CURIOSITY

JUNGHEINRICH 4.0

Annual Report 2018

JUNGHEINRICH

Contents

Company profile

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

Key figures at a glance

Jungheinrich Group		2018	2017	Change %
Incoming orders	units	131,000	123,500	6.1
	€ million	3,971	3,560	11.5
Orders on hand 31/12	€ million	907	692	31.1
Production of material handling equipment	units	121,000	120,100	0.8
Revenue	€ million	3,796	3,435	10.5
thereof Germany	€ million	900	851	5.8
thereof abroad	€ million	2,896	2,584	12.1
Foreign ratio	%	76	75	–
Earnings before interest and income taxes (EBIT)	€ million	275	259	6.2
EBIT return on sales (EBIT ROS)	%	7.2	7.5	–
EBIT return on capital employed (ROCE)[1]	%	16.0	17.3	–
Earnings before taxes (EBT)	€ million	249	243	2.5
EBT return on sales (EBT ROS)	%	6.6	7.1	–
Profit or loss	€ million	176	182	–3.3
Capital expenditure[2]	€ million	106	88	20.5
Research and development expenditure	€ million	84	77	9.1
Balance sheet total 31/12	€ million	4,746	4,130	14.9
Shareholders' equity 31/12	€ million	1,362	1,244	9.5
thereof subscribed capital	€ million	102	102	–
Employees 31/12	FTE[3]	17,877	16,248	10.0
thereof Germany	FTE[3]	7,378	6,962	6.0
thereof abroad	FTE[3]	10,499	9,286	13.1
Earnings per preferred share	€	1.73	1.80	–3.9
Dividend per share – ordinary share	€	0.48[4]	0.48	0.0
– preferred share	€	0.50[4]	0.50	0.0

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

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CURIOSITY

is yellow.*

Foreword by the Board of Management

Christian Erlach
Member of the Board
of Management
Marketing & Sales

Dr Lars Brzoska
Member of the Board
of Management
Engineering

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

Dr Volker Hues
Member of the Board
of Management
Finance

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

Dear shareholders,

From the very first day of our lives, we are curious. Curiosity motivates and drives us to continually want to discover new things. When we are young, we try to grasp and understand everything around us. As we grow up, the urge to discover the world and experience new things is overwhelming. Curiosity is a fundamental element of self-development.

For us at Jungheinrich, too, curiosity is the driving force behind our development – and has been since the company was founded 66 years ago. That is why we have chosen curiosity as the theme of our 2018 annual report. Our company founder, Dr Friedrich Jungheinrich, was always trying new things. He had a long-standing interest in electric mobility, for instance, and made history in our sector by developing the electric "Ameise" truck. We have continued this tradition of innovation, research and design, and have thus shaped the future of intralogistics. This curiosity has also helped us to remain pioneers in the field of electric mobility to this day; almost all of the trucks we sold in 2018 were electric, we are a market leader in fully automated systems and material handling equipment, an innovation leader in the future growth field of lithium-ion technology in intralogistics, and we are a step ahead of other sectors in many of these areas.

The important questions: How do we remain curious after more than six decades? How will we drive innovation in future? By bringing in genuinely innovative people who can break new ground. By making it our goal to provide our customers with innovative products and solutions in the best possible way, particularly in light of the challenges posed by the major trends of automation, digitalisation and interconnectivity. Wherever something needs moving, anywhere – deliveries that need to cross the world, or same-day deliveries – Jungheinrich has the right solution. But this is only possible with constant research, development and the entrepreneurial courage to try out new ideas. Just like when we developed the first driverless forklift truck 50 years ago, for example. Or in 2011, when we introduced the first series-produced truck with lithium-ion batteries, thereby setting new standards in energy efficiency. Or by appointing a Member of the Board of Management responsible for "Logistics Systems" in 2015. We recognised the strategic importance of this division for our business early on. That allowed us to introduce a unique truck in the sector in 2018 – the ETV 216i – the first forklift truck with a built-in lithium-ion battery. The advantages are that it is stronger, more compact, more energy efficient and thus significantly more powerful. And with the electric stacker truck ERC 216zi, we are continuing along this path in 2019. This goes to show that Jungheinrich is far more than just a forklift manufacturer. We are a leading solutions provider for the intralogistics sector.

Our curiosity and innovativeness are paying off. This can be seen in the figures from the last financial year. Of the total of more than 121,000 trucks that we manufactured in 2018, around 12,000 were fitted with lithium-ion batteries – twice as many as in the previous year. With our new sales organisations in Colombia, Peru, Ecuador and Serbia, the world has become a little more yellow. 18,000 employees now work for Jungheinrich around the world. At €3.8 billion, we generated record revenue in 2018, and with incoming orders amounting to €3.97 billion our €4 billion revenue target for 2020 is almost within reach.

We could not have achieved this alone. We would like to thank our employees, the members of the Supervisory Board and in particular our shareholders from the Jungheinrich family. And, of course, you our dear shareholders – thank you for your continued trust in Jungheinrich. We hope you keep following our continued development with curiosity.

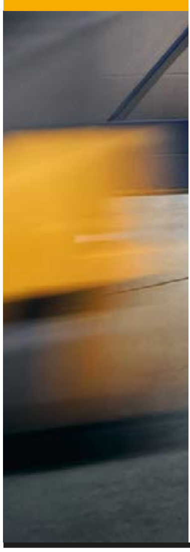
Sincerely yours,

H. G. Frey

Hans-Georg Frey
Chairman of the Board of Management

THE SECRET **TO OUR SUCCESS**

Curiosity is the source of technical progress and intelligent solutions – and is a character trait that connects particularly innovative people. One such person was our founder Dr Friedrich Jungheinrich. With the desire to continually improve his products and drive forward technological innovations, the story of Jungheinrich began in 1953. Curiosity is a driving force behind the dynamic development of our company to this day – from a Hamburg-based forklift manufacturer to one of the world's leading solution providers for the intralogistics sector. We stay curious!



As a company with a tradition of family ownership and a solid sense of our roots and values, we keep moving forward, creating new products and solutions to secure our future. Today, as in the past, our success is due to our clever, courageous and passionate employees around the world. Because we never stand still, but keep moving. Because we examine our achievements and as a result continually improve.

CU RIO SI TY

Growth strategy 4/7
With €4 billion in revenue for the 2020 financial year and annual growth of 7 per cent, we are getting closer to our target. In the 2018 financial year we were fully on track with a solid revenue of €3.8 billion.

1

CURIOSITY EMPOWERS.

HOW DO YOU BUILD THE **BEST TRUCK?**

From automated guided vehicles to hand pallet trucks, it is our aim to provide our customers with the best answer to their problems – with products and solutions from Jungheinrich. The recipe for our success is expertise, experience and innovation – all from a single source. The reason we can continually improve our trucks is because we remain curious and always work to refine proven concepts. This applies to every single technical component, from the tiniest screw and the design to the concept of the truck as a whole.

Always remembering that curiosity leads to creation.

From questions come AN(T) SWE RS

Only those who constantly ask questions can receive new answers – sometimes with astounding results. This simple principle is the backbone of our entire product development – and has made us the technological leader in the intralogistics sector.

The founder of our company, Dr Friedrich Jungheinrich, was never satisfied with the status quo. The curiosity that drove him to constantly develop his trucks further was something that he awoke and encouraged in his employees. To this day it is the engine of our new solutions, a key to our leading ability to innovate and a natural and indispensable part of the Jungheinrich identity.

Do you have that in electric? The electric mobility megatrend has been a hot topic at Jungheinrich for more than six decades. Back in the 1950s, we brought the first electric trucks onto the market, the four-wheel electric truck "Ameise 55" and the reach truck "Ameise Retrak" – "Ameise" meaning "ant" – backing a drive that had potential for the future. In those days, it was a move that could almost be called visionary. Now, almost all of Jungheinrich's trucks are electric.

Two achievements stand out in the company's more recent history. In 1996, we were the first company to fit an electric forklift truck with a three-phase motor. This truck then literally switched on turbo speed and Jungheinrich set a real milestone that has since become the industry standard. In 2011, we were the first manufacturer ever to introduce a series-produced truck with a lithium-ion battery – the forklift EJE 112i/114i – which gave us a leading role in the sector as a pioneer of drive technology.

Why set limits when anything is possible? Our knowledge is not restricted to electric drives. Jungheinrich's holistic energy expertise spans everything from the truck and battery to the battery charger. We develop and connect all components, with a clear focus on lithium-ion technology, to create complete solutions. The advantage for our customers is that they receive a perfectly coordinated system from a single source that offers maximum energy efficiency.

Can a reach truck be a revolution? The ETV 216i certainly is. It is the first truck of its kind to feature a permanently fitted lithium-ion battery. And this has changed the truck's entire concept.

Everything that was standard until now and therefore fixed was questioned when we developed our newest reach truck, and the full potential of lithium-ion technology was tapped in entirely new ways. The result was a truck without compromise – with significantly more room for improved ergonomics and numerous possibilities for optimised performance in the warehouse.

We noticed we had roused our customers' interest in the development stage. We worked with selected partners from the very beginning, and they provided valuable feedback in workshops and during field tests. Following its world premiere at the leading trade show LogiMAT in March 2018, the ETV 216i is now finding its way into our customers' warehouses. We have secured many orders since its release. One logistics company, for instance, ordered 19 trucks for a car factory in Mexico. For us, the ETV 216i represents just the start of a whole new generation of trucks – and the next innovation is always just around the corner.

COMPLETELY **REDEFINED –**

the **ERC 216zi**

1,500 kg falling from above – and still safe. Curious?

Find out more: youtube.com/JungheinrichAG

Always a fork ahead of the industry – that's Jungheinrich. After we were able to set another milestone with the ETV 216i for electric reach trucks, we transferred the intelligent design concept based on lithium-ion technology to the electric stacker truck ERC 216zi – and added improved functions and equipment to the new truck:

Maximum performance

1 The **no-maintenance lithium-ion battery** is permanently fitted in the truck. The result is markedly more compact dimensions compared with similar trucks. This makes the ERC 216zi extremely manoeuvrable. The new battery technology enables extremely long deployment times with optimal energy efficiency.

2 The **new mast** provides the ERC 216zi with a higher residual capacity of at least 100 kg.

Increased comfort for the operator

3 The **newly designed operating element smartPILOT** is the first system to offer intuitive one-hand steering for all driving and lifting functions.

4 An **easily accessible charging interface** allows rapid intermediate charging.

5 A **large, clear display** shows all important truck information.

Protection on all fronts

6 New **platform concept with protection on three sides:** solid side walls to ensure maximum safety and comfortable driving.

7 The **panorama window in the driver's cab** protects the driver from falling objects while offering an optimal view.

8 A variety of **assistance systems with warning and signal functions** increase safety.

PRODUCTS AS BRAND AMBASSADORS

Every day, 18,000 employees work to ensure that the brand name Jungheinrich is recognised as one of the world's leading intralogistics companies. It takes more than just images and copy to create a strong brand; it takes unmistakable products and solutions. The visual impression is as important as the technical performance. Two people who have known every Jungheinrich truck from inception are product designers Michael Niebuhr and Till Muhl. They explain why the visual impression is so important.

How do ideas become finished trucks at Jungheinrich?

MN: We call this process PCP, which stands for product creation process. It starts in a workshop that directly includes all relevant areas, such as construction, sales, marketing and design. By including all stakeholders from the earliest stages, we can take every important aspect into consideration right from the beginning. This close collaboration continues until the final product is ready.

Does that mean the technology and design are created at the same time?

TM: Exactly, we consider them one unit. What should the truck offer our customers? And how can these qualities be supported and made visible through the design? These are the questions we collect during the creation process. Customer benefit, ergonomics, safety, functionality, value – these are all important factors in the design.

MN: Design is more than just styling and optics for us. We see the products as brand ambassadors. The design is not an end in itself; it helps people to visualise the numerous innovative Jungheinrich product characteristics and the expertise that is in each truck.

Could you name an example?

TM: A few years ago, we began equipping several models with lights or reflectors. This is a design feature that is first and foremost a safety function, but has also become a symbol of the brand. The lights give the truck a "Jungheinrich face", which has now become a distinct feature of our trucks.

MN: Or our JetPILOT. We completely overhauled the steering wheel and developed a multifunctional steering wheel that has all the important functions of the material handling equipment integrated into it. User-friendly, ergonomic and intuitive. The reward for this integrative design process was winning the reddot design award. And sometimes we go for Gold for the entire design of the truck – as we did for the ETV 216i which received the German Brand Award 2019.

How important is curiosity in your work?

MN: Without it our work would not be successful. Our work is particularly fun when we manage to inspire others. Giving them an "aha!" moment when they realise innovation never stops.

TM: And you don't have to turn everything inside out to achieve this. Sometimes small adjustments in the design can have a big impact in terms of improving the benefits to the customer – and this is what counts in the end.

Lithium-ion technology:

- high performance
- fast charging times
- no maintenance

2

CURIOSITY CONNECTS.

HOW DO YOU DEVELOP THE **BEST SOLUTION?**

Jungheinrich doesn't just supply first-class material handling equipment, but also comprehensive expertise in intralogistics solutions. Our technological expertise reaches far beyond forklift trucks. The decisive factor is always the needs of our customers. From individual trucks for specific deployment areas to complex complete intralogistics systems, we produce the perfect solutions. With the introduction of automation and digitalisation to warehouses, the challenges in each sector have changed fundamentally and are presenting completely new opportunities – welcome to intralogistics 4.0!

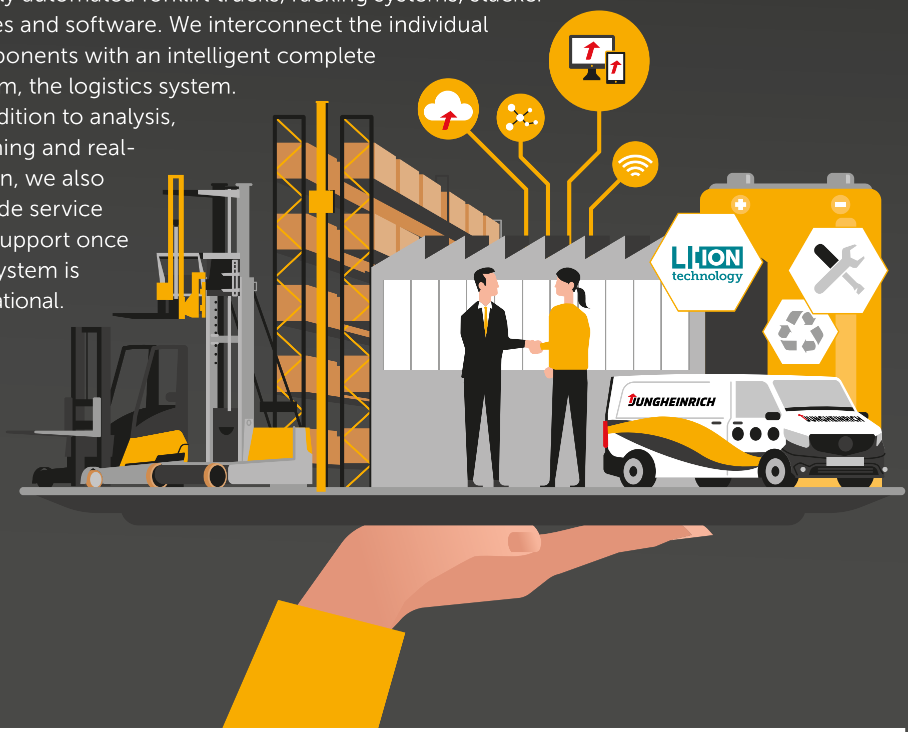
EVERYTHING CONSIDERED FROM A SINGLE SOURCE

Solving our customers' problems – this is the driving force behind our evolution from forklift truck manufacturer to a world-leading solutions provider for the intralogistics sector.

Jungheinrich trucks and racks have been an integral feature in warehouses and workshops around the globe for decades. We understand the processes and requirements of different sectors completely. We always use this comprehensive knowledge to develop tailored logistics solutions in collaboration with our customers. This allows us to keep improving efficiency and productivity in the warehouse, lifting it to the next level.

Everything from a single source

In order to be able to offer our customers the best solutions for their warehouse set-ups, we have to be a partner that thinks of everything and supplies everything from manual to fully automated forklift trucks, racking systems, stacker cranes and software. We interconnect the individual components with an intelligent complete system, the logistics system. In addition to analysis, planning and realisation, we also provide service and support once the system is operational.



The next level

In a digitalised world, where the speed at which goods are moved is increasing rapidly, perfectly coordinated processes are becoming more important than ever. As a system supplier, we support our customers in harnessing potential to the full extent possible with optimal automation components for the right degree of automation.

For the highest level of performance, we introduced our first stacker crane in the STC family in 2018. Our Miniload combines maximum speed and energy efficiency with optimal space usage – meeting the main needs in automated warehouses. The aim is to move the goods into and out of storage as quickly as possible, keeping operating costs to a minimum.

More speed – The STC moves containers and boxes around the warehouse with a record acceleration of more than 5.3 m/s^2 and speeds of 6 m/s. This allows a marked increase in goods handling.

More efficiency – The integrated SuperCaps are unique on the market. These energy storage devices store the energy released during braking and rerelease it during acceleration. Using these devices reduces the energy requirement and associated provisioning costs by up to 25 per cent, compared to competitors.

More space – The revolutionary rail concept and the optimal placement of the Omega drive in the mast base significantly reduce the approach dimensions. The running surface of the main wheels is only about 55 mm above the floor instead of the market standard of 150 to 250 mm. This means the existing space is optimised, maximising warehouse volumes.

More flexibility – The new design and extremely lightweight construction with a lattice of aluminium extrusion profiles keep the crane's total weight low, provide maximum stability and allow a flexible scalability of the mast height up to 25 metres.

Implemented during ongoing operations –
open-heart surgery in intralogistics. Curious?
Find out more: youtube.com/JungheinrichAG

ANYTHING IS POSSIBLE

A logistical challenge with no solution? Not with Jungheinrich!

Our colleagues from the customised trucks division can deal with any challenge, no matter how difficult. At the Jungheinrich plant in Lüneburg, individual trucks are designed and constructed according to customers' needs. Even single trucks.

"Now I'm curious," exclaims Oliver Hiekel as he opens the door to the workshop. "Project throughput is high, so there's something new to see here almost daily." The head of product management calls special construction "the supreme discipline in customer focus" – and for good reason. The employees in this field must recognise, understand and develop a solution for customers' logistics problems within a short period of time. They can turn to more than 25 years of experience, the right amount of ingenuity and the full Jungheinrich product range. Series-produced trucks normally provide the foundation for customised trucks.

Supreme discipline in customer focus

Lüneburg receives up to 40 special construction requests every day. Each customer receives a swift reply in the form of a binding quote. If the order is placed, the customer will usually receive an individual solution to suit their needs within 12 to 14 weeks.

Efficient processes are necessary to bring innovations onto the market so quickly. "The aim is to always use as many series components as possible. This ensures the quality, longevity and certified security typical of Jungheinrich products. Adapting them to customers' needs then means adding special parts," explains Oliver Hiekel.

Outstanding specialists

In many cases, individual load adjustments are required, such as a truck based on a series-produced reach truck that makes handling extremely large and heavy pallets in the field of air freight easier. Another truck was designed specifically to move off-road vehicles for use in skiing areas, known as piste bullies, from A to B in the manufacturer's production facilities. The EKM 202 is very different. The small-parts order picker covers a number of deployment areas and is an efficient and safe alternative to traditional ladders in shops, such as DIY stores.

Oliver Hiekel specifically remembers the work on an EJQ 325. “In 2016, we developed this model, with a batch size of one, for one of the largest German rail mobility providers.” They needed a solution for picking up ICE wheel sets and changers. In the same year, Jungheinrich received an IFOY award in the “Special Vehicle” category for this technically very complex and unique accomplishment.

Always thinking of market potential

But the division for customised trucks deals with more than just the creation of one-offs. “Our department is very close to our customers and their industries, and we have an in-depth understanding of their processes,” says Hiekel. “Our job therefore also includes evaluating the market potential for custom-made models. Does the device meet wider needs? Could it become a small series or possibly even a mass-produced model in the future? To find out, we regularly discuss other application areas for our products within the team.”

If the truck is produced in series, it usually means the model leaves Lüneburg and is produced at another location. Once this happens, the team from the customised trucks division will already be working on new products for very special deployment.

Far away yet right here

Advances in digitalisation make it all possible. New technologies such as augmented reality (AR) are no longer science fiction, they are here and increasingly used to support processes in companies. At Jungheinrich, one area we are looking into is how our technical after-sales services can use AR profitably. The first promising field is remote support.

An after-sales service technician on site working on a truck and an expert in repairing this particular fault thousands of kilometres away can both work together to solve the problem as quickly as possible for the customer. Soon, this scenario will be nothing new.

Using expert knowledge efficiently
AR remote support makes it all possible. An expert can work virtually on a 1:1 representation of the customer site from any location and support the technician on site as if they were standing side by side. With the help of visual overlays, for example on data glasses, both have the same view of the truck.

This improves the efficiency in more ways than one: Trucks and logistics systems are becoming increasingly complex in our growing global network. That is why it is so important that the availability of all devices is ensured continually and reliably. Should devices still fail, downtimes must be minimised through swift support. AR makes this possible.

Our on-site after-sales service technicians can answer a wide variety of questions and in the majority of cases have a direct solution. But if they need to call on an expert, the expert often has to cover long distances to get to the customer. This costs time and money, and blocks valuable resources. AR on the other hand, makes expert knowledge available any time, anywhere. This means we not only provide our customers with the best, but also the quickest solution.

i

The term **"augmented reality"** describes the principle of this technology very well. Digital content is added to the real world to supply valuable (additional) information using data glasses or even conventional smartphones and tablets. This is not the same as virtual reality (VR), in which the user enters a completely virtual environment and the real world is blocked out.

The STC miniload is nominated for renowned IFOY Award 2019 in the category "AGV & Intralogistics Robot" – further proof of **Jungheinrich's innovative power** in intralogistics.

IFOY nominee

3

CURIOSITY INSPIRES.

HOW DO YOU BRING THE **BEST IDEAS AND PEOPLE** TOGETHER?

In order to remain one of the best in the industry in the long term, you need employees that bring expertise and passion to their work every single day. Sometimes this involves looking at things from a completely different perspective. Passion and "thinking out of the box" are part of the corporate values that guide our conduct and management at Jungheinrich. As a solutions provider for the intralogistics sector, it has always been important to us to have the right people with the right ideas in the right place at the right time. Only they can drive us forward – and at our company they have numerous opportunities to be curious about the future and to continuously develop their expertise.

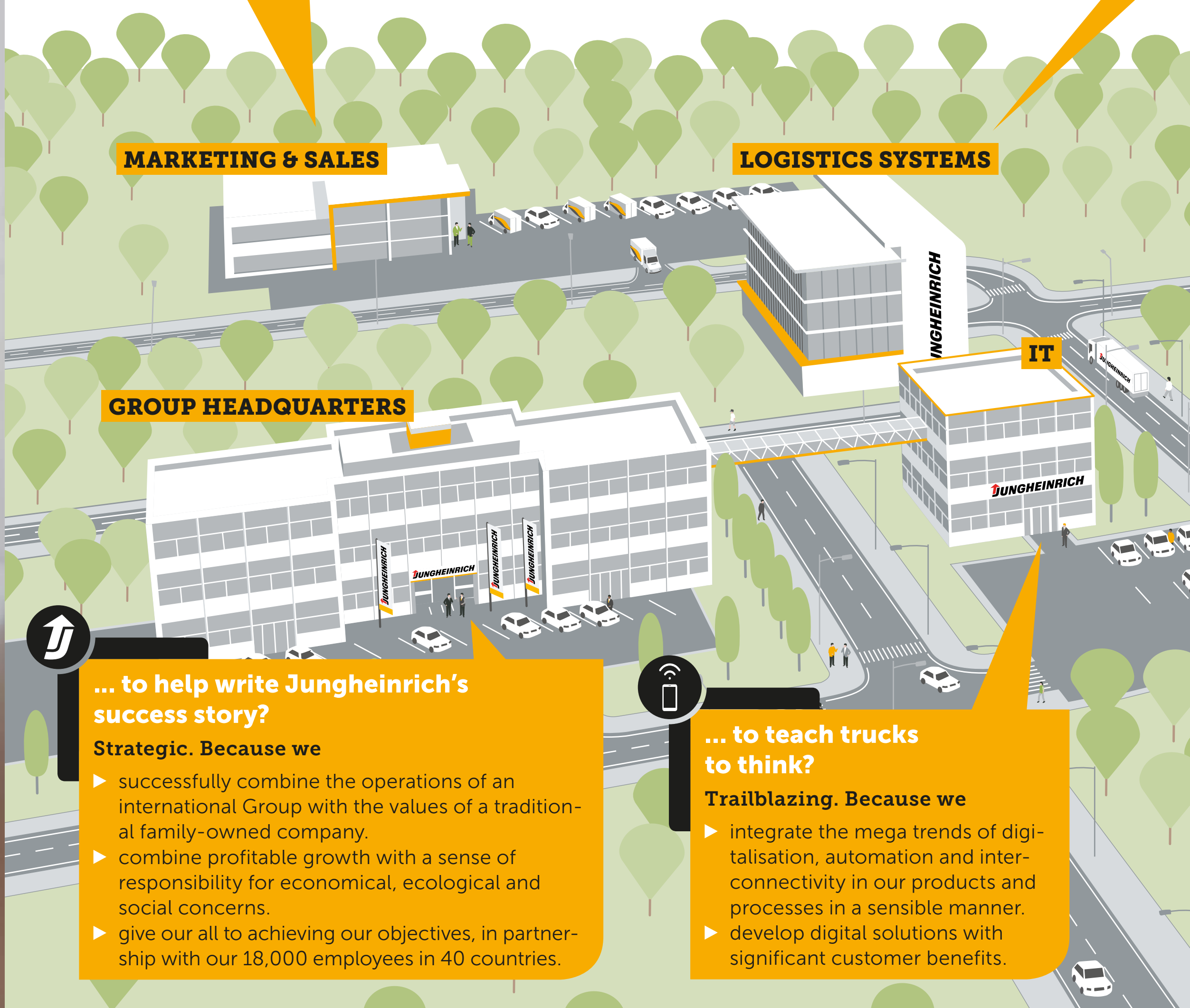
A JUNGHEINRICH WORLD FULL OF POSSIBILITIES

Clever strategists, strong doers and curious lateral thinkers – the world of Jungheinrich offers a wide range of fields, in which everyone can find and shape a place that is right for them with the right tasks and challenges – whether at the drawing board in product development, presenting the latest truck to customers or programming automation solutions. A motivating environment for anyone who wants to achieve more. What would it be like …

… to be the face of a strong brand?

Personal. Because we

- are always close to our customers with our global direct sales network.
- support our customers through numerous challenges daily as a skilled and reliable solutions provider.



… to help write Jungheinrich's success story?

Strategic. Because we

- successfully combine the operations of an international Group with the values of a traditional family-owned company.
- combine profitable growth with a sense of responsibility for economical, ecological and social concerns.
- give our all to achieving our objectives, in partnership with our 18,000 employees in 40 countries.

… to teach trucks to think?

Trailblazing. Because we

- integrate the mega trends of digitalisation, automation and interconnectivity in our products and processes in a sensible manner.
- develop digital solutions with significant customer benefits.

... to conduct a fully automated warehouse?

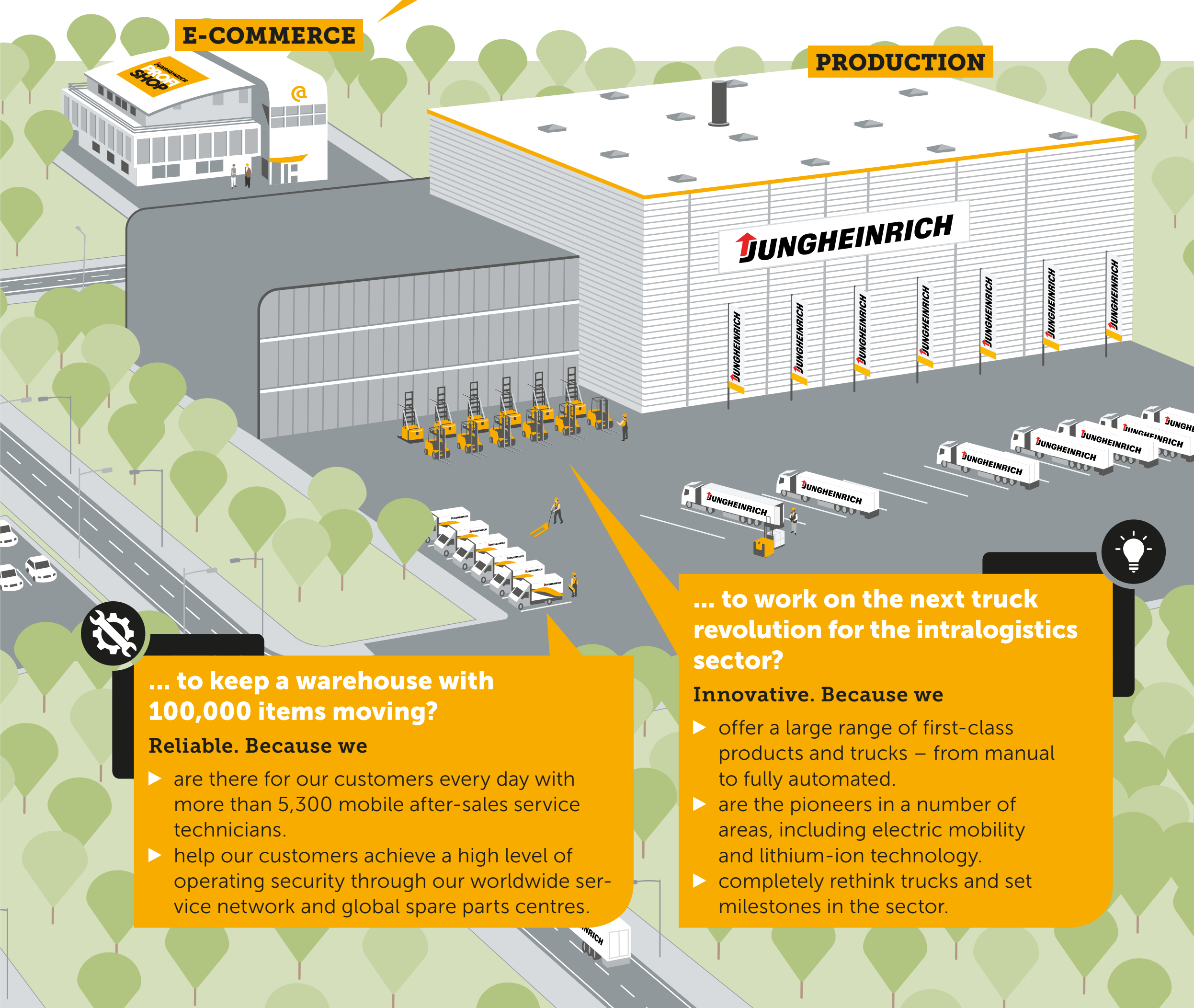
Intelligent. Because we

- are a leading intralogistics system provider that develops custom solutions to meet the challenges of Industry 4.0.
- offer all components – analogue and digital – from planning to putting systems into operation from a single source.

... if "ordered today, delivered today" was not the exception but the rule?

Dynamic. Because we

- create the foundation for faster and more efficient order and delivery processes with our intralogistics solutions.
- are tapping into the growing e-commerce market with our own "Mail Order" division, which is constantly expanding internationally.



... to keep a warehouse with 100,000 items moving?

Reliable. Because we

- are there for our customers every day with more than 5,300 mobile after-sales service technicians.
- help our customers achieve a high level of operating security through our worldwide service network and global spare parts centres.

... to work on the next truck revolution for the intralogistics sector?

Innovative. Because we

- offer a large range of first-class products and trucks – from manual to fully automated.
- are the pioneers in a number of areas, including electric mobility and lithium-ion technology.
- completely rethink trucks and set milestones in the sector.

"Do what

The competition for well-trained, qualified employees is tough and will only get tougher in the future. Companies like Jungheinrich must therefore present their qualities as an employer outside of the company convincingly, as well as making those qualities tangible for each employee within the company.

Gaining and retaining qualified employees for the long term is an aspect of personnel management that is increasingly becoming a strategic task. This is particularly true for Jungheinrich; after all, our robust growth and success is based on motivated and skilled employees. This is also reflected in our positioning as an employer. We aim our talent search specifically at particular target groups such as apprentices and students, specialists, after-sales service technicians, IT developers and engineers using the slogan "Do what moves you" – inspired by our company founder Dr Friedrich Jungheinrich's motto, "Go for it!" – and appropriate imagery and messages.

Find out more: youtube.com/JungheinrichAG

Rethinking training

Are you ready for strong machines? For an attractive salary, job security and a career with a future? Everyone who answered yes to all these questions in our YouTube campaign at the beginning of 2018 became a top candidate for the new apprenticeships in mechatronic engineering for agricultural and construction machinery. The clip showed off the job's appeal, such as interesting tasks with a variety of trucks and a guarantee to be kept on after the apprenticeship is finished. With this campaign we successfully struck out on a new path in recruiting: the first 26 apprentices started in August 2018. With this apprenticeship we are responding to the future challenges we will face on the labour market and are increasingly training young employees to meet our specific needs. To start with we have reorganised technical training for sales in Germany: the apprenticeship in mechatronic engineering for agricultural and construction machinery ideally covers the requirements for our future after-sales service technicians. Following their training, these apprentices will be deployed directly in after-sales services throughout Germany.

moves you"

The best ideas know no limits
Companies that operate globally have a special advantage: the opportunity to exchange knowledge among their employees internationally. Those who expand their horizons not only gain valuable insights, but also drive new ideas forward. We are therefore specifically targeting the curiosity that our employees have about other countries and cultures, new projects and an unfamiliar working environment through our internal "Working World Wide" career portal. Employees, from junior positions to managers, can literally discover the wide world of Jungheinrich at locations in 40 countries spanning all continents through short to long-term deployment and the international "Going Global" programme. Employees can choose a flexible time frame of between three months and five years for their stay abroad.

Benefiting from shared knowledge
Working overseas for Jungheinrich is an investment in the future. Employees create valuable contacts while abroad, build on their knowledge and strengthen their networks. Ideas and expertise are thus brought together from across countries and areas of specialism – bringing real added value to the company.

Tomorrow's experts at work

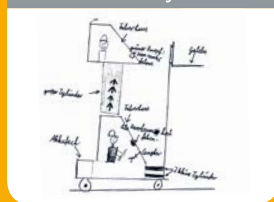
If every idea was possible, what would the forklift truck of the future look like? We put this question to some real experts in curiosity: children.

Around the globe, our employees' children took up their pencils and inspired us with their creative sketches.

Amy, 5, from Ecuador

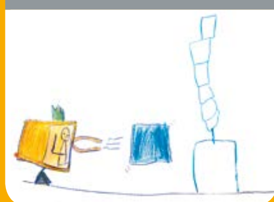
Sarah, 7, from Germany

Moritz, 10, from Germany



Joanie, 11, from China

Charlotte, 5, from Canada



Nelson, 9, from Ecuador

Max, 8, from Germany

András and Bori, 6 and 4, from Hungary

Frerk, 9, from Germany


best practice

Report of the Supervisory Board

Focal points of Supervisory Board activity

Jungheinrich once again performed very well in the 2018 financial year. This is all the more noteworthy given that the market was significantly more volatile than in previous years. The global market for material handling equipment grew once more, but geopolitical upheavals led to noticeable uncertainties regarding the future development of the markets. In light of this, it is exceedingly important to tackle the challenges of the future with an outstanding management team. The Board of Management and the Supervisory Board turned their attention to this and saw success from their efforts. They also continued to implement the value-oriented "Jungheinrich Way of Leadership" management model throughout the Group.

The Supervisory Board again supported the Board of Management in the past year in structuring the Group to meet the many new market, technology and personnel challenges. One area worth highlighting is the exhaustive search for a Member of the Board of Management for the Engineering division and the election process that appointed Sabine Neuß. Because Ms Neuß can only join Jungheinrich on 1 January 2020 due to a contractually agreed period of competition prohibition, intermediate organisational and personnel steps were required, which were decided on by the Supervisory Board in June 2018.

In addition, the Supervisory Board also provided particular long-term support for the topics of digitalisation, expansion of skills for forward-looking energy-storage systems and modernisation of the IT infrastructure within the Jungheinrich Group through appropriate investment approvals.

Cooperation between the Supervisory Board and the Board of Management

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

The Supervisory Board and the Finance and Audit Committee also examined the risk and opportunity management system, the effectiveness of the internal control system, the monitoring of accounting and accounting procedures, the internal audit system and compliance within the company. The Finance and Audit Committee also recommended that the Supervisory Board again propose KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, to the Annual General Meeting for selection as the auditor for the 2018 financial year. The Supervisory Board and Annual General Meeting agreed with this proposal.

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

Main issues addressed in Supervisory Board meetings

The Supervisory Board convened on five occasions in the 2018 financial year. With the exception of a few individual excused absences, the Supervisory Board always convened in full.

The Supervisory Board met on 6 March 2018 to review and approve the annual financial statements and the consolidated financial statements of Jungheinrich AG as of 31 December 2017. A decision proposal from the Board of Management for the long-term financing of the Group's future growth was also approved.

In the Supervisory Board meeting following the Annual General Meeting on 17 April 2018, special elections for the committees were held due to the appointment of a new Supervisory Board member, the establishment of a joint venture company with a partner overseas was approved, and the decision was made to appoint a new Board of Management member to take responsibility for the Engineering division. The 2017 CSR Report was also approved. Overall, the Supervisory Board and the Finance and Audit Committee dealt with the material sustainability indicators and the planned audit by the Supervisory Board.

Important points were prepared for the meeting on 19 June 2018 on the composition of the Board of Management and simultaneously on the change to the Supervisory Board's leadership. Hans-Georg Frey's appointment as CEO was extended until he leaves the Board of Management in the second half of 2019. Christian Erlach, former Head of Sales for the regions South-Eastern Europe, South America and South Africa was appointed the new Member of the Board of Management for Marketing & Sales

Jürgen Peddinghaus, Chairman of the Supervisory Board

for three years, effective 1 September 2018. At the same time, Dr Lars Brzoska was elected to temporarily take responsibility for the Engineering division on the Board of Management and as CEO for a period of four years, following Hans-Georg Frey's departure from the Board of Management and his transfer to the Supervisory Board in the course of 2019. Finally, a decision proposal regarding the Group's investment in companies in the field of energy storage systems was approved and other corporate decisions were made.

In the 25 September 2018 meeting, the Supervisory Board appointed Sabine Neuß as the new Member of the Board of Management for Engineering for a period of three years, effective 1 January 2020. The Supervisory Board also discussed and approved decision proposals from the Board of Management relating to plant issues and the acquisition of a smaller company in the field of control technology.

A detailed discussion of the planning for the 2019 financial year was the main issue at the 11 December 2018 meeting. In light of the unexpected deterioration in the economic outlook, the decision was made to adapt the submitted planning as a precaution. The Supervisory Board approved a decision proposal from the Board of Management relating to the restructuring of the Group's entire IT infrastructure in the future. Because the 2019 Annual General Meeting was brought forward, the Chairman of the Supervisory Board was authorised again, as in the previous year, to finalise various statements, documents and reports necessary for the 2018 annual financial statements for the Supervisory Board. Based on the Finance and Audit Committee's recommendation, the Supervisory Board's declaration of compliance was adopted pursuant to Section 161 of the German Stock Corporation Act (AktG) ("Corporate Governance Code declaration").

Work of the Supervisory Board committees

The Finance and Audit Committee convened five times during the financial year; one occasion was an extraordinary meeting. The committee specifically looked at all topics related to the annual and consolidated financial statements of Jungheinrich AG and the audit services (fee and order preparation, focal points of the audit, audit results, additional audit services). The committee also carefully completed the tasks entrusted to it, including monitoring accounting and accounting processes, the effectiveness of the internal control system, risk management and internal auditing. The Committee also discussed the regular oral and written reports submitted by the Compliance Officer in detail and dealt with various compliance issues.

The Personnel Committee convened five times in the year under review. The committee dealt with all tasks assigned to it on behalf of the entire Supervisory Board – in particular the upcoming orders, contract extensions and remuneration issues for members of the Board of Management. The committee again looked at the issue of training successors for management positions within the Group in great detail this year.

Annual and consolidated financial statements as of 31 December 2018

The annual financial statements prepared by the Board of Management for the period ending 31 December 2018, the management report of Jungheinrich AG, the accounts for 2018, the consolidated financial statements for the period ending 31 December 2018 and the Group management report of Jungheinrich AG were again audited by KPMG AG, Wirtschaftsprüfungsgesellschaft, Hamburg. The auditors had no objections regarding the financial statements or the accounting, and confirmed this in their unqualified audit report.

The results of the audit performed by the auditors were the topic of a Finance and Audit Committee meeting and a Supervisory Board meeting. The members of the Supervisory Board checked the Board of Management documents for the annual and consolidated financial statements in great detail using KPMG's audit reports. Members of the Supervisory Board attended the Finance and Audit Committee meeting for the preparation of the entire Supervisory Board's resolution regarding the 2018 financial statements. All members of the Supervisory Board approved the Board of Management's proposal for the appraisal of profits for the 2018 financial year. According to the results of the audit, there are no objections to the internal control system, the risk management system or the compliance system. There were also no objections to the declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG).

Following its detailed inspection of the annual financial statements, management report, consolidated financial statements and Group management report, the Supervisory Board had no objections to the financial statements and agreed with the results of the audit performed by the auditors in its accounts meeting on 19 March 2019. The Supervisory Board therefore authorised the annual financial statements of Jungheinrich AG and the consolidated financial statements of Jungheinrich AG for the period ending 31 December 2018. The annual financial statements of Jungheinrich AG as of 31 December 2018 are therefore finalised.

The Supervisory Board seconds the Board of Management's proposal for the appropriation of profits for the 2018 financial year.

Personnel

Personnel changes on the Supervisory Board in the 2018 financial year include the stepping down of registered shareholder Hildegard Wolf and representative Supervisory Board member Franz-Günter Wolf, who stepped down at the end of his term at the end of the Annual General Meeting on 17 April 2018. Andreas Wolf, Ms Wolf's son, was appointed to the Supervisory Board until the end of the Annual General Meeting that will resolve on the dissolution of the Supervisory Board for the financial year 2022.

As regards the decisions made relating to changes on the Board of Management, we refer you to the reports on the main topics of the individual Supervisory Board meetings in order to avoid repetition.

The Supervisory Board would like to thank the Board of Management and all employees for their successful work during the 2018 financial year.

Hamburg, 19 March 2019

On behalf of the Supervisory Board

Jürgen Peddinghaus
Chairman

Corporate governance report

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

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

The foundations of Jungheinrich's entrepreneurial activity are 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 has once again consisted of five members since 1 September 2018, runs and assumes responsibility for the company's operations.

Composed of six shareholder representatives and six employee representatives, the Supervisory Board has equal representation and monitors the Board of Management's business management activities, advising it on the Group's strategic and operational matters. Four women are on the Supervisory Board; two were appointed to represent shareholders and two were appointed to represent employees. The company thus satisfies the legally mandated minimum female quota of 30 per cent on the Supervisory Board. A balance between experience and qualification as well as expertise and diversity is important to the company when filling positions on this corporate body. We take a broad view on diversity, embracing not only age, gender and nationality, but also other factors such as educational background, professional qualifications and experience. The company has therefore made the decision not to create formal skills profiles that go beyond this or to apply a specifically formulated diversity policy.

The Annual General Meeting, which now takes place in the first four months of the year, is the company's highest governing body and where shareholders have the opportunity to exercise their rights. At the Annual General Meeting, the Board of Management and the Supervisory Board report to the shareholders on business developments, the company's financial and earnings position, and answer questions from the shareholders and shareholder association representatives. Voting rights may only be exercised by holders of ordinary shares at the Annual General Meeting, while all shareholders have the right to speak and ask questions.

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

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

In addition to this corporate governance report, reference is made to the report of the Supervisory Board in this annual report as well as to the Corporate Governance Statement, which has been published on the company's website (www.jungheinrich.com) for further information. The financial publications, documents relating to the Annual General Meeting, financial calendar with all important dates, particularly for analysts, investors, shareholder associations and the media, any ad-hoc and press releases along with compulsory statements, especially regarding securities transactions involving members of the Board of Management and Supervisory Board, and any related persons acquiring or selling company shares (managers' transactions) subject to obligatory reporting, voting rights notifications submitted to the company, and other company information are all available on the website.

In December 2018, following the Finance and Audit Committee's preparatory work, the Board of Management and the Supervisory Board's standard annual declaration of compliance with the recommendations and suggestions of the German Corporate Governance Code Government Commission pursuant to Section 161 of the German Stock Corporation Act was adopted and published on the company's website. It reads as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

7. The "cooling off" period in accordance with Item 5.4.4 of the Code, pertaining to Board of Management members transferring to the Supervisory Board, will not be used.

   As has already been publicised, the ordinary shareholders unanimously expressed their wish at the Annual General Meeting that the current Chairman of the Board of Management directly transfers to the Supervisory Board in 2019 and takes over the role of Chairman of the Supervisory Board as soon as the current Chairman of the Supervisory Board leaves, i.e. without the "cooling-off" period prescribed in the Code. In the opinion of the ordinary shareholders, this will ensure the continued positive development of the company.

Hamburg, December 2018"

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

Hamburg, 19 March 2019

The Supervisory Board The Board of Management

Members of the Supervisory Board

Jürgen Peddinghaus
Chairman
Management Consultant
Membership of other supervisory boards/ regulatory committees:
Zwilling J. A. Henckels AG, Solingen
(until 31 December 2018)

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

Dipl.-Ing. Antoinette P. Aris, MBA
Honorary Professor of Strategy at INSEAD (Fontainebleau/France)
Membership of other supervisory boards/ regulatory committees:
ProSiebenSat.1 Media SE, Unterföhring
(until 16 May 2018)
a.s.r. Nederland N.V., Utrecht/Netherlands
Thomas Cook Group plc, London/UK
(until 7 February 2019)
ASML N.V., Veldhoven/Netherlands
Randstad N.V., Diemen/Netherlands
(since 27 March 2018)
Rabobank, Utrecht/Netherlands
(since 12 December 2018)

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

Birgit von Garrel[1]
Trade Union Secretary

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

Beate Klose
Business Graduate

Wolff Lange
Businessman
Managing Director of LJH-Holding GmbH, Wohltorf
Membership of other supervisory boards/ regulatory committees:
Hansa-Heemann AG, Rellingen (Chairman)
Wintersteiger AG, Ried/Austria (Chairman)

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

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

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

Andreas Wolf (since 17 April 2018)
Business Manager
Managing Director of WJH-Holding GmbH, Aumühle

Franz Günter Wolf (until 17 April 2018)
Businessman
Managing Director of WJH-Holding GmbH, Aumühle
Membership of other supervisory boards/ regulatory committees:
LACKFA Isolierstoff GmbH & Co., Rellingen (Chairman)

1 Employee representative

Committees of the Supervisory Board:

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

Personnel Committee
Jürgen Peddinghaus (Chairman)
Markus Haase[1] (Deputy Chairman)
Rolf Uwe Haschke[1]
Wolff Lange
Andreas Wolf (since 17 April 2018)
Franz Günter Wolf (until 17 April 2018)

Joint Committee
Jürgen Peddinghaus (Chairman)
Markus Haase[1] (Deputy Chairman)
Birgit von Garrel[1]
Andreas Wolf (since 17 April 2018)
Franz Günter Wolf (until 17 April 2018)

1 Employee representative

Members of the Board of Management

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

Hans-Georg Frey
Chairman of the Board of Management
Labour Director
Membership of other supervisory boards/ regulatory committees:
Fielmann AG, Hamburg
HOYER GmbH, Hamburg
E.G.O. Blanc und Fischer & Co. GmbH, Oberderdingen (since 19 May 2018)

Dr Lars Brzoska
Member of the Board of Management
Marketing & Sales (until 31 August 2018)
Engineering (since 1 September 2018)

Christian Erlach
Member of the Board of Management
Marketing & Sales (since 1 September 2018)

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

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

Jungheinrich share

Following a positive start and an all-time high in January, the Jungheinrich share recorded a 42 per cent loss in value at the end of 2018. With the reorganisation of Deutsche Börse indices in September, the share was assigned to the SDAX index. Preferred shareholders will participate in the company's success with a dividend of €0.50.

Share price performance 2018

Stock markets disappointing in 2018

International stock markets were primarily influenced by political events in 2018. The ongoing uncertainty about the outcome of the Brexit negotiations, Italy's budget debate with the EU, the elections in Brazil, Italy and Turkey, and, first and foremost, the trade conflict between the USA and China were all major issues during the year under review. The numerous uncertainties associated with fears of recession made investors noticeably more cautious and as a result stock markets trended down.

Following a very promising start, the most important German stock indexes recorded considerable downturns in 2018, particularly after losses in the fourth quarter. The DAX hit its low for the year in December with 10,382 points. Both the DAX and MDAX recorded double-digit losses of 18 per cent each, dropping to 10,559 points (previous year: 12,918 points) and 21,588 points (previous year: 26,201 points) respectively. The SDAX lost 20 per cent of its value in the year under review and closed 2018 with 9,509 points (previous year: 11,887 points).

Jungheinrich share in SDAX following reorganisation of stock indexes

As was the case for the securities of other capital goods manufacturers, the Jungheinrich share was not able to resist the weak market resulting from the threat of an economic downturn and lost value disproportionately in comparison with the overall market with a loss of 42 per cent. Starting with the year-high of €41.60 (12 and 15 January 2018), the share recorded considerable losses over the course of the year and reached its lowest point of €22.34 on 20 December 2018. The share closed trading on 31 December 2018 at €22.84. The market cap fell accordingly by €1,684 million, from €4,014 million (end of 2017) to €2,330 million (end of 2018).

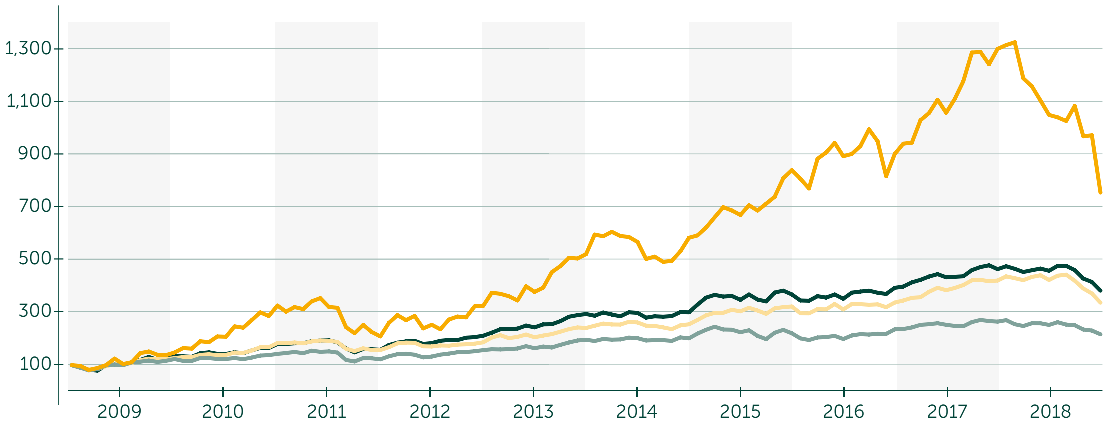
With the reorganisation of Deutsche Börse indexes, the Jungheinrich share was assigned to the SDAX from 24 September 2018 rather than the MDAX. The separation according to technology and traditional segments was abolished. This allows a double listing of TecDAX stocks. Companies in the DAX assigned to the technology sectors can now also be listed in the TecDAX. Stocks in the TecDAX can simultaneously be listed in the MDAX or SDAX. Additionally, the MDAX was expanded from 50 to 60 companies and the SDAX from 50 to 70.

With free-float market capitalisation of €1,239 million, which is relevant for index calculation, the Jungheinrich preferred share came in at 98th place (new index structure; previous year: 44th place under old index structure) in the Deutsche Börse ranking in December 2018.

Share price development over time

Share price performance 2009 to 2018

in %

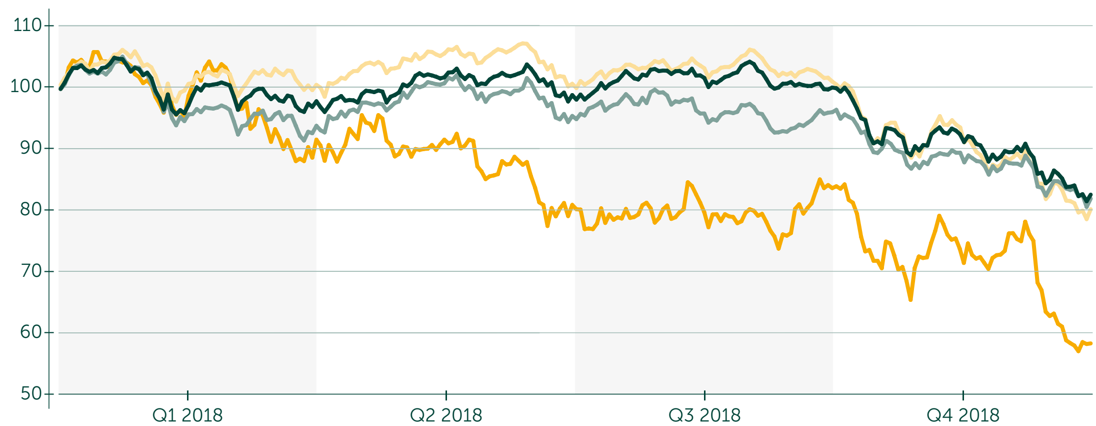


Jungheinrich · DAX · MDAX · SDAX

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

Share price performance 2018

in %



Jungheinrich · DAX · MDAX · SDAX

Of the total Jungheinrich AG shares (102 million), only the 48 million no-par-value preferred shares are listed and widely distributed. The 54 million ordinary shares are held equally by the families of each of the company founder Dr Friedrich Jungheinrich's two daughters. According to share turnover, the share came in at 109th place (new index structure; previous year: 55th place under old index structure).

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

The Jungheinrich share is listed in the Prime Standard quality segment of the Deutsche Börse. It is traded on all German stock exchanges. The trading volume (Xetra and Frankfurt) amounted to 34.8 million shares in 2018, 14 per cent up against the trading volume in 2017 (30.5 million shares). The average share revenue per trading day (Xetra and Frankfurt) for 139.7 thousand shares was 16 per cent up against the previous year (120.8 thousand shares). In terms of the share's value, this corresponds to higher average trade revenue of €4.5 million per day against €4.1 million per day last year.

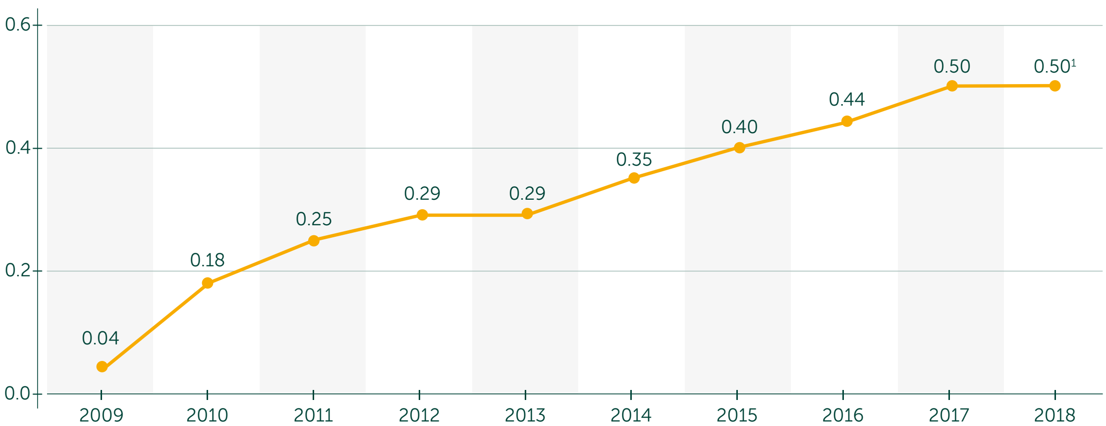
Stable dividend planned

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

The Board of Management and Supervisory Board of Jungheinrich AG intend to propose a dividend payment of €0.50 (previous year: €0.50) per no-par-value preferred share and €0.48 (previous year: €0.48) per no-par-value ordinary share at the Annual General Meeting on 30 April 2019. The dividend payment proposal for preferred shares is therefore unchanged against 2017, although profit or loss was down against the previous year. Subject to approval at the Annual General Meeting, this will result in a total payment of €50 million, as in the previous year.

The payment will be made on the third working day after the Annual General Meeting (6 May 2019). The payment ratio, which is the dividend amount as a percentage of profit or loss, is 28 per cent, as it was in the previous year.

Dividend development
in €



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

Reasons to invest in Jungheinrich

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

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

Despite the weak trading year, the Jungheinrich share proved to be a solid capital investment for long-term investors in 2018. The share recorded a significantly better performance over a ten-year period than the DAX, MDAX and SDAX. In light of the share price development in the year under review, the picture over a five-year period is more varied. While the share clearly outperforms the DAX, the advantage is not as clear against the MDAX and SDAX.

Long-term performance of the Jungheinrich share

Investment period	10 years	5 years
Investment date	01/01/2009	01/01/2014
Portfolio value at end of 2018	€92,678	€15,600
Average annual return	25.0%	9.3%
Comparable return of German share indices		
DAX	7.8%	2.4%
MDAX	14.1%	5.5%
SDAX	12.9%	6.8%

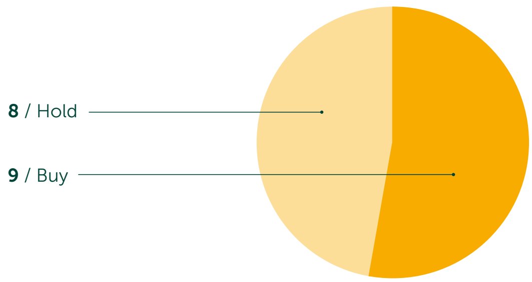
Please note: based on an initial investment of €10 thousand and assuming that annual dividends received were reinvested in additional preferred shares.

Constant high level of analyst coverage

Equity research is important for making investors aware of share issuances as it serves as a vital foundation when deciding to invest. M.M. Warburg temporarily suspended covering the share in October 2018, while Bank of America Merrill Lynch began covering the share in July 2018. The number of banks and research companies regularly monitoring and covering the Jungheinrich share is therefore constant in comparison with the previous year (17). Nine analysts recommended buy for the share; eight recommended hold. Based on the key analysts' valuations, the average share target was €34. The lowest value was €28, and the highest was €40.

Analysts' recommendations

31/12/2018



2018 analyst coverage

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

1 NORD/LB and SRH cooperate on equity research.

Dialogue with the capital market

The aim of Jungheinrich's investor relations work is to ensure continuous communication with the capital market, to present the integrated business model transparently and in a manner appropriate for the target group, and to clarify its potential, including the risk profile. Their work also includes clarifying financial key figures and facts relevant to the evaluation of such in good time and contributing to an appropriate valuation of the Jungheinrich share on the capital market.

The Board of Management and the Investor Relations department maintain direct and regular contact with analysts and investors. In the 2018 financial year, the business model, value drivers, company performance and company strategy were all presented in detail during conferences and road shows. The company presented itself at a total of eight conferences and eight road shows in Europe, the US and Canada. In addition, many discussions were held with investors and analysts during company visits and conference calls. With the publication of the quarterly results, Jungheinrich reported on the Group's current business development in detail during conference calls.

Basic information about the Jungheinrich share

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

The Investor Relations team was once again available at all times to help with any queries in 2018, both in writing and over the telephone. Comprehensive information regarding the Jungheinrich share is published on the Jungheinrich AG website (www.jungheinrich.com). Along with financial publications, presentations, ad-hoc and press releases, the website also contains a total return calculator, analysts' recommendations, the financial calendar and contact details.

As in the previous year, Jungheinrich AG will publish a separate non-financial report (CSR Report) on the company's website (www.jungheinrich.com) for the 2018 financial year by 30 April 2019 at the latest. The report covers environmental, employee and social aspects as well as the company's respect for human rights and commitment to combating corruption and bribery.

Capital market key figures

			2018	2017
Dividend per share	Ordinary share	€	0.48[1]	0.48
	Preferred share	€	0.50[1]	0.50
Dividend yield	Preferred share	%	2.2	1.3
Earnings per share	Ordinary share	€	1.71	1.78
	Preferred share	€	1.73	1.80
Shareholders' equity per share		€	13.35	12.20
Share price[2]	High	€	41.60	40.63
	Low	€	22.34	26.00
	Closing price at end of year	€	22.84	39.35
Share price performance		%	–42	44
Market capitalisation		€ million	2,330	4,014
Stock exchange trading volume[3]		€ million	1,136	1,025
Average daily turnover		thousand shares	139.7	120.8
P/E[4]		ratio	13.2	21.9
Number of shares	Ordinary share	million shares	54	54
	Preferred share	million shares	48	48
	Total	million shares	102	102

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

Group management report

The 2018 financial year was another successful year for Jungheinrich. Incoming orders and revenue reached all-time highs. Production volume amounted to 121 thousand units. The growth regions in the global market for material handling equipment were primarily China and Jungheinrich's core market Europe.

Group principles

Business activities and organisational structure

Integrated business model and international orientation

Jungheinrich is one of the world's leading solutions providers for the intralogistics sector. With a comprehensive portfolio of material handling equipment, logistics systems and services, Jungheinrich is able to offer customers tailored solutions for the challenges posed by Industry 4.0.

Based on revenue, the Jungheinrich Group is the second-largest manufacturer of material handling equipment in its core market Europe.

The integrated business model encompasses the development, production and sale of new trucks, the logistics systems, mail order businesses, the short-term rental of new and used material handling equipment, the reconditioning and sale of used forklifts and the maintenance, repair and spare parts operations. Jungheinrich spans the full range of material handling equipment, from manual to fully automated trucks with load capacities of up to 9 tonnes and lifting heights of up to 18 metres.

Business model of Jungheinrich

Jungheinrich also supplies stacker cranes and load handling equipment for stacker cranes. The material handling equipment consists virtually exclusively of battery-powered trucks. Apart from electric engines and drive controls, Jungheinrich also manufactures corresponding batteries and chargers – with the aim of ensuring all trucks perform as energy efficiently as possible. Particularly in the field of lithium-ion technology, Jungheinrich holds a leading position in the industry due to its own research and development and production activities. Since 2017, nearly all trucks have been available with lithium-ion batteries. A dedicated battery production line has been set up for this. More than one million electric trucks from Jungheinrich are in use around the world. In addition, digital products such as the Jungheinrich Warehouse Management System complete the portfolio. Combined with comprehensive financial services offers, Jungheinrich aims to serve customers from a single source for the duration of a product's life cycle.

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

To cover the growing after-sales services business, Jungheinrich operates a modern spare parts centre in Kaltenkirchen. The comprehensive expansion started in the previous year was completed in the year under review, creating 20,000 new spaces for pallets, 40,000 new spaces for small parts, 1,900 places for bulky goods and 2,000 m² of new functional space. With this warehouse, and others in Lahr, Bratislava, Moscow, Shanghai and Birmingham, Jungheinrich can guarantee the best-possible global supply of spare parts for its after-sales services. The capacity of the regional warehouse in Bratislava was more than doubled in April 2018 to 3,200 m².

Jungheinrich Group production sites

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

Jungheinrich has established a direct sales and service network with locations in 40 countries. Sales in South America were strengthened in January 2018 with the acquisition of Grupo Agencia Alemana, a long-term partner with companies in Colombia, Peru and Ecuador. To expand the Group's presence in Eastern Europe, all shares in the former Jungheinrich dealer in Serbia were acquired on 1 July 2018. The Jungheinrich Group is also represented in approximately 80 other countries through partner companies. The Group's core market is Europe, where 87 per cent of Group revenue is generated. Of the net European sales, 27 per cent are generated in the domestic market of Germany.

In North America, Jungheinrich cooperates with Mitsubishi Caterpillar Forklift America Inc. (MCFA), a strong sales partner with a comprehensive dealership footprint. The partnership was extended through the launch of a joint venture for the production of industry components (2017), primarily steel construction components, in the USA (Industrial Components of Texas LLC, ICOTEX). Another joint venture was launched in 2018 with MCFA, focussing on direct sales to selected major customers (MCJ Supply Chain Solutions LLC). In China, Jungheinrich has entered into a joint venture with Anhui Heli Co. Ltd. (Heli) for the short-term rental of material handling equipment. Jungheinrich covers virtually all demand for electric engines in a joint venture with another manufacturer of material handling equipment in the Czech Republic and China.

Organisational features

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

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

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

As the parent company, Jungheinrich AG holds shares directly and indirectly in both domestic and foreign subsidiaries. The managing directors of the subsidiaries are obliged to manage operations at their respective subsidiaries. The companies do receive support from the Group headquarters, but are independent from a legal perspective. The consolidated financial statements cover 88 fully consolidated companies – including Jungheinrich AG. The complete shareholdings in Jungheinrich AG can be found in the notes to the consolidated financial statements.

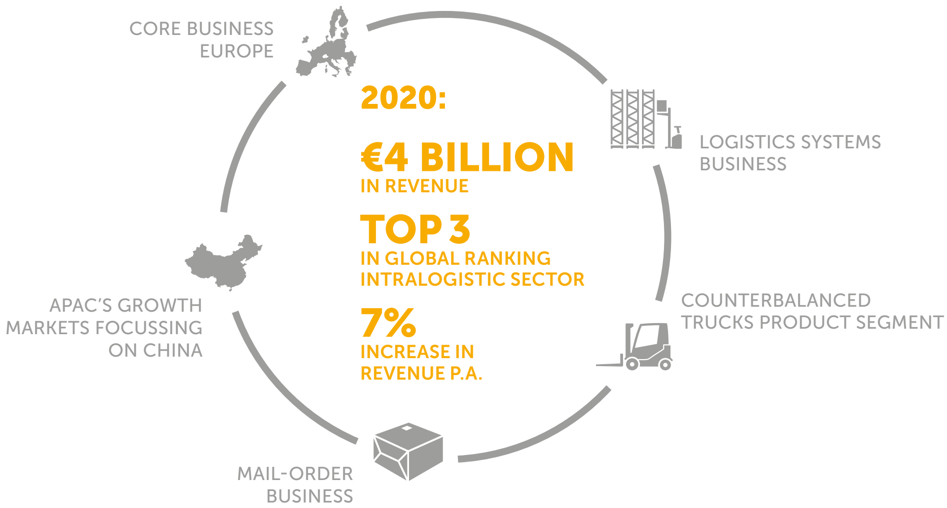
Sustainable growth strategy with clear targets

The Group's strategy is based on sustainable and profitable growth and therefore on increasing company value. The Group aims for a long-term position among the top 3 global suppliers of material handling equipment (based on revenue).

The revenue target from this growth strategy is €4 billion for the 2020 financial year with annual revenue growth of 7 per cent. Simultaneously, the EBIT return on sales currently generated should improve over the medium term. The target for Europe is a market share substantially over 20 per cent, based on incoming orders for units. Jungheinrich follows a one-brand strategy, centred on products and services in the premium segment of the global market for material handling equipment and logistics systems. The Group focus is on organic growth. Targeted acquisitions to complement the product portfolio – particularly the purchase of technologies – and to expand direct sales around the world are certainly a possibility.

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

The Jungheinrich Group's growth strategy



1. Core business in Europe

With a share of 34 per cent of the global market volume for material handling equipment, the European market, Jungheinrich's core market, is of vital importance. 82 per cent of this share is attributable to Western Europe. Jungheinrich aims to become the number 1 intralogistics brand in all European markets. This is the case in Austria and Switzerland for example, where Jungheinrich has a market share of approximately 40 per cent in each country.

Amid the fiercely competitive environment, Jungheinrich achieved a market share of 20.4 per cent in Europe in the 2018 financial year (previous year: 21.5 per cent).

In order to continue its focus on the European market, personnel capacities were expanded in the European sales companies in the period under review. The main focus was on France, Germany, Spain, Italy and Poland. The short-term rental fleet was also expanded over the course of the year by an average of 7 thousand units to 64 thousand units.

2. Growth markets in the APAC regions, primarily China

Asia is the largest and fastest growing region and has a 41 per cent share in the global market for material handling equipment. China alone represents 28 per cent of the market. This makes the Asia-Pacific (APAC) region the second-most important sales market for material handling equipment and logistics systems at Jungheinrich, following its core market of Europe. Jungheinrich has sales companies in China, Thailand, Singapore, India, Malaysia and Australia, and aims to continue expanding business activities in this region.

Incoming orders for warehousing equipment in units increased by 20 per cent year-on-year in the APAC region, while revenue climbed 30 per cent to €295 million in this region. The production plant in Qingpu was well utilised in the reporting year, producing almost 12 thousand trucks. The majority of the equipment was developed domestically and exported to Europe.

Jungheinrich entered into a joint venture with Heli in 2017. This has clearly boosted its short-term rental of material handling equipment on the Chinese market. The Group has subsidiaries in four important Chinese metropolises. The joint venture's short-term rental fleet was expanded by more than 30 per cent during the year under review to an average of 6.7 thousand trucks.

3. Logistics systems business

The entire logistics sector is affected by the trends of Industry 4.0, including increased automation in warehouses. Jungheinrich believes that this growth trend will continue. This is why the company has continuously expanded its logistics systems business and successfully positioned itself as an innovative intralogistics solutions provider. This includes customised planning, projection and realisation of complete warehouses using the full Jungheinrich range with manual, and partially and fully automated solutions: racks, warehouse equipment and conveyor systems, forklift trucks and stacker cranes, plus software, consulting, digital solutions and services. Jungheinrich provides customers with comprehensive and fully interconnected solutions. The company anticipates a considerable increase in demand for logistics systems solutions internationally in the future, too. The company aims to increase revenue in its "Logistics Systems" division from the current €617 million to over €700 million by 2020.

The regional focal point of business activities is Europe. The order volume for automated solutions usually amounts to between €1 million and €20 million. The customer structure is heterogeneous as the focus is exclusively on improving efficiency in the customers' warehouses, regardless of sector or company size.

Incoming orders in the "Logistics Systems" division increased by 16 per cent in the 2018 financial year. Several major orders contributed to this. Revenue in the division increased by 6 per cent year-on-year. However, this revenue figure from the previous year also includes a project order from 2015 in addition to a large order for lithium-ion trucks. Incoming orders for automated guided vehicles doubled in the year under review, which Jungheinrich is very pleased about.

The production plant for manufacturing warehouse and system trucks in Degernpoint reached its capacity limits in the year under review, producing 3.5 thousand units. The expansion of this production plant has already begun and is due to be completed in 2020. Production capacity will then be increased to over 5 thousand units. Jungheinrich has a market share of more than 40 per cent in Europe for system trucks.

4. Counterbalanced trucks product segment

Counterbalanced trucks constitute 54 per cent of the world market for material handling equipment. Of this figure, 69 per cent is for IC engine-powered trucks and 31 per cent is for battery-powered trucks. The trend towards environmental awareness and sustainability and increasingly strict emission regulations have resulted in a gradual increase in the demand for electric trucks at the expense of IC engine-powered trucks. Jungheinrich has been a pioneer in the field of electric mobility since the 1950s. Market developments have therefore aligned directly with one of the company's core areas of expertise. Almost all of Jungheinrich's trucks are now battery powered. Regardless of this general trend, Jungheinrich believes that the market for IC engine-powered forklift trucks will face mounting competitive pressure in the medium to long term from battery-powered counterbalanced trucks with better performance levels. The company is therefore investing heavily in the development of battery-powered counterbalanced trucks. Jungheinrich aims to globally expand its market position in this product segment.

In 2018, the production of battery-powered counterbalanced trucks increased 12 per cent to more than 22 thousand units. Jungheinrich's global market share in this product segment (measured by incoming orders in units) remained a little lower than in the previous year, however.

In the year under review, the product portfolio was expanded in order to continue to advance the new series 6, which is set to be brought to market at the end of 2019. This new battery-powered counterbalanced truck is especially suited for demanding tasks and has a lifting capacity of up to 9 tonnes. Fourteen different models will be available, with lithium-ion batteries for the high-performance models, but also with proven lead acid batteries. This forklift truck is therefore ideally suited for deployment in areas that were traditionally primarily covered by IC engine-powered trucks.

5. Mail order business

The Jungheinrich Group has tapped into the dynamic B2B e-commerce market with its "Mail Order" division. Its main focus – in addition to the conventional Jungheinrich sales organisations – is on SMEs, for which it provides a highly efficient consulting and sales concept. New customers are preferably acquired through online marketing activities. This successful multi-channel business model was expanded internationally and is now established in the 16 European countries with the highest potential. Efficient and increasingly digitalised sales processes enable profitable growth combined with the continual expansion of market presence.

The focus of business expansion in this division in the 2018 financial year was on the technical enhancement of the webshop software in use and the establishment of partially automated, customer-oriented email marketing processes. In the affordable starter product categories for electric low-lift and stacker trucks and for electric hand pallet trucks, the "Mail Order" division achieved considerably higher sales figures in Europe than in the previous year. The sharp rise in revenue throughout the division was equally attributable to the established mail order units in Germany, Austria and the Netherlands and the 13 units established since 2016. Revenue for the "Mail Order" division exceeded the previous year's figure by 33 per cent at €112 million in the year under review.

Important key performance indicators

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

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

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

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

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

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

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

Purchasing volume climbs once again

The purchasing volume at the Jungheinrich Group amounted to €2,363 million in the 2018 financial year (previous year: €2,175 million). It can be broken down as follows:

- Production materials including post production materials
- Commodities
- Indirect materials and services

In the reporting year, the focus was on the cost of direct production materials, which has a significant influence on material expenses. Rising raw materials prices, particularly for steel components, led to a noticeable increase in procurement costs. Jungheinrich has also had to face tense supply situations, particularly for electric components. These bottlenecks, which also affected other companies in Germany and abroad, were the result of the ongoing global trend towards digitalisation, as well as the constantly increasing move towards electric-powered devices in the consumer and capital goods industries. Through close, cross-functional cooperation along the entire supply chain, new and alternative procurement sources, including changes to construction, were created. This safeguarded the supply of fundamental components. However, certain needs also had to be covered at a higher cost.

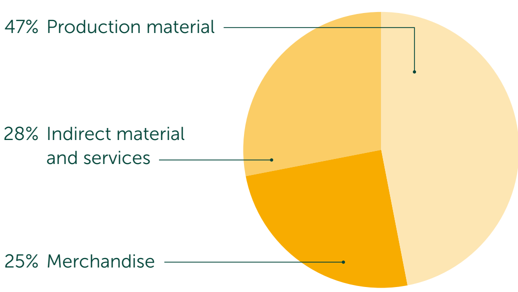
One material measure to increase efficiency involved increasing personnel for the management of Group-wide strategic goods groups in order to achieve cost and volume advantages across the production plants. Closer cooperation and the early inclusion of the Purchasing and Cost Engineering departments in the product creation process in particular enabled additional cost advantages to be identified early on and to be applied across different product lines.

The Cost Engineering department has been expanded consistently in recent years and the application of proven methods and tools boosted. Using a total cost of ownership approach throughout the entire value chain and the life cycle of a product has led to further success in optimising target costs.

Once again, a little more than 90 per cent of the higher purchasing volume was attributable to Europe due to the strong presence in this market and the production plants being primarily located in Germany.

The highest revenue goods groups were batteries at €251 million (previous year: €246 million), warehouse equipment at €164 million (previous year: €150 million), steel components at €135 million (previous year: €125 million), electric drive trains at €126 million (previous year: €115 million) and logistics services at €117 million (previous year: €103 million).

Breakdown of purchasing volume in 2018



in € million

	2018	2017	Change %
Production material	1,107	1,017	8.8
Merchandise	585	545	7.3
Indirect material and services	671	613	9.5
Total	**2,363**	**2,175**	**8.6**

Key figures for research and development

in € million	2018	2017	Change %
Total R&D expenditure	84	77	9.1
thereof capitalised development expenditure	30	21	42.9
Capitalisation ratio	36%	27%	–
Amortisation of capitalised development expenditure	10	13	–23.1
R&D costs (statement of income)	64	68	–5.9
R&D expenditure/revenue from new trucks	5.6%	5.3%	–
Average number of R&D employees (FTE)	609	538	13.2
Number of patent applications	102	99	3.0
Number of patents granted	155	80	93.8

Table contains rounding differences.

Research and development

In the 2018 financial year, Jungheinrich once again proved its ability to innovate by developing new types of trucks and by supplementing and optimising existing truck series. Based on the realisation that long-term success on the market depends on a foundation of technically superior products, research and development (R&D) expenditure was increased once again in comparison with previous years.

The main R&D activities focused on expanding market leadership in the field of energy storage systems based on lithium-ion technology and the expansion of the product portfolio for stacker cranes and stationary conveyor systems.

Research and development expenditure

in € million

R&D expenditure – including the commission of third-party services – has risen again against the previous year at €84 million (previous year: €77 million). This equates to 5.6 per cent (previous year: 5.3 per cent) of the R&D-relevant revenue from new trucks. The increase in important product development work meant that the capitalisation ratio rose to 36 per cent (previous year: 27 per cent). R&D expenditure consists primarily of internal services. R&D also received a personnel boost in 2018; across the Group, an average of 609 people were active in this area (previous year: 538).

World premiere: First reach truck with built-in lithium-ion battery

A noteworthy highlight in the sector was the introduction of the ETV 216i series reach truck, equipped with fully integrated lithium-ion battery. With this truck, Jungheinrich is the first manufacturer in the world to develop a solution that sets new benchmarks not only in performance and ergonomics but also in user friendliness and safety. Jungheinrich has thus underscored its innovative abilities and positioned itself as the technological market leader in lithium-ion technology.

With the aim of improving customer benefits and efficiency further, the lithium-ion battery portfolio was expanded in 2018 to replace conventional lead acid batteries in additional capacity and performance classes. Jungheinrich is now in a position to offer virtually every truck with this technologically superior battery type, which also features the corresponding high-frequency charging technology developed by Jungheinrich.

High-performance Miniload reduces operating costs

As a provider of intralogistics systems, Jungheinrich successfully brought new products to the market in the reporting year in the area of stacker cranes and stationary conveyor systems. This will allow customers to benefit from the proven Jungheinrich quality in these product categories in future, too.

The new STC 2B1A Miniload was presented at the LogiMAT in March 2018. The highest performance equipment of its class in the world, it defines new standards in the sector with its innovative characteristics. Thanks to its integrated "SuperCaps" energy storage system, for example, the necessary power supply and feed-in can be significantly reduced in comparison with competitor equipment. The "SuperCaps" store the energy released during braking and rerelease it to the drive when the truck accelerates. The Omega drive, for which a patent has been registered, enables space-saving, light and money-saving construction, thereby offering the lowest approach dimensions.

Solutions for fully automated warehouses with automated guided vehicles

As part of the increasing demand for warehouse optimisation, the automated high-rack stacker EKX 516a was equipped with proven components and now ensures fully automated work that conforms to the particular warehouse's processes. With top performance data at the lowest energy consumption levels, even in demanding deployment scenarios, the truck can manage two shifts without a battery change at heights of up to 13 metres. Thanks to the optional integration of an on-board charger, and busbar and current collector equipment, the truck is also suited for deployment around the clock.

Assistance systems for more warehouse safety

Two assistance systems make a convincing case for the future potential of technological solutions so that trucks in the warehouse can always work safely, ergonomically and efficiently. The new "zoneCONTROL" system enables location-dependent speed restriction for trucks as well as numerous other functionalities to support drivers, e.g. braking in danger zones such as ramps or footpath crossings. "zoneCONTROL" is therefore able to help reduce the risk of accidents and personal injuries effectively. "addedVIEW" is a panorama view provided by digital cameras, which gives the truck operator a better overview, including a bird's eye view, thus improving safety and ergonomics. Both products arose from comprehensive foundational developments in digital image processing and ultra-wideband radio technology. The systems can be used independently or in combination on the same assistant display panel.

Introduction of a new generation of electric stacker trucks

In the warehousing equipment product segment, the development of a new generation of electric ERC stacker trucks was successfully completed in 2018. With the introduction of the first trucks at the beginning of 2019, driver trucks with improved performance and a higher number of options are now available. They enable particularly cost-effective goods transport over longer distances and stacking and picking from higher shelves. The trucks feature speed and acceleration improvements, as well as the new, optional assistance systems "positionCONTROL" (efficient stacking and picking) and "operationCONTROL" (permanent load monitoring with visual and acoustic overload warnings). Lithium-ion batteries are available for all models.

Outstanding design

Receiving the German Design Award once again in the year under review confirmed that Jungheinrich's products are not just technologically advanced but also prominent when it comes to design. Not one but two new models received the internationally coveted award. The electric pedestrian-controlled pallet truck EJE 116 received a silver award, while the reach truck ETV 216i received the top gold award.

Economic report

Economic and sector environment

The regional focus of Jungheinrich's activities lies in Europe. Outside of Europe, the main focus is on the Asia-Pacific region and the USA. The gross domestic product (GDP) of each country as an economic indicator is key to evaluating business developments in these regions. Around 34 per cent of the global demand for material handling equipment originates in Europe. 46 per cent of the global demand for battery-powered material handling equipment – Jungheinrich's core area of expertise – originates in the European market. Economic developments in European member states are therefore very important.

Global economy continues to grow

In 2018, the global economy recorded similarly robust growth as in the previous year. The increase in GDP in the USA, however, was considerably higher. The Chinese economy performed slightly less well than in the previous year.

Growth rates for selected economic regions

Gross domestic product in %	2018	2017
World	3.7	3.8
USA	2.9	2.2
China	6.6	6.9
Eurozone	1.8	2.4
Germany	1.5	2.5

Source: International Monetary Fund
(estimates as of January 2019 with updated prior-year figures compared to the 2017 Group management report)

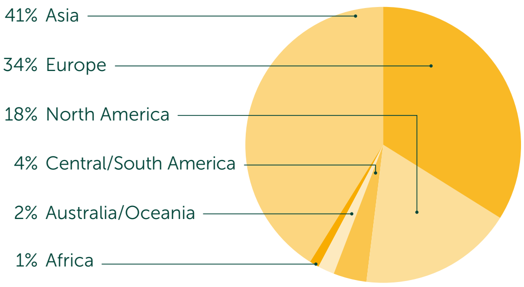
In light of the negative impacts caused by the Brexit negotiations and the political uncertainties arising from the trade conflict between the USA and China as well as Europe, the eurozone recorded a GDP increase of 1.8 per cent in the year under review. This growth is considerably lower than the previous year's figure (2.4 per cent). Because the German economy is heavily dependent on exports, it recorded a marked decline in growth in 2018, influenced as the year was by numerous uncertainties (1.5 per cent; previous year: 2.5 per cent). France's economic output also grew by just 1.5 per cent, significantly less than in 2017 (2.3 per cent). At 1.0 per cent, Italy, too, recorded noticeably lower growth than in the previous year (1.6 per cent). Economic momentum also declined in the UK (1.4 per cent; previous year: 1.8 per cent). As in the previous year, Jungheinrich generated approximately half of its Group revenue in these four countries. Russia's economic output rose by 1.7 per cent in 2018. In the previous year, output had been up 1.5 per cent. GDP in Poland rose by 4.4 per cent, slightly down against the figure recorded in 2017 (4.6 per cent). Russia and Poland are important markets for Jungheinrich.

Global market volume for material handling equipment records robust growth once more

In 2018, the global market for material handling equipment again recorded very strong year-on-year growth of 10 per cent, or 143 thousand units. Around 40 per cent of this figure was attributable to an increase in orders from the Chinese market, another 38 per cent was attributable to the marked increase in demand from Europe. Both in China and Europe, the sharp increase in orders for warehousing equipment had the most decisive impact on market developments. Just over half of the 4 per cent rise in market volume in North America was also due to higher demand for IC engine-powered forklift trucks.

Demand in Europe, Jungheinrich's core market, rose by 11 per cent, with Western Europe up by 10 per cent and Eastern Europe up by 19 per cent. With 524 thousand units, the record achieved in 2007 (before the financial crisis) was beaten by 27 per cent. As in the previous year, Germany, France, Italy and the UK were the largest markets in Western Europe. In Eastern Europe, the market volume in Poland increased sharply at 26 per cent. Russia is the second largest market in this region after Poland, followed by the Czech Republic.

Global market for material handling equipment by region in 2018



Incoming orders in thousand units

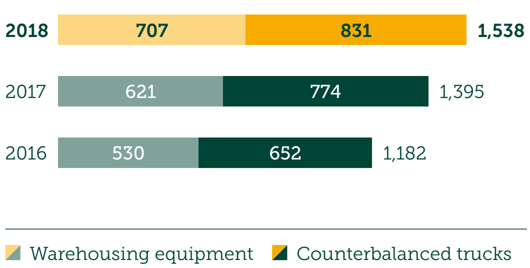
	2018	2017	Change %
World	1,538	1,395	10.3
Europe	524	470	11.5
thereof Eastern Europe	92	77	19.5
Asia	637	568	12.1
thereof China	436	378	15.3
North America	277	267	3.7
Other regions	100	90	11.1

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

Global demand in the warehousing equipment product segment increased by 14 per cent, which represents almost 87 thousand forklifts. Of this figure, 48 per cent is attributable to Asia, primarily China, followed by Europe, which accounted for 45 per cent of the increase. A little more than 50 per cent of the 9 per cent increase in global market volume for battery-powered counterbalanced trucks was attributable to the considerably higher order volumes in Asia, and, again, particularly China. The global increase in demand for IC engine-powered trucks was the lowest at just 6 per cent. This product segment is therefore gradually losing market share. In 2007, the market share of IC engine-powered trucks was still 45 per cent of the global market for material handling equipment. By 2018, this figure had dropped to 37 per cent. The share of IC engine-powered counterbalanced trucks was just 15 per cent of the European market in the year under review. In 2007, the market share was 28 per cent.

Worldwide market volume by product segment

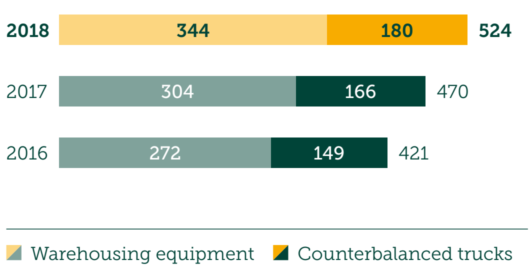
Incoming orders in thousand units



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

Market volume by product segment in Europe

Incoming orders in thousand units



Source: WITS (World Industrial Truck Statistics)

Target-to-actual comparison

	Forecast			
	March 2018	August 2018[1]	November 2018[2]	2018 actual
Incoming orders in € billion	3.75 to 3.85	at the upper end of the range	3.85 to 3.95 at the upper end of the range	3.97
Revenue in € billion	3.6 to 3.7	at the upper end of the range	3.65 to 3.75 at the upper end of the range	3.80
EBIT in € million	270 to 280		at the lower end of the range	275
EBIT ROS in %	on par with the previous year's level (7.5)		below previous year	7.2
EBT in € million	250 to 260		at the lower end of the range	249
EBT ROS in %	on par with the previous year's level (7.1)		below previous year	6.6
Net credit in € million	in the mid two-digit million euro range	in the order of €100 million	in the order of €120 million	108
ROCE in %	16.5 to 17.5	15 to 16		16.0
Market share in Europe in %	slight improvement vs 2017 (21.5)			20.4

1 Interim report as of 30 June 2018
2 Interim statement as of 30 September 2018

Statement from the Board of Management and target achievement

The 2018 financial year was another successful year for Jungheinrich. Incoming orders and revenue reached all-time highs. At €3.97 billion, the value of incoming orders just exceeded the upper end of the forecast range. The high value of orders on hand of €907 million as of 31 December 2018 is a solid base to start from in the new financial year. At €3.80 billion, revenue was also at the top end of the expected range. This was due to the unexpectedly sharp rise in demand for material handling equipment over the entire year, particularly in Europe, Jungheinrich's core market.

Incoming orders in units surpassed the prior-year figure by 6 per cent at 131 thousand units. We expanded our short-term rental fleet by an average of 7 thousand units to 64 thousand units of material handling equipment.

In a fiercely competitive environment, Jungheinrich achieved a market share of 20.4 per cent in Europe in the 2018 financial year (previous year: 21.5 per cent). Very basic battery-powered trucks are increasingly finding their way onto the market. As a premium supplier, Jungheinrich has not offered any such basic trucks as yet. In order to meet this demand, Jungheinrich will increase its offering in this product category in future.

The middle of the forecast range was achieved with EBIT of €275 million. As forecast in November 2018, at 7.2 per cent, we just missed the original EBIT return on sales target of 7.5 per cent. Noticeably higher personnel costs, unexpected rises in raw materials prices, expenses relating to the leading trade show CeMAT and bottlenecks with individual suppliers, partially associated with price rises, all had a negative impact on EBIT in the 2018 financial year and must all be taken into account when considering this result.

Developments on the global financial markets led to financial expense in the reporting period of €–26 million (previous year: €–15 million). This result was primarily due to the measurement of securities and derivatives held in the special fund. Consequently, EBT return on sales came in at 6.6 per cent (previous year: 7.1 per cent).

In light of the increase in working capital, the expansion of the short-term rental fleet and the payments for company acquisitions, we refined the net debt forecast in the publication of the figures for the first nine months of 2018. At €108 million at the end of the year, we were able to generate a better figure than most recently anticipated.

The ROCE forecast was adjusted in the interim report in 2018. At the end of the year, this figure was 16.0 per cent below the previous year, but still at the upper end of the forecast range due to the disproportionate increase in interest-bearing capital, particularly net debt in combination with a comparatively low increase in EBIT.

We were able to further improve the maturity profile for non-current borrowings by optimising the promissory note structure (€225 million) with long-term favourable financing conditions.

In addition to the positive operational performance, the Jungheinrich Group also made some strategic progress in the year under review. Jungheinrich is the only manufacturer of material handling equipment that supplies trucks, energy storage and charging systems from a single source. In 2018, the company supplied approximately 12 thousand new trucks (previous year: 5.8 thousand new trucks) with lithium-ion batteries.

Overall we believe the Jungheinrich Group's financial and statement of financial position ratios are very solid. The Group has the necessary financial means to finance its growth plans in the long term.

Business trend and earnings position

Double-digit increase in value of incoming orders

At 131 thousand units, incoming orders in the new truck business, based on units, which includes orders for both new forklifts and trucks for short-term rental, exceeded the previous year's figure (123 thousand units) by 6 per cent. This was the result of the sharp rise in demand in Europe. Nevertheless, Jungheinrich's share of the market in Europe was below the previous year's figure at 20.4 per cent (previous year: 21.5 per cent). The share of the global market was 8.4 per cent (previous year: 8.7 per cent). This development is due to the fact that very basic battery-powered trucks are increasingly being brought to market. As a premium supplier, Jungheinrich is virtually inactive in this product category. In order to meet this demand, Jungheinrich will increase its offering in this product category.

At €3,971 million, the value of incoming orders, which covers the new truck business, short-term rental, used equipment and after-sales services business fields, exceeded the previous year's figure (€3,560 million) by 12 per cent, or €411 million. More than 20 per cent of this was down to increased demand for logistics systems solutions.

Orders on hand in the new truck business amounted to €907 million as of 31 December 2018 (previous year: €692 million). These orders account for almost five months of production. A large amount of the orders on hand are attributable to the "Logistics Systems" division.

Electric trucks produced almost exclusively

The production volume follows developments in incoming orders, with a delay. At 121 thousand units, the production volume in the reporting year was up slightly against the very positive prior-year figure (120 thousand units). With a share of 78 per cent of the total production volume, the largest product segment is warehousing equipment. Virtually all trucks produced (97 per cent) are battery-powered. Particularly noteworthy was the 12 per cent increase in the production of battery-powered counterbalanced trucks to more than 22 thousand units.

Incoming orders
in € million

Production
in units

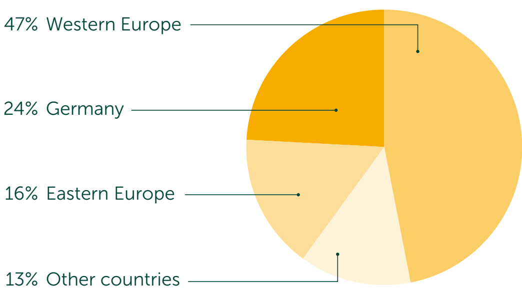
All business fields and divisions contributed to achieving all-time high Group revenue

Group revenue exceeded the previous year's figure (€3,435 million) by 11 per cent, or €361 million, and hit an all-time high at €3,796 million. 87 per cent of revenue was attributable to Europe (previous year: 88 per cent). Revenue growth in Europe was primarily driven by growth in Germany, Italy, Poland, Austria and the Czech Republic. Foreign revenue increased by 12 per cent to €2,896 million (previous year: €2,584 million); correspondingly, the foreign ratio amounted to 76 per cent (previous year: 75 per cent).

Revenue generated outside of Europe amounted to €500 million (previous year: €415 million). This corresponds to a 20 per cent increase and a Group revenue share of 13 per cent (previous year: 12 per cent).

The growth in Group revenue was primarily the result of developments in new truck business. The contribution from this field rose by 10 per cent from €2,099 million in the previous year to €2,305 million in the reporting year. Revenue in the new truck business consisted of €617 million (previous year: €581 million) from the "Logistics Systems" division and €112 million (previous year: €84 million) from the "Mail Order" division. The relatively low growth compared to previous years in the logistics systems business is primarily the result of the two large orders completed in the previous year. "Mail Order" grew 33 per cent due to the expansion of international mail order units and the expansion and optimisation of its range. Short-term rental and used equipment business increased by €62 million, or 11 per cent, to €632 million (previous year: €570 million). The short-term rental fleet was expanded by an average of 7 thousand units to 64 thousand units

Revenue in 2018 by region



in € million

	2018	2017	Change %
Germany	900	851	5.8
Western Europe	1,780	1,627	9.4
Eastern Europe	616	542	13.7
Other countries	500	415	20.5
Total	**3,796**	**3,435**	**10.5**

Breakdown of revenue

in € million	2018	2017	Change %
New truck business	2,305	2,099	9.8
Short-term rental and used equipment	632	570	10.9
After-sales services	1,006	923	9.0
"Intralogistics" segment	**3,943**	**3,592**	**9.8**
"Financial Services" segment	**973**	**840**	**15.8**
Reconciliation	–1,120	–997	12.3
Jungheinrich Group	**3,796**	**3,435**	**10.5**

Table contains rounding differences.

(previous year: 57 thousand units). Revenue from after-sales services increased by 9 per cent to €1,006 million (previous year: €923 million), again recording very strong growth. The after-sales services share of Group revenue amounted to 26 per cent (previous year: 27 per cent). With revenue of €973 million, the financial services business exceeded the previous year's figure (€840 million) by 16 per cent.

Gross profit affected by higher raw materials prices; nevertheless, EBIT up 6 per cent

Gross profit on sales increased by €91 million to €1,119 million due to robust revenue growth once again and unchanged high levels of capacity utilisation at the production plants (previous year: €1,028 million). It was negatively impacted in the reporting period, in particular by the increase in raw materials prices and bottlenecks with individual suppliers associated with price rises. At 29.5 per cent, the gross margin remained just under the previous year's level (29.9 per cent).

Cost structure (statement of profit or loss)

in € million	2018	2017	Change %
Cost of sales	2,677	2,407	11.2
Selling expenses	678	609	11.3
Research and development costs	64	68	–5.9
General administrative expenses	104	95	9.5

The increase in selling expenses against the previous year was disproportionately higher than revenue growth. The increase was primarily due to the first-time consolidation of the new sales companies in South America and Serbia, and higher trade show expenses in the year under review. Following 17.7 per cent in the previous year, selling expenses represented 17.9 per cent of Group revenue.

Earnings before interest and taxes

in € million

Profit or loss

in € million

R&D costs decreased during the reporting period due to a higher capitalisation ratio for development expenditure in comparison with the previous year. Additionally, the prior-year figures also contained significantly higher impairment losses on capitalised development expenditure.

Administration expenses represented 2.7 per cent of Group revenue, remaining on a par with the prior-year figure (2.8 per cent).

Other operating expenses increased markedly in comparison with the previous year. In the year under review, this item included goodwill impairment losses for the Australian sales company in the amount of €4 million.

EBIT increased by €16 million, or 6 per cent, to €275 million (previous year: €259 million). At 7.2 per cent, EBIT return on sales did not quite reach the level recorded in the previous year (7.5 per cent).

Due to the disproportionately strong increase in interest-bearing capital (+15 per cent), particularly from the €101 million increase in net debt in combination with a comparatively low increase in EBIT (+6 per cent), at 16.0 per cent ROCE came in below the previous year's figure of 17.3 per cent, as anticipated.

Amid developments in the global financial markets, the financial expense of €–26 million (previous year: €–15 million) was influenced in particular by the results from measurement of the securities and derivatives in the special fund. Accordingly, EBT was up just 2 per cent against the previous year at €249 million (previous year: €243 million). EBT return on sales amounted to 6.6 per cent (previous year: 7.1 per cent).

At €74 million, income tax liabilities rose particularly sharply against the previous year (€61 million). The Group tax rate amounted to 29 per cent following 25 per cent in the previous year. The main reasons for this were additional effects from the changes to prior-year taxes in the 2018 financial year. Profit or loss thus decreased by €6 million, or 3 per cent, to €176 million (previous year: €182 million), and the earnings per preferred share accordingly came to €1.73 (previous year: €1.80).

Although profit or loss was slightly down against the previous year, the Board of Management of Jungheinrich AG will propose a dividend consistent with that of the previous year of €0.48 (previous year: €0.48) per ordinary share and €0.50 (previous year: €0.50) per preferred share. This dividend proposal will result in a total payout of €50 million, as in the previous year, and a payout ratio of 28 per cent. Jungheinrich follows a policy of consistent dividend payouts. The target is to pay out between 25 per cent and 30 per cent of the profit or loss to shareholders.

Financial and asset position

Principles and targets of financial management

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

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

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

The Group takes a conservative approach to investing in order to ensure sufficient liquidity. It does not aim to maximise profits, but rather to maintain assets.

Capital structure

in € million	31/12/2018	31/12/2017	Change %
Shareholders' equity	1,362	1,244	9.5
Non-current liabilities	1,907	1,611	18.4
Provisions for pensions and similar obligations	219	220	–0.5
Financial liabilities	473	299	58.2
Liabilities from financial services	1,048	946	10.8
Other liabilities	167	146	14.4
Current liabilities	1,477	1,274	15.9
Other provisions	185	188	–1.6
Financial liabilities	153	151	1.3
Liabilities from financial services	478	369	29.5
Trade accounts payable	400	367	9.0
Other liabilities	261	199	31.2
Balance sheet total	4,746	4,130	14.9

Table contains rounding differences.

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

Capital requirements are covered through operating cash flows and short and long-term financing. As of 31 December 2018, the medium-term credit agreements in place amounted to €275 million. These will be supplemented by short-term credit lines of €106 million. They largely comprise the bilateral credit lines of individual foreign subsidiaries.

In the 2018 financial year, the variable interest rate tranche of a promissory note was extended and increased in advance. This resulted in the volume of the promissory note increasing by €25 million to a total of €225 million. The repayment profile of the non-current financial liabilities was optimised further through this measure. The increase in financial liabilities is also due to long-term loans to finance real estate and asset investments as well as higher credit financing of the short-term rental business. None of the credit or promissory note agreements contain financial covenants.

Stable financial position and capital structure

At €518 million, cash and cash equivalents and securities were substantially higher at the end of 2018 than in the previous year (€443 million). Nevertheless, the Group reported net debt of €108 million (previous year: €7 million) in the reporting year. This rise was principally due to the financing of the growth-related increase in working capital, the expansion of the short-term rental fleet and further

Shareholders' equity
in € million

Equity ratio

company acquisitions. The debt ratio, which is net debt in relation to EBITDA, was therefore 0.23 (previous year: 0.02) years. The underlying EBITDA was adjusted for depreciation on trucks for lease from financial services, and improved in the year under review to reach €476 million (previous year: €439 million).

The main factor in the €118 million increase in shareholders' equity was the positive earnings trend. This was offset mainly by the dividend payment of €50 million (previous year: €44 million). At 29 per cent, shareholders' equity remained just under the previous year's level (30 per cent). Adjusted for all effects from the "Financial Services" segment, the equity ratio for the "Intralogistics" segment amounted to 46 per cent (previous year: 48 per cent).

At €219 million, provisions for pensions and similar obligations remained on a par with the previous year (€220 million). The increase in non-current and current financial liabilities from €450 million to €626 million was primarily due to the €25 million net increase in promissory notes, long-term loans for financing real estate and asset investments, and the fist-time consolidation of new sales companies in South America and Serbia. Non-current and current liabilities from financial services of €1,526 million rose by €211 million compared with 31 December 2017 (€1,315 million) due to the substantial increase in financing new contracts. Trade accounts payable were €33 million higher than in the previous year due to the expansion of business. Other current liabilities increased by €62 million to €261 million (previous year: €199 million). This was primarily caused by the recognition and reclassification of balance sheet items as part of the first-time application of IFRS 15 ("Revenue from Contracts with Customers") and the increase in contract liabilities primarily due to increased prepayments made by customers.

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

Cash flow from operating activities amounted to €219 million in the reporting year (previous year: €70 million). This significant increase was primarily due to measures from financing trucks for short-term rental and financial services, which resulted in a markedly higher cash inflow against the previous year of €166 million. The €29 million increase in the balance from profit or loss plus depreciation, amortisation and impairment losses more than offset the €19 million higher volume of trucks for short-term rental and lease, and receivables from financial services added. The increase in working capital compared to the previous year, primarily resulting from stocking up inventories as at the balance sheet date, had a higher negative impact of €41 million on cash flow than in the previous year.

Cash flow from investing activities was adjusted to exclude payments made for the purchase of and proceeds from the sale of securities totalling €–17 million (previous year: €–8 million) that are included in

Statement of cash flows

in € million	2018	2017
Profit or loss	176	182
Depreciation, amortisation and impairment losses	320	285
Changes in trucks for short-term rental and trucks for lease (excluding depreciation) and receivables from financial services	–477	–458
Changes in liabilities from financing trucks for short-term rental and financial services	314	148
Changes in working capital	–110	–69
Other changes	–4	–18
Cash flows from operating activities	**219**	**70**
Cash flows from investing activities[1]	**–164**	**–107**
Cash flows from financing activities	**21**	**101**
Net cash changes in cash and cash equivalents[1]	**76**	**64**

1 Excluding the balance of payments for the purchase/proceeds from the sale of securities of €–17 million (previous year: €–8 million)

this item. The resulting cash flow from investing activities of €–164 million was therefore €57 million higher than the cash flow in the previous year. In addition to the increased investments in property, plant and equipment and intangible assets, payments for company acquisitions in South America and Serbia, adjusted for the acquired cash and cash equivalents, also contributed €23 million to this increase.

At €+21 million, cash flow from financing activities was noticeably below the level seen in the previous year (€+101 million). The decline in cash flow resulted first and foremost from a €75 million year-on-year decrease in the taking out of promissory notes.

Balance sheet total
in € million

Growth-related increase in non-current and current assets

Due to the higher investment volume against the previous year and the increase in customer contracts and goodwill as part of the first-time consolidation of sales companies in South America and Serbia, intangible assets and property, plant and equipment were markedly higher than in the previous year at €670 million (previous year: €604 million).

As a result of the expansion of the short-term rental fleet and the financial services business, the carrying amounts for trucks for short-term rental and lease climbed €86 million to €909 million (previous year: €823 million), and the figure for non-current and current receivables from financial services rose by €153 million to €1,044 million (previous year: €891 million). As part of a reclassification in accordance with IAS 17 and IFRS 16 ("Leases"), trucks for long-term rental in the amount of €47 million, formerly recognised under trucks for short-term rental, were assigned to balance sheet items in the "Financial Services" segment. The carrying amounts for trucks for short-term rental amounted to €381 million as at the balance sheet date, following €375 million in the previous year. Trucks for lease from financial services increased from €448 million in the previous year to €528 million in the year under review.

Asset structure

in € million	31/12/2018	31/12/2017	Change %
Non-current assets	**2,514**	**2,259**	**11.3**
Intangible assets and property, plant and equipment	670	604	10.9
Trucks for short-term rental and lease	909	823	10.4
Receivables from financial services	769	649	18.5
Other assets (including financial assets)	164	151	8.6
Securities	2	32	–93.8
Current assets	**2,232**	**1,871**	**19.3**
Inventories	615	481	27.9
Trade accounts receivable	722	658	9.7
Receivables from financial services	275	242	13.6
Other assets	105	79	32.9
Cash and cash equivalents and securities	515	411	25.3
Balance sheet total	**4,746**	**4,130**	**14.9**

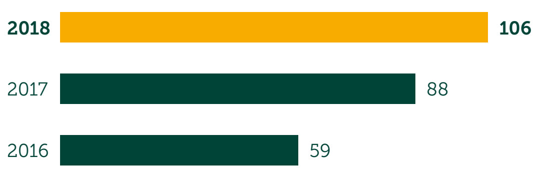
Inventories recorded an increase of €134 million due to the balance sheet date, taking the figure to €615 million (previous year: €481 million). The increase of €53 million in finished products, goods and down payments in sales was primarily due to customer orders that had not yet been invoiced. Current trade accounts receivable were up €64 million against the previous year at €722 million due to the larger volume of invoices in the last two months of the reporting period (previous year: €658 million). The increase in cash and cash equivalents and current securities of €104 million to €515 million (previous year: €411 million) was mainly related to the cash flow from long-term loans to finance real estate and asset investments described above.

Capital expenditure increased

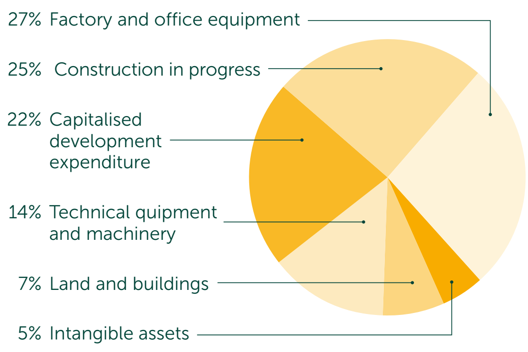
Capital expenditure increased by 20 per cent to €106 million in the year under review. Jungheinrich is primarily investing in future growth and the expansion of the sales infrastructure. The company also regularly invests in maintenance and replacements. The focus of capital expenditure in the year under review was on the expansion of the spare parts centre in Kaltenkirchen, the extension of the plant in Degernpoint, the construction of a sales building in Paris and the extension of the head office in Hamburg. As at the balance sheet date, investment commitments for property, plant and equipment alone amounted to €30 million. Investments were financed with the company's own resources and external resources.

Capital expenditure

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



Distribution of capital expenditure in 2018



Key figures for financial services

in € million	31/12/2018	31/12/2017	Change %
Original value of new contracts[1]	790	719	9.9
Original value of contracts on hand	2,793	2,486	12.3
Trucks for lease from financial services	636	540	17.8
Receivables from financial services	1,044	891	17.2
Shareholders' equity	87	89	–2.2
Liabilities	1,920	1,650	16.4
Revenue[1]	973	840	15.8
EBIT[1]	3	12	–75.0

1 1 January–31 December

Financial Services

Financial services business secures long-term customer loyalty

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

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

Jungheinrich is represented by its own financial services companies in eight countries: Germany, Italy, France, the UK, Spain, the Netherlands, Austria and Australia.

The Group-wide structural and procedural organisation of the "Financial Services" segment ensures a financing structure and form with powerful domestic and foreign banks. The refinancing company Elbe River Capital S.A., Luxembourg, also enables us to take advantage of refinancing through the capital market. The volume placed through this financing platform amounted to €313 million as of 31 December 2018.

In addition to the SAP standard software used by the financial services business to record and balance lease agreements, the implementation of a software solution that uses a database ("Global Lease Center") for smaller sales companies, particularly in Asia, was continued during the year under review.

Refinancing with matching terms and interest rates

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

More than 40 per cent of new trucks marketed through financial service agreements

New long-term financial service agreements rose by €71 million in 2018. The best-performing region is Spain with an increase in new agreements of 42 per cent. 70 per cent of the increase in agreements was attributable to the eight countries with Jungheinrich financial services companies (previous year: 73 per cent).

At the end of 2018, existing agreements totalled 172 thousand units, 11 per cent above the previous year (155 thousand units). This represents an original value of €2,793 million (previous year: €2,486 million).

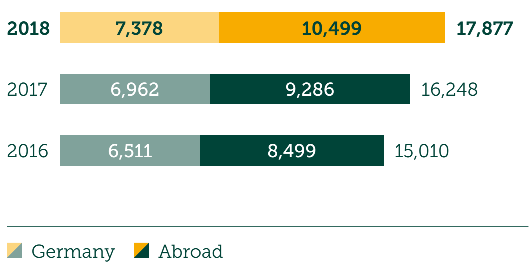
Relative to the number of new trucks sold, 41 per cent (previous year: 42 per cent) were sold via financial service agreements. The lease rate was different in each of the countries. In Italy and Norway, Jungheinrich recorded lease rates of over 60 per cent for new trucks.

Employees

Workforce expanded further

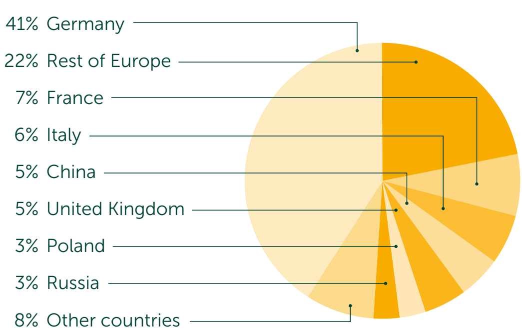
In the year under review, Jungheinrich once again increased its personnel capacities, with the primary focus on European sales. As of 31 December 2018, the Group had 17,877 (previous year: 16,248) employees. This equates to an increase of 10 per cent, or 1,629 employees. In Europe, the sales companies in France, Germany, Spain, Italy and Poland recorded the largest number of new employees. In Eastern Europe, 49 employees joined the Group as part of an acquisition in Serbia. Outside of Europe, employee numbers in sales in South America climbed by 257 people, particularly due to the acquisition of Grupo Agencia Alemana, which has companies in Colombia, Peru and Ecuador.

Employees
in FTE; as of 31/12



Employees in 2018 by region

31/12/2018



in FTE

	2018	2017	Change %
Germany	7,378	6,962	6.0
France	1,236	1,116	10.8
Italy	1,036	957	8.3
United Kingdom	817	880	–7.2
Poland	597	523	14.1
Russia	521	479	8.8
Rest of Europe	3,936	3,490	12.8
China	852	756	12.7
Other countries	1,504	1,085	38.6
Total	**17,877**	**16,248**	**10.0**

Employee data

		2018	2017
Average age	years	41	41
Time with company	years	10	10
Fluctuation	%	6.2	5.5
Healthiness ratio[1]	%	94.2	94.5
Reportable accidents at work and while commuting[1, 2]	number	23	25
Female staff ratio	%	20.0	19.9

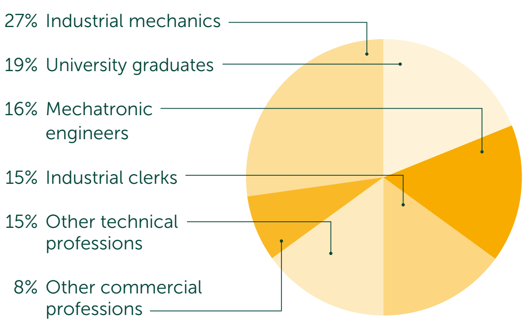
1 Domestic employees
2 Per 1,000 employees

In order to be able to react more flexibly to workload fluctuation, temporary workers are employed alongside the permanent workforce in productions plants. In light of the virtually stable number of units produced in the year under review, the number of temporary workers also remained stable on average throughout the year at 628 (previous year: 632). As at the balance sheet date of 31 December 2018, the Group employed 711 (previous year: 737) temporary workers.

After-sales services accounted for 43 per cent of the workforce, as in the year before, or 7,651 employees (previous year: 6,973). Of this figure, 5,329 were after-sales service technicians located around the world (previous year: 4,892). This expansion of capacities reflects the importance of the high-margin after-sales services.

Apprenticeable professions[1]

As of 31/12/2018



1 Basis: 306 apprentices in Germany

8 per cent increase in trainees and apprentices taken on

As of 31 December 2018, the Group employed 482 (previous year: 446) trainees and apprentices, of which 306 (previous year: 277) were based in Germany. The mechatronic engineering for agricultural and construction machinery apprenticeship was added to the range of apprenticeships in the year under review in order to meet the growing demand for after-sales service technicians. The Jungheinrich Group offers 20 different apprenticeships in Germany, and dual study courses in co-operation with universities. The amount of trainees and apprentices on dual study courses was 19 per cent in 2018 – based on the number of trainees and apprentices in Germany.

Social data

The fluctuation rate increased in the reporting period to 6.2 per cent. This was first and foremost due to the fact that in Germany alone, fluctuation has increased noticeably due to the positive situation on the labour market. The healthiness ratio of our employees in Germany stood at 94.2 per cent. The ratio of women in the workforce remained virtually unchanged at 20.0 per cent. The ratio of women in the workforce in Germany reached 18.8 per cent (previous year: 18.7 per cent), once again exceeding the last comparison figure available for the mechanical engineering sector in Germany of 16.6 per cent.

Personnel changes
As part of the targeted preparations for the planned handover of the Chair of the Board of Management of Jungheinrich AG over the course of 2019, the former Member of the Board of Management for Marketing & Sales, Dr Lars Brzoska, took on the vacant Engineering seat from 1 September 2018. He was very successful in his role as Member of the Board of Management for Marketing & Sales, which he took over in 2014.

Mr Christian Erlach took over the position of Member of the Board of Management for Marketing & Sales at Jungheinrich AG on 1 September 2018. He had been the Managing Director of the sales company Jungheinrich Austria since 2007. From 2013 onwards, he was the regional head of Jungheinrich AG and over time took over responsibility for the regions of South-Eastern Europe, South America and South Africa.

Mr Hans-Georg Frey will stand for election to the Supervisory Board in 2019, following his resignation as Chairman of the Board of Management. The current Supervisory Board Chairman, Mr Jürgen Peddinghaus, will resign his seat in 2019. Mr Frey will succeed him in this position, in accordance with the wishes of the shareholder families Wolf and Lange.

Due to a contractually agreed period of competition prohibition, Ms Sabine Neuß will take her position on the Board as Member for Engineering at Jungheinrich AG from 1 January 2020. Until then, Dr Lars Brzoska will be in charge of Engineering.

Legal disclosure

Remuneration report

The principle of corporate governance aimed at increasing the company's success in a value-oriented, sustainable manner applies to all managers at Jungheinrich. This principle is the basis for individual remuneration systems, which follow the key Group management performance parameters. These consist of one growth component and one earnings component. The main focus in setting targets will be on the earnings component.

Board of Management remuneration
The remuneration of the Board of Management, which consists virtually exclusively of cash payments, includes one fixed and one variable component and takes into consideration the legally required remuneration components measured over a number of years. The variable part of the remuneration should be equal to the fixed salary, but can be over 50 per cent of the total cash remuneration in cases of outstanding target achievement. The separately recorded achievement parameters of the variable component consist of revenue growth in the Jungheinrich Group and EBT return on sales. In line with the Group's strategic direction, the targets are regularly reviewed by the Supervisory Board and adjusted where necessary based on multi-year targets and annual planning. Payment of the variable remuneration component is staggered over a period of three years.

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

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

Supervisory Board remuneration

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

Corporate Governance Statement in accordance with Section 315d of the German Commercial Code (HGB)

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

Non-financial aspects according to the CSR Guideline Implementation Act

In accordance with the CSR Guideline Implementation Act, which came into force on 10 March 2017 and aims to regulate non-financial corporate reporting, Jungheinrich is obliged to report on non-financial aspects, including at least environmental, employee and social aspects, along with respect for human rights and combating corruption and bribery, as of the 2017 financial year.

The company has met this obligation in the form of a separate non-financial report for the 2018 financial year, which will be published no later than 30 April 2019 on the company's website (www.jungheinrich.com). Jungheinrich bases its reporting on the Global Reporting Initiative Standards (GRI).

Risk and opportunity report

Internal control and risk management system for the Group accounting process

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

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

- The Jungheinrich Group has a diverse organisational and corporate structure that ensures appropriate performance checks.
- The holistic analysis and management of earnings-critical risk factors and risks jeopardising the company's existence are handled by Group-wide governance, budgeting and controlling processes as well as an early risk detection system.
- The functions of all Group accounting process departments (e.g. financial accounting, controlling and the treasury) are clearly assigned.
- IT systems employed in accounting are protected from unauthorised access and are largely off-the-shelf software (primarily SAP systems).
- The Jungheinrich Group has guidelines in place determining accountabilities, workflow and controls for all material processes. These guidelines can be accessed by all employees on the intranet.
- A comprehensive Group accounting manual regulates the Group accounting process of the individual companies and consolidation at Group level, ensuring that business transactions are accounted for, measured and reported uniformly throughout the Group. The manual is updated regularly and made available to the areas involved in the Group accounting process. Regular sample inspections and plausibility checks are performed both decentrally as well as centrally to verify the completeness and correctness of Group accounting data. This is done either manually or using software.
- Material processes of relevance to accounting are subject to regular analytical reviews. The establishment of the early risk-detection system is examined as part of the statutory annual audit of the financial statements. Findings derived from this audit are taken into account when considering the continual improvement of the Group-wide, Jungheinrich-specific system. The Corporate Audit department reviews the effectiveness of the accounting-related internal controls.
- As a rule, the dual control principle is applied to all accounting-critical processes.
- One duty of the Supervisory Board, or its Finance and Audit Committee, is dealing with material issues pertaining to Group accounting and risk management, compliance and the audit assignments and focal points of audits conducted by the independent auditors and the Corporate Audit department.

Risk and opportunity report

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

Managing risks and opportunities

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

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

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

Risks and opportunities

The analysis of the finalised risk inventory, compiled in 2018 by the Group Risk Committee, revealed that none of the quantified risks were material. There are no risks that could jeopardise the Jungheinrich Group's continued existence in the 2019 financial year. Risks and opportunities that are most important to the Jungheinrich Group and generally valid given the business model are listed hereinafter.

General and sector-specific risks

Jungheinrich is exposed to general risks arising from the world's economic developments. Cyclical fluctuations in the core European markets in particular may pose risks to business development. Despite uncertainties relating the USA–China trade conflict, experts currently anticipate global growth of 3.5 per cent for the year 2019. A 1.6 per cent increase in economic output is forecast for the euro area. However, the upcoming Brexit, the surfacing debt problems in individual countries, such as Italy, and geopolitical uncertainties may have a negative impact on economic stability. It remains to be seen whether some states will experience new crises or to what extent reform efforts will have a lasting impact on individual economies.

Around 7 per cent of European Group revenue was generated in the UK in 2018. If Brexit occurs, a negative impact on import processing for material handling equipment and spare parts is anticipated. The spare parts inventory was therefore increased in the UK and currency hedges secured for a majority of the purchasing volume planned for the current year in order to safeguard the ability to deliver.

Sector-specific risks are posed primarily by changes in market volumes, the competitive environment, technological changes and advancing digitalisation in intralogistics. In the year under review, the market volume for material handling equipment in Europe rose by 11 per cent, while the global market volume rose by 10 per cent. Significantly lower GDP growth, particularly in Europe, could affect the number of trucks produced, or the margins attainable.

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

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

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

Operational risks

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

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

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

The company manages potential purchasing risks that may arise from increasing commodity and material costs, disruptions in the supply chain and quality-related problems via its risk management system. Among other things, Jungheinrich employs control systems to monitor and analyse the development of the price of relevant commodities. These systems help 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 2019 from the development of the price of commodities.

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

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

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

Due to the takeover of various retailers and increasing investments in joint ventures in past reporting periods, the Jungheinrich Group's recognised assets, including goodwill, have risen significantly. The Group adjusted its controlling structures in the 2018 financial year to manage the resulting impairment risks.

Risks associated with financial services

Residual value, refinancing and default risks on customer receivables are relevant risk management factors for the financial services business. Detailed rules governing the identification and assessment of risks are documented in Group-wide guidelines and the financial service companies' internal process descriptions.

Residual value risks

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

Refinancing risks

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

Default risks on customer receivables

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

Financial risks

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

The company's good credit rating and solid structure based on the statement of financial position proved very valuable in the last financial year during credit procurement both in bilateral credit negotiations as well as on the capital market. As of 31 December 2018, Jungheinrich had confirmed credit facilities amounting to €381 million, of which only a small portion was used, and promissory notes worth a total of €225 million. The maturities for the credit lines and promissory notes are very spread out, giving the company plenty of long-term leeway for arranging financing. In addition, none of the credit agreements or promissory note agreements contain financial covenants.

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

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

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

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

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

Legal risks

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

Since the General Data Protection Regulation (GDPR) came into force on 15 May 2018, the risks of monetary fines increased considerably in the area of data protection. Jungheinrich countered these risks with a number of measures for implementing the stricter regulations. Specifically, the Group guidelines were amended to reflect the new data protection regulations. The necessary data protection agreement principles with suppliers and other business partners were also amended. Jungheinrich also ensured compliance with the new requirements by implementing stricter technical and organisational measures (TOMs). The Board of Management obligated all employees to comply with data protection regulations. Regular Group-wide training is in place. The data protection management system is continually monitored and will be improved further.

General opportunities and opportunities resulting from sector developments

The general economic environment and the development of the material handling equipment market affect the Jungheinrich Group's business activity as well as its earnings and financial position. Therefore, the greatest opportunity for Jungheinrich would present itself if Europe's economy developed noticeably more positively than currently expected. This could specifically occur if the trade conflict between the USA and China were solved or if there were clarity regarding the implementation of Brexit.

The outlook for 2019 is based on expert assessments of economic trends and our own assessments of the market.

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

Operational business opportunities

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

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

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

Overall assessment of the risk situation and opportunities by company management

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

We have currently not identified any risks that could in 2019, either individually or in combination with other risks, jeopardise the Jungheinrich Group's earnings, financial or asset position materially or pose a threat to its existence.

Forecast report

Solid global economic growth continues despite increasing risks

Despite uncertainties relating to the further course of the trade conflict between the USA and China, the International Monetary Fund (IMF) anticipates growth of 3.5 per cent for the global economy in 2019 (2018: 3.7 per cent). The main drivers behind this are expected to be China, the USA and some European countries. In light of the uncertainties resulting from political conflicts, GDP in the USA is expected to record solid growth of 2.5 per cent, but weaker than the figure recorded in the previous year (2018: 2.9 per cent). Due to the previously mentioned trade conflict, less dynamic development than in the previous year is anticipated for the Chinese economy (6.2 per cent; 2018: 6.6 per cent). In absolute terms, this still represents very strong economic growth, however.

The upcoming Brexit and the political and financial risks that Italy faces continue to be the main issues for the eurozone. Moderate economic growth of just 1.6 per cent is therefore forecast for this region in 2019 (2018: 1.8 per cent). With a 1.3 per cent increase, growth in Germany will also remain somewhat below the previous year's figure (1.5 per cent). Following a 2.0 per cent increase in production in 2018, the Deutscher Maschinen- und Anlagenbau e.V. trade association (VDMA) anticipates identical growth in 2019. France's GDP is expected to grow at the same level as last year (1.5 per cent; 2018: 1.5 per cent), while the Italian economy is expected to add just 0.6 per cent following 1.0 per cent growth in the previous year. Similar growth to the previous year is expected for the UK at 1.5 per cent (2018: 1.4 per cent). Economic growth is also expected to slow significantly in Poland (3.5 per cent; 2018: 4.4 per cent), whereas moderate GDP growth of 1.6 per cent is forecast for Russia in 2019 (2018: 1.7 per cent).

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

Growth rates for selected economic regions

Gross domestic product in %	2019 forecast
World	3.5
USA	2.5
China	6.2
Eurozone	1.6
Germany	1.3

Source: International Monetary Fund (as of January 2019)

Global market for material handling equipment will continue to grow, but with slowing momentum

Taking the lower growth forecasts – both global and for individual regions – into consideration against the previous year, we anticipate that the global market for material handling equipment will also see slower growth in 2019, and will possibly even decline slightly compared to 2018. We therefore expect growth in the low-to-mid single-digit percent rage at best. Growth in Asia could reach the mid single-digit percent range. For our core market Europe, we anticipate market growth in the low-to-mid single-digit percent range. The possibility of a slight decrease compared to 2018 cannot be eliminated, however. We also expect developments in the individual markets and product segments to vary considerably.

2019 revenue target: €3.85 billion to €4.05 billion

Taking into account the economic and sector forecast described above, Jungheinrich anticipates incoming orders worth between €4.05 billion and €4.20 billion in 2019 (2018: €3.97 billion). Group revenue is expected to range between €3.85 billion and €4.05 billion (2018: €3.80 billion). We anticipate that incoming orders and revenue in the new truck business in the UK will be lower than in 2018. In 2018, 87 per cent of Group revenue was generated in Europe. That is why economic developments in the euro area play such an important role in achieving the forecast figures. Around 7 per cent of European revenue was generated in the UK in 2018.

Further EBIT increase anticipated

According to current information, EBIT should amount to a value between €275 million and €295 million (2018: €275 million) in 2019. We anticipate EBIT return on sales of between 7.0 per cent to 7.4 per cent (2018: 7.2 per cent). In light of the material cost developments, we do not expect extreme changes to the current price levels, as was the case in 2018. EBT is expected to amount to between €250 million and €270 million (2018: €249 million). We currently anticipate EBT return on sales of between 6.4 per cent to 6.8 per cent (2018: 6.6 per cent). This is based on the assumption that the financial market environment remains relatively stable.

To ensure our financial independence and to uphold an appropriate amount of financial leeway, we continue to maintain a high level of liquidity. By the end of 2019, we expect net debt to amount to between €90 million and €120 million (2018: €108 million).

ROCE for the 2019 financial year should be between 15 and 16 per cent in light of the anticipated increase in interest-bearing capital and a comparatively lower EBIT increase against the 2018 financial year (2018: 16.0 per cent).

Neither the forecast for net debt nor ROCE take into consideration effects from the initial application of the new IFRS 16 ("Leases") accounting standard in the 2019 financial year. The additional financial liabilities that result from this are not relevant for the management of Jungheinrich's business activities. Financial liabilities amounting to approximately €160 million will therefore not be included in the calculation of these key figures.

In addition to the targets for the financial key figures, we are also aiming to improve our market share in Europe slightly against the 2018 financial year (2018: 20.4 per cent).

General statement concerning the Jungheinrich Group's anticipated development

We expect the economic environment to be positive overall in the 2019 financial year. Due to the uncertainties arising from the ongoing trade conflict between the USA and China, and Brexit, which is due to occur in the 2019 reporting year, growth momentum is declining. We assume that the economy will be considerably more susceptible to fluctuation. We expect less dynamic growth in the global market volume for material handling equipment – possibly even a slight decrease compared to 2018. Political risks as well as terror attacks and armed conflict could lead to unexpected and possibly even significant changes to the general conditions under which we operate. Global developments in intralogistics, such as the trend towards the modernisation of warehouses, employing automation solutions, customers' focus on intralogistics and electric trucks, and the development of digital products, however, all represent opportunities for our business model.

The Jungheinrich Group is well positioned to face the future thanks to its integrated business model focussing on electric trucks, its broad regional setup, its well diversified customer structure in sectors less sensitive to economic fluctuations, high levels of customer loyalty resulting from a high lease rate (41 per cent) and the large share (43 per cent) of services in the revenue. In terms of our growth target of €4 billion in revenue by the year 2020, we believe there is a possibility that we may achieve this ahead of schedule in 2019. We will continue to advance the company's strategic development.

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

Jungheinrich has a solid structure based on the statement of financial position and sufficient financial resources to implement any measures necessary to achieve its long-term strategic goals if the economy and market do not perform as well as anticipated. At 29 per cent, or 46 per cent adjusted for impacts from the "Financial Services" segment, shareholders' equity remains very high. This will continue to be of the utmost importance in the future. Jungheinrich pursues a policy of continuity as regards dividend payments.

Overall, we expect we will be able to build on the success of the 2018 reporting year in the 2019 financial year.

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

Consolidated financial statements

Consolidated statement of profit or loss

in € thousand	Notes	2018	2017
Revenue	(3)	**3,796,389**	**3,435,325**
Cost of sales	(4)	2,677,601	2,407,046
Gross profit on sales		**1,118,788**	**1,028,279**
Selling expenses		677,731	608,709
Research and development costs	(12)	63,979	68,096
General administrative expenses		104,359	95,505
Other operating income	(7)	5,228	2,690
Other operating expenses	(8)	6,408	2,076
Income (expense) from companies accounted for using the equity method	(16)	3,839	2,028
Earnings before interest and income taxes		**275,378**	**258,611**
Interest income	(9)	1,318	1,138
Interest expenses	(9)	12,025	8,788
Other financial income (expense)	(10)	–15,157	–7,563
Financial income (expense)		**–25,864**	**–15,213**
Earnings before taxes		**249,514**	**243,398**
Income tax expense	(11)	73,704	61,252
Profit or loss		**175,810**	**182,146**
thereof attributable to the shareholders of Jungheinrich AG		175,810	182,146
Earnings per share in € (diluted/undiluted)	(38)		
Ordinary shares		**1.71**	**1.78**
Preferred shares		**1.73**	**1.80**

Consolidated statement of comprehensive income

in € thousand	2018	2017
Profit or loss	175,810	182,146
Items which may be reclassified to the consolidated statement of income in the future		
Income (expense) from the measurement of financial instruments with a hedging relationship	698	–1,009
Income (expense) from the measurement of available-for-sale financial instruments	n/a	581
Income (expense) from currency translation	–11,226	–15,758
Items which will not be reclassified to the consolidated statement of income		
Income (expense) from the measurement of pensions	1,990	7,912
Other comprehensive income (expense)	–8,538	–8,274
Comprehensive income (expense)	167,272	173,872
thereof attributable to the shareholders of Jungheinrich AG	167,272	173,872

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

Consolidated statement of financial position

Assets

in € thousand	Notes	31/12/2018	31/12/2017
Non-current assets			
Intangible assets	(12)	180,983	151,905
Property, plant and equipment	(13)	489,113	451,922
Trucks for short-term rental	(14)	380,541	374,861
Trucks for lease from financial services	(15)	528,413	448,314
Investments in companies accounted for using the equity method	(16)	35,893	27,095
Other financial assets		323	83
Trade accounts receivable	(18)	8,957	9,968
Receivables from financial services	(19)	768,808	649,359
Derivative financial assets	(36)	222	442
Other receivables and other assets	(20)	6,577	6,567
Securities	(21)	2,498	32,505
Deferred income	(23)	20	49
Deferred tax assets	(11)	111,849	105,920
		2,514,197	**2,258,990**
Current assets			
Inventories	(17)	615,174	481,290
Trade accounts receivable and contract assets	(18)	722,100	658,039
Receivables from financial services	(19)	275,484	241,370
Income tax receivables		13,059	11,550
Derivative financial assets	(36)	4,710	2,314
Other receivables and other assets	(20)	71,743	51,300
Securities	(21)	182,202	137,931
Cash and cash equivalents	(22)	332,862	272,803
Deferred income	(23)	14,649	13,957
		2,231,983	**1,870,554**
		4,746,180	**4,129,544**

Shareholders' equity and liabilities

in € thousand	Notes	31/12/2018	31/12/2017
Shareholders' equity	(24)		
Subscribed capital		102,000	102,000
Capital reserves		78,385	78,385
Retained earnings		1,265,532	1,138,059
Accumulated other comprehensive income (expense)		(83,843)	(74,239)
		1,362,074	**1,244,205**
Non-current liabilities			
Provisions for pensions and similar obligations	(25)	218,757	219,927
Other provisions	(26)	46,712	42,184
Deferred tax liabilities	(11)	31,364	19,698
Financial liabilities	(27)	472,585	299,332
Liabilities from financial services	(28)	1,047,760	945,880
Derivative financial liabilities	(36)	792	868
Other liabilities	(30)	736	874
Deferred income	(31)	88,385	82,374
		1,907,091	**1,611,137**
Current liabilities			
Income tax liabilities		9,440	16,489
Other provisions	(26)	185,194	188,222
Financial liabilities	(27)	153,369	150,547
Liabilities from financial services	(28)	478,277	369,262
Trade accounts payable	(29)	400,056	367,127
Derivative financial liabilities	(36)	2,686	4,493
Other liabilities	(30)	207,550	137,950
Deferred income	(31)	40,443	40,112
		1,477,015	**1,274,202**
		4,746,180	**4,129,544**

Consolidated statement of cash flows

in € thousand	2018	2017
Profit or loss	175,810	182,146
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	86,895	77,853
Depreciation of trucks for short-term rental and lease	233,115	206,778
Changes in provisions	10,128	–13,861
Changes in trucks for short-term rental and trucks for lease (excluding depreciation)	–323,644	–318,936
Changes in property, plant and equipment under finance leases (excluding depreciation)	–38	–19
Income from the disposal of property, plant and equipment and intangible assets	326	255
Changes deriving from companies accounted for using the equity method and of other financial assets	–914	–891
Changes in deferred assets and liabilities	3,261	869
Changes in		
Inventories	–111,387	–85,640
Trade accounts receivable and contract assets	–58,620	–54,220
Receivables from financial services	–153,563	–138,887
Trade accounts payable	28,976	80,093
Liabilities from financial services	210,895	159,402
Liabilities from financing trucks for short-term rental	103,310	–11,773
Other operating assets	–10,622	–1,957
Other operating liabilities	24,696	–10,711
Cash flow from operating activities	**218,624**	**70,501**
Payments for investments in property, plant and equipment and intangible assets	–135,660	–109,328
Proceeds from the disposal of property, plant and equipment and intangible assets	3,154	2,122
Payments for investments in companies accounted for using the equity method and other financial assets	–8,123	–
Payments for the acquisition of companies and business areas net of acquired cash and cash equivalents	–23,317	–
Payments for the purchase of securities	–123,095	–99,283
Proceeds from the sale/maturity of securities	105,735	91,324
Cash flow from investing activities	**–181,306**	**–115,165**
Dividends paid	–49,920	–43,800
Changes in short-term liabilities due to banks	5,401	6,419
Proceeds from obtaining long-term financial loans	109,984	154,575
Repayments of long-term financial loans	–44,352	–16,333
Cash flow from financing activities	**21,113**	**100,861**
Net cash changes in cash and cash equivalents	**58,431**	**56,197**
Changes in cash and cash equivalents due to changes in exchange rates	1,015	2,103
Changes in cash and cash equivalents	**59,446**	**58,300**
Cash and cash equivalents on 01/01[1]	**263,554**	**205,272**
Cash and cash equivalents on 31/12	**323,000**	**263,572**

1 Opening balance on 01/01/2018 was adjusted by €18 thousand due to the first-time application of IFRS 9.

Receipts and payments relating to cash flows from operating activities

in € thousand	2018	2017
Interest paid	39,869	33,452
Interest received	59,340	51,498
Dividends received	3,881	2,093
Income tax expense	76,683	66,745

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

Consolidated statement of changes in equity

	Subscribed capital	Capital reserves	Retained earnings	Accumulated other comprehensive income (expense)				
						Measurement of financial instruments		
in € thousand				Currency translation	Remeasurement of pensions	available for sale	with a hedging relationship	Total[1]
Balance on 01/01/2018	102,000	78,385	1,138,059	352	−74,433	1,066	−1,224	1,244,205
Adjustment due to first-time application of IFRS 9[2]	–	–	1,661	–	–	−1,066	–	595
Adjustment due to first-time application of IFRS 15[2]	–	–	−78	–	–	–	–	−78
Balance on 01/01/2018, adjusted	**102,000**	**78,385**	**1,139,642**	**352**	**−74,433**	**n/a**	**−1,224**	**1,244,722**
Dividend for the previous year	–	–	−49,920	–	–	n/a	–	−49,920
Profit or loss	–	–	175,810	–	–	n/a	–	175,810
Other comprehensive income net of tax	–	–	–	−11,226	1,990	n/a	698	−8,538
Comprehensive income	–	–	175,810	−11,226	1,990	n/a	698	167,272
Balance on 31/12/2018	**102,000**	**78,385**	**1,265,532**	**−10,874**	**−72,443**	**n/a**	**−526**	**1,362,074**
Balance on 01/01/2017	102,000	78,385	999,713	16,110	−82,345	485	−215	1,114,133
Dividend for the previous year	–	–	−43,800	–	–	–	–	−43,800
Profit or loss	–	–	182,146	–	–	–	–	182,146
Other comprehensive income net of tax	–	–	–	−15,758	7,912	581	−1,009	−8,274
Comprehensive income	–	–	182,146	−15,758	7,912	581	−1,009	173,872
Balance on 31/12/2017	**102,000**	**78,385**	**1,138,059**	**352**	**−74,433**	**1,066**	**−1,224**	**1,244,205**

1 Group shareholders' equity is fully attributable to the shareholders of Jungheinrich AG.
2 Details can be found in the notes to the consolidated financial statements.

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

Notes to the consolidated financial statements

General information

(1) Purpose of the company

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

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

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

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

Jungheinrich maintains a large and close-knit direct sales network with 28 proprietary sales companies in European countries. Additional foreign companies are located in Australia, Brazil, Chile, China, Colombia, Ecuador, India, Malaysia, Peru, Singapore, South Africa and Thailand. Jungheinrich product distribution in North America is handled by an exclusive distribution partner.

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

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

(2) Accounting principles

Fundamentals

Jungheinrich AG prepared the consolidated financial statements for the financial year ending on 31 December 2018 in compliance with the International Financial Reporting Standards (IFRS). All standards and interpretations of the IFRS Interpretations Committee endorsed by the EU and effective as at the balance sheet date were applied. Regulations under commercial law pursuant to Section 315a of the German Commercial Code (HGB) were complementarily taken into account.

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

The consolidated financial statements for the period ended 31 December 2018 were approved for publication by the Board of Management on 5 March 2019.

Consolidation

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

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

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

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

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

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

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

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

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

Currency translation

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

Key exchange rates for the Jungheinrich Group

		Mean exchange rate at the balance sheet date		Annual average exchange rate	
Currency	Basis €1	31/12/2018	31/12/2017	2018	2017
AUD		1.6220	1.5346	1.5799	1.4732
BRL		4.4440	3.9729	4.3087	3.6054
CHF		1.1269	1.1702	1.1549	1.1117
CLP		792.0700	737.7800	756.9621	732.1877
CNY		7.8751	7.8044	7.8073	7.6290
COP		3,721.8100	3,581.0000	3,488.4231	3,337.0000
CZK		25.7240	25.5350	25.6432	26.3260
DKK		7.4673	7.4449	7.4532	7.4386
GBP		0.8945	0.8872	0.88475	0.8767
HUF		320.9800	310.3300	318.8245	309.1900
INR		79.7298	76.6055	80.7277	73.5324
MYR		4.7317	4.8536	4.7642	4.8527
NOK		9.9483	9.8403	9.6006	9.3270
PEN		3.8630	3.8844	3.8810	3.6839
PLN		4.3014	4.1770	4.2606	4.2570
RON		4.6635	4.6585	4.6541	4.5688
RSD		118.3110	118.2500	118.2370	121.3500
RUB		79.7153	69.3920	74.0551	65.9383
SEK		10.2548	9.8438	10.2567	9.6351
SGD		1.5591	1.6024	1.5929	1.5588
THB		37.0520	39.1210	38.1631	38.2960
TRY		6.0588	4.5464	5.6986	4.1206
UAH		31.6836	33.8141	32.1157	30.0275
USD		1.1450	1.1993	1.1815	1.1297
ZAR		16.4594	14.8054	15.6134	15.0490

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

To prepare the consolidated financial statements, assets and liabilities reported in local currency are converted to euros at the mean exchange rate at the balance sheet date. Changes during the year, the items on the statement of profit or loss and the components of the other comprehensive income are translated at the annual average exchange rate for the financial year. Shareholders' equity is carried at historic exchange rates. Translation differences are recognised in shareholders' equity under "other comprehensive income" with no effect on profit or loss until the subsidiary is removed from the scope of consolidation. The respective cumulative translation differences are reversed in profit or loss when Group companies are deconsolidated.

Revenue recognition

Revenue is recognised after deduction of bonuses, discounts or rebates when control over the goods or services has 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.

Revenue for contracts with customers, particularly in relation to the sale of material handling equipment and the provision of after-sales services, is recognised in the Jungheinrich Group primarily on the basis of individual contracts. Revenue is recognised at the amount of the contractually agreed consideration as soon as the customer has gained control over the goods or uses the services provided. Significant financing components are not included in the contracts with customers as standard market payment targets are agreed as a general rule. A provision is set up for statutory and contractual warranty obligations.

With regard to automation projects in the area of logistics systems which are under the control of the ordering party during production and for which the Group has a legal right to payment for the work already performed, including an appropriate margin, Jungheinrich recognises revenue and the cost of sales in accordance with the degree of completion. This means that, for these projects, control is transferred and revenue is recognised over a specific period. The degree of completion is determined using the milestone method; in other words, work performed is recognised in relation to total work. If the earnings from a construction contract cannot be determined reliably, revenue is only recognised in the amount of the costs incurred that are likely recoverable.

Revenue from financial service transactions is recognised on a straight-line basis over the term of the contracts if the contract is classified as an "operating lease" in the amount of the lease payments. For contracts classified as a "finance lease", revenue is recognised in the amount of the net investment value of the leased item at the beginning of the contract. The interest income is realised over the terms of the contracts using the effective interest method. If a leasing company or bank acts as an intermediary, the sales proceeds received, less the agreed residual values, from concluded sales contracts which contain repurchase obligations and are classified as an "operating lease" are recognised under deferred income. They are reversed with an effect on revenue on a straight-line basis over time until the repurchase date contractually agreed with the leasing company/bank. If these contracts are classified as "finance leases", revenue is recognised in the amount of the net investment value of the leased item at the beginning of the contract.

The revenue was recognised in the reporting year for the first time in accordance with the provisions of IFRS 15 "Revenue from Contracts with Customers". For information on the effects of the initial application of IFRS 15, please see the subsection "Published IFRS adopted by the EU and applied for the first time in the 2018 financial year".

Product-related expenses

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

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

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

Government grants

Investment allowances and subsidies are recognised if there is sufficient certainty that Jungheinrich can satisfy the associated conditions and that the benefits are granted. Performance-related government grants are recognised in profit or loss as "other operating income" in the period in which the corresponding claim arises. Government grants for assets do not reduce these assets' acquisition and manufacturing costs. Instead, they are generally recognised as deferred income and distributed on schedule over the subsidised assets' useful lives. The reversals are recognised in profit or loss as other operating income on a pro rata temporis basis.

Earnings per share

Earnings per share are based on the average number of the respective shares outstanding during a financial year. In the 2018 and 2017 financial years, no shareholders' equity instruments diluted the earnings per share on the basis of the respective shares issued.

Intangible assets and property, plant and equipment

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

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

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

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

Useful lives of property, plant and equipment

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

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

Trucks for short-term rental

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

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

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

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

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

Leasing and financial services

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

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

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

These long-term customer contracts ("finance leases" and "operating leases") are financed by loans with maturities identical to those of the contracts.

They are recorded on the liabilities side under liabilities from financing as part of the item "liabilities from financial services". In addition to truck-related loan financing, proceeds from the sale of future lease instalments from intragroup usage right agreements in the Jungheinrich Group are deferred as liabilities from financing and released over the period of the usage right using the effective interest method. In addition, Jungheinrich finances itself via Elbe River Capital S.A., Luxembourg, an affiliated company established exclusively for this purpose. This refinancing firm buys all lease instalments from intragroup usage right agreements – and in Germany, from customer contracts – that mature in the future and refinances itself through the 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 in profit or loss.

In the case of customer contracts with a leasing company or bank acting as an intermediary, Jungheinrich concludes sales contracts with the leasing companies/banks for the assets provided to the customer. Jungheinrich is frequently required under these contracts to repurchase the trucks from the leasing company/bank for an agreed residual value when the customer contracts expire. As a result, these contracts satisfy the definition of a lease contract and are classified as an "operating lease" or "finance lease" in accordance with the classification criteria which are used to classify lease contracts concluded directly with customers. If economic ownership is held by the Jungheinrich Group companies, the trucks sold to leasing companies/banks continue to be recognised in Jungheinrich's statement of financial position in accordance with IFRS. When they are capitalised as "trucks for lease from financial services", sales proceeds less the agreed residual value are recorded as "deferred revenue from financial services" under deferred income. Trucks for lease are depreciated on a straight-line basis over the term of the underlying leases between the leasing companies/banks and the end customer. The sales proceeds recognised as part of deferred income are reversed with an effect on revenue on a straight-line basis over the term of the contract until payment of the agreed residual value is due. The repurchase obligations are reported in the amount of the contractually agreed residual values under the item "liabilities from financial services".

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

Financial instruments

In accordance with IFRS 9, financial instruments are defined as contracts that lead to financial assets in one company and financial liabilities or equity instruments in the other.

In accordance with IFRS 9, financial assets must be assigned to one of the following three measurement categories:

- At amortised cost
- At fair value through other comprehensive income
- At fair value through profit or loss

The financial assets are classified based on the Jungheinrich Group's business model for managing financial assets and on the characteristics of the contractually agreed cash flows.

Financial liabilities must be assigned to one of the following two measurement categories:

- At fair value through profit or loss
- Other financial liabilities

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

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

Trade accounts receivable and contract assets

Trade accounts receivable and contract assets are held by the Jungheinrich Group primarily for the purpose of realising their nominal value. The contractual conditions result in cash flows at agreed times which exclusively constitute repayments and, if applicable, interest payments on the outstanding receivable amount. As a rule, the Jungheinrich Group's trade accounts receivable and contract assets have contractually agreed short-term payment targets. They are categorised as "at amortised cost" and measured at amortised cost using the effective interest method, whereby the amortised cost corresponds to the nominal value less loss allowances.

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

Non-consolidated investments in affiliated companies and joint ventures

Non-consolidated investments in affiliated companies and joint ventures are accounted for at acquisition cost since they do not have listed market prices and their fair value cannot be reliably determined.

Other investments

Investments in companies that are neither affiliated companies nor joint ventures are recognised under other investments. Other investments are accounted for at acquisition cost since they do not have listed market prices and their fair value cannot be reliably determined.

Securities

Securities which are held for the purpose of holding them to maturity and realising their contractual cash flows are categorised as "at amortised cost" and measured at amortised cost using the effective interest method. These securities are initially recognised at the transaction price. Differences between the original amount and the amount repayable at maturity are distributed over their terms and recognised in financial income (expense). With these securities, the amortised cost corresponds to the nominal value less (plus) any discounts (premiums) and less loss allowances for expected credit losses.

Securities which are held for the purpose of both selling them and holding them in order to realise contractual cash flows are categorised as "at fair value through profit or loss". These securities are initially recognised at fair value plus transaction costs that are directly attributable to the purchase of the financial instrument. The fair value corresponds to the market prices quoted on active markets. Gains and losses from these securities resulting from measurement at fair value are recognised directly in profit or loss.

Jungheinrich does not have any securities categorised as "at fair value through other comprehensive income".

Other financial assets

Other financial assets are categorised as "at amortised cost" and carried at amortised cost using the effective interest method, in other words, at the nominal value less loss allowances for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents are available at short notice and have an original maturity of up to three months. They also include short-term deposits with an original contractual term of up to twelve months. Cash and cash equivalents are carried at amortised cost, in other words, at the nominal amount less loss allowances for expected credit losses.

Liabilities

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

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

Impairment of financial instruments

For financial instruments in the category "at amortised cost", impairment losses are calculated for expected credit losses and recognised immediately in profit or loss as loss allowances.

In accordance with IFRS 9, loss allowances for expected credit losses must be recognised at the time of initial recognition of financial assets.

Jungheinrich uses the simplified two-level model to calculate loss allowances recognised for trade accounts receivable and contract assets. Due to the predominantly short-term maturity of these financial assets, the expected credit loss resulting from potential defaults within the next twelve months (level 1) corresponds to the expected credit loss resulting from potential defaults during the remaining term to maturity (level 2). As a result, transferring these financial instruments from level 1 to level 2 is irrelevant. Loss allowances for expected credit losses on trade accounts receivable and contract assets are therefore always calculated for the remaining term to maturity of these financial instruments.

The Jungheinrich Group has established standardised risk groups for ranges of probabilities of default. To calculate the loss allowances in the consolidated financial statements, the upper limit of the range has been specified for each risk group as the Group probability of default for a 12-month term to maturity. Trade accounts receivable and contract assets existing as at the balance sheet date are assigned to these risk groups in accordance with the individual customer rating. The loss allowances for expected credit losses are determined by applying the Group probability of default to the portfolio of receivables of the individual risk groups while taking account of the average payment targets agreed by the respective Group companies. In the case of portfolios of receivables for which there is loan insurance, only the contractually agreed deductible is subject to a credit risk.

Trade accounts receivable and contract assets with a credit risk that has increased significantly since the last balance sheet date are transferred to level 3. Indications of a significant rise in the credit risk are objective indications such as a clear deterioration in the customer rating, registered insolvencies and a clear increase in the debtor's overdue payments. Individual event-based loss allowances are recognised for these doubtful trade accounts receivable and contract assets.

If the credit risk for trade accounts receivable and contract assets assigned to level 3 in previous years has decreased as at the balance sheet date, an impairment reversal is performed. The financial instruments are included again in the calculation of loss allowances at level 2.

If it can no longer be assumed, based on an appropriate evaluation, that trade accounts receivable or assets are recoverable in whole or in part, they are derecognised in line with local regulations.

Jungheinrich uses the three-level model to calculate potential future impairment losses for all other financial instruments in the category "at amortised cost". At the time of initial recognition, these financial assets are assigned to level 1, and loss allowances equal to the expected 12-month credit losses are recognised. The probabilities of default for a 12-month period are based on CDS prices and the expected loss given default ratio. Parameters for loss given default ratios (LGD) reflect an assumed recoverability rate of 40 to 45 per cent. In this case, the estimated loss is calculated based on the current market price of the instrument and the remaining term to maturity. If the credit risk rate increases significantly in subsequent periods, these financial instruments would have to be transferred to level 2, and loss allowances equal to the expected credit loss for the remaining term to maturity would have to be recognised. A downgrading of the counterparty's external rating below investment grade is an indication of a significant increase in the credit risk. However, in line with Jungheinrich's risk management strategy, all other financial instruments are immediately liquidated if there is a significant increase in the creditworthiness risk. As a result, transferring these financial instruments to level 2 or level 3 is irrelevant.

IFRS 9 requires that loss allowances be recognised for expected credit losses. These loss allowances are calculated based on estimated probabilities of default. The credit losses that actually occur in the future may deviate from the amounts recognised in the consolidated financial statements.

In the reporting year, financial instruments were accounted for in accordance with the provisions of IFRS 9 "Financial Instruments" for the first time. For information on the effects of the initial application of IFRS 9, please see the subsection "Published IFRS adopted by the EU and applied for the first time in the 2018 financial year".

Derivative financial instruments

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

Jungheinrich has opted to continue to apply the provisions of IAS 39 when accounting for hedges, as permitted by IFRS 9.

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

IAS 39 requires all derivative financial instruments to be accounted for at fair value as assets or liabilities. Depending on whether the derivative is a fair value hedge or a cash flow hedge, gains and losses arising from changes in the fair value of the derivative are recognised in profit or loss or are otherwise recognised in shareholders' equity (other comprehensive income) with no effect on profit or loss. In the case of a fair value hedge, the results from changes in the fair value of derivative financial instruments are recognised in profit or loss. The changes in the fair value of derivatives that are to be classified as cash flow hedges are initially recognised with no effect on profit or loss under shareholders' equity in the amount of the hedge-effective part. These amounts are transferred to the statement of profit or loss at the same time as the effect on the result of the underlying transaction. The hedge-ineffective part is recognised directly in financial income (expense).

Derivative financial instruments that are not designated as hedging instruments are categorised as "at fair value through profit or loss". Gains and losses from these derivative financial instruments resulting from measurement at fair value are recognised directly in profit or loss.

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

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

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

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

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

Inventories

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

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

Deferred taxes

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

A loss allowance is recognised for deferred tax assets, the recovery of which is improbable.

Other comprehensive income

Stated in this item are changes in the shareholders' equity with no effect on profit or loss insofar as these are not based on capital transactions with shareholders. These include the currency translation adjustment as well as differences resulting from the remeasurement of defined benefit pension plans. Changes in the year under review are presented in the statement of comprehensive income.

Provisions

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

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

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

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

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

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

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

Classification of accounts

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

Individual items in the statement of profit or loss as well as on the statement of financial position are summarised. They are shown separately in the notes.

Estimates

In the consolidated financial statements, it is necessary to a certain degree to make estimates and assumptions that have an impact on the level and recognition of assets and liabilities stated on the statement of financial position as at the balance sheet date and of income and expenses during the reporting period. Estimates and assumptions must be made primarily to determine the economic useful lives of property, plant and equipment, trucks for short-term rental and 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 contractually agreed residual values, warranty obligations and legal disputes. Estimates and assumptions are made on the basis of the latest knowledge available, historical experience as well as on additional factors such as future expectations.

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

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

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

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

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

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

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

Published IFRS adopted by the EU and applied for the first time in the 2018 financial year

IFRS 9 "Financial Instruments" regulates the accounting of financial assets and financial liabilities with regard to classification, recognition and measurement, including the recognition of impairment losses, and also includes requirements for hedge accounting. The standard replaces the requirements for the accounting of financial instruments included in IAS 39 "Financial Instruments: Recognition and Measurement", and application was mandatory for Jungheinrich for the first time as of 1 January 2018.

Jungheinrich chose the modified retrospective transition method for the initial application of this standard. Changeover effects were taken into account in retained earnings as of 1 January 2018 with no effect on profit or loss. The comparative figures of the previous year were not adjusted retrospectively. The effects on the opening statement of financial position as of 1 January 2018 are outlined below and relate solely to adjustments resulting from the initial application of IFRS 9.

IFRS 9 initial application: Effects on the affected items of the statement of financial position as of 1 January 2018

in € thousand	Carrying amount as of 31/12/2017	Adjustment due to first-time application of IFRS 9: Reclassification	Remeasurement	Total	Carrying amount as of 01/01/2018[1]
Assets					
Trade accounts receivable	668,007	–	942	942	668,949
Securities	170,436	–	–60	–60	170,376
Cash and cash equivalents	272,803	–	–18	–18	272,785
Deferred tax assets	105,920	–	–269	–269	105,651
Shareholders' equity					
Retained earnings	1,138,059	1,066	595	1,661	1,139,720
Other comprehensive income	**–74,239**	**–1,066**	**–**	**–1,066**	**–75,305**

1 without IFRS 15 adjustment

The effects of the transition to IFRS 9 on retained earnings and other comprehensive income in the opening statement of financial position are described in detail here.

IFRS 9 initial application: Effects on the affected items of shareholders' equity as of 1 January 2018

in € thousand	Retained earnings	Other comprehensive income
Balance on 31/12/2017	1,138,059	–74,239
Reduction in valuation allowances on trade accounts receivable	942	–
Recognition of expected credit losses in accordance with IFRS 9 for securities	–60	–
Recognition of expected credit losses in accordance with IFRS 9 for cash and cash equivalents	–18	–
Deferred taxes	–269	–
Reclassification of securities in the special fund from "available for sale" to "at fair value through profit or loss"	1,523	–1,523
Reclassification of the corresponding deferred taxes	–457	457
Adjustment due to first-time application of IFRS 9	1,661	–1,066
Balance on 01/01/2018[1]	**1,139,720**	**–75,305**

1 without IFRS 15 adjustment

The regulations on the classification and measurement of financial assets were thoroughly revised. In accordance with IFRS 9, financial assets must be assigned to one of the following three measurement categories as of 1 January 2018:

- At amortised cost
- At fair value through other comprehensive income
- At fair value through profit or loss

The financial assets must be classified based on the Jungheinrich Group's business model for managing financial assets and on the characteristics of the contractually agreed cash flows.

For the classification of financial liabilities, the previous requirements were largely retained.

The following table shows the reconciliation of measurement categories of IAS 39 and IFRS 9 for the Jungheinrich Group's financial instruments.

Reconciliation of financial instruments under IAS 39 and IFRS 9

in € thousand	Valuation category pursuant to IAS 39	Valuation category pursuant to IFRS 9	Carrying amount pursuant to IAS 39	Carrying amount pursuant to IFRS 9[1]
Financial assets				
Cash and cash equivalents	Loans and receivables	At amortised cost	272,803	272,785
Trade accounts receivable	Loans and receivables	At amortised cost	668,007	668,949
Receivables from financial services	n/a	n/a	890,729	890,729
Securities	Held to maturity	At amortised cost	52,010	51,950
Securities	Available for sale	At fair value through profit or loss	118,426	118,426
Non-consolidated subsi-diaries and joint ventures	Available for sale	At fair value through profit or loss	83	83
Derivative financial assets				
Derivative financial instruments without a hedging relationship	Held for trading	At fair value through profit or loss	2,053	2,053
Derivative financial instruments with a hedging relationship	n/a	n/a	703	703
Other financial assets	Loans and receivables	At amortised cost	1,090	1,090
Financial liabilities				
Trade accounts payable	Other financial liabilities	Other financial liabilities	367,127	367,127
Financial liabilities	Other financial liabilities	Other financial liabilities	431,540	431,540
Financial liabilities	n/a	n/a	18,339	18,339
Liabilities from financial services	Other financial liabilities	Other financial liabilities	992,659	992,659
Liabilities from financial services	n/a	n/a	322,483	322,483
Derivative financial liabilities				
Derivative financial instruments without a hedging relationship	Held for trading	At fair value through profit or loss	3,036	3,036
Derivative financial instruments with a hedging relationship	n/a	n/a	2,325	2,325
Other financial liabilities	Other financial liabilities	Other financial liabilities	3,937	3,937

1 without IFRS 15 adjustment

The new classification statements of IFRS 9 had no material effects on the accounting of the Jungheinrich Group's financial assets. All financial assets measured previously at amortised cost continue to be measured at amortised cost, and all financial assets measured previously at fair value continue to be measured at fair value. Securities in the special fund which were previously classified as "available for sale" pursuant to IAS 39 are categorised as "at fair value through profit or loss" in accordance with IFRS 9. The unrealised gains relating to these securities in the amount of €1.5 million recognised within shareholders' equity in other comprehensive income as of 31 December 2017, as well as the deferred taxes on them in the amount of €0.5 million, were reclassified to retained earnings as of 1 January 2018. The special fund contains both shareholders' equity and debt instruments. With the application of IFRS 9, all the gains and losses resulting from the securities, which arise from the measurement at fair value, are recognised directly in the statement of profit or loss under financial income (expense).

The effects of the initial application of IFRS 9 on the carrying amounts of the financial assets as of 1 January 2018 result solely from the new regulations on the recognition of impairment losses. While IAS 39 required that impairment losses be recognised for incurred losses, under IFRS 9 impairment losses must be recognised for expected credit losses. IFRS 9 introduced a three-level model which must be applied in principle for the measurement of impairment losses.

Jungheinrich adjusted the methods for calculating loss allowances pursuant to IFRS 9 accordingly for all the Group's financial assets. In particular, this affected the Jungheinrich Group's loss allowances for trade accounts receivable. Jungheinrich uses the simplified two-level model contained in IFRS 9 to measure expected credit losses for trade accounts receivable and for contract assets and recognises the losses expected for these financial instruments for the entire term to maturity. Overall, the changes in the rules regarding the recognition of impairment losses due to IFRS 9 resulted in a reduction in the valuation allowances recognised for trade accounts receivable and an increase in retained earnings in the amount of €0.9 million before taxes in the opening statement of financial position as of 1 January 2018. Impairment losses increased firstly because of the way in which expected credit losses are required to be recognised in accordance with IFRS 9. Secondly, general valuation allowances which had been recognised on the basis of empirical data for financial instruments upon becoming overdue pursuant to IAS 39 were derecognised.

Assets, securities categorised as "at amortised cost" and cash and cash equivalents are also subject to the impairment requirements of IFRS 9.

The effects of the transition to IFRS 9 on loss allowances for financial instruments in the opening statement of financial position are described in detail here.

IFRS 9 initial application: Reconciliation of loss allowances for financial instruments

in € thousand	Trade accounts receivable and contract assets	Securities	Cash and cash equivalents	Total
Loss allowances Balance on 31/12/2017	15,280	–	–	15,280
Adjustment due to first-time application of IFRS 9 not recognised in profit or loss	–942	–	–	–942
Recognition of expected credit losses in accordance with IFRS 9	–	60	18	78
Loss allowances Balance on 01/01/2018	**14,338**	**60**	**18**	**14,416**

The initial application of IFRS 9 had no material effects on the accounting of the Jungheinrich Group's financial liabilities and derivative financial instruments.

The transition to IFRS 9 had no material effect on the accounting of hedging relationships, as Jungheinrich has opted to continue to apply the accounting provisions of IAS 39 for hedges, as permitted by IFRS 9.

Subsequent changes to IAS 1 "Presentation of Financial Statements" resulting from the introduction of IFRS 9 have not been implemented by Jungheinrich. For reasons of materiality, impairment losses are not reported separately in the statement of comprehensive income, but rather in the notes to the financial statements.

Subsequent changes to IFRS 7 "Financial Instruments: Disclosures" resulting from the introduction of IFRS 9 were applied by Jungheinrich to the notes to the financial statements for the 2018 financial year. However, they were generally not applied to the comparative information either.

As of 1 January 2018, Jungheinrich was required to apply IFRS 15 "Revenue from Contracts with Customers" for the first time. IFRS 15 stipulates to what amount and at what point in time revenue is to be recognised. The standard replaces the regulations governing the recognition of revenue contained in the previous IAS 18 "Revenue" and IAS 11 "Construction Contracts". The new standard introduces a single, five-step model for realising revenue from contracts with customers. Initially, the customer contract and the separate performance obligations contained therein must be identified. Subsequently, the transaction price of the customer contract must be determined and allocated to the individual performance obligations. As soon as the agreed performance is rendered, revenue in the amount of the pro rata transaction price is to be recognised for each performance obligation.

Jungheinrich chose the modified retrospective transition method for the initial application of this standard. Changeover effects were taken into account in retained earnings as of 1 January 2018 with no effect on profit or loss. The comparative figures of the previous year were not adjusted retrospectively. The effects on the opening statement of financial position as of 1 January 2018 are outlined below and relate solely to adjustments resulting from the initial application of IFRS 15.

IFRS 15 initial application:
Effects on the affected items of the statement of financial position as of 1 January 2018

		Adjustment due to first-time application of IFRS 15			
in € thousand	Carrying amount as of 31/12/2017	Reclassification	Remeasurement	Total	Carrying amount as of 01/01/2018[1]
Assets					
Inventories	481,290	–	17,994	17,994	499,284
Trade accounts receivable and contract assets	668,007	–	–1,988	–1,988	666,019
Shareholders' equity					
Retained earnings	1,138,059	–	–78	–78	1,137,981
Liabilities					
Deferred tax liabilities	19,698	–	–38	–38	19,660
Other provisions	230,406	–10,883	–	–10,883	219,523
Other liabilities	138,824	12,731	16,122	28,853	167,677
Deferred income	**122,486**	**–1,848**	**–**	**–1,848**	**120,638**

1 without IFRS 9 adjustment

With the application of IFRS 15 "Revenue from Contracts with Customers", revenue relating to these construction contracts for stacker cranes is recognised at a point in time, rather than over time as before. The remeasurement of these construction contracts resulted in an increase in inventories of €18.0 million, a decrease in trade accounts receivable and contract assets of €6.4 million, a rise in other liabilities of €11.7 million and a reduction in retained earnings in the amount of €0.1 million before taxes in the opening statement of financial position as of 1 January 2018.

The recognition in the statement of financial position of advance payments from customers which are due but have not yet been received as prescribed by IFRS 15 resulted in an increase of €4.4 million in the balance sheet total compared with 31 December 2017. In accordance with IFRS 15, the revenue deduction liabilities recognised as other provisions and the considerations for future revenue already received recognised as deferred income as of 31 December 2017 are classified as contract liabilities and are recognised as other liabilities as of 1 January 2018.

IFRS 15 refers to the rules of IAS 17 "Leases" when the customer contract includes a repurchase obligation. Jungheinrich concludes financial service agreements with customers either directly or indirectly via leasing companies or banks (vendor contracts). If a leasing company/bank acts as an intermediary, sales contracts with repurchase agreements are often concluded between Jungheinrich and the leasing companies/banks. Jungheinrich is required under these contracts to repurchase the trucks for an agreed residual value when the customer contracts expire. These contracts were previously accounted for as "operating leases" if the agreed residual value was more than ten per cent of the sale value, while all other vendor contracts were accounted for as sales. Since 1 January 2018, Jungheinrich has applied the same classification criteria to all vendor contracts with repurchase obligations newly concluded in the 2018 financial year as are applied when classifying lease contracts concluded directly with customers. For contracts concluded in previous years, the identified effects of reclassification on the individual items in the consolidated statement of financial position as of 31 December 2017 were immaterial. As a result, corresponding adjustments were not made to the opening statement of financial position as of 1 January 2018.

Apart from the effects outlined above, the initial application of IFRS 15 did not lead to any material effects for the Jungheinrich Group, as the existing method for recognising revenue from contracts with customers is in line with the provisions of IFRS 15.

Where relevant, Jungheinrich made additional disclosures required under IFRS 15 for the 2018 financial year. However, they were generally not presented for the comparative period as well.

None of the other IFRS which became mandatory in the EU for the first time as of 1 January 2018 had a material effect on Jungheinrich's consolidated financial statements.

Deviating accounting and valuation methods applied until 31 December 2017

Jungheinrich chose the modified retrospective transition method for the first-time application of both IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" as of 1 January 2018. The comparative figures of the previous year were not adjusted retrospectively as a result. They continue to be accounted for in accordance with the Jungheinrich Group's accounting and valuation methods as applied to the consolidated financial statements as of 31 December 2017.

Up to and including 31 December 2017, financial instruments were accounted for in accordance with the provisions of IAS 32 and IAS 39. In accordance with IAS 39, financial assets were assigned to one of the following four measurement categories:

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

Financial assets categorised as "loans and receivables" and liabilities were measured at amortised cost using the effective interest method. Loss allowances recognised for trade accounts receivable were only created if receivables were irrecoverable in whole or in part or if they were likely to be irrecoverable, provided that it was possible to calculate the amount of the loss allowances specifically enough. Credit risks were managed by recognising valuation allowances triggered by events and also by recognising valuation allowances in general.

Securities classified as financial investments "held to maturity" were accounted for at amortised cost using the effective interest method or, in the event of an impairment, at the present value of their expected future cash flows.

Securities classified as financial assets "available for sale" were measured at fair value. Unrealised gains and losses on changes in fair value were recognised in shareholders' equity (other comprehensive income) with no effect on profit or loss until the securities are derecognised. The accumulated gains and losses generated by shareholders' equity previously recognised in other comprehensive income were transferred to the consolidated statement of profit or loss at the time of sale of the securities. In the event of a significant reduction in fair value, impairment losses on the underlying asset were recognised in profit or loss even if the security had not yet been derecognised. Write-ups of debt instruments in subsequent periods were recognised in profit or loss.

Up to and including 31 December 2017, the accounting of contracts with customers and any associated revenue recognition occurred in accordance with the provisions of IAS 18 and IAS 11.

Revenue was recognised when the significant risks and rewards of ownership had been transferred to the customer. In general, this was the case when the delivery had been made or the service had been rendered, the selling price was fixed or determinable and when the receipt of payment was reasonably certain. When the outcome of a long-term construction contract can be estimated reliably, Jungheinrich recognised revenue and contract costs as revenue and cost of sales respectively with reference to the stage of completion of the contract activity (referred to as the "percentage of completion" method). The degree of completion of construction contracts for MIAS stacker cranes was determined using the cost-to-cost method. Revenue realised corresponded to the sum of the costs incurred for the contracts and the pro rata profit achieved due to the percentage of completion. If the earnings from a construction contract could not be determined reliably, revenue was only recognised in the amount of the costs incurred that were likely profitable.

Jungheinrich concludes financial service agreements with customers either directly or indirectly via leasing companies or banks (vendor contracts). If a leasing company/bank acts as an intermediary, sales contracts with repurchase agreements are often concluded between Jungheinrich and the leasing companies. Jungheinrich is required under these contracts to repurchase the trucks for an agreed residual value when the customer contracts expire. In 2017, these contracts were accounted for as "operating leases" if the agreed residual value was more than ten per cent of the sale value. As a result, the sales proceeds, less the agreed residual values, were deferred and reversed with an effect on revenue on a straight-line basis until the repurchase date contractually agreed with the leasing company/bank. All other vendor contracts were recognised in the previous year as sales, which means that revenue was recognised in full in profit or loss at the net realisable value at the time of the sale of the truck to the leasing company or bank.

The effects of the application of IFRS 15 on the individual items of the consolidated statement of financial position as of 31 December 2018 and the consolidated statement of comprehensive income for 2018 are shown below.

Application of IFRS 15: Effects on the affected items of the consolidated statement of financial position as of 31 December 2018

in € thousand	IFRS 15	Application of IAS 18/IAS 11	Effects of IFRS 15
Assets			
Trucks for lease from financial services	528,413	532,208	–3,795
Inventories	615,174	606,771	8,403
Trade accounts receivable and contract assets	731,057	735,669	–4,612
Deferred tax assets	111,849	112,203	–354
Shareholders' equity			
Retained earnings	1,265,532	1,265,166	366
Liabilities			
Deferred tax liabilities	31,364	31,541	–177
Other provisions	231,906	244,033	–12,127
Liabilities from financial services	1,526,037	1,526,897	–860
Other liabilities	208,286	188,322	19,964
Deferred income	128,828	136,352	–7,524

Application of IFRS 15: Effects on the affected items of the consolidated statement of comprehensive income for 2018

in € thousand	IFRS 15	Application of IAS 18/IAS 11	Effects of IFRS 15
Revenue	3,796,389	3,783,682	12,707
Cost of sales	2,677,601	2,665,553	12,048
Earnings before interest and income taxes	**275,378**	**274,719**	**659**
Earnings before taxes	**249,514**	**248,855**	**659**
Income tax expense	73,704	73,489	215
Profit or loss	**175,810**	**175,366**	**444**
Comprehensive income	**175,810**	**175,366**	**444**

Published IFRS adopted by the EU and not yet applied

In January 2016, the IASB published the standard IFRS 16 "Leases". IFRS 16 was adopted by the EU in October 2017. It replaces the regulations for the accounting of leases included in IAS 17 "Leases" and in the associated interpretations IFRIC 4, SIC-15 and SIC-27. The new regulations primarily concern the accounting of lessees, who will be required to record all leases, including all associated rights and liabilities, on their statements of financial position. Exceptions are made for leases with a maximum term of twelve months – as long as the leases do not contain a purchase option – and for low-value leased items, which may continue to be accounted for as "operating leases". The accounting policies for lessors are largely unchanged – especially regarding the continued need to classify leases. The new leasing standard requires more extensive disclosures for the lessee and the lessor.

The Jungheinrich Group is required to apply IFRS 16 for the first time as of 1 January 2019. Jungheinrich will choose the modified retrospective transition method for the initial application of this standard and will not retrospectively adjust comparative figures for periods in previous years. The following explanations relate to the planned accounting of leases in the future whereby Jungheinrich is the lessee.

As part of a comprehensive contract analysis, all significant contracts were carefully examined in relation to the definition of a lease pursuant to IFRS 16, and the contracts which fall within the scope of application of IFRS 16 were identified.

The initial application of IFRS 16 will have significant effects on the accounting and measurement of short-term rental and lease contracts, which are currently classified as "operating leases" in accordance with IAS 17. Within the Jungheinrich Group, these contracts primarily relate to the renting of properties and the leasing of vehicles. For the contracts previously classified as "operating leases", Jungheinrich will recognise lease liabilities as of 1 January 2019 equal to the present value of the outstanding lease instalments while using the incremental borrowing rate at the time of initial application. Jungheinrich has opted to measure the usage rights which must be accounted for at the time of initial application in the amount of the discounted lease liabilities, as permitted by IFRS 16. Transition effects which must be recognised in retained earnings with no effect on profit or loss are therefore not expected.

There will be no change to the accounting of lease contracts which were capitalised under property, plant and equipment as "finance leases" pursuant to IAS 17 and recognised as financial liabilities.

Jungheinrich will make use of the simplification provisions contained in IFRS 16 which relate to the accounting of short-term lease contracts and lease contracts for low-value leased objects.

Based on the information currently available, which is the provisional result of analyses as part of the group-wide project on the initial application of IFRS 16, Jungheinrich expects that additional assets and lease liabilities of around €160 million each will have to be recognised in the consolidated statement of financial position as of 1 January 2019.

Furthermore, the recognition of expenses associated with these leases will change from the 2019 financial year. The short-term rental and lease instalments relating to "operating lease" contracts are currently recognised as expenses during the contract's term using the straight-line method. The application of IFRS 16 results in the recognition of depreciation relating to usage rights as well as interest expenses using the effective interest method for the corresponding lease liabilities in profit or loss over the lease term. This is currently not expected to have any material effects on the consolidated statement of profit or loss.

In the consolidated statement of cash flows, the repayment portion of the lease instalments will in future reduce the cash flow from financing activities and not the cash flow from operating activities, as was the case previously.

If relevant, Jungheinrich will provide the additional disclosures required by IFRS 16 in the notes to the annual consolidated financial statements starting from the 2019 financial year.

Jungheinrich currently expects that all other standards adopted by the EU and not yet applied will not have a material impact on the consolidated financial statements.

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

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

Scope of consolidation

In addition to the parent company, Jungheinrich AG, Hamburg, the consolidated financial statements include 79 (previous year: 74) foreign and 20 (previous year: 19) domestic companies. The scope of consolidation comprises 87 (previous year: 83) fully consolidated subsidiaries, including one structured entity, which are directly or indirectly controlled by Jungheinrich AG. 12 (previous year: 10) joint ventures are recognised using 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 in the scope of consolidation

	Jungheinrich AG	Subsidiaries		Joint ventures		
	Germany	Germany	Abroad	Germany	Abroad	Total
Balance on 01/01/2018	1	18	65	1	9	94
Additions	–	–	4	1	1	6
Disposals	–	–	–	–	–	–
Balance on 31/12/2018	**1**	**18**	**69**	**2**	**10**	**100**
Balance on 01/01/2017	1	15	65	1	9	91
Additions	–	3	–	–	–	3
Disposals	–	–	–	–	–	–
Balance on 31/12/2017	**1**	**18**	**65**	**1**	**9**	**94**

Subsidiaries

In January 2018, Jungheinrich acquired Grupo Agencia Alemana, its long-standing distribution partner in South America which served the markets in Colombia, Peru and Ecuador, in order to expand its direct sales in South America.

Since then, Jungheinrich has held 100 per cent of the voting rights and capital in the following three companies:

- Jungheinrich Colombia SAS (formerly Agencia Alemana de Colombia S.A.S.), Bogotá, Colombia
- Jungheinrich Perú S.A.C. (formerly Agencia Alemana del Perú S.A.C.), Lima, Peru
- Jungheinrich Ecuador S.A. (formerly Agencia Alemana del Ecuador S.A.), Guayaquil, Ecuador

A purchase price of €20.2 million was agreed upon for the company acquisition. This was paid by Jungheinrich in the form of cash and cash equivalents. €4.0 million of the purchase price was placed in an escrow account at the date of acquisition to hedge against any warranty and indemnity claims. This sum will be paid to the sellers in five equal instalments with interest in the years 2019 to 2023 insofar as no amounts are claimed. Jungheinrich expects the general assurances and warranties to be met and that, as such, the purchase price will be transferred in full to the sellers. The transaction-related costs of €0.4 million were recognised in profit or loss primarily in 2017.

The table below shows the allocation of the purchase price to the net assets acquired.

Purchase price allocation at the date of acquisition: Grupo Agencia Alemana

in € million	Carrying amounts	Fair values
Assets		
Intangible assets	0.1	10.0
Property, plant and equipment	0.4	0.3
Trucks for short-term rental	5.5	3.7
Inventories	3.8	3.7
Trade accounts receivable	4.5	4.4
Other receivables and other assets	0.5	0.5
Cash and cash equivalents	2.0	2.0
	16.8	24.6
Liabilities		
Other provisions	0.9	1.1
Financial liabilities	4.1	4.1
Trade accounts payable	2.0	2.0
Deferred tax liabilities	–	2.1
Other liabilities	2.2	2.2
	9.2	11.5
Net assets acquired	7.6	13.1
Transferred consideration		20.2
Goodwill		7.1

Intangible assets in the amount of €9.9 million and goodwill totalling €7.1 million were identified as part of the purchase price allocation. No part of the goodwill is expected to be deductible for income tax purposes. The goodwill came about because the transferred consideration included sums that took into account the benefits of expected future market and revenue growth and of the resultant positive development in the earnings position. These benefits were not recognised separately from goodwill as they do not fulfil the criteria for the recognition of intangible assets.

The recognisable intangible assets identified as part of the purchase price allocation primarily related to acquired customer contracts of €8.9 million with a useful life of 20 years.

The receivables acquired were solely comprised of receivables which are expected to be recoverable. The fair values calculated contained loss allowances of €0.6 million.

On 1 July 2018, Jungheinrich gained control over Jungheinrich doo (formerly Dunav Export-Import d.o.o.), Novi Banovci (Serbia) for a purchase price of €5.3 million in order to expand its direct sales in Europe and since then has held 100 per cent of the voting rights and capital in this company. The purchase price was provided in the form of cash and cash equivalents. €0.5 million of the purchase price was placed in an escrow account at the date of acquisition to hedge against any warranty and indemnity claims. €0.3 million will be paid to the sellers from this escrow account in 2021, followed by €0.2 million in 2023, insofar as no amounts are claimed. Jungheinrich expects the general assurances and warranties to be met and that, as such, the purchase price will be transferred in full to the sellers. The transaction-related costs incurred in 2017 and 2018 totalling €0.1 million were recognised immediately in profit or loss.

The table below shows the allocation of the purchase price to the net assets acquired.

Purchase price allocation at the date of acquisition: Serbia

in € million	Carrying amounts	Fair values
Assets		
Intangible assets	–	2.2
Property, plant and equipment	0.1	0.1
Trucks for short-term rental	3.2	2.7
Inventories	0.8	0.8
Trade accounts receivable	1.1	1.1
Other receivables and other assets	0.2	0.2
Cash and cash equivalents	0.2	0.2
	5.6	7.3
Liabilities		
Financial liabilities	1.7	1.7
Trade accounts payable	1.9	1.9
Deferred tax liabilities	–	0.3
Other liabilities	0.3	0.3
	3.9	4.2
Net assets acquired	**1.7**	**3.1**
Transferred consideration		5.3
Goodwill		**2.2**

Intangible assets and goodwill totalling €2.2 million each were identified as part of the purchase price allocation. The identified recognisable intangible assets primarily related to acquired customer relationships. The goodwill came about because the transferred consideration included sums that took into account the benefits of expected future market and revenue growth and of the resultant positive development in the earnings position. These benefits were not recognised separately from goodwill as they do not fulfil the criteria for the recognition of intangible assets. No part of the goodwill is expected to be deductible for income tax purposes.

The receivables acquired were solely comprised of receivables which are expected to be recoverable. The fair values calculated contained a small amount of loss allowances.

Since its date of acquisition, Jungheinrich doo, Novi Banovci (Serbia), has contributed revenue of €4.5 million to the revenue reported in the consolidated statement of profit or loss. Its share of consolidated earnings after taxes for the same period was €0.1 million, including the effects of the purchase price allocation.

If the company had been incorporated into the consolidated financial statements from 1 January 2018, the effects on Group revenue and consolidated earnings after taxes in the twelve months would have been around €7.5 million and around €0.1 million, respectively.

Joint ventures

With effect from 1 October 2018, Jungheinrich and Mitsubishi Caterpillar Forklift America Inc. (MCFA), Houston/Texas (USA), established MCJ Supply Chain Solutions LLC, Houston/Texas (USA). Jungheinrich and MCFA each hold a share of 50.0 per cent in the joint venture, the purpose of which is to engage in direct sales to selected key accounts, to rent its own short-term rental fleet to these key accounts as well as to other customers/dealers, and to plan, sell and implement systems for automated guided vehicles.

In November 2018, Jungheinrich and Fricke Holding GmbH, Heeslingen (Germany), established TREX.PARTS GmbH & Co. KG, Sittensen (Germany). Jungheinrich and Fricke each hold a share of 50.0 per cent in the joint venture, the purpose of which is to purchase, manufacture and sell replacement parts and accessories for material handling equipment, and manages all of the business associated with this.

The joint ventures established in 2018 are reported using the equity method. Each joint venture assumed its operating activities in January 2019.

Notes to the consolidated statement of profit or loss

(3) Revenue

Jungheinrich generates revenue from contracts with customers by providing goods and services both at a specific point in time and over time. The Group also generates revenue from short-term rental and lease contracts whereby Jungheinrich is the lessor.

Composition of revenue

	2018			2017		
in € thousand	Intralogistics	Financial services	Jungheinrich Group	Intralogistics	Financial services	Jungheinrich Group
New truck business	1,430,920	–	1,430,920	1,269,789	–	1,269,789
Used equipment	256,364	–	256,364	225,755	–	225,755
After-sales services	408,006	–	408,006	374,794	–	374,794
Revenue recognition at a certain point in time	2,095,290	–	2,095,290	1,870,338	–	1,870,338
After-sales services	450,313	143,936	594,249	412,911	131,005	543,916
Other	65,519	–	65,519	108,628	–	108,628
Revenue recognition over a period of time	515,832	143,936	659,768	521,539	131,005	652,544
Revenue from contracts with customers	2,611,122	143,936	2,755,058	2,391,877	131,005	2,522,882
Revenue from short-term rental and lease agreements	349,561	691,770	1,041,331	322,891	589,552	912,443
Total revenue	2,960,683	835,706	3,796,389	2,714,768	720,557	3,435,325

Revenue from contracts with customers is broken down by region and reportable segment as follows.

Revenue from contracts with customers by region and segment

	2018			2017		
in € thousand	Intralogistics	Financial services	Jungheinrich Group	Intralogistics	Financial services	Jungheinrich Group
Germany	672,688	39,648	712,336	650,938	35,610	686,548
France	192,978	20,422	213,400	180,263	19,911	200,174
United Kingdom	112,568	19,102	131,670	118,368	17,454	135,822
Italy	179,438	39,998	219,436	162,431	36,152	198,583
Other Europe	1,051,853	21,471	1,073,324	943,574	18,172	961,746
Other countries	401,597	3,295	404,892	336,303	3,706	340,009
Revenue from contracts with customers	2,611,122	143,936	2,755,058	2,391,877	131,005	2,522,882

Other revenue generated by the "Intralogistics" segment includes revenue for long-term construction contracts with reference to the stage of completion of the contract activity.

Revenue generated by the "Financial Services" segment includes €58,173 thousand (previous year: €50,442 thousand) in interest income from "finance lease" customer contracts.

(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 €1,979,906 thousand (previous year: €1,791,003 thousand).

The cost of materials includes €7,187 thousand in currency losses (previous year: €4,189 thousand) primarily resulting from purchases by non-German sales companies in the Group currency and the associated currency hedges.

The cost of sales includes impairment losses for trade accounts receivable and contract assets totalling €4,336 thousand (previous year: €2,402 thousand).

The cost of sales includes €27,727 thousand (previous year: €24,351 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 profit or loss

in € thousand	2018	2017
Salaries	874,856	797,353
Social security contributions	175,330	158,919
Cost of pensions and other benefits		
Defined benefit plans	12,924	12,526
Defined contribution plans	10,080	9,104
Other costs for pensions and other benefits	871	829
Total	1,074,061	978,731

Average number of employees during the year

	2018	2017
Hourly-paid employees	8,051	7,323
Salaried employees	8,816	7,841
Trainees and apprentices	429	400
	17,296	15,564

In addition to personnel expenses, functional costs include the cost of temporary workers amounting to €36,661 thousand (previous year: €37,947 thousand).

6) Depreciation, amortisation, impairment losses and write-ups

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

(7) Other operating income

Other operating income in the reporting year includes €760 thousand (previous year: €869 thousand) in income from the disposal of property, plant and equipment and intangible assets as well as €218 thousand (previous year: €240 thousand) in reversals of deferred government grants.

Other operating income in the reporting year also includes €2,256 thousand (previous year: €– thousand) in government grants which were performance-related or linked to other conditions. These grants were recognised in profit or loss in 2018 insofar as there was sufficient certainty that the grants were paid to the Chinese sales company.

(8) Other operating expenses

Other operating expenses in the reporting year include €1,086 thousand (previous year: €1,124 thousand) in losses from the disposal of property, plant and equipment and intangible assets.

Other operating expenses in 2018 also include expenses which resulted from the impairment of Australian goodwill in the amount of €4,151 thousand (previous year: €152 thousand). Further information can be found in note 12.

(9) Net interest

Composition of net interest

in € thousand	2018	2017
Interest and similar income on securities	90	370
Other interest and similar income	1,228	768
Interest income	**1,318**	**1,138**
Interest expenses	**12,025**	**8,788**
Net interest	**–10,707**	**–7,650**

(10) Other financial income (expense)

Composition of other financial income (expense)

in € thousand	2018	2017
Income (expense) from derivatives	–6,105	–2,874
Net interest on defined benefit pension plans	–3,773	–3,588
Sundry financial income (expense)	–5,279	–1,101
Other financial income (expense)	**–15,157**	**–7,563**

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

Other financial income (expense) includes €–399 thousand (previous year: €– thousand) in impairment losses for expected credit losses on securities, cash and cash equivalents and other financial assets and €–250 thousand (previous year: €–334 thousand) in expenses from accrued interest on long-term personnel provisions.

Other financial income (expense) in the reporting year also includes income from the assets managed in the special fund in the amount of €–4,059 thousand (previous year: €– thousand). Since 2018, the result from the assets managed in the special fund, including the unrealised gains and losses resulting from measurement at fair value, has been recognised in full in other financial income (expense). In 2017, the realised income from securities was recognised in profit or loss and reported as €292 thousand under interest income. The unrealised income from measurement at fair value of €1,395 thousand was recognised under other comprehensive income with no effect on profit or loss in 2017. In the previous year, all income from derivatives in the special fund of €2,620 thousand was reported in other financial income (expense) under income from derivatives.

(11) Income tax (expense)

Composition of tax expense

in € thousand	2018	2017
Current taxes		
Germany	41,709	41,041
Abroad	28,380	22,503
Deferred taxes		
Germany	6,563	2,508
Abroad	−2,948	−4,800
Tax expense	**73,704**	**61,252**

The current tax expense in Germany was approximately the same as in the previous year. It includes expense from the previous year's taxes in the amount of €3.6 million (previous year: tax income of €0.1 million).

The current foreign tax expense increased compared to the previous year. The reasons were an improved earnings position and a change in taxes from the previous year. In 2018, there was a tax expense for previous years totalling €1.4 million (previous year: tax income of €2.7 million).

Deferred tax expense pertaining to Germany was around €4 million higher than in the previous year. This increase was essentially due to the rise in development expenditure capitalised in the consolidated financial statements which may not be capitalised for tax purposes. There was only a slight change in deferred foreign tax income recognised in profit and loss compared to the previous year. The Jungheinrich Group's deferred tax expense in 2018 totalling €3.6 million (previous year: tax income of €2.3 million) was attributable to tax income of €1.5 million (previous year: tax expense of €2.1 million) from the change in loss carryforwards and tax expense of €5.1 million (previous year: tax income of €4.4 million) arising from changes in temporary differences.

The domestic corporate income tax rate for the 2018 financial year was 30.0 per cent (previous year: 30.0 per cent). It continues to comprise the corporate income tax burden of 15.0 per cent along with the solidarity surcharge of 5.5 per cent of the corporate income tax burden and a trade tax rate of 14.2 per cent.

The applied local income tax rates for foreign companies varied between 9.0 per cent (previous year: 9.0 per cent) and 34.0 per cent (per cent: 35.0 per cent).

As of 31 December 2018, the Group had approximately €58 million in corporate tax loss carryforwards (previous year: €51 million). Deferred tax assets were not recognised in connection with the US loss carryforward in view of future utilisation options as in the previous year. The loss carryforward can essentially be carried forward until 2026.

As of 31 December 2018, the Group had around €22.0 million in utilisable corporate tax loss carryforwards (previous year: €19.5 million). They could be carried forward indefinitely. Impairment losses of €0.1 million (previous year: €0.1 million) were recognised for deferred tax assets in connection with these loss carryforwards. As of 31 December 2018, trade tax loss carryforwards also amounted to €2.5 million (previous year: €1.3 million).

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

Several years have not yet been conclusively assessed with regard to the Group's taxation. Jungheinrich believes that it has provided for these open assessment years to a sufficient extent.

Composition of deferred tax assets and liabilities

in € thousand	Deferred tax assets 31/12/2018	Deferred tax assets 31/12/2017	Deferred tax liabilities 31/12/2018	Deferred tax liabilities 31/12/2017
Property, plant and equipment and intangible assets	211,421	186,178	94,610	91,771
Inventories	23,203	29,589	14,380	10,979
Receivables and other assets	141,230	115,369	400,228	330,130
Tax loss carryforwards	6,488	4,949	–	–
Provisions for pensions	28,140	31,806	1,051	1,216
Other provisions	17,406	22,917	4,700	6,070
Liabilities	262,534	175,061	115,078	59,778
Deferred income	7,869	9,519	–	–
Other	23,150	21,080	10,909	10,302
Deferred taxes prior to offsetting	**721,441**	**596,468**	**640,956**	**510,246**
Offsetting	−609,592	−490,548	−609,592	−490,548
Balance sheet recognition	**111,849**	**105,920**	**31,364**	**19,698**

€27,717 thousand (previous year: €27,321 thousand) of the net amount of the deferred taxes of €80,485 thousand (previous year: €86,222 thousand) was recognised directly in shareholders' equity. The net amount of deferred taxes decreased by a total of €307 thousand as a result of the initial application of IFRS 9 and IFRS 15 on 1 January 2018. Adjustments were taken into account in retained earnings as of 1 January 2018 with no effect on profit or loss.

The following table shows the reconciliation of the expected amount with the disclosed tax expense. The expected tax expense reported is the resulting amount from applying the total tax rate of 30.0 per cent (previous year: 30.0 per cent) applicable to the parent company to consolidated earnings before income taxes. The permanent differences were further determined by tax-free income as a result of depreciation rules designed to boost the economy and a non-recurring effect as a result of the impairment of Australian goodwill.

Reconciliation of the expected to the disclosed tax expense

in € thousand	2018	2017
Expected tax expense	74,853	73,019
Change in the tax rate	−166	828
Foreign tax differentials	−3,994	−4,426
Change in valuation allowances	951	22
Change in taxes from the previous year	5,129	−2,424
Non-deductible operating expenses and tax-free gains	−5,169	−6,410
Miscellaneous	2,100	643
Actual tax expense	**73,704**	**61,252**

The Group tax rate in 2018 amounted to 29.5 per cent (previous year: 25.2 per cent).

Notes to the consolidated statement of financial position

(12) Intangible assets

Development of intangible assets during the reporting year

in € thousand	Acquired intangible assets	Internally generated intangible assets	Goodwill	Total
Acquisition and manufacturing costs Balance on 01/01/2018	115,582	115,961	38,272	269,815
Changes in currency exchange rates	–768	–40	161	–647
Additions due to business combinations	12,191	–	9,278	21,469
Additions	6,128	29,990	–	36,118
Disposals	224	4,942	–	5,166
Balance on 31/12/2018	**132,909**	**140,969**	**47,711**	**321,589**
Amortisation and impairment losses Balance on 01/01/2018	52,810	61,849	3,251	117,910
Changes in currency exchange rates	–390	–3	–14	–407
Additions due to business combinations	109	–	–	109
Amortisation in the financial year	11,724	9,805	–	21,529
Impairment losses in the financial year	2,141	70	4,151	6,362
Accumulated amortisation and impairment losses on disposals	165	4,732	–	4,897
Balance on 31/12/2018	**66,229**	**66,989**	**7,388**	**140,606**
Carrying amount on 31/12/2018	**66,680**	**73,980**	**40,323**	**180,983**

Development of intangible assets during the previous year

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

The additions due to business combinations in the item "Acquired intangible assets" were essentially related to customer relationships and customer contracts. The other additions in this item were primarily related to software and software licences.

Due to the disposal of several key account contracts in Australia, Jungheinrich performed an impairment test in 2018 on the customer contracts capitalised as part of the acquisition of the NTP Group in 2015. The impairment test performed on the carrying amounts of these capitalised customer contracts was based on estimated discounted future cash flows. An impairment of €2,141 thousand was identified and recognised in the consolidated statement of profit or loss under selling expenses as an impairment loss for the reporting year.

Internally generated intangible assets include the Jungheinrich Group's capitalised development expenditure. In the reporting year, €29,990 thousand in incurred development expenditure (previous year: €21,350 thousand) met the capitalisation criteria under IFRS.

Research and development costs in the consolidated statement of profit or loss

in € thousand	2018	2017
Research costs and uncapitalised development expenditure	54,104	55,298
Amortisation of capitalised development expenditure	9,805	8,814
Impairment of capitalised development expenditure	70	3,984
	63,979	68,096

The impairment test performed on the carrying amounts of capitalised development expenditure is broken down by product line on the basis of estimated discounted future cash flows. The impairment test conducted as of 31 December 2018 resulted in an impairment loss of €70 thousand for one truck model series. The impairment loss of €3,984 thousand recorded in the previous year related to four truck model series.

The additions due to business combinations in the item "Goodwill" resulted from the acquisition of Grupo Agencia Alemana (AAG) in South America in the amount of €7,070 thousand and from the acquisition of Jungheinrich doo (formerly Dunav Export-Import d.o.o.), Novi Banovci (Serbia) in the amount of €2,208 thousand. Please see the notes to changes in the scope of consolidation.

Goodwill from the acquisition of AAG was allocated to the individual sales companies of the former AAG as separate cash-generating units (CGUs) based on their fair values relative to the fair value of AAG at the date of acquisition.

In the fourth quarter of 2018, Jungheinrich performed annual impairment tests on the goodwill assigned to CGUs. The main assumptions on which the calculation of the value in use of a CGU was based were free cash flows, the discount rate and the long-term growth rate.

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

in € thousand	31/12/2018	31/12/2017
MIAS Group	24,109	24,109
Sales company in:		
Australia	–	4,151
Peru	3,030	–
Romania	2,955	2,958
Colombia	2,436	–
Serbia	2,212	–
Chile	1,819	1,819
Ecuador	1,778	–
Austria	1,771	1,771
Other	111	111
Jungheinrich Systemlösungen GmbH, Graz (Austria)	102	102
	40,323	**35,021**

An impairment loss was identified when reviewing the Australian goodwill in the reporting year. The CGU's carrying amount was higher than its calculated recoverable amount, resulting in an impairment loss of €4,151 thousand recognised in other operating expenses for 2018. The impairment loss of €152 thousand recorded in the previous year related to the impairment of South African goodwill. The impairment losses were allocated in full to goodwill.

The impairment tests conducted on the other goodwills did not result in any impairment losses. However, it was established that changes regarded as likely for two fundamental assumptions could mean that the carrying amount of the sales company in Colombia is slightly higher than the recoverable amount and that an impairment loss of around €300 thousand may be identified. A 0.5 per cent increase in the applied discount rates in each case or a 0.5 per cent decrease in the growth rates would not have resulted in an impairment loss for the other goodwill.

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

	Pre-tax discount rate		Sustainable growth rate	
in %	30/09/2018	30/09/2017	30/09/2018	30/09/2017
MIAS Group	11.0	12.2	1.1	1.2
Sales company in:				
Australia	11.6	12.2	1.3	1.2
Peru	13.4	n/a	1.2	n/a
Romania	15.0	15.3	1.6	1.3
Colombia	16.6	n/a	1.5	n/a

(13) Property, plant and equipment

Development of property, plant and equipment during the reporting year

in € thousand	Land and buildings including buildings on third-party land	Technical equipment and machinery	Factory and office equipment	Construction in progress	Total
Acquisition and manufacturing costs Balance on 01/01/2018	443,251	169,305	283,523	26,349	922,428
Changes in currency exchange rates	188	−333	−1,377	−14	−1,536
Additions due to business combinations	58	170	893	–	1,121
Additions	18,693	9,173	34,537	37,176	99,579
Disposals	151	2,973	16,744	13	19,881
Transfers	6,706	8,399	−6,817	−8,288	–
Balance on 31/12/2018	**468,745**	**183,741**	**294,015**	**55,210**	**1,001,711**
Depreciation Balance on 01/01/2018	161,070	122,269	187,167	–	470,506
Changes in currency exchange rates	153	−197	−857	–	−901
Additions due to business combinations	23	63	572	–	658
Depreciation in the financial year	15,610	15,071	28,323	–	59,004
Accumulated depreciation on disposals	63	2,680	13,926	–	16,669
Transfers	2,645	4,122	−6,767	–	–
Balance on 31/12/2018	**179,438**	**138,648**	**194,512**	**–**	**512,598**
Carrying amount on 31/12/2018	**289,307**	**45,093**	**99,503**	**55,210**	**489,113**

Development of property, plant and equipment during the previous year

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

Property, plant and equipment included €12,081 thousand (previous year: €12,667 thousand) in leased property, which was attributed to the Group as commercial owner due to the nature of the underlying leases (finance leases). Depreciation on leased property in the year under review totalled €571 thousand (previous year: €571 thousand).

As at the balance sheet date, land and buildings pledged as collateral for liabilities due to banks amounted to €77,724 thousand (previous year: €34,766 thousand).

(14) Trucks for short-term rental

Development of trucks for short-term rental

in € thousand	2018	2017
Acquisition and manufacturing costs Balance on 01/01	659,927	588,765
Changes in currency exchange rates	–12,515	–10,164
Additions due to business combinations	14,336	–
Additions	222,912	239,088
Disposals	195,954	157,762
Balance on 31/12	**688,706**	**659,927**
Depreciation Balance on 01/01	285,066	262,349
Changes in currency exchange rates	–4,714	–4,134
Additions due to business combinations	7,925	–
Depreciation in the financial year	113,261	102,928
Accumulated depreciation on disposals	93,373	76,077
Balance on 31/12	**308,165**	**285,066**
Carrying amount on 31/12	**380,541**	**374,861**

The total fleet of trucks for short-term rental included €7,380 thousand (previous year: €4,550 thousand) in leased trucks for short-term rental, which were attributable to the Group as commercial owner due to the nature of the underlying leases (finance leases). Depreciation on leased trucks for short-term rental in the financial year amounted to €2,302 thousand (previous year: €2,974 thousand).

Trucks for short-term rental with a total carrying amount of €152,628 thousand (previous year: €66,633 thousand) were pledged as collateral for their associated financial liabilities as part of the financing of receivables from intragroup rental-purchase agreements.

(15) Trucks for lease from financial services

Development of trucks for lease from financial services

in € thousand	2018	2017
Acquisition and manufacturing costs Balance on 01/01	694,466	602,065
Changes in currency exchange rates	–4,806	–6,060
Additions	220,410	194,984
Disposals	81,679	96,523
Balance on 31/12	**828,391**	**694,466**
Depreciation Balance on 01/01	246,152	207,398
Changes in currency exchange rates	–1,447	–2,024
Depreciation in the financial year	119,854	103,850
Accumulated depreciation on disposals	64,581	63,072
Balance on 31/12	**299,978**	**246,152**
Carrying amount on 31/12	**528,413**	**448,314**

Composition of trucks for lease from financial services

in € thousand	31/12/2018	31/12/2017
"Operating lease" contracts with customers	486,524	404,980
Contracts concluded with a leasing company acting as an intermediary	41,889	43,334
	528,413	448,314

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

Trucks for lease with carrying amounts of €271,406 thousand (previous year: €240,017 thousand) were pledged as collateral for liabilities from financial services as at the balance sheet date.

Customer contracts with a leasing company/bank acting as an intermediary are also capitalised under the item "Trucks for lease from financial services" for sales contracts with agreed repurchase obligations concluded between Jungheinrich and leasing companies/banks if these contracts are classified as "operating leases".

The "operating leases" existing on the balance sheet date included €68,590 thousand (previous year: €65,010 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 €10,187 thousand (previous year: €12,097 thousand) which are made available to customers in Australia so that they can make flexible use of them.

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

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

in € thousand	31/12/2018	31/12/2017
Due within one year	136,771	109,871
Due in one to five years	237,079	195,177
Due in more than five years	2,555	2,007
Balance on 31/12	376,405	307,055

Trucks for lease with carrying amounts of €118,981 thousand (previous year: €102,912 thousand) were financed using the sale and leaseback method. Future minimum lease payments from sublease arrangements totalled €88,424 thousand (previous year: €76,282 thousand).

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

Development of investments in companies accounted for using the equity method

in € thousand	2018	2017
Balance on 01/01	27,095	26,204
Additions	7,898	–
Pro rata earnings	3,839	2,028
Dividend payments	3,881	2,093
Consolidation	956	956
Transfer to other financial assets	–14	–
Balance on 31/12	35,893	27,095

Additions of €1,000 thousand in the reporting year were due to the establishment of TREX.PARTS GmbH & Co. KG, Sittensen (Germany). Please see the notes to changes in the scope of consolidation.

The additions of €6,898 thousand in the reporting year also related to a pro rata increase in the capital stock of Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China), by Jungheinrich.

Material investments in companies accounted for using the equity method

Company	Main business	Share of capital in % 31/12/2018	Share of capital in % 31/12/2017
JULI Motorenwerk s.r.o., Moravany (Czech Republic)	Development, production and distribution of electric engines	50	50
Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China)	Short-term rental of material handling equipment on the Chinese market	50	50

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

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

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

	JULI Motorenwerk s.r.o., Moravany (Czech Republic)[1]		Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China)[1]	
in € thousand	2018	2017	2018	2017
Revenue	165,391	149,490	27,172	22,115
Profit or loss	7,249	6,367	490	433

in € thousand	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Non-current assets	24,372	22,686	52,805	49,376
Current assets	30,236	30,424	19,106	12,026
Non-current liabilities	2,649	993	14,222	9,994
Current liabilities	20,504	18,364	17,601	25,536
Shareholders' equity	31,455	33,753	40,088	25,872

1 Including subsidiaries

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

	JULI Motorenwerk s.r.o., Moravany (Czech Republic)[1]		Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai (China)[1]	
in € thousand	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Shareholders' equity	31,455	33,753	40,088	25,872
Pro rata shareholders' equity	15,728	16,877	20,044	12,936
Consolidation/other	–1,665	–2,561	206	–778
Carrying amount of the Group's interests in joint venture	**14,063**	**14,316**	**20,250**	**12,158**

1 Including subsidiaries

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

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

	Other joint ventures	
in € thousand	2018	2017
Profit or loss	–1,442	–1,406
Comprehensive income (expense)	–1,442	–1,406
Carrying amount of the Group's interests in joint ventures on 31/12	1,580	621

The Group did not recognise pro rata losses of a total of €1,416 thousand (previous year: €43 thousand) in respect of its investments in joint ventures. The cumulative losses not recognised in the carrying amount calculated using the equity method amounted to €1,459 thousand as of 31 December 2018 (previous year: €43 thousand).

The impairment test performed on investments in companies accounted for using the equity method as at the balance sheet date in 2018 did not result in any impairment losses.

(17) Inventories

Composition of inventories

in € thousand	31/12/2018	31/12/2017
Raw materials and supplies	128,371	94,157
Work in progress	42,724	24,280
Finished goods	197,300	168,487
Merchandise	142,717	111,804
Spare parts	69,440	57,867
Advance payments	34,622	24,695
	615,174	481,290

€48,135 thousand (previous year: €39,624 thousand) of the inventories are carried at their net realisable value. Write-downs recognised for inventories as at the balance sheet date amounted to €50,432 thousand (previous year: €45,613 thousand).

(18) Trade accounts receivable and contract assets

Composition of trade accounts receivable

in € thousand	31/12/2018	01/01/2018[1]	31/12/2017[2]
Trade accounts receivable (gross carrying amount)	738,778	667,325	662,915
Receivables from construction contracts	–	–	20,372
Valuation allowances	–16,972	–14,338	–15,280
Trade accounts receivable	**721,806**	**652,987**	**668,007**
Contract assets	9,251	14,244	n/a
Trade accounts receivable and contract assets	**731,057**	**667,231**	**668,007**

1 Application of IFRS 9 and IFRS 15
2 Application of IAS 11, IAS 18 and IAS 39

Trade accounts receivable include notes receivable in the amount of €6,431 thousand (previous year: €6,593 thousand). €– thousand in notes receivable presented for a discount (previous year: €254 thousand) were not derecognised from the accounts because Jungheinrich was exposed to credit risk as at the balance sheet date. The related notes payable are recognised as financial liabilities.

Trade accounts receivable include €51 thousand (previous year: €98 thousand) in receivables from affiliated companies and €3,576 thousand (previous year: €8,786 thousand) in receivables from companies accounted for using the equity method.

The contract assets essentially comprise contract balances from long-term construction contracts, the revenue of which is recognised over time. The credit risk for the contract assets was rated as very low. As of 31 December 2018, no impairment losses for expected credit losses were recognised for contract assets.

Details on the development of loss allowances for expected credit losses on trade accounts receivable and contract assets in the reporting year can be found in note (32).

The following table contains information on the credit risk and expected credit losses for trade accounts receivable as of 31 December 2018.

Trade accounts receivable:
Composition, credit risk and calculated expected credit losses as of 31 December 2018

in € thousand	Credit rating not impaired		Credit rating impaired		Total	
Risk categories	Trade accounts receivable (gross carrying amount)	Level 2 valuation allowances	Trade accounts receivable (gross carrying amount)	Level 3 valuation allowances	Trade accounts receivable (gross carrying amount)	Valuation allowances
Very good credit rating	262,937	80	–	–	262,937	80
Good credit rating	337,755	932	–	–	337,755	932
Average credit rating	104,104	784	–	–	104,104	784
Bad credit rating	8,530	110	25,452	15,066	33,982	15,176
	713,326	**1,906**	**25,452**	**15,066**	**738,778**	**16,972**

Trade accounts receivable of €18,643 thousand were hedged by credit insurance policies for 90 per cent and 100 per cent as at the balance sheet date.

The disclosures on trade accounts receivable as of 31 December 2017 are made in accordance with IAS 39.

Details on the development of loss allowances recognised for trade accounts receivable in the previous year can be found in note (32).

Trade accounts receivable that are overdue without loss allowances as of 31 December 2017

in € thousand	31/12/2017
Less than 30 days overdue	76,293
Between 30 and 60 days overdue	20,146
Between 61 and 90 days overdue	8,773
Between 91 and 180 days overdue	8,968
More than 180 days overdue	298
Total overdue trade accounts receivable without valuation allowances	114,478

Trade accounts receivable of €512,152 thousand were not overdue as of 31 December 2017, nor were there loss allowances for them. As at the balance sheet date, there was no indication that the debtors could not meet their payment obligations.

Credit insurance was in place as at the balance sheet date for supplies and services totalling a two-digit million euro amount.

Composition of receivables from construction contracts as of 31 December 2017

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

(19) Receivables from financial services

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

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

in € thousand	31/12/2018	31/12/2017
Total minimum lease payments	1,180,367	1,010,613
Due within one year	327,657	287,969
Due in one to five years	785,363	668,681
Due in more than five years	67,347	53,963
Present value of minimum lease payments	1,044,292	890,729
Due within one year	275,484	241,370
Due in one to five years	704,891	597,972
Due in more than five years	63,917	51,387
Unearned interest income	136,075	119,884

Receivables from financial services include minimum lease payments from sublease arrangements amounting to €274,210 thousand (previous year: €240,421 thousand).

Receivables from financial services with carrying amounts of €579,609 thousand (previous year: €506,485 thousand) were pledged as collateral for liabilities from financial services as at the balance sheet date.

(20) Other receivables and other assets

Composition of other receivables and other assets

in € thousand	31/12/2018	31/12/2017
Receivables from other taxes	46,979	43,740
Assets from the measurement of funded pension plans	6,183	4,070
Other financial assets	14,114	1,090
Miscellaneous other assets	11,044	8,967
	78,320	57,867

Other financial assets include €109 thousand (previous year: €– thousand) in receivables from affiliated companies and €699 thousand (previous year: €20 thousand) in receivables from companies accounted for using the equity method. Other financial assets of €12,500 thousand (previous year: €– thousand) also include a short-term loan. This loan is contractually scheduled for repayment in the first quarter of 2019. The risk of default for other financial assets was rated as low. As at the balance sheet date, loss allowances in the amount of €27 thousand were recognised for expected credit losses. Details on the development of loss allowances in the reporting year can be found in note (32).

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

(21) Securities

Composition of securities

in € thousand	31/12/2018	01/01/2018[1]	31/12/2017
Commercial papers, bonds and debenture bonds	142,671	129,455	129,455
Covered bonds	15,537	11,428	11,428
Promissory notes	15,000	15,000	15,000
Shares	11,591	11,908	11,908
Investment funds	–	2,645	2,645
Valuation allowances	–99	–60	–
	184,700	170,376	170,436

1 under application of IFRS 9

The total portfolio of securities of €65,003 thousand (previous year: €52,010 thousand) comprised financial instruments categorised as "at amortised cost" (previous year: categorised as "held-to-maturity financial investments"). These securities are held by Jungheinrich for the purpose of holding them to maturity and realising their contractual cash flows. Jungheinrich's securities as of 31 December 2018 will mature in the years 2019 and 2020. All of Jungheinrich's securities as of 31 December 2017 which were due to mature in 2018 were redeemed when they matured, as contractually agreed. The credit risk for securities measured at amortised cost was rated as low, with the result that the loss allowances were calculated based on the expected 12-month credit losses. As at the balance sheet date, loss allowances in the amount of €99 thousand were recognised for expected credit losses in relation to these securities. Details on the development of loss allowances in the reporting year can be found in note (32).

The securities held in the special fund on 31 December 2018 had a carrying amount of €119,796 thousand (previous year: €118,426 thousand) and were categorised as "at fair value through profit or loss".

(22) Cash and cash equivalents

Cash and cash equivalents are available at short notice and have an original maturity of up to three months. They also include short-term deposits with an original contractual term of up to twelve months. Cash and cash equivalents include bank balances of €7,574 thousand (previous year: €13,642 thousand), which are held in the special fund. As at the balance sheet date, the Jungheinrich Group's bank balances totalled €9,862 thousand (previous year: €9,231 thousand), which were pledged to banks. As at the balance sheet date, loss allowances in the amount of €351 thousand were recognised for expected credit losses. Details on the development of loss allowances in the reporting year can be found in note (32).

(23) Prepaid expenses

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

(24) Shareholders' equity

Subscribed capital

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

Holders of no-par-value preferred shares will receive a preferential share of the profit of €0.04 per preferred share from the distributable profit which is distributed. On payment of a €0.04 share of the profit per ordinary share, the distributable profit remaining for distribution will be distributed among ordinary and preferred shareholders in line with the pro rata share of subscribed capital attributable to their shares, whereby unlike ordinary shareholders, preferred shareholders are entitled to an additional dividend of €0.02 per preferred share.

Capital reserve

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

Retained earnings

Retained earnings contain undistributed earnings generated by Jungheinrich AG and consolidated subsidiaries in previous years as well as profit or loss for the period under review. In addition, the effects of the first-time application of IFRS 9 and IFRS 15 as of 1 January 2018 are recognised in retained earnings with no effect on profit or loss.

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 all of the distributable profit for the 2018 financial year to make a dividend payment of €49,920 thousand, corresponding to a dividend of €0.48 per ordinary share and a dividend of €0.50 per preferred share.

Other comprehensive income

Details on changes in other comprehensive income

in € thousand	2018	2017
Income (expense) from the measurement of financial instruments with a hedging relationship	**698**	**–1,009**
Unrealised income (expense) – Currency hedges	–228	–1,840
Unrealised income (expense) – Interest rate hedges	–547	1,432
Realised income (expense) – Currency hedges	1,733	–1,227
Realised income (expense) – Interest rate hedges	–	107
Deferred taxes	–206	519
Income (expense) from the measurement of available-for-sale financial instruments	**n/a**	**581**
Unrealised income (expense)	n/a	1,395
Realised income (expense)	n/a	–565
Deferred taxes	n/a	–249
Income (expense) from currency translation	**–11,226**	**–15,758**
Unrealised income (expense)	–11,226	–15,758
Income (expense) from the measurement of pensions	**1,990**	**7,912**
Income (expense) from the remeasurement of defined benefit pension plans	1,791	11,031
Deferred taxes	199	–3,119
Other comprehensive income (expense)	**–8,538**	**–8,274**

In addition, other comprehensive income decreased by €1,066 thousand due to the initial application of IFRS 9 as of 1 January 2018.

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).

Interest-bearing capital consists of shareholders' equity, financial liabilities, provisions for pensions and similar obligations and non-current personnel provisions less cash and cash equivalents and securities.

ROCE in the year under review was 16.0 per cent (previous year: 17.3 per cent).

EBIT return on capital employed (ROCE)

in € thousand		2018	2017
Interest-bearing capital 31/12		1,717,339	1,496,683
EBIT		275,378	258,611
ROCE	in %	16.0	17.3

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

Net debt

in € thousand	31/12/2018	31/12/2017
Financial liabilities	625,954	449,879
Cash and cash equivalents and securities	–517,562	–443,239
Net debt	**108,392**	**6,640**

The Jungheinrich Group reported net debt of €108,392 thousand (previous year: €6,640 thousand) as at the balance sheet date. The debt ratio remained at a good level.

Debt ratio

in € thousand	31/12/2018	31/12/2017
Net debt	108,392	6,640
EBITDA (adjusted to exclude depreciation on trucks for lease from financial services)	475,533	439,392
Debt ratio in years	**0.23**	**0.02**

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

(25) Provisions for pensions and similar obligations

Pension plans

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

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

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

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

Composition of the net defined benefit liability from defined benefit pension plans

in € thousand	31/12/2018	31/12/2017
Present value of funded defined benefit obligations	281,756	295,587
Fair value of plan assets	273,233	285,080
Funding gap	8,523	10,507
Present value of unfunded defined benefit obligations	204,051	205,350
Net defined benefit liability	**212,574**	**215,857**
Germany	186,575	187,317
United Kingdom	−6,183	−4,070
Other countries	32,182	32,610

Of the net defined benefit liability from defined benefit pension plans, €218,757 thousand (previous year: €219,927 thousand) is recorded under the item "provisions for pensions and similar obligations" and €6,183 thousand (previous year: €4,070 thousand) is stated under "other receivables and other assets".

Development of the present value of defined benefit obligations

in € thousand	2018	2017
Present value of defined benefit obligations on 01/01	500,937	516,537
Changes in currency exchange rates	−170	−13,398
Current service cost	7,369	7,691
Past service cost	1,213	480
Interest cost	10,408	10,442
Actuarial gains (−)/ losses (+) on		
changes in financial assumptions	−15,012	−3,446
changes in demographic assumptions	−276	425
experience adjustments	858	−3,935
Employee contributions	1,817	1,883
Pension payments made using company assets	−8,860	−8,874
Pension payments made using plan assets	−11,928	−15,537
Other changes	−549	8,669
Present value of defined benefit obligations on 31/12	**485,807**	**500,937**
Germany	186,575	187,317
United Kingdom	226,797	244,339
Other countries	72,435	69,281

In autumn 2018, a legal requirement for determining an equal minimum pension was passed in the United Kingdom. Pension plans in the United Kingdom had to be adjusted accordingly if the previous benefit formula did not meet the requirements for equality. This resulted in a past service cost of €1,518 thousand for Jungheinrich, which was recognised in profit or loss in the reporting year.

Other changes in the previous year related to the addition of the present value of the Italian performance obligations in the amount of €9,205 thousand.

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

	Germany		United Kingdom		Other countries	
in %	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Discount rate	1.9	1.9	2.9	2.6	1.4	1.2
Expected rate of pension increase	1.5	1.5	3.0	3.0	0.1	0.1

In the reporting year, demographic assumptions for Germany were based on Prof. Klaus Heubeck's 2018G reference tables (previous year: 2005G reference tables). The 2018G reference tables take into account the continuing rise in life expectancy in Germany. This led to an increase in pension obligations in Germany in the amount of €2,234 thousand, which was recognised in other comprehensive income with no effect on profit or loss as a component of the remeasurement of defined benefit obligations. The life expectancies used to measure plans in the United Kingdom and other countries were based on local mortality tables.

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

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

in € thousand	31/12/2018	31/12/2017
Discount rate 0.5% higher	–35,871	–37,975
Discount rate 0.5% lower	40,424	42,881
Expected rate of pension increase 0.5% higher	25,401	26,319
Expected rate of pension increase 0.5% lower	–21,201	–23,273

A one-year increase in life expectancy would cause the present value of the defined benefit obligations in Germany and the United Kingdom to rise by approximately 4.6 per cent and 3.7 per cent, respectively.

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

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

The weighted average duration of defined benefit obligations on the balance sheet date was around 13 years in Germany (previous year: 13 years), around 18 years in the United Kingdom (previous year: 19 years) and around 17 years in other countries (previous year: 17 years).

Jungheinrich expects to make approximately €9.6 million (previous year: €9.2 million) in pension payments using company assets in the 2019 financial year.

Development of the fair value of plan assets

in € thousand	2018	2017
Fair value of plan assets on 01/01	285,080	295,329
Changes in currency exchange rates	–716	–12,200
Interest income	6,635	6,854
Actuarial gains (+) and losses (–)	–12,639	4,075
Employer contributions	6,102	5,985
Employee contributions	1,817	1,883
Pension payments made	–11,928	–15,537
Other changes	–1,118	–1,309
Fair value of plan assets on 31/12	**273,233**	**285,080**
United Kingdom	232,980	248,409
Other countries	40,253	36,671

In the year under review, the actual return on plan assets amounted to €–6,573 thousand (previous year: €10,162 thousand). As in the previous year, there were no effects from the limitation to the asset ceiling.

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

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

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

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

in € thousand	31/12/2018	31/12/2017
Cash and cash equivalents	1,228	388
Equity instruments	41,268	45,971
Stock index funds in the United Kingdom	25,184	28,029
Stock index funds in Europe (excluding the UK)	16,084	17,942
Debt instruments	190,484	202,050
UK government bonds	169,577	180,682
Corporate bonds	20,907	21,368
Fair value on 31/12	232,980	248,409

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 €40,253 thousand (previous year: €36,671 thousand) and cannot be broken down into asset classes as these plan assets are qualifying insurance policies.

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

Jungheinrich expects to make cash-effective employer contributions totalling approximately €5.9 million for the 2019 financial year (previous year: €6.0 million) in order to comply with minimum statutory and contractual requirements.

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

in € thousand	2018	2017
Current service cost	–7,369	–7,691
Past service cost	–1,213	–480
Net interest	–3,773	–3,588
Plan administration cost	–569	–767
Income (expense) before taxes	–12,924	–12,526
Remeasurement of defined benefit obligations	14,430	6,956
Remeasurement of plan assets	–12,639	4,075
Other comprehensive income (expense) before taxes	1,791	11,031
Comprehensive income (expense) before taxes from defined benefit pension plans	–11,133	–1,495

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

(26) Other provisions

Development of other provisions

in € thousand	Balance as of 01/01/2018	Changes in currency exchange rates	Additions from business combinations	Additions	Utilisations	Releases	Balance as of 31/12/2018
Provisions for personnel	147,744	–567	979	102,218	93,894	4,292	152,188
Provisions for warranty obligations	31,975	–194	–	42,718	41,669	3,017	29,813
Provisions for onerous contracts	31,680	–186	–	20,512	12,685	110	39,211
Others	8,124	–67	107	8,783	5,722	531	10,694
Other provisions	**219,523**	**–1,014**	**1,086**	**174,231**	**153,970**	**7,950**	**231,906**

The obligations resulting from revenue deductions of €10,883 thousand contractually agreed with customers which were reported under other provisions until 31 December 2017 were classified as contract liabilities as part of the initial application of IFRS 15 and have therefore been reported under other liabilities since 1 January 2018.

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

As at the balance sheet date, obligations arising from phased retirement agreements amounted to €21,286 thousand (previous year: €19,187 thousand), which were netted against €9,420 thousand in financial assets (previous year: €8,678 thousand). Cash and cash equivalents were transferred to an external trust in order to finance these obligations. These trust assets are being exclusively held to secure long-term benefits due to employees within the scope of phased retirement agreements and qualify as plan assets in accordance with IAS 19. The cash and cash equivalents are not freely available due to the hedging role they play for these agreements. Furthermore, €4,296 thousand in provisions was accrued to cover the claims of candidates potentially qualifying for future phased retirement work arrangements commensurate to their probability of occurrence (previous year: €6,219 thousand).

Additions to provisions for personnel included a total of €250 thousand in interest accretions (previous year: €334 thousand). €34,299 thousand (previous year: €29,981 thousand) of the provisions for personnel had a remaining maturity of more than one year.

The Group recognises provisions for warranty obligations based on past experience when products are sold or when new 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 the 2018 financial year for material handling equipment sold in the year under review.

Provisions for onerous contracts essentially relate to provisions for residual value risks from the financial services business at the end of the contractual term. Impending losses from cancellations of contracts and other contractual risks are also recognised. €10,144 thousand (previous year: €10,755 thousand) of the provisions for onerous contracts had a remaining term to maturity of more than one year.

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

(27) Financial liabilities

Composition and maturity of financial liabilities

in € thousand	Liabilities due to banks	Promissory notes	Liabilities from financing trucks for short-term rental	Lease liabilities from property, plant and equipment and intangible assets	Notes payable	Financial liabilities
31/12/2018						
Total future cash flows	**217,676**	**238,105**	**183,083**	**14,676**	**2,410**	**655,950**
Due within one year	83,798	27,566	44,169	1,877	2,410	159,820
Due in one to five years	82,185	105,496	138,913	7,835	–	334,429
Due in more than five years	51,693	105,043	1	4,964	–	161,701
Present value of future cash flows	**204,963**	**225,000**	**181,029**	**12,552**	**2,410**	**625,954**
Due within one year	81,593	25,000	42,957	1,409	2,410	153,369
Due in one to five years	76,613	98,000	138,071	6,563	–	319,247
Due in more than five years	46,757	102,000	1	4,580	–	153,338
Future interest expenses	**12,713**	**13,105**	**2,054**	**2,124**	**–**	**29,996**
31/12/2017						
Total future cash flows	**170,165**	**214,110**	**75,721**	**16,699**	**1,930**	**478,625**
Due within one year	78,283	2,517	71,686	2,167	1,930	156,583
Due in one to five years	72,352	130,732	4,026	6,448	–	213,558
Due in more than five years	19,530	80,861	9	8,084	–	108,484
Present value of future cash flows	**160,215**	**200,000**	**73,884**	**13,850**	**1,930**	**449,879**
Due within one year	76,280	–	70,730	1,607	1,930	150,547
Due in one to five years	67,514	123,000	3,146	4,808	–	198,468
Due in more than five years	16,421	77,000	8	7,435	–	100,864
Future interest expenses	**9,950**	**14,110**	**1,837**	**2,849**	**–**	**28,746**

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

Details of liabilities due to banks

Currency	Interest rate conditions	Remaining term of the fixed interest rate as of 31/12/2018	Nominal volumes as of 31/12/2018 in € thousand	Range of effective interest rates 2018	Carrying amounts as of 31/12/2018 in € thousand	Nominal volumes as of 31/12/2017 in € thousand	Range of effective interest rates 2017	Carrying amounts as of 31/12/2017 in € thousand
EUR	variable	< 1 year	15,292	EURIBOR + margin	15,292	9,235	EURIBOR + margin	9,235
GBP	variable	< 1 year	11,723	LIBOR + margin	11,723	11,305	LIBOR + margin	11,305
CNY	variable	< 1 year	7,290	LIBOR + margin	7,290	5,752	LIBOR + margin	5,752
SGD	variable	< 1 year	2,120	LIBOR + margin	2,120	1,685	LIBOR + margin	1,685
PLN	variable	< 1 year	7,705	LIBOR + margin	7,705	15,802	LIBOR + margin	15,802
Other	variable	< 1 year	26,485	LIBOR + margin	26,485	23,159	LIBOR + margin	23,159
EUR	fixed	1–10 years	114,093	0.65%–5.2%	72,936	114,817	0.65%–5.2%	79,438
EUR	variable	> 10 years	50,000	EURIBOR + margin	48,648	–	–	–
SGD	variable	> 10 years	8,620	SIBOR + margin	7,787	8,387	SIBOR + margin	7,890
Other	fixed	< 1–5 years	5,485	8.3%–12.0%	4,977	10,236	6.0%–6.6%	5,949
Total liabilities due to banks			248,813		204,963	200,378		160,215

Composition of the promissory notes as of 31 December 2018

	Maturity in year	Nominal interest rate	Nominal amount in € thousand
Jungheinrich AG 2014 (I)	2019	Fixed interest	25,000
Jungheinrich AG 2014 (II)	2021	Fixed interest	50,000
Jungheinrich AG 2017 (I)	2022	Fixed interest	13,000
Jungheinrich AG 2017 (II)	2022	EURIBOR + margin	10,000
Jungheinrich AG 2017 (III)	2024	Fixed interest	30,000
Jungheinrich AG 2017 (IV)	2024	EURIBOR + margin	17,000
Jungheinrich AG 2017 (V)	2027	Fixed interest	30,000
Jungheinrich AG 2018 (I)	2023	EURIBOR + margin	25,000
Jungheinrich AG 2018 (II)	2025	EURIBOR + margin	25,000

The variable-interest tranche of the promissory note drawn down in 2014 for €25,000 thousand was cancelled and repaid in full in the reporting year, and another promissory note for €50,000 thousand with maturity tranches of five and seven years was drawn down. The nominal amounts of the individual loan tranches correspond to the carrying amounts.

Liabilities from financing trucks for short-term rental amount to €174,311 thousand (previous year: €69,395 thousand) and result from refinancing receivables from intragroup rental-purchase agreements. While some of these rental-purchase agreements were financed with the Group's own funds in the previous year, all financing in the reporting year was obtained from external lenders. Jungheinrich was given access to a credit facility, which could only be utilised up to the amount of the residual debt from rental-purchase agreements.

Furthermore, €6,718 thousand (previous year: €4,489 thousand) in liabilities relate to the refinancing of trucks for short-term rental based on sale and leaseback agreements. €7,293 thousand (previous year: €5,684 thousand) in future minimum lease payments for these leases classified as "finance leases" under IFRS are included in cash flows for liabilities from financing trucks for short-term rental. Jungheinrich must therefore capitalise these assets in its capacity as lessee. Leasing liabilities are repaid over the non-cancellable lease periods.

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

(28) Liabilities from financial services

Repurchase obligations equal to the contractually agreed residual values which related to lease contracts with a leasing company acting as intermediary were recognised under liabilities from financial services in the amount of €18,983 thousand (previous year: €19,689 thousand).

This item also contained €1,507,054 thousand (previous year: €1,295,453 thousand) in liabilities from financing. They result from the financing of long-term customer contracts with identical maturities. Depending on whether commercial ownership is attributed to Jungheinrich Group companies, these contracts are capitalised under receivables from financial services ("finance leases") or under trucks for lease from financial services ("operating leases").

Liabilities from financing included €274,508 thousand (previous year: €266,403 thousand) in liabilities from the issuance of promissory notes via the consolidated securitisation vehicle in Luxembourg.

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

in € thousand	31/12/2018	31/12/2017
Total future cash flows	1,572,096	1,354,591
Due within one year	500,378	388,929
Due in one to five years	1,009,489	911,249
Due in more than five years	62,229	54,413
Present value of future cash flows	1,507,054	1,295,453
Due within one year	474,105	365,170
Due in one to five years	971,943	876,820
Due in more than five years	61,006	53,463
Future interest expenses	65,042	59,138

Liabilities from financing include future minimum lease payments from refinancing using the sale and leaseback method in the amount of €400,134 thousand (previous year: €341,917 thousand).

(29) Trade accounts payable

Trade accounts payable include €31 thousand (previous year: €31 thousand) in payables to affiliated companies and €4,695 thousand (previous year: €3,798 thousand) in payables to companies accounted for using the equity method.

All trade accounts payable are due within one year.

(30) Other liabilities

Composition of other liabilities

in € thousand	31/12/2018	01/01/2018[1]	31/12/2017[2]
Contract liabilities	108,648	75,564	n/a
Liabilities from other taxes	69,053	65,304	65,304
Payments received on account of orders	n/a	n/a	43,217
Social security liabilities	12,815	11,267	11,267
Liabilities from construction contracts	n/a	n/a	3,582
Other financial liabilities	4,494	3,937	3,937
Miscellaneous other liabilities	13,276	11,605	11,517
	208,286	**167,677**	**138,824**

1 Application of IFRS 9 and IFRS 15
2 Application of IAS 11, IAS 18 and IAS 39

Contract liabilities essentially relate to advance payments received on orders, obligations resulting from revenue deductions contractually agreed with customers and contract balances from long-term construction contracts, the revenue of which is recognised over time.

Contract liabilities reported as of 1 January 2018 decreased by a total of €57,327 thousand as a result of providing goods and services in the reporting year. Revenue of the same amount was recognised in the consolidated statement of profit or loss for 2018. Contract liabilities as of 1 January 2018 included €10,883 thousand for performance obligations fulfilled by Jungheinrich in the previous year and revenue deductions contractually agreed with customers but not yet refunded. In relation to this, contract liabilities of €10,228 thousand were paid in the reporting year, and an amount of €656 thousand was reversed with an effect on revenue.

In the area of after-sales services, Jungheinrich concludes with customers both long-term service contracts with fixed contractual terms and short-term service contracts with the option to extend at standard market prices. With regard to long-term service contracts, there was a total of €846,759 thousand in performance obligations not yet fulfilled as of 31 December 2018. Jungheinrich will recognise revenue of the same amount over the remaining contractual terms when the agreed services are provided.

Future revenue from performance obligations existing as at the balance sheet date

	31/12/2018		
in € thousand	After-sales services	Other	Total
Revenue recognition within one year	249,461	79,464	328,925
Revenue recognition between one and five years	494,180	52,183	546,363
Revenue recognition in more than five years	103,118	–	103,118
	846,759	**131,647**	**978,406**

The other revenue recognition disclosed in the table relates to performance obligations for long-term construction contracts, the revenue of which is recognised over time, and for which the obligations existed as at the balance sheet date and had not yet been fulfilled.

All of the Jungheinrich Group's other unfulfilled performance obligations existing as at the balance sheet date related to periods of no more than one year. As is permitted under IFRS 15, the transaction price assigned to these unfulfilled performance obligations is not disclosed.

Composition of liabilities from construction contracts as of 31 December 2017

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

Other financial liabilities contained accounts payable to affiliated companies amounting to €3 thousand (previous year: €– thousand) and to companies accounted for using the equity method amounting to €60 thousand (previous year: €60 thousand).

Other financial liabilities also included the estimated fair value of €991 thousand (previous year: €1,865 thousand) of the contingent consideration in connection with the business combination in Romania. The final tranche of the contingent consideration will be paid in 2019 and is linked to the achievement of agreed key operating figures.

All other liabilities are due within one year.

(31) Deferred income

Deferred revenue from financial services relate to lease agreements with a leasing company or bank acting as intermediary. In such cases, due to the contractually agreed repurchase obligations, Jungheinrich Group companies have commercial ownership despite the sale of the trucks to the leasing company/bank. The resultant IFRS obligation to capitalise this ownership leads to the deferral of the sales proceeds that have already been received from the leasing company. This deferred income is reversed using the straight-line method with an effect on revenue until the agreed residual value is paid.

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

Other deferrals in the reporting year include €3,357 thousand (previous year: €3,575 thousand) in government grants.

Composition of deferred income

in € thousand	Deferred sales from financial services	Deferred profit from financial services	Other deferrals	Deferred income
31/12/2018	36,169	85,673	6,986	128,828
Thereof maturities of up to one year	13,180	24,822	2,441	40,443
Thereof maturities of more than one year	22,989	60,851	4,545	88,385
31/12/2017	38,852	71,894	11,740	122,486
Thereof maturities of up to one year	13,652	21,147	5,313	40,112
Thereof maturities of more than one year	25,200	50,747	6,427	82,374

Other deferrals as of 31 December 2017 included considerations for future revenue already received in the amount of €1,848 thousand. These were classified as contract liabilities in accordance with IFRS 15 and recategorised as other liabilities as of 1 January 2018. Please see the notes to the accounting principles.

(32) Additional disclosures on financial instruments

Financial instruments have been accounted for in accordance with the provisions of IFRS 9 since 1 January 2018 (previous year: IAS 39). Please see the notes to the accounting principles.

Carrying amounts and fair value of financial instruments by valuation category in the reporting year

in € thousand	Valuation category pursuant to IFRS 9	31/12/2018 Carrying amount	31/12/2018 Fair value
Assets			
Cash and cash equivalents	At amortised cost	332,862	332,862
Trade accounts receivable and contract assets	At amortised cost	731,057	731,057
Receivables from financial services	n/a	1,044,292	1,056,118
Securities	At amortised cost	64,904	65,023
Securities	At fair value through profit or loss	119,796	119,796
Other financial assets[1]	At fair value through profit or loss	323	323
Derivative financial assets			
Derivatives without a hedging relationship	At fair value through profit or loss	4,172	4,172
Derivatives with a hedging relationship	n/a	760	760
Other financial assets	At amortised cost	14,114	14,114
Shareholders' equity and liabilities			
Trade accounts payable	Other financial liabilities	400,056	400,056
Liabilities due to banks	Other financial liabilities	204,963	208,664
Promissory notes	Other financial liabilities	225,000	224,915
Liabilities from financing trucks for short-term rental	Other financial liabilities	174,311	174,311
Liabilities from financing trucks for short-term rental	n/a	6,718	6,718
Lease liabilities from property, plant and equipment and intangible assets	n/a	12,552	14,337
Notes payable	Other financial liabilities	2,410	2,410
Liabilities from financial services	Other financial liabilities	1,147,305	1,150,121
Liabilities from financial services	n/a	378,732	386,050
Derivative financial liabilities			
Derivatives without a hedging relationship	At fair value through profit or loss	2,053	2,053
Derivatives with a hedging relationship	n/a	1,425	1,425
Of which aggregated by valuation category:			
Assets			
	At amortised cost	1,142,937	1,143,056
	At fair value through profit or loss	124,291	124,291
Shareholders' equity and liabilities			
	Other financial liabilities	2,158,539	2,164,971
	At fair value through profit or loss	2,053	2,053

1 Includes €323 thousand in equity interests measured at acquisition costs (previous year: €83 thousand) for which fair values cannot be determined reliably.

Carrying amounts and fair value of financial instruments by valuation category in the previous year

		31/12/2017	
in € thousand	Valuation category pursuant to IFRS 9	Carrying amount	Fair value
Assets			
Cash and cash equivalents	At amortised cost	272,803	272,803
Trade accounts receivable and contract assets	At amortised cost	668,007	668,007
Receivables from financial services	n/a	890,729	901,365
Securities	At amortised cost	52,010	52,107
Securities	At fair value through profit or loss	118,426	118,426
Other financial assets[1]	At fair value through profit or loss	83	83
Derivative financial assets			
Derivatives without a hedging relationship	At fair value through profit or loss	2,053	2,053
Derivatives with a hedging relationship	n/a	703	703
Other financial assets	At amortised cost	1,090	1,090
Shareholders' equity and liabilities			
Trade accounts payable	Other financial liabilities	367,127	367,127
Liabilities due to banks	Other financial liabilities	160,215	162,824
Promissory notes	Other financial liabilities	200,000	198,301
Liabilities from financing trucks for short-term rental	Other financial liabilities	69,395	69,395
Liabilities from financing trucks for short-term rental	n/a	4,489	4,489
Lease liabilities from property, plant and equipment and intangible assets	n/a	13,850	15,891
Notes payable	Other financial liabilities	1,930	1,930
Liabilities from financial services	Other financial liabilities	992,659	1,003,002
Liabilities from financial services	n/a	322,483	329,568
Derivative financial liabilities			
Derivatives without a hedging relationship	At fair value through profit or loss	3,036	3,036
Derivatives with a hedging relationship	n/a	2,325	2,325
		3,937	3,937
Of which aggregated by valuation category:			
Assets			
	At amortised cost	941,900	941,900
		52,010	52,107
	At fair value through profit or loss	145,604	145,604
Shareholders' equity and liabilities			
		2,053	2,053
	Other financial liabilities	1,795,263	1,806,516
	At fair value through profit or loss	3,036	3,036

1 Includes €323 thousand in equity interests measured at acquisition costs (previous year: €83 thousand) for which fair values cannot be determined reliably.

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

Hierarchy levels for financial instruments measured at fair value

	31/12/2018			31/12/2017		
in € thousand	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets						
Securities[1]	119,796	–	119,796	118,426	–	118,426
Derivatives without a hedging relationship[2]	–	4,172	4,172	–	2,053	2,053
Derivatives with a hedging relationship	–	760	760	–	703	703
Shareholders' equity and liabilities						
Derivatives without a hedging relationship[2]	–	2,053	2,053	–	3,036	3,036
Derivatives with a hedging relationship	–	1,425	1,425	–	2,325	2,325

1 Assigned to the valuation category "at fair value through profit or loss" (previous year: "available for sale")
2 Assigned to the valuation category "at fair value through profit or loss" (previous year: "held for trading")

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

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

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

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

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

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

The fair values of interest-bearing securities with maturities categorised as "at amortised cost" corresponded to the fair values available as at the balance sheet date.

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

Other financial assets comprise investments in non-consolidated affiliated companies, joint ventures and other investments and were measured at acquisition cost in the consolidated financial statements. They did not have a listed market price and their fair value could not be reliably determined.

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

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

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

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

	31/12/2018			31/12/2017		
in € thousand	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets						
Receivables from financial services	–	1,056,118	1,056,118	–	901,365	901,365
Securities[1]	65,023	–	65,023	52,107	–	52,107
Shareholders' equity and liabilities						
Liabilities due to banks	–	208,664	208,664	–	162,824	162,824
Promissory notes	–	224,915	224,915	–	198,301	198,301
Lease liabilities from property, plant and equipment and intangible assets	–	14,337	14,337	–	15,891	15,891
Liabilities from financial services	–	1,536,171	1,536,171	–	1,332,570	1,332,570

1 Assigned to the valuation category "at amortised cost" (previous year: "held to maturity")

The net results of financial instruments recognised in the statement of profit or loss are presented by measurement category in the following table.

Net results of financial instruments

in € thousand		From interest and dividends	From subsequent measurement		Net result	
Valuation category						
In accordance with IFRS 9	In accordance with IAS 39		At fair value	Valuation allowances	2018	2017
At amortised cost	Loans and receivables	1,318	–	–4,736	–3,418	–1,634
n/a	Held to maturity	n/a	n/a	n/a	n/a	78
n/a	Available for sale	n/a	n/a	n/a	n/a	292
At fair value through profit or loss	Held for trading	–191	–5,470	–	–5,661	3,787
Other financial liabilities	Other financial liabilities	–30,025	–	–	–30,025	–23,839

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

The net result of securities held in the special fund, which comprises interest and dividends as well as the net results from the subsequent measurement of securities categorised as "at fair value through profit or loss" (previous year: "available for sale") at fair value, was recognised in other financial income (expense) in the reporting year. In the previous year, these net results were reported as part of interest income in financial income (expense). The reporting change is explained in note (10).

Net results from the subsequent measurement of derivative financial instruments not designated as hedging instruments at fair value are included in the cost of sales and in other financial income (expense).

Loss allowances for financial instruments categorised as "at amortised cost" (previous year: "loans and receivables" and "held to maturity") are reported in the cost of sales in the case of trade accounts receivable and contract assets, and in other financial income (expense) in the case of securities, cash and cash equivalents and other financial assets.

The development of loss allowances for financial instruments in 2018 and 2017 is presented in the following table.

Development of loss allowances for financial instruments

in € thousand	Trade accounts receivable and contract assets	Securities	Cash and cash equivalents	Other financial assets	Total
Balance on 31/12/2017	15,280	–	–	–	15,280
Adjustment due to first-time application of IFRS 9	–942	60	18	–	–864
Balance on 01/01/2018	**14,338**	**60**	**18**	**–**	**14,416**
Changes in currency exchange rates	–224	–	–	–	–224
Additions due to business combinations	584	–	–	–	584
Utilisations	2,063	–	–	–	2,063
Releases	1,019	39	18	–	1,076
Additions	5,356	78	351	27	5,812
Balance on 31/12/2018	16,972	99	**351**	27	**17,449**
Balance on 01/01/2017	**14,822**	**–**	**–**	**–**	**14,822**
Changes in currency exchange rates	–231	–	–	–	–231
Utilisations	1,713	–	–	–	1,713
Releases	471	–	–	–	471
Additions	2,873	–	–	–	2,873
Balance on 31/12/2017	**15,280**	**–**	**–**	**–**	**15,280**

Additional information

(33) Consolidated statement of cash flows

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

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

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

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

Cash and cash equivalents at the end of the year corresponded to the amount disclosed for cash and cash equivalents on the statement of financial position, less the cash and cash equivalents not freely available to Jungheinrich. As at the balance sheet date, €9,862 thousand (previous year: €9,231 thousand) in bank balances were pledged to banks. As before, cash and cash equivalents consisted almost exclusively of bank balances as at the balance sheet date.

Development of financial liabilities from financing activities

in € thousand	Balance on 01/01	Cash-effective change	Non-cash-effective changes: Additions from business combinations	Non-cash-effective changes: Currency differences	Balance on 31/12
2018					
Liabilities due to banks	160,215	46,033	1,964	–3,249	204,963
Current bank liabilities	66,938	5,400	1,696	–3,419	70,615
Non-current loans	93,277	40,633	268	170	134,348
Promissory notes	200,000	25,000	–	–	225,000
Total financial liabilities from financing activities	360,215	71,033	1,964	–3,249	429,963
2017					
Liabilities due to banks	118,531	44,661	–	–2,977	160,215
Current bank liabilities	62,612	6,419	–	–2,093	66,938
Non-current loans	55,919	38,242	–	–884	93,277
Promissory notes	100,000	100,000	–	–	200,000
Total financial liabilities from financing activities	218,531	144,661	–	–2,977	360,215

(34) Contingent liabilities

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

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

As at the balance sheet date, Jungheinrich had issued letters of comfort for joint ventures to secure €7,260 thousand in credit lines (previous year: €5,475 thousand). Furthermore, there was a guarantee for the pro rata rent instalments payable by a joint venture amounting to €2,838 thousand on 31 December 2018 (previous year: €2,988 thousand).

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

(35) Other financial obligations

Purchase commitments for capital expenditure exclusively on property, plant and equipment totalled €30 million as at the balance sheet date (previous year: €44 million).

At its various locations, Group companies have entered into short-term rental and lease agreements ("operating leases") primarily for land and business premises and trucks. The agreements include extension and purchase options, as well as price adjustment clauses. The maturities of future minimum lease payments for the contractually agreed non-cancellable period are shown in the following table.

Future financial liabilities from non-cancellable short-term rental and lease agreements

in € thousand	31/12/2018	31/12/2017
Due within one year	49,738	54,104
Due in one to five years	87,517	92,469
Due in more than five years	24,926	26,969
	162,181	173,542

Recognised expenses of short-term rental and lease instalments from operating leases in 2018 totalled €64,398 thousand (previous year: €53,950 thousand).

With effect from 1 October 2018, Jungheinrich and Mitsubishi Caterpillar Forklift America Inc. (MCFA), Houston/Texas (USA), established MCJ Supply Chain Solutions LLC, Houston/Texas (USA). Jungheinrich and MCFA each hold a share of 50.0 per cent in the joint venture. Under the contract to establish the joint venture, Jungheinrich is required to invest capital of USD 4.5 million (around €4.0 million) in January 2019.

(36) Risk management and financial instruments

Risk management principles

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

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

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

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

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

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

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

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

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

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

Market price risks

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

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

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

If going interest rates had been 100 basis points higher (lower) on 31 December 2018, income would have been €708 thousand (previous year: €669 thousand) lower (higher).

For interest rate swaps designated as a hedging instrument as at the balance sheet date, such an increase (decrease) in the market interest level would have resulted in a change in fair value of €+5,158 thousand (€–5,507 thousand) recognised in other comprehensive income with no effect on profit or loss.

Currency risks

When calculating this risk position, the Jungheinrich Group considers foreign currency inflows and outflows, primarily from revenue and purchases based on fixed 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 currency forwards as well as currency swaps and options to manage risks in the reporting period. In accordance with the Jungheinrich Group's risk management principles, a maximum of 75 per cent of the hedged amounts are designated as underlying transactions; these, in turn, can be fully hedged.

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

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

By applying the value-at-risk method as of 31 December 2018, the maximum risk did not exceed €1,669 thousand (previous year: €1,266 thousand) based on a holding period of one day and a confidence level of 95 per cent. In the reporting period, the value-at-risk was between a minimum of €1,274 thousand (previous year: €1,004 thousand) and a maximum of €1,852 thousand (previous year: €1,522 thousand). The average for the year was €1,618 thousand (previous year: €1,259 thousand).

Share price risks

Jungheinrich has invested €125,000 thousand in cash and cash equivalents in a special fund. Shares, stock index funds and share derivatives held in this fund expose the Jungheinrich Group to share price risks. On 31 December 2018, the fund contained a total share exposure of €11,591 thousand (previous year: €29,406 thousand). If the share price level had been 10 per cent higher (lower) on 31 December 2018, this would have led to additional income (losses) in other financial income (expense) of €1,159 thousand (previous year: €2,941 thousand).

The special fund is managed to maintain value in order to limit share price risks. The lower value limit specified for the reporting year was not reached at any time.

Credit risks

Jungheinrich's exposure to credit risks stems almost exclusively from its core business. Trade accounts receivable from operations are constantly monitored by the business units responsible for them. Loss allowances for expected credit losses are recognised in order to offset the credit risks.

The entire business is continuously subjected to creditworthiness checks. Given the overall exposure to credit risks, accounts receivable from major customers are not substantial enough to give rise to extraordinary risk concentrations. Agreements made with customers and measures taken within the scope of risk management that minimise the creditworthiness risk largely consist of agreements on prepayments made by customers, the sharing of risks with financing partners and the permanent monitoring of customers via information portals. In addition, selected operating trade accounts receivable are collateralised by federal government credit insurance and private credit insurance covering 90 per cent of the respective receivable amount. Letters of credit are also used for collateral and generally cover 100 per cent of the receivable amount. There were no significant changes to the quality of the collateral during the reporting periods.

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

Liquidity risks

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

Counterparty risks

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

With regard to cash and cash equivalents and investments in securities, the Group monitors changes to the credit risk by tracking published ratings. To determine whether there are material increases in credit risks as at the balance sheet date which are not reflected in published ratings, the Group also monitors price changes for credit default swaps (CDSs) as well as press releases and regulatory information about the issuer. In accordance with Group investment policies, investments are only made in financial assets if they have an investment grade rating. Impairment losses for expected credit losses are calculated based on the three-level model in IFRS 9. Potential future impairment losses are calculated for all cash and cash equivalents and securities for the expected 12-month credit loss (Level 1). They are reclassified to Level 2 if the credit risk of a financial instrument has increased significantly compared to its initial recognition. A downgrading of the counterparty's external rating below investment grade is an indication of a significant increase in the credit risk. There were no reclassifications from Level 1 to Level 2 in the 2018 reporting year.

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

Hedging relationships

The Jungheinrich Group concludes cash flow hedges to secure, among other things, future variable cash flows resulting from revenue and purchases of materials that are partially realised and partially forecasted, but highly probable. Comprehensive documentation ensures the clear assignment of hedges and underlying transactions. A maximum of 75 per cent of the hedged amounts are designated as underlying transactions; these, in turn, can be fully hedged.

When refinancing trucks for short-term rental by means of credit, an interest rate swap in the amount of the financing volume was concluded in the first half of 2018 on a rolling basis in order to hedge interest rate risks.

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

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

Hedging can become ineffective if the counterparty's credit risk changes.

Nominal values of derivative financial instruments

Nominal values of derivative financial instruments

in € thousand	Nominal volume of hedging instruments for cash flow hedges: Currency hedges	Nominal volume of hedging instruments for cash flow hedges: Interest rate swaps	Nominal volume of other derivatives: Currency hedges	Nominal volume of other derivatives: Other
31/12/2018				
Total nominal volume	181,035	274,508	268,513	78,917
Maturities of up to one year	164,047	79,997	268,513	78,917
Maturities of one to five years	16,989	192,110	–	–
Maturities of more than five years	–	2,400	–	–
31/12/2017				
Total nominal volume	174,825	266,403	228,281	116,319
Maturities of up to one year	160,400	75,755	228,281	91,319
Maturities of one to five years	14,425	188,571	–	25,000
Maturities of more than five years	–	2,077	–	–

The nominal values of the currency hedging contracts primarily contain currency forwards that are used to hedge against rolling twelve-month exposure in individual currencies. The main foreign currency items were hedged at the following average rates as at the balance sheet date:

EUR/USD	1.1580
EUR/GBP	0.9019
EUR/CHF	1.1307

The nominal values of the interest hedges include interest rate hedges largely concluded to hedge long-term interest rates for variable-interest financing. The average hedging interest rate as at the balance sheet date was –0.01 per cent for interest hedges in EUR and 0.37 per cent for interest hedges in GBP.

Interest hedges: future cash flows that are not discounted

in € thousand	31/12/2018	31/12/2017
Due within one year	–611	–715
Due in one to five years	–172	486
Due in more than five years	2	4
Total future non-discounted cash flows	–781	–225

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

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

The fair values of the underlying transactions and hedging instruments are used to measure effectiveness. Hedging measures were not associated with any material ineffectiveness until the balance sheet date.

Fair values of derivative financial instruments

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

Fair values of derivative financial instruments

in € thousand	31/12/2018	31/12/2017
Derivative financial assets	**4,932**	**2,756**
Derivatives with a hedging relationship	**760**	**703**
Currency forwards/ currency swaps	584	283
Interest rate swaps	176	420
Derivatives without a hedging relationship	**4,172**	**2,053**
Currency forwards/ currency swaps	3,499	1,803
Currency options	–	18
Futures	673	232
Derivative financial liabilities	**3,478**	**5,361**
Derivatives with a hedging relationship	**1,425**	**2,325**
Currency forwards/ currency swaps	638	1,841
Interest rate swaps	787	484
Derivatives without a hedging relationship	**2,053**	**3,036**
Currency forwards/ currency swaps	1,842	2,544
Interest rate swaps	154	284
Futures	57	208

Offsetting of derivative financial instruments

The Group concludes derivative transactions according to a German framework agreement and similar national framework agreements. These agreements do not fulfil the criteria for offsetting to take place in the consolidated statement of financial position, since they only grant the right to offsetting if future events occur, such as the default or insolvency of the Group or the counterparty. All derivative financial instruments belonging to the Jungheinrich Group fall under existing global netting agreements, meaning that the potential offsetting of the net amount of derivative financial assets against the net amount of derivative financial liabilities would equal the relevant carrying amount.

(37) Segment information

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

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

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

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

Activities undertaken by the "Financial Services" segment encompass the Europe-wide sales financing and usage transfer of material handling equipment and warehousing equipment 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 (expense) is presented as earnings before interest and taxes (EBIT). The reconciliation of consolidated earnings before taxes is an integral part of the presentation. Earnings generated by the "Intralogistics" segment include all of the pro rata earnings for the year of companies accounted for using the equity method, amounting to €3,839 thousand (previous year: €2,028 thousand). Income tax expense is not included in the presentation since it is not reported or managed by segment at Jungheinrich. Income tax expense is therefore only stated as a summarised item at the Group level. Accordingly, profit or loss is only stated for the Jungheinrich Group.

Capital expenditure, depreciation and amortisation and impairment losses concern property, plant and equipment and intangible assets, excluding capitalised development expenses. Segment assets and segment liabilities encompass all assets and liabilities allocable to the segment in question. All items on the statement of financial position relating to effective and deferred income tax expense are therefore also included.

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

Segment information for 2018

in € thousand	Intralogistics	Financial services	Segment total	Reconciliation	Jungheinrich Group
External revenue	2,960,683	835,706	3,796,389	–	3,796,389
Intersegment revenue	982,625	136,985	1,119,610	–1,119,610	–
Total revenue	3,943,308	972,691	4,915,999	–1,119,610	3,796,389
Segment income (expense) (EBIT)	**309,334**	**2,817**	**312,151**	**–36,773**	**275,378**
Interest income	2,310	130	2,440	–1,122	1,318
Interest expenses	12,070	1,077	13,147	–1,122	12,025
Other financial income (expense)	–15,155	–2	–15,157	–	–15,157
Earnings before taxes (EBT)	284,419	1,868	286,287	–36,773	249,514
Income tax expense					73,704
Profit or loss					**175,810**
Non-current assets					
Capital expenditure	105,696	12	105,708	–	105,708
Depreciation and amortisation/impairment	74,607	2,413	77,020	–	77,020
Intangible assets and property, plant and equipment	667,871	2,225	670,096	–	670,096
Trucks for short-term rental	380,541	–	380,541	–	380,541
Trucks for lease from financial services	–	636,350	636,350	–107,937	528,413
Receivables from financial services	–	1,044,292	1,044,292	–	1,044,292
Cash and cash equivalents and securities	493,523	24,039	517,562	–	517,562
Other assets	1,755,063	300,007	2,055,070	–449,794	1,605,276
Assets 31/12	**3,296,998**	**2,006,913**	**5,303,911**	**–557,731**	**4,746,180**
Shareholders' equity 31/12	1,502,269	86,996	1,589,265	–227,191	1,362,074
Provisions for pensions	218,668	89	218,757	–	218,757
Financial liabilities	624,539	1,415	625,954	–	625,954
Liabilities from financial services	–	1,526,037	1,526,037	–	1,526,037
Other liabilities	951,522	392,376	1,343,898	–330,540	1,013,358
Liabilities 31/12	1,794,729	1,919,917	3,714,646	–330,540	3,384,106
Shareholders' equity and liabilities 31/12	**3,296,998**	**2,006,913**	**5,303,911**	**–557,731**	**4,746,180**

Segment information for 2017

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

Alongside the depreciation of property, plant and equipment and trucks for short-term rental, the main non-cash items stated as part of "Intralogistics" segment income are changes in provisions for pensions and provisions for personnel with an effect on profit or loss. In 2018, "Intralogistics" segment income also included impairment losses of €4,151 thousand which resulted from the identified impairment of Australian goodwill.

Alongside the depreciation of property, plant and equipment and trucks for lease, "Financial Services" segment income for the reporting year included impairment losses of €2,141 thousand which resulted from an identified impairment of customer contracts capitalised as part of the acquisition of the NTP Group in 2015. Further information can be found in note (12).

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

Revenue by region

in € thousand	2018	2017
Germany	900,603	851,331
Italy	394,548	350,235
France	359,725	349,298
United Kingdom	234,660	237,665
Other Europe	1,406,839	1,232,113
Other countries	500,014	414,683
	3,796,389	3,435,325

Non-current assets by region

in € thousand	31/12/2018	31/12/2017
Germany	438,082	400,114
Other Europe	126,370	111,779
Other countries	70,048	61,643
Consolidation	35,596	30,291
	670,096	603,827

There were no relationships with individual external customers accounting for a material share of revenue with respect to Group revenue in the 2018 or 2017 financial years.

(38) Earnings per share

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

Earnings per share

		2018	2017
Profit or loss	in € thousand	175,810	182,146
Shares outstanding[1]			
Ordinary shares	in thousand units	54,000	54,000
Preferred shares	in thousand units	48,000	48,000
Earnings per share (diluted/undiluted)			
Earnings per ordinary share	in €	**1.71**	**1.78**
Earnings per preferred share	in €	**1.73**	**1.80**

1 Weighted average

In the 2018 and 2017 financial years, no equity instruments diluted the earnings per share on the basis of the respective shares issued.

(39) Events after the close of the 2018 financial year

In December 2018, Jungheinrich AG, Hamburg, and Triathlon Holding GmbH, Fürth, signed a contract to establish a company for the production and recycling of lithium-ion battery systems in the 2019 financial year. Both groups possess expertise in the area of lithium-ion technology which will now be pooled under the leadership of the Jungheinrich Group. Jungheinrich will hold a share of 70 per cent and Triathlon a share of 30 per cent in the future JT Energy Systems GmbH. The capital stock is set to be €3.1 million and the company's headquarters will be in Glauchau.

In January 2019, Jungheinrich AG, Hamburg, acquired 70 per cent of the limited partner's shares in ISI Automation GmbH & Co. KG, Extertal. The company is an internationally active specialist in automatic control and IT systems. The company's liability capital is €300 thousand.

There were no further transactions or events of material importance for Jungheinrich after the close of the 2018 financial year.

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

Details on the fees charged by the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, are presented in the following table.

Fees charged by the auditor

in € thousand	2018	2017
Audit services	499	477
Other assurance services	–	–
Tax services	–	–
Other services	43	31
Total	542	508

The other services in the reporting year related to the audit of the sustainability report for the 2017 financial year and assistance provided in relation to company evaluation and the sale of receivables.

The other services in the previous year related to two projects on data protection and IT security.

(41) Related party disclosures

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

In addition to the subsidiaries included in the consolidated financial statements, Jungheinrich has business relationships with joint ventures and affiliated, non-consolidated subsidiaries. All the relationships with these companies are the result of normal business activities and are conducted on arm's length terms. The transactions with non-consolidated subsidiaries were of minor amounts.

The volume of trade between fully consolidated companies of the Jungheinrich Group and joint ventures are presented in the following table.

Business relations with joint ventures

	Products and services provided		Products and services received	
in € thousand	2018	2017	2018	2017
JULI Motorenwerk s.r.o., Czech Republic[1]	3	85	62,973	60,084
Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., China[1]	14,098	12,585	1,964	2,969
Other joint ventures	26	183	228	223
	14,127	12,853	65,165	63,276

	Trade accounts receivable from		Trade accounts payable to	
in € thousand	31/12/2018	31/12/2017	31/12/2018	31/12/2017
JULI Motorenwerk s.r.o., Czech Republic[1]	–	–	4,694	3,794
Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., China[1]	3,576	8,786	–	–
Other joint ventures	–	–	1	4
	3,576	8,786	4,695	3,798

1 Including subsidiaries

On 31 December 2018, other receivables from financing vis-à-vis Industrial Components of Texas LLC, Houston/Texas (USA) amounted to €679 thousand (previous year: €– thousand) and vis-à-vis Irapol Sp. z o.o., Łódź (Poland) amounted to €20 thousand (previous year: €20 thousand).

On 31 December 2018, other liabilities from financing vis-à-vis Supralift GmbH & Co. KG, Hofheim am Taunus (Germany) amounted to €60 thousand (previous year: €60 thousand).

Members of the Board of Management or Supervisory Board of Jungheinrich AG are members of supervisory boards or comparable committees of other companies with which Jungheinrich AG has relationships as part of its operating activities. All transactions with these companies are conducted on arm's length terms.

Information about the remuneration of the Supervisory Board and Board of Management can be found in note (42).

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

Remuneration of the active members of the Board of Management and the Supervisory Board

	Board of Management		Supervisory Board	
in € thousand	2018	2017	2018	2017
Short-term benefits	5,288	6,244	1,058	1,097
Termination benefits	–	927	–	–
Post-employment benefits	353	365	–	–
Other long-term benefits	2,341	2,415	–	–
Total	**7,982**	**9,951**	**1,058**	**1,097**

Post-employment benefits include the current service cost resulting from the defined benefit obligations to the Members of the Board of Management.

Remuneration of the Board of Management itemised by member, divided according to basic and performance-related components in accordance with Section 314, Paragraph 1, Item 6a, Sentences 5 to 8 of the German Commercial Code (HGB) has not been disclosed because the Annual General Meeting on 24 May 2016 passed a resolution to this effect for a period of five years.

Total remuneration of the Members of the Board of Management pursuant to Section 315e HGB in connection with Section 314, Paragraph 1, Item 6a, Sentence 1 HGB amounted to €7,629 thousand in 2018 (previous year: €8,659 thousand).

No advances or loans to members of the Board of Management or the Supervisory Board of Jungheinrich AG existed on 31 December 2018, as in previous years.

Emoluments of former members of the Board of Management amounted to €747 thousand (previous year: €1,613 thousand).

As of 31 December 2018, Jungheinrich AG had accrued a €12,517 thousand (previous year: €12,767 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 (HGB)

As of 31 December 2018, the following companies were included in the consolidated financial statements of Jungheinrich AG, Hamburg, by way of full consolidation:

Name and domicile	Share of voting rights and capital in %
Jungheinrich Vertrieb Deutschland AG & Co. KG, Hamburg	100.0
Jungheinrich Norderstedt AG & Co. KG, Hamburg	100.0
Jungheinrich Export AG & Co. KG, Hamburg	100.0
Jungheinrich Service & Parts AG & Co. KG, Hamburg	100.0
Jungheinrich Beteiligungs-GmbH, Hamburg	100.0
Jungheinrich Moosburg AG & Co. KG, Moosburg	100.0
Jungheinrich Degernpoint AG & Co. KG, Moosburg	100.0
Jungheinrich Logistiksysteme GmbH, Moosburg	100.0
Jungheinrich Projektlösungen AG & Co. KG, Offenbach am Main	100.0
Jungheinrich Digital Solutions AG & Co. KG, Hamburg	100.0
Jungheinrich Landsberg AG & Co. KG, Landsberg/Saalekreis	100.0
Jungheinrich Financial Services AG & Co. KG, Hamburg	100.0
Jungheinrich Rental International AG & Co. KG, Hamburg	100.0
Jungheinrich Financial Services International GmbH, Hamburg	100.0
Elbe River Capital S.A., Luxembourg, Luxembourg	100.0
Jungheinrich PROFISHOP AG & Co. KG, Hamburg	100.0
Jungheinrich Profishop GmbH, Vienna, Austria	100.0
Jungheinrich PROFISHOP AG, Hirschthal, Switzerland	100.0
Gebrauchtgeräte-Zentrum Dresden AG & Co. KG, 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
Jungheinrich Fleet Services GmbH, Vienna, Austria	100.0
Jungheinrich Polska Sp. z o.o., Ozarow Mazowiecki/Warsaw, Poland	100.0

Name and domicile	Share of voting rights and capital in %
Jungheinrich Norge AS, Oslo, Norway	100.0
Jungheinrich (ČR) s.r.o., Ricany/Prague, Czech Republic	100.0
Jungheinrich Svenska AB, Arlöv, Sweden	100.0
Jungheinrich Hungária Kft., Biatorbágy/Budapest, Hungary	100.0
Jungheinrich Danmark A/S, Tåstrup, Denmark	100.0
Jungheinrich d.o.o., Kamnik, Slovenia	100.0
Jungheinrich Portugal Equipamentos de Transporte, Lda., Rio de Mouro/Lisbon, Portugal	100.0
Jungheinrich Lift Truck Ltd., Maynooth, Co. Kildare, Ireland	100.0
Jungheinrich Hellas EPE, Acharnes/Athens, Greece	100.0
Jungheinrich Istif Makinalari San. ve Tic. Ltd. Sti., Alemdag/Istanbul, Turkey	100.0
Jungheinrich spol. s.r.o., Senec, Slovakia	100.0
Jungheinrich Lift Truck Singapore Pte Ltd., Singapore, Singapore	100.0
Jungheinrich Lift Truck Malaysia Sdn. Bhd., Shah Alam/Kuala Lumpur, Malaysia	100.0
Jungheinrich Lift Truck Comercio de Empilhadeiras Ltda., Itupeva-SP, Brazil	100.0
Jungheinrich Lift Truck OOO, Moscow, Russia	100.0
Jungheinrich Parts OOO, Moscow, Russia	100.0
Jungheinrich Lift Truck TOV, Kiev, Ukraine	100.0
Jungheinrich Lift Truck SIA, Riga, Latvia	100.0
Jungheinrich Lift Truck UAB, Vilnius, Lithuania	100.0
Jungheinrich Lift Truck Oy, Kerava, Finland	100.0
Jungheinrich (Shanghai) Management Co., Ltd., Shanghai, China	100.0
Jungheinrich Lift Truck (Shanghai) Co., Ltd., Shanghai, China	100.0
Jungheinrich Lift Truck Manufacturing (Shanghai) Co., Ltd., Qingpu/Shanghai, China	100.0
Jungheinrich Lift Truck Ltd., Samuthprakarn/Bangkok, Thailand	100.0
Jungheinrich Lift Truck India Private Ltd., Mumbai, India	100.0
Jungheinrich Lift Truck Corporation, Houston/Texas, USA	100.0
Jungheinrich Systemlösungen GmbH, Graz, Austria	100.0
Jungheinrich South Africa (Pty) Ltd, Edenvale/Johannesburg, South Africa	100.0
Jungheinrich Romania S.R.L., Tătărani, Romania	100.0
Jungheinrich Rentalift SpA, Pudahuel/Santiago de Chile, Chile	100.0
Jungheinrich Colombia SAS, Bogotá, Colombia	100.0
Jungheinrich Ecuador S.A., Guayaquil, Ecuador	100.0
Jungheinrich Perú S.A.C., Lima, Peru	100.0
Jungheinrich doo, Novi Banovci, Serbia	100.0
MIAS Maschinenbau, Industrieanlagen & Service GmbH, Munich	100.0
MIAS Hungary Kft., Gyöngyös, Hungary	100.0
MIAS Holding Inc., Charlotte/North Carolina, USA	100.0
MIAS Property LLC, Charlotte/North Carolina, USA	100.0
MIAS Inc., Charlotte/North Carolina, USA	100.0
MIAS Italia S.r.l., Bolzano, Italy	100.0
MIAS Asia Holding Pte. Ltd., Singapore, Singapore	100.0
MIAS Materials Handling (Kunshan) Co., Ltd., Kunshan, China	100.0
Jungheinrich Australia Holdings Pty Ltd., Adelaide, Australia	100.0
NTP Pty Ltd., Adelaide, Australia	100.0[1]
NTP Fleet Management Pty Ltd., Adelaide, Australia	100.0[1]
Universal-FORMICA-Fonds, Frankfurt am Main[2]	0.0

1 10.0 per cent of the shares are held indirectly via a trust
2 Included as a structured entity in accordance with IFRS 10

As of 31 December 2018, the following companies were included in the consolidated financial statements of Jungheinrich AG, Hamburg, using the equity method:

Name and domicile	Share of voting rights and capital in %
JULI Motorenwerk s.r.o., Moravany, Czech Republic	50.0
Supralift GmbH & Co. KG, Hofheim am Taunus	50.0
Fujian JULI Motor Co., Ltd., Putian, China	50.0
Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., Shanghai, China	50.0
Jungheinrich Heli Industrial Truck Rental (Shanghai) Co., Ltd., Shanghai, China	45.5
Jungheinrich Heli Industrial Truck Rental (Changzhou) Co., Ltd., Changzhou, China	45.5
Jungheinrich Heli Industrial Truck Rental (Guangzhou) Co., Ltd., Guangzhou, China	45.5
Jungheinrich Heli Industrial Truck Rental (Tianjin) Co., Ltd., Tianjin, China	45.5
Industrial Components of Texas LLC, Houston/Texas, USA	50.0
MCJ Supply Chain Solutions LLC, Houston/Texas, USA	50.0
Irapol Sp. z o.o., Łódź, Poland	50.0
TREX.PARTS GmbH & Co. KG, Sittensen	50.0

As of 31 December 2018, the following companies were included at acquisition cost in the consolidated financial statements of Jungheinrich AG, Hamburg:

Name and domicile	Share of voting rights and capital in %
Jungheinrich Polska Produkcja Sp.z.o.o., Bronisze, Poland[1]	100.0
Jungheinrich Digital Solutions s.l., Madrid, Spain[1]	100.0
Jungheinrich Katalog Verwaltungs-GmbH, Hamburg[1]	100.0
Gebrauchtgeräte-Zentrum Dresden Verwaltungs-GmbH, Klipphausen/Dresden[1]	100.0
NTP Unit Trust, Adelaide, Australia[1]	100.0
Jungheinrich Latinoamérica y Caribe Ltda., Pudahuel/Santiago de Chile, Chile[1]	100.0
Jungheinrich Lift Truck Middle East (FZE), Sharjah, UAE[1]	100.0
Multiton MIC Corporation, Richmond/Virginia, USA[1]	100.0
Jungheinrich Unterstützungskasse GmbH, Hamburg[1]	100.0
FORTAL Administracào e Participacoes S.A., Rio de Janeiro, Brazil[1]	100.0
Boss Manufacturing Ltd., Leighton Buzzard, United Kingdom[1]	100.0
Motorenwerk JULI CZ s.r.o., Moravany, Czech Republic[1]	50.0
Supralift Beteiligungs- und Kommunikations-Gesellschaft mbH, Hofheim am Taunus[1]	50.0
TREX.PARTS Management GmbH, Sittensen[1]	50.0
Next Logistics Accelerator Beteiligungsgesellschaft mbH & Co. KG, Hamburg	10.0

1 Not consolidated due to its subordinate importance

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

The following domestic subsidiaries included in the consolidated financial statements of Jungheinrich AG made use of the waiver pursuant to Section 264, Paragraph 3, and Section 264b of the German Commercial Code (HGB) to a certain extent:

- Jungheinrich Vertrieb Deutschland AG & Co. KG, Hamburg
- Jungheinrich Norderstedt AG & Co. KG, Hamburg
- Jungheinrich Export AG & Co. KG, Hamburg
- Jungheinrich Service & Parts AG & Co. KG, Hamburg
- Jungheinrich Moosburg AG & Co. KG, Moosburg
- Jungheinrich Degernpoint AG & Co. KG, Moosburg
- Jungheinrich Projektlösungen AG & Co. KG, Offenbach am Main
- Jungheinrich Digital Solutions AG & Co. KG, Hamburg
- Jungheinrich Landsberg AG & Co. KG, Landsberg/Saalekreis
- Jungheinrich Rental International AG & Co. KG, Hamburg
- Jungheinrich Financial Services AG & Co. KG, Hamburg
- Jungheinrich PROFISHOP AG & Co. KG, Hamburg
- Gebrauchtgeräte-Zentrum Dresden AG & Co. KG, Klipphausen/Dresden
- Jungheinrich Beteiligungs-GmbH, Hamburg
- Jungheinrich Financial Services International GmbH, Hamburg
- Jungheinrich Logistiksysteme GmbH, Moosburg

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

In December 2018, the Board of Management and the Supervisory Board issued a declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) and made it permanently and publicly accessible on the website of Jungheinrich Aktiengesellschaft.

Hamburg, 5 March 2019

Jungheinrich Aktiengesellschaft
The Board of Management

Hans-Georg Frey

Dr Lars Brzoska

Christian Erlach

Dr Volker Hues

Dr Klaus-Dieter Rosenbach

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, 5 March 2019

Jungheinrich Aktiengesellschaft
The Board of Management

Hans-Georg Frey | Dr Lars Brzoska | Christian Erlach | Dr Volker Hues | Dr Klaus-Dieter Rosenbach

Independent Auditor's Report

To Jungheinrich Aktiengesellschaft, Hamburg

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Jungheinrich Aktiengesellschaft, Hamburg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2018, and the consolidated statement of income, the consolidated statement of comprehensive income (loss), the consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Jungheinrich AG, Hamburg, for the financial year from January 1 to December 31, 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2018, and of its financial performance for the financial year from January 1 to December 31, 2018, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment of goodwill

For the management's comments, please refer to section (2) 'Accounting principles: Impairments of intangible assets, property, plant and equipment and trucks for short term rental' as well as the 'Notes to the consolidated balance sheet' in section (12) 'Intangible assets' of the notes to the consolidated financial statements and to the group management report sections 'Economic and sector environment' and 'Forecast report'

The financial statement risk

As at December 31, 2018, goodwill totalled KEUR 40,323 (KEUR: thousand euros).

Goodwill is tested for impairment annually at the level of cash-generating units. For this purpose, the carrying amount is compared with the recoverable amount of each cash-generating unit. If the carrying amount exceeds the recoverable amount of the assets, an impairment loss is recognized. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The impairment test was carried out as at September 30, 2018.

The goodwill impairment test is complex and is based on a number of judgmental assumptions. These include, among others, the expected business and earnings development of the cash-generating units for the upcoming five years, the assumed long-term growth rates and the discount rate used. The decline in the expected future cash inflows from the cash-generating unit in Australia led to an impairment loss of the goodwill totaling KEUR 4,151. Should the earnings prospects deteriorate more substantially than expected or should the discount rates increase, additional impairment charges may be required.

There is the risk for the financial statements that the required impairments of goodwill were sufficiently recorded as of the reporting date. In addition, there is the risk that the disclosures in the notes associated herewith are not appropriate.

Our audit approach

With the support of our valuation specialists, we assessed, among other things, the appropriateness of the significant assumptions as well as the Company's valuation model. This included a discussion of the expected development of the business and results as well as of the assumed underlying long-term growth rates with those responsible for the planning process. In addition, reconciliations were made with other internally available forecasts including those for controlling and investment planning as well as the budget prepared by the Board of Management. Furthermore, we assessed the consistency of the assumptions with external market assessments.

We also assessed the Company's planning accuracy by comparing projections for previous financial years and the forecasts for financial year 2018 with the actual results realised and analysed deviations.

As small changes in the discount rate can have a substantial impact on the results of the impairment test, we have compared the assumptions and parameters underlying the discount rate – in particular the risk-free rate, the market risk premium and the beta factor – with own assumptions and publicly available information.

To provide for the mathematical accuracy of the valuation model utilised, we recalculated the Company's calculations on the basis of elements selected in a risk-orientated manner.

To reflect the existing uncertainty with respect to forecasts as well as the earlier valuation date for the impairment test, we have assessed reasonably possible changes of the discount rate on the recoverable amount (sensitivity analysis) by calculating alternative scenarios and comparing these with the Company's valuation results.

Finally, we assessed whether the disclosures in the notes with respect to the recoverability of the carrying amount of the goodwill are appropriate. This also included an assessment as to the appropriateness of disclosures in the notes pursuant to IAS 36.134(f) with respect to sensitivities resulting from reasonably possible changes of key assumptions underlying the valuation.

Our observations

The underlying valuation model used in the impairment test of goodwill is appropriate and consistent with the applicable accounting principles.

The Company's assumptions and parameters underlying the valuation are within an acceptable bandwidth and are, on a whole, balanced.

The disclosures in the notes associated herewith are appropriate.

Update of software components for recognizing and reporting leases for major group entities (Global Lease Center)

For the management's comments, please refer to section (2) 'Accounting principles: Leasing and financial services' as well as the 'Notes to the consolidated balance sheet' in section (15) 'Trucks for lease from financial services', (19) 'Receivables from financial services' and (28) 'Liabilities from financial services' in the notes to the consolidated financial statements and to the 'Financial services' section of the group management report.

The financial statement risk

All of the Group's financial services are combined in the financial services segment. This segment fulfills a service function for sales and distribution within the Group. At the end of 2018, contracts totaled 172 thousand trucks at a value of EUR 2,793 million when new. Based on the number of trucks sold, 41% (PY: 42%) were sold via financial services contracts.

In Chile, India, Malaysia, Singapore, Thailand, Finland, Slovakia and Slovenia a database oriented software solution (Global Lease Center) was implemented in financial year 2018 as an update to the process for the recognition and reporting of leases. For the purpose of recognition, leases are classified into finance leases or operating leases. The classification of leases is based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. It is complex and involves additional risks associated with the software update.

There is the risk for the financial statements that, as a result of the software update, contracts with customers for financial services are not recognized completely or incorrectly or that they are not correctly classified into the various lease categories and consequently the related receivables and liabilities as well as trucks for lease under financial services, and also the corresponding expenses and income, are recognized inaccurately in the consolidated financial statements.

Our audit approach

With the support of our IT experts, we obtained an understanding of the processes for the implementation of the software based on interviews with employees as well as by examining relevant documents. For each country, we checked the completeness of the migration of the data from the previous systems to the new database (Global Lease Center).

We also obtained an understanding of the processes for data entry and processing of leases during the software update based on interviews with employees as well as by inspecting transactions selected on the basis of risk. To assess the completeness and accuracy of data entry, relevant controls were identified and tested for their adequacy and effectiveness. To that end, we inspected individual procedures on a sample basis and reconciled the system data to the underlying leases. We also verified and assessed the calculation methods used by the software for determining receivables and liabilities as well as trucks for lease under financial services, as to whether these calculation methods are consistent with the accounting policies to be applied.

Our observations
The accounting treatment of receivables and liabilities as well as trucks for lease under financial services, and of the corresponding lease expenses and income, using the updated software is consistent with the accounting policies to be applied.

Other Information

Management is responsible for the other information. The other information comprises the annual report, with the exception of the audited consolidated financial statements and group management report and our auditor's report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on April 17, 2018, and therefore are also elected as group auditor pursuant to Section 318 (2) HGB. We were engaged by the supervisory board on December 3, 2018. We have been the group auditor of Jungheinrich Aktiengesellschaft, Hamburg, since financial year 2017.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

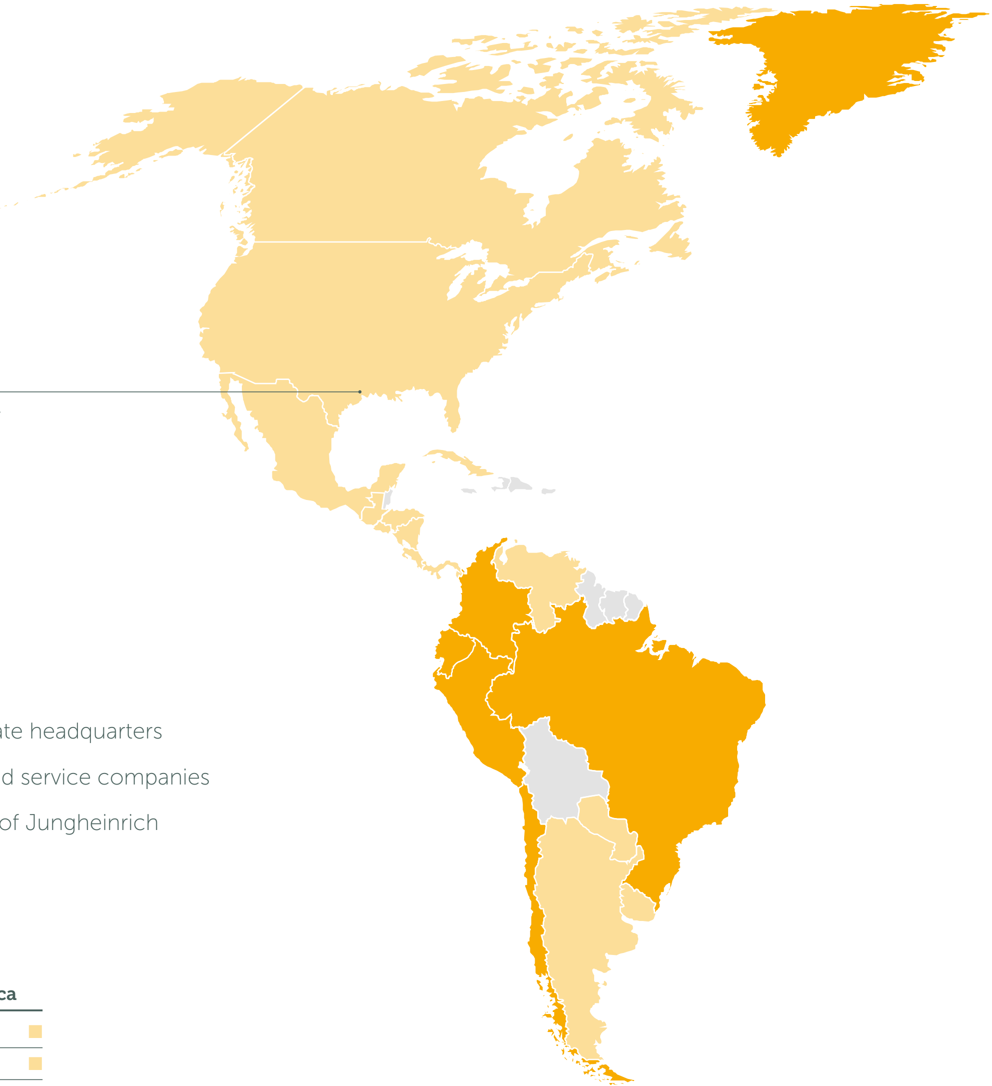
The German Public Auditor responsible for the engagement is Dr. Jochen Haußer.

Hamburg, 5 March 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft

Schmelzer	Dr. Haußer
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Jungheinrich worldwide
Locations



- Corporate headquarters
- Sales and service companies
- Partner of Jungheinrich

North America

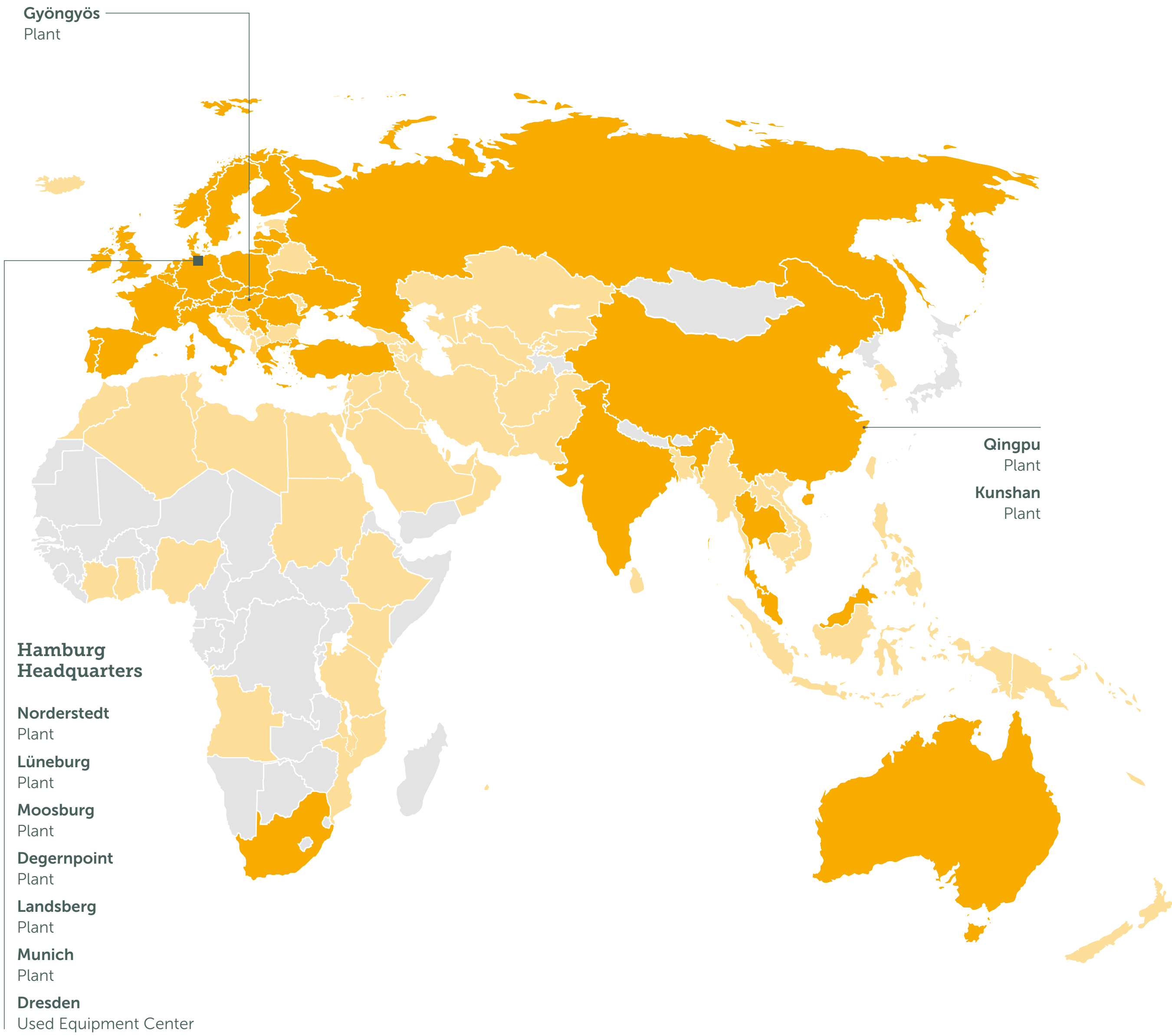
- Canada
- Mexico
- USA

Latin America

- Argentina
- Brazil
- Chile
- Colombia
- Costa Rica
- Cuba
- Ecuador
- El Salvador
- Guatemala
- Honduras
- Nicaragua
- Panama
- Paraguay
- Peru
- Uruguay
- Venezuela

Europe

- Albania
- Austria
- Belarus
- Belgium
- Bosnia and Herzegovina
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- Ireland
- Italy
- Kosovo
- Latvia
- Lithuania
- Luxembourg
- Macedonia
- Malta
- Moldova
- Montenegro
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- Ukraine
- United Kingdom



Middle East and Africa

Algeria	Kenya	Saudi Arabia
Angola	Kuwait	South Africa
Bahrain	Lebanon	Sudan
Côte d'Ivoire	Libya	Syria
Egypt	Malawi	Tanzania
Ethiopia	Mauritius	Tunisia
Ghana	Morocco	United Arab Emirates
Iran	Mozambique	
Iraq	Nigeria	
Israel	Oman	
Jordan	Qatar	

Central Asia

Afghanistan
Armenia
Azerbaijan
Georgia
Kazakhstan
Kyrgyzstan
Pakistan
Turkmenistan
Uzbekistan

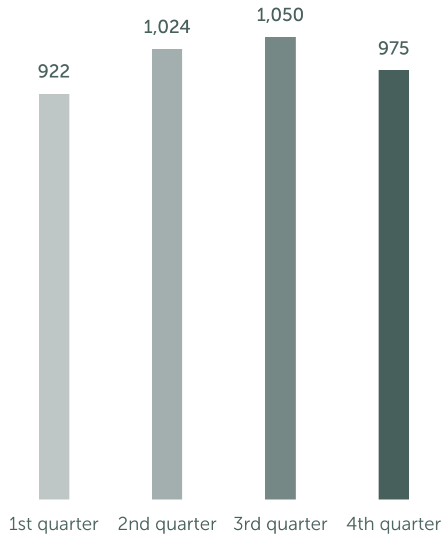
Asia Pacific

Australia	New Zealand
Bangladesh	Papua New Guinea
Cambodia	Philippines
China	Singapore
Hong Kong	South Korea
India	Sri Lanka
Indonesia	Taiwan
Laos	Thailand
Malaysia	Vietnam
Myanmar	
New Caledonia	

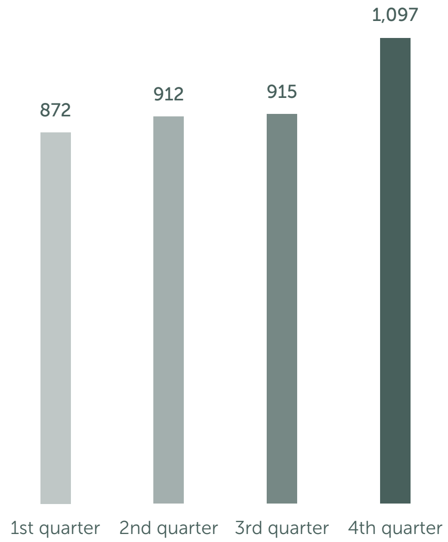
Addresses are available at www.jungheinrich.com.

2018 quarterly overview

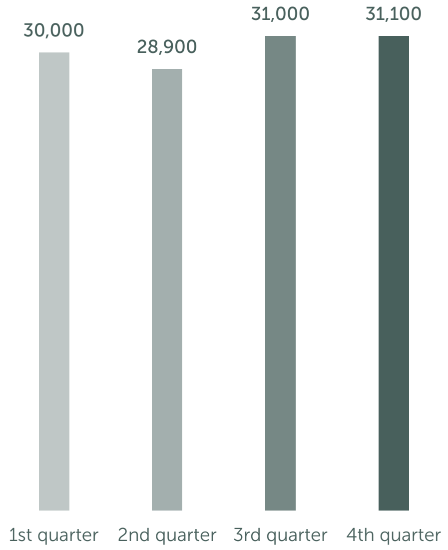
Incoming orders
in € million



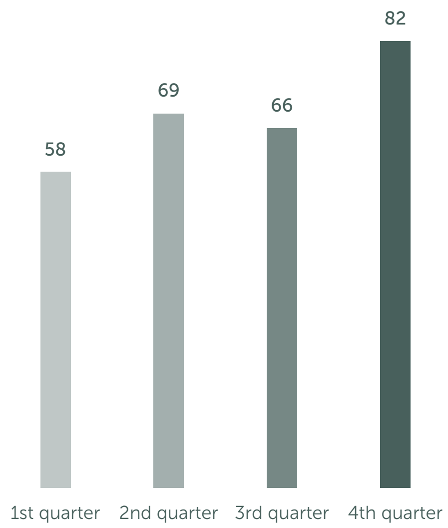
Revenue
in € million



Production
in units



Earnings before interest and taxes
in € million



Five-year overview

Jungheinrich Group		2018	2017	2016	2015	2014
Incoming orders	units	131,000	123,500	109,200	97,100	85,600
	€ million	3,971	3,560	3,220	2,817	2,535
Production of material handling equipment	units	121,000	120,100	106,300	91,200	83,500
Revenue	€ million	3,796	3,435	3,085	2,754	2,498
thereof Germany	€ million	900	851	753	701	655
thereof abroad	€ million	2,896	2,584	2,332	2,053	1,843
Foreign ratio	%	76	75	76	75	74
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	595	543	489	432	383
Earnings before interest and income taxes (EBIT)	€ million	275	259	235	213	193
EBIT return on sales (EBIT ROS)	%	7.2	7.5	7.6	7.7	7.7
EBIT return on capital employed (ROCE)	%	16	17	18	18	18
Earnings before taxes (EBT)	€ million	249	243	216	198	175
EBT return on sales (EBT ROS)	%	6.6	7.1	7.0	7.2	7.0
Profit or loss	€ million	176	182	154	138	126
Capital expenditure[1]	€ million	106	88	59	87	84
Research and development expenditure	€ million	84	77	62	55	50
Balance sheet total 31/12	€ million	4,746	4,130	3,643	3,349	3,040
Trucks for short-term rental	€ million	381	375	326	299	248
Trucks for lease from financial services	€ million	528	448	395	354[2]	283
Receivables from financial services	€ million	1,044	891	752	692	639
Liabilities from financial services	€ million	1,526	1,315	1,155	1,072	942
Shareholders' equity 31/12	€ million	1,362	1,244	1,114	1,026	900
thereof subscribed capital	€ million	102	102	102	102	102
Equity ratio (Group)	%	29	30	31	31	30
Equity ratio (Intralogistics)	%	46	48	48	48	46
Return on equity after income taxes (ROE)	%	13	15	14	14	15
Net indebtedness	€ million	108	7	–56	–75	–132
Indebtedness ratio	years	0.23	0.02	<0	<0	<0
Employees 31/12	FTE[3]	17,877	16,248	15,010	13,962	12,549
thereof Germany	FTE[3]	7,378	6,962	6,511	6,078	5,638
thereof abroad	FTE[3]	10,499	9,286	8,499	7,884	6,911
Earnings per preferred share	€	1.73	1.80	1.52	1.36[4]	1.24[4]
Dividend per share – ordinary share	€	0.48[5]	0.48	0.42	0.38[4]	0.33[4]
– preferred share	€	0.50[5]	0.50	0.44	0.40[4]	0.35[4]

Explanatory notes to the key financial data: Equity ratio = Shareholders' equity/Total capital x 100; EBIT return on sales (EBIT ROS) = EBIT/Revenue x 100; EBT return on sales (EBT ROS) = EBT/Revenue x 100; EBIT return on capital employed (ROCE) = EBIT/Employed interest-bearing capital[6] x 100; Return on equity after income taxes (ROE) = Profit or loss/Average shareholders' equity x 100; Net indebtedness = Financial liabilities – Cash and cash equivalents and securities; Indebtedness ratio = Net indebtedness/EBITDA (excluding the depreciation of trucks for lease from financial services)

1 Property, plant and equipment and intangible assets excluding capitalised development expenditure
2 Adjusted retroactively due to the classification and valuation of customer leases (NTP)
3 FTE = full-time equivalents
4 Reflects the stock split (1:3); figures adjusted
5 Proposal
6 Shareholders' equity + Financial liabilities – Cash and cash equivalents and securities + Provisions for pensions and long-term personnel obligations

Our business model

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

Financial calendar

20 MARCH 2019
Balance sheet press conference
Publication of the Annual Report 2018

20 MARCH 2019
Analyst conference, Frankfurt am Main

30 APRIL 2019
Annual General Meeting 2019,
Theater Neue Flora, Hamburg

6 MAY 2019
Dividend payment

10 MAY 2019
Interim statement as of 31 March 2019

8 AUGUST 2019
Interim report as of 30 June 2019

7 NOVEMBER 2019
Interim statement as of 30 September 2019

Legal notice & Contact

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Corporate Communications

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22047 Hamburg, Germany

CONCEPT AND DESIGN
HGB
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Hamburg, Germany

PRINTERS
Beisner Druck GmbH & Co. KG
Buchholz, Germany

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www.gutentag-hamburg.de (p. 16/24/25)
gettyimages.de/© Compassionate
Eye Foundation (p. 22/29)

All other photos: Jungheinrich AG

Icons: Jungheinrich AG, The Noun Project

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

2018 highlights

18,000
employees worldwide –
8,000
jobs created in **8 years**

Record revenue of € **3.8** billion
+**66**% in **5 years**

12,000
lithium-ion trucks sold – doubled in one year

40 sales and service companies on **5 continents**

World premiere of
ETV 216i
– first reach truck with built-in **lithium-ion battery**

Jungheinrich Aktiengesellschaft

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