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KUKA invested in the future and achieved a record result

KUKA Aktiengesellschaft

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- Orders received climb 20.6% to €3.4 billion, surpassing the three billion euro mark for the first time (2015: €2.8 billion)
- Sales revenues of €2.9 billion at virtually the same level as the previous year
- Order backlog of €2.0 billion (+25.0%) at year-end, ensuring a high level of capacity utilization in 2017
- EBIT margin before purchase price allocation and before extraordinary costs reaches 5.6% after 6.6% in 2015
- Investments in Industrie 4.0, big data and mobile robotics increased
- Dividend recommendation €0.50 per share

Augsburg, March 22, 2017 – KUKA completed the 2016 financial year with successful results, even exceeding the previous year's figures by a considerable margin in some cases. The high global demand for robots and automation solutions resulted in a double-digit growth rate in both orders received and order backlog. The guidance targets for 2016 were met in full. "KUKA can look back on one of the most eventful years in its history. With sales revenues of around 3 billion euro and an EBIT margin of 5.6%, KUKA was very successful," says Dr. Till Reuter, CEO of KUKA

AG. “In particular, however, we have also invested very heavily in new technologies such as Industrie 4.0, big data and mobile robotics.”

Record value achieved for orders received

During the past financial year KUKA Group recorded **orders received** worth €3,422.3 million, representing a significant increase of 20.6% on the previous year’s result (2015: €2,838.9 million). This record value surpassed the three billion euro mark for the first time. All three divisions profited from growth primarily in North America and China. The Robotics division in particular posted a gain of 21% in orders received on the Chinese market.

High level of sales revenues

The **sales revenues** of KUKA Group reached a value of €2,948.9 million in 2016 and were thus at almost the same level as the previous year, when they amounted to €2,965.9 million.

The **book-to-bill ratio**, i.e. orders received in relation to sales revenues, was above 1 at Group level in the 2016 financial year, coming in at 1.16. This means that an increase in revenues can be anticipated for 2017 (2015: 0.96).

KUKA Group’s **order backlog** amounted to €2,048.9 million at year-end 2016. This was an increase of 25.0% compared to the prior-year value (2015: €1,639.0 million). The persistently high order backlog represents around two thirds of annual sales revenues and will thus ensure good capacity utilization during fiscal 2017 and to some extent for 2018.

Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled €205.3 million, after €259.1 million in the previous year. The EBITDA margin in 2016 was thus 7.0%, having been 8.7% in 2015. Not taking the purchase price allocation for Swisslog and one-off effects of the Midea Group takeover bid into account, KUKA Group achieved **earnings before interest and taxes (EBIT)** of €166.0 million (2015: €194.3 million). The EBIT margin stood at 5.6% (2015: 6.6%). In line with Group strategy, investments were made in the future viability of the company, and expenditure on research and development was increased 20% to €126.6 million in 2016. Taking into account all the expenditure in 2015 and 2016, KUKA achieved an EBIT of €127.2 million (margin: 4.3%) in the past financial year, compared to €135.6 million (margin: 4.6%) in the preceding year. In 2016 the extraordinary expenses relating to the Midea takeover and depreciation on the purchase price allocation for Swisslog amounted to €28.0 million and €10.8 million respectively.

Dividend recommendation €0.50 per share

At Group level, the **earnings after taxes** of €86.2 million (2015: €86.3 million) matched the previous year's level. Earnings per share amounted to €2.19 in 2016 (2015: €2.39). This slight reduction results from the higher number of shares compared with 2015 due to the conversion of the convertible bonds in 2016. For this reason, the Executive Board is recommending to the Annual General Meeting a dividend of €0.50 per share for the 2016 financial year, as in the previous year.

In the past financial year, the **free cash flow** in KUKA Group was -€106.8 million. In the previous year the free cash flow had still been clearly positive at €95.7 million. This development is primarily attributable to the strong increase in trade working capital which was influenced substantially by the high volume of orders received.

The working capital is set to improve in the coming quarters as revenue is generated from these orders with a positive impact on the free cash flow.

Equity amounted to €840.2 million as at December 31, 2016 (2015: €732.5 million). The equity ratio thus rose from the prior-year figure of 30.8% to 33.0%. Besides the net income of €86.2 million (2015: €86.3 million) and differences due to currency translation, the conversion of the remaining convertible bonds into new KUKA shares also contributed to this development. The conversions resulted in an increase of €44.6 million in equity.

Workforce expansion in growth regions

In the year under review, the Group's **workforce** rose by 7.2% from a total of 12,300 at the end of 2015 to 13,188 at the end of 2016. Personnel levels were increased particularly in the strategically important regions of the USA and Asia, but primarily in China.

Further revenue growth expected

Given the current economic forecasts and general conditions, KUKA anticipates high demand in fiscal 2017, particularly from China and North America. A slight increase in demand is expected in Europe as a whole. From a sector perspective, a positive development is predicted for the general industry market. Demand in the automotive industry is expected to remain stable, now that customer investments have already risen considerably in recent years, with positive stimulus in the USA and China.
On the basis of the current general conditions and exchange rates, KUKA is anticipating sales revenues of around €3.1 billion in fiscal 2017. Based on the current economic environment and the anticipated development of sales revenues, KUKA Group expects to achieve an EBIT margin of more than 5.5% before purchase price allocation for Swisslog and also before growth investments amounting to

about €45 million. The investments relate to Group-wide issues such as digitization, Industrie 4.0, mobility, general industry and China, for example. KUKA is expecting these investments to open up additional areas of growth for the Group in the coming years, which should be reflected in higher sales revenues. The expenditure for purchase price allocation at Swisslog should amount to about €10 million in 2017 and thus remain at the level of the previous year.

"For 2017 we see further potential for growth in the North American and Asian markets. The focus here is primarily on China. Our new majority shareholder Midea supports our growth strategy," explains Dr. Till Reuter, CEO of KUKA AG. "Particularly in the fields of service and consumer robotics, Midea supplements our know-how and will enable us to access this new market."

The complete annual report for 2016 is available on the Internet under

https://www.kuka.com/de-de/investor-relations/berichte-und-präsentationen

Key figures KUKA Group

in € millions	2012	2013	2014	2015	2016
Orders received	1,889.6	1,881.9	2,229.0	2,838.9	3,422.3
Order backlog	909.4	991.6	1,702.5	1,639.0	2,048.9
Sales revenues	1,739.2	1,774.5	2,095.7	2,965.9	2,948.9
EBIT	109.8	120.4	141.8	135.6	127.2
in % of revenues	6.3	6.8	6.8	4.6	4.3
in % of Capital Employed (ROCE)	32.3	36.9	28.8	20.0	16.2
Extraordinary expenses[1]	–	–	–	–	28.0
EBIT adjusted[1]	109.8	120.4	141.8	135.6	155.2
EBIT adjusted[1] in % of revenues	6.3	6.8	6.8	4.6	5.3
EBIT adjusted[1] in % of capital employed (ROCE)	32.3	36.9	28.8	20.0	19.8
EBITDA	138.5	158.4	185.3	259.1	205.3
in % of revenues	8.0	8.9	8.9	8.7	7.0
Extraordinary expenses[1]	–	–	–	–	28.0
EBITDA adjusted[1]	138.5	158.4	185.3	259.1	233.3
EBITDA adjusted[1] in % of revenues	8.0	8.9	8.9	8.7	7.9
(Average) capital employed	339.8	326.2	492.0	676.8	783.0
Employees[2] (Dec. 31)	7,264	7,990	12,102	12,300	13,188

[1] Extraordinary effect due to the takeover bid by Midea Group
[2] Figures for employees are based on the full-time equivalent throughout the annual report.

Key figures – Robotics

in € millions	2012	2013	2014	2015	2016
Orders received	803.1	793.5	805.5	891.2	1,088.8
Order backlog	248.7	280.7	241.5	233.4	316.1
Sales revenues	742.6	754.1	834.6	909.6	993.5
EBIT	80.2	77.1	88.9	100.2	100.7
in % of revenues	10.8	10.2	10.7	11.0	10.1
in % of Capital Employed (ROCE)	57.2	49.6	53.1	56.6	51.7
EBITDA	95.9	101.9	112.0	126.1	123.2
in % of revenues	12.9	13.5	13.4	13.9	12.4
Capital employed	140.2	155.6	167.3	177.1	194.9
Employees (Dec. 31)	3,180	3,416	3,644	4,232	4,726

Key figures – Systems

in € millions	2012	2013	2014	2015	2016
Orders received	1,115.1	1,111.6	1,456.0	1,428.1	1,644.6
Order backlog	666.1	714.4	955.4	923.2	1,139.3
Sales revenues	1,025.3	1,045.9	1,285.6	1,471.7	1,395.5
EBIT	47.7	60.8	80.2	114.7	91.3
in % of revenues	4.7	5.8	6.2	7.8	6.5
in % of Capital Employed (ROCE)	23.8	43.0	67.9	87.9	42.8
EBITDA	57.8	71.0	97.4	135.6	113.5
in % of revenues	5.6	6.8	7.6	9.2	8.1
Capital employed	200.5	141.5	118.1	130.5	213.1
Employees (Dec. 31)	3,902	4,362	5,810	5,146	5,189

Key figures – Swisslog

in € millions	2014[1]	2015	2016
Orders received	–	551.8	742.6
Order backlog	517.2	491.0	624.7
Sales revenues	–	620.8	593.5
EBIT	–	-45.9	4.8
in % of revenues	–	-7.4	0.8
in % of Capital Employed (ROCE)	–	-14.5	1.5
EBITDA	–	24.5	28.2
in % of revenues	–	3.9	4.8
Capital employed	154.6	315.9	317.4
Employees (Dec. 31)	2,369	2,555	2,679

[1] Swisslog was consolidated for the first time as of December 31, 2014.

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KUKA Group

The KUKA Group is a global automation corporation with sales of around 3 billion euro and 13,000 employees. As a leading global supplier of intelligent automation solutions, KUKA offers customers in the automotive, aerospace, electronics, consumer goods, metalworking, logistics/e-commerce, healthcare and service robotics industries everything they need from a single source: from components and cells to fully automated systems. The Group is headquartered in Augsburg.