



Interim report on the first half-year 2017

KUKA Group continues to grow and increases guidance

- **Orders received** in the second quarter reach record level, increasing 12.8% to €1,007.5 million (Q2/16: €893.4 million)
- **Sales revenues** in the second quarter rise by 43.1% to a record value of €1,007.7 million (Q2/16: €704.1 million)
- **EBIT margin** reaches 5.4% (Q2/17) before purchase price allocation for Swisslog and before growth investments (Q2/16: 5.5%*)
- **Earnings after taxes** stand at €33.6 million in Q2/17 after €9.5 million (Q2/16)
- **Guidance** for 2017 increased: sales revenues of about €3.3 billion and EBIT margin of more than 5.5% before purchase price allocation for Swisslog and before growth investments

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Augsburg, August 2, 2017 – KUKA Group looks back on a successful second quarter, having posted record orders received totaling slightly over 1 billion euro. “We have continued on our growth course,” says Dr. Till Reuter, CEO of KUKA AG. “The worldwide demand for automation solutions ‘made by KUKA’ is high. We have therefore increased our guidance for the full year 2017. We are expecting sales revenues of around 3.3 billion euro and an EBIT margin of more than 5.5%. In order to boost our innovative strength, we shall continue to invest in key technologies for Industrie 4.0, such as human-robot collaboration, mobility and smart platforms.”



KUKA continues to grow and achieves new record value for orders received

In the second quarter of 2017, KUKA Group generated **orders received** worth €1,007.5 million – the highest quarterly result in the company’s history. Compared with the same quarter last year (Q2/16: €893.4 million), this represents growth of 12.8%. All three divisions made a significant contribution to this new record value – Robotics and Swisslog even contributed with double-digit growth rates. In the first half of 2017, KUKA posted orders received totaling €1,974.8 million. This corresponds to a 20.4% increase on the result for the first half-year 2016 (H1/16: €1,639.9 million).

In the second quarter, the Robotics division reported orders received totaling €350.0 million, thus surpassing the 300-million-euro-mark for the third time in a row. Compared with the value for the previous year (Q2/16: €252.2 million), this represents an increase of 38.8%. The General Industry customer segment was the primary driver of this development, but the Automotive and Service segments also contributed to the growth. From a regional perspective, China and North America have driven the positive performance. Orders received were up from €493.9 million (H1/16) to €657.4 million in the first half of 2017 – an increase of 33.1%.

The Systems division achieved orders received of €438.6 million in the second quarter of 2017, falling just short of the figure for the prior-year quarter (Q2/16: €440.0 million). In the first half of 2017, the total volume of orders received was €884.2 million (H1/16: €825.5 million), corresponding to a rise of 7.1%.

At Swisslog, orders received rose 11.7% to a total of €234.7 million (Q2/16: €210.1 million). Drivers behind this positive development were the important growth industry Logistics and the good performance in North America. In the first half-year 2017, orders received at Swisslog climbed 38.4% to €464.9 million compared with the same period of the previous year (H1/16: €335.8 million).



Sales revenues up to record level

In KUKA Group, **sales revenues** were up in the second quarter of 2017 from €704.1 million (Q2/16) to the record level of €1,007.7 million. This represents a gain of 43.1% compared with the prior-year quarter. The result reflects the high levels of orders received in the preceding quarters. In the first half-year 2017, KUKA Group generated sales revenues of €1,798.5 million. Compared with the same period last year (H1/16: €1,333.2 million), this represents growth of 34.9%.

In the second quarter, sales revenues at Robotics totaled €349.7 million (Q2/16: €248.3 million). This was the highest value ever achieved in any quarter and constituted a rise of 40.8%. It was mainly the Automotive and General Industry segments which had a positive impact on this result. In the first half of 2017, Robotics generated sales revenues of €621.8 million. Compared with the same period last year (H1/16: €458.7 million), this signifies an increase of 35.6%.

In the second quarter of 2017, sales revenues in the Systems division reached €481.0 million. Compared with the prior-year quarter (Q2/16: €313.9 million), this is a gain of 53.2%. Sales revenues climbed 40.3% to €849.8 million in the first half of 2017 (H1/16: €605.8 million).

Swisslog generated sales revenues of €193.3 million in the second quarter. This is an increase of 30.3% on the previous year's result for the same quarter (Q2/16: €148.4 million). Sales revenues in the first half of 2017 totaled €352.7 million. Compared with the same period last year, the figure rose by 24.0% (H1/16: €284.5 million).

The **book-to-bill ratio**, i.e. orders received in relation to sales revenues, fell slightly as compared with both the prior-year quarter and half-year, although the figure was well above 1 in the first half-year (Q2/17: 1.00 and H1/17: 1.10).



The **order backlog** grew by 16.3% to €2,237.4 million on June 30, 2017 (June 30, 2016: €1,923.0 million).

Earnings before interest and taxes (EBIT) totaled €45.5 million in the second quarter after €15.3 million in Q2/16. The EBIT margin stood at 5.4% before purchase price allocation for Swisslog and before growth investments (Q2/16: 5.5% before purchase price allocation for Swisslog and before extraordinary expenses related to Midea). In the first half of 2017, EBIT increased by 76.4% to €82.4 million (H1/16: €46.7 million). The margin stood at 5.2% before purchase price allocation for Swisslog and before growth investments (H1/16: 5.5% before purchase price allocation for Swisslog and before extraordinary expenses related to Midea).

In the second quarter, the Robotics division achieved an EBIT of €37.8 million (Q2/16: €25.5 million). The EBIT margin of 10.8% surpassed the previous year's level in the same quarter (Q2/16: 10.3%).

In the second quarter of 2017, EBIT at Systems increased by 14.2% to €22.5 million (Q2/16: €19.7 million). The EBIT margin decreased from 6.3% (Q2/16) to 4.7%. This was mainly attributable to delays and additional costs that have been encountered in two projects in Europe due to capacity bottlenecks.

EBIT at Swisslog grew in the second quarter to €1.1 million (Q2/16: €0.4 million). The EBIT margin stood at 0.6% (Q2/16: 0.3%). The margin before purchase price allocation for Swisslog was 1.7% compared with 2.1% in Q2/16. Due to seasonal factors, completion of customer projects is concentrated more on the second half-year, so an improvement of the EBIT margin is expected towards the end of the year.

Group workforce increased

The number of **employees** in KUKA Group grew by 8.5% from 12,675 (June 30, 2016) to 13,755 (June 30, 2017).



Outlook: Guidance for 2017 increased

Based on current general conditions, KUKA expects sales revenues of around €3.3 billion for the full year 2017, up approximately 12% on last year. If the figure for the previous year is adjusted by the contribution to sales revenues of the divested US Aero division, this signifies an increase in sales revenues of approximately 16%. Both customer segments – General Industry and Automotive – and from a regional viewpoint, China and North America, should make a positive contribution to sales revenue development. Given the current economic environment and anticipated sales revenue development, KUKA Group expects to achieve an EBIT margin of more than 5.5% before purchase price allocation for Swisslog and before growth investments. The expenditure for purchase price allocation at Swisslog should amount to about €8.8 million in 2017 and thus be slightly below the level of the previous year.



Key figures

in € millions	H1/16	H1/17	Change in %
Orders received	1,639.9	1,974.8	20.4
Order backlog (June 30)	1,923.0	2,237.4	16.3
Sales revenues	1,333.2	1,798.5	34.9
Gross profit	361.9	404.6	11.8
in % of sales revenues	27.1	22.5	-
Earnings before interest and taxes (EBIT)	46.7	82.4	76.4
in % of sales revenues	3.5	4.6	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	81.5	119.1	46.1
in % of sales revenues	6.1	6.6	-
Earnings after taxes	30.4	60.2	98.0
Earnings per share (undiluted) in €	0.78	1.52	94.9
Capital expenditure	41.0	40.9	-0.2
Equity ratio in % (June 30)	32.7	33.1	-
Net liquidity/debt (June 30)	122.2	-100.0	>-100
Employees (June 30)	12,675	13,755	8.5

in € millions	Q2/16	Q2/17	Change in %
Orders received	893.4	1,007.5	12.8
Order backlog (June 30)	1,923.0	2,237.4	16.3
Sales revenues	704.1	1,007.7	43.1
Gross profit	185.3	209.3	13.0
in % of sales revenues	26.3	20.8	-
Earnings before interest and taxes (EBIT)	15.3	45.5	>100
in % of sales revenues	2.2	4.5	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	32.9	63.6	93.3
in % of sales revenues	4.7	6.3	-
Earnings after taxes	9.5	33.6	>100
Earnings per share (undiluted) in €	0.24	0.85	>100
Earnings per share (diluted) in €	0.24	0.85	-
Capital expenditure	22.0	25.6	16.4



KUKA GROUP

The KUKA Group is a global automation corporation with sales of around 3 billion euro and 13,200 employees. As a leading global supplier of intelligent automation solutions, KUKA offers its customers in the automotive, 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.

DISCLAIMER

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