

Changes and opportunities

Underpinning our strengths together

ANNUAL REPORT 2015



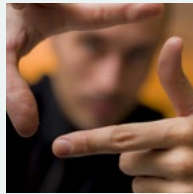
Services and Projects with Future

2016

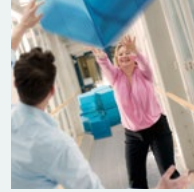


Steel configurator

Catalogue configurator



eDC electronic Data Centre



2017

Toolineo



2018

Digital business processes



Industrial services



2019

2020

PROMIS app



SHAPING THE FUTURE TOGETHER

In this age of digitalisation, E/D/E is developing new business models and products with future. With the images in this report, we will be showing you how this future might look. We want to provide inspiration to think outside of the box and proactively shape the future. The annual figures indicated in our examples show what is currently possible and what may be possible in the future. Together with you, we would like to grasp current and future opportunities.

Table of Contents

REPORTS

- 4 Report from the chair of the Advisory Board
- 6 Report from the Management Board

REPORTS FROM THE BUSINESS DIVISIONS

Product areas

- 18 B2B business division I
- 22 B2B business division II
- 28 B2B business division III
- 32 B2B business division IV
- 38 B2B business division Building Technology
- 42 B2B business division UNION STAHL-HANDEL

Services

- 44 Business division Membership Development
- 48 Business division B2B Sales Systems
- 50 Business division Marketing
- 52 Business division Logistics
- 54 Business division eBusiness
- 58 Business division Personnel
- 60 Business division Organisation/IT
- 62 Central division Service/Member Support

Subsidiaries

- 66 EDE International
- 70 ETRIS BANK
- 72 Toolineo
- 74 EURO-DIY

RESPONSIBILITY

- 76 Social responsibility

EXCERPTS FROM THE CONSOLIDATED FINANCIAL STATEMENTS

- 82 Consolidated balance sheet
- 84 Consolidated income statement
- 85 Consolidated cash flow statement
- 85 Consolidated accounting and group of consolidated companies
- 87 Trading volume developments
- 88 General business developments and
notes on the assets, earnings and financial position
- 96 Auditors' report

Chair of the Advisory Board
Hans-Jürgen Adorf.



Facing Changes Takes Courage and Faith

In many aspects, 2015 was a turbulent year. Geopolitical crises seem to be increasing, terror attacks around the world have taken on new dimensions, and the situation for refugees from Syria and other war-torn countries is almost indescribable. And there are no solutions for these problems in sight. It seems we may be on the search for some time. The political and economic situation in Germany on the other hand glitters like a diamond in the rough. The economy is growing continually, employment is booming and disposable income has increased noticeably due to higher wage agreements and falling energy costs. Consumerism has once more proved itself a pillar of GDP in 2015. However, very little of this growth momentum has reached our sector. Business-to-business trade has more or less been able to maintain the positive results seen in the previous year. B2B customer target groups in the craft and industrial sectors had plenty of business.

Across all companies, the E/D/E Group recorded growth of approximately € 180 million, with total turnover of € 5.5 billion. This is by no means due to the general development experienced in the sector; it is the result of initiative and action. The management and teams deserve our respect and recognition for this result.

Our special thanks also goes to the members of the Partner Advisory Board. The Advisory Board held an ordinary meeting in 2015 and received comprehensive information from the Management Board regarding all operative and strategic developments. The advice provided by the Partner Advisory Board during the meeting regarding the Toolineo strategy project was particularly valuable and useful. It allowed us to process the level of interest amongst manufacturers and distributors for the development and implementation of the marketplace concept and business model to the best of our ability.

The launch of Toolineo in December 2015 represented the establishment of an important pillar of the CHALLENGE 2020 strategy. Other milestones include the gradual implementation of the eDC data concept with the establishment of a spin-off company and the expansion of logistical functions to the business division Building Technology.

4 Report from the chair of the Advisory Board

6 Report from the Management Board

The investment plan agreed by the Management Board for the years 2015 to 2018 requires courage and faith in the future. Investment activities will largely be focused on three areas: increasing efficiency internally, improving services for members and fulfilling strategic future projects. The investment budget for 2015 was more than double the previous year's budget. The negative impacts on the operating result were consciously accepted with the consent of the Partner Advisory Board. Similar amounts will be necessary to continue to implement CHALLENGE projects in 2016 and these amounts have been budgeted for.

An important pillar of the European strategy was the successful acquisition of e + h Services AG, Däniken, which was completed on 1 January 2015. With e + h, the leading purchasing and marketing organisation in our sector in Switzerland, we have laid the best foundation for consolidating and expanding E/D/E activities in Switzerland.

Changes on the markets and to some extent completely new tasks at the headquarters made it necessary to make changes to staffing and management structures. The Management Board was also able to successfully handle this process in 2015. In addition to the establishment of a completely new team with extensive online expertise for Toolineo, the management team for E/D/E International was also filled with qualified new staff, as were several management positions in the product areas, and in marketing and organisation.

To summarise, 2015 was a tough, but nevertheless successful year for us. It represents a solid foundation from which we can take advantage of more growth opportunities in the coming years. 2016 will be just as tough; competition and consolidation will continue to increase in our sector on all levels of the value chain, even amongst the established associations and also with completely new competitors from outside of the sector. Gaining more traders domestically and within Europe will therefore be part of the E/D/E Group's plans in 2016, as will supporting the scheduled market launch of new concepts and CHALLENGE projects.

The Management Board, managers and teams are all prepared to take these steps. We have courage and faith in our future.



Hans-Jürgen Adorf
Chairman of the Advisory Board

E/D/E Management Board
 (from left to right):
 Dr Christoph Grote,
 Dr Andreas Trautwein (Chairman),
 Joachim Hiemeyer,
 Dr Ferdinand von Alvensleben.



On track for growth, advanced digitalisation

2015 was a successful year for our company. Together with our member companies and contracted suppliers we managed to successfully stay on track for growth. With a trading volume of € 5.5 billion we were able to beat the previous year's result by 3.4 percent and again hit a new record. That we did not quite manage to hit our target of € 5.6 billion in this consistently challenging market only spurs us on to try harder in the future. International business made a significant contribution to the overall positive development. It increased by more than 24 percent, attributable mainly to the successful integration of Swiss shareholding e + h Services AG and growth at VGH International GmbH, one of the association's partners.

Strategic investment: Toolineo goes live

During the period under review we advanced core CHALLENGE 2020 digital projects and achieved a variety of milestones. The fact that the online marketplace Toolineo, which opens up a new, future-oriented distribution channel for member companies, is going live on schedule shows how we can use the opportunities presented by digitalisation and shape the future together. Once again, internationalisation remained another strategic focus in 2015. Milestones included the acquisition of a shareholding in e + h Services AG, mentioned above, and in particular the organisational and staff-related restructuring of our subsidiary EDE International AG. And last but not least, great advancements were made in the core project eDC (electronic Data Centre), which is now market-ready in the specialist areas of fittings and occupational safety. The first data records were supplied and are already being used by distributors. In the past financial year, ETRIS BANK transformed the tried-and-tested business model of traditional payment processing and security in the eCommerce world. And it not only processes payments on Toolineo based on a scalable and modern infrastructure, it

E/D/E Group development in percent

Type of business	2013	2014	2015*	Target 2015**
Storage	-7.6	+3.4	+42.6	+16.0
Central payment/chain transactions	-2.1	+2.4	+2.0	+5.3
Total	-2.3	+2.5	+3.4	+5.7

* including e + h Services AG for the first time, ** excluding e + h Services AG

has also taken on central payments for an association outside of the sector. This has therefore laid the foundation for profitable growth in new business areas.

The economic situation in Germany and Europe

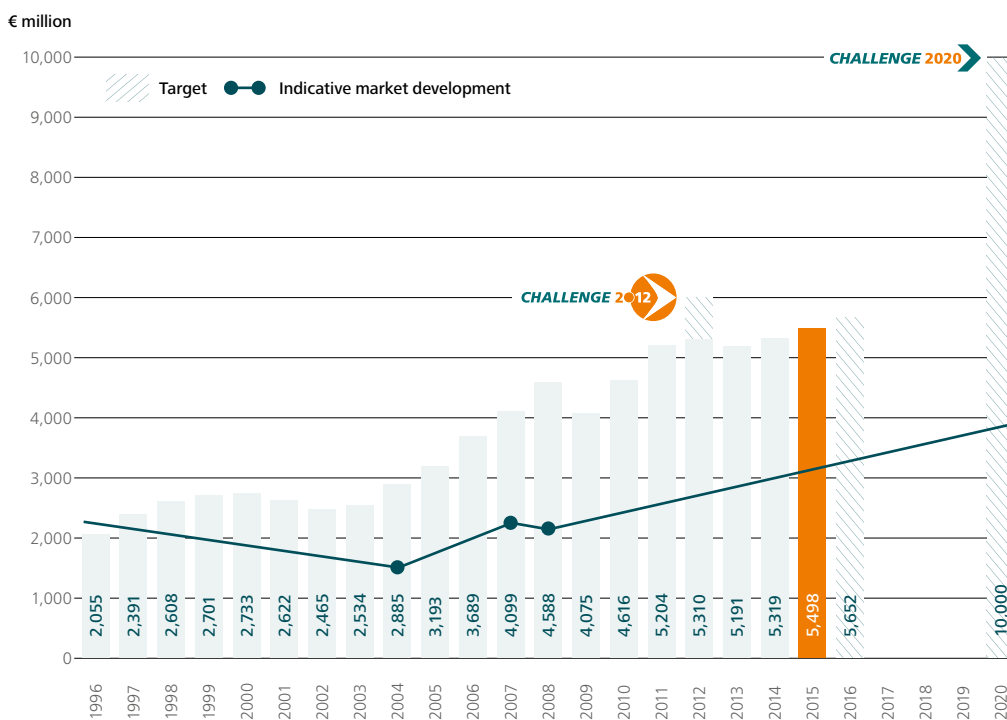
The German economy proved stable on average in 2015 and grew moderately. The German Federal Statistical Office recorded GDP growth of 1.7 percent. Private consumer spending upheld the economy, due to considerable wage increases and lower oil prices. The Eurozone also experienced moderate growth. Countries such as France, Italy and Austria recorded minimal growth, while the Netherlands and Spain pushed ahead. Overall, growth was encouraged by the weak euro, low oil prices and expansionary monetary policies. What further impact these influences will have remains to be seen. External factors, such as problems in the emerging economies and China, restrained global trade and geopolitical uncertainties, also harbour some amount of risk.

Moderate growth in Germany

Developments in the sector

As described above, the positive economic situation is based primarily on private consumer spending, which has not fully reached our sector yet. All in all, crafts are profiting more from these developments than industry. Due to the positive circumstances, construction remained

Trading volume developments for CHALLENGE 2020 – breaking away from the market



Construction industry remains strong

on a par with the previous year's good level. The German Federal Statistical Office recorded slight turnover growth of 1.6 percent in the construction industry. Building technology wholesale trade only felt a slight amount of positive momentum from the market in 2015. The ifo economic surveys reflected the cautious mood in this segment over the course of the year. The German Association of Wholesale Building Suppliers (DG Haustechnik) recorded growth of 2.1 percent in 2015. According to the German Confederation of Skilled Crafts (ZDH), capacity utilisation for the crafts was good throughout the year. In contrast, the expectation that industry would also come around did not fully materialise. Demand developed laterally in this sector and struggled to generate momentum. The German Machinery and Plant Manufacturing Association (VDMA) recorded stagnant production in 2015. Steel trade suffered a further sharp fall in market prices in 2015, resulting, inter alia, from excess capacities in production. Our own sector data shows that B2B companies were able to disconnect themselves from developments in the sector to some extent and generally saw their own situations in a positive light. For almost 70 percent of our member companies, the yield situation remained unchanged or was better than before in every quarter of the last year. The order situation was also good or better than in the same quarter of the previous year for at least three quarters of the companies surveyed, across all segments and quarters. A very positive development for our members and, of course, for us.

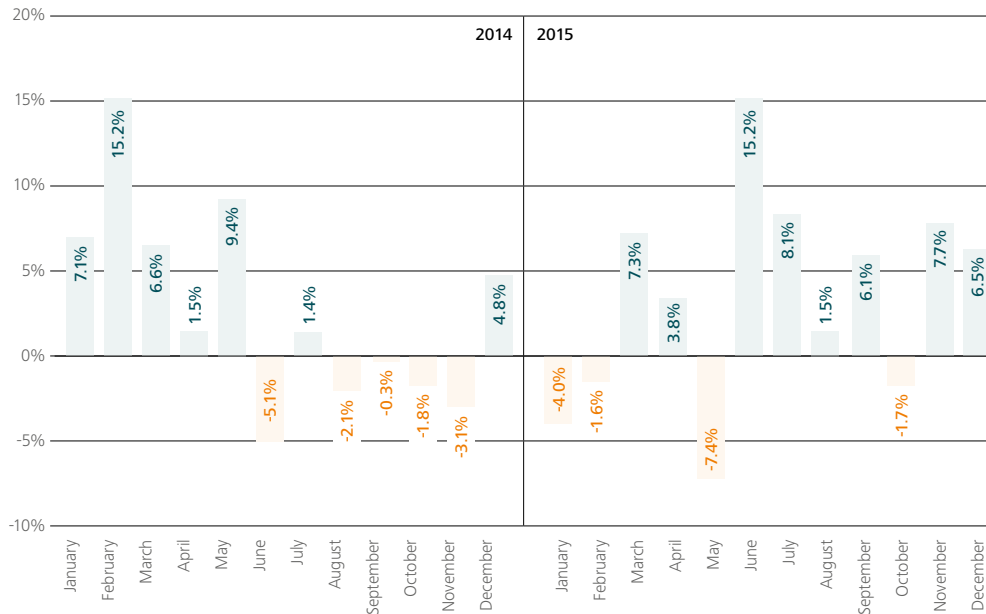
E/D/E Group development 2015

In comparison with the previous year, the E/D/E Group experienced a slow start to 2015. Not adjusted for seasonal effects or working days, January and February 2014 both had an unusually high monthly volume due to very mild weather, resulting in a particularly strong start. Bullish trading volumes in March 2015 led to a quarterly volume of € 1.35 billion, roughly on a par with the previous year's level (plus 0.6 percent). Over the course of the year, we recorded an overall rise in development with some exceptional months, such as June, when trading volume increased 15.2 percent against the same period in the previous year. Looking at quarters, we recorded a volume of € 1.37 billion between April and June (up 3.7 percent) and € 1.46 billion between July and September (up 5.5 percent). November and December also saw good results. In the fourth quarter we achieved a volume of € 1.33 billion with our member companies, which represents an increase of 3.6 percent against the same period of the previous year. We were able to support these positive developments over the long term with new distribution concepts and digital offers for our members.

E/D/E creates jobs

We created new jobs in connection with the expansion of services, acquisitions and investment in strategic future-oriented projects. As at the end of December 2015, the E/D/E Group employed 1,085 staff across Europe.

Developments in the individual monthly values



Development in the product groups

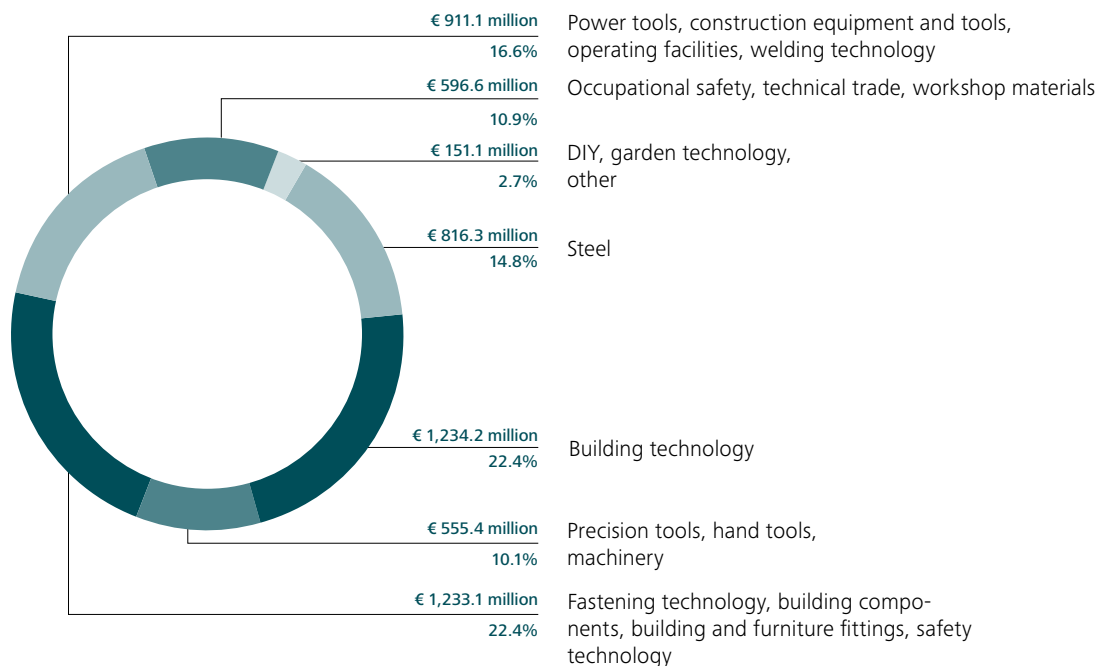
With the exception of steel, all product areas in the Group recorded growth. The tool area, summarised as our traditional core business division I (product area precision tools, hand tools, woodworking tools/machines), increased 4.4 percent against the previous year to reach a trading volume of € 555 million. In the area of fastening technology, building components, building and furniture fittings, and safety technology (E/D/E business division II), the positive trend continued and trading volume rose to € 1.23 billion (up 4.7 percent). Trading volume in the E/D/E business division III (power tools, construction equipment and tools, operating facilities and welding technology) increased by 5.2 percent to € 911 million. Occupational safety and technical trade (E/D/E business division IV) recorded an increase of 4.8 percent to € 597 million. The E/D/E business division Building Technology grew, buoyed by the good developments at cooperation partner VGH International, by 7.1 percent to € 1.23 billion. In the steel trade, the fall in prices became even more pronounced in the past year. Trading volume at UNION STAHL-HANDEL therefore declined by € 103 million to € 816 million following a long period of growth. The DIY, garden technology, other area performed very well, and was up 48.8 percent with a volume of € 151 million. This was in particular due to the special effects of integrating e + h Services AG.

Growth recorded in virtually all E/D/E product areas

Business divisions' proportion of trading volume

The building technology division was the E/D/E Group's highest volume division in 2015 with trading volume of € 1,234 million. Almost as strong, with € 1,233 million, were the special areas fastening technology, building and furniture fittings and safety technology, grouped in business division II. Both business divisions therefore contributed 22.4 percent each to the company's total volume. Power tools, construction equipment and tools, operating facilities and welding technology (E/D/E business division III) followed with a volume of € 911 million, representing a share of 16.6 percent. With € 816 million, steel trade contributed a share of 14.8 percent. Occupational safety, technical trade, workshop materials (BD IV: contributed 10.9 percent) and precision tools, hand tools, machinery (BD I: 10.1 percent) made up the rest. Based on the member companies' main customer target groups, € 4,195 million (76.2 percent) is attributable to construction (business divisions II, III, steel and building technology) and € 1,152 million (21 percent) to the industrial area (business divisions I, IV). Overall, the E/D/E Group managed a stable and balanced distribution of trading volume across the various business divisions.

2015 E/D/E Group trading volume according to business divisions (€ 5,497.9 million)



International and national development

Trading volume achieved abroad by the E/D/E Group amounted to € 1.18 billion in 2015. This represents growth of 24.3 percent in comparison with the previous year. Integrating the Swiss shareholding e + h Services AG made a significant contribution to this result. At € 4.32 billion (down 1.2 percent), the domestic market saw a slight decline, which is exclusively due to the price-related drop in steel. All other business divisions performed well.

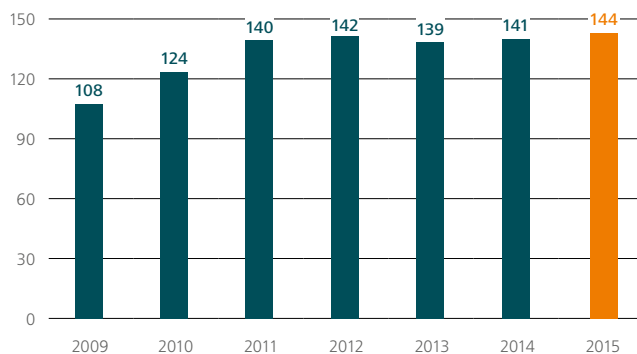
Stable and balanced distribution of trading volume

Reimbursements in 2015

E/D/E member companies received reimbursements amounting to € 144 million for the 2015 financial year. This represents the highest level ever, which we are very pleased about. This means considerable bonus payments are flowing back into the distributors' annual income, and having a positive impact. This motivates us to keep working hard!

Reimbursements at the highest level

Member payouts in € million



Company turnover results 2015

The CHALLENGE 2020 strategy programme requires considerable investment in the joint successful future of E/D/E and its members. The high level of investment required has an impact on the result. The E/D/E Group's consolidated net income amounted to € 16.5 million in 2015, following € 20.3 million in the previous year. Cash flow came to € 27.5 million (2014: € 29.6 million). Equity increased once more as of the reporting date of 31 December 2015, climbing by € 16.3 million to € 352 million. These solid financial circumstances continue to form the foundation of our comprehensive investment programme, with a budget of approximately € 10 million for 2016.

Solid financial basis for further investment

Milestones in 2015



CHALLENGE 2020

As part of our CHALLENGE 2020 strategy programme we have set ambitious targets and projected concrete results. We are investing considerable sums to ensure that members and contracted suppliers remain competitive in the future, too. Several substantial milestones were reached in 2015, particularly in projects that help us exploit the opportunities presented by digitalisation in B2B.



Toolineo is online

The central online marketplace for E/D/E B2B companies went live on schedule in the second half of 2015 and is now in the pilot phase. The aim is a seamless dovetailing of over-the-counter and online trade. Both the distributor network and the product range will be expanded considerably in 2016. In this manner, we will be providing our member companies with future-proof solutions for all distribution channels and supporting over-the-counter trade by establishing viable multi-channel strategies to allow them to distance themselves from the competition in future, too.



Evolution of ETRIS BANK

By taking on payment processing for the online marketplace Toolineo, the bank has opened up an entirely new business opportunity in the area of e-payments. Another milestone is taking care of central payment (CP) for an association in the beverage industry. As part of the strategy project CP 2020, central payment will be made even more future-proof. One aspect of this is the already implemented modernisation of the SAP environment.



eDC market launch

Our electronic Data Centre made significant progress in 2015. Product experts in the fittings range, for example, had procured and refined approximately 145,000 product records from more than 20 suppliers by the end of 2015; in occupational safety/technical trade it was 220,000 product records from around 70 suppliers. These will be delivered in 2016 and the packages expanded. Power tools completed classification in March 2015 and began data maintenance. The E/D/E market experts have now completed classification in the areas of company equipment and hand and precision tools.

Expansion of international structures

With the strategic acquisition of the shareholding in the Swiss purchasing group e + h Services AG, the E/D/E Group has tapped into further market potential in international business. In addition, the E/D/E subsidiary EDE International also realigned itself organisationally and structurally in 2015. Other distribution concepts were also successfully transferred to European markets. We were also able to optimise and standardise catalogue production in order to generate benefits for distributors. This allowed us to simultaneously publish catalogues in six languages and with more than 100,000 issues in 2015.



The establishment of EHH

As a reaction to the ongoing concentration process in building technology, WUPPER-RING and mah joined forces to establish the joint venture EHH EURO HAUSTECHNIK-HANDEL GmbH in February 2015. Advantages have already been generated for members by harmonising key suppliers in addition to joint supplier negotiations. For example, measures such as the jointly negotiated storage range were implemented in 2015.



The expansion of storage business

The ability to access a reliable and fast central warehouse will become even more important for B2B SMEs. We have therefore determined to expand the storage range in Wuppertal to 150,000 items in the future as part of our CHALLENGE 2020 strategy. With more than 93,000 items at the end of 2015 we have already made good progress with this project. At the same time, processes will become simpler for the distributors thanks to electronic data processing. Over 90 percent of orders are currently processed using the eLC (electronic Logistics Centre). Since summer 2015, E/D/E has also stocked a special range for building technology distributors. Expansion of the building technology range is ongoing.



B2B qualifications

In order to guarantee the future viability of business-to-business trade we must invest in people. We have therefore developed a range of offers for systematic qualification measures in B2B. After material conceptual and organisational preparations were completed in 2015, the Akademie has now begun the implementation phase as a central platform for training measures organised by E/D/E and contracted suppliers.

E/D/E Group target figures for 2016 according to business division*

Product area	Actual total in 2015 in € million	Target 2016 in € million	Difference in € million	Increase in %	Expected market development in %
Steel	816	883	67	8.2	No figures
Building technology	1,234	1,212	-22	-1.8	1.9
Precision tools, hand tools, machinery	555	574	18	3.3	2.8
Fastening technology, building components, building and furniture fittings, safety technology	1,233	1,262	29	2.4	2.7
Power tools, construction equipment and tools, operating facilities, welding technology	911	932	21	2.2	2.8
Occupational safety, technical trade, workshop materials	597	628	32	5.3	3.3
DIY, garden technology, other	151	161	10	6.7	2.7
Total	5,498	5,652	154	2.8	

* Due to mathematical reasons rounding differences of up to ± one unit (€, %) may occur in the tables.

Outlook for the 2016 business year

GDP forecasts predict growth between 1.6 and 2.0 percent

According to the opinions from economic research institutes, the German economy again developed stably this year. Gross domestic product (GDP) forecasts growth of 1.6 to 2.0 percent, which is expected to be driven by domestic demand. Economic developments in China, oil prices and turbulence on the stock markets are all putting a dampener on the business climate, in addition to the numerous geopolitical uncertainties and the most recent challenges faced in Europe. While the construction sector should continue operating at high levels due to an unchanged favourable environment, the outlook for industry business is gloomier.

With these macroeconomic conditions, we expect to continue growing, and forecast a total trading volume of € 5.65 billion in 2016. This represents an increase of 2.8 percent against 2015. In addition to short-term activities relevant to turnover the focus of our efforts is on

CHALLENGE 2020 and the ongoing high level of investment spending. We are also focusing on the core projects Toolineo, eDC and CP 2020, as well as the further expansion of services for our domestic and international member companies and contracted suppliers. Digitalising B2B will play a fundamental role in all of our activities in 2016 – and beyond. We continue to believe that the opportunities represented by this unstoppable development far outweigh the challenges and our organisation will face this development head on.

**Ongoing focus on core projects –
Toolineo, eDC and CP 2020**

In the first months of this year we remain on a par with the high level seen last year. We will continue to work hard in order to reach the target range that we have set ourselves.

Einkaufsbüro Deutscher Eisenhändler GmbH Management Board

April 2016



Dr Andreas Trautwein
Chairman of the Management Board




Dr Christoph Grote
Managing Director



Joachim Hiemeyer
Managing Director



Dr Ferdinand von Alvensleben
Managing Director

A woman in a pink shirt and black pants is dancing in a hallway. She has her arms raised and is smiling. In the foreground, the back of a man in a light blue shirt is visible, also with his arms raised. The hallway has a blue cube-shaped ceiling and blue cubes on the floor. The scene is brightly lit.

YEAR

2016

MONTH

6

DAY

23

TIME

12:30

eDC

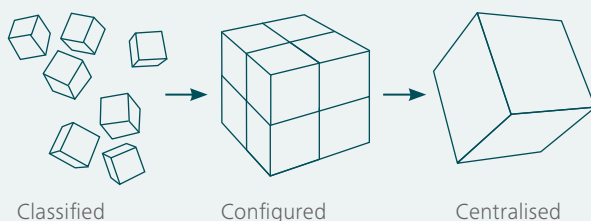
A NEW LEVEL OF PRODUCT DATA QUALITY

Customers are increasingly making their purchases via the internet. This is nothing new. But customers are increasingly becoming product experts – they inform themselves using the internet and know exactly what they are looking for. This applies to both private as well as professional end customers. The challenge that this represents for specialist traders is that knowledge of products must be presented in an ideally prepared – for best search engine results – and transparent manner. The depth of the detail and intelligent linking or classification of data will make all the difference.

These are the criteria for success adopted by E/D/E's electronic Data Centre, or eDC for short. Until now, distributors and suppliers normally worked with varying levels of data quality. This essentially meant that distributors had to deal with a huge variety of data structures, and prepare, supplement and maintain them manually. This took an immense amount of time and brought no additional value. In fact, more often than not, it only met the minimum standards.

The situation in the year 2016: eDC now takes care of this cumbersome procedure for the distributors and enriches the product data of manufacturers' ranges to a new level according to the eDC standard Cl@ss. The advantages: Distributors have access to uniform data that covers virtually all information. This information can then be used for new channels in the growing online business and to support traditional distribution channels digitally, via tablet for example. Electronic networking between industry, craft and trade for procurement processes using the eDC is a new and vital competitive factor.

Digital data, combined intelligently



Previous year's level confirmed

B2B business division I: tools, machinery

Trading volume development in B2B business division I (in € million)

	2011	2012	2013	2014	2015	Target 2016
Hand tools	277	269	237	245	265	276
Precision tools	136	131	123	128	110	113
Woodworking tools/ machinery	104	100	100	131	130	130
Fixed machinery (metal)	16	17	15	16	14	15
Total	533	517	475	520	519	534

With relatively stable conditions and no clear momentum, E/D/E business division I was able to remain on par with the previous year. In 2015, member companies were offered specific support for distribution system development and digitalisation. Overall, B2B must offer its customers added value. In light of this, demand for material management and industrial service concepts was high.

**Virtually no momentum
from the market**

There was virtually no momentum in the machine building and construction industry, two key sectors for the specialist areas grouped in E/D/E business division I, in 2015. The VDMA recorded stagnation in production for the past financial year. The construction industry grew 1.6 percent according to the Central Association of the German Construction Industry (ZDB). In contrast, the craft sector recorded an all-time high taking into account capacity utilisation according to the ZDH. However, overall willingness to invest remained low.

**10 Jahre
forum**

FORUM's ten-year anniversary:
storage business boosted

Under these conditions, E/D/E and its members achieved the same level of trade in the tools and machinery ranges as in the previous year. In light of this lateral development, it was possible to expand storage business with specific measures. Growth of 5.4 percent was achieved with above-average growth abroad. Amongst other things, new distribution concepts, partnerships abroad and a variety of sales-promotion measures for the ten-year anniversary of the FORUM brand all had a positive impact on storage business. The services offered by the E/D/E procurement service are developing very well, with regards to both quantity and quality.

18 Product areas

44 Services

66 Subsidiaries

In 2015, E/D/E laid the foundations for further growth in business division I with new concepts. For example, AVATECH, a special distribution group for precision tools, will be launched at the beginning of 2016. The group will exclusively distribute the new ForFine brand products. In connection with the establishment of AVATECH, E/D/E was able to gain new member companies and expand its supplier portfolio. The concept WERKZEUG PROFIS SHK was launched in 2015, accompanied by a special catalogue.

An important instrument for the PREMIUM WERKZEUG HANDEL group is the eighth edition of a catalogue published in May 2015. E/D/E supports market launch with in-depth training courses for the distributors' sales personnel. Range adjustments for the 2016 UNION WERKZEUG-HANDEL catalogue were also a focus of attention, in which the precision tools product area will undergo expansion.

High-quality product data is an important key to overcoming the distribution challenges that we face in the digital age. That is why E/D/E developed the eDC, or electronic Data Centre, which gradually will be rolled out to all relevant product areas. The hand tools and precision tools specialist areas began with classification work back in 2015. Maintenance for item data will begin in both specialist areas in the 2016 financial year.

Specialist area hand tools

The specialist area hand tools achieved a trading volume of € 265 million in 2015. This significant increase of 8.2 percent against the previous year is mainly due to the reallocation of a number of contracted suppliers from precision tools to hand tools. Adjusted for this effect, hand tools recorded growth of just over 2 percent.

In addition to the work on the range, the specialist area also worked on developing the WERKZEUG PROFIS SHK, UNION WERKZEUG-HANDEL and UNION WERKZEUG-HANDEL concepts further. The focus was on sales promotions for the ten-year anniversary of the FORUM brand for the UNION WERKZEUG-HANDEL distribution group. Establishing more concepts has been made a priority for 2016. In light of the trading volume, the specialist area is expecting growth above the expected market development of 3.0 percent to almost € 276 million (growth of 3.9 percent).



Eighth edition of PREMIUM tool catalogue published.

**Specific development
of tool concepts**



AVATECH GROUP launched.

Stock turnover up
13 percent

Specialist area precision tools

The market for precision tools in B2B trade developed relatively steadily in 2015. The E/D/E specialist area generated a trading volume of € 110 million with its member companies. This represents a drop of 14.1 percent against the previous year, primarily due to the reallocation of contracted suppliers from the specialist area precision tools to hand tools. Adjusted for this effect, precision tools recorded a decrease of 2.7 percent. This result shows faltering development in the machinery building and automotive segments' industrial business overall.

E/D/E will meet the challenges presented by fierce competition in these segments in 2016, for example with the establishment of the AVATECH GROUP or the expansion of the precision tool programme in existing distribution concepts. The focus in 2016 will be on establishing the new group and introducing the new ForFine brand as well as a catalogue. With market development expected to reach 2.0 percent, E/D/E is planning for growth of 2.8 percent in precision tools trading volume in 2016, amounting to € 113 million.

Specialist area woodworking tools/machinery

With a trading volume of almost € 130 million, this specialist area has virtually achieved the same high level seen in the previous year again. Growth momentum once more came from CNC and edge-banding machines as well as sawing technology. The specialist area created a separate stock list for the first time in 2014. These, and other measures, have shown results in the form of a 13 percent increase in stock turnover. This is being followed up with the expansion of the wood stock list. And the first issue of the "Holzwelten" catalogue will be published in the autumn of 2016. Expanding the FORTIS brand range specifically for woodworking is also in planning. This will create a solid foundation for growth in the coming years. This specialist area is expecting trading volume to stabilise at the previous year's level in 2016.

Specialist area metal machine tools

A noticeable unwillingness to invest on the part of the market is holding back growth. Under these conditions, the E/D/E specialist area metal machine tools generated a trading volume of € 14 million. The 8.8 percent decrease against the previous year is due to machine tools in the drilling segment. The specialist area successfully focused on increasing its supplier

18 Product areas

44 Services

66 Subsidiaries

network in 2015. A specialist catalogue was also prepared, which is due to be published in 2016. Accompanying offers and new product brochures will be published simultaneously. A 6.8 percent increase in trading volume is expected for 2016.

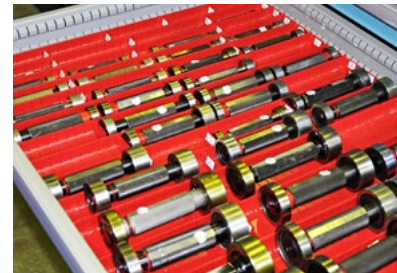
Specialist area material management and industrial services

In addition to the products, the focus of business with industrial customers is increasingly on services that broaden value creation. As a systems supplier and solution provider, B2B is expected to face the challenges posed by Industry 4.0. Together with the specialist area material management, E/D/E has developed its services and systems into market-leading concepts. These were in high demand in 2015. In comparison with the previous year, E/D/E has implemented 45 percent more systems concepts with member companies. The turnover generated via eProcurement and eLogistics systems grew by almost 30 percent against the previous year.

We expect that the digitalisation of business processes will continue to pick up pace. Framework agreements for value added services are increasingly being sold along with products, while customers' needs are becoming more and more complex. In light of this, E/D/E is consistently investing in the permanent development of the system infrastructure and concepts in the material management and industrial services specialist area.

Outlook

The VDMA does not forecast any great increase in machine building for 2016, while the construction industry is confident that growth will be seen, particularly from residential and commercial construction. Capacities should remain well utilised in the craft sector. Due to these assumptions, E/D/E forecasts growth in trading volume of 2.9 percent to € 534 million for this business division. The specialist areas in business division I will consistently promote and develop the new distribution groups and concepts in 2016, thereby creating some amount of momentum internally.



Industrial services in high demand.

Momentum expected from residential and commercial construction

B2B faces greater demands

B2B business division II: Building and furniture fittings, safety technology, building components, fastening technology

Trading volume development in B2B business division II (in € million)

	2011	2012	2013	2014	2015	Target 2016
Fastening technology	158	147	132	135	135	138
Building fittings, safety technology	771	769	726	738	773	794
Furniture fittings	60	57	49	48	48	50
Building components	232	231	219	224	220	227
Total	1,221	1,204	1,126	1,145	1,176	1,209

The specialist areas grouped together in E/D/E business division II generated a total trading volume of € 1,176 million with their member companies. The trend towards decreasing vertical integration in crafts and changes in ordering behaviour pose a number of challenges for small and medium B2B companies. E/D/E provided specific support for its member companies in 2015 with distribution and logistics concepts and, in particular, the core project eDC.

Member companies supported by eDC and concepts

The construction recorded a 1.6 percent increase in growth in 2015 according to the ZDB. Residential construction grew by 2.9 percent, while public and commercial construction grew by 1.0 percent and 0.6 percent respectively. The craft companies reported positive business conditions. Under these conditions, E/D/E business division II achieved a 2.8 percent increase against 2014. The target was missed by 1.4 percent. Trading volumes were significantly down against the same period of the previous year in the first half, but rallied to surpass the previous year's figures between June and September.

Due to a number of different developments in the craft sector the competitive environment is undergoing some changes, which are having a concrete impact on B2B: ordering behaviour is changing and competition for customers is becoming more fierce. Nowadays customers expect simple digital processes when it comes to selection, ordering and paying for goods as well as immediate availability of a comprehensive range. In light of these developments, B2B companies must continue to create more added value services to go with their products.



Brings added value: New fastening technology Multishop.

18 Product areas

44 Services

66 Subsidiaries

High-quality product data is the key to overcoming the distribution challenges that we face in the digital age. That is why E/D/E developed the eDC, or electronic Data Centre. The core project reached market maturity in the fittings range in 2015. Data packages were supplied to a variety of E/D/E fittings retailers. E/D/E is also providing support for introducing the data to the retailers' IT systems. Ensuring that a smooth data exchange with the craftsmen's planning programme is possible is also vitally important. E/D/E has developed several solutions for any incidents with partners in 2015.

Specialist area building and furniture fittings, safety technology

This specialist area reported trading volume of € 821 million in 2015, surpassing the previous year's result by 4.4 percent. The target of € 817 million was therefore just exceeded. Door fittings achieved a 4.9 percent increase, and window fittings were up 5.8 percent. In contrast, the safety technology product area experienced above-average growth of 14.2 percent. Trading volume in furniture fittings declined by 0.8 percent.

The storage concept "LogisticsService", which the specialist area launched in 2014, performed very well. Core ranges from a number of strategic suppliers were added the electronic Logistics Centre (eLC) and sent out from there. Turnover from these items increased by 14 percent and amounted to almost € 8.6 million in 2015.

EURO Baubeschlag-Handel AG (EBH) increased its turnover from contracted suppliers by 3.65 percent against the previous year. After a slow start the year constantly improved. Safety technology in particular experienced strong growth. EBH also provides member support for the trend topic "Smart Home" and qualifications for trading companies. In addition, EBH again expanded its service package in 2015 to support distributors. An example of this would be system checks in accordance with EN 14351 as well as the implementation of the door configurator. EBH also drafts distribution concepts with its members, which are then implemented by the distributors in their regional markets. Another focus of activities in 2015 was the establishment of a central storage concept, "Light in furniture". And new partners joined from the Netherlands and Denmark. Training and education measures again constituted one of EBH's core tasks in 2015.

**Core project eDC
reaches market maturity**

Safety technology achieves double-digit growth.

**Cooperation partner EBH
grows 3.65 percent**

Stock turnover grows in double-digit range

Market growth of 3 percent is expected in the fittings sector for 2016, of which 1 percent will be the result of price increases. E/D/E forecasts growth in the trading volume of 2.8 percent to € 844 million. Double-digit growth in stock turnover is again expected in 2016 due to the already implemented and planned expansion of the range. With a total range of 500 items, the topic "Light in furniture" is grouped with E/D/E logistics.

Specialist area building components

The E/D/E specialist area building components achieved a trading volume of € 220 million with its member companies in 2015, slightly down against the previous year. The actual figure achieved was 5.9 percent lower than the target of € 234 million. This was primarily due to the comparatively normal development in the first half of the year, where on average volume was down 10 percent against the same period of the previous year, which recorded an extra-ordinarily good performance. The comparatively better performance in the second half of the year was not good enough to compensate this start to the year.

Viewed according to segment, E/D/E members recorded a 5.7 percent decline in wooden internal doors. Volume for steel building components declined by 0.8 percent. This was due to severe drops in turnover abroad that could not be fully compensated by growth in Germany. A 5.3 percent increase was achieved in the residential skylight segment. This distribution shows that the member companies are primarily active in non-residential property business and single family house construction, and less in multi-story residential building construction.



Attention-grabbing marketing for ELEMENTARES.

The specialist area, externally known as PRO.ELEMENT, introduced the distribution and marketing concept ELEMENTARES to the market in 2015. Its aim is to establish a distribution concept brand for doors, gates and other building element-related products in order to more specifically target end customers as well as commercial consumers. The specialist area also implemented the planned activities for the BAUWIKI website. The information offer was expanded to include the product area front doors. The numbers of visitors to the site was increased by 50 percent. The training offering PRO.ELEMENT days, which the specialist area organises every two years, was also very popular.

The building components forum, a platform for manufacturers and distributors, was held in Berchtesgaden in 2016. In addition to the expansion of the umbrella brand concept ELEMENTARES, the BAUWIKI website will also be developed further and new product areas will be added. Activities in the competence areas non-residential property and industrial gates (service and maintenance) are still planned. As regards trading volume, the specialist area forecasts a 2.9 percent increase to € 227 million.

18 Product areas

44 Services

66 Subsidiaries

Specialist area fastening technology

The fastening technology market saw severe price drops and margin losses in 2015. With a trading volume of € 135 million, the specialist area fastening technology remained on a par with the previous year. The target was missed by 4.5 percent.

The specialist group fastening technology established two competence groups in 2014 (woodworking crafts and metalworking crafts/industrial consumers) in order to develop target group-specific instruments for marketing and distribution systems. One of the first measures successfully implemented in 2015 was a modular range of topic-specific seminars for craftsmen under the name "expert days". E/D/E took charge of planning and design, while distributors organised the seminars locally. Another focus of the specialist area's work in 2015 was the design and preparation of a full range of C-parts with over 85,000 fastening technology products. The products are delivered within 24 hours. This new service was launched at the beginning of 2016.

In 2016 the specialist area will continue to provide the successful qualification measures for craftsmen (expert days) as well as distributors' staff (professional days). Another main topic is the beginning of classification and data maintenance for the core project eDC. Price adjusted, E/D/E forecasts cautious market growth of 1.5 percent in fastening technology in 2016. The specialist area forecasts trading volume with member companies of € 138 million, which represents a 2.0 percent increase.

Outlook

A positive economic environment is expected for construction and engineering in 2016, with noticeable momentum coming from residential and public construction. This should lead to a continuation of positive business conditions for the craft sector in the construction and development industry. Due to these assumptions, E/D/E forecasts growth in trading volume of 2.7 percent to € 1.21 billion for business division II.



Successful concept:
the fastening technology
expert days.

**Business division II expects
€1.2 billion**



YEAR

2016

MONTH

9

DAY

24

TIME

11:07

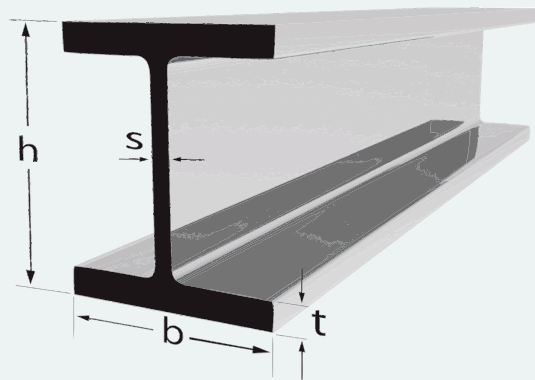
Steel configurator

THE NEW DIGITAL INDIVIDUALITY

Telephone, email, fax – these were the typical communication channels in the German steel industry for trading standardised products. The steel configurator is a new distribution channel that not only enables online ordering, but can also directly record any individual processing wishes. It is based on the E/D/E Multishop, which steel retailers' customers can use to order from digital catalogues online, combine products, and state the measurements they need, and if the product should be sawed, drilled or cut.

Normally, the steel configurator is docked onto an existing, modern product management system so that orders are entered directly into the system. It is user-friendly and considerably simplifies business processes for the customers as well as staff. For example, information regarding availability and price can be shown directly.

Is this a revolution in the steel trade in 2016? Probably not, but it makes things simpler, and it is a considerably



Changing configuration made easy.



Digital steel on the tablet.

more efficient ordering process as part of a multi-channel approach. The advantages for the customer: They can access product information around the clock and order without disruptions. That also means that everything is digital, and there is no more need for paper: configurations can easily be changed in the orders. Resulting in real time and cost savings.

Ambitious target figures achieved

B2B business division III: Construction equipment, operating facilities, power tools, welding technology



Power tools still performing well.

Trading volume development in B2B business division III (in € million)

	2011	2012	2013	2014	2015	Target 2016
Construction equipment	136	134	126	133	141	143
Operating facilities	222	228	203	206	207	211
Power tools, compressed air equipment	504	499	415	442	463	479
Welding technology	42	42	41	42	41	43
Total	904	903	785	823	852	876

E/D/E business division III achieved the ambitious targets set for the year under review and generated a total trading volume of € 852 million with its member companies. Restrained willingness to invest in operating facilities as well as welding machinery was compensated by good performances in the power tools and construction equipment areas.

Business division III thus recorded a clear increase against the previous year overall of € 29 million, or 3.5 percent. The trading volume target of € 852 million was therefore achieved. The economic situations faced by the sectors were mixed. Good capacity utilisation at the construction companies was countered by the ongoing restrained willingness of companies to invest in equipment. The developments in the specialist areas reflects these trends. The speed of innovation displayed by power tool manufacturers again led to strong nominal growth in 2015.

Members actively supported by our concepts

In the year under review, E/D/E actively supported the professionalisation, concentrated needs and joint market cultivation for member companies with the timely launch of the concept “Die Baugeräte-Profis” (the Construction Equipment Professionals) and the successful development of “Die Schweiß-Profis” (the Welding Professionals).

18 Product areas

44 Services

66 Subsidiaries

Specialist area construction equipment

The specialist area construction equipment slightly surpassed its target in 2015 with trading volume of € 141 million. This represents an increase in volume against the previous year of 5.8 percent. Overall, capacities at the construction companies were well utilised due to the willingness to invest in this area. The E/D/E member companies therefore also recorded successes in construction equipment and machinery trade as well as in service and leasing.

E/D/E celebrated the 35-year anniversary of the specialist group construction equipment and the 20-year anniversary of FORMAT construction equipment with a distributor trip to Tenerife in 2015. The brand is well established on the market and performed exceptionally well in 2015 with 15 percent growth. The distribution and marketing concept "Die Baugeräte-Profis" (the Construction Equipment Professionals) was rolled out in January 2015. The aim of this concept is to increase commitment in purchasing and sales activities and thereby create positive concentration effects through joint market cultivation. E/D/E intends to increase the market presence for the 13 participating distributors with high-impact advertising and a common internet presence (www.die-baugeraete-profis.de) (status at year-end 2015). E/D/E expects positive momentum for the Baugeräte-Profis in 2016 and beyond.

The rental park concept MIETeplus continues to perform well. Marketing and distribution have been successfully developed further. Conception includes training, marketing tools, equipment for the business spaces, image advertising and PR articles in specialist magazines as well as other measures. In the period under review the number of partner companies has increased to 22.

Construction equipment forecasts a trading volume of € 142.7 million (an increase of 1.5 percent) for 2016. Market growth of 2.5 percent is expected, of which 1 percent will be due to price increases.

Specialist area operating facilities

At € 207 million, trading volume in the specialist area operating facilities in 2015 was slightly above the previous year's level (€ 206 million). The trading volume target of € 214 million was therefore not achieved. This is due to the fact that investment has been backed up in project business for around three years.

Despite this, E/D/E continued to consistently develop its service portfolio for the associated specialist traders. Planning software pCon.planner, for example, was implemented at more



Launched: the new "Die Baugeräte-Profis" (construction equipment professionals) distribution concept.

BETRIEBSEINRICHTER TV launched



PREMIUM COMPANY
EQUIPMENT catalogue.

Performing significantly better than the market

member companies through active sales. The specialist area also set up classification for eDC data management in 2015. E/D/E also added a new internet channel for product training and distributor qualification with BETRIEBSEINRICHTER TV. The warehouse range was also specifically expanded.

Making catalogues available remains one of the specialist area's main tasks. The catalogues PREMIUM OPERATING FACILITIES and general operating facilities were published. A number of printing materials were prepared in 2016, such as for the UNION OPERATING FACILITIES group and PREMIUM OPERATING FACILITIES Benelux.

Another focus in 2016 will be on the strategy project eDC, for which comprehensive data maintenance has already begun. And the online channel BETRIEBSEINRICHTER TV will be expanded further. The specialist area will also accompany power tool marketplaces in Austria and Poland with a limited range of operating facilities in 2016. In light of the economic situation, E/D/E expects willingness to invest to remain strained in 2016, along with little growth. An increase in volume of 2.3 percent to € 211 million is expected.

Specialist area power tools

The specialist area power tools continues to perform well. In 2015 the trading volume generated with E/D/E in this area increased by 4.8 percent against the previous year to € 463 million. The target of € 456 million was exceeded by 1.7 percent. E/D/E has therefore significantly outperformed the market.

Supplier innovations and the shift to higher value products in particular had a positive impact on the trading volume. Battery technology remains the driving force in this area. Higher capacities are resulting in an ever increasing amount of application opportunities. Around half of all machines traded are now battery operated.

E/D/E is supporting distributors with timely access to high-quality catalogues. Together with EDE International AG, the specialist area is actively cultivating a number of markets in Europe, such as the Benelux countries, Spain and Poland. In 2016 the association invited member companies in Austria and Poland to marketplaces with a particular focus on power tools.

Online retail is playing an increasingly important role in the power tools area. In 2015 the specialist area created a warehouse range together with select manufacturers that will be traded on the new Toolineo marketplace.

18 Product areas

44 Services

66 Subsidiaries

E/D/E expects market growth to be slightly weaker in 2016 due to economic conditions. The specialist area forecasts growth in the trading volume of 3.4 percent to € 479 million. This will be partly attributable to price increases resulting from the weakness of the euro against the US dollar.

Specialist area welding technology

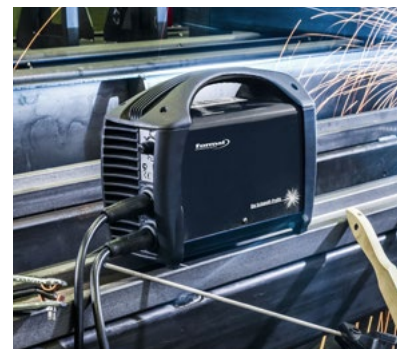
E/D/E generated a trading volume of € 41 million in the specialist area welding technology together with its member companies, not quite achieving the result seen in the previous year. This is due to a sentiment of restraint towards investment goods such as machinery and automation. The market in general is undergoing a period of change, as leading manufacturers drive forward integration in trade.

Over the past financial year, the specialist area welding technology continued developing the distribution concept "Die Schweiß-Profis", which was launched in 2014. As far as products are concerned, the specialist area released new FORMAT welding machinery. Concentration on brand suppliers and the brand FORMAT is being consistently advanced as a material driver for growth. In addition to a high-impact marketing campaign and regular joint sales offers, "Die Schweiß-Profis" is also concentrating on qualifications for distributor staff. A full meeting of the welding professionals and four regional meetings all contributed to creating a stronger distributor network in 2015. 60,000 copies of the new welding technology catalogue will be published in 2016. There will be nine versions, reflecting the trend towards selective distribution in this sector. The third welding technology marketplace will be held in Fulda in April 2016.

Nine new members joined the specialist group in 2015. More additions are in the pipeline for 2016. As far as trading volumes are concerned, the specialist area predicts an increase well above market figures (plus 1.5 percent) of 5.0 percent to almost € 43 million. The solid welding professionals concept and the FORMAT brand are expected to drive this growth.

Outlook

The specialist areas will continue to follow the successful market concepts. The economic environment will once more be characterised by a very slight upwards trend, with market growth for the ranges between 1.5 to 3.5 percent. E/D/E business division III forecasts growth of 2.9 percent to € 876 million for the current year.



Expansion of the FORMAT programme in welding technology.

Growth of 2.9 percent expected

Focusing on developing members

B2B business division IV: Occupational safety, technical trade

Trading volume development in B2B business division IV (in € million)

	2011	2012	2013	2014	2015	Target 2016
Occupational safety	332	333	336	354	362	384
Technical trade, workshop materials, pneumatics	208	207	196	202	204	214
Total	540	540	532	556	566	598

In a rapidly changing competitive environment, E/D/E business division IV has surpassed last year's results with its member companies, and outperformed the market. The E/D/E core project eDC, or electronic Data Centre, has reached market maturity. The specialist areas occupational safety and technical trade each developed and implemented new distribution concepts in 2015, in order to meet market demands and thereby strengthen their member companies.

Occupational safety records 2.5 percent increase



E/D/E occupational safety storage business up 8.1 percent.

While occupational safety grew by 2.5 percent in 2015, technical trade only recorded growth of 1.0 percent. This reflects the slow developments in industrial business. The market is generally undergoing changes, as strong domestic and foreign companies drive the concentration process forward with acquisitions. The effects of this can particularly be felt in business with large industrial companies. In light of these developments, manufacturers and distributors were not able to fully pass on the price increases driven by the dollar to the market.

Across all business types, E/D/E business division IV generated growth in the trading volume of 1.9 percent to € 566 million. As in 2014, monthly yields again fluctuated severely in 2015. And the mild winter weather in 2014/2015 also resulted in turnover losses from traditional winter items. This also had an impact on E/D/E's warehouse range. Nevertheless, E/D/E storage business performed well over the course of the year, growing 3.3 percent. Occupational safety increased by 8.1 percent against the previous year. Storage business in technical trade suffered a 1.0 percent loss against the previous year.

18 Product areas

44 Services

66 Subsidiaries

Specialist area occupational safety

In the specialist area occupational safety, E/D/E generated a trading volume of € 362 million (an increase of 2.5 per cent) with its member companies in 2015. This represents an increase that surpasses both the market and the target. The specialist area supported the development of member companies with a number of distribution activities. This includes the further development of the FORTIS brand, designed to meet the changing demands of work clothing. Together with select distribution partners, the fashionable clothing range "twenty-four" was developed and launched in September 2015. The FORTIS brand will be developed further in 2016.

The core project eDC also made significant progress in the occupational safety range. Staff from this specialist area procured and enhanced around 175,000 product records from 40 suppliers by the end of 2015. The data quality achieved is unique for this market. In 2016 the eDC roll out in the specialist area occupational safety will start with the transfer of the data records to member companies. E/D/E will provide active support for the distributors with the implementation of the data in the companies' various systems as well as with application of the records.

The specialist group members produced the specialist group catalogue using the new catalogue configurator ECC (Electronic Catalogue Configurator) for the first time in 2015. Distributors can create their own catalogues, choosing from 80 suppliers' ranges and more than 50,000 products on 1,200 pages in order to meet their own particular distribution needs. With a total of 25,000 copies, the catalogue will be published in spring 2016. In autumn 2015 E/D/E introduced the new issue of the general occupational safety catalogue. The printed document features more than 5,000 products on 270 pages. A two-day kick-off event was held in Wuppertal to mark the publication. Around 250 members and suppliers attended. The range planning for the PREMIUM OCCUPATIONAL SAFETY catalogue, which will be published for the second time in summer 2016, was also completed. In 2016 members of the FAVORIT group will also produce individual catalogues via E/D/E.

The FAVORIT participants, a group of leading occupational safety distributors in E/D/E, continued their success story with the exclusive brand ForSec in 2015. ForSec has become a popular brand in prescription safety glasses and spectacles for people working with monitors across the whole of Germany. The FAVORIT group recorded double-digit growth in both segments in 2015. The prescription safety glasses segment was also expanded. The FAVORIT group, together with E/D/E, was able to increase brand awareness once more with a multi-phase marketing concept in the year under review. The highlight of the concept was a successful appearance at the sector's leading trade fair A+A in September.



Trendy: the "twenty-four" clothing range.

**E/D/E catalogue configurator
used for first time**



Popular: the FAVORIT booth at the A+A trade fair.

E/D/E has designed the Personal Safety Manager concept for its occupational safety distributors, as a service and customer loyalty instrument. With this electronic tool, B2B companies are able to implement customer-specific solutions for personal safety equipment. The Personal Safety Manager is due to be launched in 2016. A new distribution concept will also be implemented for the specialist group occupational safety this year.

On the market, specialised B2B companies continue to face competition from more general providers. E/D/E believes the way for specialist distributors to distinguish themselves is through additional services and will support member companies in this endeavour. E/D/E expects growth of 3.5 percent in the occupational safety market in 2016. Due to the numerous distribution and marketing activities the specialist area is planning trading volume growth for its members of 6 percent to € 384 million.

Specialist area technical trade

E/D/E generated a trading volume of € 204 million with its member companies in the specialist area technical trade. Specialist distributors in particular have the potential to grow by developing a clear profile on the market which presents their specialisation. E/D/E encouraged this potential early on with corresponding measures to expand ranges and specific service offers.

New specialist group structure adopted

Last year E/D/E celebrated the 20-year anniversary of the specialist group technical trade together with around 200 members and suppliers. In order to satisfy the expectations of all members, a new specialist group structure was adopted in the past financial year. This will involve the establishment of new distributor groups. The interests of the general providers will be pooled in the area of industrial goods. In addition, there will be specialist groups for the product groups hose and water fittings technology and sealing technology. The core project for 2016 will be ensuring access to the basic range from the eLC in Wuppertal. Further development of skills in drive technology is also planned. The new structure will be implemented in 2016.

The conceptual restructuring is reflected in the specialist area's catalogues. The catalogue configurator will also be used more frequently for the production of these catalogues. In the past financial year the catalogues chemical-technical products, industrial goods and workshop

18 Product areas

44 Services

66 Subsidiaries

materials were published. In the chemical-technical product segment, the E-COLL brand will be expanded and redesigned in 2016. The brand intends to increase its market presence with specific media measures and a number of trade fair appearances.

The specialist area technical trade focused in particular on the electronic Data Centre, or eDC, in 2015, E/D/E's core project. Over 48,000 data records from 30 suppliers had been processed by the end of the financial year. More suppliers will follow in 2016. eDC distribution also began sending data to E/D/E members this year. Due to a number of activities, the specialist area technical trade predicts growth of 4.6 percent, higher than the market, to reach a trading volume of € 214 million.

Outlook

E/D/E expects market growth of around 3.3 percent for the occupational safety and technical trade product areas, a third of which is based on price. Business division IV forecasts growth of 5.5 percent to € 598 million. There are real opportunities in particular for the specialists amongst E/D/E's member companies and manufacturers. A milestone will be achieved in 2016 when the electronic Data Centre sends out data. Implementing new distribution concepts in occupational safety and technical trade will also be a focal point.



Specialist group celebrates 20-year anniversary.

**Considerable increase of
5.5 percent expected**



YEAR

2016

MONTH

12

DAY

14

TIME

12:45

Catalogue configurator

FOCUS ON INDIVIDUAL TARGET GROUPS

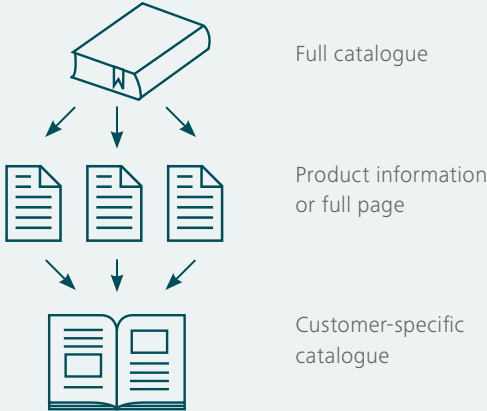
Catalogues, whether printed or digital, represent B2B's ability to perform. At the same time, it is becoming increasingly important for distributors to create both individual and high-quality offerings that are specific to the target group. This is a job for the electronic catalogue configurator (ECC), which in version 2.0 offers even more design possibilities – at product level.

The idea behind the ECC is simple: The processed article records are prepared by E/D/E Marketing in such a way that the specialist distributors can create their own catalogue easily using the configurator. The user simply chooses products or entire pages and combines them as they would like just by dragging and dropping them.



Create individual catalogues in just a few steps with the configurator.

From universal to customer-specific catalogues



In addition to a company image or own cover, individual opening and service pages, the distributor can also import their own sales prices and article numbers into the configurator if necessary using an Excel application. An overview of the chapters including page numbers and intro pages is generated automatically.

That means every distributor can now take care of the needs of his own customer groups, no matter what they may be. The distributor can define cycles, scope and form – print or digital – and provide tailor-made offers.

Facing the competition head on B2B business division Building Technology

Trading volume development (in € million)

2011	2012	2013	2014	2015	Target 2016
1,001	1,089	1,163	1,153	1,234	1,212

The positive momentum, coming in particular from residential construction, is only reflected in wholesale building technology turnover to a limited extent. One of the reasons for this is a capacity bottleneck in the craft sector, as well as strong competitive pressure. This has also had a negative impact on margins. The E/D/E community of distributors WUPPER-RING has strengthened their member companies' competitiveness with specific measures. The cooperation with mah in EURO HAUSTECHNIK-HANDEL GmbH (EHH), founded as a joint venture in 2015, has had a positive impact.



Newly established: EURO HAUSTECHNIK-HANDEL GmbH.

Despite the positive economic reports, wholesale building technology benefited little from this on the market in 2015. The ifo economic surveys reflected the cautious mood in this segment over the course of the year. The German Association of Wholesale Building Suppliers (DG Haustechnik) recorded growth of 2.1 percent in 2015. Wall-mounted sanitary ware performed well and recorded a 4.5 percent increase. The installation goods range and heating increased by 1.9 and 1.0 percent respectively.

Concentration in trade and industry

The market remained in upheaval both from the distribution as well as the industrial side. Particularly medium-sized independent market players are involved in the ongoing concentration process in distribution. In the manufacturing industry, large (international) corporations are on the rise due to acquisitions, and these are hitting the market with full ranges and a corresponding will to penetrate the market.

WUPPER-RING

Trading volume development (in € million)

2011	2012	2013	2014	2015	Target 2016
386	392	382	353	326	336

18 Product areas

44 Services

66 Subsidiaries

Due to acquisitions and discontinuations, WUPPER-RING recorded a decrease in 2015. This decrease, however, was primarily the result of outflows in the previous year. Trading volume declined by 7.7 percent to € 326 million, resulting in the target being missed by 6.5 percent.

Heating

In the heating range, turnover developed moderately well according to DG Haustechnik, with growth of 1 percent, following a loss in the previous year. Higher turnover figures for heat generators in particular contributed to this growth in 2015. This result was supported by the ErP Directive coming into force in September 2015, and related anticipatory effects in gas and oil utilisation technology. Low oil prices also led to a sharp increase in turnover with oil condensing equipment.

WUPPER-RING achieved positive volume effects due to restructuring at the joint venture EHH in buffer and industrial water storage tanks during the period under review. In the floor heating range trading volumes were also increased in underfloor heating distributors. In most of the remaining product areas, WUPPER-RING recorded performances on a par with the general market. Overall unadjusted trading volume with heating ranges declined by 7.2 percent. Only slight momentum is expected in 2016. WUPPER-RING anticipates growth from the newly adjusted warehouse range. Another focus will be on introducing more heating products under the FORtech brand with equally positive effects on trading volume.

Sanitary and installation

According to figures from DG Haustechnik, the sector recorded growth of 4.5 percent in wall-mounted sanitary ware and 1.9 percent in installation goods in 2015. WUPPER-RING missed its previous year's result in the sanitary product area by 9.4 percent and by 6.2 percent for installation goods. Adjusted for company disposals and discontinuations, the performance is in line with the market.

In 2015 WUPPER-RING's activities were particularly focused on member companies' exhibition spaces. WUPPER-RING has bundled all activities that have the aim of boosting the members' exhibition business under the new heading "Store concepts". In 2015 this included the successful launch of the new qualification concept PROMIS 2.0. The bathroom planning training courses entitled "The little interior designer" were also popular amongst members. With specific marketing activities for the distribution concept "seeing.planning.buying.baths" WUPPER-RING again increased regional awareness for participating distributors.



Sales documents for the FORtech storage range.

**Qualification concept
relaunched**



New water fittings from the FORUM brand.

WUPPER-RING also brought out new FORUM water fittings in July. Price-wise they are positioned at entry-level, but also fulfil high design standards. The contract was awarded by EHH and is proof that the cooperation between WUPPER-RING and mah in the joint venture is already bearing fruit, even in the sanitary goods area. Forecasts for 2016 view market growth on a par with the previous year as realistic for the wall-mounted sanitary ware segment. WUPPER-RING also anticipates positive developments for its members.

Central topics

WUPPER-RING and mah joined forces to establish the joint venture EHH EURO HAUSTECHNIK-HANDEL GmbH in February 2015. Advantages are generated for members by harmonising key suppliers in addition to joint supplier negotiations. Some measures were already implemented over the course of 2015. In addition to pipe insulation and water fittings another example was the contracted awarded by EHH for buffer and industrial water storage tanks. The tanks are distributed under the relevant brand names. Other range-harmonising measures and item purchasing activities are in preparation or have already been carried out. Due to the ongoing concentration process EHH GmbH remains open to other wholesalers and distributor groupings.

The building technology warehouse was opened with a basic range in July 2015. Several adjustments have been made to the concept following the initial phase. The foundations were laid in 2015, particularly for personnel setup, expansion of the range and offers for processing procured products. eDC Haustechnik-Daten GmbH & Co. KG was also established in July 2015. The aim of the company is to open up the third market in the area of building technology data. The target group consists of building technology distributors that are not currently E/D/E members.

Cooperation partners VGH International and mah

VGH International has successfully driven its European expansion aims forward. Growth in Austria in particular in combination with positive effects in France were the main drivers of extraordinary development in 2015. In total, VGH International achieved an 18.8 percent leap in growth, processing a trading volume of € 695 million through central payment with ETRIS BANK. And VGH is keeping a keen eye on its growth targets in Europe.

VGH records 18.8 percent growth

Trading volume cooperation partners VGH International and mah (in € million)

	2011	2012	2013	2014	2015
VGH	390	468	549	585	695
mah	225	228	232	214	213

18 Product areas

44 Services

66 Subsidiaries

mah, another important group of distributors in the building technology business division, achieved a result that was on a par with the previous year's result in 2015. With a trading volume of € 213 million, mah missed its target by 4.8 percent. In 2015 the focus was on the cooperation with WUPPER-RING in the new joint venture EHH EURO HAUSTECHNIK-HANDEL GmbH. mah gained a new international member in May 2015.

Outlook

In light of stable residential construction, market development is expected to be on a par with or slightly above the previous year's level. Growth will be restricted by limited capacities in the craft sector. Pressure from competition and on margins will not ease and the concentration process in wholesale will continue. In light of this, WUPPER-RING anticipates a trading volume of € 336 million in 2016 (3.1 percent increase).

Internally, the focus for WUPPER-RING will remain on deepening the cooperation in EHH and developing the store concept further in order to boost member companies' competitiveness. There are plans for the expansion of the FORtech brand as well as a joint concept bathroom project in EHH. Preparations are also underway for the further development of international business.

Positive effects are anticipated for the second expansion phase of the building technology warehouse. In this phase, E/D/E will increase the number of suppliers and products and set up a procurement service for its member companies.

The newly established eDC Haustechnik-Daten GmbH & Co. KG will begin operations in 2016 and exploit market potential in the third market business as a neutral partner. The new company is based in Dortmund.

VGH International anticipates stable growth in 2016, adjusted for structural effects. mah expects slight growth for its members. E/D/E forecasts a total volume of € 1.21 billion for the business division building technology.



Store concepts to improve competitiveness.

Central project eDC and building technology warehouse

Ongoing price collapse puts halt to development

B2B business division UNION STAHL-HANDEL

Trading volume development (in € million)

2011	2012	2013	2014	2015	Target 2016
815	884	916	919	816	883

The price collapse in the steel trade became more severe in 2015 and put a sudden stop to growth at UNION STAHL-HANDEL. Volume demand in contrast remained at the same high level seen over the past years.

Union Stahl-Handel

Stahlhändler im E/D/E

After nine years of growth for the E/D/E business division Steel, with the exception of the crisis-hit year 2009, trading volume dropped by a considerable € 103 million, or 11.2 percent, in 2015. Nevertheless, UNION STAHL-HANDEL maintained its leading position amongst the associations.

The ongoing collapse in prices is the reason for the drop in trading volume, which averages 11 percent on traded products. Causes are the steep increase in exports from China and the already existing excess capacity in European steel production.

Demand for steel did not change materially in 2015 and remains at a high level. Demand from the construction and automotive sectors remains stable. However, some distributors are feeling the effects of export sanctions against Russia, which are having an impact on a number of machine building companies. In terms of volume though, UNION STAHL-HANDEL did see an increase in 2015. This was particularly true for construction steel. The business division Steel also achieved growth in the pipe area and particularly the sheet area, where new supplier opportunities were exploited. This is a further development for members who now have access to extra procurement options. UNION STAHL-HANDEL was able to maintain its position in steel bars and sectional steel/beams.

Considerable competitive pressure

With the exception of construction steel, all products faced considerable competitive pressure throughout the year due to factory and warehouse offers that were priced almost equally. Many of our members took advantage of the situation to permanently serve their own needs with smaller amounts from warehouses – which was also a reaction to the constant price drops.

18 Product areas

44 Services

66 Subsidiaries

We observed that E/D/E's steel distributors are well positioned and able to adapt to the difficult market conditions. The offer services and products, based on the needs of regional consumers, that market competitors do not feature in their portfolios.

During times of intense competition, membership in a strong association like UNION STAHL-HANDEL offers many advantages. This especially includes the high-demand services of market and price monitoring. The annual regional meetings were once more used as information and communication platforms in 2015. The Board met in April and November. Members informed themselves about their situation on the market, diverse corporate topics were discussed and UNION STAHL-HANDEL provided reports about turnover development and purchasing.

UNION STAHL-HANDEL developed the steel configurator together with member company Meinolf Gockel, and in close collaboration with the E/D/E business division eBusiness, in 2015. This new interface has made it possible to easily order individual steel products online for the first time. Customers receive customer-specific prices even during the ordering process.

Outlook 2016

The German construction industry will at least remain on a par with the previous year, and no collapse in sales is expected in the automotive sector, either, regardless of the exhaust scandal. The E/D/E business division Steel anticipates steel demand in Germany in 2016 to be similar to 2015. If there are no material changes to the ore and scrap situations then steel prices are unlikely to change. We can currently assume that the international situation will remain unchanged in 2016. This means excess supply in flat products, particularly from Asia, and production in Europe in the other rolled steel areas, i.e. bars, sectional steel and pipes, that will exceed demand significantly. Companies will continue to be crowded out. The situation is becoming increasingly critical for many SME manufacturers in Europe, meaning market consolidation should not be ruled out.

Regardless, UNION STAHL-HANDEL anticipates a 8.2 percent increase in trading volume to € 833 million in 2016. This will be driven by new members who joined E/D/E at the beginning of 2016, in addition to extra purchasing activities for various products.



Steel distributors report stable volume demand.

New members gained

B2B qualification system

Business division Membership Development

The newly developed service offer for systematic qualification measures in B2B has reached the first milestone. After the major conceptual and organisational preparation was completed in 2015, the Akademie is now entering the implementation phase.

Central platform pools learning offers

With training and systematic (i.e. modular) qualifications the new service package supports cooperating SMEs and makes a contribution towards ensuring the competitiveness of distributors. As a central platform, the Akademie pools existing offers from E/D/E and the manufacturing industry and also designs new education products. Measures for fostering methodical and social skills are the Akademie's main focus. These skill areas were identified as the areas most in need of development during numerous workshops with members. In addition to proven teaching methods, innovative methods, such as eLearning, will also be employed in future to convey the educational content.

Accomplished cooperation partners were also identified and recruited for cooperation in the last financial year. They bring important skills necessary for an educational institute. Trial discussions with the manufacturing industry also showed we were on the right track. Suppliers signalled a significant amount of interest in cooperation in the area of qualifications and recognised the synergies that could result.

Qualifications in 2015

In order to highlight the important position education holds in B2B, E/D/E organised the "B2B Talent" competition for apprentices and young professionals from member companies for the second time since 2013 last year. The number of applications increased considerably. Personal skills were the main focus of the multi-stage evaluation. There was also an award for the best "B2B training organisation in 2015".

The business division also organised numerous qualification measures in 2015. In addition to three modular measures for junior and young entrepreneurs and the cross-industry concept "The TEAM", there were also 46 training courses on offer covering corporate management, personality development, sales, purchasing and marketing.



E/D/E selects B2B Talent for the second time.

The E/D/E business network

In nine ERFA groups and a junior and young entrepreneur network the focus is on reciprocal exchange and the corporate development of E/D/E members. The groups are also increasingly observing business benchmarks, which results in further performance potential being recognised more easily. All in all, the business division organised more than 20 network events in 2015. Skilled professionals held keynote speeches at the ERFA meetings and took part in follow-up discussions about actual situations in the companies. The event designed especially for members in the business network "eCommerce in B2B" proved very popular, and was completely sold out with 50 participants. Five more companies decided to join E/D/E's business network last year.

Outlook

The first systematic qualification offers for sales and education were designed in 2015. They will be launched in 2016. Qualification measures for junior and young entrepreneurs, which E/D/E has offered since 2014, will be pooled within the Akademie in 2016 and optimised and continued.

The qualification and service offers for the service and consultation areas will be consistently expanded. In future, the Akademie will offer need-oriented and thus customised qualification solutions for B2B trading companies, specifically in the form of individual consultation offers. Design and qualification contents are still created in close cooperation with the supplier partners.

The business division aims to solidify the existing groups and establish more ERFA groups in the business network in 2016. The business division also plans to offer participants new information services as a foundation for even more effective benchmarking.



Special eCommerce event enjoys great popularity.

Qualification offers to be consistently expanded

YEAR

2017

MONTH

6

DAY

13

TIME

08:45



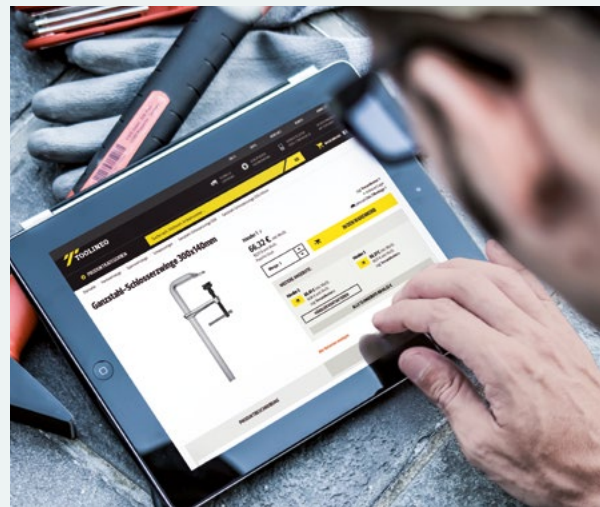
Toolineo

THE MARKETPLACE FOR PROBLEM SOLVERS

Toolineo is not just a marketplace where goods are traded, it is the idea of translating traditional B2B strengths for the digital world and where customers are put at the heart of all trading, even more so than before.

There is a lot of upheaval in B2B currently. Multichannel is ubiquitous and online shops are common in all sectors. With Toolineo, E/D/E has created a marketplace for distributors that focuses on their strengths: a place where they can present their products and services locally, regionally and nationally. Distributors can separate themselves from the competition and display their own strengths through add-on services, such as on-site maintenance, direct consultation and support at building sites or uncomplicated help even during the weekend.

It is Toolineo's philosophy that the quality of the overall package is what will be decisive for the purchase decision made by the end customer. It is important to know then what the customers – that is craftsmen and



PC, tablet or mobile: You can use Toolineo anywhere.

professional users – really want and need in the digital world. Their needs change, and as they do the market changes. This is a great opportunity for retail to get closer to their customers and to expand customer knowledge.

Toolineo's end customers will not have to go without advice and support in future, either. Instead of just the product, distributors' services and knowledge about customers' needs online will also play a central role in customer relations in the coming years. B2B experts will therefore remain the individual problem solvers in the digital age that they always have been. And that is the USP that Toolineo represents.

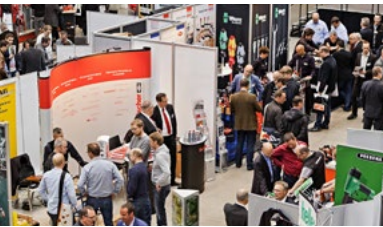
Direct offers for customers



Systematic success

B2B sales systems

The number of partners in B2B sales systems increased once more in 2015. Coverage has risen even more sharply: Members of the HANDWERKSTADT group alone have more than 100 locations. The GreenMoto concept has been successfully established on the market. Across all three groups, growth of 6.6 percent was achieved in purchasing volume with contracted suppliers.



Great run on first sales systems marketplace.

Borne by continued high capacity utilisation in the craft sector, the result achieved by HANDWERKSTADT was very positive. Increasing harmonisation of the sales and marketing activities in the member group brought attention to the successful sales concept. The first marketplace organised together with the PLUS 1 group was also a resounding success. More than 200 participants attended the event, which offered a mix of product innovations, sales training and also many communication opportunities. The storage business for sales systems also performed very well. An increase in turnover of 10 percent against the previous year was recorded.

HANDWERKSTADT

The positive economic conditions, positive consumer sentiment and the continued high demand for residential properties means that capacities are being used well in the craft sector. Volumes for HANDWERKSTADT businesses initially remained parallel with the high level seen in the previous year and then increased by 5 percent in the second quarter and 6.4 percent in the third (against the previous year). These developments were sustained until the end of the year. As part of the FORUM brand's 10-year anniversary the group launched a total of 17 measures to support sell-offs and market penetration. Turnover generated with FORUM increased by 22 percent. Another focus was on launching the new clothing series "twenty-four" under the FORTIS brand. Selected HANDWERKSTADT partners had a decisive influence on the new line's design.

Good utilisation,
high standard

18 Product areas

44 Services

66 Subsidiaries

PLUS 1

Sales staff from the PLUS 1 group also worked on the marketplace organised together with HANDWERKSTADT. The group also successfully introduced a new advertising format, designed by E/D/E Marketing. In terms of trading volumes with contracted suppliers, the concept participants achieved growth of 2 percent.

GreenMoto

E/D/E has successfully established itself on the motorisation market and focused on expanding customer-specific services further in 2015. Eighteen percent growth was recorded amongst members in purchasing volume with contracted suppliers. Users showed an increasing interest in wireless technology and mowing robots.

More than 30,000 copies of the annual GreenMoto catalogue were published. Numerous target group-specific versions reflect the reality of sales on this market. In addition, three seasonal offers supported member companies' sales. E/D/E also supported GreenMoto participants with new service documentation for improved customer loyalty. The sector newsletter "Motoristen im Dialog" (Motorists' Dialogue), also launched in 2015, enjoyed great popularity and increased concept awareness on the market. A GreenMoto presence at all important sector events was also part of the activities in 2015.

Outlook

Good utilisation of capacities in the craft sector can again be assumed for 2016 due to the on-going favourable economic conditions. The anticipated high demand will form a solid foundation for our system partners' further growth. E/D/E intends to drive these developments with coordinated marketing measures and targeted sales support. Another aim is to increase the number of concept participants in order to achieve a high level of market penetration. Increasing member numbers will also be a priority for GreenMoto and HANDWERKSTADT. Creating an individual internet presence for the motorisation group is still part of the plan for 2016. More conceptually new customer loyalty measures are also in planning.

The HANDWERKSTADT concept will be developed further and in particular specialisation opportunities for participants will be expanded. A new edition of the HANDWERKSTADT and PLUS 1 catalogue was published with an updated layout.



New advertising format for PLUS1 participants.

System participants continue on growth path

The specialist for B2B marketing

Business division Marketing

Both in terms of channels and instruments as well as procedurally, E/D/E Marketing set the course for customers to make the most of digital opportunities. The business division also managed to successfully position itself as a B2B specialist for third-party customers and promoted catalogue business in Europe.

Digitalisation puts traditional processes in companies to the test. On the other hand, new technologies also enable more efficient processes and open up new application possibilities to connect with distributors. In order to utilise these changing distribution channels, the quality of data must be better than it is today. In light of this, a complete redesign of the IT landscape was prepared in 2015, which will be successively implemented from this year onwards.

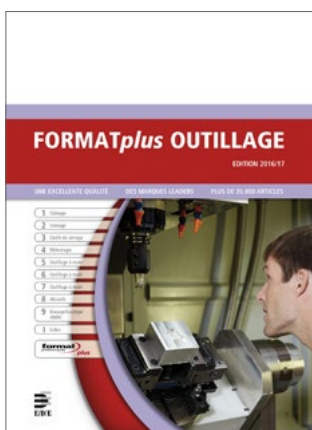
Redesign of IT landscape prepared

B2B catalogues

The electronic catalogue configurator (ECC) gives member companies the opportunity to create individual catalogues in the quantities they need by selecting ready-made pages. Following a relaunch in 2015, the interface is now even easier to use. It will be optimised further and refined as far as options are concerned.

Efficiency gains were made in catalogue production by reducing the number of procedural and technological interfaces. A comprehensive renovation of the IT landscape was prepared, which will be implemented from 2016 onwards. The management system for product information implemented for the eDC, or electronic Data Centre, will play a vital role, and will centrally manage all E/D/E product data in the future. With its own photo studio, opened in 2015, E/D/E is setting new standards for the images that accompany the data records. The campaign for the online marketplace Toolineo was also created in this studio. B2B catalogues also acted as a service provider for Toolineo in 2015, taking care of basic data maintenance for the platform's launch range.

Another focus in 2015 was on the preparation and implementation of the parallel roll-out of more than 100,000 European catalogues in six languages. Altogether 46 catalogue projects were completed in the 2015 financial year, with a total volume of more than 36,000 pages and more than 700,000 copies. As part of the ongoing comparison and optimisation process, E/D/E catalogue logistics was once more able to position itself as the sector's benchmark.



Catalogues released simultaneously in six languages.

B2B advertising

In addition to individual instruments, the development and implementation of holistic marketing concepts for the sector was once more a focal point. Examples of a holistic approach from market development to targeted market cultivation are the ForFine and ForSec brands. The introduction of the sales concept "Die Baugeräte-Profis" (the Construction Equipment Professionals) was supported with numerous marketing measures. Participants were given semi-customised corporate brochures under the umbrella brand ELEMENTARES. Other projects from 2015 include a review of the tool concept PLUS 1 and the presentation of the new occupational safety line FORTIS. The advertising team created a location marketing concept and corporate brochure for the member TOPF. E/D/E is also active in B2C advertising on behalf of the sanitary goods community of distributors WUPPER-RING. With the B2B magazine, the sustainability report and the annual report, E/D/E publications are also produced in-house. In total more than 650 individual projects were completed in 2015.

Trade fairs and events

From foreign and domestic trade fairs to events to increase staff and customer loyalty, there were many memorable gatherings in 2015. In addition to E/D/E and subsidiaries, events were also commissioned by member companies and cooperations. One highlight was the E/D/E Tool Forum with distinguished speakers such as the philosopher Richard David Precht. Out of the trade fairs, A+A in Düsseldorf and Hardware in Lucerne went particularly well.

Outlook

As far as instruments are concerned, the business division will expand online marketing and offer semi-standardised solutions for B2B, for example. The digitalisation of processes will remain a focal point. In connection with this, increased automation and optimised planning, production and controlling processes in the catalogue area will result in further efficiency potential. The catalogue configurator ECC will be made more user-friendly through new features, and offer considerably more options and customisation possibilities. Complete certification for the B2B catalogue area, which has already been begun on many levels, is also a major aim. In terms of the market, supporting third-party customers as a marketing service provider remains a priority. National and international cooperations also belong to the target group, in addition to individual members, specialist groups and sales systems.

Brand communication from A to Z



The Tool Forum, the meeting point for B2B.

Focusing on the quality of processes

Business division Logistics

The changes in ordering behaviour to ever smaller amounts with higher order frequency are increasing the challenges faced in logistical processes. In the 2015 financial year, E/D/E systematically stabilised and optimised processes along the supply chain. The number of products stored at the electronic Logistics Centre (eLC) in Wuppertal was also significantly increased to more than 93,000. Warehouses belonging to e + h and ZEDEV in Switzerland are not included in the following observations.



In addition to the development and optimisation of supply chain management at E/D/E, the E/D/E core project L500 was and is being consistently pursued. This project will result in the product numbers in warehouses increasing to 150,000 by the year 2020. At the end of 2015, the number of products in stock already amounted to 93,151. The volume of orders increased significantly again in the year under review. Turnover at the logistics site in Wuppertal also rose slightly against the previous year, climbing 5 percent to € 182.6 million.

Logistical processes were also checked and integrated as part of the preparation for the online marketplace Toolineo. During the Toolineo pilot phase, end customers were initially supplied from the eLC in Wuppertal on behalf of the distributors under normal quality conditions. The launch range consists of approximately 50,000 products.

Parcel shipping and delivery to end customers

The trend towards smaller orders continues. Distributors increasingly rely on the logistical quality provided by E/D/E. As a result, the number of parcels sent by the eLC again increased in the double-digit range against 2014, with a 12 percent increase (10 percent increase in the previous year). Around two thirds of the deliveries were sent directly to the end customer on behalf of the distributors. On peak days, almost 6,000 parcels left E/D/E Logistics; the average number of parcels shipped per day was over 4,200. That means more than one million parcels were sent out over the whole of 2015.

**More than one million
parcels shipped**

Across all shipping types, the number of products shipped amounted to almost 5.7 million. On average almost 22,600 items were processed each working day. E/D/E delivers every working day, including the days between Christmas and New Year. In Germany parcels are

delivered within 24 hours and in Europe, within 48 hours. The delivery quota in parcel shipping remained high despite the increase in volume, and amounted to 97.7 percent in 2015. With a delivery quota of 97.8 percent in freight forwarding for E/D/E members, Wuppertal Logistics confirmed its outstanding performance in the sector.

Delivery quota remains high

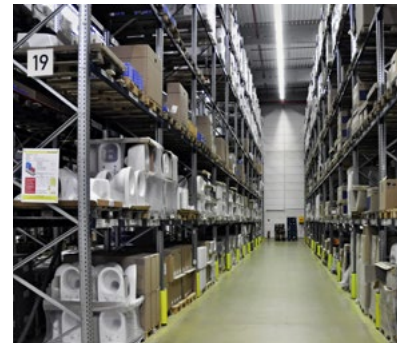
Employees

Productivity and quality has been improved even further in many areas due to ongoing further qualification measures staff and management in logistics. Shop floor management was developed further. Systematic communication and higher levels of transparency enable more precise resource planning, amongst other things. Processes were stabilised further and the level of target attainment increased.

E/D/E Logistics also made progress in the area of health management. In addition to the ergonomic improvement of work places, which began in 2014, a health circle was introduced in 2015. This allowed logistics staff to get involved with improving working conditions. The vitamin offensive, successfully carried out in 2014, also took place again this financial year. The numerous measures contributed to keeping the sickness figures within Logistics stable. Twenty staff on temporary employment contracts were taken on permanently by E/D/E.

Outlook

We will continue to focus on the quality of the logistical processes at E/D/E in order to meet the market requirements in future, too. There are also more optimisations planned for the infrastructure and service quality in logistics in 2016. Of course the interests of our member companies and customers are always at the heart of everything we do. There are also projects involving building site delivery and order pooling planned. We are actively striving to increase efficiency along the entire supply chain, including supplier management again as a core concern. The 2016 implementation strategy will follow on seamlessly from the strategies of the previous years and is consistently aligned with the E/D/E CHALLENGE 2020 strategy. As part of this strategy, planning and forecasting processes will be expanded. With the increase in orders placed through the online marketplace Toolineo, the challenges for logistics as a central service provided by Toolineo are mounting. An increase of 11.6 percent to € 203.8 million is planned for E/D/E storage turnover in Wuppertal.



More products in the eLC; this is the new building technology range.

Infrastructure and quality to be optimised further

Making the most of digitalisation opportunities

Business division eBusiness

Following intense preparation, the E/D/E core project electronic Data Centre (eDC) has reached the phase where product data can successively be used on the market. The business division eBusiness will provide in-depth technical IT and consultation services for this process. The E/D/E Multishop was also improved and implemented for another 50 members.

The digitalisation of the economic and sales processes is keeping both the B2B and the manufacturing industry busy. With its services, the business division eBusiness can provide help with making the most of the opportunities resulting from this development. With material advances in the core project eDC and the digitalisation of business processes as well as development of the Multishop in line with the market, E/D/E has again strengthened its member companies' competitiveness in 2015. The Multishop team has also restructured itself organisationally and procedurally within the eBusiness business division.



Great progress made in E/D/E core project.

Core project eDC

eDC data management is one of the core projects derived from the E/D/E corporate strategy CHALLENGE 2020. Product data for the manufacturer ranges is uniformly prepared according to the eDC Cl@ss standard, which significantly surpasses any classification system currently on the market in terms of both depth and breadth. The result is ideal product data for sales. Following time-consuming and expensive preparatory work, the eDC is now being rolled out to many specialist areas. The eDC is enjoying considerable demand. In the specialist areas fittings and occupational safety, contracts with member companies have been signed and the first data packages have been delivered. E/D/E eBusiness is ensuring that the data can be used to full effect on the market with data management advice and by making interfaces for the IT systems of B2B companies available. An interface to connect craftsmen software via the Multishop in order to use eDC data there was also developed. In the specialist areas fittings, occupational safety and technical trade the first stage with a total of just over 360,000 prepared data records from approximately 90 suppliers has been reached. In further expansion steps, planned for 2016 and beyond, another 500,000 products will be added. In the specialist areas power tools, operating facilities and precision tools classification was completed by the end of 2015.

Developments in e-commerce

The E/D/E Multishop, an intelligent solution for the digital connection of existing customers, was in high demand in 2015. Fifty new contracts were signed. That means more than 370 specialist distributors are now using the Multishop. The number of interfaces was also significantly expanded: The shop can now be connected to 25 different product management systems. During the period under review the steel configurator went online, which E/D/E designed and implemented together with member Meinolf Gockel. This new interface has made it possible for customers to easily order individual steel products online for the first time. Customers receive customer-specific prices even during the ordering process. With the "Click & Collect" function, E/D/E has created the opportunity for customers to mark products as pick-up items, thereby supporting member companies with multichannel trade. Another development relating to customer loyalty is an app that can be used by field staff to place orders on site on a customer's behalf.

The steel configurator went online in 2015

Digitalising business processes

E/D/E currently has various electronic business process connections with around 1,100 partners in distribution and in the manufacturing industry. During the period under review the association has laid the foundation for expanding these connections through investments in IT and personnel, in order to exploit the opportunities of further digitalising business processes.

Outlook

The eDC will be expanded in line with the project plans in 2016. In the specialist areas power tools, operating facilities and precision tools, product data will be prepared according to the eDC Cl@ss standards. The specialist areas fastening technology and hand tools will begin classification in 2016. For the business division eBusiness, providing individual advice for the distributors will be a priority. The main challenge is to integrate the product data in the distributors' electronic sales systems and guarantee their benefit.

As an important sales channel, the Multishop is being consistently developed further in line with market requirements and technological progress. E/D/E will be increasingly including dedicated and experienced Multishop users in these processes. A working group established for this purpose has already begun work. Distributors must be able to offer any sales channel that a customer requires. E/D/E eBusiness will continue to invest in IT solutions and offer consultation services in order to keep member companies as competitive as possible during digitalisation.

Competitiveness in the digital age



Overview

Real time order flow, storage capacity as is; verified data October 1st 2018.

YEAR

2018

MONTH

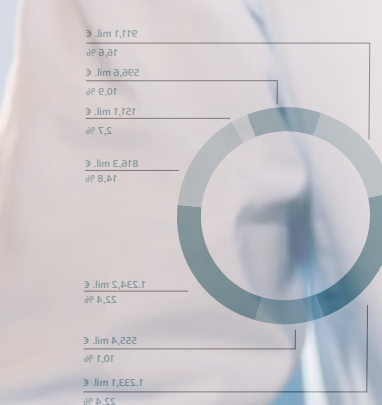
8

DAY

2

TIME

09:00



4,97 € (5,38 €)

You may also return to main-menu.
The term in question with your timeline of previous orders?
Conditions and terms may vary. Do you want to compare
Article in stock



Live mode.
Open live stream of custo-
mer reviews, unboxing
videos, demonstration and
wiki. Also: Browse for pro-
duct instructions.



Enlarge.
View product from differ-
ent angles. For close scr-
tiny mode, please click on
the corresponding item.



Enhance.
Enhanced view enables
further features. For enhan-
ced view, please click on
the corresponding item.

Digital business processes

STIMULATING THE VALUE CHAIN

Communication within the association is a complex business. Whether in the warehouse or central payment (CP), we needed – and sometimes still need – huge amounts of paper to satisfy procedural demands. Orders, order confirmations, delivery notes, invoices plus duplicates; we were always printing and sending things back and forth between suppliers, distributors and E/D/E. This costs money and ties up the workforce. The entire value chain was restricted by administrative tasks to a certain extent.

Digital business processes are resulting in huge changes and freeing the value chain from these shackles of inefficiency. They allow the permanent exchange of data beyond organisations' boundaries, and connect companies, areas and divisions.

This is partially already reality at E/D/E: more than 90 percent of orders in the electronic Logistics Centre (eLC) are already processed digitally. ETRIS BANK is catching up in central payment with the project



The complete digital processing of order, deliveries and payments is in reach.



ETRIS BANK is pointing to the future with the project CP 2020.

CP 2020. It is connecting B2B value chains using uniform digital processes for suppliers and members, paper-free order and invoicing processes are more efficient, and information flows in real time. Complete electronic documentation means the whole process enjoys a better quality and meaningful statistics and evaluations can be created at the press of a button. The result: central payment is simpler, digital and more user-friendly.

A glimpse into the future in 2018: E/D/E is working on pooling these different branches of digital value creation in a central platform for the whole association. For members and suppliers this means the completely digital processing of orders, deliveries and payment is within reach, and the times of media gaps and bilateral paper trails will be over.

Focusing on internal resources

Business division Personnel

In 2015 the business division Personnel consistently pursued and expanded targeted training and health management for more than 900 E/D/E employees based in Wuppertal, in addition to active apprenticeship marketing. With the switch to a new IT system, HR administration is now considerably more efficient.

Various modular applications can be added to the payroll system, which was introduced at the beginning of 2015. It will allow staff to manage holiday and working hours accounts, but also seminar registrations for example, themselves in future. Interfaces to the financial and accounting departments make processes more efficient. This switch has lightened the load for HR administration and creates more transparency for staff. It also saves resources due to largely paper-free processing.

Decisive advances were made in 2015 in the central projects of the E/D/E corporate strategy CHALLENGE 2020, such as the online marketplace Toolineo, eDC data management and the modernisation of central payment (CP 2020). As part of these projects, the company created and filled new permanent positions. As many plans intersect with the digital change, the range of job profiles has increased again. In connection with these project investments and acquisitions, the number of staff employed by E/D/E in Europe has risen to 1,085 as of 31 December 2015.

For a specialised and private association, recruiting the right employees has always been quite a challenge. E/D/E therefore invests considerable sums in initial vocational education in order to gain well-trained staff and managers from amongst our own workforce. The company has a reputation in the region and beyond as an excellent apprentice trainer. This is partly due to active personnel marketing. In 2015 a total of 727 young people applied for 20 apprenticeship positions. As of 31 December 2015 the company had 66 apprentices.

Members of Generation Y are just starting to join the company as apprentices and young professionals. The expectations that these young people have differ considerably from those of previous generations: They demand a high level of communication as well as personal recognition and appreciation, compatibility of family and career and a healthy work-life balance. Company management has taken these demands on board and is making preparations.



Training courses enjoy great popularity.

**Targeted personnel expansion
for strategic projects**

**66 apprentices at the
end of 2015**

E/D/E is making a contribution towards keeping employees productive and happy with active health management. Offerings include back-strengthening at the workplace and the vitamin initiative for logistics employees. Encouraging company sports activities, healthy menus in the company restaurant, investments in occupational safety, flu injections and company integration management are other aspects of health management at E/D/E.

E/D/E has a broad training programme: The focus is on staff and management training as well as training courses to foster methodical skills. The implementation rate of 80 percent of the training courses offered shows how relevant the content is as well as the high level of interest amongst employees in completing further personal development training. E/D/E therefore also supports dual study courses.

The training programme also includes health-related courses, such as the back-training course. Other offerings include language courses, which also serve as mental training, as well as support to manage private duties, such as caring for family members. With these and other offerings, E/D/E also takes into consideration the specific needs of older staff.

Outlook

Recruiting the right employees is an essential factor for achieving success at any company. E/D/E therefore aims to increase efficiency levels in its recruiting process in 2016. In light of the scarcity of qualified staff, E/D/E will also be relying more on internal resources. In addition to showing a high level of commitment in initial vocational education and further training, this means establishing stringent successor plans and – as a result – establishing talent management. This will be the focus of work in 2016 for the business division Personnel. HR administration will continue to prepare for the implementation of personnel interfaces in the SAP system this year.



Health-promoting courses such as yoga are topping the tables.

Talent management allows us to tap into resources

Agility and stability

Business division Organisation/IT

Increasingly faster project and process cycles as well as an ongoing high level of investment on the part of E/D/E are resulting in a number of challenges for the business division Organisation/IT. As a central service provider for the E/D/E Group, the business division must meet the agility requirements without neglecting the necessary stability premises.

Particularly in times of rapid change, the business division Organisation/IT faces the task of enabling the E/D/E Group to adapt to new market challenges quickly from a procedural, organisational and technological point of view using new methods and techniques. In light of this, operative excellence is one of E/D/E's most important strategic factors for success. Fulfilling this fundamental requirement is a top priority for all of the teams within this business division.

Project management

Scheduled recertification carried out in 2015 confirmed the content approach of the project management team which was revised in 2014. The quality of project management at E/D/E was also confirmed with external benchmarks from the European School of Management and Technology (ESMT). Even in comparison with DAX companies, E/D/E was able to position itself in the top quarter. During the period under review, the team managed and accompanied 35 projects. The approach used is increasingly based on agile project management. Project methodology was also conveyed to external partners for the first time as part of an E/D/E seminar offer.

Process management

A process platform was developed by the process management team and implemented at a number of company units during the period under review. Operative processes from the entire E/D/E Group are recorded in the platform in order to continually improve them. The aim is to institutionalise the cultural change to a "learning organisation" so that the increasing demands that E/D/E faces can be fulfilled. The process team's effectiveness was confirmed during a recertification.

Application management

The priority for using resources in 2015 was to support the E/D/E core projects Toolineo, CP 2020 and the eDC. The standardisation of the application landscape based on SAP



Focus on core projects from the corporate strategy.

Aim: E/D/E as a learning organisation

technology was also consistently pursued. Specifically, this means that a SAP module was implemented that enables more efficient corporate planning. A SAP-based platform for central payment was implemented on behalf of the subsidiary ETRIS BANK, which will initially be used for the bank's third-market business. Another new application was also developed for ETRIS BANK. It enables automatic invoice processing at item level for central invoicing.

IT business teams

The E/D/E Group's IT strategy was consistently developed and implemented. After the majority of the server landscape became virtual in 2014, more measures were taken in 2015 to improve performance and reliability. The E/D/E core projects Toolineo and CP 2020 also required a comprehensive expansion and renewal of the IT infrastructure.

As part of the sustainability activities at E/D/E the printer systems were exchanged. The company particularly looked at the ecological aspects of the printers' production and operation when it came to choosing a partner from amongst the service providers. This measure was supported by the continuation of the E/D/E printer savings competition. The aim of the competition is to change staff's awareness and behaviour. This resulted in another decrease in materials printed of 11.6 percent against the previous year.

Ideas management

With the ideas management concept known as idea! E/D/E is tapping into staff and management's creative resources in order to improve processes within the company. This system of evaluating and rewarding ideas was checked and improved so that even more employees might participate. Fifty-one ideas were submitted in 2015.

Outlook

Operative excellence remains the top priority for the business division Organisation/IT. Process optimisation will be extended to further areas of the business. Setting up an internal electronic process platform will enable a significant increase in the transparency of processes. The launch is planned for 2016. The business division will also be taking a look at its service management in order to qualitatively align processes and structures with the de facto standard IT Infrastructure Library (ITIL). The E/D/E Group will again consistently invest in the expansion of the IT infrastructure in 2016. Project planning will be optimised in order to improve planning security and quality further. The level of investment in the E/D/E Group will remain high. More than 30 projects are planned for 2016.



Investment in the IT infrastructure.

**More than 30 E/D/E
projects in 2016**

New concepts are popular

Central division Service/Member Support

The framework agreement with the shipping company UPS was extended, and the new SPARPLATZ catalogue range increased: E/D/E is expanding services for customers – internationally, too.

Member development

Sixteen companies
joined E/D/E

Last year E/D/E again managed to recruit major specialist wholesalers as members. In total, 16 companies joined the association, 10 of which are based in Germany. The additional trading volume mainly stems from the product areas building technology, tools and fittings.

The decisive factors that led the companies to choose E/D/E were the development and establishment of new market and sales concepts, in addition to the established association group services. This includes the specialisation offering for precision tool distributors.

The trading volume generated by associated companies with E/D/E climbed last year; simultaneously the absolute numbers of E/D/E members dropped slightly. The reason: Consolidation in retail and B2B continues, and companies in the sanitary branch are particularly affected.

Cooperations came to end with 45 companies based in Germany in 2015. Twenty-three of these companies were retailers. The main reasons for this were insolvency proceedings and sell-offs. The situation is similar for E/D/E members abroad, where cooperations ended with seven companies. At the end of 2015, the association had 991 B2B companies and 278 retail members.

New SPARPLATZ catalogue

The new SPARPLATZ catalogue was published in September 2015. The third edition now includes even more services for E/D/E members. They can, for example, receive even better conditions on fuel cards or office supply orders. E/D/E supports all of its members with exclusive beneficial conditions.



More content: the 2015 SPARPLATZ catalogue.

From 1 May 2016, the new framework agreement with premium shipping company UPS will come into force. Thirty years after the first agreement between E/D/E and UPS, the companies have extended their partnership for another four years. Around 700 members already make use of this offer, and the tendency is rising. E/D/E is now working on establishing SPARPLATZ internationally, with the help of select partners, so that our members abroad can also take advantage of as many services as possible.

Sector news

The exclusive publications covering the situations in different sectors are very popular. They are drafted by E/D/E based on its own surveys and sent out to partner companies. In addition to the annual economic barometer, the economic report has also managed to firmly establish itself. The association has published this report every three months since 2014. The economic report in particular is able to depict the situation for B2B trade representatively due to the broad base of data it uses. The information it contains supports the member companies to evaluate their business against the competition and recognise new market developments in good time.

Outlook: Concentration process continues

E/D/E is confident that it will be able to gain major specialist wholesalers domestically and abroad in 2016 for this strong association. Overall developments are unambiguous: Smaller distributors are increasingly struggling under the weight of challenges heaped on them by the market. The concentration process in B2B will therefore continue in 2016.

In this situation E/D/E views itself as a partner to both the larger and smaller B2B and retail businesses and supports all companies facing challenges with services from the central division Service/Member Support.



Framework agreement with UPS extended.

Partners face challenging environment



Spannung
- Fresser
1144 Bohrwendellose WMMG
122222 Treiber KZF (Übers
Aufnahme
1155 Eckschrauberaufnahme 122COSU
- Wiederplatten
11111 Wendeplatten VBM7
- Arbeitsschutz
- Handschutz
1122 Lederhandschuh Größe 11
- Augenschutz
1133 Schutzbrille Flex

Werkzeug: 108
Kundenartikel: 47-1
Beschreibung
Seriennummer
1000
Preis
Stückzahl
12 Betriebsstunden
3 Preis
6 Stk

YEAR

2019

MONTH

1

DAY

27

TIME

11:07

Industrial services

INTELLIGENT BUSINESS PROCESSES

Industry 4.0 is having an impact on economies around the world. BITKOM describes Industry 4.0 as “a new stage of organisation and management along the entire value chain for product life cycles. This cycle is oriented towards increasingly personalised customer demands and covers everything from the idea, order, development and manufacturing, and delivery to the end customer to recycling, including all associated services”.

This quite complicated statement describes the fourth industrial revolution, which will have an enormous impact on B2B. E/D/E's industrial services have already successfully completed more than 300 projects with members and their industrial customers involving new digital framework conditions. The focus is on electronic business processes, mobile applications for purchasing and distribution, high-speed automation and networking of material management and the opportunity for trade to expand its place along the value chain.

Industrial customers are currently looking for answers to these new challenges. Looking to the future, this represents a great opportunity for specialist distributors to constructively accompany and support industrial customers and shape the future together with innovative services.



Material management reconsidered digitally.

Consistent expansion of International Activities

EDE International lays important foundations

Trading volume development (in € million)*

2011	2012	2013	2014	2015	Target 2016
599	634	888	950	1,181	1,236

* trading volume generated abroad by the E/D/E Group; CP volume for the entire Group plus statutory VAT since 2013

With a trading volume of € 1.18 billion generated abroad, E/D/E has crossed an important threshold in 2015 and exceeded its target. The wholly owned subsidiary EDE International AG has successfully implemented a number of sales measures in European markets and carried out a personnel and organisational restructuring. Important foundations have thus been laid for the future.

Realignment with a focus on sales activities

Following this realignment at EDE International AG as a sales organisation, the E/D/E subsidiary concentrated on fulfilling sales promotion activities in 2015. The catalogues play a vital role here. In the year under review more than 150,000 catalogues were published simultaneously in seven languages by the European distribution groups. In addition to the versions for the French, Spanish, Dutch, Polish and Romanian markets, and a German-language version for the Austrian market, there was another English-language version for premium tools. The first joint processing of the catalogues also resulted in time and cost savings. In addition four marketplaces and further catalogue training courses were held for sales staff. And a Romanian catalogue was published for the first time.

The activities organised by EDE International are having an impact on the market, and have resulted in an increase in the number of direct members based in Europe (excluding Germany) for the E/D/E Group in 2015. New members were recruited from the UK, Poland, Austria, France, Spain and Romania.



Strategic shareholding became effective in 2015.

Strategic-structural development

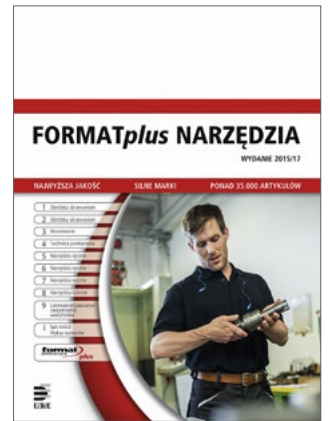
The strategic acquisition of a shareholding in the Swiss purchasing group e+h Services AG came into effect in the last financial year, which meant that the threshold of € 1 billion trading volume generated abroad, which was targeted in 2016, was exceeded early. e+h is the leading Swiss trading company for branded household, gifts, tools, garden furniture and garden technology products and has a modern, high-performance central warehouse in Däniken. This is where storage business in Switzerland will be pooled.

- 18 Product areas
- 44 Services
- 66 Subsidiaries

The organisation of EDE International and the European business division was optimised, creating the foundations for further growth. The newly established central department Europe is responsible for overarching, cross-company tasks, particularly those relating to member support, basic organisational matters and general queries regarding European business.

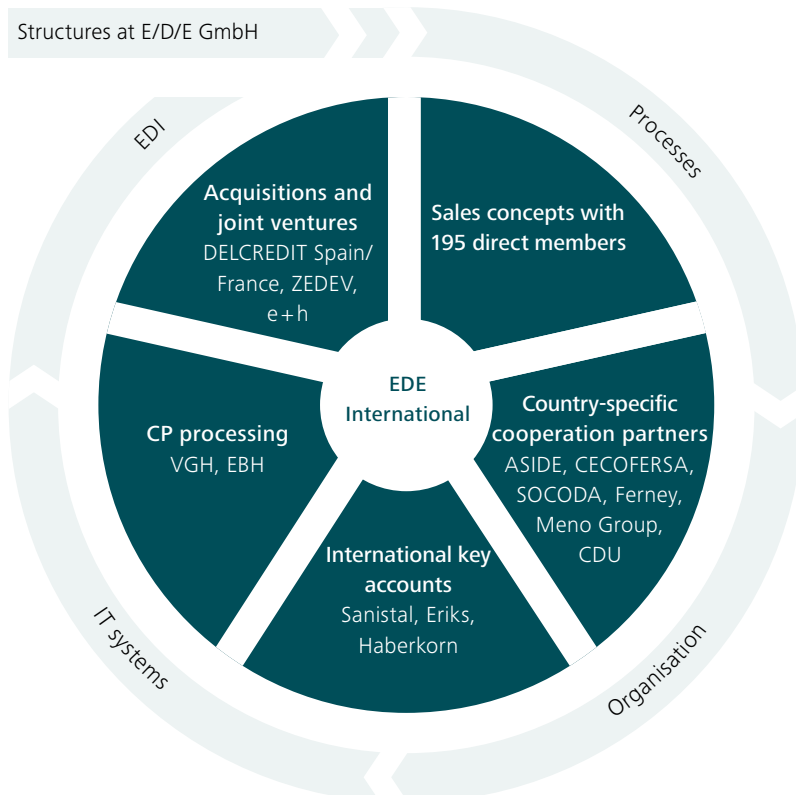
Distribution region North/East

EDE International has expanded its solid position in Poland. The Polish FORMATplus group has performed exceedingly well since it was established in 2007 and once again recorded double-digit growth in 2015. EDE International supports distributors in cultivating this high-growth market with numerous measures. The tools catalogue, which has around 1,500 pages, was delivered on schedule, accompanied by three regional training courses for approximately 100 sales staff. The group also adopted a new



Position in Poland expanded with tool catalogue.

Sales organisation EDE International



marketing plan, which includes specific sales-promoting measures for 2016 and 2017. From 2016 a new distribution partner will sell FORUM products and will also use its own Polish-language catalogue.

Active market cultivation in the UK

In 2015 EDE International set the stage for further growth in the UK in the coming years. One measure taken was the publication of a catalogue for premium tools. Two new members were recruited. In Romania a FORUM plus catalogue was published in Romanian for the first time, in close cooperation with a new member. In Denmark, the Baltic states and Poland cooperation with the strategic partner Sanistaal was solidified.

Distribution region Central Europe

In Austria lateral movement has been observed on the market, while the Dutch economy has gone on to recover following a period of stagnation. In the Benelux countries, EDE International has successfully established and developed the sales concept FORUMplus in addition to PREMIUM. In January EDE International welcomed around 100 employees from member companies in the Netherlands and Belgium to the first FORUMplus sales meeting in Wuppertal. Several sales staff from the PREMIUM group Benelux took part in the catalogue training course in Wuppertal in October. A clear process improvement has been achieved with the introduction of the electronic invoice exchange with Dutch partner Ferney.

Distribution region South/West

Market developments have been mixed in Southern Europe. While Spain is again reporting growth, France is still struggling to overcome its economic slump. EDE International has established and developed its concepts and services further in this distribution region. Activities to promote sales were prioritised in 2015. The first marketplaces organised for staff at French and Spanish member companies were very well received. In Wuppertal, renowned contracted suppliers presented their innovations in the recently published FORMATplus tool catalogue.



Sales staff visiting Wuppertal.

EDE International is represented in Spain with the distribution concepts CircumPRO Plus (with CECOFERSA) and FORUMplus (with partner association ASIDE), in addition to the member companies in the FORMATplus group. These partners also published Spanish-language catalogues with the support of EDE International in 2015. A catalogue was published together with cooperation partner SOCODA in France. A close relationship was maintained in Italy with cooperation partner CDU, which culminated in a visit of member companies in Wuppertal. Here too, the cooperations outperformed the markets in all areas.

Developments at the cooperations

VGH International GmbH is continuing to expand in Europe. The full effects of the addition of a member in Austria in November 2014 were seen in 2015. The building fittings cooperation EBH AG increased trading volume generated abroad by 3.3 percent to € 190 million. EBH also had the pleasure of welcoming a new member at the end of 2015. The E/D/E subsidiaries DELCREDIT France and DELCREDIT España both performed well. They gained 23 new central payment partners and increased volume against the previous year by approximately 60 percent.

Outlook

Activities in the North/East region concentrated on expanding the British FORMAT group and continuing the expansion course in Eastern European countries. Developing international concepts for key accounts is a priority for the Central Europe region. An electronic invoice exchange system will also be introduced for the Belgian cooperation partner, the Meno Group. Collaboration with cooperation partners will be stepped up in the South/West region in 2016. Further potential can be exploited by a partial customisation of concepts. An expansion of the FORMATplus network in Spain is planned.

The DELCREDIT companies will introduce a new IT system for central payment in order to create the procedural prerequisites for further expansion of the partner network. Central payment with strategic suppliers is to be extended to other European countries together with the specialist areas. The cooperation partners VGH International and EBH AG intend to continue growing in Europe.

European growth is a central pillar of E/D/E's corporate strategy. The aim is to expand the partner network and develop or establish distribution concepts. As for trading volume generated abroad, the E/D/E Group is aiming for a 4.7 percent increase in 2016 to € 1.24 billion.



VGH performing well in Europe.

**Developing concepts,
strengthening the partner
network**

Foundations for new business areas laid

ETRIS BANK

ETRIS BANK has established itself as a special institute for central payments, payment transactions and trade financing in the sector. In 2015 the bank created further prerequisites in order to successfully grow with its new business model over the coming years.

By taking over central payment for an association outside of E/D/E B2B at the beginning of 2016, the bank reached a milestone in its still relatively short history. Third-market business has been part of the bank's intended future development since it was founded. 2015 was also characterised by preparations for the launch of the E/D/E online marketplace Toolineo.



ETRIS BANK once more performed well in the already established central payment business and made its expertise in trade financing available to E/D/E members and customers. Thanks to the parent company's financial situation, the bank is well capitalised and able to fulfil all requests. The organisation is also very efficient. Starting from this solid foundation, ETRIS BANK is growing purposefully using sound judgement.

New business areas

The bank's new department 'New business areas' began work in 2015. Future development prospects for the bank are bundled in this department. In 2015 the focus was on e-payment services for the E/D/E online marketplace Toolineo. ETRIS BANK has taken on full responsibility for the entire payment process, including payment guarantees for distributors, for business transactions carried out through the marketplace. The bank has entered into a whole new business area that will also have an effect on customers who are not part of E/D/E in future.

Central payment

Central payment even
more future-proof

In 2015 the technical and organisational foundations were laid to make central payment even more future-proof. It has evolved into a highly automated and efficient process that can be scaled without the need for further resources and can be offered to other associations as a service. The ultra-modern SAP environment also plays a part in this. In 2015 central payment was prepared for an association in the beverage sector and implemented in January 2016. ETRIS BANK thus reached an important milestone for the E/D/E Group.

Member rating/company comparison

The exclusive consulting services offered by ETRIS BANK were again in high demand in the 2015 financial year. More than 400 trading companies allowed themselves to be rated and evaluated by the bank's experts for the company comparison. In order to evaluate the companies' credit rating and future viability, the market environment, strategy and risk management are taken into consideration. The service remains a unique selling point of the E/D/E Group.

Internationalisation

ETRIS BANK again successfully accompanied E/D/E's growth in 2015. Its core task consists of transferring the successful central payment business model to other European countries. Since the middle of 2015, ETRIS BANK has also been performing central payment for E/D/E subsidiary DELCREDIT España.

Outlook

Now that important staffing, technical and organisational foundations have been laid in 2015, the priority in 2016 is on developing and establishing new business areas. The aim is to grow qualitatively and profitably and to keep working efficiently. The SME industry remains ETRIS BANK's main target group. The institute continues to position itself with its offerings, particularly short-term product financing, for B2B trade as an additional bank in addition to the distributors' and suppliers' standard banks.

The aim for central payment is to gain more customers for third-market business. Existing business will successively migrate to central payment's new technical and organisational environment. E-payment services will also be specifically developed further in 2016 in order to exploit existing potential in online trade in the medium term. As a reliable partner, ETRIS BANK intends to accompany and support the E/D/E Group with its national and international growth.

DELCREDIT
España

Central payment taken up for
DELCREDIT España.

**Qualitative growth
remains a priority**

Online marketplace successfully launched

Toolineo

The pilot phase for the online marketplace Toolineo was successfully launched in 2015. This strategically important project boosts the online sales channel for E/D/E members and will be continually developed going forward. Focusing on customers' needs will be at the heart of this project.



Toolineo is E/D/E's answer to the increasing challenges B2B is facing due to digitalisation. With the online marketplace for B2B companies, E/D/E is expanding the company to include a strategic business model aligned with the growing B2B trade segment in the internet. In addition to catalogues, field sales, brick and mortar shops and decentralised online shop systems, the marketplace represents an extra sales channel for members. The focus is on boosting E/D/E members' offerings for their customers: Distributors process end-customer business personally and make decisions regarding price and range. In this way, Toolineo is encouraging competitiveness in B2B. The marketplace is not driven by the interests of international retail groups, market participants from outside of the sector or the manufacturing industry.

In this manner, E/D/E provides member companies with future-proof solutions for all distribution channels and supports over-the-counter trade by establishing viable multi-channel strategies to allow them to distance themselves from the competition in future, too. With the company's own ETRIS BANK processing payments, the distributors are not only relieved of administrative tasks, but they are also protected against non-payment through the bank's del credere liability.

Milestones in 2015

Toolineo went live on 17 December 2015. An important milestone was therefore achieved on schedule. In order to ensure it was up to the task of bringing E/D/E into the online world, the IT infrastructure was made scalable from the very beginning. Simultaneously, a team was established for the E/D/E subsidiary Toolineo over the course of the year. This impressive team consists of experts from all core areas critical to the success of operating an online marketplace, such as category management, distributor management, marketing, processes and IT. All areas are closely interlinked with the parent company so that additional requirements for the online world and the skills of the E/D/E specialist areas flow directly into coordinated processes from day one.

Toolineo's impressive team

The launch was planned in minute detail: The project team worked closely with pilot distributors during the whole of 2015, explaining the design and providing training for all of the necessary processes. Shortly after the launch, twelve distributors were active on Toolineo with a basic range of more than 50,000 products.

Communication

The Toolineo concept, which was still going by the project name ePVH at the time, was presented to E/D/E members and suppliers in February 2015. The brand name Toolineo was announced at the Tool Forum in Berlin in June. The aim to be the first choice supplier for craft items is reflected in the brand name. The name was created by Manfred Gotta. It is emotional and pleasant. The name carries the values that characterise B2B with its years of history, unique consultation services and often personal relationships between distributors and customers that have taken years to establish. It can also be used internationally.

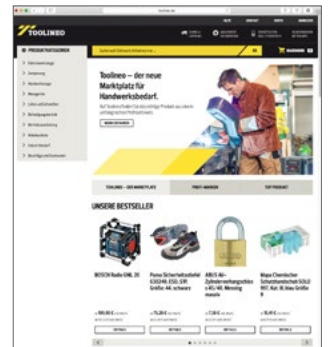
Toolineo was also one of the main topics at the 2015 Tool Forum held in Berlin in June as well as at the "Branchentreff spezial" in Nuremberg.

Outlook

From now on the Toolineo team has three main tasks: consistent orientation towards and permanent optimisation based on customer needs – namely craftsmen and smaller industrial enterprises, establishing Toolineo as a relevant provider on the online market and developing from the lean online model to the implementation of a multichannel offer in a fast and focused manner. Together with the pilot distributors, new functions that increase the benefits for customers or improve processes for distributors will be defined, developed and launched. There will also be other priorities in 2016, such as the systematic addition of more products and expansion of payment options.

The largest milestone planned for 2016 is the connection of distributors' stores and logistics to Toolineo. This will significantly increase the range on offer as well as the availability for each item. This will also allow the relevant multichannel functions to be developed and enable more distributors to take part in Toolineo. The number of distributors interested in using Toolineo was already in the triple digits back in January 2016.

Toolineo will invest in brand awareness, simultaneously to development, in order to increase visibility as compared to the online competition for the connected B2B distributors over the long term and to establish Toolineo as the "first choice supplier for craft items".



The online marketplace's homepage.

Consistent customer orientation and permanent optimisation



A strong HQ to boost competitiveness

EURO-DIY

As a joint venture of E/D/E and EK/servicegroup, EURO-DIY GmbH & Co. KG looks after approximately 500 retail companies. In order to boost members' competitiveness, EURO-DIY also positioned the CircumPro brand in the garden segment with great success in 2015. The retail systems centre also organised its first in-house trade fair in Wuppertal.



In addition to work on the range, additional focus is being placed on business aspects. The aim is to boost the competitiveness of the small and medium members in this fiercely competitive market. The number of member companies remained stable, despite individual company closures. EVG Erkheim, which has 17 locations, was recruited as a new member at the beginning of 2015. The number of participants for the Werkmarkt sales concept climbed to 50. The supplier portfolio was expanded and currently consists of roughly 550 manufacturers. The new contracted suppliers strengthen the profile of EURO-DIY members as specialist markets that separate themselves from run-of-the-mill competitors through their quality and consulting expertise.

Developments in the DIY sector

The Do-It-Yourself market was once more affected by the warm weather seen over the course of the year. Business with garden equipment blossomed for an unusually long period throughout the mild autumn. Adjusted for sales surface, the sector's performance was on a par with the previous year overall. The consequences of a large retail chain's withdrawal from the market in the summer of 2013 are slowly ebbing. Some locations were acquired by competitors in the DIY and furniture sectors, while others are no longer used as retail spaces. In general, the density of DIY stores in Germany remains high and competition therefore stiff. The rise of online retail is also having a significant impact on the DIY segment, even if it does still generate a lower share of turnover for the moment.

EURO-DIY activities

Member support is not just focused on the traditional operating topics of purchasing and selling goods, it also includes business consulting services. A number of services offered by EURO-DIY, such as the calculation of surface area productivity, help businessmen to effectively manage their business and proved very popular in 2015.



EURO-DIY in-house trade fair proves popular.

But at the heart of EURO-DIY's activities stood, of course, the products. With the introduction of the CircumPRO brand for garden hoses and gardening tools, the systems centre is providing the distributors with an attractive, high-yield alternative. The CircumPRO range also offers hand tools. While updating the range two new topics, in addition to the garden growth segment, came to light: one was the increased market share of battery-operated machines and the other was complex smart homes. EURO-DIY believes that these are growth areas for distributors who are already well-positioned with security technology, and has added a range module for smart home products to its programme.

EURO-DIY presented current topics and the latest range to its member companies at its first own in-house trade fair at the concept market in Wuppertal in October. Specialist lectures about the industry rounded the event off. The concept was well received by distributors. The systems centre also made use of the Werkmarkt meeting in spring 2015 to introduce the members to new sales activities and innovations to the range. Members were also regularly offered the opportunity to make early purchases or to pre-order. EURO-DIY sales also supported a number of members with planning, designing and implementing store openings or renovations. One outstanding example worth mentioning is the completion of a new Werkmarkt location that took just three months to plan, fit and open.

Outlook

Market conditions for DIY retail remain challenging. Together with its partners and with the support of the parent companies, EURO-DIY will again put everything into boosting member competitiveness in 2016. In order to strengthen its joint foundations, EURO-DIY is purposefully focusing on gaining new specialist distributors for cooperation.

A specific target for 2016 is the further expansion of own-brand CircumPRO's share of the market. The advancing digitalisation of many processes will not be held back by a retailer's small size. The solutions proposed by E/D/E and EK/servicegroup, Multishop and MyWeb offer the opportunity for a simple entry into the online world, which EURO-DIY will increasingly promote to its member companies. Updating the ranges, particularly in the identified growth segments, and providing sales and business support for distributors remains the daily task for the team in 2016.



High-yield alternative:
CircumPRO garden hoses.

**Own-brand share to
be increased further**

Long-term commitment to the region

Social responsibility

Social commitment is firmly incorporated in E/D/E's corporate philosophy. Economic success is tied up with duty. Sharing this success and supporting social institutions, particularly those with a focus on helping children and youths, is a matter of course for E/D/E.



E/D/E's sustainability strategy rests on four pillars: recognising economic, social, ecological and civic responsibility. The company has summarised its many activities in these areas over the last two years in a social responsibility report, which was published for the third time at the end of 2015. When it comes to civic responsibility, E/D/E sets great store by promoting its partners long term.

Station Natur und Umwelt environmental education facility

The E/D/E Group and the Station Natur und Umwelt environmental education facility are connected by a long-standing partnership. In 2006, to celebrate its 75th anniversary, E/D/E donated one million euros over the course of three years. This donation helped to fund a number of different projects, including the construction of a new building. The E/D/E Group also supports the facility's annual environment festival. Under the slogan "Recording nature – touching nature" the facility gives children and youths the opportunity to get up close and personal with nature and the lifeforms that live in diverse habitats. The station has around 35,000 visitors per year.

Junior Uni Wuppertal

The Junior University in Wuppertal shows young people between the ages of 4 and 20 that it is possible to enjoy learning and to learn independently. In 2015 8,100 young people signed up for 730 courses. The E/D/E Foundation is one of three founding members and still actively supports the educational institute to this day. E/D/E and the E/D/E Foundation also made considerable contributions to the Junior Uni's new building, which was opened in autumn 2013.

Children's hospice Bergisches Land

The start of construction for the children's hospice Bergisches Land, a joint project organised by Diakonie Wuppertal and Caritas, was partially made possible by a significant kick-off donation from E/D/E. The facility was opened in March 2015. The children's hospice foundation Bergisches Land provides palliative care and supports and attends to children with lifethreatening illnesses and disabilities.

The E/D/E Foundation

The non-profit E/D/E Foundation was established in 2002 by Dr Eugen Trautwein. Since then, the foundation has disbursed more than 300 grants for junior employees in B2B. Last year 32 grants were awarded. The classes for junior employees at the ZHH-Bildungswerk educational institute convey sector-specific skills and knowledge with a good deal of practical relevance. In 2015 the E/D/E Foundation funded a number of courses: External consultant, technical salesman for construction components, technical salesman for fitting technology, technical salesman for connection and fastening technology, technical salesman for tools and machinery.

The "EDEfanten" daycare centre

The "EDEfanten" daycare centre, which was opened in October 2014, has places for 45 children, and a third of those place are reserved for children under the age of three. Around half of the places are reserved for children of E/D/E employees, and the other places are for children living in the surrounding area. All 45 places were in use in the 2015 kindergarten year.

Other projects

As part of the Christmas donation activities, E/D/E and the E/D/E foundation again chose and supported institutes and projects in Wuppertal in 2015 that help children and youths in need. For example, the "in from the cold" bus in Wuppertal is still driving thanks to E/D/E. The bus brings homeless people to overnight shelters and offers them warm drinks. E/D/E finances holidays at the North Sea for the Kinderschutzbund Wuppertal. E/D/E also helped the Verein Sozialtherapeutische Kinder und Jugendarbeit e.V. to procure a vehicle for transporting young refugees to medical and therapeutic treatments. The E/D/E Foundation supported the Färberei, a meeting point for disabled and able-bodied people, in organising a theatre workshop. The Foundation also provided funds for the Soziale Hilfswerk Wuppertal-Langerfeld e.V.



Popular: Station Natur und Umwelt's festival.

Targeted support for the region

Bad 05

YEAR

2020

MONTH

5

DAY

7

TIME

17:33

PROMIS app

CRAFT AND TRADE – HAND IN HAND

Buying a new bathroom suite is quite an undertaking: The installation technician and distributor usually know little about their common customer and what they do know is different. At the end of a usually long process, all parties have flicked through numerous catalogues, bills of material have been updated more than once and printed, remeasured, maybe planned again, prices adjusted, and so on and so forth.

All that can be done much more simply today: with the PROMIS app. It digitalises the offer process to a certain extent and connects the installation technician and distributor. With this software, the tablet becomes an electronic clipboard that gives both service providers access to the common customer file. Example: The installation technician adds the customer file digitally in the PROMIS app during the initial consultation, records basic needs and saves the first sketches of the new

bathroom. During the appointment at the specialist store, the consultant can access this information and make suitable recommendations. On the tablet he can access his entire range of berth configurations including product photos, is able to replace products and create the perfect bathroom. All of the product data is stored in the digital product management system and can be accessed immediately using the PROMIS app. At the end of the consultation, the customer can take his entire individual plan including detailed product list home on paper. And the best part: The installation technician's individual conditions are added to the list and sent by the product management system simultaneously and digitally to him. That means he can provide the customer with a suitable offer the very next day.

For the next step, the customer can be included in this network and can digitally add requests, by QR code for example. This would be useful if he visited the specialist distributors showrooms alone, for example. In a follow-up discussion with the customer, the consultant then has direct access to this information and can provide tailored advice. The aim is always to understand and meet customers' wishes as well as possible and to use them to provide specific personal advice. Looking to the year 2020, direct customer contact will still be essential then, too, and perhaps when a customer sees a sink he adores at a friend's home and photographs it, the PROMIS app will recognise the sink in the photo and allocate the correct product data to it and transfer it to the customer's file at the specialist distributors. That is far in the future of course, but it still goes to show: When things get complicated, we need advice.

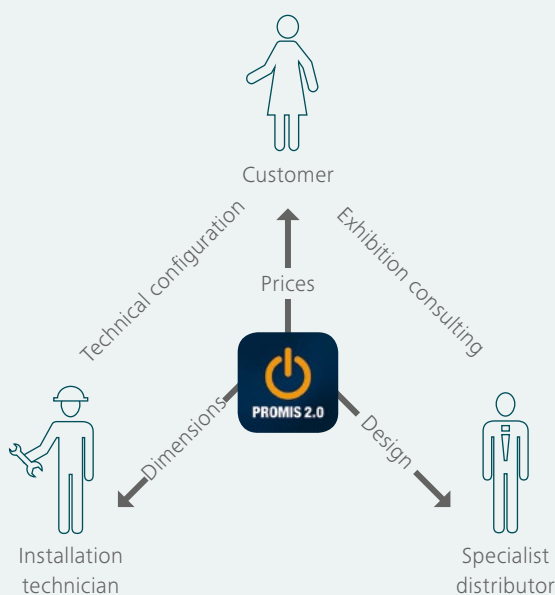


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We live by our guiding principles

- We want to be an indispensable link between our members and our contracted suppliers.
- We ensure our future success by intelligently linking our ranges, logistics and services thereby creating strong market concepts.
- We inspire our members with our unconditional dedication. We expect active participation and clear commitment in return.
- We rely on the best quality from our contracted suppliers and fulfilment of our goals. We motivate them with an active and reliable partnership.
- We're a strong team. No matter what we're doing, we want to do it faster, better and more efficiently.
- We're friendly, highly competent, open and fair. We know that how you present yourself is how the world sees you.
- We act on our sense of social responsibility directly and through the nonprofit E/D/E Foundation.

This is the foundation of our extraordinary development.



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