INTERIM REPORT Q2 2018

Key figures

KION Group overview

in € million	Q2 2018	Q2 2017*	Change	Q1 – Q2 2018	Q1 – Q2 2017*	Change
Order intake	2,424.0	1,970.5	23.0%	4,309.0	3,852.3	11.9%
Revenue	2,031.1	2,001.3	1.5%	3,874.4	3,802.3	1.9%
Order book[1]				3,060.2	2,614.6	17.0%
Financial performance						
EBITDA	374.6	382.2	–2.0%	716.3	694.5	3.1%
Adjusted EBITDA[2]	377.0	387.7	–2.8%	717.8	709.8	1.1%
Adjusted EBITDA margin[2]	18.6%	19.4%	–	18.5%	18.7%	–
EBIT	142.1	159.8	–11.1%	268.0	255.2	5.0%
Adjusted EBIT[2]	187.0	210.4	–11.2%	344.9	362.0	–4.7%
Adjusted EBIT margin[2]	9.2%	10.5%	–	8.9%	9.5%	–
Net income for the period	79.3	105.2	–24.6%	147.7	144.7	2.1%
Financial position[1]						
Total assets				12,720.7	12,337.7	3.1%
Equity				3,046.9	2,992.3	1.8%
Net financial debt				2,287.5	2,095.5	9.2%
Cash flow						
Free cash flow[3]	–3.7	57.9	<–100%	9.0	143.0	–93.7%
Capital expenditure[4]	55.0	46.9	17.3%	103.9	87.5	18.8%
Employees[5]				**32,309**	**31,608**	**2.2%**

1 Figure as at 30/06/2018 compared with 31/12/2017
2 Adjusted for PPA items and non-recurring items
3 Free cash flow is defined as cash flow from operating activities plus cash flow from investing activities
4 Capital expenditure including capitalised development costs, excluding right of use assets
5 Number of employees (full-time equivalents) as at 30/06/2018 compared with 31/12/2017
* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

All amounts in this interim report are disclosed in millions of euros (€ million) unless stated otherwise. Due to rounding effects, addition of the individual amounts shown may result in minor rounding differences to the totals. 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. Only the content of the German version is authoritative.

Highlights of the second quarter of 2018

KION Group confirms positive trend with a sharp rise in orders

- Sustained high demand in fast-growing core markets
- Supply Chain Solutions attracts record level of new orders worth €874.2 million in the second quarter
- Total value of order intake for the Group rises by 23 per cent to €2.424 billion; order book up significantly on 31 December 2017 at €3.060 billion
- Revenue increases by 1.5 per cent to €2.031 billion
- Adjusted EBIT margin stands at 9.2 per cent
- Net income for the period of €79.3 million
- Significant negative exchange rate effect among others from US dollar
- Outlook for 2018 confirmed
- Anke Groth became the new Chief Financial Officer and Labour Relations Director on 1 June 2018
- Susanna Schneeberger appointed as Chief Digital Officer from 1 October 2018

Contents

KION shares

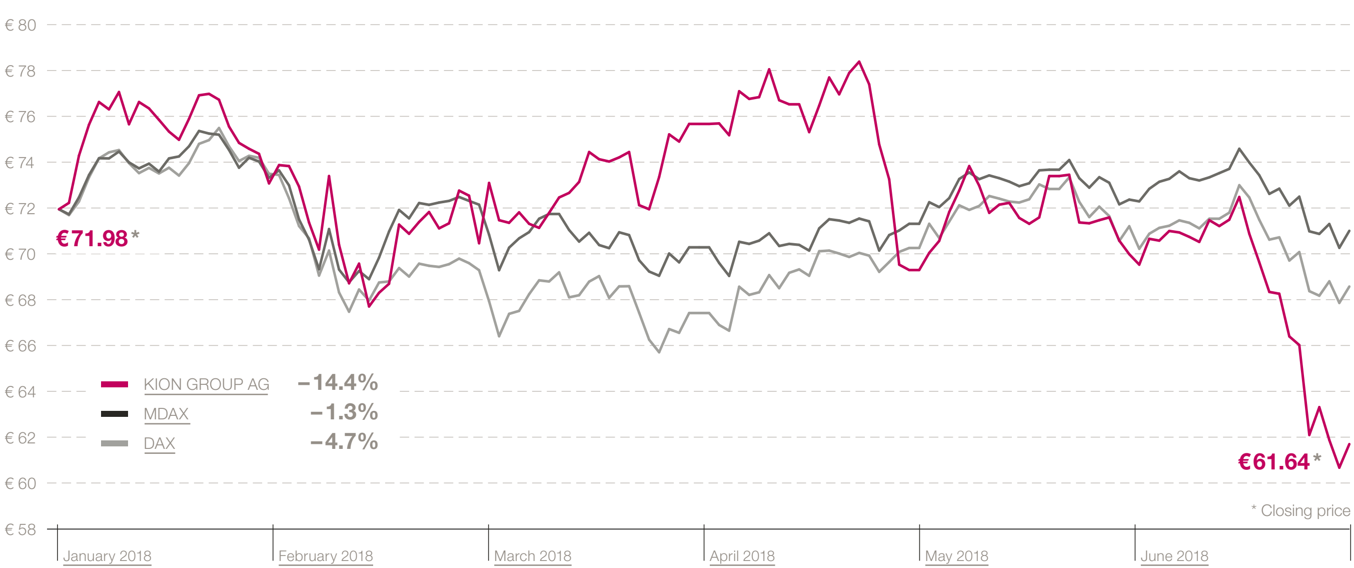
Volatile stock market conditions for shares in the first half of 2018

Germany's stock markets experienced substantial volatility in the first six months of the year. The DAX barely moved in the second quarter, so it was unable to recoup the losses of the first months. It closed at 12,306 points at the end of the reporting period, which was 4.7 per cent lower than at the end of 2017. The MDAX declined by 1.3 per cent. KION shares initially rose sharply to reach a high of €78.48 on 23 April 2018, before losing ground due to the volatile conditions and closing at €61.64 on 29 June 2018 – a loss of 14.4 per cent. At the end of June, market capitalisation stood at €7.3 billion, of which €4.1 billion was attributable to shares in free float. > DIAGRAM 01

Significant dividend increase

The Annual General Meeting on 9 May 2018, at which around 80 per cent of the share capital was represented, approved the Supervisory Board and Executive Board's proposals with a large majority. This included a 23.8 per cent increase in the dividend to €0.99 per share (2017: €0.80 per share). The total dividend payout was therefore up by more than a third at €116.8 million (2017: €86.9 million). This equates to around 35 per cent of the net income for 2017 adjusted for the non-cash revaluation of deferred tax liabilities (net) in connection with the corporate income tax rate reduction approved in the US.

Share price performance from 29 December 2017 to 29 June 2018 DIAGRAM 01

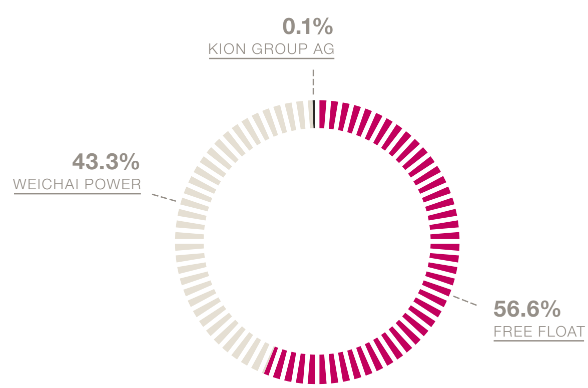


Stable shareholder structure

The shareholder structure as at 30 June remained stable compared with the end of 2017. Weichai Power Co. Ltd. was still the largest single shareholder with an unchanged stake of 43.3 per cent, while KION GROUP AG continued to hold 0.1 per cent and 56.6 per cent of shares remained in free float. > DIAGRAM 02

On 3 July 2018, Weichai Power Co. Ltd. increased its stake in the KION Group from 43.3 per cent to 45.0 per cent. As 0.1 per cent of shares continue to be held by KION GROUP AG, a total of 54.9 per cent are now in free float.

Shareholder structure as at 30 June 2018 DIAGRAM 02



Comprehensive coverage

Twenty brokerage houses currently publish regular reports on the KION Group. As at 30 June 2018, eleven analysts recommended KION shares as a buy and nine rated them as neutral. At mid-year the median target price specified by the equity analysts was €80.00.
> TABLE 01

Credit rating remains good

The KION Group continues to have an investment-grade credit rating. Since January 2017, the Group's long-term issuer rating from Fitch Ratings has been BBB– with a stable outlook, while Standard & Poor's has classified the KION Group as BB+ with a positive outlook since September 2017.

Share data

TABLE 01

Issuer	KION GROUP AG
Registered office	Frankfurt am Main
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 World, MSCI Germany Small Cap
Stock exchange symbol	KGX
ISIN	DE000KGX8881
WKN	KGX888
Bloomberg / Reuters	KGX:GR / KGX.DE
Closing price as at 30/06/2018	€61.64
Performance since beginning of 2018	–14.4%
Market capitalisation as at 30/06/2018	€7,279.1 million
Free float	56.6%
Earnings per share*	€1.26

* For the reporting period 01/01/ – 30/06/2018

Interim group management report

FUNDAMENTALS OF THE KION GROUP

Management and control

Anke Groth was appointed as a member of the Group's Executive Board for a term of five years beginning 1 June 2018. She is responsible for finance, which encompasses corporate accounting & tax, financial services, corporate finance, corporate controlling and legal affairs. In addition, she has taken on the role of Labour Relations Director and is therefore in charge of corporate HR and health, safety & environment. She replaces Dr Thomas Toepfer, who left the Company at his own request on 31 March 2018. At its meeting on 26 June 2018, the Supervisory Board appointed Susanna Schneeberger as a member of the Group's Executive Board for a term of five years starting 1 October 2018. The Executive Board will thus have a total of five members from this date. Ms Schneeberger will assume strategic responsibility for KION's Supply Chain Solutions segment and, in the newly created role of Chief Digital Officer (CDO), will be in charge of further development of the IT systems and of groupwide activities aimed at the digitalisation and connectivity of products and processes.

Strategy of the KION Group

The KION 2027 strategy puts the emphasis on innovation, digitalisation, automation and efficient energy use, and on achieving improved performance with regard to KION products and the Company's processes. There is now an even greater focus on a shared, customer-centric innovation, sales and brand strategy. Under this strategy, the KION Group aims to grow at a faster rate than the market, be the most profitable provider in its sector, ensure it is crisis-resistant and always offer shareholders an attractive return on their investment. The objectives of KION 2027 are set out in detail in the 2017 group management report.

The initiatives launched during the reporting period included the embedding of digital solutions and agile development processes. One of these initiatives was the establishment of a robotics centre of excellence in the Supply Chain Solutions segment, specialising in the development and engineering of robotic automation. This new unit is responsible for applying and implementing robotic solutions that make order fulfilment operations more efficient, productive and responsive to today's on-demand omnichannel distribution environment.

REPORT ON THE ECONOMIC POSITION

Macroeconomic and sector-specific conditions

MACROECONOMIC CONDITIONS

Global economic growth lived up to the high expectations in the first half of the year. Whereas the eurozone's growth was slightly more restrained, partly due to the strong euro and the decline in exports, the United States experienced higher growth rates and the pace of growth in the emerging markets and developing countries held steady. For 2018 as a whole, economic experts continue to anticipate sustained momentum. However, uncertainties in the global market have increased owing to protectionist measures and other political risks.

SECTORAL CONDITIONS

Sales markets

The global market for industrial trucks experienced strong growth in the first half of 2018. The number of new trucks ordered was up by 15.4 per cent compared with the same period of 2017, although the increase in the second quarter was particularly strong at 18.9 per cent. In the EMEA region (western Europe, eastern Europe, Middle East and Africa), order intake was 12.5 per cent higher than in the first six months of last year. As in previous quarters, the rise in western Europe (11.6 per cent) was extremely encouraging. The markets of eastern Europe also registered significant growth (22.5 per cent). Order intake in the Americas region went up by 13.7 per cent, primarily due to a larger number of orders in the major sales markets. Demand also picked up in the APAC region during the second quarter, resulting in an overall increase for the six-month period of 19.0 per cent. This was predominantly attributable to fast-growing demand in China during the second quarter.

The number of orders for electric forklift trucks rose by 10.6 per cent worldwide. Diesel truck orders grew by 14.8 per cent. The biggest increase, 17.8 per cent, was achieved by warehouse trucks due to a particularly sharp rise in orders for smaller entry-level models. > TABLE 02

In the Supply Chain Solutions market, the structural growth drivers and the growth trend both remained intact. The rapid expansion of e-commerce and the increasing use of Industry 4.0 technologies continue to shape the market for warehouse systems and automation solutions. Many businesses are investing further in the expansion and optimisation of their warehouse capacities and in automated warehouse systems that 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

The procurement markets registered sharp price increases for some goods. The price of steel rocketed in the first few weeks of the year before stabilising at a high level. Compared with the end of 2017, the price of copper went up only moderately but was still well above the average price in the first half of 2017. The price of Brent crude oil rose over the course of the reporting period to more than US$ 70 per barrel; at the end of June 2017, it had still been below US$ 50.

Overall, currency effects resulting from the strong euro had a negative impact on the KION Group's earnings in the first half of 2018. The euro was approximately 12 per cent higher on average against the US dollar than in the first half of 2017, although it fell again in the second quarter. Against pound sterling, the euro was up by 2 per cent on average compared with the prior-year period. The euro appreciated by 4 per cent on average against the Chinese renminbi.

Global industrial truck market (order intake) TABLE 02

in thousand units	Q2 2018	Q2 2017	Change	Q1 – Q2 2018	Q1 – Q2 2017	Change
Western Europe	114.8	96.2	19.4%	228.7	205.0	11.6%
Eastern Europe	23.5	18.4	27.5%	46.4	37.9	22.5%
Middle East and Africa	10.2	9.2	11.5%	19.1	18.7	2.0%
North America	72.6	67.5	7.6%	147.9	130.6	13.2%
Central and South America	10.1	9.4	7.8%	19.9	17.0	17.3%
Asia-Pacific	177.2	142.9	24.0%	339.1	284.9	19.0%
World	**408.5**	**343.6**	**18.9%**	**801.1**	**694.1**	**15.4%**

Source: WITS/FEM

Business performance in the Group

In January 2018, the KION Group entered into an exclusive and global strategic partnership with EP Equipment, Co., Ltd., Hangzhou, a leading Chinese manufacturer of warehouse trucks. The planned acquisition of a non-controlling interest and the future collaboration will allow the KION Group to expand its product offering in the entry-level segment for lightweight warehouse trucks and thereby improve on its position as the leading supplier of electric-powered material handling equipment. The intention is to complete the transaction with EP Equipment in late 2018.

In the Supply Chain Solutions segment, the factory in Stříbro in the Czech Republic completed at the end of 2017 commenced operations in the first quarter of 2018. It produces modules for multishuttles and modular conveyor systems for the European market.

In June 2018, the KION Group issued a further promissory note. It has a volume of €200.0 million and will mature in 2025. The resulting funds were used to repay part of the long-term tranche under the acquisition facilities agreement (AFA). In January 2018, the KION Group agreed an extension, until February 2023, to the term of the revolving credit facility of €1,150.0 million arranged under the senior facilities agreement (SFA).

Financial performance and financial position

OVERALL ASSESSMENT OF THE ECONOMIC SITUATION

In the first half of 2018, the KION Group continued to demonstrate the strengths of its innovation, sales and brand strategy in the fulfilment of customer-specific requirements and solutions, achieving increases in both order intake and revenue compared with the first half of 2017. Significant negative currency effects were offset by volume increases in both segments.

The effects of temporary bottlenecks at individual suppliers in the Industrial Trucks & Services segment were not fully offset by the increase in revenue. As a result, working capital had risen as at 30 June 2018, thereby temporarily squeezing free cash flow. The countermeasures implemented at an early stage by the KION Group in order to reduce the delivery bottlenecks will generate a substantial catch-up effect in the second half of the year. Following delays in the awarding of projects by customers, Dematic took significantly more new orders in the second quarter. As a result, order intake in the Supply Chain Solutions segment improved markedly, reaching a total of €1,270.4 million for the six-month period. The segment's revenue was lower than in the prior-year period.

The KION Group's adjusted EBIT came to €344.9 million, which was down by €17.2 million year on year. Earnings for the reporting period were affected by higher material prices, wage cost rises, currency effects and inefficiencies caused by bottlenecks at individual suppliers in the Industrial Trucks & Services segment. The adjusted EBIT margin was 8.9 per cent (H1 2017: 9.5 per cent). Net income for the period amounted to €147.7 million, which represented slight year-on-year growth (H1 2017: €144.7 million). Earnings per share stood at €1.26 (H1 2017: €1.30).

Net financial debt equated to 1.5 times the adjusted EBITDA on an annualised basis. The slight rise compared with the end of last year (31 December 2017: factor of 1.4) was due to increased current financial liabilities for financing the temporary rise in inventories.

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE KION GROUP

Level of orders

Order intake amounted to €4,309.0 million, exceeding the figure for the prior-year period of €3,852.3 million by 11.9 per cent. Excluding the negative currency effects of €159.8 million, the KION Group's order intake was up by 16.0 per cent. In the Industrial Trucks & Services segment, order intake rose by 3.5 per cent to €3,031.6 million (H1 2017: €2,928.3 million), mainly due to the fast growth of the new truck business in the EMEA and APAC regions. The Supply Chain Solutions segment saw the value of its order intake from project business (business solutions) and the service business jump by 39.0 per cent to €1,270.4 million (H1 2017: €913.6 million). The KION Group's order book rose to a total of €3,060.2 million (31 December 2017: €2,614.6 million).

Revenue

Despite negative currency effects of €151.2 million, the KION Group's consolidated revenue rose by 1.9 per cent to €3,874.4 million in the first six months of 2018 (H1 2017: €3,802.3 million). The share of consolidated revenue attributable to the service business increased from 41.0 per cent in the prior-year period to 42.7 per cent.

Revenue with third parties in the Industrial Trucks & Services segment was up by 3.8 per cent to €2,814.9 million (H1 2017: €2,711.3 million), but fell short of expectations due to the delivery bottlenecks. At €1,047.6 million, revenue in the Supply Chain Solutions segment was just slightly below the prior-year period (H1 2017: €1,079.6 million); adjusted for currency effects, however, the segment's revenue increased by 5.5 per cent. > TABLE 03

Revenue with third parties by product category TABLE 03

in € million	Q2 2018	Q2 2017*	Change	Q1 – Q2 2018	Q1 – Q2 2017*	Change
Industrial Trucks & Services	**1,447.2**	**1,397.5**	**3.6%**	**2,814.9**	**2,711.3**	**3.8%**
New business	729.2	728.1	0.2%	1,404.2	1,385.8	1.3%
Service business	718.0	669.4	7.3%	1,410.7	1,325.5	6.4%
– Aftersales	378.6	350.9	7.9%	741.2	700.7	5.8%
– Rental business	221.6	213.6	3.8%	434.1	411.5	5.5%
– Used trucks	80.7	76.1	6.0%	159.4	146.2	9.0%
– Other	37.1	28.8	28.9%	75.9	67.2	13.0%
Supply Chain Solutions	**577.7**	**598.7**	**–3.5%**	**1,047.6**	**1,079.6**	**–3.0%**
Business Solutions	450.0	484.2	–7.0%	803.5	845.0	–4.9%
Service business	127.7	114.6	11.5%	244.1	234.6	4.0%
Corporate Services	**6.2**	**5.1**	**21.3%**	**12.0**	**11.3**	**5.5%**
Total revenue	**2,031.1**	**2,001.3**	**1.5%**	**3,874.4**	**3,802.3**	**1.9%**

* Revenue for 2017 was restated due to the initial application of IFRS 15 and IFRS 16

Revenue by customer location

Despite the bottlenecks at suppliers, the revenue of the Industrial Trucks & Services segment went up in the EMEA and APAC sales regions. Adjusted for currency effects, the revenue of the Supply Chain Solutions segment rose sharply in North America, thereby consolidating the segment's strong market position. Fast-growing markets accounted for 19.7 per cent of the KION Group's revenue in the reporting period (H1 2017: 20.5 per cent), while 81.2 per cent of revenue (H1 2017: 82.2 per cent) was generated outside Germany. > TABLE 04

Earnings

EBIT and EBITDA

Earnings before interest and tax (EBIT) amounted to €268.0 million in the first six months of 2018 (H1 2017: €255.2 million). The rise of 5.0 per cent was primarily due to the decrease in the purchase price allocation effects included in EBIT to €73.9 million (H1 2017: €91.6 million). However, currency effects had a countervailing adverse impact on EBIT of €14.3 million. EBIT adjusted for non-recurring items and purchase price allocation effects (adjusted EBIT) was below the prior-year period at €344.9 million (H1 2017: €362.0 million). The adjusted EBIT margin thus fell to 8.9 per cent (H1 2017: 9.5 per cent). > TABLE 05

Revenue with third parties by customer location TABLE 04

in € million	Q2 2018	Q2 2017	Change	Q1–Q2 2018	Q1–Q2 2017*	Change
Western Europe	1,160.3	1,175.1	–1.3%	2,267.0	2,271.3	–0.2%
Eastern Europe	135.3	138.1	–2.1%	260.1	254.6	2.2%
Middle East and Africa	28.9	33.9	–14.7%	57.4	80.4	–28.6%
North America	443.1	368.0	20.4%	797.2	651.0	22.5%
Central and South America	43.3	38.6	12.3%	77.8	79.0	–1.5%
Asia-Pacific	220.2	247.6	–11.1%	414.8	466.1	–11.0%
Total revenue	**2,031.1**	**2,001.3**	**1.5%**	**3,874.4**	**3,802.3**	**1.9%**

* Revenue for 2017 was restated due to the initial application of IFRS 15 and IFRS 16

EBIT TABLE 05

in € million	Q2 2018	Q2 2017*	Change	Q1–Q2 2018	Q1–Q2 2017*	Change
EBIT	**142.1**	**159.8**	**–11.1%**	**268.0**	**255.2**	**5.0%**
+ Non-recurring items	4.0	5.6	–28.8%	3.0	15.3	–80.2%
+ PPA items	40.9	45.0	–9.2%	73.9	91.6	–19.3%
Adjusted EBIT	**187.0**	**210.4**	**–11.2%**	**344.9**	**362.0**	**–4.7%**

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Earnings before interest, tax, depreciation and amortisation (EBITDA) improved to €716.3 million (H1 2017: €694.5 million). Adjusted EBITDA came to €717.8 million (H1 2017: €709.8 million). This equates to an adjusted EBITDA margin of 18.5 per cent (H1 2017: 18.7 per cent). > TABLE 06

Key influencing factors for earnings

The cost of sales grew at only a slightly slower rate than revenue, rising by 0.9 per cent to €2,870.5 million (H1 2017: €2,845.6 million). As a result, the gross margin increased from 25.2 per cent to 25.9 per cent in the first half of the year. In the reporting period, the cost of sales was particularly mitigated by reduced purchase price allocation effects compared with the first six months of 2017. However, both the cost of sales and earnings were adversely affected by higher material prices, wage cost rises and, increasingly, production inefficiencies caused by the bottlenecks at individual suppliers in the Industrial Trucks & Services segment. Currency effects, mainly from the US dollar, had a noticeable negative impact overall, influencing the KION Group's EBIT.

The change in the cost of sales and in other functional costs is shown in > TABLE 07.

EBITDA

TABLE 06

in € million	Q2 2018	Q2 2017*	Change	Q1–Q2 2018	Q1–Q2 2017*	Change
EBITDA	**374.6**	**382.2**	**–2.0%**	**716.3**	**694.5**	**3.1%**
+ Non-recurring items	2.4	5.6	–56.3%	1.5	15.3	–90.2%
+ PPA items	–0.1	0.0	–	0.0	0.0	–
Adjusted EBITDA	**377.0**	**387.7**	**–2.8%**	**717.8**	**709.8**	**1.1%**

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

(Condensed) income statement

TABLE 07

in € million	Q2 2018	Q2 2017*	Change	Q1–Q2 2018	Q1–Q2 2017*	Change
Revenue	2,031.1	2,001.3	1.5%	3,874.4	3,802.3	1.9%
Cost of sales	–1,518.4	–1,499.1	–1.3%	–2,870.5	–2,845.6	–0.9%
Gross profit	**512.7**	**502.2**	**2.1%**	**1,003.9**	**956.7**	**4.9%**
Selling expenses and administrative expenses	–346.0	–327.6	–5.6%	–683.4	–657.4	–4.0%
Research and development costs	–34.4	–31.5	–9.0%	–69.3	–65.9	–5.1%
Other	9.8	16.8	–41.9%	16.7	21.8	–23.2%
Earnings before interest and taxes (EBIT)	**142.1**	**159.8**	**–11.1%**	**268.0**	**255.2**	**5.0%**
Net financial expenses	–25.1	–10.1	<–100%	–53.9	–48.4	–11.4%
Earnings before taxes	**117.0**	**149.7**	**–21.8%**	**214.1**	**206.8**	**3.5%**
Income taxes	–37.7	–44.5	15.3%	–66.4	–62.1	–6.9%
Net income for the period	**79.3**	**105.2**	**–24.6%**	**147.7**	**144.7**	**2.1%**

* (Condensed) income statement for 2017 was restated due to the initial application of IFRS 15 and IFRS 16

Net financial income / expenses

The net financial expenses, representing the balance of financial income and financial expenses, increased from €48.4 million in the first half of 2017 to €53.9 million in the first six months of this year. Current interest expense on financial liabilities decreased due to the corporate actions carried out in 2017, whereas currency effects had improved the level of net financial expenses in the first half of last year.

Income taxes

Income tax expenses rose to €66.4 million (H1 2017: €62.1 million) mainly due to the level of earnings. This resulted in a tax rate of 31.0 per cent (H1 2017: 30.0 per cent).

Net income for the period

The KION Group's net income for the period after taxes was €147.7 million (H1 2017: €144.7 million). Earnings per share attributable to the shareholders of KION GROUP AG came to €1.26 for the first half of the year (H1 2017: €1.30) based on an average of 117.9 million (H1 2017: 110.7 million) no-par-value shares outstanding.

BUSINESS SITUATION AND FINANCIAL PERFORMANCE OF THE SEGMENTS

Industrial Trucks & Services segment

Business performance and order intake

The Industrial Trucks & Services segment increased orders for new trucks by 7.9 per cent to 110.5 thousand units. Warehouse trucks and electric forklift trucks – a particularly important part of integrated supply chain solutions – saw a strong growth across all regions. Of the total number of orders, 61.9 per cent were accounted for by the Linde brand including Fenwick, 31.2 per cent by the STILL brand including OM STILL and the remaining 6.9 per cent by the Baoli and OM Voltas brands. The total value of order intake rose by 3.5 per cent to €3,031.6 million (H1 2017: €2,928.3 million). Currency effects reduced the value of order intake by €60.9 million.

Revenue

Despite noticeable delays to production and deliveries as a result of bottlenecks affecting individual suppliers, segment revenue rose by 3.9 per cent to €2,818.3 million (H1 2017: €2,712.2 million). Negative currency effects also impacted on total revenue in the Industrial Trucks & Services segment, reducing it by €59.3 million. Whereas the volume of revenue from new truck business held relatively steady compared with the prior-year period, the volume of service business went up by 6.4 per cent. As a result, the proportion of segment revenue attributable to the service business grew to 50.1 per cent (H1 2017: 48.9 per cent).

Earnings

The inefficiencies in production processes caused by bottlenecks at individual suppliers increasingly impacted the cost of sales during the reporting period. Earnings were also affected by higher material prices and wage cost rises. Adjusted EBIT came to €284.2 million, which was close to the figure for the prior-year period of €286.4 million. The adjusted EBIT margin for the segment fell by 0.5 percentage points to 10.1 per cent (H1 2017: 10.6 per cent). Taking into account non-recurring items and purchase price allocation effects, EBIT was down slightly at €273.2 million (H1 2017: €285.9 million).

Adjusted EBITDA rose to €619.0 million (H1 2017: €598.7 million). This equated to an adjusted EBITDA margin of 22.0 per cent (H1 2017: 22.1 per cent). > TABLE 08

Supply Chain Solutions segment

Business performance and order intake

In the second quarter of 2018, customers awarded a high number of new orders to Dematic, causing the volume of orders to jump by €874.2 million. As a result, order intake in the Supply Chain Solutions segment increased by 39.0 per cent compared with the first half of 2017 to reach €1,270.4 million (H1 2017: €913.6 million). This figure includes negative currency effects of €98.9 million that were mainly due to the US dollar being weaker on average during the six-month period.

Key figures – Industrial Trucks & Services TABLE 08

in € million	Q2 2018	Q2 2017*	Change	Q1–Q2 2018	Q1–Q2 2017*	Change
Order intake	1,546.5	1,513.7	2.2%	3,031.6	2,928.3	3.5%
Total revenue	1,449.6	1,398.1	3.7%	2,818.3	2,712.2	3.9%
EBITDA	317.0	323.6	–2.0%	619.3	598.6	3.5%
Adjusted EBITDA	318.0	323.1	–1.6%	619.0	598.7	3.4%
EBIT	136.1	159.7	–14.7%	273.2	285.9	–4.4%
Adjusted EBIT	148.2	159.4	–7.0%	284.2	286.4	–0.8%
Adjusted EBITDA margin	21.9%	23.1%	–	22.0%	22.1%	–
Adjusted EBIT margin	10.2%	11.4%	–	10.1%	10.6%	–

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Revenue

The segment's total revenue declined slightly to €1,049.5 million (H1 2017: €1,081.4 million) owing to negative currency effects of €91.8 million and delays in the awarding of projects by customers during recent quarters. Revenue from project business (business solutions) accounted for 76.7 per cent of total revenue; the remaining 23.3 per cent was attributable to the service business. The proportion of revenue generated in North America was up significantly year on year at 69.7 per cent (H1 2017: 54.8 per cent).

Earnings

The US dollar also had a negative impact on adjusted EBIT, in the amount of €12.5 million. Moreover, the delays in the awarding of projects by customers in recent quarters led to underutilisation of project-related personnel capacity. Overall, the adjusted EBIT of €86.5 million was below the figure for the prior-year period of €98.6 million; excluding currency effects the adjusted EBIT was at prior year's level. The adjusted EBIT margin was 8.2 per cent (H1 2017: 9.1 per cent). Including non-recurring items and purchase price allocation effects, EBIT came to €21.3 million and thereby exceeded the figure for the first half of 2017 of minus €1.1 million. Adjusted EBITDA of €110.1 million (H1 2017: €121.0 million) resulted in an adjusted EBITDA margin of 10.5 per cent (H1 2017: 11.2 per cent). > TABLE 09

Key figures – Supply Chain Solutions TABLE 09

in € million	Q2 2018	Q2 2017*	Change	Q1–Q2 2018	Q1–Q2 2017*	Change
Order intake	874.2	452.3	93.3%	1,270.4	913.6	39.0%
Total revenue	578.8	599.8	–3.5%	1,049.5	1,081.4	–3.0%
EBITDA	63.3	68.2	–7.2%	109.0	112.5	–3.1%
Adjusted EBITDA	64.0	71.3	–10.3%	110.1	121.0	–9.0%
EBIT	19.4	16.2	19.5%	21.3	–1.1	>100%
Adjusted EBIT	51.5	64.1	–19.7%	86.5	98.6	–12.3%
Adjusted EBITDA margin	11.1%	11.9%	–	10.5%	11.2%	–
Adjusted EBIT margin	8.9%	10.7%	–	8.2%	9.1%	–

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

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, increased to €151.0 million (H1 2017: €129.9 million).

Adjusted EBIT for the segment came to €72.9 million (H1 2017: €262.1 million) and included intra-group dividend income of €98.6 million (H1 2017: €285.0 million). Like-for-like adjusted EBIT excluding dividend income amounted to minus €25.7 million (H1 2017: minus €22.9 million). Adjusted EBITDA stood at €87.4 million, or minus €11.2 million (H1 2017: €275.1 million or minus €9.9 million).

> TABLE 10

NET ASSETS

Non-current assets rose by €42.6 million from their level at 31 December 2017 to €9,893.2 million as at 30 June 2018. Intangible assets accounted for €5,712.7 million (31 December 2017: €5,716.5 million). Goodwill amounted to 3,406.8 million as at 30 June 2018 (31 December 2017: €3,382.5 million). Other property, plant and equipment, which totalled €1,012.4 million (31 December 2017: €994.9 million), included a figure of €368.7 million for right-of-use assets related to procurement leases (31 December 2017: €347.4 million). These mainly comprised right-of-use assets for land and buildings of €261.0 million (31 December 2017: €247.6 million) and right-of-use assets for plant, machinery, and office furniture and equipment of €107.7 million (31 December 2017: €99.8 million).

Leased assets for direct and indirect leases with end customers that are classified as operating leases decreased moderately to €1,208.2 million (31 December 2017: €1,246.3 million). Rental assets increased to €646.2 million (31 December 2017: €608.4 million), reflecting the continued expansion of the rental fleet business. Long-term lease receivables arising from leases with end customers that are classified as finance leases amounted to €684.8 million (31 December 2017: €647.8 million).

Overall, current assets increased to €2,827.5 million (31 December 2017: €2,487.1 million), primarily because of the sharp rise in inventories in the Industrial Trucks & Services segment. The KION Group's total inventories went up by €208.2 million to €976.8 million (31 December 2017: €768.6 million).

The KION Group's net working capital, which comprises inventories, trade receivables and contract assets less trade payables and contract liabilities, rose sharply to €821.1 million as at 30 June 2018 (31 December 2017: €619.9 million). Cash and cash equivalents amounted to €180.4 million as at 30 June 2018 (31 December 2017: €173.2 million). > TABLE 11

Key figures – Corporate Services TABLE 10

in € million	Q2 2018	Q2 2017*	Change	Q1–Q2 2018	Q1–Q2 2017*	Change
Order intake	74.9	65.8	13.9%	151.0	129.9	16.2%
Total revenue	74.9	65.8	13.9%	151.0	129.9	16.2%
EBITDA	93.1	100.7	–7.6%	86.7	268.4	–67.7%
Adjusted EBITDA	93.6	103.6	–9.7%	87.4	275.1	–68.2%
EBIT	85.3	94.3	–9.5%	72.2	255.4	–71.7%
Adjusted EBIT	85.9	97.2	–11.6%	72.9	262.1	–72.2%

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

(Condensed) statement of financial position TABLE 11

in € million	30/06/2018	in %	31/12/2017*	in %	Change
Non-current assets	9,893.2	77.8%	9,850.6	79.8%	0.4%
Current assets	2,827.5	22.2%	2,487.1	20.2%	13.7%
Total assets	**12,720.7**	**–**	**12,337.7**	**–**	**3.1%**
Equity	3,046.9	24.0%	2,992.3	24.3%	1.8%
Non-current liabilities	6,166.5	48.5%	6,133.7	49.7%	0.5%
Current liabilities	3,507.3	27.6%	3,211.7	26.0%	9.2%
Total equity and liabilities	**12,720.7**	**–**	**12,337.7**	**–**	**3.1%**

* (Condensed) statement of financial position for 2017 was restated due to the initial application of IFRS 15 and IFRS 16

FINANCIAL POSITION

The principles and objectives applicable to financial management as at 30 June 2018 were the same as those described in the 2017 combined management report.

In January 2018, the term of the revolving credit facility of €1,150.0 million agreed under the senior facilities agreement (SFA) was extended by a year, which means the KION Group can now utilise this credit facility until February 2023. In June 2018, the KION Group issued a further promissory note. It has a volume of €200.0 million and will mature in 2025. The resulting funds were used to repay part of the long-term tranche drawn down under the acquisition facilities agreement (AFA). Consequently, the only outstanding liability in connection with the AFA entered into in order to fund the acquisition of Dematic is the floating-rate long-term tranche of €800.0 million (31 December 2017: €1,000.0 million), which is due to mature in October 2021. The risk of a change in fair value has been hedged using an interest-rate swap with matching maturity. The hedging transaction is recognised as a fair value hedge.

The KION Group has issued guarantees to the banks for all of the payment obligations under the SFA and AFA and it is the borrower in respect of all the payment obligations resulting from the promissory note. All covenants were complied with as at 30 June 2018.

Analysis of capital structure

Current and non-current liabilities rose to €9,673.8 million as at the reporting date (31 December 2017: €9,345.4 million). Whereas the increase in long-term borrowing to €2,039.7 million was negligible (31 December 2017: €2,024.8 million), current financial liabilities rose to €428.2 million (31 December 2017: €243.9 million). This rise of €184.4 million was due to drawdowns under the revolving credit facility in order to fund net working capital. After deduction of cash and cash equivalents, net financial debt increased to €2,287.5 million (31 December 2017: €2,095.5 million). This equated to 1.5 times the adjusted EBITDA on an annualised basis. The unused, unrestricted SFA loan facility stood at €816.1 million as at 30 June 2018. > TABLE 12

With discount rates unchanged on average, the retirement benefit obligation of €1,020.4 million was only slightly higher than its level at the end of last year (31 December 2017: €1,002.7 million). Lease liabilities arising from sale and leaseback transactions to fund the leasing business declined significantly to €910.1 million (31 December 2017: €1,131.1 million). This reduction was offset by an increase in liabilities from financial services relating to the long-term leasing business, which rose to €772.3 million (31 December 2017: €437.4 million). Furthermore, the short-term rental fleet is funded using liabilities from financial services totalling €170.2 million (31 December 2017: €0.0 million). Current and non-current other financial liabilities came to €813.1 million (31 December 2017: €962.2 million). This included liabilities from procurement leases totalling €393.3 million (31 December 2017: €369.1 million), for which right-of-use assets were recorded. Also included were liabilities of €358.3 million from sale and leaseback transactions used to finance the short-term rental fleet (31 December 2017: €515.7 million).
Contract liabilities, of which a large proportion related to the long-term project business, were lower than at the end of 2017 at €288.6 million (31 December 2017: €324.4 million). Equity rose to

Net financial debt TABLE 12

in € million	30/06/2018	31/12/2017	Change
Liabilities to banks	1,249.7	1,253.7	–0.3%
Promissory note	1,212.9	1,007.3	20.4%
Other financial liabilities to non-banks	5.4	7.7	–30.1%
Financial liabilities	**2,467.9**	**2,268.7**	**8.8%**
Less cash and cash equivalents	–180.4	–173.2	–4.2%
Net financial debt	**2,287.5**	**2,095.5**	**9.2%**

€3,046.9 million as at 30 June 2018 (31 December 2017: €2,992.3 million). The addition of net income of €147.7 million was largely negated by the dividend of €116.8 million paid by KION GROUP AG in May. The equity ratio was 24.0 per cent (31 December 2017: 24.3 per cent). > TABLE 11

Analysis of capital expenditure

The KION Group's total capital expenditure on property, plant and equipment and on intangible assets (excluding right-of-use assets from procurement leases) totalled €103.9 million in the first half of 2018 (H1 2017: €87.5 million). Spending in the Industrial Trucks & Services segment, which came to €78.0 million, continued to be focused on capital expenditure on development and on the expansion and modernisation of the Operating Units' production and technology facilities. Capital expenditure in the Supply Chain Solutions segment amounted to €22.3 million and related to development costs and, above all, software and licences.

Analysis of liquidity

Cash and cash equivalents increased only slightly, from €173.2 million at the end of 2017 to €180.4 million as at 30 June 2018. 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 €994.1 million (31 December 2017: €1,138.0 million).

The KION Group's net cash provided by operating activities totalled €104.6 million, compared with the figure for the prior-year period of €238.4 million. Some liquidity is temporarily tied up in inventories owing to the bottlenecks at individual suppliers and delays to deliveries. While the growth in earnings made a positive contribution, there was a negative impact from the significant increase in net working capital. Higher tax payments and prepayments also reduced the level of cash flow from operating activities.

Net cash used by investing activities amounted to €95.5 million and was therefore on a par with the first six months of last year (H1 2017: €95.4 million). It primarily comprised cash payments for capital expenditure on development (R&D) and for property, plant and equipment totalling €103.9 million (H1 2017: €87.5 million).

Free cash flow – the sum of cash flow from operating activities and investing activities – amounted to €9.0 million (H1 2017: €143.0 million).

Net cash used by financing activities amounted to €0.4 million (H1 2017: €258.4 million). Financial debt taken on during the reporting period amounted to €1,215.8 million and predominantly consisted of drawdowns under the revolving credit facility to fund the temporary increase in inventories and the inflow from the placement of the promissory note in June 2018. Repayments totalled €1,022.4 million, which included repayment of a further part of the long-term AFA tranche. Interest and principal payments for liabilities from procurement leases totalled €55.6 million during the reporting period (H1 2017: €43.0 million). As a result of the optimised financing structure and the corporate actions carried out in 2017, regular interest payments decreased to €25.7 million (H1 2017: €28.8 million). The dividend of KION GROUP AG led to an outflow of €116.8 million in the second quarter (Q2 2018: €86.9 million). > TABLE 13

(Condensed) statement of cash flows TABLE 13

in € million	Q2 2018	Q2 2017*	Change	Q1–Q2 2018	Q1–Q2 2017*	Change
EBIT	142.1	159.8	–11.1%	268.0	255.2	5.0%
Cash flow from operating activities	41.6	113.6	–63.4%	104.6	238.4	–56.1%
Cash flow from investing activities	–45.3	–55.7	18.8%	–95.5	–95.4	–0.2%
Free cash flow	**–3.7**	**57.9**	**<-100%**	**9.0**	**143.0**	**–93.7%**
Cash flow from financing activities	–35.9	–231.2	84.5%	–0.4	–258.4	99.9%
Effect of exchange rate changes on cash	–0.2	–6.5	96.7%	–1.4	–7.2	80.3%
Change in cash and cash equivalents	**–39.8**	**–179.8**	**77.9%**	**7.2**	**–122.6**	**>100%**

* (Condensed) statement of cash flows for 2017 was restated due to the initial application of IFRS 15 and IFRS 16

LONG-TERM LEASING BUSINESS AND INDUSTRIAL NET OPERATING DEBT

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 continued to be focused predominantly in western Europe as at 30 June 2018. The long-term leasing business had a positive impact on the KION Group's financial performance (> TABLE 14) in the first half of 2018 and also made a visible contribution to 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. Industrial net operating debt consists solely of the liabilities attributable to the KION Group's industrial business, which comprise net financial debt plus liabilities from rental business and liabilities from procurement leases. As a result, industrial net operating debt amounted to €3,209.4 million (31 December 2017: €2,980.4 million). > TABLE 16 This equated to 2.7 times the adjusted EBITDA on an annualised basis less the EBITDA for the long-term leasing business on an annualised basis.

Profitability of long-term leasing business TABLE 14

in € million	Q2 2018	Q2 2017*	Change	Q1–Q2 2018	Q1–Q2 2017*	Change
Revenue	255.1	237.3	7.5%	494.6	439.5	12.5%
Adjusted EBITDA	76.9	83.4	–7.7%	155.9	156.3	–0.3%
Adjusted EBIT	3.0	2.6	13.7%	6.4	5.6	14.4%
Earnings before taxes (EBT)	2.1	2.0	7.8%	4.2	3.8	9.1%

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Financial position of long-term leasing business

TABLE 15

in € million	30/06/2018	31/12/2017*	Change
Liabilities to banks	374.8	481.6	–22.2%
Liabilities from financial services	772.3	437.4	76.6%
Lease liabilities	910.1	1,131.1	–19.5%
Calculatory equity	72.2	71.9	0.3%
Total	**2,129.5**	**2,122.1**	**0.3%**
Leased assets	1,208.2	1,246.3	–3.1%
Lease receivables	921.2	875.8	5.2%
Total	**2,129.5**	**2,122.1**	**0.3%**

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Industrial net operating debt

TABLE 16

in € million	30/06/2018	31/12/2017*
Liabilities to banks	1,249.7	1,253.7
Promissory note	1,212.9	1,007.3
Other financial liabilities to non-banks	5.4	7.7
Financial liabilities	**2,467.9**	**2,268.7**
Less cash and cash equivalents	–180.4	–173.2
Net financial debt	**2,287.5**	**2,095.5**
Liabilities from financial services (rental)	170.2	–
Liabilities from short-term rental fleet financing	358.3	515.7
Liabilities from rental business	**528.6**	**515.7**
Liabilities from procurement leases	393.3	369.1
Industrial net operating debt	**3,209.4**	**2,980.4**

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Non-financial information

EMPLOYEES

As at 30 June 2018, the KION Group employed 32,309 full-time equivalents (31 December 2017: 31,608). This moderate increase in the first half of the year was largely attributable to 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.

In the first six months of 2018, personnel expenses rose by 4.9 per cent year on year to €1,056.6 million (H1 2017: €1,006.9 million) as a result of the increase in headcount and changes to collective bargaining agreements. > TABLE 17

RESEARCH AND DEVELOPMENT

Total spending on research and development increased by 16.0 per cent to €107.8 million (H1 2017: €92.9 million), which equates to 2.8 per cent of revenue. Of this total, research and product development costs of €69.3 million (H1 2017: €65.9 million) were expensed. The first six months of 2018 saw an addition to capitalised development costs of €38.6 million (H1 2017: €27.1 million), while amortisation and impairment charges amounted to €37.4 million (H1 2017: €34.4 million). The number of full-time jobs in R&D stood at 1,744 as at 30 June 2018 (31 December 2017: 1,533). > TABLE 18

Employees (full-time equivalents) TABLE 17

	30/06/2018	31/12/2017	Change
Western Europe	19,958	19,430	2.7%
Eastern Europe	2,651	2,433	9.0%
Middle East and Africa	243	248	–2.0%
North America	3,033	3,027	0.2%
Central and South America	1,248	1,298	–3.9%
Asia-Pacific	5,176	5,172	0.1%
Total	**32,309**	**31,608**	**2.2%**

Research and development (R&D)

TABLE 18

in € million	Q2 2018	Q2 2017*	Change	Q1 – Q2 2018	Q1 – Q2 2017*	Change
Research and development costs (P&L)	34.4	31.5	9.0%	69.3	65.9	5.1%
Capitalised development costs	20.7	14.1	47.1%	38.6	27.1	42.4%
Total R&D spending	**55.1**	**45.6**	**20.8%**	**107.8**	**92.9**	**16.0%**
R&D spending as percentage of revenue	2.7%	2.3%	–	2.8%	2.4%	–

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Focus of R&D in the first half of 2018

Under the KION 2027 strategy, research and development is set up so as to provide the best possible support for the KION Group's objective of becoming the world's leading supplier of integrated, automated supply chain solutions and mobile automation solutions. The innovativeness of the portfolio is being significantly increased by concentrating heavily on automation and robotics solutions that are based on an overarching software platform.

During the reporting period, the KION Group forged ahead with incorporating autonomous trucks and automated guided vehicle systems into end-to-end solutions for warehouses. Another area of focus was the ongoing development of the warehouse management system. Moreover, the KION Group has begun to more closely integrate research and development into an overarching digitalisation strategy.

Automation and connectivity

The Industrial Trucks & Services and Supply Chain Solutions segments particularly focused on product development aimed at improving the automation and connectivity of warehouse and logistics solutions. Linde entered the automated guided cart (AGC) segment with the new Linde C-MATIC, which autonomously manoeuvres through the warehouse and plays a key part in standardising production logistics processes. Another addition to the robotics portfolio was the R-MATIC autonomous reach truck, which operates fully automatically to store and retrieve palletised goods weighing up to 1.6 tonnes on high-bay racks. For light transport tasks, Linde also launched three new pallet stackers and a hand pallet truck on the market. Linde's 'connect' fleet management solution is now available for all industrial trucks – including those built by other companies – and therefore provides a comprehensive system for capturing and evaluating data that is also suitable for mixed fleets. Furthermore, the innovative Truck Call app improves communication between the fleet manager and drivers, thereby enabling orders to be managed even more efficiently.

Another new solution is the STILL neXXt online portal, via which numerous processes involving inhouse material and data flows can be managed – including from mobile devices.

Warehouse management system

Dematic presented the second generation of its pouch sorting system, which is particularly suitable for the handling of returns and for picking, e.g. in e-commerce. Hanging and flat goods as well as flat-packed items and boxes can be stored, sorted and staged. An improved goods-to-person picking solution was also launched to coincide with MODEX in Atlanta. Combining the advantages of the Dematic Multishuttle with patented inter-aisle transfer technology, the solution enables more intelligent, faster and ergonomic order processing for high volumes of goods.

Drive technology

Linde's new rental concept for lithium-ion batteries is encouraging the use of energy-saving drive technology in intralogistics. The benefits for customers are flexibility and financial security over the entire usage period. Moreover, the new RX 20 electric forklift truck from STILL now has greater range and availability thanks to a new battery concept. STILL was again a winner at this year's International

Intralogistics and Forklift Truck of the Year (IFOY) awards, at which the RX 20 electric forklift truck was honoured in the ‘Counter Balanced Truck’ category for setting new benchmarks in terms of compactness, ergonomics, performance, precision and innovative assistance systems.

Safety and ergonomics

Many product innovations launched in recent months help to improve safety and ergonomics in intralogistics. Linde Safety Guard is a new assistance system that uses acoustic and visual signals as well as vibrations to alert individual pedestrians and drivers in good time if they are approaching one another within warning zones that can be individually configured. It is complemented by the Linde TruckSpot visual warning system. The highly responsive Active Stability Control (ASC) assistance system from Linde and the Active Floor Compensation (AFC) safety and assistance system from STILL make it possible to drive faster yet more safely in high-rack warehouses, even where the floor is uneven. The illumination of working areas has been optimised using VertiLight and LED Stripes, while the new Surround View camera system offers an undistorted view of the entire area surrounding a truck.

CUSTOMERS

The KION brand companies have again exhibited at the sector’s leading trade fairs in various regions this year in order to intensify their collaboration with customers and partners from a wide variety of industries.

At the World of Material Handling event in June, Linde and its partners – including Dematic for the first time – presented solutions for efficient, affordable and safe intralogistics to more than 5,000 visitors. The topics in the spotlight were loading and unloading, goods handling in high-rack warehouses and fully and semi-automated solutions for picking and transport between individual production steps. Among the products unveiled at CeMAT 2018 were innovative fleet management solutions from STILL. Baoli participated in various trade fairs, including an event in Dubai.

At LogiMAT in Stuttgart, Dematic presented industry-specific automation solutions and hosted a Supply Chain Day at its site in Heusenstamm. Dematic also launched European Customer Days 2018, a series of events for customers from the textile and fashion wholesale/retail industries. At MODEX 2018 in Atlanta, Dematic showcased its comprehensive range of products and solutions.

OUTLOOK, RISK REPORT AND OPPORTUNITY REPORT

Outlook

EXPECTED BUSINESS PERFORMANCE

Despite temporary bottlenecks at individual suppliers and the related production inefficiencies in the Industrial Trucks & Services segment, the KION Group expects to achieve the outlook for the year as published in the 2017 combined management report. In 2018, the KION Group aims to build on its successful performance in 2017 and, based on the forcasts 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 €8,050 million and €8,550 million. The target figure for consolidated revenue is in the range of €7,700 million to €8,200 million. The target range for adjusted EBIT is €770 million to €835 million. Free cash flow is expected to be in a range between €410 million and €475 million. The target figure for ROCE is in the range of 8.7 per cent to 9.7 per cent.

Order intake in the Industrial Trucks & Services segment is expected to be between €5,950 million and €6,150 million. The target figure for revenue is in the range of €5,700 million to €5,900 million. The target range for adjusted EBIT is €650 million to €685 million.

Order intake in the Supply Chain Solutions segment is expected to be between €2,100 million and €2,400 million. The target figure for revenue is in the range of €2,000 million to €2,300 million. The target range for adjusted EBIT is €180 million to €215 million.

The outlook is based on the assumption that material prices and the exchange rate environment will remain broadly the same as at the time the outlook was prepared.

Actual business performance may deviate from the outlook due, among other factors, to the opportunities and risks described in the

2017 combined 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.

Opportunity and risk report

The KION Group's overall risk and opportunity situation has not changed significantly compared with the description in the 2017 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 2018	Q2 2017*	Q1–Q2 2018	Q1–Q2 2017*
Revenue	2,031.1	2,001.3	3,874.4	3,802.3
Cost of sales	–1,518.4	–1,499.1	–2,870.5	–2,845.6
Gross profit	**512.7**	**502.2**	**1,003.9**	**956.7**
Selling expenses	–228.1	–209.7	–449.1	–418.7
Research and development costs	–34.4	–31.5	–69.3	–65.9
Administrative expenses	–117.9	–117.9	–234.4	–238.8
Other income	25.5	15.2	50.8	32.5
Other expenses	–24.9	–11.0	–43.5	–22.7
Profit from equity-accounted investments	9.2	12.6	9.5	12.0
Earnings before interest and taxes	**142.1**	**159.8**	**268.0**	**255.2**
Financial income	11.9	72.9	50.1	93.5
Financial expenses	–37.0	–83.0	–103.9	–141.8
Net financial expenses	**–25.1**	**–10.1**	**–53.9**	**–48.4**
Earnings before taxes	**117.0**	**149.7**	**214.1**	**206.8**
Income taxes	**–37.7**	**–44.5**	**–66.4**	**–62.1**
Current taxes	–60.6	–58.6	–103.8	–106.8
Deferred taxes	22.8	14.1	37.4	44.7
Net income for the period	**79.3**	**105.2**	**147.7**	**144.7**
Attributable to shareholders of KION GROUP AG	79.6	104.4	148.5	144.0
Attributable to non-controlling interests	–0.3	0.8	–0.8	0.7
Earnings per share according to IAS 33 (in €)				
Basic earnings per share	0.68	0.93	1.26	1.30
Diluted earnings per share	0.67	0.93	1.26	1.30

* Consolidated income statement for 2017 was restated due to the initial application of IFRS 15 and IFRS 16

Consolidated statement of comprehensive income

TABLE 20

in € million	Q2 2018	Q2 2017*	Q1–Q2 2018	Q1–Q2 2017*
Net income for the period	**79.3**	**105.2**	**147.7**	**144.7**
Items that will not be reclassified subsequently to profit or loss	**0.6**	**26.5**	**–2.2**	**37.6**
Gains/losses on defined benefit obligation	3.9	26.5	1.7	37.1
thereof changes in unrealised gains and losses	8.7	38.2	1.6	53.3
thereof tax effect	–4.7	–11.7	0.1	–16.2
Gains/losses on financial investments	–3.3	0.0	–3.6	0.0
thereof changes in unrealised gains and losses	–3.3	0.0	–3.6	0.0
Changes in unrealised gains and losses from equity-accounted investments	0.0	0.0	–0.3	0.4
Items that may be reclassified subsequently to profit or loss	**68.5**	**–180.4**	**10.7**	**–193.0**
Impact of exchange differences	78.5	–193.7	20.6	–205.8
thereof changes in unrealised gains and losses	78.5	–193.7	20.6	–205.8
Gains/losses on hedge reserves	–10.3	6.3	–10.2	5.8
thereof changes in unrealised gains and losses	–12.8	8.9	–9.8	7.3
thereof realised gains (–) and losses (+)	–1.6	–0.4	–4.5	1.6
thereof tax effect	4.1	–2.1	4.1	–3.1
Gains/losses on available-for-sale financial instruments	0.0	6.4	0.0	6.4
thereof changes in unrealised gains and losses	0.0	6.5	0.0	6.5
thereof tax effect	0.0	–0.1	0.0	–0.1
Gains/losses from equity-accounted investments	0.3	0.6	0.3	0.6
thereof changes in unrealised gains and losses	0.3	0.6	0.3	0.6
Other comprehensive income (loss)	**69.2**	**–153.9**	**8.5**	**–155.4**
Total comprehensive income (loss)	**148.5**	**–48.7**	**156.2**	**–10.7**
Attributable to shareholders of KION GROUP AG	148.8	–49.3	157.0	–11.1
Attributable to non-controlling interests	–0.3	0.6	–0.8	0.4

* Consolidated statement of comprehensive income for 2017 was restated due to the initial application of IFRS 15 and IFRS 16

Consolidated statement of financial position – Assets

TABLE 21

in € million	30/06/2018	31/12/2017*	01/01/2017*
Goodwill	3,406.8	3,382.5	3,572.9
Other intangible assets	2,305.9	2,333.9	2,602.7
Leased assets	1,208.2	1,246.3	1,143.9
Rental assets	646.2	608.4	543.0
Other property, plant and equipment	1,012.4	994.9	919.1
Equity-accounted investments	80.1	80.3	72.7
Lease receivables	684.8	647.8	531.3
Other financial assets	32.9	57.1	47.5
Other assets	46.1	24.2	12.3
Deferred taxes	469.8	475.2	514.8
Non-current assets	**9,893.2**	**9,850.6**	**9,960.1**
Inventories	976.8	768.6	672.4
Lease receivables	236.5	228.0	200.3
Contract assets	134.5	100.3	117.4
Trade receivables	1,061.7	999.4	895.9
Income tax receivables	18.7	14.4	35.2
Other financial assets	94.8	119.0	82.0
Other assets	124.1	84.3	86.2
Cash and cash equivalents	180.4	173.2	279.6
Current assets	**2,827.5**	**2,487.1**	**2,368.9**
Total assets	**12,720.7**	**12,337.7**	**12,329.0**

* Consolidated statement of financial position for 2017 was restated due to the initial application of IFRS 15 and IFRS 16

Consolidated statement of financial position – Equity and liabilities

TABLE 22

in € million	30/06/2018	31/12/2017*	01/01/2017*
Subscribed capital	117.9	117.9	108.6
Capital reserve	3,034.3	3,034.0	2,444.4
Retained earnings	410.8	364.4	30.5
Accumulated other comprehensive loss	–519.9	–528.4	–246.4
Non-controlling interests	3.7	4.4	5.7
Equity	**3,046.9**	**2,992.3**	**2,342.8**
Retirement benefit obligation	1,020.4	1,002.7	991.0
Non-current financial liabilities	2,039.7	2,024.8	2,889.1
Liabilities from financial services	626.8	261.0	258.3
Lease liabilities	632.5	798.2	722.0
Other non-current provisions	86.7	95.6	92.3
Other financial liabilities	572.0	663.6	549.8
Other liabilities	526.5	585.4	551.2
Deferred taxes	661.9	702.4	909.6
Non-current liabilities	**6,166.5**	**6,133.7**	**6,963.2**
Current financial liabilities	428.2	243.9	293.9
Liabilities from financial services	315.8	176.4	91.4
Lease liabilities	277.6	332.9	285.2
Contract liabilities	288.6	324.4	376.4
Trade payables	1,063.3	923.9	802.2
Income tax liabilities	103.0	82.6	63.0
Other current provisions	145.5	149.0	163.4
Other financial liabilities	241.2	298.6	287.6
Other liabilities	644.0	679.9	659.9
Current liabilities	**3,507.3**	**3,211.7**	**3,023.0**
Total equity and liabilities	**12,720.7**	**12,337.7**	**12,329.0**

* Consolidated statement of financial position for 2017 was restated due to the initial application of IFRS 15 and IFRS 16

Consolidated statement of cash flows

TABLE 23

in € million	Q1 – Q2 2018	Q1 – Q2 2017*
Earnings before interest and taxes	**268.0**	**255.2**
Amortisation, depreciation and impairment charges and reversal of impairment losses of non-current assets	448.4	439.3
Non-cash reversals of deferred revenues from leases	– 115.3	– 127.4
Other non-cash income (–) / expenses (+)	10.4	5.6
Gains (–) / losses (+) on disposal of non-current assets	2.3	0.0
Change in leased assets (excluding depreciation) and receivables / liabilities from leasing business	– 46.9	– 39.8
Change in rental assets (excluding depreciation) and liabilities from rental business	– 120.9	– 96.5
Change in net working capital**	– 196.0	– 96.7
Cash payments for defined benefit obligations	– 9.9	– 16.7
Change in other provisions	– 13.0	– 12.1
Change in other operating assets / liabilities	– 31.4	– 18.7
Taxes paid	– 91.1	– 53.8
Cash flow from operating activities	**104.6**	**238.4**
Cash payments for purchase of non-current assets	– 103.9	– 87.5
Cash receipts from disposal of non-current assets	2.4	2.3
Dividends received	9.2	7.0
Acquisition of subsidiaries / other businesses (net of cash acquired)	– 1.1	0.0
Cash receipts / payments for sundry assets	– 2.1	– 17.2
Cash flow from investing activities	**– 95.5**	**– 95.4**

Consolidated statement of cash flows (continued)

TABLE 23

in € million	Q1 – Q2 2018	Q1 – Q2 2017*
Capital contribution from shareholders for the carried out capital increase	0.0	599.4
Dividend of KION GROUP AG	–116.8	–86.9
Dividends paid to non-controlling interests	0.0	–2.1
Cash receipts / payments for changes in ownership interests in subsidiaries without change of control	0.4	0.2
Financing costs paid	–3.0	–6.0
Proceeds from borrowings	1,215.8	1,699.3
Repayment of borrowings	–1,022.4	–2,390.6
Interest received	1.3	2.9
Interest paid	–25.7	–28.8
Interest and principal portion from procurement leases	–55.6	–43.0
Cash receipts / payments from other financing activities	5.7	–2.6
Cash flow from financing activities	**–0.4**	**–258.4**
Effect of exchange rate changes on cash and cash equivalents	–1.4	–7.2
Change in cash and cash equivalents	**7.2**	**–122.6**
Cash and cash equivalents at the beginning of the period	173.2	279.6
Cash and cash equivalents at the end of the period	180.4	157.0

* Consolidated statement of cash flows for 2017 was restated due to the initial application of IFRS 15 and IFRS 16
** Net Working Capital comprises inventories, contract assets, trade receivables less contract liabilities and trade payables

Consolidated statement of changes in equity*

in € million	Subscribed capital	Capital reserves	Retained earnings
Balance as at 01/01/2017	**108.6**	**2,444.4**	**183.4**
Effects from the initial application of IFRS 15 and IFRS 16			–152.9
Balance as at 01/01/2017 (restated)	**108.6**	**2,444.4**	**30.5**
Net income for the period			144.0
Other comprehensive income (loss)			
Comprehensive income (loss)	**0.0**	**0.0**	**144.0**
Dividend of KION GROUP AG			–86.9
Capital increase	9.3	593.6	
Transaction costs		–2.9	
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**	**87.6**
Balance as at 01/01/2018	**117.9**	**3,034.0**	**521.3**
Effects from the initial application of IFRS 9, IFRS 15 and IFRS 16			–138.3
Net income (loss) for the period			–3.9
Other comprehensive income			
Balance as at 01/01/2018 (restated)	**117.9**	**3,034.0**	**379.0**
Net income for the period			148.5
Other comprehensive income (loss)			
Comprehensive income (loss)	**0.0**	**0.0**	**148.5**
Dividend of KION GROUP AG			–116.8
Changes from employee share option programme		0.4	
Effects from the acquisition/disposal of non-controlling interests			
Balance as at 30/06/2018	**117.9**	**3,034.3**	**410.8**

* Consolidated statement of changes in equity was restated due to initial application of IFRS 9, IFRS 15 and IFRS 16

TABLE 24

Accumulated other comprehensive income (loss)							
Cumulative translation adjustment	Gains/losses on defined benefit obligation	Gains/losses on hedge reserves	Gains/losses on financial investments	Gains / losses from equity-accounted investments	Equity attributable to shareholders of KION GROUP AG	Non-controlling interests	Total
59.7	**–302.0**	**–1.9**	**–0.0**	**–2.2**	**2,490.0**	**5.7**	**2,495.7**
					–152.9	0.0	–152.9
59.7	**–302.0**	**–1.9**	**–0.0**	**–2.2**	**2,337.1**	**5.7**	**2,342.8**
					144.0	0.7	144.7
–205.5	37.1	5.8	6.4	1.0	–155.1	–0.3	–155.4
–205.5	**37.1**	**5.8**	**6.4**	**1.0**	**–11.1**	**0.4**	**–10.7**
					–86.9	0.0	–86.9
					602.9	0.0	602.9
					–2.9	0.0	–2.9
					0.0	–2.1	–2.1
					0.4	0.0	0.4
					0.0	0.1	0.1
–145.8	**–264.9**	**3.9**	**6.4**	**–1.2**	**2,839.4**	**4.1**	**2,843.6**
–255.1	**–283.3**	**1.8**	**8.4**	**–0.6**	**3,144.4**	**4.4**	**3,148.8**
					–138.3	0.0	–138.3
					–3.9	0.0	–3.9
0.4					0.4	0.0	0.4
–254.7	**–283.3**	**1.8**	**8.4**	**–0.6**	**3,002.5**	**4.4**	**3,006.9**
					148.5	–0.8	147.7
20.7	1.7	–10.2	–3.6	–0.0	8.5	–0.1	8.5
20.7	**1.7**	**–10.2**	**–3.6**	**–0.0**	**157.0**	**–0.8**	**156.2**
					–116.8	0.0	–116.8
					0.4	0.0	0.4
					0.0	0.2	0.2
–234.1	**–281.5**	**–8.5**	**4.8**	**–0.6**	**3,043.2**	**3.7**	**3,046.9**

Notes to the condensed consolidated interim financial statements

BASIS OF PRESENTATION

General information on the Company

By resolution of the Annual General Meeting dated 9 May 2018, KION GROUP AG's registered office was moved to Thea-Rasche-Strasse 8, 60549 Frankfurt am Main, Germany. The relocation became legally effective when it was entered in the commercial register at the Frankfurt am Main local court under reference HRB 112163 on 20 June 2018.

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 2018.

Basis of preparation

The condensed consolidated interim financial statements of the KION Group for the six months ended 30 June 2018 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 2018 have been applied in preparing these condensed consolidated interim financial statements. Furthermore, IFRS 16 'Leases', which is only required to be applied for financial years commencing on or after 1 January 2019, has been voluntarily adopted early with effect from 1 January 2018 because of its interactions with IFRS 15 'Revenue from Contracts with Customers'. 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 2017.

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

Basis of consolidation

A total of 24 German (31 December 2017: 24) and 115 foreign (31 December 2017: 114) subsidiaries were fully consolidated in addition to KION GROUP AG as at 30 June 2018.

In addition, two joint ventures and seven associates were consolidated and accounted for using the equity method as at 30 June 2018, which was the same number as at 31 December 2017.

55 (31 December 2017: 56) subsidiaries with minimal business volumes or no business operations and other equity investments were not included in the consolidation.

Accounting policies

INITIAL APPLICATION OF IFRS 9, IFRS 15 AND IFRS 16

The KION Group adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' in full and retrospectively for the first time with effect from 1 January 2018. Only the amended rules on hedge accounting in accordance with IFRS 9 are being applied prospectively. The prior-year figures have not been restated for IFRS 9, whereas for IFRS 15 and IFRS 16 the prior-year figures have been restated in accordance with the transitional provisions applicable in each case.

The disclosures relating to the financial performance and financial position of the KION Group, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the segment report take into account the following effects and changes in presentation resulting from the initial application of new financial reporting standards. With the exception of the aforementioned standards applied for the first time, the accounting policies applied in these condensed consolidated interim financial statements are fundamentally the same as those used for the year ended 31 December 2017. 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.

IFRS 9 'Financial Instruments'

In accordance with the new classification rules in IFRS 9, the KION Group assigns financial assets to three measurement categories: financial assets measured at fair value through profit or loss (FVPL), debt instruments measured at amortised cost (AC) and equity instruments measured at fair value through other comprehensive income, although cumulative gains and losses in other comprehensive income are not permitted to be reclassified to profit or loss upon disposal of these financial assets (FVOCI). Assignment to a particular measurement category depends on the type of financial instrument and the resulting cash flows and is based on the business model used to manage the financial instruments.

For the majority of the KION Group's financial instruments, the classification rules in IFRS 9 did not require any change to the respective measurement. The KION Group assigns financial investments previously designated as available for sale (AfS) under IAS 39 to either the FVPL category or the FVOCI category, as the case may be. Financial investments held as at 1 January 2018 will be recognised at fair value through other comprehensive income without being reclassified to profit or loss upon disposal (FVOCI category). By contrast, equity investments in non-consolidated subsidiaries or companies not accounted for under the equity method are now reported under other non-current assets. As the cash flows for financial instruments in the other financial investments category that were previously classified in accordance with IAS 39 as available for sale (AfS) or as loans and receivables (LaR) do not solely consist of interest and principal payments, these debt instruments are recognised at fair value through profit or loss (FVPL) on the basis of the cash flow characteristics test in IFRS 9. As at 1 January 2018, trade receivables of €18.6 million were recognised at fair value through profit or loss (FVPL) on the basis of the business model test.

> TABLE 25 contains a reconciliation of the financial assets from the categories in IAS 39 to the categories in IFRS 9 as at 1 January 2018.

Reconciliation of financial assets from IAS 39 to IFRS 9

TABLE 25

31/12/2017*		Adjustments due to IFRS 9		01/01/2018	
Classes and measurement categories according to IAS 39	Carrying amount according to IAS 39	Reclassifications	Remeasurements	Classes and measurement categories according to IFRS 9	Carrying amount according to IFRS 9
in € million					
Investments in non-consolidated subsidiaries and other investments				**Financial investments**	
AfS	36.0	–24.3		FVOCI	11.8
Loans receivable				**Financial receivables**	
LaR	2.2			AC	2.2
Financial receivables				**Financial receivables**	
LaR	30.3		–0.1	AC	30.3
Other financial investments				**Other financial investments**	
AfS	0.5				
LaR	18.4	2.4		FVPL	21.3
Lease receivables				**Lease receivables**	
in scope of IFRS 16	875.8			in scope of IFRS 16	875.8
Contract assets				**Contract assets**	
in scope of IFRS 15	100.3			in scope of IFRS 15	100.3
Trade receivables				**Trade receivables**	
LaR	999.4	–18.6	14.8	AC	995.6
				FVPL	18.6
Other financial receivables				**Other financial receivables**	
thereof non-derivative receivables				**thereof non-derivative receivables**	
LaR	58.7	–0.7		AC	58.0
thereof derivative financial instruments				**thereof derivative financial instruments**	
FAHfT	22.2			FVPL	22.2
Hedge Accounting	7.8			Hedge Accounting	7.8
Cash and cash equivalents				**Cash and cash equivalents**	
LaR	173.2			AC	173.2

* Consolidated statement of financial position for 2017 was restated due to the initial application of IFRS 15 and IFRS 16

Initial application of IFRS 9 also results in changes to the subsequent measurement of financial assets. The KION Group applies the simplified impairment approach of IFRS 9 to all trade receivables, lease receivables and contract assets and thus recognises losses expected over the entire term. As a consequence of applying the simplified impairment approach of IFRS 9, valuation allowances for trade receivables fell by €14.8 million. > TABLE 26

Overall, the initial application of IFRS 9 resulted in an increase in equity, after taking deferred taxes into account, of €14.6 million as at 1 January 2018. This transition effect was primarily due to the new impairment approach based on expected losses.

Initial application of IFRS 9 has no impact on the categorisation and measurement of the KION Group's financial liabilities.

All of the KION Group's hedges in existence as at 1 January 2018 satisfy the hedge accounting requirements in IFRS 9 and continue to be highly effective.

IFRS 15 'Revenue from Contracts with Customers'

Following the adoption of IFRS 15, the contract assets previously recognised in trade receivables are for the first time reported as a separate line item in the consolidated statement of financial position and amounted to €100.3 million as at 31 December 2017 (1 January 2017: €117.4 million). Contract liabilities, which were previously reported under other liabilities, also formed a new line item; they amounted to €324.4 million as at 31 December 2017 (1 January 2017: €376.4 million). There were no further changes to the presentation of the KION Group's primary financial statements.

For the vast majority of new business contracts, service business contracts and construction contracts, there has been no change in the point in time at which or the period of time over which the revenue is recognised. A shift in the timing of revenue recognition was identified only for minor number of cases and led to an overall increase in equity, after taking deferred taxes into account, of €7.9 million as at 1 January 2017.

The KION Group has used the exemption under which contracts fulfilled before 1 January 2017 do not have to be reassessed in accordance with IFRS 15.

IFRS 16 'Leases'

Indirect end customer financing transactions, which were previously recognised as sales transactions, are now recognised as leases in accordance with IFRS 15 and IFRS 16. As a result, leased assets as at 31 December 2017 increased by €724.0 million (1 January 2017: €714.2 million). On the other side of the statement of financial position, there was a €541.5 million rise in deferred revenue (1 January 2017: €532.7 million), of which €349.7 million was classified as other non-current liabilities (1 January 2017: €341.7 million) and €191.8 million as other current liabilities (1 January 2017: €191.1 million). Furthermore, the change in the reporting of indirect end customer financing resulted in additional residual value obligations of €340.7 million as at 31 December 2017 being recognised under liabilities from financial

Reconciliation of valuation allowances for trade receivables from IAS 39 to IFRS 9 TABLE 26

in € million	
Valuation allowances for trade receivables as at 31/12/2017	**51.1**
Remeasurement to equity for the initial application of IFRS 9	–14.8
Valuation allowances for trade receivables as at 01/01/2018	**36.3**

services (1 January 2017: €335.9 million). As a result, non-current liabilities from financial services went up by €262.4 million (1 January 2017: €258.8 million) and current liabilities from financial services by €78.3 million (1 January 2017: €77.2 million). Liabilities from financial services were reported as a separate line item for the first time and include liabilities from financial services used to fund the long-term leasing business, which had previously been reported under other current financial liabilities (reclassification of €8.3 million as at 1 January 2017).

In accordance with IFRS 16, procurement leases that were previously recognised as operating leases but not shown in the statement of financial position are recognised as right-of-use assets under other property, plant and equipment; liabilities from procurement leases are reported under other financial liabilities. The KION Group exercises the option not to recognise right-of-use assets and liabilities from procurement leases for low-value procurement leases and for procurement leases that have a lease term of less than twelve months. Other property, plant and equipment rose by €318.0 million as at 31 December 2017 (1 January 2017: €240.8 million). Accordingly, other non-current financial liabilities increased by €267.8 million (1 January 2017: €207.0 million) and other current financial liabilities by €72.0 million (1 January 2017: €55.6 million). Overall, the first-time adoption of IFRS 16 in regard to the KION Group's leasing arrangements led to a reduction in equity, after taking deferred taxes into account, of €160.8 million as at 1 January 2017.

Because the retrospective adoption of IFRS 15 and IFRS 16 affects various line items in the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, the prior-year figures presented throughout the financial report have been adjusted. The quantitative effects are summarised in > TABLES 27–30.

As a result of initial application of the new standards, EBIT and adjusted EBIT (EBIT adjusted for non-recurring items and purchase price allocation effects) for 2017 both rose by €11.7 million to reach €561.0 million and €777.3 million respectively. Of the net income of €422.5 million, a share of €420.9 million was attributable to the shareholders of KION GROUP AG. As a result of applying the new standards for the first time, basic earnings per share went down by €0.04 to €3.68 and diluted earnings per share by €0.03 to €3.68. Furthermore, the retrospective adjustment of cash flow from operating activities shown in > TABLE 30 caused free cash flow to increase by €96.0 million to €474.3 million in the consolidated statement of cash flows for 2017.

Effects on the consolidated income statement 2017

TABLE 27

in € million	Annual report 2017	Adjustments new IFRS	2017 restated
Revenue	7,653.6	–55.4	7,598.1
Cost of sales	–5,699.1	55.8	–5,643.3
Gross profit	**1,954.5**	**0.4**	**1,954.8**
Selling expenses	–829.6	2.0	–827.5
Research and development costs	–137.0	–0.0	–137.0
Administrative expenses	–456.8	9.2	–447.5
Other income	75.7	0.1	75.7
Other expenses	–71.1	0.0	–71.1
Profit from equity-accounted investments	13.6	–	13.6
Earnings before interest and taxes	**549.4**	**11.7**	**561.0**
Financial income	132.2	0.6	132.8
Financial expenses	–213.3	–15.9	–229.2
Net financial expenses	**–81.1**	**–15.2**	**–96.3**
Earnings before taxes	**468.3**	**–3.6**	**464.7**
Income taxes	–41.9	–0.3	–42.2
Net income for the period	**426.4**	**–3.9**	**422.5**

Effects on the consolidated statement of financial position as at 01/01/2017 TABLE 28

in € million	Annual report 2016	Adjustments new IFRS	01/01/2017 restated
Leased assets	429.7	714.2	1,143.9
Rental assets	575.3	–32.3	543.0
Other property, plant and equipment	678.3	240.8	919.1
Deferred taxes	419.8	95.0	514.8
Other non-current assets	6,839.3	–0.0	6,839.3
Non-current assets	**8,942.4**	**1,017.7**	**9,960.1**
Contract assets	–	117.4	117.4
Trade receivables	998.9	–103.1	895.9
Other current assets	1,355.7	–	1,355.7
Current assets	**2,354.6**	**14.3**	**2,368.9**
Total assets	**11,297.0**	**1,032.0**	**12,329.0**
Retained earnings	183.4	–152.9	30.5
Other equity	2,312.3	0.0	2,312.3
Equity	**2,495.7**	**–152.9**	**2,342.8**
Liabilities from financial services	–	258.3	258.3
Other financial liabilities	349.3	200.5	549.8
Other liabilities	202.8	348.4	551.2
Deferred taxes	882.5	27.2	909.6
Other non-current liabilities	4,694.4	–	4,694.4
Non-current liabilities	**6,128.9**	**834.4**	**6,963.2**
Liabilities from financial services	–	91.4	91.4
Contract liabilities	–	376.4	376.4
Other financial liabilities	222.6	65.0	287.6
Other liabilities	842.1	–182.2	659.9
Other current liabilities	1,607.8	–	1,607.8
Current liabilities	**2,672.5**	**350.6**	**3,023.0**
Total equity and liabilities	**11,297.0**	**1,032.0**	**12,329.0**

Effects on the consolidated statement of financial position as at 31/12/2017 TABLE 29

in € million	Annual report 2017	Adjustments new IFRS	31/12/2017 restated
Leased assets	522.3	724.0	1,246.3
Rental assets	651.4	–43.0	608.4
Other property, plant and equipment	676.9	318.0	994.9
Deferred taxes	370.5	104.7	475.2
Other non-current assets	6,525.8	0.0	6,525.8
Non-current assets	**8,746.9**	**1,103.7**	**9,850.6**
Contract assets	–	100.3	100.3
Trade receivables	1,094.1	–94.7	999.4
Other current assets	1,387.4	–	1,387.4
Current assets	**2,481.5**	**5.6**	**2,487.1**
Total assets	**11,228.4**	**1,109.3**	**12,337.7**
Retained earnings	521.3	–156.9	364.4
Accumulated other comprehensive loss	–528.8	0.4	–528.4
Other equity	3,156.3	0.0	3,156.3
Equity	**3,148.8**	**–156.5**	**2,992.3**
Liabilities from financial services	–	261.0	261.0
Other financial liabilities	407.8	255.8	663.6
Other liabilities	235.7	349.7	585.4
Deferred taxes	665.2	37.2	702.4
Other non-current liabilities	3,921.4	–	3,921.4
Non-current liabilities	**5,230.0**	**903.7**	**6,133.7**
Liabilities from financial services	–	176.4	176.4
Contract liabilities	–	324.4	324.4
Other financial liabilities	296.7	1.9	298.6
Other liabilities	820.7	–140.7	679.9
Other current liabilities	1,732.2	–	1,732.2
Current liabilities	**2,849.6**	**362.1**	**3,211.7**
Total equity and liabilities	**11,228.4**	**1,109.3**	**12,337.7**

Effects on the consolidated statement of cash flows 2017

TABLE 30

in € million	Annual report 2017	Adjustments new IFRS	2017 restated
Cash flow from operating activities	**615.8**	**96.0**	**711.9**
Cash flow from investing activities	**–237.6**	**0.0**	**–237.6**
Cash flow from financing activities	**–472.5**	**–96.0**	**–568.5**
Effect of exchange rate changes on cash and cash equivalents	–12.2	0.0	–12.2
Change in cash and cash equivalents	**–106.4**	**0.0**	**–106.4**
Cash and cash equivalents at the beginning of the period	279.6	0.0	279.6
Cash and cash equivalents at the end of the period	173.2	0.0	173.2

REVENUE RECOGNITION

The new IFRS 15 'Revenue from Contracts with Customers' sets out the standardised basic principles for recognising revenue from customer contracts. The core principle is that revenue is recognised when control over the goods or services passes to the customer.

LEASES / SHORT-TERM RENTALS

KION Group entities in the Industrial Trucks & Services segment lease industrial trucks and related items of equipment to their customers in order to promote sales. The leases may be of a short-term nature (short-term rental) or long-term nature (leasing).

Entities in the KION Group enter into leases as lessors and as lessees. In line with IFRS 16, these contracts are classified as finance leases if substantially all of the risks and rewards incidental to ownership of the leased / rental asset are transferred to the lessee. All other rentals and leases are classified as operating leases, again in accordance with IFRS 16.

If an entity in the Industrial Trucks & Services segment enters into a finance lease as the lessor, the future lease payments to be made by the customer are recognised as lease receivables at an amount equal to the net investment in the lease. Lease receivables are measured using the simplified impairment approach in accordance with IFRS 9. Interest income is spread over the term of the lease in order to ensure a constant return on the outstanding net investment in the lease.

LEASED ASSETS

If the beneficial ownership of leased assets remains with a KION Group entity as the lessor under an operating lease, the assets are reported as leased assets in a separate item in the statement of financial position. The leased assets are carried at cost and depreciated on a straight-line basis over the term of the underlying leases. To fund leases, industrial trucks are generally sold to leasing companies and then leased back (head lease) before being sub-leased to external end customers (described below as 'sale and leaseback sub-leases').

It was not necessary to reassess the portfolio in existence as at 31 December 2017 with regard to the transfer of control to the funding partner in the head lease. If, in the case of sale and leaseback sub-leases, the risks and rewards incidental to the head lease are substantially borne by entities in the KION Group, the corresponding assets are reported as leased assets within non-current assets at the lower of the present value of the lease payments and fair value. However, if substantially the risks and rewards incidental to the head lease are transferred to the end customer, a corresponding lease receivable is recognised. In both cases, the funding items for these long-term customer leases, which are funded for terms that match those of the leases, are recognised as lease liabilities.

The recognition of contracts concluded after 31 December 2017 is determined by whether the funding partner gains control over the industrial truck. As the funding partner does not obtain control over the industrial truck in general, it is recognised as a leased asset in the statement of financial position or, if the risks and rewards have been transferred to the end customer, as a lease receivable. The leased asset is carried at cost. The consideration received is recognised under liabilities from financial services for leases.

In an indirect end customer finance arrangement, industrial trucks are sold to funding partners who enter into long-term leases with end customers. As the funding partner does not obtain control over the industrial truck in general, it is recognised as a leased asset in the statement of financial position and carried at cost. If the KION Group provides a residual value guarantee, an amount equivalent to the residual value obligation is recognised under liabilities from financial services. Accordingly, entities in the KION Group immediately recognise the portion of the consideration received that exceeds the residual value obligation as revenue or they initially treat that portion of the consideration received as deferred income and subsequently recognise the revenue in instalments over the term of the lease.

RENTAL ASSETS

Under short-term rental agreements, entities in the KION Group rent industrial trucks directly to end customers. Short-term rental agreements usually have a term of one day to one year.

The industrial trucks are carried at cost and depreciated on a straight-line basis over the normal useful life of between five and seven years, depending on the product group. If a sale and leaseback arrangement is in place for funding purposes, the assets are reported in the statement of financial position either at the lower of the present value of the rental payments and fair value or at cost, depending on the portfolio to which they belong.

It was not necessary to reassess the portfolio in existence as at 31 December 2017 with regard to the transfer of control to the funding partner in the head lease. If, in the case of sale and leaseback sub-leases, the risks and rewards incidental to the head lease are substantially borne by entities in the KION Group, the corresponding assets are reported as rental assets within non-current assets. The funding is recognised as a liability from short-term rental fleet financing under other financial liabilities.

The recognition of contracts concluded after 31 December 2017 is determined by whether the funding partner gains control over the industrial truck. As the funding partner does not obtain control over the industrial truck in general, it is recognised as a rental asset in the statement of financial position. It is carried at cost. The consideration received is recognised under liabilities from financial services (rental).

TRADE RECEIVABLES AND CONTRACT ASSETS

For the subsequent measurement of financial assets, the KION Group applies the simplified impairment approach of IFRS 9 to all trade receivables and contract assets and thus recognises losses expected over the entire term. To determine the losses expected over the entire term, the loss allowance for trade receivables and contract assets is set using an average default rate based on the period by which the receivable is past due. The default rates are calculated on the basis of observable historical default data, taking into account current conditions and the economic outlook.

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 and measuring 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 of contracts where the revenue is recognised over a period of time.

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

Revenue

> TABLE 31 contains the product categories identified as material to the KION Group's financial performance and the timing of revenue recognition for each of these categories.

Timing of revenue recognition with third parties TABLE 31

Product category	Business model	Timing of revenue recognition
Industrial Trucks & Services		
New trucks	Sales of Industrial trucks	At a point in time
	Direct leasing business and indirect end customer financing transactions (in both cases where classified as finance leases)	At a point in time
Aftersales business	Supply of spare parts	At a point in time
	Individual orders for repairs and maintenance work	At a point in time
	(Full) service contracts	Over a period of time
Rental business	Direct long-term rental business and indirect end customer financing transactions (in both cases where classified as operating leases)	Over a period of time
	Short-term rental business	Over a period of time
	Fleet management	Over a period of time
Used trucks	Sales of used industrial trucks	At a point in time
Other	Various business models, currently categorised as not material to the financial performance of the KION Group in the ITS segment	Mainly at a point in time
Supply Chain Solutions		
Business solutions	Project business	Over a period of time
Service business	Modernisations and upgrades	Over a period of time
	Spare parts business	At a point in time
	Various business models, currently categorised as not material to the financial performance of the KION Group in the SCS segment	Mainly over a period of time
Corporate Services		
	Services	Mainly at a point in time

> TABLES 32–35 show revenue from contracts with customers, broken down by sales region, product category, timing of revenue recognition and segment.

Disaggregation of revenues with third parties TABLE 32

	Q2 2018			
in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
Western Europe	1,041.0	113.8	5.5	1,160.3
Eastern Europe	132.4	2.2	0.7	135.3
Middle East and Africa	21.0	7.9	0.0	28.9
North America	33.1	409.9	0.0	443.1
Central and South America	41.2	2.1	0.0	43.3
Asia-Pacific	178.5	41.7	0.0	220.2
Total revenue	**1,447.2**	**577.8**	**6.2**	**2,031.1**
New business	729.2			729.2
Service business	718.0			718.0
– Aftersales	378.6			378.6
– Rental business	221.6			221.6
– Used trucks	80.7			80.7
– Other	37.1			37.1
Business Solutions		450.0		450.0
Service business		127.7		127.7
Corporate Services			6.2	6.2
Total revenue	**1,447.2**	**577.7**	**6.2**	**2,031.1**
Timing of revenue recognition				
Products and services transferred at a point in time	1,100.8	59.1	4.7	1,164.6
Products and services transferred over a period of time	346.4	518.6	1.5	866.5

Disaggregation of revenues with third parties TABLE 33

in € million	Q2 2017* Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
Western Europe	999.2	171.6	4.3	1,175.1
Eastern Europe	136.2	1.2	0.7	138.1
Middle East and Africa	23.9	10.0	0.0	33.8
North America	30.8	337.2	0.0	368.0
Central and South America	36.7	1.9	0.0	38.6
Asia-Pacific	170.8	76.8	0.0	247.6
Total revenue	**1,397.5**	**598.7**	**5.1**	**2,001.3**
New business	728.1			728.1
Service business	669.4			669.4
– Aftersales	350.9			350.9
– Rental business	213.6			213.6
– Used trucks	76.1			76.1
– Other	28.8			28.8
Business Solutions		484.2		484.2
Service business		114.6		114.6
Corporate Services			5.1	5.1
Total revenue	**1,397.5**	**598.7**	**5.1**	**2,001.3**
Timing of revenue recognition				
Products and services transferred at a point in time	1,067.6	55.0	3.7	1,126.3
Products and services transferred over a period of time	329.9	543.7	1.4	875.0

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Disaggregation of revenues with third parties

TABLE 34

in € million	Q1 – Q2 2018 Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
Western Europe	2,040.8	215.8	10.4	2,267.0
Eastern Europe	254.3	4.4	1.5	260.1
Middle East and Africa	41.6	15.8	0.0	57.4
North America	67.4	729.8	0.0	797.2
Central and South America	74.1	3.7	0.0	77.8
Asia-Pacific	336.7	78.1	0.1	414.8
Total revenue	**2,814.9**	**1,047.6**	**12.0**	**3,874.4**
New business	1,404.2			1,404.2
Service business	1,410.7			1,410.7
– Aftersales	741.2			741.2
– Rental business	434.1			434.1
– Used trucks	159.4			159.4
– Other	75.9			75.9
Business Solutions		803.5		803.5
Service business		244.1		244.1
Corporate Services			12.0	12.0
Total revenue	**2,814.9**	**1,047.6**	**12.0**	**3,874.4**
Timing of revenue recognition				
Products and services transferred at a point in time	2,137.0	112.7	9.1	2,258.8
Products and services transferred over a period of time	677.9	934.9	2.9	1,615.6

Disaggregation of revenues with third parties

TABLE 35

	Q1-Q2 2017*			
in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
Western Europe	1,958.7	303.0	9.6	2,271.3
Eastern Europe	249.8	3.1	1.6	254.6
Middle East and Africa	48.2	32.1	0.0	80.4
North America	59.8	591.2	0.0	651.0
Central and South America	74.5	4.5	0.0	79.0
Asia-Pacific	320.3	145.7	0.0	466.1
Total revenue	**2,711.3**	**1,079.6**	**11.3**	**3,802.3**
New business	1,385.8			1,385.8
Service business	1,325.5			1,325.5
– Aftersales	700.7			700.7
– Rental business	411.5			411.5
– Used trucks	146.2			146.2
– Other	67.2			67.2
Business Solutions		845.0		845.0
Service business		234.6		234.6
Corporate Services			11.3	11.3
Total revenue	**2,711.3**	**1,079.6**	**11.3**	**3,802.3**
Timing of revenue recognition				
Products and services transferred at a point in time	2,068.1	109.6	8.5	2,186.1
Products and services transferred over a period of time	643.2	970.0	2.9	1,616.1

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

Net financial income / expenses

The net financial expenses, representing the balance of financial income and financial expenses, increased from €48.4 million in the first half of 2017 to €53.9 million in the first six months of this year. Current interest expense on financial liabilities decreased thanks to the corporate actions carried out in 2017, whereas currency effects had improved the level of net financial expenses in the first half of last year.

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 2018: 117,929,171 no-par-value shares; H1 2017: 110,680,763 no-par-value shares; Q2 2018: 117,929,171 no-par-value shares; Q2 2017: 112,713,426 no-par-value shares). In the first half of 2018, the KION Group generated net income accruing to the shareholders of KION GROUP AG of €148.5 million (H1 2017: €144.0 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 €1.26 (H1 2017: €1.30). The 160,829 no-par-value treasury shares repurchased by KION GROUP AG were not included in this figure as at 30 June 2018 (30 June 2017: 164,486).

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 2018 of 117,965,044 no-par-value shares issued (H1 2017: 110,729,900 no-par-value shares; Q2 2018: 117,964,950 no-par-value shares; Q2 2017: 112,763,760 no-par-value shares). Diluted earnings per share for the reporting period came to €1.26 (H1 2017: €1.30).

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill and other intangible assets

The increase in goodwill during the first six months of 2018, a rise of €24.3 million to €3,406.8 million (31 December 2017: €3,382.5 million), was mainly the result of currency effects.

At €944.5 million, the value of the brand names was virtually unchanged (31 December 2017: €944.6 million). The total carrying amount for technology and development assets went up by €10.9 million to €681.2 million (31 December 2017: €670.3 million). Currency effects contributed an increase of €9.7 million. The other factors contributing to the change are described in the 'Research and development' section of the interim group management report.

At €680.2 million, other intangible assets were well below their carrying amount as at 31 December 2017 (€719.0 million). Unlike the ongoing write-downs on the customer relationships acquired as part of the Dematic acquisition and on the order book, currency effects increased the carrying amount of the customer relationships acquired (by €12.4 million).

Other property, plant and equipment

Other property, plant and equipment, which totalled €1,012.4 million (31 December 2017: €994.9 million), included a figure of €368.7 million for right-of-use assets related to procurement leases (31 December 2017: €347.4 million). Of this figure, €261.0 million was attributable to land and buildings (31 December 2017: €247.6 million) and €107.7 million to plant, machinery, and office furniture and equipment (31 December 2017: €99.8 million).

Inventories

Inventories increased compared with 31 December 2017, mainly because of bottlenecks at suppliers in the Industrial Trucks & Services segment. Work in progress was up by 32.7 per cent, while finished goods rose by 23.7 per cent. Write-downs of €4.3 million were recognised on inventories in the second quarter of 2018 (Q2 2017: €5.5 million) and of €8.8 million in the first half of 2018 (H1 2017: €9.1 million). Reversals of write-downs had to be recognised in the amount of €0.9 million in the second quarter of 2018 (Q2 2017: €2.5 million) and in the amount of €2.6 million in the first half of 2018 (H1 2017: €3.1 million) because the reasons for the write-downs no longer applied.

Trade receivables

The rise in trade receivables compared with 31 December 2017 was predominantly due to the increase of €46.1 million in receivables due from third parties. Receivables due from non-consolidated subsidiaries, equity-accounted investments and other equity investments rose by €1.1 million. Valuation allowances of €36.0 million were recognised for trade receivables (31 December 2017: €51.1 million; 1 January 2018: €36.4 million).

Equity

As at 30 June 2018, the Company's share capital amounted to €118.1 million, which was unchanged on 31 December 2017, and was fully paid up. It was divided into 118.1 million no-par-value shares.

The total number of shares outstanding as at 30 June 2018 was 117,929,171 no-par-value shares (31 December 2017: 117,929,171 no-par-value shares). At the reporting date, KION GROUP AG held 160,829 treasury shares, as it had at 31 December 2017.

The distribution of a dividend of €0.99 per share (H1 2017: €0.80 per share) to the shareholders of KION GROUP AG resulted in an outflow of funds of €116.8 million (H1 2017: €86.9 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 2017 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 36.

The change in estimates in relation to defined benefit pension entitlements resulted in an increase in equity of €1.7 million as at 30 June 2018 (after deferred taxes). Overall, the net obligation under defined benefit pension plans rose to €998.5 million (31 December 2017: €978.5 million). This consisted of €1,020.4 million recognised under the retirement benefit obligation (31 December 2017: €1,002.7 million) less an amount of €21.9 million (31 December 2017: €24.2 million) recognised under other non-current assets.

Discount rate TABLE 36

	30/06/2018	31/12/2017
Germany	1.90 %	1.90 %
UK	2.50 %	2.55 %
USA	4.15 %	4.05 %
Other (weighted average)	1.45 %	1.35 %

Financial liabilities

In January 2018, the term of the revolving credit facility of €1,150.0 million agreed under the SFA was extended by a year, which means the KION Group can now utilise this credit facility until February 2023. As at 30 June 2018, an amount of €333.9 million – including other loan liabilities and contingent liabilities (31 December 2017: €184.7 million) – had been drawn down from the revolving credit facility. The drawdowns under the revolving credit facility are classified as short term.

In June 2018, the KION Group issued a promissory note for €200.0 million to partly refinance the floating-rate long-term tranche of €1,000.0 million due to mature in October 2021 that was drawn down under the AFA. The repayment reduced the loan's nominal amount to €800.0 million. As a result of the early repayment, deferred borrowing costs of €1.0 million were recognised under financial expenses.

The promissory note for €200.0 million issued in June 2018 will mature in June 2025 and is divided into a tranche with a floating-rate coupon and a tranche with a fixed coupon. Directly attributable transaction costs of €0.5 million were incurred in connection with the issuance of the promissory note. These were deducted from the fair value on initial recognition and will be expensed over subsequent periods. In June 2018, the KION Group entered into an interest-rate derivative to hedge the risk of a change in the fair value of the tranche with a fixed coupon. The derivative is accounted for as a fair value hedge.

The promissory note issued in 2017 in an amount of €1,010.0 million is divided into three tranches with different maturities and floating-rate or fixed coupons: a tranche of €746.0 million maturing in May 2022, a tranche of €236.5 million maturing in April 2024 and a tranche of €27.5 million maturing in April 2027.

The KION Group continued to comply with all covenants as at the end of the half-year period.

Liabilities from financial services

Of the total liabilities from financial services, a sum of €772.3 million related to the funding of long-term leasing business (31 December 2017: €437.4 million) and a sum of €170.2 million to the funding of industrial trucks for the short-term rental fleet (31 December 2017: €0.0 million). The funding of the long-term direct end customer financing business consists of liabilities of €226.3 million for long-term leases (31 December 2017: €0.0 million) and, among other items, residual value obligations of €330.9 million resulting from indirect end customer financing (31 December 2017: €340.7 million), liabilities of €152.2 million from lease facilities (31 December 2017: €85.7 million) and liabilities of €55.7 million from the use of securitisations (31 December 2017: €0.0 million).

Other financial liabilities

Other financial liabilities, which totalled €813.1 million (31 December 2017: €962.2 million), included liabilities of €393.3 million from procurement leases (31 December 2017: €369.1 million). Liabilities of €358.3 million from sale and leaseback transactions used to finance the short-term rental fleet were also included in other financial liabilities (31 December 2017: €515.7 million).

OTHER DISCLOSURES

Information on financial instruments

The carrying amounts and fair values of financial assets and liabilities in accordance with IFRS 7 are shown in > TABLE 37.

As at 30 June 2018, financial investments essentially comprised the equity investment in Balyo SA. They are recognised at fair value.

Starting in 2018, liabilities from financial services are shown as a separate line item in the statement of financial position and fall within the scope of IFRS 9. They are measured at amortised cost using the effective interest method (FLaC category).

Carrying amounts and fair values broken down by class TABLE 37

	30/06/2018		01/01/2018	
in € million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial investments	8.1	8.1	11.8	11.8
Financial receivables	36.3	36.3	32.5	32.5
Other financial assets	21.6	21.6	21.3	21.3
Lease receivables[1]	921.2	925.3	875.8	878.2
Contract assets[2]	134.5	134.5	100.3	100.3
Trade receivables	1,061.7	1,061.7	1,014.1	1,014.1
Other financial receivables	61.8	61.8	88.0	88.0
thereof non-derivative receivables	40.4	40.4	58.0	58.0
thereof derivative financial instruments	21.3	21.3	30.0	30.0
Cash and cash equivalents	180.4	180.4	173.2	173.2
Financial liabilities				
Liabilities to banks	1,249.7	1,253.8	1,253.7	1,259.6
Promissory note	1,212.9	1,221.2	1,007.3	1,021.0
Other financial liabilities to non-banks	5.4	5.4	7.7	7.7
Liabilities from financial services	942.6	944.8	437.4	439.7
Lease liabilities[1]	910.1	912.9	1,131.1	1,138.1
Trade payables	1,063.3	1,063.3	923.9	923.9
Other financial liabilities	813.1	819.1	962.2	963.8
thereof liabilities from procurement leases[1]	393.3	398.4	369.1	367.7
thereof liabilities from short-term rental fleet financing[1]	358.3	359.3	515.7	518.8
thereof non-derivative liabilities	48.9	48.9	72.1	72.1
thereof derivative financial instruments	12.5	12.5	5.2	5.2

1 as defined by IFRS 16
2 as defined by IFRS 15

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 38 – 39

Level 1 essentially comprises the equity investment in Balyo SA, for which the fair value is calculated using prices quoted in an active market.

The fair value of other financial investments is determined using prices quoted in an active market and other observable inputs. They are assigned to Level 2.

Trade receivables that are recognised at fair value through profit or loss are assigned to Level 2. Their fair value is calculated using the transaction price achievable in an active market. The biggest influence on the transaction price is the default risk of the counterparty.

Interest-rate swaps and currency forwards are also 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 of the currency forwards is calculated by the system using the discounting method based on forward rates on the reporting date.

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, this is done at the end of a reporting period. No financial instruments were transferred between Levels 1 and 2 in the first six months of 2018.

Financial instruments measured at fair value TABLE 38

	Fair Value Hierarchy		
in € million	Level 1	Level 2	30/06/2018
Financial assets			**67.5**
thereof financial investments	8.1		8.1
thereof other financial investments		21.6	21.6
thereof trade receivables		16.5	16.5
thereof derivative financial instruments		21.3	21.3
Financial liabilities			**12.5**
thereof derivative financial instruments		12.5	12.5

Financial instruments measured at fair value TABLE 39

	Fair Value Hierarchy		
in € million	Level 1	Level 2	01/01/2018
Financial assets			**81.6**
thereof financial investments	11.8		11.8
thereof other financial investments		21.3	21.3
thereof trade receivables		18.6	18.6
thereof derivative financial instruments		30.0	30.0
Financial liabilities			**5.2**
thereof derivative financial instruments		5.2	5.2

Variable remuneration

KEEP EMPLOYEE EQUITY PROGRAMME

As at 30 June 2018, KION Group employees held options on a total of 49,337 no-par-value shares (31 December 2017: 50,166). The total number of bonus shares granted therefore declined by 829 forfeited bonus shares in the first half of 2018. A pro-rata expense of €0.4 million for six months was recognised for bonus shares under functional costs in the first half of 2018 (H1 2017: €0.4 million).

KION PERFORMANCE SHARE PLAN (PSP) FOR MANAGERS

The 2018 tranche of the long-term, variable remuneration component for the managers in the KION Group (LTI 2018) with a defined period (three years) was granted with effect from 1 January 2018. At the beginning of the performance period on 1 January 2018, 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 March 2018, a payment from the 2015 tranche was made on the basis of the achievement of the long-term targets that were defined in 2015 at the start of the performance period.

The total carrying amount for liabilities in connection with this share-based remuneration as at 30 June 2018 was €15.8 million (31 December 2017: €23.0 million). Of this amount, €9.3 million related to the 2016 tranche (31 December 2017: €7.8 million), €4.8 million to the 2017 tranche (31 December 2017: €3.9 million) and €1.7 million to the 2018 tranche. As at 31 December 2017, there had also been an amount of €11.4 million relating to the 2015 tranche.

KION PERFORMANCE SHARE PLAN (PSP) FOR THE EXECUTIVE BOARD

As part of the KION GROUP AG performance share plan, the Executive Board members are allocated phantom shares over a fixed period (three years). At the beginning of the performance period on 1 January 2018, 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 2018, a payment from the 2015 tranche was made on the basis of the achievement of the long-term targets that were defined in 2015 at the start of the performance period.

The total carrying amount for liabilities in connection with this share-based remuneration as at 30 June 2018 was €7.6 million (31 December 2017: €15.1 million). Of this amount, €4.9 million related to the 2016 tranche (31 December 2017: €4.0 million), €2.1 million to the 2017 tranche (31 December 2017: €1.6 million) and €0.6 million to the 2018 tranche. As at 31 December 2017, there had also been an amount of €9.5 million relating to the 2015 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 2018 and 2017 and for the first half of 2018 and 2017. > TABLES 40 – 43

Non-recurring items contained in adjusted EBIT amounted to €3.0 million in the first half of 2018 (H1 2017: €15.3 million) and in the prior-year period related to the integration of Dematic and start-up costs at the production site in Mexico.

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

Segment report Q2 2018 TABLE 40

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation/ Reconciliation	Total
Revenue from external customers	1,447.2	577.8	6.2	–	2,031.1
Intersegment revenue	2.4	1.0	68.8	–72.2	–
Total revenue	1,449.6	578.8	74.9	–72.2	2,031.1
Earnings before taxes	**120.2**	**16.9**	**78.6**	**–98.7**	**117.0**
Net financial expenses/income	–16.0	–2.4	–6.7	–	–25.1
EBIT	**136.1**	**19.4**	**85.3**	**–98.7**	**142.1**
+ Non-recurring items	1.1	2.3	0.6	–	4.0
+ PPA items	11.0	29.8	0.0	–	40.9
= Adjusted EBIT	**148.2**	**51.5**	**85.9**	**–98.7**	**187.0**
Capital expenditure [1]	41.6	11.4	1.9	–	55.0
Amortisation and depreciation [2]	28.4	7.0	3.9	–	39.2
Order intake	1,546.5	874.2	74.9	–71.6	2,424.0

1 Capital expenditure including capitalised development costs, excluding right of use assets
2 On intangible assets and property, plant and equipment (excluding right of use assets and PPA items)

Segment report Q2 2017*

TABLE 41

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation/ Reconciliation	Total
Revenue from external customers	1,397.5	598.7	5.1	–	2,001.3
Intersegment revenue	0.6	1.0	60.7	–62.4	–
Total revenue	1,398.1	599.8	65.8	–62.4	2,001.3
Earnings before taxes	**150.5**	**24.5**	**84.3**	**–109.5**	**149.7**
Net financial expenses/income	–9.2	8.3	–10.0	0.8	–10.1
EBIT	**159.7**	**16.2**	**94.3**	**–110.3**	**159.8**
+ Non-recurring items	–0.5	3.1	2.9	–	5.6
+ PPA items	0.2	44.8	0.0	–	45.0
= Adjusted EBIT	**159.4**	**64.1**	**97.2**	**–110.3**	**210.4**
Capital expenditure[1]	32.5	11.1	3.2	–	46.9
Amortisation and depreciation[2]	25.8	6.9	3.9	–	36.6
Order intake	1,513.7	452.3	65.8	–61.3	1,970.5

1 Capital expenditure including capitalised development costs, excluding right of use assets
2 On intangible assets and property, plant and equipment (excluding right of use assets and PPA items)
* Segment report for 2017 was adjusted due to the initial application of IFRS 15 and IFRS 16

Segment report Q1 – Q2 2018 TABLE 42

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation / Reconciliation	Total
Revenue from external customers	2,814.9	1,047.6	12.0	–	3,874.4
Intersegment revenue	3.5	1.9	139.0	–144.4	–
Total revenue	2,818.3	1,049.5	151.0	–144.4	3,874.4
Earnings before taxes	**242.9**	**11.3**	**58.6**	**–98.7**	**214.1**
Net financial expenses / income	–30.3	–10.0	–13.6	–	–53.9
EBIT	**273.2**	**21.3**	**72.2**	**–98.7**	**268.0**
+ Non-recurring items	–0.3	2.6	0.8	–	3.0
+ PPA items	11.3	62.6	0.0	–	73.9
= Adjusted EBIT	**284.2**	**86.5**	**72.9**	**–98.7**	**344.9**
Segment assets	9,173.3	4,735.5	1,743.7	–2,931.8	12,720.7
Segment liabilities	6,377.9	1,947.6	4,288.2	–2,939.9	9,673.8
Capital expenditure[1]	78.0	22.3	3.7	–	103.9
Amortisation and depreciation[2]	56.0	13.4	7.7	–	77.1
Order intake	3,031.6	1,270.4	151.0	–144.0	4,309.0
Number of employees[3]	24,731	6,851	727	–	32,309

1 Capital expenditure including capitalised development costs, excluding right of use assets
2 On intangible assets and property, plant and equipment (excluding right of use assets and PPA items)
3 Number of employees (full-time equivalents) as at 30/06/2018; allocation according to the contractual relationships

Segment report Q1 – Q2 2017 *

TABLE 43

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation / Reconciliation	Total
Revenue from external customers	2,711.3	1,079.6	11.3	–	3,802.3
Intersegment revenue	0.9	1.8	118.6	–121.3	–
Total revenue	2,712.2	1,081.4	129.9	–121.3	3,802.3
Earnings before taxes	**265.2**	**–4.0**	**231.9**	**–286.2**	**206.8**
Net financial expenses / income	–20.8	–3.0	–23.5	–1.1	–48.4
EBIT	**285.9**	**–1.1**	**255.4**	**–285.0**	**255.2**
+ Non-recurring items	0.0	8.5	6.7	–	15.3
+ PPA items	0.4	91.2	0.0	–	91.6
= Adjusted EBIT	**286.4**	**98.6**	**262.1**	**–285.0**	**362.0**
Segment assets	9,721.9	4,496.7	1,576.3	–3,600.5	12,194.4
Segment liabilities	5,702.4	2,077.7	5,183.8	–3,613.1	9,350.8
Capital expenditure [1]	59.3	22.1	6.1	–	87.5
Amortisation and depreciation [2]	51.5	13.6	8.0	–	73.0
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 right of use assets
2 On intangible assets and property, plant and equipment (excluding right of use assets and PPA items)
3 Number of employees (full-time equivalents) as at 30/06/2017; allocation according to the contractual relationships
* Segment report for 2017 was restated due to the initial application of IFRS 15 and IFRS 16

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.

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 2017.

Another related party is Weichai Power Co. Ltd., Weifang, China, which indirectly held a 43.3 per cent stake in KION GROUP AG as at 30 June 2018 (31 December 2017: 43.3 per cent). Since 2017, it has therefore had a majority at the Annual General Meeting and can exercise control over the KION Group. The distribution of a dividend of €0.99 per share to Weichai Power resulted in an outflow of funds from KION GROUP AG of €50.6 million.

The revenue generated by the KION Group in the first half of 2018 and second quarter of 2018 from selling goods and services to related parties is shown in > TABLE 44 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 commitment totals €9.3 million. This resulted in a loan receivable for the KION Group of €8.0 million as at 30 June 2018 (31 December 2017: €8.0 million); it 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 2017.

The goods and services obtained from related parties in the first half of 2018 and second quarter of 2018 are shown in > TABLE 45 along with the liabilities that were outstanding at the reporting date.

The exemption for government-related entities was applied. There were no transactions that were significant, either individually or taken together, between the KION Group and companies with which the KION Group is closely associated solely because of its relationship with Shandong Heavy Industry Group Co., Ltd., Jinan, People's Republic of China.

Related party disclosures: receivables and sales TABLE 44

	Receivables		Sales of goods and services			
in € million	30/06/2018	31/12/2017*	Q2 2018	Q2 2017*	Q1–Q2 2018	Q1–Q2 2017*
Non-consolidated subsidiaries	30.0	28.7	7.0	9.9	13.9	16.3
Equity-accounted associates	29.4	25.1	39.7	40.0	79.7	80.7
Equity-accounted joint ventures	6.0	1.5	19.2	18.3	27.3	29.7
Other related parties**	7.9	10.9	10.7	4.6	17.8	10.2
Total	**73.2**	**66.2**	**76.6**	**72.8**	**138.7**	**136.9**

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16
** 'Other related parties' include, among others, transactions with Weichai Power and its affiliated companies

Related party disclosures: liabilities and purchases TABLE 45

	Liabilities		Purchases of goods and services			
in € million	30/06/2018	31/12/2017*	Q2 2018	Q2 2017*	Q1–Q2 2018	Q1–Q2 2017*
Non-consolidated subsidiaries	11.8	15.8	5.9	5.2	10.2	9.6
Equity-accounted associates	14.0	11.2	33.1	31.7	66.8	64.8
Equity-accounted joint ventures	84.7	56.0	17.9	20.6	40.7	42.6
Other related parties**	3.4	2.7	2.5	5.4	3.1	10.1
Total	**113.9**	**85.7**	**59.4**	**62.9**	**120.9**	**127.1**

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16
** 'Other related parties' include, among others, transactions with Weichai Power and its affiliated companies

Material events after the reporting date

Between the reporting date of these interim financial statements and 25 July 2018, 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 2018 or that it would be necessary to disclose.

On 3 July 2018, Weichai Power increased its stake in KION GROUP AG from 43.3 per cent to 45.0 per cent by purchasing further shares on the secondary market.

Frankfurt am Main, 25 July 2018

The Executive Board

Gordon Riske

Dr Eike Böhm

Anke Groth

Ching Pong Quek

Review report

To the KION GROUP AG, Frankfurt am Main

We have reviewed the condensed interim consolidated financial statements of the KION GROUP AG, Frankfurt am Main, 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, Frankfurt am Main, for the period from 1 January to 30 June 2018, that are part of the semi annual financial report pursuant to § 115 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, Frankfurt am Main, 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 2018

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.

Frankfurt am Main, 25 July 2018

The Executive Board

Gordon Riske | Dr Eike Böhm

Anke Groth | Ching Pong Quek

Quarterly information

Quarterly information

TABLE 46

in € million	Q2 2018	Q1 2018	Q4 2017*	Q3 2017*	Q2 2017*	Q1 2017*
Order intake	**2,424.0**	**1,885.0**	**2,279.6**	**1,847.2**	**1,970.5**	**1,881.7**
thereof Industrial Trucks & Services	1,546.5	1,485.2	1,579.6	1,351.6	1,513.7	1,414.6
thereof Supply Chain Solutions	874.2	396.3	692.9	492.7	452.3	461.3
Total revenue	**2,031.1**	**1,843.3**	**1,963.4**	**1,832.4**	**2,001.3**	**1,801.0**
thereof Industrial Trucks & Services	1,449.6	1,368.8	1,547.1	1,312.9	1,398.1	1,314.1
thereof Supply Chain Solutions	578.8	470.7	412.0	516.1	599.8	481.6
Adjusted EBITDA	**377.0**	**340.9**	**404.9**	**381.1**	**387.7**	**322.0**
thereof Industrial Trucks & Services	318.0	301.0	371.7	318.3	323.1	275.6
thereof Supply Chain Solutions	64.0	46.1	41.6	73.1	71.3	49.7
Adjusted EBITDA margin	**18.6%**	**18.5%**	**20.6%**	**20.8%**	**19.4%**	**17.9%**
thereof Industrial Trucks & Services	21.9%	22.0%	24.0%	24.2%	23.1%	21.0%
thereof Supply Chain Solutions	11.1%	9.8%	10.1%	14.2%	11.9%	10.3%
EBIT	**142.1**	**125.8**	**169.7**	**136.1**	**159.8**	**95.3**
thereof Industrial Trucks & Services	136.1	137.1	204.9	149.4	159.7	126.3
thereof Supply Chain Solutions	19.4	1.9	–20.4	4.9	16.2	–17.3
Adjusted EBIT	**187.0**	**157.9**	**219.7**	**195.5**	**210.4**	**151.6**
thereof Industrial Trucks & Services	148.2	135.9	206.1	150.3	159.4	127.0
thereof Supply Chain Solutions	51.5	35.0	28.9	61.2	64.1	34.5
Adjusted EBIT margin	**9.2%**	**8.6%**	**11.2%**	**10.7%**	**10.5%**	**8.4%**
thereof Industrial Trucks & Services	10.2%	9.9%	13.3%	11.4%	11.4%	9.7%
thereof Supply Chain Solutions	8.9%	7.4%	7.0%	11.9%	10.7%	7.2%

* Key figures for 2017 were restated due to the initial application of IFRS 15 and IFRS 16

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 on which 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 2017 combined 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

25 October 2018
Quarterly statement for the period ended 30 September 2018
Conference call for analysts

28 February 2019
Publication of 2018 annual report
Financial statements press conference and conference call for analysts

25 April 2019
Quarterly statement for the period ended 31 March 2019
Conference call for analysts

Subject to change without notice

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We
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