

# Evolution

listening > understanding > acting



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# Evolution

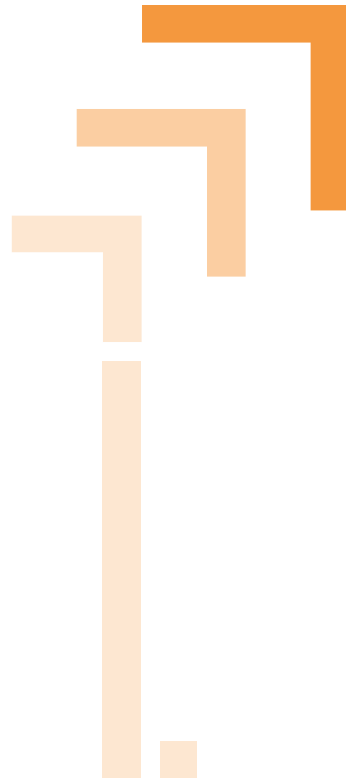
listening > understanding > acting

## Changing perspectives

Industrial B2B is changing faster and more fundamentally than ever before. Digitisation, consolidation, globalisation – customer needs are the key to turning challenges into opportunities.

It is necessary to change perspectives and to look inwards rather than outwards. What does the customer want? The answers to this question are the future of trade.

At E/D/E, we are committed to changing perspectives and with **EVOLUTION**, we aim at focusing on the future. The main purpose of our work is to put the concerns of our partners and their customers first. In doing so, we make sure to offer you the added values you need to stand out from competition.



# Magazine

REPORTS – STARTING ON PAGE 26



# Contents

## Perspectives for change

- 6 E/D/E – Shaping the future with EVOLUTION
- 10 P. Grohe – Mastering the new generation
- 14 MLS Safety – Creating perspectives together
- 18 Wera – Questioning everything
- 20 Hans Soldan – Being more than “just a bit” digital
- 22 Brüttsch/Rüegger Tools – Anticipating customer needs





Dr. Andreas Trautwein, E/D/E Group

**EVOLUTION** is our way of continuing to ensure our partners' performance in the future. The title of our annual report is what we do: listening – understanding – acting

# Evolution

In 2016, E/D/E celebrated its 85<sup>th</sup> birthday. This is a good time to look ahead: Industrial B2B is changing more drastically and rapidly than ever before. Digitisation, consolidation, globalisation – the sector must face this triad and all its

challenges. That is why we launched EVOLUTION, a strategy and organisation development process. Dr. Andreas Trautwein, Chairman of the E/D/E Management Board, discusses the background and goals of EVOLUTION in this interview. >



Andreas Trautwein manages the family business E/D/E in the third generation.

› **Dr. Trautwein, what is EVOLUTION?**

**Dr. Andreas Trautwein:** EVOLUTION is a broadly based strategy and organisation development process that involves all areas of the entire E/D/E Group. The challenges are complex: That is why we want to gather and use the entire available knowledge of the E/D/E network. We are doing this as transparently as possible and get new impulses from

our members, cooperation partners, suppliers and employees. All with the aim of tailoring the E/D/E organisation and our activities to match our partners' needs and expectations.

**Why now?**

Because the initial situation has changed rapidly in a very short period of time. Products and services are transformed into commodities, therefore becoming interchangeable, and

differentiation is made only on price. Market logic and the value chain are changing and require a completely new way of thinking as well as new service offerings. Who plays what role in today's value chain and what will it look like in the future? What kind of added values are available for distributors today to differentiate themselves from the competition? Will they be completely different tomorrow? It is also a fact that our



members specialise increasingly in competition. This requires more and more individualised service packages and a different type of support. The challenges faced by industrial B2B are real: Online trading is gaining importance dramatically for industrial B2B, as well, and in accordance with our mission our members expect adequate solutions: Be it via our own webshop for regular customers, marketplaces or e-procurement. New market players are entering the European and German markets. At the same time, industry boundaries increasingly blur and the overall market structure is becoming less clear. In addition, concentration processes change market conditions and the requirements for a modern purchasing association involved. EVOLUTION is our way of continuing to ensure our partners' performance in the future. The title of our annual report is what we do: listening – understanding – acting.

**To be successful on this path, obviously, concrete objectives are required. What has E/D/E planned?** Change is becoming faster on a daily basis. We cannot wait and see what happens. On the contrary: EVOLUTION allows us to create conditions to anticipate the consequences of recognisable market developments. We are further developing the E/D/E business model and align it with the future. We want to continue to support our members, suppliers and cooperation partners optimally in leading their businesses future-proof and successfully. This only works, if we create added values for our

partners: tailor-made, competitive services aimed at turning to account the changing market requirements. We are aware of the hard work that still lies ahead of us. Remaining the same is not enough to keep pace with the rapid changes.

**In December and January, the various E/D/E partners were surveyed. What was that about?**

With the innovative stakeholder analysis we asked stakeholders from the industrial B2B value chain to help create a basis for action for EVOLUTION. In total, we asked more than 2,300 decision-makers in trade and supply to answer our questions. Our analysis seemed to have touched the nerve of industrial B2B. The participation was extraordinary: About 50 percent of the target group participated in the survey. I was deeply impressed! We were able to achieve an important change of perspective by looking inwards rather than outwards.

**What comes next?**

We have built various teams at E/D/E that developed strategic business model options based on the results of the innovative stakeholder analysis, an intensive market analysis and E/D/E core competences. Members, suppliers and young companies from industrial B2B as well as innovators with expertise outside industrial B2B, provided additional input. In this context, it is important for us to connect the intelligence of different systems and protagonists in such a way that new systems can emerge.

**That sounds like a lot of work ...**

... it is, but we want to get it done. Obviously, without neglecting our daily business. The feedback from our employees, members and suppliers is very encouraging. Now it is up to us to assume our responsibility.

And we are not alone in positioning ourselves for the future. For this annual report, we spoke with companies that also want to initiate change: **P. Grohe, MLS Safety, Wera, Brüttsch/Rüegger Tools** – all excellent real-life examples, which are very inspiring. With **Hans Soldan** we are taking a look beyond industrial B2B. We are dealing with generation change, consolidation, digitisation or industry 4.0., thus covering all topics our sector is concerned with.

I would like to wish all of us some worthwhile inspiration, so that we can successfully shape the future together.



Karlheinz (l.) and Karl Grohe, P. Grohe GmbH

**We can only offer customised solutions,  
if we understand our customers' needs.**

The South Tyrolean industrial trader Grohe is facing a generation change. Karlheinz, the father, is handing over the business to his son, Karl, who has ambitious goals: He wants to make Grohe the leading provider of the wood, metal and building sector throughout South Tyrol, while also modernising the family business.

Two national borders must be crossed on the way from the region of the Bergisches Land to South Tyrol. The mountains get taller and taller south of Munich. In the midst of snow-capped peaks, the Bruneck ski resort is located nine hours by car from Wuppertal. Here, the German language meets Italian culture. Lunch

break is always from twelve to two, without exception. Such is the case, too, at industrial B2B trader Grohe.









Two generations of Grohe: Karlheinz and Karl act jointly and on an equal footing. The formal change in leadership is coming soon.

- › "I understand that this may seem long to some people," says Karlheinz Grohe, Managing Director. But he believes it is important to relax from stressful everyday life every now and then. Usually, it is rarely quiet at P. Grohe GmbH: Business is good. The family business has about 3,500 customers and if you ask Karl Grohe, Karlheinz's son, this number will continue to rise in the future. Grohe Junior wants to become the top dog in South Tyrol through efficient digital processes. Father and son are still running the company together. But after almost 50 years at the head of the family business, the time has come for Karlheinz Grohe to hand over the reins. Karl, junior director since 2010, will therefore soon lead the company alone. The Grohes see the handover also as an opportunity to guide the company into the new age.

Karl is currently in charge of processes, organisation, logistics, marketing and IT. Karlheinz is responsible for purchasing, sales and finances, and Helga, his mother, takes care of staffing. Strategic decisions are made by all three together, at weekly family meetings. One major topic: Grohe Junior shall prepare the company for the challenges of the digital age.

Father and son decide jointly and equally. Always, even the small details. For example, Karl wanted to buy a video projector for the conference room. Karlheinz feared that the device would only prolong meetings. Today, he can no longer imagine presentations without a video projector. The same holds true the other way around, when the father's experience helps to estimate issues realistically right from the start.

In the end, the customer always has the final say, anyway. To find out what the customers want, the bosses regularly drive to external meetings personally and talk with their partners. "We can only offer customised solutions, if we understand our customers' needs," says Karlheinz Grohe.

Therefore, a year and a half ago, the Grohes surveyed their customers. The surprising result: First priority are not service and consultation. First and foremost, customers want a reliable supplier. They want to be sure that the goods are delivered at the agreed time. Consequently, the Junior Director changes internal processes rather than the business model or the

product range. Karlheinz gives him free rein.

To ensure that Grohe remains competitive, Karl Grohe thoroughly tested all processes during the last few years. Karl junior took advantage of the knowledge he gained from earning his business degree and the experience he acquired from his many internships in other companies: "External input was enormously important to me," says Karl Grohe. "I only knew our business."

He reorganised the 20,000 item warehouse and introduced scanners. Instead of handwritten notes, the field staff now uses software on an iPad. For the customers, the company developed a Grohe app together with a service provider. The formal change of leadership is coming soon. The

Grohes already know that even then, the restructuring of the company will not be finished. The process of change is a permanent condition.



Rüdiger Weber (l.) and Per-Olof Arndt, MLS Safety

We are building something that can work very well, if we continue to ask questions and develop further.

"Anybody can do PPE," seems to be the motto of many trading companies today. Tool specialists are expanding product assortments accordingly and international business groups are buying up small, medium and large PPE distributors in Germany, as if there were no tomorrow. Even distributors from outside the industry want a piece of the product pie that makes work safer, for example Lyreco. Rüdiger Weber, Managing Director of the Mühlberger Group, and Per-Olof Arndt, general partner at Sattelmacher KG, have been both active and successful on the market for many years with their respective companies. However, they do not want to only view the development of their sector from the outside, but also help shape it. On 1 January 2017, the passionate entrepreneurs brought together the industrial safety divisions of their companies to form a new company, MLS Safety GmbH.









Mutual appreciation:  
Per-Olof Arndt (l.) and Rüdiger Weber.

› **Did the current developments in the field of PPE come as a surprise to you?**

**Rüdiger Weber:** No, I expected it to happen ten years ago. But consolidation has only become increasingly apparent in the past two years. If you look at PPE products alone, you can see that from the viewpoint of our customers' purchases, these are mostly commodities. Individual items seem to be interchangeable, which is further accentuated by the fact that some providers only differ in price. This attracts new players from completely different trading segments, who see it as an opportunity to sell PPEs without the service of consulting.

**Per-Olof Arndt:** We have very different competitive structures in our sector in Europe. France and

Benelux have few major players, Italy is very fragmented and Germany is similarly heterogeneous with strong medium-sized structures. This has protected us for quite some time, because market access has been difficult. Today, this isn't a barrier for anyone any more. Foreign providers enter the market, sell online and gain market shares through acquisitions.

**Weber:** At the same time, customer requirements are changing rapidly on quite different levels: Ranging from the craftsman to medium-sized industrial customers and service providers to large international corporations. Each customer segment requires its own strategy. International industry customers, for example: So far, we have seen ourselves as consulting PPE specialists with a presence throughout Germany. Our aim is to serve and advise our customers across Europe, both locally and in their national language. Their goal is clear: they want to cooperate with fewer suppliers, but require a comprehensive product and advisory competence as well as their partners' on-site presence.

**Arndt:** With MLS Safety, we offer a complete package of products and services that goes far beyond mere parcel delivery.

Already before the merger, Sattelmacher and Mühlberger Lerch were often on the road. However, the PPE market in Germany is saturated and the market volume is stagnated. Even though expenditures for personal protective equipment (PPE) are increasing per capita, automation and digitisation mean that fewer

and fewer people will need PPE at all. The result: an increasingly tough predatory competition.

**With regard to competitive pressure: Are medium-sized distributors forced into a corner in Germany, so that mergers or company disposals are their last hope?**

**Arndt:** The market for the mid-sized sector develops in two directions: Specialists can be very successful in niches, otherwise you need a certain size and flexible structures to remain competitive. Customer requirements are constantly changing and you need to be able to respond accordingly, or – at best – anticipate them.

**Weber:** We are definitely not being forced into a corner. We can still operate self-determinedly on the market. And with the merger we lay the foundations to continue doing so for years to come. Whether it is digital processes or the ability to operate the most complex ordering systems of the industry – the skills that we have nowadays are practically taken for granted by many customers. Without them, you are not even admitted to calls for tender anymore. We stand out due to our advisory and service approach. There are still many customers in Germany and Europe who want expert advice and appreciate it. This provides the basis for us to create real added values for these customers.

Consolidation in trade is fairly standard in the 21<sup>st</sup> century. Size, market share, synergies, simply economic aspects – these are the driving forces for takeovers and mergers. But for



small and medium-sized businesses there is more to it: Employees and owners need to get along with each other. For Weber and Arndt precisely that was a major reason for bringing their companies together.

#### Why a merger in the first place?

**Weber:** We have been searching for some time and wanted to take the next step. Particularly, because we wanted to keep up with our internationally successful competitors. Our strategy is clear: we want to grow to meet the needs both of our customers in our home region and in Europe at the best possible rate.

**Arndt:** Sattelmacher could have grown in the region, maybe even with own takeovers. But that step would not have taken us to the next level. We wanted to create a viable perspective for the long term, especially for our employees. With MLS Safety, we created a joint company that focuses on customer proximity. Regionally, we complemented each other perfectly, so that today we are closer to our customers all over Germany. Our employees quickly recognised these benefits. They feel very comfortable in the new group, which created a great feeling of togetherness right from the start.

**Weber:** We have some experience with company mergers in the Mühlberger Group. There is a lot of Lerch spirit in Mühlberger Lerch and that is exactly how it is now with Sattelmacher: Sattelmacher KG holds a 25 percent interest in MLS Safety, and a lot of Sattelmacher tradition and competence flow into the new company, which is also



Rüdiger Weber drives the integration of MLS Safety forward.

noticeable by the name and logo.

The employees sense this, too.

#### How did you enter the discussion about a possible merger and how did the negotiations go?

**Weber:** Naturally, we have known each other for a long time and there always was a great mutual appreciation. In this situation, you start discussing ideas for the future almost automatically. To me, the most important question is: Do the people involved match? We quickly came to an understanding on how to assess the market, the customers and the development.

**Arndt:** We had quite a few talks and each time, we made good progress. On a beautiful late summer evening, we met in Wiesbaden outside. There under a tree, we pulled the threads together to a rope. The result is MLS Safety.

**Weber:** We are building something that can work very well, if we

continue to ask questions and develop further. That is exciting and it is fun. Despite the demanding changes we are faced with in the market, the way we see it, our glass is half-full, not half-empty.

Wera Werk Hermann Werner GmbH & Co. KG from Wuppertal is the rock star among tool manufacturers. Martin Strauch, Managing Director and CEO, puts great emphasis on consistent branding. "Most people start talking about change, after they have missed something." This is a typical statement from Strauch. "We have to achieve the opposite, which is to foresee situations and not to miss anything." His motto is clear: act instead of react.

Strauch realised early on that the company needed a strong brand. Especially with replaceable products such as the screwdriver, which is the bread-and-butter business of Wera. He counts on the recognition value and on innovation: "We want to reinvent our tools," says Strauch. He only has a handful of developers at his side, who introduce astonishing product innovations onto the market every year.

Strauch does not only embrace change when it comes to products, but he also reinvented Wera. In 2014, a team came up with the idea of using a "rock on" hand gesture from the heavy metal scene for a trade fair campaign. "After all, our fastening tools are, in a figurative sense, also heavy metal," says Strauch.

This resulted in the Tool-Rebel campaign. "Our thinking has always been rebellious. For us, nothing is final," says Strauch. A key question expresses the driving force behind him and his team: how can Wera improve the customer's tool experience? Strauch has great





Martin Strauch, Wera

## Our thinking has always been rebellious. We question everything.

A real unboxing experience, just like it is with an iPhone."

In the past two years, Wera experts have consistently refined the brand identity: eye-catching POS materials, elegant packaging made of black carton and a more consistent website. Strauch is certain: "All of this emotionalises the brand."

However, Wera's brand strategy is only one side of the coin. Transformation and constant change have been the focus for decades. At the beginning of the 1990s, for example, Strauch, then technical manager, recognised that production in Germany alone was not viable: "A lot of manufacturers took this development seriously much later. We acted immediately."

In 1994, Wera opened a factory in the Czech Republic. "This allowed us to remain competitive," says Strauch. Today, 650 employees work in a 17,000 square metre facility in Germany's south-eastern neighbour country. Every day, deliveries from the Czech production facility arrive in Wuppertal.

Changes have recently also taken place with regards to the ownership. The former owner could not expect a prospective successor and so,


a new partner had to be found.

"A short-term or strategic investor wasn't an option for us," says Strauch. The Wera management team was involved in the selection of the new owner. Just about a year ago, the family-run Bitburger-Holding bought the company from its founding family. Since the owner had already withdrawn from business operations for some years, the change of partners was hardly noticeable to the employees. "Our way of working has only changed a little." Especially important to Strauch is that he can pursue his strategy. Both the management and the employees are happy to have a family office as a partner. "We are not just a number here. The new owner believes in us."

Faith and trust are generally important issues in this company. Wera employees identify strikingly strong with their employer. Besides long-term periods of employment and a low fluctuation there is a picture, in particular, that speaks volumes: Almost all employees had themselves photographed doing the rocker gesture and now act as brand ambassadors in catalogues or on trucks. Some customers even have had the rebel tool logo tattooed.

models, such as Apple founder Steve Jobs: "Intuition and emotion – the combination of the two is the key. When a customer buys our tools, the handling should be as simple as possible. Additionally, the customer should be full of anticipation already when unpacking the product.





René Dreske manages the distributor Hans Soldan GmbH in Essen, the market leader for business equipment of law firms in Germany. Founded in 1908 as a specialist publisher, Soldan now sells registries, certificate envelopes, seal presses and robes as well as print paper, business cards and much more. To counteract the powerful competition of online distributors such as Amazon, Soldan focuses on specialisation, accompanying services for the target group and systematic digitisation.

Dreske comes from a distributor's family. Since he did not want to continue his father's business Dreske & Krüger in Hanover, the Dreskes sold to Soldan in 1999. René, then in his early thirties, accompanied the takeover and eventually remained as managing director.

It was the time of the first internet boom. Dreske's consulting friends went into business for themselves with trendy online start-ups. He promoted the issue of internet at Soldan. In the 2000s, Dreske watched many good ideas fail in

online trade. "Technology was simply not that advanced at that time, bandwidths were not sufficient." Of course, Soldan got involved, supplementing the online book store with a web shop for office supplies and later combining them. The issue got

off to a slow start, though. But then something changed: technology and bandwidth made great leaps, and with the iPhone the mobile internet came. Suddenly pure online trading models increased dramatically, much faster than all other trading forms.



René Dreske, Hans Soldan GmbH

**You cannot be 'just a bit' digital. Digital media is already an important sales channel today and soon it will permeate everything.**

"Then I realised: This is the future and this is what we must aim for."

In 2010, the plan was: By 2015, he wanted to generate 50 percent of Soldan's turnover from online sales – at the time it was below 10 percent. "Everyone called me mad," the today 49-year-old says. By now, however, Soldan has almost reached his goal. For Dreske, the digitisation of Hans Soldan is inevitable. Online, standard office supplies are mass-products. Special solicitor forms are declining. As of 2022, solicitors will even be obligated to correspond with the courts digitally. Business activities are increasingly shifting to the web.

At the same time, Soldan has to continue serving customers as is usual with them. That is why there are still print catalogues and mailings. The company puts great emphasis on the fact that its sales representatives visit customers regularly. "People buy from people – this is our chance to set ourselves apart from Amazon and co." Dreske has great respect for the US internet giant. In December 2016, Amazon also started with the industrial B2B

segment in Germany. It is not surprising that law firm supplies are offered. "Amazon's stated goal is to make all products worldwide accessible online. This will massively increase competition for all distributors."

He emphasises that Soldan knows solicitors and tries to strictly think digitally as well as, "radically from the customer's perspective," as he puts it. The Essen company is constantly developing new services, such as a search engine for legal databases. Soldan is exploring new areas of business. At the same time, he tries to commit customers to the commercial sector with service offerings. At present, says Dreske, half of his working hours are spent on dealing with digitisation, innovations and new business models. "You cannot be 'just a bit' digital."

He makes sure that there is movement in the company. At the beginning of the year, Soldan restructured its management. Areas were merged and the organisation as a whole was streamlined. "The changes in our market are taking place rapidly.

We have to respond faster to these challenges," Dreske says to explain the alterations. In addition, agile working methods are being introduced. And not only in order to be more efficient. "No, I want to change the way of thinking that get colleagues out of their comfort zones – that is a process."

The staff turnover at Soldan stands at 10 percent per year. The Managing Director is pleased with that. "We need new people." He attends e-commerce meetings, builds relationships and employs his own programmers. "Digitisation must not be outsourced."

Dreske warns distributors not to underestimate the power of digitisation. "Digital media is already an important sales channel today and soon it will permeate everything." He has no illusions: "Margins are shrinking and competition is increasing. There will be a consolidation," says the manager. That is the challenge. "But if we keep fighting, we have good chances."







Martin Wirth, Brüttsch/Rüegger Tools

Today, more than ever, it is a matter of anticipating customer needs and offering solutions for challenges that the customer does not yet have on his radar. To do this, we must truly understand the customer and not leave him standing at the door. Because at some point, this door will close.

On 15 January 2015, a shock wave rocked Switzerland: On that day, the Swiss National Bank abolished the euro minimum rate. The Swiss franc rose by almost 20 percent in one blow, the stock market plunged and a downturn in the Swiss economy was feared. There was none – despite the franc shock. The economic downturn never came. Despite significant increases in manufacturing companies' fixed costs compared to the international competition. "Because companies were already forced to increase efficiency in an innovative way since the introduction of the minimum price. And fast, without a cautious approach. This worked out quite well," says Martin Wirth, Managing Director of Brüttsch/Rüegger Tools in Urdorf, near Zurich. And in fact, to the benefit of his company, as solutions for the E/D/E member regarding

issues such as lean management, optimisation of the financial value chain and Industry 4.0, is ever since in demand as never before.

A brief look back: The family business was founded in 1877. In the year of the company's 140<sup>th</sup> anniversary, CEO Christian Rüegger describes Brüttsch/Rüegger Holding on the company homepage as a trading company and full-range supplier of quality tools and metal products. Brüttsch/Rüegger Tools currently employs around 280 people and is one of four companies under the umbrella of the holding company. Brüttsch/Rüegger Werkzeuge AG is the market leader in Switzerland, exports worldwide and is active in Germany with its subsidiary Adolf Pfeiffer GmbH. The BRW Tools Kft. is working the Eastern European market.

- › Urdorf in February 2017, in a large conference room on the first floor of the company building, which is decorated entirely in the company's corporate colour of green. Martin Wirth cleared his morning schedule to talk about the way he acts as a tool trader in times of accelerating change. After 5 minutes it is clear that today will not be about trade in the traditional sense, but rather about the next step in trade. Wirth talks quickly, he flies through the presentation slides, and one of many English terms that he is going to use this morning is "total cost of ownership". Because: "As a service provider, I have to keep this in mind and optimise it for my customers. The pure product is merely an entry point."



Mastering IT and encouraging customers to go digital: Martin Wirth.

Speaking of products: Brüttsch/Rüegger Tools has 200,000 items in stock in Urdorf and manages 900 brands. The product assortment includes measuring technology, production technology, assembly technology, fastening systems, standard parts and PPE. The warehouse, commissioned in 2012, is one of the most modern warehouses in Europe, says Wirth. This is self-evident, and as such he does not discuss it any further. "The manufacturing industry is our main target group. To be successful, our customers must focus on their core business. We will take care of the rest." The next slide shows the obligatory iceberg, which in this case symbolises cost components of MRO products: Above the water's surface are direct material costs and below it a long list – low tool productivity, personnel

costs and logistics costs, etc. In other words, all things that can get really expensive. "These hidden costs are a pool of services for us, the longer the list, the more opportunities we have."

Therefore, it does not stop at procurement. And at this point the image of the traditional tool trader more and more blurs. "We want to reduce the total costs for our customers in a holistic way, also in the management of tools. Cost drivers are process costs, warehousing costs, non-effective tool use, or the lack of data integration. This is where our advisory approach takes effect. Through fully integrated processes, we reduce the corresponding

process costs by up to 60 percent Wirth calls it "integral tool management".

And even though he presents the slides as quickly, one term remains: consulting. When the 48-year-old talks about optimising the financial supply chain, reducing working capital, or making fixed costs more flexible through outsourcing and out-tasking, then these words are not the words of a traditional trader, but rather those of a consultant. It is no wonder that the company has its own consulting unit. Currently, nine young employees, all university-educated with an IT background and industry experience, advise customers on lean management. The heading on the next slide describes the self-image of



we need to be exceedingly innovative and digitised in the course of this."

This leads to the next keyword: Digitisation. As early as 1998, Brüttsch/Rüegger Tools was online with its ToolShop and offered a version on CD-ROM. The name remained the same, but today the "ToolShop" is a modern e-procurement system. IT makes the difference in Urdorf, also because of Wirth. He has been with the company since 15 years and from the beginning on, he was responsible for, right, the IT. Ever since then, the graduate of electrical engineering and economy always keeps in mind the issue of the digital. "This knowledge is lacking in many companies. This really cannot be the case today in top management, no matter what business you are in. How else are we to make future decisions competently? The future is digital!"

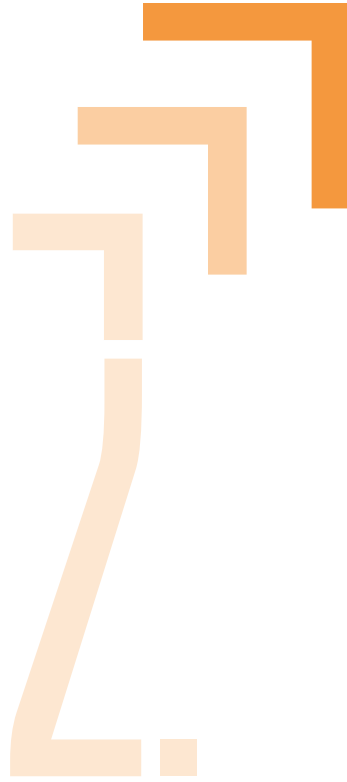
Brüttsch/Rüegger Tools accordingly: "Development from a 'tool trader' to an integral solution provider in the context of Industry 4.0."

Wirth makes a point of innovative services and advice that can be sold. "Application advice has always been part of the tools trade – and it was included in the price. To separate these two concepts again, we need to increase the added value and make it clear." He compares the situation of industrial B2B with the aviation sector: The price was all-inclusive for a long time, only the low-cost carriers decoupled product and service again. "We are also facing that challenge. However,

In Urdorf, there is no need to think about how to digitise. That happened long ago. Investments in new technologies and platforms are a given. In 2016, more than 60 percent of all customer orders were received digitally, "a peak value in Europe". Solutions such as an output system for tools are standard for customers. In Switzerland alone, Brüttsch/Rüegger Tools currently controls 50 projects with more than 120 machines. "For us, it is about encouraging our customers to go digital. Hardware alone does not provide added value – with our solutions, we integrate our customers' production."

Therefore, Wirth and his team are doing something that other people, for example in Germany, like to talk about. "Industry 4.0 is not a future vision. Everything you need is available," says Wirth. And makes sure to offer all components – everything from a single source. Recently, Brüttsch/Rüegger Tools supported the start-up Stemys from Western Switzerland. The entrepreneurs developed an Internet-of-Things solution that collects production data, makes it visible, and calculates relevant key figures and trends. Even controlling machine statuses via augmented reality is possible. Brüttsch/Rüegger Tools markets this solution under the name of "Jellix".

Is this still trade after all? At the end of the conversation, Wirth takes a moment to think. "In essence, yes," he says. "Today, more than ever, it is a matter of anticipating customer needs and offering solutions for challenges that the customer does not yet have on his radar. To do this, we must truly understand the customer and not leave him standing at the door. Because at some point, this door will close."



# Reports

MAGAZINE – STARTING ON PAGE 4

# Contents

## Reports

28 Report from the Management Board

38 Report from the Chair of the Advisory Board

## Reports from business divisions/ subsidiaries\*

40 Business division I

44 Business division II

48 Business division III

52 Business division IV

56 Building services

60 EURO Stahl-Handel GmbH & Co. KG

62 Logistics

64 Industrial B2B sales systems

66 EURO-DIY GmbH & Co. KG

68 EDE International AG

70 Data & Services

74 Toolineo GmbH

78 ETRIS Bank GmbH

80 Marketing

82 Membership development

84 Central division services/member support

85 Personnel

## Sustainability

86 Social responsibility

\* E/D/E GmbH trading volumes are reported in the explanations of the individual business divisions. This corresponds to the E/D/E Group trading volume without the trading volume of independent foreign subsidiaries.

# The course for the future is set based on stability



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

## Dear readers,

In 2016, we managed once again to increase our trading volume in a permanently demanding market environment and set the course for the future. Particularly in the international business, we were able to produce new ideas. That was an important step, which supports the entire E/D/E Group in being more diversified and, in future, helps cushioning potential negative effects on individual markets. At the same time, for the benefit of our members, we are strengthening our position in negotiations with suppliers, who increasingly operate internationally themselves. Our trading volume with members and cooperation partners reached EUR 5.56 billion last year, an increase of 1.1 percent or EUR 58 million compared to the previous year. **Foreign trading volume** grew by 5.3 percent to EUR 1.24 billion and now accounts for almost 23 percent of the total trading volume.

Very positive: In 2016, major distributors from the building services, steel and tools segment, including the partners for the Technik Group and the FAMO-Group, chose E/D/E services. We are in advanced talks with other distributors about collaborations. In 2017, we will notice the positive impact on our trading volume.

At the same time, the core projects of the CHALLENGE 2020 strategy programme developed positively. The **electronic Data Center eDC** refined data from more than 600,000 items in 2016, delivered them to participating distributors and hereby provided significant added value for the day-to-day business. At **Toolineo**, the core indicators are developing positively. For example, apart from traffic and turnover, the repurchase rate and marketing efficiency. The further growth of the product range is now

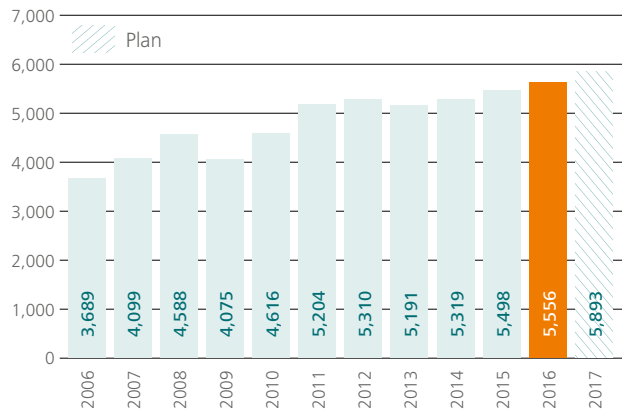
5.56 billion EUR  
Trading volume

being realised through the connection to the distributors' warehouses. After one year, a good foundation has been laid for scaling Toolineo in 2017. >

E/D/E Group development	2015*	Plan 2016	2016
Type of business	%	%	%
Warehouse business	+42.6	+9.0	+3.3
Central payment/chain transactions	+2.0	+2.5	+0.9
Total	+3.4	+2.8	+1.1

\* first-time inclusive e+h Services AG

Trading volume development (in EUR million)



1.24

billion EUR trading volume abroad

# Evolution

Moreover, with a view to the future, we launched EVOLUTION in 2016, a company-wide strategy and organisation development process. We are currently observing that market logic and value chains are changing fundamentally – the market is being redistributed. With EVOLUTION we pursue the following goals:

- | We want to anticipate the consequences of recognisable market developments.
- | We are continuing to develop, against this background, the E/D/E business model and focus it on the future.
- | We want to continue to support our members, suppliers and cooperation partners optimally in leading their businesses future-proof and successfully.

- | To achieve this, our partners need added values: tailor-made, competitive services aimed at turning to account the changing market requirements – we want to develop those together with our partners.
- | To this end, we need to align the structural and process organisation of E/D/E, so that we meet the expectations of our partners.
- | At the same time, we are focusing on the skills development of our employees and executives to prepare them both professionally and personally for future requirements.
- | Hand in hand with our partners and employees, we want to strengthen the cooperation and interaction.

In 2017, we will consistently pursue these goals.

## Economic conditions

The economic environment for industrial B2B in the period under review is positive overall with a few deficiencies. The gross domestic product of Germany had solid growth of 1.9 percent in 2016 in a turbulent external economic environment. An important pillar was the domestic economy, particularly private consumption and residential construction.

In the euro area, economic recovery picked up somewhat, but with regional differences. Thus, Italy continued to suffer from the battered banking sector as well as high political uncertainty. Overall, the mood in the economy was subdued, but not pessimistic. Investments were held back due to existing uncertainties.

Last year, the construction sector also proved to be a major driving force for the German economy. The German Federal Statistical Office calculated a price-adjusted increase in construction investment of 3.1 percent, mainly due to higher investments in residential buildings. Mechanical engineering as a key sector for industrial B2B, however, moved only sideways. E/D/E surveys among member companies largely reflect economic conditions. Looking at the year as a whole, the vast majority of distributors assessed their business development, earnings position and order situation per quarter as steady or better than in the previous year. In the majority of cases, there is also a better order situation in the craft sector compared to industrial companies. The distributors surveyed generated turnover growth of 2.78 percent in the fourth quarter against the same period in the previous year.

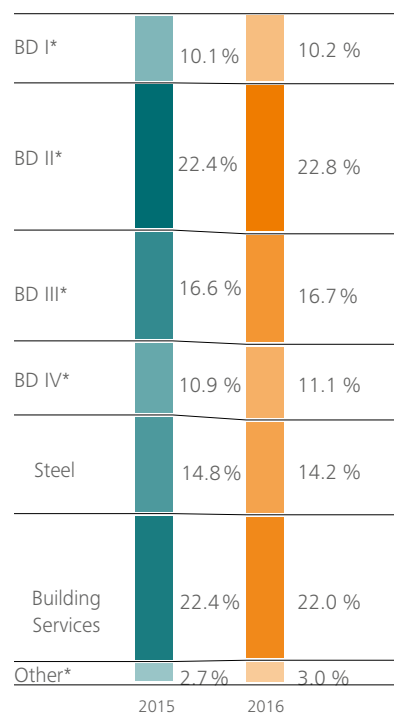
### E/D/E business division development

With the exception of steel and building services, all product areas of the group as a whole recorded growth. Massive consolidation tendencies led to a reduction of the trading volume in the building services segment. This was due to a loss of members as a result of company disposals. However, thanks to organic growth and new business, the previous year's level of EUR 1.22

billion (minus 1 percent) was almost achieved. When adjusted for structural effects, growth was about 4.9 percent. In steel, the drop in prices for traded products continued until spring, but over the rest of the year and from

October onwards, in particular, there were increases. The total trading volume of the steel business division spin-off from ESH Euro Stahl-Handel in October 2016, amounted to EUR 792 million (minus 3 percent). >

Trading volume development according to product area (in %)



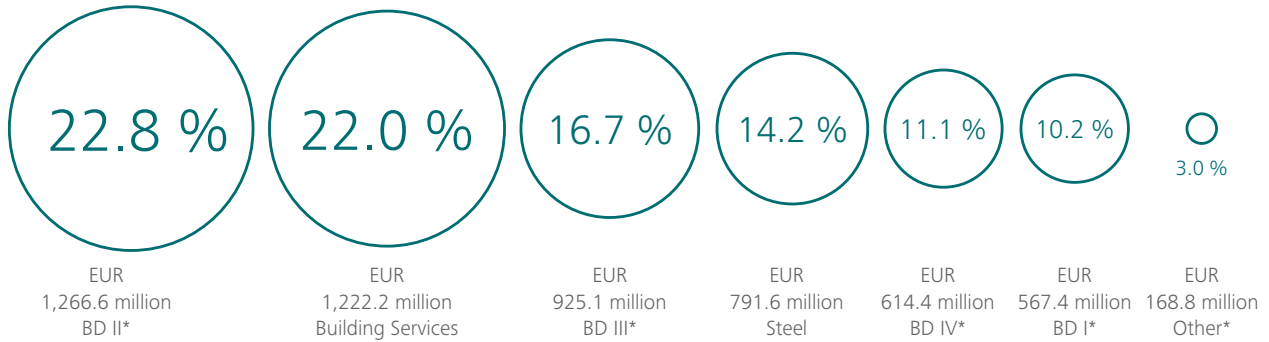
\* BD I: Hand tools, woodworking tools/machines, precision tools, stationary machines (metal)  
 BD II: Building fittings, safety engineering, building components, fastening systems, furniture fittings  
 BD III: Electrical and compressed air tools, factory equipment, construction equipment, welding technology  
 BD IV: PPE, technical trade  
 Other: DIY, gardening technology, third-party business ETRIS BANK

Other product areas recorded growth. Business division I (tools, machines) realised a trading volume of EUR 567 million with its partners in 2016, and thus increased the previous year's result by 2.1 percent on a group-wide basis. The construction-related product assortments combined in business

division II recorded an increase of 2.7 percent with a total trading volume of EUR 1.27 billion. The E/D/E business division III grew by 1.5 percent to EUR 925 million. The PPE and technical trade product assortments (business division IV) reached a volume of EUR 614 million

(increase of 3 percent). Almost all business divisions were able to increase their stock turnover in 2016 through targeted assortment management, aligned to meet the needs of our members.

**Trading volume E/D/E Group by product area 2016 (EUR 5,556.1 million)**

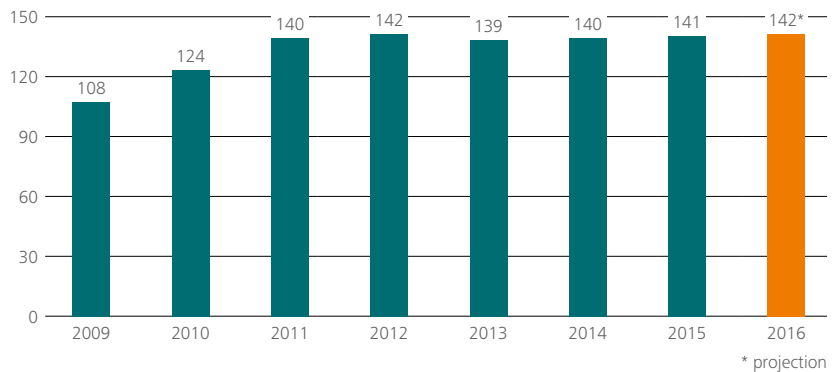


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**Reimbursements and company results**

The sum of reimbursements to E/D/E member companies is on the same high level as in previous years. EUR 142 million is projected to be distributed to our members as an important component of annual results.

**Disbursements to members in EUR million**





## Company results 2016

The E/D/E Group's annual consolidated net profit amounted to EUR 15.6 million in 2016 (2015: 16.1 million). By far the largest share of net profit is ploughed back in order to further increase the Group's financial strength. Cash flow reached EUR 27.3 million (2015: 27.3 million), equity on the reporting date as of 31 December, EUR 367 million (2015: 353 million). The equity ratio as of 31 December, was 42.7 percent (2015: 44.4).

## Outlook 2017

According to leading economists, estimates for 2017 are somewhat more subdued. The Federal Ministry of Economics and Technology expects the GDP to grow by 1.4 percent, while the forecasts of leading

economic research institutes range between 1.0 and 1.7 percent. All in all, a mainly stable economy is likely to continue. The World Bank expects a recovery of global growth. However, risks, such as protectionist measures in the US, remain. With regard to first- and second-round effects, uncertainty dominates in 2017: Much will depend on the US economic programme and whether political risks will manifest in Europe.

With our new partners, we are targeting a leap in growth in 2017: We are planning a trading volume of EUR 5.89 billion. This corresponds to an increase of 6.1 percent or EUR 336 million (central payment increase of 5.8 percent/306 million, warehouse increase of 11.4 percent/ EUR 30 million). We are very much

aware of the volatile political and economic conditions in Europe and, for example, in the US. We are consistently focusing our company management accordingly. After a consolidation phase, we are back on a noticeable growth path in our core business, which has been confirmed by figures from the first months of the new financial year.

## Sector developments

The German economy continued to grow steadily in 2016. After a 0.7 percent increase in the first quarter, an increase of 0.5 percent in the second quarter and a 0.1 percent increase in the third quarter, the German Federal Statistical Office calculated for the 4th quarter 2016 an increase in the gross domestic product by 0.4 percent compared to the previous quarter (adjusted for price, calendar and season). On a price-adjusted basis, the full year thus represents an increase of 1.9 percent. In previous years, the GDP grew on a similar scale. In 2015, GDP grew by 1.7 percent and in 2014 by 1.6 percent.

The increase in 2016 was again largely due to domestic use: While private consumption expenditure rose by 2.0 percent on a price-adjusted basis, public consumption spending significantly grew by 4.2 percent. Among other things, the costs for immigration of refugees are reflected. With a total increase of 2.5 percent, consumption was not the only pillar of economic growth in Germany. According to the German Federal Statistical Office, construction

costs stood out with a rise of 3.1 percent on a price-adjusted basis. Compared to 2015, 1.7 percent more was invested in equipment.

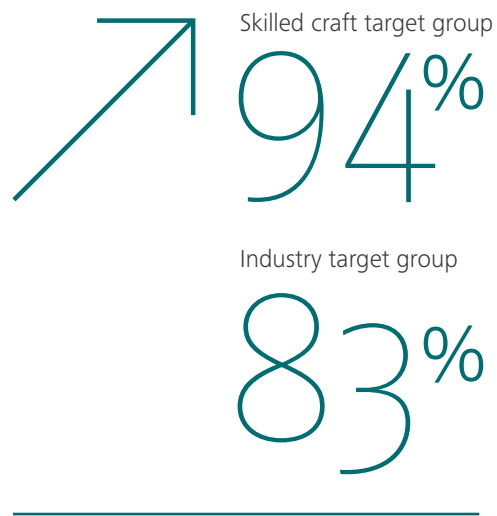
As already indicated, the economic growth in relevant customer segments of industrial B2B was of varying intensity. In particular, construction activity grew significantly compared to the previous year, mainly from residential construction. According to the trade associations HDB and ZDB, the growth percentage stood at 9 percent not adjusted for price. Public construction grew by 5 percent and commercial construction by 3.5 percent (preliminary figures). Due to the constantly high order backlog, the associations remain positive regarding 2017.

Spurred by government and private consumption and, above all, by the continuously vivid residential construction activity, the craft sector looks back on a record year. In autumn, the business climate reached an all-time high in the entire craft sector according to the Central Association of the German

Construction Industry. Not as positive is the situation in the mechanical engineering sector, another key sector for industrial B2B. According to VDMA, the mechanical engineering economy is robust, but did not record any growth. Incoming orders even declined by 2 percent in real terms for the whole of 2016, according to VDMA. The German Association of Wholesale Building Suppliers (DG Haustechnik) recorded nominal sales growth of 2.6 percent. Wall-mounted sanitary items recorded an increase of 2 percent and installation goods an increase of 3 percent.

E/D/E sector data show an all in all positive development of the member companies. In the fourth quarter of 2016, an average increase in turnover of 2.78 percent was achieved against the same period of the previous year. The profit situation improved for 75 percent of the surveyed companies or has remained at least constant. The companies are approaching the near future positively: 94 percent expected constant or better business development for the first quarter of 2017 and 86 percent expected a consistent or better earnings situation for this period. The order situation for industrial B2B companies is constant. 94 percent assessed the order situation in the crafts sector as consistent or better, in industry, this figure is 83 percent. For the first three months of 2017, distributors expect a constant or better demand of 96 or 89 percent (craft/industry).

\* The customer order situation is steady or better:



\* A turnover increase of:



Surveyed E/D/E members recorded

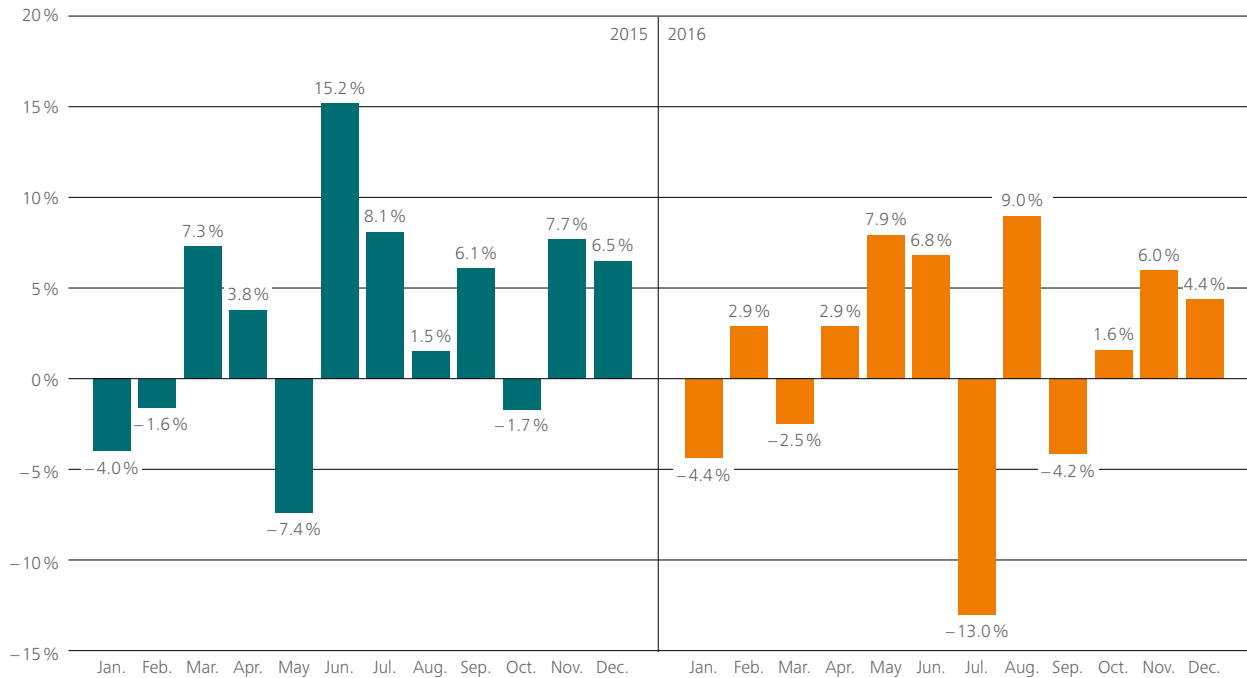
\* Result of the E/D/E economic report,  
4<sup>th</sup> quarter 2016

### E/D/E Group development in the course of 2016

2016 was characterised by an inconsistent development as the year progressed. We had a slow start, whereby particularly the effect of a further price decline in steel products had a negative impact at the beginning. Apart from building services, the remaining E/D/E product areas developed positively, though, in the first quarter, which represented

a slight decrease of 1.3 percent compared to the previous year. In the second quarter, trading volume grew significantly in comparison. All product areas developed positively, thus, the E/D/E Group performed better by 5.8 percent compared to 2015. Trading volume in the third quarter was down by 3.7 percent against the same period in the previous year, while the fourth quarter achieved a plus by 3.9 percent.

### E/D/E Group – Development of the individual monthly values



## Planning for 2017

With a growth of EUR 337 million or 6.1 percent, E/D/E is assuming a trading volume of just under

EUR 5.9 billion in 2017. New members that E/D/E could win over for membership will particularly contribute to this. Positive effects

have been recorded primarily in the building services, where an increase of almost 10 percent is expected.

### E/D/E Group target figures\*\* in 2017 according to business division

Product area	Current 2016	Projected 2017	Difference	Increase	Expected market development
	EUR million	EUR million	EUR million	%	%
Business division I*	567	590	23	4.0	2.3
Business division II*	1,267	1,345	78	6.2	4.4
Business division III*	925	957	32	3.4	2.5
Business division IV*	614	628	14	2.2	3.7
Steel	792	800	8	1.1	No figures
Building Services	1,222	1,340	118	9.6	1.0
Other	169	233	64	37.8	No figures
<b>Total</b>	<b>5,556</b>	<b>5,893</b>	<b>337</b>	<b>6.1</b>	<b>2.7</b>

\* BD I: Hand tools, woodworking tools/machines, precision tools, stationary machines (metal)

BD II: Building fittings, safety engineering, building components, fastening systems, furniture fittings

BD III: Electrical and compressed air tools, factory equipment, construction equipment, welding technology

BD IV: PPE, technical trade

Other: DIY, gardening technology, third-party business ETRIS BANK

\*\* For calculatory reasons, rounding differences of  $\pm$  one unit (EUR, %) may occur in the tables.

Your Management Board

Einkaufsbüro Deutscher Eisenhändler GmbH

In April 2017



Dr. Andreas Trautwein  
Chairman



Dr. Christoph Grote



Joachim Hiemeyer



Dr. Ferdinand von Alvensleben

## 2016: Solid basis for the future



Hans-Jürgen Adorf  
(Chair of the Advisory Board)

### Dear readers,

Compared with the previous year, political and economic conditions on both national and international levels have barely changed in 2016. Things remained turbulent and unstable. In addition, there were some unexpected decisions, which surprised us all. To give only two examples, the presidential election in the US and the referendum in England known as Brexit, may be mentioned here.

The fact that German economy once again completed an excellent year and delivered even better results than predicted – apparently undisturbed by any crisis scenarios – is all the more reassuring.

In our sector, too, there is no reason to complain. The economic surveys of distributors in the member group, which are carried out regularly, show

a high degree of satisfaction, stable company results and confidence about 2017.

At the beginning of 2017, the leading trade fairs BAU in Munich and ISH in Frankfurt, confirmed the primary optimistic expectations.

According to the E/D/E Group's trading volume, the plan for 2016

was not fully achieved, following substantial growth in the previous year (increase of EUR 180 million). Losses in trading volume due to company disposals and insolvencies in member groups, as well as the long-term drop in prices in the steel sector, prevented precision landing. Nevertheless, everyone involved deserves respect and recognition at the E/D/E group for having achieved a new record level with a solid 1 percent growth in trading volume.

The E/D/E Group company results for 2016 also confirmed the usual stable and reliable figures at the previous year's level. As a result, a further strengthening of equity as well as the consequent implementation of all core projects of CHALLENGE 2020 is ensured to full extent from our own resources.

The Management Board informed the Advisory Boards about business development and ongoing projects in their regular meetings.

The completion of the new central warehouse building services in conjunction with an external logistics service provider was an important market-relevant milestone. The same holds true for acquiring market-leading distributors as new members

at the beginning of 2017. In its acquisition efforts, the Management Board focused on "quality over quantity".

With the successful foundation of the subsidiaries Euro Stahl-Handel GmbH & Co. KG as well as eDC Haustechnik-Daten GmbH & Co. KG in 2016, the management is pursuing structural flexibilisation and professionalisation in the products and service areas. The Advisory Board explicitly approves of this strategy.

At the Advisory Board meeting in December 2016, the Management Board presented and explained the 2017 budget. A leap of more than EUR 300 million to around EUR 5.9 billion in total trading volume in the E/D/E Group, investments and again business results maintaining the previous level require extraordinary efforts by all those involved.

Not least because of this challenge, with EVOLUTION a company-wide strategy and organisation development process has been started, which will take all employees on a "journey into the future".

The 2017 budget and EVOLUTION were unanimously adopted and approved.

I would like to take this opportunity to thank the Advisory Board sincerely for their support during the past year. We will continue to rely on the competent expertise and advice in all important questions concerning company development.

A sincere thanks also goes to the Management Board, executives and all teams for the achievements in 2016. The Advisory Board wishes the team a lucky hand with the 2017 challenges.

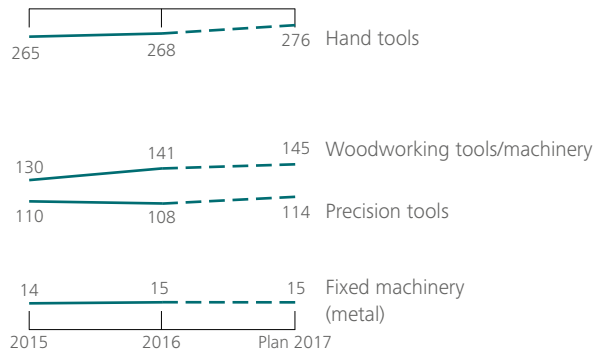


**Hans-Jürgen Adorf**  
Chair of the Advisory Board

**Business division I: Tools, machines**

# Value-added partners in industrial B2B

Trading volume development EUR million



Overall development in EUR million



Dispensers make MRO supply more efficient.

## Top issues

- I Industrial services: Increase in demand and turnover**
- I Warehouse business expanded with tools**
- I FORUM trademark strengthened I Strong growth in woodworking**



The tools economy continues to move sideways. Impulses are lacking from important target customer groups. We need to empower our members with clever concepts for increasing competition. The success of our members with the E/D/E industry services shows what is possible.

Michael Behling, Head of E/D/E Business division I





Small and medium-sized industrial companies are increasingly focusing on the strategic purchasing of MRO requirements and C-parts. In favour of an optimised overall process with reliable supply as well as the lowest possible procurement and logistics costs, the pure product price is sidelined. In the course of this development, industrial B2B is challenged to position itself with needs-based solutions as a value-added partner for the industry.

E/D/E distributors seized the opportunities this development offers to a great extent again in 2016; the number of **e-procurement and e-logistics solutions** implemented by the buying association together with distributors grew

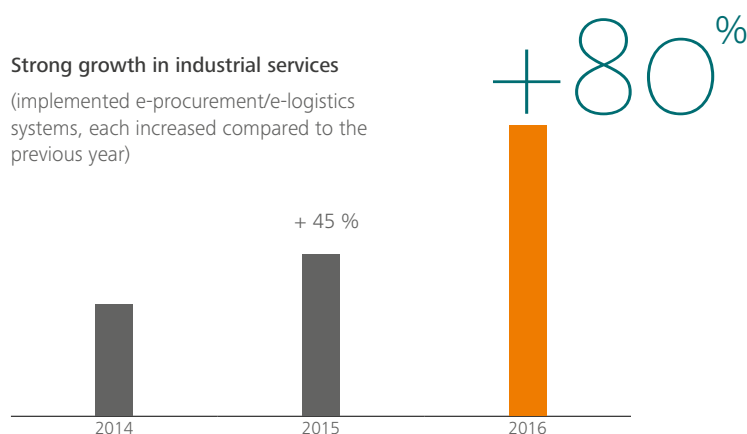
strongly once again (see chart), after strong growth had already been recorded in the previous three years. At the same time, the turnover generated by these systems is increasing: In 2016, E/D/E recorded a plus of about 40 percent compared to the previous year. Additionally, material management and industrial service, in cooperation with the newly established specialist group, is continuously developing procurement solutions and thus securing the technological lead over the competition. In 2016, an automatic dispenser for PPE items and E-CON, a multifunctional automatic ordering system, were introduced onto the market. The systems also experienced high demand and are now being used by several industrial customers.

In order to guarantee an efficient C-part supply to the industry, industrial B2B companies in turn need to know they can depend on strong logistics. This is provided by E/D/E through the high quality logistic processes in the Wuppertal eLC. Against this background, E/D/E recorded disproportionate growth in the warehouse business in the industrially relevant assortment of hand tools and precision tools. The successful implementation of E/D/E sales concepts in other European countries also contributes to the increased demand in **eLC**.

With the acquisition of around 2,500 items, mainly from the precision tools segment, the successful FORUM trademark was supplemented in line with the market as well as strengthened in 2016. At the same time, the woodworking tools and machines business developed very positively. E/D/E promoted the good economy in construction and interior construction with targeted marketing support for the distributors.

#### Strong growth in industrial services

(implemented e-procurement/e-logistics systems, each increased compared to the previous year)




## Hand tools

In a stable market environment, which nevertheless only generated a small volume growth, the hand tools specialist area increased its trading volume slightly by 1.1 percent. Strong results in the spring were not maintained during the year. Overall, however, special effects prevented a stronger increase in the hand tools sector.

In 2016, the specialist area further developed the hand tool stock range in order to support member companies in their development. For example, modules for exclusive workshop wagons were accepted under the FORUM trademark, which promote the sale of tools from the trademark. A new trademark assortment of work lights stored in Wuppertal was also just introduced. This product group was also successfully marketed by distributors, so that additional turnover could be generated. These and other measures contributed to a growth in stock turnover, which at 6.8 percent was significantly higher than market trends.

## Precision tools

The domestic market in the cutting tools segment and clamping technique continues to move sideways, so that growth in trade can only be achieved through crowding out. In this light, the precision tools specialist area declined slightly in nominal terms, taking into account special effects in the member and supplier area. The adjusted figure shows a slight growth.

To support its member companies in this intense competitive environment, E/D/E expanded its stock range of precision tools in 2016. The increase in warehouse turnover (+ 4.6 percent compared to the previous year) shows that this offer has been well received by the member companies. Targeted sales activities with the  **FORMAT** trademark (GT high-performance milling machine) also had a positive impact on sales figures.

## Woodworking tools/ machinery

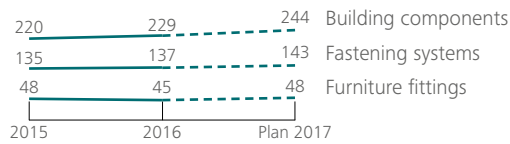
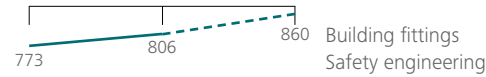
Members of E/D/E and of the cooperation partners GEWEMA and eumacop benefited particularly well from a good economic situation in construction, and especially in the finishing trade. By late spring, invoiced volumes developed rapidly (19 percent increase, accumulated by May), increasing by 37 percent in May alone. There, the trade fair HOLZ-HANDWERK in March took effect. At the end of the year, trading volume growth was 8.8 percent or EUR 11.4 million. E/D/E supported the positive development by means of sales support measures such as target-group-oriented advertising and the expansion of the stock assortment.



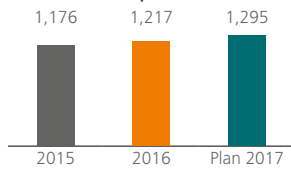
**Business division II: Fastening systems, building and furniture fittings, safety engineering, building components**

# Developing integrated processes

Trading volume development in EUR million



Overall development in EUR million



**+47**  
million EUR

Trading volume in business division II since 2015



Professional knowledge of fastening systems: The E/D/E training concept strengthens industrial B2B companies.

## Top issues

- I Strong construction demand results in further growth**
- I eDC data as instrument for customer retention**
- I E/D/E supports distributors in delivery capability**



Construction is and remains an important economic driver in Germany. Nevertheless, medium-sized industrial B2B faces challenges. One of the greatest challenges is the digital transformation of the construction industry. This is not only limited to product data, but especially to its intelligent use on craftsmen's system platforms. We must and will accompany our partners on this path.

Frank Brandenburg, Head of E/D/E Business division II



The digital transformation of the construction industry and the delivery performance of larger market participants: These are the benchmarks that medium-sized industrial B2B companies have to face in a commercial construction environment. Ultimately, these are two ends of the same story that E/D/E continued to follow in 2016.

In 2016, the building fittings, safety engineering (+ 4.2 percent), building components (+ 3.8 percent) and fastening systems (+ 1.3 percent) specialist areas were again able to exceed the strong figures from the prior year. The economic boom in construction continues, as does a nearly maximum utilisation of craft. These are favourable conditions for the digital transformation of the construction industry in Germany, which is just beginning. Digital, integrated processes from planning to assembly and maintenance, of course, involve procurement – E/D/E member companies must be competitive here.

E/D/E launched and implemented various concepts in 2016 to strengthen industrial B2B companies on this path. The success of the  eDC data management shows that buying associations are on the right track:

More than 20 E/D/E distributors used the data packets from the fittings product area at the end of 2016. Other contracts were also signed.

Well-classified and up-to-date product data is key to successful sales. Equally important is the fast availability of broad range in order to meet the changing requirements of craft. In particular, this also applies to consumer goods, such as products of fastening systems. Various logistics concepts are used, which are taking effect in two specialist areas of business division II: In the fastening systems segment, E/D/E allows its distributors access to a full range of specific suppliers. It also enables smaller distributors who are not fastening systems specialists to procure the requested goods within a very short time. A total of 90,000 items are ordered like eLC stock goods by a procurement service of E/D/E. In the specialist area fittings, on the other hand, the physical storage of certain products defined by distributors takes place at eLC Wuppertal. Member companies can thus free up their own warehouses of B- or C-stock and still have access to these items within 24 hours. Both concepts strengthen the profitability of distributors and support them in competing with direct suppliers.

In addition to market-ready delivery performance, a medium-sized industrial B2B must prove its expertise and advisory competence in competition with direct suppliers and pure online retailers. E/D/E specifically supports distributors in the fastening systems specialist area with its training concept. In 2016, EXPERTENTAGE was held with great success for the second time, with user level training courses aimed at distributors' customers. This is clear added value for craftsmen, meaning that E/D/E member companies can score points and in the end, retain customers.



### Specialist area of building and furniture fittings, safety engineering

The specialist area achieved a trading volume of EUR 851 million with its member companies. This represents an increase of EUR 30 million or 3.7 percent compared to the previous year. The target was again surpassed. Building fittings assortments and safety engineering recorded an increased trading volume of EUR 33 million or 4.2 percent to EUR 806 million. Furniture fittings trade declined. A trading volume of EUR 45 million (decrease of 4.3 percent) was realised. On the other hand, the stock turnover for building and furniture fittings increased. Here, the targeted expansion of the product range, which the specialist area carried out, is reflected. The standard fitting stock assortment at eLC Wuppertal now comprises over 5,500 items. Distributors benefit from low procurement and logistics costs. These logistics services for fittings distributors are being expanded.

The business year of 2016 was a positive one for cooperation partner EURO Baubeschlag-Handel AG (EBH). It recorded an increase of 3.64 percent in turnover, and reimbursement volumes also developed accordingly for members of EBH AG.

The EBH revised the FORMAT trademark concept. Within this concept, the central warehouse concept for furniture handles was already successfully launched, which considerably improved the purchasing situation in this segment for distributors. In order to further expand the lighting segment, we established contact with shop fitters in cooperation with carpentry workshop association TSH NRW, with the aim of opening up a new, interesting customer group for EBH members. In addition, in 2016, EBH AG worked with its members to develop sales concepts, which were implemented in the regions by the distributors. For example, the "façade" sales concept will be used to develop new turnover potentials and new customer groups. In 2016, another focus of activity was the successful training and qualification concept. Thus, the successful seminar series EBH High School and EBH Academy were completed with final examinations as well as the EBH Sprint Countdown. Courses on the EBH e-learning-platform were further expanded. In 2016 alone, more than 9,000 hits were recorded on the platform. Unless major global political events lead to fundamental uncertainty, EBH AG and its members are also expected to continue this pleasing development in 2017.

### Building components

The building components specialist area concluded the year with a trading volume of EUR 229 million. This corresponds to an increase of 3.8 percent. The growth of interior doors (increase of 4.4 percent), residential roof windows (increase of 2.3 percent) and steel building components (increase of 3.8 percent) are distributed to varying degrees. These figures show that member companies are primarily active in the non-residential property business and single family house construction, and less so in multi-story residential building construction. 49 distributors with 101 locations comprise the specialist group PRO.ELEMENT and pursue different business models with regard to their target groups. E/D/E supports members in their respective fields. For example, in 2016, the ELEMENTARES Highlight Days were hosted by the specialist group with the aim of increasing the frequency of end customers at distributors' exhibition spaces. In 2016, E/D/E established a nationwide service and maintenance group for industrial gates, especially for those companies primarily active in non-residential property. Through a partner network of competent assembly companies, regionally strong industrial B2B

companies are able to offer properties in connection with the necessary maintenance work. This is requested by customers. After the sales concept brand ELEMENTARES was founded in 2014 to address customer groups in a more targeted manner, with a garage sectional door also a product is marketed under the trademark since last year.

delivery of the first partial package containing article data for dowel technology.

### Fastening systems

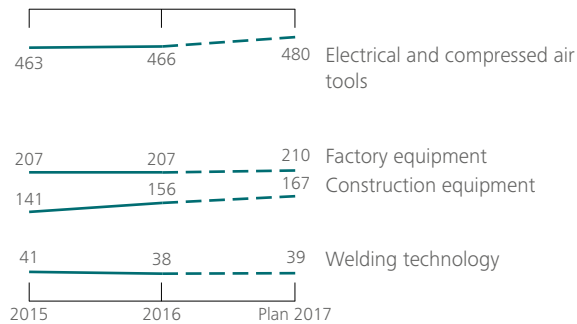
E/D/E member companies were able to increase the invoiced turnover of fastening systems by 1.3 percent. A trading volume of EUR 137 million was realised in a persistently fierce competitive environment. In addition to the initiative "full assortment of fastening systems", the specialist area continues to place great emphasis on qualification measures for craftsmen on the one hand (EXPERTENTAGE), and on the other hand, the distributors' sales representatives (PROFITAGE). Training courses relate directly to the specialist competence of distributors and strengthen customer loyalty. They were carried out again in 2016 with great success. Both concepts strengthen the distributors in their competition with direct suppliers in particular. The  eDC core project reached a milestone in the fastening systems specialist area with the

**Business division III:**

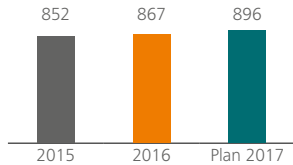
**Construction equipment, factory equipment, power tools, welding technology**

# Complex challenges

Trading volume development in EUR million



Overall development in EUR million



**+15**  
million EUR

Trading volume in business division III since 2015



From professionals for professionals: The welding technology marketplace in 2016 was well received.

## Top issues

- | Welding technology: Individualisation with a focus on realignment**
- | Positive market environment and a special effect boost the business of construction equipment**
- | Power tools sector requires strong concepts against drop in prices**



With good development in construction and a sideways movement in industrial customer business, industrial B2B faces complex challenges in this economic environment. As a buying association we are required to intelligently connect our strong market position with our individual demands on the distributors.

Jochen Püls, Head of E/D/E Business division III



Growing online trade, new manufacturer sales strategies and changing customer requirements: With these complex challenges, industrial B2B is particularly confronted with the assortments of construction equipment, factory equipment, electrical/compressed air tools and welding technology. An intelligent solution must connect the market position of a strong buying association with the individual needs of distributors. The foundation for this was laid by the E/D/E specialist areas in 2016.

Welding technology, for example: the specialist group "Die Schweiß-Profis" concluded with a result comparable to the previous year's level (adjusted for special effects) and thus clearly above the market average, which E/D/E estimates at minus 5 percent for 2016. However, a growing degree of automation and new technologies (additive manufacturing), as well as the tendency towards direct sales and concentration, are forming a competitive environment that is also putting E/D/E member companies under pressure.

As a result, the specialist area initiated a strategic realignment of the specialist group, providing distributors with the two focal points "services"

and "procurement logistics" even more targeted support. With this target group focus, approaches are being devised to attract and retain customers and thus, secure turnover. A catalogue range of more than 20 versions will also meet the individual needs of the distributors in the future.

In the construction equipment sector, market changes are leading to a reorganisation of specialist groups and to the sales concept "Die Baugeräte-Profis". Compared to welding technology, sales units are also differentiated. The goal for distributors is to be able to adjust themselves more specifically to the individual requirements of their customers. In 2016, specialist group distributors experienced a considerable special effect due to the need for accommodation of refugees.

The task of purely specialist trade supply was the decisive topic of the power tool sector last year, but did not lead to any recognisable losses for E/D/E members in the period under review. Furthermore, distributors were concerned about the continued price decline through online trading. The integration into successful E/D/E sales concepts is the solution to keep margins stable for specialist trade. In

addition to bundling requirements, they make it easier for the trade to transfer the manufacturers' high innovative power into the market and thus, positioning themselves as an important partner of the industry. Therefore, the exchange between trade and the manufacturing industry remains essential. The power tools specialist area has effectively supported sales in Germany and abroad within various marketplaces and facilitated cooperation between specialist trade and manufacturers. Partly in cooperation with the factory equipment specialist area and in close cooperation with EDE International. E/D/E will continue on this path in the future.

## Construction equipment

The persistent positive economy in the construction sector and a special effect due to the need for accommodating refugees provided distributors with a good business year in the construction equipment sector in 2016. In this context, the construction equipment specialist area recorded a trading volume of EUR 156 million, an increase of just under 11 percent (or EUR 15 million) compared to the previous year. A modest market growth of 2 percent is expected again in 2017.

In spite of heavy construction activity, construction equipment distributors are also facing a challenging competitive environment in which companies that are active nationwide, take advantage of their size. Market changes are leading to a reorganisation of the construction equipment specialist group with the focus on the sales concept "Die Baugeräte-Profis". In this regard, distributors will be divided into various sales groups, which will allow target-group-specific processing.

The trend "renting instead of buying" still holds true in the construction industry. New competitors have therefore placed their offers in this

segment. The E/D/E rental concept "MIETEplus" has continually improved its services since its launch in 2007 and has positioned itself with a good market presence. Trade fair presence and image advertising have also contributed to group recognition, which at the end of the year included 23 members. Training for certified rental agents – with completed final examinations – experienced a high demand again at the beginning of 2016.


## Factory equipment

Many industrial and skilled craft companies continue to be rather cautious with regard to their equipment investments. Warehouse technology stands out positively with higher growth. In this environment, the factory equipment specialist area confirmed the previous year's result with a trading volume of EUR 207 million (increase of EUR 321,000 / 0.2 percent), with a special effect from member groups which was also taken into account. Major changes are not expected in the market in 2017; increases are mainly the result of price increases due to increased material costs. The main focus of E/D/E activities in 2016 was the  **electronic Data Center (eDC)**. The classification in the various product groups was successfully completed and the first data packets from

major suppliers were finalised, meaning that the 2017 eDC data can be used by the first trading companies.

## Power tools/compressed air equipment

After a growth of around 12 percent in the last three years, the E/D/E power tools specialist area closed the year 2016 with an increase of 0.4 percent or nearly EUR 1.9 million. Market growth in 2016 was modest. Manufacturers went into 2017 with similar expectations.

In particular, industrial B2B dealt with two topics concerning power tool assortments in 2016: Firstly, the changed sales strategy of a market-leading manufacturer with the supply of professional assortments to DIY stores. In practice, the growing share of online traded power tools is becoming more significant. With the industrial B2B marketplace,  **Toolineo** provided E/D/E member companies with access to the online sales channel with a relevant power tool inventory assortment.

Overall, E/D/E industrial B2B companies are participating in the online trade to varying degrees. However, the ongoing drop in prices and erosion of margins in online business power tools

ultimately affect specialist dealers as a whole. Working with sales concepts and concentrating on product ranges is the right strategy for medium-sized industrial B2B to keep the margins stable in this environment.

In this context, the transformation of successful concepts in Germany can also be seen in European countries. In 2016, the power tools specialist area in cooperation with the factory equipment specialist area, has driven internationalisation, especially with activities in Austria and Poland, and will continue to follow this path.

### **Welding technology**

The decline in trading volume in the welding technology specialist area by around EUR 2.5 million (decrease of 6.1 percent) is primarily due to a special effect, without which a result on previous year's level is recorded. Because of this, the specialist group members with the market image "Die Schweiß-Profis" closed with better results than the market in welding technology, for which E/D/E calculated a decrease of 5 percent and which faced various challenges in 2016. Only minimal growth is expected in 2017, and it is purely price-based.

In this environment, industrial B2B has to integrate into the value chain of its customers even more closely through a specialised service. In the spring of 2016, the welding technology specialist area decided on a strategic reorientation, which is now being implemented. In this light, the catalogue offer is further customised by using the E/D/E web-based catalogue configuration tool (ECC). This way, distributors can choose from more than 20 additional versions. The new catalogues will be much more focused on individual distributor product ranges.

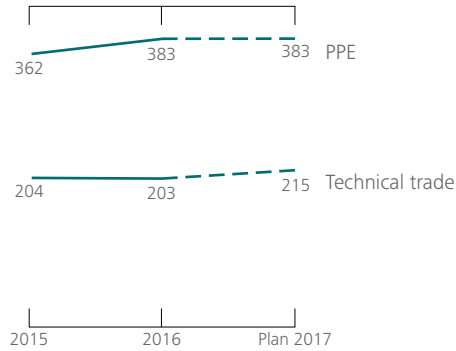
Furthermore, the focus is on the development of the trademark for welding technology, the relaunch of which is being prepared. The promotion of an intensive exchange between the manufacturing industry and industrial B2B was also an important focus of the specialist area's activities in 2016, and will continue to be.



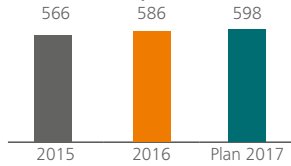
Business division IV: PPE, technical trade

# Individual needs in focus

Trading volume development in EUR million



Overall development in EUR million



**+20**  
million EUR  
Trading volume in business  
division IV since 2015



Corrective safety glasses with shatterproof lenses in use.

## Top issues


- | eDC data packets relieve E/D/E distribution partners
- | Specialisation in technical trade promoted
- | FAVORIT Group continues its success story with ForSec



Extensive expertise, qualified services and highly efficient processes in all directions: Only with these skills will medium-sized industrial B2B be able to maintain its position in a market characterised by crowding out. We help distributors meet these requirements and strengthen their individuality; in 2016, particularly with our top level article data.

Marco Spannagel, Division Manager of E/D/E PPE & Technical trade



In 2016, the  **Electronic Data Center (eDC)** entered the market in the PPE and technical trade sectors. E/D/E provides its member companies with centrally processed and refined article data, including all relevant PPE manufacturers. Major German PPE distributors within the buying association have either already used the data packets or are about to apply them. The classification, preparation and maintenance of the 2016 data have been completed for the technical trade specialist area. The first distributors were successfully linked. E/D/E provides comprehensive support to distributors in the connection process and helps integrate the data into product management systems or other applications. This service, together with high data quality, distinguishes E/D/E from other providers on the market and contributes to the high acceptance of the eDC.

The differentiation of sales support by the PPE and technical trade specialist areas was another core issue. The goal: Distributors are moving closer to their target groups to better meet their needs. Apart from assortment competence and an efficient supply of goods, qualified services and consulting at eye level are of particular

importance here. The structure of the technical trading specialist group was adjusted accordingly in coordination with distributors. The implementation was initiated by the establishment of specialised sales groups (hose/valves, seals).

Individual distributor catalogues were also a topic. For this purpose, E/D/E developed the "Electronic Catalogue Configurator" (ECC). It offers users the opportunity to create a customised catalogue from a large selection of articles and suppliers with little effort. The catalogue for the PPE specialist group was produced with this web-based tool in 2016. Further issues will follow – also in technical trade.

ForSec demonstrates the well-received comprehensive package of products and services with its exclusive trademark from the FAVORIT Group for correction safety glasses and ear moulds. It combines premium products and attractive designs with individual advice and fast availability, and emphasizes the competitive advantage of specialist trade. The concept is particularly popular with large industrial customers. The brand launched in 2014, registered a record turnover in 2016, and positioned itself

as number three in the German market for correction safety glasses. Sales percentages of ear moulds rose by double digits in 2016.

In total, the E/D/E PPE specialist area, with volume growth of around EUR 20 million, was up 5.6 percent compared to the previous year's level. This increase is mainly due to the good development of concept-tied distributors who intelligently link goods and services. The PPE market merely developed at a price-adjusted basis at the previous year's level. The technical trade sector also developed sideways. The E/D/E specialist area was unable to keep to its previous year's result due to special effects. In 2017, E/D/E expects somewhat stronger market growth of 3.5 percent in PPE and 4 percent in technical trade.

## PPE

To generate additional benefits for its member companies in procurement, the specialist area optimised its range of products at the eLC Wuppertal in 2016. The newly added articles were well received in trade and had a positive impact on PPE product assortment turnover at the eLC. It rose by 6.8 percent compared to the previous year.

The repositioning of the FORTIS trademark continued with an expansion of the trendy fashion line PERFORMANCE twenty-four. Fast and reliably available stock range combined with an attractive trademark strengthens member companies in competition, in particular with regard to direct suppliers.

## Technical trade

The technical trade market remains in a state of flux, and consolidation processes in the manufacturing industry and in trade are continuing. In addition, aspects of digitisation are affecting sector stakeholders – these include new distribution channels, price transparency and changed requirements for processes. In this light, E/D/E has taken various

measures to relieve and strengthen its member companies in technical trade.

This included the restructuring of the specialist group in 2016, with the establishment of the new sales groups "hose and valves" and "seals". The extended specialisation offers stationary industrial B2B the opportunity to position itself as a competent problem solver who is standing out from competition through qualified advice. As a result, distributors can establish themselves as real value-added partners for their industrial customers.

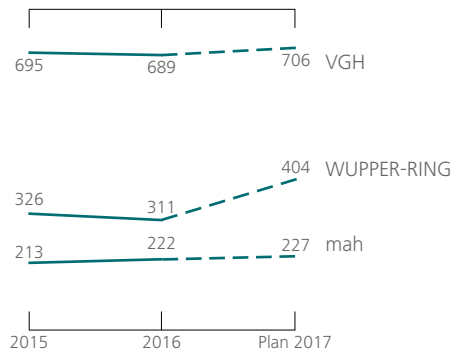
In addition, E/D/E expanded its range of technical trade in the Wuppertal eLC, in order to optimise logistics costs for partners in the trade and manufacturing industry. The relaunch of the E-COLL trademark was prepared and will roll out in 2017. The brand not only gets a new design but will also be supplemented with an additional product line. The main task of the specialist area is also to analyse future issues and develop marketable concepts together with its partners. E/D/E combined the interests of its members in 2016 and hosted an information event on additive manufacturing (3D-printing). Further dates are planned for 2017.



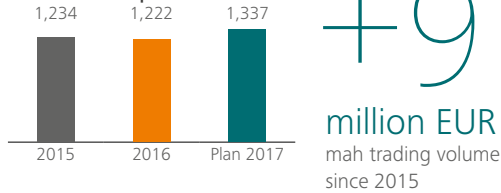
## Building services

# Service modules work

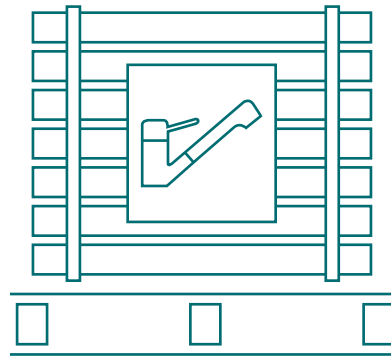
Trading volume development in EUR million



Overall development in EUR million



With competently updated article data E/D/E supports the specialist trade's digital and efficient business processes. Since 2016, all interested distributors from the sector can benefit from this.



With the expansion of logistics service, E/D/E is strengthening its building services distributors.

## Top issues

- Competitive pressure in sanitary and heating wholesale trade remains high
- WUPPER-RING and mah strengthen the cooperation in the EHH
- Growth abroad



Medium-sized building services wholesalers remain under pressure. Although not an awful lot is sold online, the internet is forcing the downward spiral of prices. The access to craft services is also moving to the net, currently, for instance, in heating engineering. We need to do our homework: In demand are a high availability of goods and top quality in exhibition and consulting.

Rolf Kaps, Head of E/D/E Building services business division



The E/D/E building services business division, with its three distributor groupings mah, VGH and WUPPER-RING, fell slightly in 2016 due to loss of members. Organic growth and new business were almost matched by the previous year's level of EUR 1.22 billion (decrease of 1 percent). When adjusted for structural effects, growth was 4.9 percent.

To promote medium-sized partners, E/D/E also specifically expanded its logistics services in the building services warehouse. In addition to a significantly larger range of sanitary and heating articles, attractive conditions as well as a simple ordering process are the main advantages of the new concept. In particular, the fast availability of a relevant product range, which is gradually being expanded, further strengthens trading partners in competition. E/D/E sanitary and heating assortments have been stored near Schweinfurt since July 2016. Here, a renowned transport and contract logistics service provider realises E/D/E usual high level of shipping quality.

WUPPER-RING and the cooperation partner mah based in Dortmund consistently continue to develop their cooperation with EHH EURO-

HAUSTECHNIK-HANDEL GmbH, founded in 2015. Product ranges were brought together, thus successfully implementing two bath concept projects with the manufacturing industry. In addition, EHH partners launched a new private brand for products from the heating and installation sector. This line (in the WUPPER-RING: FORtech) supplements the established WUPPER-RING private brands FORMAT and FORUM, which cover the wall-mounted sanitary segment. The private brands help E/D/E members cope with the high competitive pressure which they continue to face.

A capacity bottleneck in the craft prevented the demand for larger quantities, which could have been expected in view of good construction activity. Existing orders are also being fought for, affecting margins. Trading volumes for WUPPER-RING and cooperation partner VGH International were also affected by the loss of members, primarily due to company disposals. VGH International in particular, but also WUPPER-RING and mah, recorded gains in international business.

As a result of these effects, the trading volume for WUPPER-RING distributors

fell by 4.6 percent. Adjusted for loss of members, then again, invoiced turnover was up by 1.9 percent. In 2017, WUPPER-RING expects substantial growth through membership. VGH International, active in 15 European countries and with an external turnover of more than EUR 3.6 billion, recorded a very positive volume development among existing members. However, a company disposal in the previous year had an effect on the nominal figures of 2016. Thus, a total trade volume for E/D/E (centrally paid) of EUR 689 million (decrease of 0.9 percent) was realised. Adjusted for the loss of members, turnover grew by 6.8 percent. VGH International is also planning further growth in 2017. mah was able to increase its E/D/E trading volume by 4.4 percent compared to the previous year, to EUR 222 million.



## Heating

According to the business division's estimates, the market developed slightly above the previous year's level, with some manufacturers recovering in November and December. The Cologne Institute for Trade Research reported an increase of 2.7 percent. WUPPER-RING, adjusted for structural effects, was roughly on par with the previous year. The assessment of the industry in 2017 is rather restrained; growth will essentially be price-induced.

The various state subsidy programmes for regenerative heaters were not affected by the low turnover in 2016. This is due to the opposing effect of low oil prices in the reporting period. Within the "regenerative" segment, plants with heat pumps recovered and developed well, while boilers with wood and pellet burners as well as solar energy declined in turnover.

WUPPER-RING expects positive effects in 2017 by expanding its private brand FORtech for technical products from heating and installation assortments. After the 2015 brand started with offering buffer and industrial water storage tanks, highly efficient heating pumps were introduced in April 2016. The assortment is expand-

ed with new products in the heating valves area. To ensure consistent brand management, FORMAT brand heating products are also converted to FORtech. Through a change of supplier for radiators of the private brand FORUM, considerable improvements for distributors were achieved.

## Sanitary products and installation

According to IFH, sanitary products recorded a growth of 2 percent and installed goods a growth of 3 percent. Corresponding WUPPER-RING volumes are slightly below these values, adjusted for loss of members. The consolidation process in wholesale trade and industry continues, although in Germany particularly large takeovers in trade were not recorded in 2016.

In this competitive environment, WUPPER-RING sees the core competence of its distributors in the exhibition business in particular. In 2016, WUPPER-RING concentrated support services in this segment in the "Stärken stärken" exhibition concept. It is primarily aimed at the distributor brands' presence with the end customer. The concept includes the five components product range, advertising and promotion,

in-store marketing, qualification and communication.

## Founding of the eDC Haustechnik-Daten GmbH & Co. KG spin-off

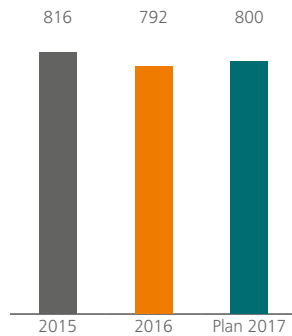
As a manufacturer-independent service provider, E/D/E has been procuring all current article master data from over 250 SHK sector suppliers of WUPPER-RING members for many years. With this competently updated master data, E/D/E supports the specialist trade's efficient and digital business processes. With the founding of the spin-off of eDC Haustechnik-Daten GmbH & Co. KG, as of 1 June 2016, E/D/E enables all interested distributors of the sector to obtain the data. The company is headquartered in Dortmund, Germany, and provides current data records of more than one million articles for building services wholesalers.





# Rising prices, solid demand

Trading volume development in EUR million



# 2016

Year of the integration of the steel business division into EURO Stahl-Handel GmbH & Co. KG



E/D/E steel distributors at the UNION STAHL Forum in Bremen and Bremerhaven.

## Top issues

- | E/D/E trading volume after a race to catch up just below the previous year
- | Steel trade benefits from price increases and good demand



2016 was a good year for steel trade, that is the predominant tenor of our members. However, we must be prepared for possible changes. That is why we outsourced the steel segment of E/D/E. The new organisational form improves our position to react flexibly and quickly.

Heinz-Alfred Liebig, Managing Director of ESH



E/D/E trading volume for steel products reached EUR 792 million (decrease of 3 percent); last year's price turbulences were only slightly noticeable from autumn onwards. With the integration of the steel business division into EURO Stahl-Handel (ESH), E/D/E strategically redesigned itself and broadened product competences in 2016. The new organisation form improves its position to react flexibly and quickly, even under changing conditions in purchasing that require an international perspective.

Member companies experienced a good year, which was characterised by high volume demand (in particular due to construction). Volatile phases, which are always good for steel trade in connection with appropriate inventory management, played a major role in 2016. The prices, which had been declining since the beginning of 2014, increased considerably in 2016 for the first time: in the period from the end of March to June, and, after another decline, again from October to the end of the year. Price increases for primary products such as scrap and coking coal as well as anti-dumping measures by the EU were decisive.

EURO Stahl-Handel fell short of the

previous year's level by 3 percent, as the price decline continued in the first months. The purchasing activity for members led to forgiving financial statements due to price increases in autumn.

The trading volume fell from EUR 919 million in 2014 to EUR 816 million in 2015, solely due to price reasons. As a result of the current stable higher price level and due to membership growth, ESH aims to regain the trading volume lost since 2015. The currently foreseeable economic conditions would support this goal.

With the integration of the steel business division into an independent company, a wholly-owned subsidiary of E/D/E, the buying association stepped up the strategic development of this business area and expanded its international perspective. In Austria and Switzerland, joint supplier options are already being used by members. Partners in Benelux and Scandinavia will follow soon.

The integration is also the result of the ongoing consolidation among manufacturers and a shift in production sites to countries outside Europe. The effects of this development on the purchase of steel are not yet clear. In

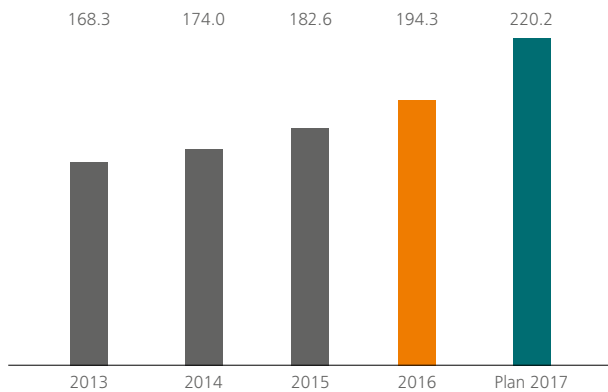
particular, increasing imports in the rolled steel segment are a development which we closely watch with our partners on the supplier side. We develop answers that are not just defined by price.

In addition to the strategic repositioning, EURO Stahl-Handel as usual is focused on the intensive communication with its partners. The 12<sup>th</sup> UNION STAHL Forum with over 160 participants in Bremen and Bremerhaven was a highlight. ESH reported on the development of E/D/E and ESH as well as the purchasing situation during two meetings of the Advisory Board; the Advisory Board provided information about the business in their environment, the prospects of their customers and further expectations.

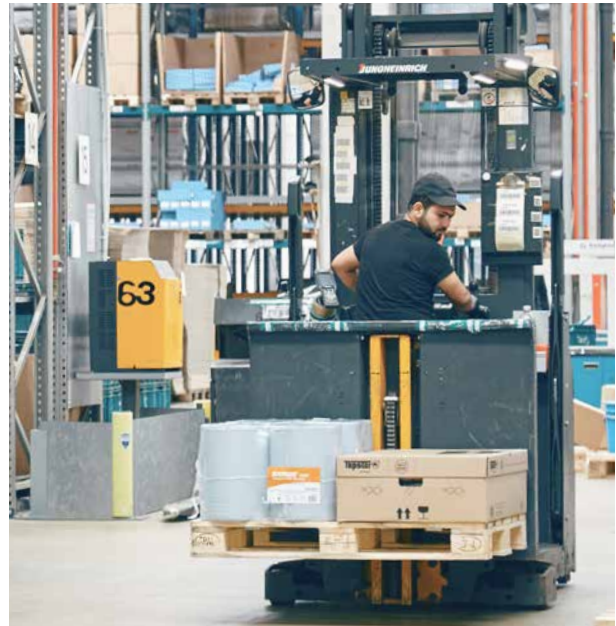
## Logistics

# Quality and volume increased

Development of inventory turnover in Wuppertal and Schwebheim in EUR million



**+51.9** million EUR  
Inventory turnover since 2013 according to the 2017 plan



The demands on logistics processes are increasing.

## Top issues

- | Renewed increase in growth
- | Error rate further reduced
- | Consistent expansion of warehouse product assortment



The trend towards even smaller orders persists. At the same time, we are increasing the number of inventory items to strengthen our distributors for competition. We have the people, the technology and the partners to fulfil these increased requirements with the usual E/D/E logistics quality.

Sven Schönfeld, Head of E/D/E Logistics



In 2016, **E/D/E logistics** broke through the sound barriers with 100,000 inventory items. The growth in turnover amounted to 6.4 percent (excluding Services AG warehouse) and was able to further increase compared to the previous year. At the same time, the error rate in the electronic Logistics Center (eLC) fell by almost 16 percent compared to the previous year through targeted analyses and training. In 2016, E/D/E also took important steps to expand the central warehouse functionality, which is essential for its member companies.

Almost all business divisions were able to increase their inventory turnover by 2016 through targeted assortment management aligned to the needs of members, expanding stock range and increasing turnover.

In this context, the new building services warehouse (eLC II), which started operations in 2015, is viewed as one of the most outstanding projects in 2016. The range of sanitary and heating products was significantly expanded. The goods have been stored near Schweinfurt since July 2016. Here, a renowned transport and contract logistics service provider realises E/D/E usual high logistics quality. The transition of all processes

went smoothly, which is not always a given in contract logistics. The new building services warehouse plays an essential role in strategic considerations of E/D/E existing and new trading partners and offers great growth opportunities for the buying association.

In 2016, E/D/E logistics specialists shipped an average of 4,700 parcels per day. This corresponds to an increase of almost 9 percent compared to the previous year. In light of these increased requirements, delivery was maintained at a consistently high level. Quality of service and optimising costs were the focus of last year. Together with its members, these topics will continue to be pushed forward in 2017.

Last year, a new framework contract was concluded with a proven and reliable premium service provider for parcel shipping, from which our members and suppliers can also profit. The new, long-term agreement guarantees the usual quality of supply and price stability.

In 2017, E/D/E plans to increase its logistics turnover at German logistics locations by about 26 million to around EUR 220 million as a result of

new members and expected increases in the building services warehouse.

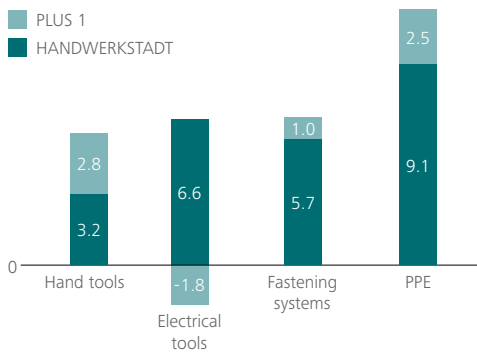


## Industrial B2B sales systems

# Questioning the distributors

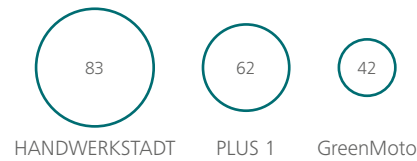
### Product group development

(trading volume in % compared to the previous year)



### Sales system participants

(187 participants in total)



The GreenMoto specialist group is on a growth course with attractive conceptual work.

## Top issues

- | HANDWERKSTADT concept is being further developed
- | Good utilisation of the craft fosters trade
- | GreenMoto in the market successfully and on growth course



The construction boom and good utilisation of the craft led to a pleasing development in corresponding product areas in 2016. Our focus now is to ensure that distributors will also understand their target groups' needs and behaviours in the future. To do this, we are improving our product range and marketing concepts.

Clemens Schorrer, Division Manager of E/D/E B2B sales systems



Who is going to be my customer in the future? And: What impact does changed procurement behaviour have on the architecture of the product range? These two central questions were jointly examined by E/D/E and its member companies in 2016 for the successful sales group HANDWERKSTADT. In 2016, E/D/E, in collaboration with HANDWERKSTADT participants, determined the relevance of various target groups and their needs by means of a large-scale distributor survey, involving around 70 companies. As a result, a re-adjustment of the concept is being implemented. The goal is to get even closer to relevant target groups.

As a result, three project teams were formed in member groups to develop measures for target groups such as carpentry/roofing, woodworking and metalworking crafts as well as for complex safety engineering. In addition to product assortments, the focus is on marketing campaigns which also include checking pick-up assortments and, if necessary, realigning them. The first measures will be implemented in the second half of 2017.

In 2016, turnover from HANDWERKSTADT participants developed positively thanks to a good order situation in

the craftsmen core target group: Trading volumes invoiced by E/D/E contracted suppliers grew by 6.2 percent compared to the previous year. The assortments of hand tools, power tools, fastening systems and PPE are relevant, with PPE standing out with an increase of 9.1 percent.

The GreenMoto specialist group is also on a growth path, which achieved a growth of 14.4 percent in turnover with contracted suppliers in the course of a favourable season. In a fundamentally friendly market environment with attractive product assortments – currently mostly battery technology – motorists are also faced with the challenge of adjusting the strengths of stationary specialist trade to a changed, hybrid customer behaviour.

This includes, of course, the presence on the internet, which GreenMoto greatly improved with a new website for distributors. At the same time, E/D/E supports distributors with free training courses, partly in cooperation with contract suppliers, to further develop the strengths of specialist trade. A new in-store marketing package which emphasises these advantages was developed for end-user-relevant services, such as

consulting, planning or maintenance. In addition, E/D/E supports distributors in the more aimed competence development for those product assortments, which are likely to increase. Success in the market confirms the conceptual work: In 2016, three new partners on the trade side as well as two strategically important suppliers could be gained.

In the PLUS 1 Group, whose customers also include private end-users, the main focus on purely pick-up business led to a sideways movement. In 2017, E/D/E will promote the expansion of online distribution channels and push targeted address of the craft sector. A marketplace event also promotes the exchange between manufacturers and distributors' sales representatives.



# Knowing customers, gaining customers

?

EURO-DIY customer survey for werkmarkt members delivered encouraging results and revealed potential for improvements.

😊 😐 😞



A look inside the E/D/E presentation centre in Wuppertal shows building blocks of the werkmarkt concept.

## Top issues

- | werkmarkt customer survey shows strengths
- | Young target groups as a challenge
- | Only slight growth in DIY retailing



Where do I find my customers? Which product assortments are relevant? What are my strengths and weaknesses? Retailers have to answer these fundamental questions again and again. Then they can play their trump cards in competition very precisely – specialist advice, personal support and a high level of trust.

Fred Ströter, Managing Director of EURO-DIY



Digitisation, demographic change and a changed purchasing behaviour of consumers: E/D/E retailers must deal with these challenges. In 2016, the system centre EURO-DIY supported them with targeted assortment management among other measures. One focus was also to analyse customer behaviour more precisely to meet requirements as accurately as possible.

The EURO-DIY sales team offers member companies various tools to optimise their turnover. For quite some time, this has included a location check, the results of which retailers can base their marketing measures on meaningfully. Of course, not only geographical aspects, but also customer structure as well as assessment of the strengths and weaknesses of the respective location from the consumer's point of view are of interest. In order to determine these, EURO-DIY designed a customer survey and made werkmarkt available to members in 2016.

Using a compact questionnaire, customers were able to give feedback on their satisfaction with the respective companies at werkmarkt locations. The responses were evaluated by EURO-DIY. With the help of the

system centre, the insights gained can be used by members to work on their profile and, where appropriate, their degree of name recognition, or even to adapt their product range to new needs.

The survey provided satisfactory results, such as a high level of satisfaction with employees and a strong loyalty to the location, but also potential for improvement: One challenge is to reach younger customer groups, which are characterised by hybrid purchasing behaviour (online/offline). EURO-DIY provides concrete support for companies. Thus, the system centre improved the digital retrievability of distributors on the internet, specifically by providing help with installing their own company homepage.

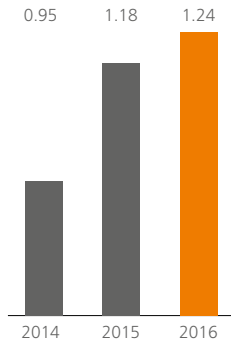
All in all, the trend towards e-commerce continues to be the case for DIY product assortments, although the importance is not quite as high compared to other product assortments such as consumer electronics and clothing. According to the BHB sector association, the overall turnover in DIY trade grew only to a small extent. Popular product assortments continue to include battery devices for machine tools and garden equipment as well as the issue of safety. In the latter

case, EURO-DIY member companies are playing their trump card: Specialist advice and personal support.



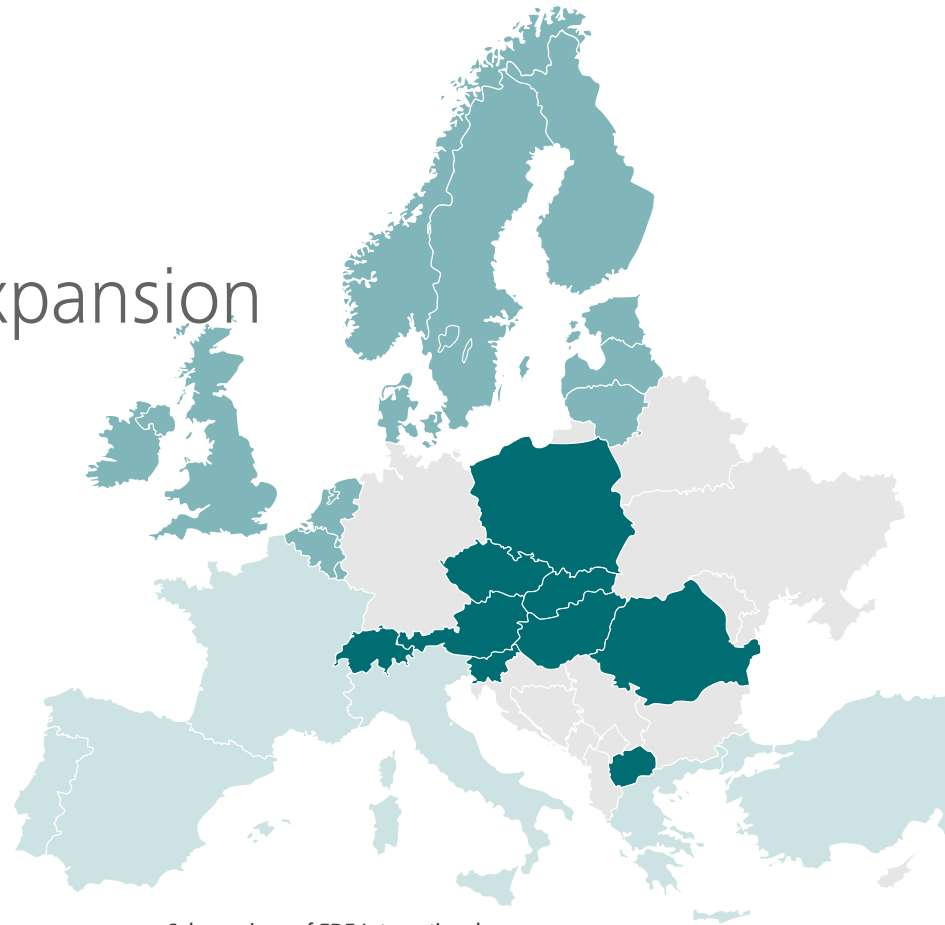
# Growth and expansion

Trading volume development in EUR billion



# +5.3%

Increase in foreign trading volume compared to the previous year



Sales regions of EDE International

- Northern Europe and Benelux
- South-West Europe
- Austria, Switzerland, Eastern Europe

## Top issues

- | Increasing numbers both of members and suppliers
- | Sales support consistently extended
- | Further expansion of services: Logistics and digital connection



Markets are increasingly growing; our partners in trade and industry are becoming more international. As a Europe-wide operating buying association, E/D/E consistently follows this path.

Annegret Franzen, Managing Director of EDE International



With its subsidiary EDE International AG, E/D/E consistently implemented its European strategy in 2016 and realised growth opportunities.

After reaching a threshold of EUR 1 billion trading volume internationally (1.18 billion) for the first time in 2015, a trading volume of EUR 1.24 billion was realised in 2016. This corresponds to an increase of 5.3 percent, which is above the target. This growth is mainly due to the collaboration with new members and contracted suppliers. For example, new members were gained in Spain, Belgium, Austria, the Netherlands, France, Slovakia and for the first time in Norway. Additional distributors were added by cooperation partners in Belgium, Lithuania and Hungary.

In 2016, EDE International pursued two main objectives: the intensification of member support with a focus on turnover and the expansion and improvement of services for market partners. For example, EDE International set up a new regional sales group with member companies in the Czech Republic and Slovakia. E/D/E market events for partners in Poland, Austria and the Netherlands promoted exchange between trade and industry. Intensive sales support for partners

abroad will also be a major focus of EDE International in 2017.

Making use of a high-performing and reliable central warehouse is an increasingly important component for partners in Europe, especially for distributors in southern countries. Through new agreements with logistics service providers, E/D/E succeeded in significantly reducing delivery times for deliveries to other European countries. Core markets and consequently large parts of the supply area can be reached within 24 hours from the Wuppertal electronic Logistics Center eLC and the remaining markets (Slovakia, Romania, Lithuania, Hungary and Norway) within 48 hours.

In 2016, the foundation was laid for the digitisation of processes in central payment or in chain transactions. Various cooperation partners and the E/D/E subsidiary DELCREDIT France were thus given access to the new  **ETRI BANK** central payment portal. This project will be completed in 2017.

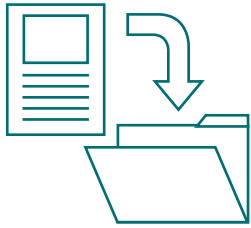
The largest volume markets of the E/D/E foreign markets have developed differently. Poland once again grew disproportionately in 2016; here, strong contracted suppliers can now

be recruited for central payment. In Northern Europe, the market in Denmark continues to develop very positively and market entry in Norway has also been successful. The Netherlands is experiencing an upward trend due to a strengthening construction industry, while a sideways movement in Austria is still being observed. France and Spain remain under the influence of politically and economically difficult conditions.



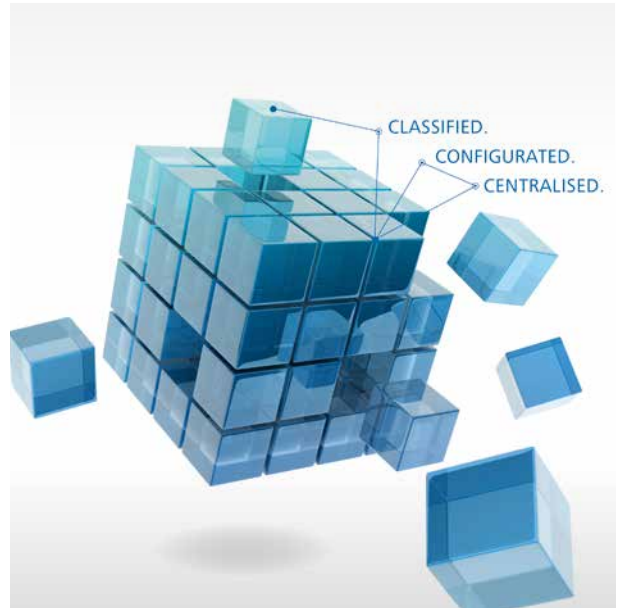
## Data & services

# Digital opportunities for industrial B2B



> 600 000  
maintained product records

+25 %  
turnover  
in multi-shop systems



The E/D/E core project eDC specifically supports distributors to meet the requirements of the digital world.

## Top issues

- | eDC data packets successfully used by members
- | Technical infrastructure around eDC further expanded
- | Significant turnover increases in Multishop



Perfectly maintained article data and modern webshops are one side of the coin. Distributors need holistic solutions that relieve their day-to-day business and with which they can compete in the digital world.

Joachim Hiemeyer, E/D/E Managing Director



📄 **Centralised maintenance of article data** from industrial B2B product assortments is one of the core projects of E/D/E and supports member companies in accomplishing their day-to-day business. In particular, data from the specialist area fixtures as well as PPE and technical trade are being used by distributors.

Altogether, significantly more than 600,000 data records were created and maintained by E/D/E data managers by the end of 2016. To ensure a uniform approach and thus, a high level of quality, E/D/E centralised data maintenance in 2016 and established the business division data & services. In the medium term, all data will be processed and maintained for various applications.

E/D/E supports distributors with technical solutions and intensive service, so that data can actually be used and take effect in sales – and it helps industrial B2B companies to use the chances of digitisation. Interfaces were designed and made available for common product management systems. In 2016, E/D/E implemented a supplier and member portal to give partners direct access to the eDC. This unifies, digitises and accelerates the processes. The technical integration

of eDC data into the members' systems will be further automated and facilitated in the current year. Since the end of 2016, E/D/E has been offering member companies a professional system for product information management (PIM), which also provides hosting services. This means that the member company does not incur any expenses for operating the application. E/D/E designed this offer in discussions with distributors as a useful new service component. The starting point was the realisation that some merchandise management systems, being data hubs, encounter technical limits.

E/D/E is pushing digital group communication as one of its working priorities in 2017. The aim is to significantly increase the share of transactions via EDI to achieve efficiency improvements at E/D/E as well as at its partners in trade and industry.

## Multishop

eDC and Multishop product data form a unique package for digital distribution in industrial B2B as a specially conceived and versatile e-commerce solution. Targeted measures and various improvements in performance helped increase the turnover of transactions made via Multishop systems by 25 percent in 2016.

E/D/E actively reaches out to member companies to identify potential improvements in the Multishop. Important milestones in 2016 included the introduction of release management and E/D/E product range subscriptions that make it easier for distributors to maintain their shop's product assortment. In addition, the Multishop was fully responsive and thus optimised for all mobile devices. The development of the shop remains a central topic at E/D/E in 2017. The migration to a new, scalable and therefore future-oriented server infrastructure is planned for the spring.

## Multishop

E/D/E constantly develops the Multishop as a decentralised solution for its members' online business. For this purpose, the eCommerce Services team was strengthened. E/D/E addresses its members specifically to discuss and identify potentials when working with Multishop and offering solutions. The Multishop work group, founded in 2016, is of particular importance. With this shop, E/D/E e-commerce experts get closer to the day-to-day business of distributors. The E/D/E e-commerce information event in March 2016, which was very well-attended, can be seen in this connection.

The service for users was improved by the ticket system implemented in 2016. The introduction of release management further increased efficiency: Since then, members' requirements have been bundled and implemented. This reduces effort for E/D/E and its users. For many shopkeepers, in addition to the responsive design, the function of the product assortment subscription was the highlight of the year.

## eDC

In 2016, E/D/E provided member companies with a portal to download

eDC data in various file formats with interfaces for common product management systems. A web service for the exchange of data was also developed in 2016 and implemented for the first time at a member company. At the beginning of 2017, version 1.1 of the web service went live. This service represents a further significant reduction in the cost of eDC data for distributors. For example, you can identify articles in your merchandise management, which are, for instance, necessary for creating an offer, and refer to the corresponding data in the eDC Cl@ss quality via the web service. This allows E/D/E to integrate data almost completely into processes of the distributors.

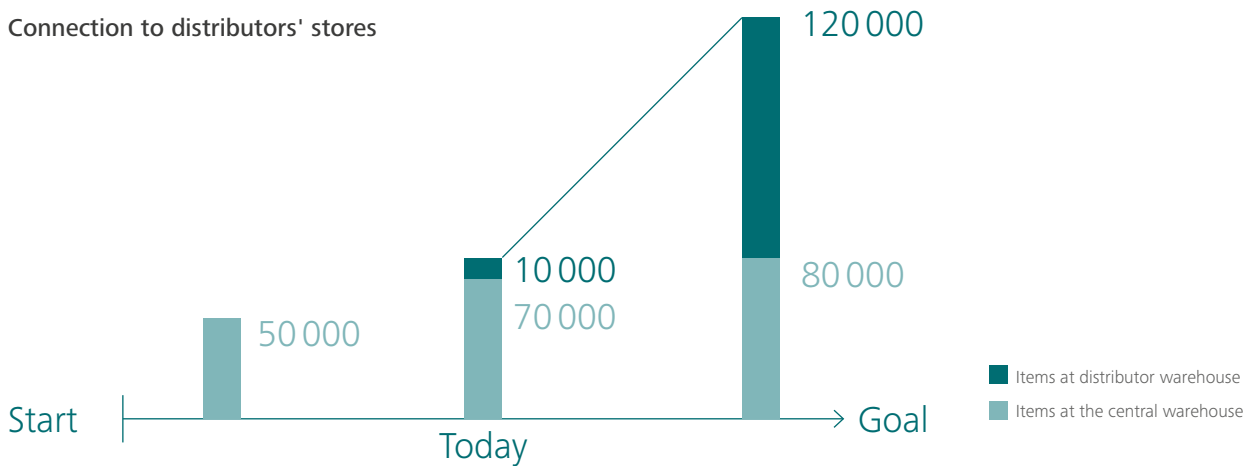




# Continuous development

> 200 000  
items in the warehouse

Connection to distributors' stores



## Top issues


- | The foundations were laid for Toolineo growth in 2016
- | High share of repeat customers confirms approach
- | Technical connection to distributors' stores was carried out



Since the go-live in December 2015, the Toolineo team step by step developed traffic, turnover, product assortment and also the distributor network. All the core key figures for online business are promising, thus creating a good foundation for Toolineo to grow. But we do know that we need to continue to develop our still young business model consistently, noticeably and fast, so that we can offer online customers an attractive platform.

Hendrik Sassmann, Managing Director of Toolineo



When  Toolineo went online at the end of 2015, the declared goal was to create a strong online distribution channel for industrial B2B. The primary aim is to enhance customer benefits; all further development steps should be done in close consultation with distributors. Nothing has changed in this respect. A lot has happened since then – successes are visible, but there is still a long way to go before the aim is achieved, especially as the online business continues to evolve. Correspondingly, the Toolineo team has ambitious plans for 2017.

## Customers

At the end of 2016, 25 percent of Toolineo's customers were repeat customers, which is a good indication that the so-called customer journey is working. 50 percent of turnover came from the industrial B2B segment. The 50 percent share of private customers proves that gaining groups of buyers for industrial B2B can also be realised through the marketplace. The number of returns is less than 4 percent, which shows that buyers are using Toolineo in a targeted manner and find as well as use the information necessary for their purchasing decision on the platform. The user-friendliness and shopping experience on Toolineo are

continuously being developed further. Important in the first year, for example, was expanding both payment types direct transfer and direct debit. In 2017, user-friendliness will be further expanded with the so-called UX labs (UX = user experience) together with customers.

## Assortment

Toolineo started with the connection to the E/D/E central warehouse in Wuppertal and thus had a relevant assortment of 50,000 articles right from the beginning. Today, almost all of the online-enabled articles of the central warehouse are available on Toolineo. Further product line growth is now realised through the connection to distributor warehouses. The technical solution has been available since autumn 2016. The aim in 2017 is to expand today's product range of approximately 80,000 items to 200,000 items. The expansion of the product range is then further advanced to display the complete online-relevant industrial B2B range at Toolineo.

## Distributors

Toolineo went live with nine distributors; four others joined in short-term. In the first quarter of 2017, more than 20 distributors

were live on Toolineo. For the current financial year, an expansion to more than 50 distributors is planned. The growth of the number of distributors and the growth of product ranges must go hand in hand, so that all participating distributors have the chance to generate turnover, as well.

In order to enable distributors to concentrate on essential activities such as pricing, besides offering them competitive information, Toolineo provides them with the highest degree of automation of processes and comprehensive distributor support. The first distributor survey from 2016 reflected high satisfaction with Toolineo.



## IT system

Toolineo IT is based on the recognised and future-oriented "hybrid" technology, an SAP subsidiary. The system is stable and highly performant. Scalability is thus also ensured from a technical point of view. In 2016, many functionalities were already added to Toolineo, including payment types such as direct transfer and direct debit.

In 2017, too, the Toolineo system will be permanently expanded in the optimisation of the so-called user experience, with the addition of customer-relevant functionalities and further automation of processes.

## Services for distributors

The Toolineo distributor management provides all-round support for distributors, offering:

- Exchange on further development in private conversations and at distributor days in Wuppertal, which take place quarterly
  - Dedicated onboarding process and support when going live
  - Training on all distributor processes, including providing extensive documentation
  - Testing all distributor processes in a training environment
  - Recording and realisation of IT technical and marketing requirements
  - Submission of ideas and proposals for marketing activities
- The separate distribution portal and other supporting tools for managing offers in the marketplace provide a wide range of functions, so that distributors can largely manage themselves:
- Information on purchase rights for eLC items
  - Upload of own items from the distributor's warehouse
  - Provision of reference prices every 14 days
  - Provision of a tool for pricing
  - Pricing as mass upload or unit price change
  - Warning function for possible price errors
  - Regular price checking for preventing sales due to pricing errors
  - Input and management of service contacts
  - Access and administration of transactions

## Marketing

On a central online marketplace, distributors profit from bundled marketing activities. They achieve visibility on

the net, which they otherwise would not realise on their own or only with high financial expenditures. In 2016, Toolineo marketing set the following priorities:

- Establishing various marketing channels: SEA, Google Shopping, SEO, retargeting, price search engines, promotions
- Establishing its own four-employee content team for all texts on the marketplace and outside
- Start of social media activities and regular newsletters

2017 will further increase awareness and relevance of Toolineo in the core target group "professional craftsmen" in focus. This will be achieved through cooperations, appearances at trade fairs, an appropriate social media strategy and the expansion of relevant content.





## Ready for digital trade



Reliable partner and specialist:  
The combination of financial expertise  
and decades of sector expertise is  
what characterises ETRIS BANK. Lean  
and clear processes make working  
with this bank easy.

### Top issues

- | Pilot phase of the new and modern ZR platform completed
- | First third-party customer connected successfully to the new system
- | Factoring service will be expanded in 2017



Anyone using the digital flood of data properly is a step ahead of the competition. This also makes the data of the tens of thousands payment transactions more valuable that are processed daily by central payment. Modern central payment uses this potential and thus becomes an essential cornerstone of efficient, data-driven processes and services for members of buying associations.

Martin Beckmüller (l.) and Christoph Feil, Managing Directors of ETRIS BANK



ETRIS BANK has established itself as a specialist institute for central payments, payment transactions and trade financing for E/D/E. As a clearing centre for E/D/E distributors, ETRIS BANK has now connected more than 3,000 suppliers. As a service provider for central payments, it is responsible for handling all finance and cash flows between member companies and contract suppliers of buying associations. It thus offers the security and stability of a credit institution with modern financial expertise, combined with years of extensive experience from the trading sector.

Over the past two years, the focus of the bank has been on developing and piloting a modern and powerful IT platform within the ZR 2020 core project. In doing so, ETRIS BANK created the basis for step by step entering the world of digitised trade together with the buying associations and their members.

In 2016, the first third-party customer was acquired and linked to the new system: This buying association uses ETRIS BANK to process all levels of central payment completely electronically, to handle all data transmitted via EDI and to convert paper documents into electronic data.

The information is archived by ETRIS BANK for the customer in an audit-proof system, which is accessible to suppliers and distributors online at any time.

This makes it easier for buying associations and their members to remain in an increasingly complex and dynamic market environment and to adapt quickly to changing conditions. The objective of ETRIS BANK is to continually develop and offer products that make the service of buying associations even faster, easier and better. After its successful launch, further third-party customers will be connected and the business model will be scaled in 2017.

In the current business year, the expansion of factoring business is also on the agenda. With this service, distributors can optimise their liquidity positions – demand is high already.

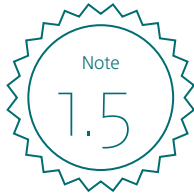
ETRIS BANK continues to function as an e-payment service provider for the E/D/E online marketplace [ETRIS Toolineo](#). It has taken on full responsibility for the entire payment process, including payment guarantees for distributors and for business transactions carried out through the marketplace. The last year was also used to offer

additional payment methods on Toolineo.

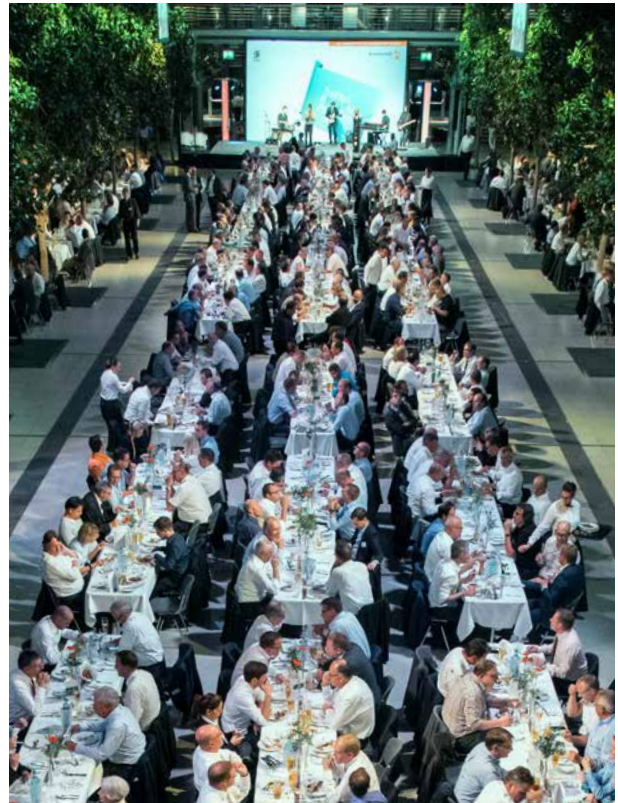
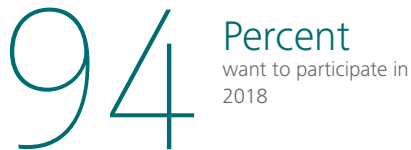
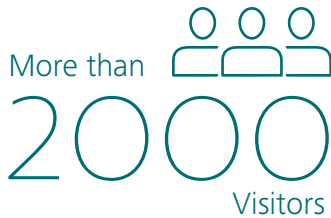
## Marketing

# Strengthening brands, linking channels

High satisfaction at the sector meeting



Average overall satisfaction with the sector meeting according to grades



Also in 2016, the E/D/E sector meeting successfully connected distribution partners.

## Top issues

- | Business division re-establishes itself
- | The focus is on brands
- | Digital marketing is strengthened



Defining brands, taking appropriate measures and then, connecting those meaningfully – successful marketing is only imaginable today when being interconnected. Only then, for example, print and online media effectively complement and equally contribute to brand image.

Dr. Arno Lammerts, Head of E/D/E Business division marketing




Market changes in industrial B2B also redefine requirements for customer approach. The E/D/E business division marketing responded to this. The goal is to strengthen distributors as well as trademarks, along with the differentiation of communication channels. This includes a stronger focus on the digital.

Even though, the print catalogue is still an important sales instrument: E/D/E product and brand communication have long since established further digital channels alongside print publications. As a result, necessary process steps for print production are no longer taking center stage alone, but brand contents to be marketed come to the fore. They are the centre from which successful marketing needs to send defined messages to all relevant channels.

The organisational realignment of the E/D/E business division marketing after the SWOT analysis in 2016, follows this logic. For example, the Digital Marketing unit was newly established to assist distributors in this important channel. The new Brand Management team created new competences around brand management.

The positioning of the brand and its architecture serve as a basis. They define all the following processes, from marketing conception to marketing planning and operational implementation. In the implementation, all media and channels are taken into account, whether internet presence, catalogue, POS concept, trade fair or event, social media or the like.

The aim is to continuously develop E/D/E trademarks and sales concepts as well as distributors with integrated and sustainable marketing concepts.

This was specifically demonstrated already in 2016 by the PREMIUM FORMAT GROUP, which, in close collaboration with E/D/E, redefined its brand and content to better reflect the appearance as a strong community. At the same time, the FORMAT brand was redefined. The relaunch of the  **FORMAT** website was completed in 2016. Further measures, closely coordinated between the two brands, will follow in 2017.

The example of "Bäder sehen.planen.kaufen" shows the way individual communicative measures intertwine. Buyer behaviour of private end-users is increasingly becoming hybrid. From the initial information to the actual

purchase, their customer journey switches back and forth between personal presence, being online and offline. The marketing support for WUPPER-RING takes that into consideration. QR codes link distributors' exhibition stands to corresponding product pages on the new homepage.

The "Electronic Catalog-Configurator" (ECC) is a further example of interlinking: E/D/E provides member companies with a digital service to create a physical or electronic catalogue. The ECC was also used in 2016 for the preparation of the PPE specialist group. The functionality will be further expanded in 2017 by allowing combinations at product level.



## Membership development

# Focusing on the sector's future

With a total of ten groups and more than 100 participants, the Business NETZWERK is an important platform for exchanging ideas on equal footing at E/D/E. In addition to questions on entrepreneurial development, current topics are always on the agenda at the meetings. In various workshops, entrepreneurs in 2016 dealt intensively with the development of industrial B2B and discussed digital business models. The E/D/E business division membership development supports the groups methodically and operationally. In addition, the business division contributes to the sector's future success with the training courses offered by AKADEMIE. In 2016, the systematic qualification was strengthened and the foundation was laid for the launch of e-learning programs in 2017. Thus, AKADEMIE is developing from a seminar provider to a knowledge market for industrial B2B.



Stands for networked knowledge – E/D/E member developments.

## Top issues

- I AKADEMIE: Comprehensive qualification offers provide sector-specific training opportunities**
- I Business NETZWERK: Exchanging ideas on an equal footing**



It is intriguing to see that younger entrepreneurs bear the concept of a sharing economy more strongly in mind than previous generations. They are very interested in collaborating and multiplying good ideas. Together with the older entrepreneurs, who contribute their experience, real business networks are created, which we like to promote.

Thilo Brocksch, Head of E/D/E business division membership development



## AKADEMIE

In addition to the development of new structures in 2016, such as a new homepage, for the first time a broader range of services could be offered from the AKADEMIE segment. This currently consists of two main components:

### Seminars

The German-wide seminar programme provides high-quality and intensive knowledge about leadership, personality, sales + marketing, organisation + law and purchasing in one or two-day events. All seminars are specific to industrial B2B and focus on the practical application of learned knowledge.

### College programmes

In order to support and accompany participants individually and systematically, the AKADEMIE offers access to our colleges. These include the LEADERSHIP College, the DISTRIBUTION College and the AZUBI College. The colleges enable further personal development for their participants. Measures for fostering methodical and social skills are the main focus. In addition to providing concrete courses of action, the goal is to enable participants to develop solutions and to make them more

independent when confronted with problems. All three college programmes will start with new courses in 2017.

## Business NETZWERK

The Business NETZWERK offers exchange with vision. Intensive and professional knowledge transfer – this is what the E/D/E Business NETZWERK represents, which is constantly growing and also exploring new networks.

The exchange among companies and colleagues within an organised framework offers the ability to actively deal with one's own company and future development. Owners, managers and senior staff from industrial B2B value the personal, trustworthy and open exchange of experience. From each meeting, members can take along useful and feasible aspects for their own success.

The activities within the Business NETZWERK are even further enhanced. In 2016, the foundations were laid for creating new competence groups (including sales, personnel, IT), and present-day future topics, such as the field of digitisation, will be integrated into the Business NETZWERK and combined with unique experiences, such as a multi-day trip to Silicon

Valley in San Francisco. The Business NETZWERK thus offers participants new perspectives:

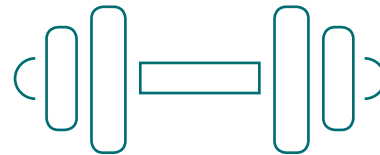
Keeping up closely with the times, understanding the power of digitisation and triggering some motivating learning and thinking processes.

## Central division services/member support

# Strong new members

In 2016, E/D/E gained major industrial B2B companies as members. 19 companies joined the group. In contrast, 53 companies are no longer members. Ten of these were taken over by other member companies. The remaining departures are mainly due to business closures or insolvencies. Trading volume was not adversely affected by the membership movements, netted a decline of 34. In total, 1,235 companies were part of E/D/E at the end of 2016, of which 972 were in industrial B2B and 263 in retail.

The sector reports "Konjunktur-Barometer" and "Konjunktur-Report", which are compiled in the central division services/member support, represent an important additional benefit for many member companies. The same applies to the SPARPLATZ service offerings, summarised in the new SPARPLATZ catalogue, which will be published in autumn 2017.



# 19

new and strong partners joined  
E/D/E as members in 2016



The consolidation process in the sectors continues. Also, the total number of E/D/E member companies declined slightly in 2016. On the other hand, there is an increase in trading volume, which strengthens our network and thus, all members – small and large ones.

Michael Sikorski,  
Head of E/D/E central division services/member support



## Personnel

# Strengthening training

E/D/E continues to put particular emphasis on the professional and personal qualifications of its employees. Personnel development activities carried out successfully

711  
applications

were received in 2016 for training courses offered by E/D/E.

over the years are very well received and are continually being adapted to the requirements of the company, its environment and, of course, the needs of our employees.

The focus of our training programmes is on current trends in the market, such as

progressive internationalisation and digitisation. In addition, issues such as health management and promotion are of great importance.

As part of the EVOLUTION strategy and organisation development process, additional competencies are further developed in the organisation due to new requirements. The need is geared towards strategic objectives.



Training and education is an important success factor for the E/D/E Group.

A broader range of training is required. Seminar room learning is supplemented and partly replaced by e-learning offers. The buying association sees considerable opportunities in this and is investing in conception and implementation of an interactive and innovative learning platform. The goal is to broaden and expand the way of imparting skills and knowledge meaningfully by using online-based learning architectures, as well.



In a complex world, digitisation and internationalisation are changing the demands upon employees. Our task is to find intelligent answers to market challenges in the interest of our customers – with the people at E/D/E, who contribute with competence and enthusiasm.

Barbara Ammann, Head of E/D/E business division personell



## Social responsibility

# Promoting young talents, protecting the future

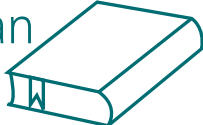
A common goal for E/D/E and the E/D/E Foundation is promoting training in industrial B2B. Thus, they contribute to strengthening their partners and to securing their sustainable future in competition. In 2016, the E/D/E Foundation sponsored a series of courses, including specialist consultants for welding technology, tools and machines, or for building components, fitting technology and fastening systems.

E/D/E and the E/D/E Foundation are also committed to educational and cultural projects as well as to social and charitable institutions in the Wuppertal region. E/D/E employees are often involved in voluntary work. For example, every Christmas they organise a gift-giving campaign for nearly 200 needy children from the evangelical children's, youth and family welfare services.



The E/D/E Foundation is one of three founding members of the Junior Uni in Wuppertal, a unique educational institution for children and young people. Each semester, around 3,000 children and young people from all classes are introduced age-appropriately to research and learning thus promoting their talents.



More than  350

## Scholarships

In cooperation with ZHH-Bildungswerk, the E/D/E Foundation awards scholarships to participate in sector-specific courses. In eleven years it has granted over 350 scholarships.



Knowledge and expertise are decisive competitive advantages for the stationary specialist trade. In order to strengthen these factors and prevent skills shortage, we invest in the professional promotion and vocational training in industrial B2B.

Dr. Eugen Trautwein, Founder of the E/D/E Foundation



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