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MANAGEMENT REPORT AND FINANCIAL STATEMENTS  
KION GROUP AG 2014



**KION GROUP AG**  
**Wiesbaden**

Management Report and  
Financial Statements  
as at 31<sup>st</sup> December 2014

This annual report is available in German and English.  
Only the content of the German version is authoritative.

## Report of the Supervisory Board of KION GROUP AG

### Dear shareholders,

KION GROUP AG can look back on a successful 2014. It was the first full financial year following the Company's initial public offering (IPO) in June 2013 and was dominated by the first concrete steps in implementing the Strategy 2020, which the Executive Board and Supervisory Board had adopted at the end of 2013. Business picked up strongly where the previous year left off, maintaining the same high level of performance.

Last year, the Supervisory Board continued to fulfil the tasks and responsibilities imposed on it by the law, the Company's articles of incorporation and the German Corporate Governance Code with dedication and great diligence. There were again many important decisions, transactions requiring approval and other matters to be discussed and resolved upon.

### Monitoring and advisory role in dialogue with the Executive Board

The Supervisory Board advised the Executive Board on all significant matters relating to managing the Company and monitored the Executive Board's running of the Company. The Supervisory Board was fully involved in all major decisions affecting the Company from an early stage.

At meetings of the full Supervisory Board, the performance of the business and decisions and transactions that were important for the Company were deliberated on and discussed extensively on the basis of the information provided to the Supervisory Board by the Executive Board. The Executive Board always notified the Supervisory Board of every significant aspect of these transactions promptly and in detail, providing both written and oral reports. The Supervisory Board satisfied itself at all times that the Company was being managed lawfully and diligently.

The Executive Board gave the Supervisory Board sufficient notice of transactions that, according to the law, the Company's articles of incorporation or the rules of -procedure for the Executive Board of KION GROUP AG, require the Supervisory Board's consent and presented them in good time for resolutions to be adopted. The Supervisory Board examined closely the resolutions proposed by the Executive Board and deliberated on them before adopting them. In urgent cases, written resolutions were also adopted.

The Executive Board informed the Supervisory Board about key financial data at regular intervals. Where there was a discrepancy between the actual figures and the business planning, the Executive Board always provided the Supervisory Board with a detailed oral and written explanation of what it considered the main reasons for the discrepancy. This enabled the Executive Board and Supervisory Board to discuss the reasons in detail and, if necessary, to take effective countermeasures.

In the periods between meetings of the Supervisory Board and between those of its committees, the chairman of the Supervisory Board, who is also chairman of the Executive Committee, remained in close contact at all times with the Chief Executive Officer. This ensured that the Supervisory Board was always kept up to date on the Company's performance and any significant transactions.

**Main focus areas discussed by the Supervisory Board**

Of particular importance in the Supervisory Board's deliberations in the first half of 2014 were the first concrete steps in implementing the Strategy 2020, which had been developed and adopted in 2013 and aggregates the Executive Board's plans for the Company's further strategic development, as well as the preparations for the Company's first Annual General Meeting since the IPO. In the second half of the year, the Supervisory Board closely followed the discussion about appropriate restructuring measures at Linde Hydraulics GmbH & Co. KG, in which the Company still holds a minority interest, and the decision on necessary contributions from the Company. Deliberations also focused on the Company's ongoing business performance and financial position, planning of capital expenditure, the employment situation, risk management, individual aspects of corporate strategy and planning, corporate governance matters and, in particular, the areas of responsibility assigned to the Supervisory Board – such as Executive Board remuneration.

The main personnel matter, which the Supervisory Board had to deal with at the end of last year, were the changes made to the membership of the Executive Board at the start of this year. With effect from 15 January 2015, Executive Board members Theodor Maurer and Bert-Jan Knoef stepped down from the Executive Board and resigned from their roles as the CEOs of Linde Material Handling GmbH and STILL GmbH respectively at their own request. The departure of the two Executive Board members and the resulting organisational issues were discussed extensively by the Supervisory Board. As part of measures to improve the efficiency and effectiveness of KION GROUP AG, the Company's Chief Executive Officer, Mr Gordon Riske, has taken over Mr Maurer's and Mr Knoef's functions in addition to his other management responsibilities. The Supervisory Board thanks Mr Maurer and Mr Knoef for their hard work and the outstanding contributions that they have made over the years to KION GROUP AG's successful development and wishes them both all the best and every success in their new endeavours.

In 2014, the Supervisory Board and its committees dealt with these issues and made the necessary decisions at a total of 18 meetings (seven full Supervisory Board meetings and eleven committee meetings). Some of the meetings were held in the form of conference calls. There were also several informal conference calls for the purpose of providing the members of the Supervisory Board or the relevant committees with advance information.

**KION Strategy 2020**

A key area covered by the Supervisory Board's deliberations in 2014 had been the plans to implement the Strategy 2020, particularly the expansion of production at Linde Material Handling GmbH in Aschaffenburg and the accompanying relocation of reach truck production from Aschaffenburg to a new production facility in Český Krumlov in the Czech Republic. The Supervisory Board approved this measure at its meeting on 20 March 2014. The Strategy 2020 was also discussed at the Supervisory Board meeting on 2 June 2014, at which the Executive Board delivered a progress report on the implementation of the measure, and at the Supervisory Board's strategy meeting on 23 September 2014, when the focus was on opportunities and the product strategy in emerging markets. Last year, the Supervisory Board again followed the Executive Board's considerations relating to the Strategy 2020 with great interest and provided constructive support.

## Corporate governance and comply-or-explain statement

The regular reports by the Executive Board and some of the Company's managers on corporate governance matters were a further important subject area discussed by the Supervisory Board and its committees. As part of its monitoring duties in this area required by stock company law, the Supervisory Board itself ensured that it was informed about corporate governance matters by means of appropriate reports covering the internal control system, risk management, internal auditing and compliance within the Group, in addition to its Audit Committee dealing with these matters on a regular basis. The focus was on the processes in place as well as on the content of the individual reports. As a result of these reviews, the Supervisory Board was able to gain an impression of the processes in place and to examine and comment on the proposed developments in these areas.

Owing to the changes to the membership of the Supervisory Board during the year, it was decided to postpone the review of the size and effectiveness of the Supervisory Board and its committees until 2015. The review, which had been planned for 2014, will now be combined with a formal efficiency review.

In accordance with section 3.10 of the German Corporate Governance Code, the Executive Board and the Supervisory Board provide a detailed report on corporate governance in the KION Group in the corporate governance report. This is combined with the declaration on corporate governance pursuant to section 289a of the German Commercial Code (HGB) and can be found on pages 44 to 57 of the annual report. The report is also available on the KION GROUP AG website at [kiongroup.com/GovernanceReport](http://kiongroup.com/GovernanceReport). For details of the remuneration paid to the Executive Board and the Supervisory Board for 2014, please refer to the remuneration report, which can be found on pages 58 to 69 of the annual report.

At its meeting on 17 December 2014, the Supervisory Board thoroughly discussed the KION Group's compliance with the recommendations of the current version of the German Corporate Governance Code. The Supervisory Board keeps a close eye on changes to the Code and to governance standards at international level. The Executive Board and Supervisory Board submitted an updated comply-or-explain statement pursuant to section 161 of the German Stock Corporation Act (AktG) on 19 December 2014. It has been made permanently available to the public on the KION GROUP AG website. KION GROUP AG complied with all but one of the recommendations in the German Corporate Governance Code (version dated 24 June 2014) and intends to continue to do so in future. As was the case in the previous year, the only recommendation of the Code with which KION GROUP AG does not comply is the recommendation in section 3.8 (3) of the Code for an excess in the D&O insurance policies for members of the Supervisory Board. KION GROUP AG's articles of incorporation do not provide for this type of excess. The Company believes that such an excess is not typical at international level and would therefore make it considerably more difficult to find independent candidates, in particular candidates from outside Germany.

## Work of the committees

KION GROUP AG's Supervisory Board had four committees last year: the Mediation Committee pursuant to section 27 (3) of the German Codetermination Act (MitbestG), the Executive Committee, the Audit Committee and the Nomination Committee. These committees, but primarily the Executive Committee, prepare the matters to be discussed at the meetings of the full Supervisory Board. In individual cases, the Supervisory Board's decision-making powers were delegated to committees within the scope permitted by law. The chairman of the Supervisory Board is also chairman of all

committees except the Audit Committee. At the meetings of the full Supervisory Board, the committee chairmen report in detail on the discussions of the committees to ensure that the Supervisory Board as a whole is always fully informed.

The Executive Committee consists of four shareholder representatives and four employee representatives. It prepares the meetings of the Supervisory Board and is responsible for ongoing matters between Supervisory Board meetings. The Executive Committee also prepares the Supervisory Board's decisions relating to corporate governance, particularly amendments to the comply-or-explain statement pursuant to section 161 AktG reflecting changed circumstances and the checking of adherence to the comply-or-explain statement. It also prepares documents for the Supervisory Board when Executive Board members are to be appointed or removed and, if applicable, when a new Chief Executive Officer is to be appointed. Documents relating to any matters in connection with Executive Board remuneration are also compiled by the Executive Committee. The Executive Committee is also responsible for resolutions concerning the conclusion, amendment and termination of Executive Board employment contracts and agreements with Executive Board members governing pensions, severance packages, consultancy and other matters and for resolutions about any matters arising as a result of such contracts and agreements, unless they relate to remuneration. The responsibilities of the Executive Committee also include resolutions about the extension of loans to Executive Board members and parties related to them and to Supervisory Board members and parties related to them as well as resolutions to approve contracts with Supervisory Board members outside their Supervisory Board remit. The Executive Committee should – in consultation with the Executive Board – regularly deliberate on long-term succession planning for the Executive Board.

In 2014, the Executive Committee consisted of Dr John Feldmann (chairman), Dr Alexander Dibelius, Mr Joachim Hartig, Mr Denis Heljic, Mr Johannes P. Huth, Mr Thilo Kämmerer (until 31 August 2014), Mr Jiang Kui, Mr Olaf Kunz (from 24 September 2014) and Mr Kay Pietsch. The Executive Committee met four times in 2014. The main topics discussed by the Executive Committee in 2014 were those concerning the Company's first Annual General Meeting and the KION Strategy 2020. It also scrutinised the personnel changes on the Executive Board.

The Mediation Committee comprises the chairman of the Supervisory Board, his deputy, an employee representative and a shareholder representative. If the majority required by section 27 (3) and section 31 (3) MitbestG is not reached in a vote by the Supervisory Board on the appointment of an Executive Board member, the Mediation Committee must propose candidates for the post to the Supervisory Board within a month. The chairman of the Supervisory Board does not have a second vote on the candidates proposed.

In 2014, the Mediation Committee consisted of Dr John Feldmann (chairman), Mr Joachim Hartig, Mr Johannes P. Huth and Mr Kay Pietsch. The Mediation Committee did not need to be convened in 2014.

The Audit Committee comprises four members. Its purpose is to assist the Supervisory Board in performing its task of monitoring accounting processes, compliance matters and reporting. These responsibilities encompass monitoring the quality and integrity of the consolidated and separate financial statements (as well as related disclosures), the internal control mechanisms, risk management and the internal audit system. The Audit Committee also reviews the other work carried out by the independent auditors in connection with the audit and checks that the independent auditors are qualified and independent. It is also responsible for engaging the independent auditors, determining

the focus of the audit and agreeing the fee. In addition, the Audit Committee exercises the rights in investee companies set forth in section 32 (1) MitbestG.

In 2014, the Audit Committee consisted of Mr Hans Peter Ring (chairman), Dr John Feldmann, Mr Kay Pietsch and Ms Alexandra Schädler. Mr Hans Peter Ring is an independent financial expert within the meaning of sections 100 (5) and 107 (4) AktG. The Audit Committee met five times in 2014. The main topics discussed by the Audit Committee in 2014 were the 2014 annual financial statements, the interim reports, the budget and the regular subject of the key elements of corporate governance within the Company.

The Nomination Committee comprises four members, all of whom are shareholder representatives. The Nomination Committee's only task is to propose candidates for the Supervisory Board to the Supervisory Board for proposal to the Company's Annual General Meeting when Supervisory Board elections are due.

In 2014, the Nomination Committee consisted of Dr John Feldmann (chairman), Dr Martin Hintze, Mr Jiang Kui and Ms Silke Scheiber. The Nomination Committee met twice in 2014. At these meetings, it concentrated on selecting suitable candidates to replace the departing members of the Supervisory Board. This culminated in the proposal of Ms Xu Ping and Ms Behrendt as new Supervisory Board members with effect from 1 January 2015.

All members of the Supervisory Board attended the Supervisory Board meetings in 2014 apart from the following exceptions: at one meeting, five members sent their apologies, at one meeting, three members sent their apologies, at one meeting, one member sent apologies and at one meeting, two members sent their apologies. With the exception of two committee meetings at each of which one member sent apologies, all committee meetings were attended by all members of the respective committee. Supervisory Board member Tan Xuguang participated in fewer than half of all Supervisory Board meetings.

### **Engagement of the auditors; audit of the separate and consolidated financial statements**

The Company's independent auditors, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the Company's separate financial statements and management report and the consolidated financial statements and group management report for the year ended 31 December 2014. Various meetings were held between the chairman of the Audit Committee and the auditors in preparation for the appointment of the auditors. They concerned the suitability and independence of the auditors and the question of fees. The forthcoming engagement of an auditing firm was discussed at the Audit Committee meeting on 10 March 2014 and there was an opportunity to speak to the auditors in person. The key audit issues were discussed and set out accordingly at the Audit Committee's meeting on 10 March 2014. The auditors were appointed by the chairman of the Supervisory Board on 20 November 2014.

The auditors issued an unqualified opinion for the separate financial statements, including the management report, for the year ended 31 December 2014 and the consolidated financial statements, including the group management report, for the year ended 31 December 2014 on 10 March 2015.

In order to inform the Supervisory Board and its Audit Committee as soon as possible about the progress of the audit and the individual audit findings that were emerging, the members of both committees were offered two telephone briefings in which the Executive Board and the auditors took



part. The auditors submitted their report and the documents relating to the financial statements to the members of the Audit Committee on 2 March 2015 and to the members of the Supervisory Board on 10 March 2015. The report was discussed in depth at the Audit Committee meeting on 10 March 2015 and at the full Supervisory Board meeting on 18 March 2015, both of which were attended by the auditors. At both of those meetings, the auditors reported in detail on the main findings of the audit and provided comprehensive answers to all questions asked by members of the Audit Committee and Supervisory Board.

Having itself scrutinised the Company's separate financial statements, consolidated financial statements, management report and group management report for the year ended 31 December 2014, the Audit Committee then made one recommendation to the full Supervisory Board, which the chairman of the Audit Committee explained in more detail in his report to the meeting of the full Supervisory Board. On this basis, following further discussion of its own, the Supervisory Board approved the results of the independent audit at its meeting on 18 March 2015. Based on the final outcome of the Supervisory Board's own review, no objections were raised. The Supervisory Board approved the Company's separate financial statements and consolidated financial statements for the year ended 31 December 2014 prepared by the Executive Board. The annual financial statements were therefore adopted.

At its meeting on 18 March 2015, the Supervisory Board also discussed and approved the proposal made by the Executive Board that the distributable profit of KION GROUP AG be appropriated for the payment of a dividend of €0.55 per no-par-value share. In doing so, the Supervisory Board took account of the Company's financial situation and performance, its medium-term financial and capital expenditure planning and the interests of the shareholders. The Supervisory Board believes the proposed dividend is appropriate.

### **Review of the dependency report**

The Supervisory Board also considered the report compiled by the Executive Board of KION GROUP AG concerning the Company's relationships with affiliated entities (dependency report). The Company's auditors, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, reviewed the dependency report, compiled an auditors' report on it and issued the following unqualified opinion based on their completed audit on 10. March 2015:

### **Auditor's opinion**

Based on our audit and evaluation conducted in accordance with our professional duties, we hereby confirm that

1. the factual information presented in the report is accurate,
2. the consideration paid by the company in the legal transactions listed in the report was not inappropriately high,
3. in respect of the transactions listed in the report, there are no circumstances that would support an assessment materially different from the assessment made by the Executive Board.

The dependency report and the auditors' report about it were submitted to all the members of the Supervisory Board in good time and were discussed in detail in the presence of the auditors at the Supervisory Board meeting on 18 March 2015. The auditors reported on the main findings of their

audit. The Supervisory Board agreed with the findings of the audit. Based on the final outcome of its own review, the Supervisory Board did not raise any objections to the Executive Board's declaration at the end of the report concerning relationships with affiliated entities.

### **Personnel changes**

There were no changes on the Executive Board of KION GROUP AG during 2014.

However, there were several changes on the Supervisory Board in 2014. Mr Thilo Kämmerer stepped down from the Supervisory Board on 31 August 2014. He was succeeded by Mr Olaf Kunz as an employee representative with effect from 1 September 2014. Ms Silke Scheiber and Dr Martin Hintze stepped down from the Supervisory Board on 31 December 2014. Ms Xu Ping and Ms Birgit Behrendt were appointed by the courts as their successors with effect from 1 January 2015. The Supervisory Board would like to thank Ms Scheiber and Dr Hintze for the great dedication with which they have always carried out their work in the interests of the -Company. Both appointments will be submitted for confirmation by the shareholders at the Annual General Meeting.

As preparation for their duties as members of the Company's Supervisory Board, the new members were offered a comprehensive programme of information on the Company's business and on the main governance-related processes put in place by the Company in relation to risk management, the internal control system, internal auditing and compliance.

The details of this report were discussed thoroughly at the Supervisory Board meeting on 18 March 2015 when it was adopted.

My colleagues on the Supervisory Board and I would like to thank the members of the Executive Board and the employees of KION GROUP AG and its Group companies in Germany and abroad for their commitment and outstanding achievements in 2014.

Dr John Feldmann  
Chairman

## KION GROUP AG, Wiesbaden

### Management report for the financial year

1 January 2014 to 31 December 2014

#### A. Fundamentals of the Company

KION GROUP AG has been a listed company on the regulated market of the Frankfurt Stock Exchange since 28 June 2013 and was included in the MDAX on 22 September 2014.

The strategic anchor shareholder of KION GROUP AG is Weichai Power (Luxemburg) Holding S.à r.l., Luxembourg, a subsidiary of Weichai Power Co. Ltd., which held 33.3 per cent of the shares at the end of 2014 as far as the Company is aware. Another 18.8 per cent of the shares were held, through Superlift Holding S.à r.l., Luxembourg, by investment funds that are advised by group companies of The Goldman Sachs Group, Inc. (Goldman Sachs) and companies that are advised by or affiliated with Kohlberg Kravis Roberts & Co. L.P. (KKR). The free float accounted for 47.7 per cent of the shares at the end of 2014.

So that it can fully cater to the needs of material handling customers worldwide, the KION Group's business model covers every step of the value chain: product development, manufacturing, sales and logistics, spare parts business, truck rental and used trucks, system and software solutions, plus financial services that support the Group's core industrial business. The KION Group operates a multi-brand strategy involving the three global brands Linde, STILL and Baoli plus the three regional brands Fenwick, OM STILL and Voltas. The KION Group earns most of its consolidated revenue from the sale of industrial trucks.

The head office functions of KION Material Handling GmbH, consisting of administrative, financial and technical services, were transferred to KION GROUP AG on 1 September 2014 by means of a transfer agreement. The material and human resources were also transferred to KION GROUP AG as part of the takeover.

After the transfer, KION GROUP AG employed 134 employees as at 31 December 2014 (31 December 2013: 0).

#### B. Business activities

KION GROUP AG is the strategic management holding company of the KION Group and holds all the shares in KION Holding 2 GmbH. In turn, KION Holding 2 GmbH is the sole shareholder of KION Material Handling GmbH. KION Material Handling GmbH (KMH) is the direct holding company of Linde Material Handling GmbH, Aschaffenburg, which holds almost all of the shares in the companies of the KION Group.

The Company is therefore indirectly dependent on the opportunities, risks and financial performance of its subsidiaries as well as on the economic environment in which the subsidiaries operate.

## C. Economic environment

### Macroeconomic conditions

In 2014, growth in the global economy was less dynamic than anticipated, remaining almost unchanged from 2013. Adverse factors included the greater geopolitical risks caused by the conflicts in Ukraine and the Middle East, plus resurgent uncertainty in the financial markets.

Another noticeable feature was the muted growth in emerging markets, which were unable to build overall on the growth rates achieved in 2013. The weaker pace of growth in China led to a drop in demand from key trading partners, even though the shift towards a sustainable growth trajectory can be seen as a positive development over the longer term. Growth rates in the other newly industrialising countries in Asia were sound but nevertheless still down year on year on average, although India managed to increase its growth rate again.

In South America, the main factor acting as a brake on growth other than the fall in commodity prices was the political uncertainty in individual countries. Brazil, the largest economy in Latin America, entered recession in the first half of the year and ended 2014 with close to zero growth for the year as a whole. Growth across eastern Europe was uneven and overall not as strong as in 2013. The economies of Poland and the Czech Republic enjoyed growth, whereas the Russian economy contracted significantly as a consequence of the sanctions imposed in connection with the crisis in Ukraine and as a result of the steep drop in the value of the rouble and the persistently low price of oil.

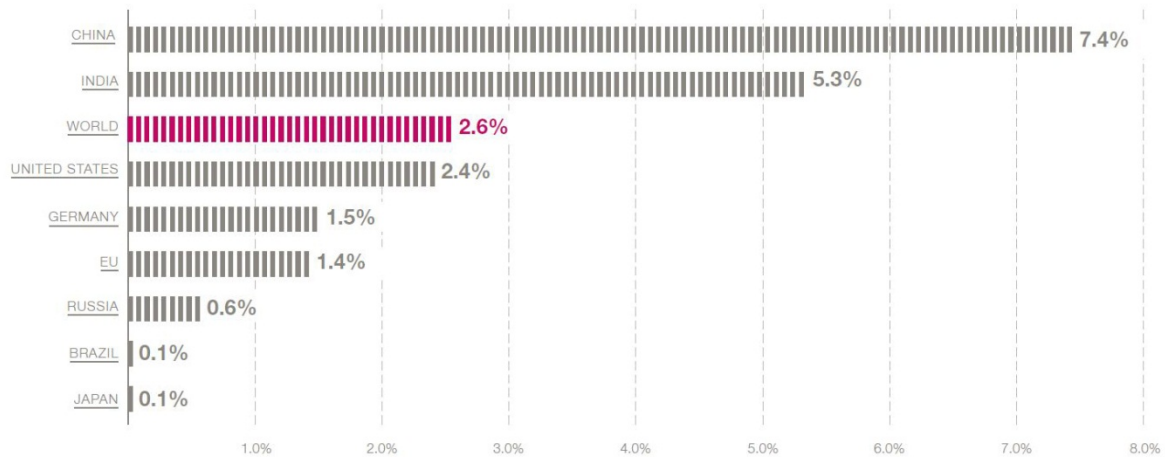
On balance, the industrialised nations achieved a somewhat higher level of growth than in 2013, but likewise still fell short of expectations. Economic recovery in the eurozone was particularly disappointing with unexpectedly weak growth in Germany compounding the impact from the recession in Italy and stagnation in France. In contrast, the picture in the United Kingdom was positive, boosted by higher consumer spending and stronger growth in services, a key sector of the economy. In the US, the growth rate just exceeded that achieved in 2013, with both consumer spending and corporate capital investment rising substantially during the course of the year.

Demand for industrial trucks is primarily driven by investment confidence and world trade volumes as well as GDP growth. The increase in spending on capital equipment was spread unevenly around the globe, reflecting the varying rates of market growth. Whereas the US saw a considerable rise in this spending, businesses in the eurozone, including Germany in particular, remained noticeably reticent. Over the whole of 2014, the expansion in global trade was weaker than anticipated and once again fell short of the long-term trend. The growth in imports and exports in the emerging markets was more subdued than in 2013.

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**Gross domestic product in 2014 – real year-on-year change**


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Source: Oxford Economics (as at 16 January 2014)

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## Sectoral conditions

### Sales markets

In 2014, the global market for industrial trucks hit a new record level of almost 1.1 million vehicles ordered, with even stronger market growth than in 2013. Across all regions and product types, the number of new trucks ordered was up by 7.8 per cent (2013: 6.9 per cent). The sharpest upturn was in the sales figures for electric forklift trucks (up by 13.3 per cent), an area of business that had lagged behind the overall market in 2013. Sales of warehouse technology products also increased significantly, by 10.8 per cent, but unit sales of IC trucks failed to match the 2013 growth rate, achieving a rise of just 3.5 per cent.

Most of the growth in unit sales was accounted for by western Europe (up by 11.5 per cent), China (up by 10.2 per cent) and North America (up by 9.2 per cent). The western European market therefore rallied significantly following the stagnation in 2013 (0.3 per cent growth), the principal growth drivers in this case being pent-up demand (primarily in southern European markets) and, at a more structural level, the replacement of old trucks. Germany, the largest single market in western Europe, gained 10.3 per cent and was therefore almost at the western European average. Growth in Spain (up by 42.6 per cent), the United Kingdom (up by 12.6 per cent) and Italy (up by 15.7 per cent) was more rapid than in other neighbouring European countries, but there was hardly any gain in the French market at all.

The eastern European market flattened as a whole, falling by 0.7 per cent. The significant drop in unit sales in Russia (down by 19.2 per cent) was almost offset by gains elsewhere, particularly higher sales figures in Poland, the Czech Republic and Hungary.

As in 2013, China notched up double-digit growth (10.2 per cent), the main impetus coming from electric forklift trucks and warehouse technology equipment. However, in Brazil, the largest single market in South America, unit sales fell by 13.0 per cent.

### Procurement markets

Commodity prices continue to have a direct impact on approximately one quarter of the cost of the materials needed to manufacture an industrial truck in the KION Group.

The average price over the year for steel, the most important commodity, fell compared with 2013 owing to the persistently modest level of economic growth. Manufacturing costs are also influenced to a lesser extent by the prices for copper and rubber, which were also down year on year. The price of oil, a useful price indicator for plastic products, fell markedly during the second half of the year and overall was below the average for 2013.

On the other hand, however, higher payroll and ancillary wage costs also had an adverse impact on unit costs. And producer prices for input goods in the eurozone only fell by a negligible amount.

## D. Management system

KION GROUP AG monitors its business performance on an ongoing basis using net profit/loss as a key performance indicator (KPI). This KPI is analysed periodically and made available to the Executive Board in a report. This enables the management team to take prompt corrective action in the event of variances compared with target figures.

## E. Financial performance

Financial performance	2014	2013
	(€ thousand)	(€ thousand)
Income	6.930	17.888
Expenses		
Personnel expenses	-17.094	-6.524
Other administrative expenses	-22.644	-20.798
Depreciation expense	-47	0
Operating loss	-32.855	-9.434
Net financial income/expenses	202.452	2.875
Net tax	0	0
Net profit (loss)	169.597	-6.559

As KION GROUP AG itself does not carry out any operating activities, it does not generate any revenue.

The decrease in income of €10,958 thousand is primarily attributable to cost allocations carried out within the Group in 2013 in connection with the IPO.

Personnel expenses rose to €17,094 thousand (2013: €6,524 thousand) because the Company took on 129 employees of KION Material Handling GmbH with effect from 1 September 2014.

Other administrative expenses amounted to €22,644 thousand, a slight increase of €1,846 thousand. These largely comprised costs for external services and consultancy as well as severance payments.

The main changes in net financial income/expenses were as follows:

- Of the total income from profit-transfer agreements, €198,516 thousand related to KION Holding 2 GmbH (2013: €0 thousand) and €38 thousand to proplan Transport- und Lagersysteme GmbH (2013: €134 thousand).
- Interest expense and similar charges, which amounted to €923 thousand (2013: €99 thousand), arose mainly from unwinding the discount on the pension provisions.
- Other interest and similar income mainly comprised interest income of €3,674 thousand (2013: €0 thousand) from the loan to KION HOLDING 2 GmbH.

A total net profit of €169,597 thousand was generated in the year under review. In 2013, the net loss for the year was €6,559 thousand.

The forecast made for 2014 of achieving net profit in the low triple-digit-million range was thereby fulfilled.

## F. Financial position

### Principles and objectives of financial management

By pursuing an appropriate financial management strategy, the KION Group ensures that sufficient cash and cash equivalents are available at all times to meet the Group companies' operational and strategic funding requirements. In addition, the KION Group optimises its financial relationships with customers and suppliers, manages any collateral security offered and mitigates the financial risk to its enterprise value and profitability, notably currency risk, interest-rate risk, price risk, counterparty risk and country risk. In this way, the KION Group creates a stable funding position from which to maintain profitable growth.

As a listed company that also obtains funding using a corporate bond issued by KION Finance S.A. and loan facilities provided by LMH, KION GROUP AG considers the interests of shareholders, bond holders and banks in its financial management. For the sake of these stakeholders, KION GROUP AG makes sure that it maintains an appropriate ratio of internal funding to borrowing.

The KION Group's borrowing is based on a long-term approach. The core components of this borrowing will become due for repayment in the years 2018 to 2020 (see below).

Among other things, the loan facility and the contractual conditions relating to the issuance of the corporate bond require compliance with loan conditions ('covenants'). The loan facility also requires compliance with specific financial covenants during the term of the agreement. Non-compliance may, for example, give lenders the right to terminate the loan or permit bondholders to put the corporate bonds back to the issuer prior to their maturity date.

All covenants and restrictions were comfortably complied with in the past financial year. In addition, the ending of the acquisition finance meant that many restrictions were lifted.

KION GROUP AG's ability to meet its payment obligations is ensured through its inclusion in the Group funding made available by Linde Material Handling GmbH (LMH). LMH provides KION GROUP

AG with the main funds required for operational activities and pools the Group companies' excess liquidity.

LMH is funded by a loan from a group of international banks and investors (senior facilities agreement, SFA) and via one of the companies included in the consolidated financial statements, KION Finance S.A., Luxembourg. KION Finance S.A., Luxembourg, issued corporate bonds for €500,000 thousand and €650,000 thousand in April 2011 and February 2013 respectively. Of the bond with a total par value of €500,000 thousand, €325,000 thousand carries a fixed interest rate of 7.875 per cent p.a. The variable portion of €175,000 thousand was repaid in full on 19 July 2013. Of the bond with a total par value of €650,000 thousand, €450,000 thousand carries a fixed interest rate of 6.75 per cent p.a., while €200,000 thousand carries a floating interest rate based on three-month Euribor plus a margin of 4.5 percentage points. The corporate bonds are due to mature in April 2018 and February 2020 respectively. On 15 April 2014, the fixed-rate tranche of the corporate bond issued in 2011, which was due to mature in 2018 and had a volume of €325,000 thousand, and the floating-rate tranche of the corporate bond issued in 2013, which was due to mature in 2020 and had a volume of €200,000 thousand, were repaid early in full. The funds used for the repayment mainly originated from the revolving credit facility that was agreed with a group of banks under the SFA in connection with the IPO and that has a term to maturity of five years after the IPO. Against this background, the credit facility was increased by €198,000 thousand to a total of €1,243,000 thousand in April 2014. Of this amount, €402,020 thousand had been drawn down as at the reporting date.

## G. Net assets

	31 Dec 2014 (€ thousand)	31 Dec 2013 (€ thousand)
<b>Assets</b>		
Property, plant and equipment	279	0
Financial assets	2.005.933	2.007.002
Receivables and other assets	327.195	148.561
Cash and cash equivalents	0	7
	<b>2.333.407</b>	<b>2.155.570</b>
<b>Equity and liabilities</b>		
Equity	2.283.697	2.147.515
Retirement benefit obligation	9.792	2.585
Tax provisions	11	0
Other provisions	25.931	4.329
Liabilities	13.695	1.141
Deferred income	281	0
	<b>2.333.407</b>	<b>2.155.570</b>

At the end of 2013, the total assets of KION GROUP AG had increased by approximately 8 per cent year on year to €2,333,407 thousand. This was primarily attributable to the increase in receivables from affiliated companies from €148,559 thousand to €325,030 thousand. The financial assets include the carrying amount of the equity investment in KION Holding 2 GmbH (€2,005,331 thousand) and in proplan Transport- und Lagersysteme GmbH (€602 thousand).

The receivables consist predominantly of a loan of €113,634 thousand to KION HOLDING 2 GmbH and the Company's entitlement to the transfer of profits of €198,554 thousand.



Equity rose to €2,283,697 thousand thanks to the net profit of €169,597 thousand (net of dividend payments amounting to €34,545 thousand). The equity ratio as at the reporting date was 97.9 per cent (31 December 2013: 99.6 per cent).

The rise of €28,820 thousand in provisions to €35,734 thousand mainly resulted from the increase in personnel provisions caused by KION GROUP AG taking on the employees of KION Material Handling GmbH. Moreover, a further tranche of the KION performance share plan for the Executive Board began on 1 January 2014. The provisions for the share plan (2013 tranche and 2014 tranche) went up by €4,782 thousand year on year.

Liabilities to banks amounted to €79 thousand as at 31 December 2014 (31 December 2013: €0 thousand).

## H. Employees

The average number of employees at KION GROUP AG was 44 in 2014 (2013: 0). As at 31 December 2014, KION GROUP AG had 134 employees

This increase is due to the agreement providing for the transfer of head office functions, consisting of administrative, financial and technical services, and human resources from the affiliated company KION Material Handling GmbH to KION GROUP AG on 1 September 2014.

On 1 October 2014, the Executive Board of KION GROUP AG decided to introduce an employee share option programme to enable staff members, initially those working for the participating German companies in the KION Group, to derive greater benefit from the success of the Company. At KION GROUP AG, 70.6 per cent of eligible employees took up this offer. Further details on the employee share option programme can be found in the notes to the Company's financial statements.

## I. Overall assessment of the economic situation

As a holding company without any operating activities of its own, KION GROUP AG is indirectly dependent on the earnings and economic performance of its subsidiaries. The net financial income generated by the Company was greatly improved because of the €198,516 thousand it received in income from the profit-transfer agreement with KION Holding 2 GmbH. This increased the net profit for the year to €169,597 thousand (2013: net loss of €6,559 thousand).

Despite challenging economic conditions – with growth in the global economy less dynamic than anticipated in 2014 – the KION Group maintained its strong market position over the year as a whole. A vastly improved funding structure provides greater flexibility for generating profitable growth in the future. KION GROUP AG has also improved its liquidity position.

The KION Group is well positioned to use its own resources over the next few years to fund and implement the action necessary as part of its Strategy 2020. The aim of this strategy is to enable the Group to catch up with the global market leader within five years.

## J. Events after the reporting date

On 12 February 2015, KKR and Goldman Sachs placed a further 4.8 million shares (4.9 per cent of KION shares) in the market. As a result of this transaction, the free float increased again, from 47.7 per cent to 52.5 per cent. The proportion of shares held indirectly by KKR and Goldman Sachs via Superlift Holding therefore reduced from 18.8 per cent to 14.0 per cent.

In the period between the reporting date for 2014 and the preparation of the annual financial statements on 10 March 2015 there were no events or developments that would have led to a material change in the recognition or measurement of the individual assets and liabilities as at 31 December 2014 or that it would be necessary to disclose.

## K. Opportunities and risks report

The major operationally active companies are affiliated with KMH through profit-and-loss transfer agreements. Because of the distribution of KMH's profits to KION Holding 2 GmbH and the profit-and-loss transfer agreement with KION GROUP AG, KION GROUP AG, as the strategic holding company, participates indirectly in the following potential opportunities and risks of its subsidiaries and thus the KION Group.

### K.1 Opportunity report

#### Management of opportunities

Opportunity management, like risk management, forms a central part of the Company's day-to-day management. Individual areas of opportunity are identified within the framework of the strategy process. Opportunities are determined and managed on a decentralised basis in line with the Group strategy.

There are monthly reports on the opportunity situation as part of the regular Group reporting process. As a result, the KION Group is in a position to ascertain at an early stage whether market trends, competitive trends or events within the Group require individual areas of opportunity to be re-evaluated. This may lead to reallocation of the budgets earmarked for the realisation of opportunities. Such decisions are made on the basis of the potential of the opportunity, drawing on empirical values. There is no management system for the evaluation of opportunities comparable to the system for risk management.

#### Categorisation of opportunities

By 'opportunities', we mean positive deviations from the expectations set out in the outlook relating to the economic situation and the KION Group's position. Opportunities are divided into three categories:

Market opportunities describe the potential resulting from trends in the market and competitive environment and from the regulatory situation.

Strategic opportunities are based on implementation of the Group's strategy. They may lead to positive effects that exceed planning assumptions.

Business-performance opportunities arise in connection with operational activities along the value chain, such as restructuring or cost-cutting measures.

## Opportunity situation

### Market opportunities

The economy as a whole may perform better than expected in 2015. In addition, circumstances may occur in the wider market at any time – such as quality problems at competitors or the effects of consolidation – that boost demand for products from the KION Group brands. New, unforeseen regulatory initiatives could be launched, for example the tightening of health and safety regulations or emissions standards, that would push up demand for premium products offered by the KION Group brands. Average prices for procuring commodities over the year may be cheaper than anticipated.

Medium- to long-term market opportunities are presented, in particular, by:

- growing demand for intralogistics products and services as a consequence of globalisation, industrialisation and fragmentation of supply chains;
- high demand for replacement investments, especially in developed markets;
- the trend towards outsourcing service functions to industrial truck manufacturers and growth in demand for finance solutions;
- increased use of trucks powered by electric motors – one of the KION Group's particular strengths.

### Strategic opportunities

Strategic opportunities are presented, above all, by implementing the Strategy 2020. The positive impact of strategic activities is already largely reflected in the expectations regarding the KION Group's financial performance in 2015. Nevertheless, the individual activities could create positive effects that exceed expectations. There is also a possibility that new strategic opportunities that were not part of the planning may arise over the course of the year, for example in the form of acquisitions and strategic partnerships.

The KION Group's medium- to long-term strategic opportunities arise, in particular, from:

- a greater presence in the economy and volume price segments, particularly as a result of the systematic implementation of the groupwide platform strategy;
- strengthening of its market-leading position in core western European markets by boosting its technological expertise and making greater use of shared modules;
- expansion of the service portfolio, including financial services, at every stage of the product lifecycle, taking advantage of the high number of trucks in use;
- harnessing of market potential in fast-growing regions by putting suitable production and sales structures in place;
- continued expansion of business in North America.

### Business-performance opportunities

Business-performance opportunities primarily arise from ongoing activities to modernise and streamline the KION Group's production facilities and from the worldwide integration of the production network. Through investment in new locations, products can be assembled nearer to the markets in which they are to be sold, economies of scale can be achieved across the Group and synergies can be leveraged. Further development of the Group's back-office services will also help to achieve these objectives.

The following may lead to an increase in profitability in the medium term:

- ongoing efficiency increases at production sites may boost sales and improve the gross margin;
- effective use of global development capacities within the framework of an overarching modular and platform strategy may create synergies and economies of scale.

## K.2 Risk report

### K2.1. Risk strategy

The business activities of the KION Group necessarily involve risk. Dealing responsibly with risk and managing it in a comprehensive manner is an important element of corporate management. The overarching aim is to fully harness business opportunities while ensuring that risk always remains under control. Using its groupwide risk management system, the KION Group contains all identified risks by implementing suitable measures and takes appropriate precautions. This ensures that the losses expected if these risks arise will be largely covered and therefore will not jeopardise the Company's continuation as a going concern.

### K2.2. Principles of risk management

To ensure that the risk management systems are fully integrated into the KION Group's overall financial planning and reporting process, they are located in the Group Accounting & Finance function.

The procedures governing the KION Group's risk management activities are laid down in internal risk guidelines. For certain types of risk, such as financial risk or risks arising from financial services, the relevant departments also have guidelines that are specifically geared to these matters and describe how to deal with inherent risks. Risk management is organised in such a way that it directly reflects the structure of the Group itself. Consequently, risk officers supported by risk managers have been appointed for each company and each division. A central Group risk manager is responsible for the implementation of risk management processes in line with procedures throughout the Group. His or her remit includes the definition and implementation of standards to ensure that risks are captured and evaluated.

The risk management process is organised on a decentralised basis. Firstly, a groupwide risk catalogue is used to capture the risks attaching to each company. Each risk must be captured individually. If the losses caused by a specific risk or the likelihood of this risk occurring exceed a defined limit, the KION Group's Executive Board and its Accounting & Finance function are notified immediately. Each risk is documented in an internet-based reporting system designed specifically for the requirements of risk management. Risks affecting more than one Group company, such as market risks, competition risks, financial risks and risks arising from financial services are not recorded individually but are instead evaluated at Group level. Consequently, such risks are not quantified.

The scope of consolidation for risk management purposes is the same as the scope of consolidation for the consolidated financial statements. The risks reported by the individual companies are combined to form divisional risk reports as part of a rigorous reporting process. To this end, minuted risk management meetings are held once a quarter. Moreover, material risks are discussed with the segments at the business review meetings. The divisional risk reports are then used to compile an aggregate risk portfolio for the KION Group as a whole. To support this, the relevant departments of the holding company are consulted each quarter in order to identify and assess risk – particularly Company-wide, cross-brand risk affecting areas such as treasury, purchasing, tax, human resources and financial services. The Executive Board of KION GROUP AG and the Supervisory Board's Audit Committee are informed of the Group's risk position once a quarter. The Internal Audit department audits the risk management system at regular intervals.

### **K.2.3. Material features of the internal control and risk management system pertaining to the (Group) accounting process**

#### **Principles**

The main objectives of the special accounting-related internal control system are to avoid the risk of material misstatements in financial reporting, to identify material mismeasurement and to ensure compliance with the applicable regulations and internal instructions. This includes verifying that the consolidated financial statements and group management report comply with the relevant accounting standards. There can, however, be no absolute certainty that these objectives are achieved in full and at all times.

#### **Material processes and controls in the (Group) accounting process**

For its (Group) accounting process, the KION Group has defined suitable structures and processes within its internal control and risk management system and implemented them in the organisation.

Changes to the law, accounting standards and other pronouncements are continually analysed with regard to their relevance and effect on the separate and consolidated financial statements and (Group) management report; the relevant changes are then incorporated into the Group's internal policies and systems.

All consolidated entities must follow the KION GROUP IFRS Accounting Manual when preparing their IFRS reporting packages. This manual contains the recognition, measurement and disclosure rules to be applied in the KION Group's accounting in accordance with IFRS. The accounting guidelines primarily explain the financial reporting principles specific to the KION Group's business. In addition, all companies must adhere to the schedule defined by head office for preparing the consolidated financial statements and group management report.

The accounting-based internal control and risk management system encompasses defined control mechanisms, automated and manual reconciliation processes, separation of functions, the double-checking principle and adherence to policies and instructions.

The employees involved in the Group's accounting process receive regular training in this field. Throughout the accounting process, the local companies are supported by central points of contact. The consolidated accounts are drawn up centrally using data from the consolidated subsidiaries. A consolidation department with specially trained employees carries out the consolidation activities, reconciliations and monitoring of the stipulated deadlines and processes. Monthly checklists have been drawn up for the consolidation process and are worked through in a standardised manner. All postings are managed centrally and documented. This team also monitors the system-based controls and supplements them with manual checks. The entire accounting process contains a number of specific approval stages, for which extensive plausibility checks have been set up. Employees with the relevant expertise provide support on specialist questions and complex issues. The central Internal Audit department also checks, among other things, the reliability of the accounting work by the subsidiaries in Germany and abroad. It focuses primarily on the following aspects:

- compliance with legal requirements, directives from the Executive Board, other policies and internal instructions;
- integrity and effectiveness of the internal control systems for avoiding financial losses;
- correct performance of tasks and compliance with business principles;

- correctness of the accounting (and of the financial reporting that is based on the accounting) in terms of form and substance.

Internal control mechanisms and ongoing analysis of the regulatory framework enable any risks that might jeopardise compliance of the consolidated financial statements and group management report with accounting standards to be identified as soon as possible so that appropriate countermeasures can be taken. Such risks form part of the KION Group's aggregate risk profile and are classified as operational risk.

### K.3 Risk types

#### Market risk and competition risk

##### K.3.1 Market risk

Market risk can arise when the economy as a whole or a particular sector does not perform as well as had been anticipated in the outlook. Cyclical fluctuations in macroeconomic activity affect the market for industrial trucks. Customers' decisions on whether to invest, particularly in new trucks, depend to a large degree on the macroeconomic situation and conditions in their particular sector. During an economic downturn, customers tend to postpone their purchases of new trucks. Although demand for services is less cyclical, it correlates with the degree of utilisation in the truck fleet – which usually declines during difficult economic periods. As the KION Group can only adjust its fixed costs to fluctuations in demand to a limited extent, reductions in revenue impact on earnings.

Despite the KION Group's strong growth in emerging markets and, prospectively, North America, the proportion of revenue it earns in the eurozone remains high. As a result, the market conditions that prevail there impact significantly on the KION Group's financial performance. Although the economic situation has stabilised somewhat, the eurozone remains susceptible to disruption. Doubts surrounding the stability of the financial system and the ability of the single currency to survive have not been allayed, either. Overall, these factors could reduce eurozone customers' willingness to invest and consequently the demand for the KION Group's products.

Slower than forecast macroeconomic growth in emerging markets could also have a negative impact on global trade volumes and thus on growth in the material handling market. The market risks referred to could be heightened by geopolitical risk, possible currency crises and deflationary tendencies.

Various measures aimed at making cost structures more flexible – such as the consolidation of production facilities and the platform strategy – help to contain the earnings risk arising from reductions in revenue caused by economic conditions. Diversification of the customer base in terms of industry and region as well as expansion of service activities also play a role in mitigating risk. Moreover, the KION Group closely monitors the market and its competitors so that it can identify market risks at an early stage and adjust its production capacities in good time. Besides global economic growth, the KION Group also analyses exchange rates, price stability, the consumer and investment climate, foreign trade activity and political stability in its key sales markets. The risk management function continually analyses the possible impact of the situation in the eurozone on the Group's financial position and financial performance. In addition to ongoing screening and monitoring, the risk reports regularly include a separate assessment of the risks arising from the sovereign debt crisis.

Other risks arise as a result of constant changes in the Company's political, legal and social environment. Because it operates in countries in which the political or legal situation is uncertain, the KION Group is exposed to the consequent risk of government regulation, capital controls and expropriations. The KION Group mitigates such strategic risks by, for example, carrying out in-depth market research, conducting thorough evaluation procedures to assess political and economic conditions and drafting contracts appropriately.

### K.3.2 Competition risk

Competition risk describes the risk that growing competitive pressure will prevent the KION Group from achieving its predicted margins and market share. The markets in which the KION Group operates are characterised by strong competition, often price-driven. Price competition is compounded by some manufacturers having cost advantages in production, sometimes due to the currency situation and sometimes because local labour costs are lower. Competition is therefore fierce, particularly in the economy and volume price segments, and the impact is especially strong in emerging markets. Building on their local competitive strength, manufacturers in emerging markets are also looking for opportunities to expand. Although the high quality expectations and service needs of customers in developed markets present a barrier to growth for many of these manufacturers, this situation is likely to intensify competitive pressures in future.

It is also conceivable that competitors will join forces and their resulting stronger position will be detrimental to the KION Group's sales opportunities. Moreover, predictions of higher volumes and margins may lead to overcapacity, which would put increased pressure on prices.

Although the KION Group's strengths in the premium segment have enabled it to charge appropriate prices until now, it is taking a variety of steps to contain competition risk. Alliances, partnerships, acquisitions and other measures are playing an increasing role in improving the KION Group's competitiveness in terms of resources, market access and product range. The steps that the KION Group is taking to mitigate its competition risk also include making its plants more efficient and securing low-cost sources of supply.

The KION Group also continually evaluates its options for strengthening and consolidating its position in emerging markets, in particular through strategic partnerships, the creation of joint ventures or acquisition of local manufacturers. One of the risks of such alliances and acquisitions is that the expected benefits will materialise only partly or not at all. For example, the organisational integration of new units can harm financial performance for a variety of reasons. It is also possible that a partner will collaborate with competitors if exclusivity agreements are not in place.

## Risks along the value chain

### K.3.3 Research and development risk

The KION Group's market position and business performance depend to a large extent on its ability to remain a leading provider of technology. This requires the Group to continually develop products that meet customer expectations and comply with changing regulatory and technological requirements. To this end, the KION Group must anticipate customers' needs and changing market conditions and has to quickly bring new products to market. If the Company does not succeed in doing this, its technological and competitive position could be compromised in the long term.

The innovations developed by the KION Group are comprehensively protected by intellectual property rights, in particular patents. Nevertheless, there is always the possibility that products or product components will be imitated. There is also a risk that patent applications will not be successful.

The KION Group mitigates research and development risk by focusing firmly on customer benefit in its development of products on the basis of overarching modular and platform strategies. Customer needs are incorporated into the development process on an ongoing basis by ensuring close collaboration between sales and development units and taking account of all region-specific requirements.

### K.3.4 Procurement risk

Procurement activities constitute a potential risk for the KION Group in terms of the lack of availability of parts and components for logistical or quality reasons and the rising cost of raw materials, energy,

base products and intermediate products. As a result, there is always the possibility that the KION Group will face backlogs in the supply of individual raw materials and components. KION obtains some of its key components, such as combustion engines, tyres, high-performance forged and electronic parts, from a limited number of core suppliers.

The risk of supply bottlenecks – for example in the event of a shortage of raw materials or financial difficulties at core suppliers – cannot be ruled out in future. The KION Group mitigates this risk through appropriate diversification of its supplier structure in the context of a global procurement organisation. In addition, the supplier development department, which focuses on improving suppliers' production processes, helps suppliers to ensure that their processes are cost-efficient and offer excellent quality.

Price changes present another procurement-related risk. In 2014, around 26.5 per cent of the cost of materials for new trucks was directly influenced by changes in commodity prices. Moreover, conditions in the commodity markets typically affect component prices after a delay of three to six months. The KION Group endeavours to pass on price increases to customers but cannot always do so entirely due to market pressures.

### **K.3.5 Production risk**

Production risks are largely caused by quality problems, possible operational disruptions or production downtime at individual sites. In such cases, the KION Group's closely integrated manufacturing network presents a heightened risk to its ability to deliver goods on time. There is also a risk that structural measures and reorganisation projects will not be implemented owing to disruption of production or strikes. Delays in delivery or a rise in the number of complaints could harm the KION Group's positioning in the price segments and sales markets that it serves and, as a result, could harm its financial situation.

To mitigate these risks, the KION Group carries out preventive maintenance, implements fire protection measures, trains its staff and builds a pool of external suppliers. The Company has taken out a commercially appropriate level of insurance cover against loss. Quality assurance is a high priority throughout the value chain and reduces possible quality-related risks arising from the products and services provided. The KION Group mitigates its quality-related risks significantly by applying rigorous quality standards to its development activities, conducting stringent controls throughout the process chain and maintaining close contact with customers and suppliers. To mitigate risks resulting from any restructuring measures, the KION Group undertakes such measures only after a comprehensive planning process and works closely with employee representatives to ensure HR measures are implemented with the minimum possible social impact.

### **K.3.6 Sales risk**

The main sales risks – besides a drop in revenue caused by market conditions – result from dependence on individual customers and sectors. For example, it is possible that customers would postpone or cancel orders during a period of economic difficulty. There have not been any significant cancellations in previous years, however. It is also conceivable that customers would face a liquidity shortfall and therefore be unable to fulfil their payment obligations immediately or even at all. Currently, there is little dependence on individual sectors in the KION Group's customer portfolio. The KION Group's reliance on individual customers also remains low. Its business is also highly diversified from a regional perspective. In addition, the KION Group supplies companies of all sizes. Experience has shown that the KION Group's exposure to the risk of possible payment defaults is low, but this risk can be further mitigated by recovering any collateral.

### **K.3.7 IT risk**

A high degree of interconnectedness between sites and with customers and other companies means that the KION Group also relies on its IT systems working flawlessly. The KION Group undertakes ongoing further development of a reliable, extendable and flexible IT system environment with the aim of countering any IT-related risks that may arise from the failure of IT systems and IT infrastructure.



Internal IT resources are pooled in KION Information Management Services GmbH, which has well-established processes for portfolio management and project planning and control. Independent external audits are conducted to provide additional quality assurance. Various technical and organisational measures protect the data of the KION Group and its Group companies against unauthorised access, misuse and loss. These measures include procedures to validate and log access to the Group's infrastructure.

### K.3.8 Financial risk

Group Treasury is responsible for ensuring that sufficient financial resources are always available for the KION Group's international growth. The main types of financial risk managed by Group Treasury, including risks arising from funding instruments, are liquidity risk, currency risk, interest-rate risk and counterparty risk. Counterparty risk consists solely of credit risks attaching to financial institutions. Risk management procedures issued by Group Treasury stipulate how to deal with the aforementioned risks.

The KION Group further reduced its financial debt in the year under review. Long-term borrowing totalled €648.0 million as at 31 December 2014 and comprised the corporate bond due to mature in 2020 (€450.0 million) and the long-term portion of the revolving credit facility (€198.0 million), which expires in 2018/2019. The unused, unrestricted loan facility stood at €841.0 million as at 31 December 2014. Risk arising out of the lending conditions that have been agreed was not regarded as material as at 31 December 2014. It relates in particular to the restrictions in respect of compliance with financial covenants and upper limits for certain transactions and in respect of the obligation to submit special regular reports. The KION Group complied with all the lending covenants in the reporting year.

The Company generally refers to credit ratings to manage counterparty risk when depositing funds with a financial institution.

The KION Group only uses derivatives to hedge underlying operational transactions; they are not used for speculative purposes. It is exposed to currency risk because of the high proportion of its business conducted in currencies other than the euro. Normally, at least 50 per cent of the currency risk related to the planned operating cash flows based on liquidity planning is hedged by currency forwards in accordance with the relevant guideline.

Group Treasury rigorously complies with and monitors the strict separation of functions between the front, middle and back offices. Each Group company's liquidity planning is broken down by currency and incorporated into the KION Group's financial planning and reporting process. Group Treasury checks the liquidity planning and uses it to determine the funding requirements of each company.

The funding terms and conditions faced by the lenders themselves (manifested, for example, in the payment of liquidity premiums on interbank lending) may result in a future shortage of lines of credit and/or increased financing costs for companies. However, the Group currently does not expect any further changes in its lines of credit or any excessive increases in margins.

The individual Group companies directly manage counterparty risks involving customers. These counterparty risks have not changed significantly, despite the financial crisis. Each individual Group company has established a credit management system for identifying customer-related counterparty risks at an early stage and initiating the necessary countermeasures. Analysis of the maturity structure of receivables is an integral element of monthly reporting.

A variable-rate loan agreement is in place with KION Holding 2 GmbH. Because of the variable interest rate there is a risk from cash flow fluctuations.

### K.3.9 Risk arising from financial services

The KION Group's leasing activities mean that it may be exposed to residual value risks from the marketing of trucks that are returned by the lessee at the end of a long-term lease and subsequently sold

or re-leased. Residual values in the markets for used trucks are therefore constantly monitored and forecast. The KION Group regularly assesses its aggregate risk position arising from financial services.

The risks identified are immediately taken into account by the Company in the costing of new leases by recognising writedowns or valuation allowances and adjusting the residual values. Risk-mitigating factors include the demand for used trucks, which stabilises the residual values of the KION Group's industrial trucks. The majority of the residual values have underlying remarketing agreements that transfer any residual-value risk to the leasing company. This had a positive impact on the financial results in 2014. Groupwide standards to ensure that residual values are calculated conservatively, combined with an IT system for residual-value risk management, reduce risk and provide the basis on which to create the transparency required.

The KION Group mitigates its liquidity risk and interest-rate risk by ensuring that most of its transactions and funding loans have matching maturities and by constantly updating its liquidity planning. Long-term leases are primarily based on fixed-interest agreements. The credit facilities provided by various banks and an effective dunning process ensure that the Group has sufficient liquidity.

In order to exclude currency risk, the KION Group generally funds its leasing business in the local currency used in each market.

Because of low default rates, counterparty risk has not been significant to date in the Group. The KION Group has not identified any material changes between 2013 and 2014. The Group also mitigates any losses from defaults by its receipt of the proceeds from the sale of repossessed trucks. In addition, receivables management has been improved by enhancing the dunning process. The credit portfolio management system was updated during 2014. Besides the design of the business processes, it also encompassed the risk management and control processes.

Moreover, the KION Group offers the majority of financial services indirectly via selected financing partners that bear the risks of the finance transaction. As far as these financial services are concerned, the KION Group bears the counterparty risk in under 3 per cent of cases.

### **K.3.10 Human resources risk and legal risk**

The KION Group relies on having highly qualified managers and experts in key roles. If they left, it could have a long-term adverse impact on the Group's prospects.

That is why the KION Group actively engages in HR work aimed at identifying and developing young professionals with high potential who already work for the Company and retaining them over the long term, thereby enabling succession planning for key roles across the Group. The KION Group also positions itself in the external market as an employer of choice. This will enable it to make strategic additions to its portfolio of existing staff and, in this way, avert the risk of possibly losing expertise and thereby becoming less competitive.

Any restructuring measures may result in a risk of strikes and reactions of other kinds by the workforce. As demonstrated several times in the past, this risk is contained by collaborating closely with employee representatives and, if job losses are necessary, taking comprehensive steps to ensure they are achieved with the minimum possible social impact.

The legal risks arising from the KION Group's business are typical of those faced by any company operating in this sector. The Group companies are a party in a number of pending lawsuits in various countries. The individual companies cannot assume with any degree of certainty that they will win any of the lawsuits or that the existing risk provision in the form of insurance or provisions will be sufficient in each individual case. However, the KION Group is not expecting any of these existing legal proceedings to have a material impact on its financial position or financial performance. These lawsuits relate, among other things, to liability risks, especially as a result of legal action brought by third parties because, for example, the Company's products were allegedly faulty or the Company allegedly failed to comply with contractual obligations. Further legal risk may arise as a result of the environ-

mental restoration of sites that have been shut down in recent years, for example work required due to contamination. Any damage to the environment may lead to legal disputes and give rise to reputational risk.

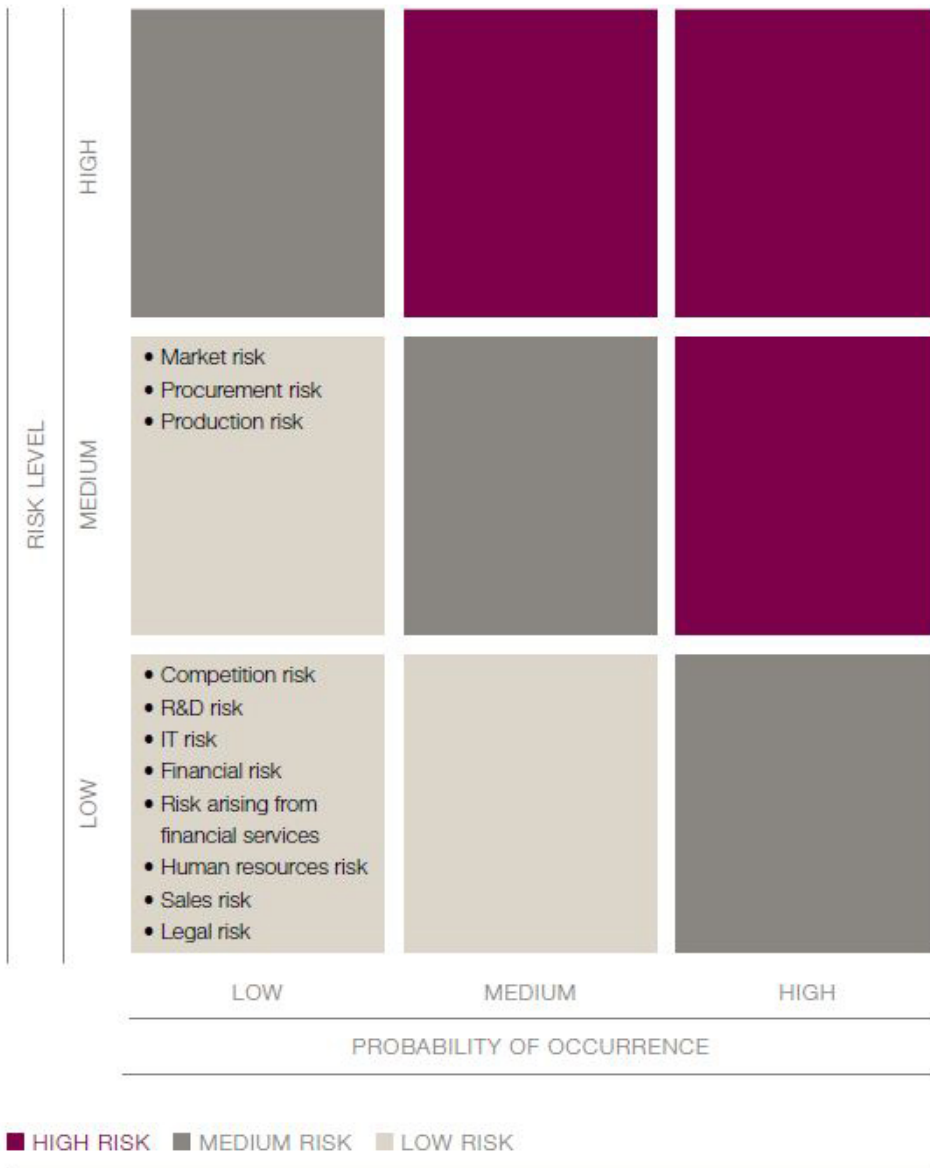
The Company has taken measures to prevent it from incurring financial losses as a result of these risks. Although legal disputes with third parties have been insignificant both currently and in the past, the Company has a centralised reporting system to record and assist pending lawsuits. In addition to the high quality and safety standards applicable to all users of the Company's products, with which it complies when it develops and manufactures the products, it has also taken out the usual types of insurance to cover any third-party claims. These issues are also tackled by teams whose members come from a variety of functions. The aim of the teams is to identify and avoid risks, for example the risks arising from inadequate contractual arrangements. A further objective of this cooperation across functions is to ensure compliance with mandatory laws, regulations and contractual arrangements at all times.

Owing to the KION Group's export focus, legal risk and reputational risk arise due to the numerous international and local export controls that apply. The Company mitigates these risks with a variety of measures. Consequently, export controls are an important part of the compliance activities carried out by the Group companies.

#### **K.4 Aggregate risk**

In 2014, the aggregate risk position was largely unchanged compared with the previous year. With regard to 2015, the risks in the risk matrix below will be continually observed and evaluated in terms of their extent and probability of occurrence. For example, we consider the probability of market risk materialising as low because of the fairly positive market expectations. However, the possible impact of market risk continues to be rated at a medium risk level because of the importance of the market for the KION Group's business situation and financial performance. As things stand at present, there are no indications of any risks that could jeopardise the Company's continuation as a going concern.

**Risk matrix**



The market risks and competition risks described, the risks along the value chain, the human resources risks and the legal risks largely relate to the LMH and STILL segments. By contrast, risks arising from financial services mainly affect the Financial Services segment, while financial risks would predominantly impact on the Other segment.

**L. 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 KION GROUP AG, affect the Company's business

activities and profitability. Any unexpected developments in the global economy would result in KION GROUP AG's performance and profits differing significantly from those forecast below. KION GROUP AG does not undertake to update forward-looking statements to reflect subsequently occurring events or circumstances. Furthermore, KION GROUP AG cannot guarantee that future performance and actual profits generated will be consistent with the stated assumptions and estimates and can accept no liability in this regard.

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

### Expected macroeconomic conditions

In the opinion of the International Monetary Fund (IMF), the pace of global economic growth will pick up in 2015, although not as strongly as forecast previously. In its January outlook, the IMF expects the global economy to grow at a rate of 3.5 per cent and the eurozone at 1.2 per cent in 2015. Growth of 2.4 per cent is predicted for the industrial countries in 2015 compared with 1.8 per cent in 2014, with the United States as the biggest growth driver. In view of slower growth in China and the anticipated slump in Russia, growth in the emerging and developing countries is only expected to stay at around the same level of 4.3 per cent. The forecast for economic conditions is based on the assumption that, alongside tightening public finances, fiscal policy will remain expansionary and geopolitical tensions will ease. Moreover, the IMF believes advantages created by low oil prices will be offset by unfavourable factors worldwide.

### Expected sectoral conditions

The overall market for industrial trucks will continue to depend heavily on economic conditions in key sales markets, with the level of capital investment and the growth in global trade being particularly crucial. In 2014, the global market for industrial trucks expanded by around 8 per cent, a slightly stronger rate than in the previous year despite mixed economic conditions overall. This increase was primarily driven by a recovery of demand in western Europe coupled with strong growth in China and North America. Given the overall economic prospects and in anticipation of a stable investment climate, the KION Group expects a further increase, albeit moderate, in the worldwide market volume in 2015. Besides the predicted growth in the emerging markets of Asia, the major factors will be stabilisation of the sales situation in western Europe with sustained replacement and catch-up investment plus healthy market conditions in North America. However, risks are presented by the unstable geopolitical situation and the related significant slowdown in Russia's growth. This could have a negative impact on neighbouring countries in eastern Europe and for the eurozone. Deflationary tendencies could dampen companies' willingness to invest.

Market expectations also remain positive over the longer-term perspective. Based on current macroeconomic forecasts and in view of the rise in global trade volumes, the KION Group predicts an average annual growth rate (in units) of about 4 per cent for the global market over the next few years and does not expect there to be significant changes in the proportion of total revenue generated by each product segment.

### Outlook for KION GROUP AG

As a holding company without any operating activities of its own, KION GROUP AG is indirectly dependent on the earnings and economic performance of its subsidiaries. Given the low forecast income from its investments, KION GROUP AG is expecting a net loss for 2015 in the low double-digit millions.

## M. Remuneration report

In accordance with statutory requirements and the recommendations of the German Corporate Governance Code as amended 24 June 2014 (DCGK), this remuneration report explains the main features of the remuneration system used for the Executive Board and the Supervisory Board of the Company and also discloses the remuneration paid to the individual members of the Executive Board and the Supervisory Board in return for the work that they carried out on behalf of the Company and its subsidiaries in 2014.

### Executive Board remuneration

#### Essential features of the Executive Board remuneration system

The remuneration of the Executive Board of KION GROUP AG is determined in accordance with the requirements of the German Stock Corporation Act (AktG) and the DCGK. It reflects the size and complexity of the KION Group, its business and financial situation, its performance and future prospects, the normal amount and structure of executive board remuneration in comparable companies and the internal salary structure. The Supervisory Board also took into account the relationship between the Executive Board remuneration and the remuneration paid to senior managers and the workforce of the Company as a whole, including increases over the course of time. Other criteria used to determine remuneration included the remit and work to be carried out by the individual members of the Executive Board. The remuneration system was designed with support from external consultants working independently of the Executive Board and the Company.

The total remuneration now paid to the Executive Board comprises a non-performance-related salary and non-performance-related non-cash benefits, performance-related (variable) remuneration and pension entitlements. When the variable remuneration structure was defined, the emphasis was on creating a measurement basis covering a number of years, thus providing the members of the Executive Board with an incentive to contribute to the sustained and long-term growth of the Company. The structure also takes into account both positive and negative performance.

In addition, the remuneration for all members of the Executive Board is subject to upper limits on the amounts payable, both overall and also in terms of the variable components.

The pension entitlements consist of entitlements in respect of retirement, invalidity and surviving dependants' benefits. The Supervisory Board regularly reviews the structure and appropriateness of Executive Board remuneration.

#### Non-performance-related remuneration

The Executive Board members of KION GROUP AG receive non-performance-related remuneration in the form of a fixed annual salary (basic remuneration) and additional benefits. The fixed annual salary is paid at the end of each month in twelve equal instalments, the last payment being made for the full month in which the Executive Board service contract ends. The additional benefits essentially comprised use of a company car and the payment of premiums for accident insurance with benefits at a typical market level.

Additional special benefits have been agreed for Mr Quek because he has been sent from Singapore to China on foreign assignment.

Mr Quek's remuneration is therefore structured as if he were liable for taxes and social security contributions in Singapore. KION GROUP AG pays the additional taxes and social security contributions that Mr Quek incurs in China and Germany. In 2014, the additional amount involved totalled €284,897 (2013: €316,045). The additional benefits agreed with Mr Quek include the cost of trips home to Singapore for Mr Quek and his family, a company car, rental payments in Xiamen and private health in-

surance. In 2014, the special additional benefits for Mr Quek amounted to a total of €107,997 (2013: €86,917). These special benefits will be granted for as long as Mr Quek's designated place of work is Xiamen or until his service contract with KION GROUP AG ends.

### Performance-related remuneration

The performance-related remuneration components consist of a variable remuneration component measured over one year and a variable remuneration component measured over several years in the form of a rolling performance share plan with a three-year term.

### One-year variable remuneration

The one-year variable remuneration is a remuneration component linked to the business profitability and productivity of the KION Group in the relevant financial year. Its amount is determined by the attainment of targets based on the following KPIs: earnings before interest, taxes and amortisation (EBITA), return on capital employed (ROCE), revenue and net debt. They are weighted as follows: 30 per cent for EBITA, 30 per cent for ROCE, 20 per cent for revenue and 20 per cent for net debt. The target values for the financial components are derived from the annual budget and specified by the Supervisory Board.

The possible range for target achievement is 0 per cent to 200 per cent. If the targets derived from the annual budget are achieved in full, target achievement is 100 per cent. The target achievement levels for the weighted Company targets (EBITA, ROCE, revenue and net debt) are added together to give the total target achievement.

The individual performance of the Executive Board members is rated using a discretionary performance multiple with a factor of between 0.8 and 1.2. The factor is determined by the Supervisory Board with reference to attainment of the individual targets defined by the Supervisory Board in a target agreement form at the start of the year. The factor is applied to total target achievement for the budget targets and results in payment of the individual target bonus if the overall target attainment is 100 per cent. The amount paid as one-year variable remuneration is capped at 200 per cent of the target bonus.

In the event that an Executive Board member is not entitled to remuneration for the entire year on which the calculation is based, the remuneration is reduced pro rata temporis.

### Multiple-year variable remuneration

The multiple-year variable remuneration component is structured in the form of a performance share plan. At the start of the three-year performance period, a conditional entitlement to a certain target number of performance shares is granted. This number is calculated by dividing the allocation value (in euros) for the particular Executive Board member by the fair value of one performance share at the time of grant. The number of preliminary performance shares defined in this way is adjusted depending on achievement of the two target values – total shareholder return (TSR) for KION shares compared with the STOXX<sup>®</sup> Europe Total Market Index (TMI) Industrial Engineering index and return on capital employed (ROCE) – over the performance period. Each target has a 50 per cent weighting.

The possible range for target achievement for both elements is 0 per cent to 150 per cent. If KION shares outperform the STOXX<sup>®</sup> Europe TMI Industrial Engineering index by 10 per cent and the ROCE targets defined each year on the basis of the budget are achieved, total target achievement will be 100 per cent.

The amount paid for each tranche is determined by the final number of performance shares multiplied by the price of the Company's shares (average price over the preceding 60 trading days) at the end of the performance period. Depending on achievement of the individual targets defined by the Superviso-

ry Board at the start of the performance period (three-year target agreement form), the Supervisory Board can use a discretionary factor to make a final adjustment to the calculation of the amount to be paid out at the end of the performance period by plus or minus 20 per cent, although the maximum payment may not exceed 200 per cent of the allocation value.

The plan is a cash-settled long-term incentive plan that does not include the right to receive any actual shares. The first payment under the plan will be made in 2016.

Under the requirements of German accounting standard (GAS) 17 and IFRS 2, the total expense arising from share-based payments and the fair value of the performance share plan on the date of granting must be disclosed.

## Performance share plan in 2014

	Fair value of the performance share plan on the date of grant	Number of performance shares granted <sup>1</sup>	Fair value per performance share on date of grant (long-term incentive)	Expense of share-based remuneration in 2014
Gordon Riske	€1,500,000	54,427	€27.56	€486,033
Bert-Jan Knoef	€1,000,000	36,284	€27.56	€324,016
Theodor Maurer	€1,000,000	36,284	€27.56	€324,016
Ching Pong Quek	€330,000	30,116	€27.56	€268,936
Dr Thomas Toepfer	€1,000,000	36,284	€27.56	€324,016
<b>Total</b>	<b>€5,330,000</b>	<b>193,395</b>		<b>€1,727,017</b>

## Performance share plan in 2013

	Fair value of the performance share plan on the date of grant	Number of performance shares granted <sup>1</sup>	Fair value per performance share on date of grant (long-term incentive)	Expense of share-based remuneration in 2013	Expense of share-based remuneration in 2014
Gordon Riske	€1,500,000	73,710	€20.35	€349,975	€859,620
Bert-Jan Knoef	€1,000,000	49,140	€20.35	€233,317	€573,080
Theodor Maurer	€1,000,000	49,140	€20.35	€233,317	€573,080
Ching Pong Quek	€330,000	40,786	€20.35	€193,652	€475,654
Dr Thomas Toepfer	€1,000,000	49,140	€20.35	€233,317	€573,080
<b>Total</b>	<b>€5,330,000</b>	<b>261,916</b>		<b>€1,243,578</b>	<b>€3,054,514</b>

1 The target number of performance shares is calculated by dividing the allocation value by the fair value of one performance share. In this calculation, the number of performance shares is rounded to the nearest whole number where necessary.

The total expense in 2014 regarding the performance share plans amounted to €4,781,531 (2013: €1,243,578).



Prior to the IPO in 2013, Executive Board member Dr Thomas Toepfer was granted a special bonus (to be payable in two tranches) dependent on a successful IPO and subject to the condition that Dr Toepfer remained employed by KION GROUP AG after the IPO for a period of twelve months (for tranche 1) and 18 months (for tranche 2). The amount of the bonus depends on the weighted average price of KION shares in the four weeks immediately preceding the payment of each tranche. The pro-rata expense for 2014 was €0.8 million (2013: €0.6 million). In connection with the provision of this special bonus entitlement, Dr Toepfer paid a one-off capital contribution of €200,000 into the Company, which the Company deducted from the net amount of a bonus for 2012 that was due to be paid to Dr Toepfer in 2013. This special bonus became payable in 2014. Besides the capital contribution repayment, Dr Toepfer was paid €755,285 for tranche 1 and €679,058 for tranche 2.

### Pension entitlements

KION GROUP AG grants its Executive Board members direct entitlement to a company pension plan consisting of retirement, invalidity and surviving dependants' benefits.

When the Company was floated, the defined benefit entitlement for the Company's Chief Executive Officer that had been granted to Mr Riske in his original service contract was transferred to his Executive Board service contract. The benefit amounted to a maximum of 50 per cent of the most recent fixed annual salary after the end of the tenth year of service based on his original service contract.

For the ordinary members of the Executive Board, the present value of the previous defined benefit plan at the time of the IPO was transferred as a starting contribution for new pension arrangements in the form of a defined-contribution plan. The new defined contribution plan is structured as a cash balance plan. For each of the ordinary members of the Executive Board, a fixed annual contribution of €150,000 (€124,500 for Mr Quek) is paid into their pension accounts for the duration of the member's period of service on the Executive Board.

Interest is paid on the pension account at the prevailing statutory guaranteed return rate for the life insurance industry (applicable maximum interest rate for the calculation of the actuarial reserves of life insurers pursuant to section 2 (1) German Regulation on the Principles Underlying the Calculation of the Premium Reserve (DeckRV)) until an insured event occurs. If higher interest is generated by investing the pension account, it will be credited to the pension account when an insured event occurs (surplus). The standard retirement age for the statutory pension applies. Once Executive Board members have reached their 62nd birthday, they are entitled to early payment of the pension. In the event of invalidity or death, the contributions that would have been made until the age of 60 are added to the pension account, although only a maximum of ten contributions will be added. When an insured event occurs, the pension is paid as a lump sum or, following a written request, in ten annual instalments.

### Termination benefits

In line with the DCGK, all Executive Board service contracts provide for a severance payment equivalent to no more than two years' annual remuneration payable in the event of the contract being terminated prematurely without good cause. The amount of annual remuneration is defined as fixed salary plus the variable remuneration elements, assuming 100 per cent target achievement and excluding non-cash benefits and other additional benefits, for the last full financial year before the end of the Executive Board service contract. If the Executive Board service contract was due to end within two years, the severance payment is calculated pro rata temporis. If a service contract is terminated for good cause for which the Executive Board member concerned is responsible, no payments are made to the Executive Board member in question. The Company does not have any commitments for the payment of benefits in the event of a premature termination of Executive Board contracts following a change of control.

Executive Board members are subject to a post-contractual non-compete agreement of one year. In return, the Company pays the Executive Board member compensation for the duration of the non-

complete agreement amounting to 100 per cent of his or her final fixed salary. Other income of the Executive Board member is offset against the compensation.

In the event that Mr Riske's appointment is not extended for reasons for which he is not responsible and he has not reached the standard retirement age for the statutory pension or in the event that Mr Riske resigns for good cause before the end of his appointment or suffers permanent incapacity after his period of service as a result of sickness, he will receive transitional benefits of €264,000 per annum on the basis of previous contracts. During his current term of office, the amount of the transitional benefits will rise by €12,000 each year up to a maximum amount of €300,000 per annum. Severance payments in the event of early termination of his appointment without good cause, compensation for the post-contractual non-compete agreement, pension benefits that Mr Riske receives due to his previous work for other employers and income from other use of his working capacity (with the exception of remuneration for work as a member of a supervisory or advisory board or a board of directors) will be offset against these transitional benefits.

If an Executive Board member suffers temporary incapacity, he or she will receive their full fixed salary for a period of six months plus the one-year variable remuneration. In the event of temporary incapacity for a further six months, the Executive Board member will receive 80 per cent of his or her fixed salary, but only up to a point at which the service contract is terminated.

If an Executive Board member ceases to be employed by the Company as a result of death, the Executive Board member or his/her family members will be entitled to the fixed monthly remuneration for the month in which the service contract ends and for the three subsequent months, but only up to the point at which the service contract would otherwise have come to an end.

## Remuneration paid to members of the Executive Board in 2014

The total remuneration granted to Executive Board members for 2014 was €11,647,013 (minimum: €3,736,413, maximum: €19,557,613) (2013: €9,502,292). Of this amount, €2,839,850 (2013: €1,596,318) was attributable to fixed non-performance-related remuneration components, €7,910,600 (minimum: €0, maximum: €15,821,200) (2013: €7,313,210) to variable one-year and multiple-year performance-related remuneration components, €175,254 (2013: €133,214) to non-performance-related non-cash remuneration and other non-performance-related benefits, as well as €721,309 (2013: €459,550) pension expense. The figure shown for one-year variable remuneration is based on a target achievement rate of 100 per cent (minimum: 0 per cent target achievement, maximum: 200 per cent target achievement). The figure shown for multiple-year variable remuneration is the fair value of the performance share plans at the date of grant, which is equivalent to a target achievement rate of 100 per cent (minimum: 0 per cent target achievement, maximum: 200 per cent target achievement). The first payment will be made in 2016, provided the Company's long-term targets are achieved (tables 1a and 1b). An agreement was reached with two board members that they resign from office and therefore benefits granted with a total amount of T€8,795.

Table 1a: Benefits granted in 2014

Benefits granted			Gordon Riske				Bert-Jan Knoef				Theodor Maurer			
			CEO KION GROUP AG				Executive Board member KION GROUP AG				Executive Board member KION GROUP AG			
			Since 4 June 2013				Since 4 June 2013				Since 4 June 2013			
			2013	2014	2014 (min.)	2014 (max.)	2013	2014	2014 (min.)	2014 (max.)	2013	2014	2014 (min.)	2014 (max.)
Non-performance-related components		Fixed remuneration	447.500	800.000		282.062	500.000			282.062	500.000			
		Non-cash remuneration and other benefits <sup>1</sup>	13.513	18.560		10.851	18.898			12.023	17.547			
		<b>Total</b>	<b>461.013</b>	<b>818.560</b>		<b>292.913</b>	<b>518.898</b>			<b>294.085</b>	<b>517.547</b>			
Performance-related components	Short-term incentive	One-year variable remuneration <sup>2,3</sup>	429.421	700.000	0	1.400.000	231.575	400.000	0	800.000	231.575	400.000	0	800.000
		Multiple-year variable remuneration	1.500.000	1.500.000	0	3.000.000	1.000.000	1.000.000	0	2.000.000	1.000.000	1.000.000	0	2.000.000
	Share-based long-term incentive <sup>4</sup>	Performance share plan <sup>2</sup> (29 Jun 2013 - 31 Dec 2015)	1.500.000				1.000.000				1.000.000			
		Performance share plan <sup>2</sup> (1 Jan 2014 - 31 Dec 2016)		1.500.000	0	3.000.000		1.000.000	0	2.000.000		1.000.000	0	2.000.000
		IPO bonus tranche 1 (29 Jun 2013 - 29 Jun 2014)												
		IPO bonus tranche 2 (29 Jun 2013 - 31 Dec 2014)												
<b>Total remuneration (§ 285 No. 9a HGB)</b>		<b>2.390.434</b>	<b>3.018.560</b>	<b>818.560</b>	<b>5.218.560</b>	<b>1.524.488</b>	<b>1.918.898</b>	<b>518.898</b>	<b>3.318.898</b>	<b>1.525.660</b>	<b>1.917.547</b>	<b>517.547</b>	<b>3.317.547</b>	
Pension expense <sup>5</sup>		316.357		390.077		64.116		66.532		41.515		89.988		
<b>Total</b>		<b>2.706.791</b>	<b>3.408.637</b>	<b>1.208.637</b>	<b>5.608.637</b>	<b>1.588.604</b>	<b>2.005.430</b>	<b>605.430</b>	<b>3.405.430</b>	<b>1.567.175</b>	<b>2.007.535</b>	<b>607.535</b>	<b>3.407.535</b>	

1) Other, non-performance-related, non-cash remuneration and other benefits include expenses and/or benefits in kind, such as the use of a company car and housing costs.

2) The amount shown for Mr Quek includes a flat-rate allowance of 30 per cent as part of a tax equalisation agreement.

3) The figure shown for one-year variable remuneration is based on a target achievement rate of 100 per cent (minimum: 0 per cent target achievement, maximum: 200 per cent target achievement).

4) Fair value on the date of grant.

5) Pension expense (HGB)

Table 1b: Benefits granted in 2014

Benefits granted			Ching Fong Quek				Dr Thomas Toepler			
			Executive Board member KION GROUP AG/ Chief Asia Pacific Officer				CFO KION GROUP AG			
			Since 4 June 2013				Since 4 June 2013			
			2013	2014	2014 (min.)	2014 (max.)	2013	2014	2014 (min.)	2014 (max.)
Non-performance-related components		Fixed remuneration	301.045	539.850		283.649	500.000			
		Non-cash remuneration and other benefits <sup>1</sup>	86.917	107.997		9.910	12.252			
		<b>Total</b>	<b>387.962</b>	<b>647.847</b>		<b>293.559</b>	<b>512.252</b>			
Performance-related components	Short-term incentive	One-year variable remuneration <sup>2,3</sup>	252.343	431.600	0	863.200	256.004	400.000	0	800.000
		Multiple-year variable remuneration	1.079.000	1.079.000	0	2.158.000	1.870.713	1.000.000	0	2.000.000
	Share-based long-term incentive <sup>4</sup>	Performance share plan <sup>2</sup> (29 Jun 2013 - 31 Dec 2015)	1.079.000				1.000.000			
		Performance share plan <sup>2</sup> (1 Jan 2014 - 31 Dec 2016)		1.079.000	0	2.158.000		1.000.000	0	2.000.000
		IPO bonus tranche 1 (29 Jun 2013 - 29 Jun 2014)					433.141			
		IPO bonus tranche 2 (29 Jun 2013 - 31 Dec 2014)					437.572			
<b>Total remuneration (§ 285 No. 9a HGB)</b>		<b>1.719.305</b>	<b>2.158.447</b>	<b>647.847</b>	<b>3.669.047</b>	<b>2.420.276</b>	<b>1.912.252</b>	<b>512.252</b>	<b>3.312.252</b>	
Pension expense <sup>5</sup>				77.911		37.562		76.801		
<b>Total</b>		<b>1.719.305</b>	<b>2.236.358</b>	<b>725.758</b>	<b>3.746.958</b>	<b>2.457.838</b>	<b>1.989.053</b>	<b>589.053</b>	<b>3.389.053</b>	

1) Other, non-performance-related, non-cash remuneration and other benefits include expenses and/or benefits in kind, such as the use of a company car and housing costs.

2) The amount shown for Mr Quek includes a flat-rate allowance of 30 per cent as part of a tax equalisation agreement.

3) The figure shown for one-year variable remuneration is based on a target achievement rate of 100 per cent (minimum: 0 per cent target achievement, maximum: 200 per cent target achievement).

4) Fair value on the date of grant.

5) Pension expense (HGB)

The total remuneration allotted to/earned by Executive Board members for 2014 was €6,781,047 (2013: €3,045,641). Of this amount, €2,839,850 (2013: €1,596,318) was attributable to fixed non-performance-related remuneration components, €3,765,943 (2013: €1,316,109) to variable one-year and multiple-year performance-related remuneration components, €175,254 (2013: €133,214) to non-performance-related non-cash remuneration and other non-performance-related benefits. The figure shown for one-year variable remuneration is based on a preliminary total target achievement rate calculated using preliminary earnings figures at the end of 2014. This preliminary variable remuneration for each Executive Board member is also subject to adjustment by the Supervisory Board in line with the individual performance of the Executive Board member. This adjustment may vary by +/- 20 per cent of the variable remuneration (table 2).

The additional benefits were measured at the value calculated for tax purposes.

Table 2: Allocation in 2014

Allocation			Gordon Riske		Bert-Jan Knoef		Theodor Maurer		Ching Pong Quek		Dr Thomas Toepfer	
			CEO KION GROUP AG		Executive Board member KION GROUP AG		Executive Board member KION GROUP AG		Executive Board member KION GROUP AG/ Chief Asia Pacific Officer		CFO KION GROUP AG	
			Since 4 June 2013		Since 4 June 2013		Since 4 June 2013		Since 4 June 2013		Since 4 June 2013	
			2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Non-performance-related components		Fixed remuneration	447.500	800.000	282.062	500.000	282.062	500.000	301.045	539.850	283.649	500.000
		Non-cash remuneration and other benefits <sup>1)</sup>	13.513	18.560	10.851	18.898	12.023	17.547	86.917	107.997	9.910	12.252
		<b>Total</b>	<b>461.013</b>	<b>818.560</b>	<b>292.913</b>	<b>518.898</b>	<b>294.085</b>	<b>517.547</b>	<b>387.962</b>	<b>647.847</b>	<b>293.559</b>	<b>512.252</b>
Performance-related components	Short-term incentive	One-year variable remuneration <sup>2)</sup>	389.393	700.000	212.800	400.000	215.149	400.000	267.328	431.600	231.439	400.000
		Share-based long-term incentive										
	Multiple-year variable remuneration		0	0	0	0	0	0	0	0	0	1.434.343
		Performance share plan (29 Jun 2013 - 31 Dec 2015)										
		Performance share plan (1 Jan 2014 - 31 Dec 2016)										
		IFO bonus tranche 1 (29 Jun 2013 - 29 Jun 2014)										755.285
		IFO bonus tranche 2 (29 Jun 2013 - 31 Dec 2014)										679.058
<b>Total remuneration</b>	<b>850.406</b>	<b>1.518.560</b>	<b>505.713</b>	<b>918.898</b>	<b>509.234</b>	<b>917.547</b>	<b>655.290</b>	<b>1.079.447</b>	<b>524.998</b>	<b>2.346.595</b>		
Pension expense <sup>3)</sup>	316.357	390.077	64.116	86.532	41.515	89.988	77.911	37.562	76.801			
<b>Total</b>	<b>1.166.763</b>	<b>1.908.637</b>	<b>569.829</b>	<b>1.005.430</b>	<b>550.749</b>	<b>1.007.535</b>	<b>655.290</b>	<b>1.157.358</b>	<b>562.560</b>	<b>2.423.396</b>		

1) Other, non-performance-related, non-cash remuneration and other benefits include expenses and/or benefits in kind, such as the use of a company car and housing costs.

2) The figure shown for one-year variable remuneration for 2013 is the actual amount paid out, which differs from the estimated value listed in the 2013 annual financial statements.

3) Pension Expense (HGB)

The table below shows the pension contributions attributable to each individual Executive Board member and their separate present values.

Name	Dienstzeitaufwand 2014	Dienstzeitaufwand 2013	Barwert (DBO) 31.12.2014	Barwert (DBO) 31.12.2013
Gordon Riske	390.077 €	316.357 €	3.123.799 €	2.527.342 €
Bert-Jan Knoef	86.532 €	64.116 €	1.618.841 €	1.475.136 €
Theodor Maurer	89.988 €	41.515 €	555.289 €	450.464 €
Ching Pong Quek	77.911 €	0 €	339.844 €	232.837 €
Dr. Thomas Toepfer	76.801 €	37.562 €	382.072 €	283.284 €
<b>Gesamtsumme</b>	<b>721.309 €</b>	<b>459.550 €</b>	<b>6.019.845 €</b>	<b>4.969.063 €</b>

At its meeting on 17 December 2014, the Supervisory Board authorised the chairman of the Supervisory Board to hold talks with Mr Bert-Jan Knoef and Mr Theodor Maurer about the early termination of their appointment as members of the KION GROUP AG's Executive Board, about the termination of their Executive Board service contracts and about the conclusion of appropriate termination agreements. The Supervisory Board also authorised its chairman to conclude the necessary agreements in accordance with contractual and statutory requirements. Subsequently, agreement was reached with Mr Knoef and Mr Maurer that they would resign from office with effect from 14 January 2015 and that their Executive Board service contracts would end on 31 March 2015.

As is the case with the remuneration paid to the Executive Board, the total remuneration granted to the two men comprises a non-performance-related salary and non-performance-related non-cash benefits, performance-related remuneration and pension entitlements.

Mr Knoef's total amount of €4,546,755 breaks down into a non-performance-related component of €4,070,712, a performance-related component without a long-term incentive of €84,444, a performance-related component with a long-term incentive – at the fair value for the 2013 and 2014 tranches pursuant to the terms of the performance share plan as at 31 December 2014 – of €194,562, plus the pro-rata value for 2015 of the shares allotted of €70,370 and pension expenses of €126,667.

Mr Maurer's total amount of €4,248,034 breaks down into a non-performance-related component of €3,771,991, a performance-related component without a long-term incentive of €84,444, a performance-related component with a long-term incentive – at the fair value for the 2013 and 2014 tranches pursuant to the terms of the performance share plan as at 31 December 2014 – of €194,562, plus the pro-rata value for 2015 of the shares allotted of €70,370 and pension expenses of €126,667.

In the year under review, no advances were made to members of the Executive Board, and there were no loans.

## Supervisory Board remuneration

### Remuneration system

The Supervisory Board's remuneration is defined in article 18 of KION GROUP AG's articles of incorporation. Members of the Supervisory Board receive fixed remuneration plus reimbursement of out-of-pocket expenses. The annual remuneration amounts to €45,000 for ordinary members of the Supervisory Board, €75,000 for the deputy chairman of the Supervisory Board and €105,000 for the chairman of the Supervisory Board.

Additional remuneration is paid for being a member or chairman of a committee, although this does not apply in the case of the Nomination Committee or the Mediation Committee pursuant to section 27 (3) German Codetermination Act (MitbestG). The annual remuneration for members of a committee is €8,000, while the chairman of a committee receives double this amount.

If a member of the Supervisory Board or one of its committees does not hold their position for a full financial year, remuneration is reduced pro rata temporis.

The members of the Supervisory Board receive an attendance fee of €1,250 per day for meetings of the Supervisory Board and its committees, although they only receive this amount once if they attend more than one meeting on the same day.

The Company reimburses each member for any VAT incurred in connection with his or her remuneration. A D&O insurance policy without an excess has been taken out for the members of the Supervisory Board.

### Remuneration paid to members of the Supervisory Board in 2014

The total remuneration paid to the Supervisory Board in 2014 was €1,183,555. Of this amount, €1,019,927 was attributable to remuneration for activities carried out by the Supervisory Board. The remuneration paid for committee work totalled €163,627. The following table shows the breakdown of remuneration paid to each Supervisory Board member for 2014:

in €	Fixed remuneration	Committee remuneration (fixed)	Attendance fees (SB+committees)	Total remuneration
Dr John Feldmann (chairman)	105,000	24,000	18,750	147,750
Joachim Hartig (deputy chairman)	75,000	8,000	15,000	98,000
Holger Brandt	45,000	0.00	13,750	58,750
Dr Alexander Dibelius	45,000	8,000	10,000	63,000
Denis Heljic	45,000	8,000	15,000	68,000
Dr Martin Hintze	0.00	0.00	0.00	0.00
Johannes Huth	65,838	11,704	10,973	88,515
Thilo Kämmerer	29,959	5,326	7,500	42,785
Olaf Kunz	15,041	2,170	6,250	23,461
Jiang Kui	65,838	11,704	18,288	95,830
Özcan Pancarci	45,000	0.00	13,750	58,750
Kay Pietsch	45,000	16,000	21,250	82,250
Hans Peter Ring	45,000	16,000	15,000	76,000
Alexandra Schädler	45,000	8,000	18,750	71,750
Silke Scheiber	65,838	0.00	16,459	82,297
Tan Xuguang	65,838	0.00	1,829	67,666
Hans-Peter Weiß	45,000	0.00	13,750	58,750
<b>Total</b>	<b>848,352</b>	<b>118,904</b>	<b>216,299</b>	<b>1,183,555</b>

In 2014, no company in the KION Group paid or granted any remuneration or other benefits to members of the Supervisory Board for services provided as individuals, such as consulting or brokerage activities. Nor were any advances or loans granted to members of the Supervisory Board.

## Disclosures relevant to acquisitions, section 289 (4) HGB

### Composition of subscribed capital

The subscribed capital (share capital) of KION GROUP AG amounted to €98,900,000 as at 31 December 2014. It is divided into 98,900,000 no-par-value bearer shares. The share capital is fully paid-up. All of the shares in the Company give rise to the same rights and obligations. Each share confers one vote and entitlement to an equal share of the profits. The rights and obligations arising out of the shares are defined by legal provisions. As at 31 December 2014, the Company held 163,562 shares in treasury. The primary intention is to offer these treasury shares to staff as part of the employee share option programme (KEEP).

### Restrictions on voting rights or the transfer of shares

There are generally no restrictions with respect to voting rights or the transfer of shares in the Company. In accordance with the legal provisions applicable to bearer shares, all of the shares in the Company can be traded freely.

As at 31 December 2014, KION Management Beteiligungs GmbH & Co. KG (KMB) held shares in the Company on behalf of managers employed by the Company and its subsidiaries. KMB has made an undertaking to the syndicate banks underwriting the IPO regarding the shares held by KMB for members of the Executive Board of the Company, the Executive Board of KION Material Handling GmbH and the Management Boards of Linde Material Handling GmbH and STILL GmbH at the time the underwriting agreement was signed as part of the IPO. It has undertaken not to dispose of these shares within a period of twelve months from the day after the Company's first day of trading on the stock exchange, i.e. until 29 June 2014. This obligation also included other securities of the Company, including securities that can be converted into shares in the Company or options that can be exercised or exchanged to obtain shares in the Company. Under this agreement, KMB was not permitted to offer, pledge, allocate, sell or undertake to sell the shares concerned, sell call options or call contracts, buy put options, or grant call options, purchasing rights or subscription rights. It complied in full with this obligation until it lapsed on 29 June 2014.

The Executive Board understands that KION GROUP AG's two major shareholders, Superlift Holding S.à r.l. ('Superlift') and Weichai Power (Luxembourg) Holding S.à r.l. ('Weichai Power') have entered into a shareholder agreement in which they have both undertaken to coordinate their voting at the Annual General Meeting of the Company in respect of certain resolutions. Furthermore, the Executive Board understands that Superlift and Weichai Power have come to an arrangement in the shareholder agreement to grant each other a mutual right of first offer in respect of the shares held by the other shareholder.

KION GROUP AG has no rights arising from the treasury shares that it holds (section 71b AktG).

#### **Direct or indirect shareholdings in the Company that represent more than 10 per cent of the voting rights**

As far as the Company is aware, the following companies directly or indirectly held more than 10 per cent of the voting rights in KION GROUP AG as at 31 December 2014:

Superlift with a direct shareholding equivalent to 18.8 per cent of the voting rights

Pursuant to the German Securities Trading Act (WpHG), the shareholding held by Superlift is also deemed to belong to the following companies:

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Company	Registered office
KKR & Co. L.P.	Wilmington, USA
KKR 1996 Overseas, Limited	George Town, Cayman Islands
KKR 2006 Fund (Overseas), Limited Partnership	George Town, Cayman Islands
KKR 2006 Limited	George Town, Cayman Islands
KKR Associates 2006 (Overseas), Limited Partnership	George Town, Cayman Islands
KKR Associates Europe II, Limited Partnership	Calgary, Canada
KKR Europe II Limited	George Town, Cayman Islands
KKR European Fund II, Limited Partnership	Calgary, Canada
KKR Fund Holdings GP Limited	George Town, Cayman Islands
KKR Fund Holdings L.P.	George Town, Cayman Islands
KKR Group Holdings L.P.	George Town, Cayman Islands
KKR Group Limited	George Town, Cayman Islands
KKR Management LLC	Wilmington, USA
KKR Partners (International), Limited Partnership	Calgary, Canada
KKR PEI Associates, L.P.	St. Peter Port, Guernsey
KKR PEI GP LIMITED	George Town, Cayman Islands
KKR PEI Investments, L.P.	St. Peter Port, Guernsey
GS Capital Partners V Employee Fund, L.P.	Wilmington, USA
GSCP V Institutional AIV, L.P.	George Town, Cayman Islands
GS Capital Partners V Offshore, L.P.	George Town, Cayman Islands
GS Capital Partners V GmbH & Co. KG	Frankfurt am Main, Germany
GS Advisors V, L.L.C.	Wilmington, USA
GSCP V AIV, L.P.	George Town, Cayman Islands
GS Capital Partners V Employee Funds GP, L.L.C.	Wilmington, USA
GS Advisors V AIV, Ltd.	George Town, Cayman Islands
Goldman, Sachs & Co.	New York, USA
Goldman Sachs Group, Inc.	Wilmington, USA

Weichai Power with a direct shareholding equivalent to 33.3 per cent of the voting rights

Pursuant to WpHG, the shareholding held by Weichai Power is also deemed to belong to the following companies:

Company	Registered office
Shandong Heavy Industry Group Co., Ltd.	Jinan, People's Republic of China
Weichai Group Holdings Limited	Weifang, People's Republic of China
Weichai Power Co., Ltd.	Weifang, People's Republic of China
Weichai Power Hong Kong	
International Development Co., Ltd.	Hong Kong, People's Republic of China
China	
Other	Domicile
People's Republic of China	Beijing, People's Republic of China

Since the reporting date, there may have been further changes to the aforementioned shareholdings of which the Company is unaware. As the shares in the Company are bearer shares, the Company only learns about changes to the size of shareholdings if they are notifiable pursuant to the WpHG or other regulations.

### Shares with special rights that confer authority to exert control over the Company

There are no shares with special rights that confer the authority to exert control over the Company.



**Type of voting right controls in cases where employees hold some of the Company's capital and do not exercise their control rights directly**

In connection with the acquisition of the business of the current KION GROUP AG from Linde AG in 2006, a relatively large group of managers and executives in the KION Group were given the opportunity to indirectly acquire shares in KION GROUP AG's legal predecessor, the former KION Holding 1 GmbH, through a limited partnership in KMB. When KION Holding 1 GmbH was transformed into KION GROUP AG, these holdings were exchanged for shares in the new Company. The shares are not subject to internal restrictions, unless lock-up provisions apply because the executives concerned are members of the Executive Board of KION GROUP AG or members of the management board of a consolidated German subsidiary.

At the Annual General Meetings of KION GROUP AG, KMB is represented either by its general partner, KION Management Beteiligungs GmbH, or by its managing limited partners. Before important resolutions of the Annual General Meeting, these partners must convene a partners' meeting of KMB and obtain the approval of the limited partners with regard to how to vote. The limited partners pass resolutions by simple majority when taking a decision on how they should vote at the Annual General Meeting of KION GROUP AG.

**Appointment and removal of members of the Executive Board; amendments to the articles of incorporation**

Members of the Company's Executive Board are appointed and removed in accordance with the provisions of sections 84 and 85 AktG and section 31 MitbestG. Pursuant to article 6 (1) of the articles of incorporation of the Company, the Executive Board must have a minimum of two members. The Supervisory Board determines the number of Executive Board members. Pursuant to section 84 AktG and section 6 (3) of the Company's articles of incorporation, the Supervisory Board may appoint a Chief Executive Officer and a deputy.

Section 179 (1) sentence 1 AktG requires that amendments to the articles of incorporation be passed by resolution of the Annual General Meeting. In accordance with article 23 of the articles of incorporation in conjunction with section 179 (2) sentence 2 AktG, resolutions at the Annual General Meeting on amendments to the articles of incorporation are passed by simple majority of the votes cast and by simple majority of the share capital represented in the voting unless a greater majority is specified as a mandatory requirement under statutory provisions. The option to stipulate a larger majority than a simple majority in any other cases has not been exercised in the articles of incorporation.

The Supervisory Board is authorised in article 10 (3) of the articles of incorporation to amend the articles of incorporation provided that such amendments relate solely to the wording.

**Authority of the Executive Board to issue or buy back shares**

The extraordinary Shareholders' Meeting on 13 June 2013 authorised the Company, in the period up to 12 June 2016, to acquire for treasury up to 10 per cent of all the shares in issue at the time of the resolution or in issue on the date the authorisation is exercised, whichever is the lower. Together with other treasury shares in possession of the Company or deemed to be in its possession pursuant to section 71a et seq. AktG, the treasury shares bought as a result of this authorisation must not exceed 10 per cent of the Company's share capital at any time. The Company may sell the purchased treasury shares through a stock exchange or by means of an offer to all shareholders. It may also sell the shares in return for a non-cash consideration, in particular in connection with the acquisition of a business, parts of a business or equity investments. In addition, the treasury shares may be offered to employees of the Company or of an affiliated company as part of an employee share ownership programme. The treasury shares can also be retired. Share buyback for trading purposes is prohibited. The authorisation may be exercised on one or more occasions, for the entire amount or for partial amounts, in pursuit of one or more aims, by the Company, by a subsidiary or by third parties for the account of the Company or the account of a subsidiary. At the choice of the Executive Board, the

shares may be purchased through the stock exchange, by way of a public purchase offer made to all shareholders or by way of a public invitation to shareholders to tender their shares.

After acquiring 200,000 shares in 2013, the Company again made use of the authorisation in 2014 and purchased a further 51,000 shares in the period from 10 September to 15 October 2014. During the reporting year, 87,438 of the shares acquired were used as part of the KEEP Employee Equity Programme for the employees of the Company and certain Group companies in Germany.

Subject to the consent of the Supervisory Board, the Company's Annual General Meeting resolved on 19 May 2014 to authorise the Executive Board to increase the Company's share capital by up to €9.89 million by issuing up to 9.89 million new no-par-value ordinary bearer shares for cash and/or non-cash contributions on one or more occasions up to and including 18 May 2019 (2014 Authorised Capital).

On 19 May 2014, for the period up to and including 18 May 2019, the Company's Annual General Meeting also resolved to authorise the Executive Board to issue, on one or more occasions, bearer and/or registered convertible bonds, warrant-linked bonds, profit-sharing rights and/or income bonds with or without conversion rights, warrants, mandatory conversion requirements or option obligations, or any combinations of these instruments, which can be perpetual and/or fixed-term (also referred to jointly as 'debt instruments') for a total par value of up to €800 million. To enable shares to be allocated to the holders/beneficial owners of the convertible bonds, warrant-linked bonds, profit-sharing rights and/or income bonds with conversion rights, warrants, mandatory conversion requirements or option obligations issued on the basis of this authorisation granted by the Executive Board of KION GROUP AG or of a German or non-German company in which KION GROUP AG directly or indirectly holds the majority of voting rights and capital, the share capital was increased by conditional capital of up to €9.89 million by issuing up to 9.89 million new, no-par-value bearer shares in KION GROUP AG (2014 Conditional Capital).

Restrictions were placed on the issuance of new shares and debt instruments in accordance with the resolutions adopted by the Company's Annual General Meeting on 19 May 2014. Together, the proportion of the Company's share capital attributable to the shares issued on the basis of the 2014 Authorised Capital and the total number of shares issued to service the debt instruments issued on the basis of the aforementioned authorisation must not exceed 10 per cent of the Company's share capital, either on the effective date of the authorisation or the date on which it is exercised. This 10 per cent limit includes shares that are issued during the term of the authorisation based on the 2014 Authorised Capital, those that are issued, are required to be issued or may be issued from the 2014 Conditional Capital to service debt instruments, or shares that have been or will be issued on the basis of a different authorisation, or are still required to be issued to service a debt instrument or may be issued to do so.

In accordance with the resolutions adopted by the Company's Annual General Meeting on 19 May 2014, new shares and debt instruments can be issued for cash or non-cash contributions. They must be offered for subscription to existing shareholders. Pursuant to section 186 (5) AktG, the new shares can also be acquired by one or more banks provided they undertake to offer them to existing shareholders for subscription (indirect rights issue). However, subject to the consent of the Supervisory Board, the Executive Board is authorised to disapply some or all of the pre-emptive rights of existing shareholders in the following cases:

- in order to remove fractional amounts from shareholders' subscription rights;
- where new shares are issued for cash during a capital increase and the price at which the new shares are issued is not significantly lower (as defined by section 186 (3) sentence 4 AktG) than the market price for shares in the Company with the same rights, or if debt instruments are issued for cash and the Executive Board reaches a view after due examination that the issue price is not significantly lower than their theoretical market value determined according to recognised principles of financial mathematics (section 186 (3) sentence 4 AktG states that subscription rights can be excluded provided the capital increase is less than 10 per cent of share capital);

- where necessary in order to grant the same pre-emption rights to holders/beneficial owners of conversion rights or warrants and/or holders/beneficial owners of mandatory convertible bonds issued or to be issued by KION GROUP AG or a company in which it has a majority shareholding as those to which they would be entitled after exercising conversion rights or warrants or meeting conversion obligations;
- where new shares are issued during capital increases in return for non-cash contributions, particularly for the acquisition of a business, parts of a business or equity investments or if debt instruments are issued in return for non-cash capital contributions and the exclusion of pre-emption rights is in the interest of the Company.

If new shares are issued from the 2014 Authorised Capital, the Executive Board is also authorised, subject to the consent of the Supervisory Board, to exclude shareholders' pre-emption rights in order to allot shares to people who are employees or directors of the Company or its subsidiaries. This exclusion of pre-emption rights is limited to a maximum of 5 per cent of share capital, both on the effective date of this authorisation and at the time it is exercised.

When profit-sharing rights and/or income bonds with no conversion rights, warrants, mandatory conversion obligations or option obligations are issued in return for cash or non-cash capital contributions, the Executive Board is authorised, subject to the consent of the Supervisory Board, to exclude all pre-emption rights of shareholders, provided these profit-sharing rights and/or income bonds have a debt-like structure and do not give rise to rights to membership of the Company or entitle the holder to a share of the proceeds of any liquidation and the coupon rate is not based on levels of net income, distributable profit or dividends. In this case, the coupon rate and issue price of the profit-sharing rights and/or income bonds must also correspond to the market terms and conditions for comparable forms of finance prevailing at the time they are issued.

Subject to the consent of the Supervisory Board, the Executive Board is authorised to determine the further details of the capital increase relating to the 2014 Authorised Capital and its implementation, particularly the rights conferred by the shares and their terms and conditions of issue. In relation to debt instruments, it is authorised to determine further details about their issuance, terms of issue and the supply of shares or to determine them by mutual consent with the governing bodies of any majority-held company that is issuing the debt instruments.

### **Material agreements that the Company has signed and that are conditional upon a change of control resulting from a takeover bid, and the consequent effects**

In the event of a change of control resulting from a takeover bid, certain consequences are set out in the following contracts concluded between Group companies of KION GROUP AG and third parties:

- Covenant agreement dated 14 February 2013 in connection with the €450,000,000 6.75 per cent senior secured notes maturing in 2020, concluded between Deutsche Trustee Company Limited as trustee, KION Finance S.A. and KION Group GmbH (now KION Material Handling GmbH).

In the event that a third party (with the exception of KKR and Goldman Sachs, companies affiliated with them or funds or limited partnerships/partnerships owned by them or that are advised or managed by them) acquires beneficial ownership of more than 50 per cent of all shares in KION GROUP AG, KION GROUP AG will be obliged to submit an offer to acquire the aforementioned debt instruments at a price of 101 per cent of their nominal value. This offer must remain valid for a minimum of 30 days from the date of the change of control.

- Senior facility agreement dated 23 December 2006 (and amended on several occasions thereafter), concluded between KION Group GmbH (now KION Material Handling GmbH) and, among others, the London branch of UniCredit Bank AG

In the event that a third party (with the exception of KKR and Goldman Sachs, companies affiliated with them or funds or limited partnerships/partnerships owned by them or that are advised or managed by them) acquires beneficial ownership of more than 50 per cent of all shares in KION GROUP AG, any loan facilities drawn down would be immediately repayable and any that had not been drawn down would be automatically cancelled.

- KION Material Handling GmbH has entered into an agreement with Volkswagen AG for the supply of internal combustion engines. This agreement includes a provision under which either party may terminate the agreement without notice if there is a change in ownership involving more than 50 per cent of the shares in either case.

**Compensation agreements that the Company has signed with the Executive Board members or employees and that will be triggered in the event of a takeover bid**

No such agreements have been concluded between the Company and its current Executive Board members or employees.

**Cross-reference to the declaration on corporate governance, section 289a of the German Commercial Code (HGB)**

The declaration on corporate governance pursuant to section 289a HGB has been made available on the website of KION GROUP AG at [www.kiongroup.com/governancereport](http://www.kiongroup.com/governancereport) in the corporate governance report. It includes the comply-or-explain statement in accordance with section 161 AktG, relevant disclosures on corporate management practices extending beyond statutory requirements, a description of the working methods of the Executive Board and the Supervisory Board, and a description of the working methods and composition of the Supervisory Board committees.

**Concluding declaration on the report on relationships with affiliated entities (dependency report), section 312 (3) sentence 3 German Stock Corporation Act (AktG)**

With respect to the legal transactions and other measures mentioned in the report on relationships with affiliated entities we hereby declare that in each case the Company received appropriate consideration in accordance with the circumstances of which we were aware at the time when the legal transactions were concluded or the measures were taken and that it did not suffer any disadvantages as a result of such measures having been taken.

Wiesbaden, 10 March 2015

The Executive Board

Gordon Riske

Ching Pong Quek

Dr Thomas Toepfer

**KION GROUP AG, Wiesbaden**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

Assets in €	Notes	31.12.2014	31.12.2013
<b>A. Non-Current Assets</b>	(3)		
Property, plant and equipment		279.060,13	0,00
Investments in affiliated companies		2.005.932.650,00	2.007.001.701,43
		<b>2.006.211.710,13</b>	<b>2.007.001.701,43</b>
<b>B. Current Assets</b>			
<b>I. Receivables and other assets</b>	(4)		
1. Receivables from affiliated companies		325.030.287,78	148.558.517,60
2. Other assets		2.164.628,97	2.671,07
		327.194.916,75	148.561.188,67
<b>II. Credit balances with banks</b>	(5)	0,00	7.174,93
		<b>327.194.916,75</b>	<b>148.568.363,60</b>
<b>Total assets</b>		<b>2.333.406.626,88</b>	<b>2.155.570.065,03</b>

Equity and Liabilities in €	Notes	31.12.2014	31.12.2013
<b>A. Equity</b>	(6)		
<b>I. Subscribed capital</b>		98.900.000,00	98.900.000,00
Treasury shares		-163.562,00	-200.000,00
Issued capital		98.736.438,00	98.700.000,00
<b>II. Capital reserves</b>		2.015.363.800,55	2.014.270.275,69
<b>III. Retained earnings</b>		84.597.034,00	
<b>IV. Distributable profit</b>		85.000.000,00	34.545.000,00
		<b>2.283.697.272,55</b>	<b>2.147.515.275,69</b>
<b>B. Provisions</b>			
1. Retirement benefit obligation	(7)	9.792.347,00	2.585.012,00
2. Tax provisions	(8)	11.005,00	0,00
3. Other provisions	(9)	25.930.669,75	4.329.106,65
		<b>35.734.021,75</b>	<b>6.914.118,65</b>
<b>C. Liabilities to affiliated companies</b>	(10)		
1. Liabilities to banks		78.997,80	0,00
2. Trade payables		1.839.679,18	386.868,33
3. Liabilities to affiliated companies		10.364.937,43	2.636,39
4. Other liabilities		1.411.100,08	751.165,97
		<b>13.694.714,49</b>	<b>1.140.670,69</b>
Deferred income		280.618,09	0,00
<b>Total equity and liabilities</b>		<b>2.333.406.626,88</b>	<b>2.155.570.065,03</b>

## KION GROUP AG, Wiesbaden

### Income statement for the year ended 31 December 2014

(€)	Anhang	2014	2013
1. Other operating income	(11)	6.930.077,06	17.887.808,17
2. Personnel expenses	(12)	-17.094.479,41	-6.524.036,43
Depreciation expense and impairment losses on property, plant and equipment		-46.938,30	0,00
4. Other operating expenses	(13)	-22.644.180,02	-20.798.252,92
5. Income from profit-transfer agreements	(14)	198.554.347,66	133.820,69
7. Other interest and similar income	(15)	4.820.981,94	2.843.595,82
8. Interest expense and similar charges	(16)	-922.896,07	-99.066,11
9. Expenses from the transfer of losses		0,00	-2.636,39
<b>10. Gains (+)/Losses (-) from ordinary activities</b>		<b>169.596.912,86</b>	<b>-6.558.767,17</b>
11. Income taxes		121,14	0,00
<b>12. Net gain (+)/net loss (-) for the year</b>		<b>169.597.034,00</b>	<b>-6.558.767,17</b>
<b>Appropriation of profit</b>			
Net gain (+)/net loss (-) for the year		169.597.034,00	-6.558.767,17
Loss brought forward		0,00	-186.973.022,52
Allocation to retained earnings		-84.597.034,00	0,00
Withdrawals from capital reserves		0,00	228.076.789,69
<b>Distributable profit</b>		<b>85.000.000,00</b>	<b>34.545.000,00</b>

## Notes to the financial statements of KION GROUP AG for the year ended 31 December 2014

### Basis of presentation

#### [ 1 ] 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 limited company 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 has been a listed company on the regulated market of the Frankfurt Stock Exchange since 28 June 2013 and was included in the MDAX on 22 September 2014.

The head office functions of KION Material Handling GmbH (referred to below as KMH), consisting of administrative, financial and technical services, and human resources, were transferred to the Company on 1 September 2014 by means of a purchase and transfer agreement. KION GROUP AG thereby replaced KMH in its role as provider of head office functions for the Group and took on its significant assets and liabilities. Because the employee-related liabilities and provisions transferred were larger than the assets transferred, KMH paid compensation to KION GROUP AG of €12,927 thousand.

The following assets and liabilities were transferred from KMH with effect from 1 September 2014:

€ thousand	1 Sep 2014
Property, plant and equipment	317
Pension provisions	-12,280
Cover assets and prepaid expenses	3,542
Personnel provisions	-3,392
Other provisions	-200
Other liabilities	-617
Deferred income	-297
Compensation payment	-12,927

The VAT affiliation changed as a result of this restructuring, and KION GROUP AG has been the tax group parent company for almost all of the companies in Germany since 1 September 2014.

The separate financial statements of KION GROUP AG have been prepared in accordance with the accounting principles specified for limited companies by section 242 et seq. and section 264 et seq. of

the German Commercial Code (HGB) and comply with the provisions of the German Stock Corporation Act (AktG), which apply specifically to entities structured as a public limited company. As a listed company, KION GROUP AG is a large corporation as defined in section 267 (3) and section 264d HGB.

The income statement has been prepared in accordance with the nature-of-expense method pursuant to section 275 (2) HGB.

To improve the clarity of presentation, some items are aggregated in the statement of financial position and income statement and are then separately reported in the notes.

## [ 2 ] Accounting policies

### Property, plant and equipment

Property, plant and equipment is carried at cost and reduced by depreciation based on estimated useful life and by any impairment losses.

Property, plant and equipment is depreciated using the straight-line method. Low-value assets are generally depreciated as an aggregate item over a period of five years in accordance with tax rules.

	<u>Useful life (years)</u>
Office furniture and equipment	3 to 13

Any impairment of assets expected to be permanent and in excess of the depreciation related to useful life is accounted for by the recognition of impairment losses. If the reasons for permanent impairment no longer prevail, impairment losses are reversed on the basis of the HGB reversal requirement, but such reversals do not result in an asset carrying amount greater than the carrying amount that would have been recognised after depreciation if there had been no impairment.

### Financial assets

Investments in affiliated companies included within financial assets are carried at cost.

Impairment losses are recognised for assets that are permanently impaired. If an impairment loss has been recognised in prior years and the reasons for the impairment loss now no longer exist, either as a whole or in part, the impairment loss is reversed, but such that the resulting asset carrying amount is no greater than the acquisition cost of the asset.

### Receivables and other assets

Receivables and other assets are carried at cost. Appropriate valuation allowances are recognised for any risks identified when measuring receivables and other assets. The amount of the valuation allowances is based on the probable default risk. Receivables denominated in foreign currency are translated at the middle spot exchange rate on the reporting date as part of the subsequent measurement process:



- the recognition of receivables due after one year or more is in compliance with the HGB principles of prudent revenue recognition, imparity (whereby unrealised losses are recognised, but unrealised gains are not recognised) and the historical cost convention;
- the recognition of receivables due within one year does not take account of the HGB principles of prudent revenue recognition, imparity and the historical cost convention.

### Deferred taxes

Deferred tax assets are recognised for differences between the carrying amounts calculated in accordance with HGB and those calculated in accordance with tax law. As in 2013, the Company exercised the option provided for in section 274 (1) sentence 2 HGB not to utilise these deferred tax assets

### Cash on hand and credit balances with banks

Cash and cash equivalents are carried at their nominal amounts. Amounts denominated in foreign currency are translated into euros at the middle spot exchange rate on the reporting date.

### Equity

Subscribed capital is carried at its nominal amount.

### Retirement benefit obligation

The retirement benefit obligation is calculated in accordance with actuarial principles based on biometric probabilities (modified Heubeck 2005 G mortality tables) using the projected unit credit method. Future estimated increases in salaries and pensions are factored into the calculation of the obligation.

The retirement benefit obligation covers the obligation to pay retirement pensions to employees of KION GROUP AG. The actuarial measurement of the amount required to settle the retirement benefit obligation is based on a number of factors including an assumed annual adjustment of 2.75 per cent (2013: 2.75 per cent) in remuneration and 1.75 per cent, or 1.0 per cent where agreed, (2013: 1.75 per cent, or 1.0 per cent where agreed) in pensions paid. As at 31 December 2014, the discount rate used to discount the defined benefit obligation was 4.55 per cent (31 December 2013: 4.90 per cent). The discount rate was determined using the average market discount rate over the past seven years for an assumed maturity of 15 years, as published by Deutsche Bundesbank. This was only slightly different to the discount rate published by Deutsche Bundesbank as at 31 December 2014.

In order to satisfy the pension obligations, appropriate resources are invested in special funds managed by the trustee KION Vorsorge Aktiv e.V. The Company is not permitted any access to these assets. The sole purpose of these assets is to provide security for the rights of individuals to receive pensions from KION GROUP AG. The assets are measured at fair value (market price); the value of the assets is offset against the underlying obligation. If this results in an excess obligation, the excess is recognised under pension provisions. If the value of the securities (plan assets) exceeds the obligation, an excess of plan assets over pension liabilities is recognised on the assets side of the statement of financial position.

### Other provisions

Other provisions are measured such that identifiable risks arising from pending transactions and contingent liabilities are recognised in the financial statements. These provisions are recognised in the

amount that would be required to settle future payment obligations, as dictated by prudent business practice. Future increases in prices and costs are factored into the calculation of the amounts if there is sufficient objective evidence that such increases will occur. Provisions with a maturity of more than one year are discounted with a maturity-matched average market discount rate for the past seven years. Non-current provisions for long-service bonuses and for bridging payments existed at the reporting date. The actuarial assumptions underlying the settlement values largely match the values on which the calculation of pension provisions was based.

### Liabilities

Liabilities are carried at their settlement value. Liabilities denominated in foreign currency are translated at the middle spot exchange rate on the reporting date as part of the subsequent measurement process:

- the recognition of liabilities due after one year or more is in compliance with the HGB principles of prudent revenue recognition, imparity and the historical cost convention;
- the recognition of liabilities due within one year does not take account of the HGB principles of prudent revenue recognition, imparity and the historical cost convention.

### Notes to the statement of financial position

#### [ 3 ] Non-current assets

	Cost					Balance as at 31 Dec 2014
	Balance as at 1 Jan 2014	Additions	Disposals	Reclassi- fications		
€ thousand						
<b>Property, plant and equipment</b>						
Office furniture and equipment	0	326	0	0		326
<b>Financial assets</b>						
Investments in affiliated companies	2,007,002	0	1,069	0		2,005,933
	<b>2,007,002</b>	<b>326</b>	<b>1,069</b>	<b>0</b>		<b>2,006,259</b>

	Cumulative depreciation, amortisation and impairment			Carrying amounts	
	Balance as at 1 Jan 2014	Additions	Disposals	Balance as at 31 Dec 2014	Balance as at 31 Dec 2013
€ thousand					
<b>Property, plant and equipment</b>					
Office furniture and equipment	0	47	0	47	0
<b>Financial assets</b>					
Investments in affiliated companies	0	0	0	0	2,007,002
	<b>395,327</b>	<b>47</b>	<b>0</b>	<b>47</b>	<b>2,007,002</b>
				<b>2,006,212</b>	<b>2,007,002</b>

Of the additions to property, plant and equipment, €317 thousand was attributable to the transfer of non-current assets from KMH.

The €1,069 thousand decrease in financial assets resulted from the liquidation of Superlift Funding S.à r.l., Luxembourg with effect from 11 November 2014.

#### [ 4 ] Receivables and other assets

€ thousand	31 Dec 2014	of which due after 1 year or more	31 Dec 2013	of which due after 1 year or more
<b>Receivables from affiliated companies</b>	<b>325,030</b>	0	<b>148,559</b>	0
<b>Other assets</b>	<b>2,165</b>	0	<b>3</b>	0
	<b>327,195</b>	<b>0</b>	<b>148,562</b>	<b>0</b>

The increase in receivables from affiliated companies predominantly related to the entitlement in connection with the profit transferred from KION Holding 2 GmbH to the Company of €198,516 thousand.

#### [ 5 ] Cash on hand and credit balances with banks

There were no credit balances with banks on the reporting date (31 December 2013: €7 thousand).

## [ 6 ] Equity

As at 31 December 2014, the Company's share capital amounted to €98,900 thousand, which was unchanged on 31 December 2013, and was fully paid up. It was divided into 98,900,000 no-par-value shares.

As authorised by the Annual General Meeting on 13 June 2013, 200,000 treasury shares had been repurchased via the stock exchange in 2013 for a planned share-based remuneration programme.

In 2014, the Executive Board of KION GROUP AG decided to introduce an employee share option programme to enable staff members, initially those working for the participating German companies in the KION Group, to derive greater benefit from the success of the Company.

Between 10 September and 30 September 2014, a further 51,000 treasury shares were repurchased via the stock exchange at an average price of €30.29 in order to provide the shares for employees' own investments and the free shares under the employee share option programme. The total cost was €1,544 thousand. Due to the issue of 87,438 no-par-value shares under the employee share option programme, KION GROUP AG held 163,562 treasury shares at the reporting date (31 December 2013: 200,000). These are not dividend-bearing and do not confer any voting rights. Further details on the employee share option programme can be found in note 22.

The total number of shares outstanding as at 31 December 2014 was 98,736,438 no-par-value shares (31 December 2013: 97,700,000).

As at 31 December 2014, KION Group employees held options on a total of 29,116 no-par-value shares. The share options granted under the employee share option programme are not dividend-bearing and do not confer any voting rights.

The Annual General Meeting on 19 May 2014 voted to create authorised capital that will enable the KION Group to meet its funding needs quickly and flexibly. Subject to the consent of the Supervisory Board, the Executive Board is authorised until 18 May 2019 to increase the Company's share capital by up to €9,890 thousand by way of an issue of up to 9,890,000 new no-par-value bearer shares (2014 Authorised Capital)..

To safeguard the Company's funding options, the Executive Board is also authorised until 18 May 2019 to issue warrant-linked bonds, convertible bonds or profit-sharing rights with a total par value of up to €800 million that contain pre-emptive rights/obligations for up to 9,890,000 no-par-value shares. To this end, a conditional increase was decided upon in order to increase the Company's share capital by up to €989,000 thousand by way of an issue of up to 9,890,000 new no-par-value bearer shares (2014 Conditional Capital).

The total amount attributable to shares that was spent in connection with this approved/conditional capital may not exceed 10 per cent of the share capital. In both cases, the pre-emptive right of shareholders can be excluded in certain circumstances. The corresponding amendments to the Articles of Incorporation were entered in the commercial register on 16 June 2014.

The rise of €1,093 thousand in capital reserves resulted from treasury shares being given to employees as part of the KION Employee Equity Programme (KEEP).

An amount of €84,597 thousand was transferred to revenue reserves for 2014.

## [ 7 ] Retirement benefit obligation

The retirement benefit obligation relates to pension entitlements granted to employees and Executive Board members.

The fair value of the assets invested by KION Vorsorge Aktiv e.V. shown in the following table was derived from the market prices of the plan assets as at the reporting date.

€ thousand	31 Dec 2014	31 Dec 2013
Settlement value for retirement benefit obligation	15,959	4,969
Fair value of plan assets invested in special funds	6,167	2,384
Net amount for retirement benefit obligation	9,792	2,585
Cost of plan assets invested in special funds	5,946	2,381

During the year under review, the contributions made to the cover assets totalled €3,565 thousand (2013: €2,381 thousand). This means that an amount of €221 thousand (2013: €3 thousand) arising from the difference between cost and fair value was subject to a lock-up, KION GROUP AG being prohibited from distributing this amount as a dividend or transferring it under a profit-and-loss transfer agreement.

The expenses arising from unwinding the discount amounted to €1,077 thousand (2013: €102 thousand) and the income from the cover assets amounted to €218 thousand (2013: €3 thousand). The income and expenses were offset against each other and reported in interest expenses in the income statement (€859 thousand).

In addition, a regular amount is added to the retirement benefit obligation and reported under personnel expenses. In 2014 this amount was €706 thousand (2013: €1,942 thousand).

## [ 8 ] Provisions for taxes

The provisions for taxes, which amounted to €11 thousand, resulted from the liquidation of Superlift Funding S.à r.l., Luxembourg.

## [ 9 ] Other provisions

The breakdown of other provisions is as follows:

€ thousand	31 Dec 2014	31 Dec 2013
Personnel	21,166	3,045
Outstanding invoices	3,356	550
Other	1,409	734
	<b>25,931</b>	<b>4,329</b>

The increase in personnel provisions was due, among other reasons, to the employees of KION Material Handling GmbH moving to KION GROUP AG. Provisions, such as for extra work and annual leave, were therefore transferred in the year under review. Moreover, a further tranche of the KION performance share plan for the Executive Board began on 1 January 2014, causing the provisions relating to the share plan (2013 tranche and 2014 tranche) to increase by €4,782 thousand year on year. Further details on the KION performance share plan for the Executive Board can be found in note 24. At the end of the year, a provision was also recognised for compensation payments for the early termination of two Executive Board service contracts.

## [ 10 ] Liabilities

€ thousand	31 Dec 2014	of which due within one year	31 Dec 2013	of which due within one year
<b>Liabilities to banks</b>	<b>79</b>	79	<b>0</b>	0
<b>Trade payables</b>	<b>1,840</b>	1,840	<b>387</b>	387
<b>Liabilities to affiliated companies</b>	<b>10,365</b>	10,365	<b>3</b>	3
<b>Other liabilities</b>	<b>1,411</b>	1,411	<b>751</b>	751
of which taxes	507	507	551	551
of which relating to social security	127	127	0	0
	<b>13,695</b>	13,695	<b>1,141</b>	1,141

The rise in liabilities to affiliated companies was predominantly due to the Company's increased need for funding, which it obtains through Linde Material Handling GmbH.

## Notes to the income statement

### [ 11 ] Other operating income

The purchase and transfer agreement between KION GROUP AG and KMH resulted in income of €3,551 thousand. There was also income of €3,195 thousand from other cost allocations within the Group.

### [ 12 ] Personnel expenses

The breakdown of personnel expenses is as follows:

€ thousand	2014	2013
Wages and salaries	15,909	4,574
Social security, post-employment and other employee benefit costs of which in respect of retirement pensions: €726 thousand (2013: €1,942 thousand)	1,185	1,950
	<b>17,094</b>	<b>6,524</b>

### [ 13 ] Other operating expenses

Other operating expenses include the following items:

€ thousand	2014	2013
Ancillary personnel expenses	8,803	1
Consultancy expenses	5,094	6,438
Third-party services	4,466	451
Remuneration supervisory board	1,169	932
Auditor fees	567	2,181
Bank and other charges	311	9,619
Insurance premiums	44	1,090
Sundry operating expenses	2,190	86
	<b>22,644</b>	<b>20,798</b>

The sharp rise in ancillary personnel expenses was attributable to compensation payments in connection with the early termination of two Executive Board service contracts.

The bank charges and other charges reported in the previous year had largely been incurred in connection with the IPO.

## [ 14 ] Income from profit-transfer agreements

The transfer of profit from KION Holding 2 GmbH came to €198,516 thousand (2013: expenses from the transfer of losses of €3 thousand). proplan Transport- und Lagersysteme GmbH transferred its net profit of €38 thousand to the Company (2013: €134 thousand).

## [ 15 ] Other interest and similar income

The following table shows the breakdown of other interest and similar income:

€ thousand	2014	2013
<b>Other interest and similar income</b>	<b>4,821</b>	<b>2,844</b>
of which from affiliated companies	4,821	2,645

Other interest and similar income mainly comprised interest income of €3,674 thousand (2013: €0 thousand) from the loan to KION HOLDING 2 GmbH.

## [ 16 ] Interest expense and similar charges

The breakdown of interest expense and similar charges is as follows:

€ thousand	2014	2013
<b>Interest expense and similar charges</b>	<b>923</b>	<b>99</b>
of which to affiliated companies	49	0

The interest expense and similar charges item includes an expense amount of €873 thousand arising from unwinding the discount on non-current provisions (2013: €99 thousand). Of this amount, €859 thousand (2013: €99 thousand) is attributable to unwinding the discount on the pension provisions.

## [ 17 ] Employees

Under the transfer agreement with KMH, 129 employees moved to KION GROUP AG with effect from 1 September 2014. As at 31 December 2014, the Company employed 134 employees. The breakdown of the average number of employees is as follows:

	Average for 2014	Average for 2013
Employees with individually agreed remuneration	33	0
Employees covered by collective pay agreements	11	0
	<b>44</b>	<b>0</b>



## [ 18 ] Contingent liabilities

There were no contingent liabilities on the reporting date, as had been the case a year earlier.

## [ 19 ] Other financial commitments

Other financial commitments amounting to €4,215 thousand related to lease obligations to KMH (affiliated company). Of this amount, a sum of €920 thousand is due within one year.

## [ 20 ] Members of the Executive Board and Supervisory Board

### Executive Board members

#### **Gordon Riske**, Chief Executive Officer (CEO)

Chief Executive Officer of KION Material Handling GmbH, Wiesbaden

Member of the Executive Board of KION Holding 2 GmbH, Wiesbaden

Member of the Asia Pacific Committee of KION Material Handling GmbH, Wiesbaden

Chairman of the Supervisory Board of Linde Material Handling GmbH, Aschaffenburg

(until 14 January 2015)

Chief Executive Officer of Linde Material Handling GmbH, Aschaffenburg (since 15 January 2015)

Chairman of the Board of Directors of Linde (China) Forklift Truck Co., Ltd., Xiamen, People's Republic of China

Chairman of the Supervisory Board of STILL GmbH, Hamburg (until 14 January 2015)

Chief Executive Officer of STILL GmbH, Hamburg (since 15 January 2015)

Member of the Executive Board of the non-profit Hertie Foundation, Frankfurt am Main

Non-Executive Director of Weichai Power Co., Ltd., Weifang, People's Republic of China

#### **Bert-Jan Knoef**, member of the Executive Board (until 14 January 2015)

Member of the Executive Board of KION Material Handling GmbH, Wiesbaden

Chief Executive Officer (CEO) and Labour Relations Director of STILL GmbH, Hamburg

Presidente of the Consiglio di Amministrazione of OM Carrelli Elevatori S.p.A., Lainate, Italy

Presidente of the Consiglio di Amministrazione of STILL ITALIA S.p.A., Lainate, Italy

#### **Theodor Maurer**, member of the Executive Board (until 14 January 2015)

Member of the Executive Board of KION Material Handling GmbH, Wiesbaden

Chief Executive Officer (CEO) and Labour Relations Director of Linde Material Handling GmbH, Aschaffenburg

Chairman of the Board of Directors of Linde Material Handling (UK) Ltd., Basingstoke, United Kingdom

Chairman of the Board of Directors of Linde Heavy Truck Division Ltd., Merthyr Tydfil, United Kingdom

Member of the Board of Directors of LMH North America Corp., Summerville, USA

Member of the Board of Directors of Linde (China) Forklift Truck Co. Ltd., Xiamen, People's Republic of China

Member of the Supervisory Board of Linde Hydraulics Verwaltungs GmbH, Aschaffenburg (until 30 October 2014)

Member of the Comité Consultatif of FENWICK-LINDE S.A.R.L., Élancourt, France

Member of the Supervisory Board of Schöler Fördertechnik AG, Rheinfelden

**Mr Ching Pong Quek**, member of the Executive Board / Chief Asia Pacific Officer  
 Member of the Executive Board / Chief Asia Pacific Officer of KION Material Handling GmbH, Wiesbaden  
 Member of the Asia Pacific Committee of KION Material Handling GmbH, Wiesbaden  
 Chief Executive Officer of Linde (China) Forklift Truck Corp., Ltd., Xiamen, People's Republic of China  
 Member of the Board of KION South Asia Pte Ltd., Singapore, Singapore  
 President and CEO of KION Asia Ltd., Hong Kong, People's Republic of China  
 Chairman of KION Baoli Forklift Co., Ltd., Jiangsu, People's Republic of China  
 Member of the Board of Directors of KION India Pvt. Ltd., Pune, India  
 Member of the Board of Directors of Linde Material Handling Asia Pacific Pte., Ltd., Singapore, Singapore  
 Chairman of the Board of Directors of Linde Material Handling Hong Kong Ltd., Hong Kong, People's Republic of China

**Dr Thomas Toepfer**, member of the Executive Board / CFO and Labour Relations Director  
 Member of the Executive Board of KION Material Handling GmbH, Wiesbaden  
 Member of the Executive Board of KION Holding 2 GmbH, Wiesbaden  
 Member of the Asia Pacific Committee of KION Material Handling GmbH, Wiesbaden  
 Member of the Supervisory Board of STILL GmbH, Hamburg (until 14 January 2015)  
 Chairman of the Supervisory Board of STILL GmbH, Hamburg (since 15 January 2015)  
 Member of the Supervisory Board of Linde Material Handling GmbH, Aschaffenburg (until 14 January 2015)  
 Chairman of the Supervisory Board of Linde Material Handling GmbH, Aschaffenburg (since 15 January 2015)  
 Member of the Executive Board of MPP Verwaltungs GmbH, Wiesbaden  
 Member of the Executive Board of MPP Beteiligungs GmbH, Wiesbaden  
 Administrador Solidario of Islavista Spain S.A., Barcelona, Spain  
 Chairman of the Board of Directors of LMH North America Corp., Summerville, USA  
 Member of the Board of Directors of Superlift UK Ltd., Basingstoke, United Kingdom

## Supervisory Board

**Dr John Feldmann**, Chairman of the Supervisory Board  
 Former member of the Board of Executive Directors of BASF SE, Ludwigshafen  
 Chairman of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)  
 Member of the Supervisory Board of Bilfinger SE, Mannheim  
 Member of the Supervisory Board of Hornbach Baumarkt AG, Bornheim  
 Member of the Supervisory Board of Hornbach Holding AG, Bornheim

**Joachim Hartig**<sup>1</sup>, Deputy Chairman of the Supervisory Board  
 Head of Learning and Development at Linde Material Handling GmbH, Aschaffenburg  
 Deputy Chairman of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)  
 Deputy Chairman of the Supervisory Board of Linde Material Handling GmbH, Aschaffenburg

**Birgit A. Behrendt** (since 1 January 2015)

Vice President, Global Programs and Purchasing Operations at the Ford Motor Company, Dearborn, Michigan, USA

**Holger Brandt**<sup>2</sup>

Head of Sales Germany at STILL GmbH, Hamburg

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

Member of the Supervisory Board of STILL GmbH, Hamburg

**Dr Alexander Dibelius**

Chief Executive Officer of Goldman Sachs AG, Frankfurt am Main

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

Member of the European Management Committee of Goldman Sachs International, London, United Kingdom

Member of the Board of Directors of OOO Goldman Sachs, Moscow, Russia

Member of the Board of Directors of OOO Goldman Sachs Bank, Moscow, Russia

Member of the Shareholder Committee of Xella International S.à r.l., Luxembourg

Chairman of the Supervisory Board of Wincor Nixdorf AG, Paderborn

Member of the Supervisory Board of Wincor Nixdorf International GmbH, Paderborn

**Denis Heljic**<sup>1</sup>

Spokesperson for the STILL branches, Field Technician at STILL GmbH, Dortmund, and

Deputy Chairman of the Works Council of STILL GmbH, Dortmund plant

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

**Dr Martin Hintze** (until 31 December 2014)

Managing Director of Merchant Banking at Goldman Sachs International, London, United Kingdom

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

Non-Executive Director of Ceona Holding Ltd., Guernsey

Member of the Board of Directors of DONG Energy A/S, Fredericia, Denmark

Managing Director of New Energy Investment S.à r.l., Luxembourg (until 17 December 2014)

Member of the Supervisory Board of LEG Immobilien AG, Düsseldorf (until 2 April 2014)

Member of the Executive Board of Xella HoldCo Finance S.A., Luxembourg

Member of the Executive Board of Xella International Holdings S.à r.l., Luxembourg

Member of the Executive Board of Xella Topco S.à r.l., Luxembourg

Member of the Executive Board of Xenia S.à r.l., Luxembourg

**Johannes P. Huth**

Partner at and member of the Executive Committee of Kohlberg Kravis Roberts & Co. Partners LLP, London, United Kingdom

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

Chairman of the Supervisory Board of Finedining Capital AG, Munich (since 2 October 2014)

Member of the Supervisory Board of German Estate Group AG (GEG), Frankfurt am Main (since 21 January 2015)

Member of the Supervisory Board of Hertha BSC GmbH & Co. KGaA, Berlin (since 4 February 2014)

Deputy Chairman of the Supervisory Board of NXP BV, Eindhoven, Netherlands

Chairman of the Supervisory Board of ProSiebenSat. 1 Media AG, Unterföhring (until 26 June 2014)

Chairman of the Supervisory Board of WMF AG, Geislingen an der Steige

### Jiang Kui

President and Director of Shandong Heavy Industry Group Co., Ltd., Jinan, People's Republic of China

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

Chairman of the Asia Pacific Committee of KION Material Handling GmbH, Wiesbaden\*

Member of the Executive Board of Hydraulics Drive Technology Beteiligungs GmbH, Aschaffenburg

Member of the Supervisory Board of Linde Hydraulics Verwaltungs GmbH, Aschaffenburg

Director of Shandong Heavy Industry India Private Ltd., Pune, India

Director of Shantui Construction Machinery Co., Ltd., Jining, People's Republic of China

Chairman of the Board of Strong Construction Machinery Co., Ltd., Linyi, People's Republic of China

Deputy Chairman of the Board of Weichai Holding Group Co., Ltd., Weifang, People's Republic of China

Director of Weichai Power Co., Ltd., Weifang, People's Republic of China

Director of Weichai Power Hong Kong International Development Co., Ltd., Hong Kong, People's Republic of China

### Thilo Kämmerer<sup>1</sup> (until 31 August 2014)

Trade Union Secretary, IG Metall, Bamberg Administrative Office

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

### Olaf Kunz<sup>1</sup> (since 1 September 2014)

District Secretary/Lawyer at IG Metall, District Office for the Coast, Hamburg

Member of the Supervisory Board of STILL GmbH, Hamburg

### Özcan Pancarci<sup>1</sup>

Chairman of the Plants I & II Works Council of Linde Material Handling GmbH, Aschaffenburg

Chairman of the European Works Council of the KION Group

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

Member of the Supervisory Board of Linde Material Handling GmbH, Aschaffenburg

### Kay Pietsch<sup>1</sup>

Chairman of the Group Works Council of the KION Group (until 22 January 2015)

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

Deputy Chairman of the Supervisory Board of STILL GmbH, Hamburg

### Hans Peter Ring

Management Consultant, Munich

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

Member of the Supervisory Board of Airbus Defense und Space GmbH, Ottobrunn (since 15 October 2014)

Member of the Supervisory Board of Elbe Flugzeugwerke GmbH, Dresden

Member of the Supervisory Board of Fokker Technologies Holding B.V., Papendrecht, Netherlands

Member of the Supervisory Board of MAG IAS GmbH, Göppingen

### Alexandra Schädler<sup>1</sup>

Trade Union Secretary on the National Executive of the IG Metall union, Frankfurt am Main

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

Member of the Supervisory Board of Fujitsu Technology Solutions GmbH, Munich

**Silke Scheiber** (until 31 December 2014)

Partner at Kohlberg Kravis Roberts & Co. Partners LLP, London, United Kingdom

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

Member of the Supervisory Board of Finedining Capital AG, Munich (since 2 October 2014)

Member of the Board of Directors of Jungbunzlauer Holding AG, Basel, Switzerland

Member of the Supervisory Board of Van Gansewinkel Groep B.V., Rotterdam, Netherlands

Member of the Supervisory Board of WMF AG, Geislingen an der Steige

**Tan Xuguang**

Chief Executive Officer and Chairman of the Board of Directors of Weichai Power Co., Ltd., Weifang, People's Republic of China

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

Chairman of the Board of Directors of Shandong Heavy Industry Group Co., Ltd., Jinan, People's Republic of China

Chairman of the Board of Directors of Shaanxi Fast Gear Co., Ltd., Xi'an, People's Republic of China

Chairman of the Board of Directors of Shaanxi Heavy-duty Motor Co., Ltd., Xi'an, People's Republic of China

Chairman of the Board of Directors of Weichai Group Holding Co., Ltd., Weifang, People's Republic of China

**Hans-Peter Weiß**<sup>1</sup>

Chairman of the Plant III Works Council of Linde Material Handling GmbH, Kahl

Member of the Supervisory Board of KION Material Handling GmbH, Wiesbaden (until 25 April 2014)

**Xu Ping** (since 1 January 2015)

Partner at King & Wood Mallesons, Beijing, People's Republic of China

Member of the Board of Directors of Ferretti S.p.A., Cattolica, Italy

Member of the Management Committee at King & Wood Mallesons, Beijing, People's Republic of China

<sup>1</sup> Employee representatives.

<sup>2</sup> Executive representatives.

\* Not a committee of the KION GROUP AG required by law.

**[ 21 ] Executive Board and Supervisory Board remuneration**

The total remuneration for the members of the Executive Board pursuant to section 285 no. 9a HGB came to €10,925 thousand in 2014 (2013: €9,043 thousand). It consisted of short-term remuneration amounting to €5,346 thousand (2013: €2,842 thousand), share-based payments of €5,579 thousand (2013: €6,201 thousand). As at 31 December 2014, no loans or advances had been extended to members of the Executive Board. In addition to that an agreement was reached with two board members that they resign from office and therefore benefits granted with a total amount of €8,795 thousand (2013: €0).

The fair value of the share-based payments at their individual grant dates amounted to €5,579 thousand (2013: €6,201 thousand).

The total remuneration paid to the members of the Supervisory Board for the year under review (excluding VAT) totalled €1,184 thousand (2013: €798 thousand).

Disclosures regarding the remuneration paid to individual members of the Executive Board and the Supervisory Board can be found in the remuneration report, which forms part of the management report.

## [ 22 ] KEEP employee share option programme

On 1 October 2014, the Executive Board of KION GROUP AG decided to introduce an employee share option programme for employees in Germany and to issue an offer in connection with this programme. The offer period, during which eligible employees could take up this offer by making a declaration of acceptance, ran from 2 to 31 October 2014. To be eligible to participate in the KION Employee Equity Programme (KEEP), employees must, at the start of the offer phase, have had a permanent, uninterrupted employment contract with a participating KION Group company for at least one year. Currently, KION GROUP AG plus twelve German subsidiaries are taking part in KEEP. The Company is considering whether to extend the employee share option programme to subsidiaries in China, Brazil, France, the United Kingdom, Italy, Spain, Poland and the Czech Republic over the coming years.

The KEEP programme is a share matching plan. Employees who participate in the KEEP share option programme acquire KION shares for their own investment purposes. Each set of three KION shares represents a block of shares. Once the three-year holding period has expired, employees are entitled to one free matching share (bonus share) for each block. However, KION GROUP AG has the right to satisfy each programme participant's entitlement by paying a cash settlement instead of granting a bonus share. For employees taking part for the first time, the KION Group is offering a special incentive in the form of starter blocks: the KION Group will bear the cost of one KION share (free share) in each of the first twelve blocks of shares that an employee takes up.

The right to obtain a bonus share lapses if participants sell their own investment in KION shares or cease to work for the KION Group. The change in the number of bonus shares to be granted was as follows:

### Change in the number of bonus shares granted

Number of shares	2014
<b>Balance as at 1 Jan</b>	0
Bonus shares granted	29,146
Bonus shares forfeited	-30
<b>Balance as at 31 Dec</b>	<b>29,116</b>

In 2014, 20,856 free shares were issued to employees at the participating companies as part of their starter blocks. The free shares to be issued are measured at their fair value on the day on which employees obtain the right to acquire shares as their own investment. The fair value on the grant date is determined on the basis of Monte Carlo simulation. The following measurement parameters were used:

### Significant measurement parameters for the employee share option programme

Measurement parameter	Measurement date
	<b>31 Oct 2014</b>
	2014 tranche
Expected dividends	€0.88
KION share price on measurement date	€29.02

For the 2014 programme, the fair value of a bonus share was €26.59. The fair value of the bonus shares to be granted is recognised as an expense and paid into capital reserves over the three-year holding period.

In 2014, an expense of €33 thousand was recognised for free shares and bonus shares in connection with the KEEP employee share option programme. Each year, the Executive Board of KION GROUP AG decides whether there will be an offer made under the share option programme that year and which companies will participate.

### [ 23 ] KION performance share plan (PSP) for managers

In November 2014, the Company decided to introduce long-term, variable remuneration (the KION Long-Term Incentive Plan for Top Management 2014) for managers in the KION Group so that the remuneration structure would be based on the sustainable performance of the Company. The plan was introduced retrospectively from 1 January 2014.

Under this performance share plan, managers are granted virtual shares over a defined period (three years). The remuneration component measured over the long term is based in equal parts 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 2014 tranche ends on 31 December 2016. At the beginning of the performance period, the managers of KION GROUP AG were granted a total of 40,515 virtual shares for this tranche based on a particular percentage of their individual gross annual remuneration at the time of grant. 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 KION Group has the right to adjust the amount payable at the end of the performance period in the event of exceptional occurrences or developments. The maximum amount payable is limited to 200 per cent of the value of the shares allotted to an individual at the grant date. 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 measurement parameters shown in the following table were used to value the virtual shares on the reporting date.

<b>Measurement parameter</b>	<b>Measurement date 31 Dec 2014</b>
Expected volatility of KION shares	30.0%
Expected volatility of STOXX® Europe TMI Industrial Engineering Index	15.0%
Risk-free interest rate	-0.1%
Expected dividend	0.88 €
Value of KION shares at date of measurement	31.74 €
Starting price of KION shares (60-day average)	29.49 €
Starting price of STOXX® Europe TMI Industrial Engineering Index (60-day average)	208.87 €

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 31 December 2014, the fair value of one virtual share was €27.23 for the 2014 tranche and the total fair value based on 40,515 virtual shares was €1,103 thousand on that date. Because the performance period for the 2014 tranche has been set at 36 months, a liability of €368 thousand was recognised as a pro-rata expense for twelve months in 2014.

#### [ 24 ] KION performance share plan (PSP) for the Executive Board

As part of the KION GROUP AG performance share plan, the Executive Board members are allocated virtual shares over a fixed period (two-and-a-half years for the 2013 tranche and three years for all subsequent tranches). The remuneration component measured over the long term is based in equal parts 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 performance period for the 2014 tranche ends on 31 December 2016 (2013 tranche: 31 December 2015). At the beginning of the performance period on 1 January 2014 (2013 tranche: 29 June 2013), the Executive Board members were granted a total of 193,395 virtual shares for this tranche (2013 tranche: 261,916 virtual shares) with a specific fair value based on an allocation value in euros specified in each Executive Board member's service contract.

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 maximum amount payable is limited to 200 per cent of the value of the shares allotted to an individual at the grant date.

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:



Measurement parameter	Measurement date 31 Dec 2014	
	2014 tranche	2013 tranche
Expected volatility of KION shares	30.0%	25.0%
Expected volatility of STOXX® Europe TMI Industrial Engineering Index	15.0%	15.0%
Risk-free interest rate	-0.1%	-0.1%
Expected dividend	0.88 €	0.88 €
Value of KION shares at measurement date	31.74 €	31.74 €
Starting price of KION shares (60-day average)	29.49 €	26.64 €
Starting price of STOXX® Europe TMI Industrial Engineering Index (60-day average)	208.87 €	204.26 €

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 31 December 2014, the fair value of one virtual share was €27.72 for the 2013 tranche (31 December 2013: €23.74) and €26.79 for the 2014 tranche. On that date, the total fair value based on 261,916 and 193,395 virtual shares respectively was €7,260 thousand (2013 tranche; 31 December 2013: €6,218 thousand) and €5,181 thousand (2014 tranche). Because the performance period for the 2013 tranche has been set at 30 months, a pro-rata expense of €3,055 thousand for twelve months was recognised in 2014 (2013: €1,243 thousand). The total carrying amount for liabilities in connection with share-based remuneration (2013 tranche) was €4,298 thousand (31 December 2013: €1,243 thousand). A liability of €1,727 thousand in respect of the 2014 tranche was recognised as a pro-rata expense for twelve months in 2014.

## [ 25 ] Membership of a corporate group

KION GROUP AG, Wiesbaden, prepares consolidated financial statements that are published in the German Federal Gazette.

## [ 26 ] Total fees paid to the auditors

The total fees paid to the auditors engaged by the Company are not disclosed pursuant to section 285 no. 17 HGB because they are disclosed in the consolidated financial statements of KION GROUP AG, Wiesbaden.

## [ 27 ] Affiliated companies and equity investments

Pursuant to section 285 no. 11 HGB, shareholdings are disclosed in the list of shareholdings attached to these notes.

**[ 28 ] Comply-or-explain statement regarding the German Corporate Governance Code (DCGK)**

In December 2014, the Executive Board and Supervisory Board of KION GROUP AG submitted their comply-or-explain statement for 2014 relating to the recommendations of the German Corporate Governance Code government commission pursuant to section 161 AktG. The comply-or-explain statement has been made permanently available to shareholders on the website of KION GROUP AG at [www.kiongroup.com/governancereport](http://www.kiongroup.com/governancereport).

## [ 29 ] Notifications of voting rights pursuant to section 21 (1) German Securities Trading Act (WpHG)

Section 160 (1) no. 8 AktG requires disclosures to be made about the existence of equity investments of which the Company has been notified pursuant to section 21 (1) or (1a) of the German Securities Trading Act (WpHG).

The following table shows the notifiable equity investments of which the Company had been notified by 10 March 2015. The disclosures are taken from the notifications that the Company has received since 1 January 2014.

All notifications about equity investments published by the Company in the reporting year and up to 10 March of this year are available on the website of KION GROUP AG ([http://www.kiongroup.com/en/main/investor\\_relations/ir\\_news/voting\\_rights\\_announcements/voting\\_rights.jsp](http://www.kiongroup.com/en/main/investor_relations/ir_news/voting_rights_announcements/voting_rights.jsp)). Please note that the disclosures about the percentages and voting rights relating to equity investments may no longer be up to date.

	Party subject to notification requirement	Date on which shareholding reached, exceeded or fell below the threshold	Notification threshold; fact whether shareholding was higher or lower	Share and number of voting rights	Of which attributable pursuant to section 22 (1) sentence 1 no. 1 WpHG	Of which attributable pursuant to section 22 (1) sentence 1 no. 6 WpHG (if applic. in conjunction with sentence 2)	Of which attributable pursuant to section 22 (2) WpHG
1	Pelham Long Short Master Fund Limited, Bermuda, Bermuda	7 January 2014	3%; higher	4.51% (4,458,209 voting rights)	–	–	–
2	Superlift Holding S.à r.l., Luxembourg, Grand Duchy of Luxembourg (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	2.44% (2,411,423 voting rights)	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
3	KKR Management LLC, Wilmington, Delaware, USA (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
4	KKR & Co. L.P., Wilmington, Delaware, USA (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.

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5	KKR Group Limited, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
6	KKR Group Holdings L.P., George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
7	KKR Fund Holdings GP Limited, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
8	KKR Fund Holdings L.P., George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
9	KKR 1996 Overseas Limited, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
10	KKR Partners (International), L.P., Calgary, Canada (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
11	KKR Europe II Limited, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
12	KKR Associates Europe II, Limited Partnership, Calgary, Canada (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
13	KKR European Fund II, Limited Partnership, Calgary, Canada (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
14	KKR 2006 Limited, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
15	KKR Associates 2006 (Overseas), Limited Partnership, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.

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16	KKR 2006 Fund (Overseas), Limited Partnership, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
17	KKR PEI GP Limited, St Peter Port, Guernsey (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
18	KKR PEI Associates, L.P., St Peter Port, Guernsey (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
19	KKR PEI Investments, L.P., St Peter Port, Guernsey (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
20	KKR PEI International Holdings GP Ltd., George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
21	KKR PEI International Holdings L.P., George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
22	Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, Grand Duchy of Luxembourg	9 January 2014	75%; lower	67.80% (67,054,200 voting rights)	–	–	37.80% (37,384,200 voting rights) held by Superlift Holding S.à r.l.
23	Weichai Power Hong Kong International Development Co., Ltd., Hong Kong, People's Republic of China	9 January 2014	75%; lower	67.80% (67,054,200 voting rights)	30.00% (29,670,000 voting rights) via individual or all of the controlled entities in FN 2	–	37.80% (37,384,200 voting rights) held by Superlift Holding S.à r.l.
24	Weichai Power Co., Ltd., Weifang, Shandong Province, People's Republic of China	9 January 2014	75%; lower	67.80% (67,054,200 voting rights)	30.00% (29,670,000 voting rights) via individual or all of the controlled entities in FN 2	–	37.80% (37,384,200 voting rights) held by Superlift Holding S.à r.l.
25	Weichai Group Holdings Limited, Weifang, Shandong Province, People's Republic of China	9 January 2014	75%; lower	67.80% (67,054,200 voting rights)	30.00% (29,670,000 voting rights) via individual or all of the controlled entities in FN 2	–	37.80% (37,384,200 voting rights) held by Superlift Holding S.à r.l.

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26	Shandong Heavy Industry Group Co., Ltd., Jinan, Shandong Province, People's Republic of China	9 January 2014	75%; lower	67.80% (67,054,200 voting rights)	30.00% (29,670,000 voting rights) via individual or all of the controlled entities in FN 2	–	37.80% (37,384,200 voting rights) held by Superlift Holding S.à r.l.
27	State-owned Assets Supervision and Administration Commission (SASAC) of Shandong People's Government of the People's Republic of China, Jinan, Shandong Province, People's Republic of China, acting for the People's Republic of China	9 January 2014	75%; lower	67.80% (67,054,200 voting rights)	30.00% (29,670,000 voting rights) via individual or all of the controlled entities in FN 2	–	37.80% (37,384,200 voting rights) held by Superlift Holding S.à r.l.
28	The Goldman Sachs Group, Inc., Wilmington, Delaware, USA (see FN 7)	9 January 2014	75%; lower	70.70% (69,918,991 voting rights)	40.70% (40,248,991 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
29	Goldman, Sachs & Co., New York, New York, USA (see FN 7)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
30	GS Capital Partners V Employee Funds GP, L.L.C., Wilmington, Delaware, USA (see FN 7)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
31	GS Advisors V, L.L.C., Wilmington, Delaware, USA (see FN 7)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
32	GS Advisors V AIV, Ltd., George Town, Cayman Islands (see FN 7)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
33	GS Capital Partners V Employee Fund, L.P., Wilmington, Delaware, USA (see FN 7)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.

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34	GS Capital Partners V Offshore, L.P., George Town, Cayman Islands (see FN 7)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
35	GS Capital Partners V GmbH & Co. KG, Frankfurt am Main, Germany (see FN 7)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
36	GSCP V AIV, L.P., George Town, Cayman Islands (see FN 7)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
37	GS Capital Partners V Institutional, L.P., Wilmington, Delaware, USA (see FN 7)	9 January 2014	75%; lower	70.24% (69,465,623 voting rights)	40.24% (39,795,623 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
38	Pelham Capital Management LLP, London, United Kingdom	7 January 2014	3%; higher	4.51% (4,458,209 voting rights)	–	4.51% (4,458,209 voting rights) via Pelham Long Short Master Fund Ltd	–
39	Mr Ross Turner, United Kingdom	7 January 2014	3%; higher	4.51% (4,458,209 voting rights)	–	4.51% (4,458,209 voting rights) via Pelham Long Short Master Fund Ltd.	
40	Superlift Holding S.à r.l., Luxembourg, Grand Duchy of Luxembourg (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	0.20% (200,000 voting rights)	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
41	KKR Partners (International), L.P., Calgary, Canada (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.

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42	KKR 1996 Overseas Limited, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
43	KKR European Fund II, Limited Partnership, Calgary, Canada (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
44	KKR Associates Europe II, Limited Partnership, Calgary, Canada (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
45	KKR Europe II Limited, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
46	KKR 2006 Fund (Overseas), Limited Partnership, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
47	KKR Associates 2006 (Overseas), Limited Partnership, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
48	KKR 2006 Limited, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
49	KKR PEI International Holdings L.P., George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
50	KKR PEI International Holdings GP Ltd., George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
51	KKR PEI Investments, L.P., St Peter Port, Guernsey (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
52	KKR PEI Associates, L.P., St Peter Port, Guernsey (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.



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53	KKR PEI GP Limited, St Peter Port, Guernsey (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
54	KKR Fund Holdings L.P., George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
55	KKR Fund Holdings GP Limited, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
56	KKR Group Holdings L.P., George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
57	KKR Group Limited, George Town, Cayman Islands (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
58	KKR & Co. L.P., Wilmington, Delaware, USA (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
59	KKR Management LLC, Wilmington, Delaware, USA (see FN 6)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 1	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
60	The Goldman Sachs Group, Inc., Wilmington, Delaware, USA (see FN 7, FN 8)	9 January 2014	75%; lower	68.46% (67,707,568 voting rights)	38.46% (38,037,568 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
61	Goldman, Sachs & Co., New York, New York, USA (see FN 7, FN 8)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
62	GS Capital Partners V Employee Funds GP, L.L.C., Wilmington, Delaware, USA (see FN 7)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
63	GS Capital Partners V Employee Fund, L.P., Wilmington, Delaware, USA (see FN 7)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.

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64	GS Advisors V, L.L.C., Wilmington, Delaware, USA (see FN 7, FN 8)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
65	GS Capital Partners V Offshore, L.P., George Town, Cayman Islands (see FN 7)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
66	GS Capital Partners V GmbH & Co. KG, Frankfurt am Main, Germany (see FN 7)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
67	GS Advisors V AIV, Ltd., George Town, Cayman Islands (see FN 7, FN 8)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
68	GSCP V AIV, L.P., George Town, Cayman Islands (see FN 7)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
69	GS Capital Partners V Institutional, L.P., Wilmington, Delaware, USA (see FN 7)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
70	KION MPP Verwaltungs GmbH (FN 4)	–	–	–	–	–	–
71	KKR PEI GP Limited, St Peter Port, Guernsey	1 April 2014	50%, 30%, 25%, 20%, 15%, 10%, 5% and 3%; lower	0.00% (0 voting rights)	–	–	–
72	KKR PEI GP Limited, George Town, Cayman Islands	1 April 2014	3%, 5%, 10%, 15%, 20%, 25%, 30% and 50%; higher	68.00% (67,254,200 voting rights)	34.70% (34,320,500 voting rights) via individual or all of the controlled entities in FN 1	–	33.30% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
73	KKR PEI International Holdings L.P., George Town, Cayman Islands	4 April 2014	50%, 30%, 25%, 20%, 15%, 10%, 5% and 3%; lower	0.00% (0 voting rights)	–	–	–

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74	KKR PEI International Holdings GP Ltd., George Town, Cayman Islands	4 April 2014	50%, 30%, 25%, 20%, 15%, 10%, 5% and 3%; lower	0.00% (0 voting rights)	–	–	–
75	Pelham Long Short Master Fund Limited, Bermuda, Bermuda	10 June 2014	5%; higher	5.33% (5,267,550 voting rights)	–	–	–
76	Pelham Capital Management LLP, London, United Kingdom	10 June 2014	5%; higher	5.33% (5,267,550 voting rights)	–	5.33% (5,267,550 voting rights) via Pelham Long Short Master Fund Ltd	–
77	Mr Ross Turner, United Kingdom	10 June 2014	5%; higher	5.33% (5,267,550 voting rights)	–	5.33% (5,267,550 voting rights) via Pelham Long Short Master Fund Ltd.	–
78	The Goldman, Sachs & Co. L.L.C., Wilmington, Delaware, USA (FN 5)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
79	The Goldman Sachs Group, Inc., Wilmington, Delaware, USA (FN 5, FN 8)	9 January 2014	75%; lower	68.46% (67,707,568 voting rights)	38.46% (38,037,568 voting rights) via individual or all of the controlled entities in FN 3	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.

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80	Goldman, Sachs & Co., New York, New York, USA (FN 5, FN 8)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
81	GS Advisors V, L.L.C., Wilmington, Delaware, USA (FN 8)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
82	GS Advisors V AIV, Ltd., George Town, Cayman Islands (FN 8)	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
83	GSCP V Institutional AIV, L.P., George Town, Cayman Islands	9 January 2014	75%; lower	68.00% (67,254,200 voting rights)	38.00% (37,584,200 voting rights) via individual or all of the controlled entities in FN 3	–	30.00% (29,670,000 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
84	Deutsche Asset & Wealth Management Investment GmbH, Frankfurt, Germany	5 December 2014	3%; higher	3.03% (2,994,203 voting rights)		0.25% (247,879 voting rights)	
85	ASF Walter Co-Invest GP Limited, George Town, Cayman Islands	13 February 2015	3%, 5%, 10%, 15%, 20%, 25%, 30% and 50%; higher	52.13 % (51,554,200 voting rights)	18.83% (18,620,500 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
86	ASF Walter Co-Invest II L.P., George Town, Cayman Islands	13 February 2015	3%, 5%, 10%, 15%, 20%, 25%, 30% and 50%; higher	52.13 % (51,554,200 voting rights)	18.83% (18,620,500 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
87	KKR Management LLC, Wilmington, Delaware, USA	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
88	KKR Group Limited, George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
89	KKR & Co. L.P., Wilmington, Delaware, USA	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.

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90	KKR Group Holdings L.P., George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
91	KKR Fund Holdings GP Limited, George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
92	KKR Fund Holdings L.P., George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
93	KKR PEI GP Limited, George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
94	KKR Europe II Limited, George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
95	KKR 2006 Limited, George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
96	ASF Walter Co-Invest GP Limited, George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
97	KKR 1996 Overseas Limited, George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
98	KKR Associates 2006 (Overseas), Limited Partnership, George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
99	KKR PEI Associates, L.P., St Peter Port, Guernsey	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
100	KKR Associates Europe II, Limited Partnership, Calgary, Canada	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.

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101	KKR Partners (International), L.P., Calgary, Canada	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled enti- ties in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
102	KKR PEI Investments, L.P., St Peter Port, Guernsey	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled enti- ties in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
103	ASF Walter Co-Invest II L.P., George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled enti- ties in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
104	KKR European Fund II, Limited Partnership, Calgary, Canada	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled enti- ties in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
105	KKR 2006 Fund (Overseas), Limited Partnership, George Town, Cayman Islands	16. Februar 2015	50%; lower	47.23 % (46.712.186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled enti- ties in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
106	Superlift Holding S.à r.l., Luxem- bourg, Grand Duchy of Luxem- bourg	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled enti- ties in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
107	The Goldman Sachs Group, Inc., Wilmington, Delaware, USA	16 February 2015	50%; lower	47.24 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled enti- ties in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
108	The Goldman, Sachs & Co. L.L.C., Wilmington, Delaware, USA	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled enti- ties in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
109	Goldman, Sachs & Co., New York, New York, USA	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled enti- ties in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
110	GS Advisors V, L.L.C., Wilming- ton, Delaware, USA	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled enti- ties in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
111	GS Advisors V AIV, Ltd., George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled enti- ties in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.

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112	GS Capital Partners V Employee Funds GP, L.L.C., Wilmington, Delaware, USA	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
113	GS Capital Partners V Employee Fund, L.P., Wilmington, Delaware, USA	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
114	GSCP V AIV, L.P., George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
115	GSCP V Institutional AIV, L.P., George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
116	GS Capital Partners V Offshore, L.P., George Town, Cayman Islands	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
117	GS Capital Partners V GmbH & Co. KG, Frankfurt am Main, Germany	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	13.93% (13.778.486 voting rights) via individual or all of the controlled entities in FN 1	–	33.00% (32,933,700 voting rights) held by Weichai Power (Luxembourg) Holding S.à r.l.
118	Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, Grand Duchy of Luxembourg	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	–	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
119	Weichai Power Hong Kong International Development Co., Ltd., Hong Kong, People's Republic of China	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 2	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
120	Weichai Power Co., Ltd., Weifang, Shandong Province, People's Republic of China	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 2	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
121	Weichai Group Holdings Limited, Weifang, Shandong Province, People's Republic of China	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 2	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
122	Shandong Heavy Industry Group Co., Ltd., Jinan, Shandong Province, People's Republic of China	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 2	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.

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123	State-owned Assets Supervision and Administration Commission (SASAC) of Shandong People's Government of the People's Republic of China, Jinan, Shandong Province, People's Republic of China, acting for the People's Republic of China	16 February 2015	50%; lower	47.23 % (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 2	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
124	Deutsche Asset & Wealth Management Investment GmbH, Frankfurt, Germany	25 February 2015	3%; lower	2.81 % (2,776,436 voting rights)	–	0.3 % (292,643 voting rights)	–

## Footnotes (FN)

1	<p>KKR &amp; Co. L.P., Wilmington, Delaware, USA;  KKR Group Limited, George Town, Cayman Islands;  KKR Group Holdings L.P., George Town, Cayman Islands;  KKR Fund Holdings GP Limited, George Town, Cayman Islands;  KKR Fund Holdings L.P., George Town, Cayman Islands;  KKR Europe II Limited, George Town, Cayman Islands;  KKR Associates Europe II, Limited Partnership, Calgary, Canada;  KKR European Fund II, Limited Partnership, Calgary, Canada;  KKR 2006 Limited, George Town, Cayman Islands;  KKR Associates 2006 (Overseas), Limited Partnership, George Town, Cayman Islands;  KKR 2006 Fund (Overseas), Limited Partnership, George Town, Cayman Islands;  KKR PEI GP Limited, St Peter Port, Guernsey;  KKR PEI Associates, L.P., St Peter Port, Guernsey;  KKR PEI Investments, L.P., St Peter Port, Guernsey;  KKR PEI International Holdings GP Ltd., George Town, Cayman Islands;  KKR PEI International Holdings L.P., George Town, Cayman Islands;  KKR Partners (International), L.P., Calgary, Canada;  ASF Walter Co-Invest GP Limited, George Town, Cayman Islands;  ASF Walter Co-Invest II L.P., George Town, Cayman Islands;  Superlift Holding S.à r.l., Luxembourg, Grand Duchy of Luxembourg</p>
2	<p>Shandong Heavy Industry Group Co., Ltd., Jinan, Shandong Province, People's Republic of China;  Weichai Group Holdings Limited, Weifang, Shandong Province, People's Republic of China;  Weichai Power Co., Ltd., Weifang, Shandong Province, People's Republic of China;  Weichai Power Hong Kong International Development Co., Ltd., Hong Kong, People's Republic of China;  Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, Grand Duchy of Luxembourg</p>



## Notes to the financial statements for the 2014 financial year

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3	<p>The Goldman, Sachs &amp; Co. L.L.C., Wilmington, Delaware, USA;          Goldman, Sachs &amp; Co., New York, New York, USA;          GS Advisors V, L.L.C., Wilmington, Delaware, USA;          GS Capital Partners V Offshore, L.P., George Town, Cayman Islands;          GS Capital Partners V GmbH &amp; Co. KG, Frankfurt am Main, Germany;          GS Capital Partners V Employee Funds GP, L.L.C., Wilmington, Delaware, USA;          GS Capital Partners V Employee Fund, L.P., Wilmington, Delaware, USA;          GS Advisors V AIV, Ltd., George Town, Cayman Islands;          GSCP V AIV, L.P., George Town, Cayman Islands;          GS Capital Partners V Institutional, L.P., Wilmington, Delaware, USA;          GSCP V Institutional AIV, L.P., George Town, Cayman Islands;          GS Advisors V AIV, L.P.;</p> <p>Superlift Holding S.à r.l., Luxembourg, Grand Duchy of Luxembourg</p>
4	<p>With regard to the notifications of voting rights from KION MPP Verwaltungs GmbH dated 3 July 2013 (published on 4 July 2013) and 2 September 2013 (published on 2 September 2013), stating a voting share of 3.39 per cent in accordance with sections 21 (1a), 22 (1) sentence 1 no. 1 WpHG and then the shareholding falling below the 3 per cent threshold pursuant to section 21 (1) WpHG, it was announced that these notifications of voting rights were not necessary and were therefore withdrawn.</p>
5	<p>The company has informed us that the indicated total number of voting shares does not correspond with the sum of the indicated individual voting rights held/attributed. 37,584,200 (38.00 per cent) voting rights that are attributable to the company pursuant to section 22 (1) sentence 1 no. 1 WpHG are also attributable to the company pursuant to section 22 (1) sentence 1 no. 6 in conjunction with sentence 2 WpHG and are only counted once in the total number of voting rights.</p>
6	<p>The notifications dated 14 January 2014 (numbers 2 to 21) relating to these companies were corrected by means of notifications dated 26 March 2014 (numbers 40 to 59).</p>
7	<p>The notifications dated 15 January 2014 (numbers 28 to 37) relating to these companies were corrected by means of notifications dated 27 March 2014 (numbers 60 to 69).</p>
8	<p>The notifications dated 27 March 2014 (numbers 60, 61, 64, 67) relating to these companies were corrected by means of notifications dated 21 November 2014 (numbers 79 to 82).</p>

**[ 30 ] Proposal for the appropriation of profit**

The Supervisory Board and the Executive Board propose to the Annual General Meeting that, of the distributable profit of KION GROUP AG for the 2014 financial year amounting to €85,000,000, an amount of €54,305,040.90 be appropriated for the payment of a dividend of €0.55 per dividend-bearing share.

Wiesbaden, 10 March 2015

The Executive Board

Gordon Riske

Ching Pong Quek

Thomas Toepfer

**KION GROUP AG**
**List of shareholdings as of December 31, 2014**

according to section 285 No. 11 Commercial Code (HGB)

Name	Registered office	Country	Share- holding 2014	Share- holding 2013	Equity, Local GAAP, TEUR	Net results for the financial year, Local GAAP, TEUR Note
<b>Affiliated companies</b>						
<b>Domestic</b>						
KION Holding 2 GmbH	Wiesbaden	Germany	100,00%	100,00%	2.005.331	0 [F]
KION Material Handling GmbH	Wiesbaden	Germany	100,00%	100,00%	1.397.586	21.976
KION Information Management Services GmbH	Wiesbaden	Germany	100,00%	100,00%	129	0 [E]
Linde Material Handling GmbH	Aschaffenburg	Germany	100,00%	100,00%	461.786	0 [E]
BlackForxx GmbH	Stuhr	Germany	100,00%	100,00%	757	0 [B]
Eisenwerk Weilbach GmbH	Wiesbaden	Germany	100,00%	100,00%	288	0 [A]
Fahrzeugbau GmbH Geisa	Geisa	Germany	100,00%	100,00%	7.329	0 [B]
Klaus Pahlke Betriebsführungs-GmbH	Haan	Germany	100,00%	100,00%	48	1 [1]
Klaus Pahlke GmbH & Co. Fördertechnik KG	Haan	Germany	100,00%	100,00%	14.145	1.518
KION Financial Services GmbH	Wiesbaden	Germany	100,00%	100,00%	1.558	0 [A]
KION Warehouse Systems GmbH	Reutlingen	Germany	100,00%	100,00%	22.670	0 [B]
LMH Immobilien GmbH & Co. KG	Aschaffenburg	Germany	99,64%	99,64%	35.357	6.996
LMH Immobilien Holding GmbH & Co. KG	Aschaffenburg	Germany	94,00%	94,00%	1.180	87
LMH Immobilien Holding Verwaltungs-GmbH	Aschaffenburg	Germany	100,00%	100,00%	29	0
LMH Immobilien Verwaltungs-GmbH	Aschaffenburg	Germany	100,00%	100,00%	31	2
OM Deutschland GmbH	Hamburg	Germany	100,00%	100,00%	-2.475	-97 [R]
proplan Transport- und Lagersysteme GmbH	Aschaffenburg	Germany	100,00%	100,00%	573	0 [F]
Schrader Industriefahrzeuge GmbH & Co. KG	Essen	Germany	100,00%	100,00%	2.322	894
Schrader Industriefahrzeuge Verwaltung GmbH	Essen	Germany	100,00%	100,00%	81	4 [1]
STILL Financial Services GmbH	Hamburg	Germany	100,00%	100,00%	1.533	0 [C]
STILL Gesellschaft mit beschränkter Haftung	Hamburg	Germany	100,00%	100,00%	206.250	0 [A]
Trainingscenter für Sicherheit und Transport GmbH	Bremen	Germany	74,00%	74,00%	25	0 [1], [D]
Urban-Transporte Gesellschaft mit beschränkter Haftung	Unterschleißheim	Germany	100,00%	100,00%	3.181	0 [A]
Willenbrock Fördertechnik Beteiligungs-GmbH	Bremen	Germany	74,00%	74,00%	42	2 [1]
Willenbrock Fördertechnik Beteiligungs-GmbH	Hannover	Germany	74,00%	74,00%	32	1 [1]
Willenbrock Fördertechnik GmbH & Co. KG	Bremen	Germany	74,00%	74,00%	6.950	3.350
Willenbrock Fördertechnik GmbH & Co. KG	Hannover	Germany	74,00%	74,00%	4.904	2.504
Willenbrock Fördertechnik Holding GmbH	Bremen	Germany	74,00%	74,00%	5.366	-2.634
<b>Foreign</b>						
Lansing Bagnall (Aust.) Pty. Ltd.	Huntingwood	Australia	100,00%	100,00%	1.805	0 [3], [R]
Linde Material Handling Pty. Ltd.	Huntingwood	Australia	100,00%	100,00%	37.808	913
STILL N.V.	Wijnegem	Belgium	100,00%	100,00%	7.882	2.710
KION South America Fabricação de Equipamentos para Armazenagem Ltda.	Indaiatuba / São Paulo	Brazil	100,00%	100,00%	24.976	2.236
KION Baoli (Jiangsu) Forklift Co., Ltd.	Jiangjiang	China	100,00%	100,00%	19.282	-2.767
Linde (China) Forklift Truck Corporation Ltd.	Xiamen	China	100,00%	100,00%	238.719	44.670
WHO Real Estate OÜ	Tallinn	Estonia	74,00%	74,00%	2	0 [1]
STILL DANMARK A/S	Kolding	Denmark	100,00%	100,00%	6.458	952
Baoli France SAS	Elancourt	France	100,00%	100,00%	-98	-95
BARTHELEMY MANUTENTION SAS	Vitrolles	France	87,00%	87,00%	3.471	1.433
Bastide Manutention SAS	Toulouse	France	100,00%	100,00%	3.731	771
Bretagne Manutention S.A.	Pacé	France	100,00%	100,00%	21.906	4.598
FENWICK FINANCIAL SERVICES SAS	Elancourt	France	100,00%	100,00%	1.850	17
FENWICK-LINDE S.A.R.L.	Elancourt	France	100,00%	100,00%	199.455	29.901
KION France SERVICES SAS	Elancourt	France	100,00%	100,00%	252.486	18.732
LOIRE OCEAN MANUTENTION SAS	Saint-Herblain	France	83,43%	86,00%	4.962	2.026
Manuchar S.A.	Gond Pontouvre	France	100,00%	100,00%	2.872	955
MANUSOM SAS	Rivery	France	100,00%	100,00%	951	230
OM PIMESPO FRANCE S.A.S.	Marme la Vallée	France	100,00%	100,00%	-513	-60 [R]
Société Angoumoisine de Manutention (SAMA) SAS	Champniers	France	100,00%	100,00%	14.546	487
SCI Champ Lagarde	Elancourt	France	100,00%	100,00%	104	0 [1]
SM Rental SAS	Roissy Charles de Gaulle	France	100,00%	100,00%	1.809	683
STILL Location Services SAS	Marne la Vallée	France	100,00%	100,00%	936	21
STILL SAS	Marne la Vallée	France	100,00%	100,00%	33.449	10.447
URBAN LOGISTIQUE SAS	Elancourt	France	100,00%	100,00%	2.086	328 [1]
Castle Lift Trucks Ltd.	Basingstoke	U.K.	100,00%	100,00%	908	874 [1], [R]
Creighton Materials Handling Ltd.	Basingstoke	U.K.	100,00%	100,00%	584	1 [1], [R]
D.B.S. Brand Factors Ltd.	Basingstoke	U.K.	100,00%	100,00%	0	0 [3], [R]
Fork Truck Rentals Ltd.	Basingstoke	U.K.	100,00%	100,00%	358	0 [3], [R]
Fork Truck Training Ltd.	Basingstoke	U.K.	100,00%	100,00%	0	0 [3], [R]
KION FINANCIAL SERVICES Ltd.	Basingstoke	U.K.	100,00%	100,00%	5.368	1.094

Name	Registered office	Country	Share- holding 2014	Share- holding 2013	Net results for the financial year,		
					Equity, Local GAAP, TEUR	Local GAAP, TEUR Note	
<b>Affiliated companies</b>							
<b>Foreign</b>							
Lancashire (Fork Truck) Services Ltd.	Basingstoke	U.K.	100,00%	100,00%	0	0 [3], [R]	
Linde Castle Ltd.	Basingstoke	U.K.	100,00%	100,00%	7.978	1.182	
Linde Creighton Ltd.	Basingstoke	U.K.	100,00%	100,00%	13.356	4.391	
Linde Heavy Truck Division Ltd.	Basingstoke	U.K.	100,00%	100,00%	-3.745	1.269	
Linde Holdings Ltd.	Basingstoke	U.K.	100,00%	100,00%	153.755	2.360	
Linde Jewsbury's Ltd.	Basingstoke	U.K.	100,00%	100,00%	12.512	1.695	
Linde Material Handling (UK) Ltd.	Basingstoke	U.K.	100,00%	100,00%	44.126	2.491	
Linde Material Handling East Ltd.	Basingstoke	U.K.	100,00%	100,00%	2.748	606	
Linde Material Handling Scotland Ltd.	Basingstoke	U.K.	100,00%	100,00%	9.988	448	
Linde Material Handling South East Ltd.	Basingstoke	U.K.	100,00%	100,00%	3.655	425	
Linde Severnside Ltd.	Basingstoke	U.K.	100,00%	100,00%	10.012	640	
Linde Sterling Ltd.	Basingstoke	U.K.	100,00%	100,00%	14.101	2.145	
McLEMAN FORK LIFT SERVICES LTD.	Basingstoke	U.K.	100,00%	100,00%	2.436	398	
OM PIMESPO (UK) Ltd.	Basingstoke	U.K.	100,00%	100,00%	-237	0 [1], [R]	
Stephensons Enterprise Fork Trucks Ltd.	Basingstoke	U.K.	100,00%	100,00%	0	0 [3], [R]	
Sterling Mechanical Handling Ltd.	Basingstoke	U.K.	100,00%	100,00%	1.331	0 [1], [R]	
STILL Materials Handling Ltd.	Exeter	U.K.	100,00%	100,00%	-28.050	-1.711	
Superlift UK Ltd.	Basingstoke	U.K.	100,00%	100,00%	92.098	-5.538	
Trifik Services Ltd.	Basingstoke	U.K.	100,00%	100,00%	0	0 [3], [R]	
Urban Logistics (UK) Ltd.	Basingstoke	U.K.	100,00%	100,00%	608	67 [1]	
KION ASIA (HONG KONG) Ltd.	Kwai Chung	Hong Kong	100,00%	100,00%	31.533	-42	
Linde Material Handling Hong Kong Ltd.	Kwai Chung	Hong Kong	100,00%	100,00%	2.872	812	
KION India Pvt. Ltd. (formerly: Voltas Material Handling Pvt. Ltd.)	Pune	India	100,00%	100,00%	10.775	-1.998	
Handling & Storage Equipment (Ireland) Ltd.	Walkinstown	Ireland	100,00%	100,00%	0	0 [1], [R]	
Linde Material Handling (Ireland) Ltd.	Walkinstown	Ireland	100,00%	100,00%	-506	32	
Carest SRL	Lainate	Italy	100,00%	100,00%	9	-1 [1], [R]	
COMMERCIALE CARRELLI S.r.l.	Lainate	Italy	100,00%	100,00%	438	-46 [1]	
KION Rental Services S.p.A.	Milan	Italy	100,00%	100,00%	8.256	-962	
Linde Material Handling Italia S.p.A.	Buguggiate	Italy	100,00%	100,00%	16.723	418	
Milano Carrelli Elevatori S.r.l.	Monza	Italy	100,00%	100,00%	-2	-8 [1], [R]	
OM Carrelli Elevatori S.p.A.	Lainate	Italy	100,00%	100,00%	63.538	10.474	
QUALIFT S.p.A.	Verona	Italy	100,00%	100,00%	859	-599	
STILL ITALIA S.p.A.	Lainate	Italy	100,00%	100,00%	7.694	-447	
URBAN LOGISTICA S.R.L.	Lainate	Italy	100,00%	100,00%	12	1.135 [1]	
TOO "Linde Material Handling Kazakhstan"	Almaty	Kazakhstan	100,00%	100,00%	93	-40 [1]	
WHO Real Estate UAB	Vilnius	Lithuania	74,00%	74,00%	-29	-7 [1]	
Linde Material Handling (Malaysia) Sdn. Bhd.	Shah Alam	Malaysia	100,00%	100,00%	691	-210 [1]	
STILL Intern Transport B.V.	Hendrik Ido Ambacht	Netherlands	100,00%	100,00%	12.218	5.497	
AUSTRO OM PIMESPO Fördertechnik GmbH	Linz	Austria	100,00%	100,00%	9.742	-45	
Linde Fördertechnik GmbH	Linz	Austria	100,00%	100,00%	10.943	662	
STILL Gesellschaft m.b.H.	Wiener Neudorf	Austria	100,00%	100,00%	4.624	864	
Linde Material Handling Polska Sp. z o.o.	Warsaw	Poland	100,00%	100,00%	17.878	3.368	
STILL POLSKA Sp. z o.o.	Gadki	Poland	100,00%	100,00%	11.694	1.861	
STILL MOTOSTIVUITOARE S.R.L.	Giurgiu	Romania	100,00%	100,00%	828	169	
OOO "Linde Material Handling Rus"	Moscow	Russia	100,00%	100,00%	3.965	1.228	
OOO "STILL Forklifttrucks"	Moscow	Russia	100,00%	100,00%	3.621	361	
Linde Material Handling AB	Örebro	Sweden	100,00%	100,00%	49.155	10.053	
STILL Sverige AB	Malmö	Sweden	100,00%	100,00%	1.342	44	
Linde Material Handling Schweiz AG	Dietlikon	Switzerland	100,00%	100,00%	13.344	740	
STILL AG	Otelfingen	Switzerland	100,00%	100,00%	6.501	1.433	
Linde Material Handling Slovenská republika s.r.o.	Trenčín	Slovakia	100,00%	100,00%	2.507	426	
Linde Viljuškari d.o.o.	Vrčin	Serbia	100,00%	100,00%	108	10 [1]	
KION South Asia Pte. Ltd.	Singapore	Singapore	100,00%	100,00%	379	326	
Linde Material Handling Asia Pacific Pte. Ltd.	Singapore	Singapore	100,00%	100,00%	32.385	1.063	
STILL SR, spol. s r.o.	Nitra	Slovakia	100,00%	100,00%	1.489	378	
Linde Viličar d.o.o.	Celje	Slovenia	100,00%	100,00%	1.829	331	
IBER-MICAR S.L.	Gavà	Spain	100,00%	100,00%	3.624	425	
Islavista Spain S.A.U.	L'Hospitalet de Llobregat	Spain	100,00%	100,00%	47.892	-2.234	
KION Rental Services S.A.U.	Barcelona	Spain	100,00%	100,00%	5.491	1.771	
Linde Holding de Inversiones, S.R.L.	Pallejá	Spain	100,00%	100,00%	30.957	-62	
Linde Material Handling Ibérica, S.A.U.	Pallejá	Spain	100,00%	100,00%	49.823	370	
STILL, S.A.U.	L'Hospitalet de Llobregat	Spain	100,00%	100,00%	13.892	-1.077	
Linde Material Handling (Pty) Ltd.	Linbro Park	South Africa	100,00%	100,00%	15.993	325	
Linde Material Handling (Thailand) Co., Ltd.	Bangkok	Thailand	100,00%	100,00%	2.264	-353 [1]	
Baoli Material Handling Europe s.r.o.	Prague	Czech Republic	100,00%	-	-	- [4]	

Name	Registered office	Country	Share- holding 2014	Share- holding 2013	Net results for the financial year,	
					Equity, Local GAAP, TEUR	Local GAAP, TEUR Note
<b>Affiliated companies</b>						
<b>Foreign</b>						
Linde Material Handling Česká republika s r.o.	Prague	Czech Republic	100,00%	100,00%	7.644	3.288
Linde Pohony s r.o.	Český Krumlov	Czech Republic	100,00%	100,00%	31.781	8.040
Použitý Vozík CZ, s.r.o. (formerly: Baoli Material Handling Česká republika s r.o.)	Prague	Czech Republic	100,00%	100,00%	-141	-20
STILL ČR spol. s r.o.	Prague	Czech Republic	100,00%	100,00%	5.370	1.633
Urban Transporte spol. s.r.o.	Moravany u Brna	Czech Republic	100,00%	100,00%	1.658	666 [1]
STILL ARSER İş Makineleri Servis ve Ticaret A.Ş.	Izmir	Turkey	51,00%	51,00%	-6.872	1.026
TOV "Linde Material Handling Ukraine"	Kiev	Ukraine	100,00%	100,00%	484	63 [1]
Linde Magyarország Anyagmozgatási Kft.	Dunaharaszti	Hungary	100,00%	100,00%	854	-105
STILL Kft.	Környe	Hungary	100,00%	100,00%	1.585	885
KION North America Corp. (formerly: Linde Material Handling North America Corp.)	Summerville	United States	100,00%	100,00%	23.354	3.692

## Participations

<b>Domestic</b>						
Beuthauser-Bassewitz GmbH & Co. KG	Hagelstadt	Germany	25,00%	25,00%	11.324	2.236 [1]
Eisengießerei Dinklage GmbH	Dinklage	Germany	50,00%	50,00%	2.139	-691 [1]
Hans Joachim Jetschke Industriefahrzeuge (GmbH & Co.) KG	Hamburg	Germany	21,00%	21,00%	4.149	2.049 [1]
JETSCHKE GmbH	Hamburg	Germany	21,00%	22,00%	77	3 [1]
Linde Leasing GmbH	Wiesbaden	Germany	45,00%	45,00%	40.951	5.922 [1]
Linde Hydraulics GmbH & Co. KG	Aschaffenburg	Germany	30,00%	30,00%	326.729	-63.679 [1]
Linde Hydraulics Verwaltungs GmbH	Aschaffenburg	Germany	30,00%	30,00%	122	339 [1]
MV Fördertechnik GmbH	Blankenhain	Germany	25,00%	25,00%	1.184	227 [3]
Pelzer Fördertechnik GmbH	Kerpen	Germany	24,96%	24,96%	18.491	1.238 [1]
Supralift Beteiligungs- und Kommunikationsgesellschaft mbH	Hofheim am Taunus	Germany	50,00%	50,00%	19	0 [1]
Supralift GmbH & Co. KG	Hofheim am Taunus	Germany	50,00%	50,00%	811	6 [1]
<b>Foreign</b>						
Linde High Lift Chile S.A.	Santiago de Chile	Chile	45,00%	45,00%	20.385	987 [1]
Labrosse Equipement S.A.	Saint-Péray	France	34,00%	34,00%	7.671	1.444 [2]
Normandie Manutention S.A.	Le Grand Quevilly	France	34,00%	34,00%	20.789	4.429 [1]
Chadwick Materials Handling Ltd.	Corsham	U.K.	48,00%	48,00%	1.256	-17 [1]
Bari Servizi Industriali S.C.A R.L.	Modugno	Italy	25,00%	-	23	0 [1], [4]
EUROPA CARRELLI S.R.L.	Bastia Umbra	Italy	40,00%	40,00%	382	-113 [1]
TPZ Linde Viličari Hrvatska d.o.o.	Zagreb	Croatia	20,00%	20,00%	238	48 [1]
Nordtruck AB	Örnsköldsvik	Sweden	25,00%	25,00%	632	291 [3]
Carretilas Elevadoras Sudeste S.A.	Murcia	Spain	38,54%	38,53%	4.231	253 [1]
JULI Motorenwerk s.r.o.	Moravany u Brna	Czech Republic	50,00%	50,00%	24.713	4.790 [1]
Motorové závody JULI CZ s r.o.	Moravany u Brna	Czech Republic	50,00%	50,00%	8	0 [3]

[1] Financial figures as of 31 December 2013

[2] Financial figures as of 30 June 2014

[3] Last provided financial statement

[4] New during 2014

[A] Profit and loss transfer agreement with Linde Material Handling GmbH

[B] Profit and loss transfer agreement with STILL Gesellschaft mit beschränkter Haftung

[C] Profit and loss transfer agreement with KION Financial Services GmbH

[D] Profit and loss transfer agreement with Willenbrock Fördertechnik Holding GmbH

[E] Profit and loss transfer agreement with KION Material Handling GmbH

[F] Profit and loss transfer agreement with KION GROUP AG

[R] Dormant company

## **Independent Auditors' Report**

We have audited the financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of KION GROUP AG, Wiesbaden/Germany, for the period from 1 January to 31 December 2014. The maintenance of the books and records and the preparation of the financial statements and the management report in accordance with German commercial law are the responsibility of the entity's Executive Board. Our responsibility is to express an opinion on the financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the financial statements in accordance with Sec. 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the financial statements and the management report are examined primarily on a sample basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the financial statements of KION GROUP AG, Wiesbaden/Germany, comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the financial statements and as a whole provides a suitable view of the entity's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main/Germany, 10 March 2015

**Deloitte & Touche GmbH**  
Wirtschaftsprüfungsgesellschaft

Signed: Crampton  
Wirtschaftsprüfer  
[German Public Auditor]

Signed: Gräbner-Vogel  
Wirtschaftsprüferin  
[German Public Auditor]

## Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles for financial reporting, the annual financial statements give a true and fair view of the financial position and financial performance of the Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Wiesbaden, 10 March 2015

The Executive Board

Gordon Riske

Ching Pong Quek

Dr Thomas Toepfer