

Press information

Wuppertal, 27 February 2020

E/D/E Group affirms high level in the industrial B2B core ranges

Einkaufsbüro
Deutscher
Eisenhändler GmbH

- **Trading volume stable year-on-year at €6.3 billion**
- **Strong growth in European business to €1.4 billion**
- **Record revenue in the warehousing business at €325 million**
- **Implementation of the reorganisation strengthens activities and services to support day-to-day business in the association**

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Wuppertal – With a trading volume of more than €6.3 billion and high figures in absolute terms in the industrial B2B core ranges, in 2019 the E/D/E Group strongly confirmed its leading role as the largest European association in the sector and as an attractive and reliable partner for trade and industry throughout Europe.

As a family company that plans for the long term, E/D/E is using this position to make the necessary investments to secure the future of the SME industrial B2B business on the basis of its existing financial resources. In 2019, for the purposes of this development work, E/D/E strengthened its current core functions in products and in trade-related services such as logistics, whose increased importance was proven by new best figures. Services were also further developed or brought onto the market. One focus here is on digital offerings in order to provide traders with the product data and infrastructure they need to position themselves as relevant partners in the changed world of procurement. The reorganisation of E/D/E as part of its EVOLUTION strategy and organisational development process, which has been being implemented since 2019, contributes to the E/D/E vision for the future.

Stable year-on-year

The E/D/E Group's trading volume moved sideways in 2019, thus remaining stable year-on-year. Diversification across all industrial B2B core ranges ensures the position of the entire E/D/E Group. "Our members benefit from powerful services to support their own activities in a dynamic and volatile market environment. This continuity and reliability are in line with our self-image as a partner to owner-managed SMEs," says Dr Andreas Trautwein, Chairperson of the Executive Board of the E/D/E Group. The fact that 22 strong member companies joined in 2019 confirms this approach. At a total of €168 million, reimbursement to E/D/E's members remained stable at the previous year's level.

Equity rises to more than €400 million

Consolidated net profit for the year increased slightly and was higher than the figures for the two previous years at €14.7 million. Net profit for the year was also largely retained in order to strengthen equity in 2019, increasing equity to the €405.3 million mark. The E/D/E Group is thus able to finance the future investments necessary to strengthen traders' competitiveness in the industrial B2B business, including in the fields of IT and logistics, from its own resources.



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Good level in all areas, nationally and internationally

The E/D/E Group reported significant growth in Europe outside of Germany – a confirmation that its strategy of internationalisation continues to be effective and represents a growth engine. A trading volume of around €1.4 billion was realised with the member companies outside of Germany.

In addition to the European activities, the warehousing business is also a growth driver. Demand by members for the eLC's services has increased. As a result, warehousing revenue grew by nearly €20 million, to €325 million.

New partnerships

Particularly in the challenging competitive environment of building services, E/D/E is seen as a strong partner for the SME industrial B2B business. For example, Interessengemeinschaft Haustechnik Einkaufs- und Marketing eG (IGH) decided to cooperate with E/D/E – while maintaining its independence – and to use E/D/E's services, such as central accounting and logistics. Two further companies that are leaders in their respective markets have joined the network for 2020 via VGH International. "Cooperation of the cooperations" is the motto for the future of SME traders.

Growth in construction, tools stable, industry weaker

In construction-related areas and building services alone, a trading volume totalling almost €3 billion was achieved in 2019. The construction-related segment grew to a total volume of nearly €1.5 billion and building services generated a trading volume of more than €1.4 billion with its strong and international partners in 2019.

While the construction trade and skilled crafts and trades reported positive growth for the entire year, industry saw falls from the second half.

Industrial safety and technical trade confirm the high level of almost €700 million, although a clear slowdown made itself felt in mechanical engineering from the middle of the year and also made itself felt later in the year in the automotive sector.

The **tools and machines** range remained stable. The trading volume was €594 million and thus roughly at the previous year's level. The trading volume in **structural fixtures and safety technology** increased by €12 million to €840 million. The trading volume in the **structural elements** product group also increased by €12 million in 2019, rising to €262 million. The trading volume in **power tools** was €508 million, despite the shift in volumes as a result of Internet trading.

The **steel segment** maintained its high level. The business was made more difficult by EU anti-dumping measures and by the drop in price for scrap metal. Against these exogenous disruptive factors, traders were able to increase the steel sales invoiced with E/D/E. As a result of the drop in price on the markets – following significant rises in previous years – the trading volume fell slightly, but at €1.15 billion remained at a high level.

Expansion of the services for member companies

With numerous current and future investments (material handling equipment and expansion of the range) in logistics and with the expansion of stock items from 112,000 currently to 150,000, E/D/E is strengthening the eLC functionality for the



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benefit of its members. New best figures for delivery prove that the offering for the SME industrial B2B business continues to grow in importance. Direct package delivery to E/D/E members' end customers increased to the high level of nearly 80%. In November, the highest figure of almost 10,000 packages sent in one day was achieved. The building services warehouse also reports its best figures: in October, the warehouse in Schwebheim reported monthly revenue of more than €3 million for the first time. The total growth in annual revenue in 2019 was 37%, to almost €30 million. Increasing numbers of traders in the WUPPER-RING and also partners in building services are switching to direct purchasing from the E/D/E warehouse and appreciate new services such as the delivery of sanitary ware by courier, express and parcel services.

In the tool sector, the FORTIS brand underwent a complete relaunch and the range was radically changed for competitive positioning in the mid-price segment. It should particularly be stressed that FORTIS can be purchased from the E/D/E warehouse by all members. In addition, the number of products has been significantly expanded to more than 5,000. The focus is on fast-moving core ranges that are needed in industry and skilled crafts and trades. This also applies to the association's other established brands, such as FORMAT and FORUM.

Digital sales channels and processes

The **E/D/E Clearing Centre** has been on the market since 2019, in the fields of building services and fixtures in the first step. This means order processes are significantly quicker and easier for the trader. Suppliers, in turn, speed up their supply processes and reduce internal costs through order confirmation and shipping notifications being exchanged electronically. The aim for the clearing centre is expansion to more than €100 million among suppliers and members.

Having their own online shop is part of most member companies' e-commerce strategies. E/D/E provides its members with online shops especially configured for the industry with **Multishop**. Around 300 installations are currently active. The latest release was designed and rolled out on the basis of more than 180 requests by shop operators. In addition, numerous connections to leading providers' software for tradespeople have been realised in the past year.

The connection of their own online shop, for example, with the OSD software for tradespeople is an opportunity for traders to increase their customer retention and their customer service efficiency. Users of this software can order products with stockists online via the E/D/E Multishop and directly check current business data, such as individual purchase prices or availability.

E/D/E has thus further developed its Multishop as a competitive e-commerce platform, which will become a central supply system as a result of numerous possibilities for networking with skilled crafts and trades and industry.

The context of new, efficient procurement solutions for industrial B2B customers also includes the successful E/D/E **industrial service**. Three new jobs were created in 2019 in order to better meet increasing needs. E/D/E's advisors realised more than 200 projects with traders, increasing the number of installations in the last three years to around 500. The industrial B2B companies thus optimised their customers' procurement. In the past year, the conditions were also created for member



companies to handle complementary ranges via E/D/E systems in 2020 and thus create their own digital ecosystem. E/D/E was able to gain new full service partners for this in the past year and expand the offering to include the electrical materials, office supplies, electronics and packaging segments.

A new offering in connection with this is **ERP from the cloud**. The system supplies the participating member companies with master and product data, automates order processing and central accounting, provides information about stock levels and prices in the eLC, shows the open items lists at ETRIS BANK, synchronises with Multishop, connects to the clearing centre and makes data-based additional services possible.

The **Toolineo** online marketplace's business developed strongly in 2019 and reported an increase in sales of more than 60%. The range was doubled to more than 400,000 items. The marketplace reported numerous highest figures in revenue and user numbers in the fourth quarter. This positive development continued in January 2020 with more than 250,000 visitors and eight of the ten highest revenue days since going live in December 2015. The magazine Computer Bild named Toolineo "Top Shop 2019" and customers have rated it "very good" on Trusted Shops.

E/D/E subsidiary ETRIS BANK expanded its range of services to include the new service of **factoring** at the end of 2019/start of 2020. Members who use this tool value the immediate liquidity, 100% default protection, the easing of credit lines with their main banks and the equity ratio improvement. The bank is targeting additional revenue of more than €500 million in factoring for the next three years.

PVH FUTURE LAB – new developments

PVH FUTURE LAB GmbH made significant progress in 2019. Three innovations were swiftly put on the market in agile work processes. Following the successful start with Rapid3D around industrial 3D printing in metals and plastics, the start-up has been able to put the first app for AI-supported product recommendation marketing on the market with sellflixx Recommendations and the first for the smart digitalisation of recruitment with workflixx Catch Talents. Next, the innovation incubator will expand its portfolio with the flixxstore app marketplace and numerous products for improving processes and performance. The great potential of an association of companies who share their strengths becomes apparent in the PVH FUTURE LAB.

Executive Board expanded

Peter Jüngst and Thomas Henkel joined E/D/E GmbH's Executive Board in January and Bettina Jakobi in November. This expanded the functional differentiation and professional specialisation in the Executive Board in products (Jüngst), IT (Henkel) and HR (Jakobi). This is linked to the objective of ensuring even greater operational closeness of the Executive Board in these important areas.

EVOLUTION: implementation of the reorganisation

The implementation of the reorganisation developed within the framework of the EVOLUTION strategy and organisational development process has been a focus.

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“We expect the reorganisation to result in even more efficient and tailor-made service provision for the benefit of our partners,” says Dr. Trautwein.

As of 1 September 2019, E/D/E bundled all the digital services aimed at members and cooperation partners in the newly created “Digital Services” organisational unit. By harmonising the system landscape at a high level, E/D/E can better gear its range of services aimed at members to market requirements. The Digital Services division comprises almost 100 employees and is structured in three pillars: Strategy and Consultancy, Technical Platforms and Content. As of 1 July 2019, the IT division with its approximately 60 employees was reorganised with the aim of increasing strength considerably and ensuring professionalisation.

Greater functional differentiation is also targeted in the field of middle management and supplier and product group management so that E/D/E will further increase its value contribution in the industrial B2B partner network. Dr Trautwein: “We were able to conclude all preparations for the start of member management in 2019 in order to gradually implement the ‘one face to the customer’ model and bring it to life together with our members in 2020. With professionalised member management, E/D/E will in future ensure holistic support and service provision for its members.”

Assuming responsibility locally

E/D/E has been a reliable employer in Wuppertal for nearly 90 years. In 2019 alone, it created 17 new future-oriented jobs in Wuppertal. As a result, 993 staff members are employed at the site and 1,141 are employed across the Group. E/D/E attaches great importance to a high quality of training in the SME industrial B2B business. From internship to apprenticeship to studying for a degree, E/D/E deliberately supports people with talent. The association is currently training 28 apprentices and 14 work–study students in eight occupations that require formal training and four work–study programmes. In addition to apprenticeships, E/D/E also invests in training its employees and in the promotion of the education of young professionals in the industrial B2B business. For example, for 16 years the E/D/E Foundation has been supporting the sector’s junior staff by awarding grants for participation in ZHH-Bildungswerk’s courses.

Assuming responsibility towards its own employees, society and the environment has been a part of E/D/E and the E/D/E Foundation’s identity since they were founded. In order to report transparently about individual sustainability activities and projects, the family company created its own E/D/E sustainability website (www.ede-nachhaltigkeit.de) in 2019.

Outlook: the E/D/E Group continues to invest in Wuppertal in 2020

The E/D/E Group is strengthening its Wuppertal site with investments in logistics. “In 2020, we are going to expand our packing capacity while simultaneously reducing packaging material and filling material. Economic and environmental sustainability aspects go hand-in-hand with the investments. In the medium term, we are pursuing a sales target of €500 million in the warehousing business,” explains Dr Andreas Trautwein.



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Strengthening and excellence in day-to-day business

One E/D/E focus for 2020 is for the Group to have an increasing impact on members with the progressive implementation of the reorganisation. “We are also pursuing a central idea with the reorganisation: to help our partners do their job a little better every day. For us, that means providing the basic services and core functions efficiently, flawlessly and in line with market requirements, thus ensuring their competitiveness,” says Dr Trautwein.

Growth in a dynamic and volatile environment

The economic and macroeconomic environment remains challenging. The existing international trade conflicts will remain an important topic in 2020. The direct or indirect effects of Brexit and the coronavirus on sectors relevant to industrial B2B business remain to be seen. In addition, there are new requirements because of societal and political changes regarding the handling of resources. In the industrial B2B business, the observable concentration processes will continue to increase and new players will enter the market.

Taking account of market developments forecast and of planned activities, the E/D/E Group expects solid growth to a trading volume of more than €6.5 billion in 2020.

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About E/D/E

E/D/E (Einkaufsbüro Deutscher Eisenhändler GmbH) is Europe’s largest purchasing and marketing association with more than 950 affiliated SME trading companies in the field of industrial B2B business and some 230 further retailers. These companies trade in tools, machinery and operating equipment, structural fixtures and structural elements, sanitation and heating, steel, fastening systems, welding technology, safety technology, industrial technology and industrial safety products. The majority of these member companies mainly supply commercial customers from industry, skilled crafts and trades and local authorities. 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 Einkauf und Service AG, eDC Haustechnik-Daten GmbH & Co. KG, DELCREDIT España S.A., DELCREDIT France S.A.S., PVH FUTURE LAB GmbH and EURO-DIY GmbH & Co. KG.

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