

FINANCIAL
STATEMENTS
2017

KION GROUP AG

This annual report is available in German and English.

Only the content of the German version is authoritative.

Statement of financial position as at 31 December 2017

Assets

€ thousand	Notes	31.12.2017	31.12.2016
A. Non-current assets	[3]		
I. Property, plant and equipment		2,882	145
II. Investments in affiliated companies		4,231,227	4,474,413
		4,234,108	4,474,558
B. Current assets			
I. Receivables and other assets	[4]		
1. Receivables from affiliated companies		3,379,656	965,752
2. Receivables from related companies		235	175
3. Other assets		9,367	8,119
		3,389,258	974,046
II. Credit balances with banks		20,515	56,715
Total Assets		7,643,881	5,505,320

Statement of financial position as at 31 December 2017

Equity and liabilities

€ thousand	Notes	31.12.2017	31.12.2016
A. Equity	[5]		
I. Subscribed capital		118,090	108,790
Treasury shares		-161	-164
Issued capital		117,929	108,626
II. Capital reserves		3,058,111	2,465,553
III. Retained earnings		348,803	139,053
IV. Distributable profit		168,073	129,236
		3,692,916	2,842,468
B. Provisions			
1. Retirement benefit obligation	[6]	32,138	20,319
2. Tax provisions		27,574	4,138
3. Other provisions	[7]	35,683	38,389
		95,395	62,847
C. Liabilities to affiliated companies	[8]		
1. Liabilities to banks		2,214,815	2,546,266
2. Trade payables		6,935	18,044
3. Liabilities to affiliated companies		1,622,661	34,864
4. Liabilities to related companies		60	0
5. Other liabilities		11,098	682
<i>thereof taxes € thousand 10449.803 (2016: € thousand 593.316)</i>			
<i>thereof relating to social security € thousand 258.416</i>			
<i>(2016: € thousand 88.725)</i>			
		3,855,569	2,599,856
D. Deferred income		0	149
Total equity and liabilities		7,643,881	5,505,320

Income Statement for the year ended 31 December 2017

€ thousand	Anhang	2017	2016
1. Revenue	[9]	24,285	17,555
2. Other operating income	[10]	22,363	19,895
3. Cost of materials for purchased services	[11]	-513	-684
4. Personnel expenses		-42,400	-43,851
a) Wages and salaries		-37,708	-39,662
b) Social security contributions and expenses for pensions and other employee benefits		-4,693	-4,189
<i>thereof for retirement benefits € thousand -2302.560</i>			
<i>(2016: € thousand -2147.864)</i>			
5. Depreciation expense and impairment losses on property, plant and equipment		-242	-102
6. Other operating expenses	[12]	-68,305	-51,486
7. Income from profit-transfer agreements	[13]	500,975	362,437
8. Expenses from the transfer of losses		-1,112	0
9. Other interest and similar income	[14]	28,635	4,619
<i>thereof from affiliated companies € thousand 28157.613</i>			
<i>(2016: € thousand 4600.583)</i>			
10. Interest expense and similar charges	[15]	-48,841	-27,016
<i>thereof to affiliated companies € thousand 2492.945</i>			
<i>(2016: € thousand 479.499)</i>			
11. Income taxes	[16]	-79,358	-23,052
12. Net gain for the year		335,487	258,316
Appropriation of profit			
Net gain for the year		335,487	258,316
Retained profits brought forward		86	70
Withdrawals from retained earnings		0	0
Allocation to retained earnings		-167,500	-129,150
Distributable profit		168,073	129,236

Notes to the financial statements of KION GROUP AG for the year ended 31 December 2017

Basis of preparation

[1] General information on the Company

KION GROUP AG, whose registered office is at Abraham-Lincoln-Strasse 21, 65189 Wiesbaden, is entered in the commercial register at the Wiesbaden local court under reference HRB 27060. The Company has had a new business address since November 2017: Thea-Rasche-Strasse 8, 60549 Frankfurt am Main, Germany. KION GROUP AG has been a listed company on the regulated market of the Frankfurt Stock Exchange since 28 June 2013 and is part of the MDAX, the STOXX Europe 600 and the FTSE Euro Mid Cap.

The object of the Company is to hold, acquire, manage and sell investments in entities with any form of legal structure, in particular such entities involved in developing, manufacturing and selling forklifts, warehouse trucks (industrial trucks) and supply chain solutions, including associated services, consultancy and advisory services and similar activities, as well as to assume responsibility, in return for a consideration, for managerial holding company functions, other paid services and the provision of lease finance for the investee entities.

For the purpose of corporation tax, trade tax and VAT, KION GROUP AG is the tax group parent company for almost all the companies in Germany.

The separate financial statements of KION GROUP AG are prepared in accordance with the prevailing accounting principles specified for limited companies by section 242 et seq. and section 264 et seq. of the German Commercial Code (HGB) and comply with the provisions of the German Stock Corporation Act (AktG), which apply specifically to entities structured as a public limited company. As a listed company, KION GROUP AG is a large corporation as defined in section 267 (3) and section 264d HGB.

The income statement has been prepared in accordance with the nature-of-expense method pursuant to section 275 (2) HGB.

To improve the clarity of presentation, some items are aggregated in the statement of financial position and income statement and are then separately reported in the notes.

All amounts are disclosed in thousands of euros (€ thousand) unless stated otherwise. Due to rounding effects, addition of the individual amounts shown may result in minor rounding differences to the totals.

The management report of KION GROUP AG and the group management report have been combined in accordance with section 315 (3) HGB in conjunction with section 298 (3) HGB and are published in the KION Group's 2017 annual report.

By contract dated 13 March 2017, KION Holding 2 GmbH was merged into KION GROUP AG; the merger cut-off date was defined as 1 January 2017. The merger took effect when it was entered in the commercial register on 22 June 2017.

The following assets and liabilities were transferred at their carrying amounts with effect from 1 January 2017:

€ thousand	01.01.2017
Assets	
Investments in affiliated companies	1,441,379
Receivables from affiliated companies	948,158
Other assets	137
Credit balances with banks	0
Total assets	2,389,674
Liabilities	
Retirement benefit obligation	7,459
Tax provisions	15,108
Other provisions	61
Trade payables	10
Liabilities to affiliated companies	361,574
Other liabilities	132
Total liabilities	384,344
Net assets	2,005,331

The transferred financial assets comprise the equity investments in Linde Material Handling GmbH, Aschaffenburg, KION Information Management Services GmbH, Wiesbaden, and Egemin Group NV, whose registered office is in Zwijndrecht, Belgium.

As part of the merger, receivables and liabilities between KION Holding 2 GmbH and KION GROUP AG amounting to €361,101 thousand were offset and derecognised.

As the impact on the financial performance and financial position of KION GROUP AG is not material, the prior-year figures have not been restated in a separate column for comparison purposes in the statement of financial position or income statement.

[2] Accounting policies

Property, plant and equipment

Property, plant and equipment is carried at cost and reduced by depreciation based on estimated useful life and by any impairment losses.

Property, plant and equipment is depreciated using the straight-line method. Low-value assets are generally depreciated as an aggregate item over a period of five years in accordance with tax rules.

The following useful lives are applied in determining the carrying amounts of items of property, plant and equipment:

	Useful life
Office furniture and other equipment	3–13

Assets under finance leases are also recognised as property, plant and equipment. In this case, the present value of future lease payments is recognised at the inception of the lease (purchase price). Corresponding liabilities to the lessor are recognised as trade payables. The property, plant and equipment is depreciated over the term of the lease.

Any impairment of assets expected to be permanent and in excess of the depreciation related to useful life is accounted for by the recognition of impairment losses. If the reasons for permanent impairment no longer prevail, impairment losses are reversed on the basis of the HGB reversal requirement, but such reversals do not result in an asset carrying amount greater than the carrying amount that would have been recognised after depreciation if there had been no impairment.

Financial assets

Investments in affiliated companies included within financial assets are carried at cost.

Impairment losses are recognised for assets that are permanently impaired. If an impairment loss has been recognised in prior years and the reasons for the impairment loss now no longer exist, either as a whole or in part, the impairment loss is reversed, but such that the resulting asset carrying amount is no greater than the acquisition cost of the asset.

Receivables and other assets

Receivables and other assets are carried at cost. Appropriate valuation allowances are recognised for any risks identified when measuring receivables and other assets. The amount of the valuation allowances is based on the probable default risk. Receivables denominated in foreign currency are translated at the middle spot exchange rate on the reporting date as part of the subsequent measurement process:

- the recognition of receivables due after one year or more is in compliance with the HGB principles of prudent revenue recognition, imparity (whereby unrealised losses are recognised, but unrealised gains are not recognised) and the historical cost convention;
- the recognition of receivables due within one year does not take account of the HGB principles of prudent revenue recognition, imparity and the historical cost convention.

Deferred taxes

Deferred tax assets are recognised for differences between the carrying amounts calculated in accordance with HGB and those calculated in accordance with tax law. As in 2016, the Company exercised the option provided for in section 274 (1) sentence 2 HGB not to utilise these deferred tax assets.

As the parent company of the tax group, KION GROUP AG has to recognise the deferred taxes of the controlled companies. Temporary differences arise, in particular, due to differences in the measurement of intangible assets, pension provisions and other provisions. An income tax rate of 30.8 per cent was used to calculate the deferred taxes.

Cash on hand and credit balances with banks

Cash and cash equivalents are carried at their nominal amounts. Amounts denominated in foreign currency are translated into euros at the middle spot exchange rate on the reporting date.

Equity

Subscribed capital is carried at its nominal amount.

Retirement benefit obligation

The retirement benefit obligation is calculated in accordance with actuarial principles based on biometric probabilities (modified Heubeck 2005 G mortality tables) using the projected unit credit method. Future estimated increases in salaries and pensions are factored into the calculation of the obligation.

The retirement benefit obligation covers the obligation to pay retirement pensions to employees of KION GROUP AG. The actuarial measurement of the amount required to settle the retirement benefit obligation is based on a number of factors including a fluctuation rate of 2.0 per cent and an assumed annual adjustment of 2.75 per cent (2016: 2.75 per cent) in remuneration and 1.75 per cent, or 1.0 per cent where agreed, (2016: 1.75 per cent, or 1.0 per cent where agreed) in pensions paid. As at 31 December 2017, the discount rate used to discount the defined benefit obligation was 3.68 per cent (31 December 2016: 4.01 per cent). The discount rate was determined as at 31 December 2017 using the average market discount rate over the past ten years for an assumed maturity of 15 years, as published by Deutsche Bundesbank.

In order to satisfy the pension obligations, appropriate resources are invested in special funds managed by the trustee KION Vorsorge Aktiv e.V. The Company is not permitted any access to these assets. The sole purpose of these assets is to provide security for the rights of individuals to receive pensions from KION GROUP AG. The assets are measured at fair value (market price); the value of the assets is offset against the underlying obligation. If this results in an excess obligation, the excess is recognised under pension provisions. If the value of the securities (plan assets) exceeds the obligation, an excess of plan assets over pension liabilities is recognised on the assets side of the statement of financial position.

Provisions for taxes and other provisions

Other provisions are measured such that identifiable risks arising from pending transactions and contingent liabilities are recognised in the financial statements. These provisions are recognised in the amount that would be required to settle future payment obligations, as dictated by prudent business practice. Future increases in prices and costs are factored into the calculation of the amounts if there

is sufficient objective evidence that such increases will occur. Provisions with a maturity of more than one year are discounted with a maturity-matched average market discount rate for the past seven years. Non-current provisions for long-service bonuses existed at the reporting date.

Liabilities

Liabilities are carried at their settlement value. Liabilities denominated in foreign currency are translated at the middle spot exchange rate on the reporting date as part of the subsequent measurement process:

- the recognition of liabilities due after one year or more is in compliance with the HGB principles of prudent revenue recognition, imparity and the historical cost convention;
- the recognition of liabilities due within one year does not take account of the HGB principles of prudent revenue recognition, imparity and the historical cost convention.

Derivative financial instruments: hedge accounting

Derivatives are used to hedge the KION Group's interest-rate risk and currency risk.

In accordance with its treasury risk policy, the KION Group hedges exchange rate risks both locally at the level of the individual companies and centrally via KION GROUP AG using prescribed hedging ratios. The main hedging instruments employed are foreign-currency forwards, provided that there are no country-specific restrictions on their use. Since 2017, all hedging has been carried out through KION GROUP AG, which acts as the inhouse bank for the companies in the Group.

The KION Group issued a promissory note in 2017 as part of its financing. It hedged the interest-rate risk arising on the variable-rate tranches of the promissory note, which have maturity periods of five and seven years, by entering into a number of interest-rate swaps, thereby transforming the variable interest-rate exposure into fixed-rate obligations. KION GROUP AG did not have any interest-rate hedges in 2016.

Where it is possible to recognise hedging relationships (hedge accounting), this option is utilised. The recognition of a hedging relationship involves aggregating an underlying transaction with a corresponding hedging transaction to form a designated micro-hedge. Multiple underlying transactions can be aggregated; the resulting net position is hedged with one or more hedges (macro-hedge).

The 'compensatory measurement' concept (net hedge presentation method) is applied in subsequent periods for micro-hedges. Under this method, all mutually offsetting countervailing changes in the fair values of underlying and hedging transactions are not recognised in either the statement of financial position or the income statement until the hedge has been terminated. If changes in fair values or cash flows do not offset each other because the hedge is ineffective, a provision for anticipated losses is recognised as an expense in the income statement in the event of negative fair values. In the case of a macro-hedge, all changes in the fair values of underlying and hedging transactions are recognised in the statement of financial position and recognised in the income statement by means of countervailing income or expenses (gross hedge presentation method).

The table below shows the derivative financial instruments used for hedging purposes at the reporting date:

€ thousand	Fair value		Notional amount	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Foreign-currency forwards				
Positive fair values	32,074	8,827	789,727	407,100
Negative fair values	29,943	7,551	625,370	328,276
Interest swaps				
Positive fair values	130	-	50,000	-
Negative fair values	2,016	-	810,000	-

The underlying transaction and the hedging transaction are always exposed to a similar risk. The maturity of the hedging transaction matches the maturity of the underlying transaction. KION GROUP AG hedges some of the currency risks. The amounts and maturities of the underlying transactions match those of the corresponding hedging transactions, which ensures that the pertinent hedges remain highly effective at all times.

KION GROUP AG conducts prospective and retrospective assessments of hedge effectiveness by comparing all the factors that affect the fair values of underlying transactions and their corresponding hedging transactions (critical-terms-match method).

The fair values (market values) of derivative financial instruments are calculated using standard market-based present-value models and the market data available at the measurement date. The fair values of currency derivatives are computed by using a risk-free interest rate to discount the difference between the contracted forward rate and the current forward rate over the derivatives' residual term.

As at the reporting date, currency forwards with a notional amount of €293,344 thousand (31 December 2016: €156,716 thousand) and a fair value of €2,131 thousand (31 December 2016: €1,276 thousand) existed for recognised foreign-currency positions and highly probable future transactions that were included in a hedging relationship as part of a macro-hedge.

The Company had external currency forwards with a total notional amount of €560,877 thousand (31 December 2016: €289,330 thousand) and a total market value of €24,153 thousand (31 December 2016: minus €2,830 thousand) in connection with the hedging of its subsidiaries' currency risk. External interest-rate hedges with a total notional amount of €50,000 thousand and a total market value of €130 thousand existed for the hedging of interest-rate risk for subsidiaries. These are matched by offsetting underlying transactions of the same amount conducted with companies in the KION Group. They are executory contracts that are included in a hedging relationship as part of a micro-hedge.

Notes to the statement of financial position

[3] Non-current assets

The statement of changes in non-current assets, including details of depreciation and amortisation, can be found in the annex to the notes to the financial statements.

The additions included acquisition costs of €1,441,379 thousand that were transferred at their carrying amount during the merger of KION Holding 2 GmbH. This was more than offset by the disposal of the equity investment in KION Holding 2 GmbH of €2,005,331 thousand.

The acquisition cost of the equity investment in DH Services Luxembourg Holding S.à.r.l. increased by a total of €393,743 thousand primarily due to the contribution, at fair value, of a receivable and its stake in Egemin Group NV.

[4] Receivables and other assets

Receivables from affiliated companies included trade receivables of €1,745 thousand (31 December 2016: €469 thousand) and, in particular, loans and receivables in connection with cash pooling within the KION Group. In 2017, KION GROUP AG took over the management of the cash pool for all KION Group companies included in the cash pool. The cash pools previously managed by Linde Material Handling GmbH and Dematic Group Limited (UK) were transferred to KION GROUP AG in 2017.

Receivables from affiliated companies with a residual maturity of more than one year totalled €224,505 thousand (31 December 2016: €516,102 thousand). They relate mainly to a loan made to Dematic Corporation (USA).

[5] Equity

As at 31 December 2017, the Company's share capital amounted to €118,090 thousand (31 December 2016: €108,790 thousand), which was fully paid up. It was divided into 118,090,000 no-par-value shares (31 December 2016: 108,790,000).

The Annual General Meeting on 11 May 2017 voted to create new authorised capital that will enable the KION Group to continue to meet its funding needs quickly and flexibly. Subject to the consent of the Supervisory Board, the Executive Board is authorised until 10 May 2022 to increase the Company's share capital by up to €10,879 thousand by way of an issue of up to 10,879,000 new no-par-value bearer shares (2017 Authorised Capital).

With the consent of the Supervisory Board, the Executive Board of KION GROUP AG decided on 22 May 2017 to utilise the authorised capital created by the 2017 Annual General Meeting. The purpose of the capital increase was to partly refinance the bridge loan taken out for the acquisition of Dematic. The Company's share capital was increased by 8.55 per cent in return for cash contributions; shareholders' pre-emption rights were disapplied. 9,300,000 new shares were issued, which increased the total number of shares from 108,790,000 to 118,090,000. The gross proceeds from the capital increase came to €602,919 thousand. The capital increase was entered in the commercial register on 23 May 2017. The costs associated with the capital increase amounting to €4,329 thousand (net) were recognised as an expense.

The total number of shares outstanding as at 31 December 2017 was 117,929,171 no-par-value shares (31 December 2016: 108,625,514).

Between 10 October 2017 and 30 October 2017, a further 60,000 treasury shares were repurchased via the stock exchange at an average price of €72.15 in order to provide the shares for employees' own investments and the free shares under the KEEP 2017 employee equity programme. The total cost was €4,329 thousand. Due to the issue of 27,363 bonus shares under KEEP 2014 and 36,294 no-par-value shares (2016: 45,564 no-par-value shares) under KEEP 2017, KION GROUP AG held 160,829 treasury shares at the reporting date (31 December 2016: 164,486). These treasury shares are not dividend-bearing and do not confer any voting rights. Treasury shares accounted for 0.14 per cent of the subscribed capital (31 December 2016: 0.15 per cent). Further details on the KEEP employee equity programme can be found in note [21].

As at 31 December 2017, KION Group employees held options on a total of 50,166 no-par-value shares (31 December 2016: 67,106). The share options granted under the employee equity programme are not dividend-bearing and do not confer any voting rights.

The capital reserves changed as follows over the course of the year:

	2017	2016
Balance as at 1 Jan	2,465,553	2,015,728
Capital increase	593,619	449,402
Issuance of treasury shares	3,235	3,151
Acquisition of treasury shares	-4,296	-2,727
Balance as at 31 Dec	3,058,111	2,465,553

The distribution of a dividend of €0.80 per share (2016: €0.77 per share) to the shareholders of KION GROUP AG resulted in an outflow of funds from other revenue reserves of €86,900 thousand in 2017 (2016: €76,030 thousand).

An amount of €167,500 thousand was transferred to other revenue reserves from the net profit for 2017. On the basis of a resolution of the Annual General Meeting, an amount of €42,250 thousand was transferred to other revenue reserves from the distributable profit for 2016.

[6] Retirement benefit obligation

The retirement benefit obligation relates to pension entitlements granted to employees and Executive Board members.

The fair value of the assets invested by KION Vorsorge Aktiv e.V. shown in the following table was derived from the market prices of the plan assets as at the reporting date.

€ thousand	31.12.2017	31.12.2016
Settlement value for retirement benefit obligation	45,718	30,775
Fair value of plan assets invested in special funds	13,580	10,456
Net amount for retirement benefit obligation	32,138	20,319
Cost of plan assets invested in special funds	11,707	9,572

During the year under review, the contributions made to the cover assets totalled €2,134 thousand (2016: €2,275 thousand). This means that an amount of €1,874 thousand (2016: €883 thousand) arising from the difference between cost and fair value was subject to a lock-up, KION GROUP AG being prohibited from distributing this amount as a dividend or transferring it under a profit-and-loss transfer agreement.

The expenses arising from unwinding the discount amounted to €3,240 thousand (2016: €268 thousand) and the income from the cover assets amounted to €444 thousand (2016: €159 thousand). The income and expenses were offset against each other and reported in interest expenses in the income statement at an amount of €2,796 thousand (2016: €109 thousand).

The difference arising from the measurement of pension obligations pursuant to section 253 (6) HGB is €6,459 thousand (2016: €3,894 thousand) and cannot be distributed as a dividend.

In addition, a regular amount is added to the retirement benefit obligation and reported under personnel expenses. In 2017, this amount was €1,872 thousand (2016: €1,956 thousand).

[7] Other provisions

The breakdown of other provisions is as follows:

€ thousand	31.12.2017	31.12.2016
Personnel	31,322	31,350
Outstanding invoices	3,128	5,640
Other	1,233	1,399
Total other provisions	35,683	38,389

[8] Liabilities

€ thousand	31.12.2017	31.12.2016
Liabilities to banks	2,214,815	2,546,266
due within one year	204,815	3,066
due in more than one year	2,010,000	2,543,200
Trade payables	6,935	18,044
due within one year	6,870	18,044
due in more than one year	65	0
Liabilities to affiliated companies	1,622,661	34,864
due within one year	1,622,661	34,864
due in more than one year	-	-
Liabilities to related companies	60	0
due within one year	60	0
due in more than one year	-	-
Other liabilities	11,098	682
due within one year	11,098	682
due in more than one year	-	-
Total liabilities	3,855,569	2,599,856

Of the liabilities to banks, €264,000 thousand is due after more than five years.

KION GROUP AG signed a syndicated loan agreement (senior facilities agreement, SFA) totalling €1,500,000 thousand with a syndicate of international banks on 28 October 2015. The SFA originally comprised a revolving credit facility of €1,150,000 thousand and a fixed-term tranche of €350,000 thousand. The fixed-term tranche of €350,000 thousand, which had a variable interest rate and was due to mature in February 2019, was repaid in full ahead of schedule in 2017.

On the reporting date, the SFA consisted solely of the revolving credit facility, which has a variable interest rate and will mature in February 2022. As at 31 December 2017, an amount of €184,735 thousand had been drawn down from the revolving credit facility, which includes other loan liabilities. The drawdowns under the revolving credit facility have been classified as short term.

On 4 July 2016, KION GROUP AG reached agreement with a group of banks on a bridge loan to finance the acquisition of Dematic (acquisition facilities agreement, AFA), originally in an amount of €3,000,000 thousand. This bridge loan has been refinanced in several ways, which means that the liabilities under the AFA as at 31 December 2017 consisted solely of a floating-rate loan of €1,000,000 thousand that is due to mature in October 2021.

The amount drawn down under the AFA as at 31 December 2016 was €2,543,200 thousand and was divided into three variable-rate tranches repayable as bullet payments on maturity: tranche A2 of €343,200 thousand, tranche B of €1,200,000 thousand and the loan of €1,000,000 thousand. Tranche A2 and tranche B of the AFA were repaid in full in 2017. The funds for the repayment were provided

by the promissory note issued in the first quarter of 2017 with a nominal amount totalling €1,010,000 thousand and the capital increase carried out in May 2017, which generated gross proceeds of €602,919 thousand (see also note [5]).

The promissory note issued in 2017 in an amount of €1,010,000 thousand is divided into several tranches with varying maturities and floating-rate or fixed coupons: a tranche of €746,000 thousand maturing in May 2022, a tranche of €236,500 thousand maturing in April 2024 and a tranche of €27,500 thousand maturing in April 2027. Issuance of the promissory note resulted in directly attributable transaction costs of €3,205 thousand that were recognised as expenses.

KION GROUP AG entered into a number of interest-rate derivatives in order to hedge the interest-rate risk resulting from the floating-rate tranches of the promissory note. The interest-rate derivatives are recognised as a hedging relationship (see also note [2]).

KION GROUP AG has issued guarantees to the banks for all of the payment obligations under the SFA and AFA. The SFA, AFA and promissory note are not collateralised.

Liabilities to affiliated companies largely consisted of short-term loans from subsidiaries and liabilities in connection with cash pooling within the KION Group. In 2017, KION GROUP AG took over the management of the cash pool for all KION Group companies included in the cash pool. The cash pools previously managed by Linde Material Handling GmbH and Dematic Group Limited (UK) were transferred to KION GROUP AG in 2017.

Notes to the income statement

[9] Revenue

The revenue largely arises from the performance of services for affiliated companies. These services comprise support and advice for the companies in various areas, such as accounting, tax returns and legal matters. The Company also generated revenue from services in connection with the KEEP employee equity programme, which KION GROUP AG launched for itself and various subsidiaries.

Revenue is broken down by region as follows:

€ thousand	2017	2016
Germany	18,263	16,716
Europe (without Germany)	4,722	460
China	815	295
Rest of world	485	84
Total revenue	24,285	17,555

Of the total revenue, an amount of €23,674 thousand (2016: €16,776 thousand) was attributable to the performance of services for affiliated companies, €355 thousand (2016: €294 thousand) to reporting services rendered and €241 thousand (2016: €469 thousand) to services in connection with KEEP. Operation of the employee kiosk generated revenue of €15 thousand (2016: €16 thousand).

[10] Other operating income

Other operating income includes the following items:

€ thousand	2017	2016
Foreign currency exchange rate gains	16,196	13,890
Gains on disposal of non-current assets	4,421	0
Income from reversal of provision	1,079	716
Sundry income	667	5,289
Total other operating income	22,363	19,895

The foreign currency exchange rate gains resulted from the measurement of bank accounts and the cash pools in foreign currencies. The foreign currency exchange rate gains reported for 2016 had resulted largely from the repayment of a receivable of Dematic that was denominated in US dollars and from a non-cash contribution in the form of another receivable, also denominated in US dollars, to Dematic, which increased the carrying amount of the equity investment.

The income from the disposal of financial assets in 2017 arose from the contribution of the equity investment in Egemin Group NV to DH Services Luxembourg Holding S.à.r.l.

Other operating income included an amount of €74 thousand relating to services from 2016 (2016: €93 thousand).

[11] Cost of materials for purchased services

The cost of materials for purchased services relates to the revenue generated. This cost comprises expenses that are linked directly to, and form an integral and significant part of, the performance of the services. These are largely expenses for advisory services.

[12] Other operating expenses

Other operating expenses include the following items:

€ thousand	2017	2016
Consultancy expenses	18,545	20,557
Other third-party services	13,153	12,343
Foreign currency exchange rate losses	19,891	7,955
Ancillary personnel expenses	5,544	3,057
Travel expenses	2,931	2,571
Supervisory board remuneration	1,534	1,205
Rental fees	1,524	971
Sundry expenses	5,183	2,827
Total other operating expenses	68,305	51,486

Other operating expenses included an amount of €964 thousand relating to services from the 2016 accounting period (2016: €1,089 thousand).

[13] Income from profit-transfer agreements and expenses from the transfer of losses

The income from profit-transfer agreements is attributable to the transfer of Linde Material Handling GmbH's profit of €500,626 thousand and proplan Transport- und Lagersysteme GmbH's profit of €349 thousand (2016: €1,095 thousand). In 2016, KION Holding 2 GmbH had transferred its net profit of €361,342 thousand. KION Holding 2 GmbH was merged into KION GROUP AG with effect from 1 January 2017.

Expenses of €1,112 thousand arose due to the obligation to transfer losses from KION Information Management Services GmbH.

[14] Interest expense and similar charges

The breakdown of interest expense and similar charges is as follows:

€ thousand	2017	2016
Interest expenses from loans	23,625	6,447
Interest expenses from promissory note	12,216	0
Similar charges	7,088	19,953
Unwinding of discount on provisions for pensions	2,825	136
Interest paid to affiliated companies	2,493	479
Other interest expenses	594	0
Total interest expense and similar charges	48,841	27,016

The similar charges are the commitment fees for the AFA and promissory note and the fees for unused loan facilities. In 2016, this line item mainly consisted of the commitment fees for setting up the loan facilities used to finance the Dematic acquisition.

[15] Taxes

In its role as the parent company of the tax group, KION GROUP AG incurred current tax expenses of €79,358 thousand in 2017 (2016: €23,052 thousand). The use of tax loss carryforwards and interest carryforwards had reduced the tax expenses in 2016.

[16] Employees

The Company employed 195 people as at 31 December 2017 (31 December 2016: 185). The breakdown of the average number of employees is as follows:

	2017	2016
Employees with individually agreed remuneration	140	131
Employees covered by collective pay agreements	50	41
Total employees	190	172

[17] Contingent liabilities

KION GROUP AG had contingent liabilities related to guarantees and indemnities for obligations of affiliated companies amounting to €1,880,370 thousand (31 December 2016: €977,741 thousand). The guarantees and indemnities given to affiliated companies stood at €394,145 thousand and those to banks and insurance companies at €1,486,225 thousand. Of the total amount, €1,441,084 thousand resulted from leasing obligations. The economic position of the affiliated companies in respect of

which the contingent liabilities have been given is positive. The Executive Board therefore believes the probability of their being used is low.

[18] Other financial commitments

The other financial commitments relate to obligations under long-term leases, most of which were entered into in connection with the administrative buildings, office space and car parks.

€ thousand	2017	2016
Minimum lease payments	24,246	1,756
due within one year	1,956	680
due in one to five years	8,644	1,076
due in more than five years	13,646	-

The obligations under long-term leases to affiliated companies amounted to €0 thousand (31 December 2016: €1,756 thousand).

[19] Members of the Executive Board and Supervisory Board

Executive Board members

Gordon Riske

Chief Executive Officer (CEO)

Member of the Executive Board of KION Holding 2 GmbH, Wiesbaden (until 22 June 2017)
Chairman of the Board of Directors of Linde (China) Forklift Truck Co., Ltd., Xiamen, People's Republic of China

Chairman of the Board of Directors of Egemin Group NV, Zwijndrecht, Belgium (until 15 May 2017)

Member of the Executive Board of the non-profit Hertie Foundation, Frankfurt am Main

Non-Executive Director of Weichai Power Co., Ltd., Weifang, People's Republic of China

Dr Eike Böhm

Member of the Executive Board / CTO

Member of the Supervisory Board of e.GO Mobile AG, Aachen

Ching Pong Quek

Member of the Executive Board / Chief Asia Pacific Officer

Member of the Board of KION South Asia Pte Ltd., Singapore, Singapore

President and CEO of KION Asia Ltd., Hong Kong, People's Republic of China

Chairman of KION Baoli Forklift Co., Ltd., Jiangsu, People's Republic of China

Member of the Board of Directors of KION India Pvt. Ltd., Pune, India

Member of the Board of Directors of Linde Material Handling Asia Pacific Pte., Ltd., Singapore, Singapore

Chairman of the Board of Directors of Linde Material Handling Hong Kong Ltd., Hong Kong, People's Republic of China

Dr Thomas Toepfer

Member of the Executive Board / CFO

Member of the Executive Board of KION Holding 2 GmbH, Wiesbaden (until 22 June 2017)
Chairman of the Supervisory Board of STILL GmbH, Hamburg
Chairman of the Supervisory Board of Linde Material Handling GmbH, Aschaffenburg
Chairman of the Board of Directors of KION North America Corp., Summerville, USA
Member of the Board of Directors of Superlift UK Ltd., Basingstoke, United Kingdom

Supervisory Board members

Dr John Feldmann

Chairman of the Supervisory Board

Former member of the Board of Executive Directors of BASF SE, Ludwigshafen
Member of the Supervisory Board of HORNBACH Baumarkt AG, Bornheim
Member of the Supervisory Board of HORNBACH Holding AG & Co. KGaA, Neustadt an der Wein-
strasse
Member of the Supervisory Board of HORNBACH Management AG, Annweiler am Trifels

Özcan Pancarci¹

Deputy Chairman of the Supervisory Board

Chairman of the Plants I and II Works Council, Linde Material Handling GmbH, Aschaffenburg
Chairman of the Group Works Council of the KION Group
Deputy Chairman of the Supervisory Board of Linde Material Handling GmbH, Aschaffenburg

Birgit A. Behrendt

Vice President of Joint Ventures, Alliances and Commercial Affairs at Ford of Europe GmbH, Cologne

Member of the Supervisory Board of Ford Werke GmbH, Cologne
Member of the Board of Directors of Ford Sollers Holding LLC, Chelny, Russia
Member of the Audit Committee of Ford Sollers Holding LLC, Chelny, Russia

Holger Brandt² (until 11 May 2017)

Senior Vice President of the DACH Region at STILL GmbH, Hamburg

Stefan Casper¹ (since 11 May 2017)

Chairman of the Works Council of KION Warehouse Systems GmbH, Reutlingen

Dr Alexander Dibelius

Managing Partner at CVC Capital Partners (Deutschland) GmbH, Frankfurt am Main
Deputy Chairman of the Board of Directors of Breitling S.A., Grenchen, Switzerland
Member of the Board of Directors of CVC Capital Partners (Luxembourg) SARL, Luxembourg
Chairman of the Supervisory Board of Diebold Nixdorf AG, Paderborn
Chairman of the Supervisory Board of Diebold Nixdorf International GmbH, Paderborn
Member of the Board of Directors of Diebold Nixdorf Inc., Ohio, USA
Member of the Supervisory Board of Douglas GmbH, Düsseldorf
Member of the Supervisory Board of Douglas Holding AG, Düsseldorf
Member of the Supervisory Board of Kirk Beauty Investments SA, Luxembourg
Member of the Shareholders' Committee of Tipico Group Ltd., Malta

Joachim Hartig¹ (until 11 May 2017)

Former Organisational Development Advisor at Linde Material Handling GmbH, Aschaffenburg (retired)

Denis Heljic¹

Spokesperson for the STILL branches, Chairman of the European Works Council and Deputy Chairman of the Works Council of STILL GmbH, Dortmund plant

Jiang Kui

President of Shandong Heavy Industry Group Co., Ltd., Jinan, People's Republic of China
Member of the Board of Directors of Ferretti International Holding S.p.A., Milan, Italy
Member of the Board of Directors of Ferretti S.p.A., Milan, Italy
Member of the Executive Board of Hydraulics Drive Technology Beteiligungs GmbH, Aschaffenburg
Member of the Supervisory Board of Linde Hydraulics Verwaltungs GmbH, Aschaffenburg
Member of the Board of Directors of PSI, Delaware, USA
Member of the Board of Directors of Shandong Heavy Industry India Private Ltd., Pune, India
Member of the Board of Directors of Shantui Construction Machinery Co. Ltd. Jining, People's Republic of China
Member of the Board of Directors of Weichai Power Co. Ltd., Weifang, People's Republic of China

Olaf Kunz¹

Head of Collective Bargaining at IG Metall District Office for the Coast, Hamburg
Member of the Supervisory Board of STILL GmbH, Hamburg

Jörg Milla¹

Chairman of the Works Council of STILL GmbH, Hamburg
Deputy Chairman of the Supervisory Board of STILL GmbH, Hamburg

Dr Christina Reuter

Head of Central Manufacturing Engineering & Operational Excellence for Space Equipment Operations at Airbus Defence and Space GmbH, Taufkirchen

Hans Peter Ring

Management Consultant, Munich
Member of the Supervisory Board of Airbus Defence and Space GmbH, Taufkirchen
Member of the Supervisory Board of Fokker Technologies Holding B.V., Papendrecht, Netherlands

Alexandra Schädler¹

Trade Union Secretary on the National Executive of IG Metall, Frankfurt am Main
Member of the Supervisory Board of Linde Material Handling GmbH, Aschaffenburg (since 18 January 2017)

Dr Frank Schepp² (since 11 May 2017)

Vice President of Quality at KION GROUP AG, Frankfurt am Main (based in Aschaffenburg)

Tan Xuguang

Chairman of the Board of Directors and President of Shandong Heavy Industry Group Co., Ltd., Jinan, People's Republic of China
Chairman of the Board of Directors of Shandong Communications Industry Group Holding Co., Ltd., Jinan, People's Republic of China
Chairman of the Board of Directors of Ferretti International Holding S.p.A., Milan, Italy
Chairman of the Board of Directors of Ferretti S.p.A., Milan, Italy
Chairman of the Board of Directors of Weichai Holding Group Co., Ltd., Weifang, People's Republic of China
Chairman of the Board of Directors and Chief Executive Officer of Weichai Power Co., Ltd., Weifang, People's Republic of China

Claudia Wenzel¹

Full-time works council member, HQ and plant 2 at Linde Material Handling GmbH, Aschaffenburg

Xu Ping

Partner and Member of the Management Committee at King & Wood Mallesons, Beijing, People's Republic of China

¹ Employee representatives.

² Executive representatives.

[20] Executive Board and Supervisory Board remuneration

The total remuneration for the members of the Executive Board pursuant to section 285 no. 9a HGB came to €8,942 thousand in 2017 (2016: €9,781 thousand). This consisted of short-term remuneration amounting to €5,055 thousand (2016: €4,978 thousand) and share-based payments of €3,887 thousand (2016: €4,803 thousand). As at 31 December 2017, no loans or advances had been extended to members of the Executive Board.

The fair value of the share-based payments at their individual grant dates amounted to €3,887 thousand (2016: €4,803 thousand).

The total remuneration paid to the members of the Supervisory Board for the year under review (excluding VAT) totalled €1,386 thousand (2016: €1,165 thousand).

There are pension provisions of €3,383 thousand for former members of the Executive Board (2016: €3,120 thousand).

Disclosures regarding the remuneration paid to individual members of the Executive Board and the Supervisory Board can be found in the remuneration report, which forms part of the combined management report of KION GROUP AG.

[21] KEEP employee equity programme

On 1 November 2017, the Executive Board of KION GROUP AG decided to launch a further share option programme for employees (KEEP 2017) in the countries that had been included in the previous year. The period during which eligible employees could take up this offer by making a declaration of acceptance ran from 2 to 22 November 2017. To be eligible to participate in KEEP 2017, employees needed, at the start of the offer phase, to have had a permanent, uninterrupted employment contract with a participating KION Group company for at least one year. Currently, KION GROUP AG plus 17 German (2016: 14) and 60 foreign (2016: 53) subsidiaries are eligible to take part in KEEP. The Company is considering whether to extend the employee equity programme to other countries over the coming years.

The KEEP programme is a share matching plan. Participating employees acquire KION shares for their own investment purposes. Each set of three KION shares represents a share package. Once the three-year holding period has expired, employees are entitled to one free matching share (bonus share) for each share package. However, KION GROUP AG has the right to satisfy each programme participant's entitlement by paying a cash settlement instead of granting a bonus share. For employees taking part for the first time, the KION Group offers a special incentive in the form of starter. Under KEEP 2017, the KION Group will bear the cost of one KION share (free share) in each of the first five share packages that an employee takes up.

The right to obtain a bonus share lapses if participants sell their own investment in KION shares or cease to work for the KION Group. The change in the number of bonus shares to be granted was as follows:

	2017	2016
Balance as at 1 Jan	67,106	53,220
Granted bonus shares	12,098	15,188
Exercised bonus shares	-27,363	-
Forfeited bonus shares	-1,675	-1,302
Balance as at 31 Dec	50,166	67,106

In 2017, 2,545 free shares were issued to employees as part of their starter packages (2016: 2,282 free shares).

The free shares to be issued are measured at their fair value on the day on which employees obtain the right to acquire shares as their own investment. The fair value on the grant date is determined on the basis of Monte Carlo simulation. The following measurement parameters were used:

	KEEP 2017	KEEP 2016	KEEP 2015
Expected dividend yield	€0.88	€0.88	€0.88
Price of the KION share as at grant date	€64.62	€55.02	€41.01

For KEEP 2017, the fair value of a bonus share was €62.02 (KEEP 2016: €52.51; KEEP 2015: €38.57).

The fair value of the bonus shares to be granted is recognised as an expense and paid into capital reserves over the three-year holding period. The holding period for KEEP 2014 ended on 1 October 2017 and the bonus shares were issued to the eligible employees at no cost. In 2017, an expense of €41 thousand was recognised for free shares and bonus shares in connection with the employee equity programme (2016: €35 thousand).

Each year, the Executive Board of KION GROUP AG decides whether there will be an offer made under the share option programme that year and which companies will participate.

[22] KION performance share plan (PSP) for managers

The 2017 tranche of the multiple-year variable remuneration component for the managers in the KION Group (LTI 2017) with a defined period (three years) was granted with effect from 1 January 2017. The remuneration component measured over the long term is based in equal parts on the total shareholder return (TSR) of KION GROUP AG shares compared with the MDAX index (previously the STOXX Europe TMI Industrial Engineering index) as a measure of market performance, and with return on capital employed (ROCE) as an internal measure. It also depends on the performance of KION GROUP AG shares during the relevant period.

The performance period for the 2017 tranche ends on 31 December 2019 (2016 tranche: 31 December 2018). The 2015 tranche expired on 31 December 2017 and will be paid out in the second quarter of 2018.

At the beginning of the performance period on 1 January 2017 (2016 tranche: 1 January 2016; 2015 tranche: 1 January 2015), the managers were allocated a total of 49,947 phantom shares for this tranche (2016 tranche: 44,532 phantom shares; 2015 tranche: 44,205 phantom shares). The allocation was based on a particular percentage of each manager's individual gross annual remuneration at the time of grant. At the end of the performance period, the number of the phantom shares is amended depending on the degree to which the relevant targets are achieved. The resulting final number of phantom shares multiplied by the smoothed price of KION GROUP AG shares at the end of the performance period determines the amount of cash actually paid. KION GROUP AG has the right to adjust the amount payable at the end of the performance period in the event of exceptional occurrences or developments. The maximum amount payable is limited to 200 per cent of the value of the shares allotted to an individual at the grant date.

The pro-rata expense calculation based on the fair value of the phantom shares on each valuation date is carried out using Monte Carlo simulation. The measurement parameters shown in the following table were used to value the phantom shares on the reporting date:

	Tranche 2017	Tranche 2016
Expected volatility of the KION share	25.00%	25.00%
Expected volatility of the MDAX Index	15.00%	-
Expected volatility of the STOXX Europe TMI Industrial Engineering Index	-	10.00%
Risk-free interest rate	-0.68%	-0.78%
Expected dividend yield	€0.88	€0.88
Price of the KION share	€72.71	€72.71
Price of the MDAX Index at valuation date	€26,193.74	-
Price of the STOXX Europe TMI Industrial Engineering Index at valuation date	-	€292.74
Initial value of the KION share (60-day average)	€53.85	€43.54
Initial value of the MDAX Index (60-day average)	€21,178.13	-
Initial value of the STOXX Europe TMI Industrial Engineering Index (60-day average)	-	€209.26

Taking account of the remaining term of two years (2017 tranche) and one year (2016 tranche), the historic volatility of KION shares was used to determine the volatility on which the valuation is based. As at 31 December 2017, the fair value of one virtual share was €67.18 for the 2016 tranche (31 December 2016: €42.86) and €65.60 for the 2017 tranche. On that date, the total fair value based on 45,427 phantom shares was €3,052 thousand (2016 tranche; 31 December 2016: €1,970 thousand) and €2,898 thousand (44,172 phantom shares for the 2017 tranche). The amount of €3,378 thousand that is expected to be paid out for the 2015 tranche (2016: €3,317 thousand for the 2014 tranche) is calculated on the basis of a preliminary total target achievement rate. In April 2017, the first payment from the 2014 tranche was made on the basis of the achievement of the long-term targets that were defined in 2014 at the start of the performance period.

The total carrying amount for liabilities in connection with share-based remuneration was €6,378 thousand as at 31 December 2017 (31 December 2016: €6,043 thousand). Of this amount, €3,378 thousand related to the 2015 tranche (31 December 2016: €2,119 thousand), €2,035 thousand to the 2016 tranche (31 December 2016: €657 thousand) and €966 thousand to the 2017 tranche. In 2016, there had also been an amount of €3,267 thousand relating to the 2014 tranche. In 2017, a pro-rata expense of €1,098 thousand in respect of the 2015 tranche (2016: €1,232 thousand), a pro-rata

expense of €1,247 thousand for the 2016 tranche (2016: €636 thousand) and a pro-rata expense of €874 thousand for the 2017 tranche were recognised for twelve months.

[23] KION performance share plan (PSP) for the Executive Board

The members of the Executive Board have been promised a multiple-year variable remuneration component in the form of a performance share plan with a three-year term in each case. The remuneration component measured over the long term is based in equal parts on the total shareholder return (TSR) of KION GROUP AG shares compared with the performance of the MDAX index (previously the STOXX Europe TMI Industrial Engineering index) as a measure of market performance, and with return on capital employed (ROCE) as an internal measure. It also depends on the performance of KION GROUP AG shares during the relevant period.

The performance period for the 2017 tranche ends on 31 December 2019 (2016 tranche: 31 December 2018). The 2015 tranche expired on 31 December 2017 and will be paid out in the spring of 2018. At the beginning of the performance period on 1 January 2017 (2016 tranche: 1 January 2016; 2015 tranche: 1 January 2015), the Executive Board members were allocated a total of 82,265 phantom shares for this tranche (2016 tranche: 104,438 phantom shares; 2015 tranche: 152,615 phantom shares) on the basis of the starting price of KION shares (60-day average; previously the fair value at the time of grant). The shares were allocated on the basis of an allocation value in euros specified in each Executive Board member's service contract. At the end of the performance period, the number of the phantom shares is amended depending on the degree to which the relevant targets are achieved. The resulting final number of phantom shares multiplied by the smoothed price of KION GROUP AG shares at the end of the performance period determines the amount of cash actually paid. The Supervisory Board can also use a discretionary personal performance factor to adjust the final payment at the end of the performance period by +/- 30 per cent. The maximum amount payable is limited to 200 per cent of the value of the shares allotted to an individual at the grant date.

The measurement parameters shown in the following table were used to value the phantom shares on the reporting date:

	Tranche 2017	Tranche 2016
Expected volatility of the KION share	25.00%	25.00%
Expected volatility of the MDAX Index	15.00%	-
Expected volatility of the STOXX Europe TMI Industrial Engineering Index	-	10.00%
Risk-free interest rate	-0.68%	-0.78%
Expected dividend yield	€0.88	€0.88
Price of the KION share	€72.71	€72.71
Price of the MDAX Index at valuation date	€26,193.74	-
Price of the STOXX Europe TMI Industrial Engineering Index at valuation date	-	€292.74
Initial value of the KION share (60-day average)	€53.85	€43.54
Initial value of the MDAX Index (60-day average)	€21,178.13	-
Initial value of the STOXX Europe TMI Industrial Engineering Index (60-day average)	-	€209.26

Taking account of the remaining term of two years (2017 tranche) and one year (2016 tranche), the historic volatility of KION shares was used to determine the volatility on which the valuation is based. As at 31 December 2017, the fair value of one virtual share was €65.13 for the 2016 tranche (31 December 2016: €42.19) and €65.60 for the 2017 tranche. On that date, the total fair value based on 80,318 phantom shares was €5,231 thousand (2016 tranche; 31 December 2016: €4,406 thousand) and €4,178 thousand (63,695 phantom shares for the 2017 tranche). The amount of €9,517 thousand that is expected to be paid for the 2015 tranche (2016: €9,273 thousand for the 2014 tranche) is calculated on the basis of a preliminary total target achievement rate and is subject to the performance-based adjustment made by the Supervisory Board for individual Executive Board members, which could mean that a marginally lower amount is paid out. In March 2017, a payment from the 2014 tranche was made on the basis of the achievement of the long-term targets that were defined in 2014 at the start of the performance period.

The total carrying amount for liabilities in connection with share-based remuneration was €15,061 thousand as at 31 December 2017 (31 December 2016: €16,858 thousand). Of this amount, €9,517 thousand related to the 2015 tranche (31 December 2016: €5,956 thousand), €3,965 thousand to the 2016 tranche (31 December 2016: €1,629 thousand) and €1,578 thousand to the 2017 tranche. In 2016, there had also been an amount of €9,273 thousand relating to the 2014 tranche. In 2017, a pro-rata expense of €3,562 thousand in respect of the 2015 tranche (2016: €3,792 thousand), a pro-rata expense of €2,336 thousand for the 2016 tranche (2016: €1,629 thousand) and a pro-rata expense of €1,578 thousand for the 2017 tranche were recognised for twelve months.

[24] Membership of a corporate group

KION GROUP AG, Wiesbaden, prepares consolidated financial statements that are published in the German Federal Gazette.

Shandong Heavy Industry Group Co., Ltd., Jinan, People's Republic of China, is the company that prepares the global consolidated financial statements for the largest number of affiliated companies. These consolidated financial statements are not publicly available.

Weichai Power Co., Ltd., Weifang, People's Republic of China, is the company that prepares the global consolidated financial statements for the smallest number of affiliated companies. These are available in English on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the company (www.weichaipower.com).

[25] Total fees paid to the auditors

The total fees paid to the auditors engaged by the Company are not disclosed pursuant to section 285 no. 17 HGB because they are disclosed in the consolidated financial statements of KION GROUP AG, Wiesbaden.

The fees recognised as an expense and paid to the auditors of the consolidated financial statements in 2017 amounted to €2.1 million (2016: €1.8 million) for the audit of the financial statements, €0.1 million (2016: €0.0 million) for other attestation services, €0.0 million (2016: €0.0 million) for tax consultancy services and €0.1 million (2016: €0.1 million) for other services.

[26] Events after the reporting date

In January 2018, the term of the revolving credit facility of €1,150,000 thousand agreed under the SFA was extended by a year, which means KION GROUP AG can now utilise this credit facility until February 2023.

[27] Affiliated companies and equity investments

Pursuant to section 285 no. 11 HGB, shareholdings are disclosed in the list of shareholdings attached to these notes.

[28] Comply-or-explain statement regarding the German Corporate Governance Code (DCGK)

In December 2017, the Executive Board and Supervisory Board of KION GROUP AG submitted their comply-or-explain statement for 2017 relating to the recommendations of the German Corporate Governance Code government commission pursuant to section 161 AktG.

The comply-or-explain statement has been made permanently available to shareholders on the website of KION GROUP AG at http://www.kiongroup.com/de/main/investor_relations/corporate_governance/declaration_of_compliance/declaration.jsp.

[29] Notifications of voting rights pursuant to section 21 (1) WpHG old / section 33 (1) WpHG new

Section 160 (1) no. 8 AktG requires disclosures to be made about the existence of equity investments of which the Company has been notified pursuant to section 21 (1) or (1a) of the German Securities Trading Act in the version in force until 2 January 2018 (WpHG old) and pursuant to section 33 (1) or (1a) of the German Securities Trading Act in the version in force since 3 January 2018 (WpHG new).

The following table shows the notifiable equity investments of which the Company had been notified by 21 February 2018. The disclosures are taken from the notifications that the Company has received.

All notifications about equity investments published by the Company in the reporting year and up to 21 February 2018 are available on the website of KION GROUP AG (http://www.kiongroup.com/de/main/investor_relations/ir_news/voting_rights_announcements/voting_rights.jsp). Please note that the disclosures about the percentages and voting rights relating to equity investments may no longer be up to date.

Notifications of voting rights received in 2017/2018

	Details of the party subject to the notification requirement	Reason for notification	Names of shareholders with 3 per cent or more of the voting rights (if different to the party subject to the notification requirement)	Date on which threshold was crossed	Voting share according to previous notification	New voting share; whether shareholding is higher or lower	Total number of voting rights of issuer	Of which held directly pursuant to section 21 WpHG old / section 33 WpHG new (voting share and voting rights)	Of which attributable pursuant to section 22 WpHG old / section 34 WpHG new (voting share and voting rights)	Complete chain of subsidiaries, starting with the highest-level controlling company (and details of voting rights (%), if disclosed)
1	Pelham Capital Management LLP	—	—	30 September 2014	—	0.00%; lower	—	—	—	—
2	Pelham Capital Ltd	—	Pelham Long / Short Master Fund Ltd	30 September 2014	—	5.33%; higher	—	—	5.33% (5,271,519 voting rights)	—
3	Deutsche Asset Management Investment GmbH	Other reason: change in the issuer's share capital	—	23 May 2017	3.03%	2.77%; lower	118,090,000	—	2.77% (3,270,488 voting rights)	FN 1
4	Mr Ross Turner	Purchase/sale of shares with voting rights	—	17 July 2017	4.95%	2.95%; lower	118,090,000	—	2.95% (3,487,492 voting rights)	Ross Turner (n/a); Pelham Capital Management Limited (n/a) *** Ross Turner (n/a); Pelham Capital Ltd (n/a)
5	Pelham Long / Short Master Fund Ltd	Purchase/sale of shares with voting rights	—	17 July 2017	4.95%	2.95%; lower	118,090,000	2.95% (3,487,492 voting rights)	—	FN 1
6	BlackRock, Inc.	Acquisition/sale of shares with voting rights Other reason: Voluntary group notification with threshold reached only at subsidiary level	—	15 February 2018	3.05%	3.10 %	11,090,000	—	3.10% (3,663,083 voting rights)	FN 2

FN 1	Party subject to the notification requirement is not controlled, nor does it control parties subject to the notification requirement at other companies with notification-relevant voting rights of the issuer.
FN 2	<p>BlackRock, Inc. (n/a); Trident Merger, LLC (n/a); BlackRock Investment Management, LLC (n/a); *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock Holdco 4, LLC (n/a); BlackRock Holdco 6, LLC (n/a); BlackRock Delaware Holdings Inc. (n/a); BlackRock Institutional Trust Company, National Association (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock Holdco 4, LLC (n/a); BlackRock Holdco 6, LLC (n/a); BlackRock Delaware Holdings Inc. (n/a); BlackRock Fund Advisors (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock Capital Holdings, Inc. (n/a); BlackRock Advisors, LLC (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock (Singapore) Holdco Pte. Ltd. (n/a); BlackRock (Singapore) Limited (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock (Singapore) Holdco Pte. Ltd. (n/a); BlackRock Asia-Pac Holdco, LLC (n/a); BlackRock HK Holdco Limited (n/a); BlackRock Asset Management North Asia Limited (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock (Singapore) Holdco Pte. Ltd. (n/a); BlackRock Asia-Pac Holdco, LLC (n/a); BlackRock HK Holdco Limited (n/a); BlackRock Cayco Limited (n/a); BlackRock Trident Holding Company Limited (n/a) BlackRock Japan Holdings GK (n/a); BlackRock Japan Co., Ltd. (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Australia Holdco Pty. Ltd. (n/a); BlackRock Investment Management (Australia) Limited (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Holdco 3, LLC (n/a); BlackRock Canada Holdings LP (n/a); BlackRock Canada Holdings ULC (n/a); BlackRock Asset Management Canada Limited (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Group Limited (n/a); BlackRock Advisors (UK) Limited (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Group Limited (n/a); BlackRock Luxembourg Holdco S.à r.l. (n/a); BlackRock UK Holdco Limited (n/a); BlackRock Asset Management Schweiz AG (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Group Limited (n/a); BlackRock Luxembourg Holdco S.à r.l. (n/a); BlackRock (Luxembourg) S.A. (n/a); BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Group Limited (n/a); BlackRock Luxembourg Holdco S.à r.l. (n/a); BlackRock Investment Management Ireland Holdings Limited (n/a); BlackRock Asset Management Ireland Limited (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock</p>

<p>Group Limited (n/a); BlackRock International Limited (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Group Limited (n/a); BlackRock International Limited (n/a); BlackRock Life Limited (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Group Limited (n/a); BlackRock (Netherlands) B.V. (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Group Limited (n/a); BlackRock Investment Management (UK) Limited (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Group Limited (n/a); BlackRock Investment Management (UK) Limited (n/a); BlackRock Asset Management Deutschland AG (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Group Limited (n/a); BlackRock Investment Management (UK) Limited (n/a); BlackRock Asset Management Deutschland AG (n/a); iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen (n/a) *** BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Group Limited (n/a); BlackRock Investment Management (UK) Limited (n/a); BlackRock Fund Managers Limited (n/a)</p>
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In addition to the aforementioned notifications, we have received other notifications in previous years in accordance with section 21 (1) WpHG, in respect of which we did not receive new notifications up to the reporting date:

Notifications of voting rights received in 2016/2017

	Details of the party subject to the notification requirement	Reason for notification	Names of shareholders with 3 per cent or more of the voting rights (if different to the party subject to the notification requirement)	Date on which threshold was crossed	Voting share according to previous notification	New voting share; whether shareholding is higher or lower	Total number of voting rights of issuer	Of which held directly pursuant to section 21 WpHG old (voting share and voting rights)	Of which attributable pursuant to section 22 WpHG old (voting share and voting rights)	Complete chain of subsidiaries, starting with the highest-level controlling company (and details of voting rights (%), if disclosed)
1	FMR LLC, Wilmington, Delaware, United States of America	Reduction in the number of voting proxies issued	—	20 April 2016	3.00004%	2.95%; lower	98,900,000	—	2.95% (2,920,258 voting rights)	FMR LLC (n/a) Fidelity Management & Research Company (n/a)
2	Allianz Global Investors GmbH, Frankfurt am Main, Germany	Purchase/sale of shares with voting rights	—	15 August 2016	2.998%	3.003%; higher	108,790,000	—	3.003% (3,266,469 voting rights)	Allianz SE (n/a) Allianz Asset Management AG (n/a) Allianz Global Investors GmbH (3.003%)

Notifications of voting rights received in 2015/2016

	Party subject to notification requirement	Date on which shareholding reached, exceeded or fell below the threshold	Notification threshold; whether shareholding was higher or lower	Share and number of voting rights	Of which attributable pursuant to section 22 (1) sentence 1 no. 1 WpHG old	Of which attributable pursuant to section 22 (1) sentence 1 no. 6 WpHG old (if applic. in conjunction with sentence 2)	Of which attributable pursuant to section 22 (2) WpHG old
1	Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, Grand Duchy of Luxembourg	16 February 2015	50%; lower	47.23% (46,712,186 voting rights)	–	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
2	Weichai Power Hong Kong International Development Co., Ltd., Hong Kong, People's Republic of China	16 February 2015	50%; lower	47.23% (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 1	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
3	Weichai Power Co., Ltd., Weifang, Shandong Province, People's Republic of China	16 February 2015	50%; lower	47.23% (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 1	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
4	Weichai Group Holdings Limited, Weifang, Shandong Province, People's Republic of China	16 February 2015	50%; lower	47.23% (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 1	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
5	Shandong Heavy Industry Group Co., Ltd., Jinan, Shandong Province, People's Republic of China	16 February 2015	50%; lower	47.23% (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 1	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
6	People's Republic of China, acting through the State-owned Assets Supervision and Administration Commission (SASAC) of Shandong People's Government of the People's Republic of China, Jinan, Shandong Province, People's Republic of China	16 February 2015	50%; lower	47.23% (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 1	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.

FN 1	Shandong Heavy Industry Group Co., Ltd., Jinan, Shandong Province, People's Republic of China; Weichai Group Holdings Limited, Weifang, Shandong Province, People's Republic of China; Weichai Power Co., Ltd., Weifang, Shandong Province, People's Republic of China; Weichai Power Hong Kong International Development Co., Ltd., Hong Kong, People's Republic of China; Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, Grand Duchy of Luxembourg
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[30] Proposal for the appropriation of profit

The Supervisory Board and the Executive Board propose to the Annual General Meeting to be held on 9 May 2018 that an amount of €116,750 thousand be appropriated from the distributable profit of KION GROUP AG for the 2017 financial year of €168,073 thousand for the payment of a dividend of €0.99 per dividend-bearing share. It is also proposed that a further sum of €51,200 thousand be transferred to other revenue reserves and that €123 thousand be carried forward to the next accounting period.

Frankfurt am Main, 21 February 2018

The Executive Board

Gordon Riske

Dr Eike Böhm

Ching Pong Quek

Dr Thomas Toepfer

Statement of changes in non-current assets for 2017 (annex to the notes to the financial statements)

€ thousand	Gross carrying amount				Balance as at 31.12.2017
	Balance as at 01.01.2017	Additions	Disposals	Reclassi- fications	
Property, plant and equipment					
Land and buildings	0	47	0	0	47
Office furniture and equipment	340	2,151	0	0	2,490
Advances paid and assets under construction	0	780	0	0	780
Total property, plant and equipment	340	2,978	0	0	3,318
Financial assets					
Investments in affiliated companies	4,474,413	1,835,147	2,078,333	0	4,231,227
Total financial assets	4,474,413	1,835,147	2,078,333	0	4,231,227
Total non-current assets	4,474,752	1,838,125	2,078,333	0	4,234,544

€ thousand	Accumulated depreciation and amortisation					Carrying amount	
	Balance as at 01.01.2017	Additions	Disposals	Reclassi- fications	Balance as at 31.12.2017	Balance as at 31.12.2017	Balance as at 31.12.2016
Property, plant and equipment							
Land and buildings	0	1	0	0	1	46	0
Office furniture and equipment	194	241	0	0	435	2,055	145
Advances paid and assets under construction	0	0	0	0	0	780	0
Total property, plant and equipment	194	242	0	0	436	2,882	145
Financial assets							
Investments in affiliated companies	0	0	0	0	0	4,231,227	4,474,413
Total financial assets	0	0	0	0	0	4,231,227	4,474,413
Total non-current assets	194	242	0	0	436	4,234,108	4,474,558

List of shareholdings as at 31 December 2017 (annex to the notes to the financial statements)

Name	Registered office	Country	Share- holding	Equity, local GAAP, €thousand	Profit/loss for the fi- nancial year, local GAAP, €thousand Note
Affiliated companies					
Domestic:					
Comnovo GmbH	Dortmund	Germany	100.00%	-291	-274 [2], [4]
BlackForxx GmbH	Stuhr	Germany	100.00%	757	0 [B]
Dematic GmbH	Heusenstamm	Germany	100.00%	2,178	-17,844
Dematic Logistics GmbH	Bielefeld	Germany	100.00%	-23,570	1,087
Dematic Services GmbH	Heusenstamm	Germany	100.00%	52,935	0 [E]
Eisengiesserei Dinklage GmbH	Dinklage	Germany	100.00%	173	-1,214
Eisenwerk Weilbach GmbH	Wiesbaden	Germany	100.00%	288	0 [A]
Fahrzeugbau GmbH Geisa	Geisa	Germany	100.00%	7,329	0 [B]
Klaus Pahlke Betriebsführungs-GmbH	Haan	Germany	100.00%	51	1 [1]
Klaus Pahlke GmbH & Co. Fördertechnik KG	Haan	Germany	100.00%	18,123	1,696
KION Financial Services GmbH	Wiesbaden	Germany	100.00%	1,558	0 [A]
KION Information Management Services GmbH	Frankfurt am Main	Germany	100.00%	129	0 [F]
KION IoT Systems GmbH	Frankfurt am Main	Germany	100.00%	-	- [4]
KION Warehouse Systems GmbH	Reutlingen	Germany	100.00%	22,670	0 [B]
Linde Material Handling GmbH	Aschaffenburg	Germany	100.00%	461,786	0 [F]
Linde Material Handling Rental Services GmbH	Aschaffenburg	Germany	100.00%	-	- [4]
LMH Immobilien GmbH & Co. KG	Aschaffenburg	Germany	99.64%	29,412	1,050

LMH Immobilien Holding GmbH & Co. KG	Aschaffenburg	Germany	94.00%	1,702	1,675
LMH Immobilien Holding Verwaltungs-GmbH	Aschaffenburg	Germany	100.00%	33	0
LMH Immobilien Verwaltungs-GmbH	Aschaffenburg	Germany	100.00%	33	0
LR Intralogistik GmbH	Wörth a. d. Isar	Germany	100.00%	1,649	0 [B]
OM Deutschland GmbH	Neuhausen a. d. Fildern	Germany	100.00%	-2,803	-202 [R]
proplan Transport- und Lagersysteme GmbH	Aschaffenburg	Germany	100.00%	573	0 [F]
Schrader Industriefahrzeuge GmbH & Co. KG	Essen	Germany	100.00%	2,322	1,475
Schrader Industriefahrzeuge Verwaltung GmbH	Essen	Germany	100.00%	93	4 [1]
STILL Financial Services GmbH	Hamburg	Germany	100.00%	1,533	0 [C]
STILL Gesellschaft mit beschränkter Haftung	Hamburg	Germany	100.00%	206,250	0 [A]
Trainingscenter für Sicherheit und Transport GmbH	Bremen	Germany	74.00%	25	0 [1], [D]
Urban-Transporte Gesellschaft mit beschränkter Haftung	Unterschleissheim	Germany	100.00%	3,181	0 [A]
Willenbrock Fördertechnik Beteiligungs-GmbH	Bremen	Germany	74.00%	35	1 [1]
Willenbrock Fördertechnik Beteiligungs-GmbH	Hannover	Germany	74.00%	44	1 [1]
Willenbrock Fördertechnik GmbH & Co. KG	Bremen	Germany	74.00%	7,460	3,860
Willenbrock Fördertechnik GmbH & Co. KG	Hannover	Germany	74.00%	5,951	3,551
Willenbrock Fördertechnik Holding GmbH	Bremen	Germany	74.00%	6,712	-1,288
Foreign:					
Dematic Holdings Pty. Ltd.	Belrose	Australia	100.00%	621	-592
Dematic Pty. Ltd.	Belrose	Australia	100.00%	60,696	8,236
Lansing Bagnall (Aust.) Pty. Ltd.	Huntingwood	Australia	100.00%	1,767	0 [1], [R]
Linde Material Handling Pty. Ltd.	Huntingwood	Australia	100.00%	34,789	-785
NDC Automation Pty. Ltd.	Belrose	Australia	100.00%	420	0 [3], [R]
NDC Manage Pty. Ltd.	Belrose	Australia	100.00%	87	0 [3], [R]
Dematic NV (formerly: Egemin Group NV)	Zwijndrecht	Belgium	100.00%	108,095	39,227

STILL NV	Wijnegem	Belgium	100.00%	5,977	1,974
Dematic Sistemas e Equipamentos de Movimentação de Materiais Ltda.	São Paulo	Brazil	100.00%	34	-2,210
KION South America Fabricação de Equipamentos para Armazenagem Ltda.	Indaiatuba / São Paulo	Brazil	100.00%	20,218	1,612
Dematic Logistics de Chile Ltda.	Santiago de Chile	Chile	100.00%	197	-208
STILL DANMARK A/S	Kolding	Denmark	100.00%	10,131	1,235
Baoli France SAS	Elancourt	France	100.00%	-452	-98 [1]
BARTHELEMY MANUTENTION SAS	Vitrolles	France	82.00%	4,468	2,430
Bastide Manutention SAS	Bruguières	France	100.00%	6,600	1,914
Bretagne Manutention SAS (formerly: Bretagne Manutention S.A.)	Pacé	France	100.00%	27,374	5,659
Dematic SAS	Bussy-Saint-Georges	France	100.00%	2,048	-6,518
FENWICK FINANCIAL SERVICES SAS	Elancourt	France	100.00%	1,625	-97
FENWICK-LINDE OPERATIONS SAS	Cenon sur Vienne	France	100.00%	-	- [4]
FENWICK-LINDE SAS (formerly: FENWICK-LINDE S.A.R.L.)	Elancourt	France	100.00%	251,074	44,861
KION France SERVICES SAS	Elancourt	France	100.00%	306,880	32,187
LOIRE OCEAN MANUTENTION SAS	Saint-Herblain	France	74.04%	5,601	2,657
Manuchar SAS (formerly: Manuchar S.A.)	Gond Pontouvre	France	100.00%	3,327	1,410
MANUSOM SAS	Rivery	France	100.00%	971	243
Société Angoumoisine de Manutention (SAMA) SAS	Champniers	France	100.00%	13,769	448
SCI Champ Lagarde	Elancourt	France	100.00%	104	0 [1]
SM Rental SAS	Roissy Charles de Gaulle	France	100.00%	1,929	861
STILL Location Services SAS	Marne la Vallée	France	100.00%	1,438	170
STILL SAS	Marne la Vallée	France	100.00%	29,688	5,141
URBAN LOGISTIQUE SAS	Elancourt	France	100.00%	3,109	856

Castle Lift Trucks Ltd.	Basingstoke	U.K.	100.00%	827	0 [1], [R]
Creighton Materials Handling Ltd.	Basingstoke	U.K.	100.00%	531	0 [1], [R]
D.B.S. Brand Factors Ltd.	Basingstoke	U.K.	100.00%	0	0 [1], [R]
Dematic Ltd.	Banbury	U.K.	100.00%	18,780	4,727
Dematic Group Ltd.	Banbury	U.K.	100.00%	727,636	-21,267
Dematic Holdings UK Ltd.	Banbury	U.K.	100.00%	77,422	0
Dematic Services Ltd.	Banbury	U.K.	100.00%	1,126,422	0
Egemin UK Ltd.	Huntingdon	U.K.	100.00%	1,786	185
Fork Truck Rentals Ltd.	Basingstoke	U.K.	100.00%	234	0 [1], [R]
Fork Truck Training Ltd.	Basingstoke	U.K.	100.00%	0	0 [1], [R]
FSU Investments Ltd.	Banbury	U.K.	100.00%	4	0 [3], [R]
KION FINANCIAL SERVICES Ltd.	Basingstoke	U.K.	100.00%	7,803	1,084
Lancashire (Fork Truck) Services Ltd.	Basingstoke	U.K.	100.00%	0	0 [1], [R]
Linde Castle Ltd.	Basingstoke	U.K.	100.00%	8,559	688
Linde Creighton Ltd.	Basingstoke	U.K.	100.00%	21,838	2,281
Linde Heavy Truck Division Ltd.	Basingstoke	U.K.	100.00%	2,061	3,511
Linde Holdings Ltd.	Basingstoke	U.K.	100.00%	132,505	-4,101
Linde Jewsbury's Ltd.	Basingstoke	U.K.	100.00%	15,049	1,705
Linde Material Handling (UK) Ltd.	Basingstoke	U.K.	100.00%	34,080	-12,528
Linde Material Handling East Ltd.	Basingstoke	U.K.	100.00%	3,649	495
Linde Material Handling Scotland Ltd.	Basingstoke	U.K.	100.00%	10,587	987
Linde Material Handling South East Ltd.	Basingstoke	U.K.	100.00%	4,491	809
Linde Severnside Ltd.	Basingstoke	U.K.	100.00%	10,031	645
Linde Sterling Ltd.	Basingstoke	U.K.	100.00%	14,774	1,613
McLEMAN FORK LIFT SERVICES LTD.	Basingstoke	U.K.	100.00%	2,382	585

Mirror Bidco Ltd.	Banbury	U.K.	100.00%	391,211	43,426
Reddwerks Ltd.	Banbury	U.K.	100.00%	-166	-34 [1], [R]
SDI Group Ltd.	Banbury	U.K.	100.00%	7	0 [3], [R]
SDI Group UK Ltd.	Banbury	U.K.	100.00%	-3	0 [3], [R]
Stephensons Enterprise Fork Trucks Ltd.	Basingstoke	U.K.	100.00%	0	0 [1], [R]
Sterling Mechanical Handling Ltd.	Basingstoke	U.K.	100.00%	1,211	0 [1], [R]
STILL Materials Handling Ltd.	Exeter	U.K.	100.00%	-24,910	418
Superlift UK Ltd.	Basingstoke	U.K.	100.00%	60,120	-4,330
Trifik Services Ltd.	Basingstoke	U.K.	100.00%	12	0 [1], [R]
Urban Logistics (UK) Ltd.	Basingstoke	U.K.	100.00%	513	-88 [1]
KION India Pvt. Ltd.	Pune	India	100.00%	9,413	723
Handling & Storage Equipment (Ireland) Ltd.	Walkinstown	Ireland	100.00%	0	0 [3], [R]
Linde Material Handling (Ireland) Ltd.	Walkinstown	Ireland	100.00%	-914	-102
Baoli EMEA S.p.A. (formerly: STILL ITALIA S.p.A.)	Lainate	Italy	100.00%	7,556	1,228
Carest SRL	Lainate	Italy	100.00%	7	-1 [1], [R]
COMMERCIALE CARRELLI S.r.l.	Lainate	Italy	100.00%	309	-10 [1], [R]
Dematic S.r.l.	Cernusco sul Naviglio	Italy	100.00%	4,740	-802 [3]
Emhilia Material Handling S.p.A.	Modena	Italy	100.00%	8,018	329
KION Rental Services S.p.A.	Milan	Italy	100.00%	12,895	1,233
Linde Material Handling Italia S.p.A.	Buguggiate	Italy	100.00%	15,860	2,072
OM Carrelli Elevatori S.p.A.	Lainate	Italy	100.00%	96,494	21,510
QUALIFT S.p.A.	Verona	Italy	100.00%	1,164	180
URBAN LOGISTICA S.R.L.	Lainate	Italy	100.00%	2,532	985 [1]
Dematic Ltd.	Mississauga	Canada	100.00%	13,248	8,953
WHO Real Estate UAB	Vilnius	Lithuania	74.00%	-34	-1 [1]

Dematic Group S.à r.l.	Senningerberg	Luxembourg	100.00%	164,033	5,673
Dematic Holding S.à r.l.	Senningerberg	Luxembourg	100.00%	327,560	44
DH Services Luxembourg Holding S.à r.l.	Senningerberg	Luxembourg	100.00%	1,043,236	2,729
DH Services Luxembourg S.à r.l.	Senningerberg	Luxembourg	100.00%	1,040,277	74,436
Dematic (Malaysia) Sdn. Bhd.	Shah Alam	Malaysia	100.00%	3,188	17
Linde Material Handling (Malaysia) Sdn. Bhd.	Petaling Jaya	Malaysia	100.00%	-32	-440 [1]
Dematic Logistics de Mexico S. de R.L. de C.V.	Monterrey	Mexico	100.00%	423	59
DMTC Technology Services, S. de R.L. de C.V.	Monterrey	Mexico	100.00%	2,706	6,877
Dematic Trading de Mexico S. de R.L. de C.V.	Mexico City	Mexico	100.00%	-9,027	-3,688
Dematic B.V. (formerly: Egemin Handling Automation B.V.)	Gorinchem	Netherlands	100.00%	1,099	-155
STILL Intern Transport B.V.	Hendrik Ido Ambacht	Netherlands	100.00%	16,273	4,536
STILL Norge AS	Heimdal	Norway	100.00%	-2,290	160
AUSTRO OM PIMESPO Fördertechnik GmbH	Linz	Austria	100.00%	12,353	1,388
Linde Material Handling Austria GmbH (formerly: Linde Fördertechnik GmbH)	Linz	Austria	100.00%	9,248	2,717
STILL Gesellschaft m.b.H.	Wiener Neudorf	Austria	100.00%	4,119	505
Dematic Poland Sp. z o.o.	Poznań	Poland	100.00%	22	-17
Linde Material Handling Polska Sp. z o.o.	Warsaw	Poland	100.00%	20,949	4,660
STILL POLSKA Sp. z o.o.	Gadki	Poland	100.00%	17,629	5,006
STILL MATERIAL HANDLING ROMANIA SRL	Giurgiu	Romania	100.00%	2,969	1,153
OOO "Linde Material Handling Rus"	Moscow	Russia	100.00%	3,135	-1,348
OOO "STILL Forklifttrucks"	Moscow	Russia	100.00%	4,037	-56
Linde Material Handling AB	Örebro	Sweden	100.00%	35,054	12,599
Linde Material Handling Financial Services AB	Örebro	Sweden	100.00%	517	9 [4]
Nordtruck AB	Örnsköldsvik	Sweden	100.00%	918	592
STILL Sverige AB	Malmö	Sweden	100.00%	2,396	497

Dematic Suisse Sagl	Lugano	Switzerland	100.00%	-16	-26
Linde Material Handling Schweiz AG	Dietlikon	Switzerland	100.00%	5,281	278
STILL AG	Otelfingen	Switzerland	100.00%	5,780	1,676
Linde Viljuškari d.o.o.	Vrčin	Serbia	100.00%	130	67
Dematic S.E.A. Pte. Ltd.	Singapore	Singapore	100.00%	5,401	1,825
KION South Asia Pte. Ltd.	Singapore	Singapore	100.00%	256	170
Linde Material Handling Asia Pacific Pte. Ltd.	Singapore	Singapore	100.00%	33,435	1,274
Linde Material Handling Slovenská republika s.r.o.	Trenčín	Slovakia	100.00%	3,041	685
STILL SR, spol. s.r.o.	Nitra	Slovakia	100.00%	1,979	830
Linde Viličar d.o.o.	Celje	Slovenia	100.00%	1,817	296
Dematic Logistic Systems S.A.U.	Coslada	Spain	100.00%	18,174	10,644
IBER-MICAR S.L.	Gavà	Spain	100.00%	5,729	954
Islavista Spain S.A.U.	L'Hospitalet de Llobregat	Spain	100.00%	32,336	-1,214
KION Rental Services S.A.U.	Barcelona	Spain	100.00%	7,438	972
Linde Material Handling Ibérica, S.A.U.	Pallejá	Spain	100.00%	85,544	5,390
STILL, S.A.U.	L'Hospitalet de Llobregat	Spain	100.00%	16,291	1,716
Linde Material Handling (Pty) Ltd.	Linbro Park	South Africa	100.00%	10,924	2,208
Dematic Thailand Co. Ltd.	Bangkok	Thailand	73.89%	51	0
Linde Material Handling (Thailand) Co., Ltd.	Pathum Thani	Thailand	100.00%	1,905	-103 [1]
Baoli Material Handling Europe s.r.o.	Prague	Czech Republic	100.00%	83	237 [1]
KION Supply Chain Solutions Czech, s.r.o.	Český Krumlov	Czech Republic	100.00%	2,107	-1,206
Linde Material Handling Česká republika s.r.o.	Prague	Czech Republic	100.00%	9,254	4,550
Linde Material Handling Parts Distribution CZ s.r.o.	Český Krumlov	Czech Republic	100.00%	2,077	507
Linde Pohony s.r.o.	Český Krumlov	Czech Republic	100.00%	34,455	18,648
Použitý Vozík CZ, s.r.o.	Prague	Czech Republic	100.00%	-53	13

STILL ČR spol. s.r.o.	Prague	Czech Republic	100.00%	7,840	4,413
STILL Regional Service Center, s.r.o.	Prague	Czech Republic	100.00%	441	-131 [4]
Urban Transporte spol. s.r.o.	Moravany	Czech Republic	100.00%	1,209	292 [1]
STILL ARSER İş Makineleri Servis ve Ticaret A.Ş.	Izmir	Turkey	51.00%	-22,216	-11,715
TOV "Linde Material Handling Ukraine"	Kiev	Ukraine	100.00%	303	42
Linde Magyarország Anyagmozgatási Kft.	Dunaharaszti	Hungary	100.00%	2,252	699
STILL Kft.	Környe	Hungary	100.00%	2,808	1,095
Dematic Corp.	Grand Rapids	United States	100.00%	37,526	85,516
KION North America Corp.	Summerville	United States	100.00%	53,984	-6,528
Dematic International Trading Ltd.	Shanghai	People's Republic of China	100.00%	-21,565	-1,208
Dematic Logistics Systems Ltd.	Suzhou	People's Republic of China	100.00%	11,005	172
Egemin Asia Pacific Automation Ltd.	Hong Kong	People's Republic of China	100.00%	-19	-27
Egemin (Shanghai) Trading Company Ltd.	Shanghai	People's Republic of China	100.00%	16	-669
KION ASIA (HONG KONG) Ltd.	Hong Kong	People's Republic of China	100.00%	13,135	-13,998
KION Baoli (Jiangsu) Forklift Co., Ltd.	Jiangjiang	People's Republic of China	100.00%	46,448	5,866
Linde Material Handling Hong Kong Ltd.	Hong Kong	People's Republic of China	100.00%	2,343	780
Linde (China) Forklift Truck Corporation Ltd.	Xiamen	People's Republic of China	100.00%	212,028	53,017

Equity investments

Domestic:

Carl Beuthauser Kommunal- und Fördertechnik GmbH & Co. KG	Hagelstadt	Germany	25.00%	17,920	3,766	[1]
Hans Joachim Jetschke Industriefahrzeuge (GmbH & Co.) KG	Hamburg	Germany	21.00%	4,811	2,711	[1]

JETSCHKE GmbH	Hamburg	Germany	21.00%	84	4 [1]	
Linde Leasing GmbH	Wiesbaden	Germany	45.00%	54,247	6,136 [1]	
Linde Hydraulics GmbH & Co. KG	Aschaffenburg	Germany	10.00%	206,792	-26,516 [1]	
Linde Hydraulics Verwaltungs GmbH	Aschaffenburg	Germany	10.00%	33	1	
MV Fördertechnik GmbH	Blankenhain	Germany	25.00%	1,752	351 [3]	
Pelzer Fördertechnik GmbH	Kerpen	Germany	24.96%	22,168	996 [1]	
Supralift Beteiligungs- und Kommunikationsgesellschaft mbH	Hofheim am Taunus	Germany	50.00%	19	0 [1]	
Supralift GmbH & Co. KG	Hofheim am Taunus	Germany	50.00%	602	-163 [1]	
Foreign:						
Linde High Lift Chile S.A.	Santiago de Chile	Chile	45.00%	30,092	2,663 [1]	
Balyo SA	Moissy-Cramayel	France	6.48%	-1,521	-5,933 [1]	
Labrosse Equipement SAS (formerly: Labrosse Equipement S.A.)	Saint-Péray	France	34.00%	7,974	1,901	[2]
Normandie Manutention SAS (formerly: Normandie Manutention S.A.)	Saint-Etienne du Rouvray	France	34.00%	26,603	6,534	[1]
Chadwick Materials Handling Ltd.	Corsham	U.K.	48.00%	1,283	120 [1]	
Bari Servizi Industriali S.C.A R.L.	Modugno	Italy	25.00%	23	0 [1]	
TPZ Linde Viličari Hrvatska d.o.o.	Zagreb	Croatia	20.00%	858	145 [1]	
Carretillas Elevadoras Sudeste S.A.	Murcia	Spain	38.54%	6,293	1,079	
Dematic Holding (Thailand) Co., Ltd.	Bangkok	Thailand	48.90%	3	0	
JULI Motorenwerk s.r.o.	Moravany	Czech Republic	50.00%	29,173	11,091 [1]	
Motorové závody JULI CZ s.r.o.	Moravany	Czech Republic	50.00%	0	0 [1]	
DEMATIC ELECTROMECHANICAL SYSTEMS MIDDLE EAST L.L.C	Dubai	United Arab Emirates	49.00%	-373	-323	

[1] Financial figures as of 31 December 2016

[2] Financial figures as of 30 June 2017

[3] Last provided financial statement

[4] New during 2017

[A] Profit and loss transfer agreement with Linde Material Handling GmbH

[B] Profit and loss transfer agreement with STILL Gesellschaft mit beschränkter Haftung

[C] Profit and loss transfer agreement with KION Financial Services GmbH

[D] Profit and loss transfer agreement with Willenbrock Fördertechnik Holding GmbH

[E] Profit and loss transfer agreement with Dematic GmbH

[F] Profit and loss transfer agreement with KION GROUP AG

[R] Dormant company

INDEPENDENT AUDITORS' REPORT

To KION GROUP AG, Wiesbaden/Germany

REPORT ON THE AUDIT OF THE [ANNUAL] FINANCIAL STATEMENTS AND COMBINED MANAGEMENT REPORT

Audit opinions

We have audited the [annual] financial statements of KION GROUP AG, Wiesbaden/Germany, – which comprise the balance sheet as at 31 December 2017, the income statement for the business year from 1 January to 31 December 2017 as well as the notes to the [annual] financial statements, including the accounting and measurement methods presented therein. In addition, we have audited the combined management report on the Company and the Group of KION GROUP AG, Wiesbaden/Germany, for the business year from 1 January to 31 December 2017. In conformity with German legal regulations we have not audited the parts of the combined management report specified in the Chapter “Other information” of our independent auditors’ report with regard to their content.

In our opinion, based on our knowledge obtained during the audit

- the accompanying [annual] financial statements comply with the requirements of German commercial law applicable to corporations in all material respects and give a true and fair view of the net assets and financial position of the Company in accordance with German principles of proper accounting as at 31 December 2017 as well as its results of operations for the business year from 1 January to 31 December 2017 in accordance with these requirements and
- the accompanying combined management report as a whole provides a suitable view of the Company's position. In all material respects, this combined management report is consistent with the [annual] financial statements, complies with the German statutory requirements and suitably presents the opportunities and risks of future development. Our audit opinion on the combined management report does not extend to the content of the parts of the combined management report detailed in the Chapter “Other information”.

Pursuant to Sec. 322 (3) Sentence 1 of the German Commercial Code (HGB), we state that our audit has not led to any reservations with respect to the propriety of the [annual] financial statements and the combined management report.

Basis for audit opinions

We conducted our audit of the [annual] financial statements and combined management report in accordance with Sec. 317 of the German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014, hereinafter “EU Audit Regulation”), and German generally accepted standards for the audit of consolidated financial statements promulgated by the Institute of Public Auditors in Germany [Institut der Wirtschaftsprüfer] (IDW). Our responsibilities under these requirements and principles are further described in the Chapter “Auditors’ responsibility for the audit of the [annual]

financial statements and the combined management report” of our independent auditors’ report. We are independent of the Company in accordance with German commercial law and rules of professional conduct and we have fulfilled our other ethical responsibilities applicable in Germany in accordance with these requirements. In addition, pursuant to Art. 10 (2) Lit. f) of the EU Audit Regulation, we declare that we have not provided any prohibited non-audit services pursuant to Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the [annual] financial statements and the combined management report.

Key audit matters in the audit of the [annual] financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the [annual] financial statements for the business year from 1 January to 31 December 2017. These matters were addressed in the context of our audit of the [annual] financial statements as a whole and in forming our audit opinion thereon but we do not provide a separate opinion on these matters.

In the following, we present the key audit matter in our view:

Recoverability of the shares in affiliated companies

Our presentation of this key audit matter has been structured as follows:

- a. Description (including reference to corresponding information within the [annual] financial statements)
- b. Auditors’ response.

Recoverability of the shares in affiliated companies

- a. As at 31 December 2017, the book value of the shares in affiliated companies in the [annual] financial statements amounts to mEUR 4,231.2 (55.4 % of total assets) and relates to the shares in DH Services Luxembourg Holding S.à r.l., Luxembourg/Luxembourg, proplan Transport- und Lagersysteme GmbH, Aschaffenburg/Germany, KION IoT Systems GmbH, Frankfurt am Main/Germany, as well as the shares in Linde Material Handling GmbH, Aschaffenburg/Germany, and KION Information Management Services GmbH, Frankfurt am Main/Germany. The shares in affiliated companies are tested annually for permanent impairment and, thus, for any need for a write-down to the lower fair value.

Due to the major significance of the shares in affiliated companies within the [annual] financial statements as well as due to the recoverability of these shares to be estimated by the legal representatives of the Company, this matter was of great significance in the scope of our audit.

The Company’s information about the shares in affiliated companies is provided in Notes [1] and [2] in the notes to the financial statements.

b. As part of our audit of permanent impairment of the shares in affiliated companies, we obtained an understanding of the approach applied by the legal representatives as part of their impairment test. To this end, we used the information obtained during our audit of the financial statements of these affiliated companies. In this context, we determined the expected future cash flows based on the operative budget (2018) adopted by the Supervisory Board and on the medium-term budget (2019 to 2020) approved by the legal representatives, and audited the budget, including the projection until perpetuity that is based on the budget, as well as perpetuity itself by using general and industry-specific market expectations. For this purpose, we have taken into account the adherence to the budget planning related to the individual affiliated companies. In addition, we audited the applied country-specific discount rates (weighted average cost of capital - WAAC) based on the corresponding market situation and for this purpose also consulted internal valuation specialists.

Due to the great significance of the shares in affiliated companies in the [annual] financial statements, we finally conducted sensitivity analyses with regard to both the growth expectations of the future cash flows from the affiliated companies and the applied discount rates.

Other information

The legal representatives are responsible for the other information. The other information comprises:

- the statements on business management specified in the "Corporate Governance Report" within the combined management report and
- the assurance pursuant to Sec. 264 (2) Sentence 3 German Commercial Code (HGB) to the [annual] financial statements and assurance pursuant to Sec. 289 (1) Sentence 5 German Commercial Code (HGB) to the combined management report.

Our audit opinions on the [annual] financial statements and the combined management report do not extend to cover the other information, and accordingly we do not issue an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to consider whether the other information

- is materially inconsistent with the [annual] financial statements, the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be substantially misstated.

Responsibilities of the legal representatives and the Supervisory Board for the [annual] financial statements and the combined management report

The legal representatives are responsible for the preparation of the [annual] financial statements, which – in all material respects – comply with the requirements of German commercial law applicable to corporations, so that the [annual] financial statements in accordance with German principles of proper accounting give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with these requirements. In addition, the legal representatives

are responsible for the internal controls they have identified as necessary in accordance with the German generally accepted accounting standards in order to enable the preparation of [annual] financial statements that are free from material misstatements, whether intentional or unintentional.

In preparing the [annual] financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. Furthermore, they have the responsibility to disclose matters related to going concern, as applicable. In addition, they are responsible for using the going concern basis of accounting, unless this conflicts with legal and actual circumstances.

In addition, the legal representatives are responsible for the preparation of the combined management report, which as a whole provides a suitable view of the Company's position, is consistent with the [annual] financial statements in all material respects, complies with German legal regulations and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for such arrangements and measures (systems) which they have deemed necessary in order to enable the preparation of a combined management report in accordance with the German commercial law to be applied and to furnish sufficient and appropriate evidence for the statements in the combined management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the [annual] financial statements and the combined management report.

Auditors' responsibility for the audit of the [annual] financial statements and the combined management report

Our objectives are to obtain reasonable assurance about whether the [annual] financial statements as a whole are free from material misstatements, whether intentional or unintentional, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the findings of the audit, is in accordance with German legal regulations, and appropriately presents the opportunities and risks of future development, as well as to issue an independent auditors' report that includes our opinions on the [annual] financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 of the German Commercial Code (HGB) and the EU Audit Regulation and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these [annual] financial statements and the combined management report.

As part of an audit, we exercise professional judgement and maintain professional scepticism. We also

- identify and assess the risks of material misstatements in the [annual] financial statements and in the combined management report, whether intentional or unintentional, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the [annual] financial statements and the arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of accounting estimates and related disclosures made by the legal representatives.
- conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in our independent auditors' report to the related disclosures in the [consolidated] financial statements and combined management report, or, if such disclosures are inadequate, to modify our corresponding opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the [annual] financial statements, including the disclosures and whether the [annual] financial statements represent the underlying transactions and events in a manner that the [annual] financial statements give a true and fair view of the net assets and financial position as well as the results of operations of the Company in accordance with German principles of proper accounting.
- evaluate the consistency of the combined management report with the [annual] financial statements, its legal consistency and the view provided of the Company's position.
- perform audit procedures on the forward-looking information presented by the legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence, we particularly evaluate the significant assumptions underlying the forward-looking information by the legal representatives and evaluate the correct derivation of forward-looking information from these assumptions. We do not issue an independent opinion on the forward-looking information or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking information.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control, which we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the [annual] financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our independent auditors' report on the [annual] financial statements unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Other information pursuant to Art. 10 EU Audit Regulation

We were appointed by the annual general meeting on 11 May 2017 to audit the [annual] financial statements. We were engaged by the Supervisory Board on 16 May 2017 and 20/27 November 2017. We have been engaged continuously as the auditor of the financial statements of KION GROUP AG, Wiesbaden/Germany, which was named KION 1 Holding GmbH until 12 June 2013, since the business year 2007. Since the financial year 2013, the Company has been a public interest entity within the meaning of Sec. 319a (1) Sentence 1 German Commercial Code (HGB).

We confirm that the audit opinions contained in this independent auditors' report are consistent with the additional report to the audit committee pursuant to Art. 11 EU Audit Regulation ("Prüfungsbericht").

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Kirsten Gräbner-Vogel.

Frankfurt am Main/Germany, 21 February 2018

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

signed
Crampton
Wirtschaftsprüfer
[German Public Auditor]

signed
Gräbner-Vogel
Wirtschaftsprüferin
[German Public Auditor]

Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles for financial reporting, the annual financial statements give a true and fair view of the financial position and financial performance of the Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Frankfurt am Main, 21 February 2018

The Executive Board

Gordon Riske

Dr Eike Böhm

Ching Pong Quek

Dr Thomas Toepfer