

DRIVE

JUNGHEINRICH 4.0

Interim statement as of 30 September 2018

At a glance

Jungheinrich Group		Q3 2018	Q3 2017	Change %	Q1–Q3 2018	Q1–Q3 2017	Change %	FY 2017
Incoming orders	units	33,200	28,800	15.3	100,600	92,100	9.2	123,500
	€ million	1,050	846	24.1	2,996	2,596	15.4	3,560
Orders on hand 30 Sep/31 Dec	€ million	–	–	–	1,043	709	47.1	692
Production of material handling equipment	units	31,000	30,700	1.0	89,900	88,300	1.8	120,100
Revenue	€ million	915	827	10.6	2,699	2,461	9.7	3,435
Earnings before interest and taxes (EBIT)	€ million	66.2	60.1	10.1	193.3	183.8	5.2	259
EBIT return on sales (EBIT ROS) ¹	%	7.2	7.3	–	7.2	7.5	–	7.5
Earnings before taxes (EBT)	€ million	60.5	56.6	6.9	175.8	173.2	1.5	243
EBT return on sales (EBT ROS) ²	%	6.6	6.8	–	6.5	7.0	–	7.1
Profit or loss	€ million	43.3	40.8	6.1	125.7	124.7	0.8	182
Employees 30 Sep/31 Dec	FTE ³	–	–	–	17,585	15,797	11.3	16,248
Earnings per preferred share	€	0.42	0.40	5.0	1.24	1.23	0.8	1.80

1 EBIT/revenue x 100

2 EBT/revenue x 100

3 FTE = full-time equivalents

Development of the market for material handling equipment

World material handling equipment market by region

Incoming orders in thousand units	Q1-Q3 2018	Q1-Q3 2017	Change %
World	1,164	1,025	13.6
Europe	394	347	13.5
thereof Eastern Europe	69	57	21.1
Asia	491	426	15.3
thereof China	339	285	18.9
North America	204	186	9.7
Other regions	75	66	13.6

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

The global market volume for material handling equipment increased by 14 per cent year-on-year from January to September 2018. This corresponds to 139 thousand units. The driving force behind the increase in market volume was demand in the Asian market, primarily in China. The market volume in Western Europe increased by 12 per cent. Demand in Eastern Europe increased by 21 per cent thanks to Poland. More than half of the strong year-on-year growth in North America was attributable to a significant increase in orders for IC engine-powered counterbalanced trucks.

The warehousing equipment product segment recorded global growth of 17 per cent or 78 thousand trucks, with over 40 per cent of this attributable each to Asia and Europe. Half of the 11 per cent increase in global market volumes of battery-powered counterbalanced trucks was driven by higher orders from Asia. Over 40 per cent of the global increase of 10 per cent in demand for IC engine-powered trucks was also due to significantly higher orders in this region. In all three product segments, demand on the Chinese market was the driver for high growth rates across Asia.

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 100.6 thousand trucks, up 9 per cent on the corresponding figure in the previous year (92.1 thousand units). This was due to very high demand in Europe, Jungheinrich's core market.

At €2,996 million (previous year: €2,596 million), the value of incoming orders, which includes all business fields – new truck business, short-term rental and used equipment and after-sales services – increased by 15 per cent year-on-year. This was significantly due to the increase in demand for logistics systems solutions.

Orders on hand for new truck business climbed to €1,043 million as of 30 September 2018, which is €334 million or 47 per cent higher than the previous-year figure (€709 million). Compared with orders on hand of €692 million as of year-end 2017, it represents an increase of €351 million or 51 per cent. Orders therefore accounted for six months of production. A large amount of the orders on hand are attributable to the "Logistics Systems" division.

Revenue

Breakdown of revenue

in € million	Q1-Q3 2018	Q1-Q3 2017	Change %
New truck business	1,545	1,435	7.7
Short-term rental and used equipment	464	418	11.0
After-sales services	735	675	8.9
"Intralogistics" segment	2,744	2,528	8.5
"Financial Services" segment	689	594	16.0
Reconciliation	-734	-661	-11.0
Jungheinrich Group	2,699	2,461	9.7

The 10 per cent increase in Group revenue against the previous year reflects the good order situation. Revenue in the new truck business consisted of €407 million (previous year: €403 million) from the "Logistics Systems" division. The previous year's very high figure was among other factors due to two large orders. The "Mail Order" division expanded by more than 30 per cent and generated revenue of €79 million (previous year: €58 million).

Earnings and financial position

In addition to staffing costs increasing significantly and raw materials prices exceeding expectations, earnings before interest and taxes (EBIT) was negatively impacted by costs for the industry's most important trade fair, CeMAT, and supply bottlenecks accompanied by price increases from some suppliers. Despite this, EBIT still increased by 5 per cent to €193.3 million in the first nine months of the year (previous year: €183.8 million). The EBIT return on sales (EBIT ROS) was 7.2 per cent, compared with 7.5 per cent in the previous-year period.

Amid developments in the global financial markets, the financial loss of €17.4 million in the period under review (previous year: loss of €10.6 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 €175.8 million at the end of the first nine months (previous year: €173.2 million). EBT return on sales (EBT ROS) came to 6.5 per cent (previous year: 7.0 per cent). With a Group tax rate of 28.5 per cent (previous year: 28.0 per cent), profit or loss in the period January to September stood at €125.7 million (previous year: €124.7 million). Earnings per preferred share were €1.24 (previous year: €1.23).

As of 30 September 2018, net debt stood at €172 million (31/12/2017: €7 million). The increase in debt is in addition to reporting date effects principally due to the increase in working capital, the expansion of the short-term rental fleet and payments for acquisitions of companies.

Forecast change report

Assumptions regarding market development for the whole of 2018 have not changed from those in the interim report published in August 2018. We expect to see growth of over 10 per cent for our European core market and worldwide in 2018.

We adjust the forecast for the current financial year that was last updated in August 2018 again based on current developments.

Incoming orders are likely to be between €3.85 billion and €3.95 billion (previously: upper end of the range of €3.75 billion to €3.85 billion). Revenue should be between €3.65 billion and €3.75 billion (previously: upper end of the range of €3.6 billion to €3.7 billion). We consider the upper end of each range to be achievable. Despite the aforementioned negative effects on earnings, particularly the rise in the price of raw materials, we are standing by our EBIT forecast (€270 million to €280 million). The same applies to the EBT forecast

(€250 million to €260 million). However, we cannot rule out the possibility that both results may be at the lower end of the forecast ranges. As a result, we are expecting EBIT ROS and EBT ROS to each be below the level seen in the previous year (7.5 per cent, 7.1 per cent).

We have also adjusted our estimates regarding net debt once again. Due to growth, we expect net debt of around €120 million (previously: around €100 million) as of year-end 2018.

ROCE is likely to fall within a range of 15 per cent to 16 per cent, as published in the interim report in August.

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, 6 November 2018

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Financial calendar

Interim statement as of 30/09/2018	6 November 2018
Balance sheet press conference	20 March 2019
Analyst conference	20 March 2019
2019 Annual General Meeting	30 April 2019
Dividend payout	6 May 2019
Interim statement as of 31/03/2019	10 May 2019
Interim report as of 30/06/2019	8 August 2019
Interim statement as of 30/09/2019	7 November 2019