KION GROUP AG

Q3 Update

Conference Call

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Speakers: Gordon Riske (CEO)

Thomas Toepfer (CFO)

Gordon Riske: Yes, thank you very much and welcome to all of you to our Q3 update call. As we have done in the past we will go through a couple of highlights, the first three quarters of 2013 and the financial update and then give you a little of an outlook towards the remainder of 2013. So I would like to go right into page four in the presentation and take you through the numbers, I think, as we go through the presentations there are a couple of key messages that we would like to get across to you. Number one is we feel very strongly, a very solid Q3 absolutely on track. Number two is, as you will see in the numbers, the European market, of course, has not recovered with the velocity that, of course, was originally expected into the market although we do see some recovery happening. The third point you should note is also going forward, we do see order intake picking up. And fourth we see a very good position going into the year 2014, especially with many of the new products that we will be introducing. So, I am on page four here order intake close to 2012, we had an order intake of 3.297 billion that is slightly down, minus 2.6 percent but you should always keep in mind as KION is a very globally positioned company with a currency effects throughout this year, especially China, UK and some of the other markets. There is a 50 million at least translation effect in that number and so that is certainly to be considered. Order intake Q3 worth over a billion, so a billion 46 was already at prior level, so we do see already a slight uptake versus the first half of the year. We have an order book of 694 million. On the revenue side, very close to previous year levels, I would say at previous year levels especially here also considering the negative translation affects the currency also about 50 million. So on both the revenue side and on the order intake you should always when you compare the numbers consider the translation effects. We are very happy with the result of the first three quarters. In this year with 300 million/301 million the exact number up 9 million so an adjusted margin of 9.1 percent. Q1 through 3 so that is another record for us as a company, very solid performance in Q3 with a margin of 9.3 percent, so we had a very successful result. Based on, as we indicated earlier in the year, a very, very effective cost management to make sure we do achieve our results. On the net income we have 81 million so quite a big step-up versus last year there are some one-off effects which our CFO, Thomas Toepfer will explain to you in detail when we get into the financial section but even on a like-for-like basis a very, very significant improvement in the bottom line result as a result of our good performance. Moving to page five some of the operational highlights. The global market, as most of you that are involved in the markets, do know the global markets have grown versus last year. Western Europe has still weakness in the demand. We have seen delays in customer orders, postponements, we have not seen any order cancellations, we have seen simply a slower recovery although already in the third quarter towards the end of the third quarter it started to get better in October and November demand is improving. We have had a very successful price assertion even in the context of a weaker European market so we did not buy market share. We were able to remain at good market share level and a very, very successful price assertion. Outside of Europe the emerging markets are best result ever with 37 percent of the volumes coming out of these emerging markets especially driven by China and Brazil.

Some of the very closely to the business operating and improvements in our global footprints we announced the closure of the Merthyr Tydfil site and that has now been delivered. We have completed that process so we do expect that positive result to show up in 2014 as a result of the closure. Linde has also launched a line-up of new trucks so from the 2.5 to five ton IC trucks so-called evo generation with this new truck generation that is kind of the heart and soul of the Linde group and the engine driven trucks with a number of improvements; all new engines, many new features, the cleanest forklift truck in the market with 39 percent reduction in emissions; better fuel efficiency; more comfort for the driver. We also had a number of other products, new product offerings this year, we introduced a new reach truck for Linde this year on the STILL side also one of the biggest efforts ever in the history of the company with a new four to five ton truck and new six to eight ton truck and a new torque converter. So it has been a big year this year for new products that are coming into the market at the end of this year or beginning next year. We have also strengthened ourselves in service network. We did close the majority acquisition of a new dealer in Turkey and we are were able to open our one hundredth service location in Linde China really putting the exclamation point behind our leading position in this very, very important market. We have continued to work on our integrated business model, our services was about 44 percent share of revenue. So a very busy time in the first three months of the year especially on the product side with many new products that have been developed and that will come into the market in the next months ahead and that is why we are also looking optimistically in the year 2014.On page six the current market development, globally the market is moving 7 percent in Q3 so that is mainly driven by the volume markets in China and the United States and we have seen this positive momentum continue in Q3 with the sore spot that is regionally quite different with Western Europe being still weaken investment activity. As I said we do see an upside coming there, we have seen increased order activity so our planning is that the Western European market will continue to rebound. Eastern European, strong and steady growth; Latin America has slowed down somewhat outside of Brazil but with the new products, with our new factory have been able to outperform quite significantly the market in Brazil and Asia with the Chinese recovery very, very strong and for KION, as I said, the Chinese market driving the global growth, the demand in Brazil remaining strong on a very high order level in Poland, Czech Republic outlining and underscoring our position in Eastern Europe. On page seven our overall performance, a high level with 106,000 units year to year. The order intake in Q3 and that already shows a slight rebound (1.8 percent) so versus last year which is a good improvement and that trend is continuing. We have seen in October specifically and even stronger uptaking orders especially in Western Europe and in November starting off pretty well at this point. So, the Q3 performance has been better than market. We have regained some ground that we originally lost in the first half of the year. And going into next year the emerging markets making up 37 percent of all new orders in units, very good position to take us into the next year with all-time high levels in China and Brazil. In thousands of units you see on the right-side of this page, 2012 compared to 2013 and if you think of where were in the first half of the year and now already being at 106, certainly a nice recovery. On page eight and a couple of the following pages a little bit more depth and colour in the specific markets. On the left side will always be the market and on the right side the KION performance in these markets as we have repeated in previous calls the Q1 through three minus 2.8 performance, Q3 minus 2 percent so a slight recovery. In Q3 the German market the downturn has slowed down, that is about as positive as we can put it. The French market has turned positive. The market in the UK slightly below; Spain is continuing to stabilise so all in all we have a Western European market that is slightly behind last year, with a slight improvement in Q3. KION, on the other hand, we have had Q3 very close now to the level of Q3 2012 so we were able to maintain a very strong market leadership in Germany, France, Italy, UK a very, very strong Q3 warehouse developed nicely, as I said, a very good price assertion which shows up in the record EBITs that we have had delivered now in the third quarter of this year. On the right side you can see the comparison, Q1 through three and then Q3 by itself only 0.9 percent, so minus 0.9 percent so also a more dynamic pick up for us into the market. As a trend, in the Western European market – on page nine – we have outlined this for you, certainly on even levels and stages of recoveries in the core markets the German market has weakened after a very, very strong 2012 although that is starting to stabilise. France and UK are stabilising at this point and Italy and Spain are still well-below pre-crisis levels. But with the aging fleet we do see pent-up demand that should start to happen in 2014 and 2015, so there is actually an opportunity there.

On page 10, the Eastern European markets, the demand has re-accelerated actually in Q3, 7.4 percent for the quarter, so ahead of the year-to-date numbers. Russia slightly above the last months, Poland very strong, Czech Republic very strong, so we do see there an upside and KION also with 7.1 percent in Q3 10.8 percent the first three quarters of the year very solid growth in these markets with new products that we have delivered, products for these markets, solid gains and electric trucks where we are the market leader in Western Europe; a very good performance. South America/Central America – on page 11 – we have seen some press reports and we have seen in other industries slight slowdowns in the market after a very, very strong first half-year; Q3 volume in the forklift market was bound, as you see, with a minus 8.8 percent but due to our new set up of the new factory and most significantly localised new products that we have implemented, executed in these markets, we have a Q1 through three 27.4 percent so quite outperforming the market and 6.7 percent growth in Q3 so very, very solid performance in this market. China – one page 12 – an absolute success story. The market is up quite significantly, 20 percent in Q3 after a somewhat slower start Q1 through three with 11.9 percent and KION performance in Q3 with 14.2 percent uptake so it is the strongest quarter that we have had in China, strongest performance of very high order level. We have increased our position in this market with new products. We have developed specifically for this market new products that came onto line in the third quarter and we have additional products that will come on-board in the beginning of 2014. We have extended our R&D activities now up to 250 people and we will continue to leverage our very strong R&D base for new products that are starting to come out into the market. On page 13 for those of you that do not have that much insight into the KION position in China, we have put a graphic together for you. 85 percent of the Chinese market is basically in the hands of domestic players; 15 percent is in the hands of international players. Half of that international market is KION, so KION is third-largest player in all of

China. We have the absolute leading position in the premium segment and by far the largest international player in this segment with about half of the market shares. We already have 25 percent of the revenues in China, our after the sale of the trucks so with an install base of more than 90,000 trucks now, more than 2,000 sales and service personnel, a very strong position. The cooperation with Weichai is starting to take shape. Also in distribution we have been able to add another 22 dealers through the Weichai Power and affiliate group and we have been able to open the one hundredth service location in Tibet after we did a test with one of our new trucks driving 2,200 kilometres across China as part of the Linde twentieth anniversary celebration which will be taking place at the end of 2013. We have also increased our co-operation financial services with Weichai Power through their financing and leasing arm called Strong Finance. So, all in all our position in China, very strong, very good performance in the last three months but also year-to-date. So, altogether a solid performance Q3, very good delivery on results and with that I would like to turn it over to Thomas Toepfer to take you into the financial update.

Thomas Toepfer: Thank you very much and a warm welcome and good afternoon/good morning also from my side. Please turn to page 15 where you have the overview of our top KPIs. Just to remind you the first three one are adjusted for the sale of the Linde Hydraulics business and are therefore like-for-like. The net income number is not adjusted and let me start maybe with the revenue line. As you can see we have a stable development on the very high level of 2012 and that is despite the fact that we have negative fixed effect of roughly 48 million in the year 2013, as Gordon Riske said that all will have to be taken into account. Against that background we were able to expand the margin in the first nine months of the year to a new record of 9.1 percent for that time to an absolute number of 301 million and we think that is a very good result. If you look at the net income, which is not like-for-like, as I said, we have some important one-off effects. I will talk you through on one of the later pages but even if you adjust for these one-offs you will see that also operationally there was a very important lift up in net income over this period. Let us look at the order intake on that page. Apparently slightly declining by 2.6 percent, again to be kept in mind also the foreign exchange is playing a role here with the same order of magnitude as it is for the revenue and, more importantly, if you turn to the next page – on page 16 – you can see that there is some, let us say, improvement in the order intake line in the third quarter. We were on par with previous year, the majority of the foreign exchange effects being in that quarter, so again that shows that operationally what we are doing, we have an improvement here. If you look a little beyond Q3, as Gordon Riske said, the uptake in order intake in units we see that also in Euro number, so in October we definitely see further improvement as we have already seen in the third quarter. Revenue, at the same level as in 2012; EBIT is also up to a new record of 9.3 percent margin with 101 million and the net result is slightly up to 11 million and you will see on the detailed pages that is despite the one-off effect that negatively burdened the result in that period. Please turn to page 17 where you have more details on the revenue line. I think the revenue, as I said, is broadly stable in the nine-month period but also in Q3. If you look at it in more detail you can see the service business is growing at a good rate of 3 percent over the nine months and 5.4 percent in the third quarter and that is across all service categories. Now, let us look at the new business. The 33 million that you see can be completely, almost completely being attributed to foreign exchange effects and, therefore, as I said, fundamentally we clearly see that the business is moving stable. Please turn to page 18, you can see that very clearly we were able to consistently increase our profitability on the EBIT and also on the EBITDA level for the nine-month period but also in Q3 and the driver behind that is our price assertion so a very disciplined approach also in a still somewhat slow market in Western Europe, we would make no concessions on pricing. We have, as Gordon Riske said, new product offerings and products that we launched and thirdly we have more profitable sales channels. You saw that we acquired dealers so we are increasingly participating in the service business which is positively influencing our margin and that ultimately then led to the EBIT, the positive EBIT effect in Q3. Please turn to page 19, you have the bridge from the adjusted EBIT all the way down net income. The non-recurring items mainly contain the positive result of the Linde Hydraulics business of 26 million in the year 2012 and in 2013 we adjusted mainly for the IPO and some minor restructuring costs. The KION acquisition items, as you are aware, are reflecting the purchase price allocation effects from 2006. They are non-cash and they are decreasing in 2013 at a consist and constant rate. So that leads to the reported EBIT. Let us look at the net financial expense line below that. At first sight at the same level as in 2012. However, behind that is a very positive and sustainable interest effect from the conversion of the shareholder loan and the debt reduction through the IPO. However, we have got some negative one-off expenses of 37 million in the third quarter that is 19 million referring to deferred borrowing costs which were expensed in the third quarter as we repaid our SFA debt after the IPO and roughly 18 million as referring to interest rate hedges, which we also ended with the repayment of the debt. In addition, we have 17 million negative effect also in that number through the revaluation of the Linde Hydraulics option which happened in Q2. On the tax line you can see significantly less taxes as in 2012. However, that contains a positive tax effect of 48 million and therefore, as I was saying, the positive and negative effects largely level out on the net income line and therefore the positive uplift in net income reflects also the operational performance of the business which we have shown in the first nine months of the year. Please turn to page 20 which gives you the same picture for the Q3 so the non-recurring items and the KION acquisition items reflect the same items largely as they did over the nine-month period. I would like to draw your attention to the net financial expense line, 70 million in Q3 2013 versus 56 last year. Here you have to deduct or to adjust for the 37 million one-off effects that I was just referring to and if you take these off the 70 million that brings it to 33, which from our perspective is a good proxy for the run-rate of our financial expenses for Q4 but then also into the next year, 2014. If you turn to page 21, you will see the cash flow statements starting with the EBITDA number excluding our financial services. The change in trade working capital is comparable to last year. However, our total trade working capital of 640 million is better than last year by almost 100 million even if you adjust for the Linde Hydraulics effect. The taxes refer to regular tax payments and the one-off tax payment effect that I was referring to in an earlier call which relates to the Linde Hydraulics transaction we are expecting that in Q4 of this year. Rental CAPEX is somewhat below 2012 that is more due to a very strong Q3 last year. We think that we are this year on a normal and sustainable level. Engine payments largely unchanged and the other line items include the payment for the employee bonus and some lower outflows for restructuring. Leaving cash flow better than last year due to our improved refinancing and that gives you an operational cash flow of 136 million on last year's level despite the fact that Hydraulics is not on-board anymore. So if you do see some improvement here. Below that the cash flow from investing is better than last year mainly driven by operating CAPEX which is below last year also partly due to the fact that Hydraulics is not with the company anymore and lower effects from acquisition. Therefore, the free cash flow has improved by 29 million, which is a 74 percent uplift, and that reflects also the operational performance which we have shown. On the next page 22 that puts this into perspective relative to our net financial debt. On the left-hand side you see the situation as of June 30th with 1.7 billion of net financial debt that is pre the IPO closing. Roughly 500 million of net pension liabilities and roughly 400 million of net leaving liabilities. We have received the net receipt from the IPO of 702 million on July 2nd that has reduced our financial debts. Also the operational, the free cash flow in Q3 of 52 million has reduced the financial debt and then we have had interest and other payments of 27 million and IPO and one-off and acquisition effects of 82 million in the third quarter so bringing our net financial debt to roughly 1.057 billion within a pension and net leaving liability being mainly unchanged. So that shows you a leverage of 1.5 times after the IPO or a total leverage of 2.7 which was our target number and which we think is a healthy basis to start from in terms of further deleveraging the company. So please turn to page 23 just to give you also our ambition level in terms of margin. You see here the comparison on the basis of 2012. We had a margin of 9.0 percent. If you compare that on the left-hand side with other industrial truck companies, material handling companies or German engineering mid-cap companies, we think that we are well-ahead of this peer group and already have best in class. In the EBIT margin we see ourselves more in the space on the right-hand side of the page. That means European capital goods companies and have the clear target to increase our margin. We think that we are clearly differentiated by the fact that we have the scale and the synergy benefits of our global region, our global group plus we have the possibility to source locally and produce and also develop locally mainly in our facility in China and that from all perspective is a clear differentiating factor and also a very important factor to drive up the margins. You have the main drivers, which we mentioned already in the past, which is the full impact from our restructuring. The global R&D, our efficient use of our scale and the roll-out of a platform and model strategy, all that is fully underway and Gordon Riske already mentioned that we have launched new products this year and we have important product launches ahead of us in 2014 and therefore we think that from the 9 percent basis we have a very good upside, which we are targeting. With that I would like to turn it back to Gordon for the outlook.

Gordon Riske: Yes, thank you very much Thomas. I am on page 25 at this point and the headline confirming our previous earnings outlook. Another way to say it is the KION story is fully on track. Yes, of course, with the slower recovery in Western Europe we have had a little bit of pressure on the top line but, of course, with the effects for the exchange rates if we do look on a like-for-like basis also very good job at the end of the day with the cost measures that we have executed very well. We have been able to deliver again a record in terms of operational performance and with the good start into Q4 of 2013 we do expect Q4 order intake to be ahead slightly of Q4 2012. So we are here in a position to confirm our earnings outlook that we put into the market in the group management report 2012. Yes, it is a challenging economic environment in Western Europe, these conditions do continue. We do see some upside and have seen that in the order intake pick-up in September and October and now coming in November. We have had negative currency effects – Thomas went through what that meant in Euro numbers. We do see, however, no significant impact on the financial performance due to the fact that we executed extremely well the cost, down cost related measures. So we have unchanged expectations for moderate growth of the adjusted EBIT and the corresponding margin assuming there is no significant weakening in the macro environment which we, at the moment, do not see. The surplus contribution continues at over 40 percent so we are increasing their substantial contribution coming from the emerging markets, our excellent position there and, at the end of the day, a net positive result reflecting a better performance reduction in interest is a very important. So we are optimistic about keeping our forecast. We are optimistic about 2014 after a very, very busy last two years with the China transaction, with the Hydraulic carve-out, with the IPO. A very strenuous time for the organisation, we have really turned much more attention to our products and markets. Many, many new product launches coming up ahead of us in the four levers that Thomas mentioned to get us margin uplift in the future. The impact of the footprint measures, the leveraging of the global R&D platform, the effective use of the scale of our company and the roll-out of new products we are very confident for the continued growth story and the continued positive results story for KION going into 2014. So the investment highlights on page 26 they remain intact. As we have gone through the road show, as we have talked to many, many investors on the road we, as a new company, in the public market absolutely driven to high performance to keep our performance goals in take and with this report, I think, we can confirm that 100 percent. We would like to close the formal part of the presentation at this point and turn it back to the Operator and take your questions.

Operator: Thank you, ladies and gentlemen. At this time we would begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. If you are using speaker equipment today, please lift the handset before making your selections. Anyone who has a question may press star and one at this time. And our first question today comes from Sven Weier of UBS. Please go ahead, sir.

Sven Weier: Yes, good afternoon gentlemen. A couple of questions from my side. First one would be on the dealer acquisitions that you have mentioned. I was just curious if that was any mentionable impact on your order intake sales in the quarter. The second question refers to your statements on the order intake in Q4. I guess your full-year revenue guidance implies about 1.24 billion of revenues for the fourth quarter which I guess if you had the same number on orders that would be up 3 percent like-for like is that kind of in line with what you are seeing currently see in October and November. And then just lastly, if you look at the development of your order backlog year-to-date which is down more than a hundred, given the signs that you are seeing currently in the European market, would you feel confident to make up for that shortfall in the first half of next year? Thank you.

Gordon Riske: Let me explain on your questions. The dealer acquisition, that is the ARSA acquisition in Turkey, had no impact on or no significant impact on our Q3 numbers. And therefore this is not one of the facts that would have to be taken into account. In terms of the order intake for Q4, as we said, we do see an uptake in October, both in unit, but also in Euro terms, and we are based on the market development as we see it now optimistic and confident that also the order intake in Q4 will be above the previous year level. And also the book-to-bill ratio will be above one, and therefore: Yes, we do see a positive development based on what we see in October, but also November, in terms of the market and also the KION development. The backlog which you were referring to should be positively influenced by that in terms of the book-to-bill ratio that I was referring to. And therefore we currently think it is a healthy number where we are standing, which will slightly improve in Q4 due to as I said the positive book to bill.

Sven Weier: So do you think you will make up that 100 million shortfall in the backlog that you have had so far this year?

Gordon Riske: I think it will be precise at this point of the year to exactly predict whether what exactly the number would be, but I do see a positive trend in Q4 and that will also be reflected in the order backlog.

Sven Weier: Okay, understood. Thank you.

Operator: Our next question comes from Gerhard Orgonas from Exane BNP Paribas. Please go ahead.

Gerhard Orgonas: Good afternoon. I have got three questions. Please first, can you just clarify again the FX impact on Q3 sales, is that around 30 million? And is that the same magnitude for the order intake in Q3 as well? Second, can you give us any guidance about the overall tax charge you expect in Q4? And the third question is, there was some swing in the adjusted EBIT lines, and the other in consolidation in Q3. What is going on here?

Thomas Toepfer: Okay, let me start with the FX effect in Q3. As you rightly said, roughly 30 million what we see in terms of net sales, that is the same order of magnitude also for the order intake in Q3. So I can confirm that. In terms of the tax development I would say, you have the following effects in mind: One is the positive effect from the profit and loss pooling arrangement of 48 million which we booked in the first nine months of the year. Against that we had some negative effect from the interest barrier regime, so that we cannot fully deduct our interest expenses and we have some other non-deductible expenses. And therefore for the remainder of the year, as these negative effects will prevail, I would expect a tax rate which is higher than our target rate of 30 percent. So, more in the range between 30 and 40 percent. The total year number, however, due to the positive effect that we had already booked in the first nine months of the year, will be better than our target rate of 30 percent. And then the last question was: Why does the other segment/ why are there some fluctuations? The reason is some intra-company dividend payments which we have booked, which are just consolidated out on the group level. And therefore it is not an operational effect, it is a pure accounting effect in terms of intra-company dividend payment. And therefore, as I said, consolidated out on the group level.

Gerhard Orgonas: Is that one-off in Q3, or will this be happening on a recurring level?

Gordon Riske: No, it has nothing to do with one-offs. It is simply intra-company dividend payments, and therefore no operational one-off effect, simply accounting effect.

Operator: Hello, Mr. Orgonas, did that answer your question?

Gerhard Orgonas: Yes, thank you.

Operator: Okay. And our next question comes from Gruter from SG. Please go ahead.

Gruter: My first question of two questions is related to the new product franchise, I like to know indeed, are we talking about a meaningful percentage of your current referring that will be replaced? Or how much of the KION volume you would expect from this new product launches? And also on these new products, have you increased the common part, or part commodity for these new trucks, compared to your former offering? And another question would be on the administrate expenses, which are done inter-quartered despite the IPO cost occurred. What is the new running rate for administrate expenses going forward? Thank you.

Gordon Riske: Okay. Starting with the first one, if you look at the - it is quite a long list of products that we have introduced, are introducing, it is tough to say now exactly the volumes, I would have to calculate that out. But I can say for the Linde side the 2.5 to 5 ton trucks that is a good 30 percent of the total IC trucks that they deliver. They have been introduced this year with new engines, new seats, safety features, lower engines, lower fuel consumption. We are introducing or have introduced a new reach truck, the so-called 1120. That is replacing an older model, so that would be the complete volume - that is probably 7,000 trucks or so. On the STILL side, the new generation 4 to 5 ton truck, and 6 to 8 ton truck, the 6 to 8 ton truck is a brand-new product. That is a new segment for STILL that is not in the market now, but also they are a very significant number. And if I look at the warehouse products that we have introduced, or are introducing now towards the end of the year, especially the so-called key-account type warehouse projects where you bring products with services like a heavy stacker or a very narrow-aisle truck, those are several thousand units. So if I look at our total product prospective, we are certainly touching 25 to 35 percent of our total volumes in terms of units, which are all now coming new. Plus introducing products, as I said, like the 6 to 8 ton truck, or the new Torque Converter trucks that are out of our China operation for the world. Those are new segments that we were not in before. So it is not just existing products that are being replaced by new, we are also entering into new segments. The second question was the common parts. Towards the end of 2012, I would say we are at about 30 percent, and at the end of 2013 we will probably be more like 38 percent to 40 percent of the total parts that we manufacture, or components and modules that we use in our trucks are based on our modular strategy, our modular concept. As we have discussed on the roadshows, and some of the one-on-ones, we have a clear plan to get to a much higher level of common parts by the year 2017. The reason it takes a couple of years of course is these are only done for newly developed products and not going backwards in the R&D. So we still have about half of our product offering to go in the next couple of years. That is in our R&D plan. And we are very, very well on track for that. And that really gives us not only more efficiency, but also a significant uptake in our earnings.

Gruter: If I can, just a clarification for the new product launches, the new products that you will introduce, what is the part commodity on these ones?

Gordon Riske: If I look at, for instance, the new reach trucks, the red one is coming out this year, the orange ones are still coming out at the beginning of next year, we are looking at about 55 to 60 percent.

Gruter: Okay, thank you.

Thomas Toepfer: And the last question was about the administrate expenses, what is a good proxy for the run rate. I would say: The 67 million that you see in Q3 is probably a fair assumption as a baseline. As we are continuously streamlining also our administration functions, and as we mentioned, we took some cost containment measures, which we will continue into 2014. And therefore I think despite the fact that it contains some IPO costs, it is a good proxy going forward.

Gruter: Thank you.

Operator: Our next question comes from Markus Almerud from Morgan Stanley. Please go ahead.

Markus Almerud: Hi, Markus Almerud at Morgan Stanley. My first question is regarding the, how do the German dealers are working. You talked before about some hesitation ahead of the German elections. If you can just talk a little bit about that. And then secondly, can you remind us what you expect for PPA, if that will continue to go down in 2014? Thank you.

Thomas Toepfer: First question, German dealers: We have seen not only in Western Europe, but in Germany, in October especially, it started already in September, a pickup in orders. We have also, as I mentioned in the previous presentation,

	regained ground in Germany. The sense in the market at the moment is that Q4 will be pretty good. And they are very optimistic. So I think some of that apprehension has started to go away. So we are at least in Germany looking in the last part of this year for an optimistic order intake level, which will be sales then in 2014. And then the second question was the PPA effect, we said that they will decrease by 10 million in 2013. And I think that is reflected in the current numbers, as you can see them after nine months. And we expect another decrease by 10 million in the next year. So this is, I would say, pretty much fully on track, relative to what we also said in previous meetings.
Markus Almerud:	Thank you. And then finally, if I can just ask you about the translation effects. Can I assume that they are quite negligible in the results? Just mostly a translation which is affecting you?
Gordon Riske:	It is mostly translation, yah. So there is no big effects on the results.
Markus Almerud:	Okay, thank you.
Operator:	Our next question comes from Felicitas von Bismarck of Deutsche Bank. Please go ahead.
Peter Reilly:	Can I say, I am afraid it is Peter Reilly rather than Felicitas. So apologies to the downgrade. Three questions please. Two on China, and then a general question on 2014. Can you talk a bit more about what is happening in China? You have obviously lost share in 2013 today, because your sales are growing more slowly than the market place. Is that because your part of the market, the premium market is growing more slowly? And maybe you can tell us, what is happening with your Baoli product. Secondly, can you say anything changeable about the cost or other synergies from the Weichai Collaboration operation? And then lastly, looking at into 2014, maybe you could talk about some of the headwinds and tailwinds you got for 14? You have obviously got the cost benefit of the Welsh plant closure. I guess you have got a new product development cost running about the same sort of level? Maybe there are some synergies coming through from Weichai. So, if you give us a feel for the structural headwinds and tailwinds for next year. That will be appreciated.
Thomas Toepfer:	On the first one, we have maintained pretty much our market share in China due to the fact that Baoli has grown with the market. Certainly the premium part of the market as you correctly stated has not grown as quickly, although I

am astounded that the double-digit performance that has been given, but you are absolutely correct, the absolute lowest part of the market has grown faster than the rest. So the premium average percentage goes down. But in absolute terms we again have made a record step in our China market. Regarding the Weichai synergy, we have, as I stated, on the sales side been able to sign a number of dealers in China. We have also signed a number of dealers outside of China. So that will help us next year, 2014, especially on the Baoli side for delivering lower cost IC trucks. Regarding the synergies in terms of purchasing, in terms of parts, in terms of manufacturing, we cannot give you an exact number right now. We are working with our partner on that, I think by the end of the year we will have a little bit more solid numbers. Of course both companies, Weichai Power and KION, both being publicly listed companies, have the absolute exact same message into the market. And before we validated that with our partner, we would not like to give that information into the market at this point. 2014 headwinds, tailwinds? I think one of the key factors is the closure of Merthyr Tydfil. We do see a positive effect of roughly 10 million, out of that coming through in 2014. As Gordon Riske said, we are pretty confident that we will have positive effects from the Weichai corporation. However, we are currently not attaching a Euro number to that, because it is unlikely to early to do so. And then in terms of headwinds and tailwinds of operational nature, let us say tear of headwinds and material costs and product costs optimisations, we think that they will roughly equal out in 2014 as we were able to do so in the past. So we do not see any additional burden from that view. We are suggesting product development. We think that this will be equalised by efficiency measures and material cost optimisations.

Peter Reilly: That is great, thank you.

Operator: Our next question comes from Ingo Schachel from Commerzbank. Please go ahead.

Sebastian Growe: It is Sebastian Growe, but anyways, good afternoon gentlemen. Two questions from my side: The first one is on better understanding the development in the order intake for the third quarter. If I calculated correctly, then I have seen the European market coming off by 7.5 percent quarter on quarter, your overall volume also ever down 12 percent compared to the second quarter. So my sort of question here is if there is any particular aspect that we should take into consideration here? So if you are simply losing market share to other players, how the situation looks like in this regard, and probably also comparing that to Jungheinrich, I think their order intake was down one percent quarter on quarter, yours was down five percent. So probably you can just walk us through these aspects here? And related to that, Mr. Riske, you said that you do expect a tender demand in Europe to kick in. So what exactly is the tangible evidence that you do have for that? And what is your probably best guess for volume growth in the European market next year? And then lastly, coming to the US market, which is obviously doing pretty well in terms of volume growth, you have been communicating in recent press interviews, that obviously you are eying at acquisitions. So probably you can just give us an indication what exactly we could think about in the US market, if it is more kind of dealer-related acquisitions, and probably also in what stage or what stage you are in these areas. Thanks.

Thomas Toepfer: Maybe let us start with Q3. If I understand correctly, you were comparing the world market quarter on quarter and then order intake for KION quarter on quarter in Euro terms. So yes, we are down five percent in Euro terms in Q3. What is driving that? That is mainly that we are more exposed than maybe other players to Europe. With Western Europe being on holiday in August, and therefore the Q3 is not in particular a strong quarter for us in terms of order intake. Secondly, one of the drivers is actually Germany, because Germany in the Western European context performed lower than the western European average, and we were somewhat exposed to that. So we do not see any, let us say, KION specific reason. The development, if you look at it from a year on year perspective, is in line with our expectations and is therefore from our perspective as we had expected it before.

Sebastian Growe: But for this competitor that is based in Hamburg, it is obviously the same situation so they are largely, largely exposed to Western Europe, and especially also to Germany. So honestly I do not really get it in terms of pure volume. So without any FX effects effects, again the European markets are down by 7.5 percent quarter on quarter. And your volume overall is down 12 percent. Despite the fact that you are obviously doing well I think in emerging markets like China und probably also Latin America.

Thomas Toepfer: So you are not looking at the year to year comparison, because you have that in the presentation, you can see that we are outperforming the Western European market development actually in Q3, because we are down 0.9

percent while Western European is down two percent. So therefore we do think that especially in Q3 we have shown quite a solid performance if you do it on a year on year comparison. So maybe give us your numbers again, what exactly you are comparing, that would help us maybe with the explanation.

Sebastian Growe: I will send you an email later on, but my comparison is sequentially, and there again, the European market in total is down to 73,000 units roughly speaking, and your order intake in volume terms is down twelve percent quarter on quarter. So, Europe in units eight percent down, your order intake total down twelve percent, compared to the second quarter.

Thomas Toepfer: In Euro terms.

Sebastian Growe: In unit terms, not Euros.

Gordon Riske: In any case, regarding market share I think on page eight on our presentation very clearly, quarter Q3 now only 0.9 percent down versus last year. So clearly a nice uptick in September already and October has started in the same direction. So that is part of the pent-up demand in Western Europe, not only Germany. The estimation, as I said, we do expect Q4 order intake to be above Q4 order intake last year. It is very difficult at this point to say it is so and so many million Euros. That would be incorrect in November 15th, but the trend right now is that we will be very nicely above Q4 order intake last year, 2012. Regarding the US market, as we have had many discussions in the mutual meetings, but no problem in this meeting we have been in a preparation phase for introducing new products, especially through our global R&D organisation that has worked on several products that we do plan to introduce into the market in 2014 and 15. Regarding the acquisition, that is a very correct statement, that what we are looking at is not a major big breakthrough acquisition, but as we have done in other parts of the world, in Europe, in China, in Turkey, in Eastern Europe, in Russia, is looking to acquire dealers or to have partnerships with dealers. And thereby be better able to penetrate a market that is quite diverse in the US market. And without some direct dealer organisation very difficult to penetrate. So that is the correct assumption that you have made there with dealers. Not a breakthrough bet-everything-on-one-card type of acquisition.

Sebastian Growe: And if I may just ask one follow-up on this potential acquisition pipeline in the US, what is roughly the input that we might think about in terms of units that you would like to acquire through these dealerships?

Gordon Riske:	That is very difficult to give a business plan for 2014 and 15 right now, just let me say that with low market shares we do expect a market share uptick, but that will not be 10,000 units or something like that, that is certainly not what we are looking at, at least in the first two years.
Sebastian Growe:	Okay, thank you very much.
Operator:	Our next question comes from Luca Orsini of One Investments. Please go ahead.
Maura Garbero:	Good afternoon, apologies, this is Maura Garbero on behalf of Luca. I have a couple of questions. I miss your comments regarding the order intake development related to the North American market. And then if you want to talk about that, and then I carry on with my questions?
Gordon Riske:	I did not quite understand. Our order intake of the North American market?
Maura Garbero:	Yah.
Gordon Riske:	As most of you know, we have a very small market share, below five percent in the US market. So our order intake in the US market at the moment, at present, is very small and not a relevant size in terms of the total contacts of the KION group. So I am not sure I quite understand the question.
Maura Garbero:	Okay. And then regarding the other operating income and expenses line. You say that it can be affected by some dividend distribution. What shall we pencil in for the following quarters?
Maura Garbero:	I think that is a misunderstanding. What we said is, if you look at the segment OTHER in our quarterly report, then you will find a somewhat artificially EBIT in the segment OTHER, and that is due to an intra-company dividend that we paid. This has nothing to do with the other operating income line item in our P&L statement.
Maura Garbero:	Okay, thank you.
Operator:	And our next question comes from Stefan Augustin of Kepler Cheuvreux. Please go ahead.
Stefan Augustin:	Thank you very much. I have also a couple of questions. The first would be: Do you as regularly planned to raise your prices at the beginning of the year, and as your competitor in the Northern Germany area said, they are thinking

about two percent. What is your thinking at this current stage? The next one would be a follow-up on China. So you have outlined that you obviously have some improvements for 2014. Do you expect you would be able to grow above the market rate with the Baoli brand? And do you from the current standpoint think that the Linde brand, or let us say the premium market is doing versus the value and the economy segments in China next year? Then also: What is your current information maybe on the possibility of Weichai exercise in the super-lift option? And is that correct, that you actually plan a very strong CAPEX compared to the previous quarters in the fourth quarter? If I take your prior, let us say, guidances as for the full year? And the last one would be: We have seen in this quarter in the financial result, let us say some one offs. Could you remind us a little bit, when are your other financial items due to be called and what, let us say, kind of potential effects could that have on a net income level? Thank you.

Gordon Riske: Starting with the prices, always a nice topic: Normally we have an announcement towards the end of the year, so shortly before Christmas, what the price increase will be. Beginning in the following year, the number that you heard from another company that also makes some forklifts is not so incorrect. I would say that is a fairly good assumption. The second question, China, outgrowing the market, again more than 85 percent of the Chinese market is in domestic hand. But the biggest part of the market is the absolute low-cost segment, which we are not in, because it is very difficult to be profitable in that market. So, to keep up with market demand in total, to grow with markets, and thereby increase our presence in absolute terms, has been our goal, and we have achieved that goal very well. We do see some potential now with the cooperation with Weichai to significantly increase the Baoli products and some of the so-called Torque Converters so less-premium type of products in the years to come. Regarding the positioning of the premium products in a market like China, I think it is very similar to other markets where we have seen that over time, as these markets become more sophisticated, as automated warehouse products are necessary, as regions like Beijing and other big cities are forced to put in lower-ignition type of products, that the premium markets do have a tendency grow over time. And therefore, as we today already are the number one in China for electric trucks, we see ourselves very well-positioned to take part in that growth as the markets become more sophisticated. I think that process is a longer-term process. Not just one or two years, but probably four or five years. But we see similar tendencies in other markets over time as the markets become more sophisticated. The third question, super-lift option, the 3.3 percent, there was a public announcement some time ago, that Weichai Power general assembly has taken that on the agenda to have a vote on the 3.3 percent, all of the messages into the market for both companies were that we do expect Weichai Power to exercise that option by the end of this year. I think it expires at the end of this year. So we have no other information indicating otherwise. Regarding the CAPEX spent, I think clearly there is some seasonality in our CAPEX spent, so there will be an uptick in Q4. In order to put that into perspective, last year we had roughly 316 million of CAPEX on a like-for-like basis, we will come out lower this year, but even though that is the case, you can easily triangulate that Q4 will be a higher number than the average of the first three quarters. Then you had a last question on one-off items from other financial items which quite frankly I did not fully understand. Would you mind repeating your last question?

Stefan Augustin: Yes. Let us say if I understand that correctly. The one-off in this quarter's financial result is the amortised part of the bond and the connected swap to it. So when would the rest of your bond portfolio be callable, and what kind of swaps would be connected to it? And can you give us an idea if this would, let us say if you recall something, if it has the same kind of magnitude of one-off coming out in the financial result?

Gordon Riske: Okay, I got your question. So we have/ the earliest call date for the 200 million is in February next year. Plus we can call the 25 million in April of next year for the first time. There are no interest rate swaps attached to it, but of course some capitalised borrowing costs. And that is an order of magnitude, of roughly/ It is below 10 million that is attached to it.

Stefan Augustin: Thank you very much.

Gordon Riske: Also to add that, we have no concrete plan how to proceed with our capital structure. Also to be very clear on that.

Stefan Augustin: Okay. Thank you very much.

Operator: Excuse me, Mr. Riske, there are no further questions at this time. I would now like to turn the conference over to Mr. Gordon Riske for the closing statements.

Gordon Riske: Thank you all for participating and for all the questions for our Q3 call. As I said, we confirm our earnings expectations, we have a very solid Q3 that we have delivered, and we are looking forward to the next call. Thank you very much.