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KTM Industries heads for the 8th record year in 2018

- **Earnings forecast for 2018 confirmed**
- **Shareholding in KISKA Design increased to 50%**
- **Outlook 2019: Expected consolidation of the motorcycle market**
- **Management Board contracts extended ahead of schedule**
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Earnings forecast for 2018 confirmed

In 2018, KTM heads for its 8th record year in a row. In 2018 KTM gained disproportionately in market share in the key markets and outperformed the market in both Europe and North America. In Europe the market grew by about 7 % last year - mainly driven by Germany, France and Italy; KTM has increased the registrations in the same period by more than 20 %. In the overall declining US market (minus 2 %) KTM increased the registrations by more than 10 %. Thus, both in Europe and in the USA substantial increases in market share have been achieved.

KTM confirms the forecast for sales and EBIT. The preliminary figures for the financial year 2018 will be published on January 28, 2019 (after the close of the stock exchange trading).

Shareholding in KISKA Design increased to 50%

An important success factor in the KTM-Group is Europe's largest independent design studio KISKA Design. In order to safeguard this important function in the future, the participation will be increased from currently 26% to 50% by the end of the year.

Outlook 2019: Expected consolidation of the motorcycle market

In 2019, KTM expects a consolidation of the European motorcycle market. With respect to the US market, KTM expects a further market decline. Due to the increasing volatility of the global economic and political environment, KTM is focusing on increasing efficiency and productivity over the next two years. This is considered as the basis in order to play a strong role during the expected consolidation of the industry. It is the aim to keep EBIT margin and to increase the free cash flow potential to 3-5% of the sales (p.a.).

Due to the intensive investment program of the past years in capacities and infrastructure and the relocation of the small-volume Husqvarna road models to the strategic partner Bajaj in 2019, the required production capacities in Austria are secured for the next years.

KTM places an important focus on the dual training and the further education and development of its employees (KTM Academy). The stabilization of the supply chain is another milestone for 2019.

Due to the strong growth of the electric bike joint venture PEXCO, located in Schweinfurt, Germany, full consolidation is already planned for 2020/21.

Management Board contracts extended ahead of schedule

To implement these measures, the Supervisory Boards of KTM Industries AG and KTM AG have extended the management board contracts of Stefan Pierer (CEO), Friedrich Roithner (CFO), Hubert Trunkenpolz (CSO) and Viktor Sigl (CFO KTM AG), which would have expired in spring 2020, by five years until December 31, 2023. Harald Plöckinger leaves the company by mutual consent on February 28, 2019. Since March 2018, Florian Kecht (sales), Philipp Habsburg (development) and Walter Uitz (production) strengthen the team as management board members of the operative subsidiary KTM AG.

Guidance

Short- and mid-term guidance (without PEXCO)	FC 2018 (incl. 1 st half year Pankl)	2019/2020	2021
Revenue in EUR / Revenue growth (p.a.)	~ 1,570 million	1 - 5%	9 – 11%
EBIT in EUR / EBIT margin	~ 160 million	8 – 10%	8 – 10%
Capex in EUR (incl. leasing *)	~ 165 million	150-160 million	150-160 million
Net debt / EBITDA	1.0 - 1.2x	1.0 - 1.2x	< 1.0 x
ROIC	12 – 13%	10 – 12%	10 – 12%
Dividend policy	stable and conservative	stable and conservative	stable and conservative

*) 2019 without catch-up effect according to IFRS 16

About KTM Industries-Group

The KTM Industries Group is the biggest European motorcycle producer and focuses on highly innovative sport motorcycles and electro mobility. With its worldwide renowned brands KTM, Husqvarna Motorcycles and WP, the group is in its segments among the technological and market leaders. Within the group there is a high degree of technological network, which is, in this form, unique in Europe. Strategic partnerships at an operational level strengthen the competitiveness in our respective markets. All these factors are the basis for the high innovation level of the KTM Industries-Group and ensure a sustainable organic growth.



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