DRIVE

JUNGHEINRICH 4.0

Annual Report 2017

JUNGHEINRICH

Contents

Largest truck order in the company's history:

>1,000

trucks

– all **lithium-ion battery-powered**

More than

16,000

employees in

39

countries

Jungheinrich share hits **all-time high** of

€40.63

– share price quadrupled in 5 years

In 4 years:

+37%

employees

+50%

net sales

¡Bienvenidos!

Global sales and service network expanded:

new companies in

Colombia, Peru and **Ecuador**

Approximately

120,000

electric trucks

produced in **2017**

Our business model

Our integrated business model encompasses the development, production and sale of new trucks, the logistics systems and mail-order businesses, the short-term rental of new and used equipment, the reconditioning and sale of used forklifts and the maintenance, repair and spare parts operations. Combined with comprehensive financial services offers, it is our aim to serve our customers from a single source for the duration of a product's life cycle.

Company profile

Founded in 1953, Jungheinrich ranks among the world's leading solutions providers for the intralogistics sector. With a comprehensive portfolio of material handling equipment, logistics systems and services, Jungheinrich is able to offer customers tailored solutions for the challenges posed by Industry 4.0. The Group's strategy is based on sustainable and profitable growth and therefore on increasing company value. Our goal is to become the number 1 intralogistics brand in all European markets and to be ranked among the top 3 global suppliers in the long term.

Key figures at a glance

Jungheinrich Group		2017	2016	Change %
Incoming orders	units	123,500	109,200	13.1
	million €	3,560	3,220	10.6
Orders on hand 31/12	million €	692	610	13.4
Production of material handling equipment	units	120,100	106,300	13.0
Net sales	million €	3,435	3,085	11.3
thereof Germany	million €	851	753	13.0
thereof abroad	million €	2,584	2,332	10.8
Foreign ratio	%	75	76	–
Earnings before interest and income taxes (EBIT)	million €	259	235	10.2
EBIT return on sales (EBIT ROS)	%	7.5	7.6	–
EBIT return on capital employed (ROCE)[1]	%	17.3	17.8	–
Earnings before taxes (EBT)	million €	243	216	12.5
EBT return on sales (EBT ROS)	%	7.1	7.0	–
Net income	million €	182	154	18.2
Capital expenditures[2]	million €	88	59	49.2
Research and development expenditures	million €	77	62	24.2
Balance sheet total 31/12	million €	4,130	3,643	13.4
Shareholders' equity 31/12	million €	1,244	1,114	11.7
thereof subscribed capital	million €	102	102	–
Employees 31/12	FTE[3]	16,248	15,010	8.2
thereof Germany	FTE[3]	6,962	6,511	6.9
thereof abroad	FTE[3]	9,286	8,499	9.3
Earnings per preferred share	€	1.80	1.52	18.4
Dividend per share – ordinary share	€	0.48[4]	0.42	14.3
– preferred share	€	0.50[4]	0.44	13.6

1 EBIT as a percentage of interest-bearing capital employed (cut-off date)
2 Property, plant and equipment and intangible assets without capitalised development expenditures
3 FTE = full-time equivalents
4 Proposal

COMPLEX
TASKS.

INTELLIGENT
CONCEPTS.

SUCCESSFUL
TECHNOLOGY.

Dr Volker Hues
Member of the Board of Management
Finance

Hans-Georg Frey
Chairman of the Board of Management
Labour Director

Dr Lars Brzoska
Member of the Board of Management
Marketing & Sales

Dr Klaus-Dieter Rosenbach
Member of the Board of Management
Logistics Systems

Foreword

Dear shareholders,

Although the earth spins a little more slowly every year, as has been proven, it certainly doesn't feel that way in our daily lives: everything seems to be moving faster. We are living in times of rapid development, driven by technological innovation. We can see it in the immediate availability of goods. Order today and you'll often receive your delivery the same day. At Jungheinrich, we make this happen. With the right drive.

That is why we have made this term, with all its various meanings, the topic of our 2017 annual report: drive, both a force from within and a force externally. We want to show you what drives us every day at Jungheinrich and how we move the world with our products and solutions.

Our inner drive comes from over 16,000 employees around the globe. Our faith in their strength has become one of our principles, based on the "Go for it!" attitude of our founder Dr Friedrich Jungheinrich. With this inner drive we recognised the trends and challenges of Intralogistics 4.0 early on – making us a driving force for our customer's success around the world, with fully automated warehouse solutions, automated trucks and our unique energy expertise. In 2017, we secured the largest single order in Jungheinrich's history – solely for trucks with lithium-ion technology. Our drive sets us apart from the competition.

We have a clear target: we intend to generate annual net sales of €4 billion by 2020. Last year we took another big step towards our target with net sales of €3.4 billion and over 120,000 units manufactured. We produced more battery-powered vehicles than some automobile manufacturers. Over the last four years we have increased net sales by around 50 per cent and grown our workforce by 37 per cent. With our drive and growth strategy we will reach our targets.

But nobody can achieve this sort of thing alone. We would like to thank our employees, the members of the Supervisory Board and in particular our shareholders from the Jungheinrich family. And, of course, you, our dear shareholders – thank you for your continued trust in Jungheinrich. This, too, drives us to keep working hard.

Sincerely yours,

H. G. Frey

Hans-Georg Frey
Chairman of the Board of Management

DRIVE

Drive is key to how we think and act – in all its facets, from technological to human. Without drive, nothing gets done. Global mega trends such as digitalisation, automation and interconnectivity shape and boost our business and the business of our customers. Jungheinrich is in the thick of it. Intralogistics 4.0 means everything is fluid, nothing stands still. Neither for us, nor for our customers.

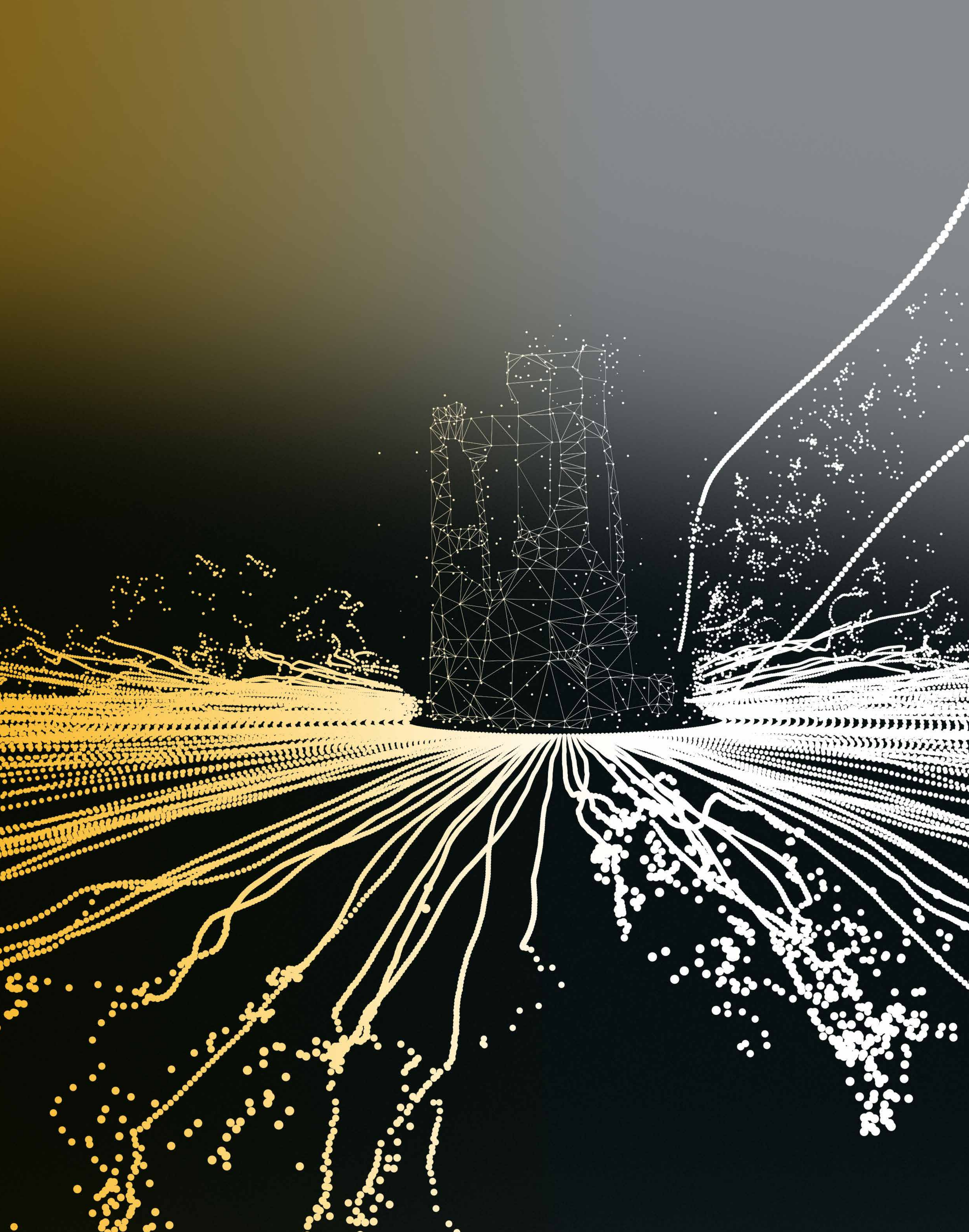
We rely on advanced technology to power our trucks and constantly increase product performance. We recognise and understand the dynamic forces that drive our customers, and develop intelligent solutions even for very complex tasks.

Our drive – over 16,000 employees who bring our forward-looking "Jungheinrich 4.0" agenda to life with their ability to solve problems, innovate and focus on the customer. Their motivation fuels them to promote Jungheinrich's products and solutions every day all over the world.

4/7 growth strategy: As we strive to achieve our net sales goal of €4 billion by the 2020 financial year, we aim to grow by 7 per cent per annum. With net sales of €3.4 billion in 2017 we're on track to hit our target.

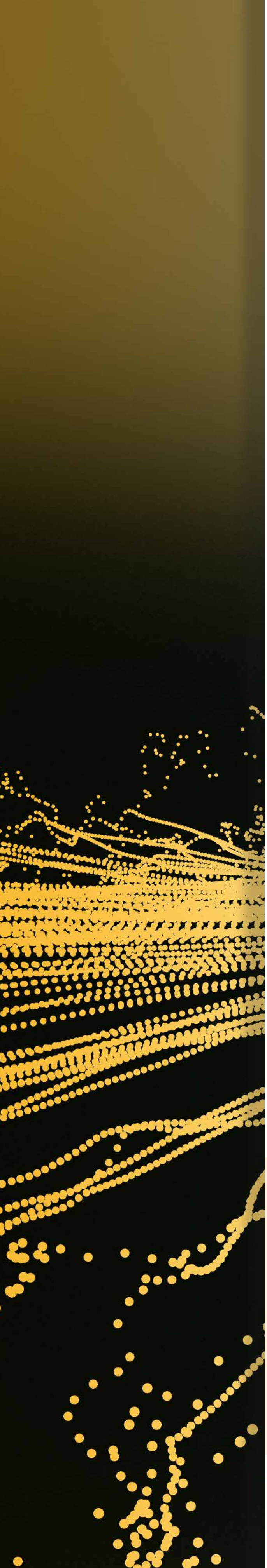
» Driven by a sense of innovation, Jungheinrich is one of the world's leading solutions providers for the intralogistics sector.«

Hans-Georg Frey, Chairman of the Board of Management



What will **drive** the future?

The forward-looking topic of electric mobility is a reality we have been living with at Jungheinrich for 65 years. We are years ahead of the automotive industry when it comes to building and selling electric vehicles: there are more than one million Jungheinrich electric trucks in use around the world. We are a pioneer in lithium-ion technology in the intralogistics sector. With our years of expertise and custom-made comprehensive solutions we have established ourselves as the market leader for electric drive technology.



Truck power – a holistic approach

One of Jungheinrich's traditional strengths is the development of electric drives. What makes us unique on the market is the interconnectivity of all of our components, from our trucks to our batteries to our charging stations – demonstrating our all-round energy expertise.

The story of electric mobility at Jungheinrich begins in 1953 with the construction of our first electric truck. Sixty-five years later, more than 95 per cent of the trucks we produce, basically our full range of models, are battery-powered.

Over the decades we have continually integrated advances in technology and the resulting innovations into our product portfolio. This includes, for instance, the introduction of three-phase AC technology, energy recovery from breaking and lowering loads, electric steering and the use of lithium-ion batteries instead of lead acid batteries. Our development skills and close proximity to our customers along with a clear understanding of their needs has made us the technology and market leader. We intend not only to keep this position, but to build on it.

Efficiency, in all of its facets, is a high priority for our customers. This means using energy as sparingly as possible and attaining zero emissions to make a positive CO_2 balance sheet possible. It means optimising processes by maintaining a wide reach and ensuring material handling equipment is always available. And last but not least, it means reducing the

Electric mobility milestones at Jungheinrich

1953 The era of electric mobility at Jungheinrich begins with the **four-wheel electric truck** Ameise 55.

1956 The Ameise Retrak is our **first electric reach truck.**

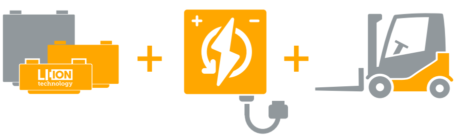
1996 Jungheinrich's first three-phase AC-powered forklift truck is launched: the **electric four-wheel truck** EFG-VD 25/30.

overall costs that our customers generate in the operation of their warehouses. In order to provide the highest level of customer benefit, the main focus of our research and development work is on creating energy-efficient products and solutions.

Through the optimisation of existing technology and the introduction of new advances in charging technology, energy storage and drive systems, we were able to reduce CO_2e[1] emissions in the manufacture and use of our product groups by up to 29 per cent in just ten years. An advantage that the environment in particular benefits from – and with no compromises when it comes to performance. Our latest products show that electric mobility and high performance are absolutely compatible.

1 CO_2-equivalent: a unit of measurement that shows the greenhouse effect of various gases as equivalent to CO_2

All-round energy expertise – made by Jungheinrich



Pioneering provider of comprehensive solutions

Our approach of viewing our trucks as part of a holistic system means we can offer the intralogistics industry unique vertical integration for energy solutions, while setting standards. Jungheinrich is the only manufacturer to develop and produce trucks alongside control systems, software, batteries and charging equipment. Our customers have access to a comprehensive system from a single source.

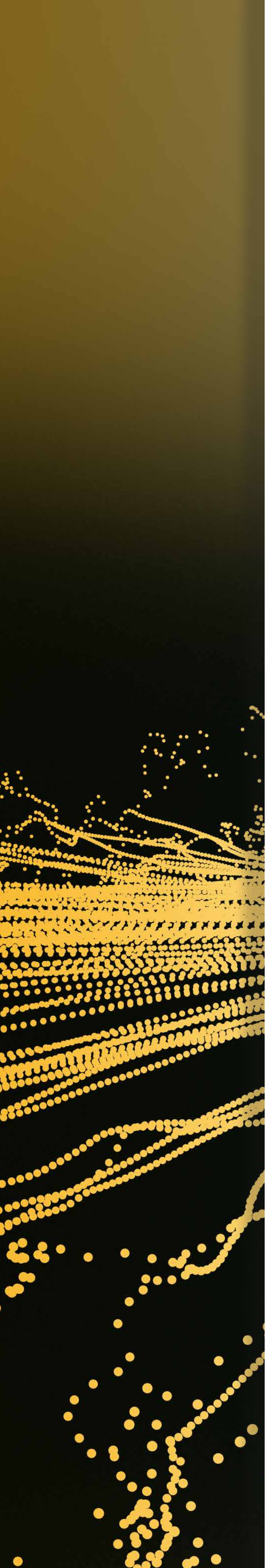
This allows us to fully interconnect all components, improving the performance of our trucks in terms of energy efficiency, handling and availability. Because our system enables the battery, charging equipment and truck to communicate with one another, we can guarantee that the whole system always functions safely and delivers optimal performance. And, as we continue to develop our technology, we keep an eye on the entire system. This allows us to expand our fleet of electric trucks in use around the globe and discover new application areas for electric trucks that are currently still dominated by trucks with IC engines.

2008 – We introduce a **concept truck with lithium-ion technology** at the industry's most important trade fair CeMAT.

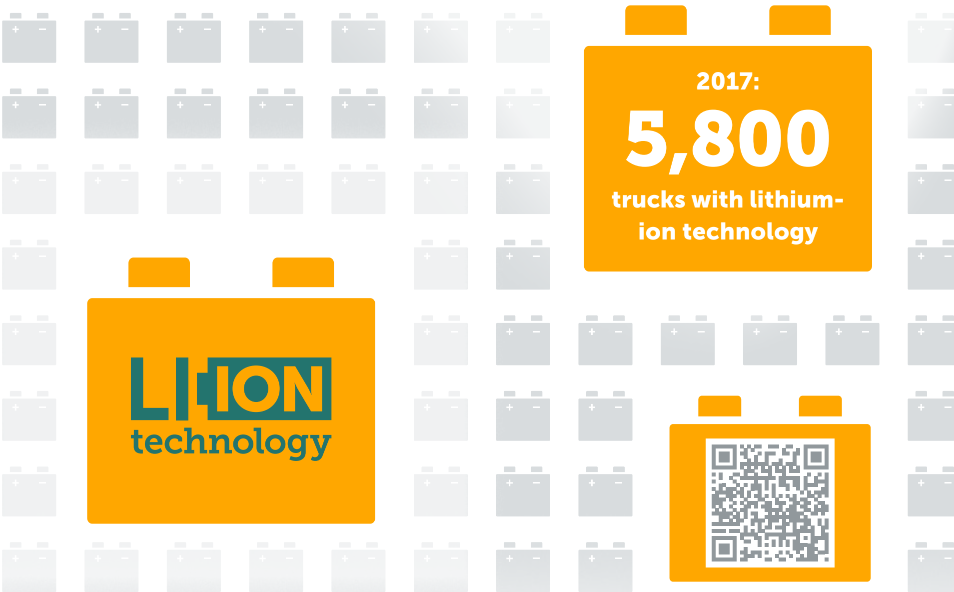
2011 – Again at the CeMAT, we are the first manufacturer ever to introduce **a series-produced truck with a lithium-ion battery** – the forklift EJE 112i/114i.

2015 – Jungheinrich sells its **500th lithium-ion truck.**

2017 – The number of **lithium-ion trucks** sold reaches **5,800 units.**



The advantages of lithium-ion batteries compared with lead acid batteries are clear to see: high performance levels, no maintenance, three times longer life and consumption of up to 20 per cent less energy. Taking into account the total cost of ownership, there can be no doubt that today they are an economic alternative: the present higher cost of purchase is more than offset by significantly longer operating periods and lower operation costs. At Jungheinrich, we therefore recognised the benefits of lithium-ion technology at an early stage and have managed our portfolio accordingly ever since.



The rise of lithium-ion technology

Success story in numbers: Jungheinrich sold approximately 5,800 lithium-ion trucks in 2017. That means sales have tripled each year over the last three years. We expect this trend to continue this year. This steep upward trend confirms our initial estimates on market acceptance and our conviction that lithium-ion technology is the future.

More than 1,000 trucks with lithium-ion batteries were ordered at once by a global online retailer for its logistics centres in the UK, Italy, France and Germany. This is not only the largest single order in our company's 65-year history, but also the largest order for trucks with lithium-ion batteries ever placed in the world.

The ETV 216i reach truck is a completely new concept in material handling equipment. Whereas these trucks were previously "built around the battery", the use of lithium-ion technology opens up new kinds of freedom in construction and design. Our latest reach truck is the first to have the battery included as a built-in component. This provides a number of decisive advantages in terms of ergonomics, safety and efficiency.

And because the battery only takes up around half of the space it used to, the driver now has more room and a larger field of vision. The battery's improved capacity results in better handling performance due to faster lifting speeds. Improved residual capacities also mean more flexibility for the warehouse.

Not only was this truck an innovative breakthrough, but so was our journey to produce it. Jungheinrich used an agile project management method for the first time, in which the participants were expected to act on their own initiative and take more responsibility. The customers were also involved from an early stage. We factored in their needs right from the development phase with usability testing and prototypes.

Our latest product

The ETV 216i is characterised by efficiency, safety and ergonomic design. Thanks to the new design approach we were able to focus even more closely on the requirements of our customers.

Facts and figures, please!

6 + 1: We have developed a new additional module called “Battery Management” for ISM Online, our web-based system for the holistic management of truck fleets. This enables the user to quickly identify operating errors and take suitable measures, which in turn increases the lifespan of the battery and helps avoid maintenance and replacement costs.

Communication 4.0: The consistent communication between battery, truck and charging station makes for fully interconnect-ed systems, enabling a full range of intelligent solutions, such as for fleet energy management. Because we develop all of the components ourselves, all our device data is combined via high-performance interfaces. This means we have a USP in the industry, and we are currently working on mobile applications that will allow us to meaningfully evaluate this data for our customers.

Almost 100 per cent of Jungheinrich trucks are now available with lithium-ion bat-teries. Models that are already in use can be easily fitted with replacement batteries. There are around 10,000 Jungheinrich lithium-ion powered trucks in use around the world – that’s equivalent to more than 7 million operating hours of experience.

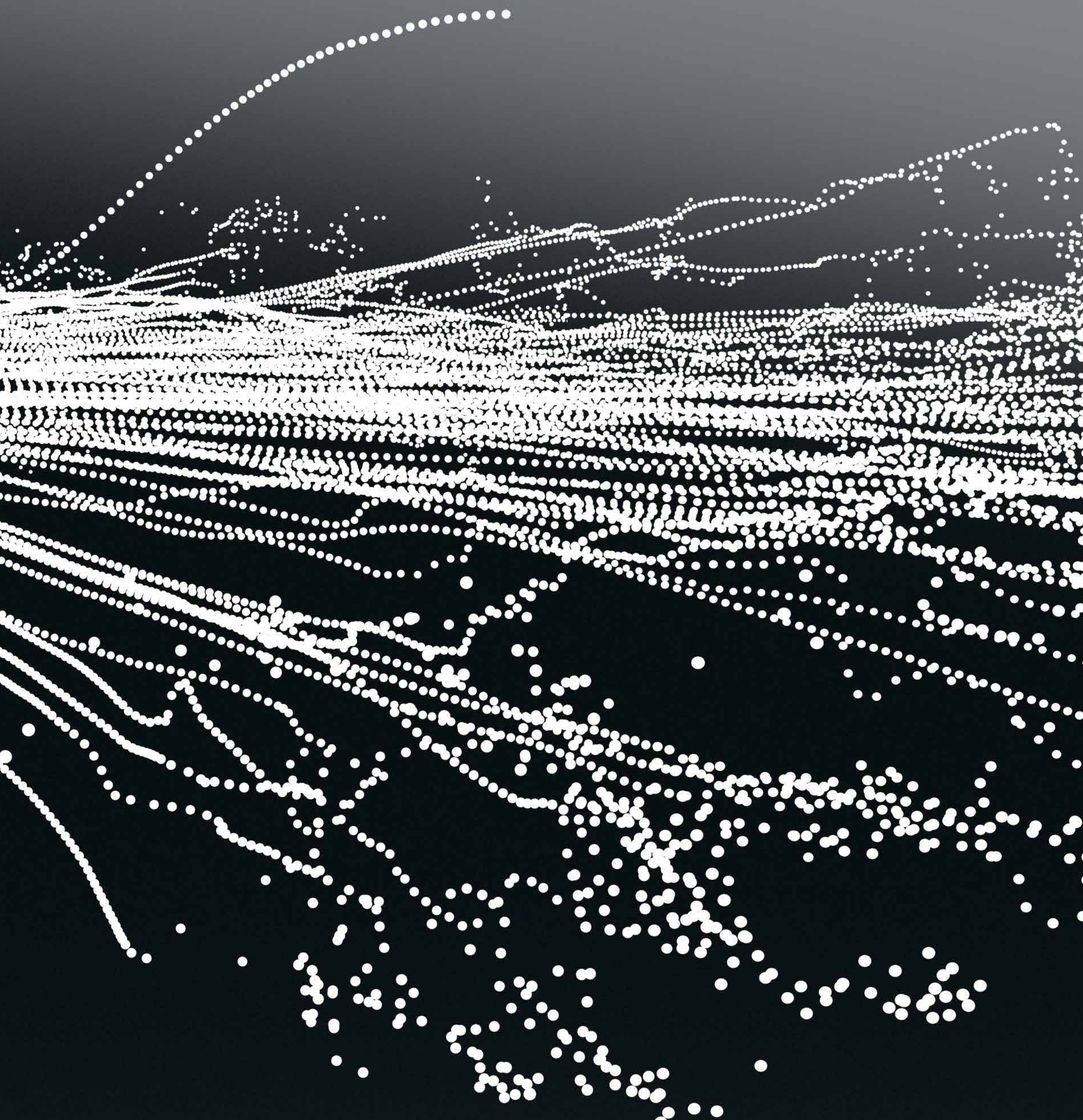
With 3,000 com-plete and considerably more partial cycles, the lithium-ion battery has a significantly longer lifespan than a lead acid battery, which manages 900 to 1,200 cycles. And that’s not all: Jungheinrich is the only company to cover all its lithium-ion batteries with a 5-year guarantee as well as a customer satisfaction guarantee.

$LiFePO_4$, short for lithium iron phosphate, is the material that we use to produce our batteries. While automotive manufacturers usually use nickel manganese cobalt in their cells, we have specifically chosen $LiFePO_4$. The advantages include higher safety, long life and availability as well as environmental aspects. The higher weight of $LiFePO_4$ is due to lower energy density and this is actu-ally a benefit for us in the design of our trucks – think “counterbalance”.

24/7: Short charging times and quick intermediate charging – the battery is fully charged in just 80 minutes – mean the fleet can be used virtually around the clock. No time-consuming battery change is necessary for lithium-ion batteries. This renders replacement batteries and changing facilities unnecessary. And because neither gases nor acid can leak from these types of battery, there is no need for special charging rooms with expensive extraction equipment. Not only does that make them much safer, they also need less room and cost less to run.

»We are setting milestones in intralogistics with our integrated energy expertise.«

Dr Klaus-Dieter Rosenbach, Member of the Board of Management Logistics Systems



How many volts does **your drive** have?

The strongest driving force comes from within. Our company founder Dr Friedrich Jungheinrich knew this. And today, too, our company depends on the drive of each of our employees. A unique culture has flourished at Jungheinrich during its 65-year history. As a globally active Group that has grown exponentially, we have maintained our family-run company spirit – with a common identity, mutual respect and shared values. That is how we shape the digital future.

On the same page

Over 16,000 people work for Jungheinrich – in various professions, different workspaces and across several locations around the world. This diversity is one factor of our success. Behind this diversity are shared values that connect us wherever we are in the world and drive us forward every day.

Even in the initial years of our company's history, founder Dr Friedrich Jungheinrich employed a cooperative leadership style to motivate employees. Everyone was meant to feel as though the company was their business and their responsibility. Dr Jungheinrich in return rewarded employee dedication – including voluntary social benefits and community-focused events for employees. He was committed to exchange on equal terms and introduced employee performance reviews as early as 1962. His catchphrase "Go for it!" has become legendary within the Group – a small encouragement with a huge impact, which in just three words sparked the trust of the employees. This saying has evolved to become "Go for it and lead the way!", and it is still representative of the corporate and leadership culture at Jungheinrich, which is based on initiative and complete trust in the ability of our employees.

This tradition is the foundation on which we have chosen to build. In a world that seems to be moving ever faster, we are able to recognise trends first and meet changes head on, transforming them into competitive advantages with our ability to innovate and create solutions. This is how we continue to grow consistently.

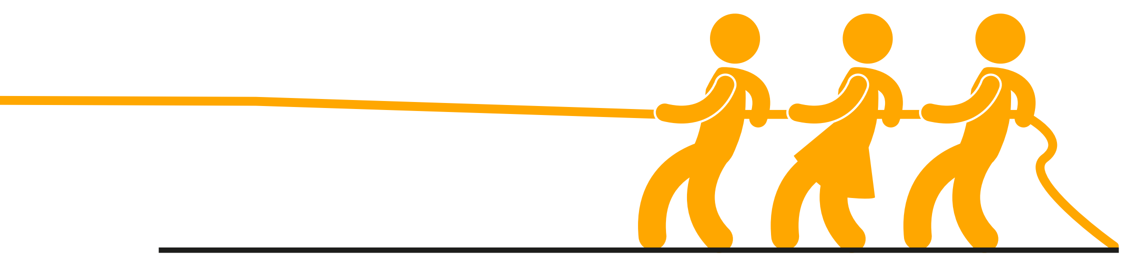
What drives people? Behind every action there is a motive. It spurs people on and drives them to act with a purpose. It could be anything – basic needs such as hunger or thirst may be driving us to action. In our modern society, many more needs have joined these more basic ones. Confirmation, praise, recognition: those who have specific goals, a positive attitude and are eager to work will often be relentless in their drive. Motivation is therefore not just a drive vital for life, but also the key to success.

The Jungheinrich Way of Leadership

Excellent leadership leads to excellent results. For us this means that in addition to a successful business model, we need clear leadership with a firm grip on our targets in order to successfully implement our 2020 Group strategy. We have therefore transformed our management guide into the "Jungheinrich Way of Leadership". It provides clear entrepreneurial direction and combines efficient and effective conduct with our growth strategy. The integration of this model into the entire Group gives managers a decisive role. They are the ones who figuratively set the tone at Jungheinrich and make sure that everyone is on the same page.

Core Jungheinrich values

The main values that guide our conduct and management are depicted in the so-called "Jungheinrich Cloud". These values are present in the employees' everyday work and offer a sense of direction. They illustrate our **focus** on **growth, drive** and **innovation,** link **entrepreneurship** with **responsibility,** and encourage a culture of providing **feedback** and **thinking out of the box,** underscore our **result orientation** together with open **communication** and **learning from mistakes** and clarify that success can only be achieved with **passion, trust** and **courage** – and if everyone **contributes to the big picture.**



"What drives me?"

Five continents – one highly motivated team. And everyone brings their own personal drive with them every day. That's what makes us stand out. Worldwide.

»What has motivated me for over 30 years at Jungheinrich? The positive working environment in a **family-owned company with strong roots,** the variety of tasks and seeing how we **grow successfully.** I am proud to be part of it!«

Christian Faltlhauser,
Production Supervisor, Assembly, Germany

1953

» Go for it! «

Dr Friedrich Jungheinrich

2017

» Go for it and lead the way! «

»I love establishing contact with **clients** and **helping** them find **new solutions** together every day. As our site is still relatively new, we are all working hard to turn Chile into a **strong sales unit.** That creates a powerful bond!«

Laura Camacho,
Sales Coordinator, Chile

»A dynamic team, **smart minds,** interactive and **continuous learning –** that's what drives me forward at Jungheinrich!«

Winnie Kwan,
Office Manager, Singapore

»My colleagues are fantastic, something that definitely spurs me on. And with such a wonderful **support network** behind me, I always feel assured that **everything is running smoothly** – especially during times of pressure!«

Jess Caston,
Financial Accountant, Australia

»We have a fantastic team with experienced technicians, **a highly innovative product portfolio** and the support of a wonderful management team – we're all on the same page! That motivates me to **raise the bar a little higher** each day.«

Llewellyn Venter, After-Sales Service
Technician, South Africa

The most valuable resource

We have great plans – that is why we need driven, innovative people who also think entrepreneurially. Investing in training and targeted advancement for young employees is therefore something we do out of both necessity and conviction.

A future built on sound education
We have a diverse range of training opportunities at Jungheinrich. We offer training places in technical, commercial and business careers as well as dual study courses. Apprenticeships at Jungheinrich are based on a comprehensive concept. Trainees and apprentices are assigned a wide range of tasks and are encouraged by their supervisors to show initiative. We give them both the necessary freedom and responsibility. And it is our aim to take on all trainees, apprentices and students following completion of their training and studies, if possible.

Managers recruited internally
We recognise the managers of tomorrow early on in their careers and provide support with the aim of establishing a long-term relationship with Jungheinrich. With our international trainee programme, the "Jungheinrich International Graduate Program" (JIG), young talents have the opportunity to get to know various departments in Germany and abroad and work on a variety of projects. We currently have 40 trainees in Germany, Italy, Chile, China and elsewhere.

The trainees are motivated from the start to develop management skills by tackling challenging tasks in a global context. The programme, which runs for two years, can be adjusted to suit both the abilities and interests of the participants and our needs. Other focal points of the programme include developing professional expertise, establishing international networks and cooperation beyond specific functions.

Our concept for the development of management successors is paying off. Virtually all trainees that have participated in the JIG programme are still at Jungheinrich – many in management positions. In 2017, we once again received the "Career-enhancing, fair trainee programme" quality certificate from ABSOLVENTA, a jobs forum for students, school-leavers and young professionals.

2018
GRADUATE
TRAINEE AWARD
ABSOLVENTA

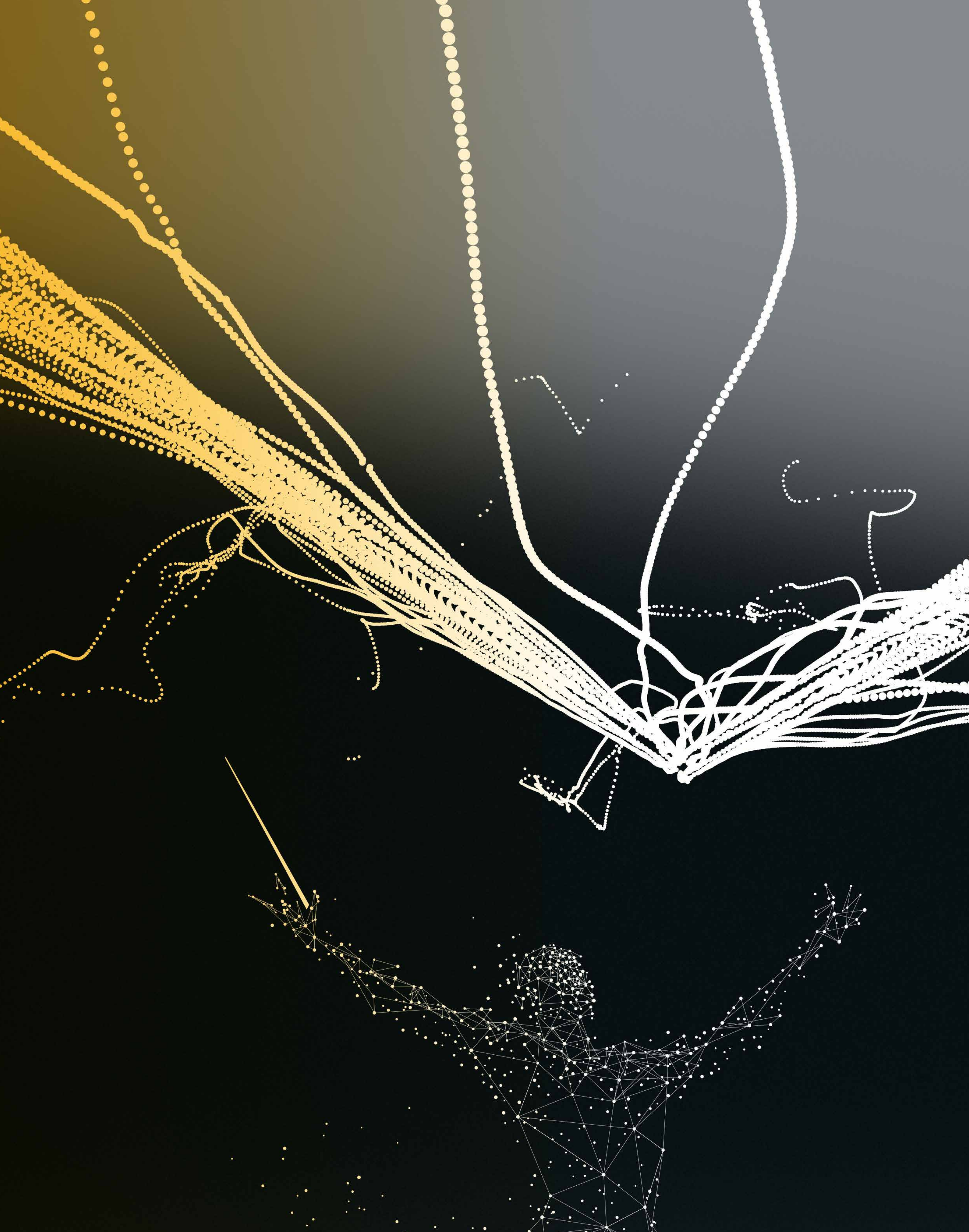
Championing research and science

The Dr Friedrich Jungheinrich Foundation, which was founded in 2004, champions science and research as well as education in mathematical and scientific subjects – in light of the looming skills shortage in Germany we see this as an investment in our own future viability. Support is given in the form of grants for particularly qualified young people as well as cooperation with select professorships at universities in Hamburg, Munich and Shanghai.

DR. FRIEDRICH JUNGHEINRICH
STIFTUNG

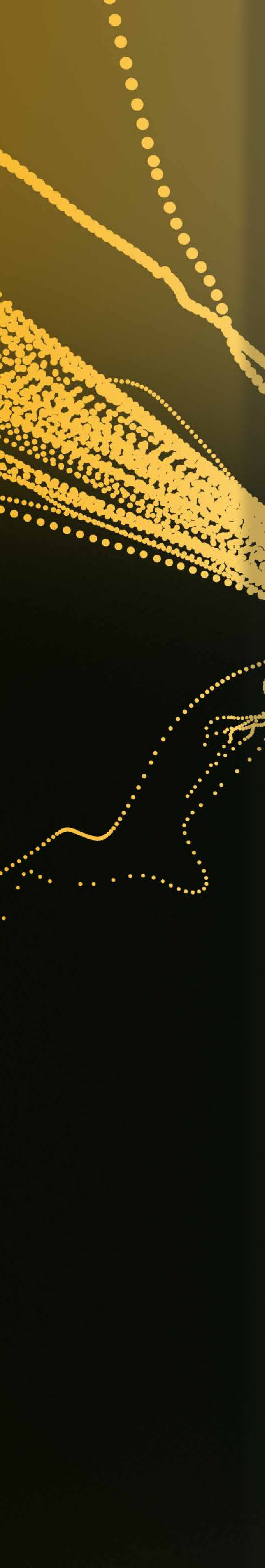
»Strong characters with an entrepreneurial approach and thought process fuel our digital agenda.«

Dr Volker Hues, Member of the Board of Management Finance



How do you pool **driving forces?**

Faster, more flexible, better performance: the markets are in constant motion, driven by digitalisation and online retail. Our customers have to manage this momentum and deal with increasingly complex challenges. Efficient logistics processes are the key to their success. As a complete provider of intralogistics, Jungheinrich pools and analyses the challenges its customers face in terms of material and information flows, combining them to create individual, intelligently interconnected holistic solutions. And once our systems are put into operation, we remain at our customers' side, offering professional service and support.



The full intralogistics range

Our systems expertise has made us one of the leading solutions providers for the intralogistics sector in the world. We develop holistic solutions that are tailor-made to fit our customers’ needs down to the minutest detail with intelligent interconnectivity, individual levels of automation and flexible adjustments for any situation.

Minus 35 degrees Celsius: In Ireland, the pharmaceutical company Grifols operates what may be the coldest warehouse in the world. Grifols relies on Jungheinrich’s expertise and technology to ensure that the logistics for the blood plasma stored there run smoothly even under such

Extreme conditions – no problem

extreme conditions. In Austria, automotive parts manufacturer Birner can rely on stable and safe warehouse logistics thanks to our expertise – which is of vital importance at its new distribution centre, located in a level 4 earthquake zone. In 2015, a northern European furniture manufacturer commissioned us as general contractor and system integrator for all intralogistics tasks at its new distribution centre. With its vast dimensions, this was the largest commission for a single project in our company’s history. And we have been working with Keller & Kalmbach, one of the leading wholesale companies for joining and fastening technology, for almost a decade

Stable – even in earthquake zones

now. Most recently we implemented a comprehensive expansion of the main warehouse during operations. All on schedule and for less than the originally proposed budget. These projects show how diverse our work is. The starting point for each and every one of our projects is always the customer and their warehousing needs. Their drive is our mission. We create a coherent comprehensive

Optimal goods and material flows are decisive factors in intralogistics –
as an expert partner we develop custom-made comprehensive solutions for our customers.

plan in which all components and processes run like clockwork.

This is made possible by our range of services that cover every link in the logistics chain. On request, Jungheinrich can handle every part of the project: planning

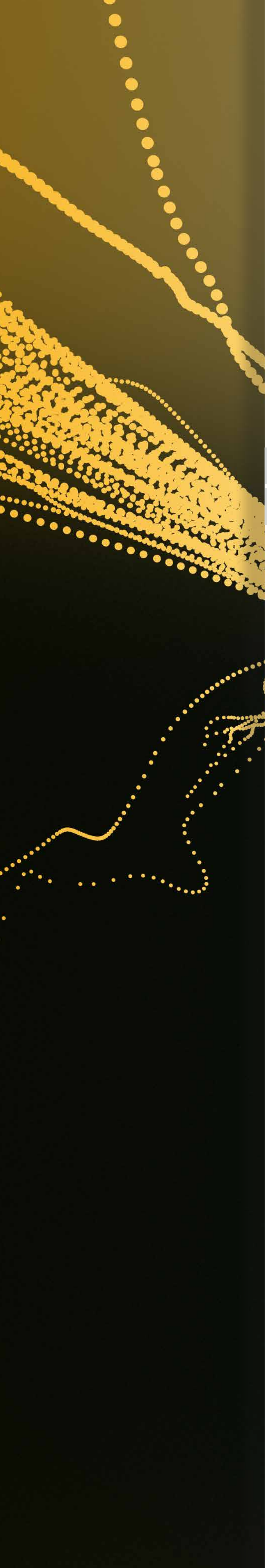
Scalable whatever the dimension

and projection of logistical partial or complete processes, custom-made intralogistics solutions from a combination of trucks, racks, stacker cranes, conveyor systems and software, realisation and system integration, and service and support for logistics systems.

For our customers this means: Your professional expert for all intralogistics issues, not forgetting automation, interconnectivity and digitalisation is Jungheinrich. As the leading innovator in this sector, we can support companies with proven solutions – from automated guided vehicles and our smart software interface "Logistik-Interface" to our adjust-

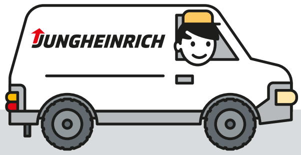
Reliable partner at every stage

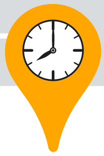
able warehouse management system, Jungheinrich WMS, which intelligently controls all processes. And our intense research and development work never stops; our portfolio continually grows along with our customers' requirements. We bring high-performance, interconnected, optimised solutions and new technology to warehouses around the world.



Time is money – on the road with Jungheinrich after-sales service

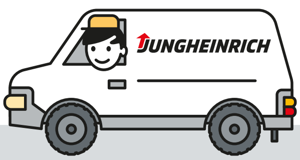
- 98.5 per cent spare part availability





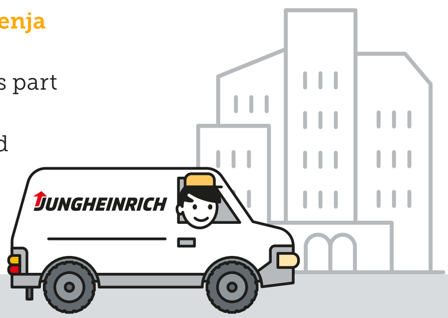
Monday morning, 7 a.m., in the warehouse of a chemical company north of Hamburg. In the battery hall, a one-year-old EKX 516k high-rack stacker is undergoing regular maintenance. After-sales service technician Svenja Assel is thoroughly checking all functions and wear parts.

The new system truck is representative of the company's positive development. Along with the rise in demand and production, logistics requirements have also risen over the last few years. Having processes run smoothly in the significantly expanded high-bay warehouse has become a real competitive factor. The fleet of around 40 battery-operated Jungheinrich trucks is a vital element here.



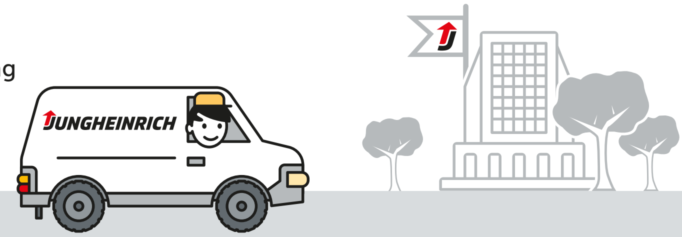
- Global spare parts centres
- Special service and support for logistics systems

Our after-sales service technicians, such as Svenja Assel, make sure that they are always perfectly maintained and ready to roll. The 29-year-old is part of our after-sales service technical team, which consists of around 4,900 people worldwide, and supports companies of various sizes and in various sectors in the Norderstedt region.



For her next job, the qualified industrial mechatronics engineer just has to cross the street. One customer called the central service hotline to report a truck needing repair. The query landed directly with the Sales Centre North, where the dispatcher placed the job on the route for the day. "In addition to the hotline, customers can also contact us via email, fax or our new Call4Service service app," explains our service technician, while she swiftly fixes an EKS 110 order picker.

- Increased operating safety
- Short down times



On to the next one. Just a few kilometres and she's on the grounds of a plastic packaging manufacturer. A rough driving manoeuvre in the warehouse has left one reach truck with a clipped edge cover. The original replacement part was delivered directly to the service vehicle from the spare parts centre in Kaltenkirchen in the early hours of the morning via courier. "The overnight deliveries are really convenient. It means I can start the day with all the parts I need."

Our service teams are there where our customers need us.

What counts at the end of the day: "The faster the customer can use the equipment again, the better," she says, summing up the philosophy of the Jungheinrich after-sales service perfectly. We keep down times to a minimum with excellently trained technicians and ensure the safety of forklift trucks, drivers and warehouses. Being the "face of Jungheinrich" for the customer is both what drives Svenja Assel and makes this her dream job: "It's the perfect combination of working with fascinating technology and contact with people."

Virtual vs augmented reality – what's the difference? With virtual reality (VR) glasses, users can immerse themselves in a digital 3D world, moving through and interacting with the world. They do not perceive their real surroundings. With augmented reality (AR) the real surroundings remain visible to the user and digital information is added through overlays on a mobile phone display or "smart glasses".

Diving into new worlds

Driven by our spirit of innovation we are testing the most promising technology of tomorrow, today. The decisive question we always ask ourselves: what benefits can it offer our customers in the future?

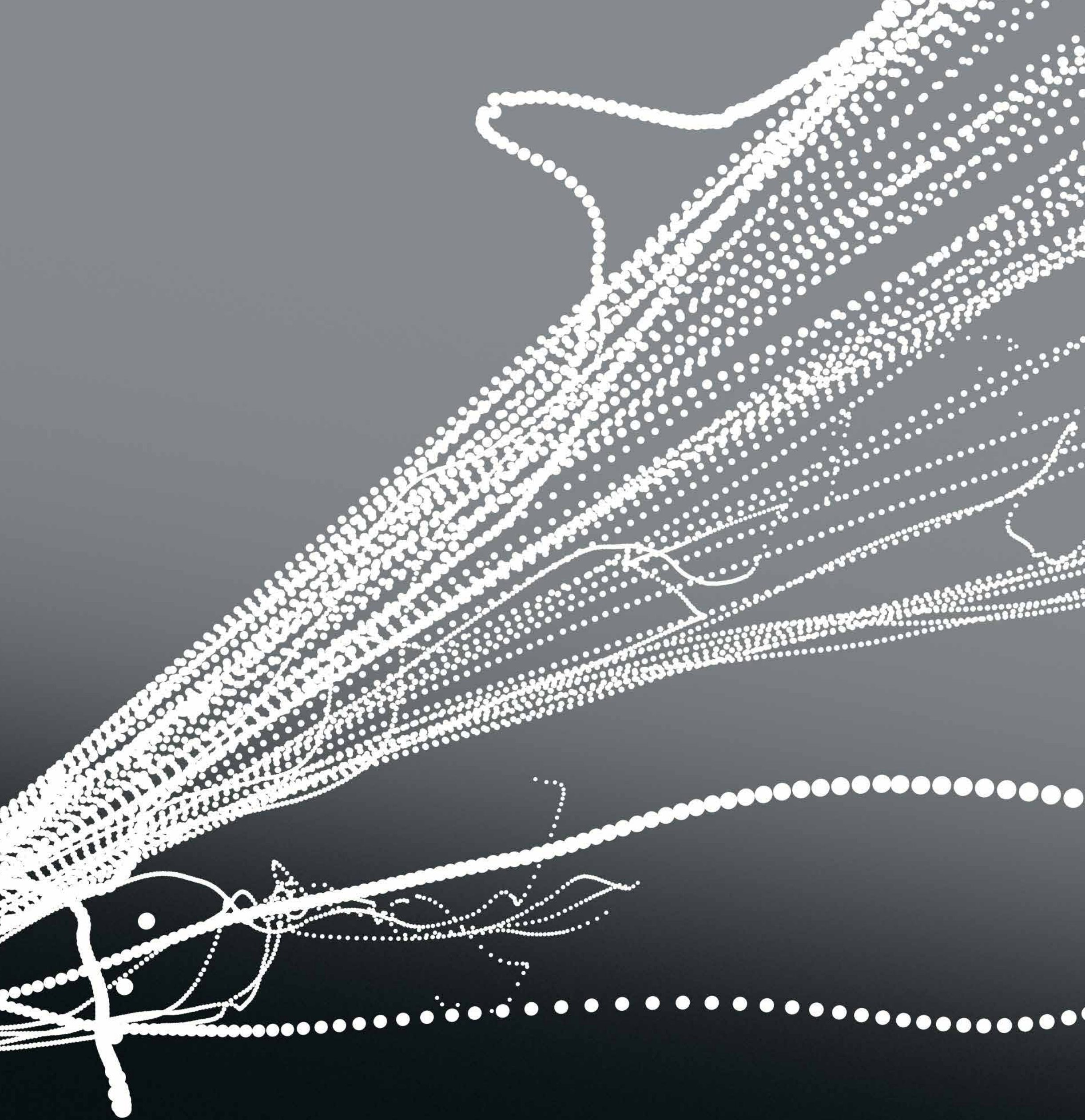
Training with VR – this idea came to two employees from the training centre in Norderstedt while they were playing video games – but it's more than just a game to Jungheinrich. This can be seen in the first applications developed over just a few months in 2017. They offer a huge range of possibilities from which after-sales service technicians could benefit as much as sales employees and our customers.

But how does VR training work? A special pair of glasses transports the user into a virtual warehouse. In different training units, users can select and view a truck from all angles, try out functions, look inside and, using the right tools, disassemble the engine, for example. And that is just the beginning. The benefits of this new training format multiply with every addition to the virtual Jungheinrich world:

- The entire fleet of trucks can be displayed 1:1 as discoverable 3D models, no matter when, no matter where.
- Each truck option can be demonstrated and each component can be removed individually.
- Logistical functions and processes can be experienced almost completely realistically.
- Learning from mistakes is possible without risk.
- The many application possibilities also make VR training economical.

Service with data glasses

Simultaneously to the VR training, Jungheinrich has been working in partnership with Hamburg University of Technology on a concept for remote support with the aid of augmented reality. With this digitally supported service, helpful advice and instructions can be displayed on data glasses during truck repair or maintenance, for instance, to make the job easier.



»Our customers' satisfaction is what drives Jungheinrich the most.«

Dr Lars Broszka, Member of the Board of Management Marketing & Sales

Report of the Supervisory Board

Focal points of Supervisory Board activity

Jungheinrich again recorded dynamic net sales and earnings performance in the 2017 financial year. In addition to the excellent figures, Jungheinrich also made great headway in the Group-wide integration of its leadership model, the "Jungheinrich Way of Leadership", signalling its stance on value-oriented leadership.

The Supervisory Board supported the Board of Management's efforts to prepare the Group for new requirements and opportunities. This particularly applies to digitalisation and process automation within intralogistics, technology for energy storage systems and the expansion of the logistics systems business. For upcoming projects and further, largely organic growth, the focus will be on the development of personnel resources, expansion of entrepreneurial leadership, implementation speed and international orientation. The Supervisory Board worked in close cooperation with the Board of Management providing constructive advice on the material direction to take, scenarios and measures.

Cooperation between the Supervisory Board and the Board of Management

The Supervisory Board was involved early on and extensively in the relevant matters by the Board of Management, enabling aspects deserving attention to be discussed in good time. Furthermore, the Supervisory Board was constantly updated based on detailed written and oral reports on the current situation on the market, current and expected economic developments in the individual regions around the world, development of business in the individual Group companies and their financial position, specifically following analysis of key indicators such as incoming orders, net sales, EBIT and margin, the headcount trend as well as the status of capital expenditure.

The Supervisory Board and the Finance and Audit Committee also examined the risk and opportunity management system, the effectiveness of the internal control system, the monitoring of accounting and accounting procedures, the internal audit system and compliance within the company. Due to the results of the tender process and following careful deliberation of all factors, the Finance and Audit Committee recommended that the Supervisory Board propose a new audit service for the 2017 financial year to be elected at the Annual General Meeting. The Supervisory Board and Annual General Meeting agreed with this proposal. One of the Finance and Audit Committee's priorities during the audit was to closely support the familiarisation and activities of the newly appointed auditors of the annual financial statements. This was an important task, as the dates for the 2017 financial statements had been brought forward.

The Chairman of the Supervisory Board and the Chairman of the Finance and Audit Committee also reviewed certain topics with the Board of Management outside of meetings and prepared points to be decided on in plenary sessions.

Main issues addressed in Supervisory Board meetings

The Supervisory Board convened on five occasions in the 2017 financial year, one of which was extraordinary, and one resolution was passed by written procedure. With the exception of a few individual excused absences, the Supervisory Board always convened in full.

The Supervisory Board met on 21 March 2017 to review and approve the annual financial statements and the consolidated financial statements of Jungheinrich AG as of 31 December 2016. Invitations and the agenda for the Annual General Meeting on 16 May 2017 were also adopted and various Board of Management business items that required approval in the area of company formation for the "Logistics Systems" division, capital expenditure on buildings and new product development were approved.

In the meeting of the Supervisory Board following the Annual General Meeting on 16 May 2017, the Supervisory Board approved proposals by the Board of Management on product innovations, and discussion focussed on a number of topics in relation to production, including quality, considerations of how to structure work and product strategy.

A written resolution in July 2017 dealt with the adjustment of the variable remuneration component in the Board of Management remuneration system.

At the meeting held on 26 September 2017, the Supervisory Board dealt in detail with Dr Oliver Lücke's departure from the Board of Management. The Chairman of the Supervisory Board and the Chairman of the Finance and Audit Committee also reported on the material results of the study commissioned by the Supervisory Board on the vertical and horizontal comparison of Board of Management remuneration. This study confirmed that the remuneration for the Board of Management is appropriate at both levels. Independently of the study, an adjustment to the variable remuneration component of the Board of Management remuneration system was resolved. Approval was also granted for the establishment of companies and the launch of direct sales in certain South American countries, including the necessary takeover of dealership activities. Decisions were also made regarding various real estate projects and stipulations regarding, for instance, the next steps in the company's reporting procedure for non-financial aspects.

An extraordinary meeting of the Supervisory Board on 10 November 2017 dealt almost exclusively and in great detail with the discussion regarding the Group's 2025 strategy drafted by the Board of Management. The Supervisory Board gave the Board of Management advice for successfully implementing the strategy.

Planning for the 2018 financial year was discussed in-depth and adopted at the meeting on 19 December 2017 and the 2025 strategy was approved. The written resolution from the September meeting regarding the adjustment of the Board of Management remuneration system was also extended to cover the next few years. Because the deadlines for the annual financial statements were brought forward for the 2017 financial year, the Chairman of the Supervisory Board was authorised to finalise various statements, documents and reports for the Supervisory Board. Based on the Finance and Audit Committee's recommendation, the Supervisory Board's declaration of compliance was adopted pursuant to Section 161 of the German Stock Corporation Act (AktG) ("Corporate Governance Code declaration").

Jürgen Peddinghaus, Chairman of the Supervisory Board

Work of the Supervisory Board committees

The Finance and Audit Committee convened four times during the financial year. The committee specifically looked at all topics related to the annual and consolidated financial statements of Jungheinrich AG and the audit services (fee and order preparation, focal points of the audit, audit results, additional audit services). Other focal points of the committee's work included the recommendation to the Supervisory Board regarding the tender of the audit mandate and supporting the familiarisation of the new auditors. The committee also carefully completed the tasks entrusted to it, including monitoring accounting and accounting processes, the effectiveness of the internal control system, risk management and internal auditing, and dealt with compliance topics.

The Personnel Committee convened four times in the reporting year and passed one resolution by written procedure. The committee dealt with all tasks assigned to it on behalf of the entire Supervisory Board – in particular the upcoming contract extensions and remuneration issues for members of the Board of Management. Dr Oliver Lücke's departure from the Board of Management, the provisional performance of his responsibilities and his successor were discussed in detail. The committee again looked at the issue of training successors for management positions within the Group in great detail this year.

Annual and consolidated financial statements as of 31 December 2017

The annual financial statements prepared by the Board of Management for the period ending 31 December 2017, the management report of Jungheinrich AG, the accounts for 2017, the consolidated financial statements for the period ending 31 December 2017 and the Group management report of Jungheinrich AG were audited by KPMG AG, Wirtschaftsprüfungsgesellschaft, Hamburg, for the first time. The auditors had no objections regarding the financial statements or the accounting, and confirmed this in their unqualified audit report.

The results of the audit performed by the auditors were the topic of one meeting of the Finance and Audit Committee and one Supervisory Board meeting. The members of the Supervisory Board checked the Board of Management documents for the annual and consolidated financial statements in great detail using KPMG's audit reports. Members of the Supervisory Board attended the Finance and Audit Committee meeting for the preparation of the entire Supervisory Board's resolution regarding the 2017 financial statements. All members of the Supervisory Board approved the Board of Management's proposal for the appraisal of profits for the 2017 financial year. According to the results of the audit, there are no objections to the internal control system, the risk management system or the compliance system. There were also no objections to the declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG).

Following its detailed inspection of the annual financial statements, management report, consolidated financial statements and Group management report, the Supervisory Board had no objections to the financial statements and agreed with the results of the audit performed by the auditors in its accounts meeting on 6 March 2018. The Supervisory Board therefore authorised the annual financial statements of Jungheinrich AG and the consolidated financial statements of Jungheinrich AG for the period ending 31 December 2017. The annual financial statements of Jungheinrich AG as of 31 December 2017 are therefore finalised.

The Supervisory Board seconds the Board of Management's proposal for the appropriation of profits for the 2017 financial year.

Personnel

There were no personnel changes on the Supervisory Board in the 2017 financial year.

At the meeting held on 16 May 2017, Dr Volker Hues was reappointed for another three years to the Board of Management with responsibility for finances, effective 1 April 2018.

Dr Oliver Lücke informed the Chairman of the Supervisory Board in writing on 4 September 2017 that he would not be available to extend his mandate beyond 30 June 2018 and stepped down from the company's Board of Management on 31 October 2017.

The Supervisory Board would like to thank the Board of Management and all employees for their successful work during the 2017 financial year.

Hamburg, 6 March 2018

On behalf of the Supervisory Board

Jürgen Peddinghaus
Chairman

Corporate governance report

In accordance with Item 3.10 of the current version of the German Corporate Governance Code of 7 February 2017, the Supervisory Board and Board of Management of Jungheinrich AG report on corporate governance at Jungheinrich.

Jungheinrich's understanding of corporate governance is oriented towards the regulatory frameworks of relevance to the company and international best practices. Above and beyond this, the Board of Management and Supervisory Board consider the Code, which was most recently amended by the German Corporate Governance Code Government Commission in February 2017, to be an important guideline for both inwardly and outwardly oriented corporate governance. In the year under review, the Board of Management and the Supervisory Board once again scrutinised the Code's recommendations and suggestions critically, in particular to determine whether they are useful given the nature of the company as a family-run business and with regard to its objectives. As in the past, the Supervisory Board and the Board of Management decided to follow and implement the recommendations and suggestions of the Code almost unreservedly. Only with a few exceptions was this not the case or applicable merely to a limited extent. These deviations were reviewed in depth and communicated following the passage of the resolution.

The foundations of Jungheinrich's entrepreneurial activity include the company's quest to create value as a family-run business, the clear and balanced distribution of tasks, authorities and responsibilities among the company's corporate bodies, the close and efficient cooperation between the offices of the Board of Management as well as between the Board of Management and the Supervisory Board, open internal and external corporate communications, orderly accounting and audits of the financial statements, and responsible risk management.

The Board of Management, which is currently composed of four members, runs and assumes responsibility for the company's operations.

Composed of six shareholder representatives and six employee representatives, the Supervisory Board has equal representation and monitors the Board of Management's business management activities, advising it on the Group's strategic and operational matters. Following the most recent elections in 2016, four women now belong to the Supervisory Board, two of whom were elected by the shareholders and two by the employees. The company thus satisfies the legally mandated minimum female quota of 30 per cent on the Supervisory Board. A balance between experience and qualification as well as expertise and diversity is important to the company when filling positions on this corporate body. We take a broad view on diversity, embracing not only age, gender and nationality, but also other factors such as professional qualifications and experience. The company considers a formal skills profile for the entire Supervisory Board that goes beyond this unnecessary.

The Annual General Meeting is the company's highest corporate body. This is a forum where shareholders can exercise their rights.

The newly selected independent auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, assisted the Supervisory Board in performing the tasks entrusted to it by law and the articles of association by way of their work. Compliance with statutory regulations and internal guidelines is important to the company and its committees. Jungheinrich's compliance management system consists of more than ten core elements divided into the categories "Prevention" (particularly Code of Conduct, guidelines, procedures, processes and control, instructions and consulting), "Detection" (particularly reports and confidential reports, business partner checks, monitoring and inspection, business data analysis) and "Reaction" (particularly dealing with faults and incidents, inspections, corrective measures, improvements).

The Board of Management and Compliance Officer regularly reported on the compliance organisation and its work to the Finance and Audit Committee, which promptly discussed compliance issues. The company takes a cautious and restrained approach to risks.

In addition to this report, reference is made to the report of the Supervisory Board in this annual report as well as to the declaration of corporate governance, which has been published on the company's website (www.jungheinrich.com). Jungheinrich's website also includes financial publications, documents in relation to the Annual General Meeting, the financial calendar, ad-hoc and press releases as well as legally mandated notifications if applicable – primarily regarding reportable securities transactions (managers' transactions) as well as voting right notifications – and further information on the company.

In December 2017, following the Finance and Audit Committee's preparatory work, the Board of Management and the Supervisory Board's standard annual declaration of compliance with the recommendations and suggestions of the German Corporate Governance Code Government Commission pursuant to Section 161 of the German Stock Corporation Act was adopted and published on the company's website. It reads as follows:

"Jungheinrich AG has complied with the recommendations of the Government Commission's German Corporate Governance Code dated 7 February 2017 and published by the German Federal Ministry of Justice in the official section of the German Federal Gazette on 24 April 2017 since its last declaration of compliance in December 2016, and will continue to do so, with the following exceptions:

1. The company's D&O insurance policy does not include a deductible for the members of the Supervisory Board (Item 3.8 of the Code).

   The D&O insurance policy is a group insurance policy for the company's board members (Board of Management and Supervisory Board) as well as for a large number of the Group's employees in Germany and abroad. Differentiating between employees and board members in principle was deemed improper in the past. Nevertheless, in view of the German law on the appropriateness of management board compensation, the company's insurance policy was supplemented by a deductible for the members of the Board of Management in line with the sum specified by the law and the Code. However, the legislator expressly renounced mandating the introduction of a corresponding deductible for supervisory board members. Only the Code includes a recommendation to this effect. Therefore, the Supervisory Board does not see any reason to deviate from its current practice. The Supervisory Board's deliberations in this connection are based on the conviction that the prime objective is to recruit to the Supervisory Board suitable individuals whose experience is beneficial to the Supervisory Board's work in the company's interests. These goals would be counteracted if the recruited Supervisory Board members satisfying these requirements merely had limited insurance coverage for their work.

2. The compensation of the members of the Board of Management and Supervisory Board is not published in itemised or individualised form (Items 4.2.4, 4.2.5 and 5.4.6 of the Code).

   The company is still not implementing the Code's recommendation to present the remuneration of the members of the Board of Management or Supervisory Board in itemised or individualised form in the notes or the management report. These are corporate bodies and so disclosure by individual board member is irrelevant. Furthermore, the company believes that the benefits of such disclosure to the public and investors are not significant enough to disregard the associated disadvantages – including the right to privacy of each of the board members. Ultimately, per its resolution dated 24 May 2016, the Annual General Meeting again waived the obligation of the members of the Board of Management to provide individualised disclosure for a period of five years.

3. A nomination committee for proposing suitable Supervisory Board candidates to the Annual General Meeting will not be established (Item 5.3.3 of the Code).

   In light of the company's nature, which can be likened to that of a family-owned company, the Supervisory Board believes that such a committee is dispensable. Two Supervisory Board members are seconded by the registered shareholders. The candidates proposed to the Annual General Meeting for the four remaining shareholder representative positions are chosen in close coordination with the holders of ordinary shares.

4. The company renounces the determination of an age limit and tenure limit for Supervisory Board members (Item 5.4.1 of the Code).

   An age limit can lead to rigid rules, which may counteract the company's goal of recruiting extremely experienced individuals to work on the Supervisory Board. Therefore, the flexibility to make decisions on a case-by-case basis has been given preference over a rigid limit. The Supervisory Board deems it inappropriate to limit the tenure of the members of the Supervisory Board.

5. The company has not created a skills profile for the whole of the Supervisory Board nor published the Supervisory Board member's CVs (Item 5.4.1 of the Code).

   The Supervisory Board of Jungheinrich AG meets the diversity criteria required by law and the Code. Many of the Supervisory Board members have international business experience. The candidates that will be proposed to the Annual General Meeting for the four shareholder representative positions are determined in close coordination with the holders of ordinary shares, ensuring that only suitable candidates are proposed to the Annual General Meeting, who cover as many of the skills that the company requires as possible. For this reason, the Supervisory Board does not deem it appropriate for Jungheinrich, as a family-owned company, to also create a skills profile for the full Supervisory Board. The CVs of Supervisory Board members are not published in order to protect their privacy.

6. The Supervisory Board's composition may not meet the criteria set forth in Item 5.4.2 of the Code regarding the number of independent Supervisory Board members.

   The Supervisory Board of Jungheinrich AG consists of a total of twelve members, six of whom are elected by the employees. Two Supervisory Board members are seconded by the registered shareholders. The candidates proposed to the Annual General Meeting for the four remaining shareholder representative positions are chosen in close coordination with the holders of ordinary shares. Only the ordinary shareholders are entitled to cast votes at the Annual General Meeting. The process for filling the shareholder representative positions reflects the fact that the company is a family-owned business.

Hamburg, December 2017"

Voting rights are exercised by ordinary shareholders at the Annual General Meeting. However, all shareholders are given an equal right to be heard on all matters.

During the audit of the financial statements, the independent auditors reported all findings and issues material to fulfilling their tasks to the Supervisory Board. This included the finding that internal company practice does not deviate from the declaration concerning the German Corporate Governance Code adopted by the Board of Management and the Supervisory Board. The independent auditors thus confirmed that Jungheinrich adhered to its declaration of compliance. There were no reports from the auditors containing reasons for exclusion or any bias on the part of the auditors before or during the audit of the financial statements.

Hamburg, 6 March 2018

The Supervisory Board The Board of Management

Members of the Supervisory Board

Jürgen Peddinghaus
Chairman
Management Consultant
Membership of other supervisory boards/ regulatory committees:
Zwilling J. A. Henckels AG, Solingen

Markus Haase[1]
Deputy Chairman
Service Consultant at Jungheinrich Vertrieb Deutschland AG & Co. KG
Chairman of the Group Works Council

Dipl.-Ing. Antoinette P. Aris, MBA
Honorary Professor of Strategy at INSEAD (Fontainebleau/France)
Membership of other supervisory boards/ regulatory committees:
ProSiebenSat.1 Media SE, Unterföhring
a.s.r. Nederland N.V., Utrecht/Netherlands
Thomas Cook PLC, London/UK
ASML N.V., Veldhoven/Netherlands

Dipl.-Ing. Rainer Breitschädel[1]
Head of Product Support for After-Sales Services at Jungheinrich Service & Parts AG & Co. KG
Executive Staff Representative

Birgit von Garrel[1]
2nd Authorised Representative, IG Metall, Landshut

Rolf Uwe Haschke[1]
Senior SAP Developer at Jungheinrich AG
Chairman of the Information Technology Works Council of Jungheinrich AG

Beate Klose
Business Graduate

Wolff Lange
Businessman
Managing Director of LJH-Holding GmbH, Wohltorf
Membership of other supervisory boards/ regulatory committees:
Hansa-Heemann AG, Rellingen (Chairman)
Wintersteiger AG, Ried/Austria (Chairman)
WAGO Kontakttechnik GmbH & Co. KG, Minden (until 11 May 2017)

Meike Lüdemann[1]
Trade Union Secretary and Lawyer
IG Metall for the region of Hamburg
Membership of other supervisory boards/ regulatory committees:
Körber AG, Hamburg
Hauni Maschinenbau GmbH, Hamburg

Dr Ulrich Schmidt
Business Manager
Membership of other supervisory boards/ regulatory committees:
tesa SE, Norderstedt (Chairman)

Steffen Schwarz[1]
Assembly worker at Jungheinrich Norderstedt AG & Co. KG
Deputy Chairman of the Group Works Council

Franz Günter Wolf
Businessman
Managing Director of WJH-Holding GmbH, Aumühle
Membership of other supervisory boards/ regulatory committees:
LACKFA Isolierstoff GmbH & Co., Rellingen (Chairman)

Committees of the Supervisory Board:

Finance and Audit Committee
Dr Ulrich Schmidt (Chairman)
Antoinette P. Aris (Deputy Chairwoman)
Steffen Schwarz[1]

Personnel Committee
Jürgen Peddinghaus (Chairman)
Markus Haase[1] (Deputy Chairman)
Rolf Uwe Haschke[1]
Wolff Lange
Franz Günter Wolf

Joint Committee
Jürgen Peddinghaus (Chairman)
Markus Haase[1] (Deputy Chairman)
Birgit von Garrel[1]
Franz Günter Wolf

1 Staff representative

Members of the Board of Management

In addition to individual supervisory responsibilities in Group and associated companies, the members of the Jungheinrich Aktiengesellschaft Board of Management also sit on the following supervisory boards, the formation of which is a statutory requirement, and similar regulatory bodies in and outside of Germany:

Hans-Georg Frey
Chairman of the Board of Management
Labour Director
Membership of other supervisory boards/ regulatory committees:
Fielmann AG, Hamburg
HOYER GmbH, Hamburg

Dr Lars Brzoska
Member of the Board of Management
Marketing & Sales

Dr Volker Hues
Member of the Board of Management
Finance
Membership of other supervisory boards/ regulatory committees:
A.S. Création Tapeten AG, Gummersbach

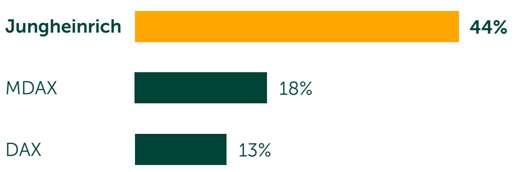
Dr Oliver Lücke
Member of the Board of Management
Engineering
(until 31 October 2017)

Dr Klaus-Dieter Rosenbach
Member of the Board of Management
Logistics Systems

Jungheinrich share

2017 was a good year for the Jungheinrich share. It closed the year with a price increase of 44 per cent. The share hit an all-time high in the fourth quarter of 2017 at €40.63. Preferred shareholders shall participate in the company's success with a dividend increase of 14 per cent.

Performance in 2017



2017 – a very strong year for the stock markets

Despite a number of political uncertainties, the international stock markets showed clear upward tendencies and optimism at the beginning of 2017. This continued over the course of the year with sound economical outlooks around the world. The markets were spurred on by capital injections from international central banks. The European financial markets benefited from the expansionary monetary policy of the European Central Bank. The US central bank continued increasing interest-rates. At the end of the year, the US key interest-rate stood at 1.25 per cent to 1.50 per cent. Disappointment in the lack of progress in US tax reforms, the deregulation of financial markets and the European Central Bank's turnaround on interest-rates that never materialised drove the euro up against the US dollar. Over the course of the year, the leading European currency unexpectedly exceeded the 1.20 US dollar mark. By the end of the year, the euro had appreciated around 14 per cent against the US dollar.

The most important German stock market indexes recorded noticeable gains in 2017. The DAX reached a record high of 13,479 points in November. Over the course of the year, the DAX and MDAX rose by 13 per cent and 18 per cent respectively to 12,918 points (previous year: 11,481 points) and 26,201 points (previous year: 22,189 points).

Market cap exceeds €4 billion mark

The Jungheinrich share climbed 44 per cent against the 2016 closing price this financial year, significantly exceeding the growth seen in the MDAX and DAX. Starting from its lowest value on 23 January 2017 (€26.00), the price of the share rose sharply and hit a record high on 2 October 2017 of €40.63. The share closed trading at the end of the year at €39.35. The market cap rose accordingly by €1,233 million, from €2,781 million (end of 2016) to €4,014 million (end of 2017). With free-float market capitalisation of €1,825 million, which is relevant for index calculation, the Jungheinrich preferred share climbed to 44th place (previous year: 45th place) in the Deutsche Börse AG ranking in December 2017. Only 48 million no-par-value preferred shares are publicly listed and widely held. The 54 million Jungheinrich AG ordinary shares are held equally by the families of each of the company founder Dr Friedrich Jungheinrich's two daughters. In stock exchange share turnover, the Jungheinrich preferred share moved from the 50th to the 55th rank.

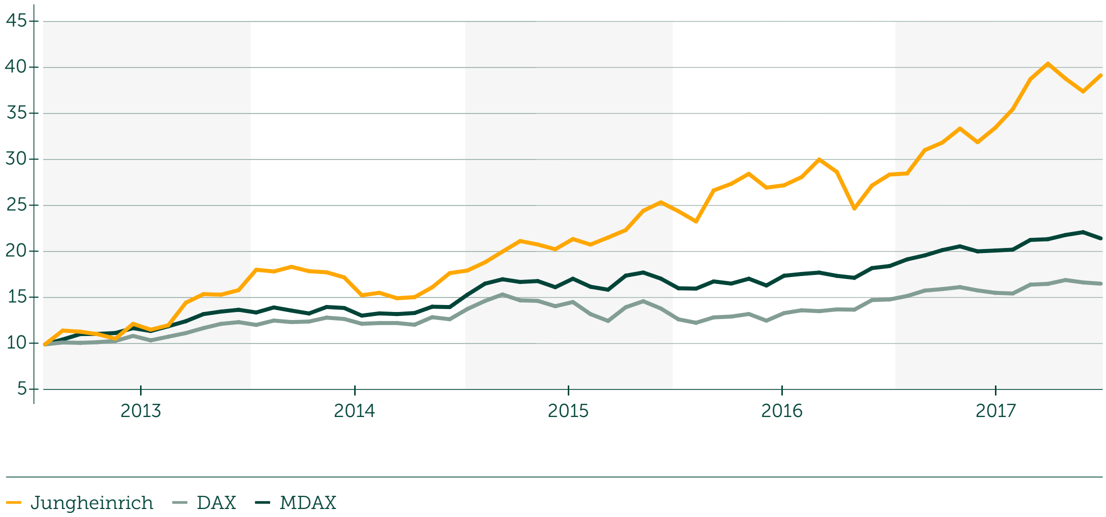
The shareholdings in Jungheinrich AG reportable pursuant to Sections 33 et seq. of the German Securities Trading Act (WpHG) have been published in accordance with Section 40 of the German Securities Trading Act (WpHG) on the company's website (www.jungheinrich.com) in the Investor Relations section and in the notes to the annual financial statements of Jungheinrich AG.

The Jungheinrich share is listed in the Prime Standard quality segment of the Deutsche Börse. It is traded on all German stock exchanges. The trading volume (Xetra and Frankfurt) amounted to 30.5 million shares in 2017, 8 per cent down against the trading volume in 2016 (33.2 million shares). The

Share price development over time

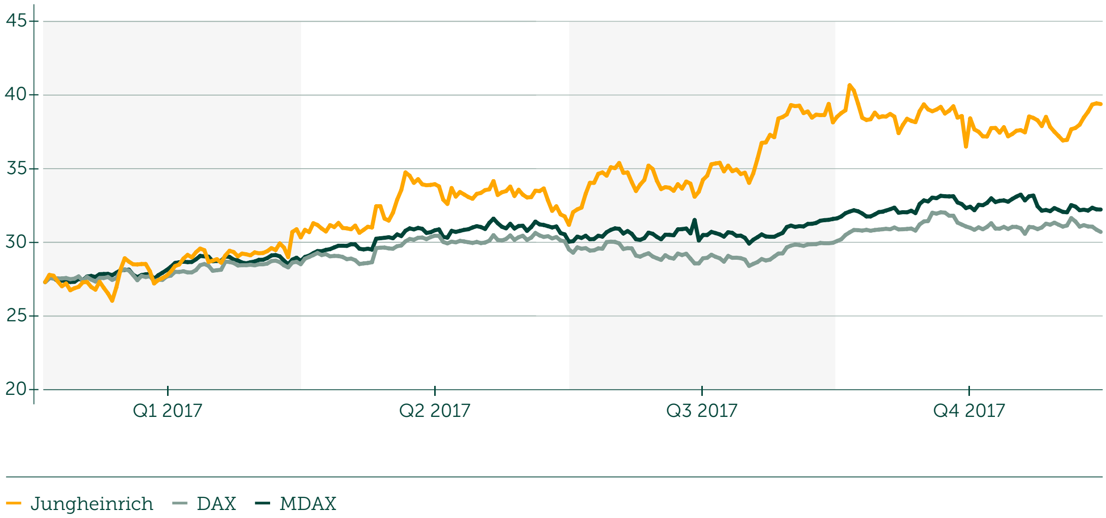
Share price development from 2013 to 2017

in €[1,2]



Share price development in 2017

in €[1]



1 All figures indexed to the Jungheinrich share.
2 All figures adjusted retroactively due to the 1:3 stock split implemented on 22 June 2016.

average share turnover per trading day (Xetra and Frankfurt) for 120.8 thousand shares was 7 per cent down against the previous year (130.3 thousand shares). In terms of the share's value, this corresponds to higher average trading volume of €4.1 million per day against €3.4 million last year.

Reasons to invest in Jungheinrich

Jungheinrich is one of the world's leading intralogistics companies. Reasons to invest in Jungheinrich shares:

- Global customer base in attractive growth sectors
- Integrated business model with large service ratio
- Strong market position in material handling equipment: number 2 in Europe
- Clear corporate strategy geared to sustainable, profitable growth
- Financially independent due to sound balance sheet
- Stable shareholder structure
- Continuous dividend payments

Long-term performance of the Jungheinrich share

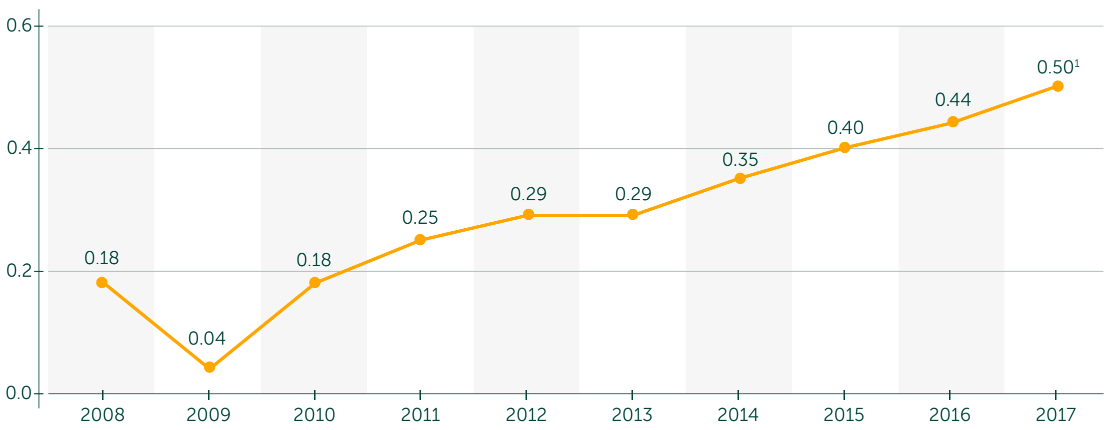
Investment period	10 years	5 years
Investment date	01/01/2008	01/01/2013
Portfolio value at the end of 2017	€53,785	€42,898
Average annual return	18.3%	33.8%
Comparable return of German share indices		
DAX	5.0%	10.7%
MDAX	10.4%	16.6%

Please note: based on an initial investment of €10 thousand and assuming that annual dividends received were reinvested in additional preferred shares.

The Jungheinrich share again proved a solid capital investment for long-term investors in 2017. Over a ten-year period the share showed better value appreciation than the two comparison indexes, and significantly better performance over a five-year period.

Dividend development

in €



All figures adjusted retroactively due to the 1:3 stock split implemented on 22 June 2016.
1 Proposal

Another dividend increase planned

Since its IPO in 1990, the Jungheinrich share has established itself as a reliable dividend share. The company follows a strict policy of consistent dividend payout. The target is to pay out between 25 per cent and 30 per cent of the net income to shareholders.

The Board of Management and Supervisory Board of Jungheinrich AG intend to propose a dividend payment of €0.50 per no-par-value preferred share and €0.48 per no-par-value ordinary share at the Annual General Meeting on 17 April 2018. This dividend proposal therefore contains a payment increase for preferred shares of 14 per cent. Subject to approval at the Annual General Meeting, this will result in a dividend payment of €50 million.

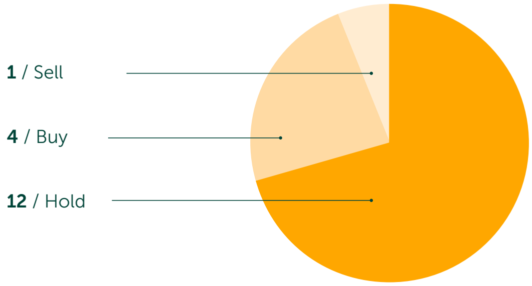
The payment will be made on the third working day after the Annual General Meeting. The payment ratio, which is the dividend amount as a percentage of net income, is 28 per cent (previous year: 29 per cent). The dividend payment has increased by a factor of 2.5 within ten years.

Broad research coverage

The availability of share research is an important prerequisite in making investors aware of issuers. It is an important decision aid for investment in securities. At the end of the reporting year, the Jungheinrich share was regularly observed and valued by 17 banks and research companies. Four analysts recommended buy for the share, while twelve recommended hold. One analyst recommended sell. Based on the key analysts' valuations, the average share target was around €37. The lowest value was €32, and the highest was €45.

Analyst recommendations

as of 31/12/2017



Analyst coverage 2017

Bankhaus Lampe	Landesbank Baden-Württemberg
Berenberg	Morningstar
Citigroup	NORD/LB and SRH[1]
Commerzbank	Jefferies
Deutsche Bank	M.M. Warburg
DZ Bank	Main First
Hauck & Aufhäuser	Metzler
HSBC Trinkaus & Burkhardt	Baader Bank
Kepler Cheuvreux	

1 NORD/LB and SRH AlsterResearch undertake joint stock research.

Intense investor relations activity

The aim of Jungheinrich's investor relations work is to ensure transparent and ongoing communications with the capital markets, improve understanding of the integrated business model and its potential, and contribute towards a correct valuation of the Jungheinrich share on the capital market.

The Board of Management and the Investor Relations department maintain regular contact with analysts and investors. The business model, value drivers, company performance and company strategy were all presented in detail during conferences and road shows. The company presented itself at a total of eight conferences and six road shows in Europe and the US. In addition, many discussions were held with investors and analysts during company visits and conference calls. With the publication of the quarterly results, Jungheinrich reported on the Group's current business development in detail during conference calls.

In June 2017, Jungheinrich organised a capital market day at the spare parts centre in Kaltenkirchen, near Hamburg, to give analysts and investors an opportunity to take a closer look at highly advanced warehouse logistics. Jungheinrich also discussed specific topics with the visitors, who came from around the world, such as lithium-ion technology.

The Investor Relations team was once again available at all times to help with any queries in 2017, both in writing and over the telephone. Comprehensive information regarding the Jungheinrich share is also published on the Jungheinrich AG website (www.jungheinrich.com). Along with financial publications and presentations, the website also contains a total return calculator, analysts' recommendations, the financial calendar and contact details.

Jungheinrich share profile

Securities identification numbers	ISIN: DE0006219934 WKN: 621993
Ticker abbreviation on Reuters/Bloomberg	JUNG_p.de / JUN3 GR
Stock exchanges	Hamburg and Frankfurt Stock Exchanges and all other German stock exchanges
Designated sponsor	Oddo Seydler Bank AG
Went public	30 August 1990

Capital market-oriented key data

			2017	2016
Dividend per share	Ordinary share	€	0.48[1]	0.42
	Preferred share	€	0.50[1]	0.44
Dividend yield	Preferred share	%	1.3	1.6
Earnings per share	Ordinary share	€	1.78	1.50
	Preferred share	€	1.80	1.52
Shareholders' equity per share		€	12.20	10.92
Share price[2]	High	€	40.63	30.92
	Low	€	26.00	21.17
	End-of-year	€	39.35	27.26
Performance over the year		%	44	7
Market capitalisation		million €	4,014	2,781
Stock exchange trading volume[3]		million €	1,025	873
Average daily turnover		thousand shares	120.8	130.3
P/E ratio[4]		factor	21.9	17.9
Number of shares	Ordinary share	million shares	54	54
	Preferred share	million shares	48	48
	Total	million shares	102	102

1 Proposal
2 Xetra closing price
3 Xetra and Frankfurt
4 P/E ratio = closing price/earnings per preferred share

Group management report

2017 was another successful year for Jungheinrich with solid growth. Double-digit increases were recorded once again in incoming orders, net sales and EBIT. Production volume amounted to 120 thousand units. The growth regions in the global market for material handling equipment were primarily China and Jungheinrich's core market Europe.

Group principles

Business activities and organisational structure

Integrated business model and attributes

Jungheinrich is one of the world's leading manufacturers and service providers for the intralogistics sector. Drawing on an extensive portfolio of material handling equipment, logistics systems and services, Jungheinrich offers its customers comprehensive solutions from a single source. Based on net sales, the Jungheinrich Group is the second-largest manufacturer of material handling equipment in its core market Europe.

The integrated business model encompasses the development, production and sale of new trucks, the logistics systems and mail-order businesses, the short-term rental of new and used forklift trucks, the reconditioning and sale of used forklifts and the maintenance, repair and spare parts operations. The material handling equipment consists almost exclusively of battery-powered trucks. Furthermore, the portfolio is completed by digital products. Combined with a comprehensive financial services offering, Jungheinrich aims to serve its customers from a single source for the duration of a product's life cycle.

Business model of Jungheinrich

Jungheinrich has established a global direct sales and service network with locations in 39 countries. The Group is also represented in more than 80 other countries through partner companies. The Group's core market is Europe, where 88 per cent of consolidated net sales are generated. Of the net European sales, 28 per cent are generated in the domestic market of Germany.

In North America, Jungheinrich cooperates with Mitsubishi Caterpillar Forklift America Inc. (MCFA), a strong sales partner with a comprehensive dealership footprint.

In 2016, MCFA and Jungheinrich founded a joint venture for the production of industrial components in the USA (Industrial Components of Texas, LLC, ICOTEX), which began operations in 2017. In China, Jungheinrich has entered into a joint venture with Anhui Heli Co. Ltd. (Heli) for the short-term rental of material handling equipment. Jungheinrich covers virtually all demand for electric engines in a joint venture with another manufacturer of material handling equipment in the Czech Republic and China.

Jungheinrich's product portfolio comprises everything from manual to fully automated material handling equipment with load capacities of up to 9 tonnes. Since the end of 2015, the company also supplies stacker cranes and load handling equipment for stacker cranes.

The Group has seven production plants in Germany. In addition to manufacturing trucks, the largest plant, which is in Norderstedt, also produces lithium-ion batteries, electronic control units and chargers. One of the plants exclusively refurbishes material handling equipment. Jungheinrich also operates two production sites in China and one in Hungary.

To cover the growing after-sales services business, Jungheinrich opened a modern spare parts centre in Kaltenkirchen in 2013. In the year under review, construction work began on a large expansion due to be completed in 2018. With this warehouse, and others in Lahr, Bratislava, Moscow, Shanghai and, since the end of 2017, Birmingham, Jungheinrich can guarantee the best-possible global supply of spare parts for its after-sales services.

Jungheinrich Group production sites

	Germany							Hungary	China	
	Norderstedt	Lüneburg	Moosburg	Degernpoint	Landsberg	Munich	Dresden	Gyöngyös	Qingpu	Kunshan
Low-lift trucks					•				•	
Stacker trucks	•								•	
Battery-powered counterbalanced trucks			•						•	
IC engine-powered counterbalanced trucks			•							
Reach trucks	•								•	
Order pickers	•	•		•						
Tow tractors and trailers		•								
High-rack stackers				•						
Stacker cranes								•		•
Load handling equipment						•				•
Small-series and customised trucks		•								
Control units, batteries and chargers	•									
Reconditioning of used equipment							•			

Globally active Group

Jungheinrich AG is primarily a management holding company. It is responsible for Group-wide functions such as finances, controlling and auditing. Central research and development and real estate management are also included in the organisational structure of Jungheinrich AG.

The Board of Management is responsible for the strategic management and operational leadership of the Group. This includes determining and monitoring company targets and taking responsibility for leadership, management and controlling processes – including risk and opportunity management – and the distribution of resources. The key figures and reports regularly presented to the entire Board of Management are based on Group-wide, economic performance parameters (see pages 48 and 49).

The advisory and supervisory body for the Board of Management is the Supervisory Board, which consists of twelve people, pursuant to the requirements of the German Co-Determination Act. Shareholders and employees are represented equally in the members of the Supervisory Board.

As the parent company, Jungheinrich AG holds shares directly and indirectly in both domestic and foreign subsidiaries. The managing directors of the subsidiaries are obliged to manage operations at their respective subsidiaries. The companies do receive support from the Group headquarters, but are independent from a legal perspective. The consolidated financial statements cover 84 fully consolidated companies – including Jungheinrich AG. The complete shareholdings in Jungheinrich AG are listed on pages 136 to 138 of the notes to the consolidated financial statements.

Sustainable growth strategy with clear targets

The Group's strategy is based on sustainable and profitable growth and therefore on increasing company value. The Group aims for a long-term position among the top 3 global suppliers based on net sales.

This growth strategy includes a net sales target of €4 billion by the 2020 financial year. In addition, the current EBIT return on sales should be maintained or even improved upon. The target for Europe is a market share substantially over 20 per cent, based on incoming orders for units. Jungheinrich follows a one-brand strategy, centred on products and services in the premium segment of the global market for material handling equipment. The Group focus is on organic growth. Targeted acquisitions to complement the product portfolio – particularly the purchase of technologies – and to expand direct sales around the world are certainly a possibility.

The Group is on track to achieve its targets for 2020 with the developments listed on pages 47 and 48 that occurred in the year under review.

The Jungheinrich Group's growth strategy

1. Core business in Europe

With a share of 34 per cent of the global market volume for material handling equipment, the European market is of vital importance. 84 per cent of this share is attributable to Western Europe. Jungheinrich aims to become the number 1 intralogistics brand in all European markets. The company is already the number 1 manufacturer of material handling equipment in many European markets, such as Austria and Switzerland (37 per cent market share in each).

In the 2017 financial year, Jungheinrich was able to stabilise market share in Europe at 21.5 per cent (previous year: 21.6 per cent), despite the fiercely competitive nature of the market.

In order to achieve the market share targets, personnel was increased at the European sales companies in the reporting year, primarily in Germany, Poland and Italy. The short-term rental fleet was also expanded over the course of the year by an average of 4 thousand units to 57 thousand units.

2. Growth markets in the APAC regions, primarily China

Asia represents 41 per cent of the global market for material handling equipment, China alone represents 27 per cent. This makes the Asia-Pacific (APAC) region the second-most important sales market for material handling equipment and warehousing equipment at Jungheinrich, following its core market of Europe. Jungheinrich has sales companies in China, Thailand, Singapore, India, Malaysia and Australia, and aims to gradually expand business activities in this region.

Incoming orders for warehousing equipment increased by 11 per cent year-on-year in the APAC region. In the year under review, the production plant in Qingpu produced 12.8 thousand units, double the amount it produced in the previous year. This was due to a large number of units being developed on-site before being exported to Europe.

2017 was the first full year of the joint venture with Heli. Jungheinrich has clearly boosted its short-term rental of material handling equipment on the Chinese market with this joint venture. In the second quarter of 2016, the short-term rental fleet and the personnel from the Jungheinrich sales company in China responsible for the rental business were integrated into Jungheinrich Heli Industrial Truck Rental (China) Co. Ltd., Shanghai, China. The Group now has important subsidiaries in four important Chinese metropolises. On average, the joint venture's short-term rental fleet comprised approximately 5 thousand units.

3. Logistics systems business

In line with its growth strategy, Jungheinrich has substantially expanded its logistics systems business over the past years, and successfully positioned itself globally as an innovative solutions provider for the intralogistics sector, with a main focus on Europe. This covers customised planning, projection and implementation of entire warehouses employing the full range of Jungheinrich solutions: partially and fully automated forklift trucks and stacker cranes, software, consulting, service and financial services, alongside racks. Jungheinrich provides customers with comprehensive and fully interconnected solutions. The company also offers general contractor services. The entire logistics sector will be affected by the trends of Industry 4.0, including increased automatisation in warehouses. Jungheinrich believes that this market trend will continue. The company therefore anticipates a considerable increase in demand for logistics systems solutions internationally. The company aims to increase net sales in its "Logistics Systems" division from the current amount of €581 million to over €700 million by 2020.

Incoming orders in the "Logistics Systems" division increased by 17 per cent in the year under review. This figure largely comprises an order for more than 1,000 lithium-ion trucks placed in the 2017 financial year. The large majority of the order consists of vertical order pickers for use in narrow-aisle warehouses. In terms of value, this is the largest truck order in the company's history.

Net sales in the division increased by more than 30 per cent year-on-year. However, a project order from 2015 was also included in this net sales figure, in addition to the large truck order mentioned above.

4. Counterbalanced forklift trucks product segment

Counterbalanced forklift trucks constitute 55 per cent of the world market for material handling equipment. Of this figure, 70 per cent is for IC engine-powered trucks and 30 per cent is for battery-powered trucks. The trend towards environmental awareness and sustainability and increasingly strict emission regulations have resulted in a gradual increase in the demand for electric trucks at the expense of IC engine-powered trucks. Regardless of this general trend, Jungheinrich believes that the market for IC engine-powered forklift trucks will face mounting competitive pressure in the medium to long-term from battery-powered counterbalanced trucks with better performance levels. The company is therefore investing heavily in the development of battery-powered counterbalanced trucks. Jungheinrich aims to globally expand its market position in this product segment.

In the year under review, a new EFG model series was added to the product portfolio. Increases were recorded globally in the market share for battery-powered counterbalanced trucks (based on incoming orders for units).

5. Mail-order business

The Jungheinrich Group has tapped into the dynamic B2B e-commerce market with its "Mail Order" division. This division focusses specifically on small- and medium-sized enterprises that cannot be effectively addressed and served by the conventional Jungheinrich sales organisations. The aim is to further expand the successful multi-channel business model, particularly internationally. The division's high-performing, increasingly digital sales processes provide profitable growth alongside a continuous expansion of market presence.

The international expansion continued in the 2017 financial year with the launch of webshops in five more European countries. The product range for the existing mail-order business in France, Belgium, Italy, Spain and Poland was expanded to 5,000 items. The Swiss company established in 2016 performed very well in the past year. The established mail-order units in Germany and Austria and business in the Netherlands also recorded significant increases in net sales and new customer acquisition. They also profited from the continuous rise in sales volumes through electronic procurement systems in transactions with key customers (e-procurement). Net sales for the entire division exceeded the previous year's figure by 24 per cent at €84 million in the year under review.

Important key performance indicators

The Jungheinrich Group uses selected key figures to determine budget targets and medium and long-term company targets. The Board of Management considers key financial indicators first in order to manage the Group. Net debt and return on capital employed (ROCE) are of particular interest for management purposes, in addition to net sales, earnings before interest and taxes (EBIT) or EBIT return on sales (EBIT ROS) and earnings before taxes (EBT) or EBT return on sales (EBT ROS).

Net debt consists of financial liabilities less cash and cash equivalents and securities. Financial liabilities include liabilities due to banks, promissory notes, liabilities from financing trucks for short-term rental, leasing liabilities relating to property, plant and equipment and notes payable, but not liabilities from financial services.

ROCE is the parameter for measuring the profitability of capital employed. This figure is determined by the ratio of EBIT to interest-bearing capital (as at the balance sheet date). Interest-bearing capital consists of shareholders' equity, financial liabilities (excluding liabilities from financial services), provisions for pensions and similar obligations and non-current personnel provisions less cash and cash equivalents and securities.

Other performance parameters are market share by region – particularly in the core market of Europe – and by product segment, based on incoming orders in units.

The Board of Management follows developments in the figures indicated on page 48 as part of the regular reporting process. Appropriate measures are launched if significant deviations are noticed during the constant analysis of target and actual figures.

Changes in various early indicators are monitored and analysed in order to recognise possible future developments within the company in good time and to maintain an additional basis on which to base business policy decisions.

These are primarily prognoses from economic experts on developments in gross domestic product in Jungheinrich's core markets, indices for evaluating the economic situation in the sector, incoming orders in units and orders on hand.

Purchasing volume over €2 billion

The purchasing volume at the Jungheinrich Group amounted to €2,175 million in 2017 (previous year: €1,885 million). It can be broken down as follows:

- production material including post-serial material,
- merchandise,
- indirect material and services.

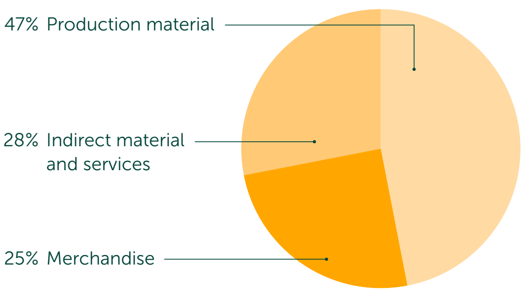
All requirements are organised by Group-wide product group management. A long-term purchasing strategy that focusses on sustainability guarantees purchasing conditions at optimal cost. This approach is underscored by well-established cost engineering and a holistic view of costs. Consistent and Group-wide cooperation in all development and procurement processes also enables savings to be made along the entire value chain.

In 2017, just over 90 per cent of the purchasing volume was attributable to Europe. This is partially due to the company's strong presence in this region. Another reason is that seven out of ten production plants are located in Germany.

The strongest groups of goods were batteries at €246 million (previous year: €196 million), warehouse equipment at €150 million (previous year: €116 million), steel components at €125 million (previous year: €114 million), electric drive trains at €115 million (previous year: €112 million) and external services at €111 million (previous year: €104 million).

Batteries and warehouse equipment in particular recorded disproportionate increases. This is due to the company's strategic restructuring in light of the trend towards electric mobility and its focus on positioning itself as a provider of comprehensive logistics systems solutions.

Breakdown of purchasing volume in 2017



in million €

	2017	2016	Change %
Production material	1,017	892	14.0
Merchandise	545	449	21.4
Indirect material and services	613	544	12.7
Total	2,175	1,885	15.4

Research and development

In the year under review, Jungheinrich again expanded its research and development activities. The main focal points were the development of partial and fully automated trucks, the ongoing optimisation of lithium-ion technology for use in material handling equipment and the expansion of product variety. Assistance systems can be combined with partially automated equipment, considerably increasing productivity and safety.

Research and development expenditures
in million €

Research and development (R&D) expenditure – including the commission of third-party services – has risen again against the previous year at €77 million (previous year: €62 million). This equates to 5.3 per cent (previous year: 4.9 per cent) of the net sales generated by new trucks relevant to R&D. R&D expenditure primarily comprises essential own services. The number of personnel in R&D increased again in 2017: across the Group an average of 538 employees were involved with R&D (previous year: 458).

Lithium-ion batteries specialist

Jungheinrich is the intralogistics provider with great experience in lithium-ion technology. The company launched the first mass-produced truck with this technology in 2011. The company has since concentrated on in-house development and the production of intelligent battery management systems. Thanks to this experience, Jungheinrich was able to expand the lithium-ion battery portfolio in 2017 to cover all voltage and power classes, therefore realising diverse and appealing sales and short-term rental offers. Now lithium-ion batteries and corresponding charging technology is available for almost all truck models. Jungheinrich underscores the safety and durability of this technology with a 5-year or 10,000-operating hours guarantee for lithium-ion batteries.

A highlight in 2017 was the launch of a new series of high-frequency chargers. These new chargers substantially increase energy efficiency while batteries are charging and are also equipped to deal with future requirements that this digitally connected era might bring, such as internet connectivity. Furthermore, they fulfil tomorrow's lithium-ion technology demands today. This includes controlling charging periods, high-current intermediate charging and communication with the battery, for example.

Key figures for research and development

in million €	2017	2016	Change %
Total R&D expenditures	77	62	24.2
thereof capitalised development expenditures	21	15	40.0
Capitalisation ratio	27%	24%	–
Amortisation of capitalised development expenditures	13	9	44.4
R&D costs (statement of income)	68	56	21.4
R&D expenditure/net sales from new trucks	5.3%	4.9%	–
Average number of R&D employees (FTE)	538	458	17.5
Number of patent applications	99	117	–15.4
Number of patents granted	80	88	–9.1

Table contains rounding differences.

Diverse product developments and successful launches

The easyPILOT assistance system was introduced at the CeMAT 2016. Together with ECE horizontal order pickers, the system supports manual order processing and leads to a significant improvement in order picking efficiency while also making the driver's work easier. The newly developed easyPILOT Follow function further increases productivity in the order picking process: the truck automatically follows the user and recognises which side will be picked from regardless of the user's position. This saves time during the order picking process and reduces the number of operational steps as well as the susceptibility to errors in the picking process.

Completing the development of a new series of low-platform trucks was another focal point in the 2017 financial year. Over the course of the year, various new equipment was introduced to the EJE and ERE series, which both set the standards in their product category.

The launch of the EZS 7280, a 28-tonne tow tractor, was also an important event in the reporting year. This newly developed tractor clearly outstrips the competition in terms of performance and its highly sophisticated ergonomic design. Jungheinrich was able to impress customers with the introduction of this tractor and set a new benchmark in this important truck class.

With the EZS 350a tow tractor, Jungheinrich was able to add a new truck to its automated guided vehicle (AGV) portfolio. The EZS 350a is equipped with the proven and, since its introduction in 2012, continually updated Jungheinrich AGV series automatic components.

The series 4 of the EKX high-rack stacker was also launched in the year under review. It has all the benefits introduced with the series 5: better lifting capacity thanks to the use of high-strength and therefore lighter steel in the driver's cabin, up to 16 per cent higher handling performance due to optional vibration dampening for the truck and longer operational times on the same battery size. These improvements now allow the company to offer the 2Shifts1Charge guarantee for this truck, too. With this guarantee, Jungheinrich ensures that one forklift truck can operate for two shifts with just one charge – without a battery change or intermediate charging.

The number of awards received in 2017 once again confirmed that Jungheinrich's products are not just technologically advanced but also prominent when it comes to truck design. The ERE and the ECE received the prestigious German Design Award. Other products, including the EKX 516 high-rack stacker, received the Red Dot Design Award and the iF Design Award.

Economic report

Economic and sector environment

The regional focus of Jungheinrich's activities lies in Europe. Outside of Europe, the main focus is on the Asia-Pacific region and the USA. The gross domestic product (GDP) of each country as an economic indicator is key to evaluating business developments in these regions. Around a third of the global demand for material handling equipment originates in Europe; economic developments in the European member states are therefore very important.

Global economy growing steadily

The global economy saw steady growth in 2017. The increase in GDP in the USA and the euro area was noticeably higher than in the previous year. The Chinese economy performed similarly to the previous year.

Growth rates for selected economic regions

Gross domestic product in %	2017	2016
World	3.7	3.2
USA	2.3	1.5
China	6.8	6.7
Eurozone	2.4	1.8
Germany	2.5	1.9

Source: International Monetary Fund
(as of January 2018 with updated prior-year figures)

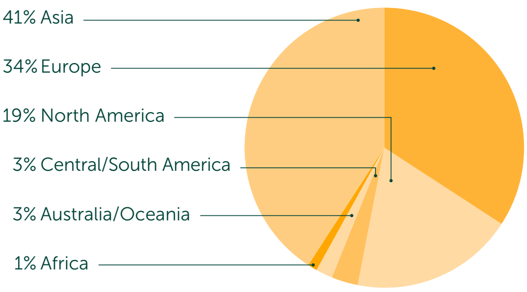
Despite the ongoing preparations for the UK's exit from the European Union, the eurozone recorded solid growth with a 2.4 per cent increase in GDP (previous year: 1.8 per cent). The European Central Bank's continued expansionary monetary policy had positive effects on the economy. The German economy showed a pleasing upturn in 2017 (2.5 per cent; previous year: 1.9 per cent). At 1.8 per cent, growth in the French economy was stronger than in 2016 (1.2 per cent). At 1.6 per cent, Italy saw noticeably higher growth in the year under review compared to the previous year (0.9 per cent), while economic momentum in UK was somewhat sluggish with a 1.7 per cent increase in GDP (previous year: 1.9 per cent). Jungheinrich generates approximately half of its consolidated net sales in these four countries. Russia's economic output rose by 1.8 per cent in 2017. In the previous year, output had fallen 0.2 per cent. GDP in Poland rose by 3.8 per cent, substantially more than in 2016 (2.6 per cent).

Considerable rise in global market volume for material handling equipment

In 2017, the global market for material handling equipment recorded very strong year-on-year growth of 18 per cent, or 213 thousand units. Half of this was due to the extremely high demand from the Chinese market, which soared by 39 per cent. Of particular importance here was the steep rise in the number of orders for IC engine-powered counterbalanced trucks. Excluding China, the global market grew by 12 per cent. And just over 50 per cent of the 11 per cent rise in market volume in North America was also due to higher demand for IC engine-powered forklift trucks.

Demand in Europe, Jungheinrich's core market, rose by 12 per cent, with Western Europe up by 10 per cent and Eastern Europe up by 20 per cent. With 470 thousand units, the record achieved in 2007 (before the financial crisis) was beaten by 14 per cent. The biggest markets in Western Europe are Germany, France, Italy and the UK. In Eastern Europe, the Russian market, after the slumps seen in 2014 and 2015 and following the high increase in demand seen in 2016 (+ 37 per cent), continued its growth trajectory with growth of 17 per cent. After Poland, where market volume rose steeply to 29 per cent, Russia is the second-largest market in the region, followed by the Czech Republic. Global demand in the warehousing equipment product

Global market for material handling equipment by region in 2017



Incoming orders in thousand units

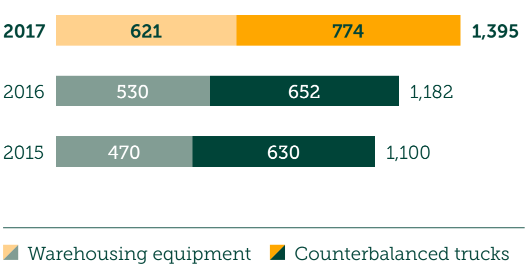
	2017	2016	Change %
World	1,395	1,182	18.0
Europe	470	421	11.6
thereof Eastern Europe	77	64	20.3
Asia	568	444	27.9
thereof China	378	272	39.0
North America	267	241	10.8
Other regions	90	76	18.4

Source: WITS (World Industrial Truck Statistics), SIMHEM (Society of Indian Materials Handling Equipment Manufacturers)

segment increased by 17 per cent, which represents almost 91 thousand forklifts. Of this figure, 46 per cent is attributable to Asia, primarily China, followed by Europe. Europe accounted for 36 per cent of the increase. The 14 per cent increase in global market volume of battery-powered counterbalanced forklift trucks was driven by greater demand from Europe (+ 15 per cent) and considerably more new orders from China (+ 31 per cent). Although approximately two-thirds of the 21 per cent global increase in demand for IC engine-powered trucks was due to the noticeable increase in orders from China, the IC engine-powered truck product segment is still successively losing market share. In 2007, the market share was 45 per cent of the total market for material handling equipment. By 2017 this figure had dropped to 39 per cent. In Europe, IC engine-powered counterbalanced trucks held just a 15 per cent share of the total market. Ten years ago the market share was 28 per cent.

Worldwide market volume by product segment

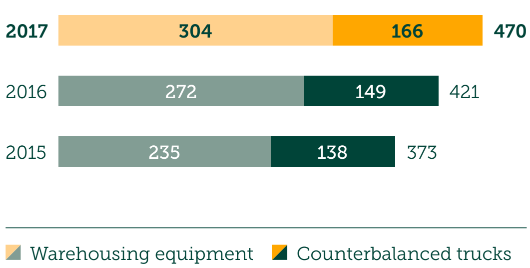
Incoming orders in thousand units



Source: WITS (World Industrial Truck Statistics), SIMHEM (Society of Indian Materials Handling Equipment Manufacturers)

Market volume by product segment in Europe

Incoming orders in thousand units



Source: WITS (World Industrial Truck Statistics)

Statement from the Board of Management and target achievement

In light of the favourable overall conditions on the market, the 2017 financial year was a very successful one. Incoming orders, production, net sales, EBIT, EBT and net income all reached new highs. With 120 thousand units, production volume exceeded the previous year's figure by 13 per cent. Incoming orders in units also outstripped the previous year's figure by 13 per cent and, in an always-challenging competitive environment, amounted to 123 thousand units. We have once again expanded our short-term rental fleet considerably. By the end of the reporting year, the fleet consisted of approximately 60 thousand trucks. €692 million worth of orders on hand at the end of 2017 provide a solid foundation for the planned growth in the financial year ahead.

In addition to the positive operational performance, the Jungheinrich Group also made some strategic progress. Jungheinrich is the only manufacturer to offer trucks, energy storage and charging systems from a single source, and since 2017, almost all new trucks have been available with lithium-ion batteries. The company also received a large order for more than 1,000 lithium-ion trucks. It is the largest truck order in the company's 65-year history. More than 700 of the trucks ordered are vertical order pickers for use in narrow-aisle warehouses.

With the acquisition of retail business in Colombia, Peru and Ecuador in mid-January 2018, we have expanded our international direct sales presence to 39 countries. These three countries represent 12 per cent of the South American market.

2017 was the first full year of operations for the joint venture with Heli for the short-term rental of trucks on the Chinese market. The collaboration with our partner in China is going well.

In North America, MCFA and Jungheinrich have expanded their existing strategic partnership to cover the production of industrial components with the joint venture ICOTEX. MCFA has been producing material handling equipment developed by Jungheinrich in the USA for several years now.

We were able to further optimise the maturity profile for non-current borrowings through the successful placement of a second promissory note of over €100 million with long-term favourable financing conditions.

Overall we believe the Jungheinrich Group's financial and balance sheet ratios are very solid. The Group has the necessary financial foundation to finance its growth plans and to continue in the long term.

Target-to-actual comparison

	Forecast			
	March 2017	August 2017[1]	November 2017[2]	2017 actual
Incoming orders in billion €	3.4 to 3.5	3.45 to 3.55		3.56
Net sales in billion €	3.3 to 3.4	3.35 to 3.45		3.44
EBIT in million €	250 to 260	at the upper end of the range from 250 to 260		259
EBIT ROS in %	in the order of the previous year's level (7.6)			7.5
EBT in million €	230 to 245	235 to 245		243
EBT ROS in %	in the order of the previous year's level ((7.0)			7.1
Net credit in million €	in the mid two-digit million euro range		in the low double-digit million euro range	–7.0
ROCE in %	in the order of the previous year's level (17.8)			17.3
Market share in Europe in %	slight improvement vs. 2016 (21.6)			21.5

1 Interim report as of 30 June 2017
2 Interim statement as of 30 September 2017

The Jungheinrich Group developed better in 2017 than expected at the beginning of the year in terms of incoming orders and net sales. At €3.56 billion, the value of incoming orders exceeded the upper forecast by €10 million. At €3.44 billion, net sales were at the top end of the expected range. Along with the half-year report in August 2017, we published increases to the first forecast from March 2017 for both of these figures. This was due to the unexpectedly steep rise in demand for material handling equipment, particularly in Jungheinrich's core market of Europe over the full course of the year.

When evaluating the results, it should be taken into consideration that these contain the positive non-recurring effect originating in 2016 from the deconsolidation of UK-based Boss Manufacturing Ltd., which amounted to €4.7 million. The reported EBIT for 2017 reached the upper end of the range communicated in the revised forecast from August 2017. At 7.5 per cent, the 7.6 per cent EBIT return on sales target was just missed. In contrast to the forecast from November 2017, low net debt of €7 million was reported due to the great expansion of the short-term rental fleet at the end of the year.

Business trend and earnings position

Double-digit increase in incoming order value and units

Incoming orders in the new truck business, based on units, which includes orders for both new forklifts and trucks for short-term rental, totalled 123 thousand units, 13 per cent above the previous year (109 thousand units). This was the result of the sharp rise in demand, particularly in Europe. Truck orders for the short-term rental fleet went up particularly strongly. Overall, Jungheinrich was able to stabilise its market share in Europe at 21.5 per cent (previous year: 21.6 per cent). The global market share stood at 8.7 per cent (previous year: 9.1 per cent).

At €3,560 million, the value of incoming orders, which covers the new truck business, short-term rental, used equipment and after-sales services business fields, exceeded the previous year's figure (€3,220 million) by 11 per cent, or €340 million. Around a quarter of this was due to the increase in demand for logistics systems solutions.

Orders on hand in the new truck business amounted to €692 million as of 31 December 2017 (previous year: €610 million). These orders account for four months of production.

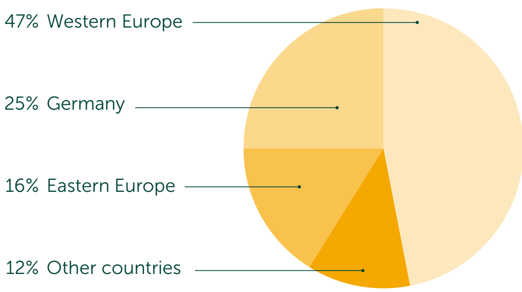
Production exceeds 120 thousand units

The production volume follows developments in incoming orders, with a delay. At 120 thousand units, the production volume in the reporting year exceeded the previous year's figure of 106 thousand units by 13 per cent. The increase in the production volume was due to the increase in warehousing equipment units. With a share of 80 per cent of the total product volume, they constitute the company's largest product segment. In 2017, production in the Qingpu plant amounted to 12.8 thousand units (previous year: 6.3 thousand units). Around two-thirds of the equipment produced in the Chinese plant is now developed locally and exported to Europe. The Degernpoint plant increased the production of system trucks by 20 per cent to almost 3.4 thousand units.

Incoming orders
in million €

Production
in units

Net sales in 2017 by region



in million €

	2017	2016	Change %
Germany	851	753	13.0
Western Europe	1,627	1,489	9.3
Eastern Europe	542	440	23.2
Other countries	415	403	3.0
Total	**3,435**	**3,085**	**11.3**

Consolidated net sales hit record high

Consolidated net sales exceeded the prior-year figure (€3,085 million) by 11 per cent, or €350 million, and hit a record high at €3,435 million. Europe accounted for 88 per cent (previous year: 87 per cent) of net sales. This growth was the result of increases in Germany, France, Russia and Italy. International sales increased by 11 per cent to €2,584 million (previous year: €2,332 million); the foreign ratio was therefore 75 per cent (previous year: 76 per cent).

Net sales generated outside of Europe amounted to €415 million (previous year: €403 million). This represents 12 per cent of consolidated net sales (previous year: 13 per cent). Last year's net sales included a non-recurring effect from the transfer of the short-term rental equipment of the Chinese Jungheinrich sales company to the joint venture with Heli (operating launch in the second quarter of 2016). On a like-for-like basis, net sales from outside Europe would have risen by 9 per cent and its share of consolidated net sales would have remained stable at 12 per cent.

The growth in consolidated net sales was primarily the result of developments in new truck business. The contribution from this field rose particularly strongly by 19 per cent from €1,763 million in the previous year to €2,099 million in the reporting period. Net sales in the new truck business consisted of €581 million (previous year: €441 million) from the "Logistics Systems" division and €84 million (previous year: €68 million) from the "Mail Order" division. The extraordinarily strong growth recorded in the logistics systems business of over 30 per cent was in part due to two large orders. The "Mail Order" division expanded by 24 per cent. Short-term rental and used equipment business increased by €14 million, or 3 per cent, to €570 million (previous year: €556 million). In the previous year, the transfer of the Chinese sales company's trucks for short-term rental to the joint venture with Heli resulted in a one-off contribution to sales in the short-term rental and used equipment business fields. On a like-for-like basis, growth in this business field would be 7 per cent. The expansion of the short-term rental fleet by an average of 4 thousand units to 57 thousand units (previous year: 53 thousand units) also

Breakdown of net sales

in million €	2017	2016	Change %
New truck business	2,099	1,763	19.1
Short-term rental and used equipment	570	556	2.5
After-sales services	923	852	8.3
"Intralogistics" segment	**3,592**	**3,171**	**13.3**
"Financial Services" segment	**840**	**737**	**14.0**
Reconciliation	–997	–823	21.1
Jungheinrich Group	**3,435**	**3,085**	**11.3**

Table contains rounding differences.

Earnings before interest and taxes
in million €

Net income
in million €

had an impact. Net sales generated by after-sales services rose by 8 per cent to €923 million (previous year: €852 million), recording very strong growth once more. The after-sales services share of consolidated net sales amounted to 27 per cent (previous year: 28 per cent). With net sales of €840 million, the financial services business exceeded the previous year's figure (€737 million) by 14 per cent.

Solid earnings performance

Good utilisation of capacities at the production plants and continued strong growth in after-sales services led to a €76 million increase in gross profit to €1,028 million (previous year: €952 million). At 29.9 per cent, the gross margin, however, remained behind the previous year's figure (30.9 per cent). This was primarily influenced by the increase in the share of sales from the low-margin new truck business. Both comprehensive strategic contracts with selected key customers and the increase in the price of raw materials had a negative impact in the period under review.

Cost structure (statement of income)

in million €	2017	2016	Change %
Cost of sales	2,407	2,133	12.8
Selling expenses	609	584	4.3
Research and development costs	68	56	21.4
General administrative expenses	95	89	6.7

The increase in selling expenses against the previous year was significantly disproportionate to sales growth. The modest expansion in expert consultants led to a relatively minor rise in personnel expenses. Following 18.9 per cent in the previous year, selling expenses represented 17.7 per cent of consolidated net sales in 2017.

Administration expenses represented 2.8 per cent of consolidated net sales, remaining on a par with the prior-year figure.

EBIT increased by €24 million, or 10 per cent, to €259 million (previous year: €235 million). The previous year's EBIT included a positive non-recurring effect of €4.7 million from the deconsolidation of UK-based Boss Manufacturing Ltd. At 7.5 per cent, EBIT return on sales did not quite reach the level recorded in the previous year (7.6 per cent).

In 2017, ROCE amounted to 17.3 per cent (previous year: 17.8 per cent).

At €–15 million, the financial loss improved significantly (previous year: €–19 million). This was mainly due to improved results from derivative financial instruments and lower expenses from changes in currency exchange rates. At €243 million, EBT was up 13 per cent against the previous year (€216 million). EBT return on sales came to 7.1 per cent (previous year: 7.0 per cent).

Despite the noticeable rise in EBT, at €61 million, income tax liability remained on par with the previous year. The Group tax rate fell to 25 per cent from 28 per cent in the previous year. This was primarily due to tax reliefs in Italy and France in the 2017 financial year. Net income increased by €28 million, or 18 per cent, to €182 million (previous year: €154 million) and a corresponding increase was recorded in the earnings per preferred share, which rose to €1.80 (previous year: €1.52).

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Due to the positive earnings performance, the Jungheinrich AG Board of Management proposes a substantially higher dividend payout of €0.48 per ordinary share (previous year: €0.42) and €0.50 per preferred share (previous year: €0.44). This proposal would result in a total dividend payout of €50 million (previous year: €44 million) and a payout ratio of 28 per cent (previous year: 29 per cent). Jungheinrich follows a policy of consistent dividend payouts. The target is to pay out between 25 and 30 per cent of the net income to shareholders.

Financial and asset position

Principles and targets of financial management

As the parent company, Jungheinrich AG is responsible for the Group's financial management. It ensures that sufficient financial resources are available to cover strategic and operative requirements.

The central treasury is primarily responsible for cash and currency management. It aims to provide Group companies with financial resources at the best interest and currency conditions, and to control cash flows. All financing possibilities provided by international money and capital markets are exploited in order to procure the short, medium and long-term financial resources that are required.

Ensuring that the Group has sufficient liquidity reserves is particularly important so that the Group is able, even in economically difficult times, to implement whatever strategic measures are necessary and guarantee financial independence.

The Group takes a conservative approach when investing surplus liquidity. It does not aim to maximise profits, but rather to maintain assets.

A central working capital management system is in place to strengthen internal financing that stipulates the optimisation and standardisation of material processes and systems.

Capital requirements are covered through operating cash flows and short and long-term financing. As of 31 December 2017, the medium-term credit agreements in place amounted to €275 million. Individual foreign subsidiaries also have short-term bilateral credit lines in place.

Capital structure

in million €	31/12/2017	31/12/2016	Change %
Shareholders' equity	1,244	1,114	11.7
Non-current liabilities	1,611	1,413	14.0
Provisions for pensions and similar obligations	220	223	–1.3
Financial liabilities	299	216	38.4
Liabilities from financial services	946	820	15.4
Other liabilities	146	154	–5.2
Current liabilities	1,274	1,116	14.2
Other provisions	188	186	1.1
Financial liabilities	151	104	45.2
Liabilities from financial services	369	335	10.1
Trade accounts payable	367	287	27.9
Other liabilities	199	204	–2.5
Balance sheet total	4,130	3,643	13.4

Table contains rounding differences.

Shareholders' equity
in million €

Equity ratio

In the year under review, a second promissory note was issued amounting to €100 million with favourable long-term financing conditions. We therefore further improved the maturity profile of our non-current borrowings. The resources were transferred in October 2017. The promissory note consists of several tranches of various sizes with maturities of five, seven and ten years, and the average interest-rate is 1.2 per cent p.a.

None of the credit or promissory note agreements contain financial covenants.

Stable financial position and capital structure

At €443 million, cash and cash equivalents and securities were substantially higher at the end of 2017 than in the previous year (€375 million). Nevertheless, the Group reported low net debt of €7 million (previous year: net credit of €56 million) in the reporting year. This is principally due to the growth-related increase in working capital and the expansion of the short-term rental fleet. The debt ratio, which is net debt in relation to EBITDA, was therefore just above zero. The underlying EBITDA was adjusted for depreciation on trucks for lease from financial services, and improved due to the positive earnings performance to reach €439 million (previous year: €398 million).

The main factor in the €130 million increase in shareholders' equity was the positive earnings trend. This was offset mainly by the dividend payment of €44 million (previous year: €39 million). At 30 per cent, the equity ratio remained similar to the prior-year figure (31 per cent). Adjusted for all effects from the "Financial Services" segment, the equity ratio for the "Intralogistics" segment amounts to 48 per cent.

Provisions for pensions and similar obligations decreased by €3 million to €220 million (previous year: €223 million). This was mainly due to positive effects from the valuation of German pension plans as at the balance sheet date, resulting in turn from a slight rise in the discount rate. The increase in non-current and current financial liabilities from €320 million to €450 million was primarily the result of a second promissory note amounting to €100 million issued in October 2017. Non-current and current liabilities from financial services of €1,315 million rose by €160 million compared with 31 December 2016 (€1,155 million) due to the substantial increase in financing new contracts. Trade accounts payable were €80 million higher than in the previous year due to the expansion of business.

Statement of cash flows

in million €	2017	2016
Net income	182	154
Depreciation	285	254
Changes in trucks for short-term rental and trucks for lease (excluding depreciation) and receivables from financial services	–458	–298
Changes in liabilities from financing trucks for short-term rental and financial services	148	101
Changes in working capital	–69	–100
Other changes	–18	31
Cash flows from operating activities	**70**	**142**
Cash flows from investing activities[1]	**–107**	**–100**
Cash flows from financing activities	**101**	**–59**
Net cash changes in cash and cash equivalents[1]	**64**	**–17**

1 Excluding the balance of payments for the purchase/proceeds from the sale of securities of €–8 million (previous year: €+20 million).

Cash flows from operating activities impacted by increase in trucks for short-term rental and financial services

At €70 million, cash flows from operating activities were noticeably below the level seen in the previous year (€142 million). The substantially higher volumes of trucks for short-term rental and lease and of receivables from financial services added were the main causes of the decrease in cash flows. These resulted in a €113 million rise in cash outflow compared with the previous year, taking account of the corresponding increase in financing of this equipment. Only just over half of this amount was offset by the €59 million increase in cash flow from net income plus depreciation and amortisation. Unlike the positive effects recorded in the previous year, other changes in the year under review resulted in negative effects on cash outflow amounting to €18 million. These effects were offset by a lower increase in working capital of €31 million, primarily due to the lower increase in trade accounts receivable.

Cash flows from investing activities were adjusted to exclude payments made for the purchase of securities and proceeds from the sale of securities totalling €–8 million (previous year: €+20 million) that are included in this item. The resulting cash flows from investing activities of €–107 million were therefore on a par with the cash flows in the previous year, which included considerable payments for company acquisitions in addition to investments in property, plant and equipment and intangible assets.

Cash flows from financing activities amounted to €+101 million (previous year: €–59 million). This was mainly due to taking out a second promissory note worth €100 million and an additional long-term loan of €50 million. The €44 million dividend payment (previous year: €39 million) had the opposite effect.

Balance sheet total
in million €

Increase in non-current and current assets

Intangible assets and property, plant and equipment were up against the previous year at €604 million due to the higher volume of capital expenditure (previous year: €579 million).

The value of trucks for short-term rental was up by €49 million to €357 million due to the significant expansion of the short-term rental fleet (previous year: €326 million).

Asset structure

in million €	31/12/2017	31/12/2016	Change %
Non-current assets	2,259	2,016	12.1
Intangible assets and property, plant and equipment	604	579	4.3
Trucks for short-term rental and lease	823	721	14.1
Receivables from financial services	649	537	20.9
Other assets (including financial assets)	151	149	1.3
Securities	32	30	6.7
Current assets	1,871	1,627	15.0
Inventories	481	396	21.5
Trade accounts receivable	658	600	9.7
Receivables from financial services	242	215	12.6
Other assets	79	71	11.3
Cash and cash equivalents and securities	411	345	19.1
Balance sheet total	4,130	3,643	13.4

Thanks to the expansion of the financial services business, the value of trucks for lease rose by €53 million to €448 million (previous year: €395 million) and non-current and current receivables from financial services by €139 million to €891 million (previous year: €752 million).

Inventories were up by €85 million to €481 million (previous year: €396 million), whereby the increase of €41 million in finished products, goods and down payments in sales was primarily due to customer orders that had not yet been invoiced. Current trade accounts receivable were up against the previous year at €658 million due to the large volume of invoices in the last two months of the reporting period (previous year: €600 million). Cash and cash equivalents and current securities rose by €66 million to €411 million (previous year: €345 million).

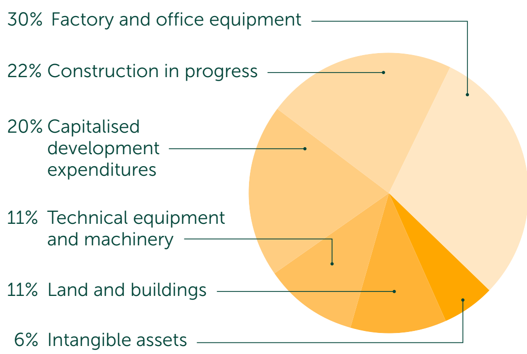
Capital expenditure at a high level

Jungheinrich regularly invests in maintenance and replacements. The company also invests in future growth and the expansion of the sales infrastructure. The focal points of capital expenditure in the reporting year were the expansion of the spare parts centre in Kaltenkirchen and the head office in Hamburg. As at the balance sheet date, capital commitments for property, plant and equipment alone amounted to €44 million. Financing for investments comes mainly from borrowed capital.

Capital expenditures

in million €; property, plant and equipment and intangible assets excluding capitalised development expenditures

Distribution of capital expenditures in 2017



Key figures for financial services

in million €	31/12/2017	31/12/2016	Change %
Original value of new contracts[1]	719	603	19.2
Original value of contracts on hand	2,486	2,232	11.4
Trucks for lease from financial services	540	474	13.9
Receivables from financial services	891	752	18.5
Shareholders' equity	89	82	8.5
Liabilities	1,650	1,413	16.8
Net sales[1]	840	737	14.0
EBIT[1]	12	12	–

1 1 January –31 December

Financial Services

Financial services business secures long-term customer loyalty

All of the company's financial services activities are pooled in the "Financial Services" segment. This segment provides individual transfer of use and sales financing offers to promote the sale of trucks. The financial service agreements offered are always combined with full-service or maintenance agreements. The aim of this business model is to provide customer service for the entire duration of a truck's use and secure long-term customer loyalty.

All risks and opportunities that result from the financial service agreements are assigned to the "Intralogistics" segment, with the exception of customer receivable default risks.

Jungheinrich has financial service companies in eight countries. In Europe there are companies in Germany, Italy, France, the UK, Spain, the Netherlands and Austria. There is also a company in Australia.

The Group-wide structural and procedural organisation of the "Financial Services" segment ensures a financing structure and form with powerful domestic and foreign banks. The refinancing company Elbe River Capital S.A., Luxembourg, also enables us to take advantage of refinancing through the capital market. The volume placed through this financing platform amounted to €304 million as of 31 December 2017.

All software components of the software used in the financial services business, primarily SAP, were updated to a better-performing version in the year under review. These have so far been implemented in Germany, Austria and Belgium. Almost 40,000 customer agreements of varying types are covered by this new software.

Refinancing with matching terms and interest-rates

Jungheinrich companies conclude financial service agreements either directly with customers or indirectly via leasing companies or banks (also known as vendor contracts). Agreements concluded directly with customers are reported as leased equipment (operating leases) or as receivables from financial services (finance leases) pursuant to IFRS accounting regulations. The average term of the financial service agreements is five years. Around three quarters of all agreements are finance leases. These long-term customer agreements are refinanced with matching terms and interest-rates and are reported under liabilities from financial services. Payments from customer agreements at least cover the refinancing payments to credit institutes for the transactions. For vendor agreements, deferred sales stemming from sales proceeds already generated with an intermediate leasing company are stated under deferred income.

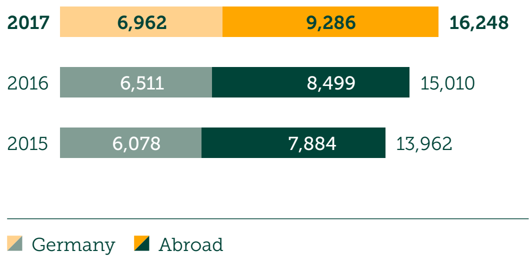
42 per cent of new trucks marketed via financial services

New long-term financial service agreements rose by €116 million in 2017. The best-performing regions were Spain and France with an increase in new agreements of 40 and 39 per cent. 73 per cent of the increase in agreements was attributable to the eight countries with Jungheinrich financial services companies (previous year: 75 per cent).

At the end of 2017, existing agreements totalled 155 thousand units, 13 per cent above the previous year (137 thousand units). This represents an original value of €2,486 million (previous year: €2,232 million).

In numeric terms, 42 per cent of new truck sales were sold with financial service agreements (previous year: 40 per cent). The lease rate was different in each of the countries. In Italy and Norway, Jungheinrich recorded lease rates of over 60 per cent for new trucks.

Employees
in FTE; as of 31/12



Employees

Workforce expanded further

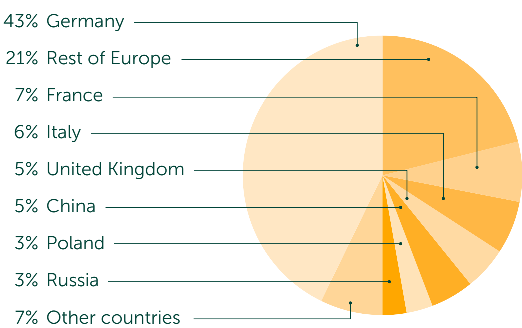
In the year under review, Jungheinrich once again increased its personnel capacities, with the primary focus on European sales. As of 31 December 2017, the Group had 16,248 employees (previous year: 15,010). This equates to an increase of 8 per cent, or 1,238 employees. The largest number of new employees in Europe joined the sales companies in Germany, Poland, Italy, the UK and France. Outside of Europe, the Brazilian sales team saw a particular rise in personnel.

In order to be able to react more flexibly to workload fluctuation, temporary workers are employed alongside the permanent workforce in production plants. Due to the noticeable increase in the number of units produced in the reporting year, the annual average of temporary workers rose from 580 to 632. As of 31 December 2017, the Group had 737 temporary workers (previous year: 623).

The after-sales services organisation accounted for 43 per cent of the workforce, as in the year before, or 6,973 employees (previous year: 6,495). Of this figure, 4,892 were service engineers located around the world (previous year: 4,584). This expansion of capacities reflects the importance of the high-margin service business.

Employees in 2017 by region

31/12/2017

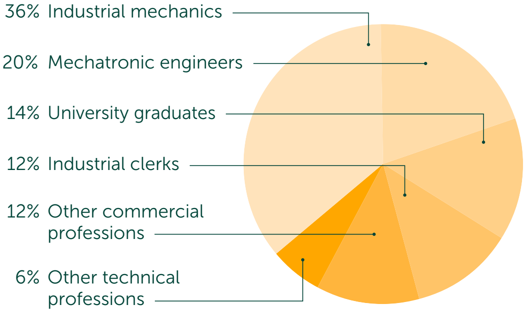


in FTE

	2017	2016	Change %
Germany	6,962	6,511	6.9
France	1,116	1,063	5.0
Italy	957	895	6.9
United Kingdom	880	823	6.9
Poland	523	434	20.5
Russia	479	442	8.4
Rest of Europe	3,490	3,181	9.7
China	756	704	7.4
Other countries	1,085	957	13.4
Total	**16,248**	**15,010**	**8.2**

Apprenticeable professions[1]

As of 31/12/2017



1 Basis: 277 apprentices in Germany

Personnel changes

Dr Oliver Lücke, member of the Board of Management of Jungheinrich AG responsible for Engineering, informed the Chairman of the Supervisory Board in writing on 4 September 2017 that he would not be available to extend his mandate beyond 30 June 2018 and stepped down from the Board of Management on 31 October 2017. Responsibility for the individual functions of the Engineering area will be divided amongst the four members of the Board of Management until further notice.

Apprenticeships: investing in the future

As of 31 December 2017, the company had 446 (previous year: 415) trainees and apprentices, of which 277 (previous year: 275) are based in Germany. The Jungheinrich Group offers 18 different apprenticeships in Germany, and dual study courses in co-operation with universities. The amount of trainees and apprentices on dual study courses was 14 per cent in 2017 – based on the number of trainees and apprentices in Germany.

Social data

The fluctuation rate remained low in the period under review at 5.5 per cent. The employee sickness rate in Germany was also 5.5 per cent and in line with the rate at comparable companies that are members of the employers' association Nordmetall. The ratio of women in the workforce rose from 19.6 per cent to 19.9 per cent, again exceeding the comparison figure for the mechanical engineering sector (German Federal Employment Agency, 2016) of 16.6 per cent.

Employee data

		2017	2016
Average age	years	41	41
Time with company	years	10	11
Fluctuation	%	5.5	4.7
Sickness rate[1]	%	5.5	5.9
Reportable accidents at work and while commuting[1, 2]	number	25	29
Female staff ratio	%	19.9	19.6

1 Domestic employees
2 Per 1,000 employees

Legal disclosure

Remuneration report

The principle of corporate governance aimed at increasing the company's success in a value-oriented, sustainable manner applies to all managers at Jungheinrich. This principle is the basis for individual remuneration systems, which follow the key Group management performance parameters. There are growth, market share and earnings components, although the market share component has been dropped for the Board of Management. When setting targets, greater emphasis will be placed on the earnings component.

Board of Management remuneration

The remuneration of the Board of Management, which consists virtually exclusively of cash payments, includes one fixed and one variable component and takes into consideration the legally required remuneration components measured over a number of years. The variable part of the remuneration should be equal to the fixed salary, but can be over 50 per cent of the total remuneration in cases of outstanding target achievement. The separately recorded achievement parameters of the variable component consist of net sales growth in the Jungheinrich Group and EBT return on sales. The third component, market share in the European core market, was dropped until further notice in the year under review, after the statistic foundation for evaluating remuneration aspects, at least for upper management, was deemed unclear and unreliable. In line with the Group's strategic direction, the targets are regularly reviewed by the Supervisory Board and adjusted where necessary based on multi-year targets and annual planning. Payment of the variable remuneration component is staggered over a period of three years.

The Board of Management employment contracts include the normal provisions for upper limits to severance payments and changes in company control. These provisions are in line with the recommendations of the German Corporate Governance Code.

Pensions for the Board of Management are based purely on the individual's years of service with a lead-in period until the member has a right of non-forfeiture. It does not take salaries into account.

Supervisory Board remuneration

In addition to the reimbursement of out-of-pocket expenses, the remuneration system for the Supervisory Board stipulates that each Supervisory Board member receive €20,000 in fixed annual compensation as well as a variable annual remuneration, which depends on the return on equity achieved by the Jungheinrich Group in the three preceding financial years (including the baseline year). The threshold for this average is 10 per cent. Variable annual remuneration is increased by €4,000 for every half percentage point by which the threshold is exceeded, the maximum annual variable remuneration being capped at €40,000. The Chairman receives three times and the Deputy Chairman one-and-a-half times the aforementioned sums. Furthermore, members of Supervisory Board committees receive an additional fixed annual compensation, amounting to €25,000 for every member of the Personnel Committee or one of the ad-hoc committees of the Supervisory Board. The chairmen of these committees receive twice this remuneration. Every member of the Finance and Audit Committee receives €30,000. The Chairman of the Finance and Audit Committee receives two-and-a-half times this compensation.

Corporate governance declaration in accordance with Section 315d of the German Commercial Code (HGB)

Pursuant to Section 315d of the HGB, as a listed stock corporation, Jungheinrich AG is obligated to issue a declaration on corporate governance for the Group in accordance with Section 289f of the HGB. This declaration has been published on the company's website (www.jungheinrich.com).

Non-financial aspects according to the CSR Guideline Implementation Act

According to the CSR Guideline Implementation Act, which came into force on 10 March 2017 and aims to regulate non-financial corporate reporting, Jungheinrich was obliged to report on non-financial aspects, including at least environmental, employee and social aspects, along with respect for human rights and combating corruption and bribery, for the first time in 2017.

The company has met this obligation in the form of a separate non-financial report for the 2017 financial year, which will be published no later than 30 April 2018 on the company's website (www.jungheinrich.com). Jungheinrich has used the so-called "Core" option of the current G4 guidelines published by the Global Reporting Initiative (GRI). This is an internationally recognised reporting standard.

Risk and opportunity report

Internal control and risk management system for the Group accounting process

The Jungheinrich Group's internal control and risk management system encompasses principles, methods and measures for ensuring the effectiveness of management decisions, the economic viability of business activities and the correctness of accounting, in addition to ensuring compliance with applicable statutory regulations and in-house policies.

The following is a description of the key features of the internal control and risk management system with respect to the Group accounting process:

- The Jungheinrich Group has a diverse organisational and corporate structure that ensures appropriate performance checks.
- The holistic analysis and management of earnings-critical risk factors and risks jeopardising the company's existence are handled by Group-wide governance, budgeting and controlling processes as well as an early risk detection system.
- The functions of all Group accounting process departments (e.g. financial accounting, controlling and the treasury) are clearly assigned.
- IT systems employed in accounting are protected from unauthorised access and are largely off-the-shelf software (primarily SAP systems).
- The Jungheinrich Group has guidelines in place determining accountabilities, workflow and controls for all material processes. These guidelines can be accessed by all employees on the intranet.
- A comprehensive Group accounting manual regulates the Group accounting process of the individual companies and consolidation at Group level, ensuring that business transactions are accounted for, measured and reported uniformly throughout the Group. The manual is updated regularly and made available to the areas involved in the Group accounting process. Regular sample inspections and plausibility checks are performed both decentrally as well as centrally to verify the completeness and correctness of Group accounting data. This is done either manually or using software.

- Material processes of relevance to accounting are subject to regular analytical reviews. The establishment of the early risk-detection system is examined as part of the statutory annual audit of the financial statements. Findings derived from this audit are taken into account when considering the continual improvement of the Group-wide, Jungheinrich-specific system. The Corporate Audit department reviews the effectiveness of the accounting-related internal controls.
- As a rule, the dual control principle is applied to all accounting-critical processes.
- One duty of the Supervisory Board, or its Finance and Audit Committee, is dealing with material issues pertaining to Group accounting and risk management, compliance and the audit assignments and focal points of audits conducted by the independent auditors and the Corporate Audit department.

Risk and opportunity report

The early identification of risks and opportunities and the steps to be taken in response are an important element of corporate governance at Jungheinrich. The risk management system has resulted in basic principles and courses of action being defined in a Group guideline.

Managing risks and opportunities

Jungheinrich's risk management system is an integral part of the management, planning and controlling processes. Measures for mitigating risks are incorporated in the Jungheinrich Group's risk management system. Precautionary risk measures are duly identified and reported to the Group Controlling department as part of the risk reporting procedure. This ensures a close working relationship between Group reporting and risk management. The Group-wide risk management system is constantly adapted and refined as well as continually reviewed. Adjustments may include organisational measures, changes in risk quantification methods and constant updates of relevant parameters.

The risk management system consists of the following elements:

- Group risk management guideline,
- Group Risk Committee,
- operative risk inventories of the sales and production companies, the business field heads and of the heads of cross-divisional or Group-wide functions,
- general Group reporting structure,
- Corporate Audit.

The managers of the local operating companies (sales and production) are responsible for risk management within their units. Besides discussing issues pertaining to risks and opportunities at regular management meetings, the unit managers are obliged to take inventory of risks four times a year as part of the risk management process. The aim is to identify and assess the risk position as realistically as possible. When taking inventory for the first time in a year, opportunities and risks are assessed based on the planned business trend. Inventories taken thereafter are assessed on the basis of the latest earnings forecast. The values determined in this way are condensed into a total value – broken down by risks and opportunities – as part of a Group risk inventory, taking into account appropriate value thresholds and their probabilities of occurrence. The Group risk inventory is discussed and suitable measures are developed in the Group Risk Committee's quarterly meetings, which the Board of Management attends. A summary, which forms an integral part of the latest forecast, is regularly made available to the Supervisory Board. Reporting units must immediately submit quick risk reports to the Group Risk Committee whenever they identify risks or opportunities exceeding certain value thresholds between the inventory cut-off dates. The Corporate Audit department is also involved in the risk management process through its audits. An additional, stringent risk management system specifically designed for financial services is in place in order to be able to identify the financial service business' potential risk exposure and assess it on an ongoing basis. A central Europe-wide contracts database running on SAP ERP software enables financial service agreements to be recorded and the risks arising from them to be assessed uniformly throughout the Group.

Risks and opportunities

The analysis of the finalised risk inventory, compiled in 2017 by the Group Risk Committee, revealed that none of the quantified risks are material. There are no risks that could jeopardise the Jungheinrich Group's continued existence in the 2018 financial year. Risks and opportunities that are most important to the Jungheinrich Group and generally valid given the business model are listed hereinafter.

General and sector-specific risks

The Jungheinrich Group is exposed to general risks arising from the world's economic developments. Cyclical fluctuations in the core European markets in particular may pose risks to business development. Experts currently anticipate global growth of 3.9 per cent in 2018. A 2.2 per cent increase in economic output is forecast for the euro area. This economic stability could, however, be adversely affected by emerging debt problems in individual countries or geopolitical uncertainties. It remains to be seen whether some states will experience new crises or to what extent reform efforts will have a lasting impact on individual economies.

Sector-specific risks are posed primarily by changes in market volumes, the competitive environment, technological changes and advancing digitalisation in intralogistics. In the year under review, the market volume for material handling equipment in Europe rose by 12 per cent, while the global market volume rose by 18 per cent. Significantly lower GDP growth, particularly in Europe, could lead to a noticeable reduction in the number of trucks produced, or in attainable margins.

The market for material handling equipment is characterised by intense competition and a continuing trend towards consolidation.

Economic developments are continually observed and analysed – particularly in Europe – based on the regular evaluation of the market for material handling equipment, the competitive environment and capital markets, especially regarding fluctuations in exchange rates and interest-rates. The aim is to discover information that could be relevant to future order development. Production planning is adapted to the incoming orders expected on an ongoing basis. This reduces the risk arising from the underutilisation of production capacities. This risk observation process includes any possible changes to the financial situation of subsidiaries resulting from market developments.

Jungheinrich counters the risk of losing market shares and/or a downturn in business by continually developing its product portfolio, expanding the scope of services, further increasing sales personnel, offering attractive financing solutions and underscoring its differentiation strategy – by expanding the logistics systems business, for example.

Operational risks

Operational risks originate from the business model. For example, from the range of new trucks as well as short-term rental and used equipment on offer and from the company's back-office functions such as purchasing, IT or human resources.

The consolidation of demand, as has been witnessed over several years, causes the pressure on market prices to rise and thus constitutes an operational risk. The Group mitigates this risk primarily by continually expanding its product and service offerings and supplementing it by adding tailor-made customer solutions. This improves market penetration and customer loyalty. Furthermore, there is a constant drive to enhance productivity throughout the Group.

Jungheinrich protects itself against general credit risks from accounts receivables by using an IT-based system to constantly monitor outstanding receivables and their structure, and regularly analysing them. The majority of the foreign net sales generated from business with third parties is covered by credit insurance policies.

The company manages potential purchasing risks that may arise from increasing commodity and material costs, disruptions in the supply chain and quality-related problems via its risk management system. Among other things, Jungheinrich employs control systems to monitor and analyse the development of the price of relevant commodities. These systems help the management to detect developments significantly affecting procurement prices early on in order to be able to act accordingly. No unusual risks are currently expected to arise in 2018 from the development of the price of commodities.

Information technology systems are constantly reviewed and refined in order to limit IT risks and ensure that business processes are carried out securely, reliably and efficiently. Besides its effective IT emergency management system, Jungheinrich uses industry standards, redundant network connections and a mirror computing centre with a view to limiting failures of application-critical systems and infrastructure components. Jungheinrich mitigates the risk of unauthorised access to corporate data and of tampering with or sabotaging IT systems with Group-wide information security standards, the use of modern backup systems, and regular reviews of the effectiveness of the protective measures. The Group's information security management system uses the international ISO/IEC 27001 standard as a reference.

Highly qualified personnel and executives are the foundation of any company's success. Personnel risks may arise if a company fails to recruit or retain qualified staff in sufficient numbers – especially those in managerial and key positions. As part of its national and international university marketing campaigns, the company nurtures close ties to technical universities and works closely together with them, with a view to recruit young talented engineers who are so important to the company. Jungheinrich reacts to the fierce competition for skilled labour and executives and mitigates the associated risk of a loss of know-how caused by staff turnover by offering attractive qualification options and a performance-based remuneration system. For instance, executives and employees with special skill sets are identified at an international level and given special training through our talent management program. This enables us to staff key functions at various management levels from within our own ranks over the long term. The expansion of the international trainee program to include engineers is a further step in this direction. The number of trainee positions will be kept high throughout the Group in order to ensure that all future needs for skilled workers can be met. From 2018, Jungheinrich will, for example, recruit successors for after-sales technicians in Germany through its own apprenticeship programme. Recruitment remains difficult for certain specialised engineering positions and IT specialists due to the high amount of demand in the industry. Jungheinrich employs temporary workers in order to avoid capacity utilisation risks and uses location-specific flexible working time accounts.

Service data and information pertaining to unusual incidents involving forklift trucks are evaluated in order to mitigate product risks. Processes designed for this purpose have been established in Group-wide guidelines and receive the efficient support of the direct sales organisation and of the rapid notification system it implements regarding product safety behaviour. Anomalies are immediately examined together by the people responsible for the product line in question, after-sales services and the quality unit, and in the case of safety concerns the Legal department, too. If any action is necessary, measures such as preventative modifications, for example, will be decided upon immediately and implemented internationally. There are also pilot customers involved in order to recognise technical risks early on and therefore reduce them in the product development process. Such technical risks may endanger the marketability of the product. Jungheinrich of course protects product knowledge with patent registrations. .

Risks associated with financial services

Risk management has to address residual value, refinancing and default risks on customer receivables due to the business policies of Jungheinrich's financial service business. Detailed rules governing the identification and assessment of risks are documented in Group-wide guidelines and the financial service companies' internal process descriptions.

Residual value risks

The internal residual value guarantee offered by sales to the "Financial Services" segment gives rise to opportunities and risks from the resale of truck returns by the operating sales units. These residual value guarantees are calculated by sales on the basis of a conservative uniform Group standard for maximum permissible residual values. The residual values of all individual contracts are subjected to a quarterly evaluation using the central financial services contracts database on the basis of their current fair value. If the current fair value is lower than the residual value of a contract, a suitable provision for this risk is recognised on the balance sheet. If the current fair value exceeds the residual value of a contract then it represents an economic opportunity.

Refinancing risks

The refinancing risk is limited by resolutely applying the principle of matching maturities and interest-rates for customer and refinancing agreements (no risk of a change in interest-rates during the term of the contract) when refinancing financial service agreements. The Group-wide structural and procedural organisation of the "Financial Services" segment ensures a financing structure or form with powerful domestic and foreign refinancing banks. In addition, an established financing platform enables us to obtain refinancing on the capital market. Sufficient lines of credit are at the company's disposal for financing the growing new truck business.

Default risks on customer receivables

Comprehensive system-reported creditworthiness checks performed before contracts are concluded as well as revolving inspections during the terms of agreements help keep default levels on receivables from customers very low. Jungheinrich's default risk exposure again remained far below the sector average during the reporting year. Forklift trucks recovered from customers prematurely are handed over to the operational sales units of the "Intralogistics" segment for marketing. The return conditions are determined centrally. The professional external marketing of used equipment via the Europe-wide direct sales network minimises exploitation risks.

Financial risks

Due to its international activities and dynamic developments on the financial markets, the Jungheinrich Group is subject to risks arising from changes to interest and exchange rates. This in turn results in operational risks that are regularly monitored and managed through risk management. Jungheinrich also employs financial instruments, such as currency forwards, currency swaps, currency options and interest-rate swaps. Building on statutory corporate risk management requirements, Jungheinrich has laid out control mechanisms for the use of financial instruments in a procedural guideline. This includes clear differentiation between trading, processing, accounting and controlling.

Jungheinrich's financing situation is comfortable. The company's good credit rating and solid balance sheet structure proved very valuable in the last financial year both during credit negotiations and bilateral credit negotiations on the capital market. As of 31 December 2017, Jungheinrich had confirmed medium-term credit facilities amounting to €275 million, of which around 60 per cent remained unused, and two promissory notes worth a total of €200 million. The maturities for the credit lines and promissory notes are very spread out, giving the company plenty of long-term leeway for arranging financing. In addition, none of the credit agreements or promissory note agreements contain financial covenants.

The company's cash and cash equivalents and existing credit agreements ensure that it can always fulfil its payment obligations. There is therefore no liquidity risk. The central cash and currency management for the Jungheinrich Group enables the Group-wide, international provision of financial resources at the best-possible interest and currency exchange rates and cash flow management for domestic and foreign Group companies.

Throughout the Group, Jungheinrich takes a conservative approach to investment and only invests in certain asset classes with flawless credit ratings. Part of the liquid funds is invested in a special fund designed to protect assets. It limits risks from market price fluctuations, primarily from changes to interest-rates and share prices.

The Jungheinrich Group is exposed to risks from having contractual partners, which arise when contractual agreements are not fulfilled by partners – usually international financial institutes. Due to the risk indicators employed within the Group – especially ratings determined by recognised ratings agencies that are regularly updated – and spreads for credit default swaps, there is no significant risk from dependence on individual contractual partners. The general credit risk from the derivative financial instruments employed is considered negligible. Derivative financial instruments are used exclusively to hedge against changes to interest-rates and exchange rates in existing underlying transactions.

Further information regarding financial instruments can be found in the Jungheinrich AG consolidated financial statement.

Due to regulations governing the international financial markets, such as the European Market Infrastructure Regulation (EMIR), Jungheinrich must observe comprehensive guidelines and reporting duties for all financial transactions. A Group-wide process is in place to ensure that regulations are observed. This process guarantees that reporting obligations and risk mitigation requirements are met.

Legal risks

The Group is exposed to the legal risks customary in commercial enterprises, in particular regarding the liability for alleged non-compliance with contractual obligations or public law and for allegedly faulty products. Material general contract risks are eliminated by applying Group-wide policies whenever possible. In addition, central support and legal advice is available to the individual departments for material contracts and other transactions with significant legal aspects. Some Group companies are parties to or involved in legal procedures, the outcomes of which cannot be predicted with certainty. Appropriate provisions have been established to cover potential financial burdens resulting from risks relating to these lawsuits. The Group has adequate insurance coverage for claims filed against Group companies on grounds of allegedly faulty products.

General opportunities and opportunities resulting from sector developments

The general, economic environment and the development of the material handling equipment market affect the Jungheinrich Group's business activity as well as its earnings and financial position. Therefore, the greatest opportunity for Jungheinrich would present itself if Europe's economy developed noticeably more positively than currently expected.

The outlook for 2018 is based on expert assessments of economic trends and our own assessments of the market.

Should the global economy – especially the European economy – perform better than anticipated, this would have a positive impact on the global sales market for material handling equipment. Consequently, incoming orders, net sales and EBIT may exceed the forecast.

Operational business opportunities

The development of Jungheinrich's business could be presented with opportunities arising from a reduction in procurement costs resulting from decreases in commodity and material prices and from the appreciation of main currencies, e.g. the US dollar, over the euro.

Opportunities may also arise from new products and services as well as from the ongoing trend towards digitalisation, automation and interconnectivity in the field of intralogistics. For example, service offerings in the field of fleet management and the expansion of business activities in the field of integrated holistic solutions for intralogistics may present additional opportunities.

Beyond this, technological developments in energy storage systems may also create new opportunities for Jungheinrich to expand its already strong position on the market for electric material handling equipment even further.

Overall assessment of the risk situation and opportunities by company management

Material and controllable risks have been identified and evaluated with our risk management system. These are limited – to the extent possible – by taking appropriate measures. The development of material risks over time is regularly monitored at Group level.

There are currently no risks that could in 2018, either individually or in combination with other risks, jeopardise the Jungheinrich Group's earnings, financial or asset position in the long term or pose a threat to its existence.

Forecast report

Economic outlook positive around the world

All regions will contribute to global economic growth in 2018, and the economy is expected to show more momentum than in 2017. For the coming year, the International Monetary Fund (IMF) anticipates a rise in global economic output of 3.9 per cent (2017: 3.7 per cent), despite uncertainties regarding the future economic policy of the USA and its consequences for the global economy. GDP in the USA is expected to increase by 2.7 per cent, partially due the recently adopted American tax reform. This would be slightly higher than the growth seen in the previous year (2017: 2.3 per cent). The forecast for the Chinese economy indicates a slight slowdown in growth (6.6 per cent; 2017: 6.8 per cent).

Solid economic growth of 2.2 per cent is anticipated in the eurozone in 2018 (2017: 2.4 per cent). With a 2.3 per cent increase, growth in Germany will remain below the previous year's figure (2.5 per cent). The Deutscher Maschinen- und Anlagenbau e.V. trade association (VDMA) expects a 3.0 per cent increase in production in 2018. France's GDP is forecast to grow 1.9 per cent (2017: 1.8 per cent). Italy is expected to record 1.4 per cent growth, following 1.6 per cent last year. A decline against the previous year is expected in the UK at 1.5 per cent (2017: 1.7 per cent). Economic growth is also expected to slow in Poland (3.3 per cent; 2017: 3.8 per cent). GDP growth of 1.7 per cent is forecast for Russia in 2018 (2017: 1.8 per cent).

France, Italy and the UK represent the most important markets for material handling equipment in Western Europe after Germany. In Eastern Europe, Poland and Russia represent the most important markets.

Growth rates for selected economic regions

Gross domestic product in %	2018 forecast
World	3.9
USA	2.7
China	6.6
Eurozone	2.2
Germany	2.3

Source: International Monetary Fund (as of January 2018)

Global market for material handling equipment expected to continue growing

In light of the positive economic indicators on a global scale, we anticipate that growth in the global market for material handling equipment in 2018 will be in the mid-to-high single-digit percent range. We believe higher growth levels are also a possibility in certain markets. For our core market Europe, we also anticipate growth in the mid-to-high single-digit percent range.

2018 net sales target: €3.6 to €3.7 billion

Taking into account the economic and sector forecast above, Jungheinrich anticipates incoming orders worth between €3.75 billion and €3.85 billion in 2018 (previous year: €3.56 billion). We are also aiming for a slight increase in market share in Europe (2017: 21.5 per cent). Consolidated net sales are expected to fall between €3.6 billion and €3.7 billion (2017: €3.44 billion).

In 2017, 88 per cent of consolidated net sales was generated in Europe. That is why economic developments in the euro area play such an important role in achieving the figures forecast. Around 8 per cent of European sales were generated in the UK in 2017. Jungheinrich does not expect Brexit to have any substantial impact on business activities or the company forecast this financial year.

Growth in EBIT expected

According to current estimates, EBIT should amount to a value between €270 million and €280 million (2017: €259 million) in 2018. We expect EBIT return on sales at around the same level as last year (7.5 per cent). We do not expect any particular changes in the development of the cost of materials. EBT is expected to amount to between €250 million and €260 million (2017: €243 million). EBT return on sales should also be on par with last year's figure (7.1 per cent).

To ensure our financial independence and to uphold an appropriate amount of financial leeway, we continue to maintain a high level of liquidity. Due to growth, we expect net debt in the mid two-digit million euro range by the end of 2018 (2017: €7 million).

In light of the disproportionate increase in interest-bearing capital compared with the increase in EBIT, ROCE is expected to range between 16.5 per cent and 17.5 per cent (2017: 17.3 per cent).

General statement concerning the Jungheinrich Group's anticipated development

We expect the economic environment to be positive overall in the 2018 financial year. However, political uncertainties have increased. We expect further growth in the global market volume for material handling equipment. Political risks as well as terror attacks and armed conflict can lead to significant and unexpected impact changes to the general conditions under which we operate. Global developments in intralogistics, such as the trend towards the modernisation of warehouses, employing automation solutions, customers' focus on intralogistics and electric trucks, and the development of digital products, all represent opportunities for our business model.

The Jungheinrich Group is well prepared for the future. We are on track to achieve our growth target of €4 billion in net sales by the year 2020. With our integrated business model, including the new truck business, short-term rental and used equipment business fields, after-sales services and a solid financial services portfolio, we have built a sound foundation on which to work. We will continue to push the company's strategic development.

We therefore anticipate growth in incoming orders, net sales and earnings in the current financial year. This is based on the assumption that the economy and the material handling equipment market will develop as anticipated and there will be no drastic downturns in our sales markets. In light of this, we also expect a slight improvement in our market share in Europe.

Jungheinrich has a solid balance sheet structure and sufficient financial resources to implement any measures necessary to achieve its long-term strategic goals if the economy and market do not perform as well as anticipated. At 30 per cent, or 48 per cent adjusted for impacts from the "Financial Services" segment, shareholders' equity remains very high. This will continue to be of the utmost importance in the future. We follow a policy of consistent dividend payouts.

Overall, we expect we will be able to build on the success of the year under review in the 2018 financial year.

Unforeseeable developments may cause the actual business trend to differ from expectations, assumptions and estimates of the management of Jungheinrich that are reproduced in this Group management report. Factors that may lead to such deviations include changes in the economic environment, within the material handling equipment sector as well as to exchange and interest-rates. No responsibility is therefore taken for the forward-looking statements in this Group management report.

Consolidated financial statements

Consolidated statement of income

in thousand €	Notes	2017	2016
Net sales	(3)	3,435,325	3,084,849
Cost of sales	(4)	2,407,046	2,132,699
Gross profit on sales		**1,028,279**	**952,150**
Selling expenses		608,709	583,625
Research and development costs	(12)	68,096	56,253
General administrative expenses		95,505	88,573
Other operating income	(7)	2,690	6,951
Other operating expenses	(8)	2,076	1,466
Income (loss) from companies accounted for using the equity method	(16)	2,028	5,785
Earnings before interest and income taxes		**258,611**	**234,969**
Interest income	(9)	1,138	175
Interest expenses	(9)	8,788	8,096
Other financial income (loss)	(10)	–7,563	–11,323
Financial income (loss)		**–15,213**	**–19,244**
Earnings before taxes		**243,398**	**215,725**
Income taxes	(11)	61,252	61,370
Net income		**182,146**	**154,355**
thereof attributable to the shareholders of Jungheinrich AG		182,146	154,355
Earnings per share in € (diluted/undiluted)	(38)		
Ordinary shares		**1.78**	**1.50**
Preferred shares		**1.80**	**1.52**

Consolidated statement of comprehensive income (loss)

in thousand €	2017	2016
Net income	182,146	154,355
Items which may be reclassified to the consolidated statement of income in the future		
Income (loss) from the measurement of financial instruments with a hedging relationship	–1,009	–1,933
Income (loss) from the measurement of available-for-sale financial instruments	581	495
Income (loss) from currency translation	–15,758	–5,590
Items which will not be reclassified to the consolidated statement of income		
Income (loss) from the measurement of pensions	7,912	–20,043
Other comprehensive income (loss)	**–8,274**	**–27,071**
Comprehensive income (loss)	**173,872**	**127,284**
thereof attributable to the shareholders of Jungheinrich AG	173,872	127,284

The consolidated statement of comprehensive income (loss) is explained in note 24.

Consolidated balance sheet

Assets

in thousand €	Notes	31/12/2017	31/12/2016
Non-current assets			
Intangible assets	(12)	151,905	148,757
Property, plant and equipment	(13)	451,922	430,482
Trucks for short-term rental	(14)	374,861	326,416
Trucks for lease from financial services	(15)	448,314	394,667
Investments in companies accounted for using the equity method	(16)	27,095	26,204
Other financial assets		83	83
Trade accounts receivable	(18)	9,968	13,488
Receivables from financial services	(19)	649,359	537,024
Derivative financial assets	(36)	442	319
Other receivables and other assets	(20)	6,567	2,433
Securities	(21)	32,505	30,021
Prepaid expenses	(23)	49	1
Deferred tax assets	(11)	105,920	106,380
		2,258,990	**2,016,275**
Current assets			
Inventories	(17)	481,290	395,650
Trade accounts receivable	(18)	658,039	600,299
Receivables from financial services	(19)	241,370	214,818
Income tax receivables		11,550	5,971
Derivative financial assets	(36)	2,314	6,136
Other receivables and other assets	(20)	51,300	45,494
Securities	(21)	137,931	131,369
Cash and cash equivalents	(22)	272,803	214,087
Prepaid expenses	(23)	13,957	12,879
		1,870,554	**1,626,703**
		4,129,544	**3,642,978**

Shareholders' equity and liabilities

in thousand €	Notes	31/12/2017	31/12/2016
Shareholders' equity	**(24)**		
Subscribed capital		102,000	102,000
Capital reserves		78,385	78,385
Retained earnings		1,138,059	999,713
Accumulated other comprehensive income (loss)		(74,239)	(65,965)
		1,244,205	**1,114,133**
Non-current liabilities			
Provisions for pensions and similar obligations	(25)	219,927	222,690
Other provisions	(26)	42,184	55,140
Deferred tax liabilities	(11)	19,698	19,289
Financial liabilities	(27)	299,332	215,557
Liabilities from financial services	(28)	945,880	820,463
Derivative financial liabilities	(36)	868	2,101
Other liabilities	(30)	874	1,692
Deferred income	(31)	82,374	76,270
		1,611,137	**1,413,202**
Current liabilities			
Income tax liabilities		16,489	16,407
Other provisions	(26)	188,222	186,364
Financial liabilities	(27)	150,547	103,938
Liabilities from financial services	(28)	369,262	335,277
Trade accounts payable	(29)	367,127	287,034
Derivative financial liabilities	(36)	4,493	2,915
Other liabilities	(30)	137,950	146,585
Deferred income	(31)	40,112	37,123
		1,274,202	**1,115,643**
		4,129,544	**3,642,978**

Consolidated statement of cash flows

in thousand €	2017	2016
Net income	182,146	154,355
Depreciation and amortisation/impairment of property, plant and equipment and intangible assets	77,853	72,397
Depreciation of trucks for short-term rental and lease	206,778	181,976
Changes in provisions	–13,861	33,499
Changes in trucks for short-term rental and trucks for lease (excluding depreciation)	–318,936	–247,470
Changes in property, plant and equipment under finance leases (excluding depreciation)	–19	–2,678
Income (loss) from the disposal of property, plant and equipment and intangible assets	255	224
Changes deriving from companies accounted for using the equity method and of other financial assets	–891	120
Changes in deferred tax assets and liabilities	869	–9,847
Changes in		
Inventories	–85,640	–77,649
Trade accounts receivable	–54,220	–85,566
Receivables from financial services	–138,887	–50,159
Trade accounts payable	80,093	43,898
Liabilities from financial services	159,402	83,563
Liabilities from financing trucks for short-term rental	–11,773	17,894
Other operating assets	–1,957	10,013
Other operating liabilities	–10,711	17,546
Cash flow from operating activities	**70,501**	**142,116**
Payments for investments in property, plant and equipment and intangible assets	–109,328	–71,548
Proceeds from the disposal of property, plant and equipment and intangible assets	2,122	1,728
Payments for investments in companies accounted for using the equity method	–	–15,604
Payments for the acquisition of companies and business areas net of acquired cash and cash equivalents	–	–14,562
Payments for the purchase of securities	–99,283	–100,875
Proceeds from the sale/maturity of securities	91,324	121,057
Cash flow from investing activities	**–115,165**	**–79,804**
Dividends paid	–43,800	–39,380
Changes in short-term liabilities due to banks	6,419	–16,544
Proceeds from obtaining long-term financial loans	154,575	11,418
Repayments of long-term financial loans	–16,333	–14,272
Cash flow from financing activities	**100,861**	**–58,778**
Net cash changes in cash and cash equivalents	**56,197**	**3,534**
Changes in cash and cash equivalents due to changes in exchange rates	2,103	154
Changes in cash and cash equivalents	**58,300**	**3,688**
Cash and cash equivalents on 01/01	**205,272**	**201,584**
Cash and cash equivalents on 31/12	**263,572**	**205,272**

Receipts and payments relating to cash flows from operating activities

in thousand €	2017	2016
Interest paid	33,452	35,023
Interest received	51,498	47,716
Dividends received	2,093	3,330
Income taxes	66,745	56,183

The consolidated statement of cash flows is explained in note 33.

Consolidated statement of changes in shareholders' equity

	Subscribed capital	Capital reserves	Retained earnings	Accumulated other comprehensive income (loss)				
						Measurement of financial instruments		
in thousand €				Currency trans-lation	Remeasure-ment of pensions	available for sale	with a hedging relationship	Total[1]
Balance on 01/01/2017	102,000	78,385	999,713	16,110	−82,345	485	−215	1,114,133
Dividend for the previous year	–	–	−43,800	–	–	–	–	−43,800
Net income	–	–	182,146	–	–	–	–	182,146
Other compre-hensive income (loss)	–	–	–	−15,758	7,912	581	−1,009	−8,274
Comprehensive income (loss)	–	–	182,146	−15,758	7,912	581	−1,009	173,872
Balance on 31/12/2017	**102,000**	**78,385**	**1,138,059**	**352**	**−74,433**	**1,066**	**−1,224**	**1,244,205**
Balance on 01/01/2016	102,000	78,385	884,738	21,700	−62,302	−10	1,718	1,026,229
Dividend for the previous year	–	–	−39,380	–	–	–	–	−39,380
Net income	–	–	154,355	–	–	–	–	154,355
Other compre-hensive income (loss)	–	–	–	−5,590	−20,043	495	−1,933	−27,071
Comprehensive income (loss)	–	–	154,355	−5,590	−20,043	495	−1,933	127,284
Balance on 31/12/2016	**102,000**	**78,385**	**999,713**	**16,110**	**−82,345**	**485**	**−215**	**1,114,133**

1 Group shareholders' equity is fully attributable to the shareholders of Jungheinrich AG.

The consolidated statement of changes in shareholders' equity is explained in note 24.

Notes to the consolidated financial statements

General information

(1) Purpose of the company

Jungheinrich AG is headquartered at Friedrich-Ebert-Damm 129 in Hamburg (Germany) and is registered with the commercial register kept at the Hamburg District court under HRB 44885.

The Jungheinrich Group operates on an international level – with a main focus on Europe – as a manufacturer and supplier of products in the fields of material handling equipment and warehousing technology as well as of all services connected with these activities. These encompass the lease/short-term rental and sales financing of products, the maintenance and repair of forklift trucks and equipment, the reconditioning and sale of used equipment as well as project planning and general contracting for complete logistics systems. The product range extends from simple hand pallet trucks to complex, integrated complete logistics systems.

Material handling equipment is manufactured at the production plants in Norderstedt, Moosburg, Degernpoint, Landsberg and Lüneburg (all in Germany) as well as at the production plant in Qingpu/Shanghai (China). Hand pallet trucks are still sourced from third parties in China.

Used equipment is reconditioned in the used equipment centre in Klipphausen/Dresden (Germany).

Jungheinrich maintains a large and close-knit direct marketing network with 27 proprietary sales companies in European countries. Additional foreign companies are located in Australia, Brazil, Chile, China, India, Malaysia, Singapore, South Africa and Thailand. Jungheinrich product distribution in North America is handled by an exclusive distribution partner.

Furthermore, Jungheinrich products are also distributed via local dealers – especially overseas.

Stacker cranes and load handling technology are manufactured in plants in Munich (Germany), Gyöngyös (Hungary) and Kunshan (China) and sold under the MIAS brand all over the world.

(2) Accounting principles

Fundamentals

Jungheinrich AG prepared the consolidated financial statements for the financial year ending on 31 December 2017 in compliance with the International Financial Reporting Standards (IFRS). All standards and interpretations of the IFRS Interpretations Committee endorsed by the EU and effective as at the balance sheet date were applied. Regulations under commercial law pursuant to Section 315a of the German Commercial Code (HGB) were complementarily taken into account.

The consolidated financial statements have been prepared in euros (€). Unless indicated otherwise, disclosure is in thousands of euros. The statement of income has been prepared using the cost of sales accounting method.

The consolidated financial statements for the period ended 31 December 2017 were approved for publication by the Board of Management on 27 February 2018.

Consolidation

Subsidiaries including structured entities over which Jungheinrich AG, Hamburg, can exercise direct or indirect control are included in the consolidated financial statements. Control can be exercised if the parent company has control over the subsidiary on the basis of voting rights or other rights, participates in the variable returns and can use its control to influence these returns. Structured entities which are controlled are also included in the scope of consolidation. Structured entities are companies in which the voting rights or comparable rights are not definitive for the determination of control. For example, this is the case if the voting rights only pertain to the administrative responsibilities and the material activities are regulated by way of contractual agreements.

Joint ventures are reported using the equity method. A joint venture is a joint arrangement, according to which Jungheinrich exercises control together with a partner company and has rights in the net assets of the investment together with this partner.

Subsidiaries and joint ventures, which are of subordinated importance to the Group and the presentation of the actual assets, liabilities, financial position and profit or loss due to dormancy or minimal business activity, are carried at their acquisition cost since they do not have a quoted market price and their fair value cannot be determined reliably.

Subsidiaries are included in the consolidated financial statements starting from the point in time at which Jungheinrich AG obtains control over the company until the point in time at which control by Jungheinrich AG ends.

The financial statements of Jungheinrich AG as the parent company and of included subsidiaries that are to be consolidated, are prepared using uniform accounting and valuation methods as at the balance sheet date of the parent company.

The same accounting and valuation methods are used to determine the pro rata shareholders' equity of companies accounted for using the equity method.

Business combinations, in other words, acquisitions of companies and business areas, are accounted for using the acquisition method in compliance with IFRS 3. Accordingly, the consideration transferred at the acquisition date is offset against the net assets measured at their fair values as of the date of acquisition. Transaction costs associated with business combinations generally have an effect on profit or loss. If the consideration transferred includes conditional consideration, the latter is measured at its fair value at the acquisition date. Identifiable assets acquired and liabilities assumed are also measured at their fair values at the acquisition date. If the acquisition costs are higher than the fair value of the identified net asset, the positive balance is capitalised as goodwill. If the fair value of the acquired net asset is higher than the acquisition costs, the negative balance is recognised as a negative goodwill. This is recognised immediately in profit or loss in the year of acquisition. If the fair values of the business combination on the acquisition date can only be determined provisionally until their initial reporting date, the business combination is accounted for on the basis of these provisional figures. In accordance with IFRS 3.45, initial accounting observes the twelve-month measurement period from the acquisition date. All necessary adjustments to the determined fair values are booked against the provisional goodwill or negative goodwill within this measurement period.

All receivables and liabilities, expenses and income as well as interim results within the scope of consolidation are eliminated within the framework of the consolidation.

Investments in companies accounted for using the equity method are initially recognised at their acquisition cost. Changes in the pro rata shareholders' equity of the investments following acquisition are offset against the investments' carrying amount. The Jungheinrich Group's investments in companies accounted for using the equity method include goodwill arising at the time of their acquisition. Since this goodwill is not stated separately, it does not have to be separately tested for impairment pursuant to IAS 36. Instead, the investment's entire carrying amount is tested for impairment in accordance with IAS 36 as soon as there are indications of the recoverable amount dropping below the investment's carrying amount. If the realisable amount is lower than the carrying amount of a company accounted for using the equity method, an impairment loss in the amount of the difference is recognised. Write-ups in subsequent reporting periods are recognised with an effect on profit or loss.

Currency translation

Cash and cash equivalents, receivables and liabilities in foreign currency in the Group companies' annual financial statements are translated at the exchange rate valid at the balance sheet date and any differences resulting from such translation are recognised in profit and loss.

Key exchange rates for the Jungheinrich Group

Currency	Basis 1 €	Mean exchange rate at the balance sheet date		Annual average exchange rate	
		31/12/2017	31/12/2016	2017	2016
AUD		1.53460	1.45960	1.47320	1.48860
BRL		3.97290	3.43050	3.60540	3.86163
CHF		1.17020	1.07390	1.11170	1.09018
CLP		737.78000	705.78000	732.18773	748.65048
CNY		7.80440	7.32020	7.62900	7.34958
CZK		25.53500	27.02100	26.32600	27.03431
DKK		7.44490	7.43440	7.43860	7.44536
GBP		0.88723	0.85618	0.87667	0.81890
HUF		310.33000	309.83000	309.19000	311.45933
INR		76.60550	71.59350	73.53240	74.35528
MYR		4.85360	4.72870	4.85270	4.58418
NOK		9.84030	9.08630	9.32700	9.29269
PLN		4.17700	4.41030	4.25700	4.36363
RON		4.65850	4.53900	4.56880	4.49075
RUB		69.39200	64.30000	65.93830	74.22236
SEK		9.84380	9.55250	9.63510	9.46731
SGD		1.60240	1.52340	1.55880	1.52776
THB		39.12100	37.72600	38.29600	39.04226
TRY		4.54640	3.70720	4.12060	3.34274
UAH		33.81415	28.58510	30.02750	28.27278
USD		1.19930	1.05410	1.12970	1.10660
ZAR		14.80540	14.45700	15.04900	16.27720

The annual financial statements of the foreign subsidiaries included in the consolidated financial statements are translated according to the functional currency concept. In each case, this is the local currency if the subsidiaries are integrated into the currency area of the country in which they are domiciled as commercially independent entities. As regards the companies of the Jungheinrich Group, the functional currency is the local currency.

To prepare the consolidated financial statements, assets and liabilities reported in local currency are converted to euros at the mean exchange rate as at the balance sheet date. Changes during the year, the items on the statement of income and the components of the other comprehensive income (loss) are translated at the annual average exchange rate for the financial year. Shareholders' equity is carried at historic exchange rates. Translation differences are recognised under shareholders' equity in the "other comprehensive income" item until the subsidiary is removed from the scope of consolidation. The respective cumulative translation differences are reversed with an effect on profit or loss when Group companies are deconsolidated.

Revenue recognition

Revenue is recognised after deduction of bonuses, discounts or rebates when the significant risks and rewards of ownership have been transferred to the customer. In general, this is the case when the delivery has been made or the service has been rendered, the selling price is fixed or determinable and when the receipt of payment is reasonably certain.

If the result of long-term construction contracts can be estimated reliably, contract revenue and costs associated with these construction contracts are recognised under net sales and the cost of sales in accordance with their degree of completion (referred to as the "percentage of completion" method) on the balance sheet date. The degree of completion of automation projects in the field of logistic systems is determined using the milestone method, in other words, work performed is recognised in relation to total work. The degree of completion of construction contracts for MIAS stacker cranes is determined using the "cost-to-cost" method. Revenue realised corresponds to the sum of the costs incurred for the contracts and the pro rata profit achieved due to the percentage of completion. If the earnings from a construction contract cannot be determined reliably, contract revenue is only recognised in the amount of the costs incurred that are likely profitable. Contract-related costs are recognised as an expense in the period in which they are incurred.

Net sales from financial services transactions are recognised on a straight-line basis over the term of the contracts if the contract is classified as an operating lease in the amount of the lease payments. For contracts classified as a finance lease, net sales are recognised in the amount of the net investment value of the leased item at the beginning of the contract. The interest income is realised over the terms of the contracts using the effective interest method. If a leasing company acts as an intermediary, the proceeds from the sale of contracts with an agreed residual value guarantee that amounts to more than 10 per cent of the sales value are deferred and recognised over time affecting sales until the residual value guarantee matures.

Product-related expenses

Expenses for advertising and sales promotion as well as other sales-related expenses affect profit or loss when they are incurred. Freight and dispatch costs are carried under the cost of sales.

Product-related expenses also include additions to provisions for warranty obligations as well as to provisions for onerous contracts.

Research costs and development expenses that cannot be capitalised are stated affecting profit or loss in the period in which they are incurred.

Government grants – investment allowances and investment subsidies

Investment allowances and subsidies are recognised if there is sufficient certainty that Jungheinrich can satisfy the associated conditions and that the benefits are granted. They do not reduce the assets' acquisition and manufacturing costs. Instead, they are generally recognised as deferred income and distributed on schedule over the subsidised assets' useful lives. The reversals are recognised as other operating income on a pro rata temporis basis in the statement of income.

Earnings per share

Earnings per share are based on the average number of the respective shares outstanding during a financial year. In the 2017 and 2016 financial years, no shareholders' equity instruments diluted the earnings per share on the basis of the respective shares issued.

Intangible assets and property, plant and equipment

Purchased intangible assets are measured at acquisition costs and reduced by straight-line amortisation over their useful lives insofar as their useful lives are limited. The useful lives used as a basis for software licences are 3 to 8 years. Intangible assets with limited useful lives acquired as part of business combinations primarily relate to customer relationships, technologies and customer contracts. The economic useful lives determined are between 6 and 20 years for these customer relationships and technologies and between 15 to 20 years for the customer contracts. Usage rights in land acquired in China and Singapore are limited to 50 and 36 years, respectively.

Development expenses are capitalised if the manufacture of the developed products is expected to result in an economic benefit for the Jungheinrich Group, is technically feasible and if the costs can be determined reliably. Capitalised development expenses comprise all costs directly allocable to the development process, including development-related overheads. From the beginning of production, capitalised development expenses are amortised using the straight-line method over the series production's expected duration, which is normally between 4 and 7 years.

At initial recognition, goodwill from business combinations is measured at acquisition cost and classified as an intangible asset. Acquisition costs are the positive balance of the consideration transferred and the fair value of the acquired net asset. In subsequent periods, goodwill is accounted for at acquisition cost less – if necessary – accumulated impairments. Goodwill is tested for impairment at least once a year. If the carrying amount of a cash-generating unit (CGU) exceeds the recoverable amount, an impairment loss in the amount of the difference is recognised immediately in the statement of income. An impairment, including impairments recognised during the current financial year, will not be reversed in subsequent reporting periods. For the purpose of impairment testing, the recoverable amount of the CGU, to which the goodwill is allocated, needs to be determined. The CGUs are generally identical to the legal Group companies. The MIAS Group is the designated CGU to which goodwill from the acquisition of MIAS has been assigned. The recoverable amount is the higher of the fair value less selling costs and the value in use. The impairment test is performed on the basis of the determined value in use of a CGU using the discounted cash flow method. As a rule, the cash flows budgeted for in the bottom-up five-year budget made plausible by Jungheinrich AG management are used. Forecasts for long-term net sales and returns form the basis for cash flows beyond the budget period. A pre-tax interest rate in line with the conditions prevailing on the market is used as the discount rate. The total cost of capital is based on the risk-free interest rate and risk premiums for equity and debt specific to the Group units and countries. If the value in use is lower than the carrying amount, the recoverable amount is also calculated on the basis of fair value less selling costs.

Property, plant and equipment are measured at historical acquisition and manufacturing costs, less accumulated depreciation. The manufacturing costs for self-produced equipment contain not only the direct material and manufacturing expenses, but also attributable material and production overheads as well as production-related administrative expenses and depreciation. Maintenance and repair expenses are stated as costs. All costs for measures that lead to an extension of the useful life or a widening of the future possibilities for use of the assets are capitalised. Depreciable objects are reduced by scheduled straight-line depreciation. If objects are sold or scrapped, property, plant and equipment and intangible assets are retired; any resulting profits or losses are considered on the statement of income.

Useful lives of property, plant and equipment

Buildings	10–50 years
Land improvement, improvements in buildings	10–50 years
Plant facilities	8–15 years
Technical equipment and machinery	5–10 years
Factory and office equipment	3–10 years

Intangible assets and property, plant and equipment with undeterminable or unlimited useful lives are not reduced using depreciation or amortisation.

Trucks for short-term rental

Jungheinrich rents trucks to customers on the basis of short-term agreements. These trucks for short-term rental are capitalised at historical acquisition or manufacturing costs and depreciated over their economic useful lives which are set at 6 and 9 years, respectively, according to product group. Depending on the product group, they are depreciated at 30 or 20 per cent of their costs in each of the first two years, after which they are reduced using the straight-line method until the end of their useful lives.

Impairments of intangible assets, property, plant and equipment and trucks for short-term rental

The impairment test for goodwill is explained in the section headed “Intangible and property, plant and equipment”.

All other intangible assets, property, plant and equipment and trucks for short-term rental are tested for impairment at least once a year or whenever there is an indication of a potential reduction in value. In such cases, the recoverable amount of the asset is compared with its carrying amount. The recoverable amount is determined for each individual asset unless an asset generates cash flows that are not largely independent of those of other assets or other groups of assets (cash-generating units). The recoverable amount is the higher of fair value of the asset less selling costs and value in use, which is the estimated discounted future cash flow. If the carrying amount exceeds the recoverable amount of the asset, an impairment is performed.

If the reason for an impairment carried out in previous years no longer exists, a write-up to amortised acquisition and manufacturing costs is performed.

Leasing and financial services

Within the framework of their financial services business, Jungheinrich Group companies conclude contracts with customers either directly or with a leasing company acting as an intermediary.

The classification of the leasing transactions, and thus the way they are reported in the accounts, depends on the attribution of the economic ownership of the lease object. In the case of "finance lease" contracts, the economic ownership lies with the lessee. At the Jungheinrich Group companies, as the lessor, this leads to a statement of future lease instalments as receivables from financial services in the amount of their net investment value. Interest income realised in instalments over the term to maturity ensures that a stable return on outstanding net investments is achieved.

If economic ownership is attributed to Jungheinrich as the lessor, the agreement is classified as an "operating lease" and the trucks are capitalised as "trucks for lease from financial services" at acquisition or manufacturing costs and depreciated over their economic useful lives of 6 or 9 years, respectively and according to product group. Depending on the product group, they are depreciated at 30 or 20 per cent of their costs in each of the first two years, after which they are reduced using the straight-line method until the end of their useful lives. Lease income is recorded with an effect on profit or loss during the contracts' terms using the straight-line method. Upon termination of the customer lease contract, the trucks are transferred to inventories at their carrying amounts.

These long-term customer contracts ("finance leases" and "operating leases") are financed by loans with maturities identical to those of the contracts. They are recorded on the liabilities side under liabilities from financing as part of the item "liabilities from financial services". In addition to truck-related loan financing, proceeds from the sale of future lease instalments from intragroup usage right agreements in the Jungheinrich Group are deferred as liabilities from financing and released over the period of the usage right using the effective interest method. In addition, Jungheinrich finances itself via Elbe River Capital S.A., Luxembourg, an affiliated company established exclusively for this purpose. This refinancing firm buys all lease instalments from intragroup usage right agreements that mature in the future and refinances itself through issuance of promissory notes. Furthermore, trucks for lease are financed using the sale and leaseback method. Resulting gains from sales are deferred correspondingly and distributed over the period of the lease agreement with an effect on net income.

In the case of customer contracts with a leasing company acting as intermediary, economic ownership lies with Jungheinrich Group companies due to a repurchase obligation with an agreed residual value guarantee that accounts for more than 10 per cent of the value of the truck. This means the trucks sold to leasing companies must be capitalised as trucks for lease from financial services in accordance with IFRS. When they are capitalised as trucks for lease from financial services, sales proceeds are recorded as "deferred sales from financial services" under deferred income on the liabilities side. Trucks for lease are depreciated over the term of the underlying leases between the leasing companies and the end customer. The deferred sales proceeds are released using the straight-line method with an effect on sales until the residual value guarantee expires. The repurchase obligations are reported in the amount of the agreed residual value guarantees under the item "liabilities from financial services".

Outside of their financial services business, Jungheinrich Group companies act as lessee to lease property, plant and equipment as well as customer trucks for short-term rental. In the event of a "finance lease", the assets are capitalised upon conclusion of the contract as intangible assets, property, plant and equipment or trucks for short-term rental and are entered on the liabilities side in the same amount as the leasing liabilities with the present value of the lease instalments. Leasing liabilities are recognised as "financial liabilities". Intangible assets, property, plant and equipment and trucks for short-term rental as well as the repayment of liabilities are depreciated over the basic period for which the contract is agreed. In the event of an "operating lease", rental and lease instalments paid by Jungheinrich are recorded as an expense over the contractual period using the straight-line method.

Financial instruments

In accordance with IAS 32 and IAS 39, financial instruments are defined as contracts that lead to financial assets in one company and financial liabilities or equity instruments in the other.

Pursuant to IAS 39, financial instruments are classified in the following four categories:

- Loans, receivables and liabilities
- Held-to-maturity financial investments
- Available-for-sale financial assets
- Financial assets and liabilities measured at fair value through profit or loss

Original financial instruments are recognised at settlement date, i.e. the time when the asset is delivered to or by Jungheinrich.

Jungheinrich accounts for loans, receivables and liabilities at amortised cost. Financial instruments carried at amortised cost are primarily non-derivative financial instruments such as trade accounts receivable and payable, other receivables and financial assets, other payables and financial liabilities, receivables and liabilities from financial services as well as financial liabilities.

Securities classified as financial investments "held to maturity" are accounted for at amortised cost using the effective interest method or, in the event of an impairment, at the present value of their expected future cash flows. Differences between the original amount and the amount repayable at maturity are distributed over their terms and recognised in financial income (loss). If there are material objective indications of an impairment, the impairment expenses calculated are recognised in financial income (loss).

Securities classified as financials assets "available for sale" upon their initial recognition are measured at fair value. The fair value corresponds to the market prices quoted on active markets. Unrealised gains and losses on changes in fair value are recognised in shareholders' equity (accumulated other comprehensive income) without an effect on profit or loss until the securities are derecognised. The accumulated gains and losses generated by shareholders' equity previously recognised in other comprehensive income are transferred to the statement of income at the time of sale of the securities. In the event of a significant or sustained reduction in fair value, an impairment of the underlying asset is recognised in the statement of income even if the security has not yet been derecognised. Write-ups of debt instruments in subsequent reporting periods are recognised with an effect on profit or loss.

Receivables

Receivables are measured at amortised cost using the effective interest method.

Amortised cost for trade accounts receivable correspond to the nominal value after the deduction of individual valuation allowances. Individual valuation allowances are only made if receivables are wholly or partially uncollectable or likely to be uncollectable, in which case it must be possible to determine the amount of the valuation allowances with sufficient accuracy.

Further information on receivables from financial services can be found in the notes on the treatment of lease agreements.

Liabilities

Liabilities are measured at amortised cost using the effective interest method. The interest cost is recognised in accordance with the effective interestrate.

Liabilities from finance leases and financial services are measured at the present value of the lease instalments. Further information can be found in the notes on the treatment of lease arrangements.

Investments in affiliated companies and in companies accounted for using the equity method

Investments in affiliated companies stated under financial assets are accounted for at acquisition cost since they do not have listed market prices and their fair value cannot be reliably determined. Investments in companies accounted for using the equity method are measured using the equity method.

Securities

Financial investments presented as securities include all "held-to-maturity financial investments". This item also includes securities in the special fund, all of which are classified as available for sale at their time of purchase.

Derivative financial instruments

At Jungheinrich, derivative financial instruments are mainly used for hedging purposes.

Derivative financial instruments are recognised at trade date, i.e. the time when the obligation to buy or sell the asset was entered into.

IAS 39 requires all derivative financial instruments to be accounted for at fair value as assets or liabilities. Depending on whether the derivative is a fair value hedge or a cash flow hedge, gains and losses arising from changes in the fair value of the derivative are recognised in profit or loss or are otherwise recognised in shareholders' equity (accumulated other comprehensive income). In the case of a fair value hedge, the results from changes in the fair value of derivative financial instruments are recognised with an effect on profit or loss. The changes in the fair value of derivatives that are to be classified as cash flow hedges are entered on the balance sheet under shareholders' equity in the amount of the hedge-effective part not affecting profit or loss. These amounts are transferred to the statement of income at the same time as the effect on the result of the underlying transaction. The hedge-ineffective part is directly recognised in the financial result.

Derivative financial instruments that are not designated as hedges are classified as "financial assets and liabilities measured at fair value through profit or loss". Gains and losses from these derivative financial instruments resulting from measurement at fair value have a direct effect on profit or loss.

Financial instruments measured at fair value are classified and assigned to measurement categories according to the significance of the factors considered in their measurement. Financial instruments are assigned to levels depending on the significance their input factors have on their overall measurement. Assignments are based on the lowest level of substantial or main relevance for the measurement. The fair value hierarchy is based on the input factors used:

Level 1 – (unchanged) market prices quoted on active markets for identical assets or liabilities

Level 2 – input data other than listed market prices, which can be observed either directly (as a price) or indirectly (derived from prices) for the asset or liability

Level 3 – referenced input factors used for the measurement of the asset or liability that are not based on observable market data.

Jungheinrich records reclassifications between these different measurement levels at the end of the reporting period in which the change occurred.

Cash and cash equivalents

Cash and cash equivalents are cash balances, checks and immediately available credit balances at banks with an original term of up to three months.

Inventories

Inventories are measured at the lower of acquisition or manufacturing cost and net realisable value. Manufacturing costs include not only the direct material and manufacturing expenses, but also the attributable material and production overhead costs as well as production-related administrative expenses and depreciation. The average cost method is applied to calculate the acquisition and manufacturing costs of inventories of the same type.

Usage risks resulting from storage time are taken into account by way of value reductions on the basis of historical usage. Once the reason for the write-downs ceases to exist, a reversal of the write-down is carried out.

Deferred taxes

Deferred tax assets and liabilities are recognised in accordance with the balance sheet-orientated method for all temporary differences between Group and tax-based valuation. This procedure is generally applicable for all assets and liabilities with the exception of goodwill from the consolidation of investments. In addition, deferred tax assets are stated on the balance sheet to carry forward unused tax losses and unused tax credits if it is probable that they can be utilised. Deferred taxes are valued at the current rates of taxation. If it is expected that the differences will be offset in years with different rates of taxation, then the latter rates valid at that time are applied. In case there are any changes in the tax rates, these changes are taken into account in the years in which the relevant changes in tax rates are approved.

An impairment is recognised for deferred tax assets, the recovery of which is improbable.

Accumulated other comprehensive income (loss)

Stated in this item are changes in the shareholders' equity not affecting profit or loss insofar as these are not based on capital transactions with shareholders. These include the currency translation adjustment as well as differences resulting from the remeasurement of defined benefit pension plans and from the measurement of financial instruments at fair value. Changes in the year under review are presented in the statement of comprehensive income.

Provisions

Provisions for pensions and similar obligations are valued on the basis of actuarial calculations in accordance with IAS 19 by applying the projected unit credit method for defined benefit obligations from pensions. This method takes into account pensions and vested future benefits known as at the balance sheet date, expected increases in salaries and pensions as well as demographic calculation principles. Remeasurements relating to actuarial gains and losses and the return on plan assets at Jungheinrich (excluding amounts included in the net interest on the net defined benefit liability) are recognised in other comprehensive income as soon as they occur and are thus disclosed directly on the balance sheet. Remeasurements recognised in other comprehensive income are a component of accumulated other comprehensive income and are not transferred to the statement of income in subsequent periods. The cost component "service cost" is recognised in the personnel costs of the corresponding functional areas with an effect on profit or loss. Net interest on the net liability from defined benefit pension plans is recognised in financial income (loss) in the statement of income. Pension obligations and similar obligations of some foreign companies are financed by pension funds. These pension funds are qualifying plan assets pursuant to IAS 19.

The defined benefit obligation stated on the consolidated balance sheet represents the current funding gap of the Jungheinrich Group's defined benefit pension plans.

Termination benefits are recognised if the employee's employment contract is terminated before reaching the normal pension age or if an employee volunteers to terminate the employment contract in exchange for severance benefits. The Group recognises such benefits only if Jungheinrich is obliged to terminate the employment contract and provide the benefits due to a detailed formal plan, which cannot be revised, or if there is an individual agreement. Termination benefits are accounted for in accordance with IAS 19.

Furthermore, provisions have been accrued to cover employee benefits due pursuant to local statutory regulations in the event of their departure as well as other employee benefits due over the short or long term. These obligations are accounted for in accordance with IAS 19.

Other provisions are accrued in accordance with IAS 37 if a past event results in a present obligation to third parties. It is probable that resources will be used to meet this obligation and the anticipated amount of the required provision can be reliably estimated. Other provisions are accounted for based on the best possible estimate of costs required to meet the present obligation as at the balance sheet date. If the amount of the necessary provision can only be determined within a certain bandwidth, the most probable value is stated. If all amounts are of equal probability, the mean value is stated.

Provisions for restructuring measures are accrued pursuant to IAS 37 if a detailed, formal plan has been established and all involved parties have been informed of said plan. The measures are implemented without undue delay.

Non-current provisions are discounted and stated at the present value of the expected expense. Provisions are not offset against claims under rights of recourse.

Classification of accounts

Current and non-current assets as well as current and non-current liabilities are stated on the balance sheet as separate classification groups. Assets and liabilities are classified as being current if their realisation or repayment is expected within twelve months from the balance sheet date. Accordingly, assets and liabilities are classified as being non-current if they have a remaining term to maturity of more than one year. Pension provisions are stated in line with their nature under non-current liabilities as benefits due to employees in the long term. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities.

Individual items in the statement of income as well as on the balance sheet are summarised. They are shown separately in the notes.

Estimates

In the consolidated financial statements, it is necessary to a certain degree to make estimates and assumptions that have an impact on the level and recognition of assets and liabilities stated on the balance sheet as at the balance sheet date and of income and expenses during the reporting period. Estimates and assumptions must be made primarily to determine the economic useful lives of property, plant and equipment, trucks for short-term rental and leased equipment uniformly throughout the Group, to conduct impairment tests on assets and to account for and measure provisions, including those for pensions, risks associated with residual value guarantees, warranty obligations and legal disputes. Estimates and assumptions are made on the basis of the latest knowledge available, historical experience as well as on additional factors such as future expectations.

The amounts which actually materialise may deviate from the estimates. When the actual course of events deviates from the expectations, the premises, and if necessary, the carrying amounts of the affected assets and liabilities are adjusted accordingly.

To identify any impairment of goodwill, it is necessary to calculate the value in use of the cash-generating unit (CGU) to which the goodwill has been allocated. Calculating the value in use involves estimating future cash flows from the CGU, a long-term growth rate and an appropriate discount rate for the calculation of the net present value. Any change in these and other influential factors may lead to an impairment. Further information can be found in note 12.

At the time the consolidated financial statements were prepared, the underlying assumptions and estimates were not subject to any significant risk.

Estimates of future costs for legal disputes and warranty obligations are subject to a number of uncertainties.

It is often impossible to predict the outcome of individual lawsuits with certainty. It cannot be ruled out that, due to the final ruling on some of the outstanding lawsuits, Jungheinrich may be faced with costs that exceed the provisions accrued for this purpose; the timing and extent of which cannot be predicted with certainty.

Warranty obligations are subject to uncertainties surrounding the enactment of new laws and regulations, the number of affected trucks and the nature of measures to be initiated. It cannot be ruled out that the expenses actually incurred for these measures may exceed the provisions accrued for them to an unpredictable extent. Further information can be found in note 26.

Although the expenses resulting from a necessary adjustment in provisions in the reporting period can have a significant impact on Jungheinrich's results, it is expected that – including provisions already accrued for this purpose – potentially ensuing obligations will not have a material effect on the Group's economic situation.

Published IFRS adopted by the EU and applied for the first time in the 2017 financial year

The standards which became mandatory in the EU for the first time as of 1 January 2017, did not have a material effect on the consolidated financial statements.

Published IFRS adopted by the EU and not yet applied

In May 2014, the IASB published the standard IFRS 15 "Revenue from Contracts with Customers". This replaces the regulations governing the recognition of revenue contained in the previous IAS 18 "Revenue" and IAS 11 "Construction Contracts". IFRS 15 stipulates to what amount and at what point in time net sales are to be recognised and expands the disclosure requirements. The new standard introduces a single, five-step model for realising revenue from contracts with customers. Initially, the customer contract and the separate performance obligations contained therein must be identified. Subsequently, the transaction price of the customer contract must be determined and allocated to the individual performance obligations. As soon as the agreed performance is rendered, net sales in the amount of the pro rata transaction price are to be recognised for each performance obligation.

Jungheinrich conducted an impact analysis to determine the effects of the application of IFRS 15 on the consolidated financial statements with respect to the current material types of contracts with customers.

In the Jungheinrich Group, net sales from the sale of material handling equipment and the provision of after-sales services are currently recognised when the significant risks and rewards of ownership have been transferred to the customer. In general, this is the case when the delivery has been made or a service has been rendered, the selling price is fixed or determinable and when the receipt of payment is reasonably certain. According to IFRS 15, revenue is realised upon the change of control, i.e. as soon as a customer has gained control over the goods. Furthermore, IFRS 15 requires that contracts concluded with the same customer at or around the same time must be examined to determine whether they should be treated as a single contract. This is the case if the contracts were negotiated as a package with a single commercial objective, if the amount of the consideration for a contract depends on the price or performance of another contract or if the goods or services that are promised in the contracts constitute a single contractual obligation. Recognition of revenue in the Jungheinrich Group is currently based on individual contracts. Under IFRS 15, Jungheinrich will continue to recognise net sales separately based on individual contracts as none of the criteria which requires the combination of contracts are currently fulfilled.

When the outcome of a long-term construction contract can be estimated reliably, Jungheinrich recognises contract revenue and contract costs as net sales and cost of sales respectively with reference to the stage of completion of the contract activity (referred to as the "percentage of completion" method). Revenue recognition for construction contracts relating to MIAS stacker cranes will change under IFRS 15. The stacker cranes are manufactured in MIAS production halls and are installed on customer premises afterwards. Since the transfer of control to the customer is decisive pursuant to IFRS 15, Jungheinrich will recognise revenue and costs of construction contracts relating to MIAS-branded stacker cranes at a certain point in time, after customer acceptance. The recognition of revenue and the cost of sales for automation projects in the field of logistics systems remain unchanged under IFRS 15 and thus fulfil the conditions for revenue recognition over time.

Jungheinrich concludes financial service agreements with customers either directly or indirectly via leasing companies or banks (vendor contracts). If a leasing company acts as an intermediary, contracts with repurchase obligations and an agreed residual value guarantee that amounts totalling more than 10 per cent of the sales value are currently accounted for as "operating leases". The sales proceeds are deferred and released using the straight-line method with an effect on sales until the residual value guarantee expires. All other vendor contracts are currently recognised as sales, which means that the net sales are recognised in full at the net realisable value at the time of the sale of the truck to the leasing company or bank with an effect on profit or loss. IFRS 15 refers to the rules of IAS 17 "Leases" when the contract concluded includes a repurchase obligation. Jungheinrich anticipates that applying IFRS 15 will cause all vendor contracts with agreed repurchase obligations to be classified and measured in accordance with IAS 17. With the application of IFRS 15, Jungheinrich will classify and measure all vendor contracts with agreed buyback obligations in accordance with IAS 17. The application of the classification criteria will result in shifts in revenue recognition. Vendor contracts that are currently accounted for as "operating leases" could be classified as and accounted for as "finance leases" in the future due to the application of classification criteria from IAS 17. In this event, in the future, revenue will be fully recognised based on the net sales value at the beginning of the contract.

The application of IFRS 15 is not expected to have a material impact on the consolidated financial statements. Group shareholders' equity in the opening balance sheet of the Group as of 1 January 2018 is reduced by a low single-digit million euro amount compared to the value published as of 31 December 2017.

The IASB completed its project for the replacement of IAS 39 "Financial Instruments: Recognition and Measurement" in July 2014 with publication of the final version of IFRS 9 "Financial Instruments". The new standard regulates the accounting treatment of financial assets and financial liabilities with respect to their classification, recognition and measurement, including the recognition of impairments. IFRS 9 also contains rules for the treatment of hedge accounting. The regulations on the classification and measurement of financial assets were thoroughly revised, while the regulations governing the accounting treatment of financial liabilities were taken over from IFRS 9 with virtually no changes. Furthermore, the recognition of impairments on financial assets was fundamentally changed, as expected losses must now be recognised alongside actual losses. In addition, the treatment of hedge accounting was changed, in order to more strongly align hedge accounting with the company's economic risk management activities. The regulations issued in IFRS 9 take new approaches to and facilitate designation options, effectiveness checks and the termination of hedging relationships.

The new classification statements of IFRS 9 will have no material effects on the accounting treatment of the Jungheinrich Group's financial assets. All financial assets currently accounted for at fair value will continue to be measured at fair value. Marketable securities in the special fund are currently classified exclusively as financial assets available for sale and are thus accounted for at fair value. Unrealised gains and losses from changes in fair value are recognised in shareholders' equity (accumulated other comprehensive income) until the securities are derecognised. The accumulated gains and losses generated by shareholders' equity previously recognised in other comprehensive income are transferred to the statement of income at the time of sale of the securities. In the event of a significant or sustained reduction in fair value, an impairment of the underlying asset is recognised in the statement of income even if the security has not yet been derecognised. The special fund contains both shareholders' equity and debt instruments. With the application of IFRS 9, the from securities resulting gains and losses, which arise from the measurement at fair value, are recognised directly in the statement of income.

The effects of the application of IFRS 9 on Jungheinrich will primarily result from the fact that the new rules for recognising impairments also consider expected future losses, whereas IAS 39 only takes account of the recognition of impairments that have already occurred. This primarily affects trade accounts receivable.

When applying IFRS 9 for the first time, Jungheinrich will have the option to continue applying the accounting rules of IAS 39 for hedges instead of the requirements of IFRS 9. Jungheinrich will continue applying the rules of IAS 39.

The transition to IFRS 9 will not result in any material effects on the earnings, financial or asset position.

IFRS 15 and IFRS 9 were adopted by the EU in September 2016 and become effective for the first time for financial years beginning on or after 1 January 2018.

In January 2016, the IASB published the standard IFRS 16 "Leases". It replaces the regulations for the accounting of leases included in IAS 17 "Leases" and in the associated interpretations IFRIC 4, SIC-15 and SIC-27. The new regulations primarily concern the accounting treatment of lessees, who will be required to record all leases, including all associated rights and liabilities, on their balance sheets. Exceptions are made for leases with a maximum term of twelve months – as long as the leases do not contain a purchase option – and for low-value leased items, which may continue to be accounted for as operating leases. The accounting policies for lessors are largely unchanged – especially regarding the continued need to classify leases. The new leasing standard requires more extensive disclosures for the lessee and the lessor. The analysis of the effects of the application of IFRS 16 on the consolidated financial statements has not yet been completed. The most significant effect identified so far has been that the Group has to recognise new assets (usage rights) and liabilities for existing operating leases, primarily relating to property, buildings and office space as well as for trucks for which Jungheinrich is the lessee. Furthermore, the recognition of expenses associated with these leases will change. The short-term rental and lease instalments relating to operating lease contracts are currently recognised as expenses during the contract's term using the straight-line method. The application of IFRS 16 results in the recognition of depreciation relating to usage rights as well as interest expenses using the effective interest method for the corresponding lease liabilities in the income statement over the lease term.

IFRS 16 was adopted by the EU in October 2017 and became effective for the first time for financial years beginning on or after 1 January 2019. Earlier application of IFRS 16 is possible. Jungheinrich will apply IFRS 16 for the first time for the financial year beginning on 1 January 2019. Jungheinrich currently plans the modified retrospective transition to IFRS 16, i.e. to waive the restatement of the previous year's figures and to report the accumulated transitional effects in retained earnings. If relevant, Jungheinrich will provide the additional disclosures required by IFRS 16 in the notes to the annual consolidated financial statements starting from the 2019 financial year.

Published IFRS that are yet to be endorsed by the EU and have not yet been applied

The other amended standards published but not adopted by the EU are not expected to have a material impact on the Jungheinrich Group's assets, liabilities, financial position and profit or loss. Jungheinrich does not currently plan to apply these standards, which have been endorsed by the EU, until they become mandatory in later financial years.

Scope of consolidation

In addition to the parent company, Jungheinrich AG, Hamburg, the consolidated financial statements include 74 (previous year: 74) foreign and 19 (previous year: 16) domestic companies. The scope of consolidation includes 83 (previous year: 80) fully consolidated subsidiaries, including one structured entity, which are directly or indirectly controlled by Jungheinrich AG. 10 (previous year: 10) joint ventures have been stated on the balance sheet through application of the equity method.

Universal-FORMICA-Fonds, Frankfurt/Main, in which Jungheinrich holds 100 per cent of the shares, is included in the scope of consolidation as a structured entity. On the basis of contractual agreements, Jungheinrich is able to steer the activities of the special fund and thus influence the amount of return. The purpose of investments in funds is to take advantage of opportunities to earn returns on the capital market while limiting risk. The special fund is managed to maintain value in order to limit risks.

All of the shareholdings of Jungheinrich AG, Hamburg, are disclosed in note 43.

Changes in the scope of consolidation

Development of the scope of consolidation

	Jungheinrich AG	Subsidiaries		Joint ventures		
	Germany	Germany	Abroad	Germany	Abroad	Total
Balance on 01/01/2017	1	15	65	1	9	91
Additions	–	3	–	–	–	3
Disposals	–	–	–	–	–	–
Balance on 31/12/2017	**1**	**18**	**65**	**1**	**9**	**94**
Balance on 01/01/2016	1	15	64	1	2	83
Additions	–	–	3	–	7	10
Disposals	–	–	2	–	–	2
Balance on 31/12/2016	**1**	**15**	**65**	**1**	**9**	**91**

Jungheinrich Projektlösungen AG & Co. KG, Offenbach am Main, was established in Germany in the second quarter of 2017. The company develops products for the logistics systems business.

The independent Jungheinrich Degernpoint AG & Co. KG, Moosburg, was founded in Germany in the second quarter of 2017 from the assets of Jungheinrich Moosburg AG & Co. KG, Moosburg, for the purpose of deconsolidation. Deconsolidation took place with economic effect as of 1 May 2017 with no change to the existing assets and liabilities in the Group.

With Jungheinrich Digital Solutions AG & Co. KG, Hamburg, a company was established in the fourth quarter of 2017 for the development, integration and sale of digital solutions in the areas of material handling equipment, logistics systems and other industrial trucks and machines. The company assumed its operating activities in January 2018.

The first-time consolidation of these companies did not result in any goodwill.

Notes to the consolidated statement of income

(3) Net sales

Composition of net sales

in thousand €	2017	2016
New truck business	2,099,129	1,762,790
Short-term rental and used equipment	569,885	555,663
After-sales services	922,555	852,303
Intralogistics	**3,591,569**	**3,170,756**
Financial services	**840,284**	**737,190**
Segment total	**4,431,853**	**3,907,946**
Reconciliation	**–996,528**	**–823,097**
Jungheinrich Group	**3,435,325**	**3,084,849**

Net sales generated by the “Intralogistics” segment includes €108,628 thousand in contract revenue calculated using the percentage of completion method (previous year: €69,411 thousand).

Net sales generated by the “Financial Services” segment includes €50,422 thousand in interest income from finance lease customer contracts (previous year: €47,422 thousand).

(4) Cost of sales

The cost of sales includes the cost of materials consisting of expenses for raw materials and supplies as well as for purchased goods and services totalling €1,791,003 thousand (previous year: €1,554,035 thousand).

The cost of materials includes €4,189 thousand in currency losses (previous year: currency gains of €13,022 thousand) primarily resulting from purchases by non-German sales companies in Group currency and the associated currency hedges.

The cost of sales includes €24,351 thousand (previous year: €25,986 thousand) in interest expenses associated with the matching-term refinancing of long-term customer contracts in the "Financial Services" segment.

(5) Personnel expenses

Personnel expenses in the consolidated statement of income

in thousand €	2017	2016
Salaries	797,353	740,316
Social security contributions	158,919	146,501
Cost of pensions and other benefits		
Defined benefit plans	12,526	12,083
Defined contribution plans	9,104	7,787
Other costs for pensions and other benefits	829	845
	978,731	907,532

Average number of employees during the year

	2017	2016
Hourly-paid employees	7,323	6,835
Salaried employees	7,841	7,299
Trainees and apprentices	400	402
	15,564	14,536

In addition to personnel expenses, functional costs include the cost of temporary workers amounting to €37,947 thousand (previous year: €29,843 thousand).

6) Depreciation, amortisation, impairment and write-ups

Depreciation, amortisation, impairment losses and write-ups are shown in the development of intangible assets, property, plant and equipment, trucks for short-term rental and leased equipment as well as investments in companies accounted for using the equity method. All the depreciation, amortisation, impairment losses and write-ups are included in the functional costs.

(7) Other operating income

Other operating income of the year being reviewed includes €869 thousand (previous year: €490 thousand) in income from the disposal of property, plant and equipment, intangible assets as well as €240 thousand (previous year: €813 thousand) in reversals of deferred government grants.

Other operating income from 2016 included income from the deconsolidation of Boss Manufacturing Ltd., Leighton Buzzard (UK), totalling €4,725 thousand.

(8) Other operating expenses

Other operating expenses in the reporting year include €1,124 thousand (previous year: €714 thousand) in losses from the disposal of property, plant and equipment and intangible assets.

(9) Net interest

Composition of net interest

in thousand €	2017	2016
Interest and similar income on securities	370	–820
Other interest and similar income	768	995
Interest income	**1,138**	**175**
Interest expenses	**8,788**	**8,096**
Net interest	**–7,650**	**–7,921**

(10) Other financial income (loss)

Composition of other financial income (loss)

in thousand €	2017	2016
Income (loss) from derivatives	−2,874	−5,694
Net interest on defined benefit pension plans	−3,588	−4,200
Sundry financial income (loss)	−1,101	−1,429
Other financial income (loss)	−7,563	−11,323

Income (loss) from derivatives includes all income (loss) from derivative financial instruments that do not relate to supplies and services and were not designated as hedges as at the balance sheet date. These primarily include derivative financial instruments used to hedge foreign exchange rates when concluding intragroup financial transactions as well as derivatives in the special fund. Income (loss) from derivatives also include changes in currency exchange rates pertaining to financing. Income (loss) from derivatives in connection with supplies and services is stated as part of the cost of sales.

Other financial income (loss) includes €334 thousand (previous year: €610 thousand) in interest accretions to non-current provisions for personnel.

(11) Income taxes

Composition of tax expenses

in thousand €	2017	2016
Current taxes		
Germany	41,041	35,288
Abroad	22,503	29,981
Deferred taxes		
Germany	2,508	2,290
Abroad	−4,800	−6,189
Tax expenses	61,252	61,370

The current tax expenses in Germany increased compared to the previous year due to the positive earnings trend. It includes income from the preceding year's taxes in the amount of €0.1 million (previous year: tax expenses of €1.7 million).

The current foreign tax expenses decreased compared to the previous year as depreciation rules for capital goods designed to boost the economy were applied and tax rates lowered. The sum for 2017 includes tax income for previous years totalling €2.7 million (previous year: €2.2 million).

Deferred taxes of foreign and German origin remained virtually unchanged in profit or loss compared to the previous year. The deferred tax income of €2.3 million (previous year: €3.9 million) in the year under review was attributable to an expense of €2.1 million (previous year: €1.1 million) from the use of loss carryforwards and tax income of €4.4 million (previous year: €5.0 million) arising from changes in temporary differences.

The domestic corporate income tax rate for the 2017 financial year was 30.0 per cent (previous year: 30.0 per cent). It comprises the corporate income tax burden of 15.0 per cent along with the solidarity surcharge of 5.5 per cent of the corporate income tax burden and a trade tax rate of 14.2 per cent.

The applied local income tax rates for foreign companies varied between 9.0 per cent (previous year: 9.0 per cent) and 35.0 per cent (previous year: 35.0 per cent).

As of 31 December 2017, the Group had approximately €51 million in corporate tax loss carryforwards (previous year: €64 million). The loss carried forward (US) amounted to approximately €31 million as of 31 December 2017 (previous year: €38 million). The change is due to currency exchange rates. The reduction in the tax rate due to the US tax reform was not recognised in profit or loss as deferred tax assets were not recognised in view of future utilisation options as in the previous year. The loss carryforward (US) can essentially be carried forward until 2026.

As of 31 December 2017, the Group had around €19.5 million in utilisable corporate tax loss carryforwards (previous year: €26 million). They could be carried forward indefinitely. An impairment of €0.1 million (previous year: €0.1 million) was recognised for deferred tax assets in connection with these loss carryforwards. As of 31 December 2017, trade tax loss carryforwards also amounted to €1.3 million (previous year: €2.3 million).

Composition of deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
in thousand €	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Property, plant and equipment and intangible assets	186,178	163,593	91,771	74,508
Inventories	29,589	15,839	10,979	7,847
Receivables and other assets	115,369	77,515	330,130	306,613
Tax loss carryforwards	4,949	7,038	–	–
Provisions for pensions	31,806	34,080	1,216	531
Other provisions	22,917	16,472	6,070	332
Liabilities	175,061	177,132	59,778	35,815
Deferred income	9,519	11,503	–	–
Other	21,080	17,852	10,302	8,287
Deferred taxes prior to offsetting	**596,468**	**521,024**	**510,246**	**433,933**
Offsetting	−490,548	−414,644	−490,548	−414,644
Balance sheet recognition	**105,920**	**106,380**	**19,698**	**19,289**

When stating deferred tax assets on the balance sheet, the extent to which future effective tax relief might result from existing tax loss carryforwards and the differences in accounting and valuation must be assessed. In this context, all positive and negative influential factors have been taken into account. The assessment has not changed compared to the previous year. The current assessment of this point may alter depending on changes to the earnings position in future years and may therefore result in a higher or lower valuation allowance.

€86,222 thousand (previous year: €87,091 thousand) of the net amount of the deferred taxes of €27,321 thousand (previous year: €30,170 thousand) was recognised directly in shareholders' equity.

The following table shows the reconciliation of the expected amount to the disclosed tax expenses. The expected tax expenses reported is the resulting amount from applying the total tax rate of 30.0 per cent (previous year: 30.0 per cent) applicable to the parent company to consolidated earnings before income taxes.

Reconciliation of the expected to the disclosed tax expenses

in thousand €	2017	2016
Expected tax expenses	73,019	64,718
Change in the tax rate	828	1,772
Foreign tax differentials	−4,426	−821
Change in valuation allowances	22	19
Change in taxes from the previous year	−2,424	−586
Non-deductible operating expenses and tax-free gains	−6,410	−4,901
Miscellaneous	643	1,169
Actual tax expenses	**61,252**	**61,370**

In 2017, the Group's tax quota was 25.2 per cent (previous year: 28.4 per cent).

Notes to the consolidated balance sheet

(12) Intangible assets

Development of intangible assets during the reporting year

in thousand €	Acquired intangible assets	Internally generated intangible assets	Goodwill	Total
Acquisition and manufacturing costs Balance on 01/01/2017	113,287	113,602	38,356	265,245
Changes in currency exchange rates	–1,779	–112	–84	–1,975
Additions	6,464	21,350	–	27,814
Disposals	2,390	18,879	–	21,269
Balance on 31/12/2017	**115,582**	**115,961**	**38,272**	**269,815**
Amortisation/impairment Balance on 01/01/2017	45,450	67,939	3,099	116,488
Changes in currency exchange rates	–344	–9	–	–353
Amortisation in the financial year	10,079	8,814	–	18,893
Impairment in the financial year	–	3,984	152	4,136
Accumulated amortisation/impairment on disposals	2,375	18,879	–	21,254
Balance on 31/12/2017	**52,810**	**61,849**	**3,251**	**117,910**
Carrying amount on 31/12/2017	**62,772**	**54,112**	**35,021**	**151,905**

Development of intangible assets during the previous year

in thousand €	Acquired intangible assets	Internally generated intangible assets	Goodwill	Total
Acquisition and manufacturing costs Balance on 01/01/2016	101,854	98,379	33,479	233,712
Changes in currency exchange rates	679	–14	14	679
Additions due to business combinations	5,876	–	4,863	10,739
Additions	5,564	15,237	–	20,801
Disposals	1,687	–	–	1,687
Transfers	1,001	–	–	1,001
Balance on 31/12/2016	**113,287**	**113,602**	**38,356**	**265,245**
Amortisation/impairment Balance on 01/01/2016	36,643	58,528	3,015	98,186
Changes in currency exchange rates	–20	–	–3	–23
Additions due to business combinations	10	–	–	10
Amortisation in the financial year	10,226	8,409	–	18,635
Impairment in the financial year	–	1,002	87	1,089
Accumulated amortisation on disposals	1,409	–	–	1,409
Balance on 31/12/2016	**45,450**	**67,939**	**3,099**	**116,488**
Carrying amount on 31/12/2016	**67,837**	**45,663**	**35,257**	**148,757**

Internally generated intangible assets include the Jungheinrich Group's capitalised development expenditures. €21,350 thousand in development expenditures (previous year: €15,237 thousand) met the capitalisation criteria under IFRS.

Research and development costs in the consolidated statement of income

in thousand €	2017	2016
Research costs and uncapitalised development expenditure	55,298	46,842
Amortisation of capitalised development expenditure	8,814	8,409
Impairment of capitalised development expenditure	3,984	1,002
	68,096	56,253

The impairment test performed on the carrying amounts of capitalised development expenditures is broken down by product line on the basis of estimated discounted future cash flows. The impairment test conducted as of 31 December 2017 resulted in an impairment loss of €3,984 thousand for four truck model series. The impairment test conducted in the previous year resulted in an impairment loss of €1,002 thousand for three truck model series.

In the fourth quarter of 2017, Jungheinrich performed the annual impairment tests on the goodwill assigned to the CGUs. The main assumptions on which the calculation of the value in use of a CGU was based were free cash flows, the discount rate and the long-term growth rate.

Allocation of goodwill to the cash-generating units (CGUs)

in thousand €	31/12/2017	31/12/2016
MIAS Group	24,109	24,109
Sales company in:		
Australia	4,151	4,151
Romania	2,958	3,036
Chile	1,819	1,819
Austria	1,771	1,771
Other	111	269
Jungheinrich Systemlösungen GmbH, Graz (Austria)	102	102
	35,021	35,257

An impairment was recognised when reviewing the South African goodwill in the reporting year. The CGU's carrying amount was higher than its calculated recoverable amount, resulting in an impairment loss of €152 thousand recognised in 2017 in other operating expenses. The impairment loss of €87 thousand recorded in the previous year related to the impairment of Malaysian goodwill. The impairment losses were allocated in full to goodwill.

The impairment tests conducted on the other goodwill did not result in an impairment loss. A 0.5 per cent increase in the applied discount rates in each case or a 0.5 per cent decrease in the growth rates would not have resulted in an impairment loss.

Financial assumptions for the calculation of the value in use of the CGUs to which significant amounts of goodwill have been assigned

	Pre-tax discount rate		Sustainable growth rate	
in %	30/09/2017	30/09/2016	30/09/2017	30/09/2016
MIAS Group	12.2	11.2	1.2	1.0
Sales company in:				
Australia	12.2	10.9	1.2	1.2
Romania	15.3	13.5	1.3	1.0

(13) Property, plant and equipment

Development of property, plant and equipment during the reporting year

in thousand €	Land and buildings including buildings on third-party land	Technical equipment and machinery	Factory and office equipment	Construction in progress	Total
Acquisition and manufacturing costs Balance on 01/01/2017	431,517	160,999	271,720	10,967	875,203
Changes in currency exchange rates	−2,363	−731	−2,046	−86	−5,226
Additions	11,782	12,312	33,091	24,348	81,533
Disposals	1,171	6,901	21,010	–	29,082
Transfers	3,486	3,626	1,768	−8,880	–
Balance on 31/12/2017	**443,251**	**169,305**	**283,523**	**26,349**	**922,428**
Depreciation Balance on 01/01/2017	147,580	115,946	181,195	–	444,721
Changes in currency exchange rates	−750	−392	−1,177	–	−2,319
Depreciation in the financial year	14,761	13,084	26,979	–	54,824
Accumulated depreciation on disposals	521	6,369	19,830	–	26,720
Balance on 31/12/2017	**161,070**	**122,269**	**187,167**	**–**	**470,506**
Carrying amount on 31/12/2017	**282,181**	**47,036**	**96,356**	**26,349**	**451,922**

Development of property, plant and equipment during the previous year

in thousand €	Land and buildings including buildings on third-party land	Technical equipment and machinery	Factory and office equipment	Construction in progress	Total
Acquisition and manufacturing costs Balance on 01/01/2016	419,008	153,474	248,600	13,824	834,906
Changes in currency exchange rates	−1,649	59	118	−2	−1,474
Additions due to business combinations	46	121	448	–	615
Additions	7,549	8,861	27,245	9,769	53,424
Disposals	273	3,570	7,424	–	11,267
Transfers	6,836	2,054	2,733	−12,624	−1,001
Balance on 31/12/2016	**431,517**	**160,999**	**271,720**	**10,967**	**875,203**
Depreciation Balance on 01/01/2016	133,792	106,673	161,332	–	401,797
Changes in currency exchange rates	−617	3	318	–	−296
Additions due to business combinations	13	–	127	–	140
Depreciation in the financial year	14,655	13,081	24,937	–	52,673
Accumulated depreciation on disposals	273	3,373	5,947	–	9,593
Transfers	10	−438	428	–	–
Balance on 31/12/2016	**147,580**	**115,946**	**181,195**	**–**	**444,721**
Carrying amount on 31/12/2016	**283,937**	**45,053**	**90,525**	**10,967**	**430,482**

Additions to property, plant and equipment included €12,667 thousand (previous year: €13,266 thousand) in leased real estate, which classify the Group as commercial owner due to the nature of the underlying leases (finance leases). Depreciation on leased property in the year under review totalled €571 thousand (previous year: €701 thousand).

As at the balance sheet date, land and buildings were put up as mortgage to back €34,766 thousand (previous year: €31,356 thousand) in liabilities due to banks.

(14) Trucks for short-term rental

Development of trucks for short-term rental

in thousand €	2017	2016
Acquisition and manufacturing costs Balance on 01/01	588,765	534,022
Changes in currency exchange rates	–10,164	5,955
Additions due to business combinations	–	8,236
Additions	239,088	174,333
Disposals	157,762	133,781
Balance on 31/12	**659,927**	**588,765**
Depreciation Balance on 01/01	262,349	234,757
Changes in currency exchange rates	–4,134	3,388
Additions due to business combinations	–	4,248
Depreciation in the financial year	102,928	90,675
Accumulated depreciation on disposals	76,077	70,719
Balance on 31/12	**285,066**	**262,349**
Carrying amount on 31/12	**374,861**	**326,416**

The total fleet of trucks for short-term rental includes leased trucks for short-term rental amounting to €4,550 thousand (previous year: €13,546 thousand), which classify the Group as commercial owner due to the nature of the underlying leases (finance leases). Corresponding depreciation on these trucks in the financial year amounts to €2,974 thousand (previous year: €2,564 thousand).

Trucks for short-term rental with a total carrying amount of €66,633 thousand (previous year: €62,779 thousand) were put up as collateral for their associated financial liabilities within the scope of the financing of receivables from intragroup rental-purchase agreements.

(15) Trucks for lease from financial services

Development of trucks for lease from financial services

in thousand €	2017	2016
Acquisition and manufacturing costs Balance on 01/01	602,065	534,947
Changes in currency exchange rates	–6,060	–7,559
Additions	194,984	182,302
Disposals	96,523	107,625
Balance on 31/12	**694,466**	**602,065**
Depreciation Balance on 01/01	207,398	180,464
Changes in currency exchange rates	–2,024	–2,845
Depreciation in the financial year	103,850	91,301
Accumulated depreciation on disposals	63,072	61,522
Balance on 31/12	**246,152**	**207,398**
Carrying amount on 31/12	**448,314**	**394,667**

Composition of trucks for lease from financial services

in thousand €	31/12/2017	31/12/2016
"Operating lease" contracts with customers	404,980	354,432
Contracts concluded with a leasing company acting as an intermediary	43,334	40,235
	448,314	394,667

Within the framework of financial services offered by Jungheinrich Group companies acting as lessors, trucks for which a lease classified as an "operating lease" in accordance with IFRS has been concluded with the end customer are capitalised as trucks for lease.

Trucks for lease with a carrying amount of €240,017 thousand (previous year: €218,492 thousand) were put up as collateral for the liabilities from financial services as at the balance sheet date.

Customer contracts concluded with a leasing company acting as an intermediary are also capitalised under the item "Trucks for lease from financial services" on the basis of the amount of an agreed residual value guarantee at more than 10 per cent of the fair value of the equipment for lease.

The "operating leases" existing on the balance sheet date included €65,010 thousand (previous year: €59,882 thousand) in truck fleets, which are made available to key accounts so that they can make flexible use of them. They also included a truck fleet in the amount of €12,097 thousand (previous year: €10,695 thousand) which are made available to customers in Australia so that they can make flexible use of them.

In relation to the remaining non-cancellable operating leases valid as at the balance sheet date, the future lease payments to be paid to Jungheinrich are presented in the following table, broken down by maturity.

Maturities of the minimum lease payments from remaining "operating leases"

in thousand €	31/12/2017	31/12/2016
Due within one year	109,871	96,152
Due in one to five years	195,177	168,366
Due in more than five years	2,007	1,560
Balance on 31/12	307,055	266,078

Trucks for lease with carrying amounts of €102,912 thousand (previous year: €87,891 thousand) are financed using the sale and leaseback method. Future minimum lease payments from sublease arrangements total €76,282 thousand (previous year: €59,070 thousand).

(16) Investments in companies accounted for using the equity method

Development of investments in companies accounted for using the equity method

in thousand €	2017	2016
Balance on 01/01	26,204	10,695
Additions	–	15,604
Pro rata earnings	2,028	5,785
Dividend payments	2,093	3,330
Consolidation	956	–2,550
Balance on 31/12	27,095	26,204

Material investments in companies accounted for using the equity method

Company	Main business	Share of capital in % 31/12/2017	31/12/2016
JULI Motorenwerk s.r.o., Moravany (Czech Republic)	Development, production and distribution of electric motors	50	50
Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China)	Short-term rental of material handling equipment on the Chinese market	50	50

Information on the other companies accounted for using the equity method can be found in note 43.

The following table contains summarised financial information on the individual significant joint ventures, whereby the disclosures do not represent Jungheinrich AG's share, but rather the entire entity.

Summarised financial information of the material companies accounted for using the equity method

	JULI Motorenwerk s.r.o., Moravany (Czech Republic)[1]		Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China)[1]	
in thousand €	2017	2016	2017	2016[2]
Net sales	149,490	133,383	22,115	10,904
Net income	6,367	12,525	433	–348

	JULI Motorenwerk s.r.o., Moravany (Czech Republic)[1]		Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China)[1]	
in thousand €	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Non-current assets	22,686	20,298	49,376	40,129
Current assets	30,424	27,632	12,026	12,357
Non-current liabilities	993	682	9,994	14,207
Current liabilities	18,364	17,145	25,536	11,389
Shareholders' equity	33,753	30,103	25,872	26,890

1 Including subsidiaries
2 The disclosures for the statement of income related to the short financial year from 1 May to 31 December 2016.

Reconciliation of the summarised financial information to the carrying amount of the joint ventures in the consolidated financial statements

	JULI Motorenwerk s.r.o., Moravany (Czech Republic)[1]		Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China)[1]	
in thousand €	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Shareholders' equity	33,753	30,103	25,872	26,890
Pro rata shareholders' equity	16,877	15,052	12,936	13,445
Consolidation/other	–2,561	–1,826	–778	–2,451
Carrying amount of the Group's interests in joint venture	**14,316**	**13,226**	**12,158**	**10,994**

1 Including subsidiaries

The following table contains aggregated financial information on the individual immaterial joint ventures, whereby the disclosures represent the Jungheinrich Group's share in each case.

Aggregated financial information on immaterial companies accounted for using the equity method

	Other joint ventures	
in thousand €	2017	2016
Net income	–1,406	–318
Comprehensive income (loss)	–1,406	–318
Carrying amount of the Group's interests in joint ventures on 31/12	621	1,984

The Group did not recognise pro rata losses of a total of €43 thousand (previous year: €– thousand) in respect of its shares in joint ventures. The cumulative losses not recognised in the carrying amount calculated using the equity method amounted to €43 thousand as of 31 December 2017 (previous year: €– thousand).

The impairment test performed on investments in companies accounted for using the equity method as at the balance sheet date in 2017 did not result in any impairment losses.

(17) Inventories

Composition of inventories

in thousand €	31/12/2017	31/12/2016
Raw materials and supplies	94,157	74,005
Work in progress	24,280	24,232
Finished goods	168,487	135,039
Merchandise	111,804	96,044
Spare parts	57,867	51,022
Advance payments	24,695	15,308
	481,290	395,650

€39,624 thousand (previous year: €30,497 thousand) of the inventories are carried at their net realisable value. Write-downs recognised for inventories as at the balance sheet date amounted to €45,613 thousand (previous year: €41,400 thousand).

(18) Trade accounts receivable

Composition of trade accounts receivable

in thousand €	31/12/2017	31/12/2016
Trade accounts receivable (excluding receivables from construction contracts)	662,915	610,865
Receivables from construction contracts	20,372	17,744
Valuation allowances	–15,280	–14,822
	668,007	**613,787**

Trade accounts receivable include notes receivable in the amount of €6,593 thousand (previous year: €9,038 thousand). €254 thousand in notes receivable presented for a discount (previous year: €1,159 thousand) were not derecognised from the accounts because Jungheinrich was exposed to the risk of default as at the balance sheet date. The related notes payable are recognised as financial liabilities.

Trade accounts receivable included €98 thousand (previous year: €96 thousand) in receivables from affiliated companies and €8,786 thousand (previous year: €5,165 thousand) in receivables from companies accounted for using the equity method.

Development of valuation allowances on trade accounts receivable

in thousand €	2017	2016
Valuation allowances on 01/01	14,822	14,083
Changes in currency exchange rates	–231	–93
Utilisations	1,713	1,201
Releases	471	837
Additions	2,873	2,870
Valuation allowances on 31/12	**15,280**	**14,822**

Trade accounts receivable that are overdue without valuation allowances

in thousand €	31/12/2017	31/12/2016
Less than 30 days overdue	76,293	61,902
Between 30 and 60 days overdue	20,146	18,657
Between 61 and 90 days overdue	8,773	8,291
Between 91 and 180 days overdue	8,968	7,529
More than 180 days overdue	298	358
Total overdue trade accounts receivable without valuation allowances	**114,478**	**96,737**

As at the balance sheet date, no valuation allowances had been made for €512,152 thousand in trade accounts receivable (previous year: €474,657 thousand), nor were they past due. As at the balance sheet date, there was no indication that the debtors could not meet their payment obligations.

Credit insurance was in place as at the balance sheet date for trade accounts receivable in a two-digit million euro amount.

Composition of receivables from construction contracts

in thousand €	31/12/2017	31/12/2016
Costs incurred and profits stated (less recognised losses)	149,133	70,061
Advance payments received	–128,761	–52,317
Receivables from construction contracts	**20,372**	**17,744**

(19) Receivables from financial services

Within the framework of the financial services business in which Jungheinrich Group companies act as lessors, the net investment values of customer leases classified as finance leases in accordance with IFRS are capitalised as receivables from financial services from the beginning of the lease onwards. Only lease payments due in the future and non-guaranteed residual values are recognised as receivables from financial services. Amounts past due and valuation allowances for amounts transferred to trade accounts receivable when the lease payments fall due are therefore recognised in note 18.

Receivables from financial services: reconciliation of total minimum lease payments to their present value

in thousand €	31/12/2017	31/12/2016
Total minimum lease payments	**1,010,613**	**851,380**
Due within one year	287,969	255,256
Due in one to five years	668,681	561,812
Due in more than five years	53,963	34,312
Present value of minimum lease payments	**890,729**	**751,842**
Due within one year	241,370	214,818
Due in one to five years	597,972	504,520
Due in more than five years	51,387	32,504
Unearned interest income	**119,884**	**99,538**

Receivables from financial services include minimum lease payments from sublease arrangements amounting to €240,421 thousand (previous year: €211,548 thousand).

Receivables from financial services with carrying amounts of €506,485 thousand (previous year: €448,747 thousand) were pledged as collateral for liabilities from financial services as at the balance sheet date.

(20) Other receivables and other assets

Composition of other receivables and other assets

in thousand €	31/12/2017	31/12/2016
Receivables from other taxes	43,740	37,145
Assets from the measurement of funded pension plans	4,070	1,482
Receivables from loans and advances granted to employees	1,070	916
Other assets	8,987	8,384
	57,867	**47,927**

Other receivables and other assets include receivables from companies accounted for using the equity method in the amount of €20 thousand (previous year: €– thousand).

As at the balance sheet date, there were no other receivables and other assets past due or value adjusted. As at the balance sheet date, there was no indication that the debtors could not meet their payment obligations.

(21) Securities

Composition of securities

in thousand €	31/12/2017	31/12/2016
Bonds and debenture bonds	129,455	141,766
Promissory notes	15,000	–
Shares	11,908	6,356
Covered bonds	11,428	4,569
Investment funds	2,645	8,699
	170,436	161,390

€52,010 thousand (previous year: €40,521 thousand) of the securities are financial instruments classified as "held-to-maturity financial assets". Jungheinrich intends to, and can, hold these securities until they mature. Jungheinrich's securities on 31 December 2017 will mature in the years from 2018 to 2019. The impairment test carried out on the securities as at the balance sheet date did not result in any impairment losses in 2017. All of Jungheinrich's securities on 31 December 2016 which were due to mature 2017, were redeemed when they matured.

The securities held in the special fund on 31 December 2017 had a carrying amount of €118,426 thousand (previous year: €120,869 thousand) and were designated as "available for sale".

(22) Cash and cash equivalents

Cash and cash equivalents include bank balances, cash balances and checks. They have an original maturity of three months or less. Cash and cash equivalents include €13,642 thousand (previous year: €7,376 thousand) in bank balances of the special fund. As at the balance sheet date, the Jungheinrich Group's bank balances totalled €9,231 thousand (previous year: €8,815 thousand), which were pledged to banks.

(23) Prepaid expenses

Prepaid expenses consist mainly of advance payments on short-term rents, lease payments, interest and insurance premiums.

(24) Shareholders' equity

Subscribed capital

The subscribed capital of Jungheinrich AG, Hamburg (Germany) was fully paid up as at the balance sheet date and amounted to €102,000 thousand (previous year: €102,000 thousand). As in the previous year, it was divided among 54,000,000 ordinary shares and 48,000,000 preferred shares, each accounting for an imputed €1.00 share of the subscribed capital. All of the shares had been issued as at the balance sheet date.

Holders of non-voting preferred shares will receive a preferential share of the profit of €0.04 per preferred share from the distributable profit which is distributed. On payment of a €0.04 share of the profit per ordinary share, the distributable profit remaining for distribution will be distributed among ordinary and preferred shareholders in line with the pro rata share of subscribed capital attributable to their shares, whereby unlike ordinary shareholders, preferred shareholders are entitled to an additional dividend of €0.02 per preferred share.

Capital reserves

Capital reserves include premiums from the issuance of shares and additional income from the sale of own shares in previous years.

Retained earnings

Retained earnings contain undistributed earnings generated by Jungheinrich AG and consolidated subsidiaries in previous years as well as net income for the period under review.

Dividend proposal

Jungheinrich AG pays its dividend from the distributable profit stated in the annual financial statements of Jungheinrich AG, which are prepared in accordance with the German Commercial Code. The Board of Management of Jungheinrich AG proposes to use the €57,351 thousand distributable profit for the 2017 financial year to make a dividend payment of €49,920 thousand, corresponding to a dividend of €0.48 per ordinary share and a dividend of €0.50 per preferred share, as well as to transfer €7,431 thousand to other retained earnings.

Accumulated other comprehensive income (loss)

Details on changes in other comprehensive income (loss)

in thousand €	2017	2016
Income (loss) from the measurement of financial instruments with a hedging relationship	**–1,009**	**–1,933**
Unrealised income (loss)	–408	8,378
Realised income (loss)	–1,120	–10,609
Deferred taxes	519	298
Income (loss) from the measurement of available-for-sale financial instruments	**581**	**495**
Unrealised income (loss)	1,395	–111
Realised income (loss)	–565	818
Deferred taxes	–249	–212
Income (loss) from currency translation	**–15,758**	**–5,590**
Unrealised income (loss)	–15,758	–865
Realised income (loss)	–	–4,725
Income (loss) from the measurement of pensions	**7,912**	**–20,043**
Income (loss) from the remeasurement of defined benefit pension plans	11,031	–26,904
Deferred taxes	–3,119	6,861
Other comprehensive income (loss)	**–8,274**	**–27,071**

Managing capital

Jungheinrich is not subject to any minimum capital requirements pursuant to its articles of association.

The Group manages the way in which its capital is used commercially via the return on interest-bearing capital employed (ROCE). ROCE in the year under review was 17.3 per cent (previous year: 17.8 per cent).

EBIT return on capital employed (ROCE)

in thousand €		2017	2016
Interest-bearing capital 31/12		1,496,683	1,318,212
EBIT		258,611	234,969
ROCE	in %	17.3	17.8

The capital and finance structure of the Group and its companies is managed primarily using the "debt ratio" as a key ratio. The debt ratio is defined as the ratio of net debt to earnings before interest, taxes, depreciation and amortisation (EBITDA) adjusted to exclude depreciation on trucks for lease from financial services.

Net debt

in thousand €	31/12/2017	31/12/2016
Financial liabilities	449,879	319,495
Cash and cash equivalents and securities	–443,239	–375,477
Net debt	**6,640**	**–55,982**

The Jungheinrich Group reported net debt of €6,640 thousand (previous year: €55,982 thousand net credit) as at the balance sheet date. The debt ratio remained at a good level.

Debt ratio

in thousand €	31/12/2017	31/12/2016
Net debt	6,640	–55,982
EBITDA (adjusted to exclude depreciation on trucks for lease from financial services)	439,392	398,041
Debt ratio in years	0.02	<0

Jungheinrich determines the key ratios when preparing its quarterly financial statements. They are reported to the Board of Management once a quarter, in order to enable it to introduce measures if necessary.

(25) Provisions for pensions and similar obligations

Pension plans

Jungheinrich Group company pension schemes are either defined contribution or defined benefit plans. In defined contribution plans, Jungheinrich does not assume any obligation in addition to the contributions made to state-owned or private pension insurers. Ongoing contributions are recorded as a pension cost of the corresponding year.

In Germany, major obligations have been assumed for defined benefit pension commitments regulated in individual and collective agreements for members of the Board of Management, managing directors and employees of Jungheinrich AG and its German subsidiaries. When pension benefits are committed within the framework of collective agreements, the amount of the pension claim depends on the number of eligible years of service when the pension payment is scheduled to start as well as on the monthly average salary of the beneficiary. German pension plans are funded by provisions. The company pension plans of Jungheinrich AG and of Jungheinrich Moosburg AG & Co. KG have been closed to employees and managing directors since 1 July 1987 and 14 April 1994 respectively.

In the United Kingdom, major obligations have been assumed to fulfil defined benefit pension commitments regulated in shop agreements to employees of Jungheinrich UK Ltd. and former employees of the Boss Manufacturing Ltd. production plant which was closed in 2004. The pension plans of these companies were merged in 2003. The level of the committed benefits depends on the average compensation received by the beneficiaries during their years of service. The pension plan is funded by an outsourced fund and has been closed to new employees since 1 October 2002 and 18 January 2003. Jungheinrich UK Ltd. and employee contributions are still being paid for beneficiaries of the pension plan.

In other countries outside of Germany, several companies have pension plans for managing directors and employees. The principle foreign pension claims are covered by insurance contracts.

According to Italian law, existing severance obligations to managing directors and employees were reclassified by Jungheinrich in the year under review. The benefit obligations recognised under provisions for personnel at their present value of €9,205 thousand as of 31 December 2016, have been recorded as part of the "provisions for pensions and similar obligations" balance sheet line item since 1 January 2017.

Composition of the net defined benefit liability

in thousand €	31/12/2017	31/12/2016
Present value of funded defined benefit obligations	295,587	309,207
Fair value of plan assets	285,080	295,329
Funding gap	10,507	13,878
Present value of unfunded defined benefit obligations	205,350	207,330
Net defined benefit liability	**215,857**	**221,208**
Germany	187,317	197,683
United Kingdom	−4,070	−1,482
Other countries	32,610	25,007

Of the net defined benefit liability from defined benefit pension plans, €219,927 thousand (previous year: €222,690 thousand) is recorded under the item "provisions for pensions and similar obligations" and €4,070 thousand (previous year: €1,482 thousand) is stated under "other assets".

Development of the present value of defined benefit obligations

in thousand €	2017	2016
Present value of defined benefit obligations on 01/01	516,537	496,200
Changes in currency exchange rates	−13,398	−34,798
Current service cost	7,691	7,491
Settlement gains	–	−304
Past service cost	480	−122
Interest cost	10,442	13,025
Actuarial gains (−)/ losses (+) on		
changes in financial assumptions	−3,446	73,013
changes in demographic assumptions	425	−1,009
experience adjustments	−3,935	2,105
Employee contributions	1,883	1,962
Pension payments made using company assets	−8,874	−10,029
Pension payments made using plan assets	−15,537	−9,246
Other changes	8,669	−21,751
Present value of defined benefit obligations on 31/12	**500,937**	**516,537**
Germany	187,317	197,683
United Kingdom	244,339	255,417
Other countries	69,281	63,437

Other changes in the reporting year included the addition of the present value of the Italian benefit obligations in the amount of €9,205 thousand.

Other changes in the previous year included the removal of the present value of the Dutch benefit obligations of €–28,275 thousand from the books and the addition of the present value of the French benefit obligations of €7,383 thousand.

Significant financial assumptions (weighted average) for determining the present value of defined benefit obligations

	Germany		United Kingdom		Other countries	
in %	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Discount rate	1.9	1.7	2.6	2.7	1.2	1.0
Expected rate of pension increase	1.5	1.5	3.0	3.1	0.1	–

In the 2017 and 2016 financial years, demographic assumptions for Germany were based on Prof. Klaus Heubeck's 2005G reference tables. The life expectancies used to measure plans in the United Kingdom and other countries were based on local mortality tables.

Jungheinrich primarily derives the interest-rate risk, the pension increase risk and the longevity risk from the pension plans. The sensitivity analyses presented below were performed on the basis of reasonable potential changes in the assumptions as at the balance sheet date, while the other assumptions remained unchanged.

Sensitivity analysis of the significant financial assumptions for determining the present value of defined benefit obligations

in thousand €	31/12/2017	31/12/2016
Discount rate 0.5% higher	–37,975	–41,444
Discount rate 0.5% lower	42,881	43,648
Expected rate of pension increase 0.5% higher	26,319	27,664

A one-year increase in life expectancy would cause the present value of the defined benefit obligations in Germany and the United Kingdom to rise by approximately 4.5 per cent and 3.7 per cent, respectively.

The actual change in the present value of defined benefit obligations cannot be derived from the aforementioned sensitivity analysis. It is not expected that the deviations will occur in isolation from one another as some of the assumptions are related to each other.

Furthermore, Jungheinrich is not exposed to any material risks arising from pension obligations.

The weighted average duration of defined benefit obligations on the balance sheet date was around 13 years in Germany (previous year: 14 years), around 19 years in the United Kingdom (previous year: 19 years) and around 17 years in other countries (previous year: 19 years).

Jungheinrich expects to make approximately €9.2 million (previous year: €8.6 million) in pension payments using company assets in the 2018 financial year.

Development of the fair value of plan assets

in thousand €	2017	2016
Fair value of plan assets on 01/01	295,329	305,979
Changes in currency exchange rates	–12,200	–36,240
Interest income	6,854	8,825
Actuarial gains (+) and losses (–)	4,075	47,205
Employer contributions	5,985	6,796
Employee contributions	1,883	1,962
Pension payments made	–15,537	–9,246
Other changes	–1,309	–29,952
Fair value of plan assets on 31/12	**285,080**	**295,329**
United Kingdom	248,409	256,899
Other countries	36,671	38,430

In the year under review, the actual return on plan assets amounted to €10,162 thousand (previous year: €55,212 thousand). As in the previous year, there were no effects from the limitation to the asset ceiling.

Plan assets largely comprise the outsourced fund set up to cover pension obligations in the UK. The assets and income from the pension fund are intended exclusively for benefits and for administrative expenses for the pension plan. Jungheinrich works with external asset managers to invest in the plan assets.

Our long-term investment strategy complies with, among other things, minimum capital cover requirements and the goal of maximising income from the plan assets while keeping volatility at a reasonable level in order to minimise the long-term costs of defined benefit pension plans.

Plan asset investments are made while ensuring that cash and cash equivalents are sufficient to cover benefits that fall due.

Composition of the fair value of the plan assets in the United Kingdom

in thousand €	31/12/2017	31/12/2016
Cash and cash equivalents	**388**	**514**
Equity instruments	**45,971**	**41,746**
Stock index funds in the United Kingdom	28,029	25,561
Stock index funds in Europe (excluding the UK)	17,942	16,185
Debt instruments	**202,050**	**214,639**
UK government bonds	180,682	193,316
Corporate bonds	21,368	21,323
Fair value on 31/12	**248,409**	**256,899**

The fair values of the aforementioned equity and debt instruments were determined on the basis of prices quoted on active markets.

The fair value of plan assets in the other countries totalled €36,671 thousand (previous year: €38,430 thousand) and cannot be broken down into asset classes as these plan assets are qualifying insurance policies.

As in the previous year, the outsourced pension funds did not include any own financial instruments or property used by Group companies as at the balance sheet date.

Jungheinrich expects to make cash-effective employer contributions totalling approximately €6.0 million for the 2018 financial year (previous year: €6.2 million) in order to comply with minimum statutory and contractual requirements.

Costs associated with defined benefit pension plans recognised in the consolidated statement of comprehensive income

in thousand €	2017	2016
Current service cost	–7,691	–7,491
Settlement gains	–	304
Past service cost	–480	122
Net interest	–3,588	–4,200
Plan administration cost	–767	–818
Income (loss) before taxes	**–12,526**	**–12,083**
Remeasurement of defined benefit obligations	6,956	–74,109
Remeasurement of plan assets	4,075	47,205
Other comprehensive income (loss) before taxes	**11,031**	**–26,904**
Comprehensive income (loss) before taxes from defined benefit pension plans	**–1,495**	**–38,987**

Current service costs, settlement gains and past service costs were recognised in the personnel costs of the corresponding functional areas. The net interest and the plan administration costs were included in financial income (loss).

(26) Other provisions

Development of other provisions

in thousand €	As of 01/01/2017	Changes in currency exchange rates	Additions	Utilisations	Releases	As of 31/12/2017
Provisions for personnel	152,999	–1,307	106,462	107,253	3,157	147,744
Provisions for warranty obligations	29,424	–393	43,662	38,115	2,603	31,975
Provisions for onerous contracts	34,834	–745	12,994	9,684	5,719	31,680
Others	24,247	–249	14,213	13,677	5,527	19,007
Other provisions	**241,504**	**–2,694**	**177,331**	**168,729**	**17,006**	**230,406**

Provisions for personnel primarily relate to provisions for obligations arising from phased retirement agreements, anniversary obligations, performance-based compensation and holiday entitlements.

As at the balance sheet date, obligations arising from phased retirement agreements amounted to €19,187 thousand (previous year: €16,701 thousand), which were netted against €8,678 thousand in financial assets (previous year: €8,023 thousand). Cash and cash equivalents were transferred to an external trust in order to finance these obligations. These trust assets are being exclusively held to secure long-term benefits due to employees within the scope of phased retirement agreements and qualify as plan assets in accordance with IAS 19. The cash and cash equivalents are not freely available due to the hedging role they play for these agreements. Furthermore, €6,219 thousand in provisions were accrued to cover the claims of candidates potentially qualifying for future phased retirement work arrangements commensurate to their probability of occurrence (previous year: €7,460 thousand).

Additions to provisions for personnel included a total of €334 thousand in interest accretions (previous year: €610 thousand). €29,981 thousand (previous year: €38,853 thousand) of the provisions for personnel had a remaining maturity of more than one year.

The Group recognises provisions for warranty obligations based on past experience when products are sold or when new guarantee measures are initiated. These provisions relate to the assessment of the extent to which warranty obligations must be met in the future and to the cost involved. Provisions for warranty obligations contain the expected expense of statutory and contractual warranty claims as well as the expected expense of voluntary concessions and recall actions. Additions to warranty obligations cover the product-related guarantee expenses for the 2017 financial year for material handling equipment sold in the year under review.

Provisions for onerous contracts primarily relate to the provision for risks from residual value guarantees issued within the scope of the financial services business to leasing companies in particular. Impending losses from cancellations of contracts and other contractual risks are also recognised. €10,755 thousand (previous year: €14,621 thousand) of the provisions for onerous contracts had a remaining term to maturity of more than one year.

Other provisions include provisions for customer bonuses, legal disputes, environmental risks and other obligations.

(27) Financial liabilities

Composition and maturity of financial liabilities

in thousand €	Liabilities due to banks	Promissory notes	Liabilities from financing trucks for short-term rental	Lease liabilities from property, plant and equipment and intangible assets	Notes payable	Financial liabilities
31/12/2017						
Total future cash flows	170,165	214,110	75,721	16,699	1,930	478,625
Due within one year	78,283	2,517	71,686	2,167	1,930	156,583
Due in one to five years	72,352	130,732	4,026	6,448	–	213,558
Due in more than five years	19,530	80,861	9	8,084	–	108,484
Present value of future cash flows	160,215	200,000	73,884	13,850	1,930	449,879
Due within one year	76,280	–	70,730	1,607	1,930	150,547
Due in one to five years	67,514	123,000	3,146	4,808	–	198,468
Due in more than five years	16,421	77,000	8	7,435	–	100,864
Future interest expenses	9,950	14,110	1,837	2,849	–	28,746
31/12/2016						
Total future cash flows	129,463	105,297	87,608	16,466	2,180	341,014
Due within one year	78,432	1,272	25,662	1,624	2,180	109,170
Due in one to five years	28,707	104,025	61,938	5,500	–	200,170
Due in more than five years	22,324	–	8	9,342	–	31,674
Present value of future cash flows	118,531	100,000	85,657	13,127	2,180	319,495
Due within one year	75,983	–	24,723	1,052	2,180	103,938
Due in one to five years	24,045	100,000	60,926	3,717	–	188,688
Due in more than five years	18,503	–	8	8,358	–	26,869
Future interest expenses	10,932	5,297	1,951	3,339	–	21,519

Financial liabilities that can be repaid any time are disclosed as being "due within one year".

Details of liabilities due to banks

Currency	Interest-rate conditions	Remaining term of the fixed interest rate as of 31/12/2017	Nominal volumes as of 31/12/2017 in thousand €	Range of effective interest rates 2017	Carrying amounts as of 31/12/2017 in thousand €	Nominal volumes as of 31/12/2016 in thousand €	Range of effective interest rates 2016	Carrying amounts as of 31/12/2016 in thousand €
EUR	variable	< 1 year	9,235	EURIBOR + margin	9,235	24,937	EURIBOR + margin	24,937
GBP	variable	< 1 year	11,305	LIBOR + margin	11,305	11,655	LIBOR + margin	11,655
CNY	variable	< 1 year	5,752	LIBOR + margin	5,752	–	LIBOR + margin	–
SGD	variable	< 1 year	1,685	LIBOR + margin	1,685	1,808	LIBOR + margin	1,808
PLN	variable	< 1 year	15,802	LIBOR + margin	15,802	11,354	LIBOR + margin	11,354
Other	variable	< 1 year	23,159	LIBOR + margin	23,159	12,858	LIBOR + margin	12,858
EUR	fixed	1–14 years	114,817	0.65%–5.2%	79,438	67,992	1.9%–5.3%	34,787
SGD	variable	> 15 years	8,387	SIBOR + margin	7,890	8,822	SIBOR + margin	8,631
Other	fixed	< 1–5 years	10,236	6.0%–6.6%	5,949	26,289	5.2%–20.8%	12,501
Total liabilities due to banks			200,378		160,215	165,715		118,531

Composition of the promissory notes as of 31 December 2017

	Maturity in year	Nominal interest rate	Nominal amount in thousand €
Jungheinrich AG 2014 (I)	2019	Fixed interest	25,000
Jungheinrich AG 2014 (II)	2019	EURIBOR + margin	25,000
Jungheinrich AG 2014 (III)	2021	Fixed interest	50,000
Jungheinrich AG 2017 (I)	2022	Fixed interest	13,000
Jungheinrich AG 2017 (II)	2022	EURIBOR + margin	10,000
Jungheinrich AG 2017 (III)	2024	Fixed interest	30,000
Jungheinrich AG 2017 (IV)	2024	EURIBOR + margin	17,000
Jungheinrich AG 2017 (V)	2027	Fixed interest	30,000

An interest-rate hedge was used for the variable interest of the promissory note arranged in 2014. The nominal volume of this loan corresponds to its carrying amount.

A further promissory note amounting to €100,000 thousand was taken out in the year under review with maturity tranches of five, seven and ten years. The nominal volume of this loan corresponds to its carrying amount.

Liabilities from financing trucks for short-term rental amount to €69,395 thousand (previous year: €70,076 thousand) and result from refinancing receivables from intragroup rental-purchase agreements. Jungheinrich was given access to a credit facility, which could only be utilised up to the amount of the residual debt from rental-purchase agreements.

Furthermore, €4,489 thousand (previous year: €15,581 thousand) in liabilities relate to the refinancing of trucks for short-term rental based on sale and leaseback agreements. €5,684 thousand (previous year: €16,876 thousand) in future minimum lease payments for these leases classified as finance lease agreements under IFRS are included in cash flows for liabilities from financing of trucks for short-term rental. Jungheinrich must therefore capitalise these assets in its capacity as lessee. Leasing liabilities are repaid over the non-cancellable lease periods.

The aforementioned accounting method also applies to lease liabilities from financing property, plant and equipment and intangible assets, which are almost all based on property lease agreements. Some of the property lease agreements included purchase options at agreed residual values.

(28) Liabilities from financial services

€19,689 thousand (previous year: €18,787 thousand) of the liabilities from financial services consisted of residual value guarantees relating to lease contracts with a leasing company acting as intermediary and with residual values exceeding 10 per cent of the truck value.

This item also contained €1,295,453 thousand (previous year: €1,136,953 thousand) in liabilities from financing. They result from the financing of long-term customer contracts with identical maturities. Depending on whether commercial ownership is attributed to Jungheinrich Group companies, these contracts are capitalised under receivables from financial services (“finance leases”) or under trucks for lease from financial services (“operating leases”).

Liabilities from financing included €266,403 thousand (previous year: €245,003 thousand) in liabilities from the issuance of promissory notes via the consolidated securitisation vehicle in Luxembourg.

Liabilities from financing: reconciliation of total future cash flows to their present value

in thousand €	31/12/2017	31/12/2016
Total future cash flows	1,354,591	1,187,495
Due within one year	388,929	353,484
Due in one to five years	911,249	797,145
Due in more than five years	54,413	36,866
Present value of future cash flows	1,295,453	1,136,953
Due within one year	365,170	331,632
Due in one to five years	876,820	769,107
Due in more than five years	53,463	36,214
Future interest expenses	59,138	50,542

Liabilities from financing include future minimum lease payments from refinancing using the sale and leaseback method in the amount of €341,917 thousand (previous year: €292,238 thousand).

(29) Trade accounts payable

Trade accounts payable include €31 thousand (previous year: €31 thousand) in payables to affiliated companies and €3,798 thousand (previous year: €4,856 thousand) in payables to companies accounted for using the equity method.

All trade accounts payable are due within one year.

(30) Other liabilities

Composition of other liabilities

in thousand €	31/12/2017	31/12/2016
Liabilities from other taxes	65,304	63,003
Advance payments received on account of orders	43,217	34,536
Social security liabilities	11,267	10,986
Liabilities from construction contracts	3,582	21,898
Employee liabilities	3,403	2,819
Other liabilities	12,051	15,035
	138,824	148,277

Composition of liabilities from construction contracts

in thousand €	31/12/2017	31/12/2016
Costs incurred and profits stated (less recognised losses)	2,323	15,962
Advance payments received	–5,905	–37,860
Liabilities from construction contracts	–3,582	–21,898

Other liabilities contained accounts payable to affiliated companies amounting to €– thousand (previous year: €2 thousand) and to companies accounted for using the equity method amounting to €60 thousand (previous year: €60 thousand).

Other liabilities included the estimated fair value of €1,865 thousand (previous year: €2,687 thousand) of the contingent consideration in connection with the business combination in Romania. The payment of the contingent consideration from 2018 to 2019 is linked to the achievement of agreed key operating figures. Jungheinrich expects to make a purchase price payment of €990 thousand in the 2018 financial year.

All other liabilities are due within one year.

(31) Deferred income

Deferred sales from financial services relate to lease agreements concluded via a leasing company. In such cases, due to the agreed residual value guarantee of more than 10 per cent of the truck value, Jungheinrich Group companies have commercial ownership despite the sale of the trucks to the leasing company. The resultant IFRS obligation to capitalise this ownership leads to the deferral of the sales proceeds that have already been received from the leasing company. This deferred income is released using the straight-line method with an effect on sales until the residual value guarantee expires.

Deferred profit from financial services includes deferred profit from the refinancing of leased equipment. Deferred profit is reduced over the terms of the leases.

Other deferrals in the reporting year include €3,575 thousand (previous year: €3,815 thousand) in government grants.

Composition of deferred income

in thousand €	Deferred sales from financial services	Deferred profit from financial services	Other deferrals	Deferred income
31/12/2017	38,852	71,894	11,740	122,486
Thereof maturities of up to one year	13,652	21,147	5,313	40,112
Thereof maturities of more than one year	25,200	50,747	6,427	82,374
31/12/2016	35,571	59,097	18,725	113,393
Thereof maturities of up to one year	12,838	17,607	6,678	37,123
Thereof maturities of more than one year	22,733	41,490	12,047	76,270

(32) Additional disclosures on financial instruments

Carrying amounts and fair value of financial instruments by valuation category

		31/12/2017		31/12/2016	
in thousand €	Valuation category pursuant to IAS 39	Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Cash and cash equivalents	LaR	272,803	272,803	214,087	214,087
Trade accounts receivable	LaR	668,007	668,007	613,787	613,787
Receivables from financial services	n.a.	890,729	901,365	751,842	765,053
Securities	HtM	52,010	52,107	40,521	40,609
Securities	AfS	118,426	118,426	120,869	120,869
Investments in affiliated companies	AfS	83	83	83	83
Investments in companies accounted for using the equity method	AfS	27,095	27,095	26,204	26,204
Derivative financial assets					
Derivatives without a hedging relationship	FAHfT	2,053	2,053	4,050	4,050
Derivatives with a hedging relationship	n.a.	703	703	2,405	2,405
Other financial assets	LaR	1,090	1,090	916	916
Shareholders' equity and liabilities					
Trade accounts payable	FLAC	367,127	367,127	287,034	287,034
Liabilities due to banks	FLAC	160,215	162,824	118,531	123,238
Promissory notes	FLAC	200,000	198,301	100,000	99,034
Liabilities from financing trucks for short-term rental	FLAC	69,395	69,395	70,076	70,076
Liabilities from financing trucks for short-term rental	n.a.	4,489	4,489	15,581	15,581
Lease liabilities from property, plant and equipment and intangible assets	n.a.	13,850	15,891	13,127	14,393
Notes payable	FLAC	1,930	1,930	2,180	2,180
Liabilities from financial services	FLAC	992,659	1,003,002	880,814	889,056
Liabilities from financial services	n.a.	322,483	329,568	274,926	281,479
Derivative financial liabilities					
Derivatives without a hedging relationship	FLHfT	3,036	3,036	2,517	2,517
Derivatives with a hedging relationship	n.a.	2,325	2,325	2,499	2,499
Other financial liabilities	FLAC	3,937	3,937	4,395	4,395
Of which aggregated by valuation category pursuant to IAS 39:					
Loans and receivables (LaR)		941,900	941,900	828,790	828,790
Held-to-maturity financial investments (HtM)		52,010	52,107	40,521	40,609
Available-for-sale financial assets (AfS)[1]		145,604	145,604	147,156	147,156
Financial assets held for trading (FAHfT)		2,053	2,053	4,050	4,050
Financial liabilities measured at amortised cost (FLAC)		1,795,263	1,806,516	1,463,030	1,475,013
Financial liabilities held for trading (FLHfT)		3,036	3,036	2,517	2,517

1 Includes €83 thousand (previous year: €83 thousand) in equity interests measured at acquisition costs and €27,095 thousand (previous year: €26,204 thousand) in equity interests accounted for using the equity method, for which fair values cannot be determined reliably.

The carrying amounts of the financial instruments measured at fair value in the consolidated financial statements as at the balance sheet date have been categorised in the table below by their fair value hierarchy level pursuant to IFRS 13 and based on the information and input factors used to determine them.

No transfers between Levels 1 and 2 took place in the reporting period.

The fair value of Level 1 financial instruments was determined on the basis of stock market quotations as at the balance sheet date.

The fair value of Level 2 financial instruments was determined in line with generally acknowledged valuation models based on discounted cash flow analyses and using observable current market prices for similar instruments. The fair value of currency forwards is determined using the mean spot rate on the balance sheet date, adjusted up or down to reflect the remaining term of the futures contract. The fair value of interest-rate derivatives is determined on the basis of the market interest rates and interest-rate curves on the balance sheet date, taking their maturities into account. Jungheinrich has taken counterparty risks into consideration when measuring fair value.

Hierarchy levels for financial instruments measured at fair value

	31/12/2017			31/12/2016		
in thousand €	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets						
Securities (AfS)	118,426	–	118,426	120,869	–	120,869
Derivatives without a hedging relationship (FAHfT)	–	2,053	2,053	256	3,794	4,050
Derivatives with a hedging relationship (n.a.)	–	703	703	–	2,405	2,405
Shareholders' equity and liabilities						
Derivatives without a hedging relationship (FLHfT)	–	3,036	3,036	75	2,442	2,517
Derivatives with a hedging relationship (n.a.)	–	2,325	2,325	–	2,499	2,499

Currency options have been valued on the basis of option pricing models using current market data.

Further information on measurement levels is provided in the chapter on accounting principles.

Current interest rates at which comparable loans with identical maturities as at the balance sheet date could have been taken out were used to determine fair values of liabilities due to banks and promissory notes as well as of receivables and liabilities from financial services.

The fair values of interest-bearing securities with maturities designated as "held-to-maturity financial investments" corresponded to the fair values available as at the balance sheet date.

Cash and cash equivalents, trade accounts receivable and other financial assets primarily have short terms of maturity. Their carrying amounts as at the balance sheet date therefore roughly corresponded to their fair values.

Investments in affiliated companies were measured at acquisition costs in the consolidated financial statements. They did not have a listed market price and their fair value could not be reliably determined.

Investments in companies accounted for at equity were measured using the equity method. They did not have a listed market price and their fair value could not be reliably determined.

It was assumed that the fair values of trade accounts payable and other financial liabilities corresponded to the carrying amounts of these financial instruments owing to their short remaining terms to maturity.

As regards liabilities from the financing of trucks for short-term rental with variable interest rates, for reasons of simplicity, it was assumed that their fair values corresponded to their carrying amounts since the interest rates agreed and realisable on the market were almost identical.

The carrying amounts of current, interest-bearing financial liabilities corresponded almost exactly to their fair values.

Hierarchy levels for financial instruments which are not measured at fair value and for which the carrying amounts are not reasonable approximations of fair values

	31/12/2017			31/12/2016		
in thousand €	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets						
Receivables from financial services	–	901,365	901,365	–	765,053	765,053
Securities (HtM)	52,107	–	52,107	40,609	–	40,609
Shareholders' equity and liabilities						
Liabilities due to banks	–	162,824	162,824	–	123,238	123,238
Promissory notes	–	198,301	198,301	–	99,034	99,034
Lease liabilities from property, plant and equipment and intangible assets	–	15,891	15,891	–	14,393	14,393
Liabilities from financial services	–	1,332,570	1,332,570	–	1,170,535	1,170,535

Net results of financial instruments

in thousand €	From interest and dividends	From subsequent measurement: At fair value	From subsequent measurement: Valuation allowances	Net result 2017	Net result 2016
Loans and receivables (LaR)	768	–	–2,402	–1,634	–1,169
Held-to-maturity financial investments (HtM)	78	–	–	78	125
Available-for-sale financial assets (AfS)	–273	565	–	292	–945
Financial assets and financial liabilities held for trading (FAHfT/FLHfT)	–	3,787	–	3,787	11,288
Financial liabilities measured at amortised cost (FLAC)	–23,839	–	–	–23,839	–25,364

The net results of financial instruments recognised in the statement of income are presented by valuation category in the table above.

Interest and dividends from financial instruments are stated as part of interest income and interest expenses in financial income (loss) and in cost of sales.

Net results from the subsequent measurement of securities classified as financial assets available for sale (AfS) recognised at fair value are reclassified from shareholders' equity to the statement of income on the date of their sale. These net results are recognised as part of interest income in financial income (loss).

Net results from the subsequent measurement of derivative financial instruments (FAHfT/FLHfT) recognised at fair value are included in the cost of sales and in other financial income (loss).

Valuation allowances recognised for loans and receivables (LaR) are stated as part of the cost of sales.

Additional information

(33) Consolidated statement of cash flows

Cash flows have been presented independently of the balance sheet structure in the statement of cash flows and are broken down into cash flow from operating activities, investing activities and financing activities. Cash flows from investing and financing activities were directly attributed to corresponding cash flows. Cash flow from operating activities was derived indirectly.

Cash flow from operating activities was derived from net income, which was adjusted to exclude non-cash income and expenses – mainly consisting of depreciation – and taking changes in working capital into account. Cash flow from operating activities also included changes in the carrying amounts of trucks for short-term rental, leased equipment and of certain property, plant and equipment from finance leases primarily consisting of property as well as liabilities and deferred sales and income stemming from the financing of these assets.

Cash flow from investing activities comprised additions and disposals of property, plant and equipment not financed via “finance lease contracts”, of intangible assets primarily consisting of additions to capitalised development costs, purchases and sales of securities, purchase price payments for acquisitions of companies and payments made for investments in companies accounted for using the equity method.

Cash flow from financing activities included capital-related measures, dividend payments, cash flows from obtaining and repaying long-term financial loans including promissory notes and changes in short-term liabilities due to banks.

Cash and cash equivalents at the end of the year corresponded to the amount disclosed for cash and cash equivalents on the balance sheet, minus the cash and cash equivalents not freely available to Jungheinrich. As at the balance sheet date, €9,231 thousand (previous year: €8,815 thousand) in bank balances were pledged to banks. As before, cash and cash equivalents consisted almost exclusively of bank balances as at the balance sheet date.

Development of financial liabilities from financing activities in the year under review

		Cash	Non-cash	
in thousand €	As of 01/01/2017		Currency differences	As of 31/12/2017
Liabilities due to banks	**118,531**	**44,661**	**–2,977**	**160,215**
Short-term bank liabilities	62,612	6,419	–2,093	66,938
Long-term financial loans	55,919	38,242	–884	93,277
Promissory notes	**100,000**	**100,000**	**–**	**200,000**
Total financial liabilities from financing activities	**218,531**	**144,661**	**–2,977**	**360,215**

(34) Contingent liabilities

No Group companies are involved in ongoing legal or arbitration proceedings that could have a considerable impact on the Group's economic situation, are likely to become involved in such litigation, or had done so within the last two years.

The respective Group companies have accrued provisions sufficient to cover financial burdens potentially resulting from other legal or arbitration proceedings.

As at the balance sheet date, Jungheinrich had issued letters of comfort for joint ventures to secure €5,475 thousand in credit lines (previous year: €925 thousand). Furthermore, there was a guarantee for the pro rata rent instalments payable by a joint venture amounting to €2,988 thousand on 31 December 2017 (previous year: €3,795 thousand).

Against the backdrop of the companies' appropriate funding, it was assumed that the underlying obligations would be met; no withdrawals were anticipated.

(35) Other financial obligations

Capital commitments for capital expenditures exclusively on property, plant and equipment totalled €44 million as at the balance sheet date (previous year: €16 million).

At its various locations, Group companies have entered into rental agreements and leases (operating leases) for land and business premises, data processing equipment, office equipment and trucks. The agreements include extension and purchase options, as well as price adjustment clauses. The maturities of future minimum lease payments up to the first contractually agreed termination date are shown in the following table.

Future financial liabilities from non-cancellable rental and lease agreements

in thousand €	31/12/2017	31/12/2016
Due within one year	54,104	46,037
Due in one to five years	92,469	70,682
Due in more than five years	26,969	25,047
	173,542	141,766

Recognised expenses of rental and lease instalments from operating leases in 2017 totalled €53,950 thousand (previous year: €49,637 thousand).

(36) Risk management and financial instruments

Risk management principles

The Jungheinrich Group's risk management system is designed to enable the company to identify developments in financial price risks – resulting primarily from interest-rate and currency risks – early on and react to them via systematic courses of action both rapidly and effectively. Furthermore, it ensures that the Group only concludes financial transactions for which it possesses the necessary expertise and technical preconditions.

Financial markets present the opportunity to transfer risks to other market participants who have a comparative advantage or a higher capacity for accepting risks. The Jungheinrich Group makes use of these opportunities solely to hedge risks arising from underlying operating transactions and to invest or raise liquidity. Group guidelines do not allow the conclusion of financial transactions that are speculative in nature. As a rule, the Jungheinrich Group's financial transactions may only be concluded with banks or leasing companies as contractual partners.

The Board of Management as a whole bears responsibility for the initiation of organisational measures required to limit financial price risks. Jungheinrich has established a risk controlling and risk management system that enables it to identify, measure, monitor and control its risk positions. Risk management encompasses the development and determination of methods to measure risk and performance, monitor established risk limits and set up the associated reporting system.

Jungheinrich controls financial risks arising from its core business centrally as part of the Group strategy. Risks stemming from the Jungheinrich Group's financial services operations are subject to a separate risk management system.

Risks specific to the financial services business are determined by residual value risks, refinancing risks and counterparty default risks.

A Europe-wide contract database running on an SAP platform enabling the uniform recording, analysis and measurement of risks associated with financial service agreements throughout the Group is a key element of risk management in the financial services business.

Financial service agreements are refinanced in accordance with the principle of matching maturities and interest rates for customer and refinancing contracts.

Reference is made to the commentary on credit risks as regards general creditworthiness and contingent loss risks in connection with customers.

Group-wide sales guidelines are applied to establish Group-wide parameters concerning maximal allowable residual values for calculating residual value guarantees. Financial service agreements are subjected to a risk assessment once a quarter. This mainly involves measuring all individual agreements at residual value based on current market prices. If a residual value exceeds the current market price, an appropriate provision is accrued to cover the associated risk.

Break clauses agreed on in customer contracts are limited by central parameters and linked to risk-minimising performance targets. The earnings risk potentially resulting from break clauses is also covered by accruing suitable provisions.

Market price risks

Market price risks are risks arising from changes in an item's realisable income or value, with the item being defined as an item on the assets or liabilities side of the balance sheet. These risks result from changes in interest rates, foreign exchange rates, share prices and other items and factors affecting the formation of prices. These parameters are used to determine the interest-rate risk, the currency risk and the share price risk exposure of the Jungheinrich Group. There were no noteworthy risk concentrations in the year under review, as was the case in the previous year.

Interest-rate risk

Interest-rate risks result from the Group's financing and cash investment activity. Fixed and variable-interest items are regarded separately in order to determine this risk. Net positions are formed from interest-bearing instruments on the assets and liabilities sides and hedges are concluded to cover these net positions, if necessary. Interest-rate swaps were used to hedge interest rates in the reporting period.

The Jungheinrich Group's interest-rate risks include cash flow risks arising from variable-interest financial instruments for which no interest-rate hedges have been concluded. These financial instruments were analysed as follows based on the assumption that the amount of liabilities outstanding at the end of the reporting period was outstanding for the full year.

If going interest rates had been 100 basis points higher (lower) on 31 December 2017, income would have been €669 thousand (previous year: €626 thousand) lower (higher).

For interest-rate swaps with an existing hedge relationship as at the balance sheet date, such an increase (decrease) in the market interest level would have resulted in a change in fair value of €+5,239 thousand (€–5,790 thousand) recognised in other comprehensive income.

Currency risks

When calculating this risk position, the Jungheinrich Group considers foreign currency inflows and outflows, primarily from net sales and purchases based on firm and flexible contracts. This risk position reflects the net currency exposure resulting from balancing counteracting cash flows in individual currencies while taking hedges already concluded for the period in question into account. Jungheinrich used foreign currency forwards and currency swaps to manage risks in the reporting period.

The Jungheinrich Group applies the value-at-risk approach to quantify the risk position. The value-at-risk indicates the maximum loss that may not be exceeded before the end of a predetermined holding period with a certain probability (confidence level). Parameters and market volatility, which are used to quantify risk, are calculated based on the standard deviation of logarithmic changes in the last 180 trading days and converted to a one-day holding period with a one-sided confidence level of 95 per cent.

To manage risk, a loss limit for the entire Group is determined based on the company's planning. Furthermore, corresponding lower limits are determined at the individual Group company level. These limits are compared to the current value-at-risk for all open positions as part of monthly reporting.

By applying the value-at-risk method as of 31 December 2017, the maximum risk did not exceed €1,266 thousand (previous year: €821 thousand) based on a holding period of one day and a confidence level of 95 per cent. In the reporting period, the value-at-risk was between a minimum of €1,004 thousand (previous year: €821 thousand) and a maximum of €1,522 thousand (previous year: €1,432 thousand). The average for the year was €1,259 thousand (previous year: €1,177 thousand).

Share price risks

Jungheinrich has invested €125,000 thousand in cash and cash equivalents in a special fund. Shares, stock index funds and share derivatives held in this fund expose the Jungheinrich Group to share price risks. On 31 December 2017, the fund contained a total share exposure of €29,406 thousand (previous year: €27,131 thousand). If the share price had been 10 per cent higher (lower) on 31 December 2017, shareholders' equity would have been €2,941 thousand (previous year: €2,713 thousand) higher (lower).

The special fund is managed to maintain value in order to limit share price risks.

Credit risks

Jungheinrich's exposure to credit risks stems almost exclusively from its core business. Trade accounts receivable from operations are constantly monitored by the business units responsible for them. Credit risks are managed by recognising valuation allowances triggered by events and also by recognising valuation allowances in general.

The entire business is continuously subjected to creditworthiness checks. Given the overall exposure to credit risks, accounts receivable from major customers are not substantial enough to give rise to extraordinary risk concentrations. Agreements made with customers and measures taken within the scope of risk management that minimise the creditworthiness risk largely consist of agreements on prepayments made by customers, the sharing of risks with financers, the permanent monitoring of customers via information portals and the purchase of credit insurance.

The maximum credit risk is reflected by the carrying amounts of the financial assets recognised on the balance sheet. As at the balance sheet date, there were no major agreements that reduced the maximum credit risk such as offsetting arrangements.

Liquidity risks

A liquidity reserve consisting of lines of credit and of cash is kept in order to ensure that the Jungheinrich Group can meet its payment obligations and maintain its financial flexibility at all times. Medium-term credit lines have been granted by the Group's principal banks and are supplemented by short-term credit lines of individual Group companies awarded by local banks.

Counterparty risks

The Group is exposed to counterparty risks that arise from the non-fulfilment of contractual agreements by counterparties. To mitigate these risks, such contracts are only concluded with selected financial institutions, which meet the internal demands placed on the creditworthiness of business partners. The creditworthiness of contractual partners is constantly monitored on the basis of their credit rating, which is determined by reputable rating agencies, as well as on the basis of additional risk indicators. No major risks ensued for Jungheinrich from its dependence on individual counterparties as at the balance sheet date. The market values of derivative financial instruments are adjusted by the risk values calculated using analytical tools (credit value adjustment/debit value adjustment).

The general liquidity risk from the financial instruments used, which arises if a counterparty fails to meet its payment obligations or only meets them to a limited extent, is considered to be negligible.

Hedging relationships

The Jungheinrich Group concludes cash flow hedges to secure, among other things, future cash flows resulting from net sales and purchases of materials that are partially realised and partially forecasted, but highly probable. Comprehensive documentation ensures the clear assignment of hedges and underlying transactions. No more than 75 per cent of the hedged amounts are designated as underlying transactions, which, in turn, can be fully hedged.

To hedge against interest-rate risks, cash flows from the variable tranche of the promissory note (term 2014 to 2019) are hedged via corresponding interest-rate swaps with identical maturities and for the same nominal amount.

When trucks for short-term rental are refinanced by means of credit, an interest-rate swap in the amount of the financing volume is concluded on a rolling basis in order to hedge interest-rate risks.

Furthermore, the variable-interest liabilities existing for the purpose of financing the financial services business via the Group's financing company Elbe River Capital S.A., Luxembourg, are hedged against interest-rate risks via interest-rate swaps.

The hedging relationships can prospectively be classified as highly effective. An assessment of the retrospective effectiveness of hedging relationships is conducted at the end of every quarter.

Nominal values of derivative financial instruments

Nominal values of derivative financial instruments

	Nominal volume of hedging instruments for cash flow hedges		Nominal volume of other derivatives	
in thousand €	Currency hedges	Interest-rate swaps	Currency hedges	Other
31/12/2017				
Total nominal volume	174,825	266,403	228,281	116,319
Maturities of up to one year	160,400	75,755	228,281	91,319
Maturities of one to five years	14,425	188,571	–	25,000
Maturities of more than five years	–	2,077	–	–
31/12/2016				
Total nominal volume	139,534	251,684	195,066	127,668
Maturities of up to one year	123,372	68,928	195,066	102,668
Maturities of one to five years	16,162	179,891	–	25,000
Maturities of more than five years	–	2,865	–	–

The nominal values of the currency hedging contracts primarily contain currency forwards that are used to hedge against rolling twelve-month exposure in individual currencies.

The nominal values of the interest hedges include interest-rate hedges largely concluded to hedge long-term interest rates for variable-interest financing.

The nominal volumes of other derivative financial instruments included futures held in the special fund and interest hedges not accounted for as hedging relationships.

The transactions underlying the cash flow hedges are expected to be realised in line with the maturities of the hedges shown in the table.

Hedging measures were not associated with any material ineffectiveness until the balance sheet date.

Fair values of derivative financial instruments

The fair value of a derivative financial instrument is the price at which the instrument could have been sold on the market as at the balance sheet date. Fair values were calculated on the basis of market-related information available as at the balance sheet date and on the basis of measurement methods stated in note 32 that are based on specific prices. In view of the varying influencing factors, the values stated here may differ from the values realised later on the market.

Fair values of derivative financial instruments

in thousand €	31/12/2017	31/12/2016
Derivative financial assets	**2,756**	**6,455**
Derivatives with a hedging relationship	**703**	**2,405**
Currency forwards/ currency swaps	283	2,275
Interest-rate swaps	420	130
Derivatives without a hedging relationship	**2,053**	**4,050**
Currency forwards/ currency swaps	1,803	3,794
Currency options	18	–
Futures	232	256
Derivative financial liabilities	**5,361**	**5,016**
Derivatives with a hedging relationship	**2,325**	**2,499**
Currency forwards/ currency swaps	1,841	767
Interest-rate swaps	484	1,732
Derivatives without a hedging relationship	**3,036**	**2,517**
Currency forwards/ currency swaps	2,544	2,053
Interest-rate swaps	284	389
Futures	208	75

(37) Segment information

Jungheinrich operates at an international level – with the main focus on Europe – as a manufacturer and supplier of products in the fields of forklift trucks, warehousing and material flow technology as well as of all services connected with these activities.

The Board of Management of Jungheinrich AG acts and makes decisions with overall responsibility for all the Group's business areas. Jungheinrich's business model is designed to serve customers from a single source over a product's entire life cycle.

Segment reporting is in line with the internal organisational and reporting structure, thus encompassing the two reportable segments, i.e. "Intralogistics" and "Financial Services".

The "Intralogistics" segment encompasses the development, production, sale and short-term rental of new material handling equipment and warehousing technology products including logistics systems as well as the sale and short-term leasing of used equipment and after-sales services, consisting of maintenance, repair and spare parts.

Activities undertaken by the "Financial Services" segment encompass the Europe-wide sales financing and usage transfer of forklift truck and warehousing technology products. In line with Jungheinrich's business model, this independent business area supports the operating sales units of the "Intralogistics" segment. In this context, the "Financial Services" segment finances itself autonomously.

Segment information is generally subject to the disclosure and measurement methods applied in the consolidated financial statements. Business segments were not aggregated.

The segment income (loss) is presented as earnings before interest and taxes (EBIT). The reconciliation of consolidated earnings before taxes is an integral part of the presentation. Earnings generated by the "Intralogistics" segment include all of the pro rata earnings for the year of companies accounted for using the equity method, amounting to €2,028 thousand (previous year: €5,785 thousand). Income taxes are not included in the presentation since they are not reported or managed by segment at Jungheinrich. Income taxes are therefore only stated as a summarised item at the Group level. Accordingly, net income is only stated for the Jungheinrich Group.

Capital expenditures, depreciation and amortisation and impairments concern property, plant and equipment and intangible assets, excluding capitalised development expenses. Segment assets and segment liabilities encompass all assets and liabilities allocable to the segment in question. All balance sheet items relating to effective and deferred income taxes are therefore also included.

The reconciliation items include the intragroup net sales, interest and interim profits as well as receivables and liabilities that must be eliminated within the scope of consolidation.

Segment information for 2017

in thousand €	Intralogistics	Financial services	Segment total	Reconciliation	Jungheinrich Group
External net sales	2,714,768	720,557	3,435,325	–	3,435,325
Intersegment net sales	876,801	119,727	996,528	–996,528	–
Total net sales	3,591,569	840,284	4,431,853	–996,528	3,435,325
Segment income (loss) (EBIT)	**287,944**	**11,967**	**299,911**	**–41,300**	**258,611**
Interest income	1,907	96	2,003	–865	1,138
Interest expenses	8,795	858	9,653	–865	8,788
Other financial income (loss)	–7,390	–173	–7,563	–	–7,563
Earnings before taxes (EBT)	273,666	11,032	284,698	–41,300	243,398
Income taxes					61,252
Net income					**182,146**
Non-current assets					
Capital expenditures	87,994	3	87,997	–	87,997
Depreciation and amortisation/impairment	64,530	525	65,055	–	65,055
Intangible assets and property, plant and equipment	602,465	8,782	611,247	–7,420	603,827
Trucks for short-term rental	374,861	–	374,861	–	374,861
Trucks for lease from financial services	–	539,761	539,761	–91,447	448,314
Receivables from financial services	–	890,729	890,729	–	890,729
Cash and cash equivalents and securities	421,727	21,512	443,239	–	443,239
Other assets	1,464,255	277,960	1,742,215	–373,641	1,368,574
Assets 31/12	**2,863,308**	**1,738,744**	**4,602,052**	**–472,508**	**4,129,544**
Shareholders' equity 31/12	1,361,083	88,620	1,449,703	–205,498	1,244,205
Provisions for pensions	219,839	88	219,927	–	219,927
Financial liabilities	448,322	1,557	449,879	–	449,879
Liabilities from financial services	–	1,315,142	1,315,142	–	1,315,142
Other liabilities	834,064	333,337	1,167,401	–267,010	900,391
Liabilities 31/12	1,502,225	1,650,124	3,152,349	–267,010	2,885,339
Shareholders' equity and liabilities 31/12	**2,863,308**	**1,738,744**	**4,602,052**	**–472,508**	**4,129,544**

Segment information for 2016

in thousand €	Intralogistics	Financial services	Segment total	Recon-ciliation	Jungheinrich Group
External net sales	2,459,758	625,091	3,084,849	–	3,084,849
Intersegment net sales	710,998	112,099	823,097	–823,097	–
Total net sales	3,170,756	737,190	3,907,946	–823,097	3,084,849
Segment income (loss) (EBIT)	**247,858**	**11,511**	**259,369**	**–24,400**	**234,969**
Interest income	815	191	1,006	–831	175
Interest expenses	8,196	731	8,927	–831	8,096
Other financial income (loss)	–11,321	–2	–11,323	–	–11,323
Earnings before taxes (EBT)	229,156	10,969	240,125	–24,400	215,725
Income taxes					61,370
Net income					**154,355**
Non-current assets					
Capital expenditures	58,988	–	58,988	–	58,988
Depreciation and amortisation/impairment	62,167	819	62,986	–	62,986
Intangible assets and property, plant and equipment	576,899	9,760	586,659	–7,420	579,239
Trucks for short-term rental	326,416	–	326,416	–	326,416
Trucks for lease from financial services	–	474,165	474,165	–79,498	394,667
Receivables from financial services	–	751,842	751,842	–	751,842
Cash and cash equivalents and securities	356,560	18,917	375,477	–	375,477
Other assets	1,263,182	239,622	1,502,804	–287,467	1,215,337
Assets 31/12	**2,523,057**	**1,494,306**	**4,017,363**	**–374,385**	**3,642,978**
Shareholders' equity 31/12	1,206,655	81,663	1,288,318	–174,185	1,114,133
Provisions for pensions	222,597	93	222,690	–	222,690
Financial liabilities	314,637	4,858	319,495	–	319,495
Liabilities from financial services	–	1,155,740	1,155,740	–	1,155,740
Other liabilities	779,168	251,952	1,031,120	–200,200	830,920
Liabilities 31/12	1,316,402	1,412,643	2,729,045	–200,200	2,528,845
Shareholders' equity and liabilities 31/12	**2,523,057**	**1,494,306**	**4,017,363**	**–374,385**	**3,642,978**

Alongside the scheduled depreciation of property, plant and equipment as well as trucks for short-term rental, the main non-cash items stated as part of "Intralogistics" segment income are changes in provisions for pensions and provisions for personnel with an effect on profit or loss.

The following tables report net sales by region and show non-current assets affecting intangible assets and property, plant and equipment, broken down by region.

Net sales by region

in thousand €	2017	2016
Germany	851,331	753,175
Italy	350,235	321,442
France	349,298	300,670
United Kingdom	237,665	227,407
Other Europe	1,232,113	1,079,505
Other countries	414,683	402,650
	3,435,325	3,084,849

Non-current assets by region

in thousand €	31/12/2017	31/12/2016
Germany	400,114	378,959
Other Europe	111,779	107,242
Other countries	61,643	62,747
Consolidation	30,291	30,291
	603,827	579,239

There were no relations with individual external customers accounting for a material share of net sales with respect to consolidated net sales in the 2017 or 2016 financial years.

(38) Earnings per share

The basis for calculation is net income as reported in the consolidated statement of income, as this is attributable in full to the shareholders of Jungheinrich AG.

Earnings per share

		2017	2016
Net income	in thousand €	182,146	154,355
Shares outstanding[1]			
Ordinary shares	in thousand units	54,000	54,000
Preferred shares	in thousand units	48,000	48,000
Earnings per share (diluted/undiluted)			
Earnings per ordinary share	in €	**1.78**	**1.50**
Earnings per preferred share	in €	**1.80**	**1.52**

1 Weighted average

In the 2017 and 2016 financial years, no equity instruments diluted the earnings per share on the basis of the respective shares issued.

(39) Events after the close of the 2017 financial year

In January 2018, Jungheinrich acquired Grupo Agencia Alemana, its long-standing distribution partner in South America, to process the markets in Colombia, Peru and Ecuador in direct sales. The provisional consideration transferred consists of a fixed purchase price of a two-digit million euro amount. Due to the short space of time between the date of acquisition and the date of completion of these consolidated financial statements, no fair value adjustments can currently be quantified and no additional disclosures required under IFRS 3 regarding the acquisition of Grupo Agencia Alemana can be made.

There were no further transactions or events of material importance for Jungheinrich after the close of the 2017 financial year.

(40) Fees for the auditor of the consolidated financial statements

Details on the fees charged by the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, for the year under review are presented in the following table.

Fees charged by the auditor

in thousand €	2017
Audit services	477
Other assurance services	–
Tax services	–
Other services	31
Total	**508**

The other services related to two projects on data protection and IT security.

(41) Related party disclosures

Jungheinrich AG's major ordinary shareholders are LJH-Holding GmbH, Wohltorf, and WJH-Holding GmbH, Aumühle.

In addition to the subsidiaries included in the consolidated financial statements, Jungheinrich has business relationships with joint ventures and affiliated, non-consolidated subsidiaries. All the relationships with these companies are the result of normal business activities and are conducted on arm's length terms. The transactions with non-consolidated subsidiaries were of minor amounts.

The volume of trade between fully consolidated companies of the Jungheinrich Group and joint ventures are presented in the following table.

Business relations with joint ventures

	Products and services provided		Products and services received	
in thousand €	2017	2016	2017	2016
JULI Motorenwerk s.r.o., Czech Republic[1]	85	24	60,084	59,611
Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., China[1]	12,585	29,214	2,969	6,462
Other joint ventures	183	74	223	219
	12,853	29,312	63,276	66,292

	Trade accounts receivable from		Trade accounts payable to	
in thousand €	31/12/2017	31/12/2016	31/12/2017	31/12/2016
JULI Motorenwerk s.r.o., Czech Republic[1]	–	–	3,794	3,636
Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., China[1]	8,786	5,165	–	1,220
Other joint ventures	–	–	4	–
	8,786	5,165	3,798	4,856

1 Including subsidiaries

On 31 December 2017, other liabilities from financing vis-à-vis Irapol Sp. z o.o., Łódź (Poland) amounted to €20 thousand (previous year: €– thousand).

On 31 December 2017, other liabilities from financing vis-à-vis Supralift GmbH & Co. KG, Hofheim am Taunus (Germany) amounted to €60 thousand (previous year: €60 thousand).

Members of the Board of Management or Supervisory Board of Jungheinrich AG are members of supervisory boards or comparable committees of other companies with which Jungheinrich AG has relations as part of its operating activities. All transactions with these companies are conducted on arm's length terms.

Information about the remuneration of the Supervisory Board and the Board of Management can be found in note 42.

(42) Total remuneration of the Board of Management and the Supervisory Board

Post-employment benefits include the current service cost resulting from the defined benefit obligations to the members of the Board of Management.

Remuneration of the Board of Management itemised by member, divided according to basic and performance-related components in accordance with Section 314, Paragraph 1, Item 6a, Sentences 5 to 8 of the German Commercial Code (HGB) has not been disclosed because the Annual General Meeting on 24 May 2016 passed a resolution to this effect for a period of five years.

Total remuneration of the members of the Board of Management pursuant to Section 315e HGB in connection with Section 314 Paragraph 1 Item 6a Sentence 1 HGB amounted to €8,659 thousand in 2017 (previous year: €7,206 thousand).

No advances or loans to members of the Board of Management or the Supervisory Board of Jungheinrich AG existed on 31 December 2017, as in previous years.

Emoluments of former members of the Board of Management amounted to €1,613 thousand (previous year: €788 thousand).

As of 31 December 2017, Jungheinrich AG had accrued a €12,767 thousand (previous year: €13,312 thousand) provision for pensions for former members of the Board of Management.

Remuneration of the active members of the Board of Management and the Supervisory Board

	Board of Management		Supervisory Board	
in thousand €	2017	2016	2017	2016
Short-term benefits	6,244	5,002	1,097	1,130
Termination benefits	927	–	–	–
Post-employment benefits	365	563	–	–
Other long-term benefits	2,415	2,204	–	–
Total	**9,951**	**7,769**	**1,097**	**1,130**

(43) List of equity stakes held by Jungheinrich AG, Hamburg, in accordance with Section 313, Paragraph 2 of the German Commercial Code (HGB)

As of 31 December 2017, the following companies were included in the consolidated financial statements of Jungheinrich AG, Hamburg, by way of full consolidation:

Name and domicile	Share of voting rights and capital in %
Jungheinrich Vertrieb Deutschland AG & Co. KG, Hamburg	100.0
Jungheinrich Norderstedt AG & Co. KG, Hamburg	100.0
Jungheinrich Export AG & Co. KG, Hamburg	100.0
Jungheinrich Service & Parts AG & Co. KG, Hamburg	100.0
Jungheinrich Beteiligungs-GmbH, Hamburg	100.0
Jungheinrich Moosburg AG & Co. KG, Moosburg	100.0
Jungheinrich Degernpoint AG & Co. KG, Moosburg	100.0
Jungheinrich Logistiksysteme GmbH, Moosburg	100.0
Jungheinrich Projektlösungen AG & Co. KG, Offenbach am Main	100.0
Jungheinrich Digital Solutions AG & Co. KG, Hamburg	100.0
Jungheinrich Landsberg AG & Co. KG, Landsberg/Saalekreis	100.0
Jungheinrich Financial Services AG & Co. KG (previously: GmbH), Hamburg	100.0
Jungheinrich Rental International AG & Co. KG, Hamburg	100.0
Jungheinrich Financial Services International GmbH, Hamburg	100.0
Elbe River Capital S.A., Luxembourg, Luxembourg	100.0
Jungheinrich PROFISHOP AG & Co. KG, Hamburg	100.0
Jungheinrich Profishop GmbH, Vienna, Austria	100.0
Jungheinrich PROFISHOP AG, Hirschthal, Switzerland	100.0
Gebrauchtgeräte-Zentrum Dresden AG & Co. KG (previously: GmbH & Co. KG), Klipphausen/Dresden	100.0
Jungheinrich Finances Holding SAS, Vélizy-Villacoublay, France	100.0
Jungheinrich France SAS, Vélizy-Villacoublay, France	100.0
Jungheinrich Finance France SAS, Vélizy-Villacoublay, France	100.0
Jungheinrich Financial Services SAS, Vélizy-Villacoublay, France	100.0
Jungheinrich UK Holdings Ltd., Milton Keynes, United Kingdom	100.0
Jungheinrich UK Ltd., Milton Keynes, United Kingdom	100.0
Jungheinrich Lift Truck Finance Ltd., Milton Keynes, United Kingdom	100.0
Jungheinrich Financial Services Ltd., Milton Keynes, United Kingdom	100.0
Jungheinrich Italiana S.r.l., Rosate/Milan, Italy	100.0
Jungheinrich Rental S.r.l., Rosate/Milan, Italy	100.0
Jungheinrich Fleet Services S.r.l., Rosate/Milan, Italy	100.0
Jungheinrich de España S.A.U., Abrera/Barcelona, Spain	100.0
Jungheinrich Rental S.L., Abrera/Barcelona, Spain	100.0
Jungheinrich Fleet Services S.L., Abrera/Barcelona, Spain	100.0
Jungheinrich Nederland B.V., Alphen a. d. Rijn, Netherlands	100.0
Jungheinrich Finance B.V., Alphen a. d. Rijn, Netherlands	100.0
Jungheinrich Financial Services B.V., Alphen a. d. Rijn, Netherlands	100.0

Name and domicile	Share of voting rights and capital in %
Jungheinrich AG, Hirschthal, Switzerland	100.0
Jungheinrich n.v./s.a., Leuven, Belgium	100.0
Jungheinrich Austria Vertriebsges. m.b.H., Vienna, Austria	100.0
Jungheinrich Fleet Services GmbH, Vienna, Austria	100.0
Jungheinrich Polska Sp. z o.o., Ozarow Mazowiecki/Warsaw, Poland	100.0
Jungheinrich Norge AS, Oslo, Norway	100.0
Jungheinrich (ČR) s.r.o., Ricany/Prague, Czech Republic	100.0
Jungheinrich Svenska AB, Arlöv, Sweden	100.0
Jungheinrich Hungária Kft., Biatorbágy/Budapest, Hungary	100.0
Jungheinrich Danmark A/S, Tåstrup, Denmark	100.0
Jungheinrich d.o.o., Kamnik, Slovenia	100.0
Jungheinrich Portugal Equipamentos de Transporte, Lda., Rio de Mouro/Lisbon, Portugal	100.0
Jungheinrich Lift Truck Ltd., Maynooth, Co. Kildare, Ireland	100.0
Jungheinrich Hellas EPE, Acharnes/Athens, Greece	100.0
Jungheinrich Istif Makinalari San. ve Tic. Ltd. Sti., Alemdag/Istanbul, Turkey	100.0
Jungheinrich spol. s.r.o., Senec, Slovakia	100.0
Jungheinrich Lift Truck Singapore Pte Ltd., Singapore, Singapore	100.0
Jungheinrich Lift Truck Malaysia Sdn. Bhd., Shah Alam/Kuala Lumpur, Malaysia	100.0
Jungheinrich Lift Truck Comercio de Empilhadeiras Ltda., Itupeva-SP, Brazil	100.0
Jungheinrich Lift Truck OOO, Moscow, Russia	100.0
Jungheinrich Parts OOO, Moscow, Russia	100.0
Jungheinrich Lift Truck TOV, Kiev, Ukraine	100.0
Jungheinrich Lift Truck SIA, Riga, Latvia	100.0
Jungheinrich Lift Truck UAB, Vilnius, Lithuania	100.0
Jungheinrich Lift Truck Oy, Kerava, Finland	100.0
Jungheinrich (Shanghai) Management Co., Ltd., Shanghai, China	100.0
Jungheinrich Lift Truck (Shanghai) Co., Ltd., Shanghai, China	100.0
Jungheinrich Lift Truck Manufacturing (Shanghai) Co., Ltd., Qingpu/Shanghai, China	100.0
Jungheinrich Lift Truck Ltd., Samuthprakarn/Bangkok, Thailand	100.0
Jungheinrich Lift Truck India Private Ltd., Mumbai, India	100.0
Jungheinrich Lift Truck Corporation, Houston/Texas, USA	100.0
Jungheinrich Systemlösungen GmbH, Graz, Austria	100.0
Jungheinrich South Africa (Pty) Ltd, Edenvale/Johannesburg, South Africa	100.0
Jungheinrich Romania S.R.L., Tătărani, Romania	100.0
Jungheinrich Rentalift SpA, Pudahuel/Santiago de Chile, Chile	100.0
MIAS Maschinenbau, Industrieanlagen & Service GmbH, Munich	100.0
MIAS Hungary Kft., Gyöngyös, Hungary	100.0
MIAS Holding Inc., Charlotte/North Carolina, USA	100.0
MIAS Property LLC, Charlotte/North Carolina, USA	100.0
MIAS Inc., Charlotte/North Carolina, USA	100.0
MIAS Italia S.r.l., Bolzano, Italy	100.0
MIAS Asia Holding Pte. Ltd., Singapore, Singapore	100.0
MIAS Materials Handling (Kunshan) Co., Ltd., Kunshan, China	100.0
Jungheinrich Australia Holdings Pty Ltd., Adelaide, Australia	100.0
NTP Pty Ltd., Adelaide, Australia	100.0[1]
NTP Fleet Management Pty Ltd., Adelaide, Australia	100.0[1]
Universal-FORMICA-Fonds, Frankfurt am Main[2]	0,0

1 10.0 per cent of the shares are held indirectly via a trust.
2 Included as a structured entity in accordance with IFRS 10

As of 31 December 2017, the following companies were included in the consolidated financial statements of Jungheinrich AG, Hamburg, using the equity method:

Name and domicile	Share of voting rights and capital in %
JULI Motorenwerk s.r.o., Moravany, Czech Republic	50.0
Supralift GmbH & Co. KG, Hofheim am Taunus	50.0
Fujian JULI Motor Co., Ltd., Putian, China	50.0
Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai, China	50.0
Jungheinrich Heli Industrial Truck Rental (Shanghai) Co., Ltd., Shanghai, China	45.5
Jungheinrich Heli Industrial Truck Rental (Changzhou) Co., Ltd., Changzhou, China	45.5
Jungheinrich Heli Industrial Truck Rental (Guangzhou) Co., Ltd., Guangzhou, China	45.5
Jungheinrich Heli Industrial Truck Rental (Tianjin) Co., Ltd., Tianjin, China	45.5
Industrial Components of Texas LLC, Houston/Texas, USA	50.0
Irapol Sp. z o.o., Łódź, Poland	50.0

As of 31 December 2017, the following companies were not included in the consolidated financial statements of Jungheinrich AG, Hamburg:

Name and domicile	Share of voting rights and capital in %
Jungheinrich Katalog Verwaltungs-GmbH, Hamburg[1]	100.0
Gebrauchtgeräte-Zentrum Dresden Verwaltungs-GmbH, Klipphausen/Dresden[1]	100.0
NTP Unit Trust, Adelaide, Australia[1]	100.0
Jungheinrich Latinoamérica y Caribe Ltda., Pudahuel/Santiago de Chile, Chile[1]	100.0
Jungheinrich Lift Truck Middle East (FZE), Sharjah, UAE[1]	100.0
Multiton MIC Corporation, Richmond/Virginia, USA[1]	100.0
Jungheinrich Unterstützungskasse GmbH, Hamburg[1]	100.0
FORTAL Administracào e Participacoes S.A., Rio de Janeiro, Brazil[1]	100.0
Boss Manufacturing Ltd., Leighton Buzzard, United Kingdom[1]	100.0
Motorenwerk JULI CZ s.r.o., Moravany, Czech Republic[1]	50.0
Supralift Beteiligungs- und Kommunikations-Gesellschaft mbH, Hofheim am Taunus[1]	50.0

1 Not included due to its subordinate importance

(44) Application of Section 264, Paragraph 3 and Section 264b of the German Commercial Code (HGB)

The following domestic subsidiaries included in the consolidated financial statements of Jungheinrich AG made use of the waiver pursuant to Section 264, Paragraph 3 and Section 264b of the German Commercial Code (HGB) to a certain extent:

- Jungheinrich Vertrieb Deutschland AG & Co. KG, Hamburg
- Jungheinrich Norderstedt AG & Co. KG, Hamburg
- Jungheinrich Export AG & Co. KG, Hamburg
- Jungheinrich Service & Parts AG & Co. KG, Hamburg
- Jungheinrich Moosburg AG & Co. KG, Moosburg
- Jungheinrich Degernpoint AG & Co. KG, Moosburg
- Jungheinrich Projektlösungen AG & Co. KG, Offenbach am Main
- Jungheinrich Digital Solutions AG & Co. KG, Hamburg
- Jungheinrich Landsberg AG & Co. KG, Landsberg/Saalekreis
- Jungheinrich Rental International AG & Co. KG, Hamburg
- Jungheinrich Financial Services AG & Co. KG, Hamburg
- Jungheinrich PROFISHOP AG & Co. KG, Hamburg
- Gebrauchtgeräte-Zentrum Dresden AG & Co. KG, Klipphausen/Dresden
- Jungheinrich Beteiligungs-GmbH, Hamburg
- Jungheinrich Financial Services International GmbH, Hamburg
- Jungheinrich Logistiksysteme GmbH, Moosburg

(45) Issuance of the declaration regarding the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG)

In December 2017, the Board of Management and the Supervisory Board issued a declaration of compliance with Section 161 of the German Stock Corporation Act (AktG) and made it permanently and publicly accessible on the website of Jungheinrich Aktiengesellschaft.

Hamburg, 27 February 2018

Jungheinrich Aktiengesellschaft
Board of Management

Hans-Georg Frey

Dr Lars Brzoska

Dr Volker Hues

Dr Klaus-Dieter Rosenbach

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, 27 February 2018

Jungheinrich Aktiengesellschaft
The Board of Management

Hans-Georg Frey | Dr Lars Brzoska | Dr Volker Hues | Dr Klaus-Dieter Rosenbach

Independent Auditor's Report

To Jungheinrich Aktiengesellschaft, Hamburg

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Jungheinrich Aktiengesellschaft, Hamburg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2017, and the consolidated statement of income, the consolidated statement of comprehensive income (loss), the consolidated statement of changes in shareholders ` equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2017, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Jungheinrich AG, Hamburg, for the financial year from January 1 to December 31, 2017.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2017, and of its financial performance for the financial year from January 1 to December 31, 2017, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment of goodwill

For the management's comments, please refer to section (2) 'Accounting principles: impairments of intangible assets, property, plant and equipment and trucks for short-term rental' as well as the 'Notes to the consolidated balance sheet' in section (12) 'Intangible assets' of the notes to the consolidated financial statements and to the group management report sections 'Economic and sector environment' and 'Forecast report'.

The financial statement risk

As of December 31, 2017, goodwill was valued at KEUR 35,021 (KEUR: thousand euros).

Goodwill is tested for impairment annually at the level of cash-generating units. For this purpose, the carrying amount is compared with the recoverable amount of each cash-generating unit. If the carrying amount exceeds the recoverable amount of the assets, an impairment loss is recognized. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Impairment testing of goodwill is complex and based on a range of assumptions that require judgment. These include the expected business and earnings performance of the cash-generating units for the next five years, the assumed long-term growth rates and the discount rate used.

As a result of impairment testing, the Company recognized an impairment loss for goodwill in the amount of KEUR 152.

There is the risk for the financial statements that impairment of goodwill is not identified or not in the amount required as of the reporting date. There is also the risk that the related disclosures in the notes are not appropriate.

Our audit approach

By involving our valuation experts, we have also assessed the appropriateness of the key assumptions and calculation methods of the Company. For this purpose we discussed the expected business and earnings development and the assumed long-term growth rates with those responsible for planning. We also reconciled this information with internally available forecasts, e.g. for controlling or investment planning, and with the budget prepared by the Board of Management and approved by the Supervisory Board. Furthermore, we evaluated the consistency of assumptions with external market assessments.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years and the forecasts for financial year 2017 with actual earnings and by analyzing deviations.

Since even small changes to the discount rate can have a significant effect on the results of impairment testing, we compared the assumptions and parameters underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data.

To ensure the computational accuracy of the valuation model used, we verified the Company's calculations on the basis of selected risk-based elements.

In order to take account of forecast uncertainty and the earlier date for impairment testing, we investigated the impact of potential changes in the discount rate on the recoverable amount (sensitivity analysis) by calculating alternative scenarios and comparing these with the Company's figures.

Finally, we assessed whether the disclosures in the notes regarding impairment of goodwill are appropriate.

Our observations

The calculation model used for impairment testing of goodwill is appropriate and in line with the accounting policies to be applied.

The Company's assumptions and parameters used for measurement are appropriate.

The related disclosures in the notes are appropriate.

Update of software components for recognizing and reporting leases for major group entities (software update)

For the management's comments, please refer to section (2) 'Accounting principles: leasing and financial services' as well as the 'Notes to the consolidated balance sheet' in section (15) 'Trucks for lease from financial services', (19) 'Receivables from financial services' and (28) 'Liabilities from financial services' in the notes to the consolidated financial statements and to the 'Financial services' section of the group management report.

The financial statement risk

All of the Group's financial services are combined in the financial services segment. This segment fulfills a service function for sales and distribution within the Group. At the end of 2017, contracts totaled 155 thousand trucks at an original value of EUR 2,486 million. Based on the number of trucks sold, 42% (PY: 40%) were sold via financial services contracts.

In Germany, Austria and Belgium, all software components for the recognition and reporting leases were updated in financial year 2017 in order to significantly improve their performance (software update). For the purpose of recognition, leases are classified into finance leases or operating leases. The classification of leases is based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The new software covers a portfolio of contracts consisting of nearly 40 thousand contracts with customers and a wide array of contractual arrangements. The large number of contracts and classification of leases are complex and involve additional risks associated with the software update.

There is the risk for the financial statements that, as a result of the software update, contracts with customers for financial services are not recognized completely or incorrectly or that they are not correctly classified into the various lease categories and consequently the related receivables and liabilities as well as trucks for lease from financial services, and also the corresponding expenses and income, are recognized inaccurately in the consolidated financial statements.

Our audit approach

With the involvement of our IT experts, we tested the general IT environment, particularly the handling of program changes (execution, testing and release as well as authorization for development and implementation in the production system), for adequacy and effectiveness.

We obtained an understanding of the processes for data entry and processing of leases during the software update based on interviews with employees as well as by inspecting transactions selected on the basis of risk. To assess the completeness and accuracy of data entry, relevant controls were identified and tested for their adequacy and effectiveness. To that end, we inspected individual procedures on a sample basis and reconciled the system data to the underlying leases. We also verified and assessed the calculation methods used by the software for determining receivables and liabilities as well as trucks for lease from financial services, as to whether these calculation methods are consistent with the accounting policies to be applied.

Our observations

The accounting treatment of receivables and liabilities as well as trucks for lease from financial services, and of the corresponding lease expenses and income, using the updated software is consistent with the accounting policies to be applied.

Other Information

Management is responsible for the other information. The other information comprises the annual report, with the exception of the audited consolidated financial statements and group management report and our auditor's report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on May 16, 2017, and therefore are also elected as group auditor pursuant to Section 318 (2) HGB. We were engaged by the supervisory board on October 23, 2017. We have been the group auditor of Jungheinrich Aktiengesellschaft, Hamburg, since financial year 2017.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

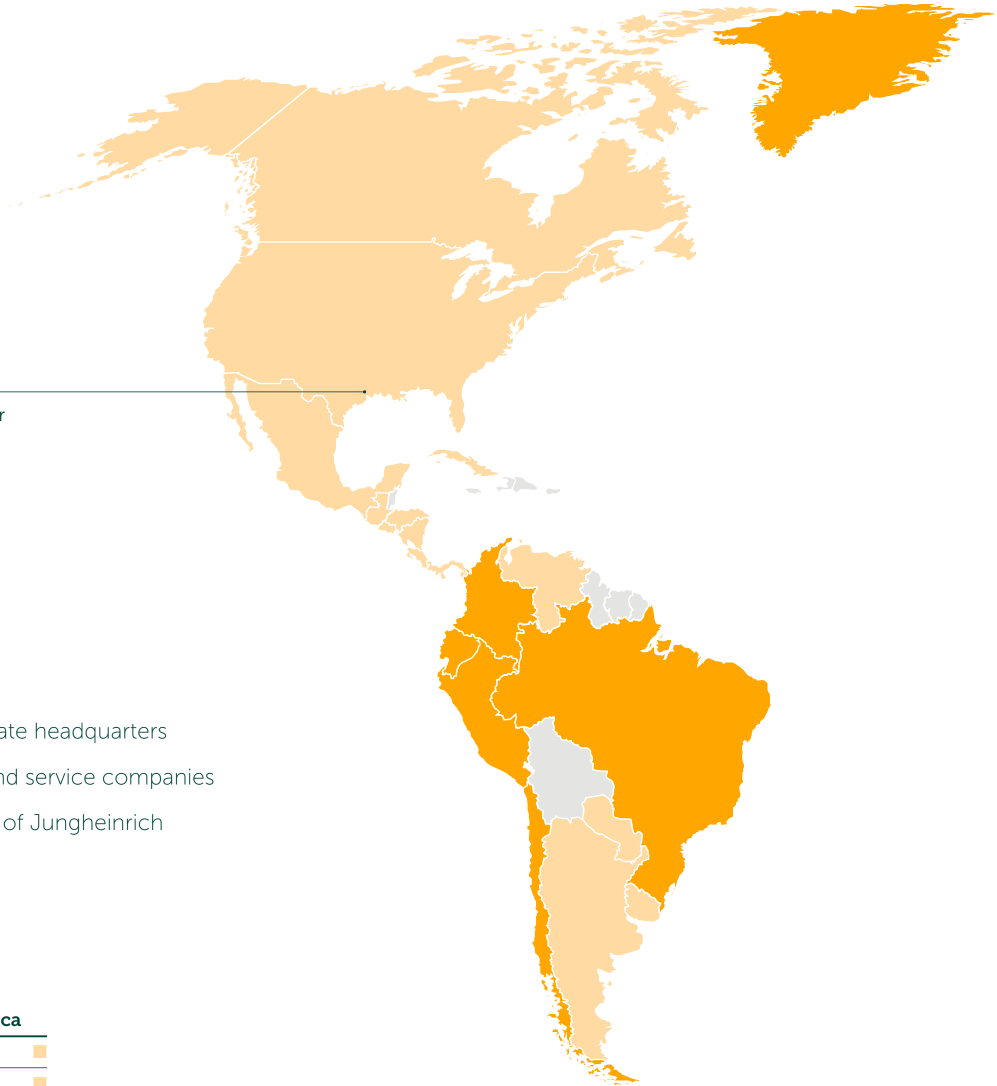
The German Public Auditor responsible for the engagement is Dr. Jochen Haußer.

Hamburg, February 27, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Schmelzer Wirtschaftsprüfer [German Public Auditor]	Dr. Haußer Wirtschaftsprüfer [German Public Auditor]

Jungheinrich worldwide
Locations



Houston
Design Center

- Corporate headquarters
- Sales and service companies
- Partner of Jungheinrich

North America

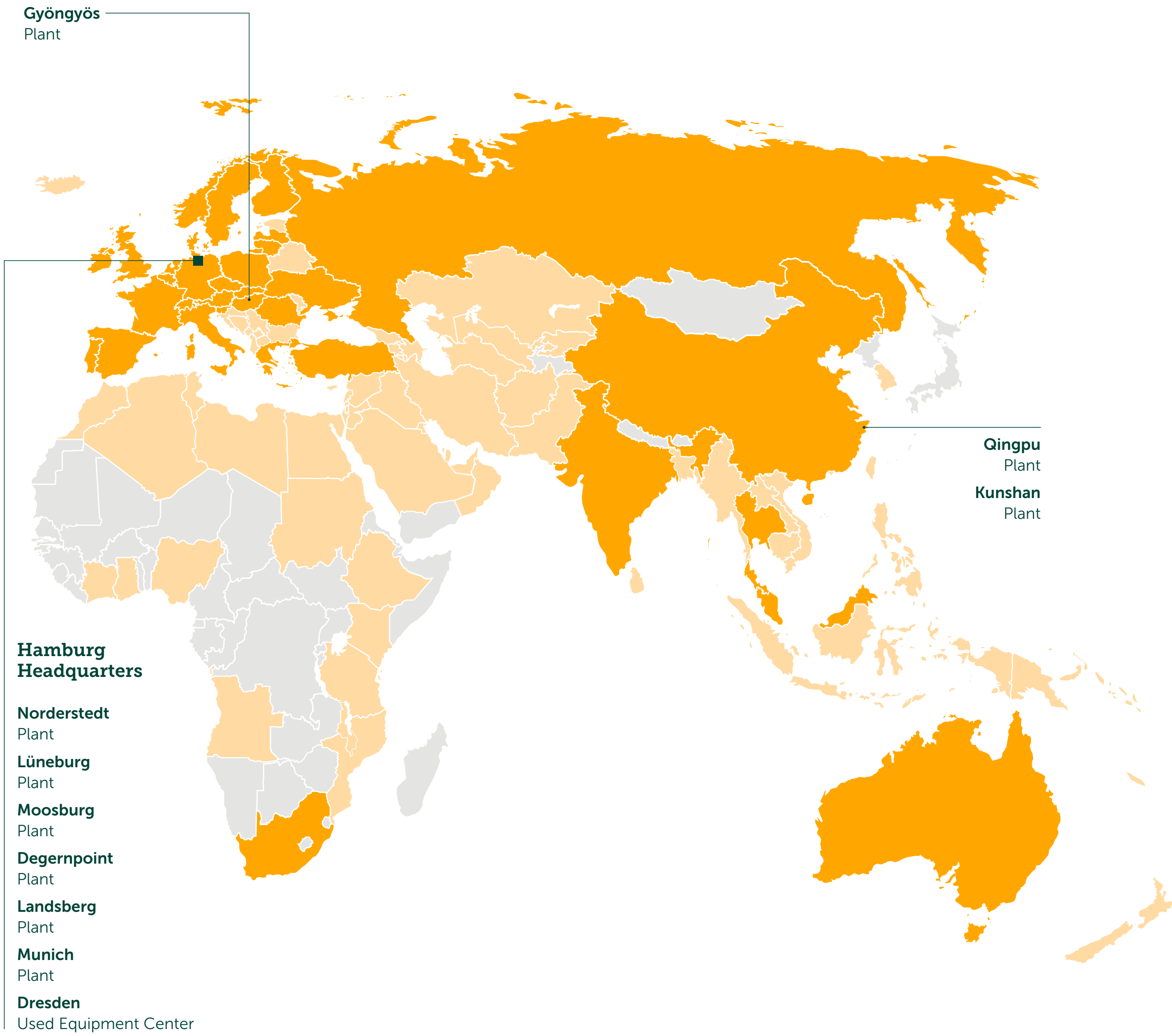
Canada
Mexico
USA

Latin America

Argentinia
Brazil
Chile
Columbia
Costa Rica
Cuba
Ecuador
El Salvador
Guatemala
Honduras
Nicaragua
Panama
Paraguay
Peru
Uruguay
Venezuela

Europe

Albania
Austria
Belarus
Belgium
Bosnia and Herzegovina
Bulgaria
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
Ireland
Italy
Kosovo
Latvia
Lithuania
Luxembourg
Macedonia
Malta
Moldavia
Montenegro
Netherlands
Norway
Poland
Portugal
Romania
Russia
Serbia
Slovakia
Slovenia
Spain
Sweden
Switzerland
Turkey
Ukraine
United Kingdom



Middle East and Africa

Algeria	Kenya	Saudi Arabia
Angola	Kuwait	South Africa
Bahrain	Lebanon	Sudan
Egypt	Libya	Syria
Ethiopia	Malawi	Tanzania
Ghana	Marocco	Tunisia
Iran	Mauritius	United Arab Emirates
Iraq	Mozambique	
Israel	Nigeria	
Ivory Coast	Oman	
Jordan	Qatar	

Central Asia

Afghanistan
Armenia
Azerbaijan
Georgia
Kazakhstan
Kyrgyzstan
Pakistan
Turkmenistan
Uzbekistan

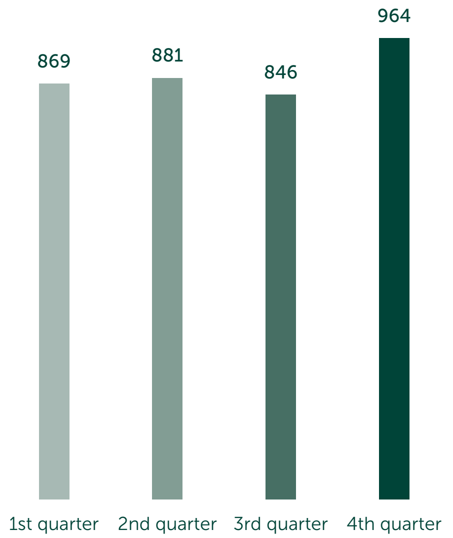
Asia Pacific

Australia	New Zealand
Bangladesh	Papua New Guinea
Cambodia	Philippines
China	Singapore
Hongkong	Sri Lanka
India	South Korea
Indonesia	Taiwan
Laos	Thailand
Malaysia	Vietnam
Myanmar	
New Caledonia	

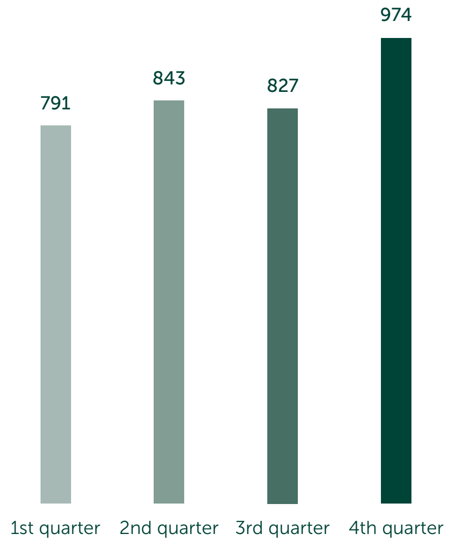
Addresses are available at www.jungheinrich.com

2017 quarterly overview

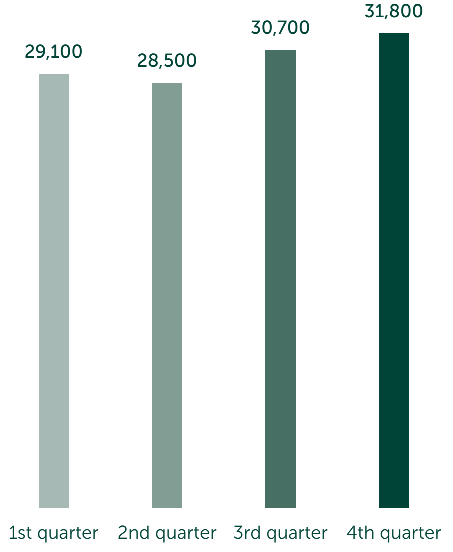
Incoming orders
in million €



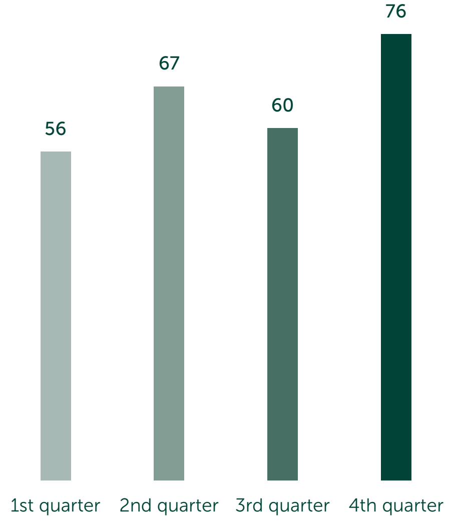
Net sales
in million €



Production
in units



Earnings before interest and taxes
in million €



Five-year overview

Jungheinrich Group		2017	2016	2015	2014	2013
Incoming orders	units	123,500	109,200	97,100	85,600	78,200
	million €	3,560	3,220	2,817	2,535	2,357
Production of material handling equipment	units	120,100	106,300	91,200	83,500	72,500
Net sales	million €	3,435	3,085	2,754	2,498	2,290
thereof Germany	million €	851	753	701	655	613
thereof abroad	million €	2,584	2,332	2,053	1,843	1,677
Foreign ratio	%	75	76	75	74	73
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	million €	543	489	432	383	347
Earnings before interest and income taxes (EBIT)	million €	259	235	213	193	172
EBIT return on sales (EBIT ROS)	%	7.5	7.6	7.7	7.7	7.5
EBIT return on capital employed (ROCE)	%	17	18	18	18	19
Earnings before taxes (EBT)	million €	243	216	198	175	150
EBT return on sales (EBT ROS)	%	7.1	7.0	7.2	7.0	6.6
Net income	million €	182	154	138	126	107
Capital expenditures[1]	million €	88	59	87	84	91
Research and development expenditures	million €	77	62	55	50	45
Balance sheet total 31/12	million €	4,130	3,643	3,349	3,040	2,751
Trucks for short-term rental	million €	375	326	299	248	214
Trucks for lease from financial services	million €	448	395	354[2]	283	259
Receivables from financial services	million €	891	752	692	639	605
Liabilities from financial services	million €	1,315	1,155	1,072	942	871
Shareholders' equity 31/12	million €	1,244	1,114	1,026	900	831
thereof subscribed capital	million €	102	102	102	102	102
Equity ratio (Group)	%	30	31	31	30	30
Equity ratio (Intralogistics)	%	48	48	48	46	47
Return on equity after income taxes (ROE)	%	15	14	14	15	14
Net indebtedness	million €	7	–56	–75	–132	–154
Indebtedness ratio	years	0.02	<0	<0	<0	<0
Employees 31/12	FTE[3]	16,248	15,010	13,962	12,549	11,840
thereof Germany	FTE[3]	6,962	6,511	6,078	5,638	5,356
thereof abroad	FTE[3]	9,286	8,499	7,884	6,911	6,484
Earnings per preferred share	€	1.80	1.52	1.36[4]	1.24[4]	1.06[4]
Dividend per share – ordinary share	€	0.48[5]	0.42	0.38[4]	0.33[4]	0.27[4]
– preferred share	€	0.50[5]	0.44	0.40[4]	0.35[4]	0.29[4]

Explanatory notes to the key financial data: Equity ratio = Shareholders' equity/Total capital x 100; EBIT return on sales (EBIT ROS) = EBIT/Net sales x 100; EBT return on sales (EBT ROS) = EBT/Net sales x 100; EBIT return on capital employed (ROCE) = EBIT/Employed interest-bearing capital[6] x 100; Return on equity after income taxes (ROE) = Net income/Average shareholders' equity x 100; Net indebtedness = Financial liabilities – Cash and cash equivalents and securities; Indebtedness ratio = Net indebtedness/EBITDA (excluding the depreciation of trucks for lease from financial services)

1 Property, plant and equipment and intangible assets excluding capitalised development expenditures
2 Adjusted retroactively due to the classification and valuation of customer leases (NTP)
3 FTE = full-time equivalents
4 Reflects the stock split (1:3); figures adjusted
5 Proposal
6 Shareholders' equity + Financial liabilities – Cash and cash equivalents and securities + Provisions for pensions and long-term personnel obligations

Financial calendar

Balance sheet press conference Publication of the Annual Report 2017	7 March 2018
Analyst conference, Frankfurt am Main	7 March 2018
Annual General Meeting 2018, Theater Neue Flora, Hamburg	17 April 2018
Dividend payment	20 April 2018
Interim statement as of 31 March 2018	4 May 2018
Interim report as of 30 June 2018	9 August 2018
Interim statement as of 30 September 2018	6 November 2018

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