Financial Report 2018

SHORT PROFILE

BLG LOGISTICS is a seaport-oriented logistics services provider with an international network. The company's more than 140-year history is a source of strength. Today, we have a presence in all the world's growth markets, with over 100 locations and offices in Europe, America, Africa and Asia. We offer our customers in industry and commerce complex logistical system services.

Our AUTOMOBILE and CONTAINER Divisions are leaders in Europe. Our CONTRACT Division is among the leading German providers. More than 11,000 BLG employees assume responsibility each day for ensuring the smooth operation of logistics for high-quality products. This makes us an important interface for the productivity of our customers. Including all its shareholdings, BLG LOGISTICS currently offers around 20,000 jobs.

LOVING LOGISTICS

CONTENT

BECAUSE OUR BUSINESSES HAVE PERFORMED SO WELL, WE ARE PROPOSING A DIVIDEND INCREASE TO EUR 0.45.

01

To our Shareholders

KEY FIGURES FOR THE BLG GROUP[1]

EUR thousand		2018	2017	Absolute change	Percentage change
Sales and earnings					
Sales		1,141,326	1,087,817	53,509	4.9
EBITDA		80,208	84,587	-4,379	-5.2
EBIT		42,203	41,009	1,194	2.9
EBT		37,527	33,528	3,999	11.9
EBT margin[2]	%	3.3	3.1	0.2	6.5
Asset and capital structure					
Total assets		728,002	708,641	19,361	2.7
Investments		33,169	19,729	13,440	68.1
Equity		250,841	235,596	15,245	6.5
Equity ratio	%	34.5	33.2	1.3	3.9
Net debt		214,022	229,879	-15,857	-6.9
Cash flows[3]					
Cash flow from operating activities		23,327	41,640	-18,313	-44.0
Cash flow from investing activities		9,649	8,955	694	7.7
Cash flow from financing activities		-57,570	-61,126	3,556	5.8
Key figures for the BLG share					
Earnings per share	EUR	0.66	0.60	0.06	10.0
Dividend	EUR	0.45	0.40	0.05	12.5
	%	17.3	15.4	1.9	12.5
Dividend yield	%	3.8	2.8	1.0	37.3
Human resources					
Employees[4]	Number	11,079	9,685	1,394	14.4
Jobs worldwide	Number	20,000	18,500	1,500	8.1

1 Key figures after reconciliation. The reconciliation is shown in the segment reporting on page 86 f.

2 Please see page 49 ff. in the management report for information on the calculation of the key figures.

3 The composition of the cash flows is shown in the statement of cash flows on page 90 f.

4 Determined in accordance with Section 267 (5) HGB; incl. the CONTAINER Division.

OVERVIEW OF THE DIVISIONS[5]

AUTOMOBILE

The AUTOMOBILE Division includes complete global logistics for vehicles, from the manufacturer to the dealer. This includes handling, storage, technical processing, and freight forwarding and transport logistics via rail, road and inland waterway. The services also focus on seaport logistics for conventional cargo.

		2018	2017	Change in %
Sales	EUR thousand	553,125	550,220	0.5
EBT	EUR thousand	15,530	13,155	18.1
EBT margin	%	2.8	2.4	16.7
Employees	Number	3,193	2,929	9.0

SALES 2018

553,125

EUR thousand

CONTRACT

The CONTRACT Division comprises automotive parts, industrial and production logistics, trade and distribution logistics as well as freight forwarding services. We have a high level of process competence and offer our customers individual service packages with a global reach for a wide variety of goods.

		2018	2017	Change in %
Sales	EUR thousand	599,229	547,827	9.4
EBT	EUR thousand	7,258	4,556	59.3
EBT margin	%	1.2	0.8	50.0
Employees	Number	5,946	4,885	21.7

599,229

EUR thousand

CONTAINER

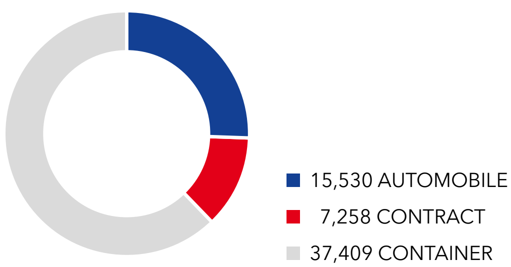
EUROGATE, in which BLG holds a 50 percent stake, has a European network that currently includes 14 container terminals at twelve locations as well as intermodal transports and cargo-modal services. The focus of this division is on container handling.

		2018	2017	Change in %
Sales	EUR thousand	301,982	303,954	-0.6
EBT	EUR thousand	37,409	48,372	-22.7
EBT margin	%	12.4	15.9	-22.0
Employees	Number	1,612	1,578	2.2

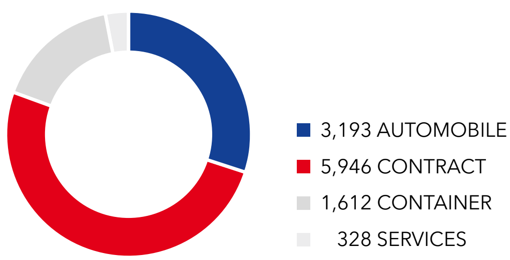
301,982

EUR thousand

EBT 2018 (EUR thousand)



EMPLOYEES 2018 (Yearly average)



[5] According to segment reporting on page 86 f.

LETTER FROM THE BOARD OF MANAGEMENT

Dear Shareholders,

A financial year is like a long assault course. It is always changing, rarely goes as planned, sometimes hides an unpleasant surprise at the periphery, and often gives cause to feel validated. However, such an assault course always requires a strategy agreed in advance, clear targets, and excellent preparation.

We met the targets that we set ourselves for the 2018 financial year.

We increased sales by 5 percent, and the total for the AUTOMOBILE and CONTRACT Divisions is now EUR 1.14 billion. The earnings performance was better than expected. EBT was increased by nearly 12 percent. In turn, the equity ratio increased, and net debt was reduced for another consecutive year.

BLG LOGISTICS is a stabler company than ever. The clear strategic alignment is now bearing fruit. This is also visible in the fact that the AUTOMOBILE and CONTRACT Divisions have contributed more to the company's earnings.

We acquired important new businesses over the course of 2018. We also renewed time-proven, long-standing and large contracts with major customers. This is a testament to consistency and reliability but also to progress.

The more individual and complex the logistics service demanded of us, the more heart and intelligence we have to bring into play. Smart technical solutions and passionate commitment from our employees – we are proud to say that we can do both. But we also work hard to achieve this.

We have titled this year's company report "Loving Logistics." It deals with some of the future questions that are already occupying us in our business operations, and will introduce you to employees who are giving it their all.

Alongside the clear strategic focus, we have also initiated a change in the company's culture under the heading #SucessDependsOnEverybody. We are firmly convinced that agreeing on shared values and respecting one another are fundamental requirements for lasting success.

At the Annual General Meeting in May 2018, we promised to increase the dividend if the company's positive economic performance continued. At the next Annual General Meeting, the Board of Management and Supervisory Board will therefore propose increasing the dividend to EUR 0.45 per share.

As we write this, we do not yet know how the British will define their relationship with the European Union, what the impact of possible trade sanctions will be and what additional uncertainty they will cause. Global economic sentiment has dimmed. We are facing challenging times. The next assault course will be no easier – but we are well on the way to tackling it successfully with a clever strategy, excellent employees and a large helping of passion for logistics.

Thank you, dear shareholders, for the trust you have placed in us.

Frank Dreeke | Jens Bieniek | Michael Blach | Andrea Eck | Dieter Schumacher | Jens Wollesen

From left to right:
Michael Blach *CONTAINER Division* / **Jens Wollesen** *CONTRACT Division* / **Frank Dreeke** *Chairman of the Board of Management* / **Dieter Schumacher** *Industrial Relations Director* / **Andrea Eck** *AUTOMOBILE Division* / **Jens Bieniek** *Chief Financial Officer*

REPORT OF THE SUPERVISORY BOARD FOR 2018

Dear Sir or Madam,

Dr. Klaus Meier
Chairman of the Supervisory Board

In the 2018 financial year, the Supervisory Board of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (BLG AG) actively engaged in the duties assigned to it by law, the Articles of Incorporation and rules of procedure and regularly and extensively discussed the company's situation and development. The Supervisory Board continuously monitored and supported the work of the Board of Management in the financial year. The detailed reports made by the Board of Management in written and oral form constituted the basis for this. In addition, the Chairman of the Supervisory Board regularly exchanged information and ideas with the Board of Management, so that the Supervisory Board was always informed promptly and comprehensively about the intended business policy, corporate planning, the current earnings situation, including the risk situation and risk management, as well as the situation of the company and the BLG Group.

In accordance with the legal requirements and the recommendations and suggestions of the German Corporate Governance Code (GCGC), the Supervisory Board supported the Board of Management in the management of the company and advised it on management matters.

Whenever management decisions or measures required approval according to law, the Articles of Incorporation or the rules of procedure, the members of the Supervisory Board – prepared by its committees, among others – reviewed the draft resolutions at meetings or adopted them on the basis of written information. The members of the Board of Management invariably took part in the meetings. The Supervisory Board was intensively involved in decisions of major significance for BLG LOGISTICS from an early stage. The economic and risk situation and the development prospects of the Group described in the reports of the Board of Management, the individual divisions and business areas as well as major equity investments in Germany and abroad were the subject of detailed discussion.

The Supervisory Board convened at five meetings in 2018. The average attendance rate was 96 percent; no member of the Supervisory Board took part in fewer than half of the meetings. Average attendance at committee meetings in 2018 was 97 percent. The members of the Supervisory Board elected by the shareholders and by the employees prepared for the meetings at separate meetings in some cases.

There were no conflicts of interest on the part of members of the Board of Management and the Supervisory Board that required immediate disclosure to the Supervisory Board and about which the Annual General Meeting had to be informed.

Issues discussed in the Supervisory Board

The consultations of the Supervisory Board focused on matters regarding the strategy and business activities of the BLG Group and its divisions. In its individual meetings, the Supervisory Board focused on strategic issues and geopolitical assessments, such as the expansion and restructuring of the freight forwarding business, the BLG Group's further growth through new businesses and investments, the annual and consolidated financial statements, and the company's current results of operations, including the risk management system and the risk-aware management of the company's development. In addition, the Supervisory Board also dealt with the agenda for the 2018 Annual General Meeting, the elections to the Supervisory Board, the preparation of the non-financial Group statement in accordance with Section 315b of the German Commercial Code (HGB) and the continuation and conclusion of the process for the election of the auditor for the 2018 to 2022 financial years.

All major business activities, the development of the net assets, financial position and results of operations, and the analyses of deviations from corporate planning were promptly and intensively discussed jointly with the Board of Management. Corporate planning as well as short-term earnings and financial planning were discussed in detail at the meeting on December 13, 2018. In addition, the heads of the Internal Audit and Compliance departments reported to the Supervisory Board at the meeting.

The election to the Supervisory Board in May 2018 gave rise to the following personnel changes in the composition of the Supervisory Board compared with December 31, 2017:

All Supervisory Board members' terms in office ended as scheduled at the end of the Annual General Meeting on May 24, 2018. The Supervisory Board members representing the employees were elected in accordance with the provisions of the German Co-Determination Act on April 19, 2018. The shareholder representatives were elected by means of individual voting by the Annual General Meeting.

The new employee representatives elected to the Supervisory Board were Sonja Berndt, member of the Works Council at BLG LOGISTICS GROUP AG & Co. KG, and Udo Klöpping, HR Director at BLG LOGISTICS GROUP AG & Co. KG. The new shareholder representatives elected to the Supervisory Board were Heiner Dettmer, Managing Partner of Dettmer Group KG, and Wybcke Meier, CEO of TUI Cruises GmbH.

At the constituent Supervisory Board meeting following the Annual General Meeting, Dr. Klaus Meier was elected as the new Chairman of the Supervisory Board. The former Chairman of the Supervisory Board Dr. Stephan-Andreas Kaulvers left the Supervisory Board along with the former Supervisory Board members Dr. h.c. Klaus Wedemeier, Birgit Holtmann and Andreas Wopp.

No former members of the Board of Management of BLG AG are represented in the Supervisory Board.

No changes were made to the composition of the Board of Management compared with December 31, 2017.

At its meeting on February 23, 2018, the Supervisory Board decided to extend the contract with Dieter Schumacher for two years. In addition, the contracts of Jens Wollesen and Andrea Eck were each extended by five years at the meetings on September 13, 2018, and February 14, 2019, respectively.

Work of the committees

To perform its duties efficiently, the Supervisory Board has additionally set up four committees. These committees of the Supervisory Board are the Audit Committee, Human Resources Committee, Investment Committee and Mediation Committee in accordance with Section 27 (3) MitbestG (German Co-Determination Act). They prepare the resolutions of the Supervisory Board in the plenary session and decide, where permissible, in individual cases in its place. Separate rules of procedure apply to the Audit Committee and the Investment Committee. All committees have equal representation.

The **Audit Committee** held two meetings in the 2018 financial year. The main subject of the meeting on April 10, 2018, was the extensive discussion and examination of the annual financial statements, the consolidated financial statements and the management reports for the 2017 financial year. The auditors were present when the annual financial statements were addressed and they reported on the results of the audit. In addition, the Audit Committee discussed the appropriation of the net retained profits (HGB) as well as the invitation to the Annual General Meeting and submitted resolutions to the Supervisory Board. At its meeting on December 11, 2018, the Audit Committee dealt primarily with corporate planning and the approval of non-audit services. A further focus of the activity was the risk situation and the further development of the compliance system. Special attention was also given to corporate planning and to medium-term earnings and financial planning.

The **Human Resources Committee** held four meetings in the reporting year. At its meeting on February 23, 2018, it dealt with the elections to the Supervisory Board, the responsibilities of the Supervisory Board members and personnel matters relating to the Board of Management. The topics of the meeting on April 12, 2018, were the variable component of the remuneration of the Board of Management for the 2017 financial year, the elections to the Supervisory Board and further personnel matters relating to the Board of Management. At its meetings on September 13, 2018, and December 13, 2018, the Human Resources Committee dealt primarily with personnel matters relating to the Board of Management.

The **Investment Committee** and the **Mediation Committee** did not meet during the reporting year.

The meetings and decisions of the committees were prepared on the basis of reports and other information of the Board of Management. Members of the Board of Management regularly took part in the committee meetings. The chairmen of the committees reported to the Supervisory Board on the activities and their results following the meetings and submitted resolutions.

www.blg-logistics.com/en/investor-relations/corporate-governance

Corporate governance and declaration of conformity

The Supervisory Board worked on the application of the GCGC in the company. The 18th declaration of conformity with the recommendations of the GCGC prepared by the Supervisory Board and the Board of Management pursuant to Section 161 of the German Stock Corporation Act (AktG) corresponds to the version of February 7, 2017, published on April 24, 2017. The joint declaration of conformity is permanently accessible on the BLG LOGISTICS website at **www.blg-logistics.com/ir**.

Audit of the annual and consolidated financial statements

The representatives of PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Bremen, the auditing firm duly elected as auditor, were present at the Supervisory Board's accounts meeting for the 2018 financial year and at the preparatory meeting of the Audit Committee and reported in detail on the results of their audit.

The annual financial statements, management report and financial statement for the purpose of complying with the group accounting obligation of BLG AG and the consolidated financial statements and group management report of BLG LOGISTICS have been prepared by the Board of Management in accordance with the statutory provisions and in compliance with generally accepted accounting principles and have been audited and issued an unqualified auditor's report by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Bremen, the auditing company which was elected by the Annual General Meeting.

The auditor has reviewed the report on relationships to affiliated companies (dependent company report) prepared by the Board of Management for the 2018 financial year and issued the following auditor's report:

"After conducting our examination and assessment in accordance with our obligations, we confirm that

1. the factual statements contained in the report are correct,
2. benefits derived by the company from the legal transactions specified in the report were not unreasonably high."

The annual financial statements and management report, the financial statement for the purpose of complying with the group accounting obligation, including management report, consolidated financial statements and group management report as well as the audit reports of the company's auditor were available to all members of the Supervisory Board in due time.

For its part, the Supervisory Board has reviewed the annual financial statements, the consolidated financial statements, the financial statement for the purpose of complying with the group accounting obligation, the management reports and the group management report of the Board of Management as well as the proposal of the Board of Management concerning appropriation of the net retained profits (HGB). The Supervisory Board agrees with the result of the audit of the annual financial statements, the consolidated financial statements, and the financial statement for the purpose of complying with the group accounting obligation, including the management reports, conducted by the auditor. The Supervisory Board has approved and endorsed the annual financial statements prepared by the Board of Management. The Supervisory Board has also approved the financial statement for the purpose of complying with the group accounting obligation prepared by the Board of Management and the consolidated financial statements. The Supervisory Board agrees with the management reports and in particular with the evaluation of the further development of the BLG Group. This also applies to the dividend policy and the decisions regarding reserves at BLG AG.

Furthermore, the Supervisory Board has reviewed the report of the Board of Management on the relationships with affiliated companies and the result of the audit of this report conducted by the auditor. The Supervisory Board agrees with the result of the audit of the dependent company report conducted by the auditor. According to the final result of the review of the dependent company report by the Supervisory Board, there are no objections to the final statement of the Board of Management in the latter report.

www.blg-logistics.com/en/our-company/sustainability

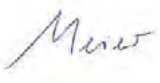
Non-financial report

In accordance with the provisions of the Act to Strengthen Non-Financial Reporting by Companies in their Management Reports and Group Reports (CSR Directive Implementation Act), BLG LOGISTICS has submitted a non-financial Group statement in accordance with Section 315b HGB since the 2017 financial year. This statement for the 2018 financial year is integrated as a separate non-financial report in the 2018 sustainability report and its contents have been reviewed by the Supervisory Board. The audit did not give rise to any objections.

The Supervisory Board expresses its gratitude to the members of the Board of Management and all employees for their great commitment and performance and their consistent efforts to keep our company on a path to success. The Supervisory Board is convinced that BLG LOGISTICS will achieve its defined goals for the 2019 financial year and can secure its earnings power on a long-term basis.

Bremen, April 2019

For the Supervisory Board



Dr. Klaus Meier

Chairman

CORPORATE GOVERNANCE REPORT

Declaration pursuant to Section 161 of the German Stock Corporation Act

Corporate governance encompasses the entire system of managing and monitoring a corporation, including the organization of the company, its business policy principles and guidelines as well as the system of internal and external monitoring and control mechanisms. Corporate governance structures responsible management and control of the company geared to the principles of a social market economy and sustainable value added.

The scope for shaping corporate governance on the part of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (BLG AG) is based on German law, in particular stock corporation, co-determination and capital market law as well as the company's Articles of Incorporation and the German Corporate Governance Code (GCGC).

The 18th declaration of conformity with the GCGC as amended on February 7, 2017, was issued by the Board of Management on August 28, 2018, and by the Supervisory Board of BLG AG on September 13, 2018. The declaration has been made permanently available on our website: **www.blg-logistics.com/ir**.

www.blg-logistics.com/en/investor-relations/corporate-governance

Code of Ethics

Sustained value creation and responsible corporate management are key elements of the corporate policy of BLG AG. Dealings with customers, business partners, employees and shareholders based on trust form the foundation for these elements. This involves compliance with laws as well as with the Group's standardized Code of Ethics.

The Code is aimed at avoiding inappropriate behavior and fostering ethical conduct as well as exemplary and responsible action. It is directed at the Board of Management, managers and staff members alike and serves as a guide to proper and consistent behavior.

Compliance

Systematic fairness

Key elements of the compliance system we introduced in 2014 include our Code of Ethics and Anti-Corruption Policy. This policy is reviewed on a yearly basis with regard to new legal requirements or specific experiences in the company and adapted if necessary. Our Compliance Policy also came into force at the start of 2017, detailing the cooperation between the central functions and the operating units.

Our rules and regulations apply to all domestic companies in which BLG LOGISTICS directly or indirectly holds more than 50 percent of the shares or controls the management of the company. Companies that are not subject to German law must apply these guidelines in accordance with their national law.

Our compliance system makes it clear that we will not tolerate corruption in any way. We do not allow discrimination of any kind. Occupational safety and health protection are a top priority for us. We use our resources responsibly and face fair competition.

When the system was introduced, all employees of BLG LOGISTICS received the Code of Ethics through the mail. New employees receive it in their welcome pack; temporary workers are made aware of it during their initial training. Together with the Anti-Corruption Policy and the Compliance Policy, the Code of Ethics can also be consulted on the intranet. Information on the compliance system, the Code of Ethics and contact details are also publicly available online. At the international locations, the policies are available in the respective national languages. The Code of Ethics and the Anti-Corruption Policy are binding for all internal and external employees and consultants of BLG LOGISTICS.

As Chief Compliance Officer, the CEO of BLG is head of our compliance system. A compliance officer appointed by the Board of Management develops the compliance strategy further in consultation with the Board of Management and informs it regularly on all relevant compliance matters. As a neutral contact person, he is available to employees for questions regarding the Code of Ethics and for information on legal violations.

An externally appointed ombudsman also offers both employees and third parties the possibility of anonymously reporting compliance violations.

Further information and the BLG Code of Ethics are available at **www.blg-logistics.com/compliance**.

Prevention by raising awareness
The Board of Management and managers of BLG LOGISTICS set an example in the implementation of and compliance with the Code of Ethics and Anti-Corruption Policy. They are responsible for ensuring that all employees in their area of responsibility are familiar with the rules and strictly observe them. Employees are obliged to point out grievances or suspected violations of the law. A fundamental component of the prevention of corruption is to increase employee awareness and to openly discuss the dangers of corruption. For their own protection and for the protection of the company, the dual control principle is to be applied in all legally relevant business processes. Every action and every decision must be transparent, impartial and based on objective criteria. Extensive, regular training minimizes the risk of corruption and raises employees' awareness of compliance issues.

Compliance in the supply chain
Our General Terms and Conditions of Contract and Purchasing also take compliance into account. We require our suppliers and service providers to comply with the principles of the United Nations Global Compact.
See also: **www.blg-logistics.com/en/gtcbcr**.

Diversity

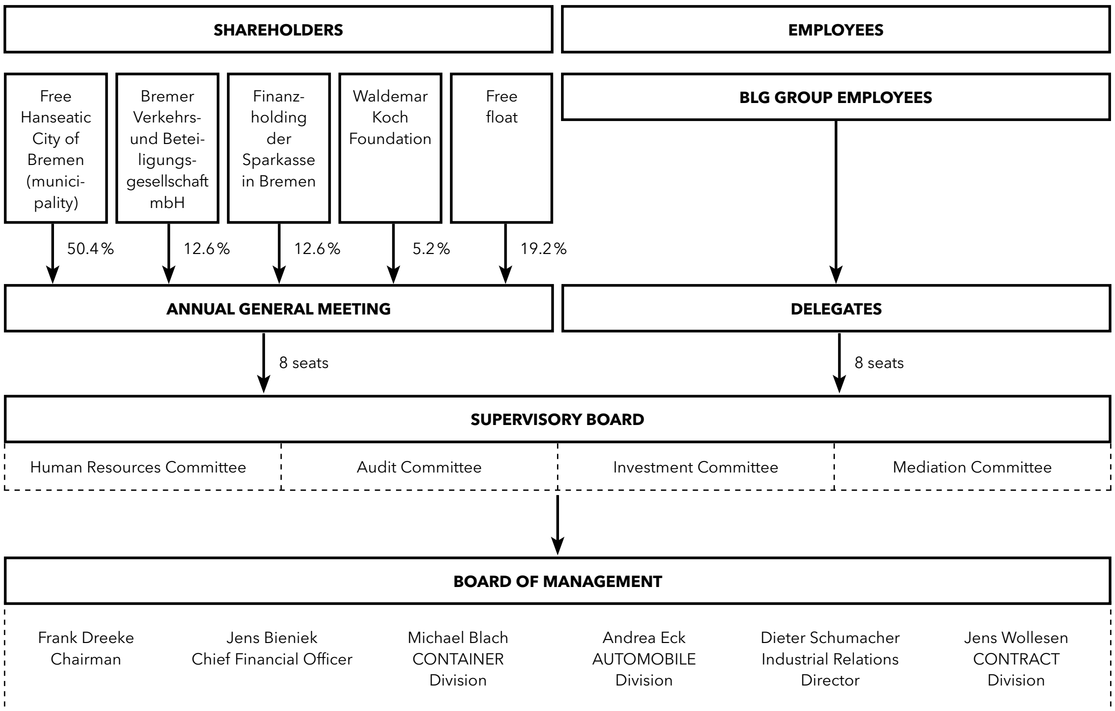
Diversity plays an important role at BLG. The company's diversity concept includes the entire Group and thus goes beyond the levels of management and supervision. BLG sees diversity as an important factor in its success and as an enrichment for its corporate, management, project and co-determination culture. For BLG, diversity management means taking a holistic approach to the diverse characteristics of employees. The diversity characteristics of gender, cultural diversity, work-life balance, people with disabilities, demographic change and sexual orientation are treated with respect. Diversity management is based on the Code of Industrial Relations, the Compliance Policy, reference to the Diversity Charter and other supplementary agreements. The principles of these regulations are implemented in BLG's recruitment decisions and qualification measures.

Within BLG, the Human Resources department is responsible for diversity and general equal treatment. The Human Resources department is responsible for the strategic orientation of diversity management, its conceptual development and for advising and supporting the Board of Management. In addition, the Human Resources department is the contact for employees in all matters relating to diversity. The Human Resources department gives impulses and a voice to everyone in the company. The Human Resources department understands organizations and people – and brings them together. This is what BLG is committed to: A relationship based on cooperation and respect.

www.blg-logistics.com/en/gtcbcr

Working approach of the Board of Management and Supervisory Board

GOVERNANCE STRUCTURE



BLG AG is a company subject to German law, on which the GCGC is also based. A basic principle of German corporate law is the dual management system, with the management and supervisory boards, in which there is a strict separation in terms of personnel between the management board as the management body and the supervisory board as supervisory body and each has separate areas of responsibility. The Board of Management and Supervisory Board of BLG AG work closely together in an atmosphere of mutual trust in managing and monitoring the company.

www.blg-logistics.com/en/our-company/board-of-management

The Board of Management

The Board of Management of BLG AG is responsible for the management of BLG KG and is therefore solely responsible for managing the two companies and represents the companies in transactions with third parties. The Board of Management is obligated to pursue the goal of achieving a sustainable increase in the enterprise value in the interest of the BLG Group and in line with the stakeholder approach. The departmental responsibilities of the individual members of the Board of Management are listed in the notes on page 180.

At its meeting on February 23, 2018, the Supervisory Board decided to extend the contract with Dieter Schumacher for two years. In addition, the contracts of Jens Wollesen and Andrea Eck were each extended by five years at the meetings on September 13, 2018, and February 14, 2019, respectively.

The relevant legal provisions for appointment and dismissal of members of the Board of Management are Sections 84, 85 AktG. Sections 133, 179 AktG as well as Section 15 of the Articles of Incorporation apply to amendments to the Articles of Incorporation.

Within the framework of the German Act for Equal Participation of Women and Men in Management Positions in the Private Sector and in the Public Sector, the Board of Management set targets for increasing the proportion of women in the first two tiers of management below the Board of Management. In view of the fact that BLG AG does not have any employees of its own apart from the Board of Management, a target of 0 percent was established. This ratio is to be maintained until June 30, 2022.

The Supervisory Board

The Supervisory Board of BLG AG advises and monitors the Board of Management in the management of the company. It appoints and dismisses the members of the Board of Management, decides on the remuneration system for the members of the Board of Management and determines their total remuneration. The Supervisory Board is involved in strategy and planning as well as in all matters of material importance for the company. Furthermore, the Supervisory Board of BLG AG also reviews the contents of the non-financial report.

Diversity

In accordance with Section 5.1.2 of the GCGC, the Supervisory Board takes diversity (see above) into account when appointing the Board of Management. The proportion of women on the Board of Management as of December 31, 2018, was 16.7 percent and therefore met the intended target of likewise 16.7 percent. This ratio is to be maintained until June 30, 2022.

The statutory provisions of the gender ratio are applied to the Supervisory Board itself. The Supervisory Board has established a target of 30 percent for itself. At BLG, the minimum quota must be met separately by both the shareholders and the employees (separate fulfillment). Therefore, at least four women must be represented on the Supervisory Board. In the election to the Supervisory Board in May 2018, four women were elected to the Supervisory Board, so the target was met as of December 31, 2018 (previous year: 18.8 percent). This ratio is to be maintained until June 30, 2022.

Profile of skills and expertise

At its meeting on February 23, 2018, the Supervisory Board defined a profile of skills and expertise that was taken into account in the election to the Supervisory Board in May 2018. The profile ensures that, based on their knowledge, skills and experience, the proposed candidates for election to the Supervisory Board are able to perform the duties of a Supervisory Board member in an international company and to maintain the reputation of the BLG Group in the public eye. Particular attention is paid to the personality, integrity, motivation and professionalism of the candidates.

The aim of the profile of skills and expertise is to ensure that the Supervisory Board as a whole has all the knowledge and experience that is considered essential in view of the activities of the BLG Group. This includes knowledge and experience in the areas of management/human resources (incl. diversity concept), accounting/controlling/risk management, technology/IT/digitalization (incl. IT security), ports/logistics and legal/governance (incl. compliance). In addition, the Supervisory Board should have knowledge and experience from the business areas important to the BLG Group. The members of the Supervisory Board should be generally familiar with the sector in which the BLG Group operates. At least one independent member of the Supervisory Board should have expertise in the areas of accounting and auditing as well as special knowledge and experience in the application of accounting principles and internal control procedures.

www.blg-logistics.com/en/our-company/board-of-management/supervisory-board

In the event of a forthcoming replacement on the Supervisory Board, it must be examined in each case which area of knowledge should be strengthened in the Supervisory Board.

Independence/age limit

The Supervisory Board also includes an appropriate number of independent members. Substantial and not merely temporary conflicts of interest, for example due to board functions or advisory roles for major competitors of the company, should be avoided. Assuming that the exercise of the Supervisory Board mandate as employee representative alone cannot give rise to any doubts as to whether the independence criteria pursuant to Section 5.4.2 GCGC have been fulfilled, the Supervisory Board must comprise a total of at least ten members who are independent in accordance with the Code. In any case, the Supervisory Board must be composed in such a way that there are at least two independent shareholder representatives as defined in Section 5.4.2 GCGC.

The Supervisory Board may not include more than two former members of the Board of Management.

The members of the Supervisory Board must have sufficient time to perform their mandate so that they can exercise it with due regularity and care.

In compliance with the age limit laid down by the Supervisory Board in the rules of procedure, as a rule only persons who are not older than 70 years may be proposed for election as members of the Supervisory Board. The aim is to ensure that the Supervisory Board has an appropriate experience and age structure.

In the opinion of the Supervisory Board, the following shareholder representatives on the Supervisory Board are currently to be regarded as independent in accordance with the GCGC: Dr. Klaus Meier, Heiner Dettmer, Wybcke Meier and Dr. Patrick Wendisch.

Composition of the Supervisory Board

The Supervisory Board is composed of 16 members. Half of the members of the Supervisory Board are elected by the shareholders at the Annual General Meeting. The other half of the Supervisory Board consists of the representatives elected by the employees according to the provisions of the German Co-Determination Act.

The election to the Supervisory Board in May 2018 gave rise to the following personnel changes in the composition of the Supervisory Board compared with December 31, 2017:

All Supervisory Board members' terms in office ended as scheduled at the end of the Annual General Meeting on May 24, 2018. The Supervisory Board members representing the employees were elected in accordance with the provisions of the German Co-Determination Act on April 19, 2018. The shareholder representatives were elected by means of individual voting by the Annual General Meeting.

The new employee representatives elected to the Supervisory Board were Sonja Berndt, member of the Works Council at BLG KG, and Udo Klöpping, HR Director at BLG KG. The new shareholder representatives elected to the Supervisory Board were Heiner Dettmer, Managing Partner of Dettmer Group KG, and Wybcke Meier, CEO of TUI Cruises GmbH.

At the constituent Supervisory Board meeting following the Annual General Meeting, Dr. Klaus Meier was elected as the new Chairman of the Supervisory Board. The former Chairman of the Supervisory Board Dr. Stephan-Andreas Kaulvers left the Supervisory Board along with the former Supervisory Board members Dr. h.c. Klaus Wedemeier, Birgit Holtmann and Andreas Wopp.

No former members of the Board of Management of BLG AG are represented in the Supervisory Board.

Committees of the Supervisory Board

In addition to the Mediation Committee that is required to form in accordance with Section 27 (3) of the German Co-Determination Act, the Supervisory Board formed an Audit Committee, a Human Resources Committee and an Investment Committee. The members of the committees set up by the Supervisory Board are listed in the notes to the financial statements.

Human Resources Committee

- Prepares personnel decisions
- Decides on the employment contracts with members of the Board of Management in lieu of the full Supervisory Board
- Suggests suitable candidates for the election of the Supervisory Board members representing the shareholders for the Supervisory Board's nominations to the Annual General Meeting
- Performs the tasks of a Nomination Committee
- Provides advice on long-term succession planning for the Board of Management

Audit Committee

- Checks the accounting process
- Responsibly carries out the selection and tendering process for the statutory auditor
- Commissions and controls auditing and consulting services (incl. determining the remuneration for the auditor)
- Issues on the company's accounting

- Checks the annual financial statements and management report prepared by the Board of Management and the proposal for the use of the net retained profits of BLG AG and audits the financial statement for the purpose of complying with the group accounting obligation of BLG AG and the consolidated financial statements and group management report of BLG LOGISTICS (incl. proposal for approval by the Supervisory Board)
- Monitors the independence, qualification, rotation and efficiency of the auditor
- Prepares decisions made by the Supervisory Board on planning for the following financial year, including earnings, statement of financial position, financial and investment planning
- Works in the areas of internal control system, risk management and control, and compliance

Investment Committee

- Makes preparatory decisions and resolutions for specifically defined and urgent investment projects

Mediation Committee

- Performs the tasks pursuant to Section 27 (3) of the German Co-Determination Act

The Audit Committee is composed of three representatives of the shareholders and three employee representatives. The Chairman of the Audit Committee holding office in the reporting year complies with the statutory requirements in terms of independence and expertise in the fields of accounting and auditing that a member of the Supervisory Board and of the Audit Committee has to meet. This committee meets regularly twice a year.

The Human Resources Committee has equal representation and is composed of the Chairman of the Supervisory Board, the Deputy Chairman and six other members of the Supervisory Board.

To perform its duties in accordance with Section 27 (3) of the German Co-Determination Act, the Supervisory Board forms a Mediation Committee comprising the Chairman of the Supervisory Board, the Deputy Chairman as well as three Supervisory Board members representing the employees and three Supervisory Board members representing the shareholders, elected in each case by a majority of the votes cast.

The Supervisory Board has also formed an Investment Committee. It has six members, three of them representatives of the shareholders and three employee representatives of the Supervisory Board. The Chairman of the Supervisory Board is also Chairman of this committee. The committee meets according to need.

Director’s dealings

According to Article 19 of the EU Market Abuse Regulation, members of the Board of Management, the first tier of management and the Supervisory Board are required as a matter of principle to report and disclose their own transactions with shares of BLG AG or related financial instruments.

The shareholdings of these persons amount to less than 1 percent of the shares issued by BLG AG. There were no purchases and sales requiring disclosure during the reporting year.

Takeover-related disclosures in accordance with Section 315a (1) HGB

Composition of the subscribed capital, voting rights and transfer of shares of BLG AG

The subscribed capital amounts to EUR 9,984,000.00 and is divided into 3,840,000 registered shares with voting rights. Transfer of the shares requires the approval of the company in accordance with Section 5 of the Articles of Incorporation.

SHARES

3.84

million

Every share is accorded one vote. The Board of Management of BLG AG is not aware of any restrictions or agreements between shareholders affecting voting rights. There is no maximum limit for a shareholder’s voting rights and there are no special voting rights. In particular there are no shares with special rights that confer monitoring powers. This means the principle of “one share, one vote” is implemented in full.

The shareholders exercise their co-administration and monitoring rights at the Annual General Meeting. Section 19 of the Articles of Incorporation stipulates what requirements have to be met in order to participate in the Annual General Meeting as a shareholder and exercise voting rights. Only persons who are entered in the share register are regarded as shareholders of the company.

Every shareholder entered in the share register has the right to take part in the Annual General Meeting, take the floor there regarding the respective items on the agenda and request information on company matters to the extent this is necessary for proper evaluation of an item on the agenda. The Annual General Meeting passes resolutions primarily on formal approval of the Board of Management and Supervisory Board, appropriation of net retained profits, capital measures, authorization for stock buybacks, and amendments of the Articles of Incorporation.

Shares in capital that exceed 10 percent of the voting rights

Shareholders whose share in the share capital exceeds 10 percent are the Free Hanseatic City of Bremen (municipality), the Bremer Verkehrs- und Beteiligungsgesellschaft, Bremen, and Finanzholding der Sparkasse in Bremen, Bremen. With effect from January 31, 2019, the 12.61 percent of shares in BLG AG held by Bremer Verkehrs- und Beteiligungsgesellschaft, Bremen, a subsidiary of the Free Hanseatic City of Bremen (municipality), were transferred to Panta Re AG, Bremen. For further information on shareholder structure, please refer to the basic Group information on page 46.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

BLG AG has not introduced any employee stock programs. To the extent that employees hold shares, they are not subject to any system of control. These shares represent insignificant portions of the company capital.

Appointment and dismissal of Board of Management members and amendment of the Articles of Incorporation

Please refer to the declaration on corporate governance on page 12.

Powers of the Board of Management to issue or buy back shares

The Board of Management is currently not authorized by the Annual General Meeting to issue or buy back shares.

Significant agreements to which the company is a party and which take effect upon a change of control of the company following a takeover bid and the effects thereof

Agreements on the part of the company subject to the condition of a change of control following a takeover bid have not been made.

No compensation agreements were made by the company with members of the Board of Management or employees for the event of a takeover bid.

Remuneration report

Remuneration of the Board of Management

At the proposal of the Human Resources Committee, the Supervisory Board deliberates and decides on the remuneration system for the Board of Management, including the significant contractual elements, and reviews it regularly. The criteria for the appropriateness of the remuneration of the Board of Management include the duties of the respective member of the Board of Management, the economic and financial situation, the size and global alignment of the company as well as sustainable corporate development. The remuneration is to be determined such that it is competitive in international and national comparison and thus offers an incentive for committed and successful work. The Human Resources Committee regularly reviews whether the remuneration of the Board of Management is appropriate while taking into account the earnings, sector and future prospects of the company.

The following remarks are based on the remuneration system in place since January 1, 2015:

The total remuneration of the members of the Board of Management consists of basic remuneration, a three-year EBT incentive and a sustainability bonus.

Sustainability bonus
Based on a comparison of the planned and actual EBT for the financial year and the next two years

Performance-based remuneration
Based on the average EBT for the financial year and the two preceding years

Basic remuneration plus fringe benefits
Fixed remuneration; monthly payment

The basic remuneration is paid on a proportionate monthly basis as non-performance-based remuneration. Furthermore, the remuneration rules for the members of the Board of Management provide for customary fringe benefits, such as provision of a company car and allowances for a preventive health care examination. Members of the Board of Management additionally receive remuneration for Supervisory Board activities at Group companies.

The three-year EBT incentive is measured based on the participation rate of the respective member of the Board of Management based on the average EBT (group earnings before income taxes) for the financial year and the two preceding financial years. The Chairman of the Board of Management participates in the average EBT at a rate of 1.0875 percent, while the remaining members of the Board of Management have a share of 0.725 percent. The Supervisory Board has the opportunity to adjust the participation rate on the recommendation of the Human Resources Committee.

The sustainability bonus is calculated on the basis of the current financial year and the next two financial years. The target bonus is EUR 100,000 for the Chairman of the Board of Management and EUR 66,700 for the other members of the Board of Management. The assessment is made by comparing the planned average EBT over the three years with the actual average EBT (target achievement). A threshold of at least 90 percent of the target must be achieved. The maximum degree of target achievement is 110 percent. If between 90 percent and 100 percent of the target is achieved, between 75 percent and 100 percent of the target bonus is granted; if between 100 percent and 110 percent of the target is achieved, between 100 percent and 150 percent of the target bonus is granted. If the threshold is reached, the payment is made in the financial year following the last plan year. New members of the Board of Management are paid the sustainability bonus for the first time after a three-year blocking period.

Contracts concluded with the Board of Management as of January 1, 2011, provide for severance pay in the amount of no more than two years' remuneration in the case of early termination of the position on the Board of Management without good cause. If the remaining term of the contract is less than two years, the severance pay must be calculated pro rata temporis. The amount of the severance pay is determined as a matter of principle according to the sum of the fixed remuneration and variable remuneration components excluding remuneration in kind and other fringe benefits for the last full financial year prior to the end of the employment contract. No general compensation agreements were made for the case of early termination of the position on the Board of Management.

The following tables show the benefits granted to each member of the Board of Management for the 2017 and 2018 financial years, including fringe benefits, supplemented in the case of variable remuneration components by the maximum and minimum remuneration achievable (according to sample table 1 in connection with Section 4.2.5 (3) [1st bullet point] of the GCGC).

(01) Benefits granted EUR thousand	Frank Dreeke Chairman of the Board of Management Date of joining Board: 01/01/2013 (Chairman since 06/01/2013)				Jens Bieniek Member of the Board of Management Date of joining Board: 06/01/2013			
	2017	**2018**	**2018 (min.)**	**2018 (max.)**	2017	**2018**	**2018 (min.)**	**2018 (max.)**
Fixed remuneration	645	670	670	670	360	375	375	375
Fringe benefits	41	47	47	47	35	33	33	33
Total	**686**	**717**	**717**	**717**	**395**	**408**	**408**	**408**
EBT incentive	341	369	0	450	227	246	0	300
Multi-year variable remuneration	106	128	0	150	71	85	0	100
Sustainability bonus (01/01/2016-12/31/2018) plus peak billing prev. year	40	62	0	50	27	41	0	34
Sustainability bonus (01/01/2017-12/31/2019)	33	33	0	50	22	22	0	33
Sustainability bonus (01/01/2018-12/31/2020)	33	33	0	50	22	22	0	33
Total	**1,133**	**1,214**	**717**	**1,317**	**693**	**739**	**408**	**808**
Pension-related expenses	152	186	186	186	72	62	62	62
Total remuneration	**1,285**	**1,400**	**903**	**1,503**	**765**	**801**	**470**	**870**

(02) Benefits granted EUR thousand	Michael Blach[1] Member of the Board of Management Date of joining Board: 06/01/2013				Andrea Eck Member of the Board of Management Date of joining Board: 01/01/2017			
	2017	**2018**	**2018 (min.)**	**2018 (max.)**	2017	**2018**	**2018 (min.)**	**2018 (max.)**
Fixed remuneration	510	510	510	510	330	339	339	339
Fringe benefits	55	53	53	53	22	22	22	22
Total	**565**	**563**	**563**	**563**	**352**	**361**	**361**	**361**
EBT incentive	380	316	0	307	227	246	0	300
Multi-year variable remuneration	3	6	0	11	22	44	0	66
Sustainability bonus (01/01/2016-12/31/2018) plus peak billing prev. year	3	6	0	11	0	0	0	0
Sustainability bonus (01/01/2017-12/31/2019)	0	0	0	0	0	22	0	33
Sustainability bonus (01/01/2018-12/31/2020)	0	0	0	0	22	22	0	33
Total	**0**	**0**	**0**	**0**	**601**	**651**	**361**	**727**
Pension-related expenses	97	79	79	79	0	0	0	0
Total remuneration	**1,045**	**964**	**642**	**960**	**601**	**651**	**361**	**727**

[1] From the 2017 financial year, some of Mr. Blach's amounts are reimbursed by EUROGATE GmbH & Co. KGaA, KG.

(03) Benefits granted EUR thousand	Dieter Schumacher Member of the Board of Management Date of joining Board: 01/01/2016				Jens Wollesen Member of the Board of Management Date of joining Board: 07/01/2016			
	2017	**2018**	**2018 (min.)**	**2018 (max.)**	2017	**2018**	**2018 (min.)**	**2018 (max.)**
Fixed remuneration	335	348	348	348	335	348	348	348
Fringe benefits	33	33	33	33	24	24	24	24
Total	**368**	**381**	**381**	**381**	**359**	**372**	**372**	**372**
EBT incentive	227	246	0	300	227	246	0	300
Multi-year variable remuneration	44	85	0	100	44	82	0	100
Sustainability bonus (01/01/2016-12/31/2018) plus peak billing prev. year	0	41	0	34	0	38	0	34
Sustainability bonus (01/01/2017-12/31/2019)	22	22	0	33	22	22	0	33
Sustainability bonus (01/01/2018-12/31/2020)	22	22	0	33	22	22	0	33
Total	**639**	**712**	**381**	**781**	**630**	**700**	**372**	**772**
Pension-related expenses	11	653	653	653	0	136	136	136
Total remuneration	**650**	**1,365**	**1,034**	**1,434**	**630**	**836**	**508**	**908**

The following tables show the inflow for each member of the Board of Management in the 2017 and 2018 financial year, consisting of fixed remuneration, three-year EBT incentive and sustainability bonus with differentiation according to the respective reference years (in accordance with sample table 2 in connection with Section 4.2.5 (3) [2nd bullet point] of the GCGC).

(04) Inflow EUR thousand	Frank Dreeke Chairman of the Board of Management Date of joining Board: 01/01/2013 (Chairman since 06/01/2013)		Jens Bieniek Member of the Board of Management Date of joining Board: 06/01/2013	
	2018	2017	**2018**	2017
Fixed remuneration	670	645	375	360
Fringe benefits	47	41	33	35
Total	**717**	**686**	**408**	**395**
Three-year EBT incentive	341	329	227	219
Multi-year variable remuneration (here: Sustainability bonus 01/01/2015-12/31/2017)	107	0	71	0
Other	0	0	0	0
Total	**1,165**	**1,015**	**706**	**614**
Pension-related expenses	186	152	62	72
Total remuneration	**1,351**	**1,167**	**768**	**686**

(05) Inflow EUR thousand	**Michael Blach**[1] Member of the Board of Management Date of joining Board: 06/01/2013		**Andrea Eck** Member of the Board of Management Date of joining Board: 01/01/2017	
	2018	2017	**2018**	2017
Fixed remuneration	510	510	339	330
Fringe benefits	55	55	22	22
Total	**565**	**565**	**361**	**352**
Three-year EBT incentive	380	219	227	0
Multi-year variable remuneration (here: Sustainability bonus 01/01/2015-12/31/2017)	48	0	0	0
Other	0	0	0	0
Total	**993**	**784**	**588**	**352**
Pension-related expenses	79	97	0	0
Total remuneration	**1,072**	**881**	**588**	**352**

[1] From the 2017 financial year, some of Mr. Blach's amounts are reimbursed by EUROGATE GmbH & Co. KGaA, KG.

(06) Inflow EUR thousand	**Dieter Schumacher** Member of the Board of Management Date of joining Board: 01/01/2016		**Jens Wollesen** Member of the Board of Management Date of joining Board: 07/01/2016	
	2018	2017	**2018**	2019
Fixed remuneration	348	335	348	335
Fringe benefits	33	33	24	24
Total	**381**	**368**	**372**	**359**
Three-year EBT incentive	227	219	227	110
Multi-year variable remuneration (here: Sustainability bonus 01/01/2015-12/31/2017)	0	0	0	0
Other	0	0	0	0
Total	**608**	**587**	**599**	**469**
Pension-related expenses	4	11	0	0
Total remuneration	**612**	**598**	**599**	**469**

Some of the members of the Board of Management were granted pension claims, some of which are against companies of the BLG Group. For purposes of comparability these claims are disclosed here.

The current members of the Board of Management are fundamentally entitled to receive pension benefits after leaving the BLG Group, but not before reaching the age of 63.

New pension commitments were agreed for Messrs. Dreeke, Bieniek and Blach in December 2015 and for Messrs. Schumacher and Wollesen in February and September 2018, respectively. The pension commitments provide for a monthly retirement and disability pension of 10 percent of basic salary. They also provide for a survivor's pension of 60 percent of the agreed retirement pension. If a retirement pension is claimed before the age of 65, the pensions are reduced by 0.5 percentage points for each full month of early claim, but

(07) Pension commitments[1] EUR thousand	Present value of pension commitment		Market value of insurance cover for pension commitments	
	12/31/2018	12/31/2017	**12/31/2018**	12/31/2017
Frank Dreeke	**875**	**786**	**584**	**386**
of which BLG	875	786	584	386
of which third parties	0	0	0	0
Jens Bieniek	**614**	**562**	**293**	**220**
of which BLG	614	562	293	220
of which third parties	0	0	0	0
Michael Blach	**540**	**496**	**192**	**126**
of which BLG	0	0	0	0
of which EUROGATE	540	496	192	126
Dieter Schumacher	**874**	**215**	**96**	**87**
of which BLG	874	215	96	87
of which third parties	0	0	0	0
Jens Wollesen	**136**	**0**	**0**	**0**
of which BLG	136	0	0	0
of which third parties	0	0	0	0
	3,039	**2,059**	**1,165**	**819**

[1] Calculated as per IAS 19.

the maximum reduction is 18 percent. No waiting period is provided for.

Furthermore, it is possible for Board of Management members to acquire defined benefit pension commitments through deferred compensation.

As was the case in the previous year, members of the Board of Management had not been granted any loans or advance payments as of December 31, 2018. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Board of Management.

Total remuneration of former members of the Board of Management

In the 2018 financial year, the former members of the Board of Management received total remuneration (in particular pension payments) of EUR 168,000. The present value of pension obligations pursuant to IAS 19 for former members of the Board of Management totaled EUR 3,228,000 as of December 31, 2018.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is stipulated in Section 17 of the Articles of Incorporation of BLG AG. On May 24, 2016, the Annual General Meeting approved an adjusted remuneration system for the Supervisory Board for activities from January 1, 2017, which provides for exclusively non-performance-based remuneration. Accordingly, each member of the Supervisory Board receives fixed annual remuneration of EUR 8,300.00. The Chairman of the Supervisory Board receives three times this remuneration, and the Deputy Chairman as well as the Chairman of the Audit Committee and the Chairman of the Human Resources Committee, provided he is not Chairman of the Supervisory Board at the same time, receive twice this remuneration. Members of the Supervisory Board who are on the Board for only part of the financial year receive remuneration pro rata temporis. In addition, EUR 1,000.00 is paid annually for membership of the Audit Committee or the Human Resources Committee.

In addition, the members of the Supervisory Board receive EUR 500.00 per meeting, and any expenses going beyond that are refunded in the verified amount.

The members of the Supervisory Board received the following remuneration in the 2018 financial year:

(08) Remuneration of the Supervisory Board
EUR thousand

	2018				
	Fixed remuneration	Committee work	Meeting allowance	Other[2]	Total
Dr. Klaus Meier	18	1	4	5	28
Christine Behle	17	1	4	0	22
Sonja Berndt (since 05/24/2018)	5	1	2	0	8
Karl-Heinz Dammann	8	1	5	9	23
Heiner Dettmer (since 05/24/2018)	5	1	2	0	8
Melf Grantz[1]	8	1	4	0	13
Martin Günthner[1]	8	1	4	0	13
Udo Klöpping (since 05/24/2018)	5	0	2	0	7
Karoline Linnert[1]	8	1	3	9	21
Wybcke Meier (since 05/24/2018)	5	0	2	0	7
Dr. Tim Nesemann	8	1	4	0	13
Klaus Pollok	8	1	4	0	13
Stefan Schubert	8	1	3	0	12
Dieter Strerath	8	1	5	0	14
Reiner Thau	8	1	3	9	21
Dr. Patrick Wendisch	17	1	4	0	22
Members of the Supervisory Board who left in the 2018 reporting year:					
Dr. Stephan-Andreas Kaulvers (until 05/24/2018)	10	0	2	3	15
Birgit Holtmann (until 05/24/2018)	4	0	1	9	14
Dr. h.c. Klaus Wedemeier (until 05/24/2018)	4	0	1	0	5
Andreas Wopp (until 05/24/2018)	4	0	1	0	5
	166	**14**	**60**	**44**	**284**

[1] In accordance with Section 5a of the Senate Act and Sections 6 and 6a of the Ordinance on secondary activities of the state parliament of Bremen, there is a requirement to surrender remuneration received for Supervisory Board work to the state.

[2] Supervisory mandates within the Group.

In the previous year, the Supervisory Board received remuneration totaling EUR 265,000, of which EUR 166,000 was attributable to fixed payments. The meeting allowances came to EUR 43,000, the remuneration for committee work EUR 14,000 and the remuneration for in-Group Supervisory Board seats EUR 42,000.

As of December 31, 2018, members of the Supervisory Board had not been granted any loans or advance payments, as was the case in the previous year. There were no loan redemptions in the reporting year. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Supervisory Board. Travel expenses were reimbursed to the customary extent.

THE BLG SHARE

_ BLG share follows market trend in 2018
_ Earnings per share of EUR 0.66
_ Dividend increased to EUR 0.45

Negative development on the equity markets

In 2018, sentiment on the stock exchanges was primarily influenced by political developments, and the markets performed overwhelmingly negatively. The economy was weighed down in 2018 by trade conflicts, especially between the two largest national economies, the US and China, by economic worries and by the fear of rising interest rates. The ongoing Brexit negotiations, Italy's debt dispute with the EU, and elections in Brazil, Italy and Turkey also caused further uncertainty.

Even German economic growth was at its lowest in five years at 1.5 percent in 2018. The trade conflicts curbed export business, and the automotive industry, which is important for Germany, faced problems due to the introduction of the new exhaust gas and consumption standard WLTP (Worldwide Harmonized Light Vehicle Test Procedure). The economy was supported by consumer spending, increased investments by many companies and the construction boom. In the environment described above, the DAX recorded a loss of 18.3 percent during the financial year and closed the last trading day at 10,559.

BLG share[1] follows the market

After the BLG share opened the 2018 financial year at EUR 14.49, it initially continued the sideways movement from the second half of 2017. The highest closing price of the year was already reached on January 15, 2018, at EUR 15.10. The BLG share price declined overall in the second and third quarters, so the annual low of EUR 11.13 was reached on August 8, 2018. In the fourth quarter, the BLG share primarily moved sideways. Despite the solid business performance, the BLG share was unable to escape the market trend in the reporting year (DAX -18.3 percent; MDAX -17.6 percent, SDAX -20.0 percent) and fell by 18.1 percent in total in the 2018 financial year. On the basis of the annual closing price of EUR 11.87 on December 28, 2018, the market capitalization amounted to EUR 45.6 million.

PRICE PERFORMANCE OF BLG SHARE IN 2018 (IN EUR)

www.blg-logistics.com/en/investor-relations/share

[1] All market prices indicated as average on the listed stock exchanges.

Overview of the key figures for the BLG share

Financial ratios for the BLG share		2018	2017	2016	2015	2014
Earnings per share	EUR	0.66	0.60	0.45	0.44	0.44
Dividend per share	EUR	0.45	0.40	0.40	0.40	0.40
Dividend	%	17.3	15.4	15.4	15.4	15.4
Dividend yield	%	3.8	2.8	2.1	2.7	3.1
Share price at year-end[1]	EUR	11.87	14.49	19.27	15.08	12.78
High[1]	EUR	15.10	19.27	20.10	17.39	13.18
Low[1]	EUR	11.13	12.87	13.59	12.29	9.32
Distribution amount	EUR thousand	1,728	1,536	1,536	1,536	1,536
Distribution ratio	%	68.0	66.3	89.5	90.2	92.0
Price/earnings ratio		17.9	24.0	42.8	34.3	29.1
Market capitalization	EUR million	45.6	55.6	74.0	57.9	49.1

[1] All market prices indicated as average on the listed stock exchanges.

BLG share reference data	
ISIN	DE0005261606
WKN	526160
Ticker symbol	BLH
Share capital	EUR 9,984,000
Authorized capital	3,840,000 shares
Class	No-par registered shares
Listed in:	XETRA, Berlin, Hamburg, Frankfurt

DIVIDEND
PER SHARE
EUR 0.45

Dividend increased to EUR 0.45

The Board of Management and the Supervisory Board of BLG AG decided at their discretion to allocate a partial amount of EUR 813,000 from the net income for the year of EUR 2,541,000 to other retained earnings. As a result, the annual financial statements of BLG AG for the 2018 financial year show net retained profits in accordance with HGB of EUR 1,728,000 (previous year: EUR 1,536,000). According to German law, this amount forms the basis for the dividend distribution.

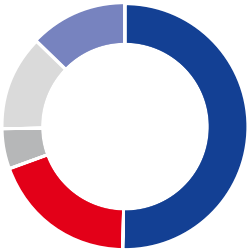
On the basis of the persistently positive earnings performance, the Board of Management, in consultation with the Supervisory Board, will propose to the Annual General Meeting on June 12, 2019, that a dividend of EUR 0.45 per share (previous year: EUR 0.40 per share) be distributed on the dividend-eligible share capital of EUR 9,984,000.00, corresponding to 3,840,000 shares (registered shares). This corresponds to a payout ratio of 68.0 percent. Based on the year-end share price of EUR 11.87, this results in a dividend yield of 3.8 percent for the 2018 financial year.

Our goal is an earnings-related and consistent dividend policy. We will continue to give our shareholders an appropriate share in earnings in line with business performance in the future.

Change in the shareholder structure at the beginning of 2019

The share capital of BLG AG amounts to EUR 9,984,000.00 and is divided into 3,840,000 registered shares with voting rights (registered shares). Transfer of the shares requires the approval of the company in accordance with Section 5 of the Articles of Incorporation.

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2018



50.4%
FREE HANSEATIC CITY OF BREMEN (MUNICIPALITY)

12.6%
BREMER VERKEHRS- UND BETEILIGUNGSGESELLSCHAFT

12.6%
FINANZHOLDING DER SPARKASSE IN BREMEN

5.9%
WALDEMAR KOCH FOUNDATION

18.5%
FREE FLOAT

Shareholder structure of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- as of December 31, 2018

As of December 31, 2018, the Free Hanseatic City of Bremen (municipality) was the main shareholder of the company with a share of 63.0 percent. Of this amount, 12.6 percent is attributable to Bremer Verkehrs- und Beteiligungsgesellschaft mbH, Bremen, an investment of the Free Hanseatic City of Bremen (municipality). Bremer Verkehrs- und Beteiligungsgesellschaft mbH's shares were sold to Panta Re AG, Bremen, with effect from January 31, 2019. Other large institutional investors are Finanzholding der Sparkasse in Bremen with a share of 12.6 percent and the Waldemar Koch Foundation, Bremen, with a share of 5.9 percent. 18.5 percent of shares are in free float, corresponding to around 710,000 shares. 0.7 percent of the free float is held by institutional investors; the remaining 17.8 percent is held by private investors.

Extensive information online

We provide extensive information on the BLG share on our Investor Relations website at **www.blg-logistics.com/en/investor-relations** in order to offer the maximum amount of information and transparency. For example, our financial calendar, online versions for the financial, company and sustainability reports, and all information about our share and the Annual General Meeting can be found here. The details of contact partners for shareholders and interested parties are also available here.

ANNUAL FINANCIAL STATEMENTS BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-

INCOME STATEMENT

EUR thousand	2018	2017
1. Remuneration of BLG LOGISTICS GROUP AG & Co. KG	3,114	3,097
2. Other operating income	6,137	5,100
	9,251	**8,197**
3. Personnel expenses		
a) Wages and salaries	-4,378	-4,058
b) Social security, post-employment and other employee benefit costs	-1,240	-549
	-5,618	**-4,607**
4. Other operating expenses	-1,199	-1,401
5. Other interest and similar income	639	622
6. Interest and similar expenses	-32	-40
7. Taxes on income – of which from the recognition of deferred tax assets EUR 91,000 (previous year: EUR 38,000)	-500	-456
8. Earnings after taxes/net income for the year	**2,541**	**2,315**
9. Transfer to other retained earnings	-813	-779
10. Net retained profits	**1,728**	**1,536**

BALANCE SHEET

EUR thousand Assets	12/31/2018	12/31/2017
A. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	25,136	23,556
2. Receivables from other investees and investors	22	36
	25,158	**23,592**
II. Bank balances	18	18
	25,177	**23,610**
B. Deferred tax assets	303	212
	25,480	**23,822**

EUR thousand Liabilities	12/31/2018	12/31/2017
A. Equity		
I. Subscribed capital	9,984	9,984
II. Retained earnings		
1. Legal reserve	998	998
2. Other retained earnings	8,506	7,693
	9,504	**8,691**
III. Net retained profits	1,728	1,536
	21,216	**20,211**
B. Provisions		
1. Provisions for pensions and similar obligations	934	88
2. Provisions for taxes	60	0
3. Other provisions	2,666	2,401
	3,660	**2,489**
C. Liabilities		
1. Trade payables	5	222
2. Other liabilities	599	900
	604	**1,122**
	25,480	**23,822**

NOTES
BREMER LAGERHAUS-GESELLSCHAFT
-Aktiengesellschaft von 1877-

Notes for the 2018 financial year

The registered office of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (BLG AG) is in Bremen. The company is entered in the register of the District Court of Bremen under the number HRB 4413.

General disclosures

The annual financial statements have been prepared in accordance with the provisions of Sections 242 ff. and 264 ff. of the German Commercial Code (HGB) and the relevant provisions of the German Stock Corporation Act (AktG).

The income statement was prepared according to the nature of expense method (Section 275 (2) HGB).

To improve the clarity of the presentation, disclosures on entries relating to more than one item were made with explanatory notes on a separate line.

Disclosures on accounting and measurement

The following accounting policies remained unchanged for the preparation of the annual financial statements.

The receivables and other assets are reported at their nominal value. Default risks are taken into account by means of specific valuation allowances, wherever necessary.

Bank balances are recognized at their nominal value.

Pension provisions are measured according to the projected unit credit method using the 2018 G (previous year: 2005 G) mortality tables by Prof. Dr. Klaus Heubeck. The average market interest rate, which is calculated for an assumed residual term of 15 years, is used as a standard basis for discounting.

The actuarial reserves for the pension provisions are recognized using the asset value of the overall claims reported by the insurance companies. In this respect, the asset value corresponds both to the amortized cost (receipts plus interest and surplus credits) and the fair value as of the end of the reporting period.

In accordance with Section 246 (2) sentence 2 HGB, these are netted against the present value of the pension obligations under provisions for pensions and similar obligations.

The actuarial valuation was based on the following parameters:

Actuarial parameters	**Pensions**
Discount rate	3.2 %
Expected development of salaries and wages	2.0 %
Expected pension increases	2.0 %

The provisions are recognized at the settlement amount necessary to cover all recognizable risks and uncertain liabilities on the basis of prudent business assessment.

Non-current provisions with a residual term of more than one year are discounted using the matched-term average market interest rate of the past seven years, as announced by the Deutsche Bundesbank. Non-current provisions for pension obligations with a residual term of more than one year are discounted using the matched-term average market interest rate of the past ten years, as announced by the Deutsche Bundesbank.

The liabilities are recognized at their settlement amounts.

If there are differences between the carrying amounts of assets, liabilities and deferred income items according to commercial law and their tax carrying amounts that are expected to be reversed in later financial years, they are measured at the individual tax rates in the period in which the difference is reversed and the resulting tax burden or relief is recognized as deferred taxes.

The measurement of deferred tax assets depends on the estimation of the probability of the reversal of the measurement differences and the utilization of the loss carryforwards which resulted in deferred tax assets. This is dependent upon the generation of future taxable profits during the periods in which those tax measurement differences are reversed.

The option of recognizing deferred tax assets pursuant to Section 274 (1) sentence 2 HGB was applied.

Deferred taxes are offset and not discounted.

Disclosures on the balance sheet

Receivables and other assets

The full amount of the receivables from affiliated companies is owed by BLG LOGISTICS GROUP AG & Co. KG, Bremen (BLG KG). EUR 5,227,000 (previous year: EUR 5,227,000) thereof constitutes short-term loans. EUR 16,097,000 is attributable to receivables from cash management (previous year: EUR 14,931,000). Another EUR 3,812,000 (previous year: EUR 3,398,000) relates to trade receivables.

As in the previous year, all receivables have a residual term of up to one year.

Equity

The share capital amounts to EUR 9,984,000.00 and is divided into 3,840,000 registered shares with voting rights. Transfer of the shares requires the approval of the company in accordance with Section 5 of the Articles of Incorporation.

Retained earnings

The legal reserve is allocated in full in an amount of EUR 998,400.00.

An amount of EUR 813,000 was transferred to other retained earnings from the net income for 2018 (previous year: EUR 779,000).

Existing retained earnings fully cover the amounts blocked for distribution of EUR 674,000 (previous year: EUR 485,000) in accordance with Section 253 (6) HGB (difference relating to the recognition of pension obligations) as well as the amounts blocked for distribution of EUR 303,000 (previous year: EUR 212,000) in accordance with Section 268 (8) sentence 2 HGB (deferred tax assets).

Provisions for pensions and similar obligations

The provisions reported relate to pension obligations for the members of the Board of Management.

The net pension obligations presented break down as follows:

EUR thousand	12/31/2018
Present value of pension obligation	4,860
Less market value of insurance cover for pension commitments	-3,926
= Net pension obligation	**934**

The amortized cost of insurance cover for pension commitments corresponds to its fair value.

The difference between the recognition of provisions for pension obligations based on the corresponding average market interest rate for the past ten financial years and the recognition of provisions for pension obligations based on the corresponding average market interest rate for the past seven financial years amounts to EUR 674,000.

Interest expenses and interest income from accrued interest were recognized in the amount of EUR 102,000 (previous year: EUR 92,000).

Other provisions

Other provisions include EUR 2,109,000 (previous year: EUR 1,809,000) for the variable remuneration of the Board of Management.

In the reporting year, other provisions of EUR 366,000 (previous year: EUR 412,000) were established for costs in connection with the Annual General Meeting, the publication of the annual financial statements and the consolidated financial statements as well as the audit of the annual financial statements.

EUR 180,000 was set aside for fixed Supervisory Board remuneration (previous year: EUR 180,000).

Liabilities

As in the previous year, all liabilities have a residual term of up to one year.

EUR 580,000 of the other liabilities (previous year: EUR 882,000) relate to taxes.

Deferred taxes

Deferred taxes were measured at a tax rate of 15.825 percent.

The deferred tax assets are mainly based on differences from pension provisions.

The option of recognizing excess deferred tax assets is applied.

Contingent liabilities

The company is the general partner of BLG KG. A capital share does not have to be paid in. No risks of being subject to claims are perceptible on the basis of the equity capitalization and the positive results expected for BLG KG in subsequent years.

Shareholdings

The set of shareholdings attributable to the company via its subsidiary BLG KG in accordance with Section 285 sentence 1 no. 11 HGB is part of the audited annual financial statements, which are published in the Federal Gazette.

A condensed list of the subsidiaries, joint ventures, associates and other equity investments included in the consolidated financial statements is contained in the "Further information" section on page 187 f.

Disclosures on the income statement

Remuneration of BLG KG

The figure includes the liability compensation governed by the partnership agreement (EUR 1,011,000, previous year: EUR 972,000) and the remuneration (EUR 2,104,000, previous year: EUR 2,126,000) for the activities as general partner of BLG KG.

Other operating income

Other operating income breaks down as follows:

EUR thousand	01/01/2018 - 12/31/2018	01/01/2017 - 12/31/2017
Income from the passing on of Board of Management remuneration	4,544	4,216
Income from the reimbursement of pension obligations	1,230	547
Income from the passing on of Supervisory Board remuneration	240	224
Income from the passing on of expenses	27	36
Income from the reversal of provisions	21	0
Other	75	77
Total	**6,137**	**5,100**

Personnel expenses

The personnel expenses relate to the remuneration for the Board of Management.

EUR 1,240,000 in social security, post-employment and other employee benefit costs relate to pension costs (previous year: EUR 549,000).

Other operating expenses

Other operating expenses break down as follows:

EUR thousand	01/01/2018 - 12/31/2018	01/01/2017 - 12/31/2017
Administrative expenses	727	895
Remuneration for the Supervisory Board	240	224
Legal, advisory and audit fees	104	134
Other personnel expenses	122	115
Expenses passed on	6	29
Other	0	4
Total	**1,199**	**1,401**

Other interest and similar income

As in the previous year, this figure relates in full to interest income from affiliated companies.

Interest and similar expenses
This figure relates in full to expenses from accrued interest.

Other disclosures

Off-balance-sheet transactions
There were no transactions that were not contained in the balance sheet as of December 31, 2018.

Other financial liabilities
There were no other financial liabilities as of December 31, 2018.

Auditor fees
The total remuneration for the auditor's work in the 2018 financial year amounted to EUR 89,000, relating entirely to the audit of the financial statements.

In addition, the auditor rendered the following services in companies of the BLG Group in the reporting year: voluntary audits of the financial statements; project assistance for the introduction of finance software and technical support on IFRS 9/hedge accounting.

Related party disclosures

Transactions with shareholders

Relationships with the Free Hanseatic City of Bremen (municipality)
The Free Hanseatic City of Bremen (municipality) is the majority shareholder of BLG AG, with a 50.4 percent (previous year: 63.03 percent) share of the subscribed capital. The 12.61 percent held in the previous year via the subsidiary Bremer Verkehrs- und Beteiligungsgesellschaft, Bremen, was sold to Panta Re AG, Bremen, with effect from January 31, 2019. The Free Hanseatic City of Bremen (municipality) received a dividend as a result of the resolution on the appropriation of net retained profits for 2017.

Transactions with affiliated companies, joint ventures and associates
There were no transactions with affiliated companies, joint ventures and associates in the reporting year conducted at non-standard market conditions.

Board of Management and Supervisory Board
The disclosures concerning the Board of Management and Supervisory Board have been examined by the statutory auditor. They are reported elsewhere in the annual report: The composition of the Board of Management and Supervisory Board as well as the members' memberships in other bodies within the meaning of Section 125 (1) sentence 5 AktG can be seen on ▸pages 178 ff. Disclosures on individual remuneration in accordance with Section 285 sentence 1 no. 9 HGB and the description of the principles of the remuneration systems are presented together in the corporate governance report, in which the remuneration report is simultaneously part of the management and group management report, on ▸pages 18 ff. The expenses for the remuneration of the Board of Management are assumed in full by BLG KG.

Director's dealings
According to Article 19 of the EU Market Abuse Regulation, members of the Board of Management, the first tier of management and the Supervisory Board are required as a matter of principle to disclose their own transactions with shares of BLG AG or related financial instruments.

The shareholdings of these persons amount to less than 1 percent of the shares issued by the company. There were no purchases and sales requiring disclosure during the reporting year.

Voting rights notifications
The following voting rights notifications from direct or indirect investments in the capital of BLG AG were reported to the Board of Management of BLG AG:

On February 7, 2019, the Free Hanseatic City of Bremen (municipality) notified us pursuant to Section 33 (1) WpHG that its share of voting rights in BLG AG amounted to 50.42 percent (corresponding to 1,936,000 voting rights) as of January 31, 2019. All voting rights are attributable to the Free Hanseatic City of Bremen (municipality) pursuant to Section 34 (1) sentence 1 no. 1 WpHG.

The 12.61 percent of the voting shares (corresponding to 484,032 voting rights) in BLG AG previously held via the subsidiary Bremer Verkehrs- und Beteiligungsgesellschaft, Bremen, was sold with effect from January 31, 2019. All voting rights were attributable to the Free

Hanseatic City of Bremen (municipality) pursuant to Section 34 (1) sentence 1 no. 1 WpHG.

On February 7, 2019, Peter Hoffmeyer notified us pursuant to Section 33 (1) WpHG that the voting rights share of Panta Re AG, Bremen, in BLG AG exceeded the threshold of 10 percent on January 31, 2019, and at that time amounted to 12.61 percent (corresponding to 484,032 voting rights). All voting rights are attributable to Peter Hoffmeyer pursuant to Section 34 (1) sentence 1 no. 1 WpHG.

On November 18, 2016, the Waldemar Koch Foundation, Bremen, notified us pursuant to Section 21 (1) WpHG (old version) that its share of voting rights in BLG AG exceeded the threshold of 5 percent on November 15, 2016, and at that time amounted to 5.23 percent (corresponding to 200,814 voting rights). All voting rights are attributable to the Waldemar Koch Foundation, Bremen.

On April 8, 2002, Finanzholding der Sparkasse in Bremen, Bremen, notified us pursuant to Section 41 (2) sentence 1 WpHG (old version) that its share of voting rights in BLG AG amounted to 12.61 percent (corresponding to 484,032 voting rights) on April 1, 2002.

Further details are published on our website at **www.blg-logistics.com/en/investor-relations/share**.

www.blg-logistics.com/en/investor-relations/share

Proposal on the appropriation of net profit

The Board of Management in conjunction with the Supervisory Board will submit the following proposal on the appropriation of net profit to the Annual General Meeting on June 12, 2019: distribution of a dividend of EUR 0.45 per bearer share (which corresponds to around 17 percent per share) for the 2018 financial year, corresponding to the net retained profits of EUR 1,728,000.

Consolidated financial statements

The company, together with BLG KG as the joint parent enterprise, prepared consolidated financial statements as of December 31, 2018, in accordance with IFRS, as applicable in the European Union, and with the additional requirements of German commercial law pursuant to Section 315e (3) HGB in conjunction with Section 315e (1) HGB. Furthermore, it has issued a financial statement for the purpose of complying with the group accounting obligation (according to Section 315e HGB).

Both financial statements are published in the Federal Gazette and are available at the headquarters of the company in Bremen.

Corporate Governance Code

The 18th declaration of conformity with the German Corporate Governance Code as amended on February 7, 2017, was issued by the Board of Management on August 28, 2018, and by the Supervisory Board of BLG AG on September 13, 2018. The declaration has been made permanently available on our website: **www.blg-logistics.com/en/investor-relations.**

Supplementary report

No events of particular significance for the net assets, financial position and results of operations occurred between the end of the financial year ended December 31, 2018, and the preparation of the annual financial statements on March 18, 2019.

MANAGEMENT REPORT BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-

Basic company information

BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen (BLG AG), a listed company, is the sole general partner of BLG LOGISTICS GROUP AG & Co. KG, Bremen (BLG KG), and as such has assumed management of BLG KG.

BLG AG does not hold any share capital in BLG KG and is also not entitled to receive any earnings from the company. All limited partnership shares of BLG KG are held by the Free Hanseatic City of Bremen (municipality). BLG AG receives remuneration for the liability it has assumed and for its business management work. The business of BLG KG is managed by the Board of Management of BLG AG as a body of the general partner. The Board of Management is fully accountable for managing the business in accordance with Section 76 (1) of the German Stock Corporation Act (AktG) and is not subject to instructions from the shareholders.

For the liability it has assumed, BLG AG receives remuneration from BLG KG in the amount of 5 percent of the equity reported in the annual financial statements for the respective previous year in accordance with Sections 266 ff. of the German Commercial Code (HGB). This liability remuneration must be paid regardless of BLG KG's net income for the year. For its management work, BLG AG receives remuneration in the amount of 5 percent of the net income of BLG KG prior to deduction of this remuneration. The remuneration for work amounts to a minimum of EUR 256,000 and a maximum of EUR 2,500,000.

In addition, expenses directly incurred by BLG AG in connection with management work at BLG KG are reimbursed by the latter. Further information on transactions with affiliated companies and related parties can be found in the notes to the financial statements.

The company maintains a branch office in Bremerhaven.

Business report

Report on net assets, financial position and results of operations

In accordance with its corporate function, BLG AG lent all financial facilities available to it to BLG KG for pro rata financing of the working capital necessary for performing its services. This essentially takes place via the central cash management of BLG KG in which the company is included. The interest on the funds provided is based on unchanged attractive conditions. This financing holds minimal risk.

In the reporting year, BLG AG received liability compensation (EUR 1,011,000) and remuneration for management work (EUR 2,104,000) from BLG KG.

Earnings per share of EUR 0.66

The earnings per share are calculated by dividing the net income of BLG AG by the average number of outstanding shares during the financial year. Unchanged from the previous year, there were 3,840,000 registered shares outstanding during the 2018 financial year. In the 2018 financial year, net income rose by EUR 226,000 year-on-year. This was primarily due to remuneration for management work at the previous year's level (2018: EUR 2,104,000; 2017: EUR 2,126,000) and to lower auditing and consulting costs and non-recurring expenses in the previous year.

BLG AG share

In order to avoid duplication, please refer to the relevant disclosures on pages 25 ff. of the annual report for detailed information on the BLG AG share.

Corporate governance report

Declaration on corporate governance

In accordance with German law, the auditor only audited the presence of disclosures on corporate governance within the meaning of Section 289 HGB. To avoid duplication, they are reported elsewhere in the annual report together with the declaration on corporate governance in accordance with Section 289f HGB; see pages 12 ff.

Takeover-related disclosures in accordance with Section 289a (1) HGB

The takeover-related disclosures are included in the corporate governance report on pages 17 f.

Remuneration report

The remuneration report in accordance with Section 289a (2) HGB is contained in the corporate governance report on pages 18 ff.

Risk report

Opportunity and risk management

Corporate activity is accompanied by opportunities and risks. Responsible handling of potential risks is a key element of sound corporate governance for BLG AG. At the same time it is important to identify and take advantage of opportunities. Our opportunities and risks policy aims to increase the company's value without taking any inappropriately high risks.

The Board of Management of BLG AG assumes responsibility for formulating risk policy principles and earnings-oriented management of overall risk. The Board of Management regularly reports to the Supervisory Board on decisions holding potential risk in connection with its dutiful assumption of responsibility based on company law.

Potential risks are identified at an early stage within the framework of continuous risk controlling and a risk management and reporting system geared to the corporate structure under company law. We give special consideration to possible risks to continuity of operations based on strategic decisions. Currently no risks to continuity of operations and to the future development of our company can be identified on the basis of an overall analysis. Our financial base in connection with extending the range of services in all strategic divisions of the Group continues to offer good opportunities for stable corporate development on the part of BLG AG.

Description of the main features of the internal control and risk management system with regard to the accounting process in accordance with Section 289 (4) HGB

The description of the main features of the internal control and risk management system with regard to the accounting process in accordance with Section 289 (4) HGB was reviewed by the auditor. To avoid duplication, we refer to the relevant disclosures in accordance with Section 315 (4) HGB in the group management report on pages 61 ff.

Risks and opportunities of future development

Risks for the company result from its position as general partner of BLG KG, Bremen. There is no perceptible risk of being subject to claims. A risk but also an opportunity arises from the development of earnings of BLG KG, including its equity investments, on which the amount of the company's remuneration for management work depends. Market, macroeconomic, political and other risks (e.g. high competitive pressure, economic development) can have a direct impact. In this regard, we also refer to the group management report prepared by BLG AG and BLG KG as part of their jointly prepared consolidated financial statements for the 2018 financial year. A credit risk results from the receivables from loans and cash management with respect to BLG KG. There is no perceptible credit risk.

Based on what is known at present, the expected exit of the United Kingdom from the European Union and the ongoing phase of low interest rates have no impact on the risk assessment.

Outlook

Report on forecasts and other statements regarding expected development

The previous year's forecast projected net income at the level of the previous year. This forecast was updated in the interim report as of June 30, 2018, to net income slightly below the previous year's level. Net income ultimately rose by EUR 226,000 because the remuneration of BLG KG was on a par with the previous year and expenses as a whole declined year-on-year. Please see the business report for further details.

Based on sound planning, we assume that net income will be at the 2018 level in 2019. We will continue to give our shareholders an appropriate share in earnings in line with business performance in the future.

Apart from historical financial information, this annual report contains statements on the future development of the business and the business results of BLG AG, which are based on estimates, forecasts and expectations, and can be identified by wording such as "assume," "expect" and similar terms. These statements may, of course, vary from actual future events or developments. We are not under any obligation to update these future-oriented statements with new information.

Final statement of the Board of Management in accordance with Section 312 (3) of the German Stock Corporation Act

BLG AG received appropriate consideration for each legal transaction indicated in the report on relationships with affiliated companies and was not disadvantaged by the measures taken, which were indicated in the report. No measures pursuant to Section 312 AktG were omitted. This assessment is based on the circumstances of which we were aware at the time the reportable transactions were conducted.

ASSURANCE OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the annual financial statements present a true and fair view of the net assets, financial position and results of operations of the company, and the management report presents a true and fair view of the development and performance of the business and the position of the company and describes the principal opportunities and risks associated with the expected development of the company.

Bremen, March 18, 2019

The Board of Management

Frank Dreeke	Jens Bieniek	Michael Blach
Andrea Eck	Dieter Schumacher	Jens Wollesen

INDEPENDENT AUDITOR'S REPORT

To BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen

Report on the audit of the annual financial statements and the management report

Audit opinions

We have audited the annual financial statements of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, comprising the statement of financial position as of December 31, 2018, the income statement for the financial year from January 1 to December 31, 2018, and the notes to the annual financial statements, including the presentation of the accounting policies and valuation principles. In addition, we audited the management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- for the financial year from January 1 to December 31, 2018. We did not audit the contents of the components of the management report listed in the "Other information" section of our auditor's report in compliance with German law.

In our opinion, based on the findings of our audit,

- the attached annual financial statements comply in all material respects with the requirements of German commercial law and give a true and fair view of the company's net assets and financial position as of December 31, 2018, and of its results of operations for the financial year from January 1 to December 31, 2018, in accordance with the German principles of proper accounting,
- the attached management report as a whole presents an accurate view of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal regulations and suitably presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the contents of the components of the management report listed in the "Other information" section.

Pursuant to Section 322 (3) Sentence 1 HGB, we state that our audit has not led to any reservations with regard to the compliance of the annual financial statements or the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 HGB, the EU Audit Regulation (No. 537/2014; hereinafter "EU-AR") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors – IDW). Our responsibility according to these regulations and standards is described in further detail in the "Responsibility of the auditor for the audit of the annual financial statements and the management report" section of our auditor's report. We are independent of the company in compliance with the provisions of European law, German commercial law and professional law and have fulfilled our other German professional obligations in compliance with these requirements. In addition, we declare pursuant to Article 10 (2) lit. f) EU-AR that we have provided no prohibited non-audit services referred to in Article 5 (1) EU-AR. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions regarding the annual financial statements and the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are such matters that, in our professional judgment, were the most significant in our audit of the annual financial statements for the financial year from January 1 to December 31, 2018. These matters were considered in connection with our audit of the annual financial statements as a whole and the formulation of our audit opinion; we do not provide a separate audit opinion on these matters.

In our view, the following matter was the most significant in our audit:

1. Measurement of receivables from affiliated companies

We have structured our presentation of this key audit matter as follows:

1. Matter and problem
2. Audit approach and findings
3. Reference to further information

We present the key audit matter below:

1. Measurement of receivables from affiliated companies

1. In the company's annual financial statements, receivables of EUR 25.1 million (98.6 percent of total assets) are reported under "Receivables from affiliated companies" in the statement of financial position. These primarily relate to receivables from cash pooling agreements, short-term loans and trade receivables from BLG LOGISTICS GROUP AG & Co. KG, Bremen. Receivables are measured under commercial law at the lower of cost and fair value. The fair values of the receivables from BLG LOGISTICS GROUP AG & Co. KG are generally based on the latter's expected ability to pay. BLG LOGISTICS GROUP AG & Co. KG's ability to pay primarily depends on the expected future cash flows from its equity investments. On the basis of the expected future cash flows provided by the projections compiled by the legal representatives of BLG LOGISTICS GROUP AG & Co. KG and other documentation, there was no need for write-downs in the reporting year.

   The result of this measurement is highly dependent on how the legal representatives estimate BLG LOGISTICS GROUP AG & Co. KG's ability to pay on the basis of the expected business performance of its equity investments. The measurement therefore involves material uncertainties. In this context and on account of the size and the associated risk of a significant effect on the company's net assets, financial position and result of operations in the event of impairment, the measurement of the receivables from BLG LOGISTICS GROUP AG & Co. KG was particularly significant for our audit.

2. To assess the recoverability of the receivables from affiliated companies, we examined the principles of company law and the contractual provisions. In addition, we assessed the ability to pay and the earnings situation of the equity investments of BLG LOGISTICS GROUP AG & Co. KG by way of tests of details. Among other things, we verified the impairment test carried out by the company and assessed it on the basis of corporate planning by the equity investments and other documents. Overall, we were satisfied that the estimates and assumptions made by the legal representatives for the measurement of the receivables from BLG LOGISTICS GROUP AG & Co. KG are sufficiently documented and substantiated.

3. The company's disclosures on receivables from affiliated companies are included in the "Disclosures on accounting and measurement" and "Disclosures on the balance sheet" sections of the notes to the financial statements.

Other information

The legal representatives are responsible for the other information. The other information includes the following components of the management report, the contents of which were not audited:

- the declaration on corporate governance according to Section 289f HGB and Section 315d HGB included in the "Corporate governance report" section of the management report
- the separate non-financial report according to Section 289b (3) HGB and Section 315b (3) HGB
- the sustainability report

The other information also includes the other parts of the financial report – not including further cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions regarding the annual financial statements and the management report do not extend to the other information, and accordingly we provide neither an audit opinion nor any other form of audit conclusion in this regard.

As part of our audit, we have a responsibility to read the other information and to evaluate whether it

- exhibits material discrepancies with the annual financial statements, the management report or the know–ledge we have obtained during our audit, or
- otherwise seems materially misstated.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report

The legal representatives are responsible for preparing the annual financial statements, which in all material respects comply with the requirements of German commercial law, and for the annual financial statements giving a true and fair view of the net assets, financial position and results of operations of the company in accordance with the German principles of proper accounting. Furthermore, the legal representatives are responsible for the internal controls that, in accordance with the German principles of proper accounting, they deemed necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's status as a going concern. In addition, they have a responsibility to disclose matters related to the status as a going concern, if relevant. They are also responsible for accounting on the basis of the going concern principle, unless prevented by actual or legal circumstances.

Moreover, the legal representatives are responsible for preparing the management report, which as a whole provides an accurate view of the company's position and is consistent with the annual financial statements in all material respects, complies with German legal regulations and suitably presents the opportunities and risks of future development. The legal representatives are also responsible for the arrangements and measures (systems) that they considered necessary to enable the preparation of a management report in compliance with applicable German legal regulations and to allow sufficient, suitable evidence to be provided for the statements in the management report.

The Supervisory Board is responsible for monitoring the company's accounting process for the preparation of the annual financial statements and the management report.

Responsibility of the auditor for the audit of the annual financial statements and the management report
Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an accurate view of the company's position and is in all material respects consistent with the annual financial statements and with the findings of the audit, complies with German legal regulations and suitably presents the opportunities and risks of future development, and to issue an auditor's report containing our audit opinions regarding the annual financial statements and the management report.

Reasonable assurance is a high level of assurance but not a guarantee that an audit carried out in compliance with Section 317 HGB, the EU-AR and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always uncover a material misstatement. Misstatements can result from transgressions or inaccuracies and are deemed material if it could be reasonably expected that they would individually or together influence the financial decisions made by users on the basis of the annual financial statements and management report.

We exercise due discretion during the audit and maintain a critical attitude. In addition,

- we identify and evaluate the risk of material misstatements, whether due to fraud or error, in the annual financial statements and the management report, plan and implement audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements are not uncovered is higher in the case of transgressions than in the case of inaccuracies, as transgressions can entail fraudulent collaboration, falsifications, deliberate omissions, misleading depictions or the suspension of internal controls.
- we gain an understanding of the internal control system relevant for the audit of the annual financial statements and of the arrangements and measures relevant for the audit of the management report in order to plan audit procedures that are appropriate given the circumstances, but not with the aim of providing an audit opinion regarding the effectiveness of these systems of the company.
- we evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values presented by the legal representatives and the associated disclosures.
- we draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is material uncertainty regarding events or circumstances that could cause significant doubt about the company's ability to continue as a going concern. If we come to the conclusion that there is material uncertainty, we are obliged to call attention to the associated disclosures in the annual financial statements and in the management report in the auditor's report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may mean that the company is no longer a going concern.
- we evaluate the overall presentation, the structure and the content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events such that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company in accordance with the German principles of proper accounting.
- we evaluate the consistency of the management report with the annual financial statements, its legality and the view it gives of the position of the company.

- we conduct audit procedures regarding the forward-looking disclosures made by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence, we examine the significant assumptions underlying the legal representatives' forward-looking disclosures in particular and evaluate the appropriateness of the derivation of the forward-looking disclosures from these assumptions. We do not provide a separate audit opinion regarding the forward-looking disclosures or the underlying assumptions. There is a considerable, unavoidable risk that future events will differ significantly from the forward-looking disclosures.

Topics for discussion with those responsible for monitoring include the planned scope and scheduling of the audit as well as significant audit findings, including any deficiencies in the internal control system that we find during our audit.

We issue a statement to the monitors to the effect that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be assumed to affect our independence and the safeguards put in place to protect against this.

From among the matters that we have discussed with the monitors, we determine which matters were most significant in the audit of the annual financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the auditor's report, unless laws or other legal provisions preclude their public disclosure.

Other statutory and legal requirements

Other disclosures pursuant to Article 10 EU-AR
We were elected as the auditor of the annual financial statements by the Annual General Meeting on May 24, 2018. We were engaged by the Supervisory Board on November 5, 2018. We have been the auditor of the annual financial statements of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, without interruption since the 2018 financial year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Audit Committee according to Article 11 EU-AR (audit report).

Responsible auditor

The auditor responsible for the audit is Dr. Thomas Ull.

Bremen, March 19, 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Ull	ppa. Stefan Geers
German Public Auditor	German Public Auditor

WE HAVE AGAIN INCREASED OUR EARNINGS COMPARED WITH THE PREVIOUS YEAR.

02

Group Management Report

BASIC GROUP INFORMATION

_ AUTOMOBILE Division: strong performance as automotive logistics provider confirmed
_ CONTRACT Division: tailor-made logistics solutions for our customers
_ CONTAINER Division: Europe's leading terminal operator

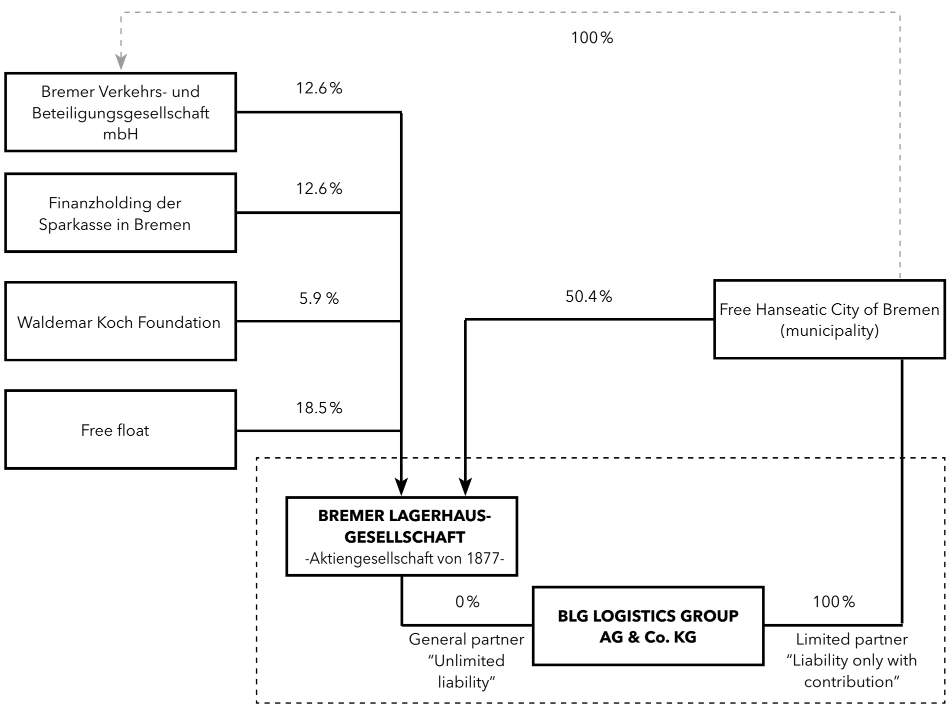
As a general partner of BLG LOGISTICS GROUP AG & Co. KG (BLG KG), the listed company BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877– (BLG AG) has assumed the management of BLG LOGISTICS. These two companies, which are closely linked in legal, commercial and organizational respects, have therefore prepared the consolidated financial statements jointly.

BLG AG does not hold any share capital in BLG KG and is also not entitled to receive any earnings from the company. It receives remuneration for the liability it has assumed and for its business management work. All limited partnership shares of BLG KG are held by the Free Hanseatic City of Bremen (municipality). The business of BLG KG is managed by the Board of Management of BLG AG as a body of the general partner. The Board of Management is fully accountable for managing the business in accordance with Section 76 (1) of the German Stock Corporation Act (AktG) and is not subject to instructions from the shareholders.

Business model and organizational structure

The BLG Group operates externally under the brand BLG LOGISTICS. BLG LOGISTICS is a seaport and logistics services provider with an international network. We have a presence in all the world's growth markets, with over 100 companies and offices in Europe, the Americas, Africa and Asia. We offer our customers in industry

LEGAL STRUCTURE OF THE GROUP AS OF DECEMBER 31, 2018



and commerce complex logistical system services. Our AUTOMOBILE and CONTAINER Divisions are leaders in Europe. Our CONTRACT Division is among the leading German providers.

As a strategic management holding company, BLG KG focuses on strategic developments at Group level. As a result, the holding company's influence on the operating business is greater than that of a pure financial holding company, but it is also significantly less than in the case of an operational management holding company. The Board of Management members responsible for the three divisions AUTOMOBILE, CONTRACT and CONTAINER play a special role as an interface to the operating units. The Board of Management determines the Group strategy with vision and mission by creating strategic guidelines at Group level; together with the operating managers, the relevant Board of Management member determines the strategy at division level within the framework of the Group strategy and is responsible for the strategic management of the division. The fulfillment of the respective strategies is supported by the central functions.

In accordance with our corporate values and our management principles, we manage the company by delegating tasks and responsibilities. We see efficiency and market success as a common goal and consider BLG LOGISTICS as a whole consisting of all central functions and divisions, taking into account clearly defined roles and responsibilities. Synergies between and within the divisions are actively exploited.

We manage the complexity of multi-layered logistics processes so that our customers in industry and commerce can access their markets better. As a flexible interface between digital technology, practicability and customer benefit, we find solutions that can be relied on. BLG LOGISTICS makes logistics easy, so our customers can operate successfully in the market.

The BLG Group operates in three divisions. The reporting also follows this structure.

The AUTOMOBILE and CONTRACT Divisions are subdivided into ten business areas. Responsibility for the operational management of the business areas, including earnings responsibility, lies with the relevant business area managers of the AUTOMOBILE and CONTRACT Divisions, and with the Group management of the subgroup EUROGATE GmbH & Co. KGaA, KG for the CONTAINER Division.

AUTOMOBILE Division

The AUTOMOBILE Division includes complete global logistics for vehicles, from the manufacturer to the dealer. This includes handling, storage, technical processing, and freight forwarding and transport logistics via rail, road and inland waterway. With a volume of 6.5 million vehicles, this division secured its position as one of Europe's leading automotive logistics specialists in 2018. The services also focus on seaport logistics for conventional cargo.

In addition to the seaport and inland terminals in Bremerhaven, Hamburg, Cuxhaven (Germany), Gdansk (Poland), Gioia Tauro (Italy) and in Bronka harbor (Russia), the AUTOMOBILE Division also operates several terminals on the Rhine and the Danube. Eight inland waterway vessels, a fleet of over 500 trucks and around 1,500 railroad cars are in operation there to transport cars. We also provide logistics services in Croatia, Poland, Russia, Slovenia and Ukraine.

CONTRACT Division

The CONTRACT Division comprises automotive parts, industrial and production logistics, trade and distribution logistics as well as freight forwarding services. We have a high level of process competence and offer our customers individual service packages with a global reach for a wide variety of goods.

BLG LOGISTICS provides contract logistics services at logistics centers and special facilities in over 40 locations in Europe and overseas for well-known brands such as BMW, Bosch, Daimler, Deutsche Bahn, engelbert strauss, Golf House, Griesson – de Beukelaer, Hansgrohe, Konica Minolta, OBI, Puma, Siemens and Tchibo.

CONTAINER Division

The CONTAINER Division is represented by EUROGATE, a joint venture and Europe's leading terminal operator. EUROGATE has a European network that currently includes 14 container terminals at twelve locations as well as intermodal transports and cargo-modal services. The focus of this division is on container handling.

The terminal network includes the locations of Bremerhaven, Hamburg, Wilhelmshaven (Germany), La Spezia, Gioia Tauro, Cagliari, Ravenna and Salerno (Italy), Limassol (Cyprus), Lisbon (Portugal), Tangier (Morocco) and Ust-Luga (Russia).

Changes in the group of consolidated companies
In the AUTOMOBILE Division, a strategic partnership was initiated with a competitor, and 50 percent of the shares in Autoterminal Slask Logistic Sp. z o.o., Dąbrowa Górnicza, Poland, were sold in July 2018. With its central location in Europe, the site in Southern Poland is viewed as a key pillar in the strategy for Eastern Europe. The new partnership is intended to lay the foundations for the development of the site and the generation of additional vehicle volume.

In the CONTRACT Division, the freight forwarding activities were restructured: The previously acquired companies INFORTRA GmbH INTERNATIONAL FORWARDING & TRANSPORT, LOGFORTRA GmbH Logistic, Forwarding & Transport, Arno Rosenlöcher and Kitzinger & Co. were merged into a single entity. This entity now operates under the name BLG International Forwarding GmbH & Co. KG. BLG LOGISTICS therefore continues to offer its customers in the SME market independent freight forwarding services by road, rail, water, and air – now united under a single brand.

Also in the CONTRACT Division, BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa (BLG South Africa), contributed its automobile and automotive business to the company NYK LOGISTICS AND BLG SA Pty. Ltd., Port Elizabeth, South Africa, which was previously accounted for using the equity method, as part of a capital increase. In connection with this, the company was renamed BLG AND NYK AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa (BLG AND NYK). As a result of the capital increase, BLG South Africa's stake in BLG AND NYK rose from 51 percent to 67 percent. Since June 2018, the company has therefore been accounted for using the full consolidation method. The transaction was carried out due to conditions set by the South African competition authority.

In addition, the shares (42.5 percent) in OLB Offshore Logistics Bremerhaven GmbH, Bremerhaven, which was previously accounted for using the equity method, were sold in August 2018, and BLG LOGISTIKA ADRIATIC d.o.o. i. L., Ploče, Croatia, likewise accounted for using the equity method (100 percent share), was deconsolidated in the reporting year.

The other changes in the group of consolidated companies did not have a material impact on the net assets, financial position and results of operations of the BLG Group.

Management and control

Declaration on corporate governance
In accordance with German law, the auditor only audited the presence of disclosures on corporate governance within the meaning of Section 315d HGB. They are shown on pages 12 ff. of this annual report, together with the declaration on corporate governance in accordance with Section 315d HGB.

Takeover-related disclosures in accordance with Section 315a (1) HGB
The takeover-related disclosures are included in the corporate governance report on pages 17 f.

Remuneration report
The remuneration report in accordance with Section 315a (2) HGB is included in the corporate governance report on pages 18 ff.

Research and development

As a modern logistics services provider, we use innovation and digitalization in order to continuously enhance and improve our processes. Although our business model does not require research and development in the narrower sense, it does demand the intensive consideration of new technologies in order to remain competitive in the long term. We use three methods to probe which technological innovations could offer us added value in the future. In research and development projects, we work with partners from industry and science on solutions that do not yet exist on the market and are highly developed. Our operational innovation projects implement existing and proven solutions in the context of our company. If technologies are brand new and we are not yet certain if they offer us value growth, we test their suitability in 100-day projects. The new Sustainability and Digitalization department systematically plans and manages innovations within the company.

The "Isabella," "IRiS" and "Kali" research projects already started last year, looking at new technologies, automation and digitalization of handling processes. They are funded by the Federal Ministry of Transport and Digital Infrastructure (BMVI) as part of the IHATEC (Innovative Port Technologies) funding program. Particularly noteworthy is the successive implementation of the multi-touch table in the "Isabella" project, which depicts a virtual reflection of terminal operations and thus supports planning. The interactive table can be used to simulate and evaluate various scenarios, which increases transparency in process organization. By visualizing alternatives, different departments can work together on terminal planning. Two further IHATEC projects were launched in the 2018 reporting year. In "OBELiSK," we are developing a solution for intelligent, partially automated lighting control for outdoor spaces with our group partners. In addition, we are working in a consortium of eight cooperation partners in the "SecProPort" project on the development of IT security architecture to protect port logistics against cyberattacks.

From the digital flagship project "SaSCh", begun in 2017, which is funded by the Federal Ministry for Economic Affairs and Energy (BMWi), we have developed a digital service that is currently being tested with various BLG LOGISTICS customers in a test market. The objective is to provide smart services to monitor articles in the supply chain. The development of this digital service is based on the requirement for access to data on the position and condition of products in the supply chain in close to real time. This vision can be realized with the help of a sensor attached directly to the package or container. The transmitted sensor data are provided digitally for the customer, intelligently combined, evaluated and subsequently visualized on a cloud-based platform.

In the 2018 financial year, BLG LOGISTICS therefore participated in a total of six group projects with a total value of EUR 22 million.

Relevant legal and economic factors

The BLG Group has to observe a wide range of national and international legislation. In addition to regulations under public law, capital market law, employment law including occupational health and safety legislation, transport and customs laws and competition law are particularly relevant to us. Collective pay agreements in Germany are one of the most important economic factors for the BLG Group, as a large proportion of the workforce is employed in Germany and personnel expenses for our own as well as external staff represent the main cost item. Because our business model is capital-intensive in all divisions, the cost of capital also plays a significant role.

Group control

Financial key figures

BLG LOGISTICS realigned its Group management in the previous year. As part of the development of a mission and vision and the sharpening of strategic guidelines, the management system was designed to be as clear and transparent as possible. Internal reporting and remuneration systems are designed stringently for the entire BLG Group according to uniform measurement variables.

The key performance indicators of the BLG Group are **earnings before taxes (EBT), sales** and the resulting **EBT margin**.

		2017 Actual	2018 Forecast	2018 Actual	Target achievement	2019 Forecast
EBT	EUR thousand	33,528	+5-8% ↗	37,527	Exceeded	+5-8% ↗
Sales	EUR thousand	1,087,817	PY level →	1,141,326	Exceeded	PY level →
EBT margin	%	3.1%	+5-8% ↗	3.3%	Achieved	+5-8% ↗

The table above compares the expected key performance indicators with the key figures achieved in the financial year and shows the forecast for the following financial year. For the corresponding explanations of business development, please refer to the business report starting on page 52 and to the outlook starting on page 74.

EBT
Earnings before taxes (EBT) are the starting point for determining profitability, irrespective of tax effects that cannot be influenced. They are also suitable for measuring profitability in an international comparison.

Sales
Group sales are derived from the consolidated income statement and do not include the sales of the CONTAINER Division.

EBT margin
The division of EBT by sales results in the EBT margin. It is an indicator of a company's efficiency and profitability.

Non-financial key figures
The non-financial key figures are individual control variables depending on the operating business unit. This includes measurement variables such as vehicle handling, processed quantities and container handling. In order to assess future developments, we rely on a continuous dialog with customers and closely monitor overall economic developments in order to be able to react to changes at an early stage.

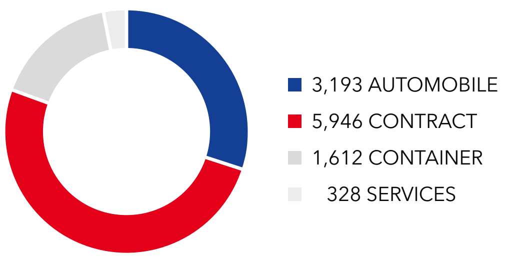
Non-financial performance indicators

Employees

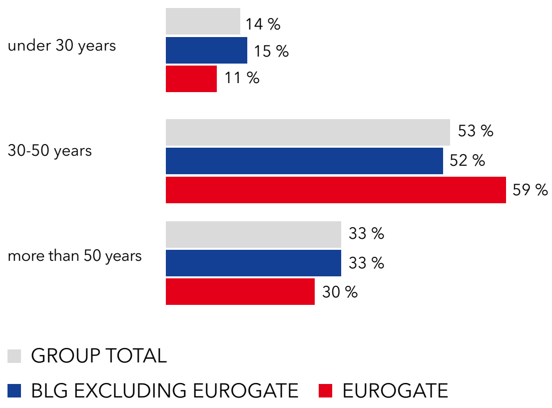
Success is a joint effort
As an international seaport-oriented logistics service provider, BLG LOGISTICS requires committed, motivated and skilled employees in order to be successful in the market over the long term and to meet the continuous challenges of globalization and demographic change. Under the heading "success is a joint effort," this is currently being underscored by a wide range of measures and campaigns spanning all levels from temporary employees to the Board of Management and all areas and locations of the BLG Group.

In order to attract, develop and retain its employees, the BLG Group aims to consistently maintain its image as an attractive employer. That is why our personnel policies include options for maintaining a work-life balance and specific health management mechanisms, as well as performance-related pay and targeted training opportunities.

NUMBER OF EMPLOYEES IN 2018



EMPLOYEES BY AGE GROUP



The successful implementation of a clear and forward-looking strategy largely depends on BLG managers. Our leadership principles and our corporate values support the achievement of a shared understanding of leadership at all levels.

The number of persons employed by the Group, excluding the Board of Management and apprentices, is shown below, broken down by division, and in accordance with Section 267 (5) HGB (annual average):

In the reporting year, the average number of employees (excluding the CONTAINER Division) increased by 16.8 percent year-on-year to 9,467. This rise resulted in particular from the increased hiring of former temporary workers, especially in the CONTRACT Division. In addition, the increase is chiefly due to new hires in connection with business expansion.

Non-financial report

In accordance with the provisions of the Act to Strengthen Non-Financial Reporting by Companies in their Management Reports and Group Reports (CSR Directive Implementation Act), BLG LOGISTICS has submitted a non-financial Group statement in accordance with Section 315b HGB since the 2017 financial year. This statement is integrated in the sustainability report as a separate non-financial report, which can be downloaded from **www.blg-logistics.com/sustainability**. Our 2018 sustainability report also reports in detail on other non-financial topics.

www.blg-logistics.com/sustainability

Division	2018	2017	Percentage change
AUTOMOBILE Division	**3,193**	**2,929**	**9.0**
of which blue-collar workers	2,733	2,411	
of which white-collar workers	460	518	
CONTRACT Division	**5,946**	**4,885**	**21.7**
of which blue-collar workers	4,646	3,680	
of which white-collar workers	1,300	1,205	
CONTAINER Division	**1,612**	**1,578**	**2.2**
of which blue-collar workers	1,161	1,133	
of which white-collar workers	451	445	
Segment employees	**10,751**	**9,392**	**14.5**
of which blue-collar workers	8,540	7,224	
of which white-collar workers	2,211	2,168	
Services	**328**	**293**	**11.9**
of which blue-collar workers	0	0	
of which white-collar workers	328	293	
Employees incl. CONTAINER Division	**11,079**	**9,685**	**14.4**
of which blue-collar workers	8,540	7,224	
of which white-collar workers	2,539	2,461	
Reconciliation (excluding CONTAINER Division)	**-1,612**	**-1,578**	**-2.2**
of which blue-collar workers	-1,161	-1,133	
of which white-collar workers	-451	-445	
Group employees	**9,467**	**8,107**	**16.8**
of which blue-collar workers	7,379	6,091	
of which white-collar workers	2,088	2,016	

BUSINESS REPORT

- _ Successful year: EBT increased more sharply than forecast (+11.9 percent)
- _ High volumes in the AUTOMOBILE Division
- _ CONTRACT Division: new logistics center opened

Macroeconomic conditions

The steady growth of the global economy continued in 2018 and is on a par with the previous year at 3.7 percent (IfW Kiel, December 2018). However, the global economy lost momentum over the course of 2018. Global economic sentiment has dimmed. Major disrupting factors were the unease caused by increasing trade policy conflicts, the tightening of monetary policy in the United States and the uncertainties over the Brexit process.

Growth was weighed down by various factors in the past year. While production in Russia, China and parts of Latin America lost a little pace, Turkey and Argentina slid into recession. The economy also came under pressure in many emerging markets, but remained robust. This is due in particular to the clear downturn in international capital flows as a result of the significantly tightened monetary policy of the US. GDP growth in emerging markets is declining slightly. In the Middle East, political tensions rose due to the reintroduction of sanctions against Iran by the US.

Growth in the US developed very dynamically in the 2018 financial year. Economic impetus increased sharply, while the ongoing trade dispute with China had an obstructive effect. The European Union's GDP grew by 1.9 percent in 2018.(Eurostat, January 2019)

German GDP grows by 1.5 percent in 2018

The German economy is still growing, although this growth has lost some momentum. Nevertheless, the number of people in employment rose to a new high. Capacity remains well utilized and consumer prices are stable. Consumer confidence, government spending and a solid labor market contributed significantly to growth. Private consumer spending rose by 1.0 percent. Government consumption likewise rose by a moderate 1.1 percent. In particular, investments in equipment increased again by a considerable 4.5 percent. German exports continued to grow on average in 2018, but no longer as sharply as in previous years. Exports of goods and services were 2.4 percent higher than in the previous year. Imports rose somewhat more strongly in the same period and grew by 3.4 percent compared to the previous year. (Destatis, January 2019)

The unemployment rate is currently at its lowest level since reunification and is expected to stabilize at the current level of 5.2 percent (Destatis, January 2019). In view of the ongoing trends in disposable income in private households and rising but moderate inflation, consumer spending and government expenditures play a leading role for economic growth.

Situation in the logistics sector

As a provider of production-related services, the logistics sector acts as a major link between manufacturers, traders and consumers. In addition to the traditional freight forwarding business, its strengths include the provision of logistics services in connection with the delivery, production and distribution of goods.

The requirements for logistics are changing with increasing speed. These changes are being driven by ongoing globalization, shorter product life cycles, urbanization and new technologies. As a result, the sector continues to benefit from the increasing demand for logistics services, which is amplified by the growth in e-commerce business and returns processing in the business-to-consumer business. Challenges concern in particular continued pressure on margins, demographic trends and the resulting competition for professionals, managers and young talents. There is also the growing importance of online trading, increasing customer requirements with regard to speed, flexibility and the quality of supply, and increasing environmental awareness among the population.

In addition, logistics companies are expected to be very willing to invest and highly innovative in the area of outsourcing activities. A key focus here is to invest in transshipment, distribution and order-picking centers in conveniently situated locations. Because contracts with customers often have terms of only a few years, space and handling equipment are often rented or leased. This avoids tying up capital in the long-term and significantly increases the flexibility of the logistics service provider.

Increasing customer demand has led to a significantly greater use of consistent information and communication technology along the process chains. Logistics service providers must increasingly adapt business models to changes such as the rising influence of the advancing digitalization of process chains.

In December 2018, the SCI Logistics Barometer sank to its lowest value in five years. The proportion of companies assessing the situation as “good” halved at the end of the year. Due to the economic uncertainties, the logistics industry as a whole assumes that logistics activity will decline. However, capacity is largely well utilized, the majority of logistics service providers report.

The volume in the logistics industry in Germany is expected to have risen by around 3.0 percent last year (BVL, January 2019). The overall logistics market in Europe performed positively again. Germany again had a very large share in this. For example, the number of employees in logistics jobs in commerce and at logistics service providers in Germany was around 3.2 million in 2018 (BVL, January 2019).

Aside from its economic strength and its large population, the significance of the German market can be partly attributed to the fact that a large share of economic output is accounted for by industry and commerce. Other reasons include the traditionally high export share, its central position in Europe and its associated function as a hub. The quality of its transport infrastructure and its significant logistics expertise also contribute to making Germany highly attractive as a logistics location.

Statement by the Board of Management on the economic situation

The 2018 financial year was a generally successful financial year for BLG LOGISTICS – with some challenges, but also lots of good news. Taking into account the current economic development and the difficult and unclear political and macroeconomic conditions in many regions of the world, we consider the business performance to be satisfactory overall.

BLG LOGISTICS again achieved its targets for the 2018 financial year and remains on its medium-term, strategic course to grow profitably. Group sales increased year-on-year and thus exceeded the forecast, which expected sales to be on a par with the previous year. The earnings performance was also better than expected. The BLG Group’s EBT exceeded the previous year’s level in 2018 and with an increase of 11.9 percent also exceeded the range forecast for 2018 (5 to 8 percent).

The BLG Group continued on its successful path thanks to efficient process design, internal restructuring measures and stringent cost management. We continued to pursue a sustainable spending and investment policy and further optimized our existing processes. We are working hard to further improve the BLG Group’s economic situation and believe that we are in a good position for the future. This assessment is based on the results of the consolidated financial statements for 2018 and takes into account business performance up to the time the group management report was drawn up in 2019. The business development at the beginning of 2019 is also in line with our expectations.

Business performance

Results of operations (01) (02) (03)

In the 2018 financial year, Group sales once again rose by EUR 53,509,000 year-on-year to EUR 1,141,326,000. Growth in the AUTOMOBILE and CONTRACT Divisions more than compensated for the minor decline in the CONTAINER Division.

The increase in sales by EUR 2,905,000 in the AUTOMOBILE Division is the result of the stable handling volume and the good business performance of car transport by rail. The increase in sales by EUR 51,402,000 to EUR 599,229,000 in the CONTRACT Division is mainly due to the business expansions with existing and new customers in the industrial and trade logistics business areas and to the expansion of the freight forwarding business area. The decline in sales in the CONTAINER Division by EUR 1,972,000 to EUR 301,982,000 is primarily attributable to the omission of the special effects of 2017.

(01) Sales by segment **EUR thousand**	**2018**	2017	Absolute change	Percentage change
AUTOMOBILE	553,125	550,220	2,905	0.5
CONTRACT	599,229	547,827	51,402	9.4
CONTAINER	301,982	303,954	-1,972	-0.6
Reconciliation	-313,010	-314,184	1,174	-0.4
Group total	**1,141,326**	**1,087,817**	**53,509**	**4.9**

(02) Key figures for the results of operations **EUR thousand**	**2018**	2017	Absolute change	Percentage change
Sales	**1,141,326**	**1,087,817**	**53,509**	**4.9**
Other income	96,397	87,899	8,498	9.7
Cost of materials	-526,994	-525,407	-1,587	0.3
Personnel expenses	-419,405	-365,544	-53,861	14.7
Other expenses	-211,116	-200,177	-10,939	5.5
Depreciation, amortization and write-downs	-38,005	-43,579	5,574	-12.8
EBIT	42,203	41,009	1,194	2.9
Financial result	-4,676	-7,481	2,805	-37.5
EBT	**37,527**	**33,528**	**3,999**	**11.9**
EBT margin (in %)	**3.3**	**3.1**	**0.2**	**6.5**
Consolidated profit or loss for the period	34,813	31,957	2,856	8.9

(03) EBT by segment **EUR thousand**	**2018**	2017	Absolute change	Percentage change
AUTOMOBILE	15,530	13,155	2,375	18.1
CONTRACT	7,258	4,556	2,702	59.3
CONTAINER	37,409	48,372	-10,963	-22.7
Reconciliation	-22,670	-32,555	9,885	-30.4
Group total	**37,527**	**33,528**	**3,999**	**11.9**

Sales, while the cost of materials remained almost the same, increased much more sharply than expected by 4.9 percent or EUR 53,509,000. This was due in particular to the business expansions in the industrial and trade logistics business areas and the expansion of the freight forwarding business area (all in the CONTRACT Division).

Personnel expenses rose sharply in the reporting year to EUR 419,405,000 (previous year: EUR 365,544,000). The reason for the increase was the larger headcount, which resulted from the hiring of temporary workers in the reporting year and the expansion in various business areas. The average number of employees within the Group increased by 1,360 to 9,467 in the reporting year. The cost for external personnel recognized in the cost of materials was accordingly reduced by EUR 15,581,000 (-10.9 percent).

Depreciation and amortization fell by EUR 5,574,000 to EUR 38,005,000 in the 2018 financial year. In the previous year, EUR 9,358,000 was attributable to write-downs resulting from a termination as of December 31, 2018, of contractual relationships with a significant customer in the CONTRACT Division (trade logistics business area). This event necessitated the write-down of the customer base. Further write-downs of EUR 3,284,000 were recognized in the 2018 reporting year.

The balance of other operating expenses and income improved year-on-year to EUR -150,140,000 (previous year: EUR -154,523,000). Positive effects included settlements of debts (EUR 19,685,000; previous year: EUR 10,071,000). Further disclosures can be found in notes 5 and 9 to the consolidated financial statements on ▸pages 105 ff.

On the basis of the preceding disclosures, EBIT increased by EUR 1,194,000 in the 2018 financial year.

The financial result improved considerably by EUR 2,805,000 to EUR -4,676,000 in the past financial year. This is mainly due to improved net interest income and the amortization of investments in the previous year (EUR 1,918,000).

Earnings before taxes (EBT) increased significantly by EUR 3,999,000 to EUR 37,527,000. Due to the sharper increase in EBT compared with sales, the EBT margin is likewise larger than in the previous year at 3.3 percent (previous year: 3.1 percent).

Income taxes in the reporting year were EUR 2,714,000 (previous year: EUR 1,570,000). With regard to EBT, this results in a tax rate of 6.0 percent (previous year: 4.7 percent). The increase in the tax rate is due to the EUR 1,169,000 increase in tax expenses for current taxes of the reporting year (EUR 5,510,000) and the stable deferred taxes (EUR -2,749,000). Further disclosures on income taxes can be found in note 33 to the consolidated financial statements on ▸pages 160 ff.

Consolidated net income rose by EUR 2,856,000 to EUR 34,813,000 year-on-year.

AUTOMOBILE Division (04)

The AUTOMOBILE Division offers a full range of finished vehicle logistics services in its seaport terminals, inland terminals, XXL Logistics, car transport, AutoRail and Southern/Eastern Europe business areas. These include, for example, handling, storage, technical services and freight forwarding and transport logistics by rail, road, inland and coastal shipping. This means that the range of logistics services from the vehicle manufacturers to

(04) Key figures AUTOMOBILE EUR thousand	**2018**	2017	Absolute change	Percentage change
Sales	553,125	550,220	2,905	0.5
EBIT	19,115	17,801	1,314	7.4
EBT	15,530	13,155	2,375	18.1
EBT margin (in %)	2.8	2.4	0.4	16.7

Vehicle handling + 3.6 percent

the end customer is fully covered. Services also focus on seaport logistics for conventional (general) cargo in the XXL Logistics business area.

In the 2018 financial year, the volume of vehicles handled in the AUTOMOBILE Division's network was slightly larger than in the previous year at 6.5 million (previous year: 6.3 million vehicles).

In the seaport terminals business area, the volume of cars handled is at a stable, high level and is mainly intended for export. The stable handling at the Bremerhaven car terminal was influenced by space shortages in the reporting year. This was due to customers' higher vehicle stocks, partly as a result of the new WLTP (Worldwide Harmonized Light Vehicle Test Procedure) for all new cars, longer vehicle standing times and longer intervals between ship departures. This posed continuous challenges for the terminal's productivity in the reporting year.

The handling volume in the XXL Logistics business area is on a par with the gratifying previous year. This was thanks in particular to the stable handling volumes in the high & heavy area and at the Neustadt port in Bremen. The US tariffs on steel products have had no notable impact on the handling volume. In wind energy, value-added activities recorded in the 2018 financial year were also too low. The reason for this is producers' lack of follow-on contracts for the components for wind energy installations. This resulted in further negative effects on earnings for the year due to fixed costs not being covered. The main activities were the SPMT (self-propelled modular transporter) rental business, the transport of components for offshore wind farms in the North and Baltic Seas and the transport of components for onshore wind facilities.

The total volume of technology in the seaport terminals in 2018 was at the previous year's level. The market's high volatility is regularly reflected in the technical services. Strong momentum can be seen in the customer groups and in the vertical integration.

The domestic terminals business area was also characterized by very high storage utilization with high volumes and high technical value creation in the reporting year. Higher contributions to earnings were generated in particular at the Kelheim location due to high levels of stock and significant vertical integration of technical services.

Traffic in the BLG network remains at a high level. In truck traffic in the car transport business area, capacity was not utilized as planned. This was due to a shortage of drivers. We will take countermeasures here and increasingly aim to train our own drivers. Despite the lack of capacity in places, the truck transport volume as a whole was on a par with the previous year. In rail traffic, higher transport volume was achieved than in the previous year with high capacity utilization.

In the Southern/Eastern Europe business area, business performance is benefiting from rising volumes and higher value creation in Russia, where BLG has succeeded in taking over the operation itself by moving to the Bronka port of entry, thus increasing the vertical integration. In addition, new customers in port handling and truck transports made a particular contribution to the positive development. At the seaport terminal in Southern Italy, Gioia Tauro, and at our Polish terminal in Dąbrowa Górnicza, a turnaround was achieved in the 2018 financial year as a result of increasing volumes.

Due to the positive development described above and the high volumes in the AUTOMOBILE Division, EBT increased year-on-year from EUR 13,155,000 to EUR 15,530,000.

(05) Key figures CONTRACT **EUR thousand**	**2018**	2017	Absolute change	Percentage change
Sales	599,229	547,827	51,402	9.4
EBIT	11,486	10,867	619	5.7
EBT	7,258	4,556	2,702	59.3
EBT margin (in %)	1.2	0.8	0.4	50.0

CONTRACT Division (05)

The CONTRACT Division comprises a wide range of logistics services in the industrial logistics, trade logistics and freight forwarding businesses.

In the industrial logistics (Europe) business area, capacity at the Bremen logistics center is very well utilized. This benefited from the extension of important existing business and the start of new business in the previous year. Also because of higher volumes, we are consistently continuing to hire our own employees at this location. At the Düsseldorf site, the income situation was further improved as a result of the better allocation of hall space. Earnings at the Leipzig site, where we work in assembly logistics for an automotive manufacturer, were considerably higher in the reporting year than in the previous year, when they were reduced by volume declines and altered prices. Earnings performance in the business area's other locations is in line with expectations.

Despite economic risks, earnings performance in the industrial logistics (overseas) business area is again characterized by stable business development at a high level in South Africa. Because of a considerable delay to a significant transaction and non-recurring effects from contracts with customers in the US, however, the business area as a whole closed with negative earnings. In particular, the location in the US has not yet achieved the forecast sales and production output. At the same time, higher costs were incurred due to the challenges involved with starting up new businesses. Business development in India and Malaysia was stable in the financial year.

Business performance in the trade logistics business area was in line with expectations in the reporting year. There were negative variances from projections here due to the loss of a major textile logistics customer, the premature relocation of volume, and seasonal shifts in output. These were compensated for by good earnings at other locations. In addition, the contract with a major customer in Bremen was renewed, so the jobs were secured.

In the freight forwarding business area, the companies of the Kitzinger Group were merged with those of the FORTRA Group in the current financial year. This resulted in low, non-recurring exceptional charges, so earnings in this business area are down slightly year-on-year.

As a result of the developments described, EBT increased considerably year-on-year by EUR 2,702,000 to EUR 7,258,000.

CONTAINER Division (06)

The CONTAINER Division of the BLG Group is represented by half of the company shares in the joint venture EUROGATE GmbH & Co. KGaA, KG. This company operates, in some cases with partners, container terminals in Bremerhaven, Hamburg and Wilhelmshaven (Germany), at the Italian locations La Spezia, Gioia Tauro, Cagliari, Ravenna and Salerno, and in Limassol (Cyprus), Lisbon (Portugal), Tangier (Morocco) and Ust-Luga (Russia). The EUROGATE Group also has holdings in several inland terminals and railway transport companies.

The CONTAINER Division's business mainly involves container handling. Intermodal services, such as the transport of sea containers to and from the terminals, repairs, depot storage and trading of containers, cargo-modal services and technical services are offered as secondary services.

Overall, the EUROGATE Group (figures on a 100 percent basis) generated sales of EUR 603,963,000 in the 2018 financial year (previous year: EUR 607,908,000). Extensive restructuring within the various shipping company consortia, triggered partly by consolidation processes among the shipping companies, led to several major, positive special effects in 2017. As expected,

(06) Key figures CONTAINER **EUR thousand**	**2018**	2017	Absolute change	Percentage change
Sales	301,982	303,954	-1,972	-0.6
EBIT	41,743	52,360	-10,617	-20.3
EBT	37,409	48,372	-10,963	-22.7
EBT margin (in %)	12.4	15.9	-3.5	-22.0

these one-time effects did not recur in 2018. This is the main reason that the EBT of EUR 74,817,000 (previous year: EUR 96,742,000) fell significantly year-on-year. This also had an impact on the subgroup's net income, which fell from EUR 85,156,000 to EUR 67,325,000. The EUROGATE Group's total handling volume in the reporting year is down slightly on the previous year (-2.2 percent), while the German locations collectively are close to the previous year's level (-0.2 percent).

RESULTS IN 2018

37.5 million	**1,141 million**	**3.3 %**
EBT	Sales	EBT margin

Comparison of results of operations in 2018 with the forecast for the 2018 financial year

For 2018, we had forecast that sales would be on a par with the previous year, that EBT would grow by 5 to 8 percent and that the EBT margin would increase accordingly. Overall, we more than achieved our goal of maintaining sales at a constant level in all three AUTOMOBILE, CONTRACT and CONTAINER Divisions. Sales of EUR 1,141,326,000 in 2018 exceeded the previous year's level of EUR 1,087,817,000. With EBT up 11.9 percent, we not only achieved but exceeded our forecast target. The EBT margin was increased by 6.5 percent and is within the forecast range thanks to the likewise increased sales.

Our forecasts were based on assumptions that deviated in part from the conditions that occurred in the 2018 financial year.

Sales in the AUTOMOBILE Division, especially in the seaport terminals business area, increased somewhat more sharply than expected. On the other hand, the new WLTP test procedure posed major challenges for productivity and thus earnings in the business area. In the inland terminals and AutoRail business areas, earnings are higher than expected. Despite the transfer of export volumes to the Mediterranean ports begun in previous years, the volume of car transshipments increased year-on-year. Economic developments in the Southern/Eastern Europe business area improved again compared with 2017. Overall, EBT in the AUTOMOBILE Division improved from EUR 13,155,000 in 2017 to EUR 15,530,000 in 2018.

Sales also increased somewhat more sharply than assumed in the previous year in the CONTRACT Division. The industrial logistics (Europe) business area developed well once again, due to the generally high rates of increase in parts logistics for car manufacturers. In the industrial logistics (overseas) business area, losses were higher than planned because of reduced customer volumes and non-recurring expenses. In addition, the earnings situation in the trade logistics business area was improved through process improvements, price adjustments and the successful start-up of new businesses. However, this was countered by the Sports & Fashion area, which was predominantly influenced by the consequences of the loss of a major customer. The main event in the freight forwarding business area was the merger of competencies in a new company, which resulted in low, non-recurring, negative effects. This results in EBT of EUR 7,258,000 for the CONTRACT Division, which is higher than in the previous year.

Sales in the CONTAINER Division fell slightly in the reporting year. This is mainly due to special effects in the previous year (see above). While conditions remain difficult given overcapacity at container terminals and persistently fierce competition, the EUROGATE Group's business activities have developed satisfactorily as expected despite ongoing infrastructure deficits, especially in Hamburg. Pro rata EBT fell from EUR 48,372,000 in the previous year to EUR 37,409,000, but is therefore still much higher than the planned level.

(07) Key figures for net assets EUR thousand	12/31/2018	12/31/2017	Absolute change	Percentage change
Total assets	728,002	708,641	19,361	2.7
Capitalization ratio (in %)	40.1	42.2	-2.1	-5.0
Working capital ratio (in %)	93.3	95.5	-2.2	-2.3
Equity	250,841	235,596	15,245	6.5
Equity ratio (in %)	34.5	33.2	1.3	3.9
Net debt	214,022	229,879	-15,857	-6.9

EUR thousand	Carrying amount 12/31/2018	Carrying amount 12/31/2017
Long-term loans	109,567	141,793
Finance lease liabilities	1,084	1,382
Total	**110,651**	**143,175**

(08) Net debt EUR thousand	12/31/2018	12/31/2017	Absolute change	Percentage change
Long-term loans	90,580	102,255	-11,675	-11.4
Other non-current financial liabilities	19,410	25,703	-6,293	-24.5
Current financial liabilities	120,223	116,964	3,258	2.8
Financial liabilities	**230,213**	**244,922**	**-14,709**	**-6.0**
Non-current financial receivables	969	705	263	37.3
Cash and cash equivalents	15,222	14,338	884	6.2
Net debt	**214,022**	**229,879**	**-15,857**	**-6.9**

(09) Key figures for the financial position EUR thousand	2018	2017	Absolute change	Percentage change
Cash inflow from operating activities	23,327	41,640	-18,313	-44.0
Cash in/outflow from investing activities	9,649	8,955	694	7.7
Free cash flow	32,976	50,595	-17,618	-34.8
Cash in/outflow from financing activities	-57,570	-61,126	3,556	-5.8
Net cash change in cash and cash equivalents	**-24,594**	**-10,531**	**-14,062**	**133.5**
Effect of exchange rate changes on cash and cash equivalents	-938	11	-949	-8.627.3
Cash and cash equivalents at start of financial year	-14,093	-3,572	-10,521	294.5
Cash and cash equivalents at end of financial year	**-39,625**	**-14,092**	**-25,532**	**181.2**
Composition of cash and cash equivalents				
Cash	15,222	14,338	884	6.2
Current liabilities to banks	-54,847	-28,430	-26,417	92.9
Cash and cash equivalents at end of financial year	**-39,625**	**-14,092**	**-25,533**	**181.2**

Net assets (07) (08)

In the reporting year, total assets amounted to EUR 728,002,000 and were therefore EUR 19,361,000 above the previous year's figure of EUR 708,641,000. Current assets increased by EUR 13,592,000 in the reporting year. This was mainly due to the increase in trade receivables of EUR 8,679,000 and the first-time recognition of contract assets in other assets (EUR 6,295,000).

Non-current assets rose by EUR 5,769,000, with the increase of EUR 33,169,000 due to investments in non-current intangible assets and property, plant and equipment being offset by divestments of EUR -2,094,000 and depreciation and amortization of EUR -38,005,000. The capitalization ratio fell slightly to 40.1 percent, a decline of 2.1 percentage points compared to December 31, 2017. In addition, shares in companies accounted for using the equity method increased by EUR 11,315,000.

A detailed breakdown of the fair values of financial assets and liabilities and disclosures on hedging instruments can be found in note 32 to the financial statements. The Group's net debt declined by EUR 15,857,000 to EUR 214,022,000 in the 2018 financial year (previous year: EUR 229,879,000).

Financial position (09)

Based on the earnings before taxes of EUR 37,527,000 achieved in 2018, a cash flow of EUR 23,327,000 was generated from operating activities (previous year: EUR 41,640,000). The free cash flow of EUR 32,976,000 is therefore EUR 17,618,000 below the previous year's figure of EUR 50,595,000.

In both the reporting year and the previous year, payments received from dividends and disposals of investments together significantly exceeded payments for capital expenditure and investments, thus generating a positive cash flow from investing activities in both financial years. Compared to the previous year, the cash flow from investing activities improved to EUR 694,000. This is mainly due to the significant increase in proceeds from dividends received.

The cash outflow from financing activities was EUR 3,556,000 lower than in the previous year. The change is mainly due to the proceeds from financial loans (EUR 8,360,000), offset by higher repayments of financial loans and promissory note loans.

Cash and cash equivalents changed by EUR -25,533,000 to EUR 39,625,000 in the financial year. The change is mainly due to the repayment of long-term loans that are not financed with free cash flows.

Outstanding investments are financed taking into account the operating cash flows generated in the segments, and, subject to the capital market situation, from equity, from long-term loans and through leasing.

As of the reporting date, lines of credit to the value of EUR 28.4 million had been agreed but not used.

A detailed statement of cash flows can be found on ▸page 90 of the consolidated financial statements. Disclosures on the statement of cash flows can also be found in note 37 to the consolidated financial statements.

RISK REPORT

_ Use early identification of opportunities and threats for decisions
_ No risks jeopardizing the existence of the company
_ Active risk management continued

Opportunity and risk management principles

Corporate activity is accompanied by opportunities and risks. For the BLG Group, the responsible management of possible opportunities and risks is a core element of sound corporate governance. Our opportunities and risks policy aims to increase the company's value without taking any inappropriately high risks.

Here we view risks as possible future developments that are unfavorable to the attainment of short-term strategic goals or that are hazardous or even threaten the existence of the company through a reduction in the company's value. Conversely, opportunities are uncertain events that increase the company's value and may be the outcome of developments that are more favorable than planned.

Risk management in the BLG Group is mainly derived from the goals and strategies of the individual business areas. It aims to recognize potential risks in good time, take suitable countermeasures to avert the threat of damage to the company and eliminate any threat to the company's continued existence.

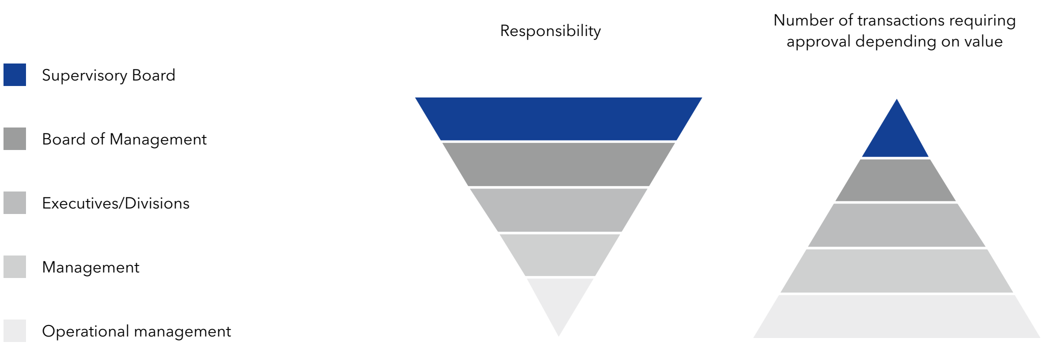
The strategic orientation of the BLG Group, which operates both within Germany and internationally, is highly diversified. Thus the structure of having three divisions together with a number of associated business areas leads to a certain degree of autonomy both in terms of economic influences and in terms of individual sectors or major customers. Significant capital expenditure is mainly established and safeguarded through contracts with customers.

Opportunity and risk management system

The Board of Management is responsible for the opportunity and risk management system. The Supervisory Board and the Audit Committee monitor and examine the system to ensure it is appropriate and effective. The responsibility for identifying and managing significant risks and opportunities is managed centrally within the BLG Group. Different levels and organizational units are integrated into the system.

The relationship between expertise and frequency of decision-making can be seen in the following diagram:

COMMUNICATION CHANNEL AND RESPONSIBILITIES IN THE BLG GROUP'S OPPORTUNITY AND RISK MANAGEMENT SYSTEM



In order for us to achieve our goals, for example measured by earnings before taxes (EBT), the broad spectrum of our logistics services requires the early identification of potential opportunities and risks. The Board of Management and the managers receive monthly reporting on the key figures of the BLG Group. This is intended to ensure the creation of added value over the long term and to prevent any threat to the company's continued existence. The central components of the opportunity and risk management system are therefore the planning and management process, the rules within the Group, and reporting. We give special consideration to opportunities and risks arising from strategic decisions, from the markets, from the operating activities and from financing and liquidity.

The BLG Group's principles of risk management are documented and published in a guideline. Risk managers and risk coordinators are appointed in the divisions and in the central and staff functions in order to ensure that the risk management system runs efficiently. This ensures that risks and risk-reduction measures (risk avoidance and reduction, or the transfer of risk through insurance) and opportunities are identified and evaluated in the area of the business where they actually arise. The centrally implemented risk management function is responsible for coordinating the Group-wide gathering and documenting of opportunities and risks. An IT-supported risk management system serves as the basis for this.

The risks and the related measures defined within the strategy which we currently believe could have a material adverse effect on our net assets, financial position and results of operations are recorded, assessed and monitored continuously through the creation of a permanent inventory. These are not necessarily the only risks to which the BLG Group is exposed. Other influences of which we are not yet aware or which we do not yet consider to be significant may also affect our business activities but are not included in the risk report.

The Internal Audit department is also integrated in risk communication within the BLG Group as a process-independent monitoring entity.

As a company with international operations and a broad spectrum of different services, the BLG Group is exposed to a variety of risks. These are analyzed through ongoing monitoring of both the macro economic environment and, especially, global logistics trends, and are taken into account in business decisions. Services and infrastructure risks as well as financial risks comprise the majority of the overall risks.

Insurance policies are taken out where available and economically viable in order to minimize the financial effects of possible damage. The cover provided and amount insured under these policies is examined on an ongoing basis.

In order to counteract potential risks which could arise in particular under a wide range of geographic, employment, cartel, customs, capital market, tax, contractual, environmental and competition regulations and legislation, the BLG Group bases its decisions and the design of its business processes on comprehensive legal advice, as well as on input from in-house and external experts. To the extent that legal risks relate to past circumstances, necessary accounting provisions are created and their appropriateness examined at regular intervals.

Aims and methods of financial risk management

The principal financial instruments used to finance the Group include long-term borrowings, short-term loans and cash, including short-term deposits with banks. The focus is on financing the operations of the BLG Group. The BLG Group has access to a range of other financial instruments, such as trade receivables and payables, that arise directly as part of its operations.

Financial risk management is the responsibility of the Treasury department, whose tasks and objectives are described in a guideline approved by the Board of Management. The central task besides managing liquidity and arranging financing is the minimization of financial risks at Group level. This includes preparing and analyzing financing and hedging strategies and contracting hedging instruments.

The material risks for the Group resulting from financial instruments are credit risks, foreign currency risks, liquidity risks and interest rate risks. The Board of Management creates risk management guidelines for each of these risks, which are summarized below, and verifies compliance with these guidelines. At Group level the existing market price risk is also observed for all financial instruments.

Capital risk management

An important capital management goal for the BLG Group is to ensure the continued operations of the company in order to continue to provide earnings to shareholders and to provide other stakeholders with the services to which they are entitled. Additional goals are to optimize liquidity security and maintain an optimum capital structure in order to reduce the costs of capital in general and the refinancing risk in particular in the long term.

The BLG Group monitors its capital using the equity ratio and the debt ratio, calculated as net debt to EBITDA. It was mutually agreed with the partner banks to cancel the existing covenants without substitution. Assurances to all partner banks with regard to equal treatment and the change-of-control clause remain.

In 2018, the strategy continued to be to secure access to external funds at acceptable costs.

Description of the main features of the internal control and risk management system with regard to the accounting process in accordance with Section 315 (4) HGB

Definition and elements of the internal control and risk management system

The internal control system of BLG LOGISTICS with regard to the accounting process includes all principles, procedures and measures to ensure that the calculation, preparation and depiction of business matters are financially correct and legally compliant. The aim is to avoid any significant false statements in accounting and external reporting.

Because the internal control system is an integral component of the risk management system, they are presented in a composite form.

The internal monitoring and control systems are components of the internal control system. The Board of Management of BLG LOGISTICS has assigned responsibility for the internal control system to the controlling, finance and accounting departments in particular, which have been cooperating more closely under one management and with a focus on processes since the reporting year.

The internal monitoring system comprises controls that are both integrated in and independent of the accounting process. The controls integrated in the process particularly include the dual control principle, the separation of functions from related departments (particularly creditor and treasury management) and IT-supported controls, as well as the involvement of internal departments such as legal or tax and of external experts.

Controls that are independent of the process are carried out by the Internal Audit department (e.g. compliance with the authority and signature guideline and the purchasing guideline), the quality management department and the Supervisory Board, in the latter case principally through its Audit Committee. The Audit Committee concerns itself in particular with the accounting for the company and the Group, including reporting. The activities of the Audit Committee also focus on the risk situation, the further development of risk management and compliance issues. This also includes the effectiveness of the internal control system.

Audit activities that are independent of the process are also carried out by external auditors such as the auditor of the financial statements or the external tax auditor. In terms of the accounting process, the audit of the annual and consolidated financial statements by the auditor forms the main component of the review that is independent of the process.

Accounting-related risks

Accounting-related risks can arise, for example, through the conclusion of unusual or complex business dealings or the processing of non-routine transactions.

Potential risks also result from discretionary scope in the recognition and measurement of assets and liabilities, or from the effect of estimates on the annual financial statements, such as for provisions or contingent liabilities.

Accounting process and measures to ensure its correctness

Business transactions are mainly accounted for in the separate financial statements of the subsidiaries of BLG LOGISTICS using the standard software SAP R/3. The consolidated financial statements are prepared using the SAP consolidation module EC-CS, with the separate financial statements of the companies included being combined, if necessary after adjustment to the international financial reporting standards. The separate financial statements of foreign subsidiaries and domestic subsidiaries not integrated into the SAP system are included on the basis of the standardized, Excel-based reporting packages audited by audit firms, which are transferred into the EC-CS consolidation system by way of flexible upload. This is a standard interface in SAP.

BLG LOGISTICS has issued accounting standards for financial reporting in accordance with International Financial Reporting Standards (IFRS) to ensure consistent recognition and measurement; in addition to general principles, these standards cover in particular accounting principles and methods and regulations on the income statement, consolidation principles and special topics. Guidelines on consistent Group-wide accounting have also been prepared for the implementation of consistent, standardized and efficient accounting and reporting. Impairment tests for the Group's cash-generating units are carried out centrally. This ensures that consistent and standardized measurement criteria are used, especially the underlying interest rates. The same applies to the specification of the parameters to be used for the measurement of pension provisions and other provisions based on expert opinions.

When preparing the debt consolidation, internal balances are regularly reconciled in order to clarify and remedy any differences in good time. At Group level, in addition to a validation by the system of the data reported in the separate financial statements, the reporting packages in particular are checked for plausibility and adjusted if necessary.

The disclosures in the notes are mainly produced from the EC-CS consolidation system and enhanced by additional information on the subsidiaries.

Special software is used for tax accounting. This was developed by an audit firm. Current and deferred taxes are calculated at the level of the individual subsidiaries and the recoverability of the deferred tax assets is checked. Current and deferred taxes to be recognized are thus calculated at the Group level in the statement of financial position and in the income statement, taking into account the effects of consolidation.

Qualifying notes

The internal control and risk management system ensures the correctness of the accounting process and compliance with the relevant legal requirements.

Discretionary decisions, controls containing errors, or malicious acts may, however, limit the effectiveness of the internal control and risk management system, with the effect that the systems established cannot guarantee with absolute certainty that the risks will be identified and controlled.

Opportunities

Our business model
As an international Group with three divisions and their business areas, BLG LOGISTICS is exposed to a wide range of trends in the various national and international markets. Based on the business development described in this report and the company's position, there are various potential opportunities within the current macroeconomic conditions. The effects of sustainable positive economic trends are of overriding importance here. The development of innovative solutions for our customers in the context of future-oriented research projects also has a high priority. For further information, please refer to the "Research and development" section on page 48.

We also want to make optimum use of opportunities in the various fields of activity that open up to us in future. The basis for this assumption remains our unique network, and the innovative intermodal offer in the AUTOMOBILE Division combined with the further growth in exports indicated to us by car manufacturers.

The established business models in the trade and industrial logistics business areas offer the CONTRACT Division sales and acquisition opportunities combined with additional automation and digitalization activities in Germany and the rest of Europe. The business areas benefit from a continuing growth market because our customers want to improve their own cost structures and make them more flexible through an increase in outsourcing. At the same time, the business areas also benefit from sustainable growth (GDP 2018: +1.5 percent) and a stable domestic economy and consumer spending in Germany.

The CONTAINER Division continues to feel that deepening the shipping channel in the Outer Weser and Elbe Rivers for the purpose of securing and positioning the German ports in the Northern Range is urgently necessary so that bigger and bigger container vessels can call at Bremerhaven and Hamburg without any problem. Thanks to the construction approval for the alteration of the Elbe shipping channel granted at the end of 2018, the nautical difficulties will be qualified somewhat following the widening and deepening of the shipping channel, starting from the end of 2019. If the measures are delayed further, this may have substantial negative impacts on future cargo handling development at this location. However, the EUROGATE Group can offer its customers an excellent alternative with the only German deep-water port, the EUROGATE Container Terminal Wilhelmshaven, and its facilities for the handling of container ships with corresponding deep-water access.

Strategic opportunities

CONTRACT Division: Securing and expanding services for e-commerce and fashion logistics in the trade logistics business area
BLG LOGISTICS has acquired the relevant experience and expertise over the years and has continuously extended this knowledge to a growing number of customers and locations in order to remain a competent contact partner for its customers in this area.

In 2018, the CONTRACT Division not only successfully retained long-standing customers by renewing their contracts, but also, despite the loss of a major customer in the past, managed to acquire a renowned and high-volume new fashion logistics customer. Based on this development, we continue to see good opportunities for the future and are pursuing the goal of further expanding logistics activities in the field of e-commerce, developing the entire value chain in this area and driving potential equity investments and acquisitions. Building on this, we see more potential in expanding the fashion logistics area.

CONTRACT Division: Bundling of freight forwarding activities
While the years 2016 and 2017 were characterized by the acquisition of freight forwarding companies and the associated expansion and enhancement of our freight forwarding activities as a complementary service for our customers, in 2018 these activities were brought together under the single company BLG International Forwarding GmbH & Co. KG in the CONTRACT Division. In addition to the associated synergies, a unified sales structure is a particular priority. The expansion will focus in particular on international sea and air freight forwarding business. Another focus is the development of European overland transport without the need to invest in our own fleets.

AUTOMOBILE Division: Further development of the inland terminals business area and fitout of the first location into a terminal for electric cars, optimization of space and capacity use, improvement of the controlling process in order to improve productivity and establish constant division development

After the expansion of capacity and performance in rail transport was completed for the time being in 2018, the focus for the future is on expanding and creating the necessary infrastructure for electric mobility. For this purpose, the Dodendorf site is the first site in the inland terminals network to be fitted out as a terminal for electric cars.

The AUTOMOBILE Division launched the network management function in 2018. The business development function was also implemented, which focuses on enhancing our service portfolio with existing and new customers as well as the constant development of the AUTOMOBILE Division. Like sales, the functions are now established as cross-divisional functions for the division's business areas.

Requirement and capacity management is being introduced to improve the strategic planning of all requirements (vehicle volumes) and capacity (space, loading capacity, operating equipment, etc.) in the division across the network.

In order to make the various planning and controlling processes more efficient in the future and to increase productivity, measures and requirements are being implemented to harmonize the processes in a control tool.

Other opportunities

BLG LOGISTICS first developed and set mandatory climate change goals in the 2012 financial year. According to these, its carbon footprint is to fall by 20 percent by 2020 compared to 2011. The planned reduction is based on the current consumption schedule. In 2018, we succeeded in achieving and even slightly exceeding our own CO_2 target two years early. Overall, we generated a reduction of over 20 percent compared to our reference year 2011.

The sum of various measures implemented to reduce greenhouse gas emissions, the large number of new energy-efficient buildings in recent years and the positive development of our sales contributed to the early achievement of the target. We remain ambitious and will continue our efficiency measures to lower greenhouse gas emissions at a high level and continuously monitor our target achievement up to 2020. At the same time, a new climate protection strategy with a follow-on target is being developed for BLG LOGISTICS.

BLG is also now in a position to inform customers of a specific carbon footprint for its entire range of services. This information will become more important in the future. Even today, many companies demand proof of environmentally efficient "green" logistics in their invitations to tender.

In parallel with a schedule of consumption and together with the people responsible for technology in all three divisions, we have started to investigate both practical measures to reduce CO_2 emissions and opportunities to use renewable energy sources. The first projects are currently being implemented. For example, the installation of around 1,600 LED lights on 637 masts at the Bremerhaven car terminal will prevent CO_2 emissions of more than 1,000 tons.

Risks

Risk categories and individual risks
From the risk types defined for the BLG Group, the material risks for BLG LOGISTICS by risk category are described in the following sections. In the selection of materiality, risks are included that, in the company's estimation, do not threaten the company's continued existence but would have a noticeable effect on the company's net assets, financial position and results of operations if they were to occur. In principle, the assessment is made on the basis of scenarios, taking into account all known influencing factors from opportunities and risks.

The necessary measures or provisions are then derived from the spectrum of the best and worst expectations. A standardization process has been specified for this procedure which involves dividing the risks into the categories of strategic risks, market risks, political, legal and social risks, performance and infrastructure risks, and financial risks. Unless otherwise apparent, the risks shown are linked to the affected segment.

All risks have corresponding opportunities in the event of a positive development.

Strategic risks

Risks from acquisitions and investments
In the last decade, the BLG Group has grown through various acquisitions both in Germany and abroad. For this purpose, the process and quality management department has prepared a consistent guideline (M&A Guideline) on this procedure, which must be complied with in all share purchases. This is used both within the Group and by external advisers. This ensures that all risks associated with an acquisition or investment are observed and assessed.

Despite this, particular political, legal or economic risks associated with share purchases outside the EU cannot be ruled out. The social environment when sourcing employee capacity and integrating the relevant third-party company culture into the structures and processes of BLG LOGISTICS present additional specific challenges. The strategic direction and expansion of the AUTOMOBILE Division towards Eastern Europe poses risks particularly in the area of economic capital maintenance and safeguarding service expertise. This circumstance is taken into account by our own "Southern/Eastern Europe" business area, in which professional, language and consulting abilities are bundled together.

Investments made in the past may entail a requirement for subsequent decisions when continuing the strategic decisions and statements made with the investments. The required subsequent investments associated with these decisions must be considered and evaluated overall under new premises, due to partly changed market and macroeconomic conditions. If these changed conditions continue in the long term, there may be future requirements for BLG LOGISTICS to write-down the entire investment.

The situation in Eastern European markets has improved slightly from the previous year, and has begun to ease pressure on transport flows in Europe. This slight improvement has not yet had a positive effect on the value of the strategic investments of the AUTOMOBILE Division in this market segment.

Market risks

Threat to market position and competitive advantages
The AUTOMOBILE Division continues to devote particular attention to competition with automobile terminal operators at the Western European ports.

The contractually agreed prices for seaport cargo handling coupled with the persistently strong competitive pressure as well as the tremendous change in the ratio between export and import business, with consequential effects on employment at the Bremerhaven location represent continuous challenges for us.

Another market risk in the AUTOMOBILE Division is that car manufacturers could increasingly move volumes via the Mediterranean ports, which we are countering with our terminal in Gioia Tauro/Italy, among other things. Due to the increasing shareholdings of shipping companies in seaport terminals on the Baltic Sea, the internal optimization of shipping companies may result in further shifts in transshipment volumes at the expense of the Bremerhaven seaport terminal.

For seaport logistics in break bulk cargo business and project logistics the risks are essentially connected with the overcapacities in the North Sea ports and the related high competition and price pressure.

In the CONTRACT Division the principal risks are rapid replaceability and substitutability as a service provider. In the industrial logistics business area and in the trade logistics business area there is a strong dependence on a single large customer. The logistics services performed there are personnel-intensive as a rule. In addition, customers are applying significant price pressure. We meet these challenges through extensive customer-specific optimizations, longer contract periods and the continued development of the customer base.

In the CONTAINER Division, in addition to the macroeconomic trends, there are further influences and risks which affect future handling and transport demand and the associated handling volumes of our container terminals. As in the previous years, these include

1. commissioning additional terminal handling capacity in the Northern Range and in the Baltic region,
2. commissioning additional large container vessels and related operational challenges in ship handling (peak situations) and
3. the market, network and process changes resulting from the changes in the structure of the shipping company consortia.

In terms of customers, possible insolvencies could have an effect on shipping company consortia and on the structure of services and volumes.

In 2016, concentration processes had already given rise to radical changes to conditions in container shipping. However, the new O3, CKYHE and G6 consortia that arose at that time were short-lived and formed "OCEAN Alliance" and "THE Alliance" in completely different configurations in spring 2017.

This development was amplified by mergers of other market participants (Mitsui OSK Lines [MOL], Nippon Yusen Kaisha [NYK] and K Line), further consolidations as a result of takeovers (Maersk Line acquires Hamburg Süd, COSCO acquires OOCL), and the insolvency of HANJIN, which already occurred in 2016.

Due to the economic pressure associated with the core issues mentioned above, there are already considerable consequences on the market and in competition in the container handling industry. Following the completion of corresponding restructuring and mergers in 2017, three major alliances now determine East-West traffic, namely:

- 2M with the individual shipping companies Maersk Line, MSC and Hyundai Merchant Marine as cooperation partners
- OCEAN Alliance with the individual shipping companies CMA CGM, COSCO Shipping, EVERGREEN and OOCL
- THE Alliance with the individual shipping companies Hapag-Lloyd, K Line, MOL, NYK and YANGMING

As the container terminals still have free capacity, at least in the medium term, the market power of the remaining consortia or shipping companies is increasing as a result of consolidation, as is the associated pressure on revenue and the need to identify and implement further cost reductions at the container terminals and for standardization and automation measures.

Dependency on the economic cycle and macroeconomic risks

As a logistics service provider with a global focus, the BLG Group is highly dependent on production and the associated flow of goods in the global economy. The dependency on both the manufacturing industry and on consumer behavior can be viewed as the largest risk. Other influencing factors on our business in this area are high energy and raw material costs, increasing restrictions on international trade, persistent foreign trade imbalances and the increase in political conflicts.

The debt problems currently experienced by many developed countries have led to increased instability in the financial and foreign exchange markets and the international banking system. Together with the existing uncertainty of market players and the difficult situation in refinancing markets, this may influence the risk situation for the BLG Group. The risk of a new global recession cannot be ruled out. However, the above-mentioned developments could result in at least a longer phase of below-average growth for the global economy.

Changes to legislation and in taxes or duties in individual countries may also have a significantly damaging effect on international trade and result in considerable risks for the BLG Group. However, due to the diversification referred to and described at the start of the "Risk management" section, there is no risk to the company's continued existence.

The persistent shortage of skilled personnel and an above-average susceptibility to insolvency among both service providers and customers involved in straightforward transport and logistics services present further general risks for BLG LOGISTICS.

Sector risks

The growth markets in Asia, Africa, South America, the US and Central and Eastern Europe are particularly important with regard to the global development of finished vehicle logistics. These markets have the greatest potential, but the economic conditions in some countries in these regions are impeding the expansion of the logistics businesses located there.

The risk of transfer, particularly of the transportation of goods by commercial vehicles, to other modes of transport cannot be completely ruled out.

Western Europe is the main market for the BLG Group. Through the opening up of Western Europe to the East, increasing volumes of Eastern European transport capacity have accessed our main market, leading to tough competition and a slump in prices. There is also a dependency on the volume of exports of the automotive industry in Europe to overseas. The markets of China, the US and Russia are of special significance.

Employment in car parts logistics (industrial business area) is dependent on production in the foreign plants of the German OEMs (original equipment manufacturers) that are supplied with parts via our logistics centers worldwide. There is a tendency in this area to be dependent on just a few major customers.

The bundling of expertise and infrastructure for all heavy goods in the XXL Logistics business area makes efficient use of the investments made in previous years and allows further markets to be opened up.

Political, legal and social risks

Legal and political environment

It cannot be ruled out that the company could be hit with additional transport costs due to a price increase on the international crude oil markets, tolls, other traffic routing levies or additional tax burdens which cannot be passed on directly to our customers but would be recognized through other comprehensive income.

Because of the United Kingdom's pending exit from the European Union ("Brexit"), it cannot be ruled out that this will also have negative effects on BLG LOGISTICS' customers and their goods flows.

The economic losses and declines in earnings in recent years resulting from the trade embargo triggered by the Russian-Ukrainian conflict, particularly for the AUTOMOBILE Division, did not continue in the last two financial years, and a further recovery occurred. The extent to which future developments will affect BLG LOGISTICS in Eastern Europe cannot yet be definitively assessed. The Southern/Eastern Europe business area within the AUTOMOBILE Division, which is responsible for this area, is focusing on this in particular.

The wreck of the container bridge in Bremerhaven in 2015 has resulted in numerous legal disputes, the outcome of which cannot yet be reliably estimated.

Contractual risks

Emissions typically to be found in ports, such as spray mist and soot particles, may lead to huge recourse claims by manufacturers and transport insurers. We will also take all necessary steps in future to counteract these kinds of externally caused pollution with preventive measures, although we cannot completely rule out this risk.

Risk provisions have been created for risks from onerous contracts. The size of the risks may increase significantly as a result of changes in circumstances over time. Based on our current estimation, a risk of this kind should be viewed as low.

Significant contract risks result from the fact that the terms of contracts with customers often do not match those relating to property leasing. Contracts with customers generally have significantly shorter terms than rental contracts on properties.

The subsequent change to market conditions and related impacts on the logistics processes agreed with customers often has an effect on the contractual relationship agreed with the customer. The range of services offered to the customer and the prices calculated no longer match the services requested and commissioned by the customer. The resulting differences generally lead to risks and, thus, also to losses which can only be clarified with the customer through subsequent lengthy negotiations. Due to the requirement to fulfill the contract and thus provide services, further work is carried out for the customer during negotiations, because otherwise further risks would arise due to compensation for downtime. This circumstance and the dependence on individual major customers at some sites led to increased risks and negative variances from projections again in the 2018 financial year, particularly in the industrial logistics and trade logistics business areas.

No-fault liability is still requested by many customers and has in some cases led to large compensation payments in the past.

Service and infrastructure risks

Risks from business relationships
In all operating divisions, close customer relationships and the short, demanding contract terms and conditions, especially with some large customers, make it necessary to monitor changes in economic trends and the demand and product life cycles especially closely. Currently this mainly affects the seaport terminals and industrial logistics (overseas) business areas.

Infrastructure capacity and security
High fluctuations in volumes at our customers can lead to temporary capacity bottlenecks at our indoor and outdoor facilities. We have actively investigated the market and have found additional third-party indoor and outdoor capacity. This will be leased for a fee, if required.

In contrast, when there is lower usage of our in-house capacity, no alternative usage is normally generated. This results in a negative effect from fixed costs that is not covered by income.

Indoor and outdoor facilities and transport and handling equipment are regularly serviced and repaired at fixed intervals. This ensures that we can provide services on an ongoing basis.

Personnel risks

Due to the high personnel and capital-intensive nature of our logistics services, there are, in principle, risks relating to the negative effect of high fixed costs when facilities and personnel are not being used.

Our goal is to minimize personnel risks in respect of socio-demographic change, age structure, and the skills and turnover of the workforce. To this end, the acquisition of skilled personnel is coordinated and implemented through measures such as close cooperation with training providers and a consistent staff development policy from the training of first-time employees to the retraining of the long-term unemployed.

This staff development, which will necessarily take place over the long term, harbors certain personnel cost risks in the event that business development does not occur as planned in the medium term. However, flexibility is achieved through the use of blue-collar workers provided by the GHBV employment agency in Bremen and Hamburg and other agency personnel. This ensures that the personnel requirement can, to a certain extent, be adapted flexibly to the development of the business. The demographic changes in the employment market also have a fundamental influence on the available staff and therefore on the flexibility and availability of qualified personnel at GHBV. These changes can lead to sustained deficits for GHBV, which it may be possible to offset by affiliated member companies and thus essentially also by BLG LOGISTICS. We have made appropriate provision for this.

The company has found that competition for skilled personnel is becoming increasingly intense. In order to secure and strengthen our position in this area, we are using our HR management activities to emphasize the attractiveness of BLG LOGISTICS as an employer and are aiming to retain skilled employees and managers in the company over the long term. In addition to performance-related pay and progressive social benefits, we are also focusing particularly on future diversification in the BLG Group through trainee programs, multi-disciplinary career paths, deployment in different Group companies and attractive training and development courses. We limit employee turnover risks by means of timely succession planning.

Increased basic costs are increasing due to employee representatives' demands for structural changes in the use of temporary workers in favor of permanent employees. At the same time, this leaves only a limited amount of the cost flexibility required to balance out economic fluctuations.

The entry into force of the amendments in the Act on Temporary Employment on April 1, 2017, results in other possible risks for the BLG Group. The changes mainly relate to the introduction of a maximum employment period and the obligation to treat temporary workers and permanent employees equally, as well as increased documentation requirements. Resulting factors with an impact on earnings are assessed internally and countervailing measures are introduced in the area of employee planning and employee management.

IT risks

Information technology is an important success factor for our logistics and service processes. The systems must be accessible and available at all times, and any unauthorized access to data and data manipulation must be eliminated. Delivery of new software with faults or not on time must also be avoided. Our services require the use of permanently updated or even newly developed software. However, delays and insufficient functionality can never be completely ruled out when developing and putting into operation new, complex applications. Efficient project management from design through to launch reduces this risk. We expect there to be only minor effects on a few business areas in this respect.

The increasing frequency of Internet attacks (cybercrime), both globally and on specific targets, is a constant threat and danger to BLG LOGISTICS. BLG LOGISTICS is well positioned to address these risks as it uses the latest antivirus software connected to its own structured IT organization. Ongoing monitoring, control, updating and adaptation of these structures and systems is vital. In addition, the AUTOMOBILE, CONTRACT and CONTAINER Divisions have insurance against cyber risks, as economic damage caused by a cyberattack cannot be ruled out despite the costly security measures.

Financial risks

Credit risk

The Group's credit risk mainly results from trade receivables. The amounts shown in the consolidated statement of financial position do not include valuation allowances for expected credit losses, which were determined on the basis of the historical credit loss ratios of the last five years, adjusted for management estimates regarding the future development of the economic environment. Due to the ongoing monitoring of receivables by the management, the BLG Group is not currently exposed to any significant credit risks.

The credit risk is limited in respect of cash and derivative financial instruments because these are currently held exclusively at banks that have been awarded high credit ratings from international rating agencies, that are highly secure thanks to a joint liability scheme and/or at which there are offsetting opportunities via long-term borrowings.

Foreign currency risk

With very few exceptions, the Group companies operate in the eurozone and invoice only in euros. In this respect, currency risk could only arise in isolated cases, such as from foreign dividend income or the purchase of goods and services from abroad. An interest rate and currency swap has been concluded to hedge against the foreign currency risk from a variable USD loan granted in the context of Group financing.

Liquidity risk

Liquidity risks may arise from payment bottlenecks and the resulting higher financing costs. The Group's liquidity is ensured by central cash management at the level of BLG KG. All significant subsidiaries are included in cash management. Due to the control of capital expenditure and credit management, which is also performed centrally, financial resources (loans/leases) can be provided in good time to meet all payment requirements.

In the previous year, there were standard covenants based on the equity ratio and net debt for loan liabilities to banks. These were last reviewed and complied with in the first half of 2018.

It was mutually agreed with the partner banks to cancel the existing covenants without substitution. Assurances to all partner banks with regard to equal treatment and the change-of-control clause remain.

Interest rate risk

The interest rate risk to which the BLG Group is exposed arises primarily from long-term loans and other non-current financial liabilities. Interest rate risks are managed with a combination of fixed-interest and variable-interest loan capital. By far the majority of the liabilities to banks have been concluded over the long term or fixed interest rates have been agreed through to the end of the financing term, either originally as part of the loan agreements or via interest rate swaps which have been concluded within micro-hedges for individual variable-interest loans. In addition, against the backdrop of the low interest rate, which is attractive for investments, a portion of the financing requirement of the coming years was hedged by the agreement of forward interest rate swaps. The plan is to take out loans from partner banks totaling EUR 90 million in tranches of up to EUR 15 million each within six years, beginning in 2019. Further information is presented in note 32 to the consolidated financial statements/"the derivative financial instruments" section.

Interest rate risks are disclosed via sensitivity analyses in accordance with IFRS 7. These show the effects of changes in the market interest rate on interest payments, interest income and expenses, other income items and on equity. The interest rate sensitivity analyses are based on the following assumptions.

With regard to original fixed-interest financial instruments, market interest rate changes only affect the result if these financial instruments are measured at fair value. All fixed-interest financial instruments measured at amortized cost are not subject to interest rate risks within the meaning of IFRS 7. This applies to all fixed-interest loan liabilities of the BLG Group, including finance lease liabilities. When hedging interest rate risks in the form of cash flow hedge-designated interest rate swaps, changes to the cash flows and to the contributions to earnings induced by changes to the market interest rate of the hedged original financial instruments and the interest rate swaps balance each other out almost completely so that there is no interest rate risk.

The measurement of hedging instruments at fair value through other comprehensive income affects the hedge reserve in equity and is therefore included in the equity-related sensitivity calculation. Market interest rate changes on original variable-interest financial instruments whose interest payments are not created initially within cash flow hedges against the risks of interest rate changes have an effect on net interest income and are thus included in the calculation of income-related sensitivities.

The same applies to interest payments from interest rate swaps which are, as an exception, not contained in a hedge accounting relationship in accordance with IFRS 9. In the case of these interest rate swaps, market interest rate changes also have an effect on the fair value and thus affect the remeasurement result from adjustments to the fair value of the financial assets or financial liabilities and are included in the income-related sensitivity calculation.

From today's perspective, the likelihood of the financial risks described arising in BLG LOGISTICS is estimated to be low.

Further disclosures on the management of financial risks can be found in note 32.

Other risks

There are currently no other perceived risks that could have a long-term negative influence on the company's development. There are currently no potential risks to the company's continued existence such as excessive indebtedness, insolvency or other risks that could significantly influence the company's net assets, financial position and results of operations. The significant risks for the BLG Group result from the continuing sovereign debt crises in the US and Europe and from the geopolitical unrest with its effect on the real economy.

Assessment of the overall risk situation

The risk structure of BLG LOGISTICS has not changed significantly year-on-year. Based on our risk management system and consistent assessments by the Board of Management, there were no foreseeable risks in the reporting period that could jeopardize the company's continued existence, either individually or as a whole. Based on the medium-term plan, there are currently no strategic or operational risks for future development that pose a threat to the continued existence of the company. The assessment of the overall risk does not include any compensating future opportunities.

OUTLOOK

_ Good year forecast for the logistics industry
_ Growth potential in the divisions to be used
_ Further increase in EBT targeted

Future direction of the Group

Retention of the business model

A fundamental change in our business model is not currently planned. One strategic priority will be the further expansion of the AUTOMOBILE and CONTRACT Divisions. Our goal is to be profitable in all business areas and to continue to grow. We intend to grow our shares in existing markets, open up new markets and win new customers by continuing our acquisition activities, developing collaborations in a targeted manner and establishing strategic partnerships. We will also extend our value chains in the business areas. Moreover, we will seek to improve productivity in all areas through consistent process and quality management, the use of opportunities arising from digitalization, and strict cost management.

Expected macroeconomic conditions

Global economy dominated by political uncertainty

The global economy is expected to develop solidly in the 2019 financial year, but the growth is expected to be weaker than in the previous year. Risks to the global economy will also continue to increase in 2019. The difficult restructuring of the Chinese economy, the expansionary fiscal policies of the industrialized countries and the economic volatility of major emerging and developing countries are still crucial to this development. The unpredictable risk and further ramifications of a potential no-deal Brexit and the trade conflict between the US and China are also factors. All this could continue to have a dampening effect on willingness to invest and consumer confidence in some parts of the world.

For 2019, experts predict global economic growth of 3.7 percent despite the continued political uncertainty (IMF, World Economic Outlook, October 2018). An increase of 3.4 percent is forecast for 2020 (IfW Kiel, World Economy Winter, December 2018).

Structural growth in emerging economies continues to be considered the main driver for global economic development in the years to come. In addition, the global megatrends of energy, environment, technology, transport, health and digitalization are expected to act as strong drivers of growth in the long term.

The boom phase driven by the export sector suffered a significant setback in 2018. For the outlook for 2019, most economic indicators in the eurozone are falling. Nevertheless, GDP in the eurozone is expected to increase by 1.9 percent in 2019 (Deutsche Bundesbank, Monthly Report December 2018). The economy will again be driven primarily by private consumption, which is due not least to the very positive labor market situation. Furthermore, the falling oil price is having additional positive effects on the economy.

However, the German government has significantly lowered its forecast for 2019. While experts still expected an increase of 1.8 percent in the last quarter, they now expect an increase of only 1.0 percent. The labor market will continue to develop positively, so an unemployment rate of 4.9 percent seems realistic. Private incomes will draw a tangible benefit from this. The domestic economy will therefore be a linchpin of the economy again. However, considerable risks remain, especially from the external environment. The uncertainty over Brexit, trade conflicts and climate change pose considerable challenges for the German economy (BMWi, January 2019).

Logistics experts expect another good year
Logistics experts are forecasting a good year for the German logistics sector in 2019.

After another strong sales year in 2018, a further increase of around 3 percent is forecast for the current year. Regarding the employment trend, the logistics industry is likely to remain an important job creator in 2019. The number of employees will grow by around 3 percent next year (Fraunhofer, October 2018).

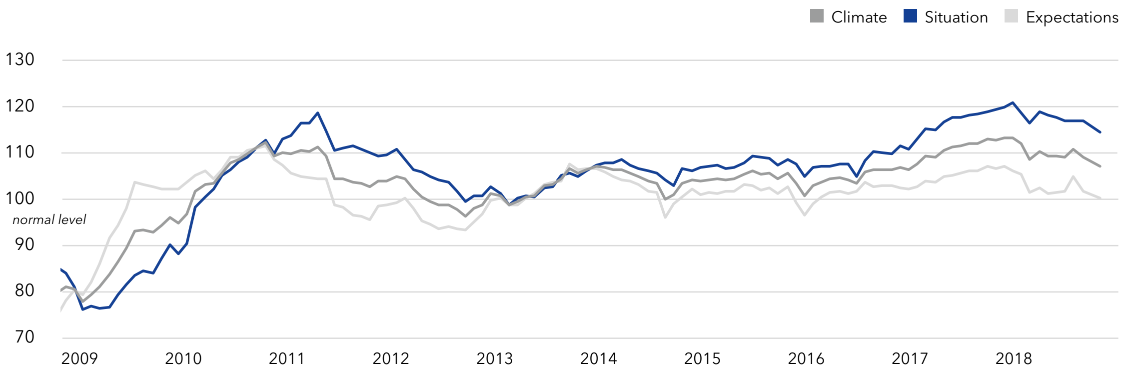
The business climate for logistics service providers declined slightly recently after strong years in 2016 and 2017. Nevertheless, logistics service providers again expect good capacity utilization, improved business performance and order books, and further workforce expansion in 2019. The competition for skilled workers, managers and young staff will continue to escalate in 2019. As a result, the logistics sector will still be influenced by personnel shortages, technological complexity, digitalization and cost increases in the 2019 financial year (SCI/Logistics Barometer, December 2018). Logistics experts in industry, commerce, services and academia must counter these factors with more in-depth collaboration and vertical cooperation.

Logistics experts again expect a moderate growth rate for freight transport in Germany in 2019. Rail freight transport could benefit in particular, with a projected growth rate of 3.4 percent (BAG, September 2018). Due to the good domestic economy in Germany, the volume of road freight transport is likely to increase further in 2019. This will be encouraged mainly by the favorable situation in the construction industry, but also by domestic demand for high-value goods. Prices and volumes are expected to rise in equal measure in the current year. The logistics industry will continue to benefit from a strong, export-oriented German industry and Germany's excellent position as a logistics center. Until the implementation of the Federal Transport Infrastructure Plan 2030, which has now been adopted, the maintenance of Germany's infrastructure remains a major challenge.

In addition to the Western and Northern European regions, which are very important today, Eastern and Southern Europe also likely to become more important again. Increasing production volumes in Eastern Europe could offer interesting prospects for logistics due to the shorter distance through the delivery of high quality primary products from Western Europe.

Key factors for future sector development include increasing customer demands on performance and quality, a functioning transport infrastructure, the attainment of sustainability goals, changing consumer behavior as a result of innovative communications technology, demographic change, Logistics 4.0, and continued price pressure and the associated need for further process improvements (Fraunhofer, October 2018).

BUSINESS CLIMATE AMONG LOGISTICS PROVIDERS



Source: BVL/IfW

The BLG Group considers itself to be well positioned for this, as it has a distinctive service profile and a tightly organized Group and management structure that enables fast and customer-oriented decision-making.

Development of the Group in the following year

AUTOMOBILE Division

In the AUTOMOBILE Division, exports will remain a determining factor for volumes at seaports. Following a stabilization in handling volume at the Bremerhaven seaport terminal in 2018, we expect the volume to remain at the same level in 2019. Like at the AUTOMOBILE Division's other sites, space capacity at the Bremerhaven seaport terminal has been fully utilized since the start of 2018. This is particularly due to the enactment of new emissions test procedures for new car registrations. Further steps are planned for 2019 and 2020, so there is generally major uncertainty about the development of stock levels. If the stock level is persistently too high, productivity declines as a result of transshipments and additional costs.

For 2019, we expect a further improvement in productivity in car handling. We will achieve this by rigorously applying defined restructuring measures in the current process.

The seaport terminal in Cuxhaven has been expanded in recent years by expanding and optimizing the berth for seagoing vessels. For 2019, we expect stable handling at a high level, mainly due to persistently large volumes of exports to Scandinavia and the acquisition of import volumes. Uncertainties regarding handling arise from the effects of Brexit, which are still unclear.

The volume growth in the inland terminals and car transport business areas is largely dependent on the development of registrations of new cars in Germany. Here we expect a similarly good level for 2019 as in the previous year. In the inland terminals business area, the technical processing of newer used vehicles and returns from rental companies is also increasing in importance. From 2019, the Dodendorf site will be fitted out as a strategically important terminal for electric vehicles within the BLG network.

For the XXL Logistics business area, we expect further positive development in 2019. The handling volume is expected to increase slightly in 2019 both in the high & heavy area and at the Neustadt port. Wind power will continue to develop at a low level. There are no major projects for the construction of offshore wind farms in the North and Baltic Seas in the near future. As part of the development of an offshore terminal in Bremerhaven, we have been awarded the contract for the operation of the terminal. Despite the pending court proceedings and the resulting uncertainty over realization, we are reserving further capacity for the operation of the terminal.

We expect a slight increase in transport volume in the car transport business area in the 2019 financial year. A major constraining factor will be the ongoing shortage of skilled workers and thus the number of available truck drivers. In addition, high competition is leading to continuing and permanent price pressure.

The competitive situation for the transport of finished vehicles in the rail transport business area will intensify in 2019. The ad hoc transport market will remain difficult due to construction sites and personnel shortages (train drivers). Overall, however, a slight improvement in the general conditions is expected for the coming year. The sophisticated technology of the young BLG wagon fleet enables the internationally flexible use of transport of all passenger car and SUV models, across manufacturers and countries. BLG currently owns around 1,500 car transport wagons. In addition to the agreed regular transport services, ad hoc transport is a regular part of the portfolio thanks to the outstanding functionality of our wagons. Dimensions and weights, particularly among SUVs, will require the rail logistics industry to make a significant investment in wagon fleets in the coming years. With its fleet, BLG is well positioned for the future.

We expect ongoing positive development in the Southern/Eastern Europe business area in 2019. In particular, BLG has succeeded in taking over port handling operations itself by moving to the Russian port of entry Bronka, thus increasing the vertical integration. We expect volume growth from new port handling business here. A positive market trend in new vehicle registrations continues in Russia. In Poland, we assume that economic development will remain constant. Positive development is likewise expected for the seaport terminal at the Gioia Tauro site. Due to the increase in planned volumes in both transport and terminal handling, replacement and new investments are required in order to secure the business area's earnings in the long term.

CONTRACT Division

For the CONTRACT Division, it is generally true that price pressure on logistics service providers is constantly increasing and margins are declining accordingly. Due to the high level of competition, personnel cost increases from wage hikes cannot be passed to customers through price increases or it is possible to do so only to a limited extent. In addition, there is a growing tendency to make all costs as variable as possible. In return, however, no quantity guarantees are provided by the customers.

Economic trends in the industrial (Europe) business area will continue to be affected in the automotive logistics area by developments in the vehicle markets. In Bremen, a major existing contract was extended on a long-term basis in 2017. Together with a new business started in 2017, capacities at the Bremen logistics center are fully utilized.

For our Düsseldorf site, the results of operations were stabilized via the better allocation of hall space. At the Leipzig site, we expect significant sales reductions and corresponding earnings adjustments in 2019 due to a customer production change. At all other European locations of this business area, we expect steady business development involving new businesses.

In the industrial (overseas) business area, the projected sales and production volumes of customers and suppliers in the US cannot currently be achieved. In addition, higher costs are being incurred due to the challenges involved with starting up. The volume ramp-up is expected to be complete in August 2019. Additional new businesses are to be acquired in parallel. We expect positive business development at the locations in South Africa and India and steady business development in Malaysia.

The development of the trade logistics business area in the 2019 financial year will be characterized by stable income from existing businesses and the implementation of large-scale projects. Due to the loss of an anchor customer in textile logistics, a negative contribution to earnings is expected in the 2019 financial year as a result of the delayed acquisition of new business. In the trade logistics business area, we are working continuously on extending the vertical integration of our business in order to successfully establish all sites over the long term.

In the freight forwarding business area, the freight forwarding companies of the Kitzinger Group were merged with those of the FORTRA Group in the current financial year. The business area is organized into the three divisions sea freight, air freight and land transport, which make roughly equal contributions to earnings. Overall, we assume that business will develop steadily in this business area.

Our business model will continue to enable us to be successful in the market and achieve long-term competitive cost structures through ongoing productivity improvements. We assume that business will develop solidly in most locations.

CONTAINER Division

There is continued high competitive pressure on container shipping companies as the growth in the global economy is not sufficient to fully utilize the shipowners' tonnage and to solve the structural problems of container shipping. Not least due to the large number of newly built container ships, this gives rise to uncertainty for the CONTAINER Division.

In particular, this can affect the further cooperation and concentration of container shipping companies here. As a result, additional price pressure on the terminals cannot be ruled out.

Considerable growth in handling is expected at the Hamburg site from January 2019 due to the whole-year effect of the acquisition of the Far East service of the Hyundai shipping company, which was acquired during the previous year; the growth from the handling volumes of Hamburg Süd; and the newly acquired OCEAN Alliance Far East service FAL3 operated by CMA CGM.

At the Bremerhaven site, the handling volume is expected to decline by around 10 percent in the 2019 financial year as a result of the relocation of THE Alliance's transatlantic services to HHLA Container Terminal Altenwerder in Hamburg. Here, it is important to work continuously in the next few years to maintain and improve the competitive position and regain handling volumes.

Achieving reasonable capacity utilization of the EUROGATE Container Terminal in Wilhelmshaven remains of high importance for the EUROGATE Group.

In a highly competitive environment, the handling volumes at the Wilhelmshaven site continued to develop very positively for the third year in a row with double-digit handling growth in the 2018 financial year, but nowhere near enough to allow the company to break even. Wilhelmshaven is predestined for the handling of large container ships. Especially in light of the increasing size of ships and the associated tightening nautical restrictions of the shipping channels of the Outer Weser and Elbe Rivers and in view of the fact that the leading container shipping companies will put additional vessels with a capacity of up to 23,000 TEU into operation in the coming years, however, Wilhelmshaven has a good chance of acquiring further liner services.

The STRADegy project on the automation of straddle carriers has made further progress. The active test phase of the pilot test facility was started at the beginning of 2019. The results for the decision on whether to use automated straddle carriers in commercial terminal operations are expected to be available at the end of the fourth quarter of 2019.

In view of the prospects described above and the expected losses still to be incurred by EUROGATE Container Terminal Wilhelmshaven in 2019, a slight decline in earnings is expected for the 2019 financial year with a slight increase in handling volumes. This is attributable in particular to rising preliminary costs for the STRADegy automation project and initially negative earnings effects in net interest income in connection with the first-time application of IFRS 16 (Leases).

Results in the division are still influenced mainly by the container terminals segment and by handling volumes and rates, which are significant influencing factors here.

Central functions

Administrative costs in the central functions of BLG are reviewed constantly. In order to meet the efficiency requirements, objectives such as digitalization, automation, standardization and the transformation into a data-driven organization are being implemented and developed intensively.

Planned capital expenditure

We adjust our investment plans to the constantly changing market conditions. Significant expansion, process optimization and replacement investments are planned in the coming year in the AUTOMOBILE Division, e.g. for the continuous replacement of older trucks in the car transport business area. In the Bremerhaven seaport terminal, investments are focusing on various measures to expand and modernize spaces and buildings and the modernization of handling equipment in the high & heavy area. In addition, investments will be made to optimize the division's IT network and upgrade the LED lighting. In the CONTRACT Division, investments relate to the development and expansion of new logistics centers and the expansion of existing businesses in the areas of industrial and trade logistics. In both divisions, an investment volume of about EUR 85 million is planned for the necessary expansion and replacement investments and investments in process optimization.

This capital expenditure will be mainly financed through borrowing.

Overall statement on the expected development of the Group

In 2019, the business climate will be characterized by numerous external economic risks and further shortages of skilled workers, which could narrow the prospects for growth. It will also be influenced by factors included the further course of the United Kingdom's exit from the European Union, the further course of US foreign policy and the European elections in May 2019.

In the AUTOMOBILE Division, we expect positive development of earnings in the XXL Logistics and AutoRail business areas in 2019. We expect handling volumes to remain constant at the seaport and inland terminals. We expect balanced growth in the business areas of the CONTRACT Division in 2019. We expect the CONTAINER Division to be significantly influenced by strong competition, overcapacity at the container terminals, the difficult-to-predict development of cargo handling, and the fact that the EUROGATE Container Terminal in Wilhelmshaven is not yet operating at full capacity.

2019 FORECAST

↗	→	↗
EBT +5–8 %	Sales at previous year's level	EBT margin +5–8 %

We expect sales to grow slightly in the AUTOMOBILE Division with a corresponding increase in EBT. We also anticipate a slight increase in sales and EBT for the CONTRACT Division. The ongoing restructuring measures for the AUTOMOBILE and CONTRACT Divisions will have positive effects on productivity and thus on results in 2019. In view of the prospects for the CONTAINER Division described above and the expected losses still to be incurred by EUROGATE Container Terminal Wilhelmshaven in 2019, a slight decline in earnings is expected for the 2019 financial year with a slight increase in handling volumes. Against this backdrop, we expect BLG Group sales in 2019 to be at the previous year's level, EBT to increase by 5 to 8 percent and the EBT margin to increase accordingly.

We will continue to give our shareholders an appropriate share in earnings in line with business performance in the future.

This annual report was prepared on the basis of German Accounting Standard 20 (DRS 20) in the current version. Apart from historical financial information, it contains statements on the future development of the business and the business results of the BLG Group which are based on estimates, forecasts and expectations, and can be identified by wording such as "assume," "expect" or similar terms. These statements may, of course, vary from actual future events or developments. We are not under any obligation to update these future-oriented statements with new information.

WE EXPECT STABLE AND POSITIVE BUSINESS PERFORMANCE GOING FORWARD.

03

Group Financial Statements

CONSOLIDATED INCOME STATEMENT

EUR thousand	Reference	2018	2017
Sales	4	1,141,326	1,087,817
Other operating income	5	60,976	45,654
Cost of materials	6	-526,994	-525,407
Personnel expenses	7	-419,405	-365,544
Depreciation and amortization of non-current intangible assets and property, plant and equipment	8	-38,005	-43,579
Other operating expenses	9	-211,116	-200,177
Income from non-current financial receivables		32	131
Other interest and similar income	11	1,174	1,005
Interest and similar expenses	11	-5,978	-6,792
Income from companies accounted for using the equity method	10	35,421	42,245
Income from other long-term equity investments and affiliated companies		96	93
Depreciation and amortization of investments and non-current financial receivables	9	0	-1,919
Earnings before taxes		**37,527**	**33,528**
Income taxes	33	-2,714	-1,570
Consolidated net income		**34,813**	**31,957**
Consolidated net income is allocated as follows:			
BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-		2,541	2,315
BLG LOGISTICS GROUP AG & Co. KG		28,629	27,235
Non-controlling interests		3,643	2,407
		34,813	**31,957**
Earnings per share (diluted and basic)	21	**EUR 0.66**	**EUR 0.60**
of which from continuing operations		EUR 0.66	EUR 0.60
Dividend of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-	22	**EUR 0.45**	**EUR 0.40**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Reference	2018	2017
Consolidated net income		**34,813**	**31,957**
Other comprehensive income after income taxes			
Items that are not subsequently reclassified to profit or loss	34		
Remeasurement of net pension obligations		1,890	4,403
Income taxes on items that are not subsequently reclassified to profit or loss		-267	-746
Interest of companies accounted for using the equity method in items that are not subsequently reclassified to profit or loss		1,412	2,152
		3,035	**5,809**
Items that can subsequently be reclassified to profit or loss	34		
Currency translation		-1,084	987
Change in the measurement of derivative financial instruments		-345	812
Income taxes on items that can subsequently be reclassified to profit or loss		57	-40
Interest of companies accounted for using the equity method in items that can subsequently be reclassified to profit or loss		-672	-577
		-2,044	**1,182**
Other comprehensive income after income taxes		**991**	**6,991**
Group total comprehensive income		**35,804**	**38,948**
Group total comprehensive income is allocated as follows:			
BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-		2,541	2,315
BLG LOGISTICS GROUP AG & Co. KG		29,758	34,235
Non-controlling interests		3,505	2,398
		35,804	**38,948**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand **ASSETS**	Reference	**12/31/2018**	12/31/2017
A. Non-current assets			
I. Intangible assets	12		
1. Goodwill		25,633	25,628
2. Other intangible assets		7,058	16,250
3. Advance payments on intangible financial assets		464	1,681
		33,155	**43,560**
II. Property, plant and equipment	13		
1. Land, land rights and buildings, including buildings on third-party land		167,522	177,314
2. Technical plant and equipment		67,455	61,148
3. Other equipment, operating and office equipment		19,933	15,476
4. Advance payments and assets under construction		4,123	1,615
		259,033	**255,553**
III. Investments	15		
1. Shares in affiliated companies		0	340
2. Shares in companies accounted for using the equity method		144,392	133,076
3. Other investments		0	218
		144,392	**133,634**
IV. Non-current financial receivables	16	969	705
V. Other non-current assets	18	541	15
VI. Deferred taxes	35	4,633	3,486
		442,723	**436,954**
B. Current assets			
I. Inventories	17	9,369	8,687
II. Trade receivables	18	196,974	188,295
III. Other assets	18	62,164	58,763
IV. Reimbursement rights from income taxes	35	1,550	1,604
V. Cash and cash equivalents	19	15,222	14,338
		285,279	**271,686**
		728,002	**708,641**

EUR thousand

LIABILITIES	Reference	12/31/2018	12/31/2017
A. Equity	20		
I. Consolidated capital of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-			
1. Subscribed capital		9,984	9,984
2. Retained earnings			
a. Legal reserve		998	998
b. Other retained earnings		10,234	9,229
		21,216	**20,211**
II. Consolidated capital of BLG LOGISTICS GROUP AG & Co. KG			
1. Limited liability capital		51,000	51,000
2. Capital reserves		50,182	50,182
3. Retained earnings		174,703	163,383
4. Other reserves		-44,538	-47,572
5. Reserve for the fair value measurement of financial instruments		-2,225	-2,083
6. Foreign currency translation reserve		-8,715	-7,009
		220,407	**207,900**
III. Non-controlling interests		9,218	7,485
		250,841	**235,596**
B. Non-current liabilities			
I. Long-term loans (not including the current portion)	23	90,580	102,255
II. Other non-current financial liabilities	24	19,410	25,703
III. Deferred government grants	25	2,462	2,314
IV. Other non-current liabilities	28	1,608	512
V. Non-current provisions	26	56,074	55,016
VI. Deferred taxes	33	1,319	2,697
		171,453	**188,497**
C. Current liabilities			
I. Trade payables	27	93,215	86,570
II. Other current financial liabilities	24	120,223	116,964
III. Current portion of government grants	25	86	85
IV. Other current liabilities	28	54,757	50,698
V. Payment obligations from income taxes	36	8,049	6,775
VI. Current provisions	29	29,378	23,456
		305,708	**284,547**
		728,002	**708,641**

SEGMENT REPORTING

EUR thousand	AUTOMOBILE 2018	AUTOMOBILE 2017	CONTRACT 2018	CONTRACT 2017
Sales with external third parties	**553,125**	**550,220**	**599,229**	**547,827**
Inter-segment sales	4,341	5,308	6,686	4,922
Earnings from companies accounted for using the equity method	936	397	477	907
EBITDA	36,310	34,207	31,457	37,293
Depreciation, amortization and write-downs	-17,195	-16,406	-19,971	-26,426
Segment earnings (EBIT)	**19,115**	**17,801**	**11,486**	**10,867**
Interest income	31	49	1,149	1,075
Interest expenses	-3,618	-4,130	-5,464	-6,118
Earnings from other equity investments	2	3	87	82
Depreciation and amortization of investments	0	-568	0	-1,350
Segment earnings before taxes (EBT)	**15,530**	**13,155**	**7,258**	**4,556**
EBT margin	**2.8%**	**2.4%**	**1.2%**	**0.8%**
Other information				
Other non-cash events	174	1,958	27	2,244
Impairment	-15	0	-3,284	-9,359
Shares in companies accounted for using the equity method	5,946	5,941	2,091	3,317
Goodwill included in segment assets	5,084	5,084	11,795	11,795
Segment assets	309,503	290,727	247,098	239,663
Investments in non-current intangible assets and property, plant and equipment	19,644	13,913	12,646	4,735
Segment liabilities	180,083	158,161	181,642	161,484
Equity	101,427	96,590	22,621	26,016
Employees	3,193	2,929	5,946	4,885

CONTAINER		All segments		Reconciliation		Group	
2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
301,982	**303,954**	**1,454,336**	**1,402,001**	**-313,010**	**-314,184**	**1,141,326**	**1,087,817**
2,215	2,376	13,242	12,606	-13,242	-12,606	0	0
2,099	2,218	3,512	3,522	31,909	38,723	35,421	42,245
64,988	75,389	132,755	146,889	-52,547	-62,301	80,208	84,588
-23,245	-23,029	-60,411	-65,861	22,406	22,282	-38,005	-43,579
41,743	**52,360**	**72,344**	**81,028**	**-30,141**	**-40,019**	**42,203**	**41,009**
1,144	1,155	2,324	2,279	-1,118	-1,143	1,206	1,136
-5,589	-5,456	-14,671	-15,704	8,693	8,912	-5,978	-6,792
111	313	200	398	-104	-305	96	93
0	0	0	-1,918	0	0	0	-1,918
37,409	**48,372**	**60,197**	**66,083**	**-22,670**	**-32,555**	**37,527**	**33,528**
12.4%	**15.9%**	**4.1%**	**4.7%**	**n.i.**	**n.i.**	**3.3%**	**3.1%**
4,326	2,474	4,527	6,676	-4,325	-5,765	202	911
-834	-344	-4,133	-9,703	834	344	-3,299	-9,359
109,358	113,890	117,395	123,148	26,997	9,928	144,392	133,076
512	512	17,391	17,391	8,242	8,238	25,633	25,629
364,703	341,493	921,304	871,883	-343,878	-301,408	577,426	570,475
18,855	12,741	51,145	31,389	-17,976	-11,660	33,169	19,729
199,948	213,554	561,673	533,199	-215,240	-231,223	346,433	301,976
135,381	123,005	259,429	245,611	-8,588	-10,015	250,841	235,596
1,612	1,578	10,751	9,392	-1,284	-1,285	9,467	8,107

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Reference	I. Consolidated capital of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- Subscribed capital	Retained earnings	Total
As of January 1, 2017	20	**9,984**	**9,448**	**19,432**
Changes in financial year				
Consolidated net income		0	2,315	2,315
Income and expenses recognized directly in equity	33	0	0	0
Group total comprehensive income		**0**	**2,315**	**2,315**
Dividends/withdrawals		0	-1,536	-1,536
Contributions		0	0	0
Acquisitions of interest to preserve control		0	0	0
Other changes		0	0	0
As of December 31, 2017	20	**9,984**	**10,227**	**20,211**
Changes due to IFRS 9[1]		0	0	0
As of December 31, 2017		**9,984**	**10,227**	**20,211**
Changes in financial year				
Consolidated net income		0	2,541	2,541
Income and expenses recognized directly in equity	33	0	0	0
Group total comprehensive income		**0**	**2,541**	**2,541**
Dividends/withdrawals		0	-1,536	-1,536
Contributions		0	0	0
Acquisitions of interest to preserve control		0	0	0
Other changes		0	0	0
As of December 31, 2018	20	**9,984**	**11,232**	**21,216**

[1] Please refer to note 1 to the consolidated financial statements for information on the adjustments in accordance with IFRS 9.

II. Consolidated capital of BLG LOGISTICS GROUP AG & Co. KG							III. Non-controlling interests	
Limited liability capital	Capital reserves	Retained earnings	Other reserves	Reserve for the fair value measure-ment of financial instruments	Foreign currency translation	Total	Total	Total
51,000	**50,182**	**156,054**	**-53,559**	**-3,180**	**-8,074**	**192,423**	**7,452**	**219,307**
0	0	27,235	0	0	0	27,235	2,407	31,957
0	0	0	5,814	1,097	89	7,000	-9	6,991
0	**0**	**27,235**	**5,814**	**1,097**	**89**	**34,235**	**2,398**	**38,948**
0	0	-20,428	0	0	0	-20,428	-2,366	-24,330
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	522	173	0	976	1,671	0	1,671
51,000	**50,182**	**163,383**	**-47,572**	**-2,083**	**-7,009**	**207,901**	**7,484**	**235,596**
0	0	2,637	0	0	0	2,637	-2	2,635
51,000	**50,182**	**166,020**	**-47,572**	**-2,083**	**-7,009**	**210,538**	**7,482**	**238,231**
0	0	28,629	0	0	0	28,629	3,643	34,813
0	0	0	3,034	-142	-1,763	1,129	-138	991
0	**0**	**28,629**	**3,034**	**-142**	**-1,763**	**29,758**	**3,505**	**35,804**
0	0	-20,112	0	0	0	-20,112	-2,687	-24,335
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	166	0	0	57	223	918	1,141
51,000	**50,182**	**174,703**	**-44,538**	**-2,225**	**-8,715**	**220,407**	**9,218**	**250,841**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Reference	**2018**	2017
Earnings before taxes		37,527	33,528
Depreciation of non-current intangible assets, property, plant and equipment, investments and non-current financial receivables		38,005	45,497
Earnings from disposals of property, plant and equipment		617	456
Earnings from companies accounted for using the equity method		-35,421	-42,245
Earnings from other equity investments		-96	-93
Net interest income		4,772	5,656
Other non-cash events		202	911
		45,606	**43,710**
Change in trade receivables		-2,713	5,120
Change in other assets		-9,679	-854
Change in inventories		-682	-866
Change in government grants		149	-43
Change in provisions		6,694	5,549
Change in trade payables		-5,211	-1,475
Change in other liabilities		-3,927	-1,810
		-15,369	**5,621**
Proceeds from interest		1,203	1,135
Payments for interest		-4,071	-4,501
Payments for taxes on income		-4,042	-4,325
		-6,910	**-7,691**
Cash flow from operating activities		**23,327**	**41,640**
Proceeds from disposals of property, plant and equipment and intangible assets		1,477	1,608
Payments for investments in property, plant and equipment and intangible assets		-33,170	-19,729
Proceeds from disposals of investments		181	11,825
Payments for investments in companies accounted for using the equity method		-13,050	-8,122
Payments for granting loans to investees		-57	-1,156
Proceeds from repayment of loans to investees		81	508
Proceeds from/payments for company acquisitions minus cash acquired		6,513	-2,696
Proceeds from dividends received		47,674	26,717
Cash flow from investing activities		**9,649**	**8,955**
Proceeds from repayment of loans to company owners		1,325	1,595
Payments for granting loans to company owners		-2,387	-1,325
Payments to company owners		-24,335	-24,330
Payments from the repayment of promissory note loans		-19,000	0
Proceeds from financial loans		8,360	0
Payments from the repayment of financial loans		-21,586	-36,902
Proceeds from the borrowing of short-term financing from investees		150	0
Proceeds from repayment of lease receivables		179	117
Borrowing lease liabilities		230	411
Payment to repay lease liabilities		-506	-692
Cash flow from financial activities	37	**-57,570**	**-61,126**
Net change in cash and cash equivalents		-24,594	-10,531
Change in cash and cash equivalents due to currency translation influences		-938	11
Cash and cash equivalents at start of financial year		-14,093	-3,572
Cash and cash equivalents at end of financial year	37	**-39,625**	**-14,092**
Composition of cash and cash equivalents at end of financial year			
Cash		15,222	14,338
Current liabilities to banks		-54,847	-28,430
		-39,625	**-14,092**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Principles

1. Principles of Group accounting

BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, (BLG AG) and BLG LOGISTICS GROUP AG & Co. KG, Bremen, (BLG KG), two companies that are legally, economically and organizationally closely affiliated due to their identical management bodies and special ownership structure, form the head of the BLG Group (BLG LOGISTICS). As BLG AG does not consider control over BLG KG to exist within the meaning of IFRS 10, it prepares consolidated financial statements (combined financial statements) together with BLG KG under the name BLG LOGISTICS with BLG AG and BLG KG as a single parent company.

The consolidated financial statements for BLG LOGISTICS for the 2018 financial year were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and their interpretations by the IFRS Interpretations Committee (IFRIC). The application of these standards became mandatory on December 31, 2018. All IFRS and IFRIC were observed that have been published and adopted in the endorsement process of the European Union and whose application is mandatory.
The accounting policies were applied consistently by all Group companies for all periods specified in the consolidated financial statements.

The financial year of BLG AG and BLG KG and of their consolidated subsidiaries is the calendar year. The reporting date of the consolidated financial statements is the closing date of the preparing companies.

The companies BLG AG (HRB 4413) and BLG KG (HRA 21448), which are entered in the Commercial Register of the District Court of Bremen, have their registered office at Präsident-Kennedy-Platz 1, Bremen, Germany.

The consolidated financial statements are prepared in euros. All amounts are in EUR thousand unless otherwise indicated.

The consolidated financial statements were prepared on the basis of historical acquisition costs; exceptions arise only for derivative financial instruments and financial instruments classified as "measured at fair value through profit or loss or through other comprehensive income."

The Board of Management of BLG AG submitted the consolidated financial statements to the Supervisory Board on March 18, 2019. The Supervisory Board has the task of reviewing the consolidated financial statements and stating whether it approves them.

Judgments and estimates
The preparation of the financial statements in conformity with IFRS requires estimates and the exercise of discretion in individual matters by management that may have an impact on the amounts reported in the consolidated financial statements.

Judgments
Information on judgments in applying the accounting policies that have the greatest material effect on the amounts reported in the consolidated financial statements is included in the following notes:

- Determining whether control exists (notes 38 and 39)
- Classification of leases (notes 14, 16 and 24)
- Classification of joint arrangements (notes 15 and 39)

Assumptions and estimation uncertainties
The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate in particular to the following notes:

- Measurement of goodwill (note 12)
- Recognition of deferred tax assets (note 33)
- Estimation of parameters for impairment (notes 4, 12, 16 and 18)
- Material actuarial assumptions (note 26)
- Discretion in measuring provisions and contingent liabilities (notes 29 and 24)

The estimates made were largely based on historical data and other relevant factors, including the going concern principle. Actual results may differ from these estimates.

Determination of fair values

The financial instruments of the Group accounted for at fair value are allocated to different levels of the fair value hierarchy based on the measurement method used; these levels are defined as follows:

- Level 1: Listed (unadjusted) prices in active markets for identical assets and liabilities
- Level 2: Techniques for which all inputs which have a material effect on the recognized fair value are either directly or indirectly observable
- Level 3: Techniques using inputs that have a material effect on the recognized fair value and are not based on observable market data

More information on the assumptions made in determining the fair values can be found in note 32.

Changes in accounting policies

The accounting policies applied were essentially unchanged compared with the policies applied the previous year. In addition, the Group applied the following new/revised standards and interpretations that are relevant to BLG LOGISTICS and whose application was mandatory for the first time in the 2018 financial year:

Standards	Content and significance
IFRS 9 "Financial Instruments"	This standard replaces the previous standard IAS 39 "Financial Instruments: Recognition and Measurement" and is intended to make measurement methods, loss allowances and hedging transactions more transparent. IFRS 9 contains provisions for the classification, measurement and impairment of financial instruments and for accounting for hedging instruments. The effects of the first-time application of the standard are described in detail in the "Effects of changes in accounting policies" section on pages 93 ff.
IFRS 15 "Revenue from Contracts with Customers"	IFRS 15 replaces the previous standards and interpretations on the recognition of sales, including IAS 18 "Revenue" and IAS 11 "Construction Contracts" and establishes uniform basic principles applicable to all sectors and categories of sales transactions. This relates in particular to the determination of the amount and of the time or period of the recognition of sales, which in accordance with IFRS 15 is a five-step process. In addition to the five-step model, the standard includes a number of additional requirements on matters of detail, such as the depiction of contract costs and contract modifications. In accordance with IFRS 15, sales are recognized when the customer obtains control over the goods or services. The effects of the first-time application of the standard are described in detail in the "Effects of changes in accounting policies" section on pages 94 ff.
Clarifications to IFRS 15 "Revenue from Contracts with Customers"	The amendments constitute clarifications with regard to identifying the distinct performance obligations under a contract, estimating whether an entity is the principal or agent of a transaction, and determining whether revenue from licensing must be recognized over time or at a point in time. In addition, additional expedients are introduced in connection with the requirements for transitioning to IFRS 15.

The other new/revised standards and interpretations that are relevant to BLG LOGISTICS had no material impact. For this reason, the figures from the previous year have not been restated.

The following interpretations, likewise to be applied for the first time in the 2018 financial year, resulted in no material effects on the consolidated financial statements:

Interpretations	Application required for financial years starting from
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Effects of changes in accounting policies

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" was initially applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors." BLG LOGISTICS exercised the option provided by the transitional provisions and did not adjust the previous year's figures. Changes in the carrying amounts of financial assets and financial liabilities are recognized in the consolidated statement of changes in equity as an adjustment to the opening carrying amount of retained earnings as of January 1, 2018.

The effects of the initial application of IFRS 9 on the consolidated financial statements and the material changes compared to the previously applied provisions of IAS 39 "Financial Instruments: Recognition and Measurement" are shown below.

Classification and measurement of financial assets and financial liabilities

According to IFRS 9, there are now only two measurement categories for financial assets: either at amortized cost or at fair value. The classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the assets.

Measuring debt instruments at amortized cost is only permitted if a financial asset is held within a business model whose objective is to generate contractual cash flows from the asset and the contractual arrangements provide fixed dates for the payments. In addition, these payments must be solely payments of principal and interest.

If not all these criteria are met, the measurement must be at fair value. There is an irrevocable option to measure equity instruments not held for trading at fair value through other comprehensive income. In this case, all changes in value, with the exception of dividends, must be presented in other comprehensive income without the option of reclassification to profit or loss.

The provisions contained in IAS 39 on the recognition of financial liabilities were carried over unchanged to IFRS 9 with the exception of the introduction of the fair value option, according to which there is an irrevocable option to measure financial liabilities at fair value through profit or loss.

The allocation of financial assets and financial liabilities to the categories of IAS 39 and IFRS 9 and further disclosures on the classification and measurement of financial instruments are included in note 32.

Impairment

IFRS 9 replaces the incurred loss model of IAS 39 with a loss allowance or expected loss model. The new impairment requirements apply to financial assets measured at amortized cost, lease receivables and contract assets in accordance with IFRS 15 "Revenue from Contracts with Customers." There are no other financial assets, to which the new impairment model also applies, at BLG LOGISTICS.

Financial assets measured at amortized cost primarily comprise trade receivables, cash and cash equivalents and other current financial receivables.

For trade receivables, contract assets and lease receivables, the loss allowance is recognized in accordance with the simplified approach, whereby the size of the loss allowance is determined on the basis of the lifetime expected credit losses. In this approach, changes in credit risk do not have to be tracked. As of January 1, 2018, the application of the new impairment requirements resulted in an increase in the valuation allowances on trade receivables of EUR 141,000 and the recognition of a valuation allowance on contract assets of EUR 15,000. Details on the calculation of the impairment are presented in notes 4 and 18.

The loss allowance for the other financial assets is recognized according to the general approach, whereby a loss allowance is recognized for financial assets whose credit risk has not increased significantly since initial recognition in the amount of the credit losses expected to occur within the next twelve months. For financial assets for which credit risk has increased significantly since initial recognition, a loss allowance must be recognized in the amount of the lifetime expected credit losses. The transition to IFRS 9 resulted in no requirement to restate the impairment on financial receivables. Details on the calculation of the impairment are presented in note 16.

Hedge accounting

All hedging relationships in place under IAS 39 as of December 31, 2017, meet the requirements for hedge accounting under IFRS 9 and are therefore viewed as continued hedging relationships.

Since the initial application of IFRS 9, changes in the fair value of premiums for country risks (foreign currency basis spread) that are allocable to hedging instruments have been initially recognized in equity as hedging costs in the hedge reserve and reclassified to profit or loss over the term of the hedging relationship. Further disclosures on hedge accounting are presented in note 32 in the “Derivative financial instruments” section.

IFRS 15 “Revenue from Contracts with Customers”

BLG LOGISTICS has adopted the modified retrospective approach as the transitional method for the first-time application of IFRS 15 “Revenue from Contracts with Customers.” Under this approach, the cumulative effect of the first-time application of IFRS 15 is recognized as an adjustment to the opening carrying amount of retained earnings as of January 1, 2018. The standard is only applied to contracts that have not yet been fulfilled at the time of first-time application. For this reason, the comparative information was not adjusted. In the previous year, sales were recognized in accordance with the provisions of IAS 18 “Revenue” and IAS 11 “Construction Contracts” applicable until December 31, 2017, as presented in the previous year’s financial statements.

The main changes compared to the previously applicable provisions of IAS 18 “Revenue” and IAS 11 “Construction Contracts” are presented below.

Contract assets

Receivables and sales in connection with service contracts under which services have been rendered but not yet invoiced were previously recognized under trade receivables according to the stage-of-completion method. In accordance with IFRS 15, rights to receive consideration from customers arising from the satisfaction of performance obligations are recognized as contract assets, i.e. separately from trade receivables. The reason given for the separate recognition is the fact that in the case of contract assets, in contrast to trade receivables, there is still no unconditional right to payment. Impairment on contract assets is likewise to be determined, presented and disclosed according to the expected loss model of IFRS 9.

Contract liabilities

Previously, consideration received from customers that is to recognized in full or in part as sales only in subsequent periods was presented depending on the case at hand either as advance payments received in other current liabilities or as deferred revenue in current and non-current other financial liabilities.

Under IFRS 15, advance payments by the customer and unconditional rights to receive consideration from the customer already existing before the (full) satisfaction of the performance obligations must be recognized as contract liabilities. Sales are only recognized once the services have been transferred to the customer.

Effects on the consolidated financial statements

IFRS 9 and IFRS 15 were applied for the first time without adjusting the previous year's figures. The reclassifications and adjustments due to the changed accounting policies are therefore presented in the opening statement of financial position as of January 1, 2018. Items in the statement of financial position that are not affected by the changes are grouped together as other assets and liabilities.

EUR thousand	12/31/2017 Before changes	IFRS 9	IFRS 15	01/01/2018 Adjusted
Consolidated statement of financial position (assets)				
Shares in companies accounted for using the equity method	133,076	2,769	0	135,845
Deferred taxes	3,486	61	0	3,547
Other non-current assets	300,392	0	0	300,392
Non-current assets	**436,954**	**2,830**	**0**	**439,784**
Trade receivables	188,295	-141	-5,162	182,992
Other assets	58,763	-15	5,162	63,910
Other current assets	24,629	0	0	24,629
Current assets	**271,687**	**-156**	**0**	**271,531**
Total assets	**708,641**	**2,674**	**0**	**711,315**

EUR thousand	12/31/2017 Before changes	IFRS 9	IFRS 15	01/01/2018 Adjusted
Consolidated statement of financial position (liabilities)				
Consolidated capital of BREMER LAGERHAUS GESELLSCHAFT -Aktiengesellschaft von 1877-	20,211	0	0	20,211
Consolidated capital of BLG LOGISTICS GROUP AG & Co. KG				
Retained earnings	143,307	2,637	0	145,944
Other consolidated capital of BLG LOGISTICS GROUP AG & Co. KG	64,594	0	0	64,594
	207,901	**2,637**	**0**	**210,538**
Non-controlling interests	7,484	-2	0	7,482
Equity	**235,596**	**2,635**	**0**	**238,231**
Other non-current financial liabilities	25,703	0	-1,669	24,034
Other non-current liabilities	512	0	1,669	2,181
Deferred taxes	2,698	39	0	2,737
Other non-current liabilities	159,584	0	0	159,584
Non-current liabilities	**188,497**	**39**	**0**	**188,536**
Other current financial liabilities	116,964	0	-749	116,215
Other current liabilities	50,698	0	749	51,447
Other current liabilities	116,886	0	0	116,886
Current liabilities	**284,548**	**0**	**0**	**284,548**
Total assets	**708,641**	**2,674**	**0**	**711,315**

The adjustments in accordance with IFRS 9 result from the application of the new impairment requirements and the measurement of equity investments at fair value in the EUROGATE Group subgroup accounted for using the equity method. The adjustments in accordance with IFRS 15 relate to the reclassifications of contract assets and contract liabilities. As of January 1, 2018, contract liabilities totaled EUR 4,134,000, of which EUR 2,465,000 is current and EUR 1,669,000 non-current. EUR 1,716,000 of the current contract liabilities was already included in other current liabilities. There were no other changes compared to the IAS 11 and IAS 18 arrangements in effect before the change.

The table below shows the effects of the first-time application of IFRS 9 on retained earnings including deferred taxes as of January 1, 2018.

EUR thousand	Effect of the application of IFRS 9
Retained earnings	
As of December 31, 2017, in accordance with IAS 39	143,307
Increase in shares in companies accounted for using the equity method	2,769
Increase in valuation allowances on trade receivables	-141
Valuation allowances on contract assets	-15
Change in deferred taxes	22
Non-controlling interest	2
Amount as of the beginning of the financial year in accordance with IFRS 9	**145,944**

Non-mandatory application of new or amended standards and interpretations

The application of the following standards and interpretations which were previously adopted, revised or recently issued by the IASB was not yet mandatory in 2018:

Standards/interpretations	Application required for financial years startung fromr[1]	Adoption by the EU Commission
Amendments to IFRS 3 "Business Combinations"	January 1, 2020	No
Amendments to IFRS 9 "Financial Instruments" (Prepayment Features with Negative Compensation)	January 1, 2019	Yes
IFRS 16 "Leases"	January 1, 2019	Yes
IFRS 17 "Insurance Contracts"	January 1, 2021	No
Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (Definition of Material)	January 1, 2020	No
Amendments to IAS 19 "Employee Benefits" (Plan Amendment, Curtailment or Settlement)	January 1, 2019	No
Amendments to IAS 28 "Investments in Associates and Joint Ventures" (Long-term Interests in Associates and Joint Ventures)	January 1, 2019	Yes
Various standards: Annual Improvements Project 2015-17	January 1, 2019	No
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020	No
Interpretations		
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019	Yes

BLG LOGISTICS plans to observe the new standards and interpretations in the consolidated financial statements from the date on which their initial application is mandatory. The new standards and interpretations that are relevant to the Group's operations will have an impact on the way in which the Group's financial information is published; however, they will not have any material effects on the recognition and the measurement of assets and liabilities or the presentation of the results of operations in the consolidated financial statements, with the following exception:

IFRS 16 "Leases"

The standard replaces the current provisions of IAS 17 "Leases" and the related interpretations IFRIC 4 "Determining Whether an Arrangement Contains a Lease," SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease." IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability for all leases at the commencement of the lease term. BLG LOGISTICS exercises the option to apply the exemptions provided by IFRS 16 for short-term leases and leases for low-value assets.

BLG LOGISTICS applies the modified retrospective approach for the transition to IFRS 16. Under this

[1] Date of initial application in accordance with EU law, where already adopted into EU law.

approach, the cumulative effect of the first-time application of IFRS 16 is recognized as an adjustment to the opening carrying amount of retained earnings as of January 1, 2019. Right-of-use assets from heritable building right contracts and leases for railroad cars are recognized at the value that would have resulted if IFRS 16 had always been applied, but using the incremental borrowing rate at the date of initial application. Other right-of-use assets are recognized in the amount of the lease liabilities, corrected for advance payments or deferred lease payments. The comparative figures from the previous year are not adjusted.

During the term of the lease, the lease liability is adjusted for interest and lease payments in line with IFRS 9, while the right-of-use asset is amortized. This generally results in higher expenses at the commencement of the lease term. As amortization and interest expenses instead of rental expenses will be recognized in profit or loss in the future, the application of the new standards results in an increase in EBITDA. This also results in an increase in EBIT, as the interest component, i.e. the annual interest on the lease liability, is not included here. The effects on EBT depend on the age structure of the lease portfolio at the end of the respective reporting period.

As well as a lessee, we are also a lessor for our customers, especially in the case of subleases and occasionally through our contracts with customers. The provisions of IFRS 16 for lessors are essentially the same as the previous requirements in accordance with IAS 17. However, subleases will be classified in the future on the basis of the right-of-use asset from the head lease instead of the underlying asset. Because of the term criterion under IFRS 16, this more frequently results in a classification of subleases as finance leases, as the terms of the head lease and sublease are often coordinated. If BLG is the lessor in a finance lease, a lease receivable is recognized instead of the right-of-use asset. There is therefore no amortization, and sales are reduced in line with the repayment of the lease receivable. Earnings effects can normally only arise from interest differences between the head lease and the contract with the customer.

BLG LOGISTICS currently expects the first-time application of IFRS 16 to extend the statement of financial position by between EUR 500 million and EUR 520 million, of which EUR 265 to 275 million is attributable to the recognition of right-of-use assets and EUR 235 to 245 million to the recognition of lease receivables. Please also refer to the obligations from operating leases described in note 14.

The extension of the statement of financial position will lower the equity ratio. In addition, the selected transition method will result in a non-recurring effect in equity resulting from the different measurement of the right-of-use asset and lease liability. According to current knowledge, the reduction in equity will range between EUR -20 million and EUR -25 million.

For EBITDA, BLG LOGISTICS expects an increase of between EUR 30 million and EUR 40 million. Despite this compensatory effect, leverage will increase because the recognition of lease liabilities will significantly increase net debt. The increase in liabilities is expected to range from EUR 520 million to EUR 540 million.

Segment reporting and operating earnings

2. Operations of the BLG Group

As an international seaport-oriented logistics service provider with AUTOMOBILE, CONTRACT and CONTAINER Divisions for its customers in industry and commerce, the BLG Group is represented in over 100 subsidiaries and offices in Europe, North and South America, Africa and Asia.

The services offered range from seaport terminals in Europe to complex international supply chain management with value-added services. The main services of the divisions, divided into business areas, are presented below.

AUTOMOBILE
The AUTOMOBILE Division offers a full range of finished vehicle logistics services in its seaport terminals, inland terminals, XXL Logistics, car transport, AutoRail and Southern/Eastern Europe business areas. In the XXL Logistics business area, the focus is on port handling of project cargo and conventional goods, as well as logistics activities for producers of wind turbines.

The locations of the **seaport terminals** business area serve as hubs and are export ports for European vehicle production overseas such as China, the US, Australia, South Africa, Russia and Scandinavia. As import ports, these terminals offer all services for the European vehicle market. In addition to passenger car handling, the services also include traditional warehouse logistics and a large number of technical services such as pre-delivery inspection (PDI), special installations and conversions.

The **inland terminals** offer short distances to the European highway network, have their own railway connections, and most have a direct connection to the waterways. This network creates reliable logistics chains from car manufacturers around the world to car dealers in the destination countries. The services include passenger car handling, warehouse logistics and technical services, e.g. the preparation of newer used vehicles.

In addition, through its **Southern/Eastern Europe** business area, BLG is represented by several maritime and inland terminals in Italy, Poland, Russia and Ukraine.

The **XXL Logistics** business area offers tailor-made logistics solutions for goods with special requirements. These include the handling, storage and proper treatment of paper and forest products, pipes, sheet metal and project cargo, as well as the handling of other heavy or bulky goods such as agricultural machinery, buses and trucks, transformers, locomotives and railroad cars. Logistics for offshore and onshore wind energy are integrated into this business area. This area develops and implements customized, comprehensive logistics concepts to coordinate and manage the supply chain of wind turbines and their components from production to installation at sea and on land across all stages of the value chain.

The **car transport and AutoRail** business areas offer transport by road, rail and inland waterways. The services also include individual transports and special shuttle concepts. We are constantly investing in the modernization of our fleets in order to be able to offer our customers low-emission transport chains.

In the AUTOMOBILE Division, sales are normally recognized in the amount permitted to be invoiced, as the invoiced amounts correspond directly with the value of the performance completed to date. The services are mostly invoiced and paid on a monthly basis. This is based on the number of vehicles processed or transported and the agreed unit prices. In some cases, the invoice is issued before the performance obligation is fully met or only after all performance steps have been carried out. The portion of the consideration received from customers for which the services have not yet been performed is recognized as contract liabilities in the statement of financial position. In these cases, the sales are only recognized once the services have been transferred to the customer. Services already performed for which no invoice has yet been issued are recognized as contract assets in the statement of financial position.

CONTRACT

The CONTRACT Division develops customized logistics solutions. The focus of its services is on automotive parts, industrial and production logistics, trade and distribution logistics as well as freight forwarding services.

The **industrial logistics (Europe and overseas)** business areas include logistics activities for the manufacturing industry. For car manufacturers, this includes the procurement logistics of the suppliers, the supply of production lines, as well as consolidation, processing, packaging and shipping in order to supply production plants. Complex system services ensure the reliable supply of assembly lines in Germany and abroad. With the pre-assembly of vehicle components and production-related work processes, the industrial logistics business area serves as an extended workbench of automobile manufacturers.

In industrial companies in other sectors, complex goods flows relating to production are designed and optimized. The range of services also includes the supply and disposal of production lines, on-site logistics for the optimal design of internal goods flows, empties management and complex assemblies.

Complex logistics processes are designed, implemented, managed and executed for trading companies in the **trade logistics** business area. In all sectors of the trade logistics business area, solutions are offered to customers from a single source. This applies in particular to the areas of e-commerce, cross-channel retailing, processing and value-added services for goods, the collection and processing of returns, as well as the handling of flat and hanging merchandise in the fashion logistics segment. Individual innovative solutions for well-known customers, such as the use of drone-based operational processes at the Emmerich site, ensure that comprehensive information and product movements are available via in-house IT expertise. In addition, the trade logistics business area includes the handling and storage of refrigerated and frozen goods at the Bremerhaven container terminal as well as all related services.

The **freight forwarding** business area serves to increase vertical integration and the cross-divisional control of the flow of goods with simultaneous expansion of the use of the company's own terminal and logistics capacities. The services include the arrangement of a wide range of freight forwarding services domestically and abroad and for import and export. The range of services also includes customs processing and the forwarding of air freight via aviation security agents.

In the CONTRACT Division, sales are usually recognized in the amount permitted to be invoiced, as the invoiced amounts correspond directly with the value of the performance completed to date. The services are mostly invoiced and paid on a monthly basis. In the freight forwarding business area, invoices are issued at shorter intervals, e.g. weekly. Capital-intensive services such as the provision of space and storage facilities are largely invoiced at fixed prices, but sometimes also according to actual use. The invoicing of personnel-intensive services is based on prices per performance unit or a combination of fixed basic remuneration and variable remuneration per performance unit, sometimes using volume tiers.

CONTAINER

The CONTAINER Division is being developed by the joint venture EUROGATE GmbH & Co. KGaA, KG, Bremen, in which BLG holds a 50 percent share. EUROGATE has its own subsidiaries and investees. The EUROGATE Group companies are included in the consolidated financial statements using the equity method.

The focus of the activities of the EUROGATE Group includes handling containers on the European continent. EUROGATE operates, in some cases with partners, container terminals in Bremerhaven, Hamburg and Wilhelmshaven in Germany; at the Italian locations La Spezia, Gioia Tauro, Cagliari, Ravenna and Salerno; and in Lisbon, Portugal; Tangier, Morocco; Ust-Luga, Russia; and Limassol, Cyprus. In addition, EUROGATE has investments in several inland terminals and rail transport companies.

Intermodal services (the transport of sea containers to and from the terminals), repairs, depot storage and trading of containers, cargo-modal services and technical services are offered as secondary services.

3. Notes on segment reporting

In accordance with IFRS 8, segmentation is based on the internal control and reporting structure. With regard to the BLG Group, this means that segments are reported by division in line with the Group structure, i.e. the CONTAINER Division is still recognized as its own segment in segment reporting and is eliminated again in the reconciliation column. At the same time, the earnings from companies accounted for using the equity method, which primarily include the earnings of the CONTAINER Division, are reported as part of EBIT in line with internal control. This also applies to the other companies accounted for using the equity method.

With one exception, entire companies are assigned to the AUTOMOBILE, CONTRACT and CONTAINER Divisions. These companies each represent operating segments, which are grouped together for reporting according to division, as they operate in a similar economic environment and are very similar in their services, processes and customer groups.

The AUTOMOBILE and CONTRACT Divisions are subdivided into ten business areas. Responsibility for the operational management of the business areas, including earnings responsibility, lies with the relevant business area managers of the AUTOMOBILE and CONTRACT Divisions, and with the Group management of the subgroup EUROGATE GmbH & Co. KGaA, KG for the CONTAINER Division.

The AUTOMOBILE Division essentially comprises the companies BLG AutoTerminal Bremerhaven GmbH & Co. KG, BLG AutoTerminal Deutschland GmbH & Co. KG, BLG AutoTransport GmbH & Co. KG and BLG AutoRail GmbH.

The significant companies of the CONTRACT Division are BLG Industrielogistik GmbH & Co. KG, BLG Handelslogistik GmbH & Co. KG, BLG Sports & Fashion Logistics GmbH, and BLG International Forwarding GmbH & Co. KG.

The CONTAINER Division includes the 50 percent stake in the operational management company EUROGATE GmbH & Co. KGaA, KG of the EUROGATE Group.

The operations of the divisions are described in detail in note 2. Segment reporting is presented on page 86 f.

BLG AG and BLG KG, as the management and financial holding company of the BLG Group, are not an operating segment as defined by IFRS 8. These central functions, with their assets, liabilities and results, are included in the reconciliation column. For disclosures regarding employees, the central functions are referred to as “Services.” The relevant disclosures can be found on page 51 in the group management report.

The BLG Group is predominantly active in Germany. EUR 1,099,813,000 of Group sales (previous year: EUR 1,041,160,000) is attributable to Germany and EUR 41,513,000 (previous year: EUR 46,657,000) to other countries. This allocation is based on the location at which the Group performs services. EUR 282,149,000 of the Group’s non-current intangible assets and property, plant and equipment (previous year: EUR 295,167,000) are in Germany and EUR 10,039,000 (previous year: EUR 3,947,000) are in other countries.

Around 17 percent of total Group sales were generated with the Group’s largest customer in the AUTOMOBILE and CONTRACT Divisions. Of this amount, EUR 182,627,000 (previous year: EUR 172,349,000) is attributable to Germany and EUR 9,665,000 (previous year: EUR 7,403,000) to other countries. Around 11 percent of total Group sales were generated with the Group’s second-largest customer in the AUTOMOBILE and CONTRACT Divisions. Of this amount, EUR 122,021,000 (previous year: EUR 99,653,000) is attributable to Germany and EUR 4,066,000 (previous year: EUR 5,057,000) to other countries.

Control of the BLG Group is on the basis of the financial data of the operating segments determined in accordance with IFRS; the accounting policies apply to the segments in the same way as for the entire Group. The key performance indicators for the segments are earnings before taxes (EBT), sales and EBT margin.

Depreciation and amortization relate to the segments’ property, plant and equipment.

Segment assets do not include shares in companies accounted for using the equity method, or deferred or current taxes. There are no segment assets not required for operations.

Segment liabilities include those necessary for financing current liabilities, and provisions excluding interest-bearing loans.

Investments are additions to property, plant and equipment and non-current intangible assets.

The reconciliation of the total of the reportable segments with the Group data is as follows for the main items of segment reporting:

Sales with external third parties EUR thousand	2018	2017
Total of the reportable segments	1,454,336	1,402,001
CONTAINER Division	-301,982	-303,954
Consolidation	-11,028	-10,230
Group sales	**1,141,326**	**1,087,817**

EBIT EUR thousand	2018	2017
Total of the reportable segments	72,344	81,028
Central functions/other EBIT	-17,848	-23,697
CONTAINER Division	-41,743	-52,360
Consolidation	29,450	36,038
Group EBIT	**42,203**	**41,009**

EBT EUR thousand	2018	2017
Total of the reportable segments	60,197	66,083
Central functions/other EBT	41,152	37,538
CONTAINER Division	-37,409	-48,372
Consolidation	-26,413	-21,721
Group segment earnings (EBT)	**37,527**	**33,528**

Assets EUR thousand	2018	2017
Total of the reportable segments	921,304	871,883
Central functions/other assets	622,241	594,221
Shares in companies accounted for using the equity method	144,392	133,076
Deferred tax assets	4,633	3,486
Reimbursement rights from income taxes	1,550	1,604
CONTAINER Division	-364,703	-341,493
Consolidation	-601,415	-554,136
Group assets (assets)	**728,002**	**708,641**

Liabilities EUR thousand	2018	2017
Total of the reportable segments	561,673	533,199
Central functions/other liabilities	170,101	131,224
Long-term loans (not including the short-term portion)	90,580	102,255
Other non-current financial liabilities	19,410	25,703
Deferred tax liabilities	1,319	2,698
Short-term portion of long-term loans and finance leases	19,419	40,414
CONTAINER Division	-199,948	-213,554
Consolidation	-185,393	-148,894
Group liabilities	**477,161**	**473,045**

4. Revenue from contracts with customers

Sales
In accordance with IFRS 15, sales are recognized either at a point in time or over time when or as the performance obligation is satisfied and control is passed to the customer.

The amount of the sales is based on the consideration agreed with the customer in exchange for transferring the promised goods or services.

The main services of the divisions, divided into business areas, are described in note 2.

At BLG LOGISTICS, sales are normally recognized pursuant to IFRS 15.B16 in the amount permitted to be invoiced, as the invoiced amounts correspond directly with the value of the performance completed to date. BLG LOGISTICS therefore makes use of the expedient provided by IFRS 15.121 (b) and does not disclose the amount of the remaining performance obligations for these contracts.

The tables below itemize sales by service type and by business area and allocate the subdivided sales to the AUTOMOBILE and CONTRACT Divisions. The CONTAINER Division is not included because it is accounted for using the equity method. A breakdown by sales generated in Germany and abroad is included in note 3.

By service type EUR thousand	AUTOMOBILE		CONTRACT		Total	
	2018	2017	**2018**	2017	**2018**	2017
Freight forwarding and transport services	287,243	273,419	200,460	284,755	487,703	558,174
Handling income	130,006	123,929	171,392	84,429	301,398	208,358
Other logistical services and advisory services	55,413	56,500	106,216	77,723	161,629	134,223
Rental and storage income	37,020	34,652	60,205	41,220	97,225	75,872
Material sales	10,050	21,949	10,072	9,857	20,122	31,806
Provision of personnel and equipment	2,838	7,190	10,389	11,953	13,227	19,143
Container packing	2,710	2,905	4,219	5,714	6,929	8,619
Shipping income	3,518	4,240	0	0	3,518	4,240
Other	24,326	25,436	36,276	32,176	60,602	57,612
Total	**553,124**	**550,220**	**599,229**	**547,827**	**1,152,353**	**1,098,047**
Consolidation	-4,341	-5,308	-6,686	-4,922	-11,027	-10,230
Total	**548,783**	**544,912**	**592,543**	**542,905**	**1,141,326**	**1,087,817**

By business area EUR thousand	2018	2017
AUTOMOBILE		
Seaport terminals	165,453	174,552
Inland terminals	52,929	53,625
XXL Logistics	63,350	63,404
Car transport	137,231	137,726
AutoRail	114,329	98,581
Southern/Eastern Europe	13,728	15,591
Other	1,763	1,433
	548,783	**544,912**
CONTRACT		
Industrial logistics (Europe)	251,732	235,614
Industrial logistics (overseas)	18,626	20,011
Trade logistics	204,981	195,774
Freight forwarding	117,204	91,506
	592,543	**542,905**
Total	**1,141,326**	**1,087,817**

Assets and liabilities from contracts with customers

Contract assets primarily relate to rights to receive consideration from customers arising from the satisfaction of performance obligations for which no invoice has been issued at the end of the reporting period. They are recognized under other assets in the statement of financial position (note 18). Contract assets are reclassified as trade receivables if the right to receive consideration becomes unconditional. This is the case if the payment is due or will become due automatically as a result of the passage of time.

Valuation allowances through profit or loss are recognized on the basis of expected credit losses according to the simplified approach, whereby the size of the loss allowance is determined on the basis of the lifetime expected credit losses. Changes in credit risk do not have to be tracked. Valuation allowances are reported net under other operating expenses in the income statement. Please refer to note 9.

As the risk structure of the contract assets essentially corresponds to the risk structure of the trade receivables, the same expected credit loss ratios are recognized for the valuation allowances. The calculation of credit loss ratios is described in note 18.

Contract liabilities result from advance payments by the customer or unconditional rights to receive consideration from the customer already existing before the (full) satisfaction of the performance obligations. Sales are only recognized once the services have been transferred to the customer. They are recognized under other liabilities in the statement of financial position (note 28).

EUR thousand	12/31/2018	01/01/2018
Contract assets	6,295	5,147
Contract liabilities	3,634	4,134

The table below contains information on the development of contract assets and contract liabilities.

2018 EUR thousand	Contract assets	Contract liabilities
As of January 1 (gross)	5,162	4,134
Sales recognized in the reporting year:	0	-2,461
of which included in contract liabilities at the beginning of the reporting year	0	-2,461
Increase due to payments received (not including amounts recognized as sales in the reporting year)	0	1,961
Reclassification to trade receivables (during the year)	-4,959	0
Change from progress in the reporting year	6,137	0
As of December 31 (gross)	**6,340**	**3,634**
Valuation allowances	-45	0
As of December 31	**6,295**	**3,634**

The credit risk and the expected credit losses for contract assets were as follows as of January 1, 2018, and December 31, 2018:

EUR thousand	12/31/2018	01/01/2018
	Not past due	Not past due
Expected credit loss ratio (weighted average)	0.71%	0.45%
Nominal amounts	6,340	5,162
Valuation allowances	-45	-15
Carrying amounts	**6,295**	**5,147**

Valuation allowances on contract assets developed as follows:

EUR thousand	2018	2017
Adjustments from the initial application of IFRS 9	15	0
Amount as of the beginning of the financial year in accordance with IFRS 9	**15**	**0**
Valuation allowances for the financial year		
Additions	33	0
Reversals	-3	0
Amount as of the end of the financial year	**45**	**0**

5. Other operating income

EUR thousand	2018	2017
Income from the reversal of provisions	19,685	10,071
Ground rent and rental income	9,914	9,870
Insurance reimbursements and other reimbursements	8,786	6,855
Income from the passing on of expenses	7,321	7,310
Income from prior periods	3,648	4,741
Gain on disposal of property, plant and equipment	1,220	1,145
Income from the provision of personnel	996	1,136
Income from recycling	541	715
Income from capital gains	247	77
Other	8,618	3,735
Total	**60,976**	**45,654**

6. Cost of materials

EUR thousand	2018	2017
Expenses for other purchased services	334,634	309,066
Expenses for external personnel	126,751	142,333
Expenses for raw materials, consumables and supplies	65,567	73,972
Change in inventories of work in progress and services and finished products	42	36
Total	**526,994**	**525,407**

7. Personnel expenses

EUR thousand	2018	2017
Wages and salaries	346,214	301,982
Statutory social expenses	66,115	58,557
Expenses for retirement benefits, support and anniversaries	6,782	4,625
Other	294	380
Total	**419,405**	**365,544**

Amounts resulting from the accrued interest on personnel provisions, particularly pension provisions, are not recognized as personnel expenses. These are reported as a component of net interest income.

Statutory social expenses include EUR 28,818,000 (previous year: EUR 25,764,000) for contributions to statutory retirement plans. Of this amount, EUR 184,000 (previous year: EUR 173,000) is attributable to key management personnel and EUR 19,000 (previous year: EUR 18,000) to employee representatives on the Supervisory Board.

In 2018, the Group had an average of 9,467 employees (previous year: 8,107). Of these employees, 7,379 (previous year: 6,091) were blue-collar workers and 2,088 (previous year: 2,016) worked on the business side. Please refer to the group management report and the segment reporting for additional information.

8. Depreciation and amortization of non-current intangible assets and property, plant and equipment

EUR thousand	2018	2017
Depreciation and amortization	34,706	34,220
Write-downs	3,299	9,358
Total	**38,005**	**43,579**

A breakdown of the depreciation, amortization and impairment of the individual asset classes can be found in notes 12 and 13.

9. Other operating expenses

EUR thousand	2018	2017
Ground rent and rents	108,879	105,084
Security costs and other property expenses	14,384	12,629
IT expenses	10,645	9,213
Expenses for loss events	7,845	10,839
Expenses for insurance premiums	7,703	8,691
Selling costs	7,245	6,645
Other personnel expenses	6,603	5,286
Other neutral expenses	5,997	5,140
Legal, advisory and audit fees	5,996	5,429
Administrative expenses and contributions	3,475	2,277
Net result from impairment	3,347	0
Other taxes	3,093	3,696
Training expenses	2,640	1,956
Postal and telecommunications costs	2,453	2,184
Book losses for the disposal of assets	1,837	1,601
Other expenses from prior periods	1,053	3,834
Expenses for losses	494	454
Other	17,427	15,219
Total	**211,116**	**200,177**

Impairment on financial instruments

Since the introduction of IFRS 9, impairment on financial instruments is shown net in the income statement. In the previous year, impairment on trade receivables was included in other operating expenses and income in the prior-period or non-operating result. The comparative figures can be found in the development of valuation allowances on trade receivables in note 18.

The impairment on financial receivables was included in the amortization of investments and non-current financial receivables in the previous year. In addition, impairment on available-for-sale equity instruments was also recognized in this item in accordance with IAS 39 if their market value could not be reliably determined and they were therefore measured at cost. At the BLG Group, this related to shares in affiliated companies and other equity investments, which under IFRS 9 are assigned to the measured at fair value through other comprehensive income category, with one exception. The impairment recognized relates to the difference between the cost and fair value of the equity investment in question.

EUR thousand	2018
Financial instruments at cost	
Impairment on trade receivables and contract assets	
Addition to valuation allowance	-2,549
Reversal of valuation allowances recognized in previous years	92
Derecognitions due to uncollectibility	-169
	-2,626
Financial instruments at fair value	
Impairment of equity instruments measured at fair value through profit or loss	
Shares in affiliated companies	-721
	-721
Total	**-3,347**

10. Income from companies accounted for using the equity method

Profit shares from partnerships are realized immediately at the end of the financial year, unless the partnership arrangement links the existence of a withdrawal claim to a separate partner resolution. By contrast, dividends from corporations are recognized through profit or loss only once a profit appropriation resolution exists.

EUR thousand	2018	2017
Income from companies accounted for using the equity method		
Joint ventures	34,637	40,781
Associates	784	1,464
Total	**35,421**	**42,245**

Income from joint ventures include the CONTAINER Division's earnings of EUR 33,639,000 (previous year: EUR 40,461,000).

11. Net interest income

EUR thousand	2018	2017
Income from non-current financial receivables	**32**	**131**
Other interest and similar income		
Interest income from bank balances	1,048	897
Interest income from finance leases	0	44
Interest income from interest rate swaps	13	0
Interest income from amortization of other assets	3	1
Other interest income	110	63
	1,174	**1,005**
Interest and similar expenses		
Interest expense on long-term loans and other financial liabilities	-2,518	-3,037
Accrued interest on provisions and liabilities	-1,907	-2,291
Interest expense on interest rate swaps	-681	-563
Interest expense on finance leases	-99	-83
Interest expense on current liabilities to banks	-104	-62
Other interest expense	-669	-756
	-5,978	**-6,792**
Total	**-4,772**	**-5,656**

Assets and leases

12. Intangible assets

Intangible assets include not only acquired and internally generated intangible assets but also goodwill arising from company acquisitions.

Goodwill represents the excess of the acquisition costs from company acquisitions over the fair value of the Group's interests in the net assets of the acquired companies at the acquisition date. The goodwill recognized is subject to an annual impairment test and measured at its cost less any accumulated impairment. Reversals are not permitted. Gains and losses on the disposal of a company include the carrying amount of the goodwill, which is attributed to the company being deconsolidated.

Acquired intangible assets are capitalized at cost; internally generated intangible assets from which the Group expects to derive future benefit and which can be measured reliably are capitalized at cost and amortized on a straight-line basis over their estimated useful lives. Costs in this context include all direct production costs as well as an appropriate share of production overheads. Financing costs are capitalized if they are attributable to qualifying assets.

The straight-line method is the sole method used for depreciation and amortization, which is presented in the income statement in the item "Depreciation and amortization of non-current intangible assets and property, plant and equipment." This is based on the following standard useful lives:

	2018	2017
Licenses, trademarks and similar rights	5 - 8 years	5 - 8 years
Software licenses	2 - 5 years	2 - 5 years
Internally generated software	3 - 5 years	3 - 5 years

No financing costs were capitalized for qualifying assets.

The assets leased or rented under finance leases included in intangible assets are shown in note 14.

2018 financial year EUR thousand	**Goodwill**	**Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets**	**Advance payments on intangible financial assets**	**Total**
Cost				
As of January 1	28,425	65,352	1,681	95,458
Additions	4	838	0	842
Disposals	0	-549	-1,217	-1,766
Exchange rate differences	0	41	0	41
As of December 31	**28,429**	**65,682**	**464**	**94,575**
Depreciation, amortization and write-downs				
As of January 1	2,796	49,102	0	51,898
Depreciation and amortization	0	6,742	0	6,742
Impairment	0	3,284	0	3,284
Disposals	0	-542	0	-542
Exchange rate differences	0	38	0	38
As of December 31	**2,796**	**58,624**	**0**	**61,420**
Carrying amounts as of December 31	**25,633**	**7,058**	**464**	**33,155**

2017 financial year EUR thousand	**Goodwill**	**Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets**	**Advance payments on intangible financial assets**	**Total**
Cost				
As of January 1	22,675	64,594	1,775	89,044
Changes in group of consolidated companies	5,750	298	0	6,048
Additions	0	859	0	859
Disposals	0	-364	0	-364
Reclassifications	0	94	-94	0
Exchange rate differences	0	-129	0	-129
As of December 31	**28,425**	**65,352**	**1,681**	**95,458**
Depreciation, amortization and write-downs				
As of January 1	2,796	33,193	0	35,989
Changes in group of consolidated companies	0	88	0	88
Depreciation and amortization	0	7,097	0	7,097
Impairment	0	9,042	0	9,042
Disposals	0	-201	0	-201
Reclassifications	0	0	0	0
Exchange rate differences	0	-117	0	-117
As of December 31	**2,796**	**49,102**	**0**	**51,898**
Carrying amounts as of December 31	**25,629**	**16,250**	**1,681**	**43,560**

Impairment

Overview

All non-financial assets of the Group, with the exception of inventories and deferred tax assets, are tested at the end of the reporting period for indications of possible impairment within the meaning of IAS 36. If such indications are identified, the expected recoverable amount is estimated and compared with the carrying amount.

If there are indications of impairment and if the recoverable amount is less than the amortized cost, impairment is recognized on the intangible assets.

In addition, the recoverable amounts for goodwill, assets with an indefinite useful life and intangible assets not yet completed are estimated at the end of each reporting period regardless of whether there are any indications of impairment.

In accordance with IAS 36, impairment is recognized through profit or loss if the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount.

If a cash-generating unit is determined to require impairment, the goodwill of the cash-generating unit in question is first reduced. If there is need for further impairment, it is uniformly distributed over the carrying amounts of the other assets of the cash-generating unit.

Impairment is recognized in the item "Depreciation and amortization of non-current intangible assets and property, plant and equipment."

Determination of the recoverable amount

The expected recoverable amount is the higher of an asset's net selling price less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash-generating unit. The calculations are made in euros on the basis of three-year planning, taking country-specific risks into account. Foreign currencies are translated using forward rates. The Group's weighted average cost of capital of 6.51 percent is used as the discount rate, which is adjusted to the country-specific tax rate. The weighted average cost of capital is determined by the debt and equity interests, the risk-free base rate taking inflation into account (1.03 percent), the market risk premium (6.25 percent), the sector-specific risk, the country-specific tax rate and borrowing costs.

The recoverable amounts of cash-generating units are determined based on value-in-use calculations. The tested goodwill and the assumptions underlying the calculations are shown in the following table:

Name of CGU	BLG AutoRail GmbH, Bremen	BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia	BLG Sports & Fashion Logistics GmbH, Hörsel	FREIGHT FORWARDING
Division	AUTOMOBILE	AUTOMOBILE	CONTRACT	CONTRACT
Carrying amount of goodwill (EUR thousand)	4,288	797	11,794	8,754
Sales growth p.a. in % (planning period)	2	8.6-22.4	See text	5.8-6.1
Other parameters for corporate planning	Utilization, price per vehicle, business expansion	Utilization, productivity, price per vehicle	Utilization, productivity, new customers	New customer acquisition, synergy effects
Duration of the planning period	3 years	3 years	3 years	3 years
Sales growth p.a. in % after the end of the planning period	0.0	0.0	0.0	0.0
Discount rate in %	6.5	6.5	6.5	6.5

For BLG AutoRail GmbH, Bremen, the recoverable amount based on the assumptions listed in the above table significantly exceeded the carrying amount of the cash-generating unit. The plans take into account the utilization of railroad cars based on historical data from previous years as well as the conversion of ad hoc transport to portfolio transport. Even with a substantial reduction in the assumptions for sales growth and other parameters or an increase in the discount rate by one percentage point, the recoverable amount would be above the carrying amount. The sales expectations on which the planning in the AUTOMOBILE Division were based were derived from market forecasts for new car registrations, previous market shares and customer surveys.

The goodwill of the cash-generating unit BLG St. Petersburg was impaired in previous years, with write-downs of EUR 2,796,000 on a carrying amount of EUR 797,000. If EBIT declined by 50 percent, there would currently be no further write-down requirement. An increase in the discount rate by one percentage point would not lead to any further need for write-downs.

The purchase price allocation from the acquisition of shares in BLG Sports & Fashion Logistics GmbH, Hörsel, gave rise to goodwill of EUR 11,794,000. For this company, the recoverable amount based on the assumptions listed in the above table exceeded the carrying amount of the cash-generating unit. In the previous year, one major customer terminated its contractual relationship with effect from December 31, 2018. In addition to the remaining existing business with corresponding contributions to earnings, the planning also includes the acquisition of new customers, high-volume “anchor customers,” in line with historical data from previous years. In the future, this will lead to the almost complete utilization of the company’s logistics facilities. On this basis, a decline in sales of 32.0 percent p.a. was initially assumed for the 2019 planning period and sales growth of 26.5 percent p.a. for the following year.

A reduction of the assumptions for earnings development (EBIT –50 percent) and the other parameters would result in an impairment risk of approximately EUR 1,000,000. If the discount rate were increased by even one percentage point, the recoverable amount would still be higher than the carrying amount.

Due to the merger of the companies INFORTRA GmbH, LOGFORTRA GmbH and Arno Rosenlöcher (GmbH & Co. KG) into BLG International Forwarding GmbH & Co. KG (formerly: Kitzinger & Co. (GmbH & Co. KG)) in the reporting year, the legal structure now corresponds to the FREIGHT FORWARDING cash-generating unit already recognized in the previous year on account of the close relationships between the companies. The plans take into account cost savings in connection with the merger as well as the expansion of the freight forwarding services for the AUTOMOBILE Division and, in particular, the CONTRACT division. With a 50 percent reduction in EBIT or an increase in the discount rate by one percentage point, the carrying amount would be above the recoverable amount, assuming the other parameters were unchanged.

Reversals

If the reasons for the impairment cease to exist, it must be reversed. The reversal is limited to the amortized cost that would have resulted without the impairment.

If the write-downs were distributed evenly across the assets of a cash-generating unit, the same procedure is used for the write-ups.

Reversals of impairment on goodwill are not permitted.

13. Property, plant and equipment

Property, plant and equipment are accounted for at cost less depreciation based on use. Production costs include both direct costs and an appropriate share of attributable production overheads. Borrowing costs are recognized in production costs, insofar as they relate to qualifying assets. In accordance with IAS 16, demolition obligations are accounted for at present value as incidental acquisition costs. The remeasurement method is not used in the BLG Group.

If the conditions of IAS 16 for the application of the component approach are met, the assets are broken down into their components, which are capitalized individually and depreciated over their useful lives.

Asset-related government grants are deferred and amortized over the useful life of the subsidized asset using the straight-line method. Please refer to note 25.

The straight-line method is the sole method used for depreciation and amortization, which is presented in the income statement in the item "Depreciation and amortization of non-current intangible assets and property, plant and equipment." This is based on the following standard useful lives:

	2018	2017
Buildings, lightweight	10 years	10 years
Buildings, solid construction	20-40 years	20-40 years
Open spaces	10-20 years	10-20 years
Other handling equipment	4-34 years	4-34 years
Technical plant and equipment	5-30 years	5-30 years
Operating and office equipment	4-20 years	4-20 years
Low-value assets	1 year	1 year

Expected residual values are usually not taken into account in determining amortization.

If there are indications of impairment and if the recoverable amount is less than the amortized cost, the property, plant and equipment are impaired (see also note 12, "Valuation allowances (impairment)").

Impairment is recognized in the item "Depreciation and amortization of non-current intangible assets and property, plant and equipment."

2018 EUR thousand	Land, land rights and buildings, including buildings on third-party land	Technical plant and equipment	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Cost					
As of January 1	387,938	198,461	67,976	1,615	655,990
Changes in group of consolidated companies	0	0	286	0	286
Additions	1,522	17,386	9,626	3,794	32,328
Disposals	-133	-4,232	-3,556	-21	-7,942
Reclassifications	197	116	996	-1,309	0
Exchange rate differences	16	-388	-28	44	-356
As of December 31	**389,540**	**211,343**	**75,300**	**4,123**	**680,306**
Depreciation, amortization and write-downs					
As of January 1	210,624	137,313	52,500	0	400,437
Changes in group of consolidated companies	0	0	180	0	180
Depreciation and amortization	11,485	10,376	6,103	0	27,964
Impairment	0	15	0	0	15
Disposals	-102	-3,576	-3,395	0	-7,073
Reclassifications	0	0	0	0	0
Exchange rate differences	11	-240	-21	0	-250
As of December 31	**222,018**	**143,888**	**55,367**	**0**	**421,273**
Carrying amounts as of December 31	**167,522**	**67,455**	**19,933**	**4,123**	**259,033**

2017 EUR thousand	Land, land rights and buildings, including buildings on third-party land	Technical plant and equipment	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Cost					
As of January 1	381,691	192,670	64,402	1,855	640,618
Changes in group of consolidated companies	3,441	-330	524	-55	3,580
Additions	2,906	10,178	4,427	1,359	18,870
Disposals	-146	-3,959	-1,382	-1,299	-6,786
Reclassifications	96	9	130	-235	0
Exchange rate differences	-50	-107	-125	-10	-292
As of December 31	**387,938**	**198,461**	**67,976**	**1,615**	**655,990**
Depreciation, amortization and write-downs					
As of January 1	198,594	131,167	47,784	0	377,545
Changes in group of consolidated companies	555	-369	304	0	490
Depreciation and amortization	11,558	9,799	5,766	0	27,123
Impairment	0	317	0	0	317
Disposals	-57	-3,543	-1,282	0	-4,882
Reclassifications	0	-7	7	0	0
Exchange rate differences	-26	-51	-79	0	-156
As of December 31	**210,624**	**137,313**	**52,500**	**0**	**400,437**
Carrying amounts as of December 31	**177,314**	**61,148**	**15,476**	**1,615**	**255,553**

Advance payments and assets under construction of EUR 4,123,000 (previous year: EUR 1,615,000) relate exclusively to assets under construction.

No financing costs were capitalized for qualifying assets.

The assets leased or rented under finance leases included in property, plant and equipment are shown in note 14.

There are no other assets reported under property, plant and equipment that are eligible to be used as collateral for long-term loans.

14. Leases

Finance leases

In accordance with IAS 17, beneficial ownership of leased assets is attributed to the lessee if the lessee bears all the substantial risks and rewards of ownership of the leased asset. If the beneficial ownership is attributable to BLG LOGISTICS, the asset is capitalized on the date the arrangement is concluded either at fair value, or at the present value of the minimum lease payments, if this is less than the fair value.

The depreciation methods and useful lives correspond to those of comparable acquired assets or the terms of the leases, if shorter.

These are grouped with acquired assets for reporting purposes, taking into account the asset class.

Intangible assets do not include rented or leased assets under finance leases.

The assets capitalized under finance leases are legally owned by the respective lessors.

Property, plant and equipment include rented or leased assets under finance leases in the carrying amounts listed below.

EUR thousand	2018	2017
Buildings	53	76
Technical plant and equipment	363	881
Operating and office equipment	0	38
Total	**416**	**995**

The rented or leased assets are offset by lease payment obligations of EUR 1,054,000 (previous year: EUR 1,382,000); see note 24. The lease payment obligations have terms of up to five years.

Operating leases

All other leases in which the beneficial ownership is not attributable to the lessee, but to the lessor, are considered operating leases. The re ntal and lease expenses arising from such agreements are recognized through profit or loss over the term of the agreement.

Operating leases relate in particular to industrial trucks, conveyor systems, HGVs, tractor trucks and railroad cars and mainly have terms of between three and ten years. There are a small number of options to purchase railroad cars at fair value. Obligations from **operating leases** are broken down by due date as follows:

EUR thousand	2018	2017
Due up to one year after the reporting period	28,996	33,289
Due in between one and 5 years	56,238	69,358
Due in more than 5 years	27,987	28,738
Total	**113,221**	**131,385**

The shorter contractual terms compared to the standard useful lives allows greater flexibility than purchasing with respect to the development of order volume and as regards more rapid adaptation to technical progress. The leases also serve to reduce capital commitments and result in a medium-term improvement in the liquidity situation.

The minimum payment obligations under **leases for land, buildings and wharfs** also represent operating leases pursuant to IAS 17, but are shown separately due to their great importance to the Group. They relate mainly to heritable building rights in the ports of Bremen and Bremerhaven and have remaining terms of up to 30 years. The Group thus secures long-term rights of use to the land required for operations. The obligations are broken down by due date as follows:

EUR thousand	2018	2017
Due up to one year after the reporting period	48,752	49,648
Due in between one and 5 years	127,980	130,813
Due in more than 5 years	430,831	399,240
Total	**607,563**	**579,701**

Claims arising from operating leases – Group as lessor

Obligations under operating leases are offset by the following rights to payment from subleases to leases for land, buildings, wharfs and operating equipment:

EUR thousand	2018	2017
Due up to one year after the reporting period	7,756	7,847
Due in between one and 5 years	32,094	32,191
Due in more than 5 years	224,000	234,396
Total	**263,850**	**274,434**

The terms of these subleases substantially correspond with those of the head leases. Further information on subleases is given in note 15 under "Joint ventures."

In the reporting year, payments from leases of EUR 104,972,000 (previous year: EUR 101,498,000) and from subletting agreements of EUR 8,374,000 (previous year: EUR 8,448,000) were recognized through profit or loss.

15. Shares in companies accounted for using the equity method

Shares in associates and joint ventures are generally measured using the equity method. Starting with the cost at the time of the acquisition of the shares, the carrying amount of the investment is increased or decreased by the profit or loss, the changes in other comprehensive income and the other changes in equity of the companies to the extent these are attributable to the shares of BLG LOGISTICS. In the case of pro rata losses that exceed the carrying amount of an investment accounted for using the equity method, they are also offset through profit or loss against long-term loans or receivables attributable to the net investment in the investee. After the application of the equity method, a test must also be made for indications of impairment of the net investment in the investee.

EUR thousand	12/31/2018	12/31/2017
Interests in joint ventures	141,299	128,936
Investments in associates	3,093	4,140
Total	**144,392**	**133,076**

Joint ventures

The change in the carrying amount of the interests in joint ventures is primarily the result of increases due to pro rata net income for the year (EUR 34,636,000), contributions (EUR 13,975,000), changes in other reserves due to the remeasurement of pensions (EUR 1,412,000), the measurement of financial instruments at fair value (EUR 147,000) and other changes (EUR 2,738,000), and decreases due to distributions (EUR -39,288,000), currency differences (EUR -816,000) and changes in the group of consolidated companies (EUR -242,000).

Information about significant joint ventures is presented below.

EUROGATE GmbH & Co. KGaA, KG, Bremen, is a joint venture of BLG KG and EUROKAI GmbH & Co. KGaA, Hamburg, which is structured as an independent entity. BLG KG's share in the joint venture and its equity investments is 50 percent (previous year: 50 percent) and represents the CONTAINER Division. With this investment, the Group receives rights to the joint venture's net assets rather than rights to its assets and the obligations arising from its liabilities.

The IFRS subgroup financial statements of the EUROGATE Group are consolidated using the equity method. EUROGATE GmbH & Co. KGaA, KG and its subsidiaries are accordingly included in the list of shareholdings under the item "Companies accounted for using the equity method." No market price is available for EUROGATE GmbH & Co. KGaA, KG. The services of the CONTAINER Division are described in note 2.

For the properties necessary for its business, BLG KG has transferred to the EUROGATE Group via usage transfer agreements the rights and obligations arising from the heritable building rights of the Free Hanseatic City of Bremen (municipality).

In the usage transfer agreements, BLG KG undertakes to pay compensation to the EUROGATE Group for buildings erected on the properties used at the expiration of the usage transfer agreement or upon extraordinary termination. The compensation is based on the market value of the buildings. In addition, BLG KG irrevocably surrenders its claims for compensation to the EUROGATE Group upon exercise of the right to reversion under the heritable building right contract by the Free Hanseatic City of Bremen (municipality).

The EUROGATE Group provides technical services for the BLG Group and pays for electricity used. This is based on the takeover of the electricity supply network in the Bremen seaport in Bremerhaven by "Sondervermögen Hafen" effective January 1, 2008.

In segment reporting (page 86 f. and note 3), this joint venture is represented by the CONTAINER Division.

The following table summarizes the financial information of the IFRS subgroup financial statements of EUROGATE GmbH & Co. KGaA, KG and reconciles this information with the carrying amounts of the shares in joint ventures.

EUR thousand	12/31/2018	12/31/2017
Non-current assets	678,932	694,183
Current assets	288,568	237,359
Non-current liabilities	-456,030	-418,840
Current liabilities	-240,708	-266,692
Net assets	**270,762**	**246,010**
Share in %	**50.0**	**50.0**
Share of net assets	135,381	123,005
Other equity attributable to non-controlling interests	-181	-245
Group share of net assets (= equity carrying amount)	**135,200**	**122,760**

Current assets include cash and cash equivalents of EUR 153,459,000 (previous year: EUR 111,737,000).

EUR 272,059,000 of the non-current liabilities (previous year: EUR 227,988,000) and EUR 187,134,000 of the current liabilities (previous year: EUR 203,987,000) are attributable to financial liabilities (in each case excluding trade payables, other liabilities and provisions).

EUR thousand	2018	2017
Sales	603,963	607,908
Depreciation and amortization	-46,477	-46,059
Other interest and similar income	2,287	2,310
Interest and similar expenses	-11,178	-10,913
Taxes on income	-7,492	-11,587
Net income for the year	67,325	85,156
Other comprehensive income after income taxes	1,485	3,053
Total comprehensive income	**68,810**	**88,209**

The BLG Group accounts for EUR 33,639,000 of the net income for the year (previous year: EUR 40,461,000) and EUR 781,000 of other comprehensive income after income taxes (previous year: EUR 1,527,000).

Dividends received from EUROGATE GmbH & Co. KGaA, KG total EUR 38,722,000 (previous year: EUR 46,584,000). Payment is made in the following year. EUR 13,975,000 of the net income of the previous year was reinvested. A further EUR 2,769,000 relates to adjustments from the initial application of IFRS 9.

EUR thousand	2018	2017
Cash flow from operating activities	82,434	139,673
Cash flow from investing activities	-14,142	-38,276
Cash flow from financing activities	-26,907	-155,843
Net change in cash and cash equivalents	**41,385**	**-54,446**
Cash and cash equivalents at start of financial year	111,737	166,183
Cash and cash equivalents at end of financial year	**153,122**	**111,737**
Composition of cash and cash equivalents		
Cash	153,459	111,737
Current liabilities to banks	-337	0
Cash and cash equivalents at end of financial year	**153,122**	**111,737**

The individual remaining interests in joint ventures held by the Group are considered immaterial. The following table summarizes the carrying amounts, the share in net income for the year and the share in the other comprehensive income of these equity investments:

The share of net income for the year results in full from continuing operations.

EUR thousand	2018	2017
Carrying amount of interests in other joint ventures	6,405	6,176
Share of		
Net income for the year	997	320
Other comprehensive income	-38	18
Pro rata total comprehensive income	**959**	**338**

In the 2018 financial year, positive shares of EUR 102,000 (previous year: EUR 4,000) and negative shares in the total comprehensive income of joint ventures of EUR 19,000 (previous year: EUR 0) were not included in the Group comprehensive income. At the reporting date, the cumulative negative shares in total comprehensive income at joint ventures not recognized in the Group comprehensive income totaled EUR 207,000 (previous year: EUR 341,000).

Associates

The change in the carrying amount of investments in associates results mainly from increases due to the pro rata net income for the year (EUR 784,000) and decreases due to distributions (EUR -857,000), changes in the group of consolidated companies (EUR -829,000) and currency translation differences (EUR -21,000).

The investments in associates held by the Group are individually immaterial.

The following table summarizes the carrying amounts, the shares in net income for the year attributable to the BLG Group and the share in the other comprehensive income of these equity investments:

EUR thousand	2018	2017
Carrying amount of investments in associates	3,092	4,140
Share of		
Net income for the year	764	1,407
Other comprehensive income	-21	-4
Pro rata total comprehensive income	**743**	**1,403**

The share of net income for the year results in full from continuing operations.

In the 2018 financial year, as in the previous year, no shares in the total comprehensive income of associates were recognized in Group comprehensive income.

16. Financial receivables

The financial receivables from shareholder accounts in companies accounted for using the equity method relate to profit shares from partnerships classified as debt instruments. As the profit shares are not capital repayments but capital returns, they are measured at fair value through profit or loss.

The other financial receivables of the BLG Group comprise financial and capital receivables from companies accounted for using the equity method, shareholders and third parties, whereby the payments are solely payments of principal and interest and which are held to generate contractual cash flows. They are therefore measured at amortized cost. Interest income is recognized pro rata temporis in the income statement, taking the effective interest return into account. Foreign exchange differences and gains and losses on derecognition are likewise recognized through profit or loss.

Valuation allowances through profit or loss are recognized on the basis of the expected credit losses according to the general approach, whereby a loss allowance is recognized for financial assets whose credit risk has not increased significantly since initial recognition in the amount of the credit losses expected to occur within the next twelve months.

For financial assets for which credit risk has increased significantly since initial recognition, a loss allowance must be recognized in the amount of the lifetime expected credit losses.

Qualitative and quantitative indicators are taken into account when determining whether there has been a significant increase in credit risk since initial recognition. These include historical data, the agreement of forbearance measures and contractual payments that are more than 30 days past due. If financial assets are more than 90 days past due, they are classified as impaired.

Under IAS 39, all financial receivables were classified as loans and receivables and measured at amortized cost using the effective interest method. Long-term loans and receivables bearing low or no interest were stated at their present value. If the recoverable amount was less than the carrying amount, valuation allowances were recognized through profit or loss. If the reasons for impairment ceased to exist, the reversal was likewise recognized through profit or loss.

The changes in the classification of financial receivables, including a reconciliation of the carrying amounts under IAS 39 with the carrying amounts under IFRS 9, are presented in note 32.

Financial assets are generally derecognized when the BLG Group loses control of the underlying rights wholly or in part by selling or discharging them or transferring them to a third party in a manner that qualifies for derecognition. A transfer to a third party qualifies for derecognition when the contractual rights to the cash flows from assets are surrendered, no arrangements for the retention of individual cash flows exist, all the risks and rewards are transferred to the third party and the BLG Group no longer has control over the assets.

Current financial receivables are reported under other assets (note 18).

12/31/2018 EUR thousand	Up to 1 year	1-5 years	More than 5 years	Total
Loans to companies accounted for using the equity method	207	57	345	609
Other loans	116	84	0	200
Other receivables from shareholders	2,387	0	0	2,387
Financial receivables from shareholder accounts in companies accounted for using the equity method	38,820	0	0	38,820
Financial receivables from cash management in companies accounted for using the equity method	125	0	0	125
Financial receivables from finance leases	138	330	0	468
Miscellaneous other financial receivables	3,736	149	4	3,889
Total	**45,529**	**620**	**349**	**46,498**

12/31/2017 EUR thousand	Up to 1 year	1-5 years	More than 5 years	Total
Loans to companies accounted for using the equity method	511	0	345	856
Other loans	73	140	0	213
Other receivables from shareholders	1,325	0	0	1,325
Financial receivables from shareholder accounts in companies accounted for using the equity method	47,770	0	0	47,770
Financial receivables from cash management in companies accounted for using the equity method	297	0	0	297
Financial receivables from finance leases	594	53	0	647
Miscellaneous other financial receivables	1,714	149	19	1,882
Total	**52,284**	**342**	**364**	**52,990**

Loans to companies accounted for using the equity method are made at interest rates of between 3 and 6 percent.

Due to their fixed interest rates, the loans are subject to an interest rate-linked market price risk; this is not significant for the BLG Group considering the amount and maturity of receivables.

The maximum exposure to credit risk corresponds to the carrying amount; there are no indications of significant concentrations of credit risk.

The credit risk and the expected credit losses for financial receivables measured at amortized cost were as follows as of December 31, 2018, and January 1, 2018:

12/31/2018 EUR thousand	12 months	Remaining term		Total
		Non-impaired	Impaired	
Loans to companies accounted for using the equity method	345	264	2,741	3,350
Other loans	199	0	0	199
Other receivables from shareholders	2,387	0	0	2,387
Financial receivables from cash management in companies accounted for using the equity method	125	0	0	125
Financial receivables from finance leases	468	0	0	468
Miscellaneous other financial receivables	3,889	0	0	3,889
Nominal amounts	**7,413**	**264**	**2,741**	**10,418**
Valuation allowances	0	0	-2,741	-2,741
Carrying amounts	**7,413**	**264**	**0**	**7,677**

01/01/2018 EUR thousand	12 months	Remaining term		Total
		Non-impaired	Impaired	
Loans to companies accounted for using the equity method	345	511	2,741	3,597
Other loans	212	0	650	862
Other receivables from shareholders	1,325	0	0	1,325
Financial receivables from cash management in companies accounted for using the equity method	297	0	0	297
Financial receivables from finance leases	647	0	0	647
Miscellaneous other financial receivables	1,883	0	0	1,883
Nominal amounts	**4,709**	**511**	**3,391**	**8,611**
Valuation allowances	0	0	-3,391	-3,391
Carrying amounts	**4,709**	**511**	**0**	**5,220**

Valuation allowances on financial receivables developed as follows:

EUR thousand	12 months	Remaining term		Total	
		Non-impaired	Impaired	**2018**	2017
Amount as of the beginning of the financial year in accordance with IAS 39	0	0	3,391	0	2,041
Amount as of the beginning of the financial year in accordance with IFRS 9	**0**	**0**	**3,391**	**3,391**	**2,041**
Valuation allowances for the financial year					
Additions	**0**	**0**	**0**	**0**	**1,350**
Use/derecognition of receivables	0	0	-650	-650	0
Amount as of the end of the financial year	**0**	**0**	**2,741**	**2,741**	**3,391**

The comparative figures present the development of the allowance account in accordance with IAS 39.

In terms of timely performance by the counterparties and credit risk, the carrying amounts of financial receivables as of December 31, 2017, were broken down as follows:

EUR thousand	12/31/2017
Neither past due nor impaired financial receivables	52,702
Past due but not impaired financial receivables	288
Impaired financial receivables	0
Carrying amounts	**52,990**

Impaired financial receivables EUR thausand	12/31/2017
Nominal amounts	3,391
Valuation allowances	-3,391
Carrying amounts	**0**

17. Inventories

The inventories item comprises raw materials, consumables and supplies, work in progress and finished goods and merchandise. Initial recognition is at acquisition cost, determined on the basis of average prices, or at production cost. Production cost includes all direct production costs as well as appropriate portions of production overheads and is determined on the basis of normal capacity utilization. Financing costs are not taken into account.

The measurement at the end of the reporting period is at the lower of cost or net realizable value less costs due and, where appropriate, other incurred costs of completion. The net selling price of the final product is generally taken as a basis.

EUR thousand	12/31/2018	12/31/2017
Raw materials, consumables and supplies	9,362	8,666
Finished goods and merchandise	7	21
Total	**9,369**	**8,687**

Inventories are not pledged as collateral for liabilities. Valuation allowances of EUR 90,000 (previous year: EUR 127,000) were recognized on inventories as of December 31, 2018. The inventories recognized as expenses in the reporting year amounted to EUR 61,595,000 (previous year: EUR 70,124,000).

18. Trade receivables and other assets

Trade receivables

Trade receivables are recognized from the settlement date and held in order to generate contractual cash flows. They are therefore measured at amortized cost using the effective interest method.

Valuation allowances through profit or loss are recognized on the basis of expected credit losses according to the simplified approach, whereby the size of the loss allowance is determined on the basis of the lifetime expected credit losses. Changes in credit risk do not have to be tracked. Valuation allowances are reported net in the income statement.

At BLG LOGISTICS, expected credit losses are calculated on the basis of the historical credit loss ratios of the last five years according to past due time bands, adjusted for management estimates regarding the future development of the economic environment, especially estimates of the credit rating of major customers and general economic conditions.

Under IAS 39, trade receivables were allocated to the loans and receivables category. Valuation allowances through profit or loss were only recognized for losses already incurred when the recoverable amount fell below the carrying amount. In addition to the specific valuation allowances that may have been necessary, global specific valuation allowances were recognized for identifiable risks from the general credit risk based on historical data.

Trade receivables are derecognized upon realization (termination) or transfer of the receivables to a third party. In addition, trade receivables are derecognized if the inflow of cash is unlikely.

EUR thousand	12/31/2018	12/31/2017
Receivables from third parties	194,696	180,658
Services not yet invoiced	0	5,162
Receivables from affiliated companies	14	52
Receivables from investees	2,264	2,423
Total	**196,974**	**188,295**

Under IAS 18, receivables and sales in connection with service contracts under which services have been rendered but not yet invoiced were recognized under trade receivables according to the stage-of-completion method. In accordance with IFRS 15, rights to receive consideration from customers arising from the satisfaction of performance obligations are recognized as contract assets (see note 4).

Trade receivables are non-interest bearing, payable within one year and are not to be used as collateral for liabilities. The average credit term is 62 days (previous year: 62 days). The maximum exposure to credit risk corresponds to the carrying amount; there are no indications of significant concentrations of credit risk.

The credit risk and the expected credit losses for trade receivables were as follows as of December 31, 2018, and January 1, 2018:

12/31/2018 EUR thousand	Expected credit loss ratio (weighted average)	Nominal amounts	Valuation allowances	Carrying amounts
Not past due	0.3%	152,453	-486	151,967
Less than 30 days	6.7%	35,899	-2,390	33,509
Between 30 and 90 days	0.3%	6,592	-17	6,575
Between 91 and 180 days	0.3%	1,244	-4	1,240
More than 180 days	7.0%	3,962	-279	3,683
Total		**200,150**	**-3,176**	**196,974**

01/01/2018 EUR thousand	Expected credit loss ratio (weighted average)	Nominal amounts	Valuation allowances	Carrying amounts
Not past due	0.3%	148,742	-436	148,306
Less than 30 days	0.5%	23,406	-119	23,287
Between 30 and 90 days	1.2%	6,517	-79	6,438
Between 91 and 180 days	1.8%	1,412	-25	1,387
More than 180 days	70.4%	12,070	-8,496	3,574
Total		**192,147**	**-9,155**	**182,992**

Valuation allowances on trade receivables developed as follows:

EUR thousand	12/31/2018	12/31/2017
Amount as of the beginning of the financial year in accordance with IAS 39	9,012	7,668
Adjustments from the initial application of IFRS 9	143	0
Amount as of the beginning of the financial year in accordance with IFRS 9	**9,155**	**7,668**
Changes in group of consolidated companies	28	106
Valuation allowances for the financial year		
- Additions	2,516	2,089
- Reversals	-89	-669
- Changes in exchange rates	-1	-10
Use/derecognition of receivables	-8,433	-172
Amount as of the end of the financial year	**3,176**	**9,012**

In the reporting year, there were also derecognitions of trade receivables of EUR 169,000 (previous year: EUR 429,000), which are reported under other operating expenses.

The comparative figures were calculated in accordance with IAS 39.

In terms of timely performance by the counterparties and credit risk, the carrying amounts of trade receivables as of December 31, 2017, were broken down as follows:

EUR thousand	12/31/2017
Neither past due nor impaired receivables	153,912
Past due but not impaired receivables	31,955
Impaired receivables	2,428
Total	**188,295**

Past due but not impaired receivables were broken down into time bands as follows:

EUR thousand	12/31/2017
Less than 30 days	23,387
Between 30 and 60 days	3,561
Between 61 and 90 days	2,932
Between 91 and 180 days	1,406
Between 181 and 360 days	384
More than 360 days	285
Total	**31,955**

Valuation allowances were recognized on impaired trade receivables depending on the respective credit risk.

EUR thousand	12/31/2017
Nominal amounts	11,440
Valuation allowances	-9,012
Total	**2,428**

Other financial and non-financial assets
Other assets mainly comprise current financial receivables and contract assets. Other financial assets include investments, derivative financial instruments (see note 32), and, where appropriate, current securities. Current securities are only held in very small amounts in the BLG Group.

Investments include shares in affiliated companies and other equity investments. These are long-term investments that are measured at fair value through other comprehensive income as equity instruments, exercising the option provided by IFRS 9. Even when the equity instruments are disposed of, gains and losses from the measurement of the equity investments are not reclassified to the income statement but to retained earnings. Dividends are recognized through profit or loss, unless they are capital repayments. In the previous year, they were recognized under investments in the statement of financial position together with the shares in companies accounted for using the equity method.

The measurement of equity investments at fair value required by IFRS 9 is only forgone if the equity investments are immaterial and there is no active market for the measurement of fair value.

Under IAS 39, shares in affiliated companies and other equity investments were allocated to the available-for-sale category. Financial assets classified as available for sale were recognized at their fair value if this could be reliably determined. If the fair value could not be determined reliably or the equity investments were immaterial, they were measured at cost.

The changes in the classification of investments, including a reconciliation of the carrying amounts under IAS 39 with the carrying amounts under IFRS 9, are presented in note 32.

The Group's accounting policies for financial receivables and contract assets are presented in notes 4 and 16.

Other financial and non-financial obligations are stated at their nominal values.

Other financial and non-financial assets excluding current financial receivables are non-interest bearing and are not used as collateral for liabilities.

EUR thousand	12/31/2018 Current	12/31/2018 Non-current	12/31/2017 Current	12/31/2017 Non-current
Other financial assets				
Current financial receivables (note 16)	45,529	0	52,285	0
Shares in affiliated companies	0	343	0	0
Other investments	0	142	0	0
Other financial assets	5,402	56	854	15
	50,931	**541**	**53,139**	**15**
Other non-financial assets				
Contract assets (note 4)	6,295	0	0	0
Receivables from the tax office and customs	3,437	0	4,154	0
Accruals	623	0	1,030	0
Miscellaneous other financial assets	878	0	440	0
	11,233	**0**	**5,624**	**0**
Total	**62,164**	**541**	**58,763**	**15**

Shares in affiliated companies

Shares in affiliated companies mainly comprise the non-consolidated general partner companies of the fully consolidated operational limited partnerships.

Other equity investments

Other equity investments include companies with dormant or only limited operations in which BLG AG or BLG KG is directly or indirectly entitled to at least 20 percent of the voting rights and which are of only minor importance for giving a true and fair view of the net assets, financial position and results of operations of the BLG Group.

19. Cash and cash equivalents

EUR thousand	12/31/2018	12/31/2017
Current accounts	3,946	8,602
Overnight loans and short-term deposits	11,216	5,644
Cash	60	92
Total	**15,222**	**14,338**

Cash and cash equivalents are subject to the impairment requirements of IFRS 9. No impairment was recognized, as the cash and cash equivalents are primarily held with banks in the European Union and mainly in euro and the requirements have no material effect. As there have been no defaults in the past and there are no identifiable indicators of future defaults, they are recognized at nominal value.

Bank balances earn interest at floating rates for demand deposits. Short-term deposits are made for periods varying between one day and one month, depending on the immediate cash requirements of the Group. They earn interest at the current short-term deposit interest rate.

Capital structure

20. Equity

The breakdown of and changes to equity in the 2018 and 2017 financial years are presented in the consolidated statement of changes in equity as a separate component of the consolidated financial statements as of December 31, 2018.

Consolidated capital of BLG AG
The share capital (subscribed capital) amounts to EUR 9,984,000.00 and is divided into 3,840,000 no-par registered shares with voting rights. Transfer of the shares requires the approval of the company in accordance with Section 5 of the Articles of Incorporation. The share capital is fully paid as of December 31, 2018.

The retained earnings include the statutory reserve pursuant to Section 150 of the German Stock Corporation Act (AktG) of EUR 998,000 (previous year: EUR 998,000), which is allocated in full, as well as other retained earnings of EUR 10,234,000 (previous year: EUR 9,229,000). In the 2018 financial year, EUR 813,000 of consolidated net income (previous year: EUR 779,000) was allocated to other retained earnings.

a) Consolidated capital of BLG KG
The capital attributable to the limited partner of BLG KG is recognized. The limited liability capital and the capital reserves were almost exclusively provided by contributions in kind.

The capital reserves include allocations of capitalized differences from the time before conversion of the consolidated financial statements to IFRS.

Retained earnings include, in addition to undistributed profits from previous years, dividend payments and other withdrawals, previous changes in the group of consolidated companies recognized through other comprehensive income, and other changes and shares of consolidated net income. In addition, retained earnings also include the differences between the German Commercial Code (HGB) and IFRS existing on January 1, 2004 (date of transition). There is no separate presentation of the net earnings of consolidated companies.

The actuarial gains and losses recognized through other comprehensive income from the measurement of gross pension obligations in accordance with IAS 19 and the difference between the expected and actual return on plan assets are reported in “Other reserves.”

The reserve from the fair value measurement of financial instruments (hedge reserve) includes net gains or losses recognized through other comprehensive income from changes in the fair value of the effective portion of the cash flow hedges. Reserves are generally reversed upon settlement of the underlying transaction. In addition, the reserves are reversed on expiration, disposal, termination or exercise of the hedging instrument, in the event of revocation of the designation of the hedging relationship or non-fulfillment of the requirements for a hedge under IFRS 9. Further disclosures on hedge accounting are included in note 32 in the “Derivative financial instruments” section.

EUR thousand	**2018**	2017
As of January 1	-2,083	-3,180
Change in reserves	-142	1,097
As of December 31	**-2,225**	**-2,083**

As of the end of the reporting period, the reserve consists of the fair values of the interest rate swaps qualifying as hedges of EUR -2,245,000 (previous year: EUR -1,900,000), deferred taxes on this amount recognized through other comprehensive income of EUR 453,000 (previous year: EUR 396,000) as well as EUR -433,000 (previous year: EUR -579,000) from the fair values of derivative financial instruments at associates recognized through other comprehensive income.

The foreign currency translation reserve includes foreign exchange effects from the translation of financial statements of consolidated companies in currencies other than the euro.

b) Equity of non-controlling interests
This item contains EUR 9,218,000 (previous year: EUR 7,485,000) for the minority interests in the equity of fully consolidated subsidiaries.

For the development of the individual equity components, please see the separate consolidated statement of changes in equity.

21. Earnings per share BLG AG

In accordance with IAS 33, basic earnings per share are calculated by dividing the consolidated net income attributable to BLG AG by the average number of shares. Basic earnings per share for the 2018 financial year amount to EUR 0.66 (previous year: EUR 0.60). This calculation is based on the portion of the consolidated net income of EUR 2,541,000 (previous year: EUR 2,315,000) attributable to BLG AG and the unchanged number of shares of 3,840,000.

In the calculation of diluted earnings per share, the average number of issued shares is adjusted for the number of all potentially dilutive shares. As in the previous year, there was no deviation in amount from the basic earnings in the reporting year.

Like basic earnings per share, diluted earnings per share are entirely the result of continuing operations.

22. Dividend per share

On May 24, 2018, the Annual General Meeting of BLG AG approved the proposal of the Board of Management and the Supervisory Board to use the net retained profits (in accordance with HGB) of EUR 1,536,000 reported on December 31, 2017, to pay a dividend of EUR 0.40 per share. This represents a payout ratio of 66.3 percent. The dividend was distributed to shareholders on May 29, 2018.

A distribution of EUR 1,728,000 is proposed for the 2018 financial year. This corresponds to a higher dividend per share of EUR 0.45 compared to the previous year.

Shareholders' rights to dividend payments are recognized as a liability in the period in which the corresponding resolution is passed.

23. Long-term loans

Long-term loans from banks can be broken down by residual maturity bands and interest rate bands as follows:

2018 **EUR thousand**	**Up to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
0.000 - 0.999%	4,457	12,029	1,286	17,772
1.000 - 1.999%	13,918	63,571	12,425	89,914
2.000 - 2.999%	568	789	0	1,357
4.000 - 4.999%	0	0	0	0
10.000 - 10.999%	43	480	0	523
Total	**18,986**	**76,869**	**13,711**	**109,566**

2017 **EUR thousand**	**Up to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
0.000 - 0.999%	3,600	11,200	1,000	15,800
1.000 - 1.999%	15,595	68,121	21,794	105,510
2.000 - 2.999%	468	140	0	608
4.000 - 4.999%	19,875	0	0	19,875
10.000 - 10.999%	0	0	0	0
Total	**39,538**	**79,461**	**22,794**	**141,793**

The presentation of the previous year includes unsubordinated, unsecured promissory note loans of EUR 19,000,000, the full amount of which bore fixed interest and which were redeemed in December 2018.

Of the loans taken out from banks, a total of EUR 61,145,000 (previous year: EUR 90,793,000) had fixed interest rates and EUR 48,421,000 (previous year: EUR 51,000,000) had variable interest rates.

In the previous year, there were standard covenants based on the equity ratio and net debt for loan liabilities of EUR 141,520,000 to banks.

If the agreed covenants were not adhered to, the conditions stated that interest rates would rise in two stages, by 0.5 percent in both cases, followed by the right to terminate.

In the previous year, all covenants were complied with.

As of December 31, 2018, it was mutually agreed with the partner banks to cancel the existing covenants without substitution for future loan financing. Assurances to all partner banks with regard to equal treatment and the change-of-control clause remain.

24. Other financial liabilities

Financial liabilities are recognized as liabilities when the BLG Group becomes party to an agreement. The liabilities are measured at fair value at initial recognition. With the exception of contingent consideration included in the outstanding purchase price payments from corporate acquisitions and derivatives, they are subsequently measured at amortized cost. The measurement of the contingent consideration and derivatives is described in note 32.

Finance lease liabilities are reported at the present value of the lease payments and amortized over the term of the lease. To determine the repayment portion of the lease payments, the payments are divided in such a way that a constant interest rate is applied to the remaining liability.

Financial assets and liabilities are only netted and the net amount reported in the statement of financial position when there is a legally enforceable right to do so and there is an intention to settle on a net basis or to settle the corresponding liability at the same time as the relevant asset is sold.

Liabilities are derecognized after settlement, waiver or expiration.

Other financial liabilities break down as follows:

EUR thousand	**12/31/2018 Current**	**12/31/2018 Non-current**	12/31/2017 Current	12/31/2017 Non-current
Loans BLG Unterstützungskasse GmbH	25,600		25,600	
Short-term portion of long-term loans	18,987		39,538	
Bank overdrafts	54,847		28,430	
Obligations under revenue deductions	4,424	0	7,136	0
Cash management with respect to equity investments	4,408		4,312	
Derivatives with a negative fair value	3,049		2,373	
Outstanding purchase price payments from corporate acquisitions	450	11,874	1,136	12,479
Future social concept	983	2,453	1,056	2,848
Finance leases	432	651	876	506
Accruals	429	330	738	2,804
Other	6,614	4,102	5,769	7,066
Total	**120,223**	**19,410**	**116,964**	**25,703**

The outstanding purchase price payments from corporate acquisitions of EUR 12,324,000 (previous year: EUR 13,615,000) mainly relate to liabilities arising from the forward purchase of the remaining 49 percent of the shares in BLG Sports & Fashion Logistics GmbH, Hörsel. Of this amount, EUR 450,000 (previous year: EUR 2,326,000) consists of contingent consideration. For further details on contingent consideration, please refer to the disclosures in note 32. The accruals of the previous year included accrued remuneration of EUR 2,418,000, which has been recognized as contract liabilities under other liabilities since the introduction of IFRS 15 in the reporting year (see notes 4 and 28). Of this amount, EUR 1,669,000 was non-current and EUR 749,000 was current.

Other financial liabilities include obligations from the acquisition of shares in E.H. Harms Automobile-Logistics of EUR 4,189,000 (previous year: EUR 6,099,000). Of this amount, EUR 2,038,000 is non-current and EUR 2,151,000 is current.

The average effective interest rates as of the end of the reporting period of current account liabilities to banks amounted to 0.6 percent (previous year: 0.6 percent).

The discounted future cash flows from finance lease liabilities are as follows:

EUR thousand	**2018**			2017		
	Minimum lease payments	of which repayment	of which interest	Minimum lease payments	of which repayment	of which interest
Up to 1 year	464	432	32	981	876	105
1-5 years	624	567	27	536	506	30
More than 5 years	55	55	1	0	0	0
Total	**1,143**	**1,054**	**60**	**1,517**	**1,382**	**135**

25. Deferred government grants

Investment grants from the government are not recognized until there is reasonable assurance that the attached conditions will be met and that the grant will be awarded. Grants are reported separately under liabilities using the gross method. They are amortized pro rata temporis in accordance with the depreciation of the subsidized assets.

EUR thousand	12/31/2018 Current	12/31/2018 Non-current	12/31/2017 Current	12/31/2017 Non-current
AUTOMOBILE Division	70	2,356	68	2,191
CONTRACT Division	16	106	17	123
Total	**86**	**2,462**	**85**	**2,314**

The items set forth in the table above are deferrals for asset-related grants, which are recognized separately using the gross method. The grants of the AUTOMOBILE Division include EUR 1,413,000 (previous year: EUR 1,465,000) for grants from the Federal Railway Authority for replacements and renovations in the rail infrastructure. The deferrals are reversed in line with the depreciation of the subsidized assets. Total income from the reversal of the deferrals totaling EUR 98,000 (previous year: EUR 96,000) was recorded in 2018.

In addition, further income of EUR 310,000 was recorded during the year (previous year: EUR 257,000), the full amount of which relates to grants recognized through profit or loss.

26. Non-current provisions

Pension obligations are post-employment benefits within the meaning of IAS 19. Pension provisions are measured using the projected unit credit method prescribed in IAS 19 for defined benefit pension plans. In addition to pension obligations existing at the end of the reporting period, this method also takes into account the future development of the consideration, expected pension increases and expected fluctuation.

Actuarial gains and losses are fully recognized in other comprehensive income in the period in which they arise. The net interest component, which includes interest expense from the accrued interest on the gross pension obligations less the expected return on plan assets, is shown in the financial result. The plan assets bear interest at the applied discount rate on which the measurement of the pension obligations is based. The obligations presented in the statement of financial position are net obligations after offsetting against plan assets.

Anniversary provisions are other long-term employee benefits within the meaning of IAS 19. They are also measured using the projected unit credit method. The interest component included in the anniversary expenses is shown in the financial result.

EUR thousand	12/31/2018	12/31/2017
Personnel provisions		
Direct commitments	6,265	5,551
Port pensions	17,831	18,688
Future social concept	23,727	24,189
Anniversary provisions	8,239	6,574
	56,062	**55,002**
Other provisions		
Miscellaneous other non-current provisions	12	14
	12	**14**
Total	**56,074**	**55,016**

Provisions for pensions

All the plans of the BLG Group are defined benefit plans within the meaning of IAS 19. There are no minimum funding obligations.

The individual commitments of the Group companies form the legal basis for granting benefits. In addition, there are obligations for the payment of a disability pension and a retirement pension from the collective framework agreement for the port employees of German seaport companies, including the special provisions for the ports in the state of Bremen, of May 12, 1992. On January 1, 1998, the pension obligations existing at BLG AG up to this date were assumed by the Free Hanseatic City of Bremen (municipality).

There are also pension obligations in accordance with the guidelines of the Siemens pension insurance for employees who were transferred as of October 1, 2001, from SRI Radio Systems GmbH as well as for employees who were transferred as of May 1, 2003, from Siemens AG to BLG Logistics Solutions GmbH & Co. KG.

Pension obligations exist for employees who were transferred from Schenker AG as of April 1, 2015, and from Kühne+Nagel (AG & Co.) KG as of January 1, 2016, to BLG Industrielogistik GmbH & Co. KG pursuant to Schenker AG's "Benefit plan 2000" works agreement of February 28, 2003, as well as Schenker AG's "Pension component employee participation" company-wide works agreement of June 9, 2011.

Due to a transfer of operations, BLG Handelslogistik GmbH & Co. KG assumed obligations in the form of identical individual commitments by Puma AG to six employees as of October 1, 2018.

In addition, there are obligations to grant and pay retirement, disability and survivor's pensions due to a Group works agreement on ensuring the social future of March 15, 2005 (future social concept). Substantial parts of this benefit plan are applied again through new fee waivers to be agreed by the participating employees, while the parts of the bonus plan result annually from an employee profit sharing plan established after the end of the financial year.

For parts of the individual commitments and for the obligations within the framework of the future social concept, there are plan assets in the form of qualified insurance contracts within the meaning of IAS 19. The plan assets are managed externally by insurance companies, and specifically include insurance cover for pension commitments. The asset values determined by the insurance companies are recognized as fair values.

EUR thousand	12/31/2018	12/31/2017
Insurance cover for pension commitments	56,470	52,690
Fair value of plan assets	**56,470**	**52,690**

The provisions are calculated taking into account the respective underlying contractual agreement of qualified actuaries using the projected unit credit method in accordance with IAS 19.

The Group is exposed to various risks in connection with the defined benefit plans. In addition to the general risks of a change in demographic assumptions, these are, in particular, interest rate risk and capital market or investment risk. There are no concentrations of risk.

EUR thousand	12/31/2018	12/31/2017
Present value of defined benefit obligations	105,269	102,145
Fair value of plan assets	-56,470	-52,690
Shortfall (net debt)	**48,799**	**49,455**

Present value of pension obligations

The present value of the defined benefit obligations changed as follows:

EUR thousand	12/31/2018	12/31/2017
Balance at beginning of year	**102,145**	**104,997**
+ Current service cost	3,706	2,326
+ Expense from deferred compensation	2,470	2,769
+ Interest expenses	1,980	1,691
+/- Remeasurement		
Experience-based adjustments	-417	74
Actuarial gains/losses from changes in demographic assumptions	549	0
Actuarial gains/losses from changes in financial assumptions	-2,021	-4,478
- Utilization (pension payments)	-2,931	-3,289
+/- Reversals	-273	-1,131
+/- Transfers	61	-22
+/- Changes in group of consolidated companies	0	-792
Balance at end of year	**105,269**	**102,145**

The weighted average maturity (duration) of the defined benefit obligations is as follows:

	12/31/2018	12/31/2017
Direct commitments	16 years	17 years
Port pensions	15 years	15 years
Future social concept	12 years	13 years

Fair value of plan assets

The fair value of the plan assets has changed as follows:

EUR thousand	12/31/2018	12/31/2017
Balance at beginning of year	**52,690**	**49,669**
+ Interest income	962	743
+ Expenses/income from plan assets (excluding interest income)	312	629
+ Additions of the employees included in the plan (e.g. deferred compensation)	2,543	2,343
+ Employer contributions	1,940	1,963
- Utilization (pension payments)	-1,803	-2,118
+/- Reversals	-115	-10
+/- Transfers	-59	-55
+/- Changes in group of consolidated companies	0	-474
Balance at end of year	**56,470**	**52,690**

Net pension expense

The part of the net pension expense recognized in profit or loss for the period is made up as follows:

EUR thousand	12/31/2018	12/31/2017
Current service cost	3,706	2,326
Interest expenses	1,018	948
Total	**4,724**	**3,274**

The service cost is recognized in the consolidated income statement as personnel expense, and accrued interest on the expected pension obligations is recognized as interest expense. The expected return on plan assets reduces the interest expense.

The actual income from plan assets as of December 31, 2018, amounts to EUR 1,274,000 (previous year: EUR 1,372,000).

Actuarial parameters

The actuarial valuation of the material defined benefit pension obligations was based on the following parameters (given in the form of weighted average factors):

12/31/2018 in %	Direct commit-ments	Port pensions	Future social concept
Discount rate	2.1	2.1	2.1
Rate of salary increases	1.4	0.0	0.0
Rate of pension increases	1.1	1.0	0.0

12/31/2017 in %	Direct commit-ments	Port pensions	Future social concept
Discount rate	2.0	1.9	1.9
Rate of salary increases	1.4	0.0	0.0
Rate of pension increases	1.1	1.0	0.0

The mortality rate underlying the calculation of the present value of the material defined benefit pension obligations is based on the 2018 G (previous year: 2005 G) mortality tables by Prof. Dr. Klaus Heubeck.

Sensitivity analyses

The present value of the pension obligations depends on a number of factors based on actuarial assumptions. The net expense (or income) used in determining assumptions for pensions includes the discount rate. Any change in these assumptions will impact the carrying amount of the pension obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate used in determining the present value of expected future cash outflows required to settle the obligation. In determining the discount rate, the Group uses as its basis the interest rates of top-rated corporate bonds that are denominated in the currency in which the benefits are paid and with maturities corresponding to those of the pension obligation.

An increase or decrease in the principal actuarial assumptions in the amount of the expected future development would have the following effects compared to the parameters actually applied to the present value of pension obligations:

EUR thousand	12/31/2018 Higher	12/31/2018 Lower	12/31/2017 Higher	12/31/2017 Lower
Discount rate (50 basis points)	-6,472	7,152	-6,472	7,173
Rate of salary increase (50 basis points)	76	-72	60	-59
Rate of pension increase (50 basis points)	1,596	-1,463	1,602	-1,467

The sensitivity calculations are based on the average maturity of the pension obligations determined as of December 31, 2018. The calculations were carried out on an isolated basis for actuarial assumptions which have been identified as significant to separately illustrate the potential impact on the calculated present value of pension obligations. As the average duration of the expected pension liabilities is based on the sensitivity analyses and consequently the expected payment dates are not taken into consideration, they only result in approximate information or statements about trends.

Funding of pension obligations
The funding of the pension contracts entered into for the Board of Management and senior staff and the agreements for the future social concept are fully covered by insurance cover for pension commitments pledged in favor of the beneficiaries. The pension contracts are solely funded by the employer; the future social concept is funded by contributions made by employees and a performance bonus paid by the employer. There is no obligation to participate in the future social concept. The port pension does not contain any plan assets.

For the subsequent financial year, the company expects payments to the defined benefit plans of EUR 2,320,000 (previous year: EUR 2,186,000).

Anniversary provisions
Provisions for anniversaries take into consideration the contractually guaranteed rights of Group employees to receive anniversary bonuses. Recognition is based on actuarial reports, which make calculations based on a discount rate of 1.8 percent (previous year: 1.5 percent). Accrued interest of EUR 10,000 is included in the addition of the reporting year of EUR 2,017,000.

EUR thousand	As of 01/01/2018	Utilization	Reversal	Addition	Transfer	As of 12/31/2018
Long-term anniversary provisions	6,574	0	59	1,724	0	8,239
Short-term anniversary provisions	335	271	0	293	0	357
Total	**6,909**	**271**	**59**	**2,017**	**0**	**8,596**

Other non-current provisions
Other non-current provisions amount to EUR 12,000 (previous year: EUR 14,000).

Non-current provisions with a remaining maturity of more than one year are discounted at the capital market interest rate corresponding to their maturity.

27. Trade payables

EUR thousand	2018	2017
Liabilities to third parties	63,772	60,188
Obligations from outstanding invoices	25,894	21,155
Liabilities to investees	3,251	4,805
Liabilities to affiliated companies	298	422
Total	**93,215**	**86,570**

28. Other financial and non-financial liabilities

Liabilities from partial retirement agreements as obligations arising from post-employment benefits (termination benefits) are measured using the projected unit credit method.

A liability is recognized based on collective bargaining and individual agreements. Recognition, which includes payments in arrears from current partial retirement arrangements and amounts for building reserves, is based on actuarial reports.

The Group's accounting policies for contract liabilities are presented in note 4.

The payments received on account of orders (previous year) resulted from the receipt of consideration from customers before the (full) satisfaction of the performance obligations and have been recognized as contract liabilities since the introduction of IFRS 15 in the reporting year (see note 4). The contract liabilities also include accrued remuneration, which was presented under other financial liabilities in the previous year (see note 24).

EUR thousand	12/31/2018 Current	12/31/2018 Non-current	12/31/2017 Current	12/31/2017 Non-current
Other financial liabilities				
Liabilities to employees from wages and salaries	8,184	0	7,811	0
Obligations to employees from restructuring	5,207	0	1,367	0
Liabilities for variable remuneration	1,682	438	1,475	333
Other financial liabilities	0	96	1,407	86
	15,073	**534**	**12,060**	**419**
Other non-financial liabilities				
VAT liabilities	10,178	0	12,210	0
Obligations from outstanding holiday leave	13,582	0	11,752	0
Advance duties	7,954	0	9,117	0
Payments received on account of orders	0	0	1,716	0
Advance payments	1,190	0	1,423	0
Short-term employee benefits	1,333	0	1,362	0
Contract liabilities	3,122	513	0	0
Partial retirement obligations	250	561	262	93
Other non-financial liabilities	2,075	0	796	0
	39,684	**1,074**	**38,638**	**93**
Total	**54,757**	**1,608**	**50,698**	**512**

29. Current provisions

Provisions are formed if a liability to a third party results from a past event which is expected to result in an outflow of assets and can be reliably measured. They represent uncertain liabilities that are recognized at the amount of the best estimate. The amount of the provision also includes the expected cost increases.

EUR thousand	As of 01/01/2018	Utilization	Reversal	Reclassification	Addition	As of 12/31/2018
Insurance contributions	1,434	180	1,650	396	601	601
Onerous contracts	9,562	3,417	6,240	140	11,175	11,220
Warranty risks	2,600	0	100	135	6,700	9,335
Miscellaneous other provisions	9,860	1,485	2,501	-128	2,476	8,222
Total	**23,456**	**5,082**	**10,491**	**543**	**20,952**	**29,378**

The insurance contributions primarily result from obligations with respect to the liability claim compensation of German metropolitan areas.

The provisions for onerous contracts are allocated as follows: EUR 10,220,000 to the CONTRACT Division and EUR 1,000,000 to BLG KG. The provisions in the CONTRACT Division relate to contracts with customers for which the estimated costs are not expected to be covered by the agreed revenue. The provision at BLG KG fully relates to the expected use of a guarantee in connection with a share acquisition in previous years. The size of the risks from onerous contracts may increase significantly as a result of changes in circumstances over time. Based on our current estimation, a risk of this kind should be viewed as low.

For warranty risks from possible warranty liabilities and fair-dealing obligations, provisions of EUR 2,635,000 have been carried forward from previous years. Overall, there is broad discretion in measuring these provisions, as there are no comparable items or other historical data.

Miscellaneous other provisions include other operating taxes of EUR 675,000 (previous year: EUR 1,167,000) and archiving costs of EUR 1,348,000 (previous year: EUR 1,336,000).

30. Contingent liabilities

The existing contingent liabilities in the BLG Group in favor of companies accounted for using the equity method are presented below.

EUR thousand	2018	2017
Overall share in contingent liabilities		
of joint ventures	165	352
of associates	629	630
Total	**794**	**982**

Contingent liabilities are measured at their nominal amounts. Maximum guarantees are recognized at their maximum amount. Based on the relationships at the end of the reporting period, the actual contingent liabilities totaled EUR 719,000 (previous year: EUR 752,000) on the basis of the underlying liabilities.

The above contingent liabilities primarily relate to the collateralization of credit lines. In addition, in a letter of comfort a Group company has undertaken to equip an associated investee with sufficient financial resources to ensure the continuity of business operations.

Taking into account the knowledge gained up to the time this document was prepared, it can currently be assumed that all obligations underlying the contingent liabilities can be met by the respective principal debtors. The risk of a claim is considered low.

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31. Other financial liabilities

EUR thousand	12/31/2018	12/31/2017
Purchase commitments	49,595	19,256
Minimum lease payments under operating leases	113,234	131,385
The Minimum payment obligations under leases for land, buildings and wharfs	607,560	579,701
Total	**770,389**	**730,342**

Other financial obligations are measured at their nominal amounts.

The purchase commitments result from contracts entered into for the purchase of property, plant and equipment. Most of the net obligations arising from the purchase commitments are due within the next two years.

Further information on operating leases is given in note 14.

32. Financial instruments

Classification of financial assets and financial liabilities

The business models underlying the financial assets and the characteristics of the contractual cash flows associated with the assets were determined as of January 1, 2018. The assets were allocated to the IFRS 9 measurement categories on this basis. The resulting changes in classification, including a reconciliation of the carrying amounts under IAS 39 with the carrying amounts under IFRS 9, are presented below.

Financial assets EUR thousand	12/31/2017 Carrying amount – IAS 39	Reclassification	Remeasure-ment	01/01/2018 Carrying amount – IFRS 9
Cost				
Trade receivables				
Previously: loans and receivables	188,295	-5,162	0	--
Now: amortized cost	0	0	-141	182,992
Current financial receivables				
Previously: loans and receivables	52,285	0	0	--
Reclassified: fair value through profit or loss	0	-47,770	0	
Now: amortized cost	0	0	0	4,515
Fair value				
Shares in affiliated companies and other equity investments				
Previously: available for sale	558	-558	0	--
Reclassified: fair value through other comprehensive income	0	558	0	558
Financial receivables from shareholder accounts in companies accounted for using the equity method				
Continued: fair value through profit or loss	0	47,770	0	47,770
Total	**241,138**	**-5,162**	**-141**	**235,835**

The reclassifications in trade receivables of EUR 5,162,000 relate to services not yet invoiced, which since the introduction of IFRS 15 in the reporting year must be recognized as contract assets and are not financial instruments within the meaning of IAS 32. The adjustment of trade receivables results from the application of the new impairment requirements.

The shares in affiliated companies and other equity investments are long-term investments and as equity instruments must as a rule be measured at fair value through profit or loss. BLG LOGISTICS has exercised the option to recognize the changes in fair value through other comprehensive income. The measurement of equity investments at fair value required by IFRS 9 is only forgone if the equity investments are immaterial and there is no active market for the measurement of fair value.

The financial receivables from shareholder accounts in companies accounted for using the equity method relate to profit shares from partnerships classified as debt instruments. As the profit shares are not capital repayments but capital returns, they are measured at fair value through profit or loss.

The tables below present the allocation of financial assets and financial liabilities to the previous measurement categories under IAS 39 and the new measurement categories under IFRS 9.

Financial assets **EUR thousand**	Original category – IAS 39	New category – IFRS 9	**As of 01/01/2018** Original carrying amount - IAS 39	New carrying amount - IFRS 9
Non-current				
Shares in affiliated companies and other equity investments	Available for sale	Fair value through other comprehensive income	558	558
Other non-current financial receivables	Loans and receivables	Amortized cost	705	705
Miscellaneous other non-current assets	Loans and receivables	Amortized cost	15	15
Current				
Hedged derivatives	Fair value - hedging	Fair value - hedging	442	442
Trade receivables	Loans and receivables	Amortized cost	183,133	182,992
Financial receivables from shareholder accounts in companies accounted for using the equity method	Loans and receivables	Fair value through profit or loss	47,770	47,770
Other current financial receivables	Loans and receivables	Amortized cost	4,515	4,515
Miscellaneous other current assets	Loans and receivables	Amortized cost	854	854
Cash and cash equivalents	Loans and receivables	Amortized cost	14,338	14,338
Total			**252,330**	**252,189**

Financial liabilities EUR thousand	Original category – IAS 39	New category - IFRS	As of 01/01/2018 Original carrying amount – IAS 39	New carrying amount – IFRS 9
Non-current				
Contingent consideration	Fair value through profit or loss	Fair value through profit or loss	1,190	1,190
Long-term loans	Amortized cost	Amortized cost	102,255	102,255
Finance lease liabilities	Amortized cost	Amortized cost	506	506
Other non-current financial liabilities	Amortized cost	Amortized cost	22,338	22,338
Miscellaneous other non-current liabilities	Amortized cost	Amortized cost	419	419
Current				
Contingent consideration	Fair value through profit or loss	Fair value through profit or loss	1,136	1,136
Hedged derivatives	Fair value - hedging	Fair value - hedging	2,373	2,373
Trade payables	Amortized cost	Amortized cost	86,570	86,570
Current financial liabilities to banks	Amortized cost	Amortized cost	67,968	67,968
Finance lease liabilities	Amortized cost	Amortized cost	876	876
Other current financial liabilities	Amortized cost	Amortized cost	43,862	43,862
Other current liabilities	Amortized cost	Amortized cost	12,060	12,060
Total			**341,553**	**341,553**

The original carrying amounts of other non-current and current financial liabilities shown do not include accrued remuneration totaling EUR 2,418,000, which since the introduction of IFRS 15 in the reporting year must be recognized as contract liabilities and is not a financial instrument within the meaning of IAS 32. Of this amount, EUR 1,669,000 is non-current and EUR 749,000 is current.

Carrying amounts and fair values of financial instruments by class, item in the statement of financial position and measurement category under IFRS 9
In the tables shown on the following pages, the financial instruments are listed according to the above criteria, including the indication of their level in the fair value hierarchy. The measurement categories are described in notes 16 and 18 and in the "Derivative financial instruments" section.

Classification to the levels of the fair value hierarchy is based on the measurement methods used and is described in note 1 in the "Determination of fair values" section. The tables do not contain fair values for financial assets and financial liabilities not measured at fair value for which no significant effects result from measurement at fair value due to the short maturity and the carrying amount therefore constitutes a reasonable approximation of fair value.

Carrying amounts of financial instruments classified by item in the statement of financial position, class and category

EUR thousand 12/31/2018 Assets	CARRYING AMOUNTS					FAIR VALUES	
	Cost	Fair value – through profit or loss	Fair value through other com-prehensive income	Fair value hedging	Total carrying amount	Fair value level	Fair value
Financial assets measured at fair value							
Non-current							
Shares in affiliated companies and other equity investments	0	0	485	0	485	3	n.i.
Hedged derivatives	0	0	0	223	223	2	223
Current financial receivables	0	38,820	0	0	38,820	3	n.i.
	0	**38,820**	**485**	**223**	**39,528**		
Financial assets not measured at fair value							
Non-current							
Other non-current financial receivables	969	0	0	0	969	3	n.i.
Miscellaneous other non-current assets	56	0	0	0	56	2	n.i.
Current							
Trade receivables	196,974	0	0	0	196,974		n.i.
Current financial receivables	6,709	0	0	0	6,709		n.i.
Miscellaneous other current assets	5,402	0	0	0	5,402		n.i.
Cash and cash equivalents	15,222	0	0	0	15,222		n.i.
	225,332	**0**	**0**	**0**	**225,332**		

n.i. = no Information

EUR thousand 12/31/2018 Liabilities	CARRYING AMOUNTS					FAIR VALUES	
	Cost	Fair value through profit or loss	Fair value through other com-prehensive income	Fair value hedging	Total carrying amount	Fair value level	Fair value
Financial liabilities measured at fair value							
Non-current							
Contingent consideration	0	0	0	0	0	3	
Current							
Hedged derivatives	0	0	0	3,049	3,049	2	3,049
Contingent consideration	0	450	0	0	450	3	450
	0	**450**	**0**	**3,049**	**3,499**		
Financial liabilities not measured at fair value							
Non-current							
Long-term loans	90,580	0	0	0	90,580	3	91,640
Finance lease liabilities	651	0	0	0	651	3	n.i.
Other non-current financial liabilities	18,759	0	0	0	18,759	2	n.i.
Miscellaneous other non-current liabilities	534	0	0	0	534	2	n.i.
Current							
Trade payables	93,215	0	0	0	93,215		n.i.
Current financial liabilities to banks	73,834	0	0	0	73,834	3	74,280
Finance lease liabilities	432	0	0	0	432	3	n.i.
Other current financial liabilities	42,458	0	0	0	42,458		n.i.
Other current liabilities	15,073	0	0	0	15,073		n.i.
	335,536	**0**	**0**	**0**	**335,536**		

n.i. = no Information

EUR thousand 12/31/2017 Assets	CARRYING AMOUNTS						FAIR VALUES	
	Loans and receivables	Financial liabilities at acquisition cost	Available for sale	Classified as fair value through profit or loss	Fair value – hedging	Total carrying amount	Fair value level	Fair value
Financial assets measured at fair value								
Current								
Hedged derivatives	0	0	0	0	442	442	2	442
	0	**0**	**0**	**0**	**442**	**442**		
Financial assets not measured at fair value								
Non-current								
Shares in affiliated companies and other equity investments	0	0	558	0	0	558		n.r.m.
Other investments	0	0	0	0	0	0		
Other non-current financial receivables	705	0	0	0	0	705	3	n.i.
Miscellaneous other non-current assets	15	0	0	0	0	15	2	n.i.
Current								
Trade receivables	188,295	0	0	0	0	188,295		n.i.
Current financial receivables	52,285	0	0	0	0	52,285		n.i.
Miscellaneous other current assets	854	0	0	0	0	854		n.i.
Cash and cash equivalents	14,338	0	0	0	0	14,338		n.i.
	256,492	**0**	**558**	**0**	**0**	**257,050**		

n.r.m. = not reliably measurable n.i. = no Information

EUR thousand 12/31/2017 Liabilities	CARRYING AMOUNTS						FAIR VALUES	
	Loans and receivables	Financial liabilities at acquisition cost	Available for sale	Classified as fair value through profit or loss	Fair value – hedging	Total carrying amount	Fair value level	Fair value
Financial liabilities measured at fair value								
Non-current								
Contingent consideration	0	0	0	1,190	0	1,190	3	1,190
Current								
Hedged derivatives	0	0	0	0	2,373	2,373	2	2,373
Contingent consideration	0	0	0	1,136	0	1,136	3	1,136
	0	**0**	**0**	**2,326**	**2,373**	**4,699**		
Financial liabilities not measured at fair value								
Non-current								
Long-term loans	0	102,255	0	0	0	102,255	2	103,713
Finance lease liabilities	0	506	0	0	0	506	2	n.i.
Other non-current financial liabilities	0	24,007	0	0	0	24,007	2	n.i.
Miscellaneous other non-current liabilities	0	419	0	0	0	419	2	n.i.
Current								
Trade payables	0	86,570	0	0	0	86,570		n.i.
Current financial liabilities to banks	0	67,968	0	0	0	67,968	2	68,566
Finance lease liabilities	0	876	0	0	0	876	2	n.i.
Other current financial liabilities	0	44,611	0	0	0	44,611		n.i.
Other current liabilities	0	12,060	0	0	0	12,060		n.i.
	0	**339,272**	**0**	**0**	**0**	**339,272**		

n.i. = no Information

The non-current financial assets include equity instruments of EUR 485,000 (previous year: EUR 558,000) for which BLG LOGISTICS has exercised the option to recognize changes in fair value through other comprehensive income. These are shares in corporations for which there is no active market and the fair value cannot be reliably determined using measurement methods. Cost is therefore the best estimate of fair value.

In the reporting year, the shares in BLG-ESF Warehouse GmbH i. L., Bremen, and in Automobile Logistics Slovakia s.r.o. i. L., Bratislava, Slovakia, were derecognized in connection with the liquidation of the companies. No shares in these corporations were otherwise derecognized or sold. There are no plans to sell or derecognize parts of the reported equity investments in the near future.

With the exception of long-term bank loans, there are no significant differences between the carrying amounts and fair values of the financial instruments. The carrying amounts of trade receivables, current financial receivables, miscellaneous other financial receivables and cash and cash equivalents essentially correspond to their fair values on account of their short-term nature. The shares in affiliated companies and current financial receivables from shareholder accounts were already measured at fair value, so there is no deviation from the carrying amount here. In the case of non-current financial receivables, the carrying amount approximates fair value due to materiality. The carrying amounts of trade payables, current financial liabilities and other current financial liabilities essentially correspond to their fair values on account of their short-term nature. In the case of other non-current financial liabilities, the carrying amount approximates fair value due to the regular adjustment of the interest rate.

The following significant methods and assumptions were used to determine the level 3 fair values:

The fair values are determined using the discounted cash flow method based on the expected future cash flows and current interest rates for comparable borrowing arrangements that are either directly or indirectly observable on the market.

The yield curve of risk-free German government bonds plus a company-specific, matched-term risk premium is used as the market interest rate. With installment payment arrangements, the risk premium over the average maturity is taken into account.

The level 2 fair values of derivative financial instruments are based on external fair value calculations. The variable cash flows are determined using the forward rates of the benchmark rates used for the hedging instruments. The credit spread is not the subject of the hedging relationship.

The level 3 fair values for contingent consideration in connection with the acquisition of shares in BLG Sports & Fashion Logistics GmbH are determined on the basis of the medium-term planning using the discounted cash flow method. The main inputs in the measurement, which are based on unobservable market data, are the pro rata net incomes for the reporting year and for the subsequent year of BLG Sports & Fashion Logistics GmbH which are attributable to the seller. The measurement was carried out using a discount rate of 5.28 percent for matching maturities. In previous years, the fair values of possible additional purchase prices were also determined on the basis of the – in some cases weighted – expected earnings before taxes from the existing business and new business of BLG Sports & Fashion Logistics GmbH. The additional purchase prices can no longer be achieved due to the termination by a major customer.

The following table shows the reconciliation of liabilities from contingent consideration at fair value.

EUR thousand	2018	2017
As of January 1	2,326	5,051
Payments of contingent consideration	-1,136	-1,208
Realized changes to fair value recognized through profit or loss	-801	-127
of which recognized in income from the settlement of debts	-801	-127
Unrealized changes to fair value recognized through profit or loss	61	-1,390
of which recognized in income from the settlement of debts	-94	-1,704
of which recognized in other non-operating expenses	0	0
of which recognized in net interest income	155	314
As of December 31	**450**	**2,326**

The contingent consideration results from the acquisition of the shares in BLG Sports & Fashion Logistics GmbH, Hörsel, and relates in full to the present value of future dividend payments.

The reduction in the fair value of liabilities from contingent consideration recognized through profit or loss results primarily from the lower net income for the reporting year compared to the medium-term planning of the previous year and the changed expectations with regard to the planned earnings of the following year of BLG Sports & Fashion Logistics GmbH.

A significant increase (decrease) in the net income for the year of BLG Sports & Fashion Logistics GmbH would result in a higher (lower) fair value of liabilities from contingent consideration, while a significant increase (decline) in the discount rates would result in a lower (higher) fair value of the liabilities.

For the fair value of the contingent consideration, a possible change in one of the key inputs based on unobservable market data, while retaining the other inputs, would have had the following effects on the amount of the contingent consideration.

EUR thousand	12/31/2018 Higher	12/31/2018 Lower	12/31/2017 Higher	12/31/2017 Lower
Net income for the years 2015 - 2019 (10% change)	45	-45	233	-233
Discount rates for matching maturities (1% change)	0	0	-11	11

Movements between the different levels of the fair value hierarchy are recognized at the end of the reporting period in which they occur. In the reporting year, no movements occurred.

Net earnings by measurement category

The following net earnings are attributable to the measurement categories of the financial instruments:

2018 EUR thousand	From interest rates	From dividends	From disposal	Fair value	Net earnings
Financial assets at amortized cost	1,193	0	-169	0	1,024
Equity instruments at fair value through other comprehensive income	0	92	0	0	92
Hedging instruments	-668	0	0	-100	-768
Financial liabilities at amortized cost	-4,014	0	0	0	-4,014
Financial liabilities at fair value through profit or loss	-155	0	0	895	740
Total	**-3,644**	**92**	**-169**	**795**	**-2,926**

2017 EUR thousand	Subsequent measurement				
	From interest rates	Fair value	Valuation allowance	From disposal	Net earnings
Loans and receivables	1,136	0	-2,770	-429	-2,063
Financial assets available for sale	0	0	-360	0	-360
Hedging instruments	-563	0	0	0	-563
Financial liabilities at amortized cost	-4,880	0	0	0	-4,880
Financial liabilities at fair value through profit or loss	-314	1,831	0	0	1,517
Total	**-4,621**	**1,831**	**-3,130**	**-429**	**-6,349**

Aims and methods of financial risk management

The principal financial instruments used to finance the Group include long-term borrowings, short-term loans and cash, including short-term deposits with banks. The focus is on financing the operations of the BLG Group. The BLG Group has access to a range of other financial instruments, such as trade receivables and payables, that arise directly as part of its operations.

Financial risk management is the responsibility of the Treasury department, whose tasks and objectives are described in a guideline approved by the Board of Management. The central task besides managing liquidity and arranging financing is the minimization of financial risks at Group level. This includes preparing and analyzing financing and hedging strategies and contracting hedging instruments.

The material risks for the Group resulting from financial instruments are credit risks, foreign currency risks, liquidity risks and interest rate risks. The Board of Management creates risk management guidelines for each of these risks, which are summarized below, and verifies compliance with these guidelines. At Group level the existing market price risk is also observed for all financial instruments.

Hedge accounting is applied if derivative financial instruments are used as hedging instruments and the requirements for hedge accounting in accordance with

IFRS 9 are met. The objective is to reduce inconsistencies in recognition or measurement arising for example from gains or losses from a hedging instrument not being recognized in the same place in the financial statements as the gains or losses from the hedged risk. The Group's accounting policies for derivatives and other disclosures on hedge accounting are presented in the "Derivative financial instruments" section.

Credit risk

The Group's credit risk mainly results from trade receivables. The amounts shown in the consolidated statement of financial position do not include valuation allowances for expected credit losses, which were determined on the basis of the historical credit loss ratios of the last five years, adjusted for management estimates regarding the future development of the economic environment. Due to the ongoing monitoring of receivables by the management, the BLG Group is not currently exposed to any significant credit risks. Disclosures on credit risk and expected credit losses from trade receivables are contained in note 18.

The credit risk is limited in respect of cash and derivative financial instruments because these are currently held exclusively at banks that have been awarded high credit ratings from international rating agencies, that are highly secure thanks to a joint liability scheme and/or at which there are offsetting opportunities via long-term borrowings.

The maximum credit risk of the Group is represented by the carrying amounts of the financial assets recognized in the statement of financial position (including derivative financial instruments with positive fair value). At the reporting date, there are no significant credit risk mitigation agreements or hedges. The Group is also exposed to credit risk through the acquisition of financial guarantees; at the end of the reporting period, this amounts to a maximum of EUR 719,000 (previous year: EUR 752,000).

There are no significant concentrations of credit risk in the Group.

Foreign currency risk

With very few exceptions, the Group companies operate in the eurozone and invoice only in euros. In this respect, currency risk could only arise in isolated cases, such as from foreign dividend income or the purchase of goods and services from abroad. An interest rate and currency swap has been concluded to hedge against the foreign currency risk from a variable USD loan granted in the context of Group financing. Further information is presented in the "Derivative financial instruments" section.

As of December 31, 2018, and December 31, 2017, there were no significant currency risks in the Group.

Capital risk management

An important capital management goal for the BLG Group is to ensure the continued operations of the company in order to continue to provide earnings to shareholders and to provide other stakeholders with the services to which they are entitled. Additional goals are to optimize liquidity security and maintain an optimum capital structure in order to reduce the costs of capital in general and the refinancing risk in particular in the long term.

The BLG Group monitors its capital using the equity ratio and the debt ratio, calculated as net debt to EBITDA. These two key figures form part of the criteria negotiated with the financing banks for the BLG Group's covenants. The calculation of these key figures normally requires information that does not form part of these consolidated financial statements.

In 2018, the strategy continued to be to secure access to external funds at acceptable costs by complying with the covenants agreed with the banks. As of December 31, 2018, it was mutually agreed with the partner banks to cancel the existing covenants without substitution for future loan financing. Assurances to all partner banks with regard to equal treatment and the change-of-control clause remain.

Liquidity risk

Liquidity risks may arise from payment bottlenecks and the resulting higher financing costs. The Group's liquidity is ensured by central cash management at the level of BLG KG. All significant subsidiaries are included in cash management. Due to the control of capital expenditure and credit management, which is also performed centrally, financial resources (loans/leases) can be provided in good time to meet all payment requirements.

The Group's liquidity needs are covered by cash and committed credit lines. As of December 31, 2018, the Group had unused current account credit lines of about EUR 30 million (previous year: around EUR 55 million).

The following tables show the contractually arranged (undiscounted) interest payments and principal repayments of non-current financial liabilities and derivative financial instruments (interest rate swaps).

All non-current financial instruments held at the end of the reporting period and for which payments have been contractually arranged are included here. Budget figures for future new liabilities are not included, current liabilities with maturities of up to one year are disclosed in the notes to the individual items in the statement of financial position.

The variable interest payments from financial instruments were calculated using the last interest rate fixed before the end of the reporting period.

12/31/2018 **EUR thousand**		**Cash flows**						
		2019	2020	2021 - 2023	2024 - 2028	2029 ff.	Total	Carrying amount (derivatives offset)
Non-derivatives								
Long-term bank loans	Fixed interest rate	1,067	882	1,460	239	0	3,648	
	Floating interest rate	428	349	409	4	0	1,190	
	Repayment	18,986	19,247	57,622	13,711	0	109,566	109,566
Liabilities from finance leases	Fixed interest rate	32	19	9	0	0	60	
	Floating interest rate	0	0	0	0	0	0	
	Repayment	432	320	331	0	0	1,083	1,083
Total		**20,945**	**20,817**	**59,831**	**13,954**	**0**	**115,547**	**110,649**
Derivatives								
Interest rate swaps/interest rate and currency swaps	Proceeds	-829	-829	-3,267	-7,634	-5,379	-17,938	
	Payments	1,664	1,651	5,409	8,595	5,032	22,351	-2,826
Total		**835**	**822**	**2,142**	**961**	**-347**	**4,413**	**-2,826**

12/31/2017 EUR thousand		Cash flows						
		2018	2019	2020 - 2022	2023 - 2027	2028 ff.	Total	Carrying amount (derivatives offset)
Non-derivatives								
Long-term bank loans	Fixed interest rate	1,980	993	1,984	525	0	5,482	0
	Floating interest rate	478	401	689	4	0	1,572	0
	Repayment	39,538	17,611	61,850	22,794	0	141,793	141,793
Liabilities from finance leases	Fixed interest rate	105	19	11	0	0	135	0
	Floating interest rate	0	0	0	0	0	0	0
	Repayment	876	208	298	0	0	1,382	1,382
Total		**42,977**	**19,232**	**64,832**	**23,323**	**0**	**150,364**	**143,175**
Derivatives								
Interest rate swaps/interest rate and currency swaps	Proceeds	0	-3	-799	-5,924	-6,352	-13,078	
	Payments	529	573	2,169	6,372	5,545	15,188	-1,931
Total		**529**	**570**	**1,370**	**448**	**-807**	**2,110**	**-1,931**

Interest rate risk

The interest rate risk to which the BLG Group is exposed arises primarily from long-term loans and other non-current financial liabilities. Interest rate risks are managed with a combination of fixed-interest and variable-interest loan capital. By far the majority of the liabilities to banks have been concluded over the long term or fixed interest rates have been agreed through to the end of the financing term, either originally as part of the loan agreements or via interest rate swaps which have been concluded within micro-hedges for individual variable-interest loans. In addition, against the backdrop of the low interest rate, which is attractive for investments, a portion of the financing requirement of the coming years was hedged by the agreement of forward interest rate swaps. The plan is to take out loans from partner banks totaling EUR 90 million in tranches of up to EUR 15 million each within six years, beginning in 2019. Further information is presented in the "Derivative financial instruments" section.

Interest rate risks are disclosed via sensitivity analyses in accordance with IFRS 7. These show the effects of changes in the market interest rate on interest payments, interest income and expenses, other income items and on equity. The interest rate sensitivity analyses are based on the following assumptions.

With regard to original fixed-interest financial instruments, market interest rate changes only affect the result if these financial instruments are measured at fair value. All fixed-interest financial instruments measured at amortized cost are not subject to interest rate risks within the meaning of IFRS 7. This applies to all fixed-interest loan liabilities of the BLG Group, including finance lease liabilities. When hedging interest rate risks in the form of cash flow hedge-designated interest rate swaps, changes to the cash flows and to the contributions to earnings induced by changes to the market interest rate of the hedged original financial instruments and the interest rate swaps balance each other out almost completely so that there is no interest rate risk.

The measurement of hedging instruments at fair value through other comprehensive income affects the hedge reserve in equity and is therefore included in the equity-related sensitivity calculation. Market interest rate changes on original variable-interest financial instruments whose interest payments are not created initially within cash flow hedges against the risks of interest rate changes have an effect on net interest income and are thus included in the calculation of income-related sensitivities.

The same applies to interest payments from interest rate swaps which are, as an exception, not contained in a hedge accounting relationship in accordance with IFRS 9. In the case of these interest rate swaps, market interest rate changes also have an effect on the fair value and thus affect the remeasurement result from adjustments to the fair value of the financial assets or financial liabilities and are included in the income-related sensitivity calculation.

If the market interest rate at the end of each reporting period had been 100 basis points higher (lower), it would have had the following effects on earnings before taxes and equity (before deferred taxes):

EUR thousand	**12/31/2018 Higher**	**12/31/2018 Lower**	12/31/2017 Higher	12/31/2017 Lower
Effect on earnings	-1,186	1,186	-2,086	2,086
Effect on equity (excluding effect on earnings)	7,670	-7,929	8,774	-9,832

Fixed interest financial instruments

Fixed interest rates have been agreed for the following loans and other financial instruments. The Group is thus exposed to interest rate risk for the fair value.

12/31/2018 **EUR thousand**	**Residual maturities**			
	Up to 1 year	1 to 5 years	More than 5 years	Total
Long-term bank loans	9,979	38,740	12,426	61,145
Interest rate swaps	2,000	17,000	0	19,000
Finance lease liabilities	432	567	55	1,054
Total	**12,411**	**56,307**	**12,481**	**81,199**

12/31/2017 **EUR thousand**	**Residual maturities**			
	Up to 1 year	1 to 5 years	More than 5 years	Total
Long-term bank loans	31,388	37,611	21,794	90,793
Interest rate swaps	2,000	18,000	1,000	21,000
Finance lease liabilities	876	506	0	1,382
Total	**34,264**	**56,117**	**22,794**	**113,175**

Floating rate financial instruments

Floating interest rates have been agreed for the following financial instruments. The Group is thus exposed to interest rate risk for the cash flows. The corresponding interest rate swaps are shown with a negative sign, as the interest rate risk offsets the interest rate risk from the loans taken out.

12/31/2018 **EUR thousand**	**Residual maturities**			
	Up to 1 year	1 to 5 years	More than 5 years	Total
Long-term bank loans	9,007	38,129	1,285	48,421
Interest rate swaps/interest rate and currency swaps	-2,000	-7,000	0	-9,000
Total	**7,007**	**31,129**	**1,285**	**39,421**

12/31/2017 **EUR thousand**	**Residual maturities**			
	Up to 1 year	1 to 5 years	More than 5 years	Total
Long-term bank loans	8,150	41,850	1,000	51,000
Interest rate swaps	-2,000	-8,000	-1,000	-11,000
Total	**6,150**	**33,850**	**0**	**40,000**

There is also an interest rate swap for a nominal amount of EUR 10,000,000 for a call money line and various interest rate swaps for future loans, which are presented in the "Derivative financial instruments" section.

The Group's other financial instruments, which are not included in the above tables, are not subject to significant interest rate risk.

Derivative financial instruments

A prerequisite for the use of derivatives is the existence of a risk being hedged. However, open derivative positions may arise in connection with hedging transactions in which the underlying transaction no longer exists or does not arise as planned. Interest rate derivatives are used exclusively to optimize loan conditions and to limit interest rate risks from variable interest payments in the context of financing strategies with matching maturities (cash flow hedges). Derivatives to hedge foreign currency risks are used exclusively to limit foreign currency risk in connection with financing in foreign currency (cash flow hedges). Derivatives are not used for trading or speculative purposes.

The Group has set a hedging ratio of 1:1 for all hedging relationships. Premiums for country or credit risks (credit spread or foreign currency basis spread) are not part of the hedging relationships. Hedging costs are initially recognized in the hedge reserve in equity and reclassified to the income statement over the term of the hedging relationship.

The existence of the economic relationship between the hedged items and the hedging instruments for assessing the hedge effectiveness is determined prospectively on the basis of significant features such as nominal amount, benchmark rate and maturity. Ineffectiveness is measured at the end of each reporting period according to the hypothetical derivative method. Ineffectiveness can result in particular from differences between the repricing time periods of the swaps and the loans.

Derivative financial instruments are recognized in the statement of financial position from the date the contract is concluded. They are measured at fair value upon acquisition. Subsequent measurement is also at the fair value prevailing at the end of the reporting period. To determine the fair value of a swap, the expected cash flows are discounted on both sides of the swap based on the current yield curve. The difference between the two amounts is the net fair value of the swap. This market valuation of financial derivatives is the price at which one party would assume the existing contractual rights and obligations of the other party. The fair values are determined based on market conditions existing at the end of the reporting period.

If derivative financial instruments are used as hedging instruments and the requirements for hedge accounting in accordance with IFRS 9 are met, their accounting treatment depends on the type of hedging relationship and the hedged item. Derivative financial instruments that do not qualify for hedge accounting are classified as measured at fair value through profit or loss in accordance with IFRS 9.

The hedging relationship between the hedged item and the hedging instrument and the objective and strategy of risk management are documented at hedge inception in order to meet the conditions for hedge accounting. This also includes a description of how the effectiveness of the hedging relationship is determined. Effectiveness tests are performed at hedge inception and at the end of each reporting period as part of the ongoing review of whether the derivatives used offset the hedged risks from the underlying transaction.

The changes in the fair value of the effective portion of cash flow hedges are recognized directly in equity. The changes in the fair values of the ineffective portions of cash flow hedges and interest rate swaps that are not designated as hedging instruments in hedging relationships are recognized through profit or loss in the income statement.

Like other financial assets, derivatives are derecognized when the BLG Group loses control over the underlying rights wholly or in part by selling or discharging them or transferring them to a third party in a manner that qualifies for derecognition. The amounts recognized in equity are reclassified to profit or loss in the income statement in the period in which the hedged transaction is settled.

The following hedging instruments were in place at the ends of the reporting periods to reduce the interest rate risk from existing bank liabilities and the foreign currency risk from a variable USD loan granted in the context of Group financing:

12/31/2018 Nominal amounts in EUR thousand	**Maturities**			
	Up to 1 year	1 to 5 years	More than 5 years	Total
Interest rate risk				
Interest rate swaps				
For outstanding loans	2,000	7,000	0	9,000
Average hedged interest rate	1.435%	1.435%		
For call money lines	0	10,000	0	10,000
Hedged interest rate	3.085%	3.085%		
	2,000	**17,000**	**0**	**19,000**
Foreign currency risk				
Interest rate and currency swaps				
For internal USD loan	810	3,239	1,215	5,264
Hedged USD/EUR rate	0.8098	0.8098	0.8098	
	810	**3,239**	**1,215**	**5,264**
Total	**2,810**	**20,239**	**1,215**	**24,264**

12/31/2017 Nominal amounts in EUR thousand	**Maturities**			
	Up to 1 year	1 to 5 years	More than 5 years	Total
Interest rate risk				
Interest rate swaps				
For outstanding loans	2,000	8,000	1,000	11,000
Average hedged interest rate	1.435%	1.435%	1.435%	
For call money lines	0	10,000	0	10,000
Hedged interest rate	3.085%	3.085%	3.085%	
Total	**2,000**	**18,000**	**1,000**	**21,000**

The interest rate swaps involve the exchange of floating interest payments for fixed-rate payments. The Group is payer of the fixed amounts and recipient of the floating amounts.

The nominal amounts represent the gross volume of all purchases and sales. This figure serves as a benchmark for determining mutually agreed payments, but is not a receivable or liability that can appear on the statement of financial position.

For the financing requirement of the coming years, forward interest rate swaps with a total volume of EUR 90 million have been concluded to hedge the interest rate risk from loans to be taken out in the future. As the terms of these swaps commence in the years from 2019 to 2024, they are not included in the presentation of maturities at the ends of the reporting periods. Each forward interest rate swap has a term of ten years and is payable at maturity. The average hedged interest rate is 1.617 percent.

The hedging instruments in place as of the ends of the reporting periods have the following effects on the consolidated statement of financial position:

12/31/2018 EUR thousand	**Nominal amount**	**Carrying amount**	**Item in the statement of financial position**	**Change in fair value Basis for recognizing ineffectiveness**
Interest rate risk				
Outstanding loans	9,000	-317		119
Call money lines	10,000	-1,389	Current financial liabilities	276
Planned loans		-845		
	90,000	223	Current other assets	-793
	109,000	**-2,328**		**-398**
Foreign currency risk				
Internal USD loan	5,264	-498	Current financial liabilities	-473
	5,264	**-498**		**-473**
Total	**114,264**	**-2,826**		**-871**

12/31/2017 **EUR thousand**	**Nominal amount**	**Carrying amount**	**Item in the statement of financial position**	**Change in fair value Basis for recognizing ineffectiveness**
Interest rate risk				
Outstanding loans	11,000	-437		221
Call money lines	10,000	-1,122	Current financial liabilities	395
Planned loans		-814		
	90,000	442	Current other assets	196
Total	**111,000**	**-1,931**		**812**

The carrying amounts of hedging instruments correspond to the calculated fair values. At the end of the reporting period, as in the previous year, all existing hedging instruments fulfilled the criteria for cash flow hedges.

The nominal amount of the interest rate and currency swaps in foreign currency as of December 31, 2018, was USD 6,500,000.

The hedged items designated in hedging relationships had the following effects on the consolidated statement of financial position as of the end of the reporting periods:

12/31/2018 **EUR thousand**	Change in fair value Basis for recognizing ineffectiveness	Hedge reserve Cash flow hedges (gross)
Interest rate risk		
Outstanding loans	-117	-317
Call money lines	-274	-815
Planned loans	776	-1,113
	385	**-2,245**
Foreign currency risk		
Internal USD loan	475	0
	475	**0**
Total	**860**	**-2,245**

12/31/2017 **EUR thousand**	Change in fair value Basis for recognizing ineffectiveness	Hedge reserve Cash flow hedges (gross)
Interest rate risk		
Outstanding loans	-221	-436
Call money lines	-395	-1,092
Planned loans	-196	-372
Total	**-812**	**-1,900**

In the reporting year and in the previous year, the following amounts were recognized in the income statement or in other comprehensive income in connection with hedging relationships:

2018 EUR thousand	Change in fair value Recognized in other comprehensive income (effective portion)	Change in fair value Recognized in the income statement (ineffective portion)	Reclassification from other comprehensive income to the income statement	Income statement items
Interest rate risk				
Outstanding loans	119	0	0	
Call money lines	277	-53	0	Other operating expenses
Planned loans	-741	0	0	
	-345	**-53**	**0**	
Foreign currency risk				
Internal USD loan	-473	0	460	Other operating expenses
	-473	**0**	**460**	
Total	**-818**	**-53**	**460**	

2017 EUR thousand	Change in fair value Recognized in other comprehensive income (effective portion)	Change in fair value Recognized in the income statement (ineffective portion)	Reclassification from other comprehensive income to the income statement	Income statement items
Interest rate risk				
Outstanding loans	221	0	0	--
Call money lines	395	0	0	--
Planned loans	196	0	0	--
Total	**812**	**0**	**0**	

The hedge reserve presented in note 20, including deferred taxes, breaks down by risk category and other components resulting from hedge accounting as follows:

2018 financial year EUR thousand	Cash flow hedge reserve		
	Interest rate swaps/ interest rate and currency swap	Hedging costs	Total
Cash flow hedges			
As of January 1	-2,083	0	-2,083
Changes in fair value			
Interest rate risk - outstanding loans	119	0	119
Interest rate risk - call money lines	277	0	277
Interest rate risk - planned loans	-741	0	-741
Foreign currency risk - internal USD loan	-473	13	-460
Reclassifications to the income statement			
Interest rate risk	0	0	0
Foreign currency risk	460	0	460
Deferred taxes	57	0	57
Change in share of companies accounted for using the equity method	146	0	146
As of December 31	**-2,238**	**13**	**-2,225**

2017 financial year EUR thousand	Cash flow hedge reserve		
	Interest rate swaps/ interest rate and currency swap	Hedging costs	Total
Cash flow hedges			
As of January 1	-3,180	0	-3,180
Changes in fair value			
Interest rate risk - outstanding loans	221	0	221
Interest rate risk - call money lines	395	0	395
Interest rate risk - planned loans	196	0	196
Reclassifications to the income statement			
Interest rate risk	0	0	0
Deferred taxes	-40	0	-40
Change in share of companies accounted for using the equity method	325	0	325
As of December 31	**-2,083**	**0**	**-2,083**

Since the reference amounts are reduced by the repayment of the underlying loans in parallel with the loan proceeds, no gains or losses are recognized as long as the financial instruments are not sold. No sale is planned.

Income taxes

33. Income taxes

The tax expense consists of corporation and trade tax of domestic companies and comparable income taxes for foreign companies.

The taxation applies regardless of whether the income is reinvested or distributed. The implementation of the proposed distribution of net retained profits has no effect on the tax expense of the Group.

In accordance with IAS 12, deferred taxes are determined using the liability method. Under this method, deferred tax assets are recognized for all accounting and measurement differences between the IFRS carrying amounts and the tax basis if they balance each other out over time (temporary differences). If asset items under IFRS have a higher value than in the tax balance sheet and these are temporary differences, a liability item is recognized for deferred taxes.

Deferred tax assets from accounting differences and benefits from the future utilization of tax loss carryforwards are capitalized if it is probable that future taxable earnings will be generated.

The tax rates valid at the time of realization of the asset or the settlement of the liability are used to calculate deferred tax assets and liabilities. These are measured using the tax rates of the individual Group companies. For domestic partnerships these comprise only trade tax and vary between 13.3 percent and 16.5 percent because of different assessment rates.

For domestic corporations a tax rate of 32.3 percent is applied, comprising the corporation tax rate plus the solidarity surcharge and the trade tax rate for the main consolidated companies. The income tax rates for foreign Group companies are between 15.0 percent and 28.2 percent.

Key components of income tax expense break down as follows:

EUR thousand	2018	2017
Current taxes		
Tax expense for the period	5,510	4,277
Tax expense for prior periods	26	252
Income from tax reimbursements	-73	-235
Total current taxes	**5,463**	**4,294**
of which		
Tax expense domestic	4,982	4,200
Tax income domestic	-73	-235
Tax expense foreign	554	329
	5,463	**4,294**
Deferred taxes		
Deferred taxes on temporary differences	-1,972	-6,072
Deferred taxes on loss carry forwards	-777	3,349
Total deferred taxes	**-2,749**	**-2,723**
of which		
Deferred taxes domestic	-2,874	-2,813
Deferred taxes foreign	125	90
	-2,749	**-2,723**
Total	**2,714**	**1,571**

Deferred taxes result from temporary differences between the tax bases of the companies and the carrying amounts in the consolidated statement of financial position using the liability method, as well as from the valuation allowances on deferred taxes on temporary differences and loss carryforwards capitalized in previous years, from the reversal of valuation allowances on temporary differences and loss carryforwards, from the use of loss carryforwards on which deferred taxes have been capitalized, from the elimination of loss carryforwards and from the initial recognition of deferred taxes on loss carryforwards.

Deferred income taxes

The deferred tax items reported as of the ends of the various reporting periods and the movements of deferred taxes within the reporting year relate to the following items:

EUR thousand	12/31/2017 Before changes	IFRS 9	01/01/2018 Adjusted	Changes			12/31/2018
				Changes in the group of consolidated companies	Recognized in the income statement	Recognized in equity	
Deferred tax assets							
Recognition and measurement of goodwill and other intangible assets	1,942	0	1,942	0	-738	0	1,204
Measurement of property, plant and equipment	5,956	0	5,956	0	-419	0	5,537
Recognition and measurement of other assets	1,304	61	1,365	0	-243	-75	1,047
Recognition of liabilities from finance leases	78	0	78	0	9	0	87
Measurement of personnel provisions	9,418	0	9,418	0	92	-266	9,244
Recognition and measurement of miscellaneous other provisions	2,250	0	2,250	0	1,159	0	3,409
Recognition of derivative financial instruments	385	0	385	0	85	20	490
Recognition of deferred income	34	0	34	0	41	0	75
Recognition and measurement of other liabilities	1,910	0	1,910	0	-806	0	1,104
Write-down of deferred taxes arising from temporary differences	-7,049	0	-7,049	0	347	0	-6,702
Consideration of tax loss carryforwards	1,405	0	1,405	0	777	0	2,182
Gross deferred taxes	**17,633**	**61**	**17,694**	**0**	**304**	**-321**	**17,677**
Offset	-14,147	0	-14,147				-13,044
Recognized deferred taxes	**3,486**	**61**	**3,547**				**4,633**

Of the changes in equity, EUR -266,000 was offset against other reserves and EUR 21,000 recognized as other comprehensive income.

EUR thousand	12/31/2017 Before changes	IFRS 9	01/01/2018 Adjusted	Changes			12/31/2018
				Changes in the group of consolidated companies	Recognized in the income statement	Recognized in equity	
Deferred tax liabilities							
Recognition and measurement of intangible assets	-3,447	0	-3,447	0	2,367	0	-1,080
Measurement of property, plant and equipment	-10,936	0	-10,936	0	502	0	-10,434
Capitalization of finance leases	-37	0	-37	0	9	0	-28
Recognition and measurement of other assets	-1,206	0	-1,206	0	-817	0	-2,023
Measurement of personnel provisions	-508	0	-508	0	251	0	-257
Recognition and measurement of miscellaneous other provisions	-559	0	-559	0	207	0	-352
Recognition of derivative financial instruments	-73	0	-73	0	0	37	-36
Recognition and measurement of other liabilities	-79	-39	-118	0	-74	39	-153
Gross deferred taxes	**-16,845**	**-39**	**-16,884**	**0**	**2,445**	**76**	**-14,363**
Offset	14,147	0	14,147				13,044
Recognized deferred taxes	**-2,698**	**-39**	**-2,737**				**-1,319**

The following deferred tax assets have not been capitalized:

EUR thousand	2018	2017
Deductible temporary differences	6,702	7,049
Loss carryforwards	38,257	37,430
Total	**44,959**	**44,479**

The assessment of the recoverability of deferred tax assets depends on the estimation of the probability of the reversal of the measurement differences and the utilization of the loss carryforwards which resulted in deferred tax assets. This is dependent upon the generation of future taxable profits during the periods in which those tax measurement differences are reversed and tax loss carryforwards can be claimed. The basis of the measurement is formed by the three-year medium-term plan of the individual Group companies.

For subsidiaries that have suffered losses during the reporting year or the previous year, deferred tax assets of EUR 135,000 (previous year: EUR 117,000) were reported due to the improved earnings outlook.

As of December 31, 2018, the Group had tax loss carryforwards of EUR 243,681,000 (previous year: EUR 240,236,000). As of December 31, 2018, no deferred tax assets were capitalized for tax loss carryforwards of EUR 230,633,000 (previous year: EUR 230,345,000) of various subsidiaries. No deferred tax assets were recognized for these losses since these losses may not be used to offset taxable earnings of other Group companies and arose in subsidiaries that have generated tax losses for some time or will not generate sufficient taxable profits in the foreseeable future.

The deductible differences for which no deferred taxes were capitalized as of December 31, 2018, and December 31, 2017, relate to subsidiaries whose expected taxable income situation is not expected to allow the use of deferred tax assets.

Reconciliation of the effective tax rate and the effective income tax expense:

EUR thousand		**2018**		2017
Net income for the year before income taxes under IFRS		37,527		33,528
Group tax rate in percent	16.45%		16.45%	
Expected income tax expense in the financial year		**6,173**		**5,515**
Reconciliation items				
Effects of changes in tax rates		69		-41
Tax-free earnings/trade tax cuts		-5,079		-6,926
Non-deductible business expenses/trade tax additions/effects of the interest barrier		1,900		1,807
Use of additional special tax operating expenditure		-1,697		-1,972
Current tax expense/income from prior periods		88		16
Deferred tax expense/income from prior periods		145		-527
Effects of different tax rates		349		-654
Use of loss carryforwards not previously recognized		-1,590		1,911
Non-recognition of deferred tax assets on current losses		2,271		2,570
Corrections in recognition of deferred tax assets on temporary differences		347		-407
Other effects		-262		279
Total of the reconciliation items	**9.2%**	**-3,459**	**11.8%**	**-3,944**
Consolidated income tax expense	**7.2%**	**2,714**	**4.7%**	**1,571**

The Group tax rate of 16.45 percent (previous year: 16.45 percent) used to calculate the expected income tax expense includes, as in the previous year, only trade tax in Germany on the basis of the trade tax rate applicable to BLG KG, which, as a partnership, is not subject to corporation tax or the solidarity surcharge as an independent taxable entity.

34. Income tax on income and expenses recognized directly in equity

EUR thousand	2018			2017		
	Gross value	Tax expense/ income	Net value	Gross value	Tax expense/ income	Net value
Items that are not subsequently reclassified to profit or loss						
Remeasurement of net pension obligations	1,890	-267	1,623	4,403	-746	3,657
Interest of companies accounted for using the equity method in items that are not subsequently reclassified to profit or loss	1,448	-36	1,412	2,199	-47	2,152
	3,338	**-303**	**3,035**	**6,602**	**-793**	**5,809**
Items that can subsequently be reclassified to profit or loss						
Currency translation	-1,084	0	-1,084	987	0	987
Change in fair value of derivative financial instruments (cash flow hedges)	-345	57	-288	812	-40	772
Interest of companies accounted for using the equity method in items that can subsequently be reclassified to profit or loss	-672	0	-672	-577	0	-577
	-2,101	**57**	**-2,044**	**1,222**	**-40**	**1,182**
Total	**1,237**	**-246**	**991**	**7,824**	**-833**	**6,991**

35. Reimbursement rights from income taxes

The tax assets relate to reimbursement rights for the reporting year of EUR 721,000 (previous year: EUR 515,000) as well as reimbursement rights for previous years of EUR 829,000 (previous year: EUR 1,089,000).

Please refer to note 33 for information on rights arising from deferred taxes.

36. Payment obligations from income taxes

EUR thousand	12/31/2018	12/31/2017
Corporation and trade tax for the reporting year	1,948	725
Corporation and trade tax for previous years	6,101	6,050
Total	**8,049**	**6,775**

Please refer to note 33 for information on obligations arising from deferred taxes.

Notes to the consolidated statement of cash flows

37. Notes to the consolidated statement of cash flows

The consolidated statement of cash flows has been prepared in accordance with IAS 7 and is divided into cash flows from current operating, investing and financing activities. Disclosure of cash flows is intended to clarify the sources and uses of cash and cash equivalents.

Cash and cash equivalents are defined as the difference between cash and current liabilities to banks. Cash consists of cash on hand, demand deposits and short-term, highly liquid financial resources that can be converted into cash at any time and are subject to only minor fluctuations in value.

The change in cash due to foreign currency translation effects is shown separately in accordance with IAS 7.28.

EUR thousand	12/31/2018	12/31/2017
Composition of cash and cash equivalents		
Cash and cash equivalents on statement of financial position	15,222	14,338
Current liabilities to banks (see note 24)	-54,847	-28,430
Total	**-39,625**	**-14,092**

The following table shows the changes in liabilities and related financial assets included in the cash flow from financing activities.

EUR thousand	12/31/2017	Cash flow	Non-cash changes			12/31/2018
			Business acquisition	Deconsolidation	Exchange rate differences	
Finance lease receivables	647	-179	0	0	0	468
Financial assets from financing activities	**647**	**-179**	**0**	**0**	**0**	**468**
Long-term loans	141,793	-32,226	0	0	0	109,567
Finance lease liabilities	1,382	-276	0	0	-22	1,084
Liabilities from financing activities	**143,175**	**-32,502**	**0**	**0**	**-22**	**110,651**

EUR thousand	12/31/2016	Cash flow	Non-cash changes			12/31/2017
			Business acquisition	Deconsolidation	Exchange rate differences	
Finance lease receivables	3,919	-117	0	-3,155	0	647
Financial assets from financing activities	**3,919**	**-117**	**0**	**-3,155**	**0**	**647**
Long-term loans	178,602	-36,902	93	0	0	141,793
Finance lease liabilities	1,682	-281	0	0	-19	1,382
Liabilities from financing activities	**180,284**	**-37,183**	**93**	**0**	**-19**	**143,175**

Group structure and consolidation principles

38. Group of consolidated companies

In addition to BLG AG and BLG KG, the consolidated financial statements include the companies listed below:

	12/31/2018	12/31/2017	Change
Number of fully consolidated companies			
Domestic	16	19	-3
Foreign	8	7	1
Number of companies accounted for using the equity method			
Domestic	38	36	2
Foreign	18	19	-1

Three companies are included in the consolidated financial statements using the equity method due to immateriality, despite voting majorities, as they are of only minor importance for presenting a true and fair view of the net assets, financial position and results of operations of the BLG Group. Materiality is determined on the basis of total assets. The cumulative total assets of the three companies accounted for using the equity method was EUR 887,000 in 2018.

A total of 13 companies in which a majority shareholding and voting right exists are not fully consolidated due to immateriality. These are general partner companies with only limited operations, one company with no operations and two companies in liquidation. These companies are of only minor importance for presenting a true and fair view of the net assets, financial position and results of operations of the BLG Group and are therefore not included in the consolidated financial statements. Materiality is determined on the basis of net income for the year. The cumulative net income of the unconsolidated subsidiaries is EUR 23,000.

The structure of the BLG Group with the AUTOMOBILE, CONTRACT and CONTAINER Divisions, the latter accounted for using the equity method, is shown in note 3.

A complete list of subsidiaries, joint ventures, associates and other equity investments is attached to the notes to the consolidated financial statements as Annex 1.

The assumptions regarding control in companies in which the shareholding does not exceed 50 percent are shown below.

BLG AutoRail GmbH, Bremen (shareholding: 50 percent)
The shares in BLG AutoRail GmbH are held by BLG Automobile Logistics GmbH & Co. KG. Due to voting commitments in the partnership arrangement, BLG LOGISTICS exercises control over this company. The company is therefore accounted for using the full consolidation method.

BLG RailTec GmbH, Uebigau-Wahrenbrück (shareholding: 50 percent)
BLG RailTec GmbH was established as a wholly-owned subsidiary of BLG AutoRail GmbH, Bremen. The indirect shareholding is 50 percent. Control of BLG AutoRail GmbH, Bremen, exists, so there is also indirect control of the wholly-owned subsidiary BLG RailTec GmbH. As the operational leadership of the company was taken over due to a control and profit and loss transfer arrangement, this company is fully consolidated.

39. Consolidation principles

The date of initial consolidation is the day on which, in economic terms, the conditions established in IFRS for the existence of a subsidiary, an associate or a joint venture exist for the first time. Similarly, the deconsolidation date is determined by the absence of control, joint control or material influence.

Subsidiaries
Subsidiaries are companies that are controlled by BLG LOGISTICS.

BLG LOGISTICS controls an investee if there is an exposure to risk as a result of a right to variable returns from the investment and the power over the investment can be used to affect the amount of the returns.

All major subsidiaries are consolidated in the consolidated financial statements.

Subsidiaries are generally fully consolidated in accordance with IFRS 10. Deviating from this, certain companies of BLG LOGISTICS are not consolidated for reasons of materiality (see note 38).

When a subsidiary is initially consolidated, the acquisition value of the equity investment is compared with the Group's share in the equity of the respective company that is remeasured in accordance with IFRS 3. In this process, assets and liabilities are recognized at their fair values and previously unrecognized intangible assets that can be accounted for under IFRS and contingent liabilities are recognized at fair value under assets or liabilities. In subsequent consolidations, the hidden assets and liabilities disclosed in this way are carried forward, amortized or reversed in the same way that the corresponding assets and liabilities are treated. Any surplus of the acquisition cost of the equity investment over the pro rata net fair value of the identifiable assets, liabilities and contingent liabilities (positive difference) resulting from initial consolidation is recognized as goodwill and is subject to an annual impairment test (see note 12).

If any negative difference remains, there is another review of the identification and measurement of assets, liabilities and contingent liabilities and the derivation of the purchase price. If any negative goodwill remains after this review, it is recognized immediately through profit or loss.

Companies accounted for using the equity method
The companies accounted for using the equity method include investments in joint ventures and associates.

Joint ventures exist when there are arrangements in which BLG LOGISTICS exercises joint control with at least one partner company, whereby the Group has rights to its net assets instead of rights to the assets and obligations from the liabilities of the arrangement. This applies in particular to the CONTAINER Division, which is accounted for using the equity method via the stake in the operational management company EUROGATE GmbH & Co. KGaA, KG, Bremen.

Associates are companies in which BLG LOGISTICS has material influence over the financial and operational policies, but does not exercise control or joint management.

The carrying amounts of the equity investments accounted for using the equity method are increased or decreased annually by the changes in equity of the joint venture or the associate attributable to the BLG Group. The principles valid for full consolidation are applied accordingly to the allocation and adjustment of a difference included in the carrying amount of the investment between the cost of acquiring the investment and the share in the company's equity.

Non-controlling interests
Non-controlling interests include minority interests in the equity of fully consolidated subsidiaries.

Non-controlling interests in acquired companies are measured at their proportionate share of the net assets of the acquired company.

Transactions with non-controlling interests are treated as transactions with equity owners of the BLG Group. Any difference between the consideration paid and the relevant share of the carrying amount of the net assets of the subsidiary arising from the purchase is recognized in equity. Gains and losses which are realized on the disposal of non-controlling interests are also recognized in equity.

Other equity investments
Other equity investments are stated at fair value in accordance with IFRS 9. If there is no active market and the fair value cannot be determined reliably using measurement methods, cost is an appropriate approximation of fair value.

Loss of control
If the BLG Group ceases to have control or material influence over an entity, the remaining shareholding is remeasured at fair value and the resulting difference is recognized in profit or loss. The fair value is the fair value determined on initial recognition of an associate, joint venture or financial asset.

In addition, all amounts reported in other comprehensive income in respect of that entity are accounted for as would be required if the parent company had sold the corresponding assets and liabilities directly. This means that a profit or loss previously recognized in other comprehensive income is reclassified from equity to comprehensive income.

If the shareholding in an associate has decreased, but the entity remains an associate, only the pro rata share of profit or loss previously recognized in other comprehensive income is reclassified to profit or loss.

Elimination of transactions as part of consolidation
The effects of intragroup transactions are eliminated:

Receivables and payables between the consolidated companies are netted against each other, intragroup profits and losses on fixed assets and inventories are eliminated. Intragroup income is offset against the corresponding expenses. Taxes are deferred for temporary differences from consolidation as required by IAS 12.

The consolidation method is unchanged from the previous year.

40. Changes in group of consolidated companies

Business combinations
Business combinations under IFRS 3 exist when an entity acquires control over one or more business operations through the acquisition of shares or other events. Business operations within the meaning of IFRS 3 are integrated sets of activities and assets that are managed with the aim of generating income or achieving cost reductions or other economic benefits for the shareholders or other owners, interests or stakeholders. The establishment of joint ventures and the combination of entities under common control do not represent business combinations within the meaning of IFRS 3.

In a gradual business combination, the previously acquired equity share of the entity is recalculated at the fair value at the time of acquisition. The resulting profit or loss is recorded in the income statement.

CONTRACT Division

BLG AND NYK AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa

BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa (BLG South Africa), contributed its automobile and automotive business to the company NYK LOGISTICS AND BLG SA Pty. Ltd., Port Elizabeth, South Africa, which was previously accounted for using the equity method, as part of a capital increase by contract dated May 31, 2018. In connection with this, the company was renamed BLG AND NYK AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa (BLG AND NYK). The additional shares were acquired exclusively in exchange for a non-cash contribution. No goodwill arose.

As a result of the capital increase, BLG South Africa's stake in BLG AND NYK rose from 51 percent to 67 percent. Since June 1, 2018, the company has therefore been accounted for using the full consolidation method. The transaction was carried out due to conditions set by the South African competition authority.

The fair values of the identifiable assets and liabilities corresponded to the carrying amounts at the acquired company and were as follows as of the acquisition date:

EUR thousand	Carrying amount before acquisition	Non-cash contribution	Fair value after acquisition
Intangible assets	0	1,190	1,190
Property, plant and equipment	87	40	127
Deferred tax assets	9	0	9
Non-current assets	**96**	**1,230**	**1,326**
Trade receivables	5,965	0	5,965
Other assets	1,066	0	1,066
Cash and cash equivalents	6,513	0	6,513
Current assets	**13,544**	**0**	**13,544**
Trade payables	11,855	0	11,855
Other current liabilities	43	0	43
Payment obligations from income taxes	138	0	138
Current liabilities	**12,036**	**0**	**12,036**
Total identifiable assets	**1,604**	**1,230**	**2,834**
Non-controlling interests			-786
Total			**2,048**

The total purchase price comprises the non-cash contribution and the fair value of the pre-existing shares as of the acquisition date. There were no earnings from the remeasurement of the existing shares as of this date.

EUR thousand	06/01/2018
Non-cash contribution	1,230
Fair value of existing shares	818
Total purchase price	**2,048**

The customer relationships contributed by BLG South Africa amounting to EUR 1,064,000 were eliminated at initial consolidation, as they existed previously and were therefore not to be recognized as internally generated intangible assets similar in nature to goodwill.

The following table provides an overview of the earnings contribution of BLG AND NYK in the year of acquisition.

EUR thousand	Date of acquisition - 12/31/2018	01/01/2018 - 12/31/2018
Sales	3,417	4,299
EBIT	432	622
Financial result	248	446
EBT	680	1,068
Income taxes	-192	-303
Consolidated net income	488	765

Other changes in group of consolidated companies

AUTOMOBILE Division

Companies accounted for using the equity method

Associates

BLG WindEnergy Logistics GmbH & Co. KG, Bremerhaven, sold its share in OLB Offshore Logistics Bremerhaven GmbH, Bremerhaven, to the company, which therefore now holds treasury shares. No earnings resulted from the deconsolidation.

Joint ventures

In the reporting year, BLG Automobile Logistics Süd-/Osteuropa GmbH, Bremen, sold 50 percent of its shares in Autoterminal Slask Logistic Sp. z o.o., Dąbrowa Górnicza, Poland. It continues to be accounted for using the equity method.

CONTRACT Division

Fully consolidated companies (subsidiaries)

In intragroup restructuring, Arno Rosenlöcher (GmbH & Co. KG), Hamburg, INFORTRA GmbH INTERNATIONAL FORWARDING & TRANSPORT, Niederkrüchten, and LOGFORTRA GmbH Logistic, Forwarding & Transport, Niederkrüchten, were merged into Kitzinger & Co. (GmbH & Co. KG), Hamburg. In connection with the restructuring, Kitzinger & Co. (GmbH & Co. KG), Hamburg, was renamed BLG International Forwarding GmbH & Co. KG, Hamburg.

Companies accounted for using the equity method

Associates

BLG LOGISTIKA ADRIATIC d.o.o. i. L., Ploče, Croatia, was deconsolidated in the reporting year as a result of its entry into liquidation.

41. Non-consolidated structured companies

BLG Unterstützungskasse GmbH, Bremen (shareholding: 100 percent)

BLG KG owns 100 percent of the shares in BLG Unterstützungskasse GmbH, Bremen. The purpose of the company is to provide ongoing support to former employees and former Board of Management members of BLG and their survivors. The necessary funds are provided to the company by the Free Hanseatic City of Bremen (municipality), as it has accepted the obligations arising from the pension entitlements. An exposure to risk as a result of or a claim to variable returns from the investment and the opportunity to influence the operations of BLG Unterstützungskasse GmbH, Bremen, are therefore contractually precluded. Accordingly, control does not exist, despite the ownership of 100 percent of the voting shares, with the result that the company is not consolidated.

The carrying amount of the shares is EUR 30,000 (previous year: EUR 30,000) and corresponds to the fair value. They are reported in other financial assets under other investments. The maximum exposure to loss is the carrying amount of the investment.

42. Currency translation

In accordance with IAS 21, the financial statements of consolidated companies prepared in foreign currency are translated into euros in keeping with the concept of functional currencies. The functional currency of all foreign companies of the BLG Group is the local currency, as the companies conduct their business independently in financial, economic and organizational terms. Accordingly, the assets and liabilities are translated at the exchange rate on the reporting date, while expenses and income are in principle translated at the average annual exchange rate. The resulting currency translation differences are recognized in equity through other comprehensive income.

As of December 31, 2018, currency translation differences of EUR 8,715,000 (previous year: EUR 7,009,000) were reported in equity (see also the statement of changes in equity).

Currency translation is based on the following exchange rates:

Unit/Currency EUR	Reporting date 12/31/2018	2018 average	Reporting date 12/31/2017	2017 average
1 US dollar	0.8734	0.8467	0.8338	0.8852
1 Brazilian real	0.2250	0.2321	0.2517	0.2774
1 British pound	1.1179	1.1303	1.1271	1.1407
1 Chinese yuan renminbi	0.1270	0.1281	0.1281	0.1311
1 Indian rupee	0.0125	0.0124	0.0131	0.0136
1 Croatian kuna	0.1349	0.1348	0.1344	0.1340
1 Malaysian ringgit	0.2113	0.2099	0.2060	0.2061
1 Polish zloty	0.2325	0.2347	0.2394	0.2349
1 Russian ruble	0.0125	0.0135	0.0144	0.0152
1 South African rand	0.0608	0.0640	0.0675	0.0664
1 Czech koruna	0.0389	0.0390	0.0392	0.0380
1 Ukrainian hryvnia	0.0315	0.0312	0.0296	0.0333

In the separate financial statements of the consolidated companies presented in local currency, receivables and payables are translated at the end of the reporting period in accordance with IAS 21. Currency translation differences are recognized through profit or loss as other operating income or expenses. Non-monetary assets that are measured on the basis of cost are measured at the exchange rate on the day of the transaction.

43. Related party disclosures

Identification of related parties
According to IAS 24, relationships with related parties that control the BLG Group or are controlled by it or on which the BLG Group can exercise significant influence must be disclosed.

Related parties include in particular majority shareholders, subsidiaries, provided that they are not already included as consolidated companies in the consolidated financial statements, joint ventures, associates or intermediary companies.

In addition, the Board of Management and the Supervisory Board of BLG AG and the first tier of management are also related parties as defined in IAS 24; this also includes family members of the aforementioned groups. A list of the composition of the Board of Management and the Supervisory Board as well as further information about these groups is provided in note 45. There were no reportable transactions between members of the Board of Management, the Supervisory Board, the first tier of management and their family members and the BLG Group during the 2018 financial year.

Material transactions with shareholders: Relationships with the Free Hanseatic City of Bremen (municipality)
As of December 31, 2018, the Free Hanseatic City of Bremen (municipality) was the majority shareholder of BLG AG with a 63.0 percent share of the subscribed capital. The 12.6 percent in BLG AG held via the subsidiary Bremer Verkehrs- und Beteiligungsgesellschaft, Bremen, was sold to Panta Re AG, Bremen, with effect from January 31, 2019. The Free Hanseatic City of Bremen (municipality) received a dividend as a result of the resolution on the appropriation of net retained profits for 2017.

In accordance with Article 148 of the Constitution of the Free Hanseatic City of Bremen, the Bremen Senate is both the state government and statutory body of the municipality of Bremen. Due to the fact that the statutory bodies of the Free Hanseatic City of Bremen (municipality) and the Free Hanseatic City of Bremen (state) are identical, this body is consequently considered a related party or ultimate controlling party within the meaning of IAS 24. The Free Hanseatic City of Bremen (municipality) has provided BLG KG with heritable building rights with a remaining term of up to 30 years for the land used by the company and its subsidiaries. BLG Group paid a total of EUR 14.9 million (previous year: EUR 14.9 million) for ground rent in 2018.

Transactions with affiliated companies of the Free Hanseatic City of Bremen (municipality) and (state)
Individual companies of the BLG Group maintain ongoing business relationships with affiliated companies of the Free Hanseatic City of Bremen (municipality).

BLG KG took out several loans from BLG Unterstützungskasse GmbH, Bremen. The loan liabilities amounted to EUR 25,600,000 as of December 31, 2018 (previous year: EUR 25,600,000). In the reporting year, no loan liabilities were repaid and no new loan liabilities were taken out. In addition, BLG Unterstützungskasse GmbH has been included in the central cash management of BLG KG since September 1, 2012. The interest on the funds provided is based on unchanged customary market terms. At the end of the reporting period, liabilities from cash management were EUR 1,427,000 (previous year: EUR 1,179,000).

Relationships with non-consolidated affiliated companies, joint ventures and associates
Transactions by the Group companies with joint ventures, associates and non-consolidated affiliated companies all arose in the ordinary course of business. Services were provided to these related parties on the basis of prices and conditions also applicable to third parties. The outstanding balances are unsecured and due in the short term. The tables below show the extent of the business relationships of the joint ventures and associates:

2018 EUR thousand	Income	Expenditure	Receivables	Liabilities
Affiliated companies	7	13	0	183
Joint ventures	56,372	21,982	41,362	1,598
Associates	1,161	2,377	206	150

2017 EUR thousand	Income	Expenditure	Receivables	Liabilities
Affiliated companies	10	22	0	225
Joint ventures	63,076	21,726	48,894	1,981
Associates	2,279	3,937	1,359	131

Valuation allowances of EUR 34,000 (previous year: EUR 0) were recognized for expected credit losses on receivables from joint ventures and associates according to the simplified approach. In addition, receivables from joint ventures of EUR 72,000 (previous year: EUR 0) were derecognized in the reporting year. Receivables from non-consolidated affiliated companies were, as in the previous year, neither impaired nor derecognized.

Other notes

44. Voting rights notifications

The following voting rights notifications from direct or indirect investments in the capital of BLG AG were reported to the Board of Management of BLG AG:

On February 7, 2019, the Free Hanseatic City of Bremen (municipality) notified us pursuant to Section 33 (1) WpHG that its share of voting rights in BLG AG amounted to 50.42 percent (corresponding to 1,936,000 voting rights) as of January 31, 2019. All voting rights are attributable to the Free Hanseatic City of Bremen (municipality) pursuant to Section 34 (1) sentence 1 no. 1 WpHG.

The 12.61 percent of the voting shares (corresponding to 484,032 voting rights) in BLG AG previously held via the subsidiary Bremer Verkehrs- und Beteiligungsgesellschaft, Bremen, was sold with effect from January 31, 2019. All voting rights were attributable to the Free Hanseatic City of Bremen (municipality) pursuant to Section 34 (1) sentence 1 no. 1 WpHG.

On February 7, 2019, Peter Hoffmeyer notified us pursuant to Section 33 (1) WpHG that the voting rights share of Panta Re AG, Bremen, in BLG AG exceeded the threshold of 10 percent on January 31, 2019, and at that time amounted to 12.61 percent (corresponding to 484,032 voting rights). All voting rights are attributable to Peter Hoffmeyer pursuant to Section 34 (1) sentence 1 no. 1 WpHG.

On November 18, 2016, the Waldemar Koch Foundation, Bremen, notified us pursuant to Section 21 (1) WpHG (old version) that its share of voting rights in BLG AG exceeded the threshold of 5 percent on November 15, 2016, and at that time amounted to 5.23 percent (corresponding to 200,814 voting rights). All voting rights are attributable to the Waldemar Koch Foundation, Bremen.

On April 8, 2002, Finanzholding der Sparkasse in Bremen, Bremen, notified us pursuant to Section 41 (2) sentence 1 WpHG (old version) that its share of voting rights in BLG AG amounted to 12.61 percent (corresponding to 484,032 voting rights) on April 1, 2002.

Further details are published on our website at: **www.blg-logistics.com/en/investor-relations/share**

45. Information on the Supervisory Board and the Board of Management

Composition of the Supervisory Board

In accordance with the Articles of Incorporation, the Supervisory Board of BLG AG comprises 16 members, namely eight Supervisory Board members elected in accordance with the provisions of the AktGand eight Supervisory Board members representing the employees, who are elected in accordance with the provisions of the German Co-Determination Act.

The composition of the Supervisory Board and the memberships of the Supervisory Board members in other bodies in accordance with Section 125 (1) sentence 5 AktG are presented on page 178 f.

Composition of the Board of Management

The composition of the Board of Management as well as the members' memberships in other control bodies in accordance with Section 125 (1) sentence 5 AktG are presented on page 180.

Transactions with the Board of Management and the Supervisory Board

Transactions with the Board of Management and Supervisory Board were limited to services rendered in connection with the Board positions and employment contracts and the remuneration paid for these services.

The members of the Supervisory Board received remuneration of EUR 284,000 in the financial year (previous year: EUR 265,000), of which EUR 166,000 (previous year: EUR 166,000) was attributable to fixed components. The meeting allowances came to EUR 60,000 (previous year: EUR 43,000), the remuneration for committee work EUR 14,000 (previous year: EUR 14,000) and the remuneration for in-Group Supervisory Board seats EUR 44,000 (previous year: EUR 42,000).

As of December 31, 2018, members of the Supervisory Board had not been granted any loans or advance payments, as was the case in the previous year. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Supervisory Board. Travel expenses were reimbursed to the customary extent.

For the 2018 financial year, the active members of the Board of Management received total remuneration of EUR 6,017,000 (previous year: EUR 4,976,000), of which non-performance-based remuneration of EUR 3,918,000 (previous year: EUR 3,057,000) and performance-based remuneration of EUR 2,099,000 (previous year: EUR 1,919,000). EUR 433,000 of the performance-based remuneration (previous year: EUR 290,000) relates to a sustainability bonus.

In the 2018 financial year, the former members of the Board of Management received total remuneration (in particular pension payments) of EUR 168,000 (previous year: EUR 163,000). The present value of pension obligations pursuant to IAS 19 for former members of the Board of Management totaled EUR 3,228,000 as of December 31, 2018 (previous year: EUR 3,254,000).

Further information on the individual remuneration of the Board of Management and Supervisory Board can be found in the "Remuneration report" section of the group management report.

The members of the Board of Management were granted pension entitlements, some of which from companies of the BLG Group. Otherwise, the entitlements are from related parties. Pension obligations to former Board of Management members are likewise obligations to related parties.

As was the case in the previous year, members of the Board of Management had not been granted any loans or advance payments as of December 31, 2018. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Board of Management.

Provisions of EUR 3,039,000 (previous year: EUR 2,059,000) were recognized for the BLG Group's pension obligations in accordance with IAS 19, which are offset by assets of EUR 1,165,000 (previous year: EUR 819,000). The pension obligations to related parties included therein, likewise determined in accordance with IAS 19, amounted to EUR 540,000 (previous year: EUR 496,000).

The Supervisory Board and Board of Management remuneration systems are presented on ▸pages 21 ff. of the group management report.

According to Article 19 of the EU Market Abuse Regulation, members of the Board of Management and the Supervisory Board are legally obliged to disclose their own transactions with shares of BLG AG or related financial instruments. This applies when the total value of the transactions that a Board member and related parties have carried out within one calendar year reaches or exceeds EUR 5,000.00. This also applies to the first tier of management and the persons closely related to them.

In line with their reporting obligations, members of the Board of Management, the first tier of management and the Supervisory Board of the company and related parties disclosed no acquisitions or sales of shares of BLG AG in the 2018 financial year. As in the previous year, the shareholdings of all Board of Management and Supervisory Board members amount to less than 1 percent of the shares issued by the company.

46. Exercise of exemption options by subsidiaries

The following subsidiaries, which are fully consolidated in the consolidated financial statements, use the option of exemptions pursuant to Section 264 (3) HGB and Section 264b HGB:

- BLG LOGISTICS GROUP AG & Co. KG, Bremen
- BLG Automobile Logistics GmbH & Co. KG, Bremen
- BLG Industrielogistik GmbH & Co. KG, Bremen
- BLG International Forwarding GmbH & Co. KG, Hamburg
- BLG AutoRail GmbH, Bremen
- BLG AutoTec GmbH & Co. KG, Bremerhaven
- BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven
- BLG AutoTerminal Cuxhaven GmbH & Co. KG, Cuxhaven
- BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen
- BLG AutoTransport GmbH & Co. KG, Bremen
- BLG Cargo Logistics GmbH, Bremen
- BLG Handelslogistik GmbH & Co. KG, Bremen
- BLG Logistics Solutions GmbH & Co. KG, Bremen
- BLG RailTec GmbH, Uebigau-Wahrenbrück
- BLG Sports & Fashion Logistics GmbH, Hörsel
- BLG WindEnergy Logistics GmbH & Co. KG, Bremerhaven

47. Events after the reporting period

No events of particular significance for the net assets, financial position and results of operations occurred between the end of the financial year ended December 31, 2018, and the preparation of the consolidated financial statements on March 18, 2019.

48. Fee of the Group auditor

The fee of the Group auditor pursuant to Section 314 (1) no. 9 HGB for the 2018 financial year breaks down as follows:

EUR thousand	2018
Audits	322
Other services	50
Total	**372**

49. Corporate Governance Code

The 18th declaration of conformity with the GCGC as amended on February 7, 2017, was issued by the Board of Management on August 28, 2018, and by the Supervisory Board of BLG AG on September 13, 2018. The declaration has been made permanently available on our website: **www.blg-logistics.com/en/investor-relations**.

www.blg-logistics.com/en/investor-relations

Bremen, March 18, 2019

BREMER LAGERHAUS-GESELLSCHAFT
-Aktiengesellschaft von 1877-

THE BOARD OF MANAGEMENT

WE PROVIDE EXTENSIVE FURTHER INFORMATION ON OUR WEBSITE AT WWW.BLG-LOGISTICS.COM/EN/INVESTOR-RELATIONS.

04

Further Information

THE SUPERVISORY BOARD AND ITS MANDATES

Name	Town	Function/Profession
Dr. Klaus Meier	Bremen	**Chairman (from 05/24/2018)**
appointed from 05/31/2012		Managing Partner of wpd windmanager GmbH & Co. KG, Bremen
		Lawyer
Christine Behle	Berlin	**Deputy Chairwoman**
appointed from 05/23/2013		Member of the Executive Committee of the trade union ver.di
		Vereinte Dienstleistungsgewerkschaft, Berlin
Sonja Berndt	Ritterhude	Member of the Works Council of BLG LOGISTICS GROUP AG & Co. KG, Bremen
appointed from 05/24/2018		
Karl-Heinz Dammann	Geestland	Chairman of the Corporate Works Council of EUROGATE GmbH & Co. KGaA, KG, Bremen
appointed from 07/01/2009		Deputy Chairman of the Works Council of EUROGATE Container Terminal
		Bremerhaven GmbH, Bremerhaven
Heiner Dettmer	Bremen	Managing Partner of Dettmer Group KG, Bremen
appointed from 05/24/2018		
Melf Grantz	Bremerhaven	Mayor of the city of Bremerhaven, Bremerhaven
appointed from 03/01/2011		
Martin Günthner	Bremerhaven	Senator of Economics, Labor and Ports as well as
appointed from 05/01/2010		Senator of Justice and Constitution of the Free Hanseatic City of Bremen, Bremen
Udo Klöpping	Bremen	HR Director at BLG LOGISTICS GROUP AG & Co. KG, Bremen
appointed from 05/24/2018		
Karoline Linnert	Bremen	Mayor and
appointed from 09/11/2007		Senator of Finance of the Free Hanseatic City of Bremen, Bremen
Wybcke Meier	Hamburg	CEO of TUI Cruises GmbH, Hamburg
appointed from 05/24/2018		
Dr. Tim Nesemann	Bremen	Chairman of the Board of Management of Finanzholding der Sparkasse in Bremen
appointed from 04/01/2011		Chairman of Die Sparkasse Bremen AG, Bremen
Klaus Pollok	Bremerhaven	Process Manager
appointed from 06/02/2016		BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven
Stefan Schubert	Bremen	Department Manager at ver.di Vereinte Dienstleistungsgewerkschaft
appointed from 06/03/2016		district of Niedersachsen-Bremen, Bremen
Dieter Strerath	Bremen	Chairman of the Works Council Bremen
appointed from 03/01/2011		BLG LOGISTICS GROUP AG & Co. KG, Bremen
Reiner Thau	Hamburg	Chairman of the Works Council
appointed from 10/15/2013		EUROGATE Container Terminal Hamburg GmbH, Hamburg
Dr. Patrick Wendisch	Bremen	Managing Partner of Lampe & Schwartze KG, Bremen
appointed from 06/05/2008		
Members of the Supervisory Board who left in the 2018 reporting year:		
Dr. Stephan-Andreas Kaulvers	Hatten	**Chairman (until 05/24/2018)**
appointed from 06/21/2006		Former Chairman of the Board of Management
until 05/24/2018		Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale-, Bremen
Birgit Holtmann	Schwanewede	Director of HR/Legal at EUROGATE GmbH & Co. KGaA, KG, Bremen
appointed from 01/01/2016		
until 05/24/2018		
Dr. h.c. Klaus Wedemeier	Bremen	Retired Mayor of the Free Hanseatic City of Bremen, Bremen
appointed from 05/30/2014		
until 05/24/2018		
Andreas Wopp	Bochum	Member of the Works Council
appointed from 07/01/2017		BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen
until 05/24/2018		

[1] The information relates to memberships in legally required Supervisory Boards as well as memberships in comparable domestic and foreign control bodies of business enterprises.

Committees				
Audit Committee	**Human Resources Committee**	**Investment Committee**	**Committee acc. to Section 27 (3) MitbestG**	**Mandates[1]**
	■ Chairman	■ Chairman	■ Chairman	Chairman of Supervisory Board of Deutsche Windtechnik AG, Bremen
	from 05/24/18	from 05/24/18	from 05/24/18	Chairman of Supervisory Board of wpd AG, Bremen
	■ Deputy	■	■ Deputy	Deutsche Lufthansa AG, Cologne, Deputy Supervisory Board Chairwoman
	Chairwoman		Chairwoman	Bochum-Gelsenkirchener-Straßenbahn AG, Bochum
				Hapag Lloyd AG, Hamburg, Deputy Supervisory Board Chairwoman Executive
				Committee (until 09/30/2018)
				Dortmunder Stadtwerke AG (DSW 21) (from 07/10/2018)
■		■		No membership in other bodies
from 05/24/18		from 05/24/18		
■	■		■	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
until 05/24/18				EUROGATE Container Terminal Bremerhaven GmbH, Bremerhaven
	■			No membership in other bodies
	from 05/24/18			
	■		■	No membership in other bodies
	■	■	■	swb AG, Bremen
				Weser-Elbe-Sparkasse, Bremerhaven
				No membership in other bodies
■		■		EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
				No membership in other bodies
■				Chairman of Supervisory Board of Freie Internationale Sparkasse S.A., Luxembourg
				GEWOBA Aktiengesellschaft Wohnen und Bauen, Bremen
	■	■	■	No membership in other bodies
		until 05/24/18		
■				No membership in other bodies
■	■	■	■	No membership in other bodies
until 05/24/18				
■				EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
until 05/24/18				EUROGATE Container Terminal Hamburg GmbH, Hamburg
■ Chairman			■	OAS Aktiengesellschaft, Bremen
	■ Chairman	■ Chairman	■ Chairman	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
	until 05/24/18	until 05/24/18	until 05/24/18	(until 05/24/2018)
				EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
				No membership in other bodies
				No membership in other bodies

THE BOARD OF MANAGEMENT AND ITS MANDATES

Name	Town	Function/Departments	Mandates[1]
Frank Dreeke	Ganderkesee	Chairman	EUROGATE Geschäftsführungs-GmbH & Co. KGaA,
born 1959		Compliance	Bremen, 2nd Deputy Chairman
appointed until		Management Staff	
12/31/2022		Communication	
		Board of Management Coordination	
		Sustainability and Digitalization	
		Audit	
		Corporate Strategy	
		Transport Policy	
Jens Bieniek	Delmenhorst	Accounting & Planning	dbh Logistics IT AG, Bremen
born 1964		Purchasing	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
appointed until		International Corporate Finance/M&A	
05/31/2021		IT	
		Legal & Insurance	
Michael Blach	Bremen	CONTAINER Division	AutoTerminal Gioia Tauro S.p.A., San Ferdinando, Italy
born 1964			Chairman (until December 2018)
appointed until			EUROGATE Container Terminal Bremerhaven GmbH,
05/31/2021			Bremerhaven, Chairman
			EUROGATE Container Terminal Hamburg GmbH, Hamburg
			Chairman
			EUROGATE Technical Services GmbH, Hamburg
			Chairman
Andrea Eck	Bremen	AUTOMOBILE Division	AutoTerminal Gioia Tauro S.p.A., San Ferdinando, Italy
born 1963			Chairwoman (from December 2018)
appointed until			
12/31/2024			
Dieter Schumacher	Bremen	HR (Industrial Relations Director)	No membership in other bodies
born 1955			
appointed until			
12/31/2020			
Jens Wollesen	Lilienthal	CONTRACT Division	No membership in other bodies
born 1967			
appointed until			
06/30/2024			

[1] The information relates to memberships in legally required Supervisory Boards as well as memberships in comparable domestic and foreign control bodies of business enterprises.

ADVISORY BOARD

A body of renowned external experts advises BLG LOGISTICS in its strategic international development.

Name	Mandates/organization
Prof. Dr.-Ing. Frank Straube	Chairman of the Advisory Board of BLG
	Managing Director/Head of Logistics Technical University Berlin, Berlin
Christoph Döhle	Managing Partner of Peter Döhle Schiffahrts-KG, Hamburg
(from 04/27/2018)	
Dr. Ottmar Gast	Chairman of the Advisory Board of Hamburg Südamerikanische
	Dampfschifffahrts-Gesellschaft KG, Hamburg
Rainer Christian Genes	Personally liable partner of Vorwerk & Co. KG, Wuppertal
(from 11/02/2018)	
Prof. Dr. Bernd Gottschalk	Managing Director of AutoValue GmbH, Frankfurt
Ewald Kaiser	Member of the Board of Management of Schenker AG, Essen
(until 12/31/2018)	
Dr. Stephan-Andreas Kaulvers	Former Chairman of the Board of Management of
(until 11/02/2018)	Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -, Bremen
	Former Chairman of the Supervisory Board (until 05/24/2018)
	BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen
Andreas Kellermann	Head of the worldwide production network for rear-wheel-drive vehicles
	(S, E, C class) at Daimler AG, Sindelfingen
Volker Lange	Retired senator
	Honorary President of Verband der Internationalen Kraftfahrzeughersteller e.V., Bad Homburg
Jürgen Maidl	Head of Production Network, Logistics, BMW GROUP, Munich
(from 04/27/2018)	
Dr. Karl May	Logistics, Head of Program Flexibility Management, Reorientation Planning and Ordering
(until 04/27/2018)	Process, BMW AG, Munich
Dr. Klaus Meier	Managing Partner, wpd windmanager GmbH & Co. KG, Bremen
(from 11/02/2018)	Chairman of the Supervisory Board (from 05/24/2018)
	BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen
Prof. Dr. Karl Nowak	President Corporate Sector Purchasing and Logistics (CP/P), Robert Bosch GmbH, Stuttgart
Dr. Florian Schupp	Head of Automotive Purchasing and After-Market, Schaeffler Group, Herzogenaurach
Dr. Carsten Sieling	Mayor and President of the Senate of the Free Hanseatic City of Bremen
Martin Weber	Managing Director, DVV Media Group GmbH, Hamburg
Prof. Dr. Yasmin Mei-Yee Weiß	Managing Director, Institute for Chinese-German Cooperation, Munich
	Business Professor at Nuremberg Technical University, Nuremberg
Prof. Dr.-Ing. Katja Windt	Member of Management, SMS Group GmbH, Düsseldorf (from 04/01/2018)
(until 11/02/2018)	

ASSURANCE OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the consolidated financial statements present a true and fair view of the net assets, financial position and results of operations of the BLG Group, and the group management report presents a true and fair view of the development and performance of the business and the position of the Group and describes the principal opportunities and risks associated with the expected development of the Group.

Bremen, March 18, 2019

The Board of Management

Frank Dreeke	Jens Bieniek	Michael Blach
Andrea Eck	Dieter Schumacher	Jens Wollesen

INDEPENDENT AUDITOR'S REPORT

To BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and BLG LOGISTICS GROUP AG & Co. KG, Bremen

Audit opinions

We have audited the consolidated financial statements of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and BLG LOGISTICS GROUP AG & Co. KG, Bremen, and their subsidiaries (the Group), comprising the consolidated statement of financial position as of December 31, 2018, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2018, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we audited the group management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG for the financial year from January 1 to December 31, 2018. We did not audit the contents of the components of the group management report listed in the "Other information" section of our auditor's report in compliance with German law.

In our opinion, based on the findings of our audit,

- the attached consolidated financial statements comply in all material respects with IFRS, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB and, in accordance with these requirements, give a true and fair view of the Group's net assets and financial position as of December 31, 2018, and of its results of operations for the financial year from January 1 to December 31, 2018, and

- the attached group management report as a whole presents an accurate view of the Group's position. The group management report is consistent with the consolidated financial statements, complies with German legal regulations and suitably presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the contents of the components of the group management report listed in the "Other information" section.

Pursuant to Section 322 (3) Sentence 1 HGB, we state that our audit has not led to any reservations with regard to the compliance of the consolidated financial statements or the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility according to these regulations and standards is described in further detail in the "Responsibility of the auditor for the audit of the consolidated financial statements and the group management report" section of our auditor's report. We are independent of the consolidated companies in compliance with the provisions of German commercial law and professional law and have fulfilled our other German professional obligations in compliance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions regarding the consolidated financial statements and the group management report.

Note to highlight a matter

Please refer to the legal representatives' remarks in the "Principles of Group accounting" section of the notes to the consolidated financial statements and the "Basic Group information" section of the group management report, which set out that the Group consists of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and the group of BLG LOGISTICS GROUP AG & Co. KG, Bremen. The annual financial statements and management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and the consolidated financial statements and group management report of BLG LOGISTICS GROUP AG & Co. KG, Bremen, as of December 31, 2018, were voluntarily combined into one set of financial statements (consolidated financial statements) and management report (group management report). In this respect, the consolidated financial statements and group management report refer to the Group as a whole and not to the individual company and individual group with its parent company and subsidiaries.

Our audit opinions on the consolidated financial statements and group management report are not modified in this regard.

Other information

The legal representatives are responsible for the other information. The other information includes the following components of the group management report, the contents of which were not audited:

- the declaration on corporate governance according to Section 289f HGB and Section 315d HGB included in the "Management and control" section of the management report
- the separate non-financial report according to Section 289b (3) HGB and Section 315b (3) HGB
- the sustainability report

The other information also includes the other parts of the financial report – not including further cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions regarding the consolidated financial statements and the group management report do not extend to the other information, and accordingly we provide neither an audit opinion nor any other form of audit conclusion in this regard.

As part of our audit, we have a responsibility to read the other information and to evaluate whether it

- exhibits material discrepancies with the consolidated financial statements, the group management report or the knowledge we have obtained during our audit, or
- otherwise seems materially misstated.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the group management report

The legal representatives are responsible for preparing the consolidated financial statements, which in all material respects comply with IFRS, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB, and for the consolidated financial statements giving a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, the legal representatives are responsible for the internal controls that they deemed necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's status as a going concern. In addition, they have a responsibility to disclose matters related to the status as a going concern, if relevant. They are also responsible for accounting on the basis of the going concern principle, unless they intend to liquidate the Group or discontinue its business operations, or there is no realistic alternative.

Moreover, the legal representatives are responsible for preparing the group management report, which as a whole provides an accurate view of the Group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal regulations and suitably presents the opportunities and risks of future development. The legal representatives are also responsible for the arrangements and measures (systems) that they considered necessary to enable the preparation of a group management report in compliance with applicable German legal regulations and to allow sufficient, suitable evidence to be provided for the statements in the group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the group management report.

Responsibility of the auditor for the audit of the consolidated financial statements and the group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an accurate view of the Group's position and is in all material respects consistent with the consolidated financial statements and with the findings of the audit, complies with German legal regulations and suitably presents the opportunities and risks of future development, and to issue an auditor's report containing our audit opinions regarding the consolidated financial statements and the group management report.

Reasonable assurance is a high level of assurance but not a guarantee that an audit carried out in compliance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always uncover a material misstatement. Misstatements can result from transgressions or inaccuracies and are deemed material if it could be reasonably expected that they would individually or together influence the financial decisions made by users on the basis of the consolidated financial statements and group management report.

We exercise due discretion during the audit and maintain a critical attitude. In addition,

- we identify and evaluate the risk of material misstatements, whether due to fraud or error, in the consolidated financial statements and the group management report, plan and implement audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements are not uncovered is higher in the case of transgressions than in the case of inaccuracies, as transgressions can entail fraudulent collaboration, falsifications, deliberate omissions, misleading depictions or the suspension of internal controls.

- we gain an understanding of the internal control system relevant for the audit of the consolidated financial statements and of the arrangements and measures relevant for the audit of the group management report in order to plan audit procedures that are appropriate given the circumstances, but not with the aim of providing an audit opinion regarding the effectiveness of these systems.

- we evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values presented by the legal representatives and the associated disclosures.

- we draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is material uncertainty regarding events or circumstances that could cause significant doubt about the Group's ability to continue as a going concern. If we come to the conclusion that there is material uncertainty, we are obliged to call attention to the associated disclosures in the consolidated financial statements and in the group management report in the auditor's report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may mean that the Group is no longer a going concern.

- we evaluate the overall presentation, the structure and the content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events such that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRS, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB.

- we obtain sufficient appropriate audit evidence for the company's accounting information or business activities within the Group in order to provide audit opinions regarding the consolidated financial statements and the group management report. We are responsible for directing, monitoring and implementing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.

- we evaluate the consistency of the group management report with the consolidated financial statements, its legality and the view it gives of the position of the Group.

- we conduct audit procedures regarding the forward-looking disclosures made by the legal representatives in the group management report. On the basis of sufficient appropriate audit evidence, we examine the significant assumptions underlying the legal representatives' forward-looking disclosures in particular and evaluate the appropriateness of the derivation of the forward-looking disclosures from these assumptions. We do not provide a separate audit opinion regarding the forward-looking disclosures or the underlying assumptions. There is a considerable, unavoidable risk that future events will differ significantly from the forward-looking disclosures.

Topics for discussion with those responsible for monitoring include the planned scope and scheduling of the audit as well as significant audit findings, including any deficiencies in the internal control system that we find during our audit.

Intended purpose
We issue this auditor's report on the basis of the contract concluded with BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG. The audit was performed for the purposes of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG, and the auditor's report is only intended for the information of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG regarding the result of the audit. The auditor's report is not intended to act as a basis for (asset) decisions by third parties. Our sole responsibility is to BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG. In contrast, we accept no liability to third parties.

Bremen, March 19, 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Ull	ppa. Stefan Geers
German Public Auditor	German Public Auditor

EQUITY INVESTMENTS

Condensed list of shareholdings relating to the consolidated financial statements of BLG LOGISTICS

No.	Name, registered office	Share in %	Held through no.
1	BLG LOGISTICS GROUP AG & Co. KG, Bremen	0.0	
	Companies included on basis of full consolidation		
2	BLG Automobile Logistics GmbH & Co. KG, Bremen	100.0	1
3	BLG Cargo Logistics GmbH, Bremen	100.0	1
4	BLG Handelslogistik GmbH & Co. KG, Bremen	100.0	1
5	BLG Industrielogistik GmbH & Co. KG, Bremen	100.0	1
6	BLG International Forwarding GmbH & Co. KG, Hamburg (formerly Kitzinger & Co. (GmbH & Co. KG), Hamburg)	100.0	1
7	BLG Logistics Solutions GmbH & Co. KG, Bremen	100.0	1
8	BLG WindEnergy Logistics GmbH & Co. KG, Bremerhaven	100.0	1
9	BLG Automobile Logistics Süd-/Osteuropa GmbH, Bremen	100.0	2
10	BLG AutoRail GmbH, Bremen	50.0	2
11	BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven	100.0	2
12	BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen	100.0	2
13	BLG AutoTransport GmbH & Co. KG, Bremen	100.0	2
14	BLG Logistics Solutions Italia S.r.l., Milan, Italy	100.0	4
15	BLG Sports & Fashion Logistics GmbH, Hörsel	51.0	4
16	BLG Automotive Logistics of South America Ltda., São Paulo, Brazil	100.0	5
17	BLG Logistics, Inc., Atlanta, US	100.0	5
18	BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa[1]	84.1	5
19	BLG Automobile Logistics Italia S.r.l., Gioia Tauro, Italy	99.0	9
20	BLG AutoTerminal Gdansk Sp. z o.o., Gdansk, Poland	100.0	9
21	BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia	100.0	9
22	BLG RailTec GmbH, Uebigau-Wahrenbrück	50.0	10
23	BLG AutoTec GmbH & Co. KG, Bremerhaven	100.0	11
24	BLG AutoTerminal Cuxhaven GmbH & Co. KG, Cuxhaven	100.0	11
25	BLG AND NYK AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa (formerly NYK LOGISTICS AND BLG SA Pty. Ltd., Port Elizabeth, South Africa)	56.3	18
	Companies included on basis of equity method		
26	dbh Logistics IT AG, Bremen	27.3	1
27	EUROGATE GmbH & Co. KGaA, KG, Bremen	50.0	1
28	Kloosterboer BLG Coldstore GmbH, Bremerhaven	49.0	1
29	ZLB Zentrallager Bremen GmbH & Co. KG, Bremen	33.3	1
30	BLG-Cinko Auto Logistics (Tianjin) Co., Ltd., Tianjin, People's Republic of China	50.0	2
31	BLG Logistics Consulting (Beijing) Co., Ltd., Beijing, People's Republic of China	100.0	2
32	DCP Dettmer Container Packing GmbH & Co. KG, Bremen	50.0	3
33	Hansa Marine Logistics GmbH, Bremen	100.0	3
34	ICC Independent Cargo Control GmbH, Bremen	50.0	3
35	Schultze Stevedoring GmbH & Co. KG, Bremen	50.0	3
36	AutoLogistics International GmbH, Bremen	50.0	5
37	BLG Parekh Logistics Pvt. Ltd., Mumbai, India	50.0	5
38	BLG SWIFT LOGISTICS Sdn. Bhd., Kuala Lumpur, Malaysia[2]	60.0	5
39	Autoterminal Slask Logistic Sp. z o.o., Dąbrowa Górnicza, Poland	50.0	9
40	ATN Autoterminal Neuss GmbH & Co. KG, Neuss	50.0	12
41	BLG CarShipping Koper d.o.o., Koper, Slovenia	100.0	13

42	BLG Interrijn Auto Transport RoRo B.V., Rotterdam, Netherlands	50.0	13
43	BMS Logistica Ltda., São Paulo, Brazil	50.0	16
44	Hizotime (Pty) Ltd, East London, South Africa	41.2	18
45	AutoTerminal Gioia Tauro S.p.A., San Ferdinando, Italy	49.5	19
	Companies not included		
46	BLG Automobile Logistics Beteiligungs-GmbH, Bremen	100.0	1
47	BLG Handelslogistik Beteiligungs GmbH, Bremen	100.0	1
48	BLG Industrielogistik Beteiligungs-GmbH, Bremen	100.0	1
49	BLG International Forwarding Beteiligungs-GmbH, Hamburg (formerly Kispe Speditions G.m.b.H., Hamburg)	100.0	1
50	BLG Logistics Solutions Beteiligungs-GmbH, Bremen	100.0	1
51	BLG WindEnergy Logistics Beteiligungs-GmbH, Bremerhaven	100.0	1
52	EUROGATE Beteiligungs-GmbH, Bremen	50.0	1
53	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen	50.0	1
54	ZLB Zentrallager Bremen GmbH, Bremen	33.3	1
55	BLG AutoTerminal Deutschland Beteiligungs-GmbH, Bremen	100.0	2
56	BLG AutoTransport Beteiligungs-GmbH, Bremen	100.0	2
57	Schultze Stevedoring Beteiligungs-GmbH, Bremen	50.0	3
58	BLG ViDi LOGISTICS TOW, Kiev, Ukraine	50.0	9
59	BLG AutoTec Beteiligungs-GmbH, Bremerhaven	100.0	11
60	BLG AutoTerminal Cuxhaven Beteiligungs-GmbH, Cuxhaven	100.0	11
61	BLG LOGISTIKA ADRIATIC d.o.o. i. L., Ploče, Croatia	100.0	13
62	BLG Logistics of Alabama, LLC, Vance, US	100.0	17
63	DCP Dettmer Container Packing GmbH, Bremen	50.0	32
64	ATN Autoterminal Neuss Verwaltungs-GmbH, Neuss	50.0	40

[1] The share of voting rights amounts to 75.04 percent; non-voting preference shares are additionally held.

[2] The share of voting rights amounts to 40.0 percent; non-voting preference shares are additionally held.

GLOSSARY

Commercial glossary

Amortization
Return flow of invested capital by means of income.

At equity/equity method
Method for recognition of equity investments that are not included in the consolidated financial statements on the basis of full consolidation with all assets and liabilities. The carrying amount of the investment is increased or decreased by the development of the pro rata equity of the investment. This change is recognized in the income statement of the parent company.

Bank overdraft
Credit limit contractually pledged to a customer by a bank up to which the customer may overdraw beyond his credit balance.

Cash flow
Key figure that describes the addition to cash and cash equivalents within the financial year.

Cash-generating unit
Smallest identifiable group of assets that, by virtue of continued use, generates inflows of liquidity, which, in turn, are largely independent of the cash inflows of other assets.

Compliance
Collective term for measures taken to ensure compliance with all legal obligations, provisions and directives relevant for a company as well as with corporate governance. Another objective of compliance is to achieve harmonization between corporate actions and social values.

Corporate Governance
Rights and obligations of the various parties involved in the company, in particular the shareholders, Board of Management and Supervisory Board.

Covenant
Special binding commitment of the borrower to the lender.

Current account
Designation for an account in which all transactions of two business partners are conducted and the mutual receivables are set off (netted) against each other at regular intervals.

Derivative financial instruments
Financial instruments that are traditionally used to hedge existing investments or liabilities and whose value is derived from a reference investment (e.g. share or bond).

Digitalization
Digitalization, in contrast to digitization, does not simply refer to the conversion of analogue information into digital formats, but rather to the changes that result from the steadily growing possibilities of using information technology. This concerns, for example, the development of innovative business models and the use of intelligent technologies with the aim of increasing the networking of production, logistics and finance and the associated increase in efficiency and the standardization of processes. Digital change (digital transformation) is not an end in itself, but is intended to ensure the future viability of companies.

Discounted cash flow method
Measurement method: Future payment surpluses or deficits are discounted with the help of capital costs on the measurement date. Taxes due are included in the measurement. The present value determined in this way is the discounted cash flow.

EBIT
Earnings before interest and taxes = operating earnings.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

EBT
Earnings before taxes.

Hedging
A strategy of protecting against interest rate, currency and price risks through derivative financial instruments (options, swaps, forward transactions, etc.).

Heritable building right
Right of the leaseholder to have a building on third-party land in return for payment of consideration (so-called ground rent).

Finance leases
Method for financing investments in intangible assets or property, plant and equipment that involves a series of payments over the entire expected useful life of the asset. The asset appears on the assets side, the lease liability on the liabilities side of the lessee's statement of financial position.

Forward interest rate swap
A forward interest rate swap is an agreement on a swap in the future whose terms are defined immediately.

Full consolidation
Method for recognition of subsidiaries that are included in the consolidated financial statements with all assets and liabilities.

Functional currency
The currency in which a company carries out the majority of its business activities and reports its financial results to the parent company.

Hybrid loan
Loan allocated to equity, with above average interest, without a defined term and is the last of all liabilities served in the event of insolvency.

Hypothetical derivative method
Method of measuring the effectiveness of derivative financial instruments by comparing the change in market value of the derivative to that of a hypothetical derivative that perfectly hedges the risk to be hedged against.

IAS
International Accounting Standards (see also IFRS).

IASB
International Accounting Standards Board: Body that develops and publishes international accounting standards.

IFRIC
International Financial Reporting Interpretations Committee: Body that publishes interpretations regarding the IFRS accounting standards. After approval by the IASB the interpretations are binding for all IFRS users.

IFRS
International Financial Reporting Standards ("IAS" until 2001): International accounting regulations that are published by an international independent body (IASB) with the aim of creating a transparent and comparable accounting system that can be applied by companies and organizations all over the world.

Impairment test
Test to determine change in value in accordance with IFRS.

Interest rate swap
An interest rate swap describes a contractual agreement on the exchange of interest payment flows in the same currency where the cash flows are based on a defined amount of capital.

Investment properties
Land, buildings and/or parts of buildings that are maintained to earn rental income and/or for the purpose of value enhancement.

Joint venture
Legally and organizationally independent company that is jointly established or acquired by at least two independent partners.

Liability method
Method of measurement of deferred tax assets and deferred tax liabilities. A measurement is carried out on the basis of the tax rate that is expected at the time when the future tax burden or relief arises.

Matching principle
IFRS: Recognition of income and expenses of the same events in the same period.

Operating leases
Method of renting intangible assets or property, plant and equipment for a certain period that is shorter than the expected life of the asset. In the case of operating leases, neither the asset nor a liability appears in the lessee's statement of financial position.

Other comprehensive income
All income and expenses that are not contained in the net income for the year. It includes, for example, foreign currency gains and losses from the translation of foreign financial statements that are reported directly in equity in accordance with IAS 21.

Other long-term benefits
Additional long-term employee benefits that are reported under long-term provisions.

Post-employment benefits
Benefits after termination of employment contract.

Pro rata temporis
At a rate proportional to the time allotted.

Projected unit credit method
Special method for measuring pension and similar obligations in accordance with IFRS.

Profit retention
Retention of profits.

Promissory note loan
Large long-term loan similar to a security.

Recoverable amount
Amount presumed to be achievable through use or sale of an asset.

Stage of completion method (SoC)
IFRS: Recognition of service orders according to their progress.

Working capital
Difference between current assets and current liabilities. Used to evaluate the liquidity of the company.

Logistics glossary

Cargo-modal services
Services such as storage, customs clearance, distribution logistics and supply chain management.

Distribution
All processes carried out in the sales channel between producers and dealers all the way to the consumer.

GHBV
Gesamthafenbetriebsverein im Lande Bremen e.V./ Gesamthafenbetriebs GmbH Hamburg: Special personnel provider for the transport and warehousing sector, particularly for port operation companies. Enterprises that employ GHB staff members pay contributions into the GHB guaranteed wage fund.

Intermodal chain of transport
Use of different means of transportation (air, water, rail, road) for a shipment.

Order picking
Putting together the articles requested according to a customer's order or an equipment order.

Outsourcing
Assignment of logistics functions to external suppliers.

RoRo
Roll-on/Roll-off = transport of vehicles (with or without load) on vessels in which the vehicles go on board and leave the vessel on their own power.

Self-Propelled Modular Transporter (SPMT)
Special vehicles for the transport of very large and bulky cargo or of project cargo onshore.

TEU
Twenty-foot container equivalent unit. Standardized container unit with a length of 20 feet (1 foot = 30 cm).

FINANCIAL CALENDAR 2019

2019 Annual General Meeting	June 12, 2019
Payment of the dividend for the 2018 financial year	June 17, 2019
Interim report January to June 2019	September 30, 2019

Forward-looking statements
This annual report contains forward-looking statements based on the management's current assessments of future developments. Such statements are subject to risks and uncertainties that are beyond BLG AG's control that it is not possible for BLG AG to precisely estimate, such as the future market environment and economic conditions, the behavior of other market participants, the successful integration of new acquisitions and the realization of expected synergy effects as well as measures by government agencies. Should any of these or other uncertainties and unknowns materialize, or should the assumptions on which these statements are based prove incorrect, actual results may be materially different from those expressed or implied by such statements. BLG AG neither intends nor assumes a separate obligation to update forward-looking statements to reflect events or developments after the date of this report.

Legal notice
The terms used in this document may be trademarks, the use of which by third parties for their own purposes may infringe the rights of their owners.

Deviations for technical reasons
For technical reasons (e.g. conversion of electronic formats) there may be differences between the accounting documents contained in this financial report and those submitted to the Federal Gazette. In this case, the version submitted to the Federal Gazette is deemed to be the binding version.

PUBLISHING INFORMATION/ CONTACT DETAILS

Publisher
BREMER LAGERHAUS-GESELLSCHAFT
-Aktiengesellschaft von 1877-

Präsident-Kennedy-Platz 1
28203 Bremen, Deutschland

www.blg-logistics.com/en

Conception and coordination
Investor Relations
Marco Tschöpe
Ole Kindt

Communications
Andreas Hoetzel
Diana Hermstrüwer

Contact/annual report orders
Investor Relations
Phone: +49 421 398 3756
E-Mail: ir@blg.de

Picture credits
Hauke Dressler, page 7

Design
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www.blg-logistics.com/annual-report

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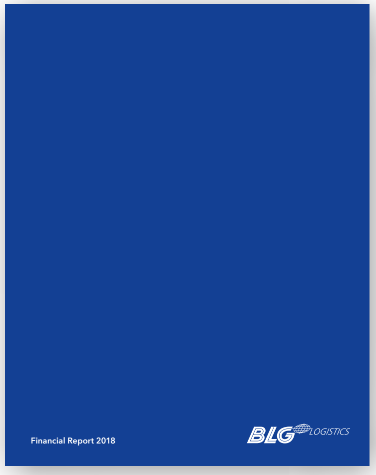

/ *Financial Report* /

Our contribution to environmentally compatible production of these reports:
All reports are printed on 100 percent recycled waste paper certified with the EU Ecolabel. The printing shop uses a climate-neutral printing process.