



Manitou Group: 2019 annual results

- Sales revenue of €2 094 million growing at a rate of +11% against 2018 (+10% like for like*)
- Recurring operating income at €149 million (7.1% of net sales) against €129 million (6.9%) in 2018
- EBITDA ⁽¹⁾ of €186 million** (8.9%) against €162 million in 2018
- Net income group share of €96 million vs. €84 million in 2018
- Net debt** at €190 million, gearing⁽²⁾ of 29 %
- Dividend to be proposed at the upcoming Shareholders' meeting of € 0,78 per share
- Anticipation of a decrease in sales for 2020 of around -10% compared to 2019
- Anticipation for 2020 of current operating income rate of around 6% of net sales, excluding the effect of the coronavirus

Ancenis, 03 March 2020 – The board of directors of Manitou BF, meeting on this day, approved the accounts for 2019. Michel Denis, President and Chief Executive Officer stated: *“With a revenue of more than €2 billion and a net profit of €96 million, Manitou Group ended the 2019 financial year on an all-time high. In line with our strategy, we continued to develop both geographically and in terms of expanding our product and service ranges. This performance was the result of the strengthening of our worldwide presence, particularly in the United States, the implementation of additional research and development resources and the increase in production capacity undertaken year after year.*

In a general economic slowdown since mid-2019, the Group's business has been gradually reduced while maintaining a good increase in our profitability during the year. As a result, our recurring operating income increased by 15% compared to 2018 and stands at 7.1% of sales.

Since the beginning of 2020, we have been seeing good order intake and very limited effects of export restrictions from China. We anticipate, for 2020, a 10% decrease in sales compared to 2019 and, taking into account the above-mentioned factors, a current operating profit of around 6% of sales, with uncertainty about the impact of the coronavirus, not estimated at present time”.

	MHA	CEP	S&S	Total	MHA	CEP	S&S	Total	Var.
<i>In millions of €</i>	2018	2018	2018	2018	2019	2019	2019	2019	
Net sales	1 294,1	313,5	276,0	1 883,6	1 455,8	328,3	309,4	2 093,6	+11%
Sales margin	198,1	43,0	72,7	313,8	220,3	38,5	87,3	346,1	+10%
Sales margin as a % of sales	15,3%	13,7%	26,3%	16,7%	15,1%	11,7%	28,2%	16,5%	
Recurring OI	100,0	9,4	20,0	129,3	116,3	2,4	30,0	148,6	+15%
Recurring OI as a % of sales	7,7%	3,0%	7,2%	6,9%	8,0%	0,7%	9,7%	7,1%	
OP.	97,4	9,0	19,7	126,1	114,2	2,1	29,7	146,1	+16%
Net income attributable to the group	n/a	n/a	n/a	84,1	n/a	n/a	n/a	95,6	+14%
Net debt excluding IFRS 16				148,1				190,2	+28%
Net debt including IFRS 16				n/a				208,2	
Shareholder's equity				597,0				664,6	+11%
% Gearing ⁽²⁾ excluding IFRS 16				n/a				31%	
% Gearing ⁽²⁾ including IFRS 16				25%				29%	
Working capital				536				606	+13%

Percentage figures in brackets express a percentage of turnover.

First-time application of IFRS 16 standard as from 1 January 2019 (the financial impacts are described in appendix; no restatement for 2018)

Auditing procedures performed

* like for like, at constant scope and exchange rate:

- for 2019 acquisitions (Mawsley Machinery Ltd at the end of October 2019), subtraction of their contribution, from the date of their acquisition, to December 31, 2019. There is no exit in 2019. There is no acquisition nor exit in 2018.
- application of the prior year's exchange rate

** at constant accounting standard (IAS17)

¹ EBITDA: Earnings before interest, taxes, depreciation, and amortization, restated from IFRS 16 impact

² Gearing : Financial ratio measuring the net debt divided by shareholders' equity, restated from IFRS 16 impact .

Business review by division

The **Material Handling & Access Division (MHA)** reported revenue of €1,456 million in 2019, up +13% compared to 2018 (+12% at constant exchange rate and scope).

The division continued its capacity building and innovation efforts. The construction of a new production site for aerial work platforms has been initiated, with work scheduled to begin in early 2021.

The MHA division's recurring operating income thus rose by €16.3 million (+16.3%) to €116.3 million (8.0% of sales) compared with €100.0 million in 2018 (7.7% of sales).

The **Compact Equipment Products Division (CEP)** achieved revenue of €328 million in 2019, a rise of +5% over the 12 months (+1% at constant exchange rate and scope).

The division's performance was impacted by recurring difficulties in recruiting staff for production sites and by the strengthening dollar, which had a negative impact on the profitability of products exported from the United States. In addition, the division was affected by the shutdown of its main US site (Madison), which was blocked for six weeks due to flooding, the financial impact of which was almost entirely covered by insurance.

Taking into account these elements, the CEP division's recurring operating income is down to € 2.4 million (0.7% of sales) compared to € 9.4 million in 2018 (3.0% of sales).

With sales revenues of €309 million, the **Services & Solutions Division (S&S)** recorded a +12% sales increase year-on-year (+11% at constant exchange rate and scope). The strongest growth in revenue was recorded in the service activities that have been strengthened over the last few years. The development of service activities provides the division with greater profitability and resilience.

As a result, the division's profitability has increased by 50% to €30.0 million, or 9.7% of sales (7.2% in 2018).

Dividend proposed at the next Shareholders' Meeting

The Board decided to propose a dividend payment of €0,78 per share at the next Shareholders' Meeting, which will be held on 18 June 2020.

Coronavirus crisis

Due to its worldwide presence and global activities, the group is likely to face the effects of the coronavirus crisis in many ways (supply disruption, market downturn or blockage, temporary site closure, absenteeism, etc.).

As of the date of publication of this information, the group has not been affected by any direct material impact likely to call into question its revenue forecast for 2020. The recent extension of the territories concerned by the coronavirus to Europe, particularly Italy, could have a greater impact, in the coming weeks, on certain supplies, including second-tier supplies, on the industrial activity of some sites or on the accessibility and performance of specific markets.

Warning regarding forward-looking items

This presentation may include forward-looking statements, which are based on current beliefs, expectations and assumptions, including without limitation assumptions regarding present and future business strategies and the business environment in which the Company operates, and involve known and unknown risk, uncertainties and other factors, which may cause actual results, performances or achievements, or industry results or other events, to be materially different from those expressed or implied by such forward-looking statements. Forward-looking statements speak only as of the date of this presentation and the Company expressly disclaims any obligation or undertaking to release any update or revisions to any forward-looking statements that this presentation may contain to reflect any change in expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Forward looking statements are for illustrative purposes only. Recipients of this presentation are cautioned that forward-looking information and statements are not guarantees nor undertakings of future performances and are subject to various risks and uncertainties, many of which are difficult to predict and beyond the control of the Company.

ISIN code: FR0000038606

Indices: CAC ALL SHARES, CAC ALL-TRADABLE, CAC INDUSTRIALS, CAC MID&SMALL, CAC SMALL,
EN FAMILY BUSINESS

FORTHCOMING EVENTS

**April 28, 2020 (after market closing):
Q1'20 Sales Revenues**

Manitou Group is a worldwide reference in the handling, access platforms, and earthmoving. By improving workplace conditions, safety, and performance, our environment remains renewable and sustainable for man kind.

Through its 3 iconic brands—Manitou, Gehl, and Mustang by Manitou—the group develops, manufactures, and provides equipment and services for the construction, agriculture, and industrial markets.

By constantly innovating its products & services, Manitou Group constantly adds value to exceed its stakeholders' expectations.

Always attuned to its customers via its expert network of over 1,050 dealers, the group continues to be true to its roots by keeping its headquarters in France. That focus, which powered sales to €2.1 billion in 2019, informs its talented worldwide team of 4,600 whose passion ceaselessly motivates the group.

Appendix

Impact of the application of IFRS 16 :

IFRS 16 is the new standard for leases, with first application as of 1 January 2019.

The group recognizes a "right of use" and a rental liability at the start date of the lease, respectively booked in the asset and liability sides of its balance sheet.

The group has applied the simplified retrospective method with the calculation of the right of use from the outset for contracts ongoing on January 1, 2019. Therefore, the previous year's figures are not displayed with restated values.

<i>In millions of €</i>	2019 published figures including IFRS 16	IFRS 16 Impact	2019 figures excluding IFRS 16
Income statement			
Operating income	146,1	- 1,0	145,1
<i>Of which EBITDA</i>	192,2	- 6,7	185,5
<i>Of which amortization</i>	- 46,5	+ 5,7	-40,8
Financial result	-7,5	+ 1,1	-6,4
Consolidated balance sheet			
Right of use	16,5	- 16,5	0
Net debt	208,2	- 17,9	190,2
Gearing	31,31 %		28,6 %

Definitions :

- **EBITDA restated from the IFRS 16 impact**

EBITDA calculated on the basis of IFRS standards applicable in 2018, i.e. before the application of IFRS 16 (from January 1, 2019)

- **Net debt and Gearing excluding IFRS 16**

Net debt calculated on the basis of IFRS standards applicable in 2018, i.e. before the application of IFRS 16 (from January 1, 2019)

1. STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT

	In thousands of euros	31 december 2018	31 december 2019
Net sales		1 883 578	2 093 577
Cost of goods & services sold		-1 569 798	-1 747 509
Research & development costs		-23 908	-27 732
Selling, marketing and services expenses		-105 116	-113 504
Administrative expenses		-56 152	-61 170
Other operating expenses and income		736	4 946
RECURRING OPERATING INCOME		129 341	148 608
Other non-recurring income and expenses		-3 237	-2 534
OPERATING INCOME		126 104	146 074
Share of profits of associates		2 326	2 192
OPERATING INCOME INCLUDING NET INCOME FROM ASSOCIATES		128 431	148 265
Financial income		24 698	37 617
Financial expenses		-30 673	-45 144
FINANCIAL RESULT		-5 974	-7 527
CONSOLIDATED INCOME (LOSS) BEFORE TAXES		122 456	140 738
Income taxes		-38 103	-44 982
NET INCOME		84 354	95 757
Attributable to equity holders of the Parent		84 109	95 625
Minority interests		245	132

EARNINGS PER SHARE (IN EUROS)

	In thousands of euros	31 december 2018	31 december 2019
Net income (loss) attributable to the equity holders of the Parent		2,20	2,50
Diluted earnings per share		2,20	2,50

OTHER COMPONENTS OF COMPREHENSIVE INCOME AND EXPENSE & COMPREHENSIVE INCOME

	In thousands of d'euros	31 december 2018	31 december 2019
INCOME (LOSS) FOR THE YEAR		84 354	95 957
Adjustments in the fair value of available-for-sale financial assets		-169	131
Of which booked to equity		-169	131
Of which transferred to income of the year		0	0
Translation differences arising on foreign activities		5 297	6 861
Attributable to equity holders of the Parent		5 847	6 662
Attributable to minority interests		-550	200
Interest rates hedging instruments		-459	-2 715
Attributable to equity holders of the Parent		-459	-2 715
Attributable to minority interests		0	0
Items that will be reclassified to profit or loss in subsequent periods		4 670	4 277
Actuarial gains (losses) on defined benefits plans		4 073	-2 282
Attributable to equity holders of the Parent		4 057	-2 286
Attributable to minority interests		16	3
Items that will not be reclassified to profit or loss in subsequent periods		4 073	-2 282
OTHER COMPONENTS OF COMPREHENSIVE INCOME		8 743	1 995
COMPREHENSIVE INCOME		93 097	97 752
Attributable to equity holders of the Parent		93 386	97 417
Attributable to minority interests		-286	335

THE OTHER COMPONENTS OF COMPREHENSIVE INCOME AND LOSS ARE PRESENTED NET OF THE ASSOCIATED TAXES. THE TAX IMPACT MAY BE SPLIT AS FOLLOWS:

	In thousands of euros	31 december 2018	31 december 2019
Items that will be reclassified to profit or loss in subsequent periods		297	1 180
Items that will not be reclassified to profit or loss in subsequent periods		-449	342
	TOTAL TAX IMPACTS	-152	1 522

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	In thousands of euros	31 december 2018	Net amount as at 31 december 2019
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT		175 652	211 593
GOODWILL		288	288
INTANGIBLE ASSETS		43 333	54 705
RIGHT OF USE			16 461
INVESTMENTS IN ASSOCIATES		18 008	16 986
NON-CURRENT FINANCE CONTRACT RECEIVABLES		8 210	7 738
DEFERRED TAX ASSETS		16 588	17 581
NON-CURRENT FINANCIAL ASSETS		8 708	10 829
OTHER NON-CURRENT RECEIVABLES		375	517
		271 162	336 698
CURRENT ASSETS			
INVENTORIES & WORK IN PROGRESS		574 640	589 745
TRADE RECEIVABLES		361 685	380 438
CURRENT FINANCE CONTRACT RECEIVABLES		2 487	3 024
OTHER RECEIVABLES			
Current income tax		5 858	7 990
Other receivables		41 538	42 579
CURRENT FINANCIAL ASSETS		4 412	1 933
CASH AND CASH EQUIVALENTS		27 623	22 333
		1 018 243	1 048 043
OTHER NON CURRENT ASSETS HELD FOR SALE		215	0
	TOTAL ASSETS	1 289 620	1 384 741

EQUITY & LIABILITIES

	In thousands of euros	31 december 2018	Net amount as at 31 december 2019
Share capital		39 668	39 668
Share premiums		46 098	46 098
Treasury shares		-24 018	-23 714
Consolidated reserves		442 629	491 065
Translation differences		3 903	10 089
Net profit (loss) – Equity holder of the Parent		84 109	95 625
SHAREHOLDERS' EQUITY		592 389	658 831
MINORITY INTERESTS		4 585	5 815
TOTAL EQUITY		596 974	664 646
NON-CURRENT LIABILITIES			
NON-CURRENT PROVISIONS		45 368	48 862
OTHER NON-CURRENT PAYABLES		3 101	3 088
DEFERRED TAX LIABILITIES		1 144	1 751
NON-CURRENT FINANCIAL LIABILITIES			
Loans and other financial liabilities		38 477	149 726
Non-current rental liabilities			12 269
		88 090	215 696
CURRENT LIABILITIES			
CURRENT PROVISIONS		15 086	18 964
TRADE ACCOUNTS PAYABLE		292 715	253 446
OTHER CURRENT LIABILITIES			
Current income tax		6 457	4 087
Other liabilities		148 640	157 579
CURRENT FINANCIAL LIABILITIES		141 658	64 722
CURRENT RENTAL LIABILITIES			5 602
		604 556	504 399
		1 289 620	1 384 741

3. CONSOLIDATED SHAREHOLDERS' EQUITY

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

In thousands of euros	Share capital	Share Premiums	Treasury shares	Reserves	Group net income	Translation differences	Revaluation surplus	TOTAL SHAREHOLDERS' EQUITY (Group part)	Minority interests	TOTAL EQUITY
BALANCE AT 31 DECEMBER 2017	39 622	45 529	-24 305	412 858	59 955	-3 440	908	531 126	1 974	533 100
Income for the year 2017				59 955	-59 955					
Income at 31.12.2018					84 109			84 109	245	84 354
Dividends				-23 753				-23 753	-102	-23 855
Change in translation differences						5 847		5 847	-550	5 297
Valuation differences under IFRS				-847				-847		-847
First time application IFRS 15				-4 886				-4 886	-8	-4 894
Treasury shares			287					287		287
Actuarial (gain) losses on employee benefits				4 057				4 057	16	4 073
Change in consolidation scope & other	-46	569		-5 663		1 496		-3 552	4 251	699
Shareholders' agreements									-1 242	-1 242
BALANCE AT 31 DECEMBER 2018	39 668	46 098	-24 018	441 722	84 109	3 903	908	592 389	4 585	596 974
Income for the year 2018				84 109	-84 109					
Income at 31.12.2019					95 625			95 625	132	95 757
Dividends				-30 039				-30 039	-123	-30 162
Change in translation differences						6 662		6 662	200	6 861
Valuation differences under IFRS				-2 633				-2 633		-2 633
First time application IFRS 16				-999				-999	-3	-1 003
Treasury shares			304					304		304
Actuarial (gain) losses on employee benefits				-2 286				-2 286	3	-2 282
Change in consolidation scope & other				284		-475		-191	-159	-350
Shareholders' agreements								0	1180	1180
BALANCE AT 31 DECEMBER 2019	39 668	46 098	-23 714	490 157	95 625	10 089	908	658 831	5 815	664 646

4. CASH FLOW STATEMENT

	In thousands of euros	31 december 2018	31 december 2019
	INCOME (LOSS) FOR THE YEAR	84 354	95 757
Less share of profits of associates		-2 326	-2 192
Elimination of income and expense with no effect on operating cash-flow and not linked to operating activities			
+ Amortization and depreciation		35 925	45 602
- Provisions and impairment		728	3 829
- Change in deferred taxes		2 662	963
+/- Income (loss) from non-current asset disposal		-47	420
+/- Other		1 207	135
	EARNINGS BEFORE DEPRECIATION AND AMORTIZATION	122 502	144 513
Changes in working capital		-108 068	-60 386
+/- Change in inventories		-114 396	-1 275
+/- Change in trade receivables		-35 548	-10 734
+/- Change in finance contracts receivables		-5 999	290
+/- Change in other operating receivables		-9 756	-852
+/- Change in trade accounts payable		35 450	-46 818
+/- Change in other operating liabilities		18 534	3 256
+/- Change in taxes payable and receivable		3 648	-4 250
+/- Change in liabilities linked to finance contracts receivables		0	0
Change in capitalized leased machines		-19 146	-21 060
	CASH FLOW FROM OPERATING ACTIVITIES	-4 712	63 070
Changes in cash flows from investing activities			
+ Proceeds from sale of property, plant and equipment		165	883
+ Proceeds from sale of long-term investments		-35	1 186
- Purchase of intangible assets, property, plant and equipment (excl. rental fleet)		-46 412	-68 344
- Decrease (increase) of other financial assets		-132	-1 211
- Acquisition of subsidiaries or minority interests		63	-2 668
- Capital increase of associated companies		0	0
+ Dividends received from associates		4 886	3 567
	CASH FLOW FROM INVESTING ACTIVITIES	-41 464	- 66 586
Changes in cash flows from financing activities			
+ Increase in capital		615	171
- Decrease in capital		0	0
- Merger operation		0	0
- Dividends paid		-23 855	-30 162
+/- Purchase / sale of treasury shares		-65	0
+/- Change in financial liabilities		30 805	32 430
Of which loans taken during the year		40 087	132 306
Of which loans repaid during the year		-9 282	-99 877
+/- Other		4 630	-4 080
	CASH FLOW FROM FINANCING ACTIVITIES	12 130	-1 642
	NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND BANK OVERDRAFTS	-34 046	-5 158
Cash, cash equivalents and bank overdrafts at beginning of the year		34 135	-609
Exchange gains (losses) on cash and bank overdrafts		-698	769
	CASH, CASH EQUIVALENTS, AND BANK OVERDRAFTS AT END OF THE YEAR	-609	-4 997

5. EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AND FROM THE CHAPTER 2 : « ACTIVITIES, FINANCIAL RESULTS 2019 AND OUTLOOK 2020 » OF THE URD

HIGHLIGHTS

APPLICATION OF IFRS 16

As of January 1, 2019, the Group applies IFRS 16 "Leases", which changes the method of accounting for leases and imposes a single method of accounting for leases by lessees.

The Group has applied the simplified retrospective method with the calculation of the right of use from inception for contracts in force as of January 1, 2019. The cumulative effect of the initial application was recognized as of January 1, 2019. The Group has therefore reduced its opening equity by €1.0 million, net of deferred taxes, to reflect the cumulative effect of the first-time application of the standard. The application of IFRS 16 generated an increase in net debt of €15.5 million and in assets for rights of use of €14.2 million. Over 2019, the application of this standard has a positive impact on current operating income of €1.0 million and a negative impact on financial income of €1.1 million.

FUNDING

In June 2019, Manitou BF issued a new private bond of €105 million. The bonds are divided into 3 tranches with 6, 7 and mostly 8 years. This private placement, concluded on favourable terms for the Manitou group, will enable it to extend the maturity of its debt and pursue its strategy of diversifying its sources of financing. The proceeds of these issues will be used to refinance the existing bond debt on a term basis and will be allocated mainly to the development of the company.

ACQUISITION OF MAWSLEY COMPANY

On 29 October 2019, Manitou Group acquired a majority stake in the British company Mawsley Machinery Ltd, based near Northampton (United Kingdom), following the retirement of its main shareholders. Founded in 1981, Mawsley Machinery Ltd distributes construction equipment and related services to its customers. Mawsley Machinery is the historical Manitou Group distributor in the Midlands. The company has a turnover of £19.2 million in 2018 and 27 employees.

The group carried out this operation thanks to its British holding company Manitou PS, in which it holds 85% and which acquired all the shares in Mawsley Machinery Ltd, together with two managers of Mawsley Machinery Ltd. Manitou has an additional call option enabling it to buy the remaining 15% of the UK holding company Manitou PS.

SHUTDOWN OF MADISON'S SITE FOR 6 WEEKS

After flooding in September 2019, the Group's activity was affected by a six-week shutdown of the Madison (USA) plant. Business gradually resumed during the 4th quarter.

The insurance indemnity, net of the deductible and net of shutdown and restoration costs, generated net income of €2.8 million, which is recognized in other current operating income.

MONITORING OF LITIGATION FOR INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

In May 2017, the Manitou Group was sued by JC Bamford Excavators Limited (JCB) in France, the United Kingdom and then Italy for alleged infringement of two European patents relating to certain features concerning the overload cut-off control system of certain telescopic forklift trucks manufactured and/or marketed in these three countries.

In May 2017, the plaintiff filed a claim in the French court for a provision of 20 million euros, to be increased to 50 million euros in June 2018. The financial claims before the English court were not quantified and are still not quantified at the date of publication of this report, but the summons indicates that for procedural purposes the commercial value of the claim is estimated to be in excess of £10 million. For Italy, the summons does not specify any quantified claim.

In December 2018, JCB served the Manitou Group with a new patent infringement suit in France and the United Kingdom relating to a third European patent, also relating to certain features concerning the overload cut-off control system of certain telescopic forklift trucks. 50 million provision requested in the first proceedings brought in France. It was the subject of joint proceedings in the United Kingdom but remains separate in France.

In 2018, JCB had produced an expert opinion estimating its damages of EUR 160 million for the first two patents. At the end of 2019, in the first main proceedings, JCB increased its damage assessment to EUR 190 million in its final conclusions. This increase is due to an update of the injury in its duration, which according to JCB is until March 2019. This assessment also includes the estimated injury under the third patent.

1. **In France**, legal proceedings on the litigation relating to the first two patents continued during 2019.

In the context of a procedural incident in 2018, JCB applied for preliminary injunctions against Manitou BF. A decision was issued by the Pre-Trial Judge on 31 January 2019, which dismissed the applicant's request for preliminary injunction on the first patent on which JCB based its allegations and, regarding the second patent, prohibited Manitou BF from manufacturing, offering for sale, renting and owning an old configuration of certain telescopic forklift trucks. This decision has no impact on Manitou BF's business as it relates to the ordering system for certain models produced and sold before August 2017 which are therefore no longer manufactured by Manitou BF, as underlined in the order. Manitou BF immediately appealed this decision in order to challenge the prohibition order in so far as it related only to a configuration that Manitou had ceased to produce for 18 months. This immediate appeal on the grounds of abuse of authority was held to be inadmissible, reserving the possibility of appeal with judgment on the merits.

On the occasion of the same incident, Manitou BF had proposed in the alternative, if the judge considered the request for prohibition to be well-founded, the establishment of a bank guarantee of 470,000 euros for the two patents as a replacement for the prohibitions. This proposal became irrelevant for the first patent, for which the judge did not pronounce a prohibition. JCB requested that this guarantee, if ordered, be EUR 30 million (also for the two patents) on the basis of the expert opinion it had produced estimating its damages at EUR 160 million (for the two patents). This proposal was not accepted by the judge, nor was JCB's request for a penalty payment of EUR 100 000 per day of delay, the penalty payment ordered by the judge being EUR 1 000 per infringement, the decision having emphasised that the damage alleged by the plaintiff relates to the overload cut-off control system alone and not to the machine as a whole.

2. **In the United Kingdom**, no progress was made in the course of 2018 as JCB did not carry out any due diligence in this respect. A case management conference was held in January 2019 after JCB finally performed its due diligence. The litigation schedule has been established. The hearing is scheduled for October 2020.

3. **In Italy**, the proceedings on the merits relating to these first two patents remain in a preliminary phase, the appointment of a court expert having been pronounced at the end of 2019.

In Italy, JCB had also requested interim injunctions against Manitou's Italian subsidiary on the second and third patents. This request was rejected by the Italian courts by decision of 30 January 2020.

The Manitou Group remains in complete disagreement with JCB's allegations and continues to defend itself with the utmost vigour.

The financial risk that may be incurred is difficult to estimate reliably at this stage of the procedures. Moreover, a significant outflow of resources in respect of these claims seems unlikely in view of the elements put forward by the Manitou group to defend itself. Consequently, no provision for these claims has been recognized in the Group's financial statements.

INFORMATION ON OPERATING SEGMENTS

The Group is organized around three divisions, two product divisions and a service division:

- The MHA product division - Material Handling and Access manages production sites manufacturing telehandlers, rough terrain and industrial forklifts, truck-mounted forklifts and aerial working platforms. Its mission is to optimize the development and production of these equipments branded Manitou.
- The CEP product division - Compact Equipment Products optimizes the development and production of skidsteer loaders, track loaders, articulated loaders, backhoe loaders and telehandlers branded Gehl and Mustang.
- The S&S division - Services & Solutions includes service activities to support sales (financing approaches, warranty contracts, maintenance contracts, full service, fleet management, etc.), after-sales (parts, technical training, warranty management, fleet management, etc.) and services to end users (geo-location, user training, advice, etc.). The mission of the division is to develop service offers to meet the needs of each of our customers in our value chain and to increase resilient sales revenue for the group.

The three divisions design and assemble products and services which are distributed by the Sales and Marketing organization to dealers and key accounts in 140 countries.

CONSOLIDATED P&L BY DIVISION MHA, CEP, S&S

In thousands of euros	MHA		CEP		S&S		Total	
	Material Handling and Access		Compact Equipment Products		Services & Solutions			
	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019
Sales	1 294 087	1 455 822	313 509	328 313	275 982	309 442	1 883 578	2 093 577
Cost of goods and services sold	-1 095 976	-1 235 507	-270 552	-289 828	-203 270	-222 174	-1 569 798	-1 747 509
Gross profit	198 111	220 315	42 957	38 485	72 712	87 267	313 780	346 068
% of sales	15,3%	15,1%	13,7%	11,7%	26,3%	28,2%	16,7%	16,5%
Research and development costs	-19 888	-21 225	-4 019	-6 509		2	-23 908	-27 732
Selling and marketing et service expenses	-47 183	-48 127	-15 219	-17 257	-42 714	-48 120	-105 116	-113 504
Administrative expenses	-32 378	-35 423	-13 911	-16 175	-9 863	-9 573	-56 152	-61 170
Other operating income and expenses	1 289	710	-424	3 822	-128	414	736	4 946
RECURRING OPERATING PROFIT	99 950	116 251	9 384	2 367	20 006	29 990	129 341	148 608
% of sales	7,7%	8,0%	3,0%	0,7%	7,2%	9,7%	6,9%	7,1%
Impairment of assets	-339	339					-339	339
Other non-recurring income and expenses	-2 188	-2 343	-414	-286	-296	-244	-2 898	-2 873
OPERATING PROFIT	97 423	114 247	8 970	2 081	19 710	29 746	126 104	146 074
% of sales	7,5%	7,8%	2,9%	0,6%	7,1%	9,6%	6,7%	7,0%
Share of profits of associates	16				2 310	2 192	2 326	2 192
OPERATING PROFIT INCLUDING NET INCOME FROM ASSOCIATES	97 439	114 247	8 970	2 081	22 020	31 938	128 431	148 265

The spare parts and accessories distribution business, which is integrated within the Services & Solutions division, benefits from services provided by the MHA and the CEP divisions (R&D, qualification of parts, qualification of suppliers), the already existing basis of sold units, as well as the brand name recognition built by those divisions.

In order to compensate for all of these benefits, the group's divisional reporting includes fees from the Services & Solutions division to the MHA and CEP divisions. This fee is calculated based on comparable indicators of external independent spare parts distributors for which the median operating income over a five year period amounted to 4.25% and 4.87% in Europe and the US, respectively, the main regions in which the S&S division operates. That fee is included in the line item «Cost of goods and services sold» of each division, which therefore includes the charges related to goods and services sold plus or minus the interdivision fees.

Assets, cash flows or even liabilities are not allocated to the individual divisions, as the operating segment information used by the group's management does not incorporate those various item.

NET SALES BY DIVISION AND GEOGRAPHICAL REGION

Net Sales 2018					in millions of euros and % of total	Net Sales 2019				
Southern Europe	Northern Europe	Americas	APAM *	TOTAL		Southern Europe	Northern Europe	Americas	APAM*	TOTAL
463,2	622,0	99,2	109,7	1 294,1	MHA	542,7	664,9	129,4	118,9	1 455,8
25%	33%	5%	6%	69%		26%	32%	6%	6%	70%
18,5	42,9	202,6	49,6	313,5	CEP	23,1	45,5	218,9	40,9	328,3
1%	2%	11%	3%	17%		1%	2%	10%	2%	16%
96,9	91,0	48,5	39,6	276,0	S&S	111,1	103,1	54,4	40,8	309,4
5%	5%	3%	2%	15%		5%	5%	3%	2%	15%
578,6	755,8	350,3	198,9	1 883,6	TOTAL	676,9	813,5	402,6	200,6	2 093,5
31%	40%	19%	10%	100%		32%	39%	19%	10%	100%

* Asia, Pacific, Africa and Middle East.

LIST OF SUBSIDIARIES AND AFFILIATES

Parent company				
Manitou BF SA	Ancenis, France			
	Consolidated companies	Consolidation method	% control	% interest
Production companies				
LMH Solutions SAS	Beaupréau-en-Mauges, France	FC	100%	100%
Manitou Brasil Manipulacao de Cargas Ltda.	São Paulo, Brazil	FC	100%	100%
Manitou Equipment America LLC	West Bend, Wisconsin, United States	FC	100%	100%
Manitou Equipment India	Greater Noida, Inde	FC	100%	100%
Manitou Italia Srl	Castelfranco Emilia, Italia	FC	100%	100%
Distribution companies				
Compagnie Francaise de Manutention Ile-de-France	Jouy le Moutier, France	FC	100%	100%
Manitou Asia Pte Ltd.	Singapour	FC	100%	100%
Manitou Australia Pty Ltd.	Alexandria, Australia	FC	100%	100%
Manitou Benelux SA	Perwez, Belgium	FC	100%	100%
Manitou Chile	Las Condes, Chile	FC	100%	100%
Manitou China Co Ltd.	Shanghai, China	FC	100%	100%
Manitou Deutschland GmbH	Ober-Mörlen, Germany	FC	100%	100%
Manitou Global Services	Ancenis, France	FC	100%	100%
Manitou Interface and Logistics Europe	Perwez, Belgium	FC	100%	100%
Manitou Japan Co.Ltd	Tokyo, Japan	FC	100%	100%
Manitou Malaysia MH	Kuala Lumpur, Malaysia	FC	100%	100%
Manitou Manutencion Espana SI	Madrid, Spain	FC	100%	100%
Manitou Mexico	Mexico DF, Mexico	FC	100%	100%
Manitou Middle East Fze	Jebel Ali, United Arab Emirates	FC	100%	100%
Manitou Nordics Sia	Riga, Latvia	FC	100%	100%
Manitou North America LLC	West Bend, Wisconsin, United States	FC	100%	100%
Manitou Polska Sp Z.o.o.	Raszyn, Poland	FC	100%	100%
Manitou Portugal SA	Villa Franca, Portugal	FC	100%	100%
Manitou South Asia Pte Ltd.	Gurgaon, India	FC	100%	100%
Manitou Southern Africa Pty Ltd.	Johannesbourg, South Africa	FC	74%	74%
Manitou UK Ltd.	Verwood, United-Kigdom	FC	99,4%	99,4%
Manitou Vostok Llc	Moscou, Fédération Russia	FC	100%	100%
Marpoll Pty Ltd (LiftRite Hire & Sales)	Perth, Australia	FC	50.5 %	50.5 %
Mawsley Machinery Ltd	Northampton, United-Kigdom	FC	85%	85%
Associates companies				
Manitou Finance France SAS	Nanterre, France	EM	49%	49%
Manitou Finance Ltd.	Basingstoke, United-Kigdom	EM	49%	49%
Other companies				
Cobra MS	Ancenis, France	FC	100%	100%
Gehl Power Products, Inc	Yankton, South-Dakota, United States	FC	100%	100%
Manitou America Holding Inc.	West Bend, Wisconsin, United States	FC	100%	100%
Manitou Développement	Ancenis, France	FC	100%	100%
Manitou PS	Verwood, United-Kigdom	FC	85%	85%

FC : Full Consolidation

EM : Equity Method

*Holdings and companies without activity