# JUNGHEINRICH

# 4.0

Annual Report 2016

JUNGHEINRICH
Machines. Ideas. Solutions.

# Contents

# Company profile

Established in 1953, Jungheinrich ranks among the world's leading intralogistics companies. Drawing on a balanced portfolio of material handling equipment, logistics systems and services, Jungheinrich offers its customers comprehensive solutions from a one-stop shop. The Group's strategy is designed to generate sustainable, profitable growth and thus increase the company's value.
Our goal is to become the No. 1 intralogistics brand on all European markets and to rank among the top 3 global suppliers worldwide over the long term.

# Key figures at a glance

| Jungheinrich Group | | 2016 | 2015 | Change % |
|---|---|---|---|---|
| Incoming orders | million € | 3,220 | 2,817 | 14.3 |
| | units | 109,200 | 97,100 | 12.5 |
| Production of material handling equipment | units | 106,300 | 91,200 | 16.6 |
| Net sales | million € | 3,085 | 2,754 | 12.0 |
| thereof Germany | million € | 753 | 701 | 7.4 |
| thereof abroad | million € | 2,332 | 2,053 | 13.6 |
| Foreign ratio | % | 76 | 75 | – |
| Orders on hand 12/31 | million € | 610 | 477 | 27.9 |
| Earnings before interest and taxes (EBIT) | million € | 235 | 213 | 10.3 |
| EBIT return on sales (EBIT ROS) | % | 7.6 | 7.7 | – |
| EBIT return on capital employed (ROCE)[1] | % | 17.8 | 17.9 | – |
| Earnings before taxes (EBT) | million € | 216 | 198 | 9.1 |
| EBT return on sales (EBT ROS) | % | 7.0 | 7.2 | – |
| Net income | million € | 154 | 138 | 11.6 |
| Capital expenditures[2] | million € | 59 | 87 | –32.2 |
| Research and development expenditures | million € | 62 | 55 | 12.7 |
| Balance sheet total 12/31 | million € | 3,643 | 3,349 | 8.8 |
| Shareholders' equity 12/31 | million € | 1,114 | 1,026 | 8.6 |
| thereof subscribed capital | million € | 102 | 102 | – |
| Employees 12/31 | FTE[3] | 15,010 | 13,962 | 7.5 |
| thereof Germany | FTE[3] | 6,511 | 6,078 | 7.1 |
| thereof abroad | FTE[3] | 8,499 | 7,884 | 7.8 |
| Earnings per preferred share | € | 1.52 | 1.36[4] | 11.8 |
| Dividend per share – ordinary share | € | 0.42[5] | 0.38[4] | 10.5 |
| – preferred share | € | 0.44[5] | 0.40[4] | 10.0 |

1 EBIT as a percentage of interest-bearing capital employed (cut-off date).
2 Tangible and intangible assets without capitalized development expenditure.
3 FTE = full-time equivalents.
4 Reflects the stock split (1:3); prior-year figures adjusted.
5 Proposal.

## Back to new roots –

In early

**2016**

Jungheinrich inaugurates the newly built corporate headquarters at the traditional address Friedrich-Ebert-Damm 129 in Wandsbek.

MORE THAN

**100,000**

FORKLIFTS MANUFACTURED FOR THE FIRST TIME

**Eight**
awards

for product innovation via design to 'Best Logistics Brand'

Jungheinrich has a global presence in

**36**

countries via direct sales companies and in over

**70**

further countries through partner firms.

**€3.1 billion**

in net sales in 2016

OVER

**15,000**

EMPLOYEES WORLDWIDE

# Our business model

Our integrated business model encompasses the development, production and sale of new trucks as well as the logistics systems and mail order businesses alongside the short-term hire of new and used material handling equipment and the reconditioning and sale of used forklifts, rounded off by maintenance, repair and spare parts operations. In combination with a comprehensive financial services offering, we aspire to be a one-stop shop for customers along a product's entire lifecycle.

NEW
**QUESTIONS.**

COMPREHENSIVE
**ANSWERS.**

INNOVATIVE
**SOLUTIONS.**

# Members of the Board of Management

Dr. Volker Hues • Hans-Georg Frey • Dr. Lars Brzoska • Dr. Oliver Lücke • Dr. Klaus-Dieter Rosenbach (from left)

**Dr. Volker Hues**
Member of the Board of Management
Finance

Further offices held pursuant to Section 125 of the German Stock Corporation Act
Supervisory Board:
A.S. Création Tapeten AG,
Gummersbach

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

Further offices held pursuant to Section 125 of the German Stock Corporation Act
Supervisory Board:
Fielmann AG, Hamburg

Similar control body:
HOYER GmbH, Hamburg
(as of January 1, 2017)

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

**Dr. Oliver Lücke**
Member of the Board of Management
Engineering

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

# To our shareholders

**Ladies and Gentlemen,**

Jungheinrich is shaping the future of intralogistics with sophisticated innovations and reliable solutions. The trends of Industry 4.0—automation, digitization and connectivity—are already instilled with life here at Jungheinrich. Forklift trucks, warehousing systems and technology meld to form something new: holistic solutions. Our field of work: Intralogistics 4.0. We are evolving into Jungheinrich 4.0.

Intralogistics 4.0 is one of the ventricles of the fourth industrial revolution. Warehousing, material handling technology and software form a big whole. Humans, machines, warehouses and systems communicate, cooperate and complete one another. This is a field in which Jungheinrich is a trailblazer. We are a logistics systems provider, software foundry, and mechanical engineer all in one.

Thanks to this expertise, paired with our range of manual to fully automated forklifts, racks, and software from a single source, we rank among the market leaders. Our warehousing solutions: We offer efficient applications across all branches of industry. Even the smallest of parcels reach their destination at the push of a button. High racks with heights of up to 40 meters are automatically catered to by lightning-fast stacker cranes. Our forklifts in 2016: Nearly without a sound, they whirr through their zones, independently pick what they are supposed to, and drive autonomously and safely for everyone to their destination. They are self-sufficient, but fully connected. Digital concepts control real applications.

For many, electric mobility is still a vision of the future—for us, it has been a tradition for decades. Jungheinrich presented its first proprietary battery-powered forklift truck as early as in the 1950s. That was 60 years ago. We draw on this experience to shape progress. We are the technology leader in electric-drive automated guided vehicles. We set standards and are at the pinnacle of technology with our developments in the field of lithium-ion batteries.

We are on the right course: This is evidenced by the figures of the financial year that just ended. Jungheinrich posted double-digit growth yet again. Over €3 billion in net sales and over 100,000 trucks produced send a clear message: Our global team of more than 15,000 employees worldwide develops marketable solutions as well as outstanding products, manufactures them, and successfully places them in the hands of the customer. We stand by this strategy. Our goal is Jungheinrich 4.0. We want to—and will—continue to grow. We have set our sights on €4 billion in net sales by 2020. We took a big step closer to achieving this goal in 2016. We continue to dedicate ourselves to achieving it fully—with all our strength.

Our gratitude goes out to our Jungheinrich employees as well as to the members of the Supervisory Board and in particular to our family shareowners. Moreover, we would also like to express our thanks to you, our shareholders, for the trust you place in Jungheinrich and hope that you remain loyal to us as we continue our journey together.

Sincerely yours,

H. G. Frey

Hans-Georg Frey
Chairman of the Board of Management

# JUNGHEINRICH

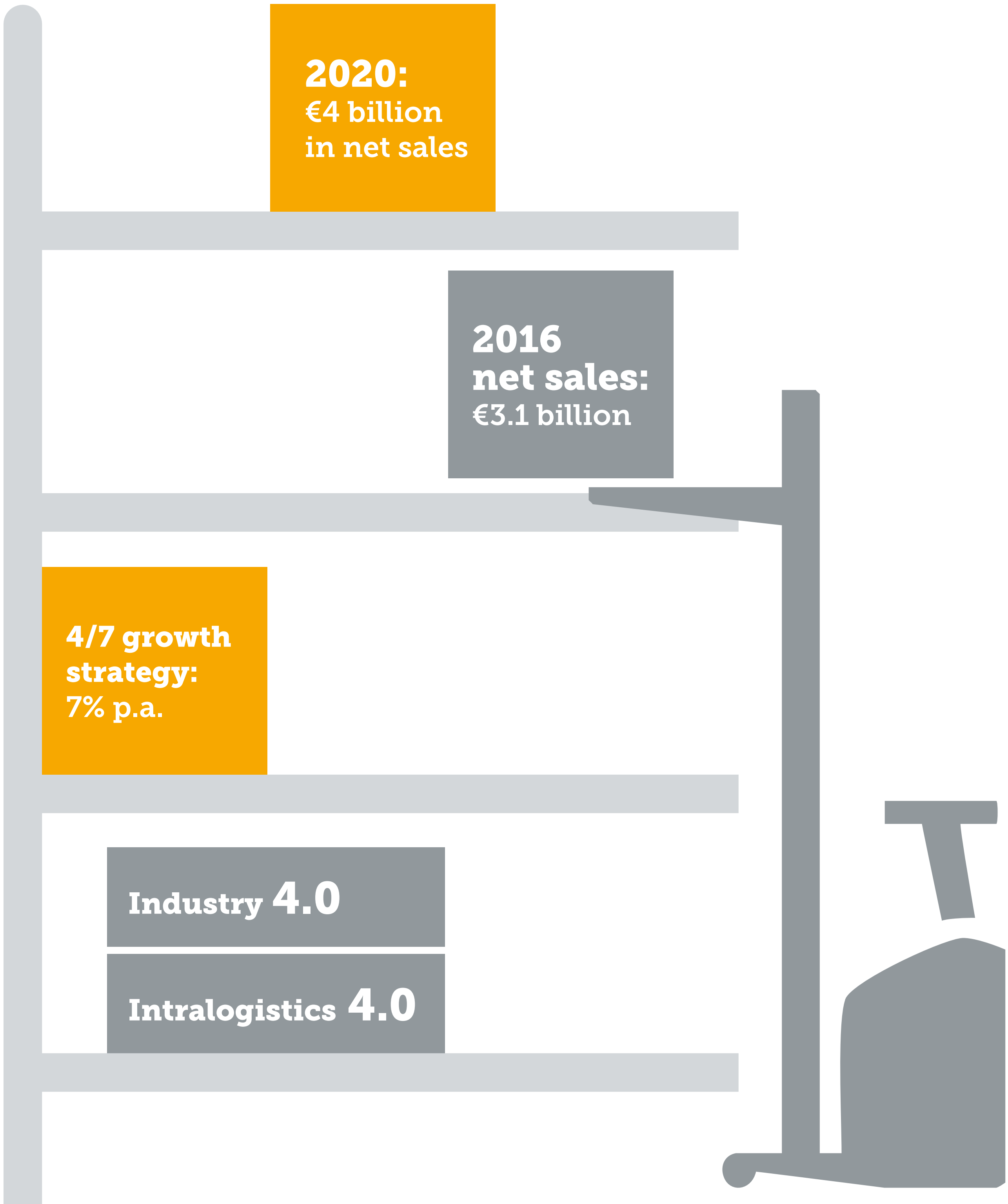
# 4.0

Strategic thinking leads to success—4 is the magic number. The number 4 also plays a pivotal role in Jungheinrich's strategy. In line with our business model, we are distilling the forward-looking Industry 4.0 concept into Intralogistics 4.0. With a clear focus, we are aiming for €4 billion in net sales by 2020. This is the road to our very own future concept: Jungheinrich 4.0.

This term expresses who we are today: an all-round solution provider for mastering the logistical challenges of our customers of all sectors and sizes. We are a reliable partner whenever the task is to mate technology to software both intelligently and efficiently. We identified the opportunities we are afforded by the logistics systems business early on and resolutely refined our business accordingly.

One maxim is: Only if we repeatedly ask new questions will we be able to give our customers convincing answers. And be long-term wayfarers of their success by providing them with innovative solutions.

**4/7 growth strategy:** On our journey to our €4 billion net sales target for fiscal 2020, we aim to achieve 7 per cent annual growth.



# Can a **single person** really **think of everything?**

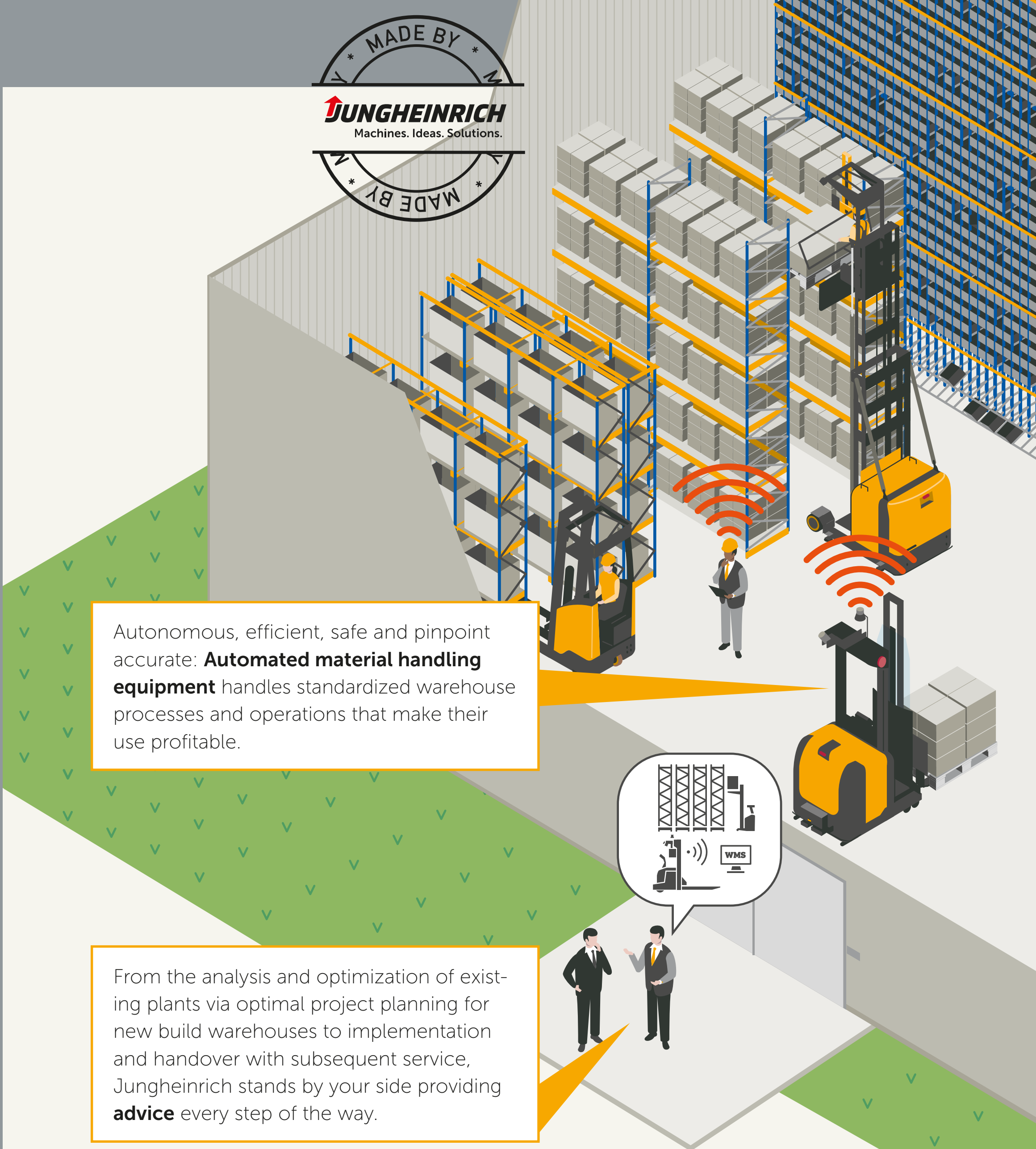
**Efficient.** Harnessing logistical processes in order to create a perfectly functional whole from individual components. Engineering key parts of the process chain in-house, delivering them and integrating them to form a system. Being the master of the entire process. Always knowing which solution is the best match. **This is how efficiency works with Jungheinrich. This name has long been** an icon of far more than just forklifts. It is **an icon of one of the world's leading intralogistics companies.**

Coordinating, setting the rhythm, keeping an overview: As in an orchestra, the art of intralogistics lies in creating harmonious overall solutions from individual components.

# Everything from a single source

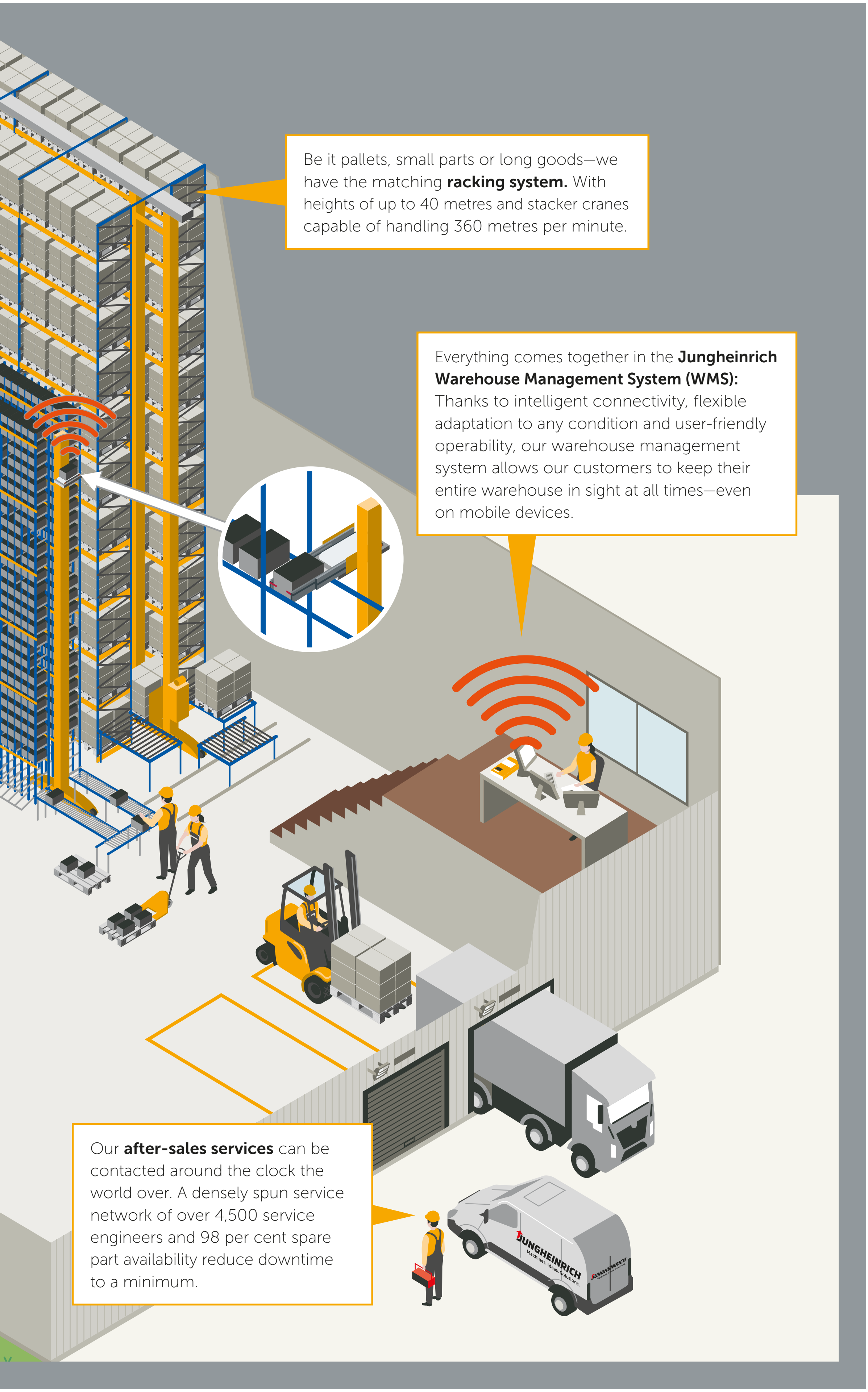
**Our complete offering:**

- General and project planning
- Perfect intralogistics solutions as a combination of forklifts, racks, stacker cranes, conveying technology and software
- Implementation and system integration
- Service and support for logistics systems




Autonomous, efficient, safe and pinpoint accurate: **Automated material handling equipment** handles standardized warehouse processes and operations that make their use profitable.

From the analysis and optimization of existing plants via optimal project planning for new build warehouses to implementation and handover with subsequent service, Jungheinrich stands by your side providing **advice** every step of the way.




Be it pallets, small parts or long goods—we have the matching **racking system.** With heights of up to 40 metres and stacker cranes capable of handling 360 metres per minute.

Everything comes together in the **Jungheinrich Warehouse Management System (WMS):** Thanks to intelligent connectivity, flexible adaptation to any condition and user-friendly operability, our warehouse management system allows our customers to keep their entire warehouse in sight at all times—even on mobile devices.

Our **after-sales services** can be contacted around the clock the world over. A densely spun service network of over 4,500 service engineers and 98 per cent spare part availability reduce downtime to a minimum.

### Intralogistics 4.0

In an increasingly technified world, we have opted for a business model that unites megatrends such as automation, digitization and connectivity. Solutions for complex intralogistics processes that fit like a glove from a one-stop shop—this is our strategic positioning for the future. The task at hand is to think big, while planning every last step with foresight, no matter how small it may be. Our product range makes us unique: For example, we are the world market leader in high-rack stackers. Logistics systems represent a rapidly growing division at Jungheinrich, already accounting for some 25 per cent of new business—and rising.

# Extensive expertise for efficient solutions

**The story begins with an ant.** Early on, Dr. Friedrich Jungheinrich files a trade mark application for 'Ameise' (German for 'ant'). This is what he calls his equipment—inspired by the hard-working insect, which is capable of lifting and carrying loads several times its own weight. The introduction of the hand pallet truck manufactured in-house marks the beginning of the success story—and 'Ameise' becomes a household name in the sector.

**Over 60 years later,** we have tapped into the entire warehouse, coordinating and connecting its components perfectly. In other words, we have evolved from a traditional manufacturer of material handling equipment to an innovative provider of intralogistics solutions. But what does that mean exactly?

**Change of scene.** In a huge warehouse with racks towering up to 40 metres there is a swift flow of goods. Items are constantly received, stored and shipped. The high-bay warehouses: by Jungheinrich. The cranes used to pick the goods: by Jungheinrich. The industrial trucks, many driverless and fully automated: by Jungheinrich. The intelligent software that controls the interplay of all processes: by Jungheinrich. The service, which arrives on site around the clock and nearly everywhere around the globe when needed: by Jungheinrich. The people who plan and roll out this type of warehouse to the very last detail and provide advice on all logistical matters: from Jungheinrich.

**That is Intralogistics 4.0 defined by Jungheinrich.** Our solutions satisfy the need for highly complex in-house logistics processes. Order cycles become shorter, order volumes smaller and customer wishes more individual. After all, when buying behaviour changes, so do expectations. 'Ordered today' now increasingly means 'delivered today.' Stock turnover has to rise in order to be profitable. This calls for powerful, flexible logistical chains with the right degree of automation.

**Managing the sophisticated processes in the warehouse from A to Z** and providing the customer with efficient partial or full solutions—this is a crucial element of our business model. The fact that we already command one of the foremost positions on the world market is testament to a high degree of farsightedness and innovative power. To the fact that we recognized the signs of the times early on and cleverly factored them into our strategic orientation.

**Customers benefit the most from Jungheinrich's solutions:**

In us, they have a partner who thinks of and delivers everything: manual, partially and fully automated forklifts, racking systems and stacker cranes as well as software, service and financing. This enables them to provide their customers with perfect service and gain decisive competitive advantages.

# Milestones of Jungheinrich's logistics systems business

For three decades, Jungheinrich has been creating tailor-made solutions in the field of in-house transportation and warehousing technology—from planning automated systems to their implementation. This is an area which has clearly gained momentum above all in recent years:

**2008** Launch of RFID warehouseNAVIGATION, a contactless transponder technology for semi-automatic forklift control

**2009** 25 per cent stake in 'ISA Innovative Systemlösungen für die Automation GmbH', Graz (Austria), a warehousing and material flow technology software specialist

**2010** Independent quality seal: the Jungheinrich Warehouse Management System is awarded the IML Fraunhofer certificate of quality

**2012/13** Construction of Jungheinrich's Degernpoint factory for the manufacture of state-of-the-art system trucks for manual, partial and fully automated operation

**2013** Establishment of the 'Logistics Systems' Division

Full acquisition of ISA

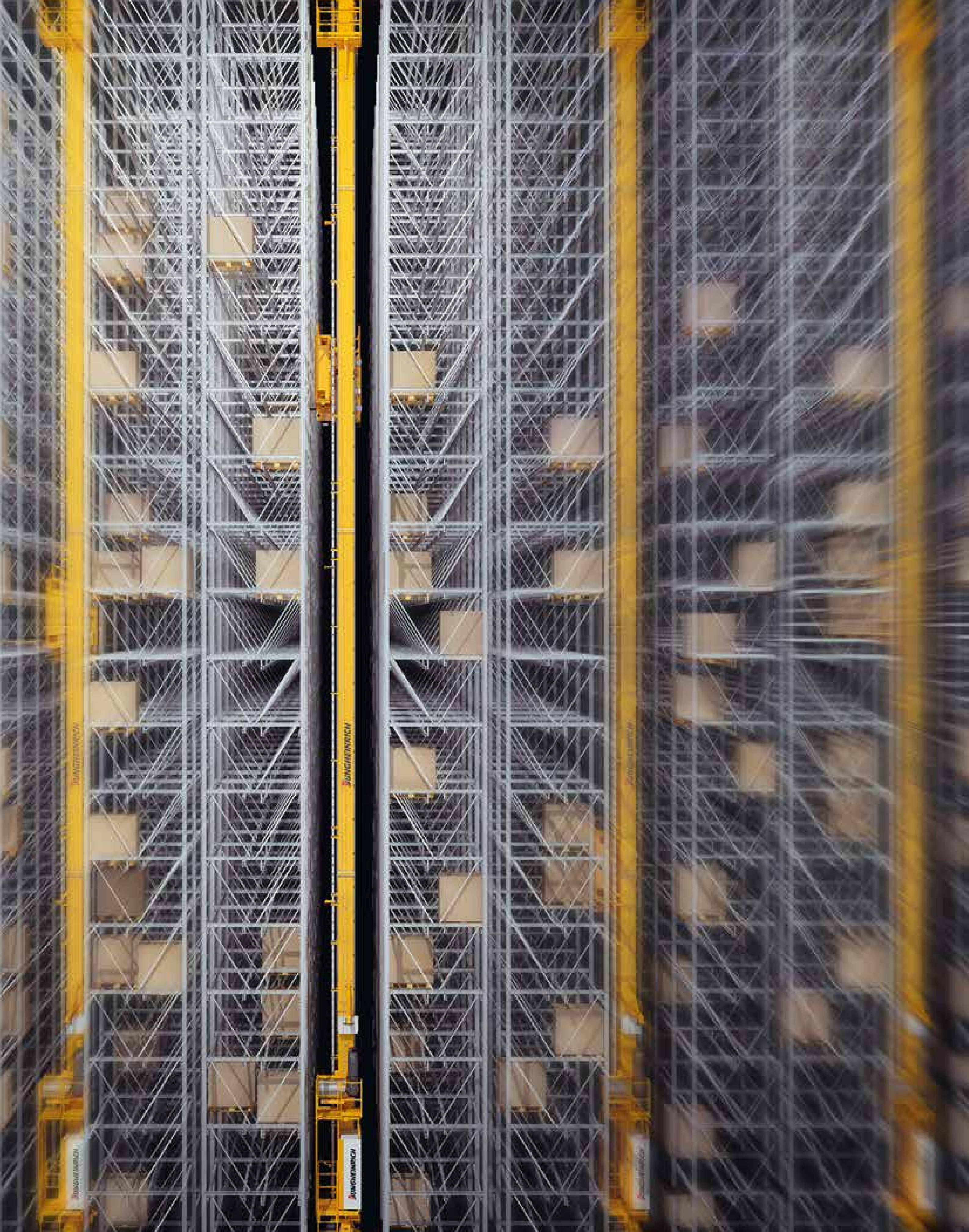
**2015** Setup of a Board of Management office for logistics systems

Acquisition of the MIAS Group, an international warehousing and transportation technology company with leading market positions in stacker cranes and load handling equipment

**2016** 'Logistics Systems' Division generates some €440 million in net sales

Winner of the renowned IFOY Award 2016: Jungheinrich recognized for the Series 5 EKX narrow-aisle stacker

**… 2017** As before, on track with tailor-made solutions for our customers


JUNGHEINRICH

# How **human** are **machines?**

**Innovative.** A machine is always only as intelligent as the person who controls it or invents it in the first place. Anyone who takes a look behind the scenes at Jungheinrich will quickly realize: Technological leadership is inextricably linked to the lifeblood of and passion for our products and the customers who use them. **Optimizing work in the warehouse—and above all making it safer—through innovation: This is the principle that guides Jungheinrich in systematically bringing ideas to the market.**


High technology with a heart and soul: Every one of our forklifts houses the expertise, the experience and the proverbial 'yellow blood' of more than 15,000 Jungheinrich employees the world over.

# Innovative? Safely!

'Jungheinrich—Machines. Ideas. Solutions.' Our brand claim puts the company's core competencies in a nutshell: We unite know-how in mechanical engineering with a passion to innovate, resulting in solution expertise. A retrospective of Jungheinrich's technological milestones shows that our products and solutions contribute above all to optimizing our customers' processes. Also in times of increasing digitization the main task is to improve safety and efficiency.

**Today**

There was a long period of silence around the tow tractor. In the 1980s and 90s, they had difficulty fitting into the warehouse landscape properly. The multifaceted concept is experiencing a renaissance as a result of the modern demands placed on warehouses and equipment. Jungheinrich has returned to a complete product line and launched the **EZS 350 high-performance tow tractor** in the middle of the year, introducing a further innovation to the market, which is now also available as a fully automated vehicle.

**Before**

The tow tractor concept has a long-standing tradition at Jungheinrich. In the 1950s, the first series of trucks already comes equipped with an electric motor and can be expanded by various add-ons based on the construction kit principle. To this very day, this modular approach has been an important success factor in Jungheinrich's comprehensive portfolio.

**Today**

The **3D camera with person recognition** is a driver assistance system that not only detects obstacles, but also distinguishes their category—be it human or object, the system can tell.

**Before**

To prevent accidents, the driverless 'Ameise Teletrak' forklift, which Dr. Friedrich Jungheinrich constructs in 1962, is equipped with a hoop guard that stops the truck immediately upon making contact with a person or an object.

**Today**

Manual order picking is one of the most physically demanding chores in warehouses. To make this workplace as comfortable and ergonomic as possible, Jungheinrich engineers the **ECD 320 horizontal order picker** with ergonomic reach, a low entry step without a raised edge, and a comfortable driving position.

**Before**

1975: To facilitate working with the 'Ameise 300' and increase safety, the operating elements are arranged to emulate car dashes and visibility is improved yet again over that of conventional forklift trucks.

**Today**

The new **easyPILOT driver assistance system** enables the user to remote control the stacker when travelling forwards. This frees up the operator's hands to pick orders and saves time by eliminating the constant hopping on and off the truck.

**Before**

In 1988, Jungheinrich presents a new series of pedestrian-controlled trucks. On pedestrian-controlled forklifts, the tiller arm and handle act as the human-machine interface. To ensure the comfortable control of all functions, they are redesigned, making them intuitive.

**Today**

Jungheinrich presents the first **48V lithium-ion battery system** for reach and counterbalanced trucks, thus continuing the successful development of this technology. The company had begun conducting research on this in 2007 and had launched a global novelty: a replaceable lithium-ion battery the size of a suitcase, which could be charged in just 70 minutes. Weighing in at 151 kilograms at the time, the battery has since evolved into a lightweight, putting a mere 14 kilograms on the scales.

**Before**

In 1996, Jungheinrich is the first company to equip battery-powered forklift trucks with three-phase AC motors. Thanks to this maintenance-free technology, the material handling equipment lives up to the promise expressed by the slogan 'The Turbodiesel of Electric Forklifts!'

**Dr. Friedrich Jungheinrich**
(1899–1968)
Company founder

**'Go for it!' has always been the maxim.**

'Go for it!'—these three words uttered by the company's founder, Dr. Friedrich Jungheinrich, have left a strong mark on our leadership culture. They exude intuition and entrepreneurship, radiate courage, and create trust. We at Jungheinrich have maintained this spirit to this very day: It is firmly linked to our goals and ways of working.

# Research is part of our DNA

Norderstedt near Hamburg. From the outside, it is impossible to tell that this is where the company's innovative heart beats. It is the company's internal values that drive it forward: a team of intelligent individuals and clearly structured innovation management.

**458**

**R&D EMPLOYEES**

IN 2016

If there is such a thing as company DNA, it can be found here in Norderstedt: the early identification of trends, interdisciplinary thinking, the courage to change course and the combination of vision and pragmatism. Added to this is the trust placed in one's employees, the lively dialogue with customers, and the quest for quality, which towers over everything else. The manner in which the Research and Development Department dedicates itself to innovation lets the inventive spirit of Dr. Friedrich Jungheinrich live on.

**Systematic innovation management**

As early as the 1950s and 60s, the company's founder pushed for his staff to take their own initiative with a 'Go for it!' attitude. In line with this motto, Jungheinrich has evolved into an international brand that is an icon of state-of-the-art technology and constant product innovations the world over. Behind this is a systematic approach.

The Norderstedt site is Jungheinrich's research and development hub. To ensure an open door policy for clever ideas and that they always land on the right desk in the sprawling network of our global company, we have deployed a team of global innovation scouts across all locations. They come from various parts of the company—from technology via sales to marketing departments, with a view to including as many aspects in thought and planning processes as possible. They share a central database in which they collect whatever they deem interesting: Be it small product improvements at a customer's suggestion or trend-setting technologies that are conceived of or refined at trade shows.

**21**
**PRODUCT INNOVATIONS**

DEVELOPED IN 2016

**€62 MILLION**
**IN R&D EXPENDITURE**

IN 2016

**From idea collections to series readiness**
This collection of ideas, which is still very varied, is distilled step by step. Everyone involved can already comment on and evaluate the entries in the database itself. Coworkers from the departments regularly meet to talk about the engineering concepts in the pipeline. After this rough assessment, the ideas are shortlisted. This selection is then subjected to a detailed evaluation. This involves reviewing key factors such as costs, risks, market potential, technical feasibility and—in particular—customer benefit, in certain cases even going as far as building prototypes.

Thereupon, once a year, there is a showdown for the R&D Department: Company leadership and management inspect the idea hit list at the big Project Planning Day. This is where it is decided which projects are pursued further and what the next steps are. Will they go directly into series development or are they still in their early stages and thus a case for fundamental research?

**Interdisciplinary teamwork**
One thing is for certain: Innovation management is not a sure-fire success. Instead, it must be driven forward—both dynamically and relentlessly. This was already the conviction of the company's founder Dr. Friedrich Jungheinrich over 60 years ago. To ensure an uninterrupted stream of stimulus, we at Jungheinrich bank on interdisciplinary teamwork as well as on cooperating with universities and associations such as the Intralogistics Research Community. And naturally, we never lose sight of whom we are doing all of this for: our customers. Their feedback is our most important source and their satisfaction is the praise we strive for.

# The future of driving is electric

In these times of Industry 4.0, the energy efficiency megatrend is proving to be the key to being competitive. For Jungheinrich, this issue has long been a driver of innovation to which we are dedicated in many areas of research. Our ambition is to prove our comprehensive energy expertise—from the socket via the battery to the wheel. In other words, from the charging station via energy storage to the drive unit—from a one-stop shop to boot.

In sum, the continuous optimization of the energy efficiency of all components results in longer battery lives without the need for a recharge or swap. We were already successful with '2Shifts1Charge' for lead-acid batteries, which increased service life and operating times up to 16 hours. Our rigorous research and development work has now come to focus on lithium-ion technology, as it owns the future. We are convinced of this for the following reasons:

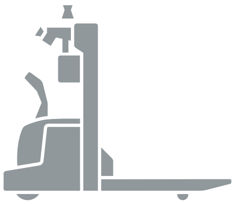
- Mass production and industrial manufacturing will cause the costs of lithium-ion cells to drop further.
- The technology is making a key contribution to reducing carbon dioxide emissions.
- Lithium-ion batteries are much safer to handle than their lead-acid alternative and have triple their lifetime.
- Whereas lead-acid batteries must undergo time-consuming and cumbersome swaps when in three-shift operation, their lithium-ion counterparts are firmly integrated into the forklifts thanks to their fast initial and intermediate charging capability.


JUNGHEINRICH
ECE 225
LI-ION
technology

# Where are the brains of **driverless forklifts?**

**Connected.** The concept of driverless trucks has long ceased to be science fiction, having become reality. They can provide substantial relief in daily warehouse operations—if a clever system ensures that individual components work together intelligently and valuable information is obtained from masses of data. **However, automation has many more facets at Jungheinrich. Our principle: Always think one step further—and manage the swarm.**

More intelligence via connectivity. The animal kingdom is our role model: The coordinated behaviour of individuals with a limited perspective and knowledge creates a superordinate swarm intelligence.



# The fully automated coworker

Rush hour at a handover station. One after the other, delivered pallets must swiftly be inserted into a free slot in the warehouse. The ‘skilled labour’ remains unfazed, every unit always knows the shortest route to the closest slot. As soon as a pallet has been loaded and they are set in motion, their orange beacons—basically located on their ‘heads’—start flashing and they embark on a predefined journey through the warehouse.

The ‘coworkers’ who do their job with such routine and endurance all come from a family called AGV—automated guided vehicles. The forklifts reliably take their loads to their destinations—either fully automatically or in mixed operation with other trucks and people.

**Laser navigation ensures ultimate precision**

The targeted position has nearly been reached. Even without the help of a human eye, the AGV has everything in view—with 360-degree vision. Its laser navigation enables precision driving and pinpointed positioning. Suddenly, an obstacle crops up: The AGV recognizes it on its route and halts in time at a safe distance. As soon as the path has been cleared, it drives off again and stows the pallet. Mission accomplished—next!

**Software orchestrates all the processes**

The intelligent helpers all follow the commands of the warehouse management system. In the Jungheinrich Warehouse Management System (WMS) we have created a powerful brain for efficient warehouse processes. All steps such as stock movements, orders and bookings are managed centrally via the software. Customers are especially appreciative of the fact that the Jungheinrich WMS can be adapted to their individual needs. This allows everyone to benefit from significantly simplified workflow as well as cost and time savings.

Jungheinrich has also developed a smart IT solution for the seamless integration of the Warehouse Management System in existing warehouses: The Jungheinrich Logistics Interface connects a variety of systems and acts as ‘translator.’

# For efficient and safe warehousing processes

**Suitable for every warehouse?**
What is key is automating processes, which has less to do with the size of a company and more with in-house procedures. For instance when employees drive goods from A to B all day long.

**Structured**

AGVs are ideally suited to standardized routine tasks. Material flows and transport routes can be automated efficiently, freeing up manpower for other areas in the warehouse.

**Flexible**

AGVs can be used in fully automatic mode and in mixed operations with manual forklifts and people.

**Tested**

The AGVs build on mass-produced well-engineered Jungheinrich products that have proven themselves in practice. This forms the basis for automation featuring navigation and safety technology—tailored to every customer's needs.

**Adaptable**

Thanks to laser navigation, the AGVs can easily be integrated in existing warehouses.

**Enduring**

The trucks can run up to two shifts on a single charge without swapping batteries and even drive themselves to the charging station.

# Intelligence always included

We assist our customers in optimizing processes increasingly with digital forklift and warehousing technology. For a variety of applications, Jungheinrich offers forward-looking solutions that set standards especially in terms of flexibility and scalability. This development is not new to us: We were using digitized systems before the 21st century.

### Jungheinrich WMS
**Highly intelligent and adaptable**

Everything comes together in the Jungheinrich WMS: Managed intelligently, the software controls and optimizes warehouses of every size and complexity. The result is optimal processes and a near-zero error rate. Thanks to a host of modules, the Warehouse Management System can be designed exactly as the customer needs to have it for use in manual as well as partially or fully automated warehouses. It can be adapted to changes in the warehouse flexibly. The system's forward compatibility ensures that the Jungheinrich WMS remains updateable in the future as well.


### Jungheinrich Logistics Interface
**Smart interface**

Numerous manufacturers and technologies translate into a wide variety of systems. It becomes apparent that they do not speak the same language especially whenever they are supposed to work and communicate with the warehouse management system. With the multiple award-winning Jungheinrich Logistics Interface, Jungheinrich has invented an intelligent 'double-sided connector' that can be used without the need for additional programming. The interface software, which acts like an interpreter between the warehousing equipment and IT, thus enables synchronised material and information flows.

In 2016, the Jungheinrich Logistics Interface received yet another coveted award: The IT solution won the 'Oscar' of the Best of Industry Awards in the Material Flow category.

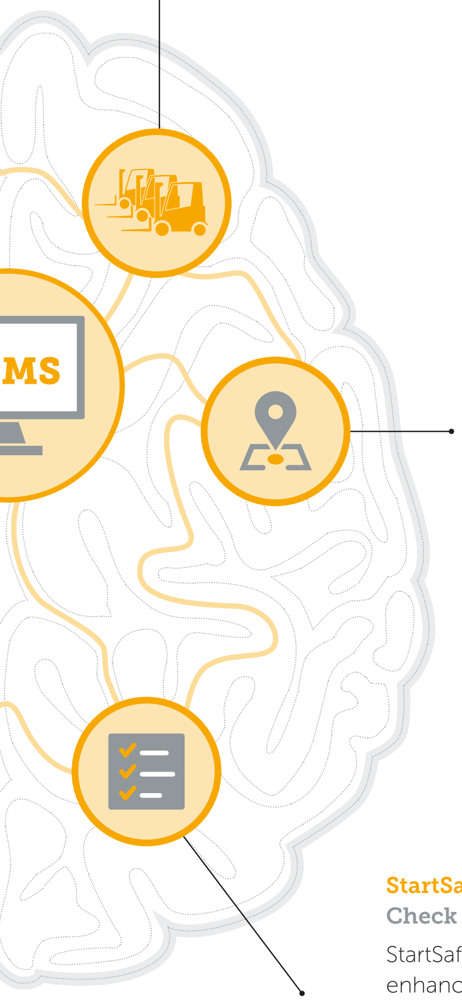
### Call4Service
**Dial-app service**

With the Call4Service app, we make it extremely easy for our customers in currently 25 countries to place Jungheinrich service requests—both for scheduled maintenance and when in need of repairs. It enables forklift type and errors to be transmitted swiftly, and the customer can track the order status around the clock.

### ISM Online

**Increasing transparence, reducing costs**

MBA meets technology: ISM Online pools forklift data and commercial information in a single system—across locations and manufacturers. Customers can use this modular Web application to analyze insightful data on their entire truck fleets. Resulting findings can be used to control in-house logistics efficiently and to make selective safety improvements. Launched in 2011, the system is developing incessantly in line with mounting customer requirements. This is evidenced by new modules for managing batteries and scheduling service independently, among other things.



### Indoor Positioning

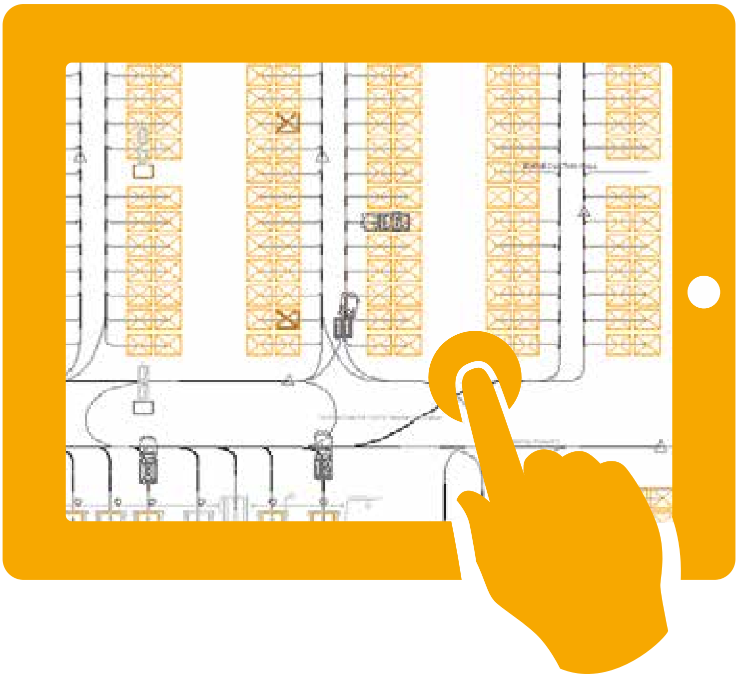
**A constant eye on forklift movements**

Where is all of the material handling equipment located in the warehouse? Indoor Positioning, the intelligent tracking system, is being introduced to the market. It enables you to identify forklift positions and analyze your truck movements – live as well as retrospectively. This information serves as a valuable basis for developing measures to optimize internal warehouse procedures and increase safety, for example by establishing and monitoring permanent speed or storage zones.

### StartSafe

**Check first, then start**

StartSafe is another digital solution developed by Jungheinrich for enhanced safety in warehouses: Before using a forklift, the driver is requested via a mobile or stationary device to inspect it for potential faults. All review reports are recorded and archived electronically and can be called up at any time. This gives customers transparency regarding the state of their fleet and any measures that have already been initiated and enables them to reduce prospective operating and repair costs. Furthermore, this feature exceeds the standards of many national safety agencies, which reduces additional red tape.



# Driving forklifts reinvented

Driving without a driver: This is an area in which the logistics sector is several steps ahead of the automotive industry. Whereas the technology is still being developed there, it has already been firmly integrated into the network here.

As automation progresses, automated guided vehicles (AGVs) perform important tasks in the warehouse. The objective is to supplement human forklift drivers sensibly—not replace them. After all, the human factor will be indispensable for a long time given the complexity of the procedures.

But despite this, the working world is changing in line with the warehousing world. In intelligent, networked warehouses, personnel, forklifts, products and resources communicate with each other in real time. One-sided and ergonomically harmful activities as well as fixed transport routes are increasingly being entrusted to AGVs, which is reflected in higher productivity and safety as well as lower error rates. Moreover, this frees personnel up for more demanding tasks, opening the door to more sophisticated applications. Prospectively, this could lead to entirely new job descriptions and focal points of activity. After all, warehouse logistics are constantly on the move!


JUNGHEINRICH
EKS 215a
15 14

# Report of the Supervisory Board

## Focal points of Supervisory Board activity

In 2016, Jungheinrich passed major milestones in implementing its 2020 strategy. In particular, the company succeeded in generating over €3 billion in net sales, while maintaining the EBIT margin. This outstanding overall performance is based on the well intermeshed interplay of the five offices of the Board of Management, the significant rise in momentum in all divisions, and the success garnered by our international activities, which include long-term company initiatives.

The Supervisory Board closely oversaw and constructively advised the Board of Management in relation to all deliberations, potential scenarios and measures.

In this context, the four newly elected Supervisory Board members integrated themselves well into the corporate body.

## Cooperation between the Supervisory Board and the Board of Management

The Supervisory Board was involved early and extensively in the relevant matters by the Executive Board, enabling aspects deserving attention to be discussed in good time. Furthermore, the Supervisory Board was constantly updated based on precisely worded reports on the development of business in the Group companies, the financial position, the headcount trend, and the status of investments.

In addition, the Supervisory Board and its Finance and Audit Committee concerned themselves with the company's opportunity and risk management, internal control system, and compliance. The invitation to tender for the audit of the financial statements for the 2017 financial year in compliance with the applicable EU regulation and the preparation of the required resolutions to be passed by the Supervisory Board and the Annual General Meeting on May 16, 2017 accounted for a large portion of the work of the Finance and Audit Committee in the year being reviewed. Upon weighing all factors carefully, based on the outcome of the call for bids, the Finance and Audit Committee recommended to the Supervisory Board that it propose to the Annual General Meeting that new independent auditors be elected. The Supervisory Board endorsed this recommendation. The entire Supervisory Board thanks the current independent auditors, Deloitte, for the years of cooperation and the oversight in performing the monitoring tasks legally required of the Supervisory Board.

The Chairman of the Supervisory Board and the Chairman of the Finance and Audit Committee discussed matters with the Board of Management and prepared decisions of the plenary session between meetings as well.

## Main issues addressed in Supervisory Board meetings

Jungheinrich AG's financial statements for the parent company and the Group as of December 31, 2015 were discussed and approved in the balance sheet session on March 15, 2016. Moreover, on May 24, 2016, the Annual General Meeting passed a resolution to conduct a 1:3 stock split. In addition, the agenda for the Annual General Meeting was adopted.

The newly elected Supervisory Board and its committees held their inaugural session at the Supervisory Board meeting immediately following the Annual General Meeting on May 24, 2016.

In the session on September 27, 2016, the Board of Management reported on the continuation of the engineering strategy for products and components.

The planning for fiscal 2017 was thoroughly discussed and adopted at the meeting on December 14, 2016. The proposal to the Annual General Meeting on May 16, 2017 regarding the election of the independent auditors for fiscal 2017 was adopted on the basis of the invitation to tender and the recommendation of the Finance and Audit Committee. In addition, the Supervisory Board's declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (Corporate Governance Code declaration) was adopted.

## Work of the Supervisory Board committees

The Finance and Audit Committee held six sessions in the year under review and one meeting as a conference call. It concerned itself in particular with all matters relating to the financial statements of Jungheinrich AG for the parent company and the Group and the independent audit (results of the independent auditors' audits, determination of the focal points of the audits, additional services rendered by the independent auditors, the fees and the preparation of the appointment). Moreover, it concerned itself in great depth with the call for bids for the audit of the financial statements for fiscal 2017 and the corresponding resolution recommended to the Supervisory Board as well as the state of a foreign pension fund. Furthermore, the Committee fulfilled the tasks entrusted to it, namely the monitoring of the accounting process and the effectiveness of the internal control systems, of the risk management system and of the Internal Audit Department while also concerning itself with issues of compliance.

In the year being reviewed, the Personnel Committee convened at three meetings and held two sessions using the written procedure. The Committee prepared all the topics entrusted to it—in particular imminent contract extensions and compensation matters—for the Supervisory Board's plenary session. The Committee concerned itself again in depth with the development of the potential future staffing of executive positions within the Group with budding professionals.

## Separate and consolidated financial statements as of December 31, 2016

The separate financial statements for the period ended December 31, 2016 and the management report of Jungheinrich AG, the accounts for 2016 as well as the consolidated financial statements for the period ended December 31, 2016 and the Group management report of Jungheinrich AG were audited by Hamburg-based Deloitte GmbH Wirtschaftsprüfungsgesellschaft. The independent auditors did not express any reservations regarding the financial statements and confirmed this in their unqualified auditor's certification. At its meeting, the Finance and Audit Committee received a report from the independent auditors on their results during the audit and thoroughly reviewed the Board of Management's supporting documents for the parent company and consolidated financial statements using the audit reports of Deloitte. Members of the Supervisory Board attended the meeting of the Finance and Audit Committee in preparation of the passage of the resolutions on the 2016 financial statements by the Supervisory Board. All of the Supervisory Board members acknowledged the proposal for the appropriation of the balance sheet profit for the 2016 financial year. Based on the findings of the independent auditors, the internal control system, the risk management system and the compliance system were not objectionable. In addition, there were no observations concerning the declaration of compliance in accordance with Section 161 of the German Stock Corporation Act.

Jürgen Peddinghaus, Chairman of the Supervisory Board

On the basis of the in-depth examination of the parent company's financial statements, the management report, the consolidated financial statements and the Group management report, the Supervisory Board did not raise any objections to these financial statements and approved the result of the audit conducted by the independent auditors at its meeting on March 21, 2017. The Supervisory Board thus approved the parent company and consolidated financial statements of Jungheinrich AG as of December 31, 2016.

The financial statements of Jungheinrich AG as of December 31, 2016 are thus adopted. The Supervisory Board endorses the Board of Management's proposal for the appropriation of the balance sheet profit for the 2016 financial year.

## Personnel matters

At the meeting on March 15, 2016, Dr. Klaus-Dieter Rosenbach was re-appointed as the member of the Board of Management in charge of logistics systems for a period of three years with effect from January 1, 2017.

In the session on May 24, 2016, Dr. Lars Brzoska was re-appointed as the member of the Board of Management in charge of marketing and sales for a period of three years with effect from April 1, 2017.

The new Supervisory Board began its work after the Annual General Meeting on May 24, 2016. In retrospect, the new Supervisory Board members integrated themselves well into the corporate body and in sum, the Supervisory Board was able to continue its work just as constructively as before.

On behalf of the entire Supervisory Board, I would like to take this opportunity to express our sincere gratitude to the members who left the Supervisory Board after the Annual General Meeting in May 24, 2016, Detlev Böger, Joachim Kiel, Hubertus von der Recke and Dr. Peter Schäfer, for their dedicated and valuable cooperation for the benefit of the company.

The Supervisory Board thanks the Board of Management and the entire staff for their successful work during the 2016 financial year.

Hamburg, March 21, 2017

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 May 5, 2015, the Supervisory Board and the Board of Management hereby 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 the Supervisory Board consider the Code, which was most recently amended by the German Corporate Governance Code Government Commission in May 2015, to be an important guideline for both inwardly and outwardly oriented corporate governance. In the year being reviewed, the Board of Management and the Supervisory Board scrutinized the recommendations and suggestions critically yet again, 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 nearly without restriction. 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 composed of five members, runs the company's operations and assumes responsibility for this.

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. Since the new elections in the year under review, four women have belonged to the Supervisory Board, two of whom were elected by the shareholders and employees, respectively. The company thus satisfies the legally mandated minimum female quota of 30 per cent. A balance between experience and qualification as well as expertise and diversity is important to the company when staffing 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 Annual General Meeting is the company's highest corporate body—a forum for shareholders to exercise their rights.

The independent auditors assisted the Supervisory Board in performing the tasks entrusted to it by law and the Articles of Incorporation by way of their comprehensive work. Compliance with statutory regulations and internal guidelines is important to the company and its committees. The Board of Management regularly reported on the compliance organization 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 corporate governance declaration, 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' transcations) as well as voting right notifications—and further information on the company.

In December 2016, following the Finance and Audit Committee's preparatory work, the Board of Management and the Supervisory Board's standard annual statement 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 German Corporate Governance Code Government Commission in the May 5, 2015 version of the Code published by the German Federal Ministry of Justice in the official section of the German Federal Gazette on June 12, 2015 since its last statement of compliance in December 2015, and will continue to do so:

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. However, 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 still 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 interest. These goals would be counteracted if the recruited Supervisory Board members satisfying these requirements merely had limited insurance coverage for their activity.

2. The Supervisory Board regularly reviews the appropriateness of the compensation of the members of the Board of Management in relation to one another and in 2014, the Supervisory Board began analyzing the relation of the compensation of the members of the Board of Management to that of the company's senior executives and non-executive employees without this having led to the passage of a resolution yet (Items 4.2.2 and 4.2.3 of the Code).

3. The compensation of the members of the Board of Management and Supervisory Board is not published in itemized or individualized 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 emoluments of the members of the Board of Management or Supervisory Board in itemized or individualized form in the notes or the management report. These corporate bodies are boards, which makes disclosure by board member irrelevant in principle. Furthermore, the company believes that the benefits of such disclosure for the public and investors are not significant enough to disregard the associated disadvantages-also as regards each of the board members' right to privacy. After all, per its resolution dated May 24, 2016, the Annual General Meeting again waived the obligation of the members of the Board of Management to provide individualized disclosure over a period of five years.

4. 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 for the four remaining shareholder representatives, who are proposed to the Annual General Meeting, are chosen in close coordination with the holders of ordinary shares.

5. The company renounces the determination of an age 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, increased flexibility when making 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.

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 shareholder representatives are seconded to the Supervisory Board by the ordinary shareholders who own registered shares. The candidates for the four remaining shareholder representatives, which are proposed to the Annual General Meeting, are already being chosen in close coordination with the holders of ordinary shares. In turn, only the ordinary shareholders are entitled to cast votes at the Annual General Meeting. The system for staffing the shareholder representative positions reflects the fact that the nature of the company is that of a family-owned business.

Hamburg, December 2016."

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 to the Supervisory Board on all findings and issues material to fulfilling their tasks. 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 notifications by the auditors of any reason to recuse themselves or believe they were partial before or during the audit of the financial statements.

Hamburg, March 21, 2017

The Supervisory Board

The Board of Management

# Members of the Supervisory Board

### Jürgen Peddinghaus
Chairman
Management Consultant

**Further offices held pursuant to Section 125 of the German Stock Corporation Act**
Supervisory Board:
Zwilling J. A. Henckels AG, Solingen

### Detlev Böger*
(until May 24, 2016)
Deputy Chairman
Jurist

### Markus Haase*
Deputy Chairman
(as of May 24, 2016)
Manager After-Sales Services 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)

**Further offices held pursuant to Section 125 of the German Stock Corporation Act**
Supervisory Board:
ProSiebenSat.1 Media SE, Unterföhring

Similar control body:
a.s.r. Nederland N.V., Utrecht/Netherlands
Thomas Cook PLC, London/UK
ASML N.V., Veldhoven/Netherlands

### Dipl.-Ing. Rainer Breitschädel*
(as of May 24, 2016)
Head of Product Support for After-Sales Services at Jungheinrich Service & Parts AG & Co. KG
Executive Staff Representative

### Birgit von Garrel*
2nd Authorized Representative, IG Metall, Landshut

### Rolf Uwe Haschke*
Senior SAP Developer at Jungheinrich AG
Chairman of the Information Technology Works Council of Jungheinrich AG

### Joachim Kiel*
(until May 24, 2016)
Vice President New Sales of Jungheinrich AG
Executive Staff Representative

### Beate Klose
(as of May 24, 2016)
Business Graduate

### Wolff Lange
Businessman
Managing Director of LJH-Holding GmbH, Wohltorf

**Further offices held pursuant to Section 125 of the German Stock Corporation Act**
Supervisory Board:
Hansa-Heemann AG, Rellingen (Chairman)

Similar control body:
Wintersteiger AG, Ried/Austria (Chairman)
WAGO Kontakttechnik GmbH & Co. KG, Minden

### Meike Lüdemann*
(as of May 24, 2016)
Trade Union Secretary and Lawyer
IG Metall Region Hamburg

**Further offices held pursuant to Section 125 of the German Stock Corporation Act**
Supervisory Board:
Körber AG, Hamburg
Hauni Maschinenbau GmbH, Hamburg

* Non-Executive Staff Representative.

## Hubertus Freiherr von der Recke
(until May 24, 2016)
Barrister, Certified Public Accountant
and Tax Consultant

**Further offices held pursuant to Section 125 of the German Stock Corporation Act**
Similar control body:
"Der Lachs" Branntwein- und Liqueur-Fabrik GmbH & Co. KG, Nörten-Hardenberg

## Dr. Peter Schäfer
(until May 24, 2016)
Business Manager

## Dr. Ulrich Schmidt
(as of May 24, 2016)
Business Manager

**Further offices held pursuant to Section 125 of the German Stock Corporation Act**
Supervisory Board:
tesa SE, Norderstedt (Chairman)

## Steffen Schwarz*
Assemblyman at Jungheinrich
Norderstedt AG & Co. KG
Deputy Chairman of the Group Works Council

## Franz Günter Wolf
Businessman
Managing Director of WJH-Holding GmbH, Aumühle

**Further offices held pursuant to section 125 of the German Stock Corporation Act**
Similar control body:
LACKFA Isolierstoff GmbH & Co., Rellingen (Chairman)

**Committees of the Supervisory Board:**

**Finance and Audit Committee**
Dr. Peter Schäfer (Chairman)
(until May 24, 2016)
Dr. Ulrich Schmidt (Chairman)
(as of May 24, 2016)
Hubertus Freiherr von der Recke
(Deputy Chairman)
(until May 24, 2016)
Antoinette P. Aris (Deputy Chairwoman)
(as of May 24, 2016)
Steffen Schwarz*

**Personnel Committee**
Jürgen Peddinghaus (Chairman)
Detlev Böger* (Deputy Chairman)
(until May 24, 2016)
Markus Haase*
(as of May 24, 2016 Deputy Chairman)
Rolf Uwe Haschke*
(as of May 24, 2016)
Wolff Lange
Franz Günter Wolf

**Joint Committee**
Jürgen Peddinghaus (Chairman)
Detlev Böger* (Deputy Chairman)
(until May 24, 2016)
Markus Haase* (Deputy Chairman)
(as of May 24, 2016)
Birgit von Garrel*
Franz Günter Wolf

* Non-Executive Staff Representative.

# Jungheinrich share

The Jungheinrich share continued its course for growth in 2016. A stock split was conducted in June of the year under review. The fourth quarter saw the share reach an all-time high of €30.92. Preferred shareholders are to partake of the company's success by way of a 10 per cent increase in the dividend they receive.

**Performance in 2016**


## 2016 stock markets: final dash after turbulence in the first half of the year

At the beginning of 2016, international stock markets were characterized by markedly negative tendencies, with occasional enormous fluctuations in share prices. One of the main issues was the referendum on the United Kingdom remaining in the EU, which clouded sentiment on stock markets especially in the first half of the year. The US presidential elections were another event dominating 2016, giving rise to uncertainty above all in the run-up on financial markets. The subsequent recovery that set in contrary to all expert expectations was only briefly interrupted by the interest rate increase implemented by the US Federal Reserve at the end of the year.

Germany's major share indices started 2016 with considerable losses. It was not until the second six months that a recovery was seen. Only the TecDAX closed with a slightly weaker performance of minus 1 per cent.

Over the course of the year, both the DAX and MDAX rose 7 per cent to 11,481 points (prior year: 10,743 points) and 22,189 points (prior year: 20,775 points), respectively.

## Jungheinrich share records positive performance

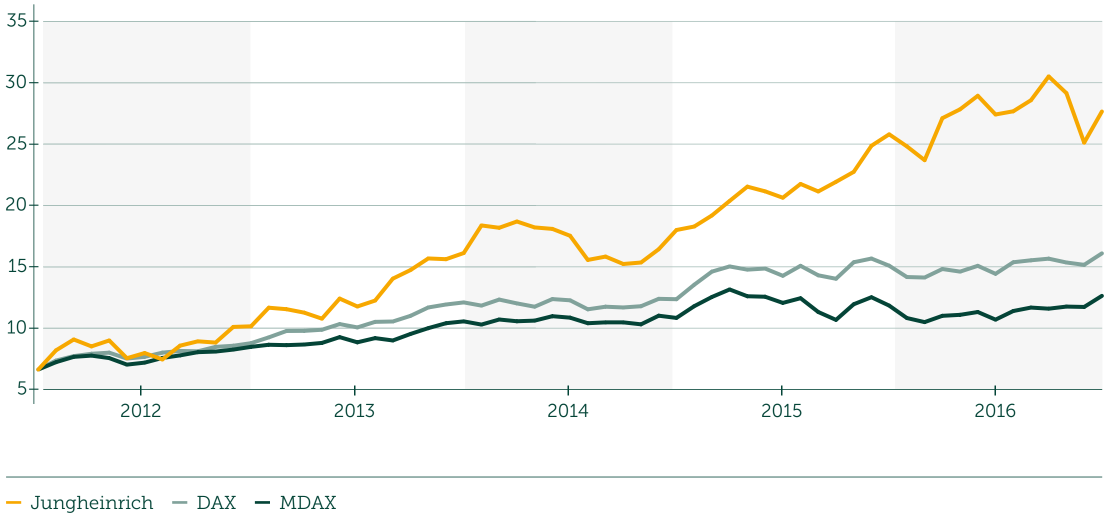
In the year under review, Jungheinrich's share price increased 7 per cent compared to its closing quotation in 2015. Based on its low for the year on February 8, 2016 (€21.17) the issue posted a substantial gain in the second half of the year, hitting an all-time high of €30.92 on October 6, 2016. The Jungheinrich stock closed the year trading at €27.26. Accordingly, the company's market capitalization grew by €189 million, from €2,592 million (end of 2015) to €2,781 million (end of 2016). In December 2016, Jungheinrich's preferred share improved its position in terms of market capitalization from 46th to 45th in the ranking of Deutsche Börse AG, which encompasses a total of 100 companies included in the MDAX and SDAX. In terms of share turnover, its ranking improved from 51st to 50th.

The Jungheinrich share belongs to Deutsche Börse's Prime Standard quality segment. It is traded on all German stock exchanges. In 2016, the Jungheinrich share's trading volume (Xetra and Frankfurt) totalled 33.2 million and was thus 24 per cent down on the preceding year (43.7 million). Average turnover per trading day amounted to 130,300 and was therefore 25 per cent lower than in the previous year (173,200).

## Share price development over time

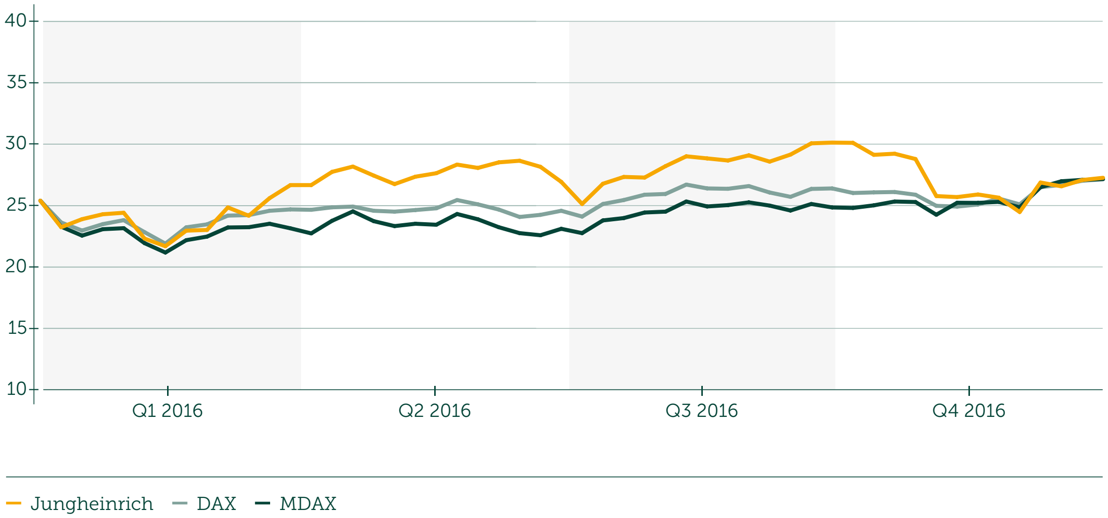
### Share price development from 2012 to 2016

in €[1]




### Share price development in 2016

in €[1]




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

## Share count rises after stock split

On May 24, 2016, the Annual General Meeting passed a resolution in favour of a 1:3 stock split, which was implemented on June 22, 2016. Each individual share certificate accounting for an imputed €3.00 share of the company's capital stock was replaced by three individual share certificates, each accounting for an imputed €1.00 share of the capital stock. Accordingly, once the listing was changed, the price of the Jungheinrich share was an arithmetic third of its former quotation and closed the implementation date trading at €28.52.

All relevant prior-year figures were retroactively restated due to the stock split.

The number of Jungheinrich shares increased to a total of 102 million as a result of the stock split. The 54 million ordinary shares in Jungheinrich AG are held by the families of the two daughters of the company's founder, Dr. Friedrich Jungheinrich, at a ratio of 50:50. The 48 million non-voting preferred shares are widely held. The shareholdings in Jungheinrich AG reportable pursuant to Sections 21 et seqq. of the German Securities Trading Act have been published in accordance with Section 26 of the German Securities Trading Act in the Investor Relations section of the company's website (www.jungheinrich.com) and in the notes to the separate financial statements of Jungheinrich AG.

## Reasons to invest in Jungheinrich

Jungheinrich ranks among the world's leading intralogistics companies. Various reasons speak in favour of investing in Jungheinrich shares:

- Global customers in attractive growth sectors
- Integrated business model with a large service component
- Strong share of the material handling equipment market: No. 2 in Europe
- Clear Group strategy, designed to achieve sustainable, profitable growth
- Financial independence thanks to robust balance sheet
- Stable shareholder structure
- Continuous dividend payments

### Long-term performance of the Jungheinrich share

| Investment period | 10 years | 5 years |
|---|---|---|
| Investment date | 01/01/2007 | 01/01/2012 |
| Portfolio value at the end of 2016 | €44,384 | €45,517 |
| Average annual return | 16.1% | 35.4% |
| Comparable return of German share indices: | | |
| DAX | 5.6% | 13.6% |
| MDAX | 8.8% | 19.5% |

Please note: Based on an initial investment of €10,000 and assuming that annual dividends received were reinvested in additional preferred shares.

Once again, the Jungheinrich share proved to be a robust capital investment for long-term investors in the 2016 stock trading year. Compared to the two peer indices, the share yielded better performance during the ten-year period and a significantly stronger performance over the five-year period.

## Dividend for preferred shares to rise

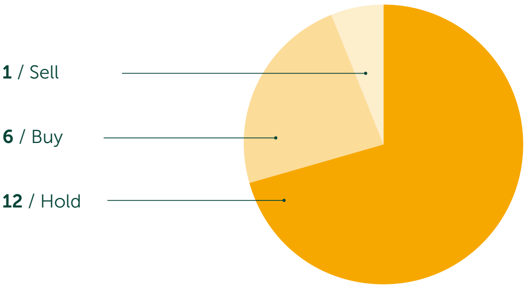
The Board of Management and the Supervisory Board of Jungheinrich AG will propose to the Annual General Meeting on May 16, 2017 that dividends of €0.44 and €0.42 be paid per no-par-value preferred and no-par-value ordinary share, respectively. The dividend proposal thus envisages increasing the payout ratio for preferred stock by 10 per cent. Subject to the approval of the Annual General Meeting, this would result in a dividend payment of €44 million. The payout ratio, which reflects the relation of the dividend payment to net income, would rise from 28 per cent for fiscal 2015 to 29 per cent for the 2016 financial year.

**Dividend**
per preferred share in €


1 Proposal.
2 Prior-year figures recently adjusted due to the 1:3 stock split.

### Analyst recommendations

as of 12/31/2016




### Analyst coverage 2016

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

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

## Analysts recommend Jungheinrich

By the end of the year being reviewed, the Jungheinrich share had been tracked and evaluated by 19 financial institutions on a regular basis. The new followers are Exane BNP Paribas, Citigroup, Metzler and Morningstar. Six analysts recommended the share as a 'buy' and twelve analysts issued a 'hold' recommendation. One analyst assessed the share as a 'sell.' Based on the underlying analyst evaluations, the average target share price was €29. The lowest projected target was €24, and the highest was €35.

## Communication with the capital market: in constant dialogue with investors and analysts

The Board of Management and the Investor Relations Department are in permanent contact with analysts and investors. In this context, the business model, value drivers, business performance and corporate strategy were discussed extensively with capital market participants at conferences and roadshows. The company presented itself at a total of nine conferences and on seven roadshows in Europe, the USA and Canada. Furthermore, numerous talks were held with investors and analysts during their visits to Jungheinrich and on conference calls. Jungheinrich provided detailed information on the Group's current business trend on conference calls on each publication of quarterly results.

The objective of Jungheinrich's investor relations work is to further increase the transparency and understanding of the integrated business model to help ensure that the Jungheinrich share is valued appropriately by the capital market.

In Germany's nationwide contest entitled 'Investors' Darling,' Jungheinrich's financial communication placed third out of 50 MDAX companies. The competition, which evaluates the quality of communications on the capital market, was hosted for the third time by the trade journal manager magazin in cooperation with HHL Leipzig Graduate School of Management.

### Jungheinrich share profile

| | |
|---|---|
| Securities identification numbers | ISIN: DE0006219934<br>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 | Commerzbank AG (until December, 31 2016), Oddo Seydler Bank AG (as of December 1, 2016) |
| Going public | August 30, 1990 |

The investor relations team was available in a timely manner in order to provide comprehensive responses to written and telephone inquiries. Jungheinrich AG's website (www.jungheinrich.com) features the presentations held at the company's annual press and analyst conferences as well as during conference calls on the company's interim reporting along with the latest version of the investor relations presentation.

### Capital market-oriented key data

| | | | 2016 | 2015[1] |
|---|---|---|---|---|
| Dividend per share | Ordinary share | € | 0.42[2] | 0.38 |
| | Preferred share | € | 0.44[2] | 0.40 |
| Dividend yield | Preferred share | % | 1.6 | 1.6 |
| Earnings per share | Ordinary share | € | 1.50 | 1.34 |
| | Preferred share | € | 1.52 | 1.36 |
| Shareholders' equity per share | | € | 10.92 | 10.06 |
| Share price[3] | High | € | 30.92 | 25.87 |
| | Low | € | 21.17 | 17.09 |
| | End-of-year | € | 27.26 | 25.41 |
| Performance over the year | | % | 7.3 | 44.0 |
| Market capitalization | | million € | 2,781 | 2,592 |
| Stock exchange trading volume[4] | | million € | 873 | 912 |
| Average daily turnover | | thousand shares | 130.3 | 173.2 |
| P/E ratio[5] | | factor | 17.9 | 18.7 |
| Number of shares | Ordinary share | million shares | 54 | 54 |
| | Preferred share | million shares | 48 | 48 |
| | Total | million shares | 102 | 102 |

1 Reflects the stock split (1:3); prior-year figures adjusted.
2 Proposal.
3 Xetra closing price.
4 Xetra and Frankfurt.
5 P/E ratio = Closing price/earnings per preferred share.

# Group management report

**Fiscal 2016 was a successful year for the Jungheinrich Group. Incoming orders, net sales and EBIT posted double-digit growth yet again. For the first time, production volume surpassed 100,000 forklift trucks. Europe and China were the main growth regions in the material handling equipment market. Jungheinrich increased its global market share.**

# Group fundamentals

## Business activity and organizational structure

### Integrated business model

An intralogistics specialist, Jungheinrich ranks among the world's leading companies in the material handling equipment, warehousing and material flow engineering sectors. Relative to its branch of industry, the company is second in Europe and third worldwide among producers of material handling equipment in terms of net sales.

Jungheinrich's integrated business model encompasses the following business areas:

- new truck business: development, production and sale of new forklifts including the logistics systems as well as the mail-order businesses;
- short-term hire: rental of new and used material handling equipment;
- used equipment: reconditioning and sale of used equipment; and
- after-sales services: maintenance, repair and spare parts businesses;

combined with comprehensive financial service operations. The objective of Jungheinrich's business model is to serve customers from a single source over a product's entire life cycle.

Jungheinrich runs an efficient, global direct sales and service network with its own sales centres and branch offices in Germany and proprietary sales and service companies abroad. In addition, Jungheinrich products are also distributed via local dealers—especially overseas. Furthermore, in North America Jungheinrich cooperates with Mitsubishi Caterpillar Forklift America Inc. (MCFA), a strong sales partner with a large dealership footprint. In addition, Jungheinrich is active in the material handling equipment rental business in China via a joint venture with Anhui Heli Co. Ltd. (Heli). Our activities are rounded off by a catalogue-based mail-order business that is run as an online store.

**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 | | • | | | | | | | | |
| High-rack stackers | | | | • | | | | | | |
| Stacker cranes | | | | | | | | • | | • |
| Load handling equipment | | | | | | • | | | | • |
| Small-series and customized trucks | | • | | | | | | | | |
| Control units, batteries and chargers | • | | | | | | | | | |
| Reconditioning of used equipment | | | | | | | • | | | |

In April 2016, the operations of the Jungheinrich dealership in Chile, South America's third-largest material handling equipment market, were acquired with a view to enlarging the global footprint in direct sales. The company has seven factories in Germany. One of the plants is solely dedicated to reconditioning material handling equipment. Moreover, Jungheinrich runs two factories in China and one in Hungary.

## A global player

Jungheinrich AG is primarily a management holding company. The Board of Management is in charge of the Group's strategic guidance and operational management. This involves determining and monitoring the company's goals and assuming responsibility for management, monitoring and controlling processes—including risk and opportunity management—and distributing resources. The economic ratios and reports submitted regularly to the Board of Management are oriented to business-management control variables applicable to all business lines. In addition to the holding functions, corporate research and development as well as facility management are assigned to Jungheinrich AG from an organizational perspective.

The Supervisory Board is the advisory and oversight body to the Board of Management, which is composed of twelve individuals in line with the provisions of the German Co-Determination Act. Shareholders and employees have equal representation on the Supervisory Board.

As the Group's parent company, Jungheinrich AG holds direct and indirect stakes in subsidiaries and joint ventures in Germany and abroad. Operational management is entrusted to the subsidiaries' managing bodies. They receive assistance from corporate headquarters in fulfilling their tasks, but are legally independent. The consolidated financial statements include Jungheinrich AG along with 81 companies, all of which are fully consolidated.

Furthermore, Jungheinrich cooperates with competent partners by forging joint ventures with them.

## Sustainable growth strategy with clear goals

The Group's strategy has been designed to achieve sustainable, profitable growth en route to increasing the company's value. Jungheinrich strives to permanently rank among the world's three leading manufacturers of material handling equipment in terms of net sales. In Europe, Jungheinrich aims to become the No. 1 intralogistics brand across all markets.

The net sales target underlying this corporate vision is 4 billion euros for the 2020 financial year. We aim to own a share of significantly more than 20 per cent of the European market (based on incoming orders in terms of units). Jungheinrich pursues a single-brand strategy focussing on products and services in the premium segment of the global material handling equipment market. The Group has its sights set on organic net sales growth. However, we do not rule out making strategic acquisitions to round off the product portfolio—particularly by purchasing technology—and expand our global direct sales network.

**The Jungheinrich Group's growth strategy**


To achieve its long-term growth objectives, Jungheinrich mainly concentrates on the five following strategic points:

**1. Expansion of the core business in Europe**

Accounting for 36 per cent of the size of the world material handling equipment market, Europe is of particular significance. Thereof, 85 per cent is attributable to Western Europe. In Europe, Jungheinrich commands leading positions—above all in the warehouse technology product segment. In 2016, European market volume was 13 per cent higher than in the previous year. It encompassed 421 thousand forklift trucks, eclipsing the high recorded in 2007 before the onset of the financial crisis by a good 2 per cent. The largest markets in Western Europe are Germany, France, Italy and the United Kingdom. In Eastern Europe, the Russian market was back on course for growth (up 37 per cent) in the year being reviewed, after the collapse in recent years. Right behind Poland, Russia is the region's second-largest market, followed by the Czech Republic.

In sum, Jungheinrich consolidated its share of the European market from 21.5 per cent in the previous year to 21.6 per cent against the backdrop of a fiercely competitive environment. Jungheinrich is already the No. 1 brand among manufacturers of material handling equipment on numerous European markets, for example in Austria and Switzerland, where it owns shares of 41 per cent, respectively.

According to our growth strategy, manpower was expanded significantly at our European sales companies in the period under review. The countries with the strongest increases were Poland, Germany, Italy, Russia, Spain and Switzerland.

**2. Expansion in the Asia-Pacific region (APAC) focussing on China**

Asia accounts for a 38 per cent share of the world material handling equipment market, with China alone owning 23 per cent. Jungheinrich has sales companies in China, Thailand, Singapore, India and Malaysia and also in Australia since 2015.

In the financial year that just came to a close, the sales force in the APAC region was further extended. In 2016, the Jungheinrich Group strengthened its rental business in China considerably by founding a joint venture with Heli for material handling equipment rentals in the local market. The joint venture took up operations in the second quarter of 2016. To this end, the short-term hire fleet and the personnel responsible for the rental business of Jungheinrich's sales company in China were transferred to Jungheinrich Heli Industrial Truck Rental (China) Co. Ltd., Shanghai, China. Since then, subsidiaries have been established in four major Chinese metropolises. The average size of the joint venture's short-term hire fleet was about 4 thousand forklifts.

Moreover, Jungheinrich commissioned a regional spare parts warehouse in Shanghai. Customers in the whole of China and the entire APAC region are supplied with spare parts from this warehouse even faster than in the past.

**3. Expansion in the logistics systems business**

On the strength of its logistics systems business which encompasses planning, project engineering, implementation and servicing entire warehouses when taken full advantage of, Jungheinrich is positioning itself in line with the trend on the market towards automation. Jungheinrich expects global demand for logistics system solutions to rise significantly. All in all, sales capacity was further increased in the logistics system business. The objective is to lift the division's net sales to more than €700 million by 2020.

For the MIAS Group (MIAS) 2016 was the first full financial year in the Jungheinrich Group. The stacker crane and load-handling technology specialist was acquired in 2015 in order to expand the logistics systems business and has since rounded off the product range in this field.

**4. Increase in the share of the counterbalanced truck market**

More than half of the world material handling equipment market is accounted for by counterbalanced trucks. Approximately two-thirds of them have IC engine drivetrains, with the remaining third being battery-powered.

The IC engine-powered forklift segment continues to lose market share. Whereas its share of the overall world material handling equipment market was 45 per cent in 2007, by 2016, it had dropped to a mere 38 per cent. In Europe, IC engine-powered counterbalanced trucks only made up 16 per cent of the overall market (2007: 28 per cent).

Jungheinrich's sales operations in this product segment are nearly exclusively focussed on Europe. A total of 5.8 thousand IC engine-powered trucks were produced in the year under review. Market share (based on incoming orders in terms of units) declined from 7.8 per cent in 2015 to 7.1 per cent in 2016.

Irrespective of the general trend towards electric forklift trucks, Jungheinrich is of the opinion that the market for forklift trucks with IC engine drivetrains may come under increased pressure in the advent of more powerful battery-powered counterbalanced trucks over the medium to long term. Against this backdrop, capital expenditures on the continued development of electric counterbalanced trucks will be stepped up going forward.

#### 5. Expansion and international growth of the mail-order business

The mail-order business is still a convincing proposition, as evidenced by its continuous strong growth. In the year under review, net sales increased by 19 per cent to €68 million. Business in established markets, i.e. Germany, Austria and the Netherlands, was stepped up by rolling out strategic campaigns for small material handling equipment. Moreover, mail-order activities were launched in Switzerland on March 1, 2016. Thanks to their compact multichannel sales system, they positioned themselves on the market successfully following a short startup phase. The latest generation of the webshop system was introduced in Poland, Belgium, France, Italy and Spain to further the expansion of the e-commerce business in these markets. International growth in terms of expanding logistics and sourcing is supported by the procurement organization, which was reconfigured in the year under review.

## Major management ratios

The Jungheinrich Group defines its budgetary goals and the company's medium to long-term objectives based on select key performance indicators (KPIs). The Board of Management primarily benchmarks corporate management against key financial data. Besides net sales, earnings before interest and taxes (EBIT) and the EBIT return on sales (EBIT ROS), earnings before taxes (EBT) and the EBT return on sales (EBT ROS), net debt as well as the return on capital employed (ROCE) are particularly used for management purposes.

Net debt is the result of the subtraction of liquid assets and securities from financial liabilities. Financial liabilities include liabilities due banks, the promissory note bond, liabilities from financing trucks for short-term hire, leasing liabilities associated with tangible assets, and notes payable, but do not include liabilities from financial services.

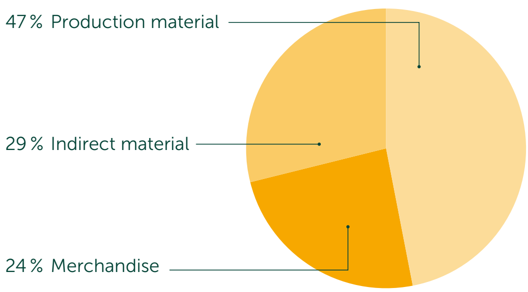
ROCE is the benchmark for determining the profitability of capital employed. This figure is the relation of EBIT to interest-bearing capital (as of the balance sheet date). Interest-bearing capital consists of shareholders' equity, financial liabilities, provisions for pensions and similar obligations as well as non-current provisions for personnel, minus liquid assets and securities.

Material non-financial key performance indicators are market share by region—primarily in Europe—and by product segment, based on incoming orders in terms of units.

The Board of Management monitors these KPIs based on regular reporting. Appropriate countermeasures are taken whenever material deviations are identified through the permanent monitoring of actual and target figures.

Changes in various early indicators are tracked and analyzed in order to predict the company's potential future developments early on and to establish a further basis for making decisions regarding business policy. These are primarily forecasts of economic experts of the development of the gross domestic products of Jungheinrich's key markets, incoming orders in terms of units, and orders on hand.

**Breakdown of purchasing volume in 2016**




in million €

| | 2016 | 2015 | Change % |
|---|---|---|---|
| Production material | 892 | 790 | 12.9 |
| Merchandise | 449 | 409 | 9.8 |
| Indirect material | 544 | 546 | –0.4 |
| **Total** | **1,885** | **1,745** | **8.0** |

## Purchasing volume continues to rise

In 2016, the Jungheinrich Group's purchasing volume totalled €1,885 million (prior year: €1,745 million) and broke down into:

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

All sourcing needs are generally managed by the groupwide product group management system. A long-term procurement strategy adhering to the principles of sustainability ensures cost-optimized purchasing conditions. This approach is underpinned by well-founded cost engineering and holistic cost assessments. Above and beyond this, resolute, cross-functional collaboration on all development and sourcing processes unleashes savings potential across the entire value-added chain.

Slightly over 90 per cent of the purchasing volume was allocable to Europe. This was due in part to the company's strong presence in this region. In addition, most of the production sites are located in Germany.

The best-selling product groups were batteries, accounting for €196 million (prior year: €171 million); storage equipment, accounting for €116 million (prior year: €97 million); steel assemblies, accounting for €114 million (prior year: €103 million), electric drive trains, accounting for €112 million (prior year: €100 million); and external services, accounting for €104 million (prior year: €93 million).

Disproportionately strong increases were recorded above all by the storage equipment product group. This is the result of the company's strategic orientation as a provider of holistic solutions for logistics systems.

## Research and development

Amassing technological expertise is of great importance to the research and development work done by Jungheinrich. Furthermore, the company seeks to set itself apart from the competition by virtue of its innovations in order to underscore its unique selling proposition on the market.

### Research and development expenditures

in million €


Expenditures on research and development (R&D)—including work performed by third parties—rose again compared to the previous year, totalling €62 million (prior year: €55 million). This represented 4.9 per cent (prior year: 4.7 per cent) of net sales generated with new trucks of relevance to R&D. In 2016, an average of 458 employees (prior year: 434) worked in R&D throughout the Group, an area in which manpower was increased once again.

## A variety of truck developments

Forklift model series entirely engineered and manufactured by Jungheinrich in China were marketed for the first time in the period under review. These are the M series, including the EJE M13/15 and EJC M10 truck types, which are the ideal entry-level models and an electrically driven alternative to simple hand pallet trucks.

In the last few years, Jungheinrich has steadily enlarged its tow tractor portfolio, including compatible trailers, with a view to meeting customers' mounting demand for tugger train solutions. The newest development, which was ready for market in the middle of 2016, is a fully automated tow tractor that supplements established driverless transportation systems by a further alternative. With this innovation, Jungheinrich did justice above all to the trend towards increased automation in warehouses.

Jungheinrich's R&D activities also involve designing engineered products. Capital expenditures in this field were rewarded with the Red Dot Design Award in the highest category entitled 'Best of the Best': the 'JetPILOT' multifunctional steering wheel, which is fitted to all Jungheinrich horizontal order pickers, received this coveted prize.

### Research and development

| in million € | 2016 | 2015 | Change % |
|---|---|---|---|
| Total R&D expenditures | 62 | 55 | 12.7 |
| thereof capitalized development expenditures | 15 | 11 | 36.4 |
| Capitalization ratio | 24 % | 20 % | – |
| Amortization of capitalized development expenditures | 9 | 7 | 28.6 |
| R&D costs (statement of income) | 56 | 50 | 12.0 |
| Ratio of R&D expenditures to net sales from new trucks | 4.9 % | 4.7 % | – |
| Ø R&D personnel (in FTE) | 458 | 434 | 5.5 |
| Number of IPR filings | 117 | 87 | 34.5 |
| Number of patents granted | 88 | 71 | 23.9 |

### Lithium-ion batteries shorten charging times

Jungheinrich launched the first piece of mass-produced material handling equipment featuring a lithium-ion battery as early as 2011. Since then, the company has expanded its in-house production of this type of battery. Now a large portion of the 24V trucks can be equipped with a lithium-ion battery. Furthermore, in the 2016 financial year, 48V batteries were developed for the EFG 216k counter-balanced truck and for reach trucks. This technology is thus gradually being made available to heavy, high-output equipment. The superior properties of lithium-ion batteries compared to the lead-acid variants customary thus far—higher power density, smaller footprint with equal capacity, longer lifetime, no memory effect—provide for substantial performance increases and much shorter charging times. This enables intermediate charging concepts, rendering battery swaps superfluous. The battery's small space requirements allowed for the EMD 115i to be built—the world's shortest universal truck in its class—which is especially agile in warehouses with tight quarters thanks to its compact chassis.

### Enhanced safety courtesy of driver assistance systems

Driver assistance systems increase safety in warehouses and drive up productivity. With this in mind, Jungheinrich offers rear view cameras with person detection as well as an indoor/outdoor radar sensor for reducing vehicle speed.

The 'easyPILOT' helper system for providing assistance in manual order processing operations using the ECE horizontal order picker was expanded by a remote control. Order processing productivity can be increased even further by networking with the Jungheinrich Warehouse Management System (WMS) via the 'driveNAVIGATION' feature.

A new generation of powerful radio terminals was developed and upgraded to the newest technological standard in order to display orders from the WMS in the truck. Moreover, the radio terminals are compatible with the newly engineered WMS Series 2, an entry-level system for small and medium-sized enterprises.

# Economic report

## Economic and sector environment

The regional points of focus of Jungheinrich's business activity are Europe—with Western Europe leading the way—as well as the Asia-Pacific region and the USA. As a key indicator of macroeconomic growth, the development of gross domestic product (GDP) plays a pivotal role for Jungheinrich in assessing its business trend.

### World economy posts further growth

The global economic upturn in 2016 was similarly moderate compared to the previous year. However, the USA's strong growth slowed considerably. The Chinese economy also lost some momentum compared to the preceding year.

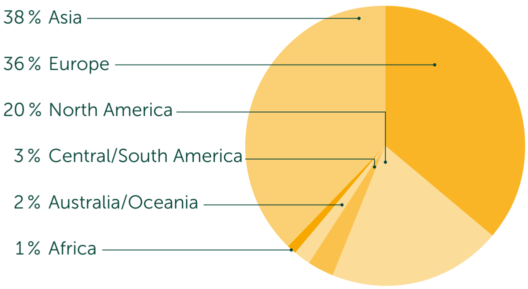
**Growth rates of selected economic regions**

| Gross domestic product in % | 2016 | 2015 |
|---|---|---|
| World | 3.1 | 3.2 |
| USA | 1.6 | 2.6 |
| China | 6.7 | 6.9 |
| Eurozone | 1.7 | 2.0 |
| Germany | 1.7 | 1.5 |

Source: International Monetary Fund (as of January 2017).

Despite the adverse effects of Britain's decision to leave the European Union, the Eurozone posted robust growth in the year being reviewed, driving up GDP 1.7 per cent (prior year: 2.0 per cent). Positive stimuli were injected by the sustained expansive monetary policy pursued by the European Central Bank. Germany's economy recorded a commendable upward trend in 2016 (1.7 per cent; after 1.5 per cent in the prior year) whereas growth in France stagnated year on year at 1.3 per cent. In the year under review, Italy posted a slightly higher growth rate of 0.9 per cent compared to the previous year (0.7 per cent) as opposed to the momentum displayed by the United Kingdom, where GDP shrank somewhat, declining by 2.0 per cent (prior year: 2.2 per cent). Jungheinrich generated about half of its consolidated net sales in these four countries. Poland and Russia, the two Eastern European economies of importance to Jungheinrich, displayed

## Global market for material handling equipment by region in 2016




Incoming orders in thousand units

| | 2016 | 2015 | Change % |
|---|---|---|---|
| World | 1,182.1 | 1,099.9 | 7.5 |
| Europe | 420.9 | 373.3 | 12.8 |
| thereof Eastern Europe | 63.5 | 53.3 | 19.1 |
| Asia | 444.3 | 413.8 | 7.4 |
| thereof China | 271.7 | 238.3 | 14.0 |
| North America | 240.8 | 235.1 | 2.4 |
| Other regions | 76.1 | 77.7 | –2.1 |

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

very disparate developments. Russian economic output slipped a mere 0.6 per cent in contrast to its significant, 3.7 per cent drop in the preceding year. In Poland, GDP was up 3.1 per cent, demonstrably less than in the previous year (3.6 per cent).

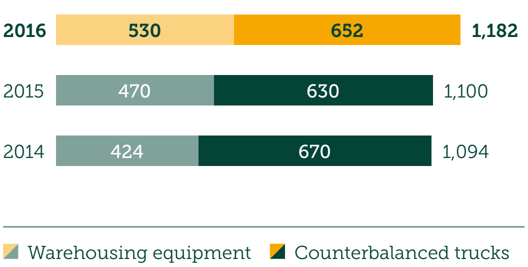
### World material handling equipment market expands

In 2016, the global market for material handling equipment displayed positive development relative to the preceding year, growing 7 per cent. The driving force with the European market, which was 13 per cent larger year on year. Following its severe collapse in the last few years, Russia returned to a course for growth (up 37 per cent). The Asian market recorded a commendable gain of 7 per cent, with demand in China advancing by as much as 14 per cent. The large differences in growth rates were primarily caused by the disparate development of demand for IC engine-powered counterbalanced trucks. North America's market volume was up 2 per cent on the year-earlier level.

In 2016, the warehousing equipment product segment posted a gain of 13 per cent—the strongest increase the world over. Europe and Asia each contributed 16 per cent growth. During the period being reviewed, the world market for battery-powered counterbalanced trucks expanded by 7 per cent, while global demand for forklifts with IC engine-powered drives advanced by a mere 2 per cent. In the IC engine-powered counterbalanced truck product segment, the 6 per cent decline in demand on the North American market was the main reason for the market's weakness. In Europe, market volume increased by 3 per cent for IC engine-powered trucks and by 12 per cent for battery-powered forklifts.

### Worldwide market volume by product segment

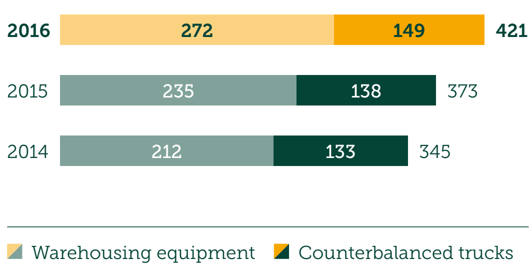
Incoming orders in thousand units




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).

## General information provided by the Board of Management and target attainment

Fiscal 2016 was a successful year. Incoming orders, production, net sales, EBIT and EBT as well as net income grew yet again, against the backdrop of a fast-growing global market. However, the competitive environment remained challenging. Production volume was up 16 per cent year on year, rising from 91 thousand forklifts in 2015 to 106 thousand trucks in 2016. This is the largest number of units ever manufactured in Jungheinrich's corporate history in a single year.

Adding to its good operating performance, the Jungheinrich Group made strategic progress in the reporting year as well. We enlarged our global direct sales footprint by acquiring the dealership business in Chile. To expand the short-term hire business, we established a joint venture for material handling equipment rentals on the Chinese market with Heli, the country's largest material handling equipment manufacturer. The joint venture took up operations in the second quarter of 2016. We are very satisfied with the developments to date and the cooperation with our local partner.

In sum, we regard the Jungheinrich Group's finance and balance-sheet ratios as being very solid.

The Jungheinrich Group performed better in terms of incoming orders and net sales in fiscal 2016 than anticipated at the beginning of the year. Both key figures surpassed the €3 billion mark for the first time, landing at the upper ends of the most recent ranges forecast. This was due to the substantial rise in demand for material handling equipment—particularly in Europe. We had not expected our core market to grow to this extent. In addition, the acquisitions of dealership activities in 2015 and of MIAS were consolidated on a full-year basis. Earnings figures also reflected the good operating business trend as well as a positive one-off effect resulting from the deconsolidation of UK-based Boss Manufacturing Ltd. in the amount of €4.7 million.

### Target-to-actual comparison

| | Forecast March 2016 | Forecast August 2016[1] | 2016 actual |
|---|---|---|---|
| Incoming orders in billion € | 3.0 to 3.1 | 3.1 to 3.2 | 3.2 |
| Net sales in billion € | 2.9 to 3.0 | 3.0 to 3.1 | 3.1 |
| EBIT in million € | 220 to 230 | 228 to 238 | 235 |
| EBIT-ROS in % | at least 7.6 | | 7.6 |
| EBT in million € | 200 to 215 | 208 to 223 | 216 |
| EBT-ROS in % | at least 6.9 | | 7.0 |
| R&D in million € | 60 to 65 | | 62 |
| Capital expenditures (tangible assets) in million € | 90 to 100 | 75 to 85 | 53 |
| Net credit in million € | in the order of the previous year's level (75) | in low double-digit million euro territory | 56 |
| ROCE in % | 15 to 20 | | 17.8 |
| Market share in Europe in % | slight improvement vs. 2015 (21.5) | | 21.6 |

1 Interim report as of June 30, 2016

The reported earnings numbers are within the range that we had communicated when we raised our forecast in August 2016. We achieved the envisaged EBIT return of 7.6 per cent. Capital expenditures on tangible assets totalled €53 million, which was below the most recently expected range. This is because numerous planned capital expenditures were delayed or reduced. At €56 million, the net credit was slightly better than the latest prognosis.

## Business trend and earnings position

### Incoming orders up by double digits in terms of value and units

Incoming orders in terms of units in new truck business, which include orders placed for new forklifts and trucks for short-term hire, increased by 12 per cent compared to the previous year, from 97 thousand units to 109 thousand units. The main reason was the strong rise in demand—especially in Europe. The share of orders accounted for by the short-term hire fleet declined marginally. In sum, Jungheinrich consolidated its share of the European market at 21.6 per cent (prior year: 21.5 per cent). The company's share of the global market climbed from 8.7 per cent to 9.1 per cent. As the Russian market recovered (plus 37 per cent) new truck orders increased by 40 per cent year on year. Our share of this market also rose further against this backdrop.

**Incoming orders**
in million €


**Production**
in units


The value of incoming orders encompassing all business fields—new truck business, short-term hire and used equipment as well as after-sales services—was up 14 per cent year on year, totalling €3,220 million (prior year: €2,817 million). About 70 per cent of the rise was owed to new truck business. Among the contributing factors was the full-year consolidation of the acquisitions of dealership activities in 2015 and of MIAS.

Orders on hand in new truck business totalled €610 million as of December 31, 2016 (prior year: €477 million). The order range was thus four months.

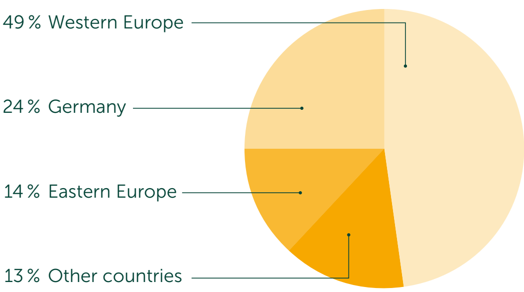
## Production tops 100 thousand forklifts for the first time

Output tracks the development of incoming orders with a time lag. In the period under review, production amounted to 106 thousand units—16 per cent up on the 91 thousand units recorded in the preceding year and thus eclipsing the one hundred thousand unit-mark for the first time. The increase in production volume was primarily due to a rise in warehousing equipment unit figures. Accounting for 79 per cent of total production volume, it is the company's single-largest product segment. Production by the factory in Qingpu in 2016 totalled some 6.3 thousand forklifts (prior year: 3.9 thousand trucks). About a third of production by the Chinese plant is now engineered locally and exported to Europe.

## Net sales eclipse €3 billion mark

In 2016, consolidated net sales surpassed the year-earlier figure (€2,754 million) by €331 million, or 12 per cent, amounting to €3,085 million. Eighty-seven per cent thereof was attributable to Europe (prior year: 89 per cent) where gains were driven by a 7 per cent rise in net sales in Germany to €753 million (prior year: €701 million) and above all increases in Italy, France, the Netherlands and Poland. Net sales abroad advanced by 14 per cent to €2,332 million (prior year: €2,053 million). The foreign ratio thus increased from 75 per cent to 76 per cent in the year being reviewed. Net sales generated outside Europe totalled €403 million (prior year: €298 million). The rise is largely due to the inclusion of the Australian dealership acquired

**Net sales in 2016 by region**




in million €

| | 2016 | 2015 | Change % |
|---|---|---|---|
| Germany | 753 | 701 | 7.4 |
| Western Europe | 1,489 | 1,374 | 8.4 |
| Eastern Europe | 440 | 381 | 15.5 |
| Other countries | 403 | 298 | 35.2 |
| **Total** | **3,085** | **2,754** | **12.0** |

### Breakdown of net sales

| in million € | 2016 | 2015 | Change % |
|---|---|---|---|
| New truck business | 1,763 | 1,539 | 14.6 |
| Short-term hire and used equipment | 556 | 482 | 15.4 |
| After-sales services | 852 | 795 | 7.2 |
| **'Intralogistics' segment** | **3,171** | **2,815** | **12.6** |
| **'Financial Services' segment** | **737** | **645** | **14.3** |
| Reconciliation | –823 | –707 | 16.4 |
| **Jungheinrich Group** | **3,085** | **2,754** | **12.0** |

Figures may differ due to rounding.

in November 2015, NTP Forklifts Australia (NTP), and the contribution of the short-term hire equipment of Jungheinrich's Chinese sales company to the joint venture with Heli in the period being reviewed. In 2016, the share of consolidated net sales accounted for outside Europe amounted to 13 per cent (prior year: 11 per cent).

All business areas contributed to the uptick in net sales. In particular, new truck business expanded above average, growing by 15 per cent, from €1,539 million in the previous year to €1,763 million in 2016. Net sales in new truck business included €441 million in sales of the 'Logistics Systems' division (prior year: €381 million) and €68 million in sales from the 'Mail Order' division (prior year: €57 million). A little more than half of the growth in the logistics systems business resulted from the inclusion of MIAS for a full year as opposed to just three months in the previous year. Overall, short-term hire and used equipment activities grew by €74 million, or 15 per cent, to €556 million (prior year: €482 million). Nearly a third of the rise resulted from the transfer of the Chinese sales company's rental trucks to the joint venture with Heli. The tangible expansion of the short-term hire fleet by an average of 8 thousand forklifts to 53 thousand trucks also came to bear (prior year: 45 thousand forklift trucks). After-sales services increased their net sales by 7 per cent to €852 million (prior year: €795 million), again posting very strong growth. The share of total net sales accounted for by after-sales services thus amounted to 28 per cent (prior year: 29 per cent). Recording net sales of €737 million, the financial services business bested the year-earlier figure (€645 million) by 14 per cent.

## Commendable earnings trend

The cost of sales developed essentially proportionate to net sales. The year-on-year increase in unit production figures, the moderate development of costs and the continuously encouraging growth of after-sales services led to a €101 million rise in the gross profit to €952 million (prior year: €851 million). As in the previous year, the gross margin was very good, amounting to 30.9 per cent, and nearly matching the highest level recorded in the recent past (2014: 31.1 per cent).

### Cost structure according to the statement of income

| in million € | 2016 | 2015 |
|---|---|---|
| Cost of sales | 2,133 | 1,903 |
| Selling expenses | 584 | 517 |
| Research and development costs | 56 | 50 |
| General administrative expenses | 89 | 77 |

Selling expenses grew just slightly more than net sales compared to the preceding year. Following 18.8 per cent in the previous year, their share of consolidated net sales was 18.9 per cent. The planned increase in costs in the reporting period primarily stemmed from the first full-year consolidation of the new sales companies following the acquisition of the dealership operations and of MIAS in 2015 and the rise in expenses associated with trade shows and marketing activities.

The share of consolidated net sales accounted for by administrative costs posted a marginal rise to 2.9 per cent (prior year: 2.8 per cent). The cost increases predominantly mirrored the holding costs planned for the implementation of the 2020 strategy.

**Earnings before interest and taxes (EBIT)**
in million €


EBIT advanced by €22 million, or 10 per cent, to €235 million (prior year: €213 million). It reflected a positive one-off effect of €4.7 million resulting from the deconsolidation of UK-based Boss Manufacturing Ltd. in the second quarter of 2016. The currency translation differences of the removed company previously recognized without an effect on net income were recognized with an effect on income as part of the Group's other operating income within the scope of the deconsolidation. The EBIT return on sales (EBIT ROS) was 7.6 per cent (prior year: 7.7 per cent).

**EBIT return on sales (EBIT ROS)**


In 2016, ROCE was 17.8 per cent, matching the year-earlier level (17.9 per cent).

**Net income**
in million €


A financial loss of €19 million was incurred (prior year: a loss of €15 million). The main reasons for this were higher expenses caused by differences in foreign exchange rates relating to the intragroup financing of subsidiaries in countries with high interest rates. EBT totalled €216 million—9 per cent up on the previous year (€198 million). The EBT return on sales (EBT ROS) was 7.0 per cent (prior year: 7.2 per cent).

Despite the marked increase in EBT, at €61 million, the income tax burden matched the year-earlier level. The Group's tax quota dropped to 28 per cent, following 31 per cent in the preceding year. Net income advanced by €16 million, or 12 per cent, to €154 million (prior year: €138 million) and earnings per preferred share increased commensurately to €1.52 (prior year: €1.36[1]).

In view of the positive earnings trend, the Board of Management of Jungheinrich AG proposes to pay a dividend that is much higher than last year, namely of €0.42 per ordinary share (prior year: €0.38[1]) and of €0.44 per preferred share (prior year: €0.40[1]). The dividend proposal will result in a total payment of €44 million (prior year: €39 million) and a payout ratio of 29 per cent (prior year: 28 per cent). Jungheinrich generally pursues a policy of continuous dividend payments. The objective is to pay between 25 and 30 per cent of net income to the shareholders.

1 Adjusted retroactively due to the 1:3 stock split implemented on June 22, 2016.

## Financial position and net worth

### Principles and goals of finance management

In its role as Group holding company, Jungheinrich AG is responsible for the Jungheinrich Group's financial management and makes enough funds available to meet strategic and operational financial needs.

Corporate Treasury is primarily in charge of cash and currency management aiming to ensure a supply of funds optimized in terms of interest and currency as well as of managing cash flows of the Group companies. The procurement of funds required in the short, medium and long term is ensured by exhausting all possible financing options on international money and capital markets.

Jungheinrich attaches substantial importance to keeping a sufficient level of liquidity in reserve, in order to be able to implement necessary strategic measures and safeguard the Group's financial independence at all times—also in periods of economic difficulty. A conservative policy is pursued when investing surplus liquidity reserves that focuses on preserving assets instead of maximizing profits.

To increase internal financing power, a centralized working capital management system is employed, which is designed to optimize and standardize major processes and systems. As in the preceding financial years, off-balance-sheet financial instruments were not made use of.

The need for capital is covered by operating cash flows as well as through short and long-term financing. As of December 31, 2016, committed medium-term credit lines totalled €225 million. These are supplemented by short-term, bilateral lines of credit taken out by individual foreign subsidiaries. None of the credit facility and promissory note bond agreements contain financial covenants.

### Capital structure

| in million € | 12/31/2016 | 12/31/2015 | Change % |
|---|---|---|---|
| **Equity** | 1,114 | 1,026 | 8.6 |
| **Non-current liabilities** | 1,413 | 1,316 | 7.4 |
| Provisions for pensions and similar obligations | 223 | 202 | 10.4 |
| Financial liabilities | 216 | 200 | 8.0 |
| Liabilities from financial services | 820 | 754 | 8.8 |
| Other liabilities | 154 | 160 | –3.8 |
| **Current liabilities** | 1,116 | 1,007 | 10.8 |
| Other provisions | 186 | 162 | 14.8 |
| Financial liabilities | 104 | 117 | –11.1 |
| Liabilities from financial services | 335 | 318 | 5.3 |
| Trade accounts payable | 287 | 241 | 19.1 |
| Other liabilities | 204 | 169 | 20.7 |
| **Balance sheet total** | 3,643 | 3,349 | 8.8 |

**Shareholders' equity**
in million €


**Equity ratio**


## Solid financial position and capital structure

At €375 million, liquid assets and securities had remained at a comfortable level by the end of 2016 (prior year: €392 million). In the year under review, the Group had a net credit of €56 million (prior year: €75 million). The degree of indebtedness, defined as the ratio of net debt to EBITDA, was less than zero, as in the preceding year. Underlying EBITDA is adjusted to exclude the depreciation of trucks for lease from financial services and improved to €398 million in the year being reviewed due to the positive earnings trend (prior year: €356 million).

The main driver of the €88 million rise in shareholder's equity was the good income trend. It was mainly contrasted by the dividend payment of €39 million (prior year: €34 million) and negative changes in shareholders' equity resulting from the measurement of pension plans amounting to €20 million (after taxes). The equity ratio remained stable at 31 per cent. Adjusting the consolidated figures to exclude all of the effects of the 'Financial Services' segment results in an equity ratio relative to the 'Intralogistics' segment of 48 per cent as in the prior year.

Provisions for pensions and similar obligations increased by €21 million to €223 million (prior year: €202 million). This was predominantly due to the effects of the remeasurement of provisions for pensions resulting from the decrease of the imputed interest rate in Germany from 2.4 per cent at the end of 2015 to 1.7 per cent as of the balance sheet date. Other current provisions were up €24 million. The increase primarily resulted from the growth-induced rise in provisions for warranties and customer bonuses as well as the increase in provisions for personnel. At €1,155 million, non-current and current liabilities from financial services were €83 million up on the figure recorded on December 31, 2015 (€1,072 million) due to the significant rise in new contract financing. The increase in other current liabilities was mainly driven by the significant rise in advance payments received from customers for large logistic systems orders. Trade accounts payable were €46 million up year on year due to the expansion of business.

### Statement of cash flows

| in million € | 2016 | 2015 |
|---|---|---|
| Net income | 154 | 138 |
| Depreciation | 254 | 219 |
| Changes in trucks for short-term hire and trucks for lease (excluding depreciation) and receivables from financial services | –298 | –307 |
| Changes in liabilities from financing trucks for short-term hire and financial services | 101 | 97 |
| Changes in working capital | –100 | 10 |
| Other changes | 31 | –14 |
| Cash flows from operating activities | 142 | 143 |
| Cash flows from investing activities[1] | –100 | –167 |
| Cash flows from financing activities | –59 | –51 |
| Net cash changes in cash and cash equivalents[1] | –17 | –75 |

1 Excluding the balance of payments made to purchase/proceeds from the sale of securities amounting to +€20 million (prior year: –€17 million).

## Cash flows from operating activities on par year on year

At €142 million, cash flows from operating activities matched the level recorded in 2015 (€143 million). Net income plus depreciation and amortization resulted in a €51 million rise in cash inflows. The lower volume of trucks for short-term hire and lease and of receivables from financial services added led to a €13 million decline in cash outflows compared to the previous year, taking account of the financing of the forklifts. As opposed to the burden of the preceding year, other changes in the year under review totalled €31 million due to positive effects. These were mainly determined by a rise in other provisions and liabilities as of the cut-off date. Positive effects were contrasted by a strong increase in working capital, which grew by €100 million, predominantly driven by the rise in inventories and trade accounts receivable as of the cut-off date.

Cash flows from investing activities were adjusted to exclude payments made for the purchase and proceeds from the sale of securities included in this item totalling +€20 million (prior year: –€17 million). The resulting cash flows from investing activities of –€100 million were much lower than the –€167 million recorded in the preceding year, which was characterized by higher cash outflows for acquisitions and capital expenditures on fixed assets.

At –€59 million, cash flows from financing activities were on par with the previous year's level (–€51 million) and contained the dividend payment for the preceding year of €39 million (prior year: €34 million).

## Non-current and current assets up

Due to the classification and valuation of customer leases within the scope of the final purchase price allocation for NTP, which was acquired in November 2015, the comparable year-earlier figures for intangible assets, trucks for lease and receivables from financial services were adjusted slightly retroactively.

**Balance sheet total**
in million €


At €579 million, intangible and fixed assets were only marginally higher than in the previous year (€568 million) owing to the substantially lower volume of capital expenditures compared to the preceding year.

Against the backdrop of the expansion of the short-term hire fleet, the value of trucks for short-term hire rose by €27 million to €326 million (prior year: €299 million).

Driven by the expansion of the financial services business, the value of trucks for lease grew by €41 million to €395 million (prior year: €354 million) while for non-current and current receivables from financial services it advanced by €50 million to €752 million (prior year: €702 million).

At €149 million, the other non-current assets were up €14 million on the figure recorded a year earlier (€135 million). A major reason for this was the contribution of the seed money for the joint venture with Heli. By the cut-off date, inventories had advanced by €79 million to €396 million (prior year: €317 million), with the increase in finished goods, merchandise and advance payments made in sales of €51 million primarily being based on unbilled customer orders. Current trade accounts receivable amounted to €600 million—substantially up on the previous year (€514 million) due to the high volume of invoices in the last two months of the period under review. Liquid assets and current securities were down €32 million to €345 million (prior year: €377 million).

**Asset structure**

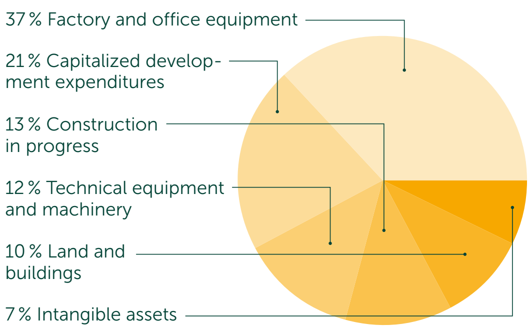
| in million € | 12/31/2016 | 12/31/2015 | Change % |
|---|---|---|---|
| Non-current assets | 2,016 | 1,867 | 8.0 |
| Intangible and tangible assets | 579 | 568 | 1.9 |
| Trucks for short-term hire and lease | 721 | 653 | 10.4 |
| Receivables from financial services | 537 | 496 | 8.3 |
| Other assets (including financial assets) | 149 | 135 | 10.4 |
| Securities | 30 | 15 | 100.0 |
| Current assets | 1,627 | 1,482 | 9.8 |
| Inventories | 396 | 317 | 24.9 |
| Trade accounts receivable | 600 | 514 | 16.7 |
| Receivables from financial services | 215 | 206 | 4.4 |
| Other assets | 71 | 68 | 4.4 |
| Liquid assets and securities | 345 | 377 | –8.5 |
| Balance sheet total | 3,643 | 3,349 | 8.8 |

**Capital expenditures**
in million €; tangible and intangible assets excluding capitalized development expenditures


### Capital expenditures down year on year

Jungheinrich regularly invests in maintenance and replacements. Furthermore, the company spends capital on the future growth and expansion of its sales infrastructure. One of the investment magnets in the reporting year was the modernization of the counterbalanced truck factory in Moosburg. The high figure posted in the previous year included several large-scale construction projects such as the construction of the new corporate headquarters in Hamburg. With the exception of the modernization of the Moosburg plant, they were also completed in 2015.

**Distribution of capital expenditures in 2016**




## Financial Services

### Financial services business secures long-term customer retention

All of the Jungheinrich Group's financial service activities are pooled in the 'Financial Services' segment and are managed centrally via Jungheinrich Financial Services International GmbH and Jungheinrich Rental International AG & Co. KG. Within the Group, the 'Financial Services' segment renders services to Jungheinrich's sales operations. By offering a range of individual, flexible and competitive financial services and drawing on its direct sales network and in-house service operations, the sales organization can meet customer expectations—also with respect to providing forklift truck support across country borders. With the exception of the customer receivables default risk and the refinancing risk, all opportunities and risks resulting from financial service agreements are assigned to the operating sales units in the 'Intralogistics' segment.

Jungheinrich has proprietary financial services companies in eight countries. In addition to Germany, Italy, France, the United Kingdom, Spain, the Netherlands and Austria, this has also been the case in Australia since 2015.

The 'Financial Services' segment's standard groupwide organizational structure and procedures ensure that the structure and provisions of finance agreements entered into with powerful domestic and foreign refinancing banks are uniform. Moreover, refinancing on the capital market can be handled by Luxembourg-based Elbe River Capital S.A.. As of December 31, 2016, the financing platform's volume amounted to about €282 million.

The objective of the business model is to serve the customer over a product's entire life cycle. As a rule, the financial service agreements offered are connected to a full-service or maintenance contract. Against this backdrop, the individualized usage transfer offerings and sales financing serve the purpose of promoting sales and retaining customers over the long term.

### Refinancing with matching terms and interest rates

Jungheinrich companies enter into financial service agreements with customers directly or indirectly via leasing companies or banks (referred to as vendor agreements). In compliance with IFRS accounting policies, financial service agreements concluded directly with customers are recognized as leased equipment ('operating leases') or as receivables from financial services ('finance leases'). The average maturity of the financial service agreements is five years. About three quarters of all contracts are 'finance leases.' These long-term customer agreements are refinanced with identical maturities and interest rates and disclosed as liabilities from financial services. Cash flows from customer contracts usually at least cover refinancing instalments paid to lending institutions for this business. For vendor agreements, deferred sales stemming from sales proceeds already generated with an intermediate leasing company are stated under deferred income.

### 40 per cent of new trucks marketed via financial services

In 2016, the volume of long-term financial service agreements rose by €55 million. Geographical highlights were Italy and Germany, posting increases of 25 per cent and 18 per cent in volume in terms of value. As in the year before, 75 per cent of the new contract volume was allocable to the eight countries in which Jungheinrich has proprietary financial services companies.

By the end of 2016, the volume of contracts on hand had risen by a total of 10 per cent to 137 thousand forklift trucks (prior year: 124 thousand units). This corresponded to an original value of €2,232 million (prior year: €2,072 million).

Relative to the number of new trucks sold, 40 per cent (prior year: 39 per cent) was sold via financial service agreements. The leasing ratios varied from one country to the next. Jungheinrich had leasing ratios of more than 60 per cent in Italy and Norway.

## Corporate social responsibility

Jungheinrich has set itself the goal of proactively assuming its entrepreneurial responsibility as part of doing business in adherence to the principles of sustainable management en route to securing the company's future viability and innovative prowess based on economic success. As a group with an international setup, this translates into taking action that is profitable, environmentally compatible and socially responsible. Therefore, Jungheinrich is gentle on resources, develops energy-optimized products, ensures sustainable processes in its supply chain, and nurtures long-term partnerships with charitable organizations.

### ISO certification progresses

Jungheinrich strives to engineer and manufacture efficient and resource-conscious products. In its quest to reduce ensuing effects on the environment, the Jungheinrich Group adheres to the basic principle of the continual improvement process (CIP) as part of its quality and environmental management.

The German material handling equipment factories, the production plant in Qingpu as well as the spare part centre in Kaltenkirchen have a quality management system that is certified to ISO 9001 as well as an environmental management that is certified to ISO 14001. In addition, the German production plants in Norderstedt, Moosburg and Landsberg also have an energy management system certified to ISO 50001. The factory in Qingpu has a progressive energy concept, for which it received silver Leed certification for ecological construction from the U.S. Green Building Council.

### Financial services—key figures

| in million € | 12/31/2016 | 12/31/2015 | Change % |
|---|---|---|---|
| Original value of new contracts[1] | 603 | 548 | 10.0 |
| Original value of contracts on hand | 2,232 | 2,072 | 7.7 |
| Trucks for lease from financial services | 474 | 428[2] | 10.7 |
| Receivables from financial services | 752 | 702[2] | 7.1 |
| Equity | 82 | 76[2] | 7.9 |
| Liabilities | 1,413 | 1,319[2] | 7.1 |
| Net sales[1] | 737 | 645 | 14.3 |
| EBIT[1] | 12 | 14 | –14.3 |

1 January 1 to December 31.
2 Prior-year figures adjusted due to the classification and valuation of NTP customer leases.

## Product eco balance improved

Documenting Jungheinrich's environmentally aware actions is the material handling equipment sector's first product eco balance certified by the German Technical Inspection Authority (TÜV). The balance includes the analysis of the environmental impact of products over the entire lifecycle of the Jungheinrich truck fleet (excluding high-rack stackers and vertical order pickers from 2000 to 2010. In this period, $CO_{2e}$ emissions[1] were reduced by 25 per cent.

High-rack stackers and vertical order pickers have been included in the product eco balance since 2012. The objective is to reduce $CO_{2e}$ emissions by another 20 per cent by 2020, compared to the levels recorded in 2010. Efficiency was improved for new developments in several product clusters last year, leading to a further reduction in energy consumption. Measures to improve efficiency at the manufacturing sites reduced $CO_{2e}$ emissions occurring during production. A drop of 12 per cent was achieved from 2010 to 2016.

Innovative measures for reducing $CO_{2e}$ are of importance to the entire Jungheinrich product cycle. High-tech solutions developed in-house serve as a dual yardstick with respect to the competition—especially in the usage phase, during which 80 to 90 per cent of the emissions occur. The significant reduction in $CO_{2e}$ emissions despite high handling turnover rates minimizes the impact on the environment, and customers benefit from permanently low energy costs.

Internal KPI systems are used to benchmark the environmental performance of the Group's individual units. Jungheinrich collects key figures of relevance to the environment for its domestic plants and the plant in Qingpu based on the specifications and recommendations of the Global Reporting Initiative (GRI), a major global standard for sustainability reporting.

Usage, emissions and waste volume at Jungheinrich's sites are primarily determined by the products themselves, the number of units manufactured, and the degree of vertical integration. Figures in the year under review were higher than in 2015 owing to the substantial rise in unit production. The increase in the waste figure was caused by the resumption of regular scrapping at the Dresden Used Equipment Centre. In the preceding year, almost no equipment was scrapped there due to measures taken in connection with the expansion of the site.

### Environmental indicators[1]

| | 2016[2] | 2015 |
|---|---|---|
| Electricity (MWh) | 41,167 | 38,656 |
| Natural gas/district heat/oil (MWh) | 43,837 | 40,684 |
| $CO_{2e}$ emissions (mt)[3] | 30,301 | 28,832 |
| Water consumption (cubic metres) | 46,150 | 42,438 |
| Wastewater (cubic metres) | 44,857 | 40,410 |
| Waste (mt) | 10,498 | 7,690 |

1 For the Norderstedt, Moosburg, Degernpoint, Landsberg, Lüneburg and Qingpu sites as well as for the Dresden Used Equipment Centre.
2 Pro-forma figures. Some figures for December 2016 are based on extrapolations and empirical values.
3 Figures do not include diesel or petrol.

Jungheinrich is always minded to reduce resource consumption not only in production, but also elsewhere. For instance, the new corporate headquarters was built to the standards of the DGNB certificate from the German Sustainable Building Council. It thus satisfied the high demands placed on the environment and sustainability.

## Social engagement at home and abroad

Given its roots as a traditional Hamburg company, value-oriented action is extremely important to Jungheinrich—be this in relation to the value-added chain, employee satisfaction or providing support to charitable projects. In line with this approach, the company provides assistance above all to initiatives that are compatible with its corporate philosophy and its core business while promoting charitable projects, education and budding scientific and research professionals. Jungheinrich's diverse social engagement is also characterized by its local ties to the City of Hamburg, the company's domicile, running the gamut from donations in kind and cash as well as support on the strength of in-house expertise and the promotion of its employees' social volunteering.

1 $CO_{2e}$ encompasses carbon dioxide as well as other greenhouse gases such as methane, nitrous oxide (laughing gas) and chlorofluorocarbons.

In the year being reviewed, Jungheinrich continued its cooperation with the medical aid organization action medeor e.V. Once again, the company made a contribution to improving healthcare in the world's most destitute regions with its donations and know-how relating to intralogistics. Jungheinrich employees generated additional donations via the 'loose change' initiative, under which staff members voluntarily renounced the cents behind the decimal point of their monthly wage or salary. In the 2016 financial year, Jungheinrich's workforce and management raised €28 thousand (prior year: €27 thousand) under this program. The sum donated is being used to improve the living conditions and health of the Nepalese population, resulting in particular from the devastating earthquake in 2015. Furthermore, we are supporting the re-establishment of functioning basic medical care in Haiti in the aftermath of the hurricane that hit the country in the preceding year. As part of a '24-Hour Challenge,' the trainees of the 'Jungheinrich International Graduate Program' also became involved in action medeor, collecting more than €10 thousand in donations under the initiative.

For the fourth year in a row, Jungheinrich was instrumental in the continuation of a series of lectures for children at Kinder-Uni Hamburg (German for 'Hamburg Children's University'), which aims to interest children from the ages of eight to twelve in science.

Established in 2004 by the founding Wolf and Lange families as well as Jungheinrich AG, the Dr. Friedrich Jungheinrich Foundation is dedicated to the promotion of education, science and research in the fields of logistics, electrical engineering, mechanical engineering, industrial engineering and information technology. In the year under review, 23 scholarship recipients from Germany, Austria, China, the USA and Turkey received financial and moral support—above all by way of seminars, internships and mentorships at Jungheinrich. Moreover, the 'Excellence Award' was conferred for the third time in the 2016 financial year on students for outstanding achievements in their final theses in the fields of mathematics, information technology, natural sciences and technology.

## Compliance firmly institutionalized

Compliance with statutory regulations and company guidelines primarily aims to prevent potential risks which could cause the company or its employees to bear legal consequences and suffer damage in terms of Jungheinrich's economic situation and reputation. In principle, Jungheinrich's business model is based on the entrepreneurial, responsible and ethical behaviour of everyone who works for the company.

Jungheinrich's compliance organization consists of the Chief Compliance Officer (Chairman of the Board of Management), the Compliance Officer (who is the Head of Group Audit) and local compliance officers. The objective is to ensure that local laws and cultural requirements are duly observed.

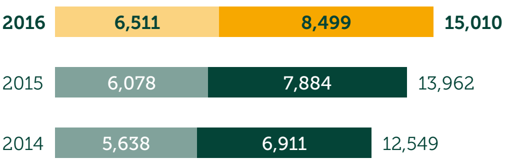
Jungheinrich publishes internal standards and guidelines for all its employees in a central company-specific information system. The groupwide Code of Conduct obliges all employees to behave in a manner compliant with the law and norms—irrespective of their management level or position. The focal points of the Code include anti-corruption, antitrust law and data privacy. We also have a groupwide compliance guideline which regulates accountabilities, consulting and notification procedures as well as the information, documentation and monitoring of matters of relevance to compliance.

In the reporting year, the clearly defined notification channels that must be used throughout the Group with regard to compliance issues and alleged violations were expanded by an 'open line'—initially just in Germany. Domestic personnel can address potential compliance issues anonymously over this additional notification channel via an external service provider.

In addition to the events requiring personal attendance held thus far on topics such as data privacy and security, employees receive in-depth information on the principles of compliance in various risk areas tailored to suit the target groups to which they belong and are sensitized to them. Issues covered include anti-corruption and antitrust law. Furthermore, we started offering e-learning modules on various compliance topics this year.

Group Audit contributes to ensuring compliance by conducting regular audits of potential major risks. The Compliance Department provides advice across functions and throughout the Group.

**Employees**
in FTE; as of 12/31




## Headcount rises above 15,000

In the year under review, the Jungheinrich Group enlarged its workforce, primarily fortifying its sales operations in Europe. As of December 31, 2016, 15,010 (prior year: 13,962) people were employed throughout the Group. This corresponds to a rise of 8 per cent, or 1,048 staff members. In Europe, the biggest gains in headcount were recorded by the sales companies in Poland, Germany, Italy, Russia, Spain and Switzerland.

A total of 186 employees were added as companies in Romania and Chile were acquired and established. The sales force (excluding MIAS) counted 690 employees as the result of the organizational expansion of the 'Logistics Systems' Division by another 61 staff members. The number of people on the MIAS payroll increased by 22 to 326.

In the period being reviewed, temporary personnel was again used to offset capacity fluctuations in the plants. Averaged over the year, the number of temporary workers in 2016 climbed from 506 to 580 against this backdrop. Ninety per cent were active in German factories. As of December 31, 2016, 623 (prior year: 494) temporary workers were active within the Group.

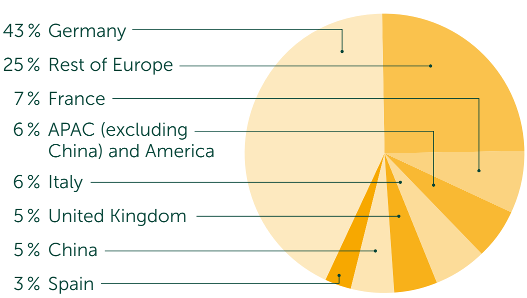
The after-sales services organization accounted for 43 per cent (prior year: 44 per cent) of the labour force, corresponding to 6,495 (prior year: 6,159) employees, 4.584 (prior year: 4,327) of whom were service engineers. This personnel growth reflects the significance of the high-margin service business.

## Personnel development focussed on leadership culture

'Living the Change. Creating the Future. Starting with Me'—the motto of Jungheinrich's '2016 Executive Management Conference' demonstrates that our employees' ability to learn and change is paramount to achieving our growth goals. Against this backdrop, HR development concentrated on executive development and talent management as well as change management and cultural development in the year under review.

**Employees in 2016 by region**

12/31/2016




in FTE

| | 2016 | 2015 | Change % |
|---|---|---|---|
| Germany | 6,511 | 6,078 | 7.1 |
| France | 1,063 | 1,045 | 1.7 |
| Italy | 895 | 862 | 3.8 |
| United Kingdom | 823 | 805 | 2.2 |
| Spain | 398 | 370 | 7.6 |
| Rest of Europe | 3,697 | 3,393 | 9.0 |
| China | 704 | 655 | 7.5 |
| APAC (excluding China) and America | 919 | 754 | 21.9 |
| **Total** | **15,010** | **13,962** | **7.5** |

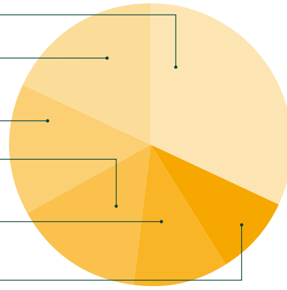
The company's success directly depends on the qualifications, skills and dedication of each individual employee. Executives play a crucial role in institutionalizing the 'Jungheinrich Way of Leadership,' which is based on key values such as entrepreneurship, focus and growth, throughout the Group. Therefore, in the year being reviewed, the Jungheinrich training program was supplemented by additional seminars tailored to the needs of specific target groups, informational events, and new learning formats. Combining them with existing modules opened the door to engraining a leadership culture in the spirit of the 'Jungheinrich Way of Leadership' farther into the Group both in Germany and abroad.

Moreover, 'change management and cultural development' was identified and promoted as a focal point of HR development for 2016. Centre stage was taken by the deepening of the leadership model. The continued development of employee leadership skills is important especially in times of rapidly changing framework conditions. This involves initiating, managing and sustaining change effectively. This is why various training concepts with this focus were created and implemented.

The international trainee program 'Jungheinrich International Graduate Program' (JIG) for developing budding professionals was expanded and extended to cover further countries. By the end of the year, the program included 40 trainees in Germany, France, Italy, the United Kingdom, Spain, Russia, China and Singapore. The trainees were assigned to various areas throughout the Group in line with their competencies and interests. Furthermore, JIG received the 'Career-Promoting & Fair Trainee Program' seal of quality from ABSOLVENTA, a job fair for students, graduates and young professionals yet again.

**Apprenticeable professions in 2016[1]**

As of 12/31/2016




1 Basis: 275 apprentices in Germany.

## Training: an investment in the future

As of December 31, 2016, the company employed 415 (prior year 440) apprentices, 275 (prior year: 280) of whom worked in Germany, where the Jungheinrich Group offers training programs for 17 apprenticeable professions. In addition, sandwich courses are offered in cooperation with institutions of higher learning. In 2016, the share of apprentices pursuing collaborative courses of study relative to the number of apprentices in Germany was 20 per cent.

## Social data

Turnover in the period being reviewed remained low, at 4.7 per cent. At 5.9 per cent, the sickness rate, which is only calculated for domestic staff members, was above the sector average for comparable companies that are members of the Nordmetall employer association (5.5 per cent). At 19.6 per cent, the female quota exceeded the last available comparable ratio for the mechanical engineering sector (German Employment Agency, 2015) of 16.5 per cent.

**Employee data**

| | | 2016 | 2015 |
|---|---|---|---|
| Average age | years | 41 | 41 |
| Years of service | years | 11 | 11 |
| Fluctuation | % | 4.7 | 4.2 |
| Sickness rate[1] | % | 5.9 | 5.8 |
| Reportable working and commuting accidents[1,2] | number | 29 | 29 |
| Female quota | % | 19.6 | 19.6 |

1 Relative to employees in Germany.
2 For every 1,000 employees.

# Legal disclosure

## Compensation report

Jungheinrich's entire management pursues the principle of value-oriented management that aims to make the company increasingly successful over the long term. This principle forms the basis for each of the remuneration schemes, which are linked to the Group control parameters. These are the growth, market share and earnings components, with the focus lying on the earnings component.

### Board of Management compensation

The remuneration of the members of the Board of Management consists of a fixed and variable component and includes the legally required compensation components that have a basis of assessment of several years. The variable compensation component should generally correspond to the fixed compensation. However, if goals are achieved to a very significant degree, it may also amount to more than 50 per cent of total remuneration. The success parameters of the variable component, which are recorded separately, are the Jungheinrich Group's net sales growth, the increase in the share of the core market Europe, and the EBT return on sales. The performance targets are reviewed annually in accordance with the company's strategic orientation and adjusted in line with the multi-year goals and the budget for the year. The variable compensation component is paid in instalments over a period of three years.

Pensions for members of the Board of Management are calculated based on the individual's years of service with a lead-in period until the member has a right of non-forfeiture.

### Supervisory Board compensation

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 compensation 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 HR Committee and of 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.

### Executive compensation

The remuneration system for executives contains variable compensation components that are generally based on the Group's management parameters applicable to the remuneration of the Board of Management.

## Corporate governance declaration in accordance with Section 315, Paragraph 5 of the German Commercial Code

Pursuant to Section 315, Paragraph 5 of the German Commercial Code, as a listed stock corporation, Jungheinrich AG is obligated to issue a declaration on corporate governance for the Group in accordance with Section 289a of the German Commercial Code. This declaration has been published on the company's website at www.jungheinrich.com

# Risk and opportunity report

## Internal control and risk management system regarding the consolidated 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 as well as 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 institutionalized within the Jungheinrich Group with respect to the consolidated accounting process:

- The Jungheinrich Group has a diverse organizational and corporate structure that ensures purposive performance checks.
- The holistic analysis and management of earnings-critical risk factors and risks jeopardizing the company's existence are handled by groupwide governance, budgeting and controlling processes as well as an early risk detection system.
- 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 unauthorized access and are largely off-the-shelf software (essentially SAP systems).
- The Jungheinrich Group has policies in place determining accountabilities, workflow and controls for all material processes. The policies can be accessed by the entire workforce on the intranet.
- A comprehensive Group accounting manual regulates the Group accounting process of the individual companies and consolidation at the Group level, ensuring that business transactions are accounted for, measured and reported uniformly throughout the Group. The manual is updated once a year and made available to the areas involved in the Group accounting process. Regular sample inspections and plausibility checks are performed to verify the completeness and correctness of Group accounting data. This can be done either manually or using software.
- Material processes of relevance to accounting are subject to regular analytical reviews. Our early risk-detection system is examined for functionality and effectiveness by the independent auditor as part of the audit of the financial statements at year-end. Findings derived from this audit are taken into account as the groupwide, Jungheinrich-specific system is continuously refined. The Group 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.
- Among other things, the Supervisory Board and its Finance and Audit Committee concern themselves with material issues pertaining to Group accounting and risk management, compliance as well as the audit assignments and focal points of audits conducted by the independent auditors and the Group Audit Department.

# Risk and opportunity report

The early detection of risks and opportunities as well as the measures derivable therefrom are key elements of corporate governance at Jungheinrich. Basic principles and courses of action have been defined in a groupwide guideline within the scope of a risk management system.

## Risk and opportunity management

Jungheinrich's risk management system is an integral part of the company's management, budgeting 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 that Group reporting and risk management are tightly intermeshed with each other. The groupwide risk management system is constantly adapted and refined, involving the constant review of the risk management process. Adjustments consist of organizational measures, changes in risk quantification methods, and constant updates of relevant parameters. The risk management system comprises the following elements:

- the Group Risk Management Policy,
- the Group Risk Committee,
- the operative risk inventories of the sales and production companies, of the business heads and of the heads of cross-divisional or groupwide functions,
- the general Group reporting structure, and
- the Corporate Audit Department.

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 board meetings, the unit managers are obliged to take inventory of risks three times a year as part of the risk management process. The goal 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 resulting figures are condensed to two aggregated figures—one for risks and one for opportunities—in a Group risk inventory, taking appropriate threshold values and their probability of occurrence into account. The Group risk inventory is discussed and suitable measures are developed in the quarterly meetings of the Group Risk Committee, 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 rush risk reports to the Group Risk Committee whenever they identify risks or opportunities exceeding certain threshold values between the inventory cut-off dates. The Group 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 centralized pan-European lease 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 finalized risk inventory, compiled in 2016 by the Group Risk Committee, revealed that none of the quantified risks are material. There are currently no risks that could jeopardize the Jungheinrich Group's continued existence. 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 in particular from the development of the world economy. Cyclical fluctuations subject the business trend to risks above all in key European markets. Experts currently expect the global economy to grow by 3.4 per cent and the Eurozone to expand by 1.6 per cent in 2017. However, the stability of the global economy can be curtailed by looming debt problems of single countries or geopolitical uncertainty. It remains to be seen whether countries experience crises again and to what extent the initial success of efforts to reform the economies of individual countries is felt over the long term.

Sector-specific risks largely result from changes in market volume and the competitive environment as well as from technological changes. The size of the European material handling equipment market increased by 13 per cent in the year being reviewed, whereas world market volume rose by 7 per cent. A substantial decline in GDP growth—especially in Europe—could result in a significant reduction in the number of forklift trucks produced or realizable margins.

The material handling equipment market is characterized by fierce competition and increasing consolidation tendencies.

Therefore, the economy's development—focussing on Europe—is constantly monitored and evaluated based on regular estimates made concerning the material handling equipment market, the competitive environment, and capital markets—especially with regard to fluctuations in currency exchange and interest rates. The objective is to detect indications of the future order trend. Production schedules are constantly brought in line with the forecast level of incoming orders. This reduces the risk of plant capacity under-utilization. Also included in risk surveys are potential changes to the subsidiaries' financial situation stemming from market developments.

The risk of losing market share and/or business declining is mitigated by Jungheinrich constantly refining its product range, expanding its service offering, further increasing its sales force, providing attractive financing solutions, and further intensifying its differentiation strategy, for example by expanding the logistics systems business.

## Operational risks

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

The consolidation of demand witnessed for several years causes the pressure on prices on the market to rise and thus constitutes an operational risk. The Group mitigates this risk mainly by constantly expanding its product and service offerings and supplementing it by adding tailor-made customer solutions. This improves its market penetration and customer loyalty. Furthermore, measures to enhance productivity are constantly taken throughout the Group.

Jungheinrich protects itself from the general bad debt risk by using a computerized system to constantly monitor outstanding receivables and their structure and regularly analyzing them. The lion's share of the foreign net sales we generate 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, the company employs control systems to monitor and analyze the development of the price of relevant commodities. These systems help management 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 2017 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 unauthorized access to corporate data and of tampering with or sabotaging IT systems with groupwide 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 basis for a company's success. Personnel risks may arise in the event of a failure to recruit or retain qualified staff in sufficient numbers—especially those in managerial and key positions. As part of its university marketing campaigns, Jungheinrich nurtures close ties to technical universities and works closely together with them, with a view to recruiting the young engineering talent that is 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-oriented compensation system. For instance, on an international level, executives and employees with special skill sets are identified around the world, promoted and put to the test within the scope of 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 scientific engineers is a further step in this direction. The number of trainee positions is being kept high in order to ensure that all future needs for skilled workers are covered. It remains difficult to recruit engineers that are in high demand in the industry to staff certain specialized positions. Jungheinrich employs temporary workers in order to avoid capacity utilization risks and uses location-specific flexible working time accounts.

Service data as well as information on unusual incidents involving forklift trucks are evaluated in order to mitigate product risks. Processes designed for this purpose have been established in groupwide guidelines and receive the efficient support of the direct sales organization and of the rapid notification system it implements regarding product safety behaviour. Anomalies are immediately examined jointly by the people responsible for the product line in question, after-sales services, and the quality unit. Safety matters are investigated by the Legal Department. In cases requiring action, corrective measures such as precautionary alterations are adopted immediately and implemented worldwide. In addition, pilot customers are involved with a view to identifying technical risks early, which could jeopardize the product's marketability and mitigate them during the product creation phase. Of course, Jungheinrich also protects its product know-how by filing patents.

## Risks associated with financial services

Risk management has to address residual value, refinancing and customer receivable default risks due to the business policies of Jungheinrich's financial service business. Detailed rules governing the identification and assessment of risks are documented in groupwide 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 groupwide standard for maximum allowable residual values. The residual values of all individual contracts are subjected to a quarterly evaluation using the central financial service contractual database on the basis of their going fair value. In cases where the going fair value is lower than the residual value of a contract, a suitable provision for this risk is recognized on the balance sheet. Other cases in which the going fair value exceeds the residual value of a contract present 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 contracts. The 'Financial Services' segment's standard groupwide organizational structure and procedures ensure that the structure and provisions of finance agreements entered into with powerful domestic and foreign refinancing banks are highly uniform throughout the Group. Moreover, an established financing platform also 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.

## Customer receivable default risks

Comprehensive computerized creditworthiness checks performed before contracts are concluded as well as revolving inspections during the terms of agreements contribute to keeping defaults on receivables from customers at a very low level. Jungheinrich's default risk exposure again remained far below the sector average in the year being reviewed. 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 within the Jungheinrich organization via the pan-European direct sales network and the 'Supralift' web-based platform minimize risks related to economic exploitation.

## Financial risks

Financial risks primarily consist of interest-rate and currency risks. They are monitored regularly. Changes in interest and currency exchange rates expose the Jungheinrich Group to operating risks which are controlled by the risk management system. Jungheinrich makes use of financial instruments such as currency futures, currency swaps, currency options and interest-rate swaps to control these risks. We have defined control mechanisms for the use of financial instruments in a procedural guideline based on the legal requirements imposed on company risk management systems. Among other things, it mandates the clear separation of trading, settlement, accounting and controlling.

Jungheinrich's financing situation continues to be comfortable. The company's good creditworthiness and robust balance sheet structure were valuable assets with respect to credit financing. As of December 31, 2016, Jungheinrich had a total of €225 million in credit facilities at its disposal, which have been pledged over the medium term, and promissory note arrangements of €100 million. The maturity profile of the credit lines and promissory note bond are very scattered, thus increasing our financial headroom. Moreover, none of the master loan agreements or promissory note arrangements include financial covenants.

As there is a high level of liquid assets, which the Group can use to meet its payment obligations at all times, there is no liquidity risk exposure. Financial resources and payment flows of domestic and foreign Group companies are optimized across companies and countries as regards interest and currency aspects via a central cash and currency management system for the Jungheinrich Group.

Jungheinrich continues to pursue a conservative investment policy throughout the Group, exclusively spending capital on select asset classes of outstanding credit-worthiness. Part of the liquidity has been invested in a special fund which was created in order to limit risks arising from fluctuations in market prices—essentially consisting of changes in interest rates and share prices—with a view to protecting value.

The Jungheinrich Group is exposed to a counterparty risk that arises from the non-fulfilment of contractual agreements by counterparties, which are generally international financial institutions. On the basis of the risk indicators used in the Jungheinrich Group—in particular credit ratings that are determined and regularly updated by reputable rating agencies—as well as the spreads of credit default insurance policies (credit default swaps) no major risk ensues from the dependence on individual counterparties. The general credit risk from the derivative financial instruments used is considered to be negligible. Derivative financial instruments are exclusively used to hedge existing underlying transactions against interest-rate and currency risks.

More detailed commentary on financial instruments can be found in Jungheinrich AG's consolidated financial statements.

Due to measures taken to regulate international financial markets such as the European Market Infrastructure Regulation (EMIR) Jungheinrich is obligated to observe these extensive sets of rules and fulfil the associated reporting duties when concluding financial transactions. A uniform, groupwide process is in place to ensure compliance with their regulations. It fulfils the reporting obligations and satisfies the risk-related requirements.

## Legal risks

The Group is exposed to the legal risks customary in commercial enterprises, in particular as regards 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 groupwide policies whenever possible. In addition, material contracts and other transactions of legal importance are centrally managed and administered by the departments responsible for them, which also provide the legal advice pertaining to them. In part, all Group companies are parties to or involved in legal procedures, the outcomes of which cannot be predicted with certainty. Appropriate provisions have been built 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 much better than currently expected.

The outlook for 2017 is based on expert assessments of the economic trend and our own assessments of the market.

Should the world economy—especially the European economy—grow stronger 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 may 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 be created by new products and services as well as the progressive trend towards digitization 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.

## Overall assessment of the risk situation and opportunities by company management

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

At present, no risks are discernible which could tangibly or sustainably jeopardize the Jungheinrich Group's earnings, financial or asset positions either individually or in combination with other risks or could threaten our existence. This applies to the reporting period as well as to activities that have been planned or initiated.

All risks—with the exception of cyclical and sector risks—are considered to be controllable and manageable.

# Forecast report

The company's strategy focuses on sustainable, profitable and organic growth. Our financing policy remains conservative especially as regards our liquidity position, enabling us to maintain our flexibility.

## World economy: further rise in GDP expected

Global economic growth is likely to accelerate somewhat in 2017 compared to 2016. The USA and Europe are expected to be the main drivers. The International Monetary Fund (IMF) expects a greater increase in world economic output of 3.4 per cent (2016: 3.1 per cent) despite the uncertainty regarding future US economic policy and the associated consequences for the global economy. US GDP will probably rise by 2.3 per cent, clearly besting the rate of increase achieved last year (2016: 1.6 per cent). The prognosis for China envisages the country's economy losing a little momentum compared to last year (6.5 per cent growth vs. 6.7 per cent in 2016).

In 2017, economies in the Eurozone are expected to post slightly lower combined economic growth of 1.6 per cent (2016: 1.7 per cent). Germany will probably see its economic output increase by 1.5 per cent in the year underway, falling short of the rise recorded in 2016 (1.7 per cent). However, the German Engineering Federation (VDMA) anticipates a mere 1.0 per cent gain in production in 2017. As in the prior year, France's gross domestic product is likely to rise by 1.3 per cent in 2017. The Italian economy is expected to grow by 0.7 per cent, following 0.9 per cent expansion last year. The economy of the United Kingdom is expected to expand much less than last year, growing by 1.5 per cent (2016: 2.0 per cent) with economic momentum in Poland likely to pick up (3.4 per cent; 2016: 3.1 per cent). Russia's gross domestic product will post growth this year, increasing by 1.1 per cent (2016: drop of 0.6 per cent).

France, Italy and the United Kingdom are the most important material handling equipment markets in Western Europe after Germany. In Eastern Europe, the frontrunners are Poland and Russia.

### Growth rates of selected economic regions

| Gross domestic product in % | Forecast for 2017 |
|---|---|
| World | 3.4 |
| USA | 2.3 |
| China | 6.5 |
| Eurozone | 1.6 |
| Germany | 1.5 |

Source: International Monetary Fund (as of January 2017).

We expect the world material handling equipment market to continue growing, albeit losing some momentum over last year. European market volume should increase. We anticipate a rise of a mid-range, single-digit percentage and thus less momentum than in 2016 here as well. Asia may well post robust market growth. The good demand for electric material handling equipment should persist on the North American market. The shrinkage of the region's IC engine-powered counterbalanced truck market may be cushioned if the economy posts a respectable performance. We do not expect the significance of the Jungheinrich Group's product segments relative to each other to change significantly.

## Future development of the Jungheinrich Group

Taking account of the economic and sector outlook set out above, Jungheinrich anticipates that incoming orders will range between €3.4 billion and €3.5 billion in 2017 (2016: €3.22 billion). We aim to improve our share of the European market marginally (2016: 21.6 per cent). Consolidated net sales should range between €3.3 billion and €3.4 billion (2016: €3.09 billion). The 'Logistics Systems' Division is anticipated to make a contribution of over €500 million. Current estimates have EBIT amounting to between €250 million and €260 million in 2017 (2016: €235 million). We anticipate EBIT ROS to be on par with last year's figure (7.6 per cent). We do not expect to see any unusual changes in the cost of materials. EBT should total from €230 million to €245 million (2016: €216 million). The EBT ROS should also be on par with last year's figure (7.0 per cent).

We will maintain our high level of liquidity with a view to remaining financially independent and keeping an appropriate degree of financial room for manoeuvre. We expect to have a net credit in mid-range, double-digit million euro territory by the end of 2017 (2016: €56 million).

ROCE should be on par with last year's figure (17.8 per cent).

In 2017, our financial service operations focussed on the continued expansion of business in growth markets. All in all, we expect the number of products sold via financial services to rise substantially in 2017.

## General statement concerning the Jungheinrich Group's anticipated development

In the 2017 financial year, we expect the economic environment to be positive overall. We anticipate that the global material handling equipment market will continue to grow, albeit less dynamically than in 2016. Political risks, terrorist acts and conflicts due to warfare may lead to significant, unexpected changes in framework conditions. Global developments in the field of intralogistics, such as the trend to modernizing warehouses as well as towards automated solutions and customer focus on intralogistics and electric vehicles provide our integrated business model with opportunities.

We are well positioned for the future. We have our sights firmly set on achieving our growth target of €4 billion in net sales in 2020. Our integrated business model including the new Truck Business, Short-Term Hire and Used Equipment, and After-Sales Services business areas along with our strong financial service operations provide us with a solid basis. We will spur the company's further strategic development with vigour.

Therefore, we expect incoming orders, net sales and earnings to rise this year, albeit to a lesser extent than in 2016. This assessment is based on the assumption that the economy and the material handling equipment market will develop as prognosticated and that our sales markets do not experience drastic recessionary trends. Against this backdrop, we are counting on a slight improvement of our share of the European market.

Jungheinrich has a robust balance sheet and enough liquidity to implement measures required to position itself strategically over the long term even in the event that the development of the economy and market fails to meet our expectations. Our financial position benefits from an equity ratio of 31 per cent, or—adjusted to exclude the influence of the 'Financial Services' segment—48 per cent and is thus very robust. We will continue to attach substantial importance to this in the future as well. We generally pursue a policy of paying steady dividends.

In sum, we anticipate our business to display positive development in 2017.

Since developments cannot be foreseen, the actual business trend may deviate from the expectations, assumptions and estimates made by Jungheinrich company management in this Group management report. Factors that may lead to such deviations include changes in the economic environment, changes within the material handling equipment sector as well as exchange and interest-rate fluctuations. Therefore, no responsibility is taken for forward-looking statements made in this Group management report.

# Consolidated financial statements

# Consolidated statement of income

| | | Jungheinrich Group | | Intralogistics[1, 2] | | Financial Services[2] | |
|---|---|---|---|---|---|---|---|
| in thousand € | Notes | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| **Net sales** | **(3)** | **3,084,849** | **2,753,896** | **2,347,659** | **2,108,438** | **737,190** | **645,458** |
| Cost of sales | (4) | 2,132,699 | 1,902,901 | 1,415,728 | 1,278,376 | 716,971 | 624,525 |
| **Gross profit on sales** | | **952,150** | **850,995** | **931,931** | **830,062** | **20,219** | **20,933** |
| Selling expenses | | 583,625 | 516,838 | 574,920 | 509,453 | 8,705 | 7,385 |
| Research and development costs | (12) | 56,253 | 50,147 | 56,253 | 50,147 | – | – |
| General administrative expenses | | 88,573 | 76,870 | 88,573 | 76,870 | – | – |
| Other operating income | (7) | 6,951 | 4,507 | 6,951 | 4,507 | – | – |
| Other operating expenses | (8) | 1,466 | 1,746 | 1,463 | 1,735 | 3 | 11 |
| Income (loss) from companies accounted for using the equity method | (16) | 5,785 | 3,202 | 5,785 | 3,202 | – | – |
| **Earnings before interest and income taxes** | | **234,969** | **213,103** | **223,458** | **199,566** | **11,511** | **13,537** |
| Interest income | (9) | 175 | 2,544 | –16 | 2,384 | 191 | 160 |
| Interest expenses | (9) | 8,096 | 10,281 | 7,365 | 9,543 | 731 | 738 |
| Other financial income (loss) | (10) | –11,323 | –7,070 | –11,321 | –7,068 | –2 | –2 |
| **Financial income (loss)** | | **–19,244** | **–14,807** | **–18,702** | **–14,227** | **–542** | **–580** |
| **Earnings before taxes** | | **215,725** | **198,296** | **204,756** | **185,339** | **10,969** | **12,957** |
| Income taxes | (11) | 61,370 | 60,710 | | | | |
| **Net income** | | **154,355** | **137,586** | | | | |
| | | | | | | | |
| **Earnings per share in €** (diluted/undiluted) | (38) | | | | | | |
| **Ordinary shares**[3] | | 1.50 | 1.34 | | | | |
| **Preferred shares**[3] | | 1.52 | 1.36 | | | | |

1 Including the assignment of consolidation between the 'Intralogistics' and 'Financial Services' segments.
2 The breakdown is not mandated by IFRS and was thus not audited.
3 Takes account of the 1:3 stock split; prior year figures adjusted accordingly.

# Consolidated statement of comprehensive income (loss)

| in thousand € | 2016 | 2015[1] |
|---|---|---|
| **Net income** | 154,355 | 137,586 |
| **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 | –1,933 | 3,239 |
| Income (loss) from the measurement of financial instruments available for sale | 495 | –771 |
| Income (loss) from currency translation | –5,590 | 2,204 |
| **Items which will not be reclassified to the consolidated statement of income** | | |
| Income (loss) from the measurement of pensions | –20,043 | 17,971 |
| **Other comprehensive income (loss)** | –27,071 | 22,643 |
| **Comprehensive income (loss)** | 127,284 | 160,229 |

1 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

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

# Consolidated balance sheet

**Assets**

| in thousand € | Notes | Jungheinrich Group 12/31/2016 | Jungheinrich Group 12/31/2015[3] | Intralogistics[1, 2] 12/31/2016 | Intralogistics[1, 2] 12/31/2015[3] | Financial Services[2] 12/31/2016 | Financial Services[2] 12/31/2015[3] |
|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | |
| Intangible assets | (12) | 148,757 | 135,526 | 139,050 | 125,213 | 9,707 | 10,313 |
| Tangible assets | (13) | 430,482 | 433,109 | 430,429 | 433,041 | 53 | 68 |
| Trucks for short-term hire | (14) | 326,416 | 299,265 | 326,416 | 299,265 | – | – |
| Trucks for lease from financial services | (15) | 394,667 | 354,483 | (79,498) | (73,594) | 474,165 | 428,077 |
| Investments in companies accounted for using the equity method | (16) | 26,204 | 10,695 | 26,204 | 10,695 | – | – |
| Other financial assets | | 83 | 108 | 83 | 108 | – | – |
| Trade accounts receivable | (18) | 13,488 | 12,275 | 13,488 | 12,275 | – | – |
| Receivables from financial services | (19) | 537,024 | 495,648 | – | – | 537,024 | 495,648 |
| Derivative financial assets | (36) | 319 | 755 | 189 | 739 | 130 | 16 |
| Other receivables and other assets | (20) | 2,433 | 12,057 | 2,433 | 12,057 | – | – |
| Securities | (21) | 30,021 | 15,000 | 30,021 | 15,000 | – | – |
| Prepaid expenses | (23) | 1 | 4 | (30,960) | (23,351) | 30,961 | 23,355 |
| Deferred tax assets | (11) | 106,380 | 98,460 | 98,911 | 88,004 | 7,469 | 10,456 |
| | | **2,016,275** | **1,867,385** | **956,766** | **899,452** | **1,059,509** | **967,933** |
| | | | | | | | |
| **Current assets** | | | | | | | |
| Inventories | (17) | 395,650 | 316,698 | 356,735 | 278,301 | 38,915 | 38,397 |
| Trade accounts receivable | (18) | 600,299 | 514,074 | 528,154 | 451,206 | 72,145 | 62,868 |
| Receivables from financial services | (19) | 214,818 | 206,035 | – | – | 214,818 | 206,035 |
| Income tax receivables | | 5,971 | 9,627 | 4,432 | 9,597 | 1,539 | 30 |
| Derivative financial assets | (36) | 6,136 | 5,438 | 6,136 | 5,438 | – | – |
| Other receivables and other assets | (20) | 45,494 | 41,107 | (22,533) | (40,423) | 68,027 | 81,530 |
| Securities | (21) | 131,369 | 166,989 | 131,369 | 166,989 | – | – |
| Liquid assets | (22) | 214,087 | 210,479 | 195,170 | 188,798 | 18,917 | 21,681 |
| Prepaid expenses | (23) | 12,879 | 11,257 | (7,557) | (4,779) | 20,436 | 16,036 |
| | | **1,626,703** | **1,481,704** | **1,191,906** | **1,055,127** | **434,797** | **426,577** |
| | | **3,642,978** | **3,349,089** | **2,148,672** | **1,954,579** | **1,494,306** | **1,394,510** |

1 Including the assignment of consolidation between the 'Intralogistics' and 'Financial Services' segments.
2 The breakdown is not mandated by IFRS and was thus not audited.
3 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

## Shareholders' equity and liabilities

| in thousand € | Notes | Jungheinrich Group 12/31/2016 | Jungheinrich Group 12/31/2015[3] | Intralogistics[1,2] 12/31/2016 | Intralogistics[1,2] 12/31/2015[3] | Financial Services[2] 12/31/2016 | Financial Services[2] 12/31/2015[3] |
|---|---|---|---|---|---|---|---|
| **Shareholders' equity** | (24) | | | | | | |
| Subscribed capital | | 102,000 | 102,000 | 89,898 | 89,851 | 12,102 | 12,149 |
| Capital reserve | | 78,385 | 78,385 | 78,349 | 78,349 | 36 | 36 |
| Retained earnings | | 999,713 | 884,738 | 929,992 | 823,262 | 69,721 | 61,476 |
| Accumulated other comprehensive income (loss) | | (65,965) | (38,894) | (65,769) | (40,950) | (196) | 2,056 |
| | | **1,114,133** | **1,026,229** | **1,032,470** | **950,512** | **81,663** | **75,717** |
| | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Provisions for pensions and similar obligations | (25) | 222,690 | 201,572 | 222,597 | 201,489 | 93 | 83 |
| Other provisions | (26) | 55,140 | 67,200 | 54,332 | 66,003 | 808 | 1,197 |
| Deferred tax liabilities | (11) | 19,289 | 20,602 | 14,447 | 14,878 | 4,842 | 5,724 |
| Financial liabilities | (27) | 215,557 | 200,396 | 215,557 | 200,347 | – | 49 |
| Liabilities from financial services | (28) | 820,463 | 753,767 | – | – | 820,463 | 753,767 |
| Derivative financial liabilities | (36) | 2,101 | 2,020 | 406 | 302 | 1,695 | 1,718 |
| Other liabilities | (30) | 1,692 | – | 1,692 | – | – | – |
| Deferred income | (31) | 76,270 | 70,484 | 45,086 | 40,098 | 31,184 | 30,386 |
| | | **1,413,202** | **1,316,041** | **554,117** | **523,117** | **859,085** | **792,924** |
| | | | | | | | |
| **Current liabilities** | | | | | | | |
| Income tax liabilities | | 16,407 | 11,535 | 15,550 | 9,924 | 857 | 1,611 |
| Other provisions | (26) | 186,364 | 161,857 | 185,553 | 160,908 | 811 | 949 |
| Financial liabilities | (27) | 103,938 | 116,693 | 99,080 | 115,147 | 4,858 | 1,546 |
| Liabilities from financial services | (28) | 335,277 | 318,410 | – | – | 335,277 | 318,410 |
| Trade accounts payable | (29) | 287,034 | 241,150 | 160,238 | 114,270 | 126,796 | 126,880 |
| Derivative financial liabilities | (36) | 2,915 | 2,303 | 2,878 | 2,251 | 37 | 52 |
| Other liabilities | (30) | 146,585 | 119,260 | 77,070 | 58,383 | 69,515 | 60,877 |
| Deferred income | (31) | 37,123 | 35,611 | 21,716 | 20,067 | 15,407 | 15,544 |
| | | **1,115,643** | **1,006,819** | **562,085** | **480,950** | **553,558** | **525,869** |
| | | **3,642,978** | **3,349,089** | **2,148,672** | **1,954,579** | **1,494,306** | **1,394,510** |

1 Including the assignment of consolidation between the 'Intralogistics' and 'Financial Services' segments.
2 The breakdown is not mandated by IFRS and was thus not audited.
3 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

# Consolidated statement of cash flows

| in thousand € | 2016 | 2015[1] |
|---|---|---|
| Net income | 154,355 | 137,586 |
| Amortization and impairment losses of tangible and intangible assets | 72,397 | 58,581 |
| Depreciation of trucks for short-term hire and lease | 181,976 | 160,674 |
| Changes in provisions | 33,499 | –29,890 |
| Changes in trucks for short-term hire and trucks for lease (excluding depreciation) | –247,470 | –253,638 |
| Changes in tangible assets under finance leases (excluding depreciation) | –2,678 | – |
| Income (loss) from the disposal of tangible and intangible assets | 224 | 294 |
| Income (loss) from/changes deriving from companies accounted for using the equity method and of other financial assets | 120 | 1,400 |
| Changes in deferred tax assets and liabilities | –9,847 | 12,311 |
| Changes in | | |
| inventories | –77,649 | –850 |
| trade accounts receivable | –85,566 | –46,973 |
| receivables from financial services | –50,159 | –53,774 |
| trade accounts payable | 43,898 | 40,922 |
| liabilities from financial services | 83,563 | 104,291 |
| liabilities from financing trucks for short-term hire | 17,894 | –7,107 |
| other operating assets | 10,013 | –23,386 |
| other operating liabilities | 17,546 | 42,527 |
| **Cash flow from operating activities** | **142,116** | **142,968** |
| Payments for investments in tangible and intangible assets | –71,548 | –96,899 |
| Proceeds from the disposal of tangible and intangible assets | 1,728 | 2,974 |
| 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 | –72,677 |
| Payments for the purchase of securities | –100,875 | –121,350 |
| Proceeds from the sale/maturity of securities | 121,057 | 104,425 |
| **Cash flow from investing activities** | **–79,804** | **–183,527** |
| Dividends paid | –39,380 | –34,280 |
| Changes in short-term liabilities due to banks | –16,544 | –16,286 |
| Proceeds from obtaining long-term financial loans | 11,418 | 15,457 |
| Repayment of long-term financial loans | –14,272 | –16,292 |
| **Cash flow from financing activities** | **–58,778** | **–51,401** |
| **Net cash changes in cash and cash equivalents** | **3,534** | **–91,960** |
| Changes in cash and cash equivalents due to changes in exchange rates | 154 | –89 |
| **Changes in cash and cash equivalents** | **3,688** | **–92,049** |
| **Cash and cash equivalents on 01/01** | **201,584** | **293,633** |
| **Cash and cash equivalents on 12/31** | **205,272** | **201,584** |

1 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

**Receipts and payments relating to cash flows from operating activities**

| in thousand € | 2016 | 2015 |
|---|---|---|
| Interest paid | 35,023 | 38,562 |
| Interest received | 47,716 | 48,957 |
| Dividends received | 3,330 | 4,602 |
| Income taxes | 56,183 | 54,943 |

The consolidated statement of cash flows is commented on in note 33.

# Consolidated statement of changes in shareholder's equity

| | Subscribed capital | Capital reserve | Retained earnings | Accumulated other comprehensive income (loss) | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Measurement of financial instruments | | |
| in thousand € | | | | Currency translation[1] | Remeasurement of pensions | available for sale | with a hedging relationship | |
| As of 01/01/2016 | 102,000 | 78,385 | 884,738 | 21,700 | –62,302 | –10 | 1,718 | 1,026,229 |
| Dividend for the prior year | – | – | –39,380 | – | – | – | – | –39,380 |
| Comprehensive income (loss) | – | – | 154,355 | –5,590 | –20,043 | 495 | –1,933 | 127,284 |
| **As of 12/31/2016** | **102,000** | **78,385** | **999,713** | **16,110** | **–82,345** | **485** | **–215** | **1,114,133** |
| | | | | | | | | |
| As of 01/01/2015 | 102,000 | 78,385 | 781,432 | 19,496 | –80,273 | 761 | –1,521 | 900,280 |
| Dividend for the prior year | – | – | –34,280 | – | – | – | – | –34,280 |
| Comprehensive income (loss) | – | – | 137,586 | 2,204 | 17,971 | –771 | 3,239 | 160,229 |
| **As of 12/31/2015** | **102,000** | **78,385** | **884,738** | **21,700** | **–62,302** | **–10** | **1,718** | **1,026,229** |

1 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

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

# Notes to the consolidated financial statements

## General information

### (1) Purpose of the company

Jungheinrich AG is headquartered at the street address 'Friedrich-Ebert-Damm 129' in Hamburg (Germany) and has an entry under HRB 44885 in the commercial register of the Hamburg District Court.

The Jungheinrich Group operates at the international level—with the 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 hire and sales financing of the 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.

The production pool consists of the plants in Norderstedt, Moosburg, Degernpoint, Landsberg and Lüneburg (all of which are located in Germany). Production for the Asian market takes place in the 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 still maintains a large and close-knit direct marketing network with 17 sales and distribution centres/branch establishments in Germany and 26 proprietary sales companies in other European countries. Further 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.

In addition, Jungheinrich products are also distributed via local dealers—especially overseas.

As a result of the acquisition of the MIAS Group, Munich (Germany) as of October 1, 2015, stacker cranes and load-bearing means are now also manufactured by the Jungheinrich Group. The products are manufactured in Munich (Germany), Gyöngyös (Hungary) and Kunshan (China) and sold under the MIAS brand the world over.

### (2) Accounting principles

#### Basis

Jungheinrich AG prepared consolidated financial statements for the financial year ending on December 31, 2016 in compliance with International Financial Reporting Standards (IFRS). All standards and interpretations of the IFRS Interpretations Committee endorsed by the EU effective as at the cut-off date were taken into account. 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 December 31, 2016 were approved for publication by the Board of Management on March 7, 2017.

#### 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 asset, financial and earnings position 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.

Subsidiary companies are included in the scope of consolidation 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 measurement methods as per the cut-off date of the parent company.

The same accounting and measurement methods are applied to determine the prorated 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 set off against the net assets measured at their fair values at the acquisition date. Transaction costs associated with business combinations are generally recognized with 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 capitalized as goodwill. If the fair value of the acquired net asset is higher than the acquisition costs, the negative balance is recognized as a badwill. The latter is immediately booked in the year of acquisition with an effect on profit or loss. If the acquisition-date fair values of the business combination 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, all expenses and income as well as intercompany results within the scope of consolidation are eliminated within the framework of the consolidation.

Shares in companies accounted for using the equity method are initially recognized at their acquisition cost. Changes in the investments' prorated shareholders' equity 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 realizable 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 recognized. Write-ups in subsequent reporting periods are recognized with an effect on profit or loss.

## Currency translation

Liquid assets, 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 stated affecting net income.

The annual financial statements of the foreign subsidiary companies included in the consolidated financial statements are translated according to the functional currency concept. This is in each case the local currency if the subsidiary companies 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.

**Key exchange rates for the Jungheinrich Group**

| | | Mean exchange rate at the balance sheet date | | Annual average exchange rate | |
|---|---|---|---|---|---|
| Currency | Basis 1 € | 12/31/2016 | 12/31/2015 | 2016 | 2015 |
| AUD | | 1.45960 | 1.48970 | 1.48860 | 1.47648 |
| BRL | | 3.43050 | 4.31170 | 3.86163 | 3.69160 |
| CHF | | 1.07390 | 1.08350 | 1.09018 | 1.06763 |
| CLP | | 705.78000 | 772.71300 | 748.65048 | 725.69838 |
| CNY | | 7.32020 | 7.06080 | 7.34958 | 6.97300 |
| CZK | | 27.02100 | 27.02300 | 27.03431 | 27.28500 |
| DKK | | 7.43440 | 7.46260 | 7.44536 | 7.45864 |
| GBP | | 0.85618 | 0.73395 | 0.81890 | 0.72599 |
| HUF | | 309.83000 | 315.98000 | 311.45933 | 309.89800 |
| INR | | 71.59350 | 72.02150 | 74.35528 | 71.17520 |
| MYR | | 4.72870 | 4.69590 | 4.58418 | 4.33120 |
| NOK | | 9.08630 | 9.60300 | 9.29269 | 8.94170 |
| PLN | | 4.41030 | 4.26390 | 4.36363 | 4.18278 |
| RUB | | 64.30000 | 80.67360 | 74.22236 | 68.00680 |
| SEK | | 9.55250 | 9.18950 | 9.46731 | 9.35448 |
| SGD | | 1.52340 | 1.54170 | 1.52776 | 1.52507 |
| THB | | 37.72600 | 39.24800 | 39.04226 | 38.00070 |
| TRY | | 3.70720 | 3.17650 | 3.34274 | 3.02185 |
| UAH | | 28.58510 | 26.06170 | 28.27278 | 24.23200 |
| USD | | 1.05410 | 1.08870 | 1.10660 | 1.10963 |

To prepare the consolidated financial statements, assets and liabilities reported in local currency are converted to euros at the mean exchange rate on 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 average exchange rate for the financial year in question. Equity is carried at historic exchange rates. Translation differences are recognized in the "accumulated other comprehensive income (loss)" item without an effect on profit or loss 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 recognized 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, revenue and costs associated with these construction orders are recognized under net sales and the cost of sales in accordance with their degree of completion (referred to as the 'percentage of completion' method). 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 put in relation to total work. The degree of completion of manufacturing orders for stacker cranes under the MIAS brand is determined using the 'cost-to-cost' method. Revenue realized corresponds to the sum of the costs incurred for the contracts and the prorated profit achieved due to the percentage of completion. If the result of a construction contract cannot be determined reliably, contract revenue is only recognized to match the contract-related costs incurred that are probably profitable. Contract-related costs are recognized as an expense in the period in which they are incurred.

When classifying contracts from financial service transactions as an 'operating lease,' revenue is recognized in the amount of the lease instalments over the terms of the contracts using the straight-line method. For contracts classified as a 'finance lease', revenue is recognized in the amount of the net investment value of the leased item at the beginning of the contract. The interest income is realized over the terms of the contracts using the effective interest method. If a leasing company acts as an intermediary, for contracts with an agreed residual value guarantee that amounts to more than 10 per cent of the sales value, the proceeds from the sale are deferred and recognized over time affecting sales until the residual value guarantee falls due.

## Product-related expenses

Expenses for advertising and sales promotion as well as other sales-related expenses affect net income 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 uncapitalizable development expenses are stated affecting net income in the period in which they are incurred.

## Government grants—investment allowances and investment subsidies

Investment allowances and subsidies are recognized if there is sufficient certainty that Jungheinrich can satisfy the attached conditions and that the grants are given. They do not reduce the assets' acquisition or manufacturing costs. Instead, they are generally recognized as deferred income and distributed on schedule over the subsidized assets' economic useful lives. The reversals are recognized as other operating income on a pro rata temporis basis with an effect on net income.

## Earnings per share

Earnings per share are based on the average number of the respective shares outstanding during a fiscal year. In the 2016 and 2015 fiscal years, no shareholders' equity instruments diluted the earnings per share on the basis of the respective shares issued.

## Intangible and tangible assets

Purchased intangible assets are measured at acquisition costs and reduced by straight-line amortization over their useful lives insofar as their useful lives are limited. The useful lives used as a basis for software licenses 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 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 capitalized if the manufacture of the developed products is expected to result in an economic benefit for the Jungheinrich Group and is technically feasible and if the costs can be determined reliably. Capitalized development expenses comprise all costs directly allocable to the development process, including development-related overheads. From the beginning of production onwards, capitalized development expenses are amortized 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. The impairment test is performed on the basis of the determined useful value of a cash generating unit (CGU) using the discounted cash flow method. The CGUs are generally identical to the Group's legal entities. The MIAS Group is the designated CGU to which goodwill from the acquisition of MIAS has been assigned. As a rule, the cash flows budgeted in the bottom-up five-year budget plausibilized by Jungheinrich AG management are used. Long-term net sales and return expectations are 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 recoverable amount of a CGU falls below its carrying amount, the impairment is immediately recognized with an effect on profit or loss. Write-ups are not performed in later years—not even for impairments recognized during the year.

Tangible assets are measured at historical acquisition or 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 capitalized. Depreciable objects are reduced by scheduled straight-line depreciation. If objects are sold or scrapped, tangible and intangible assets are retired; any resulting profits or losses are taken into account affecting net income.

**Useful lives for tangible assets**

| | |
|---|---|
| Buildings | 10–50 years |
| Land improvements, 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 and tangible assets with undeterminable or unlimited useful lives are not reduced using scheduled depreciation or amortization.

## Trucks for short-term hire

Jungheinrich hires trucks to customers on the basis of short-term agreements. Short-term hire equipment is measured at historical acquisition or manufacturing costs, less accumulated depreciation. Depending on the product group, they are depreciated at 30 or 20 per cent in each of the first two years, after which they are reduced using the straight-line method until the end of their useful lives. Their economic useful lives are set at 6 and 9 years, respectively.

## Impairments for intangible assets, tangible assets and trucks for short-term hire

The impairment test for goodwill is commented on in the section headed "Intangible and tangible assets."

All other intangible assets, tangible assets and trucks for short-term hire 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 that is not largely independent of that of other assets or other groups of assets (cash generating units). The recoverable amount is the higher of the fair value of the asset less selling costs and the useful value, 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 prior years no longer exists, a write-up to amortized acquisition or 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 realized 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,' so that the trucks are capitalized as 'trucks for lease from financial services' at acquisition or manufacturing costs. Financed trucks for lease using the sale and leaseback method are depreciated over the period of the underlying lease agreements. In all other cases, depending on the product group, trucks for lease are depreciated at 30 or 20 per cent in each of the first two years, after which they are reduced using the straight-line method until the end of their useful lives. The economic useful life of leased equipment was established at 6 or 9 years. Lease income is recorded with an effect on net income over the period of the contracts using the straight-line method.

These long-term customer contracts ('finance leases' and 'operating leases') are financed by loans with maturities identical to those of the contracts. They are stated on the liabilities side under liabilities from financing in the item 'liabilities from financial services.' Besides 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, a company established exclusively for this purpose. This refinancing firm buys all lease instalments from intragroup usage transfer agreements that fall due 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, the economic ownership lies with Jungheinrich Group companies due to the agreed residual value guarantee that accounts for more than 10 per cent of the value of the truck, so that according to IFRS, these trucks, which are sold to leasing companies, must be capitalized as trucks for lease from financial services. When they are capitalized, 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. Obligations from residual value guarantees are stated under the item 'liabilities from financial services.'

Outside of their financial services business, acting as lessee, Jungheinrich Group companies lease tangible assets as well as customer trucks for short-term hire. In the event of a 'finance lease,' on conclusion of the contract, they capitalize the items as tangible assets or trucks for short-term hire and state leasing liabilities in the same amount as the cash value of the lease instalments. Leasing liabilities are carried in the item 'financial liabilities.' Depreciation of tangible assets and trucks for short-term hire as well as the reversal of liabilities are effected 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 four following categories:

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

Jungheinrich accounts for loans, receivables and liabilities at amortized acquisition costs. Financial instruments carried at amortized acquisition costs 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 'held-to-maturity financial investments' are accounted for at amortized acquisition costs 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 recognized in financial income (loss). If there are material objective indications of an impairment, the impairment expenses calculated are recognized in financial income (loss).

Securities classified as 'financial assets available for sale' at initial recognition are measured at fair value. The fair value corresponds to the market prices quoted on active markets. Unrealized gains and losses on changes in fair value are recognized in shareholders' equity (accumulated other comprehensive income [loss]) without an effect on net income until the securities are derecognized. The accumulated gains and losses generated by shareholders' equity previously recognized in other comprehensive income (loss) 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 recognized in the statement of income even if the security has not yet been derecognized. Write-ups of debt instruments in subsequent reporting periods are recognized with an effect on earnings.

## Receivables

Receivables are measured at amortized acquisition cost using the effective interest method. Amortized acquisition costs 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.

The notes on the treatment of lease agreements contain further information on receivables from financial services.

## Liabilities

Liabilities are measured at amortized acquisition cost using the effective interest method, where by the interest cost is recognized according to the effective interest rate.

Liabilities from finance leases and financial services are measured at the cash value of the lease instalments. Please turn to the notes on the treatment of lease arrangements for further details.

## 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 at equity are measured using the equity method.

## Securities
Financial investments classified as securities include all 'held-to-maturity financial investments.' This item has also included 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.

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 on changes in the fair value of the derivative are taken into account in the result or—without affecting net income—in shareholders' equity (as part of the 'accumulated other comprehensive income [loss]'). In the case of a fair value hedge, the results from changes in the fair value of derivative financial instruments are recognized affecting net income. The changes in the fair value of derivatives that are to be classified as cash flow hedges are carried on the balance sheet under shareholders' equity in the amount of the hedge-effective part not affecting net income. 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 recognized in the financial result.

Derivative financial instruments that are not designated as hedges are classified as 'financial assets and liabilities at fair value through profit or loss.' Gains and losses from these derivative financial instruments resulting from fair valuation are directly recognized in the result.

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 for their overall measurement. Assignments are based on the lowest level of substantial or main relevance for the measurement. Measurement levels are put in hierarchical order by input factors:

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

**Level 2**—input data other than listed market prices observable for the asset or liability either directly (i.e. as a price) or indirectly (i.e. derived from prices).

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

## Liquid assets
Liquid assets 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 acquisition cost or manufacturing cost or at lower net realizable 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 or 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 stated in accordance with the balance sheet-oriented method for all temporary differences between group and tax-based valuation. This procedure is applied 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 will be utilizable. Deferred taxes are valued at the current rates of taxation. If it is to be 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 recognized 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 net income 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 obligations and from the measurement of financial instruments. Changes in the year under review are presented in the statement of comprehensive income (loss).

## 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 recognized in other comprehensive income (loss) as soon as they occur and are thus disclosed directly on the balance sheet. Remeasurements recognized in other comprehensive income (loss) are a component of accumulated other comprehensive income (loss) and are not transferred to the statement of income in subsequent periods. The cost component 'service cost' is recognized in the personnel costs of the corresponding functional areas with an effect on earnings. Net interest on the net defined benefit liability from defined benefit pension plans is recognized in financial income (loss) with an effect on earnings. Pension obligations and similar obligations of some foreign companies are covered 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 recognized 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 recognizes 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 estimated reliably. 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 cash 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 realization 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 obligations 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 summarized. They are shown separately in the notes.

## Estimates

In the consolidated financial statements, to a certain degree, it is necessary to make estimates and assumptions that have an impact on the level and recognition of assets and liabilities stated on the balance sheet 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 tangible assets and trucks for short-term hire and lease 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 law-suits. Estimates and assumptions are made on the basis of premises based on the latest knowledge available and on historical experience as well as on additional factors such as future expectations.

The amounts which actually materialize 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 can 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 lawsuits 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 period under review 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 IFRSs adopted by the EU and applied for the first time in the 2016 financial year

The standards which became mandatory in the EU for the first time as of January 1, 2016 did not have a material effect on the consolidated financial statements.

## Published IFRSs 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 revenue is to be recognized and expands the disclosure requirements. The new standard introduces a single, five-step model for realizing revenue from customer contracts. 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, revenue in the amount of the pro-rata transaction price is to be recognized 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, revenue from the sale of material handling equipment and the provision of after-sales services are currently recognized 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. According to IFRS 15, revenue is realized 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. Revenue recognition in the Jungheinrich Group is currently based on individual contracts. Under IFRS 15, Jungheinrich plans to continue to recognize revenues separately based on individual contracts because at present none of the criteria which requires the combination of contracts are met.

When the outcome of a long-term construction contract can be estimated reliably, Jungheinrich recognizes contract revenue and contract costs as revenue and expenses respectively by 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-brand 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 recognize revenue and costs of construction contracts relating to MIAS-branded stacker cranes at a certain point in time, after successful customer acceptance. The recognition of revenues and the cost of sales for automation projects in the field of logistic systems remain unchanged under IFRS 15 and thus fulfill the conditions for revenue recognition over time.

Jungheinrich concludes financial service contracts with customers either directly or indirectly via leasing companies or banks (known as 'vendor contracts'). If a leasing company acts as an intermediary, contracts with buyback obligations and an agreed residual value guarantee that amounts to more than 10 per cent of the sales value are currently accounted for as 'operating leases.' The sales proceeds are deferred and released in subsequent periods 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 sales proceeds are recognized in full at the net sales 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 buyback obligation. Jungheinrich anticipates that applying IFRS 15 will cause all vendor contracts with agreed buyback obligations to be classified and measured in accordance with IAS 17. Jungheinrich expects the application of the classification criteria to result in shifts in revenue recognition. Vendor contracts that are currently accounted for as 'operating leases' may be classified as 'finance leases' due to the applicable classification criteria of IAS 17. In this event, in the future, revenue would be fully recognised based on the net sales value at the beginning of the contract.

At present, the application of IFRS 15 is not expected to have a material impact on the consolidated financial statements.

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 also "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 impairment. IFRS 9 also contains rules for the treatment of hedge accounting. The regulations on the classification and measurement of financial assets were thoroughly revised, whereas the regulations governing the accounting treatment of financial liabilities were taken from IFRS 9 without almost any changes. Furthermore, the recognition of impairments on financial assets was fundamentally changed, as expected loss impairments must now be recognized, in addition to actual losses. Furthermore, the treatment of hedge accounting was changed, with the goal of aligning hedge accounting more strongly with the economic risk management activities of the company. The regulations issued in IFRS 9 take new approaches to and facilitate designation options, effectiveness checks and the termination of hedging relationships.

We are still examining the effects that the application of IFRS 9 will have on the consolidated financial statements.

Based on a preliminary assessment, Jungheinrich does not anticipate that the new classification requirements of IFRS 9 will have a material effect on the accounting treatment of financial assets. The Group expects that all financial assets currently accounted for at fair value will continue to be measured at fair value. At present, marketable securities in the special fund are exclusively classified as 'financial assets available for sale,' are thus accounted for at fair value, and unrealized gains and losses from changes in fair value are recognized in shareholders' equity (accumulated other comprehensive income [loss]) without an effect on net income until the securities are derecognized. The accumulated gains and losses generated by shareholders' equity previously recognized in other comprehensive income (loss) 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 recognized in the statement of income even if the security has not yet been derecognized. The special fund contains both equity and debt instruments. Jungheinrich has not yet decided about the application of the measurement options according to IFRS 9 regarding these securities.

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

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

At present, Jungheinrich does not expect the transition to IFRS 9 to have a material overall impact on the earnings, financial position or net worth of the company.

IFRS 15 and IFRS 9 were adopted by the EU in September 2016, become effective for the first time for fiscal years beginning on or after January 1, 2018, and may be applied early. Jungheinrich does not currently plan to apply these standards early.

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

In January of 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 of IFRS 16 primarily concern the accounting treatment of lessees, who will be required to record all leases, including all associated rigths 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 essentially mainly unchanged—primarily with respect to the continued need to classify leases. The new leasing standard requires more extensive disclosures for the lessee and the lessor. The effects of the application of IFRS 16 on the consolidated financial statements are still analysed. The most significant effect identified so far has been that the Group has to recognize new assets (right of use) and liabilities for existing operating leases, mainly 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 rent and lease instalments relating to 'operating lease'-contracts are currently recognized as expenses over the period of the contracts using the straight-line method. The application of IFRS 16 results in the recognition of depreciation relating to right-of-use-assets as well as interest expenses using the effective interest method for the corresponding lease liabilities in profit or loss over the lease term. Once adopted by the EU, IFRS 16 shall be applied for the first time for financial years starting on or after January 1, 2019. Earlier application of IFRS 16 is permitted as long as it is adopted by the EU and IFRS 15 is already being applied. Jungheinrich will probably apply IFRS 16 for the first time for the financial year beginning on 1 January 2019. A decision is yet to be made on the alternatives contained in the standard to switching to IFRS 16 retrospectively either unmodified or modified. If relevant, Jungheinrich will provide the additional disclosure required by IFRS 16 in the notes starting in fiscal 2019.

The other amended standards published but not adopted by the EU are not expected to have a material impact on the Jungheinrich Group's asset, financial and earnings position. 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

Besides the parent company, Jungheinrich AG, Hamburg, the consolidated financial statements include 74 (prior year: 66) foreign and 16 (prior year: 16) domestic companies. The scope of consolidation includes 80 (prior year: 79) fully consolidated subsidiaries, including one structured entity, which are directly or indirectly controlled by Jungheinrich AG. Ten (prior year: 3) 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 as of 01/01/2016 | 1 | 15 | 64 | 1 | 2 | 83 |
| Additions | – | – | 3 | – | 7 | 10 |
| Disposals | – | – | 2 | – | – | 2 |
| **Balance as of 12/31/2016** | **1** | **15** | **65** | **1** | **9** | **91** |
| Balance as of 01/01/2015 | 1 | 14 | 51 | 1 | 2 | 69 |
| Additions | – | 1 | 13 | – | – | 14 |
| Disposals | – | – | – | – | – | – |
| **Balance as of 12/31/2015** | **1** | **15** | **64** | **1** | **2** | **83** |

## Subsidiaries

With effect from January 1, 2016, through a merger by absorption, Jungheinrich Fleet Services GmbH, Vienna (Austria) assumed all the assets and liabilities of Jungheinrich Finance Austria GmbH, Vienna (Austria), which was the absorbed entity.

In order to expand the mail-order business, Jungheinrich PROFISHOP AG, Hirschthal (Switzerland) was incorporated in the first quarter of 2016. The first-time consolidation of this company did not result in a positive or negative difference.

To expand direct sales, Jungheinrich paid €7.3 million to gain control of Jungheinrich Rentalift SpA, Santiago de Chile (Chile) as of April 1, 2016 and has since held a 100 per cent voting and equity stake in this company. The purchase price was fully paid using liquid assets. To cover potential warranty and indemnity claims, €2.0 million have been deposited to a trust account for a period of thirty months. Jungheinrich expects that the general assurances and warranties will be fulfilled and the purchase price will thus be fully transferred to the seller. The €0.1 million in transactional costs was recognized with an effect on profit or loss mainly in 2015.

The breakdown of the purchase price by acquired net assets is presented in the following table.

### Purchase price allocation at the acquisition date: Chile

| in million € | Carrying amounts | Fair value |
|---|---|---|
| Assets | | |
| Intangible assets | – | 3.6 |
| Tangible assets | 0.3 | 0.3 |
| Trucks for short-term hire | 5.5 | 3.0 |
| Inventories | 0.4 | 0.4 |
| Trade accounts receivable | 1.9 | 1.9 |
| Other receivables and other assets | 0.1 | 0.1 |
| | **8.2** | **9.3** |
| Liabilities | | |
| Other provisions | 0.1 | 0.1 |
| Financial liabilities | 0.4 | 0.4 |
| Trade accounts payable | 1.9 | 1.9 |
| Deferred tax liabilities | 0.3 | 0.6 |
| Other liabilities | 0.8 | 0.8 |
| | **3.5** | **3.8** |
| **Net assets acquired** | **4.7** | **5.5** |
| Transferred consideration | | 7.3 |
| **Goodwill** | | **1.8** |

€3.6 million in intangible assets and €1.8 million in goodwill were identified within the scope of the purchase price allocation. The identified recognizable intangible assets related to acquired customer contracts. The goodwill arose from the fact that the consideration transferred included amounts that took account of the advantages of the market's expected future growth and of the net sales as well as of the resulting positive development of earnings. These advantages were not recognized separately from goodwill, as they do not fulfil the criteria for recognizing intangible assets. It is not expected that a part of the goodwill can be set off against income taxes.

Assumed receivables only included receivables that can probably be collected. The determined fair values did not include any impairments.

Jungheinrich Rentalift SpA, Santiago de Chile (Chile), has contributed €10.3 million in net sales to the net sales stated on the consolidated statement of income since the date of its acquisition. Including the effects of the purchase price allocation, the portion of the consolidated net income amounted to €0.3 million for the same period.

Had the company been included in the consolidated financial statements since January 1, 2016, the impact on consolidated net sales and consolidated net income would have totalled €14 million and about €0.4 million, respectively, in the twelve-month period.

As of June 30, 2016, Boss Manufacturing Ltd., Leighton Buzzard (UK) was removed from the scope of consolidation after existing obligations arising from defined benefit pension commitments to former employees of the production plant closed in 2004 had been transferred to Jungheinrich UK Ltd., Milton Keynes (UK), in the second quarter of 2016. The €4,725 thousand of accumulated currency translation differences of the removed company which had been recognized without an effect on net income were recognized with an effect on profit or loss as part of the Group's other operating income within the scope of the deconsolidation.

Jungheinrich (Shanghai) Management Co., Ltd., Shanghai (China) was established as an intra-group service company in the fourth quarter of 2016. The first-time consolidation of this company did not result in a positive or negative difference.

Furthermore, the Romanian direct sales company incorporated in 2015 acquired the business operations of the former local sales partner in fiscal 2016. This acquisition did not change the scope of consolidation. The fair value of the purchase price of this acquisition totalled €7.2 million, of which €4.8 million was paid in cash equivalents. A contingent consideration in the amount of €2.4 million was recognized under other liabilities. The payment of the contingent consideration from 2017 to 2019 is linked to the achievement of agreed key operating figures. Jungheinrich currently expects that the consideration due will very likely correspond to the maximum established amount. The €4.2 million in assumed net assets primarily consisted of trucks for short-term hire and associated customer contracts. The €3.0 million of goodwill is the result of the fact that the consideration transferred included sums that took into account the advantages of the market's expected future growth and of the net sales as well as the resulting positive development of earnings. These advantages were not recognized separately from goodwill as they do not fulfil the criteria for recognizing intangible assets. It is not expected that a part of the goodwill can be set off against income taxes. The transactional costs of €0.1 million were largely recognized with an effect on results in 2015.

**Final purchase price allocation at the allocation date: NTP**

| | Carrying amounts | | |
|---|---|---|---|
| in million € | Pro-forma | Final | Adjustments |
| **Assets** | | | |
| Intangible assets | 16.7 | 16.7 | – |
| Tangible assets | 0.9 | 0.9 | – |
| Trucks for lease from financial services | 34.6 | 26.8 | –7.8 |
| Inventories | 8.3 | 8.3 | – |
| Trade accounts receivable | 4.9 | 4.9 | – |
| Receivables from financial services | – | 8.9 | 8.9 |
| Other receivables and other assets | 0.2 | 0.2 | – |
| Liquid assets | 0.5 | 0.5 | – |
| | **66.1** | **67.2** | 1.1 |
| **Liabilities** | | | |
| Other provisions | 1.3 | 1.3 | – |
| Financial liabilities | 12.3 | 12.3 | – |
| Liabilities from financial services | 17.0 | 17.0 | – |
| Trade accounts payable | 6.2 | 6.2 | – |
| Deferred tax liabilities | 4.6 | 4.9 | 0.3 |
| Other liabilities | 0.9 | 0.9 | – |
| | **42.3** | **42.6** | **0.3** |
| **Net assets acquired** | **23.8** | **24.6** | **0.8** |
| Transferred consideration | 28.7 | 28.7 | – |
| **Goodwill** | **4.9** | **4.1** | **–0.8** |

The analysis of the assets acquired and liabilities assumed in connection with the acquisition of the MIAS Group as of October 1, 2015 was completed in the 2016 financial year.

The analysis, classification and measurement of the consumer leases of NTP Fleet Management Pty Ltd., Adelaide (Australia) acquired in connection with the acquisition of NTP Forklifts Australia (NTP) as of November 1, 2015 were completed in the 2016 financial year. The required adjustments to the fair values based on the preliminary purchase price allocation are presented in the table above.

The final purchase price allocation and adjustments to the classification and measurement of leases did not have a material effect on earnings after taxes in 2015. The Group's 2015 comprehensive income was thus not adjusted. The effect on earnings was recognized in 2016.

## Joint ventures

In the second quarter of 2016, Jungheinrich and Anhui Heli Co. Ltd. (Heli), Hefei (China) established Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China) for material handling equipment rentals on the Chinese market. Jungheinrich and Heli each hold a 50.0 per cent stake in the joint venture. Four of the joint venture's regional branch offices were established as stock corporations in the third quarter of 2016. Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China) holds a 51.0 per cent stake in each of these branch offices. Jungheinrich Lift Truck (Shanghai) Co., Ltd., Shanghai (China) and Heli Group companies hold a 20.0 per cent stake in each of the branch offices. The branch offices' local management each hold a 9.0 per cent interest. The Jungheinrich Group holds a prorated 45.5 per cent stake in each of the joint venture's branch offices. The joint venture with

Heli encompasses the five following companies, which are accounted for as joint ventures using the equity method:

- Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China),
- Jungheinrich Heli Industrial Truck Rental (Shanghai) Co., Ltd., Shanghai (China),
- Jungheinrich Heli Industrial Truck Rental (Changzhou) Co., Ltd., Changzhou (China),
- Jungheinrich Heli Industrial Truck Rental (Guangzhou) Co., Ltd., Guangzhou (China),
- Jungheinrich Heli Industrial Truck Rental (Tianjin) Co., Ltd., Tianjin (China).

Jungheinrich Lift Truck Corporation, Houston/Texas (USA) and Mitsubishi Caterpillar Forklift America Inc. (MCFA), Houston/Texas (USA), established Industrial Components of Texas LLC, Houston/Texas (USA) in the second quarter of 2016. The construction of the component factory had not yet been completed by December 31, 2016. Production is scheduled to begin in the middle of 2017. Jungheinrich and MCFA each hold a 50.0 per cent stake in the joint venture. The joint venture is accounted for using the equity method.

In the fourth quarter of 2016, Jungheinrich acquired a 50.0 per cent shareholding in Irapol Sp. z o.o., Łódź (Poland) for €0.3 million in order to expand its after-sales services operations. The joint venture is accounted for using the equity method.

# Notes to the consolidated statement of income

## (3) Net sales

### Composition of net sales

| in thousand € | 2016 | 2015 |
|---|---|---|
| New truck business | 1,762,790 | 1,538,720 |
| Short-term hire and used equipment | 555,663 | 481,569 |
| After-sales services | 852,303 | 795,100 |
| **Intralogistics** | **3,170,756** | **2,815,389** |
| **Financial services** | **737,190** | **645,458** |
| **Segments total** | **3,907,946** | **3,460,847** |
| **Reconciliation** | **–823,097** | **–706,951** |
| **Jungheinrich Group** | **3,084,849** | **2,753,896** |

Net sales generated by the ‘Intralogistics’ segment include €69,411 thousand in contract revenue calculated using the ‘percentage of completion’ method (prior year: €41,189 thousand).

Net sales generated by the ‘Financial Services’ segment include €47,422 thousand in interest income from ‘finance lease’ customer contracts (prior year: €46,526 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 €1,554,035 thousand (prior year: €1,394,449 thousand).

The cost of materials includes €13,022 thousand in currency gains (prior year: currency losses of €4,885 thousand) primarily resulting from purchases by non-German sales companies in Group currency and the associated currency hedges.

The cost of sales includes €25,986 thousand (prior year: €27,550 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 € | 2016 | 2015 |
|---|---|---|
| Salaries | 740,316 | 670,114 |
| Social security contributions | 146,501 | 134,223 |
| Cost of pensions and other benefits | | |
| Defined benefit plans | 12,083 | 9,091 |
| Defined contribution plans | 7,787 | 5,990 |
| Other costs for pensions and other benefits | 845 | 647 |
| | 907,532 | 820,065 |

The costs of defined benefit pension plans included income of €304 thousand from the settlement of benefit obligations in Germany (prior year: €2,870 thousand).

### Average number of employees during the year

| | 2016 | 2015 |
|---|---|---|
| Hourly-paid employees | 6,835 | 6,132 |
| Salaried employees | 7,299 | 6,613 |
| Trainees and apprentices | 402 | 385 |
| | 14,536 | 13,130 |

Besides personnel expenses, functional costs include the cost of temporary workers amounting to €29,843 thousand (prior year: €25,546 thousand).

## (6) Depreciation, amortization, impairment losses and write-ups

Depreciation, amortization, impairment losses and write-ups are shown in the development of intangible assets, tangible assets, trucks for short-term hire and lease as well as investments in companies accounted for using the equity method. All the depreciation, amortization, impairment losses and write-ups are included in the functional costs.

## (7) Other operating income

Other operating income of the year being reviewed included income from the deconsolidation of Boss Manufacturing Ltd., Leighton Buzzard (UK), totalling €4,725 thousand. In this context, reference is made to the notes on the changes in the scope of consolidation.

Other operating income of the year being reviewed includes €490 thousand (prior year: €775 thousand) in income from the disposal of tangible and intangible assets as well as €813 thousand (prior year: €768 thousand) in reversals of deferred government grants.

## (8) Other operating expenses

Other operating expenses in the reporting year include €714 thousand (prior year: €1,070 thousand) in losses from the disposal of tangible and intangible assets.

## (9) Net interest

### Composition of net interest

| in thousand € | 2016 | 2015 |
|---|---|---|
| Interest and similar income on securities | –820 | 1,096 |
| Other interest and similar income | 995 | 1,448 |
| **Interest income** | **175** | **2,544** |
| **Interest expenses** | **8,096** | **10,281** |
| **Net interest** | **–7,921** | **–7,737** |

## (10) Other financial income (loss)

### Composition of other financial income (loss)

| in thousand € | 2016 | 2015 |
|---|---|---|
| Income (loss) from derivatives | –5,694 | –1,357 |
| Net interest on defined benefit pension plans | –4,200 | –4,226 |
| Sundry financial income (loss) | –1,429 | –1,487 |
| Other financial income (loss) | –11,323 | –7,070 |

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 on 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 currency translation differences pertaining to financing. Income (loss) from derivatives in connection with supplies and services is stated as part of the cost of sales.

Sundry financial income (loss) includes €610 thousand (prior year: €675 thousand) in interest accretions to non-current provisions for personnel.

## (11) Income taxes

### Composition of tax expenses

| in thousand € | 2016 | 2015 |
|---|---|---|
| Current taxes | | |
| Germany | 35,288 | 30,075 |
| Other countries | 29,981 | 26,294 |
| Deferred taxes | | |
| Germany | 2,290 | 1,695 |
| Other countries | –6,189 | 2,646 |
| Tax expenses | 61,370 | 60,710 |

The current tax expense in Germany increased compared to the previous year due to the positive earnings trend. It includes expenses from the preceding year's taxes in the amount of €1.7 million (prior year: tax income of €1.2 million).

The current foreign tax expense increased compared to the previous year—also due to improved earnings. The sum for 2016 includes tax income for earlier years totalling €2.2 million (prior year: €1.1 million). Deferred taxes of foreign origin dropped by €8.8 million compared to the previous year. The main reasons were the reduced burdens resulting from changes in tax rates (2016: €1.8 million; prior year: €2.8 million), the reduced burdens in connection with the development of deferred tax claims to tax loss carryforwards (2016: €1.1 million; prior year: €3.5 million), the effect of changes in taxes for earlier years on the deferred tax expense (2016: €0.6 million; prior year: €2.4 million) and positive effects in relation to consolidations.

The domestic corporate income tax rate for fiscal 2016 was 30.0 per cent (prior year: 30.0 per cent). As before, it is made up of the corporate income tax burden of 15.0 per cent plus 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 (prior year: 12.5 per cent) and 35.0 per cent (prior year: 35.0 per cent).

As of December 31, 2016, the Group had about €64 million in corporate tax loss carryforwards (prior year: €66 million). The loss carried forward (US) amounted to approximately €38 million (prior year: €39 million) as of December 31, 2016. Deferred tax claims were not recognized with respect to future possible uses. Most of the loss carryforward (US) can be carried forward until 2026. In fiscal 2016, €7.4 million of the loss carryforwards, which already existed at the end of the prior year, were utilized. On December 31, 2016, the utilizable corporate tax loss carryforwards amounted to €26 million. They could be carried forward indefinitely. An impairment of €0.1 million was recognized for deferred tax assets in connection with these loss carryforwards (prior year: €0.1 million). As of December 31, 2016, trade tax loss carryforwards amounted to €2.3 million (prior year: € – million).

### Composition of deferred tax assets and liabilities

| | Deferred tax assets | | Deferred tax liabilities | |
|---|---|---|---|---|
| in thousand € | 12/31/2016 | 12/31/2015 | 12/31/2016 | 12/31/2015[1] |
| Tangible and intangible assets | 163,593 | 150,325 | 74,508 | 69,020 |
| Inventories | 15,839 | 11,212 | 7,847 | 7,785 |
| Receivables and other assets | 77,515 | 69,194 | 306,613 | 281,251 |
| Tax loss carryforwards | 7,038 | 8,164 | – | – |
| Provisions for pensions | 34,080 | 27,491 | 531 | 4,397 |
| Other provisions | 16,472 | 16,190 | 332 | 530 |
| Liabilities | 177,132 | 161,667 | 35,815 | 24,371 |
| Deferred income | 11,503 | 11,682 | – | – |
| Other | 17,852 | 16,161 | 8,287 | 6,874 |
| **Deferred taxes prior to offsetting** | **521,024** | **472,086** | **433,933** | **394,228** |
| Offsetting | −414,644 | −373,626 | −414,644 | −373,626 |
| **Balance sheet recognition** | **106,380** | **98,460** | **19,289** | **20,602** |

1 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

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

€30,170 thousand (prior year: €23,223 thousand) of the net amount of the deferred taxes of €87,091 thousand (prior year: €77,858 thousand) was recognized directly in shareholders' equity.

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

### Reconciliation from the expected to the disclosed tax expense

| in thousand € | 2016 | 2015 |
|---|---|---|
| Expected tax expense | 64,718 | 59,489 |
| Change in the tax rate | 1,772 | 2,799 |
| Foreign tax differentials | −821 | −1,150 |
| Change in valuation allowances | 19 | −352 |
| Changes in taxes from the previous year | −586 | −2,782 |
| Non-deductible operating expenses and tax-free gains | −4,901 | 1,821 |
| Other | 1,169 | 885 |
| **Actual tax expense** | **61,370** | **60,710** |

In 2016, the Group's tax quota was 28.4 per cent (prior year: 30.6 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<br>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 12/31/2016** | **113,287** | **113,602** | **38,356** | **265,245** |
| | | | | |
| Amortization and impairment losses<br>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 |
| Amortization in the fiscal year | 10,226 | 8,409 | – | 18,635 |
| Impairment losses in the financial year | – | 1,002 | 87 | 1,089 |
| Accumulated amortization on disposals | 1,409 | – | – | 1,409 |
| **Balance on 12/31/2016** | **45,450** | **67,939** | **3,099** | **116,488** |
| **Carrying amount on 12/31/2016** | **67,837** | **45,663** | **35,257** | **148,757** |

### Development of intangible assets during the prior year

| in thousand € | Acquired intangible assets | Internally generated intangible assets | Goodwill[1] | Total |
|---|---|---|---|---|
| Acquisition and manufacturing costs<br>Balance on 01/01/2015 | 61,363 | 88,882 | 4,999 | 155,244 |
| Changes in currency exchange rates | 915 | –5 | –33 | 877 |
| Additions due to business combinations | 34,917 | – | 28,513 | 63,430 |
| Additions | 4,975 | 11,391 | – | 16,366 |
| Disposals | 538 | 1,889 | – | 2,427 |
| Transfers | 222 | – | – | 222 |
| **Balance on 12/31/2015** | **101,854** | **98,379** | **33,479** | **233,712** |
| | | | | |
| Amortization and impairment losses<br>Balance on 01/01/2015 | 30,639 | 53,392 | 3,015 | 87,046 |
| Changes in currency exchange rates | –22 | – | – | –22 |
| Additions due to business combinations | 499 | – | – | 499 |
| Amortization in the fiscal year | 5,940 | 7,025 | – | 12,965 |
| Accumulated amortization on disposals | 413 | 1,889 | – | 2,302 |
| **Balance on 12/31/2015** | **36,643** | **58,528** | **3,015** | **98,186** |
| **Carrying amount on 12/31/2015** | **65,211** | **39,851** | **30,464** | **135,526** |

1 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

Additions as a result of business combinations to the item 'acquired intangible assets' were essentially attributable to customer relationships and customer contracts. Other additions to this item mainly related to software and software licences.

Internally generated intangible assets include the Jungheinrich Group's capitalized development expenditures. €15,237 thousand in development expenditures (prior year: €11,391 thousand) met the capitalization criteria under IFRS.

### Research and development costs in the consolidated statement of income

| in thousand € | 2016 | 2015 |
|---|---|---|
| Research costs and uncapitalized development expenditures | 46,842 | 43,122 |
| Amortization of capitalized development expenditures | 8,409 | 7,025 |
| Impairment of capitalized development expenditures | 1,002 | – |
| | **56,253** | **50,147** |

The impairment test performed on the carrying amounts of capitalized development expenditures is broken down by product line on the basis of estimated discounted future cash flows. The impairment test conducted as of December 31, 2016 resulted in an impairment loss of €1,002 thousand for three truck model series.

Of the additions to the 'goodwill' line item in the year under review due to business combinations, €3,044 thousand resulted from the acquisition of the dealership business of the former local sales partner in Romania and €1,819 thousand resulted from the acquisition of Jungheinrich Rentalift SpA, Santiago de Chile (Chile). In this context, reference is made to the changes in the scope of consolidation.

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

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| MIAS Group | 24,109 | 24,109 |
| Sales company in: | | |
| Australia | 4,151 | 4,151 |
| Romania | 3,036 | – |
| Chile | 1,819 | – |
| Austria | 1,771 | 1,771 |
| Other | 269 | 331 |
| Jungheinrich Systemlösungen GmbH, Graz (Austria) | 102 | 102 |
| | 35,257 | 30,464 |

In the fourth quarter of 2016, 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 flow, the discount rate and the long-term growth rate.

An impairment was recognized when reviewing the Malaysian goodwill in the reporting year. The CGU's carrying amount was higher than its calculated recoverable amount, resulting in an impairment loss of €87 thousand being recognized in 2016 (prior year: € – thousand) in other operating expenses. The impairment loss was fully assigned to goodwill.

The impairment tests conducted on the other goodwill did not result in an impairment loss. An 0.5 per cent increase in the applied discount rates in each case or an 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 % | 09/30/2016 | 12/31/2015 | 09/30/2016 | 12/31/2015 |
| MIAS Group | 11.2 | 11.3 | 1.0 | 1.0 |
| Sales company in: | | | | |
| Australia | 10.9 | 10.6 | 1.2 | 1.5 |
| Romania | 13.5 | – | 1.0 | – |

## (13) Tangible assets

### Development of tangible assets 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<br>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 12/31/2016** | **431,517** | **160,999** | **271,720** | **10,967** | **875,203** |
| | | | | | |
| Depreciation<br>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 fiscal 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 12/31/2016** | **147,580** | **115,946** | **181,195** | **–** | **444,721** |
| **Carrying amount on 12/31/2016** | **283,937** | **45,053** | **90,525** | **10,967** | **430,482** |

### Development of tangible assets during the prior 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<br>Balance on 01/01/2015 | 359,207 | 138,607 | 224,136 | 34,094 | 756,044 |
| Changes in currency exchange rates | 3,466 | –48 | 22 | 22 | 3,462 |
| Additions due to business combinations | 3,627 | 4,988 | 5,879 | 12 | 14,506 |
| Additions | 31,709 | 13,007 | 27,716 | 8,101 | 80,533 |
| Disposals | 1,468 | 6,513 | 11,436 | – | 19,417 |
| Transfers | 22,467 | 3,433 | 2,283 | –28,405 | –222 |
| **Balance on 12/31/2015** | **419,008** | **153,474** | **248,600** | **13,824** | **834,906** |
| | | | | | |
| Depreciation<br>Balance on 01/01/2015 | 121,677 | 96,595 | 145,227 | – | 363,499 |
| Changes in currency exchange rates | 956 | 32 | –201 | – | 787 |
| Additions due to business combinations | 453 | 3,537 | 4,179 | – | 8,169 |
| Depreciation in the fiscal year | 12,032 | 11,102 | 22,482 | – | 45,616 |
| Accumulated depreciation on disposals | 1,326 | 4,608 | 10,340 | – | 16,274 |
| Transfers | – | 15 | –15 | – | – |
| **Balance on 12/31/2015** | **133,792** | **106,673** | **161,332** | **–** | **401,797** |
| **Carrying amount on 12/31/2015** | **285,216** | **46,801** | **87,268** | **13,824** | **433,109** |

Additions to tangible assets in the prior year primarily related to the construction of the new corporate headquarters in Hamburg (Germany) that was completed at the end of 2015 and to the modernization of production facilities at the factory in Moosburg (Germany), which was nearly completed by the end of 2016.

Tangible assets included €13,266 thousand (prior year: €11,288 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 €701 thousand (prior year: €531 thousand).

On the balance sheet date, land and buildings were put up as mortgage to back €31,356 thousand (prior year: €37,425 thousand) in liabilities due to banks.

## (14) Trucks for short-term hire

### Development of trucks for short-term hire

| in thousand € | 2016 | 2015 |
|---|---|---|
| Acquisition and manufacturing costs Balance on 01/01 | 534,022 | 449,618 |
| Changes in currency exchange rates | 5,955 | –4,751 |
| Additions due to business combinations | 8,236 | 2,745 |
| Additions | 174,333 | 177,345 |
| Disposals | 133,781 | 90,935 |
| **Balance on 12/31** | **588,765** | **534,022** |
| | | |
| Depreciation Balance on 01/01 | 234,757 | 201,400 |
| Changes in currency exchange rates | 3,388 | –2,439 |
| Additions due to business combinations | 4,248 | – |
| Depreciation in the fiscal year | 90,675 | 84,294 |
| Accumulated depreciation on disposals | 70,719 | 48,498 |
| **Balance on 12/31** | **262,349** | **234,757** |
| **Carrying amount on 12/31** | **326,416** | **299,265** |

The fleet of trucks for short-term hire includes leased trucks for short-term hire with an aggregate value of €13,546 thousand (prior year: €6,792 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 fiscal year amounts to €2,564 thousand (prior year: €1,593 thousand).

Trucks for short-term hire with a total carrying amount of €62,779 thousand (prior year: €56,414 thousand) were put up as collateral for their associated financial liabilities within the scope of the financing of receivables from intragroup hire-purchase agreements.

## (15) Trucks for lease from financial services

### Development of trucks for lease from financial services

| in thousand € | 2016 | 2015[1] |
|---|---|---|
| Acquisition and manufacturing costs Balance on 01/01 | 534,947 | 439,498 |
| Changes in currency exchange rates | –7,559 | 4,000 |
| Additions due to business combinations | – | 26,862 |
| Additions | 182,302 | 155,771 |
| Disposals | 107,625 | 91,184 |
| **Balance on 12/31** | **602,065** | **534,947** |
| | | |
| Depreciation Balance on 01/01 | 180,464 | 157,206 |
| Changes in currency exchange rates | –2,845 | 1,021 |
| Depreciation in the financial year | 91,301 | 76,380 |
| Accumulated depreciation on disposals | 61,522 | 54,143 |
| **Balance on 12/31** | **207,398** | **180,464** |
| **Carrying amount on 12/31** | **394,667** | **354,483** |

1 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

Additions resulting from business combinations in the prior year related to the trucks acquired in the fourth quarter of 2015 as part of the acquisition of NTP Fleet Management Pty Ltd., Adelaide (Australia), the assumed customer contracts of which were classified as 'operating leases'.

### Composition of trucks for lease from financial services

| in thousand € | 12/31/2016 | 12/31/2015[1] |
|---|---|---|
| 'Operating lease' contracts with customers | 354,432 | 315,370 |
| Contracts concluded with a leasing company acting as an intermediary | 40,235 | 39,113 |
| | 394,667 | 354,483 |

1 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

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 ultimate customer are capitalized as trucks for lease.

Trucks for lease with a carrying amount of €218,492 thousand (prior year: €201,157 thousand) are financed based on sale and leaseback agreements.

Customer contracts concluded with a leasing company acting as an intermediary are also capitalized 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 €59,882 thousand (prior year: €54,356 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 €10,695 thousand (prior year: €11,666 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 € | 12/31/2016 | 12/31/2015[1] |
|---|---|---|
| Due within less than one year | 96,152 | 87,453 |
| Due in one to five years | 168,366 | 149,664 |
| Due in more than five years | 1,560 | 1,053 |
| Balance at 12/31 | 266,078 | 238,170 |

1 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

Trucks for lease with a carrying amount of €87,891 thousand (prior year: €69,997 thousand) are financed based on sale and leaseback agreements. Future minimum lease payments from sublease arrangements total €59,070 thousand (prior year: €45,295 thousand).

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

### Development of investments in companies accounted for using the equity method

| in thousand € | 2016 | 2015 |
|---|---|---|
| Balance on 01/01 | 10,695 | 12,095 |
| Additions | 15,604 | – |
| Prorated earnings | 5,785 | 3,202 |
| Dividend payments | 3,330 | 4,602 |
| Consolidation | –2,550 | – |
| Balance on 12/31 | 26,204 | 10,695 |

A total of €13,704 thousand in additions in the reporting year related to the establishment of a joint venture with Anhui Heli Co. Ltd. (Heli), Hefei (China). €13,019 thousand was allocable to Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China) with a total of €685 thousand being attributable to the regional branch offices. €1,576 thousand in additions resulted from the establishment of Industrial Components of Texas LLC, Houston/Texas (USA). The notes on the changes in the scope of consolidation provide further related information.

### Material shares in companies accounted for using the equity method

| Company | Main business | Share of capital in % 12/31/2016 | 12/31/2015 |
|---|---|---|---|
| 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 hire of material handling equipment on the Chinese market | 50 | – |

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

### Summarized financial information on companies accounted for using the equity method

| in thousand € | | JULI Motorenwerk s.r.o., Moravany (Czech Republic)[1] 2016 | 2015 | Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China)[1] 2016[2] | 2015 | Other joint ventures 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Assets | 12/31 | 50,070 | 49,787 | 52,486 | – | 4,487 | 849 |
| Liabilities | 12/31 | 19,966 | 25,227 | 25,596 | – | 391 | 22 |
| Net sales | | 133,383 | 119,268 | 10,904 | – | 1,431 | 1,112 |
| Net income/ comprehensive income | | 12,442 | 7,026 | –348 | – | –635 | –62 |

1 Including subsidiaries.
2 In the truncated financial year, figures for the statement of income relate to the period from May 1 to December 31, 2016.

The impairment test performed on investments in companies accounted for using the equity method as of the balance sheet date in 2016 did not result in any impairment losses.

## (17) Inventories

### Composition of inventories

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Raw materials and supplies | 74,005 | 68,315 |
| Work in process | 24,232 | 19,494 |
| Finished goods | 135,039 | 100,490 |
| Merchandise | 96,044 | 74,647 |
| Spare parts | 51,022 | 47,030 |
| Advance payments | 15,308 | 6,722 |
| | **395,650** | **316,698** |

€30,497 thousand (prior year: €32,733 thousand) of the inventories are carried at their net realizable value. Write-downs recognized for inventories as of the balance sheet date amounted to €41,400 thousand (prior year: €41,533 thousand).

## (18) Trade accounts receivable

### Composition of trade accounts receivable

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Trade accounts receivable (excluding receivables from construction contracts) | 610,865 | 520,333 |
| Receivables from construction contracts | 17,744 | 20,099 |
| Valuation allowances | −14,822 | −14,083 |
| | 613,787 | 526,349 |

Trade accounts receivable include notes receivable in the amount of €9,038 thousand (prior year: €6,018 thousand). €1,159 thousand in notes receivable presented for a discount (prior year: €848 thousand) were not derecognized from the accounts because Jungheinrich was exposed to the risk of default on the balance sheet date. The related notes payable are recognized as financial liabilities.

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

### Development of valuation allowances on trade accounts receivable

| in thousand € | 2016 | 2015 |
|---|---|---|
| Valuation allowances on 01/01 | 14,083 | 15,809 |
| Changes in currency exchange rates | −93 | −34 |
| Additions due to business combinations | – | 99 |
| Utilizations | 1,201 | 3,855 |
| Releases | 837 | 631 |
| Additions | 2,870 | 2,695 |
| **Valuation allowances on 12/31** | **14,822** | **14,083** |

### Overdue trade accounts receivable without valuation allowances

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Less than 30 days overdue | 61,902 | 58,335 |
| Between 30 and 60 days overdue | 18,657 | 18,132 |
| Between 61 and 90 days overdue | 8,291 | 7,213 |
| Between 91 and 180 days overdue | 7,529 | 5,983 |
| More than 180 days overdue | 358 | 1,444 |
| **Total overdue trade accounts receivable, for which no valuation allowances were recognized** | **96,737** | **91,107** |

As at the balance sheet date, no valuation allowances had been made for €474,657 thousand in trade accounts receivable (prior year: €400,046 thousand), nor were they overdue. As at the balance sheet date, there was no indication that the debtors could not meet their payment obligations.

Credit insurance policies had been taken out for a portion of the trade accounts receivable as at the balance sheet date.

### Composition of receivables from construction contracts

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Costs incurred and profits stated (minus losses stated) | 70,061 | 50,323 |
| Advance payments received | −52,317 | −30,224 |
| **Receivables from construction contracts** | **17,744** | **20,099** |

## (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 capitalized as receivables from financial services from the beginning of the lease onwards. Only lease payments due in the future are stated as receivables from financial services. Therefore, amounts overdue and valuation allowances for amounts transferred to trade accounts receivable when the lease payments fall due are recognized in note 18.

**Receivables from financial services: Reconciliation from total minimum lease payments to their present value**

| in thousand € | 12/31/2016 | 12/31/2015[1] |
|---|---|---|
| **Total minimum lease payments** | **851,380** | **796,262** |
| Due within less than one year | 255,256 | 245,663 |
| Due in one to five years | 561,812 | 526,395 |
| Due in more than five years | 34,312 | 24,204 |
| | | |
| **Present value of minimum lease payments outstanding** | **751,842** | **701,683** |
| Due within less than one year | 214,818 | 206,035 |
| Due in one to five years | 504,520 | 472,521 |
| Due in more than five years | 32,504 | 23,127 |
| | | |
| **Unrealized interest income** | **99,538** | **94,579** |

1 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

Receivables from financial services include minimum lease payments from sublease arrangements amounting to €211,548 thousand (prior year: €196,176 thousand).

Receivables from financial services with a residual carrying amount of €448,747 thousand (prior year: €420,627 thousand) were pledged as collateral for liabilities from financial services on the balance sheet date.

## (20) Other receivables and other assets

**Composition of other receivables and other assets**

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Receivables from other taxes | 37,145 | 32,191 |
| Assets from the measurement of funded pension plans | 1,482 | 11,351 |
| Receivables from loans and advances granted to employees | 916 | 745 |
| Other assets | 8,384 | 8,877 |
| | **47,927** | **53,164** |

As at the balance sheet date, none of the other receivables or other assets were overdue or had a valuation allowance recognized for them. 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 € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Bonds and debenture bonds | 141,766 | 150,120 |
| Investment funds | 8,699 | 19,434 |
| Shares | 6,356 | 7,406 |
| Covered bonds | 4,569 | 5,029 |
| | 161,390 | 181,989 |

€40,521 thousand (prior year: €30,500 thousand) of the securities are financial instruments classified as 'financial assets held to maturity.' Jungheinrich intends to, and can, hold these securities until they mature. The securities on Jungheinrich's books on December 31, 2016 will mature from 2017 to 2019. The impairment test carried out on the securities as at the balance sheet date did not result in any impairment expenses in 2016. All of the securities which were on Jungheinrich's books on December 31, 2015 and matured in 2016 were redeemed when they matured.

In the reporting year, €25,000 thousand in liquid assets were withdrawn from the special fund. The securities held in the special fund on December 31, 2016 had a carrying amount of €120,869 thousand (prior year: €151,489 thousand) and were designated as 'available for sale.'

## (22) Liquid assets

Liquid assets include bank balances, cash balances, and checks. They have an original maturity of three months or less. Liquid assets include €7,376 thousand (prior year: €1,406 thousand) in bank balances of the special fund. As at the balance sheet date, the Jungheinrich Group's bank balances totalled €8,815 thousand (prior year: €8,895 thousand), which were pledged to banks.

## (23) Prepaid expenses

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

## (24) Shareholder's 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 (prior year: €102,000 thousand). As at the balance sheet date, it was divided among 54,000,000 ordinary shares and 48,000,000 preferred shares (prior year: 18,000,000 ordinary shares and 16,000,000 preferred shares), each accounting for an imputed €1.00 share (prior year: €3.00) of the subscribed capital. The number of shares tripled compared to the previous year after the Ordinary General Meeting of Jungheinrich AG on May 24, 2016 passed a resolution to conduct a 1:3 stock split, which was implemented as of June 22, 2016. All of the shares had been issued as at the balance sheet date.

Holders of non-voting preferred stock 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 prorated 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 reserve

The capital reserve includes premiums from the issuance of shares and additional income from the sale of own shares in prior years.

### Retained earnings

Retained earnings contain undistributed earnings generated by Jungheinrich AG and consolidated subsidiaries in preceding years as well as consolidated 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 €51,081 thousand distributable profit for the 2016 financial year to make a dividend payment of €43,800 thousand, corresponding to a dividend of €0.42 per ordinary share and a dividend of €0.44 per preferred share, and to transfer €7,281 thousand to other retained earnings.

## Accumulated other comprehensive income (loss)

**Details on change in accumulated other comprehensive income (loss)**

| in thousand € | 2016 | 2015[1] |
|---|---|---|
| **Income (loss) from the measurement of financial instruments with a hedging relationship** | **–1,933** | **3,239** |
| Unrealized income (loss) | 8,378 | 2,161 |
| Realized income (loss) | –10,609 | 1,852 |
| Deferred taxes | 298 | –774 |
| **Income (loss) from the measurement of financial instruments available for sale** | **495** | **–771** |
| Unrealized income (loss) | –111 | –647 |
| Realized income (loss) | 818 | –454 |
| Deferred taxes | –212 | 330 |
| **Income (loss) from currency translation** | **–5,590** | **2,204** |
| Unrealized income (loss) | –865 | 2,204 |
| Realized income (loss) | –4,725 | – |
| **Income (loss) from the measurement of pensions** | **–20,043** | **17,971** |
| Income (loss) from the remeasurement of defined benefit pension plans | –26,904 | 25,396 |
| Deferred taxes | 6,861 | –7,425 |
| **Other comprehensive income (loss)** | **–27,071** | **22,643** |

1 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

## 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 17.8 per cent (prior year: 17.9 per cent).

**EBIT return on capital employed (ROCE)**

| in thousand € | | 2016 | 2015 |
|---|---|---|---|
| Interest-bearing capital 12/31 | | 1,318,212 | 1,187,413 |
| EBIT | | 234,969 | 213,103 |
| ROCE | in % | 17.8 | 17.9 |

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

**Net indebtedness**

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Financial liabilities | 319,495 | 317,089 |
| Liquid assets and securities | –375,477 | –392,468 |
| **Net indebtedness** | **–55,982** | **–75,379** |

The Jungheinrich Group maintained its positive balance. As in the prior year, the indebtedness ratio was negative and remained at a good level.

**Indebtedness ratio**

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Net indebtedness | –55,982 | –75,379 |
| EBITDA (adjusted to exclude depreciation on trucks for lease from financial services) | 398,041 | 355,981 |
| Indebtedness ratio in years | <0 | <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 initiate 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. On-going 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 as well as Jungheinrich Moosburg AG & Co. KG. 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 July 1, 1987, and April 14, 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 externalized fund and has been closed to new employees since October 1, 2002 and January 18, 2003, respectively. Jungheinrich UK Ltd. and employee contributions are still being paid for beneficiaries of the pension plan.

In other countries outside Germany, several companies have pension plans for managing directors and employees. Material foreign pension claims are covered by separate funds.

After the Dutch pension plan was adjusted in 2014 and the last sum of €512 thousand was transferred to the plan assets in the year under review, Jungheinrich no longer had any benefit obligations. The pension plan was no longer recognized in the 'provisions for pensions and similar obligations' line item as of December 31, 2016.

Existing pension commitments to managing directors and employees in France were reclassified by Jungheinrich in the year being reviewed. The benefit obligations recognized in 'provisions for personnel' at their present value of €7,383 thousand as of December 31, 2015 have been stated as part of the 'provisions for pensions and similar obligations' balance sheet line item since January 1, 2016.

Jungheinrich offered pensioners entitled to German pension obligations a lump sum in place of their existing pension entitlements. Payments made to fulfil these benefit obligations in this manner resulted in €304 thousand in income (prior year: €2,870 thousand), which is included in the costs of pensions for defined-benefit plans.

### Composition of the net defined benefit liability

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Present value of funded defined benefit obligations | 309,207 | 309,158 |
| Fair value of plan assets | 295,329 | 305,979 |
| Funding gap | 13,878 | 3,179 |
| Present value of unfunded defined benefit obligations | 207,330 | 187,042 |
| **Net defined benefit liability** | **221,208** | **190,221** |
| Germany | 197,683 | 184,359 |
| United Kingdom | –1,482 | -11,351 |
| Other countries | 25,007 | 17,213 |

Of the net defined benefit liability from defined benefit pension plans, €222,690 thousand (prior year: €201,572 thousand) is contained in the item 'provisions for pensions and similar obligations' and €1,482 thousand (prior year: €11,351 thousand) is contained in the item 'other assets'.

### Development of the present value of defined benefit obligations

| in thousand € | 2016 | 2015 |
|---|---|---|
| Present value of defined benefit obligations on 01/01 | 496,200 | 525,661 |
| Changes in currency exchange rates | –34,798 | 17,713 |
| Current service cost | 7,491 | 7,918 |
| Settlement gains | –304 | –2,870 |
| Past service cost | –122 | –995 |
| Interest cost | 13,025 | 14,254 |
| Actuarial gains (–)/ losses (+) on | | |
| changes in financial assumptions | 73,013 | –27,518 |
| changes in demographic assumptions | –1,009 | –1,646 |
| experience adjustments | 2,105 | –2,943 |
| Employee contributions | 1,962 | 1,884 |
| Pension payments made using company assets | –10,029 | –22,053 |
| Pension payments made using plan assets | –9,246 | –12,789 |
| Other changes | –21,751 | –416 |
| **Present value of defined benefit obligations on 12/31** | **516,537** | **496,200** |
| Germany | 197,683 | 184,359 |
| United Kingdom | 255,417 | 231,137 |
| Other countries | 63,437 | 80,704 |

Other changes in the reporting 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 fair value of the French benefit obligations of €7,383 thousand.

€1,918 thousand (prior year: €13,126 thousand) in pension instalments paid using company assets in 2016 were paid in connection with settlements.

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

| | Germany | | United Kingdom | | Other countries | |
|---|---|---|---|---|---|---|
| in % | 12/31/2016 | 12/31/2015 | 12/31/2016 | 12/31/2015 | 12/31/2016 | 12/31/2015 |
| Discount rate | 1.7 | 2.4 | 2.7 | 3.9 | 1.0 | 1.6 |
| Expected rate of pension increase | 1.5 | 1.5 | 3.1 | 3.1 | – | – |

In fiscal 2016 and 2015, 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, with the other assumptions remaining unchanged.

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

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Discount rate 0.5 % higher | –41,444 | –42,221 |
| Discount rate 0.5 % lower | 43,648 | 44,775 |
| Expected rate of pension increase 0.5 % higher | 27,664 | 26,461 |

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 about 4.5 per cent and 3.0 per cent, respectively.

The actual change in defined benefit obligations cannot be derived from the aforementioned sensitivity analysis. One cannot expect the deviations to occur in isolation from one another as some of the assumptions are related to each other.

Otherwise, 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 about 14 years in Germany (prior year: 13 years), about 19 years in the United Kingdom (prior year: 22 years) and about 19 years in other countries (prior year: 21 years).

Jungheinrich expects to make some €8.6 million (prior year: €8.2 million) in pension payments using company assets in the 2017 financial year.

### Development of the fair value of plan assets

| in thousand € | 2016 | 2015 |
|---|---|---|
| Fair value of plan assets on 01/01 | 305,979 | 291,369 |
| Changes in currency exchange rates | –36,240 | 16,644 |
| Interest income | 8,825 | 10,028 |
| Actuarial gains (+) and losses (–) | 47,205 | –6,711 |
| Employer contributions | 6,796 | 6,782 |
| Employee contributions | 1,962 | 1,884 |
| Pension payments made | –9,246 | –12,789 |
| Other changes | –29,952 | –1,228 |
| **Fair value of plan assets on 12/31** | **295,329** | **305,979** |
| United Kingdom | 256,899 | 242,488 |
| Other countries | 38,430 | 63,491 |

Other changes in the year under review contained the disposal of the fair value of plan assets for the Dutch benefit obligations amounting to -€28,275 thousand.

In the year being reviewed, the actual return on plan assets amounted to €55,212 thousand (prior year: €2,505 thousand). As in the previous year, there were no effects from the limitation to the asset ceiling.

Plan assets largely comprise the externalized fund set up to cover pension obligations in the UK. The assets and return of the pension fund are intended exclusively for benefits and for administrative expenses for the pension plan. Jungheinrich works with outside asset managers to invest in the plan assets.

Our long-term investment strategy complies with minimum capital cover requirements and the goal of maximizing income from the plan assets while keeping volatility at a reasonable level, in order to minimize 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 come due.

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

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| **Cash and cash equivalents** | **514** | **454** |
| **Equity instruments** | **41,746** | **43,743** |
| Stock index funds in the United Kingdom | 25,561 | 25,556 |
| Stock index funds in Europe (excluding the UK) | 16,185 | 18,187 |
| **Debt instruments** | **214,639** | **198,291** |
| UK government bonds | 193,316 | 175,982 |
| Corporate bonds | 21,323 | 22,309 |
| **Fair value on 12/31** | **256,899** | **242,488** |

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 €38,430 thousand (prior year: €63,491 thousand) and cannot be broken down into asset classes as these plan assets are qualifying insurance policies.

As in the preceding year, externalized pension funds did not include any own financial instruments or real estate used by Group companies as at the balance sheet date.

Jungheinrich expects to make cash-effective employer contributions totalling approximately €6.2 million for the 2017 financial year (prior year: €7.1 million) in order to comply with minimum statutory and contractual requirements.

**Costs in connection with defined benefit pension plans recognized in the statement of comprehensive income**

| in thousand € | 2016 | 2015 |
|---|---|---|
| Current service cost | –7,491 | –7,918 |
| Gains on settlements | 304 | 2,870 |
| Past service cost | 122 | 995 |
| Net interest | –4,200 | –4,226 |
| Plan administration cost | –818 | –812 |
| **Income (loss) before taxes** | **–12,083** | **–9,091** |
| Remeasurement of defined benefit obligations | –74,109 | 32,107 |
| Remeasurement of plan assets | 47,205 | –6,711 |
| **Other comprehensive income (loss) before taxes** | **–26,904** | **25,396** |
| **Comprehensive income (loss) before taxes from defined benefit pension plans** | **–38,987** | **16,305** |

Current service costs, gains on settlements and past service costs were recognized 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 01/01/2016 | Exchange rate differences | Changes in the scope of consolidation | Additions | Utilizations | Releases | As of 12/31/2016 |
|---|---|---|---|---|---|---|---|
| Provisions for personnel | 146,638 | −960 | 65 | 99,553 | 90,618 | 1,679 | 152,999 |
| Provisions for warranty obligations | 25,973 | −263 | – | 37,841 | 29,528 | 4,599 | 29,424 |
| Provisions for onerous contracts | 38,757 | −1,070 | – | 6,161 | 8,085 | 929 | 34,834 |
| Others | 17,689 | −341 | – | 17,698 | 7,618 | 3,181 | 24,247 |
| **Other provisions** | **229,057** | **−2,634** | **65** | **161,253** | **135,849** | **10,388** | **241,504** |

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

As at the balance sheet date, obligations arising from partial retirement agreements amounted to €16,701 thousand (prior year: €14,235 thousand), which were netted against €8,023 thousand in financial assets (prior year: €6,937 thousand). Liquid assets were transferred to a trust in order to finance these obligations. These trust assets are solely being held to secure benefits due employees within the scope of partial retirement arrangements in the long term and qualify as plan assets in compliance with IAS 19. The liquid assets are not freely available due to the role they play as back-up for these agreements. Furthermore, €7,460 thousand in provisions were accrued to cover the claims of candidates potentially qualifying for partial retirement arrangements commensurate to their probability of occurrence (prior year: €8,863 thousand).

Additions to provisions for personnel included a total of €610 thousand in interest accretions (prior year: €675 thousand). €38,853 thousand (prior year: €46,375 thousand) of the provisions for personnel had a remaining maturity of more than one year.

The Group recognizes provisions for product warranties based on past experience when products are sold or when new warranty 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 warranty expenses for fiscal 2016 for material handling equipment sold in the year under review.

Provisions for onerous contracts primarily relate to the provision for risks from residual value warranties issued within the scope of the financial services business above all to leasing companies. Impending losses from cancellations of contracts and other contractual risks are also recognized. €14,621 thousand (prior year: €19,014 thousand) of the provisions for onerous contracts had a remaining maturity of more than one year.

Other provisions include provisions for customer bonuses, lawsuits, 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 hire | Leasing liabilities from tangible assets | Notes payable | Financial liabilities |
|---|---|---|---|---|---|---|
| 12/31/2016 | | | | | | |
| **Total future cash flows** | **129,463** | **105,297** | **87,608** | **16,466** | **2,180** | **341,014** |
| Due within less than 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 less than 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** |
| 12/31/2015 | | | | | | |
| **Total future cash flows** | **147,372** | **106,568** | **70,346** | **14,877** | **1,982** | **341,145** |
| Due within less than one year | 95,262 | 1,271 | 22,433 | 1,524 | 1,982 | 122,472 |
| Due in one to five years | 35,608 | 54,556 | 40,422 | 4,921 | – | 135,507 |
| Due in more than five years | 16,502 | 50,741 | 7,491 | 8,432 | – | 83,166 |
| **Present value of future cash flows** | **136,566** | **100,000** | **67,373** | **11,168** | **1,982** | **317,089** |
| Due within less than one year | 92,437 | – | 21,330 | 944 | 1,982 | 116,693 |
| Due in one to five years | 30,563 | 50,000 | 38,687 | 3,033 | – | 122,283 |
| Due in more than five years | 13,566 | 50,000 | 7,356 | 7,191 | – | 78,113 |
| **Future interest expenses** | **10,806** | **6,568** | **2,973** | **3,709** | **–** | **24,056** |

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

### Details on liabilities due to banks

| Currency | Interest conditions | Remaining term of the interest conditions as of 12/31/2016 | Nominal volume as of 12/31/2016 in thousand € | Bandwidth of effective interest rates 2016 | Carrying amounts as of 12/31/2016 in thousand € | Nominal volume as of 12/31/2015 in thousand € | Bandwidth of effective interest rates 2015 | Carrying amounts as of 12/31/2015 in thousand € |
|---|---|---|---|---|---|---|---|---|
| EUR | variable | < 1 year | 24,937 | EURIBOR + margin | 24,937 | 12,626 | EURIBOR + margin | 12,626 |
| GBP | variable | < 1 year | 11,655 | LIBOR + margin | 11,655 | 10,878 | LIBOR + margin | 10,878 |
| TRY | variable | < 1 year | 7,500 | LIBOR + margin | 7,500 | 2,975 | LIBOR + margin | 2,975 |
| SGD | variable | < 1 year | 1,808 | LIBOR + margin | 1,808 | 8,153 | LIBOR + margin | 8,153 |
| PLN | variable | < 1 year | 11,354 | LIBOR + margin | 11,354 | 8,933 | LIBOR + margin | 8,933 |
| Other | variable | < 1 year | 5,358 | LIBOR + margin | 5,358 | 35,591 | LIBOR + margin | 35,591 |
| EUR | fixed | 1 – 17 years | 67,992 | 1.9 % – 5.2 % | 34,787 | 67,513 | 1.9 % – 5.3 % | 41,709 |
| BRL | fixed | < 1 – 3 years | 10,014 | 16.5 % – 20.8 % | 4,931 | 8,892 | 14.9 % – 20.8 % | 6,425 |
| SGD | variable | 20 years | 8,822 | SIBOR + margin | 8,631 | – | – | – |
| CNY | fixed | < 1 year | 2,938 | 6.4 % | 1,653 | 7,224 | 6.4 % | 4,040 |
| Other | fixed | < 1 – 6 years | 13,337 | 5.1 % – 7.2 % | 5,917 | 8,424 | 5.2 % – 11.3 % | 5,236 |
| Total liabilities due to banks | | | 165,715 | | 118,531 | 171,209 | | 136,566 |

### Composition of the promissory note as of December 31, 2016

| | 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 |

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

Liabilities from the financing of trucks for short-term hire amount to €70,076 thousand (prior year: €59,443 thousand) and result from refinancing receivables from intragroup hire-purchase agreements. The former refinancing via the sale of intragroup receivables from hire-purchase agreements was replaced by credit financing in the year under review. Jungheinrich was given access to a line of credit, from which drawings equalling no more than the remaining receivable from hire-purchase agreements could be made.

Furthermore, €15,581 thousand (prior year: €7,930 thousand) in liabilities relate to the refinancing of trucks for short-term hire based on sale and leaseback agreements. €16,876 thousand (prior year: €8,677 thousand) in future minimum lease payments for these leases classified as 'finance lease' agreements under IFRS are included in cash flows for liabilities from the financing of trucks for short-term hire. Thus, Jungheinrich must capitalize these assets in its capacity as lessee. Leasing liabilities are repaid over the non-cancellable lease periods.

The aforementioned accounting method also applies to leasing liabilities from 'tangible assets,' which are almost all based on real estate lease agreements. Some of the real estate lease agreements included purchase options at agreed residual values.

## (28) Liabilities from financial services

€18,787 thousand (prior year: €18,707 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 €1,136,953 thousand (prior year: €1,053,470 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 capitalized under receivables from financial services ('finance leases') or under trucks for lease from financial services ('operating leases').

Liabilities from financing included €245,003 thousand (prior year: €218,224 thousand) in liabilities from the issuance of promissory notes via the consolidated securitization vehicle in Luxembourg.

**Liabilities from financing: Reconciliation from total future cash flows to their present value**

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Total future cash flows | 1,187,495 | 1,111,449 |
| Due within less than one year | 353,484 | 339,608 |
| Due in one to five years | 797,145 | 744,749 |
| Due in more than five years | 36,866 | 27,092 |
| Present value of future cash flows | 1,136,953 | 1,053,470 |
| Due within less than one year | 331,632 | 314,370 |
| Due in one to five years | 769,107 | 712,558 |
| Due in more than five years | 36,214 | 26,542 |
| Future interest expenses | 50,542 | 57,979 |

Liabilities from financing include future minimum lease payments from financing under sale and leaseback agreements in the amount of €292,238 thousand (prior year: €265,396 thousand).

## (29) Trade accounts payable

Trade accounts payable include €31 thousand (prior year: €31 thousand) in payables to affiliated companies and €4,856 thousand (prior year: €3,117 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 € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Liabilities from other taxes | 63,003 | 55,324 |
| Advance payments received on orders | 34,536 | 36,107 |
| Liabilities from construction contracts | 21,898 | 1,417 |
| Social security liabilities | 10,986 | 11,611 |
| Employee liabilities | 2,819 | 2,413 |
| Other liabilities | 15,035 | 12,388 |
| | 148,277 | 119,260 |

**Composition of liabilities from construction contracts**

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Costs incurred and profits stated (minus losses stated) | 15,962 | 411 |
| Advance payments received | –37,860 | –1,828 |
| Liabilities from construction contracts | –21,898 | –1,417 |

Other liabilities contained accounts payable to affiliated companies amounting to €2 thousand (prior year: €1 thousand) and to companies accounted for using the equity method amounting to €60 thousand (prior year: €80 thousand).

Other liabilities included the estimated fair value of €2,687 thousand (prior year: € – thousand) of the contingent consideration in connection with the business combination in Romania. The payment of the contingent consideration from 2017 to 2019 is linked to the achievement of agreed key operating figures. Jungheinrich expects to make a purchase price payment of €995 thousand in fiscal 2017. The notes on the changes in the scope of consolidation provide further related information.

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 obligation according to IFRS to capitalize 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 financing of equipment for lease. Deferred profit is reduced pro rata temporis over the terms of the leases.

Other deferrals in the reporting year include €3,815 thousand (prior year: €4,640 thousand) in government grants.

### Composition of deferred income

| in thousand € | Deferred sales from financial services | Deferred profit from financial services | Other deferrals | Deferred income |
|---|---|---|---|---|
| 12/31/2016 | 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 |
| **12/31/2015** | **33,899** | **52,345** | **19,851** | **106,095** |
| Thereof maturities of up to one year | 12,737 | 16,235 | 6,639 | 35,611 |
| Thereof maturities of more than one year | 21,162 | 36,110 | 13,212 | 70,484 |

## (32) Additional disclosure on financial instruments

### Carrying amounts and fair value of financial instruments by valuation category

| | | 12/31/2016 | | 12/31/2015 | |
|---|---|---|---|---|---|
| in thousand € | Valuation category in acc. IAS 39 | Carrying amount | Fair value | Carrying amount | Fair value |
| **Assets** | | | | | |
| Liquid assets | LaR | 214,087 | 214,087 | 210,479 | 210,479 |
| Trade accounts receivable | LaR | 613,787 | 613,787 | 526,349 | 526,349 |
| Receivables from financial services[1] | n.a. | 751,842 | 765,053 | 701,683 | 711,966 |
| Securities | HtM | 40,521 | 40,609 | 30,500 | 30,505 |
| Securities | AfS | 120,869 | 120,869 | 151,489 | 151,489 |
| Investments in affiliated companies | AfS | 83 | 83 | 83 | 83 |
| Investments in companies accounted for using the equity method | AfS | 26,204 | 26,204 | 10,695 | 10,695 |
| Other loans | LaR | – | – | 25 | 25 |
| Derivative financial assets | | | | | |
| Derivatives without a hedging relationship | FAHfT | 4,050 | 4,050 | 1,463 | 1,463 |
| Derivatives with a hedging relationship | n.a. | 2,405 | 2,405 | 4,730 | 4,730 |
| Other financial assets | LaR | 916 | 916 | 745 | 745 |
| **Liabilities** | | | | | |
| Trade accounts payable | FLAC | 287,034 | 287,034 | 241,150 | 241,150 |
| Liabilities due to banks | FLAC | 118,531 | 123,238 | 136,566 | 141,572 |
| Promissory notes | FLAC | 100,000 | 99,034 | 100,000 | 98,309 |
| Liabilities from financing trucks for short-term hire | FLAC | 70,076 | 70,076 | 59,443 | 59,443 |
| Liabilities from financing trucks for short-term hire | n.a. | 15,581 | 15,581 | 7,930 | 7,930 |
| Leasing liabilities from tangible assets | n.a. | 13,127 | 14,393 | 11,168 | 13,443 |
| Notes payable | FLAC | 2,180 | 2,180 | 1,982 | 1,982 |
| Liabilities from financial services | FLAC | 880,814 | 889,056 | 824,404 | 830,909 |
| Liabilities from financial services | n.a. | 274,926 | 281,479 | 247,773 | 253,362 |
| Derivative financial liabilities | | | | | |
| Derivatives without a hedging relationship | FLHfT | 2,517 | 2,517 | 1,731 | 1,731 |
| Derivatives with a hedging relationship | n.a. | 2,499 | 2,499 | 2,592 | 2,592 |
| Other financial liabilities | FLAC | 4,395 | 4,395 | 1,470 | 1,470 |
| **Of which aggregated by valuation category in acc. with IAS 39:** | | | | | |
| Loans and Receivables (LaR) | | 828,790 | 828,790 | 737,598 | 737,598 |
| Financial Investments Held to Maturity (HtM) | | 40,521 | 40,609 | 30,500 | 30,505 |
| Financial Assets Available for Sale (AfS)[2] | | 147,156 | 147,156 | 162,267 | 162,267 |
| Financial Assets Held for Trading (FAHfT) | | 4,050 | 4,050 | 1,463 | 1,463 |
| Financial Liabilities Measured at Amortized Costs (FLAC) | | 1,463,030 | 1,475,013 | 1,365,015 | 1,374,835 |
| Financial Liabilities Held for Trading (FLHfT) | | 2,517 | 2,517 | 1,731 | 1,731 |

1 Figures as of December 31, 2015 include retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.
2 Includes €83 thousand (prior year: €83 thousand) in equity interests measured at acquisition costs and €26,204 thousand (prior year: €10,695 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 categorized in the table below by their fair value hierarchy level pursuant to IFRS 13 based on the information and input factors used to determine them.

No transfers between levels 1 and 2 were made during the period under review.

The fair values of level 1 financial instruments were determined based on exchange quotations as at the balance sheet date.

In accordance with generally accepted valuation models, the fair value of level 2 financial instruments is determined based on discounted cash flow analyses using observable current market prices of similar instruments. Fair values of currency forwards are determined based on the mean spot rates valid as at the balance sheet date, taking account of forward surcharges and discounts on the transactions' remaining terms. Fair values of interest-rate derivatives are determined based on the market interest rates and interest-rate curves valid on the balance sheet date, taking account of their maturities. Jungheinrich has taken counterparty risks into consideration in determining fair values.

**Hierarchy levels for financial instruments recognized at fair value**

| | 12/31/2016 | | | 12/31/2015 | | |
|---|---|---|---|---|---|---|
| in thousand € | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| **Assets** | | | | | | |
| Securities (AfS) | 120,869 | – | 120,869 | 151,489 | – | 151,489 |
| Derivatives without a hedging relationship (FAHfT) | 256 | 3,794 | 4,050 | 180 | 1,283 | 1,463 |
| Derivatives with a hedging relationship (n.a.) | – | 2,405 | 2,405 | – | 4,730 | 4,730 |
| | | | | | | |
| **Liabilities** | | | | | | |
| Derivatives without a hedging relationship (FLHfT) | 75 | 2,442 | 2,517 | 68 | 1,663 | 1,731 |
| Derivatives with a hedging relationship (n.a.) | – | 2,499 | 2,499 | – | 2,592 | 2,592 |

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 'financial investments held to maturity' corresponded to the fair values available as at the balance sheet date.

Liquid assets, trade accounts receivable and other financial assets largely have short maturities. Therefore, their carrying amounts as at the balance sheet date 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 determined reliably.

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 determined reliably.

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 hire 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 realizable on the market were almost identical.

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

**Hierarchy levels for financial instruments which are not measured at fair value and the carrying amounts of which are not assumed to be close to their fair values**

| | 12/31/2016 | | | 12/31/2015 | | |
|---|---|---|---|---|---|---|
| in thousand € | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| **Assets** | | | | | | |
| Receivables from financial services[1] | – | 765,053 | 765,053 | – | 711,966 | 711,966 |
| Securities (HtM) | 40,609 | – | 40,609 | 30,505 | – | 30,505 |
| | | | | | | |
| **Liabilities** | | | | | | |
| Liabilities due to banks | – | 123,238 | 123,238 | – | 141,572 | 141,572 |
| Promissory notes | – | 99,034 | 99,034 | – | 98,309 | 98,309 |
| Leasing liabilities from tangible assets | – | 14,393 | 14,393 | – | 13,443 | 13,443 |
| Liabilities from financial services | – | 1,170,535 | 1,170,535 | – | 1,084,271 | 1,084,271 |

1 Figures as of December 31, 2015 include retroactive adjustments in compliance with IFRS 3.
Details are provided in the commentary on the changes in the scope of consolidation.

### Net results of financial instruments

| | from interest and dividends | from subsequent measurement | | Net result | |
|---|---|---|---|---|---|
| in thousand € | | at fair value | Valuation allowances | 2016 | 2015 |
| Loans and Receivables (LaR) | 864 | – | –2,033 | –1,169 | –637 |
| Financial Investments Held to Maturity (HtM) | 125 | – | – | 125 | 207 |
| Financial Assets Available for Sale (AfS) | –127 | –687 | –131 | –945 | 532 |
| Financial Instruments Held for Trading (FAHfT/FLHfT) | – | 11,288 | – | 11,288 | –1,602 |
| Financial Liabilities Measured at Amortized Costs (FLAC) | –32,169 | – | – | –32,169 | –30,071 |

The net results of financial instruments recognized 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) recognized at fair value are reclassified from shareholders' equity to the statement of income on the date of their sale. These net results are recognized as part of interest income in financial income (loss).

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

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

# Additional information

## (33) Consolidated statement of cash flows

The statement of cash flows presented cash flows independently of the balance sheet structure, breaking them down among cash flows from operating activities, investing activities and financing activities. Cash flows from investing and financing activities were directly attributed corresponding cash flows. Cash flows from operating activities were derived indirectly.

Cash flows from operating activities were derived from net income, which was adjusted to exclude non-cash income and expenses—mainly consisting of depreciation—and taking into account changes in working capital. Cash flows from operating activities also included changes in the carrying amounts of trucks for short-term hire and lease and of certain tangible assets from 'finance leases' primarily consisting of real estate as well as liabilities and deferred sales and income stemming from the financing of these assets.

Cash flows from investing activities comprised additions and disposals of tangible assets not financed via 'finance lease' contracts, of intangible assets primarily consisting of additions to capitalized 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 flows 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 liquid assets on the balance sheet, minus the liquid assets not freely available to Jungheinrich. As at the balance sheet date, €8,815 thousand (prior year: €8,895 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.

## (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 €925 thousand in credit lines (prior year: €2,489 thousand). Furthermore, there was a guarantee for the prorated rent instalments payable by a joint venture amounting to €3,795 thousand on December 31, 2016 (prior year: € – thousand).

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

## (35) Other financial obligations

Capital commitments for capital expenditures exclusively on tangible assets totalled €16 million as at the balance sheet date (prior year: €11 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 vehicles. 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 € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Due within less than one year | 46,037 | 42,444 |
| Due in one to five years | 70,682 | 60,195 |
| Due in more than five years | 25,047 | 25,684 |
| | 141,766 | 128,323 |

Recognized expenses of rental and lease instalments from 'operating leases' in 2016 totalled €49,637 thousand (prior year: €44,152 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 above all 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 afford one 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 liquid funds. 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 organizational 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 pan-European 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 contracts 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.

Groupwide sales guidelines are applied to establish groupwide parameters concerning maximal allowable residual values for calculating residual value guarantees. Financial service contracts on hand 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-minimizing 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 realizable income or value, whereby the item is 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.

## Interest-rate risks

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. Interest-bearing instruments on the assets and liabilities sides are aggregated to net positions, and hedges are concluded to cover these net positions, if necessary. Interest-rate swaps were used to hedge interest-rates in the period being reviewed.

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 risks were analyzed 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 December 31, 2016, income would have been €626 thousand ( prior year: €792 thousand) lower (higher).

## Currency risks

When calculating this risk position, the Jungheinrich Group considers foreign currency inflows and outflows, primarily from 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 exchange forwards and currency swaps to manage risks in the period under review.

The Jungheinrich Group applies the Value at Risk approach to quantify the 'currency risk' position. The Value at Risk indicates the maximum loss that may not be exceeded before the end of a predetermined holding period and with a certain probability (confidence interval). Parameters and market volatility, which are used to quantify risk, are calculated based on the standard deviation of logarithmized changes in the last 180 trading days and converted to a one-day holding period with a one-sided confidence interval 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 December 31, 2016, the maximum risk did not exceed €821 thousand (prior year: €1,031 thousand) based on a holding period of one day and a confidence interval of 95 per cent. In the period under review, the Value at Risk was between a minimum of €821 thousand (prior year: €830 thousand) and a maximum of €1,432 thousand (prior year: €1,513 thousand). The average for the year was €1,177 thousand (prior year: €1,218 thousand).

## Share price risks

Jungheinrich has invested €125,000 thousand in liquid assets in a special fund. Shares, stock index funds and share derivatives held in this fund expose the Jungheinrich Group to share price risks. On December 31, 2016, the fund contained a total share exposure of €27,131 thousand (prior year: €20,775 thousand). If the share price had been 10 per cent higher (lower) on December 31, 2016, shareholders' equity would have been €2,713 thousand (prior year: €2,078 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 nearly exclusively stems from its core business. Trade accounts receivable from operations are constantly monitored by the business units responsible for them. Credit risks are managed by recognizing valuation allowances triggered by events and also by recognizing general valuation allowances.

The entire business is constantly 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 struck with customers and measures taken within the scope of risk management that minimize 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 recognized 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 an existing promissory note and 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 of additional risk indicators. No major risks ensued for Jungheinrich from its dependence on individual counterparties as at the balance sheet date. The fair 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 future cash flows resulting from sales and purchases of materials that are partially realized and partially forecasted, but highly probable, among other things. 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 are hedged via corresponding interest-rate swaps with identical maturities and for the same nominal amount.

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 volumes 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 |
| 12/31/2016 | | | | |
| 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 | – | – |
| 12/31/2015 | | | | |
| Total nominal volume | 142,936 | 247,157 | 185,113 | 35,398 |
| Maturities of up to one year | 124,034 | 60,518 | 185,113 | 35,398 |
| Maturities of one to five years | 18,902 | 185,125 | – | – |
| Maturities of more than five years | – | 1,514 | – | – |

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

The nominal values of the interest hedges include interest-rate hedges 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 realized 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 valuation 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 realized on the market later on.

**Fair values of derivative financial instruments**

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| **Derivative financial assets** | **6,455** | **6,193** |
| **Derivatives with a hedging relationship** | **2,405** | **4,730** |
| Foreign exchange forwards/ currency swaps | 2,275 | 4,714 |
| Interest-rate swaps | 130 | 16 |
| **Derivatives without a hedging relationship** | **4,050** | **1,463** |
| Foreign exchange forwards/ currency swaps | 3,794 | 1,283 |
| Futures | 256 | 180 |
| | | |
| **Derivative financial liabilities** | **5,016** | **4,323** |
| **Derivatives with a hedging relationship** | **2,499** | **2,592** |
| Foreign exchange forwards/ currency swaps | 767 | 588 |
| Interest-rate swaps | 1,732 | 2,004 |
| **Derivatives without a hedging relationship** | **2,517** | **1,731** |
| Foreign exchange forwards/ currency swaps | 2,053 | 1,663 |
| Interest-rate swaps | 389 | – |
| Futures | 75 | 68 |

## (37) Segment information

The Jungheinrich Group operates at the international level—with the 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.

The Board of Management of Jungheinrich AG acts and makes decisions with overall responsibility for all the business areas of the Group. 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 organizational 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 hire of new material handling equipment and warehousing technology products including logistics systems as well as the sale and short-term hire of used equipment and after-sales services, consisting of maintenance, repair and spare parts.

Activities undertaken by the 'Financial Services' segment encompass the pan-European sales financing and usage transfer of material handling equipment 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 to consolidated earnings before taxes is an integral part of the presentation. Earnings generated by the 'Intralogistics' segment include all of the prorated earnings for the year of companies accounted for using the equity method, amounting to €5,785 thousand (prior year: €3,202 thousand). Income taxes are not included in the presentation since they are not reported or managed by segment at Jungheinrich. Therefore, income taxes are only stated as a summarized item at the Group level. Accordingly, net income is only stated for the Jungheinrich Group.

Capital expenditures, depreciation and amortization and impairments concern tangible and intangible assets, excluding capitalized development expenses. Segment assets and segment liabilities encompass all assets and liabilities allocable to the segment in question. All balance sheet items relating to current and deferred income taxes are thus also included.

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

## Segment information for 2016

| in thousand € | Intralogistics | Financial Services | Segment total | Reconci-liation | 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, amortization and impairment losses | 62,167 | 819 | 62,986 | – | 62,986 |
| Assets 12/31 | 2,523,057 | 1,494,306 | 4,017,363 | –374,385 | 3,642,978 |
| Shareholders' equity 12/31 | 1,206,655 | 81,663 | 1,288,318 | –174,185 | 1,114,133 |
| Liabilities 12/31 | 1,316,402 | 1,412,643 | 2,729,045 | –200,200 | 2,528,845 |
| Shareholders' equity and liabilities 12/31 | 2,523,057 | 1,494,306 | 4,017,363 | –374,385 | 3,642,978 |

## Segment information for 2015

| in thousand € | Intralogistics | Financial Services | Segment total | Reconci-liation | Jungheinrich Group |
|---|---|---|---|---|---|
| External net sales | 2,197,361 | 556,535 | 2,753,896 | – | 2,753,896 |
| Intersegment net sales | 618,028 | 88,923 | 706,951 | –706,951 | – |
| Total net sales | 2,815,389 | 645,458 | 3,460,847 | –706,951 | 2,753,896 |
| **Segment income (loss) (EBIT)** | **221,709** | **13,537** | **235,246** | **–22,143** | **213,103** |
| Interest income | 3,096 | 160 | 3,256 | –712 | 2,544 |
| Interest expenses | 10,255 | 738 | 10,993 | –712 | 10,281 |
| Other financial income (loss) | –7,068 | –2 | –7,070 | – | –7,070 |
| Earnings before taxes (EBT) | 207,482 | 12,957 | 220,439 | –22,143 | 198,296 |
| Income taxes | | | | | 60,710 |
| Net income | | | | | 137,586 |
| Non-current assets | | | | | |
| Capital expenditures | 85,498 | 10 | 85,508 | – | 85,508 |
| Depreciation, amortization and impairment losses | 51,415 | 141 | 51,556 | – | 51,556 |
| Assets[1] 12/31 | 2,319,802 | 1,394,510 | 3,714,312 | –365,223 | 3,349,089 |
| Shareholders' equity[1] 12/31 | 1,104,683 | 75,717 | 1,180,400 | –154,171 | 1,026,229 |
| Liabilities[1] 12/31 | 1,215,119 | 1,318,793 | 2,533,912 | –211,052 | 2,322,860 |
| Shareholders' equity and liabilities[1] 12/31 | 2,319,802 | 1,394,510 | 3,714,312 | –365,223 | 3,349,089 |

1 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

Besides the scheduled depreciation of tangible assets as well as trucks for short-term hire, 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 net income.

The following tables report net sales by region and show non-current assets regarding intangible and tangible assets, broken down by region.

**Net sales by region**

| in thousand € | 2016 | 2015 |
|---|---|---|
| Germany | 753,175 | 701,167 |
| Italy | 321,442 | 264,855 |
| France | 300,670 | 281,272 |
| United Kingdom | 227,407 | 244,035 |
| Rest of Europe | 1,079,505 | 964,115 |
| Other countries | 402,650 | 298,452 |
| | **3,084,849** | **2,753,896** |

**Non-current assets by region**

| in thousand € | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Germany | 378,959 | 379,273 |
| Rest of Europe | 107,242 | 101,767 |
| Other countries | 62,747 | 59,123 |
| Consolidation[1] | 30,291 | 28,472 |
| | **579,239** | **568,635** |

1 Including retroactive adjustments in compliance with IFRS 3. Details are provided in the commentary on the changes in the scope of consolidation.

There were no relations with individual external customers accounting for a material share of sales with respect to consolidated sales in the 2016 or 2015 fiscal years.

## (38) Earnings per share

The basis for calculation is net income as reported in the consolidated income statement, as this is attributable in full to the shareholders of Jungheinrich AG.

The calculation of diluted and undiluted earnings per share was adjusted retrospectively for all presented reporting periods due to the stock split implemented as of June 22, 2016. Further information on the stock split can be found in note 24.

**Earnings per share**

| | | 2016 | 2015 |
|---|---|---|---|
| Net income | in thousand € | 154,355 | 137,586 |
| Shares outstanding[1] | | | |
| Ordinary shares[2] | in thousands | 54,000 | 54,000 |
| Preferred shares[2] | in thousands | 48,000 | 48,000 |
| Earnings per share (diluted/undiluted) | | | |
| **Earnings per ordinary share[2]** | in € | **1.50** | **1.34** |
| **Earnings per preferred share[2]** | in € | **1.52** | **1.36** |

1 Weighted average.
2 Takes account of the 1:3 stock split; prior year figures adjusted accordingly.

In the 2016 and 2015 fiscal years, there were no shareholders' equity instruments that could have diluted the earnings per share on the basis of the respective shares issued.

## (39) Events after the close of fiscal 2016

There were no transactions or events of material importance after the close of fiscal 2016.

## (40) Fees for the auditor of the consolidated financial statements

Details on the fees charged by the auditors of the consolidated financial statements, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, for the year being reviewed and the preceding year are presented in the following table.

### Fees charged by the auditor

| in thousand € | 2016 | 2015 |
|---|---|---|
| Audit services | 565 | 721 |
| Other assurance services | 35 | 301 |
| Tax services | 24 | 71 |
| | 624 | 1,093 |

## (41) Related party disclosures

Jungheinrich AG's major ordinary shareholders are LJH-Holding GmbH, Wohltorf (Germany), and WJH-Holding GmbH, Aumühle (Germany).

In addition to the subsidiaries included in the consolidated financial statements, Jungheinrich had relations to joint ventures and affiliated, non-consolidated subsidiaries. All business relations with these companies were a result of normal business activities and were maintained at arm's length conditions. The transactions with the non-consolidated subsidiaries were minor in scope.

Products and services traded between fully consolidated Jungheinrich Group companies and the joint ventures are shown in the following table.

### Business relations with joint ventures

| | Products and services provided | | Products and services received | |
|---|---|---|---|---|
| in thousand € | 2016 | 2015 | 2016 | 2015 |
| JULI Motorenwerk s.r.o., Czech Republic[1] | 24 | – | 59,611 | 47,594 |
| Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., China[1] | 29,214 | – | 6,462 | – |
| Other joint ventures | 74 | – | 219 | 219 |
| | 29,312 | – | 66,292 | 47,813 |

| | Trade accounts receivable from | | Trade accounts payable to | |
|---|---|---|---|---|
| in thousand € | 12/31/2016 | 12/31/2015 | 12/31/2016 | 12/31/2015 |
| JULI Motorenwerk s.r.o., Czech Republic[1] | – | – | 3,636 | 3,117 |
| Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., China[1] | 5,165 | – | 1,220 | – |
| Other joint ventures | – | – | – | – |
| | 5,165 | – | 4,856 | 3,117 |

1 Including subsidiaries.

€24 million of the products and services provided to the joint venture with Heli in 2016 related to the sale of the trucks for short-term hire carried on the balance sheet of the Chinese sales company until May 2016. The short-term hire fleet was sold at market value.

On December 31, 2016, other liabilities from financing vis-à-vis Supralift GmbH & Co. KG, Hofheim am Taunus (Germany), amounted to €60 thousand (prior year: €80 thousand).

Members of the Board of Management and 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 business transactions with these companies are carried out at arm's length conditions.

## (42) Total remuneration of the Supervisory Board and the Board of Management

Total remuneration of members of the Supervisory Board for fiscal 2016 amounted to €1,130 thousand (prior year: €1,139 thousand).

Total remuneration of members of the Board of Management for fiscal 2016 amounted to €7,206 thousand (prior year: €6,835 thousand). Furthermore, in fiscal 2016, €639 thousand (prior year: €546 thousand) were added to provisions for pensions for members of the Board of Management. Remuneration of the Board of Management itemized by member, 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 May 24, 2016, passed a resolution to this effect for a period of five years.

Emoluments of former members of the Board of Management amounted to €788 thousand (prior year: €1,627 thousand).

No advances or loans to members of the Board of Management or Supervisory Board of Jungheinrich AG existed on December 31, 2016.

As of December 31, 2016, Jungheinrich AG had accrued a €13,312 thousand (prior year: €12,402 thousand) provision for pensions for former members of the Board of Management.

## (43) List of equity stakes held by Jungheinrich AG, Hamburg, in accordance with Section 313, Paragraph 2 of the German Commercial Code

As of December 31, 2016, 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 Logistiksysteme GmbH, Moosburg | 100.0 |
| Jungheinrich Landsberg AG & Co. KG, Landsberg/Saalekreis | 100.0 |
| Jungheinrich Financial Services 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 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 |
| 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 |

| Name and domicile | Share of voting-rights and capital in % |
|---|---|
| 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, 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 December 31, 2016, the following companies were included in the consolidated financial statements of Jungheinrich AG, Hamburg, at equity:

| 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 (previously: JULI Motor (Putian) 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 December 31, 2016 , 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, VAE[1] | 100.0 |
| Mécanique Industrie Chimie MIC S.A., Rungis, France[2] | 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.
2 Not included due to its insolvency as of December 14, 2005.

## (44) Application of Section 264, Paragraph 3 and Section 264b of the German Commercial Code

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 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 Landsberg AG & Co. KG, Landsberg/Saalekreis
- Jungheinrich Rental International AG & Co. KG, Hamburg
- Jungheinrich Beteiligungs-GmbH, Hamburg
- Jungheinrich Financial Services GmbH, Hamburg
- Jungheinrich Financial Services International GmbH, Hamburg
- Jungheinrich Logistiksysteme GmbH, Moosburg
- Jungheinrich PROFISHOP AG & Co. KG, Hamburg
- Gebrauchtgeräte-Zentrum Dresden GmbH & Co. KG, Klipphausen/Dresden

## (45) Issuance of the declaration regarding the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act

In December 2016, the Board of Management and the Supervisory Board issued a declaration of conformance with Section 161 of the German Stock Corporation Act and made it permanently and publicly accessible on the website of Jungheinrich Aktiengesellschaft.

Hamburg, March 7, 2017

Jungheinrich Aktiengesellschaft
The Board of Management

# 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, March 7, 2017

Jungheinrich Aktiengesellschaft
The Board of Management

Hans-Georg Frey Dr. Lars Brzoska Dr. Volker Hues Dr. Oliver Lücke Dr. Klaus-Dieter Rosenbach

# Independent auditor's report

We have audited the consolidated financial statements prepared by Jungheinrich Aktiengesellschaft, Hamburg—comprising the income statement, the statement of comprehensive income (loss), the balance sheet, cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements—and the group management report for the business year from January 1 to December 31, 2016. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB ('German Commercial Code') are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

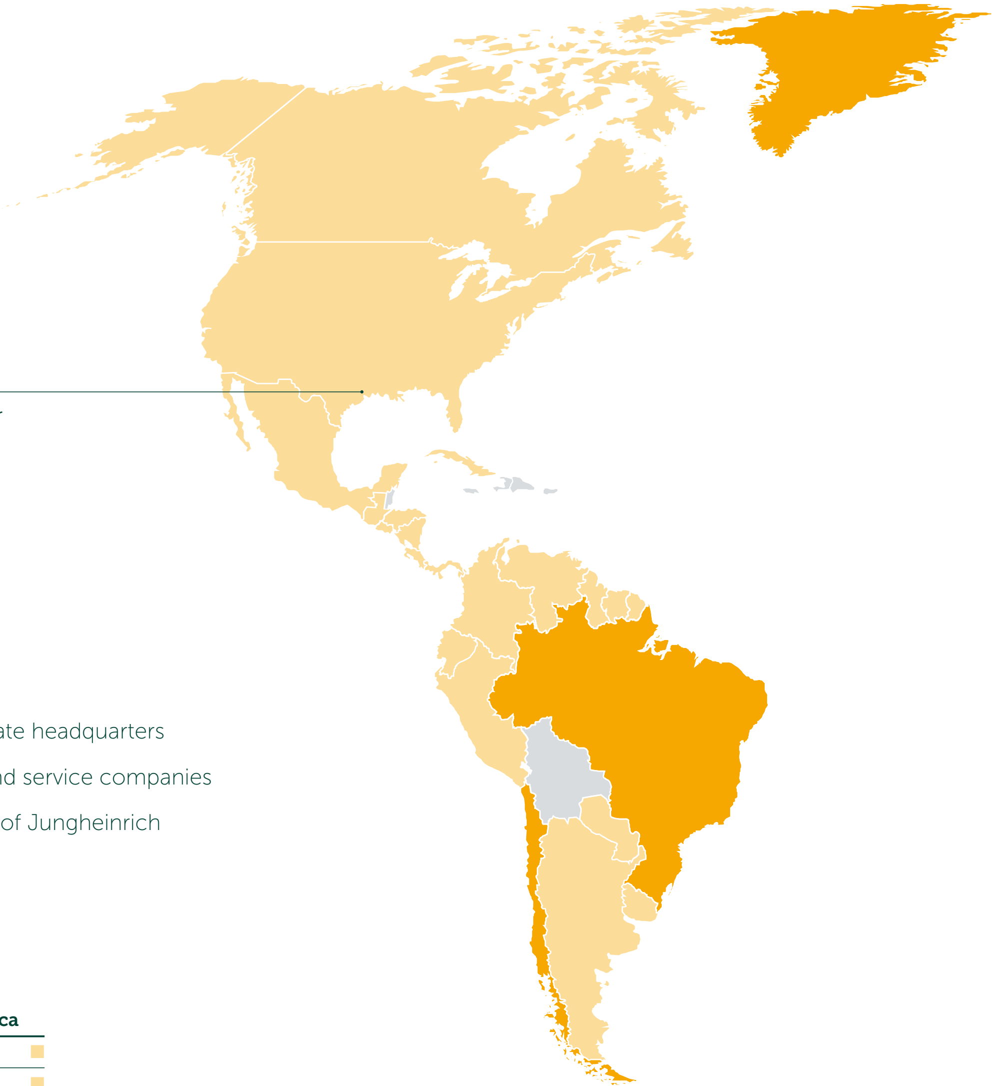
In our opinion, based on the findings of our audit, the consolidated financial statements of Jungheinrich Aktiengesellschaft, Hamburg, comply with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements, complies with legal requirements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, March 7, 2017

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| (Reiher) | (Wendlandt) |
| Wirtschaftsprüfer | Wirtschaftsprüfer |
| (German Public Auditor) | (German Public Auditor) |

# Jungheinrich worldwide
## Locations



**Houston**
Design Center

■ Corporate headquarters
■ Sales and service companies
□ Partner of Jungheinrich

### North America

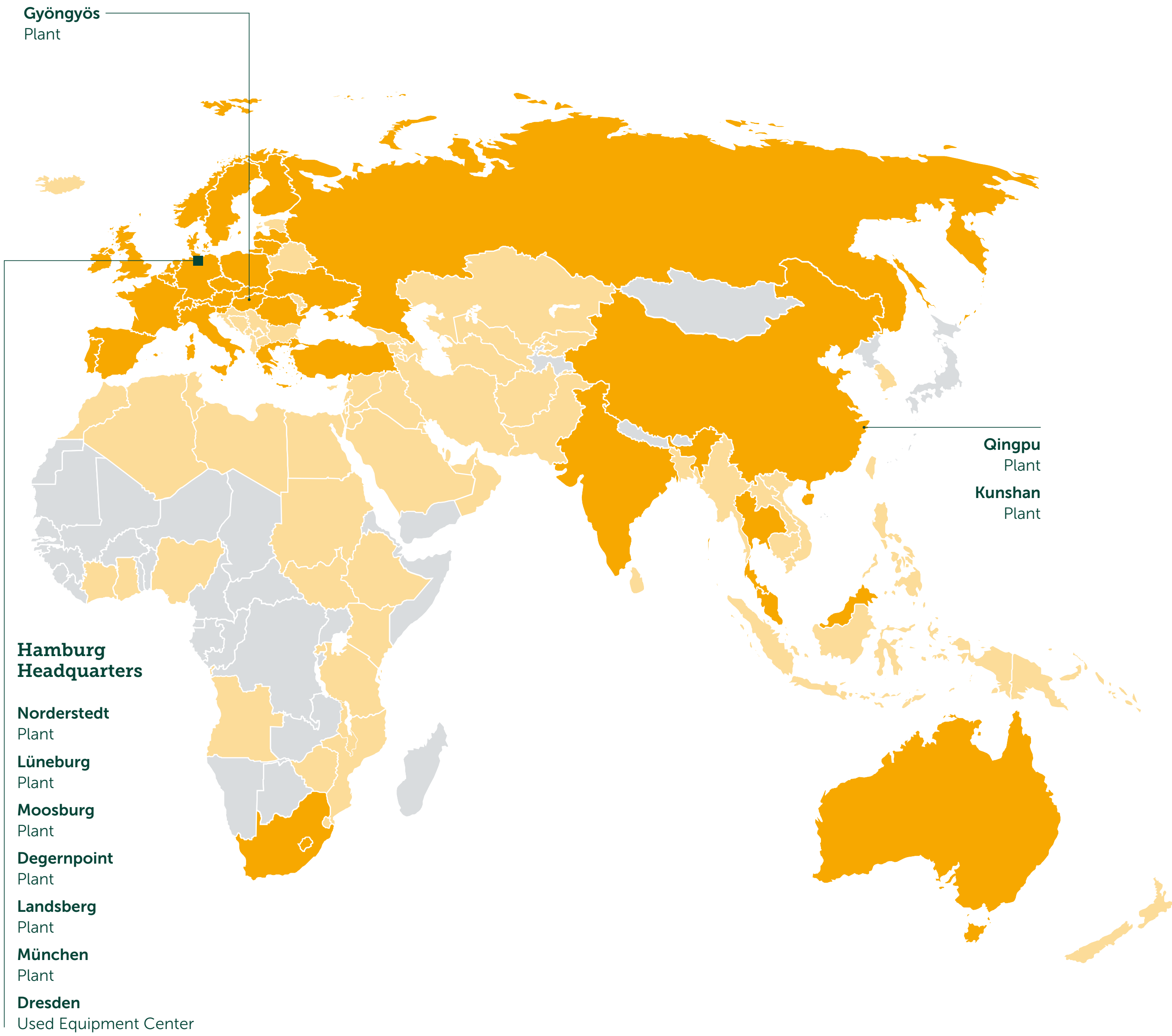
| | |
|---|---|
| Canada | □ |
| Mexico | □ |
| USA | □ |

### Latin America

| | |
|---|---|
| Argentinia | □ |
| Brazil | ■ |
| Chile | ■ |
| Columbia | □ |
| Costa Rica | □ |
| Cuba | □ |
| Ecuador | □ |
| El Salvador | □ |
| French Guiana | □ |
| Guatemala | □ |
| Guyana | □ |
| Honduras | □ |
| Nicaragua | □ |
| Panama | □ |
| Paraguay | □ |
| Peru | □ |
| Surinam | □ |
| 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 | Ruanda |
| Angola | Kuwait | Saudi Arabia |
| Bahrain | Lebanon | South Africa |
| Egypt | Libya | Sudan |
| Ethiopia | Malawi | Syria |
| Ghana | Marocco | Tanzania |
| Iran | Mauritius | Tunisia |
| Iraq | Mozambique | United Arab Emirates |
| Israel | Nigeria | Zimbabwe |
| Ivory Coast | Oman | |
| Jordan | Qatar | |

### Central Asia

| |
|---|
| Afghanistan |
| Armenia |
| Azerbaijan |
| Georgia |
| Kazakhstan |
| Kyrgyzstan |
| Pakistan |
| Turkmenistan |
| Uzbekistan |

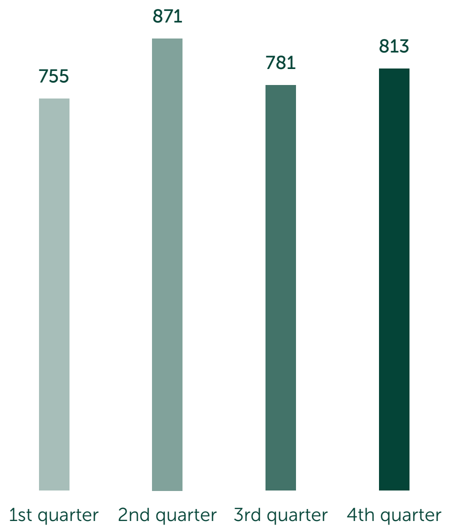
### Asia Pacific

| | |
|---|---|
| Australia | New Zealand |
| Bangladesh | Papua New Guinea |
| Cambodia | Philippines |
| China | Singapore |
| Hongkong | Sri Lanka |
| India | South Korea |
| Indonesia | Taiwan |
| Malaysia | Thailand |
| Myanmar | Vietnam |
| New Caledonia | |

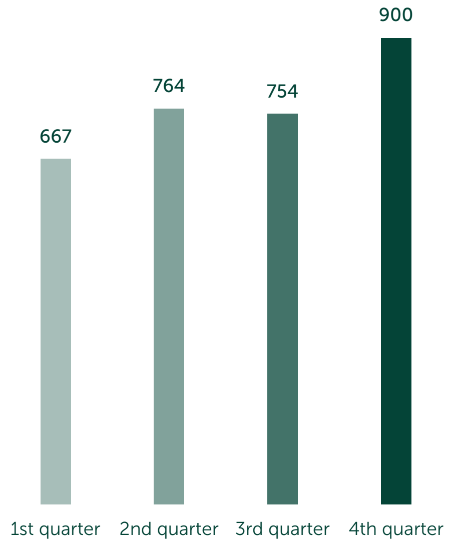
Addresses are available at www.jungheinrich.com

# 2016 quarterly overview

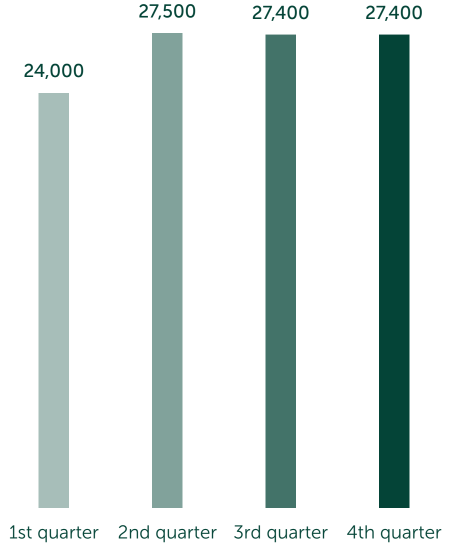
## Incoming orders
in million €



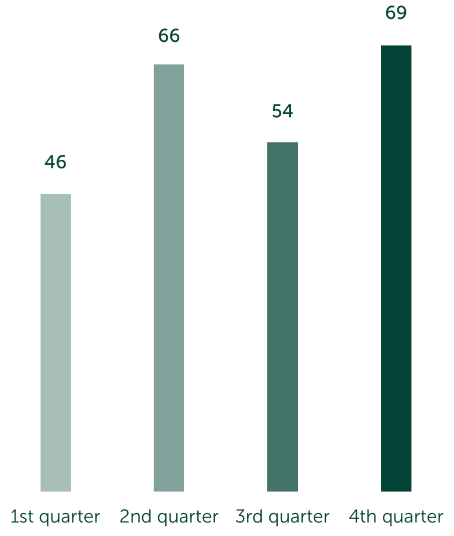

## Net sales
in million €




## Production
in units




## Earnings before interest and taxes (EBIT)
in million €



# Five-year overview

| Jungheinrich Group | | 2016 | 2015 | 2014 | 2013 | 2012[1] |
|---|---|---|---|---|---|---|
| Incoming orders | million € | 3,220 | 2,817 | 2,535 | 2,357 | 2,251 |
| | units | 109,200 | 97,100 | 85,600 | 78,200 | 73,200 |
| Production of material handling equipment | units | 106,300 | 91,200 | 83,500 | 72,500 | 73,200 |
| Net sales | million € | 3,085 | 2,754 | 2,498 | 2,290 | 2,270 |
| thereof Germany | million € | 753 | 701 | 655 | 613 | 607 |
| thereof abroad | million € | 2,332 | 2,053 | 1,843 | 1,677 | 1,663 |
| Foreign ratio | % | 76 | 75 | 74 | 73 | 73 |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | million € | 489 | 432 | 383 | 347 | 351 |
| Earnings before interest and taxes (EBIT) | million € | 235 | 213 | 193 | 172 | 177 |
| EBIT return on sales (EBIT ROS) | % | 7.6 | 7.7 | 7.7 | 7.5 | 7.8 |
| EBIT return on capital employed (ROCE) | % | 18 | 18 | 18 | 19 | 22 |
| Earnings before taxes (EBT) | million € | 216 | 198 | 175 | 150 | 156 |
| EBT return on sales (EBT ROS) | % | 7.0 | 7.2 | 7.0 | 6.6 | 6.9 |
| Net income | million € | 154 | 138 | 126 | 107 | 112 |
| Capital expenditures[2] | million € | 59 | 87 | 84 | 91 | 78 |
| Research and development expenditures | million € | 62 | 55 | 50 | 45 | 44 |
| Balance sheet total 12/31 | million € | 3,643 | 3,349 | 3,040 | 2,751 | 2,759 |
| Trucks for short-term hire | million € | 326 | 299 | 248 | 214 | 223 |
| Trucks for lease from financial services | million € | 395 | 354[3] | 283 | 259 | 244 |
| Receivables from financial services | million € | 752 | 692 | 639 | 605 | 584 |
| Liabilities from financial services | million € | 1,155 | 1,072 | 942 | 871 | 840 |
| Shareholders' equity 12/31 | million € | 1,114 | 1,026 | 900 | 831 | 754 |
| thereof subscribed capital | million € | 102 | 102 | 102 | 102 | 102 |
| Equity ratio (Group) | % | 31 | 31 | 30 | 30 | 27 |
| Equity ratio (Intralogistics) | % | 48 | 48 | 46 | 47 | 42 |
| Return on equity after income taxes (ROE) | % | 14 | 14 | 15 | 14 | 15 |
| Net indebtedness | million € | –56 | –75 | –132 | –154 | –183 |
| Indebtedness ratio | years | <0 | <0 | <0 | <0 | <0 |
| Employees 12/31 | FTE[4] | 15,010 | 13,962 | 12,549 | 11,840 | 11,261 |
| thereof Germany | FTE[4] | 6,511 | 6,078 | 5,638 | 5,356 | 5,167 |
| thereof abroad | FTE[4] | 8,499 | 7,884 | 6,911 | 6,484 | 6,094 |
| Earnings per preferred share | € | 1.52 | 1.36[5] | 1.24[5] | 1.06[5] | 1.11[5] |
| Dividend per share – ordinary share | € | 0.42[6] | 0.38[5] | 0.33[5] | 0.27[5] | 0.27[5] |
| – preferred share | € | 0.44[6] | 0.40[5] | 0.35[5] | 0.29[5] | 0.29[5] |

**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[7] x 100; Return on equity after income taxes (ROE) = Net income/Average shareholders' equity x 100; Net indebtedness = Financial liabilities – Liquid assets and securities; Indebtedness ratio = Net indebtedness/EBITDA (excluding the depreciation of trucks for lease from financial services)

1 Figures for 2012 were adjusted due to changes in accounting treatment as of January 1, 2013. Information on changes in accounting treatment is included in the notes to the consolidated financial statements of the 2013 annual report.
2 Tangible and intangible assets excluding capitalized development expenditures.
3 Adjusted retroactively due to the classification and valuation of customer leases (NTP).
4 FTE = full-time equivalents.
5 Reflects the stock split (1:3); prior-year figures adjusted.
6 Proposal.
7 Shareholders' equity + Financial liabilities – Liquid assets and securities + Provisions for pensions and long-term personnel obligations.

# Financial calendar

| | |
|---|---|
| Balance sheet press conference<br>Publication of the 2016 Annual Report | March 22, 2017 |
| Analyst conference, Frankfurt am Main | March 22, 2017 |
| Interim statement as of March 31, 2017 | May 3, 2017 |
| Annual General Meeting 2017,<br>Theater Neue Flora, Hamburg | May 16, 2017 |
| Dividend payment | May 19, 2017 |
| Interim report as of June 30, 2017 | August 8, 2017 |
| Interim statement as of September 30, 2017 | November 7, 2017 |

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This annual report has been published in German and English. The German version shall always prevail.

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