



Press release

Wuppertal, 15 February 2017

Stable basis in 2016, strong growth in 2017 – E/D/E sets itself up for the future

- **High level confirmed: Trading volume 2016 at EUR 5.56 bn**
- **Building technology and steel: major members acquired**
- **Growth spurt in 2017: EUR 5.89 bn trading volume planned**
- **Market logic and value creation chain: Changes require a new way of thinking and innovative services with added value**
- **Future: strategy and organisation development process EVOLUTION launched**

E/D/E
Corporate Communications

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Wuppertal – The Wuppertal-based E/D/E association recorded high-level growth again in 2016, with particular emphasis being placed on foreign business. The various business divisions saw a development either in line with or above the market level. At the same time, the core projects of the strategy programme CHALLENGE 2020 developed positively.

In the past financial year, the E/D/E Group increased its trading volume with members and cooperation partners to EUR 5.56 billion. This corresponded to year-on-year growth of 1.1 percent or EUR 58 million. The trading volume achieved abroad rose by 5.3 percent to EUR 1.24 billion. The E/D/E Group's consolidated net income amounted to EUR 15.6 million in 2016 (2015: EUR 16.1 million). Cash flow came to EUR 27.3 million (2015: EUR 27.3 million) and equity as of the reporting date of 31/12/2016 was EUR 367 million (2015: EUR 353 million). As of 31/12/2016, the equity ratio stands at 45.5 percent (2015: 44.4).

Important new members

Major traders from the areas of building technology, steel and tools, including Partner für Technik and FAMO groups, opted for E/D/E. The group is involved in advanced discussions with other traders about a cooperation.

The company EHH EURO HAUSTECHNIK-HANDEL, jointly founded by mah and WUPPER-RING in 2015, completed its first financial year very successfully: product ranges were combined, design bath projects implemented with the manufacturing industry and a new trademark line for products from the heating product area established. A major trend towards consolidation in the area of building technology led to a significant reduction in the trading volume following the loss of members due to the sale of companies. Despite this, it was possible to almost reach a level on

par with the previous year of EUR 1.22 billion (minus 1 percent) thanks to organic growth and new business. Adjusted for structural effects, growth was at 4.9 percent. In particular, growth abroad supported the positive development. The E/D/E cooperation partner VGH International, which operates in 15 European countries with foreign sales of over EUR 3.6 billion, again made a significant contribution and continued on its course of growth seen in past years. Dr Andreas Trautwein, Chairman of the E/D/E Management Board: "With our new partners, we are steering towards a clear path for growth. In 2017, we will achieve a centrally regulated trading volume of over EUR 1.3 billion in building technology in Europe. We will also continue to strengthen PVH exclusively with our services."

E/D/E is also taking advantage of opportunities abroad in Europe: EDE International acquired new members, cooperation partners and suppliers in defined countries in 2016. In the meantime, the E/D/E Group generates nearly 23 percent of its total trading volume abroad.

Even the ESH EURO STAHL-Handel founded out of the business division Steel in October 2016 is focused on business in Europe and spreads product expertise. Mutual supplier options are already being used with members in Austria and Switzerland. Partners in Benelux and Scandinavia are to follow soon. The volatile prices last year remain only slightly noticeable in the trading volume following strong demand for steel products from autumn – it reached EUR 792 million (minus 3 percent).

The other product groups benefited in many ways from the consistently good performance in the construction industry and a good level of utilisation in the core target group of craftsmen. In the tool area, there was little impetus from the industry as key sectors such as engineering tended to develop sideways. The specialist areas of E/D/E were able to do well with members through various customer-oriented sales activities. Almost every division was able to increase its stock turnover in 2016 through target product range work aligned with the needs of members. In 2016, the central warehouse eLC in Wuppertal surpassed the threshold of 100,000 stock items.

Over the past two years, ETRIS BANK has developed and piloted a modern and high-performance IT platform as part of the core project ZR 2020. It won its first third market customer in 2016 and tied them to the new system. This processes all step of central payment via ETRIS BANK automatically and digitally. The third market business will be pushed in 2017. In addition to this, the bank is expanding its factoring service.

The core projects of the strategy programme CHALLENGE 2020 developed positively. In 2016, the electronic Data Centre eDC processed data from over 600,000 items and sent them to participating traders, thereby offering significant added value in day-to-day business. The core key figures at Toolineo are developing positively, such as the repurchase rate and marketing efficiency as well as traffic and turnover. Further product range growth will now be achieved through the connection to

trader warehouses. The technical solution has been available since 2016. Together with traders, work is currently under way to create the additional conditions needed to increase the product range from 80,000 today to 200,000 items by the end of 2017. This means a good foundation has been laid after just one year so as to scale Toolineo. All of E/D/E's future projects are consistently evaluated on an ongoing basis and adjusted to the needs of the market and its members.

Dr Andreas Trautwein: "We succeeded in 2016 in increasing our trading volume again in a persistently demanding market environment, and we have set the course for the future. We see that the market logic and the value chain are currently undergoing fundamental changes – the market is being reshaped. In order to safeguard our ability to perform in the future too, we have launched EVOLUTION, a company-wide strategy and organisation development process."

Investments in the future

E/D/E's development mandate states that it should promote the commercial autonomy of its members, as well as help the suppliers and cooperation partners to be able to lead their business successfully and sustainably. Dr Trautwein: "By the largest portion of the net result for the year is essentially reinvested so as to further boost the financial strength of the E/D/E group. Furthermore, it is our declared objective to create added value for our partners and to develop custom-fit, competitive services that cash in on evolving market requirements. This is why we have launched EVOLUTION and will also make significant investments in the future in 2017."

As of 31 December 2016, the companies in the E/D/E Group had 1,103 employees, including trainees, across Europe (2015: 1,085). Within the scope of the outlined consolidation trends and the situation among competitors, the number of members changed to 972 specialist retailers (minus 19) and 263 retailers (minus 15).

In 2017, E/D/E plans to achieve an increase in its trading volume of 6.1 percent or EUR 336 million to EUR 5.89 billion (ZR plus 5.8 percent / EUR 306 million, warehouse plus 11.4 percent / EUR 30 million). Dr Trautwein: "We have made a very optimistic start to the new financial year, but are aware of the volatile underlying political and economic conditions in Europe. We will align our corporate management correspondingly. Following a phase of consolidation, we now find ourselves again on a clear track for growth in our core business."

About E/D/E

E/D/E (Einkaufsbüro Deutscher Eisenhändler GmbH) is Europe's largest purchasing and marketing association, with 970 associated SME trading companies in the business-to-business arena and some 260 additional retailers. These companies trade in tools; machinery and company equipment; building fittings and building elements; sanitary and heating; steel and mounting technology; welding technology, security systems and industrial technology; and occupational safety products. The majority of member companies supply mainly commercial purchasers from industry, the manual trade sector and municipalities. The E/D/E Group also includes the subsidiaries ETRIS Bank GmbH, Toolineo GmbH & Co. KG, EDE International AG, ESH EURO STAHL-Handel GmbH & Co. KG, e+h Services AG, ZEDEV AG, eDC Haustechnik-Daten GmbH & Co. KG as well as DELCREDIT España S.A., and DELCREDIT France S.A.S. and die EURO-DIY GmbH & Co. KG.

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