



Successful partnership on an equal footing

ANNUAL REPORT 2012



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Chairman of the Advisory Board
Dr. Eugen Trautwein



Quality and growth

Government and banking risks grew into a lasting issue, which will also need just as much time to control as they did to occur. The current delta from the monetary union and the political union must not call the "EU business model" into question. Rather, integration must be strengthened with those states that pledge themselves to sustainable economic activity and aligned competitiveness.

In view of increasingly stronger shifting statuses in the world, it would be irresponsible to burden future generations with so much that their wish and will for the required togetherness is lost.

How long the German luck in a growing national economy will last is open to debate. In comparison to other countries in the euro zone, whose significant modernisation efforts are still considerable, we can currently speak of a sound German economic state.

E/D/E was not just able to continue the strong growth of the past two years in 2012, but it also achieved profitable turnover growth of over 100 million euros to 5.3 billion euros. The strategy CHALLENGE 2012, developed almost 10 years ago by company management, with the further development of the long-term growth areas and turnover doubling to 6 billion euros, was missed by about 10 per cent due to the crisis year 2009. However, this is still a satisfactory finish.

Although the achievement of goals in turnover and income is viewed as successful work from the outside, E/D/E operative and structural advancement in the long project phase of CHALLENGE 2012 cannot go unrecognised. Much was achieved in logistics, marketing, systems, finance services and internationalisation. Our future days in November 2013 will show where we stand and what is on the agenda for the project CHALLENGE 2020.

CHAIRMAN OF THE
ADVISORY BOARD

At this point, I would like to thank our members, who have supported us in setting the course with advice and actions, as well as trust. Their support for our work will also be the breeding ground in the future for our development. I would like to thank our contractual suppliers, on whose loyalty and efficiency we were able to rely.

I am however especially grateful to our employees, who worked on CHALLENGE 2012, took it on as a personal obligation and executed it with commitment, expertise and great enthusiasm.

Our Partners Advisory Board has also experienced and contributed towards the change and progress of E/D/E in almost 10 years. When establishing the panel, the objective was to bring important industry personalities closer to E/D/E through transparency and information. At the same time, however, we were also looking for experience and advice for our advancement in outstanding family businesses from trade and industry. I would like to express my deep gratitude to the panel for disregarding their own interests and for contributing in a friendly manner in the past year.

Now more than ever will the quality of employees in our industry make the difference between successful and unsuccessful companies. E/D/E managed to gain numerous specialist and managerial staff on various levels only recently in a human resources initiative. There is also a wide range of in-house offers for professional development. We pay a great deal of attention to our young high potentials to get them enthusiastic about E/D/E.

Together with the ZHH Bildungswerk education and training centre, the E/D/E Foundation has awarded almost 250 scholarships for most two-year courses for qualified engineers in various fields. Through the work of the E/D/E Foundation, the frequency and quality of participation has increased significantly and the dropout rate has decreased almost in full. We know about the importance of qualification of specialists in the industry and will continue to strengthen industry efforts significantly.

For 2013, company management does not expect any turnover growth, but does expect qualitative process changes and infrastructure improvements. The ambitious goals for equity and cash flow remain unaffected by this.



Dr. Eugen Trautwein

The E/D/E Management Board (from left): Dr. Andreas Trautwein, Hans-Jürgen Adorf (Chairman), Klaus Strietzel, Dr. Christoph Grote



Previous year's high level once again surpassed

German and European economic situation

As widely expected, the development of the German economy in the past years has weakened. A gross domestic product increase of 0.7 per cent was ultimately predicted for 2012. According to the Federal Statistical Office, exactly this figure was reached. After a strong start, the economic slowdown was increasingly noticeable during the year.

In 2012, the German economy grew noticeably weaker after two boom years and in this respect, had to pay the price for the debt crisis in Europe. In 2011, there was growth of 3 per cent, and 4.2 per cent for 2010.

German economy proves to be robust

Nevertheless, Germany is in a significantly better economic situation than most European countries. The German economy proved to be robust in a difficult overall economic environment, not least thanks to stable small and medium-sized companies, and was able to detach itself from the European recession due to its competitiveness. According to the Federal Statistical Office, Germany's most important export goods in 2012 after motor vehicles were machines with a share of 14.9 per cent and chemical products (9.5 per cent).

Different economic developments could be seen in the European countries in 2012. Whilst difficult market conditions with partly significant declining developments prevailed in southern Europe, the markets mainly stagnated in Central Europe. Only in a few countries could positive economic momentum be seen.

In addition to the important domestic market of Germany, European markets became increasingly in the sights of the strategic expansion of E/D/E. Domestic trade account-

ed for a share of 4.68 billion euros (plus 1.5 per cent) in 2012. E/D/E was also able to further develop its positive turnover development as Europe's leading association in industrial wholesale distribution abroad. Hence, E/D/E achieved a business volume of 634 million euros (plus 5.8 per cent) here. Austria, France, Spain, Hungary, Slovakia and Poland were the main core markets that promoted growth. It is planned to reach the strategic goal of 1 billion euros in turnover in Europe by 2016. Further growth to around 740 million euros (plus 16.7 per cent) is anticipated for 2013.

Successful turnover development
in the European markets

The domestic market remains the driving force for the continued positive development of E/D/E, with a share of 88.1 per cent. However, sustainable development in Europe is still positive. Hence, at 6 per cent, central payment was able to almost reach the target growth rate of 6.4 per cent despite the difficult conditions. In storage, however, the expected 5.8 per cent increase was not achieved by a significant amount at minus 0.4 per cent.

Domestic market remains
the driving force

European development in per cent

Transaction type	Actual 2010	Actual 2011	Actual 2012	Target 2012
Europe storage	+20.3	+12.9	-0.4	+5.8
Europe Central Payment/ Chain Transactions	+12.9	+15.8	+6	+6.4
Europe total	+13.1	+15.7	+5.8	+6.4

Development in Germany in per cent

Transaction type	Actual 2010	Actual 2011	Actual 2012	Target 2012
Domestic storage	+6.7	+8.3	-11	-0.5
Europe Central Payment/ Chain Transactions	+12.9	+15.8	+1.4	+5.1
Domestic total	+13.1	+15.7	+1.5	+4.9

Situation within the sector

The overall economic conditions were also largely stable for the sector in the current financial year due to the delineated development, but not as good as in the previous year. Overall, E/D/E was slightly above the level of broad market development. Depending on the respective customer target group, the sector results were between minus 2.5 per cent and plus 2 per cent.

Significant increase in turnover
for UNION STAHL-HANDEL
stands out in this environment

The production of steel and metal processing companies in Germany declined in 2012 by 1.7 per cent lower than the previous year, according to the Steel and Metal Processing Association (Wirtschaftsverband Stahl- und Metallverarbeitung, WSM). Exports increased by 3.2 per cent, whilst domestic turnover fell by 2.5 per cent. Within this context, the German sales increase of 8.4 per cent from UNION STAHL-HANDEL particularly stood out at a record level of 883.8 million euros.

The economic downturn that emerged early in the year also had a negative impact on the main target customer groups of trade, industry and municipalities. Hence, the skilled trades sector recorded 3.4 per cent lower sales than in 2011, according to the Federal Statistical Office. Turnover even decreased by 4.4 per cent in the construction industry. Public investments were postponed as part of emergency budget planning and debt brakes.

The industry still worked under high-load conditions in the first half of the year, at least. In machine manufacture and in the automobile supplier industry, however, downward trends were also observed. These had a braking effect on the sales of the sector at the year-end. The chemical industry finished 2012 slightly better than the previous year with turnover of 186.6 billion euros (plus 1.3 per cent), according to the Association of the Chemical Industry (Verband der Chemischen Industrie, VCI).

In this market environment, the industry-related divisions of Technical Trade and Industrial Safety managed to confirm the high level of the past two years and thus follow the general economic development in the industrial sector. Even though this development also weakened in the second half of the year.

Meanwhile, the German Federation of Building Technology (Deutsche Großhandelsverband Haustechnik) reported growth of 3.5 per cent on the previous year for 2012. A pleasing contrast is the disproportionate development of the E/D/E division Building Technology, with a sales increase of 8.7 per cent to 1.1 billion euros, after the sales in the financial year 2011 had amounted to over 1 billion euros for the first time. This pleasing development is also mainly a consequence of external growth through gaining new members and contractual suppliers in Europe together with our cooperation partner VGH.

Economic situation 2012 more
difficult than in 2011 and 2010

Conclusion: The economic situation in 2012 was generally more difficult than in 2010 and 2011. Even in the first weeks of the current year, we saw a continuation of this trend. Hence, machine manufacture recorded a sales decline of 3.8 per cent in January alone, according to the Federal Statistical Office. Although there are optimistic ex-

pectations of 2013 overall, but also with a dose of restraint, for a largely stable German market but also certain risks with regard to European and global development.

E/D/E development 2012

With total turnover of 5.310 billion euros in the financial year 2012, the high levels of 2011 (5.204) and 2010 (4.616) were not only maintained, but once again exceeded. However, with an increase of 2 per cent or 105 million euros in 2012, it was not possible to achieve the double-digit growth rates of the two previous years again. Nonetheless, E/D/E developed even better than the market.

Total turnover managed to surpass level of previous years

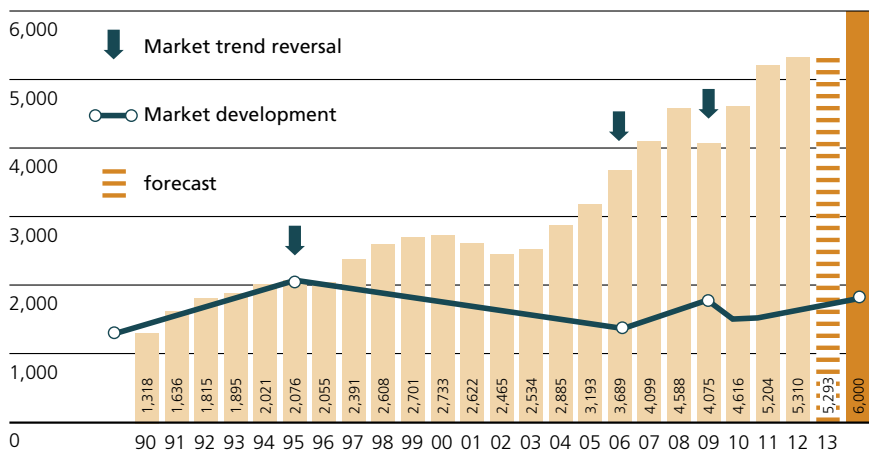
In the course of 2012, weak months, especially May, but also September and December, prevented a stronger result in turnover. After a strong first quarter with growth of 5 per cent to 1.3 billion euros, turnover hardly changed in comparison to the same period in the previous year, at minus 0.6 per cent or 1.3 billion euros in the second quarter and at plus 0.7 per cent (1.4 billion euros) in the third quarter. In the fourth quarter, pleasing growth of 3.3 per cent was recorded, at 1.3 billion euros.

The seven main product areas of E/D/E developed differently in 2012. Both the Steel Industry and Building Technology stood out particularly positively with high single-digit turnover growth. The industry-oriented segments of Industrial Safety and Technical Trade, as well as Tools and Machines almost managed to maintain the high level of the

CHALLENGE 2012 – Decoupling from the market

“On track” again – 2015 in the target?

In € m



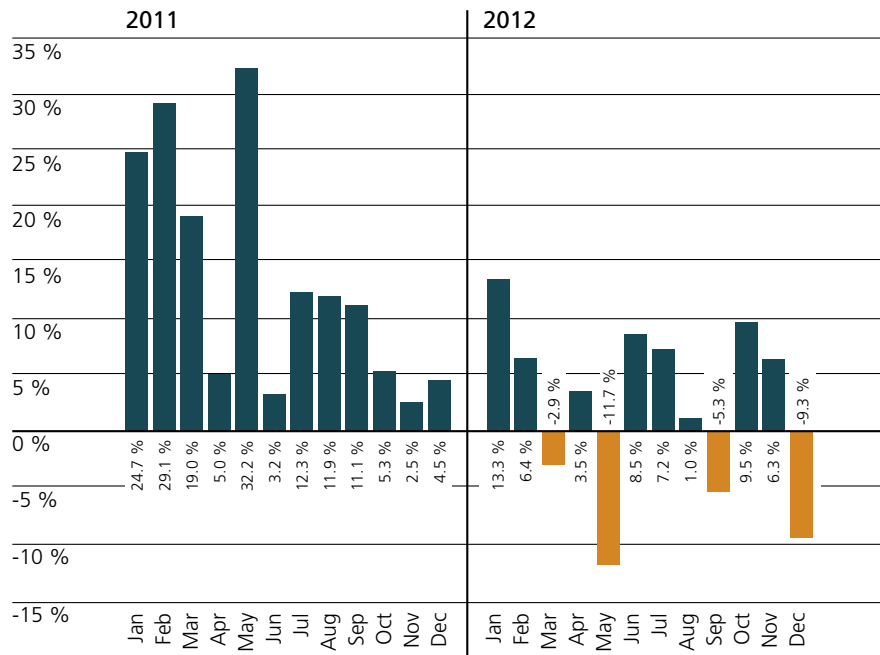
previous year. The product areas Building Hardware and Furniture Fittings and Security Systems also appeared strong.

Monthly figures show a differing profile

Development of monthly figures 2012

Development on a monthly basis, however, shows a differing profile, with strong months in comparison to the previous year such as January (429.5 million euros turnover, plus 13.3 per cent) or October (499.2 million, plus 9.5) and lowest figures in December (304.1 million, minus 9.3), however mainly in May (434 million, minus 11.7). Although this is partly due to the specific configuration of working days, the general trend is clear. 2011 progressed differently, whereby the turnover in the second half tended to weaken.

Development of individual monthly figures 2012



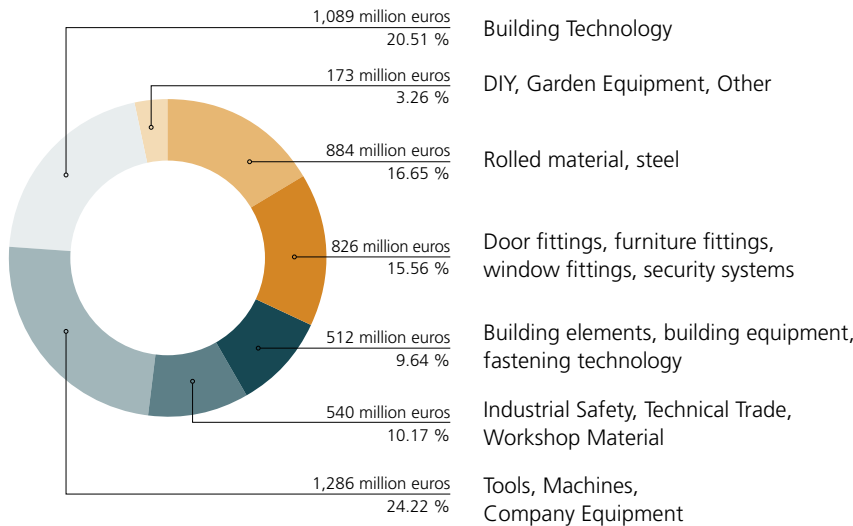
Turnover share of the business divisions

As early as 2011, all B2B product areas have been posting turnover rates of more than 500 million euros. This result was once again confirmed in the past financial year. The product area Tools, Machines, Company Equipment continues to be the strongest division in E/D/E at 1.286 billion euros, or a share of 24.2 per cent. In second place at 1.089 billion euros and share of 20.5 per cent comes the product area Building Technology with the member groups WUPPER-RING, VGH und mah. Then comes UNION STAHL-HANDEL at 884 million euros (16.6 per cent share) and the product area Fittings at 826

million euros (15.5 per cent share). The stable and well-diversified distribution was rounded off with the two product areas Technical Trade/Industrial Safety (540 million euros, 10.2 per cent share) and Building Elements, Building Equipment and Fastening Technology (512 million euros, 9.6 per cent share).

E/D/E as at 31/12/2012 (5310 million euros), overall development: plus 2 per cent

Turnover specialist areas

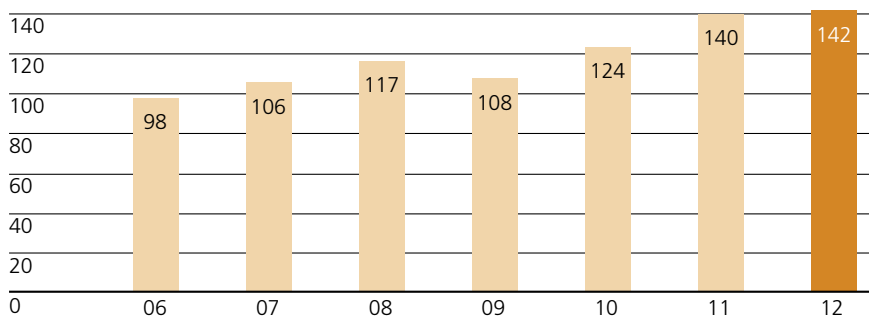


Rebates 2012

The rebates/bonuses for members could also be increased in the current financial year to a total of 142 million euros, based on disproportional increased in 2010 and 2011. Therefore, substantial dividends come from cooperation with E/D/E in the annual net income of the members and have a sustainable impact there.

It was possible to increase rebates/bonuses again

Dividends to members in million euros



Turnover and income situation 2012

E/D/E Group results for turnover and income (consolidate view at Group level) were at a very good level in 2012. Net income was 25.9 million euros, the gross cash flow in the current financial year was 33.1 million euros. In turn, it was possible to allocate over 90 per cent of net income to reserves, by consistently continuing investment policy to strengthen the investment capacity, and thus the equity ratio increased again to 41.8 per cent. Equity therefore increased as planned from 267.3 million euros (2011) to 293.1 million euros.

Firm financial situation allows millions of investment

The firm financial situation allows E/D/E to provision a total investment amount of over 10 million euros for 2013 for planned construction work and construction work already begun on the premises (day care facilities, sample room/show room) and for various IT projects. In perspective, a leap in development should be achieved in the dimension quality, quantity and accessibility of product data with the new EDC, the electronic data centre. In addition, the SAP system landscape shall be modernised and the infrastructure for future challenges shall be established.

After performance stabilisation was assured in the previous year in the division of Logistics, 2012 marked the year of process and cost optimisation. Efforts to increase efficiency were consistently continued, however it was not possible to bring these to the target level. The target curve could not be achieved in personnel expenses in particular. The resulting cost effect also impacted upon the income situation. This is a task for the future.

Milestones 2012

ETRIS BANK level II

For E/D/E and its wholly owned subsidiary ETRIS BANK, 2012 was the year of intensive preparation for the bank's complete takeover of the entire of central payment and del credere liability. This took place as scheduled at the beginning of 2013. Thus, ETRIS BANK now acts as a central payment bank, which forms a stable joint liability scheme with E/D/E.

New business divisions Construction and Technical Trade

The foundations were set for further professionalisation of E/D/E's range of services in 2012. E/D/E took increasing specialisation in the divisions Industrial Safety/Technical Trade and in Construction into account by forming two separate business divisions - "Construction" and "Technical Trade" with effect from 1 January 2013.

Founding of DELCREDIT companies

Together with the close and long-term cooperation partners Groupe SOCODA in France and CECOFERSA in Spain, E/D/E founded joint ventures in these two countries through its wholly owned subsidiary EDE International with the aim of further expanding central payment internationally. With this structural development, E/D/E consistently follow its defined strategy for Europe. A turnover of 1 billion euros in international business is set as a growth target for 2016.

Europe strategy is consistently continued

Start of EURO-DIY

As part of withdrawing from ZEUS, E/D/E and EK/servicegroup founded EURO-DIY GmbH & Co. KG, headquartered in Wuppertal, as a new central system for the DIY division. In 2012, the company implemented all preparations for the start on 1 January 2013 as scheduled. These measures mainly included setting up the team, opening a concept store, designing components, schedule work and advertising planning.

Personnel initiative successful

Especially in 2012, E/D/E managed to gain qualified employees. It was possible to fill managerial positions with experienced industry experts. On 31 December 2012, a total of 865 members of staff were employed; 41 more than in the previous year.

Managerial positions filled with industry experts

25 years of FORMAT Tools

E/D/E trademark FORMAT Tools not only contribute to the success of the German members of the PREMIUM WERKZEUG HANDEL (PREMIUM TOOLS TRADE) Group. They are also ranked as the most important European trademarks in the tools division. E/D/E took the 25 year anniversary of FORMAT Tools as an opportunity to celebrate this success together with member companies and suppliers, particularly founding members, as part of a two-day event in Berlin.

E/D/E Kita new build

Initiated and largely driven by the Advisory Board Chairman Dr. Eugen Trautwein, the company is investing more than 2.5 million euros in the construction of the day care facility "Die EDEfanten" (The EDEfants) on the premises in Wuppertal. Preparatory work began in 2012 with opening expected to be at the beginning of 2014.

Start of construction significantly possible with E/D/E donation

Start of construction for Burgholz Children’s Hospice

At the end of 2012, work began on the construction of a children’s hospice for Bergisches Land. E/D/E has made the start of construction significantly possible with a donation of 600,000 euros. The repository is Bergisches Land Children’s Hospice Foundation (Kinderhospiz-Stiftung Bergisches Land), in which Bethe-Stiftung, Caritasverband Wuppertal/Solingen and Diakonie Wuppertal are all represented. E/D/E considers itself to be a long-term partner of the project.

Outlook for 2013

Whilst the German market presented a predominantly stable condition at the beginning of 2013, despite skid marks caused by weather conditions and the resulting downward trends, global economic and political development certainly continues to hide relevant risks. Even development in Europe is can only be assessed as difficult and with uncertainty due to continued crisis conditions in a few countries. Here, it is necessary to think in terms of scenarios and in this respect, set up contingency plans.

E/D/E predicted figures for 2013 according to specialist area

Product groups	Total Budget 2013 in € m	Change in € m compared to 2012	Change in % compared to 2012	Expected market development
Rolled Material, Steel	911	+27	+3.1	+ - 0 (t)
Door Fittings, Furniture Fittings, Window Fittings, Security Systems	821	-5	-0.6	+2 to 3 %
Building Elements, Building Equipment, Fastening Technology	490	-22	-4.3	+2 to 3 %
Industrial Safety, Technical Trade, Workshop Material	550	+11	+2.0	+1 to 2 %
Tools, Machines, Company Equipment	1,254	-33	-2.5	+1 to 2 %
Building Technology	1,142	+53	+4.9	+3 to 4 %
DIY, Garden Equipment, Other	125	-48	-27.9	+2 %
Total	5,293	-17	-0.3	

Specific developments in E/D/E, such as separating from ZEUS and setting up EURO-DIY, are structural effects with an impact on the expected turnover that is not negligible. These will also be offset by structurally-related effects from international activities.

Overall, E/D/E expects 2013 to be at the same level as the previous year, whilst disproportionate growth is expected again in 2014. The current year mainly serves to strategically set the course and develop the infrastructure required for stable and accelerated growth in future. The modernisation of the entire SAP system landscape and, upon this basis, the implementation of a technical framework concept for Europe-wide integration of partners in central payment is fitting here. The conditions for increasing the rate of expansion along the new strategy programme, which the entire of E/D/E will heavily promote and use, shall be set based on this change of path.

2013 is mainly for strategically setting the course

After the (temporal) completion of the highly successful CHALLENGE 2012, the development of a connecting strategy is due in 2013. While it was not possible to achieve all of the goals from CHALLENGE 2012 in full, the approaches developed provide a firm basis for further development. The key points and strategic priorities for the new strategic programme were defined in 2012 and will now be consistently developed as part of the established strategy development process.

Solid basis for accelerated growth

In Autumn, a future forum for members and suppliers will take place with the E/D/E entrepreneur days PANTA RHEI 2013, at which the new strategic programme, among other things, will be presented with its fundamentals and key elements.

The first conclusion for 2013 is expected to be modest due to the slowed weather-related start. Hence, turnover, particularly in storage, is significantly below the expected figures. Measures to increase turnover and income have been initiated accordingly, and are to give development new momentum again.

The E/D/E Management Board in April 2013



Hans-Jürgen Adorf



Dr. Andreas Trautwein



Dr. Christoph Grote



Klaus Strietzel

Trust and performance

ETRIS BANK meets its partners on an equal footing. The trust in the corporate expertise of E/D/E in financial matters gained over many years shall not disappoint. With the services of intercompany comparison and member rating, the bank meets a great need of distributors and offers an attractive selling point in B2B.

Jens Brill (centre), Managing Director of CA Brill GmbH, also trusted E/D/E and ETRIS BANK when he allowed central operating figures be determined by their industry experts. Upon handing over the rating report through Christoph Feil (left) and Rainer Kamphaus, Jens Brill was happy about the sustainable information on his company and on the competitive situation.





2011 record year missed

B2B business division I: Tools, Machines



Many activities in relation to the trademark anniversary of FORMAT

Machine manufacture has great influence on the development of the division of hand and precision tools that are strong in relation to turnover in business division I. Whilst incoming orders have been in decline since 2011, domestic business has increased by 1 per cent in real terms. The E/D/E business division I has responded to the weakening market growth of 2012 with targeted marketing activities such as new catalogues, sales training and various marketing measures in relation to the FORMAT trademark anniversary. Still, at 516.9 million euros, the total turnover 2012 was 3 per cent below the record financial year 2011, or 7.6 per cent below the target of plus 5.1 per cent.

Declines were mainly due to a different supplier portfolio in the specialist areas of precision tools and tools/machines for woodworking, and a solely statistical effect, which reduced the turnover data for business division I in 2012 due to a changed supplier assignment within E/D/E.

To optimise the service bid for the members, consistent differentiation of the team structures was made according to product management, sales management and data management/administration, based on the specialisation of the individual specialist teams 2012. In addition, the vacant posts were filled with qualified, highly specialised employees, despite the widespread lack of specialists. Thus, the determining foundations for successful development in the coming years were laid.

Foundations for successful development set

B2B business division I turnover development (in million euros)

	2008	2009	2010	2011	2012	2013 (target)
Hand tools	269	229	251	277	269	251
Precision tools	139	94	116	136	131	134
Stationary machines wood	97	86	94	104	100	101
Stationary machines metal	21	13	14	16	17	17
Total	526	442	475	533	517	502

A new record participation level is expected for the Tools Forum in April 2013. Interesting speakers and many representatives from leading companies in industry and trade mean that an exciting event can be expected. The E/D/E members as well as our industry partners are looking optimistically to 2013, with a very high overall turnover level. Cautious planning for 2013 provides for a slight decline of 2.9 per cent. Despite many specialist area and sales group activities and measures, the end of cooperation with hagebau shall have a negative effect overall in 2013.

Specialist area of hand tools

After an initially good start, the market situation in the third quarter greatly slowed development in the specialist area of hand tools, such that it concluded 2.8 per cent below the previous year's result in total. The reasons for the negative development in turnover are - in addition to solely statistical effects caused by changed supplier assignment within the E/D/E product areas - the initial effects of the end to cooperation with hagebau from 2013, which caused the turnover decline in E/D/E storage. Other effects will come into play in 2013 and will therefore determine the planned turnover decline in the specialist area of hand tools of 6.6 per cent.

The focus of E/D/E activities in 2012 is the revision of the range for the important catalogue PREMIUM WERKZEUG HANDEL (PREMIUM TOOLS TRADE), which will be published on 1 May 2013. All-day training programmes will be run for the launch of this catalogue. Around 500 sales representatives of distributors in E/D/E are expected to learn about the features of the new catalogue and to expand sales activities on these days.

Another focal point in 2012 was the further development of all E/D/E trademarks. The FORTIS trademark concept was consistently developed further in particular, by specifying new parts of the range, revising the depth of the range and redefining placement and packaging.

In April 2012, members of the mah Group were given special tool ranges for the sanitary sector. The participants received extensive detailed information on important range components through product training. The basis for this was the new 220 page mah catalogue.

After it was possible in 2012 to fill the posts of the hand tool team with qualified and experienced employees, new sales activities in relation to the trademark FORTIS and the launch of the new concept under the name PRO VETRIEB (PRO SALES) is planned for 2013 as a priority.



Slowed market situation for hand tools in third quarter

Trademarks were consistently developed



Good attitude at trade fairs

Specialist area of precision tools

Important measuring gauges for the development of the precision tools division were the two trade fairs METAV in spring and AMB in autumn 2012. Despite the overall good attitude at these trade fairs, E/D/E turnover for the specialist area of precision tools stays at 131 million euros, or 3.3 per cent below the target. Due to the shift in planned projects, the ambitious target of plus 7.9 per cent was fallen short of by 10.3 per cent.

The main cause of this was the lack of qualified specialists in the precision tools team. At the turn of the year 2012/2013, 3 experienced product managers were gained so that the E/D/E personnel initiative in this area ended successfully.

As in the specialist area of hand tools, the new catalogue PREMIUM WERKZEUG HANDEL (PREMIUM TOOLS TRADE) will also trigger positive turnover momentum in the precision tools product area. Additionally, the E/D/E product managers will attend the leading trade fair EMO in late summer in order to quickly circulate market innovations and new concepts among members in this specialised product area.

Other positive effects are expected from the expansion of specialised training programmes in the areas of measurement and clamping technology, as well as from another optimisation of the range and supporting sales measures. Positive turnover effects are also expected in 2013 based on new marketing activities with strategic suppliers.

Positive turnover effects due to new marketing activities

Turnover increase of 2 per cent is the overall target for 2013. In the overall market of precision tools, a price increase of around 3 per cent and reduced volumes of around 1 per cent are expected for 2013. The trade association VDMA Präzisionswerkzeuge (VDMA Precision Tools) predicts a largely stable business situation for 2013.



Momentum for positive turnover development

Tools/machines for woodworking specialist area

With a turnover volume of 100 million euros, the specialist area of tools/machines for woodworking is 3.7 per cent below the results of the previous year - with a target increase of 6.4 per cent. Large machinery orders as in 2011 are largely missing in the reporting year 2012, and are the reason for the slight overall decline in turnover.

Whilst the end to cooperation with hagebau for 2013 had a negative impact on the storage turnover development as early as 2012, the B2B members taking part

in the E/D/E sales concepts were able to increase their turnover by more than 2 per cent.

In 2012, a new training concept for machine tools was started. In addition, a variety of marketing activities such as brochures and collective purchases for members and specialists were implemented in the reporting year from the division of woodworking tools. A completely innovative training concept is planned for 2013, which particularly includes the areas of tool and CNC user technology, and continues the training series started in the reporting year. Additional momentum for E/D/E storage is expected from this in particular.

Innovative training concept for machine tools started

The new FORUM tool catalogue for woodworking will be released in autumn 2013 with an expected 20 per cent increased circulation and will contribute positively to the development of turnover. The new machine catalogue for members of the cooperation partner GEWEMA AG will also be released in autumn 2013, with a total of 16 individual versions to meet partners' specialisation even better.

Additional momentum for the sale of woodworking machines and tools can be expected from the leading trade fair LIGNA, which takes place in May 2013. The trade association VDMA Holzbearbeitungsmaschinen (VDMA Woodworking Machinery) expects growth of 2 per cent for the entire market in 2013, whilst E/D/E, hit by the end of cooperation with hagebau, expects a turnover increase of 0.4 per cent.

Metal tool machinery specialist area

An increase in turnover of 0.6 per cent in total was achieved in 2012.

Activities, such as the further development of the manufacturer-independent internet portal www.werkzeugmaschinenportal.de, contributed to this development. Over 2000 products from various manufacturers are available in a central database. The tool machinery portal is supported by a constantly growing number of members and suppliers, who hereby pursue a future-oriented marketing strategy.

A total decrease of 0.1 per cent is expected in 2013 due to structural adjustments in the division of metal tool machinery.



Central database offers over 2000 products

Slight decline in turnover after record high

B2B business division II: Building Hardware and Furniture Fittings, Security Systems, Building Equipment, Fastening Technology, Building Equipment/Roofing, Industrial Safety/Technical Trade, Workshop Material

Turnover development in the B2B business division II (in millions of euros)

	2008	2009	2010	2011	2012	2013 (target)
Building elements, building equipment, fastening technology	472	453	484	526	512	480
Door fittings, furniture fittings, window fittings, security systems	783	761	802	831	825	791
Industrial safety, technical trade, workshop material	427	400	470	540	540	540
Total	1,682	1,614	1,756	1,897	1,877	1,811

In 2012, the previous year's turnover in business division II was narrowly missed. The total turnover reached 1877 million euros and, at minus 1 per cent, was below the previous year's level, whilst the targets were not reached by 4.7 per cent. Whilst, at 540 million euros, the industry-based product ranges Industrial Safety and Technical Trade almost reached the previous year's results, the construction-related product areas fell sharply. This particularly applies to the ranges concerning Fastening Technology, at 7.2 per cent below the previous year's level. The area Technical Trade/Industrial Safety was able to maintain the very high level of the past two years. This reflects the general economic development of 2012 in the industrial sector. E/D/E will successfully increase specialisation in the areas Industrial Safety and Technical Trade on the one hand and Construction on the other so that these various product areas will be managed in two separate business divisions from 2013. Through this, all requirements are set to further develop the respective E/D/E range of services systematically and to be able to adjust the increased market demands even more flexibly. Stable economic conditions are ex-

Range of services are flexibly adjusted to market demands

pected for 2013. In addition to the further specialisation of the range of services in the division of industry and in the division of construction, data management will be systematically expanded for building hardware trade, technical trade and industrial safety. Another significant milestone for the B2B business division II in the current financial year is the new hardware storage concept.

Building hardware and furniture fittings specialist area

The specialist area of building hardware and furniture fittings closed slightly below the previous year's level with a turnover totalling 825 million euros, or minus 0.6 per cent. In total, development in the division of door fittings at minus 1.3 per cent and in the division of furniture fittings at minus 6.6 per cent, was slightly retrogressive, whilst the positive developments for window fittings meant a plus of 1.7 per cent. In total, E/D/E was able to perform well in this market, as the overall market development 2012 declined by 2 per cent.

In 2012, a new storage concept for the fittings range was developed. The concept is based on close cooperation between building hardware distributors, E/D/E and selected suppliers and facilitates the complete purchase of certain building hardware manufacturer ranges in E/D/E storage. Implementation was successfully started in 2012 with the supplier Hoppe. The storage turnover increased by over 9 per cent. This concept will be extended to other suppliers in 2013. A double-digit growth momentum is expected.

EURO Baubeschlag-Handel AG (EBH AG) particularly promoted the living and building renovation concept with comfort in 2012. For this concept, 11 exhibitions were redesigned, with positive effects on turnover. At least 8 more exhibitions are planned for 2013.

The focal point of EBH AG is a new concept for FORMAT furniture fittings. A concept for building and security systems is included in this. The Tischler NRW project implemented in 2012 is being further expanded. This includes the further development of the very successful EBH AG education and training programme, which is offered to members for better market development.

E/D/E is planning the launch of the "Building hardware data management" project to be in 2013. Corresponding investments in structures, technology and in extended staff capacities were made in 2012 or will be made in the course of 2013.

Market growth of 1.9 per cent is expected for 2013. Momentum is given by the Energy Saving Ordinance, which is having a positive effect on the renovation market and



New storage concept for the fittings range

Investments in structures, technology and employees

thus on building hardware. E/D/E expects a decline in turnover of 4.2 per cent and thus a turnover volume of 791 million euros in 2013. This decline is mainly caused by a solely statistical effect, which results from changed assignment of certain suppliers' turnover.



Website combines manufacturer-independent information for end customers

Building elements specialist area

At 232 million euros, or minus 0.3 per cent, the specialist area building elements achieved a result just below the record high level for turnover from 2011. The general market development of plus 3 per cent was therefore missed. This is mainly due to the fact that E/D/E members could only partake a little in the strong growth in the area of living room doors for the residential construction business due to their market orientation.

The high turnover level was achieved through a number of different E/D/E activities. With the slogan "Überzeugen. Begeistern. Handeln", the website www.bau-wiki.de was started in September 2012. This combines manufacturer-independent information for end customers on the subjects of interior doors, gates and frames. The portal shall be extended further in 2013.

Additional further education measures

Another focus of activities in 2012 was the training and further education concept service Industrietore ("Industry doors"). Hence, the sharp increase in technical demands of members in this division were taken into account more. Implementation of individual further education concepts is planned for 2013. Additional further education measures are also planned for 2013 with the PRO.ELEMENT days.

Total turnover of 218 million euros, or a decrease of almost 6 per cent is expected for 2013, with expected market growth of 1.5 per cent. This is primarily due to changed membership structures in wood trading, which will have a negative impact on the total turnover for building elements.

Fastening technology specialist area

The specialist area of fastening technology could not maintain the previous year's level for turnover. Total turnover of 147 million euros in 2012 is a decrease of 7 per cent for target growth of 5 per cent. E/D/E performed relatively well in view of the two-digit overall market decline.

In 2012, a new specialist group catalogue brought fastening technology onto the market. With 890 pages and around 73,000 products, the catalogue has been optimally adjusted to the increasing market demands of B2B members.

One focus during the current financial year is the expansion of specialist group services and expert group work. The focus here is on cooperation with selected industry partners, as well as the systematic expansion of storage. B2B members form the basis for this from building hardware trade and from the sales concept B2B systems.

It is expected that the overall market for fastening technology will develop slightly retrogressively at minus 1 per cent in 2013. E/D/E expects a decline in turnover of 12 per cent, which will be mainly due to turnover effects caused by the end of cooperation with hagebau.



Systematic expansion of storage

Building equipment specialist area

The building equipment specialist area closed 2012 slightly below the previous year's results at a turnover volume of 134 million euros. The decline amounted to 1.4 per cent, with target growth of 5 per cent.

In 2012, the specialisation of distributors could particularly be taken into account more with the new, over 800 page specialist group catalogue for building equipment as well as the significantly improved clarity of the range. With a high total circulation totalling 60,000 copies, the catalogue participants were able to compile individual catalogues through 8 interchangeable versions.



Specialisation of distributors was taken into account more

The FORMAT building equipment range was positioned successfully on the market in 2012 with new portfolio parts and a revision of previous components. The positive result of this realignment was a turnover increase of 9.4 per cent for the FORMAT trademark ranges. The FORMAT turnover is to be expanded in 2013 through additional innovations and intensive specialist group work.

The rental park concept for building equipment distributors was expanded in 2012 and supplemented with service components such as the system "Mobile order entry on site". At the same time, it was possible to develop a basis for networking the range of MIETEplus services in corresponding internet shops of MIETEplus partners and these can be implemented in 2013. In addition, targeted further education concepts and training measures shall be offered to partners in 2013.

As part of the optimisation of organisational structures in E/D/E, the specialist area Building Equipment will be integrated into E/D/E business division III in 2013. This is to ensure that the divisions of power tools and company equipment important to building equipment distributors in business division III are interlocked even more intensively with the special ranges of the building equipment distributors and further growth momentum can be set.

Organisational structures optimised

The overall market expects a 1.5 per cent growth for the financial year 2013, whilst E/D/E expects a turnover volume of 129 million euros in 2013. The corresponding decrease of 3.8 per cent is mainly due to turnover effects caused by the end of cooperation with hagebau.

Industrial safety specialist area

E/D/E confirmed the record turnover of the previous year with 333 million euros in the reporting year 2012 overall. However, at a turnover increase of 0.1 per cent, the target growth of 5 per cent was not achieved. The overall market only grew by about 1 per cent in the reporting period.

In 2012, the E/D/E specialist group PREMIUM Arbeitsschutz (PREMIUM Industrial Safety) was founded. After appropriate discussions with leading industry representatives, the individual concept components were developed and adopted. The market launch of PREMIUM Arbeitsschutz (PREMIUM Industrial Safety) is scheduled for 2013.

The concept FAVORIT data management formed another focal point of 2012. Current demands of important industrial customers and major foundations for successful internet business were analysed for this and incorporated into the data management concept. Marketing measures for ear moulds were also developed in the specialist group FAVORIT, which will be implemented on the market in 2013.

FORTIS trademark further developed

In 2012, the trademark FORTIS was further expanded and brought to the market supported by the new industrial safety catalogue for B2B members. All products are produced by well-known suppliers to ensure high quality standards under E/D/E requirements. The CircumPRO trademark was also developed for the retail industry in 2012. This includes an extensive industrial safety range in addition to tool and colour ranges. The launch of corresponding range components for retail took place with the start of EURO-DIY at the beginning of the current financial year.

At the beginning of March 2013, the new 640 page specialist group catalogue with various changeable variants was brought to the market. The changeable variants support the increasing specialisation of E/D/E members as well as the various specialist group sales groups Industrial Safety, FAVORIT and PREMIUM Arbeitsschutz (PREMIUM Industrial Safety).

The highlight of 2013 is the industry's leading trade fair A+A in Dusseldorf. E/D/E will be represented with a new trade fair concept together with the FAVORIT Group. The specialisation of FAVORIT partners and future-oriented data management and technical trade form other focal points for 2013.

It is expected that turnover in the specialist area of industrial safety will increase in 2013 by 1.2 per cent to 337 million euros. It will not be possible to fully achieve the expected overall market growth of 2 per cent due to special effects caused by the end of co-operation with hagebau.

Technical trade specialist area

Following the enormous growth spurts in 2010 and 2011, E/D/E members in the Technical Trade division were not able to participate in large industry projects in 2012 as planned. Hence, E/D/E's growth target of 6.6 per cent was not met. In total, the specialist area of technical trade confirmed the very good result of the previous year and, with a turnover of 207 million euros, only closed 0.5 per cent below the previous year's level. The overall market still grew slightly by around 1 per cent in the reporting year 2012.

The specialist group Technical Trade supported further specialisation of specialised distributors in 2012. Hence, the specialist issue of mobile drinking water supply was redesigned in the Hoses & Fittings division and a revised brochure was brought to the market in close cooperation with selected suppliers. In the Seals & Profiles division, a comprehensive reference book for specialists in Technical Trade was developed and brought to the market in January 2013.

Another focal point of specialist group work 2012 was the development of the foundations and ranges for the new industrial technology specialist group catalogue, which will come onto the market in the second half of 2013.

An international direction was pushed for the trademark E-COLL in the Workshop Material division. What is remarkable here is the setup of data foundations including safety data sheets and appropriate labelling.

Content expansion of the range in the E-COLL division is planned for 2013. The pneumatics range will be realigned in 2013, and the specialisation of the Hose and Seal Technology divisions will be further pushed.

To consistently support the launch of the new industrial technology specialist catalogue, which will be launched in autumn 2013, a Technical Trade marketplace will take place for the first time with the participation of leading distributors and industry representatives.

For the financial year 2013, turnover growth of 2.5 per cent is expected in the Technical trade specialist area. This planning is in line with general market forecasts, which also predict market growth of 2.5 per cent.



Large specialist distributors were supported in specialisation



Pneumatics range partially redirected

Cooperation right from the beginning

The E/D/E Juniors, a group of dedicated young professionals from member and supplier companies of E/D/E: They come together at regularly meetings held throughout Germany to prepare for the upcoming leadership roles in their companies together, and to exchange experiences. Something unique within the sector: Nowhere else are business successors encouraged so specifically and prepared for the future through seminars and company visits.

In January 2013, they visited E/D/E in Wuppertal, which included gaining a detailed view of the processes in logistics of the association.

Hand in Hand



and

E/D/E



Stable despite bad economic prospects

B2B business division III: Company Equipment, Power Tools, Welding Technology

Turnover development in the B2B business division III (in millions of euros)

	2008	2009	2010	2011	2012	2013 (target)
Power tools						
Pneumatic tools	440	416	446	504	499	438
Welding	56	31	35	42	42	42
Company equipment	210	176	193	222	228	222
Total	706	623	674	768	769	702

Unexpected weak market development

The B2B business division III was only able to achieve slight turnover growth of 0.2 per cent in 2012, carried by positive development in the division of company equipment at 2.7 per cent and the previous year's result in the division of welding technology with slight declines in the power tool range at minus 1 per cent. The target 5.6 per cent was however not reached by a significant amount, as market development was unexpectedly weak in the strong turnover product area of power tools.

E/D/E brought new catalogues to the market in B2B business division III in all specialist areas on schedule, which triggered additional turnover momentum. With new structures in the individual specialist teams, the specialisation in purchasing and product management, sales management, as well as administration/data management was further expanded and the foundations were laid for an improved service range.



New catalogue provides for positive turnover effects in 2013

Company equipment

It was possible to expand total turnover in the Company Equipment division to 228 million euros, and thus growth of 2.7 per cent was achieved in comparison to 2011. The target plus 3.8 per cent was still not reached, as overall market growth lagged behind expectations.

As part of the 6 regional meetings conducted, the new PREMIUM Betriebseinrichtungen (PREMIUM Company Equipment) catalogue was released with a total circulation of 110,000 units. With around 18,000 products from the divisions of plant, storage, transportation, environment, chemistry and office, this catalogue will continue to trigger positive turnover effects in the financial year 2013 as well.

The UNION Betriebseinrichtung (UNION Company Equipment) catalogue was also re-designed with a total of 17,260 products. With a completely renewed design, almost 110,000 copies were brought to the market in 2012 by the 80 participating concept partners. In addition to the ranges of transportation, plant, storage, environment and office, the category outdoor installations was incorporated into the catalogue with specialist products. Extensive catalogue training as part of the PREMIUM regional meetings and UNION marketplace supported the launch of both catalogues in a targeted manner.

EDE International and the specialist area Company Equipment implemented the training and sales concept "Marketplace" for the first time for members of the PREMIUM Group in the Benelux countries. The launch of the new catalogue, which was released in February 2012 with 12,000 different products in an edition of 17,000 copies, was the occasion for this.

Another focal point in 2012 was the development and introduction of the 3D planning software pCon.planner for various company equipment products. This software is to support the sales promotion measures of E/D/E members in a targeted manner, by consistently improving planning work for end customers. In 2013, the database will be systematically further developed or expanded. In addition, new ranges from the divisions of packaging and office material will be developed in 2013 to open up additional turnover potential.

With market growth of 4 per cent expected for 2013, E/D/E plans a turnover decline of 3 per cent. The reasons for this development are negative turnover effects caused by the end of cooperation with hagebau.

Welding technology

The division of welding technology closed at the previous year's level with an overall turnover of 42 million euros; the target of plus 6.1 per cent was not met by a significant amount. After good market development in the first and second quarters 2012, the turnover for welding technology ranges in the second half of the year dropped significantly. Reserved investments in new plant for welding equipment and increased



Outdoor installations were included in the UNION catalogue for the first time

New planning software supports sales



Restrained investments in new plant

price pressure for welding consumables, triggered by new suppliers from southern Europe, particularly hindered further growth.

E/D/E was able to integrated 3 new members into the specialist group in 2012. In January 2012, the new welding technology catalogue with a circulation of 45,000 copies and 9 additional ranges from various manufacturers was released.

**Welding technology marketplace
with positive response**



Image campaign increases awareness and should generate turnover growth

As in the previous year, 6 regional meetings for specialist group members were held in 2012. The objective here was to expand joint activities for marketing and to further optimise the sales and marketing community of members. At the same time, a welding technology marketplace was successfully implemented in March 2012 for the first time. The positive response of all participants from industry and trade was the reason behind the decision to implement the marketplace as a fixed establishment every two years.

The specialist group of welding technology launched an image campaign to increase awareness, with full-page advertisements in the industry magazine "Der Praktiker" and in "PVH Magazin", which is also supported by the most important suppliers of welding technology. In the text of the advertisement, the "strongest community of welding technology distributors in Germany" is highlighted. New advertisements are planned for 2013. The objective is to generate turnover growth in the specialist area of welding technology.

The FORMAT trademark will be extended by an additional range in the Machines division in 2013. The basis for this was developed in 2012 and corresponding supplier partners were selected. Implementation is to take place in the first half of 2013. Other focal points will be activities relating to the 20th anniversary of the specialist area in June 2013 and the new welding technology catalogue with 25 expected changeable versions.

In light of the expected market growth in 2013, E/D/E plans a turnover increase of almost 1 per cent. Despite an improved willingness to invest from the main customer groups in welding technology, stronger growth rates are not expected.

Power tools and pneumatic tools

Power tools and pneumatic tools closed 0.9 per cent below the result from 2011 at their significant turnover volume and 36 million euros below target. In total, a turno-

ver of 499 million euros was achieved. The reason for the weak development was the general subdued demand in the case of leading power tool manufacturers. In addition, the positive expectations for the expansion of E/D/E's international business in 2012 were not fully met due to the economic problems in many foreign markets.

Intensive catalogue work was the business division's main initiative in 2012. In accordance with the annual innovation cycles of many power tool and pneumatic tool manufacturers, the power tools catalogue for E/D/E sales groups are updated annually in the E/D/E specialist area. The innovation driver in 2012 was battery technology, which triggered significant growth momentum in the current financial year due to various product innovations.

The specialist area catalogues were released with a total circulation of 200,000 copies. In the PREMIUM catalogue, a new product range for stainless steel processing was integrated in 2012. Additional expansion of the number of products by about 5 per cent is expected in power tool catalogues for the PREMIUM and UNION Groups in 2013, so that the application scope, which is becoming wider, can be better fulfilled.

Market growth of 3.5 per cent is expected for 2013. Overall, a 12.2 per cent turnover decline is expected for the specialist area of power and pneumatic tools, due to negative turnover effects caused by the end of cooperation with hagebau.



Subdued demand for power tools

Number of products in the catalogues extended

Record result exceeded again

B2B business division Building Technology

Turnover development (in millions of euros)

2007	2008	2009	2010	2011	2012	2013 (target)
614	651	800	916	1,001	1,089	1,142

The Building Technology business division surpasses the target with its turnover. The VGH International grouping mainly gains a lot with new members.

After an outstanding financial year 2011, in which the Building Technology business division made a leap to a turnover of 1 billion euros, the turnover increased again in 2012. This was at 1.09 billion euros and thus was 6.2 per cent higher than the target figure, and 8.7 per cent more than the previous year. Meanwhile, the German Federation of Building Technology (Deutscher Großhandelsverband Haustechnik) reported growth of 3.5 per cent on the previous year for 2012.

The situation in German sanitary and heating wholesale is characterised by ongoing concentration processes in trade. Despite positive turnover developments, many wholesalers suffer from increasing competitive pressure and the associated margin loss.

The skilled trades sector recorded a predominantly high workload in 2012. With a total of almost 53,000 companies, the number of trade businesses in housing and building services fell slightly below the previous year's level, according to Vereinigung Deutsche Sanitärwirtschaft e. V. (German Sanitary Industry Association, VDS).

WUPPER-RING

The turnover in WUPPER-RING once again increased by 1.7 per cent in 2012 and thus stayed 2.5 per cent below the target. In total, a volume of 392 million euros was achieved.

2007	2008	2009	2010	2011	2012	2013 (target)
376	386	344	363	386	392	411

The wholesalers organised in WUPPER-RING now need specialist strategies in the environment of increasing competitive pressure to be successful in the market. This means that the proven Uplus strategy will introduce the member companies to a successful direction towards selected manufacturer brands and the trademarks FORMAT and FORUM. Furthermore, purchasing conditions are optimised through periodically implemented postal purchases and interesting quantities are handled centrally by WUPPER-RING for supplier partners.

Heating

For Germany, DG Haustechnik expects turnover growth in the heating division of 3.7 per cent on the previous year. WUPPER-RING could not support this development to the same extent. This is due to specific individual developments in the membership group. For selected key suppliers, for example in the divisions of heat pumps and solid fuel boilers, WUPPER-RING was able to close above the general market level overall.

The main focus of WUPPER-RING activities in 2012 was on the improvement of purchasing conditions. This was particularly noticeable through postal purchases in heating fittings, pumps and underfloor heating components, which were also very successful in the division of heating. The new electronically controlled instantaneous water heater was introduced at the beginning of the year under the FORMAT trademark.

Sanitary and installation

According to DG Haustechnik, the industry developed at 3.1 per cent and 3.6 per cent in these ranges; at a similar level to the heating division. In this product area, WUPPER-RING's failure to meet targets was due to a decline in members.

In summer 2012, FORMAT design ceramics were introduced to the market with great success. The FORMAT Intro shower partition range established itself well. The FORMAT Sinus 35 tap series developed well above the planned approach, after successful repositioning.

In addition to the existing price lists, WUPPER-RING members have been able to apply a separate price list for the FORMAT trademark range to customer processing from April 2012 onwards.

Exclusive WUPPER-RING marketing of the GROHE tap series Eurocube must be emphasised as part of the Uplus concept 2012. A newly designed brochure for WUPPER-



Strategies against competitive pressure

FORMAT design ceramics introduced to the market with great success

RING, special training and sales measures and a specially designed webpage are also important innovations. On www.myeurocube.de, tradesmen and end customers can learn about the range of services in the tap series and find concept participants in their own area easier.

Market share to be recovered

WUPPER-RING provides an extensive marketing concept for shower partitions under the HÜPPE PREMIUM Pur! brand. The aim is to recover market share from the competition in two-tier sales channels.

The participating member companies try to expand their awareness in the region consistently through the joint trademark "See baths.plan.buy.", with the support of WUPPER-RING. The range of services includes a centrally maintained website as well as print advertising and in-house events, and is rounded off with a separate training programme PROMIS.

Building technology data management

With 900,000 instances of product master data in the data pool of Building Technology, the portfolio has been significantly expanded in comparison to the 650,000 instances of listed data in 2011. All master data is maintained in accordance with data quality standards and is also linked to the respectively applicable purchasing conditions.

Data management team has been expanded

Disregarding duplicates, the database has 472,000 images, of which 85,000 are linked to online applications. Overall, about 2.3 million instances of supplier master data is available today in the basic database. The Building Technology data management team has been extended to 15 employees for proper maintenance and further development.

VGH International and mah cooperation partners

	2008	2009	2010	2011	2012	2013 (target)
VGH	265	296	347	390	468	491
mah		160	206	225	228	240

As in 2011, the two cooperation groups VGH International and mah developed significantly above the target and significantly contributed to the new record result in the B2B business division Building Technology. Turnover processed by E/D/E central payment rose by 78 million euros at VGH in 2012 (19.9 per cent) and by 3 million euros at mah (1.4 per cent).

VGH International growth was due to membership additions. All VGH members also achieved a positive turnover development in 2012.

Cooperation with the VGH International and mah distributor groups is reliable and successful. In addition to central payment including del credere, E/D/E also supports partners with services in the areas of organisation/IT, eBusiness, data management and marketing.

A new installation catalogue with tool, company equipment and industrial safety ranges was developed for mah, and successfully introduced to the market.

VGH International was able to gain new members. In the concluded financial year 2012, GévierDales B.V. from the Netherlands and SHT Haustechnik AG from Austria joined the cooperation group.

B2B business division Building Technology outlook

The business division plans a turnover growth of 4.9 per cent for 2013. A rate of 3 per cent is expected domestically as industry growth in Building Technology.

WUPPER-RING will gain 4 new member companies in the current year, 3 of which in Belgium. Extensive sales activities are being prepared for 2013 as well. New trademark products, a completely new approach to the topic of the comfort bath, particularly advertising activities in the joint trademark "See baths.plan.buy." and the launch of exclusive branded products emphasise the creativity and innovative strength of the WUPPER-RING distributor community.

Extensive sales activities
also planned for 2013

The mah portfolio members expect growth of 5 to 6 per cent. Member loss can only partially be offset by this, so a turnover decline of 6 million euros is planned for 2013. Increases - for example through special growth rates of individual member companies - are not to be expected, as the trade plants both in the sanitary and in the heating division are working with a very high workload.

VGH recorded continued positive development in 2013 with two membership additions Sanitop-Material Sanitario Lda. from Portugal and Technopoint Sanitrends from Slovakia. It is planned to gain additional members from European countries in 2013 and to optimally develop the VGH Group. Growth of well above 5 per cent is expected.

UNION STAHL members benefit immensely

B2B business division UNION STAHL-HANDEL

Turnover development (in millions of euros)

2008	2009	2010	2011	2012	2013 (target)
845	442	616	815	884	911

Purchasing platform is an important competitive factor

UNION STAHL-HANDEL is an association of active and efficient steel distributors under the E/D/E umbrella. The structural changes in the steel market increasingly effect small and medium-sized companies and make a purchasing platform an important competitive factor. Over 130 member companies take advantage of this alliance in E/D/E. The aim of UNION STAHL-HANDEL is to promote and support partner distributors in the steel product area in technical and economic terms. This includes concentrating on E/D/E members' demand for steel to maintain efficient business relationships.

2012 was very positive for the E/D/E business division of steel. Associated members were able to generate a very good level of business. UNION STAHL-HANDEL was able to benefit from this high demand. 2012 closed with a turnover result of 884 million euros. This represents an increase of 8.4 per cent in comparison to the previous year is significantly higher than the expected 856 million euros (plus 5 per cent).



Very positive financial year

In the overall market, purchase prices for essential products such as bar steel, beams, steel strip, section pipe and structural steel dropped from the second quarter. This trend continued until a low point in the fourth quarter. Only prices for structural steel, which remained largely stable in the first half of the year, plummeted in July. After corresponding orders for the manufacturers, prices for structural steel rose again to the year's high.

Towards the end of 2012, beam and bar steel manufacturers increased their prices considerably. This is mainly due to the fact that the scrapping price increased significantly in the last two months of 2012. Many UNION STAHL-HANDEL members placed orders in good time, before the price increases, and review whether there are increased prices on the market now in 2013.

UNION STAHL-HANDEL was able to benefit significantly from the increased amount of business of E/D/E members. The demand could mainly be ordered with E/D/E contractual suppliers, which was linked to achieving attractive bonus levels for many E/D/E members. Many E/D/E steel distributors concentrated their orders and thus further increased their volumes and associated bonus volumes.

The 10th UNION STAHL forum took place in autumn 2012, this time on the highest mountain in Germany. Over 180 participants accepted E/D/E's invitation to the mountain. Speakers such as Dipl.-Ing. Max Aichner contributed to the success of and positive response to the forum.

In summer 2012, UNION STAHL-HANDEL held 6 regional meetings, at which members were able to find out about things like the new DIN EN 1090 standard. Other topics included the current market developments and new purchase prices and identifiable trends. The sustainable, continuous networking between members is one of UNION STAHL-HANDEL's greatest strengths.

Due to the continued volatile price development in steel, UNION STAHL-HANDEL also extensively analysed the market in 2012, quickly responded and made timely forecasts. All members receive extensive pricing information weekly via the extranet.

The rapid growth of raw steel production across the world has levelled off over the years. According to Worldsteel Association, the plus is only 1.2 per cent. The 27 countries of the European Union report declines of 4.7 per cent, South America 3 per cent and Asia a plus of 2.7 per cent - including China with 3.1 per cent. German raw steel production declined by 3.7 per cent to 42,661 million tonnes. The local workload of 85 per cent is, however, still significantly higher than the international average.

European steel producers are increasingly active in the German market. It is mainly market participants from the crisis countries Spain and Italy that are looking for new markets in other European countries. In contrast, there is no significant import pressure from overseas in Europe.

Outlook 2013

It is expected that residential construction will remain stable. There are also more positive signals from the automotive industry, which shows continued export success. The same applies to the chemical industry as well as machine and installation construction. Despite the critical economic development in some euro countries, good foundations were still laid for solid growth in 2013.



Successful UNION STAHL forum on the Zugspitze

Local workload higher than international average

Also connected online

As easy as this to get to customers? E/D/E eBusiness expert Christian Raasch was also previously amazed at the Multishop options - today, he trains employees from member companies, like André Felschen (left) and Roland Kötterheinrich from Sohlmann GmbH.

Like over 200 other qualified specialist wholesalers, Sohlmann is also involved in E/D/E's eCommercesolution, which makes a digital connection to customers possible in a comfortable manner. Tangible benefits such as individual layout, ease of use or the connection to your own merchandise have made the difference - and, of course, the services related to the Multishop, which E/D/E naturally includes.





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Rolar

Development and communication as a focal point

Business division Strategic Membership Development/ Systems

13 new B2B members gained

Leading specialist wholesalers were once again gained as E/D/E members in 2012. A total of 13 new B2B companies from industrial wholesale distribution with a turnover volume of approximately 70 million euros have teamed up with E/D/E. The importance of international development can clearly be taken from the access of 6 European memberships.

The industry focal points of the new E/D/E members are in the divisions of building technology, steel and tools. The total number of B2B companies was therefore exactly 1000 members at the end of 2012. 18 B2B members withdrew in 2012 primarily due to financial problems. Other reasons were business closures and sell-offs. The turnover volumes of the distributors that withdrew totalled 25 million euros. The number of retail members fell to 354 companies in 2012. This equates to a decrease of 14 companies in comparison to 2011. Concentration processes in retail and business closures were the main reasons for this decline.

HolzLand GmbH – cooperation successfully started

The support and further development of E/D/E and EK specialized wood retailers in the product areas of wood, wood products and wood construction was started as scheduled together with the cooperation partner HolzLand GmbH on 1 January 2013. With turnover of more than 760 million euros per year and a partner network consisting of over 250 traders, HolzLand GmbH is the leading systems centre for the wood sector.



Market-leading system centre: HolzLand

The basis for the cooperation is the respective range of services of HolzLand and E/D/E, or EK. As previously in the area of building elements, members use E/D/E's services whilst they fall back on HolzLand services in the divisions of wood, wood products and more. In addition, more than 250 HolzLand partners have been able to use E/D/E storage with around 80,000 products since 1 June 2012. After a rather slow start, various marketing activities are planned for 2013, which are expected to increase the stock turnover of HolzLand partners.

New company networks in E/D/E

The development and establishment of company networks form the focal point of activities in the business division Membership Development/Systems in 2012. E/D/E specifically supports structured information exchange between partners from their own member group through the establishment of company networks. Issues such as company key figures, controlling processes for company management and industry and market development are the focal points.

Due to a very positive response, it was possible to gain around 40 member companies in 2012 for 4 new network groups. In addition to existing and new company networks, young entrepreneurs and young professionals are to be supported in groups with specific measures in 2013. The aim here is to further educate the future leaders of member companies optimally and to establish personal contacts to leading companies from the E/D/E member and supplier group. In total, over 10 entrepreneur groups with new content and new direction are to be supported and further developed by E/D/E in 2013.

B2B sales systems

With 9 additions, the B2B sales systems set a new record of a total of 206 system partners in 2012. Development in the construction industry relevant to many members of the B2B sales systems showed a growth plus of 2.3 per cent, according to information from Zentralverband Deutsches Baugewerbe. Accordingly, partners of the The HANDWERKSTADT, PLUS 1 and PROFI FACHMARKT sales concepts benefited in 2012 primarily from the extremely good order situation in the skilled trades sector and the high willingness to invest in division of renovations and renewals.

The business division plans 26 new additions for 2013, including 3 in the system HANDWERKSTADT, 6 new PLUS 1 partner and 17 partners in the newly constructed EUROGARD (engine specialists) service area. With the end of cooperation between hagebau and E/D/E, cooperation with the hagebau companies ended in the PROFI FACHMARKT sales concept in 2012.

HANDWERKSTADT

The order situation in the skilled trades sector remained stable in 2012 at the previous year's level. The HANDWERKSTADT partners benefited in almost all product areas with a turnover growth of 1.6 per cent amongst the major system suppliers. The turnover development in the product areas of hand and measuring tools and power tools at plus 1 per cent each remained slightly below overall development.



Future leaders optimally trained

New record level in B2B sales systems reached

Numbers by B2B sales systems

	2011	2012	2013 (target)
HANDWERKSTADT	72	72	75
PLUS 1	50	50	56
PROFI FACHMARKT	75	75	-
EUROGARD	-	-	17
Number of system partners	197	197	148



Partners benefit from sales systems

In 2012, the new specialist catalogue HANDWERKSTADT was successfully brought to the market with a total circulation of over 50,000 copies. The expansion of support programmes with 10 contractual suppliers at present was another main focal point of 2012. Member workshops for the FORUM trademark played a special role in 2012. The results of this workshop were additional marketing activities, which were implemented on the market with a positive effect on turnover from the third quarter 2012.

To meet the growing demands in the marketing of B2B systems, the seminar series PRO³ begins in 2013 with an emphasis on sales, analysis of target customer groups and increasing efficiency. At the same time, support programmes with concept suppliers will be further expanded. To further utilise the market potential of HANDWERKSTADT partners, a member and user survey on the FORUM trademark will be conducted in 2013.

PLUS 1

Growth target achieved

The PLUS 1 concept was extended to a total of 57 partners in 2012, and the growth target "PLUS 1 concept partner expansion" was therefore achieved. The PLUS 1 group recorded a turnover increase totalling 5.5 per cent for concept suppliers. At around 40 per cent of the total turnover of PLUS 1 partners, the turnover share of private end customers stabilised and positive influenced growth in 2012.

Sales mainly increased disproportionately in the product areas of power tools at 11.2 per cent and stationary machines at 8.1 per cent. The expansion of the PLUS 1 group by 6 more members is planned for 2013. In addition, turnover is to be increased through the new PLUS 1 specialist catalogue with over 1000 pages.

EUROGARD (engine specialists)

The product areas of garden equipment, lawn lawn mowers, chain saws, wood splitters and more grew into an important business segment in the past year for many

E/D/E members. To be able to meet the demands of this development, the B2B sales systems division is developing a new engine specialists service and plans the introduction of a new sales concept for engine specialists in 2013.

New sales system picks up market development

The first foundations for the new concept were laid as early as 2012. Main service areas are specialist services for end customers as well as a marketing package for commercial target groups. This package includes services relating to workshop equipment, site planning, shop and showroom planning, marketing via internet shops, and product supply, with the support of E/D/E central storage logistics for additional product areas. Under the EUROGARD name, a new specialist group will be created in 2013 that will introduce the new concept components and service to the market.

Materials management and industrial services

Cooperation and service alliances for MRO full supply are becoming increasingly important. As well as electronic procurement, new logistics systems such as RFID, Scanner and Kanban are becoming increasingly more important for the optimisation of processes in material storage. Accordingly, logistics systems were expanded and professionalised in the division of industrial services in 2012. Material flow control through RFID technology was developed for products from the Industrial Safety division and extended to other products that are not suitable for merchandise issue systems.

Logistics systems expanded in industrial service division

All eCommerce systems and concepts were reviewed in 2012, adapted to new industry requirements and shown in the eFactory. The eFactory is a showroom for industrial customers, in which the technology of electronic dispenser is demonstrated and interface solutions of systems are explained.

The E/D/E specialist group eLogistics discussed the latest developments in material control systems in 2 conferences in 2012 and developed concepts for various procurement and logistics processes. In addition, questions on the topic of "handling tenders from industrial and consultancy firms" took centre stage. Other conferences are planned for 2013. Other E/D/E members are to be gained for the specialist groups.

It is expected that the business processes between distributors as service providers will become increasingly interlocked or automated in 2013 in the divisions of eProcurement and eLogistics for material flow optimisation and industrial firms. The range of services in the specialist areas of materials management and industrial services will be based on these demands in 2013.

Business processes increasingly interlocked and automated

Growth despite difficult European market environment

EDE International

Turnover development (in millions of euros)

2008	2009	2010	2011	2012	2013 (target)
516	458	518	599	634	743

DEL CREDIT
France

DEL CREDIT
España

EDE International grows: In 2012, international activities achieved the record level of 634 million euros, thus exceeding the figure from the previous year by 5.8 per cent. In almost all international markets, the volume could be expanded again. DELCREDIT companies in Spain and France were founded together with a long-term local cooperation partner to transfer central payment to other European markets.

Since 2011, E/D/E international activities have been controlled by the subsidiary EDE International AG in Zurich. EDE International is now represented in 24 countries, where there is a significant difference in the range of services of the core markets and regions with potential to support E/D/E members and suppliers as Europe's leading association in industrial wholesale distribution.

Business volumes
extended to record level

With its 186 direct members and a further 550 distributors indirectly linked to E/D/E via five partnerships, the association succeeded in increasing its total business volume to the record level of 634 million euros in 2012. This means a turnover increase in comparison to the previous year of 5.8 per cent, which is just behind the ambitious target by 3 million euros. A total of 15 new distributors and 65 new central payment suppliers were gained for international countries. Due to the ongoing economic crisis, 3 members withdrew in the current financial year due to business closures or insolvency.

In 2012, the structure of EDE International was further expanded and 2 new subsidiaries were founded in Spain and France. The EDE International strategy shows the establishment of local subsidiaries: Wherever it is appropriate and feasible, local structures shall be created to better reflect market conditions locally and thus to respond

more powerfully to specific demands. There is also a combination of a European supplier core portfolio with strong local suppliers on the supplier side.

2012 has shown that E/D/E sales concepts have been proven even in difficult market environments, and have enabled E/D/E members to detach themselves from the general market development. Thus, Spanish members increased their stock turnovers slightly at 0.7 per cent in 2012, despite their clearly dwindling market as a whole. This also led to interest in E/D/E memberships from new distributors.

Different developments could be seen in the European countries in 2012. In southern Europe, a generally difficult market conditions prevailed with dwindling volumes. In Central Europe, there were mainly stagnant markets, and only a few markets showed small levels of growth.

The development in Poland with a continuously growing market was particularly pleasing in 2012. EDE International increased turnover there by 19.3 per cent. Of this, increases of 21.1 per cent came from storage alone. In Slovakia, EDE International achieved increased turnover of 29.7 per cent 23.8 per cent of which in storage.

Particularly pleasing development in Poland and Slovakia

At plus 9.1 per cent, business in France developed significantly above that of competition and the market. The 1600 page FORMAT catalogue with 33,000 listed products was released there in January with a circulation of 23,000 copies. A total of 19 French E/D/E members received the catalogue, for which extensive training and workshops were initiated.

A positive description can also be given for Hungary, with plus 16.9 per cent in sales concepts, in contrast to the deteriorating market as a whole. A catalogue was introduced here in Hungarian for the first time. For this, the German FORMATplus catalogue had already been prepared for the Hungarian market in 2011. This was released in mid-April. It includes more than 30,000 products on almost 1400 pages, as in the German FORMATplus catalogue. The first of 9 catalogue workshops took place in mid-May.



FORMATplus catalogue released in Hungarian

The traditional focal countries of the Netherlands, Belgium, Austria and Switzerland developed differently. Business in the Netherlands developed negatively at minus 8.6 per cent, analogous to the general market development, most of which was in the steel and tools division. By contrast, EDE International grew by 30.6 per cent in Aus-

tria. This is primarily due to joint activities with the cooperation partner VGH International in Building Technology. The turnover increase was 4.3 per cent in Belgium. In Denmark, EDE International grew at 22.4 per cent, again primarily driven by cooperation with VGH International in Building Technology.

This means, divided into the 3 EDE International areas: Turnover in the North area declined by 1.9 per cent. This was solely down to the difficult market situation in the Netherlands. The Central Europe area grew by 22.2 per cent, mainly due to positive business in Austria. The South area grew by 5 per cent.

**Local central payment companies
founded in France and Spain**

To transfer the business model of central payment to new markets and to be able to incorporate local suppliers, local central payment companies were founded in France and Spain. In France, EDE International founded DELCREDIT France S.A.S together with the long-term cooperation partner Groupe SOCODA SA and DELCREDIT España S.A. together with CECOFERSA S.A. The central payment service can be used both by members of SOCODA and CECOFERSA as well as E/D/E members. Furthermore, EDE International participated in CECOFERSA to further consolidate the long-term cooperation and to create a basis for a mutual strategic programme.

The Swiss subsidiary ZEDEV AG continued to develop positively in 2012; turnover increased by 26.5 per cent. Online shops were introduced in German and in French in further support of members. In addition, the ZEDEV range was further supplemented by specialist Swiss products to meet regional needs.

**Investments in
management resources**

Heavy investments were also made in management resources in 2012. On a personnel level, both a new sales manager as well as a second Managing Director for EDE International were gained.

Outlook 2013

The overall market environment 2013 will not improve significantly. There are no large-scale changes to be expected in comparison to the previous year in the industry. For the South area, a slightly negative development shall further be expected. In most European countries, stagnant or low growth is expected at best. By contrast, noticeable momentum is expected for individual Eastern European countries.

EDE International nevertheless anticipates two-digit growth for 2013. This is a result from the organic growth of the existing members and from gaining new members and cooperation as well as the expansion of central payment business in Europe.

Two-digit growth
planned for 2013

The projects prepared in 2012 shall be fully implemented in 2013. DELCREDIT companies in Spain and France shall start operations in the current year.

Goods are important

Their discussions almost always revolve around goods: conditions, innovations, sales support and marketing. Because intensive exchange along the value added chain increases sales opportunities. WERA Sales Manager Ralf Tessun (right), Blumenbecker Managing Director Olaf Lingnau (left) and E/D/E Key Account Dirk Passerah agree: "Our partnership is an all-round winner."

E/D/E sees itself as a mediator and brings more than 3000 contractual suppliers and around 1400 member companies together. Sales concepts, trademarks, marketing support, central payment and logistics are just a few of the services with which the association benefits industry and trade equally.





Full service with full order books

Business division Marketing/Services



130 trainees came together at the industry conference in Leipzig

In 2012, the business division implemented over 500 individual projects. Due to the great demand for catalogue projects, restructuring took place in the division of catalogues. With numerous B2B advertising promotional measures, E/D/E supported its members in marketing activities. The E/D/E business division Marketing and Services offers the members of E/D/E a wide spectrum of marketing and promotional services. The ever-growing business division is also on hand for E/D/E specialist areas and E/D/E cooperation partners.

B2B catalogue and production

The online and printed catalogues are the most important sales point for E/D/E members and are still in high demand. Changeable and individual versions are becoming increasingly important. They are cheaper because they are easier to create due to complete electronic data accessibility. In 2012, the team worked on 47 catalogues with a total of 37,056 pages. Of these, 26 catalogues with 18,947 pages were completed. In 2012, the print run for all catalogues was 789,543 copies. 7 of the 47 catalogues were adapted for E/D/E partners outside Germany, of which 3 were completely finished. With the integration of the data management group, 70 E/D/E employees have now been working in the area of catalogues since the beginning of 2013.



Numerous activities also for WUPPER-RING

B2B advertising

The B2B advertising team acts as a full service advertising agency and gives support in the concept phase as well as graphic design. The main focal point is printed advertising. The team also implemented numerous projects in the online sector, however, such as the website for the joint trademark "See baths.plan.buy." for WUPPER-RING. For WUPPER-RING, B2B advertising was also active in designing the PREMIUM Pur! sales concept and in the launch of FORMAT Design, FORMAT Ceramics and FORMAT Kitchen Taps.

A highlight of 2012 was the two-day celebration of the 25th anniversary of the E/D/E trademark FORMAT Tools in Berlin. Everything from invitations and organisation, including gala evening, through to a complete communication concept was organised and executed by E/D/E. All marketing activities were also carried out for the 100th anniversary of the E/D/E member GROHE in Bruneck. In addition, B2B advertising produced the WUPPER-RING newspaper supplement in a 3rd volume, with 5 issues and a total circulation of 3.1 million copies. In addition to packaging design and implementation, the CircumPRO trademark for the new system centre EURO-DIY was in the spotlight.

Events and member qualification

The team manages trade shows and had 28 of its own E/D/E events in the reporting year - in-house exhibitions, specialist group conferences and marketplaces - with around 1000 participants in total. 3 young professional conferences were also held. The industry conference in Leipzig was attended by 320 E/D/E members and 454 E/D/E contractual suppliers with around 2000 people in total. For the first time, trainees from B2B met under the slogan "Support and promote trainees". Of the 130 young professionals, 100 came from E/D/E member offices and 30 from E/D/E itself. Due to the great response, it is planned to organise this again in 2014.



Around 2000 participants were educated at the industry conference

Outlook 2013

In the B2B catalogue and production division, E/D/E is also renewing the database in 2013, or the programmes running behind it. A new "Product Information Management System" (PIM) and a new system for generating catalogue pages will be implemented. Editing will also be certified in accordance with DIN EN ISO 9001:2008. 21 catalogues started in 2012 with a total of 18,109 pages and 33 new catalogues with 27,878 pages will be delivered. Organisation in 2013 in the divisions of B2B advertising and events includes the 20th anniversary of the specialist group of welding technology, the 50th anniversary of the E/D/E member Kistenpfennig and the in-house exhibition for the 65th anniversary of the member Werkzeug Weber. There are also the special industry conference and the E/D/E PANTA RHEI entrepreneur days. Over 140 customer projects were planned as early as the beginning of the current financial year. To cope with all future demands, the team was increased to 15 employees. The focus will be put even more intensively on individual services for E/D/E members with anniversary and event support as well as image brochures in 2013. This involves the marketing of service components as an overall concept and the further expansion of marketing support for E/D/E cooperation partners. Here, the business division is the focal point to place all services sustainably with customers.

Anniversary and event support intensified

Convince with retail expertise

EURO-DIY

E/D/E and EK/servicegroup combined their retail expertise in the divisions of DIY and Garden in the system centre EURO-DIY in 2012. EURO-DIY offers a portfolio of services that will meet the specific requirements of E/D/E and EK retail members with small and medium-sized retail space. This primarily includes professional category management, extensive component and listing maintenance, attractive conditions and versatile sales support.

Preparations for a successful start completed

E/D/E and EK/servicegroup finished all necessary preparations for a successful start to the joint system centre EURO-DIY as at 1 January 2013. This included the setup of the team with a total of 26 qualified members as well as the development of individual IT systems for listing data and the conclusion of attractive purchasing agreements with major suppliers. The core elements are the listings and components for the sales system WERKMARKT, which was developed with the help of an experiment and concept store established in April 2012 in Wuppertal specifically for this purpose.

Numerous marketing campaigns and optimisation measures are planned for 2013. The systematic development of EURO-DIY services in the division of garden equipment and the expansion of specialist retail orientation based on new CircumPRO trademark concepts for tools, industrial safety and colours are the focal points. To be able to meet the regional needs of associated retail members even better, EURO-DIY sales work shall be further intensified in 2013 and committee work extended to promotional committees and advisory boards.

Membership development in retail

Around 500 retail members, mainly with small to medium-sized retail spaces, responded positively to the range of services from the new EURO-DIY system centre. This was the result of the in-house exhibition EK LIVE in Bielefeld, at which EURO-DIY exhibited on an area of around 2000 square metres at the start of 2013.

Many members have expressed a desire to update their retail spaces, to highlight their expertise more and to therefore delineate more clearly from the large DIY chains. EURO-DIY supports this development with new components and individual brand concepts, an optimised range sequence or a shelf sequence in the markets as well as a revision of changeable spaces with products suited to the number of visitors. The adjustment of the range components with new, high-quality manufacturer's brand and trademarks with a simultaneously improved offers of conditions, is at the centre of further development. The EURO-DIY range of services supports the balancing act of distributors between the specialist retail market and local suppliers.

In the EURO-DIY experiment and concept store in Wuppertal, it was possible to test the new range components of EURO-DIY on approximately 1000 square metres, where shelf space allocations, range structures, space concepts, etc. were changed specifically and discussed with members in the market. In the current financial year 2013, this concept store will be further developed and the presentation of CircumPRO trademark ranges will be optimised.

As well as the expansion of individual range components, the scope of listing data provided will be increased in 2013. The objective is to provide members with a full list with around 350,000 pieces of data for 250 suppliers. The issues of website and online shop as well as promotional concept, which will include print advertising as well as well-known supplements, form further focal points.

Outlook 2013

The cut-throat competition will further intensify in Germany for large-scale competitors in 2013 due to the high construction market concentration. The turnover share of online trade is expected to increase at the same time.

Within this context, the range of services of E/D/E and EK retail members must significantly differ from the traditional construction markets with preferably smaller to more medium-sized retail spaces. EURO-DIY supports this process of trade partners, where special range components in the divisions of tools, industrial safety and garden/leisure specifically promote the partners' retail orientation. E/D/E and EK specialisation concepts are also offered, such as the PLUS 1 sales concept or the completely realigned motorist concept EUROGARD. EURO-DIY plans a turnover volume of 250 million euros with market growth of 1.5 per cent.



Concept store further developed

Special range components are specifically promoted

Expansion of expertise in the division of product and process management

Business division eBusiness

E/D/E introduces a new era of data management. In 2012, the electronic data centre project - eDC for short - was implemented. E/D/E assumes a responsible role in the division of data management as a link between contractual suppliers and distributors, as well as their downstream customers. A completely new product information system (PIM) will be introduced in 2013 as part of eDC. Extensive preparations for this change-over took place in 2012. In the eCommerce division, participants in the E/D/E Multishop significantly increased. The E/D/E catalogue app for iPad was successfully launched in 2012. E/D/E now successfully operates approximately 2500 electronic business process links with around 850 partners.

eCommerce – successful online trade

More than 250 member companies are using the E/D/E Multishop

More than 250 member companies, of which 47 were newly added in 2012, now use the E/D/E Multishop. The ratio of B2B to B2C members is 90:10. The E/D/E Multishop was extensively expanded in the past year, and is now available in French for the first members. An English and Dutch version was completed in 2012 and will go into operation in 2013. 15 different merchandise management systems have now been linked to the E/D/E Multishop through past implementation projects.

In 2012, MultishopPro was also brought to the market. This further development of Multishops, specially programme for industrial needs, offers outstanding features such as cost centre management, budget management and a streamlined approval workflow. Furthermore, access rights to the catalogue portfolio, through to the level of product information, can be individually assigned.

Catalogue portal app - mobile service

The iPad app brought to the market in 2012 offers quick and convenient searching in the E/D/E catalogue portal. The catalogue portal offers 1800 B2B catalogues with over

200,000 PDF pages online. It also provides detailed information on product features, different models and technical data in ranges from all of the industries. Features include reviewing eLC merchandise inventories and uploading individual catalogue or brochure PDFs to the intranet. Users can take advantage of the iPad's internal camera with the app to scan barcodes. Catalogues can be downloaded from the catalogue portal and are therefore also available offline.



E/D/E catalogue app successfully launched

Association communication - optimisation of business processes

The focus was placed on the building fittings and building technology sectors. As a result, E/D/E was able to win over 35 new suppliers and distributors for its electronic accounting/controlling service, which includes qualified digital signatures. The division now works with 206 contractual partners and realised 287 projects for these partners in the reporting period. Of these projects, 100 were added in 2012.

Companies sustainably reduce their costs with the service outlined. The switch to electronic invoices not only saves paper, envelopes and postage costs. Storage and archiving is also automatically simplified. E/D/E gives member companies example PDF invoices and process data and takes over verification of electronic supplier invoices. In turn, E/D/E suppliers are using E/D/E qualified electronic signatures more and more often or choose to archive electronically signed invoices with online access.

Outlook 2013

The necessary investments in employees, training and technology were made to introduce the new eDC (electronic data centre). In the sanitary and heating product division, E/D/E already offers an extensive data service. A total of around 800,000 instances of product data for all major suppliers are available to distributors. Based on the new PIM technology, this service will be extended to all product areas. Data for the most important E/D/E specialist area Fittings will be processed first, which includes more than 250,000 products with around 100 contractual suppliers. Specific preparations are also being made in the divisions Technical Trade and Industrial Safety. Then other industries represented in E/D/E will follow.

Data service is extended to all product areas

In future, all requirements, whether for ERP systems of distributors or for print catalogues, as well as for online platforms, will be covered by this extensive data pool.

Innovations guarantee first class service

Central division Service/Member Support



In the central division Service, essential services for member companies are brought together: Service Centre (Germany and Europe) Planning and Scheduling, Bonus Processing, Key Account Management and Framework Agreements for Member Companies (SPARPLATZ). In November 2012, the divisions Member Support, Member Acquisition and Expansion were integrated into the central division of Service. This ensures that important merchandise-independent external and internal services are brought together in one area of responsibility.

Quality of service continuously
measured and optimised

The quality and service initiative First Class Service 48, launched in 2011, forms the core element. In 2012, 98 per cent of all service requests were processed within the first 48 hours. The objective of increasing quality of service is continuously measured based on the processing time for daily processed such as complaints, credit and replacements, etc. It was possible to reduce the extent of complaints by around 50 per cent by 2012. At the same time, important quality parameters, such as E/D/E Storage's ability to supply goods, increased to 98 per cent in almost all product areas.

To further optimise the quality of service, themed weeks were introduced in 2012 for E/D/E employees. The focal points here were telephone accessibility, customer friendliness and environmental awareness. As part of a survey with almost 200 member companies, initially positive results could be observed: 96 per cent were "very satisfied" or "satisfied" with issues like accessibility or speed of complaints processing. For all divisions, school marks between A and A/B were given.

The following is planned for the central division of Service/Member Support in 2013:

- The E/D/E Framework Agreement will be significantly expanded and supplemented with new agreements.
- The degree of automation and planning and scheduling will be extended and the parameters for improving quality will also be optimised.
- Operative excellence and optimum service will be expanded through the First Class Service 48 programme and additional training weeks will be implemented for E/D/E employees.
- The process of member acquisition will further support E/D/E's growth process.
- The Member Support division will consistently support the E/D/E service programmes.

Operative excellence
to be further extended

Numerous improvements were achieved in 2012. The First-Class-Service 48 programme will also be gradually expanded in 2013 and the quality of service for all E/D/E members will be noticeably increased.

Comprehensive personnel strengthening

Business division personnel

E/D/E reaches highest employee level. Personnel and training initiatives were successfully implemented. It was possible to fill managerial and specialist positions.

E/D/E employed 865 members of staff at the end of 2012, 50 of which were trainees. This is the highest level in the history of E/D/E and an increase of 41 members of staff since the end of 2011. 6026 applications in the current financial year also outline the attractiveness of E/D/E as an employer. E/D/E is committed to training and further education, extensively promotes its employees' leadership skills and appears strong in the distribution of internal B2B knowledge.



E/D/E is one of the most popular training companies in the region

As a response to the demographic change, the Managing Director made the decision to recruit 20 new trainees each year. E/D/E strives to employ trainees later on. That's why E/D/E is one of the most popular companies for training in the region. In 2012, there were 960 applicants for training positions. Almost all E/D/E trainees passed their exams in 2012 with good or very good results.

Initial professional training is an important component in E/D/E. The main focus is the division of wholesale and international trade. In cooperation with universities of cooperative education in Thuringia and the Baden-Wuerttemberg Cooperative State University, E/D/E offers dual courses of study. Trainees switch between a theoretical phase at the university and the practical phase at E/D/E every 3 months. The course takes 6 semesters and is based on practical tasks. Training complements and deepens educational content with team days, internal education, supplier visits and participation in events for marketing training.

The Recruiting division was increased by weighting the deployment of staff differently within the business division. The job market for technical specialists has become narrower. Therefore, expenditure increases and EDE International is looking for these internationally. This alone results in personnel from many different countries and cultures. Within the meaning of diversity management, E/D/E uses its employees' diversi-

ty constructively. This includes a deep appreciation for older employees, an outstanding level of which are employed at E/D/E. The number of women in E/D/E is constantly increasing.

E/D/E is active on all internet platforms in recruitment and works with numerous recruitment agencies and service providers. Through systematic work in the Personnel business division, all managerial and specialist positions were successfully filled in 2012 - with good support from E/D/E management - contrary to the development in the job market as a whole.

In 2012, corporate health management was systematically launched. Sick leave is therefore actively counteracted. E/D/E is on its employees' side in a supportive and advisory capacity in rehabilitation into the company.

Corporate health management systematically launched

In 2012, the E/D/E further education programme was relaunched, which was extremely well received. 395 employees signed up for further education events 629 times in total. Specialist training will be incorporated into a multi-part modular system, which is specially structured based on the different requirements of individual professional groups in E/D/E. In addition to modules in the divisions of logistics and leadership and talent management, a division for the "best agers" has been offered since 2012.

As part of the relaunch, an after work division was started. After work, employees can take part in courses on various topics such as health, foreign languages, IT or yoga on E/D/E's premises and at E/D/E's expense.

Outlook 2013

The further education initiative started in 2011 and broadly implemented in 2012 will be further intensified, with special consideration for the two-layer system in the Logistics division.

Further education initiative intensified

Continually updated job profiles and regular feedback discussions between managers and staff from all levels of the hierarchy ensure greater employee motivation, better performance and optimal job placements. From this source, there is continuous momentum that will allow E/D/E to directly link discussions and further education programmes together in 2013 as well.

In the same direction

E/D/E cooperation with its members and contractual suppliers works particularly well in the PREMIUM group Building Technology as well. The partners work together to stay one step ahead of the market. For example, this is evident in the current GROHE Eurocube and PREMIUM Pur! concepts.

As at the PREMIUM Dialogue 2012 in Bremerhaven: In May 2012, 60 members of the group met to discuss their strategy for 2013. A one-off opportunity within the sector. Addressing issues was once again characterised by mutual trust and success. The participants also pulled together when collectively setting sail on the Alexander Humboldt II.





Successful start of ETRIS BANK

ETRIS BANK



Well-positioned for the future

Corporate bank for medium-sized industrial wholesale distribution

Upon establishing ETRIS BANK as a wholly owned subsidiary, E/D/E mainly positioned its core business field of central payment well for the future. This guarantees sustainability and stability for all partners. The systematically implemented strategy for professionalism and specialisation of all corporate divisions leads to other future prospects being opened up, through the institutionalisation of the financing activities.

After successful inclusion of banking operations in December 2011, the reporting period 2012, in addition to the smooth operation of central payment as part of E/D/E central payment, reflected the further development and expansion of the business activities. Extensive preparations and test work for the complete transfer of central payment were also made by E/D/E. As at 1 January 2013, this important milestone could then be fully implemented.

As an institution specialising in central payment, payments and trade finance, ETRIS BANK now leads all of the financial business dealings of E/D/E. ETRIS BANK is positioned as a corporate bank for medium-sized industrial wholesale distribution and is therefore aligned to the specific needs of the industry for member companies and contractual suppliers of E/D/E.

Central payment

During 2012, E/D/E central payment was constantly advanced as in previous years, and the core processes were consistently downsized as part of increasing efficiency. In this respect, the focus was on continuous service improvement.

The replacement of 3 central managerial positions in this business field significantly increased expertise in the divisions of central payment and financing once more. To guarantee our support approach geared towards continuity and reliability, our members and contractual suppliers will continue to actively have familiar contacts on hand even after the transfer of central payment to ETRIS BANK.

Our primary goal is still the sustainable strengthening of our members through excellent central payment handling. In addition, the previous business division Finance and Current Accounts also supported E/D/E in gaining new members from different countries and associations in 2012.

ETRIS BANK

As early as spring 2011, BaFin and Bundesbank granted ETRIS BANK a licence to provide financial services. Thus, it was possible for E/D/E to implement initial customer, merchandise and working capital financing and process a large part of payments through its own bank in 2012 even before central payment was transferred to ETRIS BANK.

The success of E/D/E member ratings also continued in the new bank in 2012. Around 400 trading companies accepted the offer of extensive analyses and professional reports on rating and intercompany comparison, and allowed themselves to be assessed in comparison to respective industries. With this service, E/D/E, together with ETRIS BANK has access to a unique selling point that no other purchasing association or industry institution can offer.

Hence, it was possible to continuously increase the number of companies that gain valuable momentum for their business with this service from the introduction of the intercompany comparison in 2010. The same applies to the financial year 2012. Over 150 of the companies that take part in the member rating now participate in the extensive intercompany assessment. The number of available annual financial statements with the respective history means that increasing member demand through the inclusion of new sectors and even better occupation of the already specified trade segments can also be expected for 2013.

Members benefit from the intercompany comparison assessment

All ETRIS BANK employees were intensively prepared for the complete transfer of the entire of central payment. The same applies to processes and IT systems that have undergone extensive revisions and technical adjustments to match banking standards within this context. After completion of test work and implementation of migration, E/D/E and ETRIS BANK have a guaranteed stable joint liability scheme in the implementation of central payment from 1 January 2013.

The close ties with members, contractual suppliers and E/D/E is a fundamental characteristic for the bank that natural closeness to the industry creates. Access paths to the capital market associated with the foundation of ETRIS BANK offer E/D/E and its partners potential additional trade alternatives.

One main objective of ETRIS BANK in the coming years is to support E/D/E and its employees in continuing international business. Intensive preparations for France and Spain have already begun, so that a significant amount of turnover can be generated there from 2013/2014.

Outlook 2013

The financial market crisis continues to leave its mark in the credit industry. If nothing else, the related effects can be seen with the continued low interest rate level. This characterised 2012 and will also have an effect on the current year. Paired with attractive valuation adjustments, this will entail special requirements for the balance sheets of many banks.

Further internationalisation in preparation

There will be big signs of preparation for further internationalisation of central payment in 2013. Corresponding structures and processes were set up in 2012 and are to be further developed conceptually in 2013. This means that other legal framework conditions can also be modelled from now on.

ETRIS BANK sees itself as well positioned for these challenges, with its focussed business model, clear future prospects and particular closeness to E/D/E.

Internationalisation off to a good start

Business division Organisation/IT

The business division of organisation/IT consistently further developed into an organisation and IT service provider for the entire E/D/E Group. Through new services, the value contribution of the business division Organisation/IT significantly increased the growth strategy of the E/D/E Group. State-of-the-art IT and standardisation are the basis for lasting success.

The major initiative for technical and organisational development of the business division Organisation/IT, running under the name "Fit for Future" was systematically continued in 2012. The aim of the initiative is the strategic further development of the service portfolio of the business division, to ensure the best possible support of strategic corporate goals.

Service portfolio strategically further developed

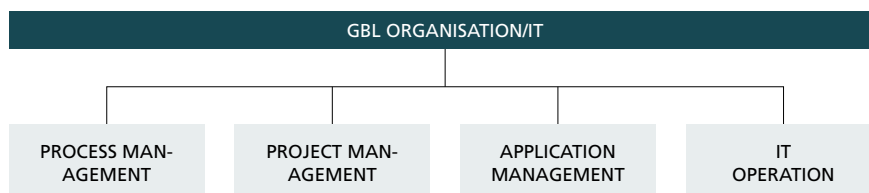
In 2012, the business division Organisation/IT managed to further develop into an international organisation and IT service provider for the entire E/D/E Group through extensive technical and organisational measure packages.

More efficiency through new structures

At the turn of 2012/2013, the business division Organisation/IT was restructured. The new structure is clearly aligned to the core tasks and various customer groups of the business division.

New structure is aligned to core tasks

4 teams ensure that the services of the business division are provided effectively and transparently for the E/D/E Group:





All projects are controlled centrally

Project management

Successful and quick implementation of projects is the key to success for companies. The project management team was therefore newly formed in the Organisation/IT business division in 2012.

The team's main tasks are:

- Establishing a project management culture within the E/D/E Group,
- Specifying project management methods
- Making employees qualified as project managers,
- Managing major projects,
- Supervising the entire project portfolio (resources, time, budget).

All E/D/E Group projects are centrally controlled by the project management team. The entire handling of E/D/E projects is further professionalised and the innovative strength and speed of the entire E/D/E Group strengthened by the newly formed project management team.

Another 46 projects are planned for 2013. E/D/E will invest 2.5 million euros here in order to improve efficiency and quality.

Process management

With a flagship project in logistics, the newly formed process management team had a successful start to the entire E/D/E Group in 2011. As early as 2012, process recording and optimisation began in logistics, catalogue production, central payment and within the business division of Organisation/IT.

Optimisation of all processes systematically continued

Recording and optimising all processes in the E/D/E Group will be systematically continued in 2013 as well. The corresponding projects are connected to corporate planning in a binding way.

Application management

The E/D/E Group standardisation initiative was continued in 2012 as planned. In the SAP release changes project, it was possible to restore over 70 per cent of all SAP modifications back to the SAP standard through efficient and structured cooperation between specialist areas and Organisation/IT. The change to the new SAP took place in Easter 2013.

IT operations

The reliability of the IT systems is an essential basis for operative excellence. All IT operations were therefore subject to external review in 2012. As part of process management, all IT processes were additionally tested and optimised.

Technically, migration to the new Microsoft version Windows 7 and Office 2010 was carried out in 2012 as planned. At the same time, software distribution and licence management was professionalised and implemented for E/D/E subsidiaries. After an extensive analysis and test phase, in which all other software products in use were intensively tested, over 600 workstations were changed in 2012.

Software changed for over 600 workstations

Development of the customer structure

As at 31 December 2012, E/D/E GmbH's central payment was transferred to ETRIS BANK as scheduled. The business division has therefore also been the IT service provider for ETRIS BANK from 1 January 2013.

In addition, the complete technical infrastructure for handling central payment in Spain was set up via DELCREDIT España S.A. and an extensive platform for product master data maintenance and sales was put into operation for the new E/D/E subsidiary EURO-DIY.

Personnel

The personnel initiative 2012 was successfully completed for the business division with 14 newly recruited Organisation and IT professionals.

The business division is therefore continuing to change consistently from a purely internal service provider to a professional Organisation/IT provider, whose services are also used by all E/D/E subsidiaries.

Consistent professionalisation of business division

Idea management

E/D/E's idea management system—idea!—was launched nearly 7 years ago in order to further optimise business processes at the association. The system offers all employees a well-structured opportunity to contribute their creativity for the benefit of the company. In 2012, the 580-idea mark was surpassed in 2012. This means that E/D/E employees have been submitting almost 80 ideas each year.

Storage business still at a high level

Central division Logistics



Fast and cost-effective delivery

With turnover of almost 190 million euros, storage remained at a continuously high level in 2012. Growth was particularly achieved again in the division of specialised sales concepts. The driving force of the storage business is parcel shipment.

Parcel shipment and end customer delivery

Fast and cost-effective delivery is essential expertise for trade today. Members and their customers have been given this expertise for years through E/D/E Logistics.

More and more members now consistently take advantage of the benefits of logistic service provision by E/D/E. Therefore, around 60 per cent of all deliveries were sent directly to end customers from the logistics site in Wuppertal on behalf of all members in 2012.

Over 70 per cent of all orders are now being shipped by the parcel service within 24 hours. In relation to order items, the share of around 50 per cent also increased to around 70 per cent. Parcel shipment is therefore the driving force in the storage business.

Investment in modern conveyor technology

With the 100 per cent integration of a new shipping buffer from the beginning of 2012, logistical requirements were set early on for further parcel shipment growth. Through this investment in modern conveyor technology, it was possible to significantly reduce the number of parcels per delivery. For members, this means significant savings in shipping costs.

In addition to investment in conveyor technology, further emphasis was placed on employee training. The logistics staff and employees in maintenance were intensively

trained and qualified in the new work processes and implemented conveyor technology, to ensure equipment availability and on-time delivery of customer orders.

In E/D/E Logistics, the course is therefore set for further optimisation of logistical processes for members.

Freight forwarding delivery rate

In addition to optimisation in parcel shipment, transportation conditions were also significantly improved for E/D/E members in freight forwarding in 2012. E/D/E now guarantees its members an average delivery rate of 98.5 per cent.

Delivery rate of 98.5 per cent guaranteed

This quality is unparalleled in the industry.

“First Class Service”

Under the motto “First Class Service”, year-round availability of the logistical services on offer was achieved in 2012. For the first time in the history of E/D/E, a permanent inventory was taken for the entire warehouse. The main advantage for all members is the ability to delivery even on days between Christmas and New Year, on which orders previously could only be placed and delivered to a very limited extent. The permanent inventory during the year provides for 1600 deliveries with 1300 parcels between Christmas and New Year, which means on-time delivery for members and their end customers.

Ability to delivery even between Christmas and New Year

Outlook 2013

The financial year 2013 will be characterised by a further increase of parcel shipping for Logistics. The requirements for quality and service improvements are set following this trend. To be able to cope with constant customer orientation, further investments in employees, processes and conveyor technology are the focal points of logistics alignment in 2013.

Help for children and young people in Wuppertal

Social responsibility

E/D/E continued its commitment in the social area in 2012 and supported numerous projects and organisations. The priorities for the future are Bergisches Land Children's Hospice, Junior Uni, and Station Natur und Umwelt. The E/D/E Foundation once again promotes talented young professionals from the B2B industry with specialised training.

Commitment to Wuppertal

Economic success is traditionally linked to responsibility and sustainability at E/D/E. As a family company with a history of over 80 years, E/D/E feels connected to its location of Wuppertal and the region. E/D/E and the E/D/E Foundation support numerous projects that help disadvantaged children and teenagers throughout the Wuppertal region. Organisations and institutions in the city that specifically offer help and points of contact for young people in need are supported. The emphasis here is placed on long-term partnerships, to support projects for a long time.

Promoting talented and dedicated young professionals

E/D/E Foundation

The non-profit E/D/E Foundation has been providing talented and dedicated young employees in the industrial wholesale distribution sector with stipends and grants since 2002. The recipients participate in sector-specific courses offered by the ZHH Bildungswerk education and training centre and are able to apply the knowledge and skills they gain to the work they perform at their own companies. The foundation, which was founded by Eugen Trautwein, supported the following courses in the past year in cooperation with the ZHH Bildungswerk education and training centre: technical management assistants for fittings, specialist consultants for field sales and technical management assistants for tools/machines. In all, 30 stipend recipients were able to pursue their vocational training at ZHH Bildungswerk in 2012.

Bergisches Land Children's Hospice

E/D/E is supporting construction of the Bergisches Land Children's Hospice in a project jointly managed by the Diakonie Wuppertal and Caritas charitable organisations. The Bergisches Land Children's Hospice Foundation set itself the tasks of hospice companionship and caring and supporting children with serious diseases and disabilities. As a major contribution to the establishment of the children's hospice, E/D/E handed over a donation of 600,000 euros in February 2012. The groundbreaking ceremony for the new building took place in December 2012. The facility is to be opened in 2014 and is a priority project for E/D/E.

Junior Uni Wuppertal

Junior Uni Wuppertal clearly shows children and young people how to make learning fun and gain knowledge independently. This privately operated education facility works with many different institutions that pursue the same goals. As one of the 3 founding companies, the E/D/E Foundation still actively promotes the educational facility today. In autumn 2013, Junior Uni will move into their new building in Wuppertal. The E/D/E Foundation is helping to fund the new facility.

Internal day care

To further support E/D/E employees with the compatibility of family and work, E/D/E is building its own day care on the premises. The day care has spaces for a total of 45 children in 3 groups, a third of which are for care for children under the age of three. Around half of the spaces will be reserved for children of E/D/E employees. The day care will be opened at the start of 2014.

Other projects

As was the case in the two years prior to the reporting year, E/D/E once again conducted a Christmas-wish campaign in 2012 for hospitalised children in Wuppertal and for children in the care of church organisations in the region. The E/D/E employees who participate in the programme make the children's Christmas wishes come true. E/D/E supported the "Kältebus" ("Cold Bus") project of the city of Wuppertal, through which homeless people are taken to accommodation in winter and are given a hot meal and drinks. The E/D/E Foundation financed a special training couch for treating disabled children for the LVR school for children with learning difficulties. E/D/E is giving the Association for the Support of People with Intellectual Disabilities (Lebenshilfe für Menschen mit geistiger Behinderung Wuppertal e. V.) a soap workshop, in which residents can make soap themselves. In 2013, the 2nd E/D/E sustainability report was released, which summarises the company's activities in the area of sustainability and social responsibility.



Internal day care to open in 2014

Setting the course

There were also signs of the "Trainee initiative" in E/D/E in 2012. And very successful ones at that: A total of over 100 trainees from member companies came together for the first time at the industry conference in Leipzig to gain insights into the everyday life of E/D/E at numerous workshops.

The E/D/E trainees undertook intensive preparation of issues and presented these. The slogan "Support and promote trainees" was ideally used. Here, the industry's young talent was given the opportunity of making contacts and witness processes. The focus on young talent was met with positive feedback from all involved.







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