



KUKA signs investor agreement with Midea and recommends acceptance of the offer

- **Investor agreement with a term until the end of 2023 signed**
- **Commitments regarding retention of locations and jobs**
- **Business partners' data protected by ring-fencing agreement**
- **No domination agreement sought; stock exchange listing stays in place**
- **Higher investments in research & development intended**
- **Joint recommendation of Executive Board and Supervisory Board to accept the offer**

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Augsburg, 28 June 2016 – KUKA AG has signed an investor agreement with Midea that commits Midea to extensive assurances until the end of 2023. These assurances include commitments that locations and jobs will be retained, a commitment to KUKA's existing strategy and the Executive Board's independence, agreements on protecting business partners' data, as well as the assurance not to pursue a domination agreement or delisting.

In addition, following careful examination, the Executive Board and Supervisory Board of KUKA AG today published the required Reasoned Opinion in accordance with Section 27 of the German Securities Acquisition and Takeover Act (WpÜG). In this opinion, they come to the conclusion that the bid is in the interests of the company, its shareholders, customers and employees. It is therefore recommended that shareholders accept the offer.

After the offer document had been submitted, the Executive Board and Supervisory Board have formed a well-founded opinion and obtained fairness opinions from four banks. After examining the bid on the basis of their respective valuation models, all four come to the conclusion that the offered price of €115.00 a share is appropriate.

The Executive Board and Supervisory Board welcome the fact that the intentions and assurances Midea has made public to date have been specified in more detail and formalised in the shape of contractual obligations.



KUKA's Chief Executive Officer, Dr. Till Reuter, stated: "We conducted intensive negotiations with Midea and ensured that the announced assurances have now been made legally binding. The agreed term of 7.5 years is much longer than what is customary. It protects the interests of our company, our business partners, our employees and our shareholders until well into the next decade. For us, it was also important to find a good solution for our business partners' data security. We've also succeeded in that with the ring-fencing agreement, the cornerstones of which have already been negotiated in a binding manner."

The cornerstones of the ring-fencing agreement are part of the investor agreement and regulate how industrial property rights and KUKA's know-how will be dealt with, as well as how the confidential data of customers and suppliers will be protected. Databases containing such data are not allowed to be moved by Midea to other locations and are protected against being accessed by Midea or other third parties.

In assessing the bid, the Executive Board not only looked at whether the price was reasonable and how the legitimate interests of, for example, employees and customers were to be protected, but also evaluated the transaction's strategic logic. In the Executive Board's assessment, Midea's engagement supports the existing growth strategy. Major drivers in that are the Chinese market, Industry 4.0, and expansion of activities in the fields of logistics and service robots. Midea has undertaken to support KUKA to expand its business in China, for example by providing better market access. Under the agreement, Midea will also support KUKA in strategic growth projects, such as by increasing the workforce in Research & Development (R&D), expanding the existing R&D locations, and investing in digitisation. It also envisages a cooperation between KUKA and Midea in logistics and the launch of business activities in the field of service robots.

"Together with Midea, we'll be able to implement our existing strategy even better. At the same time, we will remain a German company," said Dr. Till Reuter.

This release and any further information on the bid is published by KUKA AG on its homepage at <https://www.kuka.com/en-de/investor-relations/takeover-offer-midea-mecca>

KUKA Aktiengesellschaft

KUKA Aktiengesellschaft is a global automation company with sales revenues of around 3 billion euro and a workforce of 12,300 worldwide. The company is one of the world's leading suppliers of automation solutions. KUKA offers its customers tailored solutions ranging from the core Component – the robot – to cells and large-scale systems. The company is headquartered in Augsburg. KUKA operates internationally for customers from the automotive industry and general industry. (31.12.2015)