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## **KTM Industries AG: KTM Industries AG to be renamed into PIERER Mobility AG - record results once again in the first half of 2019**

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- **Motorcycle sales: 135,711 / + 7 % to previous year**
- **Revenue: EUR 754.9 million / +4.2 % to previous year**
- **EBIT: EUR 46.6 million / + 1.4 % to previous year**
- **Positive outlook for the end of the business year and confirmation of guidance**

### **KTM Industries AG to be renamed PIERER Mobility AG**

KTM Industries AG Group is Europe's leading manufacturer of "powered two-wheelers", producing in series all drive technologies, from combustion engines to electric motors. Under the umbrella of the KTM Industries-Group, upcoming brands such as "Husqvarna Motorcycles", "Husqvarna Bicycles" and "Raymon" and the component brand "WP", appear alongside the core brand "KTM"; these emerging brands are becoming increasingly important, especially considering the developments in the e-mobility sector. Therefore, the Executive Board of KTM Industries AG has taken the decision to rename the parent company of the group into PIERER Mobility AG - without naming a single brand - and thus to express the strong role of the majority shareholder in the name of the company. The relevant resolution will be taken during an extraordinary general meeting held this autumn.

### **Revenue, sales and earnings during the first half of 2019 - ninth consecutive record results!**

The Group continued its growth in the first half of 2019, registering Group revenue of EUR 754.9 million. This corresponds to growth of +4.2 % compared with the same period during the previous year\*) and lies at the upper end of our expectations. With a total of **135,711** (+7 % compared to the previous year) **motorcycles sold** in the first half of the year - 115,318 KTM motorcycles and 20,393 Husqvarna motorcycles - the Group strengthened its position as Europe's largest motorcycle manufacturer. At EUR 46.6 million, earnings before interest and taxes (EBIT) in the first half of 2019 were significantly over budget. As of 6/30/2019, the Group employed 4,427 people, 84 % of these positions being in Austria.

\*) Group's continued operation (not including the Pankl-Group)

### **Market share gains in the U.S. and India - high European market share**

During the first six months of the current financial year, the KTM Industries Group ("KTM") outperformed the overall market (+2.7 %) in the key motorcycle markets (> 120cc), with its KTM and Husqvarna Motorcycles brands, with an increase in registrations of +5.2 %.

In **Europe**, the overall market grew by around 8.5 % in the first half of 2019. In the same period, KTM increased registrations by 6.6 %, thereby maintaining its high market share in Europe at around 11.4 %. In the difficult **U.S. market**, which continued to decline (-2.3 %) during the first half of 2019, KTM was exceptionally successful in positioning itself. KTM increased its registrations by 5.2 %, thereby raising its market share as of June 30, 2019 from 8.4 % to 9.0 %. In the most important future market for KTM, **India**, KTM registrations in the first half of the year increased by over 35 % in comparison with the previous year. Its market share rose from around 4.3 % to around 6.8 %. 32,539 (+7,672) KTM bikes have already been sold in India and Indonesia via our strategic partner Bajaj.

### **Takeover of Australian Importer**

In July 2019, KTM AG increased its equity holding in Motorcycle Distributors Australia Pty Ltd from 26 % to 100 %, whereby the sales subsidiaries in Australia and New Zealand became wholly owned subsidiaries of the KTM Group as a result of the complete takeover of the company shares. With over 10,000 KTM and Husqvarna motorcycles sold, the Australian and New Zealand business has developed into the world's third-largest market, meaning that Motorcycle Distributors Australia Pty Ltd is KTM AG's third-largest subsidiary.

#### **Electric vehicle alliance agreed with Bajaj - BAJAJ Auto has approved investment of 1% in KTM Industries AG**

In June 2019, KTM Industries AG and Bajaj Auto Ltd. decided to launch a series development project for PTW ("powered two-wheeler") electric vehicles in the performance range of between 3 and 10 kW (48 V) at KTM AG level. The platform will support various product variants - powered two wheelers and electric bicycles - under the brands of both partners.

Series production will begin by 2022 at Bajaj's production location in Pune, India. This will represent a further significant step in strengthening the cooperation with BAJAJ. The Bajaj Group has also further strengthened its commitment to the KTM Industries-Group and the board of BAJAJ Auto has approved to acquire 1 % of the shares in KTM Industries AG (which will be known, in future, as PIERER Mobility AG) held by Pierer Industrie AG.

#### **Positive outlook and confirmation of guidance**

For the second half of 2019, the company is expecting to see a continuation of the positive growth rates of the first six months. The objective is to further increase the market shares in the markets that are important to KTM and Husqvarna, despite the challenging global economic environment. The complete takeover of the company shares in Motorcycle Distributors Australia Pty Ltd means that our presence in the Australian and New Zealand market will be given a boost from the second half of 2019.

For the 2019 financial year, the Executive Board expects consolidated sales growth (continued operation) of 3 - 5 % and operating EBIT of over EUR 130 million. As a result of the measures taken in the first half of the year to reduce the working capital, the free cash flow will be above the guidance.

#### **Key figures for H1 2019 for the KTM Industries Group (consolidated)**

| <b>Earnings figures 1)</b>   |        | <b>H1 2018</b>    | <b>H1 2019</b>    | <b>Change in %</b> |
|------------------------------|--------|-------------------|-------------------|--------------------|
| Revenue                      | mEur   | 724.5             | 754.9             | 4.2%               |
| EBITDA                       | mEur   | 84.7              | 98.5              | 16.3%              |
| EBIT                         | mEur   | 46.0              | 46.6              | 1.4%               |
| EBITDA margin                | in %   | 11.7%             | 13.1%             |                    |
| EBIT margin                  | in %   | 6.3%              | 6.2%              |                    |
|                              |        |                   |                   |                    |
| <b>Balance Sheet figures</b> |        | <b>12/31/2018</b> | <b>06/30/2019</b> | <b>Change in %</b> |
| Balance sheet total          | mEur   | 1,353.9           | 1,462.3           | 8.0%               |
| Equity                       | mEur   | 550.8             | 557.8             | 1.3%               |
| Equity ratio                 | in %   | 40.7%             | 38.1%             |                    |
| Net financial debt           | mEur   | 323.3             | 420.4             | 30.0%              |
| Gearing                      | in%    | 58.7%             | 75.4%             |                    |
| Employees                    | Number | 4,303             | 4,427             | 2.9%               |
|                              |        | <b>H1 2018</b>    | <b>H1 2019</b>    |                    |
| <b>Investments 1)</b>        | mEur   | 80.2              | 80.1              |                    |

1) The Group's continued operation (previous year not including the Pankl Group)

## About the Group

The KTM Industries Group (which will be known, in future, as PIERER Mobility Group) is Europe's largest manufacturer of powered two-wheelers, focusing on premium motorcycles and two-wheeled electric vehicles. With its worldwide renowned brands KTM, Husqvarna Motorcycles and WP, the group is in its segments among the technological and market leaders which are supplemented by high-quality electric bicycles. 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 PIERER Mobility-Group and ensure a sustainable organic growth.

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