

KION GROUP AG

Annual General Meeting on 11 Mai 2017

Report of the Executive Board on the utilization of the Authorized Capital 2014 under exclusion of the subscription right in July 2016

The Executive Board was authorized, by a resolution adopted by the General Meeting on 19 May 2014, to increase the Company's share capital with the consent of the Supervisory Board, once or repeatedly up to and including 18 May 2019, by up to a total of EUR 9,890,000.00 by issuing up to 9,890,000 new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2014). One element of the Authorized Capital 2014 was the authorization of the Executive Board to exclude, with the consent of the Supervisory Board, the shareholders' subscription rights in the case of a capital increase against cash contributions, if the issue price of the new shares is not substantially – within the meaning of section 186(3) sentence 4 German Stock Corporation Act – below the price of shares of the Company on the stock exchange and the shares issued subject to the exclusion of subscription rights pursuant to section 186(3) sentence 4 German Stock Corporation Act do not exceed a total of 10% of the share capital, either when the authorization comes into effect or when it is exercised.

The Authorized Capital 2014 took effect upon entry in the commercial register at the Local Court of Wiesbaden on 16 June 2014 under HRB 27060.

With the approval of the Supervisory Board on the same day, the Executive Board of KION GROUP AG decided on 18 July 2016 to use all the existing Authorized Capital 2014 and to increase the Company's share capital by a nominal amount of EUR 9,890,000.00 against the issue, against cash contributions, of 9,890,000 new no-par value bearer shares in the Company ("**New Shares 2016**") entitled to dividends from 1 January 2016, thereby excluding shareholder subscription rights. This corresponds to a 10% increase in the Company's share capital existing at the time when the Authorized Capital 2014 took effect and was utilized. The provision in the Authorized Capital 2014 restricting the volume of shares issued against cash contributions whilst excluding subscription rights has therefore been satisfied. The capital increase took effect upon entry of its completion in the commercial register at the Local Court of Wiesbaden under HRB 27060 on 20 July 2016.

All 9,890,000 New Shares 2016 were placed at a price of EUR 46.44 each. The issue price of the New Shares 2016 exceeded the closing price of the shares of KION GROUP AG in the XETRA trading system on the Frankfurt Stock Exchange on 18 July 2016 of EUR 46.43 by EUR 0.01. The issue price therefore did not fall substantially short of the stock exchange price of shares of the Company.

40% of the New Shares 2016 were offered to institutional investors through a private placement by way of an "accelerated book building" process. 60% of the New Shares 2016 were purchased by Weichai Power, KION GROUP AG's largest shareholder. Ahead of the resolution to increase the share capital, KION GROUP AG and Weichai Power agreed that Weichai Power would get 60% of

the New Shares 2016 at a price per share that would be determined in the course of the “accelerated book building” process carried out with the institutional investors.

The New Shares 2016 purchased by Weichai Power are subject to a 12-month lock-up from admission of the remaining New Shares 2016 to trading on the regulated market on 20 July 2016. Admission of the New Shares 2016 purchased by Weichai Power to trading on the regulated market will be sought at the earliest when the lock-up ends.

The right of the shareholders of KION GROUP AG to subscribe to the New Shares 2016 was excluded by the Executive Board, by a resolution of 18 July 2016, with the consent of the Supervisory Board on the same day. In the opinion of the Executive Board and the Supervisory Board, the requirements for excluding the subscription rights were satisfied since the New Shares 2016 were issued at a price that did not fall substantially short of the stock exchange price. By not granting subscription rights to the existing shareholders, it was possible to ensure the necessary level of transaction security and speedy handling. In the opinion of the Executive Board and the Supervisory Board, excluding subscription rights was necessary so as to be able to make use at short notice of a market situation that was favourable for a corporate action of this kind at the time of the utilization of the Authorized Capital 2014 and to generate maximum possible issue proceeds by setting a price that was as close as possible to the market price. The subscription period of at least two weeks that is required when subscription rights are granted would have made it impossible to respond quickly to the current market situation.

Moreover, if subscription rights are granted, the final subscription price has to be made public at least three days before the subscription period ends. Owing to the time that lapses between setting the price and carrying out the capital increase, and because of the volatility of the stock markets, the market risk and in particular the price change risk is greater than if subscription rights are excluded. For the placement in the context of a capital increase with subscription rights to be successful, it would therefore have been necessary to allow for a safety margin on the current stock market price, which would presumably have resulted in conditions that were not close to the market.

The costs of a capital increase with an exclusion of subscription rights and quick allocation of the New Shares 2016 are also significantly lower than the costs of a capital increase with proportional subscription rights for the existing shareholders.

For the reasons set out above, the exclusion of subscription rights was in the interest of the Company.

The gross proceeds from the issue of the New Shares 2016 amounted to some EUR 459.3 million. The net issue proceeds remaining after deduction of the transaction costs were used for the partial refinancing of the purchase of Dematic, a specialist for automation and supply chain optimisation, which was made with borrowed funds. Setting a price close to the market price and limiting the number of shares being issued while excluding subscription rights to 10% of the current share capital adequately protects the shareholders’ interests. With a view to a liquid market, in principle the shareholders have the possibility to maintain their relative share in the Company by buying shares on the stock market on comparable conditions.

Based on the above, all in all excluding subscription rights when utilizing the Authorized Capital 2014, whilst observing the requirements imposed, was objectively justified.