

The 2017 financial year at Jungheinrich: double-digit growth – forecast met

- **Net sales: +11 per cent, value of incoming orders: +11 per cent and units: +13 per cent**
- **Net income: +18 per cent**
- **Dividend: +14 per cent**
- **Strong demand in the core market of Europe and logistics systems business**
- **Net sales forecast for 2018: €3.6 - 3.7 billion**

Jungheinrich is pressing ahead on its growth path and has closed the 2017 financial year with a considerable increase in all key indicators. In particular, this positive trend is driven by new truck business in the core market of Europe and strong growth in the logistics systems business.

Hans-Georg Frey, Chairman of the Board of Management of Jungheinrich AG:

“Jungheinrich has once again delivered, meeting its forecast. Together with our 16,000 employees, we are continuing our strong growth and hitting new heights. As a result, key milestones have once again been achieved on the road to our target of €4 billion in net annual sales for 2020.

Our strategic position – especially in respect of the megatrends of electric mobility, automation, digitalisation and interconnectivity – gives us a major edge. Thanks to our energy expertise, which is unparalleled in the industry, we managed to win the largest truck contract in the company’s history in 2017 – more than 1,000 trucks, all fitted with lithium-ion technology. More and more customers are entrusting us with the automation of their warehouses in order to meet their intralogistics challenges in the field of e-commerce. As a result, Jungheinrich is successfully positioning itself as an innovative provider of tailor-made warehousing solutions.

Jungheinrich is a different company compared to five years ago – since 2013, we have increased net sales by 50 per cent, almost solely by organic means. We are now represented in 39 countries with our own direct sales operations. We will continue to pursue this course.

Based on the anticipated positive market trend in 2018, we expect incoming orders of between €3.75 billion and €3.85 billion and net sales of between €3.6 billion and €3.7 billion. We believe that EBIT will be between €270 million and €280 million.”

Our 2017 Annual Report along with further information can be found at www.jungheinrich.com

2017: The Jungheinrich Group at a Glance

	FY 2017	FY 2016	Change (%)
Incoming orders (million €)	3,560	3,220	10.6
Incoming orders (units)	123,500	109,200	13.1
Production (units)	120,100	106,300	13.0
Net sales (million €)	3,435	3,085	11.3
EBIT (million €)	259	235	10.2
EBIT ROS (%)	7.5	7.6	---
EBT (million €)	243	216	12.5
EBT ROS (%)	7.1	7.0	---
Net income (million €)	182	154	18.2
Number of employees (FTE, 12/31)	16,248	15,010	8.2

Market

In 2017, the global market for material handling equipment recorded very strong year-on-year growth of 18 per cent, or 213 thousand units. Half of this was due to the extremely high demand from the Chinese market, which soared by 39 per cent. Of particular importance here was the steep rise in the number of orders for IC engine-powered counterbalanced trucks. Excluding China, the global market grew by 12 per cent. And just over 50 per cent of the 11 per cent rise in market volume in North America was also due to higher demand for IC engine-powered forklift trucks. Demand in Europe, Jungheinrich’s core market, rose by 12 per cent, with Western Europe up by 10 per cent and Eastern Europe up by 20 per cent.

Incoming orders and orders on hand

Incoming orders in the new truck business, based on units, which includes orders for both new forklifts and trucks for short-term rental, totalled 123 thousand units, 13 per cent above the previous year (109 thousand units). This was the result of the sharp rise in demand, particularly in Europe. At €3,560 million, the value of incoming orders, which covers the new truck business, short-term rental, used equipment and after-sales services business fields, exceeded the previous year’s figure (€3,220 million) by 11 per cent, or €340 million. Around a quarter of this was due to the increase in demand for logistics systems solutions. Orders on hand in the new truck business amounted to €692 million as of 31 December 2017 (previous year: €610 million). These orders account for four months of production.

Production

The production volume follows developments in incoming orders, with a delay. At 120 thousand units, the production volume in the reporting year exceeded the previous year's figure of 106 thousand units by 13 per cent. The increase in the production volume was due to the increase in warehousing equipment units. With a share of 80 per cent of the total product volume, they constitute the company's largest product segment.

Net Sales

Consolidated net sales reached €3,435 million, an increase of 11 per cent or €350 million compared to the previous year (€3,085 million). Europe accounted for 88 per cent (previous year: 87 per cent) of net sales. This growth was the result of increases in Germany, France, Russia and Italy. International sales increased by 11 per cent to €2,584 million (previous year: €2,332 million); the foreign ratio was therefore 75 per cent (previous year: 76 per cent). Net sales generated outside of Europe amounted to €415 million (previous year: €403 million). This represents 12 per cent of consolidated net sales (previous year: 13 per cent).

Earnings

EBIT increased by €24 million, or 10 per cent, to €259 million (previous year: €235 million). At 7.5 per cent, EBIT return on sales did not quite reach the level recorded in the previous year (7.6 per cent). At €243 million, EBT was up 13 per cent against the previous year (€216 million). EBT return on sales came to 7.1 per cent (previous year: 7.0 per cent). Net income increased by €28 million, or 18 per cent, to €182 million (previous year: €154 million) and a corresponding increase was recorded in the earnings per preferred share, which rose to €1.80 (previous year: €1.52).

Dividend

Due to the positive earnings performance, the Jungheinrich AG Board of Management proposes a 14 per cent higher dividend payout of €0.48 per ordinary share (previous year: €0.42) and €0.50 per preferred share (previous year: €0.44). This proposal would result in a total dividend payout of €50 million (previous year: €44 million) and a payout ratio of 28 per cent (previous year: 29 per cent). Jungheinrich follows a policy of consistent dividend payouts. The target is to pay out between 25 and 30 per cent of the net income to shareholders.

Research and development

Research and development (R&D) expenditure – including the commission of third-party services – has risen again against the previous year at €77 million (previous year: €62 million). This equates to 5.3 per cent (previous year: 4.9 per cent) of the net sales generated by new trucks relevant to R&D.

Employees

In the year under review, Jungheinrich once again increased its personnel capacities, with the primary focus on European sales. As of 31 December 2017, the Group had 16,248 employees (previous year: 15,010). This equates to an increase of 8 per cent, or 1,238 employees. The largest number of new employees in Europe joined the sales companies in Germany, Poland, Italy, the UK and France. Outside of Europe, the Brazilian sales team saw a particular rise in personnel. As of 31 December 2017 Jungheinrich had a labour force of

3,192 people in the Hamburg metropolitan region, thereof 1,184 people in Hamburg.

Assessment of the market and forecast for 2017

In light of the positive economic indicators on a global scale, we anticipate that growth in the global market for material handling equipment in 2018 will be in the mid-to-high single-digit percent range. We believe higher growth levels are also a possibility in certain markets. For our core market Europe, we also anticipate growth in the mid-to high single-digit percent range.

Taking into account the economic and sector forecast above, Jungheinrich anticipates incoming orders worth between €3.75 billion and €3.85 billion in 2018 (previous year: €3.56 billion). We are also aiming for a slight increase in market share in Europe (2017: 21.5 per cent). Consolidated net sales are expected to fall between €3.6 billion and €3.7 billion (2017: €3.44 billion).

About Jungheinrich

Founded in 1953, Jungheinrich ranks among the world's leading providers of intralogistics solutions. With a comprehensive portfolio of material handling equipment, logistics systems and services, Jungheinrich is able to offer customers customised solutions for the greatest challenges posed by Industry 4.0. The Hamburg-based Group is represented worldwide in 39 countries with its own direct sales companies and in more than 80 other countries through partner companies. Jungheinrich employs more than 16,000 people worldwide and generated consolidated net sales of €3.4 billion in 2017. The Jungheinrich share is listed on the MDAX.