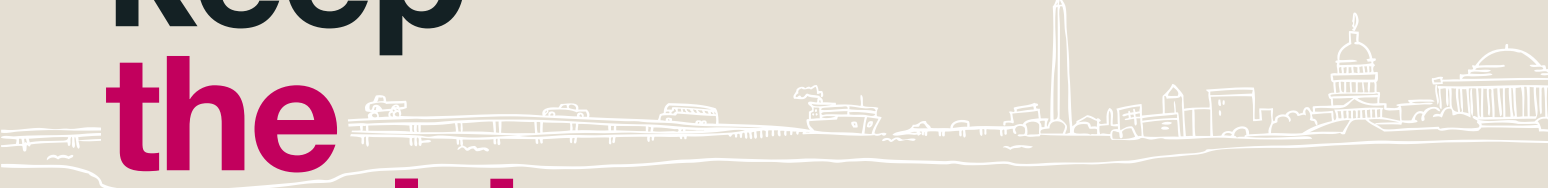
KION GROUP

Q2

INTERIM REPORT 2015

We keep the world moving.



Key figures

KION Group overview

in € million	Q2 2015	Q2 2014	Change	Q1 – Q2 2015	Q1 – Q2 2014	Change
Order intake [1]	1,317.3	1,204.8	9.3%	2,565.2	2,371.6	8.2%
Revenue	1,256.0	1,144.4	9.8%	2,420.8	2,233.3	8.4%
Order book [1,2]				927.6	764.1	21.4%
Financial performance						
EBITDA	196.9	181.7	8.3%	374.5	348.3	7.5%
Adjusted EBITDA [3]	206.6	193.5	6.7%	388.0	364.8	6.4%
Adjusted EBITDA margin [3]	16.4%	16.9%	–	16.0%	16.3%	–
EBIT	99.4	91.5	8.6%	181.5	168.5	7.7%
Adjusted EBIT [3]	116.4	109.5	6.3%	209.8	196.9	6.6%
Adjusted EBIT margin [3]	9.3%	9.6%	–	8.7%	8.8%	–
Net income for the period	52.5	32.8	60.0%	94.3	60.6	55.7%
Financial position [2]						
Total assets				6,438.9	6,128.5	5.1%
Equity				1,753.2	1,647.1	6.4%
Net financial debt				876.5	810.7	8.1%
Cash flow						
Free cash flow [4]	28.8	42.1	–31.6%	9.2	19.8	–53.4%
Capital expenditure [5]	32.4	30.8	5.3%	59.8	58.0	3.1%
Employees [6]				**22,963**	**22,669**	**1.3%**

1 Prior-year figures restated to reflect the change in the order intake calculation introduced in 2015
2 Figure as at 30/06/2015 compared with 31/12/2014
3 Adjusted for KION acquisition items and non-recurring items
4 Free cash flow is defined as cash flow from operating activities plus cash flow from investing activities
5 Capital expenditure including capitalised development costs, excluding leased and rental assets
6 Number of employees (full-time equivalents) as at 30/06/2015 compared with 31/12/2014

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 minor rounding differences. 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
2015

We keep **the world** moving.

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

Linde and STILL serve the premium segment worldwide, while Baoli focuses on the economy segment. Fenwick is the material-handling market leader in France. OM STILL is a market leader in Italy and Voltas is one of the two market leaders in India.

Building on these strong foundations, the KION Group and its almost 23,000 employees generated revenue of €4.7 billion in 2014.

REGISTER FOR OUR NEWSLETTER

kiongroup.com/newsletter

INVESTOR RELATIONS

kiongroup.com/ir

KION GROUP WEBSITE

kiongroup.com

Highlights of the second quarter of 2015

Momentum in western Europe and China continues in the second quarter

- Total value of order intake climbs by more than 9 per cent
- The KION Group outpaces the global market in terms of unit sales thanks to the buoyancy of western Europe and China
- Order book increases by over 21 per cent
- Revenue for the quarter rises by almost 10 per cent year on year
- Profitability remains at a high level

KION shares continue to rise, bucking the market trend

- Between April and June, KION shares continue to gain despite a downward trend on German and European stock markets
- Share price reaches a record high in the second quarter
- KION shares have been included in the STOXX Europe 600 since June
- Credit ratings from Standard & Poor's and Moody's improve again

Contents

KION shares

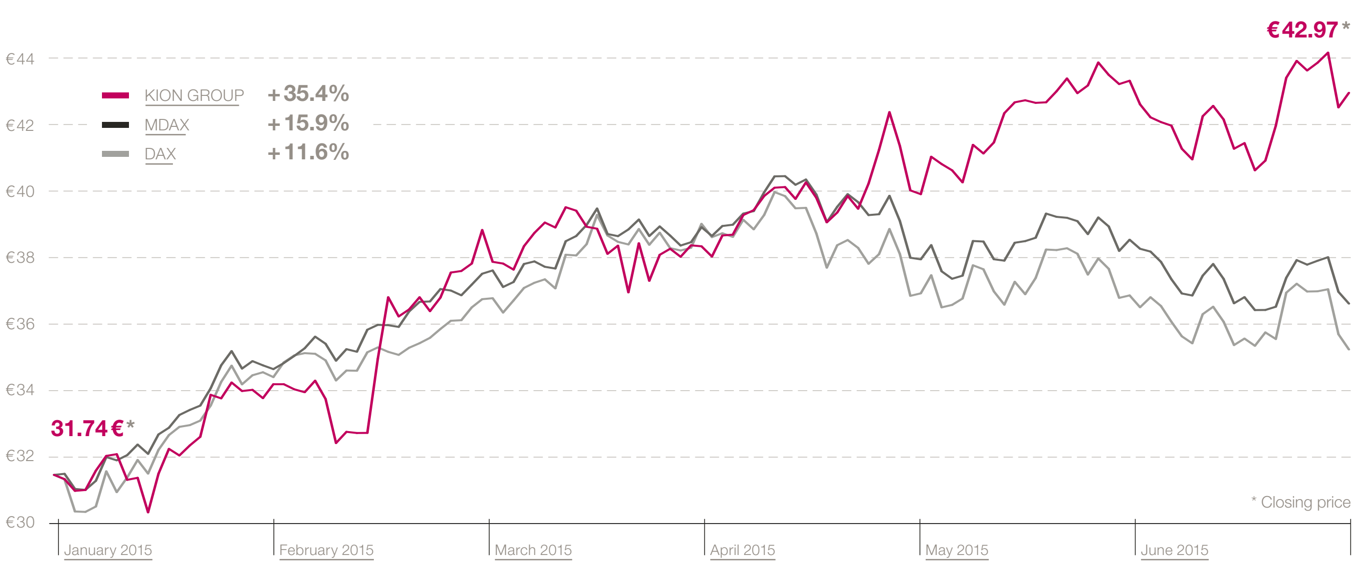
Share performance

In the second quarter, KION shares bucked the downward trend on German and European stock markets and continued to climb, closing at €42.97 on 30 June 2015. This represented an increase of 35.4 per cent compared with the 2014 year-end closing price of €31.74. The shares therefore performed significantly better than the MDAX, which went up by 15.9 per cent. They outperformed the DAX (up by 11.6 per cent) to an even greater extent. Having fallen to their low for the year so far of €30.64 on 14 January 2015, the shares reached a record high of €44.15 on 26 June 2015. Besides the encouraging results for the first quarter, another contributing factor to this increase was the inclusion of KION shares in the STOXX Europe 600, a move that was completed on 22 June 2015. As at 30 June 2015, market capitalisation stood at €4.2 billion, of which €2.6 billion was accounted for by shares in free float. The average daily Xetra trading volume during the first half of the year was 205.2 thousand shares or €7.9 million. > DIAGRAM 01

Shareholder structure

Following the placement by Superlift Holding S.à r.l. (Superlift Holding), through which The Goldman Sachs Group Inc. (Goldman Sachs) and Kohlberg Kravis Roberts & Co. L.P. (KKR) held their shares in KION, of its remaining KION shares in the first quarter, there were no major

Share price performance from 30 December 2014 to 30 June 2015 DIAGRAM 01



changes to the shareholder structure in the second quarter. Weichai Power Co. Ltd. continued to hold a stake of 38.3 per cent in KION as at 30 June 2015; the free float was unchanged at 61.5 per cent. KION GROUP AG itself still holds 0.2 per cent in order to service its employee share programme. > DIAGRAM 02

Dividend and 2015 Annual General Meeting

At the Annual General Meeting of KION GROUP AG on 12 May 2015, at which those in attendance represented 80.4 per cent of the share capital, all motions put forward were accepted by a large majority, including the resolution to distribute a dividend of €0.55 per share. The total dividend payout of €54.3 million was equivalent to a dividend payout rate of approximately 31 per cent of net income. Over the coming years, the plan is to gradually increase this dividend payout rate to around 35 per cent. Other items on the meeting's agenda were the election of two Supervisory Board members and a control agreement between the KION Group and its subsidiary proplan Transport- und Lagersysteme GmbH.

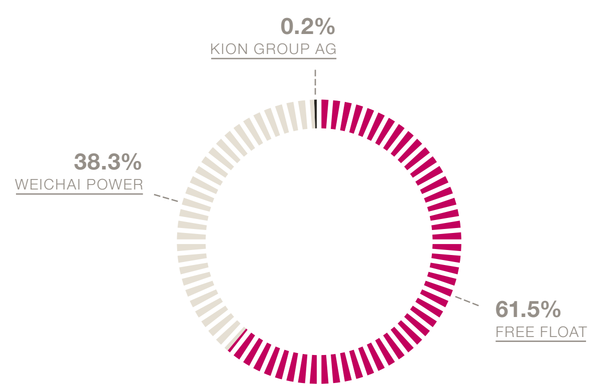
The speeches of the Chief Executive Officer and the chairman of the Supervisory Board were broadcast live at kiongroup.com/agm. A webcast of the Chief Executive Officer's speech is available on the Company's website.

Investor relations

The Annual General Meeting, which was attended by some 120 shareholders, was also the main area of investor relations activity. In addition, the Group gave presentations at investor conferences and roadshows and held numerous dedicated meetings with analysts and institutional investors.

Sixteen brokerage houses publish regular studies about KION shares. As at 30 June 2015, twelve analysts recommended KION shares as a buy and four rated them as neutral. The median target price specified for the shares was €45.00. > TABLE 01

Shareholder structure as at 30 June 2015 DIAGRAM 02



Corporate bond and credit rating

The fixed-rate (6.75 per cent) tranche of the bond issued in February 2013, which has a volume of €450.0 million, remains a key part of the Company's funding structure. This bond is due to mature in 2020 and becomes redeemable in February 2016. There were further improvements to KION's credit rating in April 2015. Rating agency Standard & Poor's now rates the KION Group as BB+ with a stable outlook, while the rating from Moody's is Ba2 with a positive outlook.

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 membership	MDAX, STOXX Europe 600, MSCI Germany Small Cap
Stock exchange symbol	KGX
ISIN	DE000KGX8881
WKN	KGX888
Bloomberg / Reuters	KGX GR / KGX.DE
Closing price as at 30/06/2015	€42.97
Performance since beginning of 2015	35.4%
Market capitalisation as at 30/06/2015	€4,249.7 million
Free float	61.5%
Earnings per share*	€0.94

* For the reporting period 01/01/ - 30/06/2015

Interim group management report

FUNDAMENTALS OF THE KION GROUP

Management and control

At the Annual General Meeting on 12 May 2015, Birgit Behrendt and Xu Ping were elected as new members of the Supervisory Board for the period up to the 2017 Annual General Meeting. They had both been temporarily appointed to the Supervisory Board with effect from 1 January 2015 following the departure of Silke Scheiber and Dr Martin Hintze from the Supervisory Board on 31 December 2014. At its meeting on 25 June 2015, the Company's Supervisory Board appointed Dr Eike Böhm as a further ordinary member of the Executive Board of KION GROUP AG with effect from 1 August 2015. Dr Böhm will take on the new role of Chief Technology Officer (CTO) with groupwide responsibility for research and development (R&D), quality and purchasing. Wolfgang Faden has been a shareholder representative on the Supervisory Board of KION GROUP AG since 1 August 2015. Johannes Huth stepped down from the Supervisory Board with effect from 31 July 2015. There were no other changes to the membership of the Executive Board and Supervisory Board in the second quarter.

Strategy of the KION Group

With its Strategy 2020, the KION Group aims to close the gap with its biggest competitor in terms of size and market penetration and, at the same time, to further strengthen its position as the most profitable supplier in the material handling industry. To entrench this position, the KION Group aims to improve its EBIT margin so that it is permanently in the double-digit range – a target that remains unchanged in communications since the IPO. In addition, yet more efficient use of capital should help the KION Group to remain highly profitable, even in the event of any future economic crises. To this end, the KION Group is building on its successful multi-brand approach underpinned by a comprehensive modular and platform strategy, strengthening its presence in key growth markets, such as China and the United States, and expanding its already very robust service business.

The KION Group continued to forge ahead with this strategy in the reporting period; including in May agreeing to acquire Egemin Automation, a specialist in logistics automation. This new, seventh brand for the KION Group will add an even more comprehensive range of automated logistics solutions to the Group's portfolio. Such solutions are set to become hugely important with the arrival of Industry 4.0. From a technological perspective, the KION Group significantly improved its position as a result of enhancements to lithium-ion batteries, the development of new truck models based on Linde's and Baoli's global platforms and an alliance between Linde and French robotics specialist Balyo. At the same time, the KION Group's investment in its core Linde and STILL plants in Aschaffenburg and Hamburg and the construction of a new factory in the Czech Republic are generating lasting increases in efficiency and competitiveness.

Further details on the Strategy 2020 can be found in the 2014 group management report. The company profile and description of the management system in that report also continue to apply without change.

The segments and their products and services

The subsidiary KION India (formerly Voltas Material Handling Pvt. Ltd.) was integrated into the LMH segment with effect from 1 January 2015. Previously the entity was in the Other segment. This segment now comprises only holding companies and service companies that provide cross-segment services such as IT and logistics.

REPORT ON THE ECONOMIC POSITION

Macroeconomic and sector-specific conditions

MACROECONOMIC CONDITIONS

In the second quarter, national economies – particularly those of developed countries – again benefited from a low oil price and expansionary monetary policy. By contrast, growth continued to falter in emerging markets.

Despite the uncertainties created by the Greek crisis, the eurozone maintained its recovery in the first half of 2015. This was due, above all, to increasing domestic consumption and growth in exports on the back of a weak euro. Having begun the year cautiously, the United States thereafter maintained a stable upward trend.

The economies of the major emerging markets are continuing to lose momentum. Although China is benefiting from lower energy prices, it is battling with the fallout from overheating in the housing market and a sharp increase in debt. Russia, which depends heavily on oil and gas production and is struggling with the consequences of the Ukrainian crisis, is in recession. Brazil is also at risk of slipping into recession owing to falling commodity prices and political uncertainty.

SECTORAL CONDITIONS

Sales markets

Growth slowed slightly in the global market for industrial trucks during the second quarter. The total number of trucks ordered in all product categories and regions advanced by 3.4 per cent.

The number of trucks ordered in western Europe rose by 12.7 per cent in the first half of the year. Although second-quarter growth (8.6 per cent) was down on first-quarter growth (16.9 per cent), as had been the case in 2014, it was still at a high level. Italy and Spain, in particular, continued to benefit from pent-up demand. Germany, which is the largest individual market, fell slightly short of the average for western Europe in the first half of the year, as did France. The UK market was slightly higher than the average.

Orders in eastern Europe declined by 14.0 per cent as a result of the 51.4 per cent slump in the Russian market. Excluding Russia, eastern Europe saw substantial growth due, above all, to strong performances in Poland and the Czech Republic.

The markets in North and South America expanded by a total of 8.1 per cent year on year. The main contributor was the US market, which registered growth of 11.2 per cent. Brazil, the largest individual market in South America, contracted by 37.4 per cent.

Orders in China were down by 10.2 per cent compared with the first half of the previous year. The other Asian countries achieved significant growth overall.

In terms of product areas, demand for electric forklift trucks (up by 8.8 per cent) rose significantly in the first half of 2015, whereas orders for diesel trucks (down by 6.4 per cent) were lower year on year owing to the decline in China. The fastest rate of growth was generated by warehouse trucks, which climbed by 13.0 per cent in the second quarter. This represented a continuation of the trend from the first three months of the year. > TABLE 02

Global industrial truck market (order intake) TABLE 02

in thousand units	Q2 2015	Q2 2014	Change	Q1 – Q2 2015	Q1 – Q2 2014	Change
Western Europe	80.3	74.0	8.6%	167.6	148.6	12.7%
Eastern Europe	12.4	15.0	–17.3%	24.9	28.9	–14.0%
North America	60.4	53.0	14.0%	117.6	105.6	11.4%
Central & South America	10.6	12.4	–14.9%	21.6	23.2	–6.7%
Asia (excl. Japan)	95.0	97.9	–2.9%	180.0	189.4	–5.0%
Rest of world	33.7	32.2	4.5%	63.7	60.5	5.3%
World	**292.4**	**284.4**	**2.8%**	**575.4**	**556.3**	**3.4%**

Source: WITS/FEM

Procurement markets and conditions in the financial markets

Overall, commodity prices were far lower in the first half of 2015 than in the same period of the previous year. The price of steel, the most important raw material for KION, remained at a low level as a result of the muted economic growth. Copper prices rose slightly during the first half of 2015. Despite a recovery in the first six months, crude oil prices were significantly lower than they had been a year earlier.

There was considerable volatility in the currency markets in the first half of the year, although the main trends remained intact. The weaker euro had a positive impact on the export business in the first half of 2015. Against the Chinese renminbi, the euro was approximately 18 per cent lower on average than in the first half of 2014. The pound sterling appreciated by 11 per cent on average, whereas the Brazilian real depreciated by roughly 5 per cent despite the weak euro.

Business performance

The KION Group strengthened its market position in the first half of the year by making strategic acquisitions.

On 7 May 2015, the KION Group signed an agreement with Belgian automation specialist Egemin NV to purchase its logistics automation division. Egemin Automation will be managed as the seventh brand in the KION Group and is to work closely with STILL in Europe. The division offers made-to-measure solutions for automation in warehouses, distribution centres and factories. In 2014, Egemin employed over 300 highly specialised workers and generated revenue of roughly €76 million.

Back in February, Linde Material Handling (LMH) had formed a strategic partnership with robotics specialist Balyo in order to step up its activities in the field of robot-controlled industrial trucks. LMH also acquired a 10 per cent stake in Balyo. This move is a response to the growing demand for automated industrial trucks.

Financial position and financial performance

OVERALL ASSESSMENT OF THE ECONOMIC SITUATION

In the first six months of 2015, the KION Group was able to maintain its growth at the prior-year level. The operating segments increased their revenue and order intake in the second quarter, thereby outstripping growth in the overall global market. The strength of business in western Europe and Asia was the main driver. There were also further positive currency effects, although they were largely negated in EBIT due to a countervailing cost effect.

Adjusted EBIT advanced by 6.6 per cent compared with the first half of 2014, although this was slightly below the improvement in revenue of 8.4 per cent. Expenses of €6.5 million for a payment to a former dealer in France following a court ruling meant that the adjusted EBIT margin remained on a par with the prior-year period. The improved level of net financial expenses achieved by optimising the funding provided an extra boost. Earnings per share came to €0.94, which was considerably higher than the figure for the first half of last year of €0.60.

Level of orders

Order intake rose by 8.2 per cent or €193.6 million to €2,565.2 million in the first half of 2015. Both operating segments saw their order intake climb year on year. Currency effects contributed €78.2 million to the increase.

The number of trucks ordered increased to 85.4 thousand trucks, which was 6.9 per cent higher than in the first half of 2014. The KION Group therefore outperformed the global market as a whole and expanded its market share. In western Europe, the KION Group grew at a slightly faster pace than the overall market in the second quarter, but over the six-month period as a whole its growth of 10.6 per cent was a little below that of the market. Business in Russia declined, mirroring the level of market demand, although the KION Group was able to derive greater benefit from good growth in other eastern European markets. The KION Group bucked the market trend in China by generating growth.

The number of trucks ordered in Brazil continued to fall, reflecting conditions in that market.

The total value of the order book amounted to €927.6 million, a substantial increase of 21.4 per cent on the value at the end of last year (31 December 2014: €764.1 million).

Revenue

The 8.4 per cent increase in revenue to €2,420.8 million (H1 2014: €2,233.3 million) was attributable to both new truck business and service business. There were also positive currency effects of €72.8 million.

Revenue from new truck business climbed to €1,317.0 million, compared with €1,191.4 million in the first half of 2014. Electric forklift trucks and warehouse trucks registered particularly sharp year-on-year increases. Revenue from the service business advanced by 5.9 per cent to reach €1,103.7 million (H1 2014: €1,041.9 million). This growth was attributable in part to a greater volume of servicing and maintenance work under service agreements. There was also a marked increase in short-term rental business compared with the first half of 2014. Overall, the service business generated 45.6 per cent of the KION Group's total revenue (H1 2014: 46.7 per cent). > TABLE 03

Broken down by region, the increase in revenue was predominantly attributable to the European sales markets. China also helped to push up revenue. By contrast, revenue in South America decreased slightly. The growth markets outside western Europe together accounted for 25.1 per cent of consolidated revenue (H1 2014: 23.6 per cent). The proportion generated outside Germany came to 75.4 per cent (H1 2014: 74.1 per cent). > TABLE 04

Revenue by product category — TABLE 03

in € million	Q2 2015	Q2 2014	Change	Q1–Q2 2015	Q1–Q2 2014	Change
New business	695.0	613.7	13.2%	1,317.0	1,191.4	10.5%
Service business	561.0	530.7	5.7%	1,103.7	1,041.9	5.9%
- Aftersales	331.8	303.7	9.3%	657.7	608.4	8.1%
- Rental business	129.5	120.5	7.5%	256.5	236.9	8.2%
- Used trucks	66.6	68.6	–3.0%	128.0	132.6	–3.5%
- Other	33.2	37.9	–12.5%	61.6	64.0	–3.8%
Total revenue	**1,256.0**	**1,144.4**	**9.8%**	**2,420.8**	**2,233.3**	**8.4%**

Revenue by customer location — TABLE 04

in € million	Q2 2015	Q2 2014	Change	Q1–Q2 2015	Q1–Q2 2014	Change
Western Europe	910.2	832.8	9.3%	1,763.4	1,649.1	6.9%
Eastern Europe	100.7	97.3	3.5%	195.2	179.3	8.8%
Americas	71.4	61.7	15.6%	130.5	116.9	11.6%
Asia	133.9	112.5	19.0%	258.1	212.8	21.3%
Rest of world	39.8	40.0	–0.5%	73.6	75.2	–2.2%
Total revenue	**1,256.0**	**1,144.4**	**9.8%**	**2,420.8**	**2,233.3**	**8.4%**

Earnings

EBIT and EBITDA

Earnings before interest and tax (EBIT) increased by 7.7 per cent year on year to reach €181.5 million (H1 2014: €168.5 million). Although gross profit was up considerably, there were also increases in selling expenses, administrative expenses and development costs. Non-recurring items led to expenses of €14.6 million in the first six months (H1 2014: €9.5 million). Adjusted EBIT excluding non-recurring items and KION acquisition items amounted to €209.8 million (H1 2014: €196.9 million). The adjusted EBIT margin was 8.7 per cent, compared with 8.8 per cent in the first six months of 2014. Adjusted EBIT included expenses of €6.5 million in the second quarter, following a court ruling for a payment to a former dealer in France. Without this effect, the adjusted EBIT margin for the first half of 2015 would have been 8.9 per cent. > TABLE 05

Earnings before interest, tax, depreciation and amortisation (EBITDA) reached €374.5 million, compared with €348.3 million in the prior-year period. Adjusted EBITDA rose to €388.0 million (H1 2014: €364.8 million). This equates to an adjusted EBITDA margin of 16.0 per cent (H1 2014: 16.3 per cent). > TABLE 06

EBIT TABLE 05

in € million	Q2 2015	Q2 2014	Change	Q1 – Q2 2015	Q1 – Q2 2014	Change
Net income for the period	52.5	32.8	60.0%	94.3	60.6	55.7%
Income taxes	–24.3	–8.5	<–100%	–43.9	–27.4	–60.2%
Net financial expenses	–22.6	–50.3	55.0%	–43.3	–80.5	46.3%
EBIT	**99.4**	**91.5**	**8.6%**	**181.5**	**168.5**	**7.7%**
+ Non-recurring items	10.2	4.9	>100%	14.6	9.5	54.2%
+ KION acquisition items	6.9	13.0	–47.2%	13.7	18.9	–27.5%
Adjusted EBIT	**116.4**	**109.5**	**6.3%**	**209.8**	**196.9**	**6.6%**
Adjusted EBIT margin	9.3%	9.6%	–	8.7%	8.8%	–

EBITDA TABLE 06

in € million	Q2 2015	Q2 2014	Change	Q1 – Q2 2015	Q1 – Q2 2014	Change
EBIT	99.4	91.5	8.6%	181.5	168.5	7.7%
Amortisation and depreciation	97.5	90.2	8.1%	193.0	179.7	7.4%
EBITDA	**196.9**	**181.7**	**8.3%**	**374.5**	**348.3**	**7.5%**
+ Non-recurring items	9.6	4.4	>100%	13.4	9.1	47.2%
+ KION acquisition items	0.1	7.4	–99.3%	0.1	7.4	–99.3%
Adjusted EBITDA	**206.6**	**193.5**	**6.7%**	**388.0**	**364.8**	**6.4%**
Adjusted EBITDA margin	16.4%	16.9%	–	16.0%	16.3%	–

Key influencing factors for earnings

The cost of sales increased by 7.7 per cent to €1,712.7 million (H1 2014: €1,589.6 million), slightly below the rate of growth in revenue. A fall in commodity prices and an improvement in the product mix had a positive impact on the gross margin. Gross profit totalled €708.1 million (H1 2014: €643.7 million). Selling expenses grew by 4.3 per cent to €294.7 million (H1 2014: €282.7 million), which was also slightly below the rate of increase in revenue. Development costs amounted to €70.7 million, a significant year-on-year increase (H1 2014: €58.2 million) that reflected expenses such as those for the Strategy 2020, innovations in drive technology and the implementation of global platform strategies. Administrative expenses were significantly higher in the first half of 2015 at €178.1 million (H1 2014: €155.8 million), also due to costs incurred in connection with the implementation of the Strategy 2020.

Currency effects and changes to collective bargaining agreements contributed to the rise in functional costs. The ‘Other’ item was lower than in the first six months of 2014 at €16.9 million (H1 2014: €21.4 million). This decrease was mainly due to expenses for a payment to a former dealer following a court ruling. The share of profit (loss) from equity-accounted investments, which are included in the ‘Other’ item, amounted to a profit of €6.4 million in total (H1 2014: profit of €2.4 million) despite the pro-rata loss from Linde Hydraulics. > TABLE 07

Net financial expenses

There was a substantial improvement in the balance of financial income and financial expenses, leading to net financial expenses of €43.3 million (H1 2014: €80.5 million). This encouraging decrease, which was a significant factor in the rise in earnings before tax, was the result of an optimised funding structure following the early redemption of two tranches of the corporate bonds in the second quarter of 2014.

Income taxes

Income tax expenses amounted to €43.9 million (H1 2014: €27.4 million). The €42.4 million increase in current income taxes to €67.6 million was largely due to the improved level of earnings. The tax rate was 31.7 per cent, which was slightly above the level of the previous year (H1 2014: 31.1 per cent).

(Condensed) income statement — TABLE 07

in € million	Q2 2015	Q2 2014	Change	Q1 – Q2 2015	Q1 – Q2 2014	Change
Revenue	1,256.0	1,144.4	9.8%	2,420.8	2,233.3	8.4%
Cost of sales	–889.2	–813.1	–9.4%	–1,712.7	–1,589.6	–7.7%
Gross profit	**366.8**	**331.3**	**10.7%**	**708.1**	**643.7**	**10.0%**
Selling expenses	–146.2	–143.5	–1.9%	–294.7	–282.7	–4.3%
Research and development costs	–36.7	–28.7	–27.7%	–70.7	–58.2	–21.5%
Administrative expenses	–93.7	–81.4	–15.2%	–178.1	–155.8	–14.3%
Other	9.2	13.8	–33.5%	16.9	21.4	–21.2%
Earnings before interest and taxes (EBIT)	**99.4**	**91.5**	**8.6%**	**181.5**	**168.5**	**7.7%**
Net financial expenses	–22.6	–50.3	55.0%	–43.3	–80.5	46.3%
Earnings before taxes	**76.8**	**41.3**	**86.1%**	**138.2**	**88.0**	**57.1%**
Income taxes	–24.3	–8.5	<–100%	–43.9	–27.4	–60.2%
Net income for the period	**52.5**	**32.8**	**60.0%**	**94.3**	**60.6**	**55.7%**

Net income for the period

Net income after taxes came to €94.3 million, which was up by a substantial 55.7 per cent compared with the prior-year figure (H1 2014: €60.6 million). Diluted and basic earnings per share for the reporting period rose to €0.94 (H1 2014: €0.60).

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE SEGMENTS

Linde Material Handling segment

Order intake in the Linde Material Handling (LMH) segment amounted to €1,760.9 million in the first half of 2015, an increase of 13.1 per cent. Only €15.3 million of this rise was attributable to KION India, which has been part of the LMH segment since the start of the year. LMH registered increasing order numbers in Asia and western Europe, especially in the second quarter. Positive currency effects also helped to boost the volume of orders.

Segment revenue, which also contained positive currency effects, advanced by 11.8 per cent compared with the first six months of 2014, reaching €1,650.3 million (H1 2014: €1,476.7 million). The main factor in this rise was the strength of new truck business, which was bolstered by all product groups. There was also growth in the service business, particularly after-sales and rental business.

Adjusted EBIT amounted to €172.1 million, which was far higher than the figure for the first six months of last year (H1 2014: €158.3 million) owing to the increase in volume. The adjusted EBIT margin was 10.4 per cent (H1 2014: 10.7 per cent). Excluding the expenses for a former dealer following a court ruling, the segment's adjusted EBIT margin would have been 10.8 per cent. > TABLE 08

Key figures – LMH – TABLE 08

in € million	Q2 2015	Q2 2014	Change	Q1 – Q2 2015	Q1 – Q2 2014	Change
Order intake*	917.0	790.5	16.0%	1,760.9	1,557.2	13.1%
Revenue	862.9	755.8	14.2%	1,650.3	1,476.7	11.8%
EBITDA	131.6	114.5	15.0%	246.2	227.1	8.4%
Adjusted EBITDA	133.1	122.2	8.9%	248.9	237.4	4.8%
EBIT	87.1	69.7	24.9%	157.7	136.7	15.4%
Adjusted EBIT	94.3	82.9	13.7%	172.1	158.3	8.7%
Adjusted EBITDA margin	15.4%	16.2%	–	15.1%	16.1%	–
Adjusted EBIT margin	10.9%	11.0%	–	10.4%	10.7%	–

* Prior-year figures restated to reflect the change in the order intake calculation introduced in 2015

STILL segment

Order intake in the STILL segment went up by 3.5 per cent to €992.6 million (H1 2014: €959.0 million). Whereas Germany, Italy, the United Kingdom and Turkey generated significant growth in new truck business, orders fell in Brazil and Russia.

Segment revenue advanced by 7.7 per cent to €945.6 million (H1 2014: €877.9 million) due to increases in Europe, predominantly in the new truck business. There was also growth in the service & rental truck business. The segment's adjusted EBIT rose by 11.1 per cent compared with the first six months of the previous year, reaching €55.9 million (H1 2014: €50.3 million). The adjusted EBIT margin stood at 5.9 per cent, slightly higher than the margin of 5.7 per cent in the first half of 2014. > TABLE 09

Key figures – STILL – TABLE 09

in € million	Q2 2015	Q2 2014	Change	Q1 – Q2 2015	Q1 – Q2 2014	Change
Order intake	493.0	487.3	1.2%	992.6	959.0	3.5%
Revenue	484.1	445.6	8.6%	945.6	877.9	7.7%
EBITDA	59.5	50.6	17.6%	111.5	99.9	11.6%
Adjusted EBITDA	60.1	51.1	17.7%	112.1	101.6	10.3%
EBIT	29.5	25.0	17.9%	52.1	48.0	8.5%
Adjusted EBIT	31.7	26.1	21.4%	55.9	50.3	11.1%
Adjusted EBITDA margin	12.4%	11.5%	–	11.9%	11.6%	–
Adjusted EBIT margin	6.5%	5.9%	–	5.9%	5.7%	–

Financial Services segment

The Financial Services (FS) segment is the central financing partner for end-customer leasing and short-term rental fleet financing for the LMH and STILL brand segments. It benefited from further growth in demand for financing solutions in the first half of this year. Long-term leasing business with external end customers amounted to €184.5 million, compared with €152.5 million in the corresponding prior-year period. Financing for short-term rental business also achieved significant growth. The LMH and STILL brand segments manage this business, which is recognised as intra-group revenue. External leasing business with end customers continued to be concentrated in western Europe. At €1,466.3 million, the FS segment's assets were higher than at the end of last year (31 December 2014: €1,361.3 million) and up significantly year on year (30 June 2014: €1,286.6 million).

Net financial income in the form of net interest income is a key element of the segment's earnings and amounted to €2.9 million (H1 2014: €1.9 million). Earnings before tax came to €2.7 million, which was comparable to the figure of €2.6 million for the first half of 2014. As at 30 June 2015, the FS segment had intra-group lease receivables of €516.0 million from the LMH and STILL brand segments relating to the intra-group financing of the short-term rental fleet (31 December 2014: €473.0 million; 30 June 2014: €468.4 million).

The funding of intra-group long-term leases (finance leases) with LMH and STILL resulted in lease liabilities of €377.5 million (31 December 2014: €334.5 million; 30 June 2014: €331.8 million). Net financial debt amounted to €174.1 million at the end of the second quarter (31 December 2014: €155.1 million; 30 June 2014: €155.2 million). The return on equity (ROE) of 13.2 per cent was slightly above the level at the end of last year (31 December 2014: 13.0 per cent). > TABLE 10

Key figures – Financial Services – TABLE 10

in € million	Q2 2015	Q2 2014	Change	Q1 – Q2 2015	Q1 – Q2 2014	Change
Revenue	182.1	138.3	31.6%	329.4	277.3	18.8%
Adjusted EBITDA	22.1	20.2	9.1%	43.8	38.5	13.8%
Adjusted EBIT	–0.1	0.2	<–100 %	–0.2	0.8	<–100 %
Earnings before taxes (EBT)	1.3	1.3	2.2%	2.7	2.6	2.4%
Total segment assets	1,466.3	1,286.6	14.0%	1,466.3	1,286.6	14.0%
Leased assets	288.5	249.2	15.8%	288.5	249.2	15.8%
Lease receivables	1,078.0	937.8	15.0%	1,078.0	937.8	15.0%
thereof lease receivables from long-term leases to third parties	562.0	469.4	19.7%	562.0	469.4	19.7%
thereof lease receivables from LMH and STILL from funding of the short-term rental business	516.0	468.4	10.2%	516.0	468.4	10.2%
Lease liabilities[1]	1,138.6	972.3	17.1%	1,138.6	972.3	17.1%
thereof liabilities from funding of the long-term leases with third parties	761.1	640.6	18.8%	761.1	640.6	18.8%
thereof liabilities from funding of the short-term rental business of LMH and STILL	377.5	331.8	13.8%	377.5	331.8	13.8%
Net financial debt	174.1	155.2	12.2%	174.1	155.2	12.2%
Equity	43.5	42.1	3.5%	43.5	42.1	3.5%
Return on equity[2]				13.2%	13.0%	

1 Includes liabilities from financing of the short-term rental fleet reported as other financial liabilities
2 Earnings before taxes divided by average equity employed excluding net income (loss) for the current period

Other segment

Group head office functions that do not come under any other segment are reported in the Other segment. The revenue generated outside the KION Group declined to €8.9 million (H1 2014: €19.4 million) owing to the transfer of KION India to the LMH segment. In the first half of last year, KION India had contributed revenue of €10.3 million. The Other segment reported adjusted EBIT of €12.4 million (H1 2014: €22.5 million). > TABLE 11

Key figures – Other –

TABLE 11

in € million	Q2 2015	Q2 2014	Change	Q1 – Q2 2015	Q1 – Q2 2014	Change
Order intake	54.2	58.7	–7.7%	108.4	116.0	–6.5%
Revenue	54.2	58.2	–7.0%	108.4	115.0	–5.7%
EBITDA	15.9	30.1	–47.2%	1.7	26.7	–93.5%
Adjusted EBITDA	23.5	33.7	–30.4%	20.9	31.2	–33.2%
EBIT	11.6	25.6	–54.7%	–6.8	18.0	<–100%
Adjusted EBIT	19.2	29.2	–34.4%	12.4	22.5	–45.1%

FINANCIAL POSITION

The principles and objectives applicable to financial management as at 30 June 2015 were the same as those described in the 2014 group management report. There were no significant financing activities in the first half of the year.

Analysis of capital structure

Long-term borrowing totalled €648.0 million as at 30 June 2015 and, as had been the case at the end of 2014, comprised a corporate bond due to mature in 2020 and the drawdowns under the revolving credit facility classified as long term.

The total financial debt recognised came to €938.4 million, which was slightly higher than the figure at the end of 2014 of €909.6 million. After deduction of cash and cash equivalents of €61.9 million, net financial debt amounted to €876.5 million, compared with €810.7 million at the end of last year. Net debt as at 30 June 2015 was 1.1 times adjusted EBITDA for the past twelve months. It had therefore changed only insignificantly relative to earnings. > TABLE 12

As a result of increased interest rates in the second quarter, pension provisions decreased to €763.5 million and were thus significantly lower than at the end of the previous quarter (31 March 2015: €938.4 million) and slightly lower than at the end of last year (31 December 2014: €787.5 million).

The lease liabilities resulting from sale and leaseback transactions used to fund long-term leases with end customers rose to €766.0 million (31 December 2014: €707.7 million) due to an increase in financial services activities. Of this total, €556.8 million related to non-current lease liabilities and €209.2 million to current lease liabilities. Other financial liabilities also included liabilities of €380.6 million from sale and leaseback transactions used to finance the short-term rental fleet (31 December 2014: €339.1 million).

Net financial debt TABLE 12

in € million	30/06/2015	31/12/2014	Change
Corporate bond (2013/2020) – fixed rate (gross)	450.0	450.0	–
Liabilities to banks (gross)	489.9	459.9	6.5%
Liabilities to non-banks (gross)	4.8	6.6	–27.8%
./. Capitalised borrowing costs	–6.2	–6.9	9.7%
Financial debt	**938.4**	**909.6**	**3.2%**
./. Cash and cash equivalents	–61.9	–98.9	37.4%
Net financial debt	**876.5**	**810.7**	**8.1%**

Equity was substantially higher than at the end of 2014, rising from €1,647.1 million to €1,753.2 million as at 30 June 2015. This was primarily due to net income of €94.3 million. The dividend paid to the KION Group's shareholders in the second quarter was almost entirely offset by positive currency effects in equity. Overall, the equity ratio was 27.2 per cent (31 December 2014: 26.9 per cent). > TABLE 13

Analysis of capital expenditure

The KION Group's total capital expenditure came to €59.8 million, compared with €58.0 million in the first half of 2014. As was the case last year, this spending mainly constituted capitalised development costs in the LMH and STILL brand segments. In addition, the Group continued to modernise its production and technology sites,

(Condensed) statement of financial position – equity and liabilities TABLE 13

in € million	30/06/2015	in %	31/12/2014	in %	Change
Equity	**1,753.2**	**27.2%**	**1,647.1**	**26.9%**	**6.4%**
Non-current liabilities	**2,862.4**	**44.5%**	**2,688.3**	**43.9%**	**6.5%**
thereof:					
Retirement benefit obligation	763.5	11.9%	787.5	12.8%	–3.0%
Financial liabilities	649.4	10.1%	646.8	10.6%	0.4%
Deferred tax liabilities	323.1	5.0%	320.9	5.2%	0.7%
Lease liabilities	556.8	8.6%	461.7	7.5%	20.6%
Current liabilities	**1,823.3**	**28.3%**	**1,793.0**	**29.3%**	**1.7%**
thereof:					
Financial liabilities	289.0	4.5%	262.9	4.3%	9.9%
Trade payables	589.4	9.2%	564.6	9.2%	4.4%
Lease liabilities	209.2	3.2%	246.0	4.0%	–15.0%
Total equity and liabilities	**6,438.9**		**6,128.5**		**5.1%**

especially in Germany and Asia. It also optimised its IT infrastructure, one of the aims being to standardise the sales systems. There was also capital expenditure on the construction of a new plant in the Czech Republic.

Analysis of liquidity

The KION Group's net cash provided by operating activities totalled €171.2 million, which was higher than the comparable prior-year figure of €151.3 million. This was predominantly attributable to the good operational performance. There were also one-off incoming payments in the first quarter of 2015 that had not yet been added to the KION Group's cash on hand at the end of 2014.

The net cash used for investing activities increased to €161.9 million (H1 2014: €131.5 million). Cash payments, particularly for capital expenditure on development (R&D) and property, plant and equipment, totalled €59.8 million in the first six months of 2015 (H1 2014: €58.0 million). Owing to the increase in demand for rental trucks, the KION Group further expanded its short-term rental fleet business (net) with a volume of spending of €101.1 million (H1 2014: €83.6 million). Cash payments for other assets, which came to a total of €14.5 million (H1 2014: €1.3 million), primarily related to the granting of a loan to Linde Hydraulics.

Free cash flow – the sum of cash flow from operating activities and investing activities – was down year on year at €9.2 million (H1 2014: €19.8 million).

Cash flow from financing activities amounted to minus €49.6 million in the reporting period (H1 2014: minus €103.5 million). The distribution of a dividend of €0.55 per share resulted in an outflow of funds of €54.3 million (H1 2014: €34.5 million). The financial debt taken up during the first half of this year, which came to €509.9 million and was mainly used for the ongoing funding of working capital, was offset by repayments totalling €485.3 million. Net cash of €26.0 million was used for regular interest payments (H1 2014: €58.5 million). > TABLE 14

NET ASSETS

Non-current assets had increased to €4,637.9 million as at 30 June 2015 (31 December 2014: €4,524.8 million). Intangible assets accounted for €2,399.4 million (31 December 2014: €2,412.5 million). Goodwill and the KION Group's brand names represented €2,097.2 million of that, which was only slightly higher than at the end of the previous year (31 December 2014: €2,092.4 million) due to currency effects. Due to the overall growth in business, leased assets for leases with end customers that are

(Condensed) statement of cash flows TABLE 14

in € million	Q2 2015	Q2 2014	Change	Q1–Q2 2015	Q1–Q2 2014	Change
EBIT	99.4	91.5	8.6%	181.5	168.5	7.7%
Cash flow from operating activities	114.1	110.4	3.4%	171.2	151.3	13.1%
Cash flow from investing activities	–85.3	–68.2	–25.0%	–161.9	–131.5	–23.2%
Free cash flow	**28.8**	**42.1**	**–31.6%**	**9.2**	**19.8**	**–53.4%**
Cash flow from financing activities	–49.3	–38.6	–27.8%	–49.6	–103.5	52.1%
Effect of foreign exchange rate changes on cash	–1.0	–0.1	<–100%	3.3	–0.8	>100%
Change in cash and cash equivalents	**–21.4**	**3.4**	**<–100%**	**–37.0**	**–84.4**	**56.2%**

classified as operating leases rose slightly, from €279.0 million at 31 December 2014 to €300.3 million at 30 June 2015. Long-term lease receivables arising from leases with end customers that are classified as finance leases were significantly higher at €426.3 million (31 December 2014: €345.3 million) owing to the increase in new business. The rental assets in the brand segments' short-term rental fleet advanced to €519.8 million (31 December 2014: €487.1 million).

By contrast, there was a reduction in non-current assets because 20 per cent of the shares in Linde Hydraulics, which were accounted for under the equity method, were reclassified as per end of June as current assets held for sale (€41.0 million) in connection with an exercisable put option vis-à-vis Weichai Power. Overall, current assets increased by €197.3 million to €1,801.0 million. The reasons for this rise included significant growth in trade receivables and inventories. There was also a decrease in short-term lease receivables from end customers, which reached €163.4 million at the end of the reporting period (31 December 2014: €202.5 million).

Cash and cash equivalents amounted to €61.9 million at the reporting date (31 December 2014: €98.9 million). Taking into account the credit facility that had not been used, the cash and cash equivalents available to the KION Group at 30 June 2015 amounted to €884.6 million. > TABLE 15

(Condensed) statement of financial position – assets TABLE 15

in € million	30/06/2015	in %	31/12/2014	in %	Change
Non-current assets	**4,637.9**	**72.0%**	**4,524.8**	**73.8%**	**2.5%**
thereof:					
Goodwill	1,501.2	23.3%	1,497.1	24.4%	0.3%
Brand names	596.0	9.3%	595.4	9.7%	0.1%
Deferred tax assets	374.0	5.8%	357.9	5.8%	4.5%
Rental assets	519.8	8.1%	487.1	7.9%	6.7%
Leased assets	300.3	4.7%	279.0	4.6%	7.6%
Lease receivables	426.3	6.6%	345.3	5.6%	23.5%
Current assets	**1,801.0**	**28.0%**	**1,603.7**	**26.2%**	**12.3%**
thereof:					
Inventories	622.0	9.7%	529.2	8.6%	17.5%
Trade receivables	713.0	11.1%	598.2	9.8%	19.2%
Lease receivables	163.4	2.5%	202.5	3.3%	–19.3%
Other current assets	188.3	2.9%	168.2	2.7%	12.0%
Cash and cash equivalents	61.9	1.0%	98.9	1.6%	–37.4%
Total assets	**6,438.9**		**6,128.5**		**5.1%**

Employees (full-time equivalents) TABLE 16

	30/06/2015	31/12/2014	Change
Western Europe	16,175	15,985	1.2%
Eastern Europe	1,792	1,767	1.4%
Americas	629	651	−3.4%
Asia	3,793	3,722	1.9%
Rest of world	574	544	5.5%
Total	**22,963**	**22,669**	**1.3%**

Non-financial key performance indicators

EMPLOYEES

The number of employees (full-time equivalents, FTEs) increased slightly to 22,963 as at 30 June 2015 (31 December 2014: 22,669). This rise predominantly related to expansion in service and production functions. Most of the hiring took place in western Europe and Asia.

The increased headcount, changes to collective bargaining agreements and additions to pension provisions caused personnel expenses to go up by 9.5 per cent to €642.7 million (H1 2014: €587.1 million). They were also pushed up by currency effects. > TABLE 16

RESEARCH AND DEVELOPMENT

In line with the Strategy 2020, the KION Group increased its total spending on research and development (R&D) to €64.1 million in the first half of the year (H1 2014: €59.3 million). This means that 2.6 per cent of revenue was spent on R&D, which is considerably above the industry average. The number of full-time jobs in R&D stood at 1,032 as at 30 June 2015 (31 December 2014: 1,023).

The main R&D projects in 2014 continued during the reporting period. They are described in detail in the 2014 group management report. The areas of focus included reduction of emissions and fuel consumption, the modular and platform strategy, drive technology, automation and networking, and workplace safety and ergonomics.

Following a successful test phase, LMH began to sell its new connect: fleet management system in March. The connect: system provides fleet managers with transparent data on drivers, trucks, their use and their location. It therefore contributes to improved driving safety, better availability and greater productivity.

In cooperation with robotics specialist Balyo, LMH also launched its first automated trucks in the market. Sold under the name 'Linde robotics', these trucks are simple to install and have been fitted with cameras that use structures such as walls, racks and arrows to navigate around the warehouse.

STILL is also enjoying success in its work on automation solutions. At the IntraLogisteX trade fair in Coventry, United Kingdom, the KION subsidiary won awards for its iGoRemote system, which enables industrial trucks to be controlled remotely, and for an innovative material flow solution using automated trucks that has been implemented for a customer. Moreover, STILL has been given two International Forklift Truck of the Year (IFOY) awards: firstly for the STILL RX 60-80 and secondly for a system solution for an automated raw materials warehouse. LMH has received accolades from the Fork Lift Truck Association, including one in the safety category for the Linde Safety Pilot.

Both of these KION subsidiaries have also continued to modernise their fleets: LMH has expanded its EVO series to include very small models; STILL has updated and extended its range of pallet stackers. > TABLE 17

CUSTOMERS

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

At LogiMAT in February, STILL exhibited its innovative FMX reach trucks and its LTX electric tractors and transport vehicles. LMH presented its new connect: fleet management system, its two safety assistance systems – Linde Safety Pilot (LSP) for trucks and Dynamic Mast Control (DMC) for reach trucks – and the Linde Logistic Train and Linde Factory Train. The new Linde E60 to E80 electric forklift trucks, which have a load capacity of six to eight tonnes, were also on display.

At CeMAT South America, STILL unveiled the first RX 50 electric forklift truck to be built in Brazil. LMH exhibited its new HT25T IC truck, which is due to be launched in the Brazilian market in August.

In addition, STILL presented its new EXV 14-20 and EXV-SF 14–20 pallet stackers to numerous customers at a roadshow that visited eight towns and cities.

Research and development (R&D) TABLE 17

in € million	Q2 2015	Q2 2014	Change	Q1–Q2 2015	Q1–Q2 2014	Change
Research and development costs (P&L)	36.7	28.7	27.7%	70.7	58.2	21.5%
Amortisation expense (R&D)	–13.2	–10.7	–23.5%	–26.1	–20.5	–27.3%
Capitalised development costs	9.9	11.9	–16.4%	19.5	21.6	–9.7%
Total R&D spending	**33.4**	**29.9**	**11.7%**	**64.1**	**59.3**	**8.1%**
R&D spending as percentage of revenue	2.7%	2.6%	–	2.6%	2.7%	–

EVENTS AFTER THE REPORTING DATE

On 20 July 2015, the KION Group exercised the put option vis-à-vis Weichai Power Co., Ltd., Weifang, China, that it held via Linde Material Handling GmbH, Aschaffenburg, on 20.0 per cent of the shares in Linde Hydraulics GmbH & Co. KG, Aschaffenburg.

OUTLOOK, RISK REPORT AND OPPORTUNITY 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 2014 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 positive performance in the first half of 2015, the KION Group is confirming its forecast for 2015 as a whole that was published in the 2014 group management report. By continuing with the implementation of its Strategy 2020, the Group intends to achieve even better results than the record figures reported for 2014.

Based on the forecasts for market conditions, the KION Group expects both order intake and consolidated revenue to be slightly higher than in 2014. The growth in consolidated revenue will continue to be underpinned by a strong contribution from the service business in western Europe and the emerging markets in 2015.

The KION Group also expects a slight year-on-year rise in adjusted EBIT for the current year. Costs resulting from implementation of the Strategy 2020 will have to be factored in, which should lead to a sustained improvement in the EBIT margin in subsequent years. For this reason, the Group expects the adjusted EBIT margin for 2015 to remain at the record level reached in 2014. The forecast is based on the assumption that material prices will remain stable.

The KION Group expects free cash flow to be slightly below the very high level achieved in 2014. This is due to increased capital expenditure on the one hand and to higher anticipated tax payments on the other.

In the current year, the KION Group plans to use free cash flow to lower its net debt still further.

Opportunity and risk report

The KION Group's overall risk and opportunity situation has not changed significantly compared with the description in the 2014 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 2015	Q2 2014	Q1 – Q2 2015	Q1 – Q2 2014
Revenue	1,256.0	1,144.4	2,420.8	2,233.3
Cost of sales	–889.2	–813.1	–1,712.7	–1,589.6
Gross profit	**366.8**	**331.3**	**708.1**	**643.7**
Selling expenses	–146.2	–143.5	–294.7	–282.7
Research and development costs	–36.7	–28.7	–70.7	–58.2
Administrative expenses	–93.7	–81.4	–178.1	–155.8
Other income	19.3	19.7	42.6	37.9
Other expenses	–18.2	–9.8	–32.1	–18.9
Profit from equity-accounted investments	8.0	3.9	6.4	2.4
Earnings before interest and taxes	**99.4**	**91.5**	**181.5**	**168.5**
Financial income	13.2	10.3	25.6	21.8
Financial expenses	–35.8	–60.6	–68.8	–102.3
Net financial expenses	**–22.6**	**–50.3**	**–43.3**	**–80.5**
Earnings before taxes	**76.8**	**41.3**	**138.2**	**88.0**
Income taxes	**–24.3**	**–8.5**	**–43.9**	**–27.4**
Current taxes	–45.0	–11.0	–67.6	–25.2
Deferred taxes	20.7	2.5	23.7	–2.2
Net income for the period	**52.5**	**32.8**	**94.3**	**60.6**
Attributable to shareholders of KION GROUP AG	51.7	32.2	92.5	59.6
Attributable to non-controlling interests	0.8	0.6	1.8	1.0
Earnings per share according to IAS 33 (in €)				
Basic earnings per share	0.52	0.33	0.94	0.60
Diluted earnings per share	0.52	0.33	0.94	0.60

Consolidated statement of comprehensive income

TABLE 19

in € million	Q2 2015	Q2 2014	Q1 – Q2 2015	Q1 – Q2 2014
Net income for the period	**52.5**	**32.8**	**94.3**	**60.6**
Items that will not be reclassified subsequently to profit or loss	**134.5**	**–26.7**	**23.0**	**–58.2**
Gains / losses on defined benefit obligation	134.9	–26.7	23.4	–58.2
thereof changes in unrealised gains and losses	192.2	–37.4	35.1	–81.9
thereof tax effect	–57.3	10.7	–11.6	23.7
Changes in unrealised gains and losses from equity-accounted investments	–0.4	0.0	–0.4	0.0
Items that may be reclassified subsequently to profit or loss	**–11.0**	**5.0**	**42.3**	**–1.1**
Impact of exchange differences	–15.0	6.8	47.7	0.5
thereof changes in unrealised gains and losses	–15.0	6.8	47.7	0.5
Gains / losses on cash flow hedges	3.4	–1.5	–6.0	–2.2
thereof changes in unrealised gains and losses	–2.9	–1.6	–19.5	–2.0
thereof realised gains (–) and losses (+)	7.5	–0.4	12.1	–0.8
thereof tax effect	–1.3	0.5	1.4	0.7
Gains / losses from equity-accounted investments	0.6	–0.2	0.6	0.6
thereof changes in unrealised gains and losses	0.6	–0.2	0.6	0.6
Other comprehensive income (loss)	**123.5**	**–21.6**	**65.3**	**–59.3**
Total comprehensive income	**176.0**	**11.2**	**159.6**	**1.3**
Attributable to shareholders of KION GROUP AG	175.3	10.5	158.0	0.2
Attributable to non-controlling interests	0.6	0.7	1.7	1.1

Consolidated statement of financial position – Assets

TABLE 20

in € million	30/06/2015	31/12/2014
Goodwill	1,501.2	1,497.1
Other intangible assets	898.2	915.5
Leased assets	300.3	279.0
Rental assets	519.8	487.1
Other property, plant and equipment	502.0	494.1
Equity-accounted investments	73.4	114.6
Lease receivables	426.3	345.3
Other non-current financial assets	42.6	34.3
Deferred taxes	374.0	357.9
Non-current assets	**4,637.9**	**4,524.8**
Inventories	622.0	529.2
Trade receivables	713.0	598.2
Lease receivables	163.4	202.5
Income tax receivables	11.2	6.6
Other current financial assets	188.3	168.2
Cash and cash equivalents	61.9	98.9
Assets held for sale	41.0	0.0
Current assets	**1,801.0**	**1,603.7**
Total assets	**6,438.9**	**6,128.5**

Consolidated statement of financial position – Equity and liabilities

TABLE 21

in € million	30/06/2015	31/12/2014
Subscribed capital	98.7	98.7
Capital reserves	1,996.3	1,996.2
Retained earnings	–109.4	–148.2
Accumulated other comprehensive loss	–239.4	–304.9
Non-controlling interests	7.0	5.3
Equity	**1,753.2**	**1,647.1**
Retirement benefit obligation	763.5	787.5
Non-current financial liabilities	649.4	646.8
Lease liabilities	556.8	461.7
Other non-current provisions	84.8	83.7
Other non-current financial liabilities	484.8	387.8
Deferred taxes	323.1	320.9
Non-current liabilities	**2,862.4**	**2,688.3**
Current financial liabilities	289.0	262.9
Trade payables	589.4	564.6
Lease liabilities	209.2	246.0
Income tax liabilities	75.5	31.3
Other current provisions	86.0	84.4
Other current financial liabilities	574.3	603.9
Current liabilities	**1,823.3**	**1,793.0**
Total equity and liabilities	**6,438.9**	**6,128.5**

Consolidated statement of cash flows

TABLE 22

in € million	Q1–Q2 2015	Q1–Q2 2014
Earnings before interest and taxes	**181.5**	**168.5**
Amortisation, depreciation and impairment charges of non-current assets	193.0	179.7
Other non–cash income (–) and expenses (+)	9.7	8.0
Gains (–)/losses (+) on disposal of non–current assets	–0.6	4.8
Changes in leased assets (excluding depreciation) and lease receivables/liabilities	–37.9	–38.4
Change in inventories	–80.6	–67.4
Change in trade receivables/payables	–85.2	–28.8
Cash payments for defined benefit obligations	–12.2	–10.4
Change in other provisions	–0.5	–21.6
Change in other operating assets/liabilities	32.1	–18.3
Taxes paid	–28.1	–24.9
Cash flow from operating activities	**171.2**	**151.3**
Cash payments for purchase of non-current assets	–59.8	–58.0
Cash receipts from disposal of non-current assets	9.7	6.0
Change in rental assets (excluding depreciation)	–101.1	–83.6
Dividends received	6.4	5.4
Acquisitions of equity investments, net of cash acquired	–2.7	0.0
Cash payments for sundry assets	–14.5	–1.3
Cash flow from investing activities	**–161.9**	**–131.5**

Consolidated statement of cash flows (continued)

TABLE 22

in € million	Q1 – Q2 2015	Q1 – Q2 2014
Dividend of KION GROUP AG	–54.3	–34.5
Cash receipts / cash payments for changes in ownership interests in subsidiaries without change of control	–0.1	0.0
Financing costs paid	–2.7	–3.9
Proceeds from borrowings	509.9	1,007.0
Repayment of borrowings	–485.3	–1,018.6
Interest received	3.3	3.7
Interest paid	–26.0	–58.5
Cash receipts from other financing activities	5.7	1.4
Cash flow from financing activities	**–49.6**	**–103.5**
Effect of foreign exchange rate changes on cash and cash equivalents	3.3	–0.8
Change in cash and cash equivalents	**–37.0**	**–84.4**
Cash and cash equivalents at the beginning of the period	98.9	219.3
Cash and cash equivalents at the end of the period	61.9	134.9

Consolidated statement of changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings
Balance as at 1/1/2014	**98.7**	**2,223.2**	**–524.9**
Net income for the period			59.6
Other comprehensive income (loss)			
Comprehensive income (loss)	**0.0**	**0.0**	**59.6**
Withdrawal from capital reserve		–228.1	228.1
Dividend of KION GROUP AG			–34.5
Changes from application of the equity-method			6.9
Balance as at 30/06/2014	**98.7**	**1,995.1**	**–264.9**
Balance as at 1/1/2015	**98.7**	**1,996.2**	**–148.2**
Net income for the period			92.5
Other comprehensive income (loss)			
Comprehensive income (loss)	**0.0**	**0.0**	**92.5**
Dividend of KION GROUP AG			–54.3
Changes from employee share option programme		0.1	
Changes from application of the equity-method			0.7
Other changes			–0.1
Balance as at 30/06/2015	**98.7**	**1,996.3**	**–109.4**

TABLE 23

	Accumulated other comprehensive income (loss)						
	Cumulative exchange differences	Gains/losses on defined benefit obligations	Gains/losses on cash flow hedges	Gains/losses from equity-accounted investments	Equity attributable to shareholders of KION GROUP AG	Non-controlling interests	Total
	–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**
	–31.7	**–264.6**	**–4.2**	**–4.3**	**1,641.8**	**5.3**	**1,647.1**
					92.5	1.8	94.3
	47.9	23.4	–6.0	0.2	65.5	–0.2	65.3
	47.9	**23.4**	**–6.0**	**0.2**	**158.0**	**1.7**	**159.6**
					–54.3	0.0	–54.3
					0.1	0.0	0.1
					0.7	0.0	0.7
					–0.1	0.0	–0.1
	16.1	**–241.2**	**–10.2**	**–4.2**	**1,746.2**	**7.0**	**1,753.2**

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 and the interim group management report were prepared by the Executive Board of KION GROUP AG on 4 August 2015.

Basis of preparation

The condensed consolidated interim financial statements of the KION Group for the six months ended 30 June 2015 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 2015 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 2014.

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 minor rounding differences. 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 2015:

- IFRIC 21 'Levies'
- Annual Improvements to IFRSs (2011-2013).

The first-time adoption of these standards and interpretations 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 2015, the KION Group has not applied the standards and interpretations that it reported on as at 31 December 2014 that have been issued by the IASB but are not yet required to be adopted in 2015. These standards and interpretations are expected to be applied by the entities included in the KION Group only 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 2014, a total of 21 German and 75 foreign subsidiaries were fully consolidated in addition to KION GROUP AG as at 30 June 2015.

In addition, nine joint ventures and associates were consolidated and accounted for using the equity method (31 December 2014: nine).

53 (31 December 2014: 52) subsidiaries with minimal business volumes or no business operations and other investments were not included in the consolidation. In February 2015, the KION Group acquired a 10 per cent stake in French robotics specialist Balyo SA. This equity investment 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 2014. 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 recognising and measuring defined benefit obligations;
- in recognising and measuring other provisions;
- in assessing the recoverability of deferred tax assets.

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

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

Other expenses

Other expenses included expenses of €6.5 million, following a court ruling for a payment to a former dealer in France.

Net financial income / expenses

Financial expenses fell by €33.5 million year on year. This decrease was largely due to early repayment 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. Early redemption of the two bond tranches caused interest expenses arising from capital market liabilities to reduce by €10.1 million year on year. In the first half of 2014, financial expenses had also included one-off expenses of €8.4 million in connection with the amortisation of borrowing costs and a payment of €14.8 million representing early repayment charges.

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 2015: 98,736,438 no-par-value shares; H1 2014: 98,700,000 no-par-value shares; Q2 2015: 98,736,438 no-par-value shares; Q2 2014: 98,700,000 no-par-value shares). In the first six months of 2015, the KION Group generated net income accruing to the shareholders of KION GROUP AG of €92.5 million (H1 2014: €59.6 million). Information about determining the net income (loss) accruing to the KION GROUP AG shareholders can be found in the consolidated income statement. Basic earnings per share for the reporting period came to €0.94 (H1 2014: €0.60). The 163,562 no-par-value treasury shares repurchased by KION GROUP AG were not included in this figure as at 30 June 2015 (30 June 2014: 200,000).

Diluted earnings per share are calculated by adding the potential dilutive no-par-value shares that employees can obtain for free under the employee share option programme to the weighted average number of shares outstanding during the reporting period. The calculation of diluted earnings per share was based on a weighted average for the first half of 2015 of 98,750,371 no-par-value shares issued (Q2 2015: 98,751,492 no-par-value shares). Diluted earnings per share for the reporting period came to €0.94 (H1 2014: €0.60). In the first half of 2014, there had been 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 2015 was the result of currency effects.

The total carrying amount for technology and development assets as at 30 June 2015 was €204.6 million (31 December 2014: €210.0 million). Development costs of €9.9 million were capitalised in the second quarter of 2015 (Q2 2014: €11.9 million); the corresponding figure for the first six months of 2015 was €19.5 million (H1 2014: €21.6 million). Total research and development costs of €36.7 million were expensed in the second quarter of 2015 (Q2 2014: €28.7 million), while €70.7 million was expensed in the first half of 2015 (H1 2014: €58.2 million). Of these respective amounts, €13.2 million related to amortisation in the second quarter of 2015 (Q2 2014: €10.7 million) and €26.1 million to amortisation in the first half of 2015 (H1 2014: €20.5 million).

Inventories

The rise in inventories compared with 31 December 2014 was largely attributable to the increase in work in progress (up by 14.0 per cent) and finished goods (up by 23.4 per cent). Impairment losses of €1.3 million were recognised on inventories in the second quarter of 2015 (Q2 2014: €1.5 million) and of €4.0 million in the first six months of 2015 (H1 2014: €6.0 million). Reversals of impairment losses had to be recognised in the amount of €0.8 million in the second quarter of 2015 (Q2 2014: €1.3 million) and in the amount of €1.7 million in the first half of 2015 (H1 2014: €1.7 million) because the reasons for impairment no longer existed.

Trade receivables

The rise in trade receivables compared with 31 December 2014 was primarily due to the increase of €106.4 million in receivables due from third parties and the increase of €8.7 million in receivables due from unconsolidated subsidiaries, equity-accounted investments and other equity investments. Valuation allowances of €40.5 million (31 December 2014: €40.2 million) were recognised for trade receivables.

Assets held for sale

The KION Group holds 30.0 per cent of the shares in Linde Hydraulics GmbH & Co. KG, Aschaffenburg (referred to below as Linde Hydraulics) through Linde Material Handling GmbH, Aschaffenburg. The assets that are classified as held for sale make up 20.0 per cent of the shares in Linde Hydraulics. Through Linde Material Handling GmbH, Aschaffenburg, the KION Group has an exercisable put option vis-à-vis Weichai Power Co., Ltd., Weifang, China, in respect of these shares.

Before being reclassified as held for sale, the 20.0 per cent of the shares in Linde Hydraulics were accounted for under the equity method. Since their reclassification (end of June 2015), they have been required to be recognised at the lower of their carrying amount and fair value less costs of disposal. The remaining 10.0 per cent of the shares in Linde Hydraulics continue to be accounted for under the equity method.

The shares in Linde Hydraulics are allocated to the LMH segment.

Equity

As at 30 June 2015, the Company's share capital amounted to €98.9 million, which was unchanged on 31 December 2014, and was fully paid up. It was divided into 98.9 million no-par-value shares.

The total number of shares outstanding as at 30 June 2015 was 98,736,438 no-par-value shares (31 December 2014: 98,736,438 no-par-value shares). At the reporting date, KION GROUP AG held 163,562 treasury shares, as it had at 31 December 2014.

The distribution of a dividend of €0.55 per share to the shareholders of KION GROUP AG resulted in an outflow of funds of €54.3 million.

The accumulated other comprehensive income (loss) included expenses of €2.6 million attributable to assets classified as held for sale.

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 in the period under review.

The retirement benefit obligation was lower than it had been at the end of 2014 owing, above all, to actuarial gains resulting from higher 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

	30/06/2015	31/12/2014
Germany	2.45%	2.20%
UK	3.65%	3.55%
Other (weighted average)	1.77%	1.79%

The change in estimates in relation to defined benefit pension entitlements resulted in an increase of €23.4 million in equity as at 30 June 2015 (after deferred taxes). The net obligation after offsetting the retirement benefit obligation against the pension plan assets recognised under ‘Other non-current financial assets’ therefore increased to €738.3 million (31 December 2014: €765.8 million).

OTHER DISCLOSURES

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 arising from sale and leaseback transactions stood at €766.0 million (31 December 2014: €707.7 million), lease receivables amounted to €531.7 million (31 December 2014: €490.6 million) and leased assets amounted to €250.9 million (31 December 2014: €230.5 million). Both items resulting from long-term leases with end customers and are funded using sale and leaseback transactions.

The finance lease obligations reported in other liabilities comprise liabilities arising from the sale and leaseback financing of industrial trucks of €380.6 million (31 December 2014: €339.1 million). They 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 unconsolidated subsidiaries and other equity investments that are shown in > TABLE 25 are carried at 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	30/06/2015 Carrying amount	30/06/2015 Fair value	31/12/2014 Carrying amount	31/12/2014 Fair value
Financial assets				
Non-consolidated subsidiaries and other investments	14.0	14.0	11.4	11.4
Loans receivable	2.6	2.6	0.6	0.6
Financial receivables	29.8	29.8	12.4	12.4
Non-current securities	0.8	0.8	0.8	0.8
Lease receivables*	589.8	594.7	547.8	549.2
Trade receivables	713.0	713.0	598.2	598.2
Other receivables	79.3	79.3	106.0	106.0
thereof non-derivative receivables	41.3	41.3	62.3	62.3
thereof derivative receivables	38.0	38.0	43.7	43.7
Cash and cash equivalents	61.9	61.9	98.9	98.9
Financial liabilities				
Liabilities to banks	489.9	489.9	459.9	460.0
Corporate bond	443.8	478.7	443.1	490.0
Other financial liabilities to non-banks	4.8	4.8	6.6	6.6
Lease liabilities*	766.0	773.4	707.7	711.2
Trade payables	589.4	589.4	564.6	564.6
Other liabilities	579.3	583.4	555.4	557.2
thereof non-derivative liabilities	144.6	144.6	169.0	169.0
thereof liabilities from finance leases*	416.1	420.1	373.1	374.9
thereof derivative liabilities	18.7	18.7	13.3	13.3

* 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	30/06/2015
Financial assets				**38.8**
thereof non-current securities	0.8			0.8
thereof derivative instruments		3.3	34.7	38.0
Financial liabilities				**18.7**
thereof derivative instruments		18.1	0.6	18.7

Financial instruments measured at fair value TABLE 27

	Fair Value Hierarchy			
in € million	Level 1	Level 2	Level 3	31/12/2014
Financial assets				**44.5**
thereof non-current securities	0.8			0.8
thereof derivative instruments		9.0	34.7	43.7
Financial liabilities				**13.3**
thereof derivative instruments		10.3	3.0	13.3

Level 1 comprises long-term securities 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 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 2015. An unchanged amount of €64.1 million has been recognised as the fair value of the shares in Linde Hydraulics, both for the put option and for the two call options (31 December 2014: €64.1 million). A base exercise price of €77.4 million (31 December 2014: €77.4 million) and a term to maturity of 0.04 years (31 December 2014: 0.49-2.49 years) have been assumed for the put option. For the measurement of call option 1, a base exercise price of €77.4 million (31 December 2014: €77.4 million) and a term to maturity of 0.04 years (31 December 2014: 2.99 years) were used, while a base exercise price of €38.7 million (31 December 2014: €38.7 million) and a term to maturity of 0.04-3.04 years (31 December 2014: 0.49-2.99 years) were used for call option 2. At 30 June 2015, 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

Change in financial assets / liabilities classified as level 3 TABLE 28

in € million	Q1-Q2 2015	Q1-Q2 2014
Value as at 1/1/	**31.7**	**–11.5**
Gains recognised in net financial income / expenses	2.4	1.2
Value as at 30/06/	**34.1**	**–10.3**
Gains for the period relating to financial assets / liabilities held as at 30/06/	2.4	1.2
Change in unrealised gains for the period relating to financial assets / liabilities held as at 30/06/	2.4	1.2

As at 30 June 2015, the net value calculated for the options on the shares in Linde Hydraulics came to €34.1 million (31 December 2014: €31.7 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 €4.5 million (31 December 2014: by €5.3 million) to €38.6 million (31 December 2014: €37.1 million) and led to an additional gain of €4.5 million (31 December 2014: gain of €5.3 million). A 10.0 per cent rise in the fair value of the shares in Linde Hydraulics would have reduced the net value arising from the options by €4.6 million (31 December 2014: by €5.6 million) to €29.5 million (31 December 2014: €26.2 million) and led to an expense of €4.6 million (31 December 2014: €5.6 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 2015.

Variable remuneration

KEEP EMPLOYEE SHARE OPTION PROGRAMME

As at 30 June 2015, KION Group employees held options on a total of 28,997 no-par-value shares (31 December 2014: 29,116). The total number of bonus shares granted therefore declined by 119 forfeited bonus shares in the first half of 2015. A pro-rata expense of €0.1 million for six months was recognised for bonus shares under functional costs in the first half of 2015 (H1 2014: €0.0 million).

KION PERFORMANCE SHARE PLAN (PSP) FOR MANAGERS

In March 2015, the 2015 tranche of the long-term, variable remuneration component (the KION Long-Term Incentive Plan for Top Management 2015) with a defined period (three years) was introduced retrospectively from 1 January 2015 for the managers in the KION Group. At the beginning of the performance period on 1 January 2015, the managers were allocated a total of 0.2 million virtual shares for this tranche with a specific fair value. The allocation was based on a particular percentage of each manager's individual gross annual remuneration at the time of grant.

The total carrying amount for liabilities in connection with share-based remuneration as at 30 June 2015 was €5.5 million (31 December 2014: €1.6 million). Of this amount, €4.2 million related to the 2014 tranche (31 December 2014: €1.6 million) and €1.3 million to the 2015 tranche.

KION PERFORMANCE SHARE PLAN (PSP) FOR THE EXECUTIVE BOARD

As part of the KION GROUP AG performance share plan, the Executive Board members are allocated virtual shares over a fixed period (two-and-a-half years for the 2013 tranche and three years for all subsequent tranches). At the beginning of the performance period on 1 January 2015, the Executive Board members were allocated a total of 0.2 million virtual shares for this tranche with a specific fair value. The shares were allocated on the basis of an allocation value in euros specified in each Executive Board member's service contract.

The total carrying amount for liabilities in connection with share-based remuneration as at 30 June 2015 was €12.8 million (31 December 2014: €6.1 million). Of this amount, €8.1 million related to the 2013 tranche (31 December 2014: 4.4 million), €3.7 million to the 2014 tranche (31 December 2014: €1.7 million) and €0.9 million to the 2015 tranche.

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. Since the start of 2015, KION India Pvt. Ltd., Pune, India, has been included in the LMH brand segment. This change has not been reflected in the prior-year figures in the segment reporting because it only had a minor effect on the key financials for the LMH and Other segments.

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 2015, ROE – earnings before tax as a percentage of average equity – was 13.2 per cent (31 December 2014: 13.0 per cent).

The tables below show information on the KION Group’s operating segments for the second quarter of 2015 and 2014 and for the first half of 2015 and 2014. > TABLES 29-32

Segment report for Q2 2015 TABLE 29

in € million	LMH	STILL	Financial Services	Other	Consolidation / Reconciliation	Total
Revenue from external customers	765.1	386.6	99.5	4.7	–	1,256.0
Intersegment revenue	97.8	97.5	82.6	49.5	–327.3	–
Total revenue	862.9	484.1	182.1	54.2	–327.3	1,256.0
Earnings before taxes	**83.1**	**21.0**	**1.3**	**–0.5**	**–28.1**	**76.8**
Financial income	3.3	0.3	15.8	5.8	–12.1	13.2
Financial expenses	–7.3	–8.9	–14.4	–18.0	12.7	–35.8
= Net financial expenses	–4.0	–8.5	1.5	–12.1	0.6	–22.6
EBIT	**87.1**	**29.5**	**–0.1**	**11.6**	**–28.6**	**99.4**
+ Non-recurring items	2.0	0.7	0.0	7.5	–	10.2
+ KION acquisition items	5.3	1.6	0.0	0.1	–	6.9
= Adjusted EBIT	**94.3**	**31.7**	**–0.1**	**19.2**	**–28.6**	**116.4**
Profit from equity-accounted investments	3.3	1.8	2.9	0.0	–	8.0
Capital expenditure[1]	15.1	13.6	0.0	3.8	–	32.4
Amortisation and depreciation[2]	23.1	11.6	0.0	4.3	–	39.0
Order intake	917.0	493.0	182.2	54.2	–329.1	1,317.3

1 Capital expenditure including capitalised development costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excluding leased and rental assets

Segment report for Q2 2014

TABLE 30

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 equity-accounted investments	0.1	1.1	2.7	0.0	–	3.9
Capital expenditure[1]	15.7	11.4	0.0	3.6	–	30.8
Amortisation and depreciation[2]	21.6	10.2	0.0	4.3	–	36.0
Order intake[3]	790.5	487.3	145.5	58.7	–277.3	1,204.8

1 Capital expenditure including capitalised development costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excluding leased and rental assets
3 Prior-year figures restated to reflect the change in the order intake calculation introduced in 2015

Segment report Q1 – Q2 2015

TABLE 31

in € million	LMH	STILL	Financial Services	Other	Consolidation / Reconciliation	Total
Revenue from external customers	1,475.2	752.1	184.5	8.9	–	2,420.8
Intersegment revenue	175.0	193.5	144.9	99.5	–612.9	–
Total revenue	1,650.3	945.6	329.4	108.4	–612.9	2,420.8
Earnings before taxes	**150.5**	**35.5**	**2.7**	**–29.9**	**–20.7**	**138.2**
Financial income	6.7	0.6	31.5	11.0	–24.2	25.6
Financial expenses	–13.8	–17.2	–28.6	–34.1	24.9	–68.8
= Net financial expenses	–7.2	–16.6	2.9	–23.1	0.7	–43.3
EBIT	**157.7**	**52.1**	**–0.2**	**–6.8**	**–21.4**	**181.5**
+ Non-recurring items	3.9	0.6	0.0	19.1	–9.0	14.6
+ KION acquisition items	10.5	3.1	0.0	0.1	0	13.7
= Adjusted EBIT	**172.1**	**55.9**	**–0.2**	**12.4**	**–30.3**	**209.8**
Segment assets	5,156.3	2,242.0	1,466.3	543.7	–2,969.4	6,438.9
Segment liabilities	1,776.7	1,388.7	1,422.8	3,085.3	–2,987.8	4,685.7
Carrying amount of equity-accounted investments	49.7	4.2	19.5	0.0	–	73.4
Profit from equity-accounted investments	1.7	1.8	2.9	0.0	–	6.4
Capital expenditure[1]	29.1	23.1	0.0	7.6	–	59.8
Amortisation and depreciation[2]	46.1	23.0	0.0	8.5	–	77.6
Order intake	1,760.9	992.6	334.4	108.4	–631.1	2,565.2
Number of employees[3]	14,385	7,990	60	528	–	22,963

1 Capital expenditure including capitalised development costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excluding leased and rental assets
3 Number of employees (full-time equivalents) as at 30/06/2015; allocation according to the contractual relationship

Segment report Q1 – Q2 2014

TABLE 32

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 equity-accounted investments	121.3	4.4	17.5	0.0	–	143.2
Profit from equity-accounted investments	–1.4	1.1	2.7	0.0	–	2.4
Capital expenditure[1]	30.0	20.8	0.0	7.2	–	58.0
Amortisation and depreciation[2]	43.1	19.7	0.0	8.5	–	71.3
Order intake[3]	1,557.2	959.0	283.4	116.0	–544.0	2,371.6
Number of employees[4]	13,783	7,686	60	682	–	22,211

1 Capital expenditure including capitalised development costs, excluding leased and rental assets
2 On intangible assets and property, plant and equipment excluding leased and rental assets
3 Prior-year figures restated to reflect the change in the order intake calculation introduced in 2015
4 Number of employees (full-time equivalents) as at 30/06/2014; allocation according to the contractual relationship

As a result of the reclassification of KION India, LMH's revenue from external customers increased by €14.8 million in the first half of 2015, with a corresponding decline for the Other segment. The contribution to earnings from KION India amounted to €0.7 million.

The non-recurring items mainly comprise consultancy costs and expenses in connection with severance payments. In addition, write-downs and other expenses in relation to hidden reserves/liabilities identified in the process of acquiring equity investments are eliminated. Non-recurring items resulted in an overall net expense of €14.6 million in the first six months of 2015 (H1 2014: €9.5 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 and other expenses in relation to 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 2014. Another related party is Weichai Power Co. Ltd., Weifang, China, which indirectly holds a 38.3 per cent stake in KION GROUP AG and is thus the largest single shareholder. Because Superlift Holding S.à r.l. sold its entire remaining stake of 13.9 per cent of KION shares in March 2015, Superlift Holding S.à r.l., Luxembourg, Kohlberg Kravis Roberts & Co L.P., New York, USA, and Goldman, Sachs & Co., New York, USA, are no longer related parties.

The revenue generated by the KION Group in the first half of 2015 and second quarter of 2015 from selling goods and services to related parties is shown in > TABLE 33 along with the receivables that were outstanding at the reporting date. The receivables include a loan that the KION Group has granted to Linde Hydraulics GmbH & Co. KG, Aschaffenburg. The total commitment is €21.0 million, of which €15.0 million had been disbursed up to 30 June 2015. The loan has a variable interest rate. No valuation allowances for receivables from related parties had been recognised as at the reporting date, a situation that was unchanged on 31 December 2014.

The goods and services obtained from related parties in the first half of 2015 and second quarter of 2015 are shown in > TABLE 34 along with the liabilities that were outstanding at the reporting date.

Related party disclosures: receivables and sales

TABLE 33

in € million	Receivables		Sales of goods and services			
	30/06/2015	31/12/2014	Q2 2015	Q2 2014	Q1 – Q2 2015	Q1 – Q2 2014
Non-consolidated subsidiaries	10.1	8.3	2.9	2.2	4.9	4.0
Equity-accounted associates	29.0	8.9	30.1	30.9	63.3	57.4
Equity-accounted joint ventures	6.9	1.1	11.1	17.6	20.3	31.3
Other related parties*	3.6	4.4	2.3	7.6	6.5	10.8
Total	**49.7**	**22.7**	**46.4**	**58.3**	**94.9**	**103.4**

* 'Other related parties' include, among others, transactions with Weichai and its affiliated companies

Related party disclosures: liabilities and purchases

TABLE 34

in € million	Liabilities		Purchases of goods and services			
	30/06/2015	31/12/2014	Q2 2015	Q2 2014	Q1 – Q2 2015	Q1 – Q2 2014
Non-consolidated subsidiaries	6.3	4.9	2.4	0.3	4.5	3.0
Equity-accounted associates	12.4	2.2	30.0	24.8	61.2	55.4
Equity-accounted joint ventures	50.6	45.1	8.0	13.3	16.5	26.9
Other related parties*	1.5	0.9	0.1	3.7	1.0	6.6
Total	**70.9**	**53.1**	**40.5**	**42.1**	**83.2**	**92.0**

* 'Other related parties' include, among others, transactions with Weichai and its affiliated companies

Executive Board members

On 1 August, Dr Eike Böhm took on the newly created role of Chief Technology Officer (CTO) and, in this capacity, assumed central responsibility for the KION Group's research & development (R&D), purchasing and quality management activities across all brands.

Material events after the reporting date

On 20 July 2015, the KION Group exercised the put option that it held via Linde Material Handling GmbH, Aschaffenburg, on 20.0 per cent of the shares in Linde Hydraulics GmbH & Co. KG, Aschaffenburg.

Wiesbaden, 4 August 2015

The Executive Board

Gordon Riske

Dr Eike Böhm

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 2015, that are part of the semi annual financial report pursuant to § 37w paragraph 2 WpHG (Wertpapierhandelsgesetz: 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, 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. 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, 4 August 2015

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 reporting 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, 4 August 2015

The Executive Board

Gordon Riske

Dr Eike Böhm

Ching Pong Quek

Dr Thomas Toepfer

Quarterly information

Quarterly information TABLE 35

in € million	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Order intake*	1,317.3	1,247.9	1,283.5	1,116.1	1,204.8	1,166.8
Revenue	1,256.0	1,164.8	1,305.6	1,139.0	1,144.4	1,088.9
EBIT	99.4	82.1	109.4	69.1	91.5	77.0
Adjusted EBIT	116.4	93.4	134.2	111.8	109.5	87.4
Adjusted EBIT margin	9.3%	8.0%	10.3%	9.8%	9.6%	8.0%
Adjusted EBITDA	206.6	181.4	219.6	196.0	193.5	171.2
Adjusted EBITDA margin	16.4%	15.6%	16.8%	17.2%	16.9%	15.7%

* Figures for 2014 restated to reflect the change in the order intake calculation introduced in 2015

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 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 2014 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 2015
Interim report for the period ended
30 September 2015

17 March 2016
Financial statements press conference
2015 annual report

4 May 2016
Interim report for the period ended
31 March 2016

12 May 2016
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.

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