Annual Report 2018






LIEBHERR

Annual Report 2018

Introductory Remarks by the Family Shareholders

The 2018 Business Year

Dear readers,

2018 was a very successful year for the Liebherr Group. For the first time in our company's history, we achieved revenues of over € 10 billion, a milestone for our family-run business. Most divisions – especially Earthmoving, Mobile Cranes and Mining – experienced very strong growth. We were very pleased with last year's robust order book which has continued to grow since the start of this year. Our company is charting a very steady course.

We want to sincerely thank our customers and business partners for the confidence they have placed in our company over the past year. We are proud to have reliably served all our partners, many of whom we have worked alongside for many years. This year, we will continue to work hard to drive forward new technologies to benefit our partners.

We would not be in the strong position we are in today without the tireless commitment, enthusiasm and creativity of our 46,000-plus employees across the globe. We want to take this opportunity to express our sincere gratitude for all their hard work.

One strong driver for growth is to tap into the synergies that exist within our various divisions and industries. This led us in 2018 to establish a centralised programme for coordinating research and development projects and continuing to promote strong innovation within the Group.

The numerous development projects our teams are currently working on prove that innovation is very high on our agenda. We are collaborating with prestigious partners to develop solutions for the networked and automated construction site of tomorrow. We are also

The family shareholders active in the Group (from left to right): Jan Liebherr, Stéfanie Wohlfarth, Sophie Albrecht, Philipp Liebherr, Patricia Ruef, Johanna Platt, Isolde Liebherr, Willi Liebherr

working to promote e-mobility by developing our electric turbo compressor for fuel-cell-powered vehicles. In our aerospace division, we achieved our first success in our research into additive manufacturing processes by delivering our first mass-produced 3D-printed component.

We can only meet the high standards we set for quality and innovation by thinking ahead and continually investing. In Kirchdorf an der Iller (Germany), we founded a new development and exhibition centre. This facility is the only one of its kind in Europe and will be used to test innovative prototypes of new construction machines and material-handling machinery on a 1.2-km track. We have also invested in new production lines for large engines in Bulle (Switzerland) and we are tapping into new growth opportunities in Colmar, France. At the port of Rostock in Germany, Liebherr has started to install the most powerful land-based heavy-duty crane in the world. The TCC 78000 will be used to load Liebherr cranes and will also be available for other companies at the port of Rostock to use for heavy-lifting operations.

We can look forward to the forthcoming financial year with a great deal of confidence. According to the latest projections, the upswing in the global economy is expected to continue. We kicked off the year with a healthy order book, and we are planning to launch numerous new products and solutions onto the market. In light of all these factors we expect to see further revenue growth, and our workforce is very likely to continue growing.

We anticipate that 2019 will be another successful year. We hope that you will find our annual report an interesting and inspiring read.

Dr. h.c. Dipl.-Kfm. Isolde Liebherr   Dr. h.c. Dipl.-Ing. (ETH) Willi Liebherr

Presiding Committee of the administrative board of Liebherr-International AG

Brief Portrait of the Group

Brief Portrait

The Liebherr Group

Hans Liebherr established the company that bears his name in 1949. Since then it has grown into a Group of more than 130 companies on all continents, employing 46,169 people at the latest count.

Today, Liebherr is not only among the world's largest manufacturers of construction machinery, but is an acknowledged supplier of technically advanced, useroriented products and services in many other fields of activity as well. The Group's holding company, Liebherr International AG, which is based in Bulle, Switzerland, is wholly owned by members of the Liebherr family. The Liebherr Group's corporate culture has been determined from its earliest days by its family ownership. For 70 years, Liebherr has demonstrated what this means in terms of stability and trustworthiness, and has striven for a close long-term relationship with its customers and business associates.

Liebherr shapes technological progress and aims to retain its position at the leading edge of future technology. All its activities have top quality as their central element. This principle is upheld by all the Group's employees in their day-to-day work. Liebherr's products are the outcome of its passion and dedication: tailor-made solutions that take the customers' needs and wishes as their starting point.

46,169
employees

> 130
companies

11
divisions

> 40
production companies

10,551
€ m turnover

829
€ m investments

Principal locations of Liebherr companies

The Group's Divisions

Earthmoving

Mining

Mobile Cranes

Tower Cranes

Concrete Technology

Maritime Cranes

Aerospace and Transportation Systems

Gear Technology and Automation Systems

Domestic Appliances

Components

Hotels

Self-conception

The Liebherr Group is wholly owned by members of the Liebherr family, and this situation is not about to change. The Group and the family are inseparable. Value-oriented corporate culture ensures close links among the employees, and inspires confidence among customers and business associates.

Hans Liebherr established the original company, and his ideas and untiring personal effort were the elements that led to its successful growth and sound structural basis. Liebherr has demonstrated its stability and trustworthiness for 70 years, and these vital factors derive from the personal efforts of its proprietors and the corporate character of a family-owned business enterprise, the independence of which gives Liebherr ample freedom in all its actions and the decisions it takes. The shareholders in the family-owned group are Hans Liebherr's children and grandchildren, who play an active part in the management of various Group divisions. They uphold his tradition and ensure security and continuity.

The family, as the Group shareholders, is conscious of its business responsibility and pursues a clear, well-structured path that points the way toward sound ongoing development. Job security for the workforce and consistent integrity in business activity are elements of major importance in corporate management.

Liebherr-International AG: Company Information

Head office	CH-1630 Bulle/FR
Share capital	CHF 100,000,000
Shareholders	Liebherr family (100%)
Administrative board	Dr. h.c. Willi Liebherr, Chairman Dr. h.c. Isolde Liebherr, Vice-Chairman Hubert Liebherr Sophie Albrecht Jan Liebherr Patricia Ruef Stéfanie Wohlfarth Johanna Platt Philipp Liebherr
Managing directors	Andreas Boehm Stephan Raemy Uwe Rechtsteiner
Auditors	Ernst & Young AG, Berne

From generation to generation

Liebherr is thus an independent family-owned business enterprise that is now managed jointly by members of the second and third generation. This continuity is a characteristic of the Group and a firm foundation for its success.

The highest level of decision-taking and management within the Group is a committee of partners made up entirely of members of the Liebherr family. All fundamental and strategic questions come before this body.

In addition to Dr. h. c. Willi Liebherr and his sister Dr. h. c. Isolde Liebherr, members of this policymaking body are Jan Liebherr, Stéfanie Wohlfarth, Sophie Albrecht, Patricia Ruef, Johanna Platt and Philipp Liebherr, all representing the third Liebherr family generation. The active part played by the children and grandchildren of company founder Dr.-Ing. E. h. Hans Liebherr guarantees management continuity and will ensure that the Group remains insolubly linked with the Liebherr family in the future.

The family shareholders active in the Liebherr Group

Dr. h.c. Willi Liebherr
Chairman of the administrative
board of Liebherr-International AG

Dr. h.c. Isolde Liebherr
Vice-Chairman of the administrative
board of Liebherr-International AG

Jan Liebherr
Member of the administrative
board of Liebherr-International AG

Stéfanie Wohlfarth
Member of the administrative
board of Liebherr-International AG

Sophie Albrecht
Member of the administrative
board of Liebherr-International AG

Patricia Ruef
Member of the administrative
board of Liebherr-International AG

Johanna Platt
Member of the administrative
board of Liebherr-International AG

Philipp Liebherr
Member of the administrative
board of Liebherr-International AG

The Group's business model

User value

For 70 years, Liebherr, as an independent family-owned group of companies, has stood for a high standard of user-oriented products and services in many technical areas. The Group offers customers all over the world, and in many different business sectors, access to leading-edge, innovative technologies with all the benefits of tailor-made solutions and genuine user benefits in the product and service areas.

Products and customer segments

The Group offers customers from the construction industry a construction machinery range that is unmatched in its breadth and depth. Liebherr develops, produces and distributes an extensive range of large hydraulic excavators and large mining trucks for the extraction industry. The Group also develops, produces and distributes a wide variety of cranes for material handling in the maritime sector. In the machine building and plant construction fields, the Group's activities extend to machine tools, automation systems and engineering projects. The aerospace and transportation systems segment covers equipment for aircraft, rail vehicles and buses. In addition, Liebherr produces a wide variety of refrigeration and freezing equipment for domestic and commercial use. In the components field, the Group specialises in mechanical, hydraulic and electrical drive systems and control technology products that are used in a wide range of industries. Liebherr also operates six hotels in Ireland, Germany and Austria.

Distribution channels

Products and services are supplied by way of a widespread network of Group-owned sales and service companies, and also through reputable partners with which Liebherr has enjoyed many years of loyal cooperation.

Customer relations

Liebherr aims to build up and maintain close cooperation with its customers and business associates over a period of years or decades. Its aim is to respond quickly, flexibly and reliably to their needs and satisfy them by supplying top-quality technologies. This close relationship with customers and the high value that Liebherr attaches to user benefit are keys to the Liebherr Group's success and a firm element in its corporate tradition as a family-owned business.

Key activities

The Liebherr Group develops, produces and sells innovative products and services.

Key resources / added value chain and key partnerships

Liebherr invests considerably in research and development. To develop its capabilities, the Group undertakes partnerships with universities of applied science and similar institutions all over the world.

A network of more than 40 ultra-modern production plants in 17 countries and many years of cooperation with suppliers within and outside the Liebherr Group have put it in a position to offer innovative products of impressive quality at competitive prices. Well-planned parts supply logistics and high standards of aftersales service are the final decisive links in the Liebherr business model.

Liebherr dedicates itself to mastery of key technologies down to the smallest detail, and can therefore claim a high degree of independence in technological areas.

Liebherr has a high equity ratio and operates on the principle that the Group's growth should be predominantly organic, achieved through its own intrinsic strength.

Earnings and cost structure

Liebherr generates its earnings from product sales and rentals and from the supply of services.

Certain divisions within the Liebherr Group profit from economies of scale as their production volume rises. Others are more closely focused on the development of tailor made-solutions for individual customers. In such cases Liebherr concentrates on the creation of additional premium value for its customers and supplies services with a high degree of specific client relevance. The Liebherr Group benefits from synergies that derive from its broad product portfolio, its mastery of key technologies and other factors. The supply chain is global in character.

With its 11 divisions the Group pursues a policy of diversification that makes it independent of economic fluctuations in individual business sectors or markets. The profits earned by the Group are reinvested internally with the aim of achieving long-term success in line with its management perspective.

Organisational structure

The Group's holding company is Liebherr International AG with its registered office in Bulle (Switzerland). The corporate structure ensures a unified approach to questions of central importance and permits a rapid response to market requirements at divisional level. The Group's decentralised structure offers a number of advantages. Besides customer proximity, the ability to adapt quickly to changes is made possible, since a minimum of hierarchical levels encourages the implementation of new ideas with no loss of time. Divisional management companies are responsible for overall operative management in the various product areas.

A Liebherr service technician maintaining a tower crane at the Lakhta Center in St. Petersburg (Russia), the tallest building in Europe

Progress and Outlook

The Group in 2018

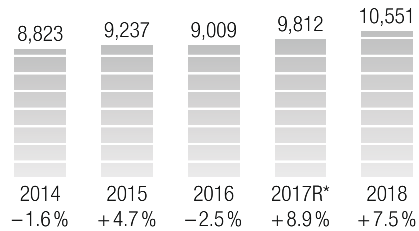
The Liebherr Group notched up a turnover of € 10,551 million in 2018, breaking through the € 10 billion barrier for the first time in the company's history. This represents an increase of € 739 million, or 7.5 %, compared with the previous year.

+7.5 %

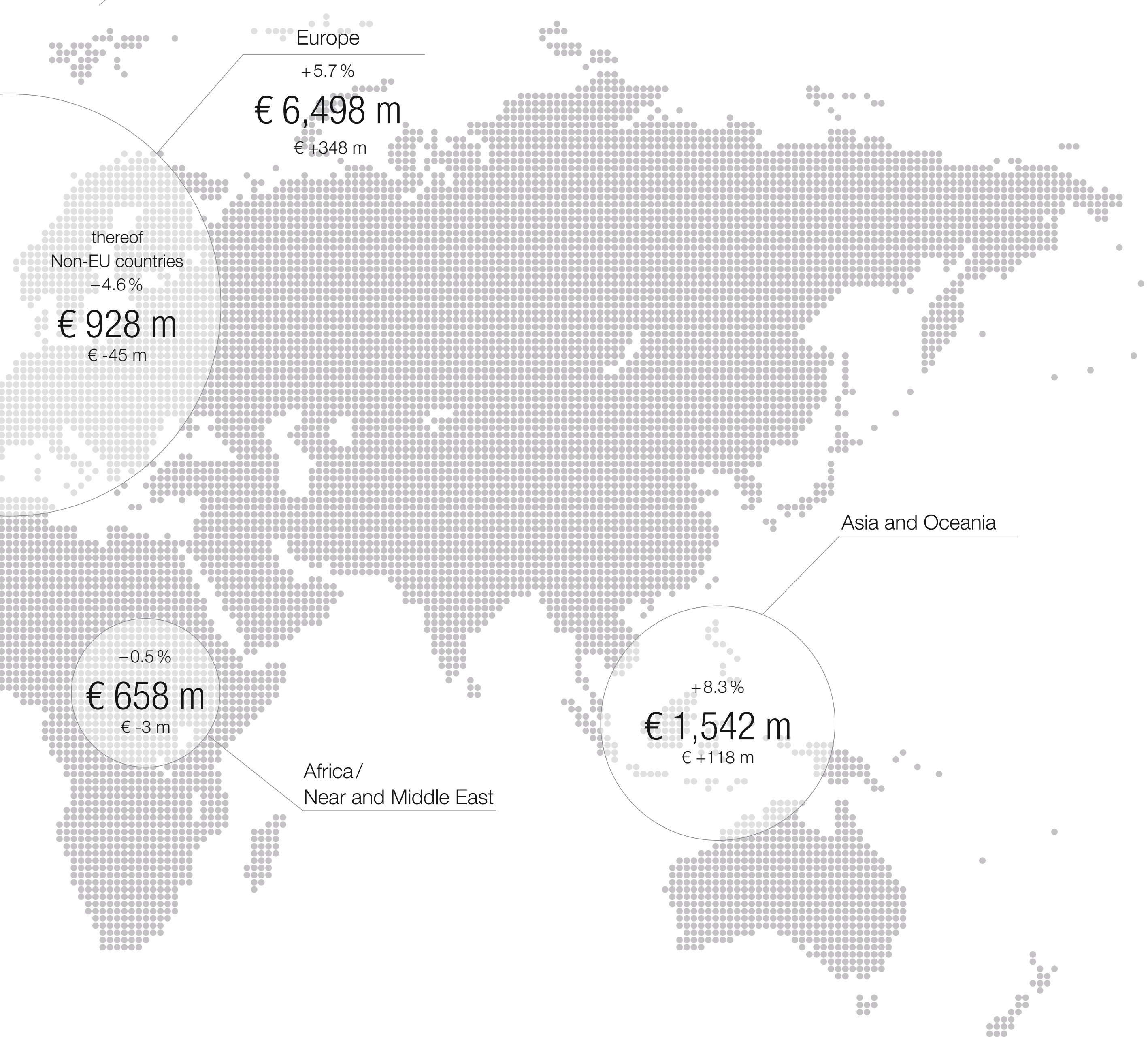
€ 10,551 m

€ +739 m

Turnover worldwide € m



* Restatement first time adoption of IFRS 9/15/16



Overall economic performance

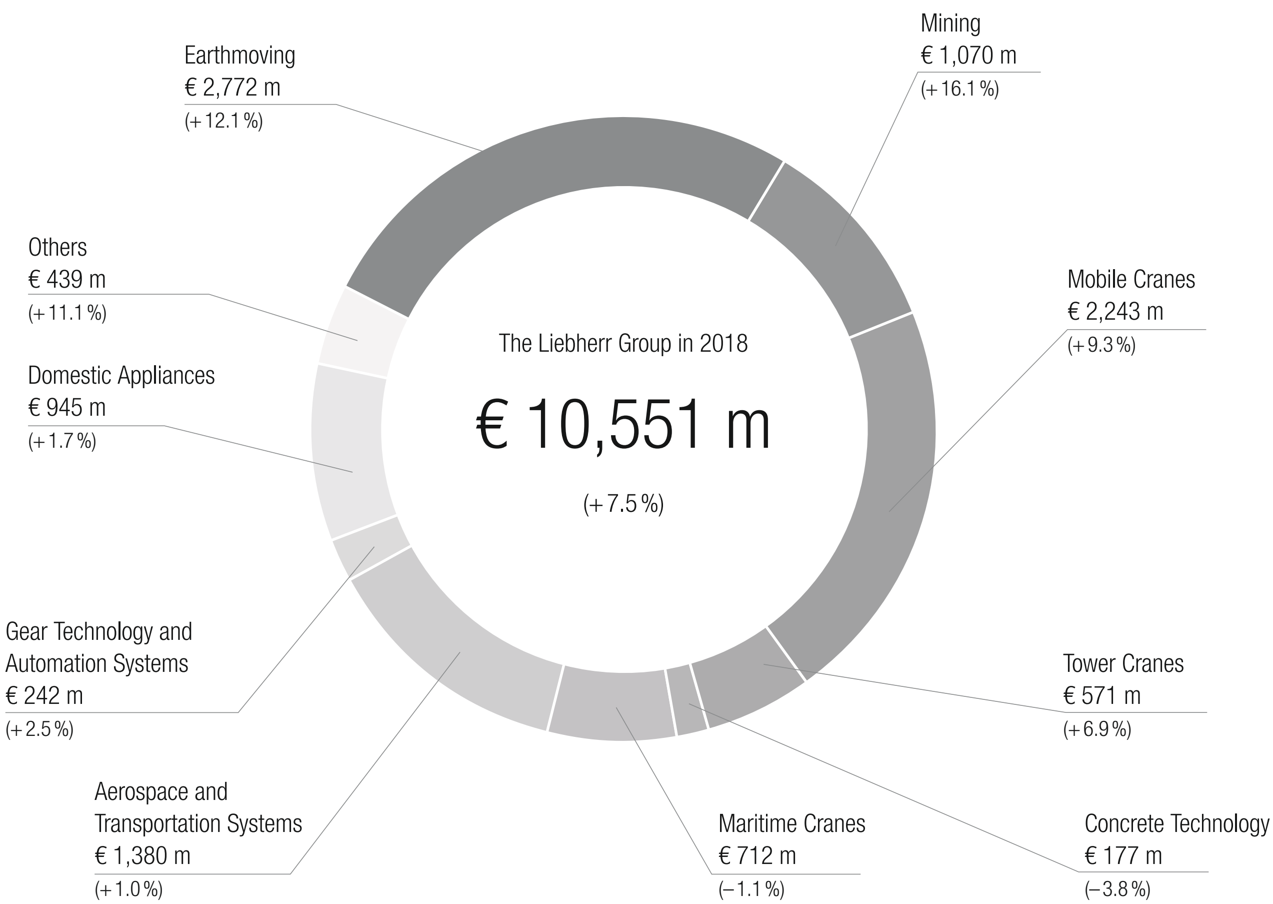
According to the International Monetary Fund, global economic growth in 2018 was slightly below the previous year's rate of 3.7 %. Industrialised nations saw a similar growth rate of 2.3 %. Meanwhile, emerging and developing economies saw growth of 4.6 % – also slightly below the previous year's level. The US economy showed improved growth of 2.9 % compared with the previous year, whilst growth in the eurozone slowed to 1.8 %.

Sales performance by product area

Despite a slight decline in overall economic growth, 2018 was a record year for the Liebherr Group. Both the construction machinery and mining equipment divisions recorded overall increases in sales revenues, as did the other product areas overall. Revenues from construction machinery and mining equipment rose by € 667 million, or 10.8 %, to € 6,833 million, with especially strong contributions from the Earthmoving, Mobile Cranes and Mining divisions. In the other product areas, which include Maritime Cranes, Aerospace and Transportation Systems, Gear Technology and Automation Systems, Domestic Appliances, Components and Hotels divisions, turnover rose by a total of € 72 million, or 2.0%, to € 3,718 million.

Liebherr presented several world premieres on the 4,500 m² stand at the Intermat in Paris (France)

Turnover by product groups (variation compared to the previous year in %)



Sales performance by region

Record sales generated in 2018 can be attributed to the very favourable economic conditions and higher demand in several sales regions. Sales continued to increase within the European Union, which is Liebherr's most important sales region. This can be attributed, among other things, to renewed growth in Germany, which is Liebherr's largest market, and to the favourable economic situation in France and Great Britain. Sales in non-EU countries fell compared to the previous year due to the downturn in the Russian economy. The business also performed very positively in North America, Central and South America, and Asia and Oceania, driven in particular by the markets in the USA, Australia and China. This contrasts with a slight drop in sales in Africa and in the Near and Middle East.

Net result for the year

The Liebherr Group achieved a net profit of € 321 million in 2018, slightly above the previous year's level. The operating result has not increased significantly compared to the previous year. The financial result declined, mainly due to negative effects of currency movements.

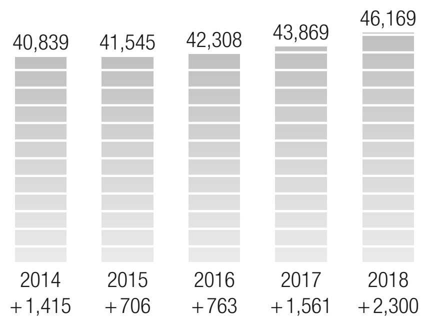
Employees

The qualifications, enthusiasm and commitment of the Group's employees make a key contribution to its business success. Liebherr's long-term commitment to its employees is in keeping with its tradition as a family-owned company.

Staff headcount increased significantly during the 2018 financial year with the Liebherr Group employing 46,169 people worldwide. This represents an increase of 2,300 employees, or a 5.2 % increase compared with the previous year. Whilst the number of Liebherr employees in Europe, North America, Central America, South America, Asia and Oceania grew, the numbers decreased in Africa and the Near and Middle East.

The Group intensified its efforts to recruit apprentices and graduates during the reporting period. Standardised learning management software was also introduced in order to support human resource management.

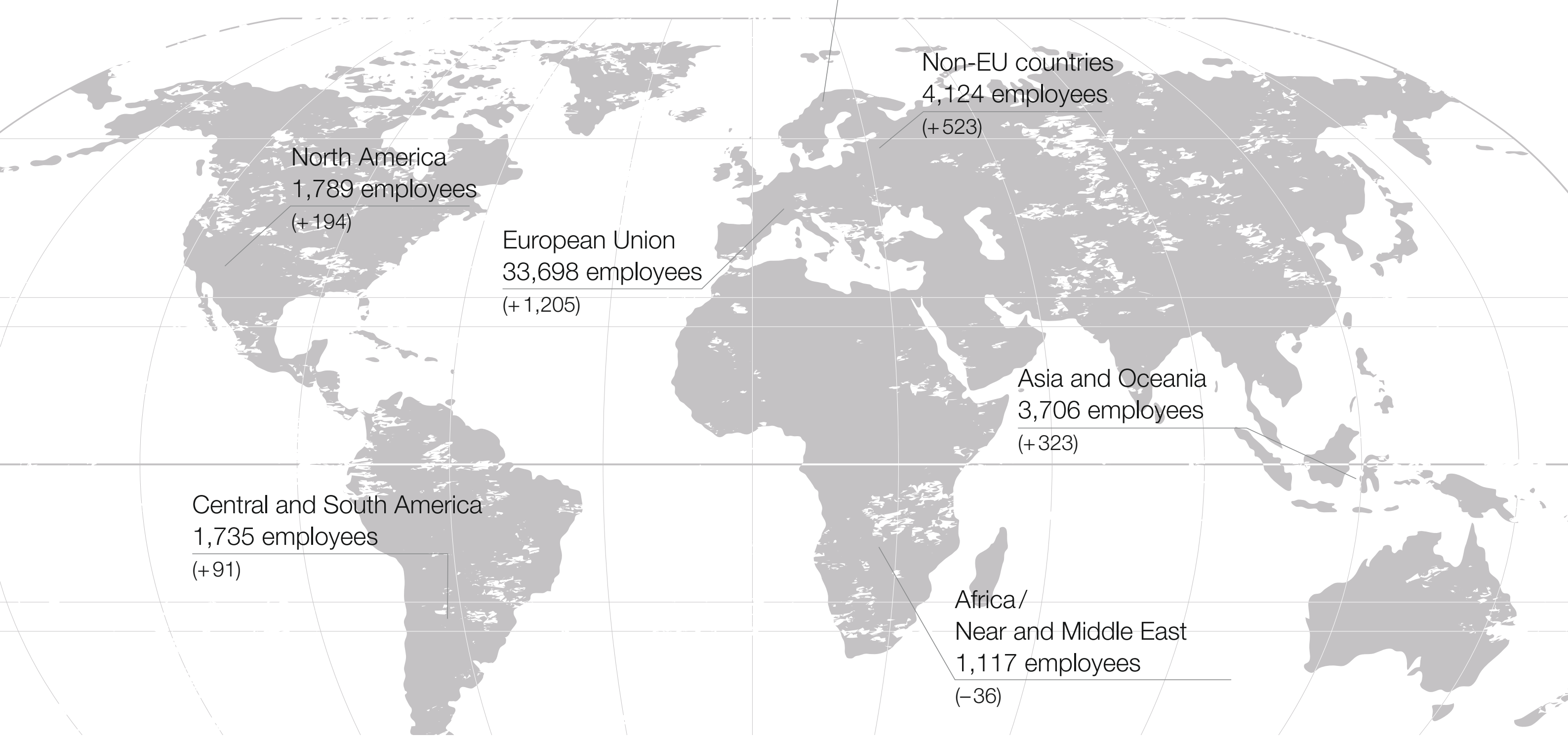
Employees worldwide



46,169 employees

+2,300

Employees by regions compared with previous year



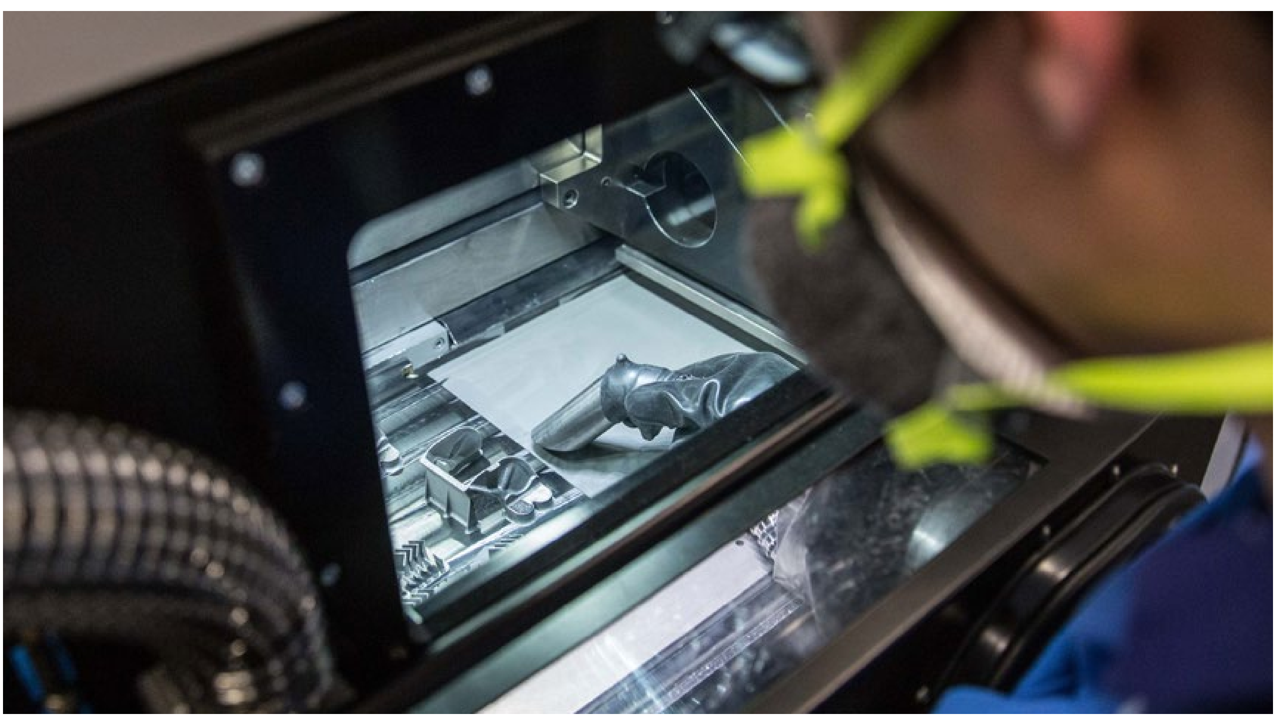
Sustainability

The Group aspires to generate sustainable value for its employees, customers and suppliers and for society as a whole. As an independent family company with a long-term focus, Liebherr is aware of its responsibilities and is committed to sustainable development. Its products, processes and infrastructure are geared to the minimum possible consumption of resources. The focus in all areas is on safety, efficiency and environmental sustainability. Last year, a large number of the Group's companies worked on projects looking at social, environmental and economic aspects of sustainability.

Research and development

As a high-tech company, Liebherr pursues the goal of making a decisive contribution to shaping technological progress in sectors relevant to the Group. Liebherr invested € 586 million in research and development last year. The bulk of this was used in the development of new products. A large number of joint research projects with universities, other higher education institutions and research institutes were initiated and continued. A special area of focus for this research project is the construction site of the future. Liebherr is partnering with the Center Construction Robotics at RWTH Aachen Campus. The aim of this partnership is to redesign the construction site of the future and to redevelop digitalisation from the pre-production phase, throughout the added value chain to the semi-automated construction site. Opportunities are also being explored in the "Bauen 4.0" (Construction 4.0) project initiated by the German Mechanical Engineering Industry Association (VDMA) which is intended to increase the efficiency and productivity of construction processes through networks and communication.

Important issues across the wide range of products and services include, as they have done for many years, increasing energy efficiency, networking, automation and lightweight product design. One important project involves research into additive manufacturing processes in the aerospace industry. It reached a milestone last year by delivering the first mass-produced component using 3D printing: a 3D-printed bracket for the nose landing gear on the Airbus A350 XWB. This is the first 3D-printed system component that Airbus has approved for use. The Group is also forging ahead with e-mobility initiatives, developing charging cable cooling units for charging stations and carrying out research into an electric turbo compressor for fuel-cell-powered vehicles.



An employee removes excess titanium powder from a 3D-printed aircraft component

The new development and demonstration centre in Kirchdorf an der Iller (Germany)

Investments

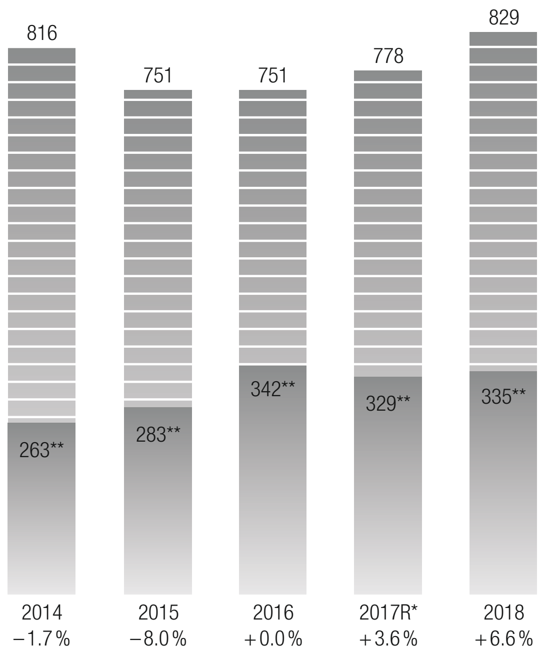
The Group has traditionally emphasised the importance of making regular investments in its production facilities and its global distribution and service networks. Last year, the Group invested € 829 million, an increase of € 51 million compared to last year. Offset against this was depreciation of € 513 million.

The Group invested a considerable amount of money during 2018 in various company sites. A new development and exhibition centre was opened in Kirchdorf an der Iller (Germany) where new construction and material handling machinery will be developed, tested and inspected. Construction has also started on a new logistics centre. In addition, the Group has invested in Bad Schussenried (Germany) which will serve as a new manufacturing site for concrete pumps. New production lines for large engines are being set up in Bulle (Switzerland) and Colmar (France). A new aerospace training centre for employees and customers in Toulouse (France) is also planned.

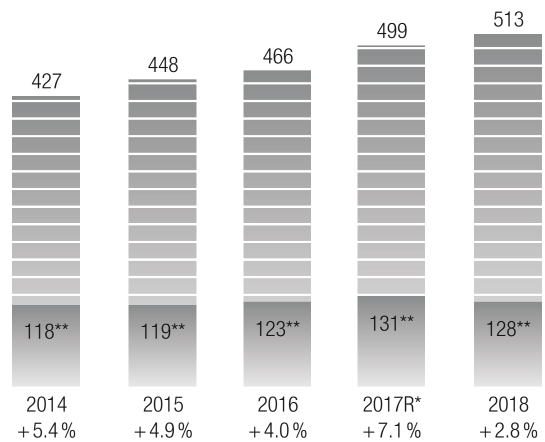
Liebherr is starting to install a powerful land-based heavy-duty crane in the port of Rostock. The TCC 78000 land-based portal crane is not just going to be used to load Liebherr cranes, which are continuing to increase in size, but will also be available for external heavy load handling in the port of Rostock.

Outside Europe, Liebherr is investing in projects such as the development of the Newport News site (USA). The expansion of the crane, construction machinery and concrete technology divisions is intended to support the Group's long-term growth strategy in the US market.

Investments € m



Depreciation € m



* Restatement first time adoption of IFRS 9/15/16
** of which, rental fleet

Risk management system and internal control system

In order to ensure the sustainable success of the Group, opportunities and risks are identified at an early stage to be evaluated and controlled. The Group has a continually optimised risk management procedure in place, and an internal control system to help it meet operational, market-related and legal requirements.

To ensure the integrated recording, analysis and evaluation of risks, all managers responsible for the risk management and internal control systems used in the individual Group companies are involved. Risks are identified and assessed locally in the individual companies, then countermeasures to limit the risks are introduced and the impacts are evaluated.

This localised approach also makes it possible to identify and assess areas of opportunity efficiently. The information gained about market-related and technological developments is used in opportunities management to reach decisions about future areas of business and production processes.

At the corporate level, the current risk situation is regularly reviewed and the effectiveness of the systems and processes used is assessed. The internal audit department monitors compliance with Group guidelines and the implementation of the risk management and internal control systems.

Supplementary report

Events of particular significance which occur after the reporting date should be recorded here, together with their expected impact on the Group's assets, financial position and earnings. The Liebherr Group had no such events to report after the end of the 2018 business year.

Outlook

The 2019 Business Year

According to the latest projections, global economic growth is expected to continue to slow during the current year. However, due to its healthy order book, the Liebherr Group expects its revenues to increase in 2019.

An offshore crane, type BOS 35000, installs a wind farm in the Baltic Sea

The International Monetary Fund predicts a slowdown in global economic growth of 3.5 % in 2019 compared with the reporting period. The same applies to industrialised nations which have a projected growth of 2.0 %. Emerging and developing economies are expected to see slightly slower growth of 4.5 %.

The World Trade Organisation forecasts a modest fall in trade growth from 3.9 % to 3.7 % in 2019. According to the market forecasting network Euroconstruct, the construction industry in Europe is likely to slow down. It is predicted that markets in Germany and most other European countries will see slower growth in 2018. On the other hand, the International Air Transport Association (IATA) is cautiously optimistic about 2019.

According to forecasts issued by the World Bank, prices for energy sources, which were approximately 33.0 % higher in 2018 compared with 2017, are set to stabilise. A modest price increase of + 1.0 % is anticipated for non-fuels.

It would be fair to conclude that there are still no obvious signs of a looming recession and there will be strong demand in most regions and sectors in 2019 as well.

Individual opportunities and risks

In order to illustrate the individual opportunities and risks, similar types of risks and opportunities have been grouped together.

Macroeconomic opportunities will arise from global economic growth. On the other hand, geopolitical uncertainty is likely to escalate into an outbreak of trade wars. For example, we may see higher tariffs imposed by the USA and likely retaliatory measures by its trading partners. A trade war would be especially serious for the People's Republic of China and falling growth here presents a further risk. Another factor is the ongoing negotiations between the European Union and the United Kingdom and renegotiation of free trade agreements. The very high levels of debt in certain countries also present an additional risk.

The sections on each of the divisions contain reports on the opportunities and risks relevant to that division. Specific cost changes due to increasing macroeconomic uncertainty or cyclical factors which cannot be directly passed on through contractual price indexation may pose risks that affect the Group's performance.

Operational business harbours market price risks, in particular due to exchange rate and interest rate fluctuations. Liebherr monitors these risks continuously and uses appropriate financial instruments to hedge selected transactions. The Group enters into financial transactions only where these are linked to its operational business activity or are for hedging purposes. On principle, Liebherr does not conduct transactions of a speculative nature.

The global nature of our business activities, together with our broadly diversified product base and the risk management system in place in the Group, ensure that the relevant risks are kept under control. Based on the currently available information, there are no further identifiable risks which could have a substantial detrimental effect on Liebherr's assets, financial position and earnings in the 2019 business year and threaten the survival of the Group as a whole.

Forecast for the Group

Despite the slight slowdown in economic growth, the Group expects sales revenues to continue to rise in 2019. The fact that the order books are already very full at the beginning of the year is a promising sign. Liebherr expects growth in both the construction machinery and mining equipment divisions, as well as the other product areas. Especially strong growth is anticipated in the Earthmoving, Mining and Domestic Appliances divisions.

The Liebherr Group will also continue to invest substantially in its international production facilities and in its distribution and service network. The number of people employed in Liebherr companies will increase again.

Reports on the Divisions

Earthmoving

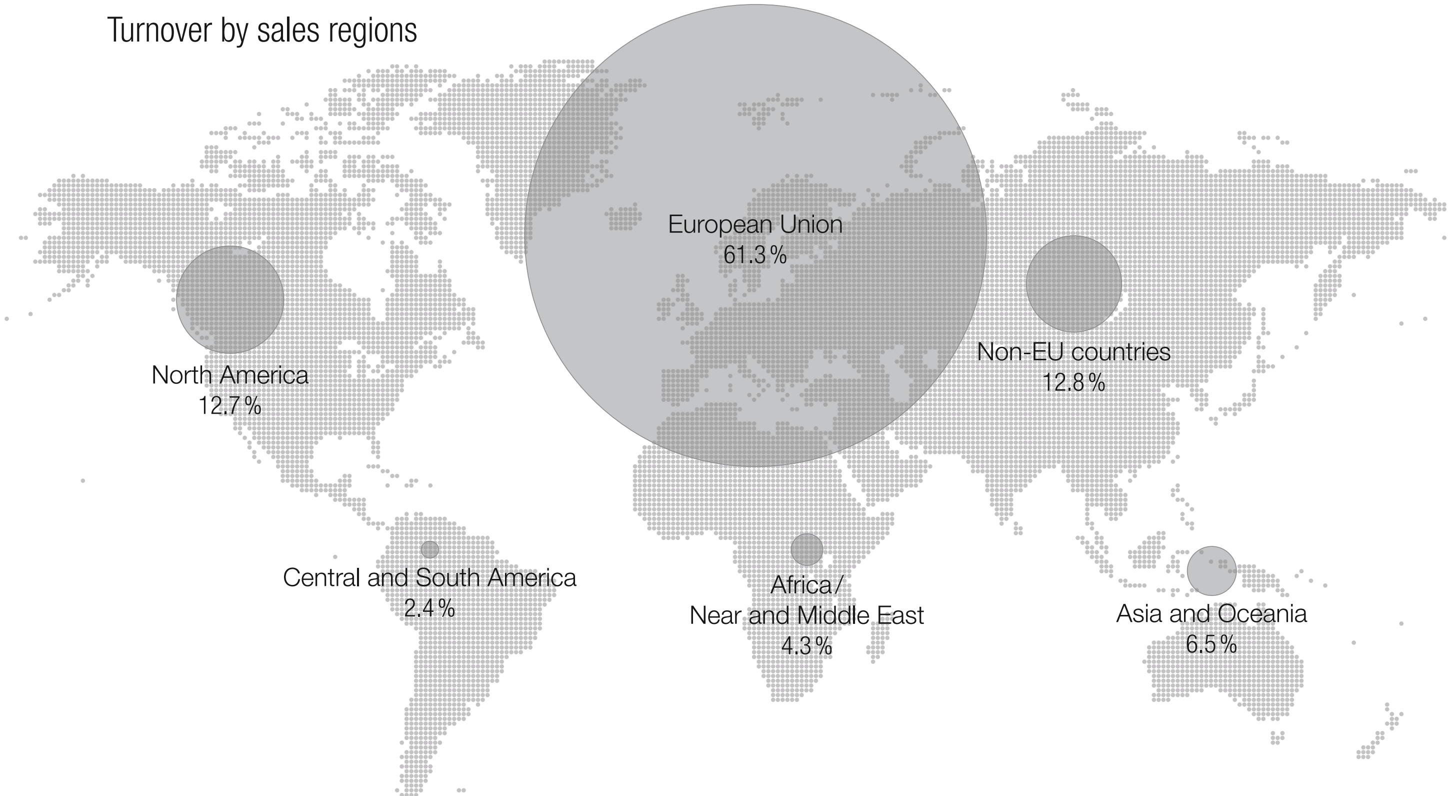
*The Earthmoving division achieved record revenues of € 2,772 million in 2018.
This represents a € 299 million or 12.1 % increase compared with the year before.*

The upward trend in the earthmoving sector continued in the year 2018. After very strong growth in the year before, the global market once again expanded by about 25.0 %. Western Europe has proven to be the sector's most stable region. There was also strong growth in the USA and China compared with the previous year.

The Earthmoving division followed this market trend. It successfully increased sales in Europe, North America and Asia and Oceania, compared with the year before. Germany remains the division's largest market, with sales having increased again. There was significant growth in the highly competitive US market as well. Meanwhile, business declined in Central and South America as well as in Africa and the Near and Middle East.

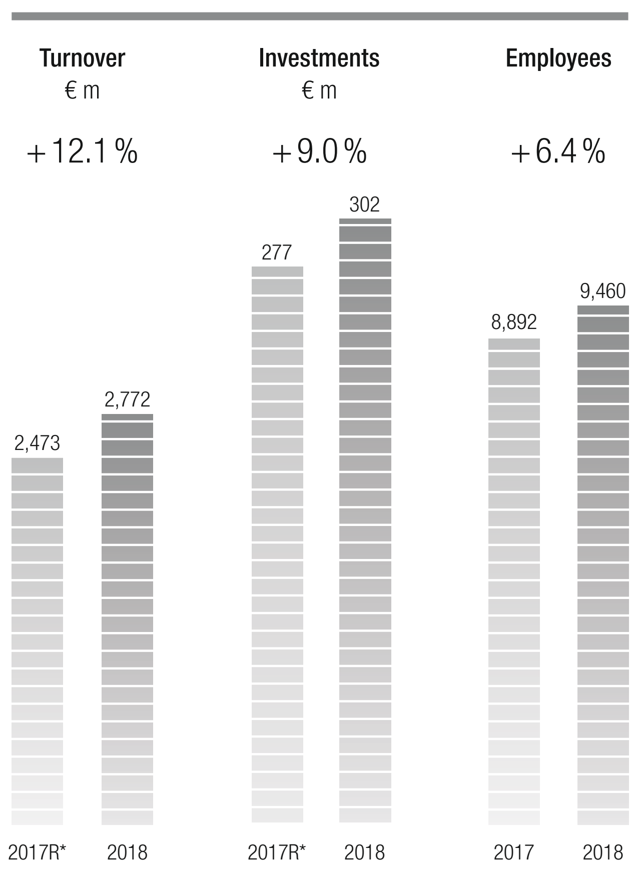
The division reported very favourable growth in most of its product areas. Some of the most outstanding performers included mobile excavators, crawler tractors and wheel loaders as well as material-handling machines, which also includes the new generation of telescopic handlers. However, there was a downturn in sales of crawler cranes and deep foundation machines.

Turnover by sales regions



The past business year has seen a particularly large number of new products, including many which were launched at the Intermat construction machinery fair in Paris (France). The division's R 936 Compact crawler excavator is a new machine that is particularly well-suited for working in narrow urban spaces. It is even more powerful than its predecessor. Thanks to their agility, the latest L 507 and L 509 Stereoloaders®, unveiled by Liebherr in Paris, also prove their worth in confined spaces. Liebherr also introduced its new series of telescopic handlers which feature a wide range of models suitable for a variety of applications. Another new release is the HSG 5-18 C/L slurry wall grab, which features a modular design. With its new Dredging Assistant, Liebherr has also brought a control system to market that will increase the productivity of excavation works. The division's research in 2018 continued to focus on automation and developing the digital construction site.

In October 2018, a new development and exhibition centre opened in Kirchdorf an der Iller (Germany), the city where Liebherr was founded. Liebherr is also investing in a new logistics centre for the production site there. Furthermore, Liebherr opened a new facility for earthmoving, material handling and construction machines in Rognac, in the south-west of France. Despite the uncertainty caused by the political situation in several of its key markets, the division is optimistic about the future.



* Restatement first time adoption of IFRS 9 / 15 / 16

Mining

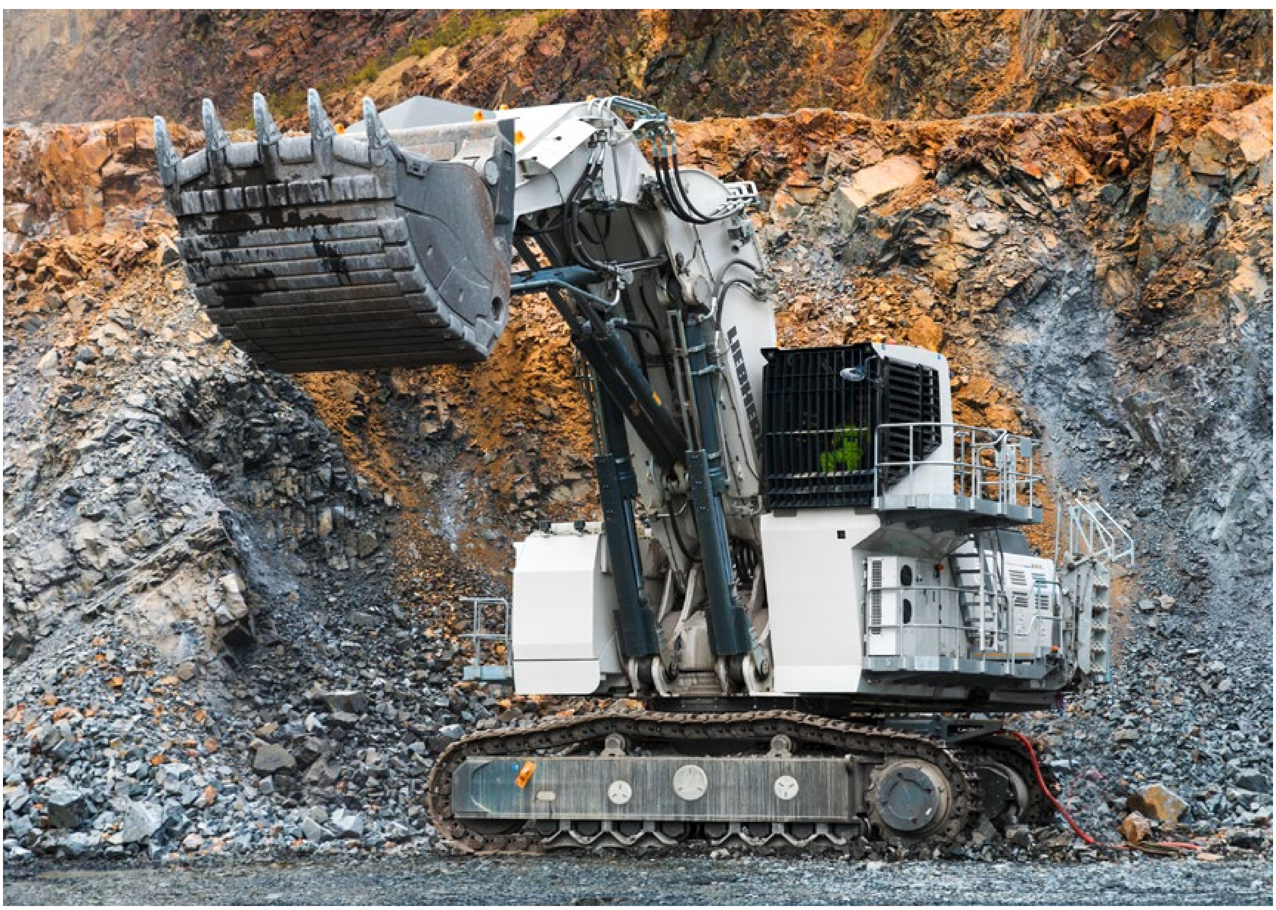
In the 2018 financial year, the Mining division achieved sales revenues of € 1,070 million.
This represents a € 148 million or 16.1 % increase compared to the previous year.

The upward trend in the international extraction industry that started in the previous year continued into 2018. Demand once again increased, with particularly rapid growth in the Asia-Pacific region. While for larger machines, productivity and cost per ton are crucial factors in investments, for smaller machines, especially in Asia, the purchase price is decisive.

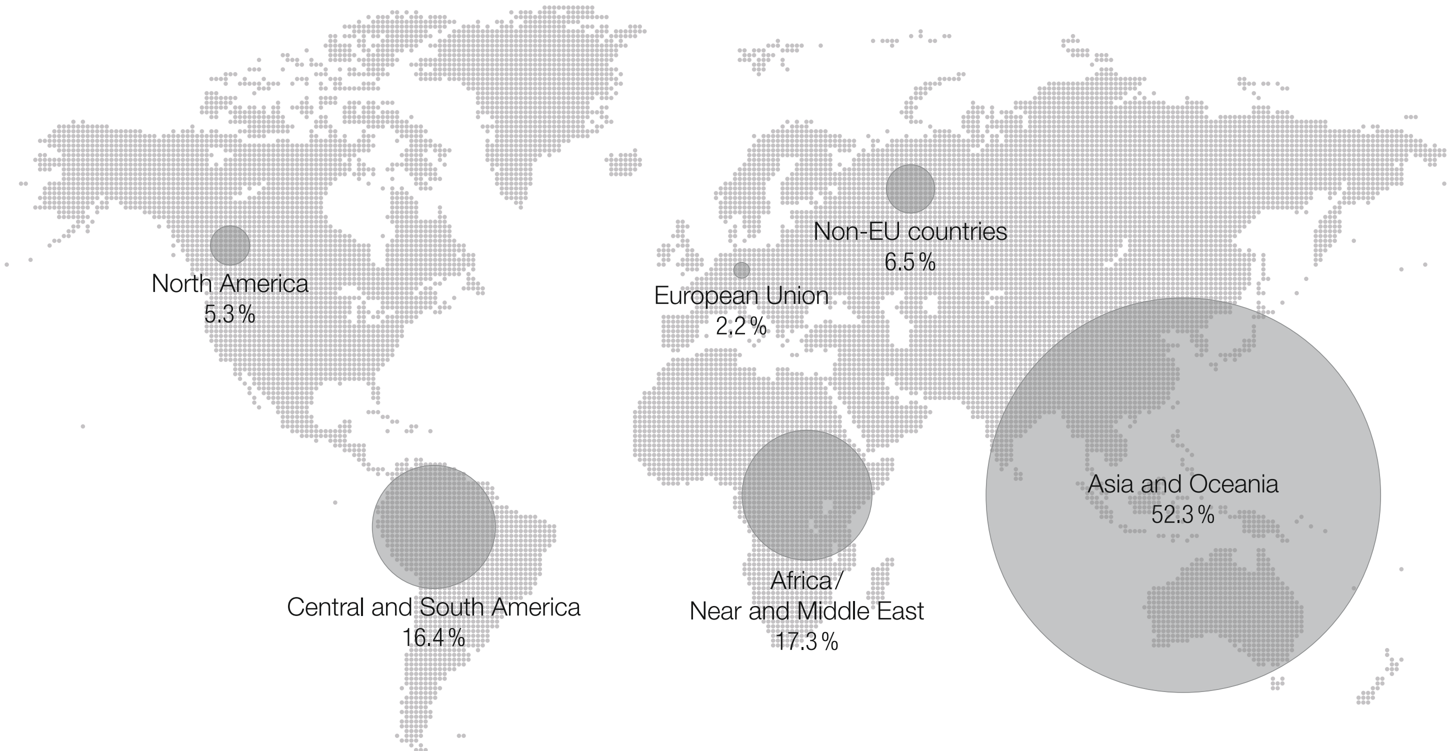
Due to a positive overall market climate, the division was able to significantly increase sales. The trend in the Asia and Oceania sales region was particularly favourable. There were also gains in Central and South America as well as in Africa and the Near and Middle East, particularly in Panama. In North America, sales levels declined.

To increase the productivity of its machines, the division equipped its T 264 and T 284 mining trucks to handle heavier payloads, which reduces their costs per tonne. In addition, the availability of the machines has been increased by various technical measures and the constant expansion of the service network.

The division made substantial progress in integrating Liebherr's own diesel engines. For example, the R 9150 B



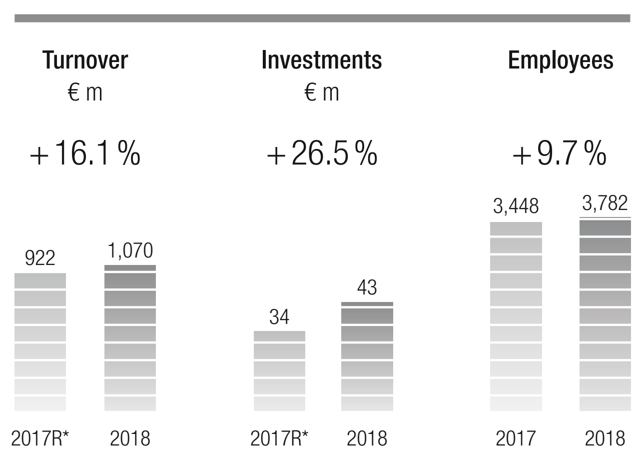
Turnover by sales regions



and R 9100 B mining excavators have been reworked with the latest version of the D9512 engine and other upgrades for greater reliability. The R 9400 was also the first mining excavator with a Liebherr D98-series engine to pass the field test.

One high point of the past year was the first order for a T 236 mining truck. This 100-tonne dump truck is the first in its vehicle class with diesel-electric propulsion. It is designed for maximum power despite consuming less fuel than vehicles with mechanical propulsion systems. The development of electric drives also progressed with mining excavators. The first R 9200 E was delivered in 2018 in Germany.

The division invested in building a new Service and Reman facility in Panama which is scheduled to begin operations in 2019. Further sales increases are expected for the year ahead. The order books are already filled, and the advanced age of many mining fleets will generate plenty of additional demand.



* Restatement first time adoption of IFRS 9 / 15 / 16

Mobile Cranes

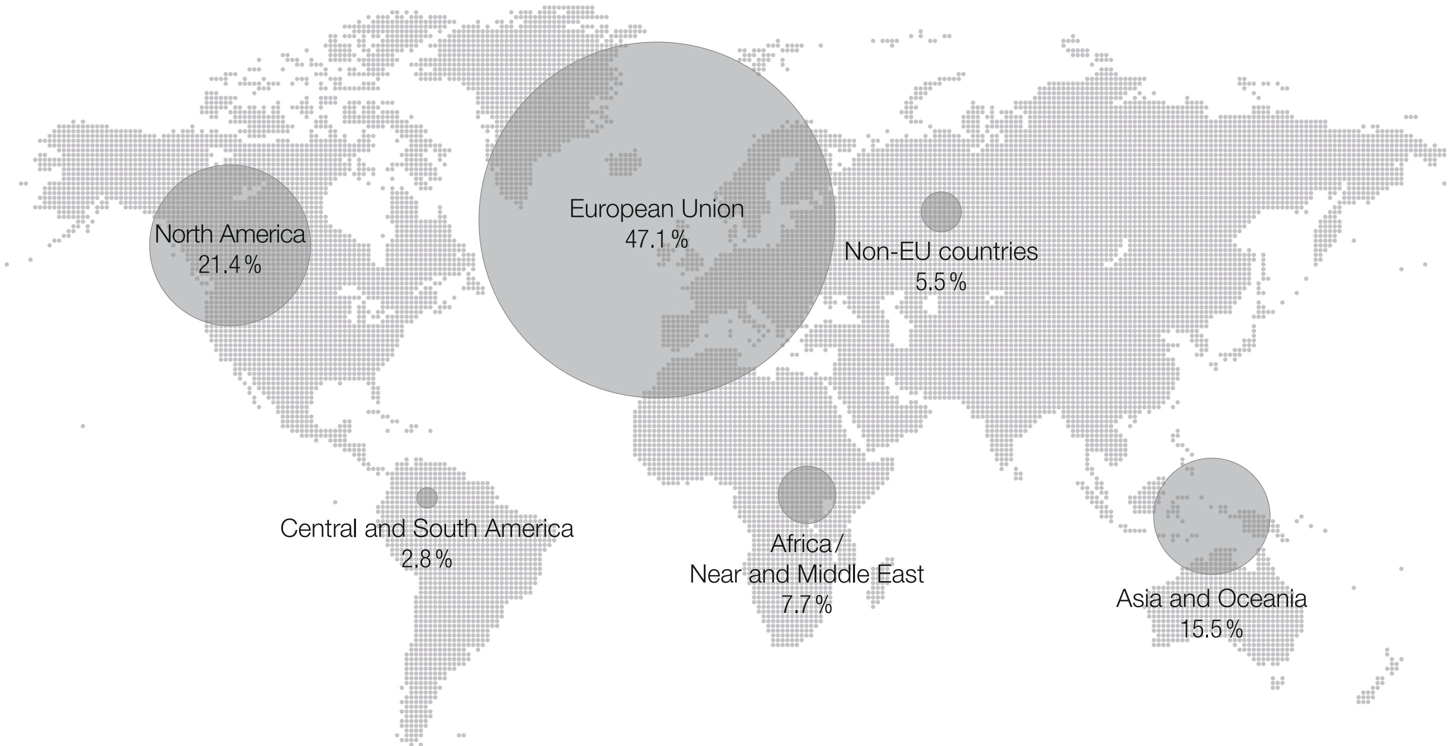
The Mobile Cranes division achieved a new record of € 2,243 million in sales in 2018. This represents a € 190 million or 9.3 % increase compared with the year before.

After years of steady high growth, the global market for mobile cranes expanded in 2018 despite the uncertain political climate. In contrast, the market for crawler cranes declined compared with the previous year. This was particularly the case for sales of large machines, with the underlying cause being a downturn in the wind energy industry.

The division succeeded in slightly increasing its sales in the European Union year on year. In Non-EU countries a slight decline in revenues could be seen. In North America as well as in Central and South America, heavy demand for mobile cranes resulted in a significant increase in turnover. Revenues also increased in Asia and Oceania as well as in Africa, Near and Middle East.

All-terrain cranes in the four- to six-axle classes were the most popular products in the division. The difficult market conditions for crawler cranes were reflected in the declining sales figures among new and used machines in all size classes. The division succeeded in maintaining and even partly expanding its market shares around the world.

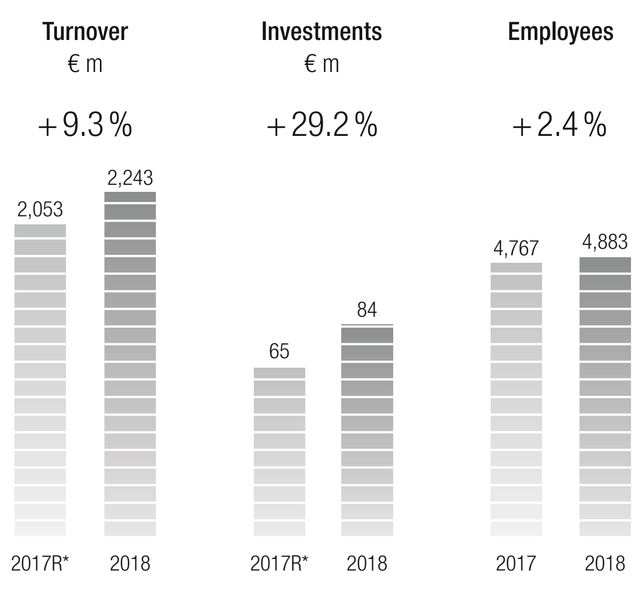
Turnover by sales regions



2018 saw the launch of some new products, with the division unveiling the LR 1800-1.0, featuring a new boom system that makes it especially cost-effective to transport. Furthermore, Liebherr started converting its LR-series crawler cranes to emissions level V diesel engines. The new LTM 1230-5.1 mobile crane also made its début. This model expands on the VarioBase Plus outrigger technology, enabling exceptionally high load capacity, even with large radii.

In addition to this, Liebherr introduced two new digital solutions. Crane Planner 2.0 software with virtual reality goggles now provides an immersive planning experience for complex crane projects. The "Mobile Crane Operator" online training course also helps crane operators to be better prepared for day-to-day operations.

In terms of investment, the division focused primarily on real estate as well as business and operational equipment last year. Customer service was a major focus of investment. For 2019, the Mobile Cranes division expects sales figures to remain on a par with 2018.



* Restatement first time adoption of IFRS 9 / 15 / 16

Tower Cranes

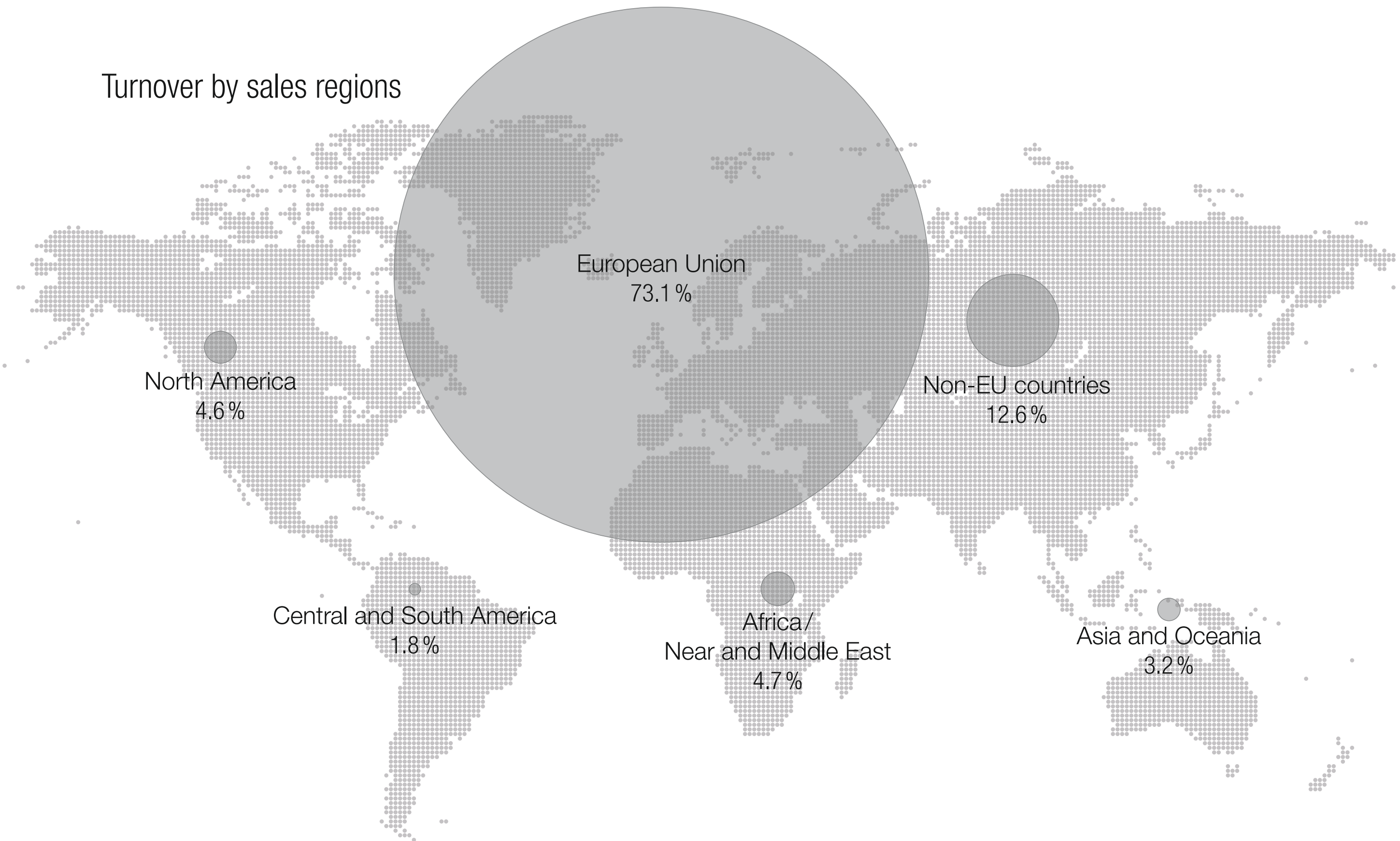
In business year 2018, the Tower Cranes division achieved sales of € 571 million, representing an increase of € 37 million or 6.9 % year on year.

Expansion in the construction industry worldwide resulted in positive market growth for tower cranes last year. There was a notable, industry-wide upward trend in Europe, especially in Germany.

As a result, the division's sales increased strongly in 2018. The momentum was particularly strong in the European Union, with significant gains especially in the German and French markets. There was also a rise in sales in North America, Central and South America as well as in Africa, Near and Middle East. Meanwhile, growth declined slightly in Non-EU countries, and Asia and Oceania.

The main growth drivers for the division are the areas of top-slewing cranes and fast-erecting cranes. Furthermore, the division managed to acquire its first customers for its new and used mobile construction cranes business.

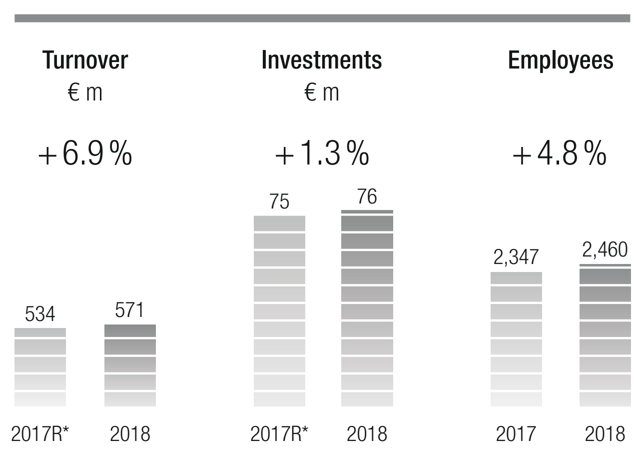
Turnover by sales regions



To promote further digitalisation, the division has partnered with RWTH Aachen University for a project called Center Construction Robotics. In cooperation with other leading companies, Liebherr is working to create the construction site of the future through digitised pre-production and automatic processes across the entire value-creation chain.

The division also developed a new EC-B series of even more powerful cranes that are optimised for transport and assembly. The new series includes fibre cranes equipped with high-strength fibre rope. The rope is significantly lighter, yet capable of lifting up to 20 % more than conventional steel rope. Liebherr partnered with an Austrian rope manufacturer to develop the fibre rope. This year also saw the launch of the 150 EC-B PT, a tower crane approved for passenger transport. Another high point was the opening of a new distribution and management centre in Biberach an der Riß (Germany).

The division expects similar growth in 2019, fuelled in particular by the market launch of new products and an expanding leasing service.



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Concrete Technology

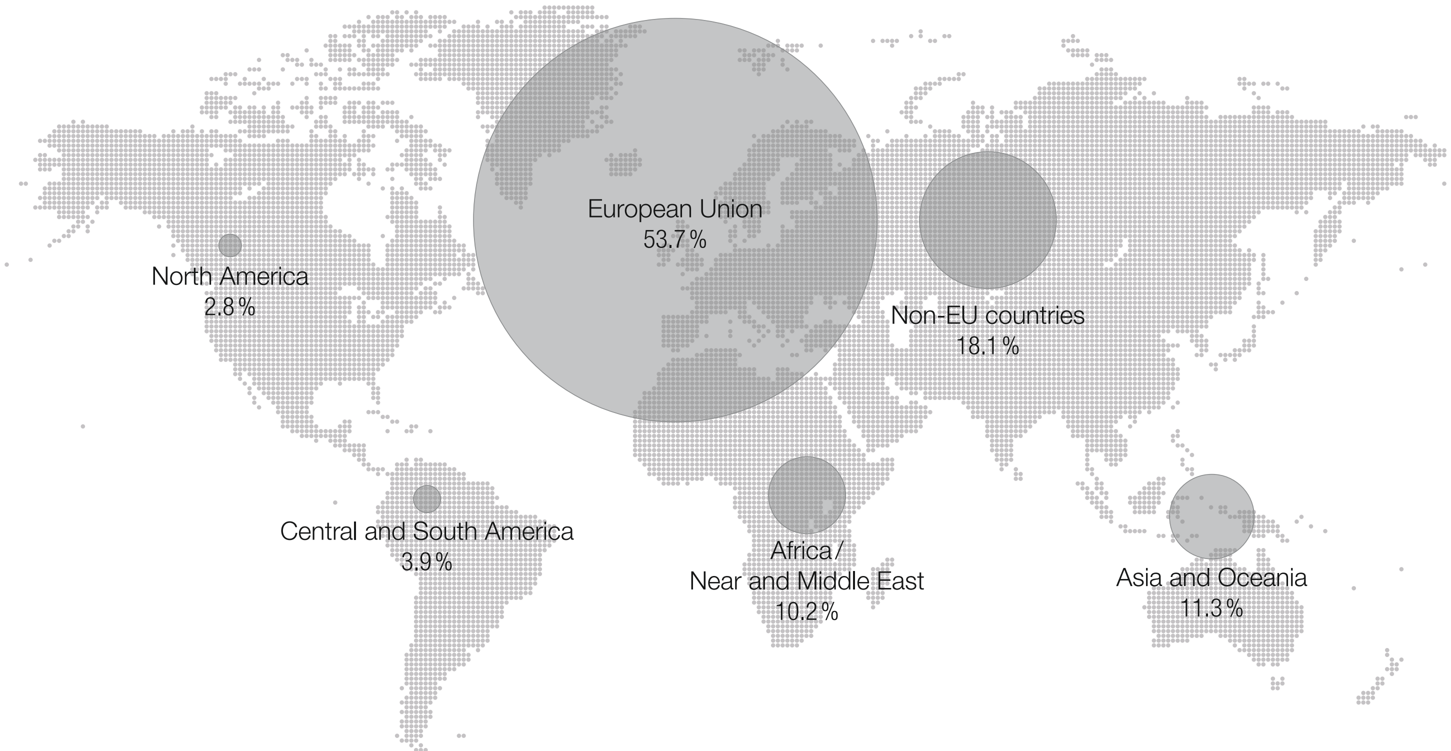
In the 2018 business year, the Concrete Technology division achieved sales revenues of € 177 million. This represents a slight decrease of € 7 million or 3.8 % compared with the previous year.

Growth varied heavily among the division's various sales regions in the concrete industry in 2018. There were positive results overall in Europe, due to a very strong construction sector. In contrast, Africa and the Middle and Near East were impacted by an economic downturn. In Asia, growth also declined over the course of the year.

The division's sales were in line with the market trend, which also varied widely. Sales rose slightly in Europe as well as in Central and South America. Poor market conditions led to decreasing sales in the Asia and Oceania sales regions as well as in Africa, Near and Middle East. Due to the generally unfavourable market environment, sales in truck mixers and mixing plants also retracted. Not even the strong performance in Europe could offset these losses.

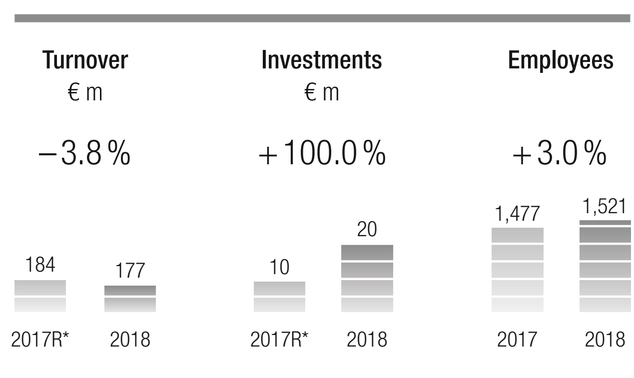
One high point of the past year was the market launch of the new Generation 05 truck mixers, featuring a new steel composition that is more resistant to wear. These truck mixers are also more ergonomic due to the optimal positioning of the transfer chute. Flexible attachment options,

Turnover by sales regions



which customers can select themselves, make the truck mixers even more user-friendly. An online tool is also available to customers to fully configure their own truck mixers. In the mixing plants business, the LCM 1.0 was introduced as a cost-effective, easily transportable mixing plant designed for especially price-intensive markets. Product highlights for the year also included innovative laboratory mixers in twin-shaft and ring-pan models.

In the 2018 financial year, Liebherr concentrated its investments on its site in Bad Schussenried (Germany), where a concrete pump production facility will be constructed. A new logistics hall and state-of-the-art assembly line for truck-mounted concrete pumps are expected to generate synergy effects. The division is predicting rising sales for 2019.



* Restatement first time adoption of IFRS 9 / 15 / 16

Maritime Cranes

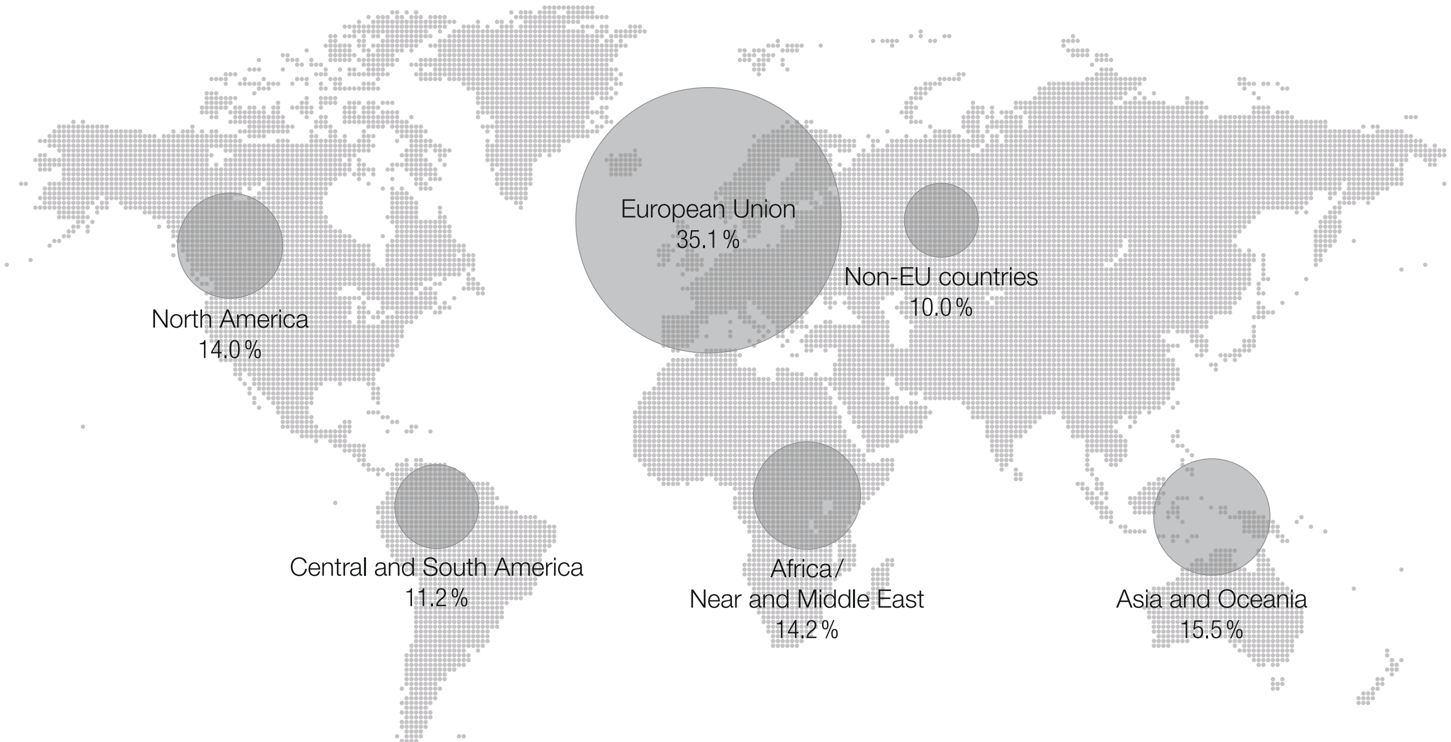
The Maritime Cranes division achieved sales of € 712 million in 2018. As such, it was down on last year's figure by € 8 million or 1.1 %.

During the reporting year, the global market for products from the Maritime Cranes division was largely stuck at around the same low level as the year before. There were somewhat positive developments, such as in the demand for reach stackers and in the offshore market, which has been invigorated by rising oil prices. In general, there is a clear trend towards digitalisation and automation.

In terms of specific regions, the division achieved favourable growth in North America, particularly in the US market. In Central and South America, on the other hand, sales were down. There were also positive developments in the regions Africa, Near and Middle East as well as in Asia and Oceania. Meanwhile, there has been a slight rise in sales in Europe, especially in Great Britain, Poland and France.

Liebherr maintained its position as global market leader for mobile harbour cranes despite a highly competitive market environment. There was growth in the product areas ship cranes and reach stackers, while sales were down for container cranes.

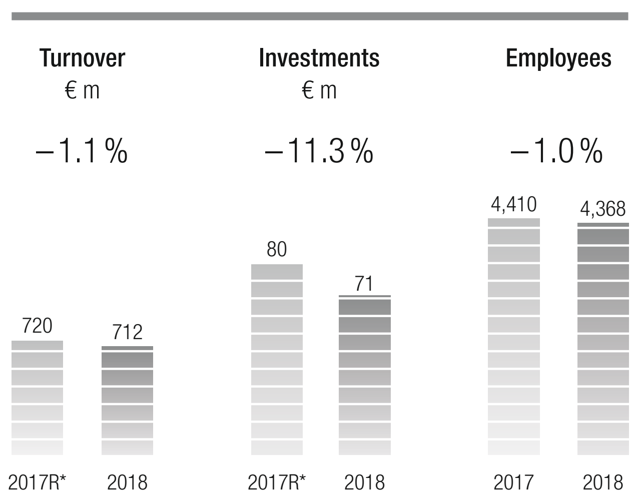
Turnover by sales regions



The heavy-lift cranes product line achieved great success in 2018. First, production began of the HLC 295000, the largest offshore crane ever, which will be delivered at the end of 2019. The division also received the order to supply a type HLC 150000 crane, which will be used on board a ship for applications such as dismantling offshore platforms.

To enable loading of such large cranes, Liebherr also began installing an extremely powerful, land-based heavy-lift crane of the type TCC 78000 at the Liebherr industrial terrain at the port of Rostock (Germany). Other companies will also be able to use the crane.

Alongside the Austrian Institute of Technology, the division researched assistance systems for use in autonomous cranes in 2018. Furthermore, it launched the LPS 420 E, the first purely electrical harbour portal crane. Liebherr also invested in a new distribution and service centre at the port of Hamburg (Germany). For 2019, the division predicts a increase in sales.



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Aerospace and Transportation Systems

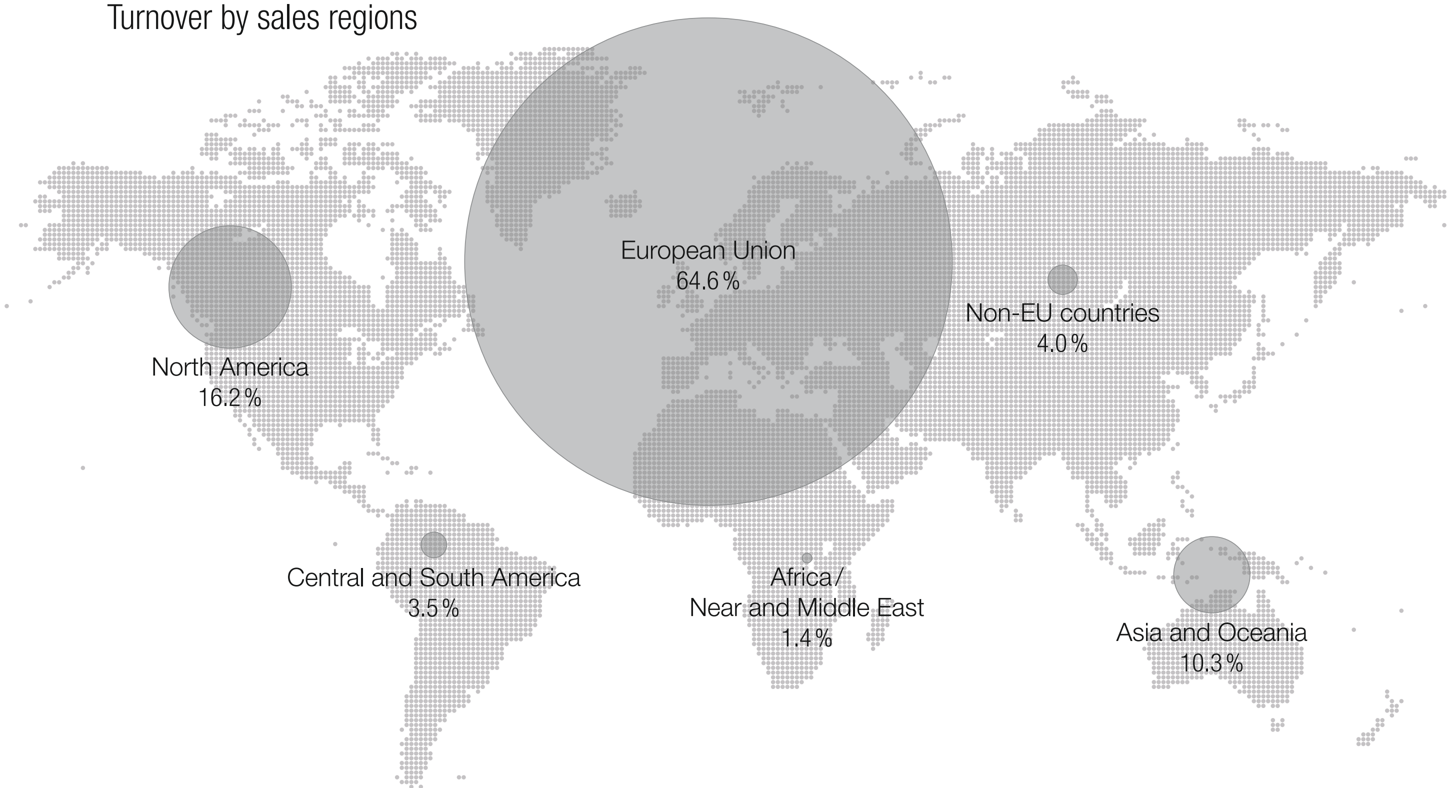
In 2018, the Aerospace and Transportation Systems division achieved the highest revenues in its history. In total, it reported earnings of € 1,380 million, an increase of € 14 million or 1.0 %.

The international aviation industry continued to grow in the reporting year. While the commercial aircraft segment developed positively, demand for business aircraft stagnated. In regional, military and helicopter markets a sideways trend could be recognised.

Liebherr once again maintained its market position as one of the top system suppliers for the air traffic industry. In 2018, several aircraft programmes with Liebherr systems on board achieved certification or entry into service: Bombardier's Global 7500, Embraer's E-Jet E2 and the A330neo from Airbus.

The division introduced a new product line of stand-alone electronics for the aviation market, the success of which materialised through a contract with Boeing. This goes along with the research project "More Electric Aircraft", which focuses on solutions for a more efficient aircraft that weighs less and consumes less fuel.

Turnover by sales regions



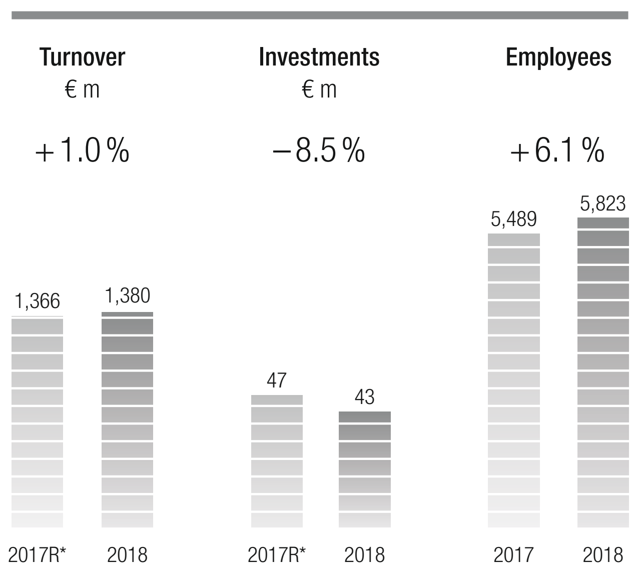
Furthermore, Liebherr and a major American automotive partner have agreed to explore together opportunities to collaborate on the development of a hydrogen-powered auxiliary power unit (APU) for aircraft applications.

The rail transport industry continued on a growth course in 2018. Liebherr signed a major contract to deliver air-conditioning systems to a public transport company in Vienna (Austria). The division will equip 34 trains with air-conditioning units, thus ensuring better travel comfort in the Vienna subway.

Another contract involved the supply of charging cable cooling units for e-mobility charging stations across Europe and the USA. This contract enables Liebherr to contribute significantly to the development of e-mobility.

Over the past year, investments have been made primarily to further expand and modernise the facilities in Lindenberg (Germany) and Toulouse (France) to facilitate the transition to industry 4.0.

The division anticipates a further increase of turnover in 2019. This development will be driven by increased build rates of aircraft manufacturers and by a very solid growth of service revenues worldwide.



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Gear Technology and Automation Systems

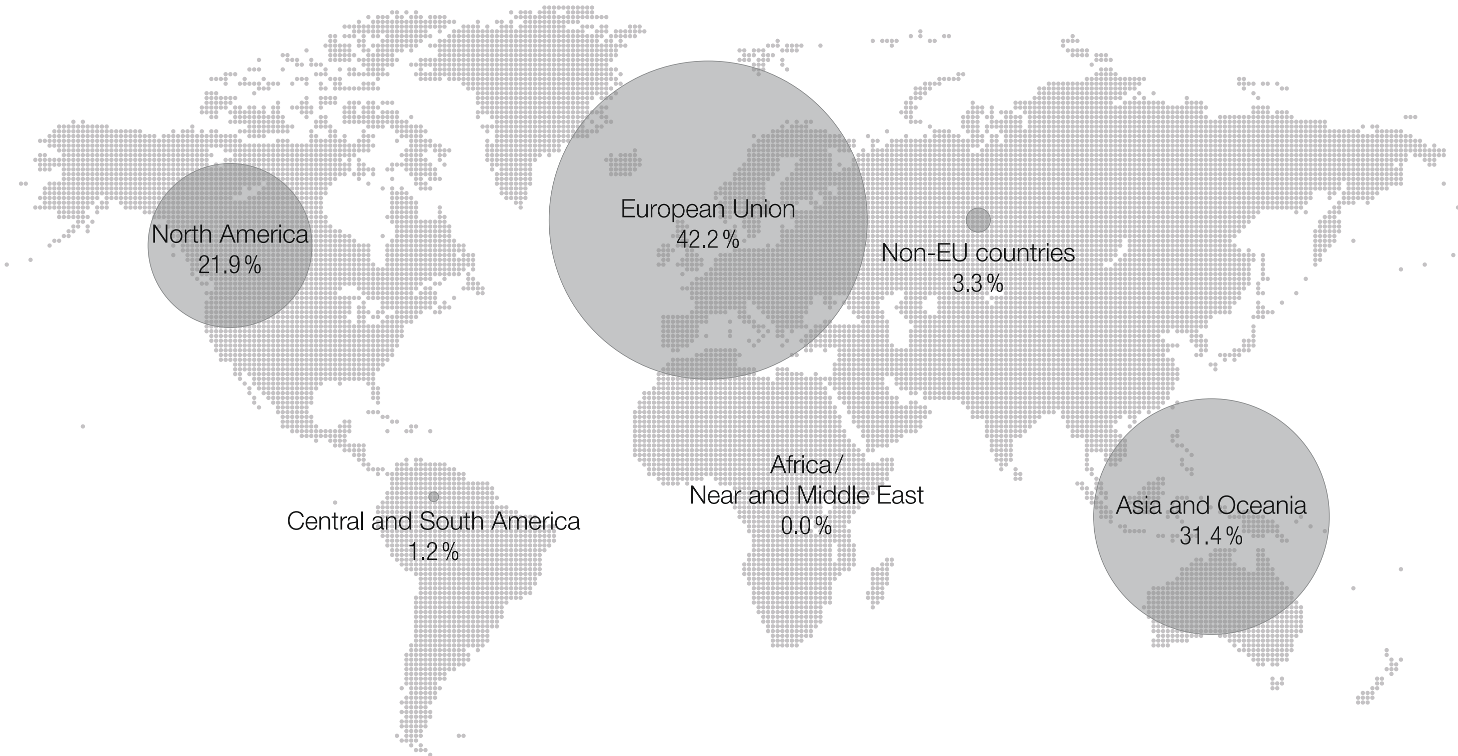
Total revenues for the Gear Technology and Automation Systems division amounted to € 242 million in 2018, representing a € 6 million or 2.5 % increase year on year.

The German machine tools industry grew strongly in the last business year. According to reports by the German Machine Builder's Association (VDW), there was an increase in orders, particularly from the Americas and Europe, compensating for lower demand in Asia.

In contrast to the industry as a whole, sales declined slightly in Europe due to the very significant decline in the United Kingdom. By contrast, the growth in Germany, Poland and France was very pleasing. In North America, sales increased significantly again this year, while sales in Central and South America declined slightly. In Asia and Oceania as well as in Africa and the Near and Middle East, sales have fallen slightly.

There was little difference in performance among the division's various product areas. In the gear technologies area, demand rose for skivers and standalone

Turnover by sales regions

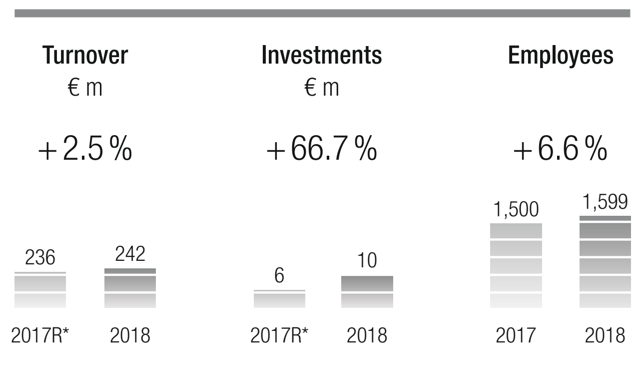


ChamferCut machines, in addition to hobbing, grinding and gear-shaping technologies. In the area of automation systems, sales in pallet handling systems grew.

The division introduced numerous innovations in the past business year. For example, in the gear technology business area, the new LGG 400 M gear-grinding machine combines generating grinding, profile grinding and internal grinding in a single machine to provide the highest degree of flexibility and self-sufficiency. In the area of automation, the division unveiled the LRC 20 robot cells and LPC 3600 palletising cells, which are adaptable machine enhancements for automated production.

In partnership with members of the VDW, the division also introduced the “Connectivity for Industry 4.0” project. Raw data produced by the machines will be collected in cloud systems in the future and optimally analysed. The web-based Liebherr “LMS Machine Info” app transfers machine data into standardised data profiles and processes them into individualised information. This will enable customers to centrally track production progress at each of the machine’s work steps.

The Gear Technology and Automation Systems concentrated their investments in production facilities in 2018. For 2019, the division predicts sales at the previous year’s level.



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Domestic Appliances

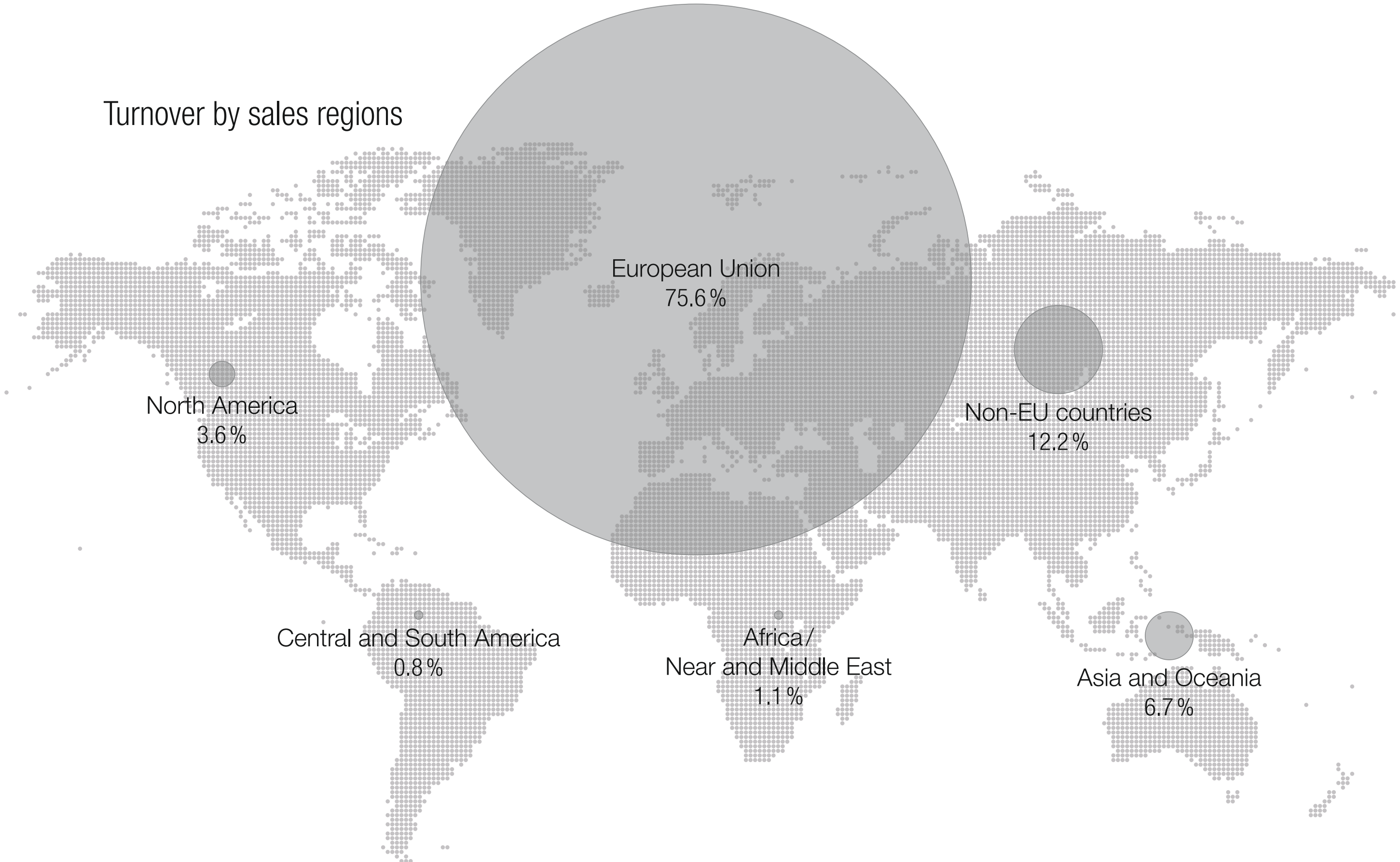
The Domestic Appliances division posted sales of € 945 million in the 2018 financial year. This corresponds to an increase of € 16 million or 1.7 % year-on-year.

The global market for large domestic appliances grew in 2018. This was mainly attributable to the economic upturn in South America and the continuing growth of the industry in Asia, especially in China.

At Liebherr, the Domestic Appliances division overall showed robust business growth. Liebherr's strong market position in Europe was maintained. In Russia turnover was below the previous year's level. In Asia and Oceania as well as in North, Central and South America sales were up, whilst an above-average rate of growth was established in the US, China and Thailand. The expansion of distribution and the expanded product portfolio in North America led to a strong increase in turnover in this region. On the other hand, Africa and the Middle and Near East showed a decline.

A milestone for the division was the presentation of the new Monolith range at the International Consumer Electronics Fair (IFA) 2018 in Berlin. The Monolith range offers a generous selection of cooling options as well as bold design and luxurious features. This series also contains SmartDevice technology, which enables customers to connect their refrigerator to their smartphone. This allows

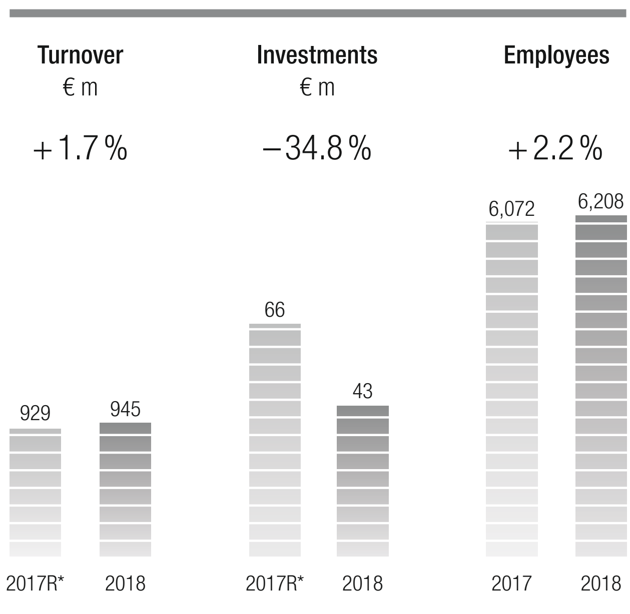
Turnover by sales regions



them to use existing services such as recipes or shopping lists and change the settings on their device from anywhere at any time. Thanks to BioFresh technology, the new range has a reputation for innovative and sustainable food management. With MyStyle, Liebherr also offers customers the unique opportunity of customising their refrigerator design.

The division opened a new production plant in Aurangabad, India, with state-of-the-art manufacturing equipment. Liebherr Appliances India Private Limited specialises in the production of high-quality refrigerators and freezers for the Indian market. India's economic growth means that Liebherr is opening up an important market for the future. The division has invested in a modern customer service centre at Ochsenhausen (Germany) to provide better service and expert advice.

To ensure future success, the division is responding to the dynamic market environment in the domestic appliance industry with greater customer focus and value-added marketing.



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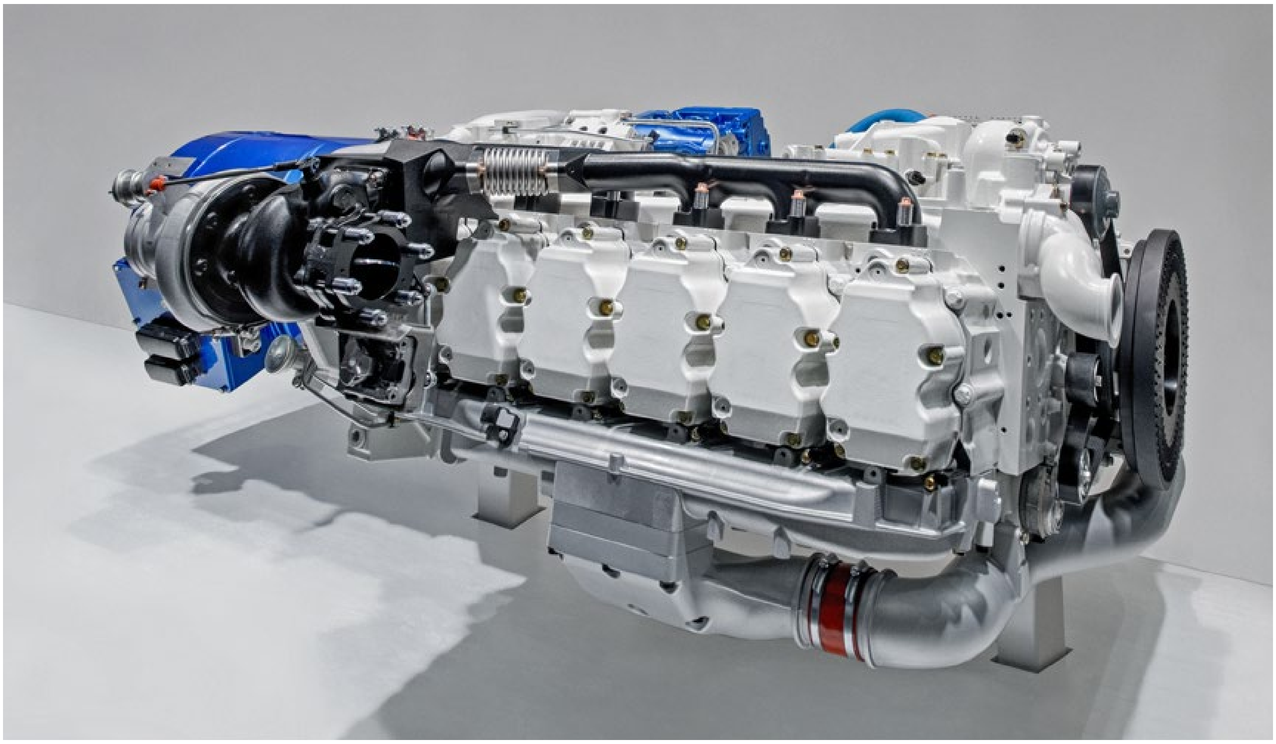
Components

The Components division produces individual components and system solutions for Liebherr machines and external customers. The division significantly increased its sales in 2018.

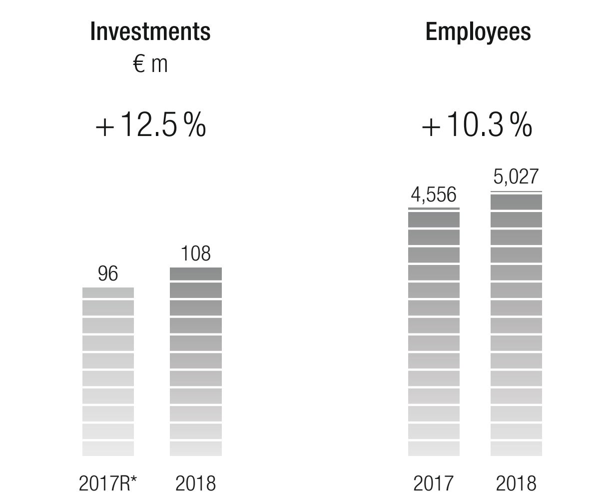
In the financial year 2018, the business areas of Propulsion, Hydraulic Cylinders, Electrical Propulsion and Control Technologies benefited from the upward trend in the mining industry and the strong business year for the Liebherr Earthmoving, Tower Cranes and Mobile Cranes divisions. A new engine series went into production, and sales in combustion engines increased substantially among major customers, all of which resulted in significant growth. There was also an increase in deliveries of gas engines for combined heat and power units.

One of the most important events was the start of a partnership to develop six-cylinder, on-highway engines. At the Innotrans fair in Berlin (Germany) in autumn, a partnership to produce an engine for power packs in rail vehicles was announced. This engine, which will be available from 2020, offers greater power at a lower fuel consumption than comparable motors. As part of a long-term collaboration with a Finnish partner, Liebherr announced the development of high-speed engines for marine and offshore applications. This allows the division to expand into a new sector.



The division made significant progress in developing new power electronics in the reporting year 2018. For example, the product portfolio expanded to include new low-voltage frequency converters. The power modules and converter systems are suitable for drive power in the multi-megawatt range, and some versions can be used in the maritime industry, wind turbines and industrial applications. In the field of human-machine interfaces, the portfolio has been expanded to include a mobile digital camera. Its extensive sensor functions make it useful in a wide range of applications.

The division expects large order volumes for the year ahead in nearly all of its business areas. To accommodate this, production capacities are being expanded, including the opening of a new production hall for surface treatment of slewing bearings in Biberach an der Riß (Germany).



* Restatement first time adoption of IFRS 9 / 15 / 16

Group Companies

The Group

Summary of Group Companies

Europe

Austria
Hotel Löwen Schruns GmbH
Schruns
Interalpen-Hotel Tyrol GmbH
Telfs
Liebherr-Hausgeräte Lienz GmbH
Lienz
Liebherr-International Austria GmbH
Bischofshofen
Liebherr-MCCtec GmbH
Nenzing
Liebherr-Transportation Systems GmbH & Co KG
Korneuburg
Liebherr-Werk Bischofshofen GmbH
Bischofshofen
Liebherr-Werk Nenzing GmbH
Nenzing
Liebherr-Werk Telfs GmbH
Telfs

Azerbaijan
Liebherr-Azeri LLC
Baku

Bulgaria
Liebherr-Hausgeräte Marica EOOD
Radinovo
Liebherr-Transportation Systems Marica EOOD
Radinovo

Czech Republic
Liebherr-Stavební stroje CZ s.r.o.
Brno

Denmark
Liebherr-Danmark ApS
Hedensted

Finland
Liebherr-Finland Oy Ab
Helsinki

France
Liebherr-Aerospace Toulouse SAS
Toulouse
Liebherr-Aerospace & Transportation SAS
Toulouse
Liebherr-Components Colmar SAS
Colmar
Liebherr-France SAS
Colmar
Liebherr-Grues à Tour SAS
Niederhergheim
Liebherr-Grues Mobiles SAS
Niederhergheim
Liebherr-Location France SAS
Niederhergheim
Liebherr-Malaxage & Techniques SAS
Niederhergheim
Liebherr-Mining Equipment Colmar SAS
Colmar
Liebherr-Mining Equipment SAS
Colmar
Liebherr-Nenzing Equipements SAS
Niederhergheim

Germany
Liebherr-Aerospace Lindenberg GmbH
Lindenberg
Liebherr-Baumaschinen Vertriebs- und Service GmbH
Kirchdorf an der Iller
Liebherr-Betonpumpen GmbH
Neu-Ulm
Liebherr-Components GmbH
Biberach an der Riss
Liebherr-Components Biberach GmbH
Biberach an der Riss
Liebherr-Components Deggendorf GmbH
Deggendorf
Liebherr-Components Kirchdorf GmbH
Kirchdorf an der Iller
Liebherr-Elektronik GmbH
Lindau
Liebherr-EMtec GmbH
Kirchdorf an der Iller
Liebherr-Ettlingen GmbH
Ettlingen

Liebherr-Hausgeräte GmbH
Ochsenhausen
Liebherr-Hausgeräte Ochsenhausen GmbH
Ochsenhausen
Liebherr-Hausgeräte Vertriebs- und Service GmbH
Ochsenhausen
Liebherr-Hydraulikbagger GmbH
Kirchdorf an der Iller
Liebherr-International Deutschland GmbH
Biberach an der Riss
Liebherr-IT Services GmbH
Kirchdorf an der Iller
Liebherr-Logistics GmbH
Kirchdorf an der Iller
Liebherr-MCCtec Rostock GmbH
Rostock
Liebherr-MCCtec Vertriebs- und Service GmbH
Hamburg
Liebherr-Mietpartner GmbH
Ludwigshafen am Rhein
Liebherr-Mischtechnik GmbH
Bad Schussenried
Liebherr-Purchasing Services GmbH
Biberach an der Riss
Liebherr-Transportation Systems Mannheim GmbH
Mannheim
Liebherr-Verzahntechnik GmbH
Kempten
Liebherr-Werk Biberach GmbH
Biberach an der Riss
Liebherr-Werk Ehingen GmbH
Ehingen (Donau)
Liebherr-Wohnungsbau GmbH
Kirchdorf an der Iller

Hungary
Liebherr-Építöipari Gépek Magyarország Kft.
Györ

Ireland
Killarney Hotels Ltd.
Killarney
Liebherr-Construction Equipment Ireland Limited
Rathcoole
Liebherr Container Cranes Ltd.
Killarney

Italy
Liebherr-EMtec Italia S.p.A.
Lallio
Liebherr-Italia S.p.A.
Monfalcone
Liebherr-Utensili s.r.l.
Collegno

The Netherlands
Liebherr-Maritime Benelux B.V.
Amersfoort
Liebherr-Nederland B.V.
Amersfoort

Norway
Liebherr-Norge AS
Ingeberg

Poland
Liebherr-Polska sp. z o.o.
Ruda Śląska

Portugal
Liebherr Portugal, Lda.
Venda do Pinheiro

Romania
Liebherr-Romania S.R.L.
Bucharest

Russia
Liebherr-Aerospace Nizhny Novgorod OOO
Nizhny Novgorod (75.1 %)
Liebherr-Nizhny Novgorod OOO
Nizhny Novgorod
Liebherr-Russland OOO
Moscow

Sweden
Liebherr-Sverige AB
Västerås
Switzerland
Liebherr-Baumaschinen AG
Reiden
Liebherr-Components AG
Nussbaumen
Liebherr-Component Technologies AG
Bulle
Liebherr-Export AG
Nussbaumen
Liebherr-Hotels AG
Bulle
Liebherr-Industrieanlagen AG
Bulle
Liebherr-International AG
Bulle
Liebherr-Intertrading AG
Bulle
Liebherr Machines Bulle SA
Bulle
Liebherr-Service AG
Nussbaumen
Spain
Liebherr Iberica, S.L.
Azuqueca de Henares
Liebherr Industrias Metálicas, S.A.
Pamplona
Turkey
Liebherr Makine Ticaret Servis Limited Şirketi
Istanbul
United Kingdom
Liebherr-Great Britain Ltd.
Biggleswade
Liebherr-Rental Ltd.
Biggleswade
Liebherr Sunderland Works Ltd.
Sunderland

Africa / Near and Middle East

Algeria
Liebherr Algérie, EURL
Algiers
Ghana
Liebherr-Ghana Ltd.
Accra
Morocco
Liebherr-Maroc SARL
Casablanca
Mozambique
Liebherr-Mozambique, Lda.
Maputo
Nigeria
Liebherr-Nigeria Ltd.
Abuja (90 %)
Saudi Arabia
Saudi Liebherr Company Ltd.
Jeddah (60 %)
South Africa
Liebherr-Africa (Pty) Ltd
Springs
United Arab Emirates
Liebherr-Equipment Services Middle East, L.L.C. *
Dubai
Liebherr Middle East FZE
Dubai
Zambia
Liebherr Zambia Ltd.
Lusaka

North America

Canada
- **Liebherr-Canada Ltd.**
  Burlington, ON

Mexico
- **Liebherr Mexico, S. de R.L. de C.V.**
  Mexico City
- **Liebherr Monterrey, S. de R.L. de C.V.**
  Monterrey
- **Liebherr Servicios Monterrey, S. de R.L. de C.V.**
  Monterrey

USA
- **HL Farm, LLC**
  Newport News, VA
- **Liebherr Aerospace Saline, Inc.**
  Saline, MI
- **Liebherr-America, Inc.**
  Newport News, VA
- **Liebherr Automation Systems Co.**
  Saline, MI
- **Liebherr Gear Technology, Inc.**
  Saline, MI
- **Liebherr Mining Equipment Newport News Co.**
  Newport News, VA
- **Liebherr USA, Co.**
  Newport News, VA

Central and South America

Argentina
- **Liebherr-Argentina S.A.**
  Buenos Aires

Brazil
- **Liebherr Aerospace Brasil Ltda.**
  Guaratinguetá
- **Liebherr Brasil Eireli**
  Guaratinguetá

Chile
- **Liebherr Chile SpA**
  Santiago de Chile

Colombia
- **Liebherr Colombia SAS**
  Bogotá D.C.

Panama
- **Liebherr Panama S.A.**
  Panama City

Peru
- **Liebherr Distribuidora Peru S.A.C.**
  Lima

Asia and Oceania

Australia
Liebherr-Australia Pty. Ltd.
Adelaide
India
Liebherr Appliances India Private Limited
Mumbai
Liebherr CMCtec India Private Limited
Pune
Liebherr India Private Limited
Mumbai
Liebherr Machine Tools India Private Limited
Bangalore (60 %)
Indonesia
PT. Liebherr Indonesia Perkasa
Balikpapan
Japan
Liebherr Japan Co., Ltd.
Yokohama
Kazakhstan
Liebherr Kasachstan TOO
Almaty
Malaysia
Liebherr Appliances Kluang SDN. BHD.
Kluang
Liebherr Sales Kluang SDN. BHD.
Kluang
New Caledonia
Liebherr-Nouvelle-Calédonie SAS
Nouméa

PR China
Liebherr (HKG) Limited
Hong Kong SAR
Liebherr LAMC Aviation (Changsha) Co., Ltd.
Changsha (50 %)
Liebherr Machinery (Dalian) Co., Ltd.
Dalian
Liebherr Machinery (Xuzhou) Co., Ltd.
Xuzhou
Liebherr Machinery Service (Shanghai) Co., Ltd.
Shanghai
Liebherr Purchasing (Dalian) Co., Ltd.
Dalian
Liebherr Transportation Systems (China) Co., Ltd. *
Pinghu
Xuzhou Liebherr Concrete Machinery Co., Ltd.
Xuzhou
Zhejiang Liebherr Zhongche Transportation Systems Co., Ltd.
Zhuji (70 %)
Singapore
Liebherr-Singapore Pte Ltd
Singapore
South Korea
Liebherr Machine Tools and Automation Korea Ltd.
Seoul (70 %)
Liebherr Mobile Cranes Korea Ltd.
Seoul
Thailand
Liebherr (Thailand) Co., Ltd.
Rayong

The companies marked with * were founded in 2019.

Consolidated Financial Statements

Consolidated Balance Sheet

Assets in m €	Notes	Dec. 31, 2018	%	Dec. 31, 2017R*	%	Jan. 1, 2017R*	%
Intangible assets	3.1	27	0.2	27	0.2	34	0.3
Tangible assets	3.2	3,855	28.0	3,741	28.3	3,757	29.2
Shares joint ventures and associated companies	3.5	13	0.1	12	0.1	14	0.1
Non-current financial assets	3.6	211	1.5	192	1.5	125	1.0
Deferred tax assets	8	327	2.4	218	1.7	267	2.1
Non-current assets		**4,433**	**32.2**	**4,190**	**31.8**	**4,197**	**32.7**
Inventories	4.1	4,489	32.5	3,655	27.7	3,553	27.7
Receivables	4.2/4.3	2,297	16.7	2,244	17.0	1,998	15.6
Income tax receivables	8	80	0.6	94	0.7	91	0.7
Current financial assets	4.5	1,247	9.0	1,223	9.2	1,267	9.9
Liquid funds	4.6	1,239	9.0	1,796	13.6	1,726	13.4
Current assets		**9,352**	**67.8**	**9,012**	**68.2**	**8,635**	**67.3**
Total assets		**13,785**	**100.0**	**13,202**	**100.0**	**12,832**	**100.0**
Equity and Liabilities in m €							
Subscribed capital		62	0.4	62	0.5	62	0.5
Revenue reserves	2.3/5	7,491	54.4	7,291	55.2	6,959	54.2
Equity of Liebherr-International AG shareholders		**7,553**	**54.8**	**7,353**	**55.7**	**7,021**	**54.7**
Non-controlling interests		17	0.1	16	0.1	16	0.1
Equity		**7,570**	**54.9**	**7,369**	**55.8**	**7,037**	**54.8**
Non-current financial liabilities	6	1,616	11.7	1,352	10.2	1,908	14.9
Post-employment benefits	9	789	5.7	710	5.4	713	5.6
Deferred tax liabilities	8	48	0.3	70	0.5	50	0.4
Non-current provisions	10	25	0.2	33	0.3	38	0.3
Other non-current liabilities	7	120	0.9	128	1.0	114	0.8
Non-current liabilities		**2,598**	**18.8**	**2,293**	**17.4**	**2,823**	**22.0**
Current financial liabilities	6	909	6.6	1,181	8.9	687	5.4
Payments received in advance		358	2.6	324	2.5	270	2.1
Income tax liabilities	8	121	0.9	85	0.6	61	0.5
Current provisions	10	593	4.3	515	3.9	524	4.1
Other current liabilities	7	1,636	11.9	1,435	10.9	1,430	11.1
Current liabilities		**3,617**	**26.3**	**3,540**	**26.8**	**2,972**	**23.2**
Total equity and liabilities		**13,785**	**100.0**	**13,202**	**100.0**	**12,832**	**100.0**

* Restatement first time adoption of IFRS 9/15/16

Consolidated income statement

in m €	Notes	Dec. 31, 2018	%	Dec. 31, 2017R*	%
Sales revenue	11	10,551	92.0	9,812	94.2
Increase or decrease of work in progress and finished goods		342	3.0	33	0.3
Other own work capitalised		360	3.1	336	3.2
Other operating income		213	1.9	237	2.3
Operating income		**11,466**	**100.0**	**10,418**	**100.0**
Cost of materials		–5,724	–49.9	–5,156	–49.5
Personnel expenses		–2,790	–24.3	–2,538	–24.4
Depreciation on non-current assets	3	–513	–4.5	–499	–4.8
Other operating expenses		–1,807	–15.8	–1,621	–15.6
Operating expenses		**–10,834**	**–94.5**	**–9,814**	**–94.3**
Operating result		**632**	**5.5**	**604**	**5.7**
Finance income		585	5.1	537	5.2
Finance cost		–704	–6.1	–574	–5.5
At equity result		1	0.0	1	0.0
Finance result		**–118**	**–1.0**	**–36**	**–0.3**
Result before tax		**514**	**4.5**	**568**	**5.4**
Taxes on income	8	–193	–1.7	–249	–2.4
Result after tax		**321**	**2.8**	**319**	**3.0**
of which shareholders of Liebherr-International AG		320	2.8	318	3.0
of which non-controlling interests		1	0.0	1	0.0

* Restatement first time adoption of IFRS 9/15/16

Consolidated Statement of Comprehensive Income

in m €	Dec. 31, 2018	Dec. 31, 2017R*
Result after tax	**321**	**319**
Post-employment benefits	–7	10
Deferred tax	1	–4
Items not recycled to profit or loss	**–6**	**6**
Foreign exchange translation differences	–55	–59
Changes of fair value in cash flow hedges	–52	133
Deferred tax	16	–42
Items recycled to profit or loss	**–91**	**32**
Other comprehensive income	**–97**	**38**
Comprehensive income	**224**	**357**
of which shareholders of Liebherr-International AG	223	356
of which non-controlling interests	1	1

Consolidated Statement of Changes in Equity

in m €	Subscribed capital	Value fluctuations on financial instruments	Foreign exchange translation differences	Other revenue reserve	Equity of Liebherr-International AG shareholders	Non-controlling interests	Group equity
Dec. 31, 2016	**62**	**–49**	**114**	**6,908**	**7,035**	**16**	**7,051**
Changes in accounting policy				–15	–15		–15
Jan. 1, 2017R*	**62**	**–49**	**114**	**6,893**	**7,020**	**16**	**7,036**
Result after tax				318	318	1	319
Other comprehensive income		91	–59	6	38	0	38
Comprehensive income		**91**	**–59**	**324**	**356**	**1**	**357**
Dividends				–23	–23	–1	–24
Dec. 31, 2017R*	**62**	**42**	**55**	**7,194**	**7,353**	**16**	**7,369**
Result after tax				320	320	1	321
Other comprehensive income		–36	–55	–6	–97	0	–97
Comprehensive income		**–36**	**–55**	**314**	**223**	**1**	**224**
Dividends				–21	–21	0	–21
Changes in shares of non-controlling interests				–2	–2	0	–2
Dec. 31, 2018	**62**	**6**	**0**	**7,485**	**7,553**	**17**	**7,570**

* Restatement first time adoption of IFRS 9/15/16

Consolidated Cash Flow Statement

in m €	Dec. 31, 2018	Dec. 31, 2017R*
Result after tax	**321**	**319**
Depreciation on non-current assets	513	499
Value fluctuations marketable securities (current assets)	74	–38
Gain/Loss on disposal of non-current assets	3	–1
Change of provisions and post-employment benefits	142	1
Other non-liquid expenses/income	–100	172
Change of stock	–869	–207
Change of receivables and other current assets	–147	–253
Change of other liabilities	271	140
Change of rental fleet	–176	–142
Net cash flow from operating activities	**32**	**490**
Payment for investments in intangible assets	–12	–9
Payment for investments in tangible assets	–463	–417
Payment for investments in marketable securities in current assets	–177	–56
Proceeds from sales of intangible assets	0	0
Proceeds from sales of tangible assets	13	13
Proceeds from sales of financial assets	1	2
Proceeds from sales of marketable securities (current assets)	80	133
Net cash flow from investing activities	**–558**	**–334**
Dividends paid, other distributions and equity capital repaid	–22	–24
Proceeds from current or non-current financial liabilities	848	397
Repayment of current or non-current financial liabilities	–857	–434
Change non-controlling interests	–2	0
Net cash flow from financing activities	**–33**	**–61**
Net decrease/increase in liquid funds	**–559**	**95**
Foreign exchange translation difference on liquid funds at beginning of period and on cash flows	2	–25
Liquid funds at beginning of period	1,796	1,726
Liquid funds at end of period	**1,239**	**1,796**
Income tax paid and reimbursed	–258	–206
Interest paid/Interest received	11	5
Investments in leased assets	19	22

* Restatement first time adoption of IFRS 9/15/16

Notes to the consolidated financial statements

1 Corporate information and business activity

The company was founded in 1949 by Dr. Hans Liebherr. Currently, the family business has more than 46,000 employees working in more than 130 companies around the world. The share capital of Liebherr-International AG, Bulle, Switzerland, amounting to 62 m € (100 m CHF) is held exclusively by the Liebherr family.

For the construction sector and the mining industry, the Group develops, produces and distributes construction cranes, mobile cranes, crawler cranes, hydraulic excavators, material handlers, duty cycle crawler cranes, wheel loaders, crawler loaders and tractors, pipelayers, telescopic handlers, mining trucks as well as concrete mixing plants, concrete pumps and truck mixers worldwide. In addition, Liebherr develops, produces and distributes ship cranes, floating cranes, offshore cranes, container and mobile harbour cranes for the cargo handling industry worldwide. The activities range across machine tools, automation systems and engineering projects in the machine and plant construction industry, and landing gears, flight control and actuation systems as well as air management systems in the aerospace industry. Furthermore, Liebherr manufactures equipment for rail vehicles in the transportation technology area. For household and commercial refrigeration and freezing, Liebherr produces a variety of products with high benefits for the end users. In the component area the Group specialises in the development, design and manufacture of products in the mechanical, hydraulic and electric drive and control categories. Moreover, Liebherr operates six hotels in Ireland, Austria and Germany.

2 Accounting policies

2.1 General principles

The Group’s consolidated financial statements for the year ended December 31, 2018 are prepared following the standards of the International Accounting Standards Board (IASB) in London.

They are in accordance with all International Financial Reporting Standards (IFRS) and interpretations by the International Financial Reporting Interpretations Committee (IFRIC) applicable for annual periods beginning on or after January 1, 2018.

The accounting and reporting principles applied to these consolidated financial statements comply with Swiss Corporation Law as well as with IFRS. The prior year values are prepared in accordance with the same principles, insofar as newly applicable standards also apply to prior periods.

The annual financial statements are prepared according to the historical cost principle with transactions being recognised and reported in the period when they occur. Any divergence from this principle is specifically mentioned. The reporting period of Liebherr-International AG and its subsidiaries ends on December 31. The functional currency is the Euro, as it is the predominant currency in the Group.

2.2 Published and newly applied standards, interpretations and amendments

The following new standards, interpetations and amendments were relevant for Liebherr in 2018.

IFRS 9: Financial Instruments, Classification and Measurement

The IASB has published, in July 24, 2014, the final version of IFRS 9 bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project. IFRS 9 brings about a) a new expected loss impairment model, b) limited amendments to classification and measurement for financial assets and c) amendments regarding hedge accounting. Using the given practical expedient regarding restatement of prior periods, Liebherr Group adopted IFRS 9 as of January 1, 2018.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 was issued in May 28, 2014 and replaces IAS 11, IAS 18, IFRC 13, IFRIC 15, IFRIC 18 and SIC 31. The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

IFRS 15 is to be applied to be applied for the first time in the Liebherr Group by means of the retrospective method. The retrospective method simulates what the accounting of the earliest period to be presented would have been like if IFRS 15 had already been applied. Accordingly, the disclosed prior period amounts, marked with "R", reflect the adoption of IFRS 15. The first time adoption effects are recognised in the reserves.

For the purpose of the transition to IFRS 15 according to the retrospective approach, practical expedients have been used. In the case of fulfilled contracts, in accordance with IFRS 15.C5 a restatement did not take place for the respective contracts when the contracts start and end during the same fiscal year. The fact that many sales did not include separable performance obligation resulted in a significant reduction of transition work. Furthermore, for fulfilled contracts with a variable consideration the transaction price at the date of the contractual performance has been taken. Contracts for which a change took place before 2017 have not been restated. In accordance with IFRS 15.C4 Liebherr presents comparative amounts only for the immediately proceeding period, i.e. for 2017.

IFRS 16: Leases

IFRS 16 was issued in January, 16, 2016 and replaces the previous Standard, IAS 17. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 with additional disclosures. The lessee accounting changed significantly. IFRS 16 eliminates the classification of leases as either operate leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is, generally, required to recognise right of use assets and lease liabilities for all leases.

IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15 has also been applied. Accordingly, Liebherr adopted IFRS 16 for periods starting on January 1, 2018 by means of the retrospective method. The disclosed prior period amounts, marked with "R", reflect the adoption of IFRS 16. The earliest period to be presented concerns 2017 and first time adoption effects are recognised in the reserves as of January 1, 2017. For the purpose of the transition to IFRS 16 according to the retrospective approach, practical expedients have been used. In accordance with IFRS 16.C3 the standard has been applied to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. For lease contracts that were classified as operate leases according to IAS 17, the corresponding lease liability is calculated as the present value of the outstanding lease payments. For finance leases, the corresponding measurement of the right of use asset is based on the (old) book value. As a practical expedient Liebherr applied one discount rate for portfolios of similiar lease contracts. Contracts with a lease term of less than 12 month are classified as short term and the corresponding costs are recognised in the profit or loss of the relevant period.

The following tables show the balance sheet effects of the first time adoption of IFRS 15 and IFRS 16 as of 01/01/2017 and as 12/31/2017:

Assets in m €	Jan. 01, 2017 (Before Restatement)	Effect IFRS 15	Effect IFRS 16	Foreign exchange differences	Jan. 01, 2017 (After Restatement)
Intangible assets	34	0	0	0	34
Tangible assets	3,654	–1	104	0	3,757
Shares joint ventures and associated companies	14	0	0	0	14
Non-current financial assets	125	0	0	0	125
Deferred tax assets	262	2	3	0	267
Non-current assets	**4,089**	**1**	**107**	**0**	**4,197**
Inventories	3,530	23	0	0	3,553
Receivables	1,958	40	0	0	1,998
Income tax receivables	91	0	0	0	91
Current financial assets	1,267	0	0	0	1,267
Liquid funds	1,726	0	0	0	1,726
Current Assets	**8,572**	**63**	**0**	**0**	**8,635**
Total Assets	**12,661**	**64**	**107**	**0**	**12,832**

Equity and Liabilities in m €	Jan. 01, 2017 (Before Restatement)	Effect IFRS 15	Effect IFRS 16	Foreign exchange differences	Jan. 01, 2017 (After Restatement)
Subscribed capital	62	0	0	0	62
Revenue reserves	6,973	–8	–6	0	6,959
Equity of Liebherr-International AG shareholders	**7,035**	**–8**	**–6**	**0**	**7,021**
Non-controlling interests	16	0	0	0	16
Equity	**7,051**	**–8**	**–6**	**0**	**7,037**
Non-current financial liabilities	1,800	0	108	0	1,908
Post-employment benefits	713	0	0	0	713
Deferred tax liabilities	48	2	0	0	50
Non-current provisions	38	0	0	0	38
Other non-current liabilities	142	–27	–1	0	114
Non-current liabilities	**2,741**	**–25**	**107**	**0**	**2,823**
Current financial liabilities	680	0	7	0	687
Payments received in advance	270	0	0	0	270
Income tax liabilities	61	0	0	0	61
Other non-current liabilities	533	–9	0	0	524
Other current liabilities	1,325	140	–35	0	1,430
Current liabilities	**2,869**	**131**	**–28**	**0**	**2,972**
Total equity and liabilities	**12,661**	**98**	**73**	**0**	**12,832**

Assets in m €	Dec. 31, 2017 (Before Restatement)	Effect IFRS 15	Effect IFRS 16	Foreign exchange differences	Dec. 31, 2017 (After Restatement)
Intangible assets	27	0	0	0	27
Tangible assets	3,622	2	121	–4	3,741
Shares joint ventures and associated companies	12	0	0	0	12
Non-current financial assets	192	0	0	0	192
Deferred tax assets	215	1	1	1	218
Non-current assets	**4,068**	**3**	**122**	**–3**	**4,190**
Inventories	3,634	21	0	0	3,655
Receivables	2,202	43	0	–1	2,244
Income tax receivables	94	0	0	0	94
Current financial assets	1,223	0	0	0	1,223
Liquid funds	1,796	0	0	0	1,796
Current Assets	**8,949**	**64**	**0**	**–1**	**9,012**
Total Assets	**13,017**	**67**	**122**	**–4**	**13,202**

Equity and Liabilities in m €	Dec. 31, 2017 (Before Restatement)	Effect IFRS 15	Effect IFRS 16	Foreign exchange differences	Dec. 31, 2017 (After Restatement)
Subscribed capital	62	0	0	0	62
Revenue reserves	7,318	–27	0	0	7,291
Equity of Liebherr-International AG shareholders	**7,380**	**–27**	**0**	**0**	**7,353**
Non-controlling interests	**16**	0	0	0	16
Equity	**7,396**	**–27**	**0**	**0**	**7,369**
Non-current financial liabilities	1,230	0	125	–3	1,352
Post-employment benefits	710	0	0	0	710
Deferred tax liabilities	67	3	0	0	70
Non-current provisions	32	–1	0	2	33
Other non-current liabilities	133	–4	–1	0	128
Non-current liabilities	**2,172**	**–2**	**124**	**–1**	**2,293**
Current financial liabilities	1,169	–3	16	–1	1,181
Payments received in advance	324	0	0	0	324
Income tax liabilities	85	0	0	0	85
Current provisions	524	–9	0	0	515
Other current liabilities	1,347	108	–18	–2	1,435
Current liabilities	**3,449**	**96**	**–2**	**–3**	**3,540**
Total equity and liabilities	**13,017**	**67**	**122**	**–4**	**13,202**

Significant adjustment from adopting IFRS 16 can be identified in fixed assets and non-current liabilities resulting from leasing of land. Significant adjustment from adopting IFRS 15 can be identified in inventories, receivables and current liabilities resulting from sales with associated repurchase obligation and sales with an extended warranty.

The following table shows the first time adoption effect of IFRS 15 and IFRS 16 on the consolidated income statement:

in m €	Dec. 31, 2017 (Before Restatement)	Effect IFRS 15	Effect IFRS 16	Foreign exchange differences	Dec. 31, 2017 (After Restatement)
Sales revenue	9,845	–31	–2	0	9,812
Increase or decrease of work in progress and finished goods	35	–2	0	0	33
Other own work capitalised	329	0	7	0	336
Other operating income	237	–2	2	0	237
Operating income	**10,446**	**–35**	**7**	**0**	**10,418**
Cost of materials	–5,184	14	14	0	–5,156
Personnel expenses	–2,538	0	0	0	–2,538
Depreciation on non-current assets	–485	–3	–11	0	–499
Other operating expenses	–1,630	7	2	0	–1,621
Operating expenses	**–9,837**	**18**	**5**	**0**	**–9,814**
Operating result	**609**	**–17**	**12**	**0**	**604**
Finance income	537	0	0	0	537
Finance cost	–571	0	–3	0	–574
At equity result	1	0	0	0	1
Finance result	**–33**	**0**	**–3**	**0**	**–36**
Result before tax	**576**	**–17**	**9**	**0**	**568**
Taxes on income	–245	–1	–3	0	–249
Result after tax	**331**	**–18**	**6**	**0**	**319**
of which shareholders of Liebherr-International AG	330	–18	6	0	318
of which non-controlling interests	1	0	0	0	1

2.3 Basis of consolidation

The consolidated financial statements are prepared based on the individual financial statements of Liebherr-International AG and its subsidiaries, which are audited by independent auditors and prepared using consistent accounting policies. The consolidated financial statements include the annual financial statements of Liebherr-International AG as a parent company and of all subsidiaries in which Liebherr-International AG directly or indirectly holds a majority of voting rights, or otherwise controls according to IFRS 10.

The following companies have newly been established during the financial year 2018 by means of start up, acquisition or restructuring:

- Liebherr Hausgeräte Vertriebs und Service GmbH, Ochsenhausen, Germany,
- Liebherr Norge AS, Ingeberg, Norway.

Acquired companies are fully consolidated from the time when the Group has control according to IFRS 10. They are accounted for using the purchase method under which identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. Any remaining residual value is recorded as goodwill in the respective functional currency of the company acquired. Any goodwill is not systematically amortised, but is reviewed for impairment at least on an annual basis.

Sold companies are deconsolidated at the time the Group ceases to have control and any gain or loss is recognised in the income statement.

Investments for which the Group does not exercise control but a significant influence are classified as associates or joint ventures and accounted for using the equity method according to IFRS 11. The Group's share of net assets is presented in the balance sheet under shares joint ventures and associated companies and the share of profit of joint ventures and associates is shown in the income statement under at equity result.

The consolidated financial statements include investments in joint ventures and associate companies. Material investments are as follows:

- Fors AG, Studen, Switzerland,
- Somatel-Liebherr Spa, Ain Smara, Algeria,
- Aerospace Transmission Technologies GmbH, Friedrichshafen, Germany.

2.4 Translation of foreign currency

Foreign currency transactions are converted at the spot rate as of the transaction date. Monetary assets and liabilities in foreign currency are translated at the balance sheet date exchange rate. All gains and losses are recognised in the income statement. Assets and liabilities in financial statements of subsidiaries are converted to euro using the balance sheet date exchange rate. For the translation of the income statement and the cash flow statement the average exchange rate of the annual period is used. Exchange rate differences arising from the conversion of the income statement of affiliated companies are recognised separately in the other comprehensive income until disposal.

For the most significant currencies, the following exchange rates have been applied:

				2018		2017
			Year end rate in €	Average rate in €	Year end rate in €	Average rate in €
Switzerland	CHF	1	0.8874	0.8662	0.8546	0.9007
USA	USD	1	0.8734	0.8472	0.8338	0.8874
Great Britain	GBP	1	1.1179	1.1304	1.1271	1.1420
Australia	AUD	1	0.6165	0.6331	0.6516	0.6798
Russia	RUB	1	0.0125	0.0135	0.0144	0.0152

2.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Purchases and sales of financial instruments are recognised using the trading date.

Financial assets and liabilities are recognised when the Liebherr Group becomes a party to the contractual obligations of the instrument. Financial assets are derecognised when the contractual rights to receive cash flows are fully transferred to a third party or they have expired. In cases the rights to receive cash flows are neither transferred nor retained, a derecognition is only relevant to the extent control has been transferred. If the Group retained control, the Group continues to recognise the instrument to the extent of its continuing involvement. A financial liability is not derecognised until the liability is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

The adoption of IFRS 9 results in a change with respect to the classification and measurement of financial instruments. The initial and subsequent measurement of the various financial instruments used by the Liebherr Group depends on the business model and the cash flow structure. If the contractual details of the financial instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding Liebherr will classify them as "Amortised Cost" otherwise as "Fair value through profit or loss". Thus, Liebherr recognises financial instruments that are recognised and measured differently depending on their allocation to the categories specified in IFRS 9. The classification and measurement of financial liabilities are largely unchanged under IFRS 9.

Financial instruments at fair value through profit or loss (fvtpl)

This category includes financial assets and liabilities classified upon initial recognition at fair value through profit or loss and financial assets, inclusive of derivatives, i.e. derivatives held for trading and not held as a hedging instrument according to IFRS 9. All financial instruments in this category are measured at fair value with gains or losses arising from changes in fair value recognised in the income statement in the relevant period (finance income or finance cost). In general, the fair value of the financial instrument base on market prices (Level 1 Inputs and Level 2 Inputs of the fair value hierarchy). Valuation techniques (Level 3 Inputs) using non observable input parameters are not applied. There were no financial instruments whose fair values could not be determined with sufficient reliability.

Amortised costs

This category represents loans granted by the Group and accounts receivable trade. Financial assets within this category are recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset upon initial recognition and subsequently measured at amortised cost. At each balance sheet date or under certain circumstances (e.g. significant financial difficulties of the debtor), the carrying amount of the financial instruments in this category are assessed for any impairment. Any impairment losses, which are determined by comparing the carrying value of the instrument to the fair value, are recognised in the income statement. If there is objective substantial evidence in subsequent periods that the impairment of an asset is no longer applicable, the previously recorded impairment loss is to be reversed. However, the reversal of the impairment loss may not create a carrying value that exceeds what the carrying value would have been if normal amortisation charges had been considered (not considering the impairment).

Other financial liabilities

Other financial liabilities comprise all financial liabilities with the exception of derivatives. Financial liabilities are recognised initially at fair value including transaction costs. They are subsequently measured at amortised cost using the effective interest method. In addition to actual interest payments, finance costs include annual compound interest and pro rata transaction costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss. This loss incurs when a specified debtor fails to make payments in accordance with the original or modified terms of a debt instrument. In some cases, the creditworthiness of customers is guaranteed by the Liebherr Group to the financing party, i.e. a financial guarantee contract is issued.

3 Non-current assets

3.1 Intangible assets

Intangible assets acquired separately are measured initially at acquisition costs. Internally generated intangible assets from which the Group expects to receive a future benefit and which can be measured reliably are capitalised at their corresponding production costs. The production costs include all costs directly attributable to the production process and a proportionate share of production related overheads. Borrowing costs are not capitalised, as by definition intangible assets are not qualifying assets.

Development costs for new products are not capitalised, as the future economic benefit can only be demonstrated after a regulatory approval and a successful launch of the products in the market.

All intangible assets are amortised over the lower of their expected economic useful life or the contractual length using the straight-line method. Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually.

The estimated useful lives of the major classes of intangible assets are as follows:

Concessions	3 years
Industrial property rights and similar rights	3 years
Licences	3 years
Software	3 - 5 years

3.2 Tangible assets

Tangible assets are measured at costs less cumulative depreciation and cumulative impairment. As a depreciation method the straight-line method is used with a depreciation period corresponding to the useful life. Land is not depreciated on a systematic basis. Maintenance costs are capitalised when they extend the useful life or the production capacity of the asset.

Other maintenance costs and repairs are recognised in the income statement as incurred.

The estimated useful lives of tangible assets are as follows:

Buildings	20 - 40 years
Machinery and equipment	5 - 21 years
Furniture	13 years
IT	3 - 5 years
Vehicles	5 - 11 years

Any gain or loss arising from the disposal of an asset is included in other operating income or expenses. The disposal of rental machines is recognised as revenue. The reversal of the related remaining book value from the disposal is treated as cost of materials. Tangible assets are derecognised upon disposal or when no future economic benefit is expected from their use.

Borrowing costs directly attributable to the purchase, construction or manufacturing of a qualified asset are capitalised during the period until the asset is brought into service and afterwards depreciated over the useful life of the asset. Other borrowing costs are treated as expenses.

Development of tangible assets as at Dec. 31, 2018:

in m €	Land and buildings	Technical equip. and machinery	Other equip., factory and office equip.	Adv. paym., assets under construction	Total
Acquisition and production cost as at 1/1	3,191	2,552	1,478	221	7,442
Additions	91	398	135	193	817
Disposals	–15	–292	–64	–3	–374
Transfers	90	46	20	–158	–2
Foreign exchange differences	–23	–8	–2	–1	–34
Acquisition and production cost as at 31/12	**3,334**	**2,696**	**1,567**	**252**	**7,849**
Accum. depreciation and impairment as at 1/1	1,174	1,510	1,017	0	3,701
Depreciation of the year	131	225	141	0	497
Accum. depreciation on disposals	–10	–133	–57	0	–200
Impairment	0	4	0	1	5
Transfers	–1	0	–1	0	–2
Foreign exchange differences	–7	–1	1	0	–7
Accumulated depreciation as at 31/12	**1,287**	**1,605**	**1,101**	**1**	**3,994**
Net book value 31/12	**2,047**	**1,091**	**466**	**251**	**3,855**

Development of tangible assets as at Dec. 31, 2017R*:

in m €	Land and buildings	Technical equip. and machinery	Other equip., factory and office equip.	Adv. paym., assets under construction	Total
Acquisition and production cost as at 1/1R	3,080	2,505	1,431	234	7,250
Additions	70	388	116	195	769
Disposals	- 13	- 342	- 49	- 4	- 408
Transfers	124	56	19	-195	4
Foreign exchange differences	- 70	- 55	- 39	- 9	- 173
Acquisition and production cost as at 31/12R	**3,191**	**2,552**	**1,478**	**221**	**7,442**
Accum. depreciation and impairment as at 1/1R	1,081	1,462	950	0	3,493
Depreciation of the year	123	222	136	0	481
Accum. depreciation on disposals	– 10	- 153	- 45	0	– 208
Impairment	0	8	0	0	8
Transfers	0	- 4	- 1	0	–5
Foreign exchange differences	– 20	- 25	- 23	0	– 68
Accumulated depreciation as at 31/12R	**1,174**	**1,510**	**1,017**	**0**	**3,701**
Net book value 31/12R	**2,017**	**1,042**	**461**	**221**	**3,741**

* Restatement first time adoption of IFRS 9/15/16

Other equipment, factory and office equipment include mainly computer equipment, furniture, vehicles, transportation equipment, tools and fixtures.

The net book value of 3,855 m € (2017R: 3,741 m €) corresponds to 49.1 % (2017R: 50.3 %) of the historical cost. The recognised impairment loss relates to the rental equipment.

The carrying amount of land and buildings contains the capitalised borrowing costs amounting to 6 m € (2017R: 7 m €)

3.3 Leases

Liebherr acts mainly as a lessor and only in cases, a purchase is legally or economically not efficient, Liebherr Group is a (long term) lessee. The adoption of IFRS 16 implies that Liebherr has to recognise both a right of use asset and a lease liability. The majority of cases in this context concern land and buildings, but also machinery. The lease liability is measured at the beginning of the lease term at the present value of the unpaid lease payments and discounting is based on the marginal borrowing costs.

The practical expedient given in IFRS 16 with respect to small ticket leases and short term leases, implying that a recognition of a right of use assets and a lease liability is avoided, are interpreted and applied correspondingly at Liebherr. A short term lease is defined as a lease that, at the commencement date, has a lease term of 12 months or less, does not include an option to purchase the underlying asset and refers mainly to warehouses at short notice and flats. Small ticket leases refer to leases for which the underlying asset is of low value, i.e. a low present value of the lease payments, and subsumes assets like printers or other office equipment. Intangible assets are not within the scope of IFRS 16. In determining the lease liability both variable lease payments that depend on an index or a rate and amounts expected to be payable by the lessee under residual value guarantees are included.

The initial measurement of the right of use asset base on the value of the initial measurement of the lease liability. Scheduled depreciation is carried out over the economic useful life, if the asset is transferred to the lessee at the end of the term, or the lessee will exercise an existing purchase option with sufficient certainty. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right of use asset reflects that the lessee will exercise a purchase option, Liebherr depreciates the right of use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, depreciation is based on the right of use asset from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The right of use asset is regularly tested for impairment.

Liebherr Group is a lessor of self made machines. IFRS 16, Leases, contains also provisions according to which a decision has to be made whether substantially all the risks and rewards incidental to ownership of an asset is transerred to the lessee. Depending on the extent of the transfer of risk and rewards the lease is classified as finance lease or as operate lease. Self constructed assets capitalised under tangible assets but leased out under an operate lease are recognised at production costs. All other leased out equipment is recognised at acquisition costs. All rental equipment is depreciated using the straight-line method according to the assets useful life reflecting the lower of the market value or the calculated residual value of the asset. Lease income from operating leases is recognised in the income statement on a straight-line basis. With respect to financial leases, a receivable is recognised at an amount equal to the net investment in the lease. Lease payments are divided into interest and principal payments.

If sale and lease back transactions result in finance leases, any profit will be deferred and amortised over the lease term. In case of operating leases, which are established at fair value, any profit or loss is recognised immediately.

Generally, a multi stage lease contains a head lease and a sublease. In multi stage leases Liebherr Group is both lessor and lessee. Accounting for the head lease imply a recognition of a right of use asset and a corresponding lease liability. In subleases, Liebherr Group decides on the basis of the corresponding criteria for lessors in IFRS 16 and on the basis of the right of use asset of the head lease whether the sub-lease should be classified as a finance lease or as an operate lease.

3.4 Impairment of non-current assets

Impairment losses on intangible and tangible assets will be recognised at each reporting date if there are indications that, following an event or due to changing circumstances, the book value is overvalued. If the carrying amount of an asset exceeds the recoverable amount (value in use or fair value less costs to sell) the asset will be written down to this lower amount. If necessary, intangible and tangible assets are combined to cash generating units.

3.5 Joint Ventures and associated companies

Shares in joint ventures and associated companies are accounted for using the equity method of accounting.

3.6 Non-current financial assets

Non-current financial assets comprise non-current leasing receivables, loans and non-current marketable securities. Loans are classified as "amortised costs". Marketable securities are measured at fair value through profit or loss. Management of these financial assets is in accordance with a documented investment strategy and their performance is assessed based on the change in fair value.

4 Current assets

4.1 Inventories

Inventories are recognised at acquisition or production costs. Production costs includes costs directly related to the units of production and a systematic allocation of fixed and variable production overheads. The allocation of fixed production overheads is mostly based on the normal capacity of the production facilities; otherwise it is based on the actual level of production. Selling costs, administrative overheads and borrowing costs are not capitalised. Raw materials and merchandise are generally measured at acquisition costs. For raw materials, the acquisition cost reflect the lower of the last purchase price and the weighted average price. Sufficient allowances are recorded for risks with regard to obsolescence and surplus stock as well as for losses of pending transactions by depreciation or writing down to the net realisable value.

in m €	2018	2017R*
Raw materials and supplies	1,750	1,360
Work in progress	1,051	901
Finished goods and merchandise	1,677	1,390
Payments made in advance for inventories	11	4
Total	**4,489**	**3,655**

* Restatement first time adoption of IFRS 9/15/16

4.2 Construction and service contracts

For specific construction and service contracts, revenue is, more often than not, recognised over time. The dominating input based apporach to determine the stage of completion at Liebherr Group is the cost-to-cost-method. The cost-to-cost-method determines the stage of completion according to the ratio of the contract costs incurred up to the balance sheet date to the estimated total contract costs with the corresponding sales per period to be recorded. However, output methods can also be based on physical partial services or contractually defined milestones. Both the cost-to-cost-method and the output based method are established and applied at Liebherr resulting in an appropriate disclosure of the control transfer of services and products over time.

4.3 Accounts receivable

Accounts receivable are classified as "amortised costs". The IFRS 9 impairment approach for financial instruments is based on a 3 step procedure. But regarding the impairment of accounts receivable without an underlying financing component, representing the vast majority of the cases at Liebherr, this 3 step procedure may be avoided and instead, a simplified approach may be employed in order to calculate the lifetime expected loss. Furthermore, dependent on the different residual terms a provision matrix as a practical expedient for determining the expected loss on accounts receivables in the sense of stage allowances is calculated. The mentioned provision matrix specifies fixed provision rates depending on the number of days that a trade receivable is past due. It is asumend that these provision rates approximate the default probability of trade receivables in the sense of the lifetime expected loss approach. A single allowance for doubtful accounts is recognised when there is objective evidence that such receivables are not recoverable (e.g. due to bankruptcy, payment default or other financial difficulties of the debtor). The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The allowance is based on internal group guidelines, according to which individual allowances must be deducted first. The payment terms and outstanding receivables are regularly monitored locally by all subsidiaries. Furthermore, safeguards in the form of prepayments and down payments are established.

4.4 Derivative financial instruments

Within the Liebherr Group, this position predominantly includes forward currency contracts, currency options, currency swaps, interest rate swaps and interest rate currency swaps to hedge its foreign exchange and interest rate risks. All derivatives, if they do not qualify for hedge accounting in accordance with IFRS 9, are classified as financial instruments at fair value through profit or loss.

To hedge the interest and foreign currency risks resulting from its operational activities, financial transactions and investments, the Liebherr Group makes use of derivative financial instruments. The goal is to reduce volatility in the income statement. A hedging relationship must fulfill various criteria relating to the documentation, the probability of occurrence, the effectivenes of the hedging instrument and the reliability of the measurement in order to qualify for hedge accounting in accordance with IFRS 9.

Under certain circumstances, a derivative financial instrument designated as a hedging instrument can be used to hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable future transaction or the foreign currency risk in an unrecognised firm commitment. Exclusively in the aerospace division, Liebherr Group uses hedging instruments in cash flow hedges. Thereby the exposure to variability of future cash flows in foreign currencies which could have an effect on profit and loss is hedged. The effective portion of the gain or loss of the hedging instrument is recognised in other comprehensive income when the criteria for hedge accounting are fulfilled. These other comprehensive income amounts reflecting the cumulated value changes of the hedging instruments are, simultaneously, transferred to the income statement when the hedged transaction affects profit or loss or upon initial recognition of an asset or a liability. If the forecasted transaction is no longer expected to occur, the hedge is no longer effective and the amounts previously recognised in other comprehensive income are transferred to the income statement. The ineffective portion of the gain or loss of the hedging instrument is recognised directly in the finance result.

4.5 Current financial assets

The financial assets in these categories are classified, based on an internal risk management and investment strategy, as financial assets at fair value through profit or loss. The management of these assets is based on a written investment strategy and performance is measured on fair value.

in m €	2018	2017R*
Shares	334	384
Mutual funds	97	107
Fixed income securities	807	704
Other securities	2	4
Total securities and other financial assets at fair value	**1,240**	**1,199**
Fixed deposits with a residual term more than 3 months	7	24
Total	**1,247**	**1,223**

* Restatement first time adoption of IFRS 9/15/16

4.6 Liquid funds

In addition to cash on hand and cash in banks, short term deposits with an original maturity of three months or less are considered as liquid funds.

5 Equity

The share capital of Liebherr-International AG is divided into registered shares. The revenue reserve contains the legal reserve of Liebherr-International AG as well as the retained earnings of the other subsidiaries. Additionally, the balance includes the free reserves of Liebherr-International AG as well as reserves and profits from previous years of the consolidated companies.

Under this position, the effective portion of the gain or loss of the hedging instrument in a cash flow hedge is recognised in accordance to IFRS 9 in other comprehensive income (OCI) without being recorded in the income statement.

In equity, exchange differences arising from the translation of assets and liabilities from the individual closings of foreign subsidiaries into the presentation currency are included.

6 Financial liabilities

The following table gives an overview of the financial liabilities:

in m €	Current	Non-current	Total 2018	Current	Non-current	Total 2017R*
Bank liabilities	880	1,423	2,303	1,152	1,146	2,298
Liabilities from leases	28	193	221	27	206	233
Accounts payable from non genuine factoring	0	0	0	1	0	1
Bank liabilities from discounted bills	1	0	1	1	0	1
Total	**909**	**1,616**	**2,525**	**1,181**	**1,352**	**2,533**

* Restatement first time adoption of IFRS 9/15/16

7 Other liabilities

The following table gives an overview of the other liabilities:

in m €	Current	Non-current	Total 2018	Current	Non-current	Total 2017R*
Liabilities from repurchase obligations	27	82	109	24	94	118
Accounts payable trade	857	0	857	726	0	726
Liabilities from personnel expenses and social security	334	0	334	305	0	305
Tax liabilities and customs	103	0	103	104	0	104
Derivative financial instruments	38	0	38	9	0	9
Contract Liabilities	155	0	155	138	0	138
Deferred income	16	0	16	8	0	8
Further liabilities	106	38	144	121	34	155
Total	**1,636**	**120**	**1,756**	**1,435**	**128**	**1,563**

* Restatement first time adoption of IFRS 9/15/16

8 Taxes

Taxes include both current and deferred taxes. Current income taxes (income or corporation tax, business tax and corresponding foreign taxes) are the amounts resulting from taxable income or loss to be paid to or recovered from the relevant tax authority.

Current income taxes for the actual period and prior periods are recognised as a liability to the extent that they have not yet been paid. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. The benefit relating to a tax loss that can be carried back to recover current tax of a previous period is recognised as an asset.

Current tax liabilities (tax assets) for the actual and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted at the reporting date or that will be enacted in the near future. Current income taxes are recognised in the income statement, except current income taxes relating to items priorly recognised in other comprehensive income.

Deferred tax assets and liabilities are recognised in accordance with IAS 12 for temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The deferred tax assets also include future tax reductions from the expected use of losses brought forward. Deferred tax assets are only recognised if there is sufficient probability that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The announcements of new tax rates (and new tax laws) by the government have been considered for the measurement of deferred tax assets and liabilities. The formal enactment is not relevant unless the temporary differences balance themselves under the old tax law.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recovered. Conversely, a previously unrecognised deferred tax asset is recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred taxes are charged or credited directly to other comprehensive income if the taxes relate to items that are credited or charged directly to other comprehensive income in the same or a different period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same tax authority.

9 Employee benefits

Employee benefits consist of pension obligations, commitments related to anniversary bonuses and partial retirement agreements. There are various employee benefit plans in the Group, which are individually aligned with local conditions in their respective countries. They are financed either by means of contributions to legally independent pension / insurance funds, or by recognition as employee benefit liabilities in the balance sheet of the respective subsidiaries.

The net periodic costs with regards to defined contribution plans to be recognised in the income statement are the agreed contributions of the employer. In case of defined benefit plans, the period costs are determined by means of actuarial valuations by external experts using the projected unit credit method which are prepared on a regular basis.

The calculation of net periodic costs and employee benefit liabilities implies that statistical methods and variables are employed. These variables include, for example, estimations and assumptions concerning the discount rate. Furthermore, actuaries use a wide range of statistical information for actuarial calculation of employee benefit liabilities which can deviate significantly from actual results due to changes in market conditions, the economic situation as well as fluctuating rates of withdrawal and shorter or longer life expectancy of benefit plan participants.

10 Provisions

Provisions are only recognised in the balance sheet if the Liebherr Group has an obligation to a third party that resulted from a past event, and if a reliable estimate of the obligation can be made. Possible losses from future events are not recognised in the balance sheet. Restructuring provisions will only be recognised if the respective costs can be determined reliably by reference to a plan and if there is a corresponding obligation resulting from a contract or notification.

Provisions 2018 in m €	Warranty obligation	Compensation and product liability	Expected loss from pending transactions	Other provisions	Total
Current provisions	418	9	89	77	593
Non-current provisions	0	1	4	20	25
Total provisions	**418**	**10**	**93**	**97**	**618**
Reconciliation					
Dec. 31, 2017	389	9	79	71	548
Increase	154	5	50	49	258
Usage	–101	–2	–30	–11	–144
Transfers	0	0	–1	1	0
Reversal	–25	–2	–6	–11	–44
Discounting	0	0	0	0	0
Foreign exchange differences	1	0	1	–2	0
Dec. 31, 2018	**418**	**10**	**93**	**97**	**618**

Provisions 2017R* in m €	Warranty obligation	Compensation and product liability	Expected loss from pending transactions	Other provisions	Total
Current provisions	389	8	69	49	515
Non-current provisions	0	1	10	22	33
Total provisions	**389**	**9**	**79**	**71**	**548**
Reconciliation					
Jan. 1, 2017R*	388	21	65	88	562
Increase	134	2	40	34	210
Usage	–89	–4	–30	–13	–136
Transfers	11	0	6	–17	0
Reversal	–49	–10	–2	–18	–79
Discounting	0	0	0	0	0
Foreign exchange differences	–6	0	0	–3	–9
Dec. 31, 2017R*	**389**	**9**	**79**	**71**	**548**

* Restatement first time adoption of IFRS 9/15/16

11 Revenue recognition and profit realisation

Liebherr adopted IFRS 15. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five step model framework helping to calculate the amount and to determine whether the revenue is to recognise at a point in time or over a period of time. The five step model requires the identification of the contract with a customer, the identification of the performance obligations, the determination of the transaction price, the allocation of the transaction price to the corresponding performance obligations and the recognition of revenue when the entity satisfies a performance obligation.

If partial invoices are created during the contractual term, revenue can be recognised during the contract period on the basis of the right-to-invoice approach, i.e. revenue is recognised in the amount of the invoiced amount.

Revenue recognition over time should reflect the transfer of control over the service to the customer according to the progess in fulfilling the underlying performance obligation. The dominating input based approach to determine the stage of completion at Liebherr Group is the cost-to-cost-method. The cost-to-cost-method determines the stage of completion according to the ratio of the contract costs incurred up to the balance sheet date to the estimated total contract costs with the corresponding sales per period to be recorded.

If Liebherr has determined that the performance obligation is not fulfilled over time, revenue recognition in reference to a specific point in time is assumed. Revenue recognition in reference to a specific point in time is, more often than not, the rule case.

Revenue from operating leases is recognised on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which the user benefit derived from the leased asset is diminished. As such, income from lease payments is recognised proportionally. The difference between payments received and income recognised is deferred.

Sales proceeds from rental equipment disclosed under non-current assets are not recognised until actual transfer of risks and rewards related to the assets occurs.

Report of the statutory auditor

To the Board of Directors of
Liebherr-International AG, Bulle
Berne, April 3, 2019

Report of the independent auditor on the summary consolidated financial statements

The accompaying summary consolidated financial statements of Liebherr-International AG which comprise the consolidated balance sheet as of 31 December 2018, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and related summary notes to the consolidated financial statements, are derived from the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and audited in accordance with International Standards on Auditing (ISA). We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 3 April 2019.

The summary consolidated financial statements do not contain all the disclosures required by IFRS. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Liebherr-International AG.

Board of Directors' responsibility

The Board of Directors' is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in the notes to the summary consolidated financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Liebherr-International AG for the year ended 31 December 2018 are consistent, in all material respects, with those consolidated financial statements, on the basis described in the notes.

Ernst & Young AG

Roland Ruprecht
Licensed audit expert
(Auditor in charge)

Florian Baumgartner
Licensed audit expert

Five-Year Summary

in m €	2014	2015	2016	2017R*	2018
Sales revenue	8,823	9,237	9,009	9,812	10,551
Investments	816	751	751	778	829
Depreciation	427	448	466	499	513
Non-current assets	3,737	3,913	4,089	4,190	4,433
Current assets	8,111	8,349	8,572	9,012	9,352
Equity	6,525	6,761	7,051	7,369	7,570
Liabilities	5,323	5,501	5,610	5,833	6,215
Result after tax	316	294	298	319	321
Personnel expenses	2,181	2,331	2,413	2,538	2,790
	2014	2015	2016	2017	2018
Employees	40,839	41,545	42,308	43,869	46,169

* Restatement first time adoption of IFRS 9/15/16

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