

Wels, July 26, 2018

## **KTM Industries AG: Record drive continued in the first half of 2018**

### **Focus on two-wheeler industry due to the sale of Pankl**

#### **Preliminary key figures for the first half of 2018**

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

#### **Revenues, sales and earnings in the first half of 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€.

Investments in fixed assets amount to 46.9 m€ in the first half of 2018 and are thus below the level of the previous year (51.0 m€). The equity ratio as of June 30, 2018 amounts to 34.4%.

As a result of the sale of the Pankl-Group (1,800 employees) to the Pierer Industrie AG-Group, the number of employees at the KTM Industries-Group changed to 4,334 as of June 30, 2018. In Austria, there are 3,645 employees (84%).

In all world regions, KTM gained significant market share in the first half of the year. The registration figures in Europe with an increase of 36% (YoY) to a market share of 11.3% should be especially noted. The disproportionate increases are also attributable to the successful launch of the first model of the medium-sized series (2-cylinder 800cc) at KTM - 790 Duke - and the Husqvarna road models (401 Svartpilen / Vitpilen and 701 Vitpilen).

#### **Sale of Pankl on June 26, 2018**

In June, 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**

For the second half of 2018, the Group expects a continuing positive growth trend as in the first half of the year. Due to the sale of the Pankl-Group, the guidance for the current and the subsequent financial years will be updated. With the publication of the semi-annual report on August 27, 2018, also an outlook on the financial years 2018-2021 will be presented.

### **About KTM Industries-Group**

The KTM Industries Group is a leading European vehicle group with a strategic focus on the global sports motorcycle segment and the automotive high tech components segment. With its worldwide renowned brands KTM, Husqvarna Motorcycles and WP, the group is among the technology 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 KTM Industries-Group and ensure a sustainable organic growth.

## Preliminary key figures H1 2018 of KTM Industries-Group (consolidated)

<b>Earnings figures</b>		<b>H1 2017</b>	<b>H1 2018</b>	<b>Change in %</b>
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%	

<b>Balance sheet figures</b>		<b>31.12.2017</b>	<b>30.06.2018</b>
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

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