Financial Report 2019

BLG LOGISTICS

SHORT PROFILE

BLG LOGISTICS is a seaport-oriented logistics service 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 11,700 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.

A MATTER OF ATTITUDE

CONTENT

WE ARE OFFERING OUR SHAREHOLDERS AN ATTRACTIVE DIVIDEND YIELD AGAIN IN 2019.

01

To Our Shareholders

KEY FIGURES FOR THE BLG GROUP[1]

EUR thousand		2019	2018	Absolute change	Percentage change
Sales and earnings					
Sales		1,158,632	1,141,326	17,306	1.5
EBITDA		135,299	80,208	55,091	68.7
EBIT		46,430	42,203	4,227	10.0
EBT		37,544	37,527	17	0.0
EBT margin[2]	Percent	3.2	3.3	-0.1	-3.0
Asset and capital structure					
Total assets		1,288,303	728,002	560,301	77.0
Cash investments		54,386	33,169	21,217	64.0
Equity		203,364	250,841	-47,477	-18.9
Equity ratio	Percent	15.8	34.5	-18.7	-54.3
Net debt		611,896	214,022	397,874	185.9
Cash flows[3]					
Cash flow from operating activities		65,702	23,327	42,375	181.7
Cash flow from investing activities		3,815	9,828	-6,013	-61.2
Cash flow from financing activities		-72,073	-57,749	-14,324	-24.8
Key figures for the BLG share					
Earnings per share	EUR	0.38	0.66	-0.28	-42.4
Dividend	EUR	0.40	0.45	-0.05	-11.1
	Percent	15.4	17.3	-1.9	-11.1
Dividend yield	Percent	3.1	3.8	-0.7	-18.7
Human resources					
Employees[4]	Number	11,720	11,079	641	5.8
Jobs worldwide	Number	20,000	20,000	0	0.0

[1] Key figures after reconciliation. The reconciliation is shown in the segment reporting on ▸page 88 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 92 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 and heavy cargo.

		2019	2018	Change in percent
Sales	EUR thousand	603,734	553,125	9.1
EBT	EUR thousand	19,324	15,530	24.4
EBT margin	Percent	3.2	2.8	14.2
Employees	Number	3,308	3,193	3.6

SALES 2019

603,734

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.

		2019	2018	Change in percent
Sales	EUR thousand	563,934	599,229	-5.9
EBT	EUR thousand	7,436	7,258	2.5
EBT margin	Percent	1.3	1.2	8.3
Employees	Number	6,393	5,946	7.5

563,934

EUR thousand

CONTAINER

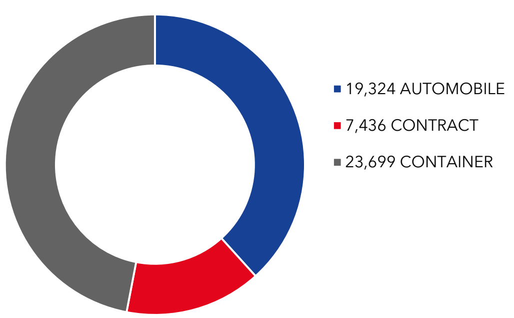
EUROGATE, in which BLG holds a 50 percent stake, has a European network that currently includes twelve container terminals at ten locations as well as intermodal transports and cargo-modal services. The focus of this division is on container handling.

		2019	2018	Change in percent
Sales	EUR thousand	282,304	301,982	-6.5
EBT	EUR thousand	23,699	37,409	-36.6
EBT margin	Percent	8.4	12.4	-32.3
Employees	Number	1,653	1,612	2.5

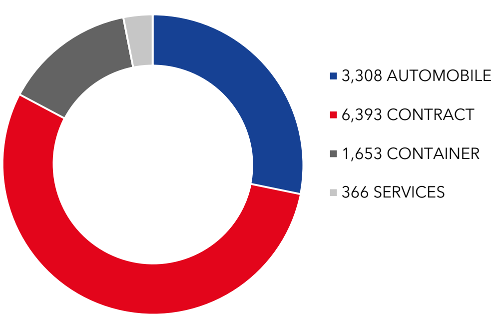
282,304

EUR thousand

EBT 2019 (EUR thousand)



EMPLOYEES 2019 (yearly average)



[5] According to segment reporting on page 88 f.

LETTER FROM THE BOARD OF MANAGEMENT

Dear Shareholders,

When you read these lines, the end of the last financial year, 2019, will probably feel like a lifetime ago. Just a few weeks have passed, but they have been historic. Not since the end of the Second World War has Germany experienced social and economic restrictions like in the first months of 2020.

In this respect, looking back at the past financial year is like looking back on a world that, while eventful, was essentially reliable and predictable.

We started 2019 half sensing, half knowing that something was looming on the horizon of world trade. Then the first half of the year was surprisingly positive: growth continued, quantities were good, sales were better than planned in some cases. By the midpoint of the year, the economic climate had cooled perceptibly – which was immediately felt in quantities, tonnage and earnings. The second half of 2019 did not bring the volumes we had imagined. The year ended with smaller quantities and a smaller margin.

Against this backdrop, we matched our previous year's earnings despite difficult conditions. This is a respectable achievement.

It is also an indication that the company now has a stable footing with its very diverse operating units, and of how much strength such diversity can provide when united by a common strategy and culture.

As diverse as our services are, as varied as the industry we serve, as mixed as our customer landscape is – every offering essentially centers on the same promise: We make logistics simpler for our customers, we take over our customers' processes and thus optimize their value creation so that they can operate more successfully on the market. This requires a special level of trust. We want to earn this trust every day, and our customers can count on that. It is a matter of attitude. And that is the title we have given this year's company report.

The robustness and stability to which the figures in the financial report attest and the attitude with which we work fill us with confidence that BLG LOGISTICS will stay on course even in the heaviest of storms. We will continue making systematic efforts to score highly in the competition to be an "attractive employer". We will not let up in our research and development work – even though we are aware of the immense challenges facing us in 2020, the year of coronavirus.

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

Frank Dreeke   Jens Bieniek   Michael Blach   Andrea Eck   Jens Wollesen

Frank Dreeke
Chairman of the Board of Management

Jens Wollesen
CONTRACT Division

Andrea Eck
AUTOMOBILE Division

Michael Blach
CONTAINER Division

Jens Bieniek
Chief Financial Officer

Dieter Schumacher†
Industrial Relations Director

† *died on February 19, 2020*

REPORT OF THE SUPERVISORY BOARD FOR 2019

Dear Sir or Madam,

Dr. Klaus Meier
Chairman of the Supervisory Board

In the 2019 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 2019. 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 2019 was 95 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 of the industrial logistics (Europe) and trade logistics business areas, 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 2019 Annual General Meeting and the preparation of the non-financial Group statement in accordance with Section 315b of the German Commercial Code (HGB).

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 12, 2019. In addition, the heads of the Internal Audit and Compliance departments reported to the Supervisory Board at the meeting.

The composition of the Supervisory Board changes as follows compared with December 31, 2018:

Martin Günthner resigned as a member of the Supervisory Board with effect from November 30, 2019. He was replaced by Dr. Claudia Schilling. Dr. Claudia Schilling was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 13, 2020.

Karoline Linnert resigned as a member of the Supervisory Board with effect from November 30, 2019. She was replaced by Dietmar Strehl. Dietmar Strehl was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 13, 2020.

Stefan Schubert resigned as a member of the Supervisory Board with effect from December 31, 2019. He was replaced by Vera Visser. Vera Visser was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 24, 2020.

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 in the 2019 financial year. The Industrial Relations Director, Dieter Schumacher (originally appointed until December 31, 2020), passed away on February 19, 2020. He will be succeeded by Ulrike Riedel (appointed from July 1, 2020).

At its meeting on February 14, 2019, the Supervisory Board decided to extend the contract with Andrea Eck for five years.

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 2019 financial year. The main subject of the meeting on April 2, 2019, was the extensive discussion and examination of the annual financial statements, the consolidated financial statements and the management reports for the 2018 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 10, 2019, 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 all meetings, it dealt primarily with personnel matters relating to the Board of Management. At the meeting on April 4, 2019, it dealt in particular with the variable component of the remuneration of the Board of Management for the 2018 financial year.

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.

Corporate governance and declaration of conformity

www.blg-logistics.com/en/investor-relations
under Corporate Governance/ Declaration of Conformity

The Supervisory Board worked on the application of the GCGC in the company. The 19th declaration of conformity with the recommendations of the GCGC, dated September 12, 2019, and 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 2019 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 2019 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.

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 2019 financial year is integrated as a separate non-financial report in the 2019 sustainability report and its contents have been reviewed by the Supervisory Board. The audit did not give rise to any objections.

www.blg-logistics.com/en
under Company/Sustainability

The Supervisory Board expresses its gratitude to the members of the Board of Management and all employees for great commitment and performance and the 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 2020 financial year and can secure its earnings power on a long-term basis.

Bremen, April 2020

For the Supervisory Board

Meier

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 19th declaration of conformity with the GCGC as amended on February 7, 2017, was issued by the Board of Management on August 20, 2019, and by the Supervisory Board of BLG AG on September 12, 2019. The declaration has been made permanently available on our website: **www.blg-logistics.com/en/investor-relations**.

www.blg-logistics.com/en/investor-relations
under Corporate Governance/
Declaration of Conformity

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

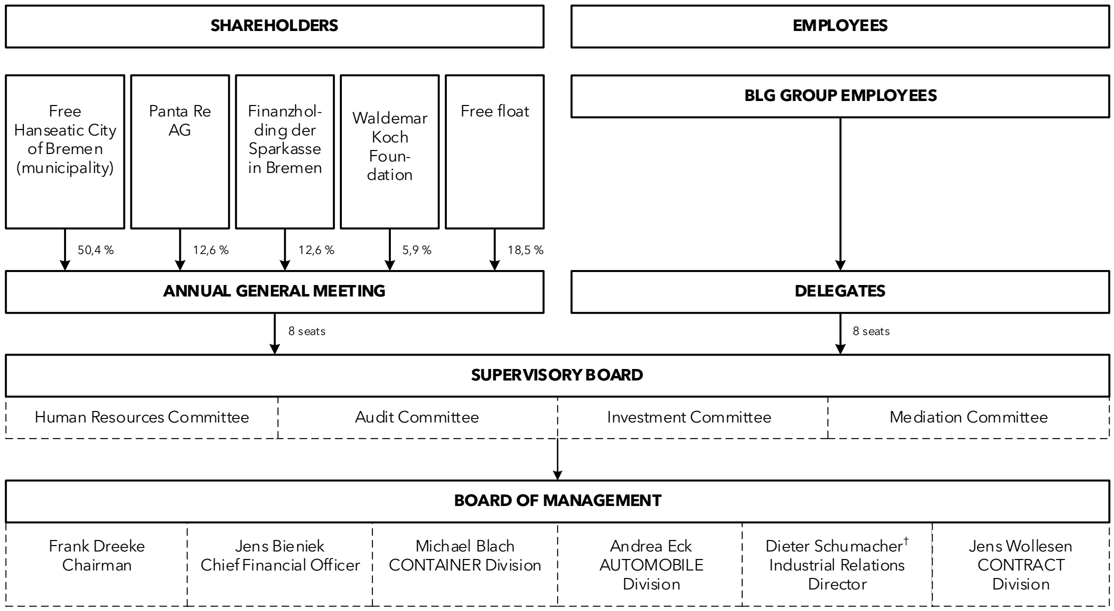
Diversity plays an important role at BLG. The company's diversity concept includes the entire Group and thus goes beyond the levels of management and supervision. BLG sees diversity as an important factor in its success and as an enrichment for its corporate, management, project and co-determination 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
in the footer under GTCBCR

Working approach of the Board of Management and Supervisory Board

GOVERNANCE STRUCTURE AS OF DECEMBER 31, 2019



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.

The Board of Management

The Board of Management of BLG AG is responsible for the management of BLG LOGISTICS GROUP AG & Co. KG, Bremen (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.

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

No changes were made to the composition of the Board of Management in the 2019 financial year. The Industrial Relations Director, Dieter Schumacher (originally appointed until December 31, 2020), passed away on February 19, 2020. He will be succeeded by Ulrike Riedel (appointed from July 1, 2020). Ulrike Riedel was previously posted from BLG, working in the CONTAINER Division. She is therefore already known in the BLG Group and has extensive experience. We are therefore delighted that the Supervisory Board has appointed Ulrike Riedel for five years rather than the customary three years for a first appointment.

At its meeting on February 14, 2019, the Supervisory Board decided to extend the contract with Andrea Eck for five years from January 1, 2020.

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, 2019, 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. This ratio is to be maintained until June 30, 2022. 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. Karoline Linnert resigned as of November 30, 2019, so only three women were represented on the Supervisory Board as of December 31, 2019. The ratio was met again thanks to the new Supervisory Board members appointed in January 2020.

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 (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, Dr. Patrick Wendisch and, after a fresh review of the independence criteria, Dr. Tim Nesemann.

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 composition of the Supervisory Board changes as follows compared with December 31, 2018:

Martin Günthner resigned as a member of the Supervisory Board with effect from November 30, 2019. He was replaced by Dr. Claudia Schilling. Dr. Claudia Schilling was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 13, 2020.

Karoline Linnert resigned as a member of the Supervisory Board with effect from November 30, 2019. She was replaced by Dietmar Strehl. Dietmar Strehl was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 13, 2020.

Stefan Schubert resigned as a member of the Supervisory Board with effect from December 31, 2019. He was replaced by Vera Visser. Vera Visser was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 24, 2020.

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 Panta Re AG, Bremen, and Finanzholding der Sparkasse in Bremen, Bremen. With effect from January 31, 2019, the 12.61 percent of shares in BLG AG previously held by Bremer Verkehrs- und Beteiligungsgesellschaft mbH, 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 2018 and 2019 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).

Benefits granted	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			
EUR thousand	2018	**2019**	2019 (min.)	2019 (max.)	2018	**2019**	2019 (min.)	2019 (max.)
Fixed remuneration	670	682	682	682	375	381	381	381
Fringe benefits	47	50	50	50	33	33	33	33
Total	**717**	**732**	**732**	**732**	**408**	**414**	**414**	**414**
Variable compensation	369	394	0	450	246	262	0	300
Multi-year variable remuneration	128	111	0	150	85	74	0	100
Sustainability bonus (01/01/2017-12/31/2019) plus peak billing prev. year	62	45	0	50	41	30	0	34
Sustainability bonus (01/01/2018-12/31/2020)	33	33	0	50	22	22	0	33
Sustainability bonus (01/01/2019-12/31/2021)	33	33	0	50	22	22	0	33
Total	**1,214**	**1,237**	**732**	**1,332**	**739**	**750**	**414**	**814**
Pension-related expenses	186	144	144	144	62	70	70	70
Total remuneration	**1,400**	**1,381**	**876**	**1,476**	**801**	**820**	**484**	**884**

Benefits granted	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			
EUR thousand	2018	**2019**	2019 (min.)	2019 (max.)	2018	**2019**	2019 (min.)	2019 (max.)
Fixed remuneration	510	510	510	510	339	348	348	348
Fringe benefits	53	54	54	54	22	22	22	22
Total	**563**	**564**	**564**	**564**	**361**	**370**	**370**	**370**
Variable compensation	316	102	0	102	246	262	0	300
Multi-year variable remuneration	6	0	0	0	44	74	0	100
Sustainability bonus (01/01/2017-12/31/2019) plus peak billing prev. year	6	0	0	0	0	30	0	34
Sustainability bonus (01/01/2018-12/31/2020)	0	0	0	0	22	22	0	33
Sustainability bonus (01/01/2019-12/31/2021)	0	0	0	0	22	22	0	33
Total	**885**	**666**	**564**	**666**	**651**	**706**	**370**	**770**
Pension-related expenses	79	88	88	88	0	321	321	321
Total remuneration	**964**	**754**	**652**	**754**	**651**	**1,027**	**691**	**1,091**

[1] Some amounts are reimbursed by EUROGATE GmbH & Co. KGaA, KG.

Benefits granted	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			
EUR thousand	2018	**2019**	2019 (min.)	2019 (max.)	2018	**2019**	2019 (min.)	2019 (max.)
Fixed remuneration	348	355	355	355	348	355	355	355
Fringe benefits	33	31	31	31	24	25	25	25
Total	**381**	**386**	**386**	**386**	**372**	**380**	**380**	**380**
Variable compensation	246	262	0	300	246	262	0	300
Multi-year variable remuneration	85	74	0	100	82	74	0	100
Sustainability bonus (01/01/2017-12/31/2019) plus peak billing prev. year	41	30	0	34	38	30	0	34
Sustainability bonus (01/01/2018-12/31/2020)	22	22	0	33	22	22	0	33
Sustainability bonus (01/01/2019-12/31/2021)	22	22	0	33	22	22	0	33
Total	**712**	**722**	**386**	**786**	**700**	**716**	**380**	**780**
Pension-related expenses	653	221	221	221	136	69	69	69
Total remuneration	**1,365**	**943**	**607**	**1,007**	**836**	**785**	**449**	**849**

The following tables show the inflow for each member of the Board of Management in the 2018 and 2019 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).

Inflow	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	
EUR thousand	**2019**	2018	**2019**	2018
Fixed remuneration	682	670	381	375
Fringe benefits	50	47	33	33
Total	**732**	**717**	**414**	**408**
Variable compensation	369	341	246	227
Multi-year variable remuneration (here: Sustainability bonus 01/01/2016-12/31/2018)	129	107	86	71
Other	0	0	0	0
Total	**1,230**	**1,165**	**746**	**706**
Pension-related expenses	144	186	70	62
Total remuneration	**1,374**	**1,351**	**816**	**768**

Inflow	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	
EUR thousand	**2019**	2018	**2019**	2018
Fixed remuneration	510	510	348	339
Fringe benefits	54	55	22	22
Total	**564**	**565**	**370**	**361**
Variable compensation	316	380	246	227
Multi-year variable remuneration (here: Sustainability bonus 01/01/2016-12/31/2018)	29	48	0	0
Other	0	0	0	0
Total	**909**	**993**	**616**	**588**
Pension-related expenses	88	79	0	0
Total remuneration	**997**	**1,072**	**616**	**588**

[1] Some amounts are reimbursed by EUROGATE GmbH & Co. KGaA, KG.

Inflow	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	
EUR thousand	**2019**	2018	**2019**	2018
Fixed remuneration	355	348	355	348
Fringe benefits	31	33	25	24
Total	**386**	**381**	**380**	**372**
Variable compensation	246	227	246	227
Multi-year variable remuneration (here: Sustainability bonus 01/01/2016-12/31/2018)	86	0	71	0
Other	0	0	0	0
Total	**718**	**608**	**697**	**599**
Pension-related expenses	221	4	69	0
Total remuneration	**939**	**612**	**766**	**599**

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. In addition, a new pension commitment was agreed for Andrea Eck in February 2019. The pension commitments provide for a 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 the maximum reduction is 18 percent. No waiting period is provided for.

Pension commitments (calculated as per IAS 19)	Present value of pension commitment		Market value of insurance cover for pension commitments	
EUR thousand	**12/31/2019**	12/31/2018	**12/31/2019**	12/31/2018
Frank Dreeke	**1,247**	**875**	**786**	**584**
of which BLG	1,247	875	786	584
of which third parties	0	0	0	0
Jens Bieniek	**869**	**614**	**368**	**293**
of which BLG	869	614	368	293
of which third parties	0	0	0	0
Michael Blach	**769**	**540**	**258**	**192**
of which BLG	0	0	0	0
of which EUROGATE	769	540	258	192
Andrea Eck	**321**	**0**	**0**	**0**
of which BLG	321	0	0	0
of which third parties	0	0	0	0
Dieter Schumacher†	**1,289**	**874**	**585**	**96**
of which BLG	1,289	874	585	96
of which third parties	0	0	0	0
Jens Wollesen	**273**	**136**	**86**	**0**
of which BLG	273	136	86	0
of which third parties	0	0	0	0
	4,768	**3,039**	**2,083**	**1,165**

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, 2019. 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 2019 financial year, the former members of the Board of Management received total remuneration (in particular pension payments) of EUR 170,000. The present value of pension obligations pursuant to IAS 19 for former members of the Board of Management totaled EUR 3,502,000 as of December 31, 2019.

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 2019 financial year:

EUR thousand	Fixed remuneration	Committee work	Meeting allowance	Other[2]	Total
Dr. Klaus Meier	25	1	4	9	39
Christine Behle	17	1	4	0	22
Sonja Berndt	8	1	4	0	13
Karl-Heinz Dammann	8	1	4	9	22
Heiner Dettmer	8	1	4	0	13
Melf Grantz[1]	8	1	4	0	13
Udo Klöpping	8	0	3	0	11
Wybcke Meier	8	0	2	0	10
Dr. Tim Nesemann	8	1	4	0	13
Klaus Pollok	8	1	4	0	13
Dieter Strerath	8	1	4	0	13
Reiner Thau	8	1	4	9	22
Dr. Patrick Wendisch	17	1	4	0	22
Members of the Supervisory Board who left in the 2019 reporting year:					
Martin Günthner (until 11/30/2019)[1]	8	1	4	0	13
Karoline Linnert (until 11/30/2019)[1]	8	1	3	8	20
Stefan Schubert (until 12/31/2019)	8	1	3	0	12
	163	**14**	**59**	**35**	**271**

[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 284,000, of which EUR 166,000 was attributable to fixed payments. The meeting allowances came to EUR 60,000, the remuneration for committee work EUR 14,000 and the remuneration for in-Group Supervisory Board seats EUR 44,000.

As of December 31, 2019, 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 rises 8.7 percent in 2019
_ Earnings per share of EUR 0.38
_ Attractive dividend of EUR 0.40

Strong stock markets in 2019

The uncertain outcome of Brexit, fears of recession, growing populism in Europe and not least of all the trade war between the US and China did not provide good stock market conditions in 2019. Nevertheless, the markets performed extremely positively. Wall Street dashed from one record to the next in December, and the DAX, the German benchmark index, grew by over a quarter in 2019. This was due firstly to the central banks' persistent policy of low interest rates, which makes shares a more attractive investment. Secondly, the difficult conditions ensured that investors did not act all too euphorically.

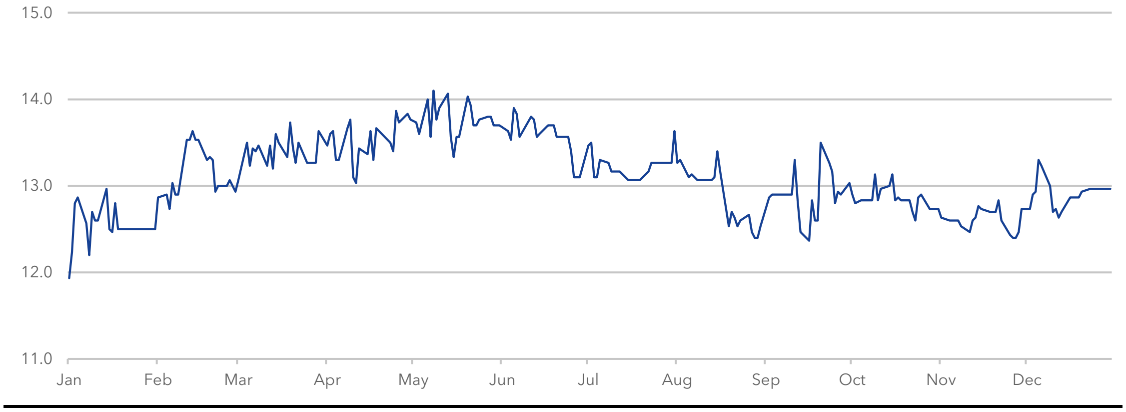
In the German economy, growth was curbed primarily by export-oriented industry. Because of the uncertain situation, many held back from making investments. This was keenly felt by the automotive industry, which accounts for around 20 percent of German exports. The German economy continued to be supported chiefly by high consumer spending and the ongoing construction boom. In this environment, the German industry grew by around 0.6 percent in 2019. The DAX grew by 26.4 percent and ended the year at 13,249 points.

BLG share[1] rises 8.7 percent

After the BLG share opened the 2019 financial year at EUR 11.87, it initially rose sharply in line with the major German indices. The highest closing price of the year was EUR 14.10 on May 8, 2019. The BLG share dropped back somewhat in the second half of the year, but never fell below the 2019 opening price. Due to the share's low trading volume, even a small number of transactions can affect the price. The BLG share rose by a total of 8.7 percent in the reporting year and thus did not match the general market level (DAX +26.4 percent, MDAX +31.4 percent, SDAX +31.6 percent) despite the sound business performance. On the basis of the annual closing price of EUR 12.97 on December 30, 2019, market capitalization amounted to EUR 49.8 million.

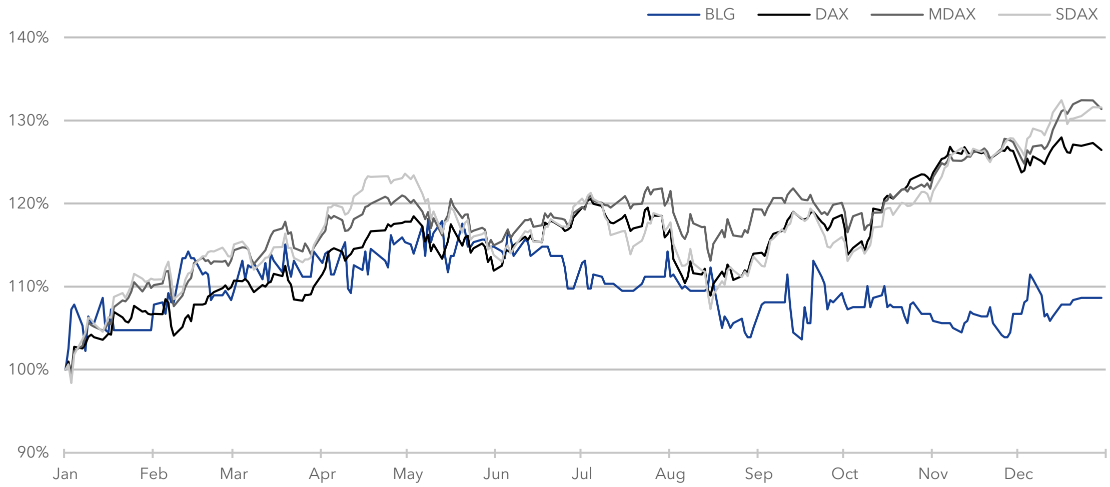
[1] All market prices indicated as average on the listed stock exchanges

PRICE PERFORMANCE OF BLG SHARE IN 2019 (IN EUR)



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

PERFORMANCE OF BLG SHARE RELATIVE TO BENCHMARKS IN 2019



Overview of the key figures for the BLG share

		2019	2018	2017	2016	2015
Earnings per share	EUR	0.38	0.66	0.60	0.45	0.44
Dividend per share	EUR	0.40	0.45	0.40	0.40	0.40
Dividend	Percent	15.4	17.3	15.4	15.4	15.4
Dividend yield	Percent	3.1	3.8	2.8	2.1	2.7
Share price at year-end[1]	EUR	12.97	11.87	14.49	19.27	15.08
High[1]	EUR	14.10	15.10	19.27	20.10	17.39
Low[1]	EUR	11.93	11.13	12.87	13.59	12.29
Distribution amount	EUR thousand	1,536	1,728	1,536	1,536	1,536
Distribution ratio	Percent	105.6	68.0	66.3	89.5	90.2
Price/earnings ratio		34.3	17.9	24.0	42.8	34.3
Market capitalization	EUR million	49.8	45.6	55.6	74.0	57.9

[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:	Berlin, Hamburg, Frankfurt

Dividend of EUR 0.40

Due to the lower remuneration from BLG KG and thus the lower earnings of BLG AG, the Board of Management and the Supervisory Board decided to withdraw a partial amount of EUR 82,000 from BLG AG's retained earnings. As a result, the annual financial statements of BLG AG for the 2019 financial year show net retained profits in accordance with HGB of EUR 1,536,000 (previous year: EUR 1,728,000). According to German law, this amount forms the basis for the dividend distribution.

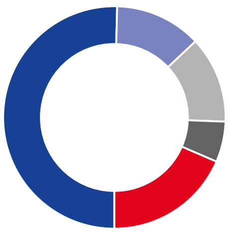
On this basis, the Board of Management, in consultation with the Supervisory Board, will propose to the Annual General Meeting on June 10, 2020, that a dividend of EUR 0.40 per share (previous year: EUR 0.45 per share) be distributed on the dividend-eligible share capital of EUR 9,984,000.00, corresponding to 3,840,000 shares (registered shares). This represents a pay-out ratio of 105.6 percent. Based on the year-end share price of EUR 12.97, this results in a dividend yield of 3.1 percent for the 2019 financial year.

Our goal is and will remain an earnings-related and consistent dividend policy. Therefore, we will give our shareholders an appropriate share in earnings according to business performance.

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, 2019



Shareholder structure of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- as of December 31, 2019

As of December 31, 2019, the Free Hanseatic City of Bremen (municipality) was the main shareholder of BLG AG with a share of 50.4 percent. The shares of Bremer Verkehrs- und Beteiligungsgesellschaft mbH, Bremen (12.6 percent), 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. 0.6 percent of the free float is held by institutional investors; the remaining 17.9 percent is held by private investors.

DIVIDEND PER SHARE

EUR 0.40

Extensive information on our website

Further extensive information on the BLG share, downloadable reports and contact information can be found on our Investor Relations website at **www.blg-logistics.com/en/investor-relations**.

ANNUAL FINANCIAL STATEMENTS BREMER LAGERHAUS-GESELLSCHAFT -AKTIENGESELLSCHAFT VON 1877-

INCOME STATEMENT

EUR thousand	**2019**	2018
1. Remuneration of BLG LOGISTICS GROUP AG & Co. KG	1,826	3,114
2. Other operating income	6,191	6,137
	8,017	**9,251**
3. Personnel expenses		
a) Wages and salaries	-4,483	-4,378
b) Social security, post-employment and other employee benefit costs	-1,226	-1,240
	-5,709	**-5,618**
4. Other operating expenses	-1,206	-1,199
5. Other interest and similar income	679	639
6. Interest and similar expenses	-32	-32
7. Taxes on income of which from the recognition of deferred tax assets EUR 104,000 (previous year: EUR 91,000)	-296	-500
8. Earnings after taxes/net income for the year	**1,454**	**2,541**
9. Withdrawals from (previous year: transfers to) other retained earnings	82	-813
10. Net retained profits	**1,536**	**1,728**

BALANCE SHEET

EUR thousand Assets	12/31/2019	12/31/2018
A. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	24,621	25,136
2. Receivables from other investees and investors	61	22
3. Other assets	1	0
	24,683	**25,158**
II. Bank balances	20	19
	24,703	**25,177**
B. Deferred tax assets	407	303
	25,110	**25,480**

EUR thousand Liabilities	12/31/2019	12/31/2018
A. Equity		
I. Subscribed capital	9,984	9,984
II. Retained earnings		
1. Legal reserve	998	998
2. Other retained earnings	8,424	8,506
	9,422	**9,504**
III. Net retained profits	1,536	1,728
	20,942	**21,216**
B. Provisions		
1. Provisions for pensions and similar obligations	1,172	934
2. Provisions for taxes	60	60
3. Other provisions	2,781	2,666
	4,013	**3,660**
C. Liabilities		
1. Trade payables	4	5
2. Other financial and non-financial liabilities	151	599
	155	**604**
	25,110	**25,480**

NOTES

Notes for the 2019 financial year

The registered office of BREMER LAGERHAUS-GESELL-SCHAFT -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: 2018 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	2.7%
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 17,101,000 is attributable to receivables from cash management (previous year: EUR 16,097,000). Another EUR 2,294,000 (previous year: EUR 3,812,000) 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 82,000 was withdrawn from other retained earnings (previous year: transfer of EUR 813,000) in favor of net retained profits.

Existing retained earnings fully cover the amounts blocked for distribution of EUR 705,000 (previous year: EUR 674,000) 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 407,000 (previous year: EUR 303,000) 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	12/31/2019
Present value of pension obligation	5,946
Less market value of insurance cover for pension commitments	-4,774
= Net pension obligation	**1,172**

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 705,000.

Interest expenses and interest income from accrued interest were recognized in the amount of EUR 121,000 (previous year: EUR 102,000).

Other provisions
Other provisions include EUR 2,219,000 (previous year: EUR 2,109,000) for the variable remuneration of the Board of Management.

In the reporting year, other provisions of EUR 384,000 (previous year: EUR 366,000) 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 178,000 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 131,000 of the other liabilities (previous year: EUR 580,000) 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 from BLG KG

The figure includes the liability compensation governed by the partnership agreement (EUR 1,061,000, previous year: EUR 1,011,000) and the remuneration (EUR 765,000, previous year: EUR 2,104,000) for the activities as general partner of BLG KG.

Other operating income

Other operating income breaks down as follows:

EUR thousand	2019	2018
Income from the passing on of Board of Management remuneration	4,646	4,544
Income from the reimbursement of pension obligations	1,213	1,230
Income from the passing on of Supervisory Board remuneration	236	240
Income from the passing on of expenses	16	27
Income from the reversal of provisions	3	21
Other	77	75
Total	**6,191**	**6,137**

Personnel expenses

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

EUR 1,226,000 in social security, post-employment and other employee benefit costs relate to pension costs (previous year: EUR 1,240,000).

Other operating expenses

Other operating expenses break down as follows:

EUR thousand	2019	2018
Administrative expenses	729	727
Remuneration for the Supervisory Board	236	240
Legal, advisory and audit fees	121	104
Other personnel expenses	119	122
Expenses passed on	0	6
Other	1	0
Total	**1,206**	**1,199**

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, 2019.

Other financial liabilities

There were no other financial liabilities as of December 31, 2019.

Auditor fees

The total remuneration for the auditor's work in the 2019 financial year amounted to EUR 151,000, EUR 30,000 of which attributable to the previous year, 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, and project assistance for the introduction of software for financial reporting, the introduction of a tax tool, and the application of financial reporting standards (hedge accounting).

Related party disclosures

Transactions with shareholders

Relationships with the Free Hanseatic City of Bremen (municipality)

As of December 31, 2019, the Free Hanseatic City of Bremen (municipality) was the majority shareholder of BLG AG with a 50.4 percent share of the subscribed capital. The additional 12.6 percent in BLG AG held via the subsidiary Bremer Verkehrs- und Beteiligungsgesellschaft mbH, 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 2018.

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.

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).

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**.

https://www.blg-logistics.com/en/investor-relations
Current shareholder structure and voting rights notifications under Investor Relations/ Information about our 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 10, 2020: distribution of a dividend of EUR 0.40 per bearer share (which corresponds to around 15 percent per share) for the 2019 financial year, corresponding to the net retained profits of EUR 1,536,000.

Consolidated financial statements

The company, together with BLG KG as the joint parent enterprise, prepared consolidated financial statements as of December 31, 2019, 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 19th declaration of conformity with the GCGC as amended on February 7, 2017, was issued by the Board of Management on August 20, 2019, and by the Supervisory Board of BLG AG on September 12, 2019. The declaration has been made permanently available on our website: **www.blg-logistics.com/en/investor-relations**.

Supplementary report

The coronavirus crisis, which reached Germany in February 2020, will affect the remuneration received by BLG AG, which will probably be considerably lower than in 2019. There is significant uncertainty concerning the effects of the crisis on the world economy, global trade flows and the associated supply chains. At present, the precise impact of the crisis cannot be conclusively or reliably evaluated.

Regardless of the current uncertain situation, we have assessed the probable effects and taken necessary steps. In our assessment, the BLG Group is therefore in a good position to rise to this challenge.

MANAGEMENT REPORT

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 conditions. This financing holds minimal risk.

In the reporting year, BLG AG received liability compensation (EUR 1,061,000) and remuneration for management work (EUR 765,000) from BLG KG.

Earnings per share of EUR 0.38

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 2019 financial year. In the 2019 financial year, net income fell by a considerable EUR 1,087,000 year-on-year. This was due primarily to BLG KG's lower earnings of and thus the lower remuneration for management work than in the previous year (2019: EUR 765,000; 2018: EUR 2,104,000).

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 62 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, effects of the coronavirus crisis) 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 2019 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 United Kingdom's exit from the European Union on January 31, 2020, 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 a similar level to the previous year. Ultimately, net income decreased as a result of the lower earnings of and thus lower remuneration from BLG KG. Please see the business report for further details.

Due to the unpredictable advance of the coronavirus pandemic and the currently unforeseeable effects on the world economy, global trade flows and the BLG Group's customers, there is currently a very high level of uncertainty. In this environment, it is impossible to reliably forecast the BLG Group's business performance in 2020.

According to current knowledge, and considering that the year had a weaker start than the previous year, BLG AG forecasts that BLG KG's sales and earnings (EBT) in the 2020 financial year will be down significantly on the figures achieved in the previous year. This is due primarily to the temporary sharp decline in volumes to be handled that could potentially result from the pandemic. It is not currently possible to reliably estimate the exact extent of the shortfall compared with the previous year's results.

Against this backdrop, it is to be expected that there will be a material change in BLG AG's results of operations, because, besides the liability compensation for the 2020 financial year, the remuneration for business management is likely to decline considerably. BLG AG's earnings for 2020 will therefore be significantly lower. This will also affect the dividend for the 2020 financial year. Therefore, we will give our shareholders an appropriate share in earnings according to business performance.

Taking the significant uncertainty into account and on the basis of the estimates currently possible for the 2020 financial year, the Board of Management assumes that, despite the burden of the pandemic, the liquidity of BLG AG and of the BLG Group will be sufficient to allow payment obligations to be met at all times.

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 31, 2020

The Board of Management

Frank Dreeke	Jens Bieniek	Michael Blach	Andrea Eck	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, 2019, the income statement for the financial year from January 1 to December 31, 2019, and the notes to the annual financial statements, including the presentation of the accounting policies and valuation principles. In addition, we have audited the management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- for the financial year from January 1 to December 31, 2019. 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, 2019, and of its results of operations for the financial year from January 1 to December 31, 2019, 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, 2019. 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 24.6 million (98.1 percent of total assets) are reported under "Receivables from affiliated companies" in the statement of financial position. These relate primarily 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 depends primarily on 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 knowledge 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 June 12, 2019. We were engaged by the Supervisory Board on November 19, 2019. 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 31, 2020

PricewaterhouseCoopers GmbH

Wirtschaftsprüfungsgesellschaft

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

WE MATCHED OUR PREVIOUS YEAR'S EARNINGS DESPITE DIFFICULT CONDITIONS.

02

Group Management Report

BASIC GROUP INFORMATION

_ BLG LOGISTICS: seaport-oriented logistics service provider with an international network
_ Innovative and digital: research projects under way
_ #SuccessDependsOnEverybody: headcount increased again

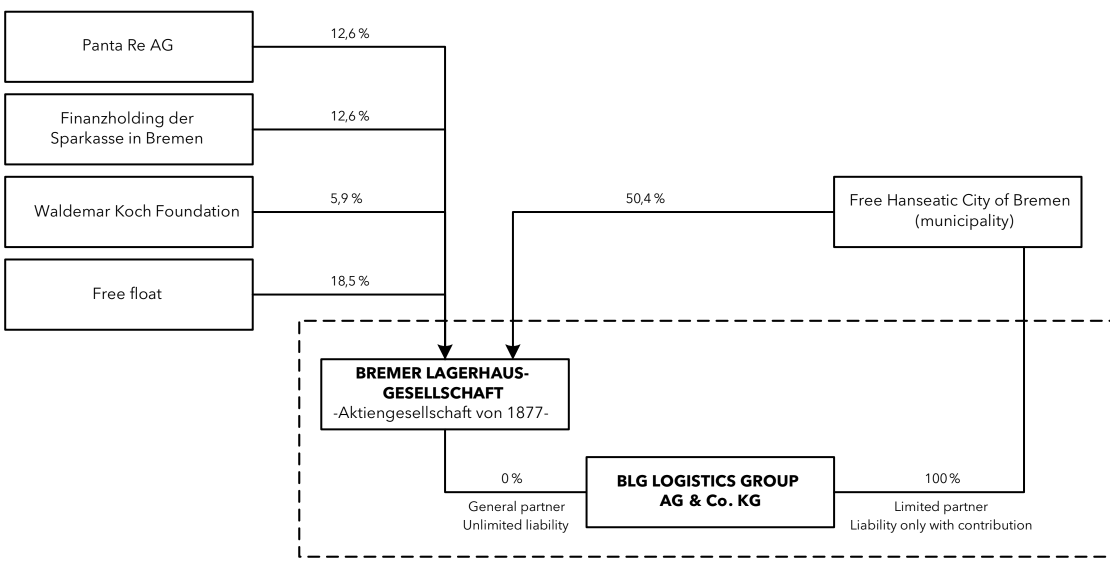
As a general partner of BLG LOGISTICS GROUP AG & Co. KG (BLG KG), the listed company BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (BLG AG) has assumed the management of BLG LOGISTICS. These two companies, which are closely linked in legal, commercial and organizational respects, have prepared 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-oriented logistics service 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 and commerce complex logistical system services. Our AUTOMOBILE and CONTAINER Divisions are leaders in Europe. Our CONTRACT Division is among the leading German providers.

LEGAL STRUCTURE OF THE GROUP AS OF DECEMBER 31, 2019



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 the defined mission, BLG LOGISTICS wants to make logistics simpler for its customers, so that they can focus on their successful market operations.

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 comprises 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. In the 2019 financial year, 6.3 million vehicles were handled. 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) 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 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, 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 twelve container terminals at ten 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, Ravenna and Salerno (Italy), Limassol (Cyprus), Lisbon (Portugal), Tangier (Morocco) and Ust-Luga (Russia).

Changes in the group of consolidated companies

In connection with the investments made in the 2019 financial year, the previously non-consolidated BLG ViDi LOGISTICS TOW, Kiev, Ukraine, has been consolidated in the AUTOMOBILE Division using the equity method since January 1, 2019. The shareholding is 50 percent.

Also in the AUTOMOBILE Division, BLG Automobile Logistics Italia S.r.l., Gioia Tauro, Italy, sold its shares in AutoTerminal Gioia Tauro S.p.A., San Ferdinando, Italy, in the reporting year. The company was deconsolidated.

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

Looking to the future, we are working continuously to expand our portfolio of services while optimizing the underlying processes. The Sustainability and Digitalization department, which closely scrutinizes new technologies and derives value-adding solutions for our business, is responsible for systematically planning and managing innovations within BLG LOGISTICS. We thus ensure that we remain competitive in the long term. We follow three different approaches to determine an innovation's potential. In research and development projects, we work with partners from science and industry on brand new and particularly complex concepts. We implement existing and proven solutions directly in the context of our company via operational innovation projects. Technologies whose positive effects have not yet been demonstrated are tested in 100-day projects so that we can use the results to decide how to proceed.

In 2019, we continued or completed the "Isabella," "IRiS" and "Kali" research projects, looking at new technologies, automation and digitalization of handling processes. All three are or were funded by the German Federal Ministry of Transport and Digital Infrastructure (BMVI) as part of the IHATEC (Innovative Port Technologies) funding program. A particular highlight is the development of an unloading robot for sea containers in the IRiS project. Together with one research partner and two industry partners, we are looking for solutions to automate the unloading of boxes from containers. Swift human intervention is also to be made possible when necessary – such as in the event of failure – via intuitive and interactive human/robot control. The Kali project, which was successfully completed in the reporting year, investigated various approaches to power assistance in manual logistics activities and developed concepts for mobile handling solutions. In a consortium of eight cooperation partners in the "SecProPort" project, we are also working on the development of IT security architecture to defend port logistics against cyberattacks.

The "SaSCh" project, funded by the BMWi (German Federal Ministry for Economic Affairs and Energy), was also successfully concluded in 2019. Alongside four cooperation partners, we came up with a solution for an intelligent, interconnected supply chain. The project participants, including BLG LOGISTICS, are implementing the results in their respective contexts. The findings from SaSCh and other sensor-based innovation projects in collaboration with customers are being used to develop our new "Freight Quality Tracking" service. The objective is to increase transparency in the supply chain by providing smart services to monitor articles and transport routes. This allows the customer to make forecasts, derive measures at an early stage, and optimize processes and routes – and thus offers opportunities to optimize costs. The development of this digital service is based on access to data on the position and condition of products along the supply chain in close to real time. Various data are used, including sensor data recorded directly at the container or package. The information transmitted is provided to the customer digitally. Customers are already benefiting from increased transparency in their goods transports in various projects. We continue to seek users who would like to test the subject with us on existing routes.

In the 2019 financial year, for example, BLG LOGISTICS participated in a total of six group projects with a total volume 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

As part of the BLG Group's 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**.

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.

The effects of the new financial reporting standard to be applied, IFRS 16 "Leases", were already included in the planning for the 2019 financial year. The calculation of the above key performance indicators was not adjusted. In the reporting year, IFRS 16 had the following effects on the key performance indicators:

EUR thousand	2019 before IFRS 16	Effects of IFRS 16	**2019 as per IFRS 16**
Sales	1,169,612	-10,980	1,158,632
EBT	37,439	105	37,544
EBT margin (in %)	3.2		3.2

The following table 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 75.

EUR thousand		2018 Actual	2019 Forecast	**2019 Actual**	Target achievement	2020 Forecast
EBT	EUR thousand	37,527	+5–8 percent	37,544	Not achieved	↓
Sales	EUR thousand	1,141,326	PY level	1,158,632	Exceeded	↓
EBT margin	Percent	3.3	+5–8 percent	3.2	Not achieved	↓

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.

No non-financial key figures are used for controlling at Group level.

Non-financial performance indicators

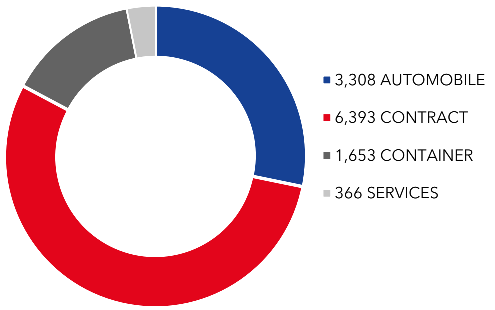
Employees

Success is a joint effort

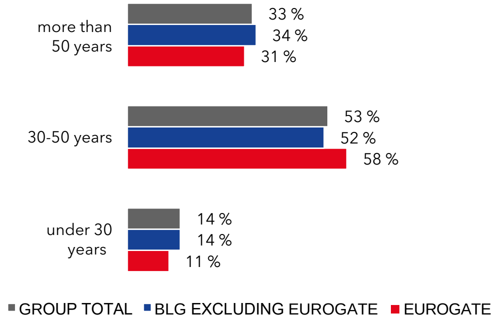
As an international seaport-oriented logistics service provider, BLG LOGISTICS requires committed, motivated and skilled employees in order to be successful in the market over the long term and to meet the continuous challenges of globalization and demographic change. Since the 2019 financial year, this has been underscored by a wide range of measures and campaigns under the heading "success is a joint effort," 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 2019



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):

Division employees	**2019**	2018	Percentage change
AUTOMOBILE Division	**3,308**	**3,193**	**3.6**
of which blue-collar workers	2,835	2,733	
of which white-collar workers	473	460	
CONTRACT Division	**6,393**	**5,946**	**7.5**
of which blue-collar workers	5,024	4,646	
of which white-collar workers	1,369	1,300	
CONTAINER Division	**1,653**	**1,612**	**2.5**
of which blue-collar workers	1,183	1,161	
of which white-collar workers	470	451	
Segment employees	**11,354**	**10,751**	**5.6**
of which blue-collar workers	9,042	8,540	
of which white-collar workers	2,312	2,211	
Services	**366**	**328**	**11.6**
of which blue-collar workers	0	0	
of which white-collar workers	366	328	
Employees incl. CONTAINER Division	**11,720**	**11,079**	**5.8**
of which blue-collar workers	9,042	8,540	
of which white-collar workers	2,678	2,539	
Less employees of the CONTAINER Division	**-1,653**	**-1,612**	**2.5**
of which blue-collar workers	-1,183	-1,161	
of which white-collar workers	-470	-451	
Group employees	**10,067**	**9,467**	**6.3**
of which blue-collar workers	7,859	7,379	
of which white-collar workers	2,208	2,088	

In the reporting year, the average number of employees (excluding the CONTAINER Division) increased by 6.3 percent year-on-year to 10,067. This rise resulted primarily from the increased hiring of former temporary workers in the previous year, especially in the CONTRACT Division, and from 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 2019 sustainability report also reports in detail on other non-financial topics.

www.blg-logistics.com/sustainability

BUSINESS REPORT

_ Difficult conditions due to the world economy
_ AUTOMOBILE Division: 6.3 million vehicles handled
_ CONTRACT Division: new customers and logistics center

Macroeconomic conditions

After the downturn in economic sentiment in 2018, the global economy continued to lose momentum in 2019. In the reporting year, the global economy grew by 3.0 percent, the lowest figure since 2009. This is due mainly to the escalating trade conflicts, especially between the US and China, and the uncertain terms of Brexit. These uncertainties are also affecting demand for investment goods.

Weak industry and world trade were the defining factors for 2019. In the advanced economies, industrial production ultimately declined, while it still increased slightly in the emerging economies. This is primarily because production in China is still heading upward despite a considerable slowdown. The weakness in industry increasingly seems to be spreading to other areas of the economy, such as the service sector. In addition, the growth in world trade was significantly lower than in the previous year.

The US economy (GDP of around 2.3 percent in 2019) likewise lost momentum in the reporting year after a sharp rise in the previous year. In addition to the weak global economy and the uncertainties regarding trade policy, this is also likely to be due to the expiry of fiscal stimulus. There is a similar picture for the eurozone economy (GDP of around 1.2 percent in 2019), which is losing momentum chiefly because industrial value creation is falling due to a lack of external economic stimuli.

Sources for this section:
IfW Kiel, Kiel Institute Economic Outlook, No. 61 (2019|Q4)
IMK, IMK Report No. 150, September 2019

German GDP grows by just 0.6 percent in 2019

The German economy found itself in choppy waters in 2019. While macroeconomic expansion was still brisk at the start of the year, this was followed by a weak middle six months and no palpable upturn at the end of the year. Economic development remains divided. Industrial production is declining significantly. This is due primarily to the high level of global uncertainty over economic policy, which is particularly affecting the German economy specialized in the production of investment goods. Declining export activity is attributable primarily to the automotive industry, which accounts for around 20 percent of all exports. Weak industrial activity is also increasingly affecting the business service sectors.

However, the domestic economy continued to provide stimulus. On the basis of a very favorable outlook for the labor market and incomes, private households' disposable income continued to rise in the reporting year and maintained consumer confidence. Financing conditions are also very favorable, which continues to benefit the construction sector. Employment rose significantly again in the reporting year, although not as sharply as in previous years. The unemployment rate is 5.0 percent (2018: 5.2 percent).

Sources for this section:
Deutsche Bundesbank, Monthly Report, January and February 2020
IfW Kiel, Kiel Institute Economic Outlook, No. 62 (2019|Q4)
IMK, IMK Report No. 154, December 2019

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.

The SCI Logistics Barometer fluctuated in the reporting year and closed December 2019 below the figure for the end of 2018. Only 13.0 percent of companies rated the situation as "good" at the end of the year; for the majority (64.0 percent), however, the current business situation is "normal." The logistics industry as a whole expects prices and costs to increase. Most of the companies surveyed assume that business performance will remain constant in 2020.

According to the German Logistics Association (BVL), logistics service providers are increasingly reporting that their order backlogs are shrinking, and expect demand to grow only marginally in the next few months. All signs also point to declining momentum with regard to personnel planning and the employment trend. In the ifo-BVL Logistics Indicator, a majority of the logistics service providers said that their sales were lower than in the previous year. Most were also confronted with a relatively small order backlog.

The number of employees in logistics jobs in commerce and at logistics service providers is over three million. 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.

Sources for this section:
BVL Logistics Indicator, 4th Quarter 2019, December 16, 2019, including commentary
SCI Verkehr, SCI Logistics Barometer, December 2019

Statement by the Board of Management on the economic situation

Overall, BLG LOGISTICS closed the 2019 financial year with similar results as in the previous year. In light of the global economic situation, especially in the second half of the year, this is a respectable achievement.

We had a successful start to 2019. The growth continued in the first half of the year, the quantities were at a good level, and sales were even better than planned in some cases. When the economic climate cooled perceptibly midway through the year, this had a direct effect on quantities and earnings. Therefore, the second half of 2019 no longer brought the volumes we had imagined. In addition, the pressure on the margins increased considerably.

Against this backdrop, BLG LOGISTICS fell short of the forecast increase of 5.0 to 8.0 percent for EBT and the EBT margin in the 2019 financial year. Sales are slightly higher than the previous year's level (forecast: at the previous year's level).

BLG LOGISTICS remained on course 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 steadily 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 2019 and takes into account business performance up to the time the group management report was drawn up in 2020. The business development at the beginning of 2020 is largely in line with our expectations. In the CONTAINER Division, quantities were lower than expected. In particular, container traffic from and to Asia has declined significantly. The coronavirus crisis, which came to Germany in a big way in March 2020, will have a massive impact on quantities and earnings for the whole BLG Group. For further information, please refer to the outlook starting on page 75.

Business performance

Results of operations

In the 2019 financial year, Group sales once again rose by EUR 17,306,000 year-on-year to EUR 1,158,632,000. Growth in the AUTOMOBILE Division more than compensated for the slight declines in the CONTRACT and CONTAINER Divisions.

The increase in sales by EUR 50,609,000 in the AUTOMOBILE Division is the result of the stable handling volume, the good business performance of car transport by truck and rail, and higher value creation at the inland terminals. The decline in sales by EUR 35,295,000 to EUR 563,934,000 in the CONTRACT Division is mainly due to the economic downturn and the associated volume declines in the second half of 2019. The decline in sales in the CONTAINER Division by EUR 19,678,000 to EUR 282,304,000 is attributable primarily to the development of quantities in Bremerhaven and Hamburg and to declining average revenue. The growth in quantity in Hamburg was not nearly enough to compensate for the significant quantity and revenue decline at EUROGATE Container Terminal Bremerhaven.

Sales by segment **EUR thousand**	**2019**	2018	Absolute change	Percentage change
AUTOMOBILE	603,734	553,125	50,609	9.1
CONTRACT	563,934	599,229	-35,295	-5.9
CONTAINER	282,304	301,982	-19,678	-6.5
Reconciliation	-291,340	-313,010	21,670	6.9
Group total	**1,158,632**	**1,141,326**	**17,306**	**1.5**

Key figures for the results of operations **EUR thousand**	**2019**	2018	Absolute change	Percentage change
Sales	**1,158,632**	**1,141,326**	**17,306**	**1.5**
Other income	87,965	96,397	-8,432	-8.7
Cost of materials	-528,184	-526,994	-1,190	-0.2
Personnel expenses	-452,245	-419,405	-32,840	-7.8
Other expenses	-130,869	-211,116	80,247	38.0
Depreciation, amortization and write-downs	-88,869	-38,005	-50,864	-133.8
EBIT	46,430	42,203	4,226	10.0
Financial result	-8,886	-4,676	-4,210	-90.0
EBT	**37,544**	**37,527**	**17**	**0.0**
EBT margin (in %)	**3.2**	**3.3**	**-0.1**	**-3.0**
Consolidated profit or loss for the period	32,588	34,813	-2,225	-6.4

EBT by segment **EUR thousand**	**2019**	2018	Absolute change	Percentage change
AUTOMOBILE	19,324	15,530	3,794	24.4
CONTRACT	7,436	7,258	178	2.5
CONTAINER	23,699	37,409	-13,710	-36.6
Reconciliation	-12,915	-22,670	9,755	43.0
Group total	**37,544**	**37,527**	**17**	**0.0**

Sales, while the cost of materials remained almost the same, increased much more sharply than expected by 1.5 percent or EUR 17,306,000. This was due in particular to the aforementioned business expansions in the AUTOMOBILE Division.

Personnel expenses rose sharply in the reporting year to EUR 452,245,000 (previous year: EUR 419,405,000). This rise resulted primarily from the increased hiring of former temporary workers in the previous year, especially in the CONTRACT Division, and from new hires in connection with business expansion. The average number of employees within the Group increased by 600 to 10,067 in the reporting year. In contrast, the cost for external personnel recognized in the cost of materials was reduced by EUR 2,977,000 (-2.3 percent).

Depreciation and amortization rose by EUR 50,864,000 to EUR 88,869,000 in the 2019 financial year. At EUR 55,016,000, this significant increase is due primarily to the first-time application of the financial reporting standard IFRS 16 "Leases". The right-of-use assets from rental agreements and leases, recognized for the first time, are depreciated over the term of the agreement.

Other operating income rose by EUR 4,202,000 year-on-year. This was due primarily to the income from the sale of a property in the trade logistics business area, offset by lower income from the reversal of provisions. Other operating expenses decreased significantly by EUR 79,218,000, primarily because the installments for ground rent and rents are mostly no longer recognized in other operating expenses after the application of IFRS 16 "Leases". Significantly more depreciation and interest expenses were recognized instead. This is also why EBIT increased by EUR 4,226,000 in the 2019 financial year.

Despite the persistently low interest rates, the financial result deteriorated by a considerable EUR 4,210,000 on the previous year to EUR -8,886,000. At EUR 5,452,000, this is attributable primarily to the time value of money, recognized for the first time in accordance with IFRS 16 "Leases".

Earnings before taxes (EBT) increased by EUR 17,000 to EUR 37,544,000 and are therefore at the previous year's level. Due to the slight increase in sales, the EBT margin is smaller than in the previous year at 3.2 percent (previous year: 3.3 percent).

Income taxes in the reporting year were EUR 4,956,000 (previous year: EUR 2,714,000). With regard to EBT, this results in a tax rate of 13.2 percent (previous year: 6.0 percent). Deferred taxes (expense rose by EUR 5,883,000) were not compensated for by the reduction (EUR 3,141,000) in current taxes.

Accordingly, consolidated net income fell by EUR 2,225,000 to EUR 32,588,000 year-on-year.

AUTOMOBILE Division

Key figures EUR thousand	**2019**	2018	Absolute change	Percentage change
Sales	603,734	553,125	50,609	9.1
EBIT	27,135	19,115	8,020	42.0
EBT	19,324	15,530	3,794	24.4
EBT margin (in %)	3.2	2.8	0.4	14.2

VEHICLES HANDLED

6.3

million

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

In the 2019 financial year, the volume of vehicles handled in the AUTOMOBILE Division's network was only slightly lower than in the previous year at 6.3 million (previous year: 6.5 million vehicles).

Seaport terminals business area

In the seaport terminals business area, the volume of cars handled is at a stable, high level and is mainly intended for export. 2.1 million vehicles (previous year: 2.2 million) were handled, transported and technically processed at our Bremerhaven car terminal alone. In 2019, the car terminals in Bremerhaven and Cuxhaven were again characterized by high stock levels, which pose continuous challenges to productivity. An additional earnings contribution was also generated through a high level of technical services.

The total volume of technology in the seaport terminals in 2019 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.

XXL Logistics business area

The handling volume in the XXL Logistics business was less than expected in 2019. This is chiefly due to the general cooldown of the global economy. While high & heavy cargo in Bremerhaven declined by around 4 percent year-on-year, the handling volume at the Neustadt port was stable at the previous year's level in 2019. At the latter port, a persistently weak steel industry was more than compensated for by growth in forest products and project cargo. This required additional staff to be hired.

In the wind power sector, the seamless transport of an iron ore handling plant was organized on behalf of a customer using rolling BLG-SPMTs (self-propelled modular transporters) in June 2019. To this end, the plant was loaded onto a heavy-lift ship and made seaworthy for transport to Canada. For lack of producers' follow-up orders for wind turbine components, the wind energy sector was otherwise determined by the SPMT rental business.

Inland terminals business area

The inland terminals business area was also characterized by very high storage utilization at all locations in the reporting year. The Kelheim location in particular contributed a considerable portion of the business area's earnings due to volumes and significant vertical integration. Terminal handling and the volume of technology were at the previous year's level.

Car transport and AutoRail business areas

Traffic in the BLG network remains at a stable level. Vehicle transports by truck and rail grew by around 4 percent overall, with rail transports growing in particular. Increasingly, more cars are being transported by rail than by road. Improvements to rail infrastructure and the skills shortage in the form of a shortage of truck and train drivers repeatedly mean that capacities cannot be utilized as planned.

The CarShipping sector, which includes car transport by special inland waterway vessels, among other things, also made a good contribution to the earnings of the car transport business area in 2019, due in particular to special orders.

Southern/Eastern Europe business area

In the Southern/Eastern Europe business area, business performance is benefiting from the increased volume and higher value creation at the location in Russia. In contrast, AutoTerminal Gioia Tauro, Italy, did not achieve the necessary volume, and special expenses were incurred. At the end of the year, we sold our stake here to our former joint venture partner. The other locations performed as expected.

Due to the positive development described above and the high volumes in the AUTOMOBILE Division, EBT increased year-on-year from EUR 15,530,000 to EUR 19,324,000.

CONTRACT Division

Key figures EUR thousand	2019	2018	Absolute change	Percentage change
Sales	563,934	599,229	-35,295	-5.9
EBIT	11,681	11,486	195	1.7
EBT	7,436	7,258	178	2.5
EBT margin (in %)	1.3	1.2	0.1	8.3

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

Industrial logistics (Europe) business area

In Bremen, the Bremen logistics center is working to capacity. High volumes and good productivity in the first half of the year compensate for a sharp decline in quantities in the second half of the reporting year. Earnings at the Leipzig site, where we work in assembly logistics for an automotive manufacturer, were considerably lower than expected, as alterations for the customer's production program had a significant impact on volumes and resulted in line stoppages. At the Berlin/Brandenburg and Meerane sites, lower start-up costs than expected were incurred for new business. Earnings performance in the business area's other locations is in line with expectations.

Industrial logistics (overseas) business area

Despite economic risks, earnings performance in the industrial logistics (overseas) business area is again characterized by stable business development at a good level in South Africa. There was a lack of volume at the US location. At the same time, higher costs due to the challenges involved with starting up new businesses and other non-recurring expenses were incurred. Therefore, the business area closed 2019 down overall. Business development in India and Malaysia was stable in the financial year.

Trade logistics business area

Business performance in the trade logistics business area was in line with expectations in the reporting year, and the individual locations largely developed positively. A significant earnings contribution was generated through the sale of a property. Expected project and start-up costs were incurred for specific new businesses and major projects being implemented. For example, we had a topping-out ceremony with our customer Puma for a modern and highly automated logistics center in Geiselwind, Bavaria, in 2019.

In the Sports & Fashion area, the initiated restructuring measures are not yet taking effect. A lack of sales with existing customers, the start-up phase for new businesses and the associated project costs, and non-recurring consulting and restructuring costs are having a significant negative impact on earnings.

Freight forwarding business area

Earnings in the freight forwarding business area are lower than expected due to the market situation and the resulting volumes. Appropriate restructuring measures to improve the sales and earnings situation have already been initiated.

As a result of the developments described, EBT increased year-on-year by EUR 178,000 to EUR 7,436,000.

CONTAINER Division

Key figures EUR thousand	2019	2018	Absolute change	Percentage change
Sales	282,304	301,982	-19,678	-6.5
EBIT	33,046	41,743	-8,697	-20.8
EBT	23,699	37,409	-13,710	-36.6
EBT margin (in %)	8.4	12.4	-4.0	-32.3

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, 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.

As handling volumes in Germany declined by 2.0 percent, the EUROGATE Group as a whole (figures on a 100 percent basis) posted a decline in Group sales of 6.5 percent to EUR 564,607,000 in the 2019 financial year (previous year: EUR 603,964,000). While the handling volume at the Hamburg site increased by 27.9 percent, the multi-user terminal in Bremerhaven saw a decline of 58.6 percent (Bremerhaven site overall: -10.9 percent) due to the loss of THE Alliance's transatlantic services from the start of 2019. The improvement in earnings at the Hamburg site was not nearly enough to compensate for the earnings decline in Bremerhaven. Accordingly, the Group's earnings (EBT) of EUR 47,398,000 are considerably below the previous year's level (EUR 74,818,000. With significantly improved earnings from associates due in particular to share disposals in the CONTSHIP Italia Group and a decline in income tax expenses, consolidated net income declined to EUR 45,514,000 in the reporting period (previous year: EUR 67,325,000) despite positive non-recurring effects.

RESULTS IN 2019

37.5 million	1,159 million	3.2%
EBT	Sales	EBT margin

Comparison of results of operations in 2019 with the forecast for the 2019 financial year

For 2019, 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 1,158,632,000 in the 2019 financial year exceeded the previous year's level of EUR 1,141,326,000. With EBT up by EUR 17,000, we matched the previous year's earnings, but fell short of our target range. Accordingly, the EBT margin is also below the forecast range.

Our forecasts were based on assumptions that deviated in part from the conditions that occurred in the 2019 financial year.

In the AUTOMOBILE Division, earnings were considerably improved at the Bremerhaven seaport terminal in particular through the consistent development and implementation of process improvements and process transparency. The handling volume in the XXL Logistics business area fell well short of expectations in 2019. At our terminal in Gioia Tauro, Italy, the expected positive development did not materialize. The global economic cooldown in the second half of the year also left its mark on our customers, so volumes declined across all divisions as of the end of the year. Overall, EBT in the AUTOMOBILE Division improved from EUR 15,530,000 in 2018 to EUR 19,324,000 in 2019 thanks to the first half of the year.

Sales revenue did not increase repeatedly, as assumed in the previous year in the CONTRACT Division. The industrial logistics (Europe) business area performed well again. High volumes and productivity were achieved in the first half of the year in particular. The industrial logistics (overseas) business area is characterized by higher losses than planned because of lower customer volumes and non-recurring expenses. The trade logistics business area developed stably and benefited among other things from the proceeds from the sale of a property. This was countered by the Sports & Fashion area, as project costs for new businesses are incurred here in particular. In freight forwarding, volumes were lower than expected. This results in EBT of EUR 7,436,000 for the CONTRACT Division, which is higher than in the previous year.

Sales in the CONTAINER Division fell slightly in the reporting year. This was due primarily to the significant quantity and revenue declines at EUROGATE Container Terminal Bremerhaven, which were not compensated for by growth at the Hamburg site, for example. In addition, the economic environment was increasingly difficult, especially in the second half of 2019. With conditions remaining difficult given overcapacity at container terminals and persistently fierce competition, the container handling volumes of the EUROGATE Group's German container terminals were down by a total of 2 percent year-on-year. Pro rata EBT fell from EUR 37,409,000 in the previous year to EUR 23,699,000 and is therefore slightly lower than planned.

Net assets

Key figures for net assets **EUR thousand**	**2019**	2018	Absolute change	Percentage change
Total assets	1,288,303	728,002	560,301	77.0
Capitalization ratio (in %)	49.2	40.1	9.1	22.7
Working capital ratio (in %)	70.6	93.3	-22.7	-24.3
Equity	203,364	250,841	-47,477	-18.9
Equity ratio (in %)	15.8	34.5	-18.7	-54.3
Net debt	611,896	214,022	397,874	185.9

EUR thousand	**Carrying amount 12/31/2019**	Carrying amount 12/31/2018	Absolute change	Percentage change
Long-term loans	104,711	109,567	-4,856	-4.4
Finance lease liabilities	556,491	1,084	555,407	51,258.6
Total	**661,201**	**110,650**	**550,551**	**497.6**

Net debt **EUR thousand**	**2019**	2018	Absolute change	Percentage change
Long-term loans	86,117	90,580	-4,463	-4.9
Other non-current financial liabilities	511,562	19,410	492,152	2,535.5
Current financial liabilities	232,634	120,223	112,411	93.5
Financial liabilities	**830,314**	**230,213**	**600,101**	**260.7**
Non-current financial receivables	196,849	969	195,880	20,217.0
Cash and cash equivalents	21,569	15,222	6,347	41.7
Net debt	**611,896**	**214,022**	**397,874**	**185.9**

In the reporting year, total assets amounted to EUR 1,288,303,000 and were therefore significantly above the previous year's figure of EUR 728,002,000. This is due primarily to the new financial reporting standard IFRS 16 "Leases". Right-of-use assets (EUR 325,199,000) were recognized for the first time. In cases in which BLG is the lessor, corresponding financial receivables (EUR 210,086,000) are recognized. In parallel, financial liabilities (EUR 556,491,000) are recognized on the liabilities side for rent and lease payments to be made.

Non-current assets increased by EUR 548,612,000 in total. The increase of EUR 436,641,000 due to investments in non-current intangible assets and property, plant and equipment (of which EUR 382,255,000 non-cash as a result of IFRS 16 "Leases") was offset by divestments of EUR 7,159,000 and depreciation and amortization of EUR 88,869,000. The capitalization ratio increased to 49.2 percent, a rise of 9.1 percentage points compared to December 31, 2018. In addition, shares in companies accounted for using the equity method increased by EUR 13,780,000.

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 consolidated financial statements. The Group's net debt significantly increased to EUR 611,896,000 in the 2019 financial year (previous year: EUR 214,022,000). This is due primarily to the rental and lease liabilities to be recognized for the first time in accordance with IFRS 16 "Leases". Long-term loans decreased by EUR 4,856,000 year-on-year to EUR 104,711,000 at the end of the reporting period.

Financial position

Key figures for the financial position EUR thousand	2019	2018	Absolute change	Percentage change
Cash inflow from operating activities	65,702	23,327	42,375	181.7
Cash in /outflow from investing activities	3,815	9,828	-6,013	-61.2
Free cash flow	**69,517**	**33,155**	**36,362**	**109.7**
Cash in /outflow from financing activities	-72,073	-57,749	-14,324	-24.8
Net cash change in cash and cash equivalents	**-2,556**	**-24,594**	**22,038**	**89.6**
Effect of exchange rate changes on cash and cash equivalents	595	-938	1,533	163.4
Cash and cash equivalents at start of financial year	-39,626	-14,093	-25,533	-181.2
Cash and cash equivalents at end of financial year	**-41,587**	**-39,625**	**-1,962**	**-5.0**
Composition of cash and cash equivalents				
Cash	21,569	15,222	6,347	41.7
Current liabilities to banks	-63,156	-54,847	-8,309	-15.1
Cash and cash equivalents at end of financial year	**-41,587**	**-39,625**	**-1,962**	**-5.0**

Based on the earnings before taxes of EUR 37,544,000 achieved in 2019, a cash flow of EUR 65,702,000 was generated from operating activities (previous year: EUR 23,327,000). The free cash flow of EUR 69,517,000 is therefore EUR 22,437,000 above the previous year's figure of EUR 33,155,000.

In the reporting year, the first-time application of IFRS 16 "Leases" increased depreciation and amortization by EUR 50,864,000. Because of the indirect calculation of cash flow from operating activities, this is the reason for the substantial increase.

Cash flow from investing activities changed by EUR 6,013,000 to EUR 3,815,000 in the reporting year. This is due mainly to a EUR 8,750,000 decline in proceeds from dividends received. In addition, the proceeds from the repayment of lease receivables increased by EUR 13,925,000 year-on-year as a result of IFRS 16, and there were no proceeds from or payments for company acquisitions in the reporting year (previous year: EUR 6,513,000).

Cash flow from financing activities deteriorated by EUR 14,324,000 to EUR -72,073,000 in the reporting year. Due to the first-time application of IFRS 16 "Leases", the payments to repay lease liabilities alone increased by EUR 70,973,000. The proceeds from financial loans (EUR 29,906,000), the payments to repay promissory note loans in the previous year (EUR 19,000,000) and the increase in proceeds from the borrowing of short-term financing from investees (EUR 15,040,000) had the opposite effect.

In total, cash and cash equivalents decreased by EUR 1,962,000 to EUR 41,587,000 in the financial year.

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 46.0 million had been agreed but not used.

A detailed statement of cash flows can be found on ▸page 92 f. of the consolidated financial statements. Disclosures on the statement of cash flows can also be found in note 37 to the consolidated financial statements.

OPPORTUNITY AND RISK REPORT

_ Difficult to estimate risks of the coronavirus crisis
_ Early identification of opportunities and threats
_ 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.

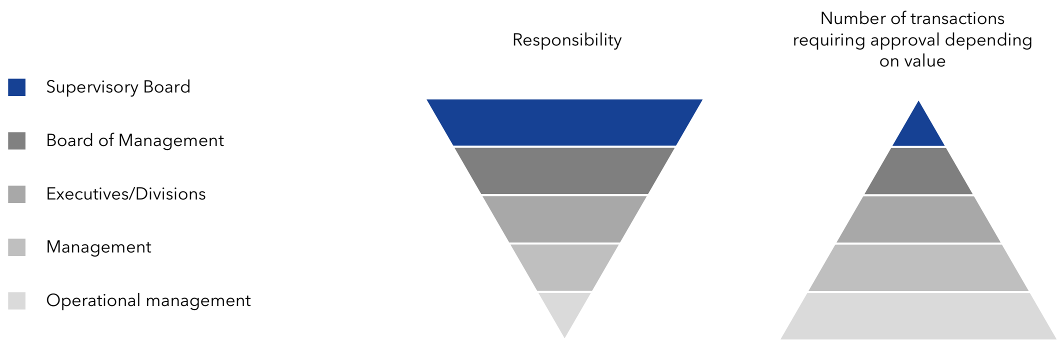
The strategic orientation of the BLG Group, which operates both within Germany and internationally, is highly diversified. Thus the structure of having three divisions together with a number of associated business areas leads to a certain degree of autonomy. Significant capital expenditure is mainly 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, 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. Assurances have been made to all partner banks with regard to equal treatment and the change-of-control clause.

In 2019, 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 cooperate closely under one management and with a focus on processes.

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 accounted for mainly 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 to the consolidated financial statements are produced mainly from the EC-CS consolidation system and enhanced by additional information on the subsidiaries.

Special, newly installed software is used for tax accounting. 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

Impact of the coronavirus crisis

The coronavirus crisis will have a palpable effect on all divisions and business areas of the BLG Group. The opportunities discussed below still apply in light of the coronavirus crisis, but their effects will be delayed. The following discussion will avoid repeated mention of the effects of the coronavirus crisis.

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 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 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. The nautical problems caused by the continuing increase in the number of ever larger container ships in Hamburg especially did not improve in the 2019 financial year. Now that the measures to alter the Elbe shipping channel have begun, the nautical difficulties will be qualified somewhat following the widening and deepening of the shipping channel from the second half of 2020. If one or both of these measures should fail or be delayed further, this may have not insubstantial negative impacts on future cargo handling development at these locations.

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, especially in the handling of large-scale logistics projects, and has continuously extended this knowledge to a growing number of customers and locations in order to remain a competent, innovative contact partner for its customers in this area.

In 2019, the CONTRACT Division successfully retained long-standing, profitable customers by renewing their contracts. Further new customers were acquired in fashion logistics. 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.

CONTRACT Division: Bundling of freight forwarding activities under new management
In 2018, the freight forwarding service activities were pooled under a single company, BLG International Forwarding GmbH & Co. KG, in the CONTRACT Division. In addition to the associated – especially sales-related – synergies, this business area was placed under new management at the end of the 2019 financial year. This will further stabilize and expand the sales activities and accelerate the integration into the BLG Group. In addition, there is to be a conceptual review of the establishment of an independent freight forwarding organization for overseas activities, in which the BLG Group is already active.

AUTOMOBILE Division: Implementation of a "zero-emission terminal" as a pilot project in Hamburg, 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
Our customers are backing a sustainable and more environmentally friendly future by constructing electric vehicles. Electric mobility is the key to climate-neutral mobility.

In consistent continuation of the agreed climate protection targets, a "zero-emission terminal" is to be implemented in Hamburg as a pilot project for the car terminal business area. The expansion and creation of necessary infrastructure for electric mobility are also a priority. 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 began to launch 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.

Version 1.0 of a requirement and capacity management system was 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 2020, this system will be updated to Version 2.0 and linked with cost/revenue structures.

In order to make the various planning and controlling processes more efficient in the future and to increase productivity, requirements and measures takes in 2019 are being implemented and continued 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. We have already exceeded it. Motivated by this success, we have set new, further-reaching targets. By 2030, we want to reduce our own greenhouse gas admissions by at least 30 percent in absolute terms compared with 2018 and the greenhouse gas admissions in our supply chain by 15 percent. This will make us a climate-neutral company in 2030.

Lighting remains a focus area. For example, the major project at the AUTOMOBILE location in Bremerhaven will be finished in 2020, when all the area, parking shelf and hall lighting is upgraded to LED. The location has already led to substantial electricity savings for 2019.

Please see our 2019 sustainability report for further information.

Risks

Substantial effects of the coronavirus crisis

The coronavirus crisis will have a significant negative effect on quantities and earnings of all divisions and business areas of the BLG Group. The original forecasts for the 2020 financial year will not be achieved. We present our current estimates in our outlook starting on page 75. The risks discussed below still apply in light of the coronavirus crisis. For reasons of clarity, repeated mention of the effects of the coronavirus crisis will largely be avoided.

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 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 car terminal operators at the Western European ports and the growing significance of the Baltic Sea ports in short-sea transport.

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

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

- commissioning additional terminal handling capacity in the Northern Range and in the Baltic region,
- commissioning additional large container vessels and related operational challenges in ship handling (peak situations) and
- 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.

After Hyundai Merchant Marine's (HMM) switch from the 2M alliance to THE Alliance on April 1, 2020, market activity on the customer side will be dominated by three major consortia:

- 2M with the individual shipping companies Maersk and MSC
- OCEAN Alliance with the individual shipping companies COSCO Shipping, CMA CGM, EVERGREEN and OOCL
- THE Alliance with the individual shipping companies Hapag-Lloyd, YANGMING, HMM and ONE

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 effects of coronavirus on the global economy will be substantial and cannot currently be foreseen.

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 exit from the European Union ("Brexit") and the single market, 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, especially for the AUTOMOBILE Division, reversed in the last financial year in particular, and a 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.

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 effects on the logistics processes agreed with customers often have 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 2019 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 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 cyberrisks, 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.

Assurances have been made to all partner banks with regard to equal treatment and the change-of-control clause.

Taking the significant uncertainty regarding the coronavirus crisis into account and on the basis of the estimates currently possible for the 2020 financial year, we assume that, despite the burden of the pandemic, the liquidity of the BLG Group will be sufficient to allow payment obligations to be met at all times.

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.

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. The effects of coronavirus on the global economy will be substantial and cannot currently be foreseen.

Assessment of the overall risk situation

The risk structure of BLG LOGISTICS has not changed significantly year-on-year. Due to the coronavirus that appeared at the end of 2019, there will be major disruptions to global goods flows and therefore to logistics processes and services in the future. There is currently a high level of uncertainty over the effects on the associated supply chains of the BLG Group's customers. A temporary sharp decline in volumes is therefore expected in the 2020 financial year. The coronavirus crisis will have a significant impact on the BLG Group's economic and financial situation. We have assessed the probable effects and taken necessary steps. In our assessment, the BLG Group is therefore in a good position to meet the challenges posed by this crisis.

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 and the current coronavirus pandemic, and accounting for the measures already taken, there are currently no indications of strategic or operational risks for future development that pose a threat to the continued existence of the company.

OUTLOOK

_ High level of uncertainty in the global economy due to the coronavirus crisis
_ Not yet possible to forecast how the crisis will progress
_ EBT expected to decline considerably

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 shaped by the coronavirus pandemic
Before the coronavirus crisis began, it was expected that the global economy would again grow slightly in the 2020 financial year, and that this would revive macroeconomic production somewhat. Most recently, the industrial sentiment indicators and incoming orders seemed to have bottomed out. The Kiel Institute for the World Economy (IfW Kiel) expected a slightly lower growth rate for the global economy than in 2019, namely 3.1 percent. However, the coronavirus crisis, which came to Germany in a big way in February 2020, is already having a significant impact on the global economy and global goods flows. It is not yet possible to forecast how the crisis will progress. However, it is becoming clear that the effects may be considerably greater than those of the economic crises and natural disasters of recent decades.

Other uncertainties for the forecast have been pushed into the background by the coronavirus pandemic, but could likewise affect the global economy. Whether and when the US and China will actually come to an agreement is just as unclear as the question as to whether the current trade restrictions will be lifted. At the same time, the trade tensions between the EU and the US are also increasing. The introduction of punitive tariffs on cars or car parts, for example, from the EU would have a severe impact on Germany's export-oriented economy.

Further sources of uncertainty regarding future developments include political risks, such as a general strike in France, the lack of clarity over whether the Italian government will survive until 2023, and not least the uncertainty over Brexit, as future relations still have to be negotiated.

Against this backdrop, the German economy is expected to decline. Depending on the scenario, IfW Kiel assumes that German HGDP will fall by between 4.5 and 9.0 percent in 2020 as a result of the coronavirus crisis. This will also affect the long-standing upward trend in employment, and there will be increased job cuts and short-time work. The generally low interest rate level is expected to continue in 2020.

There is a domestic risk for Germany as an export nation in the question of whether the automotive industry can rise to the current challenges. Production here has also been severely hit by the coronavirus crisis. As the automotive industry and its suppliers make up a large portion of industrial production, job cuts affect private consumption.

Sources for this section:
IMK, IMK Report No. 154, December 2019
IfW Kiel, Kiel Institute Economic Outlook, No. 61 (2019|Q4)
IfW Kiel, Economic Outlook Update of March 19, 2020
Tagesschau.de, "*Corona-Krise könnte Hunderte Milliarden kosten*," March 23, 2020, 11:48 am

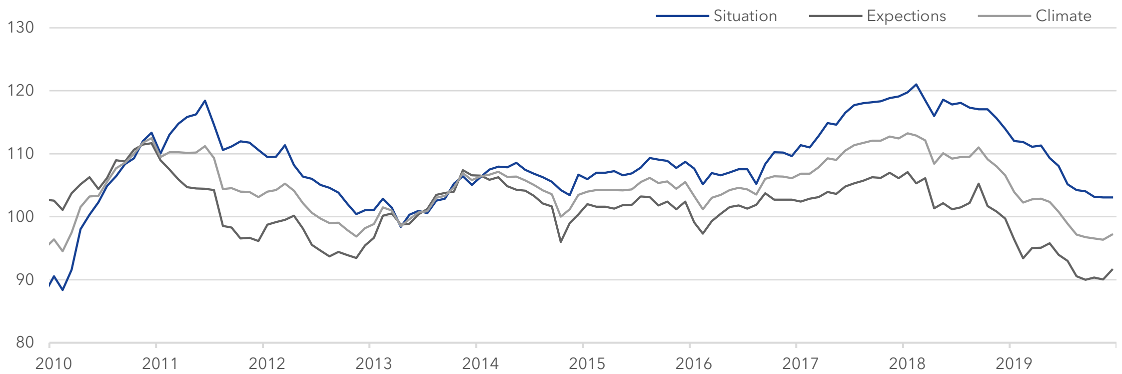
Logistics industry severely affected by coronavirus

Although the logistics industry was looking forward to 2020 with a degree of optimism, expectations have been fundamentally altered by the coronavirus crisis here, too. Because much less is being produced in times of coronavirus, less is also being transported.

This presents the following specific challenges, among others, for logistics service providers:

- Additional safety measures are making logistics more expensive
- Plant closures in the automotive industry are reducing transports and handling volume
- Basis for necessary investments is falling away
- Imbalances in freight transport at the seaports result in additional costs
- Contract logistics is suffering from manufacturers' suspended production and general economic demand
- Coronavirus precautions are resulting in staff shortages

BUSINESS CLIMATE AMONG LOGISTICS PROVIDERS (Source: BVL; 100 = normal level)



In 2019, the business climate for logistics service providers continued on the downward trend that began at the end of 2018. According to the ifo-BVL Logistics Indicator, it was below the neutral 100 mark at the end of 2019. Demand was expected to grow only marginally in the next few months. Brexit, smoldering trade conflicts, increasing protectionism and states' dirigiste interventions in economic activity lowered expectations accordingly.

The coronavirus crisis will also have a considerable impact on the logistics industry in 2020. At present, how drastic the effects will be cannot be reliably predicted.

Nevertheless, 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 been adopted, the maintenance of infrastructure remains another major challenge.

In addition to e-commerce and the skills shortage as major drivers, the logistics industry should also gradually pick up the pace when it comes to digitalization.

Sources for this section:
Deutsche Verkehrs-Zeitung (DVZ), January 22, 2020
BVL Logistics Indicator, 4th Quarter 2019, December 16, 2019, including commentary
BVL, *Versorgungssicherheit garantieren, Kostentreiber erkennen, Systeme schützen*, March 23, 2020 (www.bvl.de)
SCI Verkehr, SCI Logistics Barometer, December 2019
Fraunhofer IIS press release, October 23, 2019

Development of the BLG Group in the following year

Coronavirus crisis will have a massive impact

Due to the unpredictable advance of the coronavirus pandemic and the currently unforeseeable effects on the world economy, global trade flows and the BLG Group's customers, there is currently a very high level of uncertainty. In this environment, it is impossible to reliably forecast the BLG Group's business performance in 2020. What is certain, however, is that the original forecasts for the 2020 financial year cannot be achieved. For reasons of clarity, the following discussion of the individual divisions and business areas will largely avoid repeated mention of the impact on volumes and earnings.

AUTOMOBILE Division

Seaport terminals business area

In the AUTOMOBILE Division, imports and exports will remain a determining factor for volumes at seaports. The planning for 2020 included a handling volume at the same level as in 2019. Due to the coronavirus pandemic, we currently anticipate a sharp decline in volume.

High vehicle stock levels are expected at the Bremerhaven and Cuxhaven terminals. In order to make processes more efficient and optimize the management of space and transport capacity, various planning and management systems are being established, which will go live in 2020.

XXL Logistics business area

We assume that the handling volume in this business area will be low once again. This relates both to handling in Bremerhaven and to handling at the Neustadt port in Bremen. We are working to further increase the vertical integration by taking on additional activities (e.g. packing non-rolling goods).

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 that can be handled logistically in the near future. The business will therefore be determined by the SPMT (self-propelled modular transporter) rental business. Restructuring measures are being examined.

Inland terminals business area

Due to the difficult market situation – made worse by the coronavirus crisis – for new vehicles in Germany and Western Europe, we want to further expand the processing of newer used vehicles and fleet customers in the mobility segment at our inland terminals. A decline in quantities of new vehicles can thus be partially compensated for by greater technical value creation.

In Hamburg, we will start fitting out our terminal as a "zero-emission-terminal" in 2020. The completion of this BLG pilot project is scheduled for 2025.

Car transport business area

For 2020, we anticipate a significant reduction in the transport volume for new vehicles by road. We will partially compensate for this with the reduction in empty runs achieved on the basis of the analysis of transport flows.

Another constraining factor in this business area 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.

In freight forwarding, we expect a marked decline in transport volumes due not only to the coronavirus crisis but also to model changes and production cutbacks on the part of our customers. In the medium term, we want to compensate for this with a planned entry into heavy goods transport.

AutoRail business area

The production downtime at European automotive plants will also affect transport volumes and earnings. We want to further expand the repair business for third parties.

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.

Southern/Eastern Europe business area

After losing the contract for the handling and storage of vehicles for a major customer in Bronka harbor (Russia), BLG will concentrate on the transport of finished vehicles by truck in Russia in the future.

In general, heavy stress is expected in Eastern Europe business due to the growing skills shortage and disproportionate increases in personnel and operating expenses.

CONTRACT Division

For the CONTRACT Division, there are other strains in addition to the fundamental effects of the coronavirus crisis mentioned above: Overall, the price pressure on logistics service providers is permanently 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 and after a delay. 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.

Industrial logistics (Europe) business area

Economic trends in the industrial logistics (Europe) business area will continue to be affected in the automotive logistics area by developments in the vehicle markets. In Bremen, hall capacity will again be fully utilized in 2020 with much lower volumes.

At our new location in Waiblingen, 2020 will still be shaped by start-up costs. At the Wackersdorf site, the service contract was not renewed by the customer and expires in April 2020. In Berlin/Brandenburg, the loss of a business can largely be compensated for by a new customer.

Depending on how the effects of the coronavirus crisis develop, we do not expect an easy year at the other European locations of this business area.

Industrial logistics (overseas) business area

We had expected our latest new businesses in the US at the Spartanburg, Charleston and Atlanta locations to revive the business area’s performance in 2020. As a result of production downtime due to the coronavirus crisis, however, we anticipate restricted business performance here, as well as at the locations in Malaysia and India.

In South Africa, we expect a significant decline in the earnings contribution. This is due to the increasing macroeconomic cooldown, the loss of a business at the location and the aggravating measures to compensate for a regressive automotive market and significant exchange rate fluctuations.

Trade logistics business area

The development of the trade logistics business area in the 2020 financial year will be characterized by reduced volumes as a result of the coronavirus crisis, the implementation of large-scale projects and the restructuring and renovation at the Hörsel site (textile logistics).

In 2019, the capacity at the Hörsel site was largely filled. After losing an anchor customer in 2018, a successive earnings improvement is expected to result from restructuring measures, space optimizations, and existing businesses.

The Melle location is to be liquidated as of June 30, 2020.

Freight forwarding business area

The freight forwarding business area has nine offices in Germany. We will give the locations more responsibility by adjusting the organization of the management structure and restructuring the sales organization, in the expectation that this will lead to earnings improvements. The reduced transport volume as a result of the coronavirus crisis will have the opposite effect in 2020.

CONTAINER Division

The coronavirus crisis will also affect the CONTAINER Division, in particular through significantly reduced volumes and high imbalances in transport.

There is high, and rising, competitive pressure on container shipping companies, as the growth in the global economy is not sufficient to adequately utilize the shipowners’ tonnage and to solve the structural problems of container shipping. This is leading to uncertainty for container terminals, not least due to the increasing number of ever larger container ships being built. In particular, this can affect the further cooperation and concentration of container shipping companies here. As a result, continuing price pressure on the terminals cannot be ruled out.

After the general downturn in handling volumes starting in the fourth quarter, additional changes in the liner services have now been announced following the regular timetable changes. For example, the 2M alliance's ME1 service and the OCEAN Alliance's FAL3 service will no longer call at the Hamburg location from spring 2020. These services transported transshipment volumes as well as not inconsiderable local cargo volumes to the Hamburg location, which will now be redistributed in the Hamburg market. However, we assume at least the ME1 service's local volumes will be transferred to other 2M alliance services (e.g. AE7). Nevertheless, the OCEAN Alliance's FAL1 service was successfully acquired in February 2020. This service will be handled at the Hamburg location from May 2020.

After EUROGATE Container Terminal Bremerhaven lost four transatlantic services of the consortium "THE Alliance" at the beginning of the previous year, its handling development remains difficult to predict.

In a highly competitive environment, the handling volumes of the regular liner services at the Wilhelmshaven site stabilized but remained low in the 2019 financial year. This continues to result in losses for the company. However, in light of the increasing size of ships and the associated nautical restrictions of the shipping channels of the Outer Weser and Elbe Rivers – even after completion of the deepening and widening measures there – Wilhelmshaven is increasingly predestined for the handling of large container ships.

In addition to the location-specific conditions, it is becoming clear that handling development from the beginning of the 2020 financial year will be negatively affected to an as yet unforeseeable extent by the coronavirus that emerged at the end of 2019. For example, Chinese ports have already reported a decline in handling of around 20 percent in the first few weeks of the year, according to Alphaliner. It is not currently possible to estimate the overall effects that the further development of this issue will have on world trade and the locations of the EUROGATE Group.

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

In view of the fact that the leading container shipping companies will put additional vessels, now with a capacity of > 23,000 TEU, into operation in the coming years, the Wilhelmshaven site continues to have a good chance of acquiring further liner services.

For the Bremerhaven site, it is important to work continuously in the next few years to maintain and improve the competitive position and regain handling volumes.

The STRADegy project on the automation of straddle carriers has made further progress and is currently in the active test phase. The results for the decision on whether to use automated straddle carriers in commercial terminal operations are expected to be available in the course of the second quarter of 2020.

In view of the prospects described above and the expected losses still to be incurred by EUROGATE Container Terminal Wilhelmshaven in 2020, a significant decline in net income is expected for the CONTAINER Division in the 2020 financial year. The expectation of a significant decline in earnings is based on the expectation of a significant decline in earnings for EUROGATE Container Terminal Bremerhaven and EUROGATE Container Terminal Hamburg due to a continued slight decline in average revenue and the non-recurrence of the effects of the reversal of provisions included in the previous year's earnings. In addition, the previous year's earnings include a non-recurring (pro rata) effect on earnings from share disposals in Italy and the preliminary costs for the STRADegy automation project.

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 and make our internal processes and systems fit for the future, objectives such as digitalization and automation are being implemented and developed intensively.

Planned capital expenditure

We adjust our investment plans to the constantly changing market conditions, paying particular attention to our liquidity and results of operations. 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. 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 (plus central functions), an investment volume of about EUR 135 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

For 2020, we are steeling ourselves for the coronavirus crisis to have a severe impact on volumes, sales and earnings. It will therefore not be an easy year, and the BLG Group is expected to close the 2020 financial year with a substantial loss.

The other numerous uncertainties, such as the trade conflict between the US and China, the further course of Brexit, the weak demand for investment goods and the "automotive crisis" are fading into the background, but could still exacerbate the situation.

2020 FORECAST

↓	↓	↓
EBT Significant decrease	Sales well below the previous year	EBT margin Significant decrease

At present, the further development of the coronavirus crisis cannot yet be conclusively evaluated. The effects on all divisions of the BLG Group will be deep.

On the basis of the forecasts described, we expect a sales decline for the AUTOMOBILE, CONTRACT and CONTAINER Divisions. Total sales will be significantly lower than in the 2019 financial year.

As things stand, we expect the BLG Group to see a considerable reduction in EBT and the EBT margin. The longer the highly restrictive measures introduced in response to the coronavirus pandemic last, the greater the negative impact on earnings will be.

Taking the significant uncertainty into account and on the basis of the estimates currently possible for the 2020 financial year, the Board of Management assumes that, despite the burden of the pandemic, the liquidity of the BLG Group will be sufficient to allow payment obligations to be met at all times.

Our goal is and will remain an earnings-related and consistent dividend policy. Therefore, we will give our shareholders an appropriate share in earnings according to business performance.

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 ARE TAKING A CLEAR COURSE AGAINST THE INCREASING UNCERTAINTIES OF 2020.

03

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

EUR thousand	Reference	2019	2018
Sales	4	1,158,632	1,141,326
Other operating income	5	65,178	60,976
Cost of materials	6	-528,184	-526,994
Personnel expenses	7	-452,245	-419,405
Depreciation and amortization of non-current intangible assets, property, plant and equipment and right-of-use assets from leases	8	-88,869	-38,005
Other operating expenses	9	-128,551	-207,769
Net result from impairment	9, 32	-2,318	-3,347
Income from non-current financial receivables		42	32
Other interest and similar income	11	7,316	1,174
Interest and similar expenses	11	-17,016	-5,978
Income from companies accounted for using the equity method	10	22,787	35,421
Income from other long-term equity investments and affiliated companies		772	96
Earnings before taxes		**37,544**	**37,527**
Income taxes	33	-4,956	-2,714
Consolidated net income		**32,588**	**34,813**
Consolidated net income is allocated as follows:			
BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-		1,454	2,541
BLG LOGISTICS GROUP AG & Co. KG		26,787	28,629
Non-controlling interests		4,347	3,643
		32,588	**34,813**
Earnings per share (diluted and basic, in EUR)	21	**0.38**	**0.66**
of which from continuing operations (in EUR)		0.38	0.66
Dividend of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (in EUR)	22	**0.40**	**0.45**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Reference	2019	2018
Consolidated net income		**32,588**	**34,813**
Other comprehensive income after income taxes			
Items that are not subsequently reclassified to profit or loss	34		
Remeasurement of net pension obligations		-13,697	1,890
Interest of companies accounted for using the equity method in items that are not subsequently reclassified to profit or loss		-12,369	1,412
Income taxes on items that are not subsequently reclassified to profit or loss		2,318	-267
		-23,748	**3,035**
Items that can subsequently be reclassified to profit or loss	34		
Currency translation		505	-1,084
Change in the measurement of financial instruments		-6,780	-345
Interest of companies accounted for using the equity method in items that can subsequently be reclassified to profit or loss		1,778	-672
Income taxes on items that can subsequently be reclassified to profit or loss		-17	57
		-4,514	**-2,044**
Other comprehensive income after income taxes		**-28,262**	**991**
Group total comprehensive income		**4,326**	**35,804**
Group comprehensive income is allocated as follows:			
BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-		1,454	2,541
BLG LOGISTICS GROUP AG & Co. KG		-1,584	29,758
Non-controlling interests		4,456	3,505
		4,326	**35,804**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets EUR thousand	Reference	12/31/2019	12/31/2018
A. Non-current assets			
I. Intangible assets	12		
1. Goodwill		24,633	25,633
2. Other intangible assets		5,115	7,058
3. Advance payments on intangible financial assets		4,566	464
		34,314	**33,155**
II. Property, plant and equipment	13, 14		
1. Land, land rights and buildings, including buildings on third-party land		422,719	167,522
2. Handling equipment		90,957	23,348
3. Technical plant and equipment		47,421	44,108
4. Other equipment, operating and office equipment		24,240	19,933
5. Advance payments and assets under construction		13,656	4,123
		598,993	**259,034**
III. Shares in companies accounted for using the equity method	15	158,172	144,392
IV. Non-current financial receivables	16	196,849	969
V. Other non-current assets	18	535	541
VI. Deferred taxes	35	2,473	4,633
		991,336	**442,724**
B. Current assets			
I. Inventories	17	9,946	9,369
II. Trade receivables	18	216,099	196,974
III. Current financial receivables	16	34,290	45,529
IV. Other assets	18	14,123	16,634
V. Reimbursement rights from income taxes	35	941	1,550
VI. Cash and cash equivalents	19	21,569	15,222
		296,967	**285,279**
		1,288,303	**728,002**

Liabilities **EUR thousand**	Reference	**12/31/2019**	12/31/2018
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		9,960	10,234
		20,942	**21,216**
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		156,424	174,703
4. Other reserves		-68,343	-44,538
5. Reserve for the fair value measurement of financial instruments		-8,901	-2,225
6. Foreign currency translation		-6,596	-8,715
		173,766	**220,407**
III. Non-controlling interests		8,656	9,218
		203,364	**250,841**
B. Non-current liabilities			
I. Long-term loans (not including the short-term portion)	23	86,117	90,580
II. Other non-current financial liabilities	24	511,562	19,410
III. Deferred government grants	25	2,576	2,462
IV. Other non-current liabilities	28	1,194	1,608
V. Non-current provisions	26	71,592	56,074
VI. Deferred taxes	33	576	1,319
		673,618	**171,453**
C. Current liabilities			
I. Trade payables	27	93,820	93,215
II. Other current financial liabilities	24	232,634	120,223
III. Current portion of government grants	25	86	86
IV. Other current liabilities	28	56,775	54,757
V. Payment obligations from income taxes	36	5,611	8,049
VI. Current provisions	29	22,395	29,378
		411,322	**305,708**
		1,288,303	**728,002**

SEGMENT REPORTING

EUR thousand	**AUTOMOBILE 2019**	AUTOMOBILE 2018	**CONTRACT 2019**	CONTRACT 2018
Sales with external third parties	**603,734**	**553,125**	**563,934**	**599,229**
Inter-segment sales	4,286	4,341	4,766	6,686
Earnings from companies accounted for using the equity method	-677	936	263	477
EBITDA	71,721	36,310	52,542	31,457
Depreciation, amortization and write-downs	-44,586	-17,195	-40,861	-19,971
Segment earnings (EBIT)	**27,135**	**19,115**	**11,681**	**11,486**
Interest income	188	31	2,702	1,149
Interest expenses	-8,681	-3,618	-7,035	-5,464
Earnings from other equity investments	682	2	88	87
Segment earnings (EBT)	**19,324**	**15,530**	**7,436**	**7,258**
EBT margin (in %)	**3.2**	**2.8**	**1.3**	**1.2**
Other information				
Other non-cash events	2,051	174	-2,098	27
Impairment	-23	-15	-1,034	-3,284
Shares in companies accounted for using the equity method	6,682	5,946	2,075	2,091
Goodwill included in segment assets	5,084	5,084	10,795	11,795
Segment assets	563,975	309,503	350,368	247,098
Investments	278,827	19,644	130,430	12,646
of which non-cash	246,375	0	113,118	0
Segment liabilities	446,413	180,083	289,235	181,642
Equity	82,198	101,427	20,773	22,621
Employees	3,308	3,193	6,393	5,946

CONTAINER 2019	CONTAINER 2018	All segments 2019	All segments 2018	Reconciliation 2019	Reconciliation 2018	Group 2019	Group 2018
282,304	**301,982**	**1,449,972**	**1,454,336**	**-291,340**	**-313,010**	**1,158,632**	**1,141,326**
2,381	2,215	11,433	13,242	-11,433	-13,242	0	0
7,091	2,099	6,677	3,512	16,110	31,909	22,787	35,421
65,820	64,988	190,083	132,755	-54,784	-52,547	135,299	80,208
-32,774	-23,245	-118,221	-60,411	29,352	22,406	-88,869	-38,005
33,046	**41,743**	**71,862**	**72,344**	**-25,432**	**-30,141**	**46,430**	**42,203**
1,042	1,144	3,932	2,324	3,426	-1,118	7,358	1,206
-10,489	-5,589	-26,205	-14,671	9,189	8,693	-17,016	-5,978
100	111	870	200	-98	-104	772	96
23,699	**37,409**	**50,459**	**60,197**	**-12,915**	**-22,670**	**37,544**	**37,527**
8.4	**12.4**	**3.5**	**4.1**	**n.i.**	**n.i.**	**3.2**	**3.3**
6,020	4,326	5,973	4,527	-5,962	-4,325	11	202
-483	-834	-1,540	-4,133	483	834	-1,057	-3,299
120,777	109,358	129,534	117,395	28,638	26,997	158,172	144,392
512	512	16,391	17,391	8,242	8,242	24,633	25,633
560,814	364,703	1,475,157	921,304	-348,441	-343,878	1,126,716	577,426
63,169	18,855	472,426	51,145	-35,785	-17,976	436,641	33,169
2,670	0	362,163	0	20,092	0	382,255	0
379,323	199,948	1,114,971	561,673	-148,851	-215,240	966,120	346,433
148,271	135,381	251,242	259,429	-47,878	-8,588	203,364	250,841
1,653	1,612	11,354	10,751	-1,287	-1,284	10,067	9,467

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, 2018	20	**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
Other changes		0	0	0
As of December 31, 2018	20	**9,984**	**11,232**	**21,216**
Changes due to IFRS 16[1]		0	0	0
As of January 1, 2019		**9,984**	**11,232**	**21,216**
Changes in financial year				
Consolidated net income		0	1,454	1,454
Income and expenses recognized directly in equity	33	0	0	0
Group total comprehensive income		**0**	**1,454**	**1,454**
Dividends/withdrawals		0	-1,728	-1,728
Acquisitions of interest to preserve control		0	0	0
Other changes		0	0	0
As of December 31, 2019	20	**9,984**	**10,958**	**20,942**

[1] Please refer to note 1 to the consolidated financial statements for information on the adjustments in accordance with IFRS 16.

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 measurement of financial instruments	Foreign currency translation	**Total**	Total	**Total**
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	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**
0	0	-18,683	0	0	0	-18,683	-453	-19,136
51,000	**50,182**	**156,020**	**-44,538**	**-2,225**	**-8,715**	**201,724**	**8,765**	**231,705**
0	0	26,787	0	0	0	26,787	4,347	32,588
0	0	0	-23,748	-6,734	2,111	-28,371	109	-28,262
0	**0**	**26,787**	**-23,748**	**-6,734**	**2,111**	**-1,584**	**4,456**	**4,326**
0	0	-25,909	0	0	0	-25,909	-3,731	-31,368
0	0	-553	0	0	0	-553	0	-553
0	0	79	-57	58	8	88	-834	-746
51,000	**50,182**	**156,424**	**-68,343**	**-8,901**	**-6,596**	**173,766**	**8,656**	**203,364**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Reference	2019	2018
Earnings before taxes		37,544	37,527
Depreciation and amortization of non-current intangible assets, property, plant and equipment, right-of-use assets, investments and non-current financial receivables		88,869	38,005
Write-ups of non-current financial receivables		-120	0
Earnings from disposals of property, plant and equipment		-11,502	617
Earnings from companies accounted for using the equity method		-22,787	-35,421
Earnings from other equity investments		-772	-96
Net interest income		9,657	4,772
Other non-cash events		11	202
		100,901	**45,606**
Change in trade receivables		-19,125	-2,713
Change in other assets		3,557	-9,679
Change in inventories		-577	-682
Change in government grants		115	149
Change in provisions		-6,868	6,694
Change in trade payables		605	-5,211
Change in other liabilities		33	-3,927
		-22,260	**-15,369**
Proceeds from interest		7,358	1,203
Payments for interest		-14,928	-4,071
Payments for taxes on income		-5,369	-4,042
		-12,939	**-6,910**
Cash flow from operating activities		**65,702**	**23,327**

EUR thousand	Reference	2019	2018
Proceeds from disposals of property, plant and equipment and intangible assets		18,661	1,477
Payments for investments in property, plant and equipment and intangible assets		-54,386	-33,170
Proceeds from disposals of investments		0	181
Payments for investments in companies accounted for using the equity method		-13,198	-13,050
Payments for granting loans to investees		-500	-57
Proceeds from repayment of loans to investees		210	81
Proceeds from/payments for company acquisitions minus cash acquired		0	6,513
Proceeds from repayment of lease receivables		14,104	179
Proceeds from dividends received		38,924	47,674
Cash flow from investing activities		**3,815**	**9,828**
Proceeds from repayment of loans to company owners		2,387	1,325
Payments for granting loans to company owners		-2,651	-2,387
Payments to company owners		-31,369	-24,335
Payments from the repayment of promissory note loans		0	-19,000
Proceeds from financial loans		38,266	8,360
Payments from the repayment of financial loans		-22,417	-21,586
Proceeds from the borrowing of short-term financing from investees		15,190	150
Borrowing lease liabilities		0	230
Payment to repay lease liabilities		-71,479	-506
Cash flow from financial activities	37	**-72,073**	**-57,749**
Net change in cash and cash equivalents		-2,556	-24,594
Change in cash and cash equivalents due to currency translation influences		595	-938
Cash and cash equivalents at start of financial year		-39,626	-14,093
Cash and cash equivalents at end of financial year	37	**-41,587**	**-39,625**
Composition of cash and cash equivalents at end of financial year			
Cash		21,569	15,222
Current liabilities to banks		-63,156	-54,847
		-41,587	**-39,625**

Due to the first-time application of IFRS 16 as of January 1, 2019, there is limited comparability between the disclosures of the reporting year and those of the previous year.

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 2019 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, 2019. 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 31, 2020. 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 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:

- Calculation of useful lives of property, plant and equipment and intangible assets and costs of demolition obligations for property, plant and equipment (notes 12 and 13)
- Measurement of goodwill (note 12)
- Estimations to determine the duration and expected payments for residual value guarantees as well as lease interest rates (note 14)
- Recognition of deferred tax assets (note 33)
- Estimation of parameters for impairment on property, plant and equipment, intangible assets, right-of-use assets and financial assets (notes 4, 12, 14, 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 2019 financial year:

Standard	Content and significance
IFRS 16 “Leases”	The standard replaces the formerly applicable 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. There is an option for short-term leases and leases of low-value assets. 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 96 ff.

The following new/revised standards and interpretations, applicable for the first time in the 2019 financial year, resulted in no or no material changes in the consolidated financial statements:

Standards/interpretations	Application required for financial years starting from
Standards	
Amendments to IFRS 9 "Financial Instruments" (Prepayment Features with Negative Compensation)	January 1, 2019
Amendments to IAS 19 "Employee Benefits" (Plan Amendment, Curtailment or Settlement)	January 1, 2019
Amendments to IAS 28 "Investments in Associates and Joint Ventures" (Long-term Interests in Associates and Joint Ventures)	January 1, 2019
Various standards: Annual Improvements Project 2015-17	January 1, 2019
Interpretations	
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

Effects of changes in accounting policies

IFRS 16 "Leases"

BLG LOGISTICS has adopted the modified retrospective approach as the transition method for the first-time application of IFRS 16 "Leases". Under this 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. For this reason, the comparative information was not adjusted and continues to be presented in accordance with the provisions of IAS 17 "Leases" and IFRIC 4 "Determining Whether an Arrangement Contains a Lease" applicable until December 31, 2018.

The main changes compared to the previously applicable provisions of IAS 17 "Leases" and IFRIC 4 "Determining Whether an Arrangement Contains a Lease" are presented below.

Definition of a lease

On the transition to IFRS 16, the Group used the practical expedient of retaining the definition of a lease in accordance with IAS 17 and IFRIC 4 for existing leases. IFRS 16 is therefore only applied to contracts that were previously identified as leases in accordance with IAS 17 and IFRIC 4. There was no reassessment as to whether contracts that were not previously classified as leases are, or contain, a lease. The new definition of a lease is applied only to contracts that were concluded or changed after January 1, 2019.

Lessee

Previously, the classification as an operating or finance lease was based on the extent to which risks and rewards incidental to ownership lay with the lessor or the lessee. In accordance with IFRS 16, right-of-use assets and lease liabilities are recognized for most leases. BLG LOGISTICS exercises the option for short-term leases and leases of low-value assets and recognizes payments for these leases on a straight-line basis as expenses in the income statement.

Leases previously classified as operating leases

On the first-time application of IFRS 16, the lease liabilities were measured at the present value of the remaining lease payments, discounted using the BLG Group's incremental borrowing rate as of January 1, 2019.

Right-of-use assets from heritable building right contracts and leases for railroad cars were recognized at the value that would have resulted if IFRS 16 had always been applied, but using the incremental borrowing rate as of January 1, 2019. Other right-of-use assets were recognized in the amount of the lease liabilities, corrected for advance payments or deferred lease payments.

When applying IFRS 16 to leases previously classified as operating leases, BLG LOGISTICS applied the following expedients:

- Application of a single discount rate to a portfolio of leases with similar terms
- Adjustment of the right-of-use assets by the amount of provisions for onerous contracts recognized in the statement of financial position immediately before the date of first-time application
- Recognition of leases for which the lease term ends within twelve months of the date of first-time application as short-term leases
- Non-inclusion of initial direct costs in the measurement of right-of-use assets at the date of first-time application
- Retrospective determination of the term of leases with extension or termination options

Leases previously classified as finance leases

For leases classified as finance leases under IAS 17, the carrying amounts of the right-of-use asset and of the lease liability as of January 1, 2019, were recognized at the amount resulting immediately prior to this date in accordance with IAS 17.

Lessor

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. With the exception of the reassessment of subleases, the transition to IFRS 16 requires no adjustments for leases in which the Group acts as lessor. BLG LOGISTICS accounts for these leases in accordance with IFRS 16 from the date of first-time application.

Subleases are classified in accordance with IFRS 16 on the basis of the right-of-use asset from the head lease instead of the underlying asset. On transition to IFRS 16, the Group reassessed subleases that were previously recognized as operating leases. If subleases were to be classified as finance leases in accordance with IFRS 16, they were recognized as newly concluded finance leases as of the date of first-time application, and a lease receivable was recognized instead of the right-of-use asset.

Effects on the consolidated financial statements

As part of the transition to IFRS 16, lease liabilities of EUR 583.7 million and assets of EUR 562.7 million were recognized as of January 1, 2019, of which EUR 351.7 million was attributable to the recognition of right-of-use assets under the respective class of property, plant and equipment (see note 13) and EUR 211.0 million to the recognition of lease receivables. A non-recurring effect from the differing measurement of right-of-use assets and lease liabilities of EUR -19.9 million was recognized in retained earnings, which is offset by a contrary effect from deferred taxes of EUR 0.8 million. In addition, there was a reduction in other liabilities of EUR 0.5 million and in other provisions of EUR 0.5 million. Deferred tax assets and liabilities of EUR 95.1 million each were recognized as part of the transition to IFRS 16.

The lease liabilities were discounted using the incremental borrowing rate as of January 1, 2019. The weighted average interest rate was 2.07 percent.

The reconciliation of liabilities under operating leases as of December 31, 2018, to the opening carrying amount of lease liabilities as of January 1, 2019, is as follows:

EUR thousand	01/01/2019
Liabilities under operating leases as of December 31, 2018	720,784
Correction to liabilities under operating leases	3,809
Discounting at incremental borrowing rate as of January 1, 2019	-152,179
Liabilities from finance leases as of December 31, 2018	1,083
Practical expedient for short-term leases	-6,358
Practical expedient for leases of low-value assets	-250
Adjustments due to differing assessments of extension and termination options	14,313
Adjustments due to differing assessments of payments to be made under residual value guarantees	65
Other adjustments on the basis of contract parameters amended retrospectively	3,741
Other	-204
Lease liabilities as of January 1, 2019	**584,804**
of which current	64,785
of which non-current	520,019

The other new/revised standards and interpretations had no material impact. For this reason, the amounts from the previous year have not been restated.

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 2019:

Standards	Application required for financial years starting from[1]	Adopted by the EU Commission
Amendments to IFRS 3 "Business Combinations"	January 1, 2020	No
IFRS 17 "Insurance Contracts"	January 1, 2021	No
Amendments to IAS 1 "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-current)	January 1, 2022	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	Yes
Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" (Interest Rate Benchmark Reform)	January 1, 2020	Yes
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020	Yes

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

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.

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 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, multi-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 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, 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.

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 1,107,315,000 of Group sales (previous year: EUR 1,099,813,000) is attributable to Germany and EUR 51,317,000 (previous year: EUR 41,513,000) to other countries. This allocation is based on the location at which the Group performs services. EUR 615,272,000 of the Group’s non-current intangible assets and property, plant and equipment (previous year: EUR 282,149,000) are in Germany and EUR 18,035,000 (previous year: EUR 10,039,000) are in other countries.

Around 16 percent of total Group sales were generated with the Group's largest customer in the AUTOMOBILE and CONTRACT Divisions. Of this amount, EUR 184,054,000 (previous year: EUR 182,627,000) is attributable to Germany and EUR 0 (previous year: EUR 9,665,000) 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 125,643,000 (previous year: EUR 122,021,000) is attributable to Germany and EUR 4,167,000 (previous year: EUR 4,066,000) 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.

Services between the segments are billed at arm's length.

Depreciation and amortization relate to the segments' property, plant and equipment, including right-of-use assets.

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. In line with internal control, intra-Group subleases are recognized by the end user only.

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

Investments are additions to property, plant and equipment, right-of-use assets 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**	**2019**	2018
Total of the reportable segments	1,449,972	1,454,336
CONTAINER Division	-282,304	-301,982
Consolidation	-9,036	-11,028
Group sales	**1,158,632**	**1,141,326**

EBIT **EUR thousand**	**2019**	2018
Total of the reportable segments	71,862	72,344
Central functions/other EBIT	-21,841	-17,848
CONTAINER Division	-33,046	-41,743
Consolidation	29,455	29,450
Group EBIT	**46,430**	**42,203**

EBT **EUR thousand**	**2019**	2018
Total of the reportable segments	50,459	60,197
Central functions/other EBT	14,224	41,152
CONTAINER Division	-23,699	-37,409
Consolidation	-3,440	-26,413
Group segment earnings (EBT)	**37,544**	**37,527**

Assets EUR thousand	2019	2018
Total of the reportable segments	1,475,157	921,304
Central functions/other assets	809,260	622,241
Shares in companies accounted for using the equity method	158,172	144,392
Deferred tax assets	2,473	4,633
Reimbursement rights from income taxes	941	1,550
CONTAINER Division	-560,814	-364,703
Consolidation	-596,886	-601,415
Group assets (assets)	**1,288,303**	**728,002**

Liabilities EUR thousand	2019	2018
Total of the reportable segments	1,114,971	561,673
Central functions/ other liabilities	185,014	170,101
Equity	203,364	250,841
Long-term loans (not including the short-term portion) adjusted	86,117	90,580
Other non-current financial liabilities	13,532	19,410
Deferred tax liabilities	576	1,319
Short-term portion of long-term loans	18,594	19,419
CONTAINER Division	-379,323	-199,948
Consolidation	45,458	-185,393
Group liabilities (liabilities)	**1,288,303**	**728,002**

The first-time application of IFRS 16 had the following effects on the segment disclosures for the current year.

The comparative segment information was not adjusted, so the segment information is not comparable with the information disclosed for the previous year.

EUR thousand	AUTOMOBILE	CONTRACT	Services
Sales	-355	-10,625	0
Other operating income	0	0	-7,756
Depreciation, amortization and write-downs	-25,954	-26,836	-2,226
Rental expenses	30,154	38,973	10,182
EBIT	**3,845**	**1,512**	**201**
Interest income	14	1,607	4,448
Interest expenses	-4,819	-1,900	-4,802
EBT	**-960**	**1,219**	**-154**
Segment assets			
Finance lease receivables	960	27,406	181,720
Right-of-use assets	220,621	84,041	20,537
	221,581	**111,447**	**202,257**
Segment liabilities			
Lease liabilities	238,768	115,049	202,674

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 2019	AUTOMOBILE 2018	CONTRACT 2019	CONTRACT 2018	Total 2019	Total 2018
Freight forwarding and transport services	305,665	287,243	174,828	200,460	480,493	487,703
Handling income	129,335	130,006	187,357	171,392	316,692	301,398
Other logistical services and advisory services	80,882	55,413	103,302	106,216	184,184	161,629
Rental and storage income	43,472	37,020	44,026	60,205	87,498	97,225
Material sales	10,672	10,050	8,670	10,072	19,342	20,122
Provision of personnel and equipment	1,685	2,838	16,179	10,389	17,864	13,227
Container packing	2,960	2,710	3,680	4,219	6,640	6,929
Shipping income	3,934	3,518	0	0	3,934	3,518
Other	25,129	24,326	25,892	36,276	51,021	60,602
Total	**603,734**	**553,124**	**563,934**	**599,229**	**1,167,668**	**1,152,353**
Consolidation	-4,270	-4,341	-4,766	-6,686	-9,036	-11,027
Total	**599,464**	**548,783**	**559,168**	**592,543**	**1,158,632**	**1,141,326**

By business area EUR thousand	2019	2018
AUTOMOBILE		
Seaport terminals	180,678	165,453
Inland terminals	74,124	52,929
XXL Logistics	61,379	63,350
Car transport	145,978	137,231
AutoRail	116,496	114,329
Southern/Eastern Europe	16,998	13,728
Other	3,811	1,763
	599,464	**548,783**
CONTRACT		
Industrial logistics (Europe)	244,885	251,732
Industrial logistics (overseas)	26,334	18,626
Trade logistics	195,523	204,981
Freight forwarding	92,426	117,204
	559,168	**592,543**
Total	**1,158,632**	**1,141,326**

Assets and liabilities from contracts with customers
Contract assets relate primarily 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 as a separate item in the income statement. Please also refer to note 32.

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	12/31/2019	12/31/2018
Contract assets	6,514	6,295
Contract liabilities	1,894	3,634

The tables below contain information on the development of contract assets and contract liabilities.

Contract assets EUR thousand	2019	2018
As of January 1 (gross)	6,340	5,162
Reclassification to trade receivables (during the year)	-6,228	-4,959
Change from progress in the reporting year	6,419	6,137
As of December 31 (gross)	**6,531**	**6,340**
Valuation allowances	-17	-45
As of December 31	**6,514**	**6,295**

Contract liabilities EUR thousand	2019	2018
As of January 1 (gross)	3,634	4,134
Sales recognized in the reporting year:	-2,802	-2,461
of which included in contract liabilities at the beginning of the reporting year	-2,802	-2,461
Increase due to payments received (not including amounts recognized as sales in the reporting year)	1,062	1,961
As of December 31	**1,894**	**3,634**

The credit risk and the expected credit losses for contract assets were as follows as of December 31, 2019, and December 31, 2018:

EUR thousand	12/31/2019 Not past due	12/31/2018 Not past due
Expected credit loss ratio (weighted average)	0.26%	0.71%
Nominal amounts	6,531	6,340
Valuation allowances	-17	-45
Carrying amounts	**6,514**	**6,295**

Valuation allowances on contract assets developed as follows:

EUR thousand	2019	2018
Amount as of the beginning of the financial year	45	15
Valuation allowances for the financial year		
Additions	6	33
Reversals	-34	-3
Amount as of the end of the financial year	**17**	**45**

5. Other operating income

EUR thousand	2019	2018
Gain on disposal of property, plant and equipment	12,828	1,220
Income from the reversal of provisions	15,574	19,685
Insurance reimbursements and other reimbursements	8,601	8,786
Income from the passing on of expenses	8,350	7,321
Income from prior periods	3,525	3,648
Ground rent and rental income	2,160	9,914
Neutral income	1,820	202
Income from the provision of personnel	1,015	996
Income from capital gains	291	247
Income from recycling	233	541
Other	10,783	8,416
Total	**65,179**	**60,976**

Of the ground rent and rental income, EUR 1,462,000 is attributable to income from operating leases for own fixed assets and EUR 698,000 to income from subleases (see note 14).

6. Cost of materials

EUR thousand	2019	2018
Expenses for other purchased services	337,578	334,634
Expenses for external personnel	123,774	126,751
Expenses for raw materials, consumables and supplies	66,807	65,567
Change in inventories of work in progress and services and finished products	25	42
Total	**528,184**	**526,994**

7. Personnel expenses

EUR thousand	2019	2018
Wages and salaries	372,462	346,214
Statutory social expenses	73,045	66,115
Expenses for retirement benefits, support and anniversaries	6,429	6,782
Other	309	294
Total	**452,245**	**419,405**

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 31,991,000 (previous year: EUR 28,818,000) for contributions to statutory retirement plans. Of this amount, EUR 229,000 (previous year: EUR 184,000) is attributable to key management personnel and EUR 19,000 (previous year: EUR 19,000) to employee representatives on the Supervisory Board.

In 2019, the Group had an average of 10,067 employees (previous year: 9,467). Of these employees, 7,859 (previous year: 7,379) were blue-collar workers and 2,208 (previous year: 2,088) 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, property, plant and equipment and right-of-use assets from leases

EUR thousand	2019	2018
Depreciation and amortization	87,812	34,706
Impairment	1,057	3,299
Total	**88,869**	**38,005**

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

Depreciation and amortization includes depreciation on right-of-use assets from leases in accordance with IFRS 16 of EUR 55,016,000. Further disclosures can be found in note 14.

9. Other operating expenses

EUR thousand	2019	2018
Ground rent and rents	28,482	108,879
Security costs and other property expenses	15,453	14,384
Expenses for loss events	12,734	7,845
IT expenses	11,516	10,645
Expenses for insurance premiums	9,417	7,703
Selling costs	8,843	7,245
Other personnel expenses	7,257	6,603
Legal, advisory and audit fees	6,749	5,996
Other taxes	3,141	3,093
Training expenses	2,773	2,640
Administrative expenses and contributions	2,341	3,475
Postal and telecommunications costs	2,110	2,453
Other expenses from prior periods	2,088	1,053
Book losses for the disposal of assets	1,326	1,837
Other neutral expenses	753	5,997
Expenses for losses	223	0
Other	13,347	17,921
Total	**128,551**	**207,769**

The decline in ground rent and rents of EUR 80,397,000 resulted primarily from the first-time application of IFRS 16 (note 14).

Unlike in the previous year, the net result from impairment is recognized separately in the income statement. The expense of EUR 3,347,000 reported for 2018 was recognized under other operating expenses in the previous year, which have accordingly decreased from EUR 211,116,000 to EUR 207,769,000.

10. Earnings 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	2019	2018
Income from companies accounted for using the equity method		
Joint ventures	21,689	34,637
Associates	1,098	784
Total	**22,787**	**35,421**

Income from joint ventures includes the CONTAINER Division's earnings of EUR 22,737,000 (previous year: EUR 33,639,000).

11. Net interest income

EUR thousand	2019	2018
Income from non-current financial receivables	**42**	**32**
Other interest and similar income		
Interest income from lease receivables	6,069	0
Interest income from bank balances	752	1,048
Interest income from interest rate swaps	17	13
Interest income from amortization of other assets	0	3
Other interest income	479	110
	7,316	**1,174**
Interest and similar expenses		
Interest expense on lease liabilities	-11,521	-99
Accrued interest on provisions and liabilities	-2,088	-1,907
Interest expense on long-term loans and other financial liabilities	-1,730	-2,518
Interest expense on interest rate swaps	-798	-681
Interest expense on current liabilities to banks	-107	-104
Other interest expense	-772	-669
	-17,016	**-5,978**
Total	**-9,657**	**-4,772**

Please refer to note 14 for information on interest income from lease receivables and interest expense on lease liabilities.

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, property, plant and equipment and right-of-use assets from leases." This is based on the following standard useful lives:

	2019	2018
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.

2019 **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	28,429	65,682	464	94,575
Additions	0	1,182	4,102	5,284
Disposals	0	-1,700	0	-1,700
Reclassifications	0	86	0	86
Exchange rate differences	0	21	0	21
As of December 31	**28,429**	**65,271**	**4,566**	**98,266**
Depreciation, amortization and write-downs				
As of January 1	2,796	58,624	0	61,420
Depreciation and amortization	0	3,162	0	3,162
Impairment	1,000	53	0	1,053
Disposals	0	-1,699	0	-1,699
Exchange rate differences	0	16	0	16
As of December 31	**3,796**	**60,156**	**0**	**63,952**
Carrying amounts as of December 31	**24,633**	**5,115**	**4,566**	**34,314**

2018 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**

The intangible assets include such assets for which there is an operating lease. These developed as follows:

2019 EUR thousand	Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets
Cost	
As of January 1	1,160
Additions	7
Reclassifications	8
As of December 31	**1,175**
Depreciation, amortization and write-downs	
As of January 1	681
Depreciation and amortization	185
As of December 31	**866**
Carrying amounts as of December 31	**309**

2018 EUR thousand	Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets
Cost	
As of January 1	1,126
Additions	34
As of December 31	**1,160**
Depreciation, amortization and write-downs	
As of January 1	471
Depreciation and amortization	210
As of December 31	**681**
Carrying amounts as of December 31	**479**

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, property, plant and equipment and right-of-use assets from leases".

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 6.80 percent (previous year: 6.5 – 6.6 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 (0.11 percent), the market risk premium (7.0 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	10,794	8,754
Sales growth p.a. in % (planning period)	0.4–1.5	0.1–22.0	See text	5.6–7.7
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 %	6.8	6.8	6.8	6.8

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 was EUR 1,000,000 lower than the carrying amount of the cash-generating unit. A valuation allowance was therefore recognized on the goodwill. In 2017, one major customer terminated its contractual relationship with effect from December 31, 2018. In the 2019 financial year, the location was developed into a multi-user location. Besides the multi-user business expanded in 2019 with corresponding contributions to earnings, the planning includes the acquisition of new customers on the basis of historical data. In the future, this will lead to the almost complete utilization of the company's logistics facilities. On this basis, a rise in sales of 2.9 percent p.a. was assumed for the 2020 planning period and sales growth of 3.1 percent p.a. for the following year.

A reduction of the assumptions for earnings development and the other parameters would result in a further impairment risk. If the discount rate were increased by even one percentage point, there would likewise be an impairment risk.

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 previous year, the legal structure now corresponds to the FREIGHT FORWARDING cash-generating unit already recognized 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 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. Expected residual values are usually not taken into account in determining amortization.

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, property, plant and equipment and right-of-use assets from leases." This is based on the following standard useful lives:

	2019	2018
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

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, "Impairment").

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

2019 **EUR thousand**	Land, land rights and buildings, including buildings on third-party land	Handling equipment	Technical plant and equipment	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Cost						
As of January 1	389,540	56,150	155,193	75,300	4,123	680,306
Adjustments due to IFRS 16	278,415	61,096	9,817	2,361	0	351,689
As of January 1, adjusted	667,955	117,246	165,010	77,661	4,123	1,031,995
Additions	23,855	30,694	2,842	9,253	13,026	79,670
Disposals	-14,343	-1,442	-1,740	-2,781	0	-20,306
Reclassifications	732	1,244	1,136	295	-3,493	-86
Exchange rate differences	9	0	653	129	0	791
As of December 31	**678,208**	**147,742**	**167,901**	**84,557**	**13,656**	**1,092,064**
Depreciation, amortization and write-downs						
As of January 1	222,018	32,801	111,087	55,367	0	421,273
Adjustments due to IFRS 16	0	0	0	0	0	0
As of January 1, adjusted	222,018	32,801	111,087	55,367	0	421,273
Depreciation and amortization	41,654	24,691	10,751	7,555	0	84,651
Impairment	0	0	2	2	0	4
Disposals	-8,185	-718	-1,616	-2,628	0	-13,147
Exchange rate differences	2	11	256	21	0	290
As of December 31	**255,489**	**56,785**	**120,480**	**60,317**	**0**	**493,071**
Carrying amounts as of December 31	**422,719**	**90,957**	**47,421**	**24,240**	**13,656**	**598,993**

2018 EUR thousand	Land, land rights and buildings, including buildings on third-party land	Handling equipment	Technical plant and equipment	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Cost						
As of January 1	387,938	46,579	151,882	67,976	1,615	655,990
Changes in group of consolidated companies	0	0	0	286	0	286
Additions	1,522	12,967	4,419	9,626	3,794	32,328
Disposals	-133	-3,396	-836	-3,556	-21	-7,942
Reclassifications	197	0	116	996	-1,309	0
Exchange rate differences	16	0	-388	-28	44	-356
As of December 31	**389,540**	**56,150**	**155,193**	**75,300**	**4,123**	**680,306**
Depreciation, amortization and write-downs						
As of January 1	210,624	32,436	104,877	52,500	0	400,437
Changes in group of consolidated companies	0	0	0	180	0	180
Depreciation and amortization	11,485	3,262	7,113	6,103	0	27,963
Impairment	0	15	0	0	0	15
Disposals	-102	-2,912	-663	-3,395	0	-7,072
Exchange rate differences	11	0	-240	-21	0	-250
As of December 31	**222,018**	**32,801**	**111,087**	**55,367**	**0**	**421,273**
Carrying amounts as of December 31	**167,522**	**23,349**	**44,106**	**19,933**	**4,123**	**259,033**

Advance payments and assets under construction of EUR 13,656,000 (previous year: EUR 4,123,000) relate exclusively to assets under construction.

No financing costs were capitalized for qualifying assets.

The increase in property, plant and equipment results primarily from the first-time application of IFRS 16. The right-of-use assets from rental agreements and 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. For right-of-use assets recognized in accordance with IFRS 16, title is not transferred for security purposes, as legal ownership remains with the lessor.

The assets included in property, plant and equipment, for which there is an operating lease, developed as follows:

2019 **EUR thousand**	Land, land rights and buildings, including buildings on third-party land	Handling equipment	Technical plant and equipment	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Cost						
As of January 1	69,055	1,637	64,323	8,511	9	143,535
Additions	4	41	39	85	0	169
Disposals	-26	0	0	-38	0	-64
Reclassifications	0	0	0	1	-9	-8
As of December 31	**69,033**	**1,678**	**64,362**	**8,559**	**0**	**143,632**
Depreciation, amortization and write-downs						
As of January 1	26,504	1,228	46,562	7,137	0	81,431
Depreciation and amortization	2,123	126	3,594	359	0	6,202
Disposals	-10	0	0	-32	0	-42
As of December 31	**28,617**	**1,354**	**50,156**	**7,464**	**0**	**87,591**
Carrying amounts as of December 31	**40,416**	**324**	**14,206**	**1,095**	**0**	**56,041**

2018 **EUR thousand**	Land, land rights and buildings, including build-ings on third-party land	Handling equipment	Technical plant and equipment	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Cost						
As of January 1	69,031	1,605	64,292	8,313	0	143,241
Additions	24	32	31	214	9	310
Disposals	0	0	0	-16	0	-16
As of December 31	**69,055**	**1,637**	**64,323**	**8,511**	**9**	**143,535**
Depreciation, amortization and write-downs						
As of January 1	24,379	1,100	42,825	6,781	0	75,085
Depreciation and amortization	2,125	128	3,737	361	0	6,351
Disposals	0	0	0	-5	0	-5
As of December 31	**26,504**	**1,228**	**46,562**	**7,137**	**0**	**81,431**
Carrying amounts as of December 31	**42,551**	**409**	**17,761**	**1,374**	**9**	**62,104**

14. Leases

BLG as lessee

Leases

The Group's leases primarily cover land, buildings and wharfs, which were previously classified as operating leases in accordance with IAS 17. They relate mainly to heritable building rights in the ports of Bremen and Bremerhaven and have remaining terms of up to 29 years. The Group thus secures long-term rights of use to the land required for operations. In addition there are mainly leases for railroad cars, industrial trucks, conveyor systems, HGVs, passenger cars and tractor trucks, which have terms of mainly between three and ten years.

A number of property leases contain extension or termination options. All facts and circumstances that offer an economic incentive to exercise extension options or not to exercise termination options are taken into account when determining the term of leases. Changes in the term of a lease as a result of exercising or not exercising options are taken into account only when they are reasonably certain. As extension or termination options are often agreed in line with corresponding clauses in contracts with customers, the exercise of these options is reviewed in parallel with the contract negotiations with customers. At the same time, potential future cash outflows that are not currently included in the lease liabilities are offset by a similar amount of potential future cash inflows from contracts with customers. The modified lease payments are to be discounted at the interest rate on the date of the lease modification.

In addition, the heritable building right contracts in particular provide for an adjustment of the ground rent on the basis of the consumer price index every five years. The lease payments are stated at the index level applicable at the respective measurement date. The last adjustment was made in 2015. Index-based variable payments are accounted for from the date the adjustment of the lease payments takes effect, using an unchanged discount rate.

In most of the leases for railroad cars, the Group has granted residual value guarantees in light of the uncertainties regarding future sales proceeds and the lessors' requirement that BLG LOGISTICS participate in the risks. Only the amounts that are expected to be paid are included in the lease payments. Estimates are based on the expected residual values of the railroad cars at the end of the lease term. They are regularly reviewed and, if necessary, adjusted using an unchanged discount rate. Residual value guarantees of no more EUR 21.2 million (undiscounted) are not expected to resulted in payments, so no amounts for residual value guarantees were included in the lease liabilities as of December 31, 2019. There are also a small number of options to purchase railroad cars at fair value.

Recognition and measurement

Since January 1, 2019, BLG LOGISTICS as a lessee has recognized assets for the right to use the leased assets and liabilities for the payment obligations entered into. They are recognized at the date from which the underlying asset is available for the Group's use.

IFRS 16 is not applied to leases for intangible assets. BLG LOGISTICS exercises the option for short-term leases and leases of low-value assets and recognizes payments for these leases on a straight-line basis as expenses in the income statement. In the case of contracts that contain other components besides lease components, these components are not separated.

The right-of-use assets are measured at cost, comprising the present value of the outstanding lease payments and lease payments made to the lessor on or before commencement of the lease less lease incentives received, initial direct costs and if applicable the estimated costs to dismantle the underlying assets.

Subsequently, the right-of-use assets are depreciated over the shorter of the term of the lease and the useful life in line with the rules for comparable own assets and, if necessary, impaired (see also note 12, "Impairment").

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

The lease liabilities are measured at the present value of the outstanding lease payments. They are discounted using the interest rate implicit in the lease, if that rate can be determined. Alternatively, they are discounted at the incremental borrowing rate.

The lease payments include fixed lease payments, less lease incentives for be received from the lessor, variable lease payments linked to an index or interest rate, expected payments resulting from residual value guarantees, the exercise price of a purchase option if the exercise is reasonably certain, and penalties payable if termination options are exercised, if their exercise is reasonably certain.

After initial recognition, the lease liabilities are measured at amortized cost using the effective interest method. The lease liabilities therefore accrue interest on the basis of an amount resulting in a constant periodic discount rate for the remaining liabilities. This corresponds to the discount rate determined at the commencement date of the lease, unless a reassessment requires a change in the discount rate. This is the case if changes in the estimate regarding exercise or non-exercise of purchase, extension or termination options arise or changes to the scope, amount of contractual payments or the term of the lease are agreed. Remeasurements using an unchanged discount rate must be made in the event of changes in variable payments linked to an index or interest rate or changes in the estimate of the payments expected to be made under residual value guarantees. Amounts from a remeasurement of the lease liability are recognized at the same time as an adjustment to the right-of-use asset. If the value of the right to use the leased asset is reduced to zero, the remaining adjustment amount is to be recognized in the income statement. Lease payments made less the interest expenses included therein reduce the carrying amount of the lease liabilities.

Recognition until December 31, 2018

In accordance with IAS 17, beneficial ownership of leased assets was attributed to the lessee if the lessee bore all the substantial risks and rewards of ownership of the leased asset. If the beneficial ownership was attributable to BLG LOGISTICS, the asset was capitalized on the date the arrangement was concluded either at fair value, or at the present value of the minimum lease payments, if this was less than the fair value. A lease liability was recognized in the same amount. It was subsequently measured at amortized cost using the effective interest method. The depreciation methods and useful lives corresponded to those of comparable acquired assets or the terms of the leases, if shorter.

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

Right-of-use assets

The following table shows the carrying amounts for rights to use leased assets, which are included in property, plant and equipment, separately.

EUR thousand	2019
Land, land rights and buildings, including buildings on third-party land	266,504
Handling equipment	50,298
Technical plant and equipment	5,982
Other equipment, operating and office equipment	2,415
Total	**325,199**

The additions to right-of-use assets in the 2019 financial year amounted to EUR 30,041,000.

The corresponding lease liabilities are recognized under financial liabilities. Please refer to note 24.

In the previous year, property, plant and equipment included rented or leased assets under finance leases in the carrying amounts listed below.

EUR thousand	2018
Buildings	53
Technical plant and equipment	363
Total	**416**

Minimum payment obligations under leases for land, buildings and wharfs, which were classified as operating leases in the previous year, broke down by due date as follows:

EUR thousand	2018
Due up to one year after the reporting period	48,752
Due in between one and 5 years	127,980
Due in more than 5 years	430,831
Total	**607,563**

Obligations from other operating leases broke down by due date as follows:

EUR thousand	2018
Due up to one year after the reporting period	28,996
Due in between one and 5 years	56,238
Due in more than 5 years	27,987
Total	**113,221**

Income statement

The following amounts were recognized in the income statement in connection with leases in which BLG LOGISTICS is the lessee.

EUR thousand	2019
Depreciation, amortization and write-downs	
Land, land rights and buildings, including buildings on third-party land	30,317
Handling equipment	19,388
Technical plant and equipment	3,995
Other equipment, operating and office equipment	1,316
	55,016
Other operating expenses	
Expenses for short-term leases	19,248
Expenses for leases of low-value assets	953
	20,201
Interest expenses	
Interest expenses from lease liabilities	11,521
	11,521
Total	**86,738**

The total payments for leases in the financial year amounted to EUR 99,365,000. In the previous year, payments of EUR 104,972,000 from leases were recognized through profit or loss.

BLG as lessor

Leases

The Group has subleases for land, buildings, wharfs and operating equipment. The terms of these subleases substantially correspond with those of the head leases.

The subleases largely relate to the rights and obligations, transferred under usage transfer agreements, arising from the heritable building rights of the Free Hanseatic City of Bremen (municipality) for properties necessary for the business of the EUROGATE Group. Further information is given in note 15 under "Joint ventures".

Recognition and measurement

As lessor, BLG LOGISTICS classifies leases at commencement as an operating lease or a finance lease.

If the lease transfers substantially all the risks and rewards of ownership, the lease is a finance lease. If this is not the case, the lease is an operating lease.

As intermediate lessor, the Group recognizes the head lease and the sublease separately. If the head lease is a short-term lease for which the recognition option is exercised, the sublease must be classified as an operating lease. In all other cases, the sublease is classified on the basis of the right-of-use asset from the head lease instead of the underlying asset.

In the case of operating leases, the lease payments received are recognized through profit or loss in sales or other operating income, depending on the items to which they relate.

In the case of finance leases, the leased asset or right-of-use asset from the head lease is derecognized, and a lease receivable is recognized in the amount of the net investment in the lease. Interest income is recognized over the term of the leases in the amount that results in a constant periodic rate of return on the remaining lease receivables. After initial recognition, the lease receivables are reduced by the lease payments received less the interest income included therein. Valuation allowances through profit or loss on lease receivables are recognized on the basis of expected credit losses according to the general approach. Please also refer to note 16.

Recognition until December 31, 2018

The provisions of IAS 17 for lessors were essentially the same as those of IFRS 16. However, subleases were classified on the basis of the underlying asset.

Lease receivables

In the table below, the undiscounted future lease payments from finance leases are presented by due date and reconciled with the recognized lease receivables.

EUR thousand	12/31/2019
One year or less	19,798
More than one and less than 2 years	15,039
More than 2 and less than 3 years	10,613
More than 3 and less than 4 years	10,347
More than 4 and less than 5 years	9,566
More than 5 years	223,053
Total undiscounted lease payments	**288,416**
Unrealized interest income	78,330
Lease receivables (net investment in the lease)	**210,086**

In the previous year, obligations under operating leases were offset by the following rights to payment from subleases to leases for land, buildings, wharfs and operating equipment:

EUR thousand	2018 before correction	Correction as per IAS 8.41	2018 after correction
Due up to one year after the reporting period	7,756	12,511	20,267
Due in between one and 5 years	32,094	3,234	35,328
Due in more than 5 years	224,000	0	224,000
Total	**263,850**	**15,745**	**279,595**

The correction in accordance with IAS 8.41 relates primarily to rights to payment from leases embedded in contracts with customers not previously recognized.

Income statement

The following amounts were recognized in the income statement in connection with leases in which BLG LOGISTICS is the lessor.

EUR thousand	2019
Sales	
Income from operating leases	10,928
	10,928
Other operating income	
Income from operating leases	1,462
Income from subleases	698
	2,160
Interest income	
Interest income from lease receivables	6,069
	6,069
Total	**19,157**

In the previous year, payments of EUR 20,333,000 (correction according to IAS 8.41; before correction: EUR 8,374,000) from operating leases were recognized through profit or loss. Of this amount, EUR 8,148,000 was attributable to subleases and EUR 12,185,000 to leases for own fixed assets.

In the table below, the undiscounted future lease payments from operating leases are presented by due date.

EUR thousand	12/31/2019
One year or less	6,950
More than one and less than 2 years	1,425
More than 2 and less than 3 years	1,532
More than 3 and less than 4 years	0
More than 4 and less than 5 years	0
More than 5 years	0
Total undiscounted lease payments	**9,907**

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	12/31/2019	12/31/2018
Interests in joint ventures	154,616	141,299
Investments in associates	3,556	3,093
Total	**158,172**	**144,392**

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 21,689,000), contributions (EUR 12,057,000), changes in other reserves due to the remeasurement of pensions (EUR -10,402,000), the measurement of financial instruments at fair value (EUR 46,000) and other changes (EUR -561,000), and decreases due to distributions (EUR -12,697,000), currency differences (EUR 1,686,000) and changes in the group of consolidated companies (EUR 1,499,000).

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 88 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	12/31/2019	12/31/2018
Non-current assets	1,133,503	678,932
Current assets	252,651	288,568
Non-current liabilities	-922,744	-456,030
Current liabilities	-166,869	-240,708
Net assets	**296,541**	**270,762**
Share in %	**50.0**	**50.0**
Share of net assets	148,271	135,381
Other equity attributable to non-controlling interests	-189	-181
Group share of net assets (= equity carrying amount)	**148,082**	**135,200**

Current assets include cash and cash equivalents of EUR 129,608,000 (previous year: EUR 153,459,000).

EUR 702,941,000 of the non-current liabilities (previous year: EUR 272,059,000) and EUR 119,166,000 of the current liabilities (previous year: EUR 187,134,000) are attributable to financial liabilities (in each case excluding trade payables, other liabilities and provisions). EUR 371,416,000 of the increase in financial liabilities results from lease liabilities.

EUR thousand	2019	2018
Sales	564,607	603,963
Depreciation and amortization	-65,548	-46,477
Other interest and similar income	2,083	2,287
Interest and similar expenses	-20,978	-11,178
Taxes on income	-1,884	-7,492
Net income for the year	45,514	67,325
Other comprehensive income after income taxes	-17,950	1,485
Total comprehensive income	**27,564**	**68,810**

The increase in depreciation and amortization and interest and similar expenses resulted in particular from the first-time application of IFRS 16.

The BLG Group accounts for EUR 22,737,000 of the net income for the year (previous year: EUR 33,639,000) and EUR -8,975,000 of other comprehensive income after income taxes (previous year: EUR 781,000).

Dividends received from EUROGATE GmbH & Co. KGaA, KG total EUR 12,559,000 (previous year: EUR 38,722,000). Payment is made in the following year. EUR 11,617,000 of the net income of the previous year was reinvested.

EUR thousand	2019	2018
Cash flow from operating activities	60,287	82,434
Cash flow from investing activities	-76,426	-14,142
Cash flow from financing activities	-7,688	-26,907
Net change in cash and cash equivalents	**-23,827**	**41,385**
Cash and cash equivalents at start of financial year	153,122	111,737
Cash and cash equivalents at end of financial year	**129,295**	**153,122**
Composition of cash and cash equivalents		
Cash	129,608	153,459
Current liabilities to banks	-313	-337
Cash and cash equivalents at end of financial year	**129,295**	**153,122**

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:

EUR thousand	2019	2018
Carrying amount of interests in other joint ventures	6,534	6,405
Share of		
Net income for the year	-1,048	997
Other comprehensive income	305	-38
Pro rata total comprehensive income	**-743**	**959**

The share of net income for the year results in full from continuing operations.

In the 2019 financial year, negative shares of EUR 148,000 (previous year: EUR 19,000) and positive shares of EUR 0 (previous year: EUR 102,000) in the total comprehensive income of joint ventures 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 349,000 (previous year: EUR 207,000).

Associates

The change in the carrying amount of the interests in associates is primarily the result of increases due to pro rata net income for the year (EUR 1,098,000), changes in other reserves due to the remeasurement of pensions (EUR -49,000), and decreases due to distributions (EUR -576,000), currency translation differences (EUR 30,000) and other changes (EUR -39,000). There were no changes in the group of consolidated companies in the reporting year.

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	2019	2018
Carrying amount of investments in associates	3,556	3,092
Share of		
Net income for the year	1,098	764
Other comprehensive income	-19	-21
Pro rata total comprehensive income	**1,079**	**743**

The share of net income for the year results in full from continuing operations.

In the 2019 financial year, as in the previous year, no negative shares in the total comprehensive income of associates were recognized in Group comprehensive income.

16. Financial receivables

Please refer to note 14 for information on the measurement of lease receivables. Additional lease receivables of EUR 211,030,000 were recognized in connection with the first-time application of IFRS 16 as of January 1, 2019. The comparative figures only include receivables from contracts that were previously recognized as finance leases in accordance with IAS 17.

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 on financial receivables 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. Valuation allowances are recognized if a formal dunning process has been initiated or knowledge has been obtained about the insolvency of a customer.

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.

EUR thousand	**2019 Current**	**2019 Non-current**	2018 Current	2018 Non-current
Lease receivables	14,179	195,907	138	330
Financial receivables from shareholder accounts in companies accounted for using the equity method	12,787		38,820	
Other receivables from shareholders	2,651		2,387	
Loans to companies accounted for using the equity method	165	764	207	402
Other loans	135	15	116	84
Financial receivables from cash management at equity investments	0		125	
Miscellaneous other financial receivables	4,373	163	3,736	153
Total	**34,290**	**196,849**	**45,529**	**969**

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, 2019, and December 31, 2018:

12/31/2019 **EUR thousand**	**12 months**	**Remaining term**		**Total**
		Non-impaired	Impaired	
Loans to companies accounted for using the equity method	764	165	2,711	3,640
Other loans	150	0	0	150
Other receivables from shareholders	2,651	0	0	2,651
Financial receivables from finance leases	210,086	0	0	210,086
Miscellaneous other financial receivables	4,536	0	0	4,536
Nominal amounts	**218,187**	**165**	**2,711**	**221,063**
Valuation allowances	0	0	-2,711	-2,711
Carrying amounts	**218,187**	**165**	**0**	**218,352**

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**

Valuation allowances on financial receivables developed as follows:

2019 EUR thousand	12 months	Remaining term		Total
		Non-impaired	Impaired	
Amount as of the beginning of the financial year	0	0	2,741	2,741
Valuation allowances for the financial year				
Additions	0	0	90	90
Reversals	0	0	-120	-120
Amount as of the end of the financial year	**0**	**0**	**2,711**	**2,711**

2018 EUR thousand	12 months	Remaining term		Total
		Non-impaired	Impaired	
Amount as of the beginning of the financial year	0	0	3,391	3,391
Valuation allowances for the financial year				
Use/derecognition of receivables	0	0	-650	-650
Amount as of the end of the financial year	**0**	**0**	**2,741**	**2,741**

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	12/31/2019	12/31/2018
Raw materials, consumables and supplies	9,942	9,362
Finished goods and merchandise	4	7
Total	**9,946**	**9,369**

Inventories are not pledged as collateral for liabilities. Valuation allowances of EUR 83,000 (previous year: EUR 90,000) were recognized on inventories as of December 31, 2019. The inventories recognized as expenses in the reporting year amounted to EUR 61,008,000 (previous year: EUR 61,595,000).

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.

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	12/31/2019	12/31/2018
Receivables from third parties	214,578	194,696
Receivables from affiliated companies	73	14
Receivables from investees	1,448	2,264
Total	**216,099**	**196,974**

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 67 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, 2019, and December 31, 2018:

12/31/2019 **EUR thousand**	Expected credit loss ratio (weighted average)	Nominal amounts	Valuation allowances	Carrying amounts
Not past due	0.4%	178,874	-674	178,200
Less than 30 days	0.4%	27,452	-118	27,334
Between 30 and 90 days	0.7%	4,370	-31	4,339
Between 91 and 180 days	43.2%	3,730	-1,611	2,119
More than 180 days	38.8%	6,709	-2,602	4,107
Total		**221,135**	**-5,036**	**216,099**

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**

Valuation allowances on trade receivables developed as follows:

EUR thousand	2019	2018
Amount as of the beginning of the financial year	3,176	9,155
Changes in group of consolidated companies	0	28
Valuation allowances for the financial year		
- Additions	2,058	2,516
- Reversals	-132	-89
- Changes in exchange rates	2	-1
Use/derecognition of receivables	-68	-8,433
Amount as of the end of the financial year	**5,036**	**3,176**

In the reporting year, there were also derecognitions of trade receivables of EUR 253,000 (previous year: EUR 169,000), which are reported in the net result from impairment.

Other financial and non-financial assets

Other assets mainly comprise contract assets. Other financial assets include investments, derivative financial instruments (see note 32), and, where appropriate, current securities. Other financial assets are recognized at the settlement date. 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.

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 Group's accounting policies for contract assets are presented in note 4.

Other financial and non-financial obligations are stated at their nominal values.

Other financial and non-financial assets are non-interest bearing and are not used as collateral for liabilities.

EUR thousand	12/31/2019 Current	12/31/2019 Non-current	12/31/2018 Current	12/31/2018 Non-current
Other financial assets				
Shares in affiliated companies	0	343	0	343
Other investments	0	143	0	142
Other financial assets	3,041	49	5,402	56
	3,041	**535**	**5,402**	**541**
Other non-financial assets				
Contract assets (note 4)	6,514	0	6,295	0
Receivables from the tax office and customs	2,741	0	3,437	0
Accruals	1,045	0	623	0
Miscellaneous other financial assets	781	0	878	0
	11,082	**0**	**11,232**	**0**
Total	**14,123**	**535**	**16,634**	**541**

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	12/31/2019	12/31/2018
Current accounts	4,842	3,946
Overnight loans and short-term deposits	16,678	11,216
Cash	49	60
Total	**21,569**	**15,222**

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 2019 and 2018 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, 2019.

a) Consolidated capital of BLG AG

The share capital (subscribed capital) amounts to EUR 9,984,000.00 and is divided into 3,840,000 approved, 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, 2019.

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 9,960,000 (previous year: EUR 10,234,000). In the 2019 financial year, EUR 82,000 was withdrawn from other retained earnings (previous year: EUR 813,000 transferred to other retained earnings).

b) 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. Due to the adoption of the modified retrospective approach as the transition method for the first-time application of IFRS 16, retained earnings decreased by EUR 18,683,000 as of January 1, 2019.

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 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. In addition, the reserve contains changes in the measurement of equity investments measured at fair value. Further disclosures on hedge accounting are presented in note 32 in the "Derivative financial instruments" section.

EUR thousand	**2019**	2018
As of January 1	-2,225	-2,083
Change in reserves	-6,676	-142
As of December 31	**-8,901**	**-2,225**

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 -9,025,000 (previous year: EUR -2,245,000), deferred taxes on this amount recognized through other comprehensive income of EUR 453,000 (previous year: EUR 453,000) as well as EUR -329,000 (previous year: EUR -433,000) from the fair values of 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.

c) Equity of non-controlling interests

This item contains EUR 8,656,000 (previous year: EUR 9,218,000) 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 2019 financial year amount to EUR 0.38 (previous year: EUR 0.66). This calculation is based on the portion of the consolidated net income of EUR 1,454,000 (previous year: EUR 2,541,000) 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 June 12, 2019, 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 1,728,000 reported on December 31, 2018, to pay a dividend of EUR 0.45 per share. This represents a pay-out ratio of 68.0 percent. The dividend was distributed to shareholders on June 17, 2019.

A distribution of EUR 1,536,000 is proposed for the 2019 financial year. This corresponds to a dividend per share of EUR 0.40, EUR 0.05 lower than in 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

EUR thousand	2019	2018
Up to 1 year	18,594	18,986
1 to 5 years	66,505	76,869
More than 5 years	19,612	13,711
Total	**104,711**	**109,566**

Of the loans taken out from banks, a total of EUR 50,297,000 (previous year: EUR 61,145,000) had fixed interest rates and EUR 54,414,000 (previous year: EUR 48,421,000) had variable interest rates.

Assurances have been made to all partner banks with regard to equal treatment and the change-of-control clause.

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.

Please refer to note 14 for information on the measurement of lease liabilities. Additional lease liabilities of EUR 583,721,000 were recognized in connection with the first-time application of IFRS 16 as of January 1, 2019. The comparative figures include only liabilities from contracts that were previously recognized as finance leases in accordance with IAS 17.

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	12/31/2019 Current	12/31/2019 Non-current	12/31/2018 Current	12/31/2018 Non-current
Lease liabilities	68,084	488,407	432	651
Bank overdrafts	63,155		54,847	
Loans BLG Unterstützungskasse GmbH	25,600		25,600	
Short-term portion of long-term loans	18,594		18,987	
Outstanding purchase price payments from corporate acquisitions	12,500	0	450	11,874
Derivatives with a negative fair value	9,550		3,049	
Obligations under revenue deductions	5,949	0	4,424	0
Cash management with respect to equity investments	4,426		4,408	
Future social concept	801	2,636	983	2,453
Accruals	140	146	429	330
Other financial loans	3,026	20,373	0	0
Other	20,811	0	6,614	4,102
Total	**232,634**	**511,562**	**120,223**	**19,410**

The outstanding purchase price payments from corporate acquisitions of EUR 12,500,000 (previous year: EUR 12,324,000) relate mainly 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 0 (previous year: EUR 450,000) consists of contingent consideration. For further details on contingent consideration, please refer to the disclosures in note 32.

Other financial liabilities include obligations from the acquisition of shares in E.H. Harms Automobile-Logistics of EUR 2,158,000 (previous year: EUR 4,189,000). Of this amount, EUR 0 is non-current and EUR 2,158,000 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 (undiscounted) future cash flows from lease liabilities of the previous year were as follows:

12/31/2018 EUR thousand	Up to 1 year	1 to 5 years	More than 5 years	Total	Carrying amounts
Repayment	432	651	0	1,083	1,083
Interest	32	28	0	60	0
Minimum lease payments	**464**	**679**	**0**	**1,143**	**1,083**

Information on cash flows from lease liabilities of the reporting year is given in note 32 under “Liquidity risk”.

25. Deferred government grants

EUR thousand	12/31/2019 Current	12/31/2019 Non-current	12/31/2018 Current	12/31/2018 Non-current
AUTOMOBILE Division	70	2,487	70	2,356
CONTRACT Division	16	89	16	106
Total	**86**	**2,576**	**86**	**2,462**

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.

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 1,361,000 (previous year: EUR 1,413,000) 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 98,000) was recorded in 2019.

In addition, further income of EUR 926,000 was recorded during the year (previous year: EUR 310,000), 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	12/31/2019	12/31/2018
Personnel provisions		
Direct commitments	8,573	6,265
Port pensions	20,346	17,831
Future social concept	32,966	23,727
Anniversary provisions	9,696	8,239
	71,581	**56,062**
Other provisions		
Miscellaneous other non-current provisions	11	12
	11	**12**
Total	**71,592**	**56,074**

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 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	12/31/2019	12/31/2018
Insurance cover for pension commitments	61,197	56,470
Fair value of plan assets	**61,197**	**56,470**

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	12/31/2019	12/31/2018
Present value of defined benefit obligations	124,107	105,269
Fair value of plan assets	-61,197	-56,470
Shortfall (net debt)	**62,910**	**48,799**

Present value of pension obligations

The present value of the defined benefit obligations changed as follows:

EUR thousand	12/31/2019	12/31/2018
Balance at beginning of year	**105,269**	**102,145**
Current service cost	3,412	3,706
Expense from deferred compensation	2,473	2,470
Interest expenses	2,198	1,980
Remeasurement		
Experience-based adjustments	-110	-417
Actuarial gains/losses from changes in demographic assumptions	0	549
Actuarial gains/losses from changes in financial assumptions	13,808	-2,021
Utilization (pension payments)	-2,916	-2,931
Reversals	-29	-273
Transfers	2	61
Balance at end of year	**124,107**	**105,269**

The weighted average maturity (duration) of the defined benefit obligations is as follows:

	12/31/2019	12/31/2018
Direct commitments	16 years	16 years
Port pensions	16 years	15 years
Future social concept	12 years	12 years

Fair value of plan assets

The fair value of the plan assets has changed as follows:

EUR thousand	12/31/2019	12/31/2018
Balance at beginning of year	**56,470**	**52,690**
Interest income	1,126	962
Expenses/income from plan assets (excluding interest income)	169	312
Additions of the employees included in the plan (e.g. deferred compensation)	2,337	2,543
Employer contributions	2,738	1,940
Utilization (pension payments)	-1,609	-1,803
Reversals	-17	-115
Transfers	-17	-59
Balance at end of year	**61,197**	**56,470**

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	12/31/2019	12/31/2018
Current service cost	3,412	3,706
Interest expenses	1,072	1,018
Total	**4,484**	**4,724**

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, 2019, amounts to EUR 1,295,000 (previous year: EUR 1,274,000).

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):

12/31/2019 in percent	Direct commitments	Port pensions	Future social concept
Discount rate	1.2	1.1	1.1
Rate of salary increases	1.5	0.0	0.0
Rate of pension increases	1.6	1.0	0.0

12/31/2018 in percent	Direct commitments	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

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: 2018 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	12/31/2019 Higher	12/31/2019 Lower	12/31/2018 Higher	12/31/2018 Lower
Discount rate (50 basis points)	-8,154	9,571	-6,472	7,152
Rate of salary increase (50 basis points)	108	-105	76	-72
Rate of pension increase (50 basis points)	2,010	-1,835	1,596	-1,463

The sensitivity calculations are based on the average maturity of the pension obligations determined as of December 31, 2019. 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 2,823,000 (previous year: EUR 2,320,000).

Anniversary provisions

EUR thousand	Non-current	Current
As of 01/01/2019	8,239	357
Utilization	0	-327
Reversal	-93	0
Addition	1,545	567
Transfer	5	0
As of 12/31/2019	**9,696**	**597**

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 0.8 percent (previous year: 1.8 percent). Accrued interest of EUR 145,000 is included in the addition of the reporting year of EUR 2,112,000.

Other non-current provisions

Other non-current provisions amount to EUR 11,000 (previous year: EUR 12,000).

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	2019	2018
Liabilities to third parties	67,834	63,772
Obligations from outstanding invoices	22,640	25,894
Liabilities to investees	3,083	3,251
Liabilities to affiliated companies	263	298
Total	**93,820**	**93,215**

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.

EUR thousand	12/31/2019 Current	12/31/2019 Non-current	12/31/2018 Current	12/31/2018 Non-current
Other financial liabilities				
Liabilities to employees from wages and salaries	8,860	0	8,184	0
Obligations to employees from restructuring	4,233	0	5,207	0
Liabilities for variable remuneration	1,852	367	1,682	438
Other financial liabilities	0	2	0	96
	14,945	**369**	**15,073**	**534**
Other non-financial liabilities				
VAT liabilities	12,762	0	10,178	0
Obligations from outstanding holiday leave	14,331	0	13,582	0
Advance duties	7,899	0	7,954	0
Short-term employee benefits	1,622	0	1,333	0
Advance payments	1,170	0	1,190	0
Contract liabilities	1,833	61	3,122	513
Partial retirement obligations	393	765	250	561
Other non-financial liabilities	1,820	0	2,075	0
	41,830	**825**	**39,684**	**1,074**
Total	**56,775**	**1,194**	**54,757**	**1,608**

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 01/01/2019	Adjustments due to IFRS 16	As of 01/01/2019 adjusted	Utilization	Reversal	Reclassification	Addition	As of 12/31/2019
Insurance contributions	601	0	601	416	175	-10	1,429	1,429
Onerous contracts	11,220	-378	10,842	6,192	1,349	0	1,170	4,471
Warranty risks	9,335	0	9,335	1,454	5,816	0	1,958	4,023
Miscellaneous other provisions	8,222	-154	8,068	1,394	2,185	21	7,962	12,472
Total	**29,378**	**-532**	**28,846**	**9,456**	**9,525**	**11**	**12,519**	**22,395**

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 3,371,000 to the CONTRACT Division, EUR 1,000,000 to BLG KG and EUR 100,000 to the AUTOMOBILE Division. The provisions in the CONTRACT and AUTOMOBILE Divisions 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 2,065,000 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 470,000 (previous year: EUR 675,000) and archiving costs of EUR 1,348,000 (previous year: EUR 1,348,000). In addition, miscellaneous other provisions include potential obligations in connection with the closure of a port of EUR 1,500,000 (previous year: EUR 0) as well as maintenance obligations to third-parties at rented halls/land of EUR 1,055,000 (previous year: EUR 880,000).

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	2019	2018
Overall share in contingent liabilities		
of joint ventures	250	165
of associates	29	629
Total	**279**	**794**

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 204,000 (previous year: EUR 719,000) on the basis of the underlying liabilities.

The above contingent liabilities primarily relate to the collateralization of credit lines.

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.

31. Other financial liabilities

EUR thousand	12/31/2019	12/31/2018
Purchase commitments	50,388	49,595
Other financial liabilities	1,596	0
Minimum lease payments under operating leases	0	113,234
Minimum payment obligations under leases for land, buildings and wharfs	0	607,560
Total	**51,984**	**770,389**

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.

Since January 1, 2019, the operating leases and rental contracts for land, buildings and wharfs have been recognized in accordance with IFRS 16. Please refer to note 14.

32. Financial instruments

Classification of financial assets and financial liabilities

The classification of financial assets is based on the entity's business model for their management 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.

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.

Carrying amounts of financial instruments classified by item in the statement of financial position, class and category

EUR thousand 12/31/2019 Assets	CARRYING AMOUNTS Cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value Hedging	Total Carrying amount	FAIR VALUES Fair value level	Fair value
Financial assets measured at fair value							
Non-current							
Shares in affiliated companies and other equity investments	0	0	486	0	486	3	n.i.
Current							
Hedged derivatives	0	0	0	0	0	2	
Current financial receivables	0	12,787	0	0	12,787	3	n.i.
	0	**12,787**	**486**	**0**	**13,273**		
Financial assets not measured at fair value							
Non-current							
Lease receivables	195,907	0	0	0	195,907		n.i.
Other non-current financial receivables	942	0	0	0	942	3	n.i.
Miscellaneous other non-current assets	49	0	0	0	49	2	n.i.
Current							
Trade receivables	216,099	0	0	0	216,099		n.i.
Lease receivables	14,179	0	0	0	14,179		n.i.
Current financial receivables	7,324	0	0	0	7,324		n.i.
Miscellaneous other current assets	3,041	0	0	0	3,041		n.i.
Cash and cash equivalents	21,569	0	0	0	21,569		n.i.
	459,110	**0**	**0**	**0**	**459,110**		

EUR thousand 12/31/2019 Liabilities	CARRYING AMOUNTS					FAIR VALUES	
	Cost	Fair value through profit or loss	Fair value through other comprehensive 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	9,550	9,550	2	9,550
Contingent consideration	0	0	0	0	0	3	0
	0	**0**	**0**	**9,550**	**9,550**		
Financial liabilities not measured at fair value							
Non-current							
Long-term loans	86,117	0	0	0	86,117	3	86,482
Non-current lease liabilities	488,407	0	0	0	488,407		n.i.
Other non-current financial liabilities	23,155	0	0	0	23,155	2	n.i.
Miscellaneous other non-current liabilities	369	0	0	0	369	2	n.i.
Current							
Trade payables	93,820	0	0	0	93,820		n.i.
Current financial liabilities to banks	81,749	0	0	0	81,749	3	81,949
Current lease liabilities	68,084	0	0	0	68,084		n.i.
Other current financial liabilities	73,252	0	0	0	73,252		n.i.
Other current liabilities	14,945	0	0	0	14,945		n.i.
	929,897	**0**	**0**	**0**	**929,897**		

EUR thousand 12/31/2018 Assets	CARRYING AMOUNTS Cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value Hedging	Total Carrying amount	FAIR VALUES 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.
Current							
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**		

EUR thousand 12/31/2018 Liabilities	CARRYING AMOUNTS Cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value Hedging	Total Carrying amount	FAIR VALUES 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	0
	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
Non-current 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
Current 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**		

The non-current financial assets include equity instruments of EUR 486,000 (previous year: EUR 485,000) for which BLG LOGISTICS has exercised the option to recognize changes in fair value through other comprehensive income. These are immaterial 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.

No shares in these corporations were derecognized or sold in the reporting year. There are no plans to sell or derecognize parts of the reported equity investments in the near future.

Current financial receivables 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.

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 following table shows the reconciliation of liabilities from contingent consideration at fair value.

EUR thousand	**2019**	2018
As of January 1	450	2,326
Payments of contingent consideration	-450	-1,136
Realized changes to fair value recognized through profit or loss	0	-801
of which recognized in income from the settlement of debts	0	-801
Unrealized changes to fair value recognized through profit or loss	0	61
of which recognized in income from the settlement of debts	0	-94
of which recognized in net interest income	0	155
As of December 31	**0**	**450**

The contingent consideration resulted from the acquisition of the shares in BLG Sports & Fashion Logistics GmbH, Hörsel, and related in full to the present value of future dividend payments.

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	12/31/2019 Higher	12/31/2019 Lower	12/31/2018 Higher	12/31/2018 Lower
Net income for the years 2015 – 2019 (10% change)	0	0	45	-45
Discount rates for matching maturities (1% change)	0	0	0	0

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:

2019 EUR thousand	Subsequent measurement				
	From interest rates	From dividends	From disposal	Fair value	Net earnings
Financial assets at amortized cost	7,342	0	-421	0	6,921
Equity instruments at fair value through other comprehensive income	0	91	0	0	91
Hedging instruments	-781	0	0	92	-689
Financial liabilities at amortized cost	-14,997	0	0	0	-14,997
Financial liabilities at fair value through profit or loss	0	0	0	0	0
Total	**-8,436**	**91**	**-421**	**92**	**-8,674**

2018 EUR thousand	Subsequent measurement				
	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**

Aims and methods of financial risk management

The principal financial instruments used to finance the Group include long-term borrowings, short-term loans, lease liabilities, other financial 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 and lease receivables. The amounts shown in the consolidated statement of financial position do not include valuation allowances for expected credit losses. 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 and lease receivables are contained in notes 16 and 18.

The credit risk in respect of cash and derivative financial instruments is limited 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 204,000 (previous year: EUR 719,000).

There are no significant concentrations of credit risk in the Group.

Impairment on financial instruments

At the BLG Group, the impairment requirements apply to financial assets measured at amortized cost, lease receivables and contract assets. They are reported in the net result from impairment. In addition, this item includes impairment of equity instruments measured at fair value through profit or loss. In these cases, the impairment is the difference between the cost and fair value of the equity instrument in question.

EUR thousand	2019	2018
Financial instruments at cost		
Impairment on trade receivables and contract assets		
Addition to valuation allowance	-2,064	-2,549
Reversal of valuation allowances recognized in previous years	166	92
Derecognitions due to uncollectability	-420	-169
	-2,318	**-2,626**
Financial instruments at fair value		
Impairment of equity instruments measured at fair value through profit or loss		
Shares in affiliated companies	0	-721
	0	**-721**
Total	**-2,318**	**-3,347**

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, 2019, and December 31, 2018, 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.

As of December 31, 2018, it was mutually agreed with the partner banks to cancel the covenants of previous years without substitution for future loan financing. Assurances to all partner banks with regard to equal treatment and the change-of-control clause remain. In 2019, the strategy continued to be to secure access to external funds at acceptable costs by maintaining a high credit rating.

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, 2019, the Group had unused current account credit lines of about EUR 48 million (previous year: around EUR 30 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).

12/31/2019 EUR thousand		Cash flows 2020	2021	2022 - 2024	2025 - 2029	2030 ff.	Total	Carrying amounts (derivatives offset)
Non-derivatives								
Long-term loans from banks	Fixed interest rate	859	668	981	41	0	2,549	
	Floating interest rate	416	344	384	381	0	1,525	
	Repayment	18,594	16,956	49,549	19,612	0	104,711	104,711
Lease liabilities	Fixed interest rate	10,937	9,887	25,917	35,240	61,949	143,930	
	Floating interest rate	0	0	0	0	0	0	
	Repayment	67,953	52,450	87,018	89,666	256,960	554,047	556,491
Other financial loans	Fixed interest rate	208	182	377	177	0	944	
	Floating interest rate	0	0	0	0	0	0	
	Repayment	2,819	2,846	8,602	8,921	0	23,188	23,399
Total		**101,786**	**83,333**	**172,828**	**154,038**	**318,909**	**830,894**	**684,601**
Derivatives								
Interest rate swaps/interest rate and currency swaps	Proceeds	-825	-821	-2,587	-2,722	-1,848	-8,803	
	Payments	1,671	1,785	6,076	7,755	3,640	20,927	-9,550
Total		**846**	**964**	**3,489**	**5,033**	**1,792**	**12,124**	**-9,550**

12/31/2018 EUR thousand		Cash flows 2019	2020	2021 - 2023	2024 - 2028	2029 ff.	Total	Carrying amounts (derivatives offset)
Non-derivatives								
Long-term loans from banks	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
Lease liabilities	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**

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.

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. The first tranche of EUR 15 million was taken out in the reporting year. 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 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	12/31/2019 Higher	12/31/2019 Lower	12/31/2018 Higher	12/31/2018 Lower
Effect on earnings	-1,168	1,168	-1,186	1,186
Effect on equity (excluding effect on earnings)	8,130	-8,943	7,670	-7,929

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.

12/31/2019 EUR thousand	Residual maturities Up to 1 year	 1 to 5 years	 More than 5 years	 Total
Long-term bank loans	9,587	36,526	4,184	50,297
Interest rate swaps	2,000	15,000	15,000	32,000
Lease liabilities	68,084	139,853	348,554	556,491
Total	**79,671**	**191,379**	**367,738**	**638,788**

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
Lease liabilities	432	567	55	1,054
Total	**12,411**	**56,307**	**12,481**	**81,199**

Lease liabilities are discounted using the interest rate implicit in the lease, if that rate can be determined. Alternatively, they are discounted at the incremental borrowing rate. The discount rate corresponds to the interest rate determined at the commencement date of the lease, unless a reassessment requires a remeasurement of the lease liabilities using a changed discount rate. This is the case if changes in the estimate regarding exercise or non-exercise of purchase, extension or termination options arise or changes to the scope, amount of contractual payments or the term of the lease are agreed.

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.

12/31/2019 EUR thousand	Residual maturities Up to 1 year	 1 to 5 years	 More than 5 years	 Total
Long-term bank loans	9,007	29,979	15,428	54,414
Interest rate swaps	-2,000	-5,000	-15,000	-22,000
Total	**7,007**	**24,979**	**428**	**32,414**

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	-2,000	-7,000	0	-9,000
Total	**7,007**	**31,129**	**1,285**	**39,421**

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:

12/31/2019 Nominal amounts 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	5,000	15,000	22,000
Average hedged interest rate	1.169%	1.096%	1.045%	
For call money lines	0	10,000	0	10,000
Hedged interest rate	3.085%	3.085%		
	2,000	**15,000**	**15,000**	**32,000**
Foreign currency risk				
Interest rate and currency swaps				
For internal USD loan	810	3,239	405	4,454
Hedged USD/EUR rate	0.8098	0.8098	0.8098	
	810	**3,239**	**405**	**4,454**
Total	**2,810**	**18,239**	**15,405**	**36,454**

12/31/2018 Nominal amounts 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**

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. The first tranche of EUR 15 million was taken out in the reporting year. As the terms of these other swaps commence in the years from 2020 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 1.731 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:

12/31/2019 **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	22,000	-1,484	Current financial liabilities	-938
Call money lines	10,000	-518		329
Planned loans	75,000	-7,071		-6,171
	107,000	**-9,073**		**-6,780**
Foreign currency risk				
Internal USD loan	4,454	-477	Current financial liabilities	-431
	4,454	**-477**		**-431**
Total	**111,454**	**-9,550**		**-7,211**

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	Current financial liabilities	119
Call money lines	10,000	-845		276
Planned loans		-1,389		
	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**

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, 2019, was USD 5,500,000.

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:

12/31/2019 EUR thousand	Change in fair value Basis for recognizing ineffectiveness	Hedge reserve Cash flow hedges (gross)
Interest rate risk		
Outstanding loans	964	-1,468
Call money lines	-328	-487
Planned loans	6,442	-7,070
	7,078	**-9,025**
Foreign currency risk		
Internal USD loan	433	0
	433	**0**
Total	**7,511**	**-9,025**

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**

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:

	Change in fair value		**Reclassification from other comprehensive income to the income statement**	**Income statement items**
2019 **EUR thousand**	Recognized in other comprehensive income (effective portion)	Recognized in the income statement (ineffective portion)		
Interest rate risk				
Outstanding loans	-938	0	0	
Call money lines	329	0	0	
Planned loans	-6,171	0	0	
	-6,780	**0**	**0**	
Foreign currency risk				
Internal USD loan	-431	0	450	Other operating expenses
	-431	**0**	**450**	
Total	**-7,211**	**0**	**450**	

2018 EUR thousand	Change in fair value Recognized in other comprehensive income (effective portion)	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	0	0	Other operating expenses
Planned loans	-741	-53	0	--
	-345	**-53**	**0**	
Foreign currency risk				
Internal USD loan	-473	0	460	Other operating expenses
	-473	**0**	**460**	
Total	**-818**	**-53**	**460**	

The hedge reserve presented in note 20, including deferred taxes, breaks down by risk category and other components resulting from hedge accounting as follows:

2019 financial year EUR thousand	Cash flow hedge reserve Interest rate swaps/interest rate and currency swaps	Hedging costs	Total
Cash flow hedges			
As of January 1	-2,238	13	-2,225
Changes in fair value			
Interest rate risk - outstanding loans	-938	0	-938
Interest rate risk - call money lines	329	0	329
Interest rate risk - planned loans	-6,171	0	-6,171
Foreign currency risk - internal USD loan	-431	-19	-450
Reclassifications to the income statement			
Interest rate risk	0	0	0
Foreign currency risk	450	0	450
Deferred taxes	0	0	0
Change in share of companies accounted for using the equity method	93	0	93
As of December 31	**-8,906**	**-6**	**-8,912**

2018 financial year **EUR thousand**	**Cash flow hedge reserve** Interest rate swaps/interest rate and currency swaps	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**

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 16.1 percent because of different assessment rates.

For domestic corporations a tax rate of 31.9 percent (previous year: 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 range between 15.0 percent and 28.0 percent (previous year: between 15.0 percent and 28.2 percent).

Key components of income tax expense break down as follows:

EUR thousand	2019	2018
Current taxes		
Tax expense for the period	7,370	5,510
Tax expense for prior periods[1]	-4,868	26
Income from tax reimbursements	-180	-73
Total current taxes	**2,322**	**5,463**
of which		
Tax expense domestic	1,593	4,982
Tax income domestic	-180	-73
Tax expense foreign	909	554
	2,322	**5,463**
Deferred taxes		
Deferred taxes on temporary differences	668	-1,972
Deferred taxes on loss carry forwards	1,966	-777
Total deferred taxes	**2,634**	**-2,749**
of which		
Deferred taxes domestic	2,456	-2,874
Deferred taxes foreign	178	125
	2,634	**-2,749**
Total	**4,956**	**2,714**

[1] "Tax expense for prior periods" includes income from the reversal of a tax provision of EUR 4,968,000.

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	12/31/2018 before changes	IFRS 16	01/01/2019 adjusted	Changes		12/31/2019
				Recognized in the income statement	Recognized in equity	
Deferred tax assets						
Recognition and measurement of goodwill and other intangible assets	1,204	0	1,204	-147	19	1,076
Measurement of property, plant and equipment	5,537	0	5,537	-841	0	4,696
Recognition and measurement of other assets	1,047	0	1,047	58,690	-174	59,563
Recognition of lease liabilities	87	95,116	95,203	-16,167	0	79,036
Measurement of personnel provisions	9,244	0	9,244	-5,225	718	4,737
Recognition and measurement of miscellaneous other provisions	3,409	0	3,409	-1,484	0	1,925
Recognition of derivative financial instruments	490	0	490	-1	1,048	1,537
Recognition of deferred income	75	0	75	-75	0	0
Recognition and measurement of other liabilities	1,104	0	1,104	1,619	31	2,754
Write-down of deferred taxes arising from temporary differences	-6,702	0	-6,702	-1,133	-5,277	-13,112
Consideration of tax loss carryforwards	2,182	0	2,182	-1,966	0	216
Gross deferred taxes	**17,677**	**95,116**	**112,793**	**33,270**	**-3,635**	**142,428**
Offset	-13,044	0	-13,044			-139,955
Recognized deferred taxes	**4,633**	**95,116**	**99,749**			**2,473**

EUR thousand	12/31/2018 before changes	IFRS 16	01/01/2019 adjusted	Changes		12/31/2019
				Recognized in the income statement	Recognized in equity	
Deferred tax liabilities						
Recognition and measurement of intangible assets	-1,080	0	-1,080	362	-36	-754
Measurement of property, plant and equipment	-10,434	0	-10,434	-56,428	3,304	-63,558
Capitalization of leases	-28	-95,116	-95,144	63,719	0	-31,425
Recognition and measurement of other assets	-2,023	0	-2,023	-5,239	0	-7,262
Measurement of personnel provisions	-257	0	-257	-4,154	1,548	-2,863
Recognition and measurement of miscellaneous other provisions	-352	0	-352	-408	0	-760
Recognition of derivative financial instruments	-36	0	-36	0	36	0
Recognition and measurement of other liabilities	-153	0	-153	-33,756	0	-33,909
Gross deferred taxes	**-14,363**	**-95,116**	**-109,479**	**-35,904**	**4,852**	**-140,531**
Offset	13,044	0	13,044			139,955
Recognized deferred taxes	**-1,319**	**-95,116**	**-96,435**			**-576**

EUR 10,019,000 of the deferred taxes are classified as current and EUR -8,122,000 as non-current. Of the changes in equity, EUR 400,000 was offset against other reserves and EUR 817,000 recognized in retained earnings.

The change in the recognition of finance lease liabilities is due to the first-time application of IFRS 16.

The following deferred tax assets have not been capitalized:

EUR thousand	2019	2018
Deductible temporary differences	13,112	6,702
Loss carryforwards	41,792	38,257
Total	**54,904**	**44,959**

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 1,795,000 (previous year: EUR 135,000) were reported due to the improved earnings outlook.

As of December 31, 2019, the Group had tax loss carryforwards of EUR 256,410,000 (previous year: EUR 243,681,000). As of December 31, 2019, no deferred tax assets were capitalized for tax loss carryforwards of EUR 255,550,000 (previous year: EUR 230,633,000) 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, 2019, and December 31, 2018, 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		**2019**		2018
Net income for the year before income taxes under IFRS		37,544		37,526
Group tax rate in percent	16.45%		16.45%	
Expected income tax expense in the financial year		**6,176**		**6,173**
Reconciliation items				
Effects of changes in tax rates		-85		69
Tax-free earnings/trade tax cuts		-6,743		-5,079
Non-deductible business expenses/trade tax additions/ effects of the interest barrier		1,808		1,900
Use of additional special tax operating expenditure		-1,689		-1,697
Current tax expense/income from prior periods		-4,227		88
Deferred tax expense/income from prior periods		-96		145
Effects of different tax rates		3,962		349
Use of loss carryforwards not previously recognized		-12		-1,590
Non-recognition of deferred tax assets on current losses		3,776		2,271
Corrections in recognition of deferred tax assets on temporary differences		1,133		347
Other effects		953		-262
Total of the reconciliation items	**-3.2%**	**-1,220**	**-9.2%**	**-3,459**
Consolidated income tax expense	**13.2%**	**4,956**	**7.2%**	**2,714**

The Group tax rate of 16.5 percent (previous year: 16.5 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	2019			2018		
	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	-13,697	400	-13,297	1,890	-267	1,623
Interest of companies accounted for using the equity method in items that are not subsequently reclassified to profit or loss	-12,369	1,918	-10,451	1,448	-36	1,412
	-26,066	**2,318**	**-23,748**	**3,338**	**-303**	**3,035**
Items that can subsequently be reclassified to profit or loss						
Currency translation	505	0	505	-1,084	0	-1,084
Change in the measurement of financial instruments	-6,780	-17	-6,797	-345	57	-288
Interest of companies accounted for using the equity method in items that can subsequently be reclassified to profit or loss	1,778	0	1,778	-672	0	-672
	-4,497	**-17**	**-4,514**	**-2,101**	**57**	**-2,044**
Total	**-30,563**	**2,301**	**-28,262**	**1,237**	**-246**	**991**

35. Reimbursement rights from income taxes

The tax assets relate to reimbursement rights for the reporting year of EUR 164,000 (previous year: EUR 721,000) as well as reimbursement rights for previous years of EUR 777,000 (previous year: EUR 829,000).

Please refer to note 33 for information on rights arising from deferred taxes.

36. Payment obligations from income taxes

EUR thousand	12/31/2019	12/31/2018
Corporation and trade tax for the reporting year	3,454	1,948
Corporation and trade tax for previous years	2,157	6,101
Total	**5,611**	**8,049**

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	12/31/2019	12/31/2018
Composition of cash and cash equivalents		
Cash and cash equivalents on statement of financial position	21,569	15,222
Current liabilities to banks (see note 24)	-63,155	-54,847
Total	**-41,587**	**-39,626**

Unlike in the previous year, proceeds from the repayment of lease receivables are recognized in cash flow from investing activities instead of cash flow from financing activities. In the previous year, proceeds from the repayment of lease receivables of EUR 179,000 were recognized in cash flow from financing activities, which has therefore creased from EUR -57,570,000 to EUR -57,749,000. Conversely, cash flow from investing activities has increased from EUR 9,649,000 to EUR 9,828,000. The following table shows the changes in liabilities and related financial assets included in the cash flow from financing activities.

EUR thousand	12/31/2018	Cash flow	Non-cash changes				12/31/2019
			Addition IFRS 16	Interest	Exchange rate differences	Other	
Long-term loans	109,567	-5,066	0	0	210	0	104,711
Lease liabilities	1,084	-71,479	624,405	2,489	-8	0	556,491
Other financial loans	0	20,915	0	0	0	0	23,399
Loans from investees	0	15,190	0	0	0	77	15,267
Liabilities from financing activities	**110,651**	**-40,440**	**624,405**	**2,489**	**202**	**77**	**699,868**

EUR thousand	12/31/2017	Cash flow	Non-cash changes			12/31/2018
			Business acquisition	Decon-solidation	Exchange rate differences	
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**

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:

Number	12/31/2019	12/31/2018	Change
Fully consolidated			
Domestic	16	16	0
Foreign	8	8	0
Accounted for using the equity method			
Domestic	39	38	1
Foreign	19	18	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 amounted to EUR 717,000 in 2019.

A total of twelve 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 one company 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 4,000.

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.

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.

There were no business combinations in the reporting year.

Other changes in group of consolidated companies

AUTOMOBILE Division

Companies accounted for using the equity method

Joint ventures

BLG Automobile Logistics Italia S.r.l., Gioia Tauro, Italy, sold its shares in AutoTerminal Gioia Tauro S.p.A., San Ferdinando, Italy, in the reporting year. The associated deconsolidation resulted in expenses of EUR 421,000, which are reported under other operating expenses in the non-operating result.

In connection with the investments made in the 2019 financial year, the previously non-consolidated BLG ViDi LOGISTICS TOW, Kiev, Ukraine, has been consolidated using the equity method since January 1, 2019. The shareholding is 50 percent. The earnings from the re-measurement of the existing shares of EUR 1,499,000 are reported under other operating income in the non-operating result.

41. Non-controlling interests in companies

In the reporting year, BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa, increased its stake in BLG AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa (formerly BLG AND NYK AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa) from 67 percent to 100 percent. The indirect shareholding in the company is 84.07 percent.

A purchase price of ZAR 21,000,000 was paid to the seller of the non-controlling shares. The carrying amount of the net assets of BLG AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa, was ZAR 12,271,000.

EUR thousand	2019
Purchase price paid to the seller of the non-controlling shares	-1,331
Carrying amount of shares acquired	778
Difference recognized in equity	**-553**

The full amount of the difference was offset against net earnings.

42. 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.

43. 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, 2019, currency translation differences of EUR 6,596,000 (previous year: EUR 8,715,000) were reported in equity (see also the statement of changes in equity).

Currency translation is based on the following exchange rates:

EUR	Reporting date 12/31/2019	2019 average	Reporting date 12/31/2018	2018 average
1 US dollar	0.8902	0.8933	0.8734	0.8467
1 Brazilian real	0.2214	0.2266	0.2250	0.2321
1 British pound	1.1754	1.1393	1.1179	1.1303
1 Chinese yuan renminbi	0.1279	0.1293	0.1270	0.1281
1 Indian rupee	0.0125	0.0127	0.0125	0.0124
1 Croatian kuna	0.1344	0.1348	0.1349	0.1348
1 Malaysian ringgit	0.2176	0.2156	0.2113	0.2099
1 Polish zloty	0.2349	0.2327	0.2325	0.2347
1 Russian ruble	0.0143	0.0138	0.0125	0.0135
1 South African rand	0.0634	0.0618	0.0608	0.0640
1 Czech koruna	0.0394	0.0390	0.0389	0.0390
1 Ukrainian hryvnia	0.0377	0.0346	0.0315	0.0312

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.

44. 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 46. 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 2019 financial year.

Material transactions with shareholders: Relationships with the Free Hanseatic City of Bremen (municipality)

As of December 31, 2019, the Free Hanseatic City of Bremen (municipality) was the majority shareholder of BLG AG with a 50.4 percent (previous year: 63.0 percent) share of the subscribed capital. The 12.6 percent in BLG AG held via the subsidiary Bremer Verkehrs- und Beteiligungsgesellschaft mbH, 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 2018.

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 29 years for the land used by the company and its subsidiaries. Lease receivables for heritable building rights of EUR 298.2 million were recognized for the first time in the reporting year in connection with the first-time application of IFRS 16. The BLG Group paid a total of EUR 14.9 million (previous year: EUR 14.9 million) for ground rent in 2019. The ground rent is subject to regular increases on the basis of the consumer price index every five years. The next increase will be made in 2020.

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, 2019 (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 1,619,000 (previous year: EUR 1,427,000).

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 receivables include lease receivables of EUR 181,720,000. The outstanding balances, with the exception of non-current lease receivables of EUR 178,071,000, are unsecured and due in the short term. The tables below show the extent of the business relationships of the joint ventures and associates:

2019 EUR thousand	Income	Expenditure	Receivables	Liabilities
Affiliated companies	4	12	0	181
Joint ventures	34,111	24,053	196,855	36,074
Associates	1,947	1,626	81	283

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

Valuation allowances of EUR 10,000 (previous year: EUR 34,000) 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 17,000 (previous year: EUR 72,000) were derecognized in the reporting year. Receivables from non-consolidated affiliated companies were, as in the previous year, neither impaired nor derecognized.

Other notes

45. 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.

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).

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**.

46. 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 AktG and 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 in annex to the notes.

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 271,000 in the financial year (previous year: EUR 284,000), of which EUR 163,000 (previous year: EUR 166,000) was attributable to fixed components. The meeting allowances came to EUR 59,000 (previous year: EUR 60,000), the remuneration for committee work EUR 14,000 (previous year: EUR 14,000) and the remuneration for in-Group Supervisory Board seats EUR 35,000 (previous year: EUR 44,000).

As of December 31, 2019, 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 2019 financial year, the active members of the Board of Management received total remuneration of EUR 5,710,000 (previous year: EUR 6,017,000), of which non-performance-based remuneration of EUR 3,759,000 (previous year: EUR 3,918,000) and performance-based remuneration of EUR 1,951,000 (previous year: EUR 2,099,000). EUR 407,000 of the performance-based remuneration (previous year: EUR 433,000) relates to a sustainability bonus.

www.blg-logistics.com/en/investor-relations
Current shareholder structure and voting rights notifications under Investor Relations/Information about our share

In the 2019 financial year, the former members of the Board of Management received total remuneration (in particular pension payments) of EUR 170,000 (previous year: EUR 168,000). The present value of pension obligations pursuant to IAS 19 for former members of the Board of Management totaled EUR 3,502,000 as of December 31, 2019 (previous year: EUR 3,228,000).

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, 2019. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Board of Management.

Provisions of EUR 4,768,000 (previous year: EUR 3,039,000) were recognized for pension obligations for the BLG Group's active Board of Management members in accordance with IAS 19, which are offset by assets of EUR 2,083,000 (previous year: EUR 1,165,000). The pension obligations to related parties included therein, likewise determined in accordance with IAS 19, amounted to EUR 769,000 (previous year: EUR 540,000).

The Supervisory Board and Board of Management remuneration systems are presented on pages 18 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 2019 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.

47. 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 264 b 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

48. Events after the reporting period

The coronavirus crisis, which reached Germany in February 2020, will have considerable effects both on our customers and on our net assets, financial position and results of operations. There is significant uncertainty concerning the effects of the crisis on the world economy, global trade flows and the associated supply chains, and our customer relationships. Because of the measures implemented by our customers, we are compelled likewise to respond with various measures. The coronavirus crisis will have a severe effect on quantities and earnings of all divisions and business areas of the

BLG Group. Overall, we anticipate a significant reduction in EBT, sales and the EBT margin in the 2020 financial year. At present, the precise impact of the crisis cannot be conclusively or reliably evaluated.

Regardless of the current uncertain situation, we have assessed the probable effects and taken necessary steps. In our assessment, the BLG Group is therefore in a good position to rise to this challenge.

49. Fee of the Group auditor

The fee of the Group auditor pursuant to Section 314 (1) no. 9 HGB for the 2019 financial year breaks down as follows:

EUR thousand	2019
Audits	357
Total	**357**

50. Corporate Governance Code

The 19th declaration of conformity with the GCGC as amended on February 7, 2017, was issued by the Board of Management on August 20, 2019, and by the Supervisory Board of BLG AG on September 12, 2019. 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 31, 2020

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**
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		Deputy Chairwoman of 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		
Udo Klöpping	Bremen	HR Director at BLG LOGISTICS GROUP AG & Co. KG, Bremen
appointed from 05/24/2018		
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
Dr. Claudia Schilling	Bremerhaven	Senator of Science and Ports as well as
appointed from 01/13/2020		Senator of Justice and Constitution of the Free Hanseatic City of Bremen
Dietmar Strehl	Bremen	Senator of Finance of the Free Hanseatic City of Bremen, Bremen
appointed from 01/13/2020		
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
Vera Visser	Bremen	Trade union secretary for transport ver.di
appointed from 01/24/2020		Bremen/North Lower Saxony district
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 2019 reporting year:		
Martin Günthner	Bremerhaven	Former 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
until 11/30/2019		
Karoline Linnert	Bremen	Former Mayor and
appointed from 09/11/2007		Senator of Finance of the Free Hanseatic City of Bremen, Bremen
until 11/30/2019		
Stefan Schubert	Bremen	Department Manager at ver.di Vereinte Dienstleistungsgewerkschaft
appointed from 06/03/2016		Lower Saxony/Bremen district, Bremen
until 12/31/2019		

[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
				Chairman of Supervisory Board of wpd AG, Bremen
	■ Deputy Chairwoman	■	■ Deputy Chairwoman	Deutsche Lufthansa AG, Cologne, Deputy Supervisory Board Chairwoman
				Bochum-Gelsenkirchener-Straßenbahn AG, Bochum (until 02/28/2019)
				Dortmunder Stadtwerke AG (DSW 21)
■		■		No membership in other bodies
	■		■	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
				EUROGATE Container Terminal Bremerhaven GmbH, Bremerhaven
	■			No membership in other bodies
	■		■	No membership in other bodies
				No membership in other bodies
				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
	■	■	■	bremenports Beteiligungs-GmbH, Bremerhaven
	from 01/13/2020	from 01/13/2020	from 01/13/2020	bremenports GmbH & Co. KG, Bremen
				WFB Wirtschaftsförderung Bremen GmbH, Bremen
■		■		EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
from 01/13/2020		from 01/13/2020		
	■	■	■	No membership in other bodies
■				EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
				EUROGATE Container Terminal Hamburg GmbH, Hamburg
■				No membership in other bodies
from 02/27/2020				
■ Chairman			■	OAS Aktiengesellschaft, Bremen
	■	■	■	swb AG, Bremen
	until 11/30/2019	until 11/30/2019	until 11/30/2019	Weser-Elbe-Sparkasse, Bremerhaven
■		■		EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
until 11/30/2019		until 11/30/2019		(until 11/26/2019)
■				No membership in other bodies
until 12/31/2019				

THE BOARD OF MANAGEMENT AND ITS MANDATES

Name	Town	Function/departments	Mandates[1]
Frank Dreeke	Ganderkesee	Chairman	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
born 1959		Compliance	2nd Deputy Chairman
appointed until 12/31/2022		Management Staff	
		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 05/31/2021		International Corporate Finance/M&A	
		IT	
		Legal & Insurance	
Michael Blach	Bremen	CONTAINER Division	EUROGATE Container Terminal Bremerhaven GmbH, BHV
born 1964			Chairman
appointed until 05/31/2021			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 (left on 12/23/2019)
appointed until 12/31/2024			
Dieter Schumacher	Bremen	HR (Industrial Relations Director)	No membership in other bodies
born 1955			
† 02/19/2020			
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	Function/organization
Prof. Frank Straube	Chairman of the Advisory Board of BLG
	Managing Director/Head of Logistics Technical University Berlin, Berlin
Dr. Andreas Bovenschulte	Mayor and President of the Senate of the Free Hanseatic City of Bremen
from 01/01/2020	
Christoph Döhle	Managing Partner of Peter Döhle Schiffahrts-KG, Hamburg
Dr. Ottmar Gast	Chairman of the Advisory Board of Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft ApS & Co. KG, Hamburg
Rainer Christian Genes	Managing Partner of Vorwerk & Co. KG, Wuppertal
Prof. Dr. Bernd Gottschalk	Managing Director of AutoValue GmbH, Frankfurt
Andreas Kellermann	Former 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
Dr. Klaus Meier	Managing Partner of wpd windmanager GmbH & Co. KG, Bremen
	Chairman of the Supervisory Board 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	Retired Mayor and former President of the Senate of the Free Hanseatic City of Bremen
until 05/10/2019	
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

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 31, 2020

The Board of Management

Frank Dreeke   Jens Bieniek   Michael Blach   Andrea Eck   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, 2019, 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, 2019, 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, 2019. 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, 2019, and of its results of operations for the financial year from January 1 to December 31, 2019, 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, 2019, 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 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 31, 2020

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 percent	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	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 AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa (formerly BLG AND NYK AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa)	84.1	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., Dabrowa Górnicza, Poland	50.0	9
40	BLG ViDi LOGISTICS TOW, Kiev, Ukraine	50.0	9
41	ATN Autoterminal Neuss GmbH & Co. KG, Neuss	50.0	12
42	BLG CarShipping Koper d.o.o., Koper, Slovenia	100.0	13
43	BLG Interrijn Auto Transport RoRo B.V., Rotterdam, Netherlands	50.0	13
44	BMS Logistica Ltda., São Paulo, Brazil	50.0	16
45	Hizotime (Pty) Ltd, East London, South Africa	41.2	18
	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	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 AutoTec Beteiligungs-GmbH, Bremerhaven	100.0	11
59	BLG AutoTerminal Cuxhaven Beteiligungs-GmbH, Cuxhaven	100.0	11
60	BLG Logistics of Alabama, LLC, Vance, US	100.0	17
61	DCP Dettmer Container Packing GmbH, Bremen	50.0	32
62	ATN Autoterminal Neuss Verwaltungs-GmbH, Neuss	50.0	41

[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.

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.

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.

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).

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.

Profit retention
Retention of profits.

Projected unit credit method
Special method for measuring pension and similar obligations in accordance with IFRS.

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 2020

2020 Annual General Meeting	June 10, 2020
Payment of the dividend for the 2019 financial year	June 15, 2020
Interim report January to June 2020	September 30, 2020

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, Germany
www.blg-logistics.com/en

Contact
Investor Relations
Marco Tschöpe
Ole Kindt
Julia Färber
Phone: +49 421 398 3756
E-mail: ir@blg.de
www.blg-logistics.com/en/investor-relations

Project coordination and layout
Ole Kindt

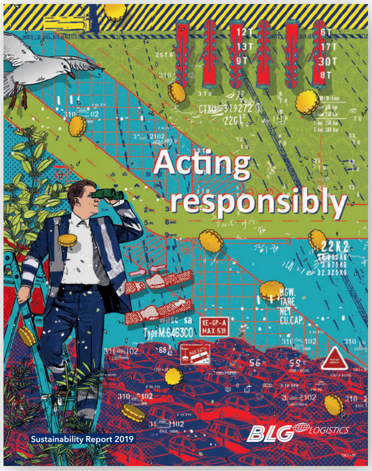
Corporate Communications & Marketing
Andreas Hoetzel
Diana Hermsträwer

Picture credits
Page 7:
Eiko Braatz
Sylvia Anna Graubner
Björn Lübbe
Jan Meier
Tristan Vankann and
our colleagues

REPORTING IN 2019

www.blg-logistics.com/annual-report

/ *Company Resort* /



/ *Sustainability Report* /

/ *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.

www.blg-logistics.com/en