

KION GROUP AG

Q3 2015 Update Call

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                                      Thomas Toepfer (CFO)

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Gordon Riske

Yes, thank you, and from my side, welcome, ladies and gentlemen to our Q3 update call 2015. We will make this presentation as in the usual form. I hope everyone has the document in front of you. If not it's on our investor relations page.

Going right to page two, we will be presenting in four parts as we normally do with the update and the financial and strategic highlights for the third quarter followed by a regional update for the market and then comparing that to KION. And then Thomas Toepfer will present the financial update and finally we conclude our formal presentation with an outlook before we hand it over to you for questions that you may have.

Turning now to page three, as the headline shows we are very happy to be able to report a solid growth, a solid result in the third quarter of 2015 despite a weaker global market. We saw a substantial order intake growth in the quarter of 12.3% to €1.3 billion, mainly of course driven by our excellent position and our outperformance in Western Europe.

And in China we were able to set ourselves apart; that means we outperformed the market once again; even though the market was weaker in China we were able to outperform. In total this leads to an order book of now €969 million so that's a strong basis for our sales in the last quarter.

Similarly we saw strong revenue growth in the quarter of 8.6% to €1.2 billion and our adjusted EBIT of €121 million also grew strongly in the quarter and that represents an outstanding margin of 9.8%. And profitability remains at the high level of the previous year and regarding our net income we did see a substantial increase relating to our operating profit and operating performance and also our refinancing activities that we undertook in Q2 2014.

So our free cashflow is improving excluding of course the acquisition of Egemin, which we've reported and we closed that transaction at the beginning of August and so overall a very solid quarter and overall with that strong quarterly performance we'd like to confirm the year 2015 for the total year.

So moving on to page four, from the financial to the strategic highlights, since we announced our strategy, the KION 2020 Strategy in 2014 we are continuing to implement this in every area of the company.

And in our presentations we like to provide you an update of some of the initiatives that happen as they come along each quarter. One of the important things that happened in the past quarter under the umbrella of our global platform and module strategy; we strengthened the KION executive board with Eike Boehm who started at the 1<sup>st</sup> of August and he is now in the position of Chief Technology Officer for the KION Group after a very successful career in R&D functions in the Daimler Group and at the Daimler truck business.

Now being at KION for almost 100 days, he has set up his new CTO organisation with central leadership to drive the efficiencies in R&D across the entire company, purchasing and quality; that means across all brands and all regions. And this will further increase our focus on innovation, quality and customer satisfaction while leading to a margin upside.

Another highlight; last week we had the CeMAT in Shanghai where we launched 11 new products in China, which is the latest generation using our global platform and this new basis from which we will drive other products will be used for the global markets and anyone that happened to be at the fair last week, at CeMAT, I think that is clearly answered, why has KION been outperforming in the market.

We had a very strong show, a very powerful presentation of new products and we're very enthusiastic about the new product line going forward.

In Q3 we also continued our focus in automation; as we told you, we announced the Egemin Automation in early May and we closed it on 7th of August 2015 and [it] realised revenues of €76 million in 2014 with about 300 employees.

So Egemin is now the seventh brand within the KION Group and this extends our reach in automation project management and software competence and we, with Egemin, are working on several major projects in the area of warehouse automation, automated guided vehicles and in-floor-chain conveyor business. And as part of the integration process in the KION Group, Egemin will further intensify, of course, its partnership with the KION brands around the world. In addition we are working with the team at Egemin also to drive our global footprint.

And finally our new plant in Stribro near Pilsen is taking shape very quickly now. The project is well underway and we are probably a little bit ahead of schedule but we are sticking to our production date of January 2016. We have hired the necessary staff in the summer this year and that is moving forward.

So that's a little bit, the strategic highlights. Going into the market update on page six of the presentation, the global market in Q3 declined by 2.3% to 254,000 units and so overall a growth of only 1.6% in the first nine months.

Of course this is kind of a tale with two halves of the story. We continue to see good progress in the development markets – those are the classical markets of the United States and of course Western Europe – but weaker activity in the emerging markets, particularly in

China where the IC market went down significantly, while on a global level electric trucks and warehouse trucks continued to expand.

Giving the graphic that we show often in this presentation on page seven, you can see here Western Europe grew at 6.2% in Q3, so this is a more normalised growth but really a solid momentum that we have seen in the past quarters and the market is still performing very well.

North America; also very strong market although KION at the moment is still fairly small, but moving to some of the emerging markets, they continued to struggle. Eastern Europe has two different developments. Russia is a difficult market with 40% year to date down while the other markets – the Czech Republic, Poland, Hungary – have developed nicely.

China has declined further, particularly in the area of IC trucks and so the industry of course is impacted by the entire macroeconomic development in China. Latin America has started to turn around a little bit, it's a little bit different story; a continued decline in Brazil but a better development in Argentina. So overall we are faced with a global market in the bottom right-hand side of the page, minus 2.3%.

If we come back to our home markets, Western Europe on page eight; I think here you see clearly that the markets have expanded on a broad basis over the past quarters. We still see an ongoing broad, healthy activity with good momentum in Germany, UK and France so the biggest markets, and continued pent-up demand driving the growth strongly in Italy and in Spain.

These markets together have still only reached about 70-75% of their pre-crisis levels so we do feel there is ample space for continued growth also on a longer-term level.

Now looking at KION, how is our performance in this market? On page nine, very, very strong so we were able to strengthen our global market position in Q3. KION outperformed the global market; we had a growth rate of 4.6% compared to a market declining by 2.3%. This resulted with more than 36,900 trucks and we really benefited from the strong demand in the European home markets, especially driven by electric trucks and warehouse trucks.

Breaking that down for you a little bit in the quarter to quarter on page ten, you see here western Europe; KION grew above the market in Q3 again, as we did in Q2. In Eastern Europe we performed better than the market, especially driven by those markets outside of Russia.

China; again very strong performance, especially compared to all other players in the market. It's clear that we have a few special trucks, for instance smaller warehouse trucks, and that is driving that business and the negative market trend of course does affect also our business.

So as we have stated before, KION has a very strong warehouse offering and strong service set-up in this region. We will see how the market develops in the next quarters but I think we have, with our new products and excellent position.

In Latin America we saw a slight increase due to good order activity outside of the weak market in Brazil. Overall across the regions an excellent performance by the KION Group for the third quarter. With that I'd like to turn it over to Thomas Toepfer for the financial update.

Thomas Toepfer

Well, thank you very much and also from my side a very warm welcome to our update call. If you please turn to page 12, you have the key financial numbers for the first nine months of the year. And you can see, we have seen good momentum in order intake and revenues over the past nine months. The order intake grew by 9.5% to

€3.8 billion, including a foreign exchange effect of €99 million and if you take that out you see the organic growth rate was roughly 7%.

Similarly if you look at the revenues, this number grew by 8.4% to €3.657 billion with a positive FX effect of €91 million and therefore the organic growth was around 6%. And with that our order backlog is up to €969 million, 27% higher than it was at the end of December 2014 and, as Gordon Riske already said, that gives us a very good position for the last quarter of the year.

If you look at the adjusted EBIT number, it grew by 7.2% to €331 million with a margin of 9.1%, which is slightly below the very high previous year number. And finally on the right-hand side you'll see our net income grew significantly by 21% to €144 million, driven by both our operating performance but also our improved financing structure following the bond repayments which we did in the second quarter of 2014.

If you turn the page to page 13 you have the same set of numbers for the third quarter of the year and you can see that they're also very strong. The order intake grew strongly by 12.3% to €1.253 billion. The FX effect has decelerated and is €21 million in that quarter. If you look at the revenues, they grew by 8.6% to €1.236 billion; also a diminishing FX effect of €19. And the book to bill ratio remains above one with a multiple of 1.01 times.

If you look at the EBIT number that grew by 8.4% to €121 million and we achieved the very high margin of 9.8%, which we already had in the previous year. Net income is €49 million below the previous year. That is mainly resulting from tax effects in the third quarter. For the entire year, we are fully on track also with respect to our tax guidance.

Now if you turn to page 14 you have some more details on our revenue development. On the left-hand side you recognise the 8.4% revenue growth for the first nine months of the year. You can see that

all business lines have contributed to that growth with the new truck sales up by 9.9% and the services growing 6.8%. And on the right-hand side you have the same split for the last quarter of the year or the third quarter of the year with new business growing strongly at 8.6% and the growth rate for the services accelerating to 8.5%. That is also driven by the first-time consolidation of our Egemin business and also a nice pick-up in the used truck business.

If you turn to page 15 you have our adjusted EBIT and EBITDA and you can see that, as I've already said, we achieved an adjusted EBIT of €331 million with a margin of 9.1%. In terms of EBITDA that was €600 million with a margin of 16.4% and I would just like to stress that we have continued to expand our gross margin by roughly 30 basis points over the first nine months over the year. That was very much supported by the good product mix and lower commodity prices and FX effects, so we're continuously improving in this respect.

On the other hand, we did face some headwinds in terms of fixed cost increases, mainly from wage inflation, and also translation effects and some costs that we had to incur for the implementation of our 2020 Strategy.

If you turn to page 16, you have the reconciliation all the way down from the adjusted EBIT down to the net income number. I would just like to highlight a couple of selected items, so let's look at the financial results. That number obviously benefits from our sustainable interest reduction after we refinanced the two pre-IPO bonds in April 2014.

If you look at the numbers, €68 million in the first nine months of this year versus €62 million in the first nine months of last year, please keep in mind that last year we had a roughly €20 million positive one-off effect so the comparable number would be €82 million and that reflects our sustainable interest rate improvement that I was just referring to.



In terms of our guidance we had said that we would expect €25-28 million interest result per quarter so you can see that we are at the lower end of that guidance. And then if you look at the tax line item you can see year to date number of €78 million; that's an effective tax rate of 35.2%, fully in line with our guidance, where we said that we are expecting a tax rate of up to 35% for the full year. And as I already said, the net income of €144 million is driven by the good operating performance and reaches an absolute high for KION.

If you turn the page to 17, you see our cashflow statement. As usual I would like to start with the last line item of that page which is our free cashflow. You can see we've achieved €39 million, at first sight below the corresponding number of 2014, but if you obviously adjust for the €69 million which is the acquisition of Egemin you see that the free cashflow is above previous year both for the first nine months but also for the third quarter of the year.

Some other key drivers of the cashflow statement is the trade working capital which increases, mainly related to our business growth. If you look at the working capital days, we're at the same level as last year. The "other" line item, I would just like to remind you, the increase is mainly driven by some restructuring payments which we incurred last year due to the planned closures in France and the UK. And please remember, we told you that we had some cash in transit which only materialised in 2015 so those two items are mainly driving that effect.

The leasing cashflow, as it should be, is hovering around zero because it is a flow-through nature of the business. And the operating capex is, I would say, slightly above the last year and therefore fully in line with our guidance and the net rental capex is up 18.7%. That is mainly due to the expansion of our fleet which supports our very profitable rental business.

If you turn to the next page, number 18, that is essentially unchanged and it just depicts our financing structure. The only point that I would

like to remind you is we still have €450 million pre-IPO bond outstanding which can be called for the first time in February 2016 and obviously that is marked in our calendars so we will review carefully any options that we have at this point in time.

To conclude my part of the presentation, if you please go to page 19, that shows you the net debt composition of our business; again very little change relative to the end of the second quarter. Net financial debt has remained almost unchanged at €868 million with a stable leverage of 1.1 times. Similarly, if you look at the middle of the page, the industrial net operating debt has only marginally increased to €1.239 billion compared to the first six months of the year and again the respective leverage has remained unchanged at 1.7 times.

The pension liabilities remained stable and for our end customer financing activities of our financial services asset and corresponding sale and leaseback liabilities simply grew in line and that reflects the underlying business growth and the pass-through nature of this business.

And with that I would like to hand it back to Gordon Riske for the outlook.

Gordon Riske

Thank you, I'm on page 22 for our outlook statement, and we'd like to say clearly based on the positive financials for the first half of this year, we fully confirm KION's financial guidance for the full year 2015.

For the market, we expect a weakness in the emerging markets, Russia and China, so you will see we have changed the wording to "weakness in emerging markets of Asia" here on this slide compared to the last time.

For KION, we do expect slightly higher order intake, revenue and adjusted EBIT, whereby we define slight as the lower half of the single-digit range; stable adjusted EBIT margin; increased net income;

slightly lower free cashflow; and a further reduction of the net debt. As stated earlier, in the first nine months of this year our order intake, revenue and adjusted EBIT have grown above our outlook rates for the full year. But if you adjust those numbers by FX our main monetary KPIs will remain around the upper end of our guidance for the year 2015.

So we're very happy with this Q3 2015 and we would now close the formal part of the presentation and turn back to the operator for any questions that you may have.

Operator

Thank you. Ladies and gentlemen, at this time we'll begin the question-and-answer session. Anyone who wishes to ask a question may press \* followed by 1 on their touch-tone telephone. If you wish to remove yourself from the question queue you may press \* followed by 2. If you are using speaker equipment today please lift the handset before making your selections. Anyone who has a question may press \* followed by 1 at this time. One moment for the first question, please.

And our first question today comes from the line of Felicitas von Bismarck from Deutsche Bank. Please go ahead.

Felicitas von Bismarck

Yes, thank you very much. Can you hear me all right?

Gordon Riske

Very fine.

Felicitas von Bismarck

Okay, very good. I have two questions. I actually saw these are very impressive numbers, especially on the order intake. I think investors might start focussing rather on 2016 from now on so could you comment on any current trading, anything you're seeing sequentially in the order growth? That would be great.

And the second question I would have is on free cashflow. You seem to be well on track if I take out the Egemin part and this other operating cashflow; was that planned, so is that in the guidance and if

yes can you remind us what was the extraordinary effect last year that you're comparing this against?

And the last question; if you do have an analyst day next week coming up is there anything specific we can expect, can we expect a margin guidance for 2016 for example? Thank you.

Gordon Riske

Yes, first question here on 5th November and the year is finished; I always love that and all the rest of us have to work to make sure this stuff goes out the door. So we are working heavily to make 2015 and, you know, help our customers. So 2016 - current trading is along the lines, nothing special to report. We'll keep an eye on China but as I said in the presentation we have an excellent position in China, we just can't, you know, decouple ourselves from the market. So, current trading is in line, no special things.

Felicitas von Bismarck

Can I ask, in line with what? In line with your full-year guidance, with your growth guidance?

Gordon Riske

Exactly in line with our full-year guidance.

Felicitas von Bismarck

Okay, can I ask how much currency you're discounting, and Egemin you're discounting in the order intake for the full year then?

Thomas Toepfer

No, we don't have an exact number but, I mean, I think you've seen what is the effect for the first nine months of the year. With respect to Egemin we told you that when we acquired the business they had revenues of roughly €75 million so I think on the back of the envelope you can sketch out what the rough effect should be.

Maybe to your second question with respect to the free cashflow, our guidance for the free cashflow does include the "others" line item and the upswing mainly is due to the fact that last year we had cash out for the restructuring of our factory closures, which does not occur this year so obviously that's a positive effect on the free cashflow.

And as I said, cash in transit means that some of the cash that should have come in in 2014 was somewhat trapped in the bank account and was only credited at the beginning of the year so that is also a positive effect for this year.

What our guidance does not include are the two effects; one is the acquisition of Egemin; was not in our guidance but also the exercise of the put option for the 20% of the Linde Hydraulics business was also not in our guidance but both effects should have the same order of magnitude in terms of cash effect.

Gordon Riske

Yes, and the last question; yes, we have capital markets day next week so we're looking, you know, very forward to that, everybody driving great forklift trucks in England this time; hopefully the weather is okay. Guidance for 2016 is like, you know, the same answer; the year is not done yet, so we won't have guidance but come and be surprised. We will talk about strategy and some of our longer-term views of the market and so forth, so I think it'll be a great event and we're looking forward to all of you that are planning to attend it.

Felicitas von Bismarck

Great. Thank you very much.

Operator

Our next question comes from the line of Sebastian Growe of Commerzbank. Please go ahead.

Sebastian Growe

Yes, good afternoon, gentlemen; three questions from my side on three pieces, so to speak, the first one on Europe. You said in your presentation that you saw a normalisation of the market with the market being up still 6% in the third quarter. Can you just give us an idea what normalisation really means, would you think of this as the yardstick to use simply for modelling Europe going forward, is that also the kind of indication that you do see in terms of growth for the fourth quarter and with that, obviously, do you think indeed, back to

the yardstick, that this is also the right magnitude to model maybe for 2016 when it comes to Europe and the demand in that region?

Then secondly on China, the growth was negative for the first time for quite a long time, I believe, in China in Q3, also for you and not only for the market. Is it fair to assume that also the former sweet spots, ie, the E-trucks, have also been down in the third quarter?

And with that it would be just interesting to understand a bit better really the dynamics in the Chinese market, so I do remember from the last call that you said about, I think, three-quarters of the market in China is more IC truck and the economy segment related so kind of the, yes, what can I say, low-margin stuff and not so sophisticated products maybe. And can you just give us a sort of idea what really the rate of decline in this IC truck segment is and how this compares then to the E-truck and, yes, what I phrased as the sweet spot segment is.

And lastly on the NRIs end of year 2015 at the Pilsen plant, you said on the previous call, I think, that it was kind of a straight line so kind of every quarter about the same magnitude in terms of headwinds. Where are we in the process of, yes, ramping up Pilsen, when do we expect to see the first shipments and related to that then are there any spill-overs or so into 2016.

And I must ask if I may take you up on that you are not too prepared or happy to take any questions on guidance yet but on the NRIs is there anything larger budgeted for the next year, comparing that to the €20 million in 2015? Thank you.

Thomas Toepfer

Well, maybe I'll start with the NRI question. So Pilsen, as Gordon Riske said, I think we're absolutely on track. Our guidance was that the factory should go online in the first quarter of 2016. We're actually shooting now for January and I wouldn't be surprised if it was beginning of January so you see that we're absolutely on track in

terms of timing but also in terms of our budgeting and that's also true for the NRIs.

And therefore I can confirm our guidance that those are evenly distributed. And therefore the first shipments; you can expect them beginning of January. I think the transitioned phase will be in December already so we will close the production in the Aschaffenburg this year; then comes the transferral phase and the first shipments; you can expect them early next year.

There will be some costs which we still have to bear in the Aschaffenburg plant because some fixed costs obviously will have to be, we have to work on decreasing those remnant fixed costs in Aschaffenburg and therefore please don't expect the full-blown effect in Q1. We will kind of see a, also ramp-up in terms of positive financial effect in the year 2016 for that Pilsen plant.

Okay, on the first question, Europe, what does that mean normalised; this was on page seven. You know, on the first quarter we had like 16.9% and then we had 8.6%; double-digit was very unusual and that was ramp-up, you know, in the rental fleets and warehouse equipment so that is very unusual. You know, when we say normalise, you know, we're looking at the next quarters. I think 3-4%; even though it may be that Italy, Spain continue to grow more rapidly, I would say overall in Western Europe 3, 4, maybe even 5%; it really depends a little bit on how confident everybody is going forward. And that's what I mean by normalise; we won't see this double-digit; that's the main point.

Now on China, yes, we have a quarter, first time in a long time, where we actually had negative growth. For China; KION is so outstandingly positioned compared to everyone because it's right, the IC market is 60-75% of the total market and that has gone down by more than 15% and so the big Chinese players, low-cost players are all hit, you know, very, very hard and what they don't have is a lot of service business.

You know, we have a quarter of our revenue, is service business so that gives us really an edge versus almost all of the Chinese companies and if I look at the other players or the new players like a Jungheinrich or Toyota or Doosan, you know, they're just entering the market but have no population, so also have no service business. And so one of the things that really carries us, of course, is really the service business.

From a market dynamics, as I said, the IC market is down, you know, 15-plus percent as a negative; the electric trucks not as bad, minus five, minus 7%, and warehouse trucks are up slightly. And in the electric trucks we do see, you know, a stronger tendency towards that and for warehousing, that's where we're very well-positioned.

But, I mean, nonetheless when a market as big as China with 250,000-plus trucks goes down, you know, with a minus 17% in the third quarter, somewhere it affects, you know, all the players in the market and that kind of explains our situation.

But from everyone there, even compared to the Chinese players and especially compared to the new entrants, I think we have an excellent, excellent position.

Sebastian Growe

Okay, fair points. Sorry, just ask two follow-up questions on China in the first place; could you just give us an idea who really the competitors are in that kind of sweeter-spot segment? So if I recall that correctly you said on the last call that maybe your share in that better part of the market is something like 30-40% or so. Who are really the other peers acting in that field and do you see any change in the overall marketplace?

Meaning yes, there's this service element but nevertheless a large part of your overall market is so heavily down that there are some tendencies for fighting even harder and I think you said last time or so that China requires a little bit more work.



And then if I just may come quickly back to the Pilsen plant, the related volume to that plant; it was about 10,000 units; is that more or less the right magnitude to think of?

Gordon Riske

I think the ramp-up next year when we start will be, you know, 6,000 units or so and then it ramps up slowly to there and then let's see how successful we are with new products. You know, we have plenty of room there to grow but next year we'll start up at about 6,000 units.

The KION market in China where we have 40%, sometimes we even call it the so-called foreign market segment. That's where the players are, you know, Toyota, Jungheinrich; those are – and Hyster Yale – all of those are very small compared to KION and those are all fighting for that segment of the market.

But through the, you know, more than 20 years of being there, through the household name of Linde, through the extremely large and dense service network we were able to carve out really a niche for us that we're continuing to expand.

Sebastian Growe

Okay, great, thank you very much for the insight.

Operator

Ladies and gentlemen, as a reminder, if you would like to ask a question you may press \* followed by 1. And our next question comes from the line of Sven Weier of UBS. Please go ahead.

Sven Weier

Yes, thank you, two questions please; the first one is on your after-market business, which was going down 5% sequentially, which was, I think, a bit unusual. On the other hand, the other part in the service was going up by a similar magnitude so I was just wondering, did you have sort of a relocation within the segments or could you just give us some colour on that?

And the second question is coming back to your chart on page eight where you give the regional development relative to the last peak and we obviously see that the UK and Germany are at a point or well beyond a point where sales have typically rolled over in the past; France is not so far away. Some of your sectors like auto, like chemicals are having some issues. So I was just curious what you see in your project pipeline. I guess you're such a short lead-time business that this would probably be too early to see any slowing but maybe you can give us some colour on this chart really. Thank you.

Gordon Riske

All right, starting with the second question, kind of, if I understand it correctly; is the Western European market now peaked out? No. From our project pipeline which – you know, we have a six to 12-week visibility there so it's not such a visibility – we still see demand. We don't have an issue right now, you know, where people are saying, we're not going to buy any forklifts and it's actually the other way. Not only do we have the replacement demand, you know, the e-commerce is driving the business; we have new technologies: lithium ion, automation, electric trucks, warehouse.

So we still see moderate growth in Europe continuing and the fact of the matter is Europe is a high-cost region in the world so labour rates, increased labour rates, the need to be efficient, outsourcing; none of that has stopped. It's actually even increasing so as we move towards forklifts with maybe less drivers or more automated systems that actually drives the growth.

Thomas Toepfer

And with respect to your question, after-sales business, I have a little bit of difficulty to follow your question. I think if you look at the growth rate for the after-sales business it's 7.4% for the first nine months of the year and it's 6% for the Q3 of the year if you compare it on a year on year basis. Maybe you did a quarter to quarter comparison but even if you do this obviously the growth rate is lower from Q2 to Q3 because Q3 is a holiday quarter with many people and also service technicians being on holiday so the growth rate is smaller but even in

that comparison Q3 15 is above Q2 2015 and therefore I think we would maybe offline have to compare numbers so that I can comment on this.

Sven Weier

And can you just remind me what is in the other segment within service?

Thomas Toepfer

Well, other segment is our Egemin business but also some of the business lines like the platform business, which we have most recently sold so all those business lines that are not directly linked to the service of the forklift truck.

Sven Weier

Okay, very clear, thank you.

Operator

Our next question comes from the line of Stefan Augustin of Kepler Chevreux. Please go ahead.

Stefan Augustin

Yes, hello. If I look at your European business it seems to me that you had an especially good quarter with respect to orders from UK and if I recall that correctly this is one of the few currencies where you have an open position that is currently hedged but the hedges are rolled over.

So can we make the assumption to say, if we would have a good UK business, by tendency the rolling over of the hedges, it should be positive for your profitability going forward?

And the other question is if I look at the orders minus service sales as a projection for your future new truck business, we have now roughly for this year €120-130 million lower new business than orders. Are we really...? I have the idea that we can have a really strong Q4 sales here and is there anything after you have, let's say, remodelled the order intake figures to make them comparable to the sales, is there anything else to make us think that we should not have this, let's say, order backlog going into new truck business sales in Q4?

Thomas Toepfer Well, I think maybe with respect to your last question, no, I think we made that clear also in the outlook; we don't expect any negative surprise for the fourth quarter, to put it mildly, because we feel very comfortable with the order book position that we have built up. So that, I think, we're fully on track.

Maybe with respect to your UK question, on page eight, obviously that is the market development, that is not the KION development so, and secondly I'd say the FX rates are starting to normalise these days so at least in our current planning round we don't have a big special effect planned in for the UK for next year and therefore I don't see any major effect from this angle.

Stefan Augustin Okay, can I conclude from your answer that you are below the UK market development in KION?

Thomas Toepfer No, I didn't say that.

Stefan Augustin Okay, thank you.

Operator Ladies and gentlemen, if you'd like to ask a question you may press \* followed by 1 at any time. Are there any further questions from the phone lines? Okay, there are no further questions from the phone lines.

Gordon Riske Okay, great, thank you very much for participating in the call. We look forward to seeing you and to hear you, to see you next week at the capital markets day for those of you that will participate and the next dates are in the calendar; 17th March, 27th April and 12th May for the general assembly. Thank you very much.