

Press-Information

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E/D/E increases trade volume and prepares ground for further growth

- **Level of previous year surpassed, but below plan**
- **Invest for new services furthered**
- **CHALLENGE 2020: project is on course and first milestones in important core-projects are reached**

E/D/E
Corporate Communications

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Wuppertal – With a trade volume of over 5.3 billion Euros, the Wuppertal-based association E/D/E surpassed the excellent numbers of 2013 once more in 2014. The planned target of 5.5 billion Euros however was missed in context of a limping economy and limited market impulses in a demanding general market situation. “In the overall context, we can be content with the results in comparison to the previous year and to the all time high of 2012. At the bottom line however there remains a deviation from the plan which additionally motivates us“, says Dr. Andreas Trautwein, chairman of the E/D/E executive board. “Many activities and investments that were brought underway in 2014 and which were not realized yet are impulses for growth in 2015“, says the E/D/E chairman optimistically. With its activities in 2014 the company has geared itself towards the future, pushing investments into expansion of market service ensuring quality and sustainability of developments.

E/D/E and its member companies achieved a trade volume increased by 2.5 percent compared to 2013. With 5.32 billion Euros, the highest turnover in the history of the company (2012: 5.31 billion Euros) was even slightly surpassed.

Dr. Trautwein: “Together with our partners, we are now on the path to growth again. But during the course of the year the atmosphere in the entire economy as well as in our industry cast over, which consequently also slowed our development. With considerable efforts of our own, ideas and basic optimism we are now working on realizing our ambitious goals in the context of our corporate strategy CHALLENGE 2020.“

During the course of the year the E/D/E development mirrors the general economy in Germany at least partially. After a very strong first quarter the positive tendencies weakened throughout the second quarter. During the months from June to November E/D/E could either not grow at all, or only in very small increments. However December, in absolute numbers a comparatively weak month with regard to turnover still generated a plus.

Turnover on a decent level

Preliminary turnover results of E/D/E group for 2014 match the level of the previous year in general. The annual net-profit reached 20.2 million Euros, cash flow in the past business year amounted to 29.6 million Euros. Once more, a huge part of the annual net profit was retained, the equity ratio was raised to 45.7 percent. Net assets are rising from 316 million Euros (2013) to 336 million Euros. The solid financial standing of the company allowed E/D/E to invest more than 12 million Euros into construction measures on the company premises (kindergarten, presentation-center and parking facilities) as well as into IT-projects (SAP and IT-infrastructure, online market-place ePVH, data management eDC et al.). “Company results like in the past two years enable us to act flexibly and independently and to manage our planned expansion until 2020 on our own. This is a comfortable position to be in, and we worked hard for it in the past“, says Dr. Trautwein.

Differentiated development in individual divisions: tools strong, steel again at top-position

In the individual specialist areas, the level of the E/D/E group showed a differentiated development in 2014. The tool area, as a traditional E/D/E core competence in business division I, (precision tools, hand tools, wood processing machinery), excelled and grew almost ten percent in comparison to the previous year to 532 million Euros. The new cooperation with eumacop eG, a group of renowned wood processing machinery-dealers contributed considerably to this growth. Industrial wholesalers that are incorporated into E/D/E sales concepts also developed positively. The product areas of power tools, construction equipment and construction tools, factory equipment and welding technology (E/D/E business division III: 866 million Euros) achieved a considerable plus of 4.75 percent, driven by a good situation in industry and the trades as well as high investments in the residential building sector. Industrial safety and technical trade (E/D/E business division IV: 569 million Euros) contributed well above average to the overall result thanks to a generally sound development with a plus of over four percent.

In the product areas of fastening systems, structural elements, fixtures and security systems technology the development is very positive as well (E/D/E business division II: 1.18 billion Euros). Turnover in the steel area (UNION STAHL-HANDEL) rose by 3.7 million to 919 million Euros in the business year 2014. "We thus fortified the leading position amongst the associations in the steel area", says Dr. Trautwein. In spite of a difficult market situation and increasing volumes facing a tendency of decreasing prices in 2014, UNION STAHL-HANDEL could play its strengths well. Considerable over-capacities in the industry lead, in spite of increased demand, to declining prices in 2014. "In this market environment there are positive chances, when you are associated with a strong association such as E/D/E. Our members use those potentials for cooperation ", emphasizes Dr. Trautwein. E/D/E is closing rapidly on the strategic goal of a turnover

of one billion Euros in the steel area. “We want to achieve that mark in 2016“, says Dr. Trautwein.

Building services declining

New company EHH founded

E/D/E business division building services could not maintain the result of the previous year. The division achieved a trade volume of 1.15 billion Euros (minus 0.9 percent). The relevant distributor groups were prone to differentiated developments. In the course of the concentration process in the building services industry WUPPER-RING has lost member companies in Germany and remained below plan. Turnover decreased to 353 million Euros. Regarding member companies outside Germany there is, on the contrary, considerable progress. There was a positive development especially in Switzerland and Belgium.

The cooperation partner VGH International GmbH was again subject to a very positive development, also due to further stringent expansion outside of Germany (especially France and Austria). VGH achieved a growth in turnover of 6.6 percent and an overall turnover of 585 million Euros with E/D/E.

mah, as another important distributor group in the building services business division, had positive impulses with a volume of 214 million Euros, yet could not fully compensate the loss of an important member by growth.

Amongst other reasons as a reaction to the concentration process in the building services industry, WUPPER-RING and mah founded the new company EHH EURO HAUSTECHNIK-HANDEL GmbH. Both will coordinate their supplier talks and harmonize their main suppliers. This applies to trademarks as well. WUPPER-RING and mah will then represent a combined volume of 800 million Euros per year in the market.

Solid contract situation and mild winter yield good conditions for business divisions of tools, machines and construction equipment, factory equipment and welding technology

The good contract situation in the industry and the trades as well as high investments in the residential buildings sector enabled especially E/D/E business division I (precision tools, hand tools, machines) to realize a notable plus in turnover in 2014, growing 10.0 percent to 532 million Euros. The mild winter had generated double digit growth since the beginning of the year, yet the good first quarter could not generate enough thrust especially due to a successively weakening economy from the second quarter onwards. The development was similar in E/D/E business division III (power tools, construction equipment and construction tools, factory equipment, welding technology), which resulted in considerable growth and 866 million Euros turnover. For 2015, the E/D/E business divisions calculate with a moderate one-digit growth in turnover.

Specialist areas of hand tools/precision tools

The turnover development in the specialist area of hand tools, especially in the first half of 2014, did not match the euphoria prevalent near the end of 2013. The business development only accelerated from the third quarter onwards. Turnover rose by 4.2 percent to 255 million Euros. The specialist areas of precision tools closed at 130 million Euros (plus 5.4 percent).

Specialist areas construction equipment, factory equipment, welding technology, power tools and pneumatics

From the beginning of the year the mild winter procured double-digit growth, yet the rest of the year didn't live up to the first quarter. The planned intensification of the project business as well as the corresponding diversification in individual product areas was put into practice in most cases. As planned, the specialist area of factory equipment was expanded by the area of packagings and achieved a turnover of 215 million Euros (plus 1.2 percent). The comprehensive

preparations for the new business area office material are the foundation for a successful implementation in 2015. The planned further differentiation in the specialist areas of welding technology (42 million Euros turnover, plus 3.6 percent) and construction equipment (133 million Euros turnover, plus 5.5 percent) were implemented on time, also regarding the introduction of the new concept „Die Schweiß-Profis“ as well as preparations for the new concept „Die Baugeräte-Profis“ (active as of 2015). The area of power tools achieved a turnover of 476 million Euro (plus 6.3 percent).

Differentiated results – business divisions fixtures, security systems, structural elements, industrial safety/technical trade, workshop materials

Product areas relevant for construction could increase their turnover of almost 1.2 billion Euros (plus 1.6 percent). The industry-oriented areas of industrial safety and technical trade registered a thorough increase in turnover (569 million Euros, plus 4.6 percent). Industrial safety even surpassed the excellent turnover of the previous year again with a number of 359 million Euros in 2014 (plus 5.3 percent). The specialist area of technical trade is, with a turnover of 210 million Euros (plus 3.4 percent) again on the path towards growth. The E/D/E business division IV that was established in 2013 has proven itself.

Construction related product areas recover

The specialist area fixtures and safety technology registered a turnover of 814 million Euros in 2014. This meant a slight plus of 1.3 percent opposed to 2013. The reason lay especially in the good development in the product area of security systems, which registered an increase of 13.8 percent in turnover.

The specialist area of structural elements increased its turnover in 2014 to 229 million Euros, which corresponds to a plus of 2.3 percent. The relaunch of the E/D/E specialist group PRO.ELEMENT,

which had begun in 2013, was put into practice in 2014. In the competence group “Sales exhibitions“, the sales- and marketing concept ELEMENTARES was developed further. It will be implemented in 2015, comprising the areas of door concepts, object service and industrial gates enabling participating distributors to differentiate themselves thoroughly compared to their competitors.

EDE International: Turnover goal of one billion Euros achieved ahead of plan

Apart from the important domestic market in Germany, the European market is more and more in E/D/E's focus. The important domestic market achieved a share of 4.4 billion Euros (plus 1.5 percent) in 2014 in a market still fiercely fought over. The trade volume of EDE International increased again in 2014 (plus 7.0 percent to 950 million Euros). Growth however remained behind expansion rates of the past year and the turnover plan for 2014. “The reason again is the tight economy in several countries in the Euro zone, for instance Italy or France “, says Dr. Trautwein. A positive counter-example is the development in the Netherlands. “Here, especially cooperation with our partner Ferney is outstandingly successful, our common activities were expanded by 9.7 percent “, explains the chairman of the E/D/E board. Spain, too, is developing slightly positive again.

In cooperation with Groupe SOCODA, implementation of the proven UNION concept from Germany has begun in Europe. Outside Germany it is known under the name of FORUMplus. In the first step, 20 distributors are participating. This is another milestone in the long and successful cooperation with SOCODA which exists since 1995. In the Benelux countries, this strategy is put into practice too and a FORUMplus group was founded with nine members. In Middle and Eastern Europe, palpable market consolidation processes are in progress.

With the shares held in e+h Services in Switzerland, EDE International already achieved a turnover of one billion Euros in Europe ahead of plan (CHALLENGE 2020 set this goal for 2016). The participation with e+h underlines the European course set for expansion. There are still quite some steps to take until the turnover goal of two billion Euros in 2020. EDE International plans a turnover of 1.1 billion Euros for 2015.

Positive impulses were also set by the Joint Ventures DELCREDIT France and DELCREDIT España. The general development of DELCREDIT España is quite positive, and DELCREDIT France is supposed to go on the planned course for growth again in 2015, after the foundations were laid in 2014.

2015 will see an emphasis on growth by gaining new members and suppliers. E/D/E also plans to work more on the British market, also issuing English versions of FORMATplus catalogues.

ETRIS BANK: central payment and consulting

Next to successful taking over central payment and del credere for the E/D/E group, ETRIS BANK worked further on providing additional banking products and financial services for members and contract suppliers of E/D/E and other associations during the previous year. Amongst these will be the factoring business. More than 400 trading companies were by now rated in intercompany comparisons by ETRIS BANK experts in comparison to their relevant industry. With this service, the institute has a USP that no other marketing and purchasing association or any other institution of the industry is able to offer.

EURO-DIY

In the second year of its existence, the retail-system center EURO-DIY, a subsidiary of E/D/E and EK/servicegroup, has considerably expanded its service-portfolio. The systems services offered were

refined and tuned even more closely to the requirements of the more than 500 specialized trading companies organized in EURO-DIY, consisting of retail member companies of E/D/E and EK/servicegroup. The number of EURO-DIY contract partners was raised again in 2014. Listed data for more than 350,000 articles are at the disposal of members. Important assortment components were refurbished with regard to content in the past year. In this way partners shall be enabled to position themselves even stronger as specialized trading companies in order to differentiate themselves as opposed to larger competitors. Additionally, the 500 square meters concept-market in the new E/D/E presentation-center was rebooted. There, the Werkmarkt concept and current trends from the industry are demonstrated.

Member development: 35 new industrial wholesale distribution-companies

Again it was possible in 2014 to win renowned specialized trading companies for E/D/E. All in all 35 industrial wholesale distribution companies, 18 on a national and 17 on an international level, have joined E/D/E. The overall number of industrial B2B members was 1,016 by the end of 2014. The number of E/D/E retail members sank by 21 to 301 member companies. Main reasons were financial problems and proprietors who had to sell their companies.

Personnel and professional training in E/D/E

In 2014, E/D/E once again invested in future activities. In this context, new jobs were created. By December 31st 2014, the companies of E/D/E group numbered 922 employees, 27 more than in 2013. Again, 20 new trainees were hired. Thus, all in all 58 young people have chosen E/D/E for their first professional qualification. The quota of traineeships peaked at 6.33 percent. Thanks to many activities of E/D/E in schools of the region and thanks to active recruitment communication, numbers of applications for trainee- and apprenticeships

are constantly very high. Companies of E/D/E group received more than 600 applications for trainee- and apprenticeships in 2014.

CHALLENGE 2020: working on strategic goals

In the context of the corporate strategy CHALLENGE 2020, E/D/E has given itself a vision and clear goals until 2020. The new strategic program, linked seamlessly to the CHALLENGE 2012 comprises numerous core projects and considerable investments into the future. It has reached the first milestones. The new online-market place ePVH is currently being prepared. The electronic data-center eDC has already been launched and delivers product data in hitherto unknown quality. In eDC, product data of all relevant E/D/E contract suppliers are clustered according to industry, provided centrally, categorized according to the recently developed standard eDC CI@ss, refined and kept up to date.

Further milestones which are underway:

- Doubling of logistics capacity to 150,000 items
- Expanding ETRIS BANK activities
- 22 percent turnover in Europe
- Interconnectedness and association communication

Up to 2020, E/D/E plans to almost double the trade volume to ten billion Euros. In Germany, 7.8 billion Euros should then be reached, 2.2 billion Euros in Europe. “We have set important aspects on track and mastered some milestones successfully, in order to enhance the competitiveness of our members further with the activities of CHALLENGE 2020 and in order to achieve our common goals “, says Dr. Trautwein.

WUPPER AKADEMIE – E/D/E founds business division

As a central facility for further professional qualification in Industrial wholesale distribution, the first conceptual foundations were laid in 2014 in the recently created business division WUPPER AKADEMIE

(WUPPER ACADEMY). They are being enacted together with the E/D/E Foundation. A poll with trading companies yielded important results that were useful to ensuing work on the project. With regard to personnel, the Academy is broadening its base in pursuit of projects at hand.

Outlook 2015: E/D/E on the path to growth

E/D/E plans with a growth of 5.7 percent in 2015, achieving a trade volume of then 5.6 billion Euros. New sales- and trademark concepts in Germany and Europe are going to bear fruit, also working as catalysts for logistics operations. Thus business division I (tools) is planning with a considerable plus of 6.7 percent again. The construction related business division II expects impulses from the public construction sector amongst others, and expects to total at a turnover-plus of over four percent. The product areas of power tools, construction equipment and construction tools, factory equipment and welding technology (E/D/E business division III) are planning with a growth of 5.0 percent, the product areas of industrial safety and technical trade (E/D/E business division IV) are planning with 3.7 percent. In the area of building services, E/D/E expects the market to be challenging once more on a national level and expects chances for growth in European business. “All in all we are striving for growth above the general market development“, says Dr. Trautwein.

All in all according to E/D/E assessments, the important domestic German market is stable, with low interest rates, good employment rates, moderate expectations for inflation and a positive lookout from the trades and the industry. Development in diverse European markets is also better than in previous years, says the E/D/E chairman. Yet risks for downward turns of the economy remain in the face of developments in the Euro zone and possible geopolitical disruptions.

E/D/E

The E/D/E (Einkaufsbüro Deutscher Eisenhändler GmbH) is Europe's largest purchasing and marketing association in industrial B2B, with over 1000 affiliated medium-sized trading companies and 301 further retailers. These companies trade in

tools, machines and company equipment, building fittings and building elements, sanitation and heating, steel and mounting technology, welding technology, security systems and industrial technology as well as occupational safety products. Most of these member companies primarily supply to commercial buyers from industry, trade and local councils. Part of E/D/E group are also the subsidiaries ETRIS Bank GmbH, EDE International AG, ZEDEV AG as well as DELCREDIT España S.A. and DELCREDIT France S.A.S. and the EURO-DIY GmbH & Co. KG..

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