

Wels, August 27, 2018

Adhoc: KTM Industries AG confirms preliminary figures for the first half of 2018 and updates its guidance

Record drive continued in the first half of 2018

- **Motorcycle sales: 126,808 / + 15% to previous year**
- **Revenues: 821.8 m€ / +8% % to previous year**
- **EBIT: 78.4 m€ / + 19% to previous year**
- **Positive outlook for the end of the business year and guidance**

Revenues, sales and earnings in the first half of 2018

KTM Industries-Gruppe confirms the preliminary result which was published on July 26, 2018 for the first half year 2018. With record sales of more than 126,808 motorcycles, **KTM Industries-Group** achieved revenues in the amount of 821.8 m€ in the first half year of 2018 (+8%) after 758.8 m€ in the previous year. The operating profit (EBIT) for the first half of 2018 amounts to 78.4 m€ compared to 65.8 m€ in the previous year (+19%). The effect on the results from the sale of the Pankl-Group amounts to approximately 26 m€. The EBIT margin - adjusted for the Pankl effect - of 6.4% is higher than planned, taking into consideration four effected starts of production. The earnings before interest, taxes, depreciation and amortization (EBITDA) amounting to 126.2 m€ exceed the figure of the previous year of 105.8 m€. As a result of the sale of the Pankl-Group (1,800 employees) to the Pierer Industrie-Group, the number of employees at the KTM Industries-Group changed to 4,334 as of June 30, 2018.

Sale of Pankl-Group in June 2018

On June 26, the Pankl-Group was sold to the Pierer Industrie-Group for a purchase price of 130.5 m€. The sale of Pankl provided the strategic and financial basis for KTM Industries-Group's even greater focus on the two-wheeler industry, particularly the development of low-power electro-mobility, over the next few years. As a result of the cash inflow from the sale, the perpetual bond in the amount of 60 m€ was repaid. Due to the deconsolidation of Pankl, the financial liabilities were relieved by further 100 m€ and the balance sheet structure was strengthened.

Investments at the Austrian sites

Investments in research and development in the first half of 2018 amounted to 37.9 m€ (H1 2017: 32.4 m€), whereas investments in infrastructure declined. The intensive investment program that has taken place in recent years results in a further decrease in this area. In total, investments in the first half of 2018 amount to 96.2 m€ (previous year: 87.6 m€). The expansion of the research and development center at the Mattighofen site with an investment volume of approximately 30 m€ was completed in the second quarter of 2018.

Positive outlook for the end of the business year and guidance

For the second half of 2018, the Group expects a continuing positive growth trend as in the first half of the year. In the business year 2018, KTM Industries-group focuses on organic growth in its core segment through further increase of market shares and global expansion. On the basis of the half year result 2018 and due to the sale of the Pankl-Group, the guidance was updated and is available on the website:

For the 2018 financial year, the Executive Board expects a consolidated revenue of € 1.570 billion and an operating EBIT of more than € 160 million. The Net Debt/EBITDA-ratio is expected to improve to a range between 1.0 – 1.2x.

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.

Key figures H1 2018 of KTM Industries-Group (consolidated)

Earnings figures		H1 2017	H1 2018	Change in %
Revenues	m€	758.8	821.8	8%
EBITDA	m€	105.8	126.2	19%
EBIT	m€	65.8	78.4	19%
EBITDA-margin	in %	13.9%	15.4%	
EBIT-margin	in %	8.7%	9.5%	
Balance sheet figures		31.12.2017	30.06.2018	
Balance sheet total	m€	1,465.2	1,425.6	
Equity	m€	528.6	490.9	
Equity ratio	in %	36.1%	34.4%	
Net debt	m€	375.0	382.9	
Gearing	in %	70.9%	78.0%	
Employees		5,887	4,334	
		H1 2017	H1 2018	
Investments	m€	87.6	96.2	

The half year report of KTM Industries AG is available as of now on the website of the company under the link <http://www.ktm-industries.com/index.php/en/ir/berichte/interimreports>

The updated guidance is also available on the website under the link <http://www.ktm-industries.com/index.php/en/company/keyfigures>

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Ticker symbol: KTMI

Reuters: KTMI:VI

Bloomberg: KTMI:AV