

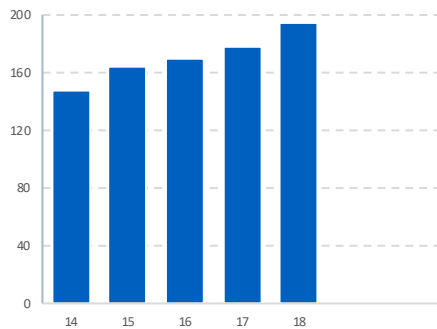
2018

Interim Report

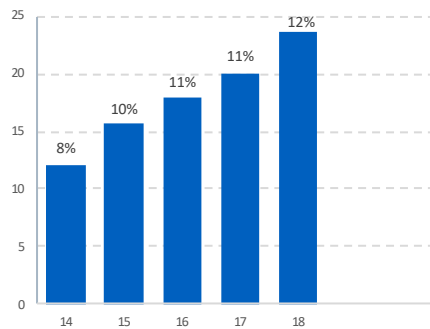
kardexgroup

Kardex Group at a glance

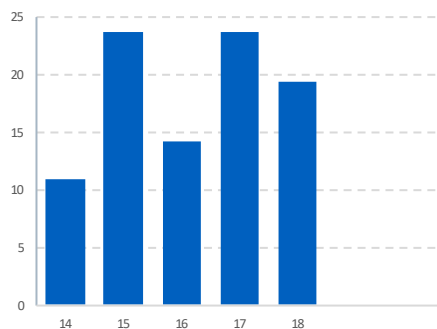
Net revenues
1.1.-30.6. in EUR millions



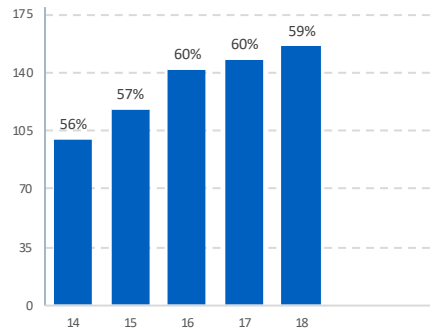
Operating result (EBIT) and EBIT margin
1.1.-30.6. in EUR millions and in %



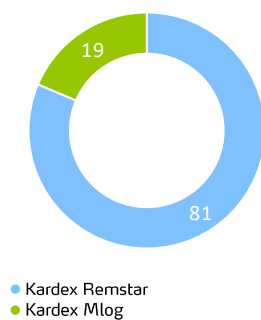
Net cash flow from operating activities
1.1.-30.6. in EUR millions



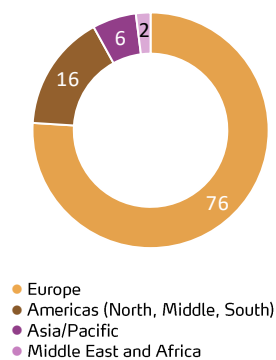
Equity and equity ratio
30.6. in EUR millions and in %



Net revenue by segment
1.1.-30.6.2018 in %



Net revenue by region
1.1.-30.6.2018 in %



Highlights and key figures

First half 2018

Kardex Group with accelerated profitable growth

Kardex Remstar achieves double digit topline growth

Kardex Mlog with increased profitability and solid order backlog

Key figures

EUR millions

| 1.1.-30.6. | 2018 | | 2017 | | +/-% |
|---|-----------|--------|------------|--------|--------|
| Bookings | 246.0 | 126.1% | 209.1 | 117.1% | 17.6% |
| Order backlog (30.6.) | 222.1 | 113.8% | 168.3 | 94.2% | 32.0% |
| Net revenues | 195.1 | 100.0% | 178.6 | 100.0% | 9.2% |
| Gross Profit | 69.7 | 35.7% | 64.3 | 36.0% | 8.4% |
| OPEX | 46.1 | 23.6% | 44.3 | 24.8% | 4.1% |
| EBITDA | 26.4 | 13.5% | 22.5 | 12.6% | 17.3% |
| Operating result (EBIT) | 23.6 | 12.1% | 20.0 | 11.2% | 18.0% |
| Result for the period (net profit) | 17.0 | 8.7% | 14.0 | 7.8% | 21.4% |
| Net cash flow from operating activities | 19.4 | | 23.8 | | -18.5% |
| Free cash flow | 15.6 | | 19.1 | | -18.3% |
| ROCE | 51.4% | | 48.4% | | 6.2% |
| | 30.6.2018 | | 31.12.2017 | | +/-% |
| Net working capital | 62.0 | | 64.6 | | -4.0% |
| Net cash | 130.7 | | 114.9 | | 13.8% |
| Equity/Equity ratio | 155.7 | 59.1% | 139.0 | 57.9% | 12.0% |
| Employees (FTE) | 1 711 | | 1 653 | | 3.5% |

Report to the shareholders

Kardex posts strong results for first half of year

Kardex Group performed well again in the first half of 2018. Robust market conditions and the Group's solid position in its markets supported a continued strong bookings performance. Despite increased bottlenecks in the supply chain, which led to longer order lead times, accelerated net revenues and profit increases have been achieved. As indicated before, Kardex Remstar started to make selected investments to increase capacity.

Kardex Group's bookings of EUR 246.0 million were up 17.6% compared to the same period in the previous year. The Group's net revenues in the first half of the year amounted to EUR 195.1 million, a growth of 9.2% (4.8%). In addition to the strong growth in new business, life cycle services net revenues also continued to increase – it once again accounted for a very good revenue share of 29.1% (29.2%) within the targeted range. The order backlog increased by 32.0% to EUR 222.1 million by the end of the period. Compared to the start of the year, the number of employees in the Group increased by 3.5% to 1 711 full-time equivalents.

Further growth in EBIT margin

Gross profit at Group level increased in absolute numbers by 8.4% to EUR 69.7 million, but higher procurement prices, salaries and slightly lower net revenues margins led to a slightly reduced gross profit margin of 35.7% (36.0%). Operating costs, on the other hand, increased only under proportionally despite sustainably high marketing and development efforts, resulting in a positive EBIT of EUR 23.6 million and an EBIT margin of 12.1% (11.2%). With a stable tax rate net profit increased by 21.4% to EUR 17.0 million (EUR 14.0 million). This represents a ROCE of 51.4% (48.4%).

Record bookings for Kardex Remstar

Kardex Remstar reported growing demand in almost all markets. In Europe, Asia and North America, bookings saw a double-digit increase as a result of investment into the sales methodology in recent years and the continued positive market environment. Activities in the Middle East and Africa remain at a low level due to political and economic uncertainty in these regions. The go-to-market activities in South America which started in 2017 are developing according to the expectations. Total bookings increased by 19.9% to EUR 196.8 million.

Net revenues of Kardex Remstar increased by 12.7% to EUR 158.8 million in the first half of the year. Despite the strong increase in new business, the share of life cycle services still accounted for a solid 30.5% (31.7%). The operating result (EBIT) of EUR 23.0 million is 16.8% above the previous year period, showing an EBIT margin of 14.5% (14.0%).

Kardex Remstar reports a generally very high capacity utilization of the supply chain that in turn leads to extended delivery times, which are partially amplified by bottlenecks of key suppliers. Customer related capacity issues are increasingly contributing to project delays. Recruiting of talent presents another ongoing challenge for the entire organization. Targeted investments in the manufacturing plants will step-by-step lead to increased capacities.

The order backlog of EUR 160.1 million (EUR 113.7 million) at the end of the period results in an extended visibility for net revenues development in the second half of the year.

Good development of Kardex Mlog

Kardex Mlog's business was in line with expectations in a positive market environment but with a similar project realization pattern. Bookings increased by 9.8% to EUR 49.4 million; net revenues of EUR 36.3 million were recorded, a decrease of 4.0% compared to the previous year period. This decrease only reflects a temporary snapshot as several projects will only be billed at the beginning of the second half of the year.

EBIT increased by 20.0% to EUR 1.8 million with an EBIT margin of 5.0% (4.0%). The higher margin resulted primarily from a significantly higher life cycle services revenue share of 46.8% (33.9%) compared to the same period in the previous year. Kardex Mlog continues to make targeted investments in sales and marketing which results in slightly increased operating costs. The order backlog is up by 13.5% compared to previous year's level and forms a good basis for the second half of the year.

Continuously strong balance sheet and high free cash flow

Kardex Group's balance sheet remains solid and the balance sheet total at the end of the period is EUR 263.7 million (December 31, 2018: EUR 240.2 million). The company has no debts, a net cash position of EUR 130.7 million and achieved an equity ratio of 59.1% (57.9%). It needs to be mentioned that the nominal share value reduction of CHF 3.60/share (CHF 27.8 million) occurred after the balance sheet date on July 3, 2018.

With EUR 15.6 million, the free cash flow generated was slightly lower than in the same period in the previous year (EUR 19.1 million) due to increased investment activities and higher accounts receivables position.

Outlook

There are currently no signs of a change in the current market environment and trends. The Board of Directors and the Group Management are confident about the rest of the financial year. The divisions have full order books and will continue to benefit from their strong position in the growing intralogistics market. Emerging opportunities that could systematically strengthen the Group are examined on an ongoing basis. From today's perspective, the good business performance will continue in the second half of the year.



Philipp Buhofer
Chairman of the Board of Directors



Jens Fankhänel
Chief Executive Officer

Consolidated interim income statement

| EUR millions | 1.1.-30.6. 2018 | (%) | 1.1.-30.6. 2017 | (%) |
|--|--------------------|---------------|--------------------|---------------|
| Net revenues | 195.1 | 100.0% | 178.6 | 100.0% |
| Cost of goods sold and services provided | -125.4 | -64.3% | -114.3 | -64.0% |
| Gross profit | 69.7 | 35.7% | 64.3 | 36.0% |
| Sales and marketing expenses | -25.1 | -12.9% | -23.6 | -13.2% |
| Administrative expenses | -15.7 | -8.0% | -15.6 | -8.7% |
| R&D expenses | -5.1 | -2.6% | -5.1 | -2.9% |
| Other operating income | 0.3 | 0.2% | 0.6 | 0.3% |
| Other operating expenses | -0.5 | -0.3% | -0.6 | -0.3% |
| Operating result (EBIT) | 23.6 | 12.1% | 20.0 | 11.2% |
| Financial result, net | -0.6 | -0.3% | -1.1 | -0.6% |
| Result for the period before tax | 23.0 | 11.8% | 18.9 | 10.6% |
| Income tax expense | -6.0 | -3.1% | -4.9 | -2.7% |
| Result for the period | 17.0 | 8.7% | 14.0 | 7.8% |
| Earnings per share (EUR) ¹ | 2.20 | | 1.81 | |

¹ No dilutive effect occurred in 2018 and 2017.

The notes to the consolidated interim financial statements from page 9 to page 12 represent an integral part of the Group's financial statements.

Consolidated interim balance sheet

| EUR millions | 30.6.2018 | 31.12.2017 |
|---|--------------|--------------|
| Property, plant and equipment | 29.4 | 28.2 |
| Intangible assets | 2.6 | 2.9 |
| Financial assets | 6.3 | 6.5 |
| Non-current assets | 38.3 | 37.6 |
| Inventories and work in progress | 16.2 | 12.7 |
| Trade accounts receivable | 54.9 | 60.6 |
| Other receivables | 18.7 | 10.6 |
| Prepaid expenses | 4.9 | 3.8 |
| Cash and cash equivalents | 130.7 | 114.9 |
| Current assets | 225.4 | 202.6 |
| Assets | 263.7 | 240.2 |
| Share capital | 21.9 | 21.9 |
| Capital reserves | 31.1 | 31.1 |
| Retained earnings and translation differences | 103.8 | 87.2 |
| Treasury shares | -1.1 | -1.2 |
| Equity | 155.7 | 139.0 |
| Non-current provisions | 18.6 | 18.4 |
| Non-current liabilities | 18.6 | 18.4 |
| Trade accounts payable | 13.4 | 13.8 |
| Other current liabilities | 26.2 | 17.9 |
| Accruals | 43.5 | 43.3 |
| Current provisions | 6.3 | 7.8 |
| Current liabilities | 89.4 | 82.8 |
| Liabilities | 108.0 | 101.2 |
| Equity and liabilities | 263.7 | 240.2 |

The notes to the consolidated interim financial statements from page 9 to page 12 represent an integral part of the Group's financial statements.

Consolidated interim cash flow statement

| EUR millions | 1.1.-30.6. 2018 | 1.1.-30.6. 2017 |
|---|--------------------|--------------------|
| Result for the period | 17.0 | 14.0 |
| Depreciation and amortization | 2.8 | 2.5 |
| Changes in provisions and pension liabilities | -1.3 | -1.5 |
| Other non-cash items | -0.6 | 0.5 |
| Change in accounts receivable | 5.8 | 9.4 |
| Change in inventories and work in progress | -3.4 | -2.7 |
| Change in other receivables and prepaid expenses | -9.0 | -5.1 |
| Change in accounts payable | -0.4 | -1.9 |
| Change in other current liabilities and accruals | 8.5 | 8.6 |
| Net cash flow from operating activities | 19.4 | 23.8 |
| Purchase of property, plant and equipment | -3.4 | -1.5 |
| Sale of property, plant and equipment | - | 0.1 |
| Purchase of intangible assets | -0.2 | -0.6 |
| Acquisition of organizations | -0.2 | -2.7 |
| Net cash flow from investing activities | -3.8 | -4.7 |
| Free cash flow | 15.6 | 19.1 |
| Disposal of treasury shares | 0.1 | - |
| Net cash flow from financing activities | 0.1 | - |
| Effect of currency translation differences on cash and cash equivalents | 0.1 | -1.3 |
| Net change in cash and cash equivalents | 15.8 | 17.8 |
| Cash and cash equivalents at 1 January | 114.9 | 105.7 |
| Cash and cash equivalents at 30 June | 130.7 | 123.5 |
| Net change in cash and cash equivalents | 15.8 | 17.8 |

The notes to the consolidated interim financial statements from page 9 to page 12 represent an integral part of the Group's financial statements.

Consolidated interim statement of changes in equity

| EUR millions | Share capital | Capital reserves | Retained earnings | Translation differences | Treasury shares ¹ | Equity |
|---|---------------|------------------|-------------------|-------------------------|------------------------------|--------------|
| Opening balance 1 January 2017 | 40.1 | 31.1 | 65.5 | 2.8 | -1.3 | 138.2 |
| Result for the period | - | - | 14.0 | - | - | 14.0 |
| Acquisition of goodwill | - | - | -2.7 | - | - | -2.7 |
| Currency translation differences ² | - | - | - | -2.2 | - | -2.2 |
| Valuation of hedging instruments | - | - | 0.1 | - | - | 0.1 |
| Closing balance 30 June 2017 | 40.1 | 31.1 | 76.9 | 0.6 | -1.3 | 147.4 |
| Opening balance 1 July 2017 | 40.1 | 31.1 | 76.9 | 0.6 | -1.3 | 147.4 |
| Result for the period | - | - | 17.8 | - | - | 17.8 |
| Acquisition of goodwill | - | - | -1.4 | - | - | -1.4 |
| Currency translation differences | - | - | - | -1.4 | - | -1.4 |
| Disposal of treasury shares | - | - | - | - | 0.1 | 0.1 |
| Reduction of nominal value | -18.2 | - | -5.3 | - | - | -23.5 |
| Valuation of hedging instruments | - | - | - | - | - | - |
| Closing balance 31 December 2017 | 21.9 | 31.1 | 88.0 | -0.8 | -1.2 | 139.0 |
| Opening balance 1 January 2018 | 21.9 | 31.1 | 88.0 | -0.8 | -1.2 | 139.0 |
| Result for the period | - | - | 17.0 | - | - | 17.0 |
| Acquisition of goodwill | - | - | -0.1 | - | - | -0.1 |
| Currency translation differences ² | - | - | - | 0.3 | - | 0.3 |
| Disposal of treasury shares | - | - | - | - | 0.1 | 0.1 |
| Valuation of hedging instruments | - | - | -0.6 | - | - | -0.6 |
| Closing balance 30 June 2018 | 21.9 | 31.1 | 104.3 | -0.5 | -1.1 | 155.7 |

¹ Number of treasury shares held as of 30 June 2018: 14 216 (30 June 2017: 16 700).

² This item also includes the exchange rate differences arising from net investments in foreign operations less deferred tax.

The notes to the consolidated interim financial statements from page 9 to page 12 represent an integral part of the Group's financial statements.

Notes to the consolidated interim financial statements

1. General information

The accompanying consolidated financial statements of the Kardex Group include Kardex AG and its subsidiaries (referred to collectively as the "Group" and individually as the "Group companies") and comprise the unaudited consolidated interim financial statements for the six months ended 30 June 2018. Kardex AG is the Group's parent company, a limited company under Swiss law, which is registered and domiciled in Zurich, Switzerland. Kardex AG is listed on SIX Swiss Exchange.

The Group's consolidated financial statements are prepared in accordance with Swiss GAAP FER (FER). The consolidated interim financial statements, which have been prepared in accordance with FER 31 "Complementary recommendation for listed companies", section "Interim reporting", do not include all the information and disclosures presented in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements compiled for the financial year ending 31 December 2017 as they represent an update of the last complete set of financial statements.

The Board of Directors approved these consolidated interim financial statements on 31 Juli 2018 and released them for publication.

2. Segment reporting

The Group is a global industry partner for intra-logistic solutions and a leading supplier of automated storage solutions and materials handling systems. The Group consists of the two entrepreneurially managed divisions Kardex Remstar and Kardex Mlog. Kardex Remstar develops, produces and maintains dynamic storage and retrieval systems and Kardex Mlog offers integrated materials handling systems and automated high bay warehouses. The two divisions are partners for their customers over the entire life cycle of a product or solution.

2.1 Segment reporting at 30 June 2018

Income statement

| EUR millions | Operating segments | | Kardex AG (Holding) | Eliminations | Kardex Group |
|---|--------------------|-------------|------------------------|--------------|--------------|
| | Kardex Remstar | Kardex Mlog | | | |
| Bookings | 196.8 | 49.4 | - | -0.1 | 246.0 |
| Net revenues, third party | | | | | |
| - Europe | 112.7 | 35.9 | - | - | 148.6 |
| - Americas | 31.0 | 0.4 | - | - | 31.4 |
| - Asia/Pacific | 12.3 | - | - | - | 12.3 |
| - Middle East and Africa | 2.8 | - | - | - | 2.8 |
| Total net revenues, third party | 158.8 | 36.3 | - | - | 195.1 |
| Net revenues, with other operating segments | - | - | - | - | - |
| Net revenues¹ | 158.8 | 36.3 | - | - | 195.1 |
| Cost of goods sold and services provided | -96.4 | -29.0 | - | - | -125.4 |
| Gross profit | 62.4 | 7.3 | - | - | 69.7 |
| Gross profit margin | 39.3% | 20.1% | | | 35.7% |
| Sales and marketing expenses | -21.9 | -3.2 | - | - | -25.1 |
| Administrative expenses | -12.6 | -1.9 | -2.3 | 1.1 | -15.7 |
| R&D expenses | -4.7 | -0.4 | - | - | -5.1 |
| Other operating income | 0.3 | - | 1.1 | -1.1 | 0.3 |
| Other operating expenses | -0.5 | - | - | - | -0.5 |
| Operating result (EBIT) | 23.0 | 1.8 | -1.2 | - | 23.6 |
| EBIT margin | 14.5% | 5.0% | | | 12.1% |
| Depreciation and amortization | 2.3 | 0.4 | 0.1 | - | 2.8 |
| EBITDA | 25.3 | 2.2 | -1.1 | - | 26.4 |
| EBITDA margin | 15.9% | 6.1% | | | 13.5% |

¹ The revenues comprise EUR 129.6 million from New Business and EUR 65.5 million from Life Cycle Services.

2.2 Segment reporting at 30 June 2017

Income statement

| EUR millions | Operating segments | | Kardex AG (Holding) | Eliminations | Kardex Group |
|---|--------------------|-------------|------------------------|--------------|---------------|
| | Kardex Remstar | Kardex Mlog | | | |
| Bookings | 164.2 | 45.0 | - | -0.1 | 209.1 |
| Net revenues, third party | | | | | |
| - Europe | 103.6 | 37.8 | - | - | 141.4 |
| - Americas | 24.6 | - | - | - | 24.6 |
| - Asia/Pacific | 10.5 | - | - | - | 10.5 |
| - Middle East and Africa | 2.1 | - | - | - | 2.1 |
| Total net revenues, third party | 140.8 | 37.8 | - | - | 178.6 |
| Net revenues, with other operating segments | 0.1 | - | - | -0.1 | - |
| Net revenues¹ | 140.9 | 37.8 | - | -0.1 | 178.6 |
| Cost of goods sold and services provided | -83.3 | -31.1 | - | 0.1 | -114.3 |
| Gross profit | 57.6 | 6.7 | - | - | 64.3 |
| Gross profit margin | 40.9% | 17.7% | | | 36.0% |
| Sales and marketing expenses | -20.8 | -2.8 | - | - | -23.6 |
| Administrative expenses | -12.6 | -1.9 | -2.2 | 1.1 | -15.6 |
| R&D expenses | -4.6 | -0.5 | - | - | -5.1 |
| Other operating income | 0.7 | - | 1.0 | -1.1 | 0.6 |
| Other operating expenses | -0.6 | - | - | - | -0.6 |
| Operating result (EBIT) | 19.7 | 1.5 | -1.2 | - | 20.0 |
| EBIT margin | 14.0% | 4.0% | | | 11.2% |
| Depreciation and amortization | 2.1 | 0.3 | 0.1 | - | 2.5 |
| EBITDA | 21.8 | 1.8 | -1.1 | - | 22.5 |
| EBITDA margin | 15.5% | 4.8% | | | 12.6% |

¹ The revenues comprise EUR 121.2 million from New Business and EUR 57.4 million from Life Cycle Services.

3. Significant changes

In March 2018, Kardex Systems Romania SRL, Timisoara, Romania was built-up to strengthen the presence of the Remstar division in Romania and is a 100% subsidiary of Kardex AG, Zurich, Switzerland.

In May 2018, L.T.G GmbH, Isernhagen, Germany was established mainly to develop the OEM-service-business of Kardex Remstar and is a 100% subsidiary of Kardex Germany GmbH, Bellheim, Germany. L.T.G GmbH acquired the business assets of the German OEM-service-provider L.T.G. Lager.Technik.Gerk, Isernhagen. Half of the purchase price of EUR 0.2 million represents goodwill and is allocated to equity.

4. Earnings per share

| | 30.6.2018 | 30.6.2017 |
|--|------------------|------------------|
| Number of outstanding shares, 1 January | 7 714 851 | 7 713 300 |
| Disposal of treasury shares | 933 | - |
| Number of outstanding shares, 30 June | 7 715 784 | 7 713 300 |
| Weighted average number of outstanding shares | 7 715 328 | 7 713 300 |
| Result for the period (EUR 1 000) | 16 983 | 13 980 |
| Basic earnings per share (EUR) | 2.20 | 1.81 |
| Diluted earnings per share (EUR)¹ | 2.20 | 1.81 |

¹ No dilutive effect occurred in 2018 and 2017, the diluted result per share is the same as the basic result per share (result of the period/average number of outstanding shares).

5. Contingent liabilities

The Group is currently involved in various litigations arising in the course of business. The Group does not anticipate that the outcome of these proceedings, either individually or in total, will have a material effect on its financial or income situation.

6. Events after the balance sheet date

The reduction of the nominal value by CHF 3.60 from CHF 4.05 to CHF 0.45 per share took place on 3 July 2018. This payout to the shareholders reduced the share capital by CHF 27.8 million to CHF 3.5 million.

No further events have taken place between 30 June 2018 and 2 August 2018 that would require an adjustment of the carrying amounts of assets and liabilities of the Group or need to be disclosed here.

Agenda

Publication Annual Report 2018

Monday, 4 March 2019

Conference Call for Media and Analysts

Annual General Meeting

Thursday, 11 April 2019

SIX Swiss Exchange, Zurich, Switzerland

Publication Interim Report 2019

Tuesday, 30 July 2019

Conference Call for Media and Analysts

The Group publishes its Interim Report in English and German. The financial report is published in English only. In the event of any conflict between the English and German version, the English version shall prevail.

This Interim Report contains statements that constitute “forward-looking statements”. In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Kardex’s ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors detailed in Kardex’s past and future filings and reports and in past and future filings, press releases, reports and other information posted on Kardex Group companies’ websites. Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication. Kardex disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Published by

Kardex AG, Zurich, Switzerland

Kardex Group
Thurgauerstrasse 40
8050 Zurich
Switzerland

phone: +41 44 419 44 44
fax: +41 44 419 44 18
www.kardex.com
investor-relations@kardex.com