

Corporate News

Wels, 28 January 2019

KTM Industries AG: Earnings forecast for 2018 confirmed Eighth record result in a row!

- **Sales volume: 261,454 motorcycles / + 10% compared to the previous year**
- **Revenues: 1,560 m€ / + 2% compared to the previous year**
- **EBIT: 161 m€ / + 21% compared to the previous year**
- **Above-average market share increase in the key markets**
- **Investments of 184 m€ in the Austrian operating sites**
- **Outlook: sales target of 400,000 motorcycles confirmed for 2022**

Preliminary revenues and earnings in the business year 2018

According to preliminary results, the KTM Industries Group achieved record revenues in the amount of 1,559.5 m€ (+2%) in the business year 2018. This corresponds to an increase of 26.5 m€. The preliminary EBIT reached 161.0 m€ (+21%) after 132.5 m€ in the previous year. The earnings effect from the sale of the Pankl-Group amounted to approximately 26 m€. Adjusted for the Pankl effect, the EBIT margin stands at 8.6%. The preliminary result before taxes increased to 143.3 m€ after 117.1 m€ in the previous year.

The sale of the Pankl-Group at a purchase price of 130.5 m€ to the Pierer Industrie Group in June 2018 further strengthened the balance sheet structure and reduced the net financial debt.

Above-average market share increase in the key markets

In 2018 KTM gained disproportionately in market share in the key markets with its brands KTM and Husqvarna Motorcycles and outperformed the market in both, Europe and North America. In Europe the market grew by about 8 % last year. KTM has increased the registrations in the same period by 21.5%; this corresponds to a market share of 11.7% at the end of 2018. In the overall declining US market in 2018 (minus 2.3 %) KTM increased the registrations by 8.5% and increased the market share to 8.9% at the end of 2018. These successes are also due to the new launches of the KTM middle class - KTM Duke 790 - and the first Husqvarna street motorcycles (401 Svartpilen/Vitpilen and 701 Vitpilen).

With **212,899** sold **KTM** motorcycles and already **48,555** sold **Husqvarna motorcycles** sold in the financial year 2018, KTM AG has further expanded its position as the largest European motorcycle manufacturer. Sales increased by around 10% compared to the previous year.

Investments of 184 m€ in the Austrian operating sites

In 2018 around 106 m€ were invested in product development (including tools) for the further growth; and around 78 m€ were invested in plants and infrastructure. Investments in plant and infrastructure

investments focused, among other things, on the expansion of the research and development center in Mattighofen with an investment volume of approx. 30 m€. Due to the intensive investment program of the past years in capacities and infrastructure, the required production capacities in Austria are ensured for the next years.

Employees: 4,300, thereof 3,625 in Austria

On 31.12.2018, the KTM Industries Group had 4,300 employees, of whom 3,625 were employed in Austria (over 80%). In the past fiscal year, 106 employees were recruited at KTM. KTM has built a total of more than 2,200 employees since 2011, more than doubling the number of employees in Austria. KTM places an important focus on apprenticeship training (150 apprentices) and the further education and development of its employees (KTM Academy).

Outlook: sales target of 400,000 motorcycles confirmed for 2022

In the financial year 2019, the KTM Industries Group will continue to focus on organic growth in all core areas. The objective is to further expand market shares in the markets that are important for KTM and Husqvarna - despite the challenging market environment. Shifting the production of the Husqvarna street motorcycles (up to 400 cc) to the strategic partner Bajaj in Q4/2019 also gives KTM the opportunity to produce Husqvarna entry-level motorcycles at competitive manufacturing costs, thus further increasing sales in the emerging markets.

The efficiency program set up in 2018 will be systematically continued in 2019.

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

For the fiscal year 2022, KTM Industries AG confirms the sales target of 400,000 motorcycles.

Guidance (without PEXCO)	2019/2020	2021
Revenue growth (p.a.)*	1 - 5%	9 – 11%
EBIT margin	8 – 10%	8 – 10%
Capex in EUR (incl. leasing)**)	150-160 million	150-160 million
Net debt / EBITDA	1 - 1,2	< 1
Free Cash Flow / Sales (p.a.)	3 – 5%	3 – 5%
ROIC	10 – 12%	10 – 12%
Dividend policy	stable and conservative	stable and conservative

*) Growth on the basis of continuing operations (without Pankl)

***) 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.

Preliminary key figures 2018 of KTM Industries Group (consolidated)

Earnings figures		2017	preliminary 2018	Chg. in %
Revenues	m€	1,533.0	1,559.5	2%
EBITDA	m€	218.9	252.3	15%
EBIT	m€	132.5	161.0	21%
Earnings after taxes	m€	83.9	107.7	28%
Earnings after minorities	m€	44.7	60.7	36%
EBITDA margin		14.3%	16.2%	
EBIT margin		8.6%	10.3%	

Balance sheet figures		31.12.2017	31.12.2018	Chg. in %
Balance sheet total	m€	1,465.2	1,350.1	-8%
Equity	m€	528.6	544.0	3%
Equity ratio	in %	36.1%	40.3%	
Net debt	m€	375.0	322.4	-14%
Gearing	in %	70.9%	59.3%	
Net debt / EBITDA		1.71x	1.28x	
Capex	m€	-178.6	-183.6	3%
Employees	Headcount	5,887	4,300	-27%

Cash flow figures		2017	2018	Chg. in %
Cash flow from operating activities	m€	161.3	86.4	-46%

The annual financial report 2018 will be available on the company's website www.ktm-industries.com from March 26, 2019 under the following link:

<https://www.ktm-industries.com/en/investor-relations/reports/>

Legal disclaimer

This announcement does constitute neither an offer to sell nor an intimation to submit a proposal for the acquisition of securities of KTM Industries AG.

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