POWER ON

Annual Report 2019

JUNGHEINRICH

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Company profile Founded in 1953, Jungheinrich ranks among the leading solutions providers for the intralogistics sector, with revenue of over €4 billion and more than 18,000 employees worldwide. With a comprehensive portfolio of material handling equipment, automatic systems and services, the company is able to offer customers tailored solutions for the challenges posed by Industry 4.0 from a single source. Jungheinrich has energy expertise which is unique in the sector and is a pioneer in lithium-ion technology. Jungheinrich's goal is to be the number one choice in intralogistics worldwide. The Group strategy is geared towards growing profitably and creating value sustainably.

Key figures at a glance

Jungheinrich Group		2019	2018	Change %
Incoming orders	units	121,900	131,000	–6.9
	€ million	3,922	3,971	–1.2
Orders on hand 31/12	€ million	787	907	–13.2
Production of material handling equipment	units	112,900	121,000	–6.7
Revenue	€ million	4,073	3,796	7.3
thereof Germany	€ million	966	900	7.3
thereof abroad	€ million	3,107	2,896	7.3
Foreign ratio	%	76	76	–
Earnings before interest and income taxes (EBIT)	€ million	263	275	–4.4
EBIT return on sales (EBIT ROS)	%	6.4	7.2	–
EBIT return on capital employed (ROCE)[2]	%	13.7[1]	16.0	–
Earnings before taxes (EBT)	€ million	242	249	–2.8
EBT return on sales (EBT ROS)	%	5.9	6.6	–
Profit or loss	€ million	177	176	0.6
Capital expenditure[3]	€ million	157	106	48.1
Research and development expenditure	€ million	86	84	2.4
Balance sheet total 31/12	€ million	5,231	4,746	10.2
Shareholders' equity 31/12	€ million	1,488	1,362	9.3
thereof subscribed capital	€ million	102	102	–
Employees 31/12	FTE[4]	18,381	17,877	2.8
thereof Germany	FTE[4]	7,635	7,378	3.5
thereof abroad	FTE[4]	10,746	10,499	2.4
Earnings per preferred share[5]	€	1.75	1.73	1.2
Dividend per share – ordinary share	€	0.46[6]	0.48	–4.2
– preferred share	€	0.48[6]	0.50	–4.0

1 Determined according to accounting changes as of 01/01/2019 (IFRS 16 "Leases"). (Value from the previous year has not been adjusted.)
2 EBIT as a percentage of interest-bearing capital employed (cut-off date)
3 Property, plant and equipment and intangible assets without capitalised development expenditure
4 FTE = full-time equivalents; part-time employees were taken into account according to their hours
5 Based on share of earnings attributable to the shareholders of Jungheinrich AG
6 Proposal

About this report

We have optimised the PDF version of our annual report for PCs and tablets. The landscape format with individual page view is better suited for viewing on a monitor. The links in the table of contents enable the reader to navigate all chapters quickly and easily. Useful links and standardised function buttons on each page make it easier for the reader to reference content and the reporting in a more user-friendly and transparent manner.

Navigating the report at the click of a button

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Highlights 2019

Revenue of
€4 billion

LI-ION
20,000
lithium-ion batteries
sold

JT
Energy Systems

GOLD
2019
ecovadis
CSR Rating

The Board of Management

1. **Dr Lars Brzoska**
   Chairman of the Board of Management
2. **Dr Volker Hues**
   Member of the Board of Management
   Finance
3. **Christian Erlach**
   Member of the Board of Management
   Marketing & Sales
4. **Sabine Neuß**
   Member of the Board of Management
   Engineering
5. **Dr Klaus-Dieter Rosenbach**
   Member of the Board of Management
   Logistics Systems

Foreword by the Board of Management

Dear Shareholders,

With revenue of more than €4 billion in the 2019 financial year, we have achieved the milestone laid out in our growth strategy 2020 – a year earlier than planned. Considering the sluggish economic environment over the course of the past year, reaching almost €4 billion in incoming orders represents a good achievement. The global Jungheinrich team put in special effort and achieved an outstanding performance.

With incoming orders of around 122 thousand units and production amounting to 113 thousand trucks, however, quantities are behind each of these levels last year. As a result, there was also some pressure on EBIT. Nevertheless, we managed to achieve respectable earnings of EUR 263 million as of the end of the year despite these conditions. The efficiency programme launched in the summer of 2019 has shown initial positive results and contributed to the stabilisation of earnings, also thanks to the efforts of our employees. The members of the Board of Management and I would like to thank all involved for their support and hard work so far.

In light of the difficult economic situation, we will now focus resolutely on our core skills in electric mobility, automation and digitalisation. With this in mind, we chose "Power On" for the title of our 2019 annual report. Electric mobility is in Jungheinrich's DNA. We have been developing trucks with electric drives since our foundation in 1953, and we have improved them with numerous innovations ever since. The ETV 216i reach truck is the first truck in the world to feature an integrated lithium-ion battery – and was immediately named "International Forklift Truck of the Year 2019". Another revolutionary world premiere followed with the ERC 216zi stacker truck. At the beginning of this year, we introduced the future of counterbalanced trucks, the EFG P30i – an electric truck with the power of an IC-engine truck. Establishing JT Energy Systems GmbH in 2019 was another important step in expanding our unique energy expertise in our sector. We are pooling our joint knowledge in electronics with an experienced battery manufacturer to develop, produce and reprocess high-quality and high-performance lithium-ion batteries and energy storage systems.

We are certain that lithium-ion batteries will replace lead acid batteries and IC engine-powered drives in intralogistics in the foreseeable future. The dominance of electric mobility and in particular lithium-ion technology is in full swing around the world throughout our sector. With our expertise we are actively driving this technological disruption in intralogistics forward. In addition to the manifold technical and economical advantages, lithium-ion technology is an energy-efficient way to significantly reduce the CO_2 emissions of material handling equipment. The environmental friendliness of our products – which can be seen in the annually published product life cycle assessment – is a top priority for Jungheinrich.

As a family-owned company, sustainability and responsible business practices are at the core of our conduct. To us, "taking responsibility" means successfully combining profitable growth with ecological and social aspects. We offer our customers solutions that are both innovative and resource-saving at the same time. This enables us to create lasting value together. That is why I am particularly pleased to have received another outstanding CSR rating from EcoVadis – in 2019 we achieved gold status. This puts us among the top 5 per cent of responsible companies from over 55,000 certified companies worldwide.

»To us, taking responsibility means successfully combining profitable growth with ecological and social aspects.«

What will come next for us? We expect that the economic environment will continue to be challenging in the 2020 financial year. We will, therefore, continue our efficiency programme and intensively drive strategic capital expenditure forward so that we can position Jungheinrich successfully for the long term. This applies in particular to electric mobility as well as automation and digitalisation. The organisational and digital transformation of our company is of key importance and represents the framework for a further increase in our customer focus, flexibility and agility. For this purpose, we continue to determinedly pursue our Group-wide initiatives.

I would like to conclude on a more personal note. The last year has been a very special one for me. We have successfully handed on the baton both on the Board of Management and the Supervisory Board and I am very pleased to have moved from my position as Board member for Marketing & Sales and then Engineering to Chairman of the Board of Management of Jungheinrich AG. Also on behalf of my colleagues on the Board of Management, I would like to sincerely thank the shareholder families Lange and Wolf, all employees around the world, the Supervisory Board and our former Chairman of the Supervisory Board, Jürgen Peddinghaus, who stepped down in August 2019, for their close and constructive collaboration. Furthermore, a special thank you goes to you, our shareholders, customers and business partners, for your ongoing trust in Jungheinrich.

And, as the title of this annual report – “Power On” – suggests, I am looking forward to tackling the upcoming tasks and challenges together with the whole team and a lot of energy. Our goal is clear: Jungheinrich will remain a leading provider in our sector and the number one choice in intralogistics for our customers.

Sincerely yours,

Dr Lars Brzoska
Chairman of the Board of Management

POWER ON!

From the electric forklift truck "Ameise" in the 1950s to innovative lithium-ion trucks and holistic energy solutions in 2020, our expertise in electric mobility runs through the Jungheinrich success story like a yellow thread. We offer our customers sustainable solutions for energy-efficient intralogistics and are thus making our mark on the future – Power On!

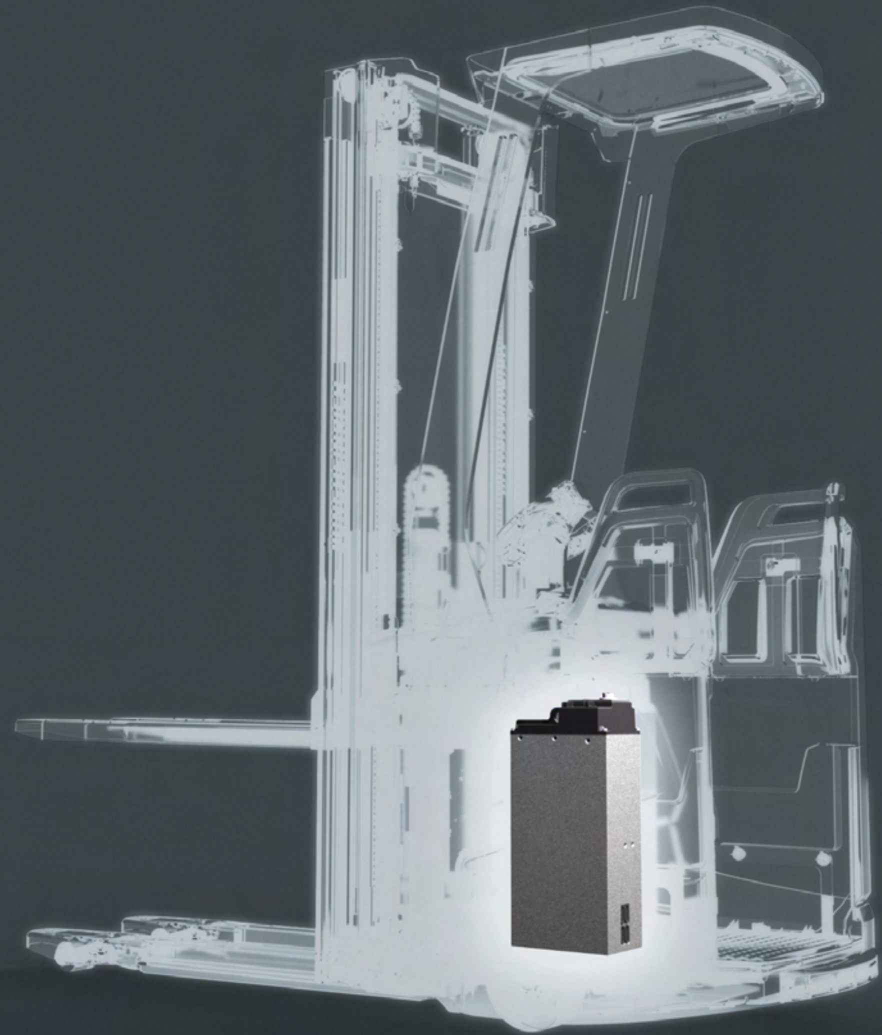
ELECTRIC MOBILITY
IS IN OUR DNA

As both a visionary and pragmatist, our company founder, Dr Friedrich Jungheinrich, understood the potential of battery-powered trucks. In 1953, the era of electric mobility began at Jungheinrich with the construction of the four-wheel electric truck Ameise 55. When he discovered that there were no suitable solutions on the supplier market, Dr Jungheinrich himself ensured that the drives for his Ameise electric stacker and forklift trucks were made. His emission-free trucks quickly became popular in warehouses. In 1956, Jungheinrich produced its first battery-powered reach truck – the Ameise Retrak. This laid the foundation for Jungheinrich as an intralogistics company that today stands for unique expertise in battery-powered trucks.

Decades of experience in producing electric trucks has given our company a clear advantage when it comes to electric mobility in warehouses. Nowadays almost all of the trucks produced by Jungheinrich are electric. We continue to focus on in-house development and are ahead of the curve in many fields. Moreover, Jungheinrich trucks are among the most energy-efficient on the market and regularly set new industry standards. To this day, for example, we are the only manufacturer to guarantee customers full operational capability of trucks over two shifts with just one battery charge. And more importantly, Jungheinrich develops and manufactures trucks, electric engines, control units, software, batteries and charging technology in-house, which means we represent holistic energy expertise – a unique selling point that even after 66 years lives up to the innovative spirit of our founder and his drive to produce sustainable solutions.

! Jungheinrich represents holistic energy expertise, from trucks to batteries to battery chargers.

The complete interconnectivity of all components from a single source offers a clear benefit to our customers: better performance, higher availability of the trucks in the warehouse and improved energy efficiency – with a positive impact on the environment. This enables us to convince increasingly more customers to switch their warehouses completely to electric.



A PIONEER

IN LITHIUM-ION TECHNOLOGY

In 2011, Jungheinrich became the first truck manufacturer to bring a series-produced truck with a lithium-ion battery onto the market. At present, we are at the forefront of our industry in the field of lithium-ion drives and offer virtually all of our products with this technology. The advantages of lithium-ion batteries compared to lead acid batteries are clear: they are generally two-thirds smaller and last three times longer; they are safer to handle and need no maintenance. With the right battery charger, they can be charged from 0 to 100 per cent in just over an hour, or briefly recharged. This increases availability in the warehouse significantly and makes time-consuming battery changes redundant. In addition, lithium-ion batteries also have especially high performance levels and are an economically attractive alternative compared to lead acid batteries, taking into account the total cost of ownership. Especially in challenging two- or three-shift operations, the significantly longer operating times and considerably lower operating costs more than compensate for the higher acquisition costs.

! We are at the forefront of the field of lithium-ion drives.

From **0%** to **100%** in one hour

2/3 smaller

No need for **maintenance**

Lasts **3** **times** longer

COMPLETELY RETHINKING TRUCKS

Lithium-ion technology has opened the door to completely new truck concepts. While electric trucks were literally built around lead acid batteries with steel housing for decades, lithium-ion batteries now allow for much more flexibility when it comes to truck design and construction. The result: lithium-ion trucks can be made much more compact and ergonomical, allowing for improved handling and performance.

The first truck to combine these advantages was our world premiere presented in 2018, the ETV 216i reach truck. It is the first truck of its kind with a lithium-ion battery integrated into the truck and build-in under the driver's seat. This results in more leg room, a better view and safe handling for the driver. Optimised residual capacities also create more flexibility in the warehouse. The revolutionary electric stacker truck ERC 216zi followed in 2019, which is 170 millimetres shorter than the previous model due to the integrated battery. Its higher manoeuvrability and agility makes it possible to reduce the width of warehouse aisles allowing more rows of shelves in the same space – a real win in terms of efficiency for our customers.

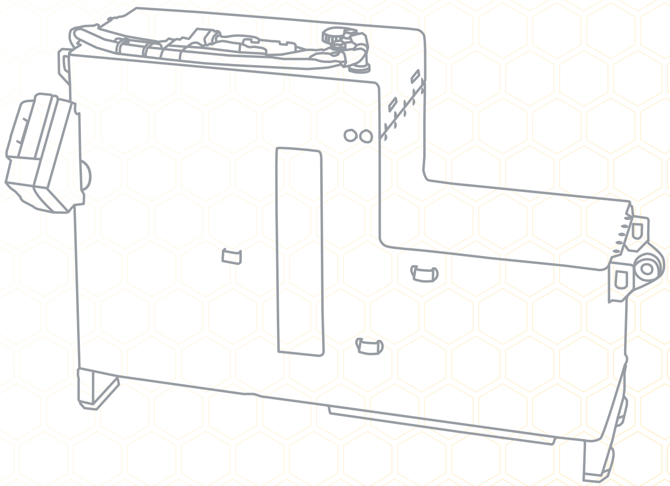
Thanks to its lack of exhaust fumes, the electric drive has been the focal point for intralogistics solutions. It increasingly sidelines IC engine-powered drives from its traditional application areas. At the beginning of this year, Jungheinrich presented a "preview truck", the EFG P30i. It combines an IC engine-powered counterbalanced truck's solidity, driver comfort and performance with an electric truck's economic advantages and lack of emissions. This example shows that electric drives and performance go hand in hand and thus deliver opportunities to power other application areas with electricity.

! Lithium-ion technology has enabled us to develop completely new truck concepts.

BATTERY EXPERTISE

MADE BY JUNGHEINRICH

We are currently establishing Europe's largest development, production and reprocessing centre for lithium-ion technology and energy storage systems in our industry.



We take responsibility for our products along the entire value chain. This begins with the delivery of individual parts and components, including the lithium-ion cells. Our strategy for these cells is based on a sustainable approach and the avoidance of critical materials such as cobalt. Their higher weight due to lower energy density compared to other cell materials even works in our favour during truck construction. Our cell chemistry is considered to be the safest compared to other types.

Jungheinrich cells are manufactured according to individual specifications by carefully chosen partners and put together by Jungheinrich in our own battery manufacturing process to make high-quality lithium-ion batteries. The cells are put together in several cell packets, so-called stacks. After that, they are connected to intelligent electronics and then configured to full batteries of various sizes. Together with our partner, Triathlon Holding GmbH, we are also currently establishing Europe's largest development, production and reprocessing centre for lithium-ion technology and energy storage systems in our industry with JT Energy Systems GmbH. Thanks to the pooling of expertise in this field, the rapidly growing demand for lithium-ion battery technology and charging systems will be met, thereby further solidifying our position as a technology leader within this industry. We are certain that lithium-ion technology is the future: it is foreseeable that this technology will completely replace lead acid batteries and IC engine-powered trucks in intralogistics.

Power On – cross-sector electric expertise

We have recognised, along with other companies in the sector, the advantages of electric drives. With its proven expertise in intralogistics technology, Jungheinrich currently supports various engineering companies with their shift into the electric age and fits construction and agricultural machinery with electric drives, control unit elements and lithium-ion technology. Our partners benefit from our long experience with currently more than a million electric trucks in use worldwide and receive a fully coordinated package from a single source.

SUSTAINABLE SOLUTION:
ENERGY-EFFICIENT INTRALOGISTICS

The economy's transport and logistics sector cause around a fourth of global CO_2 emissions. A considerable amount of that is the result of intralogistics. More energy-efficient material handling equipment can contribute to lowering harmful CO_2 emissions and thus play an important role in climate protection. As a leading intralogistics company we are committed to ensuring our activities and products are responsible. The foundation of this is our understanding of sustainability, which successfully combines profitable growth as well as social and ecological aspects – particularly those focussed on environmental compatibility and the energy efficiency of our products. In 2011, we were the first provider of material handling equipment to be given a TÜV-certified product life cycle assessment of its trucks. This is regularly published and transparently shows the CO_2e emissions[1] for the extraction of raw materials, transport, production and use of trucks. Despite higher energy consumption during production, electric trucks with a lithium-ion battery cause 52 per cent less CO_2e than diesel trucks in the same lifting capacity class. Through extensive development measures to reduce the energy consumption of our trucks, we were able to reduce the CO_2e emissions during the production and use of our products by 24 per cent between 2000 and 2010, and by another 18 per cent since.

Almost all of Jungheinrich's trucks are battery powered.

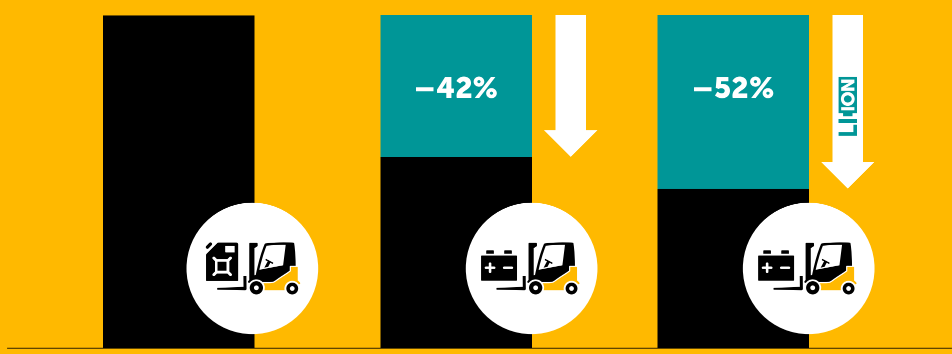
97%

Lithium-ion batteries have a special advantage when it comes to sustainability, and the key words are "second life": due to its longevity we believe there is significant potential in deploying used batteries one more time in material handling equipment. When a truck has come to the end of its life cycle, using it as a stationary energy storage system is another possibility.

52%

Electric trucks with a lithium-ion battery cause 52 per cent less CO_2e than diesel trucks in the same lifting capacity class, despite higher energy consumption during production.

Reducing CO_2e emissions with electric trucks[2]



1 CO_2 equivalent: a unit of measure that shows the greenhouse effect of various gases as equivalent to CO_2
2 CO_2 reductions are in raw materials, transport, production and use, calculated over an average of 10,000 operating hours and based on the DFG 425s and EFG 425 truck types.

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Report of the Supervisory Board

Focal points of Supervisory Board activity

For Jungheinrich, 2019 was particularly dominated by changes in the market environment as well as personnel changes on the Supervisory Board and the Board of Management.

Following a good start to 2019, the mood on the markets that are relevant to Jungheinrich became gloomier from May onwards due to increasing geopolitical tensions (Brexit, trade conflict between the USA and China). This was reflected in lower customer enquiries and a decrease in incoming orders.

Despite this, the Group was again able to record good revenue development and sound EBIT.

The Board of Management and the Supervisory Board also faced challenges due to personnel changes on both boards as a new Chairman was appointed to the Supervisory Board and the Board of Management. We were able to comply with ordinary shareholders' desire for continuity in company leadership in two ways: on 1 September 2019, we gained a Chairman for the Board of Management in Dr Lars Brzoska who has been a member of the Board of Management for more than five years and who, initially, was responsible for Sales and Marketing and then Engineering. Due to his experience, Dr Lars Brzoska was able to manage both Engineering and to take over as Chairman of the Board of Management in September 2019 until the beginning of 2020 when Sabine Neuß joined the Board of Management and took over responsibility for Engineering. There was another important change on the Supervisory Board: After sitting on the Supervisory Board for 18 years and spending 13 years as Chairman, Jürgen Peddinghaus left the company at the end of August 2019. He has led the board with authority and foresight and was able to moderate the sometimes naturally different interests for the good of the company. On the recommendation of the shareholder families Lange and Wolf and with the ordinary shareholders with voting rights fully accepting this recommendation at the Annual General Meeting on 30 April 2019, Hans-Georg Frey became Chairman of the Supervisory Board at the beginning of September 2019 after more than twelve years as Chairman of the Board of Management, ensuring that continuity is guaranteed here, too.

In the second half of the year, the Board of Management had to focus on the challenges presented by the market downturn and adjust the company to face these challenges. At the same time it was vital to keep the company's future-oriented direction in mind, particularly regarding digitalisation, the optimisation of processes, the realignment of the organisation, the reorganisation of the offices of the Board of Management and the development of products with a focus on increasing customer benefits.

As always, the Supervisory Board provided the Board of Management with advice and support in handling these challenges.

Cooperation between the Supervisory Board and the Board of Management

The Board of Management involved the Supervisory Board early on and extensively in the relevant matters of its work and the business activities of the company and all Group companies, enabling aspects that deserve attention to be

Hans-Georg Frey, Chairman of the Supervisory Board

discussed promptly. Furthermore, the Supervisory Board was updated in a timely manner based on detailed written and oral reports on the current market situation, the current and expected economic developments in the different regions around the world, the development of business in the different Group companies and their financial position. This specifically followed the 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 that KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, be selected as the auditor for the 2019 financial year at the Annual General Meeting on 30 April 2019. 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 2019 financial year. With the exception of one individual whose absence was excused, the Supervisory Board always convened in full.

The Supervisory Board held an accounts meeting for the 2018 financial year on 5 March 2019 to review and approve Jungheinrich AG's annual financial statements and consolidated financial statements as of 31 December 2018. In this meeting, Dr Klaus-Dieter Rosenbach was again appointed to the Board of Management from 1 January 2020. The Board of Management's planning for the 2019 financial year and the 2018 CSR report along with various proposals from the Board of Management, including the investment in expanding plants and sales units, were also approved.

In the meeting following the Annual General Meeting on 30 April 2019, the Supervisory Board resolved on the acquisition of a former Solarworld plant site in Freiberg, Saxony, in order to construct a lithium-ion centre of excellence.

In the meeting held on 25 June 2019, the first signs of an economic downturn and the company's reaction to this downturn were discussed. A proposal for process optimisation at a plant was resolved and the Chairman, Jürgen Peddinghaus, stood down from the Supervisory Board.

In the meeting on 3 September 2019, the Supervisory Board elected Hans-Georg Frey as Chairman of the Supervisory Board. The meeting's focal point was the company's preparations for a potential financial crisis. Establishing a company abroad for reconditioning used equipment was also approved and the dates of meetings for 2020 were scheduled.

In the meeting held on 17 December 2019, the Supervisory Board approved Dr Klaus-Dieter Rosenbach's request to prematurely terminate his appointment and enter retirement on 31 March 2020. The Supervisory Board deeply regretted Dr Rosenbach's decision and expressed its immense gratitude and appreciation for his nearly thirty years of service to the company. The Supervisory Board also approved the Board of Management's proposal not to fill Dr Rosenbach's position. The Board of Management's draft planning for the 2020 financial year was discussed in detail. In light of the uncertainty surrounding future economic and market developments, the decision was made to review the draft plan taking into consideration the economic development in the coming weeks, and then to make a final decision at the next Supervisory Board meeting. Due to the clear difference in the decline of revenue and EBIT pointed at in the draft plan and analysts' expectations for 2020, an ad-hoc press release was published to inform the public regarding the forecast for the 2020 financial year. The Supervisory Board also approved the proposal regarding plants and, because the 2020 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 2019 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"). In the meeting, the Supervisory Board also agreed with the Finance and Audit Committee's recommendation and preference regarding the proposal of the auditor for the 2020 financial year to the Annual General Meeting and will thus propose PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Hamburg, as the auditor for Jungheinrich AG's annual financial statements and consolidated financial statements for 2020 at the Annual General Meeting 2020.

Work of the Supervisory Board committees

The Finance and Audit Committee convened four times during the financial year. The committee specifically considered 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 Finance and Audit Committee also prepared and wrote the mandate for the auditor of the annual financial statements for the 2020 financial year and subsequent years. Following close scrutiny, the Committee made a recommendation to the Supervisory Board with a preference, and the Supervisory Board agreed.

The Personnel Committee convened five times in the year under review; one occasion was an extraordinary meeting. The committee dealt with all tasks assigned to it on behalf of the entire Supervisory Board – particularly the orders as well as contract and remuneration issues for members of the Board of Management. The committee again considered the issue of training successors for management positions within the Group in great detail this year.

The Joint Committee, according to Section 27, Paragraph 3 of the German Co-Determination Act of 1976, did not convene.

Annual and consolidated financial statements as of 31 December 2019

The annual financial statements prepared by the Board of Management for the period ending 31 December 2019, the management report of Jungheinrich AG, the accounts for 2019, the consolidated financial statements for the period ending 31 December 2019 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 2019 financial statements. All members of the Supervisory Board approved the Board of Management's proposal for the appraisal of profits for the 2019 financial year. According to the audit's results, 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 17 March 2020. The Supervisory Board therefore authorised Jungheinrich AG's annual financial statements and consolidated financial statements for the period ending 31 December 2019. Jungheinrich AG's annual financial statements as of 31 December 2019 are therefore finalised.

In its meeting on 17 March 2020, the Supervisory Board seconded the Board of Management's proposal for the appropriation of profits for the 2019 financial year.

Personnel

Jürgen Peddinghaus stepped down from the Supervisory Board on 31 August 2019. Mr Peddinghaus had been a member of the Supervisory Board since 2001 and was Chairman of the Supervisory Board from 2006. On the proposal of the company's ordinary shareholders, the ordinary shareholders with voting rights voted on the statutory exception rule regarding the cooling-off period during a change from the Board of Management to the Supervisory Board at the Annual General Meeting on 30 April 2019 and unanimously decided to approve the appointment of Hans-Georg Frey to the Supervisory Board, effective 1 September 2019. He became Chairman of the Supervisory Board on 3 September 2019.

Dr Lars Brzoska was appointed Chairman of the Board of Management on 1 September 2019 and he was also responsible for Engineering until 31 December 2019.

Sabine Neuß joined the company as a member of the Board of Management responsible for Engineering on 1 January 2020.

As previously mentioned, the Supervisory Board approved Dr Klaus-Dieter Rosenbach's request to be released from his contract with effect from 31 March 2020 and he will leave the company after serving it for almost thirty years. The Supervisory Board would like to thank the Board of Management and all employees for their successful work during the 2019 financial year.

Hamburg, 17 March 2020

On behalf of the Supervisory Board

H. G. Frey

Hans-Georg Frey
Chairman

Corporate governance report

In accordance with Item 3.10 of the version of the German Corporate Governance Code still relevant for this report of 7 February 2017, Jungheinrich AG's Supervisory Board and Board of Management 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 published by the German Corporate Governance Code Government Commission, 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-owned 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-owned 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 and also 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 currently consists of five members (a reduction to four members from 1 April 2020 has been decided upon) 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 usually takes place in the first four months of the year, is the company's highest governing body and the occasion 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 and 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 the 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).

During the year, the Board of Management and Compliance Officer regularly reported on the compliance organisation and its activities to the Supervisory Board's Finance and Audit Committee, 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 pages 14 to 16 as well as to the Corporate Governance Statement, which has been published on the company's website for further information. www.jungheinrich.com/investor-relations/corporate-governance The financial publications, documents relating to the Annual General Meeting, the 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. www.jungheinrich.com/investor-relations

In December 2019, following the Finance and Audit Committee's preparatory work, the identical Board of Management and Supervisory Board standard annual declarations of compliance with the recommendations and suggestions of the Government Commission's German Corporate Governance Code 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 2018, 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) and also 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 still does not implement 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 disclosure by an individual board member is therefore 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 each of the board members' right to privacy. Ultimately, in accordance with 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 Supervisory Board's members.

5. The company has neither 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).

   Jungheinrich AG's Supervisory Board 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, who cover as many of the skills that the company requires as possible, are proposed to the Annual General Meeting. 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.

   Jungheinrich AG's Supervisory Board of 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 was the case in 2019, it will remain possible for members of the Board of Management to transfer directly to the Supervisory Board on a case-by-case basis, i.e. without the "cooling-off" period prescribed in the Code. This wish was unanimously expressed by the ordinary shareholders at the Annual General Meeting. In the opinion of the ordinary shareholders, this will ensure the continued development of the company.

Hamburg, December 2019"

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, 17 March 2020

The Supervisory Board The Board of Management

Members of the Supervisory Board

Jürgen Peddinghaus (until 31 August 2019)
Chairman
Management Consultant

Hans-Georg Frey (since 1 September 2019)
Chairman (since 3 September 2019)
Membership of other supervisory boards/ regulatory committees:
Fielmann AG, Hamburg
HOYER GmbH, Hamburg
Blanc & Fischer Familienholding GmbH (previously E.G.O. Blanc und Fischer & Co. GmbH), Oberderdingen

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
Senior Affiliate Professor of Strategy at INSEAD (Fontainebleau/France)
Membership of other supervisory boards/ regulatory committees:
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
Rabobank Group, Utrecht/Netherlands

Dipl.-Ing. Rainer Breitschädel[1]
Head of Kaltenkirchen location at Jungheinrich Service & Parts AG & Co. KG
Executive Staff Representative

Birgit von Garrel[1]
Trade Union Secretary IG Metall Executive Board Administration Frankfurt

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 (until 30 April 2019)
Hauni Maschinenbau GmbH, Hamburg (until 30 April 2019)

Dr Ulrich Schmidt
Business Manager
Managing Director of AWZ Asphaltmischwerke Verwaltungs-GmbH, Balingen (since 30 January 2019)
Membership of other supervisory boards/ regulatory committees:
tesa SE, Norderstedt (Chairman) (until 31 December 2019)

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

Andreas Wolf
Business Manager
Managing Director of WJH-Holding GmbH, Aumühle

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) (until 31 August 2019)
Hans-Georg Frey (Chairman) (since 3 September 2019)
Markus Haase[1] (Deputy Chairman)
Rolf Uwe Haschke[1]
Wolff Lange
Andreas Wolf

Joint Committee
Jürgen Peddinghaus (Chairman) (until 31 August 2019)
Hans-Georg Frey (Chairman) (since 3 September 2019)
Markus Haase[1] (Deputy Chairman)
Birgit von Garrel[1]
Andreas Wolf

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 (until 31 August 2019)
Chairman of the Board of Management
Labour Director
Membership of other supervisory boards/ regulatory committees:
Fielmann AG, Hamburg
HOYER GmbH, Hamburg
Blanc & Fischer Familienholding GmbH (previously E.G.O. Blanc und Fischer & Co. GmbH), Oberderdingen

Dr Lars Brzoska
Chairman of the Board of Management (since 1 September 2019)
Labour Director (since 1 September 2019)
Member of the Board of Management
Engineering (in addition) (until 31 December 2019)

Christian Erlach
Member of the Board of Management
Marketing & Sales

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

Sabine Neuß (since 1 January 2020)
Member of the Board of Management
Engineering
Membership of other supervisory boards/ regulatory committees:
Continental AG, Hanover
Atlas Copco AB, Stockholm/Sweden

Dr Klaus-Dieter Rosenbach (until 31 March 2020)
Member of the Board of Management
Logistics Systems

CSR at Jungheinrich

As a globally leading company in intralogistics, we are responsible for our activities in Germany, Europe and the rest of the world from an economic, environmental and social viewpoint. Our conduct is based on our understanding of CSR: the successful combination of profitable growth as well as social and environmental issues. This enables us to create lasting value together and meet our stakeholders' expectations.

EcoVadis gold status

For several years, Jungheinrich has been participating in the independent sustainability rating from EcoVadis. Once a year the Company is evaluated in the categories environment, labour and human rights, ethics, and sustainable procurement. This helps us measure our sustainability performance and make it transparent, and improve our performance by analysing the evaluation results. In the past we have received silver status. In 2019 we received gold status for the first time. Our efforts in the field of sustainable procurement particularly helped us achieve this excellent result. Receiving gold status is both a confirmation and motivation: It represents recognition for our work and drives us to keep setting ambitious targets in the future.

CSR at Jungheinrich

Meeting demands

102-11 A central part of CSR in our company involves avoiding negative effects for people and the environment. We have, therefore, firmly established a precautionary approach in our Group guidelines and processes for quality, environment and energy, work safety and compliance issues. It is our aim not just to fulfil statutory requirements but to exceed them wherever possible.

We also take into consideration the demands of our internal and external stakeholders. This involves: evaluating risks and opportunities and the effectiveness of processes (purchasing, development, production, sales, personnel, etc.), making necessary resources available and constantly improving performance.

Quality, environment, energy and work safety

On the same page: We depend on our employees' cooperation in quality, environment, energy and work safety issues. They are, therefore, kept well informed and involved. This applies equally to all company divisions, activities and processes.

Improvements need targets. We set Group-wide targets as well as site and area targets. In order to achieve our targets, we implement appropriate measures and regularly monitor their effectiveness.

Further information and details on sustainability can be found in our website's Responsibility section. www.jungheinrich.com/en/responsibility

! We want to improve every day – to achieve this we rely on our employees to act responsibly.

CSR at Jungheinrich

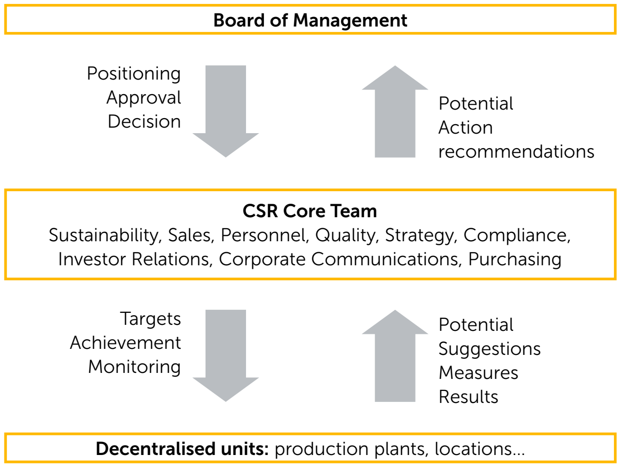
- is based on our integrity and business ethics as a family-run company.
- is based on long-term cooperation with our partners in the value chain.
- is evident through the creation of stable and valuable jobs in order to make a positive contribution to society.
- means showing responsibility towards our employees through mutual respect and team spirit.
- focusses on environmental sustainability and energy efficiency.
- requires constant evaluation of our CSR performance.

102-1; 102-48; 102-49; 102-50; 102-51; 102-52 In the chapter "CSR at Jungheinrich", Jungheinrich describes the economic, environmental and social aspects of its company activity and their impact for the 2019 financial year (1 January to 31 December). It covers all employees of the Jungheinrich Group (as of 31 December 2019). Deviations are indicated in the document.

The chapter is also the combined separate non-financial declaration for the Jungheinrich Group and Jungheinrich AG for the 2019 financial year.

How CSR is managed at Jungheinrich

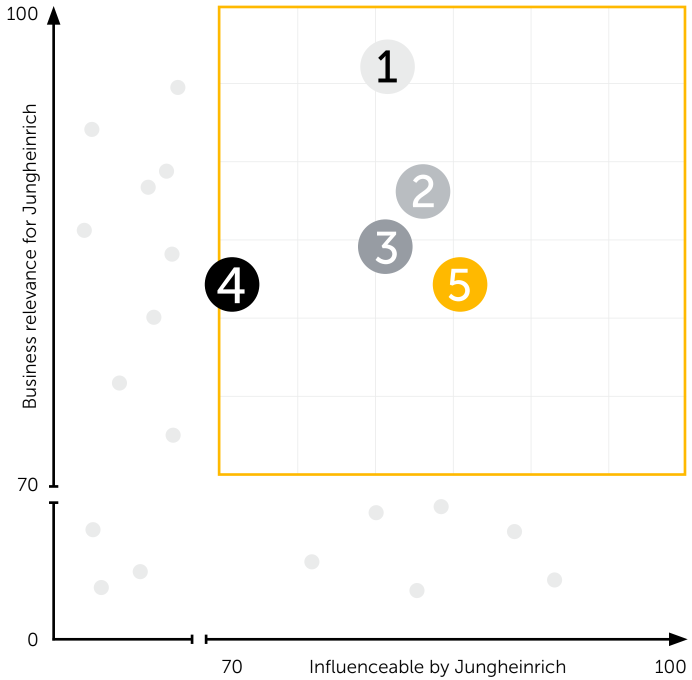
102-18; 102-20



In 2016, we created the "CSR Core Team" to manage CSR-related issues within the Jungheinrich organisation. The interdisciplinary team, comprised of members from CSR, sales, personnel, quality, strategy, compliance, investor relations, corporate communications and purchasing, recommends courses of action and suggests targets. This organisational structure enables us to successfully integrate CSR in our company. The core team occupies a key role as an intermediary between the business units and the Board of Management. Decisions for the Board of Management are prepared and discussed under the CSR department's leadership. The purpose of including members from various departments is to ensure a holistic understanding of sustainability and receive varied input. Beyond this, more input comes from the production plants, sales units and other locations. After all, they are the ones who will carry out suggestions approved by the Board of Management.

Materiality matrix

102-47



Material topics for Jungheinrich

1 **Economic responsibility**
Acting within the law
Compliance & corruption
Responsible management
Norms & standards

2 **Environmentally friendly & safe products**
Materials (resource-saving products)
Environmentally friendly products
Customer health & safety
Customer satisfaction, competitive standing, R&D
Product quality & enhancement

3 **Transparency & responsibility in the supply chain**
Material compliance[2]
Transparency in the supply chain

4 **Environment & energy**
Energy (consumption & renewable energies)
Waste & recycling

5 **Secure & good jobs**
Occupational health & safety
Training and development
Good employer

Materiality analysis

102-46 We updated our materiality analysis in the 2018 financial year. Various sources of information[1] were used to determine which topics are material for Jungheinrich in terms of sustainability. The topics identified as part of this process were evaluated by our key stakeholders and internal experts with regard to their business relevance or the extent to which they can be influenced. 17 out of the 33 topics were rated as being particularly relevant and each achieved more than 70 points (out of 100) in our materiality analysis. They were then grouped into five focus areas. The outcome is shown in the materiality matrix.

1 We used the following external sources: customer enquiries, EcoVadis, German Commercial Code (Handelsgesetzbuch), ILO core labour standards, ISO 14001, ISO 50001, ISO 45001, competitors, MSCI, UN Principles for Responsible Investments. We used the following internal sources: experts in matters relating to the environment and occupational safety, development and innovation, IT security.
2 Material compliance: compliance with substance prohibitions

In dialogue with our stakeholders

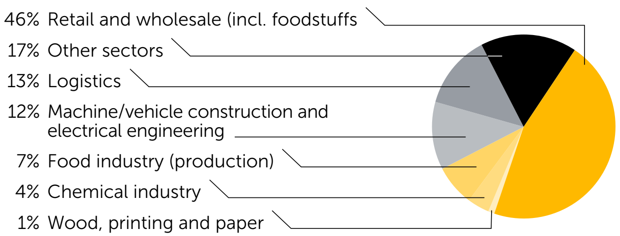
102-42; 102-43; 102-44 In-depth communication with various stakeholders represents a vital element of our understanding of CSR and our business model. Our customers show us directly what the markets expect from us and what their demands are. Topics like corruption, occupational safety, the environment and energy and transparency in the supply chain are becoming increasingly relevant. We actively encourage this communication. We also maintain contact with other stakeholders via direct discussions, online platforms, surveys and events. To this end, we aim to increase satisfaction in stakeholder groups and create long-term relationships. To achieve this goal, we exchange information with a range of public and private institutions and other companies.

102-40 Stakeholders are weighted according to the relevance of their business operations to Jungheinrich. This includes those who have direct contact with our products, those affected by processes at our locations or those who have any other connection to our company. The most important stakeholder groups for Jungheinrich are therefore customers, suppliers, employees, investors, competitors and associations.

Business model and customers

102-2 Our integrated business model encompasses the development, production and sale of new trucks and automatic 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. Digital products complement our 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.

Customers by sector
102-6



RESPONSIBILITY AND VALUES

We not only feel obliged to take responsibility for social issues – it is a part of our corporate philosophy. We therefore support charity initiatives and promote the education of young people. With our commitment, we make an important contribution to society. We also believe that good corporate governance involves not merely fulfilling legal requirements and internal regulations but exceeding them. Our compliance management system and well-trained employees are crucial to achieving this.

Social commitment

We support initiatives and projects that match our corporate philosophy and our core skills. We have a long-term commitment to education, young talent in science and charity projects. All activities – both national and international – are coordinated at the Group headquarters in Hamburg. Individual Jungheinrich locations also select local initiatives to support. We have a long-running partnership with the German medical aid organisation action medeor e.V. www.jungheinrich.com/responsibility/action-medeor As the "world's emergency pharmacy", action medeor has been committed to sustainably improving the health of people living in the world's poorest regions since 1964. In addition to donating money and supplies, we also provide our expertise in intralogistics. With Jungheinrich's support, the organisation has established drug storage facilities in Tanzania and Malawi and expanded its storage facilities at the action medeor headquarters in Tönisvorst/Germany.

Jungheinrich employees also collect donations through the internal "Donate your Pennies" campaign. With this voluntary programme, employees can donate the small change behind the decimal point from their monthly pay. This money is then donated to charity projects chosen every year. The total amount raised by the end of the year is doubled by the Board of Management and donated, including the tax benefit, to action medeor. Outside of Germany, Jungheinrich companies in Austria, Italy, Portugal and Spain now also participate in this campaign.

In addition, our employees also volunteer for other charitable causes by contributing their expertise or participating in fundraising events. This includes cash donations for special occasions, Christmas fundraising events for social institutions like Die Arche – Christliches Kinder- und Jugendwerk (a Christian charity for children and youths) in Hamburg and a variety of donations in kind, such as donations of trucks for the voluntary fire brigade at various locations.

Following the rules and regulations

102-16 Jungheinrich's business model is based on the responsible and ethically proper conduct of all people who work for the company. Only then can our customers, suppliers, employees, shareholders and all other stakeholders perceive and respect us as a reliable partner. We have introduced organisational structures and processes that we continually adapt. We ensure compliance with laws and regulations through:

- A compliance management system with clear responsibilities both at the Group headquarters and in the operating units (production plants, sales units),
- A Code of Conduct as an integral part of our corporate compliance guidelines that is binding for all employees, including Jungheinrich's Board of Management and the Supervisory Board,
- A hotline allowing employees to ask questions and report compliance breaches anonymously and as part of a straightforward process by telephone or email,
- Group-wide compliance training for all employees that takes place at on-site events or through our internal LMS (Learning Management System) platform "CAMPUS".

419-1 In recent years, no significant official investigations have been launched against Jungheinrich or its managers/executive bodies that have resulted in fines.

Consistent Code of Conduct

205-2 Jungheinrich's guidelines, binding regulations and standards are made centrally available to employees including guidelines on dealing with issues relevant to compliance. These guidelines outline the procedure for dealing with suspected or actual violations of legal requirements or internal regulations. These guidelines include the Code of Conduct, which is applicable throughout the company and requires all employees to observe legal regulations and standards. The Code of Conduct also outlines the flawless conduct we expect of all employees when it comes to competition law. The main topics covered in the Code of Conduct are anti-corruption, competition law and data protection. Our Code of Conduct was thoroughly revised in the year under review. The revised Code of Conduct will be published for employees and external third parties in 2020.

Informational events on compliance

205-2 In order to promote correct and appropriate conduct, the central compliance department organises on-site training events for our employees. In 2019, we held 19 compliance briefings, including in China, Russia and the USA (2018: 30). In addition to on-site events, Jungheinrich has also made various compliance e-learning modules available since 2016. These modules are available to the entire Group. In the coming years, we aim to gradually train all of our employees, continually offer courses and expand our training offer. The course content includes competition law, data protection, anti-corruption, information security and our Code of Conduct.

We provide information and seek to raise awareness among our employees about compliance principles in various risk areas. The information regarding anti-corruption and competition law is also specific to individual target groups. The production plants and sales locations also organise more in-depth informational events with topics relevant to the location. We also expect our business partners to adhere to our compliance regulations and we have provided training for them via "CAMPUS" since 2019. In addition, we regularly notify our Supervisory Board of compliance-relevant information.

Assessment via Corporate Audit

205-3 As a rule, all potential cases of suspected statutory and/or internal regulation breaches are initially reviewed by the Chief Compliance Officer and the head of the central Compliance department. Further steps are taken if necessary, such as receipt audits, personal interviews and disciplinary measures. No corruption cases were reported in the year under review (2018: 0).

205 -1 In order to prevent corruption, all Jungheinrich locations are monitored for risk signals through revolving corporate audits. A standard part of the process is checking documents and financial transactions. A total of 24 audits were performed in 2019 (2018: 23).

Clearly defined reporting channels – in person or anonymously

We are committed to providing firmly defined, clearly communicated Group-wide reporting channels for all issues concerning compliance topics and suspected violations. A hotline has been set up to supplement the established reporting channels, i.e. reporting to a direct supervisor, local personnel manager or compliance officer and/or the central compliance team. The hotline number has been communicated to the entire Group and the number has also been made available on our website for external notifications since 2019. www.whistle-blow.org This additional reporting channel provides employees and external third parties with another means to report potential compliance topics to a service provider and anonymously receive information regarding the correct conduct.

High data protection standards

Complying with privacy rights and protecting company secrets are crucial to Jungheinrich. We have guidelines in place to ensure that protection standards are maintained and legal regulations (EU law) observed when handling private data. In addition, responsibilities are regulated to ensure our standards are met.

We also place the same high expectations on our suppliers and sales partners when it comes to compliance and data protection. Aside from ethically correct conduct, we also expect suppliers and sales partners to adhere to standards that are comparable to the standards we have defined for ourselves. This includes guaranteeing the basic principles of free and fair competition, ensuring data is protected, and preventing corruption. That is why we have integrated these points in our general supplier agreements and require explicit confirmation that the relevant laws and provisions will be observed.

Transparency and responsibility in the supply chain

308-1; 408-1; 409-1; 414-1 We aim to bring successful products onto the market together with our suppliers – the best foundation for this is long-term, cooperative partnerships. The careful selection of suppliers is the basis for guaranteeing our outstanding product quality. Before a manufacturer becomes a Jungheinrich supplier, it has to meet approval criteria that are consistent throughout the entire Group. An essential aspect of this is the supplier manual that we have developed. This document sets out all of the sustainability-related requirements that Jungheinrich imposes on its contractors.

In 2019 we implemented a concept for more responsibility in the supply chain that we compiled in the previous year. Since the reporting year, new and existing suppliers have been evaluated and assigned to risk categories with regard to ecological, economic and social criteria, as well as material compliance. Among other things, this process will take into account the type of goods supplied or services rendered, as well as the revenue generated with the supplier concerned.

In addition, a “Supplier Code” reflects what Jungheinrich expects from its suppliers. Depending on the supplier risk category, measures have been defined that can range from acceptance of the “Supplier Code” referred to above to the performance of self-assessments and internal or external audits.

In order to implement the concept, supplier qualification and procurement processes were adapted. Strategic suppliers must now qualify through an external CSR software program. The results are analysed and evaluated by internal CSR experts. Based on this, further measures may be agreed upon with the departments responsible.

Our goal is to increase transparency with regard to our suppliers in the foreseeable future and to focus more on sustainable procurement.

PRODUCT DEVELOPMENT, QUALITY AND SAFETY

At Jungheinrich, product responsibility means supplying high-quality, safe products and services. That is why the highest safety standards are a top priority. Ongoing process optimisation and the introduction of new technology are commonplace in our working day. We aim to protect our customers to the best of our ability from any possible harm they may come to when using our products. We also aim to provide the latest technology to the benefit of our customers.

Holistic quality management

Jungheinrich has adopted a systematic approach to quality management. Our development projects, for example, have to reach set milestones at which certain quality criteria are checked.

A crucial element of developing safe products is the consideration and fulfilment of external and internal stakeholder demands. This can be achieved by taking a comprehensive view of all relevant areas from the product’s development to use phases.

Our production plants in Norderstedt, Lüneburg, Moosburg, Degernpoint, Landsberg, Gyöngyös (Hungary) and Qingpu (China) all work with an ISO 9001-qualified quality management system to ensure that we are ideally positioned in this regard.

All of our production plants systematically check parts that are purchased during an incoming goods inspection. The scope and cycle of these checks always focus on safety and functionality. The suppliers' performance can be observed based on performance indicators such as timeliness and quantities rejected which are regularly verified. Our long-term target is to help our suppliers develop to the point that the scope of checks on incoming goods can be reduced. We have adopted a preventative approach to achieve this.

Purchasing, quality and logistics work closely to achieve Jungheinrich's key strategic goals. A centralised quality organisation standardises processes and defines the consistent quality levels expected of suppliers.

Set standards for in-house production

Jungheinrich is synonymous with quality – that is why we have the highest standards in all production areas. We have clearly defined quality standards, particularly when it comes to producing and assembling parts or components that are designed to ensure security and/or functionality. One of our most important manufacturing processes is welding. it is crucial to our products' load-bearing structure, such as the truck frame or lifting frame. We take full responsibility for this. The inspection of welding joints is a fixed step of the manufacturing process at every Jungheinrich production plant and at defined intervals in the laboratory (destructive testing).

We regularly check that our welding quality standards – such as welding joint inspections – meet the ISO 3834-2 standard.

Comprehensive control mechanisms

416-1 The passing of control points after every important manufacturing step is standard procedure in the production plants. In prefabrication, there are a number of control points where random geometry checks are performed along with the normal inspections that the employees carry out. Along with safety-relevant issues, such as braking, steering, lifting and driving, product quality is also checked thoroughly during and at the end of assembly. Random checks are performed here, too, where issues such as structural stability are examined and, in addition, regular, comprehensive audits take place, which are performed by quality assurance in cooperation with the development, after-sales services and production departments. Components relevant to safety and functions, such as lifting frames, are thoroughly tested at workstations specifically designed for this purpose.

Systematically recording, evaluating and analysing errors in all production areas caused by the company or third parties enables continual improvement, which is tracked by performance indicators.

Proactive approach to standardisation processes: a strategic task

102-13 Jungheinrich considers being proactive in standardisation processes an important strategic task. Standards provide legal clarity, for example, by defining central safety requirements for material handling equipment. This enables us to minimise risks of error and prevent accidents. Applying standards also facilitates export and ensures level playing fields between suppliers. Common standardisation processes also enable standards to be checked for practical application and product optimisation to be achieved in research associations.

Standardisation processes are an important basis for increasing our products' safety and reliability even further. The standardisation processes are therefore a vital element of CSR at Jungheinrich. Adhering to standards ensures our products' user-friendliness and also covers aspects of work safety. For instance, we were involved in the further development of ISO 3691[1]. Adhering to all laws and standards relevant to safety issues (such as the machinery directive, EMC Directive[2] and compliance with internal ergonomic and safety requirements) are obligatory at Jungheinrich at all stages – starting with product development.

The many trade associations of which Jungheinrich is a member include the Verband Deutscher Maschinen- und Anlagenbau (VDMA – Mechanical Engineering Industry Association), the Verein Deutscher Ingenieure (VDI – Association of German Engineers), the International Organization of Standardization (ISO) and the Deutsches Institut für Normung (DIN – German Institute for Standardisation).

1 Material handling equipment safety
2 Directive 2014/30/EU regarding electromagnetic compatibility

360° PROTECTION

A whole number of solutions help make our products safer. Find out below how our 360-degree protection concept protects people, goods, warehouse equipment, machinery and data.

1 Protecting people

Our end-to-end safety concept protects people in the warehouse from collisions with trucks or other accidents. We offer a number of truck options that make our products safer to handle.

The smart system for recognising people uses several cameras on the truck to detect the distance between the truck and individuals or objects in the warehouse. Drivers are warned both acoustically and visually if there are people in the danger zone behind the truck. The "zoneCONTROL" option enables location-dependent speed restriction for trucks. By way of an example, the truck brakes in danger zones such as ramps or footpath crossings. "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.

2 Protecting goods

Every day, our trucks are used to move high-value goods. Various assistance systems help transport them safely and save both time and costs. In addition to a load indicator in the truck display that provides information on the current load weight, we offer various lift, fork and speed assistance systems to equip trucks with customised features. The optional curveCONTROL automatically reduces the truck speed when cornering, depending on the load and the steering angle.

3 Protecting warehouses and warehouse equipment

Our preventative services help our customers avoid risks resulting from damaged warehouse equipment, such as shelves. We have our own in-house shelf inspectors who have been approved by the corresponding industry association and have the specific expertise needed to perform professional inspections according to the European Norm EN 15635. These inspections can also be carried out during ongoing operations.

4 Protecting machinery

We aim to ensure that Jungheinrich trucks are always safe and ready for use. This is another area in which we support our customers with a large variety of specifications. An installed Jungheinrich shock sensor can determine how the truck reacts to shocks and accidents and prevents further damage by analysing the collected data.

The heavy loads handled by our forklift trucks on a daily basis call for particularly sensitive maintenance and services. In addition to general maintenance, we also provide services that are critical from a safety perspective. These include tests such as FEM 4.004[1], exhaust emission checks or gas checks.

1 Periodic inspection of industrial trucks

5 Protecting data

In times of increasing digitalisation and connectivity, our digital solutions such as ISM Online are also gaining popularity. The system collects, monitors and analyses fleet data. In order to protect our customers from hacking attacks, it is a top priority for us to ensure that our digital solutions meet the very highest security requirements. We have our software and web applications certified by independent experts in order to achieve this.

6 More safety with lithium-ion batteries

Compared to lead acid batteries, lithium-ion batteries offer significant advantages for our customers: Once installed, the batteries are ecologically non-toxic, harmless to handle and, unlike lead acid batteries, do not release gas. They are also extremely resistant to external influences, such as heat and strong vibrations. In order to increase safety for our customers even more, we have developed our own battery management system, which monitors the function of each cell and will power down in the event of danger.

In addition to the various environmental and safety advantages, our lithium-ion batteries stand out, first and foremost, by virtue of their performance, fast charging times and the fact that they do not need to be maintained. Their charging time has been reduced to a record 80 minutes[2], and they do not need to be changed. You can find out more about lithium-ion-technology as a focus topic in this annual report on pages 7 to 12 and on our website. www.jungheinrich.com/stories

2 6–7.5 times faster than lead acid batteries

GOOD EMPLOYER

Our employees are the backbone of the Jungheinrich Group. We believe that good employers encourage their employees to identify with the company and its targets. A family-friendly work environment, active promotion of health, and positions with personal responsibility and good prospects form the foundation of our endeavours to raise employee satisfaction and motivation.

Jungheinrich as an employer

102-8 Global yet local: Even as a Group with more than 18,000 employees in Germany and abroad and exponential growth over the last few years, Jungheinrich has managed to retain the character and advantages of a family-run company. This is especially reflected in the way we treat our employees. Our corporate values of courage, innovation, trust, passion and entrepreneurship are based on reciprocity.

Our unique attitude towards leadership, based on the deepest trust in our employees, has always characterised Jungheinrich. Our company founder, Dr Friedrich Jungheinrich, summarised this attitude with only three words: "Go for it!". With this catchphrase he encouraged his employees to try out their suggestions and ideas, and be active members of the company. We have translated and future-proofed this message in our current management guide, the "Jungheinrich Way of Leadership".

401-1 Each employee contributes to our overall success with their dedication. Outstanding products and highly skilled employees make Jungheinrich a secure and attractive employer over the long run. Our average period of employment of around ten years[1,2] and low employee turnover show that we are a good employer. The turnover rate remains at 6.2 per cent[1,3,4] (2018: 6.2 per cent). In absolute terms, this equates to 1,117 employees leaving the company[1,3,4] (2018: 1,043).

Gaining and retaining skilled employees

102-8 Society's changing attitudes in favour of sustainability, along with the demographic changes, mean that we face new challenges when it comes to gaining the most talented candidates for our company. We aim to fulfil employees' expectations regarding personal development and work-life balance to the best of our ability. Flexible working-time models, company pensions and training offers are the incentives we use to increase employee loyalty and win new employees. We aim for long-term relationships, as demonstrated by the fact that 98.2 per cent of employees have permanent contracts with Jungheinrich (2018: 97.4 per cent).

International trainee programme

Our international trainee programme, "Jungheinrich International Graduate Program" (JIG) for training junior managers, again received the "Career-enhancing, fair trainee programme" quality certificate from ABSOLVENTA in 2019, a jobs forum for students, school-leavers and young professionals. In 2019 our trainees came from China, France, Germany, Greece and Spain.

Employees by region and gender
102-8

	FTE 2019	of whom female[1,2,5]
Germany	7,635	1,391
France	1,230	263
Italy	1,073	270
United Kingdom	793	124
Poland	614	142
Russia	532	119
Other Europe	4,078	810
China	849	197
Other countries	1,578	324
Total	18,382	3,640

What we offer our employees

Broad spectrum of career development opportunities

404-2 With our extensive training offers that are often not only job specific, we aim to actively encourage all employees to develop themselves further. Annual feedback reviews with managers are another step in ensuring the diligent development of employees. The personnel development department supports our employees in their development efforts. We are particularly appreciative of our employees' willingness to constantly learn and develop themselves further. Consequently, Jungheinrich has its own training centre at its Norderstedt site where it can ensure that its employees receive the necessary training. A team of trainers, advisers and experts in digital learning and training management ensure employees receive lasting success in learning. In 2019 a total of 5,366 participants (2018: 5,719) attended training courses through the training centre.

1 Excluding ISI GmbH and companies <10 FTE
2 Excluding temporary staff and trainees and apprentices
3 Excluding trainees and apprentices
4 Mutually agreed terminations only
5 Based on headcount

Committed to health

403-2 Our employees' health is important to us. Our primary goal is to help employees maintain their health and improve it in certain areas. Our employees' health ratio stands at 95.6 per cent across the Group.[1,2] In order to achieve this, we continuously work on optimising our working conditions at all levels. We use campaigns and initiatives to encourage our employees to follow healthy lifestyles and to promote personal responsibility. There were 533 accidents in the workplace throughout the Group in the year under review.[1,3,4] This equates to 16.8 accidents[1,3,4] per one million hours worked. Accidents in the workplace resulted in an average of 18.8 lost days.[1,3,4]

We aim to help our employees make it through the working day fit and healthy, with diverse measures and initiatives. These measures and initiatives include:

- Site-based ergonomically furnished workspaces,
- Subsidised occupational health check-ups,
- A varied company sports programme,
- The continuation of our "Yes I Care" workshops for managers to raise awareness of employee health issues.

We aim to organise regular health awareness days with a specific focus. On these days, we provide employees with the opportunity to receive advice on health and nutrition; feedback on their personal health status; and tips and ideas on how to improve health. Numerous offers such as circulation and mobility checks or vaccination advice complete our health awareness days.

Equal opportunities for all

405-1 For Jungheinrich, diversity in the workforce is fundamental to our success. It enables different perspectives, ideas and solutions to emerge within teams and as employees interact with each other. We do everything in our power to maintain and further promote an atmosphere of openness and tolerance. In Germany alone our employees come from 64 different nations[1,3], and have diverse cultural and religious backgrounds. Naturally our teams also include people with disabilities. We all work together every day to achieve our objectives. The average age of employees across the Group is 40.9 years.[1,3]

202-2 It is important to us that the Jungheinrich values – the Jungheinrich Way of Leadership – are a part of the Group's international culture. To ensure this, we regularly send managers from Group headquarters to our companies abroad. Our long-term goal is to have local managers in our companies abroad who are familiar with the local conditions and the national culture. In 2019 85.6 per cent of our managers abroad came from the country they were working in (2018: 84.0). The influence of these managers is a welcome enhancement for us.

202-1; 405-1; 405-2 The ratio of women in the global workforce remained stable at 20.1 per cent[1,3,5] (2018: 20.0 per cent). In Germany, too, the ratio of women was on a par with the previous year's level at 18.9 per cent[1,3,5] (2018: 18.8 per cent), outstripping the last comparison figure available for the mechanical engineering sector in Germany of 16.8 per cent.[6] The ratio of women on the Supervisory Board is 33.3 per cent. The share of women in management positions was 16.4 per cent. We have exceeded the targets we set ourselves at the first management level (actual: 13.0 per cent, target: 5.0 per cent) and the second management level (actual: 17.2 per cent, target: 15.0 per cent). Jungheinrich pays all employees a comparable salary in line with their positions. In addition, compliance with minimum wage requirements and fair remuneration in line with standard market conditions are absolutely essential for us.

Human rights

Jungheinrich respects and supports upholding internationally recognised human rights and does not tolerate compulsory or forced labour, child labour, slavery or human trafficking. We adhere to the local national regulations when it comes to a minimum age for employment. If there is no national legislation, we follow the internationally recognised United Nations standards. If national regulations have stricter conditions, we adhere to those.

1 Excluding ISI GmbH and companies <10 FTE
2 Excluding trainees and apprentices
3 Excluding temporary staff and trainees and apprentices
4 Accidents in the workplace with at least one lost day, excluding accidents on the way to/from the workplace
5 Based on headcount
6 According to the German Federal Employment Agency [Bundesagentur für Arbeit] and German Federal Statistical Office in 2018

ENERGY, ENVIRONMENT AND CLIMATE PROTECTION

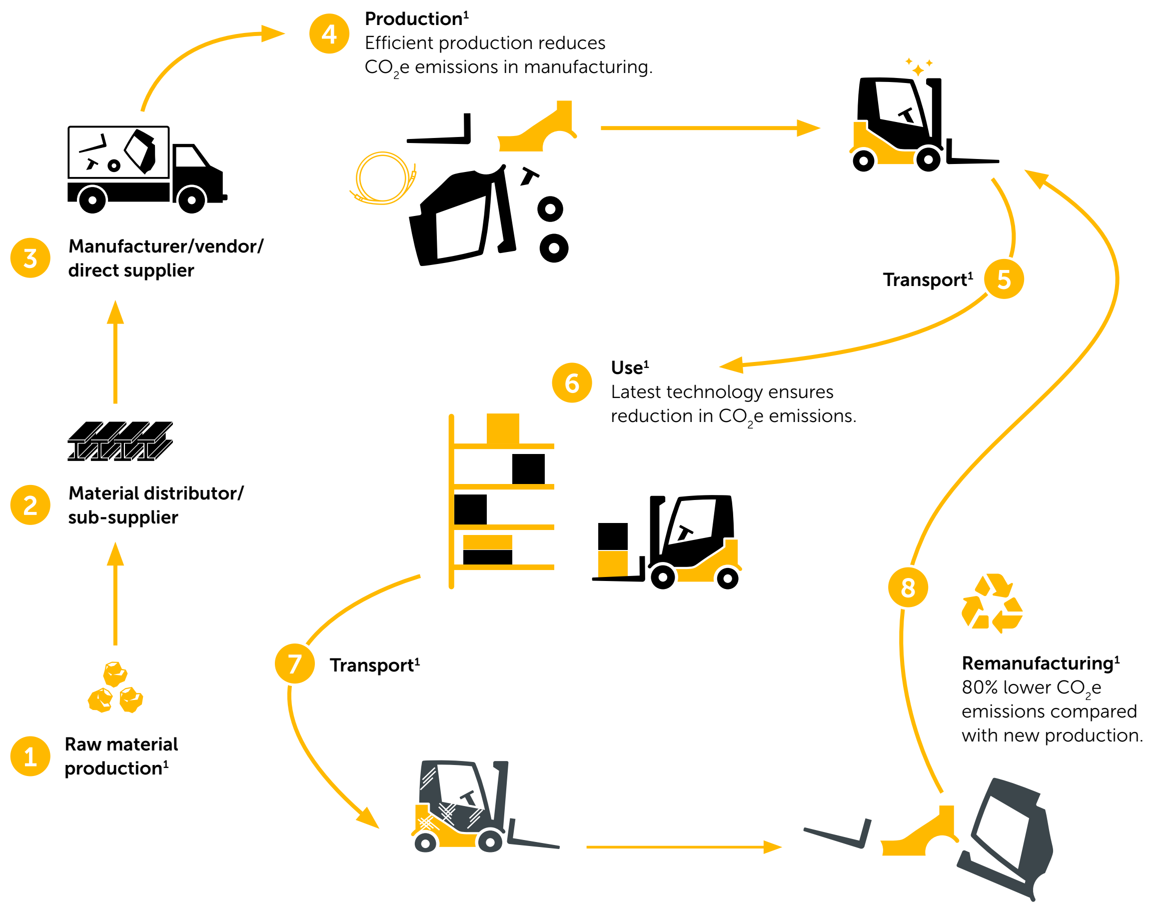
Ranked among the world's leading companies, we have a great responsibility in terms of the environmental impact of our products and business activities. We completely accept this responsibility and encourage environmentally friendly conduct on a number of levels. Our products and solutions guarantee a high level of customer benefit and the minimisation of environmental impacts through energy and resource efficiency.

Environmental impact of our products

302-5 In 2011 we became the first manufacturer of material handling equipment to receive DIN EN ISO 14040 product life cycle assessment certification from TÜV Nord, an international provider of security, inspection and certification services. This systematic product life cycle assessment includes the manufacturing, use and reconditioning stages. The use stage, which comprises 80 per cent of the total, makes up the largest part of the product life cycle assessment. Energy-efficient intralogistics products therefore make an important contribution to climate protection. We continually improve the energy efficiency of our products and the production process. The total certified assessment has already shown a 24 per cent reduction between 2000 and 2010. We managed to achieve this impressive reduction by reaching a variety of technology milestones. One of these milestones was the introduction of high-frequency charging technology and fourth-generation alternating power technology.

Our long-term goal is to reduce the total amount of our products' direct and indirect greenhouse gas emissions by another 20 per cent by 2020 compared to 2010 levels.

Stages of the product life cycle assessment
102-9

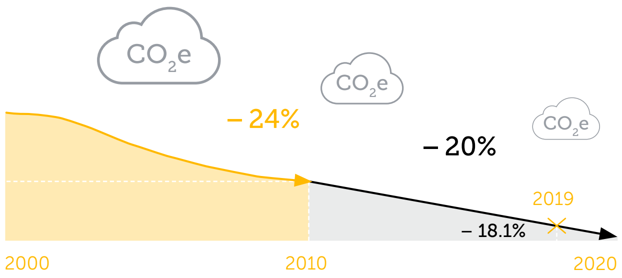


1 Part of the product life cycle assessment

We have already reduced these emissions – by 18.1 per cent between 2010 and 2019 – and therefore we are fully on track to achieve our target.

In the last ten years, we have achieved reductions of up to 33.8 per cent in CO_2e emissions[1] in the manufacturing and use of material handling equipment in the various segments. This enables us to permanently offer new products that are more efficient than their predecessors. This in turn allows our customers to reduce their energy costs and the associated CO_2e emissions.

Reducing our CO_2e emissions
102-9



This development reflects the CO_2e emissions of an average Jungheinrich truck.

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

Refurbished used equipment in units

Used forklifts – a sustainable business field

301-2; 302-5 In addition to manufacturing more efficient products, we continue to gradually expand our range of used forklifts – JUNGSTARS – and actively push forward in all three sustainability fields: We create good jobs, securing them and our economic performance with a diverse range of business fields. In addition, the reconditioning of used trucks requires far fewer materials and much less energy.

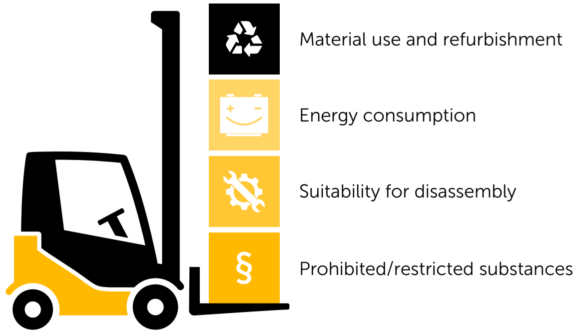
Frames, engines, motors, hydraulic components, lifting frames, protective driver roofs and drive and steering shafts are a number of the parts that are refurbished. This reconditioning results in CO_2e reductions of around 80 per cent compared to new production. We also guarantee correct and environmentally friendly disposal of fuels and trucks that are at the end of their life cycles.

The decrease in refurbished used equipment in the 2019 financial year is a result of the general decline in incoming orders.

Ecological design – considered from the very start

Sustainability plays an important role at Jungheinrich throughout the entire product life cycle and is taken into account with ecological design criteria right from the new product design phase. We include all relevant areas when developing our material handling equipment. The environmental compatibility assessment during the product development phase allows us to exhaust the energy and resource efficiency potential for each product. Defined milestones ensure that the ecological design criteria are recorded, evaluated and implemented, including:

Ecological design criteria
102-9



Thought through: our ecological design criteria form the basis for our product life cycle assessments and refurbishment.

Our materials

301-1; 301-2 The main components of material handling equipment are steel and grey cast iron.[1] Another important component, particularly for Jungheinrich, is the battery, because our product portfolio largely consists of electric material handling equipment. The majority of batteries that we fit are currently still lead acid batteries. Lead is virtually completely recyclable and can be reused in new batteries, which is why we mostly use batteries with recycled lead.

Lithium-ion batteries

We see great potential in lithium-ion technology. This is why lithium-ion technology is one of the focal points of our current research and development work for electric power. In 2011, Jungheinrich became the first series supplier of trucks powered by lithium-ion batteries.In 2019, we established the company JT Energy Systems as a joint venture with Triathlon Holding GmbH. Together we are building Europe's largest production centre for batteries and charging systems in the intralogistics sector. We also continually develop our business model – with the right short-term rental options and guaranteed battery returns, for example. Due to their long lifespan, we believe that the reuse of lithium-ion batteries in material handling equipment offers considerable potential. The use of end-of-life power units as stationary energy storage systems is also another possibility.

1 Grey cast iron is an iron-carbon alloy.
2 The figures shown apply to the production plants in Norderstedt, Lüneburg, Moosburg, Degernpoint, Landsberg, Dresden and Qingpu (China), the spare parts centre in Kaltenkirchen, the Group headquarters in Hamburg, the IT office in Hamburg and the sales units in Australia, Austria, Belgium, Brazil, the Czech Republic, France, Germany (excluding Frankfurt), Italy, the Netherlands, Poland, Russia, Spain, Switzerland, and the UK, (only locations with more than 50 employees).

Environmental impact of our locations

As a manufacturing company, Jungheinrich relies on using various energy sources. The main types of energy used by our production sites are natural gas, heating oil, diesel, electricity and district heating. Due to the comprehensive range of services offered, our sales activities also cause emissions. For that reason, we offer our service technicians training in saving personal petrol in order to help them reduce their CO_2 emissions. A number of locations are increasingly using electric vehicles, which lowers direct emissions further. In the future we will determine which implications climate change has on our company and which risks are associated with it.

Energy consumption[2, 3]

302-1

	2019	2018	2017
Natural gas in kWh	48,874,174	50,151,518	50,324,740
Heating oil in kWh	1,826,020	1,915,435	1,865,390
Diesel in l	11,784,792	11,244,075	10,505,202
Petrol in l	422,898	353,184	219,862
Ethanol in l	40,619	28,986	30,435
Electricity in kWh	58,695,975	61,911,535	59,682,783
District heating in kWh	11,311,994	12,884,450	12,160,451

Greenhouse gas emission[2, 3]

305-1; 305-2

in t CO_2	2019	2018	2017
Direct GHG emissions (scope 1)[4]	41,580	40,664	38,376
Indirect GHG emissions (scope 2)[4]	22,445	27,558	27,196

The decrease in Scope 2 emissions is due to the reduced use of district heating and electricity as a result of energy-saving measures and smaller production quantities.

Turning waste into a resource

Whether hazardous or not – both types of waste can be a valuable resource for recycling or even repurposing. The majority of waste from production plants, sales units and other locations is recycled and the material or heat reused. We aim to keep the amount of waste that is disposed of/sent to landfills versus waste that is recycled at a permanently low level, and aim to continually reduce it.

Total amount of waste[2, 5]

306-2

in t	2019	2018	2017
Total hazardous waste	3,986	4,095	4,081
Recycling of materials	2,938	3,014	3,078
Thermal utilisation	346	315	326
Disposal (landfill)	701	766	671
Total non-hazardous waste	11,937	12,204	10,701
Recycling of materials	9,045	9,059	7,626
Thermal utilisation	1,548	1,520	1,970
Disposal (landfill)	1,391	1,625	1,105

3 The scope has been expanded with retroactive effect to include the sales units in Australia, Belgium, Brazil and the Czech Republic. The figures are partially estimated and have been corrected to reflect the better data available for the last few years.
4 Emission factor sources: IEA, DEFRA and local energy suppliers
5 Excluding the UK, 2017 excluding Australia

GRI INDEX

102-54; 102-55

The section "CSR at Jungheinrich" was prepared in accordance with the GRI Standards.

General Standard disclosures

GRI indicator	Indicator name	Page	Topic from materiality analysis
Organisation profile			
102-1	Name of the organisation	154	
102-2	Activities, brands, products, and services	24, 42 f.	
102-3	Location of headquarters	154	
102-4	Location of operations	42 f., 151	
102-5	Ownership and legal form	37, 75	
102-6	Markets served	24, 52	
102-7	Scale of the organisation	2	
102-8	Information on employees and other workers	29	Good employer
102-9	Supply chain	31	
102-10	Significant changes to the organisation and its supply chain	20 f.	
102-11	Precautionary Principle or approach	22	
102-13	Membership of associations	27	Norms and standards
Strategy			
102-14	Statement from senior decision-maker	5 f.	
Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	17 ff., 25	Responsible management
Governance			
102-18	Governance structure	23	Responsible management

GRI indicator	Indicator name	Page	Topic from materiality analysis
Governance			
102-20	Executive-level responsibility for economic, environmental, and social topics	23	
Stakeholder engagement			
102-40	List of stakeholder groups	24	
102-42	Identifying and selecting stakeholders	24	
102-43	Approach to stakeholder engagement	24	
102-44	Key topics and concerns raised	24	Customer satisfaction, competitive standing, R&D
Reporting practice			
102-45	Entities included in the consolidated financial statements	140 ff.	
102-46	Defining report content and topic boundaries	23	
102-47	List of material topics	23	
102-48	Restatements of information	22	
102-49	Changes in reporting	22	
102-50	Reporting period	22	
102-51	Date of most recent report	22	
102-52	Reporting cycle	22	
102-53	Contact point for questions regarding the report	154	
102-54	Claims of reporting in accordance with the GRI Standards	34	
102-55	GRI content index	34 ff.	

Specific Standard disclosures – economic

GRI indicator	Indicator name	Page	Topic from materiality analysis
Market presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	30	Good employer
202-2	Regionally-hired management	30	Good employer
Anti-corruption			
205-1	Operations assessed for risks related to corruption	25	Compliance & corruption
205-2	Communication and training about anti-corruption policies and procedures	25	Compliance & corruption
205-3	Confirmed incidents of corruption and actions taken	25	Compliance & corruption

Specific Standard disclosures – environmental

GRI indicator	Indicator name	Page	Topic from materiality analysis
Materials			
301-1	Materials used by weight or volume	33	Materials (resource-saving products)
301-2	Recycled input materials used	32 f.	Materials (resource-saving products)
Energy			
302-1	Energy consumption within the organisation	33	Energy (consumption & renewable energies)
302-5	Reductions in energy requirements of products and services	31 f.	Environmentally friendly products / Customer satisfaction, competitive standing, R&D
Emissions			
305-1	Direct (Scope 1) GHG emissions	33	Energy (consumption & renewable energies)
305-2	Energy indirect (Scope 2) GHG emissions	33	Energy (consumption & renewable energies)
Waste			
306-2	Waste by type and disposal method	33	Waste & recycling

Specific Standard disclosures – social

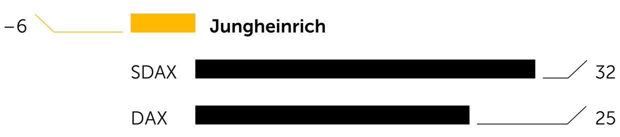
GRI indicator	Indicator name	Page	Topic from materiality analysis
Supplier environmental assessment			
308-1	New suppliers that were screened using environmental criteria	26	Transparency in the supply chain
Employment			
401-1	New employee hires and employee turnover	29	Good employer
Occupational health and safety			
403-2	Hazard identification, risk assessment and incident investigation	30	Occupational health and safety
Training and education			
404-2	Programme for improving employees' skills	29	Training and development
Diversity and equal opportunities			
405-1	Diversity of governance bodies and employees	30	Good employer
405-2	Ratio of basic salary and remuneration of women to men	30	Good employer

GRI indicator	Indicator name	Page	Topic from materiality analysis
Child labour			
408-1	Operations and suppliers at significant risk for incidents of child labour	26	Transparency in the supply chain
Forced or compulsory labour			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	26	Transparency in the supply chain
Supplier social assessment			
414-1	New suppliers that were screened using social criteria	26	Transparency in the supply chain
Customer health and safety			
416-1	Assessment of the health and safety impacts of product and service categories	27	Product quality & enhancement/ Customer health & safety
Socioeconomic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	25	Acting within the law
Supply chain			
own indicator		26	Material compliance

Jungheinrich share

2019 was a mixed year for the Jungheinrich share. Following a good start in the first quarter of 2019 and the high for the year in April, the share price dropped considerably in the second half due to the clear downward trend on the market and the resulting ad-hoc reporting. At the end of the year the decline in share price amounted to 6 per cent.

Share price performance 2019 in %



Stock markets trending upwards despite ongoing uncertainties

Economic and geopolitical events again had an impact on the international stock exchanges in 2019: the ongoing uncertainty regarding the Brexit negotiations and the trade conflict between the US and China particularly dominated events on the market. Despite all of these uncertainties, the stock markets were able to continue their upward trend over the course of the year. The most important German stock indices recorded double-digit growth rates by the end of the year: the DAX recorded a gain of 25 per cent, climbing to 13,249 points (previous year: 10,559 points), the value of the MDAX and SDAX even rose 31 per cent and 32 per cent respectively and finished 2019 at 28,313 points (previous year: 21,588 points) and 12,512 points (previous year: 9,509 points). The TecDAX also gained 23 per cent by the end of the year.

A mixed year for the Jungheinrich share on the stock markets

Following a positive start to 2019 with the share price rising 27 per cent in the first quarter, the Jungheinrich share developed better than the SDAC comparison index (+15 per cent). On 18 April 2019 the share achieved its high for the year at €32.06. At the end of 2019's first half, the Jungheinrich share was in line with market trends with a 19 per cent increase (SDAX: +20 per cent, MDAX: +19 per cent, DAX: + 17 per cent). In light of the clear decline in the market for material handling equipment and the lack of positive signals for the economy and market, Jungheinrich amended its forecast for 2019 with an ad-hoc press release published 22 July 2019. As a result, the share price hit its low for the year of €18.05 on 14 and 15 August 2019. The price recovered in the following months and the average share price in November 2019 was over €23. In another ad-hoc press release, Jungheinrich published its revenue, EBIT and EBIT ROS forecast for 2020, each significantly below analysts' expectations, on 18 December 2019. This led to a drastic collapse in the share price that was only partially restored by the end of the year. The share closed trading for the year with a 6 per cent decline in value to €21.50. The market cap fell accordingly by €137 million, from €2,330 million (end of 2018) to €2,193 million (end of 2019).

With free-float market capitalisation of €1,110 million, which is relevant for index calculation, the Jungheinrich preferred share came in at 104th place (previous year: 98th place) in December 2019. 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 company founder Dr Friedrich Jungheinrich's two daughters. Share turnover came in at 112th place (previous year: 109th place) at the end of 2019.

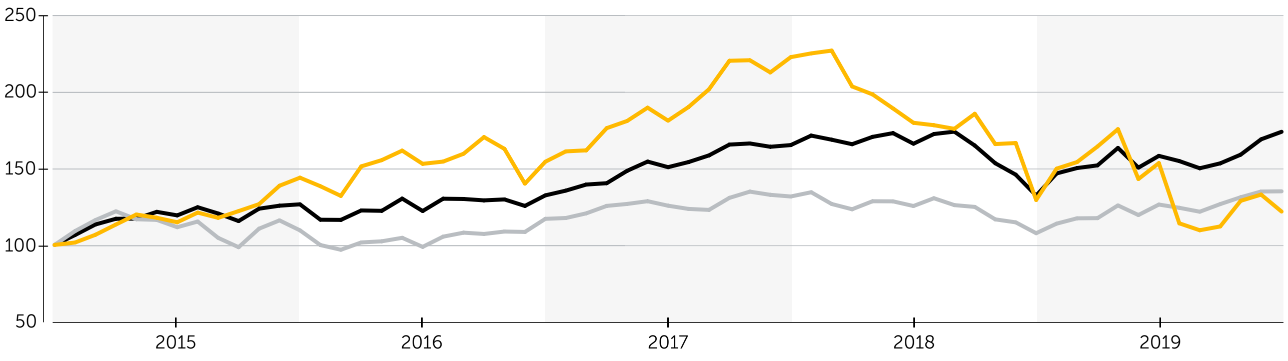
The shareholdings in Jungheinrich AG reportable pursuant to Sections 33 et seq. of the German Securities Trading Act (WpHG) have been published in accordance with Section 40 of the German Securities Trading Act (WpHG) have been published in accordance with Section 40 in the notes to the annual financial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

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 40.9 million shares in 2019, 18 per cent up against the trading volume in 2018 (34.8 million shares). The average share revenue per trading day (Xetra and Frankfurt) for 165.0 thousand shares was 18 per cent up against the previous year (139.7 thousand shares). In light of the drop in share price in the reporting year, this value corresponds to an average trading volume of €3.8 million per day (previous year: €4.5 million per day).

Share price development over time

Share price performance 2015 to 2019

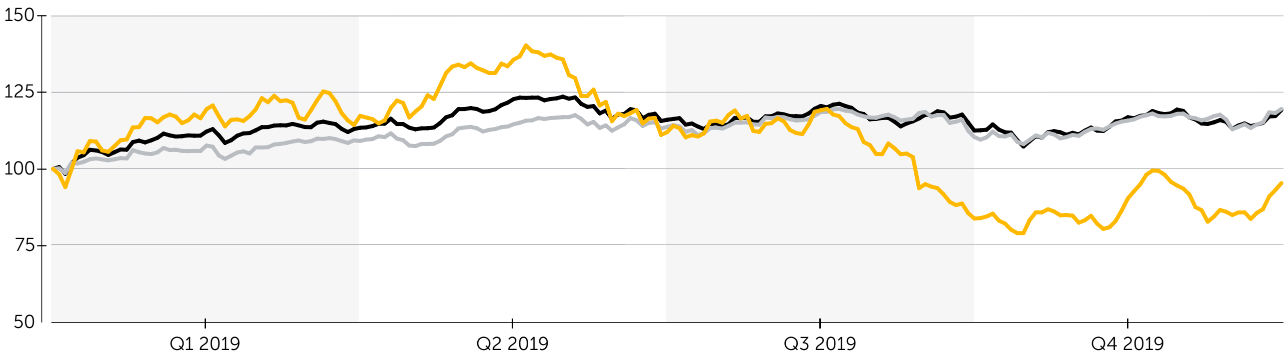
in %



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

Share price performance 2019

in %



Payment ratio on a par with previous year

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 the profit or loss to shareholders.

Jungheinrich AG's Board of Management and Supervisory Board intend to propose a dividend payment of €0.48 (previous year: €0.50) for each no-par-value preferred share and €0.46 (previous year: €0.48) for each no-par-value ordinary share at the Annual General Meeting 2020. Subject to approval at the Annual General Meeting, this will result in a total payment of €48 million (previous year: €50 million).

The payment will be made on the third working day after the Annual General Meeting. The payment ratio, which is the dividend amount as a percentage of profit or loss, is 27 per cent (previous year: 28 per cent).

Long-term investment in Jungheinrich shares proves to be a solid capital investment

Despite the decline in the share price, the Jungheinrich share proved to be a solid capital investment for long-term investors in 2019. The share recorded a significantly better performance over a ten-year period than the DAX and SDAX. In light of the share price development in 2019, the picture over a five-year period is more varied. While the performance of the Jungheinrich share is almost level with that of the DAX, it is significantly below the performance of the SDAX.

Long-term performance of the Jungheinrich share

Investment period	10 years	5 years
Investment date	01/01/2010	01/01/2015
Portfolio value at end of 2019	€57,631	€13,123
Average annual return	19.2%	5.6%
Comparable return of German share indices		
DAX	7.8%	6.3%
SDAX	12.9%	11.5%

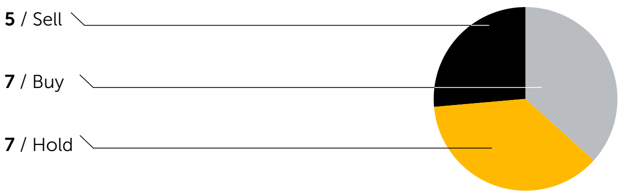
Please note: based on an initial investment of €10 thousand and assuming that annual dividends received were reinvested in additional preferred shares.

Analyst coverage expanded

Equity research is important for making investors aware of share issuances, as it serves as a vital foundation when deciding to invest. Pareto Securities and Morgan Stanley initiated coverage in February and September 2019 respectively. M.M. Warburg began watching the Jungheinrich share in April 2019 again after temporarily suspending coverage in October 2018. Jefferies, in contrast, stopped coverage in August 2019. The number of banks and research companies regularly monitoring and covering the Jungheinrich share had therefore risen to 19 by the end of 2019 (end of 2018: 17).

Seven analysts recommended buying the share, seven recommended holding and five recommended to sell. Based on the key analysts' valuations, the average share target was €23. The lowest value was €17, and the highest was €34.

Analysts' recommendations As of: 31/12/2019



2019 analyst coverage

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

1 NORD/LB and SRH cooperate on equity research.

Investor relations activity

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 2019 financial year, the business model, value drivers, company performance and company strategy were all presented in detail during a number of conferences and road shows in Europe, the US and Canada. In addition, many discussions were held with institutional investors and analysts throughout the year. Besides the analyst and investor conferences held after the publication of the annual financial statements, Jungheinrich reported current developments in the Group in detail during conference calls following the publication of the quarterly and half-yearly figures.

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

Comprehensive information regarding the Jungheinrich share is published on the Jungheinrich AG website. www.jungheinrich.com/en/investor-relations/about-our-share Along with financial publications, presentations, press and ad-hoc releases, the website also contains a total return calculator, analysts' recommendations, the financial calendar and contact details.

Capital market key figures

			2019	2018
Dividend per share	Ordinary share	€	0.46[1]	0.48
	Preferred share	€	0.48[1]	0.50
Dividend yield	Preferred share	%	2.2	2.2
Earnings per share[2]	Ordinary share	€	1.73	1.71
	Preferred share	€	1.75	1.73
Shareholders' equity per share		€	14.59	13.35
Share price[3]	High	€	32.06	41.60
	Low	€	18.05	22.34
	Closing price at end of year	€	21.50	22.84
Share price performance		%	–6	–42
Market capitalisation		€ million	2,193	2,330
Stock exchange trading volume[4]		€ million	958	1,136
Average daily turnover		thousand shares	165.0	139.7
P/E[5]		ratio	12.3	13.2
Number of shares	Ordinary share	million shares	54	54
	Preferred share	million shares	48	48
	Total	million shares	102	102

1 Proposal
2 Based on share of earnings attributable to the shareholders of Jungheinrich AG
3 Xetra closing price
4 Xetra and Frankfurt
5 P/E = closing price/earnings per preferred share

2

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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, automatic systems and services, Jungheinrich is able to offer customers tailored services for the challenges posed by Industry 4.0.

The integrated business model encompasses the development, production and sale of new trucks and automatic 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 also supplies stacker cranes and load handling equipment. The material handling equipment consists almost exclusively of battery-powered trucks. In addition to electric engines and drive controls, Jungheinrich also manufactures matching lithium-ion batteries and battery chargers. Almost all of our trucks are available with a lithium-ion battery. More capacity was created for our own battery production in the year under review. Digital products, such as the Jungheinrich warehouse management system and the fleet management system, based on the latest generation of the Jungheinrich IoT platform in the cloud, complement our 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 eight material handling equipment plants; seven of these are in Germany and one is in China. Jungheinrich manufactures stacker trucks, reach trucks and order pickers in Norderstedt. In addition to truck production, the plant also manufactures electronic control units, lithium-ion batteries and battery chargers. The Lüneburg plant produces order pickers, tow tractors, trailers and automated guided vehicles in addition to small-series and customised trucks. The Moosberg plant manufactures counterbalanced trucks, while the neighbouring factory in Degernpoint manufactures narrow-aisle trucks, order pickers and automated guided vehicles. The production focus at the Landsberg/Saale plant is on low-lift trucks. The Qingpu plant in China produces low-lift and stacker trucks, battery-powered counterbalanced trucks and reach trucks, as well as control units, batteries and chargers. Used equipment is industrially reconditioned in a separate plant close to Dresden. Jungheinrich also reconditions used material handling equipment in Qingpu (China), Bangkok (Thailand) and Ploiesti (Romania). The MIAS Group manufactures stacker cranes and load handling equipment at its locations in Munich, Gyöngös (Hungary) and Kunshan (China).

At the beginning of the year, Jungheinrich AG and Triathlon Holding GmbH established JT Energy Systems GmbH, Freiberg, to develop, manufacture and recondition lithium-ion batteries. Jungheinrich is the majority shareholder in this venture. The plant in Glauchau began operations in the fourth quarter of 2019. In August 2019, production capacities for lithium-ion batteries and charging systems were massively expanded with the acquisition of the former Solarworld plant site in Freiberg. The 42,000 square metre plant will, in future, be the Jungheinrich Group centre for energy storage systems with a focus on lithium-ion batteries.

The development and production of digital products is concentrated at the locations in Graz (Austria), Hamburg and Madrid (Spain).

To cover the constantly growing after-sales services business, Jungheinrich operates a modern spare parts centre in Kaltenkirchen. With this warehouse, and others in Lahr, Bratislava (Slovakia), Moscow (Russia), Shanghai (China) and Birmingham (UK), Jungheinrich can guarantee the best possible global supply of spare parts for its after-sales services. Spare parts logistics were expanded for the Asia Pacific region (APAC) with the establishment of a warehouse in Singapore in April 2019. Jungheinrich is tapping into additional market potential in the spare parts market with TREX.PARTS GmbH & Co. KG, a company founded together with Fricke Holding GmbH. The company offers a comprehensive product range with original manufacturer spare parts and alternative parts of original equipment quality or comparable quality. TREX.PARTS GmbH & Co. KG began operating activities in the reporting year.

In North America, Jungheinrich cooperates with Mitsubishi Caterpillar Forklift America Inc. (MCFA), a strong sales partner with a comprehensive dealership footprint. The partnership was expanded in 2018 with the establishment of a joint venture focussing on the direct sale of automated guided vehicles (MCJ Supply Chain Solutions LLC, Houston). In China Jungheinrich serves the metropolitan regions of Shanghai, Changzhou, Guangzhou and Tianjin through a joint venture with Anhui Heli Co. Ltd. (Heli), leasing material handling equipment via four subsidiaries. Jungheinrich covers almost all demand for electric engines in a joint venture with another manufacturer of material handling equipment in Moravany (Czech Republic) and Putian (China).

Jungheinrich has established a direct sales and service network with locations in 40 countries to serve customers. 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 European revenue, 27 per cent is generated in Germany.

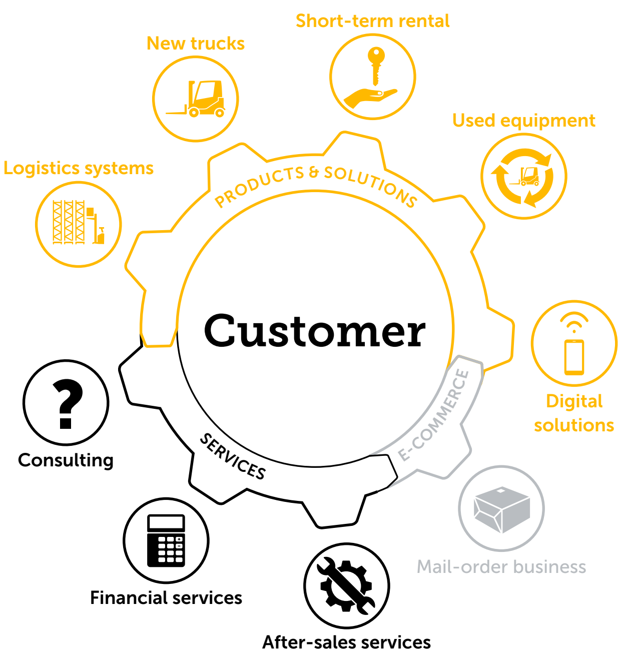
Organisation and Group management

Jungheinrich AG is a management holding company. It handles Group-wide functions, such as corporate finance, controlling, corporate communications, legal matters, compliance and auditing. Central research and development and real estate management are also included in Jungheinrich AG's organisational structure.

The Board of Management is responsible for the Group's strategic management and operational leadership. This includes determining and monitoring company targets, taking responsibility for leadership, management and controlling processes – including risk and opportunity management – and resource allocation. 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. The members of the Supervisory Board are evenly distributed between the shareholders' representatives and the employees' representatives.

Business model of Jungheinrich



As the parent company, Jungheinrich AG holds shares directly and indirectly in both domestic and foreign subsidiaries. The managing directors of the subsidiaries are responsible for operations and economic performance in the local markets. The companies receive support from the management of the holding company, but are independent from a legal perspective. The consolidated financial statements cover 93 fully consolidated companies – including Jungheinrich AG. The complete shareholdings in Jungheinrich AG can be found in the notes to the consolidated financial statements, pages 140 to 142.

Sustainable growth strategy with clear targets

With revenue over €4 billion in the reporting year, the planned revenue target for 2020 from the growth strategy was achieved prematurely. The Group strategy for the period after 2020 will be prepared by the Board of Management during the course of 2020. Jungheinrich will continue to invest primarily in the fields of digitalisation, automation and lithium-ion technology.

The following are the material developments in the year under review in terms of the strategic key points:

1 Core business in Europe

With a share of 33 per cent (in 2019) of the global market volume for material handling equipment, the European market was of vital importance. 82 per cent of this share was attributable to Western Europe.

The target for Europe is a market share substantially over 20 per cent, based on incoming orders for units. Despite a 6 per cent contraction of the market in the 2019 financial year, the highly competitive environment in Europe and the clear decline in truck orders for our own short-term rental fleet, Jungheinrich almost maintained the market share it held in the previous year (20.4 per cent) at 20.2 per cent.

In order to continue its focus on the European market, personnel capacities were expanded in after-sales services in the reporting year. In light of decreasing market demand, the short-term rental fleet was reduced to an average of 61 thousand units (previous year: 64 thousand units).

2 Growth markets in the APAC regions, primarily China
In 2019, Asia held the largest share of the global market for material handling equipment at 44 per cent, with China holding 31 per cent as the world's largest individual national market. This makes the Asia-Pacific (APAC) region the second most important sales market for material handling equipment and automatic systems at Jungheinrich, following its core market in Europe. Jungheinrich has sales companies in China, Thailand, Singapore, India, Malaysia and Australia, and aims to continue expanding business activities in this region, as it has in previous years.

The product portfolio was expanded in the year under review, due to the local development of a new series of battery-powered counterbalanced trucks with load capacities of up to 3 tonnes. Series production for trucks with load capacities up to 2 tonnes began in July 2019; production of series with load capacities of up to 3 tonnes is due to begin at the start of 2021. 48 volt lithium-ion batteries have also been produced at this location since October 2019.

The after-sales service was expanded in Asia. Sales in China were also expanded thanks to the recruitment of numerous dealers with access to key customers. The opening of a central warehouse in Singapore boosted spare parts logistics for the APAC region in April 2019.

Jungheinrich has been active in the rental of material handling equipment on the Chinese market since 2017 by means of its joint venture with Heli. Short-term rental trucks from the portfolios of both partners are made available to customers in four key metropolitan regions of China via subsidiaries. The joint venture's short-term rental fleet was expanded in the year under review.

3 Logistics systems business
Jungheinrich 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, as well as partially and fully automated solutions: racks, warehouse equipment and conveyor systems, forklift trucks and stacker cranes, plus software, consulting, digital solutions and services. This allows the company to serve, and optimally coordinate, all its customers' needs from one source. The Group expects a significant increase in global demand for automatic systems – driven by the growth in e-commerce. The regional focal point of business activities is Europe. The customer structure is heterogeneous as the focus is on improving efficiency in the customers' warehouses, regardless of sector or company size.

Revenue in the "Logistics Systems" division increased by 15 per cent year-on-year to €712 million. The revenue target for 2020 of over €700 million was therefore achieved prematurely.

The work to expand capacity for manufacturing narrow-aisle trucks at the Degernpoint plant has progressed in 2019. This work is due to be completed by the beginning of 2021. The plant reached its capacity limit in 2018.

With the departure of Dr Klaus-Dieter Rosenbach, who was responsible for the "Logistics Systems" division, the Supervisory Board and Board of Management decided to reduce the Board of Management offices from five to four and to reorganise the responsibilities from "Logistics Systems" as of 1 April 2020.

4 Counterbalanced trucks product segment
Counterbalanced trucks constituted 53 per cent of the world market for material handling equipment in 2019. 69 per cent of material handling equipment was internal combustion (IC) engine powered, while 31 per cent was battery powered. The trend towards environmental awareness and increasingly strict global emission regulations has resulted in a gradual increase in the demand for electric trucks at the expense of IC engine-powered trucks. Almost all of Jungheinrich's trucks are now battery powered. Market developments have therefore aligned directly with one of the company's core areas of expertise. In light of this, the use of lithium-ion technology will be strongly driven by the development of battery-powered counterbalanced trucks.

Due to the downward trend in the market for counterbalanced trucks in the past year and lower incoming orders for the Jungheinrich short-term rental fleet, the production of battery-powered counterbalanced trucks did not increase in the reporting period. Jungheinrich's global sales in this product segment therefore came in a little lower than in the previous year. Due to the long-term market trend towards electric trucks, including material handling equipment as mentioned previously, Jungheinrich has nevertheless set itself the target of expanding its global market position in this product segment.

5 Mail Order

The Jungheinrich Group continues to tap into the dynamic B2B e-commerce market with its "Mail Order" division. Efficient and increasingly digitalised sales processes enable profitable growth combined with the continual expansion of market presence. Efficient consulting and sales concepts are available for the core target groups – small and medium-sized companies. The "Mail Order" division offers the high potential group of large customers digital procurement solutions, either through web shop connections or the integration of electronic catalogues in customers' systems. E-procurement solutions were also increasingly established for large customers. This multi-channel business model was expanded internationally and is now established in 16 European countries. In addition, in the affordable starter product category, sales of "Ameise" brand battery-powered low-lift and stacker trucks increased once again. Revenue for the "Mail Order" division exceeded the previous year's figure by 14 per cent at €128 million in the year under review.

Important key performance indicators

The Jungheinrich Group uses selected key figures to determine budget targets as well as 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).

At the time of publishing the 2018 annual report, the plan was to exclude the additional financial liabilities (amounting to approximately €160 million) from the initial application of the new accounting standard IFRS 16 "Leases" (only "IFRS 16" in the following) in the calculation of net debt and ROCE, because they were deemed not relevant for management purposes. Jungheinrich has decided to include these financial liabilities in both key figures from the 2019 half-year report on – in line with the emerging reporting practices. The key figures for ROCE and net debt were adjusted such that the reporting year's figures can be compared for the last time with the previous year's figures as of 31 December 2018. EBIT effects of €34 million were additionally eliminated for determining ROCE. The background for this is that, for new long-term financial services agreements closed after 1 January 2019 in the financial services business which were refinanced through the sale-and-leaseback-method and classified as finance leases, as a result of IFRS 16, profits did not have to be deferred.

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, lease liabilities 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. Appropriate measures are launched and significant deviations analysed based on constant monitoring 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 a 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, and continual monitoring of incoming orders and orders on hand.

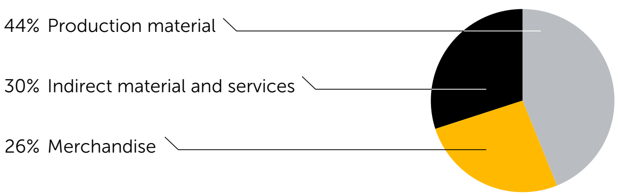
Purchasing volume adapted to production

In the 2019 financial year, the purchasing volume at the Jungheinrich Group amounted to €2,395 million following €2,363 million in the previous year. The reduced production figures impacted on the procurement of production materials.

The purchasing volume can generally be divided into:

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

Breakdown of purchasing volume in 2019



in € million	2019	2018	Change %
Production material	1,042	1,107	–5.9
Indirect material and services	725	671	8.0
Merchandise	628	585	7.4
Total	2,395	2,363	1.4

Due to the downward trend on the market since mid-2019, comprehensive measures were launched throughout the purchasing processes to reduce costs and minimise supply risks. The focus was on costs for direct production materials, which impact a significant part of the cost of materials. Significant savings potential was also achieved in the costs for indirect materials and services, and the overall cost base was reduced further through consistent spending management.

The decrease in truck orders required changes to demand planning and flexible contract conditions to be negotiated in order to guarantee competitive supply prices if demand changes. As the changes in the economic conditions also had a certain impact on the economic situation for certain suppliers, supplier risk management was intensified. The objective was to recognise financial, as well as supply-side, risks early on and to react to them appropriately.

In contrast, the significant decrease in commodity prices (particularly for steel construction components) and the easing of tension in the supply situation on the market for electronic components in the year under review was more satisfactory. Jungheinrich's "Global Sourcing" initiatives from previous years specifically proved very successful in 2019. As part of these initiatives, new and alternative procurement sources were established.

Once again, in the 2019 financial year, slightly more than 90 per cent of the purchasing volume was attributable to Europe, due to Jungheinrich's strong presence in this market and the production plants being primarily located in Germany.

The highest revenue goods were batteries, warehouse equipment, facility management, steel construction components and logistics services. The facility management goods included services for the Group's construction projects in 2019, especially the expansion of the head office in Hamburg.

Research and development

The main research and development (R&D) activities were the further development of efficient lithium-ion technology-based energy storage systems, the associated improvements in terms of constructing new material handling equipment and digital products.

Research and development expenditures in € million

R&D expenditure consists primarily of internal services. At €86 million, this expenditure – which includes third party services – was on a par with the previous year's (€84 million). This represents 5.4 per cent (previous year: 5.6 per cent) of the R&D-relevant revenue from new trucks. At 34 per cent the capitalisation ratio was also on a par with the previous year's level (36 per cent). On the assumption that there will be a clear decline in unit production figures for specific series of IC engine-powered counterbalanced trucks, considerable impairment losses were formed on capitalised development expenses of €22 million (previous year: <€0,1 million) for these series. The total depreciation, amortisation and impairment of capitalised development expenses therefore increased significantly in the reporting year. R&D received a personnel boost in 2019; across the Group, an average of 634 employees were active in this area (previous year: 609).

Key figures for research and development

in € million	2019	2018	Change %
Total R&D expenditures	86	84	2.4
thereof capitalised development expenditures	29	30	−3.3
Capitalisation ratio	34%	36%	–
Amortisation of capitalised development expenditures	33	10	>100
R&D costs (statement of income)	90	64	40.6
R&D expenditure/revenue from new trucks	5.4%	5.6%	–
Average number of R&D employees (FTE)	634	609	4.1
Number of patent applications	149	102	46.1
Number of patents granted	127	155	−18.1

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 APAC region and the US. Each country's gross domestic product (GDP) as an economic indicator is key to evaluating business developments in these regions. Around 33 per cent of the global demand for material handling equipment originated in Europe in 2019. 43 per cent of the global demand for battery-powered material handling equipment – Jungheinrich's core area of expertise – originated in the European market. Economic developments in European member states are, therefore, very important.

Global economic growth declines noticeably

In 2019, the global economy recorded significantly less growth than in the previous year. In light of the ongoing uncertainty surrounding the Brexit negotiations and the continuing trade dispute between the US and China, GDP growth was lower in all economic regions.

Growth rates for selected economic regions

Gross domestic product in %	2019	2018
World	2.9	3.6
USA	2.3	2.9
China	6.1	6.6
Eurozone	1.2	1.9
Germany	0.5	1.5

Source: International Monetary Fund (estimates as of 20 January 2020 with updated prior-year figures compared to the 2018 Group management report)

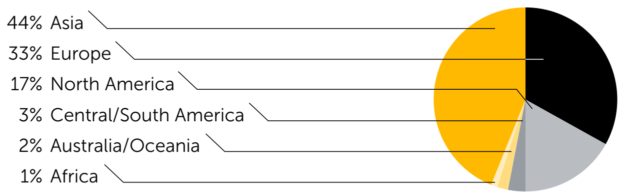
With GDP growth of 1.2 per cent, the eurozone reported significantly lower growth than in the previous year (1.9 per cent). In 2019, since the German economy depends heavily on exports and as the year was influenced by the uncertainties previously mentioned, it recorded a marked decline in growth (0.5 per cent; previous year: 1.5 per cent). France's economic output also grew by only 1.3 per cent, which is less than in 2018 (1.7 per cent). While the Italian economy nearly stagnated in the year under review following slight growth in 2018 (0.2 per cent; previous year: 0.8 per cent), the UK's economy remained on a par with the previous year at 1.3 per cent growth (1.3 per cent). As in the previous year, Jungheinrich generated approximately half of its Group revenue in these four countries. In 2019, Russia's economic output also grew 1.1 per cent, which is significantly less than in 2018 (2.3 per cent). Although Poland had 4.0 per cent GDP growth, this represents a significant decline from the previous year (5.1 per cent). Russia and Poland are also important markets for Jungheinrich.

Global market volume for material handling equipment declines

In 2019, based on the number of new trucks ordered, the global market for material handling equipment reported its first decline since 2012 of minus 2 per cent, or 31 thousand forklift trucks, compared to the previous year. This was due to a downturn in orders both in the European market and the North American market that was not fully compensated by growth in China. In Europe, demand in all three product segments (warehousing equipment, battery-powered counterbalanced trucks and IC engine-powered counterbalanced trucks) remained below the previous year's figures. The largest share of the downturn was reported in the warehousing equipment product segment. The Chinese market, in contrast, grew by 8 per cent, due to a clear increase in orders in this product segment. Half of the 8 per cent decline in market volume in North America was also due to lower demand for IC engine-powered counterbalanced trucks.

As in the previous year, Germany, France, Italy and the UK were the largest markets in Western Europe, based on unit numbers. The largest market in Eastern Europe was Poland, followed by Russia and the Czech Republic.

Global market for material handling equipment by region in 2019



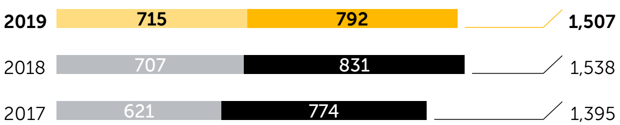
Source: WITS (World Industrial Truck Statistics),

Incoming orders

in thousand units	2019	2018	Change %
World	1,507	1,538	–2.0
Europe	491	524	–6.3
thereof Eastern Europe	87	92	–5.4
Asia	668	637	4.9
thereof China	473	436	8.5
North America	255	277	–7.9
Other regions	93	100	–7.0

The global market volume for the warehousing equipment product segment remained basically stable (plus 1 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 and North America. 70 per cent of the 4 per cent decrease in global market volume for battery-powered counterbalanced trucks resulted from declining demand in Europe. Just over 60 per cent of the global 5 per cent decline in demand for IC engine-powered forklift trucks was due to a drop in orders from North America and Europe.

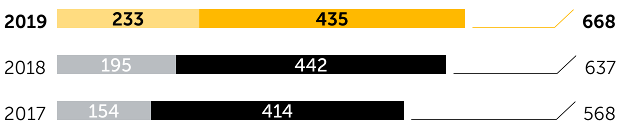
Worldwide market volume by product segment
Incoming orders in thousand units



Warehousing equipment   Counterbalanced trucks

Source: WITS (World Industrial Truck Statistics),

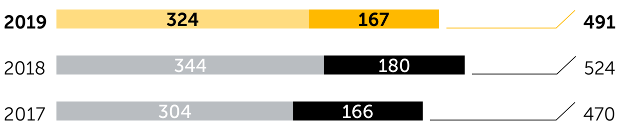
Market volume by product segment in Asia
Incoming orders in thousand units



Warehousing equipment   Counterbalanced trucks

Source: WITS (World Industrial Truck Statistics),

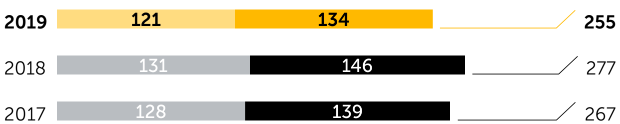
Market volume by product segment in Europe
Incoming orders in thousand units



Warehousing equipment   Counterbalanced trucks

Source: WITS (World Industrial Truck Statistics),

Market volume by product segment in North America
Incoming orders in thousand units



Warehousing equipment   Counterbalanced trucks

Source: WITS (World Industrial Truck Statistics),

Statement from the Board of Management and target achievement

The forecast for 2019, which was published with the 2018 annual report for the performance parameters incoming orders, EBIT, EBIT ROS, EBT and EBT ROS, was adjusted downwards with the ad-hoc press release on 22 July 2019. This was due to the high market volatility in incoming orders against the backdrop of the clear downturn in the material handling equipment market in the previous months and the lack of positive signals for the economy and market at this point in time. We have maintained the revenue forecast.

In the 2019 financial year, Jungheinrich achieved the ranges forecast and published in July for the above performance parameters and slightly exceeded them in a few cases. By value, incoming orders amounted to €3,922 million in the reporting year and were thus in the middle of the forecast range (€3.90 million to €4.05 million). At €4,073 million, Group revenue just exceeded the forecast range (€3.85 billion to €4.05 billion). This means that we achieved the revenue target of €4 billion originally envisaged for 2020 one year early. The same applies for the "Logistics Systems" division's revenue target (€712 million; revenue target for 2020: over €700 million).

At €263 million, EBIT slightly exceeded the forecast range (€240 million to €260 million). These figures reflect the decline in the gross margin caused by the decrease in capacity utilisation at specific plants, which began in the second half of 2019. The accounting changes amounting to €34 million resulting from the initial application of IFRS 16 for financial service agreements refinanced through the sale and leaseback method had a positive impact. Expenses related to impairment of capitalised development expenses for individual product series and additions to provisions for expected claims from contingent liabilities led to additional expenses of €27 million.

The corresponding EBIT ROS amounted to 6.4 per cent and therefore came in at the upper end of the forecast range (6.0 per cent to 6.7 per cent). At €242 million, EBT was slightly above the expected range (€215 million to €235 million). EBT return on sales amounted to 5.9 per cent (forecast range: 5.4 per cent to 6.1 per cent) and was thus at the higher end of the range. The effects on the result from the valuation of securities and derivatives held in the special fund in particular were decisive in the development of the financial result.

The 2019 forecast for net debt and ROCE, which was published with the 2018 annual report, did not at that time consider any effects from the additional financial liabilites, resulting from the initial application of the new accounting standard IFRS 16. These were deemed not relevant for management purposes at that point in time. Additional financial liabilities amounting to approximately €160 million were therefore not included in the calculation of these key figures.

With the publication of the half-yearly report for 2019, Jungheinrich decided to include these financial liabilities in both key figures in line with the reporting practices that emerged during the course of 2019. In line with these structural changes, the forecast range for ROCE was corrected downward in the interim report as of 30 June 2019 and the range for net debt was corrected upward: ROCE amounted to 13.7 per cent in 2019 (forecast: 12 per cent to 14 per cent) and was therefore at the upper end of the forecast range. Expectations for net debt were adjusted downward in the Q3 report in November 2019. At the end of the reporting period, net debt amounted to €172 million and was therefore considerably below the forecast range of €200 million to €230 million. This improvement on expectations was due to effects relating to working capital optimisation, particularly in the fourth quarter of 2019.

In a consistently fierce competitive environment, we achieved a market share of 20.2 per cent in Europe in the 2019 financial year (previous year: 20.4 per cent). We had aimed for a slight improvement on the previous year. Basic, battery-powered trucks which are increasingly being brought onto the market flow into market data, particularly in China (but also in Europe). These trucks usually have a relatively low value. Our unit figures in this product category have been low by comparison. In order to meet demand, Jungheinrich occasionally purchases these trucks from other manufacturers.

The Jungheinrich Group reported good revenue growth and sound EBIT and EBT in the 2019 financial year, despite the difficult circumstances on the market and one-off negative impacts on results. In light of the uncertain developments in economic and business conditions over the course of the year, the Board of Management is pleased with the Group's performance.

The Group's financial and asset structure remains solid with a shareholders' equity ratio of 28 per cent, or – adjusted for the effects from the "Financial Services" segment – 46 per cent, and sufficient liquidity amounting to 10 per cent of the balance sheet total. In order to boost internal financing, the Group will continuously optimise fund commitments in the working capital.

Target-to-actual comparison

	Forecast			
	March 2019	August 2019[2]	November 2019[3]	2019 actual
Incoming orders in € billion	4.05 to 4.20	3.80 to 4.05[1]		3.92
Revenue in € billion	3.85 to 4.05			4.07
EBIT in € million	275 to 295	240 to 260[1]		263
EBIT ROS in %	7.0 to 7.4	6.0 to 6.7[1]		6.4
EBT in € million	250 to 270	215 to 235[1]		242
EBT ROS in %	6.4 to 6.8	5.4 to 6.1[1]		5.9
Net credit in € million	90 to 120 (excluding IFRS 16)	230 to 260 (including IFRS 16)	200 to 230 (including IFRS 16)	172
ROCE in %	15.0 to 16.0 (excluding IFRS 16)	12.0 to 14.0 (including IFRS 16)		13.7
Market share in Europe in %	>20.4	slight improvement vs.previous year		20.2

1 Ad-hoc release as of 22 July 2019
2 Interim report as of 30 June 2019, published as of 8 August 2019
3 Interim statement as of 30 September 2019, published as of 7 November 2019

Business trend and earnings position

Unit figures for incoming orders below previous year, value stable

At 122 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, remained 7 per cent below the previous year's incoming orders (131 thousand units). This was due to the sharp decline in demand in Europe and the reduction in orders for our own short-term rental fleet. Since 2018, incoming orders also include trucks from other manufacturers. This figure rose once more in 2019. This is why the incoming orders deviate from the number of these trucks that are produced.

Jungheinrich's share of the market in Europe was largely equal to the previous year's figure at 20.2 per cent (previous year: 20.4 per cent). It must be taken into consideration that simple battery-powered trucks – particularly from China – are increasingly coming onto the market. Jungheinrich's unit figures in this truck category have been low in comparison. In order to meet demand, Jungheinrich occasionally purchases these trucks from other manufacturers.

By value, incoming orders for the business fields new truck business, short-term rental and used equipment, and after-sales services came to €3,992 million, which is on a par with the previous year's figure (€3,971 million).

Orders on hand in the new truck business amounted to €787 million as of 31 December 2019 (previous year: €907 million). These orders account for almost four months of production.

Electric trucks produced almost exclusively

The production volume follows developments in incoming orders, with a delay. In light of the decline in incoming orders from the middle of 2019 including the reduction in trucks for the short-term rental fleet, production unit numbers for the reporting period came to 113 thousand units, down 7 per cent against the very positive prior-year figure (121 thousand units).

The largest product segment is warehousing equipment with a share of 80 per cent of the total production volume. Almost all trucks produced (97 per cent) are battery powered.

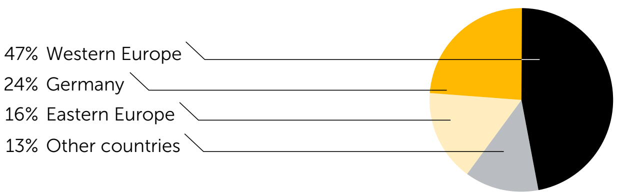
Incoming orders in € million

Production in units

Group revenue exceeds €4 billion

Group revenue exceeded the previous year's figure (€3,796 million) by 7 per cent, or €277 million, and at €4,073 million, also exceeded the revenue target of €4 billion originally set for 2020. As in the previous year, Europe accounted for 87 per cent of revenue. Revenue growth was primarily driven by increases in Germany, Austria, Italy and – despite uncertainties surrounding Brexit – the UK. Foreign revenue increased by 7 per cent to €3,107 million (previous year: €2,896 million); accordingly, the foreign ratio stood at 76 per cent as in 2018.

Revenue in 2019 by region



in € million	2019	2018	Change %
Germany	966	900	7.3
Western Europe	1,931	1,780	8.5
Eastern Europe	631	616	2.4
Other countries	545	500	9.0
Total	4,073	3,796	7.3

Revenue generated outside of Europe amounted to €545 million (previous year: €500 million). This corresponds to a 9 per cent increase and a Group revenue share of 13 per cent (previous year: 13 per cent).

The growth in Group revenue was primarily the result of developments in new truck business. The contribution from this field rose by 6 per cent from €2,305 million in the previous year to €2,451 million in the reporting year. Revenue in the new truck business consisted of €712 million (previous year: €617 million) from the "Logistics Systems" division. In light of the reorganisation of the responsibilities for the different areas of this division, revenue will no longer be reported separately as of the first quarter of 2020. Aside from this, the new truck business receives revenue of €128 million (previous year: €112 million) from the "Mail Order" division. Because of the small amounts of revenue generated in comparison to Group revenue, there will be no separate report for the "Mail Order" division from the first quarter of 2020. The short-term rental and used equipment business remained stable at €632 million (previous year: €632 million). As part of a reclassification, rental revenue and the truck stock it was based on, which was recognised in the business field short-term rental and used equipment, was assigned to the "Financial Services" segment. On a like-for-like basis, growth in rental revenue would be 8 per cent. Revenue from after-sales services increased by 8 per cent to €1,082 million (previous year: €1,006 million), again recording very strong growth. The after-sales services share of Group revenue amounted to 27 per cent (previous year: 26 per cent). With revenue of €1,167 million, the financial services business exceeded the previous year's figure (€973 million) by 20 per cent, due to the significant expansion of business. A small portion of the increase in revenue was due to effects from the previously mentioned reclassification.

Breakdown of revenue

in € million	2019	2018	Change %
New truck business	2,451	2,305	6.3
Short-term rental and used equipment	632	632	–
After-sales services	1,082	1,006	7.6
"Intralogistics" segment	4,165	3,943	5.6
"Financial Services" segment	1,167	973	19.9
Reconciliation	–1,259	–1,120	12.4
Jungheinrich Group	4,073	3,796	7.3

Gross profit impacted by declining capacity utilisation at plants

Gross profit on sales increased by €66 million to €1,185 million (previous year: €1,119 million). At 29.1 per cent, however, the gross margin was slightly less than the previous year's level (29.5 per cent).

The decline in capacity utilisation at specific plants from the second half of 2019 and the associated decrease in margins had a particularly negative impact on the gross profit. These were countered by positive effects from the initial application of IFRS 16. For new long-term financial services agreements closed after 1 January 2019 in the financial services business, which were refinanced through the sale and leaseback method and classified as finance leases, profits above €34 million did not have to be deferred.

Cost structure (statement of profit or loss)

in € million	2019	2018	Change %
Cost of sales	2,888	2,677	7.9
Selling expenses	717	678	5.8
Research and development costs	90	64	40.6
General administrative expenses	112	104	7.7

The increase in selling expenses from the previous year was disproportionately lower than revenue growth. This was the result of a moderate increase in customer advisers, which led to a comparatively low increase in personnel expenses. Following 17.9 per cent in the previous year, selling expenses represented 17.6 per cent of Group revenue.

R&D costs rose by 41 per cent in the reporting period, due to a considerable impairment of capitalised development expenses (€22 million).

Administration expenses represented 2.8 per cent of Group revenue, remaining largely on a par with the previous year's figure (2.7 per cent).

Other operating expenses increased from €6 million in the previous year to €10 million in 2019. These mainly included material expenses related to the addition to provisions for expected contingent-liability claims in the amount of €5 million. Impairment losses on goodwill were lower than the previous years reported under this item and had a positive countering effect.

Earnings before interest and taxes in € million

Profit or loss in € million

EBIT therefore decreased by €12 million, or 4 per cent, to €263 million (previous year: €275 million). At 6.4 per cent, EBIT ROS was less than the previous year's level (7.2 per cent).

As a result of the initial application of IFRS 16 and the ensuing strong increase in interest-bearing capital combined with the lower EBIT, ROCE was 13.7 per cent. Without the effects resulting from the application of IFRS 16, ROCE would have amounted to 13.4 per cent in the 2019 financial year (previous year: 16.0 per cent).

EBITDA of €670 million (previous year: €595 million) was adjusted for depreciation on trucks for lease from financial services to €135 million (previous year: €119 million) and improved in the year under review to €535 million (previous year: €476 million). As a result of the initial application of IFRS 16, amortisation on right-of-use assets of €50 million was also reported here. On the other hand, the lease instalments' repayment portion for the corresponding contracts amounting to €48 million no longer had to be taken into account.

The financial loss totalled €21 million (previous year: loss of €26 million) and was particularly influenced by the results from the measurement of the securities and derivatives in the special fund. Profit of €6 million was recorded here in the year under review; however, a loss of €4 million was recorded in the previous year. At €242 million, EBT was accordingly down 3 per cent from the previous year (€249 million). EBT return on sales amounted to 5.9 per cent (previous year: 6.6 per cent).

Income tax liabilities declined to €65 million (previous year: €74 million). This was primarily due to the decrease in current taxes resulting from lower domestic earnings. The Group tax rate amounted to 27 per cent following 29 per cent in the previous year. At €177 million, profit or loss remained stable (previous year: €176 million), and the earnings per preferred share (based on share of earnings attributable to the shareholders of Jungheinrich AG) accordingly came to €1.75 (previous year: €1.73).

The Jungheinrich AG Board of Management proposes a dividend of €0.46 (previous year: €0.48) per ordinary share and €0.48 (previous year: €0.50) per preferred share. This dividend proposal will result in a total payout of €48 million (previous year: €50 million). The payment ratio of 27 per cent (previous year: 28 per cent) is in the company's target range of paying between 25 per cent and 30 per cent of profit or loss to shareholders. Jungheinrich follows a policy of consistent dividend payments.

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 all necessary strategic measures and guarantee financial independence.

The Group takes a conservative approach to investing in order to ensure sufficient liquidity. The objective is not to maximise profit, but – considering current conditions in the international money and capital markets – to preserve assets.

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

Capital requirements are covered through operating cash flows and short and long-term financing. As of 31 December 2019, the medium-term credit agreements in place amounted to €275 million. These will be supplemented by short-term credit lines of €127 million. They largely comprise the bilateral credit lines of individual foreign subsidiaries. Both the medium-term credit agreements and short-term credit lines were only used to a small extent. Furthermore, a credit agreement to the value of €100 million for the partial financing of future research and development expenditures was entered into in 2019. The funds can be drawn in separate loan tranches. As of 31 December 2019, none of these funds had been used.

A tranche of a promissory note was repaid on schedule in the 2019 financial year. This reduced the promissory note's financing volume by €25 million to €200 million. The increase in financial liabilities is exclusively due to the initial application of IFRS 16 in the reporting year and the resulting reporting of lease liabilities in this item. Credit or promissory note agreements do not contain financial covenants.

Stable financial position and capital structure

At €596 million, cash and cash equivalents and securities were substantially higher at the end of 2019 than in the previous year (€518 million). The net debt of €172 million reported for the Group includes the additional lease liabilities that were not included in the previous year, resulting from the initial application of IFRS 16 in the amount of €158 million. Without these liabilities, net debt would have amounted to only €14 million. The €94 million decrease in net debt from the end of 2018 (€108 million) was primarily due to the cash inflow from general business trends the measures taken to optimise working capital and the truck stock reduction in the short-term rental fleet.

Shareholders' equity in € million

Equity ratio in %

Capital structure

in € million	31/12/2019	31/12/2018	Change %
Shareholders' equity	1,488	1,362	9.3
Non-current liabilities	2,252	1,907	18.1
Provisions for pensions and similar obligations	240	219	9.6
Financial liabilities	581	473	22.8
Liabilities from financial services	1,287	1,048	22.8
Other liabilities	145	167	–13.2
Current liabilities	1,491	1,477	0.9
Other provisions	216	185	16.8
Financial liabilities	187	153	22.2
Liabilities from financial services	473	478	–1.1
Trade accounts payable	365	400	–8.8
Other liabilities	250	261	–4.2
Balance sheet total	5,231	4,746	10.2

Table contains rounding differences.

The positive earnings trend was a significant factor in the €126 million increase in shareholders' equity. This was offset mainly by the dividend payment of €50 million (previous year: €50 million). At 28 per cent, shareholders' equity was slightly less than the previous year's level (29 per cent). Adjusted for all effects from the "Financial Services" segment, the shareholder's equity for "Intralogistics" amounted to 46 per cent (previous year: 46 per cent).

Provisions for pensions and similar obligations increased by €21 million to €240 million (previous year: €219 million). The increase resulted to a significant extent from the effects of the remeasurement of provisions for pensions outside profit or loss, which in turn were the result of a drop in the discount rate in Germany from 1.9 per cent at the end of 2018 to 1.2 per cent as at the measurement date. The €142 million increase from €626 million to €768 million in non-current and current financial liabilities was due solely to the lease liabilities recorded as part of the initial application of IFRS 16 as of 1 January 2019, which, compared with 31 December 2018, raised financial liabilities by €158 million as of 31 December 2019. Compared with the amount on 31 December 2018 (€1,526 million), non-current and current liabilities from financial services in the amount of €1,760 million increased by €234 million, due to the substantial increase in financing new contracts. Trade accounts payable dropped to €365 million (previous year: €400 million). Other current and non-current liabilities decreased by €33 million to €395 million, primarily due to the dissolution of profit deferrals from refinancing of leased equipment and the lower volume of payments received on account of orders (previous year: €428 million).

As a result of the initial application of IFRS 16 as of 1 January 2019, for the presentation in the cash flow statement in the reporting period the cash flow from operating activities increased by €48 million compared to the previous year's non-adjusted values. The lease instalments' repayment portion (€48 million) is now being stated in cash flow from financing activities, starting from the 2019 financial year.

Statement of cash flows

in € million	2019	2018
Profit or loss	177	176
Depreciation, amortisation and impairment losses	408	320
Changes in trucks for short-term rental and trucks for lease (excluding depreciation) and receivables from financial services	–454	–477
Changes in liabilities from financing trucks for short-term rental and financial services	194	314
Changes in working capital	–7	–110
Other changes	27	–4
Cash flows from operating activities	345	219
Cash flows from investing activities[1]	–195	–164
Cash flows from financing activities	–75	21
Net cash changes in cash and cash equivalents[1]	75	76

1 Excluding the balance of payments for the purchase/proceeds from the sale of securities of €–23 million (previous year: €–17 million).

Cash flow from operating activities significantly increased

Cash flow from operating activities reached €345 million for the reporting year, a significant increase of €126 million compared with the previous year (€219 million). Cash flows from profit or loss plus depreciation, amortisation and impairment losses were €89 million higher than in 2018. Depreciation, amortisation and impairment losses included amortisation of €50 million for right-of-use assets capitalised in accordance with IFRS 16. Positive effects of €103 million resulted from a markedly lower increase in working capital than a year ago. Cash payments, including financing, for additional trucks for short-term rental and trucks for lease, as well as receivables from financial services, had an offsetting effect and were €97 million higher than in the previous year. The €31 million increase in effects resulted from other changes primarily dominated by the additions to provisions for warranty obligations and onerous contracts, and the repayment of current loans granted to external parties.

Cash flow from investing activities was adjusted in the statement of cash flows page 55 compared to the consolidated financial statements for the payments towards the purchase of and proceeds from the sale of securities totalling €–23 million (previous year: €–17 million) that are included in this item. At €–195 million, the resulting cash flow from investing activities in the reporting year was therefore €31 million higher than in the previous year (€–164 million). This was primarily due to the increase in capital expenditure on construction projects.

Cash flow from financing activities of €–75 million in the reporting year declined by €96 million compared to the previous year (€+21 million). This was primarily due to the changes, mentioned previously in the presentation, resulting from the initial application of IFRS 16, as well as to the repayment of a tranche of a promissory note in the amount of €25 million. Cash flow in the previous year was also positively influenced by the net issuance of promissory notes amounting to €25 million.

Balance sheet total in € million

Asset structure

in € million	31/12/2019	31/12/2018	Change %
Non-current assets	2,960	2,514	17.7
Intangible assets and property, plant and equipment	905	670	35.1
Trucks for short-term rental and lease	911	909	0.2
Receivables from financial services	941	769	22.4
Other assets (including financial assets)	182	164	11.0
Securities	21	2	>100
Current assets	2,271	2,232	1.7
Inventories	593	615	–3.6
Trade accounts receivable	708	722	–1.9
Receivables from financial services	319	275	16.0
Other assets	76	105	–27.6
Cash and cash equivalents and securities	575	515	11.7
Balance sheet total	5,231	4,746	10.2

Increase in non-current and current assets primarily due to growth

The €235 million increase in intangible assets and property, plant and equipment from €670 million in the previous year to €905 million in the reporting year was mainly caused by the right-of-use assets recorded as part of the initial application of IFRS 16 as of 1 January 2019, which increased this item with their carrying amounts by €158 million as at the balance sheet date of 31 December 2018. Construction projects such as the plants for producing lithium-ion batteries, the expansion of the head office and the extension of the plant for narrow-aisle trucks are also reflected in this item.

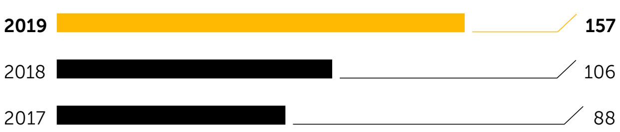
Due to the reduction of the truck stock in the short-term rental fleet, the carrying amounts of €911 million for trucks for short-term rental and lease remained on a par with the previous year's level (€909 million). The carrying amounts for trucks for short-term rental amounted to €353 million as at the balance sheet date, following €381 million in the previous year. Trucks for lease from financial services increased from €528 million in the previous year to €558 million in the year under review. Non-current and current receivables from financial services increased markedly by €216 million to €1,260 million (previous year: €1,044 million) due to growth.

Inventories recorded a decrease of €22 million as at the balance sheet date, resulting in a figure of €593 million (previous year: €615 million). Sales inventories consisting of finished goods, goods and prepayments, which are based primarily on customer orders not yet invoiced, declined by €34 million compared with the previous year. Current trade accounts receivable was down slightly by €14 million compared with the previous year at €708 million, due to the virtually unchanged volume of invoices in the last two months of the reporting year (previous year: €722 million). The marked decline of €29 million in other current assets from €105 million in the previous year to €76 million in the reporting year was primarily due to a decrease in sales tax credits as at the balance sheet date and the repayment of current loans made to external third parties. The increase of €60 million in cash and cash equivalents and current securities to €575 million (previous year: €515 million) was largely related to the cash inflow from operating activities, measures taken to optimise working capital and the reduction of truck stock in the short-term rental fleet.

Capital expenditure increases significantly to €157 million

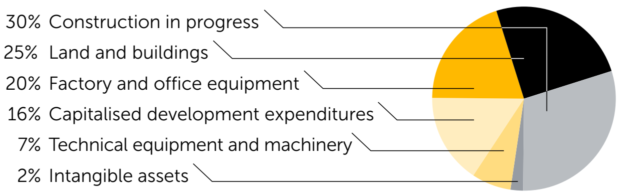
Capital expenditure increased noticeably by 48 per cent to €157 million in the year under review. Jungheinrich primarily invested in the expansion of capacity at plants. The company also regularly invests in maintenance and replacements. In 2019, capital expenditure concentrated on the plants that produce lithium-ion batteries in Glauchau and Freiberg, the expansion of the plant for narrow-aisle trucks in Degernpoint, the expansion of the head office in Hamburg and the plant expansion in Hungary where stacker cranes are produced. As at the balance sheet date, investment commitments for property, plant and equipment alone amounted to €38 million. Investments were financed with the company's own resources and external resources.

Capital expenditure[1] in € million



1 Property, plant and equipment and intangible assets excluding capitalised development expenditures

Distribution of capital expenditure in 2019[2]



2 Property, plant and equipment and intangible assets excluding capitalised development expenditures

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. This business model's objective 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 €336 million as of 31 December 2019.

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 South America, 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. 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 cover at least 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.

Revenue exceeds €1 billion

New long-term financial service agreements increased by €108 million in 2019 (previous year: €71 million). The best-performing region is the United Kingdom with a 34 per cent increase in new agreements. 68 per cent of the increase in agreements was attributable to the eight countries with Jungheinrich financial services companies (previous year: 70 per cent).

At the end of 2019, existing agreements totalled 189 thousand units, 10 per cent more than the previous year (172 thousand units). This represents an original value of €3,199 million (previous year: €2,793 million).

Key figures for financial services

in € million	31/12/2019	31/12/2018	Change %
Original value of new contracts [1]	898	790	13.7
Original value of contracts on hand	3,199	2,793	14.5
Trucks for lease from financial services	684	636	7.5
Receivables from financial services	1,260	1,044	20.7
Shareholders' equity	66	87	–24.1
Liabilities	2,200	1,920	14.6
Revenue[1]	1,167	973	19.9
EBIT[1]	9	3	>100.0

1 1 January–31 December

As in the previous year, 41 per cent of new truck sales were sold with financial service agreements. The lease rate was different in each of the countries. In Italy, Norway and Brazil, Jungheinrich recorded lease rates of over 60 per cent for new trucks.

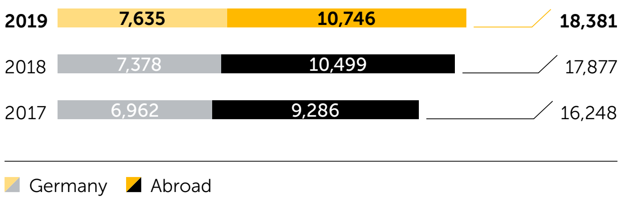
Revenue in the "Financial Services" segment increased by 20 per cent to €1,167 million (previous year: €973 million). This increase is largely due to the expansion of business, which was mainly affected by the conclusion of customer contracts classified as "finance leases".

Employees

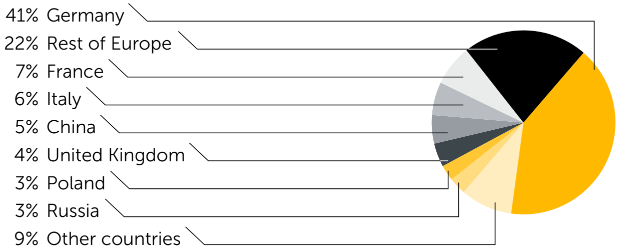
Personnel increase in after-sales services

In the year under review, Jungheinrich yet again increased its personnel capacities, with the primary focus on after-sales services, especially in Europe. As of 31 December 2019, the Group had 18,381 (previous year: 17,877) employees (full-time equivalent) employed in the Group. Part-time employees were taken into account according to their hours.

Employees in FTE; as of 31/12



Employees in 2019 by region



in FTE	2019	2018	Change %
Germany	7,635	7,378	3.5
France	1,230	1,236	–0.5
Italy	1,073	1,036	3.6
United Kingdom	793	817	–2.9
Poland	614	597	2.8
Russia	531	521	1.9
Rest of Europe	4,078	3,936	3.6
China	849	852	–0.4
Other countries	1,578	1,504	4.9
Total	18,381	17,877	2.8

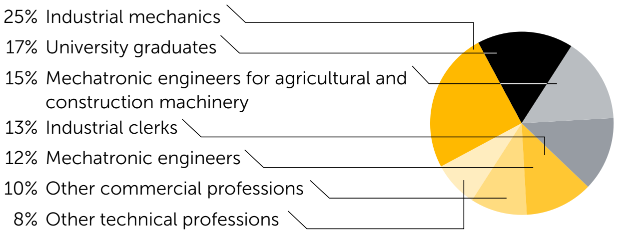
In order to be able to react more flexibly to workload fluctuation, temporary workers are employed alongside the permanent workforce in productions plants. In light of the decrease in the number of units produced in the year under review, the number of temporary workers also decreased on average throughout the year to 512 (previous year: 628). As of 31 December 2019, there were only 335 (previous year: 711) temporary workers.

As in the previous year, after-sales services accounted for 43 per cent of the workforce or 7,926 employees (previous year: 7,651). Of this figure, 5,536 were after-sales service technicians located around the world (previous year: 5,329). This expansion of capacities reflects the high importance of the after-sales services.

More trainees and apprentices taken on

As of 31 December 2019, the Group employed 493 (previous year: 482) trainees and apprentices of which 334 (previous year: 306) were based in Germany. In 2018, the mechatronic engineering for agricultural and construction machinery apprenticeship was added to the range of apprenticeships to meet the growing demand for after-sales service technicians. An apprenticeship in precision mechanics was also added in the reporting year. The Jungheinrich Group offers 21 different apprenticeships in Germany, and dual study courses in cooperation with universities. The number of trainees and apprentices on dual study courses was 17 per cent in 2019 – based on the number of trainees and apprentices in Germany (previous year: 19 per cent).

Apprenticeable professions[1] As of 31/12/2019



1 Basis: 334 apprentices in Germany

Personnel changes

As decided in 2018, Dr Lars Brzoska became the Chairman of Jungheinrich AG's Board of Management with effect from 1 September 2019. From 1 September 2018 to 31 December 2019, he was also responsible for Engineering. Sabine Neuß took over this Board of Management division on 1 January 2020.

As of 31 August 2019, Jürgen Peddinghaus, the Supervisory Board's previous Chairman, stood down, and at the Annual General Meeting on 30 April 2019, Hans-Georg Frey was appointed to the Supervisory Board as of 1 September 2019. At the Supervisory Board meeting on 3 September 2019, Hans-Georg Frey was elected Chairman of the Supervisory Board.

On 31 March 2020, Dr Klaus-Dieter Rosenbach will leave the company at his own request to retire. The Board of Management and the Supervisory Board have decided not to reappoint a member of the Board of Management to Logistics Systems, which will be managed by Dr Rosenbach until his retirement, but to instead divide the responsibilities for this division among the remaining four members of the Board of Management.

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 a growth component and an earnings component. The main focus in setting targets will be on the earnings component.

Board of Management remuneration

The Board of Management's remuneration, 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 variable component's separately recorded achievement parameters 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. If an employment contract is terminated for extraordinary reasons, this payment will be made immediately upon the member leaving the Board of Management.

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 receives €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 Supervisory Board's ad-hoc committees. 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/investor-relations/corporate-governance

Non-financial aspects according to the CSR Guideline Implementation Act

In accordance with the CSR Guideline Implementation Act, which 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. Jungheinrich bases its reporting on the Global Reporting Initiative Standards (GRI).

The company fulfils this obligation through a separate non-financial declaration that forms an independent chapter of the 2019 annual report pages 22 to 36.

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 describes 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, work-flow and controls for all material processes. All employees can access these guidelines 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 uniformly reported 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 and centrally to verify the Group accounting data's completeness and correctness. This is done either manually or using software.
- Material processes of relevance to accounting are subject to regular 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.
- The Supervisory Board or its Finance and Audit Committee is responsible, among others, for 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 guidelines,
- 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 objective 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 manner are condensed into a total value – broken down into 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 (residual value and financing risks, default risks on customer receivables) and assess it on an ongoing basis. A central contract database running on SAP Enterprise Resource Planning (ERP) software enables financial service agreements to be recorded and the risks arising from them to be assessed uniformly throughout the Group. In addition to the standard SAP software deployed, there is a software solution that is based on a database ("Global Lease Center") for smaller sales units, particularly outside of Europe.

Risks and opportunities

The analysis of the finalised risk inventory, compiled in 2019 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 2020 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 ongoing uncertainties relating to the USA–China trade conflict, experts currently anticipate global growth of 3.3 per cent for the year 2020. A 1.3 per cent increase in economic output is forecasted for the euro area. However, the implementation of Brexit, the high levels of debt in individual countries such as Italy, and geopolitical uncertainties may have a negative impact on economic stability. It remains to be seen whether certain states will experience new crises or to what extent reform efforts will have a lasting effect on individual economies. How the spread of the coronavirus might affect, for example, specific countries' economies or even suppliers and/or customers, is currently unforeseeable. In light of this, current economic forecasts should be viewed critically. In terms of its economic and market expectations, Jungheinrich expects significantly worse conditions over the course of 2020. The company's assumptions are based on current market volume developments, its own market analyses, the incoming orders that are submitted weekly and the level of volatility that can be derived from this.

Sector risks primarily result from the aforementioned factors for market development, the competitive environment, technological changes and advancing digitalisation in intralogistics. In the year under review, the market volume for material handling equipment in Europe fell by 6 per cent, while the global market volume fell by 2 per cent. Significantly contracting markets, particularly in Europe, could affect the number of trucks produced, or the margins attainable in 2020.

Economic developments are continually observed and analysed based on the regular market evaluation for material handling equipment, the competitive environment and capital markets, especially regarding fluctuations in exchange rates and interest rates. The objective 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.

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 boosting sales, offering attractive financing solutions, implementing efficiency measures and underscoring its differentiation strategy – by expanding the lithium-ion battery business, for example.

Operational risks

The consolidation of demand, as has been witnessed over several years, increases the pressure on market prices 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.

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 price development of the relevant commodities. These systems help management detect, at an early stage, developments that significantly affect procurement prices so that they can act accordingly. In 2020, no unusual risks are currently expected to arise from the commodities' price development.

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 protective measures' effectiveness. The Group's information security management system uses the international ISO/IEC 27001 standard as a reference. The above-mentioned measures are supported effectively by modern IT monitoring and analysis systems and are constantly monitored and developed by a dedicated team focussed on IT security.

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 good relationships to technical universities and IT faculties and works closely with them, with a view to recruiting young talented engineers and IT staff who are very important to the company. Jungheinrich responds 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. Including engineers and IT professionals in the international trainee programme is another step in this direction. A high number of trainee positions will be maintained or even expanded Group-wide in order to ensure that all future needs for skilled workers can be met. Since 2018, for example, Jungheinrich has recruited successors for after-sales service technicians in Germany through its own apprenticeship programme. Recruitment remains difficult for certain specialised engineering positions and IT specialists due to the high amount of demand in the industry. Jungheinrich employs temporary workers in order to avoid capacity utilisation risks and uses location-specific flexible working time accounts.

Service data and information that pertain to unusual incidents involving products and equipment 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 the rapid notification system it implements with regard to product safety behaviour. Anomalies are immediately examined together by the people responsible for the product 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 at an early stage and, therefore, reduce these risks in the product development process. Such technical risks may jeopardize the marketability of the product. Needless to say, Jungheinrich protects product knowledge with patent registrations.

Due to the takeover of various dealers and increasing investments in joint ventures, the Jungheinrich Group's recognised assets, including goodwill, have increased in past financial years. Goodwill has an indefinite useful life and is therefore not subject to amortisation. In accordance with IAS 36, however, impairment testing must be performed once a year and the result depends on expected future business performance. If future expectations do not materialise, there is a risk that goodwill will be impaired. Impairment risks are constantly monitored by the central Group Controlling department. The impairment test performed in the fourth quarter of 2019 determined there were no grounds for impairment of existing goodwill, with the exception of a €1.8 million impairment on the goodwill of the sales company in Chile.

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 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 a contract's residual value, a suitable provision for this risk is recognised in the statement of financial position. If the current fair value exceeds a contract's residual value, 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 "Financial Services" segment's Group-wide structural and procedural organisation ensures management of completed financial service agreements with a correlating financing structure or form through powerful domestic and foreign refinancing banks. Moreover, 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 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. Forklift trucks prematurely recovered from customers are handed over to the "Intralogistics" segment's operational sales units for marketing. The return conditions are determined centrally. The professional external marketing of used equipment via the global 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 continued to prove very valuable in the last financial year during credit procurement. As of 31 December 2019, Jungheinrich had confirmed credit facilities amounting to €402 million, of which only a small portion was used, and promissory notes worth a total of €200 million. The maturities for the credit lines and promissory notes are very spread out, giving the company plenty of long-term leeway for arranging financing. Furthermore, 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 generally 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 of dependence on specific 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, page 128.

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 that are 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. A number of 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 in 2018, the risk of monetary fines has 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.

In light of the downturn in the material handling equipment market in Europe, the incoming orders submitted until this point, as well as the economic uncertainties and the resulting volatility in the future demand for material handling equipment, the Board of Management is cautious in its market outlook. Jungheinrich is therefore preparing to face a significant decline in demand for material handling equipment in 2020. If the material handling equipment markets, particularly in European countries, should perform better than expected, the amounts achievable in incoming orders, revenue and EBIT could exceed the figures in the company's forecast.

Operational business opportunities

Jungheinrich's business development could be presented with opportunities arising from a reduction in procurement costs resulting from decreases in commodity and material prices, or, in terms of sales, from the appreciation of the main currencies, for example, 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, particularly in the use of lithium-ion technology, may also create additional 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.

Currently, we have not identified any risks in 2020 that could either individually or in combination with other risks materially jeopardise the Jungheinrich Group's earnings, financial or asset position or pose a threat to its existence.

Forecast report

Global economic growth unaffected by uncertain overall conditions

Despite ongoing economic and geopolitical uncertainties, the International Monetary Fund (IMF) anticipates a 3.3 per cent increase in the global economy in 2020 (2019: 2.9 per cent). How the spread of the coronavirus might affect the economies of specific countries or the global economy is currently impossible to judge and has not been included in previous economic forecasts. The main growth drivers are expected to be China, the USA and a number of European countries. Due to the ongoing trade dispute, the USA's GDP should remain robust at 2.0 per cent, but is expected to be lower than in the previous year (2019: 2.3 per cent). The forecast for the Chinese economy indicates growth that is similar to the previous year's (6.0 per cent; 2019: 6.1 per cent), although this depends on any consequences from the further spread of the coronavirus.

The UK's departure from the European Union on 31 January 2020 and the consequences of this along with the political and financial risks that Italy represents will continue to be major topics in the eurozone. Similar to the previous year, moderate economic growth of only 1.3 per cent is therefore forecast for this region in 2020 (2019: 1.2 per cent). With the expected 1.1 per cent increase, growth in Germany would be above the previous year's figure (0.5 per cent). The Deutscher Maschinen- und Anlagenbau e.V. trade association (VDMA) anticipates another decrease in production in 2020 (minus 2.0 per cent), following the 2.0 per cent decrease in 2019. As in the previous year, France's GDP is expected to grow 1.3 per cent in 2020, while the Italian economy is expected to grow slightly, but nevertheless more than in the previous year (0.5 per cent; 2019: 0.2 per cent). Despite its exit from the European Union, the UK is expected to see similar growth as in the previous year at 1.4 per cent (2019: 1.3 per cent). Economic growth is also expected to slow significantly in Poland (3.1 per cent; 2019: 4.0 per cent), whereas solid GDP growth, that is markedly higher than the previous year is forecast for Russia in 2020 at 1.9 per cent (2019: 1.1 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 %	Forecast 2020
World	3.3
USA	2.0
China	6.0
Eurozone	1.3
Germany	1.1

Source: International Monetary Fund (as of 20 January 2020)

Decline expected in global market for material handling equipment

Due to the partial sharp decline in the market over the last few months, higher volatility in incoming orders and particularly the lack of positive signals from the economy and market, we expect that the market for material handling equipment both in Europe and globally will decline significantly in 2020 compared to 2019, despite the stable to positive economic forecast from the IMF. At best, we expect a stable market volume in North America in comparison with the previous year. We anticipate a sharp decline in demand in Asia – similar to Europe. The spread of the coronavirus may also have a negative impact on the economies of specific countries.

2020 revenue target: €3.60 billion to €3.80 billion

We published our revenue, EBIT and EBIT ROS forecast for 2020 in an ad-hoc release on 18 December 2019. This was due to the draft budget for revenue and EBIT's recognisable deviation compared to analysts' expectations at this point in time.

Group revenue in 2020 is expected to range between €3.60 billion and €3.80 billion (2019: €4.07 billion). We expect incoming orders to be worth between €3.50 billion and €3.80 billion (2019: €3.92 billion). EBIT should amount to a value between €150 million and €200 million (2019: €263 million) in the current financial year. We anticipate EBIT return on sales of between 4.0 per cent to 5.5 per cent (2019: 6.4 per cent). In light of the developments in the cost of materials, we anticipate costs will tend to fall slightly. EBT is expected to amount to between €125 million and €175 million (2019: €242 million). We currently anticipate EBT return on sales of between 3.5 per cent to 5.0 per cent (2019: 5.9 per cent). This is also 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. We expect net debt to amount to significantly less than €100 million at the end of 2020 (2019: €172 million).

ROCE for the 2020 financial year is expected to be well below 10 per cent, due to the EBIT forecast that is significantly lower than the previous year's (2019: 13.7 per cent).

In addition to the targets for the financial key figures, we also aim to slightly improve our market share in Europe compared to the 2019 financial year (2019: 20.2 per cent).

Possible influences from effects that could be traced back to the spreading of the new coronavirus have not been taken into account in the aforementioned forecast values.

General statement concerning the Jungheinrich Group's anticipated development

Growth momentum is expected to taper off, due to the uncertainties caused by the ongoing trade dispute between the USA and China, the final form that the UK's exit from the European Union may take and potential consequences of the spread of the coronavirus. We assume that the economy will be considerably more susceptible to fluctuation. As far as the global market volume for material handling equipment goes, we anticipate a sharp decline compared to 2019. Political risks, as well as terror attacks and armed conflict, could lead to unexpected and possibly 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.

Due to the above-mentioned factors, we anticipate a sharp decline in incoming orders, revenue and earnings in the current financial year.

The Jungheinrich Group is well positioned over the long term, thanks to its integrated business model focussing on electric trucks, its broad regional organisation, its well diversified customer structure, high levels of customer loyalty resulting from a high lease rate in the new truck business (41 per cent) and the large share of services in the revenue.

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. We will primarily concentrate on expanding the strategic future fields of digitalisation, automation and lithium-ion technology.

At 28 per cent, or 46 per cent adjusted for impacts from the "Financial Services" segment, shareholders' equity remains solid. This will continue to be of the utmost importance in the future. Jungheinrich pursues a policy of continuity as regards dividend payments.

Unforeseeable developments may cause the actual business trend to differ from the Jungheinrich management's expectations, assumptions and estimates 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 changes to exchange rate and interest rates. No responsibility is therefore taken for the forward-looking statements in this Group management report.

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Consolidated statement of profit or loss

in € thousand	Notes	2019	2018
Revenue	(3)	**4,072,994**	**3,796,389**
Cost of sales	(4)	2,888,210	2,677,601
Gross profit on sales		**1,184,784**	**1,118,788**
Selling expenses		716,544	677,731
Research and development costs	(12)	89,924	63,979
General administrative expenses		112,383	104,359
Other operating income	(7)	5,158	5,228
Other operating expenses	(8)	9,871	6,408
Income (expense) from companies accounted for using the equity method	(16)	1,349	3,839
Earnings before interest and income taxes		**262,569**	**275,378**
Interest income	(9)	950	1,318
Interest expenses	(9)	14,729	12,025
Other financial income (expense)	(10)	–6,951	–15,157
Financial income (expense)		**–20,730**	**–25,864**
Earnings before taxes		**241,839**	**249,514**
Income tax expense	(11)	65,062	73,704
Profit or loss		**176,777**	**175,810**
thereof attributable to non-controlling interests		–278	–
thereof attributable to the shareholders of Jungheinrich AG		177,055	175,810
Earnings per share in € (diluted/undiluted) based on profit or loss attributable to the shareholders of Jungheinrich AG	(38)		
Ordinary shares		1.73	1.71
Preferred shares		1.75	1.73

Consolidated statement of comprehensive income

in € thousand	2019	2018
Profit or loss	176,777	175,810
Items which may be reclassified to the consolidated statement of profit or loss in the future		
Income (expense) from the measurement of financial instruments with a hedging relationship	–3,938	698
Income (expense) from currency translation	10,895	–11,226
Items which will not be reclassified to the consolidated statement of profit or loss		
Income (expense) from the measurement of pensions	–8,569	1,990
Other comprehensive income (expense)	**–1,612**	**–8,538**
Comprehensive income (expense)	**175,165**	**167,272**
thereof attributable to non-controlling interests	–278	–
thereof attributable to the shareholders of Jungheinrich AG	175,443	167,272

The consolidated statement of comprehensive income is explained in note (24), page 110.

Consolidated statement of financial position

Assets

in € thousand	Notes	31/12/2019	31/12/2018
Non-current assets			
Intangible assets	(12)	173,184	180,983
Property, plant and equipment	(13)	732,300	489,113
Trucks for short-term rental	(14)	352,575	380,541
Trucks for lease from financial services	(15)	558,057	528,413
Investments in companies accounted for using the equity method	(16)	41,606	35,893
Other financial assets		348	323
Trade accounts receivable	(18)	10,126	8,957
Receivables from financial services	(19)	940,965	768,808
Derivative financial assets	(36)	196	222
Other receivables and other assets	(20)	17,317	6,577
Securities	(21)	20,972	2,498
Prepaid expenses	(23)	10	20
Deferred tax assets	(11)	112,409	111,849
		2,960,065	2,514,197
Current assets			
Inventories	(17)	592,698	615,174
Trade accounts receivable and contract assets	(18)	708,500	722,100
Receivables from financial services	(19)	318,975	275,484
Income tax receivables		17,338	13,059
Derivative financial assets	(36)	744	4,710
Other receivables and other assets	(20)	43,040	71,743
Securities	(21)	192,246	182,202
Cash and cash equivalents	(22)	382,304	332,862
Prepaid expenses	(23)	15,007	14,649
		2,270,852	2,231,983
		5,230,917	4,746,180

Shareholders' equity and liabilities

in € thousand	Notes	31/12/2019	31/12/2018
Shareholders' equity	(24)		
Subscribed capital		102,000	102,000
Capital reserves		78,385	78,385
Retained earnings		1,392,667	1,265,532
Accumulated other comprehensive income (expense)		(85,455)	(83,843)
Equity attributable to the shareholders of Jungheinrich AG		1,487,597	1,362,074
Non-controlling interests		667	–
		1,488,264	1,362,074
Non-current liabilities			
Provisions for pensions and similar obligations	(25)	239,650	218,757
Other provisions	(26)	49,725	46,712
Deferred tax liabilities	(11)	28,911	31,364
Financial liabilities	(27)	580,501	472,585
Liabilities from financial services	(28)	1,286,504	1,047,760
Derivative financial liabilities	(36)	1,981	792
Other liabilities	(30)	1,289	736
Deferred income	(31)	63,579	88,385
		2,252,140	1,907,091
Current liabilities			
Income tax liabilities		9,725	9,440
Other provisions	(26)	216,472	185,194
Financial liabilities	(27)	187,090	153,369
Liabilities from financial services	(28)	473,489	478,277
Trade accounts payable	(29)	365,095	400,056
Derivative financial liabilities	(36)	8,823	2,686
Other liabilities	(30)	192,946	207,550
Deferred income	(31)	36,873	40,443
		1,490,513	1,477,015
		5,230,917	4,746,180

Consolidated statement of cash flows

in € thousand	2019	2018
Profit or loss	**176,777**	**175,810**
Depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets	161,870	86,895
Depreciation and amortisation of trucks for short-term rental and lease	245,848	233,115
Changes in provisions	55,003	10,128
Changes in trucks for short-term rental and trucks for lease from financial services (excluding depreciation)	–238,421	–323,644
Income from the disposal of property, plant and equipment and intangible assets	167	326
Changes deriving from companies accounted for using the equity method and of other financial assets	1,883	–914
Changes in deferred tax and liabilities	–4,531	3,261
Changes in		
Inventories	23,464	–111,387
Trade accounts receivable and contract assets	12,708	–58,620
Receivables from financial services	–215,648	–153,563
Trade accounts payable	–35,019	28,976
Liabilities from financial services	233,957	210,895
Liabilities from financing trucks for short-term rental	–39,715	103,310
Other operating assets	2,072	–10,622
Other operating liabilities	–35,259	24,658
Cash flow from operating activities	**345,156**	**218,624**
Payments for investments in property, plant and equipment and intangible assets	–186,162	–135,660
Proceeds from the disposal of property, plant and equipment and intangible assets	3,417	3,154
Payments for investments in companies accounted for using the equity method and other financial assets	–7,621	–8,123
Payments for the acquisition of companies and business areas, net of acquired cash and cash equivalents	–4,687	–23,317
Payments for the purchase of securities	–144,035	–123,095
Proceeds from the sale/maturity of securities	120,681	105,735
Cash flow from investing activities	**–218,407**	**–181,306**

in € thousand	2019	2018
Dividends paid to the shareholders of Jungheinrich AG	–49,920	–49,920
Changes in short-term liabilities due to banks	11,991	5,401
Proceeds from obtaining long-term financial loans	47,526	109,984
Repayments of long-term financial loans	–36,907	–44,352
Repayments of lease liabilities	–48,114	n/a
Cash flow from financing activities	**–75,424**	**21,113**
Net cash changes in cash and cash equivalents	**51,325**	**58,431**
Changes in cash and cash equivalents due to changes in exchange rates	–2,427	1,015
Changes in cash and cash equivalents	**48,898**	**59,446**
Cash and cash equivalents on 01/01	**323,000**	**263,554**
Cash and cash equivalents on 31/12	**371,898**	**323,000**

Receipts and payments relating to cash flows from operating activities

in € thousand	2019	2018
Interest paid	46,435	39,869
Interest received	68,341	59,340
Dividends received	3,870	3,881
Income tax expense	68,199	76,683

The consolidated statement of cash flows is explained in note (33), page 126.

Consolidated statement of changes in equity

in € thousand	Subscribed capital	Capital reserve	Retained earnings	Accumulated other comprehensive income (expense)					
				Currency translation	Remeasurement of pensions	Market valuation of financial instruments with a hedging relationship	Equity attributable to the shareholders of Jungheinrich AG	Non-controlling interests	Total
Balance on 01/01/2019	**102,000**	**78,385**	**1,265,532**	**–10,874**	**–72,443**	**–526**	**1,362,074**	**–**	**1,362,074**
Dividend for the previous year	–	–	–49,920	–	–	–	–49,920	–	–49,920
Profit or loss	–	–	177,055	–	–	–	177,055	–278	176,777
Other comprehensive income (expense)	–	–	–	10,895	–8,569	–3,938	–1,612	–	–1,612
Comprehensive income (expense)	–	–	177,055	10,895	–8,569	–3,938	175,443	–278	175,165
Non-controlling interests from business combinations	–	–	–	–	–	–	–	945	945
Balance on 31/12/2019	102,000	78,385	1,392,667	21	–81,012	–4,464	1,487,597	667	1,488,264
Balance on 01/01/2018	102,000	78,385	1,139,642	352	–74,433	–1,224	1,244,722	–	1,244,722
Dividend for the previous year	–	–	–49,920	–	–	–	–49,920	–	–49,920
Profit or loss	–	–	175,810	–	–	–	175,810	–	175,810
Other comprehensive income (expense)	–	–	–	–11,226	1,990	698	–8,538	–	–8,538
Comprehensive income (expense)	–	–	175,810	–11,226	1,990	698	167,272	–	167,272
Balance on 31/12/2018	102,000	78,385	1,265,532	–10,874	–72,443	–526	1,362,074	–	1,362,074

The consolidated statement of changes in equity is explained in note (24), page 110.

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 an intralogistics solutions provider with an extensive portfolio of material handling equipment, system solutions and services. The integrated business model encompasses the development, production and sale of new trucks and automatic systems, the mail order business, the short-term rental and leasing of new and used material handling equipment, the reconditioning and sale of used forklifts, and maintenance, repair and spare parts operations. Jungheinrich also supplies stacker cranes and load handling equipment.

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).

Used material handling 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 2019 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 2019 were approved for publication by the Board of Management on 4 March 2020.

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 and associated companies 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. Associated companies are companies where Jungheinrich AG, Hamburg, has a significant direct or indirect influence on the finance and business policies. A significant influence is said to exist if Jungheinrich holds a share of between 20 per cent and 50 per cent of the voting rights.

Subsidiaries, joint ventures and associated companies, 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. Non-controlling interests in shareholders' equity are reported under "Non-controlling interests" in shareholders' equity.

All receivables and liabilities, expenses and income as well as intragroup 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 recoverable 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	31/12/2019	31/12/2018	2019	2018
AUD		1.5995	1.6220	1.6106	1.5799
BRL		4.5157	4.4440	4.4135	4.3087
CHF		1.0854	1.1269	1.1127	1.1549
CLP		843.2600	792.0700	786.9650	756.9621
CNY		7.8205	7.8751	7.7339	7.8073
COP		3.688.6600	3.721.8100	3.673.0714	3.488.4231
CZK		25.4080	25.7240	25.6697	25.6432
DKK		7.4715	7.4673	7.4661	7.4532
GBP		0.8508	0.8945	0.8773	0.8847
HUF		330.5300	320.9800	325.2297	318.8245
INR		80.1870	79.7298	78.8501	80.7277
MYR		4.5953	4.7317	4.6372	4.7642
NOK		9.8638	9.9483	9.8497	9.6006
PEN		3.7255	3.8630	3.7367	3.8810
PLN		4.2568	4.3014	4.2975	4.2606
RON		4.7830	4.6635	4.7457	4.6541
RSD		117.8320	118.3110	117.8210	118.2370
RUB		69.9563	79.7153	72.4593	74.0551
SEK		10.4468	10.2548	10.5867	10.2567
SGD		1.5111	1.5591	1.5272	1.5929
THB		33.4150	37.0520	34.7648	38.1631
TRY		6.6843	6.0588	6.3573	5.6986
UAH		26.6009	31.6836	28.9292	32.1157
USD		1.1234	1.1450	1.1196	1.1815
ZAR		15.7773	16.4594	16.1731	15.6134

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 "accumulated other comprehensive income (expense)" 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 performance 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.

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 grants 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 calculated based on share of profit or loss attributable to the shareholders of Jungheinrich AG, and this in turn is based on the average number of the respective shares outstanding during a financial year. In the 2019 and 2018 financial years, no 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 manufacturing 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 expenses. 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.

Jungheinrich enters into contracts as a lessee for the use of property, plant and equipment, primarily properties and vehicles. The right-of-use assets reported under property, plant and equipment are measured at acquisition cost less cumulated depreciation and any necessary impairment, taking into account any remeasurements of the lease liability. The acquisition cost of the right-of-use asset is the present value of contractually agreed lease payments plus contract conclusion costs, less all lease incentives received. If there is an obligation to restore the underlying asset of the lease to its original state, then these costs are considered part of the acquisition cost. Jungheinrich makes use of the option in property leases to consider payments for non-lease components as lease payments and thereby to recognise every lease component and all associated non-lease components as a single lease component. For all other leases, lease and non-lease components are accounted for separately. If ownership of the leased item is transferred to Jungheinrich at the end of the contract's term, as a result of exercising an option or a contractual agreement, the item is depreciated over the economically useful life. Otherwise, the right-of-use asset is reduced by straight-line depreciation over the lease term.

For leases with a maximum term of 12 months and leases of low-value assets, the rental and lease payments made by Jungheinrich are recognised straight-line by Jungheinrich as an expense over the term of the contract under functional costs. Low-value leases consist of assets whose individual acquisition costs at original value do not exceed € 5 thousand.

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 leases, 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 historical acquisition or manufacturing 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 generally financed with maturities identical to those of the contracts. Resulting liabilities 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. In addition, the underlying trucks in long-term customer contracts are refinanced using the sale and leaseback method. For sale and leaseback transactions completed before the initial application of IFRS 16 "Leases", there was no reassessment regarding the transfer of control to the leasing companies/banks. The distribution of the profit from the sale from these contracts over the term of the contract is continued in accordance with the transition rules of IFRS 16. For sale and leaseback contracts completed after 1 January 2019, assessments are performed to see if control over the trucks has been transferred to the refinancing partner. As this is usually not the case, trucks are not considered to have been sold and derecognised, but, depending on the classification of the customer contract, they are recognised and measured as trucks for lease from financial services or receivables from financial services. Refinancing liabilities in the amount of the proceeds from the transfer are accounted for as financial liabilities and recognised as liabilities from financial services.

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. These 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".

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, or
- 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, or
- 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 terms. 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 leases.

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, associated companies nor joint ventures are recognised under other non-current financial assets. 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 selling or holding in order to realise contractual cash flows, but that cannot be assigned to the category "fair value through other comprehensive income", 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 valuation 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.

Lease liabilities are recognised at the beginning of the lease at present value of the outstanding lease payments using the incremental borrowing rate and subsequently measured using the effective interest method at amortised cost. The lease liability's carrying amount increases by accrued interest and decreases by lease payments made. Changes to the carrying amount from remeasurement of the lease liability or due to reassessments or adjustments to the lease are also taken into consideration.

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 first time 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 categories 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 category 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 categories 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 categories while taking account of the average payment terms 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.

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.

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 accumulated other comprehensive income (expense) 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.

Utilisation 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.

Accumulated other comprehensive income (expense)

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 (expense) as soon as they occur and are thus disclosed directly on the statement of financial position. Remeasurements recognised in other comprehensive income (expense) are a component of accumulated other comprehensive income (expense) 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 sustainable 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), page 98.

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), page 116.

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 2019 financial year

As of 1 January 2019, Jungheinrich was required to apply IFRS 16 "Leases" for the first time. The standard 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 leases of low-value assets, which may continue to be accounted for as "operating leases".

Jungheinrich chose the modified retrospective transition method for the initial application of this standard. The comparative figures of the previous year were not adjusted retrospectively as a result. Adjustments from the initial application of IFRS 16 were recorded in the opening statement of financial position as of 1 January 2019.

The changes relating to the initial application of IFRS 16 primarily concern the accounting of lessees, who have been required to record all leases, including all associated rights and liabilities, on their statements of financial position since 1 January 2019.

Jungheinrich has opted to forego the recognition of right-of-use assets and lease liabilities for leases with a maximum term of 12 months, provided it does not contain a purchase option, and for leases of low-value assets, as permitted by IFRS 16. These agreements will continue to be accounted for as "operating leases" and the lease payments associated with these leases will continue to be recognised on a straight line basis as an expense over the lease term under functional costs. Leases of low-value assets consist of assets whose individual acquisition costs at original value do not exceed €5 thousand.

The right-of-use assets reported under property, plant and equipment are measured at acquisition cost less cumulated depreciation and any necessary impairment, taking into account any remeasurements of the lease liability. The acquisition cost of the right-of-use asset is the present value of contractually agreed lease payments plus contract completion costs, less all lease incentives received. If there is an obligation to restore the underlying asset of the lease to its original state, then these costs are considered part of the acquisition cost. Jungheinrich makes use of the option in property lease contracts to consider payments for non-lease components as lease payments and thereby to recognise every lease component and all associated non-lease components as a single lease component. For all other lease contracts, lease and non-lease components are accounted for separately. If ownership of the leased item is transferred to Jungheinrich at the end of the contract's term as a result of exercising an option or a contractual agreement, the item is depreciated over the economic useful life. Otherwise, the right-of-use asset is reduced by straight-line depreciation over the lease term.

Lease liabilities reported under financial liabilities will be recognised at the present value of outstanding lease payments using the incremental borrowing rate. Following the first-time recognition of the lease liabilities, they will be recognised at amortised cost using the effective interest method. The lease liability's carrying amount increases by accrued interest and decreases by lease payments made. In addition, changes to the carrying amount are taken into account from remeasurement of the lease liability due to reassessments or adjustments to the lease.

The initial application of IFRS 16 in the Jungheinrich Group primarily affected the accounting and measurement of contracts relating to the renting of properties and the leasing of vehicles, which had previously been classified as "operating leases" in accordance with IAS 17.

For the contracts previously classified as "operating leases", Jungheinrich has recognised lease liabilities as of 1 January 2019 equal to the present value of the outstanding lease instalments discounted by using the incremental borrowing rate the incremental borrowing rate at the time of initial application. These lease liabilities are recognised under financial liabilities. The incremental borrowing rates used on 1 January 2019 take into consideration the leases' underlying maturities, assuming a final payment profile, and country-specific risk premiums. The weighted average incremental borrowing rate was 1.96 per cent.

Jungheinrich has opted to measure the right-of-use assets resulting from the initial application of IFRS 16 in the same amount as the discounted lease liabilities plus lease payments made in advance, as permitted by IFRS 16. The initial direct costs were not considered at the measurement of the right-of-use asset upon initial application.

Current knowledge was considered when determining the term of contracts with extension and termination options.

There was 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.

As a result of the transition to IFRS 16, right-of-use assets recognised in property, plant and equipment increased in the opening balance as at 1 January 2019 by €151,979 thousand. The corresponding lease liabilities increased by €150,782 thousand and included lease payments made in advance amounting to €1,197 thousand, which were recorded in the prepaid expenses as at 31 December 2018. The balance sheet item "Prepaid expenses" declined by the corresponding amount in the opening balance as at 1 January 2019. There were no effects recognised in retained earnings with no effect on profit or loss as a result of the transition to IFRS 16.

IFRS 16: Reconciliation to lease liabilities as of 1 January 2019

in € thousand	
Other financial obligations from short-term rental and lease agreements in accordance with IAS 17 as of 31 December 2018	**162,181**
Payments for reasonably certain extension and termination options	22,086
Payments for non-lease components (service components)	–18,220
Other	–727
Lease obligations from operating leases (undiscounted)	**165,320**
Effect from discounting using the incremental borrowing rate as of 1 January 2019	–14,538
Carrying amount of additional lease liabilities from initial application of IFRS 16 as of 1 January 2019	**150,782**
Carrying amount of lease liabilities from finance leases in accordance with IAS 17 as of 31 December 2018	12,552
Carrying amount of lease liabilities in accordance with IFRS 16 as of 1 January 2019	**163,334**

Furthermore, the recognition of expenses associated with these leases is changing as of the 2019 financial year. Pursuant to IFRS 16, the depreciation of right-of-use assets is classified as a functional cost and therefore forms part of EBIT. Expenses from accrued interest on lease liabilities are now recognised as financial income (expense). Previously, short-term rental and lease instalments from "operating lease" agreements were fully recognised under EBIT as expenses over the term of the lease using the straight-line method. The changes had no material impact on the Jungheinrich Group's EBIT in the 2019 financial year.

In the consolidated statement of cash flows, from 1 January 2019 the cash payments for the reduction of the outstanding lease liability reduce the cash flow from financing activities and not the cash flow from operating activities, as was the case previously. As a result, cash flow from operating activities improved by €48,114 thousand in the 2019 financial year, while cash flow from financing activities declined by the corresponding amount.

The accounting policies for lessors are largely unchanged – especially regarding the continued need to classify leases.

The accounting principles for sale and leaseback transactions were newly regulated with IFRS 16. Pursuant to IAS 17, a sale was considered to have occurred for the seller for each sale and leaseback transaction, making the leaseback a lease contract that had to be accounted for according to IAS 17 and that the seller/lessee had to classify. For the "finance lease" contracts classification, which was the most common type at Jungheinrich, the transferred asset in the amount of the present value of the minimum lease payment had to be re-recognised to the same amount as a lease liability. Profits from sales to the bank had to be deferred and reversed over the term of the contract.

In contrast, IFRS 16 requires an assessing for each sale and leaseback transaction on whether the transfer of the asset is to be accounted for as a sale, by applying the requirements of IFRS 15 "Revenue from Contracts with Customers". If the transfer of the asset does not constitute a sale in accordance with IFRS 15, which is often the case at Jungheinrich, the sale and leaseback transactions must be accounted for as a financing transaction. The seller must continue to recognise the transferred asset and report a financial liability in the amount of the revenue from the transfer.

For sale and leaseback transactions completed before the initial application of IFRS 16 "Leases", there was no reassessment regarding the transfer of control to the leasing companies/banks and the distribution of the profit from the sale from these contracts over the term of the contract is continued in accordance with the transition rules of IFRS 16.

For sale and leaseback contracts completed after 1 January 2019, Jungheinrich assesses in accordance with IFRS 15 if control over the trucks has been transferred to the refinancing partner. As this was usually not the case, these transactions with the leasing companies/banks were not considered as a sale in accordance with IFRS 15 and the trucks have not been derecognised. Instead, depending on the classification of the customer contract, they were recognised and measured at acquisition or manufacturing costs or the customer contract as receivables from financial services at net investment value. For these contracts, in the year under review, gains upon sale in the amount of €34 million were no longer deferred. Proceeds from transferring the asset was accounted for in accordance with IFRS 9 as financial liabilities and recognised as liabilities from financial services.

Where relevant, Jungheinrich made additional disclosures required under IFRS 16 for the 2019 financial year. However, they were generally not presented for the comparative period.

As of 1 January 2019, Jungheinrich was required to apply the interpretation IFRIC 23 "Uncertainty over Income Tax Treatments" for the first time. IFRIC 23 clarifies whether and how income tax risks are to be accounted. Jungheinrich's previous accounting practices corresponded in principle with the requirements of the regulation, meaning the initial application of IFRIC 23 had no material impact on the assets, liabilities, financial position and profit or loss of the Jungheinrich Group.

None of the other IFRS which became mandatory in the EU for the first time as of 1 January 2019 had a material effect on Jungheinrich's consolidated financial statements.

Deviating accounting and valuation methods applied until 31 December 2018

Jungheinrich chose the modified retrospective transition method for the initial application of IFRS 16 "Leases" as of 1 January 2019. 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 2018.

Up to and including 31 December 2018, leases were accounted for in accordance with the provisions of IAS 17. The classification of the leases in which Jungheinrich was the lessee, and thus the way they were reported in the accounts, depended on the attribution of the economic ownership of the lease object. In the "finance lease" contracts, Jungheinrich was the economic owner. Property, plant and equipment, and lease liabilities are recognised for these lease contracts at the present value of the minimum lease payments. If ownership of the leased item is transferred to Jungheinrich at the end of the contract's term as a result of exercising an option or a contractual agreement, the item was depreciated over the economically useful life. Otherwise, the right-of-use assets were reduced by straight-line depreciation over the term of the lease. Following the first-time recognition of the lease liabilities, they were recognised at amortised cost using the effective interest method. In the event of an "operating lease", rental and lease instalments paid by Jungheinrich were recorded under functional costs as an expense over the contractual period using the straight-line method.

The accounting practice described above also applies for trucks for short-term rental and lease that were refinanced through the sale and leaseback method.

According to IAS 17, each sale and leaseback transaction was a sale for the seller and the leaseback was a lease contract to be accounted for in accordance with the provisions of IAS 17. As part of the financial service business for refinances under the sale and leaseback method, Jungheinrich often committed to buy back the trucks at the end of the customer contract from the leasing company/bank for an agreed residual value. This led to leaseback contracts often being classified as finance leases. The profit from the sales to the leasing company/banks were deferred and recognised in profit and loss over the term of the contract in accordance with IAS 17. Profit deferrals not yet realised were reported under deferred income.

Published IFRS adopted by the EU and not yet applied

In October 2018, the IASB published changes to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" relating to the definition of "material". The objective of the change is to standardise the definition of what is considered material in all IFRS and in the conceptual framework. It was also clarified that material information may not be obfuscated by the disclosure of immaterial information. In future, only information shall be disclosed that can reasonably be expected to be relevant for decision making for the primary readers of the financial statements. Jungheinrich will review the previously published disclosures with regard to their materiality for the primary readers of the financial statements. No material impacts are currently expected on the consolidated financial statements. The changes published by IASB were adopted by the EU in December 2019 and become effective for the first time for financial years beginning on or after 1 January 2020.

In September 2019, the IASB completed the first stage of the project "Interest Rate Benchmark Reform" with the publication of the changes to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures". The changes are intended to mitigate the effects on financial reporting resulting from the interest rate reform (IBOR reform). Jungheinrich currently believes that the application of the change will lead to the Group, despite uncertainty surrounding the changes to existing reference interest rates, being able to keep or continue to designate the existing hedges against interest rate risk. The changes published by IASB were adopted by the EU in January 2020 and become effective for the first time for financial years beginning on or after 1 January 2020.

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

Published IFRS that are yet to be adopted 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, when these 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: 79) foreign and 27 (previous year: 20) domestic companies. The scope of consolidation includes 92 (previous year: 87) fully consolidated subsidiaries, including one structured entity, which are directly or indirectly controlled by Jungheinrich AG. 13 (previous year: 12) joint ventures and one (previous year: –) associated company were accounted for using the equity method.

Universal-FORMICA-Fonds, Frankfurt/Main, in which Jungheinrich AG 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), page 140.

Changes in the scope of consolidation

Development in the scope of consolidation

	Jungheinrich AG	Subsidiaries		Joint ventures		Associated companies		
	Germany	Germany	Abroad	Germany	Abroad	Germany	Abroad	Total
Balance on 01/01/2019	1	18	69	2	10	–	–	100
Additions	–	5	–	1	–	1	–	7
Balance on 31/12/2019	**1**	**23**	**69**	**3**	**10**	**1**	**–**	**107**
Balance on 01/01/2018	1	18	65	1	9	–	–	94
Additions	–	–	4	1	1	–	–	6
Balance on 31/12/2018	**1**	**18**	**69**	**2**	**10**	**–**	**–**	**100**

Subsidiaries

On 1 January 2019, Jungheinrich gained control over ISI Automation GmbH & Co. KG, Extertal (Germany), for a purchase price of €3.4 million in order to strengthen its logistics systems business, and since then has held 70 per cent of the voting rights and capital in this company. The purchase price was provided in the form of cash and cash equivalents.

As part of the acquisition of 70 per cent of the shares, the minority shareholder also received a right to tender and Jungheinrich received a purchase option on the remaining 30 per cent. The right to tender can be exercised by the minority shareholder for a minority share of 15 per cent at a time on 1 January 2022, 1 January 2023 or 1 January 2024. The option includes fixed purchase prices for the individual dates of around €0.7 million each for a minority share of 15 per cent. The purchase price for a minority share of 15 per cent is linked to EBIT ROS development at ISI Automation GmbH & Co. KG, and is contractually restricted to a minimum of €0.5 million and a maximum of €1.0 million.

Jungheinrich AG was granted a purchase option that allows it to purchase shares not yet tendered on 1 January 2024. The purchase prices are the same as those in the right to tender. Due to the form that the right to tender takes and the purchase option, ISI Automation GmbH & Co. KG was fully consolidated with 100.0 per cent of the shares at the date of acquisition. The put options mentioned were discounted to the present value of €1.3 million and accounted for in other liabilities as a purchase price liability. The transaction-related costs of €0.1 million were recognised in profit or loss in 2018.

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

Purchase price allocation at the date of acquisition: ISI Automation

in € million	Carrying amount	Fair value
Assets		
Intangible assets	0.1	5.1
Property, plant and equipment	1.4	1.4
Inventories	1.0	1.0
Trade accounts receivable	0.3	0.3
Other receivables and other assets	0.2	0.2
	3.0	**8.0**
Liabilities		
Other provisions	0.2	0.2
Financial liabilities	1.5	1.5
Trade accounts payable	0.1	0.1
Deferred tax liabilities	–	1.5
Other liabilities	0.9	0.9
	2.7	**4.2**
Net assets acquired	**0.3**	**3.8**
Transferred consideration		4.7
Goodwill		**0.9**

Intangible assets in the amount of €5.0 million and goodwill totalling €0.9 million were identified as part of the purchase price allocation. The identified recognisable intangible assets related to acquired customer contracts with a useful life of 15 years and acquired technological know-how. The goodwill is primarily based on the well-trained workforce and expected advantages from future growth in the market and revenue as well as the resulting positive earnings position of the logistics systems business. 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 determined take into account the credit risk for expected credit losses, which was rated low.

In the first quarter of 2019, Jungheinrich and Triathlon Holding GmbH, Fürth (Germany), founded JT Energy Systems GmbH, Freiberg (Germany). The purpose of the company is to hold and manage commercial properties and protective rights, and hold interest in companies involved in the development, production and reconditioning of lithium-ion batteries. Jungheinrich holds a share of 70 per cent in the subsidiary. Triathlon Holding GmbH, Fürth, holds the other 30 per cent.

JT Energy Systems GmbH, Freiberg, founded two companies for the production and sale of primarily lithium-ion batteries in the reporting year, together with JT mopro GmbH, Glauchau, and JT lipro GmbH, Freiberg, in Germany. JT mopro GmbH began operations in the fourth quarter of 2019. As of 31 December 2019, the construction of the plant in Freiberg had not yet been completed.

Hemmdal GmbH, Hamburg (Germany), was established in the second quarter of 2019 in order to expand mail order activities.

The first-time consolidation of the four newly established companies did not result in any differences.

Joint ventures

Effective as of 1 January 2019, Jungheinrich acquired 50 per cent of the shares in Malikon GmbH, Eslarn (Germany) for a purchase price of €13 thousand. The company, whose purpose is to provide consulting for, develop and realise SAP Extended Warehouse Management implementation projects, will be consolidated as a joint venture from the acquisition date and accounted for using the equity method.

Associated companies

Effective 1 January 2019, Jungheinrich acquired 40 per cent of the shares in Cebalog GmbH, Pyrbaum (Germany) for a purchase price of €2.6 million, and gained a significant influence on the company’s business and financial policies. The company is consolidated as of the date of acquisition as an associated company and accounted for using the equity method.

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 point in time and over time. The Group also generates revenue from short-term rental and lease agreements whereby Jungheinrich is the lessor.

Composition of revenue

	2019			2018		
in € thousand	Intralogistics	Financial services	Jungheinrich Group	Intralogistics	Financial services	Jungheinrich Group
New truck business	1,444,121	–	1,444,121	1,430,920	–	1,430,920
Used equipment	274,573	–	274,573	256,364	–	256,364
After-sales services	426,550	–	426,550	408,006	–	408,006
Revenue recognition at a point in time	2,145,244	–	2,145,244	2,095,290	–	2,095,290
After-sales services	492,956	158,113	651,069	450,313	143,936	594,249
Other	100,868	–	100,868	65,519	–	65,519
Revenue recognition over time	593,824	158,113	751,937	515,832	143,936	659,768
Revenue from contracts with customers	2,739,068	158,113	2,897,181	2,611,122	143,936	2,755,058
Revenue from short-term rental and lease agreements	338,005	837,808	1,175,813	349,561	691,770	1,041,331
Total revenue	3,077,073	995,921	4,072,994	2,960,683	835,706	3,796,389

Revenue from contracts with customers is broken down by region and reportable segment in the following table.

Revenue from contracts with customers by region and segment

	2019			2018		
in € thousand	Intralogistics	Financial services	Jungheinrich Group	Intralogistics	Financial services	Jungheinrich Group
Germany	717,195	43,305	760,500	672,688	39,648	712,336
France	197,680	21,042	218,722	192,978	20,422	213,400
United Kingdom	121,179	21,935	143,114	112,568	19,102	131,670
Italy	192,570	42,927	235,497	179,438	39,998	219,436
Other Europe	1,087,740	25,670	1,113,410	1,051,853	21,471	1,073,324
Other countries	422,704	3,234	425,938	401,597	3,295	404,892
Revenue from contracts with customers	2,739,068	158,113	2,897,181	2,611,122	143,936	2,755,058

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 €160,657 thousand (previous year: €134,061 thousand) lease income from "operating lease" customer contracts and €67,536 thousand (previous year: €58,173 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 €2,122,499 thousand (previous year: €1,979,906 thousand).

The cost of materials includes €1,667 thousand in currency losses (previous year: €7,187 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 €2,537 thousand (previous year: €4,336 thousand).

The cost of sales also includes €31,679 thousand (previous year: €27,727 thousand) in interest expenses associated with the matching-term refinancing of long-term customer contracts in the "Financial Services" segment.

(5) Personnel expenses

The following personnel expenses are included in the functional costs of the consolidated statement of profit or loss.

Personnel expenses in the consolidated statement of profit or loss

in € thousand	2019	2018
Salaries	943,969	874,606
Social security contributions	189,829	175,330
Cost of pensions and other benefits	19,183	19,533
Total	**1,152,981**	**1,069,469**

Average number of employees during the year

in FTEs[1]	2019	2018
Hourly-paid employees	8,363	8,051
Salaried employees	9,400	8,816
Trainees and apprentices	453	429
	18,216	**17,296**

1 FTE = full-time equivalents

In addition to personnel expenses, functional costs include the cost of temporary workers amounting to €33,785 thousand (previous year: €36,661 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 of the year being reviewed includes €851 thousand (previous year: €760 thousand) in income from the disposal of property, plant and equipment and intangible assets as well as €217 thousand (previous year: €218 thousand) in reversals of deferred government grants.

Other operating income in the reporting year also includes €252 thousand (previous year: €2,256 thousand) in government grants which were performance-related or linked to other conditions. These grants were recognised in profit or loss 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 €1,018 thousand (previous year: €1,086 thousand) in losses from the disposal of property, plant and equipment and intangible assets.

Other operating expenses in the reporting year also include expenses which resulted from the impairment of goodwill in the amount of €1,819 thousand (previous year: €4,151 thousand). Further information can be found in note (12), page 98.

Other operating expenses in the reporting year include expenses from the formation of provisions for expected contingent-liability claims of €4,860 thousand (previous year: €– thousand) and impairment losses on expected credit losses relating to other receivables from financing vis-à-vis joint ventures of €1,353 thousand (previous year: €– thousand).

(9) Net interest

Composition of net interest

in € thousand	2019	2018
Interest and similar income on securities	118	90
Other interest and similar income	832	1,228
Interest income	950	1,318
Interest expenses from leases	4,209	605
Other interest and similar expenses	10,520	11,420
Interest expenses	14,729	12,025
Net interest	–13,779	–10,707

The increase in interest expenses from leases resulted from the mandatory application of IFRS 16 “Leases” as of 1 January 2019. For information on the effects of the initial application of IFRS 16, please see the subsection “Published IFRS adopted by the EU and applied for the first time in the 2019 financial year”.

Interest expenses in connection with the refinancing of long-term customer contracts with identical maturities in the “Financial Services” segment and the financing of trucks for short-term rental are reported under cost of sales.

(10) Other financial income (expense)

Composition of other financial income (expense)

in € thousand	2019	2018
Income (expense) from special fund	6,052	–4,059
Income (expense) from derivatives	–8,340	–6,105
Net interest on defined benefit pension plans	–3,707	–3,773
Sundry financial income (expense)	–956	–1,220
Other financial income (expense)	–6,951	–15,157

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 €400 thousand (previous year: €–399 thousand) changes in loss allowance recognised in profit or loss for expected credit losses on securities, cash and cash equivalents and other financial assets, and €–548 thousand (previous year: €–250 thousand) in expenses from accrued interest on non-current provisions for personnel.

The result from the assets managed in the special fund includes the unrealised gains and losses resulting from measurement at fair value.

(11) Income tax (expense)

Composition of tax expense

in € thousand	2019	2018
Current taxes		
Germany	32,360	41,709
Abroad	31,609	28,380
Deferred taxes		
Germany	–7,471	6,563
Abroad	8,564	–2,948
Tax expense	65,062	73,704

The current tax expense in Germany was lower than in the previous year due to lower earnings. Expenses from the previous year's taxes amounted to €3.1 million (previous year: €3.6 million).

The current foreign tax expense increased slightly compared to the previous year. This was due to an improvement in the earnings position. In 2019, there was a tax expense for previous years totalling €0.1 million (previous year: €1.4 million).

€7.5 million (previous year: deferred tax expense €6.6 million) of deferred tax income pertaining to Germany is primarily due to the increase in deferred tax assets from provisions for pensions, lower deferred liabilities relating to capitalised development expenses, and a change in a tax loss carryforward in the amount of €0.5 million. Deferred tax expense pertaining to abroad of €8.6 million comprised €7.3 million in changes to deferred tax items from temporary differences and €1.3 million from the reduction of deferred tax receivables on loss carryforwards. The Jungheinrich Group's deferred tax expense in 2019 totalling €1.1 million (previous year: €3.6 million) was attributable to tax expense of €0.8 million (previous year: tax income of €1.5 million) from the change in loss carryforwards and tax expense of €0.3 million (previous year: €5.1 million) arising from changes in temporary differences.

The domestic corporate income tax rate for the 2019 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 (previous year: 34.0 per cent).

As of 31 December 2019, the Group had approximately €74 million in corporate tax loss carryforwards (previous year: €58 million). Of this amount, €40 million (previous year: €36 million) related to the loss carryforward in the USA and €12 million to the loss carryforward in Australia (previous year: €0.5 million). Deferred tax assets were not recognised in connection with either loss carryforward in view of future utilisation options. The loss carryforward in the USA can essentially be carried forward until 2026.

As of 31 December 2019, the Group had around €21.8 million in utilisable corporate tax loss carryforwards (previous year: €22.0 million). They could be carried forward indefinitely. Valuation allowances of €0.2 million (previous year: €0.1 million) was recognised for deferred tax assets in connection with these loss carryforwards. As of 31 December 2019, trade tax loss carryforwards also amounted to €3.3 million (previous year: €2.5 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 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

	Deferred tax assets		Deferred tax liabilities	
in € thousand	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Property, plant and equipment and intangible assets	259,443	211,421	88,328	94,610
Inventories	19,843	23,203	11,009	14,380
Receivables and other assets	124,338	141,230	514,635	400,228
Tax loss carryforwards	5,661	6,488	–	–
Provisions for pensions	36,403	28,140	2,950	1,051
Other provisions	23,735	17,406	3,813	4,700
Liabilities	416,050	262,534	171,545	115,078
Deferred income	6,350	7,869	–	–
Other	24,759	23,150	40,804	10,909
Deferred taxes prior to offsetting	**916,582**	**721,441**	**833,084**	**640,956**
Offsetting	–804,173	–609,592	–804,173	–609,592
Balance sheet recognition	**112,409**	**111,849**	**28,911**	**31,364**

€32,920 thousand (previous year: €27,717 thousand) of the net amount of the deferred taxes of €83,498 thousand (previous year: €80,485 thousand) was recognised directly in shareholders' equity.

No deferred tax liabilities were recognised for temporary differences amounting to €15.6 million (previous year: €9.0 million) between net assets and the tax carrying amount of subsidiaries. Jungheinrich is able to manage the timing of the reversal of temporary differences, and no turnaround is expected with regard to the temporary differences in the near future.

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. Foreign tax differentials are up significantly in comparison with the previous year because the share of consolidated earnings generated in Germany is lower than in 2018. The changes in valuation allowances in 2019 were largely caused by the Australian loss carryforward. The change in taxes from the previous year was caused by deviations in assessments and company audits. The permanent differences were again dominated by tax-free income from depreciation rules designed to boost the economy.

Reconciliation of the expected to the disclosed tax expense

in € thousand	2019	2018
Expected tax expense	72,552	74,853
Change in the tax rate	–17	–166
Foreign tax differentials	–12,905	–3,994
Change in valuation allowances	4,576	951
Change in taxes from the previous year	995	5,129
Non-deductible operating expenses and tax-free gains	–3,588	–5,169
Miscellaneous	3,449	2,100
Actual tax expense	**65,062**	**73,704**

In 2019, the Group's tax rate was 26.9 per cent (previous year: 29.5 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 01/01/2019	132,909	140,969	47,711	321,589
Changes in currency exchange rates	572	21	111	704
Additions due to business combinations	5,118	53	862	6,033
Additions	4,015	29,352	–	33,367
Disposals	573	2,205	–	2,778
Transfers	105	–	–	105
Balance on 31/12/2019	**142,146**	**168,190**	**48,684**	**359,020**
Amortisation and impairment losses Balance on 01/01/2019	66,229	66,989	7,388	140,606
Changes in currency exchange rates	108	–2	8	114
Additions due to business combinations	19	20	–	39
Amortisation in the financial year	12,520	11,622	–	24,142
Impairment losses in the financial year	–	21,744	1,819	23,563
Accumulated amortisation and impairment losses on disposals	568	2,060	–	2,628
Balance on 31/12/2019	**78,308**	**98,313**	**9,215**	**185,836**
Carrying amount on 31/12/2019	**63,838**	**69,877**	**39,469**	**173,184**

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 01/01/2018	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**

The additions due to business combinations in the item "Acquired intangible assets" were essentially related to customer contracts and technological know-how in the reporting year. The other additions in this item were primarily related to software and software licences.

Internally generated intangible assets include the Jungheinrich Group's capitalised development expenditures. €29,352 thousand in development expenditures (previous year: €29,990 thousand) met the capitalisation criteria under IFRS.

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

in € thousand	2019	2018
Research costs and uncapitalised development expenditure	56,558	54,104
Amortisation of capitalised development expenditure	11,622	9,805
Impairment loss of capitalised development expenditure	21,744	70
	89,924	63,979

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 2019 resulted in an impairment loss of €21,744 thousand, which primarily affected three product series. The impairment loss of €70 thousand recorded in the previous year related to one product series.

Additions due to business combinations in the item goodwill resulted from the acquisition of ISI Automation GmbH & Co. KG, Extertal (Germany) in the year under review. Please see the notes to changes in the scope of consolidation.

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

in € thousand	31/12/2019	31/12/2018
MIAS Group	24,109	24,109
Sales company in:		
Peru	3,142	3,030
Romania	2,881	2,955
Colombia	2,458	2,436
Serbia	2,221	2,212
Chile	–	1,819
Ecuador	1,812	1,778
Austria	1,771	1,771
Poland	111	111
Jungheinrich Systemlösungen GmbH, Graz (Austria)	102	102
ISI Automation GmbH & Co. KG, Extertal (Germany)	862	–
	39,469	40,323

In the fourth quarter of 2019, 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 sustainable growth rate.

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 %	30/09/2019	30/09/2018	30/09/2019	30/09/2018
MIAS Group	9.5	11.0	1.0	1.1
Sales company in:				
Peru	13.7	13.4	1.4	1.2
Romania	15.0	15.0	1.7	1.6
Colombia	15.6	16.9	1.6	1.5

An impairment loss was identified when reviewing the Chilean goodwill in the reporting year. The CGU's carrying amount was higher than its calculated recoverable amount, resulting in an impairment loss of €1,819 thousand recognised in other operating expenses for 2019. The impairment loss of €4,151 thousand recorded in the previous year related to the impairment of Australian goodwill. The impairment losses were allocated in full to goodwill.

The impairment tests conducted on the other goodwill did not result in any impairment losses.

During a sensitivity analysis for the CGUs to which material goodwill had been assigned, it was established that changes regarded as likely for two fundamental assumptions could mean that the carrying amount of the sales company in Romania is slightly higher than the recoverable amount and that an impairment loss of around €400 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 included in the sensitivity analysis.

(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 31/12/2018	468,745	183,741	294,015	55,210	1,001,711
Adjustment due to first-time application of IFRS 16	108,336	–	43,643	–	151,979
Acquisition and manufacturing costs Balance on 01/01/2019	577,081	183,741	337,658	55,210	1,153,690
Changes in currency exchange rates	2,420	197	1,727	20	4,364
Additions due to business combinations	1,236	62	331	–	1,629
Additions	74,659	13,918	68,377	55,287	212,241
Disposals	11,513	2,378	21,796	98	35,785
Transfers	29,646	6,542	7,532	–43,825	–105
Balance on 31/12/2019	**673,529**	**202,082**	**393,829**	**66,594**	**1,336,034**
Depreciation Balance on 01/01/2019	179,438	138,648	194,512	–	512,598
Changes in currency exchange rates	636	132	876	–	1,644
Additions due to business combinations	13	62	189	–	264
Depreciation in the financial year	40,980	15,122	55,223	–	111,325
Impairment losses in the financial year	–	–	2,840	–	2,840
Accumulated depreciation on disposals	4,814	2,176	17,947	–	24,937
Transfers	–	23	–23	–	–
Balance on 31/12/2019	**216,253**	**151,811**	**235,670**	**–**	**603,734**
Carrying amount on 31/12/2019	**457,276**	**50,271**	**158,159**	**66,594**	**732,300**

Adjustments resulting from the initial application of IFRS 16 primarily affected right-of-use assets for properties and vehicles, and are reported in the subsection “Published IFRS adopted by the EU and applied for the first time in the 2019 financial year”.

Developments in the right-of-use assets recognised under property, plant and equipment can be seen in the following table.

Development in right-of-use assets of property, plant and equipment during the reporting year

in € thousand	Land and buildings including buildings on third-party land	Factory and office equipment	Total
Acquisition and manufacturing costs Balance on 31/12/2018	18,472	1,709	20,181
Adjustment due to first-time application of IFRS 16	108,336	43,643	151,979
Acquisition and manufacturing costs Balance on 01/01/2019	126,808	45,352	172,160
Changes in currency exchange rates	1,074	469	1,543
Additions due to business combinations	1,223	114	1,337
Additions	27,873	31,574	59,447
Disposals	6,879	4,397	11,276
Balance on 31/12/2019	**150,099**	**73,112**	**223,211**
Depreciation Balance on 01/01/2019	6,395	748	7,143
Changes in currency exchange rates	49	90	139
Depreciation in the financial year	24,365	25,373	49,738
Accumulated depreciation on disposals	1,154	2,707	3,861
Balance on 31/12/2019	**29,655**	**23,504**	**53,159**
Carrying amount on 31/12/2019	**120,444**	**49,608**	**170,052**

The right-of-use assets in the item “factory and office equipment” primarily related to lease contracts for vehicles.

Lessee lease costs in the consolidated statement of profit or loss

in € thousand	2019
Depreciation on right-of-use assets	49,738
Expenses for short-term leases	503
Expenses for low-value leases	1,087
Earnings before interest and income taxes	**51,328**
Interest expenses from leases	4,209
Earnings before taxes	**55,537**

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 01/01/2018	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**

As of 31 December 2018, property, plant and equipment leases were accounted for pursuant to IAS 17.

Property, plant and equipment as of 31 December 2018 included €12,077 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 2018 totalled €571 thousand.

As at the balance sheet date, land and buildings were put up as mortgage to back €94,442 thousand (previous year: €77,724 thousand) in liabilities due to banks.

(14) Trucks for short-term rental

Development of trucks for short-term rental

in € thousand	2019	2018
Acquisition and manufacturing costs Balance on 01/01	688,706	659,927
Changes in currency exchange rates	8,600	–12,515
Additions due to business combinations	–	14,336
Additions	159,227	222,912
Disposals	162,480	195,954
Balance on 31/12	694,053	688,706
Depreciation Balance on 01/01	308,165	285,066
Changes in currency exchange rates	4,053	–4,714
Additions due to business combinations	–	7,925
Depreciation in the financial year	110,412	113,261
Accumulated depreciation on disposals	81,152	93,373
Balance on 31/12	341,478	308,165
Carrying amount on 31/12	352,575	380,541

Trucks for short-term rental with a total carrying amount of €120,732 thousand (previous year: €152,628 thousand) were pledged as collateral for their associated financial liabilities within the scope of the financing of receivables from intragroup rental-purchase agreements.

Disclosures regarding trucks for short-term rental included in the portfolio and refinanced through the sale and leaseback method as of 31 December 2018 were made pursuant to IAS 17.

The total fleet of trucks for short-term rental as of 31 December 2018 included €7,380 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 2018 amounted to €2,302 thousand.

(15) Trucks for lease from financial services

Development of trucks for lease from financial services

in € thousand	2019	2018
Acquisition and manufacturing costs Balance on 01/01	828,391	694,466
Changes in currency exchange rates	7,172	–4,806
Additions	217,933	220,410
Disposals	148,278	81,679
Balance on 31/12	905,218	828,391
Depreciation Balance on 01/01	299,978	246,152
Changes in currency exchange rates	2,614	–1,447
Depreciation in the financial year	135,436	119,854
Accumulated depreciation on disposals	90,867	64,581
Balance on 31/12	347,161	299,978
Carrying amount on 31/12	558,057	528,413

Composition of trucks for lease from financial services

in € thousand	31/12/2019	31/12/2018
"Operating lease" contracts with customers	520,355	486,524
Contracts concluded with a leasing company acting as an intermediary	37,702	41,889
	558,057	528,413

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

Trucks for lease with a carrying amount of €295,777 thousand (previous year: €271,406 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 as at the balance sheet date included €70,393 thousand (previous year: €68,590 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 €9,969 thousand (previous year: €10,187 thousand) which are made available to customers in Australia so that they can make flexible use of them.

In relation to the other 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 outstanding lease payments from "operating lease" customer contracts

in € thousand	31/12/2019
Due the following year	152,145
Due in the second year	117,225
Due in the third year	80,222
Due in the fourth year	46,027
Due in the fifth year	17,921
Due in more than five years	2,556
Total outstanding lease payments	416,096

Disclosures for "operating lease" customer contracts valid as of 31 December 2018 are made pursuant to IAS 17.

The future lease payments to be paid to Jungheinrich for the other non-cancellable "operating leases" valid as of 31 December 2018 are presented in the following table, broken down by maturity.

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

in € thousand	31/12/2018
Due within one year	136,771
Due in one to five years	237,079
Due in more than five years	2,555
Total	376,405

Trucks for lease with carrying amounts of €118,981 thousand were financed using the sale and leaseback method. Future minimum lease payments from sublease arrangements totalled €88,424 thousand.

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

Development of investments in companies accounted for using the equity method

in € thousand	2019	2018
Balance on 01/01	35,893	27,095
Additions	7,596	7,898
Pro rata earnings	1,349	3,839
Dividend payments	3,870	3,881
Consolidation	638	956
Transfer to other financial assets	–	–14
Balance on 31/12	41,606	35,893

Additions in the year under review in the amount of € 2,618 thousand resulted from the acquisition of shares in Cebalog GmbH, Pyrbaum (Germany). Please see the notes to changes in the scope of consolidation.

Additions in the year under review also included a pro rata payment into share capital of MCJ Supply Chain Solutions LLC, Houston/Texas (USA) amounting to €3,965 thousand, and a pro rata increase in share capital of TREX.PARTS GmbH & Co. KG, Sittensen (Germany) in the amount of €1,000 thousand, each made by Jungheinrich.

Material investments in companies accounted for using the equity method

		Share of capital in %	
Company	**Main business**	**31/12/2019**	**31/12/2018**
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
Cebalog GmbH, Pyrbaum (Germany)	Production and distribution of industrial batteries	40	–

Information on the other companies accounted for using the equity method can be found in note (43), page 140.

The following table contains summarised financial information on the individual material companies accounted for using the equity method, whereby the disclosures do not represent Jungheinrich AG's share, but 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]		Cebalog GmbH, Pyrbaum (Germany)
in € thousand	**2019**	**2018**	**2019**	**2018**	**2019**
Revenue	158,722	165,391	29,299	27,172	64,389
Profit or loss	6,633	7,249	–758	490	996
in € thousand	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**	**31/12/2019**
Non-current assets	24,207	24,372	59,649	52,805	517
Current assets	28,089	30,236	19,281	19,106	16,739
Non-current liabilities	2,661	2,649	17,710	14,222	10,000
Current liabilities	17,707	20,504	21,610	17,601	6,143
Shareholders' equity	31,928	31,455	39,610	40,088	1,113

1 Including subsidiaries

Reconciliation of the summarised financial information with the carrying amount of the material companies accounted for using the equity method 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]		Cebalog GmbH, Pyrbaum (Germany)
in € thousand	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019
Shareholders' equity	31,928	31,455	39,610	40,088	1,113
Pro rata shareholders' equity	15,964	15,728	19,805	20,044	445
Consolidation/ other	–2,455	–1,665	739	206	2,571
Carrying amount calculated using the equity method	13,509	14,063	20,544	20,250	3,016

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	2019	2018
Profit or loss	–3,962	–1,442
Comprehensive income (expense)	–3,962	–1,442
Carrying amount of the Group's interests in joint ventures on 31/12	4,537	1,580

The Group did not recognise pro rata losses of a total of €1,940 thousand (previous year: €1,416 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 €3,399 thousand as of 31 December 2019 (previous year: €1,459 thousand).

The impairment test performed on investments in companies accounted for using the equity method as at the balance sheet date in 2019 did not result in any impairment losses.

(17) Inventories

Composition of inventories

in € thousand	31/12/2019	31/12/2018
Raw materials and supplies	130,926	128,371
Work in progress	43,863	42,724
Finished goods	169,213	197,300
Merchandise	148,639	142,717
Spare parts	78,340	69,440
Advance payments	21,717	34,622
	592,698	615,174

€58,798 thousand (previous year: €48,135 thousand) of the inventories are carried at their net realisable value. Write-downs recognised for inventories as at the balance sheet date amounted to €57,033 thousand (previous year: €50,432 thousand).

(18) Trade accounts receivable and contract assets

Composition of trade accounts receivable

in € thousand	31/12/2019	31/12/2018
Trade accounts receivable (gross carrying amount)	704,378	738,778
Valuation allowances	–17,222	–16,972
Trade accounts receivable	687,156	721,806
Contract assets	31,470	9,251
Trade accounts receivable and contract assets	718,626	731,057

Trade accounts receivable include notes receivable in the amount of €4,572 thousand (previous year: €6,431 thousand), receivables from affiliated companies of €138 thousand (previous year: €51 thousand) and receivables from joint ventures of €3,656 thousand (previous year: €3,576 thousand).

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 2019, valuation allowances in the amount of €86 thousand were recognised for expected credit losses on contract assets (previous year: €– thousand).

Details on the development of loss allowances for expected credit losses on trade accounts receivable and contract assets can be found in note (32), page 122.

The following tables contain information on the credit risk and expected credit losses for trade accounts receivable.

Trade accounts receivable:
Composition, credit risk and calculated expected credit losses as of 31 December 2019

in € thousand	Credit rating not impaired		Credit rating impaired		Total as of 31 December 2019	
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	255,762	73	–	–	255,762	73
Good credit rating	317,042	907	–	–	317,042	907
Average credit rating	87,002	610	–	–	87,002	610
Weak credit rating	13,671	243	30,901	15,389	44,572	15,632
	673,477	1,833	30,901	15,389	704,378	17,222

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 as of 31 December 2018	
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
Weak 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 €12,196 thousand (previous year: €18,643 thousand) were hedged by credit insurance policies for 90 per cent and 100 per cent as at the balance sheet date.

(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 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), page 107.

In relation to the "finance lease" customer contracts 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.

Receivables from financial services: reconciliation of total outstanding lease payments with their net investment value

in € thousand	31/12/2019
Due the following year	380,844
Due in the second year	329,969
Due in the third year	274,982
Due in the fourth year	213,076
Due in the fifth year	138,482
Due in more than five years	89,229
Total outstanding lease payments	1,426,582
Less unrealised interest income	166,642
Receivables from financial services	1,259,940

The increase in the carrying amounts of net investments in "finance lease" customer contracts as at the balance sheet date was the result of a significant expansion of the financial services business in the year under review.

In 2019, Jungheinrich realised income of around €130 million from the difference between additions to "finance lease" customer contracts and the carrying amounts of the underlying assets.

Receivables from financial services with carrying amounts of €674,315 thousand were pledged as collateral for liabilities from financial services as at the balance sheet date.

The disclosures on receivables from financial services as of 31 December 2018 are made in accordance with IAS 17.

Receivables from financial services as of 31 December 2018: reconciliation of total future minimum lease payments with their present value

in € thousand	31/12/2018
Total minimum lease payments	**1,180,367**
Due within one year	327,657
Due in one to five years	785,363
Due in more than five years	67,347
Present value of minimum lease payments	**1,044,292**
Due within one year	275,484
Due in one to five years	704,891
Due in more than five years	63,917
Unearned interest income	**136,075**

Receivables from financial services include minimum lease payments from sublease arrangements amounting to €274,210 thousand.

Receivables from financial services with carrying amounts of €579,609 thousand were pledged as collateral for liabilities from financial services as of 31 December 2018.

(20) Other receivables and other assets

Composition of other receivables and other assets

in € thousand	31/12/2019	31/12/2018
Receivables from other taxes	26,965	46,979
Assets from the measurement of funded pension plans	17,240	6,183
Other financial assets	1,638	14,114
Miscellaneous other assets	14,514	11,044
	60,357	78,320

Other financial assets included receivables from affiliated companies of €810 thousand (previous year: €109 thousand) and receivables from companies accounted for using the equity method of €155 thousand (previous year: €699 thousand). Other financial assets also included a short-term loan of €12,500 thousand as at 31 December 2018 that was paid back on schedule in the first quarter of 2019. Since the last balance sheet date, the credit risk on receivables from financing of a joint venture increased significantly. An individual loss allowance was recognised in profit and loss for these doubtful receivables in the amount of €1,353 thousand (previous year: €- thousand). The credit risk for all other financial assets was rated as low. As at the balance sheet date, loss allowances in the amount of €1,353 thousand were recognised for expected credit losses (previous year: €27 thousand). Details on the development of loss allowances can be found in note (32), page 122.

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	31/12/2019	31/12/2018
Commercial papers, bonds and debenture bonds	169,066	142,671
Promissory notes	19,986	15,000
Shares	14,292	11,591
Covered bonds	9,928	15,537
Valuation allowances	–54	–99
	213,218	184,700

The total portfolio of securities of €83,447 thousand (previous year: €65,003 thousand) comprised financial instruments categorised as "at amortised cost". These securities are held by Jungheinrich for the purpose of holding them to maturity and realising their contractual cash flows. Jungheinrich's securities on 31 December 2019 will mature in the years from 2020 to 2022. All of Jungheinrich's securities as of 31 December 2018 which were due to mature in 2019 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 €54 thousand were recognised for expected credit losses in relation to these securities (previous year: €99 thousand). Details on the development of loss allowances can be found in note (32), page 122.

The securities held in the special fund on 31 December 2019 had a carrying amount of €129,825 thousand (previous year: €119,796 thousand) and were assigned to the category "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 €4,241 thousand (previous year: €7,574 thousand), which are held in the special fund. As at the balance sheet date, the Jungheinrich Group's bank balances totalled €10,406 thousand (previous year: €9,862 thousand), which were pledged to banks. As at the balance sheet date, loss allowances in the amount of €23 thousand were recognised for expected credit losses (previous year: €351 thousand). Details on the development of loss allowances can be found in note (32), page 122.

(23) Prepaid expenses

Prepaid expenses primarily consisted of deferred prepayments for software usage fees 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 attributable to shareholders of Jungheinrich AG for the period under review.

Dividend proposal

Jungheinrich AG pays its dividend from the distributable profit stated in the annual financial statements of Jungheinrich AG, which are prepared in accordance with the German Commercial Code. The Board of Management of Jungheinrich AG proposes to use all of the distributable profit for the 2019 financial year to make a dividend payment of €47,880 thousand, corresponding to a dividend of € 0.46 per ordinary share and a dividend of € 0.48 per preferred share.

Other comprehensive income

Details on changes in other comprehensive income

in € thousand	2019	2018
Income from the measurement of financial instruments with a hedging relationship	–3,938	698
Unrealised income – Currency hedges	–5,871	–228
Unrealised income – Interest rate hedges	–708	–547
Realised income – Currency hedges	1,708	1,733
Deferred taxes	933	–260
Income from currency translation	10,895	–11,226
Unrealised income	10,895	–11,226
Income from the measurement of pensions	–8,569	1,990
Income from the remeasurement of defined benefit pension plans	–12,838	1,791
Deferred taxes	4,269	199
Other comprehensive income (expense)	–1,612	–8,538

Other comprehensive income was exclusively attributable to shareholders of Jungheinrich AG.

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 13.7 per cent (previous year: 16.0 per cent).

EBIT return on capital employed (ROCE)

in € thousand		2019	2018
Interest-bearing capital	31/12	1,916,759	1,717,339
EBIT		262,569	275,378
ROCE	in %	13.7	16.0

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	31/12/2019	31/12/2018
Financial liabilities	767,591	625,954
Cash and cash equivalents and securities	–595,522	–517,562
Net debt	172,069	108,392

As at the balance sheet date, the Jungheinrich Group reported net debt of €172,069 thousand (previous year: €108,392 thousand). The debt ratio remained at a good level.

Debt ratio

in € thousand	31/12/2019	31/12/2018
Net debt	172,069	108,392
EBITDA (adjusted to exclude depreciation on trucks for lease from financial services)	534,851	475,533
Debt ratio in years	0.32	0.23

The key figures for the 2019 financial year and their underlying base quantities are not comparable with the previous year's because of the mandatory application of IFRS 16 "Leases" as of 1 January 2019. Information on the effects of the initial application of IFRS 16 "Leases" on the key figures of the Jungheinrich Group can be found in the group management report. For information on the financial effects of the initial application of IFRS 16, please see the subsection "Published IFRS adopted by the EU and applied for the first time in the 2019 financial year".

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.

Non-controlling interests

The non-controlling interests in the shareholders' equity relate to minority interests in JT Energy Systems GmbH, Freiberg, and its subsidiaries.

(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. In the year under review, expenses of €11,315 thousand for defined contribution plans (previous year: €10,080 thousand) were recognised in functional costs.

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 policies.

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

in € thousand	31/12/2019	31/12/2018
Present value of funded defined benefit obligations	316,889	281,756
Fair value of plan assets	313,417	273,233
Funding gap	3,472	8,523
Present value of unfunded defined benefit obligations	218,938	204,051
Net defined benefit liability	**222,410**	**212,574**
Germany	198,775	186,575
United Kingdom	–17,240	–6,183
Other countries	40,875	32,182

Of the net defined benefit liability from defined benefit pension plans, €239,650 thousand (previous year: €218,757 thousand) is recorded under the item "provisions for pensions and similar obligations" and €17,240 thousand (previous year: €6,183 thousand) is stated under "other receivables and other assets".

Development of the present value of defined benefit obligations

in € thousand	2019	2018
Present value of defined benefit obligations on 01/01	485,807	500,937
Changes in currency exchange rates	14,148	–170
Current service cost	7,023	7,369
Past service cost	–	1,213
Interest cost	10,997	10,408
Actuarial gains (–)/losses (+) on		
changes in financial assumptions	54,046	–15,012
changes in demographic assumptions	–5,912	–276
experience adjustments	–9,630	858
Employee contributions	1,818	1,817
Pension payments made using company assets	–8,960	–8,860
Pension payments made using plan assets	–13,048	–11,928
Other changes	–462	–549
Present value of defined benefit obligations on 31/12	**535,827**	**485,807**
Germany	198,775	186,575
United Kingdom	252,628	226,797
Other countries	84,424	72,435

Actuarial gains from the changes in demographic assumptions for 2019 primarily resulted from the adjustments to the mortality tables used to measure plans in the United Kingdom.

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

	Germany		United Kingdom		Other countries	
in %	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Discount rate	1.2	1.9	2.1	2.9	0.5	1.4
Expected rate of pension increase	1.5	1.5	2.9	3.0	0.1	0.1

In the 2019 and 2018 financial years, demographic assumptions for Germany were based on Prof. Klaus Heubeck's 2018G reference tables. The life expectancies used to measure plans in the United Kingdom and other countries were based on local mortality tables.

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

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

in € thousand	31/12/2019	31/12/2018
Discount rate 0.5% higher	–40,352	–35,871
Discount rate 0.5% lower	45,479	40,424
Expected rate of pension increase 0.5% higher	27,945	25,401
Expected rate of pension increase 0.5% lower	–22,718	–21,201

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 5.2 per cent and 4.1 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 14 years in Germany (previous year: 13 years), around 18 years in the United Kingdom (previous year: 18 years) and around 18 years in other countries (previous year: 17 years).

Jungheinrich expects to make approximately €9.5 million (previous year: €9.6 million) in pension payments using company assets in the 2020 financial year.

Development of the fair value of plan assets

in € thousand	2019	2018
Fair value of plan assets on 01/01	273,233	285,080
Changes in currency exchange rates	14,127	–716
Interest income	7,290	6,635
Actuarial gains (+)/losses (–)	25,666	–12,639
Employer contributions	5,601	6,102
Employee contributions	1,818	1,817
Pension payments made	–13,048	–11,928
Other changes	–1,270	–1,118
Fair value of plan assets on 31/12	313,417	273,233
United Kingdom	269,868	232,980
Other countries	43,549	40,253

In the year under review, the actual return on plan assets amounted to €32,148 thousand (previous year: €–6,573 thousand). As in the previous year, there were no effects from a 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	31/12/2019	31/12/2018
Cash and cash equivalents	1,061	1,228
Equity instruments	53,152	41,268
Stock index funds in the United Kingdom	31,552	25,184
Stock index funds in Europe (excluding the UK)	21,600	16,084
Debt instruments	215,655	190,484
UK government bonds	191,589	169,577
Corporate bonds	24,066	20,907
Fair value on 31/12	269,868	232,980

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 €43,549 thousand (previous year: €40,253 thousand) and cannot be broken down into asset classes as these plan assets are qualifying insurance policies.

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

Jungheinrich expects to make cash-effective employer contributions totalling approximately €6.0 million for the 2020 financial year (previous year: €5.9 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	2019	2018
Current service cost	–7,023	–7,369
Past service cost	–	–1,213
Net interest	–3,707	–3,773
Plan administration cost	–808	–569
Earnings before taxes	–11,538	–12,924
Remeasurement of defined benefit obligations	–38,504	14,430
Remeasurement of plan assets	25,666	–12,639
Other comprehensive income (expense) before taxes	–12,838	1,791
Comprehensive income (expense) before taxes from defined benefit pension plans	–24,376	–11,133

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 01/01/2019	Changes in currency exchange rates	Additions due to business combinations	Additions	Utilisations	Releases	Balance as of 31/12/2019
Provisions for personnel	152,188	801	152	124,133	113,014	3,721	160,539
Provisions for warranty obligations	29,813	308	30	52,559	44,511	3,501	34,698
Provisions for onerous contracts	39,211	831	–	23,191	13,063	1,403	48,767
Others	10,694	169	–	19,808	7,548	930	22,193
Other provisions	231,906	2,109	182	219,691	178,136	9,555	266,197

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 €21,463 thousand (previous year: €21,286 thousand), which were netted against €10,213 thousand in financial assets (previous year: €9,420 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, €4,845 thousand in provisions were accrued to cover the claims of candidates potentially qualifying for future phased retirement work arrangements commensurate to their probability of occurrence (previous year: €4,296 thousand).

Additions to provisions for personnel included a total of €548 thousand in interest accretions (previous year: €250 thousand). €34,016 thousand (previous year: €34,299 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 at point in time 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 2019 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. €11,862 thousand (previous year: €10,144 thousand) of the provisions for onerous contracts had a remaining 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	Notes payable	Financial liabilities
31/12/2019						
Total future cash flows	271,085	210,539	142,573	185,747	2,257	812,201
Due within one year	103,519	2,301	43,898	46,122	2,257	198,097
Due in one to five years	103,786	151,457	98,675	98,861	–	452,779
Due in more than five years	63,780	56,781	–	40,764	–	161,325
Present value of future cash flows	254,052	200,000	141,314	169,968	2,257	767,591
Due within one year	99,140	–	43,236	42,457	2,257	187,090
Due in one to five years	96,359	145,000	98,078	90,568	–	430,005
Due in more than five years	58,553	55,000	–	36,943	–	150,496
Future interest expenses	17,033	10,539	1,259	15,779	–	44,610
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

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 31/12/2019	Nominal volumes as of 31/12/2019 in € thousand	Range of effective interest rates 2019	Carrying amounts as of 31/12/2019 in € thousand	Nominal volumes as of 31/12/2018 in € thousand	Range of effective interest rates 2018	Carrying amounts as of 31/12/2018 in € thousand
EUR	variable	< 1 year	19,270	EURIBOR + margin	19,270	15,292	EURIBOR + margin	15,292
GBP	variable	< 1 year	12,457	LIBOR + margin	12,457	11,723	LIBOR + margin	11,723
ZAR	variable	< 1 year	12,585	LIBOR + margin	12,585	911	LIBOR + margin	911
INR	variable	< 1 year	8,066	LIBOR + margin	8,066	4,974	LIBOR + margin	4,974
THB	variable	< 1 year	6,554	LIBOR + margin	6,554	2,894	LIBOR + margin	2,894
Other	variable	< 1 year	25,065	LIBOR + margin	25,065	34,821	LIBOR + margin	34,821
EUR	fixed	< 1–14 years	123,321	0.65%–5.2%	98,191	114,093	0.65%–5.2%	72,936
EUR	variable	> 10 years	50,000	EURIBOR + margin	45,000	50,000	EURIBOR + margin	48,648
SGD	variable	> 10 years	8,894	SIBOR + margin	7,705	8,620	SIBOR + margin	7,787
Other	fixed	< 1–10 years	24,953	2.1%–12.0%	19,159	5,485	8.3%–12.0%	4,977
Total liabilities due to banks			291,165		254,052	248,813		204,963

Composition of the promissory notes as of 31 December 2019

	Maturity in year	Nominal interest rate	Nominal amount in € thousand
Jungheinrich AG 2014	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

A fixed-interest tranche of the promissory note drawn down in 2014 for €25,000 thousand was repaid on schedule in the reporting year when it became due. The nominal amounts of the individual loan tranches correspond to the carrying amounts.

Liabilities from financing trucks for short-term rental amount to €138,437 thousand (previous year: €174,311 thousand) and result from refinancing receivables from intragroup rental-purchase agreements. Jungheinrich was given access to a credit facility, which could only be utilised up to the amount of the residual debt from rental-purchase agreements.

Lease liabilities as at 31 December 2019 primarily related to the long-term leases of properties and vehicles. The increase in lease liabilities as at the balance sheet date was due to the mandatory application of IFRS 16 "Leases" from 1 January 2019. For information on the effects of the initial application of IFRS 16, please see the subsection "Published IFRS adopted by the EU and applied for the first time in the 2019 financial year".

For the financial liabilities recorded as at 31 December 2018, resulting from lease accounting, disclosures are made pursuant to IAS 17.

€6,718 thousand in liabilities on the balance sheet as at 31 December 2018 relate to the refinancing of trucks for short-term rental based on sale and leaseback agreements. €7,293 thousand in future minimum lease payments for these leases classified as "finance leases" under IAS 17 are included in cash flows for liabilities from financing trucks for short-term rental. Jungheinrich was therefore obliged to capitalise these assets in its capacity as lessee. Leasing liabilities are repaid over the non-cancellable lease periods.

The aforementioned accounting method also applied to lease liabilities recognised as at 31 December 2018, which were almost all based on property lease agreements. Some of the property lease agreements included purchase options at agreed residual values.

(28) Liabilities from financial services

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 €17,994 thousand (previous year: €18,983 thousand).

This item also contained €1,741,999 thousand (previous year: €1,507,054 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 financial services included €296,056 thousand (previous year: €274,508 thousand) in liabilities from the issuance of promissory notes via the consolidated securitisation vehicle in Luxembourg.

Liabilities from financial services: reconciliation of total future cash flows with their present value

in € thousand	31/12/2019	31/12/2018
Total future cash flows	1,819,609	1,572,096
Due within one year	499,278	500,378
Due in one to five years	1,237,293	1,009,489
Due in more than five years	83,038	62,229
Present value of future cash flows	1,741,999	1,507,054
Due within one year	468,278	474,105
Due in one to five years	1,192,130	971,943
Due in more than five years	81,591	61,006
Future interest expenses	77,610	65,042

For the liabilities recognised as at 31 December 2018, resulting from the accounting of leases, disclosures are made pursuant to IAS 17.

€378,732 thousand in liabilities from financial services on the balance sheet as at 31 December 2018 relate to refinancing liabilities based on sale and leaseback agreements. For these leases, which were classified as "finance leases" in accordance with IAS 17, future minimum lease payments in the amount of €400,134 thousand are included in the table above.

(29) Trade accounts payable

Trade accounts payable include €255 thousand (previous year: €31 thousand) in payables to affiliated companies, €3,571 thousand (previous year: €4,695 thousand) to joint ventures, and €3,087 thousand (previous year: €- thousand) to associated companies.

All trade accounts payable are due within one year.

(30) Other liabilities

Composition of other liabilities

in € thousand	31/12/2019	31/12/2018
Contract liabilities	100,740	108,648
Liabilities from other taxes	59,359	69,053
Social security liabilities	12,314	12,815
Other financial liabilities	8,200	4,494
Miscellaneous other liabilities	13,622	13,276
	194,235	208,286

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 2019 decreased by a total of €88,281 thousand as a result of providing goods and services in the reporting year (previous year: €57,327 thousand). Revenue of the same amount was recognised in the consolidated statement of profit or loss for the reporting year. Contract liabilities as of 1 January 2019 included €12,127 thousand (previous year: €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 debts of €9,154 thousand (previous year: €10,228 thousand) were paid in the reporting year, and an amount of €1,906 (previous year: €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 €966,447 thousand in performance obligations not yet fulfilled as of 31 December 2019 (previous year: €846,759 thousand). 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

	31/12/2019			31/12/2018		
in € thousand	After-sales services	Other	Total	After-sales services	Other	Total
Revenue recognition within one year	274,016	85,127	359,143	249,461	79,464	328,925
Revenue recognition between one and five years	574,958	10,328	585,286	494,180	52,183	546,363
Revenue recognition in more than five years	117,473	–	117,473	103,118	–	103,118
	966,447	95,455	1,061,902	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.

Other financial liabilities contained accounts payable to affiliated companies amounting to €3 thousand (previous year: €3 thousand) and to companies accounted for using the equity method amounting to €60 thousand (previous year: €60 thousand).

As of 31 December 2019, €4,500 thousand in other financial liabilities related to liabilities from financing toward the minority shareholders of JT Energy Systems GmbH, Freiberg.

Other financial liabilities also included the estimated fair value of €1,282 thousand (previous year: €991 thousand) of the contingent consideration from business combinations. The purchase price liability reported as of 31 December 2019 represented the acquisition of ISI Automation GmbH & Co. KG, Extertal, in 2019. Please see the notes to changes in the scope of consolidation. The purchase price liability reported as of 31 December 2018 resulted from a business combination in Romania. The final tranche of the contingent consideration was paid on schedule in 2019 and was 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 relates to sale and leaseback transactions for refinancing trucks for lease that were concluded before the initial application of IFRS 16 "Leases". Deferred profit is reversed over the remaining terms of the leases. For information on the effects of the initial application of IFRS 16, please see the subsection "Published IFRS adopted by the EU and applied for the first time in the 2019 financial year".

Other deferrals in the reporting year include €3,140 thousand (previous year: €3,357 thousand) in government grants.

Composition of deferred income

in € thousand	Deferred revenue from financial services	Deferred profit from financial services	Other deferrals	Deferred income
31/12/2019	31,802	62,641	6,009	100,452
Thereof maturities of up to one year	12,169	22,059	2,645	36,873
Thereof maturities of more than one year	19,633	40,582	3,364	63,579
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

(32) Additional disclosures on financial instruments

Carrying amounts and fair values of financial instruments by measurement category

in € thousand	Measurement category pursuant to IFRS 9	31/12/2019 Carrying amount	31/12/2019 Fair value	31/12/2018 Carrying amount	31/12/2018 Fair value
Assets					
Cash and cash equivalents	At amortised cost	382,304	382,304	332,862	332,862
Trade accounts receivable and contract assets	At amortised cost	718,626	718,626	731,057	731,057
Receivables from financial services	n/a	1,259,940	1,281,756	1,044,292	1,056,118
Securities	At amortised cost	83,393	83,578	64,904	65,023
Securities	At fair value through profit or loss	129,825	129,825	119,796	119,796
Other financial assets[1]	At fair value through profit or loss	348	348	323	323
Derivative financial assets					
Derivatives without a hedging relationship	At fair value through profit or loss	734	734	4,172	4,172
Derivatives with a hedging relationship	n/a	206	206	760	760
Other financial assets	At amortised cost	1,638	1,638	14,114	14,114
Shareholders' equity and liabilities					
Trade accounts payable	Other financial liabilities	365,095	365,095	400,056	400,056
Liabilities due to banks	Other financial liabilities	254,052	261,595	204,963	208,664
Promissory notes	Other financial liabilities	200,000	202,137	225,000	224,915
Liabilities from financing trucks for short-term rental	Other financial liabilities	141,314	141,314	174,311	174,311
Liabilities from financing trucks for short-term rental	n/a	–	–	6,718	6,718
Lease liabilities	n/a	169,968	180,195	12,552	14,337
Notes payable	Other financial liabilities	2,257	2,257	2,410	2,410
Liabilities from financial services	Other financial liabilities	1,759,993	1,773,530	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	5,062	5,062	2,053	2,053
Derivatives with a hedging relationship	n/a	5,742	5,742	1,425	1,425
Other financial liabilities	Other financial liabilities	8,200	8,200	4,494	4,494
Of which aggregated by valuation measurement:					
Assets	At amortised cost	1,185,961	1,186,146	1,142,937	1,143,056
	At fair value through profit or loss	130,907	130,907	124,291	124,291
Shareholders' equity and liabilities	Other financial liabilities	2,730,911	2,754,128	2,158,539	2,164,971
	At fair value through profit or loss	5,062	5,062	2,053	2,053

1 Includes €348 thousand in equity interests measured at acquisition costs (previous year: €323 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

	31/12/2019			31/12/2018		
in € thousand	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets						
Securities[1]	129,825	–	129,825	119,796	–	119,796
Derivatives without a hedging relationship[1]	–	734	734	–	4,172	4,172
Derivatives with a hedging relationship	–	206	206	–	760	760
Shareholders' equity and liabilities						
Derivatives without a hedging relationship[1]	–	5,062	5,062	–	2,053	2,053
Derivatives with a hedging relationship	–	5,742	5,742	–	1,425	1,425

1 Assigned to the measurement category "at fair value through profit or loss"

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 as at 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.

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

	31/12/2019			31/12/2018		
in € thousand	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets						
Receivables from financial services	–	1,281,756	1,281,756	–	1,056,118	1,056,118
Securities[1]	83,578	–	83,578	65,023	–	65,023
Shareholders' equity and liabilities						
Liabilities due to banks	–	261,595	261,595	–	208,664	208,664
Promissory notes	–	202,137	202,137	–	224,915	224,915
Liabilities from financial services	–	1,773,530	1,773,530	–	1,536,171	1,536,171

1 Assigned to the measurement category "at amortised cost"

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

	from interest and dividends	from subsequent measurement		Net result	
in € thousand		At fair value	Valuation allowances	2019	2018
At amortised cost	950	–	–3,490	–2,540	–3,418
At fair value through profit or loss	–110	4,454	–	4,344	–5,661
Other financial liabilities	–43,321	–	–	–43,321	–30,025

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" at fair value, were recognised in other financial income (expense).

Net results from the subsequent measurement of derivative financial instruments at fair value not designated as hedging instruments are included in the cost of sales and in other financial income (expense).

Loss allowances for financial instruments categorised as "at amortised cost" 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. Additions to loss allowances on other financial assets in 2019 in the amount of €1,353 thousand were recognised in other operating expenses.

The development of loss allowances for financial instruments in 2019 and 2018 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 01/01/2019	**16,972**	**99**	**351**	**27**	**17,449**
Changes in currency exchange rates	–3	–	–	–	–3
Additions due to business combinations	3	–	–	–	3
Utilisations	2,201	–	–	–	2,201
Releases	1,313	92	349	27	1,781
Additions	3,850	47	21	1,353	5,271
Balance on 31/12/2019	**17,308**	**54**	**23**	**1,353**	**18,738**
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**

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 flows from investing and financing activities were directly attributed to corresponding cash flows. Cash flow from operating activities was derived indirectly.

Cash flow from operating activities was derived from profit or loss, which was adjusted to exclude non-cash income and expenses – mainly consisting of depreciation and amortisation – 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 as well as liabilities and deferred revenue and profit stemming from the financing of these assets. Changes to carrying amounts for right-of-use assets on property, plant and equipment, and non-cash changes and the interest portion of lease payments for the corresponding lease liabilities were also reported under cash flow from operating activities.

Cash flow from investing activities included disposals and additions on property, plant and equipment without right-of-use assets capitalised and intangible assets and in particular additions in capitalised development expenses. In addition, the acquisition and disposal of securities, purchase price payments for business combinations and payments for investments in companies accounted for using the equity method and other financial assets were also reported under cash flow from investing activities.

Cash flow from financing activities included capital-related transactions, dividend payments, cash flow from obtaining and repaying long-term financial loans including promissory notes and changes in short-term liabilities due to banks. In addition, the repayment portion of the lease payments were reported under cash flow from financing activities in the year under review, in accordance with the provisions of IFRS 16 "Leases". For information on the effects of the initial application of IFRS 16, please see the subsection "Published IFRS adopted by the EU and applied for the first time in the 2019 financial year".

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, €10,406 thousand (previous year: €9,862 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

	Balance on 01/01	Cash-effective change	Non-cash-effective changes			Balance on 31/12
in € thousand			Additions due to business combinations	Change in currency exchange rates	Other	
2019						
Liabilities due to banks	204,963	47,610	161	1,318	–	254,052
Current bank liabilities	70,615	11,991	106	1,285	–	83,997
Non-current loans	134,348	35,619	55	33	–	170,055
Promissory notes	225,000	−25,000	–	–	–	200,000
Lease liabilities[1]	163,334	−48,114	1,336	1,425	51,987	169,968
Total financial liabilities from financing activities	593,297	−25,504	1,497	2,743	51,987	624,020
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

1 Lease liabilities on 1 January 2019 include the adjustment due to first-time application of IFRS 16 amounting to €150,782 thousand.

In accordance with the provisions of IFRS 16 "Leases", the repayment portion of lease payments reduce the cash flow from financing activities since 1 January 2019 and not the cash flow from operating activities, as was the case previously. For information on the effects of the initial application of IFRS 16, please see the subsection "Published IFRS adopted by the EU and applied for the first time in the 2019 financial year".

(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 €7,395 thousand in credit lines (previous year: €7,260 thousand). Furthermore, there was a guarantee for the pro rata rent instalments payable by a joint venture amounting to €2,596 thousand on 31 December 2019 (previous year: €2,838 thousand). Provisions of €4,860 thousand (previous year: €- thousand) were formed for expected contingent-liability claims for a joint venture in the reporting year. Against the backdrop of the other joint ventures' 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 €38,266 thousand as at the balance sheet date (previous year: €29,547 thousand).

Group companies have entered into leases and service agreements for vehicles at their various locations. As at the balance sheet date, payment obligations for the non-lease components of these contracts amounted to €23,138 thousand.

In addition, the Jungheinrich Group incurred payment obligations totalling €41,101 thousand (previous year: €48,291 thousand) for long-term software use and maintenance contracts and leases for low-value assets as at the balance sheet date.

Disclosures for operating leases in place as of 31 December 2018 in which Jungheinrich was the lessee were made in accordance with IAS 17.

Future financial liabilities from non-cancellable short-term rental and lease agreements

in € thousand	31/12/2018
Due within one year	49,738
Due in one to five years	87,517
Due in more than five years	24,926
	162,181

Recognised expenses of rental and lease instalments from operating leases in 2018 totalled €64,398 thousand.

(36) Risk management and financial instruments

Risk management principles

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

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

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

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

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

A material element of risk management in the financial service business is a contract database based on SAP-ERP and "Global Lease Center" (GLC), which is used by smaller sales companies, that allows uniform recording, risk analysis and risk evaluation of financial service agreements throughout the Group.

The contractually agreed residual value guarantees are calculated on the basis of a conservative uniform Group standard for maximum permissible residual values. The guaranteed 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 a contract's residual value, a suitable provision for this risk is recognised in the statement of financial position.

Financial service agreements are generally 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.

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. A fundamental review and reform of material interest rate benchmarks is underway worldwide. There is uncertainty surrounding the point in time and the procedure for replacing IBOR (interbank offered rates) interest rates with alternative interest rates. As a result of this uncertainty, material judgements factor into the decision as to whether select hedging relationships that hedge against currency rate fluctuation or interest rate risks from the expected changes to IBOR interest rates can still be accounted for as hedge transactions as of 31 December 2019. IBOR will still be used as the reference interest rate on the financial markets and for the measurement of instruments due after the end of IBOR. The Group's view, therefore, is that the current market structure will support a continuation of accounting for these hedging relationships as of 31 December 2019.

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.

As at the balance sheet date, the net exposure of variable-interest financial instruments was at €213,702 thousand (previous year: €204,883 thousand). If going interest rates had been 100 basis points higher on 31 December 2019, income would have been €1,771 thousand (previous year: €1,672 thousand) lower. If going interest rates had been 100 basis points lower, income would have been €917 thousand (previous year: €792 thousand) 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 €+5,732 thousand (€–6,005 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 and currency swaps to manage risks during the reporting period. In accordance with the Jungheinrich Group's risk management principles, a maximum of 75 per cent of the volumes to be hedged 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 such as 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 maximum 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 2019, the maximum risk did not exceed €1,173 thousand (previous year: €1,669 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 €1,173 thousand (previous year: €1,274 thousand) and a maximum of €1,766 thousand (previous year: €1,852 thousand). The average for the year was €1,622 thousand (previous year: €1,618 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 2019, the fund contained a total share exposure of €27,233 thousand (previous year: €5,444 thousand). If the share price level had been 10 per cent higher (lower) on 31 December 2019, this would have led to additional income (losses) in other financial income (expense) of €2,723 thousand (previous year: €544 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 fair 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, capital expenditure is 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 2019 and 2018 financial years.

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 volumes to be hedged are designated as underlying transactions; these, in turn, can be fully hedged.

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 dollar-offset method together with the hypothetical-derivative 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		Nominal volume of other derivatives	
	Currency hedges	Interest hedges	Currency hedges	Other
31/12/2019				
Total nominal volume	153,685	296,111	273,205	48,146
Maturities of up to one year	137,187	92,946	273,205	48,146
Maturities of one to five years	16,498	200,619	–	–
Maturities of more than five years	–	2,546	–	–
31/12/2018				
Total nominal volume	181,035	274,508	268,513	78,917
Maturities of up to one year	164,046	79,998	268,513	78,917
Maturities of one to five years	16,989	192,110	–	–
Maturities of more than five years	–	2,400	–	–

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:

Average hedging rates of material foreign currency items:

	31/12/2019	31/12/2018
EUR/GBP	0.8776	0.9019
EUR/CHF	1.0984	1.1307
EUR/BRL	4.6756	4.7256

The nominal values of the interest hedges include interest rate hedges largely concluded to hedge long-term interest rates for variable-interest financing. As at the balance sheet date the average hedging rate was –0.07 per cent (previous year: –0.01 per cent) for interest rate hedges in EUR and 0.34 per cent (previous year: 0.37 per cent) for interest rate hedges in GBP.

Interest hedges: future cash flows that are not discounted

in € thousand	31/12/2019	31/12/2018
Due within one year	–689	–611
Due in one to five years	–448	–172
Due in more than five years	5	2
Total future non-discounted cash flows	–1,132	–781

The nominal volume of the other derivative financial instruments includes listed futures and options in special funds.

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), page 122, 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	31/12/2019	31/12/2018
Derivative financial assets	**940**	**4,932**
Derivatives with a hedging relationship	**206**	**760**
Currency forwards/currency swaps	10	584
Interest rate swaps	196	176
Derivatives without a hedging relationship	**734**	**4,172**
Currency forwards/currency swaps	537	3,499
Futures	197	673
Derivative financial liabilities	**10,804**	**3,478**
Derivatives with a hedging relationship	**5,742**	**1,425**
Currency forwards/currency swaps	4,227	638
Interest rate swaps	1,515	787
Derivatives without a hedging relationship	**5,062**	**2,053**
Currency forwards/currency swaps	4,780	1,842
Interest rate swaps	–	154
Futures	282	57

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, taking into account the counterparty structure, the offsetting potential as of 31 December 2019 would amount to €708 thousand (previous year: €1,661 thousand).

(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 mainly 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 €1,349 thousand (previous year: €3,839 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 and excluding capitalised right-of-use asssets on property, plant and equipment. 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 intragroup profits as well as receivables and liabilities that must be eliminated within the scope of consolidation.

Segment information for 2019

in € thousand	Intralogistics	Financial services	Segment total	Reconciliation	Jungheinrich Group
External revenue	3,077,073	995,921	4,072,994	–	4,072,994
Intersegment revenue	1,088,318	170,846	1,259,164	–1,259,164	–
Total revenue	4,165,391	1,166,767	5,332,158	–1,259,164	4,072,994
Segment income (expense) (EBIT)	**254,322**	**8,993**	**263,315**	**–746**	**262,569**
Interest income	2,172	108	2,280	–1,330	950
Interest expenses	14,784	1,275	16,059	–1,330	14,729
Other financial income (expense)	–6,948	–3	–6,951	–	–6,951
Earnings before taxes (EBT)	234,762	7,823	242,585	–746	241,839
Income tax expense					65,062
Profit or loss					**176,776**
Non-current assets					
Capital expenditure	156,784	25	156,809	–	156,809
Depreciation and amortisation/impairment	78,496	270	78,766	–	78,766
Intangible assets and property, plant and equipment	903,456	2,028	905,484	–	905,484
Trucks for short-term rental	352,575	–	352,575	–	352,575
Trucks for lease from financial services	–	684,176	684,176	–126,119	558,057
Receivables from financial services	–	1,259,940	1,259,940	–	1,259,940
Cash and cash equivalents and securities	562,280	33,241	595,521	–	595,521
Other assets	1,763,950	287,355	2,051,305	–491,965	1,559,340
Assets 31/12	**3,582,261**	**2,266,740**	**5,849,001**	**–618,084**	**5,230,917**
Shareholders' equity 31/12	1,649,676	66,460	1,716,136	–227,872	1,488,264
Provisions for pensions	239,552	99	239,651	–	239,651
Financial liabilities	765,818	1,773	767,591	–	767,591
Liabilities from financial services	–	1,759,993	1,759,993	–	1,759,993
Other liabilities	927,215	438,415	1,365,630	–390,212	975,418
Liabilities 31/12	1,932,585	2,200,280	4,132,865	–390,212	3,742,653
Shareholders' equity and liabilities 31/12	**3,582,261**	**2,266,740**	**5,849,001**	**–618,084**	**5,230,917**

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**

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 2019, "Intralogistics" segment income also included impairment losses of €1,819 thousand which resulted from the identified impairment of Chilean goodwill. In addition, impairment losses in connection with capitalised development expenses amounting to €21,744 thousand (previous year: €70 thousand) and capitalised property, plant and equipment amounting to €2,840 thousand were recorded in the "Intralogistics" segment income in the reporting year.

In 2018, "Intralogistics" segment income also included impairment losses of €4,151 thousand which resulted from the identified impairment of Australian goodwill.

Income reported for the "Financial Services" segment in 2018 included impairment losses amounting to €2,141 thousand, in addition to depreciation of property, plant and equipment, and leased equipment.

The following tables, which report revenue according to receiving region, show non-current assets which relate to intangible assets and property, plant and equipment, broken down by region.

Revenue by region

in € thousand	2019	2018
Germany	966,077	900,603
Italy	419,830	394,548
France	378,226	359,725
United Kingdom	265,237	234,660
Other Europe	1,498,627	1,406,839
Other countries	544,997	500,014
	4,072,994	3,796,389

Non-current assets by region

in € thousand	31/12/2019	31/12/2018
Germany	531,768	438,082
Other Europe	245,006	126,370
Other countries	93,894	70,048
Consolidation	34,816	35,596
	905,484	670,096

There were no relationships with individual external customers accounting for a material share of revenue with respect to Group revenue in the 2019 and 2018 financial years.

(38) Earnings per share

The calculations are based on profit or loss attributable to the shareholders of Jungheinrich AG, as reported in the consolidated statement of profit or loss.

Earnings per share

		2019	2018
Profit or loss[1]	in € thousand	177,055	175,810
Shares outstanding[2]			
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 €	1.73	1.71
Earnings per preferred share	in €	1.75	1.73

1 Attributable to the shareholders of Jungheinrich AG
2 Weighted average

In the 2019 and 2018 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 2019 financial year

In January 2020, the Board of Management decided and agreed with its partner to discontinue the joint venture Industrial Components of Texas LLC., Houston/Texas (USA). The winding-up scenario is currently being drawn up.

The necessary expenses for the impairment of expected credit losses from the joint venture receivables and the provisions for the expected claims from contingent liabilities due to the economic situation of the joint venture as at the balance sheet date were taken into consideration in the consolidated financial statements. Further information can be found in note (41), page 138.

(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	2019	2018
Audit services	497	499
Other assurance services	–	–
Tax services	–	–
Other services	44	43
Total	541	542

Other services in the reporting year comprised assurance on a project to introduce an identity and access management system, support in changing the archiving software used (archive system migration), and support in connection with questions regarding the sale of receivables.

The other services in the previous year related to the audit of the CSR Report for the 2017 financial year and assistance provided in relation to company evaluation and the sale of receivables.

(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, associated companies 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 and associated companies are presented in the following table.

Business relations with joint ventures and associated companies

in € thousand	Products and services provided 2019	Products and services provided 2018	Products and services received 2019	Products and services received 2018	Trade accounts receivable from 31/12/2019	Trade accounts receivable from 31/12/2018	Trade accounts payable to 31/12/2019	Trade accounts payable to 31/12/2018
JULI Motorenwerk s.r.o., Czech Republic[1]	–	3	50,284	62,973	–	–	3,512	4,694
Jungheinrich Heli Industrial Truck Rental (China) Co., Ltd., China[1]	14,054	14,098	3,163	1,964	3,603	3,576	–	–
Other joint ventures	1,113	26	1,551	228	53	–	59	1
Joint ventures	15,167	14,127	54,998	65,165	3,656	3,576	3,571	4,695
Cebalog GmbH, Germany	–	n/a	60,463	n/a	–	n/a	3,087	n/a
Associated companies	–	n/a	60,463	n/a	–	n/a	3,087	n/a

1 Including subsidiaries

On 31 December 2019, other liabilities from financing vis-à-vis Industrial Components of Texas LLC, Houston/Texas (USA) amounted to €1,353 thousand (previous year: €679 thousand). Due to the significant increase of the credit risk in the year under review, impairment losses for expected credit losses were recorded as at the balance sheet date amounting to €1,353 thousand (previous year: €- thousand). Provisions for expected contingent-liability claims against this joint venture were formed in the year under review in the amount of €4,860 thousand (previous year: €- thousand).

On 31 December 2019, other receivables from financing vis-à-vis Irapol Sp. z o.o., Łódź (Poland) amounted to €67 thousand (previous year: €20 thousand) and vis-à-vis Malikon GmbH, Eslarn (Germany) amounted to €88 thousand (previous year: €- thousand).

On 31 December 2019, 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 the 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 the Board of Management can be found in note (42), page 139.

(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

in € thousand	Board of Management 2019	Board of Management 2018	Supervisory Board 2019	Supervisory Board 2018
Short-term benefits due	6,520	5,288	1,030	1,058
Post-employment benefits	525	353	–	–
Other long-term benefits due	1,390	2,341	–	–
Total	8,435	7,982	1,030	1,058

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 €7,910 thousand in 2019 (previous year: €7,629 thousand).

No advances or loans to members of the Board of Management or the Supervisory Board of Jungheinrich AG existed on 31 December 2019, as in previous years.

Emoluments of former members of the Board of Management amounted to €793 thousand (previous year: €747 thousand).

As of 31 December 2019, Jungheinrich AG had accrued a €15,105 thousand (previous year: €12,517 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 2019, the following companies were included in the consolidated financial statements of Jungheinrich AG, Hamburg, by way of full consolidation:

Company name	Domicile, country	Share of voting rights and capital in %
Jungheinrich Vertrieb Deutschland AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Norderstedt AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Export AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Service & Parts AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Beteiligungs-GmbH	Hamburg, Germany	100.0
Jungheinrich Moosburg AG & Co. KG	Moosburg, Germany	100.0
Jungheinrich Degernpoint AG & Co. KG	Moosburg, Germany	100.0
Jungheinrich Logistiksysteme GmbH	Moosburg, Germany	100.0
Jungheinrich Projektlösungen AG & Co. KG	Offenbach am Main, Germany	100.0
Jungheinrich Digital Solutions AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Landsberg AG & Co. KG	Landsberg/Saalekreis, Germany	100.0
Jungheinrich Financial Services AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Rental International AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Financial Services International GmbH	Hamburg, Germany	100.0
Elbe River Capital S.A.	Luxembourg, Luxembourg	100.0
Hemmdal GmbH	Hamburg, Germany	100.0
Jungheinrich PROFISHOP AG & Co. KG	Hamburg, Germany	100.0
Jungheinrich Profishop GmbH	Vienna, Austria	100.0
Jungheinrich PROFISHOP AG	Hirschthal, Switzerland	100.0
Gebrauchtgeräte-Zentrum Dresden AG & Co. KG	Klipphausen/Dresden, Germany	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, UK	100.0
Jungheinrich UK Ltd.	Milton Keynes, UK	100.0
Jungheinrich Lift Truck Finance Ltd.	Milton Keynes, UK	100.0
Jungheinrich Financial Services Ltd.	Milton Keynes, UK	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

Company name	Domicile, country	Share of voting rights and capital in %
Jungheinrich n.v./s.a.	Leuven, Belgium	100.0
Jungheinrich Austria Vertriebsges. m.b.H.	Vienna, Austria	100.0
Jungheinrich Fleet Services GmbH	Vienna, Austria	100.0
Jungheinrich Polska Sp. z o.o.	Ozarow Mazowiecki/Warsaw, Poland	100.0
Jungheinrich Norge AS	Oslo, Norway	100.0
Jungheinrich (ČR) s.r.o.	Ricany/Prague, Czech Republic	100.0
Jungheinrich Svenska AB	Arlöv, Sweden	100.0
Jungheinrich Hungária Kft.	Biatorbágy/Budapest, Hungary	100.0
Jungheinrich Danmark A/S	Tåstrup, Denmark	100.0
Jungheinrich d.o.o.	Kamnik, Slovenia	100.0
Jungheinrich Portugal Equipamentos de Transporte, Lda.	Rio de Mouro/Lisbon, Portugal	100.0
Jungheinrich Lift Truck Ltd.	Maynooth, Co. Kildare, Ireland	100.0
Jungheinrich Hellas EPE	Acharnes/Athens, Greece	100.0
Jungheinrich Istif Makinalari San. ve Tic. Ltd. Sti.	Alemdag/Istanbul, Turkey	100.0
Jungheinrich spol. s.r.o.	Senec, Slovakia	100.0
Jungheinrich Lift Truck Singapore Pte Ltd.	Singapore, Singapore	100.0
Jungheinrich Lift Truck Malaysia Sdn. Bhd.	Shah Alam/Kuala Lumpur, Malaysia	100.0
Jungheinrich Lift Truck Comercio de Empilhadeiras Ltda.	Itupeva-SP, Brazil	100.0
Jungheinrich Lift Truck OOO	Moscow, Russia	100.0
Jungheinrich Parts OOO	Moscow, Russia	100.0
Jungheinrich Lift Truck TOV	Kiev, Ukraine	100.0
Jungheinrich Lift Truck SIA	Riga, Latvia	100.0
Jungheinrich Lift Truck UAB	Vilnius, Lithuania	100.0
Jungheinrich Lift Truck Oy	Kerava, Finland	100.0
Jungheinrich (Shanghai) Management Co., Ltd.	Shanghai, China	100.0
Jungheinrich Lift Truck (Shanghai) Co., Ltd.	Shanghai, China	100.0
Jungheinrich Lift Truck Manufacturing (Shanghai) Co., Ltd.	Qingpu/Shanghai, China	100.0
Jungheinrich Lift Truck Ltd.	Samuthprakarn/Bangkok, Thailand	100.0

Company name	Domicile, country	Share of voting rights and capital in %
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	Mosquera/Bogotá, Colombia	100.0
Jungheinrich Ecuador S.A.	Guayaquil, Ecuador	100.0
Jungheinrich Perú S.A.C.	Lurín/Lima, Peru	100.0
Jungheinrich doo	Novi Banovci, Serbia	100.0
MIAS Maschinenbau, Industrieanlagen & Service GmbH	Munich, Germany	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.	Bozen, 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]
ISI Automation GmbH & Co. KG	Extertal, Germany	70.0[2]
JT Energy Systems GmbH	Freiberg, Germany	70.0
JT mopro GmbH	Glauchau, Germany	70.0
JT lipro GmbH	Freiberg, Germany	70.0
Universal-FORMICA-Fonds[3]	Frankfurt am Main, Germany	0.0

1 10.0 per cent of the shares are held indirectly via a trust
2 Due to an existing opposite put/call option for the tender right or acquisition on the remaining 30.0 per cent of shares, 100.0 per cent of the shares are economically attributable to Jungheinrich AG for consolidation purposes.
3 Included as a structured entity in accordance with IFRS 10

As of 31 December 2019, the following companies were included in the consolidated financial statements of Jungheinrich AG, Hamburg, using the equity method:

Name	Domicile, country	Share of voting rights and capital in %
JULI Motorenwerk s.r.o.	Moravany, Czech Republic	50.0
Supralift GmbH & Co. KG	Hofheim am Taunus, Germany	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
Cebalog GmbH	Pyrbaum, Germany	40.0
Malikon GmbH	Eslarn, Germany	50.0
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, Germany	50.0

As of 31 December 2019, the following companies were included at acquisition cost in the consolidated financial statements of Jungheinrich AG, Hamburg:

Name	Domicile, country	Share of voting rights and capital in %
Jungheinrich Polska Produkcja Sp.z.o.o.[1]	Bronisze, Poland	100.0
Jungheinrich Digital Solutions s.l.[1]	Madrid, Spain	100.0
Jungheinrich Katalog Verwaltungs-GmbH[1]	Hamburg, Germany	100.0
Gebrauchtgeräte-Zentrum Dresden Verwaltungs-GmbH[1]	Klipphausen/Dresden, Germany	100.0
NTP Unit Trust[1]	Adelaide, Australia	100.0
Jungheinrich Latinoamérica y Caribe Ltda.[1]	Pudahuel/Santiago de Chile, Chile	100.0
Jungheinrich Lift Truck Middle East (FZE)[1]	Sharjah, UAE	100.0
Multiton MIC Corporation[1]	Richmond/Virginia, USA	100.0
Jungheinrich Unterstützungskasse GmbH[1]	Hamburg, Germany	100.0
FORTAL Administracào e Participacoes S.A.[1]	Rio de Janeiro, Brazil	100.0
Boss Manufacturing Ltd.[1]	Leighton Buzzard, UK	100.0
ISI Verwaltungs GmbH[1,2]	Extertal, Germany	70.0
Motorenwerk JULI CZ s.r.o.[1]	Moravany, Czech Republic	50.0
Supralift Beteiligungs- und Kommunikations-Gesellschaft mbH[1]	Hofheim am Taunus, Germany	50.0
TREX.PARTS Management GmbH[1]	Sittensen, Germany	50.0
Next Logistics Accelerator Beteiligungsgesellschaft mbH & Co. KG	Hamburg, Germany	10.0

1 Not consolidated due to its subordinate importance
2 Due to an existing opposite put/call option for the tender right or acquisition on the remaining 30.0 per cent of shares, 100.0 per cent of the shares are economically attributable to Jungheinrich AG for consolidation purposes.

(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
- ISI Automation GmbH & Co. KG, Extertal

(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 2019, 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, 4 March 2020

Jungheinrich Aktiengesellschaft
The Board of Management

Dr Lars Brzoska

Christian Erlach

Dr Volker Hues

Sabine Neuß

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, 4 March 2020

Jungheinrich Aktiengesellschaft
The Board of Management

Dr Lars Brzoska Christian Erlach Dr Volker Hues Sabine Neuß 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, 2019, 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, 2019, 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, 2019.

In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

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, 2019, and of its financial performance for the financial year from January 1 to December 31, 2019, 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. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report.

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, 2019. 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, 2019, goodwill totaled KEUR 39,469 (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, 2019.

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 Chile led to an impairment loss of the goodwill totaling KEUR 1,819. 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 2019 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 (SAP FDL 2.0 and 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 2019, contracts totaled 189 thousand trucks at a value of EUR 3,199 million when new. Based on the number of trucks sold, 41% (PY: 41%) were sold via financial services contracts.

In Czech Republic, Malaysia, Singapore and Thailand all software components for the recognition and reporting of leases were updated (SAP FDL 2.0) in financial year 2019 in order to significantly improve their performance (software update). Furthermore, a database-oriented software solution (Global Lease Center) was implemented in Ecuador, Colombia, Peru and Serbia as an update to the process for the recognition and reporting of leases. For the purpose of recognition, leases are classified by Jungheinrich as lessor 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 updates.

There is the risk for the financial statements that, as a result of the software updates, 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 data migration as well as the implementation of the software (Global Lease Center) 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 (SAP FDL 2.0 or 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 and/or the Supervisory Board are responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- the corporate governance statement, referred to in the group management report, and
- the components of the integrated non-financial statement, referred to in the group management report.

The other information also includes the remaining parts of the annual report which will presumably presented to us after the date of this auditor's report.

The other information does not include the consolidated financial statements, the audited disclosures in the group management report and our auditor's report thereon.

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 audited information in 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 30, 2019, and therefore are also elected as group auditor pursuant to Section 318 (2) HGB. We were engaged by the supervisory board on December 4, 2019. We have been the group auditor of Jungheinrich Aktiengesellschaft, Hamburg, without interruption 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

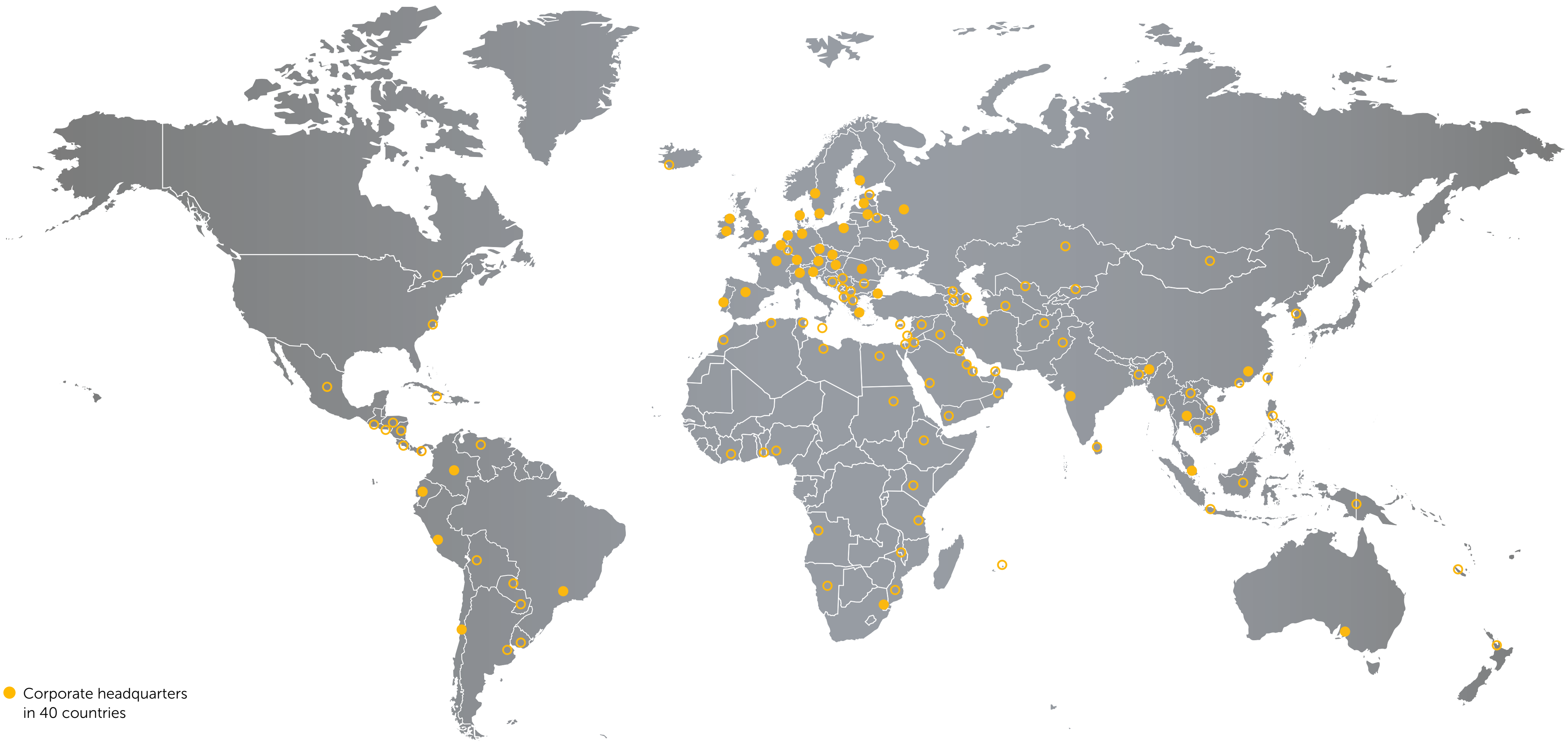
The German Public Auditor responsible for the engagement is Dirk Papenberg.

Hamburg, March 4, 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft

Schmelzer	Papenberg
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Jungheinrich worldwide



Corporate headquarters in 40 countries

Partner of Jungheinrich in approximately 80 other countries

2019 quarterly overview

Incoming orders
in € million

Revenue
in € million

Production
in units

Earnings before interest and taxes
in € million

Five-year overview

Jungheinrich Group		2019	2018	2017	2016	2015
Incoming orders	units	121,900	131,000	123,500	109,200	97,100
	€ million	3,922	3,971	3,560	3,220	2,817
Orders on hand 31/12	€ million	787	907	692	610	477
Production of material handling equipment	units	112,900	121,000	120,100	106,300	91,200
Revenue	€ million	4,073	3,796	3,435	3,085	2,754
thereof Germany	€ million	966	900	851	753	701
thereof abroad	€ million	3,107	2,896	2,584	2,332	2,053
Foreign ratio	%	76	76	75	76	75
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	670	595	543	489	432
Earnings before interest and income taxes (EBIT)	€ million	263	275	259	235	213
EBIT return on sales (EBIT ROS)	%	6.4	7.2	7.5	7.6	7.7
EBIT return on capital employed (ROCE)	%	14[1]	16	17	18	18
Earnings before taxes (EBT)	€ million	242	249	243	216	198
EBT return on sales (EBT ROS)	%	5.9	6.6	7.1	7.0	7.2
Profit or loss	€ million	177	176	182	154	138
Capital expenditure[2]	€ million	157	106	88	59	87
Research and development expenditure	€ million	86	84	77	62	55
Balance sheet total 31/12	€ million	5,231	4,746	4,130	3,643	3,349
Trucks for short-term rental	€ million	353	381	375	326	299
Trucks for lease from financial services	€ million	558	528	448	395	354[3]
Receivables from financial services	€ million	1,260	1,044	891	752	692
Liabilities from financial services	€ million	1,760	1,526	1,315	1,155	1,072
Shareholders' equity 31/12	€ million	1,488	1,362	1,244	1,114	1,026
thereof subscribed capital	€ million	102	102	102	102	102
Equity ratio (Group)	%	28	29	30	31	31
Equity ratio (Intralogistics)	%	46	46	48	48	48
Return on equity after income taxes (ROE)	%	12	13	15	14	14
Net indebtedness	€ million	172[1]	108	7	–56	–75
Indebtedness ratio	years	0.32[1]	0.23	0.02	<0	<0
Employees 31/12	FTE[4]	18,381	17,877	16,248	15,010	13,962
thereof Germany	FTE[4]	7,635	7,378	6,962	6,511	6,078
thereof abroad	FTE[4]	10,746	10,499	9,286	8,499	7,884
Earnings per preferred share[5]	€	1.75	1.73	1.80	1.52	1.36[6]
Dividend per share – ordinary share	€	0.46[7]	0.48	0.48	0.42	0.38[6]
– preferred share	€	0.48[7]	0.50	0.50	0.44	0.40[6]

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[8] 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 Determined according to accounting changes as of 01/01/2019 (IFRS 16 "Leases"). (Values from the previous year have not been adjusted.)
2 Property, plant and equipment and intangible assets without capitalised development expenditure
3 Adjusted retroactively due to the classification of customer leases (NTP)
4 FTE = full-time equivalents; part-time employees were taken into account according to their hours
5 Based on share of earnings attributable to the shareholders of Jungheinrich AG
6 Reflects the stock split (1:3); figures adjusted
7 Proposal
8 Shareholders' equity + Financial liabilities – Cash and cash equivalents and securities + Provisions for pensions and long-term personnel obligations

Financial calendar, Legal notice, Contact

Financial calendar

18 March 2020
Balance sheet press conference
Publication of the Annual Report 2019

18 March 2020
Analyst conference

Date to be announced
Annual General Meeting 2020,
Theater Neue Flora, Hamburg

Date to be announced
Dividend payment

8 May 2020
Interim statement as of 31 March 2020

11 August 2020
Interim statement as of 30 June 2020

10 November 2020
Interim statement as of 30 September 2020

Legal notice

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

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