1), no. 8 German Stock Corporation Act. These possible uses also apply in case of shares that were acquired by companies dependent on the Company or in which the Company holds a majority, or that were acquired in accordance with section 71d, sentence 5 German Stock Corporation Act. Being able to use these own shares like the shares acquired on the basis of this authorisation resolution is advantageous and provides additional flexibility.