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Interim report on the third quarter 2017

KUKA on successful course – Guidance confirmed

- **Sales revenues** up 12.3% to €798.6 million in Q3/17
- **Orders received** down 18.5% to €804.4 million in the third quarter, but up 5.8% in a nine-monthly comparison
- **EBIT margin** reaches 5.6% before purchase price allocation and before growth investment
  - **Robotics:** EBIT margin at record high of 12.2%
  - **Swisslog:** EBIT margin before purchase price allocation increased to 3.0%
- **Earnings after taxes** total €19.2 million in the third quarter and €79.4 million (9M/17)
- **Guidance targets** for 2017 confirmed

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Augsburg, October 27, 2017 – KUKA Group has continued on its positive course in the third quarter of 2017 and completed the first nine months of the financial year with successful results. “In line with our strategy, we have continued to grow in the General Industry sectors,” states Dr. Till Reuter, CEO of KUKA AG. “In the growth market of China, we will adapt our presence to the increasing demand. We plan to double our capacities there by the end of the first quarter of 2018.”

Orders received on course in nine-monthly comparison

In the third quarter of 2017, KUKA Group's volume of **orders received** was €804.4 million. Compared with the same quarter last year (Q3/16: €987.5 million), this represents a drop of 18.5%. KUKA was unable to match last year's record figure this year, as the Systems division registered a decline in Europe. In the nine-monthly comparison, however, KUKA increased the volume of orders received by 5.8% from €2,627.4 million to €2,779.2 million (9M/17). The cumulative volume of orders received reached a new record high.

The Robotics division generated new orders of €288.9 million in the third quarter of 2017. Compared to the prior-year quarter (Q3/16: €287.1 million), this result represents a slight increase of 0.6%, thus remaining at about the same level as last year. The General Industry customer segment and the Service segment were the drivers of this development. From a regional perspective, Asia, and particularly China, have driven this positive performance. In the first nine months of 2017, Robotics achieved orders received of €946.3 million. Compared with the reference value for the previous year, this represents growth of 21.2% (9M/16: €781.0 million) – and thus the highest cumulative value ever achieved in the first nine months.

In the Systems division, orders received totaled €301.8 million in the third quarter of 2017. This was 42.6% lower than the result of the prior-year quarter (Q3/16: €526.2 million). The volume of orders received in the Systems division depends on the time at which major contracts are awarded and thus fluctuates greatly. Furthermore, unlike last year, no orders were received from the US Aerospace business, as this division has been sold. In the first nine months of 2017, Systems generated orders received totaling €1,186.0 million (9M/16: €1,351.7 million), corresponding to a decrease of -12.3% compared with the high values last year.

At Swisslog, orders received totaled €235.3 million (Q3/16: €199.4 million), thus considerably surpassing the 200-million-euro-mark. In particular, the Logistics segment achieved strong growth. In the first nine months of 2017, orders received reached a level of €700.2 million. This is a rise of 30.8% on the same period last year (9M/16: €535.2 million).

Double-digit growth in sales

In the third quarter of 2017, KUKA Group achieved **sales revenues** totaling €798.6 million. This is a 12.3% increase on last year's result for the same quarter (Q3/16: €710.9 million). In the first nine months of 2017, KUKA Group generated sales revenues of €2,597.1 million. Compared with the same period last year (9M/16: €2,044.1 million), this represents growth of 27.1%, and thus a record high.

The Robotics division reported an increase in sales revenues of 30.1% in the past quarter to €273.5 million (Q3/16: €210.3 million). In the first nine months of 2017, Robotics generated sales revenues of €895.3 million. Compared with the previous year (9M/16: €669.0 million), this represents growth of 33.8%, and thus a new record for this period.

In the third quarter, sales revenues in the Systems division amounted to €359.8 million. This represents a slight decline of -2.2% on the previous year's result for the same quarter (Q3/16: €367.8 million). Here, again, the absence of the US Aerospace business has an impact. Moreover, development of sales during the individual quarters is highly dependent on the phases of the ongoing projects. In the first nine months of 2017, sales revenues totaled €1,209.6 million despite the lack of the US Aerospace business (9M/16: €973.6 million). This corresponds to an increase of 24.2%.

In the third quarter of 2017, the Swisslog division's sales revenues rose from €138.9 million to €177.2 million. Between January and September 2017, Swisslog generated sales revenues of €529.9 million. This is an increase of 25.2% on the previous year's result (9M/16: €423.4 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 the first nine months, although the figure was slightly above 1 (Q3/17: 1.01 and 9M/17: 1.07).

The **order backlog** grew by 1.9% to €2,210.7 million on September 30, 2017 (September 30, 2016: €2,169.5 million).

Earnings before interest and taxes (EBIT) totaled €28.3 million in the third quarter of 2017 (margin: 3.5%) compared with the previous year's figure of €35.9 million (margin: 5.0%). Omitting the purchase price allocation for Swisslog and investment in growth for innovative solutions in the area of Industrie 4.0, the EBIT margin was 5.6%. In the first nine months of 2017, EBIT increased by 34.0% to €110.7 million (9M/16: €82.6 million) with a margin of 4.3% in the first nine months of 2017 (9M/16: 4.0%).

The EBIT at Robotics in the third quarter of 2017 amounted to €33.5 million with a new record EBIT margin of 12.2%. EBIT at 62.6% was higher than for the same period last year (Q3/16: €20.6 million) and had a positive effect on the profitability of KUKA Group. The EBIT margin for the previous year was 9.8%. EBIT at Robotics in the first nine months of 2017 totaled €97.2 million, resulting in an EBIT margin of 10.9%. EBIT in the same period last year was €67.3 million with an EBIT margin of 10.1%.

The Systems division posted an EBIT of €6.3 million in the third quarter of 2017. This is a 75.7% decline on the previous year's result for the same quarter (Q3/16: €25.9 million). The EBIT margin was 1.8% in the third quarter of 2017 compared with 7.0% in the same period in 2016. This steep decline was caused by capacity shortages in some projects. In the first nine months of 2017, EBIT stood at €55.1 million (9M/16: €64.7 million) – a decline of 14.8%. The margin stood at 4.6% (Q3/16: 6.6%).

In the third quarter, Swisslog's EBIT increased significantly, climbing to €3.0 million. This corresponds to a 200% increase on the third quarter of 2016 (Q3/16: €1.0 million). The EBIT margin of this division increased from 0.7% in the previous year to 1.7% in the past quarter. The EBIT margin before purchase price allocation was 3.0% compared with 2.7% in the prior-year quarter. Between January and September of this year, the EBIT rose from €0.7 million (9M/16) to €2.2 million. The EBIT margin increased in the first nine months of 2017 from 0.2% (9M/16) to 0.4%.

Increased workforce throughout the Group

The number of **employees** in KUKA Group grew by 7.1% from 13,056 to 13,988 in the first nine months of 2017.

Outlook: guidance for 2017 confirmed

Based on current general conditions, KUKA anticipates sales revenues of around €3.3 billion for the full year 2017, up approximately 12% on last year. Adjusted to allow for the contribution to revenues of the divested US Aerospace business in the previous year, this corresponds to growth of around 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 revenue development, KUKA Group expects to achieve an EBIT margin of more than 5.5% before purchase price allocation for Swisslog and before growth investment. The expenditure for purchase price allocation at Swisslog should amount to about €9 million in 2017 and thus be at the level of the previous year.

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/16	9M/17	Change in %
Orders received	2,627.4	2,779.2	5.8
Order backlog (September 30)	2,169.5	2,210.7	1.9
Sales revenues	2,044.1	2,597.1	27.1
Gross profit	548.6	593.2	8.1
as a % of sales revenues	26.8	22.8	–
EBIT	82.6	110.7	34.0
as a % of sales revenues	4.0	4.3	–
EBITDA	138.2	166.2	20.3
as a % of sales revenues	6.8	6.4	–
Earnings after tax	78.9	79.4	0.6
Earnings per share (undiluted/diluted) in €	2.01	2.00	-0.5
Capital expenditure (annual average)	63.2	64.7	2.4
Equity ratio as % (September 30)	33.5	32.9	–
Net liquidity/debt (September 30)	85.9	-166.3	>100
Employees (September 30)	13,056	13,988	7.1

in € millions	Q3/16	Q3/17	Change in %
Orders received	987.5	804.4	-18.5
Order backlog (September 30)	2,169.5	2,210.7	1.9
Sales revenues	710.9	798.6	12.3
Gross profit	186.7	188.6	1.0
as a % of sales revenues	26.3	23.6	–
EBIT	35.9	28.3	-21.2
as a % of sales revenues	5.0	3.5	–
EBITDA	56.7	47.1	-16.9
as a % of sales revenues	8.0	5.9	–
Earnings after tax	48.5	19.2	-60.4
Earnings per share (undiluted/diluted) in €	1.23	0.48	-61.0
Capital expenditure (annual average)	22.2	23.8	7.2

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

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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