

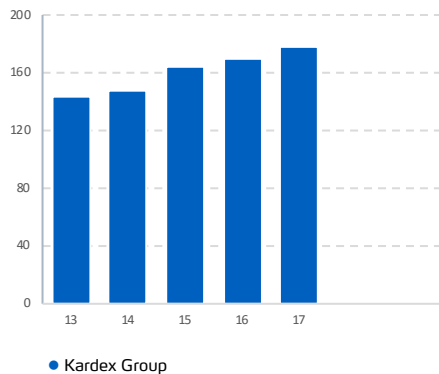
2017

Interim Report

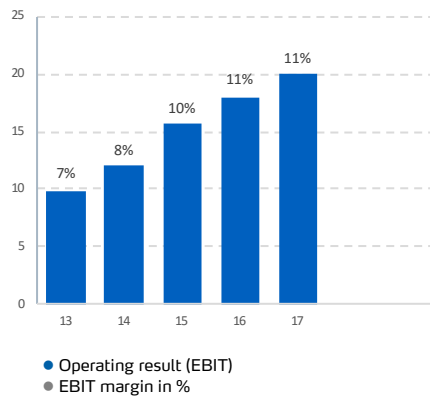
kardexgroup

Kardex Group at a glance

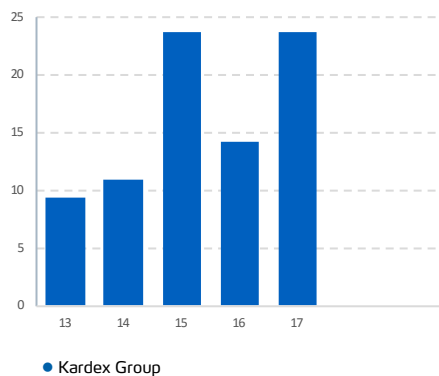
Net revenues
1.1.-30.6. in EUR millions



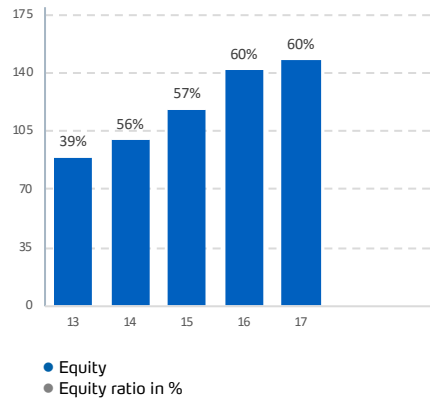
Operating result (EBIT) and EBIT margin
1.1.-30.6. in EUR millions and in %



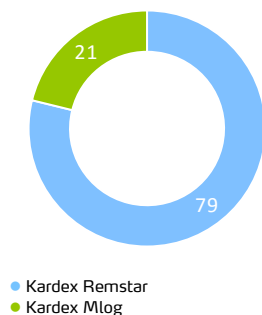
Net cash flow from operating activities
1.1.-30.6. in EUR millions



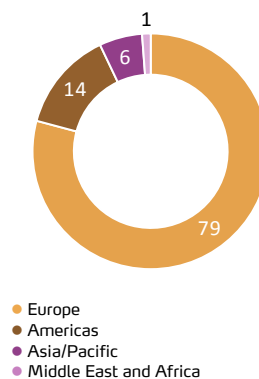
Equity and equity ratio
30.6. in EUR millions and in %



Net revenue by segment
1.1.-30.6.2017 in %



Net revenue by region
1.1.-30.6.2017 in %



Highlights and key figures

First half 2017

Kardex Group enjoys continued profitable growth

Kardex Remstar continues to increase volumes and profitability

Kardex Mlog with solid order backlog

Key figures

EUR millions

1.1.-30.6.	2017		2016		+/-%
Bookings	209.1	117.1%	204.7	120.1%	2.1%
Order backlog (30.6.)	168.3	94.2%	157.2	92.2%	7.1%
Net revenues	178.6	100.0%	170.5	100.0%	4.8%
Gross Profit	64.3	36.0%	60.5	35.5%	6.3%
OPEX	44.3	24.8%	42.5	24.9%	4.2%
EBITDA	22.5	12.6%	20.3	11.9%	10.8%
Operating result (EBIT)	20.0	11.2%	18.0	10.6%	11.1%
Result for the period (net profit)	14.0	7.8%	13.0	7.6%	7.7%
Net cash flow from operating activities	23.8		14.3		66.4%
ROCE	48.4%		47.8%		1.3%
	30.6.2017		31.12.2016		+/-%
Net working capital	57.9		65.6		-11.7%
Net cash	123.5		105.7		16.8%
Equity/Equity ratio	147.4	59.7%	138.2	59.6%	6.7%
Employees (FTE)	1 605		1 552		3.4%

Report to the shareholders

Positive business performance in the first half of 2017

The Kardex Group is continuing on the road to success. Both divisions are benefiting from favorable market conditions and their strong position in the intralogistics market. The Group is reporting good bookings, generating higher revenue and margins and investing in the future.

At EUR 209.1 million, the Group's bookings are up 2.1% for the same period in the previous year. While, as expected, Kardex Mlog posted fewer new orders, as the last year was positively influenced by a huge order, Kardex Remstar made double-digit gains. The Kardex Group generated revenue of EUR 178.6 million, up 4.8% on the first half of 2016.

Thanks to the revenue mix, which included enhanced service business and stronger service margins, the gross margin improved further, reaching a value of 36.0% (35.5%) at Group level. Operational costs increased at a disproportionately lower pace, rising by 4.2%. This resulted in an operating income (EBIT) of EUR 20.0 million, 11.1% higher than the result obtained during the same period last year and equating to a return on sales of 11.2%. With a comparable financial result and an almost normalized tax rate of 25.9%, net profit increased by 7.7% to EUR 14.0 million (EUR 13.0 million).

Robust development at Kardex Remstar

Kardex Remstar reported an improvement in bookings in almost all regions. The total figure increased by 10.7% to EUR 164.2 million. North America returned to growth by the middle of the year and the company acquired a service company in the USA in May. The Middle East region and Africa are also showing the first signs of recovery.

Due to the order mix, revenue in the first half of the year rose only by 4.7% compared to bookings, reaching a figure of EUR 140.9 million. The order backlog therefore increased significantly by 15.1% to EUR 113.7 million. The service business made gains of approximately 12%, contributing 31.7% to the division's revenue.

Kardex Remstar invested more in the first half of the year in process digitalization and consequently in the associated IT costs. Conversely, administration costs were reduced. Development costs continue to account for more than 3% of revenue. The operating income increased by 10.1% to EUR 19.7 million (EUR 17.9 million), corresponding to an EBIT margin of 14.0% (13.3%).

Kardex Mlog invests in profitable growth

Kardex Mlog is benefiting from the sustained high investment activity of its clients, which enables focused sales activities. Following the previous year's extraordinary item (a major project with a low level of own contribution), bookings to the value of EUR 45.0 million were lower than during the same period in the previous year (EUR 56.6 million) but remain on target. The order backlog of EUR 54.7 million as of the end of June (EUR 58.4 million) and the revenue of EUR 37.8 million (EUR 36.1 million) generated in the first half of the year establish a positive basis for the second half of the year.

Operating costs increased by 13.0% due to deliberately higher investments in expanding product sales and in development. Accordingly, the operating income that was generated increased only slightly by 7.1% to EUR 1.5 million in the first half of the year; the EBIT margin of 3.9% achieved during the same period in the previous year increased to 4.0%.

The joint market activities with Kardex Remstar and the cross-divisional solutions presented for the first time at the LogiMAT 2017 trade fair generates great interest among customers.

Solid balance sheet and good free cash flow

The Kardex Group continues to enjoy a solid balance sheet. The balance sheet total increased to EUR 247.1 million at the end of the period (12/31/2016: EUR 232.0 million); the equity ratio amounted to 59.7%. The generated free cash flow almost doubled to EUR 19.1 million (EUR 10.7 million) compared to the same period in the previous year and when viewed over both years is once again at a normalized level. Net cash at the Group amounted to EUR 123.5 million at the end of the period. It should be noted here that the nominal value reduction of CHF 3.30/share (CHF 25.5 million) only occurred on July 7, 2017.

Continued positive outlook

The Board of Directors and the Group Management are looking at the current 2017 financial year with confidence. At a global level, demand within the intralogistics market remains unabated, even if all regions are not equally dynamic. The Kardex Group is well positioned and offers its customers an attractive solution portfolio and outstanding services. Sustained investment in the expertise of our staff and the further development of products are, however, the key to sustained profitable growth. There are no signs of any significant change in the current trend, leading the Board of Directors and the Group Management to assume that the communicated financial targets can be achieved.



Philipp Buhofer
Chairman of the Board of Directors



Jens Fankhänel
Chief Executive Officer

Consolidated interim income statement

EUR millions	1.1.-30.6. 2017		1.1.-30.6. 2016	
		(%)		(%)
Net revenues	178.6	100.0%	170.5	100.0%
Cost of goods sold and services provided	-114.3	-64.0%	-110.0	-64.5%
Gross profit	64.3	36.0%	60.5	35.5%
Marketing and sales expenses	-23.6	-13.2%	-22.9	-13.4%
Administrative expenses	-15.6	-8.7%	-14.2	-8.3%
R&D expenses	-5.1	-2.9%	-4.9	-2.9%
Other operating income	0.6	0.3%	0.6	0.4%
Other operating expenses	-0.6	-0.3%	-1.1	-0.6%
Operating result (EBIT)	20.0	11.2%	18.0	10.6%
Financial result, net	-1.1	-0.6%	-1.1	-0.6%
Result for the period before tax	18.9	10.6%	16.9	9.9%
Income tax expense	-4.9	-2.7%	-3.9	-2.3%
Result for the period	14.0	7.8%	13.0	7.6%
Earnings per share (EUR) ¹	1.81		1.68	

¹ No dilutive effect occurred in 2017 and 2016.

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	30.6.2017	31.12.2016
Property, plant and equipment	27.0	27.6
Intangible assets	2.3	2.0
Financial assets	7.4	7.8
Non-current assets	36.7	37.4
Inventories and work in progress	21.5	18.8
Trade accounts receivable	44.4	53.6
Other receivables	17.5	12.3
Prepaid expenses	3.5	4.2
Cash and cash equivalents	123.5	105.7
Current assets	210.4	194.6
Assets	247.1	232.0
Share capital	40.1	40.1
Capital reserves	31.1	31.1
Retained earnings and translation differences	77.5	68.3
Treasury shares	-1.3	-1.3
Equity	147.4	138.2
Non-current provisions	17.8	18.4
Non-current liabilities	17.8	18.4
Trade accounts payable	12.7	14.5
Other current liabilities	23.4	16.9
Accruals	38.7	36.1
Current provisions	7.1	7.9
Current liabilities	81.9	75.4
Liabilities	99.7	93.8
Equity and liabilities	247.1	232.0

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. 2017	1.1.-30.6. 2016 ¹
Result for the period	14.0	13.0
Depreciation and amortization	2.5	2.3
Changes in provisions and pension liabilities	-1.5	-0.3
Other non-cash items	0.5	-0.2
Change in accounts receivable	9.4	0.6
Change in inventories and work in progress	-2.7	-2.2
Change in other receivables and prepaid expenses	-5.1	-4.5
Change in accounts payable	-1.9	0.7
Change in other current liabilities and accruals	8.6	4.9
Net cash flow from operating activities	23.8	14.3
Purchase of property, plant and equipment	-1.5	-3.1
Sale of property, plant and equipment	0.1	0.2
Purchase of intangible assets	-0.6	-0.4
Purchase of financial assets	-	-0.3
Acquisition of organizations	-2.7	-
Net cash flow from investing activities	-4.7	-3.6
Free cash flow	19.1	10.7
Change in current financial liabilities	-	-0.2
Net cash flow from financing activities	-	-0.2
Effect of currency translation differences on cash and cash equivalents	-1.3	-0.6
Net change in cash and cash equivalents	17.8	9.9
Cash and cash equivalents at 1 January	105.7	112.5
Cash and cash equivalents at 30 June	123.5	122.4
Net change in cash and cash equivalents	17.8	9.9

¹ Restated, see note 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 statement of changes in equity

EUR millions	Share capital	Capital reserves	Retained earnings	Translation differences	Treasury shares ¹	Equity
Opening balance 1 January 2016	56.4	31.1	39.9	2.0	-	129.4
Result for the period	-	-	13.0	-	-	13.0
Currency translation differences ²	-	-	-	-0.7	-	-0.7
Closing balance 30 June 2016	56.4	31.1	52.9	1.3	-	141.7
Opening balance 1 July 2016	56.4	31.1	52.9	1.3	-	141.7
Result for the period	-	-	17.8	-	-	17.8
Currency translation differences	-	-	-	1.5	-	1.5
Acquisition of treasury shares	-	-	-	-	-1.5	-1.5
Disposal of treasury shares	-	-	-	-	0.2	0.2
Reduction of nominal value	-16.3	-	-5.2	-	-	-21.5
Closing balance 31 December 2016	40.1	31.1	65.5	2.8	-1.3	138.2
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

¹ Number of treasury shares held as of 30 June 2017: 16 700 (30 June 2016: 0).

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 2017. 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 2016 as they represent an update of the last complete set of financial statements.

The Board of Directors approved these consolidated interim financial statements on 9 August 2017 and released them for publication.

2. Changes in accounting policy

In order to align recognition of overfinanced and underfinanced POC contracts, the item "Construction contracts with amounts due from customers (underfinanced – POC)" has been reclassified from the reporting line "Trade accounts receivable" to "Other receivables". This reclassification reduced as per 30 June 2016 in the consolidated interim cash flow statement reporting line "Change in accounts receivable" by EUR 2.8 million and increased "Change in other receivables and prepaid expenses" accordingly. The item "Construction contracts with amounts due to customers (overfinanced – POC)" remains in the reporting line "Other current liabilities".

3. 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 shuttles and 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.

3.1 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%
Marketing and sales 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 source of revenues are represented with EUR 121.2 million by New Business and with EUR 57.4 million by Life Cycle Services.

3.2 Segment reporting at 30 June 2016

Income statement

EUR millions	Operating segments		Kardex AG (Holding)	Eliminations	Kardex Group
	Kardex Remstar	Kardex Mlog			
Bookings	148.3	56.6	-	-0.2	204.7
Net revenues, third party					
- Europe	97.8	36.0	-	-	133.8
- Americas	25.5	-	-	-	25.5
- Asia/Pacific	9.7	-	-	-	9.7
- Middle East and Africa	1.5	-	-	-	1.5
Total net revenues, third party	134.5	36.0	-	-	170.5
Net revenues, with other operating segments	0.1	0.1	-	-0.2	-
Net revenues¹	134.6	36.1	-	-0.2	170.5
Cost of goods sold and services provided	-80.1	-30.1	-	0.2	-110.0
Gross profit	54.5	6.0	-	-	60.5
Gross profit margin	40.5%	16.6%			35.5%
Marketing and sales expenses	-20.3	-2.6	-	-	-22.9
Administrative expenses	-11.2	-1.7	-2.4	1.1	-14.2
R&D expenses	-4.6	-0.3	-	-	-4.9
Other operating income	0.6	-	1.1	-1.1	0.6
Other operating expenses	-1.1	-	-	-	-1.1
Operating result (EBIT)	17.9	1.4	-1.3	-	18.0
EBIT margin	13.3%	3.9%			10.6%
Depreciation and amortization	2.0	0.2	0.1	-	2.3
EBITDA	19.9	1.6	-1.2	-	20.3
EBITDA margin	14.8%	4.4%			11.9%

¹ The source of revenues are represented with EUR 117.6 million by New Business and with EUR 52.9 million by Life Cycle Services.

4. Significant changes

On 28 April 2017, Kardex Production USA Inc., Westbrook (Maine), USA acquired 100% of the shares of the service company AHT Services Group, LLC, Cornelius (North Carolina), USA. The purchase price represents mainly goodwill and is allocated to equity.

Furthermore, Kardex South-America SAS, Bogotá, Colombia was founded with the aim of developing region South-america and is a 100% subsidiary of Kardex AG, Zurich, Switzerland.

Apart from these additions the consolidation scope has not changed and there were no other significant changes in the period under review.

5. Earnings per share

	30.6.2017	30.6.2016
Number of outstanding shares, 1 January	7 713 300	7 730 000
Acquisition of treasury shares	-	-
Disposal of treasury shares	-	-
Number of outstanding shares, 30 June	7 713 300	7 730 000
Weighted average number of outstanding shares	7 713 300	7 730 000
Result for the period (EUR 1 000)	13 980	12 974
Basic earnings per share (EUR)	1.81	1.68
Diluted earnings per share (EUR)¹	1.81	1.68

¹ No dilutive effect occurred in 2017 and 2016, the diluted result per share is the same as the basic result per share (result of the period/average number of outstanding shares).

6. 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.

7. Events after the balance sheet date

The reduction of the nominal value by CHF 3.30 from CHF 7.35 to CHF 4.05 per share took place on 7 July 2017. This payout to the shareholders reduced the share capital by CHF 25.5 million to CHF 31.3 million.

No further events have taken place between 30 June 2017 and 9 August 2017 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 2017

Thursday, 1 March 2018

Media and Analysts Conference

SIX Swiss Exchange, Zurich, Switzerland

Annual General Meeting

Thursday, 12 April 2018

SIX Swiss Exchange, Zurich, Switzerland

Publication Interim Report 2018

Thursday, 2 August 2018

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.

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