



Interim report on the third quarter 2016

KUKA achieves a new record for orders received totaling almost 1 billion euro in the quarter

- **Orders received** in 9M/16 up 23.1% to a total of €2,627.4 million (9M/15: €2,134.8 million)
 - Record volume of orders received valued at almost €1 billion in the third quarter (€987.5 million)
- **Sales revenues** slightly lower in 9M/16 at €2,044.1 million (9M/15: €2,199.4 million)
 - Sales revenues down 1.5% to €710.9 million in Q3/16
- **EBIT margin** before purchase price allocation for Swisslog stands at 5.5% in 9M/16 (before extraordinary expenses related to the Midea takeover) after 6.9% in 9M/15
- **Earnings after taxes** of €78.9 million in 9M/16 after €63.4 million in 9M/15
 - Tax income of €21.6 million in Q3/16 due to a legislative change in the USA
- **Guidance for 2016** amended: sales revenues now around €3.0 billion and EBIT margin unchanged at more than 5.5% before purchase price allocation and extraordinary expenses due to Midea takeover

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Augsburg, November 9, 2016 – KUKA Group has completed the third quarter of 2016 with successful results. “KUKA remains on course for growth,” states Dr. Till Reuter, CEO of KUKA AG. “We are positioned excellently for the future



thanks to our orientation towards the focus markets and our investments in key technologies for Industrie 4.0.”

Record orders received of almost €1 billion in the third quarter of 2016

In the third quarter of 2016, **KUKA Group** achieved a record volume of orders received totaling €987.5 million. Compared to the prior-year quarter, this corresponds to an increase of 42.1% (Q3/15: €694.9 million). The strong demand was supported by customers in both the Automotive and the General Industry segments. In the first nine months of 2016, KUKA Group increased the volume of orders received by 23.1% from €2,134.8 million (9M/15) to €2,627.4 million (9M/16).

In the third quarter of 2016, the **Robotics** division posted orders received totaling €287.1 million (Q3/15: €222.4 million). In the first nine months of 2016, Robotics reported orders received totaling €781.0 million (9M/15: €686.5 million).

Orders received by the **Systems** division amounted to €526.2 million in the third quarter of 2016 (Q3/15: €355.1 million), 48.2% above the comparable figure from the previous year. All segments contributed to this growth, with very strong impetus coming from the Automotive sector and from North America. Orders received rose 21.3% to €1,351.7 million in the first nine months of 2016 (9M/15: €1,114.0 million).

In the third quarter of 2016, the **Swisslog** division booked new order volumes of €199.4 million (Q3/15: €127.3 million). Orders received totaled €535.2 million in the first nine months of 2016, topping the figure for the corresponding period last year by 48.4% (9M/15: €360.6 million).

Sales revenues down slightly – call-offs on major orders expected largely in the fourth quarter

KUKA Group generated sales revenues of €710.9 million in the third quarter of 2016. This is a slight decline compared to the result of €722.0 million in the same quarter last



year (-1.5%). In the first nine months, KUKA posted sales revenues amounting to €2,044.1 million, 7.1% below last year's figure (9M/15: €2,199.4 million). The main reasons for this development are the sale of HLS Group and the Tools and Dies business unit as well as the time difference between orders received and the implementation of the project.

In the third quarter of 2016, sales revenues in the **Robotics** division increased by 1.4% to €210.3 million compared to the third quarter of 2015 (Q3/15: €207.4 million). It was mainly the developments in the General Industry and Service segments which had a positive impact on the growth in revenues. In the first nine months of 2016, sales revenues reached a level of €669.0 million. This surpasses the previous year's result by 1.5% (9M/15: €659.4 million).

The **Systems** division generated sales revenues of €367.8 million in the third quarter of 2016, on a par with the prior-year quarter (Q3/15: €367.3 million). In the first nine months of 2016, sales revenues at Systems totaled €973.6 million. This is an 11.5% decrease on the corresponding result for the previous year (9M/15: €1,099.5 million), which still included sales revenues of €46.8 million attributable to the divested HLS Group and Tools and Dies business unit for the first nine months of 2015. Furthermore, major orders in the Systems division are often characterized by a lapse of more than nine months between winning a contract and realizing the corresponding revenue. This results in a considerable stimulation of sales revenues in the following quarters.

In the third quarter of 2016, sales revenues in the **Swisslog** division amounted to €138.9 million. Compared with the revenues in the third quarter of 2015 (Q3/15: €154.3 million) there was a decrease of 10.0%. After the first nine months, the figure stood at €423.4 million, 9.6% below the comparable figure for the previous year (9M/15: €468.6 million). The main reason for this development, despite strong new order volumes, is the increased tendency for customers to make call-offs on major orders in the fourth quarter this year.



The **book-to-bill ratio**, i.e. orders received in relation to sales revenues, improved markedly as compared with both the third quarter and the nine-month period of the previous year, and was well above 1 (Q3/16: 1.39 and 9M/16: 1.29). This is a key positive indicator for the Group's future capacity utilization.

The **order backlog** surpassed the previous year's level by 25.6% (September 30, 2015: €1,727.4 million), amounting to €2,169.5 million as at the reporting date on September 30, 2016.

EBIT and EBIT margin impacted by revenue development and extraordinary expenses related to the Midea takeover

In the third quarter of 2016, **KUKA Group** achieved **earnings before interest and taxes (EBIT)** of €39.4 million (margin: 5.5%) before purchase price allocation for Swisslog and before extraordinary expenses related to the Midea takeover. By comparison, the operating EBIT in the third quarter of 2015 amounted to €44.6 million, before purchase price allocation and before the book profit from the sale of Tools and Dies (margin: 6.2%).

Discounting the purchase price allocation and the extraordinary expenses related to the Midea takeover, the EBIT stood at €112.2 million in 9M/16 (margin: 5.5%).

In the third quarter of 2016, the **Robotics** EBIT amounted to €20.6 million (Q3/15: €22.9 million). This reduction is primarily attributable to the increase in research and development investments. The EBIT margin stood at 9.8% (Q3/15: 11.0%).

The **Systems** division achieved an EBIT of €25.9 million in the third quarter of 2016, representing a year-on-year decrease of 12.2% (Q3/15: €29.5 million). The decline is primarily attributable to a book profit in the mid-single-digit million euro range in the prior-year quarter due to the sale of the Tools and Dies business unit. The EBIT margin was down accordingly, from 8.0% (Q3/15) to 7.0% (Q3/16). On a comparable basis, the EBIT margin would have increased slightly.



In the third quarter of 2016, the **Swisslog** division's EBIT rose from -€6.2 million (Q3/15) to €1.0 million. This positive development is due to the significantly lower amortization charges for purchase price allocation. The EBIT margin correspondingly increased considerably from -4.0% (Q3/15) to 0.7% (Q3/16).

Increasing number of employees in the Group

KUKA Group had 13,056 employees as at September 30, 2016, 8.2% more than at the reporting date of the previous year (September 30, 2015: 12,071).

Outlook: KUKA lightly amends outlook while leaving prospective margin unchanged

On the basis of the current general conditions in 2016, KUKA is expecting sales revenues of around €3.0 billion. The reason for that is that the improvement in revenue development in the second half of 2016 is not sufficient to offset the declines in the first half-year. Based on the current economic environment and the expected development of sales, KUKA Group expects to achieve an EBIT margin unchanged of more than 5.5% before purchase price allocation for Swisslog and before extraordinary expenses of about €30 million related to the takeover by Midea.

The complete interim report is available under the following link:

<https://www.kuka.com/en-de/investor-relations/reports-and-presentations>



KEY FIGURES

in € millions	9M/15	9M/16	Change
Orders received	2,134.8	2,627.4	23.1%
Order backlog (09/30)	1,727.4	2,169.5	25.6%
Sales revenues	2,199.4	2,044.1	-7.1%
Gross profit	517.6	548.6	6.0%
in % of sales revenues	23.5%	26.8%	-
Earnings before interest and taxes (EBIT)	105.9	82.6	-22.0%
in % of sales revenues	4.8%	4.0%	-
Extraordinary expenses*	0.0	21.4	-
EBIT adjusted*	105.9	104.0	-1.8%
EBIT adjusted* in % of sales revenues	4.8%	5.1%	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	199.3	138.2	-30.7%
in % of sales revenues	9.1%	6.8%	-
Extraordinary expenses*	0.0	21.4	-
EBITDA adjusted*	199.3	159.6	-19.9%
EBITDA adjusted* in % of sales revenues	9.1%	7.8%	-
Earnings after taxes	63.4	78.9	24.4%
Earnings per share in € (undiluted)	1.79	2.01	12.3%
Earnings per share in € (diluted)	1.70	2.01	18.2%
Capital expenditure	67.7	63.2	-6.6%
Equity ratio in % (09/30)	29.3%	33.5%	-
Net debt/liquidity (09/30)	16.6	85.9	>100%
Employees (09/30)	12,071	13,056	8.2%

in € millions	Q3/15	Q3/16	Change
Orders received	694.9	987.5	42.1%
Order backlog (09/30)	1,727.4	2,169.5	25.6%
Sales revenues	722.0	710.9	-1.5%
Gross profit	173.3	186.7	7.7%
in % of sales revenues	24.0%	26.3%	-
Earnings before interest and taxes (EBIT)	37.5	35.9	-4.3%
in % of sales revenues	5.2%	5.0%	-
Extraordinary expenses*	0.0	0.7	-
EBIT adjusted*	37.5	36.6	-2.4%
EBIT adjusted* in % of sales revenues	5.2%	5.1%	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	66.4	56.7	-14.6%
in % of sales revenues	9.2%	8.0%	-
Extraordinary expenses*	0.0	0.7	-
EBITDA adjusted*	66.4	57.4	-13.6%
EBITDA adjusted* in % of sales revenues	9.2%	8.1%	-
Earnings after taxes	21.9	48.5	>100%
Earnings per share in € (undiluted)	0.60	1.23	>100%
Earnings per share in € (diluted)	0.57	1.23	>100%
Capital expenditure	22.8	22.2	-2.6%

* One-off effect due to the takeover bid by Midea Group



KUKA AKTIENGESELLSCHAFT

KUKA Aktiengesellschaft is an internationally active group with sales of around 3 billion euro and a workforce of 12,300 worldwide. KUKA offers its customers around the globe automation solutions ranging from components and cells to fully automated systems. The company is one of the world's leading suppliers in the fields of robotics, automation and systems engineering. The company is headquartered in Augsburg. Around 100 subsidiaries operate internationally for customers from the automotive industry and general industry.

DISCLAIMER

This document contains forecasts based on assumptions and estimates by the management of KUKA Aktiengesellschaft. Even if the company management is of the opinion that these assumptions and estimates are valid, the actual future development and the actual future results may vary considerably from these assumptions and estimates due to numerous factors. These factors may include, for example, changes in the overall economic situation, exchange rates and interest rates, and changes affecting individual markets. KUKA Aktiengesellschaft provides no guarantee that the future development and the future results actually achieved will correspond to the assumptions and estimates stated in this document and accepts no liability if they should fail to do so.

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