

QUARTERLY
STATEMENT
Q3 2018

Key figures

KION Group overview

in € million	Q3 2018	Q3 2017*	Change	Q1 – Q3 2018	Q1 – Q3 2017*	Change
Order intake	2,060.3	1,847.2	11.5%	6,369.3	5,699.5	11.8%
Revenue	1,895.9	1,832.4	3.5%	5,770.3	5,634.7	2.4%
Order book ¹				3,232.4	2,614.6	23.6%
Financial performance						
EBITDA	378.9	367.7	3.0%	1,095.2	1,062.2	3.1%
Adjusted EBITDA ²	380.1	381.1	-0.3%	1,097.9	1,090.8	0.6%
Adjusted EBITDA margin ²	20.0%	20.8%	-	19.0%	19.4%	-
EBIT	168.6	136.1	23.9%	436.6	391.3	11.6%
Adjusted EBIT ²	192.7	195.5	-1.4%	537.6	557.5	-3.6%
Adjusted EBIT margin ²	10.2%	10.7%	-	9.3%	9.9%	-
Net income for the period	96.1	78.9	21.8%	243.8	223.6	9.0%
Financial position¹						
Total assets				12,883.9	12,337.7	4.4%
Equity				3,152.5	2,992.3	5.4%
Net financial debt				2,234.1	2,095.5	6.6%
Cash flow						
Free cash flow ³	97.5	44.0	> 100%	106.6	187.0	-43.0%
Capital expenditure ⁴	60.2	49.5	21.7%	164.1	136.9	19.8%
Employees⁵				32,952	31,608	4.3%

1 Figure as at 30/09/2018 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 30/09/2018 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 quarterly statement 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 quarterly statement is available in German and English at www.kiongroup.com under Investor Relations. Only the content of the German version is authoritative.

Quarterly statement

HIGHLIGHTS OF Q1 – Q3 2018

KION Group continues to see strong order growth in the third quarter and posts solid earnings for the 9-month period

- Total value of order intake is up by a substantial 11.8 per cent to €6.369 billion
- Revenue increases by 2.4 per cent to €5.770 billion
- Adjusted EBIT margin of 9.3 per cent with EBIT of €537.6 million
- Net income grows by 9.0 per cent to €243.8 million
- Free cash flow amounts to €106.6 million
- Currency effects continue to adversely affect the key financials
- Outlook for 2018 confirmed

FUNDAMENTALS OF THE QUARTERLY STATEMENT

The accounting policies used in this quarterly statement are fundamentally the same as those used for the year ended 31 December 2017. The KION Group adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' for the first time with effect from 1 January 2018. The prior-year figures have been restated in accordance with the applicable transitional provisions. The reporting currency is the euro.

SUMMARY OF BUSINESS PERFORMANCE

Sales markets

The global market for industrial trucks registered strong growth of 13.6 per cent in the first three quarters of 2018. A total of 1,165.9 thousand trucks were ordered in the nine months under review (Q1–Q3 2017: 1,026.6 thousand trucks). In the EMEA region, demand remained at a high level (market growth of 12.6 per cent). The rate of increase in western Europe was only slightly lower at 12.1 per cent, while orders in eastern Europe were up sharply by 21.9 per cent. Growth tailed off over the summer months in the Americas region, resulting in a rise for the nine-month period of 9.7 per cent. In the APAC region, order numbers went up by 16.4 per cent year on year, with China making a substantial contribution to this growth.

> TABLE 01

Global industrial truck market (order intake)

TABLE 01

in thousand units	Q3 2018	Q3 2017	Change	Q1 – Q3 2018	Q1 – Q3 2017	Change
Western Europe	98.5	86.9	13.4%	327.2	291.9	12.1%
Eastern Europe	24.1	19.9	20.8%	70.5	57.8	21.9%
Middle East and Africa	8.4	9.2	–8.9%	27.5	27.9	–1.6%
North America	65.1	63.3	2.9%	213.0	193.9	9.8%
Central and South America	9.4	10.0	–6.1%	29.3	27.0	8.6%
Asia-Pacific	159.3	143.1	11.3%	498.4	428.0	16.4%
World	364.8	332.5	9.7%	1,165.9	1,026.6	13.6%

Source: WITS/FEM

Sales of electric forklift trucks were up by 11.0 per cent, which was on a par with the rate of increase for IC trucks of 10.3 per cent. Warehouse trucks registered even stronger growth of 17.4 per cent, predominantly due to healthy demand for smaller entry-level models.

In the market for supply chain solutions, demand remained high for warehouse automation, sorting solutions, and automated goods transport. Burgeoning e-commerce is continuing to have a significant impact, as is the related realignment of many supply chains. A steadily growing number of companies are investing in the expansion and optimisation of their warehousing and logistics capacity in order to shorten lead times, improve the efficiency of the flow of goods and widen their product range. Automated warehouse systems include not only solutions for individual processes, such as picking and packing, but also fully integrated end-to-end solutions.

FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Initial application of new IFRSs

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 and the segment report take into account the effects and changes in presentation resulting from the initial application of the aforementioned financial reporting standards. The quantitative effects of initial application of these standards were explained in detail under 'Accounting policies' in the notes to the condensed consolidated financial statements for the period ended 30 June 2018.

Business situation and financial performance of the KION Group

Level of orders

In the third quarter, the KION Group was able to maintain the strong growth achieved in the first half of the year. Order intake rose by 11.8 per cent to €6,369.3 million in the nine-month period (Q1–Q3 2017: €5,699.5 million). Excluding negative currency effects of €183.0 million, the rise was 15.0 per cent. At €4,486.4 million, order intake in the Industrial Trucks & Services segment was up by 4.8 per cent on the prior-year period (Q1–Q3 2017: €4,279.9 million). The main contributor to this strong growth was the EMEA region, where business remained brisk. The Supply Chain Solutions segment saw a further significant rise (32.9 per cent) in the value of its order intake from the project business (business solutions) and the service business, to reach a total of €1,868.9 million (Q1–Q3 2017: €1,406.3 million). Having leaped up in the second quarter, order intake again increased substantially in the third quarter. The KION Group's order book expanded by 23.6 per cent to reach a total of 3,232.4 million (31 December 2017: €2,614.6 million).

Revenue

The consolidated revenue reported by the KION Group rose by 2.4 per cent compared with the first nine months of the previous year (Q1–Q3 2017: €5,634.7 million) to stand at €5,770.3 million. Excluding negative currency effects of €166.3 million, revenue growth was 5.4 per cent. The share of consolidated revenue attributable to the service business increased from 42.1 per cent in the prior-year period to 43.5 per cent.

Revenue with third parties in the Industrial Trucks & Services segment was up by 5.2 per cent to €4,231.9 million (Q1–Q3 2017: €4,022.6 million), but was squeezed by temporary bottlenecks at individual suppliers. At €1,519.9 million, revenue in the Supply Chain Solutions segment was down by 4.7 per cent on the prior-year level (Q1–Q3 2017: €1,594.5 million) owing to delays in the awarding of projects by customers in previous quarters. Adjusted for currency effects, however, the segment's revenue increased by 0.6 per cent.

> TABLE 02

Revenue with third parties by product category

TABLE 02

in € million	Q3 2018	Q3 2017*	Change	Q1–Q3 2018	Q1–Q3 2017*	Change
Industrial Trucks & Services	1,417.1	1,311.3	8.1%	4,231.9	4,022.6	5.2%
New business	703.3	632.1	11.3%	2,107.5	2,017.9	4.4%
Service business	713.8	679.2	5.1%	2,124.5	2,004.7	6.0%
– Aftersales	372.5	350.2	6.3%	1,113.7	1,050.9	6.0%
– Rental business	229.3	218.6	4.9%	663.5	630.1	5.3%
– Used trucks	76.4	74.8	2.1%	235.8	221.0	6.7%
– Other	35.5	35.5	0.1%	111.4	102.7	8.5%
Supply Chain Solutions	472.3	514.9	–8.3%	1,519.9	1,594.5	–4.7%
Business Solutions	328.2	379.6	–13.5%	1,131.7	1,224.6	–7.6%
Service business	144.1	135.3	6.5%	388.2	369.9	4.9%
Corporate Services	6.5	6.2	4.8%	18.5	17.5	5.3%
Total revenue	1,895.9	1,832.4	3.5%	5,770.3	5,634.7	2.4%

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

Revenue by sales region

In the EMEA and APAC sales regions, the revenue of the Industrial Trucks & Services segment was significantly higher than in the corresponding prior-year period, especially in the third quarter. This positive trend was partly due to the measures initiated in the first half of the year to counteract the bottlenecks at individual suppliers. Despite delays in the awarding of projects by customers in previous quarters, the revenue of the Supply Chain Solutions segment rose in North America and thereby consolidated the segment's strong market position. Fast-growing markets accounted for 20.0 per cent of the KION Group's revenue in the reporting period (Q1–Q3 2017: 20.7 per cent). A total of 80.9 per cent of revenue (Q1–Q3 2017: 82.2 per cent) was generated outside Germany. > [TABLE 03](#)

Earnings

EBIT and EBITDA

Earnings before interest and tax (EBIT) reached €436.6 million, which was 11.6 per cent above the same period of the previous year (Q1–Q3 2017: €391.3 million). The main reason for this was the sharp reduction, to €96.8 million, in the purchase price allocation effects included in EBIT (Q1–Q3 2017: €139.5 million). This was countered to an extent by the adverse impact on EBIT of negative currency effects totalling €14.2 million. EBIT adjusted for non-recurring items and purchase price allocation effects (adjusted EBIT) was below the prior-year period at €537.6 million (Q1–Q3 2017: €557.5 million). The adjusted EBIT margin fell by 0.6 percentage points year on year to reach 9.3 per cent. > [TABLE 04](#)

Revenue with third parties by customer location

TABLE 03

in € million	Q3 2018	Q3 2017*	Change	Q1–Q3 2018	Q1–Q3 2017*	Change
Western Europe	1,130.6	1,058.2	6.8%	3,397.6	3,329.5	2.0%
Eastern Europe	139.8	133.9	4.4%	399.9	388.4	3.0%
Middle East and Africa	20.6	39.7	–48.1%	78.0	120.0	–35.0%
North America	344.6	341.3	1.0%	1,141.8	992.2	15.1%
Central and South America	42.1	41.7	1.0%	119.9	120.6	–0.6%
Asia-Pacific	218.3	217.8	0.2%	633.1	683.8	–7.4%
Total revenue	1,895.9	1,832.4	3.5%	5,770.3	5,634.7	2.4%

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

EBIT

TABLE 04

in € million	Q3 2018	Q3 2017*	Change	Q1 – Q3 2018	Q1 – Q3 2017*	Change
EBIT	168.6	136.1	23.9%	436.6	391.3	11.6%
+ Non-recurring items	1.3	11.5	-89.1%	4.3	26.8	-84.0%
+ PPA items	22.9	47.9	-52.2%	96.8	139.5	-30.6%
Adjusted EBIT	192.7	195.5	-1.4%	537.6	557.5	-3.6%

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

EBITDA

TABLE 05

in € million	Q3 2018	Q3 2017*	Change	Q1 – Q3 2018	Q1 – Q3 2017*	Change
EBITDA	378.9	367.7	3.0%	1,095.2	1,062.2	3.1%
+ Non-recurring items	1.3	11.5	-89.1%	2.7	26.7	-89.7%
+ PPA items	-0.0	1.9	<-100%	-0.0	1.9	<-100%
Adjusted EBITDA	380.1	381.1	-0.3%	1,097.9	1,090.8	0.6%

* 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) increased to €1,095.2 million (Q1–Q3 2017: €1,062.2 million). Adjusted EBITDA came to €1,097.9 million (Q1–Q3 2017: €1,090.8 million). This equates to an adjusted EBITDA margin of 19.0 per cent (Q1–Q3 2017: 19.4 per cent). > TABLE 05

Key influencing factors for earnings

A 1.7 per cent rise in the cost of sales slightly detracted from the increase in revenue, resulting in an improved gross margin of 26.3 per cent (Q1–Q3 2017: 25.8 per cent). Higher material prices and wage cost rises in the reporting period partly negated the positive impact of reduced purchase price allocation effects. In addition, the delivery bottlenecks in the Industrial Trucks & Services segment led to production inefficiencies and thus an increase in the cost of sales. Furthermore, delays in the awarding of projects by

customers in previous quarters squeezed earnings in the Supply Chain Solutions segment and led to temporary underutilisation of project-related personnel capacity. Currency effects, mainly from the US dollar, also had a noticeable negative impact overall on the key financials and therefore on the KION Group's EBIT.

The change in the cost of sales and in other functional costs is shown in > TABLE 06.

(Condensed) income statement

TABLE 06

in € million	Q3 2018	Q3 2017*	Change	Q1–Q3 2018	Q1–Q3 2017*	Change
Revenue	1,895.9	1,832.4	3.5%	5,770.3	5,634.7	2.4%
Cost of sales	-1,382.9	-1,337.9	-3.4%	-4,253.4	-4,183.5	-1.7%
Gross profit	513.0	494.5	3.7%	1,516.9	1,451.2	4.5%
Selling expenses and administrative expenses	-316.1	-312.6	-1.1%	-999.5	-970.1	-3.0%
Research and development costs	-32.5	-37.7	13.9%	-101.7	-103.6	1.8%
Other	4.1	-8.1	> 100%	20.9	13.7	52.7%
Earnings before interest and taxes (EBIT)	168.6	136.1	23.9%	436.6	391.3	11.6%
Net financial expenses	-27.2	-20.1	-35.7%	-81.1	-68.4	-18.5%
Earnings before taxes	141.4	116.0	21.8%	355.4	322.9	10.1%
Income taxes	-45.2	-37.1	-21.9%	-111.6	-99.2	-12.5%
Net income for the period	96.1	78.9	21.8%	243.8	223.6	9.0%

* (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, amounted to €81.1 million for the nine-month period (Q1–Q3 2017: 68.4 million) and included negative exchange rate effects (Q1–Q3 2017: positive exchange rate effects). Current interest expense on financial liabilities decreased overall due to the corporate actions carried out in 2017.

Income taxes

Income tax expenses rose to €111.6 million (Q1–Q3 2017: €99.2 million) because of the increase in earnings. The tax rate was 31.4 per cent (Q1–Q3 2017: 30.7 per cent).

Net income for the period

The KION Group's net income for the period after taxes was €243.8 million (Q1–Q3 2017: €223.6 million). Basic earnings per share attributable to the shareholders of KION GROUP AG came to €2.09 for the first three quarters of 2018 (Q1–Q3 2017: €1.97) based on an average of 117.9 million (Q1–Q3 2017: 113.1 million) no-par-value shares outstanding.

Business situation and financial performance of the segments**Industrial Trucks & Services segment****Business performance and order intake**

A total of 159.5 thousand new trucks were ordered from the KION Group's brand companies in the first nine months of 2018, a rise of 7.9 per cent compared with the prior-year period. The rate of increase for the third quarter was 8.1 per cent. Of the total number of orders, 61.2 per cent were accounted for by the Linde brand including Fenwick, 31.9 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 4.8 per cent to €4,486.4 million (Q1–Q3 2017: €4,279.9 million), despite negative currency effects of €83.1 million. > TABLE 07

Key figures – Industrial Trucks & Services

TABLE 07

in € million	Q3 2018	Q3 2017*	Change	Q1 – Q3 2018	Q1 – Q3 2017*	Change
Order intake	1,454.8	1,351.6	7.6%	4,486.4	4,279.9	4.8%
Total revenue	1,417.9	1,312.9	8.0%	4,236.2	4,025.2	5.2%
EBITDA	325.0	317.6	2.3%	944.3	916.3	3.1%
Adjusted EBITDA	326.0	318.3	2.4%	945.0	916.9	3.1%
EBIT	156.2	149.4	4.6%	429.5	435.3	-1.3%
Adjusted EBIT	157.4	150.3	4.8%	441.6	436.7	1.1%
Adjusted EBITDA margin	23.0%	24.2%	-	22.3%	22.8%	-
Adjusted EBIT margin	11.1%	11.4%	-	10.4%	10.8%	-

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

Revenue

The segment's total revenue increased by 5.2 per cent to €4,236.2 million in the nine-month period (Q1 – Q3 2017: €4,025.2 million). Negative currency effects of €82.7 million impacted revenue. The stronger increase in revenue during the third quarter was attributable, among other factors, to the countermeasures implemented in the first half of the year to deal with the production and delivery delays. Revenue from the service business went up by 6.0 per cent in the nine-month period, with the aftersales and used truck businesses making the biggest percentage contribution. The proportion of segment revenue attributable to the service business grew to 50.2 per cent (Q1 – Q3 2017: 49.8 per cent).

Earnings

The segment's earnings were depressed by inefficiencies resulting from bottlenecks at individual suppliers and by higher material prices, wage cost rises and currency effects. Nevertheless, adjusted EBIT came to €441.6 million, which was above the figure for the prior-year period of €436.7 million. The adjusted EBIT margin for the segment decreased year on year to reach 10.4 per cent (Q1 – Q3 2017: 10.8 per cent). Taking into account non-recurring items and purchase price allocation effects, EBIT amounted to €429.5 million (Q1 – Q3 2017: €435.3 million).

Adjusted EBITDA rose to €945.0 million (Q1 – Q3 2017: €916.9 million). This equated to an adjusted EBITDA margin of 22.3 per cent (Q1 – Q3 2017: 22.8 per cent).

Supply Chain Solutions segment

Business performance and order intake

Following the leap in the volume of orders in the second quarter, the third quarter also saw a high volume of new contracts concluded with customers. In the nine-month period, the volume of orders rose sharply to €1,868.9 million (Q1–Q3 2017: €1,406.3 million) despite negative currency effects. The weaker US dollar, in particular, reduced the value of order intake in the segment by a total of €99.9 million. > TABLE 08

Revenue

There was a moderate decline in the segment's total revenue to €1,522.2 million (Q1–Q3 2017: €1,597.6 million) owing to the delays in the awarding of projects by customers in previous quarters. After taking negative currency effects of €83.6 million into account, revenue rose by 0.5 per cent. Revenue from project business (business solutions) accounted for 74.5 per cent of total revenue (Q1–Q3: 76.8 per cent); the remaining 25.5 per cent (Q1–Q3 2017: 23.2 per cent) was attributable to the service business. The proportion of revenue generated in North America was up year on year at 68.2 per cent (Q1–Q3 2017: 56.6 per cent).

Earnings

The segment's adjusted EBIT decreased to €130.3 million (Q1–Q3 2017: €159.8 million). This reflected not only the adverse effect of €11.3 million attributable to the US dollar's depreciation against the euro but also the delays in the awarding of projects by customers in previous quarters, which led to temporary underutilisation of project-related personnel capacity. The adjusted EBIT margin was thus 8.6 per cent (Q1–Q3 2017: 10.0 per cent). Including non-recurring items and purchase price allocation effects, EBIT came to €42.2 million and thereby considerably exceeded the figure for the first three quarters of 2017 of €3.8 million.

Adjusted EBITDA of €166.2 million (Q1–Q3 2017: €194.1 million) resulted in an adjusted EBITDA margin of 10.9 per cent (Q1–Q3 2017: 12.1 per cent).

Corporate Services segment

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

Key figures – Supply Chain Solutions

TABLE 08

in € million	Q3 2018	Q3 2017*	Change	Q1–Q3 2018	Q1–Q3 2017*	Change
Order intake	598.5	492.7	21.5%	1,868.9	1,406.3	32.9%
Total revenue	472.7	516.1	–8.4%	1,522.2	1,597.6	–4.7%
EBITDA	55.9	62.6	–10.6%	165.0	175.1	–5.8%
Adjusted EBITDA	56.1	73.1	–23.2%	166.2	194.1	–14.4%
EBIT	20.9	4.9	> 100%	42.2	3.8	> 100%
Adjusted EBIT	43.8	61.2	–28.4%	130.3	159.8	–18.5%
Adjusted EBITDA margin	11.9%	14.2%	–	10.9%	12.1%	–
Adjusted EBIT margin	9.3%	11.9%	–	8.6%	10.0%	–

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

Key figures – Corporate Services

TABLE 09

in € million	Q3 2018	Q3 2017*	Change	Q1 – Q3 2018	Q1 – Q3 2017*	Change
Order intake	72.4	70.2	3.1%	223.3	200.1	11.6%
Total revenue	72.4	70.2	3.1%	223.3	200.1	11.6%
EBITDA	35.0	12.2	> 100%	121.6	280.6	–56.7%
Adjusted EBITDA	35.0	14.4	> 100%	122.4	289.5	–57.7%
EBIT	28.4	6.5	> 100%	100.6	261.9	–61.6%
Adjusted EBIT	28.5	8.7	> 100%	101.4	270.8	–62.6%

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

Revenue and earnings

Total segment revenue, which came to €223.3 million (Q1–Q3 2017: €200.1 million), mainly resulted from internal IT and logistics services. Adjusted EBIT for the segment amounted to €101.4 million (Q1–Q3 2017: €270.8 million) and included intra-group dividend income of €135.6 million (Q1–Q3 2017: €309.6 million). Like-for-like adjusted EBIT excluding dividend income amounted to minus €34.2 million (Q1–Q3 2017: minus €38.8 million). Adjusted EBITDA stood at €122.4 million or minus €13.1 million excluding dividend income (Q1–Q3 2017: €289.5 million or minus €20.1 million). > TABLE 09

Net assets

Non-current assets rose by €91.8 million from their level as at 31 December 2017 to €9,942.4 million as at 30 September 2018. Intangible assets accounted for a total of €5,708.2 million (31 December 2017: €5,716.5 million). As a result of currency effects, goodwill was up slightly at €3,412.6 million (31 December 2017: €3,382.5 million). Other property, plant and equipment stood at €1,013.1 million (31 December 2017: €994.9 million) and included a figure of €357.7 million for right-of-use assets related to procurement leases (31 December 2017: €347.4 million). Right-of-use assets amounted to €250.6 million for land and buildings (31 December 2017: €247.6 million) and €107.1 million for plant, machinery, and office furniture and equipment (31 December 2017: €99.8 million).

Leased assets for direct and indirect leases with end customers that are classified as operating leases decreased to €1,207.5 million (31 December 2017: €1,246.3 million). However, further expansion of the rental fleet business caused rental assets to increase to €644.3 million (31 December 2017: €608.4 million). At €732.9 million, long-term lease receivables arising from leases with end customers that are classified as finance leases were higher than at the end of last year (31 December 2017: €647.8 million).

Current assets rose sharply to €2,941.6 million (31 December 2017: €2,487.1 million). This was primarily due to the increase in inventories in the Industrial Trucks & Services segment, which mainly occurred in the first half of the year. The KION Group's total inventories went up by €295.3 million to €1,063.9 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 to €843.3 million as at 30 September 2018 (31 December 2017: €619.9 million) but was almost unchanged compared with 30 June 2018. Cash and cash equivalents totalled €165.2 million at the end of the nine-month period (31 December 2017: €173.2 million). > TABLE 10

(Condensed) statement of financial position

TABLE 10

in € million	30/09/2018	in %	31/12/2017*	in %	Change
Non-current assets	9,942.4	77.2%	9,850.6	79.8%	0.9%
Current assets	2,941.6	22.8%	2,487.1	20.2%	18.3%
Total assets	12,883.9	-	12,337.7	-	4.4%
Equity	3,152.5	24.5%	2,992.3	24.3%	5.4%
Non-current liabilities	6,121.0	47.5%	6,133.7	49.7%	-0.2%
Current liabilities	3,610.4	28.0%	3,211.7	26.0%	12.4%
Total equity and liabilities	12,883.9	-	12,337.7	-	4.4%

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

Financial position

The KION Group's financial position changed only marginally in the third quarter of 2018.

Analysis of capital structure

At €9,731.4 million, current and non-current liabilities had risen by €386.0 million compared with 31 December 2017. Long-term borrowing amounted to €2,037.7 million and was thus almost unchanged compared with the end of last year (31 December 2017: €2,024.8 million). This figure can essentially be broken down into

promissory notes with a total volume of €1,210.0 million and the remaining floating-rate long-term tranche of €800.0 million drawn down under the acquisition facilities agreement (AFA). Current financial liabilities, on the other hand, increased to €361.6 million (31 December 2017: €243.9 million) because of drawdowns under the revolving credit facility that were needed to fund net working capital as a result of the temporary bottlenecks at individual suppliers. After deduction of cash and cash equivalents, net financial debt grew to €2,234.1 million (31 December 2017: €2,095.5 million). This equated to 1.5 times the adjusted EBITDA on an annualised basis. The unused, unrestricted loan facility under the senior facilities agreement (SFA) stood at €825.7 million as at 30 September 2018. > TABLE 11

Net financial debt

TABLE 11

in € million	30/09/2018	31/12/2017	Change
Liabilities to banks	1,184.5	1,253.7	-5.5%
Promissory note	1,211.4	1,007.3	20.3%
Other financial liabilities to non-banks	3.4	7.7	-56.3%
Financial liabilities	2,399.3	2,268.7	5.8%
Less cash and cash equivalents	-165.2	-173.2	4.6%
Net financial debt	2,234.1	2,095.5	6.6%

With discount rates unchanged on average, the retirement benefit obligation of €999.4 million was slightly lower 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 to €820.0 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 were up by €474.1 million to €911.5 million as at 30 September 2018 (31 December 2017: €437.4 million). Liabilities from financial services rose by €704.0 million overall to reach €1,141.4 million as at 30 September 2018 (31 December 2017: €437.4 million). They included a part of the financing of the short-term rental business amounting to €229.9 million (31 December 2017: €0.0 million); the remaining amount of €321.9 million (31 December 2017: €515.7 million) relating to the financing of the short-term rental fleet was recorded under other financial liabilities. Other financial liabilities also included liabilities from procurement leases totalling €383.4 million (31 December 2017: €369.1 million), for which right-of-use assets were recognised. Overall, current and non-current other financial liabilities came to €762.1 million (31 December 2017: €962.2 million).

Contract liabilities, of which a large proportion related to the long-term project business, increased to €459.4 million (31 December 2017: €324.4 million) due to higher advance payments from Dematic customers in connection with new orders.

Equity stood at €3,152.5 million as at 30 September 2018 (31 December 2017: €2,992.3 million). The addition of net income of €243.8 million was partly negated by the dividend of €116.8 million paid by KION GROUP AG in May. The equity ratio increased slightly to reach 24.5 per cent (31 December 2017: 24.3 per cent). > TABLE 10

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 €164.1 million in the reporting period (Q1–Q3 2017: €136.9 million). Spending in the Industrial Trucks & Services segment 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 mainly related to development costs as well as software and licences.

Analysis of liquidity

Cash and cash equivalents decreased slightly, from €173.2 million at the end of 2017 to €165.2 million as at 30 September 2018. Taking into account the credit facility that was still freely available, the unrestricted cash and cash equivalents available to the KION Group amounted to €989.5 million (31 December 2017: €1,138.0 million).

Net cash provided by operating activities, which totalled €259.6 million, was significantly below the figure for the prior-year period of €331.6 million. A significant proportion of liquidity continues to be tied up in inventories in the short term owing to the temporary bottlenecks at individual suppliers and the resulting delays to deliveries. Higher advance payments from customers on the back of growth in the project business mitigated the impact of increased inventories on net working capital. As budgeted, tax payments increased to €141.7 million (Q1–Q3 2017: €70.2 million). This was the primary reason for the year-on-year reduction in cash flow from operating activities in the period under review.

Net cash used for investing activities amounted to €153.1 million and was therefore higher than in the prior-year period (Q1–Q3 2017: €144.6 million). Within this figure, cash payments for development (R&D) and for property, plant and equipment rose to €164.1 million (Q1–Q3 2017: €136.9 million).

Free cash flow – the sum of cash flow from operating activities and investing activities – amounted to €106.6 million (Q1–Q3 2017: €187.0 million).

Net cash used for financing activities came to €111.4 million (Q1–Q3 2017: €267.2 million). Financial debt taken on during the reporting period stood at €1,448.0 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 a promissory note in June 2018. Repayments amounted to €1,318.5 million, which included repayment of a further part of the long-term AFA tranche. Interest and principal payments for liabilities from procurement leases totalled €82.4 million during the reporting period (Q1–Q3 2017: €68.0 million). As a result of the optimised financing structure and the corporate actions carried out in 2017, regular interest payments decreased to €29.3 million (Q1–Q3 2017: €38.3 million). The dividend paid by KION GROUP AG led to an outflow of €116.8 million in the second quarter (Q2 2017: €86.9 million).

> TABLE 12

(Condensed) statement of cash flows

TABLE 12

in € million	Q3 2018	Q3 2017*	Change	Q1–Q3 2018	Q1–Q3 2017*	Change
EBIT	168.6	136.1	23.9%	436.6	391.3	11.6%
Cash flow from operating activities	155.1	93.2	66.3%	259.6	331.6	–21.7%
Cash flow from investing activities	–57.5	–49.3	–16.8%	–153.1	–144.6	–5.8%
Free cash flow	97.5	44.0	> 100%	106.6	187.0	–43.0%
Cash flow from financing activities	–111.0	–8.9	<–100%	–111.4	–267.2	58.3%
Effect of exchange rate changes on cash	–1.7	–4.2	59.5%	–3.1	–11.5	72.6%
Change in cash and cash equivalents	–15.2	30.9	<–100%	–7.9	–91.7	91.4%

* (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 September 2018. The long-term leasing business had a positive impact on the KION Group's financial performance (> TABLE 13) in the first nine months of the year and also made a noticeable contribution to its financial position. > TABLE 14 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 include net financial debt plus liabilities from rental business and liabilities from procurement leases. As a result, industrial net operating debt amounted to €3,169.3 million (31 December 2017: €2,980.4 million). > TABLE 15

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 13

in € million	Q3 2018	Q3 2017*	Change	Q1 – Q3 2018	Q1 – Q3 2017*	Change
Revenue	276.1	254.1	8.7%	770.7	693.6	11.1%
Adjusted EBITDA	80.3	85.1	–5.6%	236.2	241.4	–2.2%
Adjusted EBIT	2.2	2.1	8.5%	8.7	7.7	12.8%
Earnings before taxes (EBT)	2.2	2.0	11.6%	6.4	5.8	10.0%

* 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 14

in € million	30/09/2018	31/12/2017*	Change
Liabilities to banks	380.5	481.6	–21.0%
Liabilities from financial services	911.5	437.4	> 100%
Lease liabilities	820.0	1,131.1	–27.5%
Calculatory equity	74.1	71.9	3.0%
Total	2,186.1	2,122.1	3.0%
Leased assets	1,207.5	1,246.3	–3.1%
Lease receivables	978.6	875.8	11.7%
Total	2,186.1	2,122.1	3.0%

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

Industrial net operating debt

TABLE 15

in € million	30/09/2018	31/12/2017*
Liabilities to banks	1,184.5	1,253.7
Promissory note	1,211.4	1,007.3
Other financial liabilities to non-banks	3.4	7.7
Financial liabilities	2,399.3	2,268.7
Less cash and cash equivalents	-165.2	-173.2
Net financial debt	2,234.1	2,095.5
Liabilities from financial services (rental)	229.9	-
Liabilities from short-term rental fleet financing	321.9	515.7
Liabilities from rental business	551.8	515.7
Liabilities from procurement leases	383.4	369.1
Industrial net operating debt	3,169.3	2,980.4

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

OUTLOOK

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 forecasts for market growth, achieve further increases in order intake, revenue and adjusted EBIT.

The order intake of the KION Group is expected to be between €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.

Consolidated income statement

Consolidated income statement

TABLE 16

in € million	Q3 2018	Q3 2017*	Q1 – Q3 2018	Q1 – Q3 2017*
Revenue	1,895.9	1,832.4	5,770.3	5,634.7
Cost of sales	-1,382.9	-1,337.9	-4,253.4	-4,183.5
Gross profit	513.0	494.5	1,516.9	1,451.2
Selling expenses	-210.6	-200.3	-659.6	-618.9
Research and development costs	-32.5	-37.7	-101.7	-103.6
Administrative expenses	-105.5	-112.3	-339.8	-351.1
Other income	35.4	18.2	86.2	50.7
Other expenses	-32.9	-26.9	-76.4	-49.6
Profit from equity-accounted investments	1.6	0.6	11.1	12.6
Earnings before interest and taxes	168.6	136.1	436.6	391.3
Financial income	19.4	12.3	69.5	105.7
Financial expenses	-46.7	-32.3	-150.6	-174.2
Net financial expenses	-27.2	-20.1	-81.1	-68.4
Earnings before taxes	141.4	116.0	355.4	322.9
Income taxes	-45.2	-37.1	-111.6	-99.2
Current taxes	-49.1	-39.0	-152.9	-145.8
Deferred taxes	3.9	1.9	41.3	46.6
Net income for the period	96.1	78.9	243.8	223.6
Attributable to shareholders of KION GROUP AG	97.4	78.5	245.9	222.5
Attributable to non-controlling interests	-1.3	0.4	-2.1	1.1
Earnings per share according to IAS 33 (in €)				
Basic earnings per share	0.83	0.67	2.09	1.97
Diluted earnings per share	0.83	0.67	2.08	1.97

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

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

TABLE 17

in € million	Q3 2018	Q3 2017*	Q1 – Q3 2018	Q1 – Q3 2017*
Net income for the period	96.1	78.9	243.8	223.6
Items that will not be reclassified subsequently to profit or loss	13.4	3.5	11.2	41.1
Gains/losses on defined benefit obligation	16.4	3.0	18.1	40.1
thereof changes in unrealised gains and losses	22.2	3.3	23.8	56.6
thereof tax effect	-5.8	-0.3	-5.7	-16.5
Gains/losses on financial investments	-3.2	0.0	-6.7	0.0
thereof changes in unrealised gains and losses	-3.2	0.0	-6.7	0.0
Changes in unrealised gains and losses from equity-accounted investments	0.2	0.5	-0.1	1.0
Items that may be reclassified subsequently to profit or loss	1.8	-65.4	12.5	-258.4
Impact of exchange differences	0.7	-65.6	21.3	-271.4
thereof changes in unrealised gains and losses	1.1	-65.6	21.7	-271.4
thereof realised gains (-) and losses (+)	-0.3	0.0	-0.3	0.0
Gains/losses on hedge reserves	1.1	-1.9	-9.1	3.9
thereof changes in unrealised gains and losses	1.0	0.9	-8.8	8.1
thereof realised gains (-) and losses (+)	0.7	-3.4	-3.9	-1.7
thereof tax effect	-0.5	0.6	3.6	-2.5
Gains/losses on available-for-sale financial instruments	0.0	2.1	0.0	8.5
thereof changes in unrealised gains and losses	0.0	2.1	0.0	8.6
thereof tax effect	0.0	-0.0	0.0	-0.1
Gains/losses from equity-accounted investments	0.0	0.0	0.3	0.6
thereof changes in unrealised gains and losses	0.0	0.0	0.3	0.6
Other comprehensive income (loss)	15.3	-61.9	23.7	-217.3
Total comprehensive income	111.4	17.0	267.6	6.4
Attributable to shareholders of KION GROUP AG	112.2	16.7	269.3	5.6
Attributable to non-controlling interests	-0.8	0.3	-1.7	0.7

* 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

Consolidated statement of financial position – Assets

TABLE 18

in € million	30/09/2018	31/12/2017*	01/01/2017*
Goodwill	3,412.6	3,382.5	3,572.9
Other intangible assets	2,295.5	2,333.9	2,602.7
Leased assets	1,207.5	1,246.3	1,143.9
Rental assets	644.3	608.4	543.0
Other property, plant and equipment	1,013.1	994.9	919.1
Equity-accounted investments	82.1	80.3	72.7
Lease receivables	732.9	647.8	531.3
Other financial assets	30.2	57.1	47.5
Other assets	50.5	24.2	12.3
Deferred taxes	473.7	475.2	514.8
Non-current assets	9,942.4	9,850.6	9,960.1
Inventories	1,063.9	768.6	672.4
Lease receivables	245.7	228.0	200.3
Contract assets	159.1	100.3	117.4
Trade receivables	1,085.4	999.4	895.9
Income tax receivables	20.5	14.4	35.2
Other financial assets	87.7	119.0	82.0
Other assets	114.2	84.3	86.2
Cash and cash equivalents	165.2	173.2	279.6
Current assets	2,941.6	2,487.1	2,368.9
Total assets	12,883.9	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 19

in € million	30/09/2018	31/12/2017*	01/01/2017*
Subscribed capital	117.9	117.9	108.6
Capital reserve	3,031.0	3,034.0	2,444.4
Retained earnings	508.2	364.4	30.5
Accumulated other comprehensive loss	-505.0	-528.4	-246.4
Non-controlling interests	0.5	4.4	5.7
Equity	3,152.5	2,992.3	2,342.8
Retirement benefit obligation	999.4	1,002.7	991.0
Non-current financial liabilities	2,037.7	2,024.8	2,889.1
Liabilities from financial services	755.5	261.0	258.3
Lease liabilities	560.0	798.2	722.0
Other non-current provisions	84.2	95.6	92.3
Other financial liabilities	521.0	663.6	549.8
Other liabilities	494.4	585.4	551.2
Deferred taxes	668.7	702.4	909.6
Non-current liabilities	6,121.0	6,133.7	6,963.2
Current financial liabilities	361.6	243.9	293.9
Liabilities from financial services	385.8	176.4	91.4
Lease liabilities	260.0	332.9	285.2
Contract liabilities	459.4	324.4	376.4
Trade payables	1,005.7	923.9	802.2
Income tax liabilities	102.1	82.6	63.0
Other current provisions	135.1	149.0	163.4
Other financial liabilities	241.1	298.6	287.6
Other liabilities	659.5	679.9	659.9
Current liabilities	3,610.4	3,211.7	3,023.0
Total equity and liabilities	12,883.9	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

Consolidated statement of cash flows

TABLE 20

in € million	Q1 – Q3 2018	Q1 – Q3 2017*
Earnings before interest and taxes	436.6	391.3
Amortisation, depreciation and impairment charges and reversal of impairment losses of non-current assets	658.6	670.9
Non-cash reversals of deferred revenues from leases	-177.1	-198.3
Other non-cash income (-)/expenses (+)	20.2	17.6
Gains (-)/losses (+) on disposal of non-current assets	0.2	1.0
Change in leased assets (excluding depreciation) and receivables/liabilities from leasing business	-111.9	-66.1
Change in rental assets (excluding depreciation) and liabilities from rental business	-149.4	-149.6
Change in net working capital**	-232.4	-256.3
Cash payments for defined benefit obligations	-27.8	-22.0
Change in other provisions	-25.1	-6.2
Change in other operating assets/liabilities	9.5	19.4
Taxes paid	-141.7	-70.2
Cash flow from operating activities	259.6	331.6
Cash payments for purchase of non-current assets	-164.1	-136.9
Cash receipts from disposal of non-current assets	2.3	2.7
Dividends received	11.7	8.2
Acquisition of subsidiaries/other businesses (net of cash acquired)	-1.6	-6.4
Cash receipts/payments for sundry assets	-1.3	-12.2
Cash flow from investing activities	-153.1	-144.6

Consolidated statement of cash flows (continued)

TABLE 20

in € million	Q1 – Q3 2018	Q1 – Q3 2017*
Capital contribution from shareholders for the carried out capital increase	0.0	598.6
Acquisition of treasury shares	-3.6	0.0
Dividend of KION GROUP AG	-116.8	-86.9
Dividends paid to non-controlling interests	-2.4	-2.7
Cash receipts/payments for changes in ownership interests in subsidiaries without change of control	0.4	0.5
Financing costs paid	-3.9	-7.0
Proceeds from borrowings	1,448.0	2,058.2
Repayment of borrowings	-1,318.5	-2,734.4
Interest received	1.7	6.1
Interest paid	-29.3	-38.3
Interest and principal portion from procurement leases	-82.4	-68.0
Cash receipts/payments from other financing activities	-4.6	6.6
Cash flow from financing activities	-111.4	-267.2
Effect of exchange rate changes on cash and cash equivalents	-3.1	-11.5
Change in cash and cash equivalents	-7.9	-91.7
Cash and cash equivalents at the beginning of the period	173.2	279.6
Cash and cash equivalents at the end of the period	165.2	187.9

* 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

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').

Segment report Q3 2018

TABLE 21

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation/ Reconciliation	Total
Revenue from external customers	1,417.1	472.3	6.5	–	1,895.9
Intersegment revenue	0.8	0.4	65.9	–67.1	–
Total revenue	1,417.9	472.7	72.4	–67.1	1,895.9
Earnings before taxes	139.7	16.2	22.5	–37.0	141.4
Net financial expenses/income	–16.5	–4.8	–5.9	0.0	–27.2
EBIT	156.2	20.9	28.4	–37.0	168.6
+ Non-recurring items	1.0	0.1	0.1	–	1.3
+ PPA items	0.2	22.7	0.0	–	22.9
= Adjusted EBIT	157.4	43.8	28.5	–37.0	192.7
Capital expenditure ¹	46.6	11.1	2.5	–	60.2
Amortisation and depreciation ²	28.5	7.3	3.9	–	39.7
Order intake	1,454.8	598.5	72.4	–65.4	2,060.3

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)

TABLES 21–24 show information on the KION Group's operating segments for the third quarter of 2018 and 2017 and for the first nine months of 2018 and 2017.

Non-recurring items in the reporting period resulted in an expense of €4.3 million (Q1–Q3 2017: expense of €26.8 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 write-downs and other expenses in relation to the hidden reserves and charges identified as part of the acquisition processes.

Frankfurt am Main, 24 October 2018

The Executive Board

Segment report Q3 2017*

TABLE 22

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation/ Reconciliation	Total
Revenue from external customers	1,311.3	514.9	6.2	–	1,832.4
Intersegment revenue	1.6	1.2	64.0	–66.8	–
Total revenue	1,312.9	516.1	70.2	–66.8	1,832.4
Earnings before taxes	133.3	7.2	0.2	–24.7	116.0
Net financial expenses/income	–16.1	2.3	–6.3	0.0	–20.1
EBIT	149.4	4.9	6.5	–24.7	136.1
+ Non-recurring items	0.7	8.6	2.2	–	11.5
+ PPA items	0.2	47.7	0.0	–	47.9
= Adjusted EBIT	150.3	61.2	8.7	–24.7	195.5
Capital expenditure ¹	37.7	8.3	3.5	–	49.5
Amortisation and depreciation ²	26.2	5.9	3.3	–	35.4
Order intake	1,351.6	492.7	70.2	–67.2	1,847.2

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 – Q3 2018

TABLE 23

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation/ Reconciliation	Total
Revenue from external customers	4,231.9	1,519.9	18.5	–	5,770.3
Intersegment revenue	4.3	2.3	204.9	–211.5	–
Total revenue	4,236.2	1,522.2	223.3	–211.5	5,770.3
Earnings before taxes	382.6	27.5	81.1	–135.7	355.4
Net financial expenses/income	–46.9	–14.7	–19.5	0.0	–81.1
EBIT	429.5	42.2	100.6	–135.7	436.6
+ Non-recurring items	0.7	2.7	0.8	–	4.3
+ PPA items	11.4	85.4	0.0	–	96.8
= Adjusted EBIT	441.6	130.3	101.4	–135.7	537.6
Segment assets	9,256.4	4,846.9	1,678.3	–2,897.7	12,883.9
Segment liabilities	6,375.5	2,035.1	4,226.3	–2,905.5	9,731.4
Capital expenditure ¹	124.5	33.4	6.2	–	164.1
Amortisation and depreciation ²	84.4	20.7	11.6	–	116.8
Order intake	4,486.4	1,868.9	223.3	–209.4	6,369.3
Number of employees ³	25,411	6,781	760	–	32,952

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 30/09/2018; allocation according to the contractual relationships

Segment report Q1 – Q3 2017 *

TABLE 24

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation/ Reconciliation	Total
Revenue from external customers	4,022.6	1,594.5	17.5	–	5,634.7
Intersegment revenue	2.5	3.0	182.6	–188.1	–
Total revenue	4,025.2	1,597.6	200.1	–188.1	5,634.7
Earnings before taxes	398.5	3.2	232.1	–310.9	322.9
Net financial expenses/income	–36.9	–0.6	–29.8	–1.1	–68.4
EBIT	435.3	3.8	261.9	–309.7	391.3
+ Non-recurring items	0.7	17.1	8.9	–	26.8
+ PPA items	0.6	138.8	0.0	–	139.5
= Adjusted EBIT	436.7	159.8	270.8	–309.7	557.5
Segment assets	9,920.5	5,122.5	1,671.9	–4,450.6	12,264.4
Segment liabilities	5,810.1	2,431.2	5,622.0	–4,459.2	9,404.2
Capital expenditure ¹	97.0	30.3	9.6	–	136.9
Amortisation and depreciation ²	77.7	19.4	11.3	–	108.4
Order intake	4,279.9	1,406.3	200.1	–186.8	5,699.5
Number of employees ³	23,714	6,972	679	–	31,365

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 30/09/2017; allocation according to the contractual relationships

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

Quarterly information

Quarterly information

TABLE 25

in € million	Q3 2018	Q2 2018	Q1 2018	Q4 2017*	Q3 2017*	Q2 2017*
Order intake	2,060.3	2,424.0	1,885.0	2,279.6	1,847.2	1,970.5
thereof Industrial Trucks & Services	1,454.8	1,546.5	1,485.2	1,579.6	1,351.6	1,513.7
thereof Supply Chain Solutions	598.5	874.2	396.3	692.9	492.7	452.3
Total revenue	1,895.9	2,031.1	1,843.3	1,963.4	1,832.4	2,001.3
thereof Industrial Trucks & Services	1,417.9	1,449.6	1,368.8	1,547.1	1,312.9	1,398.1
thereof Supply Chain Solutions	472.7	578.8	470.7	412.0	516.1	599.8
Adjusted EBITDA	380.1	377.0	340.9	404.9	381.1	387.7
thereof Industrial Trucks & Services	326.0	318.0	301.0	371.7	318.3	323.1
thereof Supply Chain Solutions	56.1	64.0	46.1	41.6	73.1	71.3
Adjusted EBITDA margin	20.0%	18.6%	18.5%	20.6%	20.8%	19.4%
thereof Industrial Trucks & Services	23.0%	21.9%	22.0%	24.0%	24.2%	23.1%
thereof Supply Chain Solutions	11.9%	11.1%	9.8%	10.1%	14.2%	11.9%
EBIT	168.6	142.1	125.8	169.7	136.1	159.8
thereof Industrial Trucks & Services	156.2	136.1	137.1	204.9	149.4	159.7
thereof Supply Chain Solutions	20.9	19.4	1.9	-20.4	4.9	16.2
Adjusted EBIT	192.7	187.0	157.9	219.7	195.5	210.4
thereof Industrial Trucks & Services	157.4	148.2	135.9	206.1	150.3	159.4
thereof Supply Chain Solutions	43.8	51.5	35.0	28.9	61.2	64.1
Adjusted EBIT margin	10.2%	9.2%	8.6%	11.2%	10.7%	10.5%
thereof Industrial Trucks & Services	11.1%	10.2%	9.9%	13.3%	11.4%	11.4%
thereof Supply Chain Solutions	9.3%	8.9%	7.4%	7.0%	11.9%	10.7%

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

DISCLAIMER

Forward-looking statements

This quarterly statement 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 quarterly statement 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 quarterly statement. 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 quarterly statement.

Rounding

Certain numbers in this quarterly statement 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 quarterly statement. All percentage changes and key figures were calculated using the underlying data in thousands of euros (€ thousand).

FINANCIAL CALENDAR

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

9 May 2019

Annual General Meeting

Subject to change without notice

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