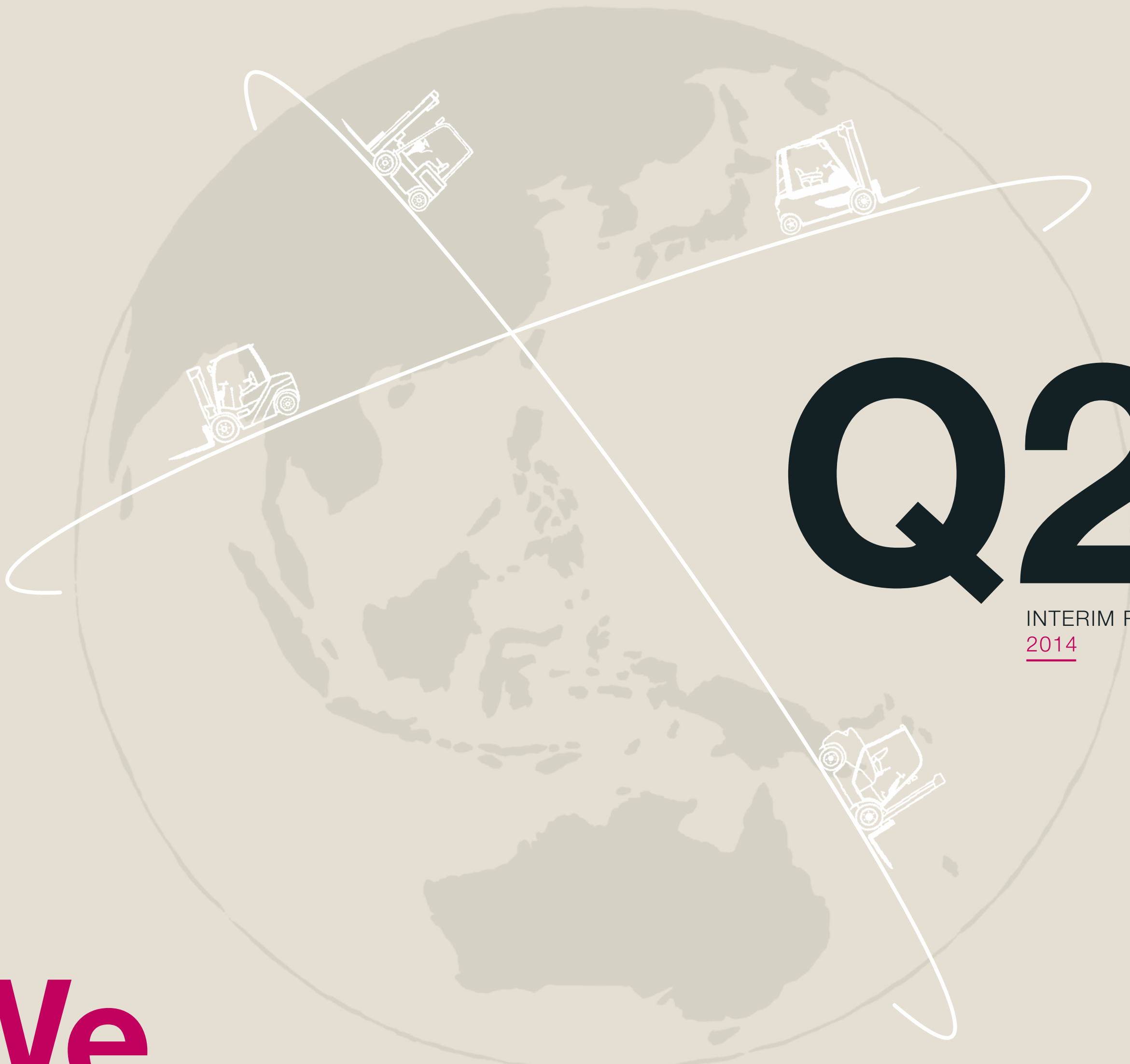


Q2

INTERIM REPORT
2014

We keep the world moving.

Key figures

KION Group overview

in € million	Q2 2014	Q2 2013	Change	Q1–Q2 2014	Q1–Q2 2013	Change
Order intake	1,227.9	1,104.8	11.1%	2,424.0	2,250.2	7.7%
Revenue	1,144.4	1,149.3	–0.4%	2,233.3	2,234.4	–0.0%
Order book [1]				834.7	693.3	20.4%
Results of operation						
EBITDA	181.7	175.6	3.5%	348.3	344.6	1.1%
Adjusted EBITDA [2]	193.5	183.5	5.5%	364.8	351.4	3.8%
Adjusted EBITDA margin [2]	16.9%	16.0%	–	16.3%	15.7%	–
EBIT	91.5	91.5	0.0%	168.5	177.9	–5.3%
Adjusted EBIT [2]	109.5	107.6	1.7%	196.9	200.4	–1.8%
Adjusted EBIT margin [2]	9.6%	9.4%	–	8.8%	9.0%	–
Net income for the period	32.8	41.8	–21.4%	60.6	70.3	–13.8%
Financial position [1]						
Total assets				6,107.8	6,026.4	1.4%
Equity				1,583.6	1,610.0	–1.6%
Net financial debt				1,065.7	979.3	8.8%
Cash flow						
Free cash flow [3]	42.1	18.4	>100%	19.8	12.5	59.2%
Capital expenditures [4]	30.8	26.9	14.7%	58.0	52.0	11.5%
Employees [5]				**22,211**	**22,273**	**–0.3%**

1 Value as at 30/06/2014 compared to the balance sheet date 31/12/2013
2 Adjusted for KION acquisition items and one-off items
3 Free cash flow is defined as Cash flow from operating activities plus Cash flow used in investing activities
4 Capital expenditures including capitalised R&D costs, excluding leased and rental assets
5 Number of employees in full-time equivalents as at 30/06/2014 compared to the balance sheet date 31/12/2013

All amounts in this interim report are disclosed in millions of euros (€ million) unless stated otherwise. The addition of the totals presented may result in rounding differences of +/–€0.1 million. The percentages shown are calculated on the basis of the respective amounts, rounded to the nearest thousand euros.

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

Q2 interim report
2014

We keep the world moving.

The KION Group has a global presence with products, services and solutions provided by its six brand companies. Employing more than 22,000 people, it is the European market leader and the world's second largest manufacturer of forklift trucks and warehouse technology. It is also the leading international supplier in the sector in China.

Linde and STILL serve the premium segment worldwide while Baoli focuses on the economy segment. Fenwick is the material-handling market leader in France, OM STILL is a market leader in Italy and Voltas is one of the two market leaders in India. On this sound basis, the KION Group generated revenue of approximately €4.5 billion in 2013, of which 44 per cent was attributable to the service business.

REGISTER FOR OUR NEWSLETTER

kiongroup.com/newsletter

INVESTOR RELATIONS

kiongroup.com/ir

KION GROUP WEBSITE

kiongroup.com

Highlights of the second quarter of 2014

Strong second quarter thanks to buoyant growth in the core market of western Europe

- Order intake up by more than 11 per cent in second quarter
- Order book increases by over 20 per cent in first six months
- In terms of the number of new trucks, the KION Group outperformed the global market in second quarter, driven by growth in western Europe, China and eastern Europe
- Second-quarter revenue in line with high prior-year figure
- Increased profitability: adjusted EBIT margin rises to 9.6 per cent in second quarter

Almost 40 per cent of KION shares now in free float

- At first anniversary of IPO, free float reaches 39.6 per cent following further placement in June
- Strong performance in first year after stock market flotation
- Majority of analysts recommend KION Group shares as a buy

Contents

KION shares

Share performance

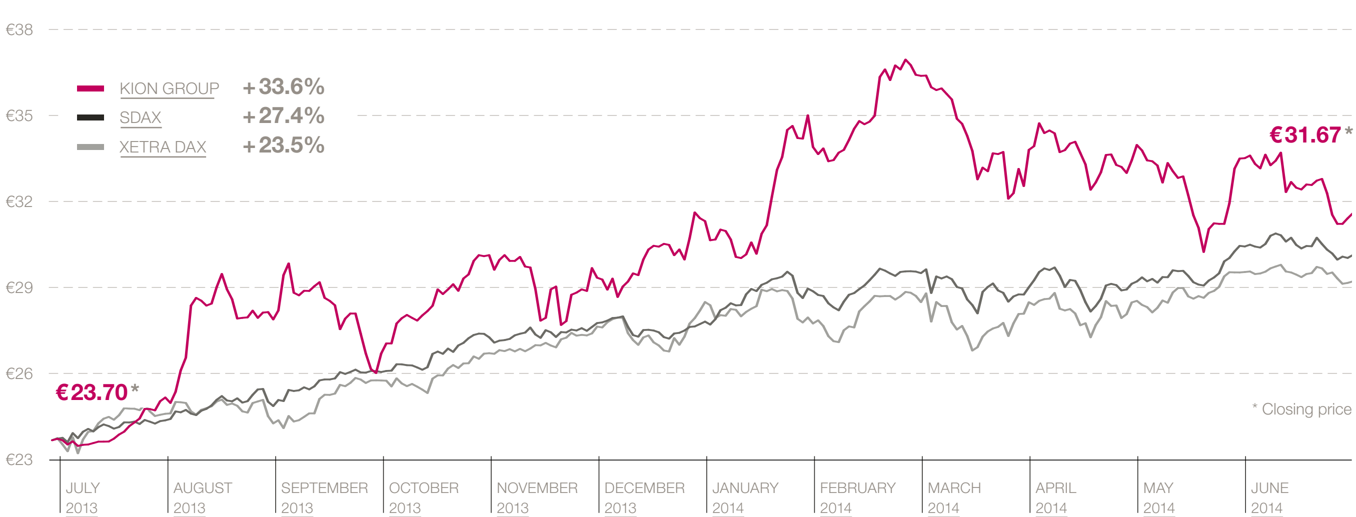
Against a backdrop of comparatively volatile trading, the price of KION shares fell by 6.9 per cent to €31.67 in the second quarter but was still 3.1 per cent higher than the 2013 year-end closing price of €30.73. The decrease in the share price was due, among other reasons, to a further placement in June and the technical ex-dividend markdown in May (see below). Although KION shares have not performed as well as the SDAX so far this year (up by 8.8 per cent), they have outperformed the MDAX (up by 1.5 per cent). The KION Group's market capitalisation as at 30 June 2014 amounted to €3.1 billion (of which €1.2 billion was free float), the average daily Xetra trading volume from the start of the year was 89.2 thousand shares or €3.0 million.

At the end of the second quarter, the KION Group celebrated the first anniversary of its successful IPO with the share price climbing by 31.9 per cent overall compared with the issue price of €24.00 on 26 June 2013. >> DIAGRAM 01

Shareholder structure

There were further changes to the shareholder structure in the second quarter of 2014. The free float increased by 7.6 per cent following the placement of around 7.5 million shares attributable to Goldman Sachs on 10 June 2014 at a price of €32.70. As was the case with the previous placement in January, this transaction closed within a few hours and was significantly oversubscribed. The proportion of shares held by KKR and Goldman Sachs via Superlift Holding now stands at 26.9 per cent. Superlift Holding is again subject to a lock-up period until 10 September 2014. Furthermore, all participants in the KION management partnership plan (MPP) are now free to sell their shares or transfer them into their private investment accounts. The shares previously reported as being attributable to KION management are therefore now counted as part of the free float, which has risen from 31.2 per cent as at 2 May 2014 (cut-off date for the last quarterly report) to a total of 39.6 per cent. With its stake unchanged at 33.3 per cent, Weichai Power is now the biggest

Share price performance between 28 June 2013 and 30 June 2014 >> DIAGRAM 01

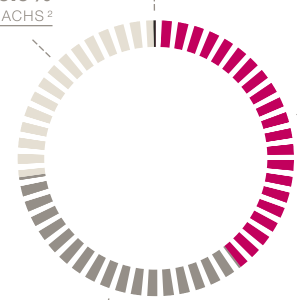


single shareholder of KION GROUP AG. There is a mutual right of first offer between Weichai Power on the one hand and KKR and Goldman Sachs on the other with respect to their shareholdings. Weichai Power has also undertaken not to acquire more than 49.9 per cent of the KION Group's shares between now and 28 June 2018 (as part of a standstill agreement). >> DIAGRAM 02

Dividend and 2014 Annual General Meeting

At the Annual General Meeting of KION GROUP AG on 19 May 2014, with 90.21 per cent of the voting share capital in attendance, all resolutions proposed by the Company's management were accepted by a large majority. This included a resolution on distributing a dividend of €0.35 per share. The total dividend payout of €34.5 million represented a dividend payout ratio of 25 per cent of net income. Other agenda items related to the approval of the Executive Board remuneration system and the creation of authorised and conditional capital – equating in total to 10 per cent of the existing share capital – with the option of excluding pre-emptive rights.

Shareholder structure as at 30 June 2014 >> DIAGRAM 02



1 Includes shares that are still held for the Board Members by KION Management Beteiligungs GmbH & Co. KG, but are no longer subject to a lock-up period and can therefore be sold or transferred to their private accounts.
2 Held through Superlift Holding S.à r.l.

Investor relations

The main area of investor relations work in the second quarter was the Annual General Meeting, which was attended by some 150 shareholders. The speeches of the Chief Executive Officer and the chairman of the Supervisory Board were broadcast live at kiongroup.com/agm. A webcast of the Chief Executive Officer's speech is available permanently on the Company's website.

In addition, the Executive Board and the KION Group's investor relations team talked directly to institutional investors and analysts on many occasions. These included the dbAccess Pan European Small and Mid Cap Conference in April, the dbAccess German, Swiss and Austrian Conference in June and the JP Morgan European Capital Goods Conference, also in June. The Executive Board reported on the quarterly results during an update call. Several roadshows and a number of one-on-one meetings also took place. The transcripts from the quarterly update calls along with presentations can be found on the Investor Relations section of our website under Events & Presentations.

During the second quarter, two more investment banks initiated research coverage on the KION Group's shares. HSBC recommends the KION Group with a rating of 'overweight', while Baader Bank's initial rating was 'buy'. Twelve brokerage houses now publish regular studies about KION shares. As at 31 July, 8 analysts recommended KION shares as a buy and 4 rated them as neutral. The median target price specified for the shares was €36.55 in July. >> TABLE 01

Share data >> *TABLE 01*

Issuer	KION GROUP AG
Registered office	Wiesbaden
Share capital	€ 98,900,000; divided into 98,900,000 no-par-value shares
Share class	No-par-value shares
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market (Prime Standard)
Index	SDAX, MSCI Small Cap Germany
Stock exchange symbol	KGX
ISIN	DE000KGX8881
WKN	KGX888
Bloomberg / Reuters	KGX GR / KGX.DE
Closing price as at 30/06/2014	€31.67
Performance since beginning of 2014	3.1%
Market capitalisation as at 30/06/2014	€3,132.2 million
Free float	39.6%
Earnings per share*	€0.60

* For the reporting period 01/01/ – 30/06/2014

Corporate bond and credit rating

On 15 April 2014, the KION Group redeemed two of its outstanding bond tranches early in order to further optimize its post-IPO corporate funding. The fixed-rate tranche of the corporate bond issued in 2011 with an amount of €325.0 million and the floating-rate tranche of the bond issued in 2013 with an amount of €200.0 million, were repaid early in full. These repayments were financed by drawdowns from the existing revolving credit facility and an extension to the loan facility of €198.0 million. The KION Group expects the refinancing of the bonds, which were issued before the IPO, to result in a saving of approximately €20 million per year in interest payments, the full effect of which will not come through until 2015 onwards owing to non-recurring financial expenses of €23.2 million incurred in the second quarter in connection with the early repayment. The fixed-rate (6.75 per cent) tranche of the bond issued in 2013, which has a volume of €450.0 million and a maturity date of 2020, remains in place. Between 7 and 14 July 2014, the KION Group asked the holders of this bond to approve an amendment of the bond contract. As at 14 July 2014, 82.61 per cent of the holders – more than the required majority of 50 per cent – had given their consent.

On 7 April 2014, Moody's raised the rating of the KION Group and the bonds from Ba3 to Ba2 with a stable outlook. Then, on 15 April 2014, S&P raised its rating for the KION Group from BB– with a positive outlook to BB, still with a positive outlook.

Interim group management report

FUNDAMENTALS OF THE KION GROUP

Strategy of the KION Group

When the KION Group presented its Strategy 2020 in March 2014, it clearly laid out its goals for the next few years. Under this strategy, the Company aims to leverage its strong global position and cross-brand synergies even more effectively and to become the industry leader worldwide. The focus is on growth, profitability, efficient use of capital and greater resilience during economic downturns. An integrated business model – with a high proportion of service business – and a multi-brand strategy form the basis. The targets are an EBIT margin of consistently more than 10 per cent and a far higher level of return on capital employed (ROCE).

To this end, the KION Group is making a long-term investment in its plant structure and other areas of its business. Between now and 2021, more than €80 million will be spent in total on the Linde core plant in Aschaffenburg and the STILL core plant in Hamburg in order to increase the efficiency of the sites in Germany. These two plants will remain the centres of excellence for the KION Group's premium products. In addition, the Company is investing in a new plant in the Czech Republic for economy and volume products, which will enable it to serve these market segments even more effectively and efficiently. This will also help to achieve the aim of growing at a faster rate than the market as a whole in eastern and southern Europe.

In addition, the KION Group continues to expand its international research and development (R&D) operations. This year, it plans to expand the R&D centre in Asia, where about a third of the Group's R&D employees are already based. At the same time, the Company is starting to develop trucks for markets such as the United States on the basis of existing product platforms.

The KION Group's company profile is unchanged compared with the description in the 2013 group management report. The description of the management system also remains the same.

REPORT ON THE ECONOMIC POSITION

Macroeconomic and sector-specific conditions

Macroeconomic conditions

According to initial data, the global economy continued its recovery in the first six months of the year, although macroeconomic indicators such as world trade remain subdued.

In the course of the year so far, the eurozone economy has, overall, continued to pick up slightly. Nevertheless, economic growth was dampened in the second quarter, above all due to geopolitical uncertainties such as the Ukrainian crisis and the appreciation of the euro until well into spring. After a strong start to the year Germany has recently lost some of its momentum, although the economic upswing as a whole continued to consolidate. All in all, the recovery in Europe has broadened compared with 2013. A number of economically weaker periphery states have been able to improve their competitiveness during the current year, showing a further gradual improvement.

The growth rate in the USA was the most notable disappointment in the first quarter, after again being revised significantly downwards. The USA picked up in the second quarter, and economic growth in China stabilised after slowing substantially in the first quarter. There was also further relatively muted growth in the other larger emerging markets.

Sectoral conditions

Sales markets

In the global market for industrial trucks there were further signs of growth in the second quarter of 2014. However, this growth (measured in terms of the number of units ordered) was somewhat less dynamic, at 8.9 per cent, than in the first quarter (9.7 per cent). In the period under review, the increase in orders for both electric and diesel trucks, at 9.3 per cent, was roughly the same as for warehouse technology (9.2 per cent), albeit with substantial regional differences.

In western Europe, the volume of orders rose by 12.1 per cent compared with the first half of 2013, with growth stronger in the second quarter. Germany, the biggest individual market, made a significant contribution, recording a 10.6 per cent increase in unit sales. Growth was particularly strong in the UK, Italy and Spain.

The Russian market stabilised somewhat after experiencing a slump in the first quarter – caused by the Ukraine crisis – but its performance was still well below the first half of 2013. By contrast, the other eastern European countries delivered solid growth and were even able to substantially improve on the strong increases of the first three months of the year.

There was a further slight contraction in growth in the Chinese market. Despite this, China, and in particular its largest volume segment, diesel trucks, accounted for a large proportion of additional new truck sales worldwide in the period under review. By contrast, a number of growth markets in South America again showed a negative trend. In Brazil, the market was unable to match last year's record highs, registering a sharp 12.1 per cent year-on-year decline in the volume of orders for the first half of the year.

>> *TABLE 02*

Procurement markets and conditions in the financial markets

Overall, commodity prices were lower in the first six months of 2014 than in the same period of the previous year. Steel and copper prices fell again in the second quarter. Only the price of oil increased in the second quarter. However, it remained slightly below the previous year's level for the period under review.

In the second quarter, the strong euro and the devaluation of currencies in individual emerging markets again had a negative impact on the KION Group's revenue and order intake. The latest cut in interest rates by the European Central Bank had a direct impact because it caused the euro, which had recently strengthened against other currencies, to weaken considerably.

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

in thousand units	Q2 2014	Q2 2013	Change	Q1 – Q2 2014	Q1 – Q2 2013	Change
Western Europe	74.0	64.9	14.0%	148.6	132.6	12.1%
Eastern Europe	15.0	13.7	9.5%	28.9	28.6	0.9%
North America	53.0	51.8	2.3%	105.6	97.9	7.9%
Central & South America	12.4	14.0	– 11.3%	23.2	27.2	– 14.8%
Asia (excl. Japan)	97.9	87.3	12.0%	189.4	165.4	14.5%
Rest of world	32.2	29.6	9.0%	60.5	57.3	5.5%
World	**284.4**	**261.2**	**8.9%**	**556.3**	**509.0**	**9.3%**

Source: WITS/FEM

Business performance

On 15 April 2014, the KION Group repaid early and in full the fixed-rate tranche of the corporate bond issued in 2011, which was due to mature in 2018 and had a volume of €325.0 million, and the floating-rate tranche of the corporate bond issued in 2013, which was due to mature in 2020 and had a volume of €200.0 million. An amount of €8.4 million representing the pro-rata deferred borrowing costs and a payment of €14.8 million representing early repayment charges were recognised as financial expenses. The funds used for the repayment mainly originated from a revolving loan facility, which has a term to maturity of five years after the IPO in June 2013. This loan facility currently has lower interest rates than the two corporate bonds.

Against this background, the revolving credit facility was increased by €198.0 million to a total of €1,243.0 million in April 2014 on the basis of bilateral lending agreements with a group of banks. These additional loans mature in April 2019 and have a variable interest rate.

On 7 April 2014, Moody's raised the rating of the KION Group and the bonds from Ba3 to Ba2 with a stable outlook. Then, on 15 April 2014, S&P raised its rating for the KION Group from BB– to BB, retaining the positive outlook.

Financial position and financial performance

Overall assessment of the economic situation

The KION Group grew strongly again in the first six months of 2014 and reported a substantial increase in order intake on the equivalent period of the previous year. Whereas the new truck business remained below that of the comparable prior-year period, the high-margin service business again posted encouraging growth rates. Revenue in the first half of the year, at €2,233.3 million, reflected the level achieved in the first half of 2013 (H1 2013: €2,234.4 million), despite being dented by currency effects. The adjusted EBIT margin for the first six months of the year reached 8.8 per cent, a repeat of its strong performance in the same period last year. In the second quarter, the adjusted EBIT margin rose to 9.6 per cent.

Net income, however, fell from €70.3 million to €60.6 million. This was primarily due to financial expenses incurred by the early repayment of the two tranches of corporate bonds and the positive non-recurring tax effects included in the 2013 figures. Earnings per share amounted to €0.60, compared with the (pro-forma) earnings of €0.70 in 2013.

The KION Group's financial position improved again due to the repayment of the corporate bond tranches. Thanks to the sustained reduction in interest costs, the KION Group now has more scope to implement its growth strategy.

Level of orders

The value of new orders for the first six months of the year totalled €2,424.0 million, an impressive 7.7 per cent increase on the same period of 2013. In the second quarter alone, the value of new orders increased by 11.1 per cent in spite of ongoing negative currency effects. All operating segments achieved a higher volume of orders than in the first half of 2013.

The number of trucks ordered worldwide rose by 8.4 per cent to around 79,900 units. Growth was stronger in the second quarter, and at 13.9 per cent was markedly above the market average. The increase in the volume of orders in western Europe can be attributed both to the excellent results in Germany and to higher unit sales in other western European countries, with France and the UK being the top performers in the second quarter. In eastern Europe, the KION Group put in a strong performance despite the negative market trend in Russia, achieving – in part thanks to substantial gains in the Czech Republic – a healthy overall growth rate of 9.6 per cent in a stagnating market. In Asia, there were significant gains in all product categories for the first six months of the year. In China, the number of trucks ordered rose by 17.5 per cent, which was largely due to the increase in orders in the diesel truck segment. There was further encouraging demand for the Chinese brand Baoli's D series trucks in the second quarter. In Central and South America, the KION Group was unable to escape the negative market trend. Growth markets accounted for around one third of new orders in the first six months of the year.

The total value of the order book was €834.7 million, a substantial increase of 20.4 per cent on the value at the end of last year (31 December 2013: €693.3 million).

Revenue by product category >> TABLE 03

in € million	Q2 2014	Q2 2013	Change	Q1–Q2 2014	Q1–Q2 2013	Change
New business	613.7	665.0	–7.7%	1,191.4	1,276.5	–6.7%
Service offering	530.7	484.2	9.6%	1,041.9	958.0	8.8%
- After sales	303.7	286.8	5.9%	608.4	570.6	6.6%
- Rental business	120.5	109.8	9.7%	236.9	217.6	8.9%
- Used trucks	68.6	55.9	22.8%	132.6	108.7	22.0%
- Other	37.9	31.7	19.4%	64.0	61.1	4.8%
Total	**1,144.4**	**1,149.3**	**–0.4%**	**2,233.3**	**2,234.4**	**–0.0%**

Revenue

At €2,233.3 million, the revenue generated by the KION Group in the first half of 2014 remained at the same level as last year (€2,234.4 million). A decline in revenue in the new truck business, caused in part by currency effects, was offset by strong growth in the service business. Adjusted for unfavourable currency effects amounting to €35.7 million, revenue for the first six months of the year was up by 1.5 per cent.

At €1,191.4 million, revenue from new trucks was 6.7 per cent down on the prior-year level (H1 2013: €1,276.5 million). There was a significant increase in the service business, however. Service revenue rose by 8.8 per cent to reach €1,041.9 million (H1 2013: €958.0 million), growth that in both quarters was attributable to a greater volume of servicing and maintenance work and to spare-parts sales. Another factor was the inclusion of revenue from the Willenbrock dealer, in which the KION Group acquired a majority stake at the end of 2013. There were also year-on-year improvements for the rental and used truck businesses. Overall, the high-margin service business contributed 46.7 per cent (H1 2013: 42.9 per cent) of the KION Group's total revenue. >> TABLE 03

Revenue in western Europe, particularly in Germany and Italy, was significantly up on the prior-year level. Eastern Europe registered a moderate increase in the first half of the year. The prime contributor was Poland. The slight fall in revenue in Asia and the sharp decline in Brazil (partly caused by currency effects) were more than made up for by the growth in Europe. Overall, the growth markets accounted for 23.6 per cent of total revenue (H1 2013: 24.8 per cent). At 74.1 per cent, the KION Group generated just under three quarters of its revenue outside its home market of Germany – a similar level to the equivalent prior-year period (H1 2013: 75.2 per cent). >> TABLE 04

Revenue by customer location *>> TABLE 04*

in € million	Q2 2014	Q2 2013	Change	Q1–Q2 2014	Q1–Q2 2013	Change
Western Europe	832.8	826.3	0.8%	1,649.1	1,612.2	2.3%
Eastern Europe	97.3	93.1	4.5%	179.3	176.2	1.8%
Americas	61.7	70.2	–12.0%	116.9	140.6	–16.9%
Asia	112.5	114.5	–1.8%	212.8	219.5	–3.0%
Rest of world	40.0	45.1	–11.3%	75.2	86.0	–12.5%
Total revenue	**1,144.4**	**1,149.3**	**–0.4%**	**2,233.3**	**2,234.4**	**–0.0%**

Earnings

EBIT and EBITDA

The KION Group's total earnings before interest and tax (EBIT) amounted to €168.5 million, which was 5.3 per cent below the same period of the previous year (H1 2013: €177.9 million). The adjusted EBIT figure does not include any current earnings-related items from the KION acquisition. The figure is also adjusted for non-recurring items such as the purchase-price-related, non-operating items resulting from Linde Hydraulics. In addition, the figure for the equivalent period of 2013 includes non-recurring expenses incurred in connection with the initial public offering. Adjusted EBIT for the first six months of 2014 amounted to €196.9 million, remaining at roughly the same level of the previous year (€200.4 million) despite higher administrative expenses since the IPO. The adjusted EBIT margin fell only slightly, from 9.0 per cent in 2013 to 8.8 per cent in 2014, but rose significantly from the first quarter to the second, from 8.0 per cent to 9.6 per cent. *>> TABLE 05*

EBIT *>> TABLE 05*

in € million	Q2 2014	Q2 2013	Change	Q1–Q2 2014	Q1–Q2 2013	Change
Net income for the period	32.8	41.8	–21.4%	60.6	70.3	–13.8%
Income taxes	–8.5	14.6	<-100%	–27.4	4.4	<-100%
Net financial expenses	–50.3	–64.4	21.9%	–80.5	–112.0	28.1%
EBIT	**91.5**	**91.5**	**0.0%**	**168.5**	**177.9**	**–5.3%**
+ Non-recurring items	4.9	8.5	–41.7%	9.5	7.2	32.0%
+ KION acquisition items	13.0	7.7	69.7%	18.9	15.3	23.3%
Adjusted EBIT	**109.5**	**107.6**	**1.7%**	**196.9**	**200.4**	**–1.8%**

Earnings before interest, tax, depreciation and amortisation (EBITDA) reached €348.3 million, roughly the same level as last year (H1 2013: €344.6 million). Adjusted EBITDA was up by 3.8 per cent on the figure for 2013 (H1 2013: €351.4 million). This equates to an adjusted EBITDA margin of 16.3 per cent (H1 2013: 15.7 per cent). >> TABLE 06

EBITDA

>> TABLE 06

in € million	Q2 2014	Q2 2013	Change	Q1 – Q2 2014	Q1 – Q2 2013	Change
EBIT	91.5	91.5	0.0%	168.5	177.9	–5.3%
Amortisation and depreciation	90.2	84.1	7.3%	179.7	166.6	7.9%
EBITDA	**181.7**	**175.6**	**3.5%**	**348.3**	**344.6**	**1.1%**
+ Non-recurring items	4.4	7.5	–41.3%	9.1	6.2	46.3%
+ KION acquisition items	7.4	0.4	>100%	7.4	0.6	>100%
Adjusted EBITDA	**193.5**	**183.5**	**5.5%**	**364.8**	**351.4**	**3.8%**

Key influencing factors for earnings

Against a background of a more or less constant revenue trend, the cost of sales fell by 1.8 per cent to €1,589.6 million (H1 2013: €1,618.2 million). Gross profit rose by 4.5 per cent to reach €643.7 million (H1 2013: €616.2 million). The primary factor in this was the improved product mix, which saw a greater proportion of revenue generated by the high-margin service business coupled with strong demand for bespoke versions of new trucks.

Selling expenses rose slightly year on year, by 3.4 per cent, to reach €282.7 million (H1 2013: €273.4 million). The reasons for this rise included the consolidation of the German dealer Willenbrock and the appearances at trade fairs by LMH and STILL in the second quarter. The moderate increase in administrative expenses, which rose by 2.3 per cent to reach €155.8 million (H1 2013: €152.3 million), is due in part to higher administrative costs incurred since the initial public offering.

The sharp decline in the 'Other' item, which dropped by €24.7 million to €21.4 million (H1 2013: €46.1 million), is due in part to the one-off positive impact of the sale of the hydraulics business in 2013. The profit from equity-accounted investments amounted to €2.4 million (H1 2013: profit of €3.3 million) and was impacted by the pro-rata loss from Linde Hydraulics. >> TABLE 07

(Condensed) income statement >> *TABLE 07*

in € million	Q2 2014	Q2 2013	Change	Q1–Q2 2014	Q1–Q2 2013	Change
Revenue	1,144.4	1,149.3	–0.4%	2,233.3	2,234.4	–0.0%
Cost of sales	–813.1	–835.1	2.6%	–1,589.6	–1,618.2	1.8%
Gross profit	**331.3**	**314.2**	**5.4%**	**643.7**	**616.2**	**4.5%**
Selling expenses	–143.5	–135.5	–5.9%	–282.7	–273.4	–3.4%
Research and development costs	–28.7	–29.4	2.2%	–58.2	–58.8	1.1%
Administrative expenses	–81.4	–79.6	–2.3%	–155.8	–152.3	–2.3%
Other	13.8	21.8	–36.4%	21.4	46.1	–53.5%
Earnings before interest and taxes (EBIT)	**91.5**	**91.5**	**0.0%**	**168.5**	**177.9**	**–5.3%**
Net financial expenses	–50.3	–64.4	21.9%	–80.5	–112.0	28.1%
Earnings before taxes	**41.3**	**27.1**	**52.2%**	**88.0**	**65.9**	**33.5%**
Income taxes	–8.5	14.6	<-100%	–27.4	4.4	<-100%
Net income for the period	**32.8**	**41.8**	**–21.4%**	**60.6**	**70.3**	**–13.8%**

Net financial expenses

Net financial expenses in the first half of 2014 amounted to €80.5 million, a substantial improvement of €31.5 million on the prior-year level (H1 2013: €112.0 million). The main reason for this was the lower interest expenses arising from loan liabilities following repayment in full of the acquisition finance and repayment of the floating-rate portion of the 2011/2018 corporate bond (floating rate note, €175.0 million) in July 2013. Excluding the non-recurring interest expenses of €23.2 million incurred in the second quarter from the early repayment of two tranches of the corporate bonds (see Business performance, page 11), the net financial expenses in the second quarter of the year came to €27.1 million (Q1 2014: €30.3 million).

Income taxes

Income tax expenses amounted to €27.4 million in the first half of the year. In contrast with the tax income of €4.4 million in the corresponding prior-year period, income tax expenses in the first six months of 2014 were proportionate to the earnings for the period. The tax rate in the first half of this year was 31.1 per cent. The tax income in the first half of 2013 was mainly attributable to the recognition of deferred tax assets on loss carryforwards that it had previously not been possible to utilise.

Net income for the period

The KION Group's net income after taxes totalled €60.6 million in the first six months of 2014. As expected, this was down on the corresponding prior-year period (H1 2013: €70.3 million), which benefited from the positive one-off tax effects. In addition, the repayment of the tranches of the corporate bond in the second quarter of 2014 resulted in non-recurring financial expenses that had a negative impact on the Group's net income in the first half of the year. Diluted and basic earnings per share for the reporting period came to €0.60. Based on an average of 98.9 million no-par-value shares, pro-forma earnings per share for the first half of 2013 came to €0.70.

Business situation and financial performance of the segments

Linde Material Handling segment

The Linde Material Handling (LMH) segment saw a continuation of the encouraging growth in the new truck business seen in the first three months of the year. Overall, order intake for the first half of 2014 was up by 10.8 per cent, reaching €1,609.6 million (H1 2013: €1,453.2 million). In western and eastern Europe in particular, LMH reported strong growth and slightly improved its market share. In Asia, the performance of LMH was slightly below the market average.

Segment revenue rose year on year by 1.2 per cent to reach €1,476.7 million. The slight decline in the new truck business was offset by a sharp increase in the service business, in part due to the first-time consolidation of the German dealer Willenbrock.

Adjusted EBIT reached €158.3 million in the first six months of the year, just short of the equivalent figure for the previous year (H1 2013: €159.4 million). The adjusted EBIT margin was 10.7 per cent (H1 2013: 10.9 per cent). >> TABLE 08

Key figures – LMH – >> TABLE 08

in € million	Q2 2014	Q2 2013	Change	Q1–Q2 2014	Q1–Q2 2013	Change
Order intake	813.7	724.6	12.3%	1,609.6	1,453.2	10.8%
Revenue	755.8	747.9	1.1%	1,476.7	1,459.2	1.2%
EBITDA	114.5	119.2	–4.0%	227.1	226.6	0.2%
Adjusted EBITDA	122.2	117.4	4.0%	237.4	227.2	4.5%
EBIT	69.7	78.6	–11.3%	136.7	146.0	–6.4%
Adjusted EBIT	82.9	83.6	–0.7%	158.3	159.4	–0.7%
Adjusted EBITDA margin	16.2%	15.7%	–	16.1%	15.6%	–
Adjusted EBIT margin	11.0%	11.2%	–	10.7%	10.9%	–

STILL segment

In the second quarter, the STILL segment maintained its growth trajectory of the first three months of the year. Order intake amounted to €959.0 million, an increase of 11.9 per cent compared with the first half of 2013 (H1 2013: €857.0 million). STILL made substantial gains in its two main markets, Germany and Italy. The acquisition of a majority stake in the Turkish dealer Arser in the third quarter of 2013 also had a positive impact on order intake. By contrast, order intake in Brazil was down significantly year on year due, in part, to currency effects. In June 2014, STILL signed up the French company A.PSV Diffusion as a new sales partner for the North African market.

At €877.9 million, segment revenue was 4.2 per cent up on the prior-year level (H1 2013: €842.5 million). It was not possible to achieve the same level of revenue from new truck business as in the first half of 2013 owing to the weakness of the Brazilian market. However, there was a significant increase in the service business, particularly the used truck and spare parts businesses. A new European reconditioning centre that has opened in Poland will underpin the fast-growing service business.

The segment's adjusted EBIT reached €50.3 million in the first half of 2014, just short of the figure for the first six months of last year of €50.9 million. The adjusted EBIT margin was 5.7 per cent (H1 2013: 6.0 per cent). >> TABLE 09

Key figures – STILL – >> TABLE 09

in € million	Q2 2014	Q2 2013	Change	Q1 – Q2 2014	Q1 – Q2 2013	Change
Order intake	487.3	410.3	18.8%	959.0	857.0	11.9%
Revenue	445.6	432.8	3.0%	877.9	842.5	4.2%
EBITDA	50.6	50.7	–0.3%	99.9	96.2	3.9%
Adjusted EBITDA	51.1	53.3	–4.1%	101.6	99.7	2.0%
EBIT	25.0	24.9	0.4%	48.0	44.5	7.9%
Adjusted EBIT	26.1	28.9	–9.8%	50.3	50.9	–1.1%
Adjusted EBITDA margin	11.5%	12.3%	–	11.6%	11.8%	–
Adjusted EBIT margin	5.9%	6.7%	–	5.7%	6.0%	–

Financial Services segment

The Financial Services (FS) segment is the central financing partner for the LMH and STILL brand segments' end-customer leasing and financing of the short-term rental fleet. In the second quarter of 2014, the FS segment again registered growing demand for financing. Whereas revenue from internal financing increased, there was a moderate decline in long-term leasing with external end customers, with revenue falling from €157.4 million in the first half of 2013 to €152.5 million in the reporting period. Financing for short-term rental business achieved significant growth. The LMH and STILL brand segments have operational responsibility for this business, which is recognised as intra-group revenue. At €1,286.6 million, the FS segment's assets were up compared with the end of last year (31 December 2013: €1,249.4 million), rising by around €29 million over the second quarter alone. They had also increased significantly compared with 30 June 2013 (€1,077.2 million) due to the greater volume of orders.

Net interest income, which is a key element of the segment's earnings, stood at €1.9 million and was therefore close to the figure for the first six months of the previous year (H1 2013: €2.1 million) owing to the largely parallel growth of interest income and interest expenses. Earnings before tax came to €2.6 million, which was slightly higher than in the prior-year period (H1 2013: €2.3 million).

As at 30 June 2014, the FS segment had intra-group lease receivables of €468.4 million from the LMH and STILL brand segments relating to the intra-group financing of the short-term rental fleet (31 December 2013: €449.1 million; 30 June 2013: €380.3 million). The funding of these intra-group long-term leases (finance leases) with LMH and STILL resulted in lease liabilities of €331.8 million (31 December 2013: €319.7 million; 30 June 2013: €262.9 million).

Net financial debt amounted to €155.2 million as at 30 June 2014 (31 December 2013: €163.6 million; 30 June 2013: €175.6 million). Return on equity (ROE) was 13.0 per cent, the same as it had been at the end of 2013. >> TABLE 10

Key figures – Financial Services – >> TABLE 10

in € million	Q2 2014	Q2 2013	Change	Q1–Q2 2014	Q1–Q2 2013	Change
Revenue	138.3	140.7	–1.7%	277.3	255.0	8.8%
Adjusted EBITDA	20.2	16.3	24.2%	38.5	31.2	23.4%
Adjusted EBIT	0.2	0.0	>100%	0.8	0.2	>100%
Earnings before taxes (EBT)	1.3	1.1	15.5%	2.6	2.3	12.8%
Lease receivables[1]	937.8	777.3	20.6%	937.8	777.3	20.6%
thereof to third parties	469.4	397.0	18.3%	469.4	397.0	18.3%
Lease liabilities[2]	972.3	767.0	26.8%	972.3	767.0	26.8%
thereof liabilities from funding of the short-term rental business	331.8	262.9	26.2%	331.8	262.9	26.2%
Net financial debt	155.2	175.6	–11.6%	155.2	175.6	–11.6%
Equity	42.1	37.9	10.8%	42.1	37.9	10.8%
Return on equity[3]				13.0%	12.8%	–

1 Includes intra-group lease receivables from LMH and STILL segments from funding of the short-term rental business
2 Includes liabilities from financing of the short-term rental fleet reported as other financial liabilities
3 Earnings before taxes / Average equity tied up during the reporting period excluding the net income of the period

Other segment

Group head office functions that do not come under any other segment, plus the Indian brand company Voltas, are reported in the Other segment. The small year-on-year decrease in total revenue was primarily attributable to a reduction in intra-group services. Revenue generated outside the KION Group totalled €19.4 million (H1 2013: €23.2 million). The volume of business and order intake at Voltas were both down compared with the first half of 2013.

Unlike in the first half of 2013, the Other segment's adjusted EBIT was well into positive territory at €22.5 million (H1 2013: minus €10.9 million), which was due to the intra-group dividend income received of €34.6 million. It therefore offset the primary costs for central group functions and other overhead costs. >> TABLE 11

Key figures – Other – >> TABLE 11

in € million	Q2 2014	Q2 2013	Change	Q1 – Q2 2014	Q1 – Q2 2013	Change
Order intake	58.7	59.1	–0.8%	116.0	122.2	–5.1%
Revenue	58.2	58.9	–1.1%	115.0	122.0	–5.8%
EBITDA	30.1	–8.3	>100%	26.7	–4.9	>100%
Adjusted EBITDA	33.7	–1.2	>100%	31.2	–2.1	>100%
EBIT	25.6	–12.7	>100%	18.0	–13.6	>100%
Adjusted EBIT	29.2	–5.5	>100%	22.5	–10.9	>100%

Consolidation / reconciliation

Besides the intra-group supply relationships between the brand segments and with Financial Services, the main factor in the significant EBIT effect of minus €35.0 million (H1 2013: plus €0.8 million) was the intra-group dividend income in the second quarter.

Financial position

In the second quarter, the KION Group made further improvements to its funding structure and, by reducing current interest costs, created greater flexibility with which to implement its growth strategy. On 15 April 2014, the KION Group repaid two tranches of the corporate bonds early and in full (see Business performance, page 11).

Against this background, the revolving credit facility was increased by €198.0 million to a total of €1,243.0 million in April 2014. Interest rates on this higher level of bank debt are currently far lower than those on the repaid corporate bonds. The saving in interest payments is expected to be approximately €20 million per year.

Analysis of capital structure

Long-term borrowing amounted to €969.4 million as at 30 June 2014 and largely comprised the fixed-rate tranche of the corporate bond issued in 2013, which is due to mature in 2020 (€450.0 million), and the long-term portion of the revolving credit facility (€523.0 million). As at the reporting date, an amount of €170.7 million had been drawn down from the revolving credit facility on a short-term basis (31 December 2013: €184.4 million). The revolving credit facility of €1,045.0 million has a maturity date of June 2018; an increase of €198.0 million was agreed until April 2019 and has a maturity period of five years. Because most of the borrowing costs in connection with the early termination of the bond tranches were recognised as an expense, an amount of just €7.1 million was capitalised and deducted from financial debt (31 December 2013: €16.7 million). Overall, financial debt was virtually unchanged compared with the end of 2013 at €1,200.6 million. After deduction of cash and cash equivalents of €134.9 million, the remaining net financial debt came to €1,065.7 million (31 December 2013: €979.3 million). Net debt as at 30 June 2014 was slightly less than 1.5 times adjusted EBITDA for the past twelve months and was therefore unchanged as a proportion of profitability in the second quarter. >> TABLE 12

Net financial debt >> TABLE 12

in € million	30/06/2014	31/12/2013	Change
Corporate bond – fixed rate (2011/2018) – gross	–	325.0	–
Corporate bond – fixed rate (2013/2020) – gross	450.0	450.0	–
Corporate bond – floating rate (2013/2020) – gross	–	200.0	–
Liabilities to banks (gross)	754.3	233.7	>100%
Liabilities to non-banks (gross)	3.4	6.6	–48.8%
./. Capitalised borrowing costs	–7.1	–16.7	57.5%
Financial debt	**1,200.6**	**1,198.6**	**0.2%**
./. Cash and cash equivalents	–134.9	–219.3	38.5%
Net financial debt	**1,065.7**	**979.3**	**8.8%**

At €649.0 million, pension provisions were higher than they had been at the end of last year (31 December 2013: €560.1 million) owing to further interest rate changes. The net obligation increased to €627.6 million (31 December 2013: €537.7 million).

The lease liabilities resulting from sale and leaseback transactions used to fund long-term leases with end customers rose to €642.6 million (31 December 2013: €617.1 million) due to further growth in the volume of financial services activities. Of this total, €416.0 million related to non-current lease liabilities and €226.6 million to current lease liabilities.

Other financial liabilities also included liabilities of €338.3 million from sale and leaseback transactions used to finance the short-term rental fleet (31 December 2013: €327.5 million).

Equity went down by 1.6 per cent to €1,583.6 million (31 December 2013: €1,610.0 million) as a result of the negative impact of the change in the interest rate for pensions. The equity ratio was therefore 25.9 per cent (31 December 2013: 26.7 per cent). >> TABLE 13

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

in € million	30/06/2014	in %	31/12/2013	in %	Change
Equity	**1,583.6**	**25.9%**	**1,610.0**	**26.7%**	**–1.6%**
Non-current liabilities	**2,809.8**	**46.0%**	**2,709.8**	**45.0%**	**3.7%**
thereof:					
Retirement benefit obligation	649.0	10.6%	560.1	9.3%	15.9%
Financial liabilities	969.4	15.9%	971.1	16.1%	–0.2%
Deferred tax liabilities	301.0	4.9%	306.2	5.1%	–1.7%
Lease liabilities	416.0	6.8%	403.7	6.7%	3.0%
Current liabilities	**1,714.4**	**28.1%**	**1,706.6**	**28.3%**	**0.5%**
thereof:					
Financial liabilities	231.2	3.8%	227.5	3.8%	1.6%
Trade payables	560.9	9.2%	550.5	9.1%	1.9%
Lease liabilities	226.6	3.7%	213.3	3.5%	6.2%
Total equity and liabilities	**6,107.8**		**6,026.4**		**1.4%**

Analysis of capital expenditure

The KION Group's total capital expenditure came to €58.0 million, compared with €52.0 million in the first half of 2013. As was the case last year, this spending mainly constituted capitalised development costs in the LMH and STILL brand segments. In addition, the KION Group continued to modernise its production sites, especially in Germany, and improved its IT infrastructure as part of ongoing projects.

Analysis of liquidity

Net cash provided by the KION Group's operating activities totalled €151.3 million (H1 2013: €124.7 million). The net cash provided from current earnings (EBIT) more than offset the growth in working capital. Furthermore, a year-on-year reduction in prepayments of trade tax led to an improvement in cash flow from operating activities.

The net cash used for investing activities came to €131.5 million (H1 2013: €112.2 million; adjusted for rental business, which was previously reported under cash flow from operating activities). Whereas cash payments for capital expenditure were in line with the growth in the KION Group's business, net investment in relation to disposals and acquisitions in the rental business rose from €68.8 million in the first half of 2013 to €83.6 million in the reporting period. This primarily took the form of replacement investment.

Free cash flow increased year on year to €19.8 million (H1 2013: €12.5 million).

Cash flow from financing activities amounted to minus €103.5 million (H1 2013: minus €55.5 million). The distribution of a dividend of €0.35 per share to the shareholders of KION GROUP AG resulted in an outflow of funds of €34.5 million. The net outflow of funds in connection with financial debt amounted to €11.5 million in the first half of 2014. The financial debt taken up, which came to €1,007.0 million and was largely drawn down from the revolving credit facility, was more than offset by repayments totalling €1,018.6 million in the period under review. These repayments included €525.0 million in respect of the early redemption of the bond tranches. Current interest payments resulted in an outflow of funds of €58.5 million, which included the early repayment charges of €14.8 million paid in the second quarter in relation to redemption of the bond tranches. Cash and cash equivalents had declined by a total of €84.4 million to €134.9 million as at 30 June 2014. >> TABLE 14

(Condensed) cash flow statement* >> TABLE 14

in € million	Q2 2014	Q2 2013	Change	Q1 – Q2 2014	Q1 – Q2 2013	Change
EBIT	91.5	91.5	0.0%	168.5	177.9	–5.3%
Cash flow from operating activities	110.4	79.9	38.0%	151.3	124.7	21.3%
Cash flow from investing activities	–68.2	–61.5	–10.8%	–131.5	–112.2	–17.1%
Free cash flow	**42.1**	**18.4**	**>100%**	**19.8**	**12.5**	**59.2%**
Cash flow from financing activities	–38.6	–29.9	–29.1%	–103.5	–55.5	–86.3%
Currency effects on cash	–0.1	–5.0	97.3%	–0.8	–1.5	46.3%
Change in cash and cash equivalents	**3.4**	**–16.4**	**>100%**	**–84.4**	**–44.6**	**–89.3%**

* Adjusted due to a change in presentation, for details see 'Information on the consolidated statement of cash flows'

Net assets

Non-current assets amounted to €4,440.5 million as at 30 June 2014, virtually unchanged on the end of the previous year (31 December 2013: €4,435.8 million). Intangible assets accounted for €2,421.7 million (31 December 2013: €2,428.7 million). Goodwill and the KION Group's brand names represented €2,088.9 million of that, which was also almost unchanged on the end of the previous year (31 December 2013: €2,089.4 million). Leased assets for leases with end customers that are classified as operating leases rose only slightly, from €251.9 million at 31 December 2013 to €259.9 million at 30 June 2014. Long-term lease receivables arising from leases with end customers that are classified as finance leases were largely unchanged on the end of the previous year at €308.4 million (31 December 2013: €308.8 million). There was a slight increase in the rental assets in the brand segments' short-term rental fleet, which stood at €477.2 million (31 December 2013: €461.2 million).

The rise in current assets to €1,667.3 million (31 December 2013: €1,590.7 million) was primarily the result of increased inventories and trade receivables, which more than offset the decline in cash and cash equivalents. There was a small rise in short-term lease receivables with end customers, which stood at €182.2 million at the end of the reporting period (31 December 2013: €170.8 million).

(Condensed) balance sheet, assets >> TABLE 15

in € million	30/06/2014	in %	31/12/2013	in %	Change
Non-current assets	**4,440.5**	**72.7%**	**4,435.8**	**73.6%**	**0.1%**
thereof:					
Goodwill	1,494.4	24.5%	1,494.7	24.8%	–0.0%
Brand names	594.5	9.7%	594.7	9.9%	–0.0%
Deferred tax assets	311.3	5.1%	295.5	4.9%	5.4%
Rental assets	477.2	7.8%	461.2	7.7%	3.5%
Leased assets	259.9	4.3%	251.9	4.2%	3.2%
Lease receivables	308.4	5.0%	308.8	5.1%	–0.1%
Current assets	**1,667.3**	**27.3%**	**1,590.7**	**26.4%**	**4.8%**
thereof:					
Inventories	581.9	9.5%	511.8	8.5%	13.7%
Trade receivables	599.3	9.8%	558.7	9.3%	7.3%
Lease receivables	182.2	3.0%	170.8	2.8%	6.7%
Other current assets	157.6	2.6%	114.7	1.9%	37.5%
Cash	134.9	2.2%	219.3	3.6%	–38.5%
Total assets	**6,107.8**		**6,026.4**		**1.4%**

Besides the dividends paid (€34.5 million), better utilisation of intra-group cash on hand outside Germany aimed at reducing bank liabilities led to a sharp decline in cash and cash equivalents, which fell to €134.9 million (31 December 2013: €219.3 million). Taking into account the loan facility that was still available, the cash and cash equivalents available to the KION Group at 30 June 2014 amounted to €683.8 million. >> *TABLE 15*

Non-financial performance indicators

Employees

There was a slight decline in the number of full-time equivalents, with 22,211 people employed as at 30 June 2014 compared with 22,273 at the end of 2013. This slight decline primarily related to the LMH segment. The regional breakdown of headcount was essentially the same as it had been at 31 December 2013.

Personnel expenses went up by 3.5 per cent to €587.1 million (H1 2013: €567.0 million) on the back of changes to collective bargaining agreements in 2013 and the additions to the group of consolidated companies.

On 1 May 2014, the KION Group underscored its commitment to fair and safe working conditions with its voluntary undertaking to ensure that clearly defined employment standards are in place at all its locations around the world. These standards are based on the fundamental conventions of the International Labour Organization (ILO). Among other stipulations, the conventions require companies to provide healthy and safe working conditions and to pay their employees adequately.

For the third time in a row, STILL was recognised as one of Germany's best employers by the Top Employers Institute, an international certification organisation. >> *TABLE 16*

Employees (full-time equivalents) >> *TABLE 16*

	30/06/2014	31/12/2013	Change
Western Europe	15,671	15,841	–1.1%
Eastern Europe	1,724	1,689	2.1%
Americas	643	649	–0.9%
Asia	3,629	3,526	2.9%
Rest of world	544	568	–4.2%
Total	**22,211**	**22,273**	**–0.3%**

Research and development

The KION Group spent €59.3 million on research and development (R&D) in the first half of 2014, up by 3.4 per cent compared with the first six months of the previous year. This total amount included capitalised development costs of €21.6 million. Expressed as a proportion of revenue, this total R&D spending increased slightly to 2.7 per cent.

The number of full-time jobs in R&D stood at 981 as at 30 June 2014 (31 December 2013: 944).

The main R&D projects in 2013 continued into the first half of this year. They are described in detail in the 2013 group management report. The focus was on developing platform concepts for China and other growth markets and reducing the harmful emissions and fuel consumption of industrial trucks, for example through the introduction of new drive concepts.

In the first half of the year, Linde Material Handling brought out two compact double stackers that round off its portfolio of warehouse technology products at the lower end of the load capacity range. The successful, energy-efficient EVO counterbalance truck series was extended to include new electric forklift trucks in the 1.2–2 tonne load capacity category. A new generation of pallet stackers with innovative load management was also presented.

Working with the Fraunhofer Institute for Building Physics (IBP), Linde Material Handling developed a scientific method for comprehensively assessing the environmental impact of its forklift trucks and warehouse trucks throughout the product lifecycle. Lifecycle assessments for the company's seven main product groups were prepared for this purpose. This means customers have clear information on how their environmental footprint is affected as a result of deploying a Linde truck.

Meanwhile, STILL continued to enhance its product portfolio. In April 2014, it brought out its newly developed FMX NG reach truck, whose features include active load stabilisation. STILL has also begun offering the RX 60 electric forklift truck, which has an increased load capacity of up to eight tonnes. And in June, it launched a completely updated version of the RX 20 electric forklift truck, which offers improved performance. >> *TABLE 17*

Customers

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

At its own World of Material Handling trade fair in May, Linde Material Handling presented a number of new products, including the first warehouse trucks with lithium-ion batteries, which will be available for order from September. There was also a world premiere: the Linde Safety Pilot is an electronic driver assistance system that helps to prevent operating and driving errors, thereby reducing the risk of accidents.

At the CeMAT industry fair, STILL presented the first trucks in its new range of tow tractors, whose uses include transporting people and luggage at airports and train stations. Visitors were also able to see the cubeXX concept truck in action for the first time. During CeMAT, STILL received the International Forklift Truck of the Year Award (IFOY Award) in the Automated Guided Vehicles category for its iGoEasy automation solution. STILL had also presented the iGo system and other innovations at LogiMAT in February.

Total R&D spending >> *TABLE 17*

in € million	Q2 2014	Q2 2013	Change	Q1–Q2 2014	Q1–Q2 2013	Change
Research and development costs (P&L)	28.7	29.4	–2.2%	58.2	58.8	–1.1%
Amortisation expense	–10.7	–11.1	3.7%	–20.5	–22.3	8.2%
Capitalised development costs	11.9	11.0	7.9%	21.6	20.9	3.5%
Total R&D spending	**29.9**	**29.3**	**2.1%**	**59.3**	**57.3**	**3.4%**
R&D spending as percentage of revenue	2.6%	2.5%	–	2.7%	2.6%	–

EVENTS AFTER THE REPORTING DATE

During the period between the reporting date of these interim financial statements and 1 August 2014, there were no events or developments that would have led to a material change in the recognition or measurement of the individual assets and liabilities reported as at 30 June 2014 or that it would be necessary to disclose.

OUTLOOK, OPPORTUNITY AND RISK REPORT

Outlook

Forward-looking statements

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

Actual business performance may deviate from the forecasts due, among other factors, to the opportunities and risks described in the 2013 group management report. Performance particularly depends on macroeconomic and industry-specific conditions and may be negatively affected by increasing uncertainty or a worsening of the economic and political situation.

Expected business performance

Given its good performance in the first half of 2014 and the upturn in business during the second quarter, the KION Group is adhering to the forecast for 2014 as a whole that was published in the 2013 group management report. The KION Group continues to aim for a slight increase in order intake and consolidated revenue, a marked rise in adjusted EBIT and – despite growing capital expenditure – a significantly higher level of free cash flow. The expectations regarding macroeconomic and sector-specific conditions also still apply.

The KION Group's financial position has continued to improve thanks to the measures implemented in the second quarter. The early redemption of the bond tranches and the increase in the revolving credit facility will allow the KION Group to reduce its interest payments in subsequent quarters.

Overall, the KION Group is forecasting profitable growth for 2014 as a whole and aims to achieve a sustained improvement in its market positions worldwide.

Opportunity and risk report

The KION Group's overall risk and opportunity situation has not changed significantly compared with the description in the 2013 group management report. As things stand at present, there are no indications of any risks that could jeopardise the Company's continuation as a going concern.

Condensed consolidated interim financial statements

Consolidated income statement

>> TABLE 18

in € million	Q2 2014	Q2 2013	Q1 – Q2 2014	Q1 – Q2 2013
Revenue	1,144.4	1,149.3	2,233.3	2,234.4
Cost of sales	–813.1	–835.1	–1,589.6	–1,618.2
Gross profit	**331.3**	**314.2**	**643.7**	**616.2**
Selling expenses	–143.5	–135.5	–282.7	–273.4
Research and development costs	–28.7	–29.4	–58.2	–58.8
Administrative expenses	–81.4	–79.6	–155.8	–152.3
Other income	19.7	31.2	37.9	66.8
Other expenses	–9.8	–14.0	–18.9	–24.0
Profit from at-equity investments	3.9	4.6	2.4	3.3
Earnings before interest and taxes	**91.5**	**91.5**	**168.5**	**177.9**
Financial income	10.3	5.9	21.8	29.6
Financial expenses	–60.6	–70.3	–102.3	–141.7
Net financial expenses	**–50.3**	**–64.4**	**–80.5**	**–112.0**
Earnings before taxes	**41.3**	**27.1**	**88.0**	**65.9**
Income taxes	**–8.5**	**14.6**	**–27.4**	**4.4**
Current taxes	–11.0	–13.3	–25.2	–32.1
Deferred taxes	2.5	28.0	–2.2	36.5
Net income for the period	**32.8**	**41.8**	**60.6**	**70.3**
Attributable to shareholders of KION GROUP AG	32.2	41.3	59.6	69.3
Attributable to non-controlling interests	0.6	0.5	1.0	1.0
Earnings per share according to IAS 33 (in €)				
Basic earnings per share	0.33	0.63	0.60	1.07
Earnings per share – diluted	0.33	0.63	0.60	1.07

Consolidated statement of comprehensive income

>> TABLE 19

in € million	Q2 2014	Q2 2013	Q1 – Q2 2014	Q1 – Q2 2013
Net income for the period	**32.8**	**41.8**	**60.6**	**70.3**
Items that will not be reclassified subsequently to profit or loss	**–26.7**	**–8.8**	**–58.2**	**17.5**
Gains / losses on employee benefits	–26.7	–8.8	–58.2	17.5
thereof changes in unrealised gains and losses	–37.4	–12.1	–81.9	22.6
thereof tax effect	10.7	3.3	23.7	–5.1
Items that may be reclassified subsequently to profit or loss	**5.0**	**–15.3**	**–1.1**	**–7.7**
Impact of exchange differences	6.8	–19.4	0.5	–15.7
thereof changes in unrealised gains and losses	6.8	–19.4	0.5	–15.7
Gains / losses on cash flow hedges	–1.5	4.1	–2.2	8.0
thereof changes in unrealised gains and losses	–1.6	29.3	–2.0	39.9
thereof realised gains (–) and losses (+)	–0.4	–23.5	–0.8	–28.9
thereof tax effect	0.5	–1.8	0.7	–3.0
Gains / losses from at-equity investments	–0.2	0.0	0.6	0.0
Other comprehensive loss (income)	**–21.6**	**–24.0**	**–59.3**	**9.8**
Total comprehensive income	**11.2**	**17.7**	**1.3**	**80.1**
Attributable to shareholders of KION GROUP AG	10.5	17.2	0.2	79.1
Attributable to non-controlling interests	0.7	0.5	1.1	1.0

Consolidated statement of financial position – Assets

>> TABLE 20

in € million	30/06/2014	31/12/2013
Goodwill	1,494.4	1,494.7
Other intangible assets	927.4	934.0
Leased assets	259.9	251.9
Rental assets	477.2	461.2
Other property, plant and equipment	484.6	499.4
At-equity investments	143.2	138.6
Lease receivables	308.4	308.8
Other non-current financial assets	34.1	51.7
Deferred taxes	311.3	295.5
Non-current assets	**4,440.5**	**4,435.8**
Inventories	581.9	511.8
Trade receivables	599.3	558.7
Lease receivables	182.2	170.8
Current income tax receivables	11.4	15.4
Other current financial assets	157.6	114.7
Cash and cash equivalents	134.9	219.3
Current assets	**1,667.3**	**1,590.7**
Total assets	**6,107.8**	**6,026.4**

Consolidated statement of financial position – Equity and liabilities

>> TABLE 21

in € million	30/06/2014	31/12/2013
Subscribed capital	98.7	98.7
Capital reserve	1,995.1	2,223.2
Retained earnings	–264.9	–524.9
Accumulated other comprehensive loss	–251.4	–192.0
Non-controlling interests	6.1	5.0
Equity	**1,583.6**	**1,610.0**
Retirement benefit obligation	649.0	560.1
Non-current financial liabilities	969.4	971.1
Lease liabilities	416.0	403.7
Other non-current provisions	71.6	76.5
Other non-current financial liabilities	402.9	392.1
Deferred taxes	301.0	306.2
Non-current liabilities	**2,809.8**	**2,709.8**
Current financial liabilities	231.2	227.5
Trade payables	560.9	550.5
Lease liabilities	226.6	213.3
Current income tax liabilities	26.2	27.7
Other current provisions	95.0	110.3
Other current financial liabilities	574.5	577.3
Current liabilities	**1,714.4**	**1,706.6**
Total equity and liabilities	**6,107.8**	**6,026.4**

Consolidated statement of cash flows

>> TABLE 22

in € million	Q1 – Q2 2014	Q1 – Q2 2013*
Earnings before interest and taxes	**168.5**	**177.9**
Amortisation, depreciation and impairment charges of non-current assets	179.7	166.6
Other non-cash income (–) and expenses (+)	8.0	7.5
Gains (–) / losses (+) on disposal of non-current assets	4.8	– 4.8
Changes in leased assets (excluding depreciation) and lease receivables / liabilities	– 38.4	– 44.8
Change in inventories	– 67.4	– 41.5
Change in trade receivables / payables	– 28.8	– 56.8
Cash payments for defined benefit obligations	– 10.4	– 12.7
Change in other provisions	– 21.6	– 21.0
Change in other operating assets / liabilities	– 18.3	– 15.1
Taxes paid	– 24.9	– 30.5
Cash flow from operating activities	**151.3**	**124.7**
Cash payments for purchase of non-current assets	– 58.0	– 52.0
Cash receipts from disposal of non-current assets	6.0	7.1
Change in rental assets (excluding depreciation)	– 83.6	– 68.8
Dividends received	5.4	4.2
Cash payments for sundry assets	– 1.3	– 2.7
Cash flow from investing activities	**– 131.5**	**– 112.2**

Consolidated statement of cash flows (continued) >> TABLE 22

in € million	Q1 – Q2 2014	Q1 – Q2 2013*
Capital contribution from shareholders for the carried out capital increase	0.0	30.9
Dividend of KION GROUP AG	–34.5	0.0
Dividends paid to non-controlling interests	0.0	–2.1
Cash receipts from changes in ownership interests in subsidiaries without loss of control	0.0	0.3
Financing costs paid	–3.9	–18.9
Proceeds from borrowings	1,007.0	649.0
Repayment of borrowings	–1,018.6	–654.2
Interest received	3.7	3.1
Interest paid	–58.5	–52.0
Cash receipts / cash payments for other financing activities	1.4	–11.6
Cash flow from financing activities	**–103.5**	**–55.5**
Effect of foreign exchange rate changes on cash and cash equivalents	–0.8	–1.5
Change in cash and cash equivalents	**–84.4**	**–44.6**
Cash and cash equivalents at the beginning of the period	219.3	562.4
Cash and cash equivalents at the end of the period	134.9	517.7

* Adjusted due to a change in presentation, for details see 'Information on the consolidated statement of cash flows'

Consolidated statement of changes in equity

in € million	Subscribed capital	Contributions for carrying out the approved capital increase	Capital reserves	Retained earnings
Balance as at 1/1/2013	**0.5**	**1,132.6**	**348.5**	**–647.7**
Effects from first-time adoption IAS 19R*				–3.0
Balance as at 1/1/2013 (restated)	**0.5**	**1,132.6**	**348.5**	**–650.7**
Net income for the period				69.3
Other comprehensive income (loss)				
Comprehensive income (loss)	**0.0**	**0.0**	**0.0**	**69.3**
Capital increase	98.4	–1,132.6	1,894.0	
Transaction costs			–15.1	
Dividends paid to non-controlling interests				
Effects from the acquisition / disposal of non-controlling interests				
Balance as at 30/06/2013	**98.9**	**0.0**	**2,227.4**	**–581.4**
Balance as at 1/1/2014	**98.7**	**0.0**	**2,223.2**	**–524.9**
Net income for the period				59.6
Other comprehensive income (loss)				
Comprehensive income (loss)	**0.0**	**0.0**	**0.0**	**59.6**
Withdrawal from capital reserve			–228.1	228.1
Dividend of KION GROUP AG				–34.5
Changes from first-time application of the equity-method				6.9
Balance as at 30/06/2014	**98.7**	**0.0**	**1,995.1**	**–264.9**

* Adjusted due to the retrospective application of IAS 19R (2011), for details see also ‘Accounting policies’ in the consolidated financial statements 2013

>> TABLE 23

Accumulated other comprehensive income (loss)						
Cumulative translation adjustment	Gains/losses on defined benefit obligation	Gains/losses on cash flow hedges	Gains/losses from at-equity investments	Equity attributable to shareholders of KION GROUP AG	Non-controlling interests	Total
–32.8	–130.4	–16.9	0.4	654.2	6.2	660.3
	3.4			0.3	0.0	0.3
–32.8	–127.0	–16.9	0.4	654.5	6.2	660.7
				69.3	1.0	70.3
–15.7	17.5	8.0		9.8	0.0	9.8
–15.7	17.5	8.0	0.0	79.1	1.0	80.1
				859.9	0.0	859.9
				–15.1	0.0	–15.1
				0.0	–2.1	–2.1
				0.0	0.1	0.1
–48.5	–109.5	–8.9	0.4	1,578.3	5.2	1,583.5
–66.5	–126.3	0.5	0.3	1,605.0	5.0	1,610.0
				59.6	1.0	60.6
0.4	–58.2	–2.2	0.6	–59.4	0.1	–59.3
0.4	–58.2	–2.2	0.6	0.2	1.1	1.3
				0.0	0.0	0.0
				–34.5	0.0	–34.5
				6.9	0.0	6.9
–66.1	–184.5	–1.6	0.9	1,577.5	6.1	1,583.6

Notes to the condensed consolidated interim financial statements

BASIS OF PRESENTATION

General information on the Company

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

The condensed consolidated interim financial statements were prepared by the Executive Board of KION GROUP AG on 1 August 2014.

Basis of preparation

The condensed consolidated interim financial statements of the KION Group for the six months ended 30 June 2014 have been prepared in line with International Accounting Standard (IAS) 34 'Interim Financial Reporting' and other International Financial Reporting Standards (IFRSs) as adopted by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council concerning the application of international accounting standards for interim financial statements. A condensed scope of interim reporting has been prepared in accordance with IAS 34.

All of the IFRSs and the related interpretations (IFRICs/SICs) of the IFRS Interpretations Committee (IFRS IC) that had been issued by the reporting date and that were required to be applied for financial years commencing on or after 1 January 2014 have been applied in preparing these condensed consolidated interim financial statements. These condensed consolidated interim financial statements do not contain all the information and disclosures required of a set of consolidated annual financial statements and should therefore be read in conjunction with the consolidated financial statements prepared for the year ended 31 December 2013.

The reporting currency is the euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise. The addition of the totals presented may result in rounding differences of +/–€0.1 million. The percentages shown are calculated on the basis of the respective amounts, rounded to the nearest thousand euros.

Financial reporting standards to be adopted for the first time in the current financial year

The following financial reporting standards were adopted for the first time with effect from 1 January 2014:

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
- Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 27 'Separate Financial Statements': amendments relating to the consolidation of investment entities
- IAS 27R 'Separate Financial Statements'
- IAS 28R 'Investments in Associates and Joint Ventures'
- Amendments to IAS 32 'Financial Instruments: Presentation': offsetting
- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement': amendments relating to the novation of derivatives and continuation of hedge accounting.

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

Financial reporting standards released but not yet adopted

In its condensed consolidated interim financial statements for the six months ended 30 June 2014, the KION Group has not applied – besides the standards and interpretations reported as at 31 December 2013 – the following standards, which have been issued by the IASB but are not yet required to be applied in 2014:

- Amendments to IFRS 11 'Joint Arrangements': clarification relating to the acquisition of interests in joint operations
- IFRS 14 'Regulatory Deferral Accounts'
- IFRS 15 'Revenue from Contracts with Customers'

- Amendments to IAS 16 ‘Property, Plant and Equipment’ and IAS 38 ‘Intangible Assets’: clarification relating to revenue-based depreciation and amortisation
- Amendments to IAS 16 ‘Property, Plant and Equipment’ and IAS 41 ‘Agriculture’: amendments relating to the financial reporting of plants used to grow agricultural produce.

These standards will only be applied by the entities included in the KION Group from the date on which they must be adopted for the first time. Their effects on the financial performance and financial position of the KION Group are still being analysed.

Basis of consolidation

As was the case at 31 December 2013, a total of 22 German and 77 foreign subsidiaries were fully consolidated in addition to KION GROUP AG as at 30 June 2014.

In addition, nine joint ventures and associates were consolidated and accounted for using the equity method (31 December 2013: eight). Two equity investments have been accounted for using the equity method since 1 January 2014 owing to their increased financial significance. One equity investment has become insignificant and is now accounted for at cost rather than using the equity method.

53 (31 December 2013: 53) companies with minimal business volumes or no business operations were not included in the consolidation. Baoli Material Handling Europe s.r.o., Prague, Czech Republic, was established in January 2014 and is carried at cost.

Accounting policies

With the exception of the new and amended IFRSs described above, the accounting policies applied in these condensed consolidated interim financial statements are fundamentally the same as those used for the year ended 31 December 2013. These condensed consolidated interim financial statements are based on the interim financial statements of the parent company and its consolidated subsidiaries prepared in accordance with the standard accounting policies applicable throughout the KION Group.

Assumptions and estimates

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

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

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

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

Net financial expenses

Interest expenses arising from loan liabilities decreased by a substantial €31.5 million in the first six months of 2014 because the IPO resulted in a vastly improved funding structure and funding conditions compared with the first half of 2013. There was a countervailing effect on net financial expenses from the early redemption in April 2014 of the fixed-rate tranche of the corporate bond issued in 2011, which was due to mature in 2018 and had a volume of €325.0 million, and the floating-rate tranche of the corporate bond issued in 2013, which was due to mature in 2020 and had a volume of €200.0 million. An amount of €8.4 million representing the pro-rata deferred borrowing costs and a payment of €14.8 million representing early repayment charges were recognised as financial expenses.

Income taxes

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

Earnings per share

Basic earnings per share are calculated by dividing the net income (loss) accruing to the KION GROUP AG shareholders by the weighted average number of shares outstanding during the reporting period (H1 2014: 98,700,000 no-par-value shares; H1 2013: 64,707,912 no-par-value shares; Q2 2014: 98,700,000 no-par-value shares; Q2 2013: 65,457,496 no-par-value shares). In the first six months of 2014, the KION Group generated net income accruing to the shareholders of KION GROUP AG of €59.6 million (H1 2013: €69.3 million). Diluted and basic earnings per share for the reporting period came to €0.60 (H1 2013: €1.07). The 200,000 no-par-value treasury shares which were repurchased by KION GROUP AG in the third quarter of 2013 as part of a buy-back programme were not included in this figure as at 30 June 2014.

As at 30 June 2014, there were no equity instruments that diluted the earnings per share for the number of shares issued.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill and other intangible assets

The change in the amount of goodwill in the first six months of 2014 was the result of currency effects.

The total carrying amount for technology and development assets as at 30 June 2014 was €217.4 million (31 December 2013: €216.9 million). Development costs of €11.9 million were capitalised in the second quarter of 2014 (Q2 2013: €11.0 million); the corresponding figure for the first six months of 2014 was €21.6 million (H1 2013: €20.9 million). Total research and development costs of €28.7 million were expensed in the second quarter of 2014 (Q2 2013: €29.4 million), while €58.2 million was expensed in the first half of 2014 (H1 2013: €58.8 million). Of these respective amounts, €10.7 million related to amortisation in the second quarter of 2014 (Q2 2013: €11.1 million) and €20.5 million to amortisation in the first half of 2014 (H1 2013: €22.3 million).

Inventories

The rise in inventories compared with 31 December 2013 was largely attributable to the increase in materials and supplies (up by 12.0 per cent), work in progress (up by 15.1 per cent) and finished goods (up by 14.3 per cent). Impairment losses of €1.5 million were recognised on inventories in the second quarter of 2014 (Q2 2013: €3.3 million) and of €6.0 million in the first six months of 2014 (H1 2013: €6.5 million). Reversals of impairment losses had to be recognised in the amount of €1.3 million in the second quarter of 2014 (Q2 2013: €0.0 million) and in the amount of €1.7 million in the first half of 2014 (H1 2013: €2.8 million) because the reasons for impairment no longer existed.

Trade receivables

The rise in trade receivables compared with 31 December 2013 was primarily due to the increase of €36.9 million in receivables due from third parties and the increase of €4.3 million in receivables due from associated companies and joint ventures. Valuation allowances of €43.2 million (31 December 2013: €42.4 million) were recognised for trade receivables.

Equity

As at 30 June 2014, the Company's share capital amounted to €98.9 million, which was unchanged on 31 December 2013, and was fully paid up. It was divided into 98,900,000 no-par-value shares, each with a value of €1. The total number of shares outstanding as at 30 June 2014 was 98.7 million no-par-value shares. At the reporting date, KION GROUP AG held 0.2 million treasury shares.

The distribution of a dividend of €0.35 per share to the shareholders of KION GROUP AG resulted in an outflow of funds of €34.5 million.

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 €9.89 million by way of an issue of up to 9,890,000 new no-par-value bearer shares.

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 €9.89 million by way of an issue of up to 9,890,000 new no-par-value bearer shares.

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.

Retirement benefit obligation

For the purposes of the interim report, a qualified estimate of the defined benefit obligation was made based on the change in actuarial parameters and taking into account any particular effects in the period under review.

The retirement benefit obligation was higher than it had been at the end of 2013 owing, above all, to actuarial losses resulting largely from lower discount rates. The estimated present value of the defined benefit obligation was calculated on the basis of the discount rates shown in *>> TABLE 24*.

Discount rate *>> TABLE 24*

	30/06/2014	31/12/2013
Germany	3.00%	3.60%
UK	4.20%	4.40%
Other (weighted average)	2.37%	2.95%

The change in estimates in relation to defined benefit pension entitlements resulted in a decrease of €58.2 million in equity as at 30 June 2014 (after deferred taxes).

In connection with the 2012 valuation of the pension plans for the employees of the KION Group's UK companies, the Company and the trustees of the pension funds agreed on a calculation method in May 2014, according to which the deficit for all pension plans amounted to €8.3 million as at 1 July 2013. On this basis, the KION Group agreed with the trustees that it would pay approximately the equivalent of €4.6 million in 2015 and €2.3 million in 2016 in order to reduce the deficit. However, these payments are subject to the condition that the annual review of the pension plans' funding position continues to reveal a deficit. If a payment would result in the pension plans being overfunded, the KION Group would be exempt from its payment obligation in that year. Between January and May 2014, the KION Group made one-off payments equivalent to €1.3 million. Under the new agreement, no further payments are due in 2014.

In addition, KION Material Handling GmbH has given default guarantees to the trustees of two pension plans (Blackwood Schemes) under which, if the employer defaults, KION Material Handling GmbH will assume all obligations of the employer up to the amount of the buy-out deficit, provided certain conditions are met. These guarantees replace the letters of support issued in 2013, which themselves had replaced the guarantees given to Blackwood Schemes by KION Material Handling GmbH (formerly KION GROUP GmbH) after KION GROUP AG's IPO, as set forth in the original guarantee agreements. Where these letters of support had been given in respect of UK pension plans other than the Blackwood Schemes, these letters of support were amended by mutual agreement so that the trustees were able to measure the deficits of the pension plans at any time in future without losing the entitlements in the relevant letter of support.

The trustees were also granted collateral in rem in the form of charges on the real estate of Group companies in the UK and flexible collateral in respect of the rental fleets of UK dealers within a maximum overall limit of approximately €22.5 million. The term of this collateral is limited to five years (1 July 2018), and the overall limit will not be reduced by payments made by the KION Group.

Financial liabilities

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 €325.0 million, and the floating-rate tranche of the corporate bond issued in 2013, which was due to mature in 2020 and had a volume of €200.0 million, were repaid early in full. The funds used for the repayment mainly originated from a revolving credit facility, which has a term to maturity of five years after the IPO in June 2013. This credit facility currently has far lower interest rates than the two corporate bonds.

Against this background, the revolving credit facility was increased by €198.0 million to a total of €1,243.0 million in April 2014. This was achieved through bilateral lending agreements with a group of banks. These additional loans mature in April 2019 and have a variable interest rate. The transaction costs of €1.0 million directly attributable to increasing the revolving credit facility will be expensed over the term of the loan facility.

OTHER DISCLOSURES

Information on the consolidated statement of cash flows

At the start of 2014, changes were made to how information is disclosed in the three categories of the consolidated statement of cash flows. The LMH and STILL brand segments have operational responsibility for the short-term rental business (rental assets) and use it to generate operating income – in the same way as they would with capital expenditure on property, plant and equipment. That is why the changes relating to the rental business will be reported in cash flow from investing activities in future. The figures for the first half of 2013 have been restated to reflect this disclosure change. As a result, cash flow from operating activities in the first six months of 2013 has improved by €68.8 million, while cash flow from investing activities has decreased by the same amount. In addition, interest received has been reclassified from cash flow from investing activities to cash flow from financing activities because the KION Group's cash and cash equivalents are also used to repay existing financial debt. Accordingly, both interest payments and interest received will, as a component of financing, be allocated to cash flow from financing activities in future. As a result, cash flow from investing activities in the first six months of 2013 has decreased by €3.1 million, while cash flow from financing activities has increased by the same amount.

Information on financial instruments

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

Whereas lease liabilities stood at €642.6 million (31 December 2013: €617.1 million), lease receivables arising from sale and leaseback transactions amounted to €442.3 million (31 December 2013: €431.4 million) and leased assets under sale and leaseback transactions totalled €208.9 million (31 December 2013: €201.2 million).

The finance lease obligations reported in other liabilities comprise liabilities arising from the sale and leaseback financing of industrial trucks of €338.3 million (31 December 2013: €327.5 million). These are mainly allocated to the Financial Services segment and result from the intra-group financing provided by the Financial Services segment for the short-term rental business of the Linde Material Handling and STILL brand segments.

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

Carrying amounts and fair values broken down by class >> *TABLE 25*

in € million	30/06/2014 Carrying amount	30/06/2014 Fair value	31/12/2013 Carrying amount	31/12/2013 Fair value
Financial assets				
Investments in non-consolidated subsidiaries / Other investments	11.4	11.4	11.9	11.9
Loans receivable	0.6	0.6	0.8	0.8
Financial receivables	14.6	14.6	11.6	11.6
Available-for-sale investments	0.8	0.8	0.8	0.8
Lease receivables*	490.6	490.7	479.6	478.4
Trade receivables	599.3	599.3	558.7	558.7
Other receivables	61.4	61.4	55.0	55.0
thereof non-derivative receivables	45.3	45.3	35.7	35.7
thereof derivative receivables	16.1	16.1	19.4	19.4
Cash and cash equivalents	134.9	134.9	219.3	219.3
Financial liabilities				
Liabilities to banks	754.3	754.6	233.7	234.1
Corporate bond	442.9	492.0	958.3	1,040.8
Other financial liabilities	3.4	3.4	6.6	6.6
Lease liabilities*	642.6	645.9	617.1	619.2
Trade payables	560.9	560.9	550.5	550.5
Other liabilities	538.8	540.6	554.4	555.5
thereof non-derivative liabilities	137.3	137.3	162.4	162.4
thereof liabilities from finance leases*	371.9	373.7	363.0	364.1
thereof derivative liabilities	29.5	29.5	29.1	29.1

* as defined by IAS 17

Fair value measurement and assignment to classification levels

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

Financial instruments measured at fair value >> TABLE 26

	Fair Value Hierarchy			
in € million	Level 1	Level 2	Level 3	30/06/2014
Financial assets				**16.9**
thereof available-for-sale	0.8			0.8
thereof derivative instruments		2.0	14.1	16.1
Financial liabilities				**29.5**
thereof derivative instruments		5.1	24.5	29.5

Financial instruments measured at fair value >> TABLE 27

	Fair Value Hierarchy			
in € million	Level 1	Level 2	Level 3	31/12/2013
Financial assets				**20.2**
thereof available-for-sale	0.8			0.8
thereof derivative instruments		3.6	15.7	19.4
Financial liabilities				**29.1**
thereof derivative instruments		1.9	27.2	29.1

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

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

The financial assets and liabilities allocated to Level 3 relate to a put option held by Linde Material Handling GmbH, Aschaffenburg, and two call options held by Weichai Power on the remaining shares in Linde Hydraulics. The Black-Scholes model and probability-weighted scenario analysis are used to calculate the fair value of the put option and the two call options. The measurement is based on the following significant, unobservable input parameters as at 30 June 2014. An amount of €116.1 million has been recognised as the fair value of the remaining shares in Linde Hydraulics, both for the put option and for the two call options. A base exercise price of €77.4 million and a term to maturity of 0.99-2.99 years have been assumed for the put option. For the measurement of call option 1, a base exercise price of €77.4 million and a term to maturity of 3.49 years was used, while a base exercise price of €38.7 million and a term to maturity of 0.99-3.49 years was used for call option 2. At 30 June 2014, the material changes in fair value and the impact on the income statement for the first six months of the year were as follows: >> TABLE 28

As at 30 June 2014, the net value calculated for the options on the remaining shares in Linde Hydraulics came to minus €10.3 million (31 December 2013: minus €11.5 million). If the fair value of the shares had been 10.0 per cent lower on the reporting date, the net value arising from the options would have increased by €9.2 million (31 December 2013: €9.4 million) to minus €1.1 million (31 December 2013: minus €2.1 million) and led to an additional gain of €9.2 million (31 December 2013: lower expense of €9.4 million). A 10.0 per cent rise in the fair value of the shares in Linde Hydraulics would have reduced the net value arising from the options by €9.2 million (31 December 2013: €9.4 million) to minus €19.5 million (31 December 2013: minus €20.9 million) and led to an expense of €9.2 million (31 December 2013: €9.4 million).

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

If events or changes in circumstances make it necessary to reclassify financial instruments as a different level, they are reclassified at the end of a reporting period. No financial instruments were transferred between Levels 1, 2 or 3 in the first six months of 2014.

KION performance share plan

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 total carrying amount for liabilities in connection with share-based remuneration (2013 tranche) as at

Development of financial assets / liabilities classified as level 3 >> TABLE 28

in € million	
Value as at 1/1/2014	**–11.5**
Gains recognised in net financial expenses	1.2
Value as at 30/06/2014	**–10.3**
Gains of the period relating to financial assets / liabilities held as at 30/06/2014	1.2
Change in unrealised gains for the period relating to financial assets / liabilities held as at 30/06/2014	1.2

30 June 2014 was €2.8 million (31 December 2013: €1.2 million). A liability of €0.8 million in respect of the new tranche allocated on 1 January 2014 was recognised as a pro-rata expense for six months in the first half of 2014.

Segment report

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

The KPIs used to manage the brand segments are order intake, revenue and adjusted EBIT. Segment reporting therefore includes a reconciliation of externally reported consolidated earnings before interest and tax (EBIT) – including KION acquisition items and non-recurring items – to the adjusted EBIT for the segments ('adjusted EBIT').

Earnings before tax (EBT) and return on equity (ROE) are the KPIs used to manage the Financial Services segment. ROE is calculated on the basis of average equity employed excluding net income (loss) for the current period. As at 30 June 2014, ROE – earnings before tax as a percentage of average equity – remained unchanged compared with 31 December 2013 at 13.0 per cent.

The following tables show information on the KION Group's operating segments for the second quarter of 2014 and 2013 and for the first half of 2014 and 2013. >> TABLES 29–32

Segment report Q2 2014 >> TABLE 29

in € million	LMH	STILL	Financial Services	Other	Consolidation / Reconciliation	Total
Revenue from external customers	691.9	367.0	75.2	10.2	–	1,144.4
Intersegment revenue	63.8	78.5	63.1	48.1	–253.6	–
Total revenue	755.8	445.6	138.3	58.2	–253.6	1,144.4
Earnings before taxes	**66.8**	**17.3**	**1.3**	**–14.1**	**–30.1**	**41.3**
Financial income	6.2	2.4	13.5	3.0	–14.7	10.3
Financial expenses	–9.1	–10.1	–12.4	–42.7	13.7	–60.6
= Net financial expenses	–2.9	–7.7	1.1	–39.7	–1.0	–50.3
EBIT	**69.7**	**25.0**	**0.2**	**25.6**	**–29.0**	**91.5**
+ Non-recurring items	0.8	0.5	0.0	3.6	–	4.9
+ KION acquisition items	12.4	0.6	0.0	0.0	–	13.0
Adjusted EBIT	**82.9**	**26.1**	**0.2**	**29.2**	**–29.0**	**109.5**
Profit from at-equity investments	0.1	1.1	2.7	0.0	–	3.9
Capital expenditures [1]	15.7	11.4	0.0	3.6	–	30.8
Depreciation [2]	21.6	10.2	0.0	4.3	–	36.0
Order intake	813.6	487.3	145.5	58.7	–277.3	1,227.9

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

Segment report Q2 2013

>> *TABLE 30*

in € million	LMH	STILL	Financial Services	Other	Consolidation / Reconciliation	Total
Revenue from external customers	676.7	378.5	83.0	11.1	–	1,149.3
Intersegment revenue	71.2	54.3	57.7	47.8	–231.0	–
Total revenue	747.9	432.8	140.7	58.9	–231.0	1,149.3
Earnings before taxes	**76.0**	**17.3**	**1.1**	**–67.8**	**0.4**	**27.1**
Financial income	1.8	0.4	13.2	0.3	–9.8	5.9
Financial expenses	–4.3	–8.0	–12.2	–55.4	9.6	–70.3
= Net financial expenses	–2.6	–7.6	1.1	–55.1	–0.2	–64.4
EBIT	**78.6**	**24.9**	**0.0**	**–12.7**	**0.7**	**91.5**
+ Non-recurring items	–1.2	2.6	0.0	7.1	–	8.5
+ KION acquisition items	6.2	1.5	0.0	0.0	–	7.7
Adjusted EBIT	**83.6**	**28.9**	**0.0**	**–5.5**	**0.7**	**107.6**
Profit from at-equity investments	0.4	0.8	3.5	0.0	–	4.6
Capital expenditures[1]	14.7	8.4	0.0	3.0	0.9	26.9
Depreciation[2]	21.0	9.1	0.0	4.0	1.1	35.3
Order intake	724.6	410.3	140.7	59.1	–229.8	1,104.8

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

Segment report Q1 – Q2 2014

>> TABLE 31

in € million	LMH	STILL	Financial Services	Other	Consolidation / Reconciliation	Total
Revenue from external customers	1,343.2	718.2	152.5	19.4	–	2,233.3
Intersegment revenue	133.5	159.7	124.8	95.5	–513.6	–
Total revenue	1,476.7	877.9	277.3	115.0	–513.6	2,233.3
Earnings before taxes	**130.8**	**32.0**	**2.6**	**–42.0**	**–35.5**	**88.0**
Financial income	8.8	1.0	28.1	6.3	–22.5	21.8
Financial expenses	–14.7	–17.0	–26.2	–66.4	21.9	–102.3
= Net financial expenses	–5.8	–16.0	1.9	–60.0	–0.5	–80.5
EBIT	**136.7**	**48.0**	**0.8**	**18.0**	**–35.0**	**168.5**
+ Non-recurring items	3.9	1.0	0.0	4.5	–	9.5
+ KION acquisition items	17.7	1.2	0.0	0.0	–	18.9
Adjusted EBIT	**158.3**	**50.3**	**0.8**	**22.5**	**–35.0**	**196.9**
Segment assets	4,758.7	2,145.7	1,286.6	724.4	–2,807.6	6,107.8
Segment liabilities	1,590.6	1,264.0	1,244.5	3,213.2	–2,788.0	4,524.2
Carrying amount of at-equity investments	121.3	4.4	17.5	0.0	–	143.2
Profit from at-equity investments	–1.4	1.1	2.7	0.0	–	2.4
Capital expenditures [1]	30.0	20.8	0.0	7.2	–	58.0
Depreciation [2]	43.1	19.7	0.0	8.5	–	71.3
Order intake	1,609.6	959.0	283.4	116.0	–544.0	2,424.0
Number of employees [3]	13,783	7,686	60	682	–	22,211

1 Capital expenditures including capitalised R&D costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excl. leased and rental assets
3 Number of employees in full-time equivalents as at balance sheet date; Allocation according to the contractual relationship

Segment report Q1 – Q2 2013 *>> TABLE 32*

in € million	LMH	STILL	Financial Services	Other	Consolidation / Reconciliation	Total
Revenue from external customers	1,323.5	730.3	157.4	23.2	–	2,234.4
Intersegment revenue	135.7	112.2	97.6	98.7	–444.2	–
Total revenue	1,459.2	842.5	255.0	122.0	–444.2	2,234.4
Earnings before taxes	**140.2**	**29.2**	**2.3**	**–105.7**	**–0.1**	**65.9**
Financial income	4.6	0.9	25.5	18.3	–19.6	29.6
Financial expenses	–10.4	–16.2	–23.4	–110.4	18.7	–141.7
= Net financial expenses	–5.8	–15.3	2.1	–92.1	–0.9	–112.0
EBIT	**146.0**	**44.5**	**0.2**	**–13.6**	**0.8**	**177.9**
+ Non-recurring items	1.2	3.5	0.0	2.5	–	7.2
+ KION acquisition items	12.3	2.8	0.0	0.2	–	15.3
Adjusted EBIT	**159.4**	**50.9**	**0.2**	**–10.9**	**0.8**	**200.4**
Segment assets	4,606.8	2,072.6	1,077.2	1,751.5	–2,527.2	6,981.0
Segment liabilities	1,430.0	1,164.9	1,039.3	4,281.0	–2,517.8	5,397.4
Carrying amount of at-equity investments	132.0	6.1	15.8	0.0	–	153.9
Profit from at-equity investments	–1.0	0.8	3.5	0.0	–	3.3
Capital expenditures [1]	29.2	15.4	0.0	5.7	1.7	52.0
Depreciation [2]	42.1	18.5	0.0	8.0	2.3	70.8
Order intake	1,453.2	857.0	255.0	122.2	–437.3	2,250.2
Number of employees [3]	13,243	7,521	56	713	–	21,533

1 Capital expenditures including capitalised R&D costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excl. leased and rental assets
3 Number of employees in full-time equivalents as at balance sheet date; Allocation according to the contractual relationship

The non-recurring items mainly comprise consultancy costs, as well as expenses in connection with severance payments, social plan costs and costs relating to the relocation of production and closure of production facilities. In addition, the purchase-price-related depreciation, amortisation and impairment (PPA) are eliminated from the non-operating profit (loss) of Linde Hydraulics reported in the profit (loss) from equity-accounted investments. Non-recurring items resulted in an overall net expense of €9.5 million in the first half of 2014 (H1 2013: net expense of €7.2 million).

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

Related party disclosures

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

The related parties that are solely or jointly controlled by the KION Group or over which significant influence can be exercised are included in the list of shareholdings as at 31 December 2013. In addition, Weichai Power Co. Ltd., Weifang, China, which indirectly holds 33.3 per cent of the shares in KION GROUP AG and is also the largest single shareholder, Superlift Holding S.a r.l., Luxembourg, which holds 26.9 per cent of the shares in KION GROUP AG, Kohlberg Kravis Roberts & Co L.P., New York, USA, and Goldman, Sachs & Co., New York, USA, are also related parties.

Weichai Power

In the first six months of 2014, the revenue from transactions with Weichai Power Co. Ltd., Weifang, China and its subsidiaries (referred to below as Weichai Power), which resulted from the sale of goods and a plot of land, amounted to €3.8 million, all of which was generated in the second quarter.

In addition, Weichai Power indirectly has a controlling interest (70.0 per cent) in Linde Hydraulics GmbH & Co. KG, Aschaffenburg (referred to below as Linde Hydraulics). The remaining shares (30.0 per cent) in Linde Hydraulics are held by the KION Group. During the first six months of 2014, the KION Group earned revenue of €10.1 million from selling goods and services to Linde Hydraulics and its subsidiaries (H1 2013: €8.2 million). Of this amount, €5.2 million relates to the second quarter of 2014 (Q2 2013: €3.9 million). Over the same period, entities in the KION Group obtained goods and services from Linde Hydraulics and its subsidiaries amounting to €54.6 million (H1 2013: €62.8 million). Of this amount, €24.5 million relates to the second quarter of 2014 (Q2 2013: €27.5 million). The receivables arising from the sale of goods and services stood at €3.0 million as at 30 June 2014 (31 December 2013: €6.0 million). No valuation allowances for trade receivables had been recognised as at the reporting date, a situation that was unchanged on 31 December 2013. As at 30 June 2014, liabilities to Linde Hydraulics and its subsidiaries resulting from the purchase of goods and services came to €3.5 million (31 December 2013: €2.7 million).

Superlift Holding

KION GROUP AG, KKR and Goldman, Sachs & Co. concluded a new global advisory agreement on 7 June 2013, which stipulates a fixed annual fee of €125,000 each. Under the agreement, KKR and Goldman, Sachs & Co. will continue to provide limited advisory services for the KION Group after its IPO in the event that the KION Group decides it wishes to draw on this expertise. In the first half of 2014, a total of €0.1 million was recognised as an expense. Of this amount, €0.1 million relates to the second quarter of 2014. A pro-rata amount of €2.4 million (Q2 2013: €1.2 million) had been recognised as an expense in the first half of 2013 under the old advisory agreement.

Material events after the reporting date

During the period between the reporting date of these interim financial statements and 1 August 2014, there were no events or developments that would have led to a material change in the recognition or measurement of the individual assets and liabilities reported as at 30 June 2014 or that it would be necessary to disclose.

Wiesbaden, 1 August 2014

The Executive Board

Gordon Riske

Bert-Jan Knoef

Theodor Maurer

Ching Pong Quek

Dr Thomas Toepfer

Review report

To the KION GROUP AG, Wiesbaden

We have reviewed the condensed interim consolidated financial statements of the KION GROUP AG, Wiesbaden, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and selected explanatory notes, together with the interim group management report of the the KION GROUP AG, Wiesbaden, for the period from 1 January to 30 June 2014, that are part of the semi annual financial report pursuant to § 37 WpHG (German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main / Germany, 1 August 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Crampton)	(Gräbner-Vogel)
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the condensed consolidated interim financial statements give a true and fair view of the financial position and financial performance of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Wiesbaden, 1 August 2014

The Executive Board

Gordon Riske

Bert-Jan Knoef

Theodor Maurer

Ching Pong Quek

Dr Thomas Toepfer

Quarterly information

Quarterly information >> TABLE 33

in € million	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Order intake	1,227.9	1,196.1	1,192.5	1,046.4	1,104.8	1,145.3
Revenue	1,144.4	1,088.9	1,177.8	1,082.3	1,149.3	1,085.2
EBIT	91.5	77.0	107.4	88.8	91.5	86.4
Adjusted EBIT	109.5	87.4	115.6	100.5	107.6	92.8
Adjusted EBIT margin	9.6%	8.0%	9.8%	9.3%	9.4%	8.5%
Adjusted EBITDA	193.5	171.2	194.2	175.9	183.5	167.9
Adjusted EBITDA margin	16.9%	15.7%	16.5%	16.3%	16.0%	15.5%

DISCLAIMER

Forward-looking statements

This interim report contains forward-looking statements that relate to the current plans, objectives, forecasts and estimates of the management of KION GROUP AG. These statements only take into account information that was available up to and including the date that this interim report was prepared. The management of KION GROUP AG makes no guarantee that these forward-looking statements will prove to be right. The future development of the KION GROUP AG and its subsidiaries and the results that are actually achieved are subject to a variety of risks and uncertainties which could cause actual events or results to differ significantly from those reflected in the forward-looking statements. Many of these factors are beyond the control of KION GROUP AG and its subsidiaries and therefore cannot be precisely predicted. Such factors include, but are not limited to, changes in economic conditions and the competitive situation, changes in the law, interest rate or exchange rate fluctuations, legal disputes and investigations, and the availability of funds. These and other risks and uncertainties are set forth in the 2013 group management report and in this interim group management report. However, other factors could also have an adverse effect on our business performance and results. KION GROUP AG neither intends to nor assumes any separate obligation to update forward-looking statements or to change these to reflect events or developments that occur after the publication of this interim report.

Rounding

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

FINANCIAL CALENDAR

5 November 2014
Interim report for the period ended 30 September 2014

19 March 2015
Financial statements press conference
Publication of 2014 annual report

7 May 2015
Interim report for the period ended 31 March 2015

12 May 2015
Annual General Meeting

Subject to change without notice

CONTACT INFORMATION

Contacts for the media

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

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

Contacts for investors

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

Dr Karoline Jung-Senssfelder
Head of Investor Relations and M&A
Phone: +49 (0) 611.770-450
karoline.jung-senssfelder@kiongroup.com

Securities identification numbers
ISIN: DE000KGX8881
WKN: KGX888

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

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

Publisher

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

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