

JUNGHEINRICH

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Interim statement as of 30 September 2017

At a glance

Jungheinrich Group		Q3 2017	Q3 2016	Change %	Q1–Q3 2017	Q1–Q3 2016	Change %	FY 2016
Incoming orders	million €	846	781	8.3	2,596	2,407	7.9	3,220
	units	28,800	25,700	12.1	92,100	82,400	11.8	109,200
Production of material handling equipment	units	30,700	27,400	12.0	88,300	78,900	11.9	106,300
Net sales	million €	827	754	9.7	2,461	2,185	12.6	3,085
Orders on hand 30 Sep/31 Dec	million €	–	–	–	709	689	2.9	610
Earnings before interest and taxes (EBIT) ¹	million €	60.1	54.1	11.1	183.8	164.3	11.9	235
EBIT return on sales (EBIT ROS) ¹	%	7.3	7.2	–	7.5	7.5	–	7.6
Earnings before taxes (EBT) ¹	million €	56.6	50.4	12.3	173.2	151.0	14.7	216
EBT return on sales (EBT ROS) ¹	%	6.8	6.7	–	7.0	6.9	–	7.0
Net income ¹	million €	40.8	34.0	20.0	124.7	106.3	17.3	154
Earnings per preferred share ¹	€	0.40	0.33	21.2	1.23	1.05	17.1	1.52
Employees 30 Sep/31 Dec	FTE ²	–	–	–	15,797	14,760	7.0	15,010

1 Comparative figures for 2016 have been adjusted in line with IFRS 3 due to the classification and valuation of customer leases as part of the final purchase price allocation for NTP Forklifts Australia (NTP), acquired in November 2015.

2 FTE = Full-time equivalents

Development of the market for material handling equipment

Global material handling equipment market by region

Incoming orders in thousand units	Q1–Q3 2017	Q1–Q3 2016	Change %
World	1,024.9	876.7	16.9
Europe	347.0	311.9	11.3
thereof Eastern Europe	57.1	46.5	22.8
Asia	426.3	331.7	28.5
thereof China	284.9	202.7	40.6
North America	186.1	177.4	4.9
Other regions	65.5	55.7	17.6

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

The global market for material handling equipment recorded strong growth of 17 per cent between January and September 2017. The driving force behind the significant year-on-year increase in market volume was demand from the Chinese market, which climbed by 41 per cent. A sharp rise in orders for IC engine-powered counterbalanced trucks was behind this positive market development. Demand in Europe rose by 11 per cent, with Western Europe up by 9 per cent and Eastern Europe up by 23 per cent, thanks to Russia.

Global demand in the warehousing equipment product segment increased by 15 per cent, which represents almost 58 thousand forklifts. Approximately half could be attributed to Asia, primarily China, followed by Europe. This region was responsible for 38 per cent of the increase. The 13 per cent increase in global market volume of battery-powered counterbalanced trucks was driven by greater demand from Europe (+16 per cent) and considerably more new orders from China (+31 per cent). Approximately 70 per cent of the enormous increase of 21 per cent in global demand for IC engine-powered trucks was due to significantly higher orders from China.

Business trend, earnings and financial position

Incoming orders and orders on hand

After the first nine months, incoming orders in the new truck business, which include orders for both new forklifts and trucks for short-term hire, totalled 92.1 thousand trucks, up 12 per cent on the corresponding figure in the previous year (82.4 thousand trucks). This was due to very high demand in Europe, Jungheinrich's core market. Truck orders for the short-term hire fleet went up particularly strongly.

At €2,596 million (previous year: €2,407 million), the value of incoming orders in the reporting period, which includes all business fields – new truck business, short-term hire, used equipment and after-sales services – increased by 8 per cent year-on-year. Almost a quarter of this upswing is attributable to higher demand for logistics system solutions.

Orders on hand for new truck business came to €709 million as of 30 September 2017, which is €20 million or 3 per cent higher than the previous year (€689 million). Compared with orders on hand of €610 million as of year-end 2016, it represents an increase of €99 million or 16 per cent. Orders therefore account for more than four months of production.

Net sales

Breakdown of net sales

in million €	Q1–Q3 2017	Q1–Q3 2016	Change %
New truck business	1,435	1,207	18.9
Short-term hire and used equipment	418	414	1.0
After-sales services	675	625	8.0
"Intralogistics" segment	2,528	2,246	12.6
"Financial Services" segment	594	531	11.9
Reconciliation	–661	–592	11.7
Jungheinrich Group	2,461	2,185	12.6

Net sales in the new truck business consisted of €403 million (previous year: €282 million) from the "Logistics Systems" division and €58 million (previous year: €48 million) from the "Mail Order" division. Last year the transfer of the short-term hire trucks to the joint venture with Heli boosted net sales in the short-term hire and used equipment business fields significantly. On a like-for-like basis, growth in this business field would be 7 per cent.

Earnings and financial position

The Jungheinrich Group ended the first nine months of 2017 with earnings before interest and taxes (EBIT) of €183.8 million (previous year: €164.3 million¹). This improvement was primarily driven by the 12 per cent increase in units produced (88.3 thousand units; previous year: 78.9 thousand units). The EBIT return on sales (EBIT ROS) was on a par with the same period of the previous year at 7.5 per cent¹. The previous year's EBIT also included a positive non-recurring effect of €4.7 million from the deconsolidation of UK-based Boss Manufacturing Ltd. In the reporting period, financial income came to €–10.6 million, following €–13.3 million last year. Earnings before taxes (EBT) rose to €173.2 million at the end of the first nine months (previous year: €151.0 million¹). EBT return on sales (EBT ROS) came to 7.0 per cent (previous year: 6.9 per cent¹). Net income for the period from January to September amounted to €124.7 million (previous year: €106.3 million¹). Earnings per preferred share were €1.23 (previous year: €1.05¹).

As of 30 September 2017, net debt stood at €38 million (31/12/2016: €56 million net credit). The change is principally due to the increase in working capital and the expansion of the short-term hire fleet.

¹ Comparative figures for 2016 have been adjusted in line with IFRS 3 due to the classification and valuation of customer leases as part of the final purchase price allocation for NTP Forklifts Australia (NTP), acquired in November 2015.

Forecast change report

Assumptions regarding market development for the whole of 2017 have not changed from those in the interim report published in August 2017.

Jungheinrich expects strong growth in the global market for material handling equipment. Market volume in Europe will continue to increase significantly. If the strong growth in Eastern Europe continues there is a chance that demand will go up by at least a high single-figure percentage. Double-digit growth is on the cards in Asia, even if current developments, namely the drastic increase in demand for IC engine-powered counterbalanced trucks, are expected to normalise again. Good demand for battery-powered trucks should continue in the North American market. Demand for IC engine-powered counterbalanced trucks is now robust and should contribute to further decent market growth.

The Jungheinrich Group confirms the forecast for the current financial year, which was updated in August 2017, with the exception of the forecast for net credit.

Incoming orders should reach €3.45 billion to €3.55 billion. Consolidated net sales should be within a range of €3.35 billion to €3.45 billion, with a contribution of more than €500 million from the "Logistics Systems" division. EBIT should therefore be

at the upper end of the forecast range of €250 million to €260 million. We continue to expect an EBIT ROS at around the same level as last year (7.6 per cent). Furthermore, EBT is expected to be between €235 million and €245 million. The EBT ROS should also be on par with last year (7.0 per cent).

As of year-end 2017 we expect a net credit position in a low double-digit million euro range (2016: €56 million). This is especially due to the expansion of the short-term hire fleet.

ROCE should be at a similar level to the previous year (17.8 per cent).

Unforeseeable developments may cause the actual business trend to differ from expectations, assumptions and estimates by the management of Jungheinrich that are reproduced in this interim statement. Factors which may lead to such differences include changes in macroeconomic conditions and changes in the material handling equipment sector, as well as fluctuations in exchange rates and interest rates. No responsibility can therefore be taken for the forward-looking statements in this interim statement.

Hamburg, 7 November 2017

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ISIN DE0006219934, WKN 621993

This interim statement is available in both German and English. The German version shall always prevail. The statement will only be provided in electronic form on the company's website.

Financial calendar

Interim statement as of	
30 September 2017	07/11/2017
Balance sheet press conference	07/03/2018
Analyst conference	07/03/2018
2018 Annual General Meeting	17/04/2018
Dividend payout	20/04/2018
Interim statement as of	
31 March 2018	04/05/2018
Interim report as of	
30 June 2018	09/08/2018
Interim statement as of	
30 September 2018	06/11/2018