CU
RIO
SI
TY

JUNGHEINRICH 4.0

Interim statement as of 30 September 2019

At a glance

Jungheinrich Group		Q3 2019	Q3 2018	Change %	Q1–Q3 2019	Q1–Q3 2018	Change %	Year 2018
Incoming orders	units	27,100	33,200	–18.4	94,100	100,600	–6.5	131,000
	€ million	949	1,050	–9.6	3,014	2,996	0.6	3,971
Orders on hand 30 Sep/31 Dec	€ million	–	–	–	957	1,043	–8.2	907
Production of material handling equipment	units	29,000	31,000	–6.5	87,800	89,900	–2.3	121,000
Revenue	€ million	1,016	915	11.0	2,972	2,699	10.1	3,796
Earnings before interest and taxes (EBIT)	€ million	70.5	66.2	6.5	197.3	193.3	2.1	275
EBIT return on sales (EBIT ROS)[1]	%	6.9	7.2	–	6.6	7.2	–	7.2
Earnings before taxes (EBT)	€ million	65.1	60.5	7.6	183.3	175.8	4.3	249
EBT return on sales (EBT ROS)[2]	%	6.4	6.6	–	6.2	6.5	–	6.6
Profit or loss	€ million	46.8	43.3	8.1	132.0	125.7	5.0	176
Earnings per preferred share	€	0.46	0.42	9.5	1.31	1.24	5.6	1.73
Employees 30 Sep/31 Dec	FTE[3]	–	–	–	18,404	17,585	4.7	17,877

1 EBIT/revenue x 100
2 EBT/revenue x 100
3 FTE = full-time equivalents

JUNGHEINRICH

Development of the market for material handling equipment

Global market for material handling equipment by region

Incoming orders in thousand units	Q1–Q3 2019	Q1–Q3 2018	Change %
World	1,113	1,164	–4.4
Europe	364	394	–7.6
thereof Eastern Europe	64	69	–7.2
Asia	498	491	1.4
thereof China	351	339	3.5
North America	183	204	–10.3
Other regions	68	75	–9.3

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

The global market volume for material handling equipment decreased by 4 per cent year-on-year from January to September 2019. This corresponds to around 50 thousand units. The decrease is primarily due to the decline in orders in the European and North American markets. Around half of the steep drop in demand in North America is the result of a decrease in demand for IC engine-powered forklift trucks. In contrast, incoming orders rose slightly in China. The driving force behind this was the solid demand for warehousing equipment, which was partially negated by the downturn in the market for counterbalanced trucks – particularly IC engine-powered models.

The global market volume for the warehousing equipment product segment declined 2 per cent against the same period of the previous year. In this environment, the robust growth on the Chinese market was almost completely cancelled out by the negative market developments in Europe. Just over half of the 5 per cent lower global market volume for battery-powered counterbalanced trucks was based on declining demand in Europe. The decline in demand of 7 per cent around the globe for IC engine-powered forklift trucks was due to a drop in orders in North America, Asia and Europe.

Business trend, earnings and financial position

Incoming orders and orders on hand

Incoming orders in the new truck business, based on units, which includes orders for both new forklifts and trucks for short-term rental, totalled 94.1 thousand trucks, down 6 per cent on the corresponding figure in the previous year (100.6 thousand trucks). This was due to falling demand in Europe, Jungheinrich's core market. The proportion of truck orders for the short-term rental fleet was below the previous year's figure.

By value, incoming orders for all business fields – new truck business, short-term rental and used equipment, and after-sales services – came to €3,014 million, which is on a par with the previous year's figure (€2,996 million).

Orders on hand for new truck business fell to €957 million as of 30 September 2019, which is €86 million or 8 per cent lower than the previous-year figure (€1,043 million). Compared with orders on hand of €907 million as of year-end 2018, it nevertheless represents an increase of €50 million or 6 per cent. Orders therefore account for almost five months of production.

Revenue

Breakdown of revenue

in € million	Q1–Q3 2019	Q1–Q3 2018	Change %
New truck business	1,782	1,545	15.3
Short-term rental and used equipment	470	464	1.3
After-sales services	795	735	8.2
"Intralogistics" segment	**3,047**	**2,744**	**11.0**
"Financial Services" segment	**863**	**689**	**25.3**
Reconciliation	–938	–734	27.8
Jungheinrich Group	**2,972**	**2,699**	**10.1**

New truck business was the main driver of the higher Group revenue in the reporting period. At €1,782 million, it was €237 million or 15 per cent higher than in the same period last year (€1,545 million). Revenue from the new truck business included a €472 million or 16 per cent increase in revenue from the "Logistics Systems" division (previous year: €407 million). The "Mail Order" division expanded by 20 per cent and generated revenue of €95 million (previous year: €79 million). As part of a reclassification, rental revenue formerly recognised in the short-term rental and used equipment business field was assigned to the segment "Financial Services". On a like-for-like basis, growth in rental revenue would be 10 per cent.

Earnings and financial position

In light of the noticeable price pressure on the market and the steeper drop in capacity utilisation resulting from the decline in market performance, earnings before interest and taxes (EBIT) amounted to €197.3 million in the period January to September 2019 (previous year: €193.3 million). The EBIT return on sales (EBIT ROS) amounted to 6.6 per cent, compared with 7.2 per cent in the same period last year.

Additional expenses in the reporting period totalled €17 million and were primarily the result of impairment losses on capitalised development expenses for individual series and depreciation of production inventories and tools.

These were countered by positive effects from the initial application of IFRS 16 “Leases”. For new financial services agreements closed after 1 January 2019 in the financial services business which were refinanced through the sale-and-lease-back method and classified as “finance leases”, profits of €25 million did not have to be deferred.

The effects mentioned above were only sufficiently verified and quantified in the third quarter of 2019. The expenses of €17 million and income of €16 million were therefore not stated in the 2019 half-year financial statements.

Amid developments in the global financial markets, the financial loss of €14.0 million in the period under review (previous year: loss of €17.4 million) was influenced in particular by the results from measurement of the securities and derivatives in the special fund. Earnings before taxes (EBT) rose to €183.3 million at the end of the first nine months (previous year: €175.8 million). EBT return on sales (EBT ROS) came to 6.2 per cent (previous year: 6.5 per cent). With a Group tax rate of 28.0 per cent (previous year: 28.5 per cent), profit or loss in the period January to September stood at €132.0 million (previous year: €125.7 million). Earnings per preferred share were €1.31 (previous year: €1.24).

As of the reporting date, net debt amounted to €231 million. Adjusted for lease liabilities resulting from the initial application of IFRS 16 “Leases” in the amount of €152 million, net debt would have amounted to €79 million (31 December 2018: €108 million).

Forecast change report

Assumptions regarding market development for the whole of 2019 have not changed from those published in the interim report in August 2019. We are expecting to see a lasting and noticeable decline in our European core market and worldwide in 2019. Market volume could reach the same level as in the previous year in Asia.

The forecast for 2019 published in the 2019 half-year report remains unchanged, with the exception of net debt: We expect incoming orders to be worth between €3.80 billion and €4.05 billion. Group revenue is expected to fall between €3.85 billion and €4.05 billion. We estimate that EBIT will amount to between €240 million and €260 million. We expect the EBIT return on sales to fall between 6.0 per cent and 6.7 per cent.

We now expect net debt in 2019 to be between €200 million and €230 million (previous forecast: €230 million to €260 million).

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 interim statement. 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 interim statement.

Hamburg, 7 November 2019

Jungheinrich Aktiengesellschaft
The Board of Management

Jungheinrich Aktiengesellschaft

Friedrich-Ebert-Damm 129
22047 Hamburg
Germany
Phone: +49 40 6948-0
Fax: +49 40 6948-1777
www.jungheinrich.com
info@jungheinrich.com

Securities identification numbers:
ISIN DE0006219934, WKN 621993

Financial calendar

Interim statement as of 30 September 2019	**7 November 2019**
Balance sheet press conference	**18 March 2020**
Analyst conference	**18 March 2020**
2020 Annual General Meeting	**28 April 2020**
Dividend payment	**4 May 2020**
Interim statement as of 31 March 2020	**8 May 2020**
Interim report as of 30 June 2020	**11 August 2020**
Interim statement as of 30 September 2020	**10 November 2020**