



# FINANCIAL STATEMENTS 2018

**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 2018

### Assets

€ thousand	Notes	31.12.2018	31.12.2017
<b>A. Non-current assets</b>	[3]		
I. Intangible assets		1	0
II. Property, plant and equipment		3.317	2.882
III. Financial assets		4.231.227	4.231.227
		<b>4.234.544</b>	<b>4.234.108</b>
<b>B. Current assets</b>			
I. Receivables and other assets	[4]		
1. Receivables from affiliated companies		3.303.674	3.379.656
2. Receivables from other long-term investees and investors		227	235
3. Other assets		17.745	9.367
		<b>3.321.646</b>	<b>3.389.258</b>
II. Cash on hand and credit balances with banks		18.323	20.515
<b>Total Assets</b>		<b>7.574.514</b>	<b>7.643.881</b>

## Statement of financial position as at 31 December 2018

### Equity and liabilities

€ thousand	Notes	31.12.2018	31.12.2017
<b>A. Equity</b>	[5]		
I. Subscribed capital		118.090	118.090
Treasury shares		-166	-161
Issued capital		<u>117.924</u>	<u>117.929</u>
II. Capital reserves		3.057.214	3.058.111
III. Other revenue reserves		494.803	348.803
IV. Distributable profit		<u>141.669</u>	<u>168.073</u>
		<b>3.811.611</b>	<b>3.692.916</b>
<b>B. Provisions</b>			
1. Retirement benefit obligation	[6]	39.328	32.138
2. Tax provisions		23.217	27.574
3. Other provisions	[7]	<u>22.885</u>	<u>35.683</u>
		<b>85.430</b>	<b>95.395</b>
<b>C. Liabilities to affiliated companies</b>	[8]		
1. Liabilities to banks		1.978.717	2.214.815
2. Trade payables		4.873	6.935
3. Liabilities to affiliated companies		1.690.949	1.622.661
4. Liabilities to other long-term investees and investors		60	60
5. Other liabilities		2.875	11.098
<i>thereof taxes € thousand 941 (2017: € thousand 10.450)</i>			
<i>thereof relating to social security € thousand 242</i>			
<i>(2017: € thousand 258)</i>			
		<u>3.677.473</u>	<u>3.855.569</u>
<b>Total equity and liabilities</b>		<b>7.574.514</b>	<b>7.643.881</b>

## Income Statement for the year ended 31 December 2018

€ thousand	Notes	2018	2017
1. Revenue	[9]	30.463	24.285
2. Other operating income	[10]	33.463	22.363
3. Cost of materials for purchased services	[11]	-720	-513
4. Personnel expenses	[12]	-37.503	-42.400
a) Wages and salaries		-32.583	-37.708
b) Social security contributions and expenses for pensions and other employee benefits <i>thereof for pensions € thousand -2.177</i> <i>(2017: € thousand -2.303)</i>		-4.920	-4.693
5. Depreciation, amortisation and impairment of property, plant and equipment and non-current intangible assets		-446	-242
6. Other operating expenses	[13]	-80.165	-68.305
7. Income from profit-transfer agreements	[14]	343.448	500.975
8. Expenses from the transfer of losses	[14]	-3.449	-1.112
9. Other interest and similar income <i>thereof from affiliated companies € thousand 59.273</i> <i>(2017: € thousand 28.158)</i>		61.646	28.635
10. Interest expense and similar charges <i>thereof to affiliated companies € thousand -9.850</i> <i>(2017: € thousand -2.493)</i>	[15]	-54.898	-48.841
11. Income taxes	[16]	-55.493	-79.358
<b>12. Net profit for the year</b>		<b>236.346</b>	<b>335.487</b>
€ thousand		<b>2018</b>	<b>2017</b>
<b>Appropriation of profit</b>			
Net profit for the year		236.346	335.487
Profits brought forward		123	86
Withdrawals from other revenue reserves		0	0
Allocation to other revenue reserves		-94.800	-167.500
<b>Distributable profit</b>		<b>141.669</b>	<b>168.073</b>

## Notes to the financial statements of KION GROUP AG for the year ended 31 December 2018

### Basis of preparation

#### [1] General information on the Company

KION GROUP AG, whose registered office is at Thea-Rasche-Strasse 8, 60549 Frankfurt am Main, is entered in the commercial register at the Frankfurt am Main local court under reference HRB 112163. 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), mobile hydraulics and software, automation and robotics solutions for the logistics sector, 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 services and the provision of lease finance for the investee entities.

By pursuing an appropriate financial management strategy, the KION Group – through KION GROUP AG – makes sufficient cash and cash equivalents available at all times to meet the Group companies' operational and strategic funding requirements. KION GROUP AG collects liquidity surpluses in a cash pool and, where possible, covers funding requirements with intercompany loans. KION GROUP AG is a publicly listed company and therefore ensures that its financial management takes into account the interests of shareholders and banks.

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 (5) HGB in conjunction with section 298 (2) HGB and are published in the KION Group's 2018 annual report.

## [2] Accounting policies

### Intangible assets and property, plant and equipment

Purchased intangible assets and property, plant and equipment are carried at cost less straight-line amortisation or depreciation over their estimated useful life and less any impairment losses.

Amortisation and depreciation are recognised using the straight-line method. Low-value assets are amortised or 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 intangible assets and items of property, plant and equipment:

	<b>Useful life (years)</b>
Software	3
Buildings	12
Operational facilities	4–12
Office furniture and 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 amortisation or 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 amortisation or 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 in more than one year 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 2017, 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. Deferred tax assets arise, in particular, due to temporary differences resulting from differences in the measurement of pension provisions and other provisions. In the case of deferred tax liabilities, the temporary differences relate, in particular, to intangible assets. 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 (Heubeck 'Richttafeln 2018 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 average staff turnover of 2 per cent and an assumed annual adjustment of 2.75 per cent (2017: 2.75 per cent) in remuneration and 1.75 per cent (2017: 1.75 per cent) in pensions paid, or 1.0 per cent where agreed (2017: 1.0 per cent). As at 31 December 2018, the discount rate used to discount the defined benefit obligation was 3.21 per cent (31 December 2017: 3.68 per cent). The discount rate was determined using the average market discount rate over the previous 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 and partial retirement existed at the reporting date. The provisions for partial retirement were calculated using a discount rate of 2.32 per cent per annum.

### 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 in more than one year is in compliance with the HGB principles of prudent revenue recognition, imparity and the historical cost convention;
- the recognition of liabilities due in or 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.

KION GROUP AG issues variable-rate and fixed-rate promissory notes as part of its financing. It has hedged the interest-rate risk arising on the variable-rate tranches of the promissory note by entering into a number of interest-rate swaps, thereby transforming the variable interest-rate exposure into fixed-rate obligations. In 2018, the weighted, hedged and risk-free fixed interest rate remained unchanged year on year at 0.5 per cent. Moreover, the risk of a change in the fair value of a fixed-rate tranche of the promissory note that was issued in 2018 and will mature in 2025 is hedged using an interest-rate swap, thereby creating a EURIBOR-based variable-rate obligation.

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
<b>Foreign-currency forwards</b>				
Positive fair values	10,284	32,074	736,251	789,727
Negative fair values	9,751	29,943	728,802	625,370
<b>Interest-rate swaps</b>				
Positive fair values	1,624	130	850,000	50,000
Negative fair values	7,862	2,016	190,000	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 €137,500 thousand (31 December 2017: €293,344 thousand) and a fair value of €532 thousand (31 December 2017: €2,131 thousand) existed for recognised foreign-currency positions and highly probable future transactions that were included in hedging relationships as part of macro-hedges.

The Company had external currency forwards with a total notional amount of €668,882 thousand (31 December 2017: €560,877 thousand) and a total negative market value of €1,928 thousand (31 December 2017: total positive market value of €24,153 thousand) in connection with the hedging of its subsidiaries' currency risk.

External interest-rate hedges with a total notional amount of €90,000 thousand (31 December 2017: €50,000 thousand) and a total negative market value of €574 thousand (31 December 2017: €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.

### [4] Receivables and other assets

The receivables mainly consisted of loans and cash pool receivables due from other Group companies and the entitlement to the transfer of profits from Linde Material Handling GmbH of €343,393 thousand (31 December 2017: €500,626 thousand).

All KION GROUP AG companies that participate in the cash pooling use the cash pool to make their liquidity available to each other. Receivables from affiliated companies with a residual maturity of more than one year totalled €216,005 thousand (31 December 2017: €224,505 thousand). They related mainly to a loan made to Dematic Corporation (USA).

Receivables from affiliated companies included trade receivables amounting to €18,531 thousand (31 December 2017: €23,178 thousand).

### [5] Equity

As at 31 December 2018, the Company's share capital amounted to €118,090 thousand (31 December 2017: €118,090 thousand), which was fully paid up. It was divided into 118,090,000 no-par-value shares (31 December 2017: 118,090,000), so each no-par-value share had a notional value of €1.

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 some of the authorised capital created by the 2017 Annual General Meeting. The share capital was increased against cash contributions in 2017 by issuing 9,300,000 new no-par-value bearer shares. The authorised capital remaining as at 31 December 2018 therefore amounted to €1,579 thousand.

The total number of shares outstanding as at 31 December 2018 was 117,924,442 no-par-value shares (31 December 2017: 117,929,171).

Between 10 September 2018 and 27 September 2018, a further 66,000 treasury shares were repurchased via the stock exchange at an average price of €54.17 in order to provide the shares for employees' own investments and the free shares under the KEEP 2018 employee equity programme. This equates to 0.06 per cent of the subscribed capital. The total cost was €3,575 thousand. Due to the issue of 22,580 bonus shares under KEEP 2015 and 38,691 no-par-value shares (2017: 36,294 no-par-value shares) under KEEP 2018, KION GROUP AG held 165,558 treasury shares at the reporting date (31 December 2017: 160,829). 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 2017: 0.14 per cent). Further details on the KEEP employee equity programme can be found in note [21]. In February 2019, a further 13,674 no-par-value shares were issued for participants' own investments under KEEP 2018.

As at 31 December 2018, KION Group employees held options on a total of 43,655 no-par-value shares (31 December 2017: 50,166). 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:

	2018	2017
<b>Balance as at 1 Jan</b>	<b>3,058,111</b>	<b>2,465,553</b>
Capital increase	0	593,619
Issuance of treasury shares	2,612	3,235
Acquisition of treasury shares	-3,509	-4,296
<b>Balance as at 31 Dec</b>	<b>3,057,214</b>	<b>3,058,111</b>

The distribution of a dividend of €0.99 per share (2017: €0.80 per share) to the shareholders of KION GROUP AG resulted in an outflow of funds from other revenue reserves of €116,750 thousand in 2018 (2017: €86,900 thousand).

An amount of €94,800 thousand was transferred to other revenue reserves from the net profit for 2018. On the basis of a resolution of the Annual General Meeting, an amount of €51,200 thousand was transferred to other revenue reserves from the distributable profit for 2017.

## [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	31.12.2018	31.12.2017
Settlement value for retirement benefit obligation	53,831	45,718
Fair value of plan assets invested in special funds	14,502	13,580
<b>Net amount for retirement benefit obligation</b>	<b>39,328</b>	<b>32,138</b>
<b>Cost of plan assets invested in special funds</b>	<b>13,226</b>	<b>11,707</b>

During the year under review, the contributions made to the cover assets totalled €1,519 thousand (2017: €2,134 thousand). This means that an amount of €1,277 thousand (2017: €1,874 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 €5,309 thousand (2017: €3,240 thousand) and the expense arising from the cover assets amounted to €216 thousand (2017: income of €444 thousand). The income and expenses were offset against each other and reported in interest expenses in the income statement at an amount of €5,525 thousand (2017: €2,796 thousand).

The difference arising from the measurement of pension obligations pursuant to section 253 (6) HGB is €8,641 thousand (2017: €6,459 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 2018, this amount was €1,731 thousand (2017: €1,872 thousand).

## [7] Other provisions

The breakdown of other provisions is as follows:

€ thousand	<b>31.12.2018</b>	<b>31.12.2017</b>
Personnel	18,248	31,323
Outstanding invoices	3,205	3,128
Other	1,432	1,233
<b>Total other provisions</b>	<b>22,885</b>	<b>35,683</b>

The decrease in personnel provisions was predominantly attributable to the remeasurement and subsequent reversal of provisions for the KION performance share plan (PSP) as at the reporting date. Further information on the KION performance share plan (PSP) can be found in notes [22] and [23].

**[8] Liabilities**

€ thousand	31.12.2018	31.12.2017
<b>Liabilities to banks</b>	<b>1,978,717</b>	<b>2,214,815</b>
due within one year	168,717	204,815
due in more than one year	1,810,000	2,010,000
<b>Trade payables</b>	<b>4,873</b>	<b>6,935</b>
due within one year	4,802	6,870
due in more than one year	71	65
<b>Liabilities to affiliated companies</b>	<b>1,690,949</b>	<b>1,622,661</b>
due within one year	1,690,949	1,622,661
due in more than one year	-	-
<b>Liabilities to other long-term investees and investors</b>	<b>60</b>	<b>60</b>
due within one year	60	60
due in more than one year	-	-
<b>Other liabilities</b>	<b>2,875</b>	<b>11,098</b>
due within one year	2,875	11,098
due in more than one year	-	-
<b>Total liabilities</b>	<b>3,677,473</b>	<b>3,855,569</b>

Of the liabilities to banks, €464,000 thousand is due in more than five years (31 December 2017: €264,000 thousand).

KION GROUP AG signed a syndicated loan agreement (senior facilities agreement, SFA), originally for €1,500,000 thousand, with a syndicate of international banks on 28 October 2015. As at 31 December 2018, the SFA consisted solely of a revolving credit facility of €1,150,000 thousand. This has a variable interest rate and, following the agreement in 2018 of an extension to its term, it can be drawn down until February 2023. As at 31 December 2018, the amount drawn down was €101,842 thousand (31 December 2017: €184,735 thousand). The drawdowns under the revolving credit facility are 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. As at 31 December 2018, it consisted solely of a floating-rate loan in a nominal amount of €600,000 thousand that is due to mature in October 2021. At the end of 2017, this loan had a nominal amount of €1,000,000 thousand. It was partly repaid in 2018 using the funds from the issuance of a further promissory note and using cash received from operating activities.

In 2018, a promissory note was issued in a nominal amount of €200,000 thousand. It will mature in June 2025 and has both floating-rate and fixed coupons. The resulting funds were used to repay part of the floating-rate loan under the AFA. Issuance of the promissory note resulted in directly attributable transaction costs of €435 thousand that were recognised as expenses. KION GROUP AG has entered

into an interest-rate derivative to hedge the risk of a change in the fair value of the tranche with a fixed coupon (see also note [2]).

The promissory note issued in 2017 in a nominal amount totalling €1,010,000 thousand is divided into three 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 this promissory note resulted in directly attributable transaction costs of €3,205 thousand that were recognised as expenses. KION GROUP AG has entered into a number of interest-rate derivatives in order to hedge the interest-rate risk resulting from the floating-rate tranches of this promissory note (see also note [2]).

The SFA, AFA and promissory note are not collateralised. KION GROUP AG has issued guarantees to the banks for all of the payment obligations under the SFA and AFA and it is the borrower in respect of all the payment obligations resulting from the promissory notes.

Liabilities to affiliated companies largely consisted of short-term loans from subsidiaries and liabilities in connection with cash pooling within the KION Group. All KION GROUP AG companies that participate in the cash pooling use the cash pool to make their liquidity available to each other.

## 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	2018	2017
Germany	23,750	18,263
Europe (excluding Germany)	4,977	4,722
China	1,006	815
Rest of world	730	485
<b>Total revenue</b>	<b>30,463</b>	<b>24,285</b>

Of the total revenue, an amount of €29,393 thousand (2017: €23,674 thousand) was attributable to the performance of services for affiliated companies, €485 thousand (2017: €355 thousand) to reporting services rendered and €85 thousand (2017: €241 thousand) to services in connection with KEEP.

### [10] Other operating income

Other operating income includes the following items:

€ thousand	2018	2017
Foreign currency exchange rate gains	26,844	16,196
Income from the disposal of financial assets	0	4,421
Income from the reversal of provisions	5,224	1,079
Sundry operating income	1,395	667
<b>Total other operating income</b>	<b>33,463</b>	<b>22,363</b>

The foreign currency exchange rate gains resulted from the measurement of bank accounts and the cash pools in foreign currencies.

The income from the disposal of financial assets in 2017 had arisen 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 €343 thousand relating to services from 2017 (2017: €74 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] Personnel expenses

Personnel expenses fell by €4,897 thousand to €37,503 thousand. This year-on-year decrease was due to the smaller addition to provisions for share-based remuneration. There was a countervailing effect from the increase in the number of employees and from annual salary rises.

The Company employed 230 people as at 31 December 2018 (31 December 2017: 195). The breakdown of the average number of employees is as follows:

	2018	2017
Employees with individually agreed remuneration	155	140
Employees covered by collective pay agreements	62	50
<b>Total employees</b>	<b>217</b>	<b>190</b>

### [13] Other operating expenses

Other operating expenses include the following items:

€ thousand	2018	2017
Consultancy expenses	15,449	18,545
Expenses for other third-party services	10,800	13,153
Foreign currency exchange rate losses	29,106	19,891
Ancillary personnel expenses	11,038	5,544
Travel expenses	2,657	2,931
Supervisory Board remuneration	1,611	1,534
Rental fees	2,803	1,524
Sundry operating expenses	6,701	5,183
<b>Total other operating expenses</b>	<b>80,165</b>	<b>68,305</b>

The foreign currency exchange rate losses resulted from the measurement of bank accounts and the cash pools in foreign currencies.

Other operating expenses included an amount of €1,236 thousand relating to services from the 2017 accounting period (2017: €964 thousand).

### [14] 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 €343,393 thousand (2017: €500,626 thousand) and IoT Systems GmbH's profit of €55 thousand.

Expenses of €3,030 thousand (2017: €1,112 thousand) arose due to the obligation to transfer losses from KION Information Management Services GmbH; the expenses arising due to the obligation to transfer losses from proplan Transport- und Lagersysteme GmbH came to €419 thousand (2017: income from profit-transfer agreements of €349 thousand).

### [15] Interest expense and similar charges

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

€ thousand	2018	2017
Interest expenses from external loan liabilities	17,857	23,625
Interest expenses from promissory notes	16,329	12,216
Similar charges	4,167	7,088
Unwinding of discount on provisions	5,573	2,825
Interest paid to affiliated companies	9,850	2,493
Other interest expenses	1,122	594
<b>Total interest expense and similar charges</b>	<b>54,898</b>	<b>48,841</b>

The similar charges are the commitment fees for the AFA and promissory note and the fees for unused loan facilities.

### [16] Income taxes

KION GROUP AG incurred tax expenses of €55,493 thousand as a result of its role as the parent company of the tax group in 2018 (2017: €79,358 thousand). This included a positive tax effect stemming from the offsetting of losses of corporations in an amount of €29,363 thousand in connection with an amendment to tax law (section 8c of the German Corporation Tax Act (KStG)).

### [17] Contingent liabilities

KION GROUP AG had contingent liabilities related to guarantees and indemnities for obligations of affiliated companies amounting to €2,725,103 thousand (31 December 2017: €1,880,370 thousand). The guarantees and indemnities given to affiliated companies stood at €630,174 thousand and those to banks and insurance companies at €2,094,929 thousand. Of the total amount, €2,011,844 thousand resulted from leasing obligations.

Furthermore, KION GROUP AG has provided a comfort letter in which it undertakes to assume responsibility for all current and future obligations of Eisengiesserei Dinklage GmbH. The comfort letter is valid until 31 December 2019.

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.

For the period ended 31 December 2018, a number of UK subsidiaries exercised the exemption in section 479A of the UK Companies Act 2006 that releases them from the obligation to have their annual financial statements audited. KION GROUP AG is responsible for the liabilities that these companies had as at 31 December 2018; these liabilities amounted to €299,763 thousand (calculated in accordance with IFRS).

## [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	2018	2017
<b>Future lease payments</b>	<b>22,930</b>	<b>24,246</b>
due within one year	2,586	1,956
due in one to five years	8,972	8,644
due in more than five years	11,373	13,646

## [19] Members of the Executive Board and Supervisory Board

### Executive Board members

#### **Gordon Riske**

Chief Executive Officer (CEO)

Chairman of the Board of Directors of Linde (China) Forklift Truck Co., Ltd., Xiamen, People's Republic of China

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

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

#### **Dr Eike Böhm**

Member of the Executive Board / Chief Technology Officer (CTO)

Member of the Advisory Board of JULI Motorenwerke s.r.o., Moravany, Czech Republic (since 29 August 2018)

Member of the Board of Directors of Linde (China) Forklift Truck Co., Ltd., Xiamen, People's Republic of China (since 8 November 2018)

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

#### **Anke Groth**

Member of the Executive Board / Chief Financial Officer (CFO) (since 1 June 2018)

#### **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  
Member of the Advisory Board of Fujian JULI Motor Co., Ltd., Putian, People's Republic of China  
Chairman of the APAC Advisory Board of Euro Asia Consulting Co. Ltd., Shanghai, People's Republic of China (since 1 November 2018)

**Susanna Schneeberger**

Member of the Executive Board / Chief Digital Officer (CDO) (since 1 October 2018)

Member of the Supervisory Board of Concentric AB, Linköping, Sweden  
Member of the Supervisory Board of Hempel A/S, Kongens Lyngby, Denmark

**Dr Thomas Toepfer**

Member of the Executive Board / CFO (until 31 March 2018)

Chairman of the Supervisory Board of STILL GmbH, Hamburg (until 31 March 2018)  
Chairman of the Supervisory Board of Linde Material Handling GmbH, Aschaffenburg (until 31 March 2018)  
Chairman of the Board of Directors of KION North America Corp., Summerville, USA (until 8 March 2018)

**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  
Chairman of the Supervisory Board of HORNBACH Holding AG & Co. KGaA, Neustadt an der Weinstrasse (since 6 July 2018)  
Member of the Supervisory Board of HORNBACH Management AG, Annweiler am Trifels

**Özcan Pancarci<sup>1</sup>**

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 Executive Board of Ford of Europe GmbH, Cologne  
Member of the Supervisory Board of Ford Werke GmbH, Cologne  
Member of the Supervisory Board of Ford Deutschland Holding 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  
Member of the Board of Directors of Ford Otosan (Ford Otomotiv Sanayi A.S.), Istanbul, Turkey (since 19 March 2018)  
Member of the Advisory Board of Getrag Ford Transmission GmbH, Cologne (since 1 January 2018)

**Stefan Casper<sup>1</sup>**

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

**Martin Fahrendorf<sup>1</sup>** (since 10 May 2018)

Chairman of the Works Council of Dematic GmbH and Dematic Services GmbH, Heusenstamm

**Denis Heljic<sup>1</sup>** (until 9 May 2018)

Head of Service at the Dortmund/Krefeld main branch of STILL GmbH, Hamburg

**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 Sinotruk (BVI) Limited, British Virgin Islands (since 23 November 2018)  
Member of the Board of Directors of Sinotruk (Hong Kong) Limited, Hong Kong, People's Republic of China (since 23 November 2018)  
Member of the Board of Directors of Sinotruk Jinan Power Co. Ltd, Jinan, People's Republic of China (since 23 November 2018)  
Member of the Board of Directors of Ballard Power Systems Inc., Burnaby, Canada (since 23 November 2018)  
Chairman of the Board of Directors of Weichai Ballard Hy-Energy Technologies Co. Ltd., Weifang, People's Republic of China (since 26 November 2018)  
Member of the Board of Directors of Weichai Power Co., Ltd., Weifang, People's Republic of China

**Olaf Kunz<sup>1</sup>**

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

**Dr Michael Macht** (since 9 October 2018)

Shareholder and member of the Supervisory Board of Endurance Capital Aktiengesellschaft, Munich  
Member of the Supervisory Board of Ferretti S.p.A., Milan, Italy  
Member of the Supervisory Board of Linde & Wiemann SE&Co. KG, Dillenburg  
Chairman of the Advisory Board of Schweizer Group GmbH & Co. KG, Hattenhofen  
Member of the Supervisory Board of Weichai Power Co., Ltd., Weifang, People's Republic of China

**Jörg Milla<sup>1</sup>**

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 Schädler<sup>1</sup>**

Trade Union Secretary on the National Executive of IG Metall, Frankfurt am Main  
Member of the Supervisory Board of Linde Material Handling GmbH, Aschaffenburg  
Member of the Supervisory Board of Opel Automobile GmbH, Rüsselsheim (since 1 June 2018)

**Dr Frank Schepp<sup>2</sup>**

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

**Tan Xuguang** (until 30 September 2018)

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 China National Heavy Duty Truck Group Co., Ltd., Jinan, People's Republic of China (since 1 September 2018)  
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 Wenzel<sup>1</sup>**

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  
Member of the Board of Directors of Ferretti International Holding S.p.A., Milan, Italy

<sup>1</sup> Employee representatives.

<sup>2</sup> 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 €12,020 thousand in 2018 (2017: €8,942 thousand). This consisted of short-term remuneration amounting to €6,539 thousand (2017: €5,055 thousand) and share-based payments of €5,481 thousand (2017: €3,887 thousand). As at 31 December 2018, 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 €5,481 thousand (2017: €3,887 thousand).

The total remuneration paid to the members of the Supervisory Board for the year under review (excluding VAT) totalled €1,455 thousand (2017: €1,386 thousand).

There are pension provisions of €9,527 thousand for former members of the Executive Board of KION GROUP AG and its legal predecessors (31 December 2017: €8,395 thousand). The payments made in 2018 totalled €258 thousand (2017: €254 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 October 2018, the Executive Board of KION GROUP AG decided to launch a further share option programme for employees (KEEP 2018). In addition to the employees in the countries that had been included in the previous year, employees in the United States were permitted to participate for the first time. The period during which eligible employees could take up this offer by making a declaration of acceptance ran from 2 to 19 October 2018. To be eligible to participate in KEEP 2018, 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 19 German (2017: 17) and 62 foreign (2017: 60) subsidiaries are eligible to take part in KEEP.

KEEP 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 packages. Under KEEP 2018, the KION Group will bear the cost of one KION share (free share) in each of the first seven 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:

	2018	2017
<b>Balance as at 1 Jan</b>	<b>50,166</b>	<b>67,106</b>
Granted bonus shares	17,455	12,098
Exercised bonus shares	-22,580	-27,363
Forfeited bonus shares	-1,386	-1,675
<b>Balance as at 31 Dec</b>	<b>43,655</b>	<b>50,166</b>

In 2018, 4,225 free shares were issued to employees as part of their starter packages (2017: 2,545 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 2018	KEEP 2017	KEEP 2016
Expected dividend	€0.99	€0.88	€0.88
Value of a KION share as at the grant date	€44.59	€64.62	€55.02

For KEEP 2018, the fair value of a bonus share was €42.03 (KEEP 2017: €62.02; KEEP 2016: €52.51). 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 2015 ended on 1 October 2018 and the bonus shares were issued to the eligible employees at no cost.

In 2018, an expense of €30 thousand was recognised for free shares and bonus shares in connection with the employee equity programme (2017: €41 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 2018 tranche of the long-term, variable remuneration component for the managers in the KION Group (LTI 2018) with a defined period (three years) was granted with effect from 1 January 2018. 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 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 2018 tranche ends on 31 December 2020 (2017 tranche: 31 December 2019). The 2016 tranche expired on 31 December 2018 and will be paid out in the first quarter of 2019.

At the beginning of the performance period on 1 January 2018 (2017 tranche: 1 January 2017; 2016 tranche: 1 January 2016), the managers were allocated a total of 39,007 phantom shares for this tranche (2017 tranche: 49,947 phantom shares; 2016 tranche: 44,532 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. The KION Group 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 200.0 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:

	<b>2018 tranche</b>	<b>2017 tranche</b>
Expected volatility of the KION share	25.00%	30.00%
Expected volatility of the MDAX index	10.00%	15.00%
Risk-free interest rate	-0.63%	-0.69%
Expected dividend	€0.99	€0.99
Price of the KION share at valuation date	€44.50	€44.50
Price of the MDAX index at valuation date	€21,588.09	€21,588.09
Initial value of the KION share (60-days average)	€69.85	€53.85
Initial value of the MDAX Index (60-days average)	€26,396.86	€21,178.13

Taking account of the remaining term of two years (2018 tranche) and one year (2017 tranche), the historic volatility of KION shares was used to determine the volatility on which the valuation is based. As at 31 December 2018, the fair value of one phantom share was €27.25 for the 2017 tranche (31 December 2017: €65.60) and €28.74 for the 2018 tranche. On that date, the total fair value based on 36,910 phantom shares was €1,005 thousand (2017 tranche; 31 December 2017: €2,898 thousand) and €1,001 thousand (34,941 phantom shares for the 2018 tranche). The amount of €972 thousand that is expected to be paid out for the 2016 tranche (2017: €3,378 thousand for the 2015 tranche) is calculated on the basis of a preliminary total target achievement rate. In March 2018, a payment from the 2015 tranche was made on the basis of the achievement of the long-term targets that were defined in 2015 at the start of the performance period.

The total carrying amount for liabilities in connection with share-based remuneration was €1,976 thousand as at 31 December 2018 (31 December 2017: €6,378 thousand). Of this amount, €972 thousand related to the 2016 tranche (31 December 2017: €2,035 thousand), €670 thousand to the 2017 tranche (31 December 2017: €966 thousand) and €334 thousand to the 2018 tranche. In 2017, there had also been an amount of €3,378 thousand relating to the 2015 tranche. In 2018, income of €928 thousand in respect of the 2016 tranche (2017: expense of €1,247 thousand), income of €246 thousand for the 2017 tranche (2017: expense of €374 thousand) and a pro-rata expense for twelve months of €330 thousand for the 2018 tranche were recognised.

### **[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 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 2018 tranche ends on 31 December 2020 (2017 tranche: 31 December 2019). The 2016 tranche expired on 31 December 2018 and will be paid out in the first quarter of 2019. At the beginning of the performance period on 1 January 2018 (2017 tranche: 1 January 2017; 2016 tranche: 1 January 2016), the Executive Board members were allocated a total of 72,170 phantom shares for this tranche (2017 tranche: 82,265 phantom shares; 2016 tranche: 104,438 phantom shares) on the basis of the starting price of KION shares (60-day average). 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 multiplier to adjust the final payment at the end of the performance period by +/- 30.0 per cent. The maximum amount payable is limited to 200.0 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:

	<b>2018 tranche</b>	<b>2017 tranche</b>
Expected volatility of KION shares	25.00%	30.00%
Expected volatility of the MDAX index	10.00%	15.00%
Risk-free interest rate	-0.63%	-0.69%
Expected dividend	€0.99	€0.99
Value of a KION share as at the valuation date	€44.50	€44.50
Value of the MDAX index as at the valuation date	€21,588.09	€21,588.09
Starting price of KION shares (60-day average)	€69.85	€53.85
Starting value of the MDAX index (60-day average)	€26,396.86	€21,178.13

Taking account of the remaining term of two years (2018 tranche) and one year (2017 tranche), the historic volatility of KION shares was used to determine the volatility on which the valuation is based. As at 31 December 2018, the fair value of one phantom share was €27.25 for the 2017 tranche (31 December 2017: €65.60) and €28.74 for the 2018 tranche. On that date, the total fair value based on 63,695 phantom shares was €1,736 thousand (2017 tranche; 31 December 2017: €4,178 thousand) and €2,074 thousand (2018 tranche based on 72,170 phantom shares). The amount of €2,098 thousand that is expected to be paid out for the 2016 tranche (2017: €9,517 thousand for the 2015 tranche) is calculated on the basis of a preliminary total target achievement rate. In March 2018, a payment from the 2015 tranche was made on the basis of the achievement of the long-term targets that were defined in 2015 at the start of the performance period.

The total carrying amount for liabilities in connection with share-based remuneration was €4,048 thousand as at 31 December 2018 (31 December 2017: €15,061 thousand). Of this amount, €2,098 thousand related to the 2016 tranche (31 December 2017: €3,965 thousand), €1,306 thousand to the 2017 tranche (31 December 2017: €1,578 thousand) and €645 thousand to the 2018 tranche. In 2017, there had also been an amount of €9,517 thousand relating to the 2015 tranche. In 2018, income of €1,868 thousand in respect of the 2016 tranche (2017: expense of €2,336 thousand), income of €273 thousand for the 2017 tranche (2017: expense of €1,578 thousand) and a pro-rata expense for twelve months of €645 thousand for the 2018 tranche were recognised under functional costs. Furthermore, an expense of €3,562 thousand for the 2015 tranche had been recognised in 2017.

## **[24] Membership of a corporate group**

KION GROUP AG, Frankfurt am Main, 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](http://www.hkexnews.hk)) and the company ([www.weichaipower.com](http://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, Frankfurt am Main.

The fees recognised as an expense and paid to the auditors of the consolidated financial statements in 2018 amounted to €2.3 million (2017: €2.1 million) for the audit of the financial statements, €0.1 million (2017: €0.1 million) for other attestation services, €0.0 million (2017: €0.0 million) for tax consultancy services and €0.0 million (2017: €0.1 million) for other services.

## **[26] Events after the reporting date**

On 5 February 2019, Dr Feldmann informed KION GROUP AG that he will be stepping down as chairman of the Supervisory Board and as a member of the Supervisory Board at the end of the upcoming Annual General Meeting.

## **[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 2018, the Executive Board and Supervisory Board of KION GROUP AG submitted their comply-or-explain statement for 2018 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 [https://www.kiongroup.com/en/main/investor\\_relations/corporate\\_governance/declaration\\_of\\_compliance/declaration.jsp](https://www.kiongroup.com/en/main/investor_relations/corporate_governance/declaration_of_compliance/declaration.jsp).

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

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 33 (1) or (1a) of the German Securities Trading Act (WpHG) (previously section 21 (1) or (1a) WpHG old).

The following table shows the notifiable equity investments of which the Company had been notified by 20 February 2019. 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 20 February 2019 are available on the website of KION GROUP AG at [https://www.kiongroup.com/en/main/investor\\_relations/ir\\_news/voting\\_rights\\_announcements/voting\\_rights.jsp](https://www.kiongroup.com/en/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 2018/2019

	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 33 WpHG (previously section 21 WpHG old) (voting share and voting rights)	Of which attributable pursuant to section 34 WpHG (previously 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	Allianz Global Investors GmbH	Purchase/sale of shares with voting rights	—	6 November 2018	3.003%	2.99%, lower	118,090,000	—	2.99% (3,534,978 voting rights)	FN 1
2	BlackRock, Inc.	Purchase/sale of shares with voting rights	—	13 February 2019	2.99%	3.02%, higher	118,090,000	—	3.02% (3,566,251 voting rights)	FN 2

FN 1	Allianz SE; Allianz Asset Management AG; Allianz Global Investors GmbH
FN 2	<p>BlackRock, Inc. (n/a); Trident Merger, LLC (n/a); BlackRock Investment Management, LLC (n/a) ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a) ***</p> <p>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) ***</p> <p>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) ***</p> <p>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) ***</p> <p>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) ***</p> <p>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 HK Holdco Limited (n/a); BlackRock Asset Management North Asia Limited (n/a) ***</p>

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 HK Holdco Limited (n/a); BlackRock Lux Finco S.à.r.l. (n/a); BlackRock Trident Holding Company Limited (n/a); BlackRock Japan Holdings GK (n/a); BlackRock Japan Co., Ltd. (n/a)

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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)

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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)

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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 Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Finance Europe Limited (n/a); BlackRock Advisors (UK) Limited (n/a)

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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 Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco (n/a); BlackRock Cayman West Bay IV Limited (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)

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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 Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco (n/a); BlackRock Cayman West Bay IV Limited (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 Holdco 3, LLC (n/a); BlackRock Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco (n/a); BlackRock Cayman West Bay IV Limited (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)

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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 Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock International Limited (n/a)

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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 Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock International Limited (n/a); BlackRock Life Limited (n/a)

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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 Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Finance Europe Limited (n/a); BlackRock (Netherlands) B.V. (n/a)

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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 Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Finance Europe Limited (n/a); BlackRock Investment Management (UK) Limited (n/a)

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<p>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 Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Finance Europe Limited (n/a); BlackRock Investment Management (UK) Limited (n/a); BlackRock Asset Management Deutschland AG (n/a)</p> <p>***</p> <p>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 Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Finance Europe 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)</p> <p>***</p> <p>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 Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Finance Europe 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) and (1a) WpHG old and section 133 (1) and (1a) WpHG new, in respect of which we did not receive new notifications up to the reporting date.

#### 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,	16 February	50%; lower	47.23%	33.30% (32,933,700 voting rights) via	–	13.93% (13,778,486 voting rights)

	Weifang, Shandong Province, People's Republic of China	2015		(46,712,186 voting rights)	individual or all of the controlled entities in FN 1		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 2019 that an amount of €141,509 thousand be appropriated from the distributable profit of KION GROUP AG for the 2018 financial year of €141,669 thousand for the payment of a dividend of €1.20 per dividend-bearing share. It is also proposed that €160 thousand be carried forward to the next accounting period.

Frankfurt am Main, 20 February 2019

The Executive Board



Gordon Riske



Dr Eike Böhm



Anke Groth



Ching Pong Quek



Susanna Schneeberger

**Statement of changes in non-current assets for 2018 (annex to the notes to the financial statements)**

€ thousand	Gross carrying amount				
	Balance as at			Reclassi-	Balance as at
	01.01.2018	Additions	Disposals	fications	31.12.2018
<b>Intangible assets</b>					
Industrial and similar rights and assets, and licences in such rights and assets	0	2	0	0	2
<b>Total intangible assets</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Property, plant and equipment</b>					
Land, land rights and buildings, including buildings on third-party land	47	481	0	780	1,309
Office furniture and equipment	2,490	386	0	0	2,877
Advances paid and assets under construction	780	13	0	-780	13
<b>Total property, plant and equipment</b>	<b>3,318</b>	<b>881</b>	<b>0</b>	<b>0</b>	<b>4,199</b>
<b>Financial assets</b>					
Investments in affiliated companies	4,231,227	0	0	0	4,231,227
<b>Total financial assets</b>	<b>4,231,227</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,231,227</b>
<b>Total non-current assets</b>	<b>4,234,544</b>	<b>883</b>	<b>0</b>	<b>0</b>	<b>4,235,427</b>

€ thousand	Accumulated amortisation				Carrying amount	
	Balance as at 01.01.2018	Additions	Disposals	Reclassi- fications	Balance as at 31.12.2018	Balance as at 31.12.2017
<b>Intangible assets</b>						
Industrial and similar rights and assets, and licences in such rights and assets	0	1	0	0	1	0
<b>Total intangible assets</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Property, plant and equipment</b>						
Land, land rights and buildings, including buildings on third-party land	1	69	0	0	70	46
Office furniture and equipment	435	376	0	0	811	2,055
Advances paid and assets under construction	0	0	0	0	0	780
<b>Total property, plant and equipment</b>	<b>436</b>	<b>445</b>	<b>0</b>	<b>0</b>	<b>881</b>	<b>2,882</b>
<b>Financial assets</b>						
Investments in affiliated companies	0	0	0	0	0	4,231,227
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,231,227</b>
<b>Total non-current assets</b>	<b>436</b>	<b>446</b>	<b>0</b>	<b>0</b>	<b>882</b>	<b>4,234,544</b>

### List of shareholdings as at 31 December 2018 (annex to the notes to the financial statements)

The companies' equity and net profit (loss) are reported as at 31 December 2018 and for the 2018 financial year respectively in accordance with IFRS, unless otherwise indicated.

Name	Registered office	Country	Share- holding	Equity (€thousand)	Net profit (loss) (€thousand)	Note
<b>Investments in affiliated companies</b>						
<b>Domestic:</b>						
BlackForxx GmbH	Stuhr	Germany	100.00%	-1,485	-109	[E]
Comnovo GmbH	Dortmund	Germany	100.00%	145	161	[1], [5]
Dematic GmbH	Heusenstamm	Germany	100.00%	24,263	-13,151	
Dematic Holdings GmbH	Frankfurt am Main	Germany	100.00%	1,103,188	412	[6]
Dematic Logistics GmbH	Bielefeld	Germany	100.00%	4,138	-274	
Dematic Services GmbH	Heusenstamm	Germany	100.00%	53,177	3,128	[B]
DH Services GmbH	Frankfurt am Main	Germany	100.00%	1,714,266	77,390	[7]
Eisengiesserei Dinklage GmbH	Dinklage	Germany	100.00%	5,516	821	
Eisenwerk Weilbach GmbH	Frankfurt am Main	Germany	100.00%	-1,229	0	[D]
Fahrzeugbau GmbH Geisa	Geisa	Germany	100.00%	7,393	-87	[E]
Klaus Pahlke Betriebsführungs-GmbH	Haan	Germany	100.00%	49	1	[1], [5]
Klaus Pahlke GmbH & Co. Fördertechnik KG	Haan	Germany	100.00%	16,741	1,732	
KION Financial Services GmbH	Frankfurt am Main	Germany	100.00%	1,422	63	[D]
KION Information Management Services GmbH	Frankfurt am Main	Germany	100.00%	-3,486	1,004	[A]
KION IoT Systems GmbH	Frankfurt am Main	Germany	100.00%	19	-6	[1], [A]

KION Warehouse Systems GmbH	Reutlingen	Germany	100.00%	26,001	2,846 [E]
Linde Material Handling GmbH	Aschaffenburg	Germany	100.00%	117,494	94,700 [A]
Linde Material Handling Rental Services GmbH	Aschaffenburg	Germany	100.00%	24	-1 [5], [D]
LMH Immobilien GmbH & Co. KG	Aschaffenburg	Germany	99.64%	29,991	411
LMH Immobilien Holding GmbH & Co. KG	Aschaffenburg	Germany	94.00%	1,764	61
LMH Immobilien Holding Verwaltungs-GmbH	Aschaffenburg	Germany	100.00%	35	1
LMH Immobilien Verwaltungs-GmbH	Aschaffenburg	Germany	100.00%	34	2
LR Intralogistik GmbH	Wörth a. d. Isar	Germany	100.00%	12,484	-233 [E]
OM Deutschland GmbH	Neuhausen a. d. Fildern	Germany	100.00%	-2,805	-45 [R]
proplan Transport- und Lagersysteme GmbH	Aschaffenburg	Germany	100.00%	573	0 [5], [A]
Schrader Industriefahrzeuge GmbH & Co. KG	Essen	Germany	100.00%	709	348
Schrader Industriefahrzeuge Verwaltung GmbH	Essen	Germany	100.00%	97	4 [1], [5]
STILL Financial Services GmbH	Hamburg	Germany	100.00%	3,790	2,533 [C]
STILL Gesellschaft mit beschränkter Haftung	Hamburg	Germany	100.00%	207,569	21,039 [D]
Trainingscenter für Sicherheit und Transport GmbH	Bremen	Germany	74.00%	25	0 [1], [5], [F]
Urban-Transporte Gesellschaft mit beschränkter Haftung	Unterschleissheim	Germany	100.00%	2,783	404 [D]
Willenbrock Fördertechnik Beteiligungs-GmbH	Bremen	Germany	74.00%	35	0 [1], [5]
Willenbrock Fördertechnik Beteiligungs-GmbH	Hannover	Germany	74.00%	45	0 [1], [5]
Willenbrock Fördertechnik GmbH & Co. KG	Bremen	Germany	74.00%	0	0 [5]
Willenbrock Fördertechnik GmbH & Co. KG	Hannover	Germany	74.00%	0	0 [5]
Willenbrock Fördertechnik Holding GmbH	Bremen	Germany	74.00%	29,560	5,404 [5]
<b>Foreign:</b>					
Dematic Holdings Pty. Ltd.	Belrose	Australia	100.00%	2,382	-504

Dematic Pty. Ltd.	Belrose	Australia	100.00%	49,354	993
Lansing Bagnall (Aust.) Pty. Ltd.	Huntingwood	Australia	100.00%	1,585	0 [1], [5], [R]
Linde Material Handling Pty. Ltd.	Huntingwood	Australia	100.00%	27,101	-2,795
NDC Automation Pty. Ltd.	Belrose	Australia	100.00%	12	0 [5], [R]
NDC Manage Pty. Ltd.	Belrose	Australia	100.00%	1	0 [5], [R]
Dematic NV	Zwijndrecht	Belgium	100.00%	107,659	-767
STILL NV	Wijnegem	Belgium	100.00%	5,605	2,111
Dematic Sistemas e Equipamentos de Movimentação de Materiais Ltda.	Indaiatuba / São Paulo	Brazil	100.00%	-2,187	-2,390
KION South America Fabricação de Equipamentos para Armazenagem Ltda.	Indaiatuba / São Paulo	Brazil	100.00%	21,872	3,730
Dematic Logistics de Chile Ltda.	Santiago de Chile	Chile	100.00%	1	-192
STILL DANMARK A/S	Kolding	Denmark	100.00%	11,652	1,583
Baoli France SAS	Elancourt	France	100.00%	-647	-195 [1], [5]
BARTHELEMY MANUTENTION SAS	Vitrolles	France	80.00%	3,851	2,527
Bastide Manutention SAS	Bruguières	France	100.00%	6,282	1,864
Bretagne Manutention SAS	Pacé	France	100.00%	7,880	4,423
Dematic SAS	Bussy-Saint-Georges	France	100.00%	-8,033	-7,141
FENWICK FINANCIAL SERVICES SAS	Elancourt	France	100.00%	3,754	885
FENWICK-LINDE OPERATIONS SAS	Cenon-sur-Vienne	France	100.00%	28,084	-8,764
FENWICK-LINDE SAS	Elancourt	France	100.00%	247,183	49,582
KION France SERVICES SAS	Elancourt	France	100.00%	329,855	53,971
LOIRE OCEAN MANUTENTION SAS	Saint-Herblain	France	71.18%	5,066	2,598
Manuchar SAS	Gond-Pontouvre	France	100.00%	3,040	1,248
MANUSOM SAS	Rivery	France	100.00%	698	-72

Société Angoumoisine de Manutention (SAMA) SAS	Champniers	France	100.00%	13,905	487
SCI Champ Lagarde	Elancourt	France	100.00%	105	0 [1], [5]
SM Rental SAS	Roissy-Charles-de-Gaulle	France	100.00%	1,263	653
STILL Location Services SAS	Marne-la-Vallée	France	100.00%	2,184	394
STILL SAS	Marne-la-Vallée	France	100.00%	20,549	5,827
URBAN LOGISTIQUE SAS	Elancourt	France	100.00%	2,749	509
Castle Lift Trucks Ltd.	Basingstoke	United Kingdom	100.00%	785	0 [5], [R]
Creighton Materials Handling Ltd.	Basingstoke	United Kingdom	100.00%	504	0 [5], [R]
D.B.S. Brand Factors Ltd.	Basingstoke	United Kingdom	100.00%	0	0 [1], [5], [R]
Dematic (Services) Ltd.	Banbury	United Kingdom	100.00%	1,099,053	0 [5]
Dematic Ltd.	Banbury	United Kingdom	100.00%	17,875	-1,083
Dematic Group Ltd.	Banbury	United Kingdom	100.00%	47,126	4,626
Dematic Holdings UK Ltd.	Banbury	United Kingdom	100.00%	842,741	-158,000
Fork Truck Rentals Ltd.	Basingstoke	United Kingdom	100.00%	222	0 [1], [5], [R]
Fork Truck Training Ltd.	Basingstoke	United Kingdom	100.00%	0	0 [1], [5], [R]
FSU Investments Ltd.	Banbury	United Kingdom	100.00%	1	0 [5], [R]
KION FINANCIAL SERVICES Ltd.	Basingstoke	United Kingdom	100.00%	6,691	1,466
Lancashire (Fork Truck) Services Ltd.	Basingstoke	United Kingdom	100.00%	0	0 [1], [5], [R]
Linde Castle Ltd.	Basingstoke	United Kingdom	100.00%	9,663	1,291
Linde Creighton Ltd.	Basingstoke	United Kingdom	100.00%	37,193	1,906
Linde Heavy Truck Division Ltd.	Basingstoke	United Kingdom	100.00%	3,150	371 [5]
Linde Holdings Ltd.	Basingstoke	United Kingdom	100.00%	167,399	-268
Linde Jewsbury's Ltd.	Basingstoke	United Kingdom	100.00%	16,393	1,380
Linde Material Handling (UK) Ltd.	Basingstoke	United Kingdom	100.00%	48,917	-7,221

Linde Material Handling East Ltd.	Basingstoke	United Kingdom	100.00%	4,336	569
Linde Material Handling Scotland Ltd.	Basingstoke	United Kingdom	100.00%	11,766	1,120
Linde Material Handling South East Ltd.	Basingstoke	United Kingdom	100.00%	4,701	511
Linde Severnside Ltd.	Basingstoke	United Kingdom	100.00%	13,401	-86
Linde Sterling Ltd.	Basingstoke	United Kingdom	100.00%	24,569	1,320
McLEMAN FORK LIFT SERVICES LTD.	Basingstoke	United Kingdom	100.00%	2,278	79 [5]
Mirror Bidco Ltd.	Banbury	United Kingdom	100.00%	337,345	762
Regentruck Ltd.	Basingstoke	United Kingdom	100.00%	1	0 [1], [5], [R]
SDI Group Ltd.	Banbury	United Kingdom	100.00%	1	0 [5], [R]
SDI Group UK Ltd.	Banbury	United Kingdom	100.00%	1	0 [5], [R]
Stephensons Enterprise Fork Trucks Ltd.	Basingstoke	United Kingdom	100.00%	0	0 [1], [5], [R]
Sterling Mechanical Handling Ltd.	Basingstoke	United Kingdom	100.00%	1,150	0 [5], [R]
STILL Materials Handling Ltd.	Exeter	United Kingdom	100.00%	-19,044	-3,172
Superlift UK Ltd.	Basingstoke	United Kingdom	100.00%	30,022	-30,097
Trifik Services Ltd.	Basingstoke	United Kingdom	100.00%	11	0 [1], [5], [R]
Urban Logistics (UK) Ltd.	Basingstoke	United Kingdom	100.00%	236	-255 [1], [5]
KION India Pvt. Ltd.	Pune	India	100.00%	23,235	1,816
Handling & Storage Equipment (Ireland) Ltd.	Walkinstown	Ireland	100.00%	0	0 [3], [5], [R]
Linde Material Handling (Ireland) Ltd.	Walkinstown	Ireland	100.00%	730	426
Baoli EMEA S.p.A.	Lainate	Italy	100.00%	7,522	1,485
Dematic S.r.l.	Cernusco sul Naviglio	Italy	100.00%	19,588	6,369
Emhilia Material Handling S.p.A.	Modena	Italy	100.00%	8,227	415
KION Rental Services S.p.A.	Milan	Italy	100.00%	23,343	10,147
Linde Material Handling Italia S.p.A.	Buguggiate	Italy	100.00%	18,348	115



Parmacarr Service Srl.	Torrile	Italy	100.00%	673	78 [1], [4], [5]
QUALIFT S.p.A.	Verona	Italy	100.00%	1,137	102 [5]
STILL S.p.A. (until 2018: OM Carrelli Elevatori S.p.A.)	Lainate	Italy	100.00%	118,887	17,508
URBAN LOGISTICA S.R.L.	Lainate	Italy	100.00%	3,411	1,529 [1], [5]
Dematic Ltd.	Mississauga	Canada	100.00%	17,032	4,425
WHO Real Estate UAB	Vilnius	Lithuania	74.00%	-34	0 [1], [5]
Dematic Group S.à r.l.	Senningerberg	Luxembourg	100.00%	1,160,170	658,780
Dematic (Malaysia) Sdn. Bhd.	Petaling Jaya	Malaysia	100.00%	3,058	-206
Linde Material Handling (Malaysia) Sdn. Bhd.	Petaling Jaya	Malaysia	100.00%	920	-159 [5]
Dematic Logistics de Mexico S. de R.L. de C.V.	Monterrey	Mexico	100.00%	114	-326
DMTC Technology Services, S. de R.L. de C.V.	Monterrey	Mexico	100.00%	-3,557	-402
Dematic Trading de Mexico S. de R.L. de C.V.	Monterrey	Mexico	100.00%	-11,342	-1,860
Dematic B.V.	s'Hertogenbosch	Netherlands	100.00%	1,054	-144
STILL Intern Transport B.V.	Hendrik-Ido-Ambacht	Netherlands	100.00%	16,602	4,904
STILL Norge AS	Heimdal	Norway	100.00%	234	73
AUSTRO OM PIMESPO Fördertechnik GmbH	Linz	Austria	100.00%	12,673	981
Linde Material Handling Austria GmbH	Linz	Austria	100.00%	8,836	2,789
STILL Gesellschaft m.b.H.	Wiener Neudorf	Austria	100.00%	3,892	692
Dematic Poland Sp. z o.o.	Poznań	Poland	100.00%	33	13
Linde Material Handling Polska Sp. z o.o.	Warsaw	Poland	100.00%	18,157	3,105
STILL POLSKA Sp. z o.o.	Gądko	Poland	100.00%	21,550	4,405
STILL MATERIAL HANDLING ROMANIA SRL	Giurgiu	Romania	100.00%	3,217	823
OOO "Linde Material Handling Rus"	Moscow	Russian Federation	100.00%	1,162	-1,129
OOO "STILL Forklifttrucks"	Moscow	Russian Federation	100.00%	1,265	-1,627

Linde Material Handling AB	Örebro	Sweden	100.00%	30,703	11,468
Linde Material Handling Financial Services AB	Örebro	Sweden	100.00%	246	-244
Nordtruck AB	Örnsköldsvik	Sweden	100.00%	6,788	916
STILL Sverige AB	Malmö	Sweden	100.00%	3,538	523
Dematic Suisse Sagl	Lugano	Switzerland	100.00%	-33	-13
Linde Material Handling Schweiz AG	Dietlikon	Switzerland	100.00%	1,779	213
STILL AG	Otelfingen	Switzerland	100.00%	6,907	2,146
Linde Viljuškari d.o.o.	Vrčin	Serbia	100.00%	202	81 [5]
Dematic S.E.A. Pte. Ltd.	Singapore	Singapore	100.00%	6,252	695
KION South Asia Pte. Ltd.	Singapore	Singapore	100.00%	619	414
Linde Material Handling Asia Pacific Pte. Ltd.	Singapore	Singapore	100.00%	32,637	848
Linde Material Handling Slovenská republika s.r.o.	Trenčín	Slovakia	100.00%	2,974	1,592
STILL SR, spol. s.r.o.	Nitra	Slovakia	100.00%	1,857	657
Linde Viličar d.o.o.	Celje	Slovenia	100.00%	1,531	202
Dematic Logistic Systems S.A.U.	Coslada	Spain	100.00%	23,182	4,680
IBER-MICAR S.L.U.	Gavà	Spain	100.00%	4,985	454 [5]
Islavista Spain S.A.U.	L'Hospitalet de Llobregat	Spain	100.00%	33,985	-4,724
KION Rental Services S.A.U.	Barcelona	Spain	100.00%	7,889	986
Linde Material Handling Ibérica, S.A.U.	Pallejá	Spain	100.00%	92,318	5,421
STILL, S.A.U.	L'Hospitalet de Llobregat	Spain	100.00%	20,005	1,896
Linde Material Handling (Pty) Ltd.	Linbro Park	South Africa	100.00%	18,313	10,458
Dematic Thailand Co. Ltd.	Bangkok	Thailand	73.89%	54	0 [5]
Linde Material Handling (Thailand) Co., Ltd.	Pathum Thani	Thailand	100.00%	1,416	-208 [5]
Baoli Material Handling Europe s.r.o.	Prague	Czech Republic	100.00%	9	-79 [1], [5]

KION Supply Chain Solutions Czech, s.r.o.	Český Krumlov	Czech Republic	100.00%	-5,685	-6,556
Linde Material Handling Česká republika s.r.o.	Prague	Czech Republic	100.00%	7,976	6,828
Linde Material Handling Parts Distribution CZ s.r.o.	Český Krumlov	Czech Republic	100.00%	2,898	1,306 [5]
Linde Pohony s.r.o.	Český Krumlov	Czech Republic	100.00%	26,442	12,370
Použitý Vozík CZ, s r.o.	Prague	Czech Republic	100.00%	-71	-19 [5]
STILL ČR spol. s.r.o.	Prague	Czech Republic	100.00%	5,502	3,357
STILL Regional Service Center, s.r.o.	Prague	Czech Republic	100.00%	643	206
Urban Transporte spol. s.r.o.	Moravany	Czech Republic	100.00%	1,372	347 [1], [5]
STILL ARSER İş Makineleri Servis ve Ticaret A.Ş.	Izmir	Turkey	51.00%	273	-1,787
TOV "Linde Material Handling Ukraine"	Kiev	Ukraine	100.00%	514	190 [5]
Linde Magyarország Anyagmozgatási Kft.	Dunaharaszti	Hungary	100.00%	2,364	126
STILL Kft.	Környe	Hungary	100.00%	2,076	1,238
Dematic Corp.	Grand Rapids	United States	100.00%	-248,837	115,178
KION North America Corp.	Summerville	United States	100.00%	7,223	132
Dematic International Trading Ltd.	Shanghai	People's Republic of China	100.00%	-19,505	-1,714
Dematic Logistics Systems Ltd.	Suzhou	People's Republic of China	100.00%	9,265	482
Egemin Asia Pacific Automation Ltd.	Causeway Bay - Hong Kong	People's Republic of China	100.00%	-24	-21
Egemin (Shanghai) Trading Company Ltd.	Shanghai	People's Republic of China	100.00%	15	-1
KION ASIA (HONG KONG) Ltd.	Kwai Chung - Hong Kong	People's Republic of China	100.00%	17,625	-4
KION Baoli (Jiangsu) Forklift Co., Ltd.	Jiangjiang	People's Republic of China	100.00%	16,406	-1,450

Linde Material Handling Hong Kong Ltd.	Kwai Chung - Hong Kong	People's Republic of China	100.00%	1,950	770
Linde (China) Forklift Truck Corporation Ltd.	Xiamen	People's Republic of China	100.00%	217,484	45,827

### Equity investments

#### Domestic:

Carl Beuthauser Kommunal- und Fördertechnik GmbH & Co. KG	Hagelstadt	Germany	25.00%	19,364	2,944 [1], [5]
Hans Joachim Jetschke Industriefahrzeuge (GmbH & Co.) KG	Hamburg	Germany	21.00%	5,261	3,161 [1], [5]
JETSCHKE GmbH	Hamburg	Germany	21.00%	86	3 [1], [5]
Linde Leasing GmbH	Wiesbaden	Germany	45.00%	56,986	5,739 [1], [5]
Linde Hydraulics GmbH & Co. KG	Aschaffenburg	Germany	10.00%	187,054	-19,739 [1], [5]
Linde Hydraulics Verwaltungs GmbH	Aschaffenburg	Germany	10.00%	33	1 [1], [5]
MV Fördertechnik GmbH	Blankenhain	Germany	25.00%	2,257	386 [1], [5]
Pelzer Fördertechnik GmbH	Kerpen	Germany	24.96%	23,922	1,807 [1], [5]
Supralift Beteiligungs- und Kommunikationsgesellschaft mbH	Hofheim am Taunus	Germany	50.00%	19	0 [1], [5]
Supralift GmbH & Co. KG	Hofheim am Taunus	Germany	50.00%	603	1 [1], [5]

#### Foreign:

Linde High Lift Chile S.A.	Santiago de Chile	Chile	45.00%	29,861	2,902 [1], [5]
Balyo SA	Ivry-sur-Seine	France	6.48%	36,691	-7,408 [1], [5]
Labrosse Equipement SAS	Saint-Péray	France	34.00%	8,997	2,624 [2], [5]
Normandie Manutention SAS	Saint-Etienne-du-Rouvray	France	34.00%	29,269	7,555 [1], [5]

Chadwick Materials Handling Ltd.	Corsham	United Kingdom	48.00%	1,172	21 [1], [5]
Bari Servizi Industriali S.c.a.r.l.	Modugno	Italy	25.00%	23	0 [1], [5]
TPZ Linde Viličari Hrvatska d.o.o.	Zagreb	Croatia	20.00%	1,151	258 [1], [5], [R]
Carretilas Elevadoras Sudeste S.A.	Murcia	Spain	38.54%	6,293	1,079 [1], [5]
Dematic Holding (Thailand) Co., Ltd.	Bangkok	Thailand	48.90%	3	0 [5]
JULI Motorenwerk s.r.o.	Moravany	Czech Republic	50.00%	33,012	5,983 [1], [5]
Motorové závody JULI CZ s.r.o.	Moravany	Czech Republic	50.00%	0	0 [1], [5]
DEMAC ELECTROMECHANICAL SYSTEMS MIDDLE EAST L.L.C.	Dubai	United Arab Emirates	49.00%	605	534 [5]

[1] Financial data as at 31 December 2017

[2] Financial data as at 30 June 2018

[3] Most recently submitted annual financial statements

[4] New in 2018

[5] Financial data in accordance with local financial reporting standards

[6] Formerly 'DH Services Luxembourg Holding S.à r.l.', registered office moved from Luxembourg to Germany

[7] Formerly 'DH Services Luxembourg S.à r.l.', registered office moved from Luxembourg to Germany

[A] Profit-and-loss transfer agreement with KION GROUP AG

[B] Profit-and-loss transfer agreement with Dematic GmbH

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

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

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

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

[R] Dormant company

## 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, 20 February 2019

The Executive Board



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Gordon Riske



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Dr. Eike Böhm



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Anke Groth



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Ching Pong Quek



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Susanna Schneeberger