

POWER ON

Annual Report 2019

Phone conference for the 2019 financial year

Dr Lars Brzoska (Chairman of the Board of Management)

Dr Volker Hues (Member of the Board of Management, Finance)

18 March 2020

 **JUNGHEINRICH**

AGENDA

HIGHLIGHTS

Dr Lars Brzoska, CEO

MARKET, 2019 FINANCIAL KEY FIGURES & 2020 FORECAST

Dr Volker Hues, CFO

STRATEGIC OUTLOOK

Dr Lars Brzoska, CEO

Highlights in the 2019 financial year



2019

- ▶ 2020 revenue target of €4 billion achieved prematurely
- ▶ EBIT of €263 million achieved despite one-off negative impact on earnings
- ▶ Working capital ratio of 20.8% achieved
- ▶ Significant increase in cash flow from operating activities to €345 million
- ▶ Planned dividend per preferred share of €0.48

Forecast achieved and slightly exceeded



2019

	2019 forecast	Actual figures for 2019 financial year
Incoming orders in € billion	3.80 to 4.05	3.92
Revenue in € billion	3.85 to 4.05	4.07
EBIT in € million	240 to 260	263
EBIT ROS in %	6.0 to 6.7	6.4
EBT in € million	215 to 235	242
EBT ROS in %	5.4 to 6.1	5.9

Management changes 2019/2020



- ▶ **1 September 2019:**
Dr Lars Brzoska appointed Chairman of the Board of Management of Jungheinrich AG (04/2014 to 08/2018 Member of the Board of Management for Marketing & Sales, 09/2018 to 12/2019 Member of the Board of Management for Engineering).
- ▶ **3 September 2019:**
The former Chairman of the Board of Management Hans-Georg Frey replaces Jürgen Peddinghaus as Chairman of the Supervisory Board of Jungheinrich AG, as planned
- ▶ **1 January 2020:**
Sabine Neuß joins the Board of Management and takes over responsibility for Engineering from Dr Lars Brzoska.
- ▶ **31 March 2020:**
Dr Klaus-Dieter Rosenbach (responsible for “Logistics Systems” division) leaves the Jungheinrich Group at his own request.
- ▶ **From 1 April 2020:**
Board of Management reduced from five to four areas of responsibility and responsibility for the “Logistics Systems” division is restructured.

Coronavirus – Status at Jungheinrich – Protecting employees and safeguarding our ability to deliver have the highest priority



- ▶ Exact extent of the consequences of the coronavirus pandemic on the global economy not yet possible to assess
- ▶ Crisis committee established under leadership of the Board of Management; decisions will be made based on up-to-the-minute assessments
- ▶ Preventive measures to protect staff introduced
- ▶ Production continues in all plants
- ▶ After-sales service technicians working around the world
- ▶ So far no negative effects on supply chains or production

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STRATEGIC OUTLOOK

Dr Lars Brzoska, CEO

Share of world market by region: China + Europe 64%, share of world market by product segments: Class III + IV/V 75%

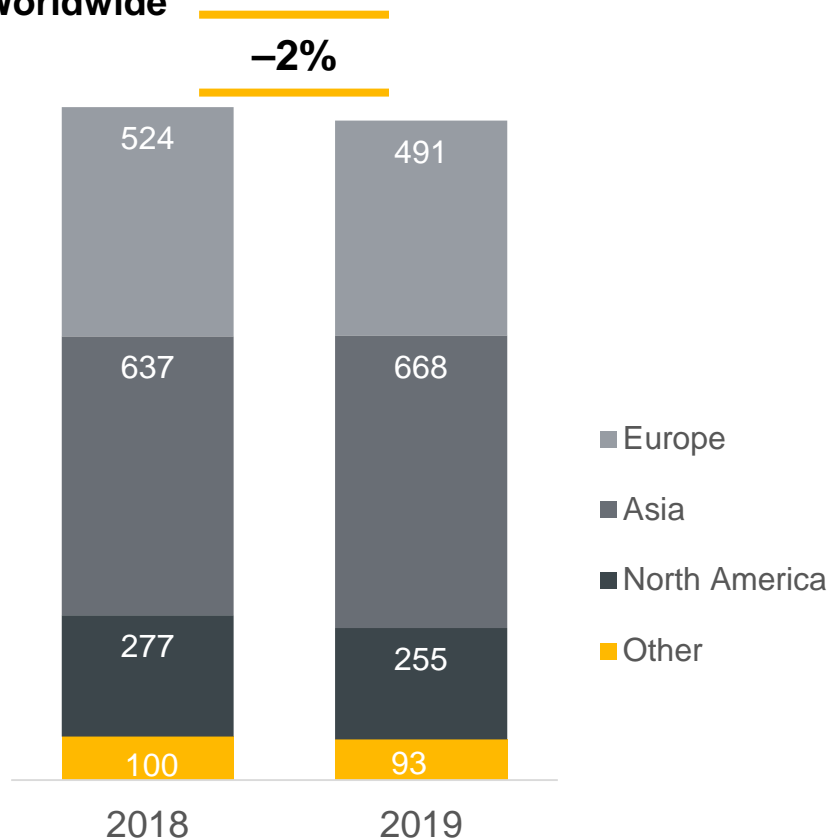
Market volume in 2019 in thousand units	Warehousing equipment		Counterbalanced trucks		Σ	in % of global market
	Class II	Class III	Class I	Class IV/V		
Europe	43	281	94	73	491	33
Asia	43	190	96	339	668	44
thereof China	8	150	51	264	473	31
North America	35	86	48	86	255	17
Other regions	10	27	11	45	93	6
World	131	584	249	543	1,507	100
Share in %	9	39	16	36	100	

Class I	Battery-powered counterbalanced trucks
Class II	Narrow-aisle and reach trucks
Class III	Low-lift and stacker trucks and order pickers
Class IV/V	IC engine-powered counterbalanced trucks

*incoming orders

Global market for material handling equipment declines by 2%, European market shrinks by 6%

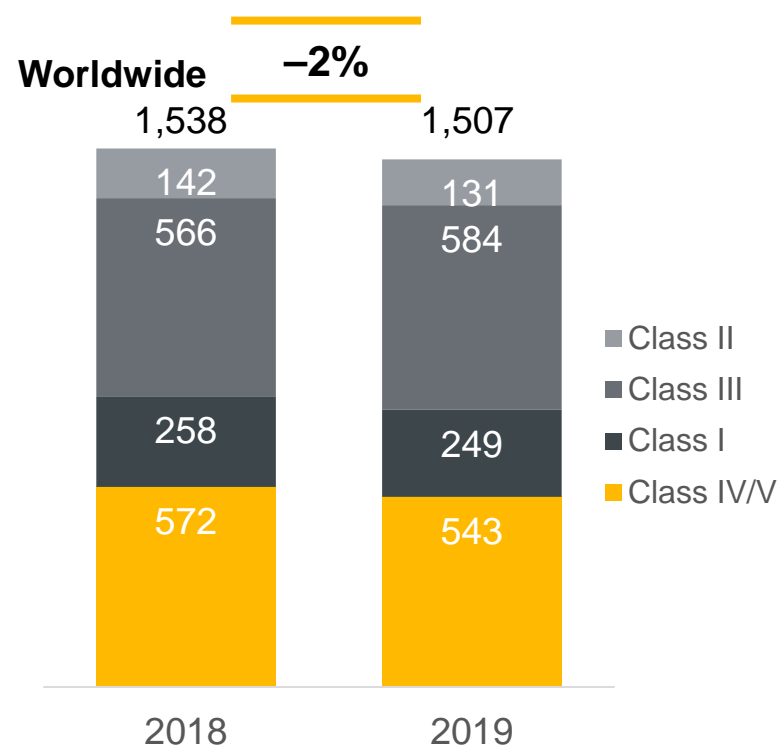
Worldwide

Market volume*
in thousand units

	2019	2018	Change %
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
World	1,507	1,538	-2.0

*incoming orders

Largest product segment Class III has grown 3.2%



Market volume* in thousand units	2019	2018	Change %
Warehousing equipment	715	707	1.1
thereof Class II	131	142	–7.7
thereof Class III	584	566	3.2
Counterbalanced trucks	792	831	–4.6
thereof Class I	249	258	–3.5
thereof Class IV/V	543	572	–5.1
Total	1,507	1,538	–2.0

Class I	Battery-powered counterbalanced trucks
Class II	Narrow-aisle and reach trucks
Class III	Low-lift and stacker trucks and order pickers
Class IV/V	IC engine-powered counterbalanced trucks

*incoming orders

Table contains rounding differences

Market volume down in all quarters of 2019 in Europe, market volume volatile in China and North America in 2019

EUROPE	2018				2019			
	↑ Q1	↑ Q2	↑ Q3	↑ Q4	↓ Q1	↓ Q2	↓ Q3	↓ Q4
	+6.5%	+20.6%	+14.4%	+5,5	-4,3%	-9,8%	-8.4%	-3,2%

2018	2019
↑ FY	↓ FY
+11.5%	-6.3%

CHINA	2018				2019			
	↑ Q1	↑ Q2	↑ Q3	↑ Q4	↑ Q1	↓ Q2	↑ Q3	↑ Q4
	+15.2%	+30.4%	+11.9%	+3.3%	+11.1%	-4.5%	+4.2%	+26.9%

2018	2019
↑ FY	↑ FY
+15.5%	+8.5%

NORTH AMERICA	2018				2019			
	↑ Q1	↑ Q2	↑ Q3	↓ Q4	↓ Q1	↓ Q2	↑ Q3	↓ Q4
	+19.2 %	+7.9%	+1.9%	-9.5%	-22.1%	-9.0%	+1.9%	-0.8%

2018	2019
↑ FY	↓ FY
+3.7%	-7.9%

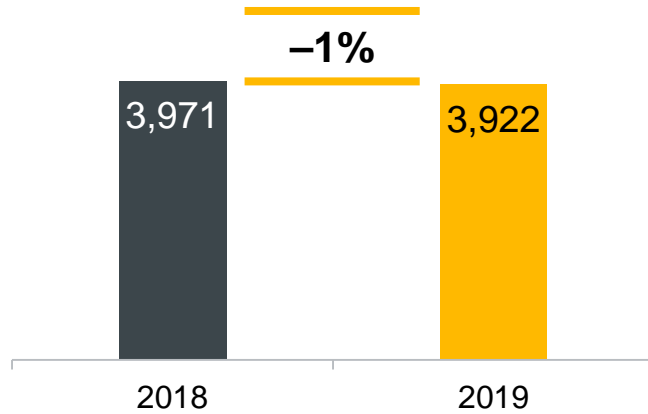
WORLD	2018				2019			
	↑ Q1	↑ Q2	↑ Q3	↑ Q4	↓ Q1	↓ Q2	↓ Q3	↑ Q4
	+12.0%	+18.9%	+9.6%	+1.2%	-2.6%	-7.6%	-2.4%	+5.1%

2018	2019
↑ FY	↓ FY
+10.3%	-2.0%

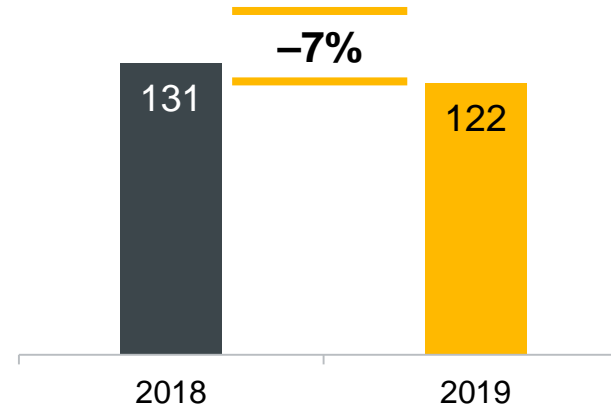
Change in % to the corresponding quarter in the previous year

7% revenue growth, value of incoming orders stable

Value of incoming orders in Group,
in € million

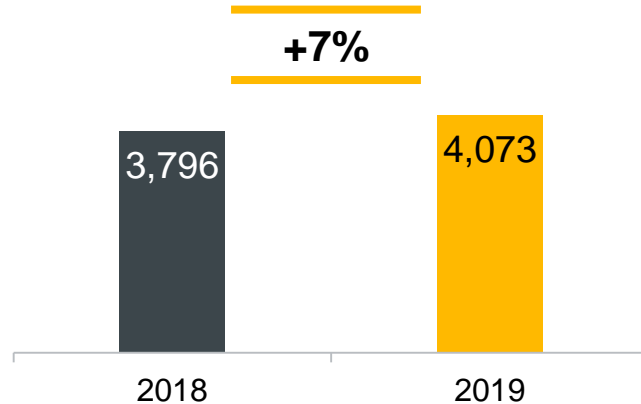


Number of incoming orders for new trucks,
in thousand units

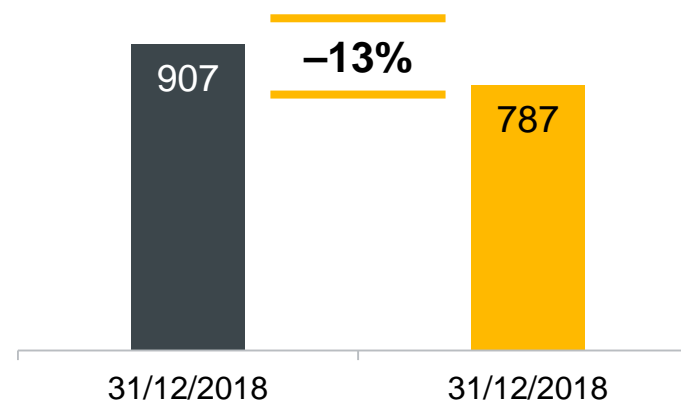


► Orders for own short-term rental fleet significantly reduced

Group revenue, in € million

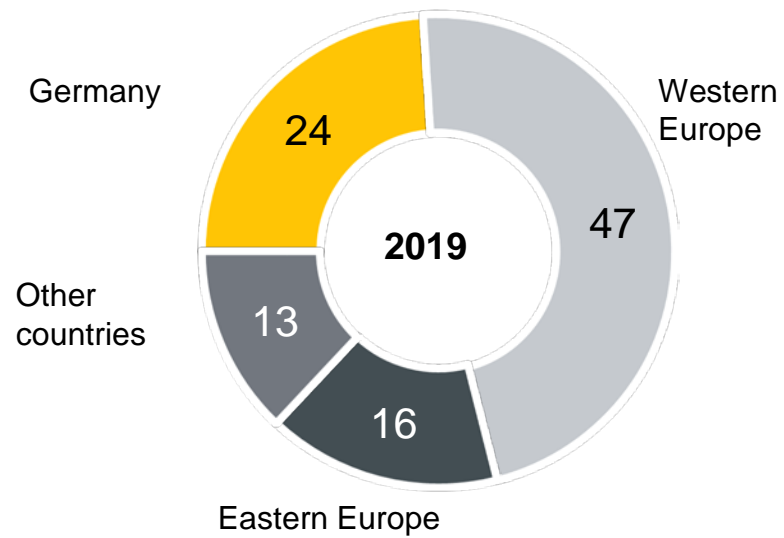


Orders on hand, in € million



Europe's share in Group revenue 87%

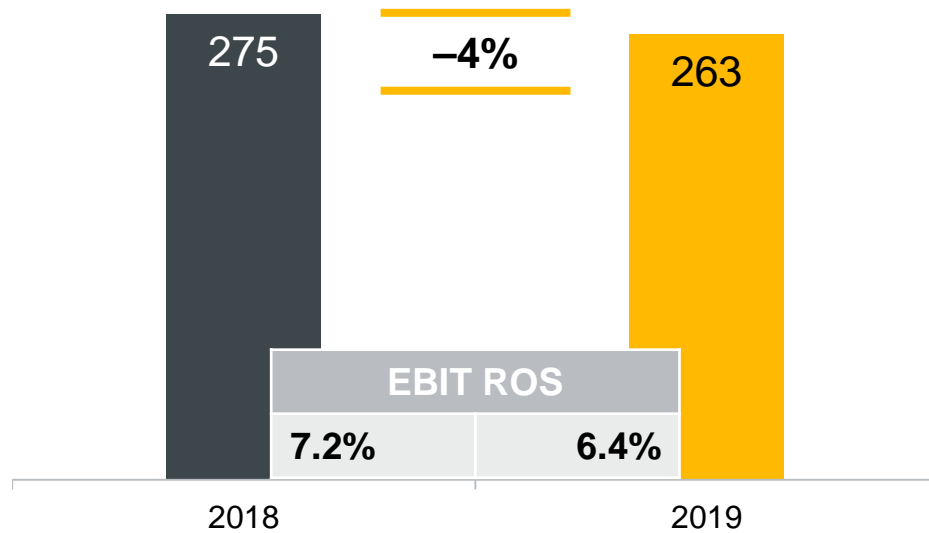
Revenue by region (%)



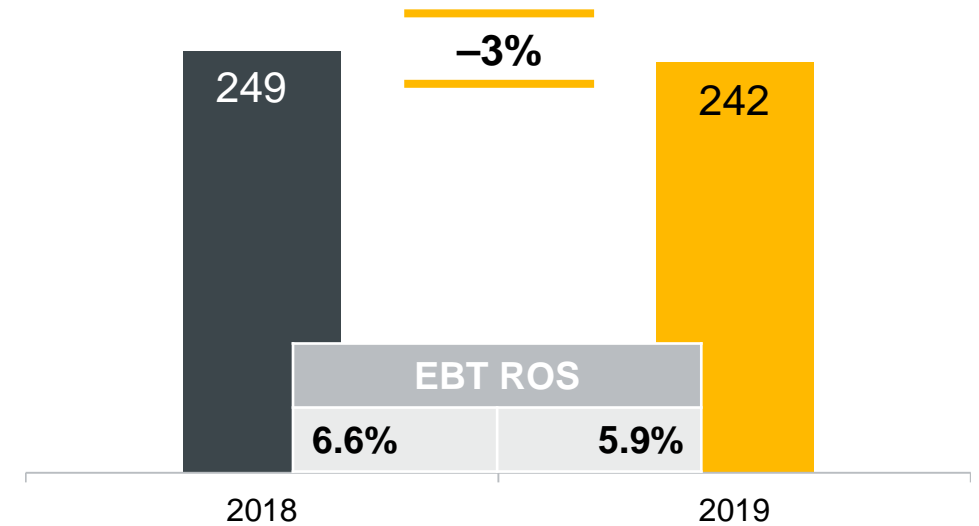
in € million	2019	2018	Change %
Germany	966	900	7.3
Western Europe	1,931	1,780	8.5
Eastern Europe	631	616	2.4
Other countries	545	500	9.0
Total	4,073	3,796	7.3

Solid result despite downturn on market

EBIT, in € million



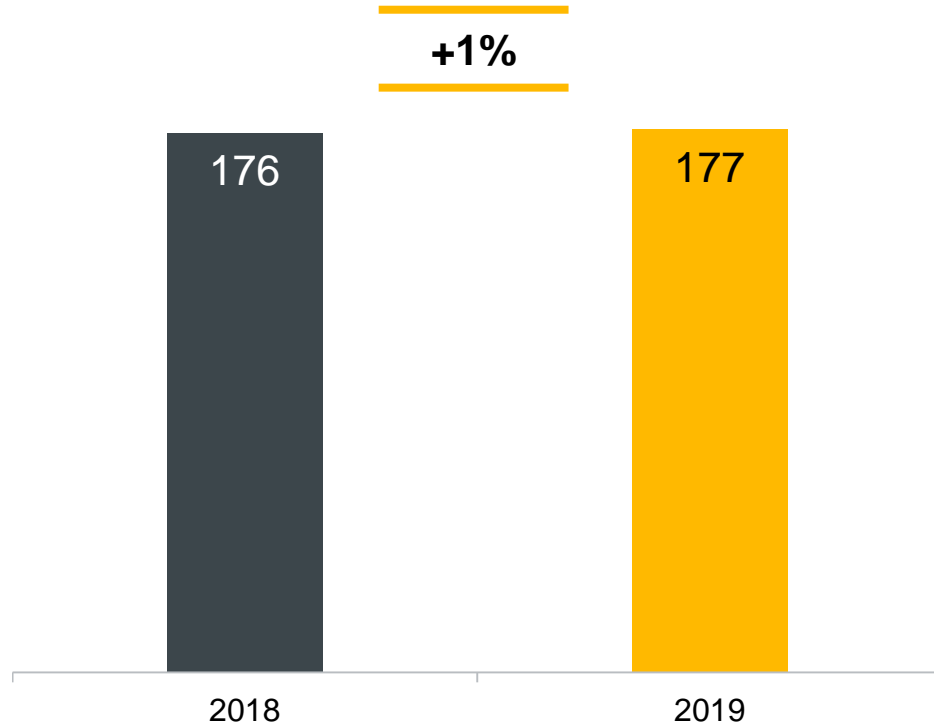
EBT, in € million



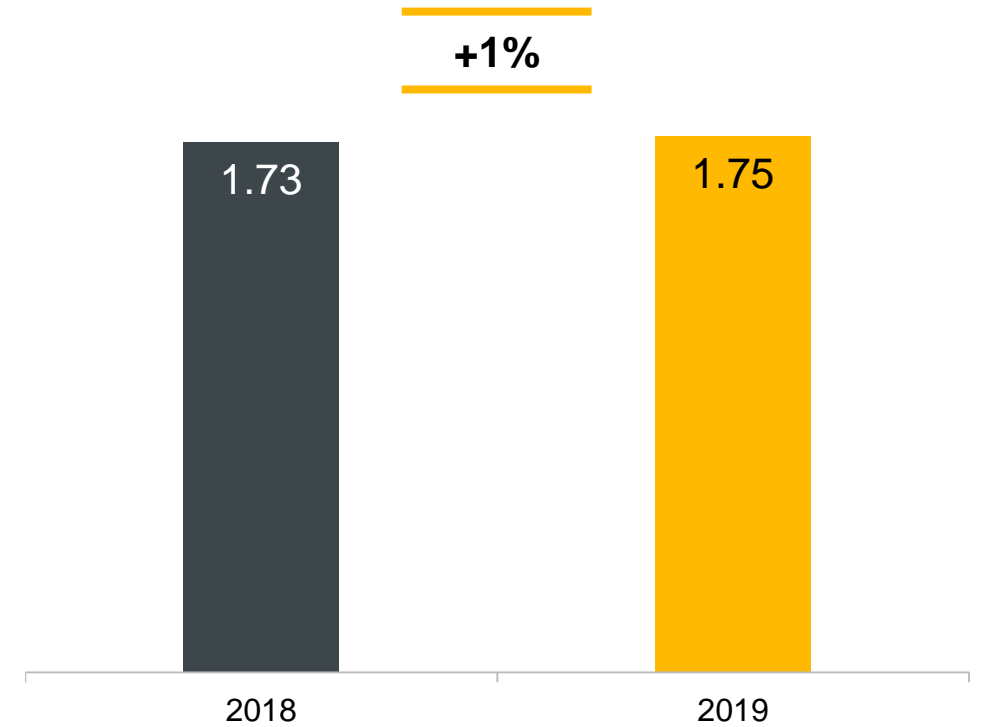
- ▶ Decline in earnings due to decrease in capacity utilisation
- ▶ Positive effect from the initial application of IFRS 16 “Leases”: €34 million
- ▶ One-off negative effect of €27 million withstood

Profit or loss remains stable

Profit or loss, in € million



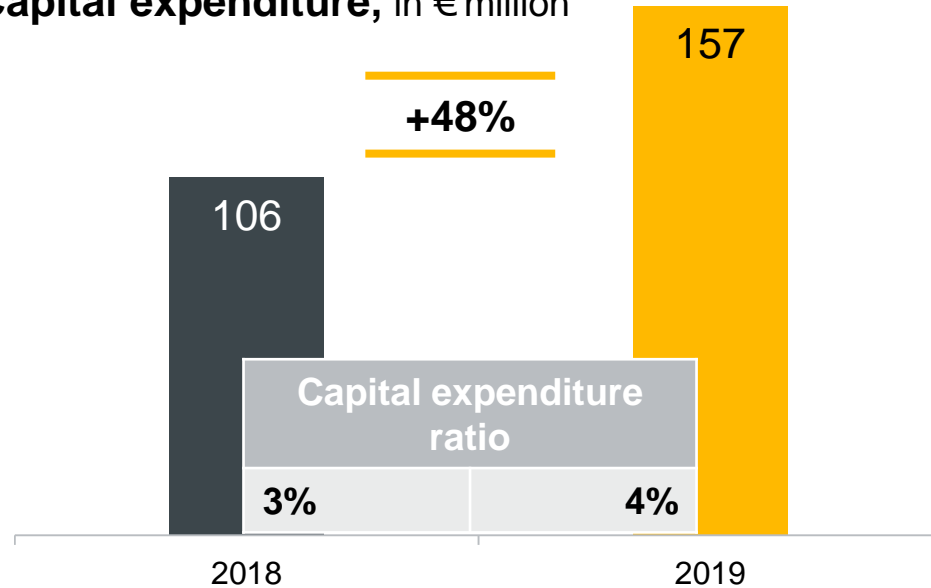
Earnings per preferred share¹⁾, in €



1) Based on share of earnings attributable to the shareholders of Jungheinrich AG

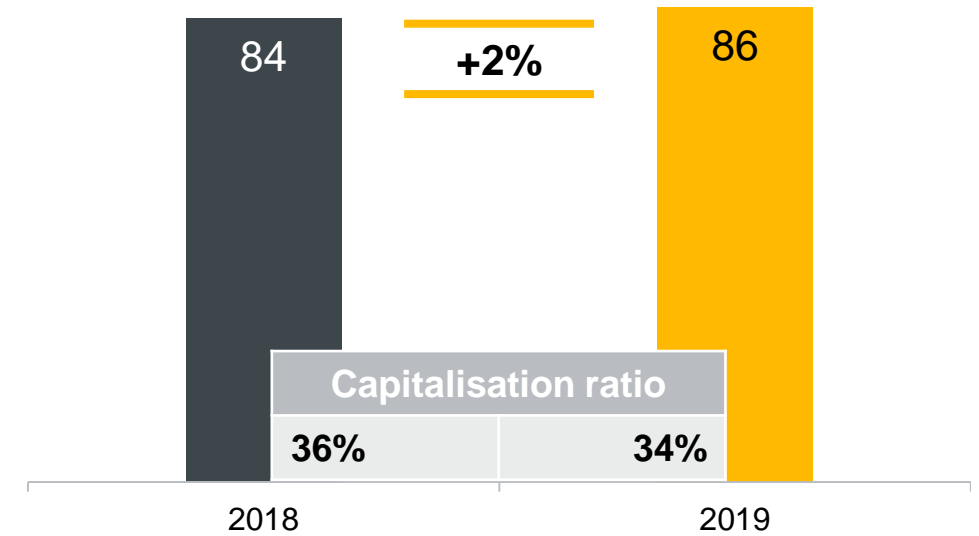
Marked increase in capital expenditure to €157 million, research & development expenditure on par with previous year

Capital expenditure, in € million*



- ▶ Plants producing lithium-ion batteries (Glauchau and Freiberg)
- ▶ Expansion of narrow-aisle truck plant (Degernpont)
- ▶ Expansion of head office (Hamburg)
- ▶ Expansion of stacker crane plant (Hungary)

Research & Development costs, in € million

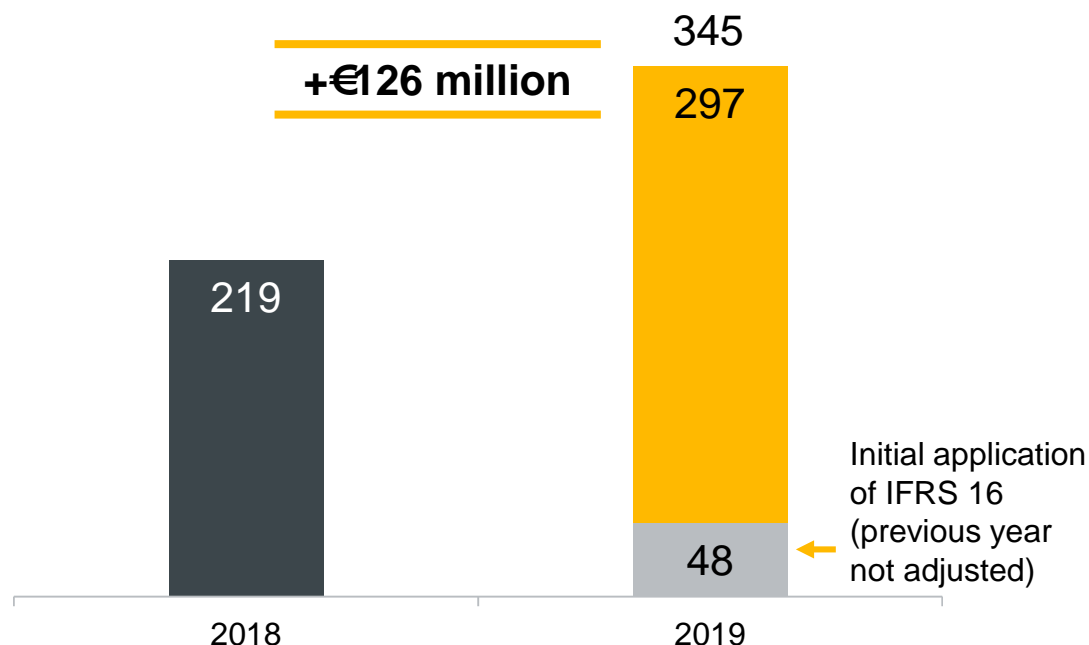


- ▶ Efficient energy storage systems
- ▶ Innovative trucks with integrated lithium-ion technology
- ▶ Digital products

*Property, plant and equipment and intangible assets excluding capitalised development expenses and right-of-use assets

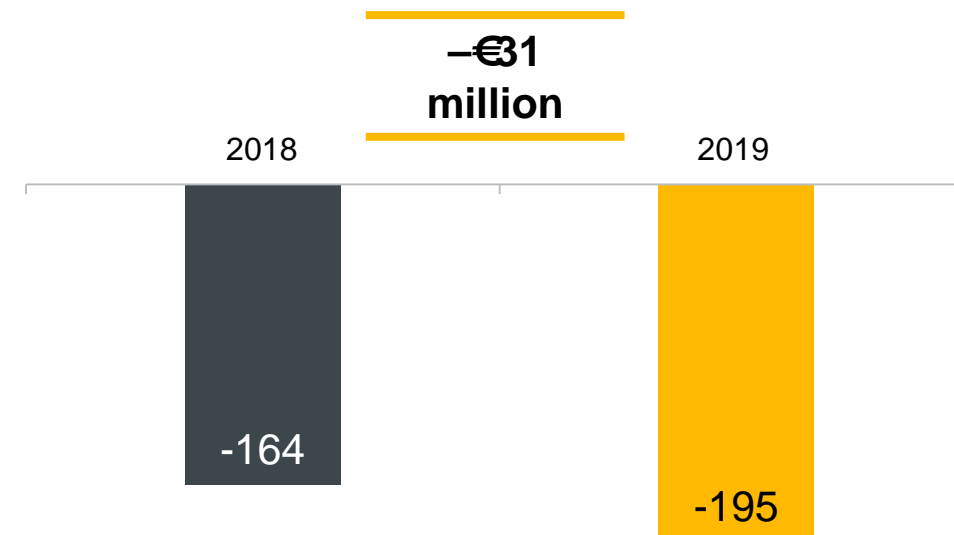
Clear increase in cash flow from operating activities

Cash flow from operating activities,
in € million



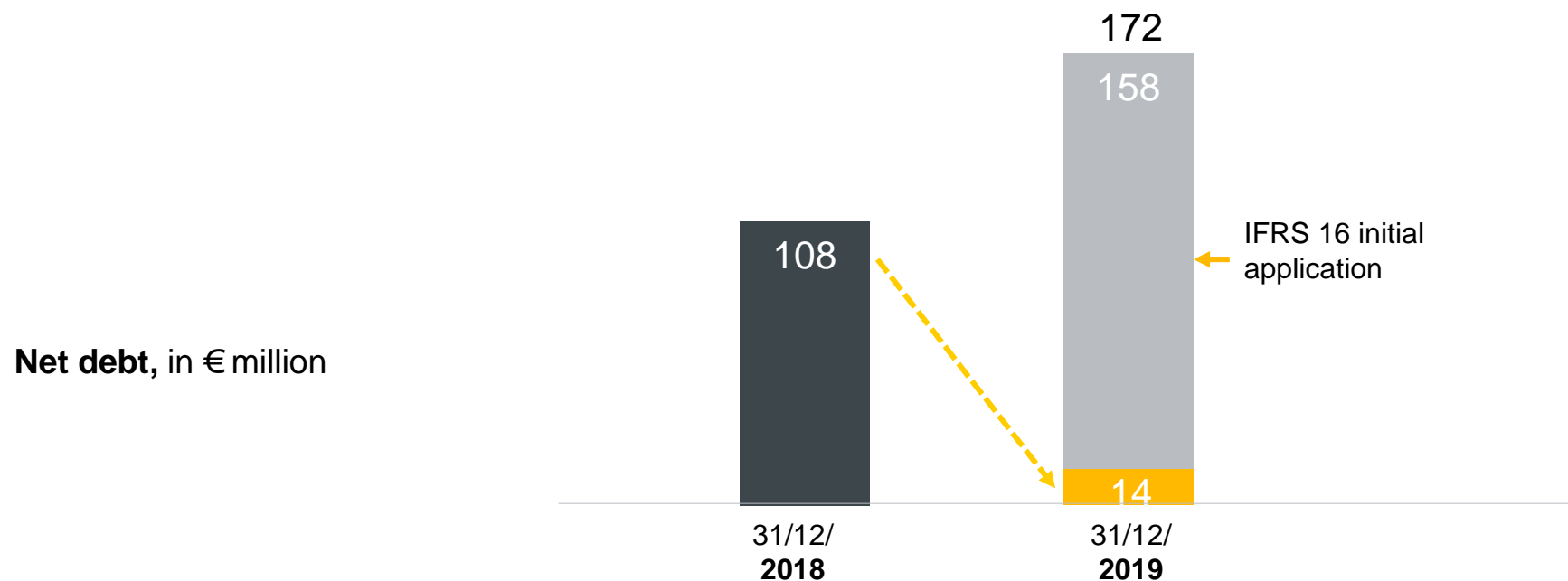
- Increase (comparable €78 million) virtually equal due to
- ▶ earnings plus depreciation and amortisation, and
 - ▶ working capital including less rental liabilities

Cash flow from investing activities,
in € million



- ▶ Increase in capital expenditure on construction projects responsible for changes

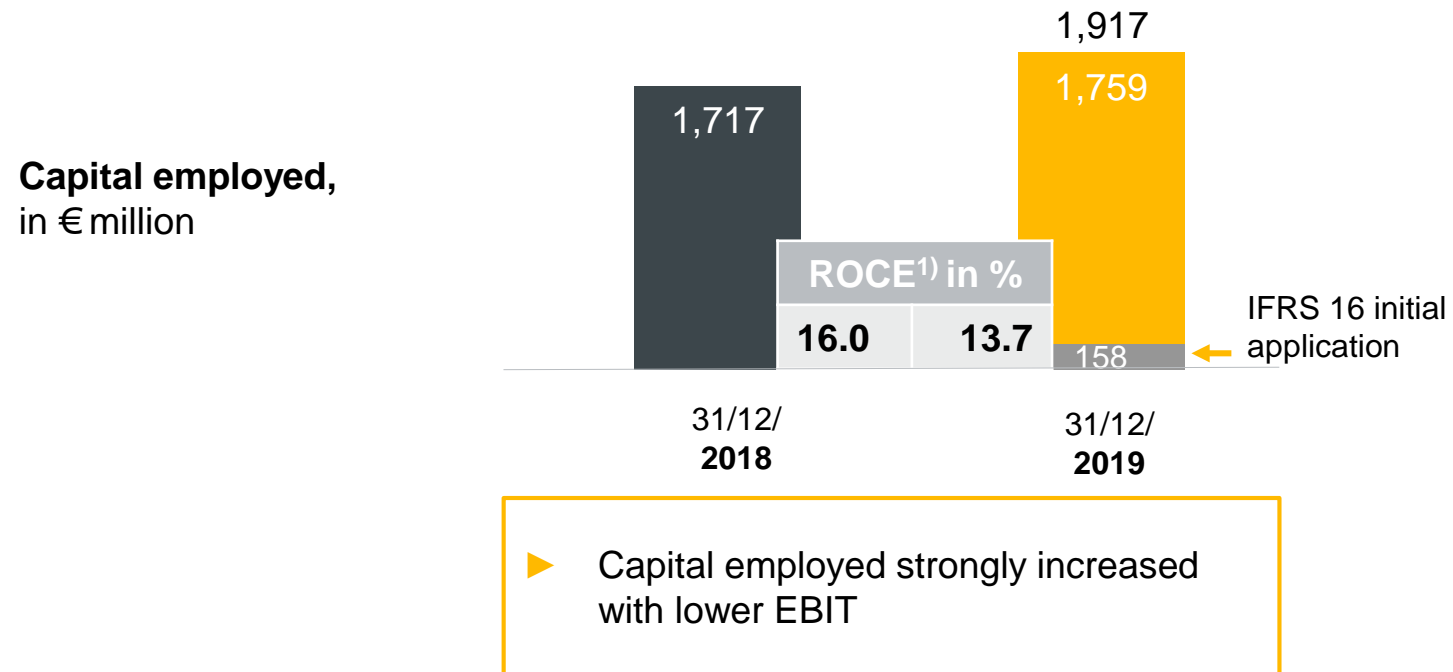
Net debt in comparison (excl. IFRS 16) down €94 million



Decrease in net debt due to

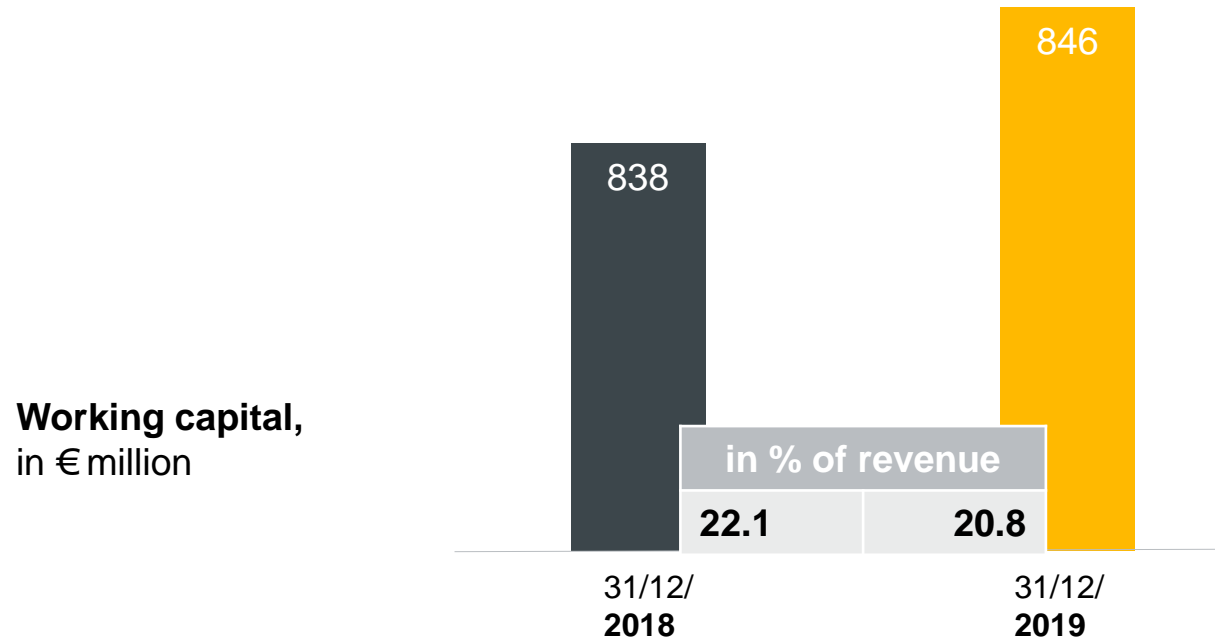
- ▶ cash inflow from business trends
- ▶ optimisation of working capital
- ▶ decrease in trucks in short-term rental fleet

ROCE impacted by IFRS 16



1) ROCE = EBIT / interest-bearing capital (as at the balance sheet date). Interest-bearing capital: shareholders' equity + financial liabilities + provisions for pensions and similar obligations + long-term personnel provisions – cash and cash equivalents and securities

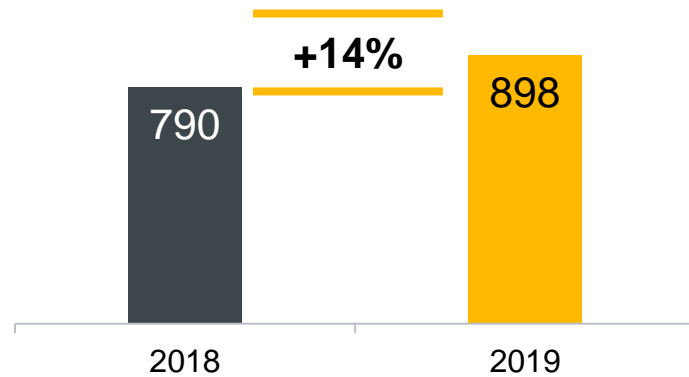
Working capital ratio reduced to less than 21% of revenue



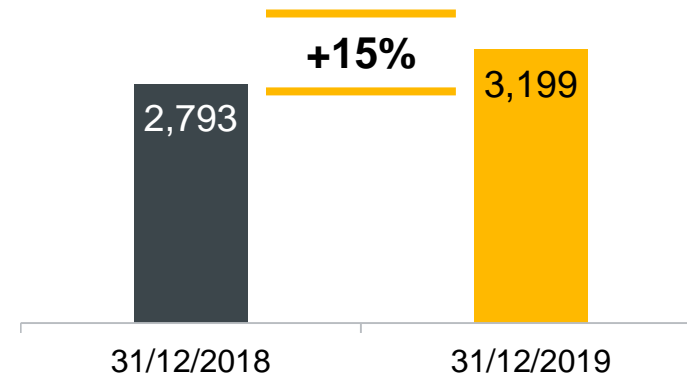
- ▶ Despite a 7% increase in revenue working capital remains virtually constant

“Financial Services” revenue exceeds €1 billion

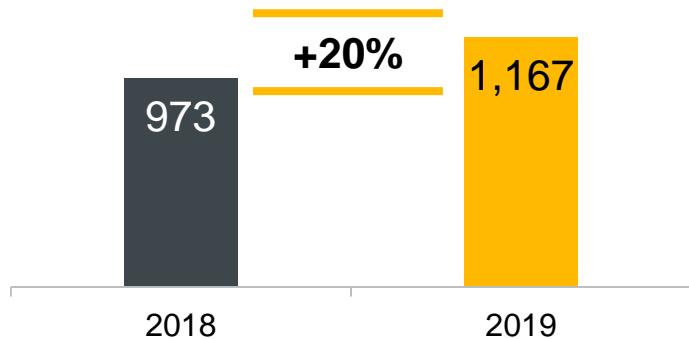
Original value of new contracts, in € million



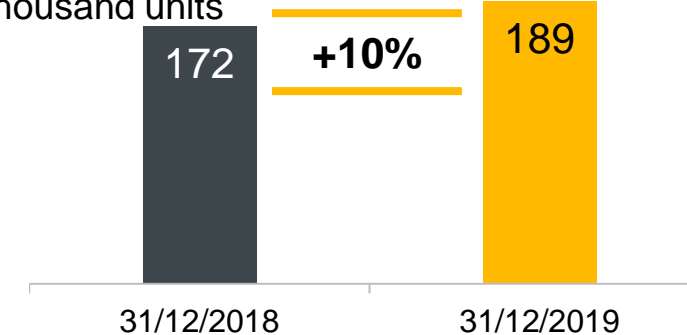
Original value of contracts on hand, in € million



“Financial Services” revenue, in € million

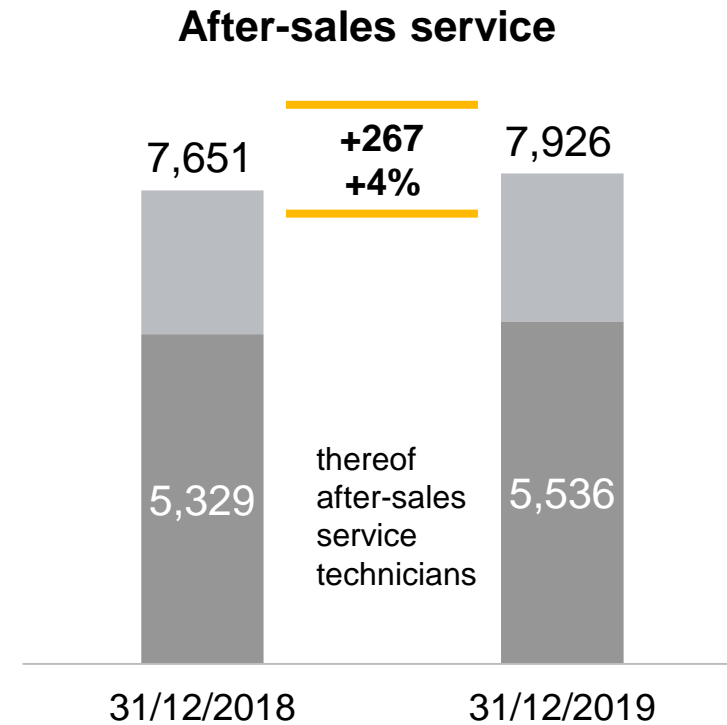
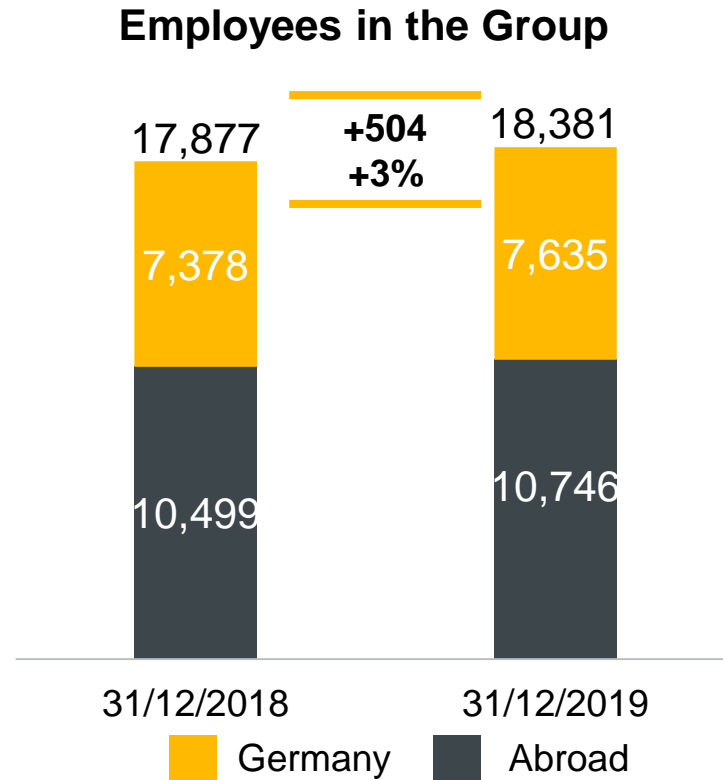


Trucks in contracts on hand, in thousand units



After-sales services expanded

in FTE*



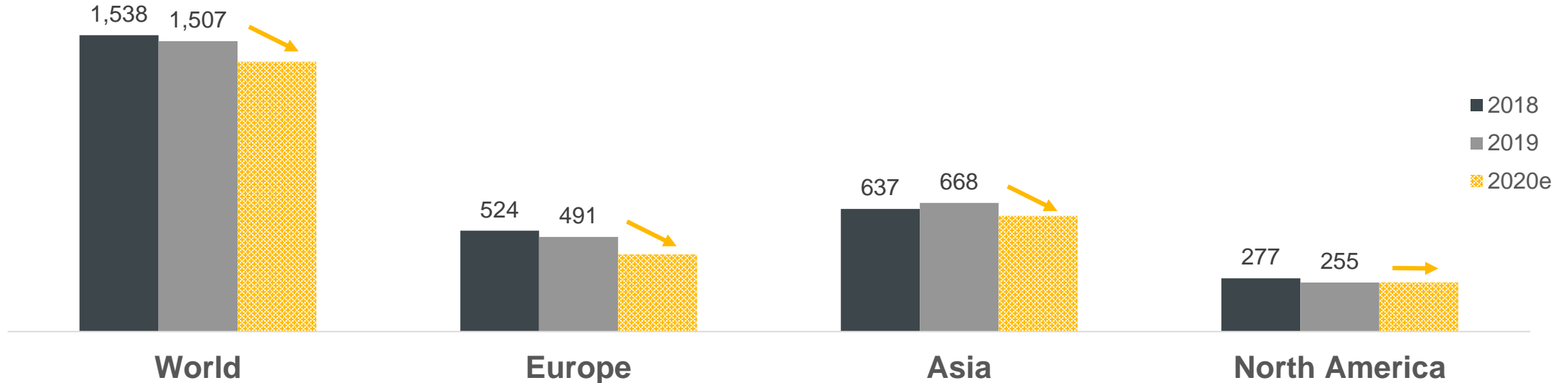
*FTE: full-time equivalents, including trainees and apprentices, excluding temporary workers

GDP forecast for 2020 not realisable

GDP in %	2019	2020 forecast
World	2.9	↑ 3.3
Eurozone	1.2	↑ 1.3
Germany	0.5	↑ 1.1
China	6.1	↘ 6.0
USA	2.3	↘ 2.0

Risks
<ul style="list-style-type: none"> ▶ USA-China trade conflict ▶ United Kingdom's exit from the European Union ▶ Increasing levels of debt in individual European countries (e.g. Italy) ▶ geopolitical tensions ▶ Spread of the coronavirus 

Outlook for 2020: Decline expected in global market for material handling equipment



- ▶ Significant decline of material handling equipment market globally, in Europe and in Asia
- ▶ At best, stable market volume in North America against previous year
- ▶ There could be additional negative consequences for individual countries' economies as a result of the coronavirus

Jungheinrich Group 2020 forecast¹⁾



2020

	2020 forecast
Incoming orders in € billion	3.50 to 3.80
Revenue in € billion	3.60 to 3.80
EBIT in € million	150 to 200
EBIT ROS in %	4.0 to 5.5
EBT in € million	125 to 175
EBT ROS in %	3.5 to 5.0

1) Potential impacts from consequences of the spread of the coronavirus are not taken into consideration in the above forecast values.

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Highly Dynamic and Volatile Markets

Global Trends

Growth drivers and trends

Digitalisation plays an essential role in relation to the transformation processes and competitiveness of all companies

Disruptive technologies offer new opportunities e.g. intelligent interconnectivity and automation

An increasing **sustainability awareness** drives topics such as electrification and leads to stricter regulations

Urbanisation and e-commerce are driving **micro-fulfilment growth**

Increase in **trade conflicts and protectionism**

Growth indicators

> 50%
2030

share of electric mobility in the global market

> 70%
2025

demand for lithium-ion in electric mobility

> 50%

CAGR 2019–2023
Micro-fulfilment growth

> 90%

of all global data (in 2018) have not yet existed two years ago

Sources: BCG Forecast (2017/2020) Electrification, Fraunhofer ISI (2015) Product Roadmap Lithium-ion Batteries 2030, Interact Analysis (2019), McKinsey Report (2018) Disruptive Forces in the industrial sectors

Electric Power as Tradition and Future

The Future Is Yellow

JUNGHEINRICH MISSION

BORN ELECTRIC

Highest customer focus
("easy to deal with")

MOVING THE FUTURE

High margin orientation ensures
independence

CREATING SUSTAINABLE VALUE

We master the digital transformation most
successfully in our competitive environment

Our actions and portfolio
are characterised by sustainability

Jungheinrich's Top Strategic Guiding Principles

Clear Direction for the Future

Jungheinrich generates, with all internal and external business activities, an added value for the end customer

Jungheinrich radically and sustainably reduces waste along the entire process chain (end-to-end)

Jungheinrich invests in future technologies as an innovation leader

Jungheinrich manifests its position as the industry leader for sustainable solutions

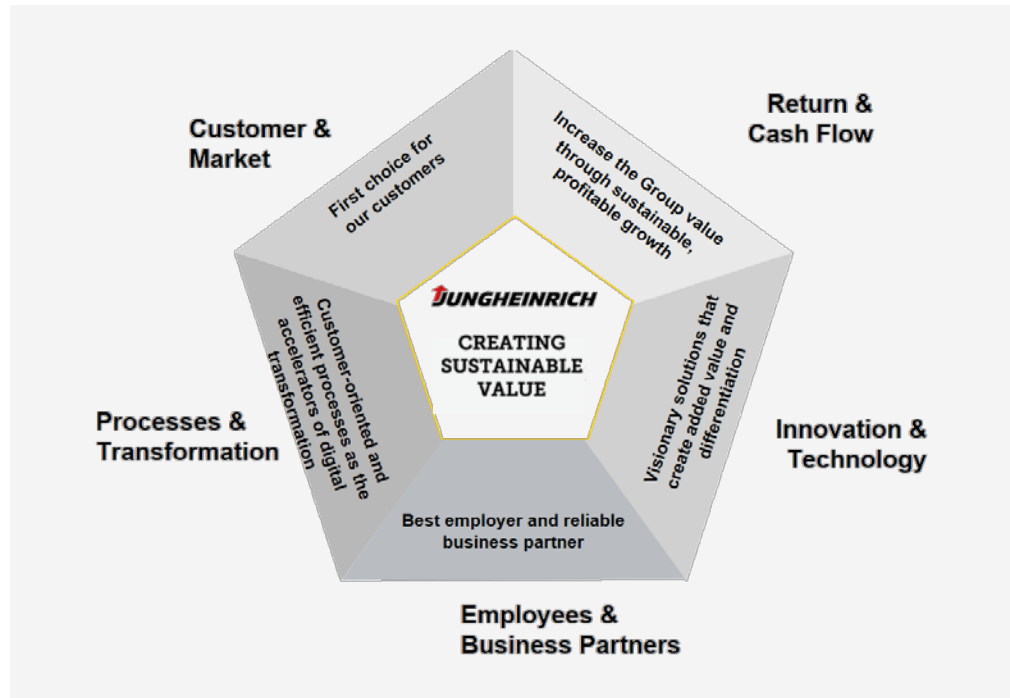
Jungheinrich develops new business models based on existing strengths and/or customer requirements

Jungheinrich places increased emphasis on strategic partnerships and acquisitions as success factors

Jungheinrich Creates Sustainable Value for all Stakeholders

Strategic Outlook

The New Target System



Stakeholders

Customers

Employees

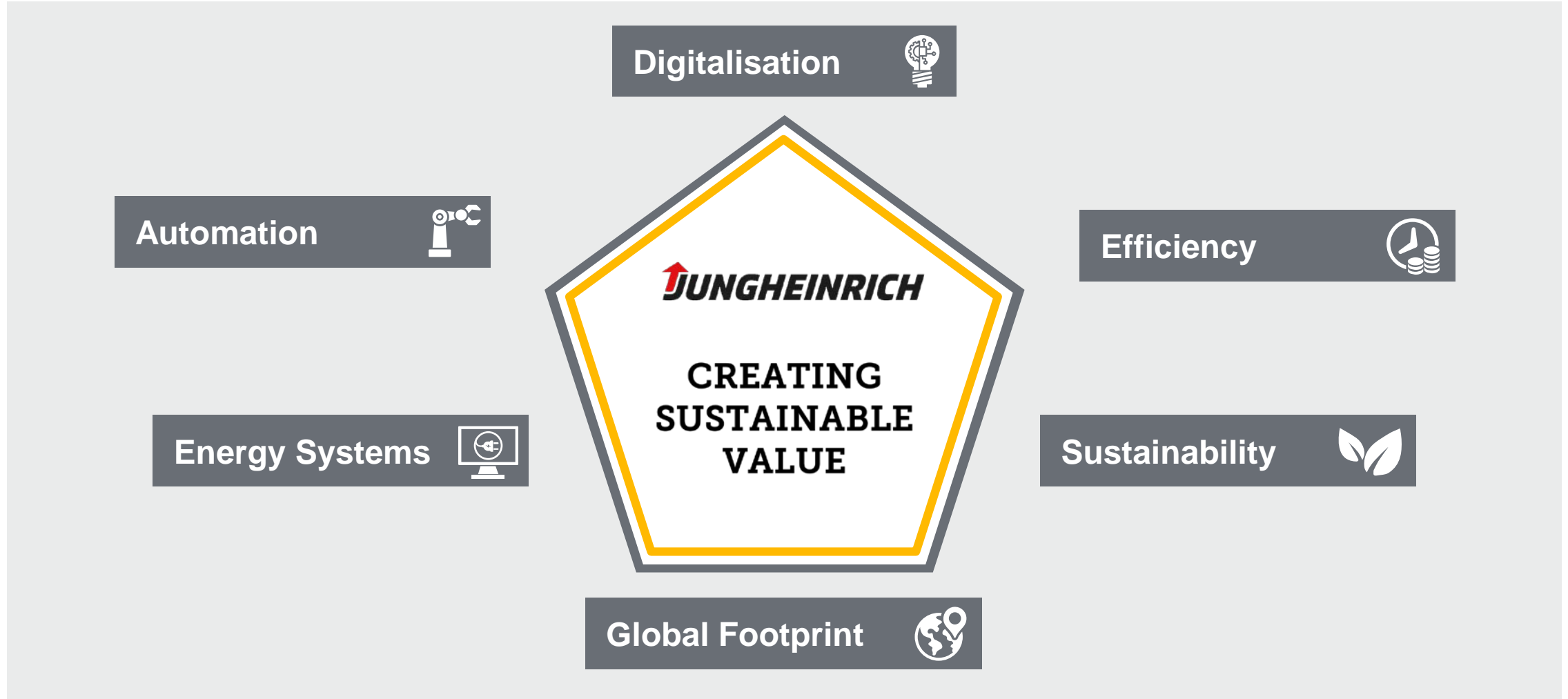
Shareholders

Business Partners

Society

Jungheinrich Focusses on Topics in Line with Global Trends

Group Priorities



Multiple Areas of Action within Group Priorities



Digitalization

- Digital products
- Digital business models
- e-Commerce
- IT Factory



Automation

- Automated Guided Vehicles (AGV)
- Automated Warehouses (AS/RS)



Energy Systems

- Lithium-Ion technology
- Energy Solutions for material handling equipment
- Electrification of industrial machines



Sustainability

- Environment & Energy
- Transparency & Responsibility in the supply chain
- Economic responsibility
- Secure & Good jobs
- Environmentally friendly & safe products



Efficiency

- Efficiency program (4JU)
- Network excellence technology (N-Ex-T)
- Digital end-to-end processes (DEEP)



Global Footprint

- Europe
- China
- North America

Disclaimer

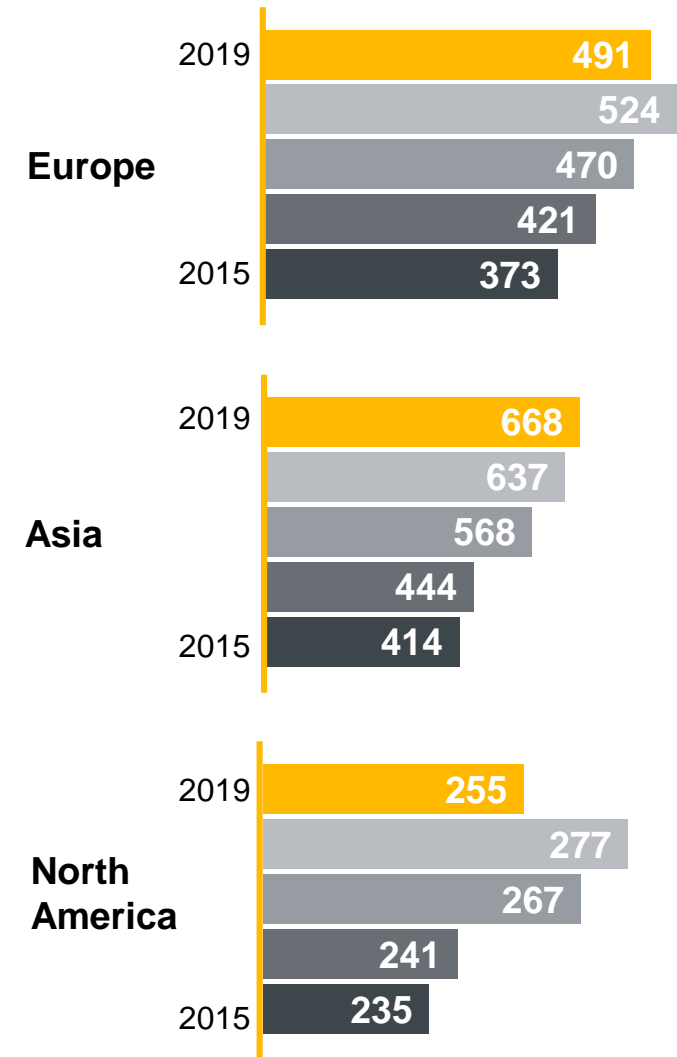
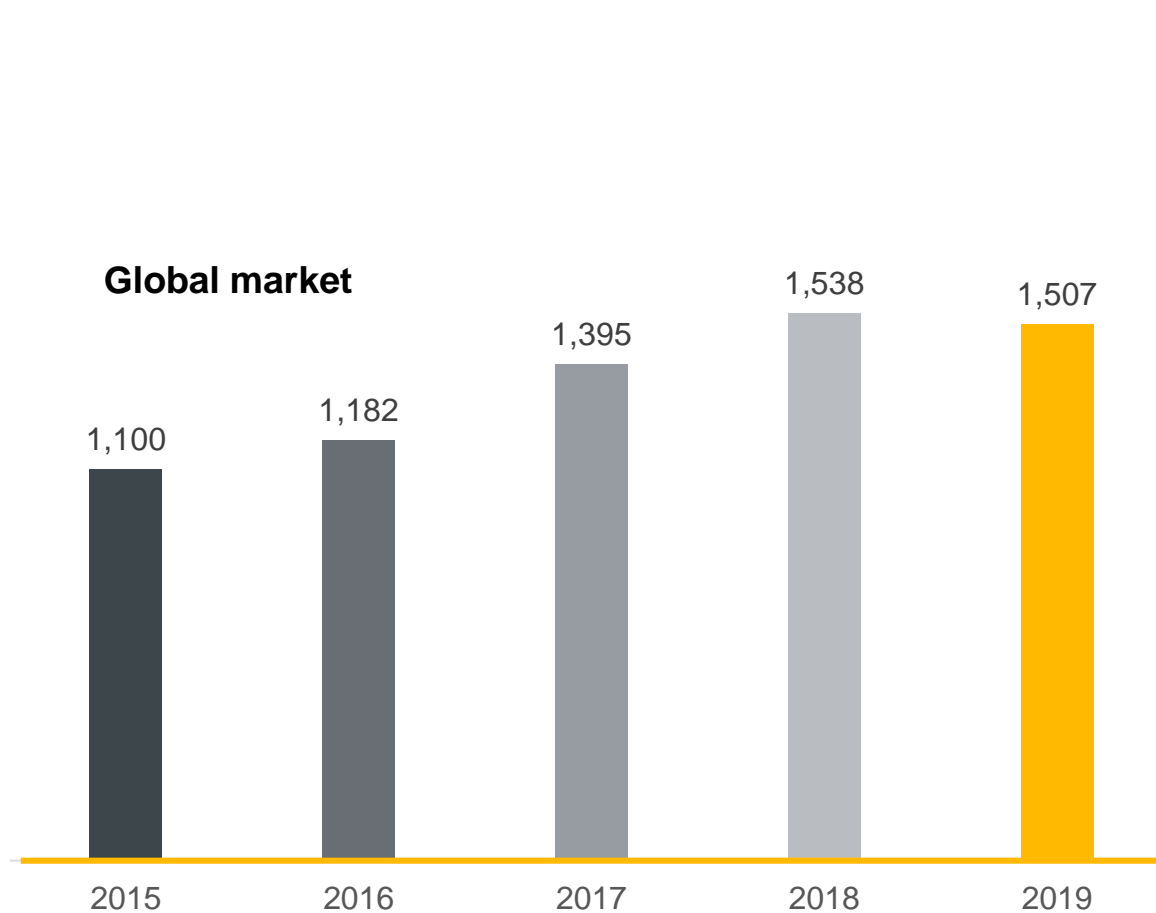
Unforeseeable developments may cause the actual business trend to differ from expectations, assumptions and estimates of the management of Jungheinrich that are reproduced in this presentation. Factors that may lead to such deviations include changes in the economic environment within the material handling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

 ***JUNGHEINRICH***



NOTES

Market volume for material handling equipment 2015 to 2019 in thousand units



Jungheinrich key data (I)

in €million	2015	2016	2017	2018	2019
Incoming orders	2,817	3,220	3,560	3,971	3,922
Group revenue	2,754	3,085	3,435	3,796	4,073
thereof Germany	701	753	851	900	966
thereof abroad	2,053	2,332	2,584	2,896	3,107
EBIT	213	235	259	275	263
EBIT ROS	7.7%	7.6%	7.5%	7.2%	6.4%
Capital employed ¹	1,187	1,318	1,497	1,717	1,917
ROCE ²	17.9%	17.8%	17.3%	16.0	13.7*
R&D expenditure	55	62	77	84	86
Capital expenditure ³⁾	87	59	88	106	157

*Calculated due to accounting changes from 01/01/2019 (IFRS 16 “Leases”) (prior-year figures not adjusted)

1) Shareholders' equity + Financial liabilities – Cash and cash equivalents and securities + Provisions for pensions and long-term personnel obligations

2) EBIT / Employed interest-bearing capital x 100

3) Property, plant and equipment, and intangible assets excluding capitalised development expenses and right-of-use assets

Jungheinrich key data (II)

in €million	2015	2016	2017	2018	2019
Equity ratio (Intralogistics)	48%	48%	48%	46%	46%
Equity ratio (Group)	31%	31%	30%	29%	28%
Net debt ¹⁾	–75	–56	7	108	172*
Tax ratio	31%	28%	25%	29%	27%
Profit or loss	138	154	182	176	177
Employees (FTE ³⁾)	13,962	15,010	16,248	17,877	18,381
thereof Germany	6,078	6,511	6,962	7,378	7,635
thereof abroad	7,884	8,499	9,286	10,499	10,746
Dividend per preferred share	€0.40 ²⁾	€0.44	€0.50	€0.50	€0.48 (proposal)

*

*Calculated due to accounting changes from 01/01/2019 (IFRS 16 “Leases”) (prior-year figures not adjusted)

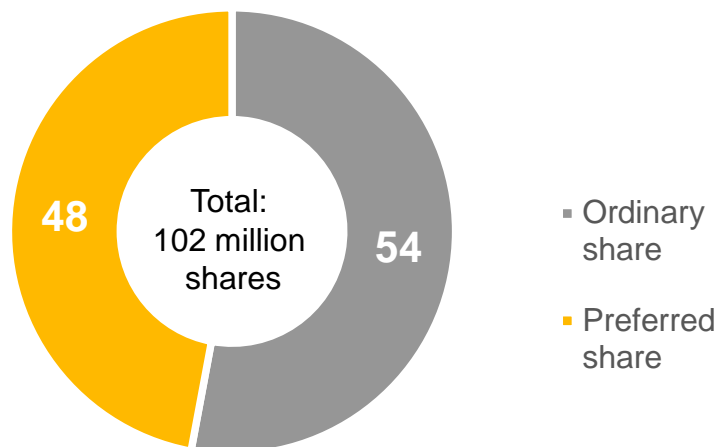
1) Net debt = Financial liabilities – cash and cash equivalents and securities

2) Figures adjusted retroactively due to the 1:3 stock split implemented on 22 June 2016

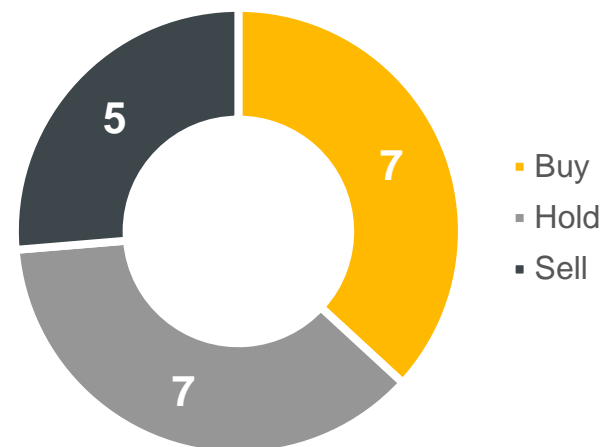
3) in full-time equivalents

Jungheinrich share: Broad coverage

Share structure



Analyst coverage as at 31/12/2019

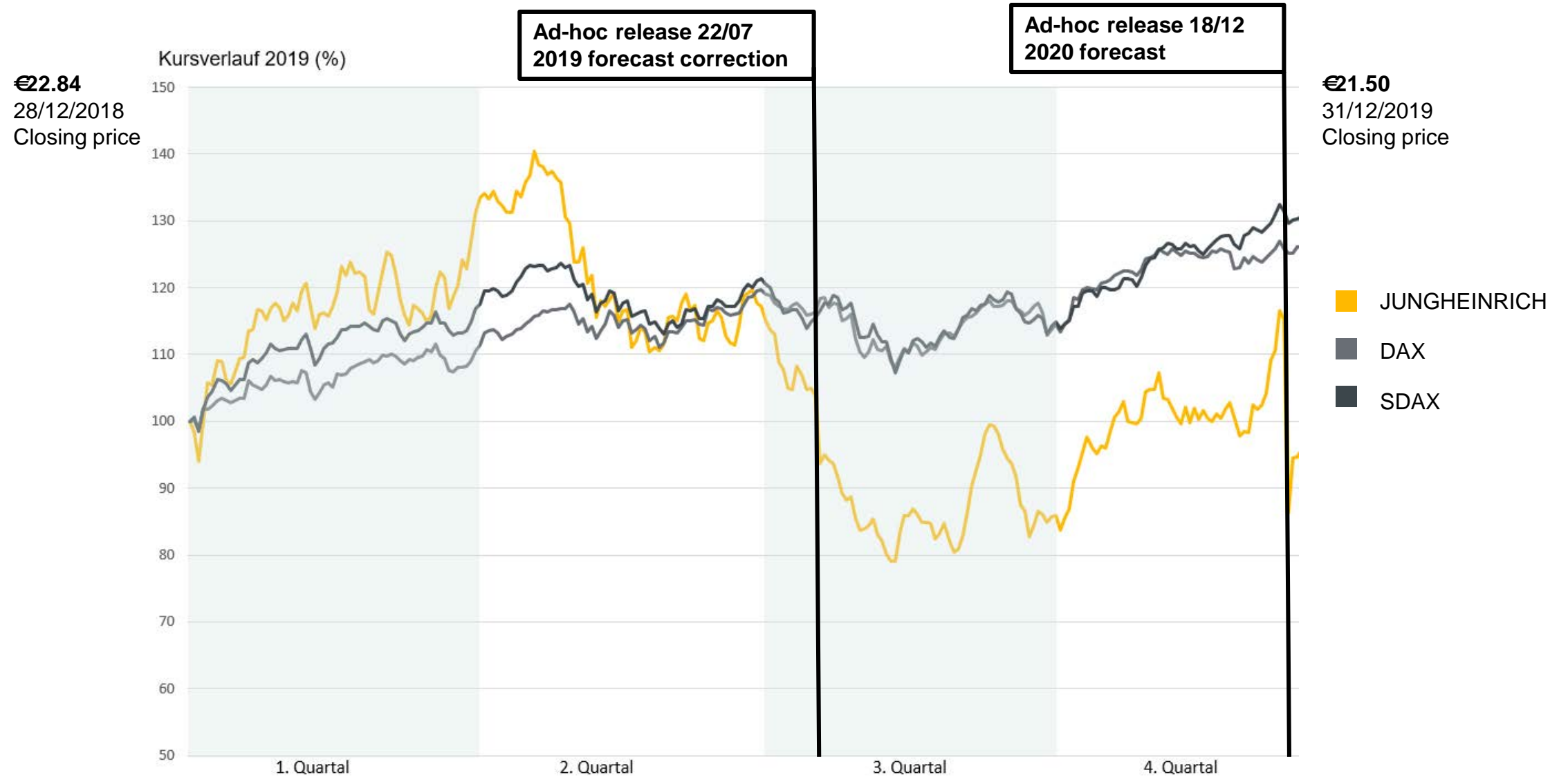


- ▶ 19 analysts cover the Jungheinrich share
- ▶ Average target price: €23.00

Key figures for the share	2015*	2016	2017	2018	2019
Earnings per preferred share	€1.36	€1.52	€1.80	€1.73	€1.75
Dividend per preferred share	€0.40	€0.44	€0.50	€0.50	€0.48
Dividend payout	€39 million	€44 million	€50 million	€50 million	€48 million
Distribution ratio	28%	29%	28%	28%	27%

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

Development of Jungheinrich preferred share 2019



Financial calendar

Date	Event
18/03/2020	Balance sheet press conference
18/03/2020	Phone conference FY2019
08/05/2020	Interim statement as of 31/03/2020
11/08/2020	Interim report as of 30/06/2020
10/11/2020	Interim statement as of 30/09/2020
to be announced	2020 Annual General Meeting
	Dividend payment

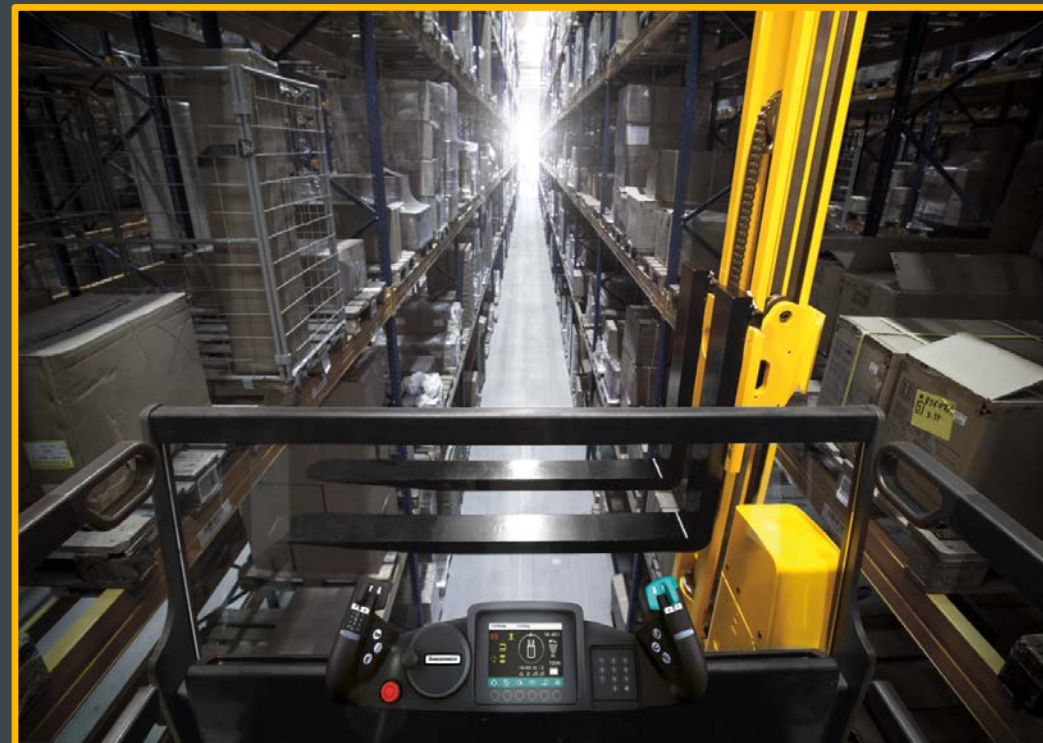
General information

Subscribed capital: €102 million subdivided into
54,000,000 no-par-value ordinary shares
48,000,000 no-par-value preferred shares (listed)

Securities identification numbers (preferred shares):
ISIN: DE0006219934
WKN: 621 993

Stock exchanges: Frankfurt and Hamburg
and all other German stock exchanges

Segment:	Prime Standard	Ticker:
Sector:	Industry	Reuters JUNG_p.de
Stock index:	SDAX	Bloomberg JUN3 GR



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