KION GROUP

INTERIM REPORT
2017

Key figures

KION Group overview

in € million	Q2 2017	Q2 2016	Change	Q1 – Q2 2017	Q1 – Q2 2016	Change
Order intake	1,970.5	1,427.1	38.1%	3,852.3	2,723.8	41.4%
Revenue	2,016.4	1,343.8	50.0%	3,827.8	2,564.5	49.3%
Order book [1]				2,196.0	2,244.7	– 2.2%
Financial performance						
EBITDA	320.4	222.8	43.8%	573.7	412.7	39.0%
Adjusted EBITDA [2]	326.0	238.2	36.8%	588.9	430.0	37.0%
Adjusted EBITDA margin [2]	16.2%	17.7%	–	15.4%	16.8%	–
EBIT	163.7	116.8	40.1%	260.2	205.8	26.5%
Adjusted EBIT [2]	214.2	140.8	52.2%	367.1	239.4	53.4%
Adjusted EBIT margin [2]	10.6%	10.5%	–	9.6%	9.3%	–
Net income for the period	108.2	64.0	69.1%	150.3	97.1	54.8%
Financial position [1]						
Total assets				11,150.2	11,359.2	– 1.8%
Equity				2,979.2	2,535.1	17.5%
Net financial debt				2,333.6	2,903.4	– 19.6%
ROCE [3]				–	6.8%	–
Cash flow						
Free cash flow [4]	36.1	9.9	> 100%	100.6	– 10.5	> 100%
Capital expenditure [5]	49.7	36.6	35.8%	92.4	64.3	43.6%
Employees [6]				**30,943**	**30,544**	**1.3%**

1 Figure as at 30/06/2017 compared with 31/12/2016
2 Adjusted for PPA items and non-recurring items
3 ROCE is defined as the proportion of EBIT adjusted to capital employed; ROCE is only calculated at the end of the year
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 30/06/2017 compared with 31/12/2016

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.

Highlights of the second quarter of 2017

KION Group maintains profitable growth in the second quarter

- The KION Group continues its strong growth, both organically and as a result of the Dematic acquisition
- Value of order intake increases to €1.971 billion
- Significant growth in revenue to €2.016 billion
- Adjusted EBIT margin improves to 10.6 per cent
- Net income for the period rises to €108.2 million
- Strong free cash flow of €100.6 million in the first half of the year
- Outlook for 2017 confirmed

Successful capital increase and Dematic integration

- KION Group successfully completes capital increase – gross proceeds of around €603 million
- Integration of Dematic continues to make very good progress
- New KION Group including Dematic makes successful appearance at ProMat trade show in the US
- Rating agency Standard & Poor's raises the KION Group's credit rating to BB+ with a stable outlook
- KION Group pays its highest dividend ever of €0.80 per share

Contents

KION shares

Significant share price increase in first half of 2017

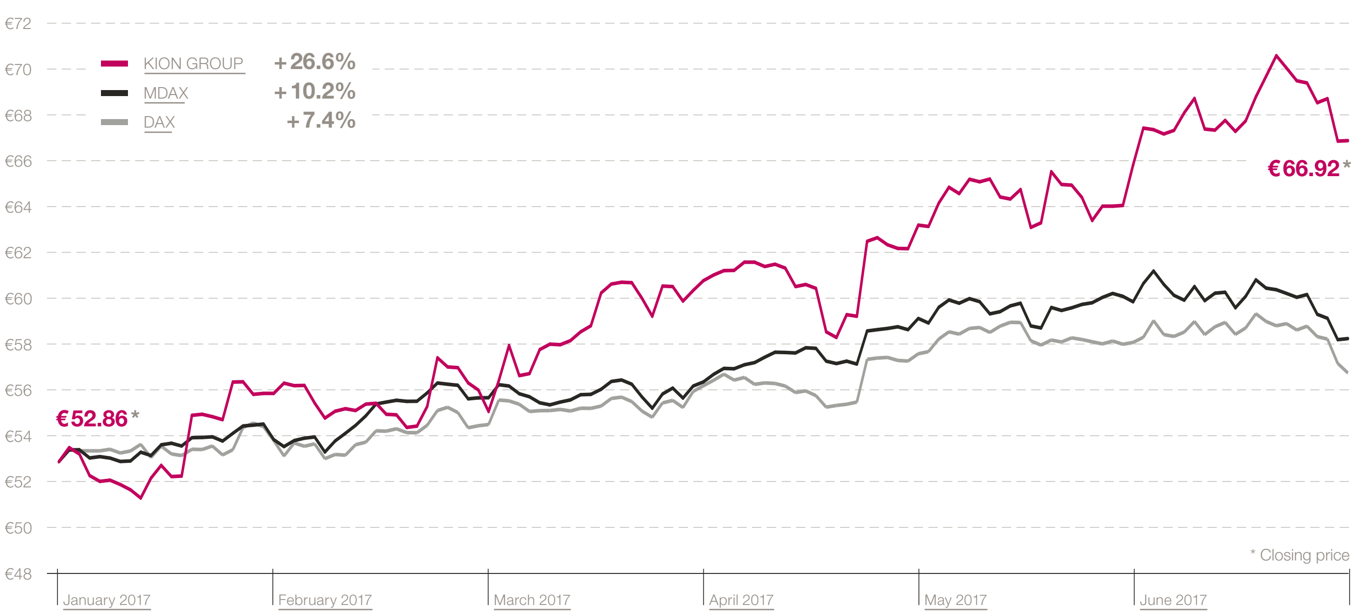
The German equity markets soared in the first half of the year, exhibiting only a low level of volatility. One of the main drivers was the encouraging growth in corporate earnings. The DAX closed on 12,325 points as at 30 June 2017, which was 7.4 per cent higher than at the end of 2016. The MDAX went up by 10.2 per cent over the six-month period.

KION shares significantly outperformed the DAX and MDAX reference indices, particularly in the second quarter. On 21 June 2017, they achieved their highest price of the year so far of €70.64. The share price finished the six-month period at €66.92, a rise of 26.6 per cent (31 December 2016: €52.86). At the end of June, market capitalisation stood at €7.9 billion, of which €4.5 billion was attributable to shares in free float. > DIAGRAM 01

Annual General Meeting approves capital increase

The Annual General Meeting on 11 May 2017, at which 82.2 per cent of the share capital was represented, approved the Supervisory Board and Executive Board's proposals with a large majority, including a dividend distribution of €0.80 per share, compared with €0.77 last year. The dividend payout ratio was thus unchanged year on year at 35 per cent, while the total dividend payout increased significantly to €86.9 million due to the capital increase in 2016.

Share price performance from 30 December 2016 to 30 June 2017 DIAGRAM 01



* Closing price

The Annual General Meeting also approved the creation of new authorised capital of up to €10,879,000.00 or 10 per cent of the share capital. The Executive Board has thus been authorised, subject to the consent of the Supervisory Board, to issue additional shares on this basis up to and including 10 May 2022. The authorised capital was used on 22 May 2017 to increase the Company's share capital by 8.55 per cent against cash contributions; the shareholders' subscription right was excluded.

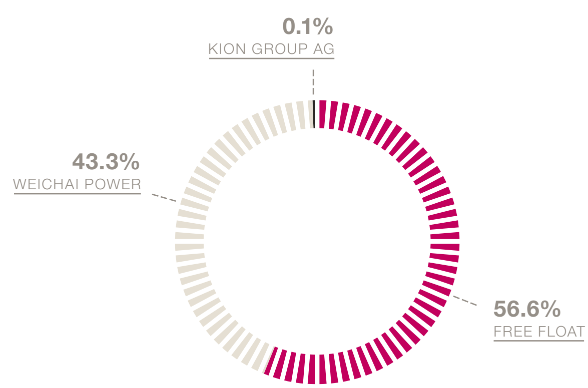
Stable shareholder structure

The shareholder structure remained stable in the reporting period. In the context of the capital increase, Weichai Power Co. Ltd. purchased 4,023,275 of the new shares in line with its stake in KION GROUP AG, which remained unchanged at 43.3 per cent. Weichai Power therefore remains the largest single shareholder. KION GROUP AG continued to hold 0.1 per cent of the shares. The free float thus accounted for 56.6 per cent. > DIAGRAM 02

Comprehensive coverage

Nineteen brokerage houses currently publish regular reports on the KION Group. As at 30 June 2017, eleven analysts recommended KION shares as a buy, seven rated them as neutral and one analyst recommended selling them. The median target price specified for the shares was €70.00 at the end of the reporting period. > TABLE 01

Shareholder structure as at 30 June 2017 DIAGRAM 02



Improved credit rating

In January, the KION Group received an investment-grade rating for the first time. Fitch Ratings gave the Group a long-term issuer rating of BBB– with a stable outlook, reflecting its improved financial profile, high level of profitability and stable free cash flow. In April, rating agency Standard & Poor's raised its credit rating for the KION Group from BB+ with a negative outlook to BB+ with a stable outlook.

Share data

TABLE 01

Issuer	KION GROUP AG
Registered office	Wiesbaden
Share capital	€118,090,000; divided into 118,090,000 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, FTSE EuroMid, MSCI Germany Small Cap
Stock exchange symbol	KGX
ISIN	DE000KGX8881
WKN	KGX888
Bloomberg / Reuters	KGX:GR / KGX.DE
Closing price as at 30/06/2017	€66.92
Performance since beginning of 2017	26.6%
Market capitalisation as at 30/06/2017	€7,902.6 million
Free float	56.6%
Earnings per share*	€1.35

* For the reporting period 01/01/ - 30/06/2017

Interim group management report

FUNDAMENTALS OF THE KION GROUP

Management and control

The term of office of the members of the Supervisory Board ended at the Annual General Meeting on 11 May 2017. All of the existing shareholder representatives were re-elected by the Annual General Meeting for a further five years. Dr Schepp and Mr Casper were elected as new employee representatives on the Supervisory Board; Mr Brandt and Mr Hartig stepped down. At the constitutive meeting held after the Annual General Meeting on 11 May 2017, the Supervisory Board re-elected Dr Feldmann as chairman. There were no changes on the Executive Board during the first half of the year.

Strategy of the KION Group

The KION Group is pursuing its Strategy 2020, which was described in the 2016 group management report.

Following the successful completion of the Dematic acquisition, the focus for this year is on integrating the company into the KION Group. This includes the integration of Retrotech and Egemin into Dematic.

One of the main objectives under the Strategy 2020 is to systematically unlock the potential for cross-selling and synergies, thereby continually increasing the benefits for customers. This potential derives from the complementary technologies and compatible software solutions of the Group companies, the different emphasis of their regional coverage, the extensive installed base of truck fleets and supply chain solutions, and their combined strength in sales and service.

At the same time, the intelligent alignment of the production infrastructure, joint procurement activities and shared use of corporate services should increase efficiency across the Group.

Overall, this action plan should generate profitable growth in the two segments, balance out the revenue structure and, at the same time, secure their technological position.

Report figures

The figures reported for the first half of 2016 relating to the Group and the Supply Chain Solutions segment exclude Dematic, which was acquired on 1 November 2016.

REPORT ON THE ECONOMIC POSITION

Macroeconomic and sector-specific conditions

MACROECONOMIC CONDITIONS

The global economy grew at a stable rate in the first half of 2017. This is due to the upward trend in industrialised countries, which is being bolstered by foreign trade and companies' rising capital expenditure. On the whole, emerging markets and developing countries are also benefiting, albeit to varying degrees, from the expansion of global trade and from the recovery of commodity prices. According to the International Monetary Fund (IMF), growing protectionism continues to represent the biggest risk.

SECTORAL CONDITIONS

Sales markets

The global market for industrial trucks continued to expand rapidly in the second quarter. Overall, the number of new trucks ordered in the first half of this year was up by 17.4 per cent compared with the prior-year period. The total number of trucks ordered across all regions and product types was 694.1 thousand (H1 2016: 591.0 thousand).

The EMEA region (western Europe, eastern Europe, Middle East and Africa) generated growth of 11.4 per cent. In western Europe (growth of 9.1 per cent), orders in France and Spain rose at an exceptionally strong rate. The increases in Germany and Italy were more moderate, however, while the United Kingdom saw no growth. All of the major markets in eastern Europe (growth of 27.3 per cent) achieved significant rises, with Russia performing particularly well. Orders in North America, Central America and South America (Americas region) were up by 9.0 per cent overall,

Global industrial truck market (order intake)*

TABLE 02

in thousand units	Q2 2017	Q2 2016	Change	Q1 – Q2 2017	Q1 – Q2 2016	Change
Western Europe	96.2	89.6	7.3%	205.0	188.0	9.1%
Eastern Europe	18.4	16.1	14.8%	37.9	29.7	27.3%
Middle East and Africa	9.2	8.5	7.7%	18.7	17.1	9.6%
North America	67.5	62.4	8.1%	130.6	121.6	7.4%
Central and South America	9.4	7.3	28.2%	17.0	13.8	22.8%
Asia-Pacific	142.9	113.6	25.8%	284.9	220.8	29.0%
World	**343.6**	**297.5**	**15.5%**	**694.1**	**591.0**	**17.4%**

* Country allocation according to new regional governance
Source: WITS/FEM

driven primarily by increases in the United States and by the recovery of the Brazilian market. Asia-Pacific (APAC region) notched up substantial growth in the second quarter, and its overall increase in the first half of the year was 29.0 per cent. The bulk of the additional demand came from China.

In terms of volume increases, the biggest rise was attributable to IC trucks, which were up by 20.8 per cent in the first half of the year and benefited from strong demand in China. Orders for electric forklift trucks increased by 15.0 per cent, while those for warehouse equipment rose by 15.6 per cent. > TABLE 02

The rapid expansion of e-commerce and the increasingly widespread use of Industry 4.0 technologies continue to provide a boost for warehouse systems and automation solutions. Companies at every stage of the supply chain are facing growing demands in terms of the availability of goods, the accuracy and speed with which orders are processed, smaller orders, and peaks in ordering activity. In the first half of 2017, many companies continued to invest heavily in expanding their warehouse capacity and in automated warehouse systems in order to protect their future competitiveness. These systems include not only solutions for individual processes, such as picking and packing, but also fully integrated end-to-end solutions.

Procurement markets and conditions in the financial markets

Steel, the most important commodity for the KION Group, became significantly more expensive in the first half of 2017 owing to rising prices for coking coal and iron ore and to the introduction of punitive tariffs on cheap imports in the European Union. Prices for copper and oil were also above their average for the corresponding prior-year period. The price of rubber rose sharply and was significantly higher at the end of June 2017 than it had been a year earlier. Producer prices for intermediate goods in the eurozone were also generally more expensive.

Overall, currency effects had a negative impact on the KION Group's business situation in the first half of 2017. In the first six months of this year, the euro was approximately 2 per cent higher on average year on year against the Chinese renminbi and around 10 per cent higher against pound sterling. By contrast, the euro depreciated by roughly 3 per cent against the US dollar and by around 16 per cent against the Brazilian real in the same period.

Business performance in the Group

The KION Group was able to realise the first joint small-scale projects between Industrial Trucks & Services and Dematic in the field of warehouse automation during the first half of 2017. As the integration continues, the focus in terms of technology will be on enhancing the Dematic iQ software platform. Furthermore, Egemin Automation and Retrotech Inc. are to be fully integrated into Dematic by the end of 2017. Now that it includes Dematic and Egemin, KION is one of the largest suppliers of automated guided vehicles (AGVs) in the market.

In addition, KION's Stříbro site in the Czech Republic is being expanded to include a new plant for Dematic's automated conveyor systems. The contract with the building contractor was signed in March 2017. With an investment volume of some €7 million, the new factory is to manufacture multi-shuttles and modular conveyor systems – modules for automated material handling, storage and retrieval systems – specifically for the European market starting from 2018.

The bridge loan (acquisition facilities agreement, AFA) agreed between the KION Group and its core group of banks for the acquisition of Dematic originally had a volume of €3,000.0 million and was drawn down in an amount of €2,543.2 million. In the first quarter of 2017, it was then partly refinanced by a promissory note with a total volume of €1,010.0 million. This note, which has a significantly extended maturity profile, is divided into several tranches that have maturity periods of five, seven and ten years and have fixed and floating-rate coupons. The capital increase in the second quarter of 2017 was another important refinancing measure. This involved KION GROUP AG issuing a total of 9,300,000 n ew shares at a placement price of €64.83 per share on 22 May 2017. All of the new shares were placed with institutional investors against cash contributions in an accelerated bookbuilding process; the shareholders' subscription right was excluded. The Company's share capital rose by 8.55 per cent in total. The gross proceeds from the capital increase came to €602.9 million. The Company's new no-par-value bearer shares are dividend-bearing from the 2017 financial year.

Following the repayment in full of tranches A2 and B of the bridge loan using the proceeds from the two financing measures, there is still a long-term tranche of €1,000.0 million under the bridge loan that is payable in October 2021.

Financial performance and financial position

OVERALL ASSESSMENT OF THE ECONOMIC SITUATION

In the first half of 2017, the KION Group achieved significant growth in order intake and revenue. The increase in revenue in the second quarter surpassed the increase reported for the first three months of this year. Another factor besides the inclusion of Dematic and the resulting sharp rise in the Supply Chain Solutions segment was the dynamic growth in the new truck and service businesses of the Industrial Trucks & Services segment, with the KION Group benefiting from the continued strength of orders on hand in the EMEA and APAC regions. The Americas region also recorded substantial increases as a result of Dematic's inclusion.

Based on adjusted EBIT of €367.1 million, the adjusted EBIT margin improved by 0.3 percentage points year on year to reach 9.6 per cent. In both the Industrial Trucks & Services and the Supply Chain Solutions segments, the adjusted EBIT margin was higher in the second quarter than in the first. Net income for the period amounted to €150.3 million for the first six months of 2017, which was €53.2 million more than in the corresponding prior-year period. Earnings per share stood at €1.35 (H1 2016: €0.97).

As a result of the aforementioned corporate actions, net financial debt decreased to 2.1 times the adjusted EBITDA on an annualised basis (end of 2016: 3.1 times).

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE KION GROUP

Level of orders

Order intake increased to €3,852.3 million, which was up by 41.4 per cent compared with the prior-year period due to organic growth and acquisitions (H1 2016: €2,723.8 million). The order intake of the Industrial Trucks & Services segment amounted to €2,928.3 million, a year-on-year rise of 11.1 per cent (H1 2016: €2,635.2 million). In the Supply Chain Solutions segment, which comprises Dematic (since November 2016) including Egemin Automation and Dematic Retrotech (since March 2016), the value of order intake from realised project business came to €913.6 million (H1 2016: €79.8 million). At €2,196.0 million, the order book was slightly below the high level seen at the end of last year (31 December 2016: €2,244.7 million).

Revenue

Organic growth in the Industrial Trucks & Services segment and the inclusion of Dematic in the Supply Chain Solutions segment caused the KION Group's consolidated revenue to rise by 49.3 per cent to €3,827.8 million (H1 2016: €2,564.5 million excluding Dematic). The share of consolidated revenue attributable to the service business was 37.8 per cent (H1 2016: 45.0 per cent).

Revenue with third parties in the Industrial Trucks & Services segment was up by 9.2 per cent year on year to €2,739.3 million (H1 2016: €2,508.3 million). The Supply Chain Solutions segment contributed €1,077.2 million (H1 2016: €47.3 million excluding Dematic) to consolidated revenue, which equates to 28.1 per cent. > TABLE 03

Revenue with third parties by product category TABLE 03

in € million	Q2 2017	Q2 2016	Change	Q1 – Q2 2017	Q1 – Q2 2016	Change
Industrial Trucks & Services	**1,416.4**	**1,311.4**	**8.0%**	**2,739.3**	**2,508.3**	**9.2%**
New business	801.8	731.9	9.6%	1,526.2	1,370.7	11.4%
Service business	614.5	579.5	6.0%	1,213.0	1,137.6	6.6%
– Aftersales	350.9	337.8	3.9%	700.7	667.7	4.9%
– Rental business	152.8	136.5	11.9%	299.0	268.1	11.5%
– Used trucks	76.1	74.5	2.1%	146.2	144.6	1.1%
– Other	34.7	30.6	13.2%	67.2	57.1	17.6%
Supply Chain Solutions	**595.0**	**27.5**	**> 100%**	**1,077.2**	**47.3**	**> 100%**
Business Solutions	480.4	16.5	> 100%	842.6	29.9	> 100%
Service business	114.6	11.0	> 100%	234.6	17.3	> 100%
Corporate Services	**5.1**	**5.0**	**2.9%**	**11.3**	**9.0**	**26.7%**
Total revenue	**2,016.4**	**1,343.8**	**50.0%**	**3,827.8**	**2,564.5**	**49.3%**

Revenue by customer location

The KION Group's growth in the EMEA region was largely in line with that of the market. Excluding the increase in Dematic's revenue in the APAC region, the KION Group benefited from strong demand in China, which was higher than in the prior-year period. The significant rise in revenue in North America was mainly attributable to the inclusion of the contribution from Dematic in the Supply Chain Solutions segment in the first six months of 2017. Unit sales in the Industrial Trucks & Services segment increased in all regions.

For the KION Group as a whole, 20.3 per cent of revenue in the reporting period (H1 2016: 22.6 per cent) was accounted for by fast-growing markets. Overall, 82.0 per cent of revenue (H1 2016: 74.7 per cent) was generated outside Germany. > TABLE 04

EARNINGS

EBIT and EBITDA

Earnings before interest and tax (EBIT) reached €260.2 million, which was 26.5 per cent above the same period of the previous year (H1 2016: €205.8 million excluding Dematic). This includes the negative purchase price allocation effects of €91.6 million (H1 2016: €13.6 million), which, in the six months under review, were largely attributable to the acquisition of the Dematic Group. EBIT adjusted for non-recurring items and purchase price allocation effects (adjusted EBIT) was up by 53.4 per cent on the prior-year period at €367.1 million (H1 2016: €239.4 million). The adjusted EBIT margin rose to 9.6 per cent (H1 2016: 9.3 per cent). > TABLE 05

Revenue with third parties by customer location TABLE 04

in € million	Q2 2017	Q2 2016	Change	Q1 – Q2 2017	Q1 – Q2 2016	Change
Western Europe	1,197.7	1,012.6	18.3%	2,302.7	1,918.6	20.0%
Eastern Europe	131.2	109.2	20.1%	248.0	206.0	20.4%
Middle East and Africa	34.1	21.8	56.3%	81.1	43.0	88.8%
North America	366.9	37.8	> 100%	650.6	65.1	> 100%
Central and South America	38.6	34.1	13.2%	79.0	69.2	14.2%
Asia-Pacific	248.0	128.4	93.1%	466.4	262.6	77.6%
Total revenue	**2,016.4**	**1,343.8**	**50.0%**	**3,827.8**	**2,564.5**	**49.3%**

EBIT TABLE 05

in € million	Q2 2017	Q2 2016	Change	Q1 – Q2 2017	Q1 – Q2 2016	Change
EBIT	**163.7**	**116.8**	**40.1%**	**260.2**	**205.8**	**26.5%**
+ Non-recurring items	5.6	17.1	–67.5%	15.3	20.0	–23.6%
+ PPA items	45.0	6.9	> 100%	91.6	13.6	> 100%
Adjusted EBIT	**214.2**	**140.8**	**52.2%**	**367.1**	**239.4**	**53.4%**

Earnings before interest, tax, depreciation and amortisation (EBITDA) improved to €573.7 million, compared with €412.7 million in the corresponding period of 2016. Adjusted EBITDA rose to €588.9 million (H1 2016: €430.0 million). This equates to an adjusted EBITDA margin of 15.4 per cent (H1 2016: 16.8 per cent excluding Dematic). > TABLE 06

EBITDA TABLE 06

in € million	Q2 2017	Q2 2016	Change	Q1 – Q2 2017	Q1 – Q2 2016	Change
EBITDA	**320.4**	**222.8**	**43.8%**	**573.7**	**412.7**	**39.0%**
+ Non-recurring items	5.6	15.4	–64.0%	15.3	17.2	–11.3%
+ PPA items	0.0	0.0	–	0.0	0.0	–
Adjusted EBITDA	**326.0**	**238.2**	**36.8%**	**588.9**	**430.0**	**37.0%**

Key influencing factors for earnings

The cost of sales rose by 56.7 per cent to €2,865.2 million (H1 2016: €1,828.7 million). The year-on-year increase was mainly attributable to the Supply Chain Solutions segment and the inclusion of Dematic. Higher material prices also impacted on the cost of sales. At 25.1 per cent, the gross margin was below the figure for the prior-year period (H1 2016: 28.7 per cent). There was a disproportionately small increase in selling expenses, development costs and administrative expenses compared with the growth in revenue. The 'other' item came to €21.8 million (H1 2016: €28.4 million). This included the share of profit (loss) of equity-accounted investments, which amounted to a profit of €12.0 million (H1 2016: profit of €9.6 million).

The changes in the cost of sales and functional costs are shown in > TABLE 07.

Net financial income/expenses

The net financial expenses representing the balance of financial income and financial expenses came to €44.6 million in the first six months of this year (H1 2016: €63.3 million). Among other items, these expenses include transaction costs of €2.7 million that were expensed in connection with the early repayment of financial liabilities. In the first half of last year, net financial expenses had included one-off financial expenses of €25.7 million incurred in connection with the optimisation of the financing structure in February 2016.

Income taxes

Income tax expenses amounted to €65.3 million (H1 2016: €45.5 million). Current income taxes, which increased largely because of the level of earnings, came to €106.8 million (H1 2016: €31.3 million excluding Dematic). The tax rate was 30.3 per cent (H1 2016: 31.9 per cent).

(Condensed) income statement TABLE 07

in € million	Q2 2017	Q2 2016	Change	Q1 – Q2 2017	Q1 – Q2 2016	Change
Revenue	2,016.4	1,343.8	50.0%	3,827.8	2,564.5	49.3%
Cost of sales	–1,510.6	–956.2	–58.0%	–2,865.2	–1,828.7	–56.7%
Gross profit	**505.8**	**387.6**	**30.5%**	**962.6**	**735.8**	**30.8%**
Selling expenses and administrative expenses	–327.3	–267.7	–22.3%	–658.3	–511.0	–28.8%
Research and development costs	–31.5	–22.6	–39.3%	–65.8	–47.3	–39.1%
Other	16.6	19.5	–14.9%	21.8	28.4	–23.2%
Earnings before interest and taxes (EBIT)	**163.7**	**116.8**	**40.1%**	**260.2**	**205.8**	**26.5%**
Net financial expenses	–8.8	–22.8	61.5%	–44.6	–63.3	29.4%
Earnings before taxes	**154.9**	**94.0**	**64.8%**	**215.6**	**142.5**	**51.3%**
Income taxes	–46.6	–30.0	–55.6%	–65.3	–45.5	–43.7%
Net income for the period	**108.2**	**64.0**	**69.1%**	**150.3**	**97.1**	**54.8%**

Net income for the period

The KION Group's net income for the period after taxes was €150.3 million (H1 2016: €97.1 million). Earnings per share attributable to the shareholders of KION GROUP AG came to €1.35 for the first half of the year (H1 2016: €0.97) based on an average of 110.7 million (H1 2016: 98.7 million) no-par-value shares.

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE SEGMENTS

Industrial Trucks & Services segment

Business performance and order intake

The Operating Units in the Industrial Trucks & Services segment increased orders for new trucks by 14.9 per cent to 102.4 thousand units in the first six months of 2017. The KION Group achieved broad-based double-digit growth rates across regions and product groups. Of the total order volume, 62.7 per cent was accounted for by the Linde brand including Fenwick, 30.0 per cent by the STILL brand including OM STILL and 7.3 per cent by the Baoli and Voltas brands. The total value of order intake rose by 11.1 per cent to €2,928.3 million (H1 2016: €2,635.2 million).

Revenue

The total revenue of the Industrial Trucks & Services segment amounted to €2,740.2 million, an increase of 9.2 per cent compared with the first six months of last year (H1 2016: €2,508.7 million). The new truck business generated strong growth of 11.4 per cent. Revenue from electric forklift trucks and warehouse equipment was significantly higher year on year, but there was only a slight rise in revenue from diesel trucks. Within the service business, the aftersales and rental businesses made substantial revenue gains. The proportion of the segment's external revenue accounted for by the service business was 44.3 per cent (H1 2016: 45.4 per cent).

Earnings

The growth in revenue combined with the efficiency measures meant that adjusted EBIT at €295.8 million was considerably higher than in the prior-year period (H1 2016: €267.8 million). The adjusted EBIT margin for the segment increased to 10.8 per cent (H1 2016: 10.7 per cent). Even after taking into account non-recurring items and purchase price allocation effects, EBIT was significantly higher year on year at €295.3 million (H1 2016: €251.6 million).

Adjusted EBITDA stood at €495.6 million (H1 2016: €449.3 million). This equated to an adjusted EBITDA margin of 18.1 per cent (H1 2016: 17.9 per cent). > TABLE 08

Key figures – Industrial Trucks & Services – TABLE 08

in € million	Q2 2017	Q2 2016	Change	Q1 – Q2 2017	Q1 – Q2 2016	Change
Order intake	1,513.7	1,377.8	9.9%	2,928.3	2,635.2	11.1%
Total revenue	1,417.0	1,311.7	8.0%	2,740.2	2,508.7	9.2%
EBITDA	267.9	248.2	7.9%	495.6	447.7	10.7%
Adjusted EBITDA	267.5	248.7	7.6%	495.6	449.3	10.3%
EBIT	167.0	148.2	12.7%	295.3	251.6	17.4%
Adjusted EBIT	166.7	156.0	6.9%	295.8	267.8	10.4%
Adjusted EBITDA margin	18.9%	19.0%	–	18.1%	17.9%	–
Adjusted EBIT margin	11.8%	11.9%	–	10.8%	10.7%	–

Supply Chain Solutions segment

Business performance and order intake

Order intake in the Supply Chain Solutions segment amounted to €913.6 million in the first half of 2017 (H1 2016: €79.8 million excluding Dematic) and includes not only project business but also the service business.

Revenue

The segment reported total revenue of €1,079.0 million (H1 2016: €47.6 million excluding Dematic). Business solutions activities – the long-term project business – accounted for 78.2 per cent of revenue and the service business for 21.8 per cent. The segment generated around 54.9 per cent of its revenue in North America.

Earnings

Adjusted EBIT of €95.5 million (H1 2016: minus €2.5 million excluding Dematic) resulted in an adjusted EBIT margin of 8.9 per cent (H1 2016: minus 5.3 per cent). After taking into account non-recurring items and, in particular, purchase price allocation effects, EBIT came to minus 4.1 million (H1 2016: minus €4.7 million).

Adjusted EBITDA amounted to €109.3 million with an adjusted EBITDA margin of 10.1 per cent. > TABLE 09

Key figures – Supply Chain Solutions – TABLE 09

in € million	Q2 2017	Q2 2016	Change	Q1 – Q2 2017	Q1 – Q2 2016	Change
Order intake	452.3	44.7	> 100%	913.6	79.8	> 100%
Total revenue	596.0	27.8	> 100%	1,079.0	47.6	> 100%
EBITDA	65.2	– 1.9	> 100%	100.8	– 2.5	> 100%
Adjusted EBITDA	68.3	– 1.4	> 100%	109.3	– 2.0	> 100%
EBIT	13.5	– 3.3	> 100%	– 4.1	– 4.7	12.1%
Adjusted EBIT	61.4	– 1.7	> 100%	95.5	– 2.5	> 100%
Adjusted EBITDA margin	11.5%	– 5.1%	–	10.1%	– 4.3%	–
Adjusted EBIT margin	10.3%	– 6.1%	–	8.9%	– 5.3%	–

Corporate Services segment

Business performance

The Corporate Services segment comprises holding companies and other service companies that provide services such as IT and logistics across all segments.

Revenue and earnings

The segment's total revenue, which mainly resulted from internal IT and logistics services, came to €129.9 million (H1 2016: €109.3 million).

Adjusted EBIT for the segment includes intra-group dividend income (€285.0 million) and was therefore well into positive territory at €260.8 million (H1 2016: €8.3 million). Accordingly, adjusted EBITDA stood at €269.0 million (H1 2016: €17.0 million). > TABLE 10

NET ASSETS

Non-current assets declined to €8,680.5 million (31 December 2016: €9,004.6 million). Intangible assets accounted for €5,860.3 million (31 December 2016: €6,236.7 million). Within that amount, goodwill and the KION Group's brand names fell to €4,385.5 million due to exchange-rate effects (31 December 2016: €4,578.1 million).

Rental assets stood at €599.8 million (31 December 2016: €575.3 million). Leased assets for leases with end customers that are classified as operating leases increased to €471.3 million (31 December 2016: €429.7 million). Long-term lease receivables arising from leases with end customers that are classified as finance leases were slightly higher than at the end of last year at €548.4 million (31 December 2016: €531.3 million).

Key figures – Corporate Services – TABLE 10

in € million	Q2 2017	Q2 2016	Change	Q1 – Q2 2017	Q1 – Q2 2016	Change
Order intake	65.8	56.3	16.8%	129.9	109.4	18.8%
Total revenue	65.8	56.3	16.9%	129.9	109.3	18.9%
EBITDA	97.5	10.6	> 100%	262.3	1.8	> 100%
Adjusted EBITDA	100.5	25.2	> 100%	269.0	17.0	> 100%
EBIT	93.5	6.1	> 100%	254.1	–6.9	> 100%
Adjusted EBIT	96.4	20.7	> 100%	260.8	8.3	> 100%

Current assets rose to a total of €2,469.7 million (31 December 2016: €2,354.6 million), primarily as a result of higher inventories in the Industrial Trucks & Services segment. The KION Group's net working capital, which, following the integration of Dematic, now comprises inventories and trade receivables less trade payables and advances received as well as unbilled construction contracts (net), was higher at 30 June 2017, increasing to €592.4 million (31 December 2016: €495.9 million).

Cash and cash equivalents decreased to €157.0 million as at 30 June 2017 (31 December 2016: €279.6 million). > TABLE 11

FINANCIAL POSITION

The principles and objectives applicable to financial management as at 30 June 2017 were the same as those described in the 2016 combined management report.

The bridge loan agreed for the acquisition of Dematic (AFA), which was drawn down in an amount of €2,543.2 million at the end of 2016, was reduced to a residual amount of €1,000.0 million as a result of two corporate actions in the first half of 2017. The first of these was the issuance of a promissory note with a nominal value of €1,010.0 million in the first quarter of 2017. The promissory note is divided into several tranches that mature in May 2022, April 2024 and April 2027 and have floating-rate and fixed coupons. The interest-rate risk resulting from the floating-rate tranches is hedged using various interest-rate derivatives entered into in the first quarter of 2017 (cash flow hedges). The second action was the capital increase in May 2017, which generated gross proceeds of €602.9 million. Tranche A2 of the AFA of €343.2 million and tranche B of the AFA of €1,200.0 million have been repaid in full. The long-term tranche of the bridge loan, which has a volume of €1,000.0 million, is still outstanding and is due to mature in October 2021. The fixed-term tranche of €350.0 million drawn down under the senior facilities agreement (SFA) was reduced to an outstanding amount of €270.0 million by a partial repayment of €80.0 million. The drawdowns under the revolving credit facility have also been reduced.

KION GROUP AG has issued guarantees to the banks for all of the payment obligations under the SFA and AFA; it is the borrower in respect of all the payment obligations resulting from the promissory note. All covenants were complied with as at the end of the half-year period.

(Condensed) statement of financial position TABLE 11

in € million	30/06/2017	in %	31/12/2016	in %	Change
Non-current assets	8,680.5	77.9%	9,004.6	79.3%	–3.6%
Current assets	2,469.7	22.1%	2,354.6	20.7%	4.9%
Total assets	**11,150.2**	–	**11,359.2**	–	**–1.8%**
Equity	2,979.2	26.7%	2,535.1	22.3%	17.5%
Non-current liabilities	5,447.4	48.9%	6,151.7	54.2%	–11.4%
Current liabilities	2,723.6	24.4%	2,672.5	23.5%	1.9%
Total equity and liabilities	**11,150.2**	–	**11,359.2**	–	**–1.8%**

Analysis of capital structure

Overall, current and non-current liabilities had fallen to €8,171.0 million as at 30 June 2017 (31 December 2016: €8,824.2 million).

The financial liabilities recognised under liabilities declined to €2,490.6 million as a result of the capital increase being carried out (31 December 2016: €3,183.0 million). After deduction of cash and cash equivalents, net financial debt amounted to €2,333.6 million compared with €2,903.4 million at the end of 2016. This equated to 2.1 times the adjusted EBITDA on an annualised basis.

Long-term borrowing (net of borrowing costs) was reduced during the second quarter and amounted to €2,270.6 million as at the reporting date. The proceeds from the capital increase were used to repay the residual amount of tranche B of the bridge loan (€536.2 million) that was still outstanding at that time. In addition to the promissory note with a volume of €1,010.0 million and the outstanding bridge loan of €1,000.0 million, long-term borrowing also comprises the long-term drawdown under the SFA of €270.0 million. The unused, unrestricted SFA loan facility stood at €989.6 million as at 30 June 2017. > TABLE 12

The retirement benefit obligation under defined benefit pension plans fell slightly to a total of €947.6 million (31 December 2016: €991.0 million). This was due to the slight rise in the discount rates in the eurozone as at 30 June 2017.

Lease liabilities arising from sale and leaseback transactions to fund the long-term leasing business with end customers amounted to €1,037.5 million (31 December 2016: €1,007.2 million). Of this total, €731.4 million related to non-current and €306.2 million to current lease liabilities.

The liabilities from the short-term rental fleet and from procurement leases are reported under other financial liabilities. As at 30 June 2017, other financial liabilities included liabilities of €451.8 million (31 December 2016: €440.0 million) arising from sale-and-leaseback transactions used to finance the short-term rental fleet. The other financial liabilities also included liabilities from residual value guarantees amounting to €17.2 million (31 December 2016: €16.7 million).

Consolidated equity had gone up by €444.1 million to €2,979.2 million as at 30 June 2017 (31 December 2016: €2,535.1 million). The capital increase resulted in a rise of €600.0 million, whereas

Net financial debt

TABLE 12

in € million	30/06/2017	31/12/2016	Change
Liabilities to banks (gross)	1,482.3	3,188.6	–53.5%
Promissory note – gross	1,010.0	–	–
Other financial liabilities to non-banks	8.9	7.2	22.6%
./. Capitalised borrowing costs	–10.6	–12.9	17.9%
Financial liabilities	**2,490.6**	**3,183.0**	**–21.8%**
./. Cash and cash equivalents	–157.0	–279.6	43.8%
Net financial debt	**2,333.6**	**2,903.4**	**–19.6%**

currency translation effects (minus €268.0 million) had a significant adverse impact on equity during the six-month period. The equity ratio increased from 22.3 per cent at the end of 2016 to 26.7 per cent as at 30 June 2017. > TABLE 11

Analysis of capital expenditure

The KION Group's total capital expenditure on property, plant and equipment and on intangible assets (excluding leased and rental assets) came to €92.4 million in the first half of the year, compared with €64.3 million in the first six months of 2016. Once again, the main areas of spending in the Industrial Trucks & Services segment, totalling €64.0 million, were capitalised development costs in the LMH EMEA and STILL EMEA Operating Units and the expansion and modernisation of production and technology sites. Capital expenditure in the Supply Chain Solutions segment related to capitalised development costs and, above all, to software, licences and the new production facility in the Czech Republic.

Analysis of liquidity

Cash and cash equivalents decreased from €279.6 million at the end of 2016 to €157.0 million as at 30 June 2017. Taking into account the credit facility that was still freely available, the unrestricted cash and cash equivalents available to the KION Group at the end of the half-year period amounted to €1,143.9 million (31 December 2016: €1,200.8 million).

The KION Group's net cash provided by operating activities totalled €200.7 million, which was well above the comparable prior-year figure of €76.6 million due, among other reasons, to the increased earnings and higher margins.

The net cash used for investing activities amounted to €100.1 million in the reporting period (H1 2016: €87.0 million). Cash payments for development (R&D) and for property, plant and equipment amounted to €92.4 million (H1 2016: €64.3 million) and now also include capital expenditure by Dematic. In the prior-year period, net cash of €27.3 million used for acquisitions had been included, most of which had related to the acquisition of Retrotech Inc.

Free cash flow – the sum of cash flow from operating activities and investing activities – amounted to €100.6 million (H1 2016: minus €10.5 million).

Cash flow from financing activities, which amounted to minus €215.9 million (H1 2016: minus €7.1 million), included the dividend payment of €86.9 million. The financial debt of €1,699.3 million taken up during the reporting period was largely attributable to the issuance of the promissory note in an amount of €1,010.0 million in the first quarter of 2017. The capital increase in May generated a net inflow of €599.4 million. Total financial debt of €2,390.6 million was repaid in the period under review, predominantly in connection with repayments under the bridge loan (AFA: tranches A2 and B).

Thanks to the optimised financing structure and the implementation of the corporate actions, interest expense rose only moderately in the first half of the year – despite the overall increase in net debt. Current interest payments totalled €29.3 million (H1 2016: €25.2 million excluding the early redemption charge paid of €15.2 million). > TABLE 13

LONG-TERM LEASING BUSINESS

The sales activities of the KION Group are supported by financial services in connection with direct long-term leasing business. In this business, trucks leased directly to the end customer are refinanced by the KION Group. The portfolio of the long-term leasing business, which supports the KION Group's sales activities, continued to be focused predominantly in western Europe as at 30 June 2017. The long-term leasing business had a positive impact on the KION Group's financial performance (> TABLE 14) in the first half of 2017 and also influenced its financial position (> TABLE 15). This information is taken from the internal reporting system and is determined using the assumption of a minimum rate of return on the capital employed. Net financial debt relating to the long-term leasing business increased to €124.4 million (31 December 2016: €106.3 million), reflecting the expansion of these activities. > TABLE 16

(Condensed) statement of cash flows

TABLE 13

in € million	Q2 2017	Q2 2016	Change	Q1–Q2 2017	Q1–Q2 2016	Change
EBIT	163.7	116.8	40.1%	260.2	205.8	26.5%
Cash flow from operating activities	94.6	43.7	>100%	200.7	76.6	>100%
Cash flow from investing activities	–58.5	–33.8	–73.2%	–100.1	–87.0	–15.0%
Free cash flow	**36.1**	**9.9**	**>100%**	**100.6**	**–10.5**	**>100%**
Cash flow from financing activities	–209.4	–22.4	<–100%	–215.9	–7.1	<–100%
Effect of foreign exchange rate changes on cash	–6.5	0.1	<–100%	–7.2	–1.1	<–100%
Change in cash and cash equivalents	**–179.8**	**–12.3**	**<–100%**	**–122.6**	**–18.7**	**<–100%**

Profitability of long-term leasing business

TABLE 14

in € million	Q2 2017	Q2 2016	Change	Q1–Q2 2017	Q1–Q2 2016	Change
Revenues	124.9	109.3	14.2%	229.9	207.1	11.0%
Adjusted EBITDA	29.4	24.0	22.7%	58.1	47.4	22.5%
Adjusted EBIT	0.8	1.4	–41.1%	2.2	3.0	–26.8%
Earnings before taxes (EBT)	1.2	1.1	17.6%	2.4	2.0	17.4%

Financial position of long-term leasing business

TABLE 15

in € million	30/06/2017	31/12/2016	Change
Liabilities to banks	124.4	106.3	17.0%
Liabilities from financial services	24.5	8.3	>100%
Lease liabilities	1,037.5	1,007.2	3.0%
Calculatory equity	41.6	39.4	5.8%
Total	**1,228.1**	**1,161.2**	**5.8%**
Leased assets	471.3	429.7	9.7%
Lease receivables	756.8	731.5	3.5%
Total	**1,228.1**	**1,161.2**	**5.8%**

Refinancing of long-term leasing business TABLE 16

in € million	30/06/2017 KION Group	30/06/2017 thereof non-current leasing business	31/12/2016 KION Group	31/12/2016 thereof non-current leasing business
Liabilities to banks	1,482.3	124.4	3,188.6	106.3
Promissory note – gross	1,010.0	–	–	–
Other financial liabilities to non-banks	8.9	–	7.2	–
./. Capitalised borrowing costs	–10.6	–	–12.9	–
Financial liabilities	**2,490.6**	**124.4**	**3,183.0**	**106.3**
./. Cash and cash equivalents	–157.0	–	–279.6	–
Net financial liabilities	**2,333.6**	**124.4**	**2,903.4**	**106.3**
Lease liabilities	1,037.5	1,037.5	1,007.2	1,007.2
Liabilities from financial services	24.5	24.5	8.3	8.3
Interest-bearing net liabilities	**3,395.7**	**1,186.5**	**3,918.9**	**1,121.8**
Liabilities from short-term rental financing	469.0	–	456.7	–
Liabilities from procurement leases	28.2	–	21.0	–
Liabilities from finance leases	**497.2**	**–**	**477.7**	**–**
Net operating debt	**3,892.9**	**1,186.5**	**4,396.6**	**1,121.8**

Non-financial performance indicators

EMPLOYEES

As at 30 June 2017, the KION Group employed 30,943 full-time equivalents (31 December 2016: 30,544). This modest increase in the first half of the year was attributable in almost equal parts to the Supply Chain Solutions segment and the Industrial Trucks & Services segment and is a product of the expansion in business. Most of the new jobs were added in western and eastern Europe.

Personnel expenses rose by 45.4 per cent to €1,060.3 million in the first half of the year (H1 2016: €729.2 million), mainly as a result of the increase in headcount following the acquisition of Dematic (6,538 employees as at 30 June 2017) and changes to collective bargaining agreements. > TABLE 17

RESEARCH AND DEVELOPMENT

Spending on research and development totalled €92.9 million in the first half of 2017 (H1 2016: €67.5 million), which equates to 2.4 per cent of revenue. Total research and development costs of €31.5 million were expensed in the second quarter of 2017 (Q2 2016: €22.6 million), while €65.8 million was expensed in the first half of 2017 (H1 2016: €47.3 million). Capitalised development costs were offset by depreciation and amortisation of €17.0 million reported under the cost of sales in the second quarter of 2017 (Q2 2016: €12.3 million) and a total of €34.4 million in the first half of 2017 (H1 2016: €24.6 million). The number of full-time jobs in R&D stood at 1,388 as at 30 June 2017 (31 December 2016: 1,477). > TABLE 18

The main R&D projects were continued in the first half of 2017. There was a particular emphasis on automation and connectivity, software development, drive technology, and the modular and platform strategy.

Industrial Trucks & Services

In the Industrial Trucks & Services business, the key focus for the premium segment is to increase customer benefit in terms of efficiency and total cost of ownership. In the volume and economy segments, the KION Group is establishing shared, cross-brand and cost-efficient platforms that keep production costs low yet allow a strong degree of regional differentiation in the industrial trucks.

Employees (full-time equivalents) TABLE 17

	30/06/2017	31/12/2016	Change
Western Europe	18,758	18,606	0.8%
Eastern Europe	2,319	2,155	7.6%
Middle East and Africa	251	241	4.1%
North America	3,168	3,097	2.3%
Central and South America	1,401	1,386	1.1%
Asia-Pacific	5,047	5,059	–0.2%
Total	**30,943**	**30,544**	**1.3%**

Research and development (R&D) TABLE 18

in € million	Q2 2017	Q2 2016	Change	Q1 – Q2 2017	Q1 – Q2 2016	Change
Research and development costs (P&L)	31.5	22.6	39.3%	65.8	47.3	39.1%
Capitalised development costs	14.1	12.1	16.4%	27.1	20.2	34.0%
Total R&D spending	**45.6**	**34.7**	**31.3%**	**92.9**	**67.5**	**37.6%**
R&D spending as percentage of revenue	2.3%	2.6%	–	2.4%	2.6%	–

Linde Material Handling extended its collaboration with French robotics developer Balyo in May. The two companies have been working together on the development and production of automated vehicles since 2015. All warehouse trucks in the Linde portfolio are now also available in automated variants, for which demand is rising. The investment pays off quickly, especially for customers that operate multiple shifts. The latest addition to the portfolio is the Linde K-MATIC order-picker truck, which was introduced in February.

At the ProMat trade fair in April, KION North America presented a total of five new Linde- and Baoli-branded trucks that have been specially developed for the North American market. These additions are making the product portfolio even more competitive.

STILL presented the first self-driving order picker, the iGo neo CX 20, at CeMAT 2017. This intelligent truck is able to recognise its environment and its operator and will follow that person, and only that person, wherever he or she goes.

In the field of drive technology, Linde Material Handling again significantly expanded its range of lithium-ion trucks and is the first manufacturer to offer aftersales, guarantees and a warranty for the whole truck, including its battery. STILL added a new product for short-distance lightweight horizontal transport to its family of electric pallet trucks.

At the LogiMAT trade fair, Linde Material Handling unveiled the Flybox inventory drone, which is designed to make stocktaking easier. The drone is connected to an automated pallet stacker so that it has a constant power supply and can always be located within the warehouse.

Supply Chain Solutions

The Supply Chain Solutions segment focuses, on the one hand, on refining its central software solution, Dematic iQ. On the other hand, the automated supply chain solutions, including their components, are being constantly enhanced in order to achieve even faster processes, seamless integration of all production and logistics steps and even greater productivity while using the same amount of space.

In the second quarter of 2017, Dematic published an update for its Dematic IQ software (version 2.4). Among the aims of the update are to make it faster to replenish stock on the shop floor, to reduce product damage and to allow more products to be stored in the same space. At ProMat 2017, Dematic Egemin presented a new automated truck configuration that forms part of the compact range. This product range is based on a modular system that offers particularly fast delivery times and low up-front costs.

CUSTOMERS

The KION brand companies regularly exhibit at the leading trade fairs for their sector so that they can strengthen their relationships with customers and partners. Contact with customers at trade fairs also makes it possible to gauge how interested new and existing customers are in the product innovations on show. In the first half of 2017, KION brand companies exhibited at trade fairs such as LogiMAT in Stuttgart, CeMAT in Hannover, transport logistic in Munich and ProMat in Chicago.

STILL was yet again among the winners of the International Forklift Truck of the Year (IFOY) Award, which recognises the world's best industrial trucks and systems solutions. The STILL iGo neo CX 20 autonomous horizontal order picker came out top in the Warehouse Truck category. STILL's LiftRunner, a tugger train with telescopic fork pairs for automatic loading and unloading, also won an award.

After receiving the Image Award from the VerkehrsRundschau trade magazine at the beginning of the year, Linde Material Handling won an ETM Award in the category Best Forklift Truck Brand. The manufacturer of industrial trucks and solutions provider secured Best Brand at the awards, which are presented jointly by EuroTransportMedia and vehicle inspection company Dekra.

In the second quarter of 2017, Dematic began with preparations for this year's Dematic Customer Service User's Conference in July. Topics will include trends in order processing, software and system upgrades and performance management using KPIs.

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 presented in the 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 our forecasts due, among other factors, to the opportunities and risks described in the 2016 group management report. Performance particularly depends on macroeconomic and industry-specific conditions and may be negatively affected by increasing uncertainty or a worsening of the economic and political situation.

EXPECTED BUSINESS PERFORMANCE

Given its good business and earnings performance in the first half of 2017, which was in line with expectations, the KION Group is adhering to the forecast for 2017 as a whole that was published in the 2016 combined management report.

In 2017, the KION Group aims to build on its successful performance in 2016 and, based on the forecasts for market growth, achieve further increases in order intake, revenue and adjusted EBIT.

The order intake of the KION Group is expected to be between €7,800 million and €8,250 million. The target figure for consolidated revenue is in the range of €7,500 million to €7,950 million. The target range for adjusted EBIT is €740 million to €800 million. The adjusted EBIT margin is predicted to increase above the margin of 9.6 per cent that was generated in 2016. Free cash flow is expected to be in a range between €370 million and €430 million. The target figure for ROCE is in the range of 9.5 per cent to 10.5 per cent.

Order intake in the Industrial Trucks & Services segment is expected to be between €5,450 million and €5,600 million. The target figure for revenue is in the range of €5,300 million to €5,450 million. The target range for adjusted EBIT is €605 million to €630 million. The adjusted EBIT margin is predicted to increase slightly above the margin of 11.3 per cent achieved in 2016.

Order intake in the Supply Chain Solutions segment is expected to be between €2,350 million and €2,650 million. The target figure for revenue is in the range of €2,200 million to €2,500 million. The target range for adjusted EBIT is €195 million to €230 million. The adjusted EBIT margin is predicted to increase significantly above the margin of 1.6 per cent that was generated in 2016.

The outlook is based on the assumption that material prices will hold steady and the current exchange rate environment will remain as it is.

Opportunity and risk report

The KION Group's overall risk and opportunity situation has not changed significantly compared with the description in the 2016 combined 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 19

in € million	Q2 2017	Q2 2016	Q1–Q2 2017	Q1–Q2 2016
Revenue	2,016.4	1,343.8	3,827.8	2,564.5
Cost of sales	–1,510.6	–956.2	–2,865.2	–1,828.7
Gross profit	**505.8**	**387.6**	**962.6**	**735.8**
Selling expenses	–209.5	–161.5	–418.2	–318.8
Research and development costs	–31.5	–22.6	–65.8	–47.3
Administrative expenses	–117.7	–106.2	–240.2	–192.2
Other income	15.2	17.6	32.5	34.7
Other expenses	–11.1	–7.5	–22.8	–16.0
Profit from equity-accounted investments	12.6	9.4	12.0	9.6
Earnings before interest and taxes	**163.7**	**116.8**	**260.2**	**205.8**
Financial income	72.7	14.6	93.1	33.5
Financial expenses	–81.5	–37.4	–137.7	–96.8
Net financial expenses	**–8.8**	**–22.8**	**–44.6**	**–63.3**
Earnings before taxes	**154.9**	**94.0**	**215.6**	**142.5**
Income taxes	**–46.6**	**–30.0**	**–65.3**	**–45.5**
Current taxes	–58.6	–16.0	–106.8	–31.3
Deferred taxes	12.0	–14.0	41.4	–14.2
Net income for the period	**108.2**	**64.0**	**150.3**	**97.1**
Attributable to shareholders of KION GROUP AG	107.5	63.2	149.6	95.5
Attributable to non-controlling interests	0.8	0.8	0.7	1.6
Earnings per share according to IAS 33 (in €)				
Basic earnings per share	0.95	0.64	1.35	0.97
Diluted earnings per share	0.95	0.64	1.35	0.97

Consolidated statement of comprehensive income

TABLE 20

in € million	Q2 2017	Q2 2016	Q1 – Q2 2017	Q1 – Q2 2016
Net income for the period	**108.2**	**64.0**	**150.3**	**97.1**
Items that will not be reclassified subsequently to profit or loss	**26.5**	**–87.5**	**37.6**	**–144.5**
Gains / losses on defined benefit obligation	26.5	–87.5	37.1	–144.5
thereof changes in unrealised gains and losses	38.2	–122.4	53.3	–202.7
thereof tax effect	–11.7	35.0	–16.2	58.3
Changes in unrealised gains and losses from equity-accounted investments	0.0	–0.0	0.4	0.0
Items that may be reclassified subsequently to profit or loss	**–226.8**	**–16.6**	**–255.2**	**–33.8**
Impact of exchange differences	–240.1	–8.1	–268.0	–34.4
thereof changes in unrealised gains and losses	–240.1	–8.1	–268.0	–34.4
Gains / losses on hedge reserves	6.3	–8.7	5.8	–0.1
thereof changes in unrealised gains and losses	8.9	–4.9	7.3	6.8
thereof realised gains (–) and losses (+)	–0.4	–3.4	1.6	–3.9
thereof tax effect	–2.1	–0.4	–3.1	–3.0
Gains / losses on available-for-sale financial instruments	6.4	0.0	6.4	0.0
thereof changes in unrealised gains and losses	6.5	0.0	6.5	0.0
thereof tax effect	–0.1	0.0	–0.1	0.0
Gains / losses from equity-accounted investments	0.6	0.1	0.6	0.7
thereof changes in unrealised gains and losses	0.6	0.1	0.6	0.7
Other comprehensive loss	**–200.3**	**–104.1**	**–217.6**	**–178.3**
Total comprehensive loss	**–92.0**	**–40.1**	**–67.3**	**–81.2**
Attributable to shareholders of KION GROUP AG	–92.7	–40.9	–67.8	–82.8
Attributable to non-controlling interests	0.7	0.8	0.4	1.6

Consolidated statement of financial position – assets

TABLE 21

in € million	30/06/2017	31/12/2016
Goodwill	3,443.3	3,605.8
Other intangible assets	2,417.0	2,630.9
Leased assets	471.3	429.7
Rental assets	599.8	575.3
Other property, plant and equipment	663.8	679.1
Equity-accounted investments	79.3	72.7
Lease receivables	548.4	531.3
Other financial assets	51.1	47.5
Other assets	12.1	12.3
Deferred taxes	394.3	420.2
Non-current assets	**8,680.5**	**9,004.6**
Inventories	792.9	672.4
Trade receivables	1,047.5	998.9
Lease receivables	208.4	200.3
Income tax receivables	21.7	35.2
Other financial assets	126.4	82.0
Other assets	115.8	86.2
Cash and cash equivalents	157.0	279.6
Current assets	**2,469.7**	**2,354.6**
Total assets	**11,150.2**	**11,359.2**

Consolidated statement of financial position – equity and liabilities

TABLE 22

in € million	30/06/2017	31/12/2016
Subscribed capital	117.9	108.6
Capital reserves	3,035.5	2,444.4
Retained earnings	246.0	183.4
Accumulated other comprehensive loss	–424.4	–207.0
Non-controlling interests	4.1	5.7
Equity	**2,979.2**	**2,535.1**
Retirement benefit obligation	947.6	991.0
Non-current financial liabilities	2,270.6	2,889.1
Lease liabilities	731.4	722.0
Other non-current provisions	89.2	92.3
Other financial liabilities	369.0	349.3
Other liabilities	218.2	202.8
Deferred taxes	821.5	905.3
Non-current liabilities	**5,447.4**	**6,151.7**
Current financial liabilities	220.0	293.9
Trade payables	947.5	802.2
Lease liabilities	306.2	285.2
Income tax liabilities	99.4	63.0
Other current provisions	151.8	163.4
Other financial liabilities	239.2	222.6
Other liabilities	759.5	842.1
Current liabilities	**2,723.6**	**2,672.5**
Total equity and liabilities	**11,150.2**	**11,359.2**

Consolidated statement of cash flows

TABLE 23

in € million	Q1 – Q2 2017	Q1 – Q2 2016
Earnings before interest and taxes	**260.2**	**205.8**
Amortisation, depreciation and impairment charges of non-current assets	313.4	207.0
Other non-cash income (–) and expenses (+)	5.6	21.5
Gains (–) / losses (+) on disposal of non-current assets	0.0	0.4
Changes in leased assets (excluding depreciation) and lease receivables / liabilities	– 89.8	– 58.5
Change in rental assets (excluding depreciation)	– 103.1	– 89.5
Change in net working capital*	– 94.1	– 110.8
Cash payments for defined benefit obligations	– 16.7	– 11.5
Change in other provisions	– 12.1	8.2
Change in other operating assets / liabilities	– 9.0	– 39.8
Taxes paid	– 53.8	– 56.2
Cash flow from operating activities	**200.7**	**76.6**
Cash payments for purchase of non-current assets	– 92.4	– 64.3
Cash receipts from disposal of non-current assets	2.4	1.4
Dividends received	7.0	6.5
Acquisition of subsidiaries (net of cash acquired) and other equity investments	0.0	– 27.3
Cash receipts / payments for sundry assets	– 17.2	– 3.3
Cash flow from investing activities	**– 100.1**	**– 87.0**

Consolidated statement of cash flows (continued)

TABLE 23

in € million	Q1 – Q2 2017	Q1 – Q2 2016
Capital contribution from shareholders from the capital increase	599.4	0.0
Dividend of KION GROUP AG	–86.9	–76.0
Dividends paid to non-controlling interests	–2.1	–1.3
Cash receipts / payments for changes in ownership interests in subsidiaries without change of control	0.2	0.0
Financing costs paid	–6.0	–6.3
Proceeds from borrowings	1,699.3	1,020.4
Repayment of borrowings	–2,390.6	–917.2
Interest received	2.9	4.6
Interest paid	–29.3	–40.4
Cash receipts / payments from other financing activities	–2.6	9.0
Cash flow from financing activities	**–215.9**	**–7.1**
Effect of foreign exchange rate changes on cash and cash equivalents	–7.2	–1.1
Change in cash and cash equivalents	**–122.6**	**–18.7**
Cash and cash equivalents at the beginning of the period	279.6	103.1
Cash and cash equivalents at the end of the period	157.0	84.3

* Net working capital comprises inventories, trade receivables and unbilled construction contracts (net) less trade payables and advances received

Consolidated statement of changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings
Balance as at 1/1/2016	**98.7**	**1,996.6**	**11.3**
Net income for the period			95.5
Other comprehensive income (loss)			
Comprehensive income (loss)	**0.0**	**0.0**	**95.5**
Dividend of KION GROUP AG			–76.0
Dividends paid to non-controlling interests			
Changes from employee share option programme		0.3	
Balance as at 30/06/2016	**98.7**	**1,996.9**	**30.7**
Balance as at 1/1/2017	**108.6**	**2,444.4**	**183.4**
Net income for the period			149.6
Other comprehensive income (loss)			
Comprehensive income (loss)	**0.0**	**0.0**	**149.6**
Capital increase	9.3	593.6	
Transaction costs		–2.9	
Dividend of KION GROUP AG			–86.9
Dividends paid to non-controlling interests			
Changes from employee share option programme		0.4	
Effects from the acquisition/disposal of non-controlling interests			
Balance as at 30/06/2017	**117.9**	**3,035.5**	**246.0**

TABLE 24

Accumulated other comprehensive income (loss)							
Cumulative exchange differences	Gains/losses on defined benefit obligations	Gains/losses on hedge reserves	Gains/losses on available-for-sale financial instruments	Gains/losses from equity-accounted investments	Equity attributable to shareholders of KION GROUP AG	Non-controlling interests	Total
−11.4	**−251.9**	**−0.2**	**0.0**	**−2.0**	**1,841.0**	**7.7**	**1,848.7**
			0.0		95.5	1.6	97.1
−34.4	−144.5	−0.1		0.7	−178.3	−0.0	−178.3
−34.4	**−144.5**	**−0.1**	**0.0**	**0.7**	**−82.8**	**1.6**	**−81.2**
					−76.0	0.0	−76.0
					0.0	−1.3	−1.3
					0.3	0.0	0.3
−45.8	**−396.3**	**−0.3**	**0.0**	**−1.4**	**1,682.5**	**8.0**	**1,690.5**
99.0	**−302.0**	**−1.9**	**0.0**	**−2.2**	**2,529.4**	**5.7**	**2,535.1**
			0.0		149.6	0.7	150.3
−267.7	37.1	5.8	6.4	1.0	−217.3	−0.3	−217.6
−267.7	**37.1**	**5.8**	**6.4**	**1.0**	**−67.8**	**0.4**	**−67.3**
					602.9	0.0	602.9
					−2.9	0.0	−2.9
					−86.9	0.0	−86.9
					0.0	−2.1	−2.1
					0.4	0.0	0.4
					0.0	0.1	0.1
−168.7	**−264.9**	**3.9**	**6.4**	**−1.2**	**2,975.1**	**4.1**	**2,979.2**

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 25 July 2017.

Basis of preparation

The condensed consolidated interim financial statements of the KION Group for the six months ended 30 June 2017 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 2017 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 2016.

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 RELEASED BUT NOT YET ADOPTED

In general, newly published standards and interpretations are 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. An exception is IFRS 16 'Leases', which because of its interactions with IFRS 15 'Revenue from Contracts with Customers' is expected to be adopted early, on 1 January 2018.

Based on an analysis of the implications of the first-time adoption of IFRS 15, it is currently expected that the vast majority of today's new business and service business contracts as well as construction contracts will continue to satisfy the requirements for revenue recognition at a point in time or over time. Further analysis of the first-time adoption of IFRS 16 indicates that procurement leases previously recognised as operating leases must in future be recognised as a right of use asset plus a corresponding lease liability and will therefore result in a slight rise in total assets. Moreover, the assets and liabilities recognised in the statement of financial position are predicted to increase significantly as a result of applying IFRS 16 and IFRS 15 particularly in the area of indirect end customer financing. A not insignificant proportion of these sales transactions is expected to be recognised as leases. The implications of the first-time adoption of IFRS 9 'Financial Instruments', especially in relation to the subsequent measurement of financial assets, are currently still being analysed.

The effects of the first-time adoption of the other published but not yet applied standards and interpretations on the presentation of the financial position and financial performance of the KION Group are expected to be insignificant.

Basis of consolidation

A total of 24 German (31 December 2016: 25) and 116 foreign (31 December 2016: 114) subsidiaries were fully consolidated in addition to KION GROUP AG as at 30 June 2017.

In addition, nine joint ventures and associates were consolidated and accounted for using the equity method as at 30 June 2017, which was the same number as at 31 December 2016.

57 (31 December 2016: 60) subsidiaries with minimal business volumes or no business operations and other equity investments were not included in the consolidation.

Acquisitions

The purchase price allocation for the acquisition of Dematic should continue to be regarded as provisional as at 30 June 2017 because some individual aspects, particularly in relation to deferred taxes, have not yet been fully evaluated. The reported purchase price should additionally be viewed as provisional subject to contractual verification by KION.

In the reporting period, there were no material changes in connection with the ongoing purchase price allocation.

Accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are fundamentally the same as those used for the year ended 31 December 2016. 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 recognising and measuring defined benefit pension obligations and other provisions;
- In recognising and measuring current and deferred taxes;
- In recognising and measuring assets acquired and liabilities assumed in connection with business combinations; and
- In evaluating the stage of completion in the case of long-term construction contracts.

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

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

Net financial income / expenses

The change in financial income and financial expenses is mainly attributable to currency effects. At the time of the early repayment of certain financial liabilities (see also the 'Financial liabilities' section below), deferred borrowing costs of €2.7 million were recognised under financial expenses.

Income taxes

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

Earnings per share

Basic earnings per share is calculated by dividing the net income (loss) for the period accruing to the KION GROUP AG shareholders by the weighted average number of shares outstanding during the reporting period (H1 2017: 110,680,763 no-par-value shares; H1 2016: 98,739,950 no-par-value shares; Q2 2017: 112,713,426 no-par-value shares; Q2 2016: 98,739,950 no-par-value shares). In the first half of 2017, the KION Group generated net income accruing to the shareholders of KION GROUP AG of €149.6 million (H1 2016: €95.5 million). Information about determining the net income (loss) for the period 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 €1.35 (H1 2016: €0.97). The 164,486 no-par-value treasury shares repurchased by KION GROUP AG were not included in this figure as at 30 June 2017 (30 June 2016: 160,050).

Diluted earnings per share is 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 2017 of 110,729,900 no-par-value shares issued (H1 2016: 98,770,779 no-par-value shares; Q2 2017: 112,763,760 no-par-value shares; Q2 2016: 98,771,614 no-par-value shares). Diluted earnings per share for the reporting period came to €1.35 (H1 2016: €0.97).

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill and other intangible assets

The decrease in goodwill during the first six months of 2017, which declined by €162.6 million to €3,443.3 million (31 December 2016: €3,605.8 million), was mainly the result of currency effects.

Currency effects were also the reason why the value of the brand names fell by €30.0 million to €942.2 million (31 December 2016: €972.2 million). The total carrying amount for technology and development assets decreased by €52.6 million to €676.5 million (31 December 2016: €729.2 million). Of this reduction, €45.2 million was attributable to currency effects. The other reasons for the change are described in the 'Research and development' section of the interim group management report.

At €798.3 million, other intangible assets were well below their carrying amount as at 31 December 2016 (€929.5 million). This decrease was partly due to ongoing write-downs on the customer relationships acquired as part of the Dematic acquisition and on the order book, but primarily to the exchange-rate-related reduction in the carrying amount of the customer relationships acquired (€55.4 million).

Inventories

The rise in inventories compared with 31 December 2016 was largely attributable to the increase in work in progress (up by 15.3 per cent) and finished goods (up by 23.3 per cent). Write-downs of €5.5 million were recognised on inventories in the second quarter of 2017 (Q2 2016: €5.5 million) and of €9.1 million in the first half of 2017 (H1 2016: €9.0 million). Reversals of write-downs had to be recognised in the amount of €2.5 million in the second quarter of 2017 (Q2 2016: €0.7 million) and in the amount of €3.1 million in the first half of 2017 (H1 2016: €1.2 million) because the reasons for the write-downs no longer existed.

Trade receivables

The rise in trade receivables compared with 31 December 2016 was largely due to the increase of €15.0 million in receivables due from third parties and the increase of €25.9 million in construction contracts with a net credit balance due from customers. Receivables due from non-consolidated subsidiaries, equity-accounted investments and other equity investments rose by €10.1 million. Valuation allowances of €42.9 million (31 December 2016: €40.4 million) were recognised for trade receivables.

Equity

With the consent of the Supervisory Board, the Executive Board of KION GROUP AG decided on 22 May 2017 to utilise the authorised capital created by the 2017 Annual General Meeting. The purpose of the capital increase was to partly refinance the bridge loan taken out for the acquisition of Dematic. The Company's share capital was increased by 8.55 per cent in return for cash contributions; shareholders' pre-emption rights were disapplied. 9.3 million new shares were issued, which increased the total number of shares from 108.79 million to 118.09 million. The gross proceeds from the capital increase came to €602.9 million. An amount of €593.6 million was paid into the capital reserves. The capital increase was entered in the commercial register on 23 May 2017.

The transaction costs of €2.9 million (net) that were directly attributable to the capital increase were recognised under capital reserves.

The total number of shares outstanding as at 30 June 2017 was 117,925,514 no-par-value shares (31 December 2016: 108,625,514 no-par-value shares). At the reporting date, KION GROUP AG held 164,486 treasury shares (31 December 2016: 164,486 treasury shares).

The distribution of a dividend of €0.80 per share (H1 2016: €0.77 per share) to the shareholders of KION GROUP AG resulted in an outflow of funds of €86.9 million (H1 2016: €76.0 million).

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 2016 owing to actuarial gains resulting mainly from higher discount rates in the eurozone. The present value of the defined benefit obligation was calculated on the basis of the discount rates shown in > TABLE 25.

Discount rate TABLE 25

	30/06/2017	31/12/2016
Germany	2.15%	1.90%
UK	2.55%	2.55%
USA	3.80%	4.05%
Other (weighted average)	1.51%	1.35%

The change in estimates in relation to defined benefit pension entitlements resulted in an increase in equity of €37.1 million as at 30 June 2017 (after deferred taxes). Furthermore, in June 2017, employer contributions of €5.5 million were made to plan assets for a defined benefit pension plan in the USA due to the statutory minimum funding provisions that apply. Overall, the net defined benefit obligation decreased to €935.5 million (31 December 2016: €978.7 million).

Financial liabilities

The KION Group undertook two financing measures to partly refinance the bridge loan (acquisition facilities agreement, AFA), drawn down in an amount of €2,543.2 million, that it had taken out to fund the Dematic acquisition. In the first quarter of 2017, a promissory note with a nominal value totalling €1,010.0 million was issued. Then in May 2017, a capital increase generated gross proceeds of €602.9 million. The funds from these financing measures were used to fully repay tranche A2 of the AFA of €343.2 million and tranche B of the AFA of €1,200.0 million. The third tranche of the bridge loan, which has a volume of €1,000.0 million, matures in October 2021.

The promissory note for €1,010.0 million is divided into several tranches that mature in May 2022, April 2024 and April 2027 and have floating-rate as well as fixed coupons. Directly attributable transaction costs of €3.1 million were incurred in connection with the issuance of the promissory note. These were deducted from the fair value of each tranche on initial recognition and will be expensed over subsequent periods. In the first quarter of 2017, the KION Group entered into a number of interest-rate derivatives in order to hedge the interest-rate risk resulting from the floating-rate tranches. The interest-rate derivatives were recognised using cash flow hedge accounting.

In the second quarter of 2017, the fixed-term tranche of €350.0 million drawn down under the senior facilities agreement (SFA) was reduced to an outstanding amount of €270.0 million by a partial repayment of €80.0 million. As at 30 June 2017, an amount of €160.4 million had been drawn down from the revolving credit facility agreed under the SFA, which includes other loan liabilities and contingent liabilities. The drawdowns under the revolving credit facility are classified as short term.

All covenants were complied with as at the end of the half-year period.

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 26.

Whereas lease liabilities arising from sale and leaseback transactions stood at €1,037.5 million (31 December 2016: €1,007.2 million), lease receivables arising from sale and leaseback transactions amounted to €669.5 million (31 December 2016: €663.4 million) and leased assets under sale and leaseback transactions totalled €390.3 million (31 December 2016: €367.5 million).

The liabilities from finance leases recognised within other financial liabilities comprise liabilities arising from the financing of industrial trucks for short-term rental of €451.8 million (31 December 2016: €440.0 million) and residual value obligations of €17.2 million (31 December 2016: €16.7 million). Within other financial liabilities, the KION Group has also recognised liabilities from finance leases amounting to €28.2 million (31 December 2016: €21.0 million) arising from procurement leases, which are classified as finance leases due to their terms and conditions. Other financial liabilities also included designated leasing credit lines that have been drawn down in an amount of €24.5 million (31 December 2016: €8.3 million).

The non-consolidated subsidiaries and other equity investments that are shown as at 30 June 2017 in > TABLE 26 are, with the exception of the equity investment in Balyo SA, 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. Because Balyo SA successfully floated on the stock market in June 2017, this equity investment is carried at fair value.

Carrying amounts and fair values broken down by class TABLE 26

	30/06/2017		31/12/2016	
in € million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Non-consolidated subsidiaries and other investments	29.1	29.1	22.2	22.2
Loans receivable	2.8	2.8	4.6	4.6
Financial receivables	37.9	37.9	21.3	21.3
Other financial investments	19.2	19.2	20.7	20.7
Lease receivables[1]	756.8	763.3	731.5	740.8
Trade receivables	1,047.5	1,047.5	998.9	998.9
thereof construction contracts with a net credit balance due from customers[2]	129.0	129.0	103.1	103.1
Other financial receivables	88.5	88.5	60.6	60.6
thereof non-derivative receivables	52.1	52.1	50.3	50.3
thereof derivative financial instruments	36.4	36.4	10.3	10.3
Cash and cash equivalents	157.0	157.0	279.6	279.6
Financial liabilities				
Liabilities to banks	1,474.7	1,482.3	3,175.8	3,188.6
Promissory note	1,007.0	1,010.6	–	–
Other financial liabilities to non-banks	8.9	8.9	7.2	7.2
Lease liabilities[1]	1,037.5	1,041.0	1,007.2	1,017.5
Trade payables	947.5	947.5	802.2	802.2
Other financial liabilities	608.2	609.9	571.9	576.7
thereof non-derivative liabilities	90.2	90.2	71.8	71.8
thereof liabilities from finance leases[1]	497.2	498.9	477.7	482.5
thereof derivative financial instruments	20.7	20.7	22.4	22.4

1 as defined by IAS 17
2 as defined by IAS 11

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 27 – 28

Level 1 comprises the equity investment in Balyo SA as well as other financial assets for which the fair value is calculated using prices quoted in an active market.

Interest-rate swaps and currency forwards are classified as Level 2. The fair value of derivative financial instruments is determined by the system using appropriate valuation methods on the basis of the observable market information at the reporting date. The default risk for the Group and for the counterparty is taken into account on the basis of gross figures. The fair value of interest-rate swaps is calculated as the present value of the future cash flows. Both contractually agreed payments and forward interest rates are used to calculate the cash flows, which are then discounted on the basis of a yield curve that is observable in the market. The fair value

Financial instruments measured at fair value TABLE 27

	Fair Value Hierarchy			
in € million	Level 1	Level 2	Level 3	30/06/2017
Financial assets				**46.5**
thereof investments in non-consolidated subsidiaries and other investments	9.7			9.7
thereof other financial investments	0.5			0.5
thereof derivative instruments		36.4		36.4
Financial liabilities				**20.7**
thereof derivative instruments		20.6	0.1	20.7

Financial instruments measured at fair value TABLE 28

	Fair Value Hierarchy			
in € million	Level 1	Level 2	Level 3	31/12/2016
Financial assets				**10.8**
thereof other financial investments	0.5			0.5
thereof derivative instruments		10.3		10.3
Financial liabilities				**22.4**
thereof derivative instruments		22.1	0.3	22.4

of the currency forwards is calculated by the system using the discounting method based on forward rates on the reporting date.

The financial liabilities allocated to Level 3 relate to a call option of Weichai Power on 10.0 per cent of the shares in Linde Hydraulics. The unobservable inputs that were significant to fair value measurement as at the reporting date were unchanged compared with the end of 2016. Unrealised gains of €0.2 million in connection with the call option were recognised in net financial income / expenses in the first half of 2017 (H1 2016: €0.1 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 to 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 2017.

Variable remuneration

KEEP EMPLOYEE SHARE OPTION PROGRAMME

As at 30 June 2017, KION Group employees held options on a total of 66,406 no-par-value shares (31 December 2016: 67,106). The total number of bonus shares granted therefore declined by 700 forfeited bonus shares in the first half of 2017. A pro-rata expense of €0.4 million for six months was recognised for bonus shares under functional costs in the first half of 2017 (H1 2016: €0.3 million).

KION PERFORMANCE SHARE PLAN (PSP) FOR MANAGERS

The 2017 tranche of the long-term, variable remuneration component for the managers in the KION Group (LTI 2017) with a defined period (three years) was granted with effect from 1 January 2017. At the beginning of the performance period on 1 January 2017, the managers were allocated a total of 0.2 million phantom 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.

In April 2017, the first payment from the 2014 tranche was made on the basis of the achievement of the long-term targets that were defined in 2014 at the start of the performance period.

The total carrying amount for liabilities in connection with share-based remuneration relating to the current tranches as at 30 June 2017 was €16.8 million (31 December 2016: €9.7 million). Of this amount, €9.4 million related to the 2015 tranche (31 December 2016: €7.1 million), €5.6 million to the 2016 tranche (31 December 2016: €2.6 million) and €1.8 million to the 2017 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 phantom shares over a fixed period (three years). At the beginning of the performance period on 1 January 2017, the Executive Board members were allocated a total of 0.1 million phantom 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.

In March 2017, a payment from the 2014 tranche was made on the basis of the achievement of the long-term targets that were defined in 2014 at the start of the performance period.

The total carrying amount for liabilities in connection with share-based remuneration relating to the current tranches as at 30 June 2017 was €12.5 million (31 December 2016: €7.6 million). Of this amount, €8.0 million related to the 2015 tranche (31 December 2016: €6.0 million), €3.6 million to the 2016 tranche (31 December 2016: €1.6 million) and €1.0 million to the 2017 tranche.

Segment report

The Executive Board, as the chief operating decision-maker (CODM), manages the KION Group on the basis of the following segments: Industrial Trucks & Services, Supply Chain Solutions and Corporate Services. Segment reporting therefore takes into account the organisational and strategic focus of the KION Group.

The KPIs used to manage the 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 effects from purchase price allocations and non-recurring items – to the adjusted EBIT for the segments ('adjusted EBIT').

The following tables show information on the KION Group's operating segments for the second quarter of 2017 and 2016 and for the first half of 2017 and 2016. > TABLES 29 – 32

Segment report Q2 2017 TABLE 29

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation / Reconciliation	Total
Revenue from external customers	1,416.4	595.0	5.1	–	2,016.4
Intersegment revenue	0.6	1.0	60.7	–62.4	–
Total revenue	1,417.0	596.0	65.8	–62.4	2,016.4
Earnings before taxes	**158.7**	**21.9**	**83.7**	**–109.5**	**154.9**
Financial income	14.9	57.3	7.3	–6.8	72.7
Financial expenses	–23.2	–48.9	–17.1	7.6	–81.5
= Net financial expenses/income	–8.3	8.4	–9.8	0.8	–8.8
EBIT	**167.0**	**13.5**	**93.5**	**–110.3**	**163.7**
+ Non-recurring items	–0.5	3.1	2.9	–	5.6
+ PPA items	0.2	44.8	0.0	–	45.0
= Adjusted EBIT	**166.7**	**61.4**	**96.4**	**–110.3**	**214.2**
Profit from equity-accounted investments	12.6	0.0	0.0	–	12.6
Capital expenditure[1]	35.2	11.3	3.2	–	49.7
Amortisation and depreciation[2]	28.3	51.8	4.0	–	84.1
Order intake	1,513.7	452.3	65.8	–61.3	1,970.5

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 Q2 2016

TABLE 30

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation / Reconciliation	Total
Revenue from external customers	1,311.4	27.5	5.0	–	1,343.8
Intersegment revenue	0.3	0.3	51.3	–51.9	–
Total revenue	1,311.7	27.8	56.3	–51.9	1,343.8
Earnings before taxes	**137.5**	**–3.5**	**–5.8**	**–34.3**	**94.0**
Financial income	14.2	0.0	3.4	–3.0	14.6
Financial expenses	–24.8	–0.2	–15.4	3.0	–37.4
= Net financial expenses/income	–10.6	–0.2	–11.9	–0.1	–22.8
EBIT	**148.2**	**–3.3**	**6.1**	**–34.2**	**116.8**
+ Non-recurring items	1.0	1.6	14.5	–	17.1
+ PPA items	6.9	0.0	0.0	–	6.9
= Adjusted EBIT	**156.0**	**–1.7**	**20.7**	**–34.2**	**140.8**
Profit from equity-accounted investments	9.4	0.0	0.0	–	9.4
Capital expenditure[1]	31.1	0.5	5.0	–	36.6
Amortisation and depreciation[2]	33.6	1.5	4.5	–	39.6
Order intake	1,377.8	44.7	56.3	–51.7	1,427.1

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 Q1 – Q2 2017

TABLE 31

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation / Reconciliation	Total
Revenue from external customers	2,739.3	1,077.2	11.3	–	3,827.8
Intersegment revenue	0.9	1.8	118.6	– 121.3	–
Total revenue	2,740.2	1,079.0	129.9	– 121.3	3,827.8
Earnings before taxes	**276.7**	**– 6.0**	**231.0**	**– 286.2**	**215.6**
Financial income	26.1	61.6	19.1	– 13.7	93.1
Financial expenses	– 44.7	– 63.5	– 42.2	12.6	– 137.7
= Net financial expenses/income	– 18.6	– 1.8	– 23.0	– 1.1	– 44.6
EBIT	**295.3**	**– 4.1**	**254.1**	**– 285.0**	**260.2**
+ Non-recurring items	0.0	8.5	6.7	–	15.3
+ PPA items	0.4	91.2	0.0	–	91.6
= Adjusted EBIT	**295.8**	**95.5**	**260.8**	**– 285.0**	**367.1**
Segment assets	8,833.0	4,425.7	1,494.3	– 3,602.8	11,150.2
Segment liabilities	4,631.0	2,037.5	5,117.5	– 3,615.0	8,171.0
Carrying amount of equity-accounted investments	79.3	0.0	0.0	–	79.3
Profit from equity-accounted investments	12.0	0.0	0.0	–	12.0
Capital expenditure[1]	64.0	22.3	6.1	–	92.4
Amortisation and depreciation[2]	55.5	104.9	8.3	–	168.7
Order intake	2,928.3	913.6	129.9	– 119.6	3,852.3
Number of employees[3]	23,245	7,022	676	–	30,943

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 30/06/2017; allocation according to the contractual relationships

Segment report Q1 – Q2 2016 TABLE 32

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation / Reconciliation	Total
Revenue from external customers	2,508.3	47.3	9.0	–	2,564.5
Intersegment revenue	0.4	0.3	100.3	–101.1	–
Total revenue	2,508.7	47.6	109.3	–101.1	2,564.5
Earnings before taxes	**231.9**	**–5.0**	**–50.1**	**–34.3**	**142.5**
Financial income	28.4	0.0	11.4	–6.3	33.5
Financial expenses	–48.1	–0.3	–54.7	6.3	–96.8
= Net financial expenses/income	–19.7	–0.3	–43.3	–0.1	–63.3
EBIT	**251.6**	**–4.7**	**–6.9**	**–34.2**	**205.8**
+ Non-recurring items	2.7	2.2	15.1	–	20.0
+ PPA items	13.6	0.0	0.0	–	13.6
= Adjusted EBIT	**267.8**	**–2.5**	**8.3**	**–34.2**	**239.4**
Segment assets	8,626.9	162.1	622.7	–2,682.7	6,729.1
Segment liabilities	4,396.2	93.3	3,241.0	–2,691.9	5,038.7
Carrying amount of equity-accounted investments	77.1	0.0	0.0	–	77.1
Profit from equity-accounted investments	9.6	0.0	0.0	–	9.6
Capital expenditure[1]	56.4	0.7	7.2	–	64.3
Amortisation and depreciation[2]	67.0	2.2	8.7	–	77.9
Order intake	2,635.2	79.8	109.4	–100.6	2,723.8
Number of employees[3]	22,733	495	576	–	23,804

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 30/06/2016; allocation according to the contractual relationships

The non-recurring items in the first half of the year, which totalled €15.3 million (H1 2016: €20.0 million), were primarily incurred in connection with Dematic and relate to the integration and the start-up costs for the new factory in Monterrey, Mexico.

The effects from purchase price allocations comprised net write-downs and other expenses in relation to the hidden reserves and charges identified as part of the acquisition processes.

Related party disclosures

In addition to the subsidiaries included in the condensed consolidated interim financial statements, the KION Group has direct or indirect business relationships with a number of non-consolidated 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.

Weichai Power Co. Ltd., Weifang, China, indirectly holds 43.3 per cent of the shares in KION GROUP AG (31 December 2016: 43.3 per cent) and is the largest single shareholder. 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 2016.

The revenue generated by the KION Group in the first half of 2017 and second quarter of 2017 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 €5.3 million, of which €4.0 million had been disbursed up to 30 June 2017. 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 2016.

The goods and services obtained from related parties in the first half of 2017 and second quarter of 2017 are shown in > TABLE 34 along with the liabilities that were outstanding at the reporting date.

Related party disclosures: receivables and sales TABLE 33

	Receivables		Sales of goods and services			
in € million	30/06/2017	31/12/2016	Q2 2017	Q2 2016	Q1–Q2 2017	Q1–Q2 2016
Non-consolidated subsidiaries	30.8	22.8	9.8	6.3	16.3	11.4
Equity-accounted associates	26.6	19.7	39.8	43.4	80.2	84.7
Equity-accounted joint ventures	4.1	2.3	18.3	15.1	29.7	25.6
Other related parties*	7.1	4.7	4.6	3.3	10.2	6.5
Total	**68.6**	**49.5**	**72.5**	**68.0**	**136.4**	**128.2**

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

Related party disclosures: liabilities and purchases TABLE 34

	Liabilities		Purchases of goods and services			
in € million	30/06/2017	31/12/2016	Q2 2017	Q2 2016	Q1–Q2 2017	Q1–Q2 2016
Non-consolidated subsidiaries	14.4	13.1	5.2	8.9	9.6	16.9
Equity-accounted associates	12.0	9.2	31.7	31.1	64.8	62.2
Equity-accounted joint ventures	55.0	54.4	20.6	20.4	42.6	38.4
Other related parties*	2.0	1.6	5.4	5.1	10.1	8.6
Total	**83.4**	**78.3**	**62.9**	**65.6**	**127.1**	**126.1**

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

Material events after the reporting date

Between the reporting date of these interim financial statements and 25 July 2017, there were no events or developments that would have led to a material change in the recognition or measurement of the individual assets and liabilities reported as at 30 June 2017 or that it would be necessary to disclose.

Wiesbaden, 25 July 2017

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 KION GROUP AG, Wiesbaden, for the period from 1 January to 30 June 2017, 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 IFRSs 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 IFRSs applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statements audit. Since, in accordance with our engagement, we have not performed a financial statements 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 of the KION GROUP AG, Wiesbaden, have not been prepared, in material respects, in accordance with those IFRSs 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, 25 July 2017

Deloitte 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, 25 July 2017

The Executive Board

Gordon Riske

Dr. Eike Böhm

Ching Pong Quek

Dr. Thomas Toepfer

Quarterly information

Quarterly information

TABLE 35

in € million	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Order intake	**1,970.5**	**1,881.7**	**1,782.7**	**1,326.6**	**1,427.1**	**1,296.7**
thereof Industrial Trucks & Services	1,513.7	1,414.6	1,463.8	1,284.2	1,377.8	1,257.3
thereof Supply Chain Solutions	452.3	461.3	313.3	38.1	44.7	35.1
Total revenue	**2,016.4**	**1,811.4**	**1,739.5**	**1,283.2**	**1,343.8**	**1,220.6**
thereof Industrial Trucks & Services	1,417.0	1,323.2	1,441.9	1,252.0	1,311.7	1,197.0
thereof Supply Chain Solutions	596.0	483.0	291.1	27.2	27.8	19.8
Adjusted EBITDA	**326.0**	**263.0**	**277.6**	**224.1**	**238.2**	**191.7**
thereof Industrial Trucks & Services	267.5	228.1	273.3	236.2	248.7	200.6
thereof Supply Chain Solutions	68.3	41.0	13.4	–0.5	–1.4	–0.6
Adjusted EBITDA margin	**16.2%**	**14.5%**	**16.0%**	**17.5%**	**17.7%**	**15.7%**
thereof Industrial Trucks & Services	18.9%	17.2%	19.0%	18.9%	19.0%	16.8%
thereof Supply Chain Solutions	11.5%	8.5%	4.6%	–1.9%	–5.1%	–3.2%
EBIT	**163.7**	**96.6**	**116.6**	**112.4**	**116.8**	**89.0**
thereof Industrial Trucks & Services	167.0	128.4	164.8	136.7	148.2	103.4
thereof Supply Chain Solutions	13.5	–17.6	–25.1	–1.8	–3.3	–1.4
Adjusted EBIT	**214.2**	**152.9**	**171.2**	**126.8**	**140.8**	**98.6**
thereof Industrial Trucks & Services	166.7	129.1	175.3	143.7	156.0	111.8
thereof Supply Chain Solutions	61.4	34.2	9.3	–0.8	–1.7	–0.8
Adjusted EBIT margin	**10.6%**	**8.4%**	**9.8%**	**9.9%**	**10.5%**	**8.1%**
thereof Industrial Trucks & Services	11.8%	9.8%	12.2%	11.5%	11.9%	9.3%
thereof Supply Chain Solutions	10.3%	7.1%	3.2%	–2.9%	–6.1%	–4.2%

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 2016 group management report and in this interim 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

26 October 2017
Quarterly statement for the period ended 30 September 2017
Conference call for analysts

1 March 2018
Financial statements press conference
Publication of 2017 annual report
Conference call for analysts

26 April 2018
Quarterly statement for the period ended 31 March 2018
Conference call for analysts

Subject to change without notice

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We
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