

Press Information

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Further Growth Achieved

- **Total turnover of 5.3 billion euros**
- **High level of previous year exceeded again, steel and building technology achieve disproportionate growth**
- **Strategic targets achieved – personnel campaign completed**

E/D/E
Corporate Communications

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Wuppertal/Düsseldorf – In 2012, with a turnover of 5.3 billion euros, Wuppertal-based association E/D/E was again able to exceed its excellent turnover from the previous year. With its affiliated member companies, E/D/E achieved a turnover that was 105 million euros or two percent greater than in 2011. Chairman of the E/D/E Management Board Hans-Jürgen Adorf: “This is solid growth that is slightly below our budget. Considering that our turnover was still around 2.5 billion euros ten years ago, it is clear that we are on a high level. We are absolutely satisfied with the results, as the German economy was more restrained than expected in the second half of the year.”

In the course of 2012, weak months particularly such as May but also September and December prevented the turnover from being even higher. After a strong first quarter with growth of five percent, there was little change in the turnover results of the second and third quarters respectively compared with the same period in the previous year (minus 0.6 percent and plus 0.7 percent). In the fourth quarter, a gratifying return to growth was recorded at 3.3 percent. “Overall, with this growth in turnover, we are level with the market trend,” says Hans-Jürgen Adorf.

The company results of E/D/E for 2012 are on a very good level. The net income reached 27.8 million euros, cash flow in the financial year

completed was 35.5 million euros. In turn, it was possible to feed a large proportion of the net income into the equity and to increase the equity ratio to 42.9 percent, thus achieving a new record. The equity rose from 267.3 million euros (2011) to 296.5 million euros as budgeted. The solid financial position of the company allows E/D/E to estimate an investment sum of over ten million euros for 2013 for building projects planned and started on the company site (children's day nursery, presentation hall) as well as for IT projects (data management). "With these company results, we can continue our expansion under our own steam," says Adorf.

Trend in the Product Areas:

Steel Strong, 884 Million Euro Turnover

The seven product areas of E/D/E recorded various trends. The sectors of steel (Union Stahl-Handel) and building technology stood out with turnover growth for both in high single figures. Here, Union Stahl-Handel benefited on the one hand from a good demand situation among its members. Moreover, the member companies are increasingly pooling their orders with E/D/E contract suppliers in order to generate purchasing benefits. Furthermore, major steel traders have given E/D/E preference in the last two to three years and joined Union Stahl-Handel. "The outstanding volume situation has more than made up for the price level which is still low," says E/D/E boss Hans-Jürgen Adorf. Consequently, the turnover of the E/D/E steel sector rose by 8.4 percent to the record value of 883.8 million euros. "As a result, we are approaching our strategic target of a billion euros in the steel sector in leaps and bounds. By 2015 at the latest, we should have reached this level."

The building technology sector is showing similar growth. After turnover increased to over a billion euros for the first time in the 2011 financial year, this record value was strongly surpassed again

in 2012. The 8.7 percent increase in turnover to 1.1 billion euros is due to good market conditions and primarily to members joining VGH International GmbH, a co-operation partner of E/D/E. The medium-sized, international dealer group recorded turnover growth of 19.9 percent with E/D/E. The other dealer associations in the building technology sector – WUPPER-RING (plus 1.7 percent) and mah (plus 1.4 percent) – likewise increased their turnover although at a lower level.

Records Only Narrowly Missed – Tools, Machines, Company Equipment and Welding Technology Business Divisions

The specialist areas with the strongest turnover at E/D/E with tools, machines, company equipment and welding technology achieved the record result of 1.3 billion euros for the first time in the previous year. Despite noticeable restraint in the industry in the second half of 2012, which above all resulted in turnover declines for hand tools and precision tools, the record of the previous year was almost achieved again with 1.29 billion euros (minus 1.1 percent).

The overall market trend was very varied in 2012. The economic downturn, which became apparent early on, had an encumbering effect on the main customer target groups of trade, industry and local councils. Public investments were also deferred and postponed in the course of emergency budgeting and debt limiting. In the first half of the year at least, the industry was working under a high load. However, decreases were recorded in machinery construction and in the automotive supplier sector. E/D/E marketing activities such as leaflets and special sales (for example in the light of the 25-year anniversary of the FORMAT trademark) countered the weakening tendencies. “Dealers and contract suppliers are satisfied with the financial year completed in Germany. There is no

well-founded cause for concern at present in respect of the year commenced, 2013,” summarises Hans-Jürgen Adorf.

For 2013, the business division is expecting increasingly stable growth in the lower to medium range of single figure percentages. Increased willingness to invest is again expected in the industrial sector.

Hand Tools / Precision Tools Specialist Areas

After a good start initially, market conditions in the third quarter severely restricted development in the hand tools sector, such that the turnover of the specialist area remained 2.8 percent below the result of the previous year. With turnover of 269 million euros, however, a top value is achieved. The annual turnover in the precision tools specialist area came to 131 million euros and showed a decrease of 3.3 percent compared with 2011. The restraint of the industry in the second half of the year made itself felt.

Company Equipment, Welding Technology and Power and Pneumatic Tools Specialist Areas

The company equipment, welding technology and power and pneumatic tools specialist areas have moved with slight growth in turnover of 0.2 percent above the key industry figures. The general trend for the industry was known to be below the values from the previous year. As the E/D/E figures are also based on a record result in the previous year, the overall result, which can be quantified at a turnover of 769 million euros, is still respectable.

The strongest growth was achieved with company equipment. Compared with the previous year, the turnover rose by 2.7 percent

to 228 million euros. Despite the increasingly deteriorating economic situation, a further improvement was made on the level of 2011. By contrast, welding technology remained absolutely constant against the previous year.

In line with the industry trend, power and pneumatic tools remained 0.9 percent below the level of 2011, with a turnover of 499 million euros. This corresponds to the market environment in which the entire power tools industry had to accept a decline of 1.0 percent. For 2013, the distributors are hoping for new growth stimuli from products with the 4.0 battery technology.

Still on the Highest Level – Specialist Areas of Building and Furniture Fittings, Security Systems, Building Elements, Mounting Technology, Building Equipment / Roofing, Occupational Safety / Technical Trade and Workshop Materials

In the E/D/E construction and technical trade business divisions, the turnover result in 2012 fell slightly compared with the previous year although it is significantly above that of the peak year of 2010. The turnover slightly below the level of the previous year is 1.9 billion euros (minus 1 percent). This decline applies equally for the industry-oriented sectors of occupational safety and technical trade with 540 million euros (minus 0.1 percent) and for the construction-related product sectors, which finished on 1.3 billion euros (minus 1.4 percent). E/D/E is taking into account the increasing specialisation in the occupational safety / technical trade sectors and in construction with the formation of two business divisions from 2013. As of 1st January 2013, the independent “Technical Trade” business division therefore exists within E/D/E.

Industry-Related Sectors Maintain Top Results

The industry-related sectors of technical trade and occupational safety were able to maintain the extremely high level of the last two years. Occupational safety confirmed the record turnover of the previous year with 333 million euros in 2012 (plus 0.1 percent). The technical trade specialist area again achieved the excellent result of the previous year with a turnover of 207 million euros. This reflects the general economic trend in the industrial sector, which noticeably weakened, however, in the second half of the year.

Construction-Related Product Sectors Relatively Stable

In the building and furniture fittings and security systems specialist areas, a turnover of 826 million euros virtually implied a repeat of the record from 2011 (minus 0.6 percent). In the furniture fittings sector, a fall of 6.6 percent is conspicuous at the same time as a positive trend in the window market with a plus of 1.7 percent. In the overall market, E/D/E held up well in 2012. For 2013, the establishment of the data management service is planned for building fittings. To do this, E/D/E will make significant investments in staff and technology.

With 232 million euros or a slight decline of 0.3 percent, the building elements specialist area realised a result in 2012 that was slightly below the all-time turnover high of 2011. A remarkably high final turnover was therefore achieved. The specialist area of mounting technology was unable to maintain its turnover in 2012 and fell by around ten million euros to 147 million euros. With a negative overall market trend, however, the E/D/E turnover decline of 7.2 is still better than the results of competitors.

After growth of nearly 25 percent in turnover in 2011 in the building equipment specialist area, E/D/E business dropped slightly in 2012 and finished with an overall turnover of 134 million euros. This implies a slight decline of 1.4 percent.

Staff Development

In 2012, E/D/E was able to gain further high-powered specialist wholesalers as members. In total, 13 companies from industrial B2B with a turnover volume of around 70 million euros joined the Wuppertal-based association. The total number of industrial B2B members at E/D/E at the end of 2012 is therefore 1000 companies.

18 industrial B2B members left in 2012, mainly due to payment problems, business cessations and in one case due to the sale of the company. The turnover volume of these former distributors at E/D/E amounted to 25 million euros.

At the same time, the number of retail members is 354, which is 14 companies fewer than in 2011. Concentration processes in retail and business cessations were the main reasons for the departures in this area. In 2013, changes of association are planned in certain individual cases. It is intended that this will be offset through acquisition activities of EURO-DIY.

New Subsidiaries in Europe

In addition to the important domestic market of Germany, E/D/E is increasingly focusing on the European market, as planned. As a major step towards further internationalisation, the E/D/E subsidiary EDE International AG became affiliated to subsidiaries Delcredit France and Delcredit España. The structure of the group is therefore still following the clear strategic direction and ensures that the successful path to internationalisation of E/D/E can be continued. The domestic business of E/D/E achieved a share of 4.68 billion euros (plus 1.5 percent) in 2012. Moreover, E/D/E also continued the successful turnover trend abroad as Europe's leading associa-

tion in industrial B2B. As such, the transaction volume was expanded to 634 million euros (plus 5.8 percent). The core markets driving growth primarily included Austria, France, Spain, Hungary, Slovakia and Poland. “By 2016, the strategic aim of a billion-euro turnover in Europe should be achieved,” says Dr Andreas Trautwein, whose responsibilities within the E/D/E management include the international activities.

Subsidiary ETRIS BANK has Undertaken Central Payment

Hundred-percent E/D/E subsidiary ETRIS BANK undertook central payment at the start of the year. As a result, stage II has been achieved, whereby the bank now also functions as a central settlement bank, forming a stable joint liability scheme with E/D/E. At the same time, it therefore represents the connecting element between the members and the contract suppliers of E/D/E. “With the stages already implemented in the bank and the present assumption of central payment, E/D/E has consistently continued its strategic approach to specialisation, further professionalised its financial sector and thus made itself future-proof,” says Dr Andreas Trautwein, whose responsibilities within the E/D/E management include the finance sector.

Personnel Campaign Completed Successfully

Particularly in 2012, E/D/E managed to gain qualified staff. “We were specifically able to fill important management positions with experienced industry experts,” confirms E/D/E boss Hans-Jürgen Adorf. “We can successfully implement our plans in the course of CHALLENGE 2020 only if we strengthen ourselves with competent staff on the management levels and in the teams. The personnel

campaign announced back in 2011 has now largely been successfully completed,” says Hans-Jürgen Adorf.

E/D/E therefore employed a total of 865 staff on 31st December 2012, which is 41 more than the previous year. By mid-February 2013, the number of staff rose by a further nine to a total of 874. In September 2012, E/D/E recruited 19 trainees and therefore reached the maximum figure of 53 trainees. This year too, 20 trainees will be recruited. At the same time, the association is intensifying its staff development. In this context, E/D/E has launched a large-scale training programme, which was in high demand among the staff in 2012 and in the initial weeks of 2013.

To make it easier for staff to reconcile family and career responsibilities, E/D/E is also increasingly committed to company childcare. Having been initiated and promoted largely by advisory board chairman Dr Eugen Trautwein, the family company is investing over 2.5 million euros in the construction of the children’s day nursery “Die EDEfanten” on the company site in Wuppertal. Construction will begin in a few weeks and the opening is planned for the start of 2014.

CHALLENGE 2012: Strategic Objectives Achieved

With a delay due to the damper in the crisis year of 2009, the association will achieve the turnover target of six billion euros, which was adopted in the course of the CHALLENGE 2012 corporate strategy. “Growth of a good 2.5 billion euros in the defined period from 2005 to 2012 has nonetheless given us the desired boost, based on which we have been able to distinguish ourselves above the industry trend,” says E/D/E boss Adorf. The company has achieved the strategic operational objectives associated with CHALLENGE 2012. These primarily include:

- Establishment of the electronic logistics centre, ELC
- Further development of the internal management culture
- Service 48 quality campaign
- Founding of the ETRIS BANK
- Founding of EDE International and subsidiaries ZEDEV (Switzerland), Delcredit France and Delcredit España
- Successful co-operations with VGH and mah
- Rapid rise of Union Stahl-Handel

In the course of the year, E/D/E will also publish details of its new strategy project, CHALLENGE 2020. The new strategy is currently being developed in the committees. “A road to a successful future for E/D/E is possible only in close collaboration with the members and reliable co-operation with the contract suppliers. We want to exploit our opportunities together,” emphasises Hans-Jürgen Adorf. In November 2013, E/D/E is therefore inviting the companies to the E/D/E PANTA RHEI entrepreneurs’ days for the second time since 2003.

Outlook for 2013: Guarded Optimism

“We always look to the future optimistically but with an element of constraint,” Hans-Jürgen Adorf explains the prospects for the current year. Whereas the German market appears to be in a largely stable condition, the international economic trend still holds certain risks. According to the Chairman of the E/D/E Management Board, the trend in Europe can also be planned only with difficulty due to the ongoing critical conditions in certain countries. “In addition, there are a number of specific E/D/E measures, such as the severance from ZEUS and the establishment of EURO-DIY. Overall, we are budgeting for 2013 on the level of the previous year, with ‘no increase’ in turnovers and corporate results. The current year

should serve principally to set the strategic course and to develop the necessary infrastructure. From 2014, we want to again grow disproportionately. If you want to reap a good harvest, you must first prepare the soil and sow the seed. Only then can the harvest be gathered. We will work in this order in 2013,” says Adorf.

Pictures for E/D/E can be found on the press stick and downloaded in the Press Information area at www.ede.de.

E/D/E

The E/D/E (Einkaufsbüro Deutscher Eisenhändler GmbH) is Europe's largest purchasing and marketing association in industrial B2B, with 1000 affiliated medium-sized trading companies and 354 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.

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