



First-class results

ANNUAL REPORT 2011



Contents

4 Milestones in 2011

REPORTS

6 Report from the Chairman of the Advisory Board

9 Management Report

BUSINESS DIVISIONS

Business division reports

24 B2B business division I

30 B2B business division III

34 B2B business division II

42 B2B business division Union Stahl-Handel

45 B2B business division Building Technology

52 Business division Strategic Membership Development/Systems

57 Business division Europe

62 Business division Marketing/Services

64 Business division Finances

68 Business division Personnel

70 Business division Organisation/IT

72 Business division eBusiness

76 Business division Logistics

SERVICE

74 Central division Services

ZEUS

80 ZEUS

RESPONSIBILITY

82 Social responsibility

CONSOLIDATED FINANCIAL STATEMENT

88 Consolidated financial statement as of 31st December 2011

Milestone

CHALLENGE 2012



6.000.000.000 €

aliter ac alii

Challenge 2012: the final push

A fixed point in the foyer of
E/D/E headquarters since 2005

Milestones in 2011

FIRST CLASS Service 48 introduced

Through its FIRST CLASS Service 48 initiative, E/D/E is focusing on delivering high-quality service at all times. As part of the initiative, all of the Group's processes and interfaces have been analysed and optimised.

First sustainability report presented

E/D/E's sustainability report once again makes it a pioneer in its sector. The report demonstrates that the association's economic success has always been closely linked with its sense of responsibility and focus on sustainability.

E/D/E intercompany comparison established

One unique E/D/E feature is its intercompany comparisons service. Over 400 trading houses are already using this offer of professional analyses and letting themselves be evaluated and compared with other firms in their sectors.

Logistics services optimised

Expanded distribution capacity and optimised processes have significantly improved E/D/E's logistics services. Fast, reliable and cost-effective logistics for our specialised traders remains a hallmark of E/D/E services.

ETRIS BANK founded

E/D/E has further developed its financial activities by establishing ETRIS BANK. Member firms and suppliers are benefiting from the many new opportunities opened up by this corporate bank, which are tailored to the sector's needs.

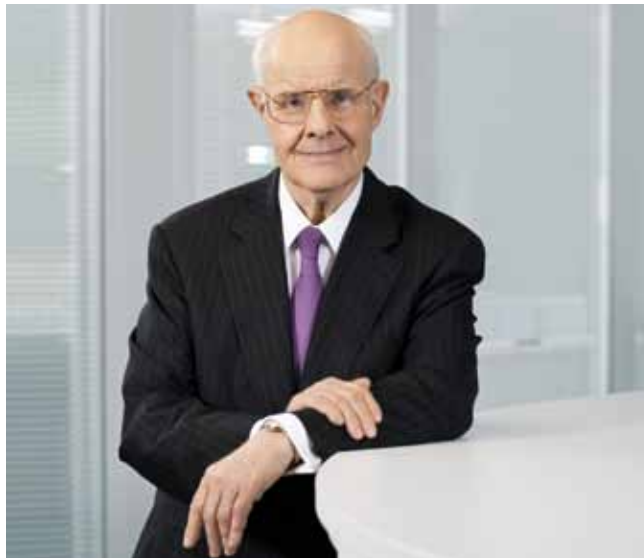
EDE International AG launched

All of the international operations of the E/D/E Group are now managed by EDE International AG. As a key pillar of the association's growth strategy for the coming years, it focuses on international expansion.

Turnover record reached

At 1:03 p.m. on 12th December 2011, E/D/E passed the threshold of 5 billion euros in turnover for the first time in its history. It is continuing its growth course with absolute commitment.

Chairman of the Advisory Board
Dr. Eugen Trautwein



Positive growth, but uncertainties remain

Where is the economy heading? This question has been addressed for quite some time by academic experts, politicians and many others. The liquidity problems in the debtor countries and on the financial markets are certainly dominating the public discussion. However, the continued positive development of the German economy in 2011 stands in reassuring contrast to these problems. So far, at least, the scenarios of gloom and doom have turned out to be greatly exaggerated.

Nonetheless, we cannot overlook the fact that a structural and performance crisis in the European Monetary Union is becoming visible behind the debt crisis in the euro zone. The German economy will be strongly challenged for many years and decades to come by the necessary process of evening out the imbalances between the partner countries—for example, in the areas of economic and fiscal policy, liability and transfer obligations, Eurobonds and the bailout fund. Some areas of uncertainty will remain.

Against this background, the role of medium-sized companies as a stabilising pillar of the German economy cannot be overestimated. Their resilience has proved to be a particularly stabilising element in the recent crisis of the years 2008/2009 in particular. Medium-sized companies have reduced their dependence on the capital market and the banks. They have used their good profits to steadily increase their equity ratio.

That is particularly true of E/D/E and its member companies. Thanks to its turnover growth of almost 13 per cent, our association surpassed its target turnover and also crossed the threshold of 5 billion euros. This positive growth was financed through our own assets. More than 90 per cent of the annual net income was channelled into equity. 2011 was a very successful business year for E/D/E, which was able to further increase its economic stability.

In strategic terms, E/D/E reached important milestones. Together we have mastered the logistic challenges we faced, and the personnel and service offensive relaunched in 2011 is already having visible positive effects. We will continue to work on refining and expanding our operational excellence. One element of this future strategy is the establishment of our subsidiary ETRIS BANK, which opens up many new possibilities for E/D/E and its partners, such as European bank participation in the European Central Bank's call for three-year tenders. In order to continue successfully forging ahead with its expansion in Europe, E/D/E established its subsidiary EDE International AG.

And there's another factor that characterised the year 2011 from our viewpoint: the 80th anniversary of E/D/E. On this occasion we were congratulated by many former employees who left our Group a long time ago. This may seem like a marginal note, but it was a great pleasure for me personally. After all, the sort of partnership between employees and managers, as well as the interest in E/D/E, that is expressed in such messages is a basic pillar of our corporate philosophy—a philosophy whose focus is not on the short-term profits of anonymous shareholders. We made this fact very clear in our sustainability report, which we published for the first time in 2011. I would therefore like to thank our employees for once again performing so outstandingly in 2011. Through your dedication, creativity and know-how, all of you have contributed to the excellent annual result of E/D/E.

I would also like to express special thanks to the members of E/D/E's management. Klaus Strietzel and Dr. Christoph Grote have joined the Management Board in recent months. Mr. Strietzel came to us from outside the Group, bringing with him decades of expertise in the areas of trade and management, while Dr. Grote is contributing his 15 years of expertise and responsibility here at E/D/E. Under the leadership of Hans-Jürgen Adorf and Dr. Andreas Trautwein, the Management Board is ideally equipped to master the strategic and operational challenges of a growing association.

It is already clear that we will be able to successfully conclude the Challenge 2012 growth strategy by the end of this year. Reaching the turnover targets that we firmly set for ourselves eight years ago will be an important achievement. But the high level of internal networking with our member companies with whom we collaborate closely as we work out and implement concepts is no less important in terms of our progress. The same applies to the excellent cooperation between centralised and regional operations—and last but not least the well-established mutual trust we all share.

Through Challenge 2020 our management has become involved in a discussion about the future. The fundamental parameters we must establish for this project are systematically based on what we have achieved so far. We are relying on our member com-

panies' proven ability to deliver top performance and their sense of corporate responsibility. We have faith in the potential of a horizontal association of medium-sized business structures. Together, we are developing systemic synergies that promote the holistic brand image of our regional trading houses. We are unconditionally cultivating a culture of independence and self-reliance among our members. And finally, a fixed component of our culture, and of Challenge 2020 as well, is something we have learnt from our 80-year history: The core capital of an association is the knowledge and experience that can be shared among its member companies and its headquarters. This is where our true opportunities for innovative and profitable growth will lie in the future.

I would like to say a special word of thanks to the members of our partner Advisory Board. Its collaborative advice and the close cooperation we enjoy, which is always based on mutual trust and respect, are an important factor in the success of E/D/E.

I would like to conclude by pointing out how difficult it is to predict where the German economy and global business are headed. This year E/D/E expects to post a very challenging growth rate of approximately 5 per cent on a solid baseline. The initial results in 2012 confirm the accuracy of our forecast—in fact, they surpass our planned targets. That's why we have good reason to look to the future with confidence.

A handwritten signature in black ink, appearing to read 'Dr. Trautwein', with a stylized flourish at the end.

Dr. Eugen Trautwein



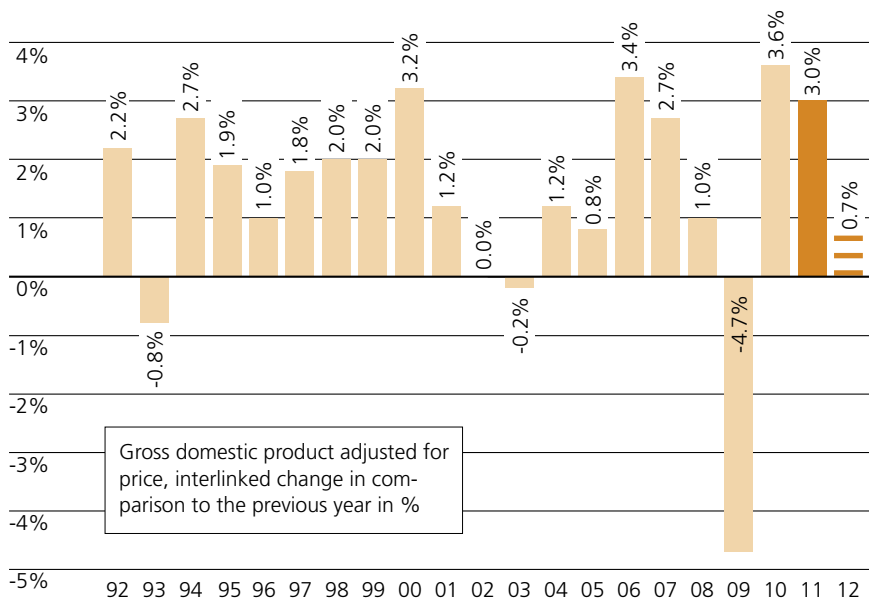
The E/D/E Management Board
(from left): Dr. Andreas Trautwein,
Hans-Jürgen Adorf (Chairman),
Klaus Strietzel,
Dr. Christoph Grote

Management report: Continuation of previous year's excellent figures

Contrary to our expectations, the surprisingly positive development of the German economy in 2010 continued unchanged in 2011.

After growing by 3.6 per cent in 2010, the country's GDP grew by a further 3.0 per cent last year. As a result, the German economy has impressively positioned itself as the driver of economic growth in Europe.

The unexpected "XXL" upswing of 2010 continued in 2011



© Federal Statistical Office 2011

Favourable general conditions for the sector

The situation within the sector in 2011

The overall economic conditions were favourable for our sector. In particular, the first months of the year were characterised by dynamic growth in all of the major industrial segments. The market grew by between 4 and 7 percent, depending on the target customer groups.

The metalworking sector, machine and plant construction, the automotive sector and the chemicals sector all enjoyed high levels of demand. In spite of short-term slow-downs in the second half of the year, the rate of production capacity utilisation in 2011 was above the long-term average.

The building sector and the building trades benefited from the considerable need for renovation and from investments in energy-efficient projects. In addition, there was a noticeable improvement in the demand for private-sector construction.

For the skilled trades, which constitute an essential customer target group of our sector, the employment situation in all of the specialised trades was extremely good right through to the end of the year; in some cases with a growing backlog of orders.

Growth thanks to strong demand from industry and the skilled trades

Consequently, distributors in the tools, machines and company equipment, occupational safety and technical trade segments in particular were able to once again grow at double-digit rates, thanks to a high level of demand from industrial companies.

The demand from the skilled trades also drove market growth of 5 to 10 per cent, especially in the segments of interior architecture, building technology, building elements, and fittings and fastening technology.

We can therefore conclude that the sector's economic situation was positive throughout the entire year. Even if we keep in mind that development was somewhat slower in the last quarter, we've been steadily moving ahead during the first months of 2012.

E/D/E's development in 2011

Double-digit turnover growth once again—5 billion euro mark passed

Last year's dynamic development of turnover, with double-digit growth rates (plus 13.3 per cent), continued without a break in 2011.

Total turnover increased further by 12.7 per cent, or by 588 million euros to 5.204 billion euros. We therefore passed the 5 billion euro mark for the first time ever.

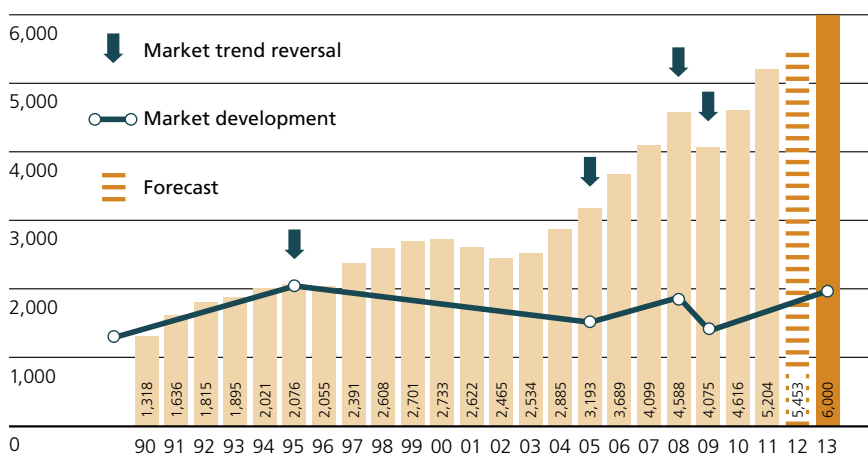
This feat was possible because of an extremely strong first quarter, with total turnover of almost 1.3 billion euros, representing an increase of 23.8 per cent. This has laid the foundation for our overall success. In the second and third quarters we posted growth rates of 13.0 and 11.7 per cent respectively, corresponding to 1.3 billion euros and just under 1.4 billion euros respectively (the latter set a new record for a single quarter). Even the last quarter of 2011 posted a total turnover of 1.2 billion euros, which represents a growth rate of 4.0 per cent.

Extremely strong growth in the first quarter

As in 2010, all of our main product areas were able to further increase their turnover in 2011. The leader in this area was the steel sector with a growth rate of 32.3 per cent, followed by the industry-oriented segments occupational safety, the technical trade (plus 15 per cent) and tools and machines (plus 13.2 per cent). This development is almost identical with the trends we saw in the previous year.

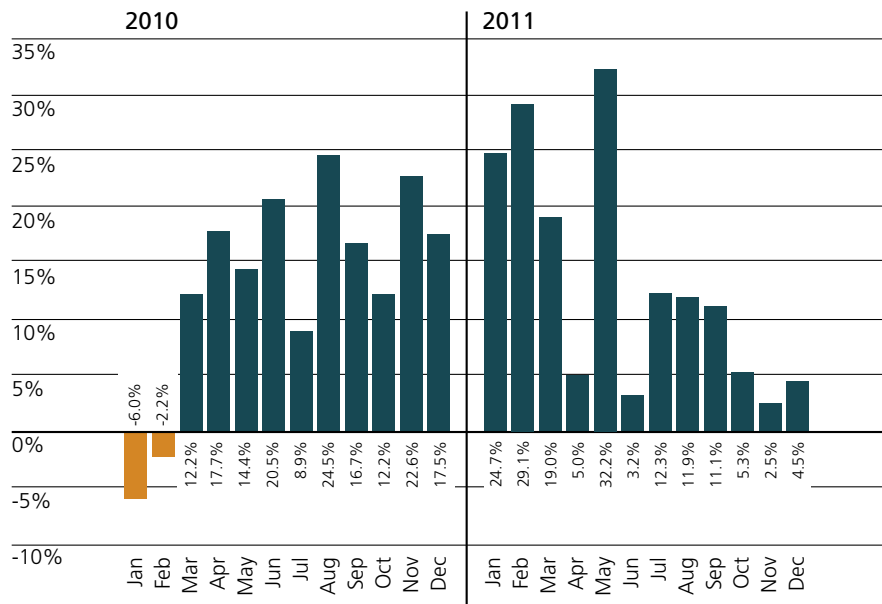
CHALLENGE 2012—Decoupling from the market

in millions of euros



Development of individual monthly values in 2011

Even though at first glance we see a slight decrease in the growth rates, the absolute level of the monthly figures until the end of the year is greater than all of the maximum figures from 2008, which was the previous top year.



Development of the domestic market and Europe in 2011

Economic development in the European countries outside Germany remains slow. That applies not only to eastern Europe but also to western, southern and northern Europe. Initial tendencies toward stabilisation can be seen in some countries, but they are still far below the growth level experienced by Germany.

Nonetheless, we have been able to develop positively within Europe, both in our warehouse business and in the central payment area. Significant new members and contractual suppliers in Europe have given a strong boost to our course of growth, and as a result we have clearly exceeded our target figures.

Development in Europe in per cent

Type of business	Actual 2009	Actual 2010	Actual 2011	Planned 2011
Warehousing business	-21.0	+20.3	+12.9	+5.0
European central payment/serial transactions	-10.6	+12.9	+15.8	+5.0
Europe overall	-11.2	+13.1	+15.7	+5.0

Our total turnover in Europe was exactly 599 million euros, and we expect further growth amounting to just under 640 million euros in 2012.

The domestic market, which accounts for 88.5 per cent of our turnover, remains the driving force of the dramatic positive development of E/D/E. We had originally planned to post very good growth rates of 5.6 per cent for the central payment area and 10.2 per cent for our warehousing business. Although at 8.3 per cent, growth of our warehousing business was slightly under our target, the central payment area posted an increase of 11.9 per cent, more than double what we had expected.

Domestic market remains the driving force

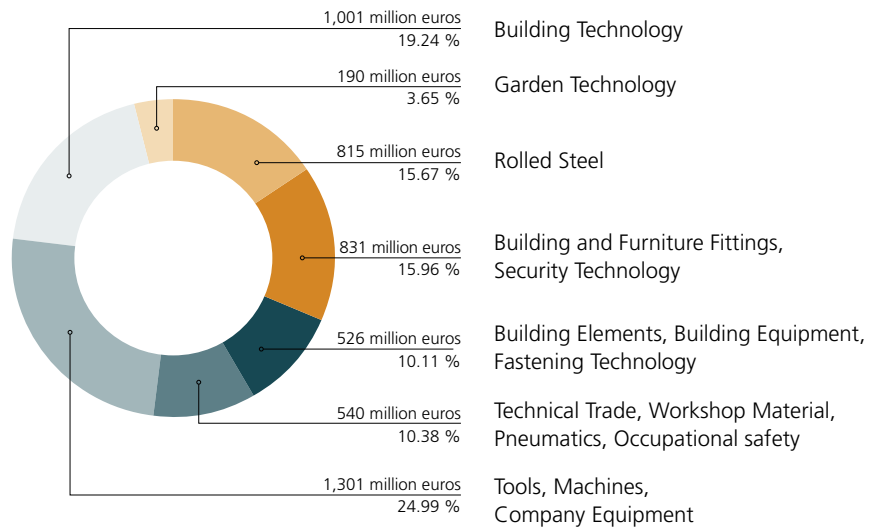
Development in Germany in per cent

Type of business	Actual 2009	Actual 2010	Actual 2011	Planned 2011
Domestic warehousing	-9.5	+6.7	+8.3	+10.2
Domestic central payment/serial transactions	-11.2	+13.6	+11.9	+5.6
Total in Germany	-11.2	+13.3	+12.4	+5.7

Specialist areas' contributions to turnover in 2011

E/D/E on 31st December 2011 (5,204 million euros), total development: +12.7 per cent

Turnover in specialist areas



All of our B2B specialist areas have been posting turnover rates of more than 500 million euros each since 2011.

Strong specialist areas in E/D/E

With a share of 25 per cent, the specialist area Tools, Machines and Company Equipment remains the traditionally strongest specialist area at E/D/E. The second-strongest specialist area, with a share of just under 20 per cent, representing 1.0 billion euros in turnover, is now Building Technology, which includes the WUPPER-RING, VGH and mah member groups. It is followed by the special area Steel and the segment Fittings, each with about 16 per cent or more than 800 million euros in turnover.

This stable distribution is rounded off by the product areas Technical Trade and Occupational Safety as well as Building Elements, Building Equipment and Fastening Technology. Each of these product areas posted over 10 per cent share of the total turnover—or more than 500 million euros.

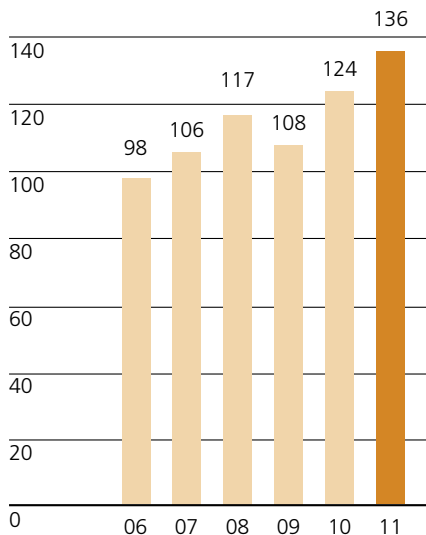
Reimbursements in 2011

The reimbursements we paid to our members once again increased disproportionately in 2011, as they did in 2010. Here our focus on the respective main suppliers in the individual sales concepts is having a noticeable effect.

The amount of the reimbursements is now considerably impacting our members' corporate results. Our more than 400 rating members already receive considerable quarterly dividends in order to strengthen their liquidity. These members' proportion of total turnover, and thus their share of the dividends handed out in the course of the year, is growing every year and is already clearly in the top third of the overall figures.

Significant dividends
per quarter

Dividends to the members in millions of euros



The cost and profit situation in 2011

The double-digit growth of our turnover, which exceeded our target figures, led to gross profits that also exceeded our target figures. The low-margin steel business accounts for about one third of our growth, and other product areas account for the remaining two thirds. Our gross profits increased by 13.9 million euros or 12 per cent to 129.5 million euros.

Cost targets for transport and packaging reached

The cost situation in 2011 was characterised on the one hand by turnover increases that exceeded our targets and, on the other, by cost reductions in the logistics area, which had not yet been fully implemented. The conversion of tour delivery to general cargo handling, which was launched in the spring, could not be completed until close to the end of the year. Our plans for significantly reducing costs for outsourced personnel in logistics in 2011 could be implemented only to 50 per cent, but our cost targets for transport and packaging were reached.

Positions not yet filled

The company spent 42.1 million euros on personnel costs (not including outsourced personnel), an amount that is over 1 million euros less than the planned figure. The reason for this is that a number of permanent positions that had been approved in the budget were not yet filled in 2011. Our firm goal is to fill these positions in 2012.

The number of employees as of 31st December 2011 was 824 (+55). The figure planned for 2012 is 885. When all of the permanent positions are filled, this will be an increase of 61 employees.

Other operating expenses (material costs, legal consulting, CHALLENGE projects) also increased by about 4 million euros, an amount that was not planned and must be dealt with.

All in all, instead of stagnating at the planned level of 86.5 million euros, our costs grew once again in 2011 by 6.1 million euros to 92.6 million euros, an increase of 7.1 per cent.

This increase in costs was compensated for by our above-target gross profits.

Revenue from ordinary business activities: 45.3 million euros

The revenue from ordinary business activities was 45.3 million euros (planned amount: 41.5 million euros), the gross cash flow was 36.2 million euros (planned amount: 35.7 million euros) and the consolidated net income was 30.3 million euros (planned amount: 28.2 million euros).

For all of the essential key figures, the excellent levels achieved in the previous year were once again surpassed in 2011.

As a result of the extensive reinvestment of our profits, our equity now amounts to 267.3 million euros (previous year: 239 million euros) and has thus also exceeded our target figure.

Milestones in 2011

FIRST CLASS Service 48

The introduction of a new service culture throughout the association was concluded. All of our processes were critically reviewed and redefined. The FIRST CLASS Service 48 project already brought about noticeable improvements in our service performance in its very first year of existence.

Sustainability report

A sustainability report was produced for the first time in the history of E/D/E. It extensively documents the concrete measures implemented by our traditional family-controlled company, which takes a long-range view and assumes not only economic responsibility but also cultural, social and environmental responsibility.

Intercompany comparison

We introduced professional intercompany comparisons—a new service that supports the management teams of our members. It provides key figures for the different sectors and comparative figures for more than 400 member companies. In connection with the rating concept, this service is a unique management tool in the sector.

Logistics services

In 2011 logistics was able to overcome the problems that normally occur in the initial phase of a major project of this kind. The performance parameters have been stabilised at a high level. Delivery rates of 97 to 98 per cent, combined with 24-hour delivery service, are now once again standard procedure.

ETRIS BANK

The founding of our own banking institute, ETRIS BANK, as a fully owned subsidiary was successfully concluded.

During 2011 the high demands concerning process security and reporting to the supervisory committees were fulfilled. As a result, the first step toward taking on the responsibilities of central payment was completed on schedule by 1st January 2012.

ETRIS BANK is one of the major milestones in E/D/E's corporate history.

EDE International

The outsourcing of the Europe business division as the Zurich-based independent subsidiary EDE International AG, according to plan, created the necessary infrastructure for E/D/E's further expansion in Europe.

A strong focus on business activities in Europe is a fixed element of the Group's plans for the future.

A milestone: 5 billion euros

After the crises in 2009, it initially seemed that the target of a turnover of 5 billion euros in 2011 was a very distant goal.

But after the extraordinary upswing in 2010 and the excellent results of 2011, we were ultimately able to reach this target.

As a result, all the important corporate key figures have set new benchmarks.

The outlook for 2012

At the beginning of the new year, politics and the economy as a whole were strongly influenced by the sovereign debt crises in a number of European countries. This has had a significant impact on the German economy, because Germany is a strong exporting country.

Nonetheless, the German government expects that the downturn in growth that we experienced in the late autumn of 2011 will soon be overcome and that we can count on a growth rate of 0.7 percent (GDP).

Industrial sector development in 2012

Further growth is expected in the sector in 2012, even though it will be somewhat lower than growth in 2011.

A growth rate of between 3 and 5 per cent is expected for the Building target group; growth of between 4 and 7 per cent is expected for the Industry target group. Because of the continued positive development of the labour market, a growth rate of between 2 and 3 per cent is realistic in the retail trade as well.

Growth expected in the building trades and industry

E/D/E planning for 2012

In view of the uncertainties at the end of 2011, it was once again necessary to calculate several planning scenarios.

The planning that was finally approved features further growth of 4.8 per cent for E/D/E, i.e. an increase of 249 million euros to 5.45 billion euros.

Predicted figures for E/D/E in 2012 according to specialist area

Product group	Total in million euros	Difference in million euros	Increase in %	Expected market development
Rolled Material, Steel	856	+41	+5.0	+/. 0 (t)
Door Fittings, Furniture Fittings, Window Fittings, Security Technology	867	+37	+4.4	+4.0 %
Building Elements, Building Equipment, Fastening Technology	547	+21	+4.0	+4.7 %
Occupational Safety, Technical Trades, Workshop Material	572	+32	+5.9	+5.0 %
Tools, Machines, Company Equipment	1,371	+70	+5.4	+5.1 %
Building Technology	1,063	+62	+6.2	+3.5 %
Garden Technology, Other	177	-13	-6.9	+2.0 %
Total	5,453	+249	+4.8	

Figures differentiated according to types of business

Corporate planning for 2012

We are planning a differentiated set of figures for the different types of business in 2012. In the warehousing business we expect to see stagnation at approximately 200 million euros. Whereas we expect growth of 9.4 percent for the traditional B2B product ranges at the eLC logistics centre, we expect considerable shrinkage in the retail trade's product ranges in 2012 on account of the separation from ZEUS and from the hagebau member countries.

Target growth of 5.0 per cent to 5.25 billion euros was set for central payment/serial transactions.

The changed situation in the warehousing business has had a dampening effect on the development of our gross profits. We are planning an increase of 2.5 per cent to 132.7 million euros.

Plans call for personnel costs (including outsourced personnel) to remain at approximately 47 million euros. Filling the permanent positions that are still open and increasing wages for the Group's own employees will result in an increase of 6.0 per cent, or 2.5 million euros; at the same time, the costs for outsourced personnel in logistics are to be reduced by a similar amount.

Plans call for the total costs to be reduced by 4.5 million euros to 88.1 million euros.

6 million euros investment planning

The investment planning for 2012 involves an amount of just over 6 million euros. That includes alteration and maintenance measures, a SAP release change in the IT area and a Group-wide changeover from Windows 7 and Office 2010.

In the business division eBusiness, additional investments will be made in databases and data management. Setting up EDE International will also require further investments in the IT infrastructure.

If we reach the planned results for 2012 and implement the cost planning, we can set new records for our corporate results in terms of ordinary business activities (49.1 million euros), gross cash flow (40.7 million euros) and annual net income (33.1 million euros).

Extensive reinvestment, as in previous years, could then increase the Group's equity to 295 million euros.

Interim evaluation for 2012

Our start into 2012 has proceeded in line with our expectations.

The month of January, when we posted turnover of 430 million euros, was the best January we've ever had. The weather certainly played a role in this excellent result. Growth amounted to 13.3 per cent. February was also a good month, with growth of 6.4 per cent and turnover of about 430 million euros.

Excellent turnover
in January

Business in March was restrained compared to March 2010, with a 2.9 per cent decrease in turnover, but in absolute figures it was still at the top level of 463 million euros. The decreases in turnover in the individual product areas fluctuate between 1 per cent and a maximum of 5 per cent.

The first quarter ended with growth of exactly 5.0 percent, or 1.3 billion euros, which means it was just over the target figure. The month of April has so far developed at the planned level, so that at this point the targets for 2012 seem to be achievable. The sector trade fairs held so far have confirmed our positive expectations concerning the rest of the year.

Our gross profits at the end of the first quarter are somewhat lower than the target figures. In terms of costs, we have made some savings compared to the planned figures because some of the open permanent positions have still not been filled.

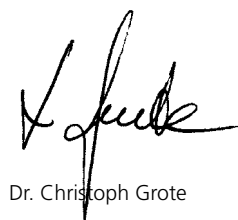
Overall, we remain optimistic, and at this point we expect to achieve our planned figures for 2012.

We would like to thank all of our members and contractual suppliers for their trust and the successful cooperation we have enjoyed. Our thanks also go to all of our committed and loyal teams.

The E/D/E Management Board
in April 2012



Hans-Jürgen Adorf



Dr. Christoph Grote



Dr. Andreas Trautwein



Klaus Strietzel

Business division reports

E/D/E turnover figures for 2011
according to specialist area

Predicted figures for E/D/E in 2012
according to specialist area

Product group	Total in million euros	Difference in million euros	Difference in %	Total in million euros	Difference in million euros	Increase in %	Expected market development
Rolled Material, Steel	815	+199	+32.3	856	+41	+5.0	+./ 0 (t)
Building and Furniture Fittings, Security Technology	831	+28	+3.5	867	+37	+4.4	+4.0 %
Building Elements, Building Equipment, Fastening Technology	526	+42	+8.7	547	+21	+4.0	+4.7 %
Occupational Safety, Technical Trade, Workshop Material	540	+70	+15.0	572	+32	+5.9	+5.0 %
Tools, Machines, Company Equipment	1,301	+152	+13.2	1,371	+70	+5.4	+5.1 %
Building Technology	1,001	+85	+9.3	1,063	+62	+6.2	+3.5 %
Garden Technology, Other	190	+11	+6.4	177	-13	-6.9	+2.0 %
Total	5,204	+588	+12.7	5,453	+249	+ 4.8	

Best results and continued economic recovery

B2B business division I: Tools, Machines

Product areas once again post double-digit growth

The total turnover for the product areas Tools and Machines was 532.7 million euros—a result that was even better than that of the previously top business year in business division I, 2008. After experiencing double-digit growth in 2010, turnover increased by an additional 12.2 per cent, exceeding the planned figure of 7.3 per cent.

Thanks to the situation prevailing in the previous year, the first quarter of 2011 started very positively with an increase of 20.0 per cent. The high-level turnover continued until the end of the year, although the growth rates were low on account of the high figures posted in the previous year.

In the product areas Precision Tools and Hand Tools, the new catalogues *PREMIUM WERKZEUG HANDEL* and *UNION WERKZEUG HANDEL* generated especially strong momentum. With a total run of 225,000 copies, they also gave a disproportional boost to the E/D/E warehousing business. This was primarily the result of the intensive market launch activities associated with the catalogues.

Turnover development in B2B business division I (in millions of euros)

	2007	2008	2009	2010	2011	Plan 2012
Hand tools	255	269	229	251	277	286
Precision tools	131	139	94	116	136	146
Stationary machines wood	93	97	86	94	104	111
Stationary machines metal	19	21	13	14	16	17
Total	498	526	422	475	533	560

In order to enhance the core skills of the E/D/E members, we conducted high-powered training sessions, especially in the areas of machining, clamping technology and measuring technology. This directly benefited the existing sales activities and further enhanced the sales employees' know-how.

Sales
know-how

The business division responded to the calls from industry and the trade for in-depth dialogue between the sales partners by recently holding another TOOLS FORUM in 2011. Supported by excellent overall business developments, the TOOLS FORUM has established itself as a sector platform with approximately 250 participants. The excellent response to this platform has reinforced E/D/E's intention to systematically refine the concept behind the TOOLS FORUM.

The necessary specialisation in Business division I was addressed through the reorganisation of the individual areas into the categories product management, sales management and administration. At the same time, the product areas were strengthened by adding further well-qualified employees. In addition, new division manager positions were filled with specialists. These measures created the foundation for positive sales development.

Although we expect the growth rates to decrease in 2012 despite a good level of incoming orders, business division I is planning to achieve total turnover of 559.9 million euros, which represents a further increase of 5.1 per cent. This means that business division I expects a slightly higher level of growth than the market as a whole.

Growth above
market level

The specialist area Precision Tools

The better than average level of orders in the first half of the year in the metalworking industry had a positive effect on turnover in 2011, particularly in the machine manufacturing and automotive sectors. After a 27.1 per cent increase in the first half of 2011, thanks to a strong third quarter and very positive fourth quarter of 2010, turnover increased overall by 20 million euros or 17 per cent (compared to the planned 13.7 per cent) to 135.5 million euros. The European members that are oriented toward industrial business developed especially well, so that turnover abroad increased by more than 25 per cent.

Positive development
in Europe

The world's leading trade fair for the sector, EMO in Hanover, reflected the sector's continuing positive mood. The exhibitors were able to record concrete commitments to invest in new tool and machine technology (replacement as well as expansion investments).

Investment in key industries

The large number of orders in the year under review led to a backlog in 2012. The precision tools manufacturers' high level of capacity utilisation, as well as the stabilisation of the economy in the last two years and the future investment plans in the key industries—automotive, aerospace, and machine construction—provide good reasons to expect continued positive development in 2012. If worldwide demand stabilises and the supply scarcity continues, further price increases can be expected in 2012. That applies in particular to raw materials, which constitute a large proportion of the substance of cutting materials and similar materials. Here we can expect price adjustments of about 3.0 per cent.

The international trade fair for metal processing, METAV, which was held at the end of February 2012, saw a considerable increase in the number of precision tool manufacturers exhibiting. The AMB trade fair in September 2012, which is an engine of development in the precision tool segment, will also be able to generate momentum in the second half of the year.

Precision Tools plans to achieve further overall growth of 7.9 per cent, which is about the level of market growth in 2012. This will constitute an additional benchmark in the overall turnover development of this specialist area.

The specialist area Hand Tools

Total turnover of 276.8 million euros

In the specialist area Hand Tools, the positive development of the previous year continued in 2011, especially during the first half of the year. Turnover increased once again by 10.3 per cent, a figure that was 7.1 points above the planned value. During the year under review, this specialist area posted total turnover of 276.8 million euros. Market development amounted to 6.0 per cent.



A saw blade in action

In contrast to developments at Precision Tools, the increases in Germany and abroad were equally positive as far as the specialist area Hand Tools was concerned. Thanks to the effects of the catalogue concepts and the link with eLC logistics, it was possible to once again increase the result for 2010 in the warehousing business by a double-digit percentage. The catalogue and sales training sessions that have already been mentioned, as well as the communications platform, were replaced in 2012 by revamped product ranges and the realignment of the FORUM and FORTIS trademarks.

A further increase in turnover is planned for 2012 for the specialist area Hand Tools—especially for the successful sales concepts PREMIUM WERKZEUG HANDEL and UNION WERKZEUG HANDEL. Overall, we expect further growth amounting to 3.2 per cent

and market growth of 5 per cent in 2012, with a price effect of approximately 3 per cent. The difference between the area's growth figure and the market growth figure is due to purely statistical effects resulting from the reclassification of suppliers into other product areas.

The specialist area Machines and Tools for Woodworking

The area of wood processing and finishing once again increased its turnover in 2011 by 10.1 per cent to a volume of approximately 104.0 million euros, thus clearly exceeding its target value of 7.5 per cent.

The positive overall development of this sector also had a clear effect on turnover development for warehoused woodworking tools. This was due to the comprehensive focus on woodworking tools in various tool concepts such as UNION WERKZEUG HANDEL, HANDWERKSTADT and the catalogue for woodworking tools, which provided complete logistics links to the eLC logistics centre.

Sector trend boosts
warehousing business

This specialist area expects to see market growth of about 5.5 per cent in 2012. The European trade fair for machine technology, equipment and supplies for the wood crafts, HOLZ-HANDWERK, is expected to play a major role in boosting turnover. At E/D/E this area is planning to achieve total turnover of 110.6 million euros in 2012, which represents an additional increase of 6.4 per cent. The cooperation with GEWEMA AG is running very successfully and is making a major contribution to the results of this specialist area.


The specialist area Metal Machine Tools

Premium Maschinen Handel GmbH, a company formed by the merger of E/D/E and members of the PREMIUM Group, made outstanding progress in 2011. Although they did not reach the ambitious growth target of 26.7 per cent, the PMH members considerably increased their turnover by 20.8 per cent.

Many different kinds of marketing tools were created and optimised in 2011 for the comprehensive spectrum of machine tools for machining and forming. These tools include catalogues, Internet presentations, video films, technical manuals and concepts for technology events in the central showroom.

Turnover growth at the market level of 4.9 percent is planned for 2012.





Thomas J. Hörmann,
personally liable shareholder of the Hörmann Group, Steinhagen

“When I think of family-owned companies, I associate them with reliability, openness, solidarity and speed. Family-owned companies are also much more likely to think and act with a focus on the long term. All of these qualities are common to both E/D/E and Hörmann.”

Turnover increased greatly in 2011

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

In business division III the first months of 2011 were impacted by the separation of the previous E/D/E business division I into business divisions I and III at the end of 2010. The resulting creation of new and efficient structures led to an improved market strategy from the very beginning, which fulfilled all expectations or even exceeded them.

Increase of
14 per cent

As a result, the specialist areas of Company Equipment, Power Tools and Welding Technology in business division III once again strongly increased their turnover to 768 million euros—on top of the very high growth rates they had already achieved in the previous year. The total increase in turnover was 94 million euros (plus 14 per cent).

Consequently, the planned target of 6.3 per cent growth in 2011, as well as the excellent growth rate of 8.2 per cent in 2010, were once again significantly exceeded. And there is also another positive aspect: the previous record turnover of the “boom year” 2008 was topped by well over 60 million euros.

The upswing of the German economy which had already started in the second half of 2010 had a particularly positive effect on the first half of 2011 at E/D/E. In Germany,

Development of turnover in the B2B business division III (million euros)

	2007	2008	2009	2010	2011	Plan 2012
Power Tools						
Pneumatic Tools	428	440	416	446	504	535
Welding Technology	48	56	31	35	42	44
Company Equipment	185	210	176	193	222	231
Total	661	706	623	674	768	810

the most important industrial sectors, such as machine and plant construction and the automotive industry, had full order books from the beginning of the year onward—a situation that generated momentum for growth early on. Analogously with this development, business division III posted an unusually high rate of growth—17.2 per cent—in the first half of 2011. The results for the fourth quarter of 2011 showed signs of an economic slowdown due to the crisis of the euro and a slight decrease of overall economic performance. Nonetheless, all of the skilled trades posted very good levels of incoming orders, and the related sectors such as plant and machine construction are continuing to benefit from high export volumes.

On account of these circumstances, business division III expects to post continued medium-level growth (at a single-digit percentage) for 2012. Overall, plans call for growth of 5.6 per cent and turnover of more than 800 million euros—a first for the division.

The specialist area Company Equipment

Thanks to investments made by the industry and the skilled trades, the development of business in the specialist area Company Equipment greatly exceeded expectations in 2011. Thanks to the continued health of the German economy in general, the specialist area posted two record figures: a turnover increase of 30 million euros to a total of 222.6 million euros. This corresponds to an improvement of 15.4 per cent. The increase posted in 2010—9.5 per cent—was thus once again significantly exceeded. The main drivers of this positive development were the turnover increases of more than 25 per cent in the product groups Shelving Technology and Transport Equipment. In contrast, developments in the other main product groups of Company Equipment were extremely varied. Whereas double-digit increases in turnover were posted by the warehousing technology product subgroups shelf, pallet and cantilever racking, workbenches and workstation systems posted decreases in turnover.

Expectations were greatly exceeded

Turnover was boosted by the new catalogues *Allgemeine Betriebseinrichtung* (general company equipment) and *Betrieb & Umwelt* (industrial companies and the environment), which were published in a total run of 45,000 copies. The concepts underlying these two catalogues will further strengthen and expand the market positions of the participating traders.

The restructuring of responsibilities in the areas of purchasing, sales and administration that was carried out at the end of 2011 will noticeably improve and speed up work at the specialist area for the member companies and suppliers. In the course of 2012, the specialist area will set the pace with new planning software for company equipment.

New software makes equipment planning easier

In 2012 the specialist area will provide new catalogues for the specialist group PREMIUM Company Equipment in Germany and the Benelux countries and the specialist group UNION Company Equipment. The catalogues will comprise more than 3,000 pages of product information and will be published in a total run of about 250,000 copies for the market. Regional training sessions will support the introduction of the catalogues to the various marketing groups. Although the order books are still well-filled, the market participants' expectations for 2012 tend to be modest. The forecasts of market growth vary according to the product area between stagnation and an increase of 2 per cent. A sizable downturn is expected for projects in particular.

Accordingly, the specialist area Company Equipment is planning to increase its turnover in 2012 by a total of 3.8 per cent. Companies in the warehousing business are expecting disproportionate growth due to their active revamping of existing product ranges and their planned inclusion of further ones.

The specialist area Power Tools

According to the GfK report on power tools, the turnover figures for rechargeable battery-operated and power tools in Germany at the end of 2011 showed a slight increase of almost 1.5 per cent. In contrast to the modest development of the market as a whole, the E/D/E specialist area Power and Pneumatic Tools also continued its dynamic growth in 2011. With a turnover increase of 57 million euros and total turnover of 503.7 million euros, this specialist area crossed the significant turnover mark of 500 million euros for the first time. The growth rate of 12.8 percent achieved by the specialist area almost doubled the planned growth rate of 6.5 per cent.

The marketing of the leading suppliers' many innovations was supported by numerous new catalogues in the individual E/D/E marketing groups such as PREMIUM, the fittings trade, metalworking, woodworking and by the power tools catalogue for Austria. In 2012, the catalogue issues for the PREMIUM and the UNION group will once again take into account the suppliers' accelerating product cycles. The total publication run of the power tool catalogues is 180,000 copies per year.

After the outstanding development of turnover in 2011, a repeat of the double-digit growth rates cannot realistically be expected for 2012. In addition to the price increases of 3 percent on average, some of which have already been announced, market growth of just over 2 per cent is expected. The focus on international operations in the specialist area Power Tools, which was initiated in 2011, will be continued in



Big boost for woodworking tools

Accelerating product cycles

2012. With the positive effects of its business operations abroad in mind, the specialist area is planning a growth rate of 6.3 percent to 535 million euros in 2012 for the product areas Power Tools and Pneumatic Tools.

The specialist area Welding Technology

The upswing recorded in other sectors in 2010 did not reach the specialist area Welding Technology until 2011, when it recorded turnover of 41.8 million euros, which represents a 20.9 per cent increase on the previous year's result. Disproportionate growth of more than 46 per cent was posted in the suction technology area thanks to many customers' increasing awareness of the environment.

Members of the specialist group Welding Technology also achieved great success with the E/D/E trademark FORMAT. The turnover in the FORMAT product areas Arc Welding Technology, Suction and Oxy-fuel Technology, Heat Protection Products and Occupational Safety increased by an above-average 26.2 per cent. This underscores the significance of the FORMAT trademark for the specialist group Welding Technology.

In order to continue expanding the FORMAT trademark in 2012, the specialist area will follow up on its design improvements for FORMAT welding equipment by adding the product segment Welding Filler Materials.

In 2012 the new welding technology catalogue, which will have a run of 45,000 copies (publication date: January 2012), will lend additional momentum to further turnover growth for the E/D/E member companies. In addition to special marketing activities and a series of different regional meetings, the specialist area will organise a "marketplace" for welding technology for its member companies and leading suppliers. These activities will help to make sure that the specialist area continues to grow in 2012. There is still some uncertainty regarding planning because of the development of raw material prices. For example, the price of nickel, one of the most important alloy metals for many welding filler materials, has increased by 86 per cent in the past three years. The specialist area plans to increase its total turnover by 6.1 per cent in 2012.

New Welding Technology catalogue generates additional momentum

Industry-oriented sectors drive growth

B2B business division II: Building and Furniture Fittings, Security Systems, Building Elements, Fastening Technology, Building Equipment/Roofing, Occupational Safety, Technical Trade, Workshop Materials

New benchmark is set for turnover

The business division II increased its turnover by 141 million euros to 1,897 million euros. This record-setting growth rate of 8.0 per cent exceeded the business division's planned figure of 6.0 percent. Once again, the main drivers of the increase were the industry-oriented products areas Occupational Safety and Technical Trade, which posted a 15.0 per cent increase in turnover to 540 million euros, thus surpassing the threshold of 500 million euros with a big leap.

The building-related product areas also increased turnover by about 70 million euros, or 5.5 per cent, to 1,357 million euros. This very positive result is based on above-average growth in the product areas Building Equipment, Fastening Technology and Building Elements. With turnover of 831 million euros, the specialist area Fittings has reached a record figure and is the leader within the sector.

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

	2007	2008	2009	2010	2011	Plan 2012
Building Elements, Building Equipment, Fastening Technology	448	472	453	484	526	547
Door Fittings, Furniture Fittings, Window Fittings, Safety Technology	739	783	761	802	831	867
Occupational Safety, Technical Trade, Workshop Materials	392	427	400	470	540	572
Total	1,579	1,682	1,614	1,756	1,897	1,986

The business division expects overall economic conditions in the building industry to remain stable in 2012. The Building areas are planning to increase their turnover by about 4 per cent to 1,415 million euros in 2012. In the industry-oriented product groups, turnover growth of 5.9 per cent to 572 million euros is planned. The B2B business division II as a whole will just manage to reach the benchmark of 2 billion euros for the first time ever in 2012.

Threshold of 2 billion euros
in sight

The specialist area Building Elements

The specialist area Building Elements posted turnover of 232 million euros in 2011. This represents an increase of 6.5 per cent and an all-time record that is the result of continual and uninterrupted turnover growth for the past eight years. This puts the specialist area slightly ahead of the general market development of 4.5 per cent. The general market growth of the specialist area Building Elements was supported by numerous E/D/E activities.

At the beginning of 2011, the specialist group Building Elements participated in the sector's leading trade fair, BAU in Munich, by exhibiting at its own trade fair stand. The great interest shown by numerous contact persons representing traders and industrial partners confirms the value of this participation.

Basic training and further education programmes were continued in 2011. In 2010, E/D/E cooperated with ZHH to initiate an advanced education programme for young employees in the specialist area Building Elements (technical specialist for building elements). In 2011, E/D/E member companies offered the PRO.ELEMENT programme for the first time. This is a compact training and advanced education programme for more than 80 professionals in the area of building elements. Also in 2011, an exclusive co-operation agreement was concluded with the ttz Academy (industrial association for gates, doors and frames) for the area of steel building elements. In this way, E/D/E is creating opportunities for its member companies to offer further qualification to their employees through participation in specialised ttz programmes.



Growth for doors, gates and frames

In autumn 2011 more than 100 guests from industry and the trades attended the fifth Building Elements Forum in Potsdam. This communication event promoted in-depth dialogue between suppliers and the member companies of E/D/E.

So far, the discussions of the debt crisis in the euro zone have not had a negative impact on the building elements business. On the contrary, people's willingness to invest in real estate, including new buildings as well as renovation measures, has continued to increase. In 2012 E/D/E will give an additional boost to the turnover development of

Online Building Elements portal
enables cooperation

its member companies by creating an Internet portal for building elements which will put cooperation between architects, planners, the skilled trades and traders on a new foundation. This specialist area expects to see its turnover grow by a moderate 2.6 per cent to 238 million euros.

The specialist area Building Equipment

25 per cent growth
in first quarter

The rousing start of the specialist area Building Equipment in the new business year resulted in turnover growth of almost 25 per cent in the first quarter. This was partly due to favourable weather conditions. High growth levels were also posted for the following months. Consequently, the specialist area posted total turnover of 136 million euros, which represents an increase of 14 million euros or 11.5 per cent compared to the previous year. As a result, the turnover increase at E/D/E outstripped market development, which lay between 6 and 8 per cent, depending on the product group. For the second time in a row, turnover for warehoused goods was significantly expanded. The FORMAT trademark was particularly successful, growing disproportionately by 22 per cent in the period under review.

The new building catalogue, with a run of approximately 60,000 copies, will be published on schedule in February 2012. On over 800 pages, the specialist group will present the expertise of the specialist trade in building equipment in all the relevant product areas. In view of its increased significance, the FORMAT trademark will be even more extensively highlighted. A total of nine variants will enable E/D/E members to adapt this catalogue to their individual interests by receiving an agreed-on assortment of differently focused catalogues.

The new business year 2012 will be characterised by a positive mood in the residential construction sector. Turnover in road construction and underground construction will stabilise at a high level, and the specialist area Building Equipment is therefore planning turnover growth of approximately 5 per cent. This result would be slightly higher than the growth of the overall market, and it would correspond to turnover of more than 140 million euros.

The specialist area Building and Furniture Fittings

Total turnover in the specialist area Building and Furniture Fittings was 831 million euros. The specialist area did not quite reach its ambitious target figure, but it set a new record nonetheless. The good results after the first quarter, with clear double-digit growth, were not matched during the rest of the year: by the end of 2011 turnover had increased by 4 per cent for door-related product ranges and by 2 per cent for win-

dow-related products, while for furniture fittings it remained roughly at the previous year's level. These results match the market trends. Both residential and non-residential building construction developed positively, driven largely by the German government's second economic stimulus package and other measures to promote building renovation and energy-saving measures. The remarkable aspect here is that modernisation measures now account for about 74 per cent of the building construction segment. The E/D/E member companies benefit greatly from these renovation measures in particular. For E/D/E the specialist area Building and Furniture Fittings plans to increase its turnover by 4.4 per cent to 867 million euros in 2012.

Results match
market trends

EURO Baubeschlag-Handel Aktiengesellschaft (EBH AG) can once again look back at a very successful business year. For the tenth time in a row, the company increased its bonus volume as well as its compensation ratio in 2011.

The turnover volume on which bonuses are based was further increased. The basis of the successful development of the compensation ratio was laid by supplier agreements, project work and the extensive training and further education programme of EBH AG. In the reporting year, the projects EBlogic, FORMAT building fittings, FORMAT furniture fittings and building fittings for glass continued to be focus areas. In 2011, EBH AG cooperated with tischler nrw to launch the Montage aktuell (assembly today) project, whose aim is to reach skilled trade companies that have no workshops of their own and to serve them via the member companies. EBH AG supports its members by means of an intense training and continuing education programme and a future-oriented marketing strategy. The components of this training and continuing education programme include the EBH Sprint Countdown, the EBH High School and the EBH Academy.



Demand for fittings continues

In spite of the unpredictable business climate, EBH AG expects to once again experience moderate growth in 2012. For the first time ever, EBH AG will join the E/D/E specialist group PRO.ELEMENT at the fensterbau/frontale trade fair in Nuremberg as an exhibitor with its own trade fair stand.

EBH exhibits at its first
trade fair stand

The specialist area Occupational Safety

The specialist area Occupational Safety can look back on an extraordinary business year. At the beginning of 2011, the unusual procurement situation in Asia led to extremely challenging prices and delivery arrangements. However, by the end of the business year the development of the raw material markets had generally returned to normal. Correspondingly, the overall market grew by about 10 per cent. All in all, the specialist area posted a record turnover of 332 million euros and growth of 17.2 per-



Outstanding performance of Occupational Safety

Occupational Safety plans turnover of 350 million euros

cent compared to the previous year—figures that document its disproportional success.

The Occupational Safety Forum of the FAVORIT Group was held for the third time in spring 2011. At the forum, 42 participants from the FAVORIT Group and other selected industrial partners discussed current and future topics of interest to the sector. In September 2011, E/D/E welcomed 45 marketing employees of its member companies to a special FORMAT training course in Wuppertal. At the same time, the basic principles were expanded in time for the significant occupational safety trade fair A + A in Düsseldorf.

In 2012 the existing specialist groups will be restructured in order to meet the various needs of the occupational safety specialists even more effectively. Further growth is planned for 2012. For example, the specialist area Occupational Safety expects to post turnover of 350 million euros. This will correspond to growth of 5.4 percent, which is slightly more than the approximately 5 per cent growth of the overall market.

The specialist area Technical Trade

During the year under review, the specialist area Technical Trade passed the 200 million euro threshold for the first time, growing by 22 million euros to 208 million euros, an increase of 11.6 per cent. The growth rates were significantly higher in the first half of 2011 and slowed down during the second half of the year. This rate of growth was better than that of the market as a whole, which was between 6 and 10 per cent, depending on the product group.

Drivers of qualitative growth identified

Together with its Advisory Board, the group area Technical Trade critically examined all of its services in 2011 in order to adapt them to future market developments even more effectively. This process confirmed that the competence groups Sealing Technology as well as Hose and Fittings will continue to be the drivers of qualitative growth.

Momentum for turnover growth was generated by the first issue of the specialist catalogue *Pneumatic Navigator*, which was published in a run of 14,000 copies. Approximately 10,000 articles are shown on its 576 pages. About 2,000 of these articles can be ordered from the E/D/E central warehouse, eLC. In the competence group Pneumatics the focus is on expanding the network of suppliers and traders and implementing the training and marketing concepts. Overall, the specialist area Technical Trade plans to post a turnover increase of 6.6 per cent and total turnover of more than 220 million euros. This growth rate is greater than that of the general market, which is about 5 per cent.

The specialist area Fastening Technology

The specialist area Fastening Technology posted turnover growth of 9.6 percent in 2011, which corresponds to a turnover volume of 158 million euros. In view of the overall market development of approximately 6 per cent, this is a positive result.

The strategy meeting that was conducted in 2010 with the specialists from Fastening and Assembly Technology resulted in the establishment of the new competence group Fastening Technology in order to optimally address changing market requirements. A total of 13 traders decided to join this new group.

The focus of activities in 2012 will be on increasing the cooperation between the members of this new group and working specifically in the areas of training and continuing education as well as marketing. In addition, a new catalogue for the specialist group Fastening and Assembly Technology will be published in 2012 in a run of 40,000 copies. Some 72,000 articles will be shown on the catalogue's almost 850 pages.

Overall, the specialist area Fastening Technology plans to increase its turnover by 5.2 per cent and post total turnover of more than 165 million euros. This growth rate would thus be greater than the generally expected growth of the Fastening Technology market as a whole, which is about 4 per cent.



Positive development for Fastening Technology





Wieland Frank,
Managing Partner in the Siegenia-Aubi Group, Wilsdorf

“The market requires clear structures, and industry and small and medium-sized businesses need reliable partners. E/D/E’s structures and capital resources stabilise small and medium-sized traders.”

Near-record turnover

B2B business division Steel

Turnover development (in millions of euros)

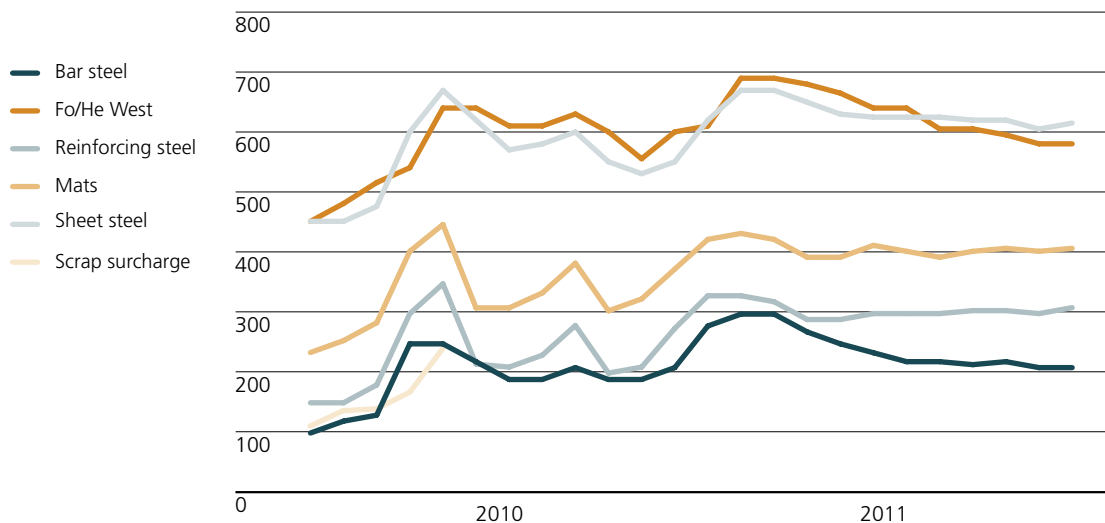
2007	2008	2009	2010	2011	Plan 2012
582	845	442	616	815	856

Prices have stabilised

Whereas purchasing prices, especially those for profile steel, were quite volatile in 2010, price levels stabilised in the reporting year. Following a period of decline, prices rose in the fourth quarter of 2010, but this increase had come to a halt by the end of the first quarter of 2011 (see chart). After that, prices for flat steel declined until the end of the year, as did those for bar steel in the profile segment. Prices for support and construction steel remained more or less stable beginning with the second quarter, however—a development that very much surprised customers, who had not experienced such a stable procurement environment for quite some time.

Steel price developments in 2010 and 2011

Euros/tonne



Demand was very high in 2011. As a result, outgoing warehouse shipments returned to the high levels last recorded in 2007.

The business division Union Stahl-Handel was able to post turnover very close to its previous record of 845 million euros. Following a solid business year in 2010 (616 million euros), the division recorded turnover of 815 million euros in the reporting year. The latter figure corresponds to an increase of roughly 200 million euros (32.3 per cent). Along with slightly higher average prices as compared to the prior year, this increase was largely a result of the addition of 13 new members in 2010 and 2011. Together, the newcomers contributed 116 million euros (14 per cent) to the turnover.

Turnover increase thanks to
13 new members

Global crude steel production once again increased in 2011, rising by 61.4 million tonnes (4.12 per cent). The share of production accounted for by China increased further and now stands at 45.85 per cent (683.3 million tonnes). Despite high global demand, ore prices have fallen over the last few months. Major iron ore manufacturers like Rio Tinto and BHP Billiton have nevertheless announced plans to significantly expand their production over the next few years, one reason being that they believe Chinese demand will continue to lead to supply shortages. This belief is not unrealistic, given the fact that the Chinese Ministry of Industry and Information Technology estimates that China's demand for iron ore will reach 1.13 billion tonnes by 2015.

The positive economic environment in Germany across all sectors has helped to keep demand for steel high this year. The high production volumes (reported by all steel traders as well) were driven by the machine construction, automotive, and building industries, as well as the structural steel sector.

Very solid market development,
high demand

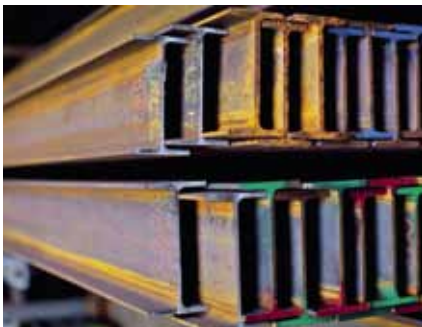
Although the price of construction steel was stable for many months, developments on the market led many experts to believe that speculators were anticipating a fall in the purchasing price. Our members' warehousing business was also subjected to intense competitive pressure from the middle of the year on. This situation resulted in sales prices that in some cases did not even come close to the cost of new purchases. Indeed, there was substantial pressure on sales prices. Whether the issue was profile steel, flat steel, or tubular steel—the aggressive behaviour of all market participants put so much pressure on manufacturers and service centres that they were forced to lower their sales prices.

For a long time now, the steel trade has been improving its prefabrication operations in order to act as a reliable service partner to its customers. This year it has been quite noticeable that such services have too often been provided at no cost and viewed as a type of bonus for being awarded a contract.

Steel forum a big success

One of the highlights of the reporting year was the ninth Union Stahl Forum, which was held in Dresden in March. The speakers at the event, which was attended by more than 170 members and suppliers, addressed topical issues. Professor Starbatty, who is openly anti-euro, talked about what needs to be done if the monetary union is to continue; Marc Blum from ArcelorMittal presented the Environmental Product Declaration (EPD) for construction steel, which is now also binding for the steel trade. Joey Kelly offered a fascinating presentation titled "No limits—how to achieve your goals," and Professor Xuewu Gu's speech, "Quo vadis China" was listened to with great interest. Gu was followed by "Mr. Steel"—Professor Ekkehard Schulz—who addressed the audience on the subject of "Steel—the material of the future: Innovations for resource efficiency."

Last autumn saw a series of regional conferences that began in the north and moved south, as is the tradition. The meetings attracted a large number of traders. Two Advisory Board meetings immediately preceded the forum in Dresden and the autumn conference was held in Dortmund. Union Stahl-Handel reported on some interesting developments at E/D/E and on the international situation, particularly with regard to iron ore and scrap price movements. It also presented its forecast for the future. Advisory Board members provided information about their markets and their customers' operations, while also offering an outlook for the near future.



Concerns about steel production in 2012

Outlook for 2012

Experts expect that China will continue to grow. However, steel production, and therefore processing activities in other countries as well, are expected to decline. The world's biggest steel group, ArcelorMittal, has already reacted to the uncertain economic situation by scaling back production in Europe, in some cases by shutting down facilities. The group is also planning further closures. ThyssenKrupp has also prepared itself for production cutbacks after its capacity utilisation decreased from 100 per cent in the first half of the year to the current level of 85 per cent.

Unlike other European countries, Germany will have a good year in 2012, but growth will not be as rapid as it was in 2011. E/D/E members are very optimistic about the coming months because their customers' order books are also full. As a result, Union Stahl-Handel expects to record a 5 per cent increase in turnover to 856 million euros.

Right on target: 1 billion euros

B2B business division Building Technology

Turnover development (in millions of euros)

2007	2008	2009	2010	2011	Plan 2012
614	651	800	916	1,001	1,063

Within a period of just four years, the business division Building Technology has increased its turnover from approximately 600 million euros to exactly 1 billion euros. The WUPPER-RING distributor network has continually contributed to this positive development, as have the new VGH and mah cooperation groups, which are organised within the E/D/E. Ultimately, however, it was the positive market development in 2010 and the reporting year that enabled the turnover milestone to be achieved.

The German sanitary and heating wholesale sector ended 2011 with a roughly 5.5 per cent increase in turnover compared to the previous year. Developments in the individual product areas varied greatly, however. Turnover for sanitary products requiring no installation in walls grew by 5.5 per cent, turnover for installation products rose 8.6 per cent, and products for the heating sector recorded a 3.8 per cent increase.

With an increase in turnover of approximately 85 million euros (9.3 per cent) to 1,001.1 million euros, Building Technology was able to clearly buck the market trend and the business division actually posted twice as much growth in 2011 as was originally targeted.



Success with the FORMAT trademark

WUPPER-RING

WUPPER-RING also recorded growth in 2011. In fact, the business division's 6.3 per cent increase in turnover not only outpaced developments on the market but also exceeded the target.

Turnover development (in millions of euros)

2007	2008	2009	2010	2011	Plan 2012
376	386	344	363	386	403

Sector-wide recovery in the renewables segment

Heating sector issues

The renewables segment experienced a slight recovery across the board in 2011. Sales of heat pumps through September were up by approximately 10 per cent, but most of this increase was accounted for by less expensive air-water split-type devices. During the first half of the reporting year solar-thermal equipment experienced a negative trend. However, thanks to a much more positive second six months, the segment was able to close the year with slightly increased turnover. No recovery to speak of can be discerned for heaters that rely on oil, gas, or biomass heat as fuel.

For this reason, the heating segment in WUPPER-RING recorded overall growth in turnover of only 3 per cent. E/D/E's solar-thermal activities with its system suppliers resulted in a 21 per cent turnover increase—well above the market average. Double-digit increases were recorded for heat pumps as well.

In 2011 activities focused on improving the procurement basis through various pooled purchases. The impressive results include heat pump procurements from the two leading suppliers, purchases of well over 120,000 thermostatic heads and tens of thousands of small heat system fittings. E/D/E offers its industrial partners a reliable sales platform here, whereby WUPPER-RING headquarters assumes complete responsibility of acquisitions.



The *Badbuch* sets the standards

Sanitary and Installation

WUPPER-RING recorded a 7.8 per cent increase in turnover for the product areas Sanitary and Installation in 2011.

E/D/E believes the increase resulted from activities in the defined growth fields. The expansion achieved by WUPPER-RING in all of the growth fields was above the market average in 2011. In line with the overall strategy, WUPPER-RING activities in 2011 were

marked by a strong and varied focus on trademarks and manufacturer brands. Three examples among many are the introduction of new bathroom fittings, the development of three completely new ceramic product series, and the purchasing of a batch of sanitary ceramics at very advantageous conditions.

WUPPER-RING also set the standard once again in 2011 in terms of marketing and services. It demonstrated its commitment to its manufacturer brands by publishing a catalogue of high-quality bathroom products that highlighted the best and most beautiful items the sector has to offer and also presented premieres from ISH—the world's leading trade fair for bathroom appointments. WUPPER-RING also addressed the end-consumer side of the equation by placing 3.9 million advertising supplements in newspapers in a campaign whose like has never before been seen in this industry. That is equivalent to more than 10 million contacts that WUPPER-RING has made in order to promote its members' exhibitions. This success of the concept and approach were underlined by the above-average turnover gains made by the member companies.

The *FORMAT Badbuch* (Bathroom Book) is an exemplary publication in the sector; over 100,000 copies have been printed and are now being distributed by member firms. In addition, the *FORMAT* trademark's website has been upgraded to an even higher level. The activities for *FORMAT* are rounded out by customer mailings and ad campaigns in specialist journals.

Additional successful activities in 2011 included the *PROMIS* training concept and measures implemented in connection with the joint "Bäder sehen. planen. kaufen." brand, which loosely translates to "See ideas, plan, and buy your dream bathroom".

Data management at Building Technology

Data management services are marked by an ongoing commitment to enhance the quality, and increase the quantity, of product data. The data pool for Building Technology now encompasses the impressive number of over 650,000 individual master data files that are evaluated in accordance with the strict stipulations laid out in the Data Quality Guidelines. The data is also linked with the most up-to-date information about purchasing terms and conditions. WUPPER-RING currently has more than 2.3 million files of directly accessible master data for the entire sanitary/heating sector, and its online platform contains more than 75,000 digital images related to Building Technology. Member companies can obtain access to more than 300 plant price lists in PDF format.

Extensive high-quality
product data

The member companies' utilisation of this service is now more intensive than ever before.

Cooperation partners VGH and mah

Turnover development (in millions of euros)

	2007	2008	2009	2010	2011	Plan 2012
VGH	238	265	296	347	390	422
mah	–	–	160	206	225	239

Higher-than-planned growth enabled the VGH and mah cooperation groups to make a major contribution toward Building Technology's milestone one billion euro turnover result in the reporting year. Turnover processed by E/D/E central payment rose by 43 million euros at VGH in 2011 (12.5 per cent) and by 19 million euros at mah (9.1 per cent).

Cooperation with the VGH and mah trader groups is reliable and successful. In addition to central payment including del credere, E/D/E also provides services in the areas of IT/organisation, eBusiness, data management and project-related marketing.

Opportunities are also emerging in other E/D/E specialist areas for additional collaborative activities. This particularly applies to the specialist areas Tools, Company Equipment and Occupational Safety.

VGH continues to focus on systematically expanding its activities in Europe. To this end, interesting new contacts have already been established in several countries.

A joint strategy meeting held in 2011 addressed ideas for intensifying cooperation with E/D/E.

Outlook for Building Technology in 2012

Overall economic conditions indicate that Building Technology can expect to achieve further growth. The various industry and wholesaler associations expect business to further expand by 3 to 4 per cent in 2012. The skilled trades continue to enjoy solid capacity utilisation, and the willingness to invest in private residential construction in particular is high, not least due to the extremely low interest rates on the market. Showroom figures also confirm this view.

Positive overall economic conditions

The business division Building Technology plans to record a turnover increase of 62 million euros or 6.2 per cent. WUPPER-RING anticipates a 4.4 per cent increase, to 403 million euros, mah plans to boost its turnover by 6 per cent to 239 million euros, and VGH expects to post an 8 per cent increase to 422 million euros, all via E/D/E.

WUPPER-RING will continue with its corporate strategy, which aims to achieve a balance between manufacturer brands and trademarks. The introduction of the new FORMAT Design ceramic line, which is scheduled for the coming year, will be accompanied by extensive marketing measures. In addition, the business division will make preparations for the launch of the FORMAT and FORUM ceramic lines in 2013. The 2012 FORMAT portfolio will be expanded to include a new electronic continuous-flow water heater and kitchen fittings. Extensive sales and marketing measures are being defined in cooperation with selected suppliers when it comes to the manufacturers' portfolio of sanitary and heating equipment and installations.

New FORMAT Design ceramic line to be launched

As activities are further developed, the PREMIUM Group and Uplus will continue to strengthen key controlling instruments for suppliers and product ranges, which in turn will make an indispensable contribution to safeguarding the future viability of WUPPER-RING member companies.

New members are expected to join VGH during 2012. In other words, there is a good chance that E/D/E central payment's planned targets will be exceeded. New supplier contracts in Europe will have an additional positive effect; strong double-digit growth has already been recorded over the last few months.

All the signs therefore indicate that 2012 will be another very good year for the business division Building Technology.





Carl-August Thomashoff,
co-partner in IDEALSPATEN-BREDT GmbH & Co. KG, Herdecke

“IDEALSPATEN-BREDT and E/D/E have a great relationship. E/D/E Advisory Board Chairman Dr. Eugen Trautwein and I also have a lot in common, and you don't find that kind of close personal relationship very often in a business partnership.”

Strengthening the B2B membership structures

Strategic Membership Development/Systems

19 new B2B members

Once again, E/D/E succeeded in adding strong specialist wholesalers to its membership in 2011. A total of 19 new B2B companies with an E/D/E turnover volume of approximately 50 million euros have teamed up with the association. The presence of six new renowned European companies on the membership list illustrates the importance of developments abroad.

The attractive range of E/D/E services becomes apparent when you look at the sectors the 19 new members are active in. Alongside major steel wholesalers and building service providers, the firms include companies that focus on occupational safety/technical trade, fittings, tools and welding technology.



Partnership as a strategy

A total of 26 members left the association in business year 2011, resulting in a turnover loss for E/D/E of about 25 million euros. The companies in question were 18 smaller B2B members and eight retail traders. The main reasons for the loss of the B2B members were business closures and sell-offs.

The structural market adjustment has continued in the retail trade sector (ZEUS), although it is now less pronounced than was the case in previous years. The economic upturn has slowed down consolidation in the retail trade as well. Business inheritance problems and financial difficulties were the main causes of the membership losses in the retail trade in 2011.

As a result, at the end of 2011 there was virtually no change in the net number of B2B members, which now totals 1,005 companies. The number of retail trade members decreased by eight companies, to a total of 368.

EURO-DIY

As a consequence of the termination of cooperation in ZEUS as of 1st January 2013, E/D/E has decided to team up with its long-standing partner EK/servicegroup eG to cre-

ate a new systems centre for specialist retailers and DIY centres in the form of a company to be known as EURO-DIY GmbH. Preparatory measures to this end were launched in 2011. The partners are working intensively on establishing a comprehensive range of services and developing concepts for medium-range and small facilities operated by E/D/E and EK members. The focus here is on new specialist retail-oriented products and services that will be consolidated in the EURO-DIY GmbH systems centre and strictly aligned in order to fulfil specialist trade requirements. Work on the organisational and service structures will continue in 2012, whereby all measures will be implemented in close consultation with the retail trade members. The personnel resources required to achieve this goal are already in place and an investment budget volume has been created. Beginning on 1st January 2013, E/D/E and EK will thus be able to ensure not only a seamless and comfortable transition but also a significantly stronger focus on specialist retailers in terms of product and marketing concepts.

New cooperation partner: HolzLand GmbH

E/D/E and EK member firms in the specialist wood trade now have a strong partner—HolzLand GmbH—that can help them address all their needs related to wood, wood materials and wood construction merchandise. With turnover of more than 700 million euros per year and a partner network consisting of over 250 traders, HolzLand GmbH is the leading systems centre for the wood sector. Various discussion rounds have convinced E/D/E and EK members of HolzLand GmbH's performance capabilities, which is why they agreed to enter into the partnership during the meetings.

Strong partners for the specialist trade

As a key condition of the cooperation, E/D/E will remain responsible for supporting and further developing the activities of specialist wood traders in the building elements sector—in line with the wishes of these traders. The partnership between HolzLand and E/D/E will thus create optimal conditions for even greater success in the further development of E/D/E and EK specialist wood retailers immediately after the cooperation is officially launched on 1st January 2013.

B2B sales systems

The B2B sales systems set a new record by obtaining a total of 13 new members in 2011—well above their target for the year. Turnover with contracted suppliers rose to 12.7 per cent. The HANDWERKSTADT, PLUS 1 and PROFI FACHMARKT sales concepts benefited in 2011 primarily from the extremely positive order situation in the skilled trades sector and the correspondingly high willingness of B2B members to invest in the further expansion of their sales operations.

Numbers by B2B sales systems

	2010	2011	Plan 2012
HANDWERKSTADT	68	72	76
PLUS 1	46	50	80
PROFI FACHMARKT	70	75	75
Number of system partners	184	197	231

HANDWERKSTADT

A solid overall economic environment has generated further growth in the skilled trades sector. Depending on the trade brand in question, order backlogs have risen to as much as eight weeks, and HANDWERKSTADT partners have benefitted in virtually every merchandise sector.

Partners decouple their activities from market developments

All in all, the partners and their concept suppliers recorded a turnover increase of 16.4 per cent. The sectors for hand/measuring tools and power tools decoupled their activities from overall economic developments; in fact, each achieved a 17 per cent increase in turnover. The importance of the E/D/E central warehousing logistics system continues to increase. Thanks to improved performance and further expansion of sales activities, the HANDWERKSTADT group was able to boost turnover by 18.5 per cent in 2011.

Activities last year focused on expanding cooperation with contracted suppliers. To this end, extensive discussions were held with HANDWERKSTADT partners within the framework of regional events, leading to the development of individual support programmes. The latter garnered widespread support and will be extended to include other contracted partners in 2012.

The HANDWERKSTADT group was also able to generate additional sales growth through joint advertising activities. Merchandise targeted at specific customer groups had a positive impact on turnover and earnings development.

E/D/E expects to attract new members in 2012, leading to a total membership of 76 partners. Additional momentum will be generated by the publication of the new edition of the specialist catalogue.

PLUS 1

The ambitious "Number of Concept Partners PLUS 1" growth programme has been successfully implemented with a total of 50 member firms.

The PLUS 1 group recorded a turnover increase of 6.1 per cent for concept suppliers. The approximately 40 per cent share of turnover accounted for by private consumers has led to a lower level of sales fluctuation than is the case in the commercial segment, which is why the overall growth rates are slightly lower than those normally recorded by traditional B2B companies. The sales success of the PLUS 1 partners was clearly underscored by the 10 per cent turnover increase posted for power tools and stationary machines and the 13 per cent rise in turnover for occupational safety equipment and systems.

Activities in the year under review focused on the introduction of the new specialist catalogue and extensive product training events. The main drivers of the expansion of Internet sales were the extensive advertising activities carried out in the spring and autumn and the publication of the catalogue. For example, 30 per cent of the PLUS 1 concept partners currently use the E/D/E Multishop and therefore the new specialist catalogue as an electronic sales channel.

Internet sales support overall sales development

In line with the local supplier strategy, sales and exhibition centres implemented a quality offensive by adjusting their product ranges. New contracted suppliers in the measuring technology sector and high-quality functional clothing for occupational safety applications underscore the focus on quality here.

In 2012, the PLUS 1 group expects to gain four to five new members that will adopt its concept.

PROFI FACHMARKT

The PROFIFACHMARKT (professional specialist market) group has also benefitted from ongoing positive developments in the building sector, in particular from substantial growth in the segments for commercial and residential construction. Continued unrest and uncertainties on the financial markets have also led to increased investment in building conservation and upkeep.

The PROFIFACHMARKT group recorded a turnover increase of 11 per cent for concept suppliers. Particularly noteworthy here is the development in the power tools sector, which posted a turnover increase of 17 per cent. The marketing of high-quality and technically sophisticated tools is the result of continual development work, particularly in terms of personnel skills training and targeted marketing approaches.

Group turnover increases by 11 per cent

The addition of five new locations in 2011 means the target for “the number of concept partners” was clearly exceeded. A total of 75 locations participate in this sales system, which was designed for traders in the building materials sector.

A new design layout for advertising campaigns has resulted in a further increase in the amount of attention partners are receiving, and the excellent sales results underscore the high acceptance among customers.

**PROFI FACHMARKT
catalogue in a new format**

The fourth edition of the PROFI FACHMARKT catalogue has been offered to partners in a new format. The 850-page publication presents the product range in accordance with building trade target groups, which makes it easier to use the catalogue.

Materials management and industrial service

Despite a booming economy in 2011, industrial procurement managers have been focusing on cost reductions and are therefore demanding that suppliers come up with concepts for optimising process costs. As a result, the trend toward reducing the number of suppliers used continues unabated in the traditional MRO sector (C-parts, repair and maintenance requirements). Decisions to award contracts hinged primarily on the achievement of sustained process optimisation across the entire value chain.

E/D/E members once again relied heavily on the ETT, scanner and consignment warehouse processing logistics systems in 2011 as a prelude to business process outsourcing (BPO). In line with the associated demands, the E/D/E Industrial Service sector established its Logistics competence group at the beginning of 2011. The group develops concepts that enable the sector to offer industrial customers effective solutions for optimising their inventories. Working groups have been set up to develop special RFID technology and scanner systems, for example.

In order to ensure optimised C-parts supplies in all types of organisation—from large corporate groups to small and medium-sized companies—there has been an increasing trend toward cooperation with strong regional supplier partners. This development continued in 2011. Although it is crucial here to develop and implement regional supply concepts, it is also important to ensure that requirements resulting from cross-regional framework agreements can be met.

E/D/E was able to accomplish this goal with selected members in 2011 as well. In accordance with the principle of “everything from a single source”, 13 regional E/D/E partnerships now offer industrial customers optimised C-part supplies. The establishment of additional partnerships is planned for 2012.

E/D/E achieves noticeable turnover growth in Europe

Establishment of EDE International AG

Turnover development (in millions of euros)

2007	2008	2009	2010	2011	Plan 2012
490	516	458	518	599	638

E/D/E—Europe's leading association for industrial wholesale distribution (B2B)—was once again able to continue its positive turnover development outside of Germany in 2011. With its 184 direct members and a further 537 traders indirectly linked to E/D/E via five partnerships, the association succeeded in increasing its total business volume to the record level of approximately 600 million euros. The core markets contributing most to this growth included the Benelux countries, Austria, Switzerland, France, Spain, Denmark and Poland.

Successful development
in Europe continues

A further important step toward improving the association's international scope was taken in December 2011 with the establishment of EDE International AG. The new company, which is based in Zurich, is a wholly owned subsidiary of E/D/E in Wuppertal that will be responsible for all business activities outside of Germany. The structure of the Group therefore now reflects the association's strategy and ensures that the successful internationalisation of E/D/E will be accelerated. Moreover, the consolidation of international business activities in an independent company will not only make it easier to adapt the business model to local conditions and requirements but also decisively help support the creation of decentralised structures.



It was possible to increase turnover in all three regions and/or areas despite a challenging economic environment in Europe characterised by markets that were at best stagnant and in some cases actually contracted. This achievement illustrates the success of local strategies and the utility offered by the services E/D/E makes available to its members.

All three areas growing strongly

All three areas contributed to the total turnover increase of approximately 80 million euros. Area North, which consists of the Benelux countries, the UK, Scandinavia and the Baltic states, recorded a 12.7 per cent turnover increase. Area Central and Eastern Europe (Switzerland, Austria and Eastern Europe) achieved growth of 15.2 per cent. Area South West (Iberian peninsula, France, Italy and Turkey) increased turnover by more than 80 per cent.



Focus on European business operations

The economies of Europe are going through challenging times marked by sharply stunted growth due to the various financial and sovereign debt crises. In particular, the member companies that are incorporated into the association's concepts, rely on trade brands which distinguish them from the competition, and exploit the eLC high-performance European logistics system are well positioned and stable. As a result they have been able to decouple their development from general market trends. This is clearly demonstrated by the more than 30 per cent growth in turnover achieved in Spain in 2011 and the addition of two new members.

In general, the development of the defined core markets has been disproportionately positive. Business volume doubled in France, for example, while turnover in Poland increased by a further 35 per cent in 2011. The Dutch market grew by nearly 20 per cent following a difficult year in 2010. Most of these increases are the result of healthy business structures and the impetus provided by new partners.

Indeed, more and more European companies are utilising the E/D/E trade brand concepts to highlight and strengthen their market position—a trend that is reflected in the sales figures. The second key European trade brand—FORUM—is also expanding its presence in Europe.

In 2011 it was possible to win another six renowned members. All in all, 37 trade companies in six countries joined either E/D/E or another long-standing cooperation partner. This has made it possible to further expand and strengthen the European networks.

Central payment becomes a European affair

Whereas the E/D/E's European business operations in many countries used to consist almost exclusively of warehousing business, central payment has now become more important in a European context as well. Central payment was adopted by a total of 87 suppliers in European markets in 2011, and this issue will continue to gain in importance in the future. With this in mind, EDE International's clear goal is to continue the success story throughout Europe with its proven partners. To this end, local suppliers will be called upon to assist in supplementing product ranges in accordance with national and market requirements.

ZEDEV is well established on the Swiss market

ZEDEV AG in Switzerland—a joint venture with our long-standing cooperation partner ZEEV—has now firmly established itself on the Swiss market. A sales catalogue that attracted a lot of attention was launched in the autumn of 2011; the existing product range was refined and expanded to include renowned Swiss suppliers, and the catalogue is therefore now precisely tailored to the needs of the Swiss specialist trade. The FORUM trade brand, which ZEDEV provides exclusively, accounts for a large portion of the product range.

Outlook: Focus on France and Spain

The coming years will be marked by consistent work to establish decentralised structures in the respective target countries. This approach is fully in line with the association's conviction that international business must be developed locally if partners are to be offered clear added value.

The existing uncertainties in the euro zone in the wake of the ongoing financial and sovereign debt crises make it all the more important for E/D/E to continue with its mission of boosting competitiveness, and thus enhancing stability—especially in difficult times. This applies to both the organisation's members and contractual suppliers. To this end, the association supports its members by offering effective concepts and market-compatible sales instruments that boost their competitiveness and enable them to successfully navigate through economic downturns.

In the coming months, EDE International will place special emphasis on its projects in Spain and France in order to support and sustain the positive developments in those countries.



Outlook promises success





Jan Rüggeberg, shareholder and Advisory Board member at
August Rüggeberg GmbH & Co. KG, Marienheide

“Although we already have our own sales organisations in most European markets, we have also worked together with E/D/E in a long and trusting partnership. We are therefore coordinating with E/D/E as it enters the broader European marketplace.”

Systematically creative

Business division Marketing/Services

A focus on support for cooperation partners

The E/D/E business division Marketing/Services offers the members of E/D/E a wide spectrum of marketing and promotional services. This business division is also available to E/D/E specialist departments. In the 2011 business year, our activities were sharply focused on providing consultation and assistance to a number of different cooperation partners.

B2B advertising

A main focus of the team is to provide promotional services to the business division Building Technology. For example, using a variety of concepts and marketing campaigns, the B2B team gave ongoing assistance to the market launch of the FORMAT line of bathroom fittings. As part of the product launch, they set up a completely new website for the FORMAT brand. They also supported the marketing concept "See ideas, plan, and buy your dream bathroom" and the PROMIS qualification concept. In all, nearly 200 individual projects for the WUPPER-RING were implemented in 2011.

Supporting development of the TAKE brand

The team is currently using all the advertising methods at its disposal to support the ongoing development of the TAKE brand for its cooperation partner Mittelstands Allianz Haustechnik GmbH (mah).

The members of Premium Maschinen Handel GmbH were supported with catalogue modules for abraxas brand drills and lathes, PREMIUM lathes and milling machines, PREMIUM automation and, as part of an autumn marketing campaign, the creation of a new sales brochure for machinery.

In the area of consulting, a well-known E/D/E member gave the team complete responsibility for its marketing, which involves implementing a single brand strategy.

A total of 126 projects are already being planned to support specialist areas and specialist groups in business year 2012. Individual activities are also being implemented for members and the cooperation partners mah, VGH, Premium Maschinen Handel GmbH and GEWEMA AG.

B2B team—catalogues and production

Business has been booming for years now for the B2B team. There is still a need for catalogues that promote sales, and the demand is steadily growing. The team's expert knowledge of the field together with the E/D/E members' appreciation of the quality of the team's work means that requests for good catalogues will only continue to increase. During the 2011 business year, the B2B team worked on 53 different catalogue projects with nearly 43,000 pages for the E/D/E specialist groups, EBH AG and individual members. Of these, 37 complete catalogues totalling over 30,000 pages were designed, laid out, corrected, sent to the printers and delivered. The print run for all catalogues in 2011 was over 1.1 million copies.

Catalogue circulation of
over 1.1 million copies

Seven of the 53 catalogues were adapted and translated for E/D/E partners outside Germany. Five of these were completed in the reporting year. In the plan for 2012 the team currently has 16 running catalogue projects with 11,500 pages from 2011 and 32 new catalogues with a total of 18,500 pages which will be delivered by the end of the year.

Team activities and member qualification

The B2B team provides services and support for all events, trade fairs and presentations. It is also responsible for assisting in the area of member qualification with seminars, ERFA groups (professional information exchange groups), the marketing association "Das TEAM" and the E/D/E Juniors.

As part of the E/D/E Juniors program, 25 to 30 of the approximately 50 future owners and operators of member companies participated in four different annual events. All future entrepreneurs who are still in an apprenticeship or still at university or have already taken their first steps on the career ladder are welcome to join the Juniors.

In the 2011 business year 35 different seminars for almost 400 participants were held on themes such as sales, personal development, marketing, cost management, purchasing and legal issues.

As an internal service provider, the team is also responsible for the organisation and operation of all trade fairs for E/D/E and its cooperation partners. For the reporting year these were A+A in Düsseldorf, Branchentag Holz (sector day on wood) in Cologne, BAU in Munich, Hardware in Lucerne, E/D/E Branchentreff spezial (special sector meeting) in Nuremberg and ZEUS in Cologne. In addition, there was support for specialist events and marketplaces for the E/D/E members UNION Werkzeughandel (tool trade) and PREMIUM Werkzeughandel, who jointly put on a very successful job fair for their apprentices in 2011.

Continuous development and expansion of services

Business division Finances

Intercompany comparison is an ongoing success story

The 2011 business year represents another chapter in the success story of E/D/E member ratings in combination with the intercompany comparison. The increased number of new participants in the intercompany comparison made it possible to involve more sectors and refine the information contained in the evaluations for sectors that are already participating. Currently over 400 participating trading companies are benefiting from the extensive analyses and professional rating reports as well as the intercompany comparison. These services will continue to be systematically developed and expanded in the future. They are a unique feature of E/D/E, setting it apart from the rest of the sector.



The established financial services continued to support member companies, for example by providing consultation on assorted financial issues and helping to ensure liquidity. But activities in 2011 also concentrated on another milestone project in E/D/E's corporate history. After receiving a banking licence from the Federal Financial Supervisory Authority (BaFin) and Deutsche Bundesbank, E/D/E management announced the founding of ETRIS Bank GmbH on 25th May 2011.

Finance is a core business area of E/D/E, and its importance has grown steadily. The establishment of E/D/E's own bank was therefore the next logical and consistent step in the systematic professionalisation and specialisation of all E/D/E's business divisions. As an institution specialising in central payment, payments and trade finance, ETRIS BANK is taking over the financial business dealings of E/D/E step by step. E/D/E already makes most of its payments through its own bank.

ETRIS BANK has extensive knowledge about the sector

Because the bank concentrates on serving its business partners within the sector, its guiding principle will always be to maintain close ties with members, contractual suppliers and E/D/E. The ETRIS BANK team consists of experienced partners from E/D/E—who will continue to provide assistance in the established areas of E/D/E member ratings and the intercompany comparison—and experts from the banking and finance sectors. ETRIS BANK is therefore able to offer its partners a unique combination of financial expertise and extensive knowledge of the sector.

Thanks to the founding of ETRIS BANK and its assumption of full responsibility for central payment, all financial transactions will take place under the watchful and critical eye of BaFin and the Bundesbank. The founding of ETRIS BANK opens up even more options for refinancing and custom-tailored financial products to E/D/E and its partners.

ZR-Online

From the beginning, the ZR-Online service focused on data security, process optimisation, ease of operation and environmental protection. Significant advancements were again made in 2011 in all of these areas, but most particularly in data security and environmental protection. Completed this year, the discontinuation of the OI (open items) list for shipping and of the use of hard copy for booking confirmations prevents the loss of sensitive data in the post and the possibility that unauthorised parties will have access to it during the delivery process. Data encryption and transmission over secure Internet connections will make a key contribution to data security. In addition, natural resources will be spared.

First-class when it comes to data security and environmental protection

Today the user-friendly ZR-Online portal application is employed every day for viewing and editing daily activity logs and OI lists. This is a real improvement for E/D/E members, who can now balance their receipt data much sooner than used to be the case. Previously they had to wait for paper copies of their OI lists to arrive.


2011 also saw a significant change in the way the industry uses the ZR-Online portal. For both sides of the value creation chain, the advantages of being connected to the portal are promoting process optimisation. At present, around 90 per cent of the contractual suppliers use the ZR-Online portal.

In order to keep up with the ever-increasing demands placed on accounting procedures by a progressively more international E/D/E, the planned final stage of the ZR-Online project will be implemented in 2012. At that point, ZR-Online will be fully accessible in seven languages. This will make it much easier for partners in other European countries to process all billing data connected with central payment and the warehousing business.

ZR-Online will be multilingual

Even after completing this provisionally final stage of expansion in 2012, ZR-Online will continue to be a living system, steadily adjusting itself to the changing and growing requirements of E/D/E's members and contractual suppliers. Work will therefore continue in the future to optimise procedures in order to achieve even easier usability and an increase in clarity and efficiency.





Martin Bertinchamp,
former CEO and President of GARDENA GmbH

“GARDENA and E/D/E have been close partners for a long time. E/D/E paved the way for the GARDENA success story by becoming the first association to list the GARDENA system in 1968. For me, there’s no doubt that E/D/E is a reliable and dependable partner.”

Personnel as a success factor

Business division Personnel

All-time high:
824 employees at E/D/E

E/D/E employed 824 men and women at the end of 2011, 44 of whom were trainees. The association was also once again able to offer permanent contracts in the Logistics department to 18 temporary employees who had been working at E/D/E for quite some time.



Shared values

Training remains
a top priority

The three integrity pillars Trust, Responsibility and Reliability are the foundation for ensuring that employees remain emotionally attached to their company. E/D/E has been very successful in this regard, as the association can boast an average term of employment of almost ten years. Owner-operated medium-sized companies in particular are often marked by great loyalty on the part of employees, and in some cases—such as E/D/E—this loyalty extends over generations.

Nevertheless, the much-discussed demographic transformation has now hit the labour market with full force. E/D/E has responded to this development by expanding its training offensive. In 2011, for example, the association employed 50 trainees in various professions, which represents a further increase in what was already a high number of trainee positions. Moreover, this number has risen once again through the addition of 13 new trainees and six students studying at various professional academies. All in all, trainees and students account for 6.3 per cent of the E/D/E workforce. For the first time ever, E/D/E has graduated a computer science trainee in a “System Integration” programme, and the association also now offers sponsorship of a student in “Practical Computer Science” (Bachelor of Science). Sponsorship of a Bachelor of Science student in “Logistics” is now available from the company as well.

The number of E/D/E trainees who have achieved outstanding performance reflects the association’s credo that quality is more important than quantity. In 2012 three E/D/E trainees who received the grade “very good” will be honoured for their achievements by the Chamber of Industry and Commerce. E/D/E’s stated goal is to offer jobs to as many trainees as possible after the successful completion of their programmes.

The continuing education offensive in 2011

In 2011 E/D/E launched a continuing education offensive for employees and managers that is scheduled to last for several years. The subjects addressed range from IT and specialist training in the various E/D/E product areas to “manager modules” for up-and-coming managers as well as team leaders.

Employee development is a further focus

During the reporting year, E/D/E also launched special management training programmes for group directors and deputy directors in the strategically important field of logistics. These programmes will be continued and expanded in 2012.

Recruiting skilled specialists and managers

E/D/E's dynamic development both in Germany and abroad has made it necessary for the association to recruit new personnel for its business divisions and specialist areas. Because of the more stringent requirements associated with the DIN EN ISO 9001-certified recruiting process, the business division Personnel has added a highly qualified staff member. E/D/E carries out its recruitment activities with the help of various online platforms, in some cases with the support of specialist human resources consultants.

New personnel additions in many business divisions and specialist areas

Outlook for 2012

E/D/E is moving ahead with its training and education offensive in 2012 with a solid continuing education budget. The association also provides funding for specialised measures targeted at individual employees.

Continually updated job profiles and regular feedback discussions between managers and staff from all levels of the hierarchy ensure greater employee motivation, better performance and optimal job placements. The results of these discussions are used to develop measures for long-term employee training and continuing education programmes in close cooperation with the business division Personnel.

Placing the right individuals in the right jobs will present a major challenge to all companies in the coming years—and not just E/D/E—but if these efforts are successful they will also offer a tremendous strategic advantage.

Clear focus, solid services

Business division Organisation/IT

Important contribution to
improving competitiveness

The business division Organisation/IT is the E/D/E Group's international IT services provider. Work at the division in 2011 focused on optimising the existing technical and organisational services offered to E/D/E Group companies and systematically preparing for the development of new ones. The basis for the strategic further development of the service portfolio is the division's ability to provide the best possible support for the systematic international further development of the entire E/D/E Group. The business division Organisation/IT is thus making an important contribution to the creation of long-term competitive organisational and IT structures within the E/D/E Group.

Process management

Outstanding processes are one of the foundations of the sustained success of all the companies in the E/D/E Group. A Process Management team was established in 2011 in order to improve and safeguard process quality over the long term. The team works together with responsible staff members from the specialist areas to ensure that all processes at the E/D/E Group are carried out in accordance with a uniform standard, efficiently and effectively.

Quality management

Seal of quality issued for
15th consecutive time

The high quality of internal E/D/E processes was once again confirmed in 2011 by the independent certification company AGQS, which awarded its seal of quality to E/D/E for the 15th time in a row in the reporting year.

The E/D/E Group restructured and simplified many processes in line with customer requirements in 2011. This reduction of complexity will continue systematically in 2012 with a functional SAP release upgrade. The objective here is to return as many SAP processes as possible to the standard.

Project management

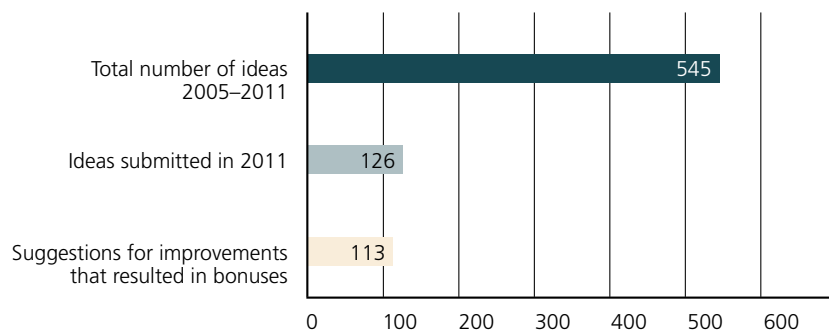
The SAP release upgrade will be accompanied by the implementation of a further 53 projects in 2012. E/D/E will once again invest more 2 two million euros here in order to improve performance and quality. All of the projects will be managed and controlled by E/D/E's central project management organisation.

All central IT servers were modernised in 2011, thereby ensuring high availability of the IT systems at the E/D/E Group's two computer centres. In addition, preparations were completed for the conversion to the latest Microsoft products.

The use of "thin clients" offers significant ecological and technological advantages. This is why the business division Organisation/IT continued to pursue its strategy of utilising thin clients rather than normal PCs in 2011. More than 50 per cent of the workstations at the E/D/E Group have been converted to date. The strategy is being accompanied by across-the-board use of server and data virtualisation features.

idea!

E/D/E's idea management system—idea!—was launched nearly six years ago in order to further optimise business processes at the association. The system offers all employees a well-structured opportunity to contribute their creativity for the benefit of the company. The 500-idea mark was surpassed in 2011, which means E/D/E employees have been submitting almost 100 ideas each year. The inspired people behind more than 100 suggestions for improvements have received bonuses totalling 33,000 euros.



Effective data processing is the key to success

Business division eBusiness

IT makes efficient business
process management possible

IT systems have always been used to support and efficiently depict business processes. However, as far as business process management (BPM) is concerned, current conditions increasingly require innovative approaches because a dynamic market environment calls for companies to make adjustments in ever shorter cycles. In order to keep up with this strong pressure to change, IT systems need to be closely linked to defined business processes, while still offering sufficient freedom and flexibility for innovations. In this way, it is possible to ensure that effective systems and services are provided to partners, member companies and contractual suppliers.

E/D/E already successfully operates approximately 2,500 electronic business process links and electronic data exchanges with 830 partners.

In the business division eBusiness, E/D/E is making the technological preparations today that will enable it to address the challenges of tomorrow. Among other things, the introduction of a business process management solution is creating the conditions necessary for fulfilling future requirements.

Electronic accounting/controlling service

Focus on the building fittings and
building technology sectors

Activities in 2011 focused on the building fittings and building technology sectors. As a result, E/D/E was able to win over 60 new suppliers and traders for its electronic accounting/controlling service, which includes qualified digital signatures. The greatest possible potential for "moving away from paper" is thus being effectively exploited for traders and suppliers alike.

Additional sectors will be successively incorporated into the service in 2012.

IT consulting

The selection and introduction of merchandise management systems represents a challenge that is critical to business success. The business division eBusiness supports numerous member companies with their enterprise-resource-planning (ERP) selection processes.

The right solutions for merchandise management

Services will be expanded in 2012. As a result, pure ERP will be transformed into a holistic approach to IT strategy consulting. The key aspects here include the formulation of company goals, analysis of the existing situation, the definition of targets, the setting and approval of an IT strategy and support for its implementation.

eCommerce

According to estimates from the German E-Commerce and Distance Selling Trade Association (bvh), interactive trading generated 20.89 billion euros of turnover in 2011. As online turnover continues to rise, more and more distributors are recognising the importance of the Internet as a sales channel.

In this connection, more than 200 member companies are now using the E/D/E Multishop, which was introduced a little over two and a half years ago (54 more traders in 2011 alone). A total of 15 different merchandise management systems have now been linked to the E/D/E Multishop, which is being continually refined and expanded to include new functions. Specialised modules for industrial business operations have been added to the E/D/E Multishop in order to take into account industry's demand for a process-optimised electronic procurement system.

The E/D/E Multishop has been further improved

Outlook for 2012

The mobile society is also changing the nature of medium-sized companies. eCommerce trade is growing in a stable manner, as the ComScore research firm reported at the end of 2011. Indeed, the eCommerce sector generated many new concepts for various business and shopping models in the reporting year. The rapid development of technical innovations, especially the increasing prevalence of smartphones and tablet computers, has significantly changed the nature of the buyer-seller relationship. Driven by mobile communications technology, the eCommerce sector shows no signs of slowing down in terms of growth. E/D/E is responding to the associated opportunities by developing innovative IT and eBusiness concepts that provide its members with the tools they need in order to ideally maneuver themselves into a position from where they will be able to achieve sustained success in the future.



Technology creates new sales opportunities

Operating excellence and optimal service

Central division Services

Service areas restructured and consolidated

The new central division Services officially began operating on 1st January 2011. The new division brings together the Service Centre (Germany and Europe) and the areas Planning and Scheduling, Central Bonus Processing, Master Data Quality (warehousing business), Key Account Management and Framework Agreements for Member Companies (SPARPLATZ), among others.



The main goal at Services is to utilise systematic analyses, measuring techniques and targeted measures to improve the services offered by E/D/E. The focus here is on providing all E/D/E members with a high level of service quality at all times ("FIRST CLASS Service 48").

All processes and interfaces in Logistics, the specialist departments, the Finance unit and the services sectors have been systematically analysed for the first time and a continuous system of reporting has been developed. These new control mechanisms and measuring techniques detected weak points, which were then subjected to corrective measures.

Number of process operations reduced to 800 per day

In this manner, the total number of process operations at the Service Centre was reduced from 1,500 to less than 800 per day. For the member companies, this means that the Service Centre can now answer 98 per cent of all inquiries within 48 hours. Targeted investment in logistics technology (e.g. the booster) has led to a clearly noticeable improvement in logistics performance, thereby permanently lowering the number of inquiries or complaints received by E/D/E member companies. Initial analysis results have led to a 50 per cent reduction of the volume of master data related to complaints regarding prices. Because of the optimisations made in the E/D/E specialist areas, almost all inquiries are now processed within 48 hours.

Additional knowledge gained from the central division Services makes it possible to process payment credits and replacement deliveries for defective products within 48 hours, while reorganisations and systemic measures at Planning and Scheduling have resulted in a gradual increase of product availability to more than 97 per cent.

Additional concepts and measures focus on employee behaviour. Various aspects here, such as staff availability for phone calls, have been addressed during “topical weeks,” which led to the development of appropriate solutions. Further measures are addressing internal and external communication, solution-focused actions, error prevention and correction, responsibility for scheduling and deadlines and feedback speed.

Measures to further improve quality implemented

Outlook for 2012

1. The range of framework agreements (SPARPLATZ) will be further expanded in order to substantially reduce operating costs at E/D/E member companies.
2. Planning and scheduling operations will be further automated in order to increase product availability.
3. Activities at the ERFA Groups within E/D/E will be intensified in 2012 and new groups for information sharing among members will be established.
4. All employees at the E/D/E Service Centre will undergo training programmes in the first quarter that will improve their ability to effectively serve E/D/E member companies.
5. With regard to purchasing services, all E/D/E members will be given the opportunity to obtain both E/D/E warehouse merchandise and entire product lines from selected contractual suppliers via the E/D/E Logistics Centre. The purchasing conditions agreed on between member companies and suppliers will apply here.

The establishment of the central division Services has enabled E/D/E to take a decisive step toward greater service orientation throughout the entire company. Noticeable progress has already been made in the first year in terms of employee behaviour and the member companies' results. E/D/E will continue to systematically adopt this approach in 2012.

Record turnover in the warehousing business

Central division Logistics

Volume increases to 200 million euros

Steady growth in the warehousing business continued in 2011 with turnover of 200 million euros, a 9.3 per cent increase from the figure recorded in the prior year. Turnover generated with the eLC sales concept rose by an impressive 19.3 per cent.

Parcels remained the fastest-growing means of shipping in 2011, when 1 million parcels were sent. More than 70 per cent of all shipments and over 50 per cent of all line items were ordered in 2011 from parcel services and sent out to E/D/E member companies or directly to their customers within 24 hours.

E/D/E member companies clearly took greater advantage of the benefits offered by the central division Logistics and the eLC, as the share of end-customer transactions totalled 63 per cent, which represented an increase of 8.2 per cent from the prior year. This development illustrates that the expansion of logistics activities in Wuppertal and the focus on fast, reliable and economical warehousing and product shipments for E/D/E specialist traders represent key performance indicators that will continue to grow in importance in the future.

New shipping structures

As part of the "FIRST CLASS Service 48" quality and service offensive, an analysis was made of the various shipping methods utilised; areas in need of improvement were then identified. Among other things, order-acceptance times and delivery rhythms were optimised and defined for the following categories.

- Orders destined for member companies' warehouses are delivered to members weekly—as is usual—in standard shipments.
- Express shipments via freight forwarders have been significantly expanded and their processing times have been shortened. Orders submitted by noon have been shipped out on the same day since April 2011, arriving either at the member company's warehouse or directly at their customer's facility the very next day.
- Parcel deliveries, which are the fastest way to ship items (delivery within 24 hours to either the member company's warehouse or the end customer) are shipped out on the same day if the order is placed before 5 p.m.
- Since April 2011, it has been possible to ship urgent and rushed orders up until 9 p.m. with the new "Last Minute Parcel" service. These orders are sent out as express packages on the same day and delivered the next day.

Shipping capacity was expanded in 2011 in response to the increase in parcel shipment volumes. Six new packing stations were added, bringing the total number to 26. A new "shipping buffer" was also integrated into the conveyor system in order to pool shipments that used to be sent separately due to logistical reasons. The incorporation of 14 new packing stations into the shipping buffer made it possible to increase the packing capacity linked to the conveyor system by eight stations.

Shipping capacity expanded in 2011

Logistics performance data

The eLC proved its outstanding effectiveness by processing more than 35,000 line items on peak days and moving over 5,000 parcels and 500 pallets per day. The error rate was reduced by 25 per cent on average, and order processing times were lowered. Adaptations to the sales concepts now allow member companies to access a warehouse portfolio of more than 80,000 items, all of which, if so desired, can be sent on behalf of the member company directly to its customer within the framework of the proven warehousing concept and logistics capabilities of E/D/E.

80,000 items always in stock

The "standard shipment" system, which has remained unchanged for many years, involves pooling shipments and making weekly deliveries on a set route. This system was adjusted in line with the new ordering structures and requirements in 2011. Converting standard shipments to state-of-the-art freight-forwarding delivery systems has reduced the time it takes to move shipments after items are loaded on the trucks. All deliveries now arrive at their destinations all over Germany within 24 hours after being received by freight forwarders.



Benefits from centralised logistics

**UPS framework agreement
for member companies**

The restructuring of the framework agreement with our long-standing partner UPS has made it possible to offer members much more interesting application possibilities and price structures. Along with the option of choosing a standard price for shipments weighing up to 32 kilograms or using rate scales based on weight, in May 2011 members were also given the opportunity for the first time to choose a price scheme based on the volume of shipments. The latter system offers much better prices—particularly to members with large shipment volumes. The long-term contracts ensure that these prices will remain unchanged over the next few years.

**Returns processing systems
redefined**

The returns processing system was redesigned in 2011 within the framework of the “FIRST CLASS Service 48” quality and service offensive. The goal here was to achieve faster and simpler processing within 48 hours. After the changes were made, more than 98 per cent of the time it proved possible to process and examine returns in less than 24 hours.



Small part logistics at E/D/E

Outlook for 2012

Whereas the year 2011 was marked by the expansion of shipping capacity and changes to the standard shipping system, this year will focus on the motto “First Class Service”. The objectives include achieving a further reduction of the error rate and developing new and expanded services for the member companies.

Continued success in 2011

ZEUS

Net sales turnover reaches
2.25 billion euros

The 734 German and Austrian ZEUS system outlets grew at a rate of 2.5 per cent in 2011 as compared to the prior year, recording net sales turnover of 2.25 billion euros.

“To sum up, the hagebaumarkt, Werkmarkt and Floraland system outlets are moving forward, while specialist outlets and markets that are not affiliated with the system are stagnating.” This was one of the conclusions drawn from the 2011 financial result for ZEUS.

The 294 German and 44 Austrian hagebaumarkt outlets significantly outperformed the sector in 2011. The outlets’ net sales turnover in Germany rose 4.2 per cent to 1.44 billion euros and increased by 2.1 per cent to 190 million euros in Austria.

Factors for success in 2011

The “baumarkt direkt” joint venture in Hamburg made a steadily increasing contribution to the yearly turnover of ZEUS. The hagebau and Werkmarkt stores have played an active role in the multi-channel sales of this venture since the middle of 2007 and spring 2009, respectively, through catalogues and the online shop.



Strong image for retailers

The trading partners served by ZEUS also invested heavily in 2011—in both the expansion and modernisation of their outlet networks in Germany and Austria as well as in the establishment of new locations. A total of 46 hagebaumarkt and Werkmarkt outlets and Floraland garden centres were modernised and/or expanded with support from headquarters, and 139 hagebaumarkt outlets introduced new departments for paints/interior decorations and wood. These companies posted double-digit turnover increases with the new departments, while turnover at outlets that did not modernise or expand was much lower in the two sectors.

The ZEUS trading partners also opened eight new centres in Germany (six hagebaumarkt and two Werkmarkt outlets), while Floraland launched six new specialist garden centres (five as upgrades of traditional garden centres and one new outlet in tandem with a hagebaumarkt). One new Werkmarkt, which previously operated as a compact market, was opened as well.

Further development of product lines also had a positive effect on turnover. For example, growth at the DIY product group outpaced that of the garden sector for the first time in a long time. The DIY product line recorded a solid 4.9 per cent increase in turnover in 2011, while the garden product line grew by “only” 2.3 per cent due to weather conditions.

Turnover boosted through an improved product range

Forecast for 2012

This year, ZEUS expects an increase in turnover of approximately 2.5 per cent in Germany and Austria—primarily due to the opening of new shops in Germany and the expansion and optimisation of existing outlets. Three new hagebau shops, two new Werkmarkt shops and one new Floraland garden specialist centre will be opened in 2012.

The current ZEUS shareholders—E/D/E and the EK Service Group—have announced their intention to give up their status as ZEUS partners, effective 31st December 2012. As a result, the E/D/E and EK will once again assume sole responsibility for their members’ activities in the retail sector in the future. Plans call for the establishment of a new EURO-DIY GmbH association with headquarters in Wuppertal.

Central element of the E/D/E business philosophy

Social responsibility



Horseback riding—a therapy project at Kindertagesstätte Zwergenland

E/D/E's business success owes a great deal to the social and cultural life of the city of Wuppertal, which the association has called its home for the past 80 years. For this reason, the issues of sustainability and social responsibility have been important from the very beginning and are a firm element of E/D/E's business philosophy. E/D/E and the E/D/E Foundation support numerous projects that help disadvantaged children and teenagers throughout the Wuppertal region. These include individual educational and cultural projects as well as activities within the social, charitable and humanitarian sectors. E/D/E summarised its commitment to society for the first time in its *Sustainability Report*, which was published by the association in 2011.

ZHH Bildungswerk education and training centre

The non-profit E/D/E Foundation has been providing talented and dedicated young employees in the industrial wholesale distribution sector with stipends and grants since 2002. The recipients participate in sector-specific courses offered by the ZHH Bildungswerk education and training centre and are able to apply the knowledge and skills they gain to the work they perform at their own companies. Last year, in conjunction with ZHH Bildungswerk, the foundation, which was established by Dr. Eugen Trautwein, provided funding for four training programmes. The programmes lead to trainee certification as technical management assistants for fittings, specialist technical management assistants for building elements, specialist consultants for field sales and technical management assistants for tools/machines. In all, 24 stipend recipients were able to pursue their vocational training at ZHH Bildungswerk in 2011.



Cheque for the children's hospice

Bergisches Land Children's Hospice

E/D/E is supporting construction of the Bergisches Land Children's Hospice in a project jointly managed by the Diakonie Wuppertal and Caritas charitable organisations. The hospice will offer families with seriously ill children help and support in a comfortable and caring environment. E/D/E wished to make a major financial contribution to the hospice and donated 600,000 euros for its construction. The hospice will remain a key E/D/E project for the next three years.

Station Natur und Umwelt environmental association

E/D/E has had a close connection to the Wuppertal-based Station Natur und Umwelt association for several years. Back in 2006, E/D/E donated 1 million euros to the organisation on the occasion of its 75th anniversary. The funds are being used over a period of several years to support various projects and campaigns. Among other things, Station Natur und Umwelt was able to use some of the money in 2010 to build a large new and innovative building that also serves as a model of environmentally friendly construction. Part of E/D/E's donation was spent on the "Skulpturm"—a 17-meter windmill that also collects weather data.



The "Skulpturm" is operated by Station Natur und Umwelt

Junior University Wuppertal

The mission of the Junior University in Wuppertal is to teach children and teenagers in an entertaining manner and show them ways to gain new knowledge on their own. This privately operated education facility works with many different institutions that pursue the same goals. The E/D/E Foundation has been a major sponsor and partner of the facility since its inception. Current plans focus on construction of a new building for the Junior University.

As was the case in the two years prior to the reporting year, E/D/E once again conducted a Christmas-wish campaign in 2011 for hospitalised children in Wuppertal and for children in the care of church organisations in the region. The E/D/E employees who participate in the programme make the children's Christmas wishes come true.

E/D/E employees help out with Christmas-wish campaign

E/D/E also provides financial assistance to the Psychosoziale Krebsberatung cancer support association in Wuppertal. The funds have been used to establish new discussion groups, among other things.

E/D/E has been providing funds to, and managing projects for, the Wuppertal-based Hilfe für Kinder von Tschernobyl charitable organisation, which brings children affected by the Chernobyl nuclear disaster to Wuppertal for fun and recreation.

The Kinder-Tafel Vohwinkel association provides hot lunches to needy children in the Wuppertal region, and E/D/E donations have helped build a house for an afternoon daycare programme there that also includes various courses and activities.

E/D/E also supports Soziale Hilfswerk Wuppertal-Langerfeld, which helps local residents who find themselves in difficult situations through no fault of their own.

The Kinderschutzbund in Wuppertal provides assistance to needy families in their homes. E/D/E's support for the association's "Vacation" programme has made it possible for many families to go on holiday together.

Cajons for the Children's Museum

The Wuppertal-Langerfeld Children's Museum specialises in teaching children how to play musical instruments. The E/D/E Foundation provided the funds to purchase box-shaped percussion instruments known as cajons.

The Alte Feuerwache (old firehouse) is an intercultural youth centre for children and teenagers in Wuppertal. E/D/E is providing funds for a violence prevention project at the centre that targets young people with behavioural problems.

The FrauenBeratung & Selbsthilfe association in Wuppertal offers advice and assistance to teenage girls and women in crisis situations. A donation from E/D/E is enabling the establishment of a new support group there.

E/D/E provides funding for special needs school facilities

The city special needs school (Förderschule am Nordpark) in Wuppertal has converted a former caretaker flat into an apartment where pupils can learn how to live on their own. E/D/E funded the renovation work in the flat and paid for special communication devices for deaf trainees.

E/D/E also once again contributed to the cultural fund of the city of Wuppertal in 2011. The fund seeks to promote the city's independent art scene by providing money and supporting the establishment and maintenance of networks.

Kindertagesstätte Zwergenland is located on the E/D/E office complex grounds. E/D/E has been supporting the association's horseback riding therapy project for two years now by paying for a specially trained pony and its care (including feed, shelter and veterinarian care).





Heinz-Bernd Viegner,
Co-owner and Managing Director of Viega GmbH & Co. KG, Attendorn

“Even if I say so myself,
our service is up there with
the best in the sector. We
rely on highly qualified
personnel, and we expect
the same from our trading
partners. E/D/E has never
disappointed us.”



**Einkaufsbüro Deutscher
Eisenhändler GmbH**

Office address:
EDE Platz 1
42389 Wuppertal
Germany

Postal address:
42387 Wuppertal
Germany

www.ede.de
webkontakt@ede.de